

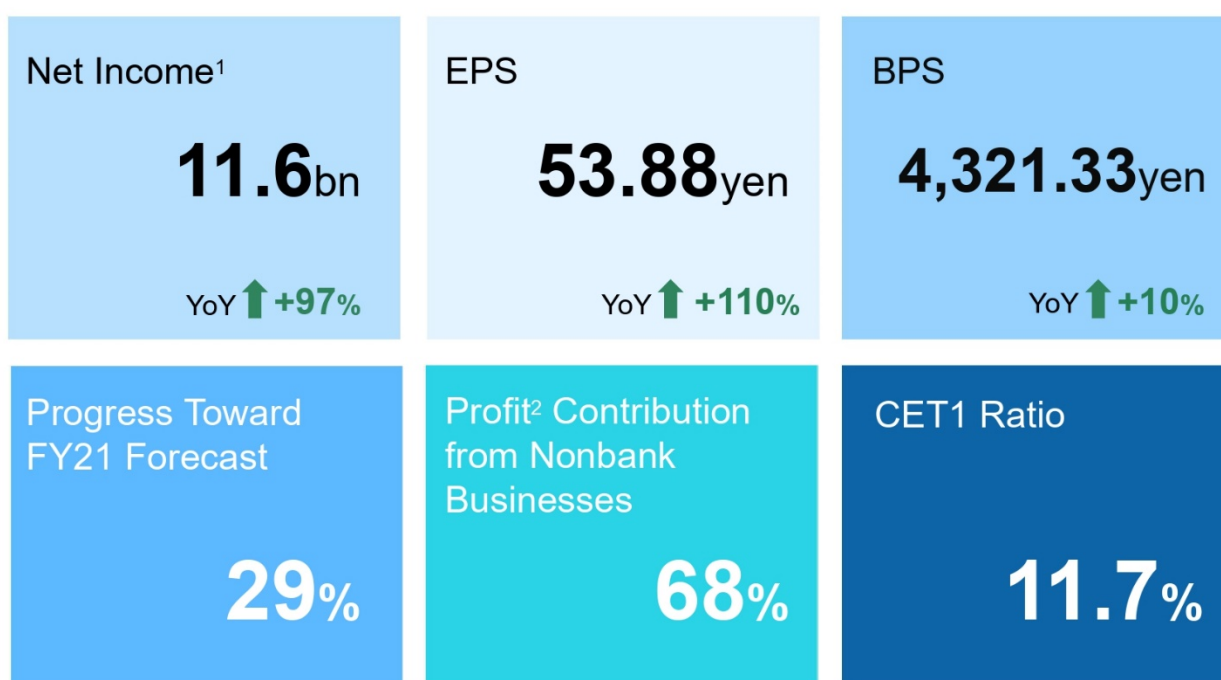
1Q FY2021 Financial Results

Presentation Script

Ishii: Hello, everyone. This is Ishii, General Manager of Group Investor Relations and Corporate Communications Division. Thank you very much for attending the conference call for financial results for 1Q FY2021. The results are available on “Corporate/IR” on our website.

Financial Highlights:

29% progression toward FY21 forecast is tracking well



¹ Profit attributable to owners of the parent
² OBP after Net Credit Costs

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[Slide 4]

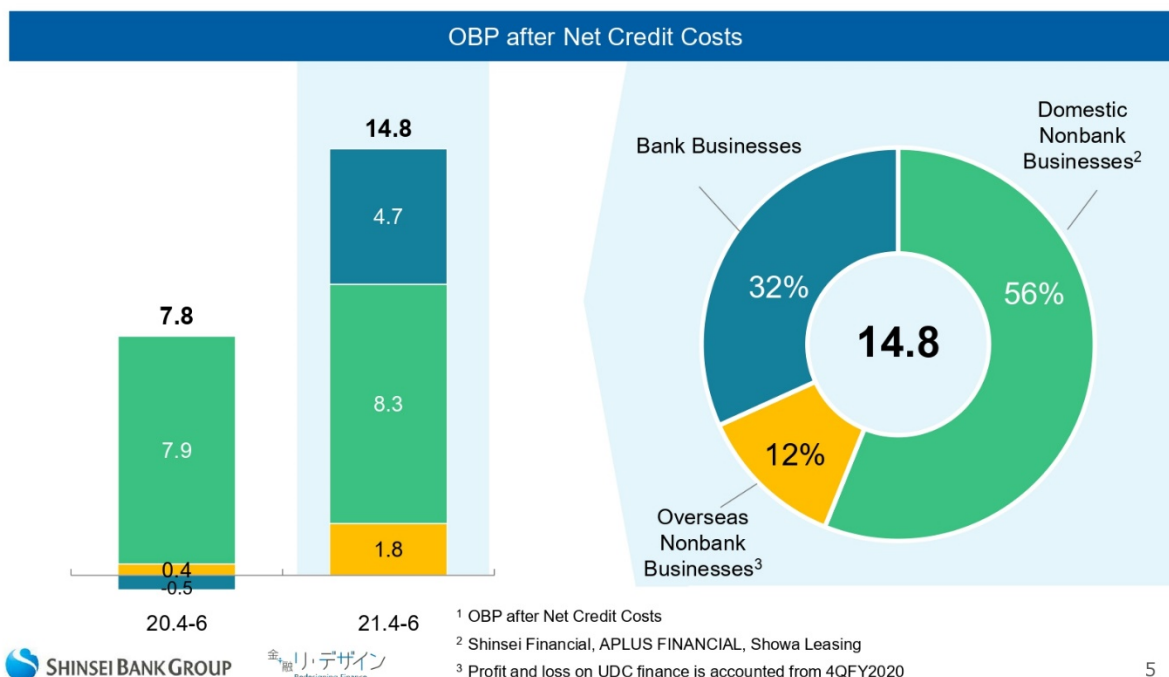
- Please see slide 4. First, let me explain financial highlights.
 - Net income attributable to owners of the parent for the first quarter was JPY11.6 billion, which represents 29% progress towards the full year forecast of JPY40 billion.
 - EPS was JPY53.88, an increase of 110% YoY.
 - BPS stood at JPY4,321.33, up 10% compared to June last year.
 - Nonbank businesses accounted for 68% for segment profits in the first quarter.
 - CET1 ratio remains at an adequate level of 11.7%.

