

Special Feature

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.

In this section, we asked staff members who were involved in opening joint branches and those who actually work at the joint branches about the background and purpose of opening the joint branches and about the actual sales activities.

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.

About the purpose and background of opening joint branches.

Tabata: The purpose is, of course, to leverage synergies through group-wide collaboration and provide new values to customers through collaboration and integration between SBI SECURITIES and SBI Shinsei Bank.

Matsuoka: Prior to the opening of the joint branch, SBI Shinsei Bank and SBI SECURITIES began a tie-up in financial product intermediary business and bank agency business. This has enabled customers of SBI Shinsei Bank to use the various financial products and services handled by SBI SECURITIES by opening a comprehensive account of SBI SECURITIES through SBI Shinsei Bank's website and at branches. I think opening of joint branches is a further step forward in this alliance.

Tabata: From the perspective of SBI Shinsei Bank, we are now able to make new proposals to our customers who were not satisfied with the conventional deposit-based products line-up earlier by leveraging our extensive line-up of the SBI Group companies' products and services, competitive business terms, and sales know-how for high-net-worth individuals to address customer needs.

Nishikawa: The aim is to revitalize customers and enhance the asset management business in Retail Banking business.

Changes occurred in the retail section with beginning of joint branch management.

Nishikawa: I think that the mindset of the staff to grasp the customers' needs has become stronger than before.

Matsuoka: Changes of the mindset of the Bank's staff are reflected in actual figures as well. The results at joint branches have been on the rise since the establishment.

Nishikawa: I also think that the mindset of the staff has been changing for sure. I have more opportunities working with younger staff, and I feel that they are thinking more seriously on a daily basis about what they can provide to their customers.



Tatsuro Nishikawa
Deputy Senior Manager Joint Solicitation Promotion Department, Retail Sales and Support Division



Tomohiro Tabata
Deputy Senior Manager, Retail Sales and Support Division

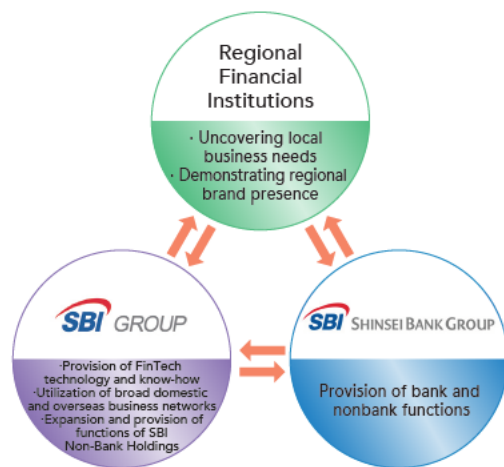


Izumi Matsuoka
Deputy Senior Manager, Ikebukuro Financial Center (Secured from SBI MONEYPLAZA Co., Ltd.)

Special Feature

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 collection service (Alpha Servicer) **5**



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



Seminar for regional banks

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)

Staff comments



Hiroshi Yoshida,
Financial Institutions
Business Division

Although there are limits to directly deliver the services of SBI Group, and the SBI Shinsei Bank, to customers in many areas, regional financial institutions will be able to deliver services to customers by using the Bank's platform. We believe that this will benefit regional financial institutions, their customers and SBI Shinsei Bank.



Daisuke Fukushi,
Financial Institutions
Business Division
(as of March 2023)

The Regional Financial Institutions Team of the Financial Institutions Business Division holds top-level interviews with 99 regional banks. I believe that the Group has begun to make proposals across divisions within the Group to customers enabling us to make proposals on a group-wide basis.



Yuji Toki,
Syndicated Finance
Division

Investors, debtors, and cases are always related to regional revitalization. If the Syndicated Finance Division is able to grasp the needs of regional banks and provide them with good products, it will be beneficial for the local community as well. I think it naturally leads to the Triangle Strategy.

Financial Summary

Fiscal 2022 Financial Review

Total revenue in fiscal 2022 was 240.2 billion yen, an increase of 22.7 billion yen from 217.5 billion yen in fiscal 2021.

Net interest income was 138.7 billion yen, an increase of 13.0 billion yen from 125.6 billion yen in the previous fiscal year. This was mainly due to an increase in interest income resulting from loan growth in institutional business and dividend income from securities investment in treasury business.

Noninterest income was 101.5 billion yen, an increase of 9.6 billion yen from 91.8 billion yen in fiscal 2021. This was attributable to increase in income from foreign exchange and interest rate derivatives income and loan fees in institutional business as well as income from installment sales in APLUS.

General and administrative expenses were 161.6 billion yen, an increase of 6.2 billion yen from 155.4 billion yen in fiscal 2021. This was mainly due to increased expenses for advertising and other sales promotion, as well as upfront investment and advertising expenses aimed at changing corporate name and generating synergies with the SBI Group.

Net credit costs amounted to 22.0 billion yen, a decrease of 9.0 billion yen from 31.1 billion yen in fiscal 2021. Although credit costs were recorded in the individual business, mainly in APLUS and Shinsei Financial, the decrease was due to recoveries relating to collection from individual projects in structured finance in the institutional business.

As a result, profit attributable to owners of the parent for fiscal 2022 increased by 22.3 billion yen to 42.7 billion yen, from 20.3 billion yen in fiscal 2021.

