



FY2022 First Half Financial Highlights

First Half Ended September 30, 2022

November 2022



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Key Message

Overview of Consolidated Financial Results

- Revenue increased 8.8 billion yen (+8%) year-on-year to 119.4 billion yen, the second highest level for the interim accounting period in the past 10 years after recording 121.5 billion yen in FY2019
 - ✓ Increase in loans balance and commissions due to proactive cultivation of customer relationships and expansion of cooperation with regional banks in sustainable finance, etc., as well as an increase in derivatives revenues, capturing hedging needs arising from the yen depreciation, were contributors
 - ✓ Increases in APLUS's income on installment receivables and marketable securities investment balances, expansion of interest margins on investments and funding denominated in foreign currencies, as well as improvement in yen conversions contributed
- Net income increased by 1.6 billion yen (+7%) year-on-year to 24.8 billion yen
 - ✓ Progress of approx. 70% compared to the full-year forecast
- Balance sheet expansion through significant increase in deposit volume and robust accumulation of operating assets
 - ✓ Achieved 8 trillion yen in deposits; executing financial KPI ahead of schedule

Initiatives to Achieve the Medium-Term Vision

- Accelerated cooperation with the SBI Group through bank and securities business affiliation with SBI SECURITIES and joint branches with SBI MONEY PLAZA (Ikebukuro and Umeda). Significant expansion of product and service offerings
- Institutional Business invigorated. Diversification of collaboration among regional financial institutions, including cofinancing and the introduction of BANKIT® (*a financial platform offered by APLUS)

Initiatives for Sustainability

- Sustainable finance continues to expand, including cooperation with regional financial institutions

Consolidated Financial Results

(Unit: billions of yen)

[Consolidated]	FY2021		1H FY2022	YoY Change
	1H	2H		
Revenue	110.6	106.9	119.4 ①	+8%
Interest income	61.6	64.0	67.8	+10%
Noninterest income	49.0	42.8	51.5	+5%
Expenses	-77.2	-78.2	-77.9	-1%
Ordinary Business Profits(OBP)	33.4	28.7	41.5	+24%
Net Credit Costs	-6.5	-24.6	-8.2 ②	-26%
OBP after Net Credit Costs	26.8	4.2	33.2	+24%
Profit before Taxes	27.4	1.0	30.5	+11%
Net Income	23.2	-2.9	24.8 ③	+7%

1H FY2022 Financial Highlights

- ① Revenue increased by 8% year-on-year, and this has been the second highest level in the interim accounting period of the past 10 years, followed by FY2019
- ② Net credit costs increased year-on-year. This was due to a net increase in loan balance, restrained net write-offs in the same period of the previous fiscal with government subsidies, and partial deterioration in credit conditions at Shinsei Financial
- ③ Net income progressed to approximately 70% of the full year forecast due to the recording of dividends of VC fund and the collection from large credit borrowers. In the second half of the fiscal year, we expect to steadily achieve our earnings forecast by appropriately controlling expenses and credit-related expenses associated with the creation of synergies

Individual Business

(Unit: billions of yen)

[Consolidated]	FY2021		1H FY2022	YoY Change
	1H	2H		
Revenue	75.2	75.9	74.2 ①	-1%
Expenses	-49.2	-49.3	-51.2	-4%
OBP	25.9	26.7	23.0	-11%
Net Credit Costs	-9.4	-13.0	-14.1 ②	-50%
OBP after net credit costs	16.5	13.6	8.8	-46%
Retail Banking	1.2	0.7	-0.7 ③	n.m
Shinsei Financial	11.0	6.0	5.3 ④	-51%
APLUS	3.8	5.1	3.9	+1%

1H FY2022 Financial Highlights

- ① Revenue decreased year-on-year due to a decrease in revenues in the retail banking business and other factors, this was partly offset by an increase in income on installment receivables at APLUS
- ② The increase in net credit costs was mainly due to a net increase credit costs at Shinsei Financial (factors behind this was a a net increase in loan balance, a reduction in net write-offs due to government subsidies in the same period of the previous fiscal year, and partial deterioration in credit conditions)
- ③ Relating to OBP after net credit costs, in the retail banking business, profits declined due to a decrease in sales-related revenues from asset management products and an increase in interest expenses from deposit accumulation
- ④ Profit at Shinsei Financial declined due to an increase in credit cost, despite an upward trend in outstanding loan balance. Promoting growth with an emphasis on credit quality in light of the current conditions in the unsecured loans market

Institutional Business

(Unit: billions of yen)

[Consolidated]	FY2021		1H FY2022	YoY Change
	1H	2H		
Revenue	29.3	38.6	38.6 ①	+32%
Expenses	-23.6	-23.3	-22.5	+5%
OBP	5.7	15.3	16.1	+183%
Net credit costs	2.2	-10.9	6.4 ②	+183%
OBP after net credit costs	8.0	4.3	22.6	+183%
Corporate Business	0.1	0.6	2.8	n.m
Structured Finance	5.6	-3.6	13.0	③ +130%
Showa Leasing	2.0	2.0	2.4	+24%

1H FY2022 Financial Highlights

- ① Revenue rose sharply due to an increase in net interest income associated with an increase in loans and the large dividends from VC fund, as well as an increase in noninterest income relating to derivative income and loan fees
- ② No large credit provisions were recorded for credit costs, coupled with reversal of credit reserves mainly due to recovery from individual projects in structured finance
- ③ Relating to OBP after net credit costs, revenues in Structured Finance remained steady due to higher loan balances and loan fee income. Profits doubled due to the absence of large-scale provisions and reversal of provisions

Overseas Business/Treasury/Others

(Unit: billions of yen)

[Consolidated]	FY2021		1H FY2022	YoY Change
	1H	2H		
Revenue	6.0	-7.5	6.4	+7%
Expenses	-4.3	-5.7	-4.1	+3%
OBP	1.7	-13.2	2.3	+32%
Net credit costs	0.6	-0.6	-0.5	n.m
OBP after net credit costs	2.3	-13.7	1.7	-26%
Overseas Business	3.3	2.2	2.8 ①	-15%
Treasury(including marketable securities management)	-0.6	-12.1	1.6 ②	n.m

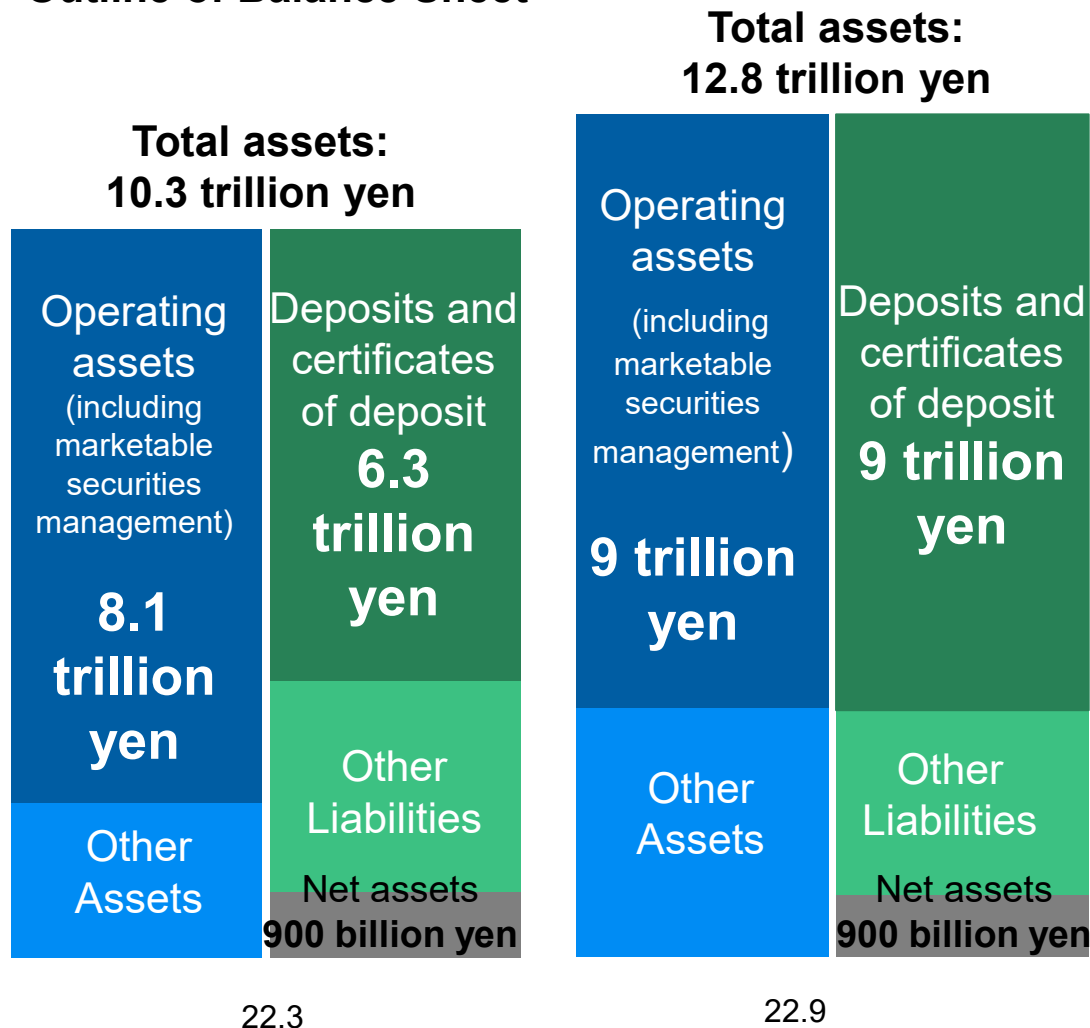
1H FY2022 Financial Highlights

- ① In the Overseas Business dividends from Latitude in Australia were received from the second half of the previous fiscal year, and therefore revenue increased year on year reflecting receipt of interim dividends.
- ② OBP after net credit costs in the Overseas Business decreased. Although business was steady in UDC Finance, profits decreased due to absence of reversal of credit provisions as recorded in the same period of the previous fiscal year
- ③ As for marketable securities management, a loss was recorded in the second half of FY2021 due to the rising foreign interest rates. In the current fiscal year, we have been establishing an asset management system and started building a diversified portfolio, increasing the balances and promoting improvement in yields

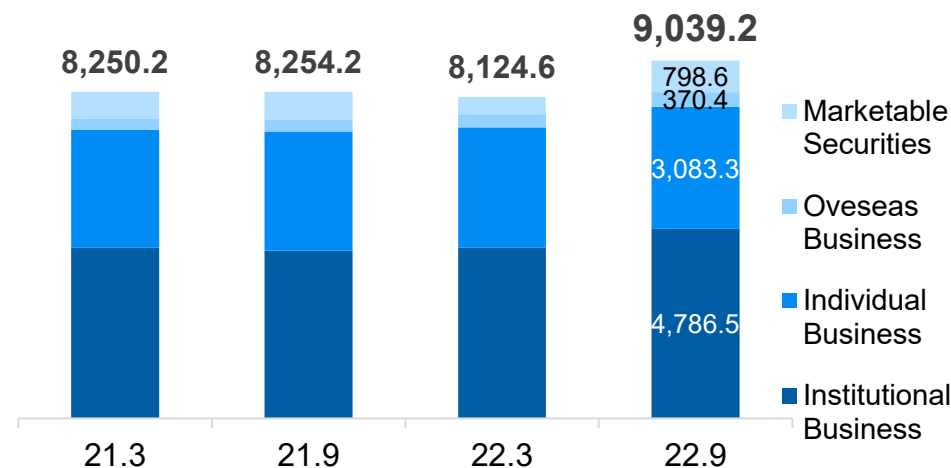
Consolidated Financial Results: Summary of Balance Sheet

Deposit volume, the foundation of the customer base, reached 8 trillion yen, the financial target for the final year of the Medium-Term Vision

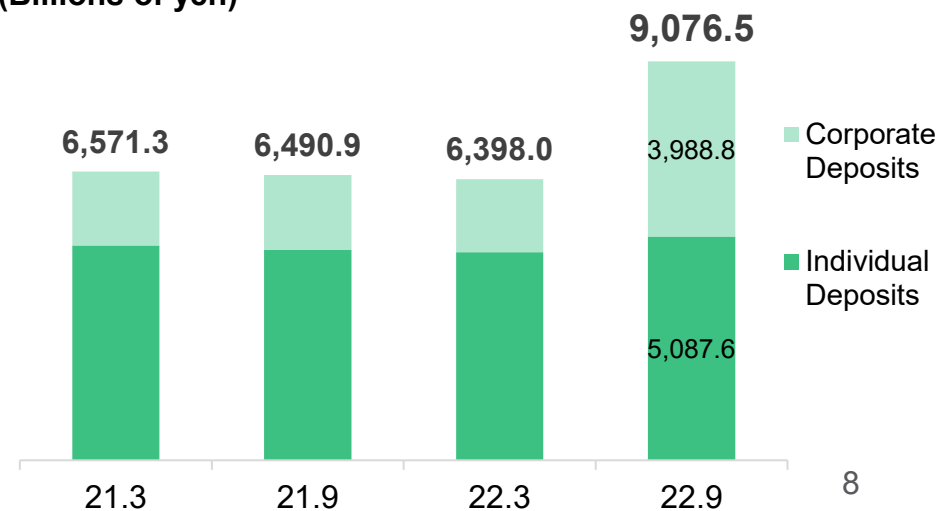
Outline of Balance Sheet



Balance of Operating Assets (Billions of yen)



Balance of Deposits and Certificates of Deposit (Billions of yen)



Initiatives to Achieve the Medium-Term Vision

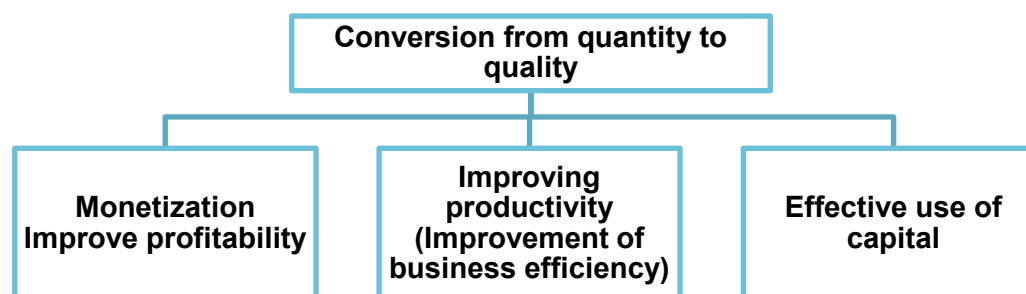


Summary of the First Half of FY2022 and Future Strategy for Achieving the Medium-Term Vision

- In order to achieve the Medium-Term Vision, we have been **strengthening and rebuilding our existing customers and earnings base** focusing on cooperation with the SBI Group for the last six months

Customer	<ul style="list-style-type: none"> • Increase in amount of deposits, balance of operating assets, and number of business partners • Reform of customer contact points (reorganizing sales structure for both individual and institutional business and increase in activity volume)
Products and Services	<ul style="list-style-type: none"> • Strengthening product offerings and product supply competitiveness • Improve product appeal based on a “Customer-centric Principle” (Renewing interest rates and commissions) • Providing full ranged offerings and developing new products
Management Foundation	<ul style="list-style-type: none"> • Establishment of a framework for cooperation with the SBI Group • Reorganizing and strengthening functions on a SBI Group basis • Strengthen business administration functions, such as increasing PDCA speed

- In the future, we will further strengthen our foundation while promoting **conversion from quantity to quality**



Future Strategy

Individual Business

- Utilize customer base by promoting cooperation with SBI SECURITIES, and strengthen consulting for sales to wealthy individuals through branches and joint stores. (Contributing to the Japanese Government's "Doubling Asset-Based Income Plan")
- Reinforce and expand housing loan related business (including cooperation with ARUHI Corporation)
- Thorough management of potential future risks in the unsecured loan business

Institutional Business

- Establishing a position as a platformer for regional financial institutions
 - ✓ Further expand the sourcing of projects such as sustainable finance and syndicated loans, and strengthen joint projects and business proposals
 - ✓ Offering of payment/small lot financing functions using BANKIT®

Overseas Business/ Management of Marketable Securities

- Sophistication of earnings/risk management of existing investees and development of new investment opportunities in APAC
- Further sophistication of securities investment portfolios in response to changes in the market environment

Management Base

- Sophistication and streamlining of back-office divisions through cooperation with the SBI Group and utilization of technology (RPA·AI)
- Aiming to improve efficiency and profitability by reorganizing overlapping operations with the SBI Group

