



FY2022 Third Quarter Financial Highlights

Third Quarter Ended December 31, 2022

February 2023



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Financial Results Summary

Strengthening of our sales activities and expansion of our customer base through collaboration with the SBI Group has resulted in significant expansion in balance sheet

Operating Assets (including Marketable Securities)	9.3 trillion yen	Increased +1.2 trillion yen from the end of March 2022 ✓ Increase in operating assets of institutional business and APLUS due to the expansion of customer base
Deposits	9.7 trillion yen	Increased +3.3 trillion yen from the end of March 2022 ✓ Significant increase in deposits in line with the expansion of the customer base, and the KPI of the Medium-Term Vision, 8 trillion yen, was achieved ahead of schedule in the face of rising interest rates

For the 3Q YTD (April to December), revenue increased 7% year-on-year, ordinary business profits after net credit costs increased 20% year-on-year

Revenue	181.7 billion yen	Increased +12.5 billion yen, +7% YoY ✓ Increase reflects growth in the number of new customers, accumulation of operating assets through promotion of sustainable financing and derivative income as well as loan fees under the Triangle Strategy
Ordinary Business Profits after Net Credit Costs	47.9 billion yen	Increased +8.0 billion yen, +20% YoY ✓ Steady progress; strengthening profitability to achieve the medium-term vision

Financial Results

- Revenue and net income increased both from the beginning of the fiscal year and in the most recent quarter, mainly due to strong deal flow in institutional business

[Consolidated] (Unit: billions of yen)	9-month results			3-month results			Plan	
	2022 4-12 A	2021 4-12 B	% change A/B	2022 10-12 C	2021 10-12 D	% change C/D	2022.4- 2023.3 E	% progress A/E
Revenue	181.7	169.2	+7%	62.3	58.5	+6%	241.0	75%
Net interest income	104.0	93.5	+11%	36.1	31.9	+13%		
Noninterest income	77.7	75.7	+3%	26.1	26.6	-2%		
Expenses	-119.1	-116.5	-2%	-41.2	-39.3	-5%	-164.0	73%
Ordinary Business Profits (OBP)	62.5	52.6	+19%	21.0	19.2	+9%		
Net Credit Costs	-14.6	-12.7	-15%	-6.3	-6.2	-2%	-31.0	47%
OBP after Net Credit Costs	47.9	39.9	+20%	14.6	13.0	+12%		
Net Income before Income Taxes	46.1	39.4	+17%	15.6	12.0	+30%		
Net Income	40.4	37.4	+8%	15.5	14.2	+9%	35.0	115%

- ① **Net interest income:** increased due to loan growth and dividend income from certain VC funds in institutional business, and dividend income from overseas business and from treasury activities
- ② **Noninterest income:** increased due to FX and interest rate derivative income and loan fees in institutional business as well as income from installment sales of APLUS
- ③ **Expenses:** increased due to up-front investment and advertising expenses aimed at generating synergies. Expenses in connection with the change in corporate name are expected to be recorded in the fourth quarter
- ④ **Net credit costs:** increase reflects write-offs of bad debt in Shinsei Financial, despite recoveries relating to collections of individual projects in structured finance in the first half of the fiscal year
- ⑤ **Net income:** progressed 115% toward full-year plan. Full-year plan remains unchanged considering uncertainties surrounding financial and economic outlook and business environment

Individual Business

- Aiming to further expand our customer base through collaboration with the SBI Group and make up-front investment in advertising to generate synergies. Decrease in OBP after net credit costs is due to lower revenue and an increase in expenses and net credit costs

[Consolidated] (Unit: billions of yen)	9-month results			3-month results		
	2022 4-12 A	2021 4-12 B	% change A/B	2022 10-12 C	2021 10-12 D	% change C/D
Revenue	112.1	114.8	-2%	37.9	39.6	-4%
Net interest income	65.3	68.3	-4%	21.7	22.4	-3%
Noninterest income	46.8	46.5	+1%	16.2	17.1	-5%
Expenses	-78.7	-73.6	-7%	-27.4	-24.3	-13%
Ordinary Business Profits (OBP)	33.4	41.2	-19%	10.4	15.2	-32%
Net Credit Costs	-19.6	-14.5	-35%	-5.4	-5.1	-6%
OBP after Net Credit Costs	13.8	26.6	-48%	4.9	10.1	-51%

- ① **Net interest income:** decreased due to a decline in deposits interest margin in retail banking and a decline in loan yield in Shinsei Financial
- ② **Noninterest income:** increase in revenue from shopping credit and credit cards at APLUS
- ③ **Expenses:** increase in advertising expenses and systems expenses etc. in Shinsei Financial and APLUS
- ④ **Net credit costs:** increased due mainly to write-offs of bad debt in Shinsei Financial

Institutional Business

- Expansion of the customer base through collaboration with the SBI Group as well as efforts toward regional revitalization through collaboration with regional financial institutions steadily progressed. Higher revenue and lower expenses and net credit costs resulted in significant increase in OBP after net credit costs

[Consolidated] (Unit: billions of yen)	9-month results			3-month results		
	2022 4-12 A	2021 4-12 B	% change A/B	2022 10-12 C	2021 10-12 D	% change C/D
Revenue	58.5	46.1	+27%	19.9	16.7	+19%
Net interest income	27.5	22.1	+24%	8.9	7.9	+13%
Noninterest income	31.0	24.0	+29%	10.9	8.7	+25%
Expenses	-33.6	-35.4	+5%	-11.1	-11.7	+5%
Ordinary Business Profits (OBP)	24.9	10.6	+135%	8.7	4.9	+78%
Net Credit Costs	5.9	1.5	+293%	-0.4	-0.7	+43%
OBP after Net Credit Costs	30.8	12.2	+152%	8.2	4.2	+95%

- ① **Net interest income:** increased due to higher interest income from loan growth and dividends from certain VC fund in the first half of the fiscal year
- ② **Noninterest income:** increased due to higher FX and interest rate derivative income and loan fees
- ③ **Expenses:** decreased as a result of efficient usage of the office floor space
- ④ **Net credit costs:** decrease in structured finance due to recoveries relating to collection from individual projects as well as improved reserve ratio in the first half of the fiscal year

Overseas Business/Treasury/Others

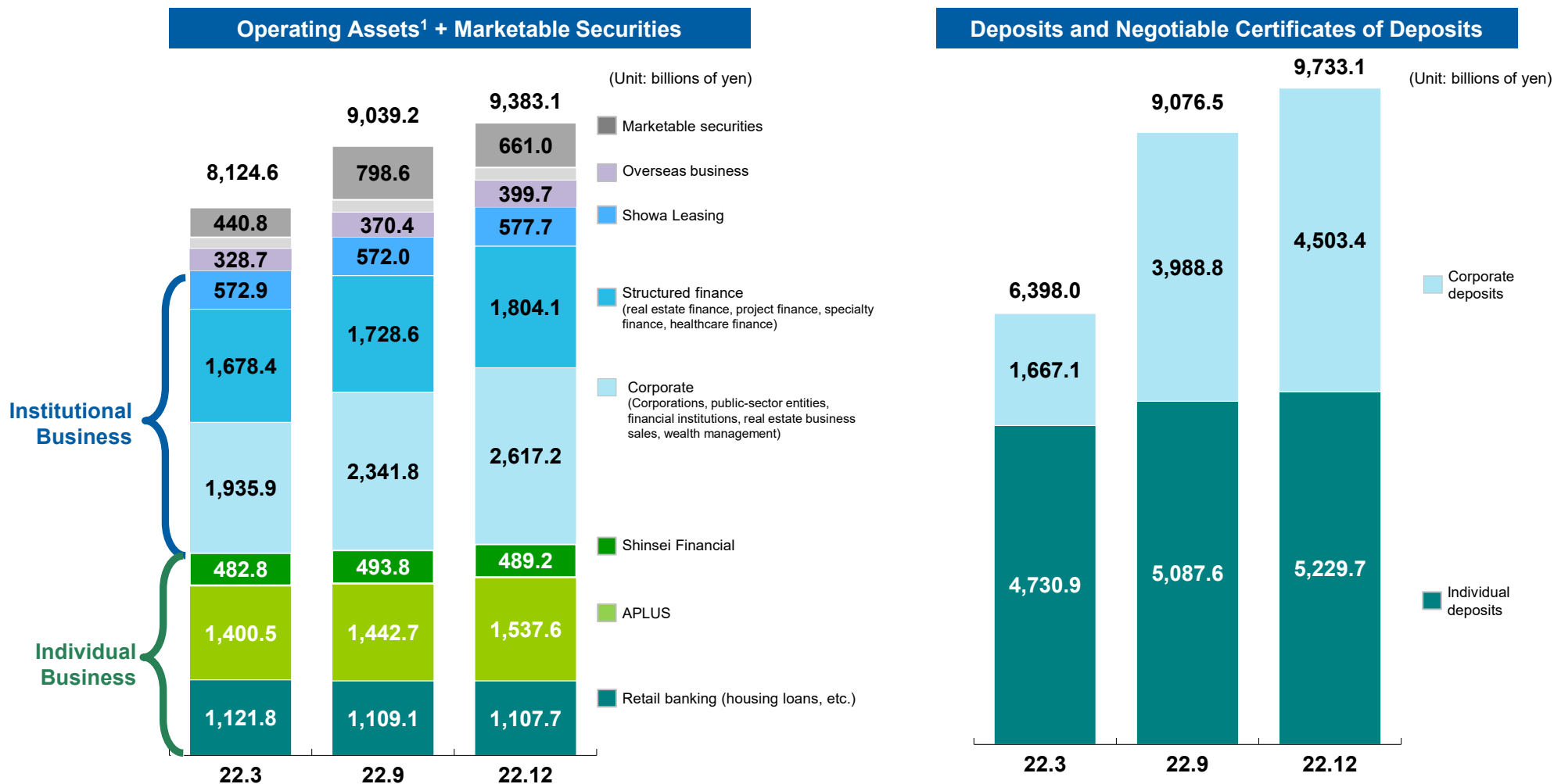
- OBP after net credit costs increased by focusing on risk control in response to rising overseas interest rates

[Consolidated] (Unit: billions of yen)	9-month results			3-month results		
	2022 4-12 A	2021 4-12 B	% change A/B	2022 10-12 C	2021 10-12 D	% change C/D
Revenue	10.9	8.2	+33%	4.4	2.1	+110%
Net interest income	11.1	3.0	+270% ①	5.4	1.4	+286%
Noninterest income	-0.1	5.1	-102% ②	-0.9	0.6	-250%
Expenses	-6.7	-7.4	+9% ③	-2.5	-3.1	+19%
Ordinary Business Profits (OBP)	4.1	0.7	+486%	1.8	-1.0	+280%
Net Credit Costs	-1.0	0.2	-600% ④	-0.4	-0.3	-33%
OBP after Net Credit Costs	3.1	1.0	+210%	1.4	-1.3	+208%

- ① **Net interest income:** increased due to interest/dividend income from U.S. CLO portfolio etc., in marketable securities business, dividend income from investee companies in overseas business, and expansion of investment/funding margins denominated in foreign currencies in treasury business
- ② **Noninterest income:** decreased due to an increase in foreign currency funding costs in treasury business and strategic reduction of foreign bonds in marketable securities business while overseas business was largely flat
- ③ **Expenses:** decreased due to the absence of one-time factors recorded in the previous year
- ④ **Net credit costs:** Absence of gain on reversal in overseas business in the previous year

Assets and Deposits

- Operating assets stood at 9.3 trillion yen. Expansion of customer base reflects an increase in operating assets in institutional business and APLUS
- Deposits balance increased sharply to 9.7 trillion yen in line with the expansion of the customer base. Achieved Medium-Term KPI for deposits (8 trillion yen) ahead of schedule under a rising interest rate environment



¹ Includes guarantees not requiring funding (customers' liabilities for acceptances and guarantees)

Initiatives to Achieve the Medium-Term Vision



Collaboration and Creation of Synergies with the SBI Group

Individual Business

- Utilize customer base by promoting collaboration 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 collaboration with ARUHI Corporation)

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-scale 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 utilizing asset management know-how

Management Base

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

Results

Retail accounts (p.11)	Significant increase in new account opening due to simultaneous opening of accounts with SBI SECURITIES
Financial product intermediary (p.13)	Financial product intermediary balance and the number of transactions increased steadily
Joint branches (p.13)	Opened 3 branches in about 6 months
Institutional collaboration (p.21)	Collaboration in 43 projects/total of 99.3 billion yen in a wide range of areas (FY22)
Cofinance with regional banks (p.20)	156 cases of consultation and 16 cases under settlement/examination (FY22)
Sustainable finance (p.32)	52 banks participated in 114 projects/ total of 100.7 billion yen (FY20~)
Venture debt (p.21)	Executed 4 projects/ total of 1.1 billion yen
Management of Marketable Securities (p.29)	Diversified the portfolio and increased the balance by approximately 230 billion yen
Group company reorganization	Relocation of asset management subsidiary and other companies, Reorganization of securities subsidiary
Optimization of back-office functions	Establishment of a joint venture company for general affairs functions



