

FY2017 Shinsei IR Day (February 28, 2018)
Condensed Transcript of Q&A Session

Group Business Strategy to Generate New Business Opportunities
Yoshiaki Kozano (Chief Officer of Group Business Strategy)

Q: Regarding the business of providing financial products and services to freelancers and non-Japanese workers, how big are these markets and how much earnings do you expect to generate from them?

A: Our alliance partner and investee Lancers has one million members. A survey of its members revealed that the types of loans in demand among freelancers are business loans and loans for purposes such as investing in career development, not personal loans that can be used for any purpose. By limiting use of loan proceeds to a specified purpose instead of making an all-purpose personal loan, we can lend at a lower interest rate than what we charge for unsecured loans. Additionally, in the case of business loans, freelancers can borrow up to around ¥5 million per loan if they utilize Showa Leasing's services and secure the loan against a property. Some 60,000-70,000 Lancers members have a need for such financing. If they were to hypothetically borrow ¥5 million apiece, they would collectively constitute a sizable market in our view.

In the non-Japanese resident market, non-Japanese students going to school in Japan generally do not have much expenses when they first move to Japan, but 90% of them hope to work in Japan after graduating according to one survey. We expect many of them to end up purchasing homes and/or vehicles in Japan after getting jobs. We think we could potentially develop several multi-billion yen businesses.

Our business in Vietnam also faces a challenging competitive environment, but given Vietnam's promising prospects in terms of various financing and capital investment needs, we see the potential to create businesses in multiple sectors, including medical equipment and construction machinery leasing. We believe we can expand our Vietnamese operations, which were initially limited to the installment sales credit business.