

Q&A Session: Individual Business

Q: First question. Mr. Nakamura from Goldman Sachs Securities. For small-scale finance, the value co-creation business. On page 15, for the target for 2021, target share is 10%. What will be the share of the value co-creation model?

Next question. 10 years later, how much do you think this will grow?

A: As mentioned earlier, this has just started, so this 45% will be increased to 50%, and how much will come from the value co-creation business? At this point, I'm afraid I cannot give you the answer, but by steadily working on this, we would like to make this as a driver for new growth, and about 10 years later, considering a lot of social changes or changes in the environment, honestly speaking, at this point, it's also impossible to imagine what will happen 10 years later, so I would like to refrain from commenting.

Q: The new value co-creation opportunities. How will you source the value co-creation opportunities?

A: When we say value co-creation, there are various forms. Some will come from the extension of our day-to-day business, and for the business we think we need to develop, we will look for new partners, and maybe, we will approach from our side. That's another form. The biggest advantage of collaborating with Shinsei Bank is, depending on partner companies' requests, our functions that we've cultivated over the years can be provided. In addition, platform. The platform can be selected, so there are choices that they can choose from.

Q: Next question. What you have explained in the business strategy, the initiatives for foreigners and the initiative with Seven Bank, how are they related?

A: As Mr. Kozano explained at the beginning, the ecosystem for foreigners and the initiative with Seven Bank, the relationship of the two, I think that is the question. We are exactly heading in the same direction. By partnering with Seven Bank, their economic zone, or the zone of Seven & i Holdings, to them, the functions we are strong at, by providing them, or coordinating with such functions, the ecosystem for finance will be promoted.

Q: In value creation, what is the biggest advantage of partner companies collaborating with

Shinsei in value creation?

A: Advantage may be perceived differently from partner company to company, but as we promote this initiative, we have flexibility and speed. That is our key feature. As mentioned earlier, we do not have any past connections that we are bound by. We can work with the partner companies, select the best solution, and work together hand-in-hand. We think that is our advantage. And the self-contained business, we've cultivated our own know-how through our self-contained business, and they can use this to the fullest. That's another advantage.

Q: On page 16, developing new value co-creation opportunities. What are the areas that you are interested in?

A: The areas where we are interested in are the companies that have the sufficient funds. We would like to partner with them. On the other hand, when we discuss with various companies, there were earlier needs that we could not find or realize. For the time being, we will discuss with various companies to develop needs.

Q: In the individual business, do you need the branches for your individual business? In the future, will you shift to digital bank, or should you move to digital bank without physical branches?

A: We do not stick to branch or no branch, but in terms of people, we think it's important. AI and other technologies are emerging, but communication with people, and communication between our staff and customers, is the biggest differentiator going forward. The staff working in the branch, work comfortably and with confidence, this will be a source of differentiator for us. The traditional form of branch is not what we want to stick to. We want to create value, and to create value, we think branch is important.

Q: In society, there are many digital platforms. What is the specific strength or advantage or characteristic of Shinsei Bank's platform?

A: Yes, a lot of platforms are being provided. Platforms provided by banks are emerging, but that is only provided from the banking world. But there are the platforms provided by non-financial institution companies. This BANKIT, the banking functions, and the other credit

functions of our Group companies such as APLUS and Shinsei Financial, the functions will be combined, and this will be provided by APLUS. , this will be provided to general non-financial institutional companies without feeling the burden of acquiring a license. I think that is the advantage.

Q: Regarding BANKIT, balance sheet will be offered by your Group, and the partners will only offer the functions to the clients? Is that the right way to see this? About the preparation period of partner banks, how much time does the partner bank need? Can this function be offered fairly easily?

A: Regarding the offering of the function of BANKIT, will the bank or Group hold the balance sheet? There are various ways to provide the BANKIT platform can be provided and operated in our customers' balance sheet. That's also possible. But, if companies cannot do that, we will hold the balance sheet and operate this model. There are a few ways, and regarding the time to prepare, we haven't started yet. It will be ready soon. We will start more concrete discussions with companies. The actual time required for preparation will depend on how fixed the requirement is for the partner companies. If it's a basic operation, it can be offered fairly quickly, maybe in a few months, but some companies, some partners, may want to implement specific functions, and want specific customization. In that case, the term may be longer.

Q: Recently, news release on business partnerships and alliances were coming one after another. Did you have the risk of the resources being too decentralized?

A: I think there is a risk, but partners' resources will also be used. In some cases, we are the advisor or consultant. By doing so, we believe that we can solve or eliminate the risk, and by accumulating this experience, we would like to develop our own resources.

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