FY2020 Financial Results
Presentation to investors/analysts (Held on May 14)

Ishii: Hello, everyone. This is for the fiscal year 2020 Investor Meeting and thank you for your participation. Now I would like to start Investors Meeting.

Key points

1 Net income[1] for FY2020 at JPY45.1 billion

- Value per share including the effect of share buyback:
  - ✓ Earnings per share（EPS）: JPY 202.16（up 6% from FY2019）
  - ✓ Book value per share（BPS）: JPY 4,283.92 (up 9% from March 31, 2020)

2 Net income[1] forecast for FY2021 at JPY40.0 billion

- Total Revenue: JPY 244.0 bn (up 10% from FY2020)
- Expenses: JPY 156.5 bn (up 5% from FY2020)
- Net Credit Costs: JPY 35.0 bn (up 24% from FY2020)

3 Total payout ratio to stand at maximum 50%

- Dividend increased to JPY 12 per common share, +20% YoY
- Buyback program of JPY 20.0 billion has been determined
- The current level of the shareholder return and the method for determining the shareholder return are not intended to be a reference for the future. Shareholder return will be determined each time based on the financial and capital conditions, market conditions, and other factors, in addition to the share price at the time. The Bank will continue to accumulate retained earnings and strive to increase the valuation from market with appropriate shareholder return

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[1] Profit attributable to owners of the parent

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Kudo: This is Kudo of Shinsei Bank. Thank you for participating in our investors meeting on an online basis.

Slide 3 summarizes 3 main points.

First, net income for FY2020 was JPY45.1 billion. Although the net income almost remains unchanged from JPY45.5 billion in the previous fiscal year, EPS was up 6%, stood at JPY202.16 and BPS was increased by 9%.

Second, net income forecast for FY2021 is JPY40 billion. Total revenue is planned to be JPY244 billion, expenses, JPY156.5 billion and net credit costs are projected to be JPY35 billion. I will explain details later. Third, total payout ratio is expected to be spent at maximum 50%. The dividend has been determined at JPY 12 per share, 20% increase from the previous fiscal year.

We have announced a share buyback program of JPY20 billion. The current level of the total payout and the method are determining the total payout are not intended to be a reference for the future. Total payout will be determined each time based on financial and capital conditions, market conditions and other factors in addition to share price at the time. We will continue to accumulate retail earnings and strive to increase the valuation from the market with appropriate payout.

Summary of FY2020: Strategic initiatives

Advancing Value Co-Creation Strategy

Advancing initiatives of value co-creation with business partners even amid the Novel Coronavirus infections

Small-scale Finance	Collaboration on “FamiPay Loan”, a new loan service for FamiPay users
Small-scale Finance	Providing financial services to corporate customers of USEN-NEXT GROUP
Institutional Investors	Commencement of mezzanine finance to domestic renewable energy projects with Daiwa Energy & Infrastructure Co. Ltd.

Strategically reorganized overseas portfolio

Non-organic growth strategy focuses on small-scale finance in Asia Pacific region

New Zealand	Acquired 100% shares of UDC Finance Limited, the largest non-bank financial institution
Australia	Concluded capital alliance with Latitude Group, a leading shopping credit and consumer finance company
Taiwan	Sold common shares of Jih Sun Financial Holding, after considering its strategic positioning within the Group

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Slide 4 illustrates our FY2020 strategic initiatives in two areas. The first is our value co-creation initiative.

Even amid the prolonged impact of the Novel Coronavirus, we actively made progress in value co-creation with external business partners. Of these, there are two focus areas.

This slide shows the key initiatives in those areas. First, in small-scale finance, let's show two examples. One, this is Itochu Group. Started collaboration for FamiPay Loan, a new financing service for FamiPay users. Also, begun handling of financial products for USEN-NEXT GROUP’s corporate customers. And in the Institutional Investors business, this is formation of Daiwa Energy Infrastructure at Daiwa Group, we commenced to provide mezzanine finance for domestic renewable energy.

Second, the focus is on overseas portfolio development. Our non-organic growth strategy focuses on small-scale finance in the Asia Pacific region. First, we have consolidated UDC Finance, the largest nonbank in New Zealand. Next, in Australia, we entered into a capital and business alliance with Latitude, a leading company in shopping credit and consumer finance.

For both for the UDC Finance and Latitude Group, we have a similar businesses as those companies at Showa Leasing and APLUS, and that as those are the number one companies in each market. On the other hand, after comprehensively considering our strategic positioning, we decided to sell shares of Jih Sun Financial Holding in Taiwan.

FY2020 net income at JPY 45.1 billion

(Unit: JPY billion)

Consolidated	19.4-20.3 (Actual)	20.4-21.3 (Actual)	Changes (%)
Total Revenue	**239.9**	**221.9**	**-8%**
Net Interest Income	133.5	122.0	-9%
Noninterest Income	106.4	99.8	-6%
Expenses	-149.5	-149.6	0%
Ordinary Business Profit (OBP)	90.4	72.2	-20%
Net Credit Costs	-39.1	-28.3	+28%
OBP after Net Credit Costs	**51.2**	**43.8**	**-14%**
Others	-5.6	1.2	+121%
Income Taxes etc.,	-4.0	-11.1	-178%
Net Income	**45.5**	**45.1**	**-1%**

FY2020 Summary (YoY)

- Total Revenue
  - ✓ Decrease in net interest income partly reflects a decline in FCY related market interest rate and decrease in unsecured loan balance
  - ✓ Decrease in noninterest income:
    - Lower fee income from asset management products in Retail Banking and Corporate Business as well as lower income from derivatives
    - JPY 2.8 billion of investment loss in Principal Transactions in 3QFY2020
- Expenses
  - ✓ Expenses remain unchanged
- Net Credit Costs
  - ✓ Lower net credit costs reflects improved asset quality and lower loan balance in unsecured loans
- Others
  - ✓ Recorded a gain on sale (extraordinary gains) of approximately JPY 9.7 bn (net of income tax expense) of Jih Sun Financial Holding shares

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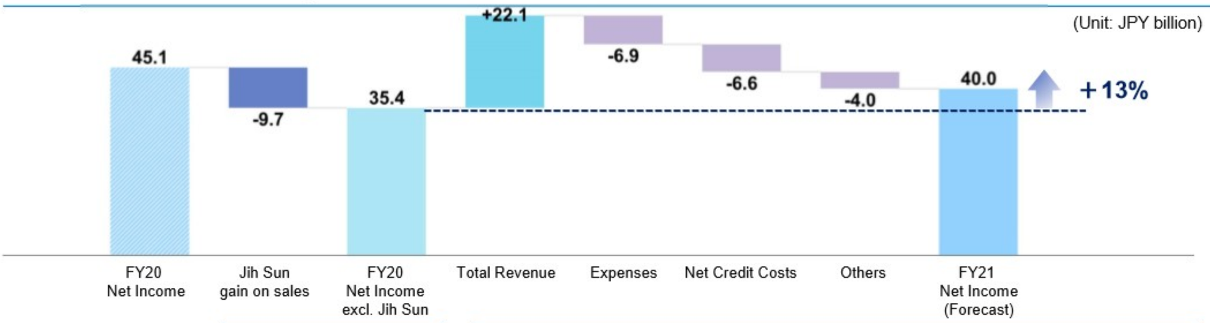
Slide 5 provides an overview of financial results for FY2020. Total revenue declined 8% YoY. Expenses remained flat. Net credit costs decreased 28% YoY due to better loan collections, and lower unsecured loan balances. As a result, the actual ordinary business profit after net credit costs decreased 14% to JPY43.8 billion from JPY51.2 billion in the previous fiscal year. And due to the sale of Jin Sun shares, an extraordinary gain of JPY9.7 billion was recorded. As a result, net income remained almost flat YoY at JPY45.1 billion.

