

Business and Financial Highlights

Fiscal Year Ended March 31, 2020

May 2020

Management Message: Our Resolve to Fight against COVID-19

Defense against risks: Strong defense

- 1. Ensure safety of all our stakeholders including our employees and their families, customers, partners and shareholders**
- 2. Fulfill our responsibilities as a financial institution to support social infrastructure and contribute to customers and society**
 - **Taking emergency measures and preparing ourselves for prolonged current situation**
 - ✓ Office work focuses on important tasks to ensure our responsibilities
(branch offices, call centers, operation centers, etc., are being operated with safety in mind)
 - ✓ Secured technology and telecommunications infrastructure and built remote work system
Approx. 80% of employees are teleworking¹
 - **Support customers' businesses and activities**
 - ✓ Support partners by providing cloud factoring and loans to individuals, business owners and corporate customers such as restaurants, beauty salons and other retail shops
 - ✓ Offer specific loans to customers who are suffering economic losses due to COVID-19

Offense to capture opportunities: Step ahead

A cross-organizational task force will implement:

1. Responding to new normal

- Triggered by the crisis, the world is changing in various ways
- New sense of value and needs will arise; and new businesses based on these will emerge
- On the other hand, some businesses might disappear in a mid- to long-term
- In light of the significant changes in real economy, it becomes even more important to provide financial services to newly emerging underserved customers

2. Making new normal a sustainable form

- Accelerate to operate remotely and on a virtual basis in institutional and individual businesses
- Enhance business operations through digitalization, stabilize business processes and improve level of data security
- Standardize business processes and work styles, and conduct further review of physical space utilization

Financial Update

Agenda

- **Key Points** ----- P 7
- **Responding to COVID-19** ----- P 8
- **Financial Update** ----- P12
- **Business Update** ----- P 21
- **Segment Information** ----- P 36
- **Appendix** ----- P 45

Key points

1 **Net income¹ for FY2019 at JPY 45.5 billion, incorporating impact of COVID-19**

- Without COVID-19 impact, net income would have been JPY 54.0 billion
- Impact of COVID-19 on net income: JPY 8.5 billion (incl. precautionary credit provisioning of JPY 3.9 billion)
- Secured ample funding and liquidity for both JPY and FCY. Capital remains at high level (CET1 capital ratio of 11.3%)

2 **Net income¹ forecast for FY2020 is yet to be determined as impact on COVID-19 will be examined carefully**

- Without the COVID-19 impact, we expected net income to grow approx. 2% from the initial FY2019 net income plan of JPY 53 billion
- We need to closely monitor the possibility of exceeding the precautionary credit provisioning recorded in FY2019 due to COVID-19. It is difficult to make a reasonable full year financial outlook at this point as we have just entered the current fiscal year
- After carefully examining future economic conditions and their impact on business activities, earnings forecasts will be formulated and announced by the time of our interim financial results announcement

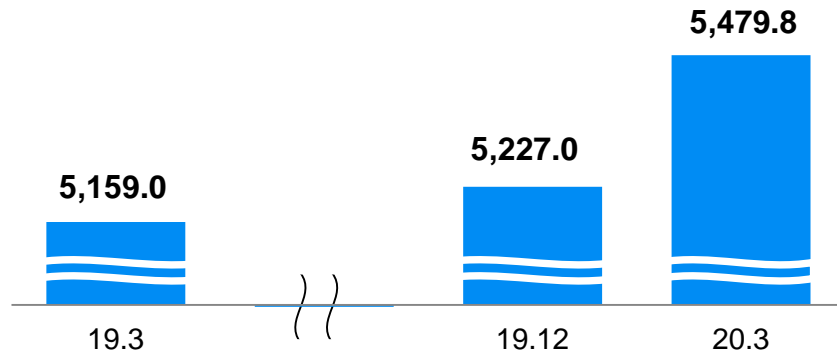
3 **Share buyback program of JPY 20.5 billion has been determined; total shareholders return to stand at maximum 50%**

- Dividend remains unchanged at JPY 10 per common share and buyback program of JPY 20.5 billion has been determined resulting in total shareholders return ratio at maximum 50%
- Considering extraordinary uncertainty due to COVID-19, execution of the buyback program will be judged in terms of its feasibility, amount and/or timing depending on impacts on earnings and capital during this fiscal year as well as the trends of external environments including macro economy and stock market. (There is a possibility of not being able to fully execute the total amount of the buyback program)

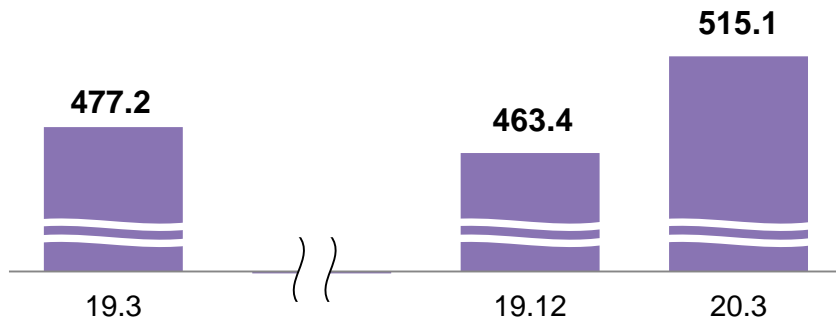
COVID-19: Risk resilience and readiness for business opportunities

■ Funding is ample and stable

- JPY deposits¹



- FCY deposits¹: approx. 90% is retail FCY deposits



¹ Nonconsolidated basis

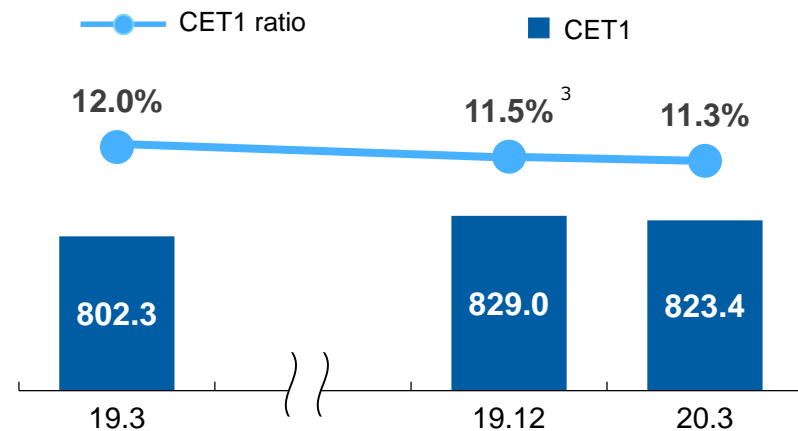
² Liquidity Coverage Ratio; qualified assets such as sovereign bonds over outflow of funds under the stressed environment for 30 days

■ Liquidity has been secured

- Qualified liquid assets exceed outflow of funds
LCR² stands at 159% (as of March 31, 2020)

■ Capital buffer will be of benefit

- Capital cushion in case of an increase in credit costs
- Capital cushion in case of asset growth in corporate businesses in response to incremental need for finance
- Capital for non-organic growth opportunities mainly in nonbank businesses



³ In the calculation of the consolidated capital adequacy ratio as at December 31, 2019, parameter estimates applied to some exposures are adjusted for the fiscal year ending March 31, 2019

COVID-19: Our approach to FY2020 earnings forecast

■ FY2020 earnings forecast prior to incorporating impact of COVID-19

- We expected net income to grow approx. 2% from the initial FY2019 net income plan of JPY 53 billion

■ Assumptions for impact on our businesses due to COVID-19

- Once the state of emergency situations is over, maintaining social-distancing will still be required. Business activities are to begin to recover from Q2, but it will take longer for the inbound-related industries, hospitalities, restaurants, and other services industries to recover and to resume the disrupted supply chain. The credit conditions of SMEs and individuals continue to deteriorate. The key determinant will be when an effective therapeutics and vaccines are developed
- In the process of recovery, not all will be restored, but irreversible changes are to occur, such as changes in consumer mindset and behavior, the transition to a decentralized society, acceleration of digital investment, review of supply chains, review of physical space utilization, and review of excessive services
- Regarding real estate prices, the search for new price levels (rent multiplied by expected yield) based on COVID-19 experience will continue, but the extent of the adjustment (price decline) by asset type is expected to be disproportionate

■ Profit will be ensured even under the stress test scenario which is similar conditions as the global financial crisis

- Earnings power in business portfolio: Revenue from many existing businesses including core businesses, such as real estate finance and unsecured loan businesses, are expected to decline to certain extent as business activities are to be subdued. However, we do not think a sharp decrease would happen as new finance needs and new businesses to emerge
- Risk profile of business portfolio: In comparison of other financial groups, our business portfolio is not directly linked to the macroeconomics of Japan as a whole or a certain region. In addition, portfolio reallocation and risk management have been strengthened since the global financial crisis

■ We plan to disclose FY2020 earnings forecast by the time of our interim financial results announcement, upon completion of careful examination of the future economic condition and its impact on our businesses

■ Direction of our strategies as outlined in the Medium-Term Management Strategy remains unchanged, instead various initiatives should be further accelerated. We will strengthen sustainable profitability from a medium-to long-term perspective

COVID-19: Our approach to impact on major businesses

■ Real estate-related business and unsecured loan business are closely monitored while degree of impact would differ across businesses

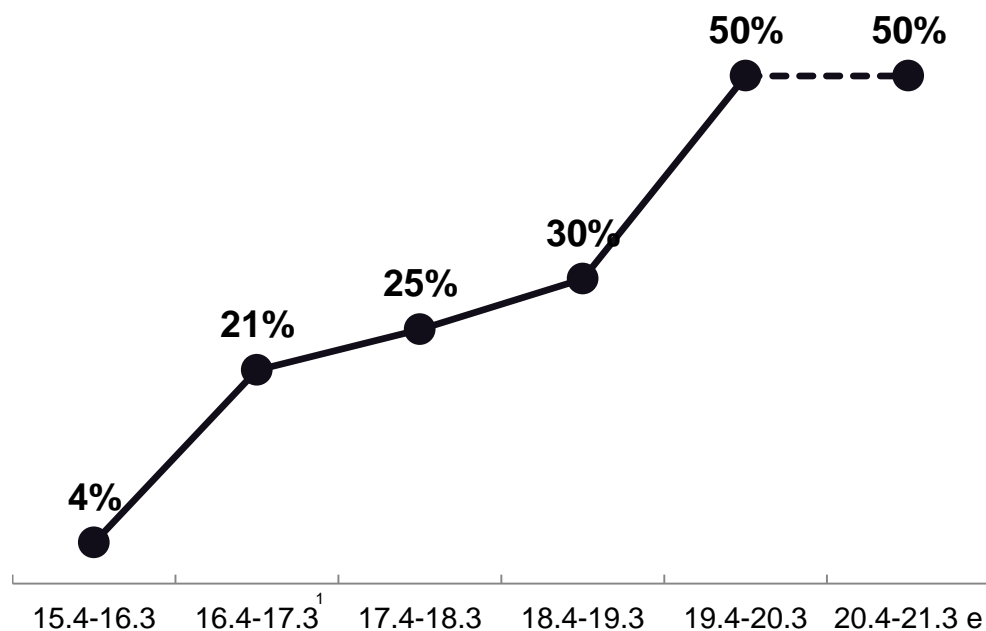
- Total revenue: most existing business segments might decline while degree of impact would differ across businesses
- Net credit costs: precautionary credit provisioning has been made in FY2019 in case of credit deterioration of borrowers in the future. We will carefully monitor progress of collections, delinquencies and defaults to consider necessity of additional credit costs associated with deterioration of asset quality. The businesses that are closely watched are real estate-related business, which would be affected by asset-price trends, and unsecured loan business, which has a relatively high net credit costs

Major business	Points to be closely watched
Structured finance: real estate finance	<ul style="list-style-type: none"> • Possibility of large decline in new originations (lower fee income) • Increase in net credit costs due to decrease in real estate price. However, the negative impact would be limited unless major asset prices such as offices and residential drop significantly. (No significant impact on probability of collection even if real estate asset price drops by 30-40%)
Unsecured loans	<ul style="list-style-type: none"> • Possibility of lower interest income reflecting slight downturn in growth of new customers • Increase in net credit costs due to delinquent loans of lower income segment. However, “increase in net credit costs due to bad debt” might be partly offset by “decrease in net credit costs resulting from sluggish loan growth”
Showa Leasing	<ul style="list-style-type: none"> • Possibility of lower deal volume (lower leasing income) and lower fees including insurance related fees • Possibility of net credit costs from SMEs mainly in service industries
APLUS FINANCIAL	<ul style="list-style-type: none"> • Possibility of slightly lower transaction volumes in shopping credit (auto and others) and credit cards • Possibility of increase in net credit costs due to delinquent loans of lower income segment. However, “increase in net credit costs due to bad debt” might be partly offset by “decrease in net credit costs resulting from sluggish loan growth”
Retail banking	<ul style="list-style-type: none"> • Possibility of decrease in sales volume of asset management products • Possibility of increase in net credit costs due to possible rescheduling of housing loan repayments
Structured finance: project finance	<ul style="list-style-type: none"> • Lower fees reflecting slight decrease in new arrangements (lower fee income). However, longer timeframe required from commitment to disbursement would result in limited impact on asset growth and interest income • Neutral to a decline in oil price as we do not undertake price risks in natural resources related deals
Others	<ul style="list-style-type: none"> • Lower capital gains due to postponement of the scheduled exit from our equity investments

COVID-19: Share buyback program of JPY 20.5 billion has been set; total shareholders return to stand at maximum 50%

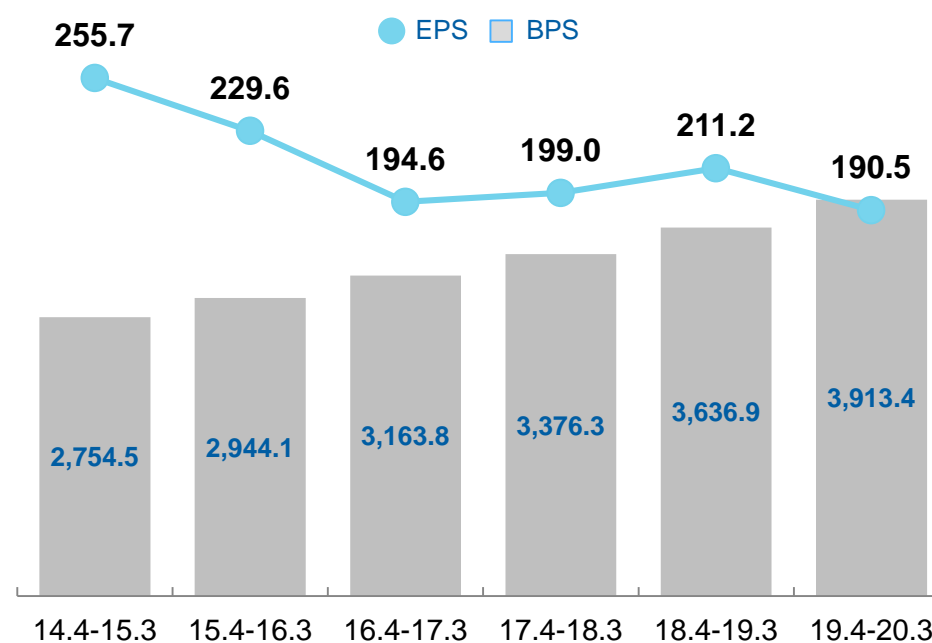
- Considering ample capital adequacy, current share price does not reflect fair corporate value. Share buyback program has been determined considering total shareholders return policy as outlined in the Revitalization Plan
- Considering extraordinary uncertainty due to COVID-19, execution of the buyback program will be judged in terms of its feasibility, amount and/or timing depending on external environments and our share price as well as earnings conditions. As a result, there is a possibility of not being able to fully execute the total amount of the buyback program
- This does not make any reference to future total shareholders return ratio

Total Shareholders Return



¹ Excluding JPY 2 billion relating to acquisition of treasury shares in order to attain full ownership of Showa Leasing

Per Share Value² (EPS, BPS ; JPY)



² Reverse stock split (10 stocks to 1 stock) was executed on October 1, 2017. Per share data for previous years has been adjusted to conform to current period presentation

Financial Update

FY2019 net income would have exceeded the initial plan without COVID-19 impact of JPY 8.5 billion

Consolidated	18.4-19.3 (Actual)	19.4-20.3 (Actual)			19.4-20.3 (Initial Plan)
		Without COVID-19	Impact of COVID-19	With COVID-19	
Total Revenue	229.7	241.6	-1.7	239.9	243.0
Net Interest Income	133.8	133.5	0	133.5	
Noninterest Income	95.9	108.1	-1.7	106.4	
Expenses	-144.7	-149.5	0	-149.5	-152.0
Ordinary Business Profit (OBP)	84.9	92.1	-1.7	90.4	91.0
Net Credit Costs	-29.3	-32.1	-3.1 (apparent) -3.9 (precautionary)	-39.1	-35.0
OBP after Net Credit Costs	55.6	59.9	-8.7	51.2	56.0
Others	-3.3	-5.8	0.2	-5.6	-3.0
Income Taxes	-2.5	-4.2	0.2	-4.0	
Net Income	52.3	54.0	-8.5	45.5	53.0

COVID-19 impact

Total revenue

- Net interest income had no impact from COVID-19
- Noninterest income was negatively impacted due to equity investments related impairment losses and non-realization of expected income due to COVID-19

Expenses

- No impact from COVID-19

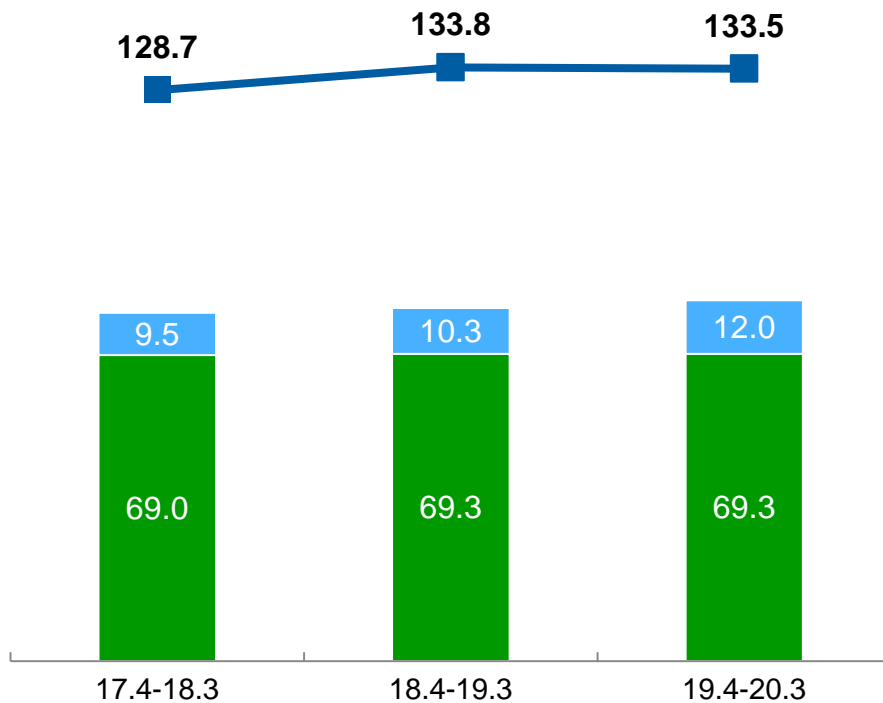
Net credit costs

- Additional provisioning in real estate finance and LBOs considering apparent impact from COVID-19
- Additional precautionary provisioning in corporate business, real estate finance and Showa Leasing segments considering deteriorating financial position of borrowers due to COVID-19

Net interest income remains stable

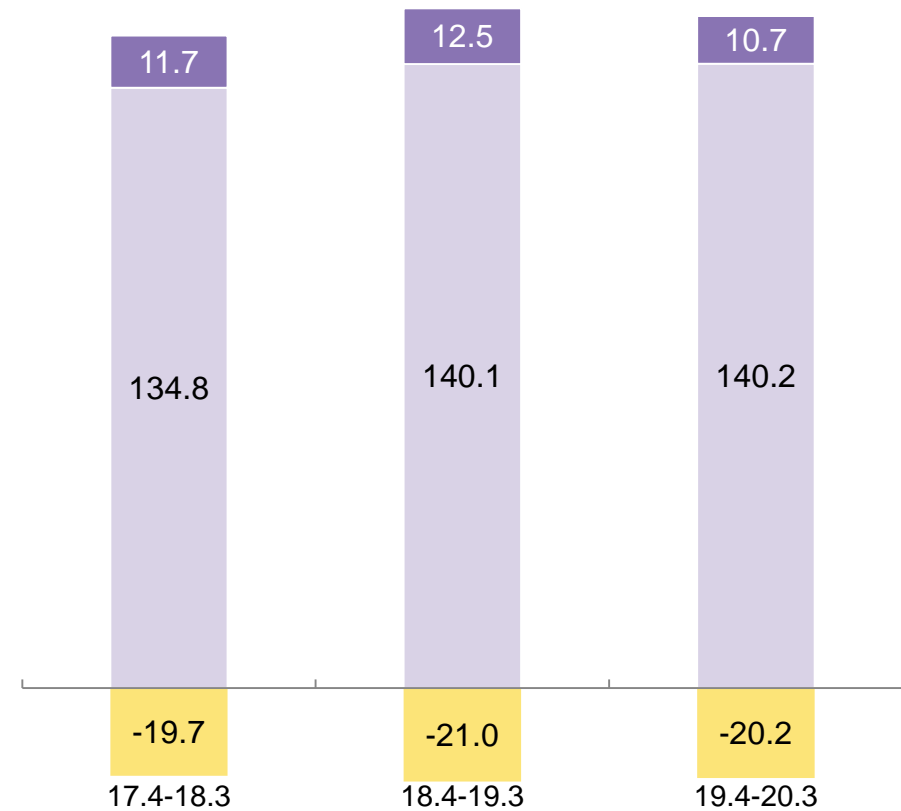
(Unit: JPY billion)

- Net Interest Income
- Of which, Structured Finance
- Of which, Unsecured Loans
(Lake Businesses, NOLOAN, Shinsei Bank SmartCard Loan Plus etc.)



