

Financial Highlights and Medium-Term Vision of the Shinsei Bank Group

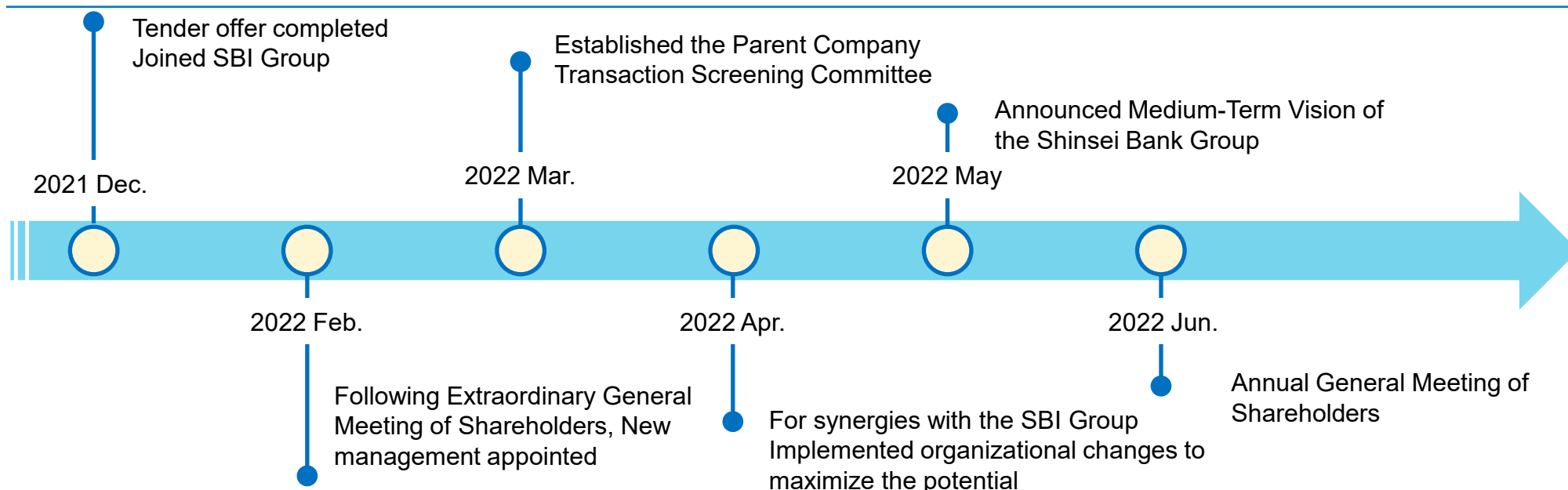
Fiscal Year Ended March 31, 2022

May 2022

Table of Contents

■ The Shinsei Bank Group, now a part of the SBI Group -----	P 3
■ FY2021 Financial Highlights -----	P 4
■ FY2022 Earnings Forecast -----	P 17
■ Review of Previous Medium-Term Strategies -----	P 20
■ Medium-Term Vision of the Shinsei Bank Group -----	P 22
■ Appendix -----	P 39

The Shinsei Bank Group, now a part of the SBI Group: Aiming to strengthen profitability through synergies



■ SBI Holdings, which can generate synergies from its businesses, becomes the parent company

- ✓ The most important initiative is to leverage synergies by actively incorporating the financial ecosystems and functions based on the advanced technologies of the SBI Group and thoroughly utilizing them in the Shinsei Bank Group's businesses
- ✓ Joint projects are underway through 39 sub-committees to discuss and promote initiatives to generate synergies
- ✓ Established the Group Strategy Planning Division to promote initiatives to deepen cooperation within the SBI Group and the Bank Group, and the Business Co-Creation Division to handle collaboration functions with the SBI Group in the corporate business

■ Proposal to change the corporate name at the ordinary general meeting of shareholders in June 2022

- ✓ Aiming to provide employees with peace of mind by demonstrating synergies with the SBI Group, the utilization of the SBI brand, and the SBI Group's long-term commitment to the Shinsei Bank Group, both internally and externally
- ✓ Propose "SBI Shinsei Bank, Limited" as the new corporate name

FY2021 Financial Highlights

FY2021 Consolidated Financial Results: Profit decreased YoY due to a loss to prepare for the future growth and a large-scale credit provision

(Unit: JPY billion)

[Consolidated]	FY2020 (Actual)	FY2021 (Actual)	YoY	YoY (%)
Total Revenue	221.9	217.5	-4.3	-2.0%
General and administrative expenses	-149.6	-155.4	-5.8	-3.9%
Ordinary Business Profit (OBP)	72.2	62.1	-10.1	-14.1%
Net Credit Costs	-28.3	-31.1	-2.7	-9.6%
OBP after Net Credit Costs	43.8	31.0	-12.8	-29.4%
Income before income taxes	55.3	28.4	-26.8	-48.5%
Profit attributable to owners of parent	45.1	20.3	-24.7	-54.8%

- Total Revenue decreased by JPY4.3 billion YoY, mainly due to a loss on sales of bonds to prepare for the future portfolio restructuring as well as reducing the amount of interest rate risk in response to the rise in interest rates, despite an increase in interest income thanks to the full-year effect of UDC consolidation.
- Expenses increased by JPY5.8 billion YoY partly due to the full-year impact of UDC consolidation and multiple projects.
- Net Credit Costs increased by JPY2.7 billion mainly due to a large-scale provision for doubtful accounts in the institutional business in the fourth quarter.
- Income before income taxes decreased by JPY26.8 billion YoY. Absence of a special factor recorded in the previous fiscal year, such as gains on the sale of shares of Jih Sun Financial Holding Co, Ltd., a listed financial group in Taiwan.
- Profit attributable to owners of parent was JPY20.3 billion, a decrease of JPY24.7 billion from the previous fiscal year.

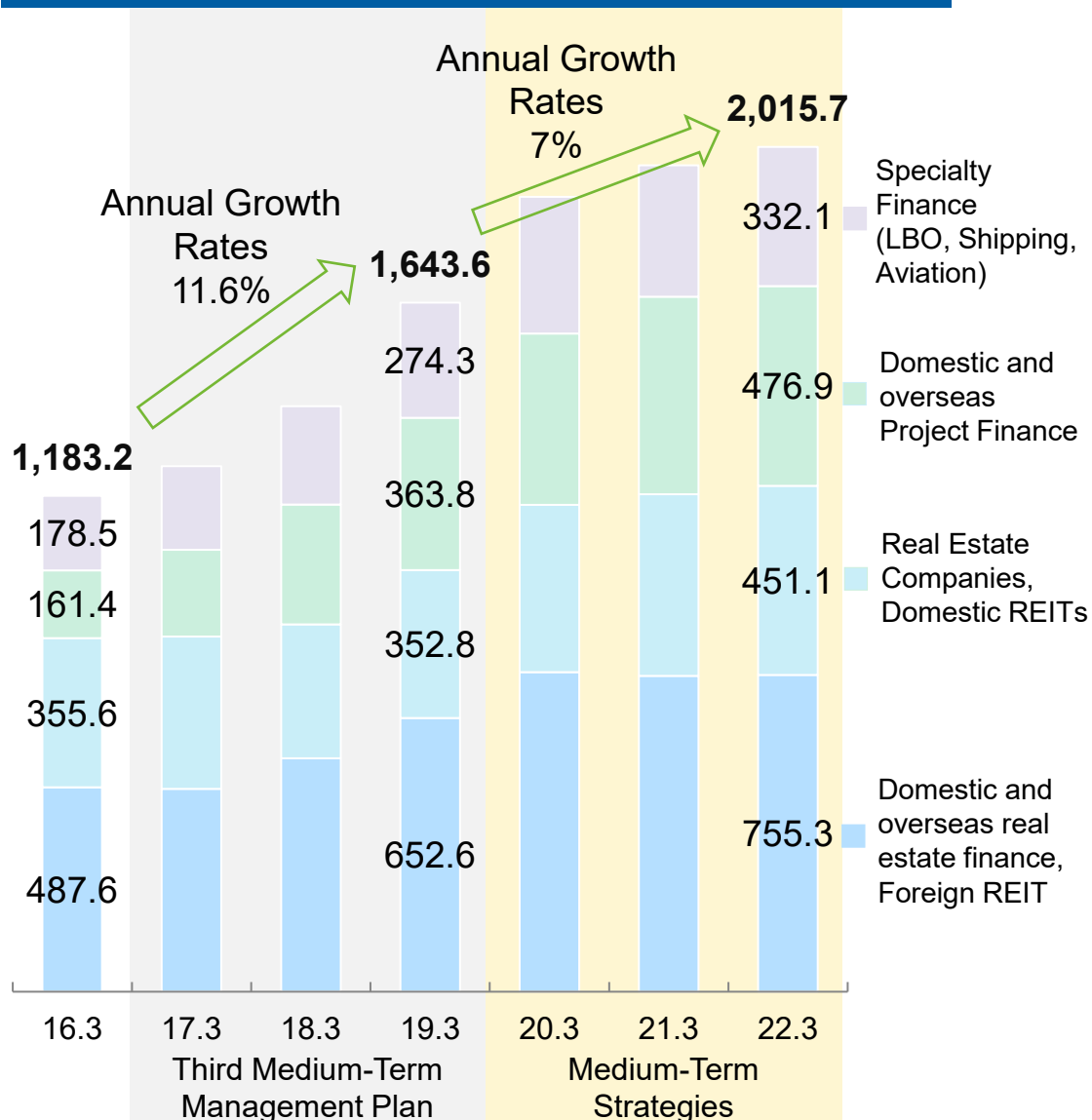
Business Overview of Institutional Business: Growth in Top-line Revenue and Increase in Segment Profit

(Unit: JPY billion)

[Institutional Business]	FY2020 (Actual)	FY2021 (Actual)	YoY	YoY (%)
Total Revenue	62.0	67.9	+5.9	+9.6%
General and administrative expenses	-45.4	-46.9	-1.4	—
Ordinary Business Profit (OBP)	16.5	21.0	+4.4	+26.9%
Net Credit Cost	-6.5	-8.7	-2.2	—
OBP after Net Credit Costs	10.0	12.3	+2.2	+22.4%
Corporate Business	3.1	0.7	-2.3	-73.3%
Structured Finance	3.0	2.0	-1.0	-34.0%
Showa Leasing	2.8	4.0	+1.2	+43.6%

- Total Revenue rose JPY5.9 billion YoY due to revenue improvement at Principal Transactions by JPY6.0 billion YoY. In addition, revenue increased by JPY1.0 billion YoY due to an improvement in interest income and commission revenue at Showa Leasing. While global markets operations declined by JPY1.8 billion YoY, mainly due to the recording of a one-time loss following the change in the mark-to-market method for swap valuations, Institutional Business increased JPY5.9 billion YoY as a whole .
- Net Credit Costs increased by JPY2.2 billion for the full fiscal year as a result of recording a large-scale credit provision of JPY11 billion for corporate customers in the fourth quarter, despite collection and recoveries of written-off claims up to the third quarter.
- OBP after Net Credit Costs increased by JPY2.2 billion YoY.

Operating Asset Balance



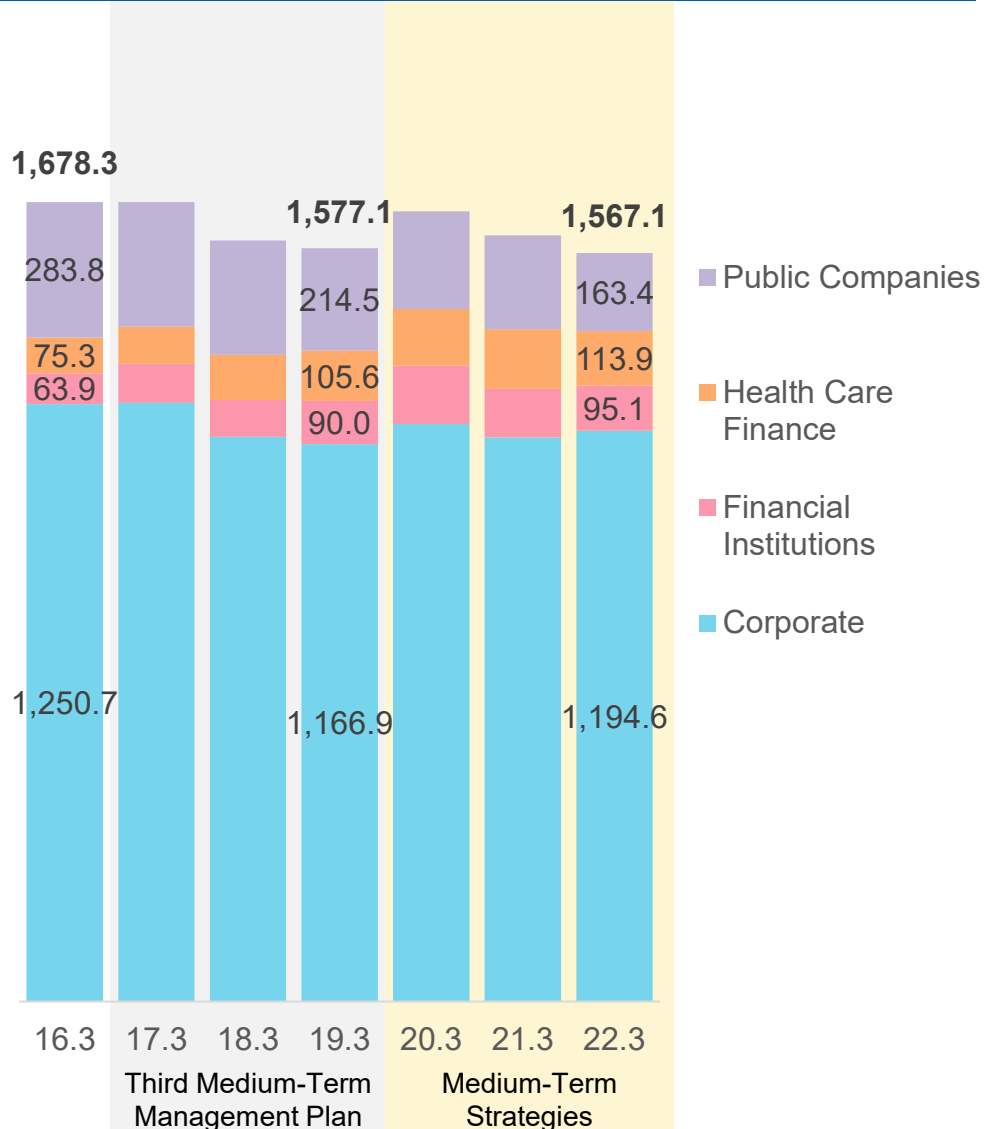
Maintained a high annual growth rate of 7% as a whole by increasing other than Real Estate products, despite controlling the balance of real estate finance in accordance with the market environment

