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[TRANSLATION]

## SBI Shinsei Bank, Limited

TSE code: 8303

### Notice of the Annual General Meeting of Shareholders for the 23rd Term

#### Date and Time

Tuesday, June 27, 2023 at 10:00 a.m.  
(Doors Open at 9:00 a.m.)

#### Place

The Conference Room  
22nd Floor, Izumi Garden Tower  
6-1 Roppongi 1-chome, Minato-ku, Tokyo

#### Agenda Items

1. Election of Nine (9) Directors
2. Election of One (1) Audit & Supervisory Board Member
3. Election of One (1) Substitute Audit & Supervisory Board Member

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*Please exercise your voting right by mail or via internet by the deadline in case you do not attend the meeting in person: Monday, June 26, 2023 by 5:00 p.m.*

**No gifts to shareholders will be given on the meeting day.**

(Translation)

TSE code: 8303  
May 30, 2023  
4-3 Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo  
SBI Shinsei Bank, Limited

### Notice of the Annual General Meeting of Shareholders for the 23rd Term

Dear Shareholders,

We are pleased to invite you to the Annual General Meeting of Shareholders of SBI Shinsei Bank, Limited ("the Bank") for the 23rd Term, which will be held as shown below.

We kindly ask you to exercise your voting right in advance, by returning the Voting Right Exercise Form to the Bank or by an electromagnetic method using the Internet, etc.

We encourage you to examine the accompanying reference materials below and exercise your voting right by using the methods that is convenient to you.

The Bank's Website

<https://corp.sbishinseibank.co.jp/ja/ir/stock/shareholdersmtg.html>



In addition, to the Bank's website, information on electronic provision measures is posted on the website of the Tokyo Stock Exchange, so please check below.

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>



(Access the Tokyo Stock Exchange website above, enter and search for "SBI Shinsei Bank" in "Stock name (company name)" or our bank's securities code "8303" in "Code", and click "Basic information" Please select "Documents/PR Information" in order and check from the "Notice of General Meeting of Shareholders/Materials of General Meeting of Shareholders" column in "Documents for Public Inspection".)

If you are unable to attend the meeting, we encourage you to exercise your voting rights via the Internet or in writing (by mail). Please exercise your voting rights by 5:00 p.m., Monday, June 26, 2023.

Yours faithfully,

Katsuya Kawashima  
Representative Director,  
President and Chief Executive Officer

**Description of the Meeting**

1. **Date and Time: Tuesday, June 27, 2023 at 10:00 a.m.**  
**Doors Open at 9:00 a.m.**

2. **Place: The Conference Room**  
**22nd Floor, Izumi Garden Tower**  
6-1 Roppongi 1-chome, Minato-ku, Tokyo

No gifts to shareholders will be given on the meeting day.

3. **Purposes:**

**Matters to be reported:**

1. Report on the Business Report, Consolidated Financial Statements and the Results of the Audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Board for the 23rd Term (from April 1, 2022 to March 31, 2023).
2. Report on the Financial Statements for the 23rd Term (from April 1, 2022 to March 31, 2023).

**Matters to be voted on:**

- Item1 : Election of Nine (9) Directors
- Item2 : Election of One (1) Audit & Supervisory Board Member
- Item3 : Election of One (1) Subsidiary Audit & Supervisory Board Member

END

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- If you are attending the meeting, please present the Voting Rights Exercise Form, which will be sent along with the notice of convocation of the General Meeting of Shareholders, to the receptionist at the venue.
  - If you exercise your voting rights by proxy, you may attend the General Meeting of Shareholders with one other shareholder who has voting rights as your proxy. However, please note that you will be required to submit a document certifying the authority of representation.  
If you have exercised your voting rights in writing (by mail) and there is no indication of approval or disapproval of the proposal on the voting right exercise form, we will treat it as an indication of approval. If you exercise your voting rights both in writing (by mail) and via the Internet, etc., we will treat your voting rights exercised via the Internet, etc. as valid. In addition, if you exercise your voting rights multiple times via the Internet, etc., we will treat the last exercise as the valid exercise of your voting rights.
  - Under the revised Companies Act (enforced on September 1, 2022), a system for electronic provision of materials for general meetings of shareholders was established. As such, if you wish to receive the materials in writing, it is necessary to carry out the procedure for requesting delivery of documents by the record date, through the securities company where you have opened an account or the administrator of the shareholder registry. However, in addition to posting the materials for the General Meeting of Shareholders on the Bank's website, etc., the Bank has intention to send the materials for the General Meeting of Shareholders and the Voting Rights Exercise Form to shareholders with voting rights in writing as in the past, for the time being, regardless of whether or not a request for delivery of documents has been made. Regarding this General Meeting of Shareholders, regardless of whether or not there is a request for document delivery, we will uniformly send a document that describes the items for electronic provision.
  - Among the items for electronic provision, "Matters concerning the Bank's stock acquisition rights, etc.", "Summary of resolutions on the system to ensure the appropriateness of operations", "Notes to the Consolidated financial statements" and "Notes to the Financial statements" in the business report are posted on the Bank's website, etc. on the Internet in accordance with laws and regulations and Article 13 of the Bank's Articles of Incorporation, so it is not included in the documents sent. Therefore, the business report, consolidated financial statements and financial statements described in the document are parts of the business reports, consolidated financial statements and financial statements audited by the auditors or accounting auditors when preparing the audit report or accounting audit report.
  - In the event that there are any revisions to the items for electronic provision, the items before and after the revision will be posted on the Bank's website and the Tokyo Stock Exchange website.

The Bank's Website ▶▶▶▶▶ <https://corp.sbishinseibank.co.jp/>

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Please note that this is a translation of the original document and is provided for your reference only. Although this translation is intended to be complete and accurate, the original document in Japanese shall take precedence over this translation in case of any discrepancies between this translation and the original.

(Translation)

**Exercise of voting rights in writing via Voting Right Exercise Form**

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Please indicate your approval or disapproval for the agenda on the Voting Right Exercise Form enclosed herewith and send the Voting Right Exercise back to us (no postage is needed.)

**Deadline: Monday, June 26, 2023 by 5:00 p.m.**

**Exercise of voting rights by Internet**

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Please refer page 3 and **vote by: Monday, June 26, 2023 by 5:00 p.m.**

**If you attend the Meeting in person**

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Please **submit to the receptionist the enclosed Voting Right Exercise Form** while indicating your approval or disapproval for the agenda.

## Instructions on Exercising Voting Rights

### Exercise of voting rights by Internet



Please access the website to exercise voting rights. (<https://www.web54.net>)  
Log on with your "Voting Rights Exercise Code" and password written on the Voting Right Exercise Form enclosed herewith to follow the instruction on the site for approval or disapproval.

**Deadline: Monday, June 26, 2023 by 5:00 p.m.**



※You may access the website via this bar-code if your cell phone is able to scan it. (Japanese Only)

### Procedures for Exercising Voting Rights via Internet

Please take note of the following instructions before exercising voting rights via Internet.

1. Voting rights can be exercised via Internet only by accessing the following website for exercising voting rights from a personal computer or cell phone.

**Website for exercising voting rights: <https://www.web54.net>**

2. When exercising voting rights via the Internet, you must enter the "Voting Rights Exercise Code" and "Password", both of which are contained in the enclosed Form for Exercising Voting Rights. Please follow the instructions on the screen to vote in favor of or against the proposed items.

3. Shareholders may exercise their voting rights via the Internet **until 5:00 p.m. Monday, June 26, 2023**. However, we urge shareholders to exercise their voting rights at their earliest convenience for the purpose of tallying all voting rights.

4. If you have cast your votes twice by using the Form for Exercising Voting Rights and via the Internet, the Bank will consider the vote cast via the Internet to be the valid vote.

5. If you have cast your votes more than once via Internet, the Bank will consider the vote last cast via the Internet to be the valid vote.

6. Any costs incurred to access the website for exercising voting rights, such as Internet connection costs payable to a provider or telecommunication fees (telephone charges, etc.) shall be borne by the shareholder exercising the voting rights.

### Inquiries concerning Exercising Voting Rights via the Internet

Please contact the following.

Shareholder List Administrator:  
Web Support, Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited.

**Hotline** 0120-652-031 (available from 9 a.m. to 9 p.m.)

**Other inquires** 0120-782-031 (available from 9 a.m. to 5 p.m., except Saturdays, Sundays, and Holidays)

·In case that you have an account at a securities company, please consult with them directly.  
·Any shareholder who had originally agreed to receive the notice of convocation by electromagnetic means, however, now wishes to request that the Form for Exercising Voting Rights, etc., including other written forms and documents, be delivered to him or her. In that case, please contact the Hotline above.

### To Institutional Investors;

If you have applied in advance to use the electronic voting platform for institutional investors operated by ICJ Inc., you can exercise your voting rights from that platform.

## Material for Annual General Meeting of Shareholders Agenda

### Item 1 Election of Nine (9) Directors

All nine (9) directors, four (4) executive directors and five (5) independent directors, will have completed their term of office at the end of this Annual General Meeting of Shareholders. We would like to seek an approval to elect nine (9) persons as Directors.

Career summary of the candidates is as follows.

Name	Positions and Responsibilities in the Bank	Attendance rate of the Board of Directors
<b>1</b> Hirofumi Gomi	Chairman of the Board <span style="background-color: #0056b3; color: white; padding: 2px;">Reappointed</span>	13/13 (100%)
<b>2</b> Katsuya Kawashima	Representative Director, President and Chief Executive Officer <span style="background-color: #0056b3; color: white; padding: 2px;">Reappointed</span>	13/13 (100%)
<b>3</b> Katsumi Hatao	Director, Senior Managing Executive Officer, Assistant to the President, In charge of Group Treasury and Group Overseas Business <span style="background-color: #0056b3; color: white; padding: 2px;">Reappointed</span>	13/13 (100%)
<b>4</b> Eisuke Terasawa	Director, Managing Executive Officer, In charge of Group Corporate Planning and Financing Facilitation <span style="background-color: #0056b3; color: white; padding: 2px;">Reappointed</span>	11/11 (100%)
<b>5</b> Yasuhiro Hayasaki	<span style="background-color: #0056b3; color: white; padding: 2px;">Reappointed</span> <span style="border: 1px solid black; padding: 2px;">Outside</span> <span style="background-color: black; color: white; padding: 2px;">Independent</span>	13/13 (100%)
<b>6</b> Ayumi Michi	<span style="background-color: #0056b3; color: white; padding: 2px;">Reappointed</span> <span style="border: 1px solid black; padding: 2px;">Outside</span> <span style="background-color: black; color: white; padding: 2px;">Independent</span>	13/13 (100%)
<b>7</b> Masahiro Terada	<span style="background-color: #0056b3; color: white; padding: 2px;">Reappointed</span> <span style="border: 1px solid black; padding: 2px;">Outside</span> <span style="background-color: black; color: white; padding: 2px;">Independent</span>	13/13 (100%)
<b>8</b> Yurina Takiguchi	<span style="background-color: #0056b3; color: white; padding: 2px;">Reappointed</span> <span style="border: 1px solid black; padding: 2px;">Outside</span> <span style="background-color: black; color: white; padding: 2px;">Independent</span>	11/11 (100%)
<b>9</b> Katsunori Tanizaki	<span style="border: 1px solid black; padding: 2px;">Newly Appointed</span> <span style="border: 1px solid black; padding: 2px;">Outside</span> <span style="background-color: black; color: white; padding: 2px;">Independent</span>	—

Reappointed Candidate for reappointed director

Newly Appointed Candidate for newly appointed director

Outside Candidate for outside director

Independent Candidate for independent director

#### [ Nominating policy of the candidates for Directors ]

The appointment of each candidate for Director is deliberated by the Nomination and Compensation Committee and determined by the Board of Directors meeting with a consideration of a balance among knowledge, experience and skills, diversity and appropriate size.

1

Name (Date of Birth)

Hirofumi Gomi

May 13, 1949  
(74 years old)Ownership ..... Common Shares 2,541  
Attendance rate of BoD ..... 13/13 (100%)

Reappointed



[Personal History/Positions and Responsibilities in the Bank]

1972 Y 4 M Joined the Ministry of Finance (Okura-sho) (Predecessor of the Ministry of Finance (Zaimu-sho))

1996 Y 7 M Director, Research Division, Bank Bureau of the Ministry of Finance (Predecessor of the Ministry of Finance)

1998 Y 6 M Director-General of the Inspection Department, Financial Supervisory Agency (Predecessor of Financial Services Agency)

2000 Y 7 M Secretary-General of the Executive Bureau, Securities and Exchange Surveillance Commission, Financial Services Agency

2001 Y 7 M Director-General of the Inspection Bureau, Financial Services Agency

2002 Y 7 M Director-General of the Supervisory Bureau, Financial Services Agency

2004 Y 7 M Commissioner, Financial Services Agency

2007 Y 10M Counselor, Nishimura & Asahi

2009 Y 10M CEO, PricewaterhouseCoopers Research Institute (Japan) Co., Ltd. (Predecessor of PwC Research Institute (Japan) LLC)

2009 Y 11M Special Guest Professor, Aoyama Gakuin University (Current)

2015 Y 2 M Senior Adviser, The Boston Consulting Group

2015 Y 6 M Outside Director, Aida Engineering, Ltd. (Current)

2016 Y 6 M Outside Director, Infoteria Corporation (Predecessor of Asteria Corporation) (Current)

2016 Y 6 M Outside Director, Miroku Jyoho Service Co., Ltd. (Current)

2017 Y 6 M Outside Director, SBI Holdings, Inc.

2019 Y 6 M Outside Director, ZUU Co., Ltd. (Current)

2020 Y 6 M Outside Director, THE FUKUSHIMA BANK, LTD.

2022 Y 2 M Chairman of the Board, Shinsei Bank, Limited (Predecessor of SBI Shinsei Bank, Limited) (Current)

**Important status in other companies**

Outside Director, Aida Engineering, Ltd.

Outside Director, Asteria Corporation

Outside Director, Miroku Jyoho Service Co., Ltd.

Outside Director, ZUU Co., Ltd.

Special Guest Professor, Aoyama Gakuin University

**Reasons for nominating each of the candidates for Director**

Mr. Hirofumi Gomi has served as Commissioner of the Financial Services Agency and held various other positions and has a broad experience in the financial sector in general. In addition, he is familiar with management strategy, business revitalization, governance, and the like, and is expected to contribute to the enhancement of the corporate value of the Bank. Therefore, the Bank has determined that he is suitable for the position of Director of the Bank, and hereby proposes his election.



2

Name (Date of Birth)

Katsuya Kawashima March 30, 1963  
(60 years old)Ownership ..... Common Shares 5,083  
Attendance rate of BoD ..... 13/13 (100%)

Reappointed



## [Personal History/Positions and Responsibilities in the Bank]

1985 Y 4 M Joined Nomura Securities Co., Ltd.  
 1995 Y 8 M Joined SOFTBANK CORP. (Predecessor of SoftBank Group Corp.)  
 1999 Y 7 M Director, SOFTBANK INVESTMENT CORPORATION (Predecessor of SBI Holdings, Inc.)  
 1999 Y 10M Representative Director and President, SOFTBANK FRONTIER SECURITIES CO., LTD. (Predecessor of SBI SECURITIES Co., Ltd.)  
 2000 Y 11M Representative Director and President, Softbank Finance Corp. (Predecessor of SoftBank Corp.)  
 2001 Y 3 M Representative Director and President, Morningstar Japan K.K.  
 2005 Y 12M Director, Senior Executive Vice President & COO, E\*TRADE SECURITIES Co., Ltd. (Predecessor of SBI SECURITIES Co., Ltd.)  
 2006 Y 4 M Deputy President, Sumishin SBI Net Bank Research Co., Ltd. (Predecessor of SBI Sumishin Net Bank, Ltd.)  
 2007 Y 9 M Deputy President and COO, SBI Sumishin Net Bank, Ltd.  
 2011 Y 8 M President, SBI Sumishin Net Bank, Ltd.  
 2014 Y 4 M Representative Director and President, SBI MONEY PLAZA Co., Ltd.  
 2014 Y 6 M Director, SBI SECURITIES Co., Ltd.  
 2014 Y 6 M Representative Director, Senior Executive Vice President & Co-COO, SBI Holdings, Inc.  
 2015 Y 4 M Director, SBI FINANCIAL SERVICES Co., Ltd.  
 2015 Y 4 M Representative Director and President, SBI Capital Management Co., Ltd.  
 2015 Y 4 M Representative Director and President, SBI Investment Co., Ltd.  
 2015 Y 9 M Director, SBI SAVINGS BANK  
 2017 Y 5 M Director, SBI Sumishin Net Bank, Ltd.  
 2018 Y 6 M Representative Director, Senior Executive Vice President & COO, SBI Holdings, Inc.  
 2018 Y 7 M Director, SBI NEO FINANCIAL SERVICES Co., Ltd.  
 2019 Y 2 M Representative Director and President, SBI Regional Business Investment Co., Ltd.  
 2019 Y 3 M Representative Director and President, Money Tap Co., Ltd.  
 2020 Y 7 M Director, SBI Regional Bank Holdings Co., Ltd.  
 2022 Y 1 M Advisor, Shinsei Bank, Limited (Predecessor of SBI Shinsei Bank, Limited)  
 2022 Y 2 M Representative Director, President and CEO, SBI Shinsei Bank, Limited (Current)

**Reasons for nominating each of the candidates for Director**

Mr. Katsuya Kawashima has many years of experience in the securities and banking industries and has held important positions in these industries. In addition to being familiar with the financial services business, he has extensive knowledge and broad experience in overall management and is expected to contribute to the enhancement of the corporate value of the Bank. Therefore, the Bank has determined that he is suitable for the position of Director of the Bank, and hereby proposes his election.



3

Name (Date of Birth)

Katsumi Hatao

September 12, 1957  
(65 years old)Ownership ..... Common Shares 2,541  
Attendance rate of BoD ..... 13/13 (100%)

Reappointed



[Personal History/Positions and Responsibilities in the Bank]

1981 Y 4 M Joined The Bank of Tokyo (Predecessor of MUFG Bank, Ltd.)  
 1985 Y 4 M The Bank of Tokyo (Canada) Ltd., Toronto Main Office  
 1995 Y 4 M BOT International (Hong Kong) Ltd.  
 2004 Y 7 M Deputy General Manager, Corporate Planning Division, The Bank of Tokyo-Mitsubishi Ltd. (Predecessor of MUFG Bank, Ltd.)  
 2006 Y 1 M Deputy General Manager, Personnel Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Predecessor of MUFG Bank, Ltd.)  
 2007 Y 5 M Executive Officer and General Manager, Corporate Risk Management Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Predecessor of MUFG Bank, Ltd.)  
 2008 Y 4 M Executive Officer and General Manager, Global Planning Division, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Predecessor of MUFG Bank, Ltd.)  
 2011 Y 5 M Managing Executive Officer, Deputy Chief Executive, Global Business Unit, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Predecessor of MUFG Bank, Ltd.)  
 2012 Y 5 M Managing Executive Officer, Chief Executive Officer for the United States, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Predecessor of MUFG Bank, Ltd.)  
 2013 Y 2 M Outside Director, CIMB Group Holdings Berhad  
 2014 Y 7 M Managing Executive Officer, Chief Executive Officer for the United States, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Predecessor of MUFG Bank, Ltd.) and President for the MUFG Union Bank, N.A.  
 2017 Y 6 M Executive Officer, SBI Holdings, Inc.  
 2017 Y 10M Chairman of the Board of Directors, SBI Bank LLC (Russian Commercial Bank)  
 2022 Y 1 M Advisor, Shinsei Bank, Limited (Predecessor of SBI Shinsei Bank, Limited)  
 2022 Y 2 M Director, Senior Managing Executive Officer  
 2022 Y 4 M Director, Senior Managing Executive Officer, Assistant to the President, In charge of Group Treasury and Group Oversea Business, SBI Shinsei Bank, Limited (Current)

**Reasons for nominating each of the candidates for Director**

Mr. Katsumi Hatao has many years of business experience at banks in Japan and overseas and has held various important positions. He has extensive knowledge and broad experience in financial services business and corporate management in Japan and overseas and is expected to contribute to the enhancement of the corporate value of the Bank. Therefore, the Bank has determined that he is suitable for the position of Director of the Bank, and hereby proposes his election.

4

Name (Date of Birth)

Eisuke Terasawa

January 27, 1974  
(49 years old)Ownership ..... Common Shares 3,317  
Attendance rate of BoD ..... 11/11 (100%)

Reappointed



[Personal History/Positions and Responsibilities in the Bank]

1996 Y 4 M Joined The Long-Term Credit Bank of Japan, Ltd. (Predecessor of SBI Shinsei Bank, Limited)  
 2017 Y 4 M Senior Manager, Group Organizational Strategy Division  
 2018 Y 7 M Section Head, Group Corporate Planning Division  
 2020 Y 7 M GM, Group Corporate Planning Division  
 2021 Y 4 M Senior Officer, Group Corporate Planning and Finance and GM, Group Corporate Planning Division, Executive Officer, Financing Facilitation and General Manager, Office of Financing Facilitation Management  
 2022 Y 4 M Managing Executive Officer, In charge of Group Corporate Planning and Financing Facilitation and General Manager, Group Corporate Planning Division, General Manager, Office of Financing Facilitation Management  
 2022 Y 6 M Director, Managing Executive Officer, In charge of Group Corporate Planning and Financing Facilitation and General Manager, Group Corporate Planning Division, General Manager, Office of Financing Facilitation Management, SBI Shinsei Bank, Limited (Current)

**Reasons for nominating each of the candidates for Director**

Mr. Eisuke Terasawa has extensive knowledge and experience in overall banking business and has expertise particularly in corporate planning, organizational strategy and financial planning. He is also familiar with the Bank Group's business operational status through these business experiences, which is expected to contribute to the enhancement of the corporate value of the Bank. Therefore, the Bank has determined that he is suitable for the position of Director of the Bank, and hereby proposes his election.

