



# Medium-Term Vision of the SBI Shinsei Bank Group (FY2022-FY2024)

May 2022



Due to the change of the company name on January 4, 2023, the word "Shinsei Bank" in the original version published in May 2022 has been replaced to "SBI Shinsei Bank." .

## Overall Grasp

### Medium-Term Vision (Targets to be achieved in 3 years' time)

1. Realize JPY 70.0bn of consolidated net income and establish a foundation for further growth
2. Evolve into a leading banking group providing pioneering and advanced finance
3. Show the path toward repayment of public funds

### Strategies for achieving the Medium-Term Vision

- The SBI Group's universally fundamental management viewpoint relating to business construction -

1. Adherence to the "Customer-centric Principle" -Public benefits lead to private benefits-
2. Forming a "corporate ecosystem" and comprehensively pursuing group synergies
3. Thorough devotion to innovative technology
4. Formulate and execute strategies encompassing anticipated challenges in the near future



#### Core Strategy 1

Pursue value co-creation  
inside and outside the  
Group



#### Core Strategy 2

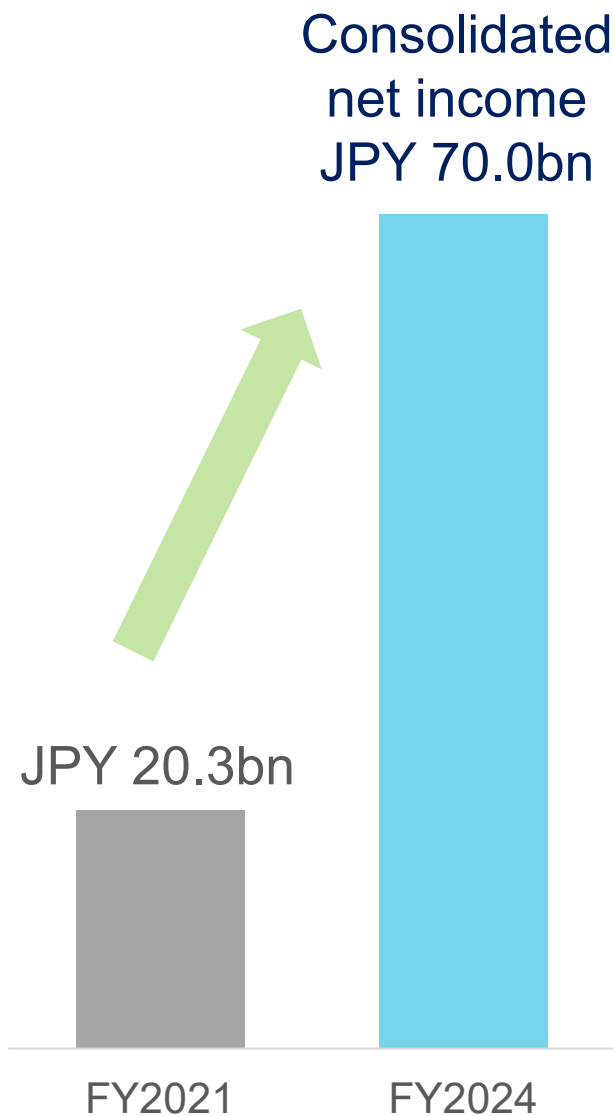
Enhance the Group's  
strengths and realize a full  
range of service offerings



#### Core Strategy 3

Achieve sustainability  
through business activities

# 1. Realize JPY 70.0bn of consolidated net income and establish a foundation for further growth



Adherence to the “Customer-centric Principle”  
Pursue value co-creation inside and outside the Group  
Enhance the strengths and realize a full range of service offerings

Convert expansion of quantity to enhancement of quality

**Achieve JPY 70.0 billion of consolidated net income for FY2024**

**Establish a foundation for further growth**

## 2. Evolve into a leading banking group providing pioneering and advanced finance

With faster speed than others and with an entrepreneurial spirit, provide products, services and functions by implementing advanced technologies to build the foundation of a leading banking group



Thoroughly absorb the expertise, know-how and customer base of the SBI Group's financial ecosystem in the next three years to achieve the goal

### 3. Show the path toward repayment of public funds

- Repayment of public funds is one of the most important management issues for the SBI Shinsei Bank Group. We will work in collaboration with SBI Group to gain the understanding of the government and other stakeholders on the premise of protecting minority shareholders so that we can show the path and direction for repayment in the next three years
- Recognizes that it is essential to improve profitability, which is the source of public funds repayment and enhancement of corporate value, in order to show the path toward repaying public funds

#### Actions for achievement

##### Business strategy

- By steadily implementing the various strategies shown in the following pages while utilizing the functions and customer base of the SBI Group obtained through joining the SBI Group, expand the customer base and achieve a significant and sustainable improvement in profitability.

