



SBI SHINSEI BANK

INTEGRATED REPORT 2023

For the fiscal year ended March 31, 2023

Digest Version

Management Principles

The SBI Group's Management Philosophies

Sound Ethical Values

We shall undertake judgments on actions based not only on whether they conform to the law or profit the Company, but also whether they are socially equitable.

Financial Innovator

We will transcend traditional methods and bring financial innovations to the forefront of the financial industry by introducing innovative technologies and by providing financial services that further enhance benefits for customers.

New Industry Creator

We will endeavor to become the leader in creating and cultivating the core industries of the 21st century.

Continual Self-Evolution

We will continue self-evolution to flexibility adapt to changes in the operating environment through "Ingenuity" and "Self-transformation."

Fulfill Social Responsibility

We will ensure that each company in the SBI Group recognizes its social responsibilities as a member of society, while fulfilling the demands of its stakeholders, and contributing to the betterment of society.

Management Principles of SBI Shinsei Bank Group

- To become a banking group that is sought out by customers, and contributes to the development of both domestic and international industrial economies, while maintaining stable profitability.
- To become a banking group that values diverse talents and cultures and is constantly taking on new challenges presented by change, based on its experiences and history.
- To become a banking group that strives for highly transparent management and values that is trusted by all stakeholders including customers, investors, and employees.

SBI Shinsei Bank Group's Products and Services

Unique products and services

The SBI Shinsei Bank Group is a hybrid comprehensive financial group that is engaged in both bank and nonbank functions.

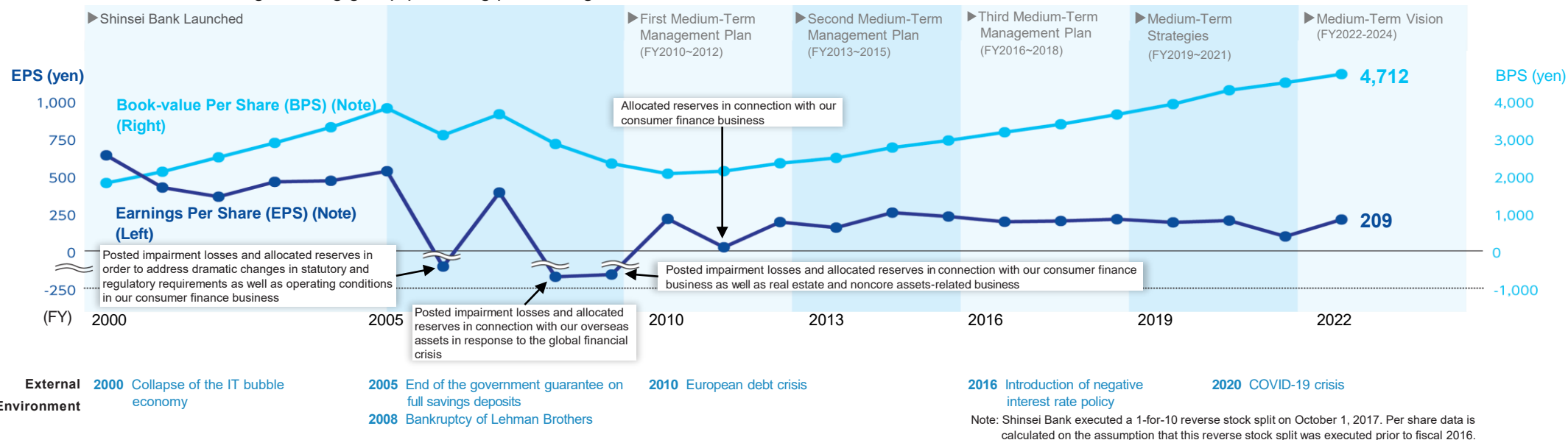
We became a part of the SBI Group in December 2021, and are now in the midst of actively incorporating the financial ecosystems and financial functions of the SBI Group and seeking to provide the products, services, and functions that customers truly want.

Major group companies of SBI Group that collaborate with SBI Shinsei Bank Group



Evolution of the SBI Shinsei Bank Group

Since our launch as Shinsei Bank, Limited in 2000, the Group has expanded its financial functions. We became a consolidated subsidiary of the SBI Group in December 2021, and changed our corporate name to SBI Shinsei Bank on January 4th, 2023. We aim to further expand our customer base, utilize technology and evolve into a leading banking group providing pioneering and advanced finance.



Transition of the SBI Shinsei Bank Group

1952 The Long-Term Credit Bank of Japan, Limited established

1998 Due to business failures, temporary nationalization and special public management began based on the Financial Revitalization Law

2021 Shinsei Bank, Limited became a consolidated subsidiary as a result of a tender offer by SBI Holdings, which is involved in a wide range of financial services, including securities, banking, and insurance.

2000 Shinsei Bank launched
Name changed from The Long-Term Credit Bank of Japan, Limited (LTCB), to Shinsei Bank, Limited

2001 Shinsei Securities Co., Ltd. commenced operations

2003 Shinsei Investment Management Co., Ltd. commenced operations

2004 APLUS Co., Ltd. converted into a consolidated subsidiary.
Listed the Bank's common stock on the First Section of the Tokyo Stock Exchange.

Converted the Bank's long-term credit bank charter to an ordinary bank charter

2005 Showa Leasing Co., Ltd. converted into a consolidated subsidiary

2007 SHINKI Co., Ltd. (now Shinsei Personal Loan Co., Ltd.) converted into a consolidated subsidiary

2008 GE Consumer Finance Co., Ltd. (now Shinsei Financial Co., Ltd.) converted into a consolidated subsidiary

2016 Showa Leasing Co., Ltd. converted into a wholly owned consolidated subsidiary
Shinsei Financial Co., Ltd. entered into the unsecured personal loan business in Vietnam

2019 Acquired all shares of Financial Japan Co., Ltd. Showa Leasing Co., Ltd. acquired the shares of SHINKO LEASE CO., LTD. Formulated "Redesigning Finance" Medium-Term Strategies (fiscal 2019 to 2021)

2020 Concluded an agreement to acquire stocks of UDC Finance Limited to make it a wholly owned subsidiary APLUS Co., Ltd. converted into a wholly owned consolidated subsidiary

2021 Shinsei Bank became a consolidated subsidiary of SBI Holdings

2022 Transferred to "Standard Market" of the Tokyo Stock Exchange

2023 Name changed from Shinsei Bank, Limited to "SBI Shinsei Bank, Limited"

Transition of Stock

2000 Preferred stock capital injection and a partial reduction of preferred stock capital without compensation

2003 Reduction of capital through the merger of two shares of common stock into one share

2006 Partial repayment of public funds / Cancellation of treasury shares

2007 Conversion of preferred stock into common stock

2008 Issuance of new shares by third-party allotment / Conversion of preferred stock into common stock

2011 Issuance of new shares through international offering

2016 Acquisition of treasury shares

2017 Acquisition of treasury shares / Merger of 10 shares of common stock into one share

2018 Acquisition and cancellation of treasury shares

2019 Implemented a secondary offering of shares of common stock of the Bank Acquired treasury shares

2020 Acquired treasury shares

2021 Acquired treasury shares

2022 Acquired treasury shares

2023 Cancellation of treasury shares

CEO Message



Katsuya Kawashima

Representative Director,
President and Chief Executive Officer

From Shinsei Bank to SBI Shinsei Bank

We would like to express our sincere gratitude for your continued patronage.

The SBI Shinsei Bank Group became a member of the SBI Group in December 2021, and fiscal 2022 was essentially the first year since joining the SBI Group.

During the past year, we have endeavored to expand our customer base and improve profitability under our basic philosophy of “Customer-centric Principle.” The Customer-centric Principle is positioned as the source of the SBI Group’s corporate value creation and is consistent with all of the Group’s businesses.

Examples include the enhancement and buildup of competitiveness in products and services in the individual business and the Triangle Strategy (see P.9) to realize regional revitalization. As a result of these initiatives, I feel that the expectations of customers and the market have changed significantly.

On January 4, 2023, the Bank changed its corporate name from Shinsei Bank to SBI Shinsei Bank. The new corporate name made it clear that we are a member of the SBI Group in terms of both name and reality, while valuing the Bank Group’s culture and history.

Achievements in the First Year of the Medium-Term Vision

To pursue the initiatives for achieving the Medium-Term Management Plan (“Medium-Term Vision,” see P.6), we are focusing on collaboration with the SBI Group in particular.

In the individual business, we focused on enhancing products and services and competitiveness, including collaboration with SBI SECURITIES. We have opened SBI SHINSEIBANK MONEYPLAZA, a joint branch with SBI MONEYPLAZA, a subsidiary of SBI SECURITIES, in three locations, Ikebukuro, Ginza and Umeda. Our ability to provide a wide range of products and leverage the collective strengths of the SBI Group has earned us a strong reputation among customers. In addition, the number of accounts for individual customers turned to a net increase for the first time in four years. This was a result of our efforts to enhance customers’ convenience and benefits such as a substantial increase in deposit interest rates, the lowest level of housing loan rate in the industry, the full elimination of convenience store ATM fees, simultaneous account openings with SBI SECURITIES. In fiscal 2022, the number of accounts increased by approximately 110,000. In April 2023, we launched a new service, SBI Shinsei Connect, which automates deposits and withdrawals between accounts. We are working to further strengthen our products and services.

