



SBI SHINSEI BANK

INTEGRATED REPORT 2023

For the fiscal year ended March 31, 2023

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.

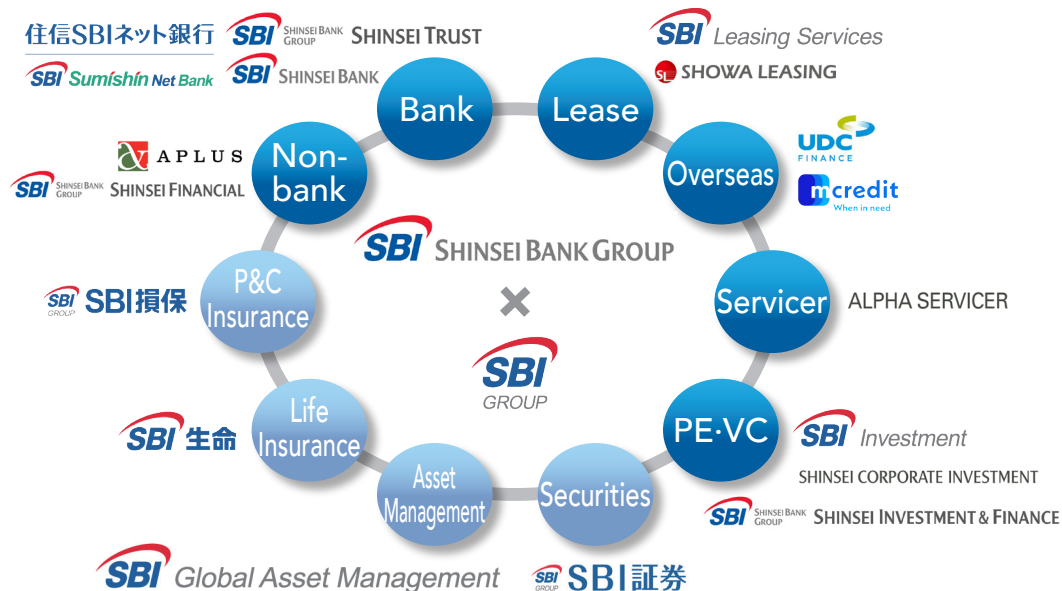
SBI Shinsei Bank Group's Products and Services

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



Glossary & URL

Subsidiaries and Affiliated Companies
<https://corp.sbishinseibank.co.jp/en/about/group.html>

Individual Business

Bank Nonbank

The Individual Business is composed of the retail banking business and consumer finance, which provides products and services such as unsecured loans, credit cards, shopping credit and payment services for individual customers.

SBI SHINSEI BANK JPY/FCY Deposits, Structured Deposits, Housing Loans, Mutual Funds and Insurance

APLUS Shopping Credit, Credit Cards and Payment

SBI SHINSEI BANK GROUP SHINSEI FINANCIAL Unsecured Loans

Institutional Business

Bank Lease Servicer PE-VC

The Institutional Business is composed of the corporate business, structured finance business, private equity investment and business succession financing business, leasing business, as well as delivering market services that provide market solutions for foreign exchange and interest rate derivatives, among others.

SBI SHINSEI BANK SHINSEI BANK GROUP SHINSEI TRUST Project Finance, Real Estate Finance

SHOWA LEASING Leasing

SHINSEI CORPORATE INVESTMENT SHINSEI INVESTMENT & FINANCE Private Equity

ALPHA SERVICER Servicer

Overseas Business

Overseas

With the Asia-Pacific region as our main target market, we conduct business development centered on small-scale finance business in the non-bank sector and make inorganic investments by collaborating with the SBI Group.

UDC FINANCE Nonbank business in New Zealand

mcredit Finance business in Vietnam

About SBI Shinsei Bank Group

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Editorial Policy

Here in this Integrated Report, the SBI Shinsei Bank Group brings together financial and nonfinancial information in a bid to help investors and other stakeholders gain an understanding of the Group's strategies and efforts toward creating sustainable corporate value.

Having referred during the editing process to the frameworks presented by the International Integrated Reporting Council (IIRC)¹ and the Guidance for Collaborative Value Creation² indicated by the Ministry of Economy, Trade and Industry, we show the "big picture" narrative of the SBI Shinsei Bank Group's corporate value creation.

In addition, this Report and the SBI Shinsei Bank Integrated Report 2023 Data Appendix fulfill the disclosure requirements (an explanation of the SBI Shinsei Bank's operations and matters regarding our financial position) stipulated under Article 21 of Japan's Banking Act. The Report also contains statements about the Group's management policies and future operating results. These forward-looking statements are not a guarantee of future performance. Actual results could differ from those indicated due to a variety of factors, including changes in the operating environment. Please see SBI Shinsei Bank's Integrated Report 2023 Data Appendix for supplemental financial information.

Notes: 1 Established in 2010 for the purpose of developing an international framework for the disclosure of corporate information, the International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting professions and NGOs.

2 A manual for systematically organizing and integrating the information (management principles, business model, strategy, governance, etc.) that companies should convey to investors. Created and published by the Ministry of Economy, Trade and Industry for the purpose of enhancing the quality of information disclosure and dialogue with investors.

Participation in Initiatives

United Nations Global Compact



Principles for Financial Action for the 21st Century



Women's Empowerment Principles (WEPs)

In support of



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日本株女性活躍指数 (WIN)

FTSE Blossom Japan Sector Relative Index



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Awards and Accreditation

MSCI ESG Rating



CDP



Kurumin



Eruboshi



Gan (cancer) Ally Award



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

SBI Shinsei Bank became a member of the SBI Group in both name and reality. We will create further synergies and achieve sustainable growth.

Katsuya Kawashima
President and CEO



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.

Established in 1999 as a pioneer in Internet financial services in Japan, the SBI Group has built a globally unprecedented business ecosystem that offers financial services, including securities, banking and insurance as its core business. Furthermore, the SBI Group is currently working to evolve this business ecosystem into a “digital space ecosystem” amid projected digitization not only in the financial sector but also in various other fields which serves society. The SBI Group has approximately 19,000 employees on a consolidated basis and a customer base of 46 million (including

the SBI Shinsei Bank Group as of the end of March 2023). The SBI Shinsei Bank Group plays an important role as a core company in the banking business in the Financial Services segment.

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

Basic Management Viewpoint of the Business Structure of the SBI Group

1. Thorough Pursuit of the “Customer-centric Principle”
2. Formation of a “Business Ecosystem” and Exhaustive Pursuit of Group Synergies
3. Thorough Devotion to Innovative Technology
4. Formulate and Implement Strategies that Anticipate the Near Future
5. Public Benefit Leads to Private Benefit
6. Going Beyond Finance with Finance as its Core

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 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. On the first day as SBI Shinsei Bank, a ceremony was held at the head office in Nihonbashi-Muromachi to commemorate the new beginning, with the participation of Mr. Yoshitaka Kitao, representative of the SBI Group, and the Bank made a new start under the new name.

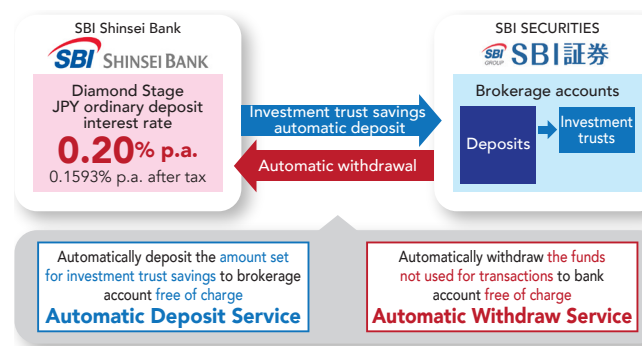
Achievements in the First Year of the Medium-Term Management Plan

In order to achieve the medium-term management plan, the “SBI Shinsei Bank Group Medium-Term Vision” was established in fiscal 2022, the Bank Group has been proactively pursuing sales activities and expanding points of contact with customers. As a result, total revenue for fiscal 2022 was 240.2 billion yen, the highest level in 10 years, and net income was 42.7 billion yen, a significant increase from 20.3 billion yen in the previous fiscal year. In addition, operating assets (including marketable securities) and deposits totaled 10.3 trillion yen (up 2.2 trillion yen year on year) and 9.9 trillion yen (up 3.5 trillion yen year on year), respectively, achieving the targets in the Medium-Term Vision ahead of schedule.

To pursue the initiatives for achieving the Medium-Term Vision, 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.

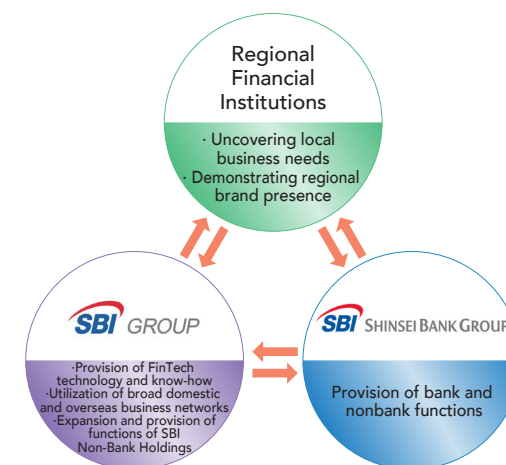


Deepening and advancement of strengths

Enhancement of the competitiveness	In retail banking business, focused on enhancing products and services and strengthening competitiveness. Started the construction of a new retail banking structure to expand the customer base and improve profitability
A platformer for regional financial institutions	In the institutional business, the customer base expanded significantly reflecting revitalization of sales activities. Strengthened presence as a platformer for regional financial institutions and increased collaboration with regional banks, centered on cofinancing
Strategic and flexible management of marketable securities	Though in a difficult economic environment, diversified and expanded scale of assets for management of marketable securities. Controlled risk (unrealized loss) at a low level through strategic operations

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 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. Partnerships with regional banks have increased, particularly in co-financing, and our presence as a platformer of regional financial institutions has expanded, as well. 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.

As a result of these activities, we believe that collaboration with the SBI Group generated approximately 5 billion yen in revenue in fiscal 2022 and that we are on track to achieve the 15 billion yen target in fiscal 2024 envisioned in the Medium-Term Vision. The cost of generating synergies was approximately 4 billion yen, but this mainly reflected one-time initiatives, including the cost of changing the corporate name. We are also making progress in establishing an organizational structure for sustainable growth, including changing corporate names, reorganizing group companies, strategically allocating human resources and withdrawing from unprofitable businesses and investments.



■ Development of organizational structure for sustainable growth

Change of corporate name	Accelerated synergies by leveraging positive effects in brand awareness and brand power Benefits such as an increase in the pace of account openings and an increase in visits to branches by customers having SBI SECURITIES' accounts
Group company reorganization	Promoting advancement and deepening of strengths and improvement of productivity by integrating functions with the SBI Group Active allocation of optimal human resources on a SBI Group-wide basis
Review of profitability and growth	Implemented a comprehensive review of the profitability and growth potential of businesses, investments and loans Decided to withdraw from 13 unprofitable businesses, investments and loans



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.

In institutional business, we are strengthening our efforts for sustainable finance. We have added Positive Impact Finance, Transition Finance and ZEH development fund to our menu. In the

individual business, we have begun handling Sustainability Deposits, in which deposits received from retail customers are used to finance projects that address environmental and social issues.

Initiatives for climate change are one of our priority issues. We are working to reduce greenhouse gas emissions by integrating our offices and switching to power derived from renewable energy sources. We are also working to ascertain the emissions of our loan and investment targets. The status of compliance is disclosed in accordance with the TCFD framework.

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, as a member of the SBI 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.

Between May 15 and June 23, 2023, the Bank's parent company, SBI Regional Bank Holdings Co., Ltd., made a tender offer for the Bank's shares, which resulted in SBI Regional Bank Holdings owning 53.74% of the voting rights of the Bank. In the future, due to the share consolidation, the Bank's shareholders will be limited to SBI Regional Bank Holdings, the Resolution and Collection Corporation and the Deposit Insurance Corporation, and the Bank's shares will be delisted. After delisting, we will be able to make more agile and flexible decisions than before, further integrate with the SBI Group, and establish and execute medium- to long-term management strategies. In addition, we believe that synergies and benefits can be realized by further strengthening businesses through mutually complementing functions with

the SBI Group and its customer base, promptly allocating optimal management resources throughout the SBI Group, and reducing listing maintenance costs. Through the realization of synergies and benefits, we will strive to improve the Bank Group's corporate value through consolidation of profitability and enhance equity capital.

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.

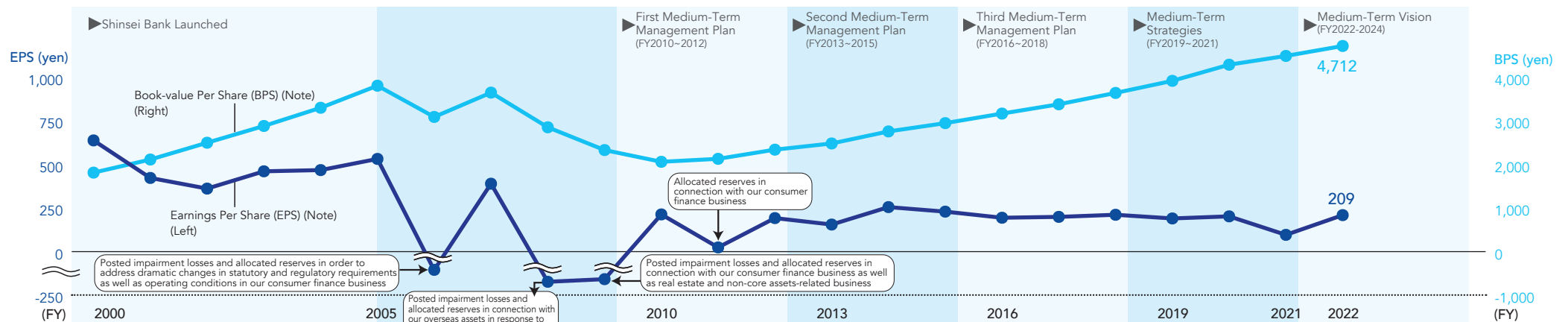
July 2023

President and CEO

Katsuya Kawashima

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.

Evolution of the SBI Shinsei Bank Group



External Environment	2000 Collapse of the IT bubble economy	2005 End of the government guarantee on full savings deposits	2008 Bankruptcy of Lehman Brothers	2010 European debt crisis	2016 Introduction of negative interest rate policy	2020 COVID-19 crisis
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Note: Shinsei Bank executed a 1-for-10 reverse stock split on October 1, 2017. Per share data is calculated on the assumption that this reverse stock split was executed prior to fiscal 2016.

Transition of the SBI Shinsei Bank Group

1952 The Long-Term Credit Bank of Japan, Limited established	2000 Shinsei Bank launched Name changed from The Long-Term Credit Bank of Japan, Limited (LTCB), to Shinsei Bank, Limited	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	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
1998 Due to business failures, temporary nationalization and special public management began based on the Financial Revitalization Law	2001 Shinsei Securities Co., Ltd. commenced operations	2005 Showa Leasing Co., Ltd. converted into a consolidated subsidiary	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)
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.	2003 Shinsei Investment Management Co., Ltd. commenced operations	2007 SHINKI Co., Ltd. (now Shinsei Personal Loan Co., Ltd.) converted into a consolidated subsidiary	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
		2008 GE Consumer Finance Co., Ltd. (now Shinsei Financial Co., Ltd.) converted into a 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	2006 Partial repayment of public funds / Cancellation of treasury shares	2011 Issuance of new shares through international offering	2019 Implemented a secondary offering of shares of common stock of the Bank Acquired treasury shares
2003 Reduction of capital through the merger of two shares of common stock into one share	2007 Conversion of preferred stock into common stock	2016 Acquisition of treasury shares	2020 Acquired treasury shares
	2008 Issuance of new shares by third-party allotment / Conversion of preferred stock into common stock	2017 Acquisition of treasury shares / Merger of 10 shares of common stock into one share	2021 Acquired treasury shares
		2018 Acquisition and cancellation of treasury shares	2022 Acquired treasury shares
			2023 Cancellation of treasury shares

Topics in Fiscal 2022

April

- Formed business alliance with IDOM CaaS Technology

May

- 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.

June

- 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.

July

- Strengthened provision of BANKIT® with the introduction of white label method
- Commenced providing comprehensive solutions to customers' sustainability issues, including support in nonfinancial areas

August

- 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

September

- 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

October

- 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.)

November

- Established Regional Revitalization Healthcare Corporate Loan Program
- Received the highest "Gold" status in the PRIDE Index, an initiative indicator related to LGBTQ+

December

- Received the "Excellence Award" at the 8th Sustainable Finance Awards

January

- 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"

February

- 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

March

- 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"

Achieved triple crown in foreign currency deposit brand image survey



Launched "SBI Wrap x SBI Shinsei Bank"



Card loan brand changed from Lake ALSA to Lake



2022

2023

May

June

August

October

November

December

January

February

March



Renewed Step Up Program



Launched a joint branch with SBI MONEYPLAZA in Ikebukuro Branch



Received the highest "Gold" status in the PRIDE Index



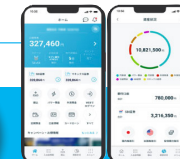
Received the "Excellence Award" at the 8th Sustainable Finance Grand Awards



Changed corporate name to SBI Shinsei Bank, Limited



Achieved three crowns in the "Good Housing Loan Ranking Selected by Users 2023" survey



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.



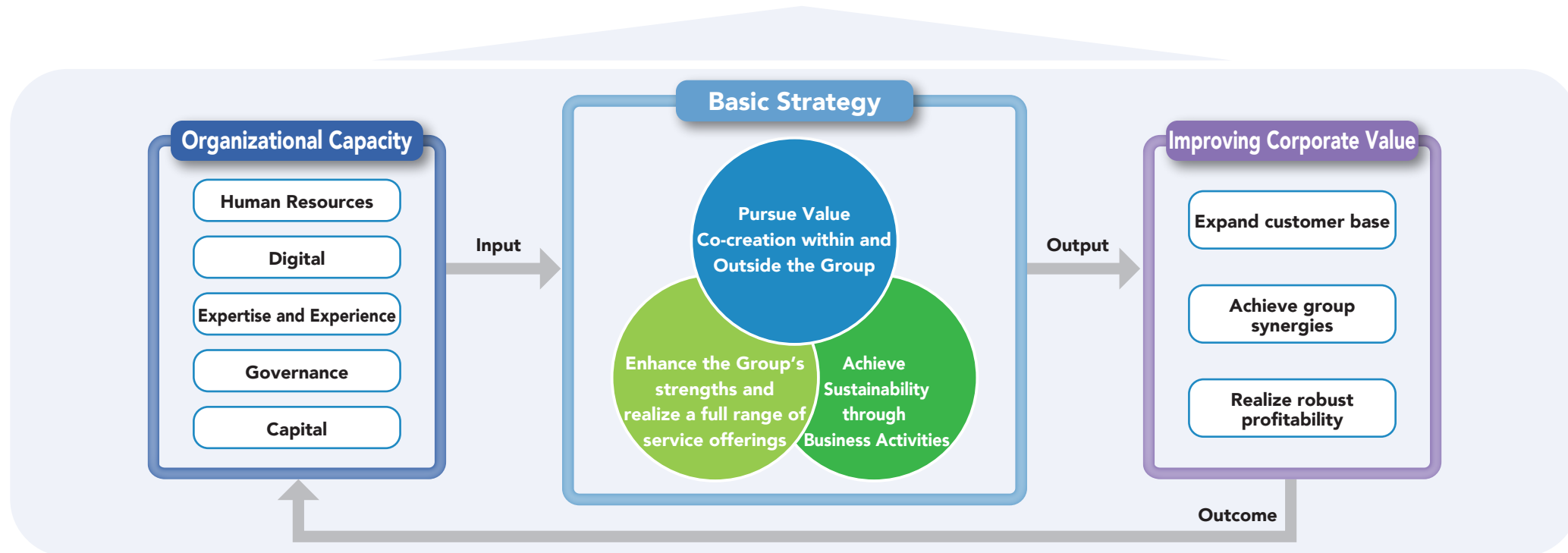
Corporate Value Creation Mechanism

Realize JPY 70 billion of consolidated net income and establish a foundation for further growth

Evolve into a leading banking group providing pioneering and advanced finance

Show the path toward repayment of public funds

Achieving the Medium-Term Vision



— Fundamentals of the SBI Group's Business Structure —

1. Adherence to the "Customer-centric Principle"
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
5. Public Benefit Leads to Private Benefit
6. Going Beyond Finance with Finance as its Core

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.

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

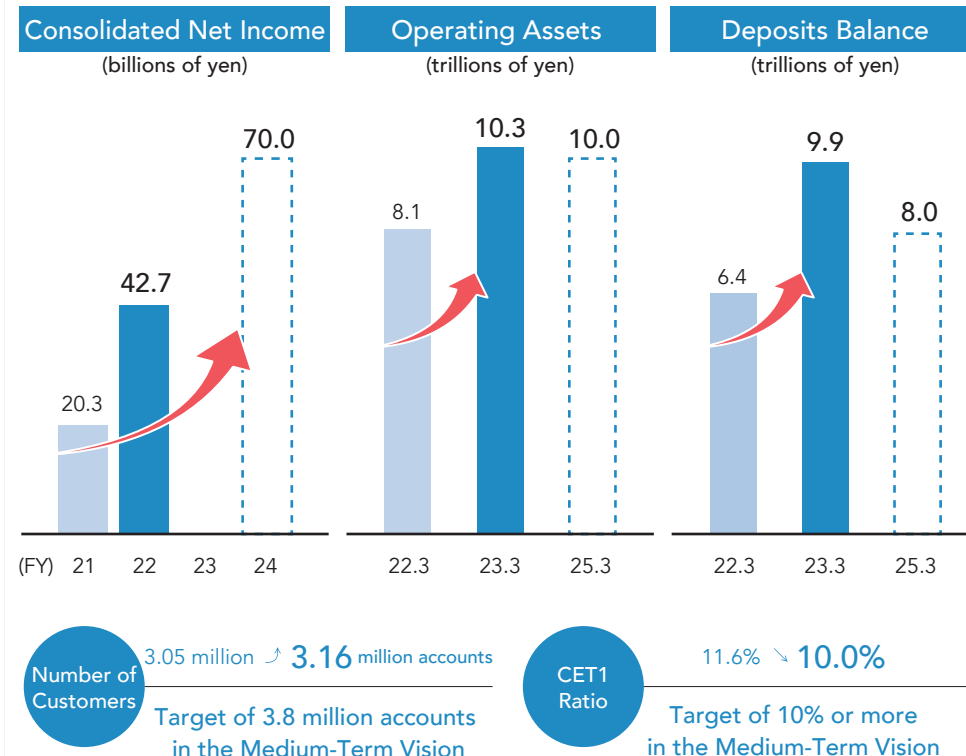
Enhance the Group’s strengths and realize a full range of service offerings

Core Strategy 3

Achieve sustainability through business activities

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 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.

Financial Targets (KPI)



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 (Seconded from SBI MONEYPLAZA Co., Ltd.)

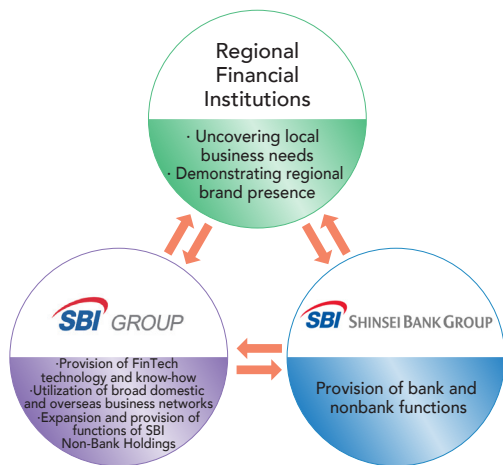
Glossary & URL

Roundtable Talk full edition (Japanese only)
<https://www.sbishinseibank-recruit.com/career/crosstalk/01.html>

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

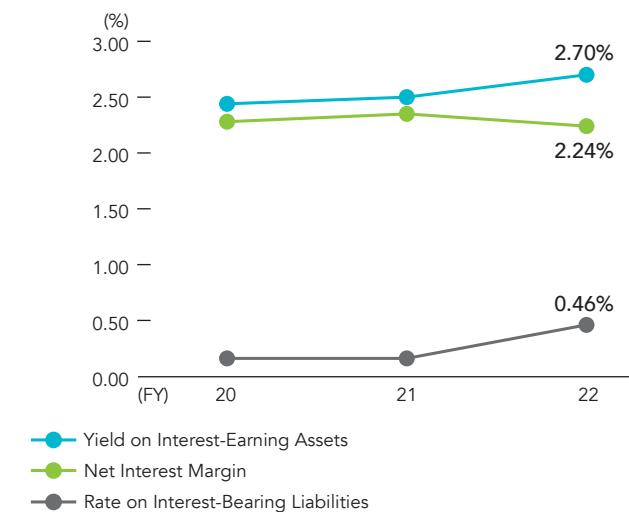
Net interest margin declined to 2.24% from 2.35% in the prior year. For the interest-earning assets, investment yields improved due to higher yield on interest-earning assets, such as earnings from the investees of Shinsei Corporate Investment and interest on marketable securities, as well as higher 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

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.