5

Name (Date of Birth)

Yasuhiro Hayasaki

January 14, 1961  
(62 years old)Ownership ..... Common Shares 1,016  
Attendance rate of BoD ..... 13/13 (100%)

Reappointed

Outside

Independent



[Personal History/Positions and Responsibilities in the Bank]

1983 Y 4 M Joined the Bank of Japan  
 2009 Y 5 M Deputy Director-General of Financial System and Bank Examination Department, the Bank of Japan  
 2010 Y 8 M Deputy Commissioner for International Affairs, Financial Services Agency  
 2010 Y 10M Vice-chair of the Executive Committee, International Association of Insurance Supervisors  
 2012 Y 7 M Director General of Payment and Settlement Systems Department, the Bank of Japan  
 2013 Y 5 M Director General of Internal Auditors' Office, the Bank of Japan  
 2014 Y 6 M Director General of Personnel and Corporate Affairs Department, the Bank of Japan  
 2015 Y 9 M Counsellor to the Board (global strategy), The Norinchukin Bank  
 2021 Y 5 M Joined Ricoh Company, Ltd.  
 2021 Y 6 M President, Ricoh Institute of Sustainability and Business, Ricoh Company, Ltd. (Current)  
 2022 Y 2 M Outside Director, Shinsei Bank, Limited (Predecessor of SBI Shinsei Bank, Limited) (Current)

**Important status in other companies**

President, Ricoh Institute of Sustainability and Business, Ricoh Company, Ltd.

**Reasons for nominating each of the candidates for Director and summary of his/her expected roles**

Mr. Yasuhiro Hayasaki is asked to stand as a candidate for Outside Director in order to reflect in the Bank's management his experience and a wide range of knowledge in the field of finance, including a career at the Bank of Japan. After being elected, Mr. Hayasaki is expected to provide appropriate supervision and advice on the execution of business based on his experience and knowledge, especially from his expert perspective on financial administration and regulation, risk management, and economic analysis.

6

Name (Date of Birth)

Ayumi Michi

January 16, 1966  
(57 years old)Ownership ..... Common Shares 1,016  
Attendance rate of BoD ..... 13/13 (100%)

Reappointed

Outside

Independent



[Personal History/Positions and Responsibilities in the Bank]

1988 Y 4 M Joined Nippon Telegraph and Telephone Corporation  
 1995 Y 4 M Registered Tokyo Bar Association  
 1995 Y 4 M Attorney at Law, Matsuo & Kosugi  
 2008 Y 9 M Visiting Professor, Waseda University Graduate School of Law  
 2009 Y 4 M Professor, Waseda University Graduate School of Law(fixed term)  
 2009 Y 4 M Attorney at Law, Waseda University Legal Clinic Corporation (Current)  
 2015 Y 10M Deputy Secretary-General, Japan Federation of Bar Associations  
 2018 Y 4 M Vice President, Tokyo Bar Association  
 2019 Y 4 M Director General of the Headquarters, Japan Legal Support Center (Houterasu)  
 2022 Y 2 M Outside Director, Shinsei Bank, Limited (Predecessor of SBI Shinsei Bank, Limited)(Current)

**Important status in other companies**

Attorney at Law, Waseda University Legal Clinic Corporation

**Reasons for nominating each of the candidates for Director and summary of his/her expected roles**

Ms. Ayumi Michi is asked to stand as a candidate for Outside Director in order to reflect in the Bank's management her expertise and experience as a lawyer as well as her broad knowledge of diversity, including gender. After being elected, Ms. Michi is expected to contribute to the Bank's sustainability management by providing appropriate supervision and advice, etc. to the executive team from a viewpoint of diversity and general legal affairs, including civil and commercial matters, which are her areas of expertise.

Although Ms. Michi has not been involved in the management of a company in the past other than as an outside director or outside audit & supervisory board member, the Bank believes that she will be able to appropriately perform her duties as an outside director for the reasons stated above, as well as because of her extensive experience and knowledge as a lawyer, including her positions at a bar association and as the secretary-general of a nationwide organization.

7

Name (Date of Birth)

Masahiro Terada

May 7, 1968  
(55 years old)Ownership ..... Common Shares 1,016  
Attendance rate of BoD ..... 13/13 (100%)

Reappointed

Outside

Independent



[Personal History/Positions and Responsibilities in the Bank]

1996 Y 4 M Registered Tokyo Daini Bar Association  
 1998 Y 5 M In-house Attorney, Daiwa Securities Co., Ltd. (Predecessor of Daiwa Securities Group Inc.)  
 2000 Y 5 M In-house Attorney, Morgan Stanley Japan Limited (Predecessor of Morgan Stanley MUFG Securities Co., Ltd.)  
 2005 Y 1 M Partner Attorney, City-Yuwa Partners  
 2012 Y 10M Supervisory Director, Ichigo Real Estate Investment Corporation (Predecessor of Ichigo Office REIT Investment Corporation) (Current)  
 2016 Y 8 M Outside Audit & Supervisory Board Member, Nissen Holdings Co., Ltd.  
 2022 Y 2 M Outside Director, Shinsei Bank, Limited (Predecessor of SBI Shinsei Bank, Limited)(Current)  
 2023 Y 1 M Partner Attorney, Miura & Partners (Current)

**Important status in other companies**

Attorney at Law, Miura &amp; Partners

Supervisory Director, Ichigo Office REIT Investment Corporation

**Reasons for nominating each of the candidates for Director and summary of his/her expected roles**

Mr. Masahiro Terada is asked to stand as a candidate for Outside Director in order to reflect in the Bank's management his expertise and experience as a lawyer, as well as his experience as an in-house attorney at a financial institution and as an outside audit & supervisory board member etc. at other companies. After being elected, Mr. Terada is expected to provide appropriate supervision and advice, etc. to the executive team based on his extensive knowledge in his areas of expertise, such as structured finance, corporate governance, and compliance.

Although he has not been involved in the management of a company in the past other than as an outside director or outside audit & supervisory board member, the Bank believes that he will be able to appropriately perform his duties as an outside director due to his extensive experience and knowledge as a lawyer, in addition to the reasons stated above.

8

Name (Date of Birth)

Yurina  
TakiguchiAugust 1, 1987  
(35 years old)Ownership ..... Common Shares 1,016  
Attendance rate of BoD ..... 11/11 (100%)

Reappointed

Outside

Independent



[Personal History/Positions and Responsibilities in the Bank]

2008 Y 4 M Joined cent. Force CO., LTD (~Current)  
 2014 Y 6 M Co-Anchor, TV Tokyo "News Morning Satellite"  
 2017 Y 4 M Anchor, Nikkei CNBC  
 2019 Y 4 M Editor and Communication Director, Forbs JAPAN  
 2021 Y 9 M Advisory Board Member, School of Engineering, University of Tokyo (Current)  
 2022 Y 6 M Outside Director, Shinsei Bank, Limited (Predecessor of SBI Shinsei Bank, Limited)(Current)

**Important status in other companies**

Advisory Board Member, School of Engineering, University of Tokyo

**Reasons for nominating each of the candidates for Director and summary of his/her expected roles**

Ms. Yurina Takiguchi is asked to stand as a candidate for Outside Director in order to reflect in the Bank's management her extensive experience at mass media including anchor of TV economic programs and broad knowledge of society and economics in general. After being elected, Ms. Takiguchi is expected to provide appropriate supervision and advice on the execution of business based on and from the perspectives of sustainability management, public relations activities and gender and generation diversity.

Although she has not been involved in the management of a company in the past other than as an outside director or outside audit & supervisory board member, the Bank believes that she will be able to appropriately perform her duties as an outside director due to the reasons stated above.



9

Name (Date of Birth)

**Katsunori Tanizaki**April 12, 1957  
(66 years old)

Ownership ..... Common Shares Nil

Newly  
Appointed

Outside

Independent



## [Personal History/Positions and Responsibilities in the Bank]

1982 Y 4 M	Joined The Sumitomo Bank (Predecessor of Sumitomo Mitsui Banking Corporation)
2010 Y 4 M	Executive Officer, General Manager of Global Investment Department, Sumitomo Mitsui Banking Corporation
2013 Y 4 M	Managing Executive Officer, General Manager of IT Planning Department, Sumitomo Mitsui Banking Corporation
2015 Y 4 M	Director and Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation
2015 Y 4 M	Senior Managing Executive Officer, Sumitomo Mitsui Financial Group, Inc.
2015 Y 6 M	Director, Sumitomo Mitsui Financial Group, Inc.
2017 Y 4 M	Director, Group CIO, Senior Managing Executive Officer, Sumitomo Mitsui Financial Group, Inc.
2017 Y 6 M	Director, Group CIO, Senior Managing Corporate Executive Officer, Sumitomo Mitsui Financial Group, Inc.
2019 Y 4 M	Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation
2019 Y 6 M	Group CDIO Senior Managing Corporate Executive Officer, Sumitomo Mitsui Financial Group, Inc.
2019 Y 6 M	Representative Director, President and CEO, The Japan Research Institute, Limited (Current)
2019 Y 6 M	Director, JAIS, Limited (Current)
2021 Y 4 M	Outside Director, Osaka Digital Exchange Co., Ltd. (Current)
2021 Y 10M	Director, SMBC Nikko Securities Inc. (Current)

**Important status in other companies**

Representative Director, President and CEO, The Japan Research Institute, Limited  
 Director, JAIS, Limited  
 Director, SMBC Nikko Securities Inc.  
 Outside Director, Osaka Digital Exchange Co., Ltd.

**Reasons for nominating each of the candidates for Director and summary of his/her expected roles**

Mr. Katsunori Tanizaki is asked to stand as a candidate for Outside Director in order to reflect in the Bank's management his experience and a wide range of knowledge as an executive obtained by assuming important posts at major financial institutions. After being elected, Mr. Tanizaki is expected to provide appropriate supervision and advice on the execution of business based on his experience and knowledge, especially from his expert perspective on digital strategy for finance and non-finance.

**Notes.**

- The attendance rate to Board of Directors Meetings indicates the attendance rate to Meetings held during the period from April 2022 to the end of March 2023.
- Those positions or posts of candidates for Directors without "Current" in their "Personal History/Positions and Responsibilities in the Bank" section are positions or posts from which the candidate has already retired.
- Among the candidates for Directors, Mr. Hirofumi Gomi, Mr. Katsuya Kawashima, Mr. Katsumi Hatao and Mr. Eisuke Terasawa will be elected as Executive Directors at the Board of Directors meeting to be held after this General Meeting of Shareholders. They have the knowledge and experience to be able to carry out business management of a bank appropriately, fairly and efficiently.
- Regarding Mr. Katsuya Kawashima, the candidate for Director, his positions and responsibilities at the Bank's parent companies (SBI Holdings, Inc. and SBI Regional Bank Holdings, Co., Ltd.) and the subsidiaries of the Bank's parent companies for the past ten years are described in "Personal History/Positions and Responsibilities in the Bank". Mr. Kawashima also served as an executive officer of the following subsidiaries of the Bank's parent companies, other than those listed in the "Personal History/Positions and Responsibilities in the Bank."  
 Director, SBI-HIKARI P.E. Co., Ltd.,  
 Representative Director, SBI Regional Revitalization Advisory Co., Ltd.,  
 Managing Director, Strategic Business Innovator Berlin GmbH,  
 Director, SBI JI Innovation Partners Ltd.,  
 Director, SBI JI Innovation Partners II, Ltd.,  
 Director, SBI Leasing Services Co., Ltd.,  
 Representative Director, SBI regional activation support Co., Ltd.,  
 Representative Director, SBI Regional Revitalization Investment And Lending Co., Ltd.,  
 Director, SBI Crypto Investment Co., Ltd.,  
 Director, SBI RI Partners, Ltd.,  
 Representative Director, SBI University Startup Incubator Co., Ltd.,  
 Director, SBI Capital Co., Ltd.,  
 Director, SBI Incubation Co., Ltd. and  
 Director, SBI CAPITAL Co., Ltd.

Regarding Mr. Katsumi Hatao, the candidate for Director, his positions and responsibilities at the Bank's parent companies (SBI Holdings, Inc. and SBI Regional Bank Holdings, Co., Ltd.) and the subsidiaries of the Bank's parent companies for the past ten years are described in "Personal History/Positions and Responsibilities in the Bank".

5. Special interests between the Bank and a candidate:  
Each of Messrs. Yasuhiro Hayasaki and Masahiro Terada assumed the office of member of the special committee that was established by a resolution of the Board of Directors dated March 9, 2023 in conjunction with a proposal by SBI Holdings, Inc. and SBI Regional Bank Holdings, Co., Ltd. to make a tender offer with respect to the shares of the Bank as well as privatize the Bank. However, since pursuant to the contract to serve as members of the special committee, their services comprised of reviewing certain matters that the Board of Directors instructed the special committee to review in a comprehensive manner and proving their opinions to the Board of Directors, the Bank did not deem either of them to be an "employee", as stipulated in Article 2, Item 15-A of the Corporation Act. Moreover, such services, being temporary and only relating to the proposal, as well as the fact that their total compensation therefore was lower than 10 million yen, did not have any impact on their independence.  
No special interests exist between any of the other candidates for Directors and the Bank.
6. Overview of the contents of the Agreement for Limitations on Liability concluded with Directors:  
Mr. Yasuhiro Hayasaki, Ms. Ayumi Michi, Mr. Masahiro Terada and Ms. Yurina Takiguchi among candidates for Directors has concluded an Agreement for Limitations on Liability with the Bank under Article 427, Paragraph 1 of the Corporation Act. Under this agreement, liability of each of the Directors for any damage caused through neglect of their duties and responsibilities shall be limited. If the Bank suffers damage as a result of such neglect, the Outside Directors shall be liable up to the lowest maximum liability provided for in Article 425, Paragraph 1 of the Corporation Act, provided that there should be no willful misconduct or gross negligence involved in their duties and responsibilities. If the above-mentioned candidates are re-elected as Director, the Bank will continue the said Agreement for Limitations on Liability with them.  
The candidate for new Outside Director, Mr. Katsunori Tanizaki, once elected as Director, will conclude with the Bank an Agreement for Limitations on Liability with the same conditions as mentioned above.
7. The Bank has concluded a directors and officers liability insurance contract with all Director candidates that are current Directors as insureds. If the election of the candidates is approved, all elected Directors will be the insureds of the insurance contract. See page 42 of the Business Report for the summary, etc. of the insurance contract.
8. The following persons are candidates for Outside Directors:  
Mr. Yasuhiro Hayasaki, Ms. Ayumi Michi, Mr. Masahiro Terada, Ms. Yurina Takiguchi and Mr. Katsunori Tanizaki
9. The registered name of Ms. Ayumi Michi is "Ayumi Kodama" and Ms. Yurina Takiguchi is "Yurina Kizuki".
10. Matters concerning candidates for Outside Directors:  
(1) *Violation of laws or articles of incorporation or other unjust business execution by the relevant joint stock company (kabushiki-kaisha) during the most recent term of office of the Outside Director candidate in the joint stock company, as well as actions actually taken by the Outside Director candidate to prevent recurrence of such violation and subsequent countermeasures taken by him/her.*  
Not applicable.
- (2) *If a candidate for Outside Director had been a Statutory Executive Officer, a Director, or an Auditor in other joint stock companies (kabushiki-kaisha) in the last five years, the fact (if any) of violation of laws or articles of incorporation or other unjust business execution by the relevant joint stock company during his/her term of office in the company, as well as actions actually taken by the relevant candidate to prevent a recurrence of this violation and subsequent countermeasures taken by him/her.*  
SMBC Nikko Securities Inc., of which Mr. Katsunori Tanizaki is a director, was issued (i) an order to suspend business and (ii) a business improvement order in October 2022 by the Financial Services Agency (FSA), after the Securities and Exchange Surveillance Commission (SESC)'s recommendation for taking an administrative action over SMBC Nikko Securities Inc. based on SESC's findings of violations of laws and regulations as a result of its on-site investigation, including (i) conduct of making illegal purchases, etc. for the purpose of stabilizing market prices of listed shares, (ii) deficiency in the internal control system for transaction screening, (iii) deficiency in the internal control system for business operations relating to block offers, and (iv) inappropriate operations of business conducted in cooperation with a bank. He was appointed as director of SMBC Nikko Securities Inc. in October 2021 when the SESC had already commenced an investigation for the case. From a compliance viewpoint, he had performed his duties via his activities as a member of the board of directors and had made efforts to prevent business operations which violate laws and regulations. He also verified SMBC Nikko Securities' efforts to prevent the recurrence after this violation was revealed.
- (3) *The number of years since candidates for Outside Directors who are currently Outside Directors became Outside Directors and Audit Supervisory Board Members:*  
① As of the end of this Annual General Meeting of Shareholders, Mr. Yasuhiro Hayasaki will have been an Outside Director for one year five months.  
② As of the end of this Annual General Meeting of Shareholders, Ms. Ayumi Michi will have been an Outside Director for one year five months.  
③ As of the end of this Annual General Meeting of Shareholders, Mr. Masahiro Terada will have been an Outside Director for one year five months.  
④ As of the end of this Annual General Meeting of Shareholders, Ms. Yurina Takiguchi will have been an Outside Director for one year.
11. The Bank has submitted to the Tokyo Stock Exchange, Inc. an "independent director statement" (*dokuritsu-yakuin todokedesho*) that Mr. Yasuhiro Hayasaki, Ms. Ayumi Michi, Mr. Masahiro Terada and Ms. Yurina Takiguchi are an independent director (*dokuritsu-yakuin*). In addition, the Bank will submit to the Tokyo Stock Exchange, Inc. of Mr. Katsunori Tanizaki as "independent directors" (*dokuritsu-yakuin*) once he is elected as Director.  
The Bank judges the independence of the Outside Directors considering the independence standards presented by the Tokyo Stock Exchange, Inc.

(Translation)

## Skill Matrix of Candidates for Directors


		Hirofumi Gomi	Katsuya Kawashima	Katsumi Hatao	Eisuke Terasawa	Yasuhiro Hayasaki	Ayumi Michi	Masahiro Terada	Yurina Takiguchi	Katsunori Tanizaki
Management Experience	Corporate/ Association Management		○	○	○	○	○			○
	Venture Management		○							
Financial Experience	Investment and loans	○	○	○	○	○		○		○
	Securities/ Financial Market Business		○	○	○			○		○
	Overseas Finance			○		○		○		
	Finance/Risk Management	○	○	○	○	○		○		
Other Necessary Experience	IT/Digital		○							○
	Consumer Business		○							
	Real Estate Business							○		
	Mass media								○	
Comprehensive Knowledge on Management and Finance	Legal/ Governance	○		○		○	○	○		
	IR / Public Relations								○	
	Personnel Labor/Human Rights Protection			○			○	○	○	
	Diversity						○		○	
	Administration Bureau Experience	○				○				

**Item 2: Election of One (1) Audit & Supervisory Board Member**

We would like to seek approval to elect one person as Audit & Supervisory Board Member, since Ms. Ikuko Akamatsu will have completed her terms of office at the end of this Annual General Meeting of Shareholders.

The Audit & Supervisory Board's consent has been obtained.

Career summary of the candidate is as follows.

	Name (Date of Birth)		Ownership ..... Common Shares Nil Attendance rate of BoD ..... 13/13 (100%) Attendance rate of Audit & Supervisory Board ..... 12/12 (100%)
	<b>Ikuko Akamatsu</b>	February 27, 1968 (55 years old)	
<b>Reappointed</b>	[Personal History/Positions in the Bank]		
<b>Outside</b>	1995 Y 1 M	Joined Showa Ota & Co. (Predecessor of Ernst & Young ShinNihon LLC)	
	2010 Y 12M	Chief Researcher, Management Training and Consulting Division, Institute of Management, SANNO University	
	2018 Y 8 M	Outside Director, TOP'S Inc. (Current)	
<b>Independent</b>	2019 Y 4 M	Senior Researcher, Management Training and Consulting Division, Institute of Management, SANNO University	
	2019 Y 6 M	Outside Audit & Supervisory Board Member, Shinsei Bank, Limited (Predecessor of SBI Shinsei Bank, Limited) (Current)	
	2019 Y 7 M	Board Director, The Japanese Institute of Certified Public Accountants (Current)	
	2020 Y 6 M	Outside Director, CAWACHI LTD.	
	2020 Y 6 M	Outside Audit & Supervisory Board Member, Toyo Seikan Group Holdings, Ltd. (Current)	
	2022 Y 6 M	Outside Director, Mitsubishi UFJ Securities Holdings Co., Ltd. (Current)	
	2023 Y 4 M	Outside Audit & Supervisory Board Member, iCARE Co., Ltd. (Current)	

**Important status in other companies**

Certified Public Accountant, Certified Fraud Examiner  
Board Director, The Japanese Institute of Certified Public Accountants  
Outside Director, TOP'S Inc.  
Outside Audit & Supervisory Board Member, Toyo Seikan Group Holdings, Ltd.  
Outside Director, Mitsubishi UFJ Securities Holdings Co., Ltd.  
Outside Audit & Supervisory Board Member, iCARE Co., Ltd.