Initiatives to Achieve the Medium-Term Vision

<Individual Business>

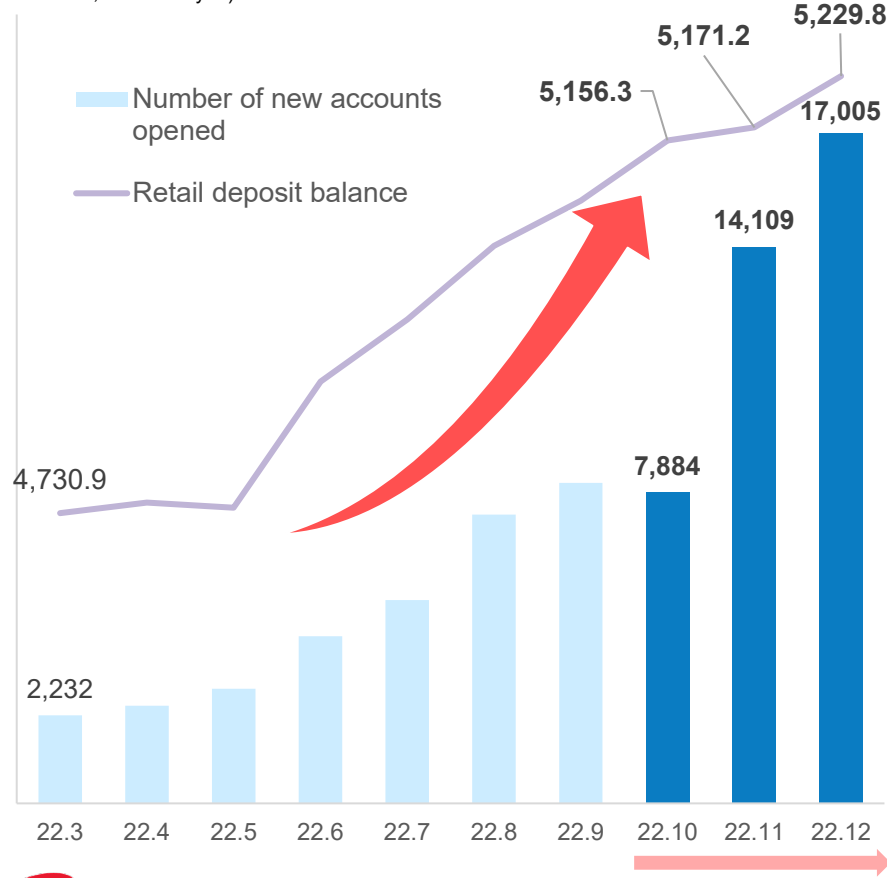
- <Retail Banking> Promote NISA and iDeCo, which are strategic products in the SBI Group, to the SBI Shinsei Bank Group's customers. Expand customers and earnings base through optimized use of the internet and face-to-face functions
- <Housing-related Loans> Leverage product competitiveness and expand the amount of new loans disbursed while maintaining profitability
- <APLUS> Position shopping credit as a platform and develop a highly efficient and profitable business by offering the Group's financial products to merchants and their customers
- <Shinsei Financial> Accelerate digital shift through improvement in UI/UX and promotion of DX. Taking the opportunity of the brand change, strengthen reach to customers within the SBI Group and aim to accumulate good quality assets

Retail Banking: Expansion of Customer Base Accelerating

- Significant increase in new account openings with the start of simultaneous account openings with SBI SECURITIES (from October 2022)
- Further expansion of the customer base is expected with “Free-of-charge Withdrawals from Partner Convenience Stores’ ATMs for All Customers” from February 6, 2023

Trends in Number of New Accounts Opened and Retail Deposit Balance

(Unit: Accounts, Billions of yen)



(Oct. 20) Start of simultaneous account openings at SBI SECURITIES

SBI新生銀が無料化

コンビニATM手数料

行名	概要
三菱UFJ	220～330円。25日と月末日の日中は無料
三井住友	220～330円。25日と26日の日中は無料
みずほ	平日日中は110円、それ以外は220円が基本
SBI新生	24年3月末まで回数無制限で無料。24年4月以降は月5回まで無料。6回目から110円
ソニー	月4回まで無料。5回目から110円

利上げ見据え預金増狙う 市場運用・代替収益カギ

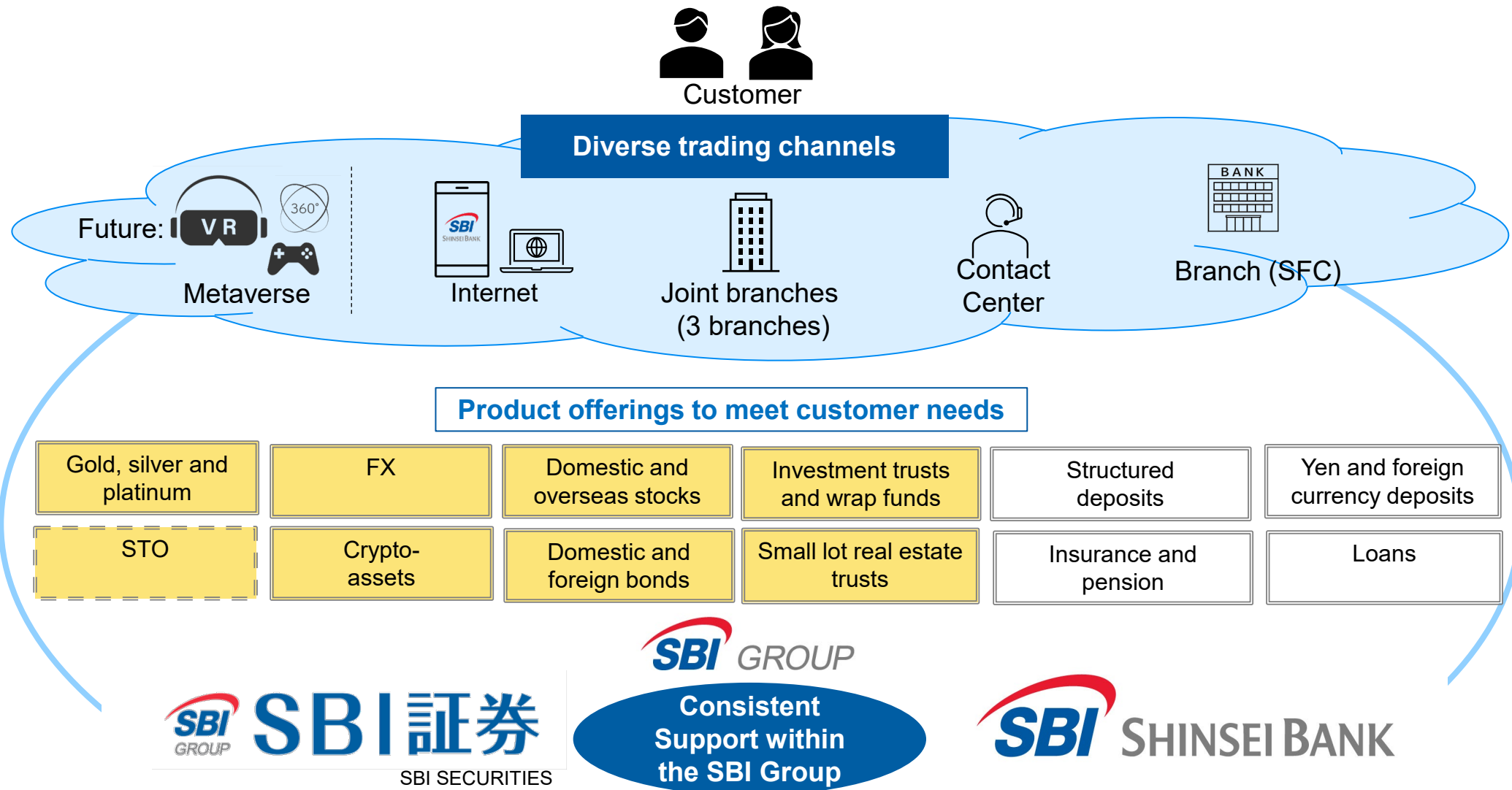
100円を徴収する。預金残高が基準より多い顧客はすでに回数無制限で無料。24年4月以降は月5回まで無料で、6回目からは従来通り110円が基本。2024年3月末まで回数無制限で無料。24年4月以降は月5回まで無料。6回目から110円。2024年3月末まで回数無制限で無料。24年4月以降は月5回まで無料。6回目から110円。2024年3月末まで回数無制限で無料。24年4月以降は月5回まで無料。6回目から110円。

企業融資や市場運用は利化し、顧客が流出して、倍返しを上げ、6カ月物に。21年12月SBIは米金利の上昇で、米金利の上昇する。SBIは00年後に証券手数料を業界の最低水準に下げた。SBIは00年後に証券手数料を業界の最低水準に下げた。SBIは00年後に証券手数料を業界の最低水準に下げた。SBIは00年後に証券手数料を業界の最低水準に下げた。

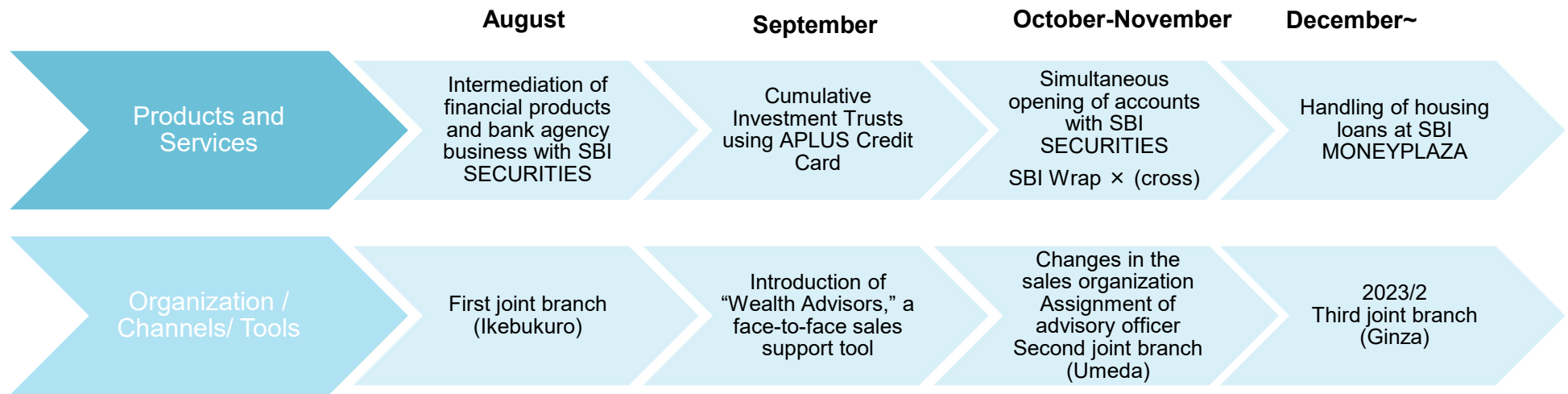
(Nikkei: January 24, 2023)

Retail Banking: Expansion of Customer Options and Transaction Channels

- Expansion of customer options and transaction channels, enabling the Group's consistent support “from savings to investments”



Retail Banking: Progress in Collaboration within the SBI Group



Financial product intermediary: After starting in August transaction amount has steadily increased
SBI Wrap × (cross) : The volume of transactions reached 4.4 billion yen by the end of January



Joint branches (Ikebukuro, Umeda, Ginza): After August, opened three branches in six months. Cultivating new customer demand for products that the Bank does not handle, such as corporate bonds and IPO stocks

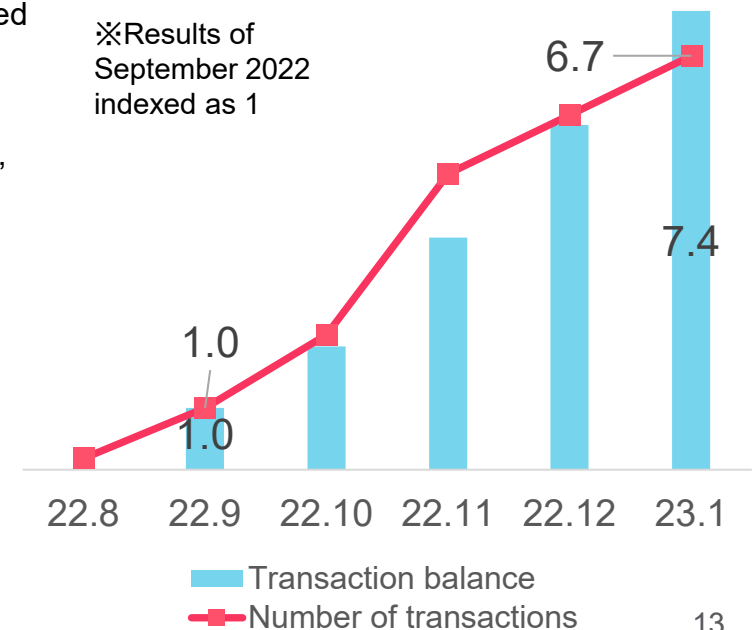


Proposal for customers using Wealth Advisors: 357 cases in December (cumulative total: 1,858 cases)
⇒ Use of its "Life Plan Proposal" function is 10.9 times higher than that of other companies and 1.9 times higher for the "Inheritance/Gift" function



Balance and number of transactions with SBI SECURITIES

※Results of September 2022 indexed as 1





Housing-related Loans: Preparing for Creation of Synergies within the SBI Group

■ Planning to significantly expand sales with exceedingly competitive product features and through collaboration with SBI MONEYPLAZA and ARUHI Corporation

- Since June 2022, as a practice under the “Customer-centric Principle,” conducted a series of floating interest rate campaigns for refinancing and loans for new housing purchases
⇒ Offering the lowest interest rate in the industry
- While other banks successively raised the fixed interest rate on housing loans in response to the Bank of Japan’s monetary policy, the initial fixed interest rate and long-term fixed interest rate after December remains unchanged

As of February 1, 2023

		Floating (Purchase)		10-year Fixed (Purchase)
SBI Shinsei Bank		0.320%		1.100%
Internet Bank A		0.389%		1.115%
Internet Bank B		0.349%		1.190%
Mega Bank C		0.375%		1.400%
Trust Bank D		0.445%		1.320%

● Collaboration with SBI MONEYPLAZA

On January 4, SBI MONEYPLAZA commenced intermediary services for the Bank's housing loans as part of the bank agency business

⇒ Opened **SBI housing loan Ginza (February 1)** in conjunction with the opening of the third joint branch in Ginza

● Collaboration with ARUHI Corporation

Considering collaboration with ARUHI Corporation in the following areas

1. **Cooperation in the housing loan area**

Considering the development of new loan products as well as the supply of products currently provided at the Bank

2. **Cooperation in peripheral loan areas**

Develop products that meet the financing needs of various situations, such as loans for various expenses, through cooperation with APLUS etc.