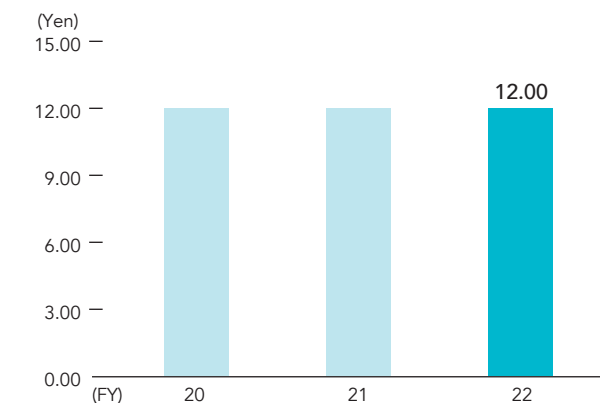
Shareholder Returns

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.

■ Net Interest Margin



■ 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.

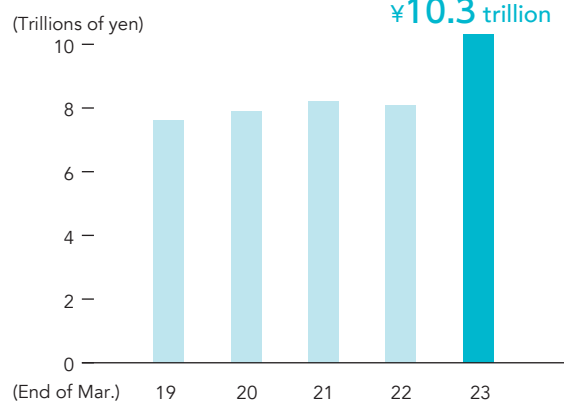
■ Earnings Forecast Table

(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

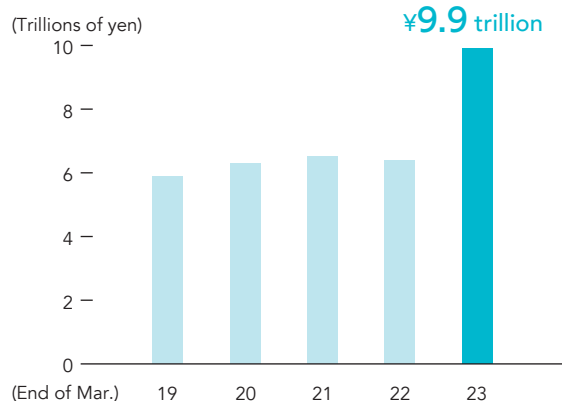
Financial Highlights

Operating Assets



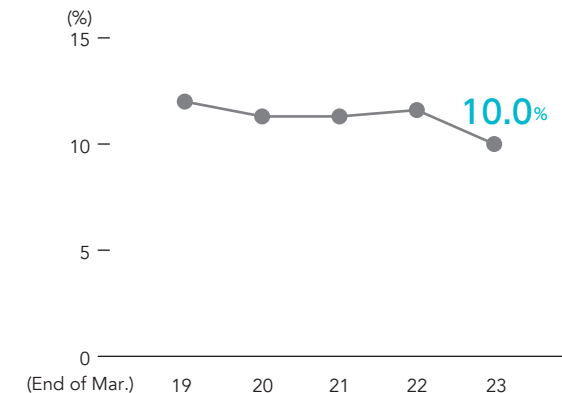
Reflecting revitalization of sales activities, the balance of operating assets increased mainly in the institutional business. Operating assets also increased in APLUS.

Deposits



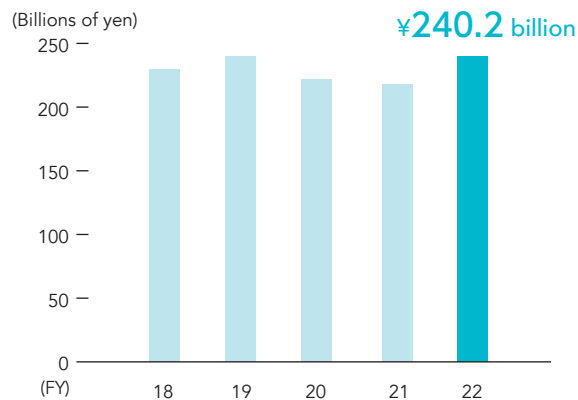
Deposit increased significantly from both institutional and individual customers in fiscal 2022.

Common Equity Tier 1 Ratio (International Standard)



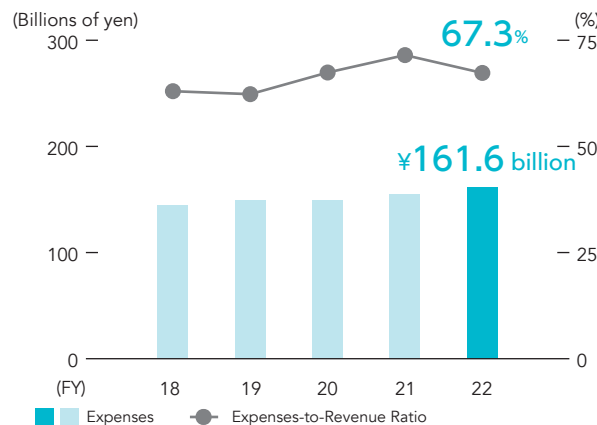
The capital ratio at the end of March 2023 was 10.0% against the target to "aim for 10% or more" as outlined in the medium-term business plan. The capital ratio remains at a sufficient level.

Total Revenue



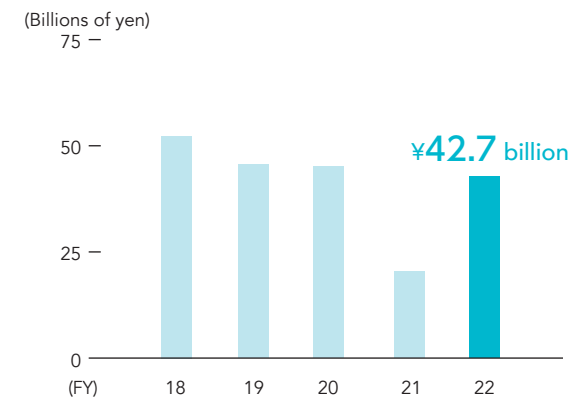
In fiscal 2022, total revenue reach the highest in the past one decade, reflecting the increase in net interest income from accumulation of operating assets, derivative income and loan fees, etc.

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.

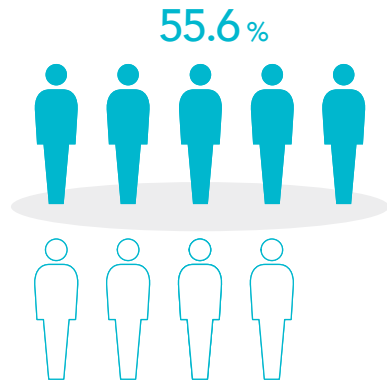
Profit Attributable to Owners of the Parent



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

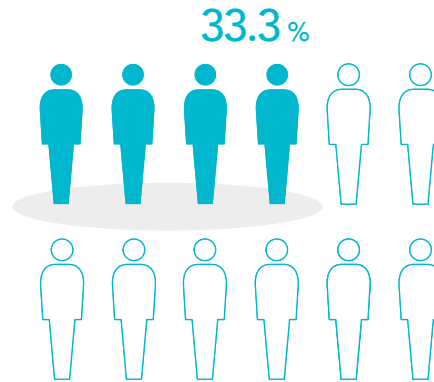
Nonfinancial Highlights

Ratio of Outside Directors on the Board of Directors



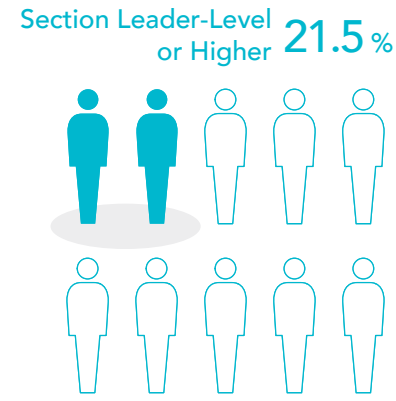
Outside directors with diverse skills and expertise comprise the majority of the directors. The Bank has maintained this structure since it commenced operations.

Ratio of Female Executives

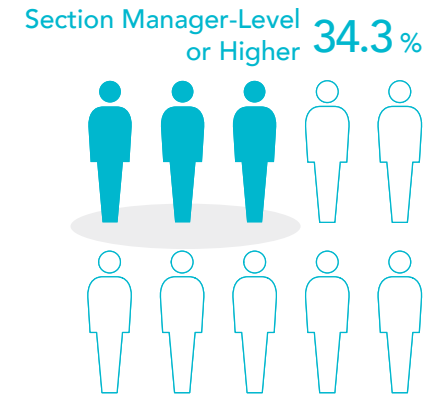


Four out of 12 executives are female.

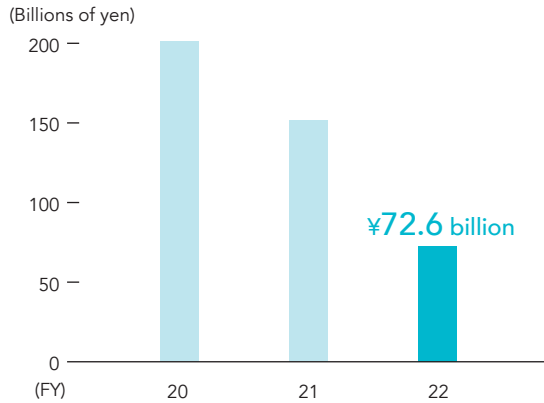
Ratio of Female Managers



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



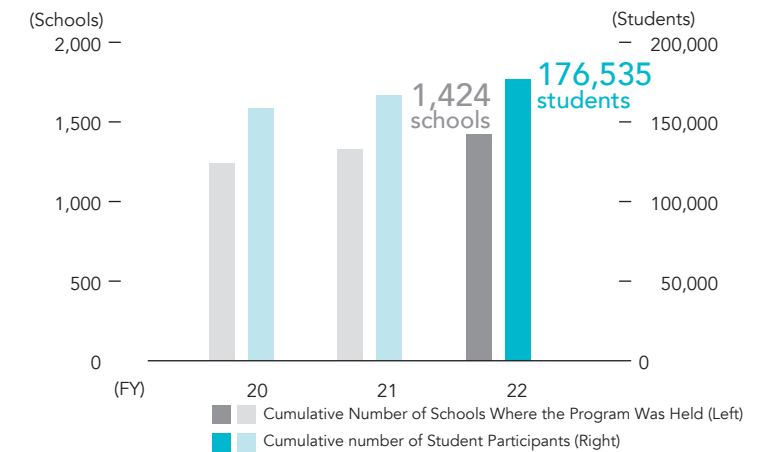
Since 2012, we have been expanding the base of domestic project finance investors and promoting syndication with regional financial institutions through project finance for renewable energy.

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.

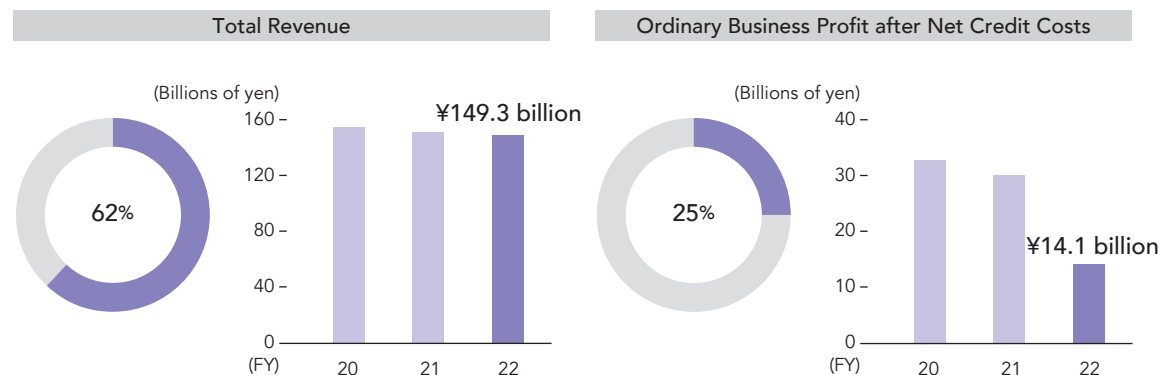
"MoneyConnection®" Financial Literacy Program



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.

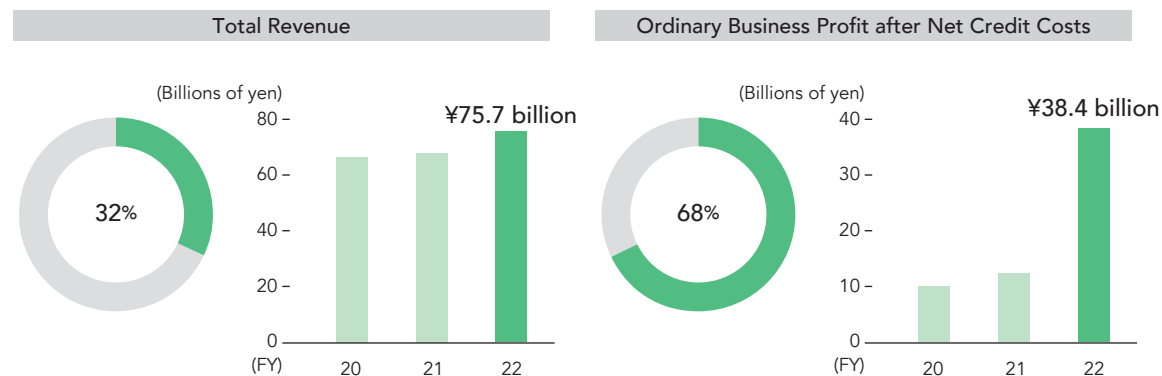
At a Glance

Individual Business



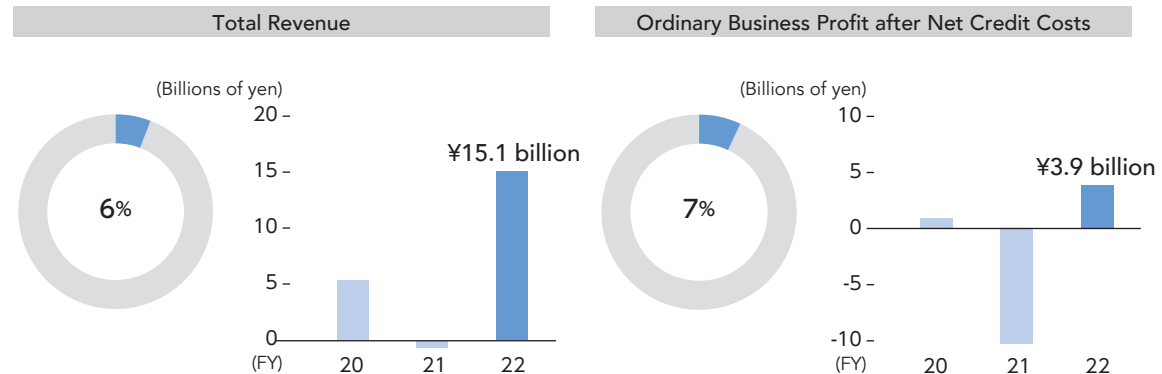
Major Businesses	
● Retail Banking	Yen / foreign currency deposits, structured deposits, investment trusts and bonds through intermediation of financial products, life and nonlife insurance (through partner institutions), housing loans, as well as financial transactions and services for individuals
● 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

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.

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

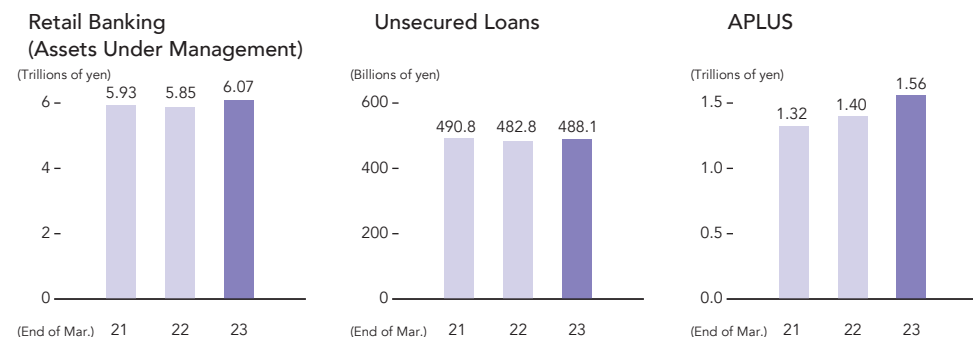
our competitiveness with the aim of expanding our business. Since August 2022, we have formed an alliance with SBI SECURITIES in the financial instruments intermediary service. In addition, we have opened three SBI SHINSEIBANK MONEYPLAZA, joint branches with SBI MONEYPLAZA. In doing so, we have built 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

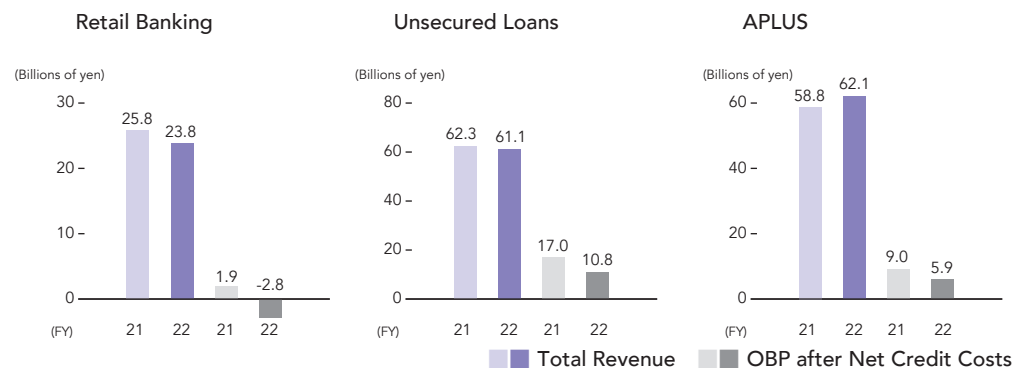
platform with financial functions such as payment, foreign exchange, and credit, to partner companies and their customers through smartphone apps and API collaboration.

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.

Operating Assets



Key Financial Data



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

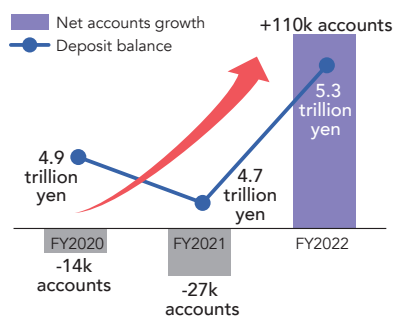
Fiscal 2022 Topics

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.

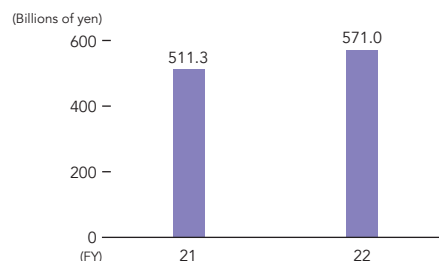
■ Net Growth in Accounts and Deposits



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

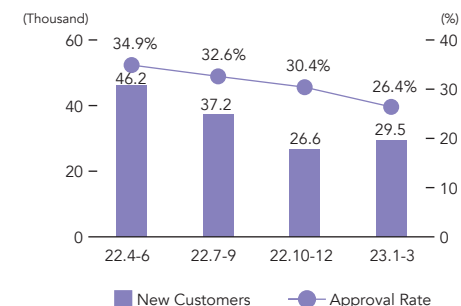


Unsecured Loans

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.

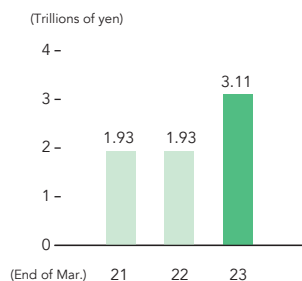
In the business pertaining to institutional investors centered on structured finance business in which we have strengths, we will further strengthen our

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.

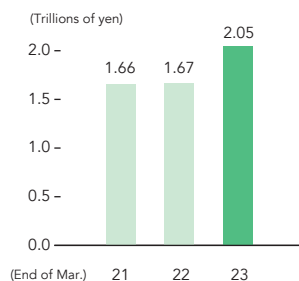
The Sustainable Impact Assessment Department, which is part of the Sustainable Impact Development Division, evaluates the use of funds and potential environmental and social impacts from a neutral standpoint, in accordance with various sustainability requirements for loan and investment projects, and 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

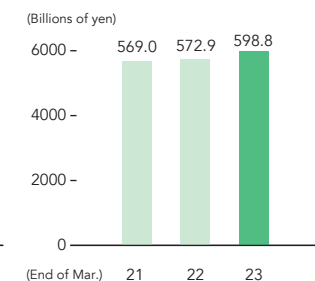
Corporate Business



Structured Finance

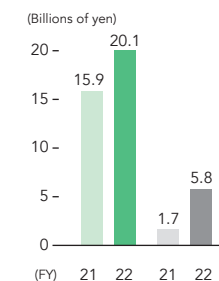


Showa Leasing

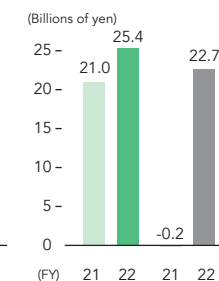


Key Financial Data

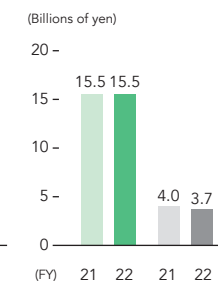
Corporate Business



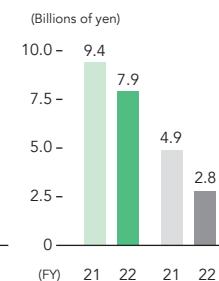
Structured Finance



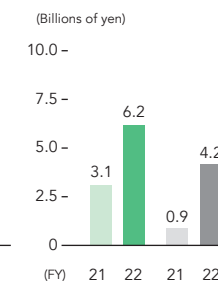
Showa Leasing



Principal Transactions



Markets Business



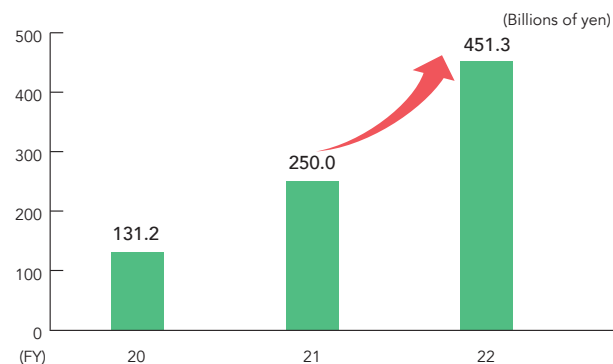
■ Total Revenue ■ OBP after Net Credit Costs

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



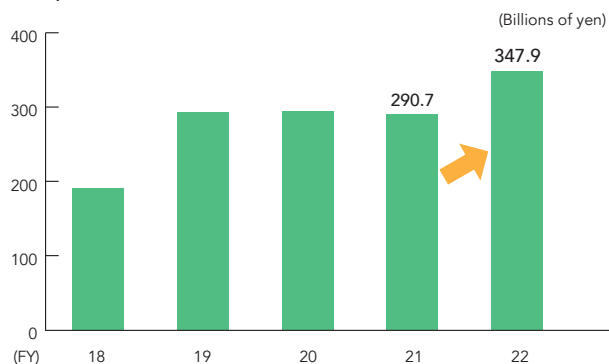
*Includes originations assessed other than the Bank's in-house framework

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.



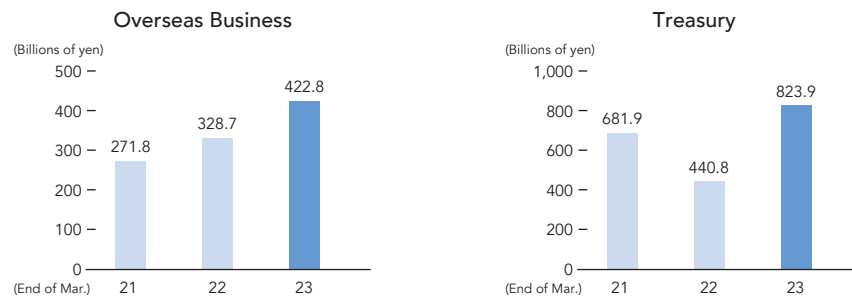
Kei Fujisaki

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

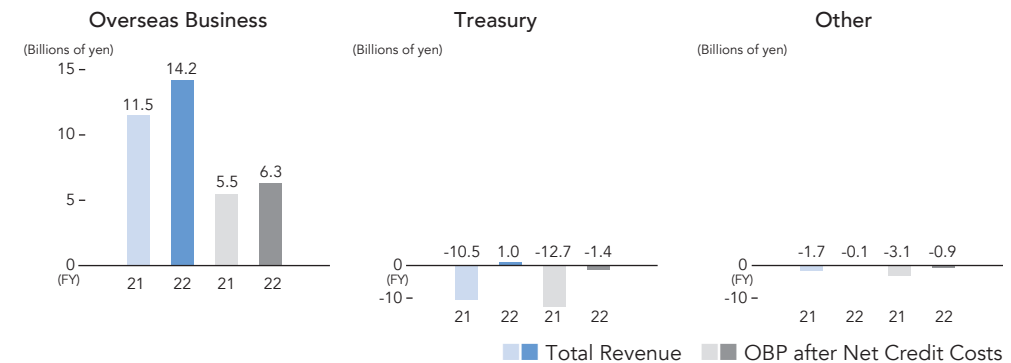
The investment environment is difficult to predict, as uncertain global conditions, such as war, inflation, and the speculation on domestic monetary policy changes is attracting attention. In order to cope with this environment, we will endeavor to constantly upgrade our operations to build a high-quality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



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.

