



# **FY2022 First Quarter Financial Highlights and Initiatives for Achieving Medium-Term Vision**

July 2022



# FY2022 First Quarter Financial Results

---

- **Overview of Financial Results**
- **Individual Business**
- **Institutional Business**
- **Overseas Business/Treasury/Others**

# Financial Results Highlights

---

- First Quarter FY2022 resulted in net loss of 5.9 billion yen due mainly to the impairment loss on Latitude shares amounting to 16.5 billion yen.
- Share price of Latitude has now been trending above the impairment price. Excluding the impact of the impairment loss recorded in this quarter, the progression rate of OBP (27%) and that of profit before taxes (31%) was achieved. Both exceeded one-fourth of FY2022 full year targets.
- In the individual business, APLUS and Shinsei Financial expanded the operating assets balance.
- In the institutional business, strong sales of derivative products and new loan origination in structured finance contributed to revenue increase.
- Promoted various business activities to achieve the targets of Medium-Term Vision, pursuing value co-creation inside and outside the Group including collaboration with regional financial institutions. As a result, deposits balance, base for customer franchise, expanded significantly.

## Consolidated Results: Solid progress to full year forecast excluding the impairment of Latitude

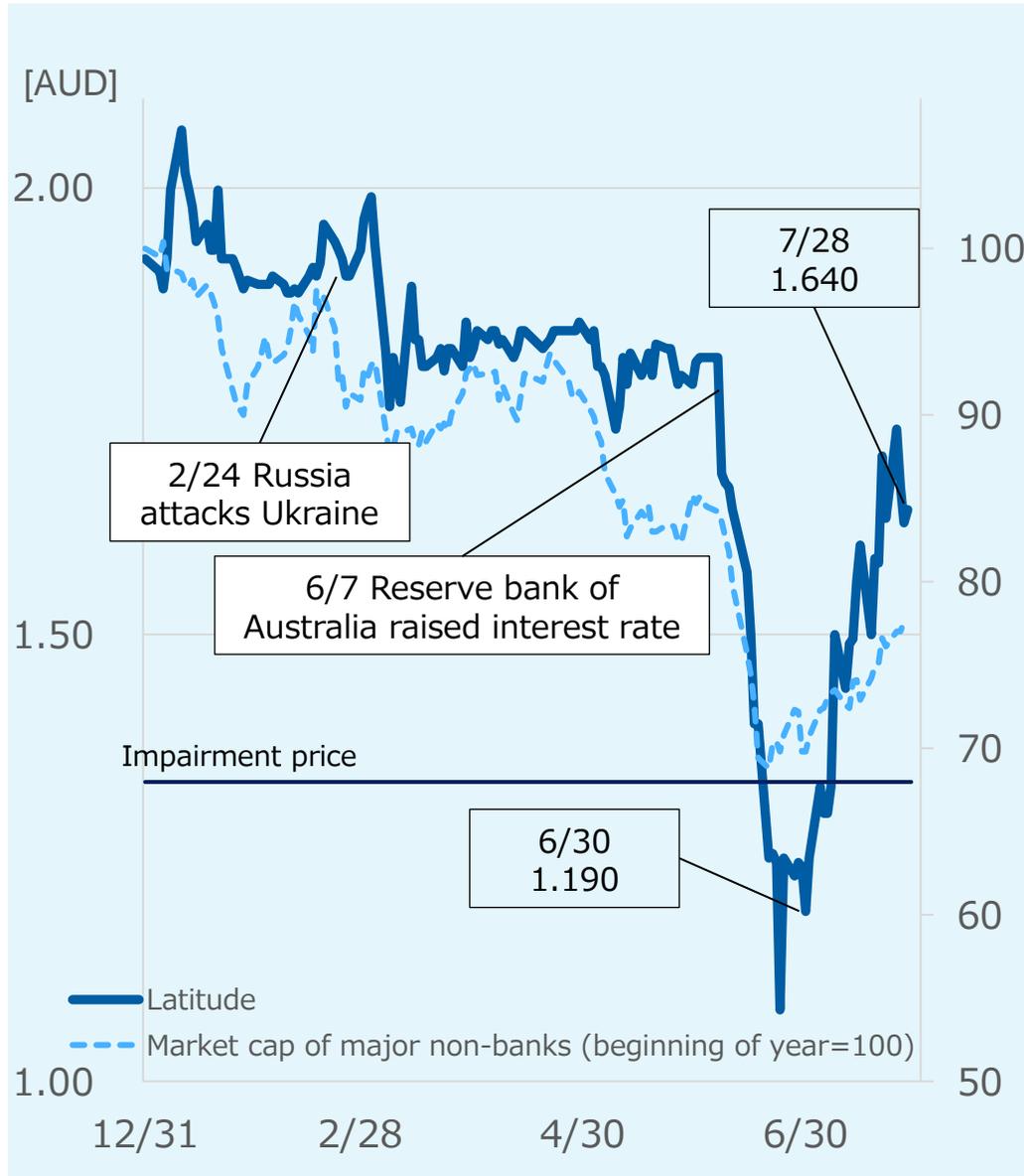
(Unit: billions of yen)

[Consolidated]	FY2021 Q1	FY2022 Q1	Change	Excluding the impairment of Latitude	FY2022 Q1
<b>Revenue</b>	<b>56.0</b>	<b>42.6</b>	-24%	→	<b>59.1</b>
Interest Income	30.7	32.4	+6%		
Noninterest Income	25.3	10.2	-60%		
Expenses	-38.1	-38.3	-1%		
<b>Ordinary Business Profit (OBP)</b>	<b>17.9</b>	<b>4.3</b>	-76%	→	<b>20.8</b>
Net Credit Costs	-3.1 (*)	-6.7	-116%		
<b>OBP after Net Credit Costs</b>	<b>14.8</b>	<b>-2.3</b>	—		
<b>Profit before Taxes</b>	<b>14.6</b>	<b>-3.5</b>	—	→	<b>12.9</b>
<b>Net Income</b>	<b>11.6</b>	<b>-5.9</b>	—		

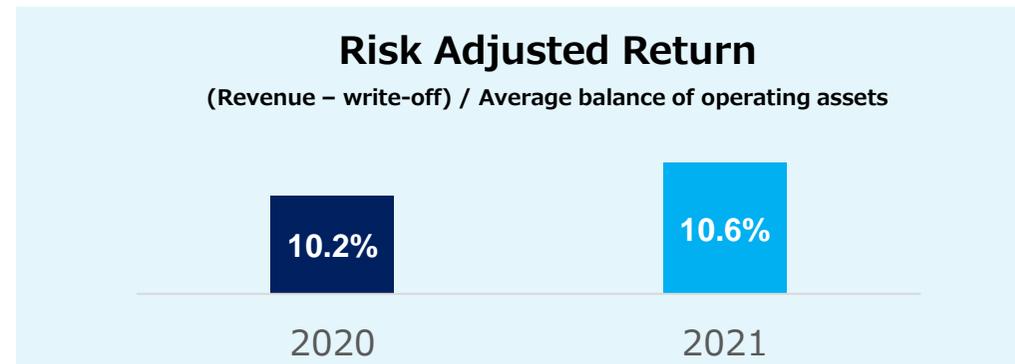
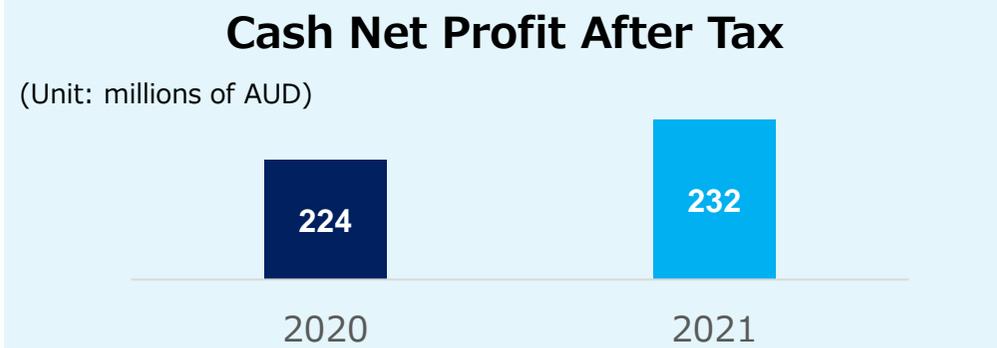
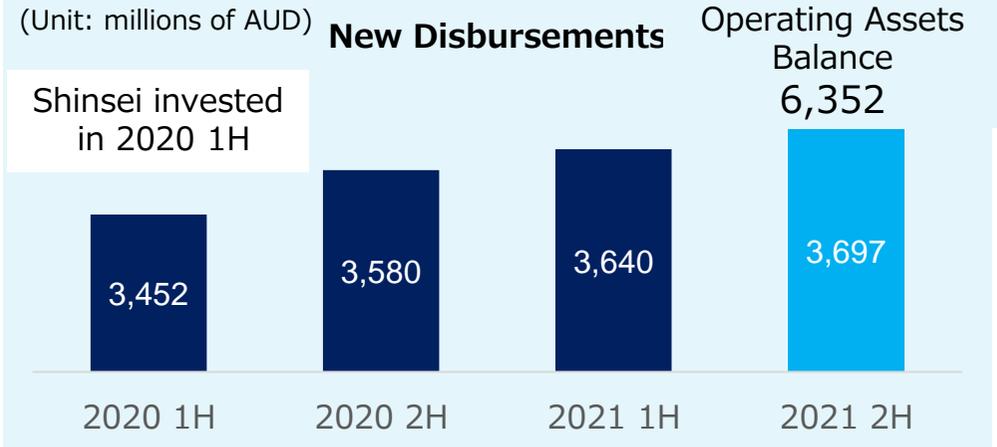
(\*) Net credit costs in FY2021 Q1 were unduly low due to decline in unsecured loan balance coupled with lower written-off claims caused by government subsidy to individuals during the Covid-19 pandemic as well as credit recoveries in the institutional business.

# Extraordinary factor in first quarter: Share price and financial results of Latitude

## Latitude Share Price Trend in 2022



## Latitude Results



# Individual Business: Good business momentum in APLUS and Shinsei Financial

(Unit: billions of yen)

[Consolidated]	FY2021 Q1	FY2022 Q1	Change	
<b>Revenue</b>	<b>37.3</b>	<b>37.0</b>	-1%	
<b>Expenses</b>	<b>-24.7</b>	<b>-25.3</b>	-2%	
OBP	12.5	11.6	-7%	
<b>Net credit costs</b>	<b>-4.3</b>	<b>-6.4</b>	-49%	
<b>OBP after net credit costs</b>	<b>8.2</b>	<b>5.2</b>	-37%	
	Retail Banking	0.5	0.0	—
	Shinsei Financial	6.0	2.7	-55%
	APLUS	1.6	2.4	+50%

## First Quarter Overview

- Revenue increased in APLUS shopping credit and credit card businesses, but total revenue remains flat.
- Regarding expenses and net credit costs, as Shinsei Financial advanced its operating activities in line with the Medium-Term Vision, its advertisement expenses and net credit costs increased (-2.2 bn yen YoY) due to growth in loan balance reflecting the increase in new customer acquisition.
- OBP after net credit costs in retail banking declined reflecting lower revenue due to termination of sales of structured bonds and higher expense for promotional activities.
- APLUS OBP after net credit costs increased as its shopping credit business continued robust performance.

# Institutional Business: Higher fees in structured finance contributed to revenue increase

(Unit: billions of yen)

[Consolidated]	FY2021Q1	FY2022Q1	Change
<b>Revenue</b>	<b>15.4</b>	<b>17.8</b>	+16%
<b>Expenses</b>	<b>-11.6</b>	<b>-11.1</b>	+4%
OBP	3.8	6.7	+76%
<b>Net credit costs</b>	<b>0.9</b>	<b>0.1</b>	-89%
<b>OBP after net credit costs</b>	<b>4.7</b>	<b>6.8</b>	+45%
Corporate Business	-0.1	1.1	—
Structured Finance	2.5	3.0	+20%
Showa Leasing	0.8	1.2	+50%

## First Quarter Overview

■ Revenue increased due to strong sales of derivative products and new origination fees in structured finance

■ Net credit costs remained low as there were no large credit provisions during this quarter.

■ OBP after net credit costs increased in all 3 businesses, such as Corporate Business, Structured Finance and Showa Leasing.

## Overseas Business/Treasury/Others: Recorded loss due to the impairment of Latitude

(Unit: billions of yen)

[Consolidated]	FY2021 Q1	FY2022 Q1	Change	
<b>Revenue</b>	<b>3.2</b>	<b>-12.2</b>	—	
<b>Expenses</b>	<b>-1.7</b>	<b>-1.8</b>	-6%	
OBP	1.5	-14.1	—	
<b>Net credit costs</b>	<b>0.2</b>	<b>-0.4</b>	—	
<b>OBP after net credit costs</b>	<b>1.8</b>	<b>-14.5</b>	—	
	Treasury	-0.2	0.7	—
	Overseas Business	1.8	-14.1	—

### First Quarter Overview

- Revenue decreased significantly due mainly to the impairment loss on Latitude shares of 16.5 bn yen  
(Reversal method was adopted for first quarter; hence, we made a reversal at the beginning of July and its impairment will be judged again at the end of September 2022 by separation method)
- Net credit costs increased as credit recoveries were recorded due to improvement in reserve ratios in UDC in the previous fiscal year.
- Treasury decreased its balance to restructure its portfolio at the end of March 2022. Balance rebounded during this quarter.
- Enhancing the monitoring system to identify loans/investments which might result in potential large losses due to credit provisions and/or impairments.