Breakdown of Interest Income (gross)

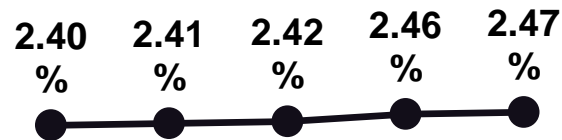
- Interest income from securities
- Interest income from loans and bills discounted
- Interest expenses from interest-bearing liabilities



Net interest margin (NIM) improved to 2.47%

(Unit: %)

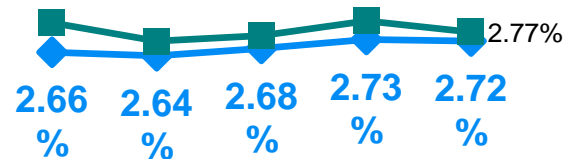
Net Interest Margin (NIM)¹



15.4-16.3 16.4-17.3 17.4-18.3 18.4-19.3 19.4-20.3

Yield on Interest Earning Assets

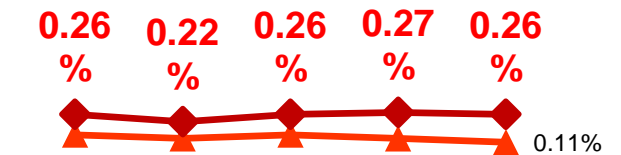
- Yield on Loans and Bills Discounted
- ◆ Yield on Interest Earning Assets¹
- ▲ Yield on Securities



15.4-16.3 16.4-17.3 17.4-18.3 18.4-19.3 19.4-20.3

Funding Costs

- ◆ Rate on Interest Bearing Liabilities
- ▲ Rate on Deposits, including NCDs



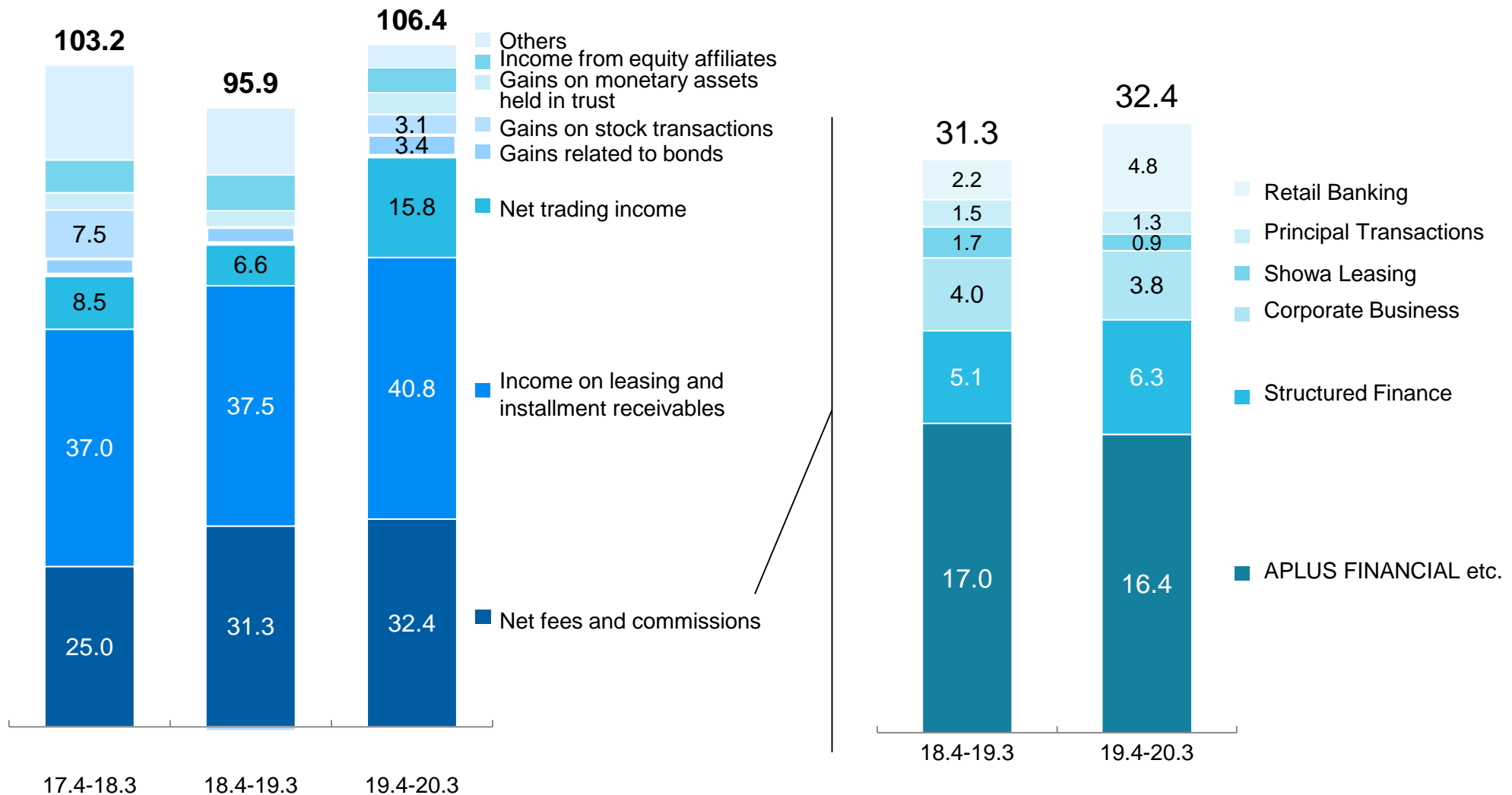
15.4-16.3 16.4-17.3 17.4-18.3 18.4-19.3 19.4-20.3

¹ Includes income on leased assets and installment receivables

Noninterest income increased reflecting higher fees from Retail Banking and Structured Finance

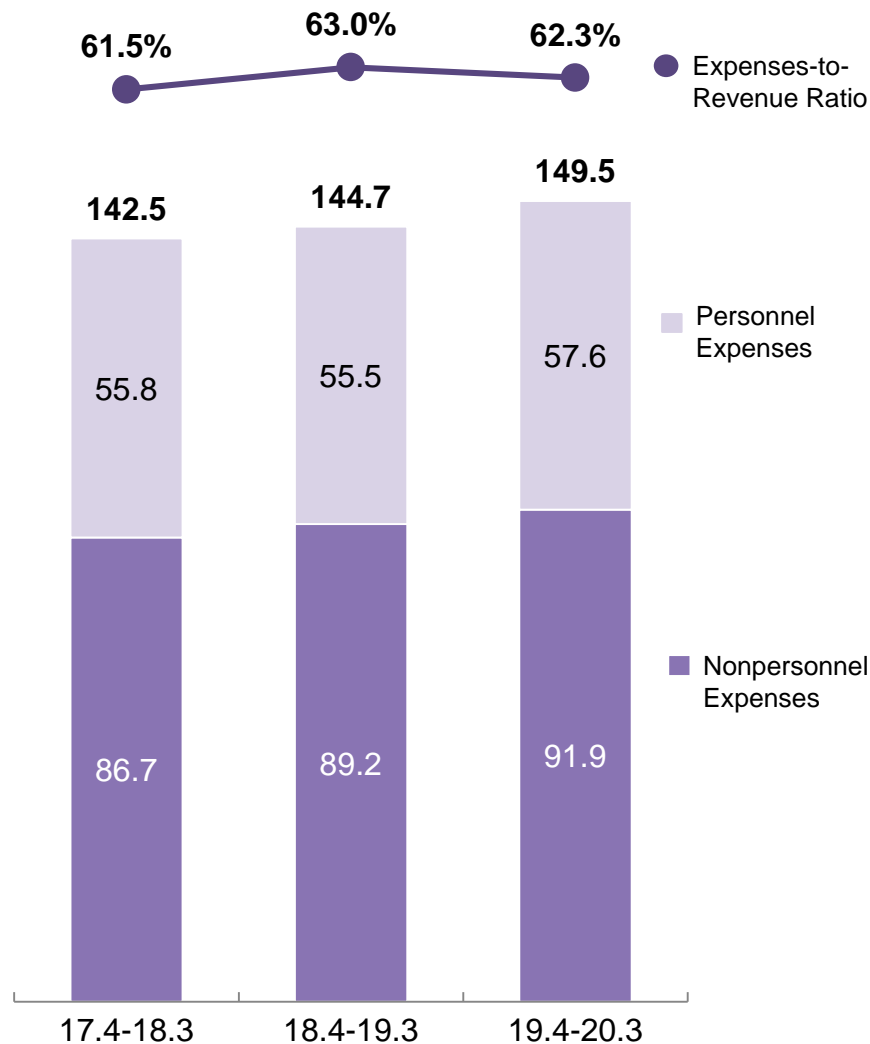
(Unit: JPY billion)

Net Fees and Commissions: Major Segments



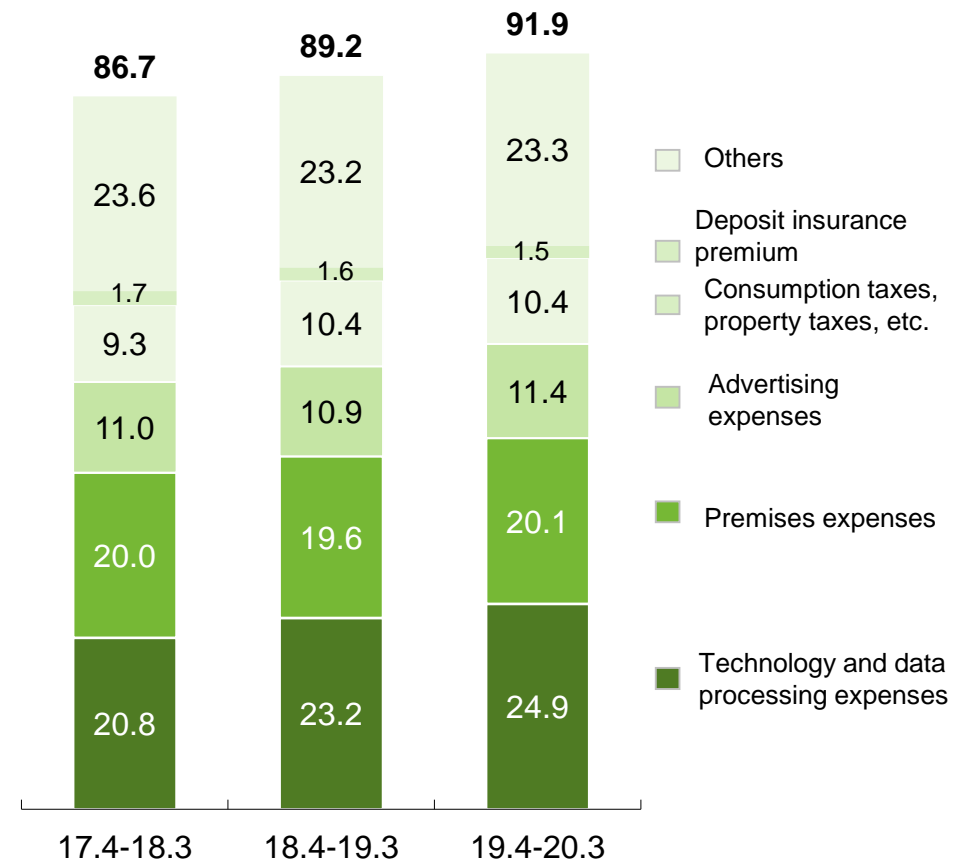
Expenses-to-Revenue ratio declines to 62.3%

(Unit: JPY billion)



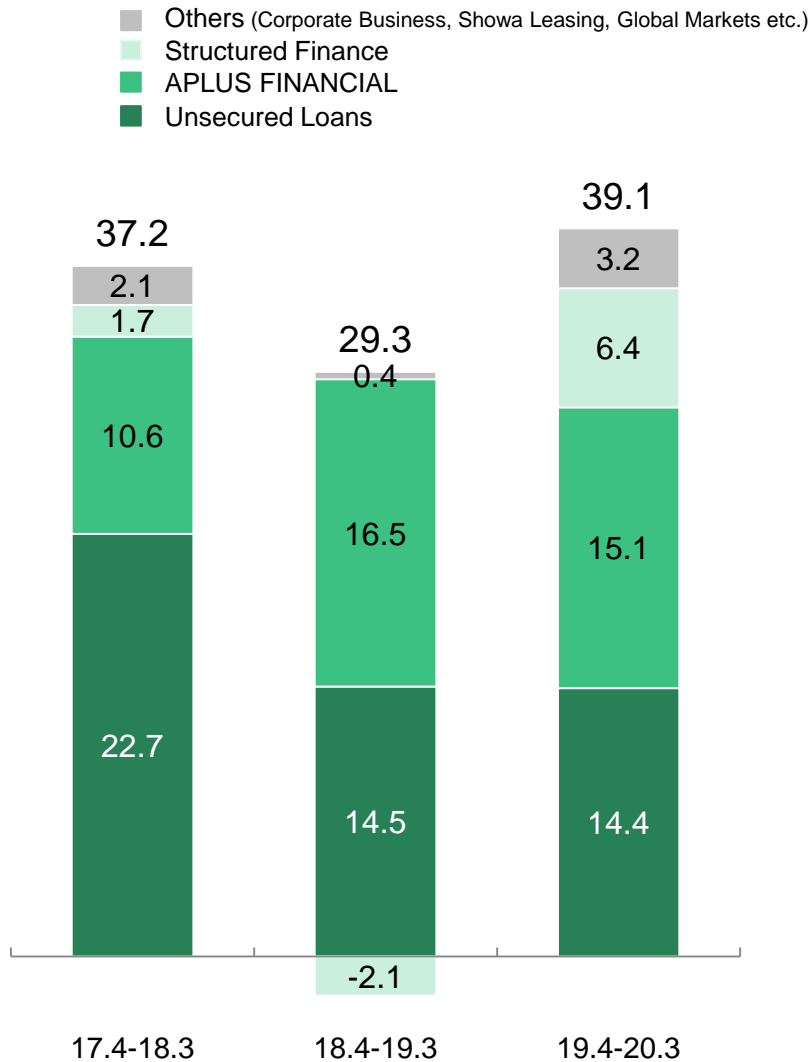
Breakdown of Nonpersonnel Expenses

■ JPY 3.8 billion of depreciation expenses on new IT systems (increased JPY 1.6 billion y-o-y)



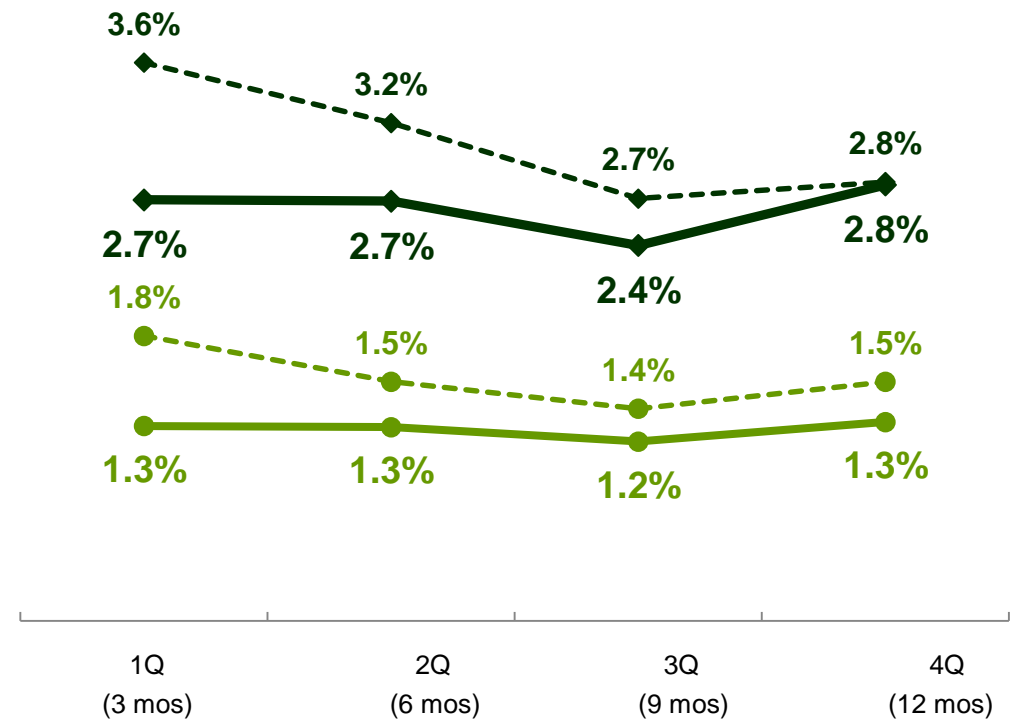
Net credit costs increased in institutional businesses due to credit provisioning related to COVID-19 impact

(Unit: JPY billion; %)



