



# Financial Results

for the Second Quarter of  
Fiscal 2020

November 6, 2020  
Seven Bank, Ltd.

## Today's Agenda

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Second Quarter of Fiscal Year  
Ending March 31, 2021

2

Progress in Business  
Strategies

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Appendix

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Second Quarter of Fiscal Year Ending March 31, 2021

➤ **Both consolidated and non-consolidated (Seven Bank) ordinary income and profit declined**

- **Improving trend** since 2Q as economic activities recovered

Year-on-year		1Q	2Q	1H
		Apr.-June	July-Sept.	Apr.-Sept.
Consolidated	Ordinary income	(10.3%)	(6.3%)	<b>(8.3%)</b>
	Ordinary profit	(24.4%)	15.0%	<b>(6.7%)</b>
Non-consolidated	Ordinary income	(11.0%)	(5.6%)	<b>(8.3%)</b>
	Ordinary profit	(28.2%)	(18.5%)	<b>(23.2%)</b>

- Number of ATM transactions declined mainly due to **the coronavirus crisis**

Year-on-year		1Q	2Q	1H
		Apr.-June	July-Sept.	Apr.-Sept.
Total no. of ATM transactions during the period	Japan	(4.8%)	(1.8%)	<b>(3.3%)</b>
	U.S. (SEI)	Jan.-Mar. (0.9%)	Apr.-June (2.2%)	Jan.-June <b>(1.6%)</b>

FY2020 Plan

➤ **No change to either consolidated or non-consolidated plans**

- Can hardly be optimistic about the future impact of the coronavirus crisis on the business environment
- Performing in line with expectations so far

FY2020 dividend forecast

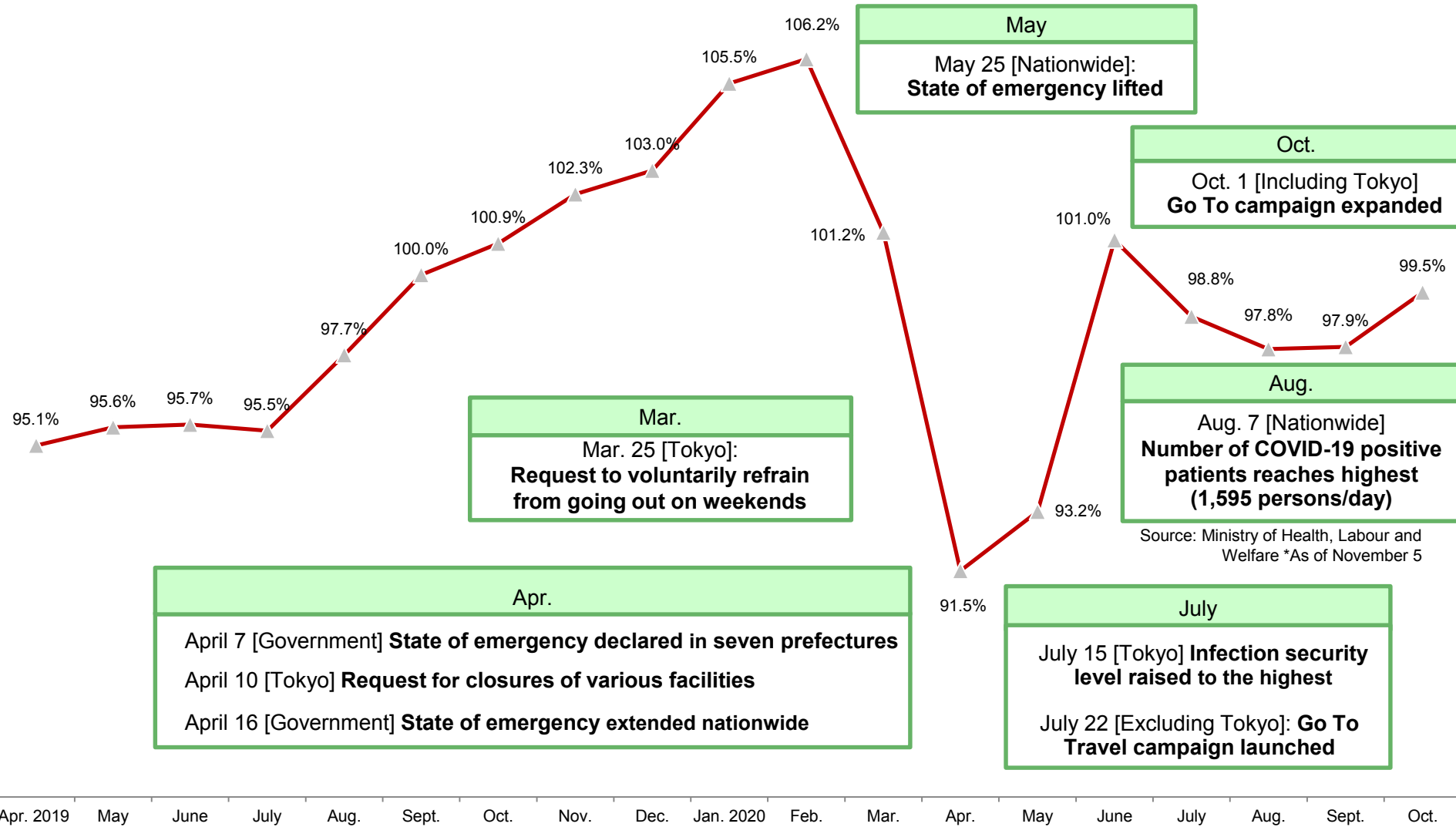
➤ **No change from the initial plan**

- Interim dividend: ¥5.50 per share  
(Year-end dividend of ¥5.50 per share for annual dividend of ¥11.00 is planned.)

