

News Release

FOR IMMEDIATE RELEASE

**Hitachi and SBI, the largest state-owned commercial bank in India,
enter into Joint Venture to accelerate Digital Payments in India**
*Partnership to establish a state-of-the-art card acceptance
and future ready digital payments platform*

MUMBAI, October 29, 2018 --- Hitachi, Ltd. (TSE: 6501, "Hitachi") today announced that Hitachi Payment Services Pvt. Ltd. ("Hitachi Payments"), a wholly-owned subsidiary based in India of Hitachi, and State Bank of India ("SBI") have signed a definitive agreement to enter into a joint venture for the establishment of a state-of-the-art card acceptance and future ready digital payments platform for India.

It is planned that Hitachi Payments will invest [26%] to SBI Payment Services Pvt. Ltd. ("SBI Payment"), a wholly-owned subsidiary of SBI, and through this investment, SBI Payment will be a joint venture between both parties. Both parties will proceed to apply for regulatory approvals.

Financial services market in India is making remarkable progress led by economic growth, Financial Inclusion policy^{*1} and Digital India initiatives. Bank account holders have increased substantially in the past few years and as a result, banking transactions on ATMs and digital transactions have correspondingly increased dramatically.

SBI, as the largest state-owned commercial bank in India, has more than 420 million customers and more than 6,00,000 POS^{*2} terminals and is today the largest merchant acquirer in the market in terms of terminals through its subsidiary SBI Payment.

Hitachi Payments empowers financial institutions with a comprehensive array of technology-led cash and digital payment solutions such as ATM managed services^{*3} and POS processing services^{*4}. It has over 55,000 ATMs and 850,000 POS devices (including Mobile POS) under management in India. Hitachi Payments has been providing deployment, technology and management services for the card and digital acceptance payment network of SBI since 2011.

Through this joint venture, Hitachi enters a new field of business which is the merchant acquiring business^{*5} in India. Hitachi will contribute to the development and expansion of digital payments service business in India by creating a digital payments platform that will enable better convenience and quality through integrating our individual

strengths, SBI's large customer base, branch network, brand trust and Hitachi's capability and know-how of digital payments and state-of-the-art digital technologies such as Big Data Analytics and Artificial Intelligence (AI).

Hitachi will provide wide range of services contributing to "Digital India" by creating innovative solutions with "Lumada". With this JV, Hitachi will accelerate digitalization of financial services in India by linking up digital payments platform to state-of-the-art digital technologies of "Lumada", and also will provide solutions for mass transit sector and e-commerce businesses.

Hitachi has also been contributing to digitalize governmental and educational services such as "e-Governance" and "e-Education" mainly through Hitachi MGRM Net^{*6} which was established in April 2018 and provides IT services in India. and leverage considerable knowledge for our global business.

*1 Government policy to spread financial service to nationwide including rural area which encourage to increase bank account holders and ATMs deployment

*2 Point of sale system

*3 One stop service including ATM purchase, asset management, deployment, monitoring and maintenance

*4 Payment network service to transfer transaction data to card issuing companies

*5 Merchant contracts operation for card business to source merchant which accepts card payment and exchange contract. Select, maintain and manage merchants

*6 Established Hitachi MGRM Net for expansion of social innovation business in India
<https://www.hitachi.com/New/cnews/month/2018/04/180410.html>

Comment from Mr. Rajnish Kumar, Chairman of State Bank of India

"At 2,500 PoS per million people, the penetration of payment acceptance infrastructure is still low. With this JV, we aim to grow the payment landscape by providing a frictionless modern digital payment platform to our customers. In Hitachi Payments, we see a long-term business and technology partner that has the ability, capability and willingness to develop the broad vision of SBI which is tied into the success of the digital payment imperatives of the country. SBI also believes that the future of the payment services lies in the capability of the JV to develop new digital acquiring strategies for the benefit of its consumers."

Comment from Toshiaki Higashihara, President & CEO of Hitachi, Ltd.

"Along with the accelerating movement of digitization around the world, Hitachi aims to improve people's lives by providing digital solutions in India and other countries. By establishing the joint venture with SBI, Hitachi will further contribute to the development of digital payments in India by building a state-of-the-art digital payments platform and leveraging SBI's robust customer network."

Comment from Bharat Kaushal, Managing Director of Hitachi India Pvt. Ltd.

"Under the India Government's "Digital India" initiative, India is progressing towards becoming a knowledge economy with technology as the pivot. Hitachi is aiding in development of India's social infrastructure as well as giving a fillip to the economy. This mutually beneficial partnership with the financial giant SBI will allow us to widen our footprint pan India."

Comment from Loney Antony, Managing Director of Hitachi Payment Services Pvt. Ltd.

"Since 2011, we have been associated with SBI, managing over 70% of its current network and this JV has further strengthened our partnership. As a result of our superior in-house technology platform and widespread field services in the country, SBI has been able to not only roll out the largest acquiring network, but also offer several innovations to its consumers – the recently launched MOPAD, a multi-modal payment device for PoS is one such mention. This will continue in the future as Hitachi Payments and SBI jointly build a world-class payments platform for India which can be rolled out for international customers as well."

About State Bank of India

Corporate Name	State Bank of India
Headquarter	Mumbai, India
Business scope	Largest commercial Bank in terms of assets, deposits, branches, customers and employees
Founded	1806
Representative	Chairman: Rajnish Kumar
No. of employees	Approx. 264,000
URL	https://www.sbi.co.in/

About Hitachi Payment Services Pvt. Ltd.

Corporate Name	Hitachi Payment Services Pvt. Ltd.
Headquarter	Chennai , India
Business scope	<ul style="list-style-type: none">• Cash payment solutions<ul style="list-style-type: none">-ATM related service (Equipment procurement, asset management, deployment, monitoring, maintenance etc.)-Cash Recycling Machines• Digital payment solutions<ul style="list-style-type: none">- POS processing services (deployment, maintenance, transaction processing)- Transit solutions- E-commerce processing services
Founded	2008
Representative	Managing Director: Loney Antony
No. of employees	Approx. 1,300
URL	https://www.hitachi-payments.com/

Information contained in this news release is current as of the date of the press announcement, but may be subject to change without prior notice.