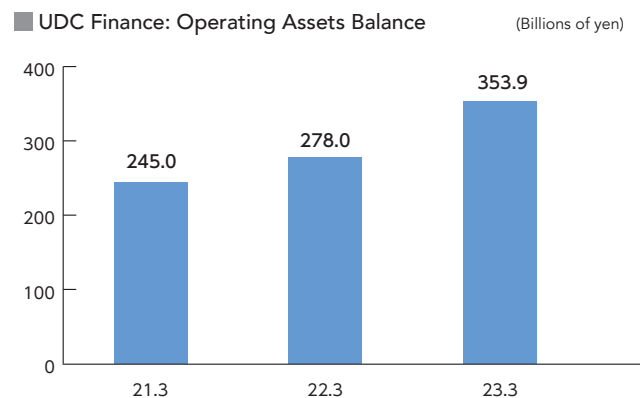
While expanding our overseas businesses, we have decided to withdraw from EasyLend Finance, which provided small-scale financing in Hong Kong, in fiscal 2022 because of major changes in the business environment.

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.



Management for Sustainability



Hirofumi Kusakabe

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

CSO Message

The sustainability that SBI Shinsei Bank Group aims for is to create a virtuous cycle in which the Group engages in business that solves the environmental and social issues of our customers and the world, our customers support the Group, the Group continues to grow and that growth contributes to the sustainability of the environment and society.

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.

Governance

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.

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.

■ Group Sustainability Committee



■ Major Agendas in the Group Sustainability Committee (FY2022)

Area	Agenda
Institutional Business	“Sustainability through business activities” at the individual business of the SBI Shinsei Bank, APLUS and Shinsei Financial
	Promote de-carbonization efforts in the ship finance sector and in the bank sector, and results of environmental contributions of the Bank based on the Poseidon Principles
	Activities of transition task force Initiatives for sustainable impact
Individual Business	“Sustainability through business activities” at the individual business of the SBI Shinsei Bank, APLUS and Shinsei Financial
	Report on the results of sustainability-related questionnaires to APLUS franchisees Launching of sustainability deposits
Management	Establishment of sustainability targets
	Initiatives for Recommendations of the TCFD
	Initiatives for the Group’s diversity and inclusion
	Participation in the initiatives, and reporting on the results of external evaluations

Sustainability-related Policies

Group Sustainability Management Policy

The Group Sustainability Management Policy was established as the Group's basic policy on the sustainability management under the SBI Group Compliance Code of Conduct and the Group's Charter of Corporate Behavior. The policy on environmental and social sustainability includes initiatives related to respect for human rights, human capital, the global environment, anti-corruption and anti-bribery, and philanthropy. It also includes expanding and creating a positive impact through the resolution of sustainability issues, and to reduce and avoid negative impact through responsible investment and financing as initiatives to support the environmental and social sustainability of our customers. As sustainability-related policies, the Group Human Rights Policy, the Responsible Investment and Lending Policy, and the Group Policy for Promotion of Philanthropic Initiatives follow the Group Sustainability Management Policy.

Group Human Rights Policy

As a commitment to respect human rights, the Group Human Rights Policy stipulates the basic policy for fulfilling our responsibility to respect all human rights, as well as respect the human rights of customers,

partners, employees, and local communities involved in corporate activities. The main human rights issues are forced labor and child labor, overwork and long working hours, mental and physical health and safety, freedom of association and the right to collective bargaining, fair wages and equal wages for equal work, discrimination, harassment, and the right to privacy. In addition, we adopt policies such as human rights due diligence, grievance mechanisms (employee consultation helplines), stakeholder engagement, and raising awareness and training.

We conducted human rights due diligence for employees of the Group's major companies to confirm the status of respect for human rights in the Group. The results of human rights due diligence were reported to the Group Management Development Committee and Group Human Rights Promotion Committee. We implemented group-wide measures such as human rights awareness training for all employees, harassment prevention training for managers and supervisors, and should this be 'division-wide'? measures such as reporting individual results to divisions where improvement issues were discovered, followed by development and implementation of the initiatives. We will continue to implement human rights due diligence

and take measures to reduce risks.

Responsible Investment and Lending Policy

We regard business transactions with companies that do not give appropriate consideration to environmental and social issues as a management risk, and we prohibit or restrict transactions based on the recognition that there are serious risks to the environment and society with respect to investments and loans for some specific businesses. From the perspective of responding to climate change, based on a precautionary approach, we will not make new investments and loans for the construction of new coal-fired thermal power plants, and we will reduce the amount of existing investments and loans for coal-fired thermal power plants.

Group Policy for Promotion of Philanthropic Initiatives

The Group Policy for Promotion of Philanthropic Initiatives defines the concept of philosophic initiatives and identifies "social diversity activities including nurturing the next generation", "environmental preservation activities" and "activities to contribute to local communities" as priority areas. Please refer to "Social Initiatives" (p.52) for details.

Glossary & URL

Group Sustainability Management Policy <https://corp.sbishinseibank.co.jp/en/sustainability/policy/management.html>

Group Human Rights Policy https://corp.sbishinseibank.co.jp/en/sustainability/policy/human_rights.html

Responsible Investment and Lending Policy <https://corp.sbishinseibank.co.jp/en/sustainability/policy/investment.html>

Group Policy for Promotion of Philanthropic Initiatives <https://corp.sbishinseibank.co.jp/en/sustainability/policy/philanthropy.html>

Participation to Sustainability-related Initiatives

Principles for Responsible Banking (PRB)

In April 2021, the Group signed the Principles for Responsible Banking (PRB) advocated by the United Nations Environmental Programme and Financial Initiative (UNEP FI). The PRB is a framework for establishing strategies and objectives consistent with social objectives such as the Sustainable Development Goals (SDGs) and the Paris Climate Agreement, implementing initiatives, and disclosing the initiatives in a transparent manner, recognizing that it is our responsibility as a financial intermediary to do our best to contribute to the sustainable prosperity of society and people. The signatory members are required to phase in their efforts and put in place a framework for implementing six principles: alignment, impact and target setting, clients and customers, stakeholders, governance and culture, as well as transparency and accountability. Please refer to the PRB Report for details.

Japan Impact-driven Financing Initiative

In November 2021, the Bank signed the Japan Impact-driven Financing Initiative, which aims to help resolve environmental and social issues. We will further strengthen impact-oriented financial initiatives and impact measurement and management, thereby

contributing to the sustainability of the environment and society through loans and investments.

At the end of September 2022, the Bank ranked fifth with 391.4 billion yen of impact investments from the total of 3.85 trillion yen of impact investments (loans) aggregated by each of the domestic financial institutions that signed the Japan Impact-driven Financing Initiative. (Impact-driven Financing Initiative Progress Report 2022)

Strategy

Overview (Material Sustainability Issues)

In a society with a variety of values and various challenges, we consider what the Group can do while leveraging its strengths, and, therefore, the Group identifies material sustainability issues based on “achievement of sustainability through business activities” and “responsibility to sustainable environment and society.”

In the “achievement of sustainability through business activities”, we identify (1) initiatives toward the regional

revitalization by supporting regional financial institutions, enterprises, residents and local governments, (2) offering financial functions toward the resolution of environment and social challenges, and (3) provision of financial services trusted by customers.

In the “responsibility to sustainable environment and society”, we identify (1) respect for human rights and enhancement of human resource value, (2) response to environmental issues such as climate change, (3) promotion of philanthropic initiatives, and (4) improvement of governance.

The Group formulated sustainability-related targets and initiatives based on these material sustainable issues.



Glossary & URL

Participation in Initiatives <https://corp.sbishinseibank.co.jp/en/sustainability/initiative/initiative.html>

SBI Shinsei Bank Group: PRB (Principles for Responsible Banking) Report 2023 https://corp.sbishinseibank.co.jp/en/sustainability/initiative/initiative/main/07/teaserItems2/02/linkList/0/link/prbreport_e_2023.pdf

Impact-driven Financing Initiative Progress Report 2022 (Japanese) <https://www.impact-driven-finance-initiative.com/wp-content/uploads/2023/01/Progress-Report-2022.pdf>

Achievement of Sustainability through Business Activities

Achievement of Sustainability through Finance (Investments and Loans)

The Group provides a variety of financial products to support customers' sustainability efforts from the financial perspective. In the structured finance, areas of our strengths, (1) Green Loan/Social Loan/Sustainability Loan which designates the use of proceeds for businesses that contribute to improvement of environmental and social issues, such as finance for renewable energy including solar, wind, biomass, and geothermal projects as well as finance for nursing care facilities and hospitals, (2) Sustainability Linked Loans which support borrowers' sustainability management by setting ambitious and meaningful Sustainability Performance Targets (SPTs) and linking the finance terms and conditions such as interest rates to the achievement status, and (3) Positive Impact Financing which aims to create positive impacts in at least one of the environmental, social, and economic aspects.

In May 2020, the Bank became the first Japanese bank to develop a sustainable financing framework as a lender. One of the characteristics of the Bank's sustainable finance is that it has established the Sustainable Impact Assessment Department as an independent function and has established a system for evaluating sustainable finance within the Bank. The Sustainable Impact Assessment Department has formulated the Shinsei Green/Social/Sustainability Finance Framework, the Shinsei Sustainability Linked Loan Framework, and SBI Shinsei Bank Positive Impact Finance Implementation Framework, which conform to various principles related to international sustainable finance and confirms compliance with each framework and provides financing to corporate customers.

TOPIC

The Bank Received "Excellence Award" at the Sustainable Finance Grand Prize

The Bank received the "Excellence Award" at the 8th Sustainable Finance Grand Prize selected by Research Institute for Environmental Finance ("RIEF"). The Bank has so far provided finance to corporate customers for a variety of projects, including renewable energy, green buildings, hospitals, nursing care facilities, and facilities for people with disabilities, after visualizing the impact created by projects and companies through sustainable finance assessments. In recognition of these efforts and track records, the Bank received the Excellence Award.

(Japanese) <https://note-sustainability.shinseibank.com/n/n2469f8ffe01e>

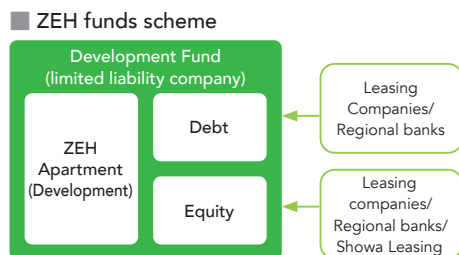


Yuko Nagasawa: Executive Officer, General Manager of Sustainable Impact Development Division (left)
Hirofumi Kusakabe: Chief Sustainability Officer, Managing Executive Officer, Head of Group Structured Solution (right)

With regard to regional revitalization, we are actively working on collaboration with regional financial institutions for financing the renewable energy and healthcare facilities based on the Triangle Strategy, which combines the functions of regional financial institutions, the SBI Group, and the Group in a triangular manner.

The Group companies are also promoting a variety of initiatives to “achieve sustainability through business activities.” As an example, Showa Leasing formed and invested in a fund aimed at developing rental condominiums certified by ZEH (Net Zero Energy House, housing with net energy consumption of less than zero in one year due to energy conservation and energy creation). The Bank’s Sustainable Impact Assessment Department has evaluated the loans and investments in the fund to the Green Loan Principles.

APLUS and Showa Leasing are also developing a leasing business for solar panels for individual and corporate customers in a collaborative manner. We will continue to actively support our customers’ sustainability activities by utilizing the strengths of each company from a sustainability perspective.



Achievement of Sustainability through Deposits (funding)

In May 2023, the Group introduced the Group’s first “Sustainability Deposits” for a limited period and amount in order to provide individual customers who are interested in sustainability initiatives with opportunities to contribute to environmental and social issues through deposits. Specifically, the funds entrusted by our customers will be used to finance not only green projects but also eligible social projects that the Group is actively working on, based on the Sustainability Finance Framework established by the Bank, and will be used to

Message from Sustainability Officer



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.

Message from Sustainability Officer



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.
This sustainability deposit 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.

resolve environmental and social issues.

To deposit money means to deposit the future. The Group believes that the behavior of customers through “deposits” is a manifestation of intention to change the future and aims to create a mechanism for the flow of funds based on sustainability elements in funding and financing, with the key message of “Your deposits will change the future.” We will continue to contribute to maintain and develop a sustainable environment and society with our customers.



Communication of Sustainability Initiatives

It is each employee of the Group who communicates to all stakeholders including customers, the sustainability initiatives that are practiced through day-to-day operations. For this reason, we believe that one of the most important initiatives in sustainability management is for employees to understand sustainability as their own initiatives, and then disseminate these initiatives as a story with their experiences. In fiscal 2022, we promoted the following initiatives.

Talk Session with Outside Directors and Experts on Sustainability

We invited Mr. Kazunori Nakatsuka from QUICK ESG Research Center and held a talk session with Ms. Yurina Takiguchi outside director of the Bank and Mr. Kusakabe Chief Sustainability Officer for employees of the Group. Mr. Nakatsuka and Ms. Takiguchi, both of whom have given many lectures and disseminated information related to sustainability, have spoken of the world's trends on topics such as climate change, biodiversity, human rights, and disclosure as well as examples of initiatives by other companies.

Seminars and Training within the Group

We promoted internal penetration centered on sustainability information that is useful in business



Mr. Nakatsuka from QUICK ESG Research Center (left), Ms. Takiguchi outside director (Middle), and Mr. Kusakabe Chief Sustainability Officer (right)

activities by means of industry-specific webinars, including sustainability trends, by sector analysts in SBI SECURITIES Co., Ltd., and periodic publication of sustainability communications, including intra-group initiatives and SDGs explanations. We also conducted hands-on training using card games to learn what roles the government, companies, and NGOs play in achieving carbon neutrality, and participatory events for employees to boost the momentum of promoting sustainability and understand sustainability in the "APLUS Sustainable Week 2022."

Publication to Outside the Group (SBI Shinsei Bank Group Sustainability Website)

SBI Shinsei Bank Group Sustainability Website conveys our thoughts and stories on the role of financial institutions in sustainability and the Group's efforts in

Contents

1. Significance of corporate sustainability initiatives and trends in the world
2. Framework for promoting sustainability of the SBI Shinsei Bank Group
3. Trends of other companies and banks
4. Points we would like to focus on in the future and messages for future initiatives

(Japanese) <https://note-sustainability.shinseibank.com/n/nfce673cd655c>

sustainability in an easy-to-understand manner so that viewers can understand it in more realistic ways. We want more stakeholders to feel closer to us, who are seriously working on sustainability in the financial industry, where the image of "people" is difficult to see but actually working through trial and error without giving up. This website introduces the sustainability-related projects the Group is working on through interviews with persons in charge of the projects.

(Japanese) <https://note-sustainability.shinseibank.com/>



Sustainability-related Risks and its Management

Top Risk

We identify risks related to dealing with environmental and social issues and actualization of human resource risks as risks that are likely to have a significant impact on the Group (important risks in management). For details, please also refer to Risk Governance (p.70).

Risks Associated with Addressing Environmental and Social issues

- Stricter laws and regulations concerning environmental issues (including climate-related issues) and responses to social issues.
- Decline in competitiveness and deterioration in reputation due to the perception that the Group’s response to environmental and social issues is inadequate.
- Increase in credit costs due to deterioration in business conditions of borrowers with insufficient responses to environmental and social issues.

Emergence of Human Resource Risks

- Decline in competitiveness in strategic fields and core fields due to difficulties in hiring new graduates and mid-career workers amid intensifying competition for human resources.
- Emergence of problems in internal management and the intensification of operational constraints stemming from an increase in the number of retirees among mid-career and veteran employees against the backdrop of the acceleration of personnel mobility.

Risk Management

We have established a framework to identify important risks in management based on the management discussions, and we are continuously strengthening our ability to predict and manage these risks and manage them. In particular, we disclose information on climate change by analyzing scenarios based on the framework of the Task Force on Climate-Related Financial Disclosures (TCFD) and measuring physical and transition risks. In addition to establishing the Responsible Investment and Lending Policy, we participate in global initiatives such as the Equator Principles for financing

projects with development and the Poseidon Principles for vessel financing. We engage in finance after appropriately judging risks and economic rationality. For more information, please refer to "Strategy for Climate Change" (from p.38).

Metrics and Targets

The sustainability targets based on the Group’s material sustainability issues and the progress made in fiscal year 2022 are as follows.

	Item	Target	Progress
Achieving Sustainability through Business Activities	Financing for solving environmental and social issues	<ul style="list-style-type: none"> • 5 trillion yen of cumulative origination of sustainable finance by the end of FY2030 • Supporting transition promotion of corporate customers in high-greenhouse gas emissions sectors 	<ul style="list-style-type: none"> • The amount of origination of sustainable finance was 451.3 billion yen —Progress in collaboration with regional banks through the provision of the Group’s financial functions —In addition to green loans and social loans, implement sustainability-linked loans and positive impact finance, as well as promote transition-linked loans • Introduced “Sustainability Deposits” for individual customers • 5 million yen was donated through the Digital First Promotion Project, which the Group donates to the Ashinaga Foundation according to the number of online procedures prescribed by individual customers. • Establishment and investment of ZEH development funds by Showa Leasing
	Providing financial services in light of changes in social and various other needs	<ul style="list-style-type: none"> • To continue to present new value and options to customers through the utilization of FinTech and collaboration with business partners in response to changes in social and diversification of customer values 	
	Contributing to the solution of environmental and social issues from a global perspective	<ul style="list-style-type: none"> • Solving environmental and social issues by providing financial services utilizing new technologies both domestically and overseas 	
	Building a flow of funds to solve environmental and social issues	<ul style="list-style-type: none"> • Providing products respectively in order to link financiers and providers of funds under the theme of solving environmental and social issues 	
Responsibility to Sustainable Environment and Society	Respect for human rights and enhancement of human resource value	<ul style="list-style-type: none"> • To establish a framework for promoting and managing respect for human rights, and appropriately fulfill the corporate responsibilities • To create a working environment in which each employee recognizes his or her own values and personalities and maximizes his or her strengths and characteristics • To foster an organizational culture that realizes the creation of new values while harmonizing diversity 	<ul style="list-style-type: none"> • The Group’s target for the ratio of women in managerial positions has reached a numerical milestone target (18% or more) in the Action Plan of the Women’s Activities Act • Conducted human rights due diligence for employees and reported to the Group Human Rights Promotion Committee. Establishment of human rights due diligence framework for business partners is to be developed
	Responding to Climate Change	<ul style="list-style-type: none"> • Net zero greenhouse gas emissions from the Group’s energy use by the end of FY2030 • Net zero greenhouse gas emissions in the Group’s investment and loan portfolio by the end of FY2050 • Zero loan balance for project finance for coal-fired thermal power generation by the end of FY2040 	<ul style="list-style-type: none"> • Contributed to the reduction of greenhouse gas emissions by switching to renewable electricity for some of our offices • Expanded the scope of greenhouse gas (GHG) emissions measurement in the portfolio of borrowers and investments • Loan balance for project financing for coal-fired thermal power generation decreased steadily to 41.2 billion yen (including committed but not yet disbursed amounts, as of March 31, 2023)
	Promotion of philanthropic initiatives	<ul style="list-style-type: none"> • Creation of social impact through sustainable social contribution activities and disclosure of the impact 	<ul style="list-style-type: none"> • Implementation impact assessment of MoneyConnection® a basic monetary educational program developed in collaboration with the NPO-SODATEAGE-NET
	Improvement of governance	<ul style="list-style-type: none"> • Establishment of a supervisory system for the Board of Directors and a management executive system for addressing sustainability • Consideration of the status of sustainability initiatives in evaluation and compensation • Establishment of a risk management system for sustainability 	<ul style="list-style-type: none"> • Renovated the Sustainability Management Promotion System • Reflected sustainability items in performance evaluation items • Continuous information gathering for evaluation/compensation of directors and establishment of sustainability risk management system

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. For details, please refer to Governance of Management for Sustainability (p.33).

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.

Support for resolving issues in the financial field Promotion of Green Finance

In our corporate business, the Sustainable Impact Development Division works with each department to develop and implement sustainable finance as well as provide business support to customers that contribute to resolving climate change. For developing

and implementing sustainable finance, we formulated the Shinsei Green Finance Framework and the Shinsei Sustainability Linked Loan Framework, consistent with principles in and outside of Japan, such as the Green Loan Principles and the Sustainability Linked Loan Principles. The Sustainable Impact Assessment Department, part of the Sustainable Impact Development Division, assesses the suitability of the finance within this framework.

Using these sustainable finance products, the Sustainable Impact Assessment Department assessed 20 cases (JPY 77.2 billion in total) in fiscal 2022 that would help to resolve climate change. These include Shinsei Green Loans and Shinsei Sustainability Loans, which specify the use of funds for projects that contribute to creating a positive impact for the environment, and Shinsei Sustainability Linked Loans, which have interest rate preconditions that fluctuate according to the level of achievement of sustainability targets, as well as projects with targets for reducing CO₂ emissions. The Sustainability Linked Loan made for Kyushu Leasing Service Co., Ltd. in September 2022 established "the balance of environmental assets contributing to greenhouse gas reduction" as a sustainability target indicator and was a syndicated loan arranged by the SBI Shinsei Bank ("the Bank"), with the participation of six

other financial institutions. By setting sustainability target indicators, we can expect a ripple effect for an increase in green assets in the future.

To "achieve sustainability through business activities," one of the core strategies for realizing the Medium-Term Vision for the Group, we developed "initiatives toward the regional revitalization by supporting regional financial institutions, enterprises, residents and local governments." We have also strengthened initiatives in collaboration with regional financial institutions, such as sustainable finance in the form of syndications for renewable energy businesses including solar, wind, and biomass. As part of these initiatives, the Shinsei Sustainability Loan for Fukushima Bank, Ltd. in December 2022 not only provided sustainable financing but also helped establish a system for promoting sustainable financing at Fukushima Bank. A portion of the funds provided by this project was also allocated to renewable energy projects in Fukushima Prefecture, and as a result, this transaction helped to disseminate sustainable finance to regional financial institutions as well as create a flow of funds in the region that contribute to resolving climate change.

In fiscal 2022, we began offering positive impact finance (PIF), a type of financing product intended to create a positive impact in at least one area, as well

as assuming effective mitigation and management of significant negative impacts on all three areas: the environment, society, and the economy. Unlike Shinsei Green/Social/Sustainability Finance, the PIF does not specify the use of funds nor is linked with lending preconditions, such as interest rate fluctuations, unlike the Shinsei Sustainability Linked Loan. However, a PIF requires an analysis of the customer's business as a whole, identifying the core impacts, then holding constructive dialogues to reduce the negative impact as well as increase the positive impact. We aim to create a flow of funds for businesses that contribute to resolving climate change from these various sustainable finance products.

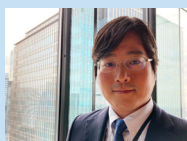
Promoting support for the gradual transition to decarbonization

To realize a decarbonized society, we need to keep in mind that not all countries, regions, and businesses are able to work toward decarbonization by themselves, including both the technology and the cost. In addition to businesses already in "green" areas that contribute to decarbonization, it is necessary to promote emission reductions to the highest extent by introducing technologies that are in the transition stage. For this reason, transition finance plays an important role as a

financing tool for customers in hard-to-abate sectors to achieve decarbonization in line with their long-term transition strategy. In transition finance, the key is to assist and promote the steady implementation of a highly reliable transition strategy through dialogues with finance providers, as well as to establish and disclose these strategies. At the same time, we recognize that supporting decarbonization in these sectors is essential, both in our climate-related initiatives and our social responsibility as a financial institution. To support our customers' transitions, we have formed a cross-divisional Transition Taskforce to hold dialogues with our customers. In addition, we are considering strategic transition support that also takes into account business opportunities.

In April 2023, we shaped climate transition finance for JERA Co., Inc., the Bank's first transition financing case. The Bank arranged a syndicated loan with 9 regional financial institutions. The Bank's Sustainable Impact Assessment Department reviewed the medium- and long-term transition strategies of this company and assessed their compliance with applicable principles, such as the Climate Transition Finance Handbook, an international guidance. Through dialogues, we will continue to use transition finance to support and promote the steady transition of our customers.

Comments from the team lead of Climate Transition Finance



Noriaki Hirasawa
Deputy General Manager,
Corporate Banking Business Division II
SBI Shinsei Bank, Limited

We created a syndicated loan of JPY 17.6 billion for JERA, which uses a variety of transition strategies to create a decarbonized society. This very meaningful project has real social significance.