Hybrid Business Model:

Profit¹ contribution from stable nonbank businesses continue to improve

- Bank businesses recovered from the impact of COVID-19 infection last fiscal year
- Overseas nonbank businesses mainly includes UDC Finance profits

(Unit : JPY billion)



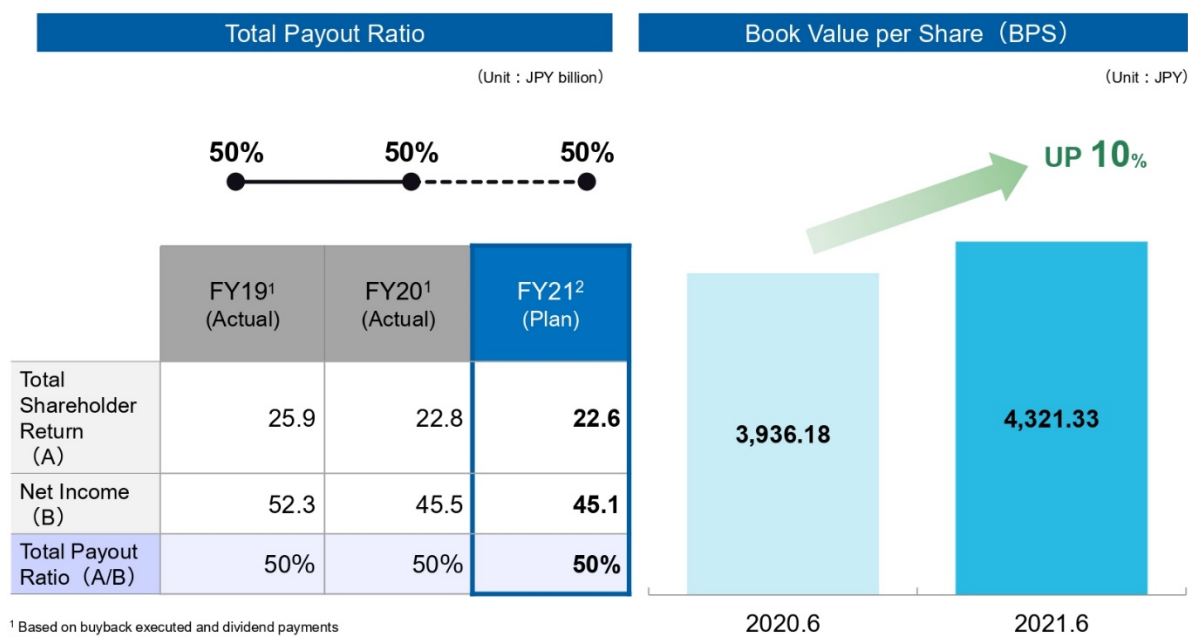
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[Slide 5]

- Please refer to slide 5.
 - Nonbank businesses progressed steadily. OBP after net credit costs for nonbank businesses has increased from JPY7.9 billion to JPY8.3 billion.
 - In the first quarter, bank businesses recovered from the impact of COVID-19 infection in the same period of FY2020.
 - Overseas nonbank businesses showed steady growth due to the consolidation of UDC Finance.

Total Payout Ratio:

Total payout ratio to stand at maximum 50%



[Slide 6]

- Please refer to slide 6.
 - As planned, total payout ratio is to stand at maximum 50% in the current fiscal year.
 - BPS, as explained earlier, increased by 10% to JPY4,321.33 at the end of June 30, 2021.

Initiatives for business expansion

Project Finance

Arranged Project Finance transaction for a Single Flash-Steam Geothermal Power Plant

Shinsei Bank

Health Care Finance

Business partnership with Shoko Chukin Bank

Providing sustainable medical/nursing care/welfare services to realize healthy long-life society

Shinsei Bank

Auto Loan

Launch of FinTech driven new auto loan for foreigners who reside in Japan

APLUS FINANCIAL

Housing Loan

Providing housing loans to the same gender partners

Shinsei Bank



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[Slide 7]

- Please go to slide 7. This slide provides Shinsei Bank Group's initiatives in 1Q FY2021.
 - For example, APLUS FINANCIAL is collaborating with Global Mobility Services to launch our full-fledged nationwide FinTech-driven auto loan for partners who reside in Japan.
 - Foreigners residing in Japan, when applying for auto loans, they need to satisfy conditions, such as having a permanent residency and a Japanese-speaking guarantor. There has been a social issue that many foreigners are unable to apply for auto loans.
 - APLUS and Global Mobility Services utilize FinTech to develop new auto loans for vehicles equipped with IoT devices that safely and remotely control vehicles and promote financial inclusion for foreigners residing in Japan by forming alliances with automobile dealers throughout Japan.