FY2021 financial plan



	FY20 (Actual)	FY21 (Plan)	Assumptions
Total Revenue	221.9	**244.0**	• Net interest income: Increase in mainly due to an increase in unsecured loan balance • Noninterest income: Absence of loss on sale of NIBC in FY2020, increase in noninterest income from derivatives, Structured Finance, Retail Banking and APLUS as well as contribution from UDC
Expenses	-149.6	**-156.5**	• Full-year impact of UDC consolidation and increase in upfront investment costs for medium-to long-term growth
Expenses to Revenue Ratio	67.4%	**64.1%**	
Net Credit Costs	-28.3	**-35.0**	• Increase in net credit costs mainly due to the increase in unsecured loan balance
Net Income	45.1	**40.0**	• Approx. JPY 3.0 bn contribution from UDC

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Slide 6 explains the financial plan for FY2021. Total revenue is planned to increase by 10% compared to FY2020. The breakdown, net interest income is expected to increase due mainly to an increase in the balance of unsecured loans. Noninterest income growth plan reflects higher revenues from the derivatives, which transaction were weak, structured finance, retail banking and APLUS. Expenses incorporate a full-year impact of UDC consolidation and also an upfront investment for medium- to long-term growth.

Net credit costs are also expected to rise in accordance with the growth in unsecured loan balance. As a result of the above, net income forecast for FY2021 is JPY40 billion.

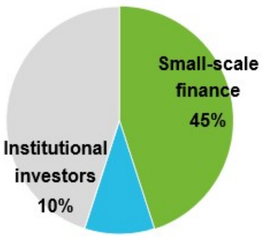
Excluding the onetime gain, which is JPY9.7 billion on the sale of Jih Sun shares, net income is expected to increase 13% from JPY35.4 billion for FY2020. The contribution of net income from UDC is expected to be approximately JPY3 billion.

FY2021 Forecast

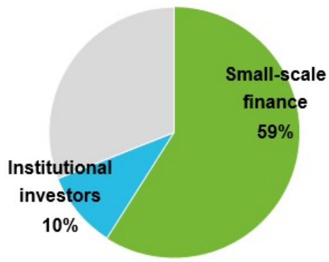
- Economic conditions in FY2021 are expected to recover, despite various uncertainties such as the status of the Novel Coronavirus infections and the effects of vaccines
- Expect an increase in noninterest income from normalizing business activities, higher net credit costs associated with higher loan balance, and investment in key initiatives for medium to long term growth
- Profit contribution of focus areas[1] is expected to grow further in FY2021

Profit Contribution of Focus Areas[1]

FY2019 Actual



FY2020 Actual



Medium-Term Strategies

Small-scale finance
FY2018 45% ▶ **FY2021 50%**

Institutional investors
FY2018 10% ▶ **FY2021 15%**

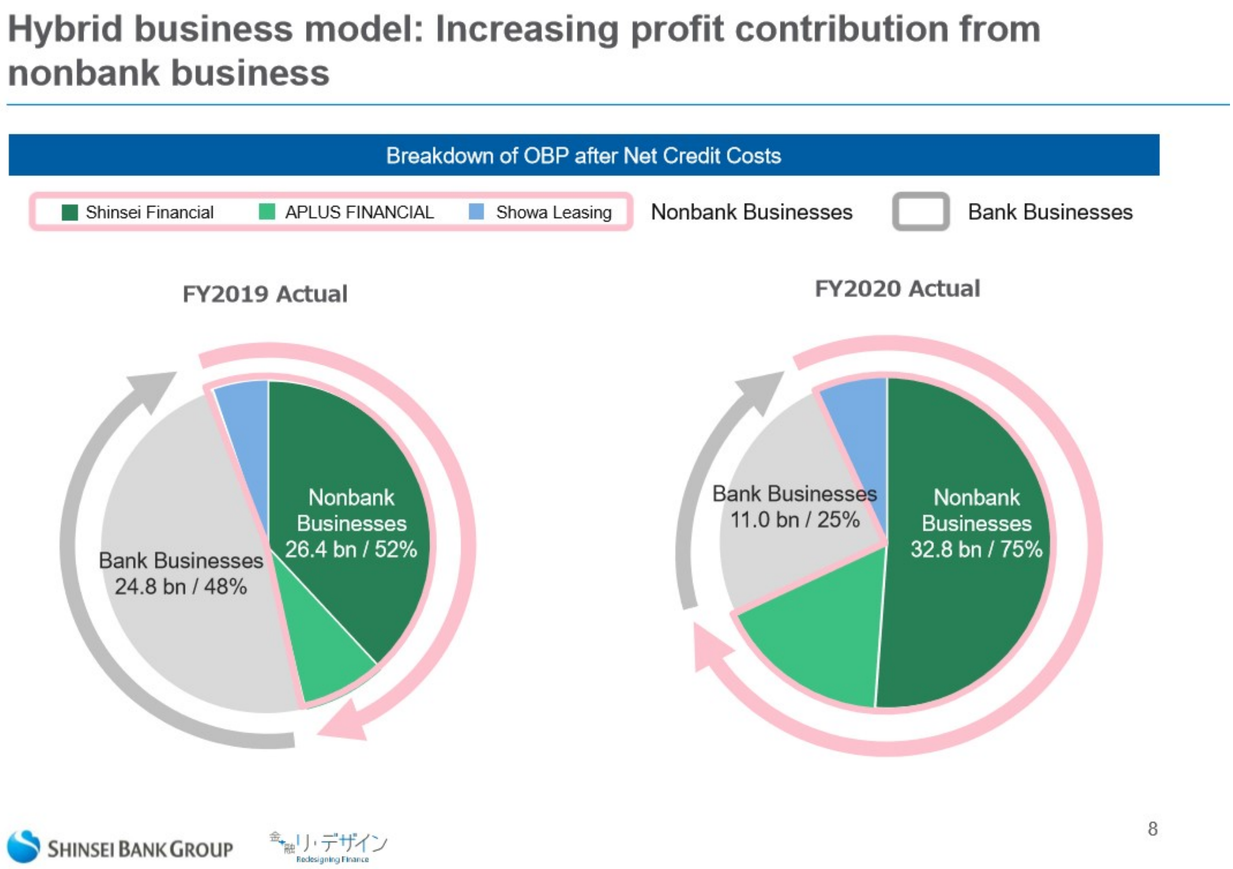
[1] Contribution of ordinary business profit after net credit costs, excluding one-time factors

Please see slide 7. This is the background of the FY2021 plan as explained earlier.