At the start of this transaction, financial institutions other than the Bank are required to understand JERA's strategies and the significance of transition financing. We cooperated with the Syndicated Finance Division to meet their requirements. As a result, 10 financial institutions including the Bank participated in the loan, with these commending remarks from JERA: "We highly appreciate your support and are grateful that we could have developed new relations with each financial institution participating in the loan."

This was the first transition financing for the Bank, and I hope that this will be the trigger for transition financing to help make Japan carbon neutral by the year 2050.

Launch of support for problem solving in non-financial areas

Support for solving issues in the nonfinancial field

For mitigating climate change centered on reducing emissions, we have found that some customers do not

know where to start with emission reductions, while others do not know where to start with calculating their own emissions. For these reasons—aside from continuing to support existing businesses—as well as providing investment and loans to date, we began offering new solutions in the nonfinancial field in fiscal 2022. In addition to cloud service companies that calculate and reduce CO2 emissions, we contracted with several other companies: one that provides software services to reduce disposal losses through sophisticated inventory analyses and the control of defective inventories; and another that provides cloud services for calculating greenhouse gas (GHG) emissions. For customers who have not necessarily made progress in reducing emissions, it is important for them to be aware of the amount of emissions from their own companies and supply chains. Moreover, by providing a way to cut emissions by reducing waste, we have established a system that enables us to provide a range of support services tailored to the phases of climate change-related initiatives and business patterns. In collaboration with these partner companies, we will support our customers' initiatives to tackle climate change from both the financial and nonfinancial viewpoints.

Risks

Climate Change 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.

Climate Change Risk Heatmap by Sector

Portfolio of investments and lending to		Transition risk	Physical risk	Exposure
Business corporations, etc.	Petroleum, natural gas and methane	High*	Low *	Medium
	Electric power	High*	Low *	High
	Shipping and air transportation	High	Medium	Medium
	Land transportation	Medium	Medium	Low
	Automobiles	Medium	Medium	Low
	Metals and mining	High	Medium	Low
	Chemical	High	Medium	Low
	Construction materials and capital goods	Medium	Medium	Medium
	Real estate management and development	Low	Low *	High
Individuals	Beverages and foods	Medium	Medium	Low
	Paper and forestry	High	Medium	Low
	Housing loan	Low	Medium*	High
	Consumer finance	Low	Medium*	High

* Quantification is done for almost all or some part of the targeted industries.

Review of Climate Change Risks by Sector

We qualitatively assessed climate change risks in sectors that are likely to be affected by climate change. Based on the results of qualitative assessments and the size of exposure, the Group prioritizes each sector and asset type, and delves deeply into the risks through quantitative analysis and other methods.

Scenario Analysis

We have positioned the response to climate change as an important management issue and have organized our worldview, opportunities, and risk scenarios based on economic fluctuations and two-dimensional scenarios

that we are monitoring daily (please refer to the following table, Scenario Analysis Matrix). In response to the fact that the world is heading toward a scenario of 2°C or less, we have summarized the state of the Group’s responses.

To identify the investment and lending sectors that will significantly impact the Group for climate change risks, we conduct a risk assessment for each sector—described in the Risk Heatmap, above—and consider the level of importance from the portfolio composition of the Group’s investment and lending. Sectors with high physical risks are focused on real estate (including for individuals), and sectors with high transition risks are

focused on electric power utilities, shipping, and the oil and gas industry. For each of these sectors, our policy is to disclose the results of the quantification of physical and transition risks.

Physical risk is quantified as domestic real estate nonrecourse loans, mortgage loans, domestic project finance, and personal unsecured loans from Shinsei Financial. Estimating the impact of physical risks, cumulative credit-related costs through fiscal 2050 are projected cumulatively in the range from ¥5.5 billion to ¥9 billion. Although it is not necessary to take immediate countermeasures at this point, we will continue to monitor and look into expanding the scope of quantification.

For transition risk, we quantified the impact of the shipping sector in addition to electric power utilities and the oil and gas industry, and estimated that there were ¥6.5 billion to ¥28 billion of cumulative credit-related costs through fiscal 2050. For the transition to a decarbonized society, we will strengthen engagement with business partners and strengthen our risk management system. We will continue to examine expanding the scope of quantification and proactively engage in investment and lending to projects and businesses that contribute to resolving issues for the transition to a decarbonized society.

Scenario Analysis Table

	Physical risk	Transition risk
Scenario	IPCC Fifth Assessment Report RCP2.6 (2°C scenario)/8.5 (4°C scenario)	NGFS Net Zero 2050 (1.5 °C), Delayed Transition, Current Policies
Target period	Year 2050	Year 2050
Risk events	Impairment of collateral value due to flooding, occurrence of defaults	Business/financial deterioration of investment and lending companies due to the transition to a decarbonized society, occurrence of defaults
Target business	Domestic real estate non-recourse loans, domestic project finance, housing loans, and unsecured loans and personal unsecured loans of Shinsei Financial	Electric Power Utilities, Oil and Gas, Shipping
Financial impact	Cumulative credit cost impact of around JPY5.5 billion to JPY9 billion	Cumulative credit cost impact of around JPY6.5 billion to JPY28 billion

Scenario Analysis Matrix

(Time axis) Short term: ▲ Medium term: ● Long term: ■

	1.5°C scenario	4°C scenario
Scenario	<p>Technological innovation and tightening of regulations on measures against climate change are advancing.</p> <ul style="list-style-type: none"> Tightening regulations and technological innovation advances (elicitation of risk of transition). The Paris Agreement moves from the target to the implementation phase. In addition to the introduction of strict carbon tax, the decarbonization social rapidly progresses due to aggressive policy guidance. The damage caused by floods and typhoons is suppressed compared with 4°C. Along with the tightening of regulations and technological innovation to achieve 2°C or less, there is also the possibility that an economic recession will occur mainly due to the default of companies that cannot keep up with changes in the social structure and an increase in structural unemployment caused by mismatch. 	<p>Current measures against climate change will be maintained.</p> <ul style="list-style-type: none"> Many countries withdraw from the Paris Agreement. Carbon tax will be maintained, and low-carbon policies will be abandoned. Due to flooding caused by the heavy rainfall of guerilla, and the intensification of landfalling typhoons, wind and flood damage increases. Due to frequent disasters, physical risks materialize. Due to repeated financial measures for frequent wind and flood disasters, fiscal deterioration spreads, and sovereign rating downgrades and long-term interest rates rising, and an economic recession such as a decline in real estate prices occurs. As a result, the fiscal expenditure for frequent disasters causes an increase the fiscal deficit. Thereby, interest rates rise, and real estate values fall.
Risks	<ul style="list-style-type: none"> Increased risks of defaults in the high greenhouse gas emission sector (Including stranded assets such as coal-fired thermal power generation). ▲ Along with the tightening of regulations and technological innovation to achieve 2°C or less, the default risk of non-high greenhouse gas emitting sector companies and individuals rises, and credit costs are further incurred. ▲ 	<ul style="list-style-type: none"> The occurrence of defaults in investments and lending due to the actualization of wind and flood disasters. ▲ ● ■ Increasing default risk in personal business due to the due to disasters and income declines of debtors. ▲ ● ■ Credit costs arising due to falling real estate values. ● ■ Unrealized losses on securities, mainly bonds. ● ■
Opportunities	<ul style="list-style-type: none"> Increasing of needs for transition assistance financing. ▲ Increasing of investment and lending needs for decarbonization. ▲ 	<ul style="list-style-type: none"> Since many large loan portfolios are relatively strong, demand for funds for repairs and strengthening disaster prevention equipment increases. ▲ ● ■ Increasing needs for hedging climate change risks and for insurance products. ▲ ● ■



Impact on SBI Shinsei Bank Group and Response

Initiatives through Business

- Continue arranging project finance for renewable energy such as solar, wind, and geothermal.
- Efforts to finance green social and industrial infrastructure, such as environmentally friendly vessels and environmental real estate.
- Promote Transition Finance (Transition Support Finance) with a focus on High-Emission Sectors.
- Promote leasing of construction machinery used for natural disaster recovery and countermeasures as well as brokerage of used property sales.

Risk analysis

- Impact of physical risks (domestic real estate, domestic project finance, housing-related, and consumer) have been quantified. From now on, we will expand and refine the scope of measurement.
- Quantified transition risk (electricity/oil and gas sector, vessels sector) completed. In the future, we will expand the scope of measurement coverage and promote refinement.

Target setting

- JPY5 trillion of cumulative origination of sustainable finance by the end of FY2030.
- Zero loan balance for project finance for coal-fired thermal power generation by the end of FY2040.
- Net zero greenhouse gas emissions in the Shinsei Bank Group's investment and loan portfolio by the end of FY2050.

Risk Management

Responsible Investment and Lending Policy

In July 2021, the Group established the Responsible Investment and Lending Policy with the aim of upgrading the system for promoting responsible investment and lending. Transactions with partner companies that do not fully consider environmental and social issues is seen as a management risk, and we prohibit or restrict transactions based on the recognition that there are serious risks to the environment and society when investing and lending for certain types of projects.

From the perspective of responding to climate change, based on a precautionary approach, we do not make new investments for the construction of new coal-fired thermal power plants and we are reducing the amount of investment and lending for existing coal-fired thermal power plants.

Equator Principles

For creating a positive social impact, the Group is strongly aware of the role of encouraging customers to consider the environment and society as a provider of

funds. In April 2020, we adopted the Equator Principles in the belief that this is essential for strengthening the management system for environmental and social risks in project finance and other areas. When lending for projects that involve largescale developments, we review the impact of these projects on the environment and society and make comprehensive decisions based on the Equatorial Principles, in this way fulfilling our social responsibility and enhancing our management of environmental and social risks.

Fiscal 2022 results:

Number of projects financially closed by applying the Equator Principles:

10

* Includes one Project Finance Advisory Service (FA) and therefore does not equal the sum of the risk category award outcomes below.

Equatorial Principles risk categories used when financing these projects:

A: 0, B: 8, C: 1

Poseidon Principles

The Group recognizes the importance of financial

institutions' initiatives to address climate change risks in the shipping industry. Reducing GHG emissions is an unavoidable issue for the shipping industry. We understand that it will become more crucial to be aware of the Poseidon Principles and to respond to them in climate change risk for vessel financing.

In March 2021, we signed the Poseidon Principles as the fourth financial institution to do this in Asia. In committing to the Poseidon Principles, as a financial institution that proactively engages in vessel financing, we will provide financial support for transitions to customers and the overall shipping industry as well as manage the climate change risks associated with our businesses.

From now on, we will continue to renew our lending portfolio by strengthening our financing for vessels equipped the latest technologies, such as new/young and dual-fuel vessels. In addition to our customers, we will continue to strengthen our network with stakeholders who support the shipping industry, creating a virtuous circle that seizes opportunities for environmentally friendly vessels and green/transition finance.

GX League

In November 2022, the Group announced support for the GX League Basic Concept, a carbon neutral initiative led by the Ministry of Economy, Trade and Industry, and in April 2023 we participated in the GX League. As part of the Group's initiative to reduce our own GHG emissions, we switched to renewable energy last fiscal year at the Nihonbashi head office and Shinkawa office in Tokyo. In addition, we will continue to work using dialogues to help reduce GHG emissions in the investment and lending sectors.

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

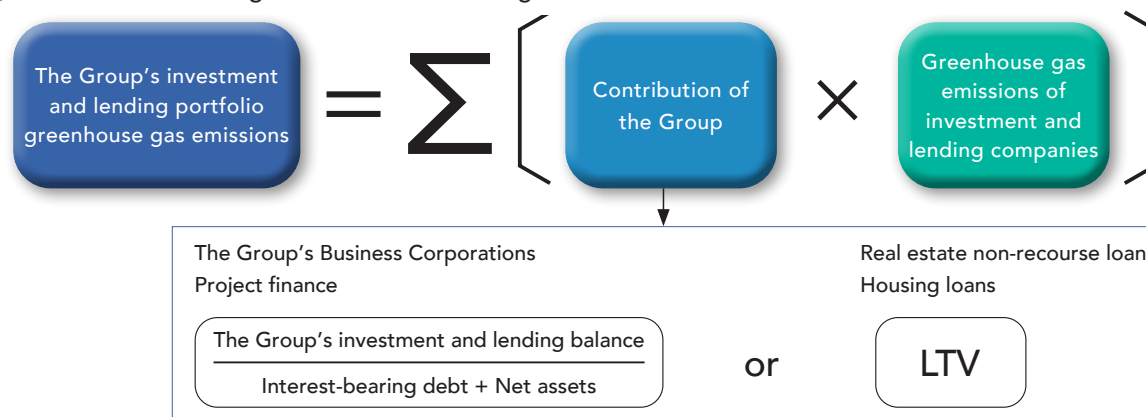
In fiscal 2022, we switched to renewable energy at the Nihonbashi head office and Shinkawa office in Tokyo. Through this initiative, we were able to reduce the greenhouse gas (GHG) emissions of the entire group. Companies in the Group will continue to work together to reduce GHG emissions to reach the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

For more detailed information on GHG emissions, please refer to the ESG Data ---Environment (p.75) of this report.

- 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

Investment and Lending Portfolio Greenhouse Gas Emissions

Formula for Calculating Investment and Lending Portfolio Greenhouse Gas Emissions



What is the Group's investment and lending portfolio for GHG emissions?

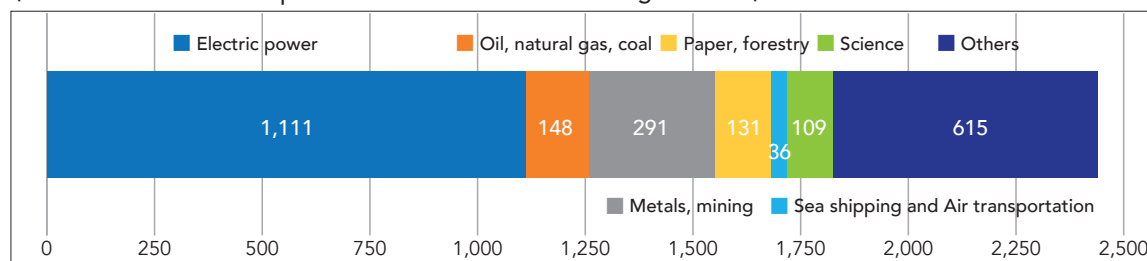
This is the ratio of the investment and the lending balance of the Group to the GHG emissions for each investment and lending companies.

The net assets of listed companies are the market capitalization of common stock and preferred stock.

Measurement Results of the Bank's Business Corporations, Project Finance, Real Estate Nonrecourse Loans, and Housing Loans

Asset type	Balance to be calculated (JPY1billion)	GHG emissions (ktCO ₂ e) ^(*)	Carbon intensity	Data quality score ^(**)
Business corporations	1,640	2,441	2.06 (ktCO ₂ e/JPY1billion)	2.41
Project Finance	134	521	0.60 (ktCO ₂ e/MWh)	3.00
Real Estate Nonrecourse Loan	715	198	0.09 (ktCO ₂ e/km ²)	4.00
Housing loans	1,109	92	1.50 (ktCO ₂ e/JPY1billion)	4.34

Breakdown of Greenhouse Gas Emissions by Sector (the Bank's Business Corporations Investment and Lending Portfolio)



The Group has set the target of achieving net-zero GHG emissions from the Group's investment and lending ^(*) by the end of fiscal 2050.

At the same time, the actual GHG emissions are calculated based on the international standards published by PCAF ^(**). In fiscal 2022, we also measured GHG emissions from our investment and lending portfolio for project finance and real estate Nonrecourse loans ^(***) in addition to a portion of Bank's business corporations and housing loans. From now on, we plan to continue working in stages to gradually increase the number of target assets and improve the accuracy of calculations.

*1 Greenhouse gas (GHG) emissions are calculated using the international standards published by PCAF. For details see PCAF The Global GHG Accounting & Reporting Standard for the Financial Industry. <https://carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf>

*2 Data quality scores: Accuracy is scored on 5-level scale for each measurement/estimating approach for GHG emissions of investment and lending. The smaller the value, the higher the accuracy.

*3 These GHG emissions are calculated as the contribution of the Group to the total GHG emissions of each investment and lending.

*4 The Bank became a member of the PCAF (Partnership for Carbon Accounting Financials) in October 2022 and is working to upgrade the assessment of GHG emissions from investment and lending through PCAF's GHG gas transparency protocols (aggregation method).

*5 Of the six asset types in the PCAF standards, we measured GHG emissions of the investment and lending portfolio based on the calculation methods from "listed stocks and corporate bonds" and "business loans and unlisted stocks" for the Bank's business corporations, as well as "residential real estate" for housing loans, "project finance" for project finance, and "commercial real estate" for real estate non-recourse loans.

Glossary & URL

PCAF "The Global GHG Accounting & Reporting Standard for the Financial Industry" <https://carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf>

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.



Usei Yano
Executive Officer, In charge of Group Human Resources

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.

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.

Work Style Support

Remote Work System

Allows employees to work outside the office, such as at the employees' home or family's home, for an unlimited number of days.

No Dress Code

Dress code guidelines have been abolished.

Flexitime

Allows employees to start or finish work up to two hours earlier or later than normal.

Career Support

Side Work/ Concurrent Work

Allows employees to concurrently engage in personal business (outsourcing, business start-up, company executive, etc.) or work concurrently for another company.

Life Support Leave

Leave system that supports a variety of working styles and career development in accordance with each person's life stage.

Active Participation of Women

Providing career support to women who aim to become managers and establishing initiatives to change our organizational culture.

Active Participation of Senior Personnel

Provide training programs to enable senior employees to independently design their careers.

Diversity and Inclusion (D&I) at SBI Shinsei Bank Group

In order to continue to create sustainable value, the SBI Shinsei Bank Group aims to create an organization in which diverse human resources can play an active role and become a company in which each employee can work with satisfaction regardless of his or her age, gender, nationality, disability, sexual orientation, or identity.

We are promoting the creation of a work environment in which employees can work with a sense of satisfaction and purpose in order to achieve continuous results, including the introduction of a remote work system, a self-time difference work system, a flextime system, a life support leave/time reduced working hours system, a three-day work week/ four-day work week system, and the complete abolition of dress codes. In order to push forward the promotion and utilization of diverse careers, we are helping to create an autonomous career that takes advantage of each individual's strengths and individuality. For example, we became the first major bank to allow side/concurrent work, so that

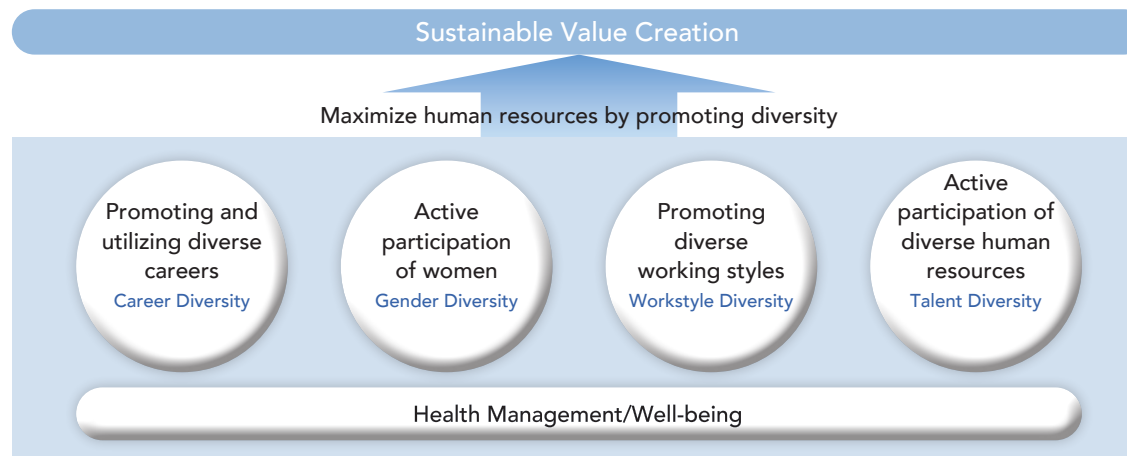
■ Workstyle Reform-Related Programs of SBI Shinsei Bank Group

System	Details
Self-Directed Flex-Time	Allows employees to start or finish work up to two hours earlier or later than normal starting or ending times in increments of 30 minutes
Flex-Time System	Allows employees to fix daily starting time and working hours within the predetermined total working hours per month
Three-day Work/Four-day Work per Week	Allows employees to work either three days or four days per week
Work from Home	Allows employees to work for an unlimited number of days from their home or a relative's home (within two degrees of kinship)
Side Work/Concurrent Work	Allows employees to concurrently engage in personal business (outsourcing, business start-up, company executive, etc.) or work concurrently for another company
Commuting by Bicycle	Allows employees to commute by bicycle
Half-Day Paid Time Off	Allows employees to take time off in half-day increments during designated hours in the morning or afternoon
Hourly Paid Time Off	Allows employees to take time off up to five days per year and up to four hours per day in one-hour increments (in combination with half-day paid time off)
Special Leave to Male Employees for Childbirth	Allows for 20 days leave after spouse's pregnancy up to the child reaches two years old (allows employees to take leave on a split basis or in half-day units)
Life Support Leave	Allows employees to take a leave of absence for reasons including childcare, family care, study abroad, fertility treatment, spouse work transfer, etc., not covered by existing frameworks
Life Support Reduced Working Hours System	Working time reduction system for reasons that cannot be covered by the statutory working time reduction system
Maternity Leave	Female employees can take leave six weeks prior to childbirth and eight weeks following childbirth
Childcare Leave	Allows employees to take leave for childcare up to the child reaches two years of age
Family Care Leave	In principle, employees can take up to a total of 240 days off to care for each family member who requires care

(Note) Only employees satisfying certain conditions are eligible to take the systems noted above.

employees are able to link learning outside the company or in a place away from business for individual growth and organizational innovation.

In April 2023, the five SBI Shinsei Bank Group companies* formulated an action plan based on the "Act on Advancement of Measures to Support Raising Next Generation Children and The Action Plan for Act on the Promotion of Women's Active



Engagement in Professional Life," for three years starting in fiscal 2023. The Group set three common targets to create an environment and foster an organizational culture in which all employees at the Group can demonstrate their abilities and play an active role with reward while harmonizing their work and lifestyles.

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

Action Program of SBI Shinsei Bank

- Target 1:** Achieve a ratio of 25% or more for women in managerial positions (Senior managerial positions or higher) ■
- Target 2:** The average rate of annual paid holidays taken shall be 70% or more, as a promotion to create a work environment in which all employees can work in a healthy and rewarding manner and are able to produce results. ■ ■
- Target 3:** All employees are to receive information and training that is aimed at contributing to the development of an environment and a corporate culture while balancing work and lifestyles at each life stage. ■ ■

■ Act of the Promotion of Women's Active Engagement in Professional Life
 ■ Act on Advancement of Measures to Support Raising Next Generation Children

Active Participation of Women at SBI Shinsei Bank Group

The SBI Shinsei Bank supports the "Declaration on Action by a Group of Male Leaders Who Will Create a Society in which Women Shine" advocated by the Cabinet Office. In addition, we are actively promoting women's career through the signing of the Women's Empowerment Principles. The Group Women's Activity Promotion Committee, established in February 2018, is composed mainly of the top management of business divisions and directors of Group companies and is strongly driving the promotion of the active participation of women in the Group. In April 2022, we obtained the "Eruboshi (Stage 3)" certification based

on our efforts and achievements in promoting the active participation of women.

International Women's Day Event

The SBI Shinsei Bank Group held events and webinars for five days from March 6 to March 10, 2023, as "Women's Week 2023," in conjunction with the "International Women's Day," which is held every year on March 8th, to learn and think about gender equality, women's empowerment and D&I.

During the period, we held events to show support for gender equality such as using original web backgrounds, wearing yellow clothing, and posting of photographs associated with the International Women's Day on Women's

Week 2023 community of the internal SNS. In addition, we invited Ms. Takako Masai, Chairperson, SBI Finance and Economy Research Institute, and held a lecture on D&I and the promotion of women's participation entitled "My thoughts on Gender Equality --- To Live an Enriched Life." In the latter half of this lecture, a panel discussion was held by Ms. Masai, Katsuya Kawashima, President and CEO, Eisuke Terasawa, Director and Managing Executive Officer, Yoko Adachi, Managing Executive Officer and Tomoko Ogawara, Executive Officer of the Bank. Participants actively exchanged views on the promotion of women's participation. A networking opportunity of women leaders in the SBI Group and the SBI Shinsei Bank Group, with the attendees and the management team was held following the lecture.

In addition, we held the "Unconscious Bias" seminar using an online format, featuring Mr. Tomotaka Moriya, the president of the UNCONCIOUS BIAS LABORATORY, a general incorporated association, as a lecturer. Mr. Moriya gave a lecture about the meaning of unconscious bias, the impact of unconscious bias, and how to deal with it.



■ Target Ratio of Women in Management Positions (Senior Manager or Above) (From April 1, 2023)

SBI Shinsei Bank	APLUS	Shinsei Financial	Showa Leasing	Shinsei Investment & Finance
25%	25%	20%	12%	18%



Initiatives for LGBTQ +

Aiming to create an organizational climate in which sexual minority employees can work with peace of mind, we are enhancing our personnel and welfare systems and installing consultation desks, as well as conducting training for all employees and promoting alignment activities.