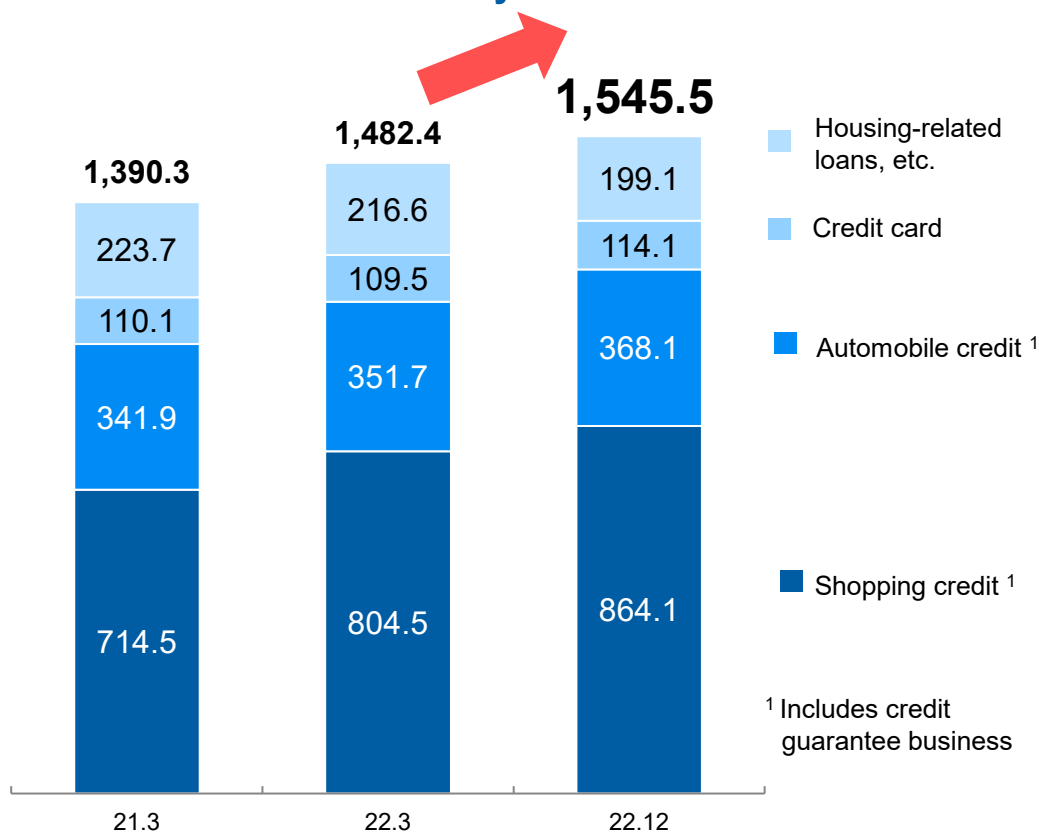
APLUS: Expecting Further Growth with Recovery in Personal Consumption and Increase in Inbound Demand

- Strong shopping credit sales driven by **auto leasing, luxury watches and jewelry, pet market, etc.**
- For payments, code settlement for the domestic market grew, and **expecting recovery in inbound demand in the future**

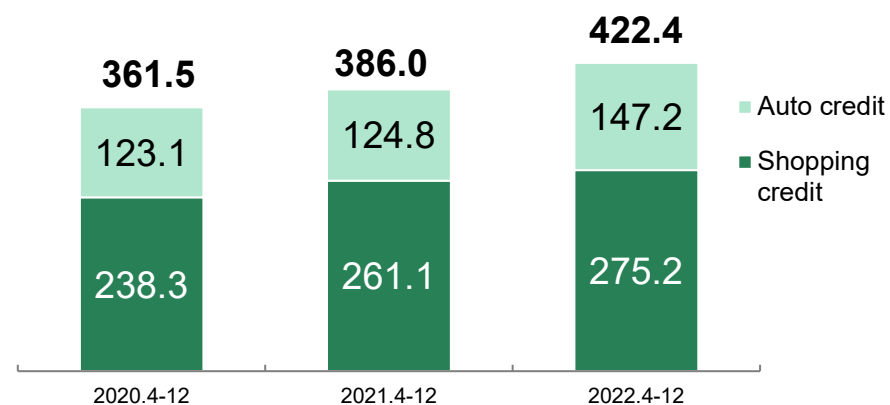
Balance of Operating Assets

(Unit: billions of yen)

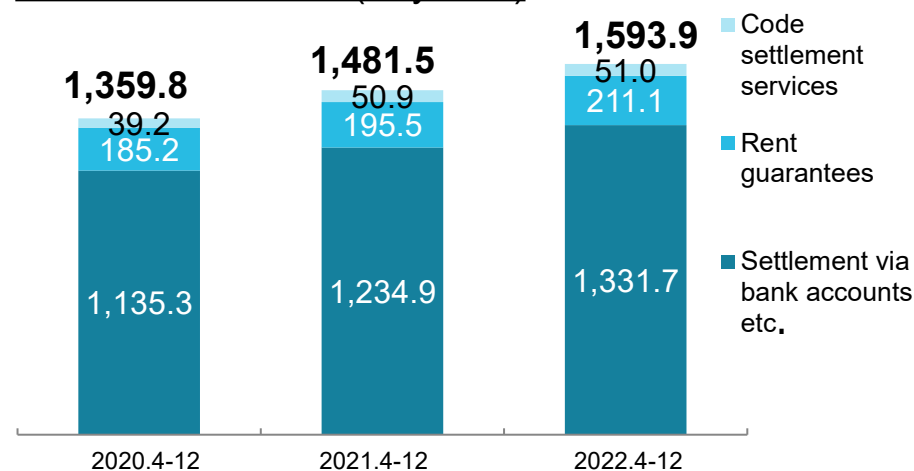
+63.1 billion yen



Transaction Volume (Auto Credit, Other Shopping Credit)



Transaction Volume (Payment)



APLUS: Topics

BANKIT®

Aiming to create a “super app” through collaboration with SBI NEO FINANCIAL SERVICES
Currently considering cooperation with many companies, including multiple regional banks
(Numbers include transactions that have not been disclosed)



- T-money Co.Ltd (T-Point × QUICPay)
- 3PLATZ Co., Ltd. (service for foreigners)
- CERES, Inc.(point app)
- GTN (service for foreigners)

✓ **New basic agreements in the third quarter**

Regional financial institutions, nonlife insurance companies, trading companies, advance payroll businesses, banking app businesses

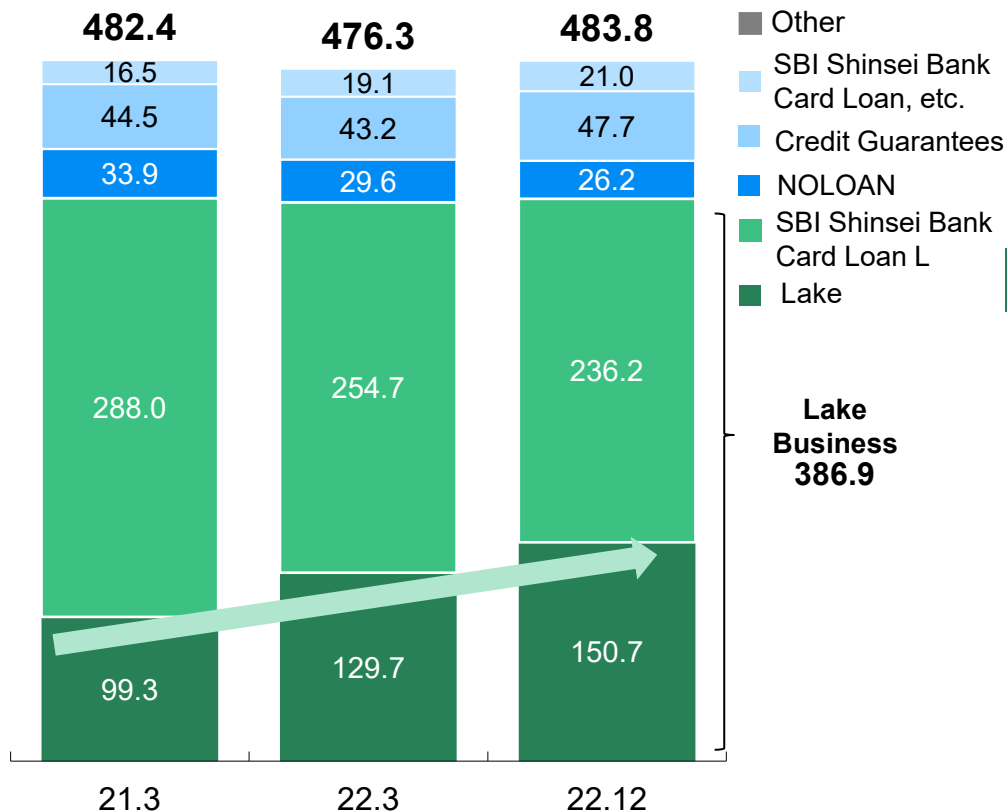
Collaboration with the SBI Group and others

- ✓ “SBI Car Plus,” an automobile leasing service with SBI Auto Support, has already expanded its region for developing franchisees nationwide
- ✓ Aiming to further increase the customer base through additional point incentive campaigns for “Cumulative Investment Trusts” with SBI SECURITIES
- ✓ In November 2022, APLUS made clearpass Co., Ltd. (formerly under Kansai Electric Power Co., Inc.), a subsidiary and began handling renovation loans

Shinsei Financial: Enhancing Management of Future Predictability and Implementing Initiatives to Accumulate Good Quality Assets

Balance of Operating Assets

(Unit: billions of yen)



Operating Results

- The decline in demands for funds due to the Covid-19 bottomed out at the end of March 2022 and is trended upward. Emphasis on quality-focused growth while thoroughly managing future predictions

Future Initiatives

- Given the uncertain outlook for the unsecured loan market due to the impact of inflation-related price hikes on households etc., focus on asset quality and aim for growth through operations restraining credit-related expenses
- Focus on improving communication to prevent customer delinquencies
- Accelerate digital shift through improvement in UI/UX and promotion of DX. Strengthen reach to customers within the SBI Group

Shinsei Financial: Topics

Status of collaboration with regional financial institutions

- **Bulk Loan**
 - ✓ **Commenced guarantee alliance for bulk loans with one regional financial institution** in December 2022, making it the second alliance after first one concluded in July 2022
 - ✓ Promoting implementation of the bulk loan scheme to other current business partners
- **Advance Credit Scheme**
 - ✓ Planning to start a **guarantee alliance for regional financial institutions using the advance credit scheme** in February 2023

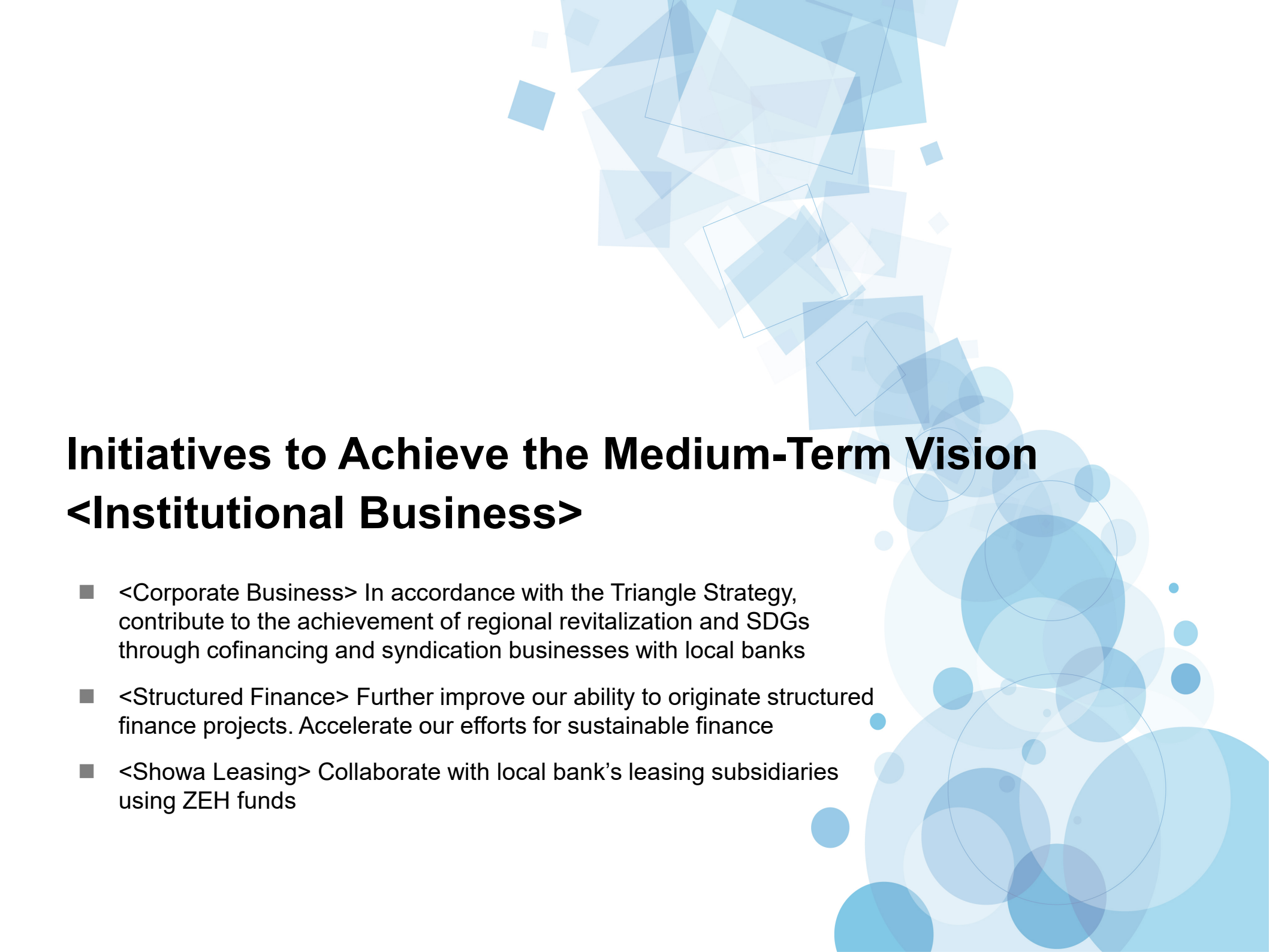


Concrete discussions are underway with a total of four companies to form alliances in guarantee business, including the implementation of the advanced credit model.