Initiatives to Achieve the Medium-Term Vision (Individual Business)

Strategy Overview

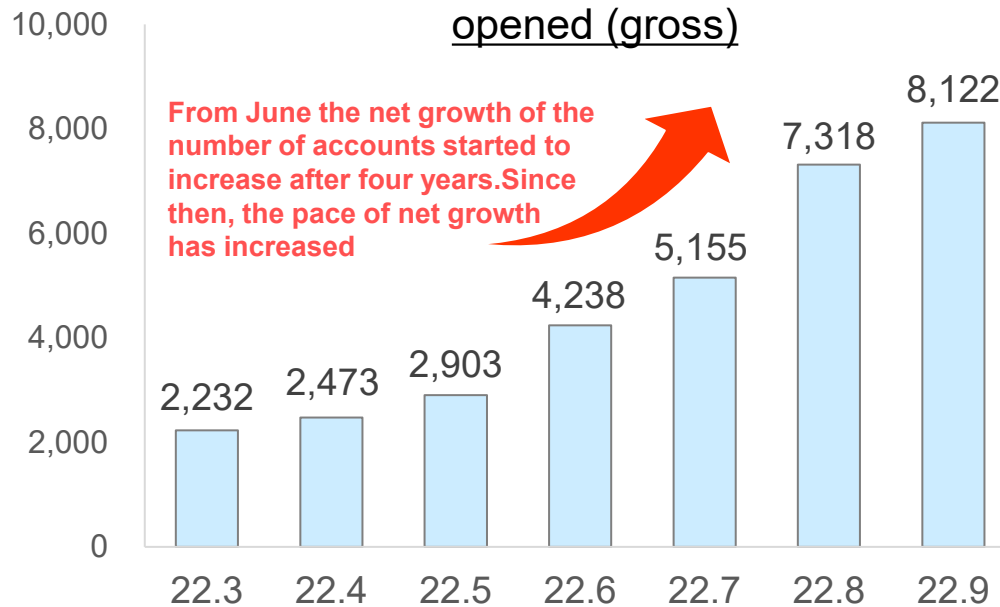
- Provide services that incorporate the customers' perspective by thoroughly implementing “**Customer-centric Principle**”
- Provision of **full-range service offerings** through **cooperation with the SBI Group**
- Offer services with high customer convenience by **leveraging technologies**

<Activities in the First Half of FY 2022>

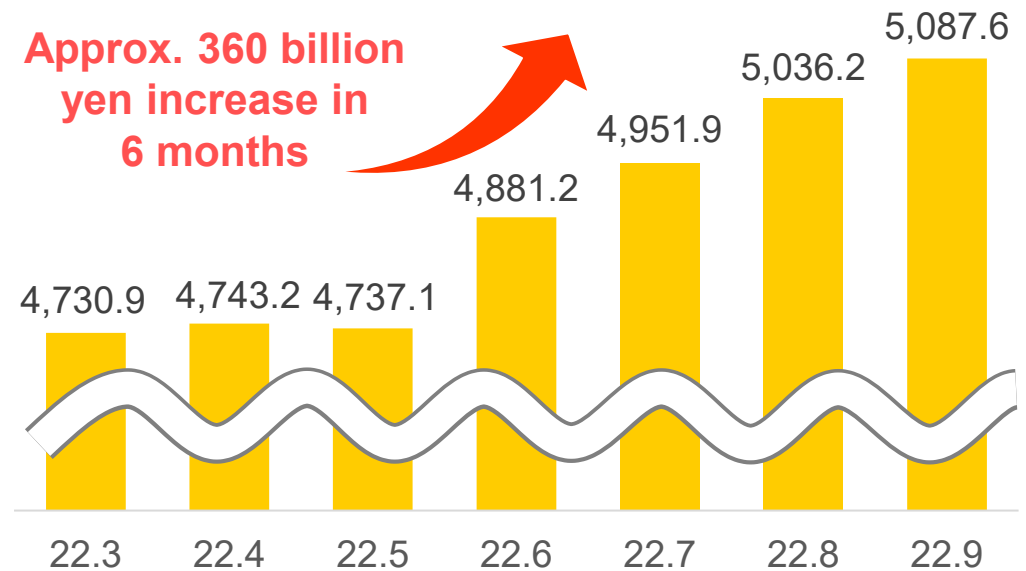
- **Expanding the Customer Base** by providing attractive products and services based on the "Customer-centric Principle"
 - Revised preferential services in retail banking and substantially raised interest rates on time deposits
 - Aiming to build up the balance of housing-related loans, strengthen product appeal and cultivate new and refinancing demand
- **Actively Promoting Various Measures in Cooperation with SBI Group**
 - **Cooperation with SBI SECURITIES** for bank and securities business affiliation (intermediation of financial products, bank agency business, and cumulative investment trusts using APLUS credit card) and commencement of joint branch operations with SBI MONEY PLAZA
 - Concluded business matching with SBI MONEY PLAZA related to small lot real estate trust beneficiary rights
- Full renewal of official apps at Shinsei Financial to **improve UI/UX** from the customer's perspective

Retail Banking: Proactive Measures to Expand Customer Base

(Unit: Account) Monthly trends of number of new accounts opened (gross)



Trends of Retail Deposit Balance (Unit: billions of yen)



[Major Activities in the First Half of FY2022]

- **Renewal of the “Shinsei Step-Up Program”**, a preferential service
- **Significant increase** in yen and foreign currency time deposit interest rates
- Launched “Preferential Interest Rate and Administrative Service Fee” campaign for refinancing housing loans
- **Began bank and securities business affiliation** with SBI SECURITIES, and **operation of joint branches** with SBI MONEY PLAZA
- Introduced Wealth Advisors, Morningstar Japan’s face-to-face sales support tool, to help customer-oriented business operations
- Started offering discretionary investment service, “SBI Wrap × Shinsei Bank” (over-the-counter only), and **opening simultaneous accounts** at SBI SECURITIES

Successful measures based on a customer-centric approach resulted in

a **sharp increase** in the number of retail accounts openings and the amount of deposits

Acceleration of Expanded Product and Service Offerings through Collaboration with the SBI Group

-By expanding our product and service offerings through cooperation with the SBI Group, aiming to further expand our customer base-



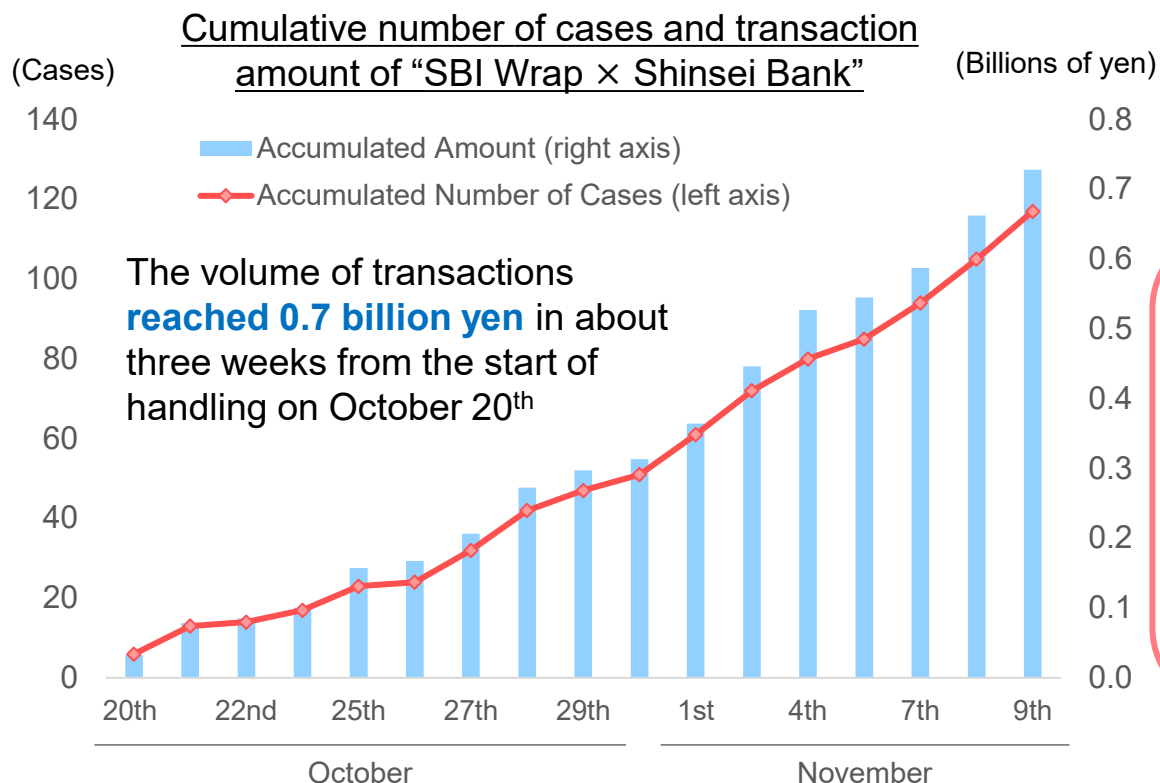
Timing		Bank and securities business affiliation with SBI SECURITIES	Cooperation with SBI MONEY PLAZA	Other initiatives
2022	May			<ul style="list-style-type: none"> Introduction of customers related to the real estate leaseback with SBI Smile
	August	<ul style="list-style-type: none"> Financial Instruments Intermediary Service and Bank Agency Services 	<ul style="list-style-type: none"> First joint branch “Shinsei Bank SBI MONEY PLAZA Ikebukuro” 	<ul style="list-style-type: none"> Introduction of customers mainly using corporate remittances with SBI Remit to use GoRemit
	September	<ul style="list-style-type: none"> Cumulative investment trust by APLUS credit card 	<ul style="list-style-type: none"> Introduction of customers to small lot real estate trust beneficiary rights etc 	<ul style="list-style-type: none"> Introduction of Wealth Advisors by Morningstar Japan, a face-to-face sales support tool
	October	<ul style="list-style-type: none"> Simultaneous account opening Face-to-face fund wrap ("SBI Wrap × Shinsei Bank") 		
	November		<ul style="list-style-type: none"> Second joint branch “Shinsei Bank SBI MONEY PLAZA Umeda” 	

“SBI Wrap × (cross) Shinsei Bank,” which Contributes to Customers Wealth Building from Medium to Long Term



“SBI Wrap × Shinsei Bank,” **offered at Shinsei Bank branches**, is the first product of “SBI Wrap × (cross)”, a face-to-face discretionary **investment service that utilizes AI** and “4RAP,” an investment platform offered by FOLIO Co., Ltd.

➔ Further contributing to customer asset formation by combining "real" and "digital" with face-to-face consulting that closely matches each customer's needs and advanced operational know-how



The volume of transactions **reached 0.7 billion yen** in about three weeks from the start of handling on October 20th

SBI証券は新生銀行を通じて金融商品の対面販売を広げる。投資家が運用を金融機関に一任するファンドラップの新品を全25店舗で対面販売するほか、株式や債券などの金融商品を扱う共同店舗を大阪市に設ける。両社は金融商品仲介で提携しており、各社の商品開発力と販売網を掛け合わせて銀行預金者の資産形成を促す。

SBI証券は20日から、新生銀の窓口でファンドラップの新商品「SBIラップ×(クロス)」の販売を始めた。傘下のフィンテック企業FOLIO(フォリオ、東京・千代田)が開発したシステム

<Sapporo Branch>

Comments from a customer who travelled four hours from Hokkaido’s Kitami City and made a transaction at Sapporo Branch

- I was looking forward to seeing what kind of products Shinsei Bank will introduce as a member of SBI Group
- (Regarding SBI Wrap x Shinsei Bank) I think it is attractive to being able to consult with trustworthy personnel when needed and receive discretionary investment services

新生銀で対面販売拡充
SBI証券 投資一任ファンドも

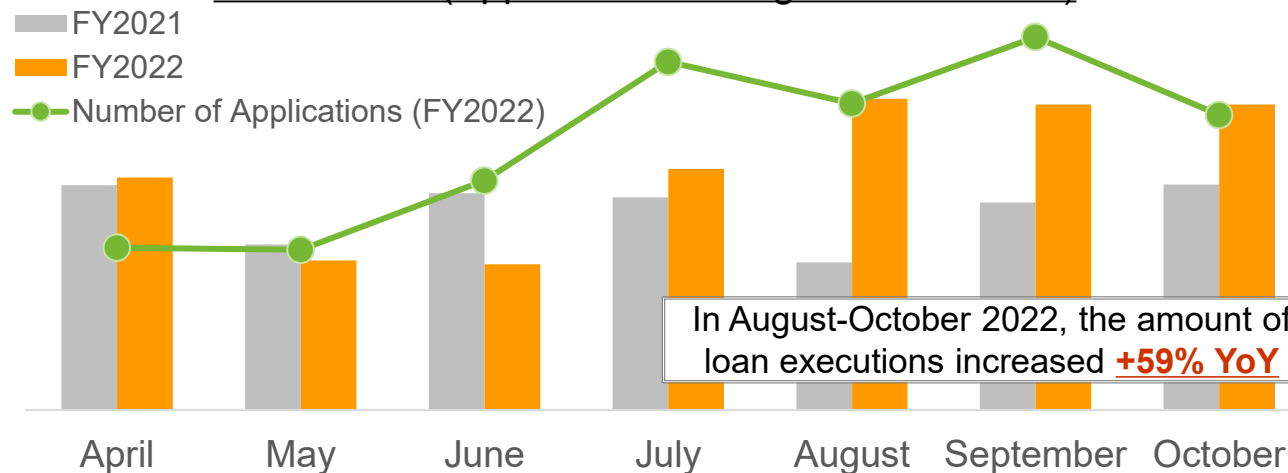
(Nikkei: October 21, 2022)

Housing-related Loans: Aiming to Build Housing Loan Balance by Strengthening Product Appeal and Sales Channels

● Enhancement of Products

Efforts are being made to **capture the demand for “refinancing,”** which is one of Shinsei Bank's strengths, by re-setting superior repayment terms and providing a flat-rate administrative fee service. In addition, **aiming to increase loans for new housing purchases** through campaigns by offering preferential interest rates

Number of housing loan applications and amount of execution (Applications through Shinsei Bank) (case)



● Expansion of Sales Channels

Considering cooperation with **SBI MONEY PLAZA and ARUHI Corporation** which recently joined the Group, to make maximum use of the SBI Group's sales channels in addition to existing ones



Aiming to accumulate 300 billion yen of housing loan balance in the three years of the Medium-Term Vision

新生銀 住宅ローン強化 金利優遇、SBI店舗で展開

新生銀行は19日、住宅ローン事業の残高を令和3年度の約1・1兆円から、6年度に約1・4兆円に引き上げる計画を明らかにした。同行は昨年12月のSBIグループ入りを機に個人向け金融サービスの拡充を加速しており、「人生で一番大きい買い物」といわれ

る住宅関連ビジネスを伸ばす戦略だ。SBIグループが運営する対面型店舗「SBIマネープラザ」との協業の検討を進める。当局的認可が得られることを前提に、今年度中に住宅ローン商品の供給開始を目指す。将来は協業の範囲を広げる可能性もある。商品性強化では、11月〜来年4月末に申し込みまた

は契約の顧客を対象に、金利を引き下げる。足元の金利情勢を踏まえると、変動型の一部タイプは当初借入金利から年0・1%引き下げ、年0・35%となり、「業界最低水準」となる可能性がある。