In November 2022, major SBI Shinsei Bank Group companies received the highest "Gold" in PRIDE Index, an index for evaluating efforts by voluntary group "work with Pride" which promotes to improve workplace environments for LGBTQ and other sexual minorities.



Icons of ally that incorporated rainbow, a symbol of LGBTQ+

Employment Initiatives for Persons with Disabilities

There are 95 people with disabilities working in various SBI Shinsei Bank Group workplaces (as of April 2023), based on the idea that individuals with diverse values should be able to harness their individuality and work together in the same workplace, rather than separating people with disabilities from those without disabilities. In October 2020, we joined the Accessibility Consortium (ACE) established with the aim of setting up a new model for the employment of people with disabilities. In March 2021, the Group endorsed "The Valuable 500", an international initiative to promote the active participation of people with disabilities.

Efforts for Employee Health

The SBI Shinsei Bank Group is working to maintain and improve the health of employees and create a safe and comfortable working environment in cooperation with the Health Committee and industrial health, in accordance with

laws related to occupational health and safety. The health management promotion section of the Group Human Resources Division is working to promote employees' health management. Each Group company's health management committee, the Health Management Promotion Committee, and the Health Insurance Association are actively involved in collaborating with the Health Development Center, industrial physicians, and public health nurses to create a viable system. We have formulated the SBI Shinsei Bank Group Health and Management Declaration to further promote healthy management, in order to create a workplace environment in which employees can work happily and with satisfaction both mentally and physically and are able to demonstrate their abilities. We are also promoting health management by holding regular walking events using smartphone apps co-sponsored by the Health Insurance Association and conducting mental health training after stress checks. In 2021, 2022, and 2023, we were certified as an "the outstanding organizations in Health & Productivity Management."

Special Feature
Roundtable
Talk by an
Executive
Officer and
Employees

SBI Shinsei Bank Group's Flexible Way of Working

[Attendees]



Managing Executive Officer, In charge of Financial Institutional Business and Institutional Business, SBI Shinsei Bank, Limited
Ms. Hiroko Adachi

After working in a foreign financial institution, Ms. Adachi moved to Goldman Sachs in 1998 and accumulated experience in product development, sales, and management before joining the Bank in September 2021.



Markets Division, SBI Shinsei Bank, Limited
Mr. Shinichiro Okamoto

Mr. Okamoto joined the Bank in 2008. After working at a branch office, he got transferred to the Markets Division through internal recruitment. After that, he moved to a specialty trading company before re-joining the Bank.



Legal Department, Group Legal and Compliance Division, SBI Shinsei Bank, Limited
Ms. Chikako Karasawa

Ms. Karasawa joined the Bank in 2008. Since then, she has accumulated vast experience as a specialist in banking-related legal affairs matters. In April 2015, she resigned due to her husband's work and relocation overseas. In November 2020, she returned to Japan and rejoined the Legal Department, using the reemployment system.



Operation Control Department, APLUS Co., Ltd.
Ms. Yuna Tatsumi

Ms. Tatsumi joined APLUS Co., Ltd. in 2018. Initially she was hired as a regionally-limited employee and worked at the Fukuoka Operations Center for about five years. In 2022, through the internal job posting system, she transferred to the Operation Administration Department in Tokyo.



Yokohama Financial Center, SBI Shinsei Bank, Limited
Mr. Takuya Omasa

Mr. Omasa joined the Bank in 2015. He has been in charge of asset management support for individual customers as a retail banker. After working at the Umeda Financial Center and secondment to APLUS, he started working at Yokohama Financial Center from 2017.

*current SBI Shinsei Bank

The SBI Shinsei Bank Group, which joined the SBI Group in December 2021, is aiming for further growth. The structure of the Bank has been enhanced, and not only the organization but also the diversification of employees is progressing. We held a roundtable talk with employees having diverse backgrounds, which has been the source of our value creation. An executive officer was the moderator, and discussed the attraction of the SBI Shinsei Bank Group as a place to work, as well as the challenges and expectations for future growth as an organization, and as individuals.

Able to build careers flexibly in response to changes in individuals

Adachi: Today we have gathered people from various backgrounds. In 2021, I shifted my career from a foreign financial institution. Upon doing so, I realized that SBI

Shinsei Bank was more flexible than I thought, with many mid-career hires and returnees. How is SBI Shinsei Bank as a workplace from your perspective?

Tatsumi: I originally joined APLUS as a regional-limited employee because I wanted to work in Fukuoka, but as I gained experience, I wanted to take on new challenges, so I applied for an internal job posting. My boss was proactive, and I was able to transfer smoothly. Now I am working at the head office in Tokyo for a limited time of two years. I am grateful to have this kind of experience. Last year, the Operations Management Group tried the work style of experiencing head office operations in Tokyo without living in Tokyo.

Adachi: What people want in the workplace changes according to the life stage, so it would be good for the

company to be able to respond to it.

Karasawa: I use the employment system in line with changes in my life stage. Due to my husband's transfer overseas, I retired from the Bank; however, I was able to return to work after five years. I retired at the time the Bank formally introduced the returning employee system, so I registered for it. After returning to Japan, I found that the working environment had become easier, and, therefore, I was able to return to the company with peace of mind. Not a few people came back after leaving the Bank once, before this system was established, so I didn't feel much anxiety. I feel that the Bank's support for balancing childcare is more extensive than before.

Adachi: There are a lot of people who come back to the Group.

Okamoto: I am one of them. I didn't quit the company because I didn't like it. As I had been working for one company since I graduated, I wanted to gain some experience in a different field. Once I actually left to work outside, I realized that the ordinary things at the Bank were very attractive for me, so I returned to the Bank. The Markets Division employs many mid-career hires with different backgrounds. There is no such thing as shared common sense, in a good way. My working place has a culture where we express our opinions clearly and share our work and progress in a way that everyone can understand. I am learning a lot by sharing my diverse experiences including failures.

Omasa: I myself have no experience of changing jobs, but I do not feel any discomfort towards such people. At the Yokohama Financial Center, I currently hold regular 1on1 meetings with the general manager. I can frankly convey my thoughts on working styles and career-building. I think that even if there is a change in the life stage in the future, we can flexibly update it while communicating with my boss.

To make further use of our strengths as an organization

Adachi: One of the attractions of the Bank Group is that it has a variety of businesses and a diversity of organizations. Where do you think the Group's business strengths and characteristics are, and where do you think are the areas to leverage those strengths throughout the Group?

Omasa: Since I am working at a retail business division, when I think from the customers' perspective, I think customers feel a great sense of security as they can use various ways to transact with the Bank using both physical branches and online banking. In particular, Internet banking will be increasingly needed in the future. We have strengthened our foundation since we joined the SBI Group.

We are trying to make new attempts that take advantage of our strengths with a sense of speed. We are also focusing on measures that take advantage of the characteristics of the regions in which branches are located, and in 1on1 meetings with the general manager, we are presenting concrete proposals and proceeding with discussions. I think there are many cases where the voices of front-line employees are utilized. In order to extend the system to the entire SBI Group, it would be good to exchange more ideas with less barriers between divisions.

Tatsumi: I also hope to increase the opportunities for interaction. I am involved in the development of a new screening system for the shopping credit business, and I receive feedback from people who develop systems in the SBI Group. I am collecting advice on areas that APLUS cannot develop on its own. Furthermore, I am also involved in improving productivity through the digitization of training tools. Introduction of the system has made it possible to receive training at the time and place of choosing, which has also resulted in a reduction in training time. I feel the power of the Group in such areas.

Karasawa: I also feel that one of the Group's strengths is its uniqueness. My foreign relative says that SBI Shinsei Bank is easy to use as there are many English-speaking staff. I think there was a public image that the Bank was rich in diversity as it originally made accounts that did not issue deposit passbooks early on, and there are 32 color cash cards which customers can choose from. Such image is still inherited in a good way, and I feel it is an appeal point. In addition, as one of our strengths, we are diligently working on new products. LegalTech services have developed since the COVID-19 crisis, and we have been conducting a variety of trials. It will take a little time for the actual effect to appear, but I have heard that if a certain amount of information is accumulated, the effect of the trial will appear all at once.

That is my expectation.

Okamoto: Considering other factors that differentiate us from other banks, I think we can design products that customers want with a high degree of flexibility. One of the works of the foreign exchange derivatives sales business is to design a scheme in response to customers' requests. The customer-oriented approach, the way in which we respond to requests across the Bank, has been prevailing. Therefore, I always feel grateful because the various divisions concerned, such as clerical work and credit management, respond flexibly.

My colleagues would suggest ideas and if they are good ones, we go ahead to try them. In order to make the most of this strength, staff should gain experience in managing business and personnel even in a small team, as you can take charge of management from an earlier stage.

Adachi: I think that the SBI Shinsei Bank Group will become an even more interesting organization once a variety of people accumulate their uniqueness by making positive use of it and communicate across divisional boundaries. By becoming a member of the SBI Group, I hope to work harder with all of you so that we can make good use of our advantages, continue to evolve, and create new products.



Social Initiatives

Concept of Social Contribution Activities

The SBI Shinsei Bank Group considers social contribution activities to be “activities that have a positive impact on the creation of a sustainable society in which employees of the Group can participate with sympathy,” and engages actively in these activities. As a corporate group that provides financial services to society, we are aware that the sound development of society is the foundation of the Group’s existence. We are fulfilling our role as a good corporate citizen that contributes to the development of society through sustainable growth and development. We are also aiming for value co-creation through collaboration with our partners.



Collaboration with the SBI Group in Social Contribution Activities

Orange Ribbon Campaign

The SBI Group has designated November, which is the “Child Abuse Prevention Promotion Month,” as the month for the “Orange Ribbon Campaign.” The SBI Shinsei Bank Group also participated in this campaign from fiscal 2022, encouraging employees to buy Orange Ribbon support goods and posting campaign posters at the Group’s major office buildings.

In addition, in order to deepen understanding of child abuse issues and social protection, we organized an online seminar in cooperation with The SBI Children’s Hope Foundation, a public interest incorporated foundation. Participants commented, “I realized how little I knew about child abuse and foster parents,” and “I realized the importance to understand the reality of the current situation with interest and think about what I can do.” These comments provided a meaningful opportunity for enlightenment.

Charity Sale - Contributing to Society by Eating Chocolate –

In 2019, SBI Shinsei Bank began holding charity sales in collaboration with CHOCOLABO, a B-type welfare facility operated by General Incorporated Association AOH that supports continued employment.

In fiscal 2022, in addition to the SBI Shinsei Bank’s Head Office, the charity sale was also held at the headquarters of SBI Holdings, Inc. A total of about 250 employees purchased products. The charity was a great success because the event provided an opportunity to contribute to society while enjoying high-quality chocolate. Initiatives to support people with disabilities will not only contribute to sales but can also provide opportunities for employment training. We hope to continue these sales regularly in the future.

SBI Shinsei Bank’s Contribution towards Financial Literacy Education

MoneyConnection[®], a basic financial literacy program, is a unique program developed in 2006 by Shinsei Financial with NPO-SODATEAGE-NET, an authorized specified nonprofit organization (“SODATEAGE-NET”), which has a proven record in supporting young people including those who are not in employment, education or training (NEET). Since fiscal 2012, the SBI Shinsei Bank Group has been supporting and collaborating with this nonprofit organization. The main focus is on high school students, and the program aims to prevent young people from becoming unemployed. By estimating the amount of money one needs to live alone, and simulating “work” based on cards that set certain occupations, form of employment, monthly income, age, etc., draws the students’ interest in “money” and “work.” Through this program it encourages each participant to become aware of a simple message, that “money is important to live.”

We are implementing a variety of initiatives to ensure that MoneyConnection[®] is continuously used to become a social resource that “connects young people and society.” In addition to implementation at municipalities, there are examples of this program being used in local financial institutions in supporting local youth support organizations and collaborating with local communities through employee participation.

The SBI Shinsei Bank Group intends to proactively contribute to the spread and development of MoneyConnection[®], in the area of financial literacy education, which is an area that is expected to grow further in the future.



Glossary & URL

The SBI Children’s Hope Foundation <https://www.sbigroup.co.jp/zaidan/>
General Incorporated Association AOH <https://chocolabo-group.com/aoh/>

MoneyConnection[®] Financial Literacy Program <https://moneyconnection.jp/>
NPO-SODATEAGE-NET <https://www.sodateage.net/>

Initiatives for Customers

Customer-Oriented Business Conduct

As a guideline for conducting business operations with top priority on customers' "best interests," SBI Shinsei Bank established the "Policy on Customer-Oriented Business Conduct" (hereinafter referred to as the "Policy") and an "Action Plan" to put this Policy into practice.

Each SBI Shinsei Bank Group company and all executives and employees of the Group have reaffirmed the importance of "Pursuing customer-oriented business conduct and contributing to our customers' asset formation," and to create synergies with the SBI Group at a maximum under "Customer-centric Principle," as well as by firmly committing to customer-oriented business operations, we will continue to contribute to the sustainable growth and development of society and the economy.

For additional details, please refer to the Bank's website.

Policy and Actions

Policy	Actions
<p>Consulting</p> <p>SBI Shinsei Bank places the utmost importance on fiduciary relationships and make proposals in line with customers needs.</p> <ul style="list-style-type: none"> • We provide our customers a series of services, from proposals to after-sales follow-up. • We assign staff with high level of expertise and financial knowledge to make optimal proposals at all times in line with the various life stages of our customers. • We strive to optimize our organizational structure in line with changes in customer needs. 	<ul style="list-style-type: none"> • We introduced the life plan design function and portfolio proposal function of Wealth Advisor, an asset management consulting tool of Wealth Advisor Co., Ltd., a SBI Group company, and promoted investment proposals for customers' medium-to long-term asset formation. • In August 2022, we opened SBI SHINSEIBANK MONEYPLAZA, a joint branch operated by SBI Shinsei Bank and SBI MONEYPLAZA, Co., Ltd., and began offering a variety of financial products and services, in addition we have been providing high-quality advice through face-to-face consulting sales.
<p>Products and services</p> <p>SBI Shinsei Bank offers a wide variety of financial products and services to meet various needs of its customers.</p> <ul style="list-style-type: none"> • We strive to prepare a product lineup that looks ahead to the 100-year life of customers, including objectives and issues at their life stages, including preparations for the future. • We provide optimal lineup that meet customers' needs by selecting from a wide range of products and services, not only within the SBI Shinsei Bank Group. • We provide easy-to-understand information in a way that is easier to understand so that customers can choose the most suitable products and services. 	<ul style="list-style-type: none"> • In fiscal 2022, we expanded our product offerings to 20 products. • As part of our efforts to improve our proposal structure, in February 2022, we suspended transactions based on solicitations of structured deposits. In June 2022, we began disclosing costs at the time of origination, and resumed solicitation and sales after establishing a system that enables customers to consider making transactions for these deposits as an investment product, in a comprehensible and understandable manner. • Prior to the introduction of the new system, we confirmed and checked conflicts of interest in financial products and services at the Individual-Related Business Products and Services Selection Committee and the Conformity Verification Subcommittee. • We conducted a semi-annual review of all financial products and services that have already been introduced, and confirmed not only the conflicts of interest but also the changes in market value, the occurrence of complaints, and the implementation of post-sales follow-up.
<p>Evaluation and education</p> <p>SBI Shinsei Bank reflects customers' voices in the evaluations of its branches and staff in order to make its customer-first philosophy into reality, and utilize them in the creation of a system for further skill improvement.</p> <ul style="list-style-type: none"> • We utilize the valuable opinions of our customers in the evaluation and training of our staff. • At the same time, we incorporate "multi-faceted evaluation" methods from superiors, colleagues, and subordinates. 	<ul style="list-style-type: none"> • From December 2022 to January 2023, we conducted a Customer Experience (CX) survey by using both e-mail and post mail. By using the content of the responses as an evaluation for fiscal 2022, we reflected customer feedback in the evaluation of our staff. • We conducted in-store surveys twice a year as a response quality test by an external research organization. In order to improve the quality of our service in the future, we have made efforts to review customer service and hospitality of the staff in the workplace.
<p>DX and channels</p> <p>We provide a variety of services and environments to enable customers to consult in accordance with their lifestyles.</p> <ul style="list-style-type: none"> • We provide a place of communication for our customers in response to technological developments and changes in society. • We provide an environment in which branches, contact centers, and the Internet cooperate to share important information received from customers, and customers can consult with any contact point smoothly. 	<ul style="list-style-type: none"> • SBI Shinsei Bank App was renewed in March 2023. This helped improve convenience by upgrading the layout that is easier to see, placing frequently used functions in a simple layout, adding convenient functions to the wire transfer menu, and new functions for the display of securities balance. • In our online channel we featured a chat with manned correspondence on the Web Reservation Form, and we worked to improve customer convenience by enabling customers to make reservations for consultations within three hours of entry that had not been possible before.

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.

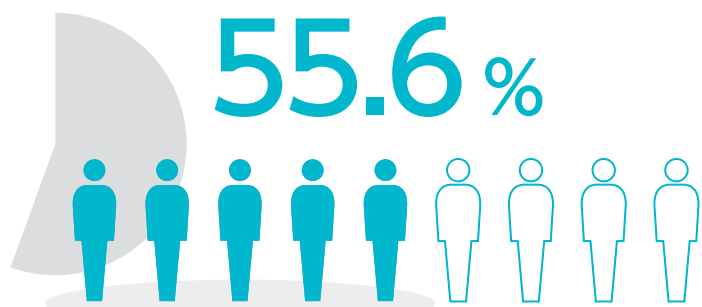
■ Diversified Experiences and Skills Required for Outside Directors

	Hirofumi Gomi	Katsuya Kawashima	Katsumi Hatao	Eisuke Terasawa	Yasuhiro Hayasaki	Ayumi Michi	Masahiro Terada	Yurina Takiguchi	Katsunori Tanizaki
Management Experience	Corporate/Association Management	○	○	○	○	○			○
	Venture Company 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	○				○			

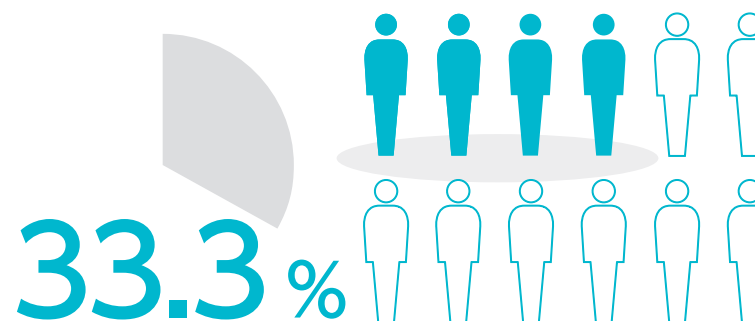
■ Audit & Supervisory Board Members' Skill Matrix

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

■ Ratio of Outside Directors on the Board of Director



■ Ratio of Female Board Members



Please refer to the URL below for biography of each director.

Directors

Outside Directors



Hirofumi Gomi Reappointed
 Director, Chairman of the Board

[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 Reappointed
 Director, President and Chief Executive Officer

[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 Reappointed
 Director

[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 Reappointed
 Director

[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%



Yasuhiro Hayasaki Reappointed
 Outside Director
 Chairperson, Nomination and Compensation Committee Independent
 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%

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

Please refer to the URL below for biography of each director.

Outside Directors

Audit & Supervisory Board Member



Ayumi Michi

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

Reappointed

Independent

[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

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

Reappointed

Independent

[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

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

Reappointed

Independent

[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

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

Newly Appointed

Independent

[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: –



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 the 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%

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

Please refer to the URL below for biography of each director.

Outside Audit & Supervisory Board Members



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)

Message from an Outside Director



Katsunori Tanizaki

Outside Director

I am Katsunori Tanizaki, appointed as an outside director.

Currently, I serve as the Representative Director, President and CEO of The Japan Research Institute, Limited.

I have been consistently involved in banking business and bank management since joining the former Sumitomo Bank Limited 41 years ago. Recently, I have committed to promote digital innovation in the financial industry.

Along with the recent rapid and innovative advancements in information technology, technology, I think banking operations are already at a big turning point.

I think it is an important time to firmly consider the direction of how the banking function in the financial sector will change and what impact these changes will have in the future.

At any given time, the economy and financial environment is uncertain and unstable, and is transient. Under such circumstances, I will contribute to the future of the SBI Shinsei Bank to the best of my ability.

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
(Managing Executive Officer)

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

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.

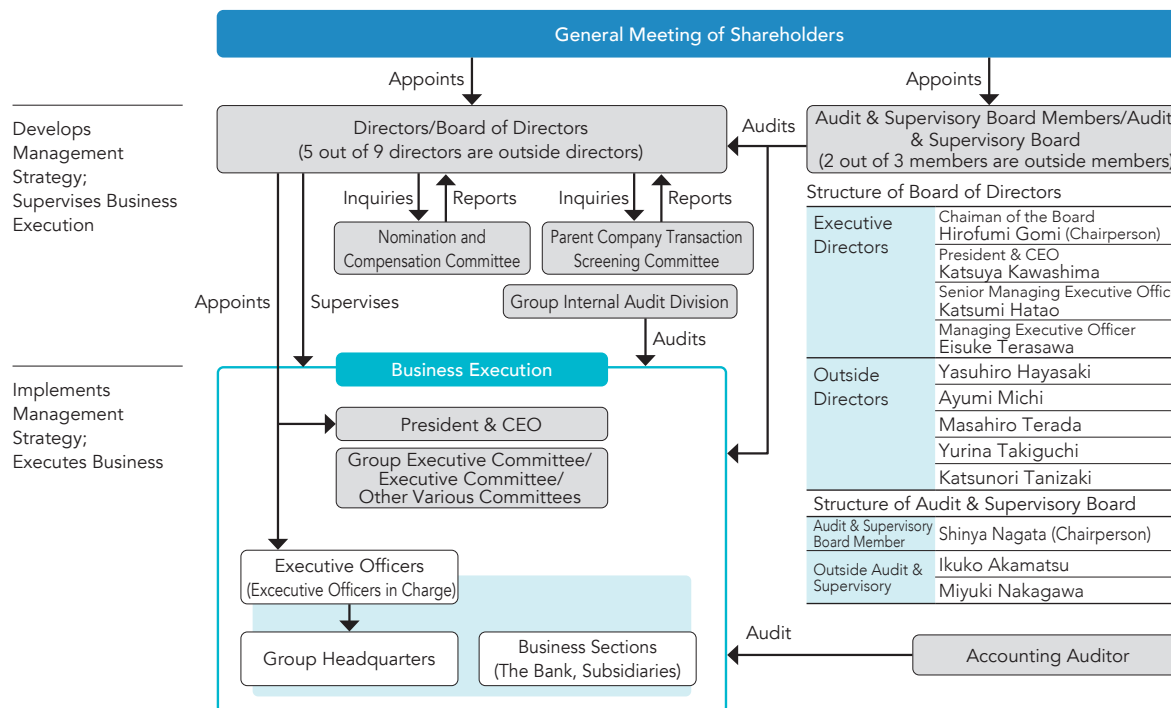
Corporate Governance

Corporate Governance of SBI Shinsei Bank

SBI Shinsei Bank recognizes the enhancement of SBI Shinsei Bank Group’s corporate governance as one of the most important management issues for realizing its management philosophy and has established a corporate governance system as a company with an Audit & Supervisory Board. Through this system, 1) the Board of Directors, the highest decision-making body for management, decides on the basic policies of the company, including the medium-term management plan and the annual plan, to demonstrate a major direction for the Bank and to create an environment that supports appropriate risk-taking by senior management and 2) the Audit & Supervisory Board Members and the Audit & Supervisory Board, which are independent from both the business execution and the Board of Directors, are responsible for auditing the Board of Directors. In this way, the Bank intends to realize effective management decision-making and business execution, as well as establish a corporate governance system that has efficient organizational checks and balances.

The Bank’s Board of Directors consists of nine directors:

■ Corporate Governance Structure (as of June 27, 2023)



four full-time directors who are directly responsible for the execution of the Bank’s businesses and five outside directors who primarily supervise the Bank’s business execution. The current outside directors are a balanced group of executives who bring to the Bank their extensive experience and expertise in a range of fields, including domestic and overseas financial businesses, legal affairs/governance, the fields of risk management,

IT and digital, real estate business, and mass media. Backed by this experience and expertise, the outside directors express their opinions independently and objectively, while fulfilling their roles providing advice and oversight for executives performing their duties.

In addition, from the perspective of governance in the ESG management philosophy, the Bank has concluded that to improve the Bank’s accountability

for stakeholders, including shareholders, it is necessary to further enhance objectivity and transparency of the Board of Directors' functions related to the appointment of candidates for directors and decisions on directors' remuneration. In March 2019, the Bank established a voluntary Nomination and Compensation Committee to further increase the objectivity and transparency of the functions of the Board of Directors. In addition, as the Bank became a consolidated subsidiary company of the SBI Group in December 2021, the Bank established the Parent Company Transaction Screening Committee in March 2022, to demonstrate a more prudent management system for conflict-of-interest transactions between the Bank or its subsidiaries and its parent company or group companies of the parent company from the viewpoint of protecting the interests of minority shareholders.

Policy for Operation of the Board of Directors

The Bank holds monthly Board of Directors' meetings, in principle, consisting of six regular Board of Directors' meetings and an extraordinary Board of Directors' meetings.