In the institutional business, the Bank Group significantly expanded its customer base through introductions of customers and projects. In addition, the Bank Group promoted collaboration based on the Triangle Strategy and partnerships with regional banks have increased, particularly in cofinancing, and our presence as a platformer of regional financial institutions has expanded. In the area of marketable securities, which is the Bank Group’s new area of focus, we are leveraging the knowledge of the SBI Group helping us diversify and expand the scale of assets under management.

CEO Message

Promotion of Sustainability Management

We consider sustainability management to be one of the most important elements in the management of the Bank Group. In the Medium-Term Vision, one of the three basic strategies is to “achieve sustainability through business activities.” The Bank Group, as a financial institution, supports its customers not only from the financial aspect but also from the viewpoint of risks and opportunities related to sustainability. The Bank Group’s philosophy is to create a positive impact by actively supporting customers who are working to resolve environmental and social issues, which will lead to the realization of a sustainable environment and society and a virtuous cycle for the sustainable growth for the Bank Group.

The Bank Group believes that the ability of all employees to demonstrate their abilities and work with satisfaction leads to the provision of optimal value to customers, and that it is essential for the organization to grow and transform itself. In addition, we believe that we can continue to create new values as an organization by having human resources with diverse characteristics and values recognize and accept each other and leverage their respective strengths to generate synergies. To this end, we are pursuing a variety of initiatives to improve human capital, such as proactively working to create systems and a corporate culture that enables us to attract and retain diverse human resources who can realize sustainable value creation.

Achieving the Medium-Term Vision and Further Growth

We are entering an age of turmoil, with unprecedented uncertainty, including changes in domestic and foreign monetary policy, the persistently high level of inflation, and heightened geopolitical risks. Under these circumstances, the SBI Group is actively promoting the use of technologies, including AI and blockchain, as part of its efforts to “going beyond finance with finance as its core,” and working to diversify in three areas (customers, financial products and services and business fields), aiming to evolve into a digital space ecosystem. Based on this overall strategy, the Bank Group will promote the creation of further synergies within the SBI Group. In addition to making maximum use of the effects of the change in corporate name, in the individual business, we aim to promote collaboration with SBI SECURITIES and other entities, while in the institutional

business, we endeavor to expand transactions with regional financial institutions for regional revitalization. In addition, by expanding our customer base and financial base, we will strive to achieve qualitative improvements and quantitative expansion.

As a member of the SBI Group, the SBI Shinsei Bank Group will continue to thoroughly implement a “Customer-centric Principle” with the aim of achieving the Medium-Term Vision and achieving sustainable growth.



Progress of the Medium-Term Vision and Summary of the First Year

The SBI Shinsei Bank Group has developed the Medium-Term Vision of the SBI Shinsei Bank Group (the “Medium-Term Vision”), a medium-term business plan covering from fiscal 2022 to 2024. Based on the SBI Group’s universally fundamental management viewpoint relating to business development, the Medium-Term Vision consists of three targets to be achieved and three core strategies that enable the achievement of those goals.

In fiscal 2022, the first year of the Medium-Term Vision, we realized to expand our balance sheet and customer base and built a foundation to increase future profit opportunities by gaining a foothold from joining the SBI Group. Going forward, we will steadily advance both the expansion of volume and the improvement of quality, which will lead to the achievement of our Medium-Term Vision.


Medium-Term Vision (Targets to be achieved in three years’ time)

1. Realize JPY 70 billion 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

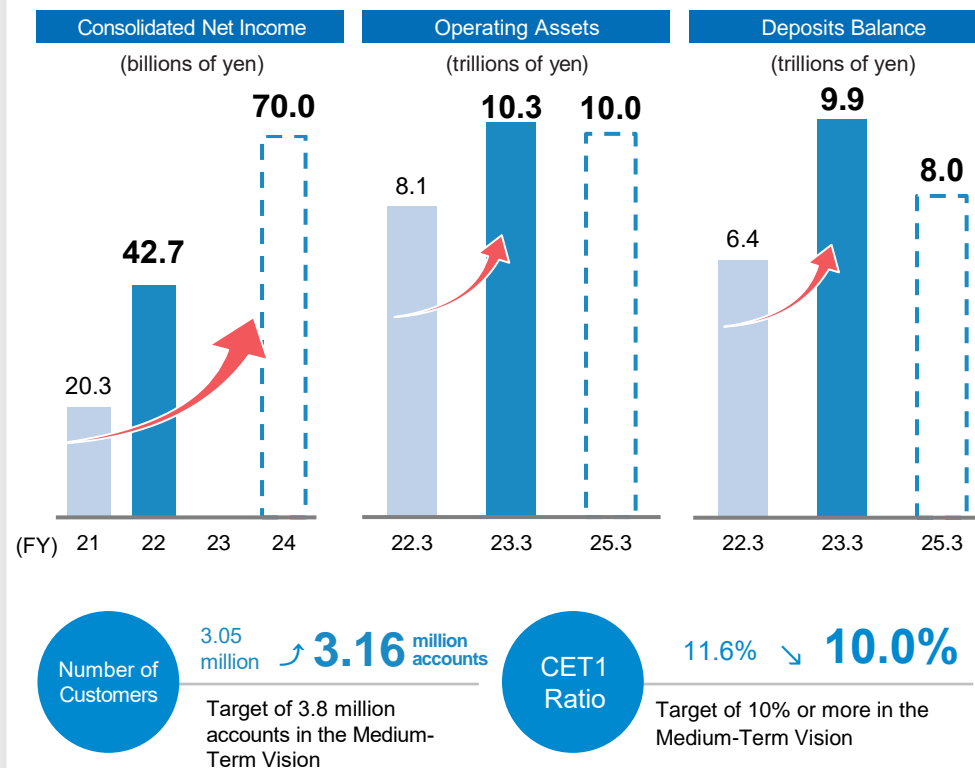


Core Strategy 2
Enhance the Group’s strengths and realize a full range of service offerings



Core Strategy 3
Achieve sustainability through business activities

Financial Targets (KPI)



Topics in Fiscal 2022

- | | | | |
|--|--|---|---|
| April <ul style="list-style-type: none"> Formed business alliance with IDOM CaaS Technology | July <ul style="list-style-type: none"> Strengthened provision of BANKIT® with the introduction of white label method Commenced providing comprehensive solutions to customers' sustainability issues, including support in nonfinancial areas | October <ul style="list-style-type: none"> Launched the second joint branch with SBI MONEYPLAZA (Umeda) Launched SBI Wrap x SBI Shinsei Bank, a discretionary investment service, in collaboration with SBI SECURITIES Commenced simultaneous account openings with SBI SECURITIES Transferred shares of Shinsei Investment Management Co., Ltd. to Morningstar Japan K.K. (Currently SBI Wealth Advisor Co., Ltd.) | January <ul style="list-style-type: none"> Changed the corporate name to SBI Shinsei Bank, Limited Began offering housing loan products of SBI Shinsei Bank at SBI MONEYPLAZA. Changed brand name of unsecured card loan to "Lake" from "Lake ALSA" |
| May <ul style="list-style-type: none"> Renewal of the preferential service, i.e. "Step Up Program" Achieved triple crown in the survey of the brand image of housing loans by JMRO, Inc. | August <ul style="list-style-type: none"> Launched financial product intermediary and banking agency service with SBI SECURITIES Launched first joint branch with SBI MONEYPLAZA (Ikebukuro) APLUS's Code Payment Service (StarPayAplus) was adopted in the Kosai City Shopping DX Infrastructure Development Project | November <ul style="list-style-type: none"> Established Regional Revitalization Healthcare Corporate Loan Program Received the highest "Gold" status in the PRIDE Index, an initiative indicator related to LGBTQ+ | February <ul style="list-style-type: none"> Launched the third joint branch with SBI MONEYPLAZA (Ginza) Concluded an absorption-type merger contract with SBI SECURITIES for the reorganization of Shinsei Securities Executed the first positive impact finance to ISHIHARA SANGYO KAISHA, LTD. Achieved three crowns in the "Good Housing Loan Ranking Selected by Users 2023" survey |
| June <ul style="list-style-type: none"> Significant increase in interest rates on time deposits Achieved triple crown in the foreign currency deposit brand image survey by JMRO, Inc. Established the Group's sustainability goals Executed green loan to Hokuriku Electric Power Company Executed green loan to a special purpose company formed by Daiwa Energy & Infrastructure Co., Ltd. | September <ul style="list-style-type: none"> Showa Leasing concluded a product management contract with OpenStreet Co., Ltd. for a share-cycle business Established the first fund to develop ZEH rental apartment development funds by Showa Leasing | December <ul style="list-style-type: none"> Received the "Excellence Award" at the 8th Sustainable Finance Awards | March <ul style="list-style-type: none"> Renewed Lake's official smartphone app namely "Lake App" AUM exceeded 10 billion yen at the joint branches, SBI SHINSEIBANK MONEYPLAZA Renewed the Bank's official smartphone app, called "SBI Shinsei Bank App" |

2022

- May:** Renewed Step Up Program
- June:** Achieved triple crown in foreign currency deposit brand image survey
- August:** Launched a joint branch with SBI MONEYPLAZA in Ikebukuro Branch
- October:** Card loan brand changed from Lake ALSA to Lake
- November:** Received the highest "Gold" status in the PRIDE Index
- December:** Received the "Excellence Award" at the 8th Sustainable Finance Grand Awards

2023

- January:** Changed corporate name to SBI Shinsei Bank, Limited
- February:** Achieved three crowns in the "Good Housing Loan Ranking Selected by Users 2023" survey
- March:** Renewed "SBI Shinsei Bank App"

Topic: Change of Corporate Name

New corporate name “SBI Shinsei Bank” on January 4, 2023

On January 4, 2023, the Bank changed its corporate name from Shinsei Bank, Limited to SBI Shinsei Bank, Limited. The new corporate name is meant to clarify that we are a member of the SBI Group both in name and reality, while valuing the culture and history of the SBI Bank Group thus far.