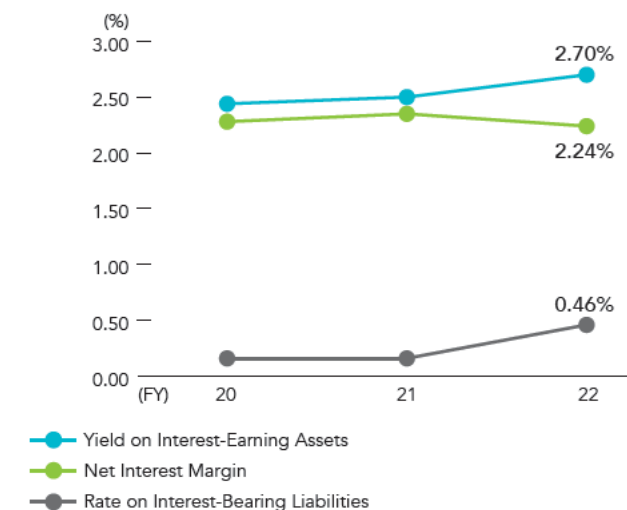
Profit and Loss Status Table

(FY)	Billions of yen		
	2022	2021	Change
Consolidated (Management Accounting Basis)			
Net interest income	138.7	125.6	13.0
Noninterest income	101.5	91.8	9.6
Net fees and commissions	39.1	34.0	5.0
Net trading income	3.7	6.6	-2.8
Net other business income	58.5	51.2	7.3
Income on lease transactions and installment receivables	54.3	49.9	4.3
Total revenue	240.2	217.5	22.7
General and administrative expenses	-161.6	-155.4	-6.2
Ordinary business profit	78.6	62.1	16.4
Net credit costs	-22.0	-31.1	9.0
Ordinary business profit after net credit costs	56.5	31.0	25.5
Amortization of goodwill and other intangible assets	-3.5	-3.2	-0.2
Other gains	-1.2	0.7	-1.9
Income before income taxes	51.7	28.4	23.2
Current income tax	-9.0	-8.9	-0.0
Deferred income tax	-0.0	0.7	-0.7
Profit attributable to noncontrolling interests	-0.0	0.0	-0.0
Profit attributable to owners of the parent	42.7	20.3	22.3

Net Interest Margin

Net interest margin declined to 2.24% from 2.35% in the prior year. For the interest-earning assets, investment yields improved due to higher yield on interest-earning assets, such as earnings from the investees of Shinsei Corporate Investment and interest on marketable securities, as well as higher loan interest, reflecting higher interest rates on overseas loans. On the other hand, yield on interest-bearing liabilities rose mainly due to an increase in balance of deposits and negotiable

Net Interest Margin

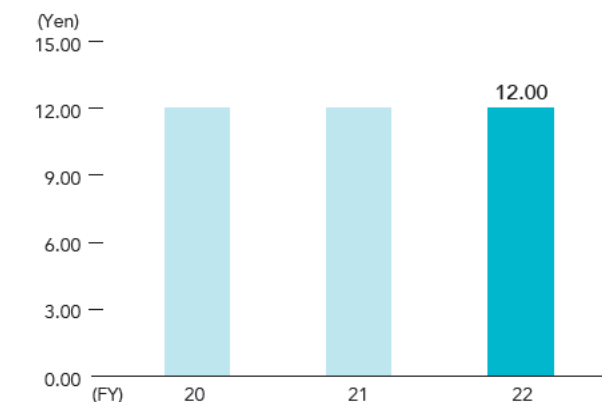


certificates of deposit, increase in the rate on deposits, an increase in interest expense on corporate bonds issued by UDC Finance Limited, and an increase in interest expense related to swaps.

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.

Dividends per share graph



In fiscal 2022, the Bank cancelled 54 million of treasury shares on March 30, 2023, in order to reduce dilution concerns and increase the ratio of trading shares.

Fiscal 2023 Forecast

Total revenue forecast for fiscal 2023 is at 258.0 billion yen reflecting an increase in revenue from asset management sales in retail banking in the individual business, an increase in the balance of operating assets in APLUS, and an increase in the balance of marketable securities investment in the treasury business.

General and administrative expenses are forecast at 165.0 billion yen due to higher expenses for additional staff and sales activities in institutional business, an increase in expenses to expand the customer base for retail banking, and the strengthening of initiatives for nonorganic projects in overseas business.

Net credit costs forecast is at 36.0 billion yen due to the absence of the credit recoveries in institutional business and an increase in credit costs associated with an expansion in the balance of operating assets.

As a result, profit attributable to owners of the parent is forecast at 45.0 billion yen.

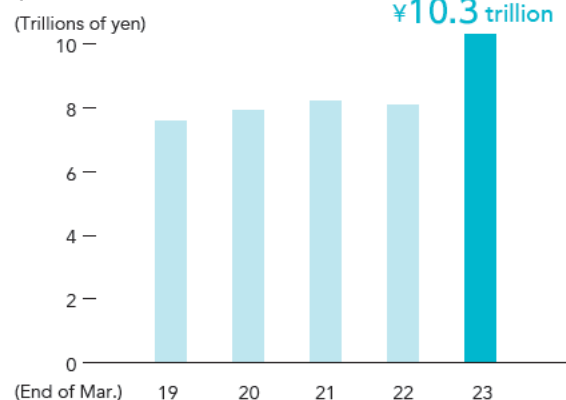
Earnings Forecast Table

(Billions of yen)

	Fiscal 2022 (Actual)	Fiscal 2023 (Forecast)
Total revenue	240.2	258.0
General and administrative expenses	-161.6	-165.0
Net credit costs	-22.0	-36.0
Profit attributable to owners of the parent	42.7	45.0