Further focus on the sustainability, including the renewable energy field, which is one of our strengths

Expanding scope for initiatives for projects that are becoming larger and more complicated by taking into account creativity, such as incorporating know-how and perspectives on corporate credit

Improve the growth rate through efforts to introduce projects based on diverse needs from the SBI Group

Operating Asset Balance



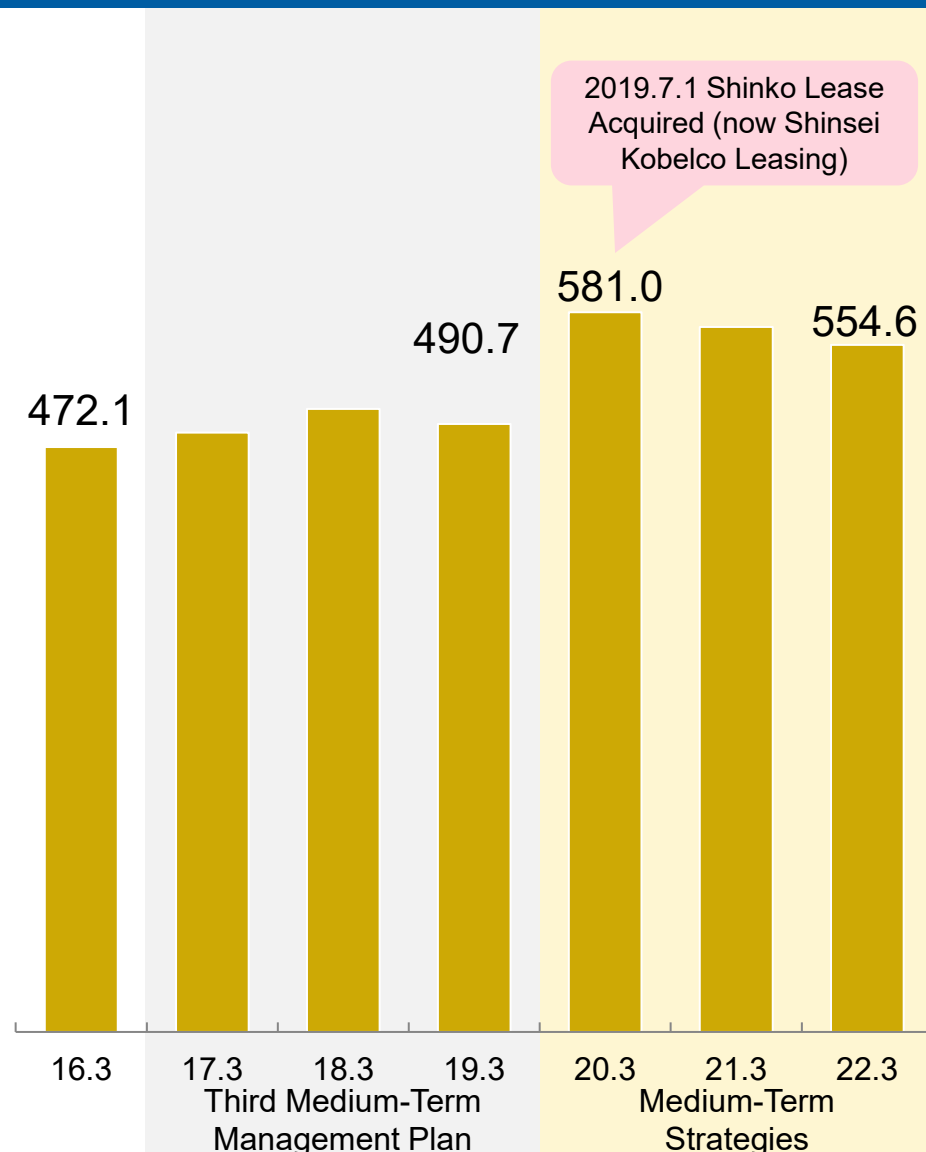
Excluding the asset balance for Public Companies, which has been decreasing, the balance of operating assets in Corporate Business showed a trend of slight growth from the end of 2019.3 to 2022.3.



Increase points of contact with customers by introducing many of the SBI Group's customer groups and creating a full lineup through mutual product offerings

Strengthen initiatives for high-net-worth individual customers and venture debt business, which are expected to grow in the future

Operating Asset Balance



After the acquisition of Shinko Lease (now Shinsei Kobelco Leasing), balance was sluggish due to restrained capital investment and support from government-affiliated financial institutions (transaction volume in the leasing industry as a whole remained low) due to the Covid-19 pandemic

Strengthen profitability by expanding the customer base through the pursuit of synergies, such as the SBI Group's business development for corporate clients, and by expanding small-scale finance with APLUS as well as focusing on the ICT, environment, and real estate fields

Business Overview of Individual Business: Decreased YoY, partly due to a decline in revenue at Shinsei Financial

(Unit: JPY billion)

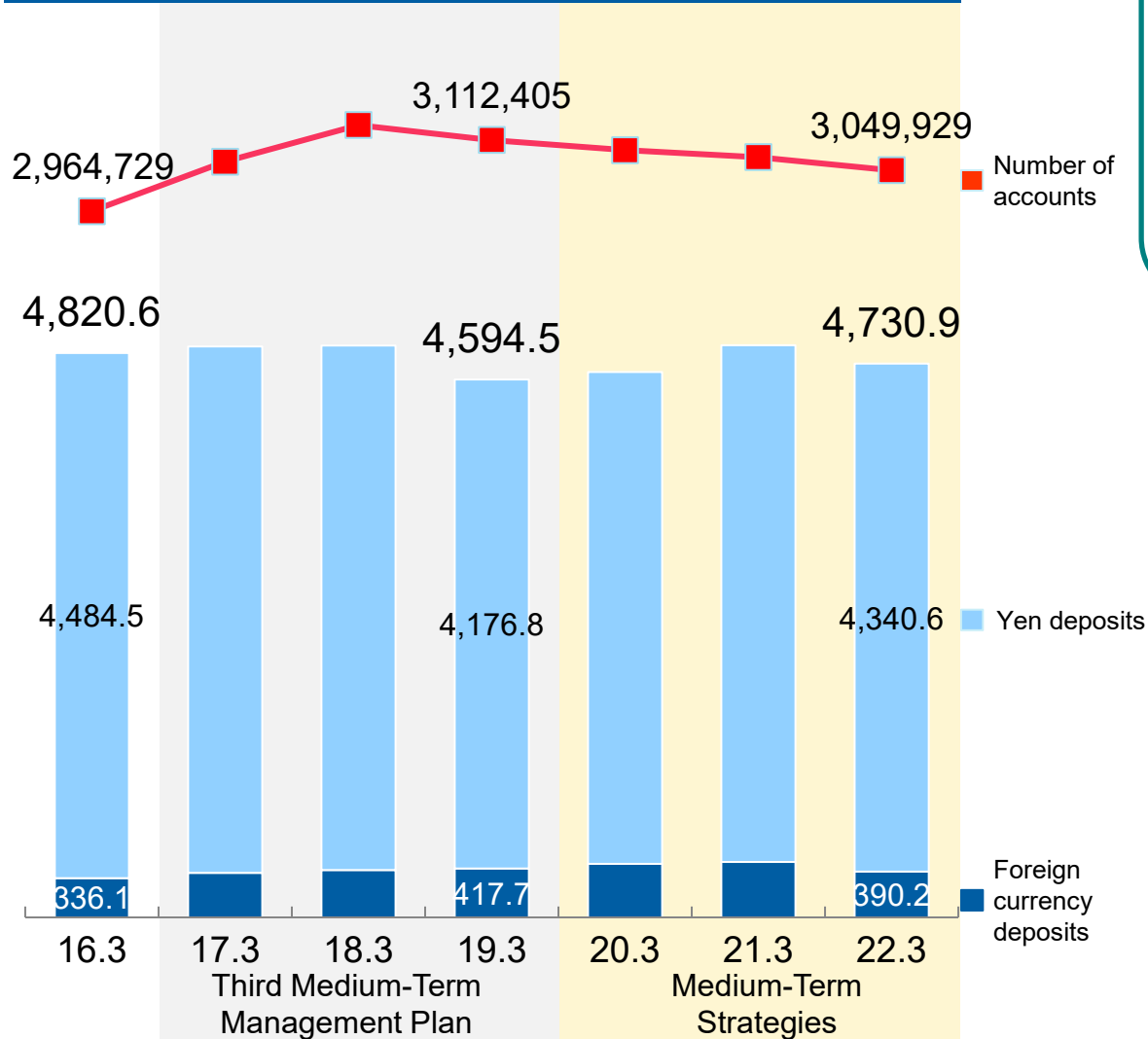
[Individual Business]	FY2020 (Actual)	FY2021 (Actual)	YoY	YoY (%)
Total Revenue	154.5	151.1	-3.4	-2.2%
General and administrative expenses	-99.9	-98.5	+1.4	—
Ordinary Business Profit (OBP)	54.5	52.6	-1.9	-3.6%
Net Credit Costs	-21.7	-22.4	-0.7	—
OBP after Net Credit Costs	32.8	30.1	-2.6	-8.1%
Retail Banking	3.6	1.9	-1.6	-45.5%
Shinsei Financial	21.7	17.0	-4.6	-21.5%
APLUS	6.9	9.2	+2.2	+32.9%

- Total Revenue decreased by JPY3.4 billion from the previous fiscal year, due to a sharp decrease in retail banking (down JPY2.5 billion) and Shinei Financial (down JPY3.6 billion) despite a revenue increase by JPY1.1 billion YoY in APLUS thanks to robust business momentum in shopping credit business.
- Net Credit Costs increased by JPY0.7 billion YoY due mainly to lower credit recoveries derived from decrease of balance as the pace of loan balance decline was smaller than that in the previous fiscal year while the loan balance continued to decrease in Shinsei Financial.
- OBP after Net Credit Costs decreased by JPY2.6 billion YoY.