Financial Summary:

1QFY2021 Net Income at JPY 11.6 billion, progression of 29%

(Unit : JPY billion)

	20.4-6 (Actual)	21.4-6 (Actual)		FY2021 (Plan)	1Q Summary (YoY)
[Consolidated]		YoY	Progress vs Plan		
Total Revenue	54.7	56.0	+2%	23%	244.0
Net Interest Income	31.5	30.7	-3%		Decrease in unsecured loan balances
Noninterest Income	23.1	25.3	+10%		Increase in income related to derivatives, leased assets, and installment receivables
Expenses	-35.8	-38.1	-6%	24%	-156.5
Ordinary Business Profit (OBP)	18.8	17.9	-5%	20%	87.5
Net Credit Costs	-11.0	-3.1	+72%	9%	-35.0
OBP after Net Credit Costs	7.8	14.8	+90%	28%	52.5
Others	-1.8	-3.2	-78%	26%	-12.5
Income Taxes etc.,	-1.3	-2.8	-115%		
Net Income	5.9	11.6	+97%	29%	40.0



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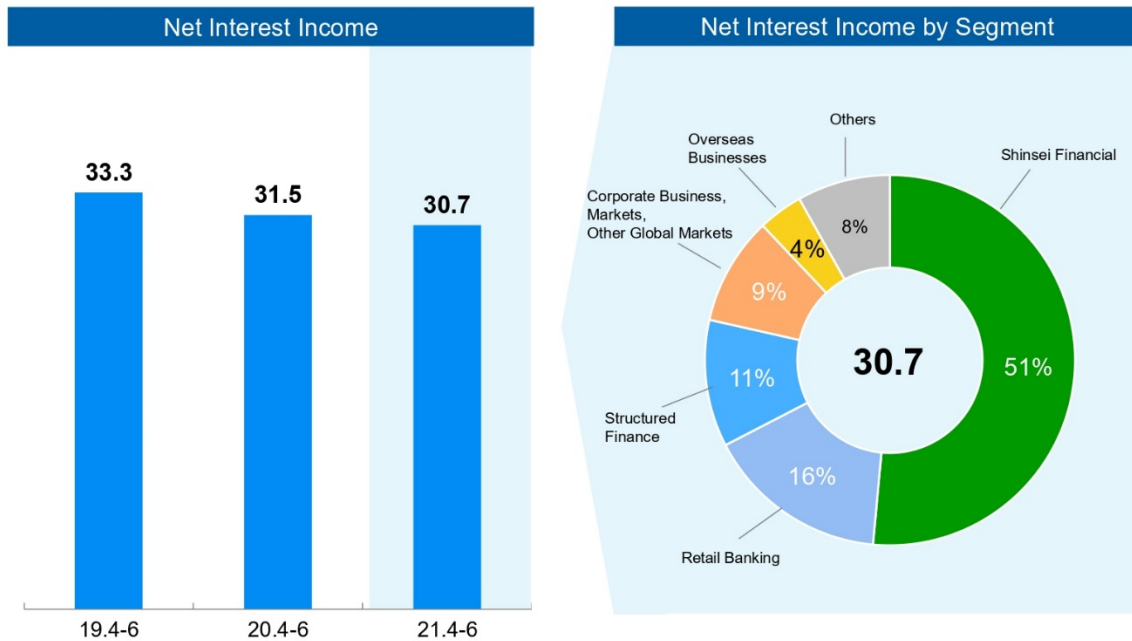
[Slide 9]

- Please move to slide 9.
 - Total revenue increased to JPY56 billion, or up 2% YoY. Net interest income decreased by 3% YoY. However, noninterest income increased by 10% YoY. I will elaborate on these later.
 - Expenses increased by 6% YoY, mainly due to the consolidation of UDC Finance and an increase in overall business activities.
 - Net credit costs declined by 72% YoY. This was mainly due to an absence of net credit costs related to COVID-19 infection, lower loan balance, and improved credit quality in the unsecured loan business.
 - OBP after net credit costs increased by 90%, from JPY7.8 billion in the previous fiscal year, to JPY14.8 billion. As a result of the above, net income attributable increased by 97% YoY to JPY11.6 billion.

Net Interest Income:

Decrease is largely due to lower unsecured loan balance

(Unit : JPY billion)



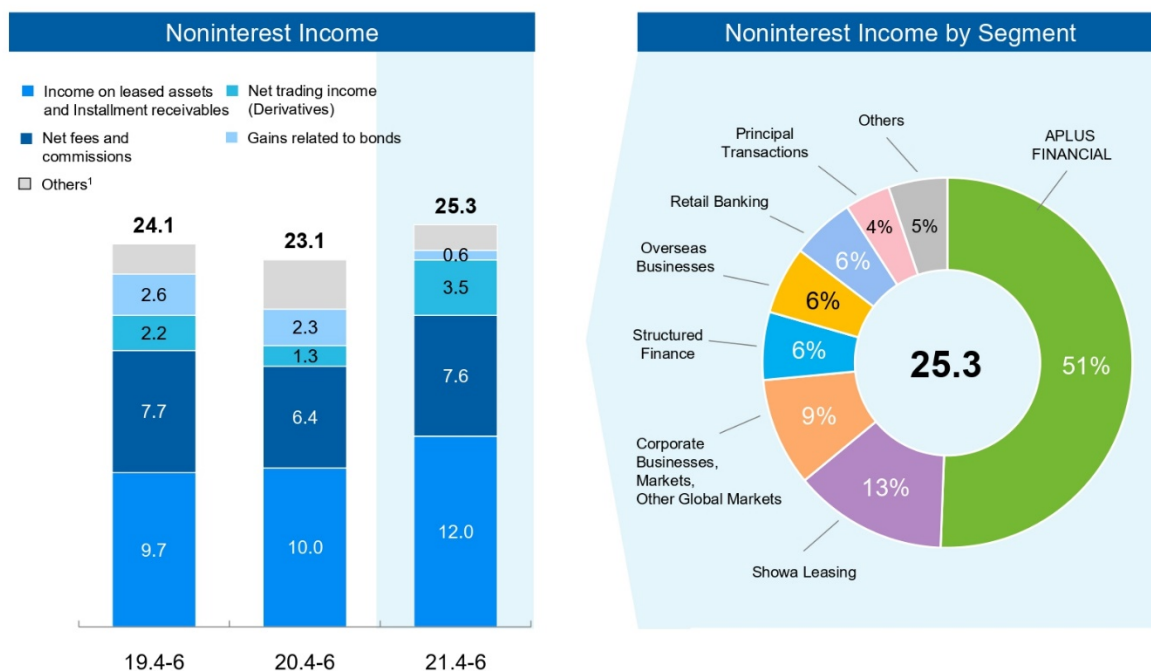
[Slide 12]