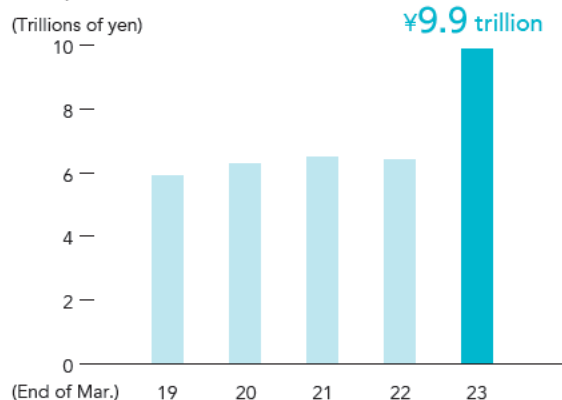
Financial Highlights

Operating Assets



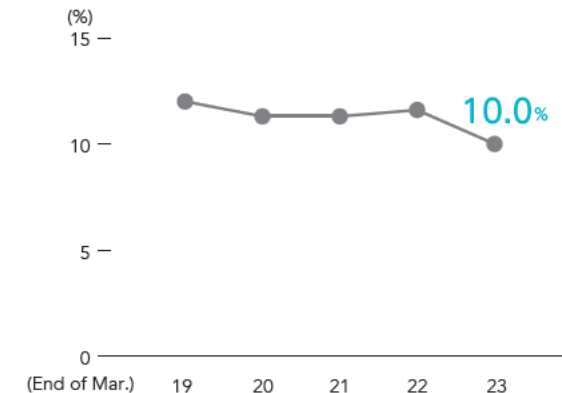
Reflecting revitalization of sales activities, the balance of operating assets increased mainly in the institutional business. Operating assets also increased in APLUS.

Deposits



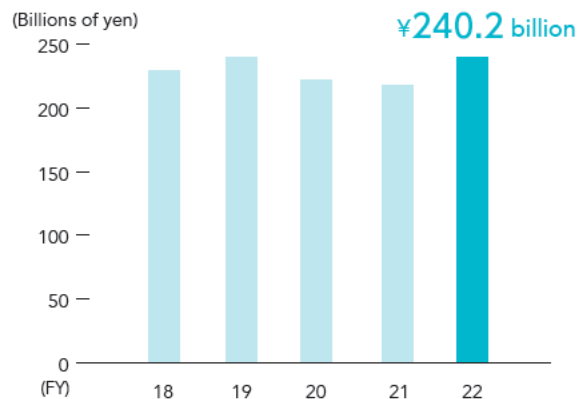
Deposit increased significantly from both institutional and individual customers in fiscal 2022.

Common Equity Tier 1 Ratio (International Standard)



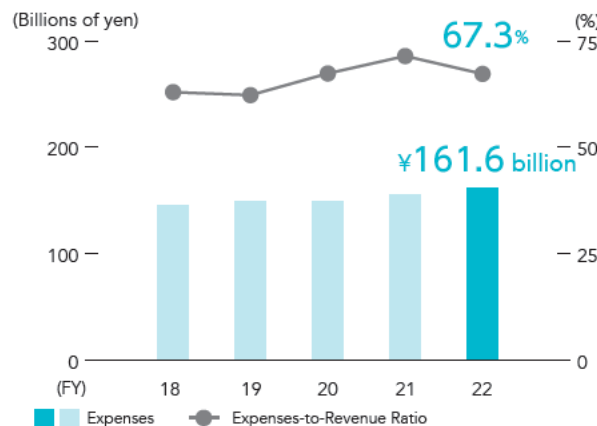
The capital ratio at the end of March 2023 was 10.0% against the target to "aim for 10% or more" as outlined in the medium-term business plan. The capital ratio remains at a sufficient level.

Total Revenue



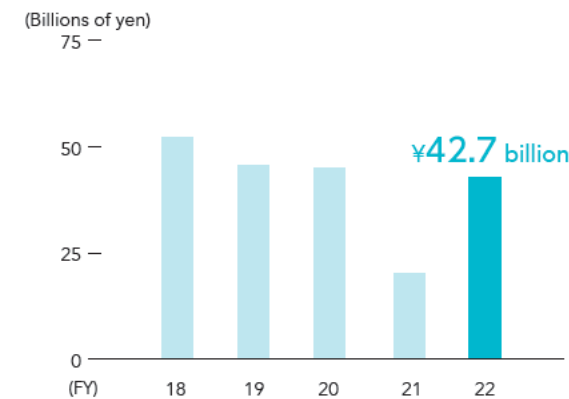
In fiscal 2022, total revenue reached the highest in the past one decade, reflecting the increase in net interest income from accumulation of operating assets, derivative income and loan fees, etc.

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.

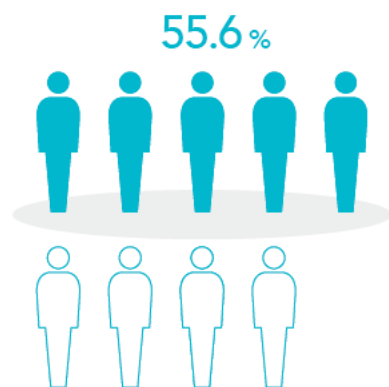
Profit Attributable to Owners of the Parent



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

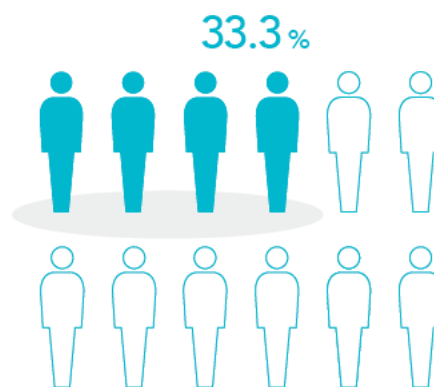
Nonfinancial Highlights

Ratio of Outside Directors on the Board of Directors



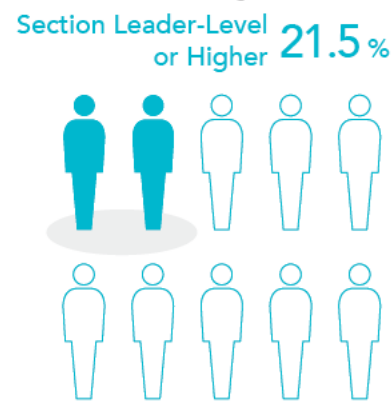
Outside directors with diverse skills and expertise comprise the majority of the directors. The Bank has maintained this structure since it commenced operations.

