

Financial Summary

Financial Review

In fiscal 2021, total revenue decreased by 4.3 billion yen to 217.5 billion yen, from 221.9 billion yen in fiscal 2020, mainly due to the Bank's decision to record a loss on the sale of bonds in order to reduce the amount of interest rate risk in response to the rise in interest rates and for the future restructuring of the securities portfolio, despite an increase in interest income associated with the full-year effect of UDC Finance consolidation.

Net interest income was 125.6 billion yen, higher by 3.6 billion yen from 122.0 billion yen in the previous fiscal year. This was due to the full-year impact of consolidation of UDC Finance and dividend income from the Latitude following a capital alliance agreement on March 10, 2021, while interest income from the unsecured loan business for individual customers decreased.

Noninterest income was 91.8 billion yen, lower by 7.9 billion yen from 99.8 billion yen in the previous fiscal year. In the Individual Business, income rose due to an increase in fees and commissions from sales of asset management products in Retail Banking, higher income from shopping credit business in APLUS, and gains on sale of shares. In the Institutional Business, income increased mainly due to improvement in investment income from Principal Transactions. On the other hand, in the Corporate/Others, income decreased due to recording losses on sales of securities in the Treasury operations to reduce the quantity of interest rate risk in response to the rise in interest rates since January 2022, as well as for the future restructuring of the securities portfolio.

(FY)	Billions of yen		
	Financial Summary 2021	2020	Change (Amount)
Consolidated (Management Accounting Basis)			
Net interest income	125.6	122.0	3.6
Noninterest income	91.8	99.8	-7.9
Net fees and commissions	34.0	30.1	3.9
Net trading income	6.6	3.8	2.7
Net other business income	51.2	65.8	-14.6
Income on lease transactions and installment receivables	49.9	43.1	6.8
Total revenue	217.5	221.9	-4.3
General and administrative expenses	-155.4	-149.6	-5.8
Ordinary business profit	62.1	72.2	-10.1
Net credit costs	-31.1	-28.3	-2.7
Ordinary business profit after net credit costs	31.0	43.8	-12.8
Amortization of goodwill and other intangible assets	-3.2	-2.7	-0.4
Other gains	0.7	14.1	-13.4
Income before income taxes	28.4	55.3	-26.8
Current income tax	-8.9	-7.1	-1.7
Deferred income tax	0.7	-3.9	4.7
Profit attributable to noncontrolling interests	0.0	0.8	-0.8
Profit attributable to owners of the parent	20.3	45.1	-24.7

General and administrative expenses were 155.4 billion yen, higher by 5.8 billion yen from 149.6 billion yen in the previous fiscal year. This was partly due to the full year impact of the consolidation of UDC Finance, which was acquired in fiscal 2020, and due to an increase in expenses related to several ad-hoc projects.

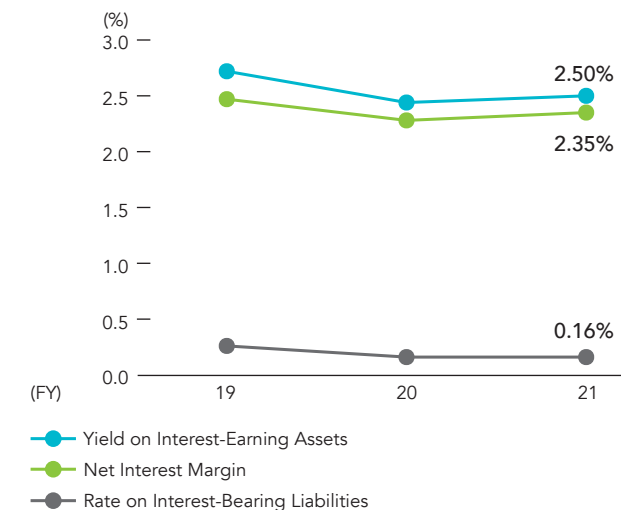
Net credit costs were 31.1 billion yen (expense), increased by 2.7 billion yen over the previous fiscal year. In the unsecured loan business for individual customers, net credit costs rose due to smaller decline in the balance of assets outstanding compared with the previous fiscal year while the quality of assets improved as resulting from decline of written-off claims. In the institutional business, net credit costs were trending lower than the previous year till the third quarter of the current fiscal year due to the subdued impact of COVID-19 on borrowers' condition. However, in the fourth quarter of the current fiscal year, the provision for reserves for loan losses related to large-scale transactions was recorded, resulting in higher net credit costs for the full fiscal year.

In addition, the extraordinary gains and losses and income taxes in the previous fiscal year included gains of 9.7 billion yen from the sale of Jih Sun Financial Holding Co., Ltd. As a result, profit attributable to owners of the parent in fiscal 2021 was 20.3 billion yen, a decrease of 24.7 billion yen compared from 45.1 billion yen in the previous fiscal year.