Brand Change

- **From Lake ALSA to Lake**
 - ✓ Unsecured loan brand name changed to “Lake” from “Lake ALSA” on January 4, 2023
 - ✓ Striving to create a brand that is trusted by customers and society by thoroughly adhering to the “Customer-centric Principle”
- **Three-dimensional logo**
 - ✓ The new logo uses the color green that can be digitally appealing while maintaining the identity and consistency of the Lake brand. The new logo can be used by combining the same design at various locations such as signboards and Web spaces such as SNS and websites, depending on location and space
 - ✓ The motion logo that moves in various shapes is the first attempt in the industry



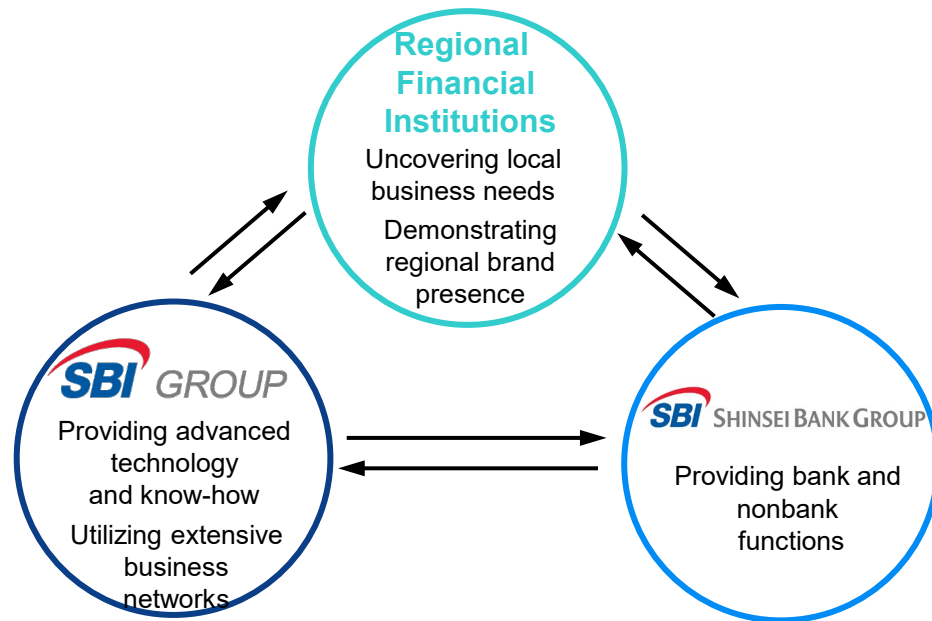
The background features a decorative pattern of overlapping blue squares and circles of various sizes and opacities, creating a modern, abstract aesthetic. The squares are primarily in the upper left and middle sections, while the circles are more prominent in the lower right and bottom sections.

Initiatives to Achieve the Medium-Term Vision <Institutional Business>

- <Corporate Business> In accordance with the Triangle Strategy, contribute to the achievement of regional revitalization and SDGs through cofinancing and syndication businesses with local banks
- <Structured Finance> Further improve our ability to originate structured finance projects. Accelerate our efforts for sustainable finance
- <Showa Leasing> Collaborate with local bank's leasing subsidiaries using ZEH funds

Institutional Business: Cooperative Strategy with Regional Financial Institutions

Promoting greater cooperation to realize regional revitalization based on the “Triangle Strategy,” which utilizes the functions of regional financial institutions, the SBI Group, and the SBI Shinsei Bank Group in a trinity



Regional Financial Institution Support Platform

Service		Financial instruments		Investments and loans	
Credit guarantee	Collection of receivables	Securities	Loans	Asset management	Investment company
Credit sale	Small scale finance	Insurance product	Lease		

Main services provided to regional financial institutions

Cofinancing to local companies

Coordination by regional financial institutions in financing to local business

➔ 156 consultations, 16 cases under examination/settlement
Settled approximately 6 billion yen (Results of 2022.4-2023.1)

Support for the advancement of corporate businesses

Introduction of loan projects and sharing of financial know-how that SBI Shinsei Bank has strengths in

➔ Number of distributions to regional financial institutions: 149 cases/239.5 billion yen (Results of 2022.4-2022.12)

ESG/SDGs/Sustainability

Collaboration centered on finance related to sustainability

➔ Of the origination amount of 124.9 billion yen, 52 regional banks participated in a total of 114 projects/100.7 billion yen (Results of 2020.4-2022.12)

Risk assets reduction and asset replacement solutions

Reduce credit concentration risks and resolve issues such as asset replacement

Providing functions of the SBI Shinsei Bank Group companies

Providing group functions of APLUS, Showa Leasing, and Shinsei Financial (Lake Business), etc.

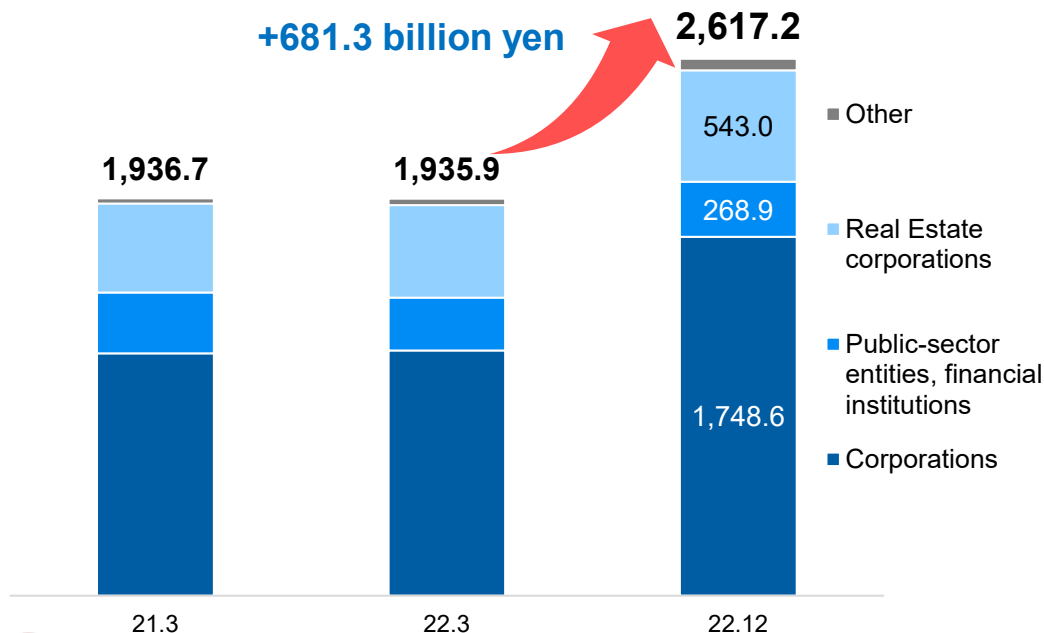
Corporate Business: Revitalization of Sales Activities

■ Balance of operating assets increased significantly with revitalized sales activities

- ✓ **The number of new business partners reached 90 in the first 9 months of FY2022, x3.5 increase (+64 companies) over the same period of the previous fiscal year**
- ✓ Made **453 proposals** to financial institutions, focusing on new transactions and the provision of group functions
- ✓ **Launched new business with the SBI Group in 43 cases** (39 loans, 3 investments, 1 securitization) /**total of 99.3 billion yen in a wide range of areas.** Started new business with a variety of customers, such as loans to IPO underwriters of SBI SECURITIES as well as venture debt to investees of the SBI Group (4 cases /1.1 billion yen)

Balance of Operating Assets

(Unit: billions of yen)



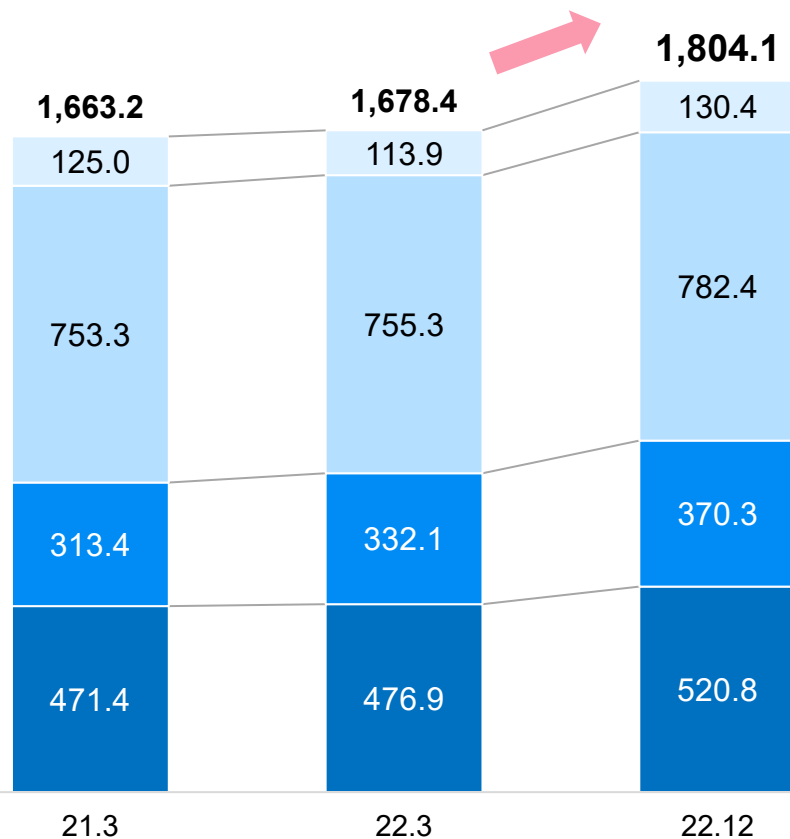
- New transactions and collaboration with the SBI Group has led to an increase in 234.8 billion yen of operating assets (approximately 35%)
- Deepening business with major real estate companies
 - Implementation of large-scale syndicated green loans in collaboration with regional banks (17 billion yen)
 - Implementation of Sustainability Linked Loan (3 billion yen)
 - Revival of business with multiple customers with no transactions for a long time
- Expansion of business transactions with business corporations
 - Significant growth in lending by expanding credit limits to business partners who are expected to generate strategic transactions (approximately 90 billion yen for 6 companies)

Structured Finance

Balance of Operating Assets

(Unit: billions of yen)

+125.7 billion yen



- Project Finance
- Specialty Finance
- Real Estate Finance
- Healthcare Finance

Operating Results

- Balance of operating assets as of the end of December 2022 increased by **125.7 billion yen** compared to the end of March 2022
- Project Finance: Overseas projects increased due to strengthening of relationships with sponsors. **The cumulative number of overseas commitments up to Q3 increased significantly from 6 cases to 21** compared to the same period of the previous fiscal year
- Real Estate Finance: Balance steadily accumulated through participation in large-scale projects such as **syndicated loans for large-scale office buildings in Tokyo**
- Specialty Finance: Engaged in new projects and carried out sell-down of large-scale LBO

Examples of syndicated loans with financial institutions, particularly with regional financial institutions

Projects	Summary
Project finance to mega solar facilities (Manago I, II/III Solar Power Projects)	Origination amount: 23 billion yen A total of 13 financial institutions participated (13 billion yen)
Nonrecourse loan for health care facilities for the elderly	Origination amount: 1.66 billion yen Participating bank: THE TOWA BANK, LTD.