# (Reference) Impact of Novel Coronavirus Infection

## Year-on-year change in monthly average transactions per ATM

Average transactions per ATM has been recovering since the lifting of the state of emergency, but the outlook remains unpredictable.



# Income Statement (Consolidated)

(Billion yen)

	FY19		FY20				
	Results		H1 results	Plan			
	Full-year	H1		Changes from FY19 H1	Difference with plan	Full-year	H1
Ordinary income	148.5	74.5	<b>68.3</b>	(6.2)	0.5	134.2	67.8
Ordinary expenses	108.7	54.3	<b>49.5</b>	(4.8)	(0.2)	101.3	49.7
Ordinary profit	39.8	20.1	<b>18.7</b>	(1.4)	0.7	32.8	18.0
Net income	26.1	13.0	<b>14.2</b>	1.2	1.6	23.0	12.6

Notes:

1. Amounts less than one hundred million yen have been truncated.
2. Previous-year comparisons are based on the units used in these materials.
3. Exchange rates per USD 1 on the consolidated income statement  
FY19 \$1 = ¥109.03, FY19 H1 \$1 = ¥110.06, FY20 H1 \$1 = ¥108.23, FY20 plan \$1 = ¥108.00
4. Net income is net income (interim) attributable to owners of the parent.

# Income Statement (Seven Bank)

(Billion yen)

	FY19		FY20				
	Results		H1 results	Changes from FY19 H1	Difference with plan	Plan	
	Full-year	H1				Full-year	H1
Ordinary income	120.2	60.2	<b>55.1</b>	<b>(5.1)</b>	<b>0.3</b>	109.8	54.8
ATM-related fee income	108.7	54.5	49.0	(5.5)	(0.1)	98.0	49.1
Ordinary expenses	75.2	36.9	<b>37.3</b>	<b>0.4</b>	<b>(0.5)</b>	77.3	37.8
Interest expenses	0.6	0.3	0.2	(0.1)	0.0	0.6	0.2
ATM placement fee expenses	15.7	7.9	7.8	(0.1)	(0.1)	15.9	7.9
Outsourcing expenses	18.9	9.3	10.1	0.8	0.0	20.8	10.1
Maintenance fees	3.7	1.8	1.9	0.1	0.0	4.1	1.9
Depreciation and amortization	13.6	6.9	6.2	(0.7)	0.0	13.0	6.2
Ordinary profit	45.0	23.2	<b>17.8</b>	<b>(5.4)</b>	<b>0.9</b>	32.4	16.9
Extraordinary losses	5.1	2.6	0.0	(2.6)	0.0	0.0	0.0
Total income taxes	12.2	6.3	5.4	(0.9)	0.4	9.9	5.0
Net income	27.6	14.2	<b>12.3</b>	<b>(1.9)</b>	<b>0.5</b>	22.4	11.8
EBITDA	58.6	30.1	24.1	(0.6)	0.9	45.5	23.2
No. of ATMs installed at end of term (units)	25,215	25,342	25,382	40	82	25,515	25,300
ATM-related fee income per transaction (yen)	130.9	133.8	124.4	(9.4)	0.0	124.0	124.4
Daily average transactions per ATM (transactions/ATM/day)	92.1	90.5	87.6	(2.9)	0.0	87.5	87.6
Total no. of transactions (million)	849	417	403	(14)	0	807	403

Note: All EBITDA in this material are Ordinary profit + Depreciation and amortization.



# Income Statement (FCTI)

(Million USD)

	FY19		FY20				
	Results		H1 results (Jan.-June)	Plan			
	Full-year	H1		Changes from FY19 H1	Difference with plan	Full-year	H1
Ordinary income	254.0	128.0	<b>117.0</b>	(11)	2.7	213.0	114.3
Ordinary expenses	247.7	128.6	<b>103.4</b>	(25.2)	2.6	194.4	100.8
Interest expenses	35.2	19.1	10.2	(8.9)	0.0	16.9	10.2
ATM placement fee expenses	139.7	70.6	58.2	(12.4)	0.0	112.9	58.2
Outsourcing expenses	17.4	8.9	8.1	(0.8)	0.0	15.2	8.1
Maintenance fees	17.4	8.6	8.1	(0.5)	0.0	15.3	8.1
Depreciation and amortization	6.7	3.3	3.3	0	0.0	6.8	3.3
Ordinary profit	6.3	(0.6)	<b>13.5</b>	14.1	0.0	18.6	13.5
Extraordinary losses	(0.5)	(0.4)	(0.0)	0.4	0.0	(2.0)	(0.0)
Net income	6.6	(0.3)	<b>13.4</b>	13.7	(0.1)	20.5	13.5
EBITDA	13.1	2.7	16.8	14.1	0.0	25.5	16.8
No. of ATMs installed at end of term (units)	10,886	12,165	10,663	(1,502)	3	8,640	10,660
At SEI (units)	8,465	8,383	8,494	111	4	8,640	8,490
Daily average transactions per ATM (transactions/ATM/day)	43.1	43.7	45.1	1.4	0.0	46.5	45.1
At SEI (transactions/ATM/day)	55.4	55.4	53.6	(1.8)	(0.1)	52.6	53.7
Total no. of transactions (million)	191.6	96.1	88.2	(7.9)	0.0	171.5	88.2