##### Shareholder Returns

- Prioritize improving profitability by implementing business strategies. Review of our previous shareholder returns policy and focus more on capital utilization and internal reserves of profits to expand our business foundation and strengthen profitability

## Core Strategy 1 : Pursue value co-creation inside and outside the Group

Create synergies and accomplish exponential growth through value co-creation (“open alliances”)

Core Strategy 1: Pursue value co-creation inside and outside the Group

Value co-creation with the SBI Group companies

Value co-creation within the SBI Shinsei Bank Group

Value co-creation outside the Group  
Inorganic growth via investments and M&As

## Core Strategy 2 : Enhance the Group's strengths and realize a full range of service offerings

Thoroughly practice the “Customer-centric Principle”  
by enhancing strengths cultivated thus  
far and providing full-range service offerings

Core Strategy 2 : Enhance the strengths and realize a full range of service offerings

Reinforce businesses  
related to small-scale  
finance, institutional  
investors and overseas

Execute full-range  
service offerings and  
develop structures to  
ensure the pursuit of  
“Customer-centric  
Principle”

Comprehensive usage  
of state-of-the-art  
technologies

Strengthen  
organizational  
capabilities (human  
resources/govern-  
ance/finance) to  
achieve growth and  
transformation

## Core Strategy 3 : Achieve sustainability through business activities

Comprehensively leverage the capabilities inside and outside the Group to cooperate for the sustainability of customers, the SBI Shinsei Bank Group, as well as the environment and society as a whole

### Core Strategy 3 : Achieve sustainability through business activities

Initiatives toward the regional revitalization by supporting regional financial institutions, enterprises, residents and local governments

Offer financial functions toward the resolution of environment and social challenges

Provision of financial services trusted by customers



## Medium-Term Vision of the SBI Shinsei Bank Group

### Individual Strategies: Individual Business

#### Summary

- Provide services that incorporate the customers' perspective by thoroughly implementing "Customer-centric Principle"
- Provision of full-range service offerings through cooperation with the SBI Group
- Offer services with high customer convenience by leveraging technologies

#### Key individual strategies

##### Small-scale finance

- Utilization of the SBI Group's customer base; improving the UI/UX; increasing the number of unsecured loan customers by enhancing brand recognition
- Expansion of credit guarantees business for regional financial institutions; strengthen cooperation in the retail unsecured loan business with business corporations
- Acquire new credit card members and expand the shopping credit customer base by utilizing functions and partners of the Group

##### Retail banking

- Expansion of the customer base (number of accounts and deposits balance) through reciprocal customer transfer within the SBI Group and the SBI Shinsei Bank Group
- Enhancement of service offerings liasing with the SBI Group
- Optimizing face-to-face channels (co-branches with the SBI Group) and sophistication of the online channel (apps)

##### Housing-related loans

- Expansion of the customer base through provision of competitive products; streamlining the operations through cooperating with the SBI Group

## Individual Strategies: Institutional Business

### Summary

- Thorough pursuit of “Customer-centric Principle” and expansion of customer base
- Provision of full-range service offerings through cooperation with the SBI Group
- Further reinforce its strength in the institutional investors business
- Contribute to the revitalization of regional economies and enterprises as a platformer for regional financial institutions

### Key individual strategies

#### Institutional investors

- Further strengthen the commitment to renewable energy sector; provide sustainable finance including those related to regional revitalization
- Increase in investment and loan opportunities through the SBI Group; strengthen the efforts of hybrid transactions
- Reform the framework of institutional investors business structures by utilizing the SBI Group’s functions

#### Financial institutions

- Enhance cooperation with regional financial institutions by leveraging networks and solutions of the SBI Group
- Meticulously respond to various needs of regional financial institutions (e.g., asset management, enhancement of their main businesses, reduction of risk assets and non-performing assets disposal) with sophisticated finance functions

#### Business corporations

- By utilizing the SBI Group’s customer base, broaden the network of startups and business owner customers along with the provision of venture debts
- Resolve the finance-related challenges faced by business corporations by leveraging Group companies’ functions