**Reasons for nominating the candidate for Outside Audit & Supervisory Board Member**

Ms. Ikuko Akamatsu is asked to stand as a candidate for Outside Audit & Supervisory Board Member in order to continue to reflect in the Bank's audit operations her expertise in compliance and governance, etc. and extensive experience as a consultant based on the aforementioned expertise, as well as her professional knowledge and experience as a certified public accountant and a certified fraud examiner.

Although Ms. Akamatsu has not been involved in the management of company by means other than assuming the office of an outside director or outside audit & supervisory board member, the Bank believes that she will be able to appropriately perform her duties as outside audit & supervisory board member due to the reasons stated above.



Notes.

1. The attendance rate to Board of Directors Meetings indicates the attendance rate to Meetings held during the period from April 2022 to the end of March 2023. The attendance rate to the Audit & Supervisory Board Meetings indicates the attendance rate to Meetings held during the period from April 2022 to the end of March 2023.
2. The positions or posts of the candidate for the Audit & Supervisory Board Member without "Current" in the "Personal History/Positions in the Bank" section are positions or posts from which the candidate has already retired.
3. Ms. Ikuko Akamatsu, who is the candidate for Audit & Supervisory Board Member, has knowledge and experience to be able to carry out the audit of the execution of duties of directors of a bank appropriately, fairly and efficiently.
4. Special Interests between the Bank and a candidate:  
Ms. Ikuko Akamatsu assumed the office of member of the special committee that was established by a resolution of the Board of Directors dated March 9, 2023 in conjunction with a proposal by SBI Holdings, Inc. and SBI Regional Bank Holdings, Co., Ltd. to make a tender offer with respect to the shares of the Bank as well as privatize the Bank. However, since based on the contract to serve as member of the special committee her services comprised of reviewing certain matters that the Board of Directors instructed the special committee to review in a comprehensive manner and providing opinions to the Board of Directors, the Bank did not deem her an "employee", as stipulated in the Article 2, Item 16-A of the Corporation Act. Moreover, since they were temporary and only related to the proposal, as well as the fact that the total compensation therefore was less than 10 million yen, such services did not have any impact on her independence.
5. Overview of the contents of the Agreement for Limitations on Liability concluded with Outside Audit & Supervisory Board Member  
Ms. Ikuko Akamatsu, the candidate for Audit & Supervisory Board Member has concluded an Agreement for Limitations on Liability with the Bank under Article 427, Paragraph 1 of the Corporation Act. Under this agreement, liability of the Audit & Supervisory Board Member for any damage caused through neglect of her duty and responsibilities shall be limited. If the Bank suffers damage as a result of such neglect, she shall be liable up to the lowest maximum liability provided for in Article 425, Paragraph 1 of the Corporation Act, provided that there should be no willful misconduct or gross negligence involved in her duty and responsibility. If the above-mentioned candidate is re-elected as Audit & Supervisory Board Member, the Bank will continue the said Agreement for Limitations on Liability with her.
6. The Bank has concluded a directors and officers liability insurance contract with current all Audit & Supervisory Board Members including Ms. Ikuko Akamatsu, the candidate for Audit & Supervisory Board Member, as insureds. Ms. Akamatsu will be the insured of the insurance contract if her re-election is approved. See page 42 of the Business Report for the summary, etc. of the insurance contract.
7. Ms. Ikuko Akamatsu is the candidate for Outside Audit & Supervisory Board Member.
8. Matters concerning candidates for Outside Audit & Supervisory Board Member:
  - (1) *Violation of laws or articles of incorporation or other unjust business execution by the relevant joint stock company (kabushiki-kaisha) during the most recent term of office of the Outside Audit & Supervisory Board Member candidate in the joint stock company, as well as actions actually taken by the Outside Audit & Supervisory Board Member candidate to prevent recurrence of such violation and subsequent countermeasures taken by him/her.*  
Not applicable.
  - (2) *If a candidate for Outside Audit & Supervisory Board Member had been a Statutory Executive Officer, a Director, or an Auditor in other joint stock companies (kabushiki-kaisha) in the last five years, the fact (if any) of violation of laws or articles of incorporation or other unjust business execution by the relevant joint stock company during his/her term of office in the company, as well as actions actually taken by the relevant candidate to prevent a recurrence of this violation and subsequent countermeasures taken by him/her.*  
Not applicable.
  - (3) *The number of years since candidate for Outside Audit & Supervisory Board Member who is currently Outside Audit & Supervisory Board Member became Outside Director and Audit Supervisory Board Member:*  
As of the end of this Annual General Meeting of Shareholders, Ms. Ikuko Akamatsu will have been an Outside Audit & Supervisory Board Member for four years.
9. The Bank has submitted to the Tokyo Stock Exchange, Inc. an "independent director statement" (*dokuritsu-yakuin todokesho*) that Ms. Ikuko Akamatsu is an independent director (*dokuritsu-yakuin*).  
The Bank judges the independence of the Outside Audit & Supervisory Board Member considering the independence standards presented by the Tokyo Stock Exchange, Inc.



### Item 3 Election of One (1)Substitute Audit & Supervisory Board Member

We received a notice from Mr. Hiroyuki Hatano (the current Substitute Audit & Supervisory Board Member as a substitute for Audit & Supervisory Board Member who is not an Outside Audit & Supervisory Board Member) expressing his intention to decline the post of Substitute Audit & Supervisory Board Member at the end of this Annual General Meeting of Shareholders. As a result, the Board of Directors approved a resolution to cancel his election as Substitute Audit & Supervisory Board Member at the end of this Annual General Meeting of Shareholders, with a consent of the Audit & Supervisory Board, in accordance with the resolution at the Annual General Meeting of Shareholders for the 20th Term.

Therefore, we would like to seek approval to elect one person as a Substitute Audit & Supervisory Board Member, pursuant to Article 329, Paragraph 3 of the Corporation Act, in order to prepare for the event that the number of Audit & Supervisory Board Members falls short of the number stipulated by law. Mr. Hiroyuki Morinaga is a candidate for Substitute Audit & Supervisory Board Member as a substitute for Audit & Supervisory Board Member who is not an Outside Audit & Supervisory Board Member. Until and prior to actually assuming office, the above election as Substitute Audit & Supervisory Board Member may be cancelled by a resolution of the Board of Directors and with a consent of the Audit & Supervisory Board.

The Audit & Supervisory Board's consent has been obtained.

Career summary of the candidates is as follows.

	Name (Date of Birth)		
	<b>Hiroyuki Morinaga</b>	September 15, 1968 (54 years old)	Ownership ..... Common Shares Nil
	[Personal History/Positions in the Bank]		
	1991 Y 4 M Joined The Long-Term Credit Bank of Japan, Ltd. (Predecessor of SBI Shinsei Bank, Limited) 2003 Y 9 M Director, Credit Pricing Corporation 2013 Y 4 M Joined Shinsei Bank, Limited (Predecessor of SBI Shinsei Bank, Limited) 2014 Y 6 M Deputy General Manager, Institutional Business Division 2015 Y 5 M Deputy General Manager, Institutional Business Planning Division 2017 Y 12M Section Head, Group Portfolio Risk Management Division 2022 Y 4 M Deputy General Manager, Group Portfolio Risk Management Division 2023 Y 5 M General Manager, Office of Audit & Supervisory Board, SBI Shinsei Bank, Limited (Current)		

#### **Reason for nominating the candidate for Substitute Audit & Supervisory Board Member**

Mr. Hiroyuki Morinaga has enough experience and knowledge in the banking business. He is asked to stand as a candidate for Substitute Audit & Supervisory Board Member since the Bank believes that he is well qualified for the Audit & Supervisory Board Member who is not an Outside Audit & Supervisory Board Member for the reasons stated above.

#### Notes.

1. Mr. Hiroyuki Morinaga who is the candidate for Substitute Audit & Supervisory Board Member, have knowledge and experience to be able to carry out the audit of the execution of duties of directors of a bank appropriately, fairly and efficiently.
2. Special Interests between the Bank and candidate:  
No Special Interests exist between the candidate for Substitute Audit & Supervisory Board Member and the Bank.
3. The Bank has concluded a directors and officers liability insurance contract with current all Audit & Supervisory Board Members as insureds. Mr. Hiroyuki Morinaga, the candidate for Substitute Audit & Supervisory Board Member, will be the insured of the insurance contract once he is appointed as Audit & Supervisory Board Member. See page 42 of the Business Report for the summary, etc. of the insurance contract.

**END**

**[Reference]**

**Regarding the Standards for Independent Outside Directors and Outside Audit & Supervisory Board Members**

**1. Policies and procedures in the nomination of candidates for Directors and Audit & Supervisory Board Members**

The Bank's Board makes final decisions on the appointment/dismissal of the senior management and the nomination of the candidates for Directors and the Audit & Supervisory Board Members based on the Bank Rules.

- Candidates for Directors; the appointment of Director is deliberated by the Nomination and Compensation Committee and determined by the Board of Directors meeting with a consideration of the Bank's size, a balance among knowledge, experience, skills and diversity.
- Candidates for Audit & Supervisory Board Members: they are decided with the consent of the Audit & Supervisory Board, considering the candidates' knowledge and experience in order to accurately, fairly and effectively ensure audit business execution by the Bank's Directors.

**2. Independence Standards for Independent Directors**

The Bank judges the independence of the Directors considering the independence standards presented by the Tokyo Stock Exchange, Inc.

**3. Evaluation/Analysis of the effectiveness of the Board**

The Bank periodically conducts the evaluation/analysis of the effectiveness of the Board as a whole in order to improve the functionality of the Board. The Bank conducted self-evaluation as follows in fiscal year 2022:

- (1) **Purpose:** Enhance the Board of Directors' function by evaluating whether the Board has fulfilled its roles and responsibilities and by running the PDCA cycle
- (2) **Targets for the analysis and evaluation:** Board of Directors' activities and operational and support systems for conducting the activities in an efficient and effective manner
- (3) **Evaluators:** All participants of the Board of Directors (12 members including Directors and Audit & Supervisory Board Members). The evaluation includes questions targeting Audit & Supervisory Board Members only, the same as every year.
- (4) **Analysis and evaluation items:** Contents of the Board of Directors discussions, Operation of Board of Directors meetings by the executive team, Composition and diversity of the Board of Directors, Provision of information from the executive team to the Board of Directors, Contents of Strategy Session discussions, Operation of the Strategy Session by the executive team, Communication, Third-party evaluation of the Board of Directors, Parent Company Transaction Screening Committee & Nomination and Compensation Committee, and Evaluation from Audit & Supervisory Board Member
- (5) **Method for analysis and evaluation:** Questionnaire survey by the secretariat of the Board of Directors Meetings based on the direction of the Chairman of the Meetings (with multiple responses and open-ended responses)
- (6) **Feedback of the survey results:** Selected responses and open-ended responses were reported to the Board.

The survey results are as follows.

**1) Contents of the Board of Directors discussions**

There was a certain appreciation that discussions about medium-to long-term business vision and business models for increasing corporate value and sustainable growth are made in a constructive manner, which have contributed to greater corporate value and sustainable growth. However, we have concluded that we will improve the operations based on opinions that the time for the discussions was not necessarily sufficient and that deeper discussion is needed by selecting appropriate themes.

## **2) The effectiveness of the Strategy Session**

The FY2022 Strategy Session mainly discussed the progress of the Medium-Term Plan, business strategies and the management base strategy and its progress. We have confirmed that these themes are effective for discussing the Group's medium-to long-term business strategy since they have been assessed as being reasonable and focusing on managerial issues and business models for sustainable growth. We will continue to select appropriate themes to make Strategy Sessions beneficial discussion opportunities.

## **3) Composition and diversity of the Board of Directors**

There were some comments that the Board of Directors is not well-balanced in terms of international background of the members. However, we have concluded that the diversity of the Board including gender, age and international background of the members is "Appropriate" or "Generally appropriate" in terms of broadly defined diversity including skills and experience of the members.

## **4) Operation of the Board of Directors Meetings and Strategy Session by the executive team**

For Board of Directors, the initiatives for more efficient operation including selecting agenda items requiring no explanations and accepting questions about meeting materials in advance received a certain appreciation that the initiatives facilitated covering important agenda items and allocating sufficient time for discussing important agenda items. For Strategy Session, we have confirmed that their duration and frequency need to be considered.

## **5) Provision of information from the executive team to the Board of Directors**

We have confirmed that the meeting materials and explanations by the executive team are in general appropriate. For provision of information to the Board of Directors, we will make efforts to create opportunities including the Board and at Strategy Session for sharing topics that do not have sufficient information and information beneficial for the Board.

## **6) Communication**

We have confirmed a favorable environment for information sharing among Outside Directors and Outside Audit & Supervisory Board Members and the effectiveness of Executive Sessions consisting only of Outside Directors and Audit & Supervisory Board Members. Meanwhile, approximately half of the respondents responded that the provision of information about the main stakeholders (customers, shareholders and employees, etc.) to the Board of Directors is "In general appropriate but needs to be improved continuously". We will therefore enhance the content of the information.

## **7) Third-party evaluation of Board of Directors**

There is no necessity to implement the evaluation immediately since no respondent selected "Needed", and "Needs to be considered in the medium-to-long term" and "No need" represented the majority. However, we have realized that this matter requires continuous consideration.

## **8) Parent Company Transaction Screening Committee & Nomination and Compensation Committee**

In Fiscal Year 2022, the Parent Company Transaction Screening Committee held 14 meetings and the Nomination and Compensation Committee held 6 meetings by January 31, 2023. While the Nomination and Compensation Committee was highly evaluated in terms of its structure and operation, it was confirmed that the Parent Company Transaction Screening Committee spends a long time for discussion and its materials have room for improvement, even though they have improved from the time when the Committee was established. We will therefore promote more efficient operation including improving meeting materials.

## **9) Evaluation from Audit & Supervisory Board Members**

We have confirmed that Audit & Supervisory Board Members acknowledge that Directors are performing their expected responsibilities appropriately as a whole.

We have concluded from the survey results that the efficiency and effectiveness of the Board of Directors are mostly ensured, since in general we received a reasonably high appreciation. We have also received suggestions and opinions about meetings and their operation. We will discuss and address them by also confirming the intention of the Board to enhance its effectiveness and functions.

For more information, please visit The Bank's website;

Home > Corporate/IR > About SBI Shinsei Bank > Corporate Governance

**Business Report for the 23rd Fiscal Year  
(From April 1, 2022 to March 31, 2023)**

**1. Current State of the Bank**

**(1) Business Development and Performance of the Group**

***[Principal Business of the Group]***

The SBI Shinsei Bank Group, which consists of SBI Shinsei Bank, Limited, 135 subsidiaries (comprised of 84 consolidated companies including APLUS Co., Ltd. (hereinafter "APLUS"), Showa Leasing Co., Ltd. (hereinafter "Showa Leasing"), Shinsei Financial Co., Ltd. (hereinafter "Shinsei Financial"), Shinsei Trust & Banking Co., Ltd., UDC Finance Limited and 51 unconsolidated subsidiaries) and 43 affiliated companies (comprised of 43 affiliates accounted for under the equity method including MB Shinsei Finance Limited Liability Company ) as of March 31, 2023, provides a wide variety of financial products and services to customers through our Institutional Business, Individual Business and Overseas Business. These groups consist of business segments which provide their respective financial products and services. SBI Shinsei Bank, Limited, subsidiaries and affiliated companies are related to each segment as follows.

In the Institutional Business, the "Corporate Business" segment provides financial products and services for corporate, public, and financial sectors, advisory services, and wealth management business. The "Structured Finance" segment provides real estate finance such as nonrecourse loans, financial products and services related to project finance and specialty finance such as M&A finance, financial products and services for healthcare facilities and healthcare operators, and trust business. The "Principal Transactions" segment provides private equity businesses and business succession services, and financial products and services related to credit trading. The "Showa Leasing" segment primarily provides financial products and services related to leasing. The "Markets" segment engages in foreign exchanges, derivatives, and other capital markets transactions. The "Other Global Markets" segment includes businesses such as securities business provided by Shinsei Securities Co., Ltd.

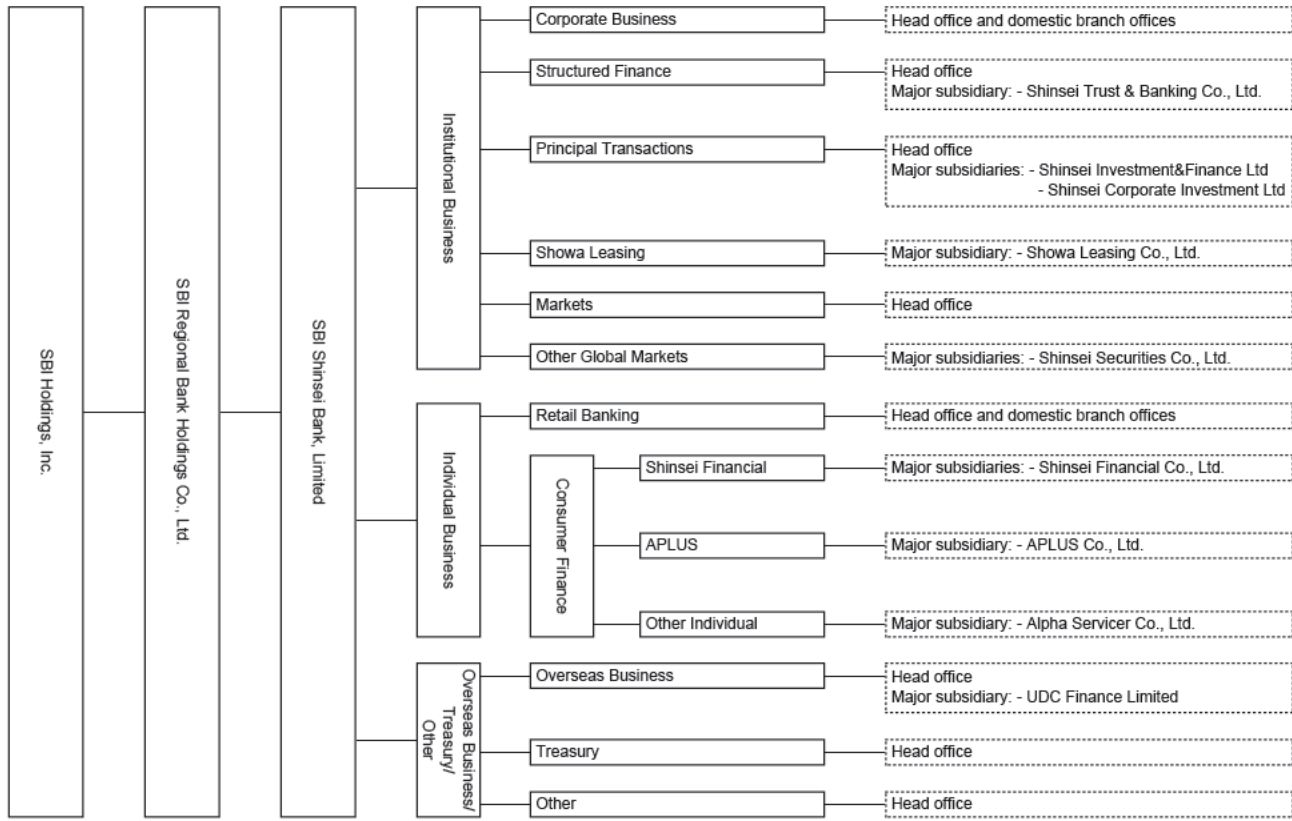
In the Individual Business, the "Retail Banking" segment provides financial products and services for retail customers. The "Shinsei Financial" segment provides unsecured card loan business and credit guarantee business (Shinsei Financial, SBI Shinsei Bank Card Loan L, Lake). The "APLUS" segment provides installment sales credit, credit cards, loans and payment services. The "Other Individual" segment in the Individual Business consists of profit and loss attributable to other subsidiaries.

In the Overseas Business/Treasury/Others, the "Overseas Business" segment includes the majority of the Group's overseas consolidated subsidiaries and overseas affiliates, through which it mainly provides small-scale financing. The "Treasury" segment includes gains and losses of ALM operations, fund raising including capital instruments and marketable investments such as bonds.

The aforementioned can be illustrated in a business organization chart as follows.



(Translation)



***[Financial and Economic Environment]***

In the current fiscal year, the global economy seems to have decelerated due to high global inflation and the progress of rapid monetary tightening to curb rising prices. The Japanese economy seems to have continued to grow at a moderate pace, mainly due to a recovery in inbound demand and progress toward normalization of social and economic activities, while price increases weighed on the recovery in consumption.

Since the Federal Reserve Board (FRB) began raising policy rates in March 2022, it has raised policy rates rapidly. The Federal Open Market Committee (FOMC) in March 2023 continued to raise policy rates by 0.25%, even amid heightened uncertainty associated with the bankruptcy of U.S. banks. The target federal funds rate was 4.75% to 5.00%. Meanwhile, the Bank of Japan maintained a large-scale monetary easing policy. At the Monetary Policy Meeting held in December 2022, the Bank of Japan decided to modify the conduct of yield curve control. The Bank of Japan expanded the fluctuation range of long-term interest rates (10-year JGB yields) from around  $\pm 0.25\%$  to around  $\pm 0.5\%$ .