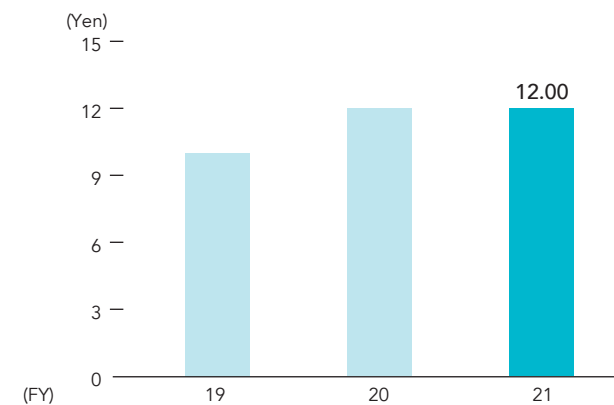
Net Interest Margin

The net interest margin was 2.35%, increased from 2.29% in the previous fiscal year. While the rate on interest-bearing liabilities remained almost unchanged, yield on interest-earning assets improved due to an increase in dividends, despite a decrease in loan yields due to a decrease in relatively high yielding loan balance in the consumer finance business.

Net Interest Margin



Dividends per Share



Shareholder returns

We place high priority on improving profitability by implementing business strategies, and focus more on capital utilization and internal reserves of profits to expand our business foundation and strengthen profitability.

Fiscal 2022 forecast

Total revenue forecast at 241 billion yen, reflecting accumulation of balance mainly in the shopping credits business of APLUS, business growth in overseas businesses, and the realization of synergies with the SBI Group. We do not anticipate any extraordinary factors (such as losses on sales of bonds) as recorded in fiscal 2021.

General and administrative expenses are forecast to expand to 164 billion yen due to higher expenses for utilization of cloud and IT security enhancement at APLUS, higher expenses associated with an increase in the new issue and renewal of credit cards, an increase in expenses associated with strengthening business activities in overseas businesses and other areas, and the recording of one-time expenses to realize synergies with the SBI Group.

Net credit costs forecast at 31 billion yen due to aggressive accumulation of balance such as unsecured loan balance. On the other hand, we do not expect any special factors (provision for reserves for loan losses related to large-scale transactions) as recorded in fiscal 2021.

As a result, the forecast for profit attributable to owners of the parent for fiscal 2022 is 35 billion yen.

The earnings forecast for fiscal 2022 includes 3 billion yen of income for synergy effects with the SBI Group and one-time synergy charges of 5 billion yen.

(Billions of yen)

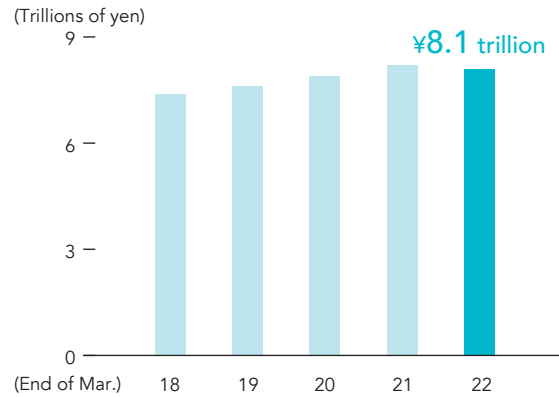
	Fiscal 2021 (actual)	Fiscal 2022 (forecast)
Total revenue	217.5	241.0
General and administrative expenses	-155.4	-164.0
Net credit costs	-31.1	-31.0
Profit attributable to owners of the parent	20.3	35.0

■ Details of Synergy Effect and Synergy One-time Expenses

Synergy effect	<ul style="list-style-type: none"> Currently, we assume that most of the synergies in FY2022 will arise from securities portfolio management and fund raising. Initiatives to create synergies in businesses will take time to launch and monetize, and the contribution to profits in the first year is expected to be small.
Synergy One-time charges	<ul style="list-style-type: none"> Currently, assumptions include business restructuring costs, including those related to corporate name changes, credit-related costs associated with customer acquisition and balance increases in individual business, new business development costs and system expansion costs in corporate operations, and costs to identify nonorganic investment opportunities in overseas operations. We plan to prioritize the allocation of expenditures to cost-effective measures after rigorously examining the profitability of each synergy initiative.

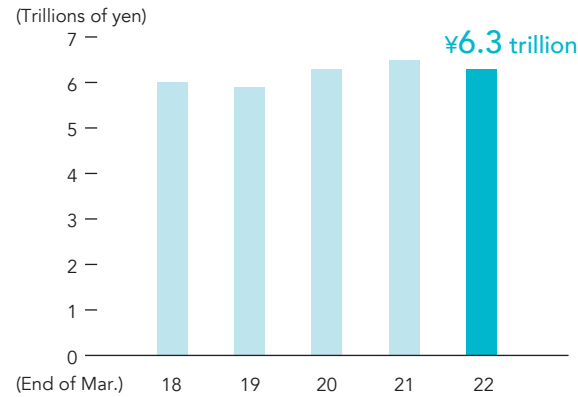
Financial Highlights

Operating Assets



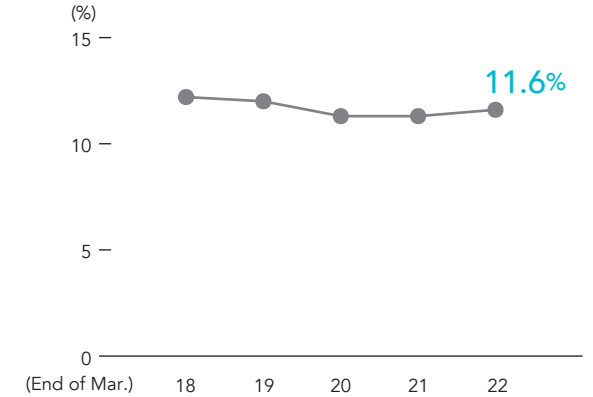
The balance of operating assets increased, mainly in core business areas such as institutional investors business and small-scale finance.