Notes:

1. Total number of transactions for U.S. ATMs includes balance inquiries.

2. FCTI interest expenses: Equivalent to interest charges paid to financial institutions supplying cash to ATMs, outsourcing expenses, etc.

3. Number of ATMs as of September 30, 2020: 9,487 (preliminary figure)  
At SEI: 8,572 units, Other than SEI: 915 units

# Income Statement (Subsidiaries)

(Million yen)



	FY19 results		FY20		
	Full-year	H1	H1 results	Changes from FY19 H1	Full-year plan
Ordinary income	1,573	668	861	193	1,895
Ordinary expenses	1,414	635	877	242	1,762
Ordinary profit	158	32	(15)	(47)	133
Net income	111	21	(15)	(36)	93

- Needs for back-office support service including prevention of money laundering expanded

- Number of financial institutions, etc. outsourcing contracts:  
20 as of Sept. 30, 2019 -->  
24 as of Sept. 30, 2020

## SEVEN PAYMENT SERVICE

	FY19 results		FY20		
	Full-year	H1	H1 results	Changes from FY19 H1	Full-year plan
Ordinary income	115	46	177	131	315
Ordinary expenses	233	118	191	73	405
Ordinary profit	(117)	(72)	(14)	58	(90)
Net income	(117)	(72)	(14)	58	(90)

- Diverse money transfer needs have surfaced  
Visibility has enhanced along with expansion of use

- Number of companies that have signed service contracts:  
240 as of Sept. 30, 2019 -->  
328 as of Sept. 30, 2020



	FY19 results		FY20		
	Full-year	H1	H1 results (Jan.-June)	Changes from FY19 H1	Full-year plan
Ordinary income	142	57	154	97	460
Ordinary expenses	118	48	116	68	409
Ordinary profit	23	9	37	28	51
Net income	29	9	37	28	51

- Business to operate own ATMs progressed steadily

- Number of ATMs installed:  
150 as of Sept. 30, 2019 -->  
437 as of Sept. 30, 2020

Note: Exchange rate: per IDR 100

FY19 = ¥0.771, FY19 H1 = ¥0.775, FY20 H1 = ¥0.744, FY20 plan = ¥0.751

# Financial Position (Seven Bank) / Shareholder Returns

## Balance Sheet as of Sept. 30, 2020: Seven Bank

(Billion yen)

Cash and due from banks 883.3 (for ATMs, etc.)	Deposits 741.0 (Individual deposits: 499.3)
	Bonds 105.0
	ATM-related temporary advances: 43.9
Securities 89.7	Other 22.2
ATM-related temporary payments: 84.1	Total net assets 234.4
Other 89.4	

Assets: 1,146.5

Liabilities + Net assets: 1,146.5

Non-consolidated capital ratio (Domestic standard):  
55.16% (preliminary figure)

Credit rating (long-term)

S&P: A+

R&I: AA

## Shareholder Return Policy

- The basis of shareholder returns is dividend payment twice a year.
- Stable dividend payment targeting a minimum consolidated annual payout ratio of 40%

## Dividend

- FY20 Plan: annual dividend of ¥11.00 per share (approximately ¥12.97billion in total dividends)
- Interim dividend is ¥5.50 per share in line with the initial plan

## Dividends and payout ratio



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**Achieve growth in our main business as we diversify our operations**

**Response that takes into account daily life with the coronavirus**

Changes gathered pace after the coronavirus crisis

Remote, non-face-to-face

Cashless

Online

Digitization

A world where diverse options are required

- **Steadily accumulate measures essential for the future growth with a sense of urgency**

## Evolution of existing business

### Further strengthen the ATM platform business

- Create new ways to use ATMs in response to the cashless trend
- Promotion of contract-based ATM operations  
235 units as of Mar. 31, 2020 --> 285 units as of Sept. 30, 2020

### Cultivate the world of ATM+

- Realize service that goes beyond cash  
Respond to applications for Individual Number Card Points