- Please move to slide 12 regarding net interest income.
 - Net interest income decreased by 3% YoY to JPY30.7 billion, mainly reflecting a decrease in unsecured loan balances.
 - The right-hand side shows the segment breakdown. Shinsei Financial, or unsecured loans, accounts for 51% of total net interest income.

Noninterest Income:

Increase reflects higher income related to leased assets and installment receivables as well as derivatives

(Unit : JPY billion)



¹ Includes income from equity affiliates, gains related to equities, and gains on monetary assets held in trust

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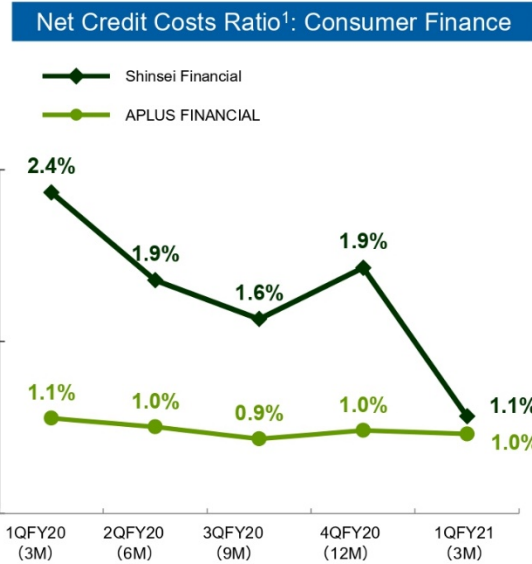
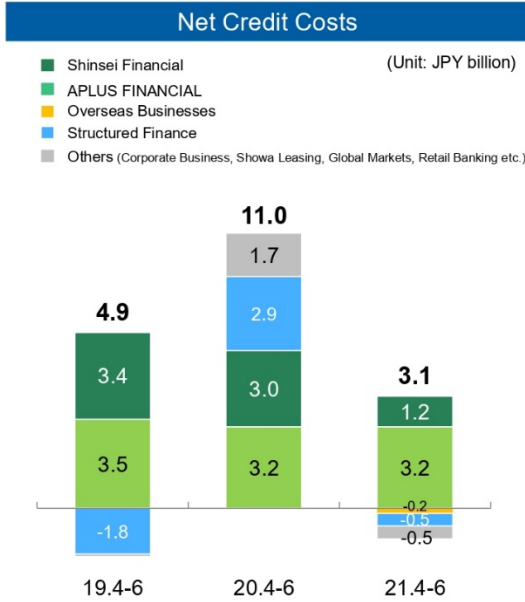
[Slide 13]

- Next, please go to slide 13. This is about noninterest income.
 - Noninterest income increased by 10% YoY to JPY25.3 billion, reflecting consolidation of UDC Finance, higher net income related to leased assets and receivables, as well as derivatives.
 - The pie chart on the right-hand side shows the breakdown by segment. APLUS FINANCIAL accounts for 51% of total noninterest income.

Net Credit Costs:

Decrease reflects an absence of credit costs related to COVID-19 in Institutional Businesses and improved credit quality in unsecured loans

- Net credit costs ratio for unsecured loan declined due to improved credit quality



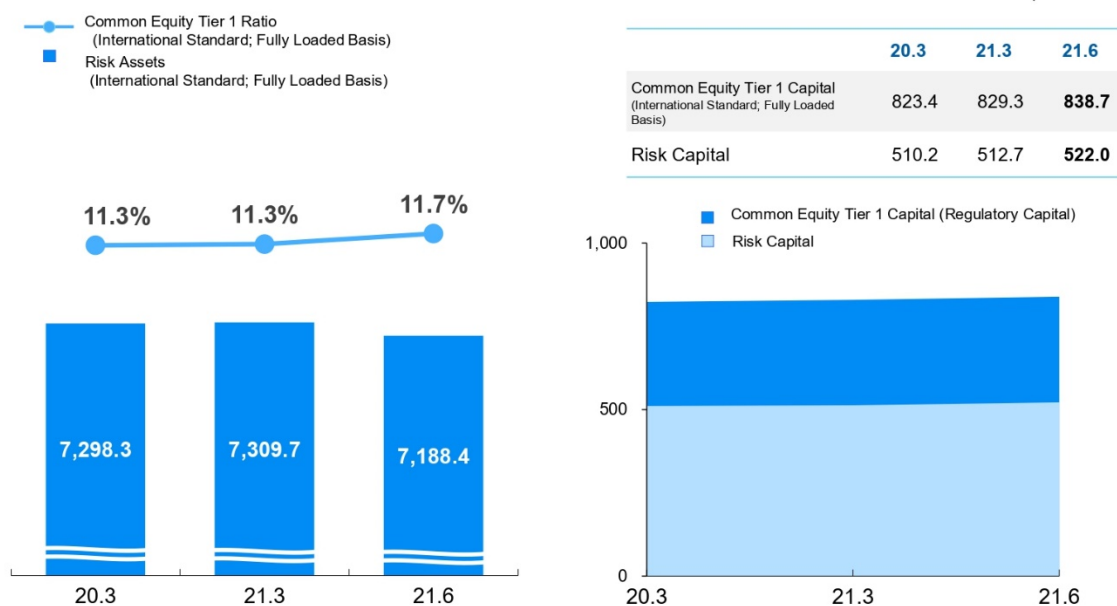
¹ Net Credit Costs Ratio = Net Credit Costs ÷ Average of Beginning and End of Period Operating Assets Balances