# Initiatives for achieving the targets of the Medium-Term Vision

---

- 1. Business activities**
- 2. Pursuing value co-creation inside and outside the Group**
- 3. Collaboration with regional financial institutions  
(Development based on “triangle strategy”)**
- 4. KPIs progression and key management topics**

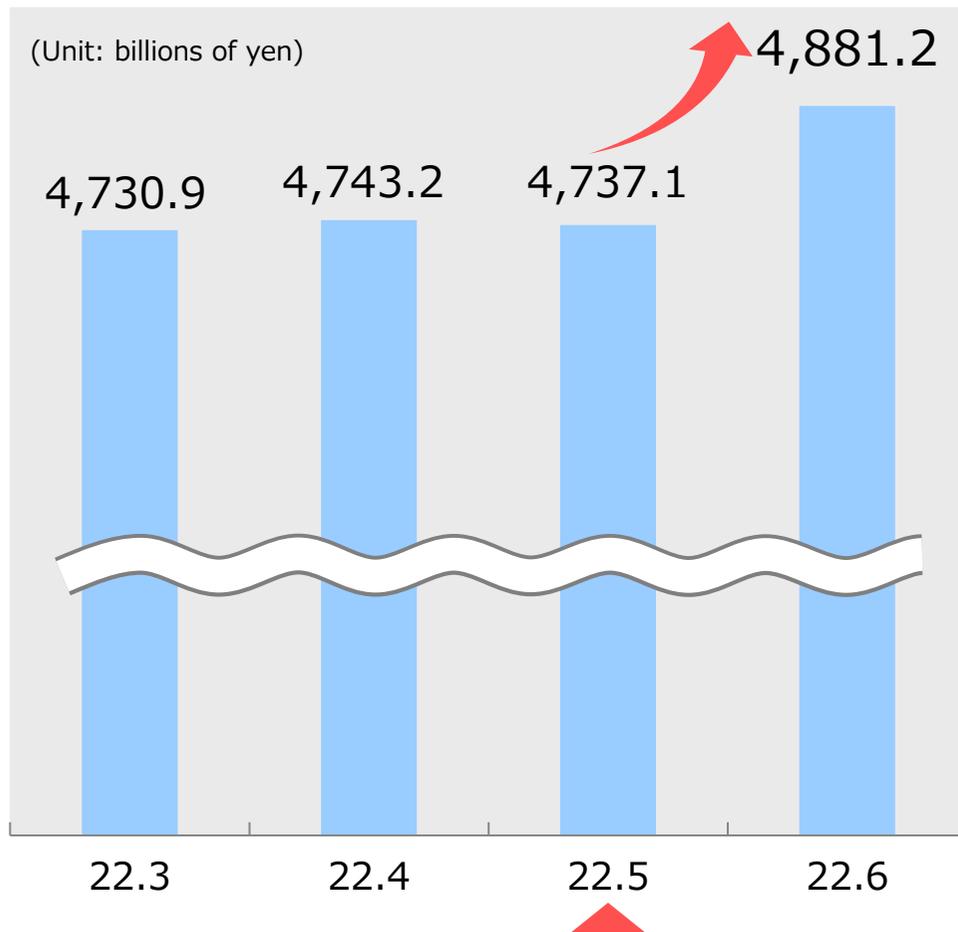
# 1. Business Activities

---

- **Retail Banking**
- **Shinsei Financial**
- **APLUS**
- **Institutional Business**
- **Showa Leasing**
- **Treasury and Overseas Business**

## Retail Deposits: Balance increased

### Retail Deposits



- Announced the Medium-Term Vision of the Shinsei Bank Group (May 13, 2022)
- Launched various initiatives including higher interest rate on “Start-Up Yen Time Deposit”

### First Quarter Overview

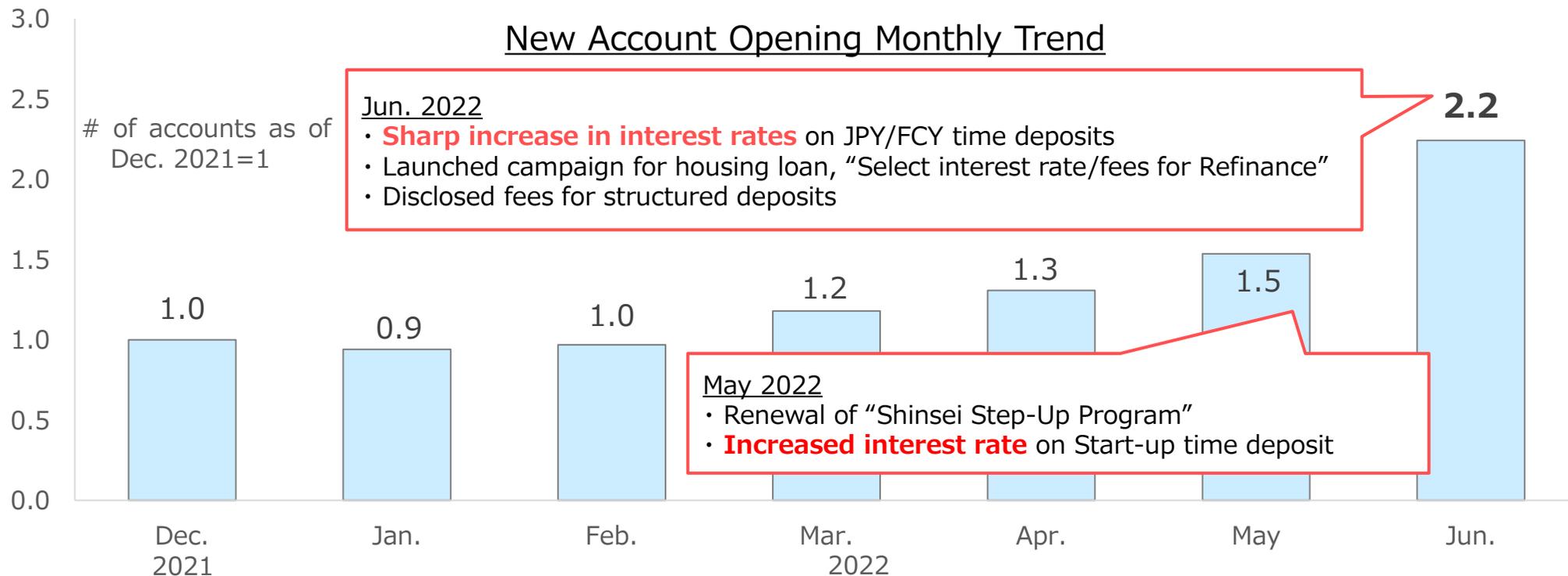
- 150 billion yen of net increase in deposits balance compared to March 2022. This reflects new individual business strategy.

### Next Steps

- Aim to rapidly increase retail banking accounts and the deposits balance by utilizing customer base of SBI and Shinsei Groups as well as reciprocal customer referral based on individual strategy of the Medium-Term Vision with more attractive new Step-Up Program starting in May 2022.

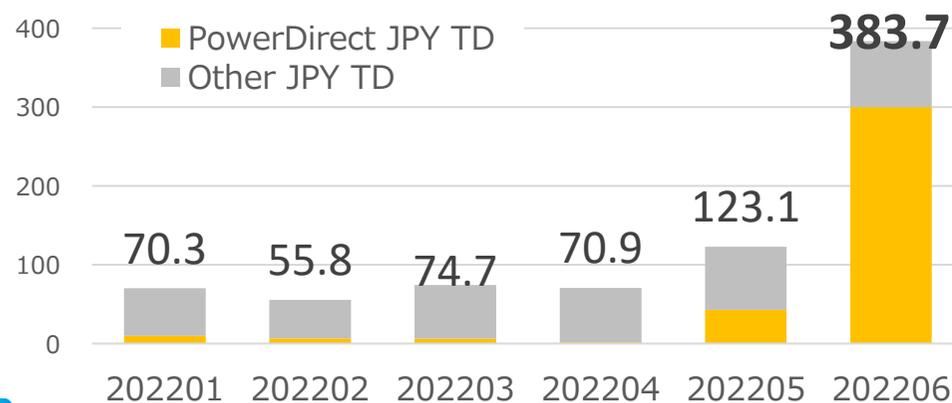
## Business Activities: Retail Banking

### Implemented initiatives to improve service based on customer-centric principle



(Unit: billions of yen)

### JPY Time Deposit Monthly Volume



**Balance exceeded JPY380 billion in just one month after interest rate increased**

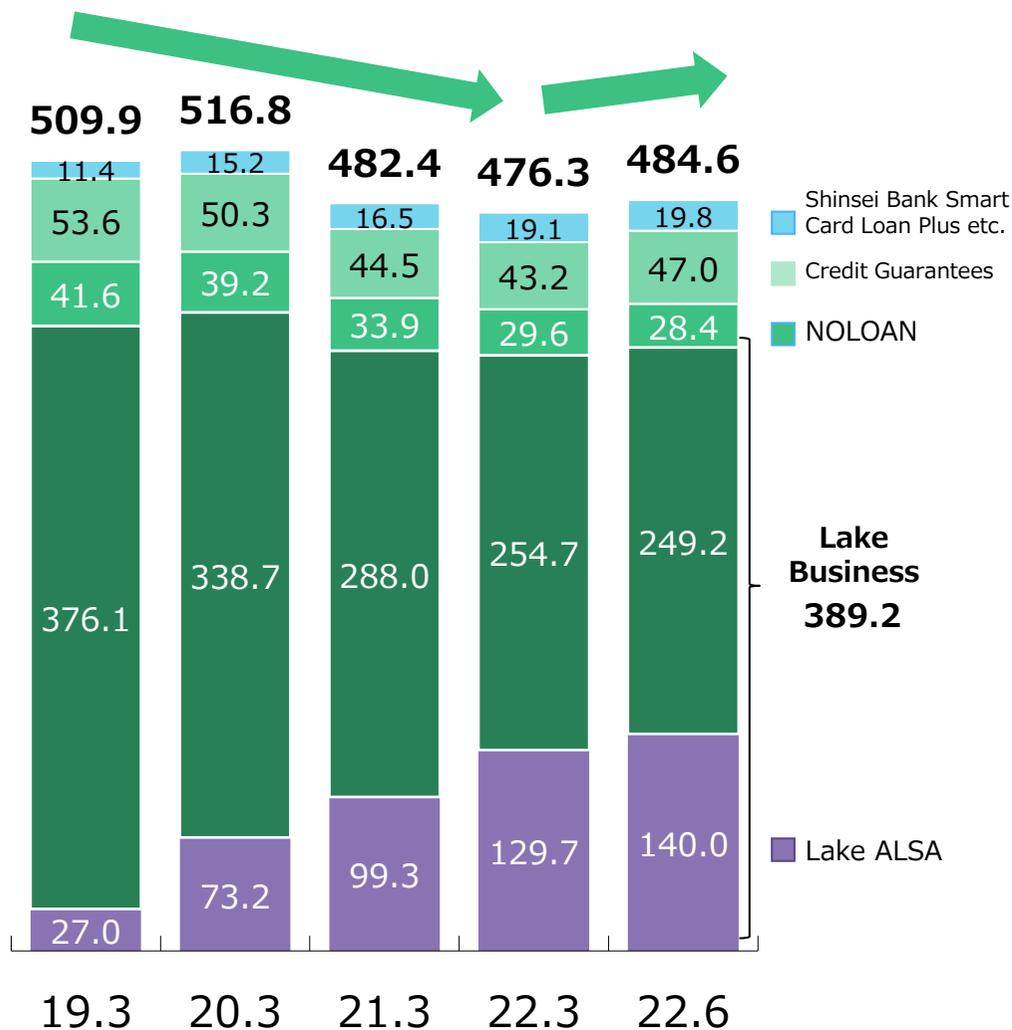
It stands at **5.7 times** of the average volume of JPY67 billion during Jan.to Mar. 2022.

Retail deposit balance growth **rebounded** from flat trend

# Unsecured Loan: Balance bottomed out

## Total Balance

(Unit: billions of yen)



## First Quarter Overview

- Balance had trended downward due to Covid-19; it finally rebounded from March 2022 as evident from [robust balance increase in Lake ALSA](#)

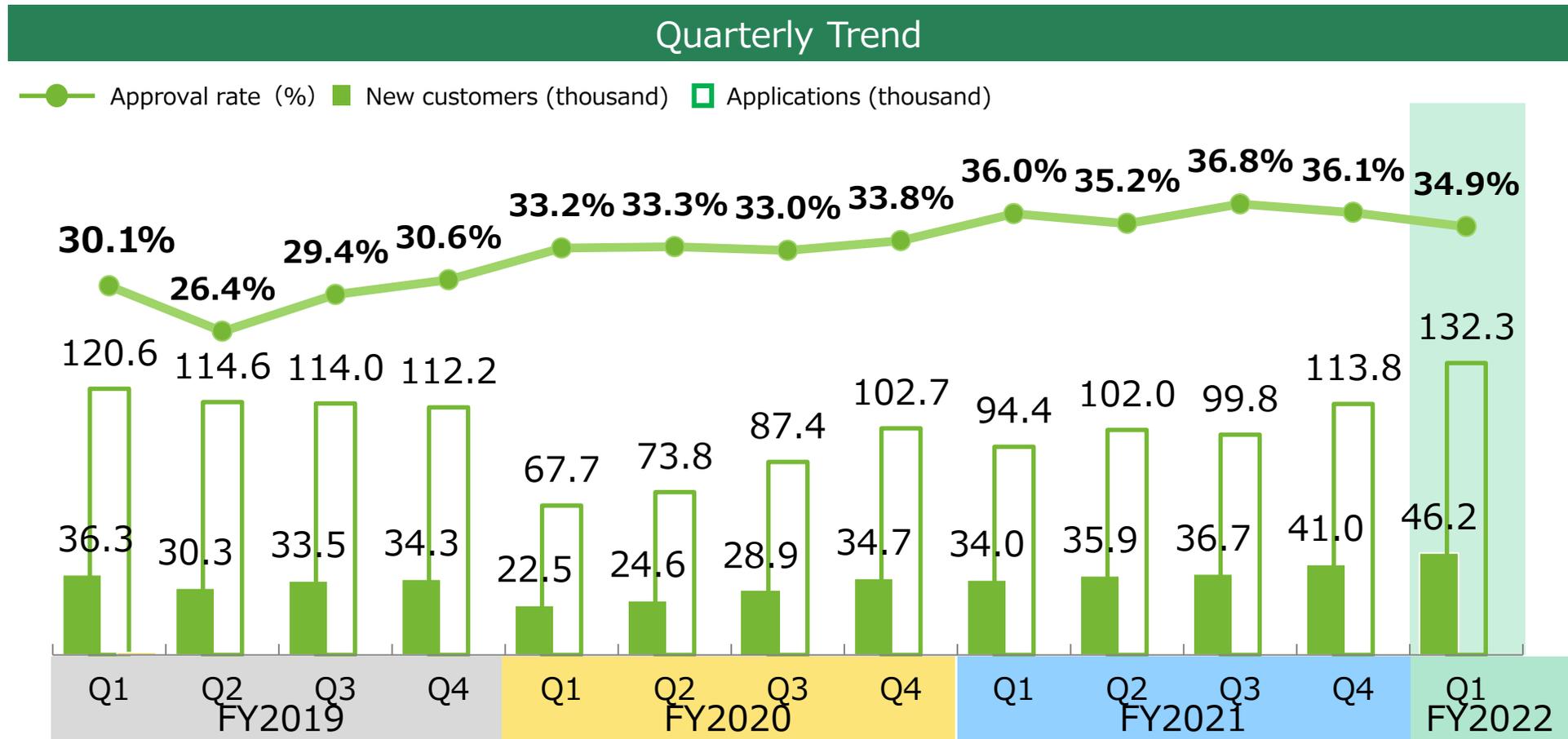
## Next Steps

- Aiming for stable and steady balance increase leveraging UI/UX improvement and collaboration with SBI Group as well as capturing the rebound in loan demand
- Implemented Lake brand recognition initiative through collaboration with SBI e-Sports
- Developing new credit guarantee business opportunities by utilizing relationship of SBI Group with regional financial institutions
- Improve UI/UX for better customer experience