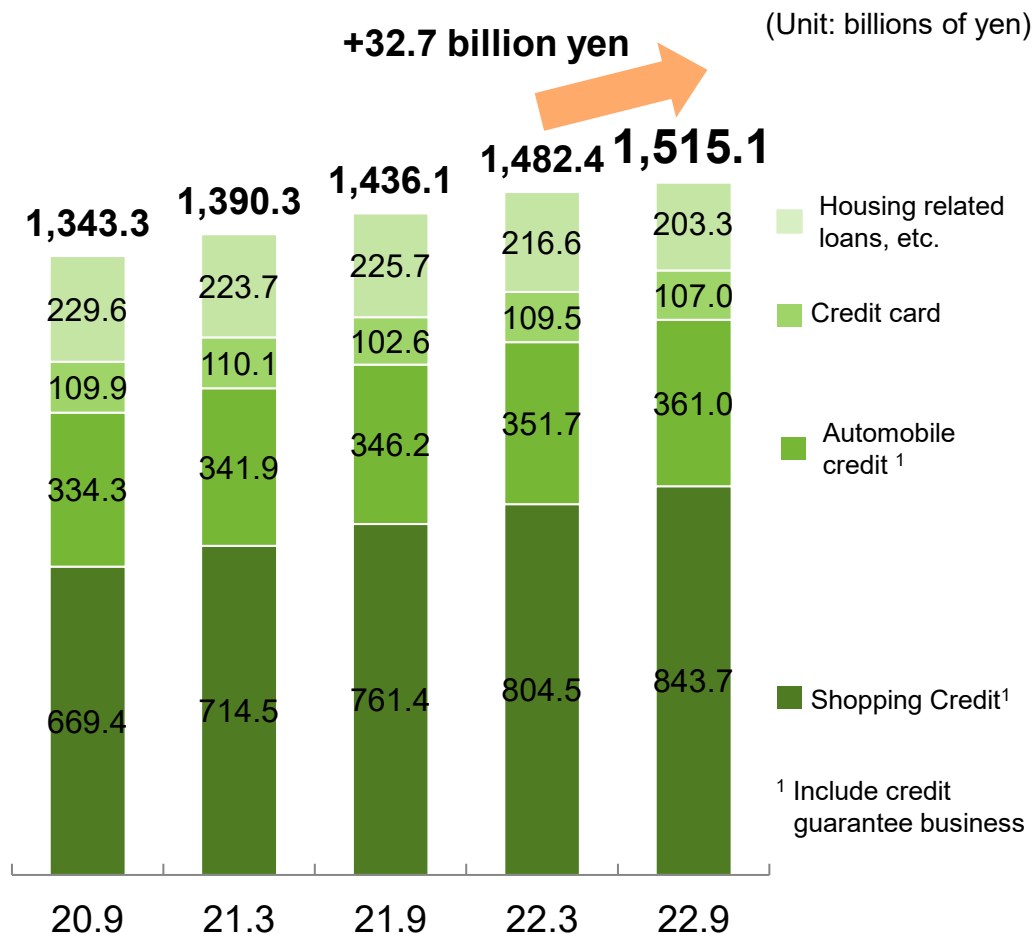
一般的に住宅ローンは家計の2〜3割を占めるといわれている。米欧の金利の先高値や住宅価格の高まりから、消費者は住宅ローン金利の動向に敏感になっていく。同行ではSBIグループ入りを機に、より多くの消費者がメリットを感じられるよう金利面の優遇に踏み切る。

(October 20, 2022, Sankei Shimbun)

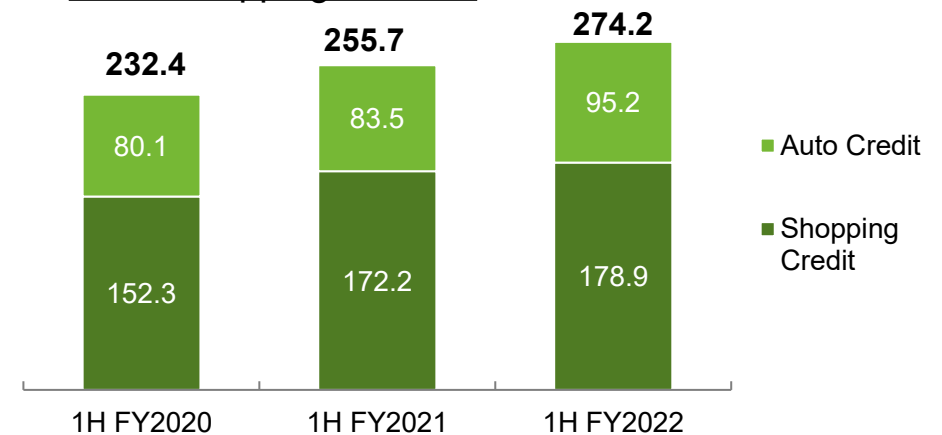
APLUS: Operating Assets Balance Continues to Increase Steadily

- Focus on autocredit and **auto leasing for used cars and imported cars with higher unit prices**, given the large impact of delays in the supply of new cars
- **Increasing vendor leases for office equipment and shopping credits for jewelry and precious metals**
- New issuance of T-card plus PREMIUM, LUXURY CARDS, etc. increasing
- Steady growth in settlement via bank accounts and domestic code settlement services

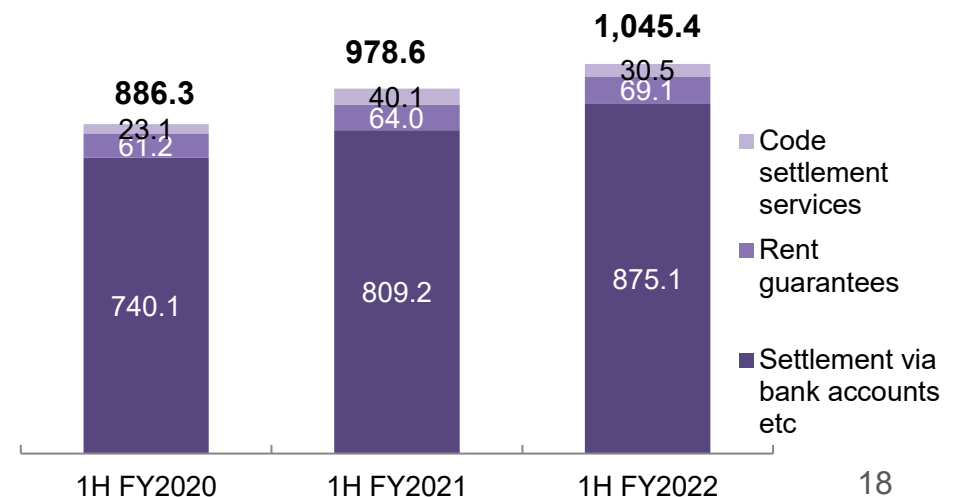
Balance of Operating Assets



Transaction Volume: (Auto Credit, Other Shopping Credit)



Transaction Volume: Payment



APLUS: Launched SBI SECURITIES' Cumulative Investment Trusts Using APLUS Credit Card

- Shinsei Bank launched financial product intermediation (SBI SECURITIES) service on August 9th
- Launched a cumulative investment trusts service using APLUS credit card September 9th

Shinsei APLUS Gold Card



Return Rates of Reward Points 1%
Accumulated investment trusts of
50,000 yen per month (500 points)
→6,000 points (equivalent to 6,000
yen) per year

APLUS CARD “with”



Return Rates of Reward
Points 0.5%

APLUS: BANKIT®

■ The "White Label Plan" was released in July 2022; Supporting entrepreneurs' entry into the financial business

- ✓ Apps can be launched with financial and payment functions under their own brand
- ✓ Eliminates need for in-house development and financial licenses, and facilitates financial services quickly at low cost

[Released]

October 2020: 3PLATZ Co., Ltd. "Choy-San": Service for foreigners

Feb. 2022: T-money Co.Ltd.: "T-Point × QUICPay"

[Scheduled to be released in the future]

CERES, Inc.: Point app

Global Trust Networks Co.,Ltd. : Service providers for foreigners



■ The Embedded Plan promotes regional bank collaboration

Providing BANKIT®, a financial platform, for enhancing products offering of regional financial institutions

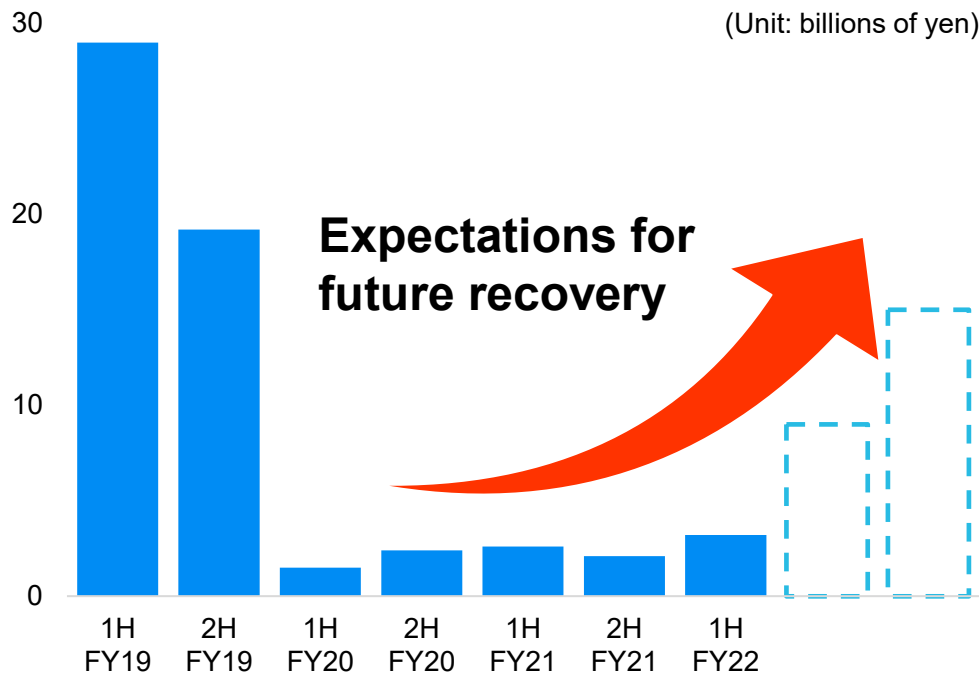
- ✓ Newly introduced at top-ranking regional bank
- ✓ Concluded a basic agreement with multiple banks and others



APLUS: Overseas Payment Services

- As **foreign visitors to Japan are expected to increase** in the future, we can expect further growth in the payment business by increasing the **handling of overseas payment services**

Overseas payment service transaction volume



List of overseas payment services supported by APLUS

China, Hong Kong, Singapore, Philippines, Korea, Malaysia, Thailand, Indonesia




※














China






Taiwan



JKOPAY

Singapore

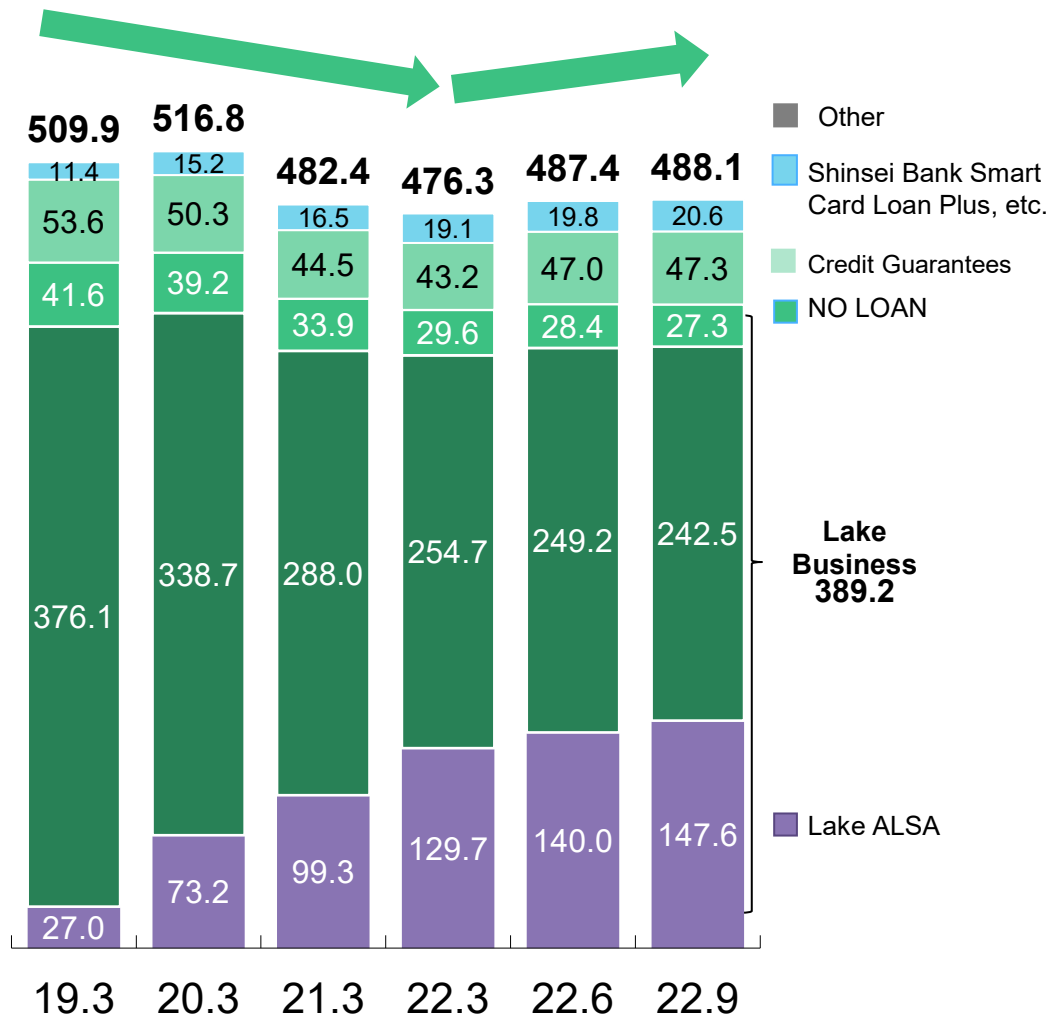




Shinsei Financial: Aim for Quality-oriented Growth by Thoroughly Managing Future Predictions

Balance of Operating Assets

(Unit: billions of yen)



First Half Overview

- The decline in demand for funds due to the Covid-19 bottomed out at the end of March 2022, and is trended upward in the second quarter as well



Future Activities

- Aiming to grow by focusing on asset quality and controlling credit costs amid uncertainty about the future of the unsecured loan market, mainly due to the impact of yen depreciation and price hikes on households
- Focus on improving UI/UX, promoting DX, and improving communications to prevent arrears, based on the “Customer-centric Principle”

Shinsei Financial: Tie-up Business Aimed at Accumulating High-quality Balances

Strengths of Shinsei Financial

✓ Advance Credit Scheme

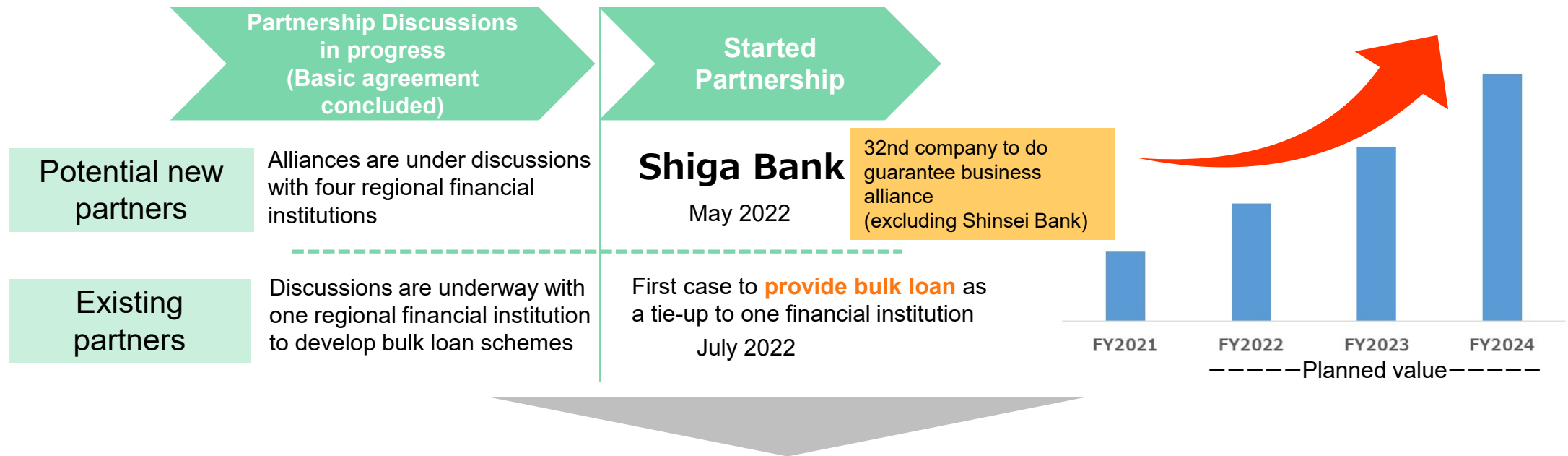
Developed a credit and purchasing model utilizing AI data from our partner's individual accounts and purchasing data, providing an efficient method to acquire customers

✓ Bulk Loan

Providing counseling and other know-how to reduce repayment pressures, mainly to customers who have transactions with our partner financial institutions