[Slide 15]

- Please go to slide 15. This slide explains net credit cost.
 - Net credit costs decreased by 72% YoY to JPY3.1 billion. As explained earlier, this reflects an absence of net credit costs related to COVID-19, mainly accounted for in institutional business last fiscal year and the quality of unsecured loans receivable improved coupled with lower loan balances.
 - Net credit cost ratio for Consumer Finance, which continues to remain low, as there are no signs of worsening credit quality.
 - This is not in the presentation material. gross write-off rate was 3.9% and net write-off rate was 2.8% in June 2021. We continue to see write-off rate improving vs prior quarter.

Capital Adequacy: CET1 ratio remains stable

(Unit: JPY billion)



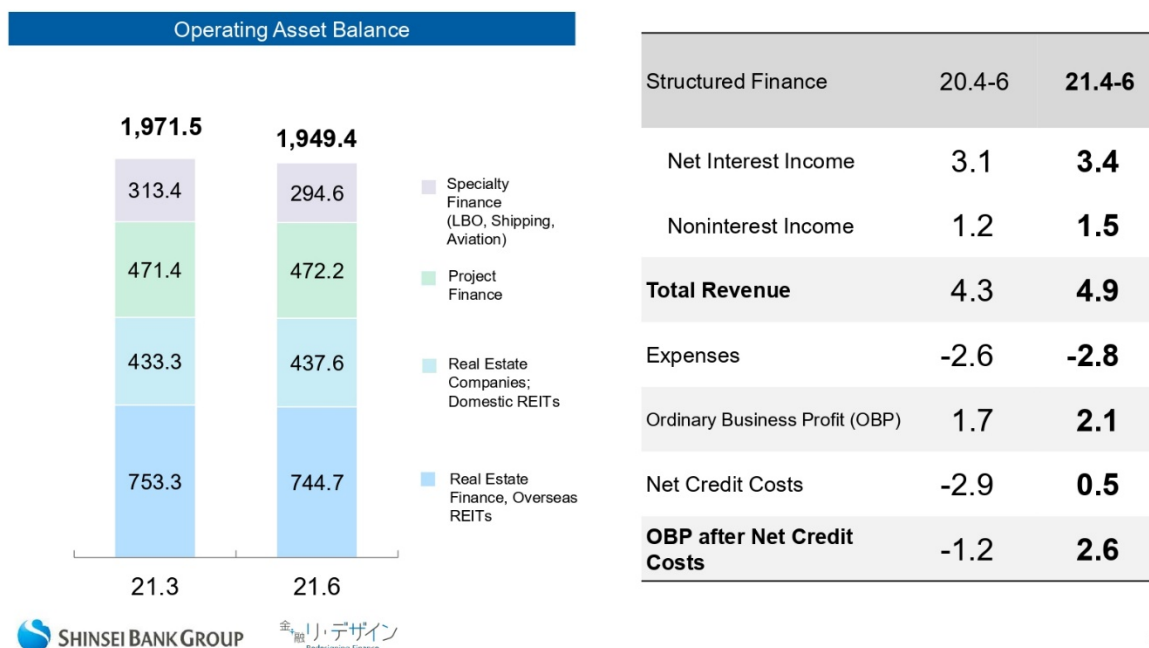
[Slide 16]

- Slide 16 shows capital adequacy.
 - Risk-weighted assets declined approximately JPY120 billion from the end of March 2021. An increase in risk-weighted assets due to the share acquisition of Latitude offset by decrease in risk-weighted assets related to market risk.
 - As a result, CET1 ratio is at 11.7%, which remains stable.

Structured Finance: OBP after net credit costs improved due to lower net credit costs

(Unit : JPY billion)

- Operating assets balance for aviation finance was approx. JPY 33.0 billion (June 30, 2021)