Ratio of Female Executives



Four out of 12 executives are female.

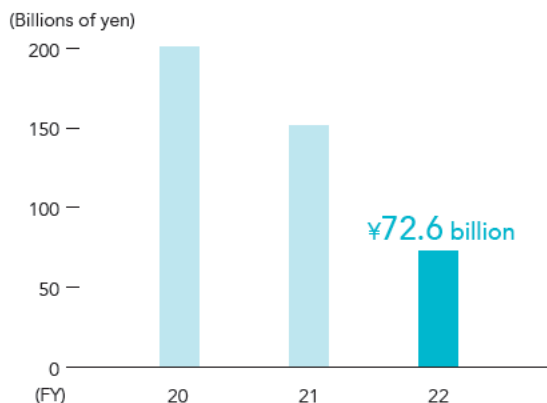
Ratio of Female Managers



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.

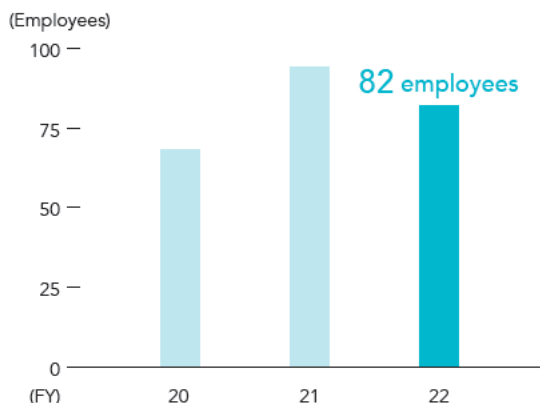


Arrangement of Renewable Energy Project Finance



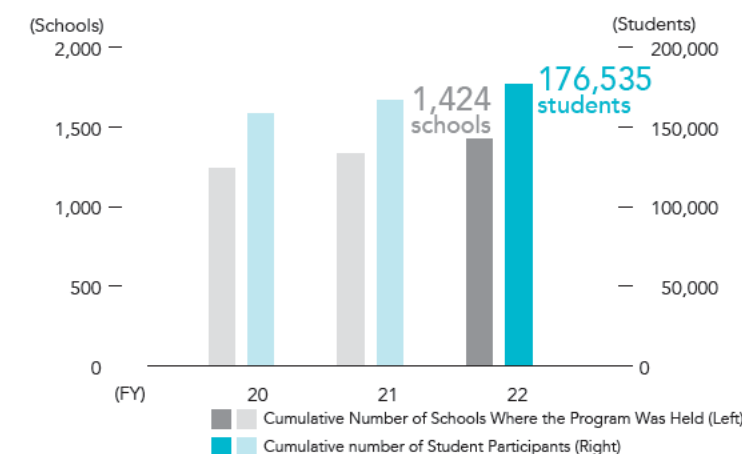
Since 2012, we have been expanding the base of domestic project finance investors and promoting syndication with regional financial institutions through project finance for renewable energy.

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.

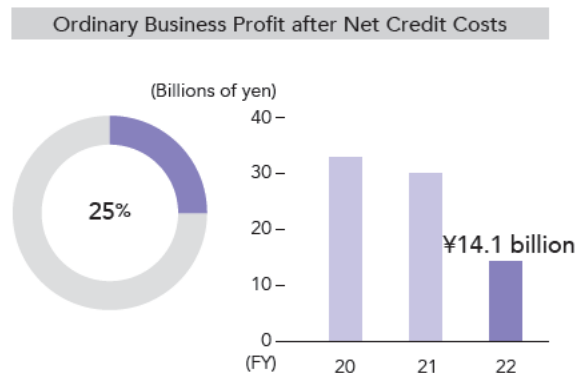
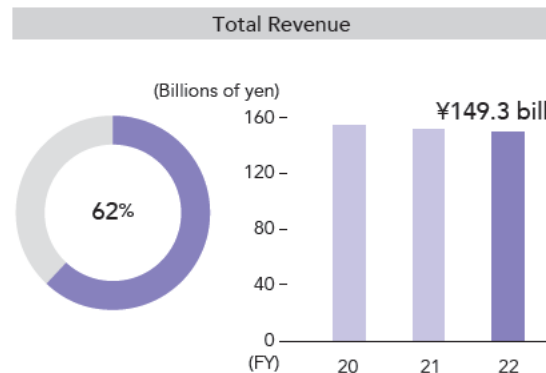
“MoneyConnection®” Financial Literacy Program



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 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