Cooperation with Regional Financial Institutions etc

Balance of tie-up business



We will further accelerate discussions with regional financial institutions by utilizing the SBI Group's network, aiming to expand new partnerships

Initiatives to Achieve the Medium-Term Vision (Institutional Business)

Strategy Overview

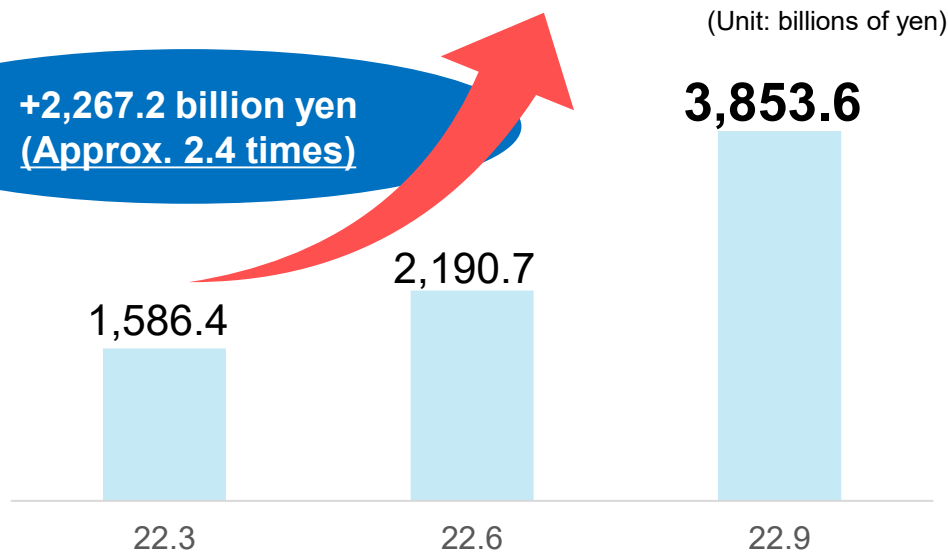
- Thorough pursuit of “**Customer-centric Principle**” and expansion of customer base
- Provision of **full-range service offerings** through **cooperation with the SBI Group**
- **Further reinforce its strength** in the institutional investors business
- Contribute to the revitalization of regional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

<Activities in the First Half of FY2022>

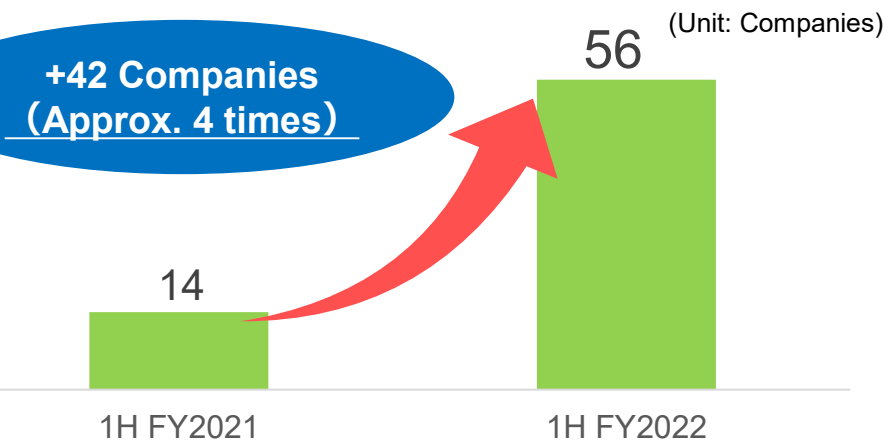
- Progress in cultivating and strengthening customer relationships through proactive top-level sales, dramatically **expanding the customer base**
 - Significant increase in derivative income by grasping hedging needs resulting from yen depreciation
 - **Cooperation and outcomes with the SBI Group** diversified. In addition to collaboration in lending, working together in investments and securitization
- **Origination and distribution of structured finance**, one of our strengths, has been progressing
 - Cooperation in sustainable finance expanded to about half of the regional banks in Japan (48 banks)
- Efforts to realize regional revitalization materialized based on the “**Triangle Strategy**”
 - Financing and cofinancing for regional bank business partners and financing programs for healthcare-related businesses
 - The Group’s functions; BANKIT® and credit guarantee for unsecured loans, decided to be implemented in two regional banks

Institutional Business: Significant Expansion of Deposits, the Foundation of the Customer Base

Corporate Deposit Balance (Internal Control Figures)



Number of New Business Partners (YoY)



First Half Overview

- Aiming to expand the transaction base with corporate customers, develop sales starting from recommending deposits
- **Net increase of 2,267.2 billion yen** compared to March 2022, of which, net increase of **1,863.8 billion yen** in time deposits/negotiable certificates of deposits and net increase of **100 billion yen** in foreign currency deposits
- Achieved the bank-wide target in the 3 year Medium-Term Vision with an increase of **1.6 trillion yen in six months**

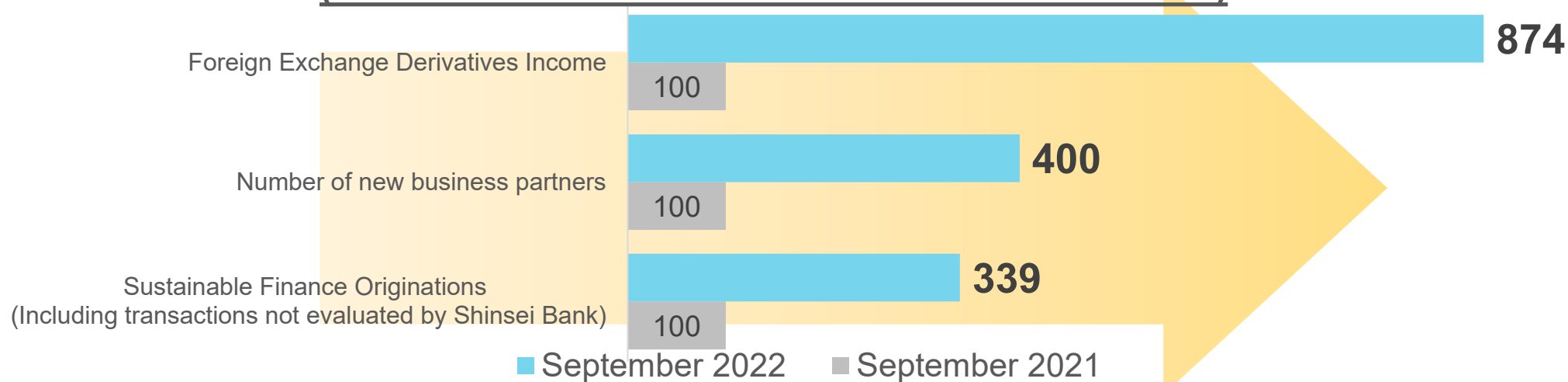
First Half Overview

- The number of new business partners increased substantially compared to the previous fiscal year due to proactive deposit incentives from the beginning of the fiscal year and new business development activities originating from top-level sales
- The number of new business partners in 1H totaled 56 companies, **approximately 4 times (up 42 companies)** compared to the same period in the previous fiscal year

Corporate Business: Revitalization of Sales Activities

- Activity and transaction volumes increased significantly due to the revitalization of corporate business

Changes in activity and transaction volumes
(2022/9 Actual results with 2021/9 indexed as 100)



Status of cooperation with the SBI Group

36 transactions • 80.7 billion yen

- Steadily accumulate the number and amount of loans through cooperation with a diverse range of products, centered on loans (32 cases) and investments (3 cases) and securitizations (1 case)
- Also considering the possibility of SBI SECURITIES introducing products such as iDeCo to employees of our business partners

Number of proposals to financial institutions and corporations

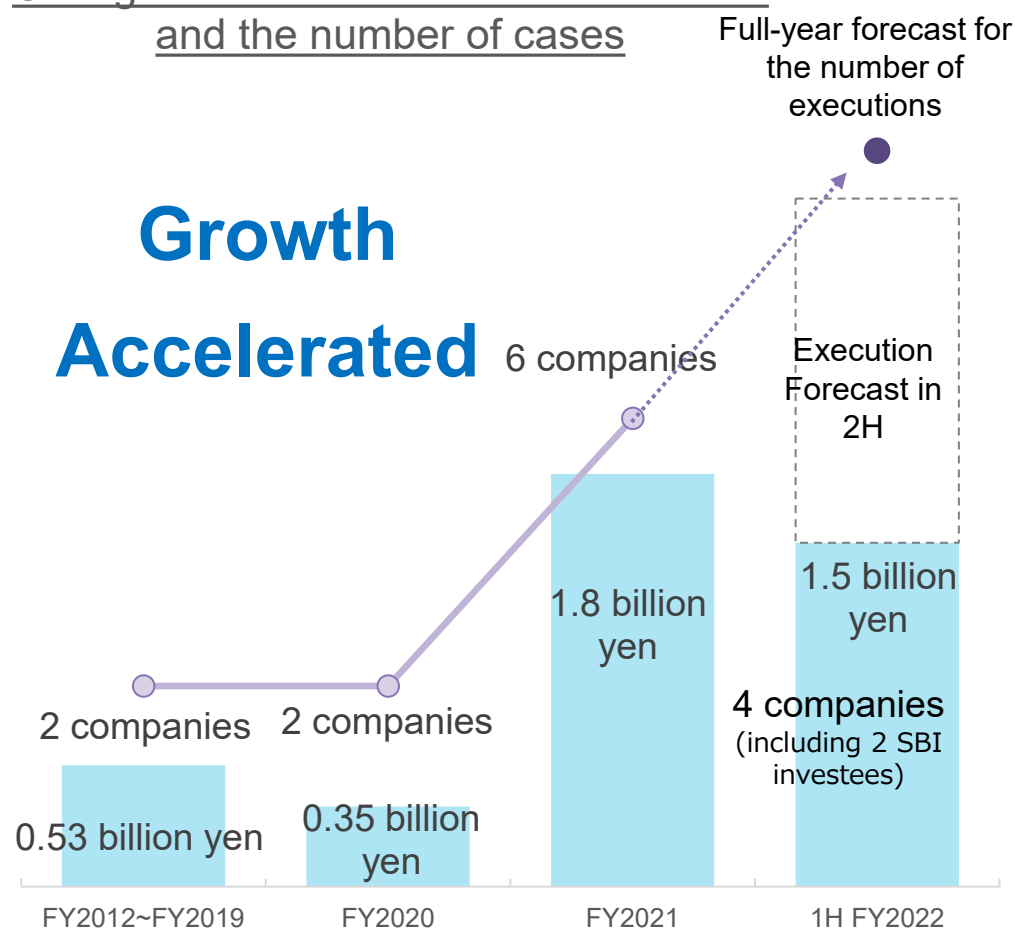
229 proposals

- Implemented multi-layered proposal activities not only at top level but also at each business level, focusing on providing new projects and group functions

Venture Debt

Venture Debt Initiatives

Changes in the amount of disbursement
and the number of cases



(*) Figures for FY2012 to FY2019 and FY2020 only cover loans with subscription rights to shares

(**) FY2021 and FY2022 also include plain loans executed by the Venture Business Department

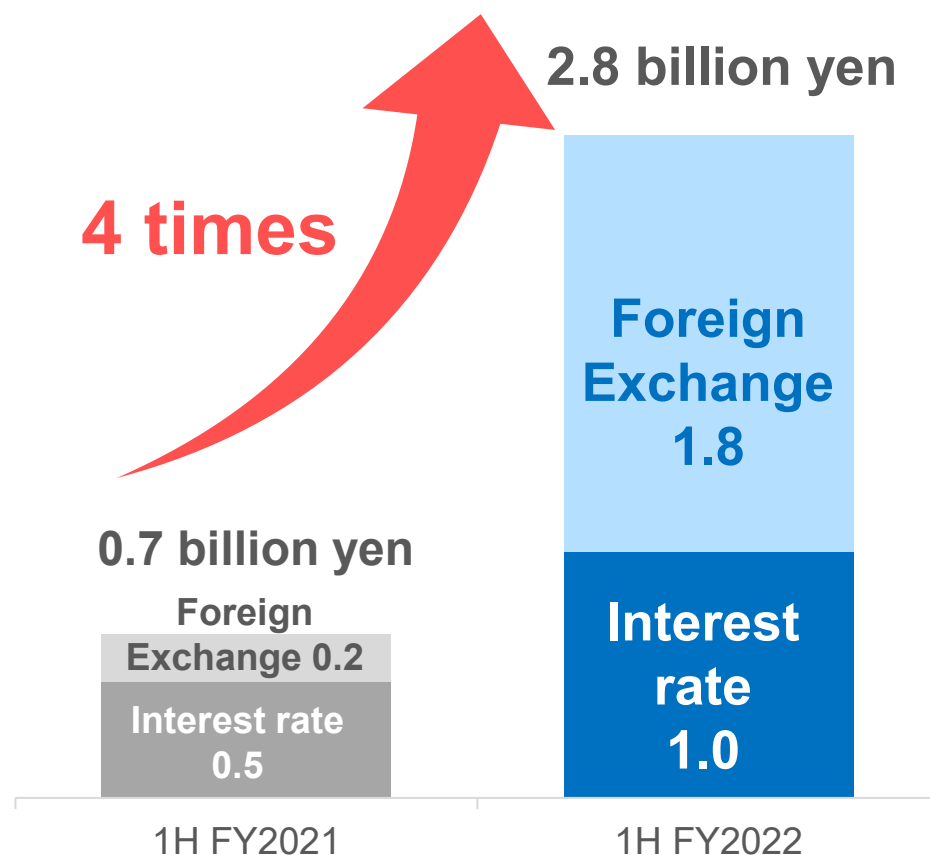
First Half Overview

- Started full-scale development of venture debt business in FY2020
- Expanded plain loan projects without stock acquisition rights, conversion rights, etc. to late-stage ventures from FY2021
- In July 2022, provided loans to venture companies that the SBI Group has invested, and realized funding support for both equity and debt through a Group-wide effort
- In the second half of FY2022, the pipeline is expected to expand, mainly for late-stage ventures, and further projects are expected

Markets

Derivatives Income

(Unit: billions of yen)



First Half Overview

- Made detailed proposals based on the hedging needs of importing companies to cope with yen depreciation, and have made steady accumulation centered on earnings from foreign exchange derivatives (Recorded a **4 times** increase over the same period of the previous fiscal year)
- Concluded large-scale interest rate swap transactions for renewable energy-related projects

Example of closing

Overview

Company A
(Home electronics
wholesale)

Many of the existing currency hedging transactions were knocked out due to the depreciation of the yen. The deal was concluded with proposals made in the appropriate timing while other banks were also taking an active approach

Company B
(Pet Goods
Manufacturer)

Contracts were concluded with proposals of timely increase in the quasi-credit limit in cooperation with market-related departments in response to hedging needs associated with the yen's depreciation

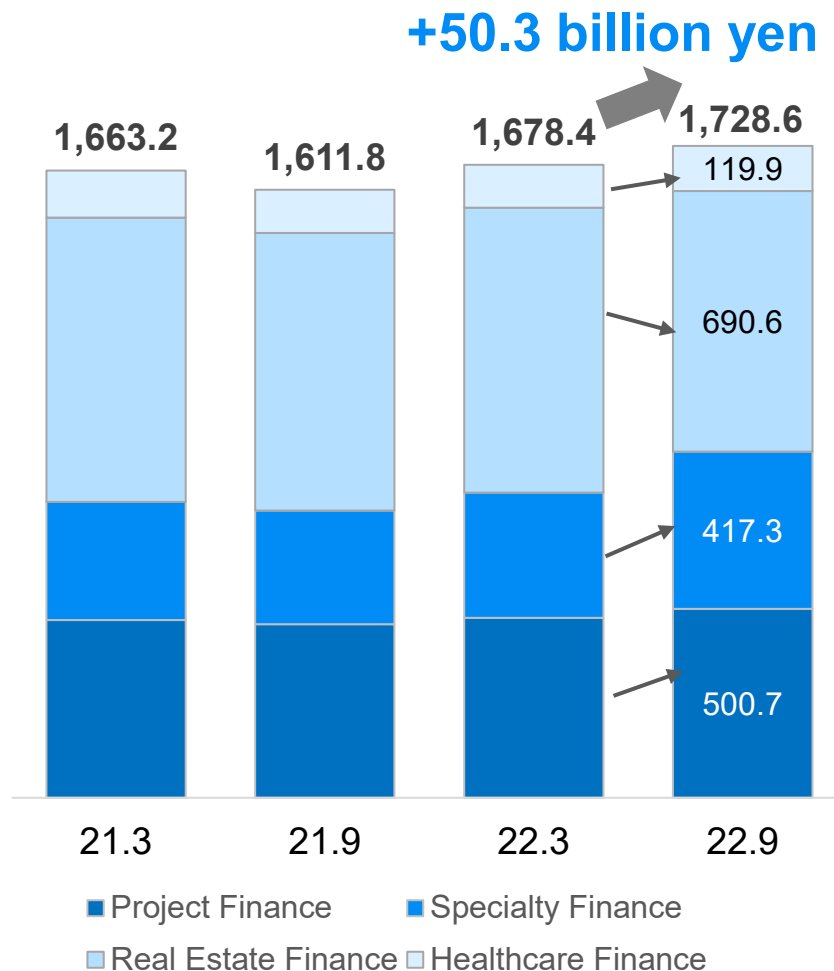
Company C
(Plastic Goods
Manufacturer)