Net Credit Costs Ratio: Consumer Finance

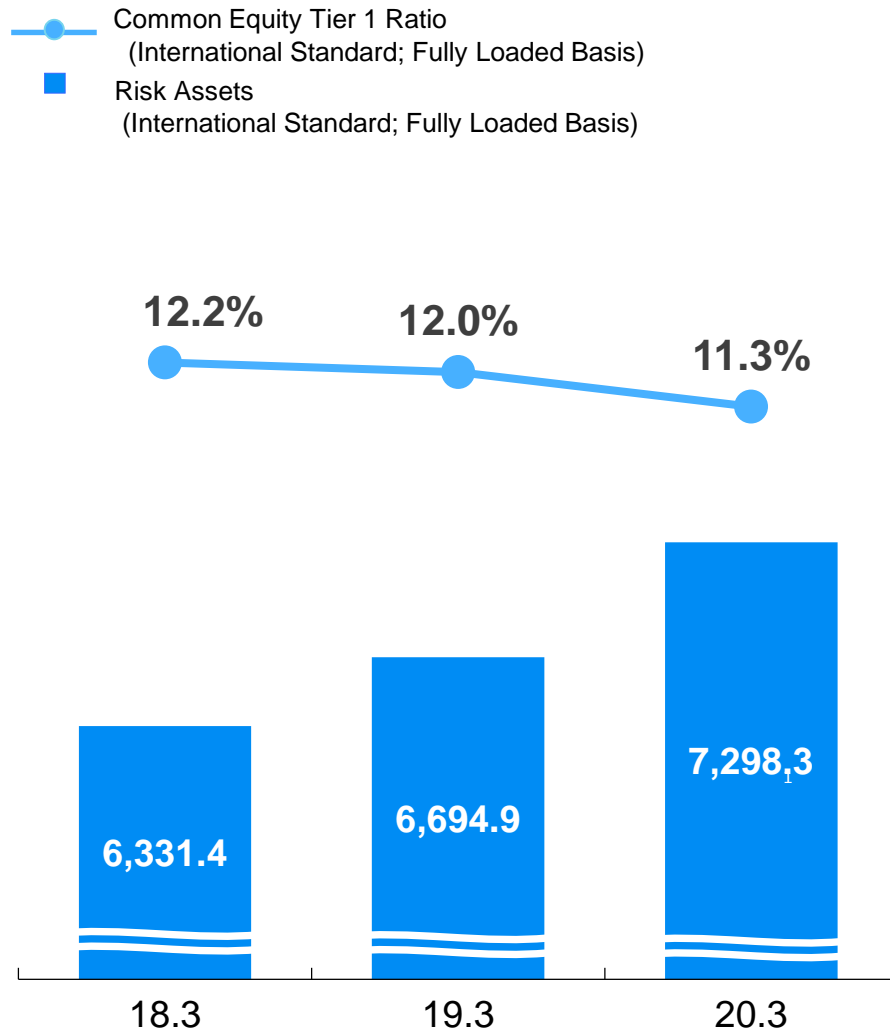
- ◆--- FY2018 Unsecured Loans: Net Credit Costs Ratio (annualized basis¹)
- ◆— FY2019 Unsecured Loans: Net Credit Costs Ratio (annualized basis¹)
- FY2018 APLUS FINANCIAL: Net Credit Costs Ratio (annualized basis¹)
- FY2019 APLUS FINANCIAL: Net Credit Costs Ratio (annualized basis¹)



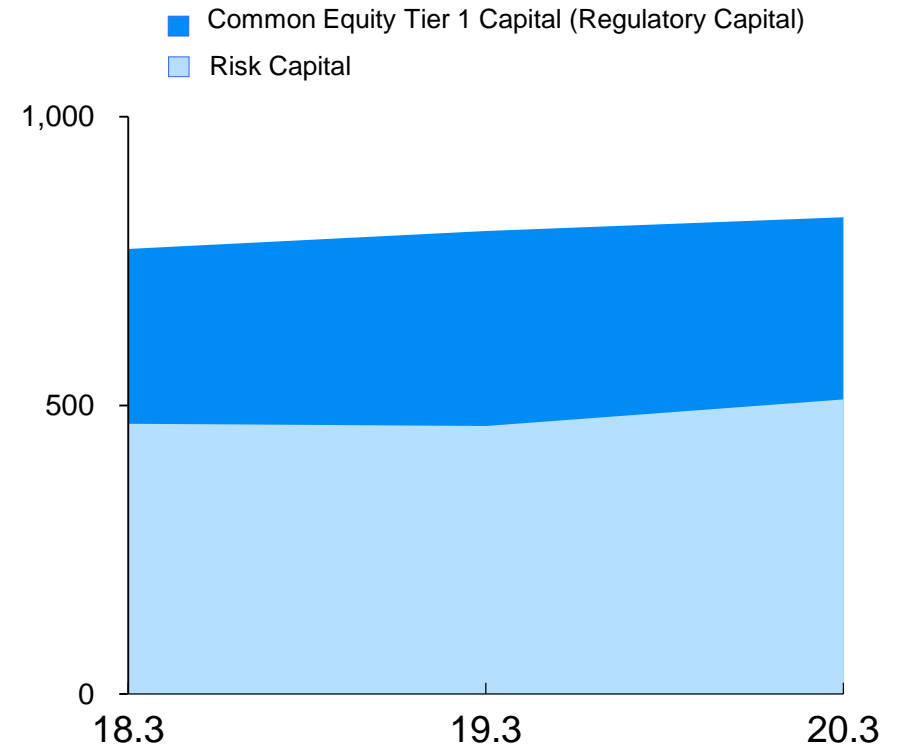
¹ Net Credit Costs Ratio = Calculated by annualizing the following formula :
(Net Credit Costs ÷ Average of Beginning and End of Period Operating Assets Balances)

Capital adequacy ratio reflects increase in risk assets

(Unit: JPY billion; %)



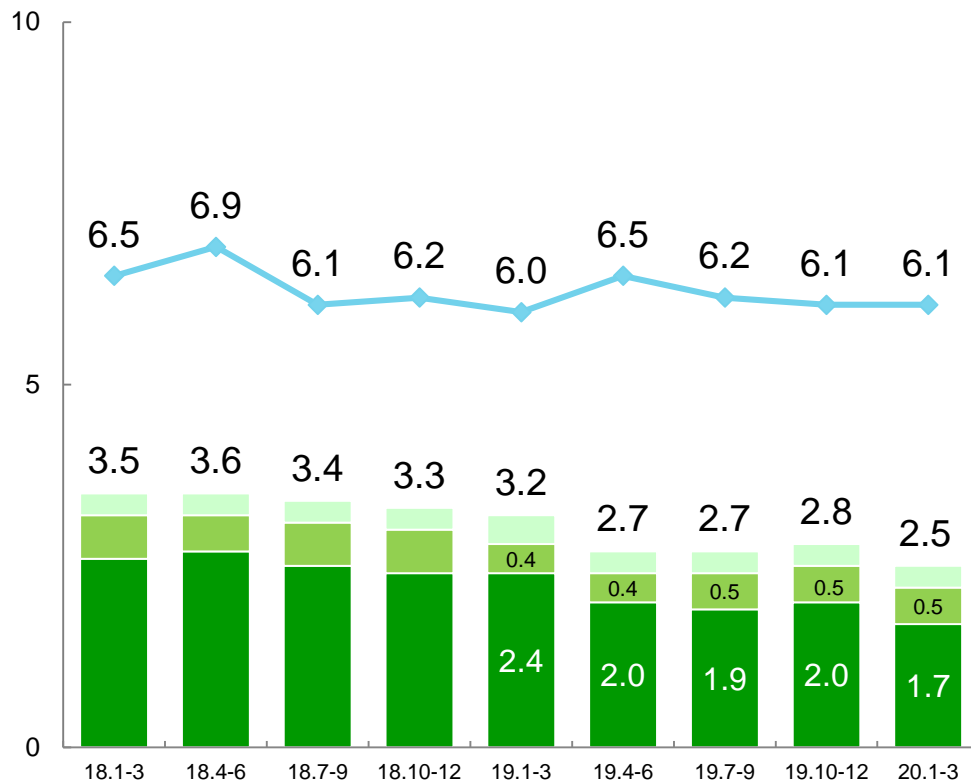
	2018.3	2019.3	2020.3
Common Equity Tier 1 Capital (International Standard; Fully Loaded Basis)	771.0	802.3	823.4
Risk Capital	468.2	464.5	510.2



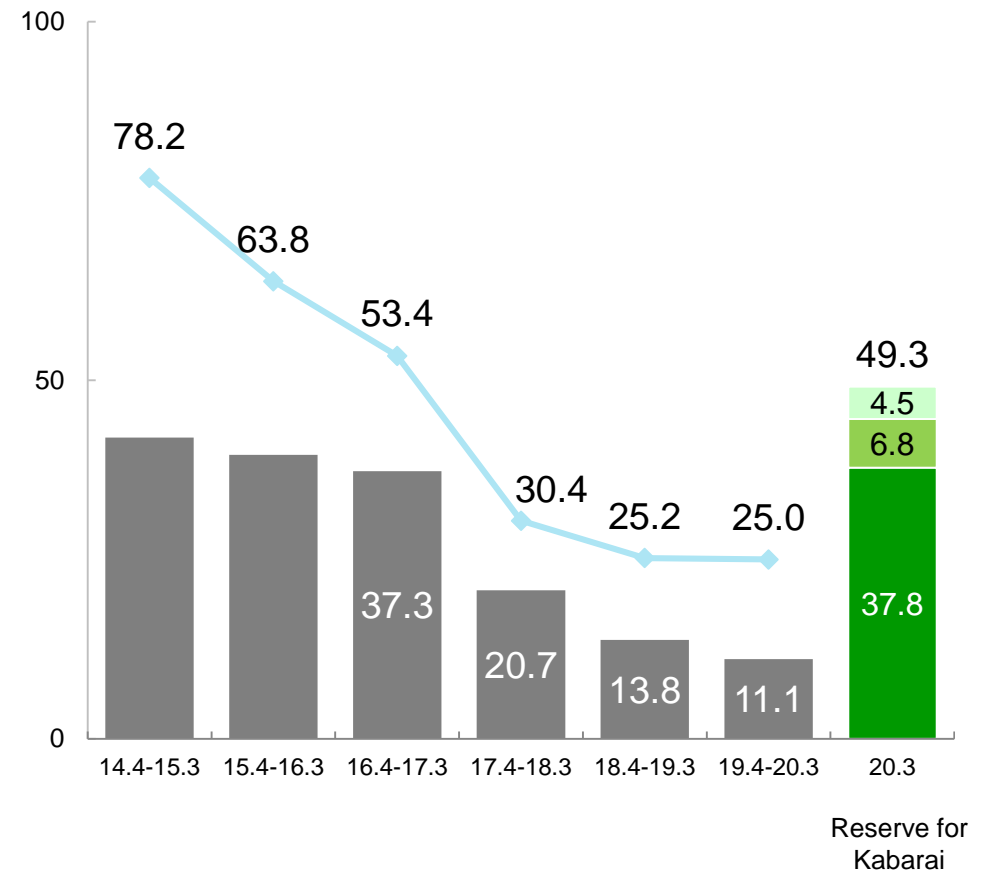
Recorded Kabarai reserve reversal of JPY 2.6 billion; Reserve coverage ratio for Kabarai remains close to 5 years

(Unit: JPY billion; thousands)

- ◆ Number of Disclosure Claims¹
- Actual Repayments: Shinsei Personal Loan
- Actual Repayments: APLUS FINANCIAL
- Actual Repayments: Shinsei Financial



- ◆ Number of Disclosure Claims¹
- Actual Repayments Amounts¹
- Reserve for Kabarai : Shinsei Personal Loan
- Reserve for Kabarai : APLUS FINANCIAL
- Reserve for Kabarai : Shinsei Financial



¹ Shinsei Financial, Shinsei Personal Loan and APLUS FINANCIAL combined

Business Update

Pursue growth opportunities through the value co-creation model



Open Innovation

Integration with external services

- Be an ecosystem builder or participator
- Utilize digital technology and data analysis



Unbundling

Finance as a Service

- Provide our functions / processes when our customers need us



Targeting

Deeper understanding of our customers

- Zero-in on marketing and service lineup
- Enhance customer value by knowing our customers on a deeper level

Business Initiatives

■ Providing lending functions for individuals

August 2019: Commenced
“Shinsei Bank Smart Money Lending”
for Docomo users



For **Docomo** users
Shinsei Bank Smart Money Lending

■ Providing various financial services to MSE¹

December 2019: Announced a joint financial business with USEN-NEXT HOLDINGS to provide financial services such as business credit (installment loans), vendor leasing and business credit cards, and lending

¹ Micro and Small Enterprises

■ Providing credit services to foreign residents in Japan

January 2020: Established Credd Finance, Ltd. to offer credit services to foreign residents in Japan, by collaborating with Seven Bank, Ltd.

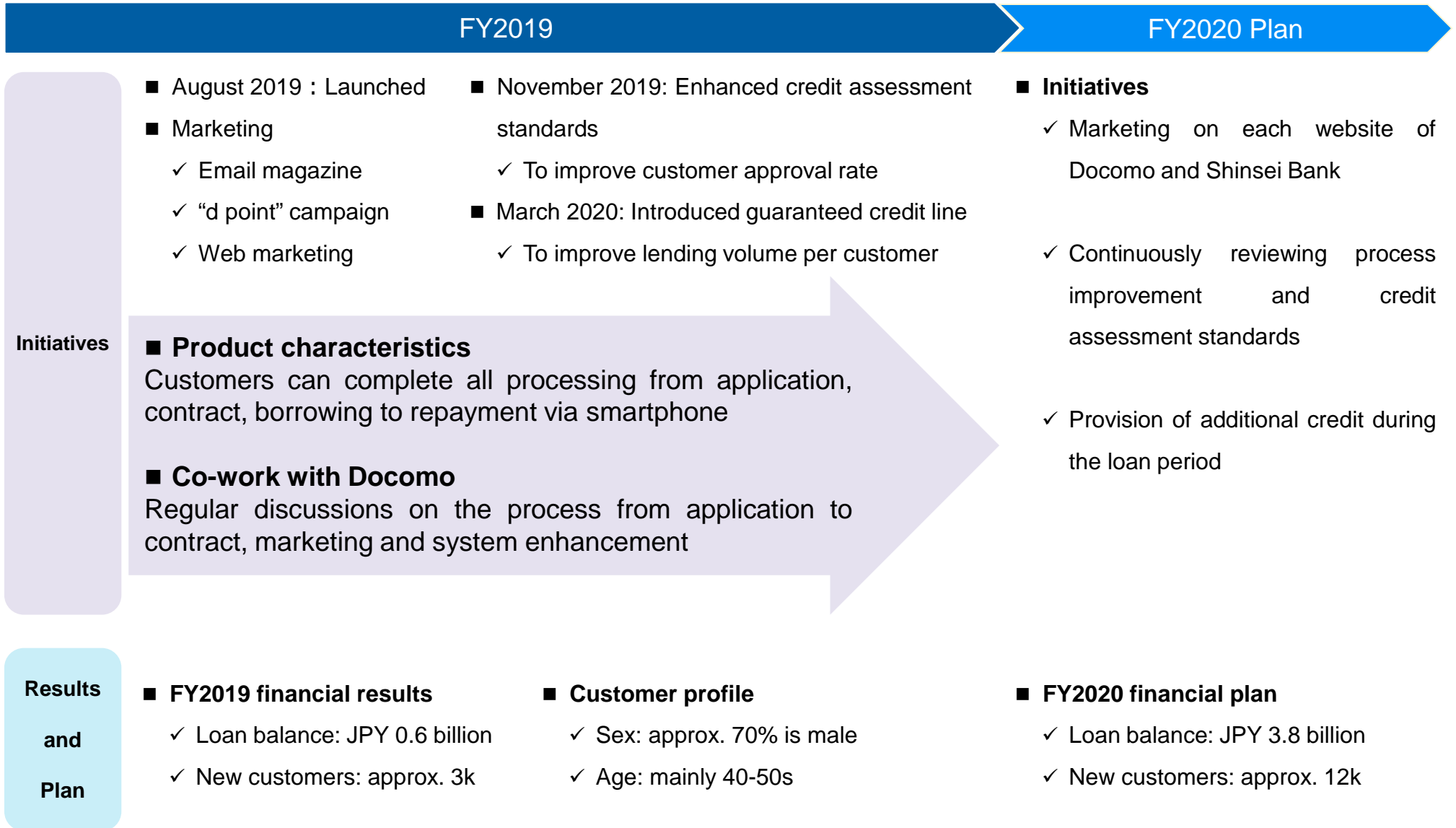
■ Launched a financial platform BANKIT[®]

March 2020: Started neo-bank platform BANKIT[®] which enables connection to smartphone apps and client's system with API. Our partner companies can select financial services Shinsei offers such as payment, remittance and lending at their choice of service menu





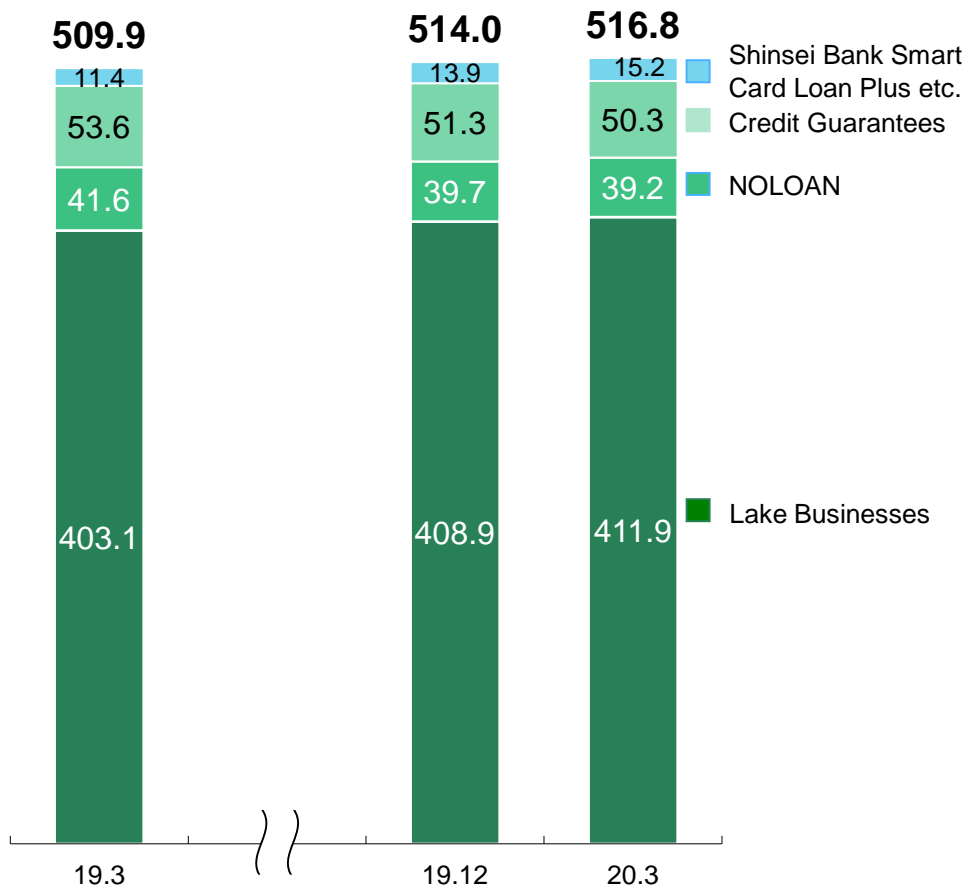
Small Scale Finance: SML has reached out to new customer segment; different from existing customer segments



Small Scale Finance: Unsecured loan balance growth momentum continues reflecting increase in Lake ALSA balance

(Unit: JPY billion)

【Loan Balance】



Shinsei Financial ¹	18.4-19.3	19.4-20.3
Net Interest Income	69.3	69.3
of which, Lake Businesses	63.4	63.6
Noninterest Income	-0.0	-0.9
Total Revenue	69.2	68.3
Expenses	-33.4	-34.3
Ordinary Business Profit (OBP)	35.7	33.9
Net Credit Costs	-14.5	-14.4
OBP after Net Credit Costs	21.2	19.5