On the same day following the corporate name change, we redesigned our corporate brand logo and advertised the change via newspaper outlet.



The new corporate name and corporate brand logo

SBI Shinsei Bank, Limited



Ceremony for the New Corporate Name

A ceremony to commemorate the new corporate name and a brand-new start as SBI Shinsei Bank was held at the Head Office of the Bank at Nihonbashi-Muromachi. SBI Shinsei Bank’s executive officers as well as Mr. Yoshitaka Kitao, Representative Director, Chairman, President & CEO of SBI Holdings, Inc., Hirofumi Gomi, Chairman of the Bank, and Katsuya Kawashima, President and CEO of the Bank attended the ceremony. Several members of the press, such as television and newspapers, were in attendance covering the ceremony.

President Kawashima expressed his determination that “as a core bank of the SBI Group, we will maximize synergies within the corporate ecosystem while thoroughly adhering to the Customer-centric Principle.”



Newspaper Advertisement

Along with expanding recognition of the new corporate name “SBI Shinsei Bank,” we made a newspaper advertisement with the purpose to express our commitment to customers with the “Customer-centric Principle” of SBI Shinsei Bank.

The catch-copy “A Bank that creates new experiences. SBI Shinsei Bank Starts.” is a phrase that promises to create new experiences for customers as we are reborn and advance our existing DNA to SBI Shinsei Bank’s mind. We would like to convey the mind of SBI Shinsei Bank to all stakeholders and to the whole of society. With this in mind, we created and displayed this advertisement.



Special Feature: Achievements from Synergies

Initiatives for Collaboration with the SBI Group through Bank and Securities Business Affiliation

Starting with the Ikebukuro Branch in August 2022, SBI Shinsei Bank began operating SBI SHINSEIBANK MONEYPLAZA, a joint branch with SBI MONEYPLAZA, and later expanded joint branches within the Umeda Branch and Ginza Branch. These joint branches offer products and services listed below.

Products: Investment trusts, yen and foreign currency denominated bonds, domestic and overseas stocks, newly listed stocks, etc.

Services: Life planning, asset management, NISA, inheritance measures, etc.

Customers' Voices



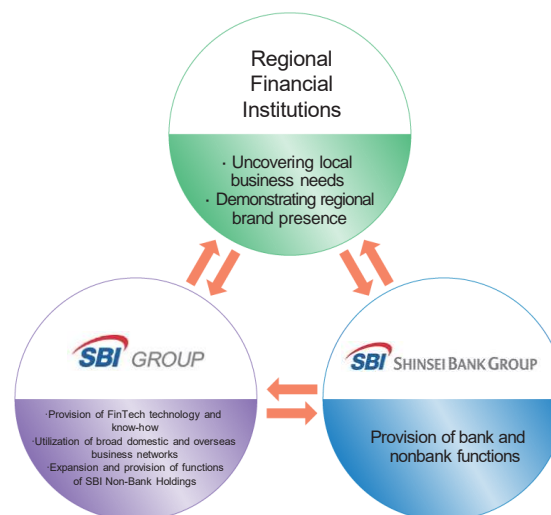
I have been able to receive comprehensive proposals that take advantage of the SBI Group's collective strengths, which had been difficult to handle at the Bank's branch earlier.



The range of choices expanded. I can now choose foreign currency investment products handled at SBI SHINSEIBANK MONEYPLAZA, as well as foreign currency ordinary deposits and foreign currency time deposits.

Initiatives for Regional Revitalization

We are promoting greater cooperation to realize regional revitalization based on the "Triangle Strategy," which utilizes the functions of regional financial institutions, the SBI Group, and the SBI Shinsei Bank Group in a trinity.



Achievements in fiscal 2022

- Cofinancing with local companies through arrangements of regional banks: Loans totaling 8 billion yen to 15 companies **1**
- Participation of regional banks in loan projects arranged by the Bank: 347.9 billion yen **2**
- Collaboration centered on sustainable finance: Participation in projects led by 31 major banks (69 projects, 52.5 billion yen) **3**
- Holding seminars for regional banks (three times in total)
- Acceptance of trainees and exchange of personnel
- Provision of functions of SBI Shinsei Bank Group: Introduction of BANKIT® (APLUS), provision of credit guarantee business (Shinsei Financial), Sale of operating assets to a regional bank leasing subsidiaries (Showa Leasing), Debt collectionservice (Alpha Servicer) **5**

Main services provided by SBI Shinsei Bank to Regional Financial Institutions

- 1 Cofinancing to local companies**
Collaboration in financing of local business partners of regional banks
- 2 Support for advancement in corporate businesses**
Introduction of loan projects and sharing of financial know-how in which SBI Shinsei Bank has strengths
- 3 Sustainable finance**
Collaboration centered on finance in this field, which is attracting attention in recent years
- 4 Risk asset solutions**
Reduce credit concentration risks and resolve issues such as asset replacement
- 5 Provision of functions of SBI Shinsei Bank Group**
Provision of group functions such as APLUS (installment sales finance), Showa Leasing, and Shinsei Financial (Lake business)



Seminar for regional banks

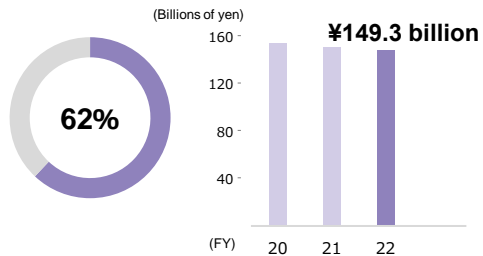


Geothermal power generation facility in Minami-Aso Village, Aso-gun, Kumamoto Prefecture

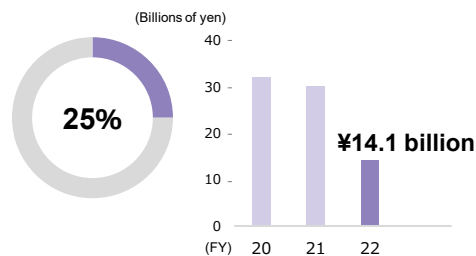
At a Glance

Individual Business

Total Revenue



Ordinary Business Profit after Net Credit Costs

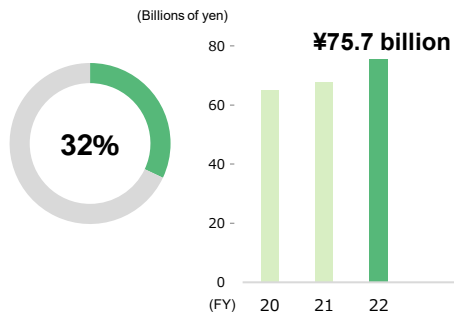


Major Businesses

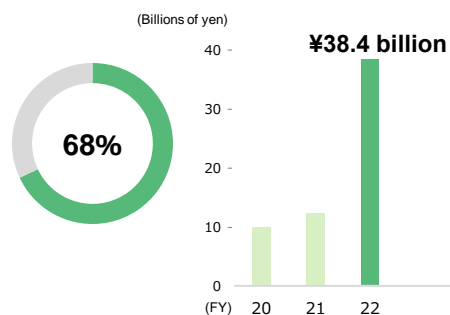
● Retail Banking	Yen / foreign currency deposits, structured deposits, investment trusts and bonds through intermediation of financial products, life and nonlife insurance (through partner institutions), housing loans, as well as financial transactions and services for individuals
● Shinsei Financial	Unsecured loans and credit guarantees
● APLUS	Shopping credit, credit cards and payment services
● Other Individual Business	Business activities related to other subsidiaries

Institutional Business

Total Revenue



Ordinary Business Profit after Net Credit Costs

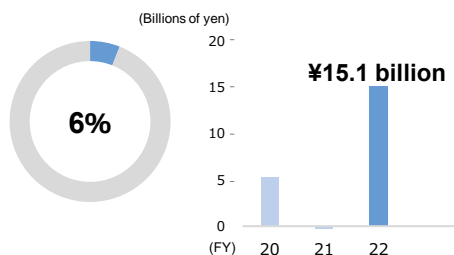


Major Businesses

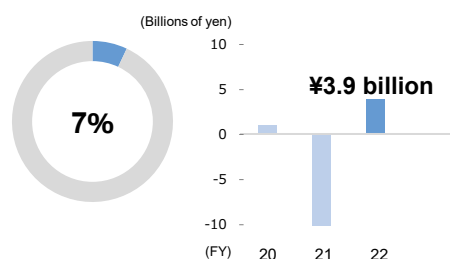
● Corporate Business	Financial products, services and advisory services for corporations, public-sector entities and financial institutions, as well as syndication and wealth management, etc.
● Structured Finance	Real estate-related nonrecourse finance, project finance, specialty finance including shipping and aircraft domain and M&A-related finance, financial products and services related to healthcare finance and trust banking services, etc.
● Principal Transactions	Venture business-related services, business succession, private equity and asset-backed investment, etc.
● Showa Leasing	Financial products and services focused on lease finance
● Markets Business	Foreign exchange, derivatives, equity-related and other capital markets
● Other Global Markets Business	Business activities attributable to Shinsei Securities

Overseas Business/Treasury/Other

Total Revenue



Ordinary Business Profit after Net Credit Costs



Major Businesses

● Overseas Business	Profit and loss attributable to overseas subsidiaries such as UDC Finance Limited (New Zealand) and EasyLend (Hong Kong).
● Treasury	ALM related operations and gains and losses from equity and subordinated debt financing activities.
● Other	Company-wide accounts which are not included in our reportable segments, allocation variance of indirect expense and elimination amount of inter-segment transactions.