## Business Activities: Shinsei Financial

### New Customer Acquisition (Lake ALSA): New customer acquisition steadily increasing

- New customer acquisition in Q1 (22.4-6)
  - ✓ Number of new customers: 46K, +36% YoY
  - ✓ Applications: 132K, +40% YoY
  - ✓ Approval rate: 34.9%

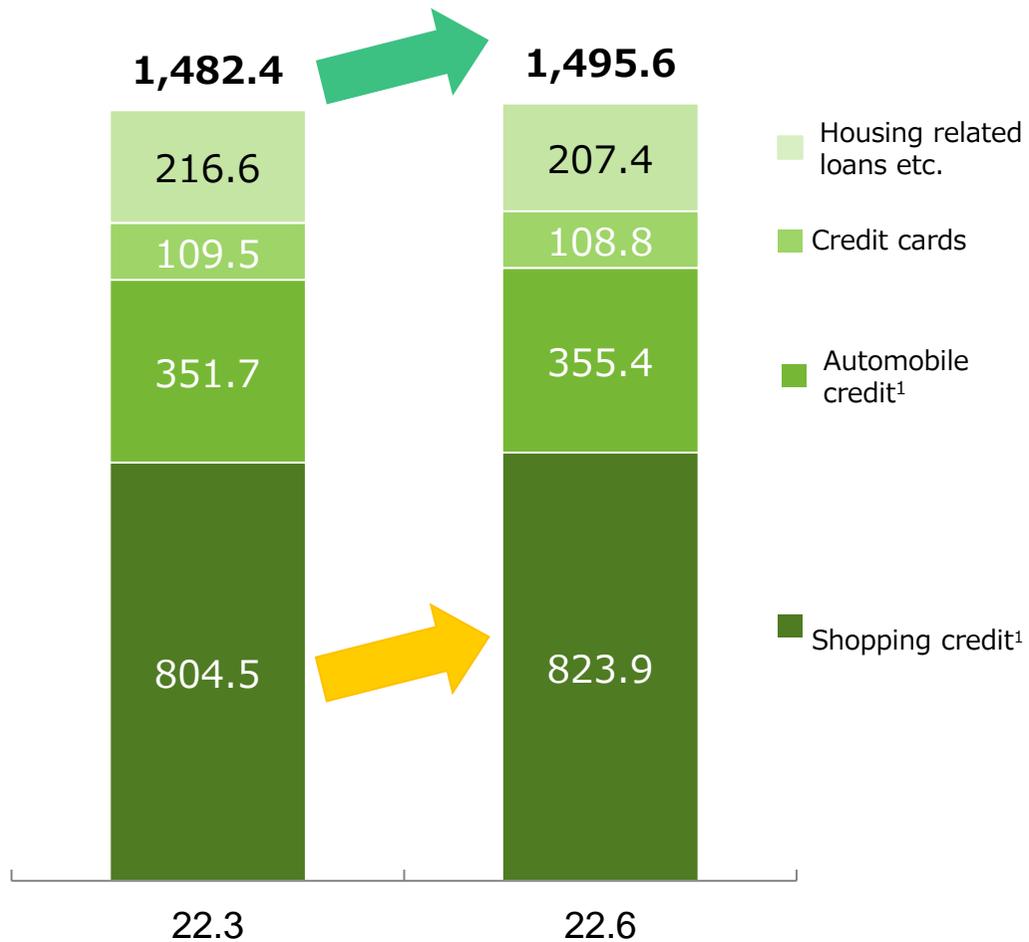


# Operating Assets: Balance steadily increasing

## Operating Assets Balance

(Unit: billions of yen)

**JPY+13.2 bn**



<sup>1</sup> Including credit guarantees business

## First Quarter Overview

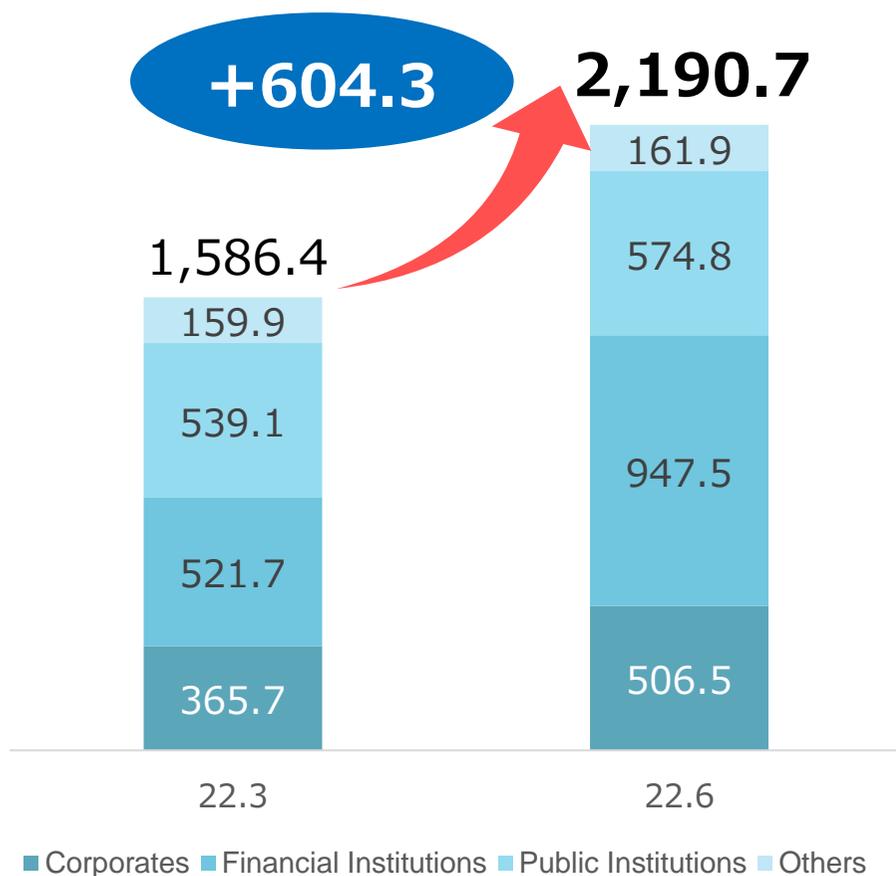
- Expanded shopping credit business
  - Regarding automobile credit, imported cars and auto leasing have been performing well while new car sales decreased due to limited supply
  - Other shopping credit increased mainly due to office vendor leasing of office equipment and shopping credit for jewelry/precious metal, etc.
- Credit card business increased card issuance and sales
  - New issuance and sales of T-PREMIUM Card and Luxury Card increased
  - Enhancing acquisition of new cards by utilizing shopping credit sales franchise

## Significant increase in deposits which is the base of our customer franchise

### Institutional Deposits Balance\*

(Unit: billions of yen)

\* Internally-controlled basis



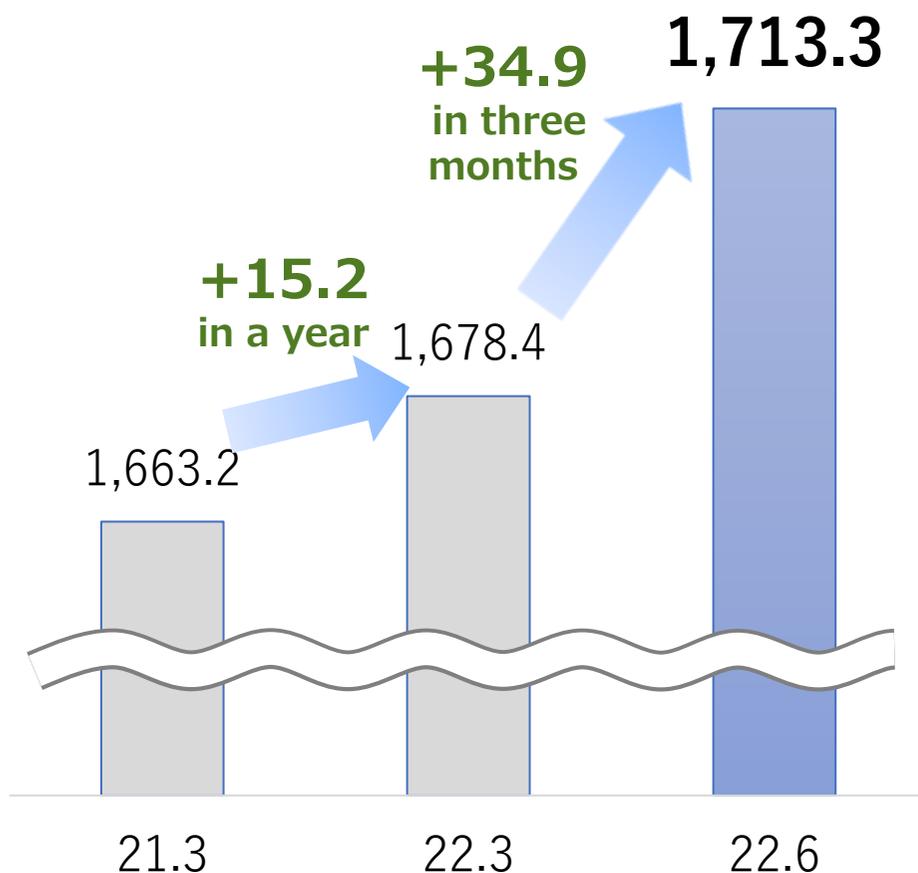
### First Quarter Overview

- Approaching institutional customers by using deposits as a door opener to expand transaction base with them
- **Increased JPY+604.3bn** in Q1  
YoY transaction volume increase:  
Corporates: **+38.5%**  
Financial Institutions: **+81.6%**
- **Satisfactory start for achieving the target of JPY+1.6tn** set in the Medium-Term Vision

# The pace of growth accelerated

## Operating Assets

(Unit: billions of yen)



## First Quarter Overview

- In 1Q, we steadily accumulated overseas and LBO financing transactions; in three months successfully accumulated **over twice** of the previous year balance.
- In project finance, we executed a number of overseas projects as well as domestic renewable energy projects, including a large-scale mega-solar project in Manago (Tochigi) (8 transactions in total).
- In specialty finance, we accumulated projects in a wide range of fields, including LBO and Ship finance
- In real estate finance, steadily implementing a variety of projects, including domestic residential, logistics/warehouses, and overseas projects

## Executed diverse deals and further strengthening development capabilities

Products (transactions)	Major Transaction Profile	Size
<b>Real Estate Nonrecourse Loans (11)</b>	Hotel project in Osaka	4.2 bn
	Residential in Nagoya (6 properties)	2.9 bn
	Australian office projects	4.6 bn
<b>Domestic Renewable Energy Finance (2)</b>	Manago Mega Solar (Tochigi) - Introduced as an example on P21	25.6 bn(*)
	Fukaura Wind Power (Aomori)	6.3 bn
<b>Overseas Project Finance (6)</b>	PPP project for a hospital in Europe	2.8 bn
	European optical fiber laying project	3.5 bn
<b>Ship Finance (6)</b>	Loan to domestic shipowner for acquisition of a new bulker	6.2 bn
	Refinance project to Nordic shipowner for an existing bulker	4.7 bn
	Refinance project to a joint venture company of a domestic trading company for an existing bulker	2.3 bn
<b>LBO Loans (3)</b>	Making and sale of drinking water	2.4 bn
	Major domestic healthcare-related companies	0.5 bn
<b>Healthcare Finance (4)</b>	Tokyo Senior Citizens' Home (3 properties)	4.3 bn
	Securitization of facilities after acquiring nursing care business in Ibaraki	1.1 bn

## Extensive pipeline of deals from second quarter onward

We have a diverse deals in pipeline, including synergy projects with SBI Group companies, and plan to successively close out commitments from second quarter onwards

	Case examples
<b>Pipeline</b>	<p>[Real estate] Urban residentials, urban hotels, overseas offices, etc.</p> <p>[Domestic renewable energy] Kyushu biomass, Domestic large wind power</p> <p>[Overseas Project Finance] European offshore wind power, European submarine transmission line, Floating Production Storage and Offloading</p> <p>[Ship Finance] Domestic LPG carriers, overseas LNG carriers, and domestic container ships</p> <p>[LBO] Large-scale domestic carve-outs, domestic MBOs</p> <p>[Healthcare] Tohoku new hospital rebuilding fund, Rehabilitation home purchase fund</p>
<b>SBI collaboration</b>	<p>[Real estate] NRL for offices in Tokyo (SBI SECURITIES) NRL for the Kansai office (TOZAI Asset Management)</p> <p>[LBO] Finance for real estate companies (Keystone Partners) Tohoku Real Estate Management (SBI Business Succession)</p> <p>[Healthcare] Funds for the acquisition of companies related to pharmacies (SBI Business Succession) Project funds for the development of former hospitals' sites (SBI Neo Financial)</p>

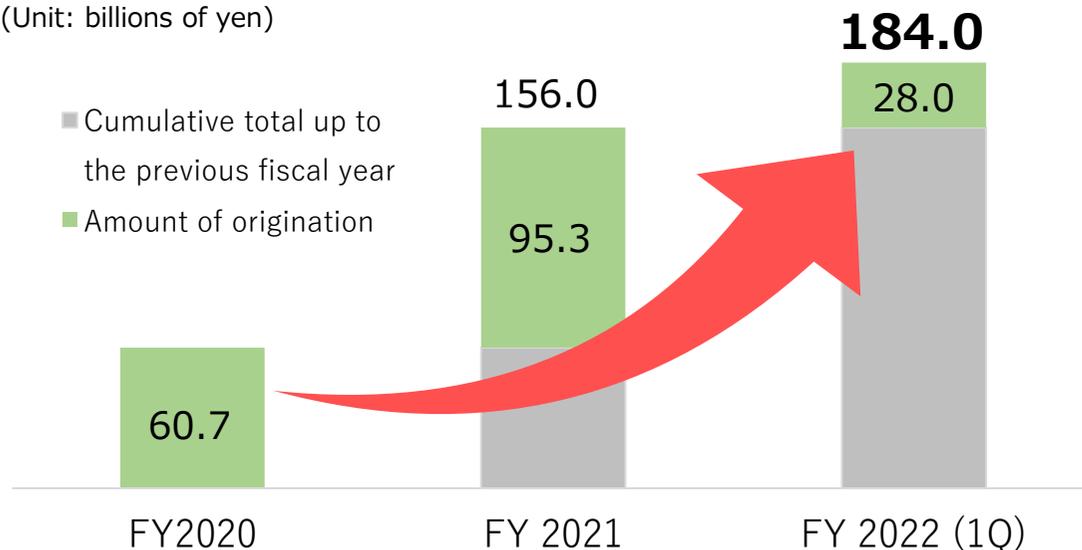
# Business Activities: Sustainable Finance