In addition, a strategy session to intensively discuss selected agenda item was held. In fiscal 2022, the Bank held strategy session that mainly discussed issues relating to the medium-term management plan, business strategies and management base strategies in November 2022. In this session, directors and Audit & Supervisory Board members posed numerous questions, comments, and suggestions from a broader perspective in relation to the explanations by executive directors.

Moreover, to ensure the sharing of their independent viewpoints as well as to share detailed information regarding business execution with each of the outside directors, the Bank holds regular meetings attended only by the outside directors themselves.

The majority of the Bank's Board of Directors are presently composed of outside directors (five of the nine directors are outside directors), ensuring objective and transparent discussions for appointment of

candidates for directors and decisions on the directors' remuneration system and their specific remuneration levels. The Nomination and Compensation Committee comprises only outside directors. The committee consults with the Board of Directors and deliberates on the content of General Meeting of Shareholders proposals regarding the appointment and dismissal of directors, on matters concerning the appointment and dismissal

Annual Schedule for the Board Meetings

May	<ul style="list-style-type: none"> Regularly scheduled Board meeting (on financial results, AGM* related materials, audit reports, etc.) Parent Company Transaction Screening Committee Nomination and Compensation Committee
June	<ul style="list-style-type: none"> Regularly scheduled Board Meeting (held after AGM ends, appointment of President, etc.) Parent Company Transaction Screening Committee Nomination and Compensation Committee
September	<ul style="list-style-type: none"> Regularly scheduled Board meeting Parent Company Transaction Screening Committee
November	<ul style="list-style-type: none"> Strategy Session Regularly scheduled Board meeting (on interim financial results, etc.) Parent Company Transaction Screening Committee Nomination and Compensation Committee
January	<ul style="list-style-type: none"> Regularly scheduled Board meeting Parent Company Transaction Screening Committee Nomination and Compensation Committee
March	<ul style="list-style-type: none"> Regularly scheduled Board meeting (on fiscal year budget and plan etc.) Parent Company Transaction Screening Committee Nomination and Compensation Committee

*Annual General Meeting of Shareholders

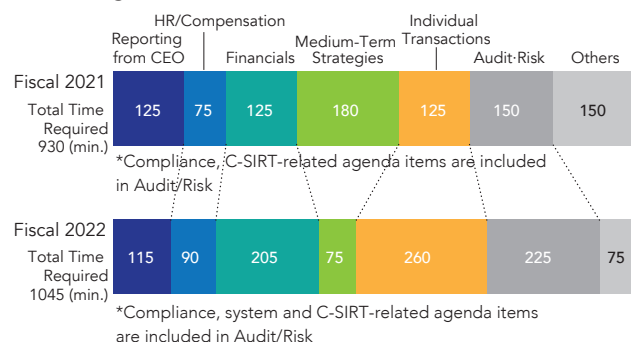
**Extraordinary General Meeting of Shareholders

Note; In addition to the above, the Extraordinary Board Meetings regarding transactions with parent companies related agenda items were held in a month in which regularly scheduled Board meeting is not held.

of representative directors, succession planning and on matters concerning the compensation of directors and reports its findings back to the Board of Directors. In addition, the Parent Company Transaction Screening Committee, similar to the Nomination and Compensation Committee is composed of all independent outside directors, are to express their opinions and refer matters to the Board of Directors, regarding any potential conflict-of-interest transactions with its Parent Company Group.

To fulfill its accountability towards stakeholders, the Bank will make efforts to continually strengthen its corporate governance framework.

Classification of Agenda and Time Required for Each Agenda



Board of Directors Evaluation Effectiveness

The Bank periodically conducts an evaluation/analysis of the effectiveness of the Board of Directors as a whole in order to improve the Board’s functionality.

An overview of the fiscal 2022 self-evaluation is as follows.

(1) Objective

To improve the function of the Board of Directors by having the Board perform a self-evaluation of whether it is fulfilling the roles and duties required of it and then implement the PDCA cycle.

Summary of questionnaire survey results

Analysis/evaluation items	Summary of Questionnaire Survey Results
Contents of Board meeting discussions	Survey respondents feel that the Bank is generally contributing to the enhancement of corporate value and sustainable growth through constructive discussions on its medium- to long-term business vision, corporate value enhancement, and business model for sustainable growth. However, it was highlighted that the time for these discussions is not necessarily sufficient and that management of Board meeting is to be improved based on the opinions that more in-depth discussions are necessary after selecting appropriate themes.
Effectiveness of the strategy session	The strategy session in fiscal 2022, discussions focused on the progress of the Medium-Term Management Plan, the business strategy and the management foundation strategy, and their progress. These themes were evaluated to some extent as appropriate with an emphasis on management issues and business models for sustainable growth. The strategy session has been assessed as helpful in considering the Bank Group’s medium- to long-term business strategy. It was confirmed that the management will continue to set appropriate themes and that the strategy sessions are to provide useful discussion opportunities.
Board composition/diversity	Regarding diversity, including gender, and internationality, it was assessed as "appropriate" and "generally appropriate" from the viewpoint of diversity in a broad sense, including skills and experience, although there were some comments that there was a bias regarding internationality.
Management of Board and strategy sessions by executives	With regard to the Board of Directors meetings, we continued to make efforts on improving the efficiency of our operations by selecting proposals requiring no additional explanation and accepting preliminary questions on materials. This fiscal year’s feedback results depicted that the meetings arrangements were highly evaluated, including the coverage of important topics and the allocation of sufficient time for important deliberations. We agreed that for the strategy sessions, it is necessary to reconsider the time required and the frequency of meeting.
Provision of information to the Board by executives	While we confirmed that meetings materials and explanations by executive officers were generally appropriate, we intend to create further opportunities and provide information to the Board of Directors, including the Board of Directors meetings and strategy sessions, to provide topics with adequate information and information beneficial to the Board of Directors.
Communication	It was confirmed that the environment for information sharing among outside directors is favorable. The effectiveness of executive sessions composed entirely of outside directors and outside audit & supervisory board members was also confirmed. On the other hand, we confirmed that approximately half of the responses for the feedback of information on major stakeholders (customers, shareholders, employees, etc.) to the Board of Directors was generally appropriate but need continuous improvement. Therefore, we decided that we will make efforts to enhance the contents.
Third-party evaluation of effectiveness	Regarding the effectiveness evaluation by a third-party, there were no responses for "need to be implemented," and the majority responded that "it is better to consider it in the medium- to long-term" or "it is not necessary to consider it." Although the necessity for implementation is not so high, it is a matter to be considered on an ongoing basis.
Parent Corporation Transaction Advisory Committee and Nomination and Compensation Committee	This fiscal year, the Parent Company Transaction Screening Committee met 14 times and the Nomination and Compensation Committee met six times till the end of January, 2023. While the Nomination and Compensation Committee was highly evaluated in terms of composition and operation, the operation of the Parent Company Transaction Screening Committee has been improving since its establishment, but the meeting time required has been long, and there is room for improvement in the materials provided. Therefore, we aim for more efficient management in conjunction with the creative use of materials.
Questions for Audit & Supervisory Board members	It was confirmed that, as a whole, Audit & Supervisory Board members feel that directors are properly executing the duties expected of them.

(2) Subjects of analysis/evaluation

The Board’s activities, as well as operation and support systems for efficiently and effectively carrying out such activities.

(3) Evaluators

Evaluation by all members attending Board meetings (Directors, Audit & Supervisory Board members – totaling 12 people). Certain questions are only asked to Audit & Supervisory Board members as in the past.

(4) Analysis/evaluation items

The content of discussions at Board meetings, the operation of the Board by the executives, the composition and diversity of members of the Board, the provision of information to the Board by the executives, the content of discussions at strategy sessions, the management of strategy sessions by executives, communication, the third-party evaluations of the Board’s effectiveness, the Parent Company Transaction Screening Committee, the Nomination and Compensation Committee, evaluations by Audit & Supervisory Board members, etc.

(5) Means of analysis/evaluation

Questionnaire survey (questions in which responses are selected including free-response questions) prepared by the secretariat for the Board of Directors based on instructions from the Chairman of the Board.

(6) Results feedback

The selected results and responses to free-response questions are reported to the Board.

The following is an overview of the key results of the survey.

Based on the results of this questionnaire, the efficiency and effectiveness of Board of Directors are secured as a whole, as it was highly evaluated to a certain extent in general. In addition, we receive proposals and opinions regarding meetings and operation. We will review and respond to these proposals while confirming the intentions of the Board of Directors, and further improve the effectiveness and functions of the Board of Directors.

Directors and Executive Officers Compensation Scheme

The Bank’s Board of Directors, which is comprised of a majority of outside directors, determines the introduction and level of executive remuneration within the total amount of executive remuneration approved at the General Meeting of Shareholders. In addition, the Nomination and Compensation Committee, which consists of all outside directors, has been voluntarily

■ Type of Compensation, Contents and Structure

Classification of Directors	Types of Compensation		
	Basic Compensation	Stock Option Compensation	Restricted Stock Compensation
Full-time Directors	Fixed compensation according to position and responsibilities	(Calculation formula) Monthly basic compensation $\times 4 \times \sqrt{\text{rate of change in the Bank's stock price} \times \text{performance of the Bank's stock price relative to the TOPIX Banking Industry} \times \text{rate of change in the Bank's net assets}}$ (within the range of 1 to 12 times of monthly basic compensation)	The amount of the compensation is determined according to position and responsibilities, and accordingly the Bank’s common stocks are granted.
	Reference of Composition of Compensation	60% of total compensation After deliberation by the Nomination and Compensation Committee, the Board of Directors determines the specific percentage.	20% to 25% of total compensation 15% to 20% of total compensation
Outside Directors	Fixed compensation according to position and responsibilities	Not applicable	The amount of the compensation is determined according to position and responsibilities, and accordingly the Bank’s common stocks are granted.
	Reference of Composition of Compensation	80% of total compensation After deliberation by the Nomination and Compensation Committee, the Board of Directors determines the specific percentage.	20% of total compensation

established as an advisory body to the Board of Directors. The committee deliberates matters related to the compensation of full-time and outside directors based on consultations with the Board of Directors and reports to the Board of Directors.

Policy on Determining Compensation

- Appropriate incentives are provided to advance the Group's business and realize the medium- to long-term Group management principles.
- Reflecting on the roles and responsibilities of each director and executive officer, directors and executive officers share the same view on shareholder value by holding the Company's shares over the long term.
- The scheme will curb excessive risk-taking and contribute to ongoing sound management as a financial institution.
- The plan incorporates a compensation system that provides incentive to further increase corporate value considering its share price.

Compensation System for Directors

Compensation for full-time directors is composed of basic compensation (fixed compensation), stock options and restricted stock awards as medium- to long-term incentive compensation, and the compensation for outside directors are composed of basic compensation

(fixed compensation) and restricted stock compensation.

With respect to restricted stock compensation and stock option compensation, the Bank provides for the waiver by directors and free-of-charge acquisition by the Bank in the event of certain events among directors.

On May 12, 2023, SBI Regional Bank Holdings Co., Ltd., the Bank's controlling shareholder, commenced a takeover bid (TOB) for the Bank's stocks. Following this TOB and a series of subsequent procedures, the Bank's stocks are expected to be delisted. Accordingly, the Bank is considering the future compensation structure for directors.

● Process for Determining Compensation Amount

Compensation amounts for directors and executive officers reflect on the content of the Bank's prevailing Plan for Restoring Sound Management and are determined by the Board of Directors taking into consideration the recommendations of the Nomination and Compensation Committee who deliberate on compensation amounts within the scope of compensation amounts determined at each general meeting of shareholders. In addition, the Board of Directors has an internal control system that is audited by the Audit & Supervisory Board meeting.

■ Total Amount of Compensation etc. by Category, Total Amount by Type of Compensation etc., and the Number of Eligible Persons (from April 1, 2022 to March 31, 2023)

Categories	Total amount of compensation etc. (millions of yen)	Total amounts by type of compensation etc. (millions of yen)					Number of eligible persons
		Fixed compensation	Equity remuneration type stock options	Restricted stock compensation	Retirement benefits	Non-monetary reward among the left	
Directors (excluding outside directors)	136	111	–	24	–	24	4
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	22	22	–	–	–	–	1
Outside directors and outside Audit & Supervisory Board members	82	72	–	9	–	9	9 (Of whom, 2 has already resigned)
Total	241	206	–	34	–	34	14 (Of whom, 2 has already resigned)

Notes: 1. Amounts have been rounded down to the nearest unit.

2. Within the categories above, there are four directors who serve concurrently as executive officers.

3. Non-monetary reward includes equity remuneration type of stock options and restricted stock compensation.

4. Based on the resolution passed at the 15th Annual General Meeting of Shareholders held on June 17, 2015, the Bank paid 8 million yen as retirement benefit to three Directors who resigned and retired on February 8, 2022.

At the Nomination and Compensation Committee is composed of all outside directors, the agenda is resolved by a majority of the members present. Audit & Supervisory Board members also attend the Nomination and Compensation Committee. The Nomination and Compensation Committee was held seven times within the fiscal year.

● **Total Amount of Compensation for Directors**

- (1) Amount of compensation for directors (including outside directors): Up to ¥230 million per year (of this amount, ¥60 million for outside directors)
- (2) Restricted Stock Compensation
 - (a) Full-time directors: Up to ¥25 million per year, within the total maximum amount in (1) above
 - (b) Outside directors: ¥15 million per year out of the total maximum amount in (1) above

The transfer restriction period is determined in advance by the Board of Directors for a period between three and five years after the allotment date of the allocated shares to fulltime and outside directors.
- (3) Equity remuneration type stock options for full-time directors: Up to ¥75 million per year, separate from the total maximum amount in (1) above

Audit & Supervisory Board Members / Audit & Supervisory Board

The Bank’s Audit & Supervisory Board has one full-time member who has extensive business experience at the Bank and is knowledgeable in finance and accounting and two outside members, one of whom is an attorney and the other is a certified public accountant.

By applying the expertise from their respective fields of specialization and their knowledge of corporate governance and diversity, the Audit & Supervisory Board, which is fully independent from the Board of Directors, audits of the performance of the business execution of directors. In addition, both outside Audit & Supervisory Board members are experienced as external directors of other companies, and, by drawing upon their experience, they are able to provide views with greater objectivity from a position of greater independence, resulting in enhanced effectiveness of the Audit & Supervisory

Board’s auditing activities. Audit & Supervisory Board members not only personally conduct audit activities such as attending key meetings, such as Executive Committee meetings, and Board of Directors’ meetings, they also review key documents and conduct interviews with directors, executive officers, and accounting auditors. Through cooperation with internal control sections such as the Group Internal Audit Division and utilizing staff of the Office of Audit & Supervisory Board Members they systematically and efficiently audit the state of the business execution of the entire SBI Shinsei Bank Group, including the Bank and all its subsidiaries.

■ **Activities of Audit & Supervisory Board Members in Fiscal 2022**

	Board of Directors meetings	Audit & Supervisory Board meetings
Number of meetings held*	13 times	12 times
Attendance rate	100%	100%

* The attendance rate of Ms. Miyuki Nakagawa, the Outside Audit & Supervisory Board Member, indicates the record of attendance of the Board of Directors meetings (11 of 11 times) and the Audit & Supervisory Board meetings (nine of nine times).

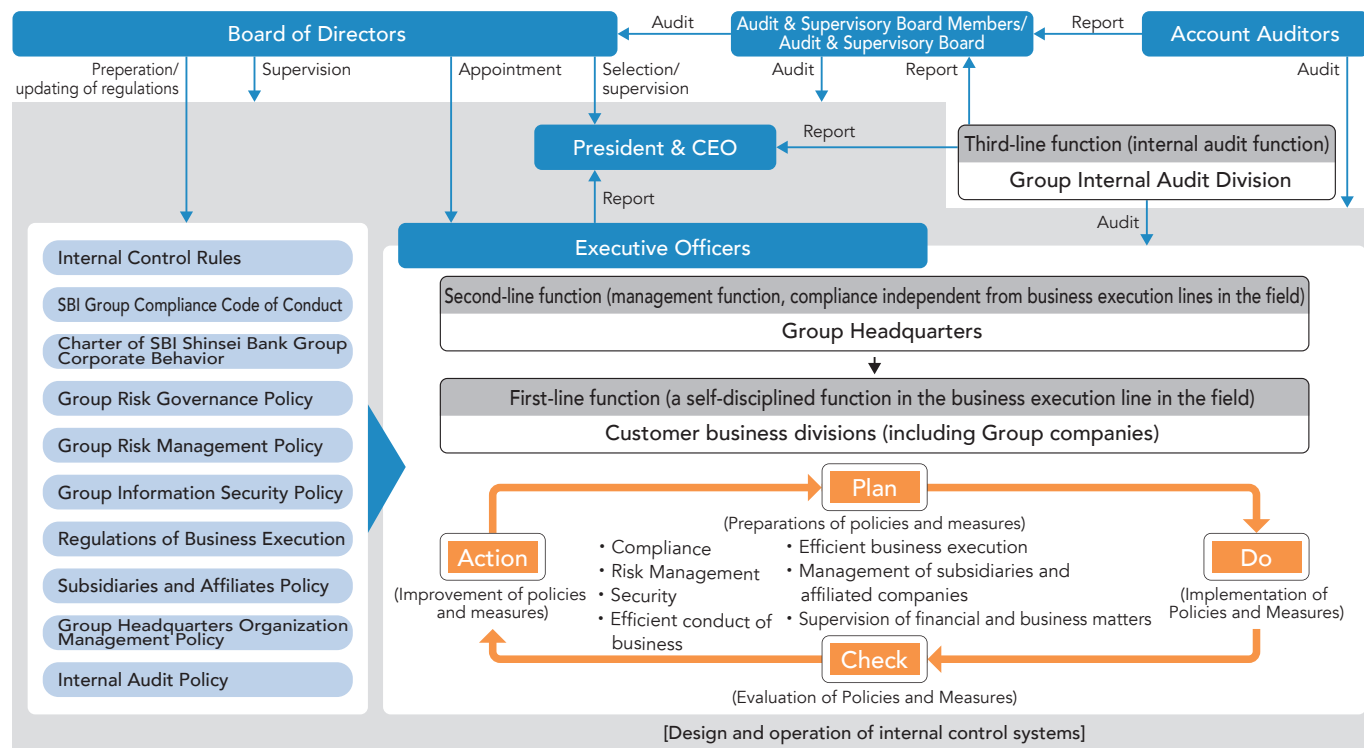
Internal Control

For corporate governance to function effectively, in addition to creating business execution oversight and decision-making frameworks around the Board of Directors, it is also necessary to put into place the framework for effective operations, such as internal audits and compliance. Additionally, the creation of internal control systems as required by the Corporation Act or internal controls that ensure the accuracy of financial reports as required by the Financial Instruments and Exchange Act is also a crucial element in a properly functioning corporate governance structure.

While the management is responsible for ensuring the implementation of such internal controls, the proper function of overall internal controls can be ensured by installing detailed internal control frameworks within the divisions executing business operations.

The Bank’s basic policy governing internal control systems has been put in place to ensure the propriety and efficiency of day-to-day operations and is defined in the Internal Control Rules determined by the Board of Directors, and, furthermore, the adequacy of internal control systems is reviewed annually by the Board of Directors. The Internal Control Rules clearly state that (1)

Internal Control Framework



the internal control system has a self-disciplined function in the business execution line in the field (first-line) a management function, such as compliance independent from business execution lines (second-line) and an internal audit function independent from these functions (third-line) (2) the Board of Directors shall receive timely and appropriate reports from the second-line and third-

line functions to grasp and deal with serious risks and problems appropriately and shall periodically review the key policies and controls.

Under this regulation, the SBI Group Compliance Code of Conduct, Group Risk Governance Policy, Risk Management Policy, Group Information Security Policy, Regulations of Business Execution, Subsidiaries and

Affiliates Policy, Group Headquarters Organization Management Policy and Internal Audit Policy are established as the underlying rules. In addition, by improving the system for ensuring the effectiveness of the audits by Audit & Supervisory Board members, we are striving to ensure the propriety, transparency, and efficiency of operations throughout the entire Group, including subsidiaries.

Furthermore, we are striving to create systems to block relationships with antisocial forces and ensure the propriety of operations, including establishing the Charter of the SBI Shinsei Bank Group Corporate Behavior to prevent relationships with antisocial forces.

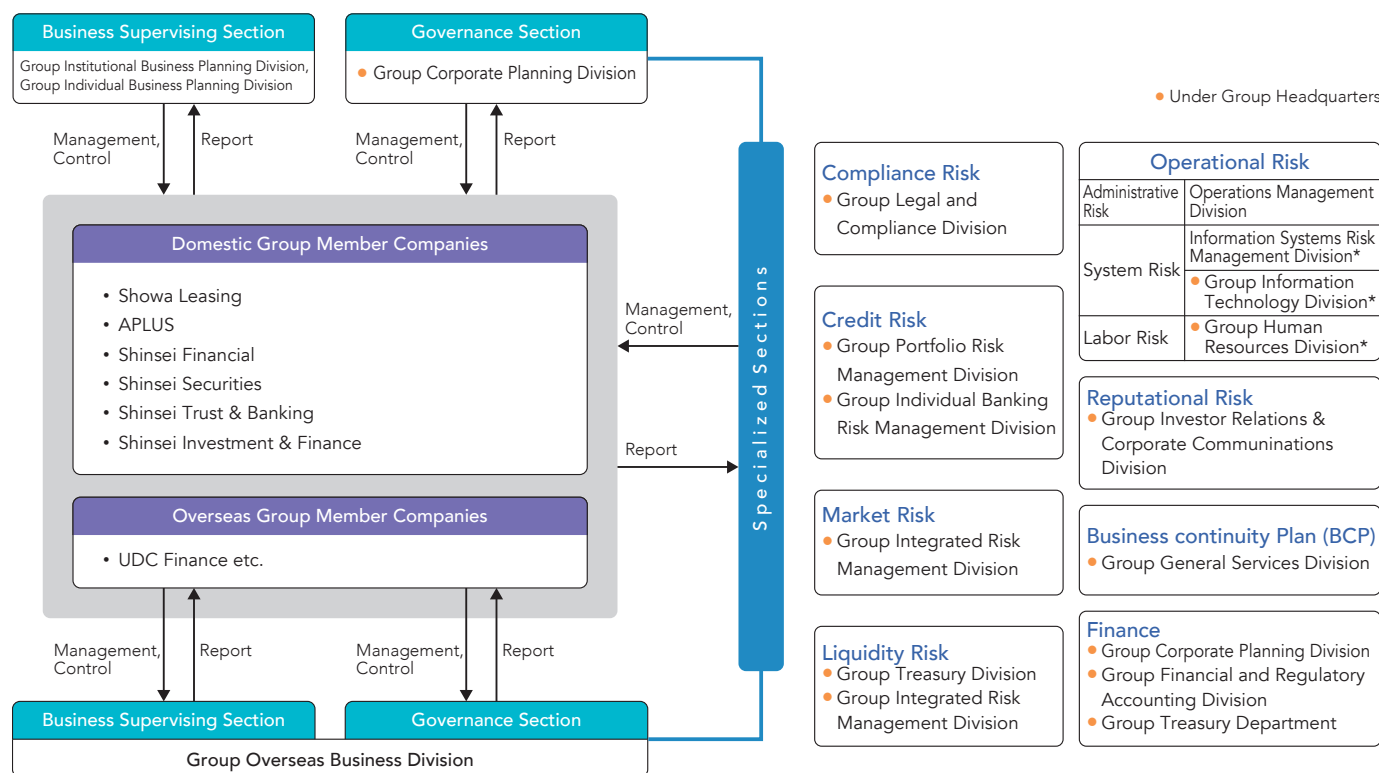
With regard to internal control over Group companies, from April 2017, the indirect functions of major Group companies have been consolidated at the Group Headquarters in the Bank and managed centrally based on the Banking Law, the Companies Act and other related laws to the fullest extent. Under this system, matters related to business activities and internal management of subsidiaries and affiliates are regularly reported to the Group Executive Committee, and important matters related to the management of subsidiaries and affiliates are discussed at and reported to the Group Executive Committee and other important committees organized by the Group Headquarters. In

April 2021, we revised the policies for subsidiaries and affiliates to ensure required management for recently increasing joint ventures and overseas Group companies, and clarified the roles and responsibilities of related departments, including business divisions and Group

Headquarters, while categorizing Group companies.

Through the development of this system, we will further enhance the management system of the entire Group, including subsidiaries and affiliates.

■ Group Internal Control Support Framework (as of June 27, 2023)



* The specialized sections of each risk area identify and measure the potential risks in corporation with the controlling division (Group Integrated Risk Management Division)

Executive Officers

To ensure agile day-to-day execution of business, the business operations are split into basic units called “divisions,” and under the direction of the President and Chief Executive Officer. Executive officers are appointed by the Board of Directors and they are responsible for the operations of respective divisions as executive officers.

We have consolidated indirect functions such as human resources and finance that had been located in each Group company within the Bank’s Group Headquarters as much as possible under the Banking Act, the Companies Act, and other laws and ordinances, and

are working to increase the level of sophistication and productivity of operations on a consolidated basis.

In addition, as bodies that support the President and Chief Executive Officer in making decisions regarding the execution of business, the Bank has established a Group Executive Committee and an Executive Committee, both comprising Executive Directors, Bank’s Group Headquarter officers, and others. In addition, by establishing various committees that handle technical matters as a complement to the Group Executive Committee and the Executive Committee, the Bank has put in place a framework for making decisions after adequate deliberation and consideration based on the nature of the matter at hand.