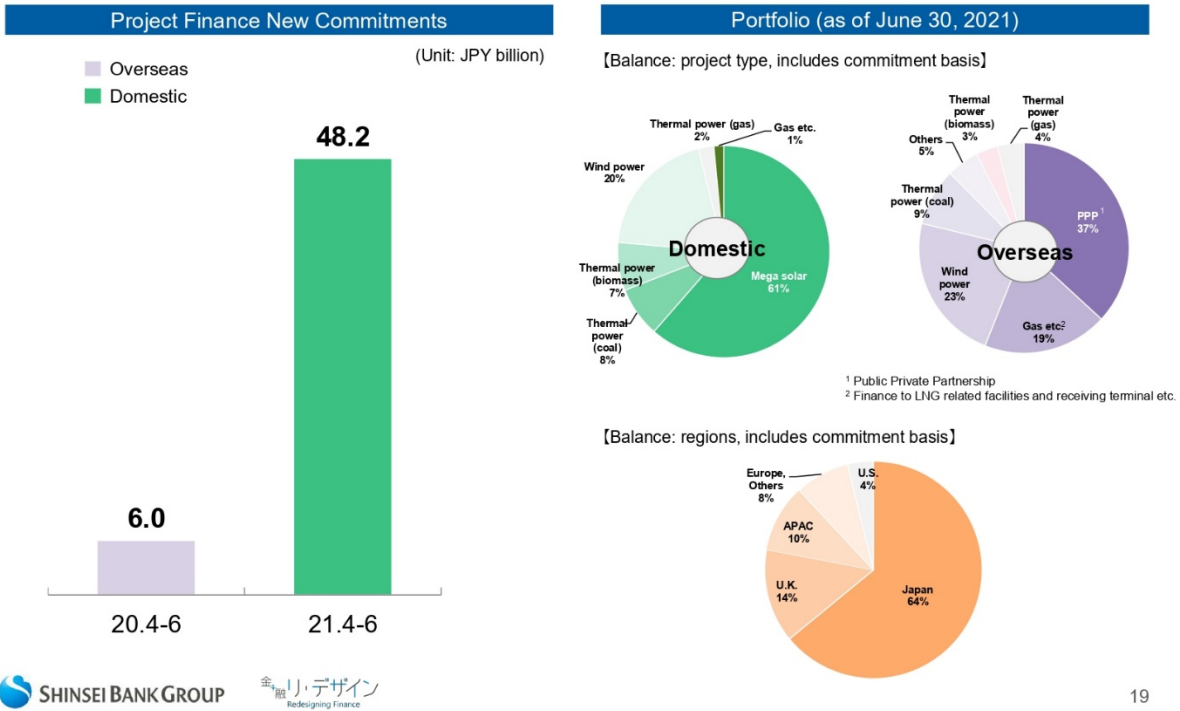


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[Slide 18]

- Page 18 shows the balance and profit/loss of structured finance.
 - The total operating asset balance was JPY1.949.4 trillion, a slight decrease vs. March 2021.
 - OBP after net credit costs improved to JPY2.6 billion, an increase of JPY3.8 billion from the same period of the previous fiscal year. This was due to an increase in total revenue and absence of credit costs related to COVID-19 incurred in the same period of last fiscal year.

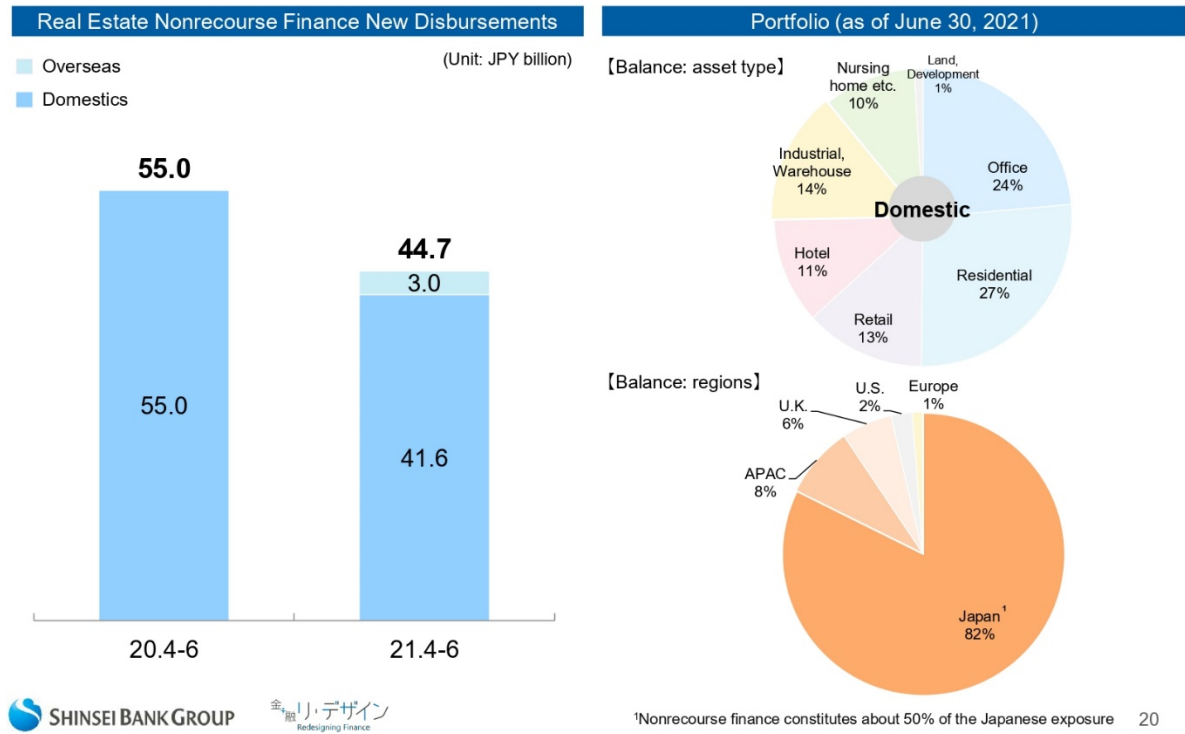
New commitments continue to improve through diversifying renewable energy projects



[Slide 19]

- Turning to slide 19. This outlines new commitments for project finance.
 - Business activities are recovering steadily, with new commitments totaling JPY48.2 billion in the first quarter of FY2021.
 - We are working on a variety of project finances transactions, such as offshore wind and geothermal power generation.