Retail Banking: Sluggish growth in both number of accounts and deposit volume, aiming for a future reversal offensive

(Unit: JPY billion)

Retail Deposit Balance and Number of Accounts



The number of accounts continues to decrease. While the balance of deposits bottomed out at the end of 2019.3 and trended toward a reversal, but declined again at the end of 2022.3

Aiming for strong growth in both the number of accounts and the balance of deposits by making full use of the SBI Group's customer base and reciprocal customer referrals, in addition to improving conditions such as the new Step-Up Program

Points of the New Step-Up Program

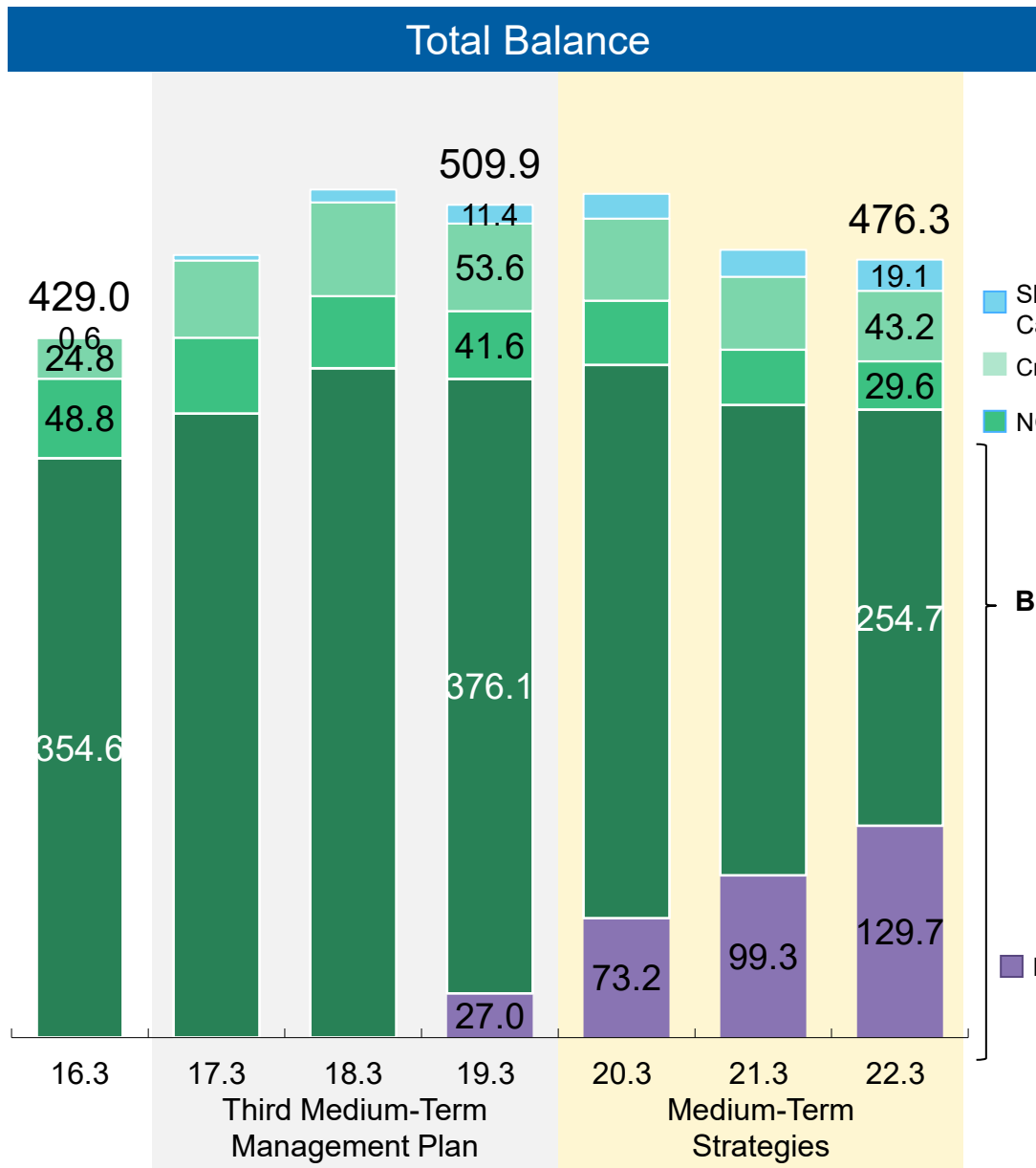
Added "Shinsei Silver Stage" to make it easier for customers to use affiliated financial institution ATMs free of charge

Preferential interest rates on yen-denominated time deposits depending on the customer's stage

Special preferential services for new customers

Shinsei Financial: Signs of balance turnaround visible at the end of 2022.3, aiming to recover to a growth trajectory from the next fiscal year onward

(Unit: JPY billion)



Balance trended downward due to the impact of the Covid-19, but at the end of 2022.3, the pace of decline from the end of the previous fiscal year had shrunk, and there were signs of a balance reversal.

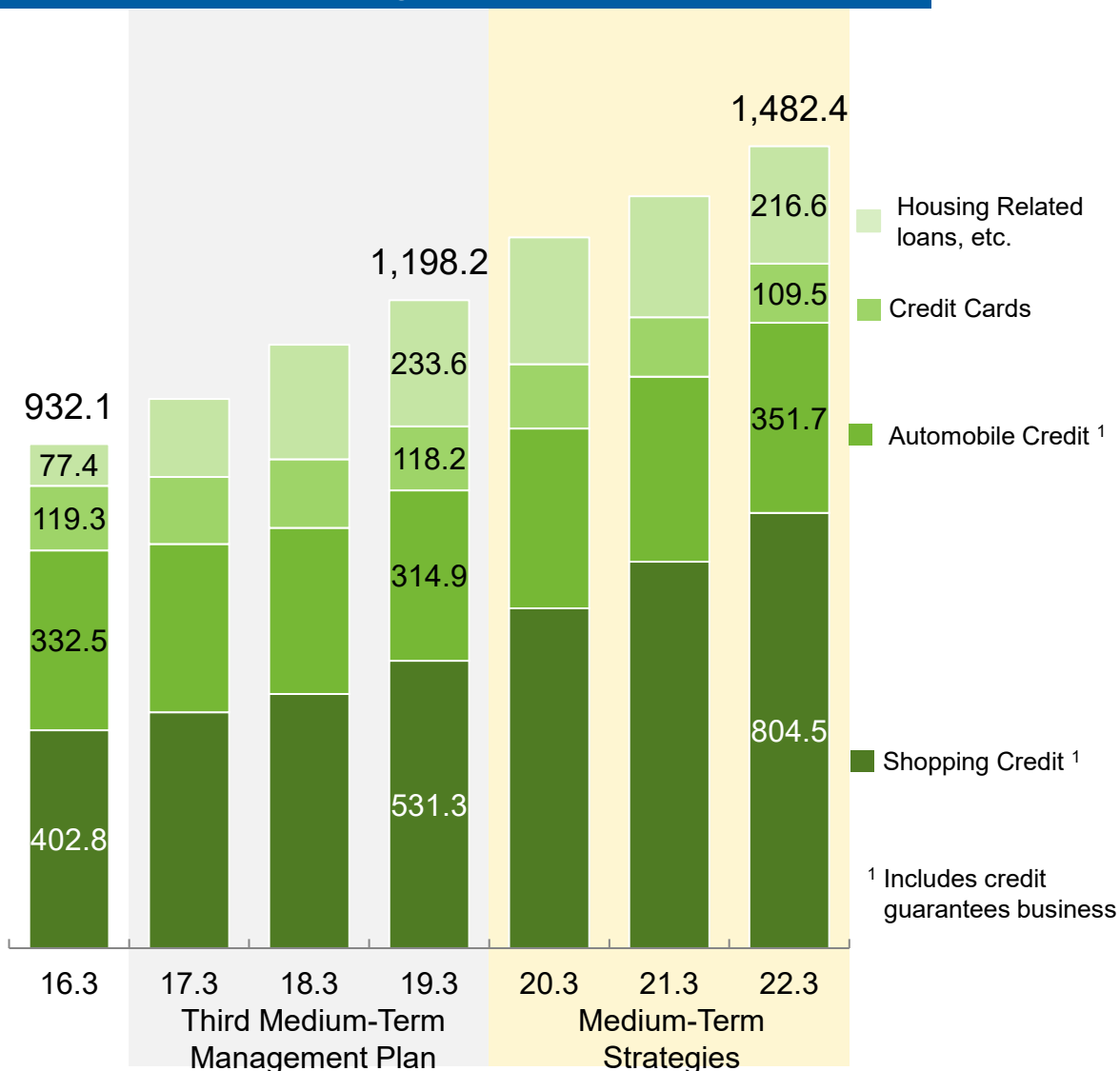


In addition to steadily capturing the recovery from the decline in loan demand due to the Covid-19, aiming for stable and continuous balance growth leveraging collaboration with the SBI Group

Leveraging the SBI Group's UI/UX knowledge and building an ecosystem with the SBI Group to increase awareness of the Lake brand and new customer acquisition

Develop new credit guarantee partners by leveraging the SBI Group's relationships with regional financial institutions

Operating Asset Balance



Steady growth continued, and the operating assets balance of Shopping Credit grew significantly



For the further growth, the company aims to expand its foundation from multiple perspectives by leveraging its shopping credit sales base to acquire more cards, developing customers using the SBI Group's business partners and relationship with regional banks, and providing BANKIT® functions on banking apps for regional banks.

In the Mobility Business domain, through collaboration with IDOM Group, we will realize an unprecedented provision of services aimed at realizing the ideal car life desired by users.

Business Overview of Corporate/Other: Profits increased in Overseas Business due to the full-year impact of UDC Finance

(Unit: JPY billion)

[Corporate/Other]	FY2020 (Actual)	FY2021 (Actual)	YoY	YoY (%)
Total Revenue	5.3	-1.5	-6.8	—
General and administrative expenses	-4.2	-10.0	-5.7	—
Ordinary Business Profit (OBP)	1.0	-11.5	-12.6	—
Net Credit Costs	-0.1	0.0	+0.1	—
OBP after Net Credit Costs	0.9	-11.4	-12.4	—
Overseas Business	3.5	5.5	+1.9	+56.0%
Treasury	-3.8	-12.7	-8.8	—

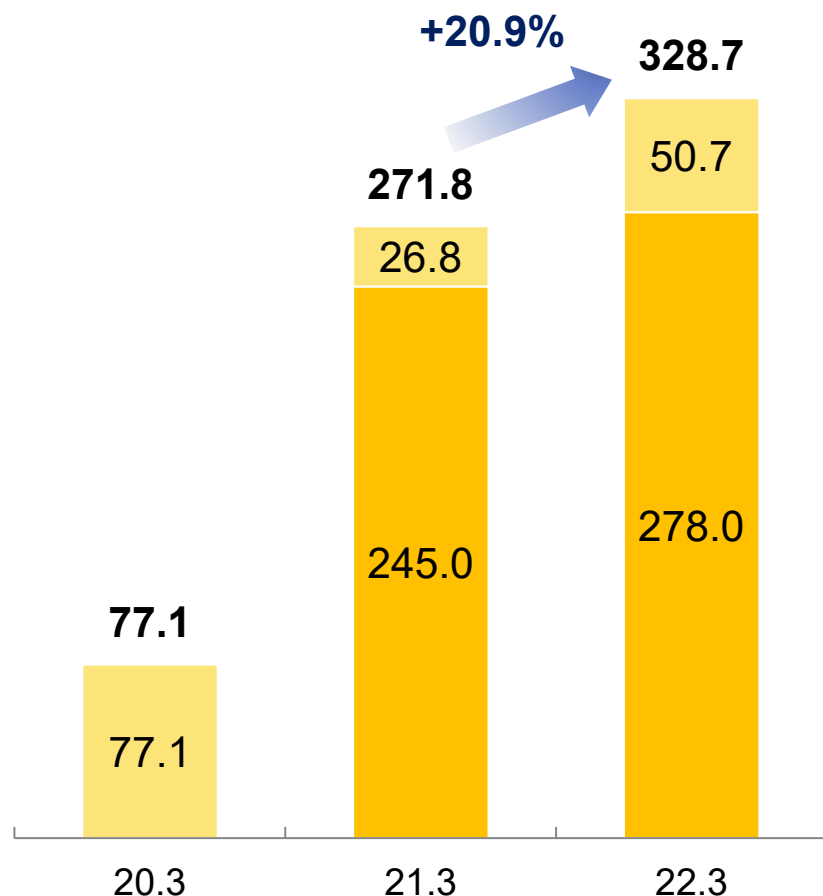
- Total Revenue decreased by JPY6.8 billion YoY, mainly due to the absence of equity method income of Jih Sun Financial recorded in the previous fiscal year and the recording of a loss on sales of bonds for preparing for the future portfolio restructuring as well as reducing the amount of interest rate risk in response to the rise in interest rates in the treasury business, while other revenue increased YoY primarily due to an increase in interest income from the full-year effect of UDC consolidation in the Overseas Business and dividend income from Latitude Group, in which the Company entered into a capital and business alliance on March 10, 2021.
- Expenses increased by JPY5.7 billion YoY due to full-year incorporation of UDC consolidation and expenses related to multiple projects.
- OBP after Net Credit Costs decreased by JPY12.4 billion YoY.