The FY2021 plan assumes a gradual recovery in economic activity, despite uncertainties such as the status of Novel Coronavirus and effective vaccinations.

We expect noninterest income growth associated with the normalization and economic activities and an increase in net credit costs associated with the growth in balance of unsecured loan as well as expenses due to upfront expenditures for medium- to long-term growth, such as workstyle reforms or DX. Expenses are expected to increase. The graph below shows a profit share of focus areas, which is one of the financial goals of our medium-term strategies.

So last year was not the ordinary time. There were numbers not normal. There was no major concern. The profit contribution of Institutional Investors Business remained unchanged from FY2019, caused by the impact of net credit costs related to specific transactions. There is no major concern.



Please see slide 8. This graph shows the profit contribution of banking and nonbanking businesses in terms of OBP after net credit costs.

We are a hybrid financial group of the bank and nonbank. in addition to the ratio of this bank and nonbank, I would like to highlight on the banking business, the absolute value decrease. On the other hand, for the nonbank business, the value has actually increased.

From here, Mr. Ishii of the Group Investor Relations and Corporate Communications Division will explain the details of our financial results.

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(Unit: JPY billion)

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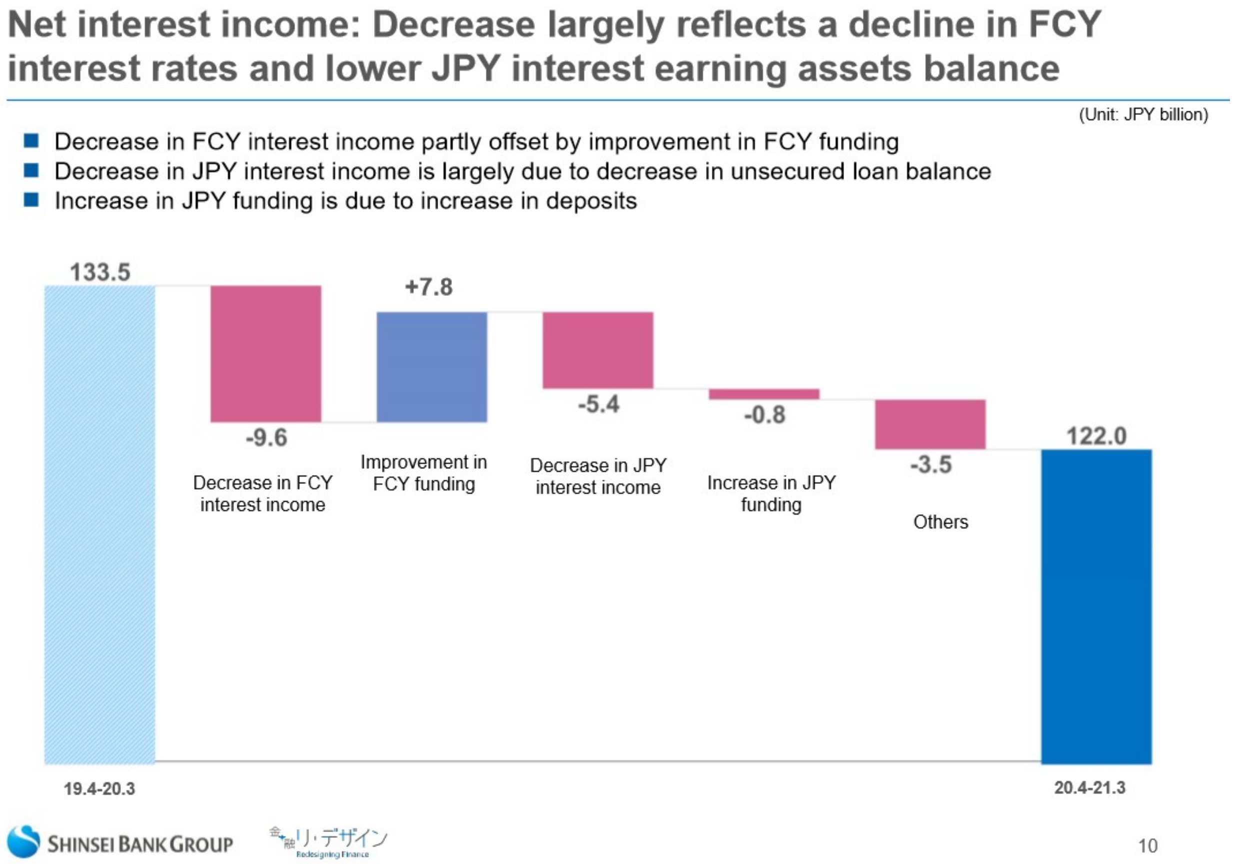
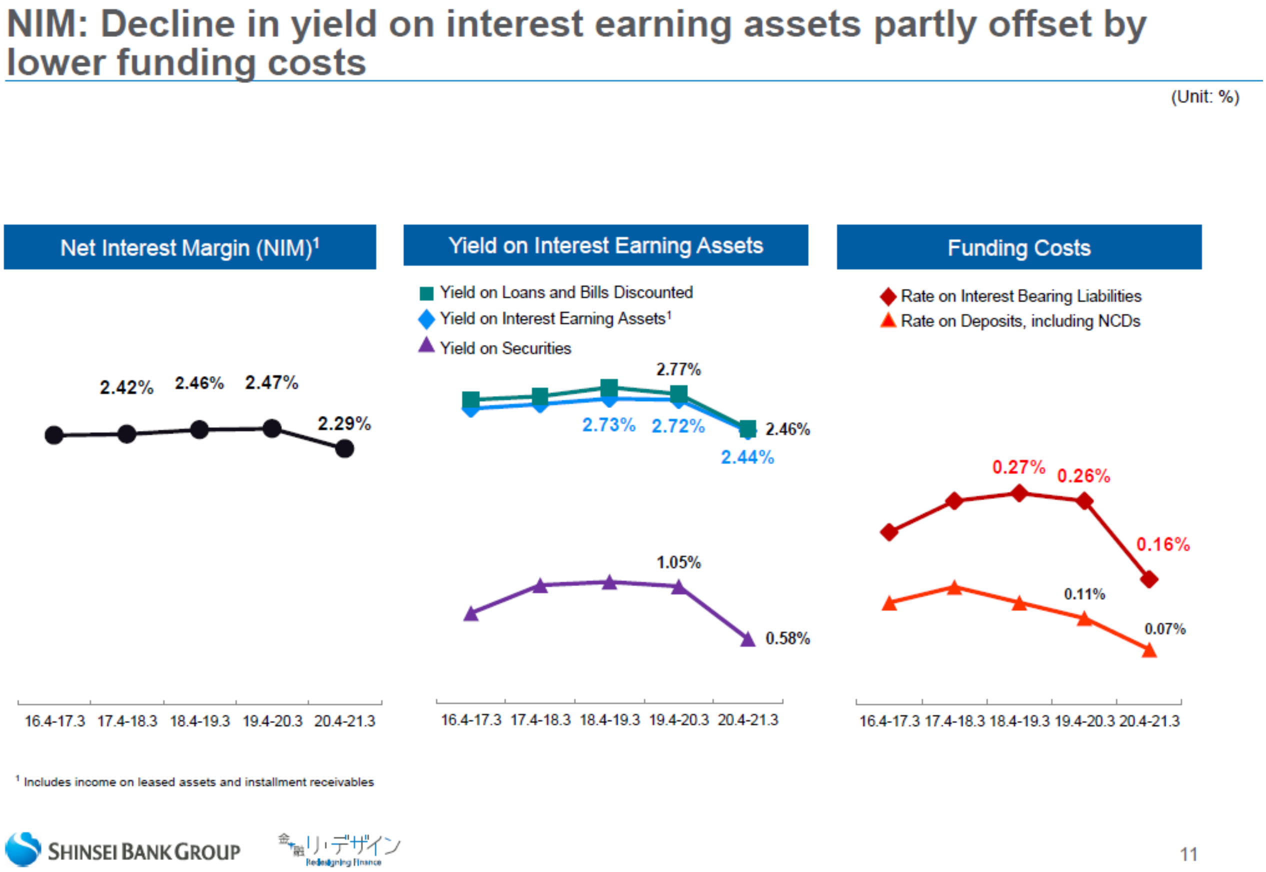
Ishii: Let me explain our financial results in more detail.