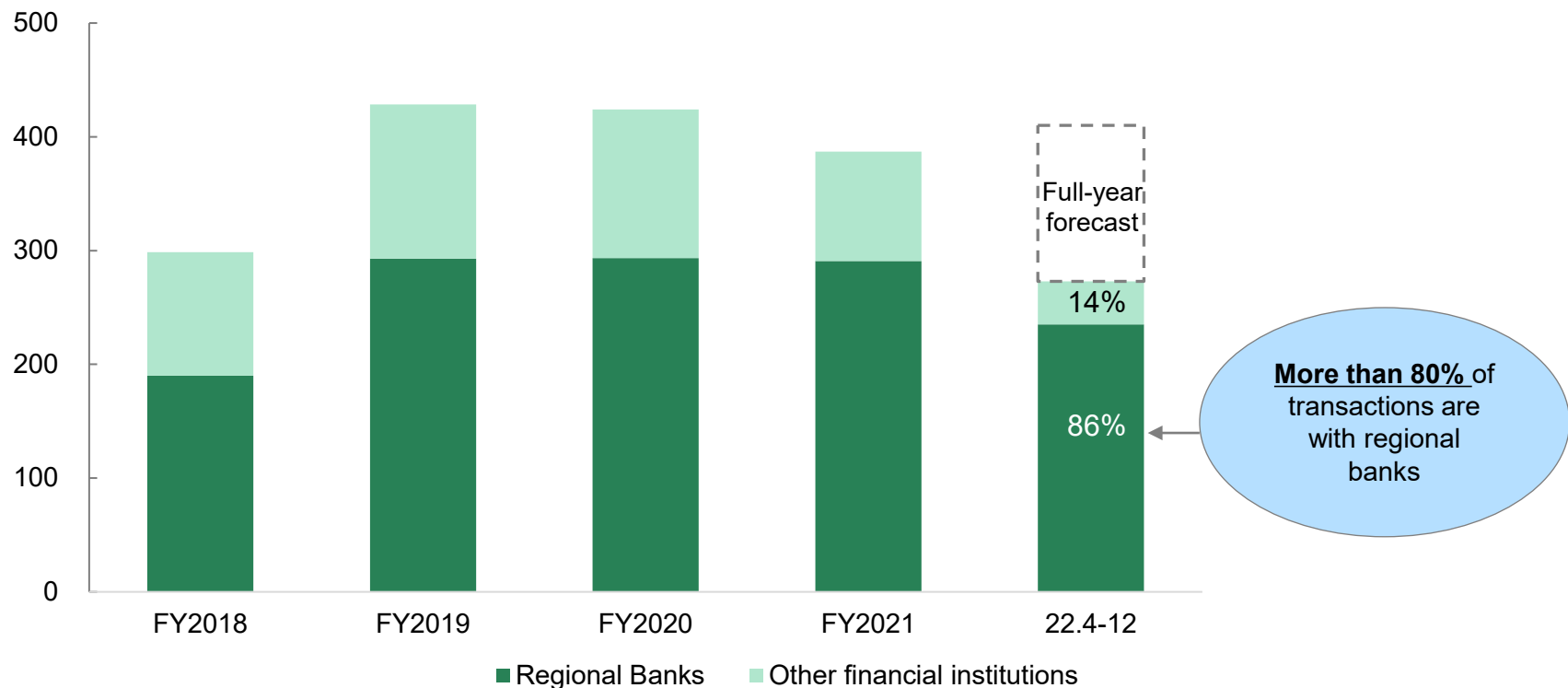
Results of Distribution to Regional Banks

■ Strengthen sourcing for a diverse range of projects, including sustainable finance, by leveraging the Bank's strengths

- ✓ With growing attention in the field of sustainability, **distribution transactions, particularly to regional banks are revitalizing**
- ✓ **Receiving customer referrals from regional financial institutions as well**, and strengthening collaboration through cofinancing and syndicated loans

(Unit: billions of yen)

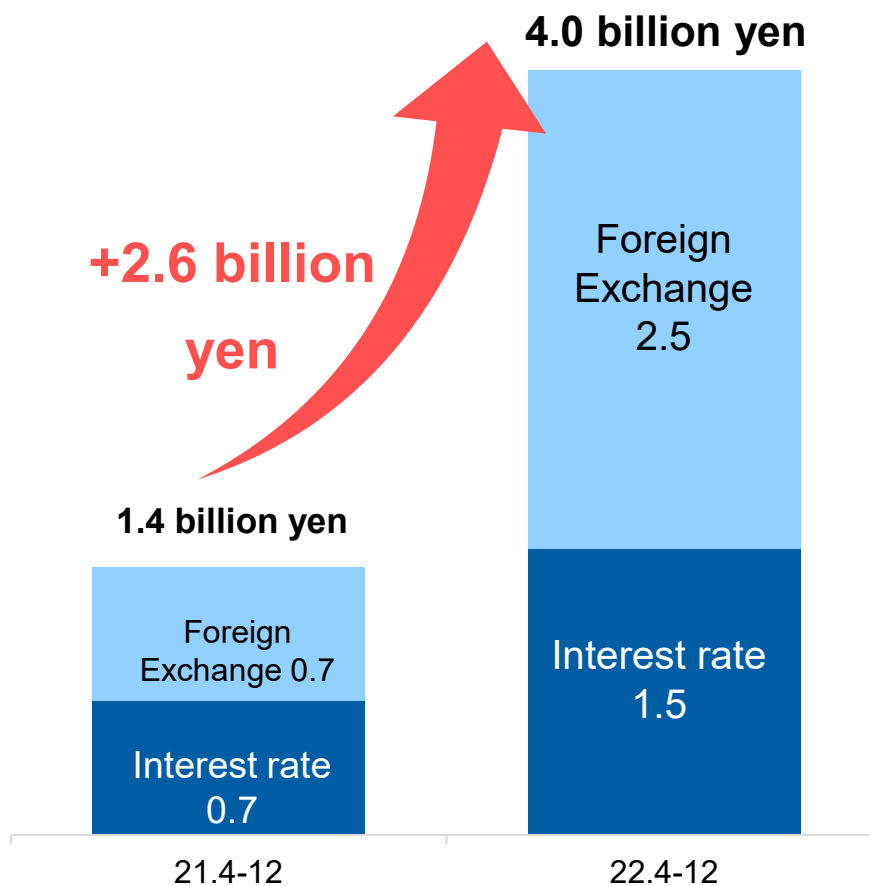
Results of Distribution to Financial Institutions



Markets

Derivatives Income

(Unit: billions of yen)



Operating Results

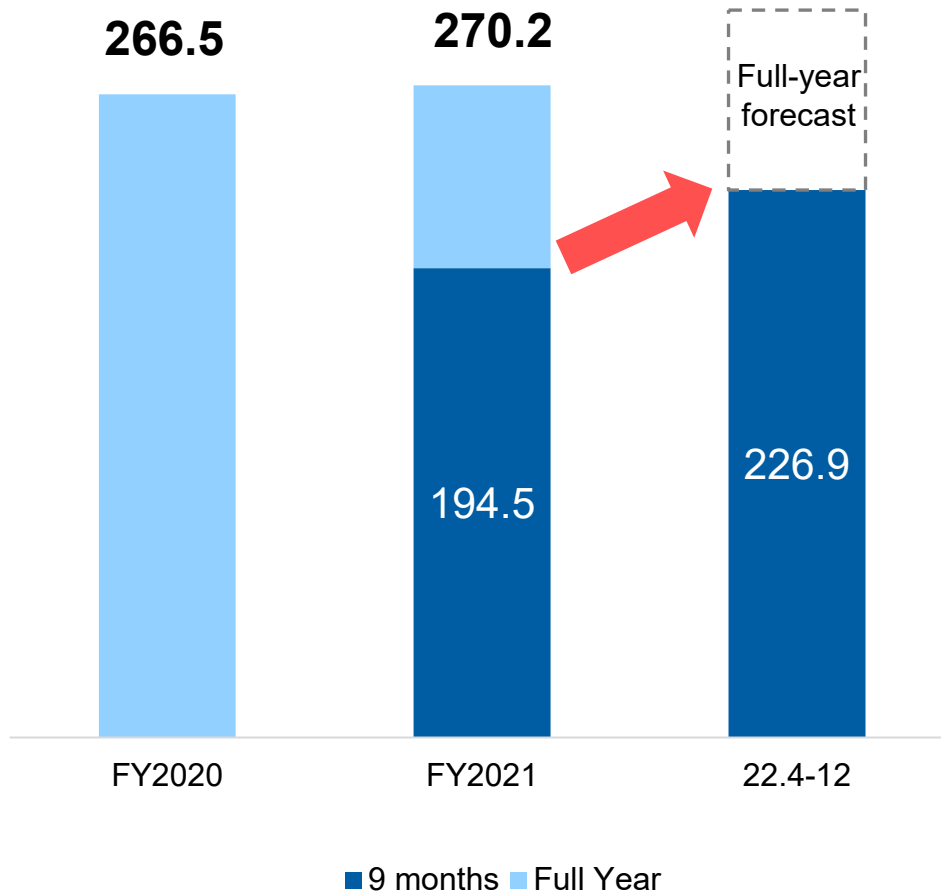
- Steadily concluded contracts, mainly for foreign exchange derivatives transactions, in response to the hedging needs arising once importers started seeing appreciation of the yen after it had reached \$1=JPY150 level
- Concluded several interest rate swap transactions for renewable energy-related projects

Examples	Overview
Company A (Men's apparel)	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 (Steel manufacturer)	Concluded a contract by proposing an increase in the credit limit in response to hedging needs associated with an increase in raw material imports
Company C (Women's apparel)	With the urgent need to restructure hedged positions, a flexible proposal tailored to customer needs and close communication was highly evaluated and led to a deal

Showa Leasing: Transaction Volume

Transaction Volume of Leasing, Installments, etc

(Unit: billions of yen)



Operating Results

- Contract transaction value increased steadily, with strengthened initiatives for central government ministries and agencies and local government projects
- Synergies with the SBI Group
 - ✓ Sales of JOLCO/JOL of SBI LEASING SERVICES to Showa Leasing's customers (9 cases in 2022.4-2022.12)
- Strengthen initiatives for sustainability
 - ✓ Promoting leasing of solar power equipment for individuals
 - ✓ Establishment of Regional Revitalization Healthcare Corporate Loan Program
 - ✓ Following the first one in August 2022, formed more ZEH rental apartment development funds

Future Initiatives

- Building a foundation for mutually utilizing customers, functions, and products/services with the SBI Group
- Strengthen collaboration with regional financial institutions and affiliated leasing companies using real estate leases
- Planning to continue to form ZEH rental apartment development funds

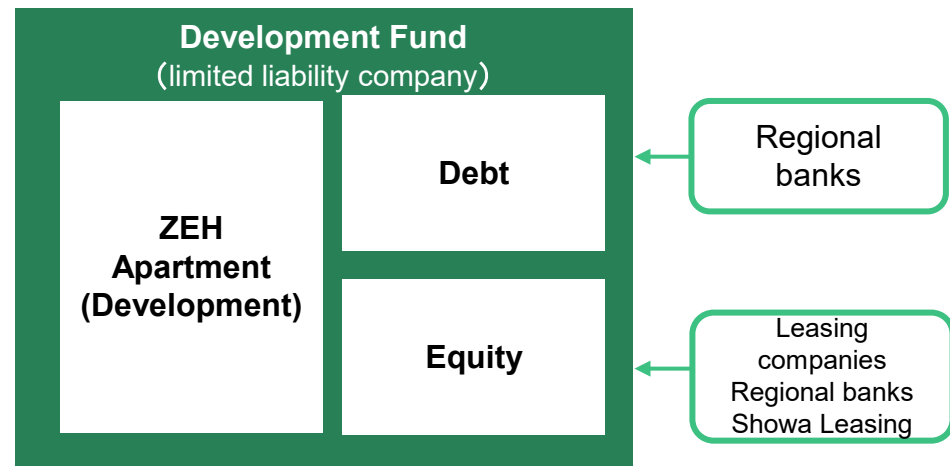
Showa Leasing: Establishment of ZEH (Net Zero Energy House) rental apartment development funds

- **Collaborate with local bank's leasing subsidiaries, etc through ZEH funds**
- ✓ ZEH is a house in which the amount of energy consumed in one year is essentially reduced to no more than zero by balancing energy used in the house with energy generated by photovoltaic power generation, etc
- ✓ ZEH has been attracting attention with its benefits such as energy conservation, which reduces utility costs and the government's support measures and subsidy programs
- ✓ Showa Leasing established and invested in ZEH funds with other leasing companies and will continue to form funds to support the spread of ZEH

The point of ZEH

- High thermal insulation and high-efficiency equipment for houses
- Reduce energy consumption in houses by more than 20% from the energy-saving standard
- Zero annual energy balance due to introduction of renewable energy

ZEH funds scheme



Fund	Time of composition	Design and Construction	Partner of Investments in anonymous cooperatives	Senior loan providers
Project 1	August 2022	Sekisui House, Ltd	Showa Leasing, Kyushu Leasing Service, BOT Lease Co., Ltd., Higin Lease Co.,Ltd.	RICOH LEASING COMPANY, LTD.
Project 2 and 3	January 2023	Sekisui House, Ltd	Showa Leasing, BOT Lease Co., Ltd., Fuyo General Lease Co.,Ltd. and Higin Lease Co.,Ltd.	The Ogaki Kyoritsu Bank, Ltd.



Initiatives to Achieve the Medium-Term Vision

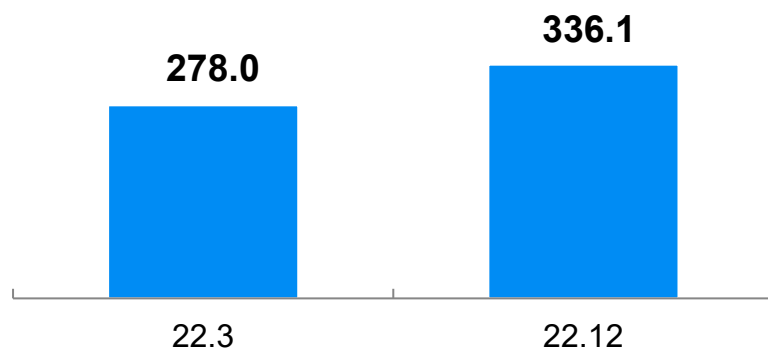
<Overseas Business/Treasury (Marketable Securities)>

- <Overseas Business> Maximize the use of financing functions as a parent company (the Bank). Providing flexible and stable funds to support the competitive advantage for the growth of the investees in their countries and regions
- <Marketable Securities Management> Aim to build a stable, profitable, well-balanced portfolio over the medium-to long-term by combining domestic bonds, foreign bonds, credits, and stocks, considering the outlook for domestic and overseas interest rates

Overseas Business: Operating Asset Growth Reflects Increase in Revenue in UDC Finance

UDC Finance: Operating Assets Balance

(Unit: billions of yen)



UDC Finance ¹ (Unit: billions of yen)	2022 4-12	2021 4-12
Revenue	8.6	7.7
Net Interest Income	3.9	3.0
Noninterest Income	4.7	4.7
Expenses	-3.4	-3.0
OBP	5.1	4.6
Net Credit Costs	-0.6	0.4
OBP after net credit costs	4.4	5.1

¹ Adjusted basis for the impact of the difference in fiscal years between UDC Finance and the Bank

UDC Finance: Operating Results

- **Increase in operating assets**
 - ✓ Corporate loans remained strong in response to the economic recovery in NZ
 - ✓ Receivables purchases associated with strategic alliances concluded in the first half of FY2022 were recorded in Oct. to Dec. 2022
- **Revenue increased** due to an increase in the balance of operating assets although net interest margin declined due to an increase in funding costs associated with the gradual increase in NZ policy-rate