## Medium-Term Vision of the SBI Shinsei Bank Group

### Individual Strategies: Overseas Business

#### Summary

- In the APAC region, creating the presence as a banking group with strengths in non-banking business via the provision of financial services leveraging FinTech
- Through cooperation with the SBI Group, cultivate the overseas business into one of the SBI Shinsei Bank Group's primal businesses by expanding inorganic growth opportunities

#### Key individual strategies

- APAC region as its main target market, conduct M&As centered on small-scale finance business in the non-bank sector; making inorganic investments by collaborating with the SBI Group
- Expand overseas businesses through investments and acquisitions by utilizing existing investee companies' platforms (includes raising the value of investee companies by leveraging SBI's overseas investees' organizational capabilities)
- By utilizing the expertise and investment base of the SBI Group, enhance our organizational capability through partnering with and investing in companies and financial institutions that will serve as a platform for digitalized businesses, as well as companies having excellent technologies and infrastructure (bring skills and business models back to Japan)
- In addition to cooperation and human resources exchange with the SBI Group's overseas bases, strengthen hiring and development of human resources that have sophisticated skills and experience

## Medium-Term Vision of the SBI Shinsei Bank Group

### Individual Strategies: Management Base

#### Summary

- Reinforce organizational capabilities and strategically inject management resources through cooperation with the SBI Group
- Advance and diversify the management of marketable securities, as well as enhance risk management structures
- Examination of the International Financial Reporting Standards (IFRSs)
- Strengthen the compliance structure and cybersecurity measures

#### Key individual strategies

##### Management of marketable securities

- Advance and diversify the management of marketable securities by leveraging the SBI Group's know-how in order to gain stable revenue
- Build and operate risk management structures responding to the sophisticated and diversified management of marketable securities

##### Human resources and general affairs

- Establish and operate new companies to improve operational efficiency by consolidating resources of the SBI Shinsei Bank Group and the SBI Group  
(Place the right person in the right position; jointly conduct hiring and training activities; integrate general affairs; reduce system costs)
- Secure diverse resources through Diversity & Inclusion and work style reforms, human resources exchange with SBI Group