## Continuing to promote steadily

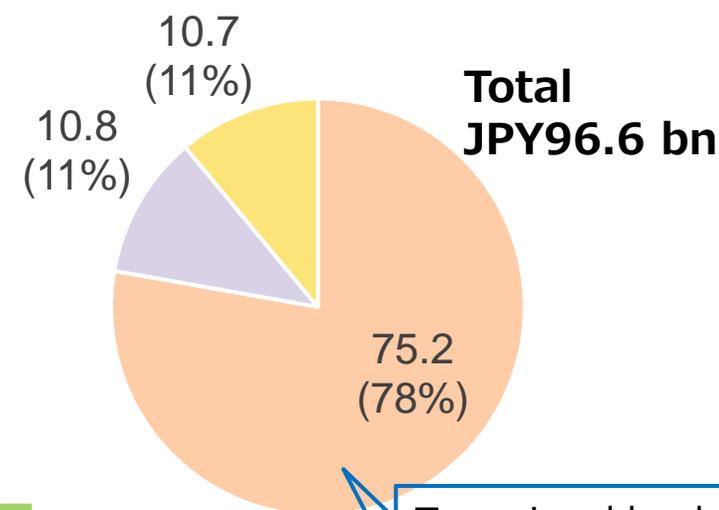
### Establishing Sustainable Finance and Steadily Accumulating Distribution Results

#### Sustainable Finance Origination Results

(Unit: billions of yen)



#### Distribution Results (2020/4-2022/6)



To regional banks  
Total of 73 transactions with 44 banks

#### Green loan originations/executions in first quarter FY2022

Sponsor/Debtor	Asset Type	Address
Daiwa Energy & Infrastructure*	Solar	Manago (Tochigi Prefecture)
Tohoku Electric Power **	Hydropower	Tamagawa No.2 Power Plant (Yamagata Prefecture)
Hokuriku Electric Power*	Hydropower	Total of 24 locations in Toyama, Ishikawa and Fukui prefectures
Sumitomo Realty & Development	Environmental Real Estate	Tokyo

\* Consistency confirmed based on the Bank's original framework.

\*\*The Bank's assessment department only confirmed the consistency of the borrower framework and the transactions' details.

## [Example] Solar Power Projects: Manago I, II/III Solar Power Projects

### Project Overview

Borrower:	GSSG Solar Japan Holdings 3a G.O. (Manago I) Joint GSSG Solar Japan Holdings 4a Co., Ltd. (Manago II/III)
Sponsor:	Daiwa Energy & Infrastructure Co., Ltd.
Location:	Tochigi City and Kanuma City, Tochigi Prefecture
Type:	Photovoltaic power generation (modules made of single crystal silicon)
FIT price:	36 Yen/kWh
Size:	24.3 MWdc (Manago I) 26.7 MWdc (Manago II/III)
Term Loan Amount:	Approx. JPY10.5 bn (Manago I) Approx. JPY12.4 bn (Manago II/III)
Timing of origination:	June 2022

### Key Points of the Project

- It is estimated that 65,508MWh of electricity will be generated by renewable energy per year (20-year average). CO2 emission reduction is calculated to be 29,020 tons/year.
- Appropriate environmental considerations are being made by formulating and implementing ecosystem conservation plans following a natural environment survey in accordance with the "Implementation Guidelines for Natural Environment Conservation Agreements" of Tochigi Prefecture. In addition, since the target project involves large-scale work, various mitigation measures have been taken for concerns and negative impacts of local residents through close communication with stakeholders in the local community.
- In consideration of the above, financing was executed as Shinsei Green Loan (\*) on June 30, 2022.

(\*) "Shinsei Green Loans" are loans for which the use of funds is limited to businesses with clear environmental improvement effects. These loans conform to the Shinsei Green Finance Framework formulated by the Bank in May 2020.

Planning to conduct syndications with more than 10 financial institutions, mainly regional financial institutions  
Providing valuable SDGs finance opportunities

# [Examples] Provision of green loan to Hokuriku Electric Power

- Provided green loans (environmental loans) to a total of 24 hydroelectric power plants in Toyama, Ishikawa, and Fukui.
- The independent [Sustainable Impact Assessment Department](#) assessed the use of funds, cash management methods, and potential negative environmental and social impacts, and confirmed compliance with the Framework.
- Regarding this framework, we obtained a third-party opinion from [Japan Credit Rating Agency, Ltd. \(JCR\)](#) on the fact that it is consistent with relevant principles (\*) and that the internal implementation system of this framework is robust.

## 北陸電にグリーンローン



北陸電力は発電電力量の3割弱を水力に頼る。脱炭素の中心的な役割を担う（同社のダム、富山県内）

### 新生銀、水力の維持管理に

新生銀行は水力発電所の維持管理用の資金として北陸電力に対しグリーンローン（環境融資）を交付した。北陸電力がグリーンローンで資金調達をするのは初めて。北陸電力は資金の使い道に透明性のあるローンの活用を通じてESG（環境・社会・企業統治）経営を強化し、企業価値の持続的な向上につなげる。

ローンの融資額は20億円で、期間は10年間。使途は北陸電力が持つ24カ所の水力発電所の運営や維持管理の30工事に限られる。

ローンの融資額は20億円で、期間は10年間。使途は北陸電力が持つ24カ所の水力発電所の運営や維持管理の30工事に限られる。

対象の発電所には、明治時代から稼働している松ノ木発電所（富山県白山市）や、大正時代から稼働している松ノ木発電所（富山県白山市）も含まれる。いずれも当時の建築様式を色濃く残しているとして、国の登録有形文化財に指定されている。将来にわたって地域に残す意味がある点も考慮した。

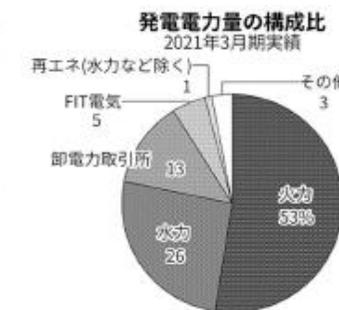
グリーンローンの特徴は、環境課題の解決に資するプロジェクトに限定され、融資された資金が追跡される点だ。使い道や融資後の効果は、年に1回以上出ず報告書で確認できる。透明性（金沢支店 前田悠太）

新生銀行は水力発電所の維持管理用の資金として北陸電力に対しグリーンローン（環境融資）を交付した。北陸電力がグリーンローンで資金調達をするのは初めて。北陸電力は資金の使い道に透明性のあるローンの活用を通じてESG（環境・社会・企業統治）経営を強化し、企業価値の持続的な向上につなげる。

ローンの融資額は20億円で、期間は10年間。使途は北陸電力が持つ24カ所の水力発電所の運営や維持管理の30工事に限られる。

対象の発電所には、明治時代から稼働している松ノ木発電所（富山県白山市）や、大正時代から稼働している松ノ木発電所（富山県白山市）も含まれる。いずれも当時の建築様式を色濃く残しているとして、国の登録有形文化財に指定されている。将来にわたって地域に残す意味がある点も考慮した。

グリーンローンの特徴は、環境課題の解決に資するプロジェクトに限定され、融資された資金が追跡される点だ。使い道や融資後の効果は、年に1回以上出ず報告書で確認できる。透明性（金沢支店 前田悠太）



(注)四捨五入で合計は100にならない

新生銀行が電力会社にグリーンローンを交付するのは、東北電力に続き2例目となる。担当者は「（前身の）日本長期信用銀行の時代から電力会社とは深い付き合いがあり、蓄積した知見がある」と話す。今回の融資に必要な調査も、外部のコンサルティングに頼ることなく「自前でも小さな負担で迅速に進められた」という。

グリーンローンへの期待は強い。環境省が公表している国内のグリーンローンの組成額（金額が明らかになっている案件のみ）は、21年は前年比で約2倍になった。17年に初のグリーンローンができて以来、案件数も増加傾向にある。

北陸電力は21年3月期の実績で火力発電が5割を占めている。火力の脱炭素に向けて、バイオマスの燃焼比率の引き上げやアンモニアの利用可能性の検討を進めている。ステークホルダーの理解を得ていくためには様々な脱炭素の取り組みが欠かせない。

(\*) This framework operates in line with the following related principles, which is consistent with guidelines at home and abroad.

(Nikkei: July 1, 2022)

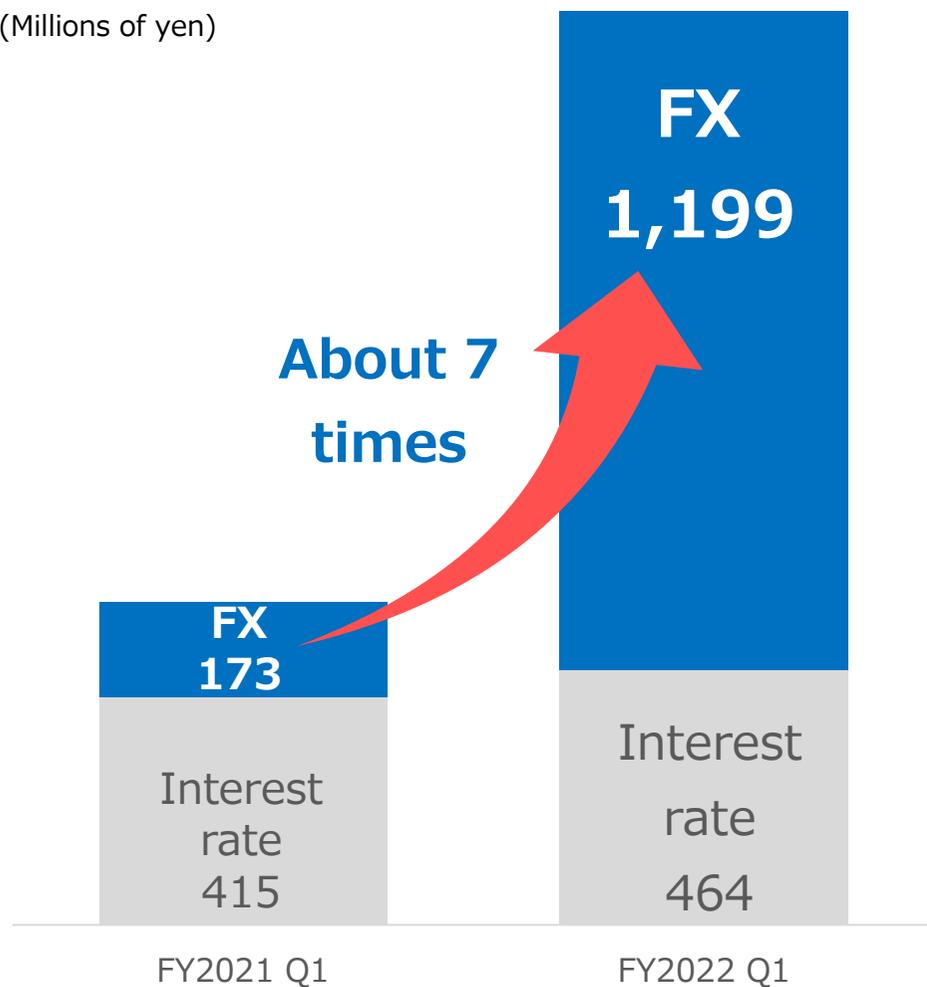
- "Green Bond Principles," "Social Bond Principles," and "Sustainability Bond Guidelines" published by the International Capital Markets Institute (ICMA)
- Green Loan Principles developed by the Loan Market Association (LMA) and the Asia Pacific Loan Market Association

## Business Activities: Derivatives

### Capturing market trends and developing derivative sales according to customer needs

#### Derivatives Income

(Millions of yen)



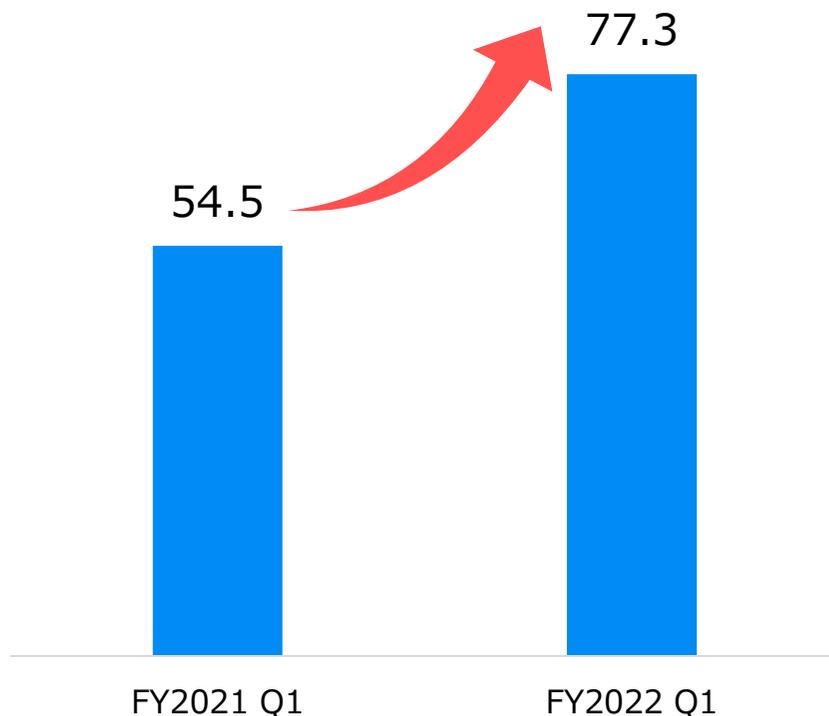
#### First Quarter Overview

- Hedging needs for both interest rates and foreign exchange increased due to the rapid depreciation of the yen since the beginning of the year.
- Revenues from FX derivatives were approximately 7 times higher than the same period of the previous fiscal year.
- Proactively exploring business opportunities from second quarter while taking into account market conditions

# Transaction volume: YoY +41.8% increase

## Transaction Volume

(Unit: billions of yen)



## First Quarter Overview

- Operating assets accumulated by acquiring large-scale public-sector projects
- Collaboration with APLUS and Shinsei Bank accelerated further
- Proactive efforts for non-ownership-transfer finance lease (\*) and contribute to future earnings

\* Finance lease which does not allow transfer of ownership of leased assets to borrower as per conditions of the contract, such as conditional transferable lease and lease with option to buy at a discounted price.