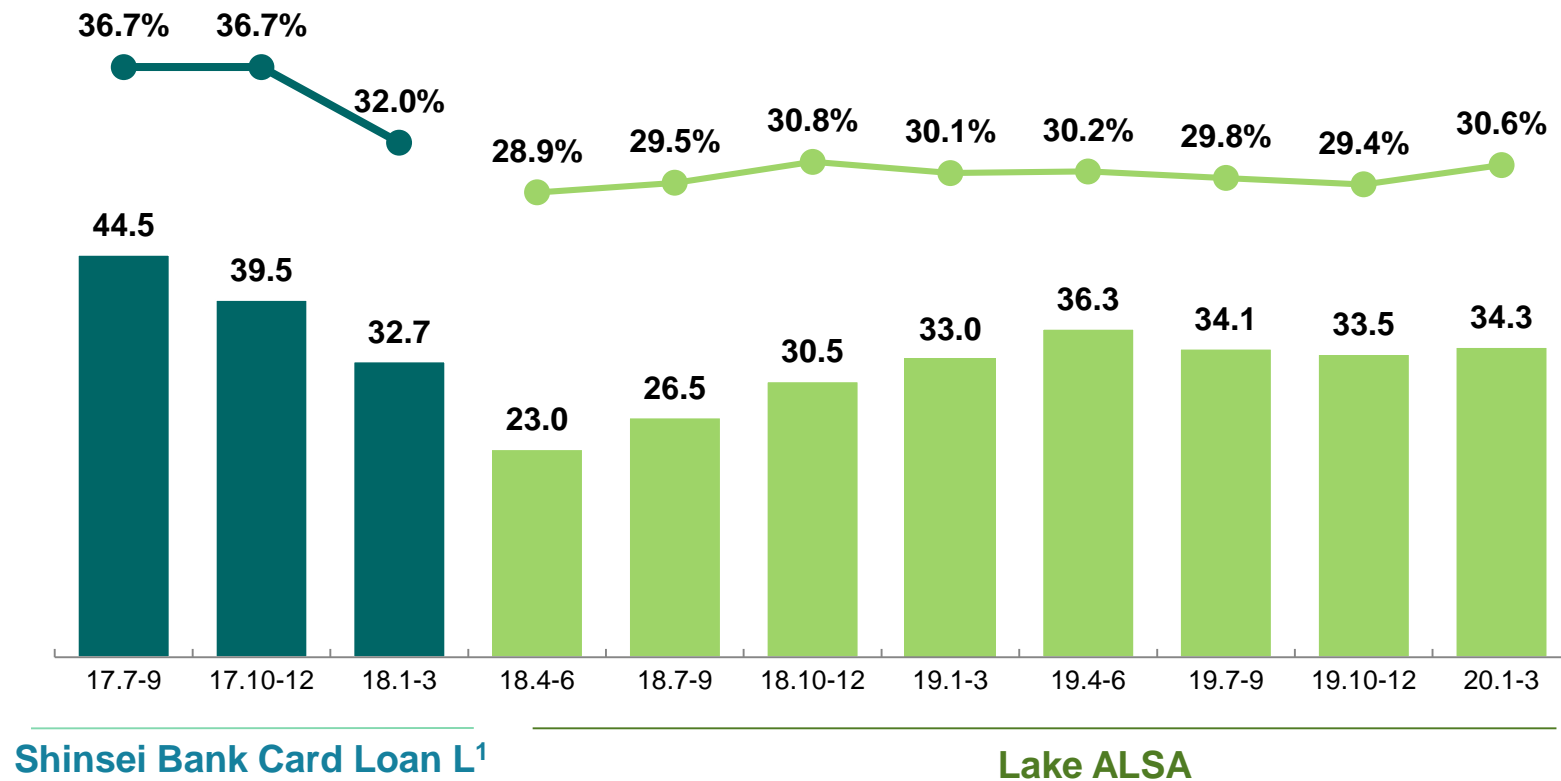
¹ Includes profits and losses of Shinsei Financial, Shinsei Bank Card Loan L, and Shinsei Bank Smart Card Loan Plus etc.

Approval rate of Lake ALSA is improving reflecting 60 days interest-free product and enhanced credit assessment process

(Unit: JPY billion)

Lake: New Customer Acquisition

● Approval Rate (%) ■ New Customers (k)

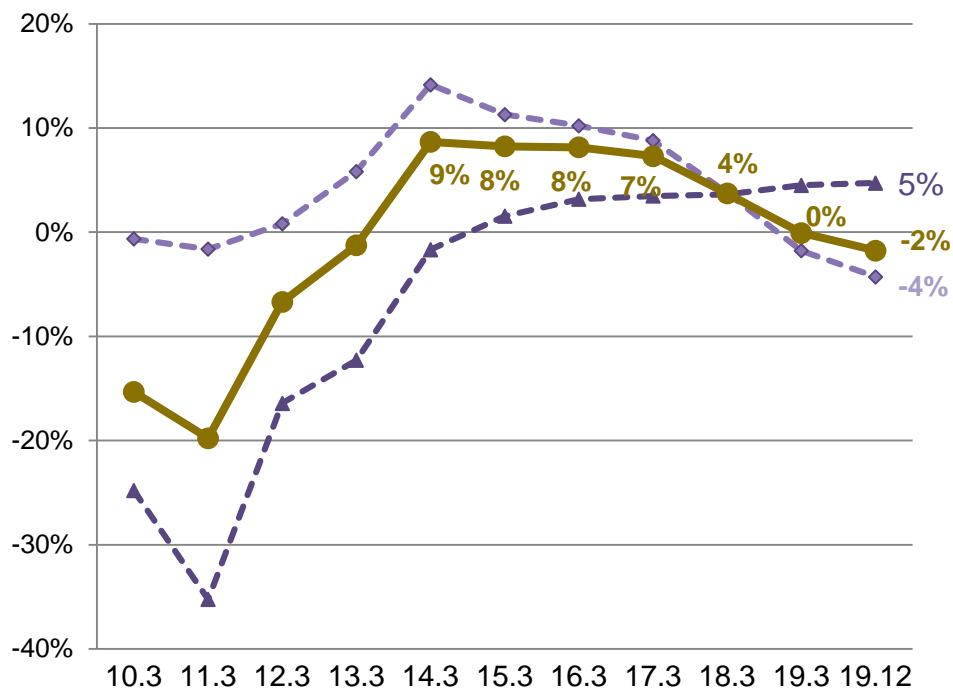


¹ Shinsei Bank Lake was renamed to “Shinsei Bank Card Loan L” on November 28, 2019

Small Scale Finance:

Unsecured card loan overall market appears to be saturating but nonbank market continues its growth momentum

Unsecured Loan Market: Growth Rate (YoY)

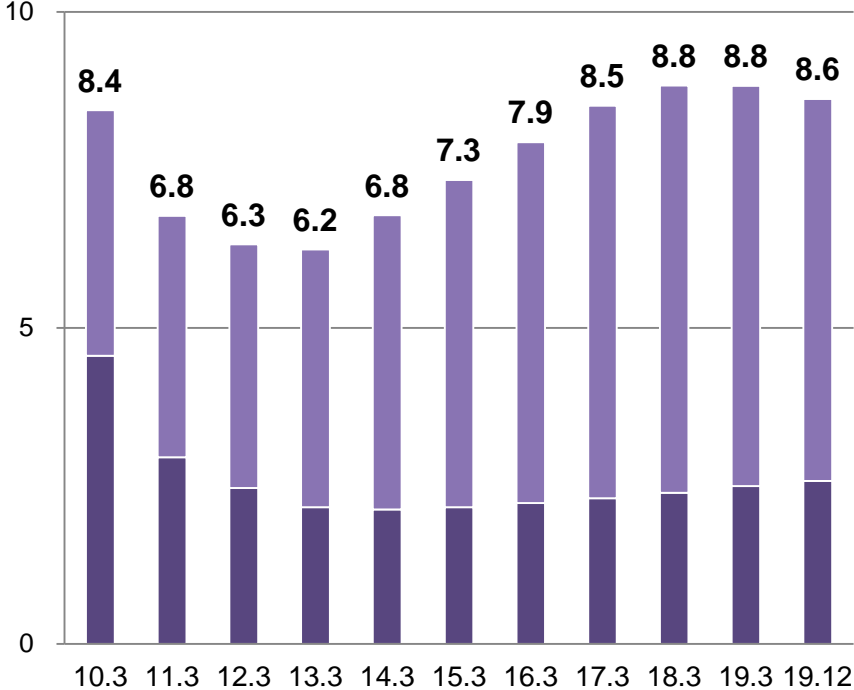


(Data Source) Bank of Japan, Japan Financial Service Association

- ◆ YoY: Bank Card Loan Growth Rate
- YoY: Unsecured Loan Market Growth Rate
- ▲ YoY: Nonbank Unsecured Loan Growth Rate

Unsecured Loan Market: Size

(Unit: JPY trillion)



(Data Source) Bank of Japan, Japan Financial Service Association

- Bank Card Loan Balance
- Nonbank Unsecured Loan Balance

"Unsecured loan market" = "Bank card loan balance" + "Nonbank unsecured loan balance"

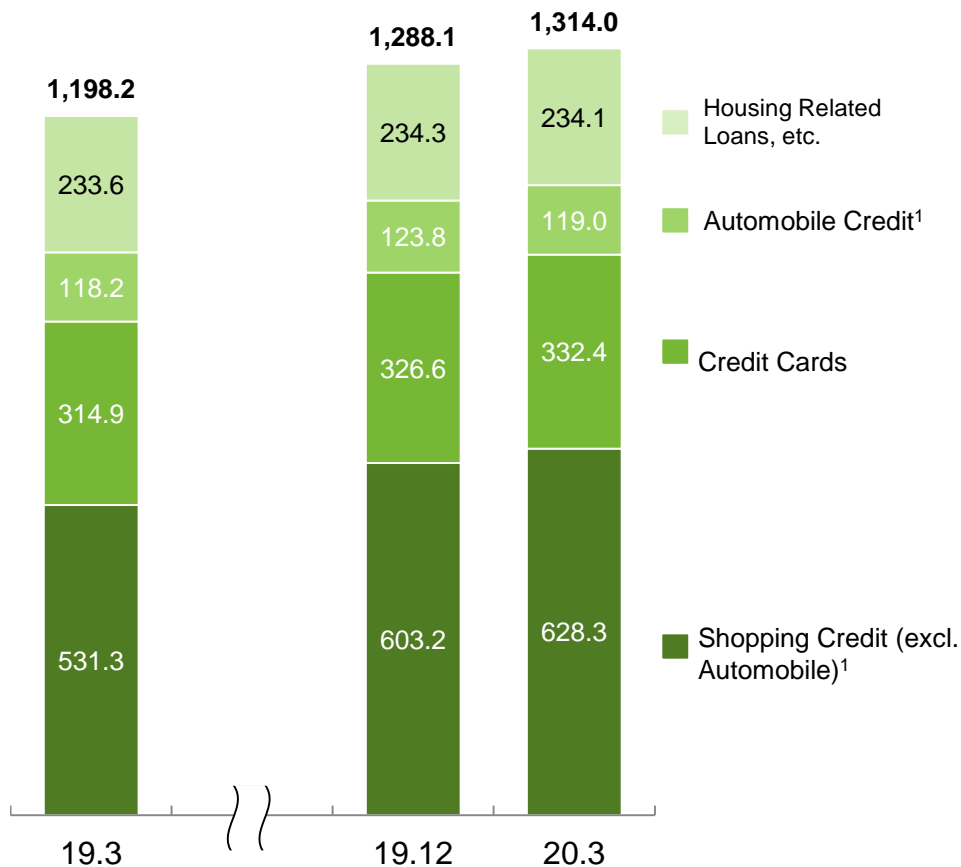
"Bank card loan balance": Statistics aggregated by the Bank of Japan; Balance of consumer card loans extended by domestic banks and credit unions

"Nonbank unsecured loan balance": Statistics aggregated by the Japan Financial Services Association; Unsecured loans (consumer finance sector) month end balance (excludes housing loans)

Small Scale Finance: APLUS FINANCIAL balance increased steadily; both revenue and profit improved

(Unit: JPY billion)

【Operating Assets balance】



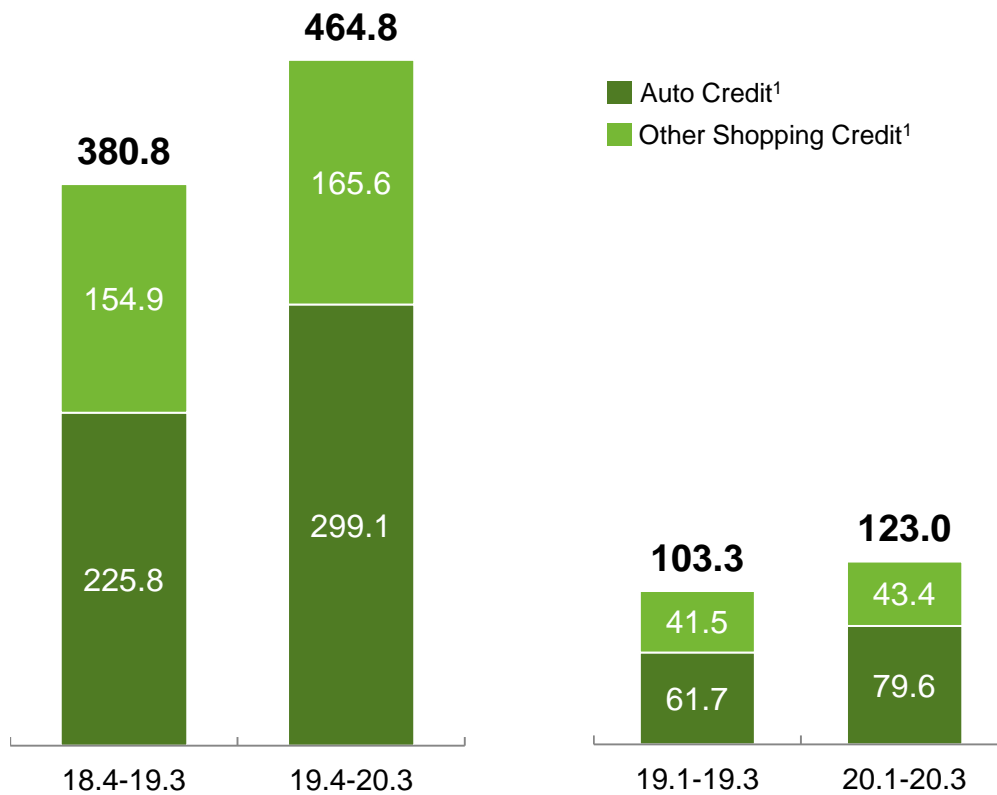
¹ Includes credit guarantees business

APLUS FINANCIAL	18.4-19.3	19.4-20.3
Net Interest Income	10.7	9.7
Noninterest Income	47.1	48.5
Total Revenue	57.8	58.2
Expenses	-38.1	-38.9
Ordinary Business Profit (OBP)	19.6	19.3
Net Credit Costs	-16.5	-15.1
OBP after Net Credit Costs	3.1	4.2

Shopping credit and payment business have performed robustly

(Unit: JPY billion)

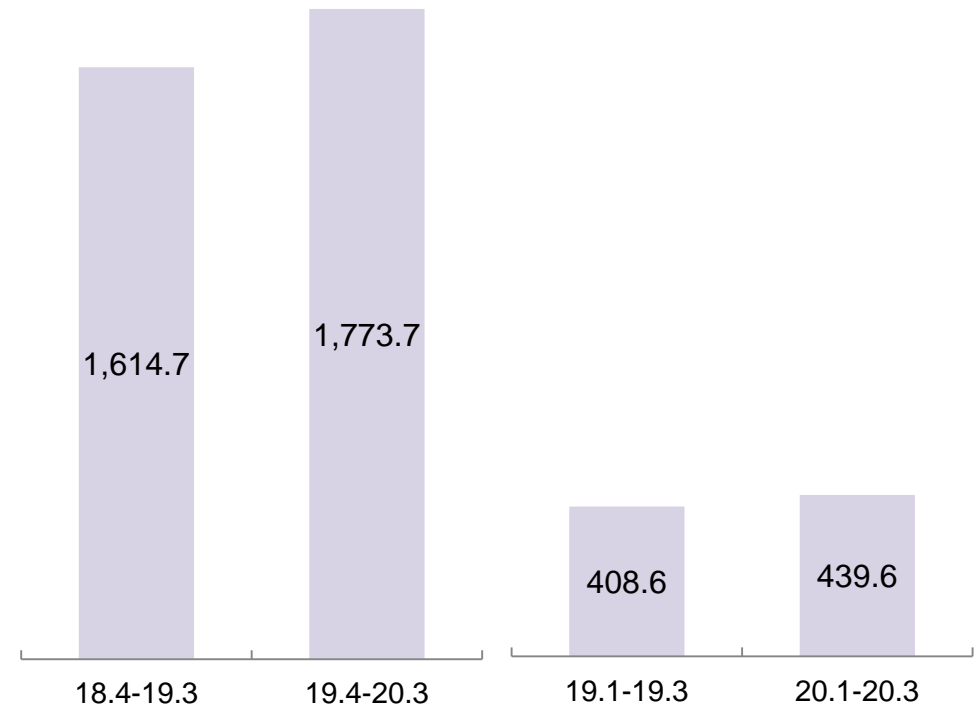
Transaction Volume: Auto Credit, Other Shopping Credit



¹ Includes credit guarantees and leasing businesses

Payments Transaction Volume

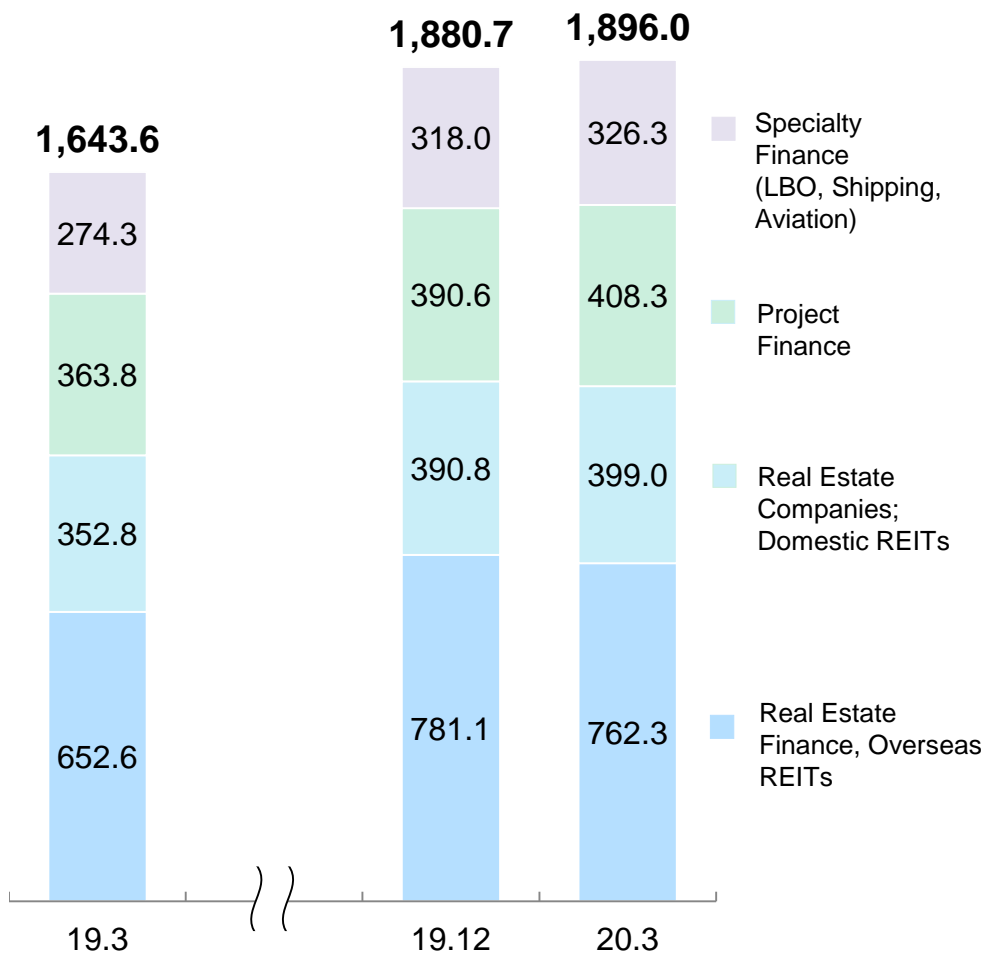
Settlement via bank accounts, rent guarantees, prepaid cards, code settlement services