Internal Audit

The Group Internal Audit Division (GIAD) of the Bank makes regular direct reports regarding the results of audits and the status of GIAD activities to the President and the Audit & Supervisory Board. The GIAD supports the President in his responsibility for controlling business execution, in particular for establishing an effective system of internal controls, and also supports the Audit & Supervisory Board in their responsibilities for audit and supervisory activities in particular for monitoring the system governing internal controls and its operation. The GIAD provides independent and objective assessments of the effectiveness of risk management, control and governance processes, the reliability of information and information technology systems, and compliance with statutory, legal and regulatory requirements, as well as provides solutions to management.

The GIAD is independent of all organizations subject to internal audits, as well as being independent of day to day operational activities and control processes, including regular preventive and detective controls. The GIAD utilizes a risk-based audit approach and creates a comprehensive risk assessment by combining a macro risk assessment, assessing risk from the perspective of the Banking Group as a whole, together with a micro risk

■ Group Executive Committee, Executive Committee and Other Important Committees

Name	Main Purpose
Group Executive Committee	The President’s decision-making body for day-to-day business execution at the Group level
Executive Committee	The President’s decision-making body for day-to-day business execution for SBI Shinsei Bank, Limited
Group ALM Committee	Negotiate, formulate policies and make decisions concerning medium- and long-term Asset and Liability Management
Group Compliance Committee	Communicate, coordinate and make decisions on the Group’s compliance posture and on matters relating to compliance
Group Risk Policy Committee	Discuss the risk operation policy and management framework for the Group’s portfolios, and the Group’s approach to major portfolios, sectors, products and so forth
Group IT Committee	Discuss, coordinate and resolve the Group’s IT strategies and governance issues
Group Business Continuity Management Committee	Discuss, coordinate and make decisions across divisions to advance reforms to the Group’s business continuity structure
Group Basel Committee	Discuss, coordinate and make resolutions on matters concerning regulatory capital, with a focus on Basel regulations
Group Management Development Committee	Discuss, coordinate and make decisions about the Group’s HR system and related measures, etc.
Group New Business/ Product Committee	Conduct due diligence on each new business and service proposal across the Group and make decisions, and conduct due diligence on strategic investment proposals
Group Sustainability Committee	Discuss, coordinate and resolve the issues relating to promotion of sustainability management
Doubtful Debt Committee	Promptly inform top management about significant bad debt exposure, and make decisions on write-offs and other matters concerning sale of debts, debt forgiveness and so forth
SME Loan Committee	Through discussions on the business policy and challenges for the entire institutional banking business, take initiative in bank-wide efforts to achieve SME loan goals set in the Revitalization Plan

assessment, assessing risk from an individual business level. Audit resources are prioritized to businesses or processes perceived to have relatively higher risk.

The GIAD has enhanced its off-site monitoring activities by attending key management meetings, reviewing internal control documents and holding regular meetings with senior management.

The GIAD also takes initiatives in developing internal auditors' expertise, in particular, by strongly encouraging staff to obtain professional certifications such as the Certified Internal Auditor and Certified Information Systems Auditor qualifications. While the GIAD pursues the development and introduction of new audit techniques, it also recognizes the importance of maintaining fundamental skills necessary to perform its audit-related duties.

The GIAD has integrated internal audit functions within the Bank and major subsidiaries, and conducts internal audit activities in an integrated manner across the Bank group. By receiving regular quality assessments carried out by a third-party organization of the Group internal audit activities, we are able to identify opportunities for improvement from an objective viewpoint.

Legal and Compliance Activities

Compliance Framework and Activities

The Group Compliance Committee established in the Group Headquarters, Group Legal and Compliance Division and compliance supervisors (general managers) and compliance managers assigned to divisions, branches and departments in key Group companies, including SBI Shinsei Bank, constitute the main elements of the SBI Shinsei Bank Group's compliance framework. The Group Compliance Committee, chaired by the officer of the Group Legal and Compliance Division, reports on and discusses the basic policy for the compliance framework spanning the entire Group as well as compliance--related issues.

There are compliance officers within the Group Legal and Compliance Division, and in addition to providing support and guidance for compliance promotion activities performed by compliance supervisors and compliance managers, these compliance officers prepare an annual Group compliance program, set rules, provide training, and so on.

Anti-Corruption and Anti-Bribery Measures

SBI Shinsei Bank endorses the United Nations Global Compact (UNGC) and continues its efforts to prevent

corruption, as one of its principles. The Group Sustainable Management Policy also specifies "anti-corruption and anti-bribery."

Whistleblower System

The Bank has established a compliance hotline system. Under this system, executives and employees of the Bank can report on violations of laws or ordinances, or matters in which there are suspicions of such violations.

If a report is made, the matter is reported to senior management, a team is organized to investigate the issue, and necessary corrective and recovery measures are implemented.

The Bank prohibits whistleblowers from being subject to unfavorable treatment due to the fact that they made a report, and the Group Legal and Compliance Division later follows up to make sure that the whistleblower has not been treated unfavorably. Other Group companies have also established similar internal whistle-blowing systems.

■ Compliance Hotline

- Three investigation teams
 1. Group Legal and Compliance Division
 2. Full-Time Audit & Supervisory Board Member
 3. Outside Law Firm
- Information on the internal whistleblower system is provided through internal rules and the Company's intranet

Measures against Money Laundering and Provision of the Financing of Terrorism

The Group has “Policy on Anti-Money Laundering and Countering the Financing of Terrorism” and has positioned combating money laundering and the provision of funds to terrorist organizations as one of the most critical issues, and works to establish a Groupwide framework for doing so under the leadership of management. Using a risk-based approach outlined in Mutual Evaluations of Japan by the Financial Action Task Force (FATF), the Group is reducing risk by implementing individual measures to combat the Group’s particular risks that have been identified and evaluated and working on more effective measures. It is our top priority to eliminate risks of money laundering and the financing of terrorism by assessing the effectiveness of countermeasures and providing continuous effort on reviewing the measures.

Legal Supervision

Violations of any laws and ordinances that the Bank and each Group company are required to abide by carries the risk of severe repercussions not only to our credibility and reputation as a financial institution, but to the credibility and functionality of the overall banking

system itself. In the case of individual transactions, there exists a risk that we may become embroiled in a dispute and face unexpected claims for damages. Prevention and proper management of these legal risks are a crucial function within the day-to-day operations of today’s banking groups. The Bank has established the Legal Department within its Group Legal and Compliance Division that presides over such legal affairs, including compliance with corporate and transactional laws, legal documentation and litigation supervision, and, through this specialized support, we work with legal officers in all Group companies and, on a Group basis, aim to prevent and manage any legal risk and support our compliance posture from a legal standpoint.

Business Continuity Plan (BCP)

We have formulated Business Continuity Management Policy and Business Continuity Plan to ensure the continuity of important operations and the smooth fulfillment of our responsibilities to customers and society in the event of an earthquake, typhoon, or other disaster, damage from terrorism or crime, or an outbreak of an infectious disease.

We are taking actions on the Novel Coronavirus infection based on the Policy and the Plan. The Business Continuity Plan and its operating procedures are regularly reviewed, and employees undergo regular education and training.

■ The SBI Shinsei Bank Group Policy on Anti-Money Laundering and Countering the Financing of Terrorism (AML / CFT)

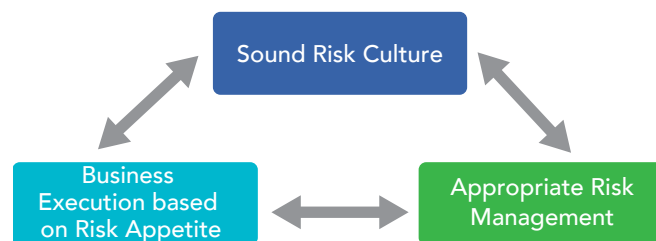
1. Risk assessment	Specify and assess the risk of money laundering and financing of terrorism at each company based on the concept of the risk-based approach, while paying attention to laws, ordinances, and other rules in Japan and documents issued by the Financial Action Task Force (FATF), the Basel Committee on Banking Supervision, and other international organizations. Take risk mitigation measures that are appropriate for the risk being addressed. Regularly examine the effectiveness of risk identification and assessment practices and risk mitigation measures and review them as needed.
2. Customer identification and due diligence	Conduct customer identification before entering into transactions pursuant to relevant laws and ordinances, practice proper customer due diligence, and endeavor to eliminate inappropriate transaction relationships with customers including those with antisocial forces.
3. Transaction monitoring, customer screening, and reporting of suspicious transactions	Give the authorities a suspicious transaction report immediately if a transaction is judged to fall under suspicious transactions based on an abnormality found in the customer identification process conducted before entering into a transaction or during transaction monitoring or customer screening or based on a report made by business promotion divisions / branches.
4. Targeted financial sanctions and assetfreezing measures	Eliminate transaction relationships with the parties that are subject to targeted financial sanctions and appropriately take assetfreezing and other measures pursuant to domestic and overseas regulations and so forth.
5. Management of customers with correspondent contract	Appropriately collect information on customers who have entered into a correspondent contract with the Bank and assess their AML / CFT frameworks. SBI Shinsei Bank and its customers who have entered into a correspondent contract with the Bank are prohibited from having transactions with shell banks and from having transactions using through accounts with a strong level of anonymity.
6. Training for officers and employees	Endeavor to provide guidance and training to officers and employees to deepen their knowledge and understanding of AML / CFT measures and to equip them with expertise and to ensure their suitability according to their roles.
7. Continuous improvement	Regularly check the effectiveness of AML / CFT frameworks and endeavor to keep improving them based on the results of such checks.

Risk Governance

Basic Concept

Risk governance is an important area of the corporate governance framework, and the SBI Shinsei Bank Group has positioned itself as a self-disciplined entity to control risk in a sustainable manner by properly defining and enforcing the supervision and execution functions of the Board of Directors and executives.

■ Conceptual Diagram of Risk Governance



The SBI Shinsei Bank Group has formulated a Group Risk Governance Policy, which outlines the concept of governance based on a sound risk culture, business execution based on risk appetite and appropriate

risk management. In order for financial institutions to secure stable profits and achieve sustainable growth, it is necessary to take on risks while clarifying their risk appetite, and to manage risks appropriately to support them. These are the aggregation of the judgments and actions of individual executives and employees and are strongly affected not only by rules and regulations, but also by the values and cultures of the organization. We believe that risk governance initiatives require a bird's-eye view of all elements.

We have worked diligently to upgrade our risk management and continue to make ongoing efforts to develop a system commensurate with the risks we face. At the same time, we have focused on building a system for appropriate business execution based on our risk appetite, and have developed an integrated management framework based on our risk appetite and consistency of financial plans. Furthermore, as a member of the SBI Group, we are continually working to foster a sound risk culture based on our management philosophy. We believe that risk governance is an important premise

as appropriate risk-taking generates returns as expected and, in turn, aims to improve financial indicators under the sound risk culture.

Risk Culture

Creating a sound risk culture is essential to establishing strong risk governance. The SBI Shinsei Bank Group has established the SBI Shinsei Bank Group Code of Conduct under the SBI Group's common management philosophies and code of conduct. Based on this charter, the SBI Shinsei Bank Group has established a risk culture based on a set of values that serve as behavioral principles for dealing with risk.

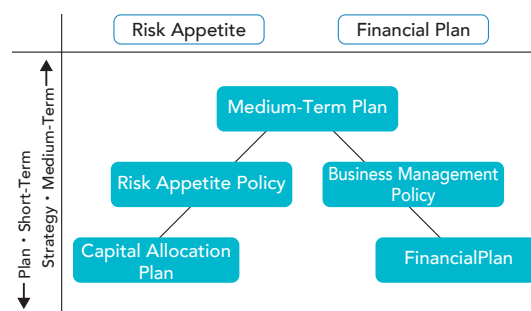
To improve corporate value, it is important not only to avoid risks, but also to take appropriate risk-taking measures. Accordingly, we have clarified the basic stance of the Board of Directors and the executives team and have implemented measures to foster a sound risk culture, including conduct of risk awareness surveys of employees.

Business Execution based on Risk Appetite

The Risk Appetite Framework is a management framework of the company’s overall risk-taking policy, generally considered as the company’s “risk appetite.” The SBI Shinsei Bank Group focuses on the consistency of risk appetite and financial planning as a key premise. By operating the existing functions related to both in an integrated manner, we have established a system that aligns the intentions of the Board of Directors with the execution by the executives on risk appetite.

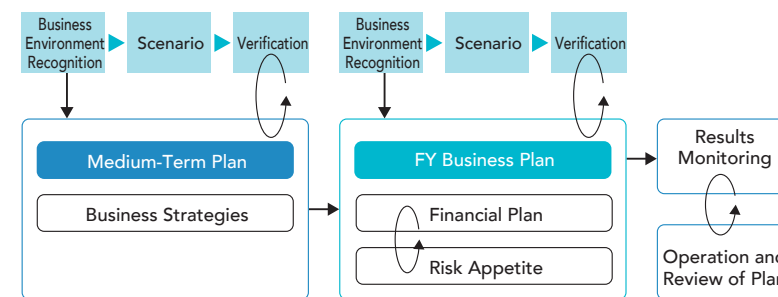
The risk appetite and financial plans are detailed and embodied based on business-line-specific strategies and tactics based on the medium-term management plan. Based on the approval of the Board of Directors,

Conceptual diagram of the relationship between risk appetite and financial planning



the SBI Shinsei Bank Group has formulated the Risk Preference Policy, which documents risk appetite appropriately in a detailed manner. The Group has clarified the risk appetite of the Group’s financial plan and is strengthened monitoring during the term by using quantitative indicators set for the entire SBI Shinsei Bank Group and for each risk category. Risk appetite is

Conceptual diagram of joint operations



quantified on a uniform basis. Risk capital is allocated to each business line, and its use is monitored regularly to ensure soundness.

In order to ensure consistency between risk appetite and financial planning, the SBI Shinsei Bank Group conducts scenario analysis (stress test) to examine the adequacy of capital, funding liquidity, and profitability. If a scenario analysis (stress test) determines that there is excessive risk taking or if there is any doubt about the feasibility of a financial plan, a system is in place to review risk appetite and financial plans. We have also established the Group Risk Policy Committee as a consultative body on management’s risk appetite. At the working level, however, we emphasize close communication between sections involved in promoting and controlling risk-taking, and it is an important concept in the integrated management framework.

SBI Shinsei Bank Group Risk Appetite Policy (Summary)

With the repayment of public funds in mind, we will strive to further improve assets and capital efficiency and maximize profits.

- We will strive to earn a steady profit toward repayment of public funds and receive confidence in the sustainability and growth of the SBI Shinsei Bank Group.
- In order to maintain a certain level of capital adequacy ratio, we will not rely solely on the expansion of operating assets, but will raise assets and capital efficiency more than ever before.
- In order to maximize profitability under capital constraints, we will enhance the risk-taking capacity of the Bank Group by improving asset-capital efficiency (i.e., the return on equity ratio) while maintaining and improving the quality of our portfolio.

Regarding the risk-taking capacity of the SBI Shinsei Bank Group, we will pay attention to the following two points.

- We will keep the credit concentration in mind and maintain the soundness of assets.
~In order to control fluctuations in profits due to potential bad debt losses, credit concentration (concentration of individual companies and industries) shall be carefully examined and monitored.
- We will maintain stable funding structure.
~In order to build a stable financing structure, we will implement measures to acquire sticky deposits.

(NOTE) Based on the basic policies shown in the table above, risk appetite and risk tolerance are set for each of the following four categories: capital adequacy, funding liquidity and financing, business, and operational risk.

Risk Management

The SBI Shinsei Bank Group has established an internal control system that consists of three functions: an autonomous control function (first-line function) in the business execution line on the job site, a control function (second-line function) that is independent of the business execution line on the job site, and an internal audit function (third-line function) that is independent of both of these functions. Of these, the second-line control function verifies the status of risk-taking, determines the will and ability to “take on challenges” (objection) that can be deliberated without hesitation in case there are disagreements among functions while respecting everyone’s actions. In particular, the officer of Group Risk is in principle a jury to the Board of Directors, ensuring opportunities to challenge management policies.

The basic policy for risk management is based on the Group Risk Management Policy, which is based on a management framework for each type of risk and an appropriate allocation of resources to business lines. With regard to capital allocation, which is the primary target area for resource allocation, we have developed an integrated risk management system centered on the risk capital system to comprehensively grasp the risks held by the Group as a whole and compare and contrast them with our management strength.

For more information on risk management, please refer to the Risk Management on page 7 of our Integrated Report 2023 Data Appendix.

With changes in the business environment and the pursuit of value creation both inside and outside the Group, including SBI Group companies, risks that are difficult to identify under the existing framework are increasing. The SBI Shinsei Bank Group identifies “material risk” (top risk) as a risk that is likely to have a material impact on its management. The Group Risk

Policy Committee and other committees consider the selection of such risks, including nonfinancial risks that are difficult to quantify. At present, the Group identifies risks such as increases in credit-related costs triggered by rising long-term interest rates and decrease in the value of securities held due to the emergence of geopolitical risks, as well as human resource and IT risks. To address these important risks, we are focusing on improving the management of predictive control and strengthening our ability to respond to them.

■ Important Risks of the SBI Shinsei Bank Group

Risk scenario	Risk Scenario Details / Impact
1. Increase in credit costs	<ul style="list-style-type: none"> ● Increase in credit costs due to a global economic downturn triggered by rising long-term interest rates, the emergence of geopolitical risks, and the occurrence of large-scale natural disasters and pandemics, as well as a decline in real estate prices. ● Increase in credit costs due to deterioration in the creditworthiness of large-scale investment and loan recipients and credit concentration industries.
2. Risk of rate increases	<ul style="list-style-type: none"> ● A decline in the value of securities holdings and an increase in funding costs due to a rise in interest rates triggered by a change in central banks’ monetary policy and a further rise in policy interest rates.
3. Foreign currency liquidity risk	<ul style="list-style-type: none"> ● Decrease in foreign currency liquidity and increase in foreign currency funding costs due to the financial market turmoil triggered by geopolitical risks, large-scale natural disasters, and pandemic.
4. Emergence of human resource risk (increasing difficulty in hiring new workers and increase in retirees)	<ul style="list-style-type: none"> ● Decline in competitiveness in strategic and core fields due to difficulties in recruiting new graduates and mid-career workers due to intensifying competition to acquire human resources. ● The emergence of internal management problems and the intensification of operational constraints due to the increase in the number of retirees of middle-tier and veteran employees due to the acceleration of human resource mobility.
5. IT risks (cyber attacks and system failures)	<ul style="list-style-type: none"> ● Direct losses and deterioration of reputation caused by the outflow of customer information and the suspension of settlement functions, etc. due to cyber attacks, or the occurrence of unauthorized use or transfer of funds due to cyber-financial crimes. ● Direct losses and deterioration of reputation due to leakage of customer information and stoppage of settlement function due to system failure.
6. Violations of laws and regulations or inappropriate actions by officers and employees	<ul style="list-style-type: none"> ● Direct losses and deterioration of reputation caused by inappropriate acts or omissions by officers and employees that deviate from the law or social norms. ● Administrative penalties, direct losses and deterioration of reputation due to inadequacies in money laundering, terrorist financing measures, etc.
7. Risks related to the promotion of overseas business strategies	<ul style="list-style-type: none"> ● Competitiveness deteriorated due to shortage of specialist human resources required for overseas business planning, promotion, and management. ● Due to differences in the legal system and business practices overseas and limitations in the preliminary survey, the incurrance of response costs and surcharges for unexpected events, and the increase in credit costs.
8. Risks associated with dealing with environmental and social issues	<ul style="list-style-type: none"> ● Strengthening of laws and regulations concerning responses to environmental (including climate-related) and social issues. ● Competitiveness and reputational deterioration resulting from the perceived inadequacy of the SBI Shinsei Bank Group’s response to environmental and social issues. ● Increase in credit-related expenses due to deterioration in business conditions of investment and loan companies that have not sufficiently addressed environmental and social issues.

Ensuring Cybersecurity

Fundamental financial functions, such as deposits, loans, and settlements, are a part of vital social infrastructures, and the stability of these is one of the SBI Shinsei Bank Group’s social responsibilities. However, the recent development of information and networking in society and the current situation internationally have further exacerbated the possibility of sophisticated cyber-attacks that threaten the stability of the financial system. We recognize cybersecurity risks, such as the shutdown of information systems, leaks of confidential information, and illegal trade such as illegal disbursements, as important risks, and we view cybersecurity as a social responsibility.

Cybersecurity Management System

The SBI Shinsei Bank Group has established a control system based on the Group Cybersecurity Guidelines. We are working to strengthen the management of cyber security across the group by sharing new attack techniques and vulnerability of information, inspecting the status of countermeasures for information systems, periodic education for employees, and monitoring illegal transfers. In addition to implementing measures to defend and detect cyber-attacks on information systems, we are also enhancing the security awareness and responsiveness of our employees by implementing regular cyber-attacks drills in cooperation with external specialized organizations.

State of Incident Response

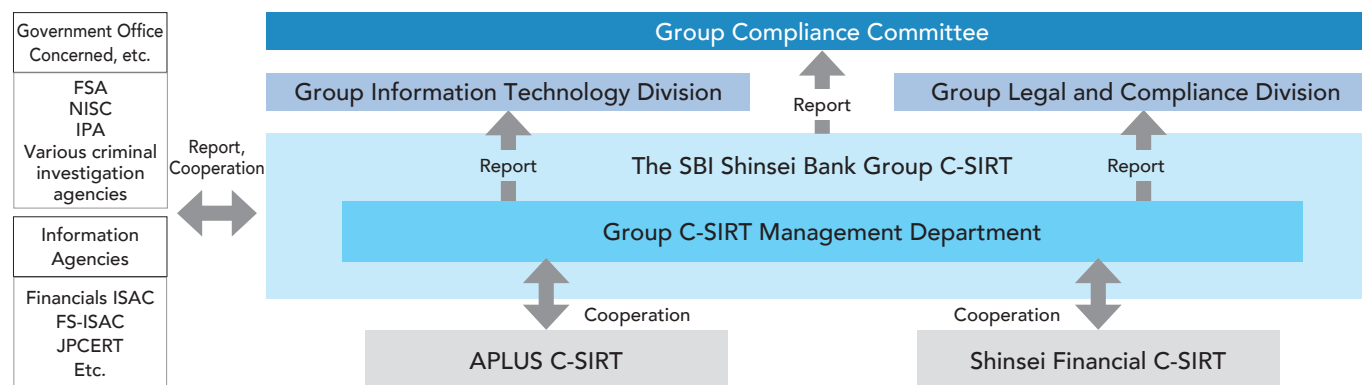
We have established the SBI Shinsei Bank Group C-SIRT (Computer Security Incident Response Team), an organization dedicated to cybersecurity within the Group’s headquarters. Through integrated management with C-SIRT of the Group companies, it is responsible for responding to cyber incidents and financial crimes on a Group basis.

Since fiscal 2021, we conducted intrusion test using a practical aggressive approach, commonly referred to as the Threat-Led Penetration Test, and began efforts to share and improve the challenges discovered throughout the entire Group.

Cybersecurity Management Declaration

Cybersecurity Management of the SBI Shinsei Bank Group declares a commitment to ensuring cybersecurity to all stakeholders, including customers and partner companies. This declaration states our determination to promote the strengthening of cybersecurity through management leadership, such as security measures in various business activities, strengthening of organizational response capabilities, and cooperation with external specialized organizations.

We will continue to contribute to strengthening the cybersecurity of society as a whole by allocating adequate budget, personnel, etc. and strengthening countermeasures.



Glossary & URL

- NISC: National center of Incident readiness and Strategy for Cybersecurity
- IPA: Information-technology Promotion Agency, Japan
- Financials ISAC: Financials ISAC Japan
- FS-ISAC: The Financial Services Information Sharing and Analysis Center (Information sharing through Financials ISAC)
- JPCERT: Japan Computer Emergency Response Team Coordination Center

(As of March 31, 2023)

	(Nonconsolidated)	FY2020	FY2021	FY2022
Governance	Number of Directors	7	9	9
	Ratio of Female Directors	28.6%	22.2%	22.2%
	Number of Outside Directors	5	5	5
	Number of Board of Directors Meetings Held	6	9	13
	Attendance Rate for the Board of Directors Meetings	98%	100%	100%

(Note) Number of Directors, Ratio of Female Directors and Ratio of Outside Directors are as of June 30, 2023.