With the rapid depreciation of the yen, there was an urgent need to restructure the existing hedge position. Made a favorable and flexible scheme that met customer needs

Structured Finance

Balance of Operating Assets

(Unit: billions of yen)



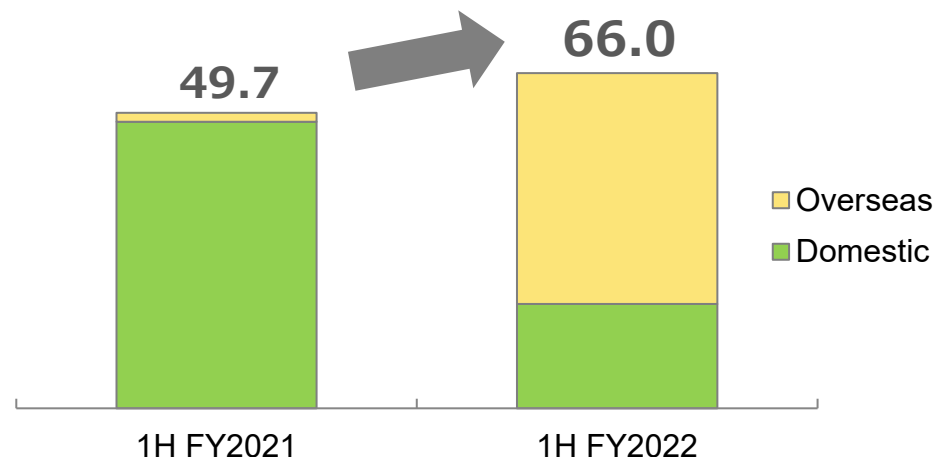
First Half Overview

- Steadily accumulating overseas project finance and LBO projects, and **successfully accumulated a balance of about 50 billion yen in six months**
- In project finance, in addition to structuring finance as a joint lead manager in a large-scale domestic wind power project, **the number of commitments and disbursements for overseas projects reached a record high for the six months** (a total of 21 projects (5 domestic and 16 overseas))
- Large LBO deals in specialty finance executed and accumulated balance
- In real estate finance, although steadily executed projects, the balance decreased compared to March 2022 due to repayments from active property sales by customers. On the other hand, operating balance increased in structured finance as a whole, supplemented by other business lines

Structured Finance

Project Finance New Commitments

Unit: billions of yen



First Half Overview

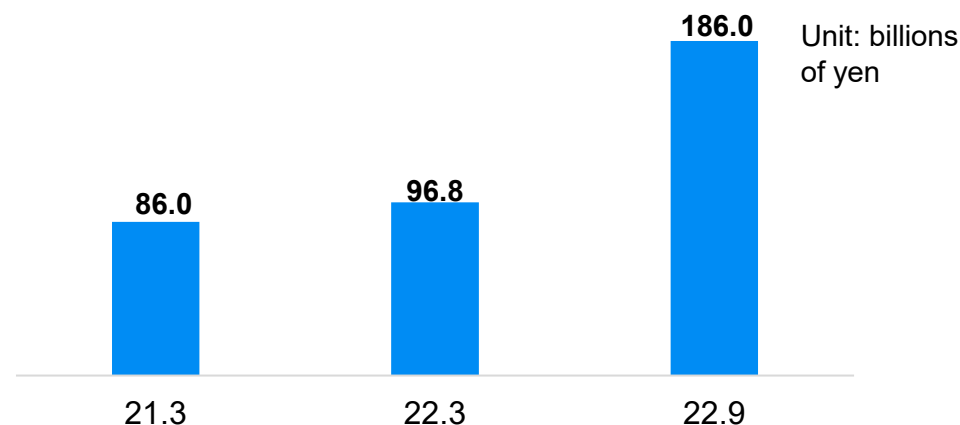
- Structured finance **for large-scale solar and offshore wind projects** in Japan
- Strengthening business for institutional investors by organizing large-scale projects
- Strengthened our project sourcing capabilities overseas in the past six months. **Reached a record high as a half term result.** Achieved a total of 16 commitments and implementation

<Case Study>

- ✓ Large-scale solar power generation (Tochigi Prefecture): Originated loans worth approx. 23 billion yen ⇒ **Syndicated to 13 regional financial institutions, etc.**
- ✓ Large-scale offshore wind power generation (Ishikari Bay): Loans formed as joint lead manager

LBO Finance Assets Balance

Unit: billions of yen



First Half Overview

- LBO financing portfolio builds to approx. 180 billion yen
- PE funds are eager to invest, and closed a number of deals
- **Number of consultations increased** due to strengthened relationships with PE funds

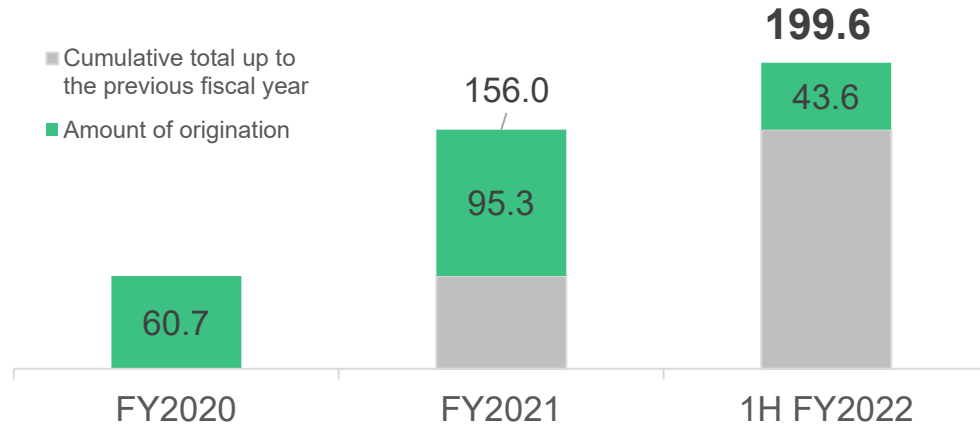
<Case Study>

- ✓ Private equity transactions: Commitment of approximately 80 billion yen as arranger (**the largest ever for the Bank**) **Planning to conduct syndications mainly with regional financial institutions in the future**

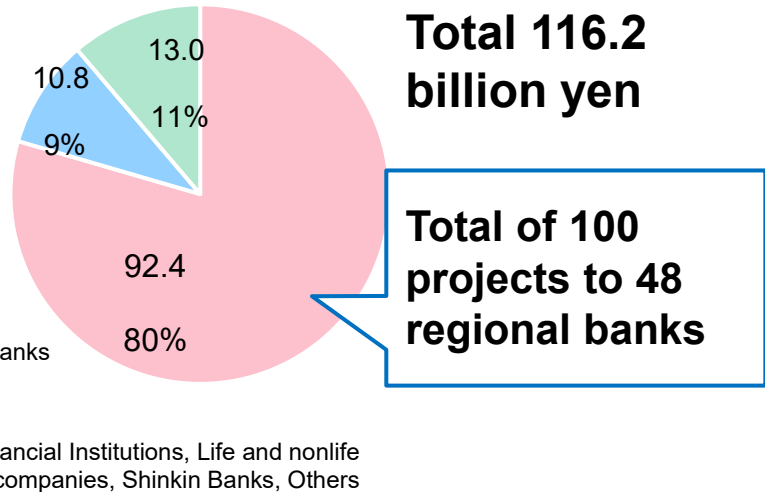
Sustainable Finance

Sustainable Finance Origination Results (Cumulative)

(Unit: billions of yen)



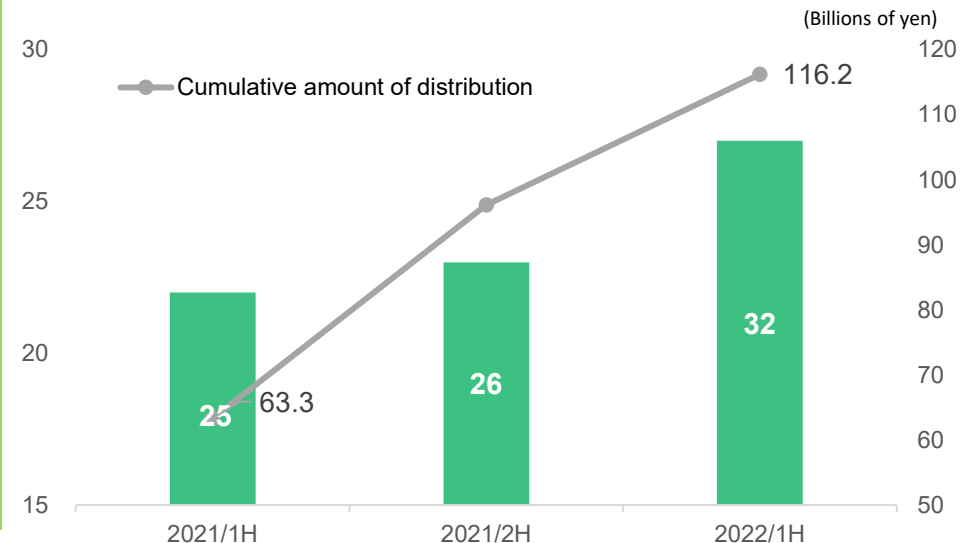
Distribution results (2020/4-2022/9)



FY2022 Q2 Green Loan Origination and Execution

Sponsor/debtor name	Types	Remarks
Kenedix Residential Next Investment Corporation	Social	Total of 14 private nursing homes and housing for the elderly
Nomura Real Estate Holdings *	SLL	KPI: Reduction of CO2 emissions
Daiwa Office Investment Corporation	Green	Shibuya Ward Office Building (CASBEE: A)
Ichigo ECO Energy	Green	Funding for the construction of a solar power plant in Miyazaki Prefecture
ZEHPJ1	Green	ZEH rental condominium development fund
First REIT Japan 2	Social	Private nursing homes and housing for the elderly: 2 properties
Kyushu Leasing Service	SLL	KPI: Balance of environmental-related assets

Trends of distribution to financial institutions

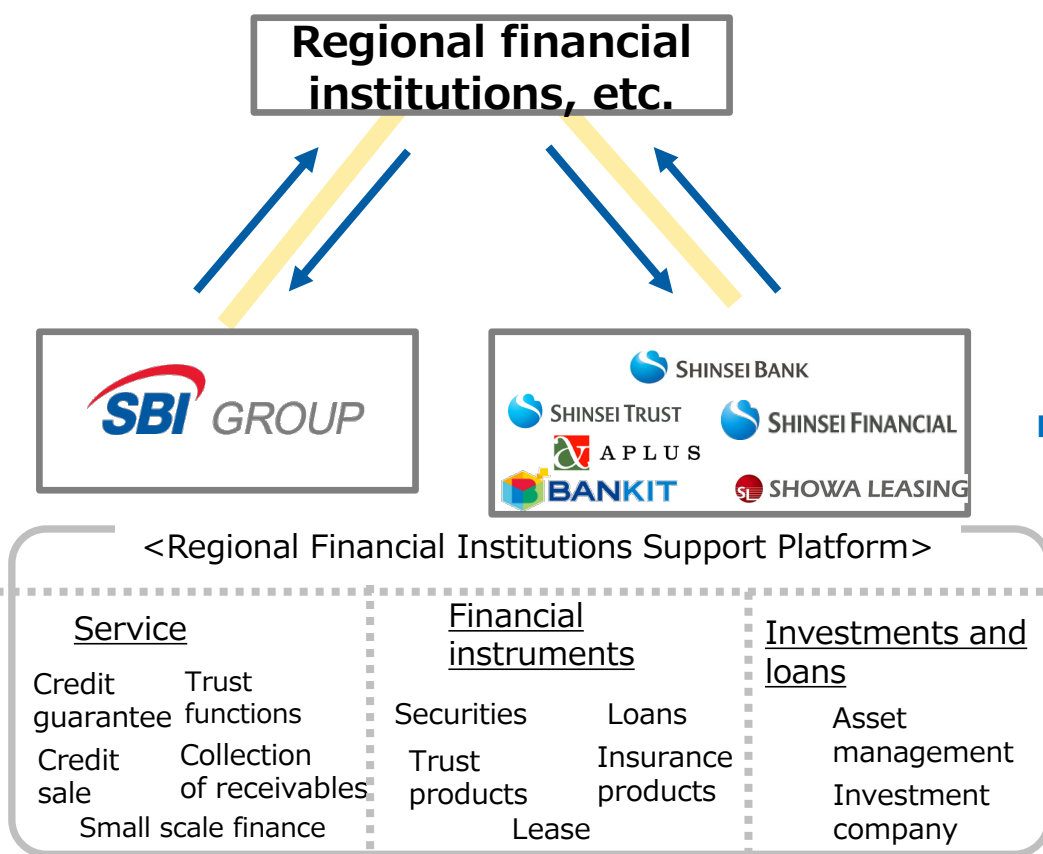


Cooperation with Regional Financial Institutions:

The Shinsei Bank Group will promote further cooperation toward realizing regional revitalization based on the “Triangle Strategy”, in which the functions of regional financial institutions, the SBI Group, and the Shinsei Bank Group will be utilized in a trinity

Triangle Strategy

"Triangle Strategy" concept, which is a trinity of the SBI Group, the Shinsei Bank Group, and regional financial institutions



■ Investment and loan collaboration

- ✓ Cofinancing with regional banks
The number of consultations: 104 of which **9** are under settlement and examination. Going forward, the company expects to expand business not only with the SBI Group's business alliance partners but also with other partners
- ✓ Participation of regional financial institutions in projects originated by Shinsei Bank
Distributions: 81 (101.3 billion yen)
- ✓ Sharing each other's expertise by accepting trainees and dispatching personnel. Revitalizing project coordination

■ Providing Group functions

Providing financial platform BANKIT® by APLUS and credit guarantee by Shinsei Financial in order to upgrade the products of regional financial institutions

- ✓ **2** regional banks decide to introduce new systems (BANKIT® and credit guarantee)
- ✓ Concluded a basic agreement with multiple banks

Established the **Regional Revitalization Healthcare Corporate Loan Program** in the healthcare field in order to further strengthen cooperation with regional financial institutions

Regional Revitalization Healthcare Corporate Loan Program

Providing corporate loans more flexibly and expeditiously than ever before in the healthcare field by strengthening cooperation with regional financial institutions to leverage our strengths in the healthcare industry that we have cultivated in anticipation of the Year 2025 Problem in the healthcare industry