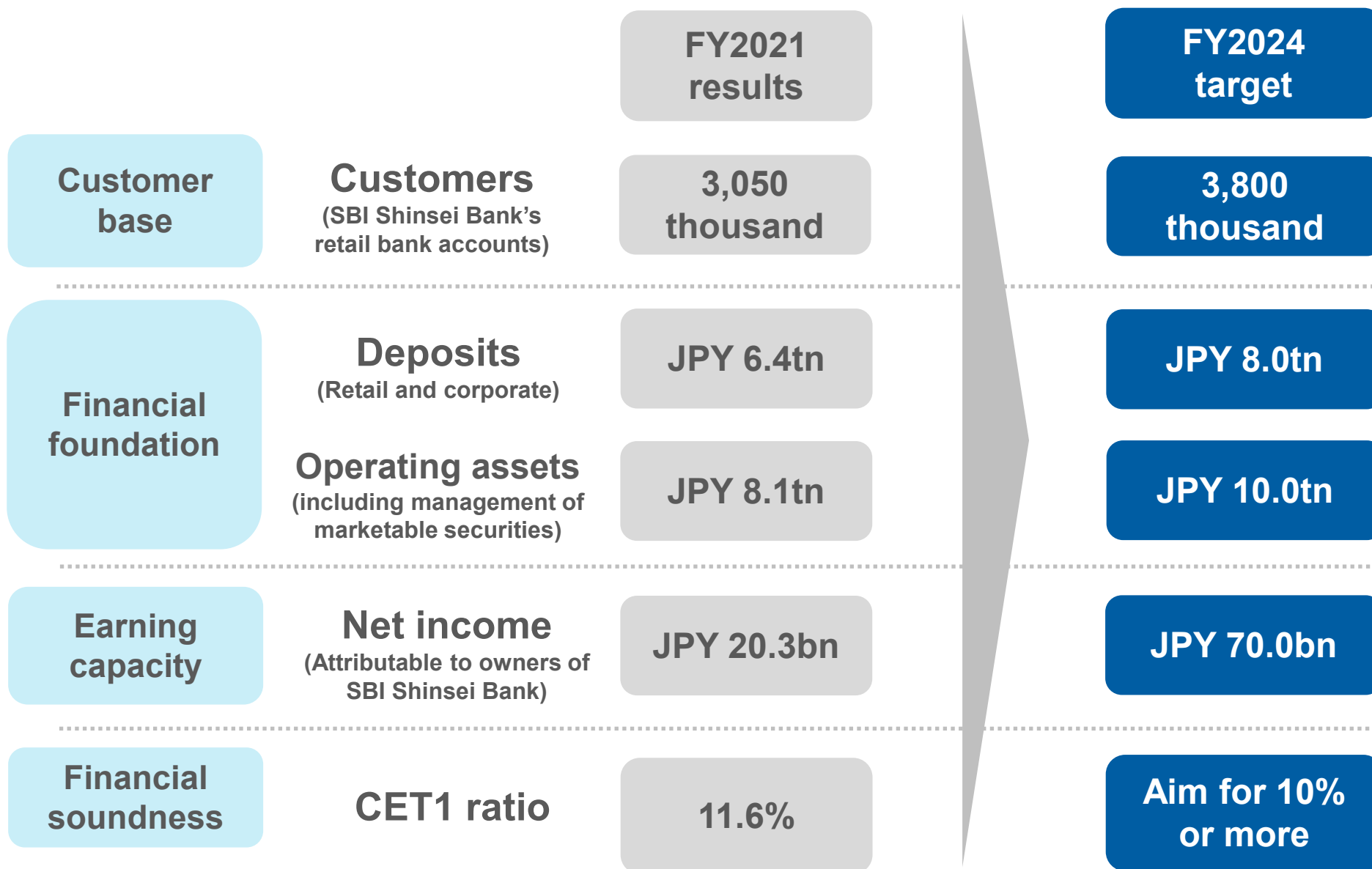
##### Finance control

- Examine the IFRSs via coordination with the SBI Group

##### Compliance

- Enhance cyber security measures, responses to money laundering regulations and monitoring structures through alignment with the SBI Group

## Financial Targets : KPI



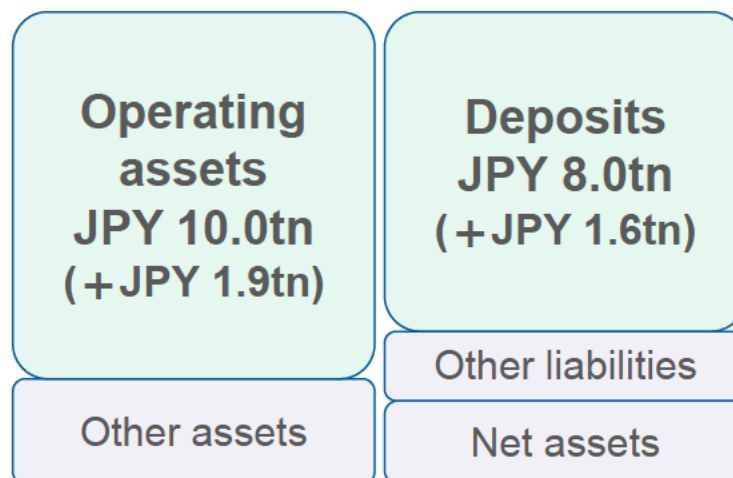
## Financial Targets : Operating assets and deposits

- Increase the deposit balance by improving customer convenience and aligning with the SBI Group
- Endeavor to strengthen earning capacity through the reinforcement of asset management utilizing the increased deposits

