

3Q FY2021 Financial Results

Presentation Script

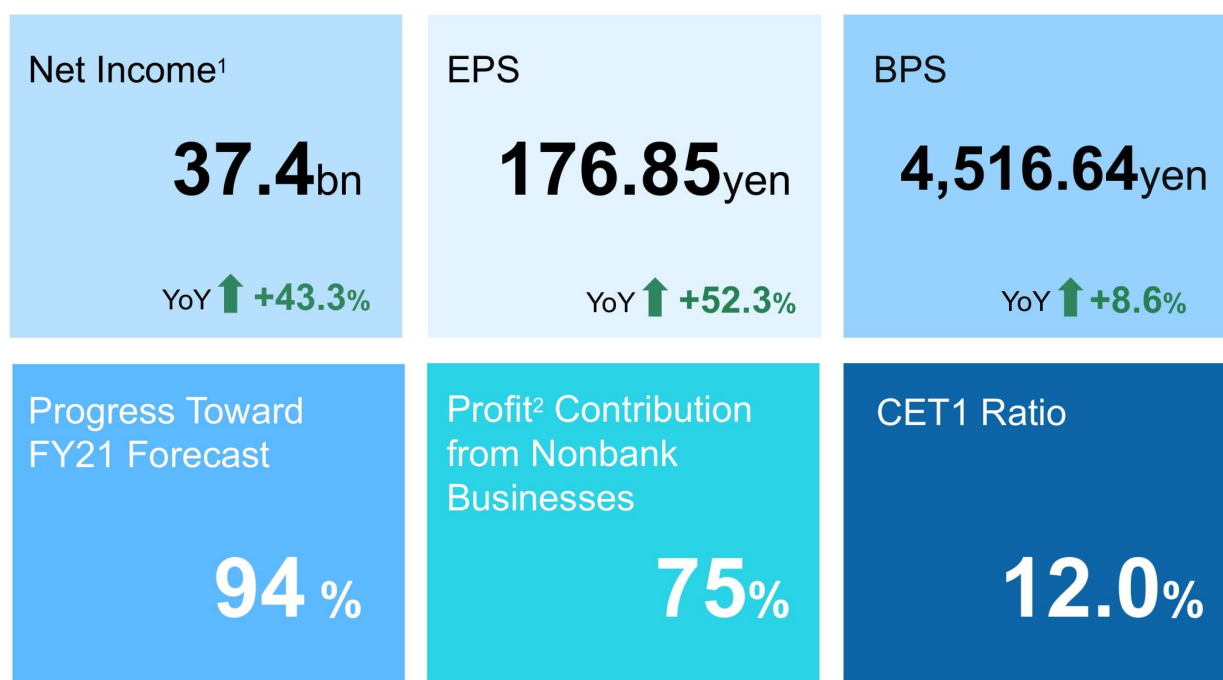
Ishii: Hello, everyone. I'm Hiroshi Ishii, GM of the Group Investor Relations and Corporate Communications Division of Shinsei Bank.

Thank you for joining the conference call for the financial results announcement of FY2021 Third Quarter for Shinsei Bank. Today, we announced the financial results. We've already posted our financial results announcement materials on our website. You can find that information on our corporate IR website. You can find them in the quarterly financial results announcement.

Today, we have the main speaker, Mr. Sanjeev Gupta, our Senior Managing Executive Officer. I would like to hand this mic over to Mr. Gupta. Mr. Gupta, please go ahead.

Financial Highlights:

EPS increased by +52.3% YoY



Gupta: Hello, everyone. This is Sanjeev Gupta speaking. Regarding the third quarter financial highlights, first please refer to page 4.

In the third quarter of FY2021, net income increased 43.3% YoY to JPY37.4 billion, which represents 94% progress towards the full-year forecast of JPY40 billion.