Individual Business



Hiroyuki Kagita
 Managing Executive Officer
 Head of Individual Business
 SBI Shinsei Bank, Limited

In the banking business for individuals, we are working to increase the number of retail accounts, expand our product offerings, improve convenience, and enhance efficiency through collaboration with the SBI Group companies.

The number of accounts increased from the downward trend in previous years reflecting simultaneous bank account openings with SBI SECURITIES.

To expand our product offerings, we introduced new products, such as discretionary investment services. We also established a framework for providing foreign bonds and other products to customers through three joint branches opened with SBI MONEYPLAZA.

We also utilize the SBI Group's expertise in updating apps and efficiency in business processes in contact centers and housing loan business.

We continue to strive to upgrade our business operations by strengthening cooperation with the SBI Group that would enable us to continue to respond thoroughly to the needs of our customers.



Takayuki Shimada
 Representative Director, President and
 Chief Executive Officer (CEO)
 APLUS Co., Ltd.

APLUS offers shopping credit, credit cards and payment services, and has been building a stable business foundation through value co-creation with our business partners including merchants. In particular, in the shopping credit business, in addition to growth in auto credit, we are expanding the scale of our business by focusing in the areas of luxury watches, jewelry, and medical products.

The NEOBANK platform "BANKIT®" is collaborating with the SBI Group. In addition to providing a diverse range of financial services, we are promoting the regional super app concept for app users of regional financial institutions.

We will continue to work to expand our customer base, particularly in the shopping credit business. At the same time, as a member of the SBI Group, we continue to strive to provide highly convenient products, services, and functions for our customers by thoroughly adhering to the "Customer-centric Principle."

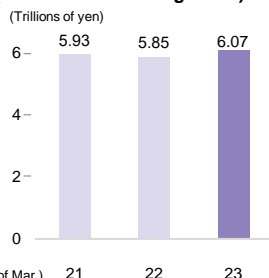


Tadashi Wachi
 President and CEO
 Shinsei Financial Co., Ltd.

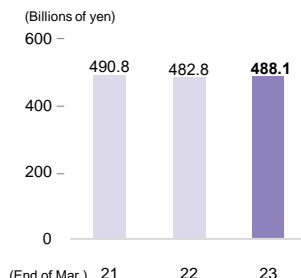
Shinsei Financial's main business is the unsecured card loan business, which is thoroughly based on the "Customer-centric Principle" by thinking from the customer's point of view, responding to their will, and lending money that can be flexibly utilized. The card loan brand "Lake" embodies the innovativeness and functionality that we have built up over the years through the adoption of the industry's first motion logo and the official app called "Lake App" that is comfortable and convenient, which has been well received by customers. In addition, we are developing a credit guarantee business in partnership with regional financial institutions and business companies by leveraging our expertise in credit and loan management cultivated over the years. We are working to expand the number of alliance partners in credit guarantee business by utilizing the SBI Group's relationships. As a member of the SBI Group, we continue to endeavor to maximize the use of our functions and networks in order for us to grow while further expanding the customer base.

Operating Assets

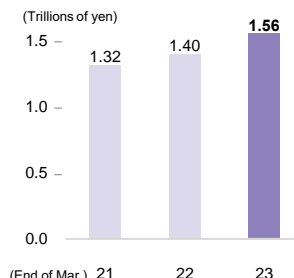
Retail Banking (Assets Under Management)



Unsecured Loans

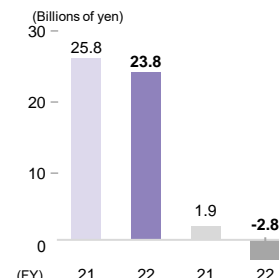


APLUS

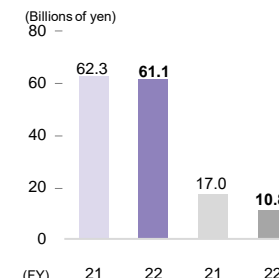


Key Financial Data

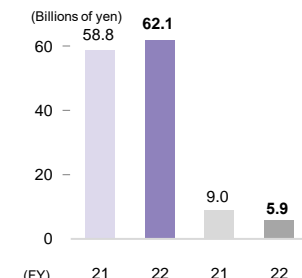
Retail Banking



Unsecured Loans



APLUS



■ Total Revenue ■ OBP after Net Credit Costs

Institutional Business



Takahisa Komoda

Senior Managing Executive Officer
Head of Institutional Business
SBI Shinsei Bank, Limited



Shoichi Hirano

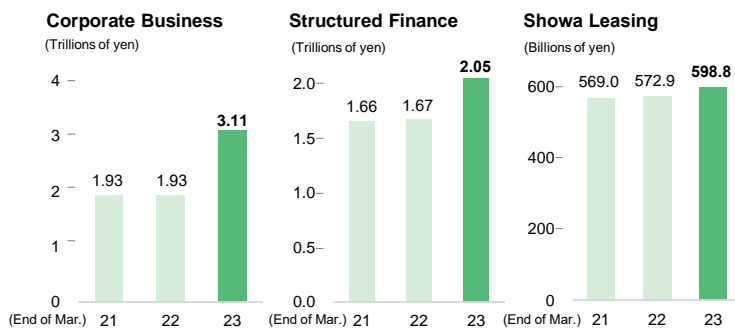
President & CEO
Showa Leasing Co., Ltd.

While the business environment remained challenging with the negative interest rate policy and the intensifying competitive environment, as well as the prolonged COVID-19 crisis, we have worked to thoroughly provide sophisticated solutions by combining the strengths of each Group company under the SBI Group. We also worked to create a full range of product offerings based on the “Customer-centric Principle” and to contribute to the revitalization of local economies and companies as a platformer of regional financial institutions in response to the management issues and needs of customers who are forced to reform their businesses due to major changes in social structures and environments. In fiscal 2022, the acquisition of large-scale projects, strengthening of sustainable finance, which is one of our strengths, and the provision of solutions such as foreign exchange derivatives to respond quickly to customer needs led to a significant increase in business profit in the institutional business. Furthermore, in addition to keeping up with the trend toward achieving a decarbonized society, digitization and cashless operations, we also expect to further accelerate the review of our business portfolio given the unstable situation in Russia and Ukraine. We will continue to contribute to regional revitalization and the achievement of SDGs by further investing management resources in growing areas, further refining our ability to offer high-level proposals with speed and the spirit of taking on challenges, and providing high-value-added solutions.

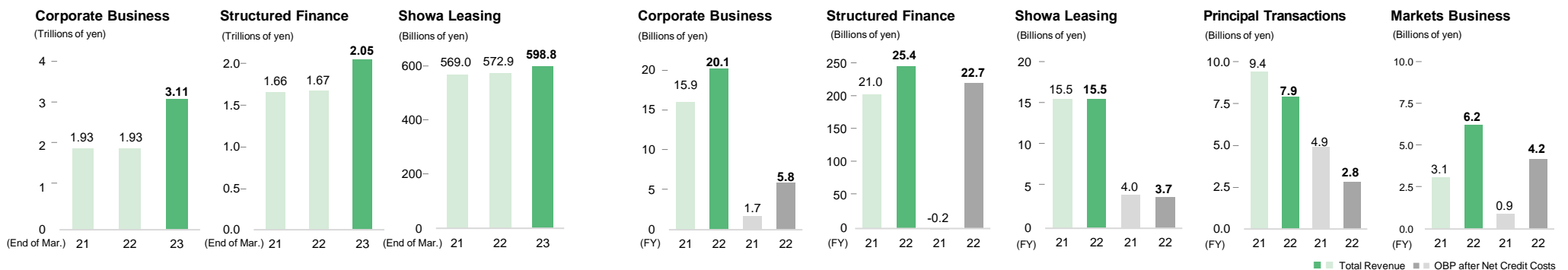
Based on our basic policy of “Be a Partner,” by thoroughly implementing the “Customer-centric Principle,” we strive to be a “good partner” that co-creates a better society through close dialogues with our customers, especially small- and medium-sized enterprises. We support our customers’ sustainability management and promotion of DX by advancing value co-creation with various alliance partners, utilizing the SBI Group’s networks/services and cutting-edge technologies, in addition to our expertise related to “goods” and operating base which have been cultivated over a half-century.

As a member of the SBI Group, which promotes “regional revitalization” as one of their management strategies, we will contribute to regional revitalization by further deepening our collaboration with regional financial institutions and their affiliated leasing companies, and by properly focusing on the management issues faced by their customers.