### Initiatives to reinforce asset management

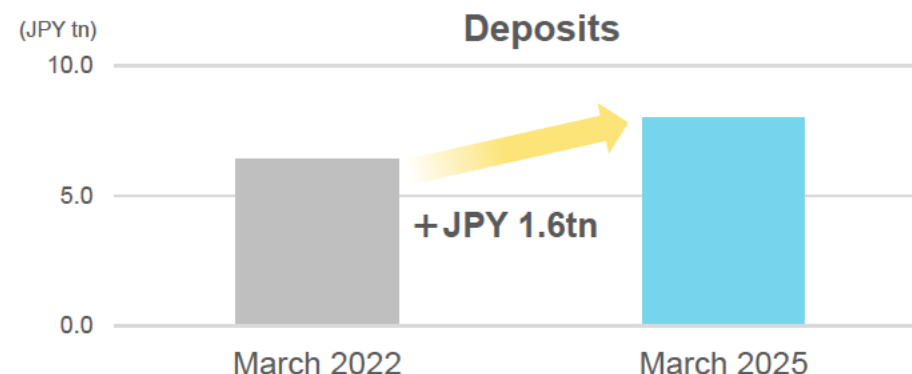
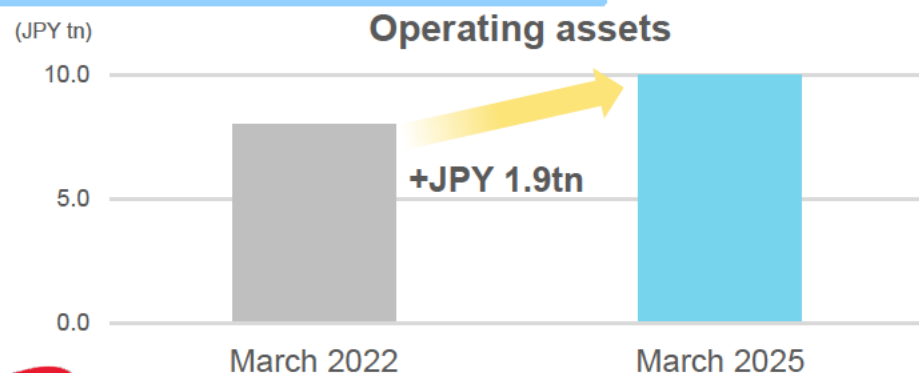
- Expansion of highly profitable operating assets related to small-scale finance and institutional investors business
- Enlarge the business of overseas investees, including means involving collaboration with the SBI Group
- Sophistication and diversification in management of marketable securities