Overseas Business: Future Initiatives

Business Environment

- Severe funding conditions for overseas nonbanks, reflecting rising interest rates in NZ, Vietnam, Australia, and other investee regions, is expected to continue

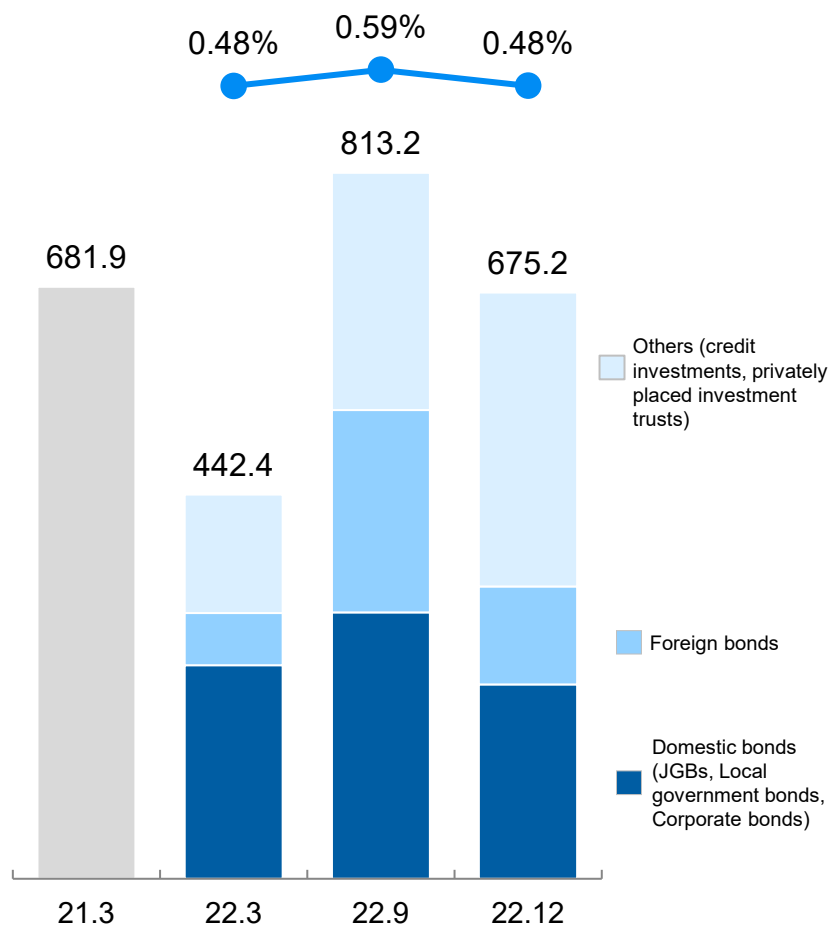
Strategy

- Maximize use of financing functions in Japan. Provide flexible and stable finances and continue to support the growth of investee companies
- Each company aims to maintain interest rate competitiveness, strengthen its operating base, and accumulate assets while passing on interest rates rise to borrowers to a certain extent
- Explore new investees, focusing on nonbank areas, and promote strengthening and expansion of overseas businesses

Marketable Securities: Reduced Japan and U.S. Bonds Portfolio in light of the Interest Rate Policy

Balance and Net Interest Margins (NIM)

(Unit: billions of yen)



Operating Results

1H
FY2022

- Began building a portfolio focusing on diversification
- To mitigate the impact of the central banks interest rate hike, focusing on investment in floating-rate bonds and mainly held-to-maturity CLOs

Oct. to
Dec.
2022

- In anticipation of the Bank of Japan's policy changes and the persistently high U.S. policy interest rate, **partially reduced the amount outstanding of JGBs and U.S. Treasuries and controlled the deterioration in unrealized gains/losses**
- Unrealized loss of the available-for-sale securities held by marketable securities business was 14.4 billion yen at the end of December 2022

Available-for-sale Securities held by Marketable Securities business	Unrealized loss/gain
Others (Credit investment etc.)	-4.1
Foreign bonds	-6.8
Domestic bonds	-3.3
Total	-14.4

- Build a medium- to long-term funding income base by investing in held-to-maturity CLOs

Future Initiatives

- Continue monitoring and management based on the guidelines for unrealized gains/losses on securities investments and risk control through hedging transactions, etc.
- Build a stable, profitable, and well-balanced portfolio
- Aim to increase profits from the next fiscal year by raising the interest margin on the portfolio

Financial Targets: Progress of KPIs (Key Performance Indicators)

- Operating assets increased by about 1.2 trillion yen due to the expansion of the customer base. Although CET1 ratio declined, will conduct business operations by controlling risk assets while paying attention to the financial targets

		FY2021 Actual	FY2022 Q3 results	FY2024 Target
Customer Foundation	Number of customers (Number of retail accounts at SBI Shinsei Bank)	3.05M	3.08M	3.8M
Finance Foundation	Amount of deposits (Retail and Corporate)	JPY 6.4 tn	JPY 9.7 tn	JPY 8 tn Achieved
	Operating assets (including marketable securities)	JPY 8.1 tn	JPY 9.3 tn	JPY 10 tn
Soundness	CET1 Ratio	11.6%	10.7%	Aim at 10% or more

Initiatives for Sustainability

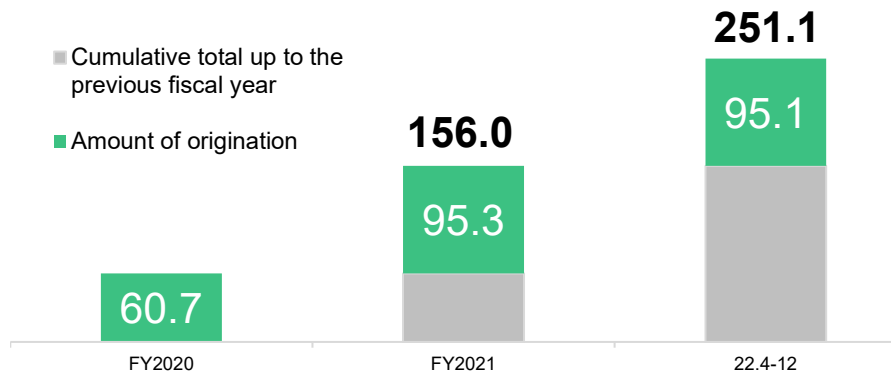


Sustainable Finance

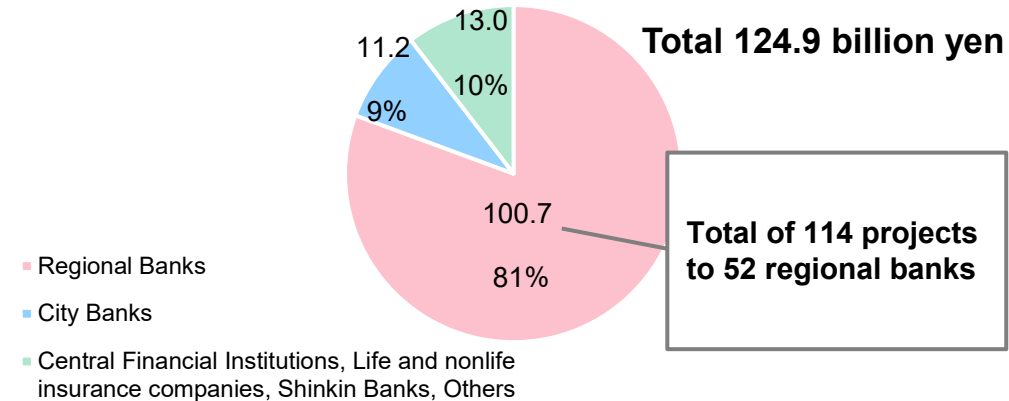
- Received the “Excellence Award” at **the 8th Sustainable Finance Grand Prize** selected by Research Institute for Environmental Finance (“RIEF”) in recognition of achievements in sustainable finance

Sustainable finance origination results (Cumulative)

(Unit: billions of yen)



Distribution results (2020.4-2022.12)

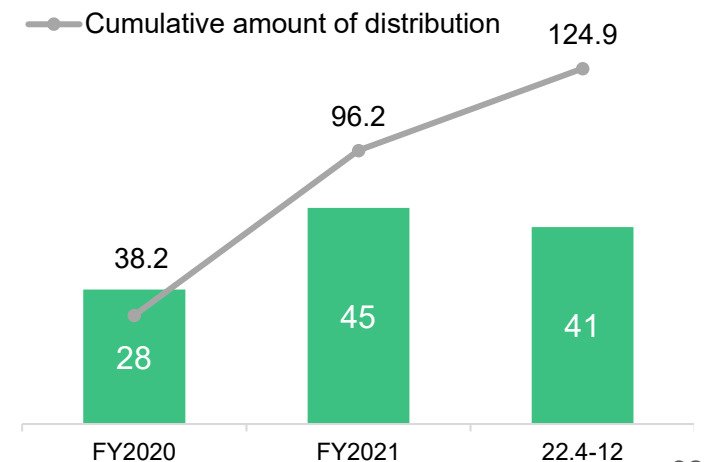


Examples of sustainable finance structure and implementation (Oct.-Dec. 2022)

Sponsor/Debtor Name	Type	Remarks
OUTSOURCING Inc.	Sustainability Linked	KPI: Number of specialists, etc.
Sawayaka Club	Social	After-school and other day-service offices for children with disabilities, etc.
DREAM Private REIT Inc.	Green	Cost of acquiring the Shinano-unyu Urayasu Distribution Center
Mitsubishi Estate Logistics REIT Investment Corporation	Sustainability Linked	KPI: CO2 emissions (Scope1+2+3)
Kawauchi Power	Green	Fund for the construction of the Kawauchi wind energy plant
Tokyu Land Capital Management Inc.	Green	Finance for acquiring two residential complexes
General co.,ltd.	Social	Acquisition cost of land leased to Tokushinkai, a medical corporation
The Fukushima Bank, Ltd.	Sustainability	Loans related to renewable energy and education

Cumulative amount of distribution and trends of the number of distribution to financial institutions

(Unit: billions of yen, cases)



Examples of Initiatives for Sustainability

■ Conducting **sustainable finance seminars for regional banks**

- ✓ In December 2022, a seminar for “sustainable finance” was held with 158 people from 83 regional banks and other companies participating
- ✓ This was the second seminar for regional banks following the one in September 2022

➔ Promoting collaboration with regional banks as a platformer by offering information and know-how on the Group’s advanced initiatives, as well as accepting trainees and dispatching personnel



■ Accelerating **Funding to Solve Social Issues**

- ✓ As of the end of September 2022, of the outstanding 3.85 trillion yen collective impact investment (loans) accumulated by domestic financial institutions that have signed the Japan Impact-driven Financing Initiative, SBI Shinsei Bank ranked **5th, at 391.4 billion yen**

■ **Participation in the Shinkin Business Succession Consortium** by Showa Leasing

- ✓ A consortium with several organizations that collaborate to support smooth business succession of business partners of credit unions in dealing with business succession issues
- ✓ Showa Leasing provides support to the business partners of credit unions, who are considering the succession (disposal) of assets due to the absence of a successor or the conversion of a business, by utilizing its expertise, such as its ability to assess movable assets

Impact Finance of the Signed Up Financial Institutions

Financial institution	Balance (JPY million)
MUFG Bank	1,063,403
Sumitomo Mitsui Trust Holdings	717,647
Mizuho Bank	602,292
The Dai-ichi Life Insurance	419,159
SBI Shinsei Bank	391,444