Real Estate Nonrecourse Finance: While new disbursement decreased, business momentum remains stable

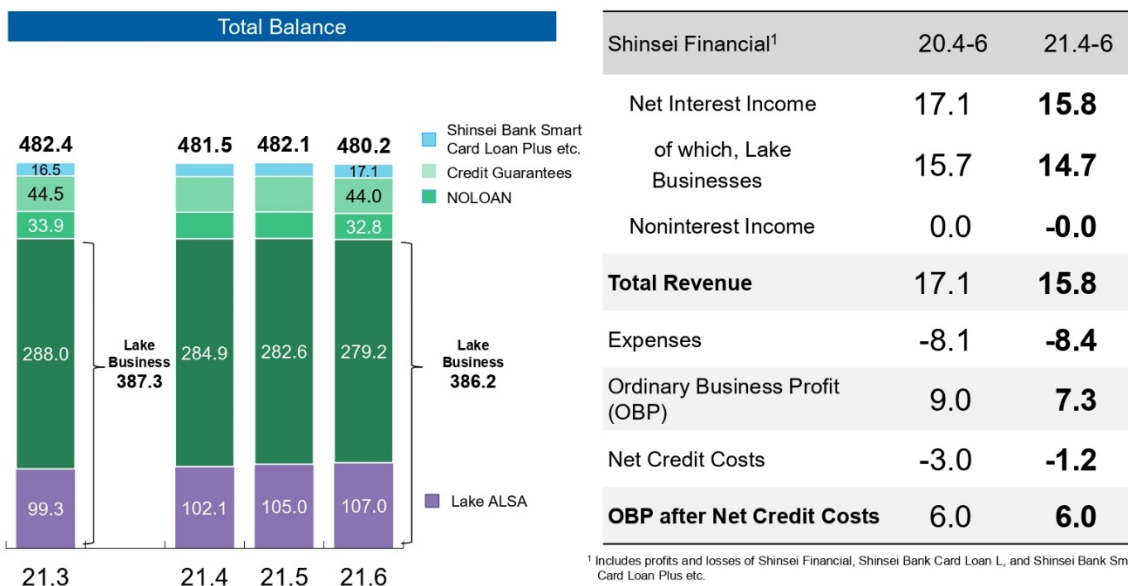


[Slide 20]

- Please turn to page 20. This is real estate nonrecourse finance.
 - New disbursements in this quarter were JPY44.7 billion.
 - The new disbursements declined slightly YoY, the business momentum remains stable.

Unsecured Loan: Decline in net interest income offset by lower net credit costs

(Unit : JPY billion)

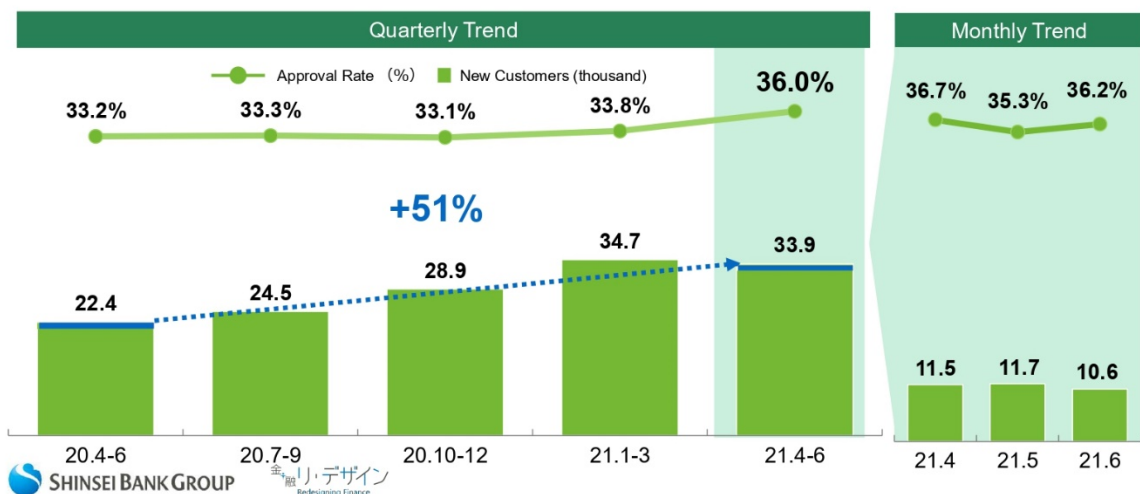


[Slide 22]

- Page 22 shows the balance and profit/loss of unsecured loans.
 - The total balance of unsecured loans decreased slightly to JPY480.2 billion, reflecting frequent implementation of the state of emergency. The balance of Lake ALSA has continued to increase from JPY99.3 billion in end of March to JPY107 billion at the end of June.
 - Despite this, we are able to maintain OBP after net credit costs flat YoY at JPY6 billion. A decline in net interest income was offset by lower net credit costs.

Lake ALSA: Approval rate improved to 36.0% (21.4-6)

- New customer acquisition in 1Q (21.4-6) increased 51% YoY
- ✓ Application: The application volume was 94 thousand (21.4-6) , increased 39% YoY
Application in June decreased reflecting seasonality due to a bonus season
- ✓ Approval rate: Approval rate (21.4-6) improved to 36.0%