Business with Institutional Investors: Structured finance balance grew 15%; higher revenue offset by credit provisioning in real estate finance due to COVID-19

(Unit: JPY billion)

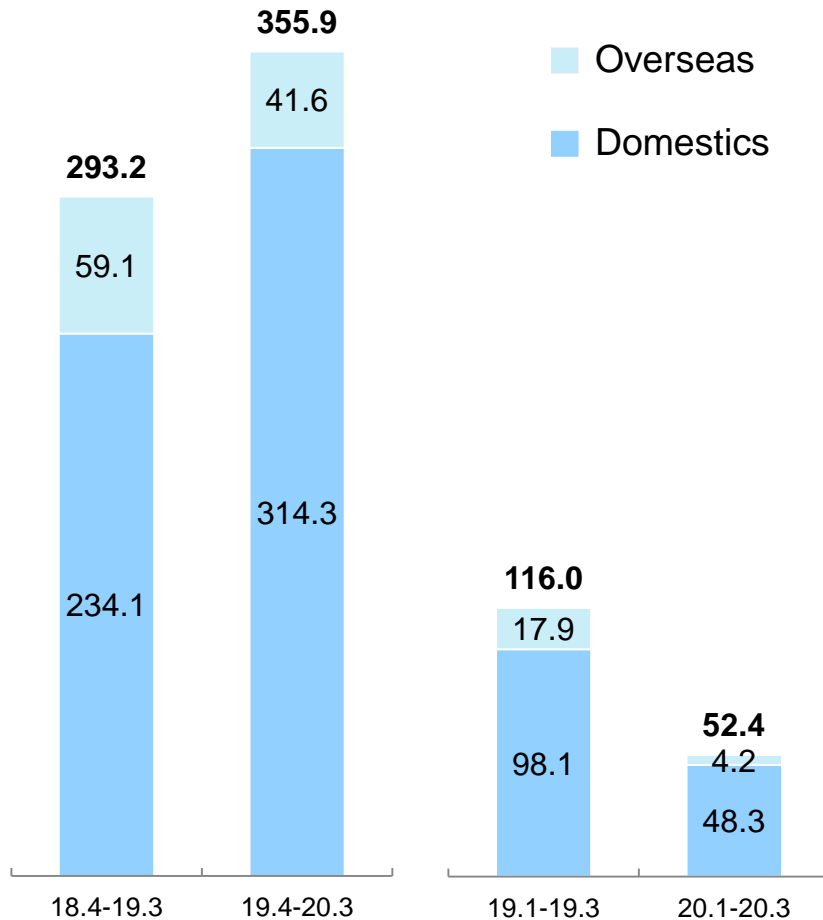
【Operating Assets Balance】



Structured Finance	18.4-19.3	19.4-20.3
Net Interest Income	10.3	12.0
Noninterest Income	7.2	7.6
Total Revenue	17.6	19.7
Expenses	-7.7	-8.3
Ordinary Business Profit (OBP)	9.8	11.3
Net Credit Costs	2.1	-6.4
OBP after Net Credit Costs	12.0	4.9

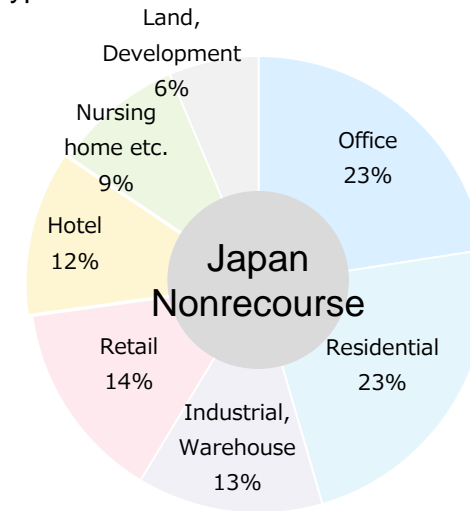
Business with Institutional Investors: New disbursement increased y-o-y but decreased in Jan-Mar.

Real Estate Nonrecourse Finance New Disbursements

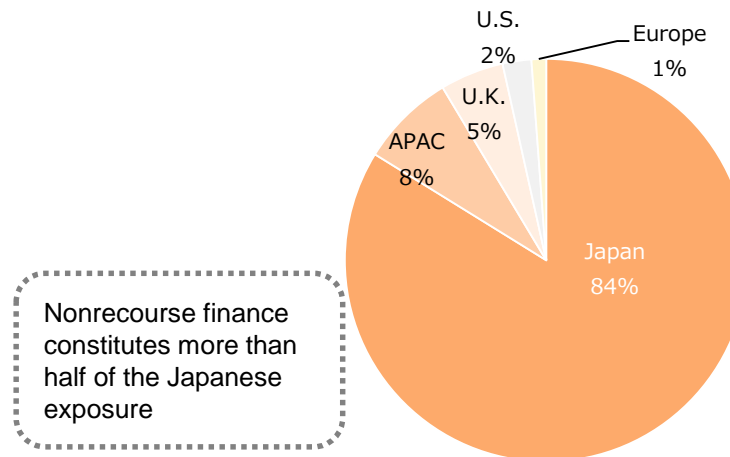


Portfolio (as of March 31, 2020)

【Balance: asset type】



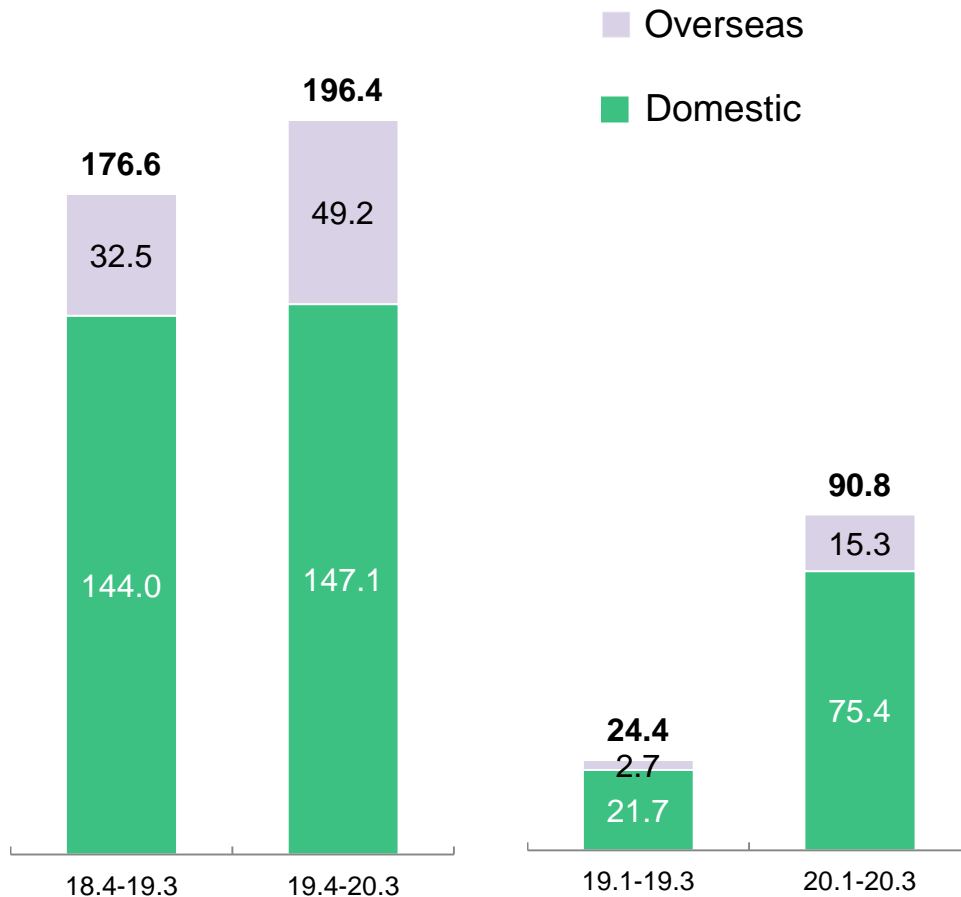
【Balance: regions in nonrecourse, real estate companies and REITs】



Nonrecourse finance constitutes more than half of the Japanese exposure

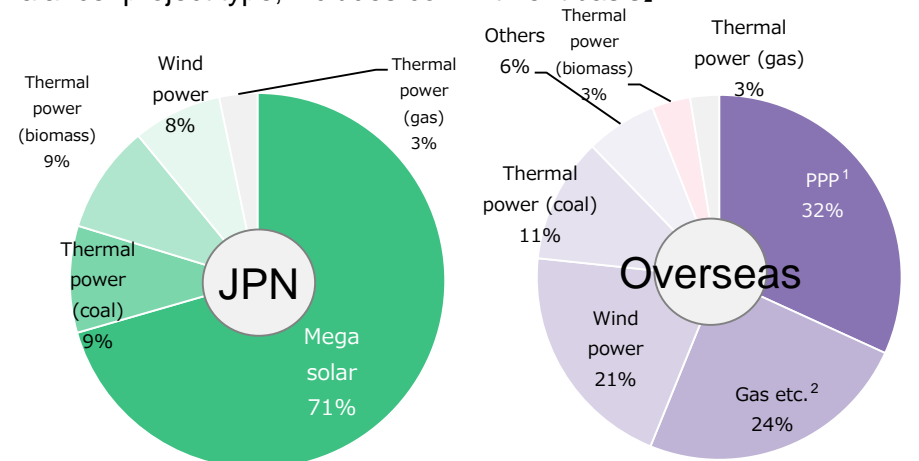
Business with Institutional Investors: Project finance business showed strong performance reflecting renewable energy projects and infrastructure projects

Project Finance New Commitments



Portfolio (as of March 31, 2020)

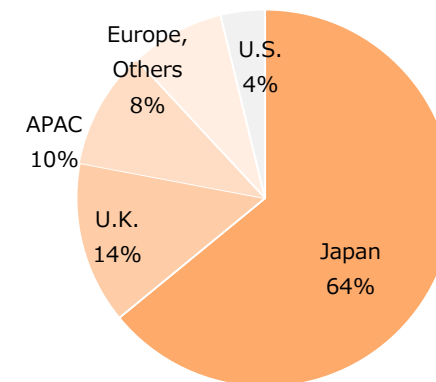
【Balance: project type, includes commitment basis】



¹ Public Private Partnership

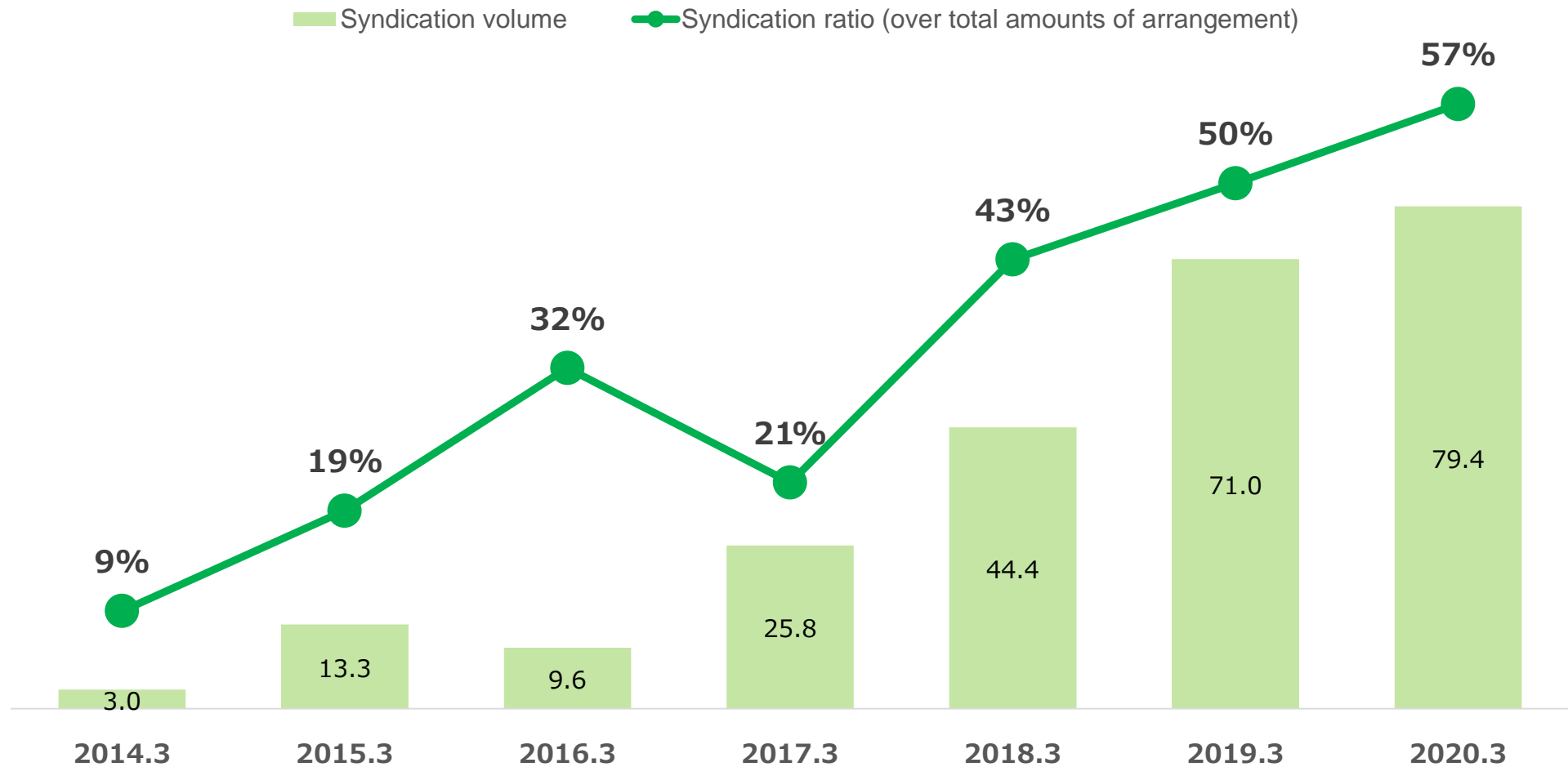
² Finance to LNG related facilities and receiving terminal etc.

【Balance: regions, includes commitment basis】



Business with Institutional Investors: Domestic project finance syndication (volume and ratio) has been increasing constantly

(Unit: JPY billion)

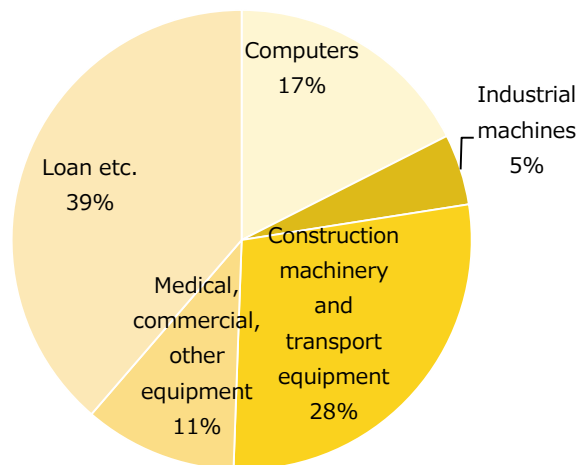
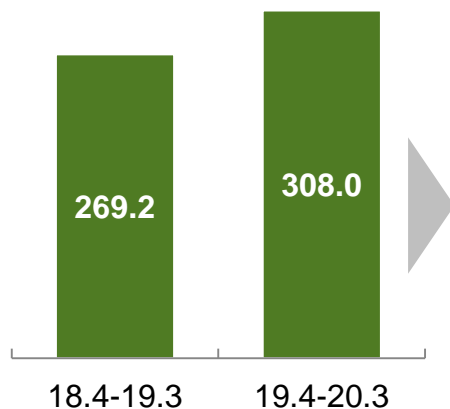


Showa Leasing:

Acquisition of SHINKO LEASE increased total disbursement, but lower profit reflect credit provisioning for COVID-19 and higher expenses

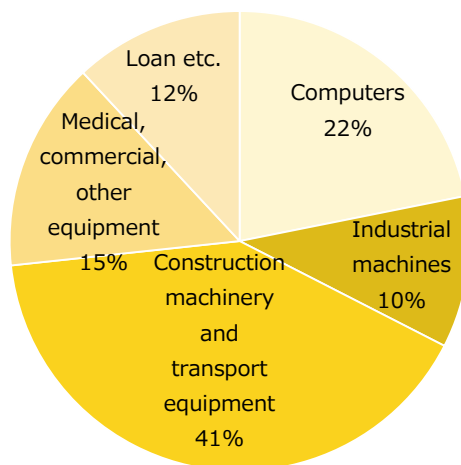
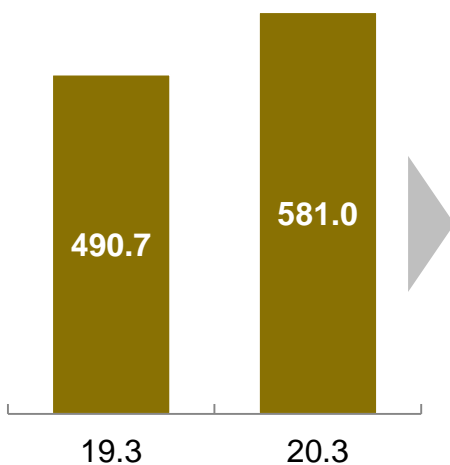
(Unit: JPY billion)

【Disbursement】



【As of March 31, 2020】

【Operating Assets Balance】



【As of March 31, 2020】

Showa Leasing	18.4-19.3	19.4-20.3
Net Interest Income	-0.0	-0.1
Noninterest Income	14.2	14.6
Total Revenue	14.2	14.4
Expenses	-9.8	-10.7
Ordinary Business Profit (OBP)	4.3	3.7
Net Credit Costs	0.6	-0.9
OBP after Net Credit Costs	4.9	2.7

Corporate Business, Markets:

Corporate business: equities gains were offset by higher credit provisions due to COVID-19. Markets: higher profit reflects trading and equities gains

(Unit: JPY billion)