*Source: Japan Impact-driven Financing Initiative Progress Report 2022

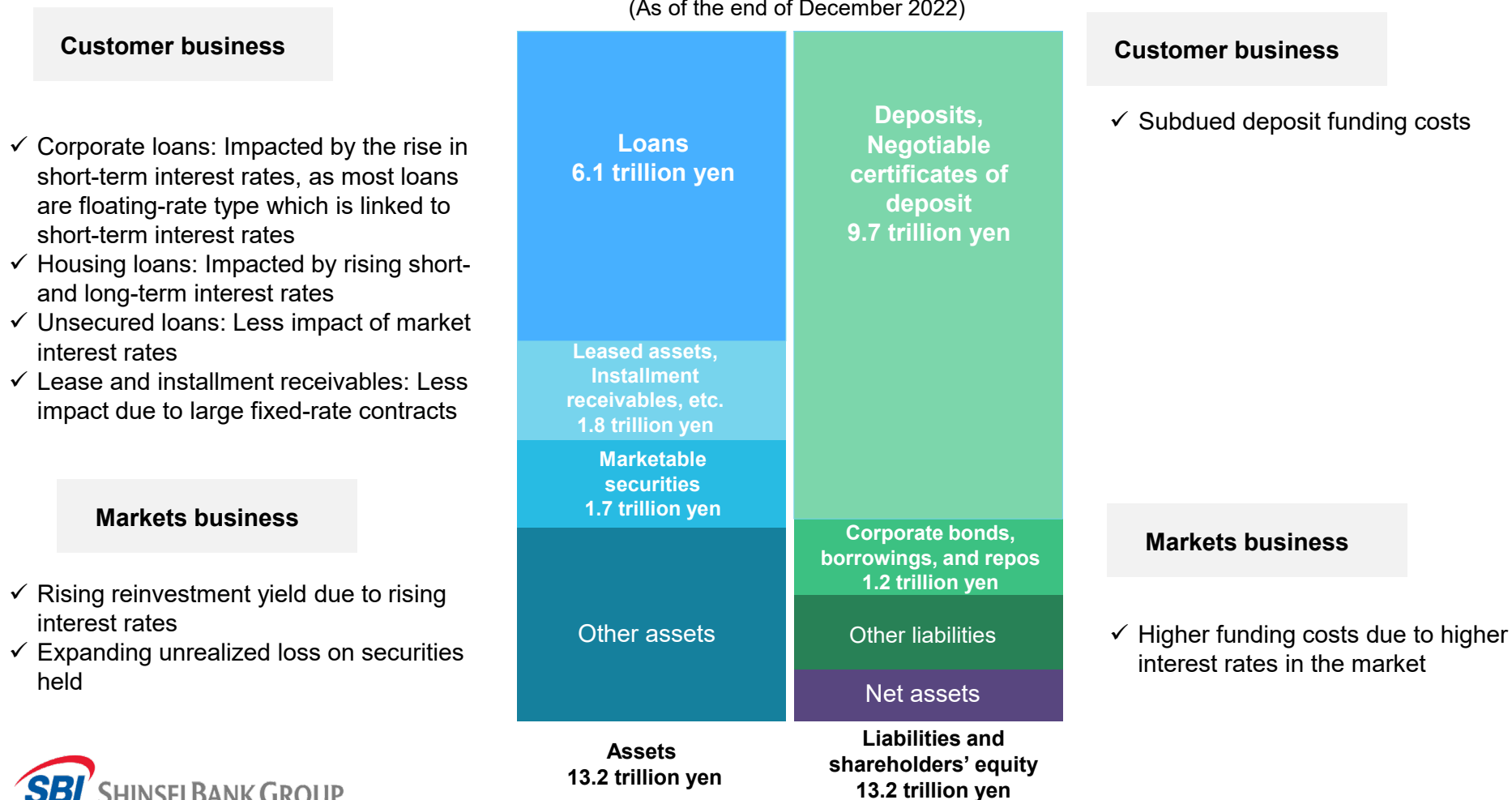
Appendix



Impact of Rising Interest Rates on the Balance Sheet

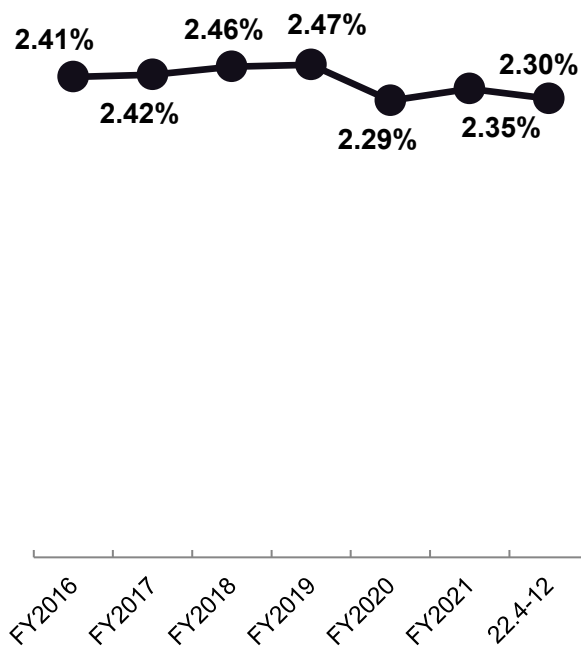
- **Customer Business:** Rising interest rates generally have a positive effect on earnings. Funding is done by deposits ahead of rising interest rates. Impact on earnings of operating assets varies from business to business
- **Markets Business:** Capture opportunities for portfolio restructuring while considering domestic and overseas interest rate policies and conducting risk control of securities held by the Bank

Balance Sheet
(As of the end of December 2022)

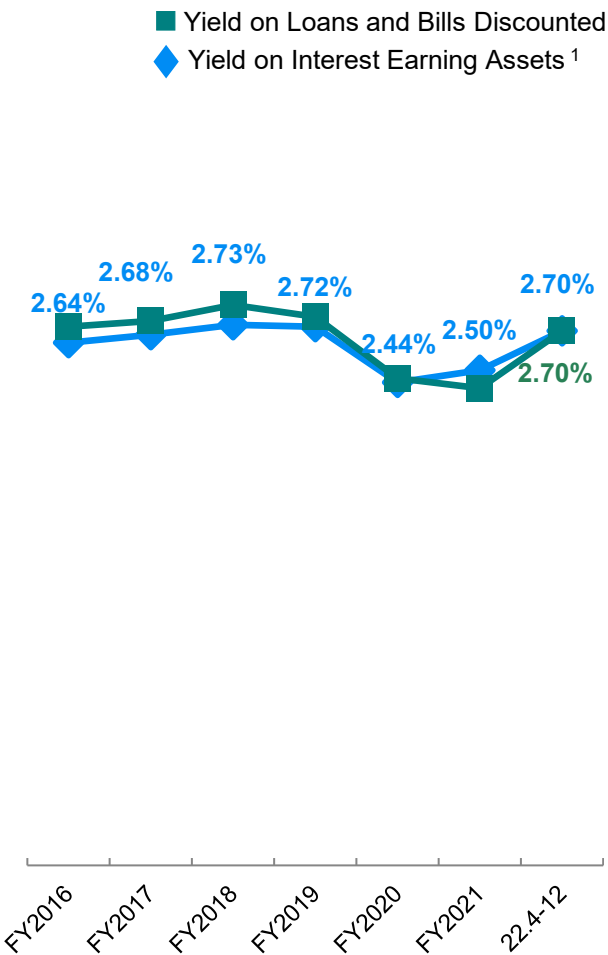


Net Interest Margin (Consolidated)

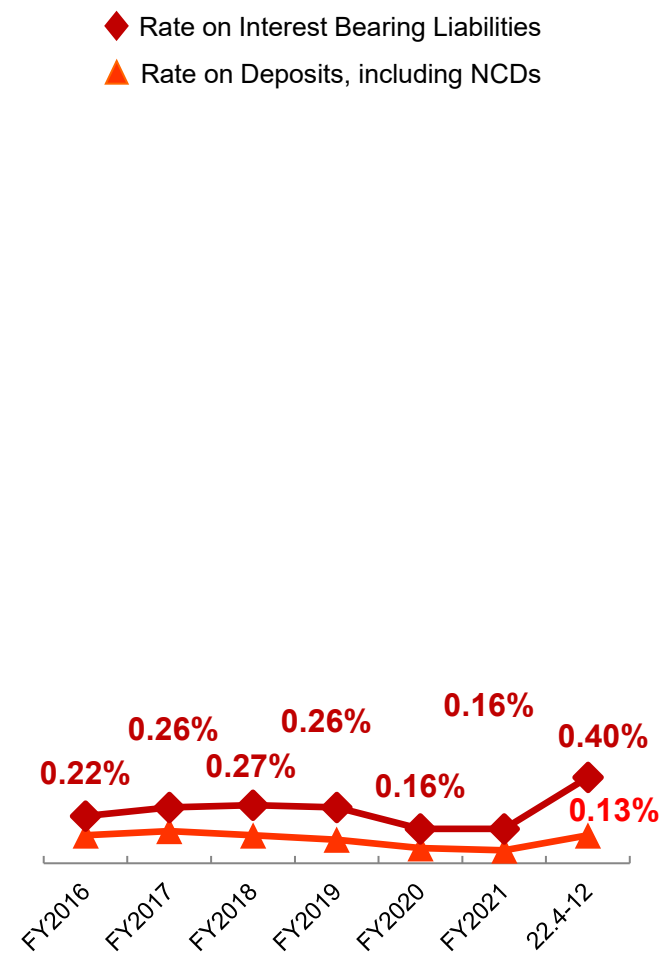
Net Interest Margin (NIM) ¹



Yield on Interest Earning Assets



Funding Cost

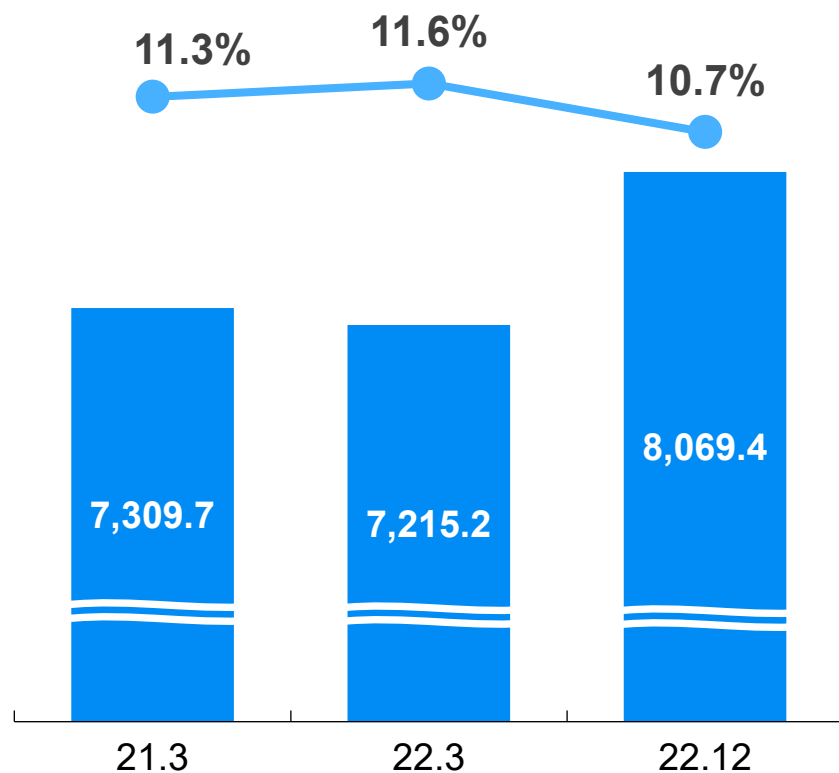


¹ Includes income on leased assets and installment receivables

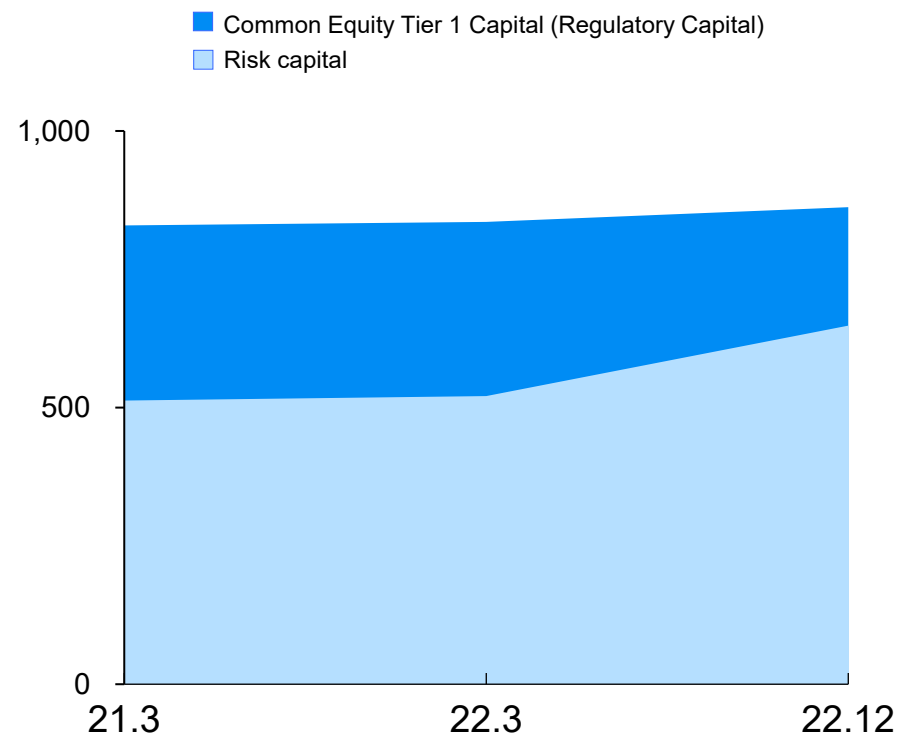
Capital Adequacy Related Information (Consolidated)

(Unit: billions of yen)

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



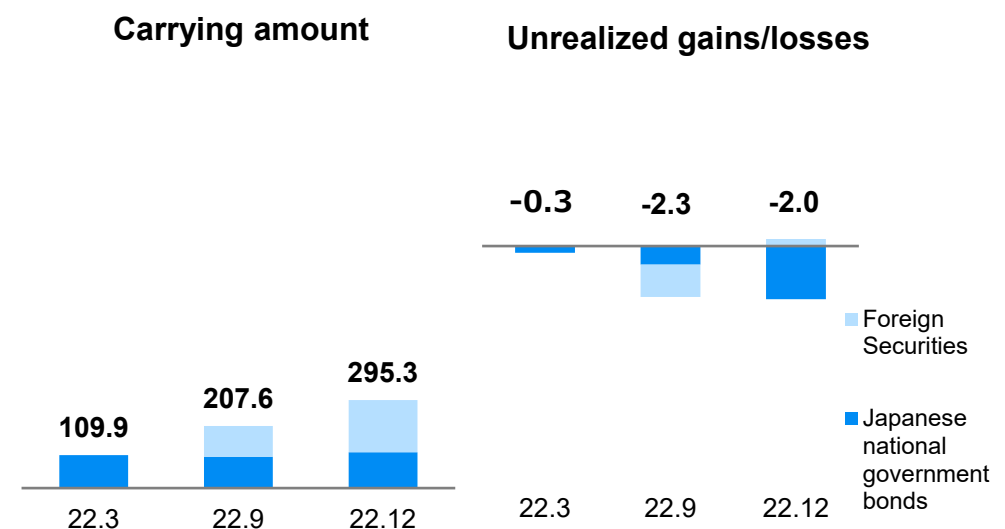
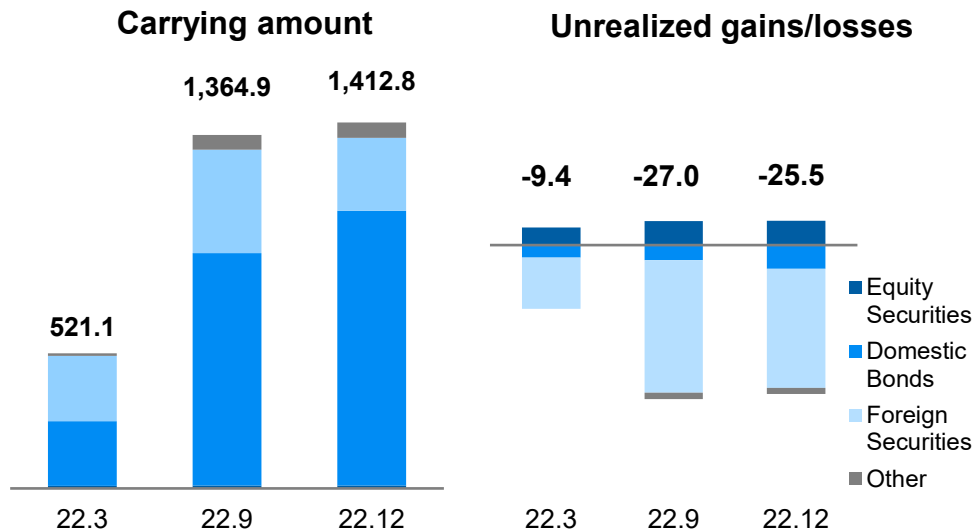
	21.3	22.3	22.12
Common Equity Tier1 Equity (International Standards; Fully Loaded Basis)	829.3	835.9	862.1
Risk Capital	512.7	520.6	648.0