Overseas Business: Significant increase in segment profit YoY due to contribution of UDC Finance
 (Unit: JPY billion)

Operating Asset Balance

- UDC Finance
- Others

UDC Finance operating asset Up 7%
 (on a local currency basis)



Acquisition completed in September 2020 and made a 100% subsidiary

Significance of investment

UDC is New Zealand's largest non-bank, and boasting high name recognition and diverse customer industries

Population is increasing in New Zealand due to immigration policy, and high GDP growth rates in developed countries

Non-banks have higher loan growth rates than banks

Utilize know-how and pursue synergies in the non-bank business within the Shinsei Bank Group

Description of Businesses

Dealer (indirect) channels and Commercial (direct) channel as the main sales channels

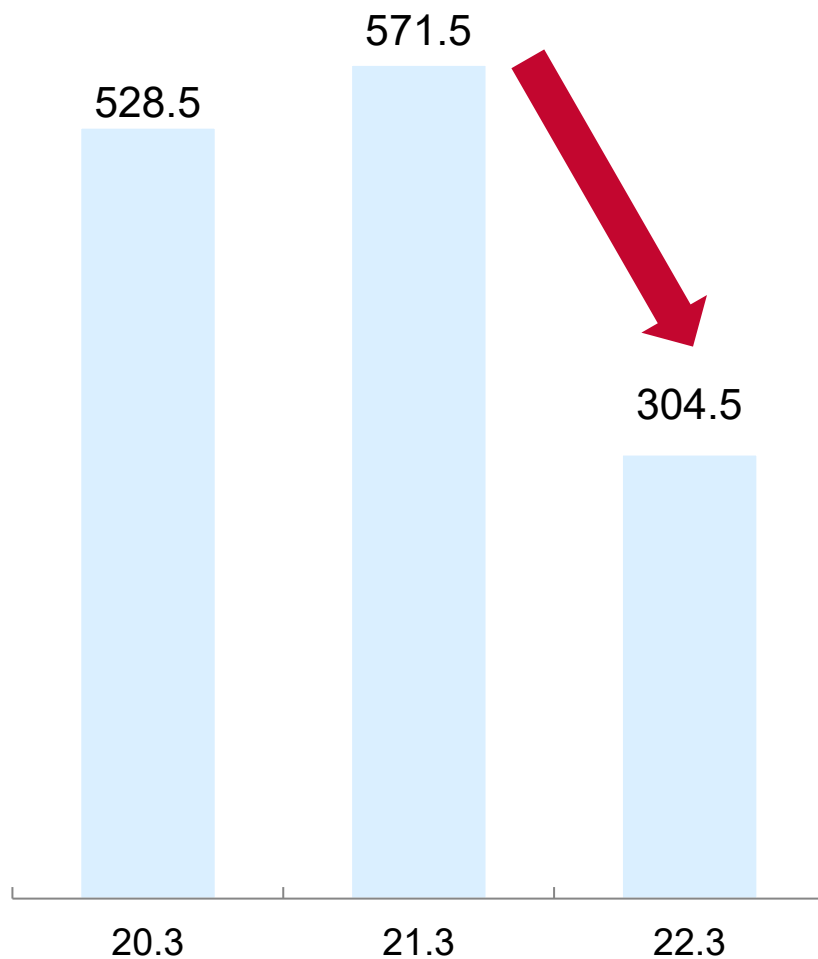
<Dealer channel>

Mostly personal auto loans

<Commercial Channel>

Financing of construction machinery, agricultural machinery and equipments for corporations

Operating Asset Balance



Significantly reduced the balance by reducing the amount of interest rate risk and selling securities for preparing for the future restructuring of securities portfolio

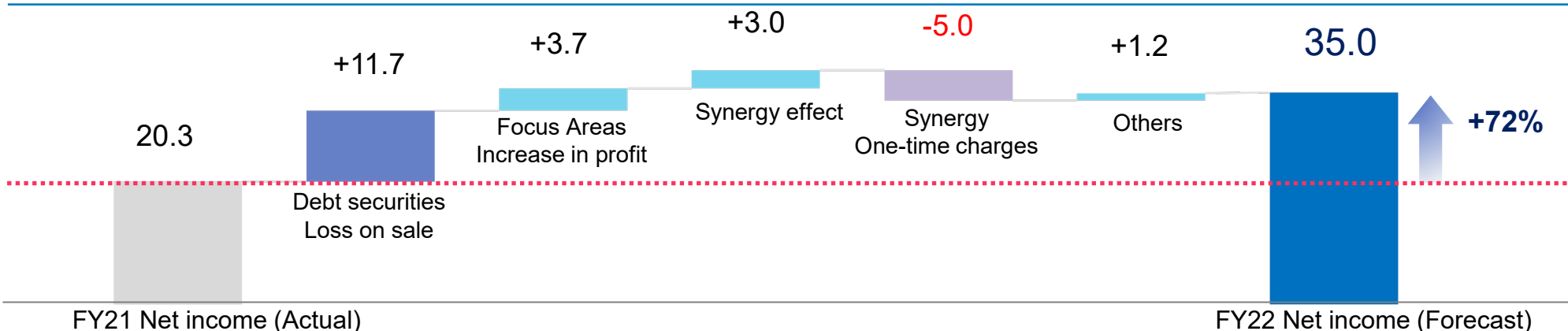
Enhance profitability by diversifying securities investment through portfolio restructure

Aim for investment balance of around JPY800 billion

FY2022 Earnings Forecast

FY2022 Net Income Forecast: Aiming to Establish a Structure for Growth (Investment) and Restore the path during the First Year of the Medium-Term Vision

(Unit: JPY billion)



Breakdown of Increase in Profits in Focused Areas

OBP after Net Credit Costs	FY2021 (Actual)	FY2022 (Forecast)	Increase/Decrease	Main variance factors
Structured Finance	2.0	7.6	+5.6	Large-scale provision for allowance for doubtful accounts as recorded in FY2021 is not expected in FY2022.
Small-Scale Finance (Shinsei Financial, APLUS)	26.2	23.7	-2.4	Expenses and Net Credit Costs will be taken upfront with the aim of aggressively growing the balance of unsecured loans so that the balance can be rebounded in FY2022 while it declined in FY2021
Overseas Business	5.5	6.1	+0.5	Increase in profits at existing overseas companies/investments

Details of Synergy Effect and Synergy One-time Expenses

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

FY2022 Net Income Forecast: Aiming to Establish a Structure for Growth (Investment) and Restore the path during the First Year of the Medium-Term Vision

(Unit: JPY billion)

	FY2021 (Actual)	FY2022 (Forecast)
Total Revenue	217.5	241.0
General and administrative expenses	-155.4	-164.0
Net Credit Costs	-31.1	-31.0
Profit attributable to owners of parent	20.3	35.0

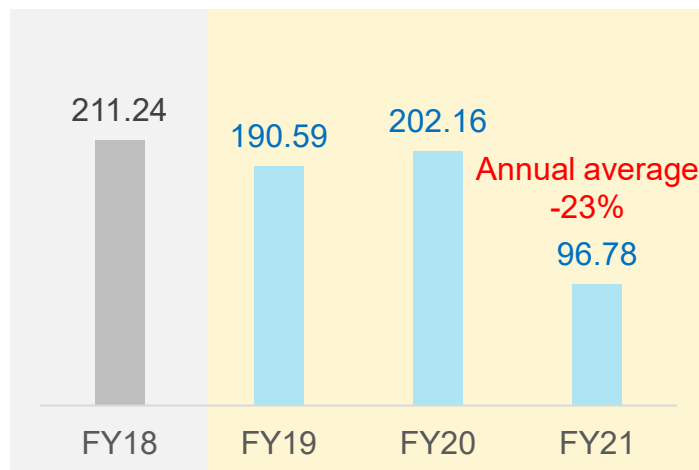
Key Points of the FY2022 Forecast

- Accumulation of operating asset balance centered on APLUS shopping credits
 - Increase due to business growth in overseas businesses
 - Increase due to the realization of synergies with the SBI Group
 - Special factors (losses on sales of bonds) recorded in FY2021 are not expected.
-
- Higher expenses at APLUS for cloud utilization and IT security enhancement as well as increase in issuance of new and renewal of expired cards
 - Increase in expenses associated with strengthening sales in overseas businesses and other areas
 - Recording of one-time expenses to realize synergies with the SBI Group
-
- Increase due to aggressive accumulation of balance such as unsecured loans
 - No special factor (large-scale provision for doubtful accounts) is expected as recorded in FY2021

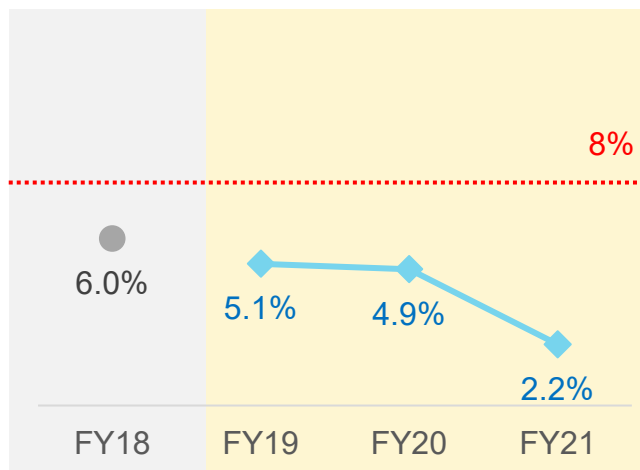
Review of Previous Medium-Term Strategies (FY2019-FY2021)

Medium-Term Strategies (FY2019-FY2021) Key Financial Targets

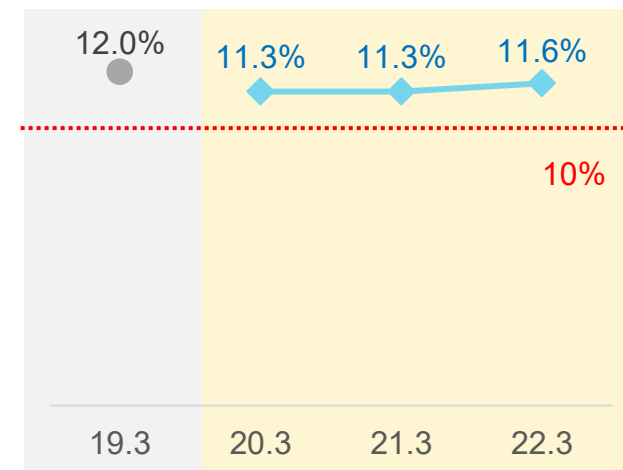
EPS growth rate: Average of 2% or more per year



ROE: 8% over the medium-term



CET1 ratio: 10% or more in the medium-term



- Key financial targets of EPS growth rate and ROE were not achieved even after excluding one-time losses such as losses on sales on bonds as bottom-line profits were sluggish
- Maintaining CET1 ratio above target of 10%

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

Overall Grasp

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

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

Strategies for achieving the Medium-Term Vision

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

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



Core Strategy 1

Pursue value co-creation
inside and outside the
Group



Core Strategy 2

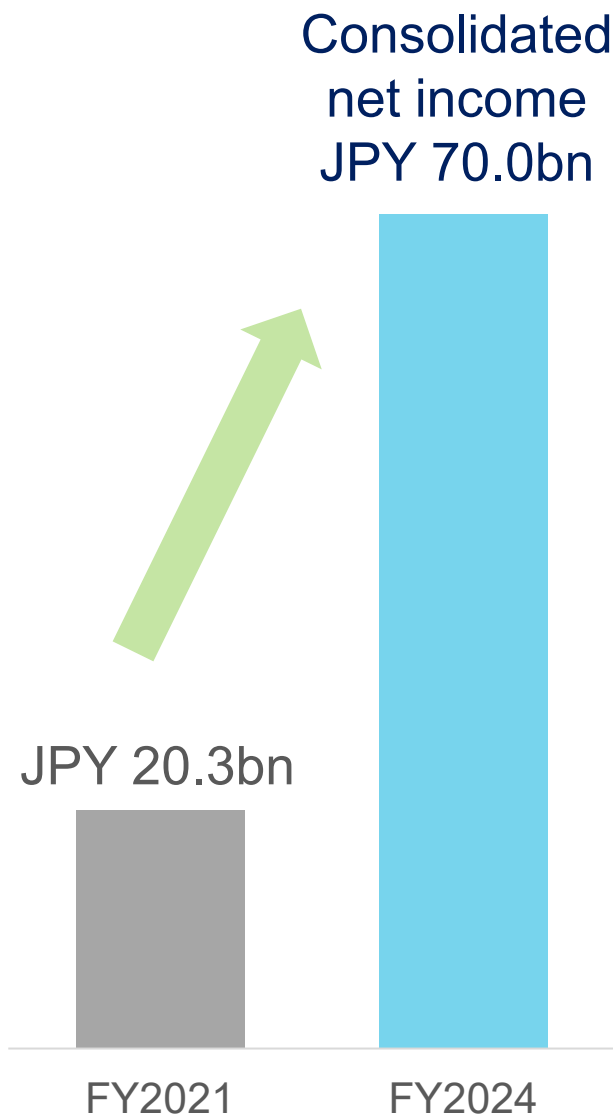
Enhance the Group's
strengths and realize a full
range of service offerings



Core Strategy 3

Achieve sustainability
through business activities

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



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

Convert expansion of quantity to enhancement of quality

Achieve JPY 70.0 billion of consolidated net income for FY2024

Establish a foundation for further growth

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

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



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

3. Show the path toward repayment of public funds

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

Actions for achievement

Business strategy

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

Shareholder Returns

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

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

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

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

Value co-creation with the SBI Group companies

Value co-creation within the Shinsei Bank Group

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

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

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

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

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

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

Comprehensive usage
of state-of-the-art
technologies

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

Core Strategy 3 : Achieve sustainability through business activities

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

Core Strategy 3 : Achieve sustainability through business activities

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

Offer financial functions toward the resolution of environment and social challenges