## New business domain

### Key fields of domestic business

Individual

Foreign residents

BPO

Security

Corporate

### Overseas business

ATM business expansion

Consideration of new businesses

Progress in measures in Underline from the next slide

**Evolution of Existing Business**

**New Business Domain**

# Evolution of Existing Business (i)

## Further strengthen the ATM platform business

Expansion of cashless transactions

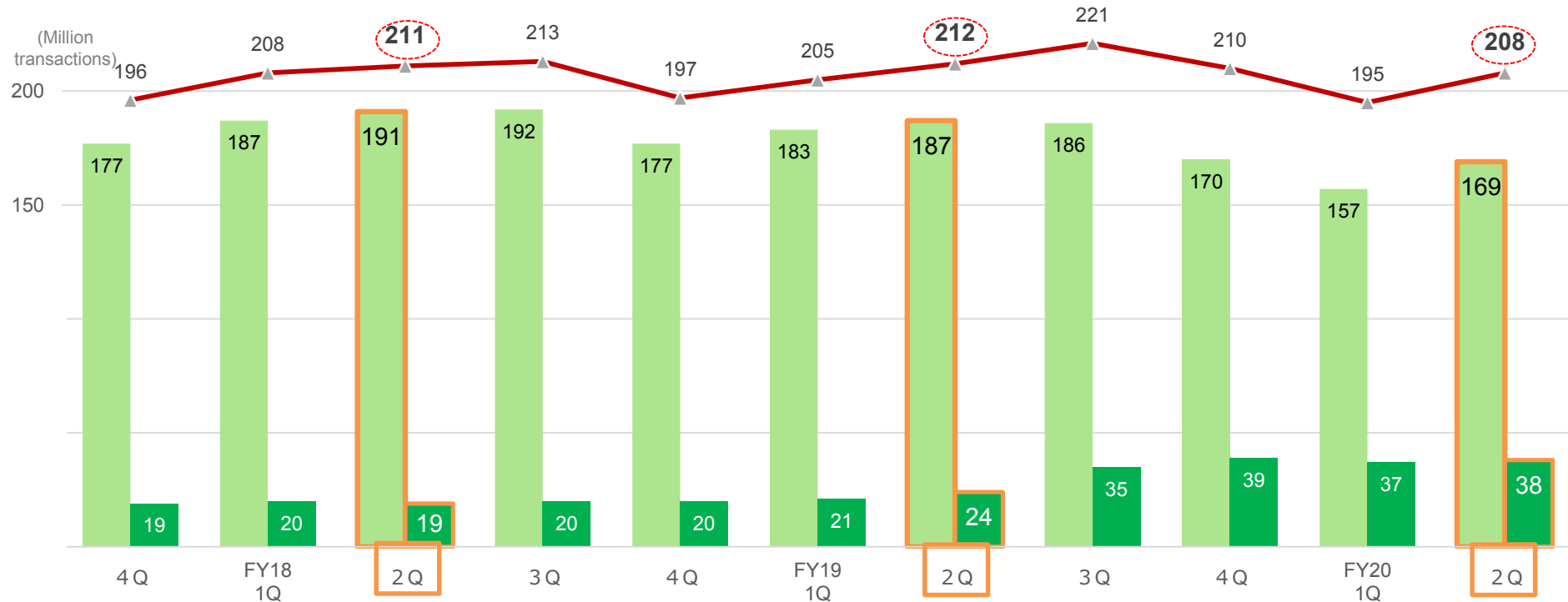
- Transactions with deposit-taking financial institutions are gradually declining
- Create and increase cash recharging (included in non-banks, etc.) transactions

Create new ways to use ATMs in response to changes in environment

Maintain the level of ATM usages

## Quarterly trend in daily average transactions per ATM

Deposit-taking financial institutions (light green bar)  
 Non-banks, etc. (dark green bar)  
 Total no. of transactions (red line with triangle)