Deposits



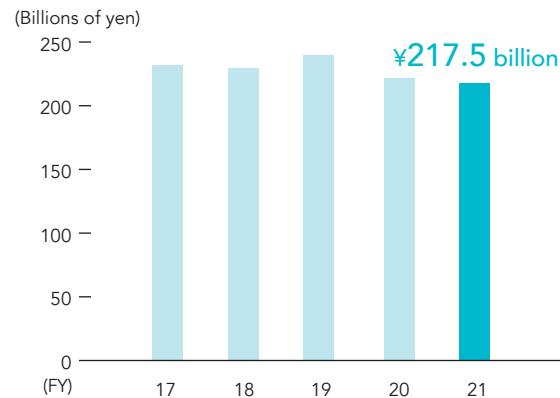
Stable deposits are mainly from individual customers, and the Bank maintains adequate deposit balances in both yen and foreign currencies.

Common Equity Tier 1 Ratio (International Standard)



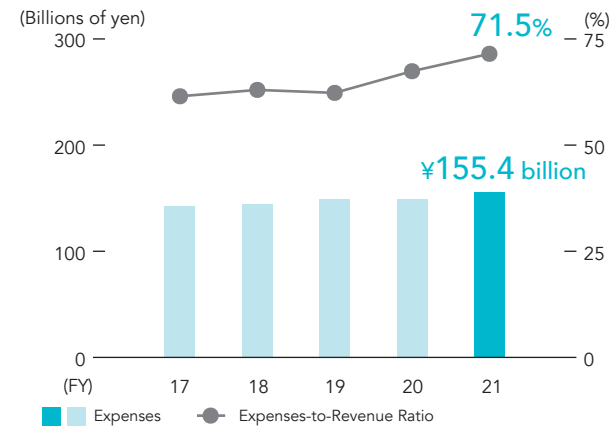
Despite an increase in risk assets due to an increase in the balance of operating assets in the focus areas, the capital ratio remains at a sufficient level due to the steady accumulation of profits.

Total Revenue



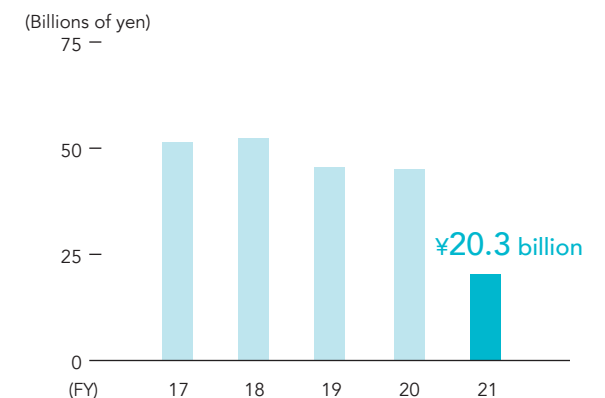
We are committed to increasing stable revenue based on actual customer demand and improving the quality of revenue under the continuous monetary easing by BOJ's negative interest rate policy and an uncertain economic environment.

Expenses / Expenses-to-Revenue Ratio (Management Accounting Basis)



While systems costs increased due to the new core banking system, the Shinsei Bank Group is working to reduce the expenses-to-revenue ratio through the unified promotion of productivity reforms.

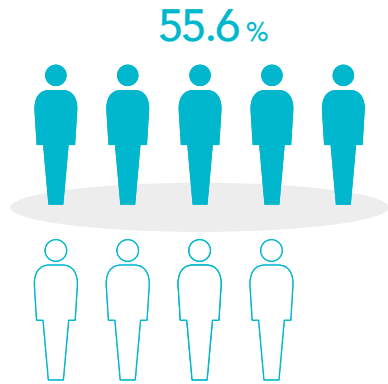
Profit Attributable to Owners of the Parent



Profit attributable to owners of parent was 20.3 billion yen, a decrease of 24.7 billion yen from the previous fiscal year due to a loss to prepare for the future growth and a large-scale credit provision.

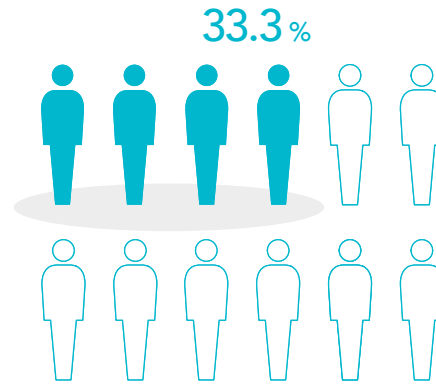
Nonfinancial Highlights

Ratio of Outside Directors on the Board of Directors



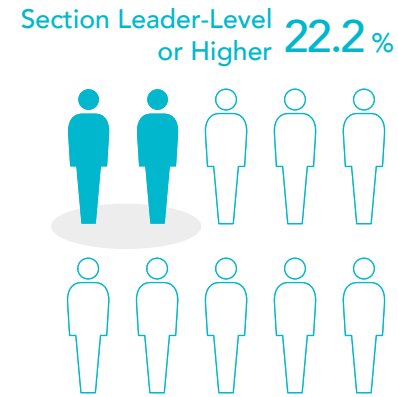
Outside directors with diverse skills and expertise comprise the majority of the directors. The Bank has maintained this structure since it commenced operations.