Provision of financial services trusted by customers

Medium-Term Vision of the Shinsei Bank Group

Individual Strategies: Individual Business

Summary

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

Key individual strategies

Small-scale finance

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

Retail banking

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

Housing-related loans

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

Individual Strategies: Institutional Business

Summary

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

Key individual strategies

Institutional investors

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

Financial institutions

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

Business corporations

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

Individual Strategies: Overseas Business

Summary

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

Key individual strategies

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

Medium-Term Vision of the Shinsei Bank Group

Individual Strategies: Management Base

Summary

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

Key individual strategies

Management of marketable securities

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

Human resources and general affairs

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

Finance control

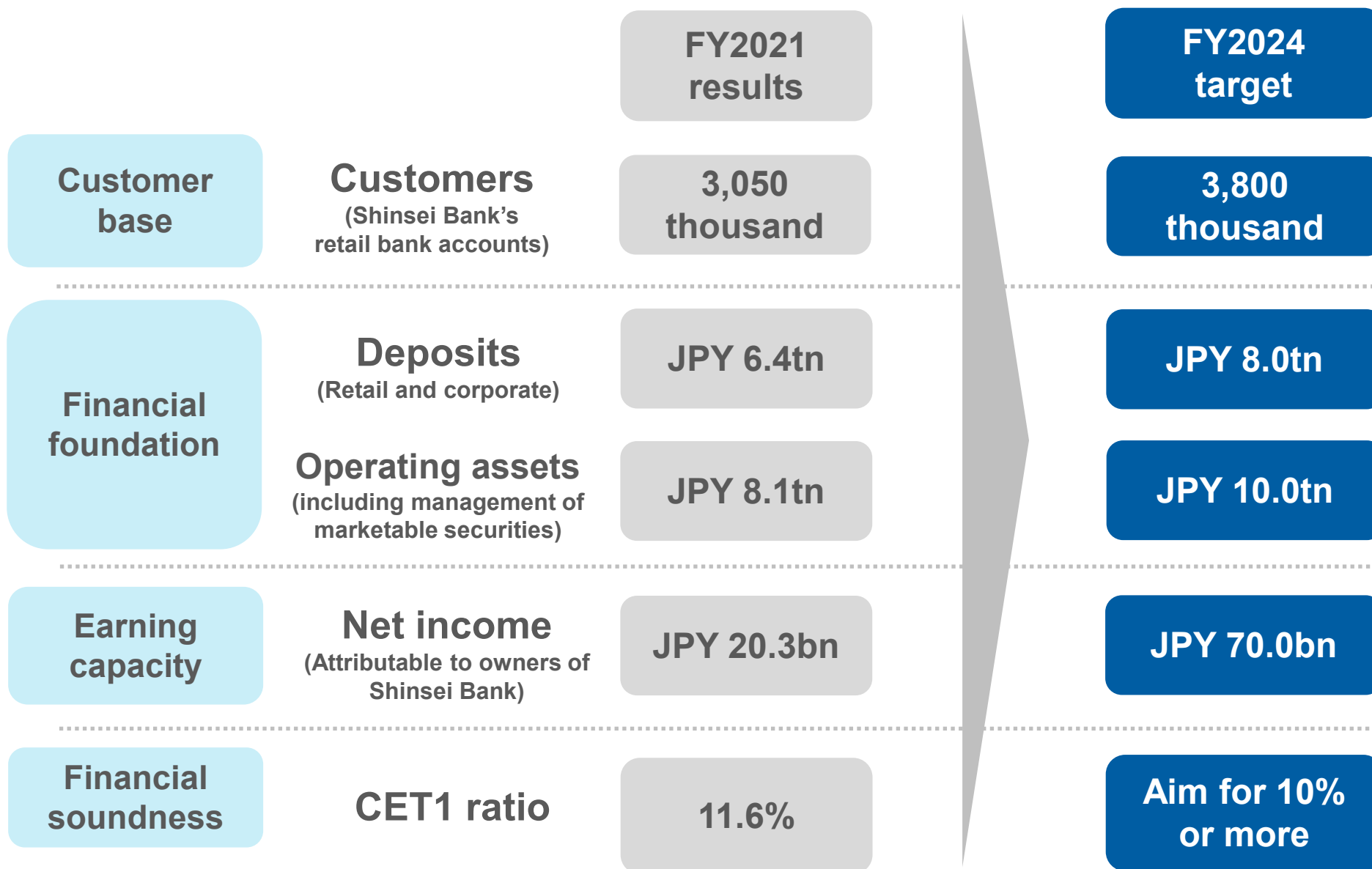
- Examine the IFRSs via coordination with the SBI Group

Compliance

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

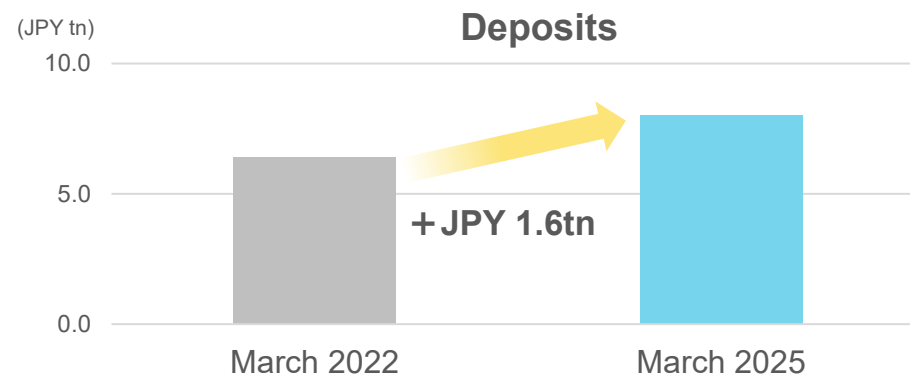
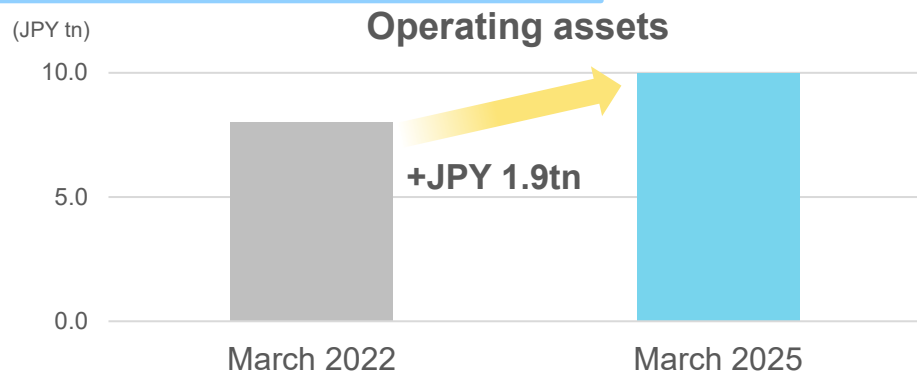
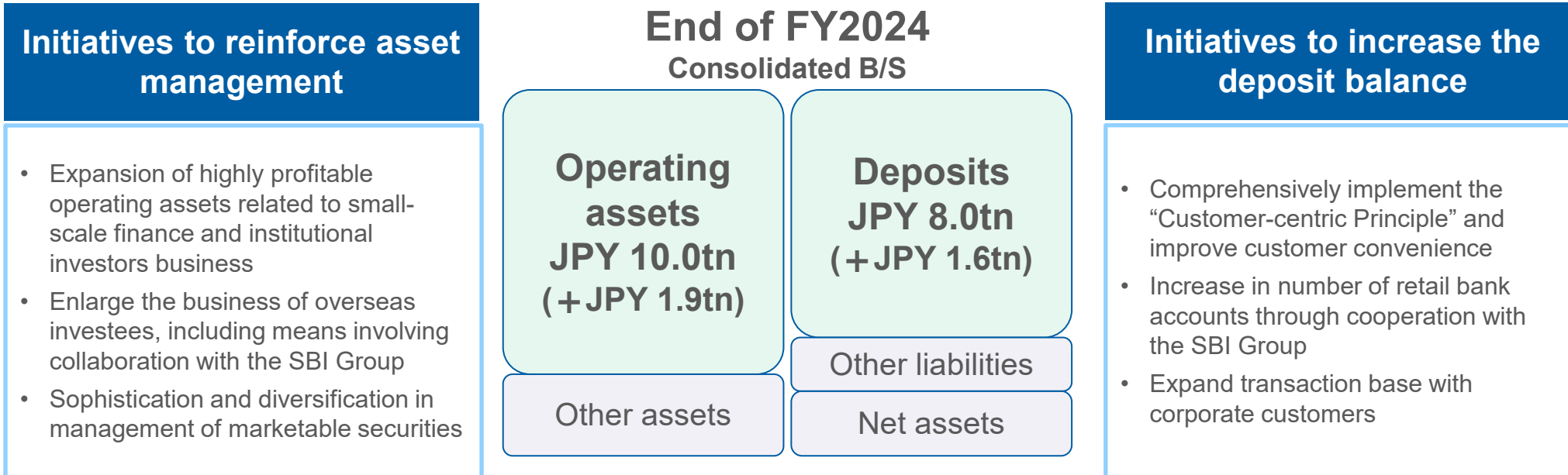
Medium-Term Vision of the Shinsei Bank Group

Financial Targets : KPI

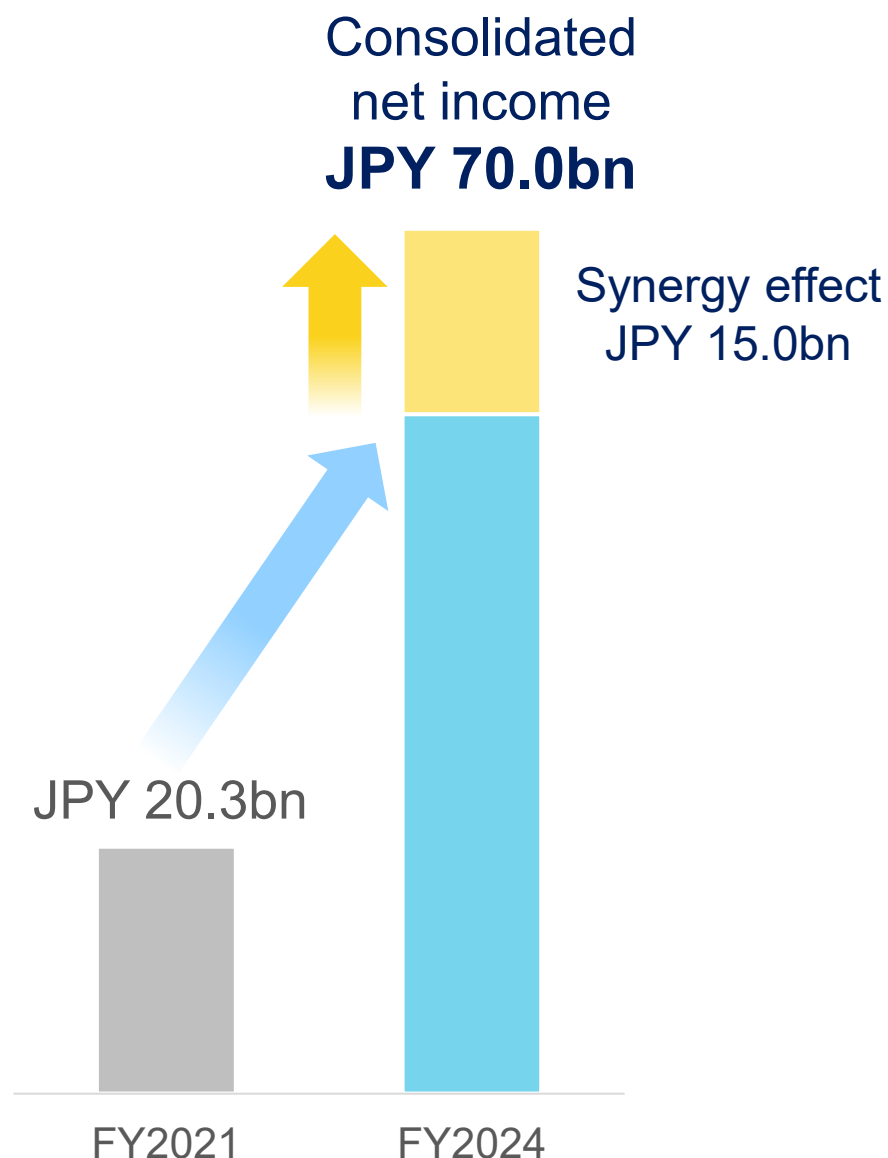


Financial Targets : Operating assets and deposits

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



Financial Targets : Consolidated net income



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

Financial Targets : Synergy effect with the SBI Group

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

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

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

Necessity and backdrop for strengthening corporate governance

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

Establishment of the Parent Company Transaction Screening Committee

Members:

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

Transactions to be subjected:

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

Roles of the committee:

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

Method of final approval:

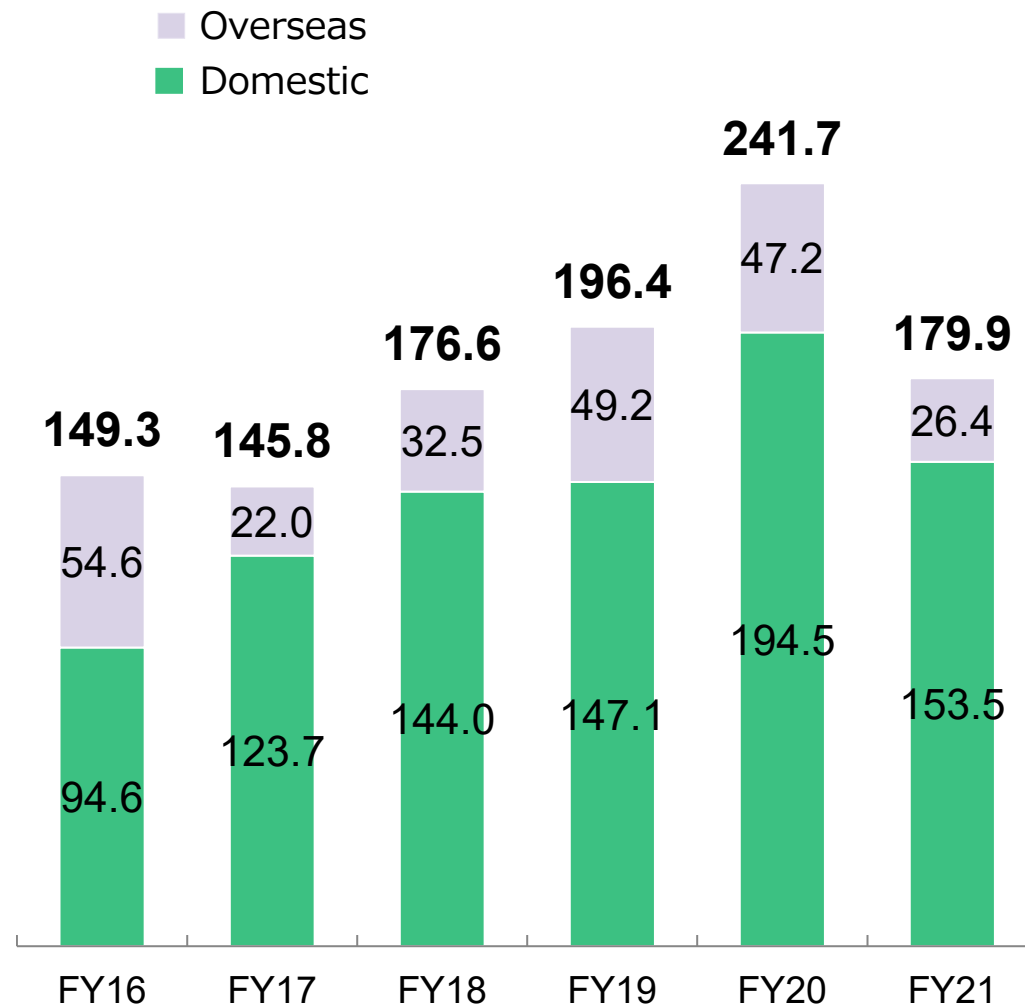
- Conclusively resolve by the Board with the Parent Company Transaction Screening Committee's opinion, following the Committee's resolution
- The said BoD will not involve Directors having close relationships with the SBI Group