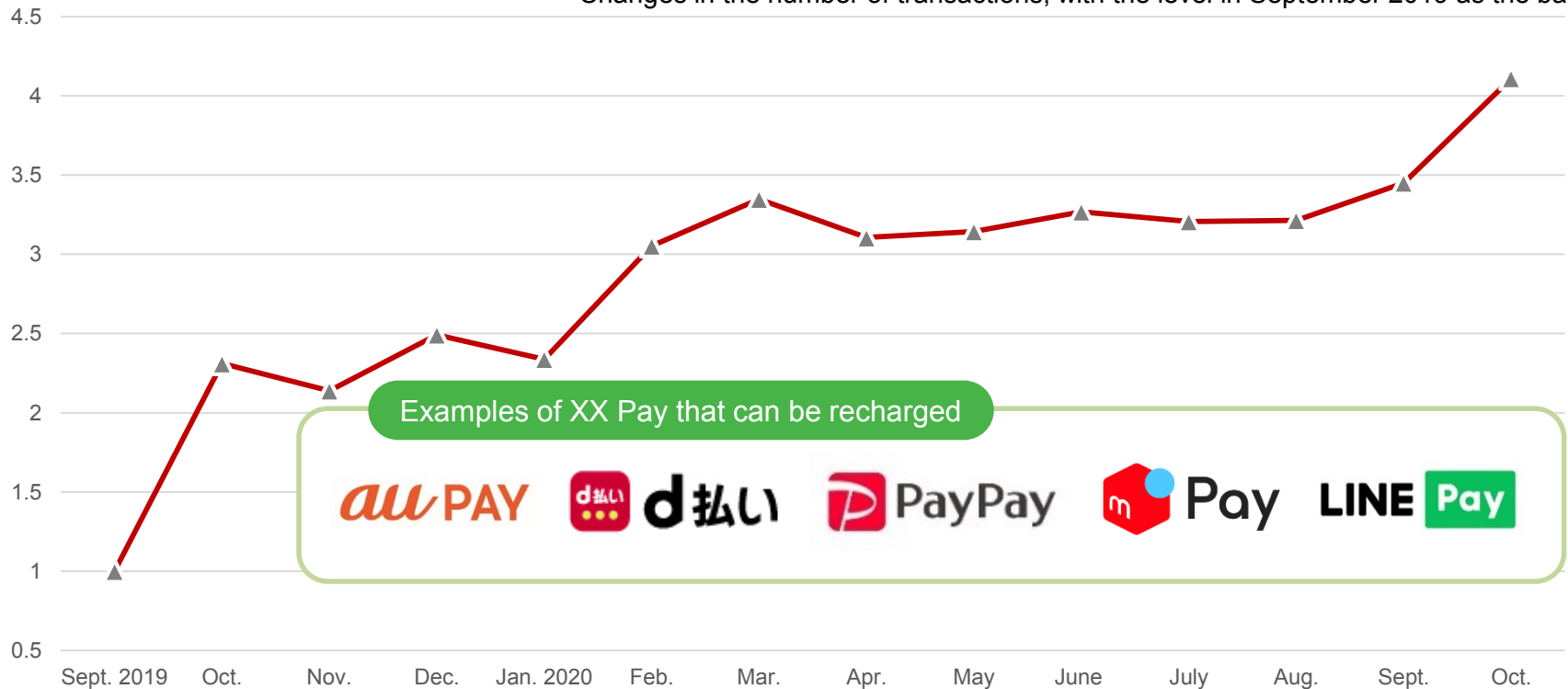
# Evolution of Existing Business (ii)

## Further strengthen the ATM platform business

- Recognized as a safe and secure service as a recharging method for cashless settlement
- Performing steadily even after the Point Reward Project for Consumers using Cashless Payment ended at the end of June 2020

## Non-financial companies: Number of transactions

Changes in the number of transactions, with the level in September 2019 as the base



Examples of XX Pay that can be recharged

au PAY



d払い



PayPay



Pay

LINE

Pay

Point Reward Project for Consumers using Cashless Payment



# Evolution of Existing Business (iii)

## Cultivate the world of "ATM+"



できたらいいなを、  
プラスしていく。

4th generation ATM installation status	
Mar. 31, 2020	1,150
June 30, 2020	1,438
Sept. 30, 2020	3,118
Plan for FY20 H2	+ Approximately 3,000
Mar. 31, 2021 (plan)	Approximately 6,100

- ◆ Replacement installation is progressing smoothly since July
- ◆ Replacement installation is to be completed in Tokyo by the end of November

## Installed with the Individual Number Card reading function

### First time with ATM Starting in August 2020

- ◆ **Application for Individual Number Card Points** to be enabled

Chosen as a private business operator offering application support terminals, under the Individual Number Card Points project



### First time with ATM Starting in spring 2021

- ◆ **Application for use of the card as health insurance card** enabled

- A user can apply for using Individual Number Card as health insurance card at a Seven Bank ATM
- The user can use the Individual Number Card as the health insurance card at a medical institution, etc.



### [Overview of applying for Individual Number Card Points using a Seven Bank ATM]

Application period	Through Wednesday, March 31, 2021	Service hours	24 hours a day, as a rule
Fee	Free (Application for Individual Number Card Points is free of charge wherever it is applied)		

**Evolution of Existing Business**

**New Business Domain**

# New Business Domain (i)

## Five key fields

Consider change (surfacing of social issues) as an opportunity and expand business domains  
“Knowhow accumulated by Seven Bank” + “Tie-ups with partner companies”

### Individual

Develop familiar and unique financial products



- New products and services based on convenience store-like thinking

### Foreign residents

Offer financial services such as overseas remittance and credit to foreigners



- Strengthen cooperation with local banks such as BDO Unibank (the Philippines) and DBS Bank (Singapore)
- Start credit-related services to foreign residents

### BPO

Develop into efficient contract-based business with digitization of bank operations



- Back-office support service has been expanding smoothly; promote measures against money laundering and RPA in opening account

### Security

Make stricter personal authentication, required by the digitized society, into a business



- Offer the service to Shizuoka Bank as the first user

### Corporate

Offer infrastructure such as settlement agent service for small- and medium-sized businesses



- Push ahead towards realizing new services using smartphones and ATMs

# New Business Domain (ii)

Foreign residents

**-Offer credit-related services to foreign residents**



Credd Finance, Ltd. is a joint venture with Shinsei Bank, Limited

Seven Bank  
Foreigner customer base



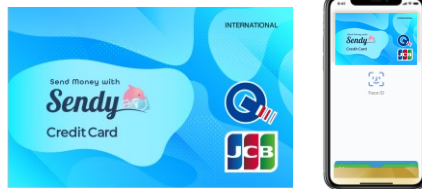
APLUS  
Knowhow of financial review for individuals