In the financial markets, long-term interest rates in the United States (10-year Treasury yields), which stood at around 2.3% at the end of March 2022, temporarily exceeded 4.2% through October 2022, as FRB moved rapidly toward tightening monetary policy to curb persistent inflation in the United States. Since then, U.S. long-term interest rates have fluctuated upward and downward, reaching around 3.5% at the end of March 2023, reflecting the rise in U.S. employment and price conditions and financial system instability in the United States and Europe, as well as changes in the outlook for monetary policy in response to these developments. On the other hand, long-term interest rates in Japan remained at around 0.25%, but rose to around 0.5% following the Bank of Japan's December 2022 decision to modify the conduct of yield curve control. In March 2023, long-term interest rates in Japan also declined due to the emergence of financial system instability in the United States and Europe, reaching the 0.3% level at the end of March 2023.

In foreign exchange markets, the yen against the U.S. dollar temporarily exceeded  $\yen150$  in October 2022, reflecting the rapid depreciation of the yen and the strengthening of the U.S. dollar against the backdrop of a significant rise in policy-rate due to FRB and other factors. Thereafter, the yen began to appreciate against the U.S. dollar on the back of a decline in long-term interest rates in the United States and the Bank of Japan's decision to modify the conduct of yield curve control. From 2023, the yen temporarily appreciated to the  $\yen120$  level. By March 2023, the yen had depreciated somewhat against the U.S. dollar, returning to the  $\yen133$  level at the end of March 2023 (a depreciation of approximately  $\yen11$  against the U.S. dollar compared with the end of March 2022). Concerns over the deterioration of the European economy caused the euro to depreciate, but the euro generally appreciated against the yen due to the European Central Bank's substantial policy rates hike and expectations of a prolonged monetary tightening. The euro/yen depreciated to the  $\yen144$  level at the end of March 2023 (a depreciation of approximately  $\yen9$  against the euro compared with the same period).

In the stock market, the global monetary tightening generally weakened stock prices mainly in the United States. However, the stock market in Japan remained steady, albeit with some fluctuations, due in part to improved corporate performance.



(Translation)

**[Business Developments and Performances of the Group in Fiscal Year 2022]**

SBI Shinsei Bank Group has announced the “Medium-Term Vision (FY2022-FY2024)”, and has established the following three basic strategies.

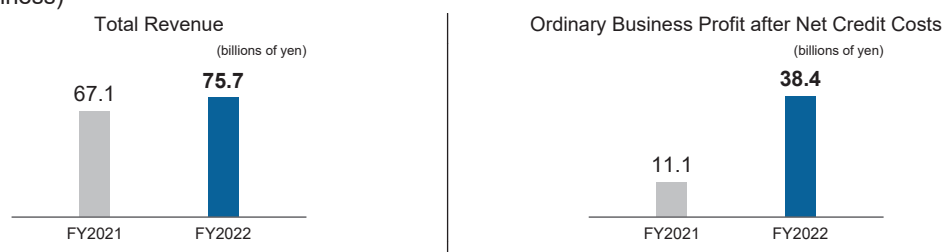
Basic Strategy 1: Pursue value co-creation inside and outside the Group

Basic Strategy 2: Enhance the Group’s strengths and realize a full range of service offerings

Basic Strategy 3: Achieving sustainability through business activities

The status of initiatives in each business in the first year of the “Medium-Term Vision (FY2022-FY2024)” is as follows.

(Institutional Business)



<Business strategy>

In Institutional Business, the SBI Shinsei Bank Group has implemented to the following initiatives in order to achieve the following four targets.

In fiscal year 2022, the first year of the “Medium-Term Vision (FY2022-FY2024)”, sales activities by executives and employees including top management have increased significantly in Institutional Business as a whole.

- Expansion of customer base through thorough customer-centric approach
- Provide a full lineup of products in collaboration with SBI group
- Deepen strengths in Institutional Investors
- Contributing to the revitalization of regional economies and companies as a platform provider of regional financial institutions

① Corporate Business

Operating assets and revenues expanded substantially as a result of the development of new customers through an increase of touchpoints with customers, including aggressive sales led by the management team, and the cultivation of relationships with existing customers.

The Bank has strengthened its collaboration with SBI Group and focused on financing startup venture companies and their owners. The Bank considers this business area is expected to SBI synergy field to be 1 in which synergies with SBI can be expected, and we will continue to deepen and accelerate collaboration to introduce customers to each other and expand our high-quality client base.

In addition, we are working together with SBI Group to provide optimal solutions in order to resolve various management issues faced by our customers at their growth stages. The Bank provides a number of group-wide support, including loans to SBI Group's investees.

We are engaged in various types of sustainable finance in order to realize sustainability through business activities. In the current fiscal year, in addition to the Green Loans, Social Loans, and Sustainability-Linked Loans that we have been working on for the entire institutional business, we also executed new Transition-Linked Loans and Positive Impact Finance deals, for a total of JPY451.3 bn (including financing in accordance with the customer's framework). We will continue to accelerate our efforts in transition finance, which is gaining attention as a process for decarbonization, mainly through the specialized departments established within the sales department of the Bank.

## ② Institutional Investors

We continue to strengthen our efforts in project finance, mainly in the renewable energy area. In addition to conventional solar power projects, we are also focusing on onshore wind and biomass power generation projects. In the origination of finance, the Group promotes collaboration with local financial institutions and many other regional financial institutions, thereby expanding business for institutional investors and contributing to the revitalization of regional economies in the financial sector. In addition, we will cooperate with regional financial institutions to achieve sustainable growth in both green (renewable energy) and social (healthcare, etc.) areas based on the perspective of regional revitalization.

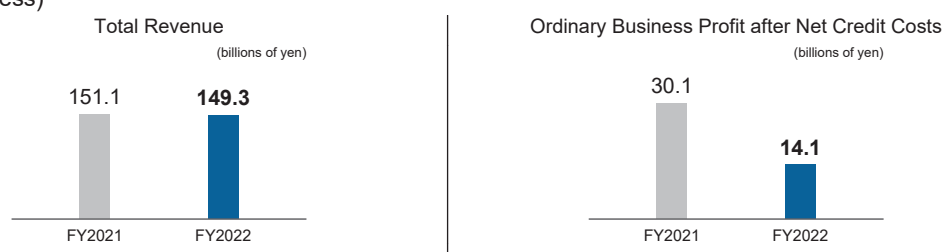
We are also working to provide financing and promoting the expansion of investment and loan opportunities in collaboration with SBI Group. In the current fiscal year, we are committed to investing in several LBO finance LP, and we will pursue investment and loan opportunities jointly with SBI Group as a result of the investment.

## ③ Financial Institutions

Aiming to become a platform provider for regional financial institutions, we are strengthening collaboration with regional financial institutions through the active promotion of structured finance, sustainable finance, loan syndication, and other areas, which are the Group's strengths. As a result of collaboration, multiple loan cofinancing projects have been newly concluded and executed. In addition, we share mutual know-how through the acceptance of trainees in the structured finance business, etc., and invigorate project coordination in order to deepen collaboration. In addition, in our projects for collaboration with SBI Group, discussions are underway on functions to be provided, considering capabilities that exist not only within the SBI Shinsei Bank Group alone but also among SBI Group more broadly.

In order to provide solutions to the management issues faced by regional financial institutions and to support the advancement of product features, we have promoted "BANKIT<sup>®</sup>" financial platform function provided by APLUS and the credit guarantee alliance with Shinsei Financial and have decided to introduce it at several regional financial institutions. Based on the "Triangle Strategy" concept, in which the regional financial institutions, SBI Group, and the SBI Shinsei Bank Group work together to realize regional revitalization, we will continue to promote further collaboration in areas such as loan and investment collaboration and the provision of group functions.

### (Individual Business)



### <Business strategy>

In Individual businesses, the SBI Shinsei Bank Group has set three strategies: "Provide services from the customer's standpoint by thoroughly adhering to the customer-centric principle", "Provide a full lineup of products through collaboration with SBI Group", and "Highly convenient services for customers through the use of technology" which are implemented in the following business areas.

#### 1. Small-scale finance

The small-scale finance business is promoted mainly by Shinsei Financial and APLUS, subsidiaries of the Bank.

As for unsecured loans provided mainly by Shinsei Financial, we are working to utilize SBI Group's customer base, improve UI/UX, expand unsecured loan customers by strengthening brand recognition, expand the credit guarantee business to regional financial institutions, and strengthen collaboration with business corporations. For our flagship Lake ALSA product, we changed our brand name to Lake and revamped our brand logo. For our website and official app Lake App, we also renewed our design and added new features. In addition, we implemented initiatives to pursue synergies as a SBI group and to strengthen brand awareness, including an alliance with SBI e-Sports Co., Ltd., which operates SBI e-Sports pro-gaming team, and renewal of creativity through the use of new TV entertainers. With regard to collaboration with regional financial institutions, the Group has strengthened collaboration with existing alliance partners and is working

toward collaboration with new regional financial institutions utilizing the networks owned by SBI Group.

At APLUS, we offer shopping credit, credit cards, and payment services. We are working to acquire credit card members that effectively utilize group functions and alliance partners, and to expand shopping credit customers. In addition to providing shopping credit with new partners and issuing credit cards. In collaboration with SBI SECURITIES CO., LTD., we launched funding service for investment trusts using a predetermined credit card issued by APLUS. In addition, in order to strengthen our neo-bank platform service "BANKIT<sup>®</sup>", we have begun offering a new "white label plan" in addition to our previous "embedded plan" to provide an enabling environment for customers to use "BANKIT<sup>®</sup>" more cost-effectively and in a short period of time. Furthermore, with the aim of growth by expanding our customer base and developing new businesses, we acquired the shares of Clear Pass Co., Ltd., which has been involved in renovation loans and other businesses in the Kansai Electric Power Group, and made it a subsidiary.

## 2. Retail banking

Retail banking is working to increase customer satisfaction by expanding the size (number of accounts and amount of deposits) through reciprocal customer referrals within SBI Group and the Bank Group, expanding the product lineup through collaboration with SBI Group, and optimizing the real channels (joint branches and others with SBI Group) and the online channels (apps and others). In addition, we are promoting the value co-creation with each of the Bank's group companies, such as APLUS, and Shinsei Financial, as well as each of SBI Group companies, and even with outside parties.

The Bank provides financial product intermediary services with Monex Securities Co., Ltd., financial product intermediary services with SBI Securities Co., Ltd., and banking agency services. By opening a comprehensive securities account for Monex Securities Co., Ltd. or SBI Securities Co., Ltd. on the Bank's Web website and in branches, customers can access the various financial products and services provided by each company. In addition, we opened SBI SHINSEIBANK MONEY PLAZA in Ikebukuro, Umeda, and Ginza, a joint branch with SBI MONEY PLAZA Co., Ltd., which provides one-stop services for a wide variety of financial products and specialized advice, including stocks, investment trusts, insurance, and housing loans. We have made it possible to use the diversified financial products and services provided by SBI SECURITIES CO., LTD. through high-quality advice from face-to-face consulting sales conducted jointly by the Bank and SBI MONEY PLAZA Co., Ltd. In addition, we significantly expanded account numbers and deposit volume through initiatives that contribute to improving customer convenience and satisfaction, such as renewing the "Step-up Program," a preferential program for customers with accounts, significantly raising interest rates on time deposits, making ATM fees totally free, and renewing the SBI Shinsei Bank app.

## 3. Housing-related loans

In housing-related loans, the Group is working to expand its client base by offering competitive products, and to streamline operations through collaboration with SBI Group. We also aim to efficiently and effectively improve our business flow and services by sharing know-how on reciprocal customer referrals with Group companies, SBI Group companies and external parties, competitive product designs compared to other companies, and credit management and business operations within the Group.

The Bank has provided services such as flat-rate administrative services and guarantee fees free of charge. To meet the growing need for customers to keep down their monthly living expenses as much as possible in response to recent changes in the environment, such as policy interest rate hikes in overseas countries, the depreciation of yen, and the price increase against the backdrop of these factors, the Bank implemented a campaign for preferential interest rates and administrative fees for new borrowers and refinancing customers. In addition, we expanded our products and services to meet a variety of customer needs. For example, we began outsourcing banking agency services to SBI MONEY PLAZA CORPORATION.

## (Overseas Business)

## &lt;Business strategy&gt;

Overseas business has two business strategies; "Establish a presence as a banking group with strengths in non-banks by providing financial services that make full use of FinTech in regions such as the Asia-Pacific region" and "Expand non-organic growth opportunities through collaboration with SBI Group, and make overseas business one of the main businesses of the SBI Shinsei Bank Group."

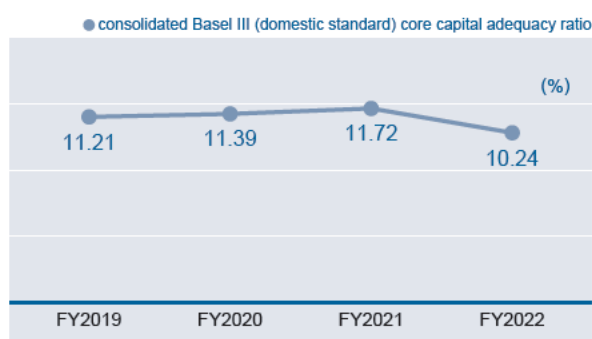
During the fiscal year 2022, UDC Finance performed strongly in New Zealand and the Company acquired the local dealership finance business in order to strengthen its earnings base. In addition, in order to acquire new business foundations, the Group is collaborating by utilizing the organizational capacities of SBI Group and its investees, etc., and is continuing its efforts to acquire companies and identify business opportunities, mainly in small-scale finance businesses, targeting the rapidly growing Asia-Pacific region. To cultivate overseas human resources, we are promoting to dispatch young trainees and employees to overseas investees and SBI group companies and exchange personnel with domestic affiliates, such as Shinsei Financial.

**(Financial Position)**

At the end of fiscal year 2022, our consolidated Basel III (domestic standards) core capital adequacy ratio was 10.24%, and has been continually maintained at a sufficient level.

One of the targets of our "Medium-Term Vision (FY2022-FY2024)" is to provide a path toward repayment of public funds. To achieve this, the "Medium-Term Vision (FY2022-FY2024)" states that the Bank will give top priority to improve profitability by implementing business strategies in its shareholder return policy. On March 30, 2023, the Bank implemented cancellation of 54 million treasury shares held in order to reduce concerns for share dilution and to increase the ratio of outstanding shares.

With regard to future shareholder return, the Bank will operate with due consideration to the operating results, such as earnings trends, future prospects, the balance with safety and internal reserves, and various regulations.



(Translation)

**(Business Performance)**

As a result of the above-mentioned business developments, in the fiscal year ended March 31, 2023, the SBI Shinsei Bank Group reported a consolidated ordinary income of 421.8 billion yen (increased 48.5 billion yen compared to the previous fiscal year) and ordinary expenses of 369.7 billion yen (increased 24.6 billion yen compared to the previous fiscal year). As a result, the Group recorded a consolidated ordinary profit of 52.1 billion yen (increased 23.8 billion yen compared to the previous fiscal year), and profit attributable to owners of parent of 42.7 billion yen (increased 22.3 billion yen compared to the previous fiscal year). Segment profits of the SBI Shinsei Bank Group on a management accounting basis totaled 56.5 billion (increased 25.5 billion yen compared to the previous fiscal year).

On the Business segment level, Institutional Business increased revenue compared to the previous fiscal year due to an increase in loan fees in Corporate Business and Structured Finance and derivatives revenues, in addition to an increase in interest income resulting from an increase in outstanding loans. Net credit cost decreased compared to the previous fiscal year mainly due to the absence of an allowance for doubtful accounts related to large nonperforming loans and the recording of reversal of allowance for doubtful accounts in Structured Finance. As a result, segment profit increased compared to the previous fiscal year.

In Individual Business, Retail Banking decreased segment profit compared to the previous fiscal year due to an increase in interest on deposits and a decrease in sales-related revenues from asset management products. In Consumer Finance, revenue was mostly flat compared with the previous fiscal year mainly due to an increase in the volume of APLUS shopping credit, while the Lake business saw a decrease in interest income due to lower yield. Net credit cost increased compared to the previous fiscal year. While the unsecured card loan business saw a decrease in write-offs in the previous fiscal year due to Novel Coronavirus-related benefits, the business saw an increase in outstanding loans and deteriorated credit situations in the card loan market in the fiscal year ended March 31, 2023. In addition, APLUS saw an increase in operating assets. As a result, segment profit decreased compared to the previous fiscal year.

In Overseas Business/Treasury/Other segment, revenue increased due to an increase in dividend income in the market business and the absence of losses on the sale of bonds such as government bonds recorded in the previous fiscal year. Net credit cost increased from the previous fiscal year mainly due to the absence of reversal of allowance for doubtful accounts recorded in the previous fiscal year. As a result, segment profit increased compared to the previous fiscal year.

The business segments attained the following results for the fiscal year ended March 31, 2023.

(Millions of yen)

	Fiscal Year 2022 (23rd Fiscal Period)					
	Institutional Business					
	Corporate Business	Structured Finance	Principal Transactions	Showa Leasing	Markets	Other Global Markets
Revenue	20,109	25,462	7,982	15,500	6,255	475
Net Interest Income(loss)	13,951	15,482	6,604	202	85	11
Non-interest income(loss)	6,157	9,980	1,377	15,297	6,169	463
Expense	13,421	11,334	4,739	11,839	1,998	1,573
Net Credit costs (Recoveries)	816	(8,633)	375	(127)	—	(7)
Segment Profit (loss)	5,871	22,762	2,868	3,787	4,256	(1,091)

	Individual Business				Overseas Business/Treasury/Other			Total
	Retail Banking	Consumer Finance			Overseas Business	Treasury	Other	
		Shinsei Financial	APLUS	Other Individuals				
Revenue	23,855	61,177	62,152	2,127	14,249	1,038	(104)	240,281
Net Interest Income(loss)	17,049	61,324	7,413	815	7,929	7,890	0	138,761
Non-interest income(loss)	6,805	(147)	54,739	1,312	6,319	(6,852)	(104)	101,519
Expense	26,789	36,021	41,235	2,635	6,836	2,481	758	161,665
Net Credit costs (Recoveries)	(75)	14,331	14,980	(716)	1,071	—	51	22,067
Segment Profit (loss)	(2,858)	10,824	5,936	208	6,340	(1,443)	(914)	56,547

**Note**

In the amount shown above, all figures have been truncated to the unit stated.



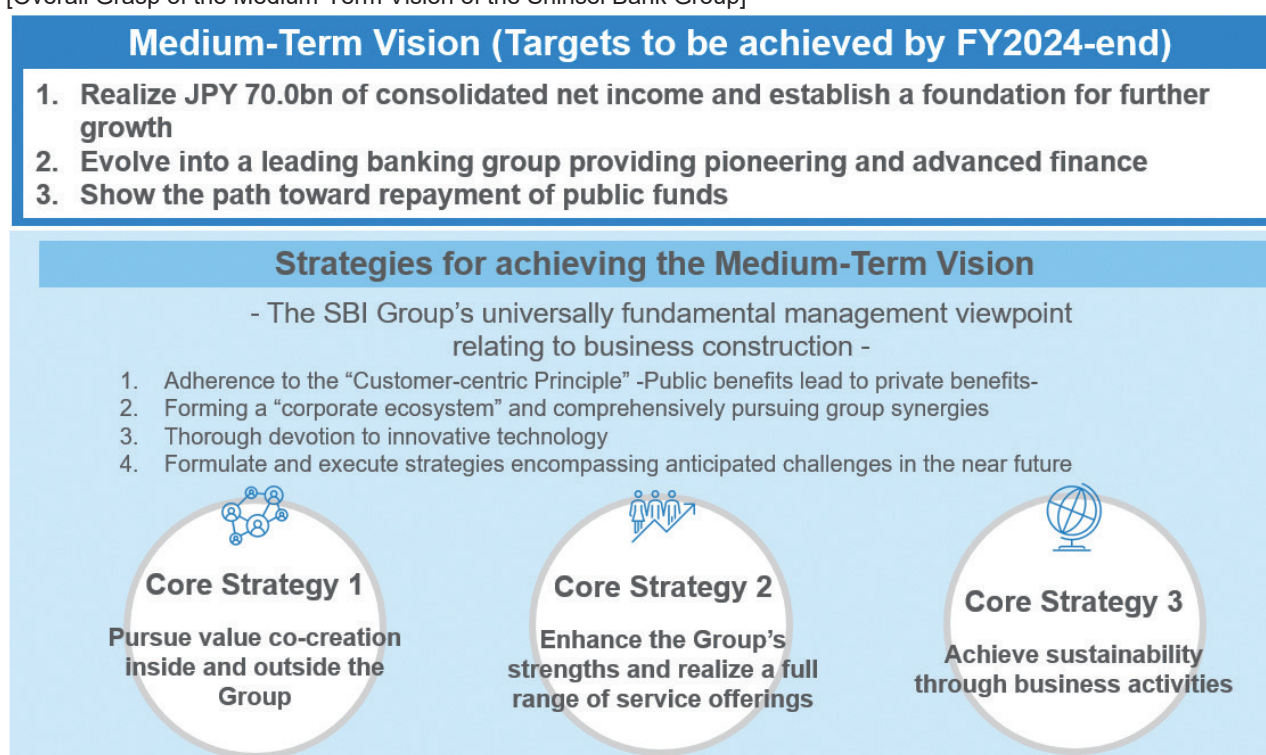
**[Challenges Facing the Shinsei Bank Group]**

**1. Overall strategy of the SBI Shinsei Bank Group**

The SBI Shinsei Bank Group has developed its Medium-Term Vision of the Group, a medium-term business plan covering from FY2022 to FY2024 that is to be pursued.