Appendix

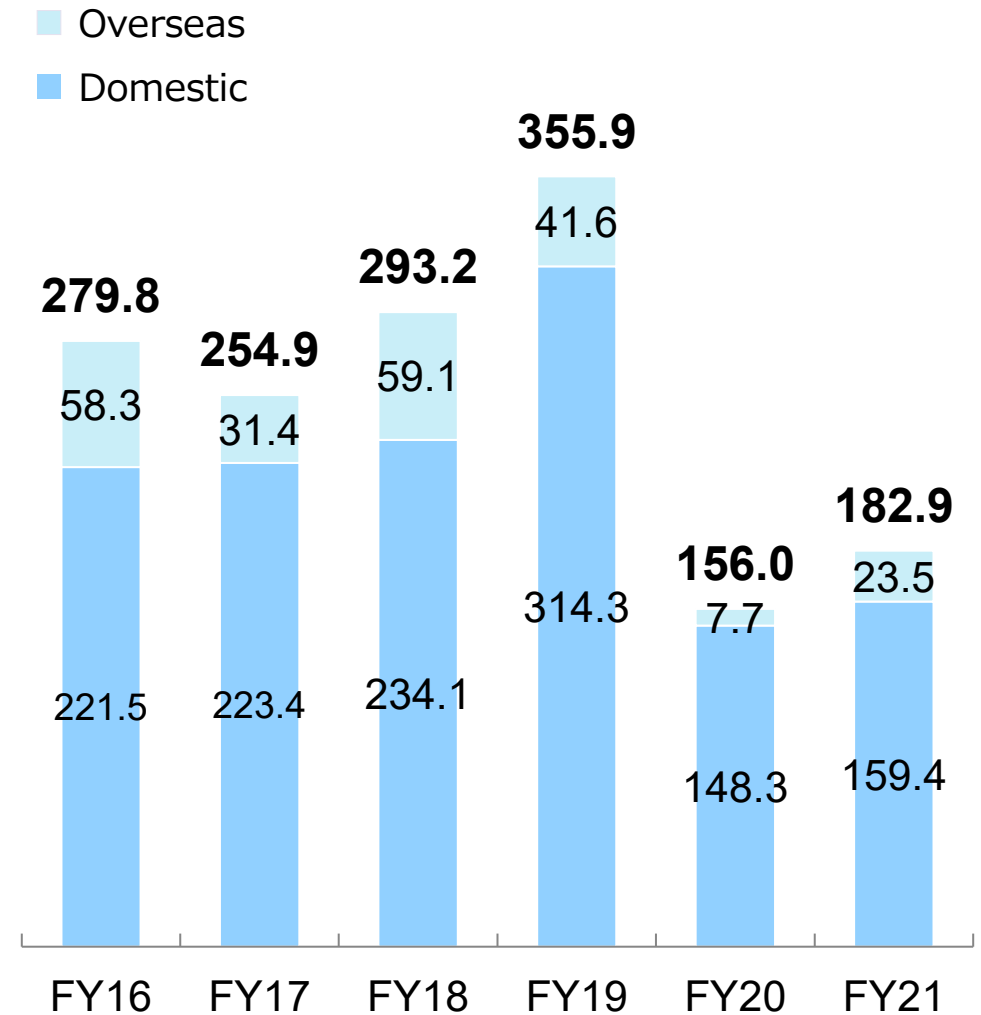
Structured Finance: New Commitments/Disbursements

(Unit: JPY billion)

Project Finance New Commitments



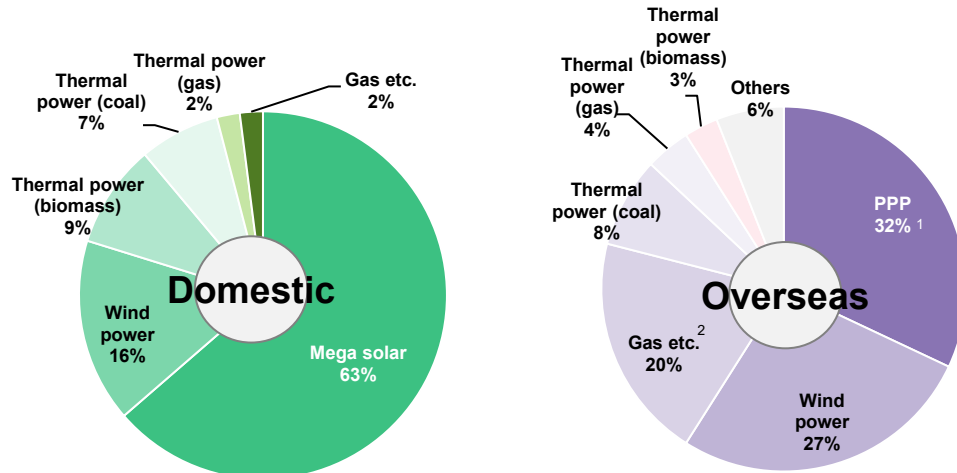
Real Estate Nonrecourse Finance New Disbursements



Structured Finance: Portfolio Composition

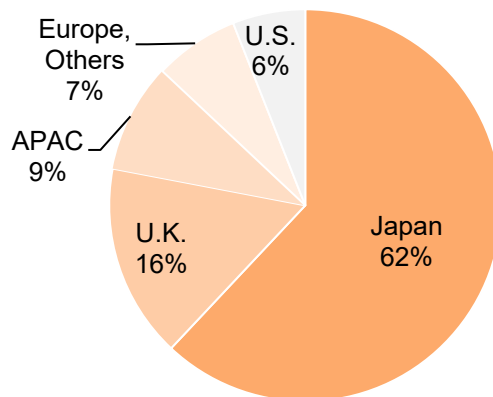
Project Finance (March 31, 2022)

【Balance: project type, includes commitment basis】



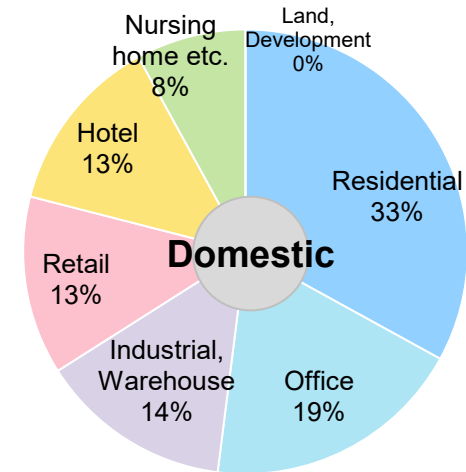
¹ Public Private Partnership
² Finance to LNG related facilities and receiving terminal etc.

【Balance: regions, includes commitment basis】

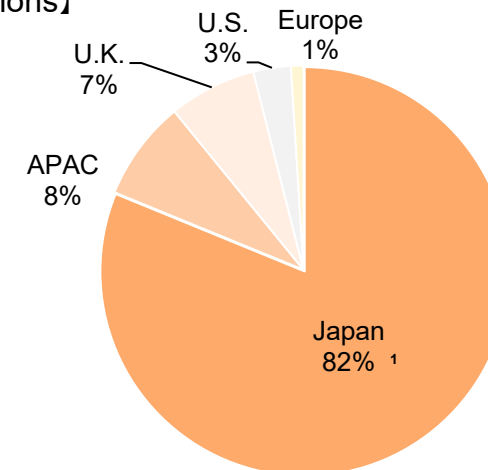


Real Estate (March 31, 2022)

【Balance: asset type】



【Balance: regions】



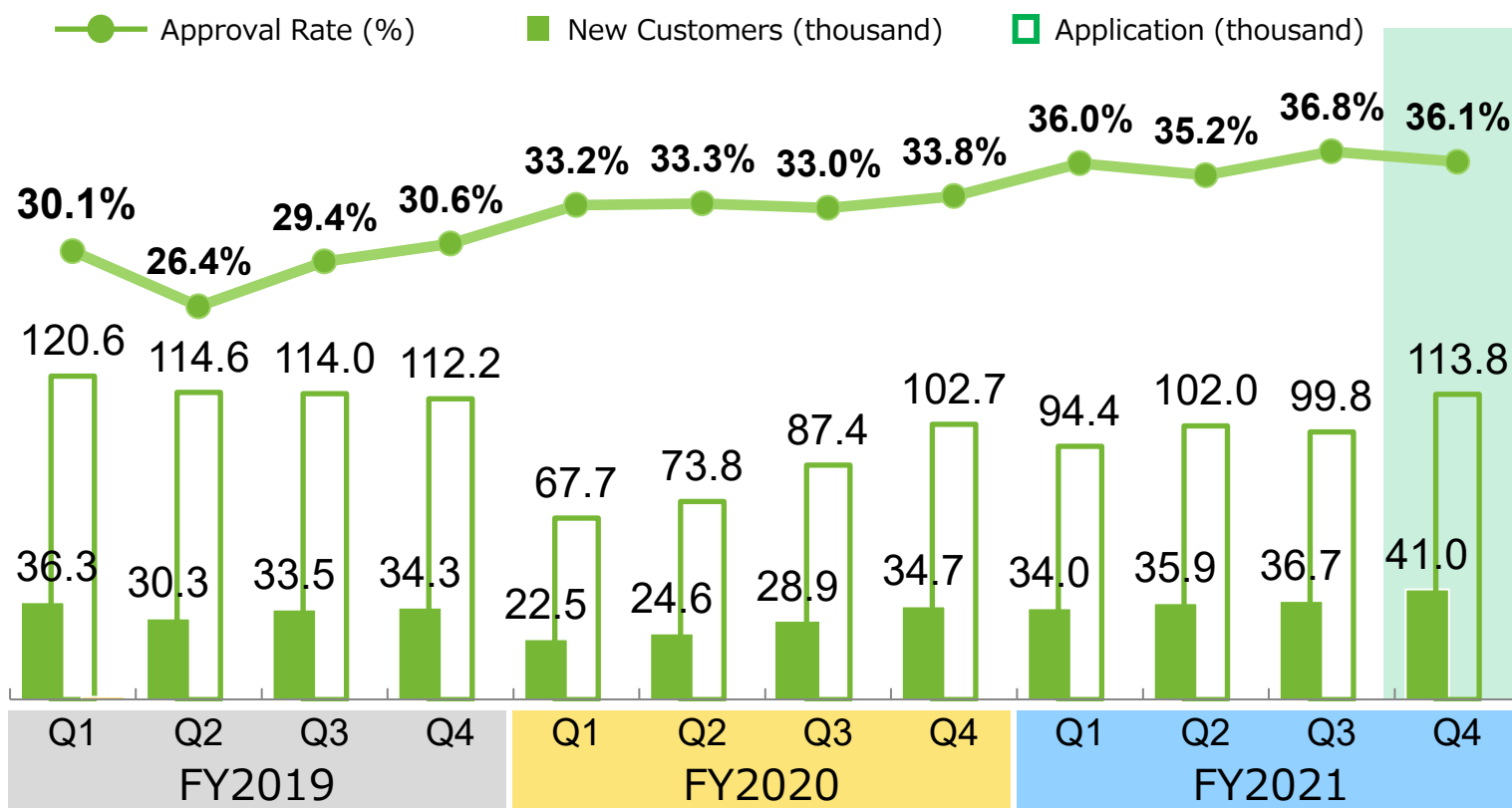
¹Nonrecourse finance constitutes about 50% of the Japan exposure