Improve convenience in daily lives of foreign residents

Started credit-related services to foreign residents

(i) Credit card (card-less) from August 2020

Sendy Credit Card

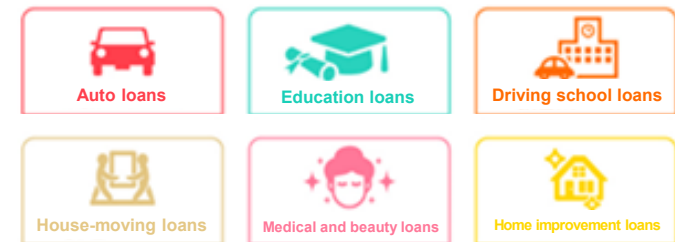


Accumulation of review data

- Knowhow for offering credit services to foreigners
- Loan track record data

(ii) Loans for different purposes (unsecured) from October 2020

Sendy Personal Loan



# New Business Domain (iii)

Security

Offering of services such as online identity verification and fraud detection



ACSiON, Ltd. is a joint venture with Information Services International-Dentsu, Ltd.

Seven Bank  
Knowhow of fraud detection



Information Services International-Dentsu, Ltd.  
Ability to build solutions utilizing fintech

Building a foundation for sophisticated personal authentication and fraud detection = safe and secure services

## Services



[proost]

Online personal authentication service (eKYC)

→ Prevent identity theft using highly accurate authenticity determination



[Detecker]

Service to monitor and notify unauthorized application and unauthorized access

→ Check for unauthorized information and detect abnormal transactions

## Bank receiving the services



静岡銀行

As of November 5, 2020

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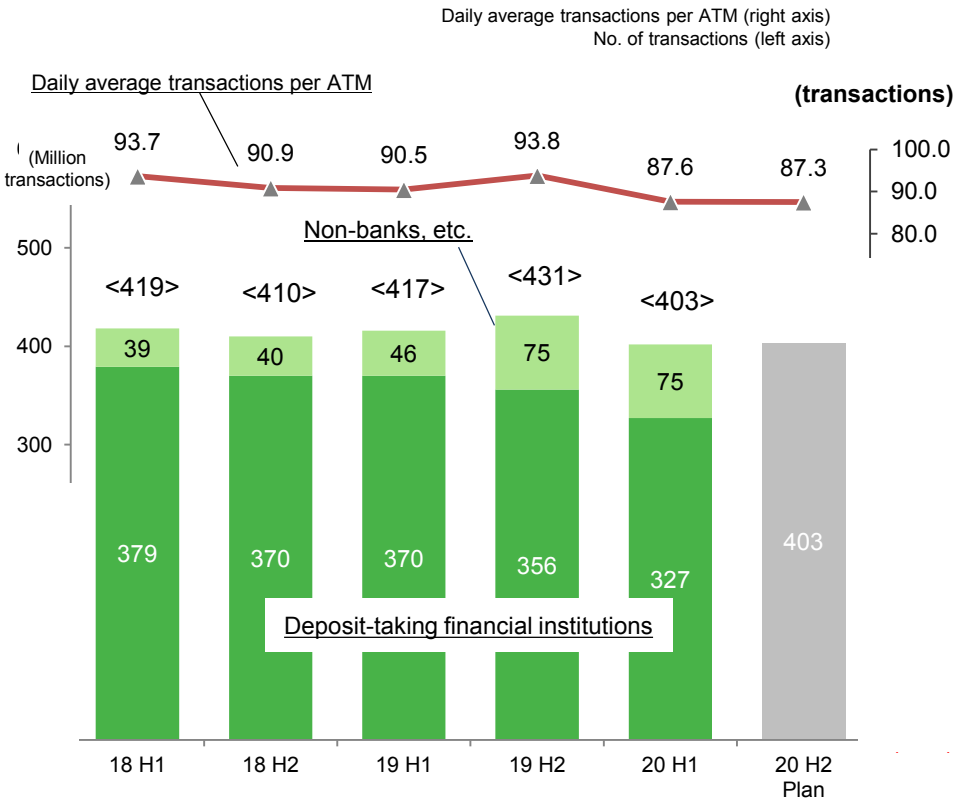
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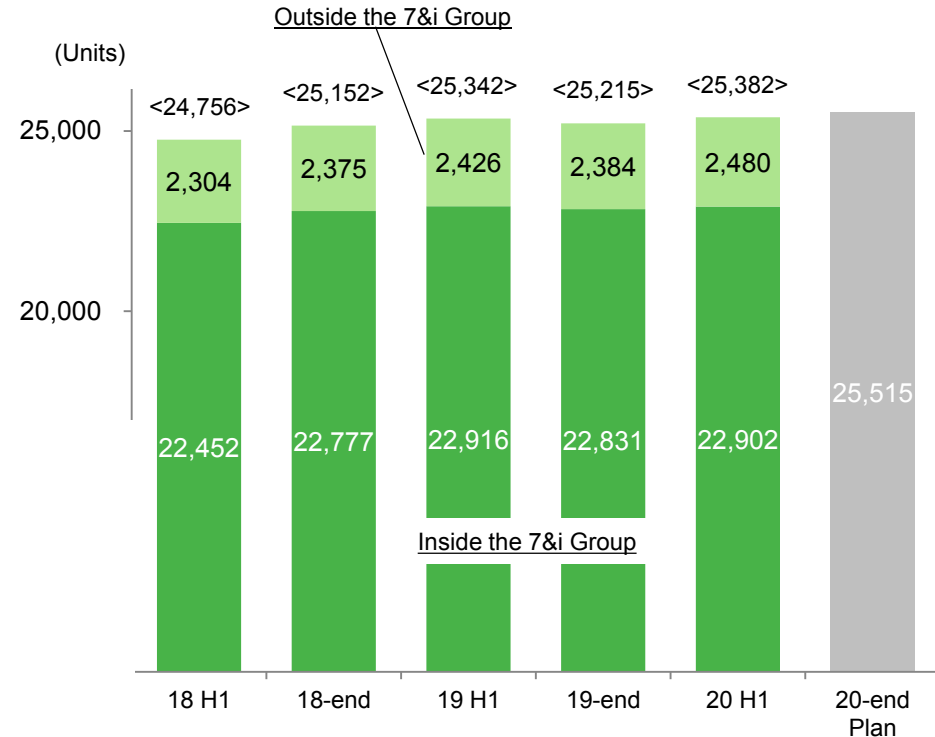
Appendix