Ratio of Female Executives

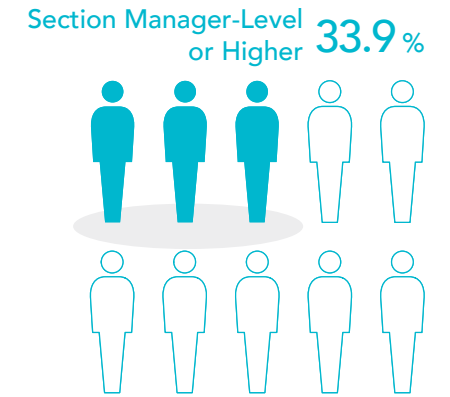


Four out of 12 executives are female.

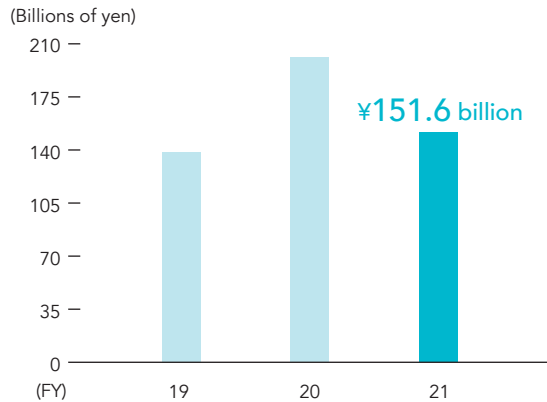
Ratio of Female Managers



Recognizing that promoting the active participation of women is one of the most important issues in promoting diversity, we are developing an environment and implementing initiatives such as increasing the number of flexible workstyles and options for diverse careers so that women can continue to play an active role by leveraging the strengths and characteristics of each and every woman in every level and job category.



Arrangement of Renewable Energy Project Finance



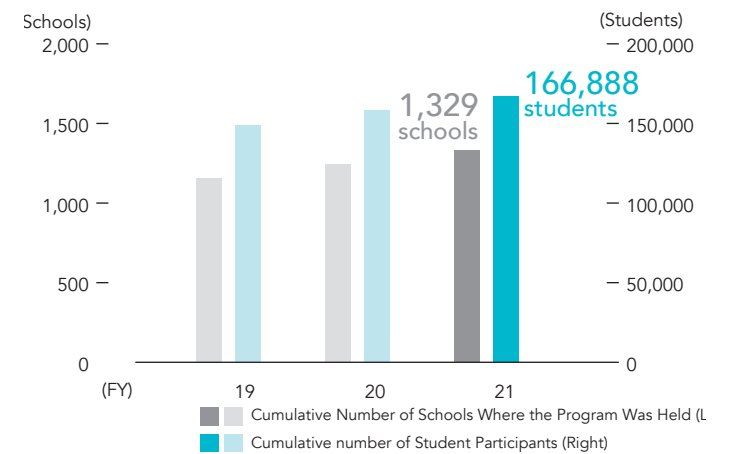
Since 2012, we have been expanding the base of domestic project finance investors and promoting syndication with regional financial institutions through project finance for renewable energy.

Number of Registered Side Work / Concurrent Work



To ensure more diversity in careers, we started allowing employees to concurrently engage in personal business (outsourcing, business start-up, company executive, etc.) or work concurrently for another company in advance of other domestic financial institutions.

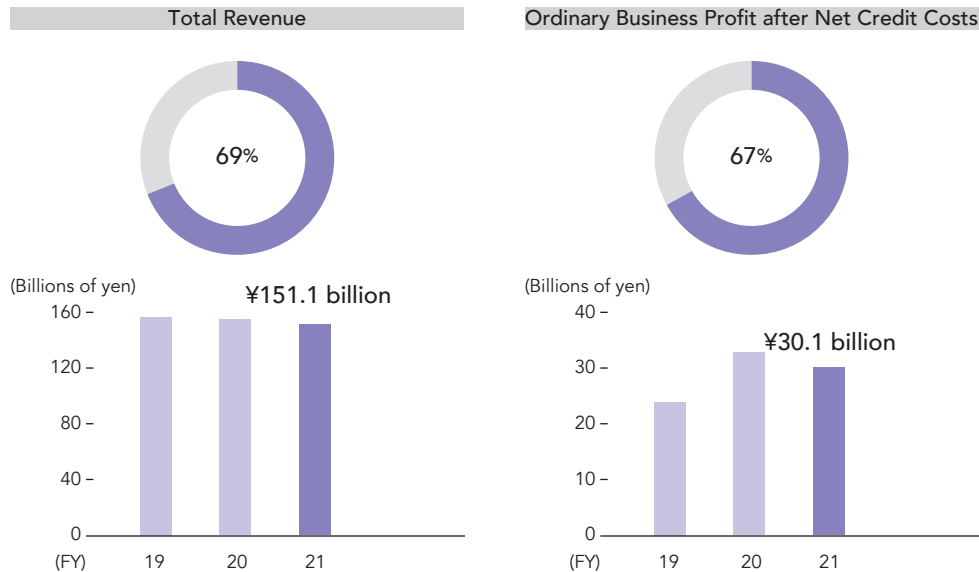
"MoneyConnection®" Financial Literacy Program