First, I will explain the items in blue boxes on slide 9, net interest income, noninterest income and net credit costs. Please turn to the next slide.

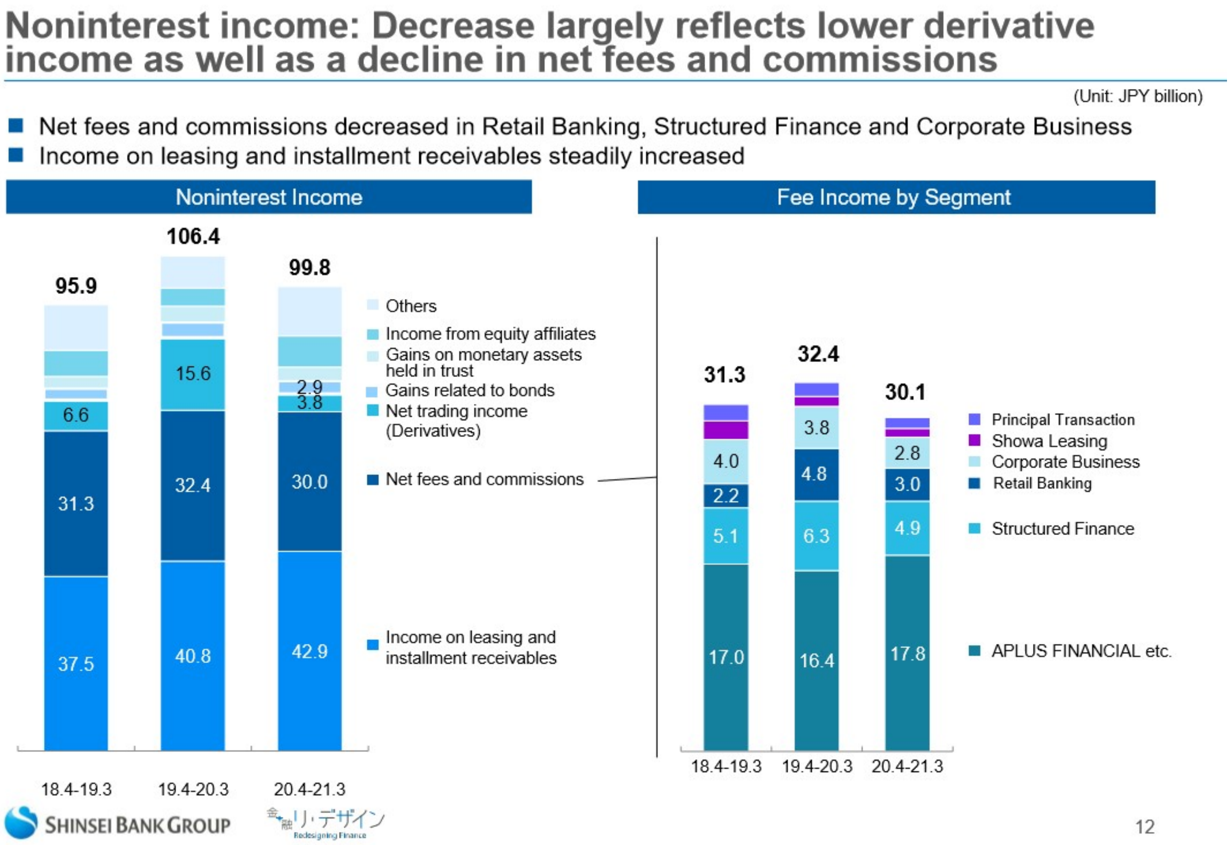


Slide 10 covers net interest income. This slide shows factors for net interest income decline by foreign currencies, Japanese yen and others. In FY2020, net interest income from foreign currency-denominated assets decreased due to a significant decline in interest rates. At the same time, foreign currency funding cost also improved, and therefore, the net effect on NII was limited as a result. The decrease in yen-denominated net interest income was mainly due to a decrease in the balance of unsecured loans.

The marginal increase in yen-denominated funding cost was due to an increase in deposit balances exceeding the benefits of lower interest benefit.



- Slide 11 relates to net interest margin. Net interest margin declined to 2.29%. This was mainly due to lower yields on interest-earning assets, primarily driven by lower yields on loans and securities invested, partially offset by lower funding costs.



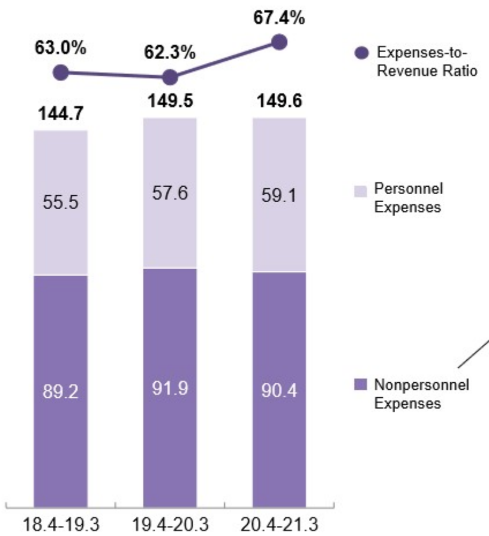
Slide 12 slide covers noninterest income. Noninterest income recorded higher income from leasing and installment credit in APLUS. At the same time, fees from asset management products in Retail Banking and fees and commissions in structured finance decreased. In addition, we concluded significantly fewer derivative transactions.