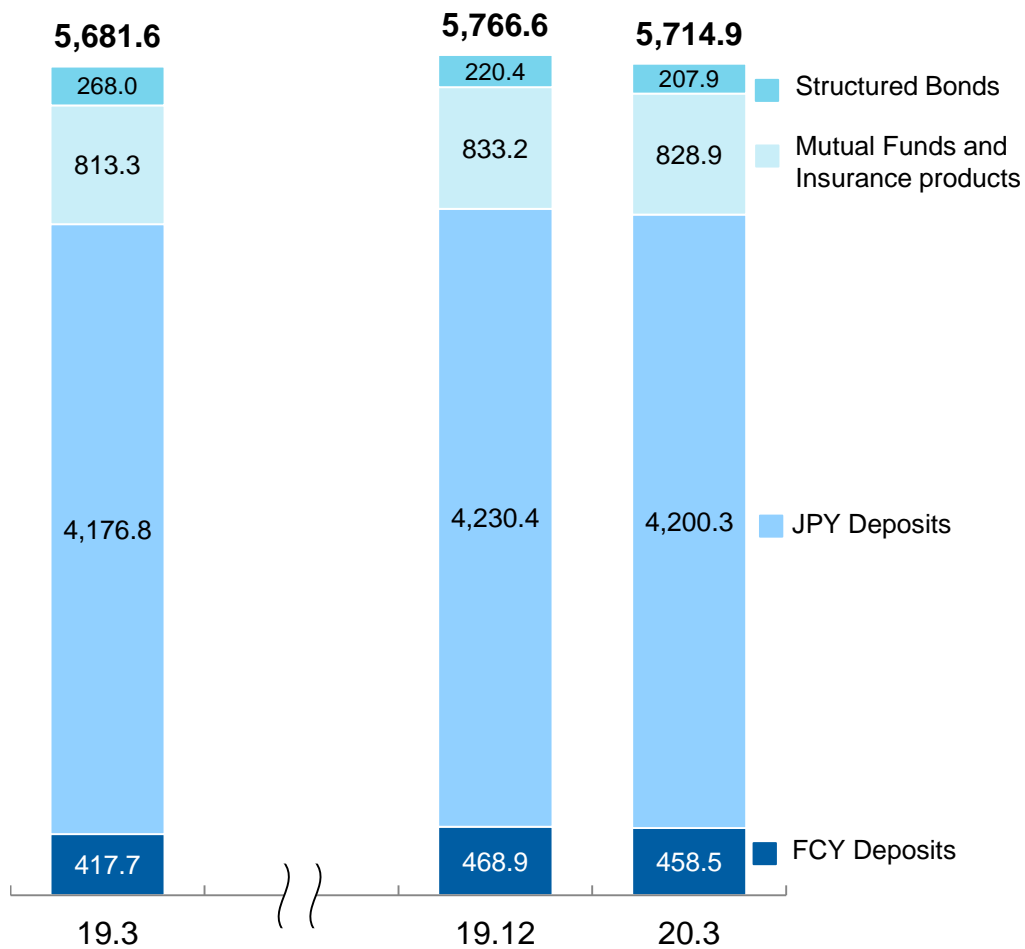
Corporate Business	18.4-19.3	19.4-20.3
Net Interest Income	10.0	10.8
Noninterest Income	6.7	8.1
Total Revenue	16.7	18.9
Expenses	-11.8	-12.5
Ordinary Business Profit (OBP)	4.9	6.3
Net Credit Costs	-0.8	-2.3
OBP after Net Credit Costs	4.0	4.0

Markets	18.4-19.3	19.4-20.3
Net Interest Income	1.5	2.3
Noninterest Income	5.5	7.2
Total Revenue	7.1	9.5
Expenses	-3.7	-3.3
Ordinary Business Profit (OBP)	3.3	6.2
Net Credit Costs	-0.0	0.0
OBP after Net Credit Costs	3.3	6.2

Retail Banking: Returning to profitability reflects various revenue improvement measures

(Unit: JPY billion)

【AUM Balance】



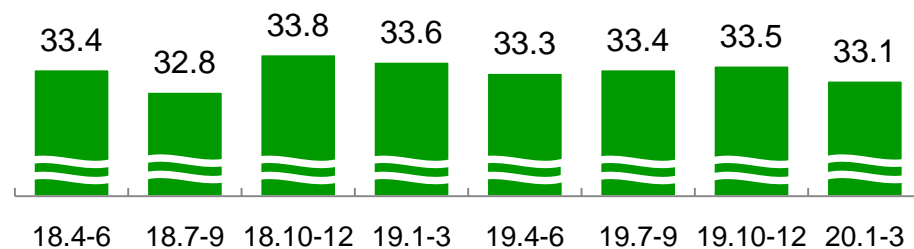
Retail Banking	18.4-19.3	19.4-20.3
Net Interest Income	23.9	23.4
of which, from Loans	9.8	9.3
of which, from Deposits, etc.	14.1	14.1
Noninterest Income	2.9	4.9
of which, from Asset Management Products	6.8	8.3
of which, Other fees (Loan origination, ATM, FT, FX etc.)	-3.8	-3.3
Total Revenue	26.9	28.3
Expenses	-27.6	-28.0
Ordinary Business Profit (OBP)	-0.7	0.3
Net Credit Costs	0.0	-0.0
OBP after Net Credit Costs	-0.6	0.3

Segment Information

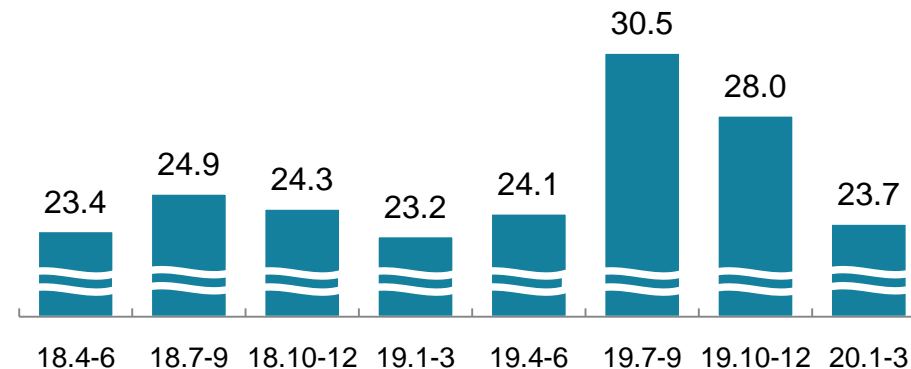
Quarterly basis: Net Interest Income, Noninterest income, Expenses, Net Credit Costs

(Unit: JPY billion)

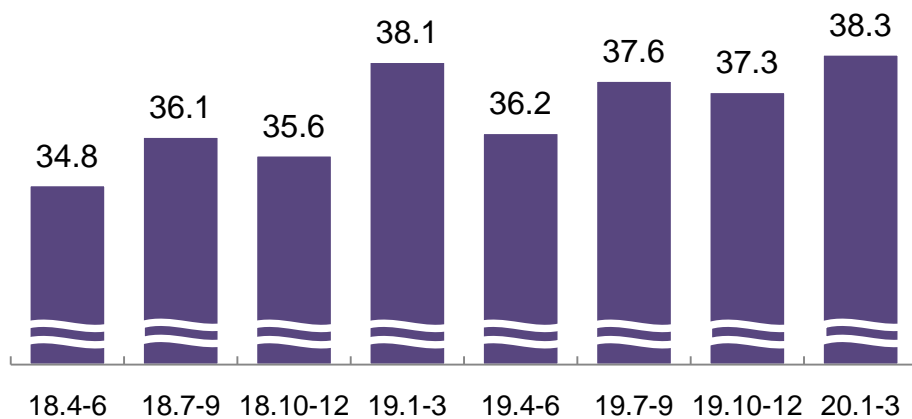
Net interest income



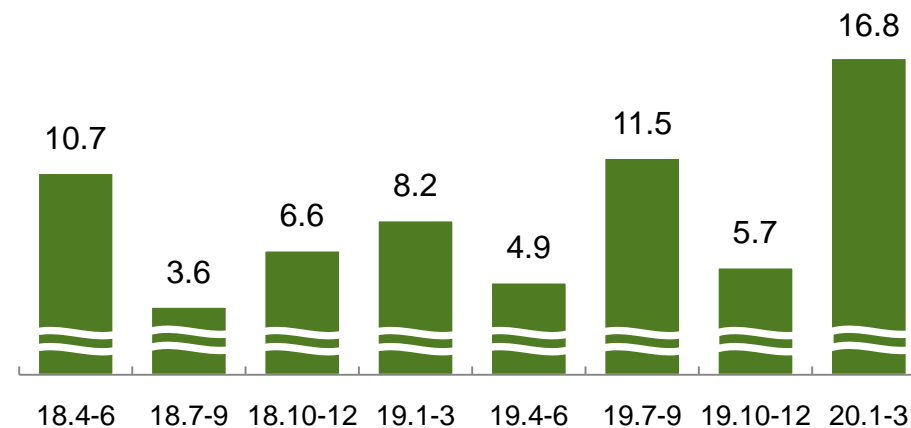
Noninterest income



Expenses



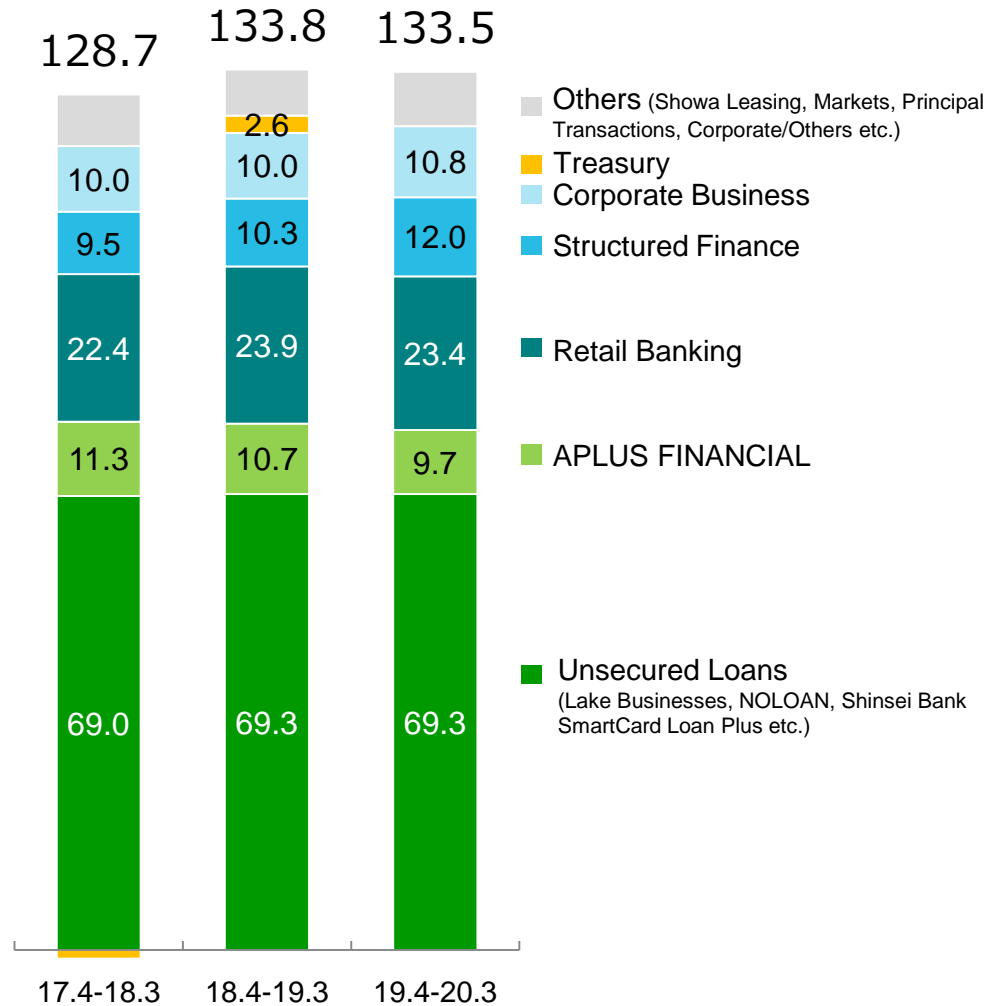
Net credit costs



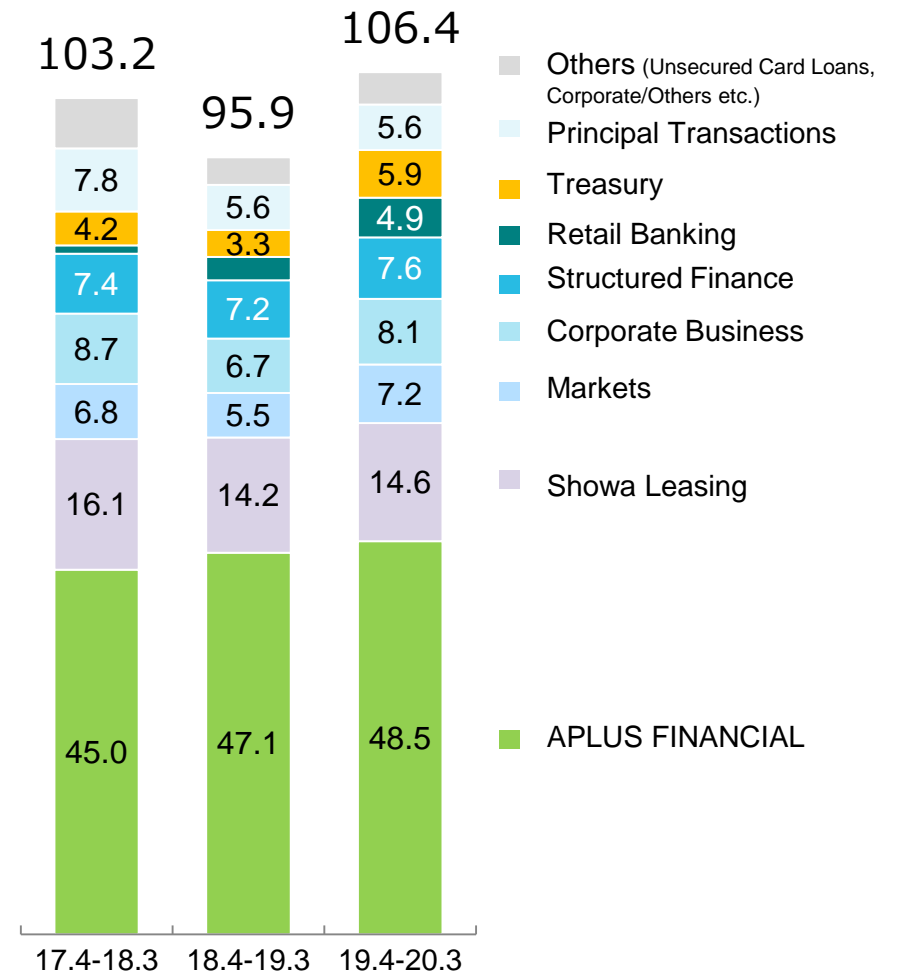
Segment: Net Interest Income, Noninterest Income

(Unit: JPY billion)

Net Interest Income: Segment y-o-y



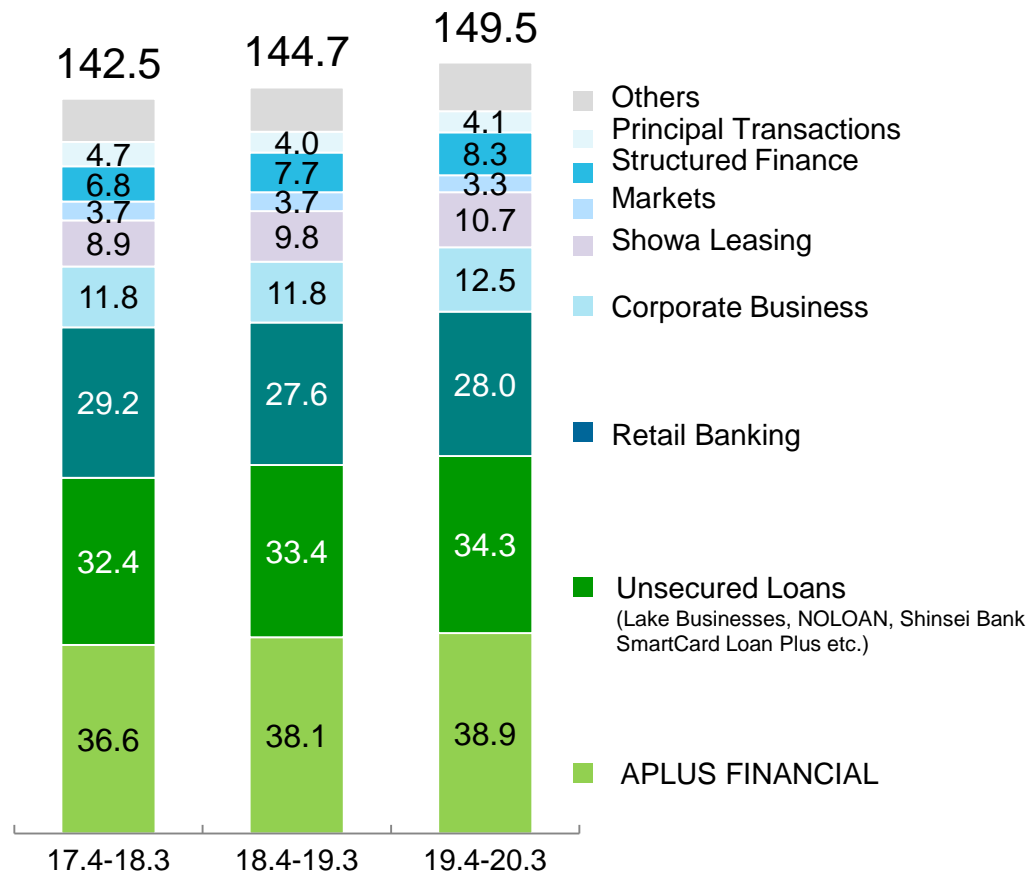
Noninterest Income: Segment y-o-y



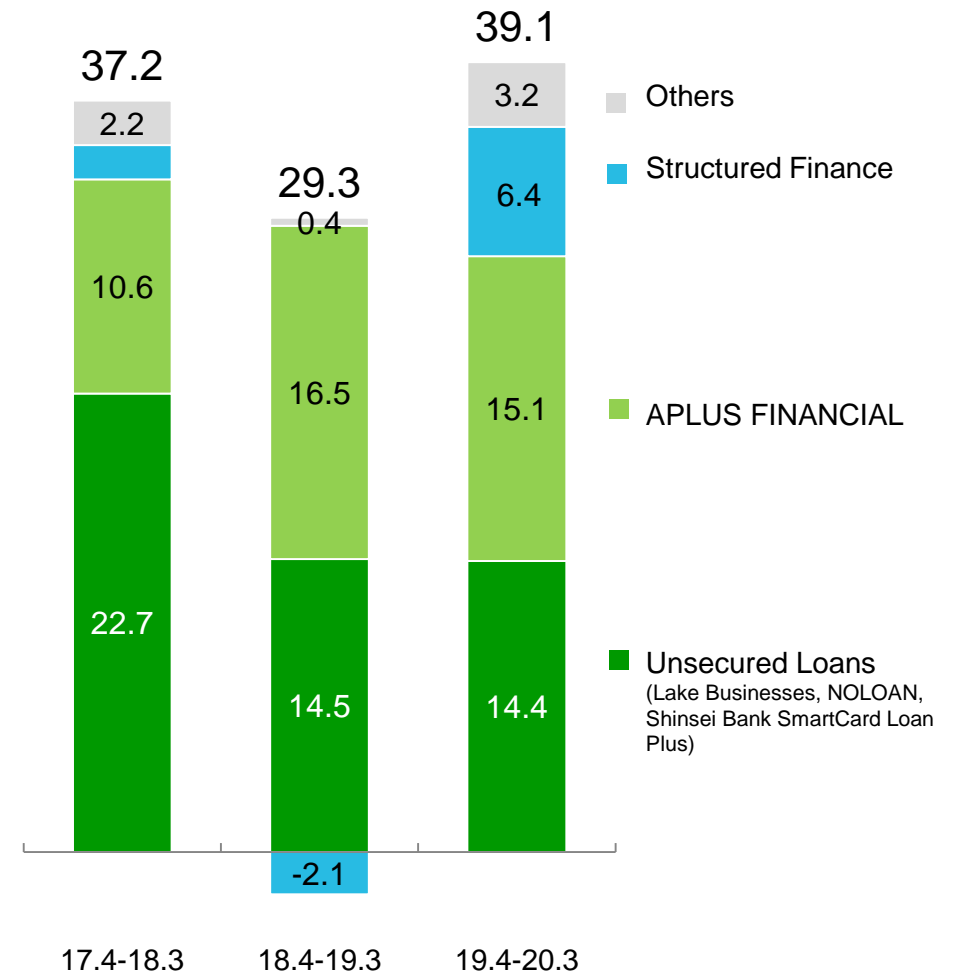
Segment: Expenses, Credit Costs

(Unit: JPY billion)