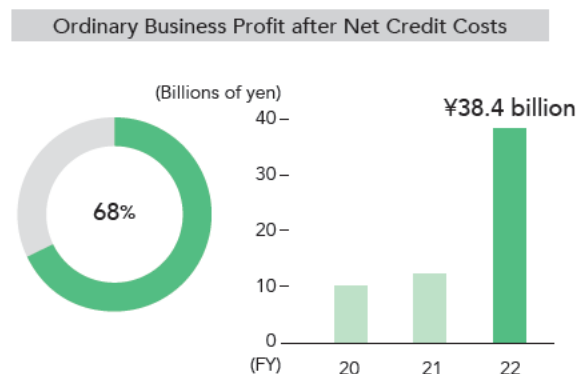
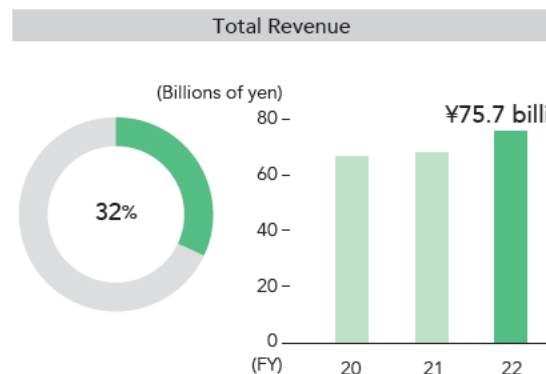
Individual Business



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

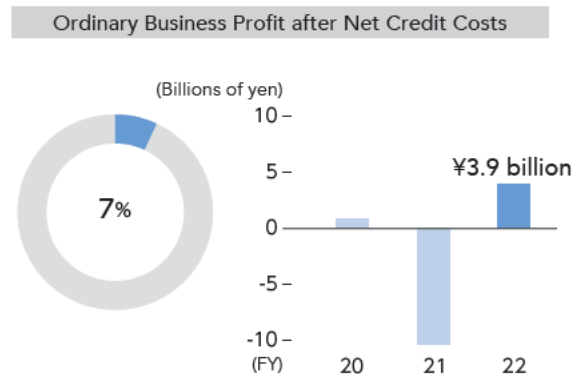
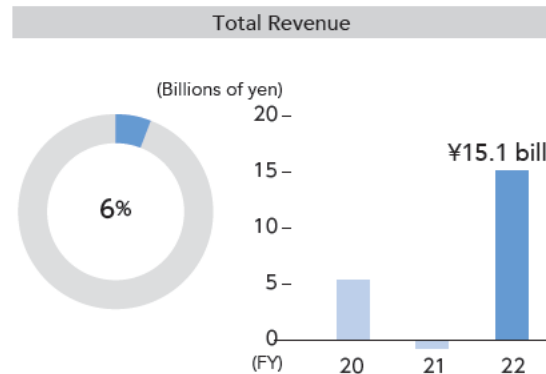
Institutional Business



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



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



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



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

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.

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."

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.

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 resulting from the prolonged COVID-19 pandemic, we are required to use technology to provide more convenient services from the customers' standpoint. As a member of the SBI Group, we are working to create a full range of products, services, and functions based on the "Customer-centric Principle" and to further utilize technology.

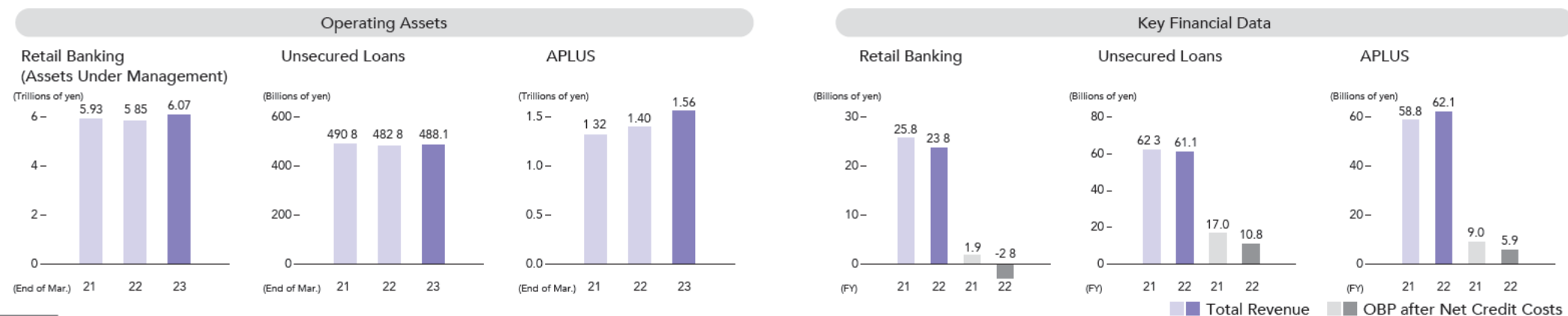
In order to increase the balance of deposits and retail banking accounts as stated in the Medium-Term Vision, we endeavor to deepen collaboration with the SBI Group. We have been expanding the range of products and services we handle, while focusing on strengthening

our competitiveness with the aim of expanding our business. Since August 2022, we have formed an alliance with SBI SECURITIES in the financial instruments intermediary service. In addition, we have opened three SBI SHINSEIBANK MONEYPLAZA, joint branches with SBI MONEYPLAZA. In doing so, we have built a sales structure that enables us to provide a diverse range of the SBI Group's financial products to customers in response to their needs. In addition, we are focusing on providing competitive products with respect to housing loans so that many customers can use our service.

In the field of credit cards and payments, we provide a diverse range of payment methods to more customers and are working to enhance security measures. We provide financing to small- and medium-sized entities and sole proprietors through collaboration with partner companies. We also provide BANKIT®, a NEOBANK

platform with financial functions such as payment, foreign exchange, and credit, to partner companies and their customers through smartphone apps and API collaboration.

In the Unsecured Loans area, we are required to respond meticulously to the financing needs of our customers. In addition to enhancing the credit decision and collection functions we have cultivated to date, we aim to achieve growth with quality while meeting the various financing needs of our customers by thoroughly managing credit quality-related predictions. Additionally, we aim to expand our customer base by leveraging the 46 million customer bases of the SBI Group, improving UI/UX, and strengthening brand awareness.