Based on the SBI Group's universally fundamental management viewpoint relating to business construction, the SBI Shinsei Bank Group's Medium-Term Vision (hereinafter the "Medium-Term Vision") consists of three targets to be achieved in FY2024 and three core strategies that enable the achievement of those goals of the SBI Shinsei Bank Group, which joined the SBI Group in December 2021.

[Overall Grasp of the Medium-Term Vision of the Shinsei Bank Group]



**1. Three targets to be achieved in three years' time**

**(1) Realize JPY 70.0bn of consolidated net income and establish a foundation for further growth**

The SBI Shinsei Bank Group, which has entered a new stage by becoming a part of the SBI Group, will strive to achieve JPY 70.0 billion of consolidated net income for FY2024 by improving its earning capacity.

In order to achieve this goal, the SBI Shinsei Bank Group will establish a foundation for growth by expanding its customer base and converting this expansion to enhancement of the quality of its products and services through adherence to the "Customer-centric Principle," pursuit of value co-creation inside and outside the Group and enhancement of the Group's strengths and realization of a full range of service offerings.

Meanwhile, in terms of the KPIs for financial targets, apart from net income – a measurement of earning capacity, the Group has set targets for the number of customers (the number of SBI Shinsei Bank's retail bank accounts) – an indicator of its customer base, deposit balance (retail and corporate) and operating assets (including management of marketable securities) – a barometer of financial foundation, as well as CET1 ratio – a yardstick for financial soundness.

(Translation)

		<b>FY2024 target</b>
<b>Customer base</b>	<b>Customers</b> (SBI Shinsei Bank's retail bank accounts)	<b>3,800 thousand</b>
<b>Financial foundation</b>	<b>Deposits</b> (Retail and corporate)	<b>JPY 8.0tn</b>
	<b>Operating assets</b> (including management of marketable securities)	<b>JPY 10.0tn</b>
<b>Earning capacity</b>	<b>Net income</b> (Attributable to owners of SBI Shinsei Bank)	<b>JPY 70.0bn</b>
<b>Financial soundness</b>	<b>CET1 ratio</b>	<b>Aim for 10% or more</b>

(2) Evolve into a leading banking group providing pioneering and advanced finance  
With faster speed than others and with an entrepreneurial spirit, the Group strives to provide products, services and functions by implementing advanced technologies to build the foundation of a leading banking group. In so doing, by thoroughly incorporating the customer base, expertise, and know-how of the SBI Group's financial ecosystem into the business of the SBI Shinsei Bank Group, we will establish the foundation for achieving the goal.

(3) Show the path toward repayment of public funds  
Repayment of public funds is one of the most important management issues for the SBI Shinsei Bank Group. The SBI Shinsei Bank Group will work in collaboration with the SBI Group to gain the understanding of the government and other stakeholders on the premise of protecting minority shareholders so that the Group can show the path and direction for repayment by FY2024.

To show the path toward repayment of public funds, the Group acknowledges that it is essential to improve profitability, which is the source of public funds repayment and enhancement of corporate value. From a business strategy perspective, by steadily implementing the various strategies presented in the Medium-Term Vision while leveraging the functions and customer base of the SBI Group obtained through joining it, the SBI Shinsei Bank Group will expand its customer base and achieve a significant and sustainable improvement in profitability. Moreover, in regard to shareholders returns, the Group will prioritize improving profitability by implementing business strategies, while reviewing the previous shareholder returns policy and focusing more on capital utilization and internal reserves of profits to expand the business foundation and strengthen profitability.

## 2. The three core strategies of the Medium-Term Vision

### ■ Core Strategy 1: Pursue value co-creation inside and outside the Group

The SBI Shinsei Bank Group has redefined the concept of "value co-creation" (open alliance) as "value co-creation with the SBI Group companies," "value co-creation within the SBI Shinsei Bank Group," "value co-creation outside the Group," and a broad-based collaboration that includes "inorganic growth via investments and M&As." On this basis, it will create synergies through these value co-creations, and achieve dramatic growth by expanding the customer base and improving its earning capacity.



Value co-creation with the SBI Group companies

- Reciprocal customer transfer within the SBI Group and the SBI Shinsei Bank Group; supplementation of functions; sharing of resources
- Provision of products, services and functions leveraging the SBI Group's network of regional financial institutions
- Integration and unification of common business and in-direct functions with the SBI Group

Value co-creation within the SBI Shinsei Bank Group

- Strengthen cooperation within the Group to comprehensively provide products, services and functions from customers' perspective, as well as improve customer convenience
- Strengthen collaboration within the Group to expand the customer base by revamping customer contact points and reinforcing sales channels

Value co-creation outside the Group and inorganic growth via investments and M&As

- Enhance customer convenience through functional collaboration with partners, including those in the non-financial domains; expand customer base and accumulate know-how and experience
- Evolve existing collaboration projects with companies outside the Group into growth drivers by gaining momentum and monetizing those projects
- Conduct investments and M&As focused on nonbanking business areas in the overseas market prioritizing the rapidly growing Asia-Pacific region, in addition to domestic activities

■ Core Strategy 2: Enhance the strengths and realize a full range of service offerings

The SBI Shinsei Bank Group will enhance its strengths cultivated thus far, including businesses related to small-scale finance, institutional investors and overseas, while thoroughly implementing the "Customer-centric Principle" through the provision of full-range service offerings.

To this end, the Group will thoroughly utilize technology and strengthen organizational capabilities related to human resources, governance and finance. In the process of realizing a full range of service offerings, it will leverage the resources and know-how of both inside and outside the SBI Group without being constrained by Not Invented Here Syndrome.

Reinforce businesses related to small-scale finance, institutional investors and overseas

- Further refining the Group's strengths in providing a diverse range of small-scale finance businesses in an integrated manner, as well as providing them to external partners in an optimal manner
- Becoming a pioneering player that is empathized by institutional investors in areas that contribute to the resolution of environmental and social issues, including renewable energy and other fields
- For the overseas nonbanking businesses, enlarge business bases prioritizing Asia-Pacific region

Execute full-range service offerings and develop structures to ensure the pursuit of the "Customer-centric Principle"

- Broaden customer options through the execution of full-range service offerings that incorporates products, services and functions of the SBI Group and external partners into the SBI Shinsei Bank Group's platform
- Optimize organizational structure and business processes from the viewpoint of ensuring the pursuit of the "Customer-centric Principle"

Comprehensive usage of state-of-the-art technologies

- Provision of highly customer convenient services by leveraging digital technologies, AI and big data (e.g., aggregated apps, BANKIT®)
- Digitization of business processes to concentrate human resources on high-value-added operations
- Maximize usage of the SBI Group's knowledge in the FinTech field

Strengthen organizational capabilities (human resources/governance/finance) to achieve growth and transformation

- Seize diverse human resources through work style reforms; create high added value through the development of advanced human resources; human resources exchange with the SBI Group
- Strengthen and enhance governance in response to the enlargement of value co-creations (corporate governance, risk governance)
- Secure sound and appropriate equity capital to enable new challenges and strategically inject and allocate management resources through non-sacred cost reductions

■ Core Strategy 3: Achieve sustainability through business activities

The SBI Shinsei Bank Group will endeavor to comprehensively leverage the capabilities inside and outside the Group to cooperate for the sustainability of customers, the SBI Shinsei Bank Group, as well as the environment and society as a whole.

In specific, it will fulfill its social responsibilities as a financial institution by working toward initiatives for regional revitalization and providing financial functions to solve environmental and social issues, while at the same time providing services trusted by customers.

Initiatives toward the regional revitalization by supporting regional financial institutions, enterprises, residents and local governments

- Build a regional financial institution support platform to assist regional financial institutions in resolving issues
- Re-energize the local economies by providing financial functions to regional enterprises, residents and local governments, etc. in cooperation with regional financial institutions

Offer financial functions toward the resolution of environment and social challenges

- Supporting customers and partners in solving environmental and social challenges (sustainable finance, etc.)
- Provide products, services and functions through co-creations of value within and outside the Group to solve problems faced by customers and society

Provision of financial services trusted by customers

- Offer products, services and functions rooted in the “Customer-centric Principle” and build a sustainable relationship of trust with customers
- Present robust and stable financial infrastructure by defending customers against increasingly sophisticated and diverse threats

## **2. Response to the Novel Coronavirus**

Even after the outbreak of the Novel Coronavirus is over, the direction of the Medium-Term Vision of SBI Shinsei Bank Group remains unchanged, and we believe it is necessary to further accelerate various strategic initiatives. As a defense against risks, we will prioritize the protection of the lives of all our stakeholders, while at the same time fulfilling our responsibilities as a financial institution as a part of the social infrastructure to contribute to our customers and society.

## **3. Strengthening Risk Management and Corporate Governance and Ensuring Highly Transparent Management**

SBI Shinsei Bank will establish balanced business operations through the smooth implementation of Basel III (capital adequacy requirements in accordance with the Banking Act; SBI Shinsei Bank utilizes an internal ratings based approach) by the Bank and its Group companies, as well as by enhancing risk management and by using risk and return identified accurately for optimized allocation of management resources. In regards to Basel III, while SBI Shinsei Bank is considered a domestic bank from a regulatory standpoint, the Bank conducts its operations while also being aware of uniform international standards.

In addition, SBI Shinsei Bank has a concept of business management framework based on the consistency of risk appetite and financial plan. Starting fiscal year 2020, SBI Shinsei Bank has documented the risk appetite of the Group by establishing a “risk appetite policy”. At the same time, we have identified risk culture, appropriate business execution based on risk appetite and risk management as fundamental elements and have established the Group Risk Governance Policy as a basic concept and basic policy regarding these elements.

SBI Shinsei Bank adopts a “Company with Audit & Supervisory Board” board model. The purpose of this corporate governance framework is to ensure appropriate managerial decision-making and business execution and to establish a corporate governance framework with sufficient check and balance functions. The Bank achieves this through the following two key actions:

- 1) Establishing the broad direction of the Bank and creating an environment which supports appropriate risk-taking by senior management, by deciding the Bank’s important business execution matters including basic management policies such as the Medium-Term Management Plan and annual plan at the Board of Directors, the highest decision-making authority; and
- 2) Assignment of audit responsibilities, including the auditing and monitoring of the Board of Directors, to Audit & Supervisory Board Members and an Audit & Supervisory Board that are independent of business execution and the Board of Directors.

SBI Shinsei Bank engages in management which emphasizes the oversight functions of Outside Directors, and even after February 8, 2022 when the Bank’s management team was replaced as a member of the SBI Group, had appointed four internal Directors as well as five Outside Directors who have extensive experiences and highly specialist knowledges in financial business in both inside and outside Japan, law, risk management, diversity, and mass media fields to its Board of Directors. As a result, the majority of Board of Directors are composed of Outside Directors. Furthermore, including the Bank’s two Outside Audit & Supervisory Board members, SBI Shinsei Bank has registered a total of seven executives with the Tokyo Stock Exchange as independent executives. Under such composition, members of the Board of Directors meeting decide the company policy through free and active discussions and enhance to secure profits for various stakeholders including shareholders and customers and to increase the sustainable corporate value of the Group which is required by the “Corporate Governance Code.” In March 2019, the Bank established the Nomination and Compensation Committee voluntarily, aiming to further enhance the objectivity and transparency of the Board’s role related to appointing candidates for directors and deciding executive remuneration. In addition, in March 2022, the Bank established the Parent Corporation Transaction Advisory Committee as an advisory body to the Board of Directors to establish a more prudent management system for conflict-of-interest transactions with the parent company group from the viewpoint of protecting the interests of minority shareholders and introduced a mechanism for preliminary examination and ex-post monitoring.

(Translation)

Furthermore, the Bank periodically conducts the evaluation and analysis of the effectiveness of the Board as a whole and implements improvement measures toward issues and challenges being found from the evaluation every year in order to improve the functionality of the Board. As to the “Corporate Governance Code”, since fiscal year 2019 the Bank has been disclosing the entire text of its corporate governance policy, which is a voluntary disclosure matter in the corporate governance report. Please click the following link for the Bank’s Policies for Initiatives Concerning the “Corporate Governance Code”:

[https://corp.sbishinseibank.co.jp/ja/about/governance/governance\\_report/main/0/teaserItems1/00/linkList/0/link/report\\_j.pdf](https://corp.sbishinseibank.co.jp/ja/about/governance/governance_report/main/0/teaserItems1/00/linkList/0/link/report_j.pdf)

Additionally, the Bank has adopted an Executive Officer system in order to ensure flexible day to day business execution. Under this system, as well as the leadership of the President & CEO, executive officers entrusted by the Board of Directors will execute their operations in an efficient manner. Furthermore, with approval from the Board of Directors, the Bank established an Executive Committee consisting of executive directors, executive officers (at the level of the Heads of executive officers in charge), and others in order to enable swift and efficient business administration. The “Group Executive Committee” and “Group Important Committees” in which executive directors of the major Group companies participate to resolute important decisions regarding the Group-wide management in order to enhance internal control of Group companies. Furthermore, a “Executive Officer” was assigned responsibility for the oversights of each relevant administrative function within the Group in order to consolidate authority and to realize optimal efficient decision-making across the entire Group. As a result, the Bank will optimize resources and decision-making on a group basis and realize more sophisticated group governance through the Group Head Office.

The SBI Shinsei Bank Group is fully compliant with J-SOX, and as a listed company, the Group will continue to endeavor to perform disclosure in a timely, appropriate, and highly transparent manner for the benefit of investors, as well as to improve its internal control systems. In accordance with regulations such as the Financial Instruments and Exchange Law, the Group will also continue to strive to further ensure compliance, by reinforcing its compliance structure, with customer protection and appropriate business operations in mind.

Concerning of the development of management infrastructure to support the execution of the Medium-Term Vision of the Group, SBI Shinsei Bank recognizes that operating IT systems stably is necessary for a financial institution which plays a part in social infrastructure. The Bank therefore continues to undertake efforts to stabilize its IT systems, as one of its important management tasks. In addition, to deal with cyber-attacks that are becoming increasingly serious and sophisticated, we established the SBI Shinsei Bank Group C-SIRT (Computer Security Incident Response Team) as a dedicated team. It has been in operation since fiscal year 2021.

#### **4. Achievement of the Revitalization Plan**

SBI Shinsei Bank submitted a “Plan for Restoring Sound Management” (the “Business Revitalization Plan”) to the Financial Services Agency in June 2022. In the fiscal year ended March 31, 2023, the Bank recorded a nonconsolidated net business profit of 45.6 billion yen, exceeding the target of 40.0 billion yen established in the Business Revitalization Plan, and a nonconsolidated net income of 48.9 billion yen, exceeding the target of 36.0 billion yen.

The Bank recognizes its expected role in fulfilling social responsibilities as a financial institution with public funds, and in addition to fulfilling these responsibilities, all employees of the Bank will work in a unified manner toward the achievement of business revitalization.

Going forward we hope to enjoy your continued understanding and support.

#### *Note*

*The description of item 4. does not include subsidiaries.*

(Translation)

**(2) Overview of Assets, Profit and Loss**

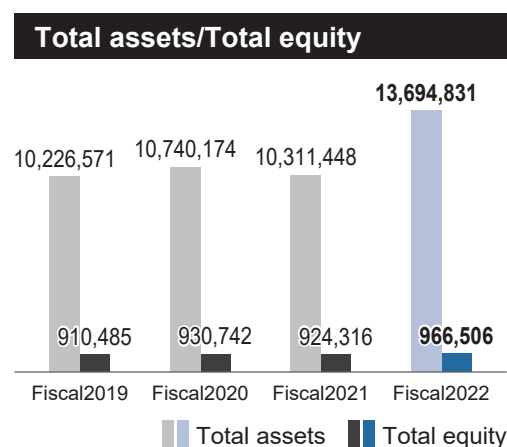
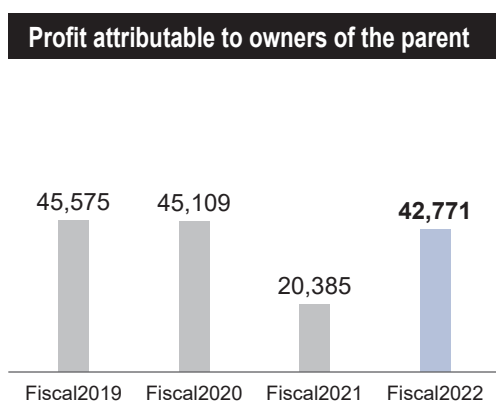
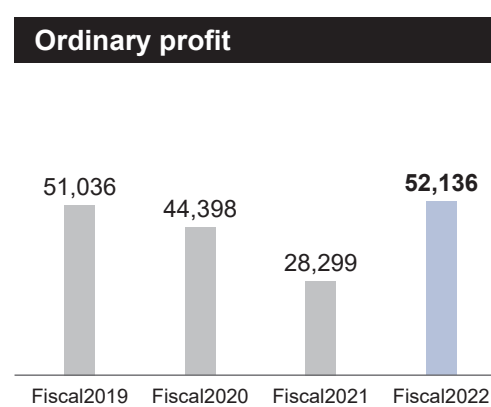
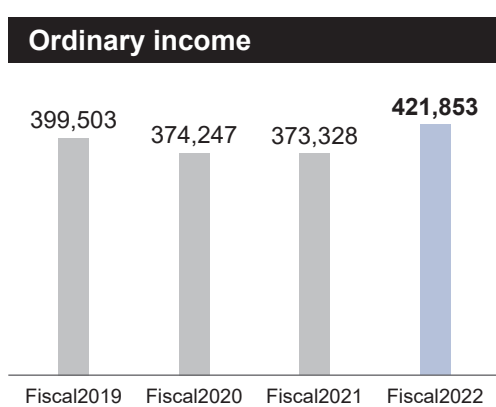
i. Overview of Assets, Profit and Loss of the Group

(Millions of yen)

	Fiscal 2019 (20th Fiscal Period)	Fiscal 2020 (21st Fiscal Period)	Fiscal 2021 (22nd Fiscal Period)	Fiscal 2022 (23rd Fiscal Period)
Ordinary income	399,503	374,247	373,328	421,853
Ordinary profit	51,036	44,398	28,299	52,136
Profit attributable to owners of the parent	45,575	45,109	20,385	42,771
Comprehensive income	36,307	47,483	17,037	46,804
Total equity	910,485	930,742	924,316	966,506
Total assets	10,226,571	10,740,174	10,311,448	13,694,831

*Note*

Figures have been truncated to the unit stated in all amounts shown above.



(Translation)

## ii. Overview of Assets, Profit and Loss of the Bank

(Millions of yen)

	Fiscal 2019 (20th Fiscal Period)	Fiscal 2020 (21st Fiscal Period)	Fiscal 2021 (22nd Fiscal Period)	Fiscal 2022 (23rd Fiscal Period)
Deposits	6,451,032	6,727,974	6,582,048	10,164,185
Time deposits	2,652,189	2,646,869	2,451,415	3,758,326
Other	3,798,843	4,081,105	4,130,632	6,405,858
Corporate bonds	116,500	180,000	170,000	140,000
Loans and bills discounted	5,040,819	5,160,932	5,279,626	7,255,606
To individuals	1,393,447	1,344,185	1,302,216	1,286,911
To small- and medium-sized businesses	1,968,210	1,865,063	2,199,591	2,910,253
Other	1,679,161	1,951,683	1,777,818	3,058,441
Trading assets	206,547	164,194	148,385	166,646
Trading liabilities	182,969	142,966	128,032	144,965
Securities	1,265,800	1,352,522	1,104,839	1,966,021
Japanese national government bonds	358,567	348,922	212,446	662,252
Other	907,233	1,003,599	892,392	1,303,769
Total assets	8,686,696	9,090,890	8,726,897	12,228,667
Total equity	853,629	857,845	853,356	896,557
Domestic exchange transactions	26,989,971	24,768,102	24,429,490	33,880,328
	(Millions of dollars)	(Millions of dollars)	(Millions of dollars)	(Millions of dollars)
Foreign exchange transactions	10,361	8,234	7,642	8,145
Ordinary profits	33,938	37,154	36,811	54,361
Net income	33,180	34,506	30,387	48,991
	(Yen)	(Yen)	(Yen)	(Yen)
Net income per share	138.75	154.64	144.26	239.93

## Notes

1. Figures have been truncated to the unit stated in all amounts shown above.
2. Deposits and other deposits include negotiable certificates of deposits.

## (3) Employees on consolidated basis

	End of this fiscal year													Total
	Institutional Business						Individual Business				Overseas Business/Treasury/Other			
	Corporate Business	Structured Finance	Principal Transactions	Showa Leasing	Markets	Other Global Markets	Retail Banking	Consumer Finance			Overseas Business	Treasury	Other	
							Shinsei Financial	APLUS	Other Individuals					
Number of employees	371	221	141	553	25	24	831	963	1,185	131	294	27	782	5,548

## Note

These numbers include overseas local employees.