Expenses: Segment y-o-y



Net Credit Costs: Segment y-o-y



Segment: P&L and Operating Assets Balance (FY2019)

(Unit: JPY billion; %)

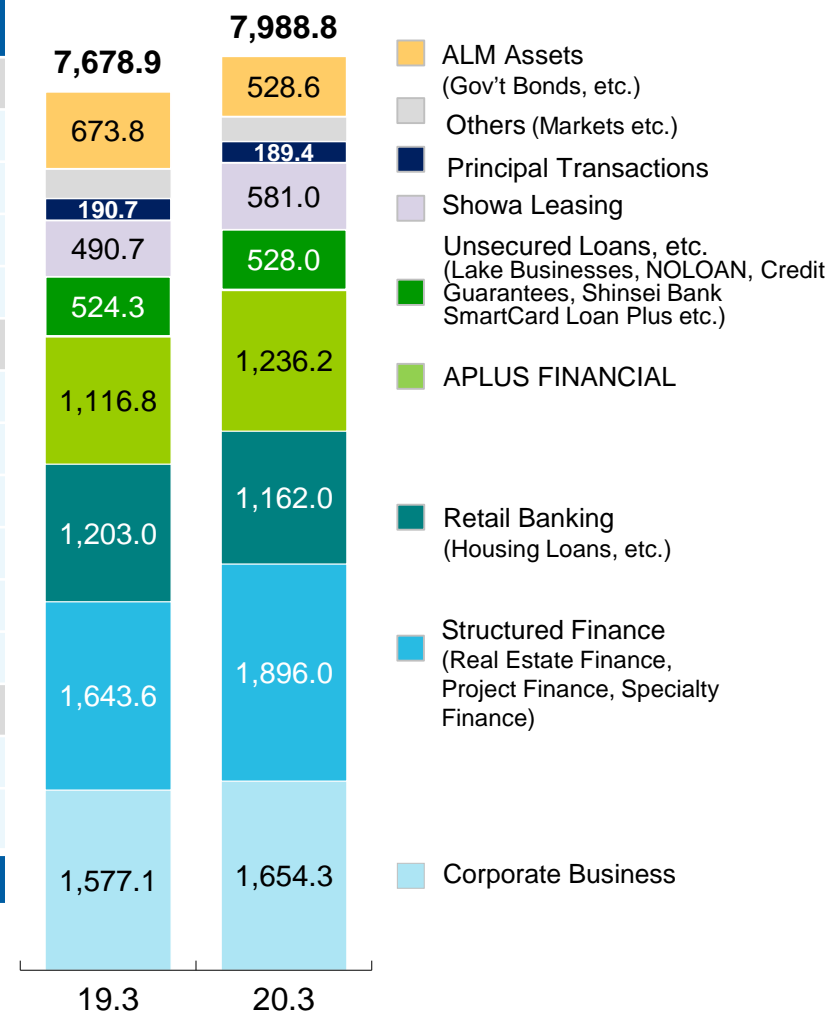
Segment	19.4-20.3 (FY19)		
	Amounts (OBP after net credit costs)	Weight	ROA ³ (Reference)
Individual Business	23.9	47%	-
Retail Banking	0.3	1%	0.0%
Shinsei Financial ¹	19.5	38%	3.7%
APLUS FINANCIAL	4.2	8%	0.4%
Others Individuals	-0.2	0%	-0.4%
Institutional Business	24.6	48%	-
Corporate Business	4.0	8%	0.2%
Structured Finance	4.9	10%	0.3%
Principal Transactions	5.7	11%	3.0%
Showa Leasing	2.7	5%	0.5%
Markets	6.2	12%	n.m.
Other Global Markets	0.9	2%	n.m.
Corporate/Other	2.6	5%	-
Treasury	4.3	8%	0.7%
Corporate/Other (excluding Treasury)	-1.6	-3%	n.m.
Total (OBP after net credit costs)	51.2	100%	0.7%

¹ Includes Lake Businesses, NOLOAN, Shinsei Bank SmartCard Loan Plus, etc.

² Includes guarantees not requiring funding (customers' liabilities for acceptances and guarantees)

³ Segment ROA = OBP after net credit costs per segment / average operating assets balance of beginning of term and end of term

Operating Assets² + ALM Assets



Segment: P&L and Operating Assets Balance (FY2018)

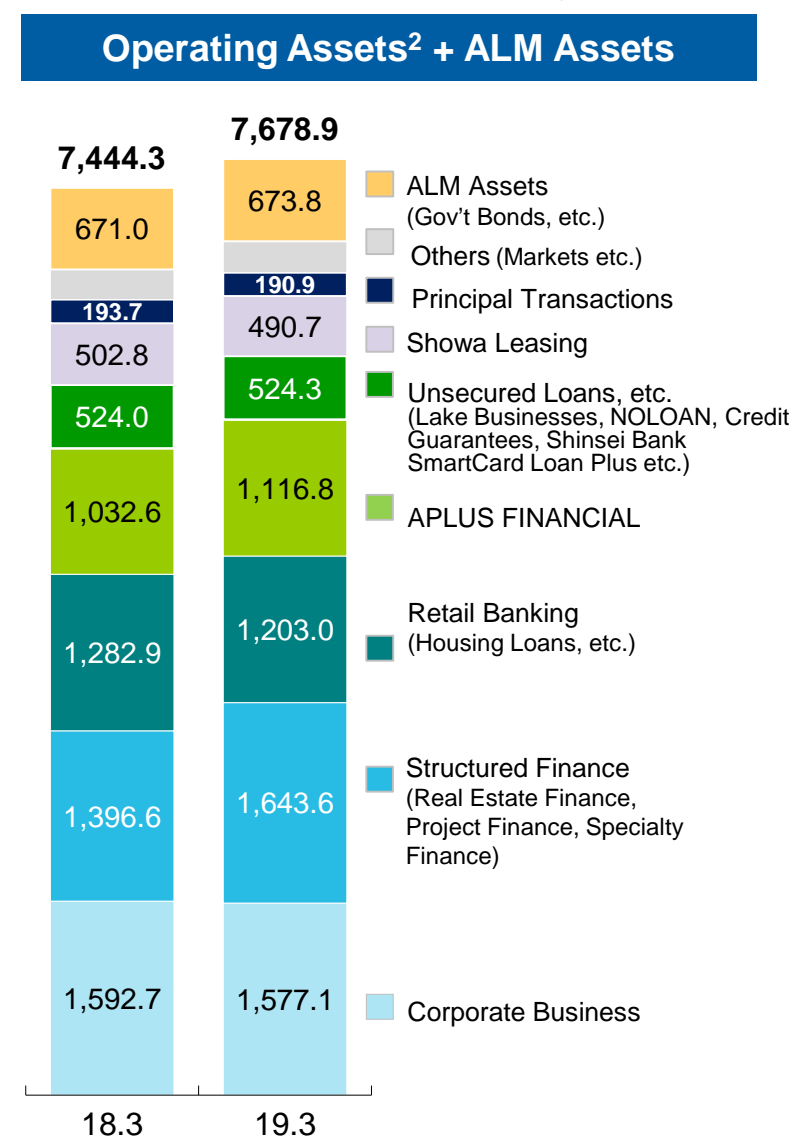
(Unit: JPY billion; %)

Segment	18.4-19.3 (FY18)		
	Amounts (OBP after net credit costs)	Weight	ROA ³ (Reference)
Individual Business	23.3	42%	-
Retail Banking	-0.6	-1%	-0.0%
Shinsei Financial ¹	21.2	38%	4.0%
APLUS FINANCIAL	3.1	6%	0.3%
Others Individuals	-0.2	0%	-0.4%
Institutional Business	28.7	52%	-
Corporate Business	4.0	7%	0.3%
Structured Finance	12.0	22%	0.8%
Principal Transactions	5.3	10%	2.8%
Showa Leasing	4.9	9%	1.0%
Markets	3.3	6%	n.m.
Other Global Markets	-1.0	-2%	n.m.
Corporate/Other	3.4	6%	-
Treasury	4.3	8%	0.6%
Corporate/Other (excluding Treasury)	-0.8	-1%	n.m.
Total (OBP after net credit costs)	55.6	100%	0.7%

¹ Includes Lake Businesses, NOLOAN, Shinsei Bank SmartCard Loan Plus, etc.

² Includes guarantees not requiring funding (customers' liabilities for acceptances and guarantees)

³ Segment ROA = OBP after net credit costs per segment / average operating assets balance of beginning of term and end of term



Segment: Quarterly P&L

(Unit: JPY billion)

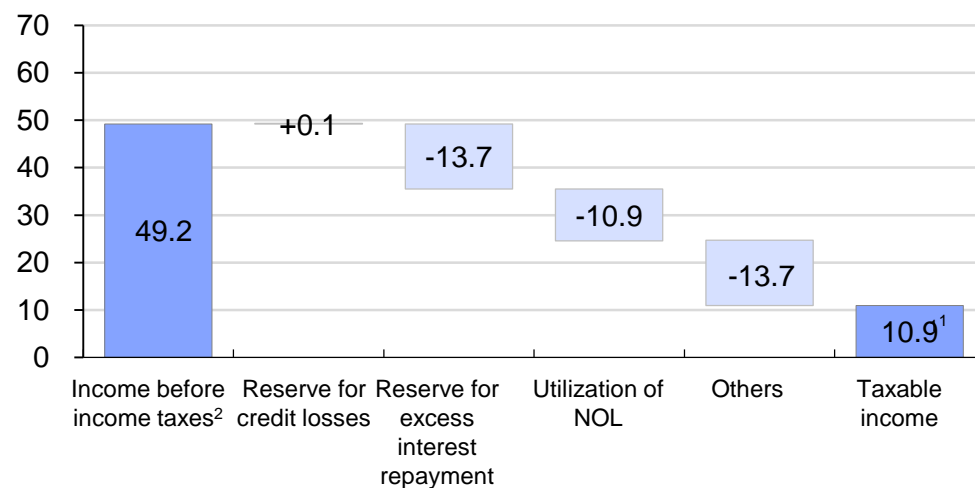
Segment P&L (OBP after Net Credit Costs)	FY2017				FY2018				FY2019			
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3
Individual Business	2.1	3.0	6.5	7.1	4.5	6.5	9.3	2.9	6.4	6.6	8.5	2.2
Retail Banking	-1.7	-1.7	-1.3	-1.0	-0.5	-0.4	0.2	0.0	0.3	0.1	0.1	-0.3
Shinsei Financial ¹	1.7	3.0	4.8	4.1	4.6	5.6	6.6	4.2	5.0	5.2	6.3	2.8
APLUS FINANCIAL	1.9	1.5	2.7	2.9	0.4	1.1	2.2	-0.7	1.1	1.3	2.1	-0.4
Other Individuals	0.3	0.2	0.3	1.1	0.0	0.1	0.1	-0.6	-0.1	-0.1	-0.1	0.2
Institutional Business	10.0	8.1	6.5	8.2	5.2	10.6	5.1	7.7	7.1	6.6	10.8	0.0
Corporate Business	1.4	4.0	0.3	0.7	0.6	-0.6	0.0	3.9	0.3	2.9	1.3	-0.6
Structured Finance	1.9	0.7	2.5	3.1	-0.2	7.8	2.6	1.8	4.1	-0.8	3.2	-1.5
Principal Transactions	4.3	1.8	2.9	0.1	2.4	2.1	1.5	-0.8	-0.0	2.6	2.8	0.3
Showa Leasing	0.9	0.8	-0.1	2.4	2.2	0.8	0.2	1.6	1.2	0.6	0.8	0.0
Markets	1.3	0.6	0.9	1.8	0.3	0.7	0.8	1.3	1.2	1.1	2.2	1.6
Other Global Markets	-0.0	-0.1	-0.1	-0.1	-0.1	-0.3	-0.3	-0.2	0.0	0.1	0.4	0.2
Corporate/Other	0.5	0.4	0.3	-1.1	1.4	0.8	1.3	-0.0	2.7	1.4	-0.8	-0.7
Treasury	0.7	0.4	0.5	-0.6	1.0	0.7	0.9	1.6	3.2	2.0	-0.5	-0.4
Corporate/Other (excluding Treasury)	-0.1	-0.0	-0.1	-0.4	0.4	0.0	0.3	-1.7	-0.5	-0.5	-0.3	-0.2
Total	12.7	11.6	13.4	14.3	11.3	17.9	15.8	10.5	16.3	14.8	18.5	1.5

Income Tax

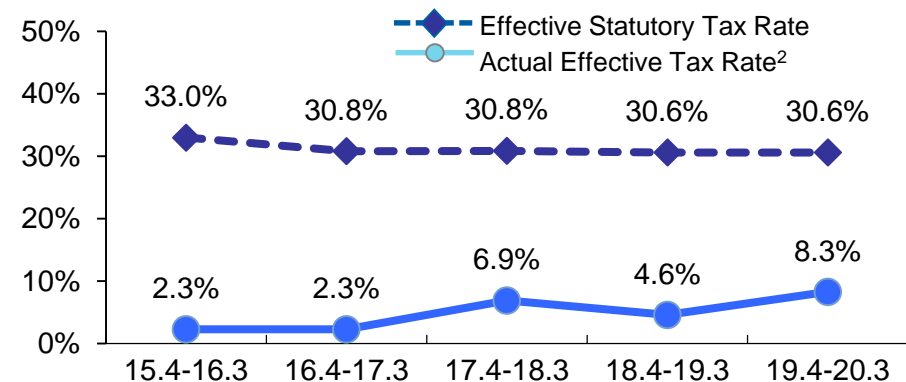
(Unit: JPY billion; %)

- Taxable income in FY2019 was JPY 10.9 billion¹
- Tax loss carry-forward at March 31, 2020 totaled JPY 188.5 billion on a consolidated basis

Income before Income Taxes vs. Taxable Income



Effective Tax Rate



Schedule of Tax Loss Carry-forward (NOL)

Year of Generation	Date of Expiry	Amounts
FY2011	March 2021	24.2
FY2012	March 2022	24.1
FY2013	March 2023	28.5
FY2014	March 2024	34.7
FY2015	March 2025	18.3
FY2016	March 2026	28.2
FY2017	March 2027	27.4
FY2018	March 2029	2.7
FY2019	March 2030	-
Total		188.5

¹ Sum of Shinsei Bank tax consolidation and APLUS FINANCIAL

² Consolidated basis

Key Data

Balance Sheet

(Unit: JPY billion)	16.3	17.3	18.3	19.3	20.3
Loans and bills discounted	4,562.9	4,833.4	4,895.9	4,986.8	5,110.4
Securities	1,227.8	1,014.6	1,123.5	1,130.2	957.0
Lease receivables/ leased investment assets	211.4	191.4	171.4	176.5	193.4
Installment receivables	516.3	541.4	558.8	562.2	670.7
Reserve for credit losses	-91.7	-100.1	-100.8	-98.0	-107.9
Deferred Tax Assets	14.0	15.5	14.7	15.0	16.9
Total assets	8,928.7	9,258.3	9,456.6	9,571.1	10,226.5
Deposits including negotiable certificates of deposits	5,800.9	5,862.9	6,067.0	5,922.1	6,305.1
Borrowed money	801.7	789.6	739.5	684.0	881.9
Corporate bonds	95.1	112.6	85.0	92.3	166.5
Grey zone reserves	133.6	101.8	74.6	63.0	49.3
Total liabilities	8,135.6	8,437.5	8,600.6	8,674.5	9,316.0
Shareholders' equity	786.8	823.7	862.5	899.5	919.2
Total net assets	793.1	820.7	856.0	896.6	910.4

Financial Ratios

(Unit: %)	15.4-16.3	16.4-17.3	17.4-18.3	18.4-19.3	19.4-20.3
Expenses-to-revenue ratio	64.9	62.3	61.5	63.0	62.3
Loan-to-deposit ratio	78.7	82.4	80.7	84.2	81.1
ROA	0.7	0.6	0.5	0.5	0.5
ROE	8.1	6.3	6.1	6.0	5.1
NPL Ratio ¹	0.79	0.22	0.17	0.20	0.34

Per Share Data

(Unit: JPY)	15.4-16.3	16.4-17.3	17.4-18.3	18.4-19.3	19.4-20.3
BPS ²	294.41	3,163.89	3,376.39	3,636.92	3,913.40
EPS ²	22.96	194.65	199.01	211.24	190.59

Credit Ratings

	16.3	17.3	18.3	19.3	20.3
R&I	BBB+	BBB+	A-	A-	A-
JCR	BBB+	BBB+	BBB+	A-	A-
S&P	BBB+	BBB+	BBB+	BBB+	BBB+
Moody's	Baa3	Baa2	Baa2	Baa2	Baa1

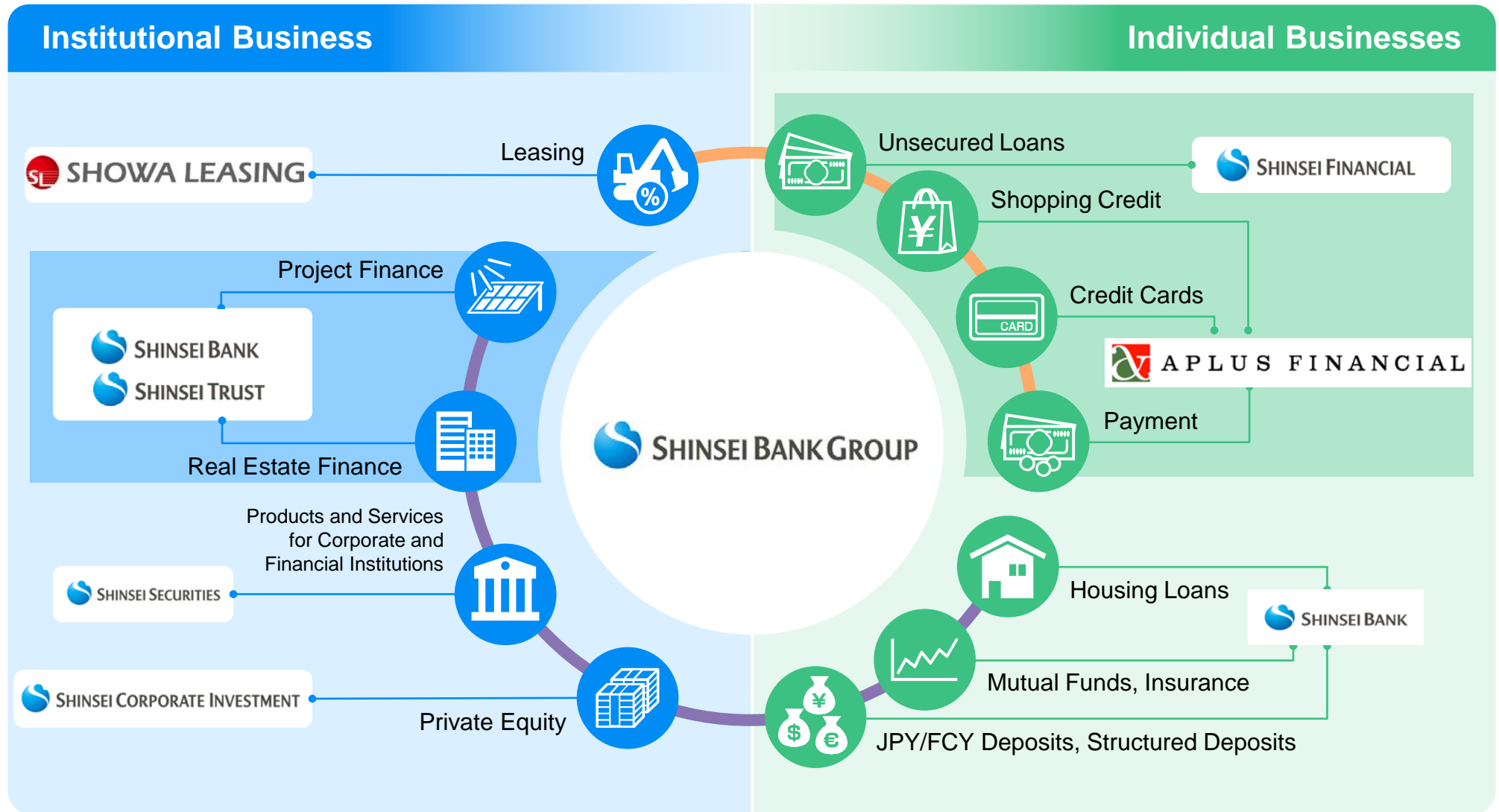
¹ NPL ratio based on Financial Revitalization Law (Nonconsolidated)

² Reverse stock split (10 stocks to 1 stock) was executed on October 1, 2017.