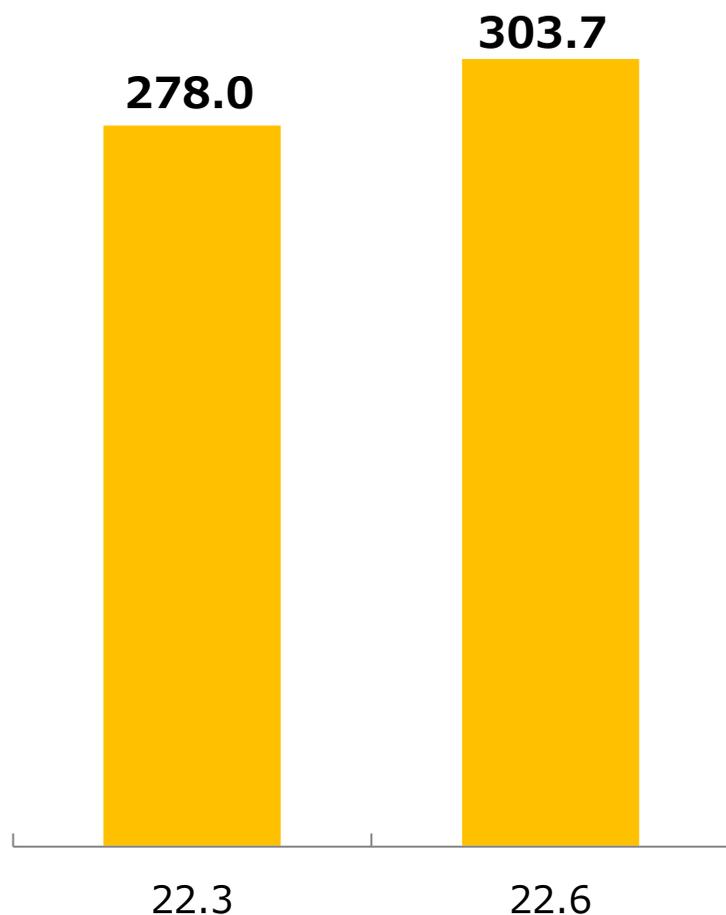
## Next Steps

- Further strengthen the construction machinery field, which is one of our strengths
- Introduction of SBI Group Companies to meet customer needs by leveraging synergies with the SBI Group
- Providing Showa Leasing lease products to the SBI Group's network with corporate/financial customers
- New initiatives in the mobility market, which is expected to grow
  - Provide leasing function to IDOM group
  - Deploy pay-for-use leasing service of light van to large EC company

# Overview: Operating assets balance steadily increased

## Operating Assets Balance

(Unit: billions of yen)

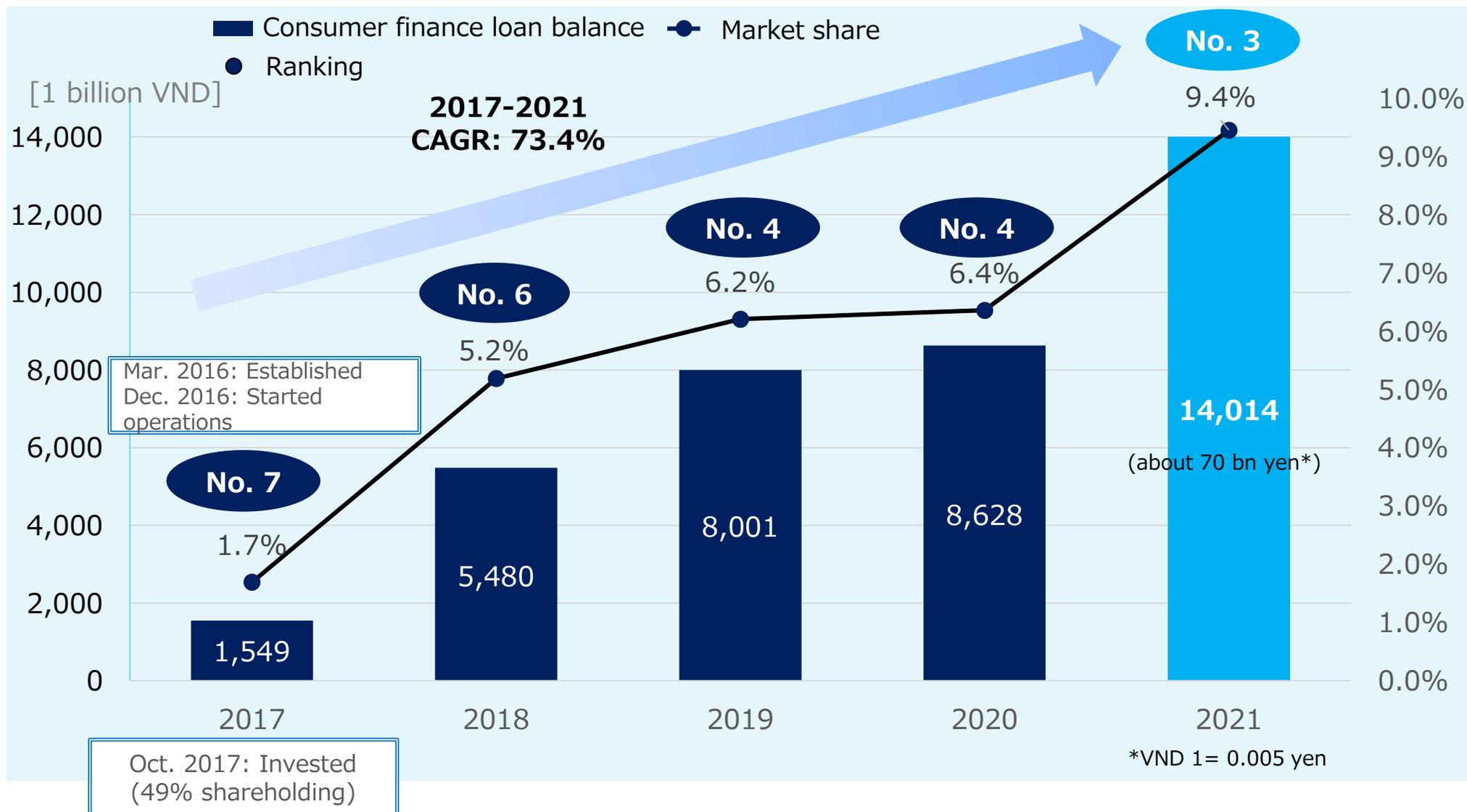


UDC Finance	FY2021 Q1	FY2022 Q1
Net interest income	1.0	1.1
Noninterest income	1.6	1.6
Revenue	2.6	2.8
Expenses	-0.9	-1.1
OBP	1.7	1.7
Net credit costs	0.3	-0.2
OBP after net credit costs	2.0	1.4

## Business Activities: Overseas business (Mcredit: unsecured loan business in Vietnam through joint investment with Military Bank)

**Overview:** Increasing market share and now ranked third in consumer finance market

### Vietnam's share of the consumer finance market

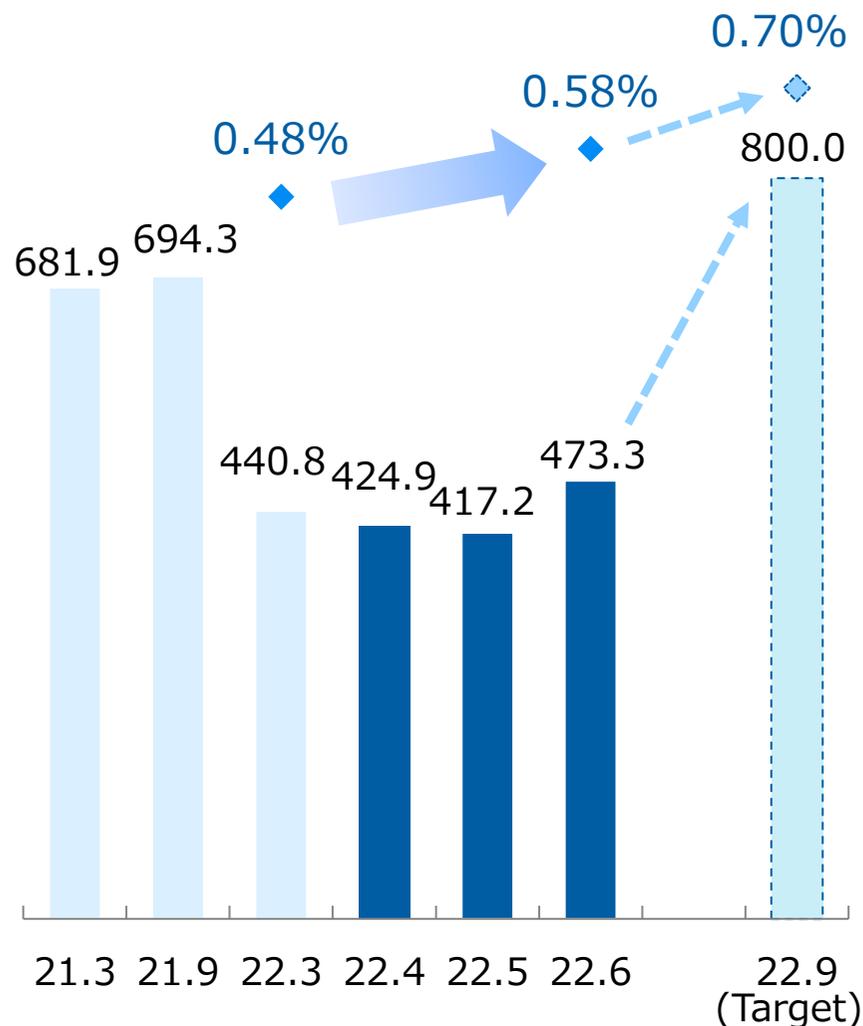


Source: Fiin Group "Vietnam Consumer Finance Report 2022"

# Overview: Started portfolio restructuring and executed deals to improve portfolio yield

## Operating Assets Balance and Yield

(Unit: billions of yen)



## First Quarter Overview

- Our investment policy changed from government bond-based investments to asset allocation diversification by incorporating credit and equity related investments as well as investing in privately placed investment trust
- Newly purchased securities in the 1Q, totaled 100 billion yen with **average yield of 0.79%**
- The redemption and sale amount for the 1Q totaled 88 billion yen with **average yield of 0.13%**

## Next Steps

- Building a core portfolio
- Expecting 800 billion yen as of September 2022 with average yield of 0.70%
- Starting private investment trust transactions with the SBI Group

## 2. Pursuing value co-creation inside and outside the Group

---

- **Synergy with the SBI Group**

- Retail Banking
- APLUS
- Corporate Business
- Showa Leasing

- **Synergy within the Shinsei Bank Group**

- **Synergies with companies outside the Group**

## Retail Banking: Launch of Full-Scale Alliances

-In addition to expanding volume through mutual customer referrals within the SBI Group and within the Shinsei Bank Group,  
Further Accelerate Expansion of Product Lineup through Collaboration with the SBI Group-

- Full business alliance with SBI Securities through financial product intermediation and banking agency

Commence operations in early August, 2022



[Services to be provided]

- Simultaneous account opening
- Sweep account linkage
- Credit card cumulative investment trusts
- Real estate-related financial products
- Fully automated AI investment "SBI Wrap"
- ...etc.

➔ Aiming to increase the number of accounts and the amount of deposits by **building a highly convenient and seamless system for customers**

**Joint store with SBI Money Plaza** to open in the Ikebukuro Branch during August 2022 to expand product lineup, including asset management products

# APLUS: Commenced offering SBI Car Plus

## Launched SBI Car Plus, an auto credit service in collaboration with SBI Auto Support

- First joint project between APLUS and a SBI Group company
- APLUS and SBI Auto Support developed together the new auto credit product, “SBI Car Plus”; which is to target customers of 16K alliance companies with SBI Auto Support.
- Began developing member stores in the Shikoku and Kyushu areas initially.



## Corporate business: Projects commenced in many strategic initiatives

Individual Strategies	Examples of Initiatives	Performance <sup>*1</sup>
Expansion of investment and financing opportunities	New loan transactions with listed business corporations	35
	New loan transactions with unlisted business corporations	57
	Investment in unlisted stocks	9.0bn yen
Expansion of owner customers	Stock-backed loan transactions with executives of listed companies	7
Mutual referral and resource sharing	Introduction of SBI SECURITIES to J-REIT/ Infrastructure Funds	44
	Introduction of SBI Group companies to our customers considering listing preparation, acceptance of investment, asset management, etc.	17
	Concluded business matching agreements with SBI Group companies	4
Functional complementary transactions	Implementation of Asset-Secured Loan by SIF <sup>*2</sup>	27bn yen/4
	Joint proposals for SBI Group customers (APLUS, Showa Leasing)	41

# Pursuing Value Co-Creation within and outside the Group: Synergies with the SBI Group

## Execution of venture debt to unilabo Inc.

SBI 出資先にベンチャーデット

新生銀、法人客拡大へ

新生銀行が親会社SBIホールディングス系のIホールディングス系の出資しているスタートアップ企業を対象に、融資や社債などデット(負債)性の資金を提供する「ベンチャーデット」を増やします。2023年のベンチャーデットの実施件数を10〜20件と21年比で倍増させる考え。創業直後や上場直前の段階から接点をつくり、長期的な法人取引につなげる。

まず7月中にも受発注マッチングサイトのユニラボ(東京・品川)に3億円で実施する。同社は20年にベンチャーキャピタル(VC)機能を持つSBIインベストメントの出資を受けた。ユニラボは発注者が複数の事業者の見積もりを取得・比較できるサービスを手がけており、調達資金はサービスの拡充やエンジニアなどの採用に充てる。

新興企業の資金調達はVCの第三者割当増資が中心だが、ベンチャーデットなら増資による株式の希薄化を防げる。金利水準は2〜4%、金額は5億〜10億円とし、期間は5年など長期で人件費や販促費を手当てする。

新生銀行はSBIとの協業で25年3月期に150億円の増益効果を見込んでおり、そのうち法人事業で45億〜55億円を計画している。

- Provided unilabo (SBI Investment made equity investment in November 2020) with financial support in both equity and debt. **This is the first transaction done as the combined SBI Group.**
- In addition to providing fund for growth, we are also linking our business partners with the Aimitsu CLOUD, a cloud service for purchasing services from unilabo, to support business expansion and contribute to the conversion of companies into DX.
- Supporting the growth of venture companies by **providing debt finance proactively as well as equity investment** and utilizing customer base of the SBI Group.