Expenses: Expenses remain unchanged YoY

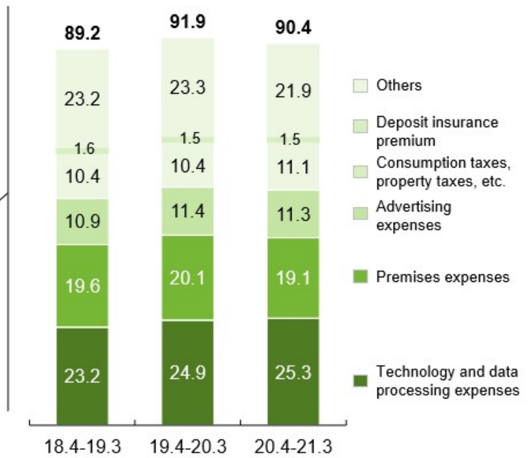
(Unit: JPY billion)

- Personnel expenses increased due to acquisition of SHINKO LEASE, Financial Japan (+JPY 1.2 bn) and UDC (+JPY 0.8 bn) YoY

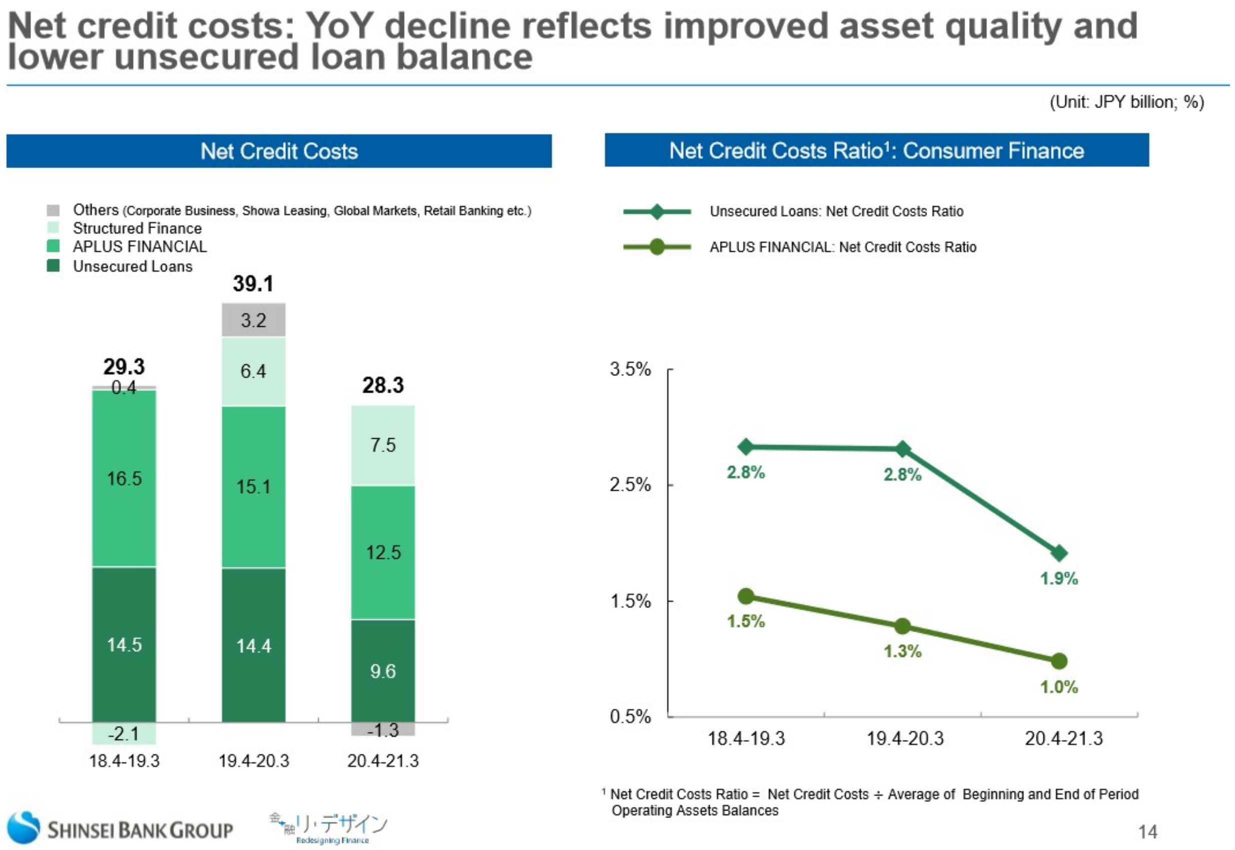
Expenses



Breakdown of Nonpersonnel Expenses

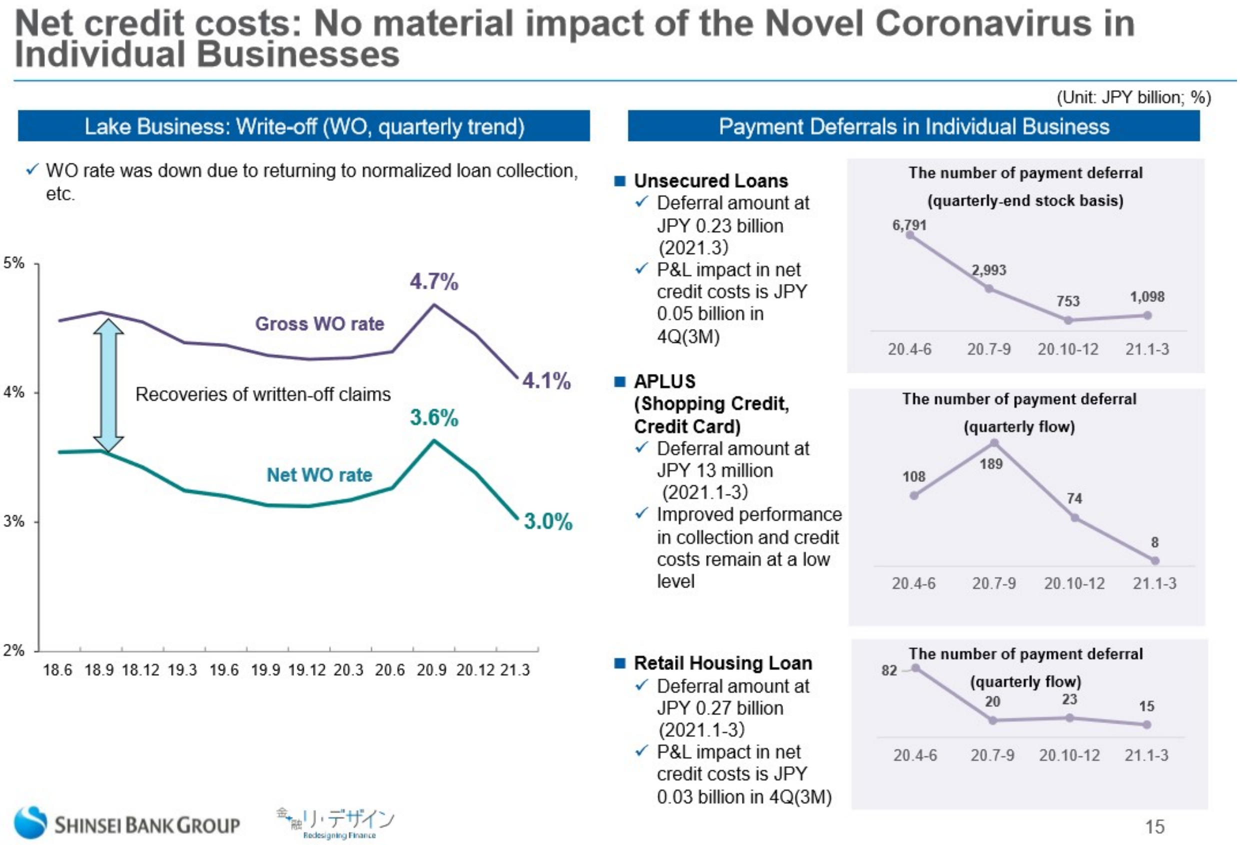


Slide 13 relates to expenses. Expenses remained almost unchanged from the previous fiscal year due to restrained operation of non-personnel expenses, despite an increase in personnel expenses. Of the increase in personnel expenses, the full-year effect of the acquisition of SHINKO LEASE and Financial Japan was JPY1.2 billion and the inclusion of UDC consolidation was JPY0.8 billion.