# ATM Platform Business Figures (Seven Bank)

## Six Month Trend in Number of Transactions and Daily Average Transactions per ATM



## Number of ATMs



Notes: 1. The number of ATM transactions and daily average transactions per ATM do not include balance inquiries, e-money charges, PIN changes, or withdrawal limit changes.

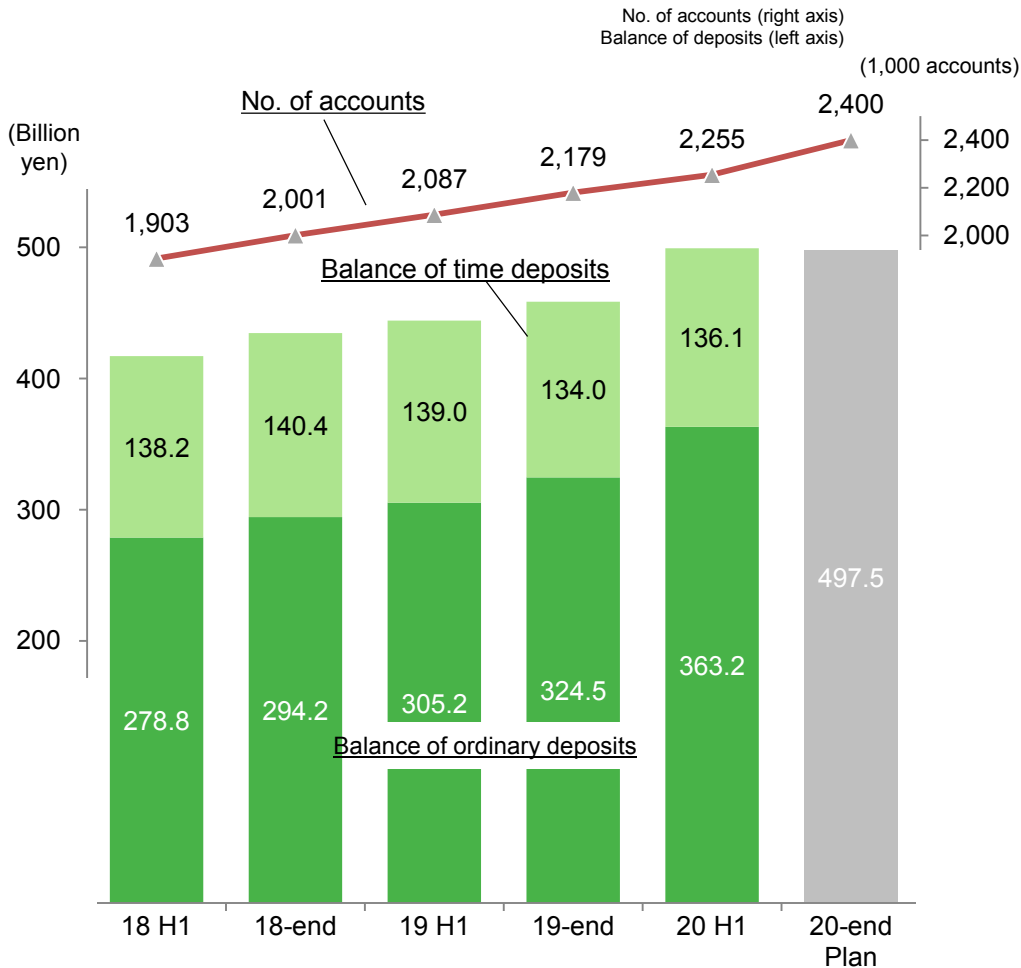
2. In this report, securities, life insurance, credit card, consumer credit and consumer financing companies are all referred to as "non-banks, etc."