Operating Assets



Key Financial Data



Overseas Business/Treasury



Katsumi Hatao

Senior Managing Executive Officer
In charge of Group Overseas Business (*)
SBI Shinsei Bank, Limited

Our overseas business is unique. SBI Shinsei Bank is a domestic standard bank, however, we are expanding our businesses abroad by targeting nonbank businesses in which the Bank Group has expertise. We are investing and managing companies in New Zealand, Australia, Vietnam, and other countries, with a focus on the Asia-Pacific region, where economic expansion and an increase in population are expected. We have established a presence as a banking group with strengths in nonbank businesses in this region.

In terms of management of marketable securities, the former portfolio mainly composed of JGBs was restructured in fiscal 2022 and diversified with credit and other risk investments. We allocated capital not only within the Bank, but also to mutual funds through collaboration with the SBI Group and other financial institutions. Going forward, we will continue to enhance our knowledge and aim to better enhance our portfolio.



Kei Fujisaki

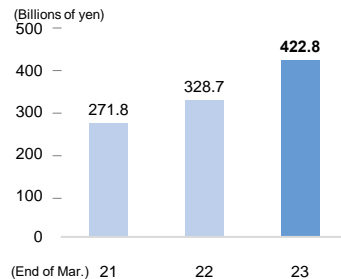
Senior Managing Executive Officer
In charge of Group Treasury
SBI Shinsei Bank, Limited

The investment environment is difficult to predict, as uncertain global conditions, such as war, inflation, and the speculation on domestic monetary policy changes is attracting attention. In order to cope with this environment, we will endeavor to constantly upgrade our operations to build a high-quality portfolio, and to secure stable earnings while paying attention to risks.

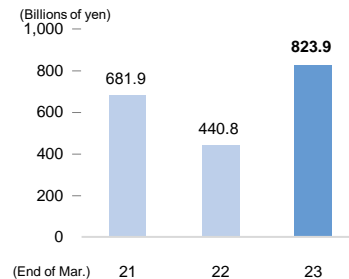
(*) Katsumi Hatao was the officer in charge of Treasury Business until June 26, 2023.

Operating Assets

Overseas Business

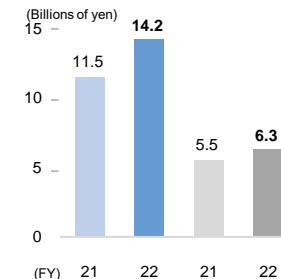


Treasury

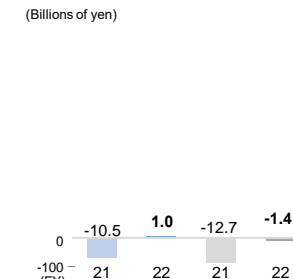


Key Financial Data

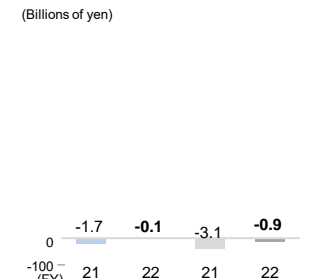
Overseas Business



Treasury



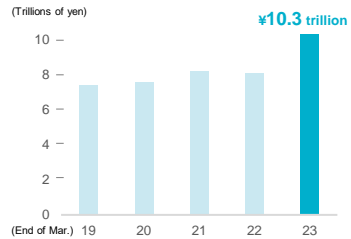
Other



Financial and Nonfinancial Highlights

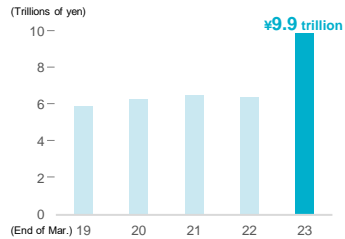
Financial Highlights

Operating Assets



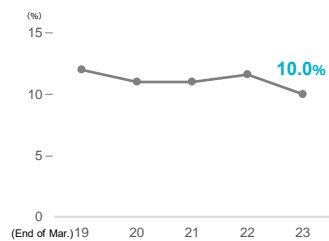
Reflecting revitalization of sales activities, the balance of operating assets increased mainly in the institutional business. Operating assets also increased in APLUS.

Deposits



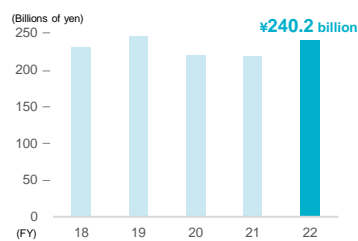
Deposit increased significantly from both institutional and individual customers in fiscal 2022.

Common Equity Tier 1 Ratio (International Standard)



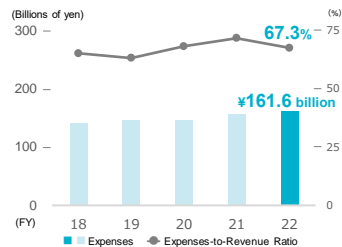
The capital ratio at the end of March 2023 was 10.0% against the target to "aim for 10% or more" as outlined in the medium-term business plan. The capital ratio remains at a sufficient level.

Total Revenue



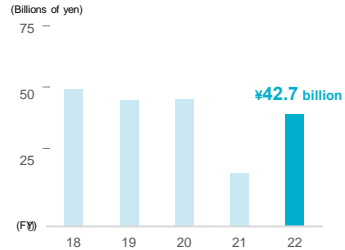
In fiscal 2022, total revenue reach the highest in the past one decade, reflecting the increase in net interest income from accumulation of operating assets, derivative income and loan fees, etc.

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



While costs increased mainly due to promotion, cost for corporate name change and for realizing synergies with the SBI Group, the SBI Shinsei Bank Group is working to reduce the expenses-to-revenue ratio through the unified promotion of productivity reforms.

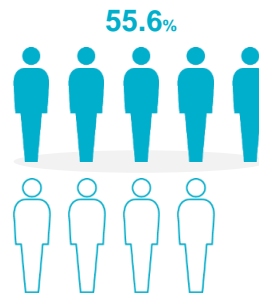
Profit Attributable to Owners of the Parent



Profit attributable to owners of parent was 42.7 billion yen, a 22.3 billion yen increase from the previous fiscal year.

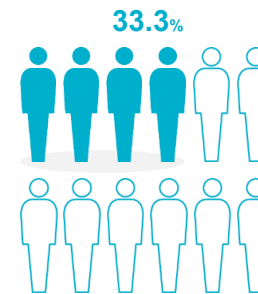
Nonfinancial Highlights

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



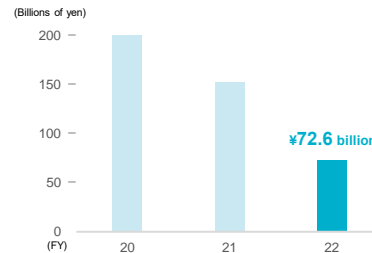
Four out of 12 executives are female.

Ratio of Female Managers



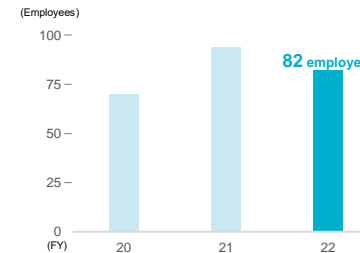
Recognizing that promoting the active participation of women is one of the most important issues in promoting diversity, we are developing an environment and implementing initiatives such as increasing the number of flexible workstyles and options for diverse careers so that women can continue to play 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



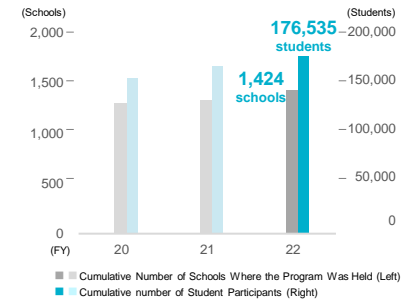
Since 2012, we have been expanding the base of domestic project finance investors and promoting syndication with regional financial institutions through project finance for renewable energy.

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.

"MoneyConnectionSM" Financial Literacy Program



The SBI 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 MoneyConnectionSM, 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.

Board of Directors, Audit & Supervisory Board Members

Board of Directors, Audit & Supervisory Board Members with a Full Diversity of Knowledge and Experience

The Board of Directors of SBI Shinsei Bank is composed of five outside directors and four executive directors with extensive experience and highly specialized knowledge and is well balanced. In addition, it is composed with diversity including gender and generation.