The Shinsei Bank Group considers the unemployment risk of younger people as a social issue and needs to be solved. We actively work on promoting and expanding MoneyConnection®, a financial literacy program mainly targeted at high school students, aiming to help them gain accurate knowledge and an understanding of the concept of money.

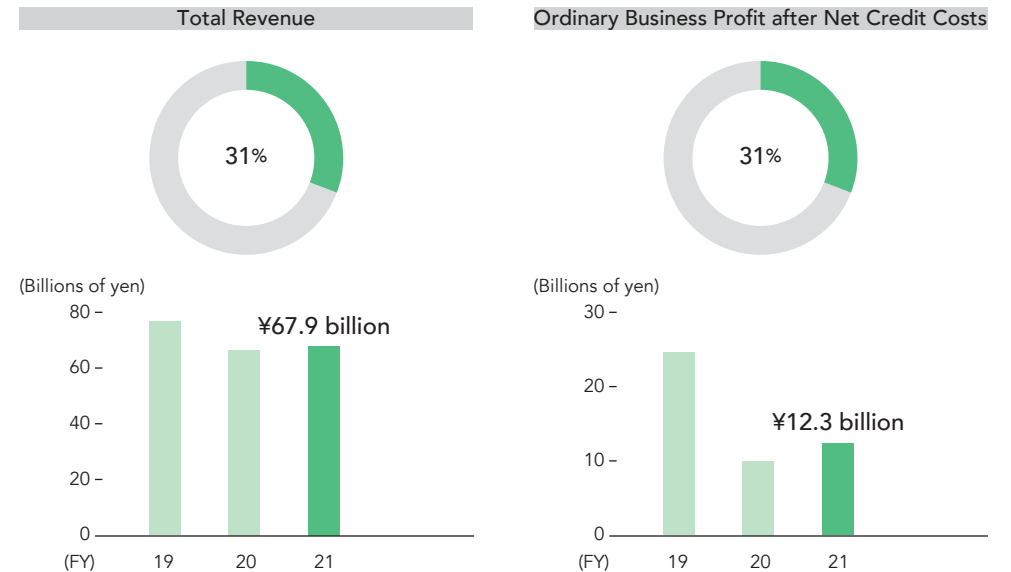
At a Glance

Individual Business



Note: The percentage figures do not add up to 100% due to the contribution of Corporate / Other.

Institutional Business



Major Businesses	
● Retail Banking	Yen / foreign currency deposits, structured deposits, investment trusts, securities brokerage services (through a partner institution), life and nonlife insurance (through partner institutions), housing loans, provision of financial transactions and services for individuals
● Shinsei Financial	Unsecured loans and credit guarantees (Shinsei Financial, Shinsei Bank Card Loan L (former Shinsei Bank Lake), NOLOAN, Lake ALSA)
● APLUS	Shopping credit, credit cards, loans and payment services
● Other Individual Business	Other subsidiaries

Major Businesses	
● Corporate Business	Provision of financial products, services and advisory services for corporations, public-sector entities and financial institutions, healthcare finance, trust banking
● Structured Finance	Real estate-related nonrecourse finance and corporate finance, project finance, specialty finance including M&A-related finance
● Principal Transactions	Private equity, credit trading, business succession finance and asset-backed investment, etc.
● Showa Leasing	Financial products and services focused around lease finance
● Markets Business	Foreign exchange, derivatives, equity-related and other capital markets business
● Other Global Markets Businesses	Securities, asset management, wealth management

Individual Business



Hiroyuki Kagita
 Managing Executive Officer
 Head of Individual Business

Our Individual Business segment provides retail banking businesses with deposits, investment trusts and housing loans; unsecured loans; and credit card, shopping credit and payment services for individual customers. In response to the diversification of values and lifestyles due to the ongoing declining birthrate and aging population and the prolonged impact of Novel Coronavirus infections, it is necessary to use technology to provide services that are more convenient from the customer's point of view. In December 2021, we joined the SBI Group and are working to make a full lineup of products, services, and functions based on a "Customer-centric Principle," and to further utilize technology.

In the Medium-Term Vision, we set the financial target

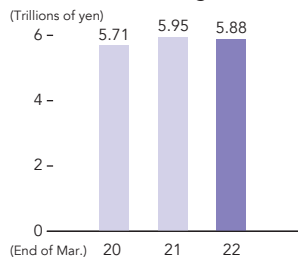
to expand the deposit balance and increase the number of accounts. We aim to expand the scale of our customer base through reciprocal customer transfer within the SBI Group and the Shinsei Bank Group. As an example, we started offering attractive interest rates on time deposits in yen and foreign currencies from June 2022. In addition, we will deepen our collaboration with the SBI Group, expand the range of products we handle, and optimize and upgrade our channels. In this way, we will enhance the quantity and quality of the products and services we provide and improve customer convenience. We will focus on offering competitive products for housing loans so that they can be used by more customers.