(Translation)

**(4) Status of Main Offices of the Group**

i. The Bank

1) Number of business offices

	<b>End of this fiscal year (Annex)</b>
Hokkaido/Tohoku areas	1 (—)
Kanto area	15 (—)
(Tokyo)	(10 (—))
Chubu area	2 (1)
Kinki area	6 (1)
Chugoku/Shikoku/Kyushu areas	1 (—)
Domestic total	25 (2)
Overseas	— (—)
Grand total	25 (2)

*Note*

*Unmanned branches for SBI Shinsei Bank Card Loan L business were installed at 632 locations by the end of this fiscal year.*

*Also, the number of business offices where bank agents, for which SBI Shinsei Bank serves as a principal bank, operate bank agency services, is not included in the above lists.*

2) Newly established business offices in this fiscal year

None

3) List of agencies of the bank

<b>Company name</b>	<b>Address</b>	<b>Main business except bank agent</b>
JAPAN POST BANK Co., Ltd.	7-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo	Banking
FINANCIAL JAPAN Co., Ltd.	14 <sup>th</sup> Floor No.5 Tokyo Dia Building 28-23, Shinkawa 1-chome, Chuo-ku, Tokyo	Life insurance business
APLUS Co., Ltd.	Nihonbashi Muromachi Nomura Building 4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo	Credit card business
SBI Moneyplaza Co., Ltd	4-3, Ginza 5-chome, Chuo-ku, Tokyo	Financial instruments intermediary business
Australia and New Zealand Banking Group Limited	33 <sup>rd</sup> Floor Marunouchi Building 4-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	Banking
SBI SECURITIES Co., Ltd	6-1, Roppongi 1-chome, Minato-ku, Tokyo	Securities business

4) Agent activities operated by the Bank

None

(Translation)

ii. Subsidiaries

1) Institutional Business

Main company name and main office location

Company name	Name of office	Address
Shinsei Trust & Banking Co., Ltd.	Head office	4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo
Shinsei Investment & Finance Limited	Head office	4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo
Shinsei Corporate Investment Limited	Head office	4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo
Showa Leasing Co., Ltd.	Head office	4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo
Shinsei Securities Co., Ltd.	Head office	4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo

2) Individual Business

Main company name and main office location

Company name	Name of office	Address
Shinsei Financial Co., Ltd.	Head office	12-8, Sotokanda 3-chome, Chiyoda-ku, Tokyo
APLUS Co., Ltd.	Tokyo office	4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo
Alpha Servicer Co., Ltd	Head office	28-23, Shinkawa 1-chome, Chuo-ku, Tokyo

3) Overseas Business/Treasury/Other

Main company name and main office location

Company name	Name of office	Address
UDC Finance Limited	Head office	Ground Floor, ANZ Centre, 23-29 Albert Street, Auckland, 1010, New Zealand

(5) Facility Investment of the Group

i. Total facility investment

(Millions of yen)

Business segment	Amount	
SBI Shinsei Bank (Note 2)	5,279	
Subsidiaries	Institutional Business	744
	Individual Business	5,388
	Overseas Business/Treasury/Other	494
Total	11,905	

Notes

1. Figures have been truncated to the unit stated in all amounts shown above.
2. This amount is the total amount invested in each business segment on a nonconsolidated basis.

ii. New establishment of important facilities

None



(Translation)

**(6) Important Parent Company and Subsidiaries**

i. Parent Company

Company Name	Address	Major business	Establishment date	Capital (in millions)	Percentage of owned voting rights of SBI Shinsei Bank held by the parent company (%)	Other
SBI Holdings, Inc.	Minato-ku, Tokyo	Finance business	July 8, 1999	¥139,272	50.04 (50.04)	—
SBI Regional Bank Holdings Co., Ltd	Minato-ku, Tokyo	Finance business	August 25, 2015	30,100	50.04	—

Notes

1. Fractions of amounts shown less than one million have been truncated.
2. Numbers included in parentheses in the "Percentage of owned voting rights of SBI Shinsei Bank held by the parent company" column indicate indirect holdings.

ii. Subsidiaries

Company Name	Address	Major business	Establishment date	Capital (in millions)	Percentage of voting rights of subsidiaries, etc. held by SBI Shinsei Bank (%)	Other
APLUS Co., Ltd.	Osaka City, Osaka	Consumer credit business	April 24, 2009	¥100	100.00	-
Showa Leasing Co., Ltd.	Chuo-ku, Tokyo	Leasing business	April 2, 1969	29,360	100.00	-
Shinsei Financial Co., Ltd.	Chiyoda-ku, Tokyo	Consumer finance business	June 3, 1991	100	100.00	-
Shinsei Trust & Banking Co., Ltd.	Chuo-ku, Tokyo	Trust business	November 27, 1996	5,000	100.00	-
Shinsei Securities Co., Ltd.	Chuo-ku, Tokyo	Securities business	August 11, 1997	100	100.00	-
Shinsei Investment & Finance Limited	Chuo-ku, Tokyo	Financial instruments business	April 11, 2006	100	100.00	-
UDC Finance Limited	Auckland, New Zealand	Finance business	April 1, 1938	NZ\$52	100.00	-

Notes

1. Fractions of amounts shown less than one million have been truncated.
2. SBI Shinsei has 84 consolidated subsidiaries, including the major subsidiaries listed above, as well as 43 affiliated companies that are accounted for under the equity method.
3. Shinsei Securities Co., Ltd. plans the organizational restructuring that includes collaboration with SBI Securities Co., Ltd. and others, and plans to close its business by the first half of the fiscal year 2023.

**Overview of important business alliances**

1. SBI Shinsei Bank offers automated cash withdrawal services under alliance relationships with the following financial institutions:  
  
Commercial banks:  
MUFG Bank, Ltd.; Mizuho Bank, Ltd.; Sumitomo Mitsui Banking Corporation; Resona Bank, Ltd.; Saitama Resona Bank, Ltd.  
  
Trust and banking companies:  
Sumitomo Mitsui Trust Bank, Ltd.; Mitsubishi UFJ Trust and Banking Corporation;  
Mizuho Trust & Banking Co., Ltd.  
  
Others  
The Shoko Chukin Bank; Ltd. and Aozora Bank, Ltd.
2. The Bank offers cash withdrawal and depository services under an alliance with Japan Post Bank Co., Ltd., and has signed a bank agency service contract for handling Shinsei Bank's housing loan.
3. The Bank offers cash withdrawal and depository services through ATMs operated by Seven Bank, Ltd., AEON Bank, Ltd., Lawson Bank, Inc., and E-net Co., Ltd. These ATMs are installed primarily in supermarkets and convenience stores
4. The Bank offers ATM services through "VIEW ALTTE" ATMs which are located throughout East Japan Railway Company railway stations under a partnership agreement with Viewcard Co., Ltd., and also through "Patsat" ATMs installed in major stations in the Hankyu Railway and other railways under a partnership agreement with Station Network Kansai Co., Ltd. and The Senshu Ikeda Bank, Ltd.
5. The Bank is introducing financial products and services to members, who are the users of "T Points," "d Points," and "nanaco Points," each loyalty program provided by T point Japan Co., Ltd., NTT DOCOMO Inc. and Seven Card Service Co., Ltd. under a business alliance agreement with each company.
6. The Bank has an alliance with APLUS, a consolidated subsidiary, and has been processing applications for the Luxury Card and the Shinsei APLUS Gold Card, a credit card issued by APLUS and has signed a bank agency service contract for handling Shinsei Bank's housing loan.
7. The Bank has an alliance with MONEY DESIGN, Co., Ltd., and has provided the discretionary ETF (Exchange Traded Fund) investment service, "THEO Plus SBI Shinsei Bank," using a robo-advisor developed by MONEY DESIGN, Co., Ltd.
8. The Bank entered into an agreement on consignment of guarantee with Shinsei Financial, a consolidated subsidiary, which acts as a guarantor for "SBI Shinsei Bank Card Loan - L," and "SBI Shinsei Bank Smart Card Loan Plus, unsecured personal card loan services.
9. The Bank has an alliance with Nissen Credit Service Co., Ltd., an equity method affiliate of the Bank, and provides "SBI Shinsei Bank Smart Card Loan Plus for Nissen" with Nissen Credit Service Co., Ltd. as the guarantee company.
10. The Bank entered into a comprehensive business alliance agreement Monex, Inc. in the financial instruments intermediary business.
11. The Bank has entered into a financial instruments intermediary business and a bank agency business consignment contract with SBI SECURITIES Co., Ltd. In addition, the Bank has formed an alliance with SBI SECURITIES Co., Ltd. and FOLIO Co., Ltd. to act as an intermediary for SBI Wrap x SBI Shinsei Bank, which is provided for face-to-face channels with "4RAP", which is a discretionary investment platform offered by FOLIO Co., Ltd. and SBI Wrap, which is offered through on-line only. In addition, the Bank entered into an alliance with SBI MONEYPLAZA CORPORATION Co., Ltd. to operate joint branches that provide asset management consulting services with a variety of financial products, including domestic and overseas stocks and bonds and investment trusts, as commissioned by SBI SECURITIES Co., Ltd. to provide financial product intermediary services. The Bank also entered into bank agency contracts with SBI MONEYPLAZA CORPORATION Co., Ltd. for handling SBI Shinsei Bank's housing loans.
12. The Bank has signed a memorandum of understanding on a business alliance concerning healthcare finance with The Shoko Chukin Bank, Ltd.
13. The Bank has signed a business alliance agreement on business cooperation regarding business matching and lending with Military Commercial Joint Stock Bank (MB Bank), a major commercial bank in Vietnam.

(Translation)

**(7) State of Business Transfer, etc.**

i. Significant Business Transfer, Merger and Splitting, New Establishment and Splitting  
None

ii. Significant Transfer of Business from Other Companies  
None

iii. Significant Acquisition or Disposal of Stock, Other Equities or Stock Acquisition Rights of Other Companies  
None

iv. Significant Succession of Rights and Obligations regarding Other Corporations' Business through Merger or Company Split  
None

**(8) Other Important Items Regarding the Current State of the Group**

None

(Translation)

## 2. Matters Concerning Corporate Directors and Audit & Supervisory Board Members

### (1) Corporate Directors and Audit & Supervisory Board Members

(As of March 31, 2023)

Name	Position(s)/ Responsibility(ies)	Important Concurrent Post(s)	Other(s)
Hirofumi Gomi	Chairman of the Board	Outside Director, Aida Engineering, Ltd. Outside Director, Asteria Corporation Outside Director, Miroku Jyoho Service Co., Ltd. Outside Director, ZUU Co., Ltd. Special Guest Professor, Aoyama Gakuin University	
Katsuya Kawashima	Representative Director, President and CEO	—	
Katsumi Hatao	Director, Senior Managing Executive Officer, Assistant to the President, In charge of Group Treasury and Group Overseas Business	—	
Eisuke Terasawa	Director, Managing Executive Officer, In charge of Group Corporate Planning and Finance Facilitation	—	
Yasuhiro Hayasaki	Director (Outside)	President, Ricoh Institute of Sustainability and Business, Ricoh Company, Ltd.	
Ayumi Michi	Director (Outside)	Attorney at Law, Waseda University Legal Clinic Corporation	
Masahiro Terada	Director (Outside)	Partner Attorney, Miura & Partners Supervisory Director, Ichigo Office REIT Investment Corporation	
Kei Fujisaki	Director (Outside)	—	
Yurina Takiguchi	Director (Outside)	Advisory Board Member, School of Engineering, University of Tokyo	
Shinya Nagata	Audit & Supervisory Board Member	—	Mr. Nagata has extensive experience in the operational area of financial control and accounting and has a considerable level of knowledge of matters of finance and accounting.
Ikuko Akamatsu	Audit & Supervisory Board Member (Outside)	Certified Public Accountant, Certified Fraud Examiner Board Director, The Japanese Institute of Certified Public Accountants Outside Audit & Supervisory Board Member, Toyo Seikan Group Holdings, Ltd. Outside Director, TOP'S Inc. Outside Director, Mitsubishi UFJ Securities Holdings Co.,Ltd.	Ms. Akamatsu is qualified as a Certified Public Accountant and has a considerable level of knowledge of matters of finance and accounting.

(Translation)

Miyuki Nakagawa	Audit & Supervisory Board Member (Outside)	Attorney at Law, Kousui Law Office Professor, Chuo Law School, Chuo University Outside Director, NITTO KOGYO CORPORATION Outside Director, Nissan Chemical Corporation Outside Audit & Supervisory Board Member, FANCL CORPORATION Outside Audit & Supervisory Board Member, ASKUL Corporation	—
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## Notes

1. Outside Directors Yasuhiro Hayasaki, Ayumi Michi, Masahiro Terada, Kei Fujisaki, Yurina Takiguchi and Outside Audit & Supervisory Board Members Ikuko Akamatsu, Miyuki Nakagawa submitted an “independent director statement” (*dokuritsu-yakuin todokede-sho*) to the Tokyo Stock Exchange, Inc.
2. The Bank has adopted the Executive Officer system. As of March 31, 2023, there were 38 Executive Officers including those who also serve as Directors.

**(2) Compensation for Corporate Directors and Officers**

Total Amount of Compensation, etc. for Corporate Directors and Audit &amp; Supervisory Board members for this Fiscal Year

Classification	Number of payees	Compensation, etc. received from the Bank by type			Total	Remarks
		Base Remuneration	Performance-linked Remuneration, etc.	Non-monetary Remuneration, etc.		
Directors	10 (Of whom, 1 has already resigned)	160 million yen	—	34 million yen	195 million yen	
Audit & Supervisory Board members	4 (Of whom, 1 has already resigned)	46 million yen	—	—	46 million yen	
Total	14 (Of whom, 2 has already resigned)	206 million yen	—	34 million yen	241 million yen	

## Notes

1. Figures have been truncated to the unit stated in all amounts shown above.
2. In the above categories, 4 Directors also work as Executive Officer.
3. The 22<sup>nd</sup> General Meeting of Shareholders held on June 22, 2022 adopted a resolution to set ceilings for the total amount of compensation, etc. paid to Directors (nine Directors at that time) at 230 million yen a year (including 60 million yen for outside Directors, five outside Directors at that time) and the 10<sup>th</sup> General Meeting of Shareholders held on June 23, 2010 adopted a resolution to set ceilings for the total amount of compensation, etc. paid to Audit & Supervisory Board members (three Audit & Supervisory Board members at that time) at 60 million yen a year. However, these amounts do not include salaries payable to Directors as the Bank’s employees when they also work as the Bank’s employees.
4. The Bank resolved at its Board of Directors meeting held on May 12, 2015 to abolish the retirement allowance plan for Officers and the introduction of equity remuneration type stock options to the Full-Time Directors (two Full-Time Directors at that time) was resolved at the 15<sup>th</sup> General Meeting of Shareholders held on June 17, 2015. Separately from the maximum remuneration stated above in the note 3, the 22<sup>nd</sup> General Meeting of Shareholders held on June 22, 2022 adopted a resolution to set ceilings for allotment the Subscription Warrants not exceeding 75 million yen annually to the Full-Time Directors (four Full-Time Directors at that time) as equity remuneration type stock options.
5. The Bank resolved at the 18<sup>th</sup> Ordinary General Meeting of Shareholders held on June 20, 2018, the introduction of a restricted stock remuneration system targeting full-time Directors (two Full-Time Directors at that time). The 22<sup>nd</sup> General Meeting of Shareholders held on June 22, 2022 adopted a resolution to set the amount of the compensation for full-time Directors (four Full-Time Directors at that time) up to 25 million yen per year, which is within the annual limit of 230 million yen per year as stated above in the note 3.

6. The Bank resolved at the 20th Ordinary General Meeting of Shareholders held on June 17, 2020, the introduction of a restricted stock remuneration system targeting outside Directors (five outside Directors at that time). The amount of the compensation for outside Directors (five outside Directors at that time) is up to 15 million yen per year, which is within the annual limit of 60 million yen per year as stated above in the note 3. Also, the continuation of the restricted stock compensations plan for outside Directors (five outside Directors at that time), in correspondence to the amendment of the Companies Act enacted from March 1, 2021, was resolved at the 21st General Meeting of Shareholders held on June 23, 2021.
7. Restricted Stock Remuneration of 34 million yen granted to the Directors is included in Non-monetary Remuneration, etc. in the table above.
8. Individual amounts of the remuneration for the Bank's Directors are decided by the Board of Directors based on the contents of the Revitalization Plan and within the total remuneration amount resolved at the General Meeting of Shareholders following a Policy on decisions on the content of remuneration, etc. for individual directors resolved at the Board of Directors meeting.

The base remuneration shall be the fixed remuneration corresponding to their full-time or part-time status, positions and responsibilities, to be determined after deliberation by the Nomination and Compensation Committee on the appropriate level of remuneration as a public fund injection bank with reference to the level of other companies in the same industry.

The amount of the Equity Remuneration Type Stock Options for full-time directors shall be determined at a Board of Directors meeting, after deliberation by the Nomination and Compensation Committee, by calculation using a formula that takes into account the Bank's stock price fluctuation rate, the performance of the Bank's stock price in comparison with the stock price of the banking industry and the Bank's net asset fluctuation rate during the previous fiscal year (i.e.,  $\text{Monthly base remuneration} \times 4 \times \sqrt{(\text{Bank's stock price fluctuation} \times \text{Performance ratio of the Bank's stock price fluctuation to TOPIX} \times \text{Bank's net asset fluctuation rate})}$ ), provided, however, that the amount of the Equity Remuneration Type Stock Options shall be within a range of 1 to 12 times of monthly base remuneration, in order for directors to share the risks and benefits of stock price fluctuations with shareholders and to increase their motivation to contribute to medium- to long-term increases in corporate value and stock prices, based on internal rules determined by the Board of Directors, and it is provided that upon the occurrence of a certain event to a director, all stock options granted to such director shall be waived.

A restricted stock compensation plan has been introduced for full-time directors (meaning directors excluding outside directors) and outside directors with the objective of providing them with incentives to continuously improve our corporate value and further promoting value sharing with shareholders and, after deliberation by the Nomination and Compensation Committee, the amount to be granted to each full-time and part-time director is determined corresponding to his/her positions and job responsibilities and common shares are granted to each director at a certain percentage of the total amount of remuneration for such director that is authorized by the General Meeting of Shareholders. It is provided that upon the occurrence of a certain event to a director, all shares granted to such director shall be acquired by the bank without consideration.

The ratio of the base remuneration to the total remuneration for full-time directors (meaning directors other than outside directors) and outside directors shall be determined specifically at a Board of Directors meeting, after deliberation by the Nomination and Compensation Committee, generally on the basis that the base remuneration shall be 60% of the total remuneration, the restricted stock compensation shall be 15-20% of the total remuneration and the Equity Remuneration Type Stock Options shall be 20-25% of the total remuneration with regard to full-time directors, and the base remuneration shall be 80% of the total remuneration and the restricted stock compensation shall be 20% of the total remuneration with regard to outside directors.

The Bank does not delegate the determination of the amount of remuneration. The Bank does not pay director bonuses to Directors in order to reduce the incentive for excessive risk-taking.

Since the Individual amounts of the remuneration for the Bank's Directors are decided by the Board of Directors after deliberation by the Nomination and Compensation Committee, following the Policy on decisions on the content of remuneration, etc. for individual directors resolved at the Board of Directors meeting, we believe that the details of individual compensation are in line with the Policy on decisions on the content of remuneration, etc. for individual directors.



**(3) Agreement for Limitation on Liability**

Name	Overview of Contents of Agreement for Limitation on Liability
Yasuhiro Hayasaki Ayumi Michi Masahiro Terada Kei Fujisaki Yurina Takiguchi Ikuko Akamatsu Miyuki Nakagawa	The Outside Directors and the Outside Audit & Supervisory Board Members' liability for any damage caused through neglect of their duties and responsibilities shall be limited under Article 427, Paragraph 1 of the Corporation Act. If the Bank suffers damage as a result of such neglect, the Outside Directors and the Outside Audit & Supervisory Board Members shall be liable up to the lowest maximum liability provided for in Article 425, Paragraph 1 of the Corporation Act, provided that there should be no willful misconduct or gross negligence involved in their duties and responsibilities.