<Year 2025 Problem Considered by the Shinsei Bank Group>

Demand from Aging of the Baby Boomer Generation

COVID-19 loan redemption problem

Demand for hospital reconstruction

Image of Cooperation with Regional Financial Institutions

Value Provided by Regional Banks

Close relationships with local customers

Human network across local industries

Corporate finance based on long-term business relationships



Value Provided by the Shinsei Bank Group

One-stop service by specialized departments

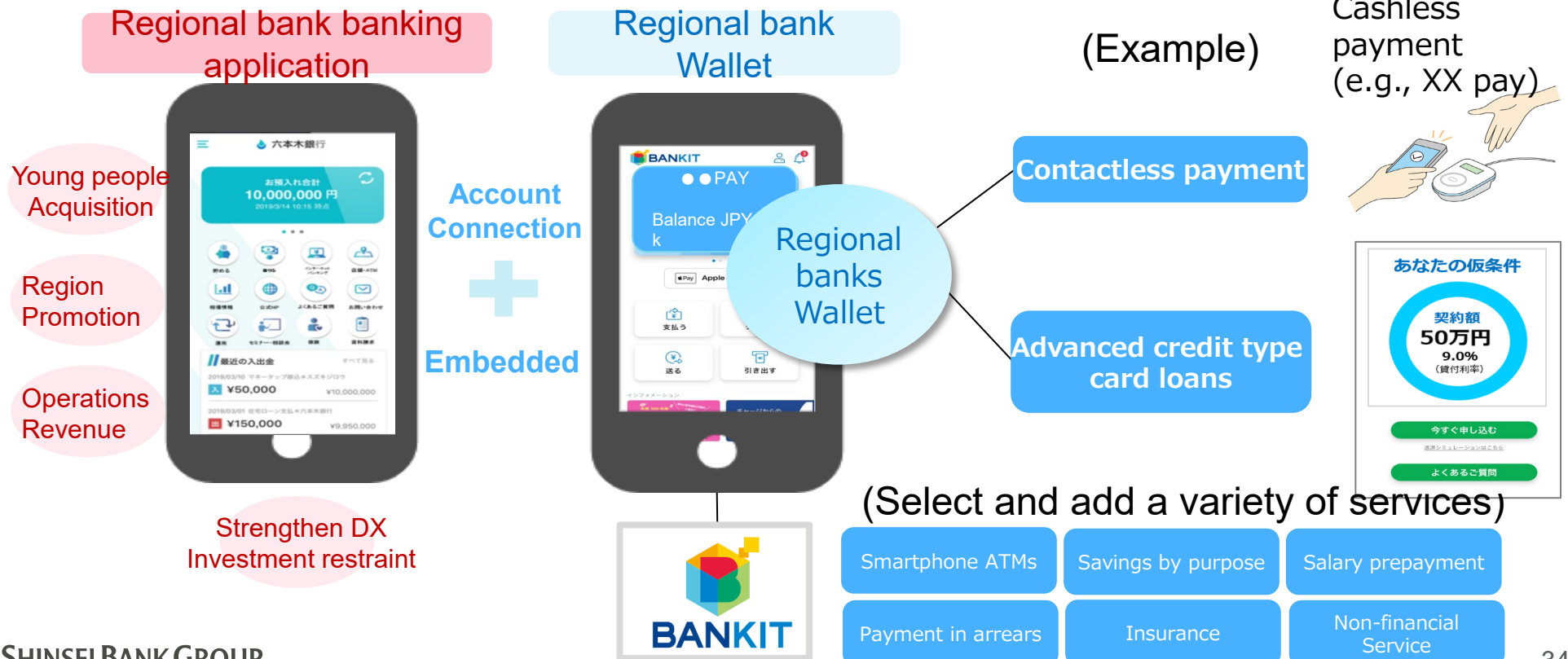
National wide coverage and wealth of information and industry networks

Strengths in M&A and structured finance etc.

Accelerating cooperation with regional financial institutions and healthcare-related providers, which are vital infrastructure in the region, and supporting the maintenance and expansion of business infrastructure and contributing to the realization of regional revitalization

BANKIT[®] : Cooperation with Regional Financial Institutions

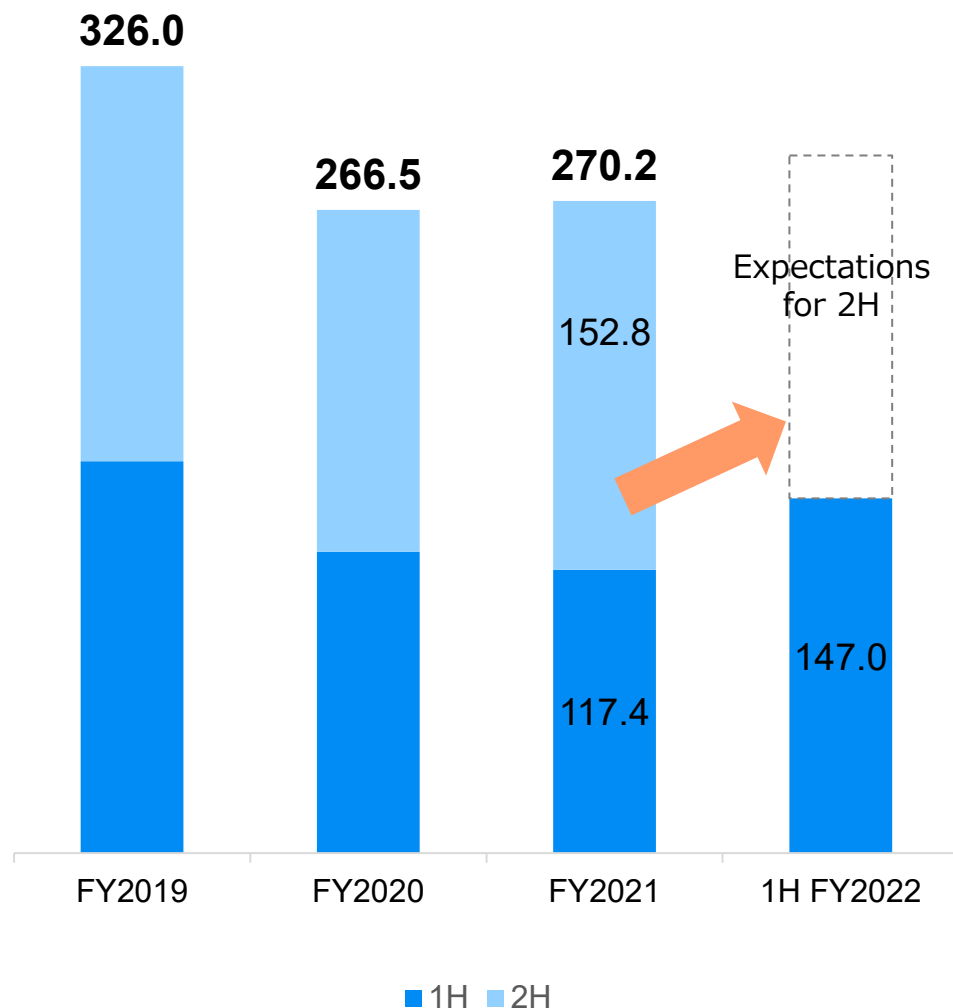
- Utilize the platform, BANKIT[®], to strengthen app functions of regional financial institutions and introduce new services
- Currently making proposals to a total of **25 banks**, and is decided that a top-ranking regional bank will newly introduce it. Concluded basic agreements with several other regional financial institutions
- Accelerate expansion of BANKIT[®] functions that combine advanced credit type card loans, which can be scored using AI and setting tentative conditions for "amount available for borrowing" and "borrowing interest rate"
- Promote BaaS expansion to customers of regional financial institutions. Support to accelerate enhancement of DX



Showa Leasing: Transaction Volume

Transaction Volume of Leasing, Installments, etc.

(Unit: billions of yen)



First Half Overview

- Expansion of synergies with the SBI Group
⇒ Full range offerings and diversification of transactions
- Enhancement of initiatives for central government ministries and agencies and local government projects
- Increase in overseas construction machinery demand due to yen depreciation



Future Initiatives

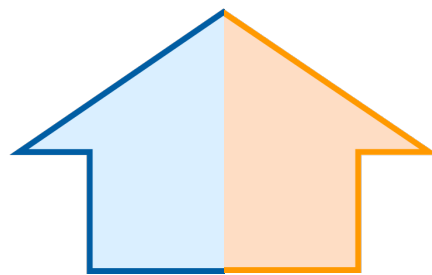
- Mutual use of customers, functions, and product services with the SBI Group/Shinsei Bank Group
 - ✓ Proposing products to approx. 180 corporate customers of the SBI Group→ Started business negotiations with customers from whom consent has already been obtained
 - ✓ Sales of JOLCO/JOL of SBI LEASING SERVICES to Showa Leasing customers (6 cases in 1H)
- Strengthen cooperation with regional financial institutions and affiliated leasing companies using real estate leases
- Building an integrated asset business structure in cooperation with group companies
- Strengthening initiatives in the field of ESG/SDGs (e.g., developing ZEH type apartments - to be described later)

Showa Leasing: ZEH (Net Zero Energy House) Formation of a Rental Apartment Development Fund

What is ZEH...?

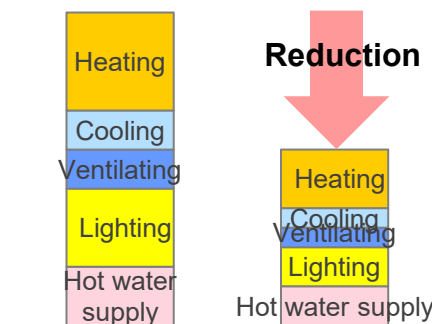
Houses that **consume less than zero net energy** in one year by creating energy through photovoltaic power generation and other means while maintaining a comfortable indoor environment and striving to conserve as much energy as possible through high thermal insulation of houses and high-efficiency facilities

High thermal insulation without using energy as much as possible
(cool in summer and warm in winter)



+

Use energy wisely with high performance equipment



+

Create energy

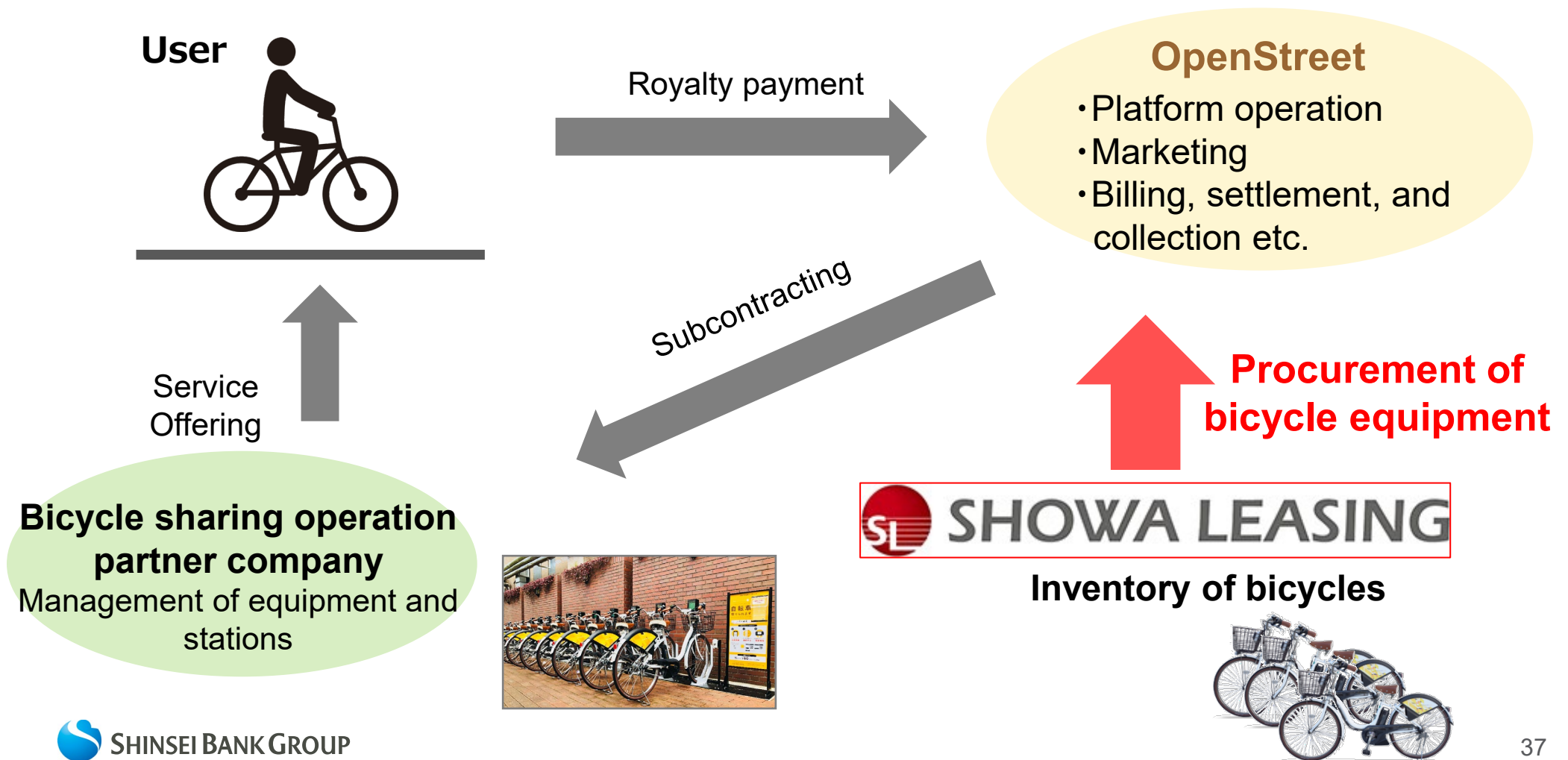


- Established a ZEH certified rental apartment development fund designed and constructed by Sekisui House with three leasing companies
- After completion of the property, contributed to **promoting the popularization of ZEH rental apartments** through sales to real estate management funds, etc.
- Investments in anonymous cooperatives by Showa Leasing were confirmed by the Sustainable Impact Assessment Department to be compatible with the Green Loan Principles

Showa Leasing: Strengthen Partner Business as a Value Co-creation Initiative

<Example> Partnership with OpenStreet in the Bicycle-sharing Business

- By managing the procurement of bicycle equipment for the bicycle sharing services, will reduce the burden on partner companies that operate the business



Initiatives to Achieve the Medium-Term Vision (Overseas Business and Management of Marketable Securities)

Strategy Overview

- In the APAC region, creating the presence as a banking group with strengths in nonbanking 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
- **Advance and diversify** the management of marketable securities, as well as **enhance risk management structures**

<Activities in the First Half of FY2022>

[Overseas Business]

- **Regularly considering new investment opportunities** in main-target areas in the APAC region
- UDC Finance in New Zealand concluded a **strategic alliance** with a local comprehensive automotive company **to take over the financing business** and purchased trade receivables

[Management of marketable securities]

- In the process to develop a **diversified securities investment portfolio** not only centered on government bonds. Accumulating balance and advancing the enhancement of yield

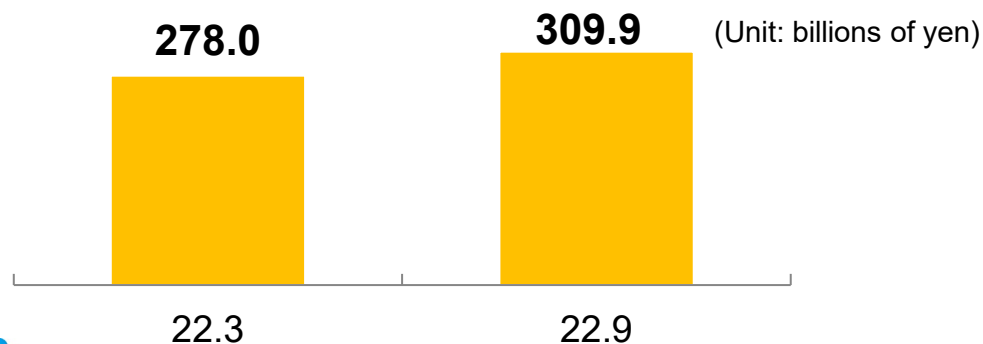
UDC Finance: Steady growth in operating assets

(Unit: billions of yen)

UDC Finance	1H FY2021	1H FY2022
Interest income	2.0	2.2
Noninterest income	3.1	3.1
Revenue	5.1	5.4
Expenses	-1.9	-2.2
Ordinary Business Profit (OBP)	3.1	3.1
Net Credit Cost※	0.6	-0.3
OBP after Net Credit Cost	3.8	2.7