### End of FY2024 Consolidated B/S

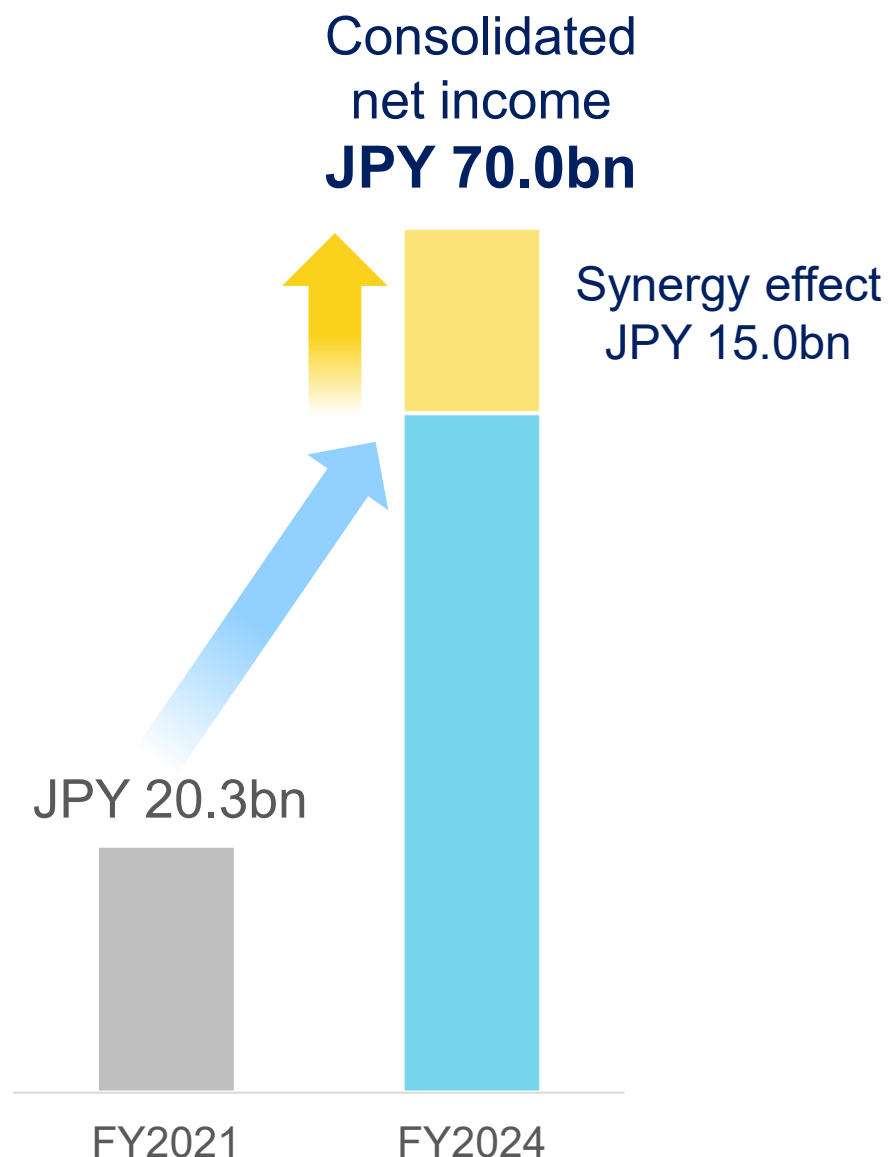


### Initiatives to increase the deposit balance

- Comprehensively implement the “Customer-centric Principle” and improve customer convenience
- Increase in number of retail bank accounts through cooperation with the SBI Group
- Expand transaction base with corporate customers



## Financial Targets : Consolidated net income



- Includes JPY 15.0bn for synergy effect with the SBI Group in JPY 70.0bn for FY2024
- Position FY2022 and FY2023 as the run-up for sustainable growth and enhance the earnings base for sustainable growth
- Achieve profit growth excluding synergies by strengthening small-scale finance, institutional investors business, overseas business and risk management of investments and loans

## Financial Targets : Synergy effect with the SBI Group

Breakdown of the synergy effect of JPY 15.0bn expected in the FY2024 plan

	Initiatives to create synergies	FY2024 (JPY bn)
Individual business	Increase the number of retail customers, optimize face-to-face channels (e.g., branches) and expand housing loan transactions	4.0 to 5.0
	Acquire new credit card members, expand the number of shopping credit customers and develop BANKIT <sup>®</sup> partners	
	Expand the number of unsecured loan customers, improve the UI/UX and further cooperation with regional financial institutions	
Institutional business	Introduction of structured finance opportunities, joint financing and reinforcement of the business succession operation	4.5 to 5.5
	Startups and business owner customer referrals and reinforcing cooperation with regional financial institutions	
	Increase the number of lease customers, reinforcing cooperation with regional financial institutions and collaborating in the shipping and aircraft domain	
Overseas business	Collaboration in the investments and business development overseas (inorganic investment opportunities are not included in the figure)	0.5 to 1.0
Management base	Sharing know-how on management of marketable securities and advance fundraising capabilities	7.5 to 8.5
	Consolidate and improve the efficiency of the in-direct functions, implementing the sophistication of digital strategies and others	1.0 to 2.0
	Deduction: Overlapping existing initiatives (sift through and choose optimal initiatives)	-2.0 to -3.0
	Deduction: Corporate tax and other related costs	-2.0 to -3.0



## Governance: Management of conflict of interest and protection of minority shareholders' rights

### Necessity and backdrop for strengthening corporate governance

- While business collaborations in various areas are progressing to deliver synergy effects with the SBI Group, in line with the response made toward DIC in November 2021, we are strongly required to give full consideration to benefits of minority shareholders, as a listed company
- Especially for important transactions, since complying with the arms' length principle is not sufficient in these cases, involvement of outside directors and verification of the transaction to be under reasonable terms are expected
- Under such circumstances, organize effective management structure centered on **establishing the Parent Company Transaction Screening Committee** to ensure management of conflict of interest and protection of SBI Shinsei Bank's minority shareholders

### Establishment of the Parent Company Transaction Screening Committee

#### Members:

All outside directors as committee members and all Audit & Supervisory Board members as observers

#### Transactions to be subjected:

Transactions with the SBI Group, of which conflict of interest arises or potentially would arise

#### Roles of the committee:

Examine the existence of conflict of interest in and fairness of the transaction, while validating and monitoring the transaction to ensure that it does not damage the interest of SBI Shinsei Bank's minority shareholders

#### Method of final approval:

- Conclusively resolve by the Board with the Parent Company Transaction Screening Committee's opinion, following the Committee's resolution
- The said BoD will not involve Directors having close relationships with the SBI Group

### Disclaimer

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- The preceding description of the SBI Shinsei Bank Group's Medium-Term Plan contains forward-looking statements regarding the intent, belief and current expectations of our management with respect to our financial condition and future results of operations. These statements reflect our current views with respect to future events that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate. Potential risks include those described in our annual securities report filed with the Kanto Local Finance Bureau, and you are cautioned not to place undue reliance on forward-looking statements.
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