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 collateral
- OBP: Operational Business Profit

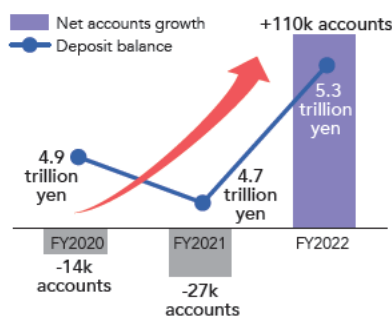
Fiscal 2022 Topics

Retail Banking

SBI Shinsei Bank has established SBI SHINSEIBANK MONEYPLAZA, joint branches with SBI MONEYPLAZA, in addition to financial centers across the country. In addition, we are further expanding our system to enable customers to consult on asset management and conduct transactions without being constrained by time or place, such as enhancing consultation functions through remote channels and renewing websites and smartphone apps.

In fiscal 2022, in addition to the opening of three SBI SHINSEIBANK MONEYPLAZA and the strengthening of channels through the renewal of the SBI Shinsei Bank app, with initiatives that contribute to improving customer satisfaction, such as significant increases in interest rates on time deposits and free-of-charge withdrawals from partner convenience stores' ATMs, the number of accounts returned to a net increase for the first time in four years. In addition, the balance of customers' deposits increased by 600 billion yen per year.

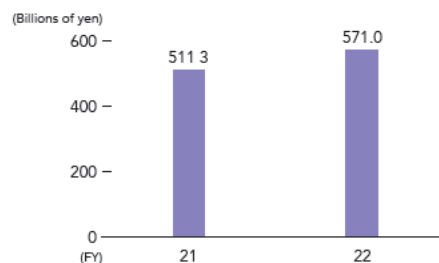
■ Net Growth in Accounts and Deposits



APLUS

In Shopping Credit, sales grew for a wide range of products, such as automobiles (including leases), jewelry, and precious metals. We also partnered with SBI AutoSupport Co., Ltd. to begin nationwide rollout of SBI Car Plus auto credit service. In November 2022, we began handling renovation loans through clearpass Co., Ltd., which we acquired from Kansai Electric Power Co., Inc. as a subsidiary. Through these means, we worked to realize synergies. In order to strengthen its services, BANKIT®, a NEOBANK Platform, in addition to the Embedded Plan, has newly launched the White Label Plan, enabling customers to use BANKIT® more cost-effectively and in a short period of time. As a result, collaboration with several business operators and regional financial institutions has progressed.

■ Shopping Credit Transaction Volume

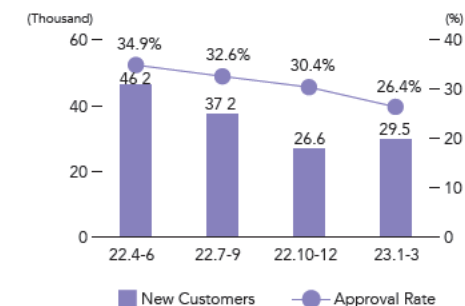


Unsecured Loans

In the Unsecured Loan business, we are building a system that can respond quickly to customers' funding needs. At the same time, based on thorough predictive management, we are growing our balance of operating assets with quality while advancing the sophistication of our credit and collection systems that combine both digital and analog functionalities.

Lake revamped its website and smartphone app to further strengthen brand recognition, and changed its brand name and logo to Lake. In collaboration with regional financial institutions, in addition to conventional credit guarantees, we promote support for timely product proposals utilizing a pre-credit model with AI provided by SecondXight Analytica, Inc. In February 2023, we began a tie-up with Chikugin Mini Card Loan of CHIKUHO BANK Ltd.

■ Lake: New Customer Acquisitions



Institutional Business



Takahisa Komoda

Senior Managing Executive Officer

Head of Institutional Business

SBI Shinsei Bank, Limited

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.



Shoichi Hirano

President & CEO

Showa Leasing Co., Ltd.

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.

The Institutional Business includes 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; investments and loans to venture companies 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 the expansion of social issues, such as global price increases, environmental and energy issues, and business succession issues arising from the aging of business owners and the shortage of successors at small- and medium-sized enterprises, our responsibility as a financial institution, which is a part of the social infrastructure responsible for contributing to customers and society is becoming increasingly important. As a member of the SBI Group, we are working to create a full range of product offerings based on the "Customer-centric Principle" and to contribute to the revitalization of regional economies and companies as a platformer of

regional financial institutions.

For corporate customers, we promote provision of full product offerings by strengthening collaboration with the SBI Group. In particular, we offer products such as venture debt and financial asset-backed loans to venture companies and high-net-worth customers. We also actively utilize the resource and customer base of the SBI Group to help our customers solve their management issues, as well as creating new businesses, and providing solutions that go beyond the financial area.

For financial institution customers, we have been strengthening collaboration with financial institutions based on the "Triangle Strategy," which combines the functions of regional financial institutions, the SBI Group, and the SBI Shinsei Bank Group in a trinity. In addition, we provide advanced financial functions as a platformer, responding to the various needs of the regional financial institutions.

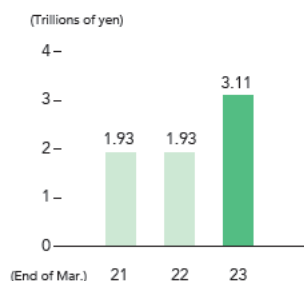
In the business pertaining to institutional investors centered on structured finance business in which we have strengths, we will further strengthen our

capabilities in the renewable energy area while further promoting the provision of sustainable finance, including projects for regional revitalization in the healthcare and housing-related businesses. In addition to utilizing the relationships with domestic and overseas institutional investors, knowledge, and analytical capabilities we have cultivated, we are also utilizing the functions of the SBI Group. In doing so, we will continue to strengthen our business operations for institutional investors.