Shinsei Financial: Unsecured Personal Loan

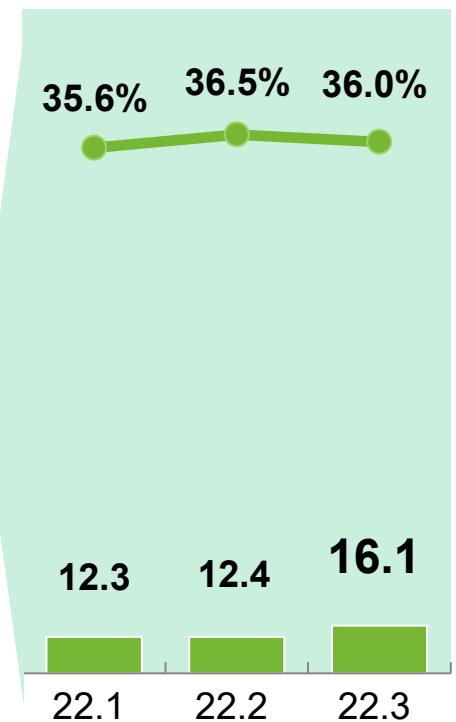
■ New customer acquisition in 4Q (22.1-3)

- ✓ Number of New Customers: 41K, +18% YoY
- ✓ Application: The application volume was 113K, +11% YoY
- ✓ Approval Rate: 36.1%

Quarterly Trend



Monthly Trend

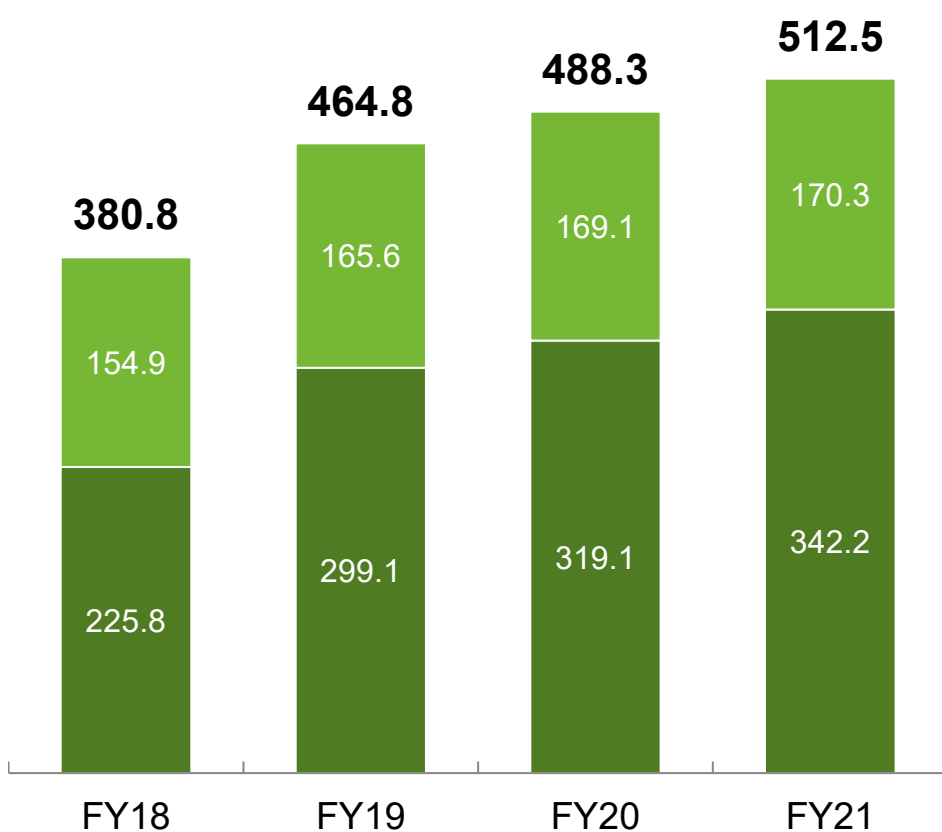


APLUS: Transaction volume of Shopping Credit and Payment Business

(Unit: JPY billion)

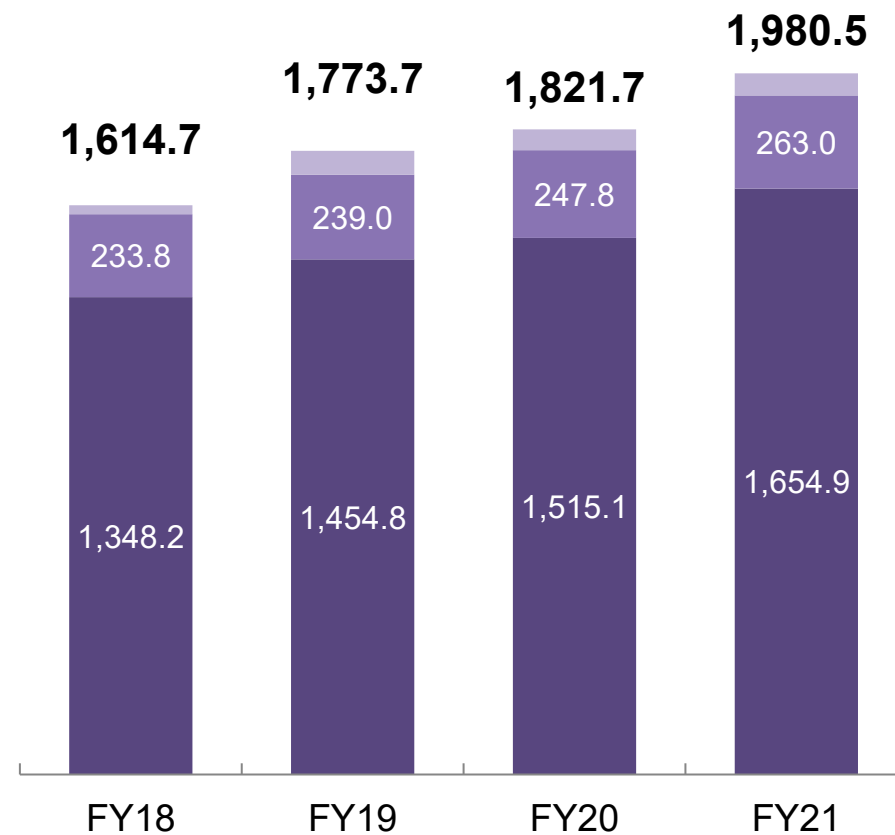
Transaction Volume: Auto Credit, Other Shopping Credit

- Auto Credit¹
- Other Shopping Credit¹
(Medical including dental treatment, solar power generation including storage battery for industrial and household usage, and vendor leasing etc.)



Transaction Volume: Payment

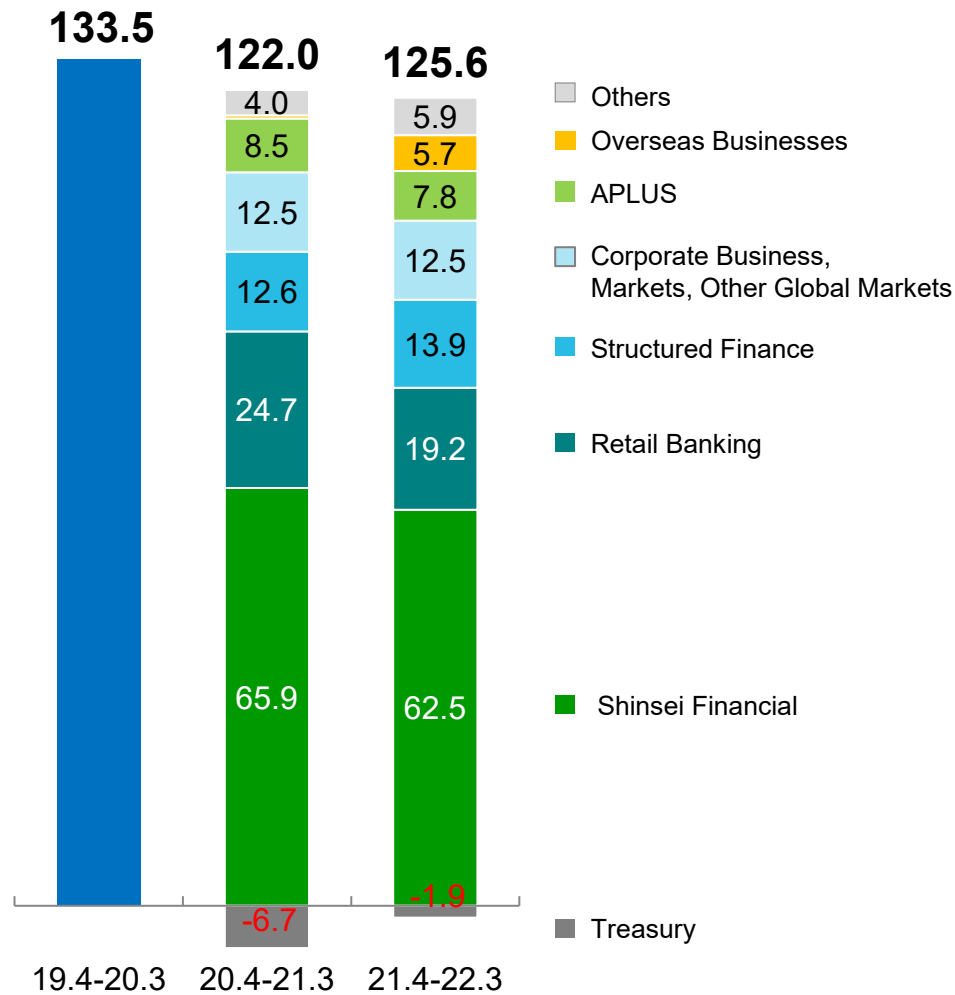
- Code settlement services
- Rent guarantees
- Settlement via bank accounts etc.



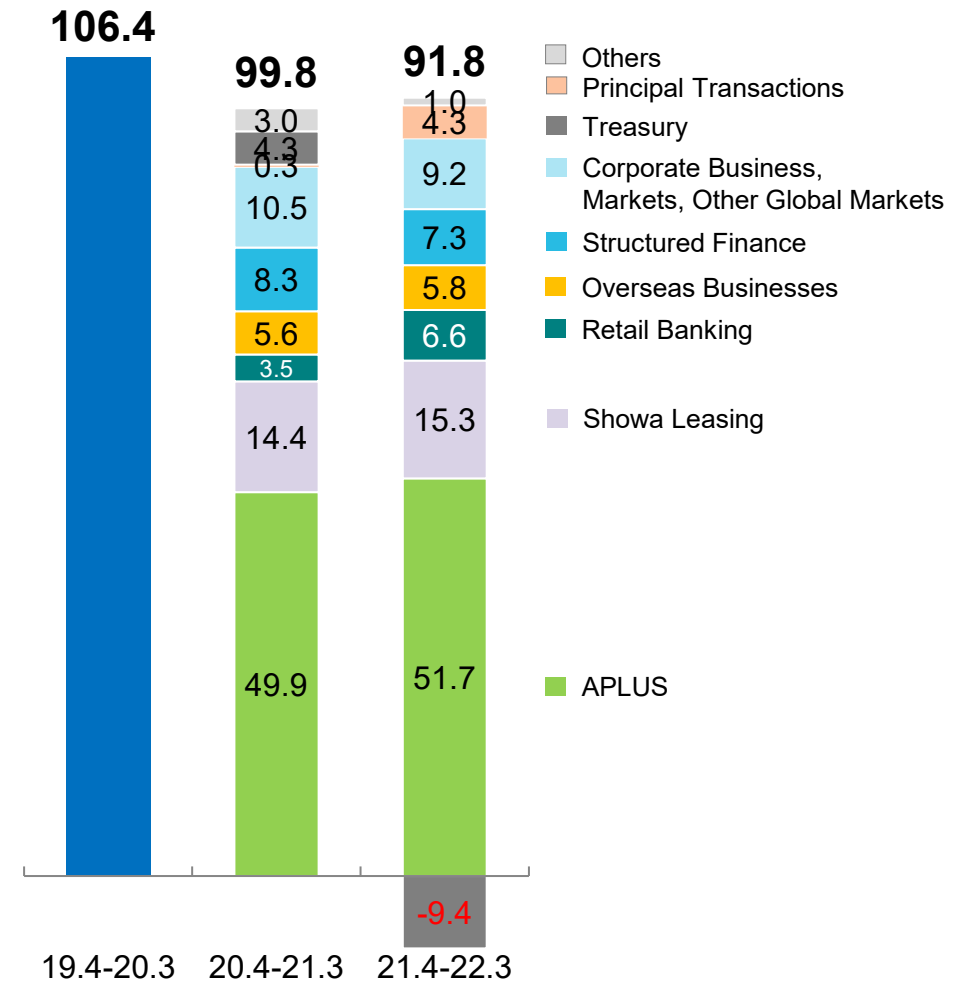
Segment: Net Interest Income, Noninterest Income

(Unit: JPY billion)