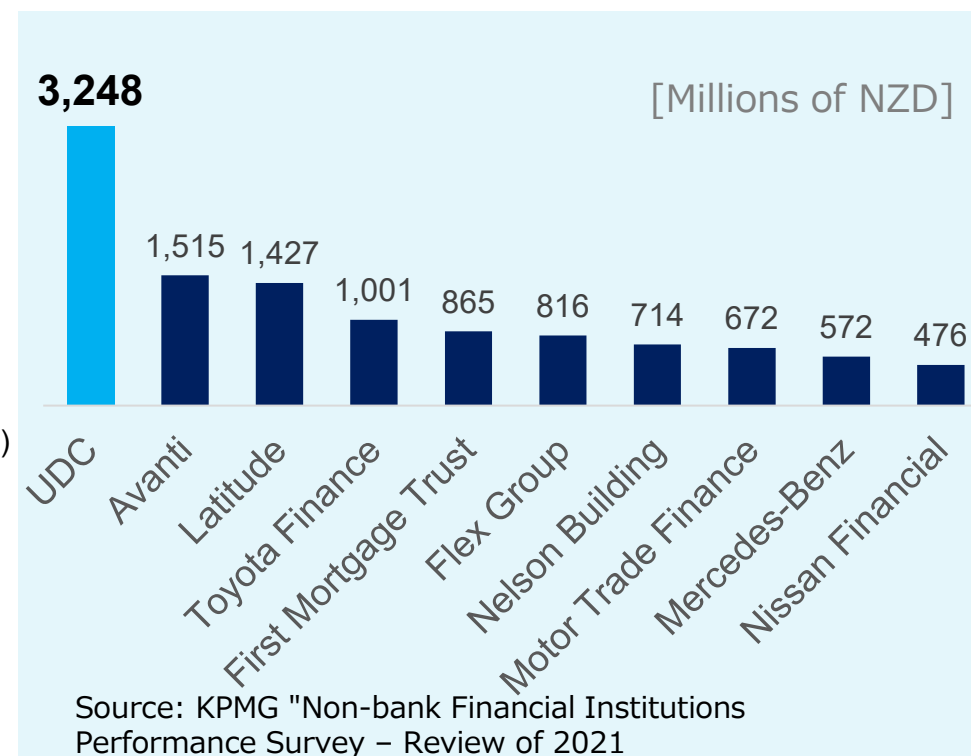
※Net credit cost for the first half of FY2021 were in line with forecasts for the first half of FY2022, reflecting a large reversal of provisions stemming from the rapid economic rebound in NZ following the COVID-19 pandemic

Balance of Operating Assets



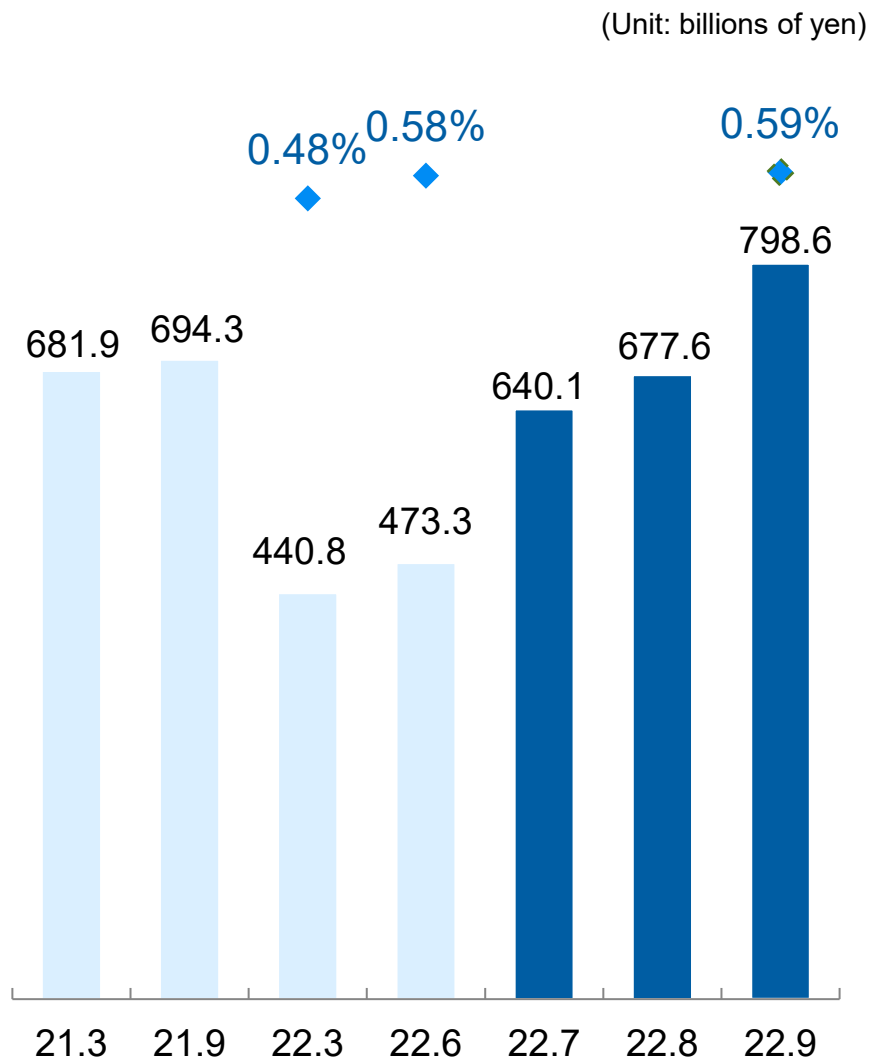
- Made **strategic alliance agreements** with New Zealand's comprehensive auto maker, engaging in exclusive import agency business and sales of internationally-branded auto makers, to **take over the financing business**. Also, bought NZD180 million (over 15 billion yen) worth of auto loans and inventory financing receivables for dealers. (To be recorded from the financial results of the Bank from Q3 FY2022)

■ Nonbank balance ranking in NZ (Top10)



Management of Marketable Securities: Began Building Portfolios and Conduct Transactions that Contribute to Yield Enhancement

Operating Assets Balance and Yield Trends



First Half Overview

- Started constructing diversified portfolios by incorporating credits and stocks from government bond-based portfolios
- As central banks around the world continue to raise interest rates, invested in floating-rate bonds, mainly CLO held to maturity to mitigate the impact of interest rate hikes



Future Activities

- Combine yen-denominated bonds, foreign bonds, credits, and stocks with the aim of building a stable and highly profitable balanced portfolio from a medium-to long-term perspective

Financial Targets: Progress of KPIs (Key Performance Indicators)

		FY2021 Actual	FY2022 1H results	FY2024 Target
Customer Foundation	Number of customers (Number of retail accounts at Shinsei Bank)	3.05M	3.06M	3.8M
Finance Foundation	Amount of deposits (Retail and Corporate)	JPY 6.4 tn	JPY 9.0 tn	JPY 8 tn Achieved
	Operating assets (including marketable securities)	JPY 8.1 tn	JPY 9.0 tn	JPY 10 tn
Soundness	CET1 Ratio	11.6%	10.9%	Aim at 10% or more

Initiatives for Sustainability



Sustainability Targets by the Shinsei Bank Group



External environment	Risks to the future environment (climate change, ecosystem maintenance, etc.) and society (human rights, etc.)	
The Group's universally fundamental management viewpoint	<ol style="list-style-type: none"> 1. Adherence to the "Customer-centric Principle" - Public benefits lead to private benefits - 2. Forming a "corporate ecosystem" and comprehensively pursuing group synergies 	<ol style="list-style-type: none"> 3. Thorough devotion to innovative technology 4. Formulate and execute strategies encompassing anticipated challenges in the near future

Enhancing Sustainable Finance Initiatives to Achieve Sustainability through Business Activities

- **Became the first Japanese bank to formulate a finance framework as a lender (the “Shinsei Sustainability Finance Framework”)** in line with various related principles
- This finance framework **ensures neutrality by obtaining third-party evaluations**
- **The Sustainable Impact Assessment Department**, our in-house independent assessment function, assesses the use of funds and potential environmental and social impacts

 **Promoting investment and financing for companies and businesses that have a positive impact on social issues**

Shinsei Green Finance



SHINSEI
SUSTAINABLE
IMPACT
ASSESSMENT

Sponsors	Use of funds
Hokuriku Electric Power	Operation and maintenance of hydroelectric power plants
Daiwa Energy & Infrastructure	Solar power plant (Tochigi Prefecture)
Daiwa Securities Office	Green Building (Tokyo)
Ichigo ECO Energy	Solar power plant (Miyazaki Prefecture)

Shinsei Social Finance



SHINSEI
SUSTAINABLE
IMPACT
ASSESSMENT

Sponsors	Use of funds
Kenedix Residential Next Investment Corporation	Total of 14 properties for elderly nursing homes with long-term care, residential-type homes and service homes
First Real Estate Investment Trust	Health care facilities for the elderly: 2 properties
Sawayaka Club	After-school and other day-service offices for children with disabilities, etc.

Shinsei Sustainability Linked Loan



SHINSEI
SUSTAINABLE
IMPACT
ASSESSMENT

Sponsors	Use of funds
Kyushu Leasing	Business funds
OUTSOURCING Inc.	Business funds

Topics on Management Base



Major Topics

- **Plans to change the corporate name to “SBI Shinsei Bank, Ltd.” on January 4, 2023**
- **The SBI Group-wide organizational restructuring**

- Promote integrated management within the SBI Group by reorganizing complementary businesses
 - Transfer of shares of Shinsei Investment Management to Morningstar Japan (October 2022)
 - Conclusion of a basic agreement with SBI SECURITIES on the reorganization of Shinsei Securities (November 2022)

➤ By **reorganizing overlapping operations** to promote the integrated management of each business, we will **strengthen our product proposal capabilities** and **improve the efficiency of our middle and back-office systems**, aiming to provide products and services that would be **most beneficial** to our customers

- **Revitalization of personnel exchanges between the Shinsei Bank Group and the SBI Group**

To foster Group-wide unity, **more than 20 personnel** of the Shinsei Bank Group and the SBI Group have **mutually been transferred** in respective business fields

- **A joint venture company for general affairs functions with SBI Holdings, Inc. begins operations**

Shinsei Business Service, a joint venture company between the Shinsei Bank Group and the SBI Group commenced operations **to optimize and reduce costs in the general affairs function**, such as facility management

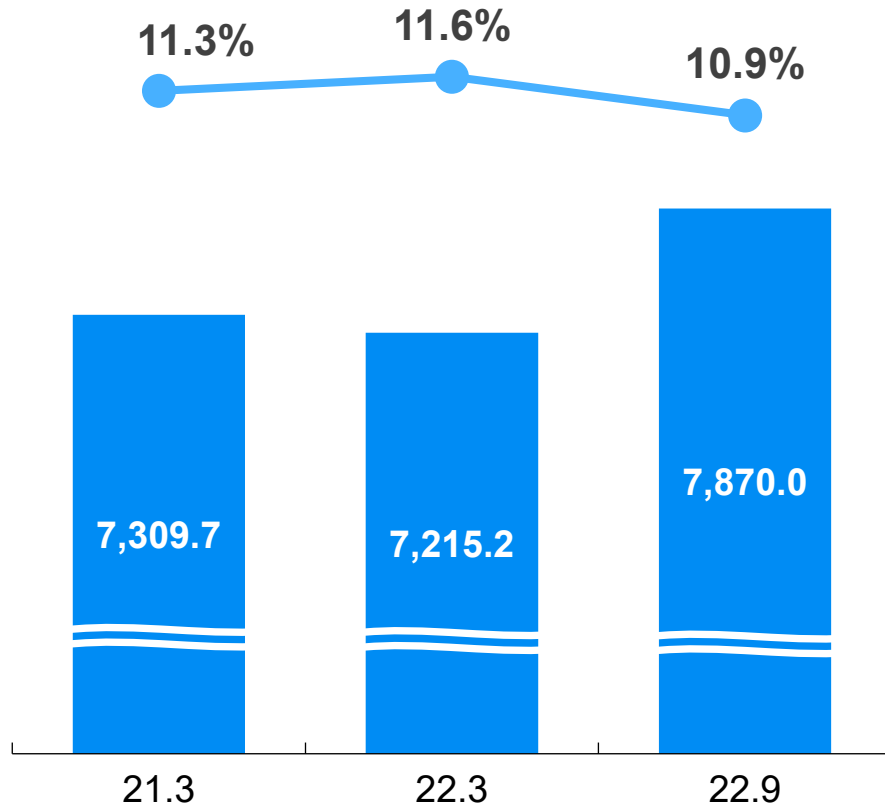
Appendix



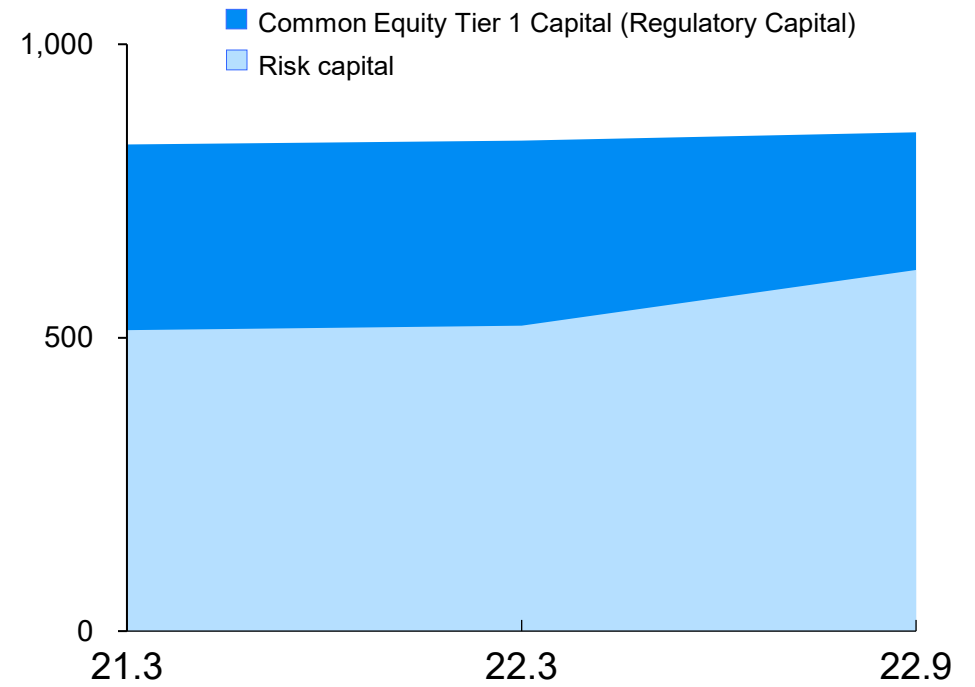
Capital Adequacy Related Information (Consolidated)

(Unit: billions of yen)

- Common Equity Tier1 Ratio (International Standard; Fully Loaded Basis)
- Risk Assets (International Standard; Fully Loaded Basis)



	21.3	22.3	22.9
Common Equity Tier1 Equity (International Standards; Fully Loaded Basis)	829.3	835.9	850.2
Risk Capital	512.7	520.6	615.5



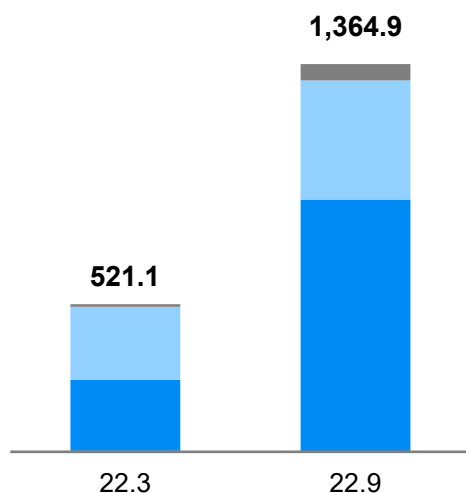
Securities Portfolio (Consolidated)

Securities Available for Sale (consolidated)*1

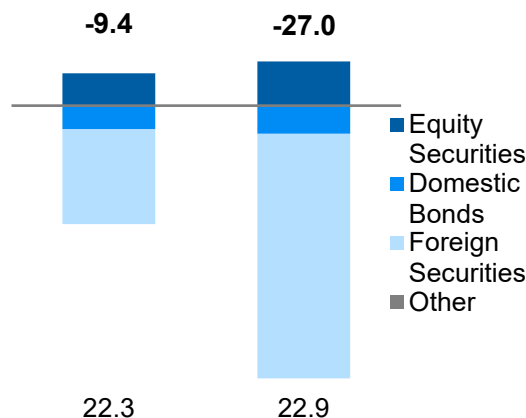
(Unit: billions of yen)

	22.3		22.9	
	Amount	Unrealized gain/loss	Amount	Unrealized gain/loss
Equity securities	9.0	3.6	10.3	4.9
Domestic bonds	250.7	-2.6	897.4	-3.1
Japanese national government bonds	103.4	-0.1	748.7	-0.5
Japanese local government bonds	2.1	0	2.1	0
Japanese corporate bonds	145	-2.4	146.5	-2.6
Foreign securities	251.7	-10.5	399.4	-27.3
Other	9.6	0	57.5	-1.3
Total	521.1	-9.4	1,364.9	-27.0