In the Unsecured Loans area, we quickly respond to the

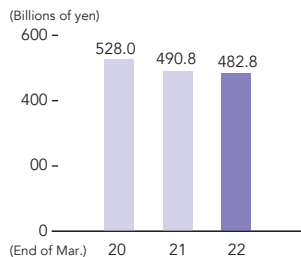
funding needs of our customers. By adding AI and digital technologies to the credit decision and collection functions that we have cultivated to date, we are working to meet the financing needs of new customer segments by partnering with companies that have a customer base. In addition, we aim to expand our customer base by leveraging the customer base of the SBI Group, improving UI/UX, and strengthening brand awareness. In the field of credit cards and payments, we are providing a variety of payment methods to an increasing number of customers and working to enhance security measures. We provide financing to SMEs and individual business owners in collaboration with partner companies, and BANKIT®, a NeoBank platform with financial functions such as settlements, foreign exchange and credit, to partner companies and their customers through smartphone apps and API collaborations.

Operating Assets

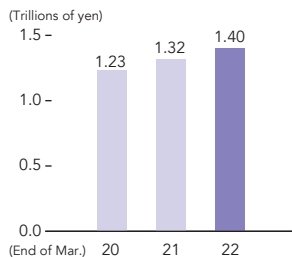
Retail Banking (Asset Under Management)



Unsecured Loans

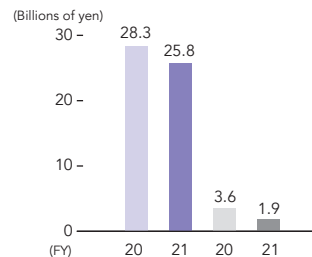


APLUS

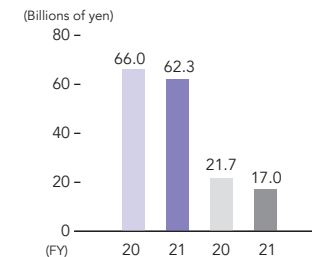


Key Financial Data

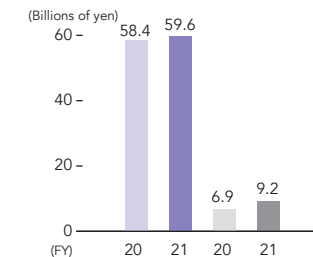
Retail Banking



Unsecured Loans



APLUS



■ Total Revenue ■ OBP after Net Credit Costs

Glossary & URL

Shopping Credit: A service that allows customers to pay for goods or services in installments without using a credit card.

Unsecured Loan: A type of loan / product offered by financial institutions such as banks and consumer finance companies that enables a consumer to borrow without any collaterals.

OBP: Operational Business profit

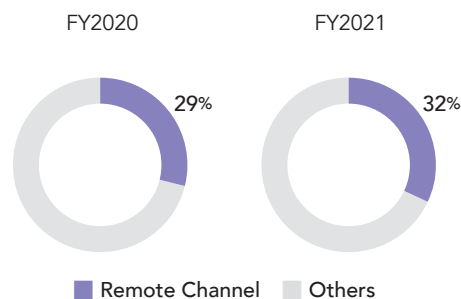
FY2021 Topics

Retail Banking

Shinsei Bank continued to improve the system allowing customers to consult on asset management and conduct transactions without being limited by time or place, such as expanding consultation via video chat, the satellite offices and renewing website.

Asset management products sales in fiscal 2021 increased from the previous fiscal year as a result of pursuing optimal communication with customers by offering a variety of options, including consultation through remote channels and transactions, amidst the prolonged impact of the Novel Coronavirus infections. In January 2022, we began providing services related to financial instruments intermediation with Monex, Inc., enabling our customers to access a broad product lineup.

Asset Management Business: Transaction Volume Share by Channel

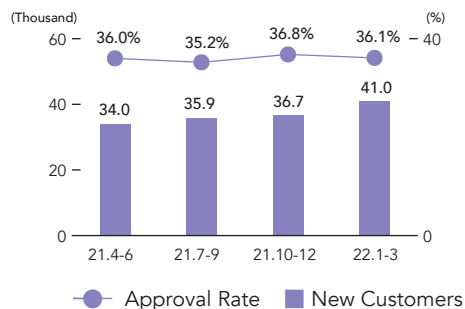


Unsecured Loans

In the unsecured loan business, we have been focusing on increasing the balance of operating assets by building a system to quickly respond to customers' funding needs and pursue sophistication of our credit and collection systems that integrates digital and analog capabilities. In December 2021, we established a business alliance with Famima Digital One and started offering a credit guarantee service to the customers of FamiPay Loan in order to continue to refine the strengths of our businesses and expand our customer base through strategic alliances with partners to achieve sustainable growth.

In Lake ALSA, the approval rate has started to improve as we have upgraded our business systems, improved the work efficiency of our operations centers, and eliminated bottlenecks by optimizing the allocation of personnel.