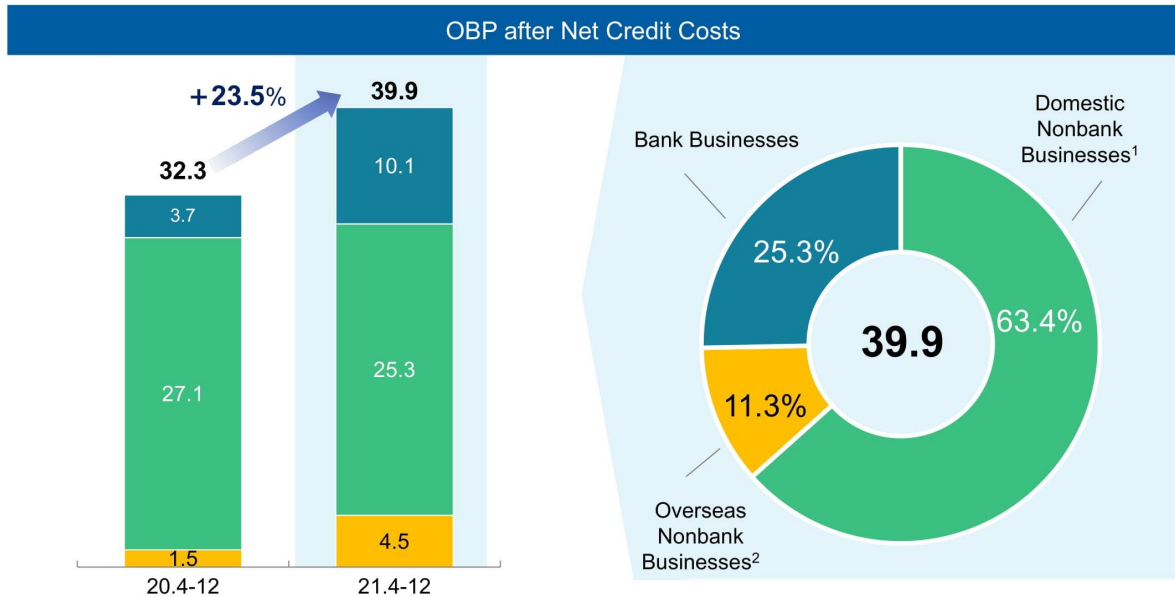
EPS was JPY176.85, an increase of 52.3% YoY. Book value per share stood at JPY4,516.64, up 8.6% compared to December last year. Nonbank businesses accounted for 75% of segment profits in the third quarter of this fiscal year. CET1 ratio is steadily increasing and is now at 12%.

Hybrid Business Model:

Bank business sharply recovered from the impact by Covid-19 last year

(Unit : JPY billion)

- Bank business increased by JPY+6.4bn YoY
- Overseas nonbank businesses drove the increase in OBP after net credit costs



¹ Shinsei Financial, APLUS, Showa Leasing

² Profit contribution from UDC finance is accounted from 4QFY2020

Slide 5 explains profit contribution from nonbank businesses.

Revenues from nonbank businesses continue to increase steadily. The total OBP after net credit costs of domestic nonbank businesses and overseas nonbank businesses increased from JPY28.6 billion to JPY29.8 billion YoY. As a result, as shown in the graph on the right, the share of segment profit from domestic nonbank businesses is now at 63.4% and overseas nonbank businesses at 11.3%.

Banking businesses recovered from the impact of COVID-19 and segment profit improved significantly from JPY3.7 billion to JPY10.1 billion YoY.

Total Payout Ratio: Resumed Acquisition of Treasury Shares

- Announced the resumption of acquisition of treasury shares on December 28, 2021
- Total payout ratio to stand at maximum 50% to FY2020 net income

Total Payout Ratio

(Unit : JPY billion)

50% — 50% — 50%

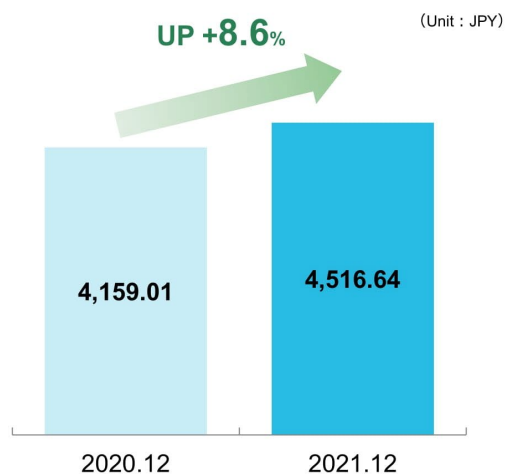
| | FY19 ¹ (Actual) | FY20 ¹ (Actual) | FY21 ² (Plan) |
|------------------------------|-------------------------------|-------------------------------|-----------------------------|
| Total Shareholder Return (A) | 25.9 | 22.8 | 22.6 |
| Net Income ³ (B) | 52.3 | 45.5 | 45.1 |
| Total Payout Ratio (A/B) | 50% | 50% | 50% |

¹ Based on buyback executed and dividend payments

² Based on buyback planned and dividend payments

³ Represents prior fiscal year's net income

Book Value Per Share (BPS)



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Slide 6 explains acquisition of treasury shares.

Due to the TOB, we had temporarily suspended the acquisition of treasury shares on September 27 last year. As announced, we have now resumed it from December 28, 2021.

The acquisition period has also been extended until May 12, 2022.