	(Nonconsolidated)	FY2020	FY2021	FY2022
Employees	Number of Employees	2,186	2,223	2,179
	Male	1,237	1,258	1,231
	Ratio	57%	57%	56%
	Female	949	965	948
	Ratio	43%	43%	44%
	Competitive Ratio in Recruitment (Applicant base)	40.5	37.7	32.0
	Male	29.3	33.5	33.7
	Female	65.1	44.3	29.5
	Average Age	42.4	42.6	42.9
	Male	41.7	41.9	42.3
	Female	43.3	43.5	43.9
	Average Years of Service	13 years 6 months	13 years 10 months	14 years 1 month
	Male	12 years 4 months	12 years 8 months	12 years 11 months
	Female	15 years 1 month	15 years 4 months	15 years 8 months
	Average Monthly Salary	¥491 thousand	¥489 thousand	¥493 thousand
	Number of Business-Limited Employees	138	137	133
	Number of Part-time Employees	205	229	259
	Number of Temporary Employees	6	5	6
	Number of Overseas Locals Recruited	0	0	0
	Number of New University Graduates Hired	51	80	53
	Male	35	49	31
	Ratio	69%	61%	58%
	Female	16	31	22
Ratio	31%	39%	42%	
Number of Mid-career Personnel Recruited	64	53	72	
Male	36	35	53	
Female	28	18	19	

Employees

	(Nonconsolidated)	FY2020	FY2021	FY2022
Ratio of Female Managing Executive Officers		16%	18%	11%
Number of Managers		715	772	755
Number of Female Managers				
Section Leader-Level or Higher		140	171	162
Ratio		19.6%	22.2%	21.5%
Section Manager-Level or Higher		462	499	505
Ratio		32.7%	33.9%	34.3%
Number of Employed Persons with Disabilities		33	39	37
Employment Rate of Persons with Disabilities		2.0%	2.2%	2.1%
Turnover Ratio (Voluntary)		2.4%	2.8%	6.2%
Average Overtime Hours per Month		18.4	19.3	20.3
Average Paid Leave Acquisition Rate		56.5%	62.5%	61.4%
Ratio of Employees Taking Consecutive Leave (One Week Leave)		99.5%	99.4%	96.6%
Number of Employees Taking Childcare Leave		33	33	44
Male		7	11	16
Female		26	22	28
Number of Employees Taking Life Support Leave		6	5	11
Number of Employees Taking Family Care Leave		0	6	6
Number of Employees Registering for Concurrent Business or Side Business		75	94	82
Ratio of Employees Using Teleworking*		99.8%	97.1%	89.9%
Number of Employees Using Continued Employment System		18	17	26
Number of Employees Using Come Back System**		84	88	93
Male		41	44	46
Female		43	44	47
Number of Employment of Functional Change or Employment Status Change		44	28	23
Male		17	6	11
Female		27	22	12

* The ratio of SBI Shinsei Bank employees who have used teleworking during each fiscal year. In FY2022, under the influence that the way of registration of teleworking with the attendance system has been changed, the ratio decreased.

** The number of SBI Shinsei Bank employees who have retired and are re-employed and working at the Bank (excluding retired employees)

(As of March 31, 2023)

	(Nonconsolidated)	FY2020	FY2021	FY2022
Environment	Independent / Co-Arrangement Results of Domestic Project Finance for Renewable Energy (Billions of yen)	201.0	151.6	72.6
	Environment Impact Data			
	Gas Usage (m ³) ¹	46,100	46,500	43,800
	Amount of Heavy Oil (kl) ¹	88	85	96
	Gasoline Usage (kl) ^{2,6}	247	294	271
	Diesel Usage (kl) ^{2,6}	0	40	70
	Amount of Water Cooling (GJ) ¹	954	874	734
	Electricity Usage (MWh) ^{1,6,7}	29,210	28,218	26,913
	Clean Water Usage (t) ^{3,7}	9,925	10,159	8,839
	CO ₂ Emissions			
	CO ₂ Emissions (t)	14,952	14,222	11,650
	Scope1 (Direct Emissions) (t) ⁴	916	1,129	1,176
	Gas ¹	103	104	98
	Heavy Oil ¹	239	229	261
	Gasoline ^{2,6}	574	688	630
	Diesel ^{2,6}	0	108	188
	Scope2 (Indirect Emissions) (t) ⁴	14,036	13,093	10,474
	Cold Water ¹	54	50	42
	Electricity ^{1,6,7}	13,981	13,043	10,432
	Amount of Waste Generated/Recycling Rate ⁵			
	Waste Generated (t)	103	215	147
Amount Recycled (t)	66	137	98	
Amount of Waste Disposal (t)	37	78	49	
Recycling Rate	64%	64%	67%	

(Note)

1. The total of domestic business bases of SBI Shinsei Bank, Shinsei Financial, APLUS, Showa Leasing, Shinsei Trust & Banking, Shinsei Securities, Shinsei Investment Management, Shinsei Investment & Finance, Shinsei Corporate Investment and Shinsei Business Services
2. Total of domestic business bases of SBI Shinsei Bank, Shinsei Financial, APLUS, Showa Leasing
3. Total of domestic business bases of SBI Shinsei Bank, and SBI Shinsei Bank head office, Shinkawa office, Shinsei Financial Osaka Building, Akihabara office, and LI center building of each group company
4. CO₂ emissions of City gas, Heavy Oil, Gasoline, Diesel Oil and Cold Water are calculated according to factors based on the Act on Promotion of Global Warming Countermeasures.
Electricity is calculated according to the most recent adjusted emission factors by electricity producers for fiscal 2021 based on the Act on the Promotion of Global Warming Countermeasures.
5. Total of SBI Shinsei Bank head office; Other SBI Shinsei Bank locations and offices of affiliated companies
6. Includes UDC Finance from Fiscal 2021
7. As for Shinsei Investment Management, actual values up to the end of FY2023

	(Nonconsolidated)	FY2020	FY2021	FY2022
Contribution to Society (Consolidated)	Financial Literacy Program (MoneyConnection®)			
	Number of Schools where the Program was Held (Total)	1,243	1,329	1,424
	Number of Students Participants (Total)	158,270	166,888	176,535
	Social Contribution Activities			
Number of Volunteer Activities	8	14	15	
Number of Employees Participants	549	490	466	
Compliance	Number of Whistle-Blowing Reports			
		1	1	2

SBI Shinsei Bank, Limited, and Consolidated Subsidiaries
For the fiscal years ended March 31, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023

	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
For the fiscal year (Billions of yen) ¹											
Total revenue	199.0	203.0	235.3	216.6	228.5	232.0	229.6	239.9	221.9	217.5	240.2
General and administrative expenses	130.9	135.0	144.2	141.3	144.2	142.9	145.7	150.0	149.1	155.0	161.6
Net credit costs	5.5	0.2	11.8	3.7	31.8	37.2	29.3	39.1	28.3	31.1	22.0
Income before income taxes	53.8	46.0	72.7	62.8	51.7	55.4	54.5	49.2	55.3	28.4	51.7
Profit attributable to owners of the parent	51.0	41.3	67.8	60.9	50.7	51.4	52.3	45.5	45.1	20.3	42.7
Balances at fiscal year-end (Billions of yen)											
Securities	1,842.3	1,557.0	1,477.3	1,227.8	1,014.6	1,123.5	1,130.2	957.0	929.7	674.6	1,572.7
Loans and bills discounted	4,292.4	4,319.8	4,461.2	4,562.9	4,833.4	4,895.9	4,986.8	5,110.4	5,233.6	5,241.8	6,888.8
Lease receivables and leased investment assets	203.5	227.7	227.0	211.4	191.4	171.4	176.5	193.4	192.1	190.8	211.0
Total assets	9,029.3	9,321.1	8,889.8	8,928.7	9,258.3	9,456.6	9,571.1	10,226.5	10,740.1	10,311.4	13,694.8
Deposits and negotiable certificates of deposit	5,457.5	5,850.4	5,452.7	5,800.9	5,862.9	6,067.0	5,922.1	6,305.1	6,571.3	6,398.0	9,982.2
Total liabilities	8,345.6	8,598.5	8,136.0	8,135.6	8,437.5	86,006.0	8,674.5	9,316.0	9,809.4	9,387.1	12,728.3
Total equity	683.6	722.5	753.7	793.1	820.7	8,560.0	896.6	910.4	930.7	924.3	966.5
Per share data (Yen) ²											
Common equity	233.65	247.82	275.45	294.41	3,163.89	3,376.39	3,636.92	3,913.40	4,283.92	4,484.01	4,712.33
Basic profit	19.24	15.59	25.57	22.96	194.65	199.01	211.24	190.59	202.16	96.78	209.47
Dividends	1.00	1.00	1.00	1.00	1.00	10.00	10.00	10.00	12.00	12.00	12.00
Ratios (%)											
Return on assets ³	0.6	0.5	0.7	0.7	0.6	0.5	0.5	0.5	0.4	0.2	0.4
Return on equity ⁴	8.6	6.5	9.8	8.1	6.3	6.1	6.0	5.1	4.9	2.2	4.5
Expenses-to-revenue ratio	65.8	66.5	61.3	65.3	63.1	61.6	63.5	62.5	67.4	71.3	67.3
Total capital adequacy ratio (Basel II, Domestic Standard)	12.24	—	—	—	—	—	—	—	—	—	—
Capital ratio (Basel III, Domestic Standard)	—	13.58	14.86	14.20	13.06	12.83	11.85	11.21	11.39	11.72	10.24
Ratio of nonperforming claims classified under the Financial Revitalization Law to total claims	5.32	3.81	1.42	0.79	0.22	0.17	0.20	0.34	0.64	0.66	0.28

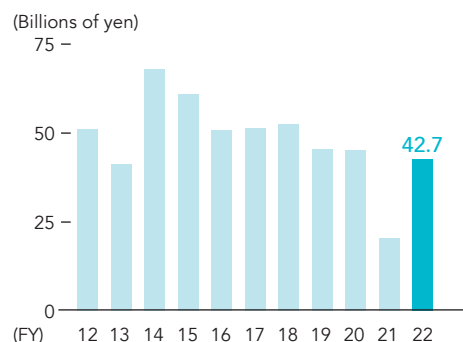
1. Since all yen figures have been truncated rather than rounded, the totals do not necessarily equal the sum of the individual amounts.

2. SBI Shinsei Bank consolidated its shares with a rate of ten shares of common stock into one share on October 1, 2017. Common equity per share and basic profit per share are calculated as if the consolidation of shares had occurred at the beginning of FY2016.

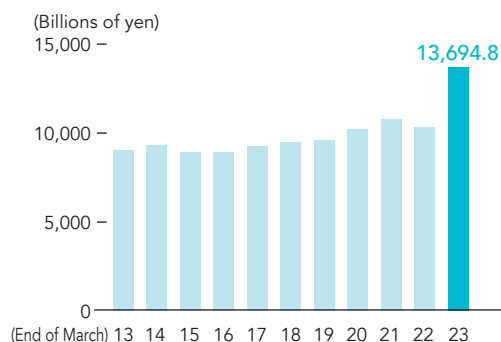
3. Return on assets is calculated by dividing profit (loss) attributable to owners of the parent by the average of total assets at the beginning and end of the period presented.

4. Return on equity (fully diluted) is calculated by dividing profit (loss) attributable to owners of the parent by the average amount of (total equity – share warrants – noncontrolling interests) at the beginning and end of the period presented.

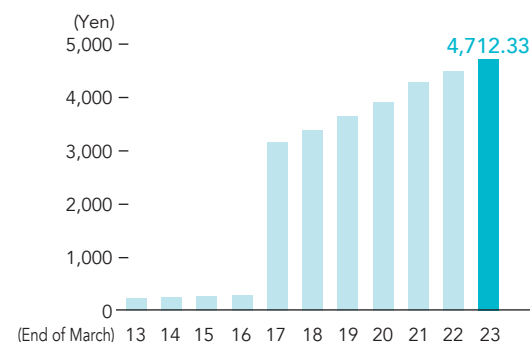
Profit Attributable to Owners of the Parent



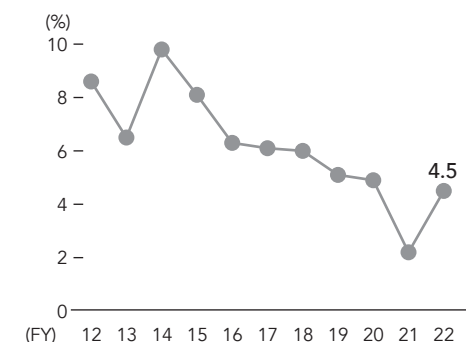
Total assets



Common equity



Return on Equity (ROE)



Stock Information

Shares Outstanding and Capital

(As of March 31, 2023)
(thousands of shares, millions of yen)

Date	Share outstanding		Capital		Capital surplus		Notes
	Change	Balance	Change	Balance	Change	Balance	
July 29, 2003	(1,358,537)	2,033,065 ¹	—	451,296	—	18,558	2-for-1 reverse share split for common shares. Post reverse split common shares outstanding 1,358,537 ² shares
July 31, 2006	(99,966)	1,933,098 ¹	—	451,296	—	18,558	Use of call feature for Series 3 Class-B preferred shares. Issuance of 200,033 ² common shares. Retirement of Series 3 Class-B preferred shares. -300,000 ² shares
November 16, 2006	(85,000)	1,848,098 ¹	—	451,296	—	18,558	Cancellation of treasury shares (common) -85,000 ² shares
August 1, 2007	(100,000)	1,748,098 ¹	—	451,296	—	18,558	Mandatory acquisition of Series 3 Class-B preferred shares. Issuance of 200,000 ² common shares. Retirement of Series 3 Class-B preferred shares. -300,000 ² shares
February 4, 2008	117,647	1,865,746 ¹	25,000	476,296	25,000	43,558	Third-party allocation of shares (common shares) Subscription price ¥425, par value ¥212.5
March 31, 2008	194,600	2,060,346	—	476,296	—	43,558	Use of call feature for Series 2 Class-A preferred share. Issuance of 269,128 ² common shares. Retirement of Series 2 Class-A preferred shares. -74,528 ² shares
March 15, 2011	690,000	2,750,346	35,907	512,204	35,907	79,465	New shares issued through International Offering (common shares) Subscription price ¥108, par value ¥52.04
October 1, 2017	(2,475,312)	275,034	—	512,204	—	79,465	10-for-1 reverse share split for common shares. Post reverse split common shares outstanding 275,034 ² shares
May 18, 2018	(16,000)	259,034	—	512,204	—	79,465	Cancellation of Treasury Shares (common) -16,000 ² shares
March 30, 2023	(54,000)	205,034	—	512,204	—	79,465	Cancellation of Treasury Shares (common) -54,000 ² shares

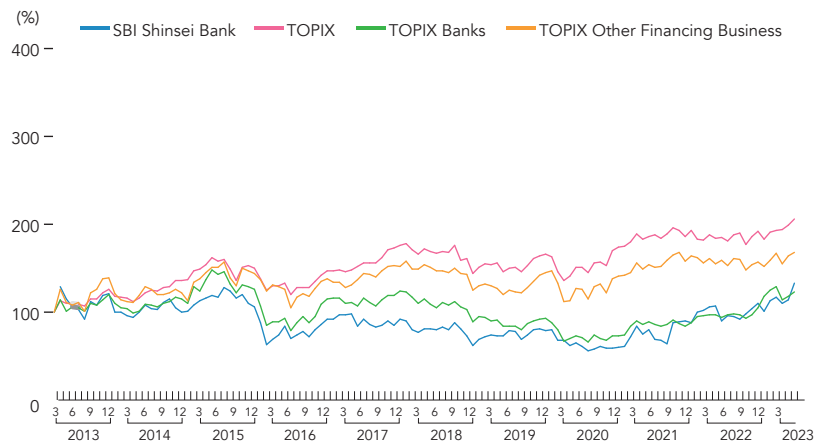
1 Figures include number of preferred shares outstanding
2 Thousand shares

Ratings Information

As of June 30, 2023

	Long-Term (Outlook)	Short-Term
R&I	A- (Positive)	a-1
JCR	A- (Positive)	J-1
S&P	BBB (Stable)	A-2
Moody's	Baa1 (Stable)	Prime-2

SBI Shinsei Bank Share Price: Relative Performance (Stock Market Indexes from March 2013)



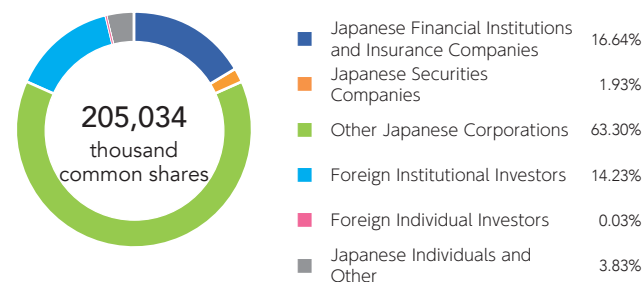
Largest Shareholders

Common Stock

Rank	Shareholders	Thousands of Common Shares	Shareholding Ratio
1	SBI Regional Bank Holdings, Co., Ltd.	102,159	50.04%
2	Deposit Insurance Corporation of Japan	26,912	13.18%
3	THE RESOLUTION AND COLLECTION CORPORATION	20,000	9.79%
4	THE MASTER TRUST BANK OF JAPAN,LTD.(TRUST ACCOUNT)	9,174	4.49%
5	JPLLC CLIENT ASSETS-SK J	3,655	1.79%
6	GOLDMAN SACHS INTERNATIONAL	3,446	1.68%
7	Custody Bank of Japan, Ltd. (TRUST ACCOUNT)	2,951	1.44%
8	ML PRO SEGREGATION ACCOUNT	2,801	1.37%
9	MSIP CLIENT SECURITIES	2,372	1.16%
10	JPMorgan Securities Japan Co., Ltd.	1,765	0.86%
Total (includes treasury shares)		205,034	100.00%

Note: 1. As of March 31, 2023, SBI Regional Bank Holdings holds common shares or 50.04% of SBI Shinsei Bank's outstanding common shares, excluding treasury shares.
2. As of March 31, 2023 in total, the Deposit Insurance Corporation of Japan and the Resolution and Collection Corporation hold 46,912,888 common shares or 22.98% of SBI Shinsei Bank's outstanding common shares, excluding treasury shares.





Beneficial Ownership / Type of Shareholders

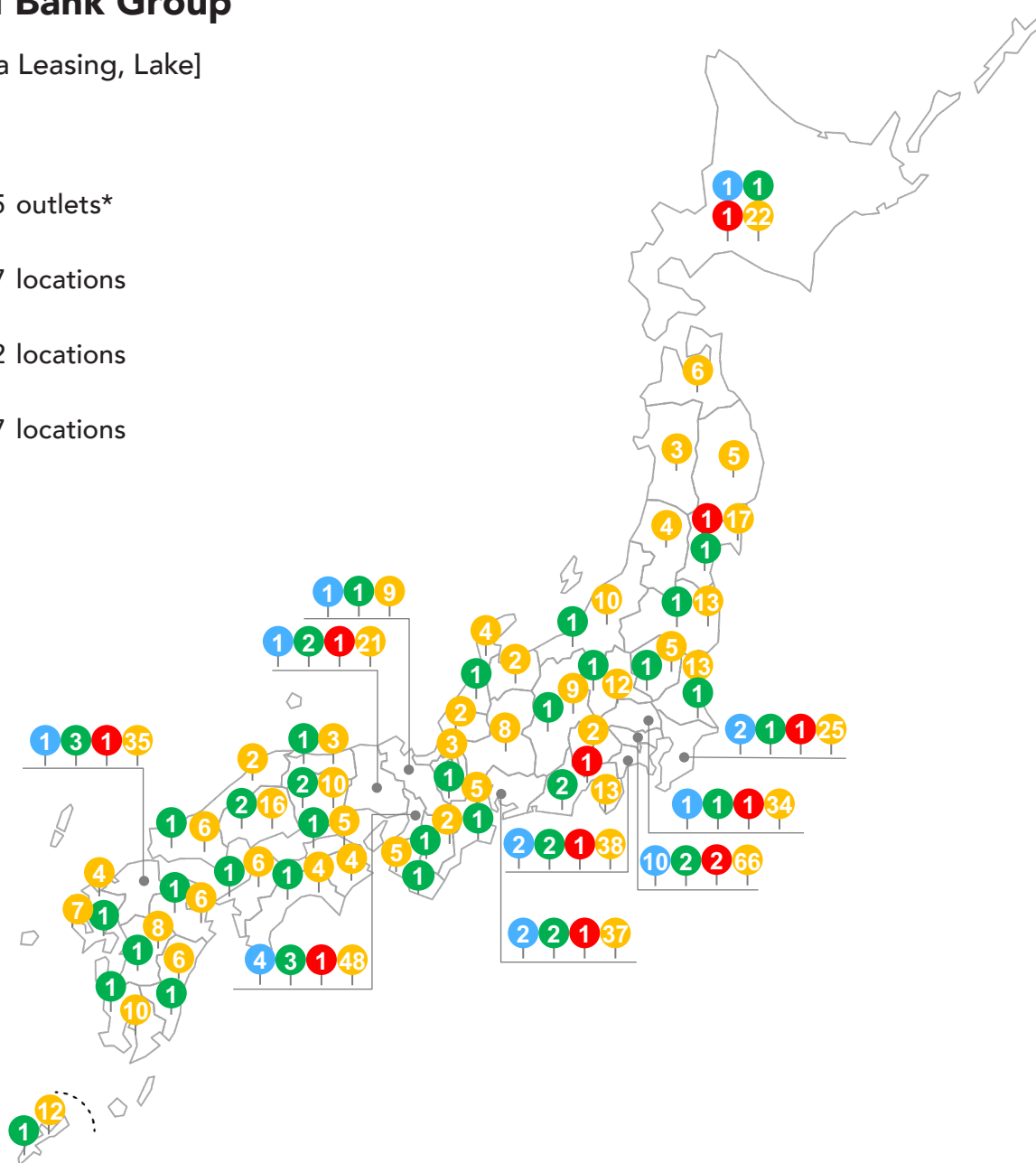






Notes:
1 "Japanese Financial Institutions and Insurance Companies" includes the Resolution and Collection Corporation.
2 "Other Japanese Corporations" includes the Deposit Insurance Corporation.
3 "Japanese Individuals and Others" includes treasury shares.

Network of SBI Shinsei Bank Group

[SBI Shinsei Bank, APLUS, Showa Leasing, Lake]

 SBI SHINSEI BANK	25 outlets*
 APLUS	47 locations
 SHOWA LEASING	12 locations
 (Lake)	587 locations



- ...  **SBI SHINSEI BANK**
- ...  **APLUS**
- ...  **SHOWA LEASING**
- ...  (Lake)

* The numbers in the pins indicate the number of locations.

* SBI SHINSEIBANK MONEYPLAZA located in Ikebukuro, Umeda and Ginza are attached to the Ikebukuro, the Umeda and the Ginza Branches.

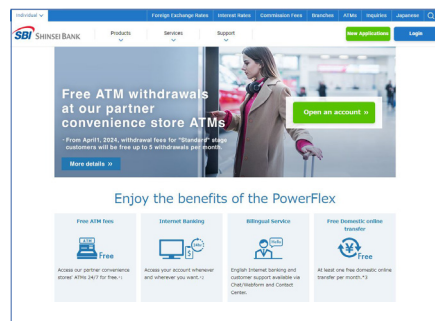
(As of June 30, 2023)

SBI Shinsei Bank actively uses its website to provide information in a timely manner. The Bank's website provides a variety of information, including products, services, and financial information, split into four sections on the website: Individual, Institutional, Corporate/IR, and Recruit.

Individual

<https://www.sbishinseibank.co.jp/english/>

The website for individual customers provides information on our comprehensive retail account, PowerFlex. Customers can log on to our Internet banking service, PowerDirect, submit requests for information and apply to open an account. Product and service offerings, campaigns, branch and ATM information, interest rates, and explanations on asset management products and housing loans are covered here.

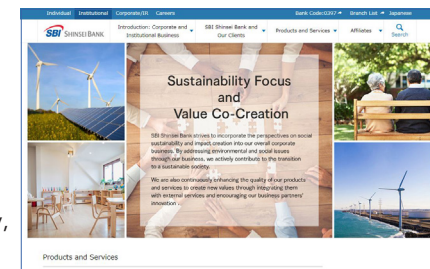


Institutional

<https://www.sbishinseibank.co.jp/institutional/en/>

This website provides information on our products and services for institutional customers, as well as various solutions that are provided to customers based upon their business area and companies based on their lifecycle stage and needs. Additionally, the Bank aims to contribute to the growth of customers, the economy, society, and regional areas through sustainability.

Examples of the Bank's business participation are available on this website. Information regarding branches, affiliated companies and market reports (Japanese language only) is also available.



Corporate/IR

<https://corp.sbishinseibank.co.jp/en/index.html>

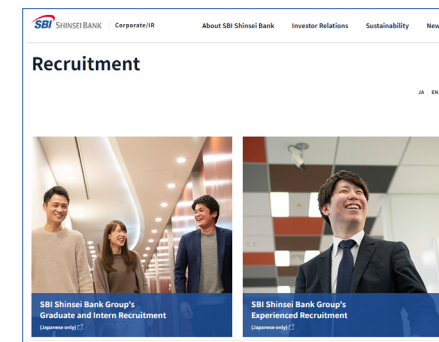
The Corporate/IR website contains information on our corporate and management profiles, history, medium-term management plan, sustainability initiatives and corporate governance. It also provides our news releases, equity and debt-related information, financial information and IR calendar.



Recruit

<https://corp.sbishinseibank.co.jp/en/recruitment.html>

This website provides new graduates and mid-career recruitment data of SBI Shinsei Bank. In addition to the recruitment guidelines and introduction to the Group's human resource development system, we post comments from employees who practice a variety of work styles in the Group, and roundtable discussions by employees who participate in various projects.



Group Investor Relations & Corporate Communications Division

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