**(4) Contract of Indemnity**

None

**(5) Summary of Directors and Officers Liability Insurance Policy**

Coverage of Insured	Summary of the Directors and Officers Liability Insurance Policy
The Directors and Audit & Supervisory Board Members of the Bank and all its subsidiaries	<ul style="list-style-type: none"> <li>• The Bank has concluded with an insurance company a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Corporation Act, with the persons shown on the left as insureds, to enable the Bank to hire excellent human resources as well as to facilitate the Bank's directors and officers to fully perform their expected roles in executing their duties.</li> <li>• The insurance contract compensates for damages and litigation costs that may be incurred when the insureds are liable for the performance of their duties or are charged related to the liability. The insurance premium is not paid by the insureds but is fully paid by the Bank.</li> <li>• The insurance contract has certain exemptions including damages caused by an action taken when aware that the action is against laws and regulations to avoid reducing the appropriateness of the duties executed. In addition, an appropriate limit is established to the insurance payment.</li> </ul>

(Translation)

### 3. Matters concerning Outside Directors and Outside Audit & Supervisory Board Members

#### (1) Concurrent Posts and Other Details of Outside Directors and Outside Audit & Supervisory Board Members

Name	Concurrent Posts and Other Details	Relationship between the Bank and the company in question
Yasuhiro Hayasaki	President, Ricoh Institute of Sustainability and Business, Ricoh Company, Ltd.	The Bank has no particular transaction with Ricoh Company, Ltd. including shareholdings, etc.
Ayumi Michi	Attorney at Law, Waseda University Legal Clinic Corporation	The Bank has no particular transaction with Waseda University Legal Clinic Corporation including shareholdings, etc.
Masahiro Terada	Partner Attorney, Miura & Partners	The Bank has no particular transaction with Miura & Partners including shareholdings, etc.
	Supervisory Director, Ichigo Office REIT Investment Corporation	The Bank has loan transactions with Ichigo Office REIT Investment Corporation, but has no other relationship that should be noted including shareholdings, etc.
Yurina Takiguchi	Advisory Board Member, School of Engineering, University of Tokyo	The Bank has no particular transaction with University of Tokyo including shareholdings, etc.
Ikuko Akamatsu	Board Director, The Japanese Institute of Certified Public Accountants	The Bank has no particular transaction with The Japanese Institute of Certified Public Accountants including shareholdings, etc.
	Outside Audit & Supervisory Board Member, Toyo Seikan Group Holdings, Ltd.	The Bank has no particular transaction with Toyo Seikan Group Holdings, Ltd. including shareholdings, etc.
	Outside Director, TOP'S Inc.	The Bank has no particular transaction with TOP'S, Inc. including shareholdings, etc.
	Outside Director, Mitsubishi UFJ Securities Holdings Co., Ltd.	The Bank has no particular transaction with Mitsubishi UFJ Securities Holdings Co., Ltd. including shareholdings, etc.
Miyuki Nakagawa	Attorney at Law, Kousui Law Office	The Bank has no particular transaction with Kousui Law Office including shareholdings, etc.
	Professor, Chuo Law School, Chuo University	The Bank has no particular transaction with Chuo Law School, Chuo University including shareholdings, etc.
	Outside Director, NITTO KOGYO CORPORATION	The Bank has no particular transaction with NITTO KOGYO CORPORATION including shareholdings, etc.
	Outside Director, Nissan Chemical Corporation	The Bank has no particular transaction with Nissan Chemical Corporation including shareholdings, etc.
	Outside Audit & Supervisory Board Member, FANCL CORPORATION	The Bank has no particular transaction with FANCL CORPORATION including shareholdings, etc.
	Outside Audit & Supervisory Board Member, ASKUL Corporation	The Bank has no particular transaction with ASKUL Corporation including shareholdings, etc.

## (2) Major Activities of Outside Directors and Outside Audit &amp; Supervisory Board Members

Name	Term of Office	Participation in Meetings of Board of Directors etc.	Remarks at Meetings of Board of Directors etc. and Other Activities and Summary of Outside Directors' performance of expected roles
Yasuhiro Hayasaki	1 year 2 months	Participated in all thirteen meetings of the Board of Directors held during this fiscal year.	Provided necessary remarks and advice on agenda items and deliberations appropriately based on his wide-ranging knowledge of and extensive experience in finance. Also asked accurate questions and provided useful advice for various agenda items based on his experience and financial knowledge including financial administration, regulation and risk management.
Ayumi Michi	1 year 2 months	Participated in all thirteen meetings of the Board of Directors held during this fiscal year.	Provided necessary remarks and advice on agenda items and deliberations appropriately based on her expertise and experience as a lawyer. Also asked questions and made clarification for various agenda items based on her knowledge and experience as a lawyer.
Masahiro Terada	1 year 2 months	Participated in all thirteen meetings of the Board of Directors held during this fiscal year.	Provided necessary remarks and advice on agenda items and deliberations appropriately based on his expertise and experience as a lawyer. Also asked questions and made clarification for various agenda items based on his knowledge and experience as a lawyer and his knowledge and experience at financial institutions.
Kei Fujisaki	9 months	Participated in all eleven meetings of the Board of Directors held during this fiscal year after assuming office in June 2022.	Provided necessary remarks and advice on agenda items and deliberations appropriately based on his wide-ranging knowledge of and extensive experience in finance. Also asked accurate questions and provided useful advice from his expert perspective on risk management and market-related businesses.
Yurina Takiguchi	9 months	Participated in all eleven meetings of the Board of Directors held during this fiscal year after assuming office in June 2022.	Provided necessary remarks and advice on agenda items and deliberations appropriately based on her extensive experience at mass media. Also asked accurate questions and provided useful advice focusing on sustainability and public relations activities.
Ikuko Akamatsu	3 years 9 months	Participated in all thirteen meetings of the Board of Directors and all twelve meetings of the Audit & Supervisory Board held during this fiscal year.	Provided necessary remarks and advice on agenda items and deliberations mainly from her special viewpoint as a certified public accountant and a certified fraud examiner and experienced outside audit & supervisory board member and director of other companies.
Miyuki Nakagawa	9 months	Participated in all eleven meetings of the Board of Directors and all nine meetings of the Audit & Supervisory Board held during this fiscal year after assuming office in June 2022.	Provided necessary remarks and advice on agenda items and deliberations mainly from her special viewpoint as a lawyer and experienced outside audit & supervisory board member and director of other companies.

(Translation)

**(3) Compensation for Outside Directors and Outside Audit & Supervisory Board Members**

Number of payees	Compensation, etc. received from the Bank by type			Total	Compensation, etc. received from the Bank's parent company, etc.
	Base Remuneration	Performance-linked Remuneration, etc.	Non-monetary Remuneration, etc.		
9 (Of whom, 2 has already resigned)	72 million yen	—	9 million yen	82 million yen	—

Notes

1. Figures have been truncated to the unit stated in all amounts shown above.
2. Restricted Stock Remuneration of 9 million yen granted to the Directors is included in Non-monetary Remuneration, etc. in the table above.

**(4) Opinions from Outside Directors and Outside Audit & Supervisory Board Members**

None

(Translation)

#### 4. Matters concerning Shares of the Bank

##### (1) The Number of Shares

Aggregate number of shares authorized to be issued	400,000,000
Aggregate number of shares issued	205,034,689

*Note*

The aggregate number of shares issued includes treasury shares (889,718 shares).

##### (2) The Number of Shareholders at the End of the Fiscal Year

17,878

##### (3) Major Shareholders

Shareholder's name	Investment in the Bank	
	Number of shares	Shareholding percentage
SBI Regional Bank Holdings, Co., Ltd.	102,159,999	50.04%
Deposit Insurance Corporation of Japan	26,912,888	13.18%
The Resolution and Collection Corporation	20,000,000	9.79%
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,174,600	4.49%
JPLLC CLIENT ASSETS-SK J	3,655,900	1.79%
GOLDMAN SACHS INTERNATIONAL	3,446,400	1.68%
Custody Bank of Japan, Ltd. (Trust Account)	2,951,800	1.44%
ML PRO SEGREGATION ACCOUNT	2,801,900	1.37%
MSIP CLIENT SECURITIES	2,372,067	1.16%
JPMorgan Securities Japan Co., Ltd.	1,765,552	0.86%

*Note*

Shareholding percentages have been calculated by deducting treasury shares (889,718) from the denominator and rounding down to the second decimal place.

##### (4) The Shares of the Bank held by the Directors and Audit & Supervisory Board Members of the Bank

	The number of Directors and Audit & Supervisory Board Members of the Bank	The classes and number of shares
Full-time directors (meaning directors excluding outside directors)	4 persons	Common Stock of the Bank 12,706 shares
Outside directors	5 persons	Common Stock of the Bank 5,080 shares
Audit & Supervisory Board Members	None	-

*Note*

The number of shares of the Bank delivered by the Bank to Directors and Audit & Supervisory Board Members of banks during the relevant fiscal year as consideration for the execution of their duties is described.

#### 5. Stock Acquisition Rights of the Bank

Disclosed the Bank's website (<https://corp.sbishinseibank.co.jp/>).

## 6. Matters concerning the Bank's Independent Accounting Auditor

### (1) The Bank's Independent Accounting Auditor

Name	Fees for This Fiscal Year (millions of yen)		Others
Deloitte Touche Tohmatsu LLC	Audit and assurance services	376	Business other than audit and assurance services includes 1. Advisory service for AML/CFT control preparation 2. IFRS Seminar 3. Agreed upon procedures regarding the effectiveness of the internal control system for the calculation of the capital adequacy ratio etc.
	Business other than audit and assurance services	27	
	Total fees	403	

#### Notes

- Fractions are rounded down.
- Yoshio Satou, Daiju Ono, and Kyoko Nosaka are engagement partners.
- The audit certification business is the business that falls under Article 2, Paragraph 1 of the Certified Public Accountant Law.
- The Audit & Supervisory Board gives consent, as set forth in Article 399, Paragraph 1 of the Corporation Act, to compensation for independent accounting auditors. The Board has judged that the audit plans of the accounting auditor are reasonable and match with the characteristics of the Bank Group, and that the compensation is reasonable in light of ensuring the audit quality and governance framework of the accounting auditor after necessary examination of their execution status of accounting audit, communications with the executive side and Audit & Supervisory Board members, and the basis of calculation of compensation estimates.
- Fees for this fiscal year includes additional fees of ¥5 million for the previous fiscal year.
- Fees for independent accounting auditors of the Bank and the consolidated subsidiaries of the Bank for this fiscal year is as follows.

Fees for This Fiscal Year (millions of yen)		
	Audit and assurance services	709
	Business other than audit and assurance services	42
Total fees		751

### (2) Agreement for Limitation on Liability

None

### (3) Contract of Indemnity

None

### (4) Other Matters Concerning the Bank's Independent Accounting Auditor

Policy to determine dismissal or non-reassignment of independent accounting auditor

The Audit & Supervisory Board shall dismiss the independent accounting auditor with the unanimous consent of the Audit & Supervisory Board Members if it falls under any of the provisions in each item of Article 340, Paragraph 1 of the Companies Act. In such case, the Audit & Supervisory Board Member selected by the Audit & Supervisory Board will report the dismissal of the independent accounting auditor and the reason for the dismissal at the first general meeting of shareholders convened after the dismissal.

In addition, the Audit & Supervisory Board's determine the agenda regarding the dismissal or non-reassignment of the independent accounting auditor to the General Meeting of Shareholders, if it is certain that the independent accounting auditor cannot exercise its duties properly or as otherwise demanded necessary. And then the Board of Directors submits the Agenda to the General Meeting of Shareholders based on the Audit & Supervisory Boards' resolution.

## 7. Basic Policy for Persons Who Determine Financial and Business Policies

None



## **8. Contents of Resolutions Concerning the Organization of a System to Ensure Business Relevance and Operational Status of the Said System**

### **8-1. Outline of resolutions concerning a system to ensure business Relevance**

Disclosed on the Bank's website (<https://corp.sbishinseibank.co.jp>).

### **8-2. Outline of operational status of the system to ensure appropriate business operations**

The major operational status in this fiscal year is as follows.

#### **(1) Framework of the organization**

As organizations in charge of the second line function, specialized divisions are established in the Group Headquarters to take charge in risk management and compliance functions. Furthermore, the Group Internal Audit Division is established to take charge in the third line function.

#### **(2) Status of activities to ensure that the Bank's directors and employees perform their duties and responsibilities in compliance with laws, regulations and the Articles of Incorporation**

All officers and directors of the Bank including the Representative Director receive training (e-learning) on the "SBI Group Compliance Code of Conduct" and pledge their compliance with the Code each year. In addition, the Audit & Supervisory Board Members audit business execution by directors from the viewpoint of compliance with laws, regulations, and so forth.

For compliance-related issues, we appoint a Chief Compliance Officer and Compliance Officer in all the Divisions, Departments, and Branches to conduct monitoring.

We have a whistle-blowing system as an independent system from business execution lines. In addition to the Group Legal and Compliance Division, full-time Audit & Supervisory Board Members and external lawyers work as contact persons and keep the full-time Audit & Supervisory Board Members informed of any reports made to them and the details of the investigations conducted.

#### **(3) Status of activities for retaining and managing information related to the execution of duties and responsibilities of directors of the Bank**

Pursuant to the Group Information Security Policy, we recognize information as our important assets and prepare and retain various types of information assets in a manner consistent with internal procedures stipulated in the Policy. We ensure that access to such information assets is controlled in accordance with their characteristics and manage them appropriately. Further, we conduct information security self-checks targeting all Divisions and Branches on a regular basis and make improvements on issues as needed. We are also working on measures and trainings to prevent damage caused by any cyberattack from extending to business applications and customer data.

#### **(4) Status of activities for managing risk of losses for the Bank**

The Group Risk Governance Policy has defined management of risk of losses (risk management) as a key component of risk governance.

We have established the Group Risk Management Policy and created a risk management system based on this Policy. Pursuant to the basic approach delineated in the Policy, we perform risk management through the divisions responsible for each risk, the Group Risk Policy Committee, Transaction Committee, Doubtful Debt Committee, Group ALM Committee, Market Business Management Committee, and Group New Business and Product Committee. In addition, through the Group Business Continuity Management Committee, we are operating by focusing on stable continuation of important operations, our customers and society including countermeasures against coronavirus expansion.

#### **(5) Status of activities to ensure that the Bank's directors efficiently perform their duties and responsibilities**

Executive Officers who are delegated authorities from the Board of Directors execute businesses for which they are responsible pursuant to the "Regulations of Business Execution" and under the directions given by the President. In addition, the Group Executive Committee and the Executive Committee makes decisions when necessary.

Under this system, we set annual plans/budgets and important management indicators (KPI: Key Performance Indicator) for each fiscal year to make the Medium-Term Plan more specific. The Bank's management review the process and progress status for achieving the Plan at the PDCA Session conducted four times a year. The Bank's management also reviews the progress of new businesses and strategic capital partnerships at quarterly monitoring sessions. As for the Medium-Term Plan, the plan covering from FY2022 to FY2024 was established and disclosed in May, 2022.

Furthermore, we have strengthened our group governance by pursuing more sophisticated functions and optimization of the Group as a whole under the Group Headquarters which substantially integrated the support functions held by the Bank and Group member companies. We have also improved productivity and efficiency by eliminating functional overlaps.

**(6) Status of activities to ensure appropriate business operations of corporate groups consisting of the Bank and its parent company and subsidiaries**

The Subsidiaries and Affiliates Policy has defined the role of Specialized Sections, Business-Supervising Sections and Governance Section in order to ensure day-to-day operations along with overall group management policies, business plan, risk management system and compliance system with a consistency. Specifically, the Specialized Sections, mainly the divisions of the Group Headquarters, maintain rules for each responsible field, give guidance and periodic check for the operations of the subsidiaries and affiliates. Business-Supervising Sections support appropriate business activities by checking compliance with supervising laws and regulations. Governance Section ensure consistency of strategies and direction of the Group as well as supporting the autonomy of the subsidiaries/affiliates. The Group Corporate Planning Division oversees overall management of the subsidiaries and affiliates, as well as assuming the role of Governance Section for major subsidiaries. Moreover, the business activities of the subsidiaries and matters concerning their governance are periodically reported to the Group Executive Committee and important matters concerning the management of the subsidiaries are submitted to the Group Executive Committee and Group Important Committees for its approval. The Group Headquarters and subsidiaries and affiliates are operating integrally and efficiently to the extent possible, pursuant to Group Headquarters Organization Management Policy.

**(7) Status of activities concerning employees, if any, who are appointed to assist the Audit & Supervisory Board Members of the Bank in performing their duties, and activities concerning independence of the said employees from directors**

We have established the Office of Audit & Supervisory Board Members to assist the Audit & Supervisory Board Members of the Bank in the performance of audits. The Assistants who belong to the said Office report to the Audit & Supervisory Board Members the results of their work in accordance with the directions and orders given by the Audit & Supervisory Board Members.

**(8) Status of activities concerning a system for the Bank's directors and employees to give reports to the Audit & Supervisory Board Members and other systems for giving reports to the Audit & Supervisory Board Members, and activities to ensure that audits by the Audit & Supervisory Board Members are performed effectively**

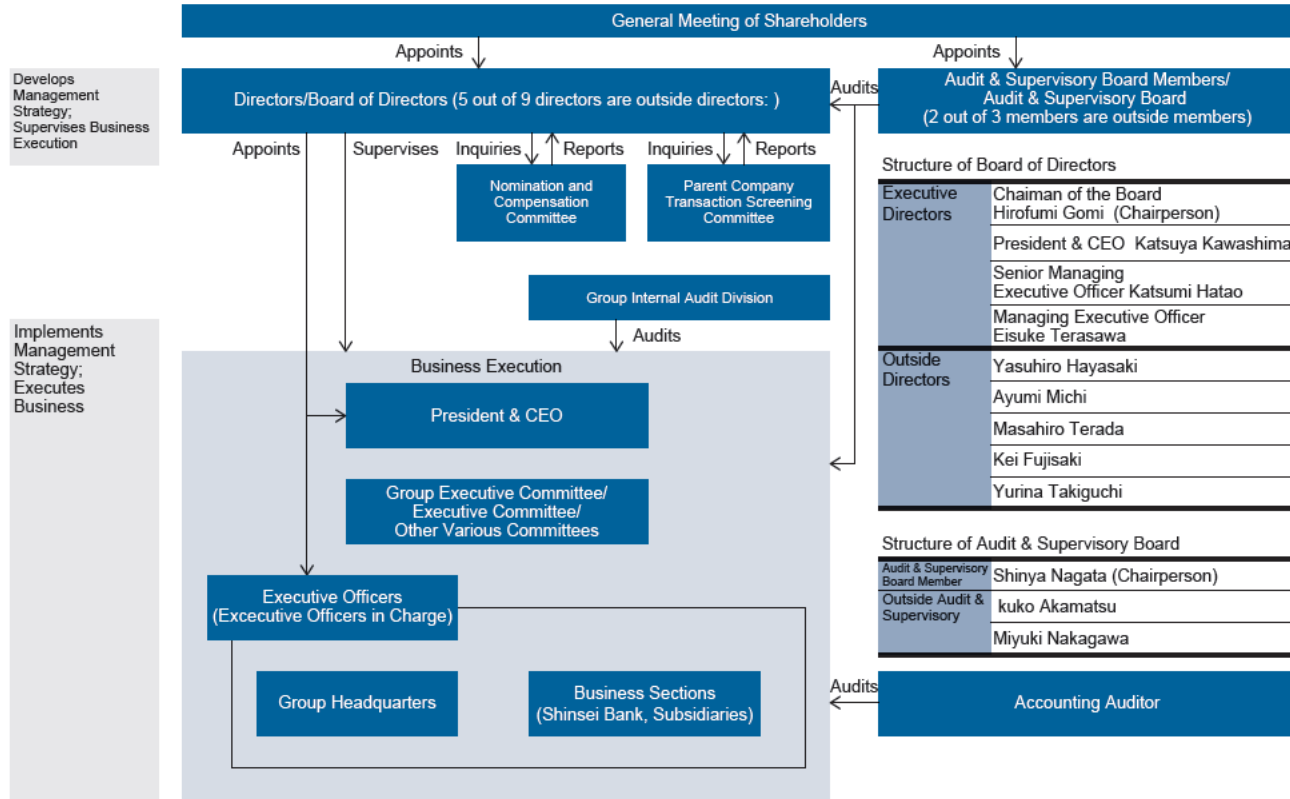
The Audit & Supervisory Board consists of three Audit & Supervisory Board Members including two outside Audit & Supervisory Board Members. As a general rule, the Audit & Supervisory Board holds a meeting every month where they receive reports on, discuss, and make resolutions for, important matters concerning audits. In addition, the Audit & Supervisory Board has regular meetings with accounting auditors to exchange opinions on the current status of compliance and internal controls.

Standing Audit & Supervisory Board Members attend various important committees including the Group Compliance Committee and the Compliance Committee and conduct interviews on the relevant Divisions and Branches including the Group member companies in an attempt to improve the effectiveness of audits.

**(9) Status of initiatives for eliminating anti-social forces and preventing money laundering and terrorism financing**

We have established "Guidelines for Handling Antisocial Forces" and the Financial Crime Information Department in the Group Legal and Compliance Division oversees planning, promotion, and management concerning the measures to deal with antisocial forces and liaises with external specialist organizations and mainly takes the measures described below in close collaboration with the Group General Services Division. For measures taken to eliminate antisocial forces, we regularly perform screening checks to determine if our customers fall under antisocial forces before and after we start transactions with them. In addition, we include designated clauses on the elimination of relationships with antisocial forces in contracts, agreements and other documents we sign at the time of transactions. We have also organized a Group-wide control structure for preventing money laundering and terrorism financing under the control policy established by the Financial Information Control Department under the Group Legal and Compliance Division.

Corporate Governance Structure (As of April 1, 2023)



**9. Matters Concerning Wholly Owned Subsidiary Companies**

None

**10. Matters concerning transactions with the parent company, etc**

The parent company of the Bank is SBI Regional Bank Holdings, Co., Ltd., which holds 102,159,999 shares of the Bank's stock (50.04% of the voting rights) as of March 31, 2023.

The Bank has loans and other transactions with the group companies ("parent company group") of SBI Holdings, Inc., which is the sole parent company of the SBI Regional Bank Holdings, Co., Ltd. Such transactions are based on appropriate terms similar to general transaction terms and conditions, and the appropriateness of the transaction terms and conditions is reviewed in accordance with the internal regulations. The Board of Directors, majority member of which are independent outside directors, determines whether or not transactions are fair and appropriate after confirming that such transactions do not harm the interests of the Bank.