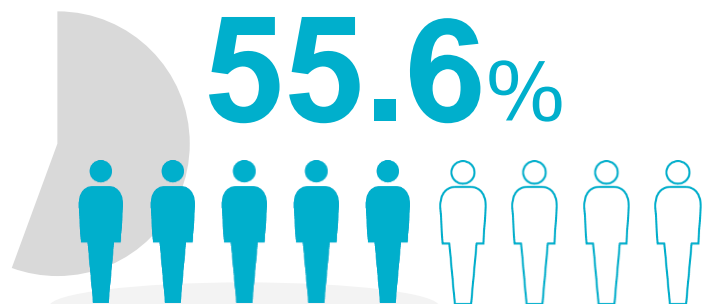
■ Diversified Experiences and Skills Required for Outside Directors

		Hirofumi Gomi	Katsuya Kawashima	Katsumi Hatao	Eisuke Terasawa	Yasuhiro Hayasaki	Ayumi Michi	Masahiro Terada	Yurina Takiguchi	Katsunori Tanizaki
Management Experience	Corporate/Association Management		○	○	○	○	○			○
	Venture Management		○							
Financial Experience	Investment and Loans	○	○	○	○	○		○		○
	Securities/Financial Market Business		○	○	○			○		○
	Overseas Finance			○		○		○		
	Finance/Risk Management	○	○	○	○	○		○		
Other Necessary Experience	IT/Digital		○							○
	Consumer Business		○							
	Real Estate Business							○		
	Mass media							○		
Comprehensive Knowledge on Management and Finance	Legal/Governance	○		○		○	○	○		
	IR/Public Relations								○	
	Personnel Labor/Human Rights Protection			○			○	○	○	
	Diversity						○		○	
	Administration Bureau Experience	○				○				

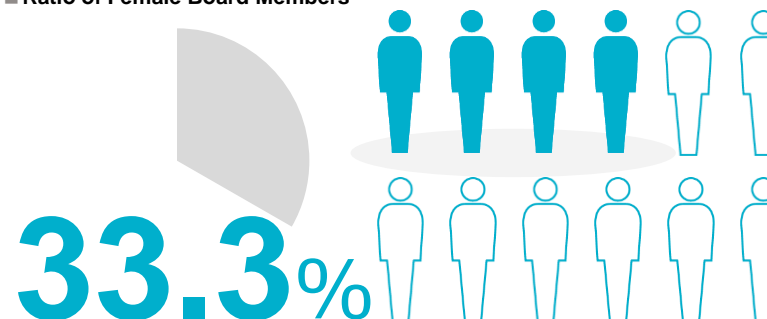
■ Audit & Supervisory Board Members' Skill Matrix

	Shinya Nagata	Ikuko Akamatsu	Miyuki Nakagawa
Finance	○		
Financial Accounting	○	○	
Legal Affairs			○

■ Ratio of Outside Directors on the Board of Director



■ Ratio of Female Board Members



Board of Directors, Audit & Supervisory Board Members

Directors



Hirofumi Gomi
Director, Chairman of the Board

Reappointed

[Reasons for Nomination]

Mr. Hirofumi Gomi has served as Commissioner of the Financial Services Agency and held various other positions and has a broad experience in the financial sector in general. In addition, he is familiar with management strategy, business revitalization, governance, and the like, and is expected to contribute to the enhancement of the corporate value of the Bank.

February 2022 Chairman of the Board
(Current)

[Status of Concurrent Position]

- Outside Director, Aida Engineering, Ltd.
- Outside Director, Asteria Corporation
- Outside Director, Miroku Jyoho Service Co., Ltd.
- Outside Director, ZUU Co., Ltd.
- Special Guest Professor, Aoyama Gakuin University

Ownership: Common shares 2,541
Attendance rate: 100%



Katsuya Kawashima
Director, President and
Chief Executive Officer

Reappointed

[Reasons for Nomination]

Mr. Katsuya Kawashima has many years of experience in the securities and banking industries and has held important positions in these industries. In addition to being familiar with the financial services business, he has extensive knowledge and broad experience in overall management and is expected to contribute to the enhancement of the corporate value of the Bank.

February 2022 Representative Director,
President and CEO (Current)
January 2022 Advisor

Ownership: Common shares 5,083
Attendance rate: 100%



Katsumi Hatao
Director

Reappointed

[Reasons for Nomination]

Mr. Katsumi Hatao has many years of business experience at banks in Japan and overseas and has held various important positions. He has extensive knowledge and broad experience in financial services business and corporate management in Japan and overseas and is expected to contribute to the enhancement of the corporate value of the Bank.

June 2023 Director, Senior Managing Executive Officer,
Assistant to the President, Overseeing Group Human
Resources and Group Risk, In charge of Group
Overseas Business (Current)
April 2022 Director, Senior Managing Executive Officer,
Assistant to the President, In charge of Group Treasury
and Group Overseas Business
February 2022 Director, Senior Managing Executive
Officer
January 2022 Advisor

Ownership: Common shares 2,541
Attendance rate: 100%



Eisuke Terasawa
Director

Reappointed

[Reasons for Nomination]

Mr. Eisuke Terasawa has extensive knowledge and experience in overall banking business and has expertise particularly in corporate planning, organizational strategy and financial planning. He is also familiar with the Bank Group's business operational status through these business experiences, which is expected to contribute to the enhancement of the corporate value of the Bank.

June 2022 Director, Managing Executive Officer
(Current)
April 2022 Managing Executive Officer, In charge of
Group Corporate Planning and General Manager, Group
Corporate Planning Division (Current)
April 2021 Senior Officer, Group Corporate Planning and
Finance and GM, Group Corporate Planning Division,
Executive Officer, Financing Facilitation and General
Manager, Office of Financing Facilitation Management
(Current)

Ownership: Common shares 3,317
Attendance rate: 100%

(Ownership of common shares: As of May 31, 2023)

Board of Directors, Audit & Supervisory Board Members

Outside Directors



Yasuhiro Hayasaki

Reappointed
Independent

Outside Director
Chairperson, Nomination and Compensation Committee
Chairperson, Parent Company Transaction Screening Committee

[Reasons for Nomination]

Mr. Yasuhiro Hayasaki is asked to stand as an outside director in order to reflect in the Bank's management his experience and a wide range of knowledge in the field of finance, including a career at the Bank of Japan.

February 2022 Director, SBI Shinsei Bank, Limited (Current)

[Status of Concurrent Position]

- President, Ricoh Institute of Sustainability and Business, Ricoh Company, Ltd.

Ownership: Common shares 1,016
Attendance rate: 100%



Ayumi Michi

Reappointed
Independent

Outside Director
Nomination and Compensation Committee Member
Parent Company Transaction Screening Committee Member

[Reasons for Nomination]

Ms. Ayumi Michi is asked to stand as an outside director in order to reflect in the Bank's management her expertise and experience as a lawyer as well as her broad knowledge in diversity, including gender.

February 2022 Director, SBI Shinsei Bank, Limited (Current)

[Status of Concurrent Position]

- Attorney at Law, Waseda University Legal Clinic Corporation
- Outside Audit & Supervisory Board Member, NISSIN FOODS HOLDINGS CO., LTD.

Ownership: Common shares 1,016
Attendance rate: 100%



Masahiro Terada

Reappointed
Independent

Outside Director
Nomination and Compensation Committee Member
Parent Company Transaction Screening Committee Member

[Reasons for Nomination]

Mr. Masahiro Terada is asked to stand as an outside director in order to reflect in the Bank's management his expertise and experience as a lawyer, as well as his experience such as an in-house attorney at a financial institution, an outside audit and supervisory board member at other companies.

February 2022 Director, SBI Shinsei Bank, Limited (Current)

[Status of Concurrent Position]

- Partner Attorney, Miura & Partners
- Supervisory Director, Ichigo Office REIT
- Investment Corporation

Ownership: Common shares 1,016
Attendance rate: 100%



Yurina Takiguchi

Reappointed
Independent

Outside Director
Nomination and Compensation Committee Member
Parent Company Transaction Screening Committee Member

[Reasons for Nomination]

Ms. Yurina Takiguchi is asked to stand as an outside director in order to reflect in the Bank's management her extensive experience in mass media including anchoring economic TV programs and broad knowledge of society and economics in general.

June 2022 Director, SBI Shinsei Bank, Limited (Current)

[Status of Concurrent Position]

- Advisory Board Member, School of Engineering, University of Tokyo
- Outside Director, TerraSky Co., Ltd.

Ownership: Common shares 1,016
Attendance rate: 100%



Katsunori Tanizaki

Newly Appointed
Independent

Outside Director
Nomination and Compensation Committee Member
Parent Company Transaction Screening Committee Member

[Reasons for Nomination]

Mr. Katsunori Tanizaki is asked to stand as an outside director in order to reflect in the Bank's management his experience and a wide range of knowledge as an executive obtained by assuming important posts at major financial institutions.

June 2023 Director, SBI Shinsei Bank, Limited (Current)

[Status of Concurrent Position]

- Representative Director, President and CEO, The Japan Research Institute, Limited
- Director, JAIS, Limited
- Director, SMBC Nikko Securities Inc.
- Outside Director, Osaka Digital Exchange Co., Ltd."

Ownership: Common shares 0
Attendance rate: -

(Ownership of common shares: As of May 31, 2023)

Board of Directors, Audit & Supervisory Board Members

Audit & Supervisory Board Member

Outside Audit & Supervisory Board Members



Shinya Nagata

Audit & Supervisory Board Member

[Reasons for Nomination]

Mr. Shinya Nagata was asked to stand as an audit & supervisory board member as he is suitable as a corporate auditor who can play a central role in all areas of corporate audit. Through his long work experience at Shinsei Bank, Shinya Nagata has gained a deep understanding of the Group's businesses, and with his extensive knowledge and experience in finance and accounting, he is able to make useful remarks and suggestions at the Board of Directors meetings and the Audit & Supervisory Board meetings.

June 2012 Audit & Supervisory Board Member (Current)
September 2010 Executive Officer

Ownership: Common shares 3,500
Attendance rate: 100%



Ikuko Akamatsu

Outside Audit & Supervisory Board Member

Reappointed
Independent

[Reasons for Nomination]

Ms. Ikuko Akamatsu is asked to stand as an outside audit & supervisory board member in order to reflect in the Bank's audit operations her expertise in compliance and governance, etc. and extensive experience as a consultant based on the aforementioned expertise, as well as her professional knowledge and experience as a certified public accountant and a certified fraud examiner.