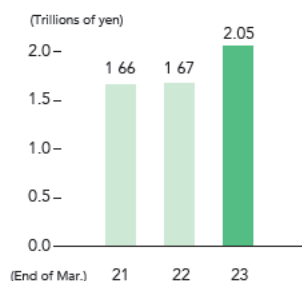
The Sustainable Impact Assessment Department, which is part of the Sustainable Impact Development Division, evaluates the use of funds and potential environmental and social impacts from a neutral standpoint, in accordance with various sustainability requirements for loan and investment projects, and provides investors with evaluation reports on the projects. Centered on this department, we are focusing on accumulating a steady track record of structuring sustainable finance and deals in the pipeline.

Operating Assets

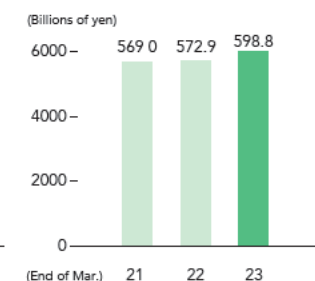
Corporate Business



Structured Finance

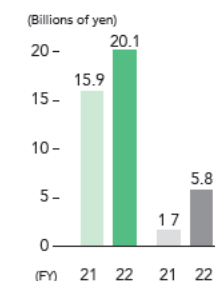


Showa Leasing

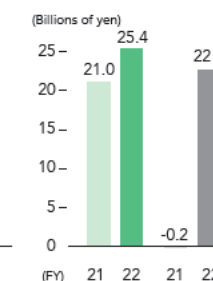


Key Financial Data

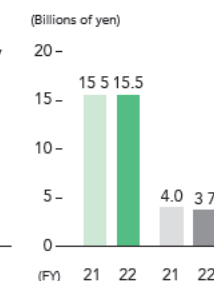
Corporate Business



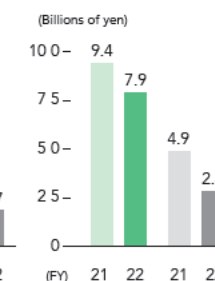
Structured Finance



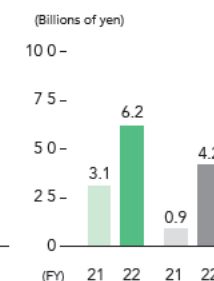
Showa Leasing



Principal Transactions



Markets Business



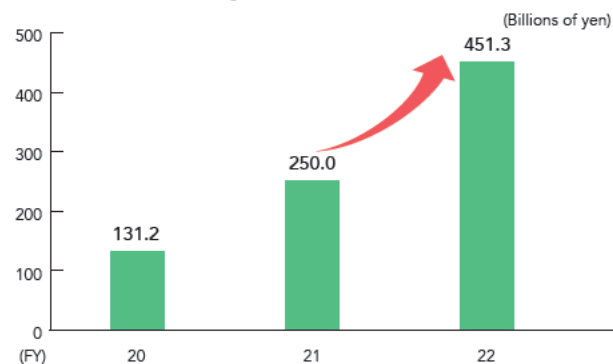
■ Total Revenue ■ OBP after Net Credit Costs

Fiscal 2022 Topics

Business for Corporate Customers

In business with corporate customers, points of contact with customers increased due to the substantial revitalization of sales activities and strengthened collaboration with the SBI Group. As a result, operating assets and revenues significantly expanded. In addition, we have been able to provide solutions by the Group as a whole, such as investments and loans for the venture companies in which the SBI Group invests. Furthermore, in addition to the Green Loans, Social Loans, and Sustainability-Linked Loans that we have been working on from the past, we have started initiatives for positive impact finance and transition finance, and we will continue to aim to realize sustainability through our business.

■ Sustainable Finance Origination Results



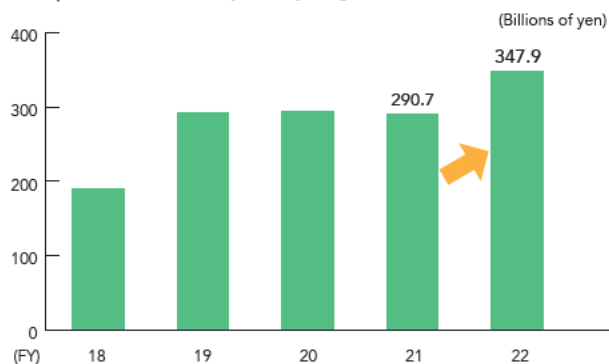
*Includes originations assessed other than the Bank's in-house framework

Business for Financial Institutional Customers

In the business for financial institutional customers, we have strengthened our activities as a platform for regional financial institutions, and the number of regional banks that participate in loan projects originated by the Bank are increasing. We will continue to promote active distribution, focusing on projects in the sustainability area such as renewable energy.

In addition, a total of three seminars were held for regional banks on topics of high interest to regional banks, such as business succession and sustainable finance. A total of 370 people from 86 banks participated in these seminars, promoting initiatives to encourage greater collaboration with regional financial institutions. In addition, we accepted trainees from regional financial

■ Participation in Loan Projects by Regional Banks



*results include syndicated loans and credit transfers.

institutions and actively conducted personnel exchanges in order to provide them with knowledge and know-how related to advanced initiatives.