Slide 14 through 16 describe net credit costs. Slide 14 explains the entire net credit cost.

Unsecured loans net credit costs decreased due to decline in its overall balance YoY. APLUS' net credit cost decline is due to lower housing loan balances and improved collections. Net credit cost ratios of unsecured loans and APLUS also declined significantly YoY. In structured finance, large Novel Coronavirus related credit provisioning in the first half necessitated much smaller credit provisioning in the second half of FY2020.



Slide 15 covers the status of write-offs and deferrals of payments for businesses serving individual business.

As shown on the graph on the left, the ratio of bad debt write-offs in the Lake business was down due to strengthened collection of receivables and other factors. The graph on the right shows the number of deferred payments for unsecured loans, APLUS shopping credit and credit cards, as well as Retail Banking housing loans. After peaking in the first half of FY2020, the rate has started to decline and there has been no significant change at present.

Net credit costs: Declining impact of the Novel Coronavirus in Institutional Businesses

- JPY 5.2 billion of net credit costs in FY2020 related to the Novel Coronavirus infections
  (1Q: JPY 5.2 billion cost, 2Q: JPY 0.6 billion cost, 3Q: JPY 0.7 billion recovery, 4Q: JPY 0 billion)

Net Credit Costs related the Novel Coronavirus Infections

	20.4-6	20.7-9	20.10-12	21.1-3
Precautionary provisions	Provision of JPY 1.4 billion in aviation finance	Reversal of JPY 0.7 billion in entertainment sector etc. due to business recovery	Reversal of JPY 1.0 billion in retail sector etc. due to business recovery	Reversal of JPY 1.7 billion in restaurants and aviation (provisions as a result of deterioration in individual transactions)
Provisions as a result of deterioration in individual transactions	Provision of JPY 3.8 billion for transactions in hotels and aviation finance	Provision of JPY 1.3 billion for transactions in aviation and hotels etc.	Provision of JPY 0.3 billion	Provision of JPY 1.7 billion for transactions in hotels and aviation finance

Precautionary Reserve (balance)

Balance (Mar. 31, 2020)	**:JPY 3.9 billion**
(-) Usage of reserve in 1Q (mainly real estate)	: JPY 1.6 billion
(+) Credit provisioning in 1Q (aviation)	: JPY 1.4 billion
Balance (Jun. 30, 2020)	**:JPY 3.7 billion**
(-) Reversal in 2Q (mainly entertainment)	:JPY 0.7 billion
Balance (Sep. 30, 2020)	**: JPY 3.0 billion**
(-) Reversal in 3Q (mainly retail sector)	: JPY 1.0 billion
Balance (Dec. 31, 2020)	**: JPY 2.0 billion**
(-) Reversal in 4Q (mainly restaurants and aviation sector (provisions as a result of deterioration in individual transactions))	: JPY 1.7 billion
Balance (Mar. 31, 2021)	**: JPY 0.3 billion**

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Slide 16 relates to net credit cost status of the Institutional Business. We reversed JPY1.7 billion of precautionary reserve and allocated it to individual obligors in aviation finance. As a result, the outstanding balance of precautionary reserve for the Institutional Business reduced to JPY0.3 billion as of March 2021.

Next, I will cover consumer finance and structured finance business. First, please turn to slides 19 and 20. I will explain unsecured loans.

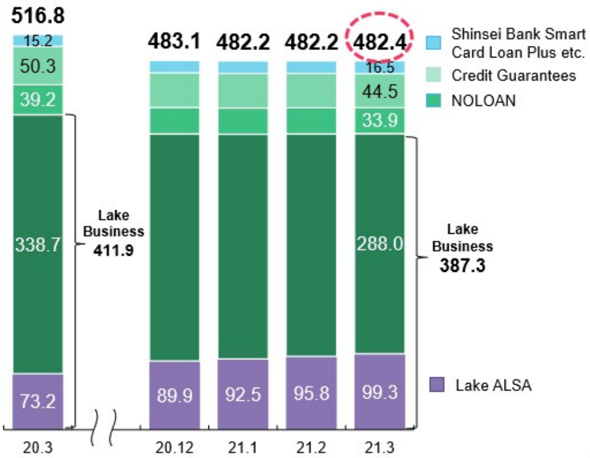
Small-scale Finance

Unsecured loan: 4QFY2020 monthly total balance trend depicts signs of bottoming out

(Unit: JPY billion)

- Lake ALSA loan balance increased to JPY 99.3 billion (March 31, 2021) from JPY 73.2 billion (March 31, 2020)
- Lower net credit costs partly offset by a decline in net interest income resulted in higher profit YoY

Total Balance



Shinsei Financial[1]	19.4-20.3	20.4-21.3
Net Interest Income	69.3	65.9
of which, Lake Businesses	63.6	60.9
Noninterest Income	-0.9	0.0
Total Revenue	**68.3**	**66.0**
Expenses	-34.3	-33.9
Ordinary Business Profit (OBP)	33.9	32.1
Net Credit Costs	-14.2	-9.6
OBP after Net Credit Costs	**19.5**	**22.4**

[1] Includes profits and losses of Shinsei Financial, Shinsei Bank Card Loan L, and Shinsei Bank Smart Card Loan Plus etc.

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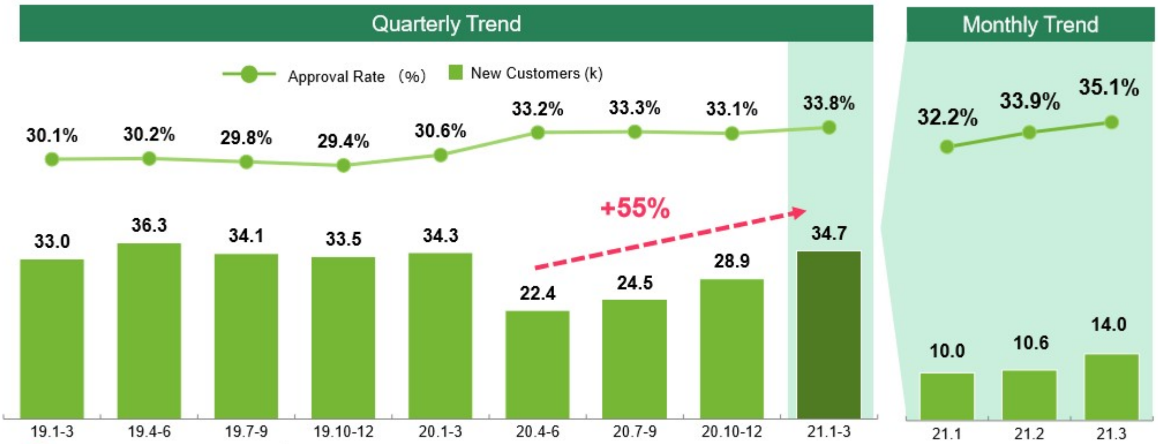
Slide 19 covers unsecured loan. The total balance of unsecured loans decreased to JPY482.4 billion. However, Lake ALSA’s outstanding balance increased by 36%, from JPY73.2 billion at the end of March 2020 to JPY99.3 billion at the end of March 2021. Net interest income decreased due to a decrease in the loan balance. At the same time, net credit costs also decreased significantly in accordance with the decline in the loan balance. As a result, OBP after net credit costs increased 15% YoY to JPY22.4 billion.