3. ATM-related fee income per transaction for FY20 H1: ¥124.4

ATM-related fee income per transaction = ATM-related fee income / (Total of transactions – Total of transactions without ATM-related fee income [i.e. sales proceeds deposits])

# Settlement and Account Business Figures (Seven Bank)

## Number of individual accounts and balance of deposits



## Personal loan services

	FY19 H1 results	FY20 H1 results	2020-end plan
Balance at end of period (Billion yen)	22.9	22.8	26.0

## International money transfer services

	FY19 H1 results	FY20 H1 results	2020-end plan *
Number of transactions (Thousands of transactions)	593	607	1,200

\*Including services offered by Seven Global Remit, Ltd.

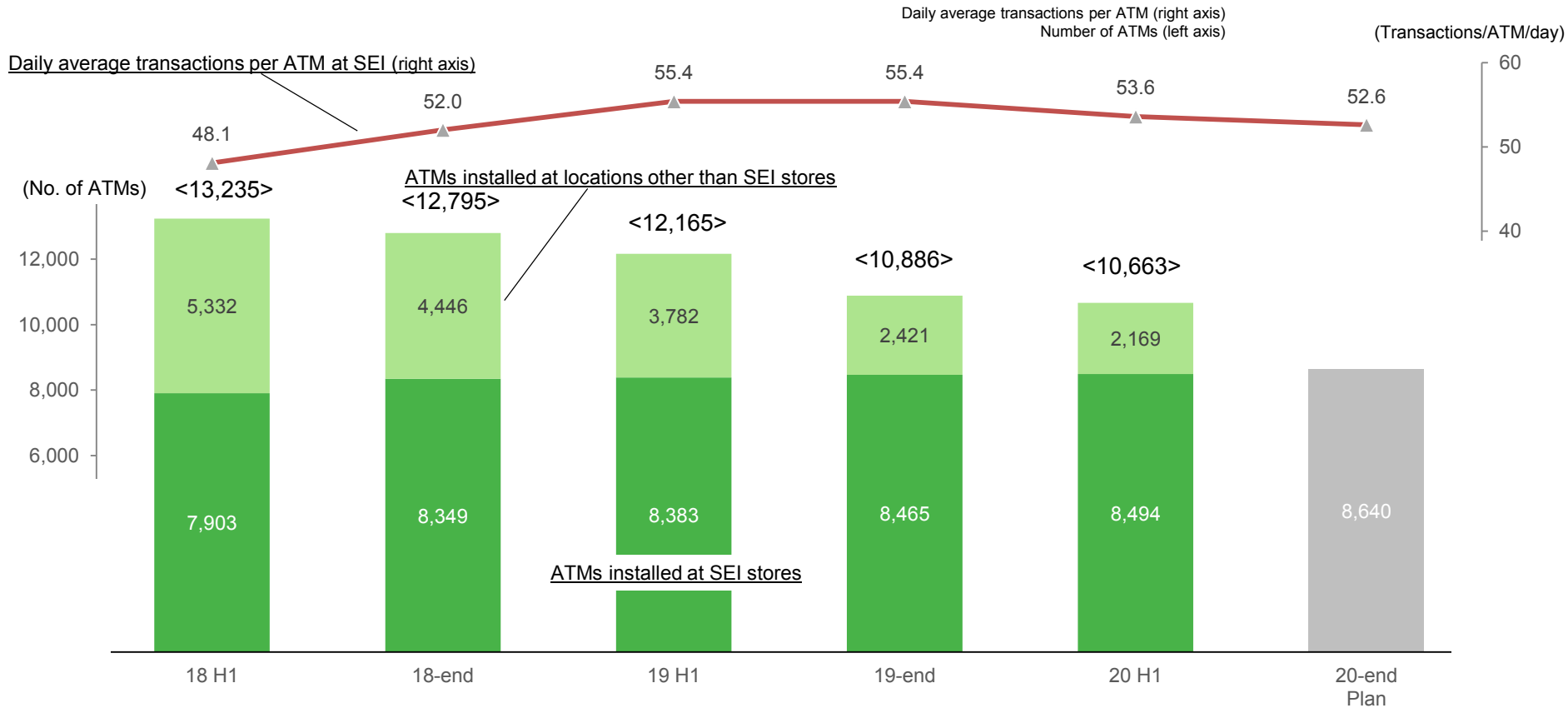
## Debit services

	FY19 H1 results	FY20 H1 results	2020-end plan
Number of transactions (Thousands of transactions)	6,408	8,723	16,740



# U.S. ATM Figures (FCTI)

Six Month Trend in Number of ATMs and daily average transactions per ATM at SEI



- The number of ATM transactions declined as the state of emergency was declared in March 2020
- Since May 2020, the number of ATM transactions increased to exceed the level of the same period a year earlier thanks to tailwinds such as payment of unemployment compensation
- For further improvement of operation efficiency: ATMs with low profitability (ATMs installed at locations other than SEI outlets) to be systematically closed



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