June 2019 Audit & Supervisory Board Member, SBI Shinsei Bank, Limited (Current)

[Status of Concurrent Position]

- Certified Public Accountant, Certified Fraud Examiner
- Board Director, The Japanese Institute of Certified Public Accountants
- Outside Director, TOP'S Inc.
- Outside Audit & Supervisory Board Member, Toyo Seikan Group Holdings, Ltd.
- Outside Director, Mitsubishi UFJ Securities Holdings Co., Ltd.
- Outside Audit & Supervisory Board Member, iCARE Co., Ltd.
- Outside Director, Nippon Kayaku Co., Ltd.

Ownership: Common shares 0
Attendance rate: 100%



Miyuki Nakagawa

Outside Audit & Supervisory Board Member

Independent

[Reasons for Nomination]

Ms. Miyuki Nakagawa is asked to stand as an outside audit & supervisory board member in order to reflect in the Bank's audit operations her expertise and experience as a public prosecutor and lawyer, in particular her expertise in law and corporate governance and her extensive experience as outside director and outside audit & supervisory board member at listed companies.

June 2022 Audit & Supervisory Board Member, SBI Shinsei Bank, Limited (Current)

[Status of Concurrent Position]

- Attorney at Law, Kousui Law Office
- Professor, Chuo Law School, Chuo University
- Outside Director, NITTO KOGYO CORPORATION
- Outside Director, Nissan Chemical Corporation
- Outside Audit & Supervisory Board Member, FANCL CORPORATION
- Outside Audit & Supervisory Board Member, ASKUL Corporation

Ownership: Common shares 0
Attendance rate: 100%

(Ownership of common shares: As of May 31, 2023)

Directors and Executive Officers

Directors and Executive Officers

As of July 1, 2023

Board of Directors (9)

Hirofumi Gomi
Chairman of the Board

Katsuya Kawashima
Representative Director, President

Katsumi Hatao
Director

Eisuke Terasawa
Director

Yasuhiro Hayasaki *1
Director
President, Ricoh Institute of Sustainability and Business, Ricoh Company, Ltd.
Former Director General of Personnel and Corporate Affairs Department, the Bank of Japan

Ayumi Michi *1
Director
Attorney at Law

Masahiro Terada *1
Director
Attorney at Law

Yurina Takiguchi *1
Director
Business and Economics Anchor

Katsunori Tanizaki *1
Director
Representative Director, President and CEO, The Japan Research Institute, Limited

*1 Outside Directors

Audit & Supervisory Board Members (3)

Shinya Nagata
Audit & Supervisory Board Member

Ikuko Akamatsu *2
Audit & Supervisory Board Member
Certified Public Accountant, Certified Fraud Examiner

Miyuki Nakagawa *2
Audit & Supervisory Board Member
Attorney at Law

*2 Outside Audit & Supervisory Board Members

Executive Officers (38)

Hirofumi Gomi
Chairman

Katsuya Kawashima
Representative Director
President and Chief Executive Officer

(Senior Managing Executive Officer)

Kei Fujisaki
Senior Managing Executive Officer,
In charge of Group Treasury

Katsumi Hatao
Senior Managing Executive Officer,
Assistant to the President, Overseeing
Group Human Resources and Group Risk,
In charge of Group Overseas Business

Akira Hirasawa
Senior Managing Executive Officer,
Overseeing Corporate Planning, Group
Human Resources,
Group Legal and Compliance,
Group General Services, Group Risk
and Group IT, Head of Operations
Management

Takahisa Komoda
Senior Managing Executive Officer,
In charge of Group Strategy Planning,
Head of Institutional Business

Tsukasa Makizumi
Senior Managing Executive Officer,
Head of Credit Risk Management

Michiyuki Okano
Senior Managing Executive Officer,
In charge of Group IT

Toichiro Shiomi
Senior Managing Executive Officer,
In charge of Group Risk

(Managing Executive Officer)

Hiroko Adachi
Managing Executive Officer, In charge
of Financial Institutional Business and
Institutional Business

Kunimitsu Hayashi
Managing Executive Officer, In charge of
Financial Institutional Business

Hiroyuki Kagita
Managing Executive Officer, In charge of
Group Strategy Planning, Head of
Individual Business

Hirofumi Kusakabe
Managing Executive Officer, Head of
Group Structured Solution

Masanori Matsubara
Managing Executive Officer, Group IT,
Head of IT System

Hiroki Otake
Managing Executive Officer, In charge of
Retail Banking Business

Kojiro Taima
Managing Executive Officer, In charge of
Group Legal and Compliance

Eisuke Terasawa
Managing Executive Officer, In charge of
General Manager of Group Corporate
Planning Division, Group Corporate
Planning and Financing Facilitation,
General Manager of Office of Financing
Facilitation Management

(Executive Officer)

Tomohiro Arimatsu
Executive Officer, General Manager of
Structured Risk Management Division

Yasuhiro Fujiki
Executive Officer, General Manager of
Group Overseas Business Division

Koichi Hazama
Executive Officer, In charge of Retail
Sales and Support

Tsuyoshi Hirokawa
Executive Officer, In charge of Retail
Sales and Support and Housing Loan

Nanshu Ido
Executive Officer, General Manager of
Information System Operation Division

Michihide Ito
Executive Officer, In charge of
Institutional Business

Yukiko Iwasaki
Executive Officer, In charge of
Institutional Business Operation and
Retail Operation

Shinobu Jitsukawa
Executive Officer, In charge of
Institutional Business Strategy,
Financial Institutional Business and
Institutional Business

Yuichiro Kawabe
Executive Officer, General Manager of
Project Finance Division

Taichi Kawai
Executive Officer, In charge of Financial
Institutional Business and Institutional
Business, General Manager of Osaka
Branch

Shuichi Kubo
Head of Group Internal Audit,
General Manager of Group Internal
Audit Division

Takahiro Kubo
Executive Officer, In charge of Group
Structured Solution and Institutional
Business

Hideki Murakami
Executive Officer, General Manager of
Group Legal and Compliance Division

Yuko Nagasawa
Executive Officer, General Manager of
Sustainable Impact Development Division

Junya Nakamura
Executive Officer, General Manager of
Group Individual Business Planning Division

Tomoko Ogawara
Executive Officer, General Manager of
Umeda Financial Center and Senri-Chuo Annex

Chikara Oguni
Executive Officer, In charge of
Institutional Business and Global Markets

Arimitsu Osato
Executive Officer, General Manager of
Group Strategy Planning Division,
In charge of Group Corporate Planning

Mitsuhiro Tomita
Executive Director, In charge of Group
Overseas Business and Group Strategy
Planning
(Equivalent to Executive Officer)

Kenji Uesaka
Executive Officer, In charge of Group
Structured Solution, Financial Sponsors
and Institutional Business

Usei Yano
Senior Officer, Group Human Resources,
Group General Service

Note: Executive Officers are listed in alphabetical order.

Management for Sustainability

CSO Message

I was appointed CSO in July 2022. As a financial institution, the Group does not manufacture or sell products on its own, and our major role is to support customers who develop such businesses from behind the scenes. Actively supporting customers who are working to solve environmental and social issues will help realize a sustainable society and lead to the sustainable growth of the Group. "Achieve sustainability through business activities," which is one of the pillars of our materiality and is the core strategy of our Medium-Term Vision, is based on this idea.

At a time when alarm bells are sounding about the sustainability of the environment and world, we believe that "responsibility for a sustainable environment and society" is also an important responsibility that we must bear as a company, and we have set it as another pillar of our materiality. While working with customers to decarbonize and resolve human rights issues, the Group itself must respect human rights and diversity, and work to reduce the negative impact of its own activities on the environment. We also consider financial education to be an important responsibility, and actively engage in social contribution activities such as basic financial education programs "MoneyConnection®." We are also working to improve governance in order to be a company that is trusted by everyone.

The SBI Group's philosophy that "a company is a part of society and is only able to continue existing because it belongs to society," "Customer-centric Principle," and "public benefit leads to private benefit," are synonymous with "sustainability management." As a member of the SBI Group, the SBI Shinsei Bank Group promotes sustainability management and contributes to the sustainable development of society through sustainable growth of the Group.



Hirofumi Kusakabe
Chief Sustainability Officer,
Managing Executive Officer,
Head of Group Structured Solution

Framework for Promoting Sustainability

Group Sustainability Committee

We have appointed a Chief Sustainability Officer (CSO) and Sustainability Officers (SO), as well as established the Group Sustainability Committee. This committee, one of the Group's most important committees, is composed mainly of the executive officers in charge of individual and corporate businesses and the sustainability promotion departments of the SBI Shinsei Bank and its group companies, in order to promote the "achievement of sustainability through business activities," which is the basic strategy of the Medium-Term Vision. The committee discusses a variety of agenda items, including material sustainability issues, sustainability targets, responses to climate change, diversity and inclusion initiatives, and sustainability-related products in each business. In addition, the committee regularly reports on sustainability management to the Board of Directors and the Group Executive Committee and resolves important matters. In this way, the Group is working together to promote sustainability initiatives.