In addition, on March 23, 2022, the Bank established the Parent Corporation Transaction Advisory Committee as an advisory body to the Board of Directors to establish a more prudent management system for conflict of interest transactions with the parent company group, from the viewpoint of protecting the interests of minority shareholders. The committee has introduced a mechanism for conducting preliminary examinations and ex-post monitoring. The committee is composed of all independent outside directors, and Audit & Supervisory Board members also attend meetings to express their opinions.

For these reasons, the Board of Directors determines that the transactions do not harm the interests of the Bank.

**11. Matters Concerning Accountants**

None

**12. Others**

Policy concerning exercise of authorities granted to the Board of Directors in accordance with the provisions of the Articles of Incorporation under the provision of Article 459, Paragraph 1 of the Corporation Act.

We will make timely and appropriate decisions based on the business results, future outlook, safety, balance with retained earnings, various regulations, etc., and the business conditions and market trends at that time.

(Translation)

**Consolidated Balance Sheet**SBI Shinsei Bank, Limited, and Consolidated Subsidiaries  
As of March 31, 2023

	Millions of yen
<b>ASSETS</b>	
Cash and due from banks	¥1,992,878
Call loans and bills bought	28,302
Other monetary claims purchased	38,287
Trading assets	166,722
Monetary assets held in trust	413,476
Securities	1,572,791
Loans and bills discounted	6,888,803
Foreign exchanges	72,388
Installment receivables	1,074,968
Lease receivables and leased investment assets	211,002
Other assets	365,033
Premises and equipment	57,931
Buildings	10,925
Land	1,798
Tangible leased assets as lessor	40,193
Construction in progress	200
Other premises and equipment	4,813
Intangible assets	61,051
Software	44,727
Goodwill	10,745
Intangible leased assets as lessor	151
Intangible assets acquired in business combinations	4,072
Other intangible assets	1,354
Assets for retirement benefits	17,235
Deferred tax assets	9,575
Customers' liabilities for acceptances and guarantees	842,797
Reserve for credit losses	(118,413)
<b>Total assets</b>	<b>¥13,694,831</b>
<b>LIABILITIES AND EQUITY</b>	
<b>Liabilities:</b>	
Deposits	¥7,853,464
Negotiable certificates of deposit	2,128,833
Call money and bills sold	7,648
Payables under securities lending transactions	220,099
Trading liabilities	147,807
Borrowed money	607,092
Foreign exchanges	2,579
Short-term corporate bonds	33,500
Corporate bonds	367,071
Other liabilities	465,242
Accrued employees' bonuses	10,069
Accrued directors' bonuses	8
Liabilities for retirement benefits	8,355
Reserve for directors' retirement benefits	8
Reserve for reimbursement of deposits	354
Reserve for reimbursement of debentures	2,300
Reserve for losses on interest repayments	30,569
Deferred tax liabilities	522
Acceptances and guarantees	842,797
<b>Total liabilities</b>	<b>12,728,325</b>
<b>Equity:</b>	
Common stock	512,204
Capital surplus	72,961
Retained earnings	390,305
Treasury stock, at cost	(1,639)
<b>Total shareholders' equity</b>	<b>973,831</b>
Unrealized gain (loss) on available-for-sale securities	(20,811)
Deferred gain (loss) on derivatives under hedge accounting	(4,330)
Foreign currency translation adjustments	11,703
Defined retirement benefit plans	1,605
<b>Total accumulated other comprehensive income</b>	<b>(11,833)</b>
Noncontrolling interests	4,507
<b>Total equity</b>	<b>966,506</b>
<b>Total liabilities and equity</b>	<b>¥13,694,831</b>

(Translation)

**Consolidated Statement of Income**

SBI Shinsei Bank, Limited, and Consolidated Subsidiaries

For the fiscal year ended March 31, 2023

	Millions of yen
<b>ORDINARY INCOME</b>	¥421,853
Interest income	184,567
Interest on loans and bills discounted	158,472
Interest and dividends on securities	22,466
Interest on call loans and bills bought	80
Interest on receivables under securities borrowing transactions	28
Interest on deposits with banks	1,863
Other interest income	1,655
Fees and commissions income	65,969
Trading income	3,837
Other business income	150,433
Other ordinary income	17,045
Recoveries of written-off claims	9,850
Other	7,195
<b>ORDINARY EXPENSES</b>	369,716
Interest expenses	45,805
Interest on deposits	13,768
Interest on negotiable certificates of deposit	350
Interest on call money and bills sold	259
Interest on payables under repurchase agreements	418
Interest on payables under securities lending transactions	3,024
Interest on borrowings	2,069
Interest on short-term corporate bonds	75
Interest on corporate bonds	7,111
Other interest expenses	18,727
Fees and commissions expenses	26,809
Trading losses	65
Other business expenses	96,704
General and administrative expenses	165,149
Amortization of goodwill	3,073
Amortization of intangible assets acquired in business combinations	445
Other general and administrative expenses	161,630
Other ordinary expenses	35,181
Provision of reserve for credit losses	30,596
Other	4,585
<b>ORDINARY PROFIT</b>	52,136
Extraordinary gains	1,846
Gain on disposal of premises and equipment	11
Gain on bargain purchase	1,755
Other extraordinary gains	78
Extraordinary losses	2,192
Loss on disposal of premises and equipment	171
Impairment losses of goodwill	230
Other impairment losses	1,680
Other extraordinary losses	109
Income before income taxes	51,790
Income taxes (benefit) - current	9,000
Income taxes (benefit) - deferred	4
Total income taxes (benefit)	9,004
<b>Profit</b>	42,785
Profit (loss) attributable to noncontrolling interests	14
<b>PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	¥42,771



(Translation)

## Consolidated Statement of Changes in Equity

SBI Shinsei Bank, Limited, and Consolidated Subsidiaries

For the fiscal year ended March 31, 2023

	Shareholders' equity					Noncontrolling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock at cost	Total shareholders' equity		
Balance at beginning of the year (Millions of yen)	¥512,204	¥72,961	¥449,547	(¥98,612)	¥936,101		
Changes during the year							
Dividends			(2,462)		(2,462)		(2,462)
Profit attributable to owners of the parent			42,771		42,771		42,771
Purchase of treasury stock				(2,590)	(2,590)		(2,590)
Disposal of treasury stock		5		80	85		85
Cancellation of treasury stock		△99,483		99,483	—		—
Transfer to Capital surplus from retained earnings		99,478	(99,478)		—		—
Decrease by exclusion of consolidated subsidiaries			(72)		(72)		(72)
Net changes during the year excluding shareholders' equity							
Total changes during the year	—	—	(59,242)	96,973	37,730		
Balance at end of the year (Millions of yen)	¥512,204	¥72,961	¥390,305	(¥1,639)	¥973,831		

	Accumulated other comprehensive income					Noncontrolling interests	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the year (Millions of yen)	(¥11,667)	(¥13,940)	¥5,587	¥4,182	(¥15,836)	¥4,052	¥924,316
Changes during the year							
Dividends							(2,462)
Profit attributable to owners of the parent							42,771
Purchase of treasury stock							(2,590)
Disposal of treasury stock							85
Cancellation of treasury stock							—
Transfer to Capital surplus from retained earnings							—
Decrease by exclusion of consolidated subsidiaries							(72)
Net changes during the year excluding shareholders' equity	(9,144)	9,610	6,115	(2,577)	4,003	454	4,458
Total changes during the year	(9,144)	9,610	6,115	(2,577)	4,003	454	42,189
Balance at end of the year (Millions of yen)	(¥20,811)	(¥4,330)	¥11,703	¥1,605	(¥11,833)	¥4,507	¥966,506

(Translation)

**Nonconsolidated Balance Sheet**

SBI Shinsei Bank, Limited

As of March 31, 2023

	Millions of yen
<b>ASSETS</b>	
Cash and due from banks	¥1,886,184
Cash	4,597
Due from banks	1,881,586
Call loans	28,302
Other monetary claims purchased	17,805
Trading assets	166,646
Derivatives for securities held to hedge trading transactions	1
Trading-related financial derivatives	166,644
Monetary assets held in trust	332,078
Securities	1,966,021
Japanese national government bonds	662,252
Japanese local government bonds	2,195
Japanese corporate bonds	154,364
Equity securities	348,408
Other securities	798,800
Loans and bills discounted	7,255,606
Loans on bills	9,705
Loans on deeds	5,778,903
Overdrafts	1,466,998
Foreign exchanges	73,862
Due from foreign banks	73,862
Other assets	262,999
Income taxes receivable	952
Prepaid expenses	3,615
Accrued income	14,985
Margin on futures transactions	1,991
Suspense payment on futures transactions	184
Derivatives held in banking account	55,817
Cash collateral paid for financial instruments	119,158
Deferred issuance expenses for corporate bonds	140
Accounts receivable	2,871
Other	63,281
Premises and equipment	9,397
Buildings	6,868
Construction in progress	38
Other premises and equipment	2,490
Intangible assets	21,649
Software	20,106
Goodwill	190
Leased assets	1,341
Other intangible assets	10
Prepaid pension cost	10,021
Deferred tax assets	1,853
Customers' liabilities for acceptances and guarantees	226,145
Reserve for credit losses	(29,906)
<b>Total assets</b>	<b>¥12,228,667</b>

(Translation)

	Millions of yen
<b>LIABILITIES AND EQUITY</b>	
<b>Liabilities:</b>	
Deposits	¥8,035,352
Current accounts	193,963
Ordinary deposits	3,183,804
Notice deposits	32,708
Time deposits	3,758,326
Other deposits	866,548
Negotiable certificates of deposit	2,128,833
Call money	7,648
Payables under securities lending transactions	220,099
Trading liabilities	144,965
Derivatives for securities held to hedge trading transactions	1
Trading-related financial derivatives	144,964
Borrowed money	230,567
Borrowed money	230,567
Foreign exchanges	2,579
Foreign bills payable	2,579
Corporate bonds	140,000
Other liabilities	188,034
Income taxes payable	1,379
Accrued expenses	16,237
Unearned income	2,416
Derivatives held in banking account	132,341
Cash collateral received for financial instruments	21,303
Asset retirement obligations	8,064
Other	6,292
Accrued employees' bonuses	5,228
Reserve for reimbursement of deposits	354
Reserve for reimbursement of debentures	2,300
Acceptances and guarantees	226,145
<b>Total liabilities</b>	<b>11,332,109</b>
<b>Equity:</b>	
Common stock	512,204
Capital surplus	79,465
Additional paid-in capital	79,465
Retained earnings	345,992
Legal reserve	17,205
Other retained earnings	328,787
Unappropriated retained earnings	328,787
Treasury stock, at cost	(1,639)
<b>Total shareholders' equity</b>	<b>936,023</b>
Unrealized gain (loss) on available-for-sale securities	(21,719)
Deferred gain (loss) on derivatives under hedge accounting	(17,746)
<b>Total net unrealized gain (loss) and translation adjustments</b>	<b>(39,466)</b>
<b>Total equity</b>	<b>896,557</b>
<b>Total liabilities and equity</b>	<b>¥12,228,667</b>

(Translation)

**Nonconsolidated Statement of Income**

SBI Shinsei Bank, Limited

For the fiscal year ended March 31, 2023

	Millions of yen
<b>ORDINARY INCOME</b>	¥192,577
Interest income	156,086
Interest on loans and bills discounted	106,848
Interest and dividends on securities	46,352
Interest on call loans	80
Interest on receivables under securities borrowing transactions	28
Interest on deposits with banks	1,666
Other interest income	1,110
Fees and commissions income	17,581
Domestic and foreign exchange commissions income	640
Other fees and commissions income	16,941
Trading income	4,818
Income from trading-related financial derivatives	4,818
Other business income	1,949
Gains on foreign exchange	1,189
Gains on sales of bonds	569
Gains on redemption of bonds	20
Other	170
Other ordinary income	12,140
Net reversal of reserve for credit losses	3,842
Recoveries of written-off claims	3,492
Gains on sales of equity securities and others	1,269
Gains on monetary assets held in trust	2,406
Other	1,129
<b>ORDINARY EXPENSES</b>	138,216
Interest expenses	39,672
Interest on deposits	13,775
Interest on negotiable certificates of deposit	350
Interest on call money	259
Interest on payables under repurchase agreements	418
Interest on payables under securities lending transactions	3,024
Interest on borrowings	183
Interest on corporate bonds	418
Interest on swaps	20,227
Other interest expenses	1,014
Fees and commissions expenses	20,460
Domestic and foreign exchange commissions expenses	609
Other fees and commissions expenses	19,851
Trading losses	65
Losses on securities held to hedge trading transactions	65
Other business expenses	5,872
Losses on sales of bonds	2,525
Amortization of deferred issuance expenses for corporate bonds	142
Losses on derivatives held in banking account	1,062
Other	2,143
General and administrative expenses	71,268
Other ordinary expenses	876
Losses on write-off of loans	9
Losses on write-down of equity securities and others	93
Losses on monetary assets held in trust	12
Other	760
<b>ORDINARY PROFIT</b>	54,361
Extraordinary gains	856
Gain on disposal of premises and equipment	10
Other extraordinary gains	846
Extraordinary losses	7,654
Loss on disposal of premises and equipment	75
Impairment losses	906
Other extraordinary losses	6,672
<b>Income before income taxes</b>	47,562
Income taxes (benefit) - current	584
Income taxes (benefit) - deferred	(2,013)
Total income taxes (benefit)	(1,428)
<b>NET INCOME</b>	¥48,991

(Translation)

**Nonconsolidated Statement of Changes in Equity**

SBI Shinsei Bank, Limited

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity								
	Common stock	Capital surplus			Legal reserve	Retained earnings		Treasury stock, at cost	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus		Other retained earnings	Total retained earnings		
Balance at beginning of the year	¥512,204	¥79,465	—	¥79,465	¥16,712	¥382,229	¥398,941	¥(98,612)	¥891,999
Changes during the year									
Dividends					492	(2,955)	(2,462)		(2,462)
Net income						48,991	48,991		48,991
Purchase of treasury stock								(2,590)	(2,590)
Disposal of treasury stock			5	5				80	85
Cancellation of treasury stock			(99,483)	(99,483)				99,483	—
Transfer to capital surplus from retained earnings			99,478	99,478		(99,478)	(99,478)		—
Net changes during the year excluding shareholders' equity									
Total changes during the year	—	—	—	—	492	(53,442)	(52,949)	96,973	44,023
Balance at end of the year	¥512,204	¥79,465	—	¥79,465	¥17,205	¥328,787	¥345,992	¥(1,639)	¥936,023

	Net unrealized gain (loss) and translation adjustments			Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Total net unrealized gain (loss) and translation adjustments	
Balance at beginning of the year	¥(12,667)	¥(25,976)	¥(38,643)	¥853,356
Changes during the year				
Dividends				(2,462)
Net income				48,991
Purchase of treasury stock				(2,590)
Disposal of treasury stock				85
Cancellation of treasury stock				—
Transfer to capital surplus from retained earnings				—
Net changes during the year excluding shareholders' equity	(9,051)	8,229	(822)	(822)
Total changes during the year	(9,051)	8,229	(822)	43,201
Balance at end of the year	¥(21,719)	¥(17,746)	¥(39,466)	¥896,557

(Translation)

## INDEPENDENT AUDITOR'S REPORT

May 9, 2023

To the Board of Directors of  
SBI Shinsei Bank, Limited:

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:

Yoshio Sato

Designated Engagement Partner,  
Certified Public Accountant:

Daiju Ono

Designated Engagement Partner,  
Certified Public Accountant:

Kyoko Nosaka

### Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of SBI Shinsei Bank, Limited (formerly, Shinsei Bank, Limited) and its consolidated subsidiaries (the "Group"), namely, the consolidated balance sheet as of March 31, 2023, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2022 to March 31, 2023, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023, and its consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(Translation)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

(Translation)

## INDEPENDENT AUDITOR'S REPORT

May 9, 2023

To the Board of Directors of  
SBI Shinsei Bank, Limited:

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:

Yoshio Sato

Designated Engagement Partner,  
Certified Public Accountant:

Daiju Ono

Designated Engagement Partner,  
Certified Public Accountant:

Kyoko Nosaka

### Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of SBI Shinsei Bank, Limited (formerly, Shinsei Bank, Limited) (the "Bank"), namely, the nonconsolidated balance sheet as of March 31, 2023, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 23rd fiscal year from April 1, 2022 to March 31, 2023, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Bank as of March 31, 2023, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Bank in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the nonconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Nonconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Bank's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(Translation)

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Bank which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

*(Translation)*

*This translation is made for convenience only. The original report was issued in Japanese.*

## **REPORT OF THE AUDIT & SUPERVISORY BOARD**

The Audit & Supervisory Board of SBI Shinsei Bank, Limited (hereinafter, the “Bank”) prepared this report, upon deliberation based on audit reports prepared by each Audit & Supervisory Board Member, in relation to the execution of duties by the Bank’s Directors during the 23rd fiscal year (from April 1, 2022 to March 31, 2023).

1. Process and Details of Audits by Audit & Supervisory Board Members and the Audit & Supervisory Board
    - (1) The Audit & Supervisory Board determined the audit plan, the assignment of audit duties, and other matters under the audit basic policy of: serving as the supervising functions of the Bank in collaboration with the Board of Directors; creating the sound and sustainable growth and medium- to long-term corporate value of the Bank and its Group; and establishing a good corporate governance framework. The Audit & Supervisory Board received reports from each Audit & Supervisory Board Member on the status and results of audits. Moreover, we received reports from Directors and employees, etc. and the Accounting Auditor on the execution of their duties and requested explanations, as needed.
    - (2) In accordance with the audit policy, audit plan and assignment of audit duties, etc. determined by the Audit & Supervisory Board, each Audit & Supervisory Board Member made efforts to communicate with Directors, the internal audit section and other employees, etc., collect information and improve the audit environment, and conducted audits as follows:
      - A. At the same time, we investigated the status of the Bank’s business activities and assets by attending important meetings, including the Board of Directors meetings, receiving reports and requesting explanations, as needed, from Directors and employees, etc. on the execution of their duties, referring to important approval documents, etc. In addition, with respect to the Bank’s subsidiaries, we communicated and exchanged information with their Directors, Audit & Supervisory Board Members and so forth and received reports on their business, as needed.
      - B. With regard to the Board of Directors resolutions on the establishment of frameworks to ensure that the execution of duties by Directors mentioned in the business report complies with laws, ordinances and the Bank’s Articles of Incorporation as well as other frameworks that are necessary to ensure appropriate business activities by a corporate group consisting of a corporation and its subsidiaries as stipulated in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, and frameworks (internal control system) based on such resolutions, we received reports from Directors and employees, etc., on a regular basis, on the status of establishing and administering such frameworks and requested explanations and expressed opinions, as needed.
- In relation to internal controls over financial reporting, we were provided reports on internal control assessments and audit status from Division in charge and from the Auditor – Deloitte Touche Tohmatsu LLC – and requested explanations, as needed.



- C. We monitored and examined whether the Bank's Accounting Auditor was maintaining its independence and conducting appropriate audits; received its reports on the status of the execution of its duties; and requested explanations, as needed. Moreover, we received from the Accounting Auditor a notice stating that the "System for Ensuring the Appropriate Execution of Duties" (a matter listed in each item of Article 131 of the Ordinance on Accounting of Companies) is in operation in line with the "Audit Quality Control Standards" (released on November 16, 2021 by the Business Accounting Council), etc. and requested explanations, as needed. Regarding key audit matters, we discussed with Deloitte Touche Tohmatsu LLC, received a report on the implementation status of the audit, and requested explanations as needed. We discussed an internal audit plan with the internal audit section prior to their audits, and received reports on the audit results and the status of improvements as needed.

Based on the above process, we examined the Bank's business report and its supplementary schedules, financial statements (balance sheet, income statement, statements of changes in equity, explanatory notes), supplementary schedules thereto, and consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statements of changes in equity, consolidated explanatory notes) for the relevant fiscal year.

## 2. Results of the Audit

### (1) Results of the audit of the business report, etc.

- A. We acknowledge that the business report and its supplementary schedules fairly present the state of the Bank and its subsidiaries in accordance with laws, ordinances and its Articles of Incorporation.
- B. We acknowledge that nothing came to our attention which falls within the definition of misconduct or a material violation of laws, ordinances or the Bank's Articles of Incorporation with respect to the execution of duties by Directors.
- C. We acknowledge that the contents of the Board of Directors resolutions concerning the system of internal controls were reasonable. In addition, we acknowledge that nothing came to our attention which should be pointed out concerning the contents of the business report and the execution of duties by Directors in relation to the said internal control system, including internal controls over financial reporting.

### (2) Results of the audit of financial statements and supplementary schedules

We acknowledge that the process and results of the audit by the Bank's Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

### (3) Results of the audit of consolidated financial statements

We acknowledge that the process and results of the audit by the Bank's Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

May 10, 2023

The Audit & Supervisory Board of SBI Shinsei Bank, Limited  
Shinya Nagata, Full-time Audit & Supervisory Board Member (Seal)  
Ikuko Akamatsu, Outside Audit & Supervisory Board Member (Seal)  
Miyuki Nakagawa, Outside Audit & Supervisory Board Member (Seal)