(Nikkei: July 27, 2022)

## Showa Leasing : Business matching, provision of products/functions

### Bilateral customer introduction with the SBI Group



### Value co-creation for regional financial institutions together with the SBI Group

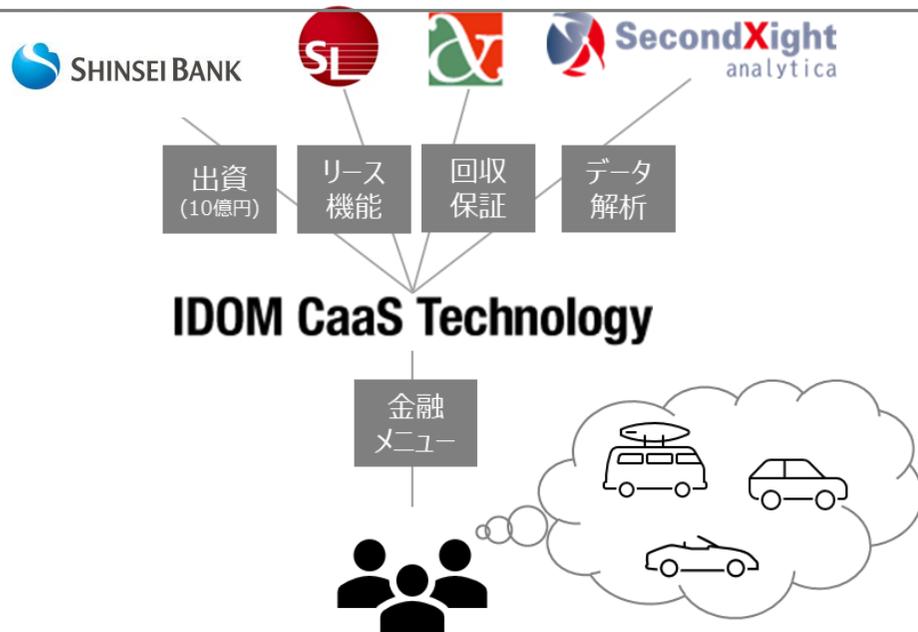


- Started offering Showa Leasing products and services to 176 corporate customers and 7 venture companies that do business with the SBI Group
- Showa Leasing concluded a business matching contract with SBI Leasing Service. The first transaction of JOLCO was executed with a customer of Showa Leasing in June. The second transaction was for JOL in July.
- Proposals are being made for collaboration with Showa Leasing for regional financial institutions and their leasing subsidiaries with which the SBI Group has a network
- Considering BPR/BPO lease expiration operations with SBI Business Innovators, and anticipating outsourcing middle-back operations to regional bank-affiliated leasing companies in the future

## Pursuing value co-creation both inside and outside the Group: Synergy within the Group Support customers' new businesses combining Shinsei Bank Group functions

### Example

### Joint financial business with IDOM CaaS Technology



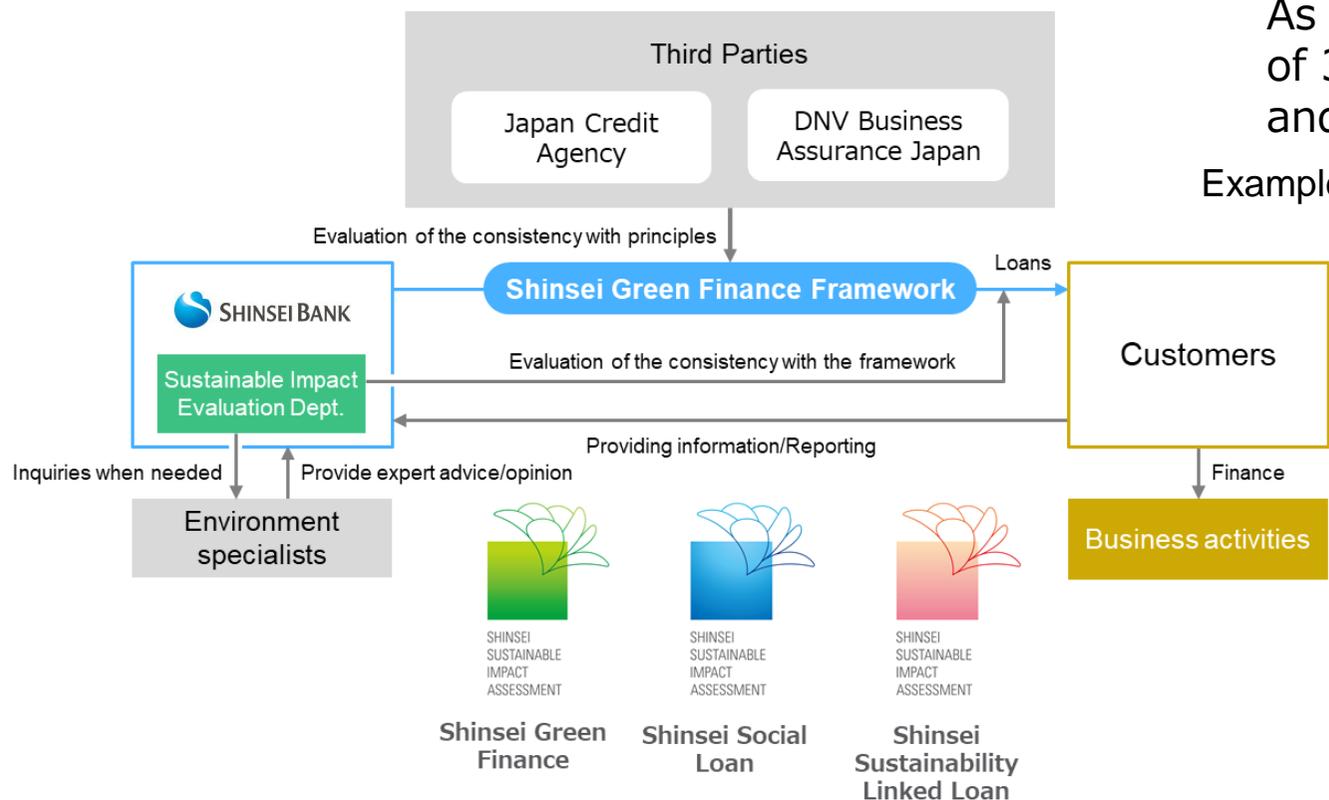
- Shinsei Bank's Total Structure Arrangement and IDOM Caas Invested JPY1 bn in Technology
- Showa Leasing provides leasing services; APLUS provides collection guarantees and collection agency functions
- SecondXight Analytica (Shinsei Bank is the largest shareholder) is to provide credit AI model through data analysis; It is responsible for the construction and operation of automobiles and AI models for forecasting residual values.

- Strengthen promotion of business partner-type business through co-creation of value with corporate customers
- In Q1, the company entered into a capital and business alliance with IDOM CaaS Technology, a financial subsidiary of IDOM Corporation. Started joint efforts to develop new car leasing products, credit models, and pricing models in order to resolve current issues in the automobile industry from a financial perspective

# Pursuing value co-creation both inside and outside the Group: Synergy outside the Group

## Shinsei Sustainable Finance Framework

- Shinsei Bank was the first Japanese bank to formulate a finance framework as a lender in line with the Green Bond Principles and the various related principles of the Social Bond Principles.
- The finance framework guarantees neutrality by obtaining third-party appraisals. Continue to promote investment and financing for companies and businesses that have a positive impact on social issues.



As of the end of June 2022, a total of 34 projects had been evaluated and financed.

### Examples

#### Shinsei Green Finance

- Renewable energy
  - Solar power
  - Wind power
  - Geothermal power
  - Biomass power
  - Hydraulic power



- Green building

#### Shinsei Social Finance

- Hospitals
- Long-term care health facilities
- Residences with healing and welfare services
- Group home with services to support handicapped persons
- Child-caring facilities



#### Shinsei Sustainability Linked Loan

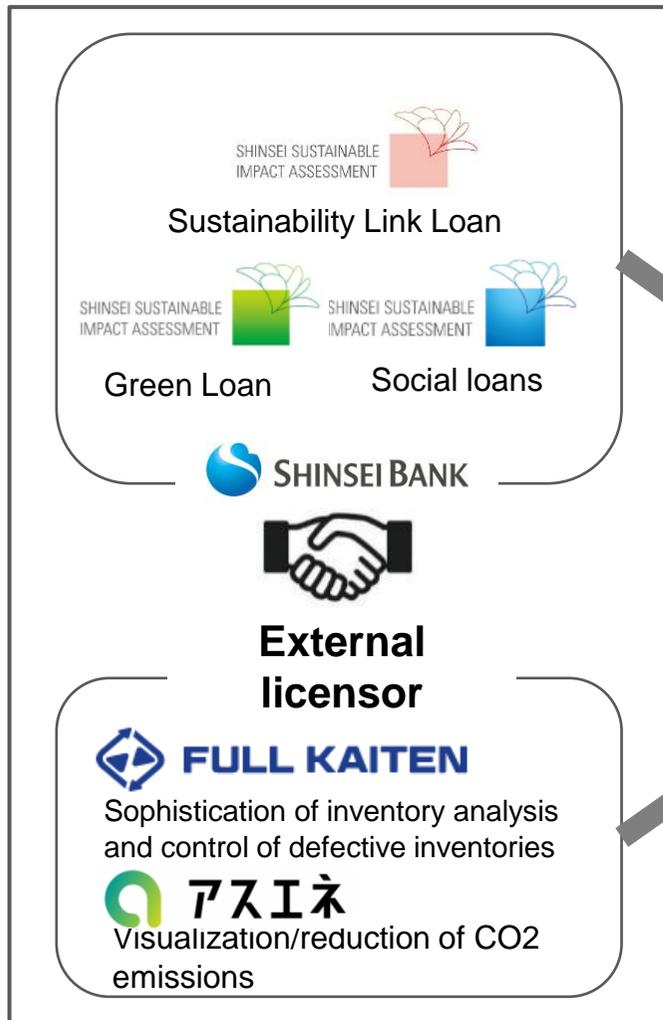
- Temporary staffing, Support for foreigners to work and Education related businesses
- Real estate and CO2 emission



# Pursuing value co-creation both inside and outside the Group: Synergies with companies outside the Group Providing Multi-faceted Services to Resolve Sustainable Issues for Various Customers

Expanding the menu of sustainable management support not only on the financial side  
but also on the non-financial side

(The Nikkan Kogyo Shimbun: July 22, 2022)



Financial Challenges



Customers

Non-Financial Challenges

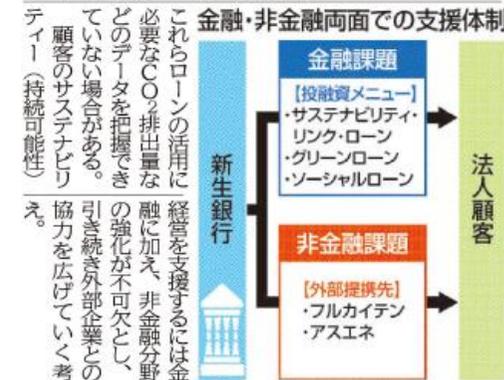
We plan to further expand our partners and menu offerings, and we expect to **contribute to resolve the non-financial challenges** faced by our customers

## 新生銀、サステナ経営支援 廃棄ロス削減 非金融事業を開始

脱炭素化など

新生銀行は法人顧客などを優遇する「サステナ市福島区」と「サステナ東京都港区」の2社向けにESG（環境・社会・企業統治）関連の非金融事業に乗り出す。スタートアップと組み、企業が抱える在庫の廃棄ロス削減や脱炭素化の支援といったサービスを提供する。

客の具体的な経営課題を解決できる体制を構築。顧客企業の成長に伴って資金需要を創出する循環を目指す。フルカイトン（大阪）はサプライチェーン（供給網）全体の二酸化炭素（CO2）排出量の見える化や削減を目的とする。新生銀行は「サステナ」や「グリーンローン（環境融資）」などの商品を提供している。ただ中小企業では専門人材が不足し、