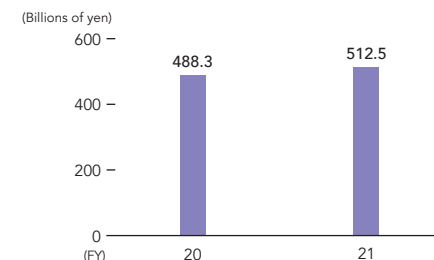
Lake ALSA : New Customer Acquisition



APLUS

In Shopping Credit, in addition to promoting auto leasing and vendor leasing, which continue to perform well, we have focused on acquiring credit card members by effectively utilizing the business base of shopping credits and group alliance partners. In the NEOBANK platform BANKIT®, collaboration with partner companies has progressed, as evidenced by the alliance with T-Money and the launch of a new deferred payment application called T-Point × QUICPay in which T-Points are accumulated. From April 2021, we have started offering housing loan as an agency of Shinsei Bank.

Shopping Credit: Transaction Volume



Institutional Business



Takahisa Komoda
 Managing Executive Officer
 Head of Institutional Business

The Institutional Business includes the corporate business, which provides solutions to our corporate and financial institution customers; structured finance, which provides services such as real estate finance and project finance; services for private equity investments and business succession finance; the leasing business; and the markets business which provides market solutions for foreign exchange and interest rate derivatives, among others.

With social issues becoming increasingly critical, such as the spread of the Novel Coronavirus infections, environmental and energy issues, business succession issues of SMEs due to aging of business owners and lack of successors, our responsibilities as a financial institution, which is a part of the social infrastructure responsible for contributing to customers and society are becoming increasingly important. In December 2021, we

joined the SBI Group and are working to provide a full range of service offerings based on a "Customer-centric Principle," and to contribute to the revitalization of local economies and companies as platformers for regional financial institutions.

For the business for institutional customers, we have been pursuing partner-type businesses that help customers meet their needs and create new businesses, not only by capturing medium- to long-term environmental changes, but also through collaboration with companies outside the Group as well as the financial functions within the Group and provide solutions that are not limited to the financial domain. We will take advantage of the SBI Group's customer base to expand relations with venture companies and business owners and provide venture debt.

For our financial institution customers, we will

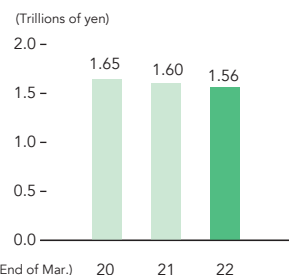
strengthen collaboration by utilizing the network and solutions of the SBI Group, while providing advanced financial solutions to carefully respond to the various needs of regional financial institutions.

Moreover, in the business for institutional investors, in which we have strengths in structured finance, we will further focus in areas such as renewable energy and provide sustainable finance in projects that lead to regional revitalization. In addition to utilizing the relationships, knowledge, and analytical capabilities we have cultivated with domestic and overseas institutional investors, we will also strengthen our business for institutional investors by using the functions of the SBI Group.

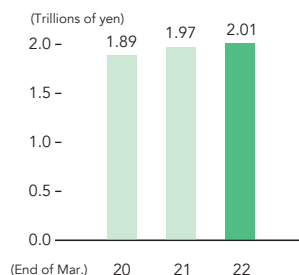
The Sustainable Impact Assessment Department, which is part of the Sustainable Impact Development Division, established in February 2020, evaluates investment and financing projects based on various sustainability requirements and provides investors with evaluation reports on the projects. The full-scale operation of this division has contributed to the steady achievement of sustainable finance and the accumulation of many deals in the pipeline.

Operating Assets

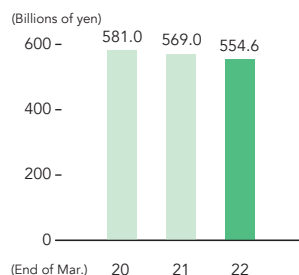
Corporate Business



Structured Finance

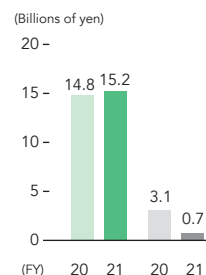


Showa Leasing

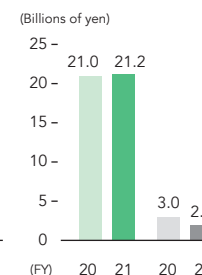


Key Financial Data

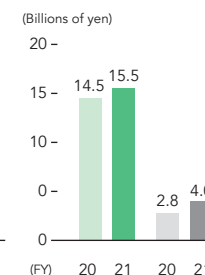
Corporate Business



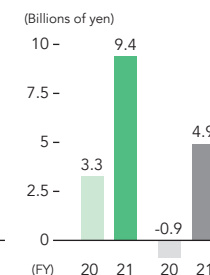
Structured Finance



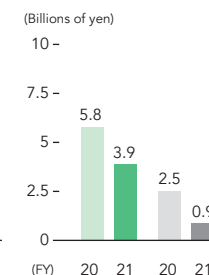
Showa Leasing



Principal Transactions



Markets Business



■ Total Revenue ■ OBP after Net Credit Costs

FY2021 Topics

Initiatives to Expand Sustainable Finance/
Impact Finance

The Shinsei Bank Group promotes "sustainable impact initiatives" by integrating the perspectives of ESG, SDGs as well as sustainability into our businesses with the concept of social impact that aims to have a positive impact on society, adding environmental, social and economic value. We provide financing to companies and their businesses addressing social issues with positive impacts through continuous dialogue with those corporate customers.