Net Interest Income by Segment



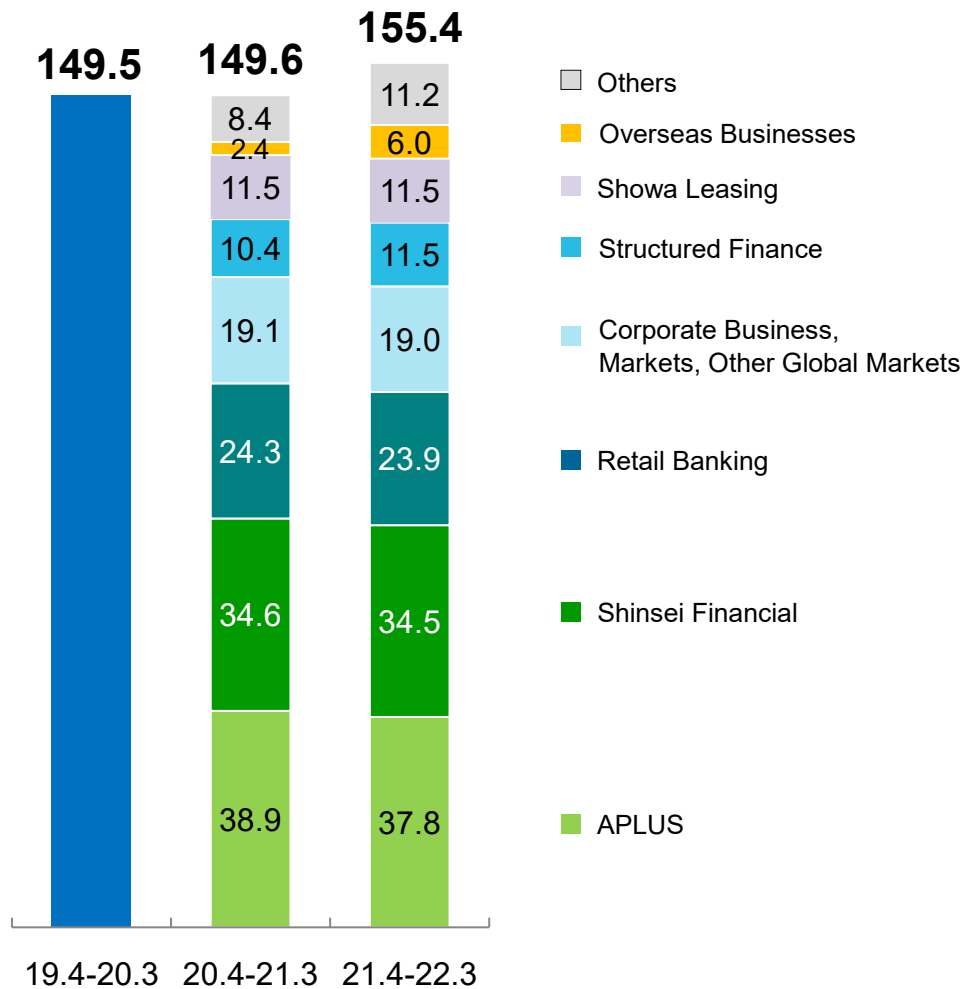
Noninterest Income by Segment



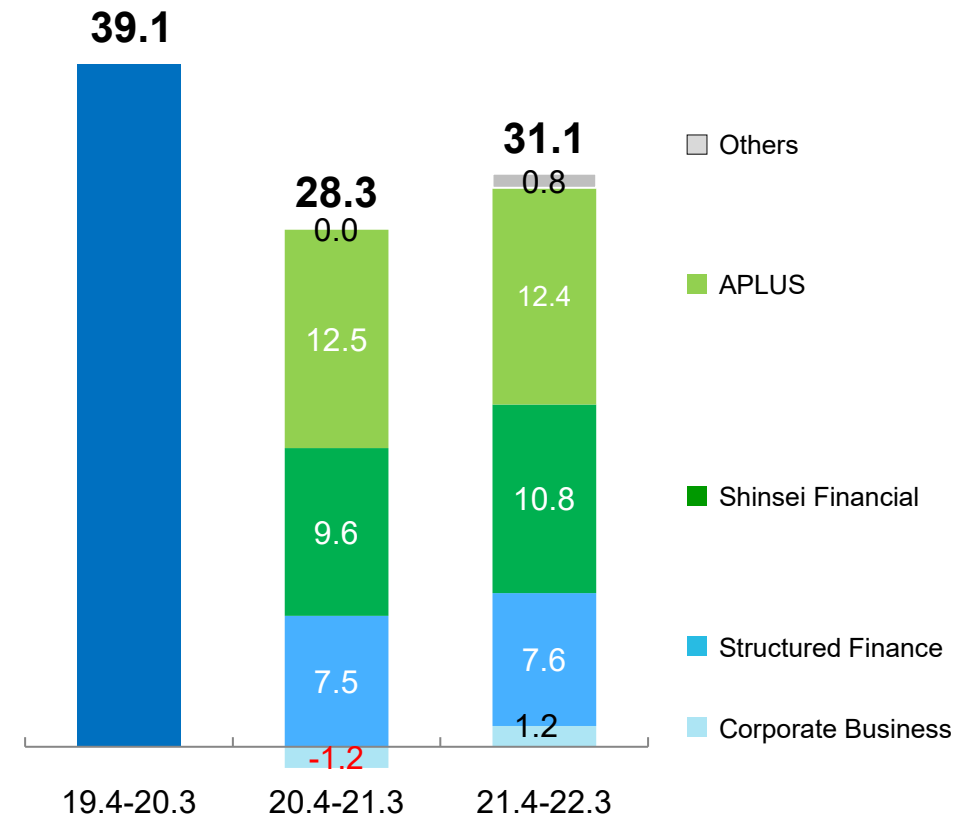
Segment: Expenses, Net Credit Costs

(Unit: JPY billion)

Expenses by Segment



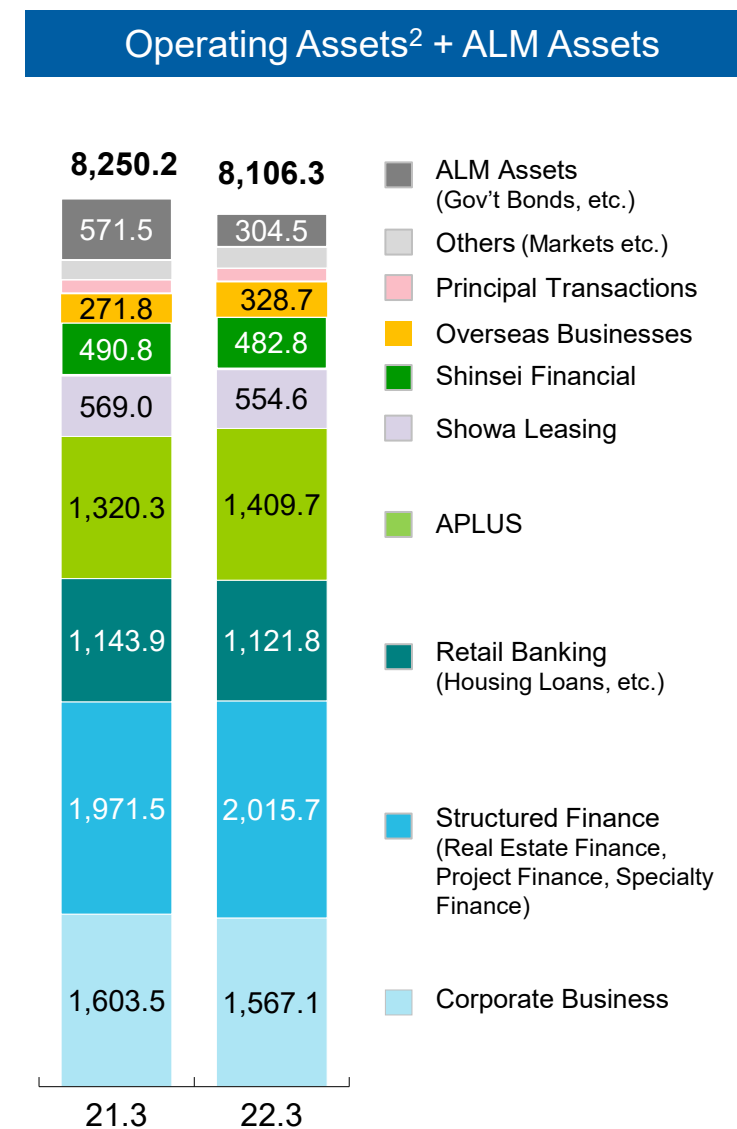
Net Credit Costs by Segment



Segment: P&L and Operating Assets Balance

(Unit: JPY billion)

Segment	21.4-22.3		
	Amounts (OBP after net credit costs)	Weight	ROA ³ (Reference)
Individual Business	30.1	97%	-
Retail Banking	1.9	6%	0.2%
Shinsei Financial ¹	17.0	55%	3.5%
APLUS	9.2	30%	0.7%
Other Individuals	1.8	6%	6.3%
Institutional Business	12.3	40%	-
Corporate Business	0.7	2%	0.0%
Structured Finance	2.0	6%	0.1%
Principal Transactions	4.9	16%	3.9%
Showa Leasing	4.0	13%	0.7%
Markets	0.9	3%	n.m.
Other Global Markets	-0.4	-1%	n.m.
Corporate/Other	-11.4	-37%	-
Overseas Business	5.5	18%	1.8%
Treasury	-12.7	-41%	n.m.
Corporate/Other (excluding Treasury)	-4.3	-14%	n.m.
Total (OBP after net credit costs)	31.0	100%	0.6%



¹ Includes Lake Businesses, NOLOAN, Shinsei Bank SmartCard Loan Plus, etc.

² Includes guarantees not requiring funding (customers' liabilities for acceptances and guarantees)

³ Segment ROA = OBP after net credit costs per segment / average operating assets balance of beginning of term and end of term

Segment: Quarterly P&L

(Unit: JPY billion)

Segment P&L (OBP after Net Credit Costs)	FY2020				FY2021			
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3
Individual Business	8.2	9.8	10.0	4.6	8.2	8.3	10.1	3.5
Retail Banking	0.3	0.9	0.9	1.3	0.5	0.7	0.6	0.0
Shinsei Financial ¹	6.0	6.6	6.3	2.7	6.0	4.9	4.1	1.9
APLUS	1.6	1.9	2.6	0.7	1.5	2.4	3.3	1.8
Other Individuals	0.1	0.3	0.2	-0.2	0.0	0.1	2.0	-0.3
Institutional Business	-2.5	2.9	2.3	7.2	4.9	3.7	4.5	-0.8
Corporate Business	-0.2	0.1	1.6	1.5	-0.0	0.7	0.4	-0.3
Structured Finance	-1.2	0.6	3.0	0.5	2.6	3.1	1.7	-5.5
Principal Transactions	-0.8	0.7	-3.8	2.9	0.6	-0.2	1.5	3.0
Showa Leasing	0.3	0.9	0.6	0.9	0.8	1.1	0.8	1.2
Markets	-0.2	0.8	0.8	1.1	0.8	-1.0	0.1	1.0
Other Global Markets	-0.2	-0.2	-0.0	0.1	-0.0	-0.0	-0.1	-0.2
Corporate/Other	2.0	-0.5	-0.1	-0.4	1.6	0.0	-1.6	-11.5
Overseas Businesses	0.4	0.5	0.5	2.0	1.8	1.5	1.1	1.0
Treasury	1.5	-1.2	-1.4	-2.6	-0.2	-0.3	-0.8	-11.2
Corporate/Other (excluding Treasury)	0.0	0.2	0.7	0.1	0.0	-1.1	-1.9	-1.3
Total	7.8	12.2	12.3	11.4	14.8	12.0	13.0	-8.9

Key Data

Balance Sheet

(Unit: JPY billion)	18.3	19.3	20.3	21.3	22.3
Loans and bills discounted	4,895.9	4,986.8	5,110.4	5,233.6	5,241.8
Securities	1,123.5	1,130.2	957.0	929.7	674.6
Lease receivables/ leased investment assets	171.4	176.5	193.4	192.1	190.8
Installment receivables	558.8	562.2	670.7	839.5	947.4
Reserve for credit losses	-100.8	-98.0	-107.9	-112.8	-119.4
Deferred Tax Assets	14.7	15.0	16.9	9.9	10.7
Total assets	9,456.6	9,571.1	10,226.5	10,740.1	10,311.4
Deposits including negotiable certificates of deposits	6,067.0	5,922.1	6,305.1	6,571.3	6,398.0
Borrowed money	739.5	684.0	881.9	1,026.6	978.4
Corporate bonds	85.0	92.3	166.5	367.5	380.1
Grey zone reserves	74.6	63.0	49.3	39.0	31.6
Total liabilities	8,600.6	8,674.5	9,316.0	9,809.4	9,387.1
Shareholders' equity	862.5	899.5	919.2	935.3	936.1
Total net assets	856.0	896.6	910.4	930.7	924.3

Financial Ratios

(Unit: %)	FY17	FY18	FY19	FY20	FY21
Expenses-to-revenue ratio	61.5	63.0	62.3	67.4	71.5
Loan-to-deposit ratio	80.7	84.2	81.1	79.6	81.9
ROA	0.5	0.5	0.5	0.4	0.2
ROE	6.1	6.0	5.1	4.9	2.2
NPL Ratio ¹	0.17	0.20	0.34	0.64	0.66

Per Share Data

(Unit: JPY)	FY17	FY18	FY19	FY20	FY21
BPS	3,376.39	3,636.92	3,913.40	4,283.92	4,484.01
EPS	199.01	211.24	190.59	202.16	96.78

Credit Ratings

	18.3	19.3	20.3	21.3	22.3
R&I	A-	A-	A-	A-	A-
JCR	BBB+	A-	A-	A-	A-
S&P	BBB+	BBB+	BBB+	BBB	BBB
Moody's	Baa2	Baa2	Baa1	Baa1	Baa1

¹ NPL ratio based on Financial Revitalization Law (Nonconsolidated)

Disclaimer

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