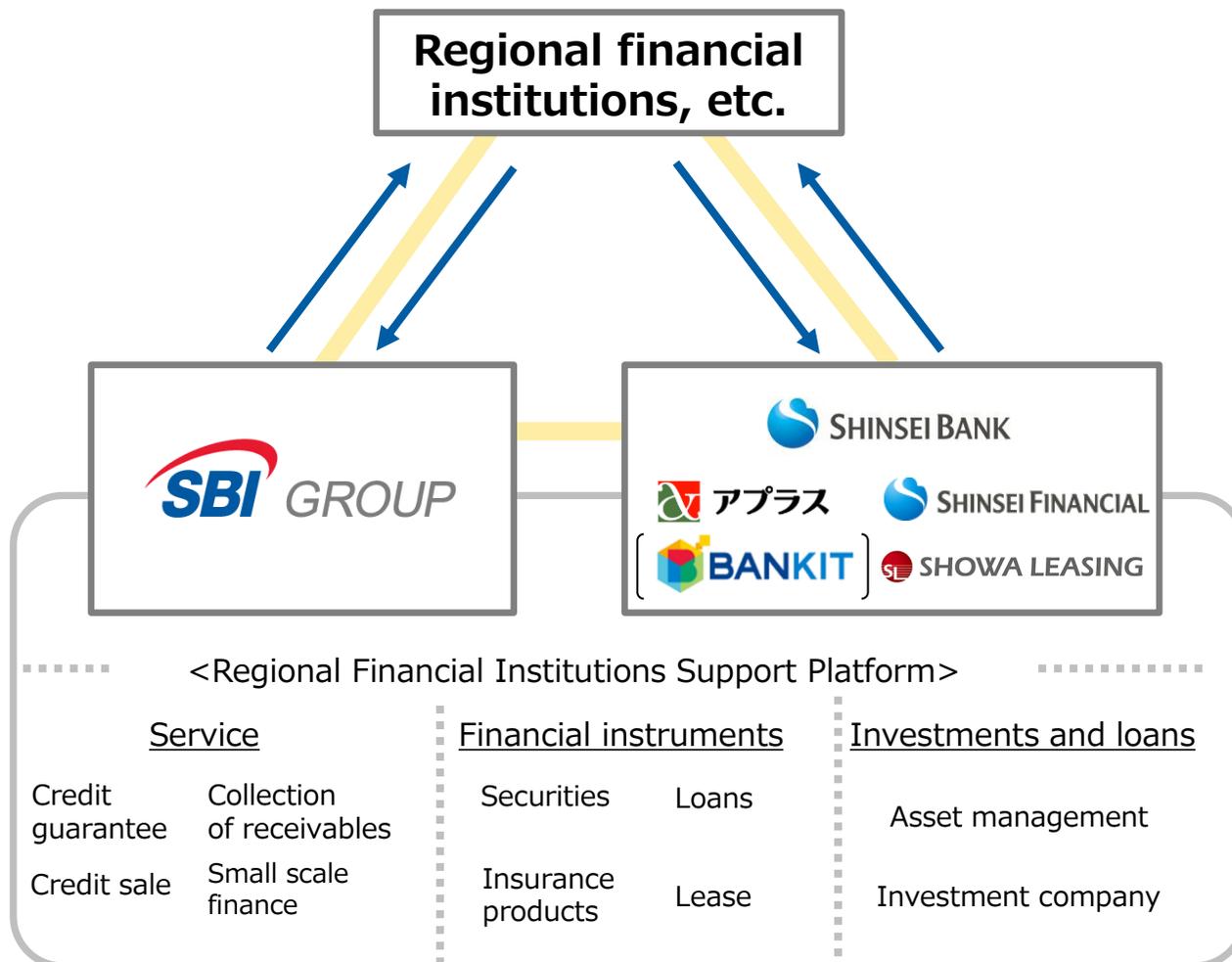


---

### **3. Collaboration with Regional Financial Institutions (Development based on “Triangle Strategy”)**

## Promoting a Platform Strategy to Support Regional Financial Institutions

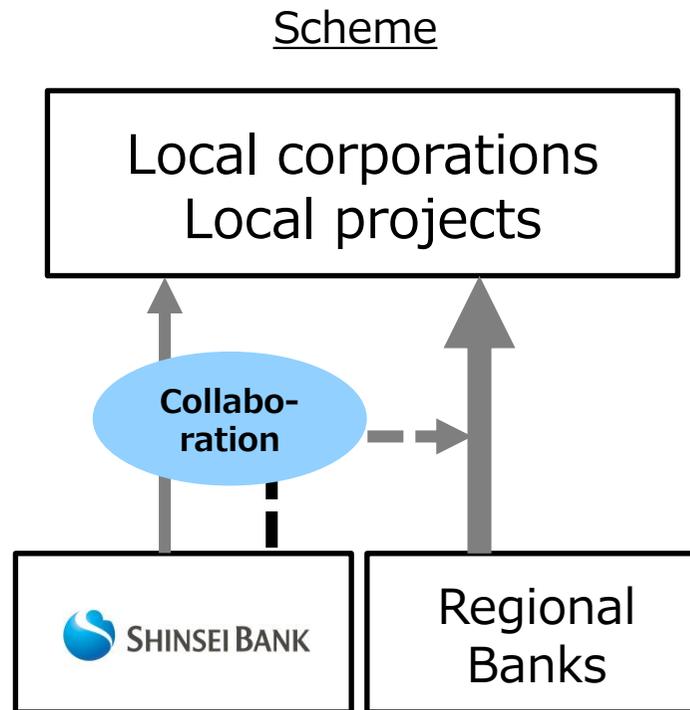
"Triangle Strategy" concept, which is a trinity of the SBI Group, the Shinsei Bank Group, and regional financial institutions



In order to dramatically develop the initiatives for regional revitalization promoted by the SBI Group, the Shinsei Bank Group collaborates with the SBI Group to thoroughly promote the **Triangle Strategy**

- Utilize the network of regional financial institutions to collaborate to expand underwriting of new structured finance projects in the renewable energy, real estate, and healthcare areas
- APLUS to provide financial platform "BANKIT<sup>®</sup>" in order to upgrade the marketability of regional financial institutions, and Shinsei Financial to offer guarantees for pre-credit assessment

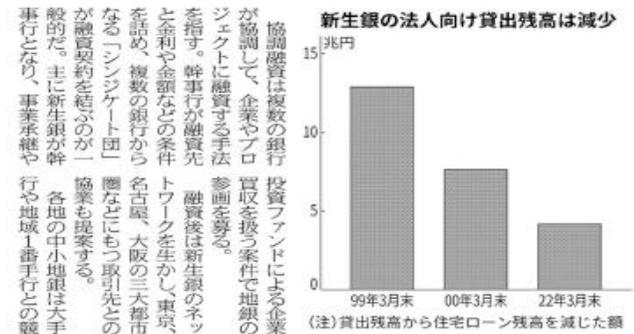
- Cooperative support in investment and financing for local enterprises and local projects promoted by regional banks at the core (relative loans, co-financing, etc.)
- **Jointly resolve projects that are difficult for one bank to resolve due to issues such as exposure limit**
- **Expanding beyond SBI Group's capital and business alliance partners**
- Aiming to collaborate in areas where Shinsei Bank has strengths, such as **structured finance, healthcare, and venture businesses**



SBIホールディングス（HD）の傘下に入った新生銀行が、地方銀行とのシナジー（協調融資）を広げる方針だ。まずSBIが資本業務提携する仙台銀行や筑邦銀行と協議に入る。今後、出資先以外にも広げる。新生銀行は収益の大半を消費者金融など個人分野で稼いでいるが、SBIとの協業を軸に法人市場で存在感を高める。

「新生銀行ならではのナレッジやノウハウ、機動力を生かし、地銀単体でできない案件も手広く」。新生銀行の川島憲哉社長はかねて地銀連携の狙いをこう話す。SBIの出資する仙台銀行や筑邦銀行、島根銀行や福島銀行などと協調融資の協議を始め

## 新生銀、地銀と協調融資



## まず仙台・筑邦と中小支援

### SBIと連携、「法人」狙う

争が激しく、収益確保が難しくなっている。新生銀と協力し、地元企業に協調融資を提案すれば、従来は金額面で請け負えなかった案件を獲得できる可能性が出てくる。新

新生銀行は幹事行の役割を担う。新生銀行は前身の日本長期信用銀行が1998年にも見込み、地銀との三回で資金供給を拒めるようになったとの期待感もある。

新生銀行は幹事行の役割を担う。新生銀行は前身の日本長期信用銀行が1998年にも見込み、地銀との三回で資金供給を拒めるようになったとの期待感もある。

新生銀行は幹事行の役割を担う。新生銀行は前身の日本長期信用銀行が1998年にも見込み、地銀との三回で資金供給を拒めるようになったとの期待感もある。

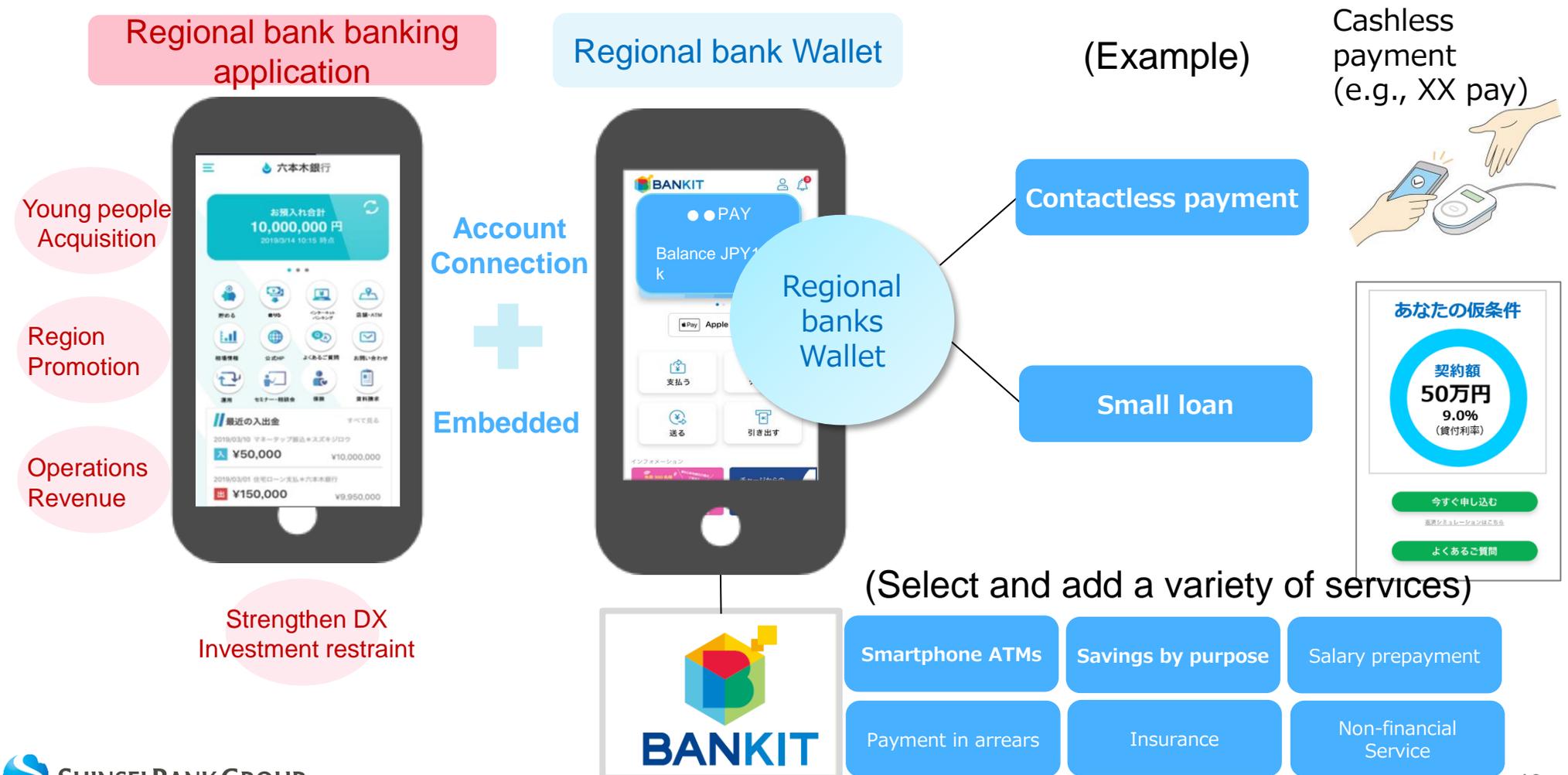
金融市場の変調や倒産の増加に備えるなどの課題もある。地銀とは個人向け事業でも業務提携し、増益効果を生み込んでお

金供給も増やす考えだ。ない「総合金融グループ」を構築する。SBIと連携を

# Collaboration with Regional Financial Institutions: APLUS

## BANKIT: Supporting Regional Financial Institutions and Local Customers

- Supporting regional financial institutions' efforts to establish NEO BANK in their regions, and proposing proposals to a total of 23 banks
- In July 2022 Sendai Bank concluded basic agreements with several regional financial institutions and began full-fledged consideration for its introduction in the future
- In addition to BANKIT's (1) white label offering, support is provided using two approaches: (2) provision of embedded features in existing banking apps (embedded type)



## Credit Guarantees Business



### Existing credit guarantee business alliance partners

- TOWA BANK
- Toyama Bank
- Tomato Bank
- Higo Bank
- Senshu Ikeda Bank
- Shonai Bank
- ORIX Bank
- Daito Bank
- Tsukuba Bank
- Saga Kyoei Bank
- Tokyo Star Bank
- Shizuoka Bank
- Hokuto Bank
- SHIGA BANK

**Expand proposals for new credit guarantees business working together with the SBI Group**



**+ Made concrete proposals to **over ten regional financial institutions****

---

## **4. Key Performance Indicators (KPIs) progression and Key Management Topics**

## Financial Targets: Progress of KPIs (Key Performance Indicators)

		FY2021 Actual	FY2022 1Q results	FY2024 Plan
Customer Foundation	<b>Number of customers</b> (Number of retail accounts at Shinsei Bank)	3.05M	<b>3.05M</b>	3.8M
	<b>Amount of deposits</b> (Retail and Corporate)	JPY6.4 tn	<b>JPY7.2 tn</b>	JPY8 tn
Finance Foundation	<b>Operating assets</b> (including marketable securities)	JPY8.1 tn	<b>JPY8.3 tn</b>	JPY10 tn
	<b>CET1 Ratio</b>	11.6%	<b>11.3%</b>	Aim at 10% or more
Soundness				

# Major Management Topics

---

## ■ At Shinsei Bank's annual general meeting of shareholders, a change in the company's name was approved (June 2022).

- ✓ At the 22nd Annual General Meeting of Shareholders held on June 22, 2022, it was approved to change the name of the Bank to "**SBI Shinsei Bank**" on **January 4, 2023**, subject to the approval of relevant authorities.

To demonstrate internally and externally that synergies are being pursued with the SBI Group, the SBI brand is being leveraged, and the SBI Group makes a long-term commitment to the Shinsei Bank Group

## ■ Established a general affairs joint venture with SBI Holdings (July 2022)

- ✓ Established a joint corporation between the Shinsei Bank Group and the SBI Group, Shinsei Business Service (President: Tatsushiro Aoki), with the aim of integrating general affairs operations and reducing costs

## ■ Credit rating of Shinsei Bank and Showa Leasing changed to "A-(Positive)" (April 27, 2022 and July 14, 2022)

- ✓ Rating & Investment Information, Inc. (R&I) and The Japan Credit Rating Agency, Ltd. (JCR) announced that the credit ratings of Shinsei Bank and Showa Leasing had been changed from "A-(stable)" to "A-(positive)."