The Shinsei Green/Social/Sustainability Finance Framework, formulated in May 2020, and the Shinsei Sustainability Linked Loan Framework, begun in February

2022, have both been evaluated by third-party evaluation organizations regarding their compliance with relevant domestic and overseas principles and our internal evaluation system. We have established a system for evaluating sustainable finance within the Bank, assessing the use of funds, methods of managing funds, potential negative environmental and social impacts, and measures for risk mitigation. Confirming the suitability of each framework, we are working to engage in finance with value by visualizing the environmental and social impact of the project. As of March 31, 2022, we have structured a total of 31 financing projects, with 156 billion yen in sustainable finance, and are aiming to originate further projects.

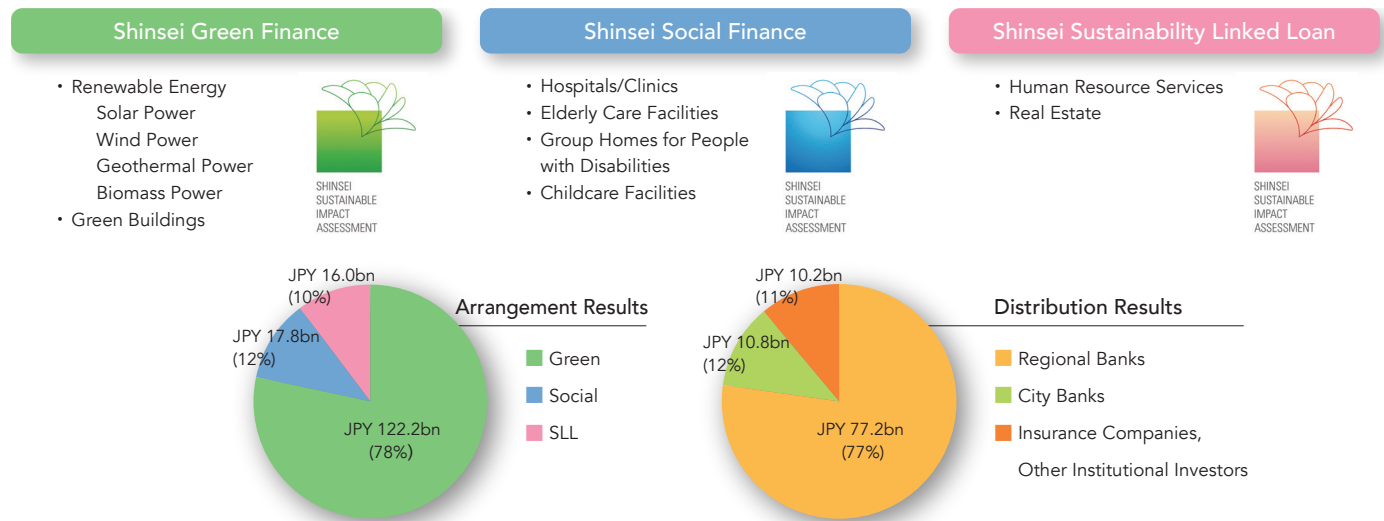
Showa Leasing

As corporations continued to restrain capital investment due to the Novel Coronavirus pandemic, we provided finance leases of high value in areas such as real estate, renewable energy, healthcare, and aircraft and vessels in collaboration with Shinsei Bank Group companies. In addition, we focused our management resources on areas where we can leverage our strengths, such as by conducting hybrid auctions using the Internet at TOZAI BOEKI, our subsidiary engaged in construction machinery auction business.

The balance of operating assets has grown due to our commitment in areas such as ICT, the environment, and real estate and continues to contribute to a balanced portfolio centered on construction machinery, where we have strengths.

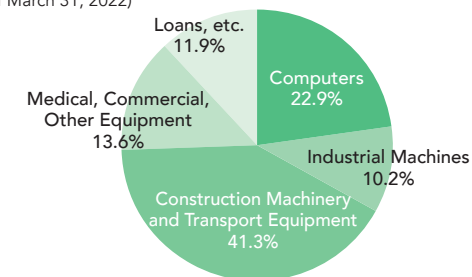
In fiscal 2021, in addition to the Shinsei Green Finance, where funds are used for the acquisition of operating solar power plants, we have established a limited liability company that develops and operates daytime group homes for people with disabilities, and executed investment in anonymous association as social finance.

■ **Shinsei Sustainable Finance** By the end of March 2022, a total of 31 transactions (total arrangement of JPY156.0 billion, of which JPY 93.1 billion distributed to institutional investors) were executed as Sustainable Finance that conform to the Shinsei's sustainable finance frameworks.



※Please refer to this URL for detailed information and evaluation documents for individual projects (listed outside the column)

■ Breakdown of Operating Assets Balance (as of March 31, 2022)



Glossary & URL

Sustainable Finance/Impact Finance
https://www.shinseibank.com/institutional/en/sustainable_finance/