Securities Portfolio (Consolidated)

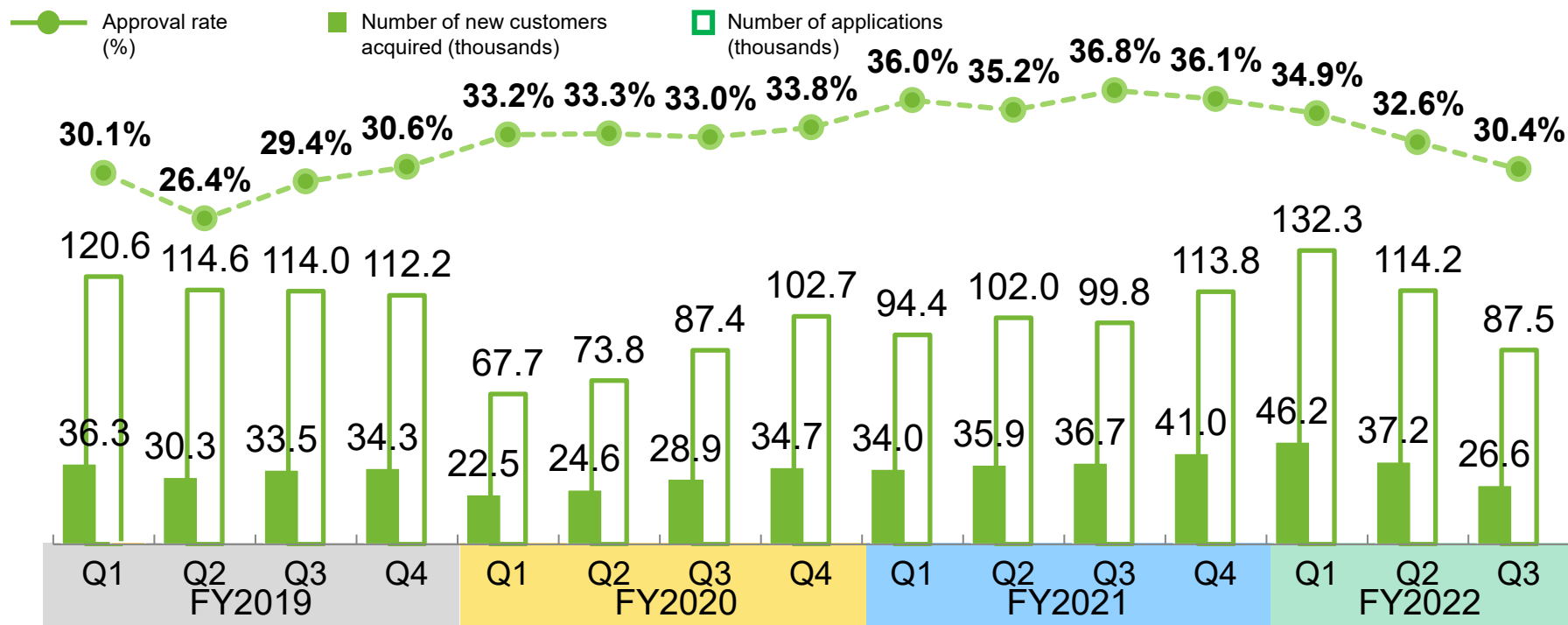
Securities Available for Sale (consolidated)* ¹				
(Unit: billions of yen)	22.3		22.12	
	Amount	Unrealized gain/loss	Amount	Unrealized gain/loss
Equity securities	9.0	3.6	10.5	5.0
Domestic bonds	250.7	-2.6	1,060.3	-4.9
Japanese government bonds	103.4	-0.1	915.8	-1.2
Japanese local government bonds	2.1	0.0	2.1	0.0
Japanese corporate bonds	145.0	-2.4	142.1	-3.7
Foreign securities	251.7	-10.5	282.4	-24.5
Bonds	232.9	-1.8	262.5	-10.1
Equities * ²	18.8	-8.7	19.9	-14.4
Others	9.6	0.0	59.4	-1.2
Total	521.1	-9.4	1,412.8	-25.5

Securities Being Held to Maturity (consolidated)				
(Unit: billions of yen)	22.3		22.12	
	Amount	Unrealized gain/loss	Amount	Unrealized gain/loss
Japanese government bonds	109.9	-0.3	119.9	-2.3
Foreign securities	-	-	175.3	0.3
Total	109.9	-0.3	295.3	-2.0



Shinsei Financial: New Customer Acquisitions (Lake)

Quarterly Trends



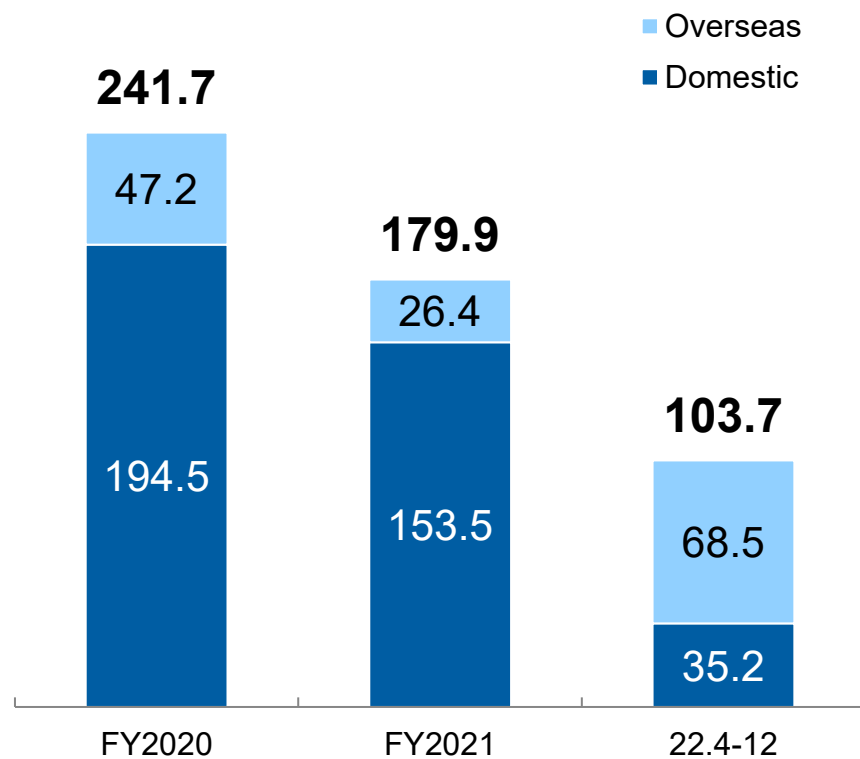
Reference: Monthly results

	22.4	22.5	22.6	22.7	22.8	22.9	22.10	22.11	22.12
Number of applications (thousands)	42.8	49.1	40.3	38.3	30.1	45.8	31.5	30.5	25.4
Number of new customers acquired (thousands)	15.2	17.2	13.8	13.3	10.4	13.6	10.4	9.3	6.9
Approval rate	35.5%	35.1%	34.2%	34.6%	34.6%	29.6%	32.9%	30.6%	27.1%

Structured Finance: New Commitments and Disbursements

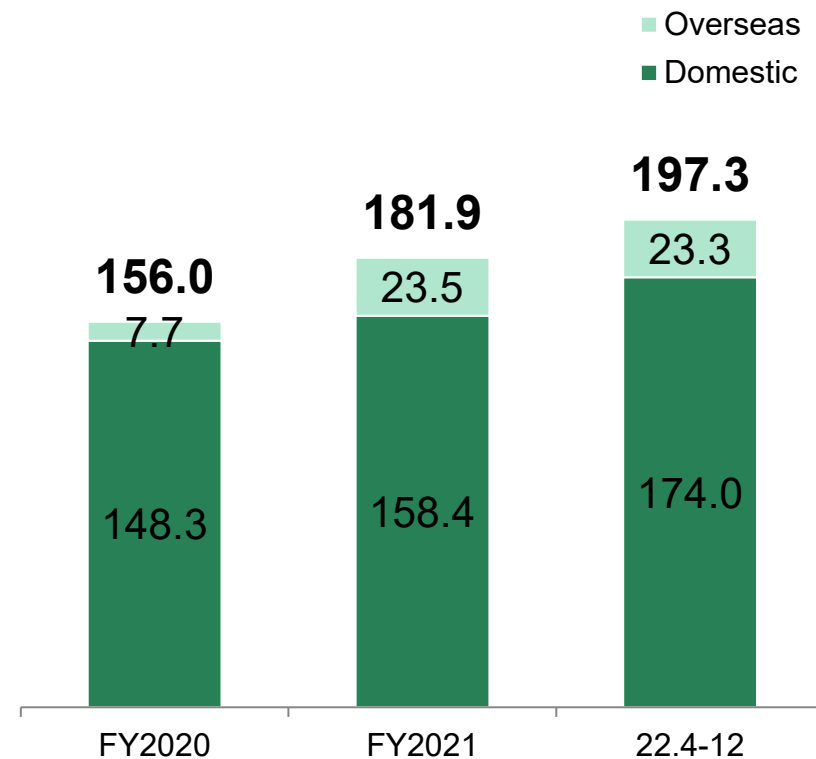
Project Finance New Commitments

(Unit: billions of yen)



Real Estate Nonrecourse Finance New Disbursements

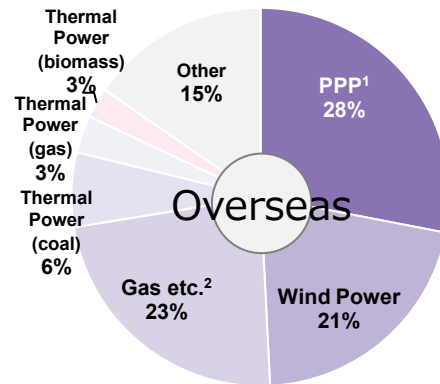
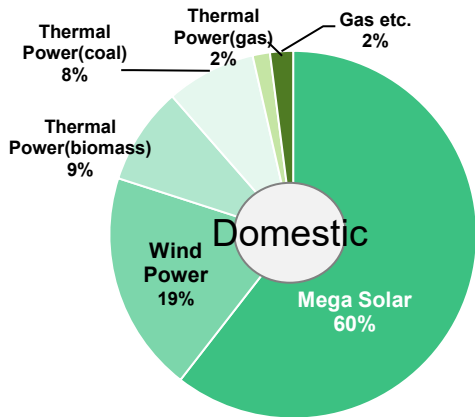
(Unit: billions of yen)



Structured Finance: Portfolio Composition

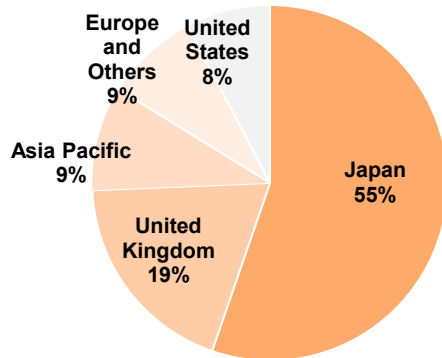
Project Finance (December 31, 2022)

[By project type (including committed)]



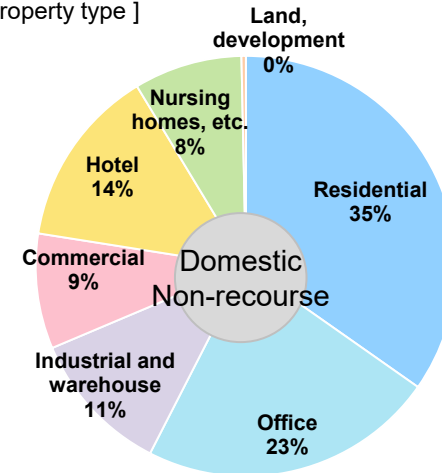
¹ Public-Private Partnership
² Financing to such as LNG liquefaction facilities and receiving terminals

[Balance by region (including committed)]

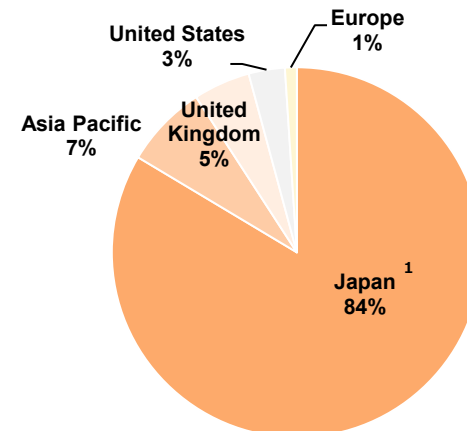


Real Estate (December 31, 2022)

[Balance by property type]



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



¹ Nonrecourse finance constitutes about 50% of the Japanese exposure

Disclaimer

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- 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.
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