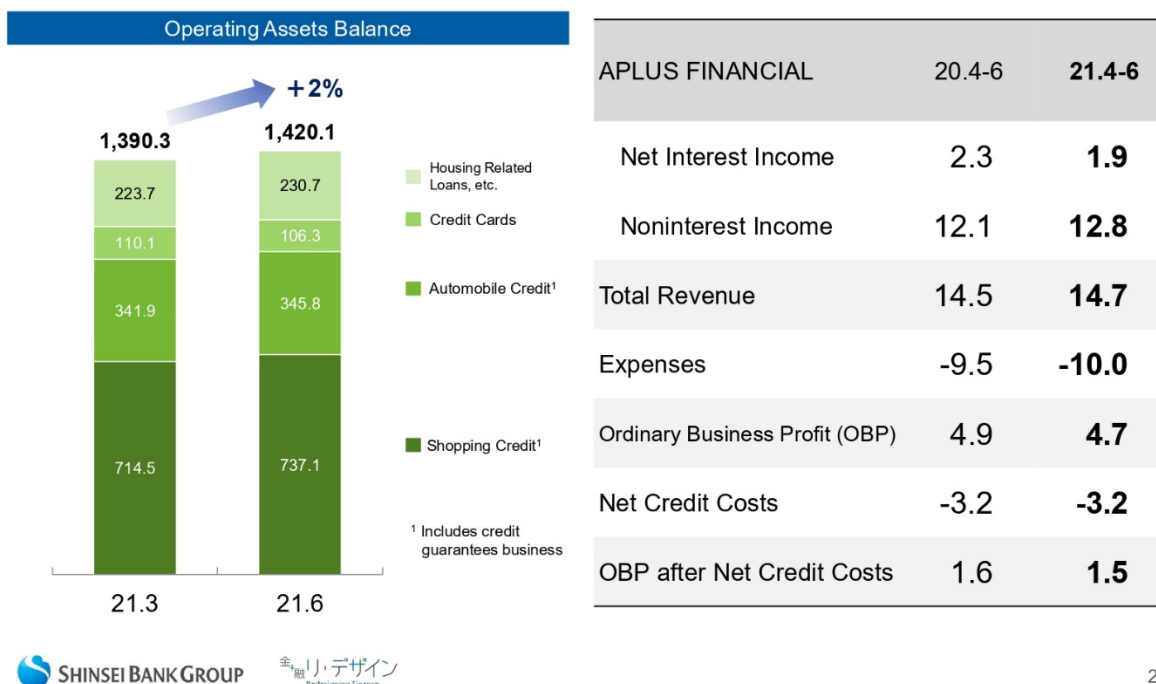
23

[Slide 23]

- Let us look at page 23, the new customers acquired and the loan application approval rate of Lake ALSA.
 - The number of new customers acquisition during the quarter increased by 51% YoY to 33,900.
 - The application approval rate continues to improve and now stands at 36%, an improvement from 33.8% in Q4 2020.

APLUS FINANCIAL: Steady growth in shopping credit balance

(Unit : JPY billion)



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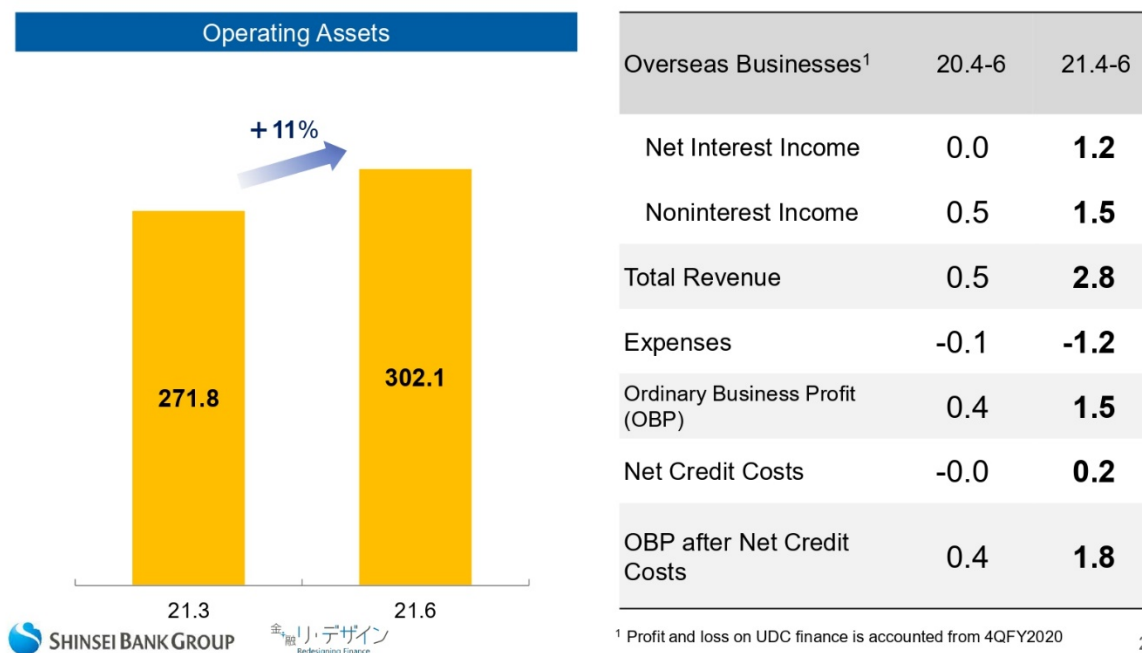
[Slide 26]

- Please skip to page 26. This is on APLUS FINANCIAL.
 - Operating assets balance increased by 2% from the end of March 2021 as shopping credit business continues to grow steadily in the areas of solar power generation, and medical, including dental treatment and vendor leasing.
 - OBP after net credit cost was JPY1.5 billion, virtually unchanged from JPY1.6 billion in the same period of the previous fiscal year.

UDC Finance business continues to grow

(Unit : JPY billion)

- Operating assets balance increased due to steady growth of UDC Finance business and share acquisition of Latitude



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[Slide 28]

- Finally, please turn to page 28. I will explain our overseas business.
 - As for the operating assets balance, it increased by 11% from the end of March 2021, due to the continued growth of UDC Finance business and the share acquisition of Latitude, which was carried out last year.
 - OBP after net credit costs for the first quarter increased significantly due to the consolidation of UDC Finance.

This concludes my presentation.

[END]