■ Carrying amount



■ Unrealized gain/loss

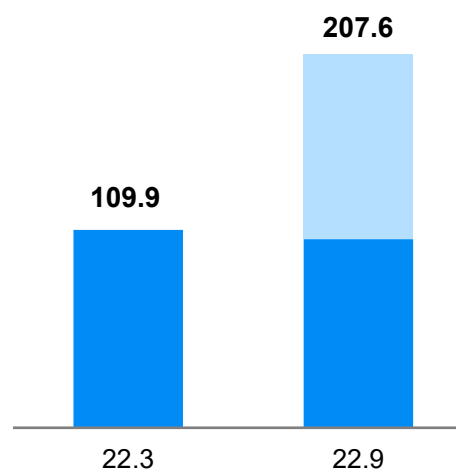


Securities Being Held to Maturity (consolidated)

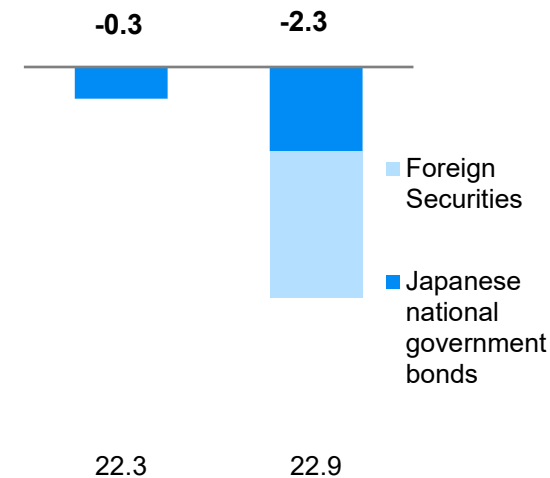
(Unit: billions of yen)

	22.3		22.9	
	Amount	Unrealized gain/loss	Amount	Unrealized gain/loss
Japanese national government bonds	109.9	-0.3	104.8	-0.8
Foreign securities	-	-	102.6	-1.4
Total	109.9	-0.3	207.6	-2.3

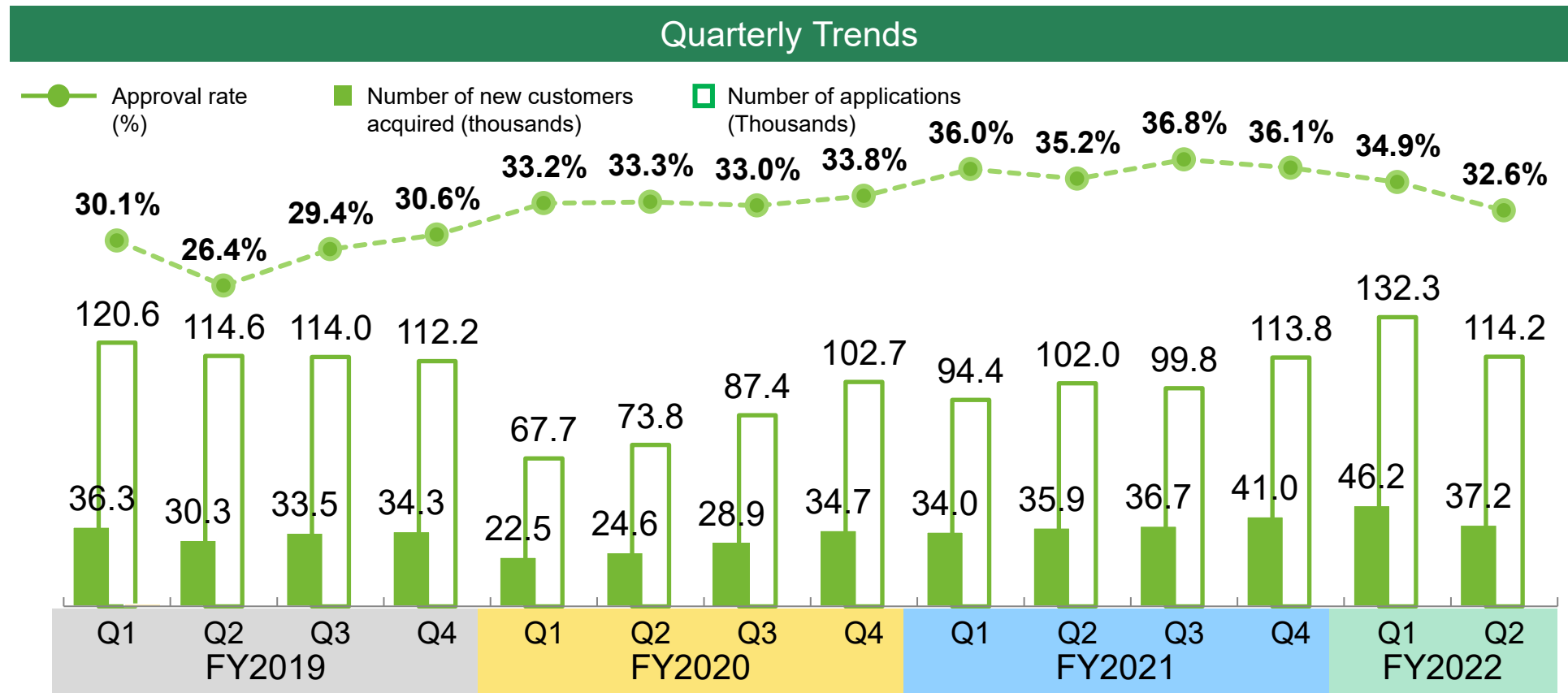
■ Carrying amount



■ Unrealized gain/loss



Shinsei Financial: New Customer Acquisitions (Lake ALSA)



Reference: Monthly results

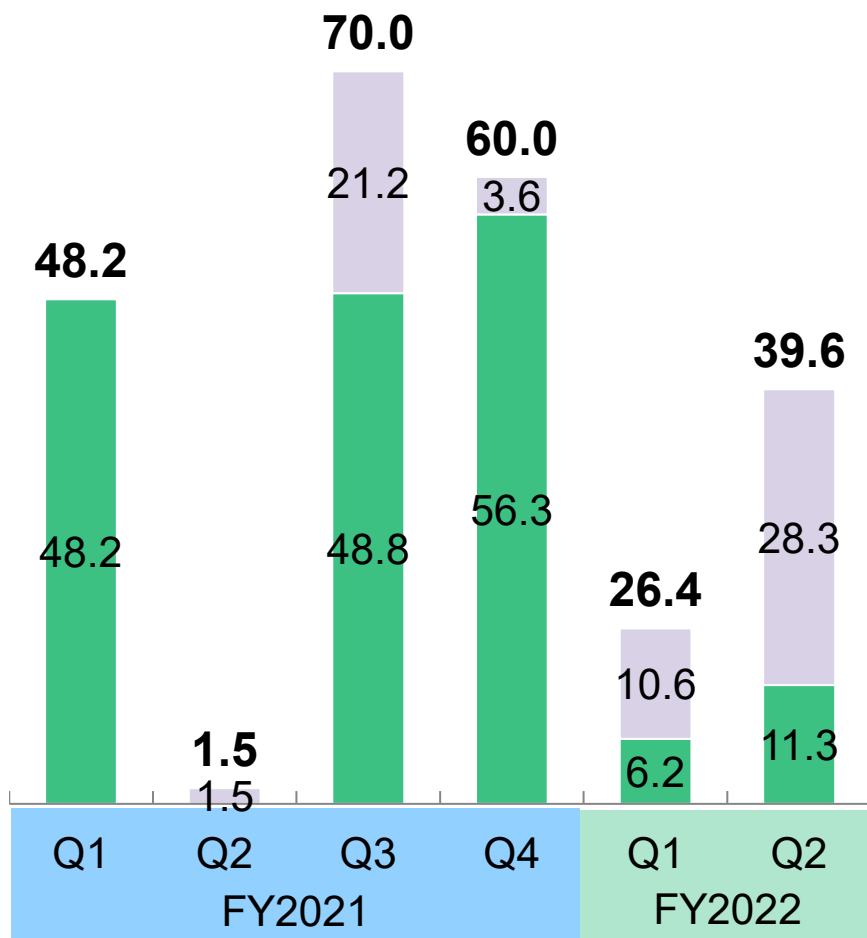
	22.4	22.5	22.6	22.7	22.8	22.9
Number of applications (Thousands)	42.8	49.1	40.3	38.3	30.1	45.8
Number of new customers acquired (thousands)	15.2	17.2	13.8	13.3	10.4	13.6
Approval rate	35.5%	35.1%	34.2%	34.6%	34.6%	29.6%

Structured Finance: New commitments and execution

(Unit: billions of yen)

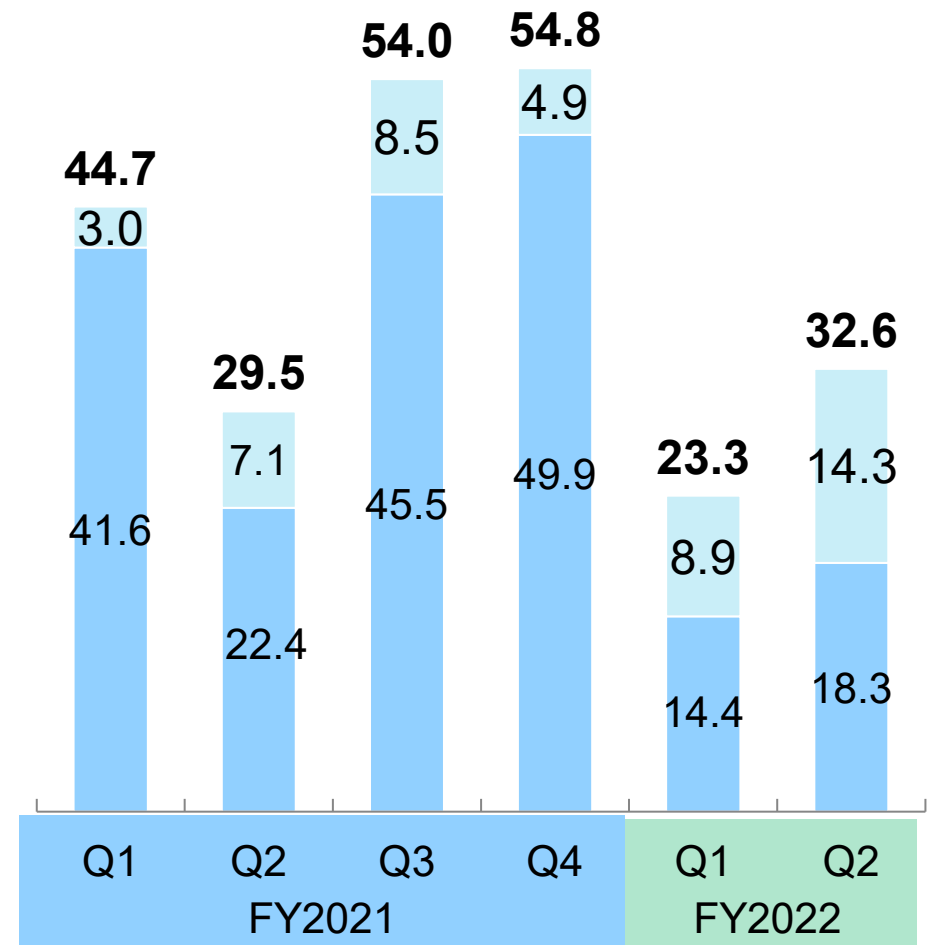
Project Finance New Commitments

- Overseas
- Domestic



Real Estate Nonrecourse Finance New Disbursements

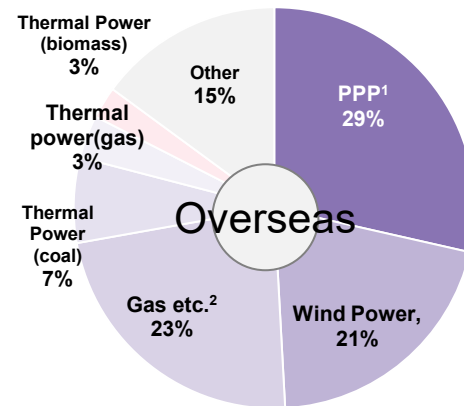
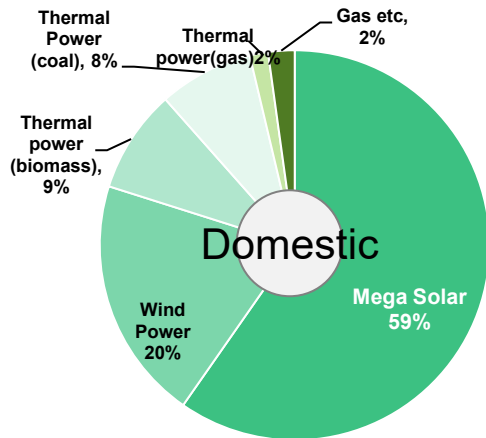
- Overseas
- Domestic



Structured Finance: Portfolio Composition

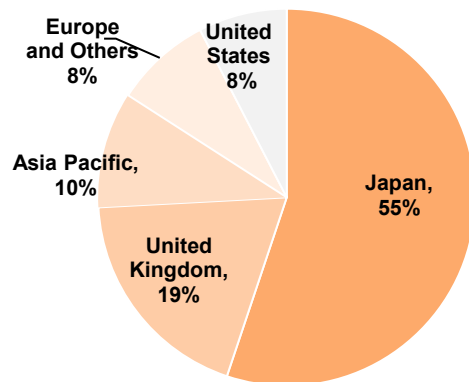
Project Finance (September 30, 2022)

[By project type (including committed)]



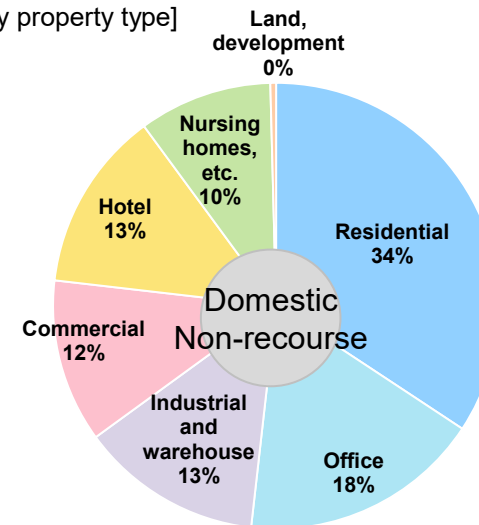
¹ Public-Private Partnership
² Financing to such as LNG liquefaction facilities and receiving terminals

[Balance by region (including committed)]

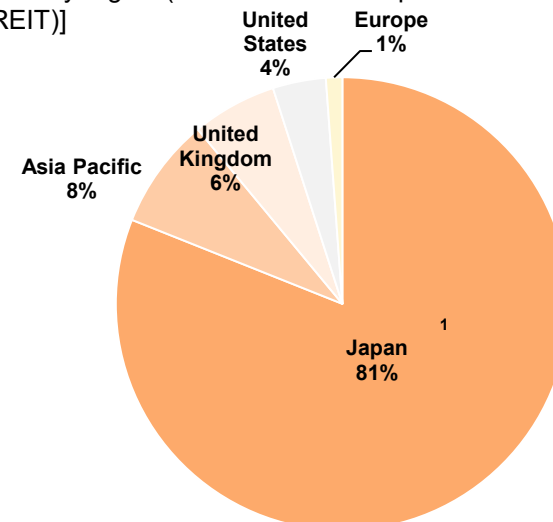


Real Estate (September 30, 2022)

[Balance by property type]



[Balance by region (non-recourse + corporations and REIT)]



¹ Nonrecourse finance constitutes about 50% of the Japanese exposure

Disclaimer

- The Shinsei Bank Group's (the "Group") medium-term management plan included herein contains forward-looking statements regarding the Group's financial condition and future performance, as well as the Bank's management's beliefs and current expectations. These forward-looking statements reflect the current expectations of the Group, but they are subject to risks and uncertainties and are based on certain assumptions. If any of these risks or uncertainties materialize, or if any assumptions are incorrect, the Group's business performance may differ materially from those currently anticipated. Such potential risks include the risk information contained in the Group's financial statements. Please be careful not to rely entirely on statements regarding future predictions.
- Unless otherwise indicated, the financial data presented herein is presented in accordance with accounting principles generally accepted in Japan. The Group does not necessarily revise its forward-looking statements, whether as a result of future events or otherwise. Financial data is presented on a consolidated basis unless otherwise noted.
- Information on financial institutions and their subsidiaries outside the Group is generally based on publicly known information.
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