ESG + DX :

Initiatives for Sustainability Management and DX

| | |
|---------------------------------------|---|
| E (Environment) | 2021.06.18: Arranged Project Finance transaction for a Single Flash-Steam Geothermal Power Plant 2021.09.24: Green loan to large-scale commercial facility certified as the highest "S" rank in CASBEE® 2021.12.01: Syndicated green loan jointly with 9 banks to multiple solar power plants 2022.01.12: Green loan for the construction of an onshore wind power plant 2022.01.17: Finance through sustainable repo transaction received "Sustainable Innovation Award" |
| S (Society) | 2021.04.30: Formulated "Action Plan Based on the Next-Generation Law" 2021.06.08: Business partnership with Shoko Chukin Bank, providing sustainable medical/nursing care/welfare services to realize healthy long-life society 2021.06.25: Providing housing loans to the same gender partners 2021.07.16: Launch of FinTech driven new auto loan for foreigners who reside in Japan 2021.10.01: Shinsei Bank Group advised World Kaihatsu Kogyo Co., Ltd. in transferring its shares to AKTIO Corporation |
| G (Governance) | 2021.04.01: Declaration of Cyber Security Management of the Shinsei Bank Group 2021.04.20: Signatory to the Principles for Responsible Banking 2021.07.01: Establishment of Responsible Investment and Lending Policy 2021.11.01: Revision and Publication of Group Sustainability Management Policy and Group Human Rights Policy 2021.11.29: Signing of the "Japan Impact-driven Financing Initiative" |
| DX (Digital Transformation) | 2021.08.10: Newly launched postpaid function for installment payment in BANKIT® 2021.08.31: USEN-NEXT Financial begins to provide "USEN-NEXT Data Lending" to USEN-NEXT GROUP's Customers 2021.10.08: Launched retail media development support services in cooperation with AdInte Co., Ltd. 2021.12.10: Provision of MINI APP Functions in the Neobank Platform BANKIT® 2021.12.13: Launch of Credit Guarantee Service to Famima Digital One Co., Ltd. as a part of its Loan Service, "FamiPay Loan" |



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Slide 7 introduces Shinsei Bank Group's major initiatives for sustainability management and digital transformation in FY2021.

Our key initiatives during the fiscal years have been outlined on pages 37 to 40 in the appendix section for your reference.

Financial Summary:

Full year net income forecast unchanged at JPY40 billion, progression of 94%

(Unit : JPY billion)

| | 20.4-12 (Actual) | 21.4-12 (Actual) | | | FY2021 (Plan) | Summary |
|--------------------------------|---------------------|---------------------|---------------|---------------------|------------------|---|
| [Consolidated] | | | YoY | Progress vs Plan | | |
| Total Revenue | 162.1 | 169.2 | +4.3% | 69% | 244.0 | |
| Net Interest Income | 91.6 | 93.5 | +2.0% | | | NII from UDC Finance and dividend from Latitude offset the impact of loan balance decline in unsecured loan |
| Noninterest Income | 70.5 | 75.7 | +7.4% | | | Absence of investment loss coupled with higher revenue in principal transactions |
| Expenses | -109.8 | -116.5 | -6.1% | 74% | -156.5 | Increase in expenses partly reflects consolidation of UDC Finance and resumed business activities |
| Ordinary Business Profit (OBP) | 52.3 | 52.6 | +0.6% | 60% | 87.5 | |
| Net Credit Costs | -19.9 | -12.7 | +36.2% | 36% | -35.0 | Improved by credit recoveries in corporate and structured finance businesses |
| OBP after Net Credit Costs | 32.3 | 39.9 | +23.5% | 76% | 52.5 | |
| Others | -6.2 | -2.4 | +61.3% | 16% | -12.5 | |
| Income Taxes etc., | -6.2 | -2.0 | +67.7% | | | Total full year tax projection at JPY7 billion. A simplified tax calculation method applied till Q3. |
| Net Income | 26.1 | 37.4 | +43.3% | 94% | 40.0 | Full year forecast remains unchanged |



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Page 9 provides an overview of our financial results.

Total revenue increased 4.3% YoY to JPY169.2 billion. Net interest income increased 2% YoY to JPY93.5 billion, as the contribution from UDC Finance and dividends from Latitude were partly offset by a decline in net interest income from unsecured loans. Noninterest income increased 7.4% YoY to JPY75.7 billion. This was mainly due to the absence of investment losses in the previous fiscal year and the capital gain associated with exit from certain equity investments in the principal transactions business.

Expenses increased 6.1% YoY, mainly due to the consolidation of UDC Finance and resumption of business activities. Our expenses are at 74% of the annual target of JPY156.5 billion, which is almost in line with our initial plan. Net credit costs decreased by 36.2% YoY, mainly due to reversal of credit reserves in institutional businesses as well as the structured finance businesses.

OBP after net credit costs increased by 23.5% from JPY32.3 billion in the same period of the previous fiscal year, to JPY39.9 billion.

As a result of the above, third quarter net income increased by 43.3% YoY to JPY37.4 billion.

The progress towards the full-year forecast of JPY40 billion is at 94%. At this point, our full year net income forecast remains unchanged. This is because we have applied a simplified method for tax calculation during the interim quarters, which has resulted in lower tax expenses in the third quarter.

Total full-year tax expenses are expected to be JPY7 billion.

This concludes the key highlights of our financial results and businesses for the third quarter of FY2021.

[End]