Group Management Development Committee, Group Human Rights Promotion Committee, Group Women's Activity Promotion Committee

In the areas of human capital and human rights, the Group Management Development Committee, an important committee, and the Group Human Rights Promotion Committee discuss, coordinate, and decide on matters such as the Group's diversity and inclusion and human rights due diligence initiatives, as well as personnel systems and measures. In addition, we have established the Group Women's Activity Promotion Committee, which is composed primarily of senior management of business divisions and executives of Group companies, to identify issues and promote measures to promote the Group's empowerment of women.

Group Sustainability Committee



Cooperation among Staff of the Sustainability-related Divisions

We believe that sustainability management is not limited to top-down, but it is essential to share best practices from the front lines through bottom-up. The Group holds regular information sharing meetings to plan and operate initiatives in a more efficient and coordinated manner between the business divisions to promote "sustainability through business activities" and the corporate divisions to promote the Group's own sustainability.

Message from Sustainability Officers



Takayuki Shimada

Sustainability Officer, Representative Director, President and CEO, APLUS Co., Ltd.

"Sustainability" tends to be regarded as a high threshold and special thing, but in fact, every company has a similar philosophy at the foundation. The mission of the operating companies is to provide better satisfaction to all customers, to achieve a better society, and to earn profits on a continuous basis. We will also promote sustainability centered on the installment sales credit business in APLUS, focusing on "carbon neutral," "financial inclusion and regional revitalization," and "cashless settlement." Steady and grassroots activities are necessary for our sustainability initiatives through the businesses to gain favor with customers. The path is long, but I hope that our customers will trust and appreciate it, and that this will lead to a sense of satisfaction and pride in the work of each and every employee.



Tomoko Ogawara

Sustainability Officer, Executive Officer, General Manager of Umeda Financial Center and Senri-Chuo Annex

Sustainability is profoundly difficult to think about, and the topics such as the global environment and human rights issues are grand. We need a lot of knowledge, and it is really difficult. On the other hand, it is extremely natural, and it has always been linked and contributed to sustainability. I feel that it is very multifaceted.

The sustainability deposit launched in May 2023 is in the form of a high level of interest in the sustainability of individual customers and the enthusiastic desire of our staff to provide financial products that meet their needs. We would like to report to our customers firmly on what kinds of assets the sustainability deposits by customers have been allocated to, and as a result, what kinds of impact they have had on the sustainability of our society.

(Full text is on P.30-37 of Integrated Report 2023.)

Strategy on Climate Change

The SBI Shinsei Bank supports the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures). In line with the TCFD framework, we explain here our initiatives for climate change.

Governance

We recognize that responding to climate change is essential for the realization of a sustainable society. Therefore, we designated “response to environmental issues such as climate change” as one of our material sustainability issues. We are striving to create social value through a variety of initiatives, including investment and lending for businesses that are responding to climate change as well as to improve the Group’s corporate value over the medium to long term.

Strategy : Opportunities

Supporting businesses that contribute to the resolution of climate change

The Group recognizes that addressing global environmental issues, especially climate change, is extremely important for realizing a sustainable society. Climate change is not only a business risk but also a major business opportunity. As a financial institution, the Group believes that providing support to customers developing businesses that contribute to resolving climate change in various ways leads to business opportunities for the Group as well as helps to mitigate climate change.

Based on this perception, the Group supports customers who are helping resolve climate change in both the financial and nonfinancial fields.

Strategy : Risks

Climate change risks are mainly classified into physical and transition risks:

Physical risks:

Risks of disasters, etc. caused by climate change. The direct impact of property damage caused by weather events such as floods and storms and the indirect impact from global supply chain disruptions and resource depletion.

Transition risks:

Business and financial risks for companies from transitioning to a decarbonized society.

Metrics and Targets

Targets for Addressing Climate Change through Businesses

Investment and lending for renewable energy is an area where the Group has been strong, and we believe it is an important role of financial institutions to provide funds to customers who are working to help resolve environmental and social issues.

- **JPY 5 trillion of cumulative origination of sustainable finance by the end of FY2030**
- **Supporting the transition promotion of corporate customers in high GHG emission sectors**

Goal of contributing to a decarbonized society

In fiscal 2022, we switched to renewable energy at the Nihonbashi head office and Shinkawa office in Tokyo. Through this initiative, we were able to reduce the greenhouse gas (GHG) emissions of the entire group. Companies in the Group will continue to work together to reduce GHG emissions to reach the Group’s target: “net zero greenhouse gas emissions from the Group’s energy use by the end of FY2030.”

- **Net zero GHG from the Group’s energy use by the end of FY2030**
- **Zero loan balance for project finance for coal-fired thermal power generation by the end of FY2040**
- **Net zero GHG emissions in the Group’s investment and lending portfolio by the end of FY2050**

(Full text is on P.38-45 of Integrated Report 2023.)

Initiatives for Employees

The SBI Shinsei Bank reviews its human resource systems and measures based on the perception that the most important issue for organizational growth is for all employees to demonstrate their capabilities and to be motivated in their work. In order to provide customers with optimal value, the Group works together to develop human resources, utilize human resources, and foster an organizational culture.

The SBI Shinsei Bank Group believes that "human resources" are the most important capital. We aim to prepare an environment for each employee to demonstrate their full potential and grow significantly while respecting their career development and spirit of challenge. By bringing together human resources with various personalities and strengths, and linking them organically, we will create new value that is not constrained by existing concepts and provide financial products and services that meet the diverse values and needs of our customers.



Usei Yano
Executive Officer,
In charge of Group
Human Resources

SBI Shinsei Bank Human Resources Strategy

The SBI Shinsei Bank Group believes that human resources with diverse characteristics and values can continue to create new value as an organizational unit by recognizing and accepting each other's existence and leveraging everyone's respective strengths. We have been promoting the creation of systems and a corporate culture that enables us to acquire and secure a diverse range of human resources to realize continuous value creation. In terms of recruitment, we are actively recruiting personnel through referrals from the Group's employees as well as reemploying those who once retired from the Group and have accumulated experience at other companies. We also provide a place for alumni, a network of retirees, to interact. 60% of employees regularly hold "1on1 Meeting," an opportunity for one-on-one dialogue between

supervisors and their subordinates that started in fiscal 2021, aiming to foster human resources respecting the formation of individual careers. In addition, we have introduced some systems to encourage employees to acquire qualifications and online learning services to support their autonomous learning. In fiscal 2022, we integrated our personnel system and personnel management system in order to realize optimal human resource management for the SBI Shinsei Bank Group's major subordinate companies(*). We also actively promote personnel exchanges within the SBI Group and SBI Shinsei Bank Group by means such as open recruitment to correspond to the expanded businesses and to create synergies between both Groups.

SBI Shinsei Bank Group's Mindset for Working Styles

The SBI Shinsei Bank Group aims to be a workplace where employees can grow through business and demonstrate strong results as a team, while choosing flexible and efficient ways of working according to their respective life stages and life events. We believe that respecting each other and demonstrating each other's strengths by members with diverse backgrounds and values is the source for continually demonstrating strong organizational strengths even in an uncertain environment that changes day by day.

(* SBI Shinsei Bank, Ltd., APLUS Co., Ltd., Shinsei Financial Co., Ltd., Showa Leasing Co., Ltd., and Shinsei Investment & Finance Co., Ltd.

Work Style Support

Work Style Support			Career Support			
<p>Remote Work System</p> <p>Allows employees to work outside the office, such as at the employees' home or family's home, for an unlimited number of days.</p>	<p>No Dress Code</p> <p>Dress code guidelines have been abolished.</p>	<p>Flextime</p> <p>Allows employees to start or finish work up to two hours earlier or later than normal.</p>	<p>Side Work / Concurrent Work</p> <p>Allows employees to concurrently engage in personal business (outsourcing, business start-up, company executive, etc.) or work concurrently for another company.</p>	<p>Life Support Leave</p> <p>Leave system that supports a variety of working styles and career development in accordance with each person's life stage.</p>	<p>Active Participation of Women</p> <p>Providing career support to women who aim to become managers and establishing initiatives to change our organizational culture.</p>	<p>Active Participation of Senior Personnel</p> <p>Provide training programs to enable senior employees to independently design their careers.</p>

(Full text is on P.46-51 of Integrated Report 2023.)

Participation in Initiatives / Awards and Accreditation

Participation in Initiatives

United Nations
Global Compact



Principles for Financial
Action for the 21st Century



Women's Empowerment
Principles (WEPs)

In support of

**WOMEN'S
EMPOWERMENT
PRINCIPLES**

Established by UN Women and the
UN Global Compact Office

Equator Principles



Task Force on Climate-related
Financial Disclosures (TCFD)



Principles for
Responsible Banking



The Poseidon Principles



Japan Impact-driven
Financing Initiative

インパクト志向金融宣言
Japan Impact-driven Financing Initiative

ESG Index

MSCI

2021 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

FTSE Blossom Japan
Sector Relative Index



**FTSE Blossom
Japan Sector
Relative Index**

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Awards and Accreditation

MSCI ESG Rating



In 2023, SBI Shinsei Bank,
Limited received a rating of
A in the MSCI ESG
Ratings assessment.

CDP



Eruboshi



Kurumin



Gan (cancer) Ally Award





SBI Shinsei Bank
Integrated Report



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Disclaimer

- The preceding description of the SBI Shinsei Bank Group's Medium-Term Strategies 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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