Small-scale Finance

Lake ALSA: New customer acquisition recovered YoY

(Unit: thousand; %)

- New customer acquisition in 4Q (21.1-3) increased 55% compared to 1Q (20.4-6)
  - ✓ Application: The application volume increased from 67K (20.4-6) to 102K (21.1-3) , or 52%, reflecting recovery of cash demand due to relaxation of going-out activities and resumption of promotional activities
  - ✓ Approval rate: Recent process automation improved the monthly approval rate to 35.1% in March 2021



Slide 20 outlines the number of new customers acquired and application approval rate.

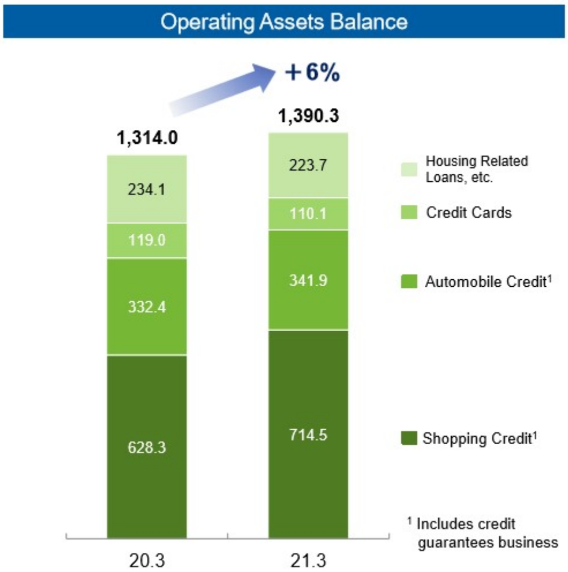
The number of new customers acquired increased by 55% to 34,000 in the fourth quarter from 22,000 in the first quarter. The number of applications increased by 52% from 67,000 in the first quarter to 102,000 in the fourth quarter. This was thanks to a recovery in loan demand as a result of gradual relaxation of various restriction, as well as the resumption of various promotional activities. The application approval rate improved to 33.8%. At the same time, as shown in the monthly trend on the right, the monthly application approval rate in March 2021 improved to 35.1% due to the system renewal in October.

Small-scale Finance

APLUS FINANCIAL: Steady growth in shopping credit balance

(Unit: JPY billion)

- Increase in noninterest income and lower net credit costs improved profit YoY



APLUS FINANCIAL	19.4-20.3	20.4-21.3
Net Interest Income	9.7	8.5
Noninterest Income	48.5	49.9
Total Revenue	**58.2**	**58.4**
Expenses	-38.9	-38.5
Ordinary Business Profit (OBP)	19.3	19.9
Net Credit Costs	-15.1	-12.5
OBP after Net Credit Costs	**4.2**	**7.3**

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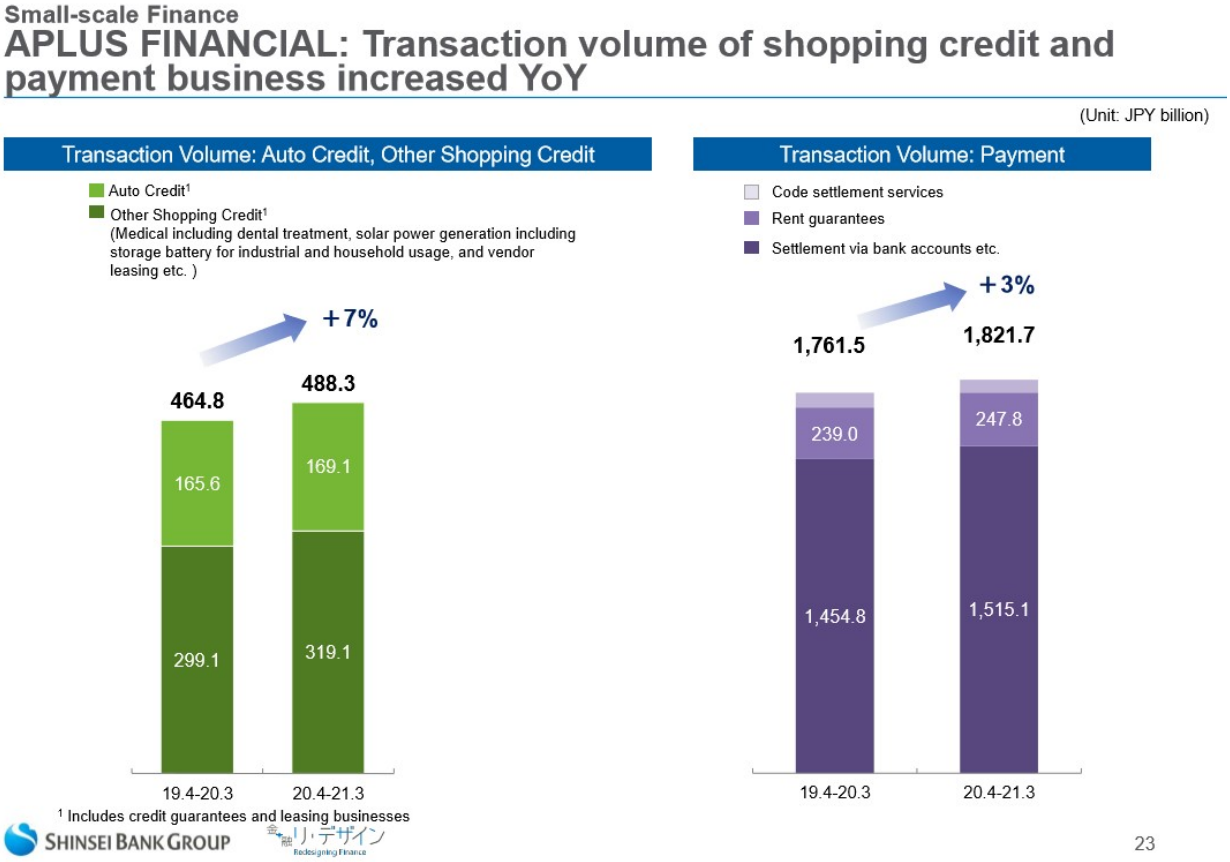
Slides 22 and 23 explain APLUS FINANCIAL. APLUS FINANCIAL's operating assets rose 6% from the end of March 2020 as a result of strong shopping credit demand.