## ■ Completed investigation of the difference in acquisition price information related to the special accounts for investment trusts (June 2022)

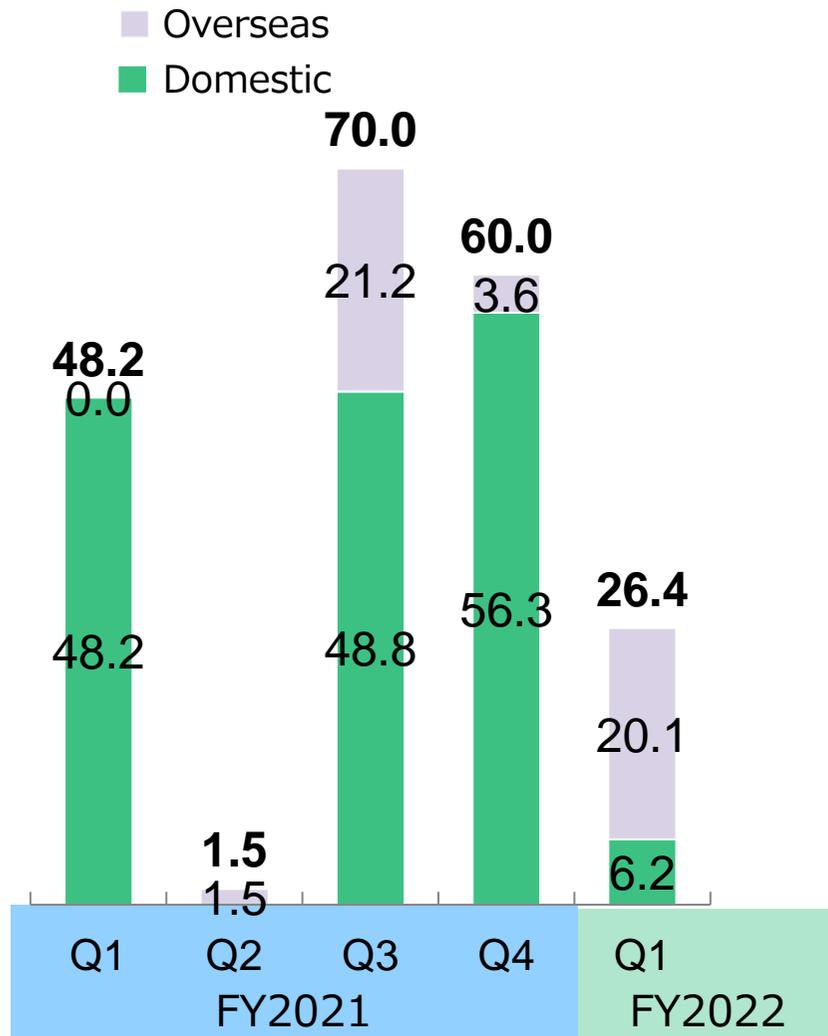
---

# Appendix

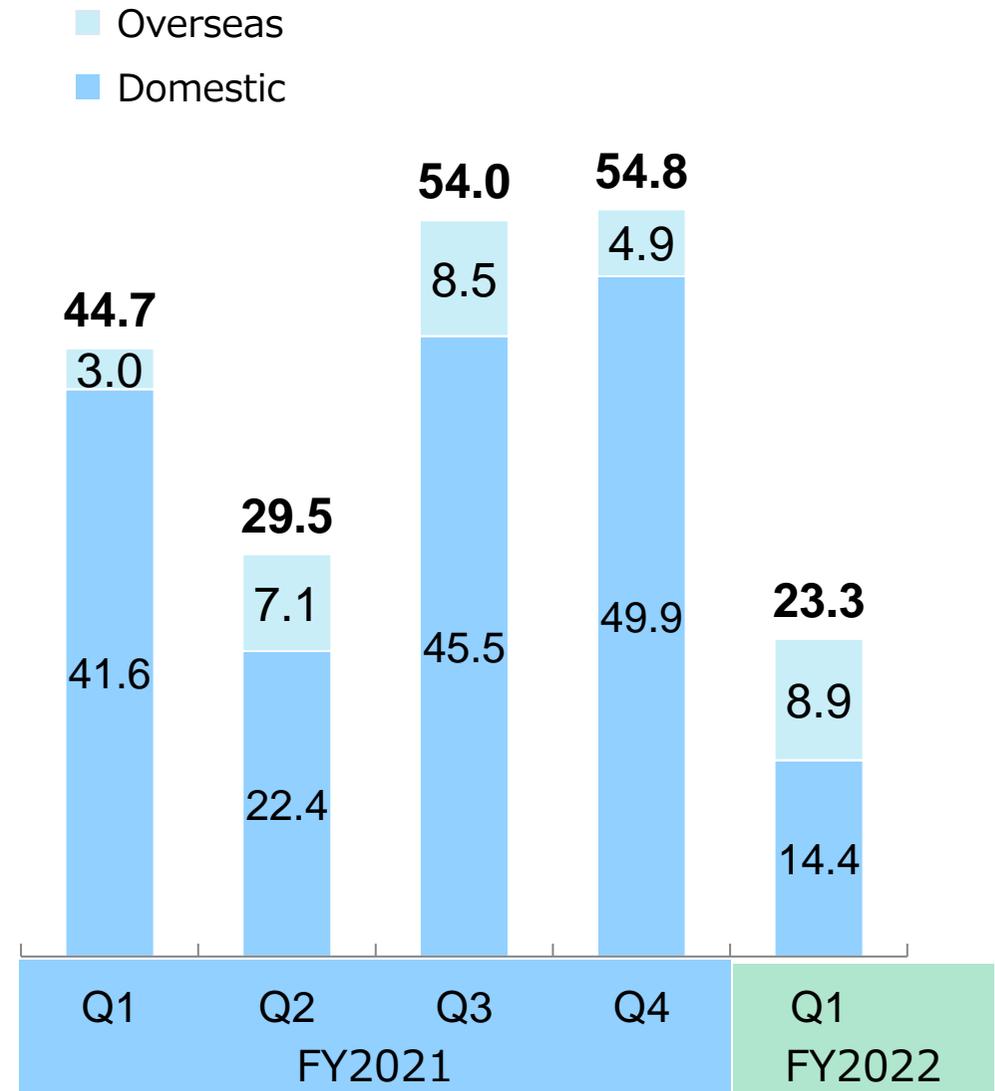
# Structured Finance: New Commitments/Disbursements

(Unit: billions of yen)

## Project Finance New Commitments



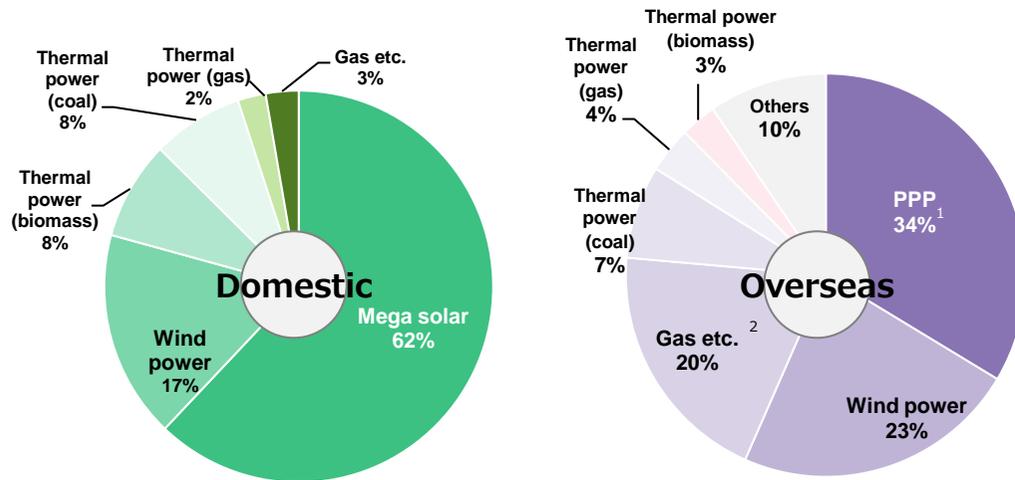
## Real Estate Nonrecourse Finance New Disbursements



# Structured Finance: Portfolio Composition

## Project Finance (June 30, 2022)

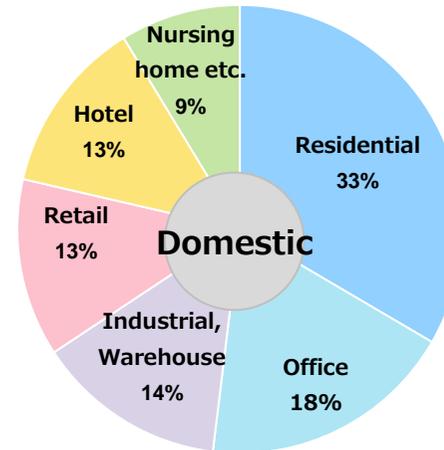
[Balance: project type, including commitment basis]



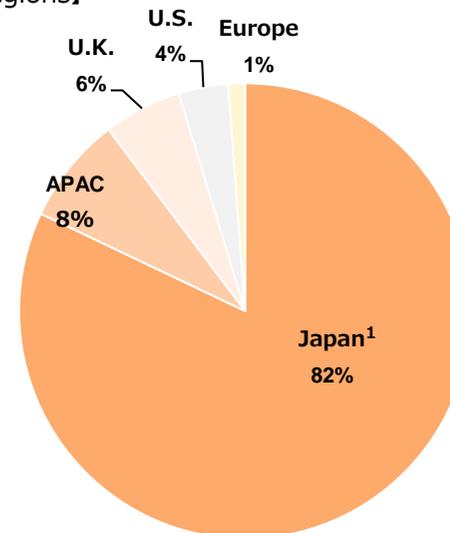
<sup>1</sup> Public Private Partnership  
<sup>2</sup> Finance to LNG related facilities and receiving terminal etc.

## Real Estate (June 30, 2022)

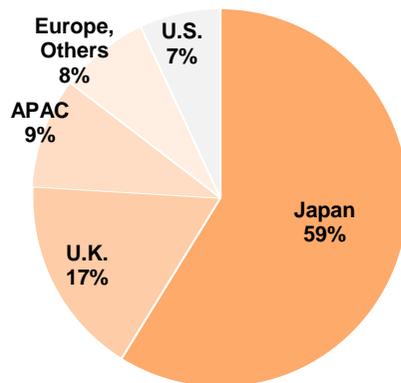
[Balance: asset type]



[Balance: regions]



[Balance: regions, including commitment basis]



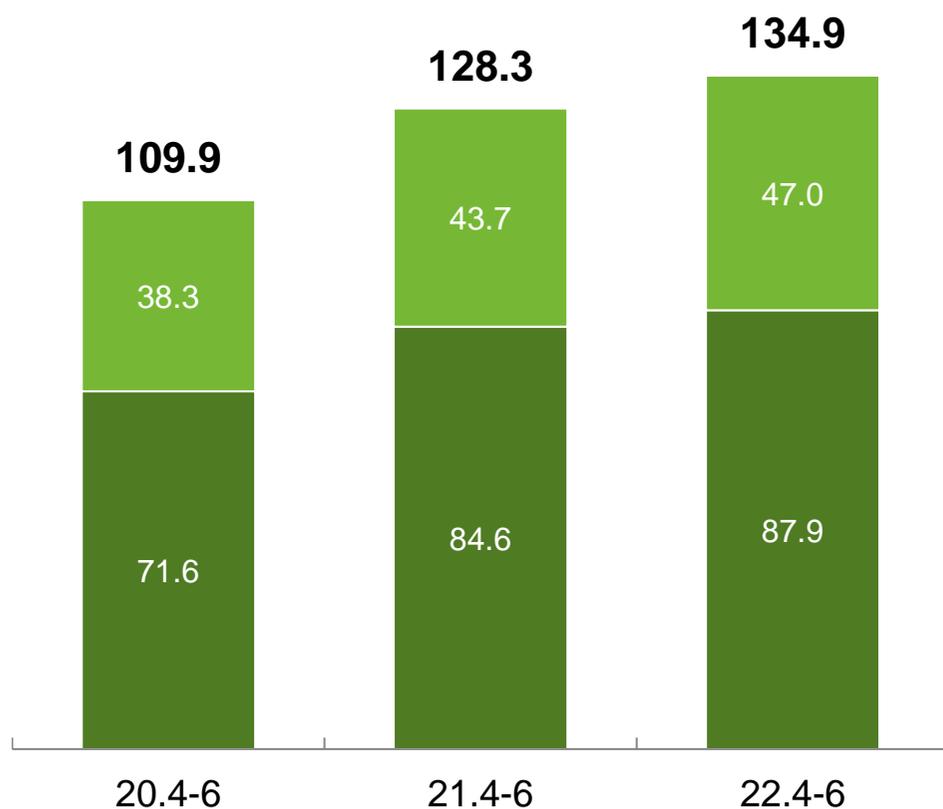
<sup>1</sup>Nonrecourse finance constitutes about 50% of the Japanese exposure

# APLUS: Transaction volume of Shopping Credit and Payment Business

(Unit: billions of yen)

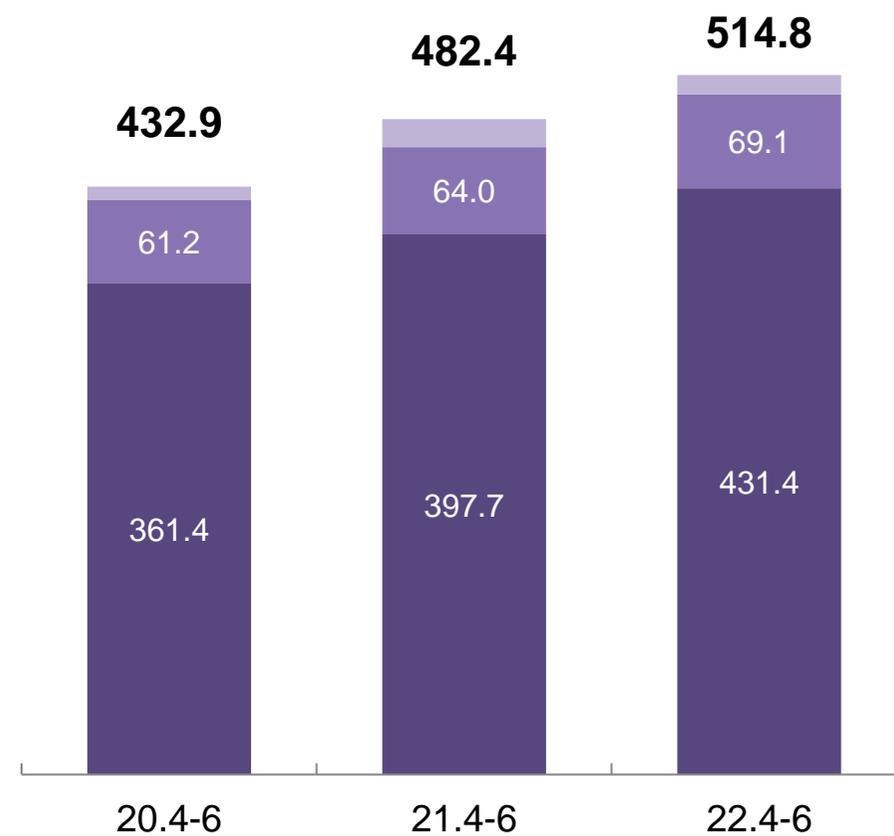
## Transaction Volume: Auto Credit, Other Shopping Credit

- Auto Credit<sup>1</sup>
- Other Shopping Credit<sup>1</sup>  
(Medical including dental treatment, solar power generation including storage battery for industrial and household usage and vendor leasing etc.)



## Transaction Volume: Payment

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



# Disclaimer

---

- The preceding description of Shinsei Bank Group's Medium-Term Management Plan contains forward-looking statements regarding the intent, belief and current expectations of our management with respect to our financial condition and future results of operations. These statements reflect our current views with respect to future events that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate. Potential risks include those described in our annual securities report filed with the Kanto Local Finance Bureau, and you are cautioned not to place undue reliance on forward-looking statements.
- Unless otherwise noted, the financial data contained in these materials are presented under Japanese GAAP. Shinsei Bank Group disclaims any obligation to update or to announce any revision to forward-looking statements to reflect future events or developments. Unless otherwise specified, all the financials are shown on a consolidated basis.
- Information concerning financial institutions and their subsidiaries other than Shinsei Bank Group are based on publicly available information.
- These materials do not constitute an invitation or solicitation of an offer to subscribe for or purchase any securities and neither this document nor anything contained herein shall form the basis for any contract or commitment whatsoever.