Showa Leasing

As corporations continued to restrain capital investment due to the COVID-19 pandemic, we provided high valued finance leases in areas such as real estate, renewable energy, healthcare, and aircraft and vessels in collaboration with the SBI Shinsei Bank Group companies. In addition, we focused our management resources in areas where we can leverage our strengths, such as conducting hybrid auctions using the internet at TOZAI BOEKI, our subsidiary engaged in construction machinery auction business.

In fiscal 2022, as part of our sustainable financing initiatives, we formed a number of ZEH (Net Zero Energy House) rental apartment development funds in collaboration with affiliated leasing subsidiaries of regional banks (see p.35 of this report for more information). In addition, as part of our value-co-creation business initiatives, we promoted alliances related to product management in the share-cycle business and subscription businesses for home appliances and furniture in collaboration with multiple vendors.

Overseas Business/Treasury



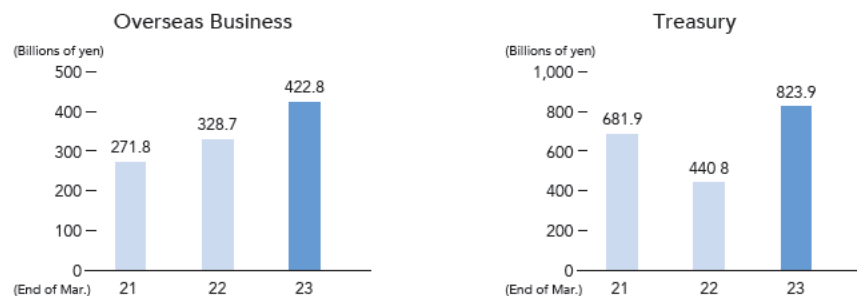
Katsumi Hatao

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.

Operating Assets



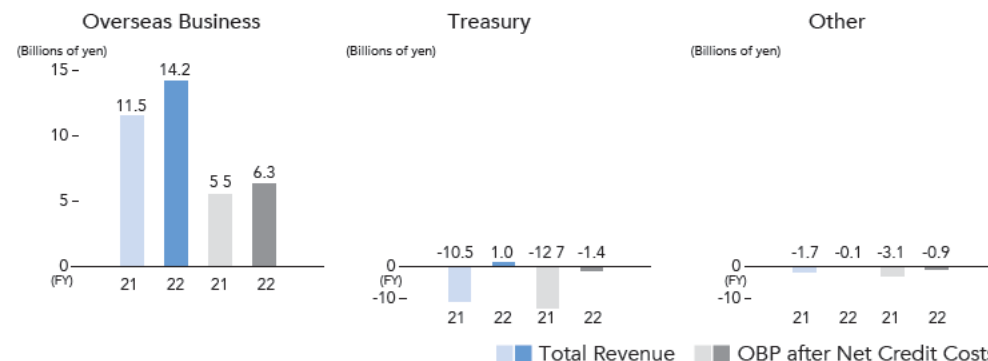
Kei Fujisaki

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.

Key Financial Data



Overseas Business/Treasury

We are expanding nonbank businesses overseas, such as UDC Finance Limited (“UDC”), which is the largest nonbank financial institution in New Zealand. UDC has strengths in auto loans for individuals, asset-backed financing for corporations (transportation, forestry, construction, etc.), and inventory financing for auto dealers. In fiscal 2022, UDC purchased auto loan receivables and dealer inventory financing receivables from a leading New Zealand automobile group that has exclusive importing and distribution rights of international automobile brands, furthermore UDC made strategic alliances for future financing with them. In doing so, UDC is steadily expanding the scope of their businesses. MB Shinsei Finance (Mcredit) is also part of our overseas business. Mcredit is a joint venture with Military Commercial Joint Stock Bank, which is a major private commercial bank in Vietnam. Mcredit is providing installment loans, cash loans, and credit card businesses. In this way, we are expanding our businesses in Asia as well.

In March 2021, we also made a strategic investment in Latitude Group, which is a leading consumer finance company in Australia. Latitude Group has strengths in installment deferred payments, credit cards, personal loans, and auto loans. Latitude Group is expected to grow its businesses with good quality assets on the back of the

stable medium- to long-term economic growth forecasts in the Oceania region.

Additionally, we plan to invest in MB BANK (Cambodia) PLC, a former Cambodian Branch of Military Commercial Joint Stock Bank which was incorporated in January 2023, during fiscal 2023 subject to obtaining approval from the relevant Cambodian authority.

While expanding our overseas businesses, we have decided to withdraw from EasyLend Finance, which provided small-scale financing in Hong Kong, in fiscal 2022 because of major changes in the business environment.

We will continue to provide financial services that make full use of FinTech in the Asia-Pacific region and find new investment opportunities, by utilizing our knowledge of

consumer finance businesses we have developed in Japan and strengthening collaboration with overseas bases and invested companies of the SBI Group. At the same time, we continue to enhance our competitiveness by supporting the growth of our overseas subsidiaries and affiliates. We will also take on the development of overseas human resources through personnel exchanges with the SBI Group, and sophisticate risk management and governance systems of our overseas businesses.

Marketable Securities

The Medium-Term Vision sets forth the individual strategy of “enhancing risk management structures responding to the sophisticated and diversified management” in the management of marketable securities. Currently, we are building a securities portfolio to generate stable earnings while responding flexibly to changes in the market environment. In fiscal 2022, despite the difficult market environment, we diversified our portfolio with yen-denominated bonds, foreign bonds, credits and stocks and accumulated marketable securities assets. We will continue to control risks through flexible operations and hedging transactions. While complying with the guidelines for unrealized losses/gains on marketable securities investments, we will strive to improve investment yields and achieve stable earnings.