Noninterest income also grew steadily in line with the balance growth, and net credit costs improved YoY due to improved collections. Consequently, actual OBP after net credit costs increased by 74% from JPY4.2 billion in the previous fiscal year to JPY7.3 billion.



Slide 23 shows transaction volume of Shopping Credit and Payment Businesses. Shopping Credit transaction volume increased 7% YoY and payment business transaction volume increased by 3% YoY.

Next, we will explain structured finance in slides 24 through 26.

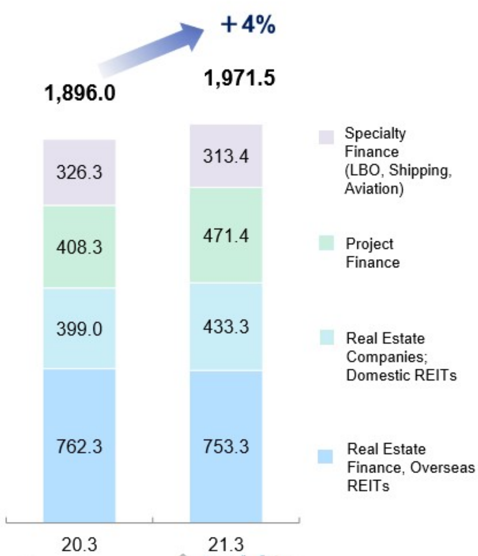
Business with Institutional Investors

Structured finance: Operating assets balance of project finance increased YoY

(Unit: JPY billion)

- Operating assets balance for aviation finance was approx. JPY 36.0 billion (March 31, 2021)
- Large Novel Coronavirus related credit provisioning in the first half necessitated much smaller credit provisioning in the second half FY2020

Operating Asset Balance



Structured Finance	19.4-20.3	20.4-21.3
Net Interest Income	12.0	12.6
Noninterest Income	7.6	8.3
Total Revenue	**19.7**	**21.0**
Expenses	-8.3	-9.0
Ordinary Business Profit (OBP)	11.3	11.9
Net Credit Costs	-6.4	-7.5
OBP after Net Credit Costs	**4.9**	**4.4**

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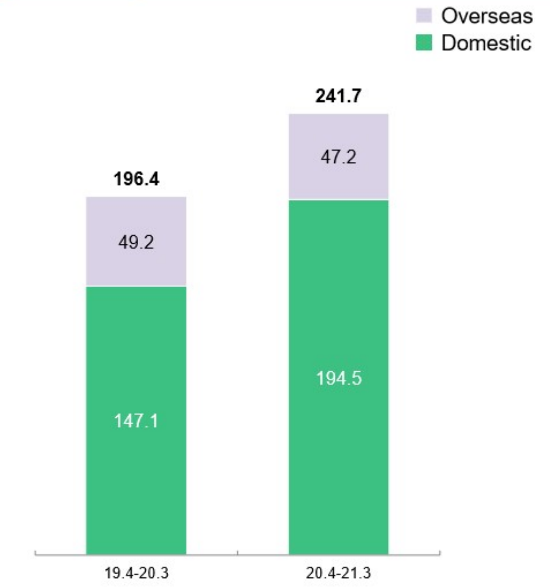
Slide 24 is the balance and profits of structured finance. The balance of operating assets was JPY1.971 trillion, an increase of 4% YoY. Large Novel Coronavirus related credit provisioning in the first half necessitated much smaller credit provisioning in the second half of FY2020.

Business with Institutional Investors

Project finance: Business activities continue to increase

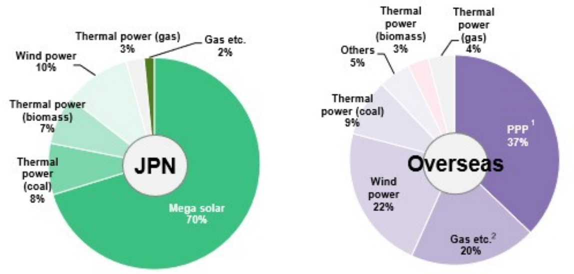
(Unit: JPY billion; %)

Project Finance New Commitments



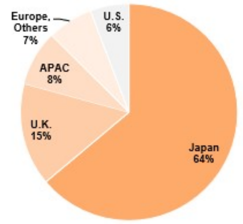
Portfolio (as of March 31, 2021)

【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】



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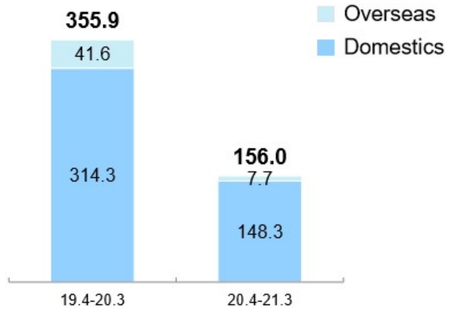
Slide 25 outlines new commitment for Project Finance. New commitments for project financing increased YoY. We made new commitments to renewable energy projects domestically and large offshore wind power projects overseas.

Business with Institutional Investors

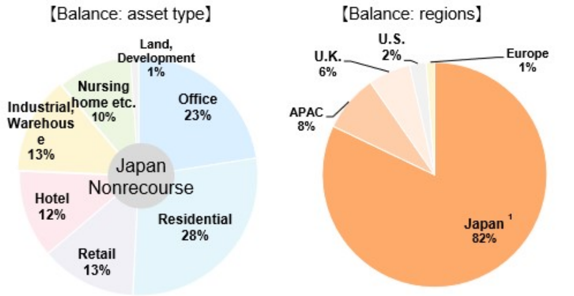
Real estate finance: New disbursement decreased YoY

(Unit: JPY billion; %)

Real Estate Nonrecourse Finance New Disbursements



Portfolio (as of March 31, 2021)



1 Nonrecourse finance constitutes about 50% of the Japanese exposure

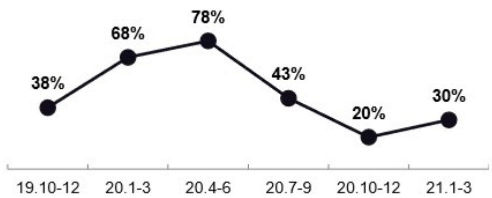
Balance-based Weighted Average LTV:

✓ Applied stricter collateral valuation as of June 30, 2020

	21.3
Domestic	**72%**
Offices, Residentials, Logistic Facilities	**69%**
Hotels	**88%**
Commercial Properties	**77%**
Overseas	**68%**

(Domestic) Gap between Collateral Value and Sale Price[2]

✓ For exited transactions, there was sufficient difference between our collateral value and sale price (i.e. market price) demonstrating no concerns about loan collection



2 Gap (%) = sale price / collateral value -1

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Slide 26 shows the status of real estate nonrecourse finance. The weighted average LTV of real estate nonrecourse financing remains 72% for domestic transactions and 68% for foreign exposures. As a result of tightening collateral valuations implemented at the end of June 2020, the volume-weighted LTV rose, but still remains at a healthy level.

There continues to be sufficient a gap between the appraised value of domestic collateral and sale amount as demonstrated through the exited transactions. So, there is no concern.

This concludes my presentation.

[END]