Per share data for FY16 has been adjusted to conform to current period presentation

Appendix

Hybrid and Seamless Products and Services Portfolio



Medium-Term Strategies are our growth stories starting from medium-to long-term vision in the changing world

- “Redesigning Finance”
- Innovative development for growth

Medium-term strategies
“Redesigning Finance”
FY2019 - FY2021

First MTMP¹
FY2010 - FY2012

- Rebuilding customer franchise
- Establishing a stabilized earnings base

Second MTMP
FY2013 - FY2015

- Further expanding the customer base
- Increasing quality assets while improving portfolio

Third MTMP
FY2016 - FY2018

- “Selection and Concentration” of business
- Creating of value through group integration

¹ Medium Term Management Plan

Materiality

Address social and environmental issue

Access to finance

- Provide services for customer needs which are not satisfied by traditional financial services
- Provide payment methods with emerging technology

Fund flows that fit society's needs

- Provide solutions for supporting sustainable social capital

Solutions through integration with external services

- Build / participate in ecosystems, use digital technology



Foundation for meeting our goals/responsibilities

Fulfill our social responsibilities

Social infrastructure services

- Firmly provide fundamental financial functions (deposit, loan, payment etc.) as social infrastructure
- Maintain cyber security
- Prevent money laundering

Customer-oriented services

- Place customer benefit first
- Give information that is accurate and easy to digest

Support these SDGs



Expertise, Execution

Governance

Organization

People

Operations

Capital

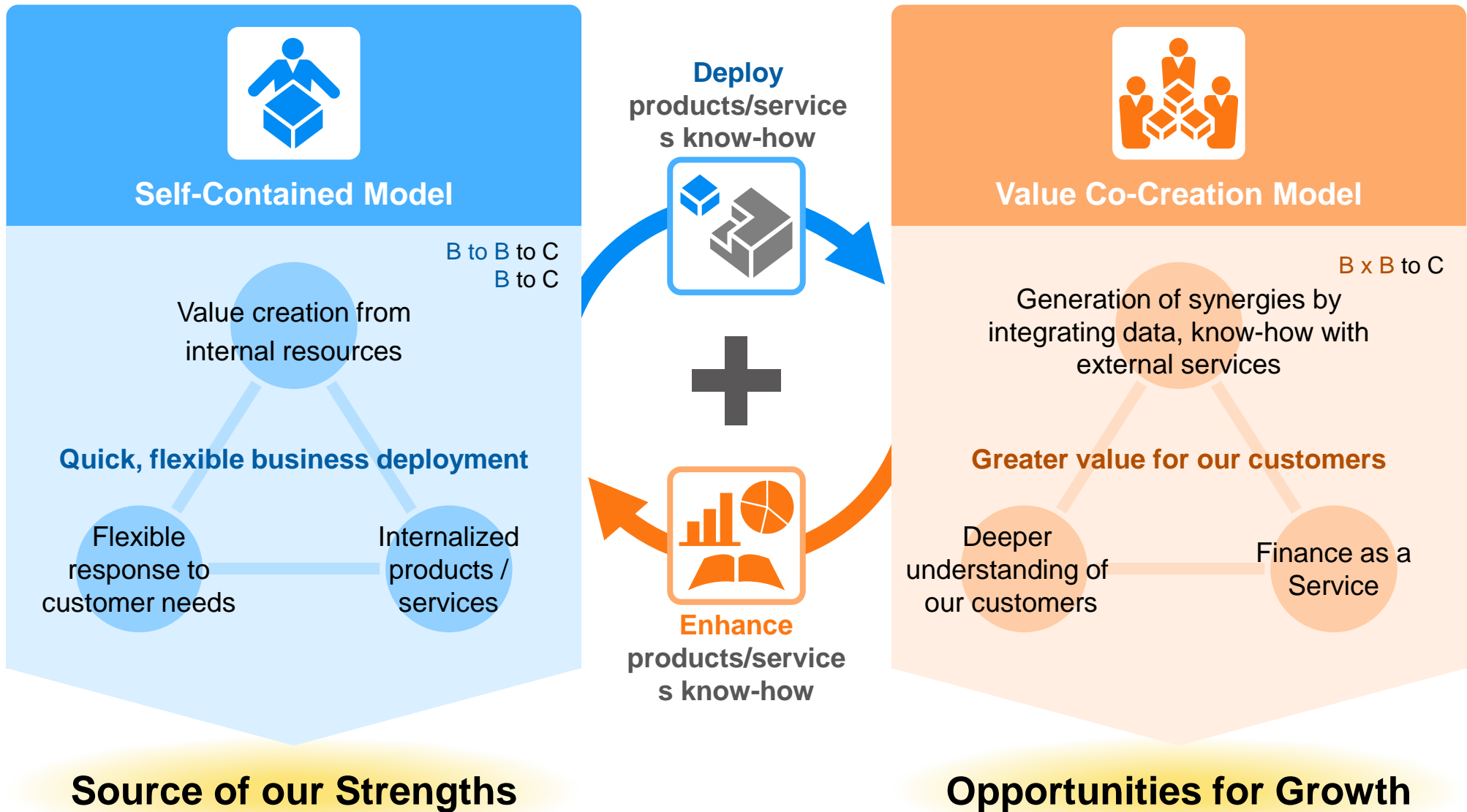
Support these SDGs



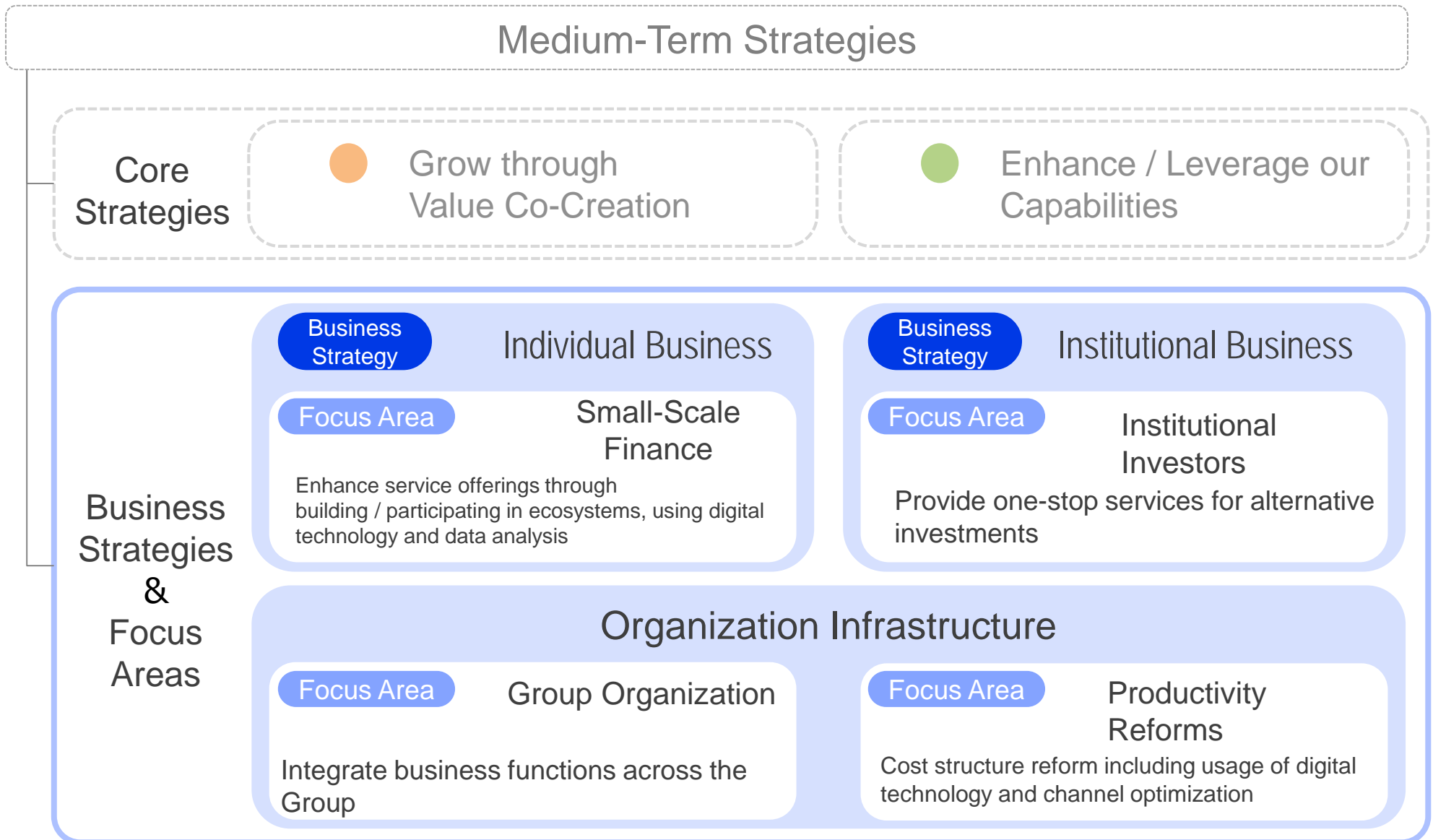
Support these SDGs



Business Model: Self-contained model and value co-creation model



Strategies to build our own niche by our strengths



Technology × Group Integration = Productivity Enhancement

(Unit: JPY billion)



Digital technology and workstyle reforms

- Implementation of AI, digital technology etc.
- Business process / operations review
- More flexible hours and workplaces



Cost structure reforms

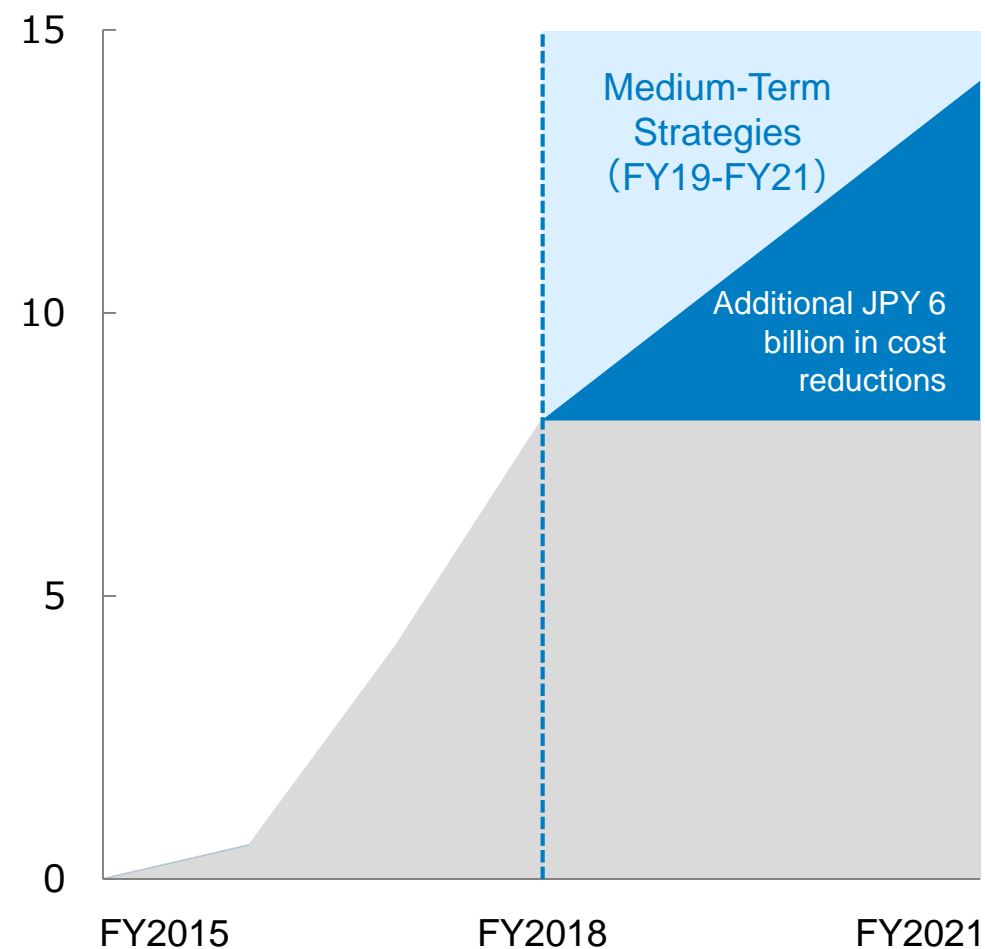
- Expense reassessment, expenditure control
- Greater enforcement of procurement rules & transparency



Branch and office optimization

- Efficiency of branch channels
- Effective use of office space

Effects of productivity reforms



Notes:

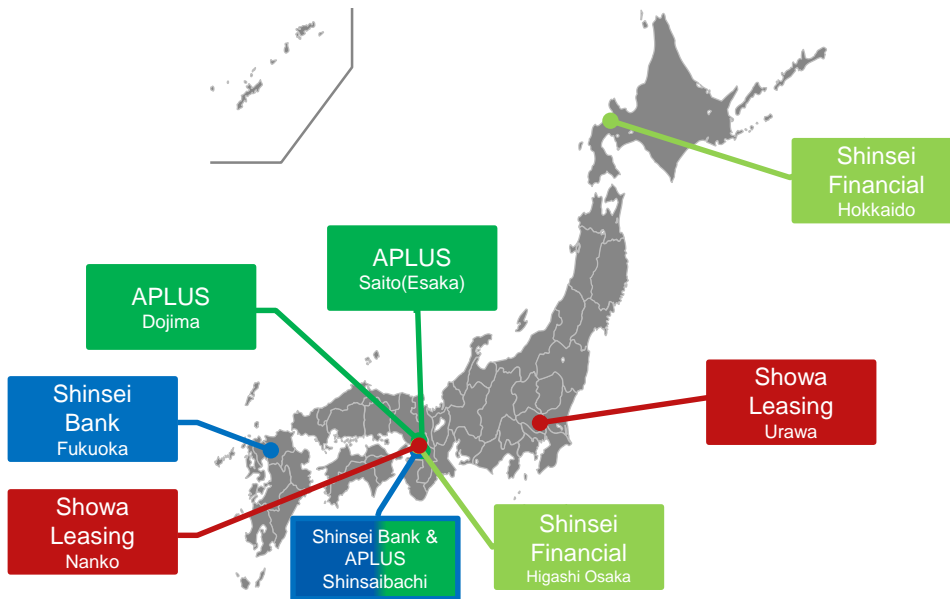
The effect between FY2015 and FY2018 is against FY2015.

The effect between FY2019 and FY2021 is against FY2018.

IT Cost Structure Reforms

【Issues】

- Large number of data center location (8 offices)
- Change in need for physical space



【Actions】

- Consolidate data centers into 2 locations by using cloud computing
- Integrate IT operations



By using cloud computing

- Optimize costs
- Improve system development efficiency
- Group-wide IT collaboration

Financial Targets of Medium-Term Strategies

EPS Growth Rate

Growth

Annual average
excluding the buyback effect

2% or more

Profit Share of Focus Areas

(Share of operating business profit after net credit costs, excluding one-time factors)

Growth

Small-scale finance

FY2018
45%



FY2021
50%

Businesses for institutional investors

FY2018
10%



FY2021
15%

ROE

Profitability

FY2018
6.0%



**In the medium
term**
8.0%

OHR

Efficiency

FY2018
63.0%



FY2021
Less than
50%

CET 1 Ratio

Soundness

FY2018
12.0%



**In the medium
term**
Minimum
10%

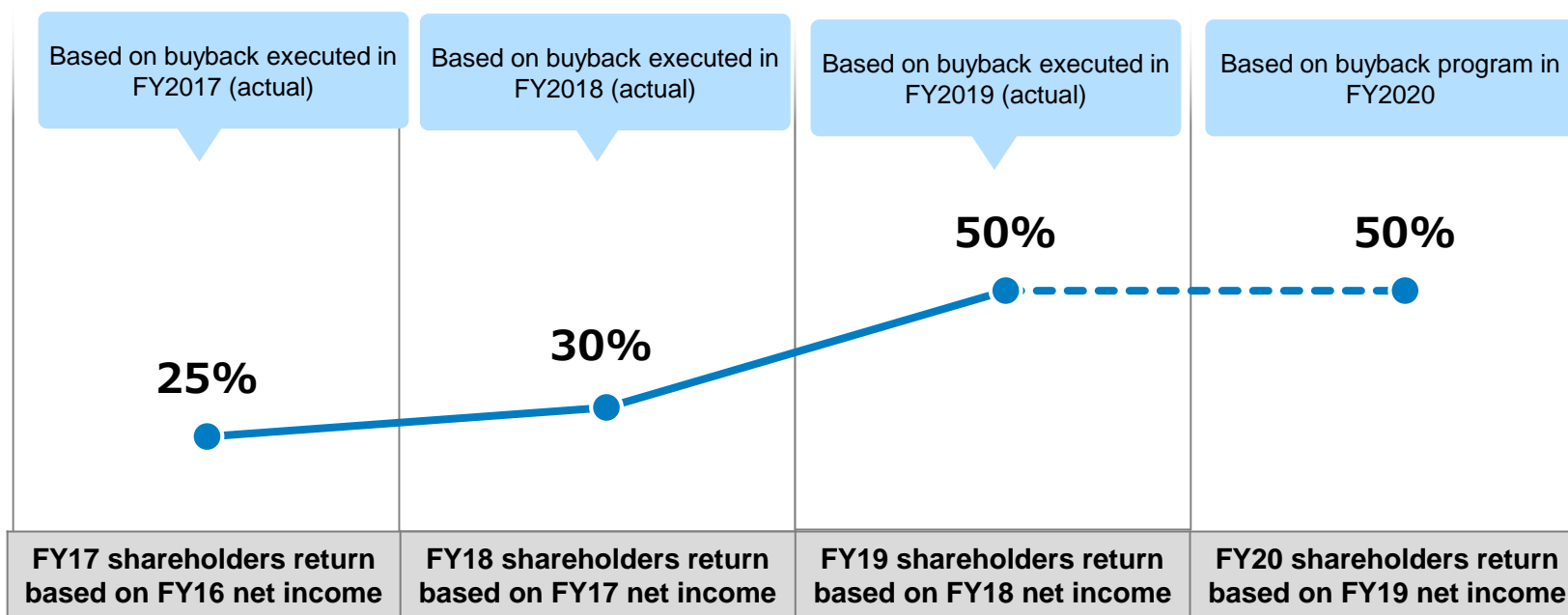
Shareholders Return

Shinsei Bank aims to maintain or improve the total payout ratio, depending on financial conditions and market environment, considering total shareholders return policy as outlined in the Revitalization Plan. (*)

* As mentioned in the Revitalization plan submitted to the Financial Services Agency on March 25, 2020, we will continue to aim to maintain and improve our shareholders return, taking into consideration the level of the general total shareholders return ratio of Japanese domestic banks.

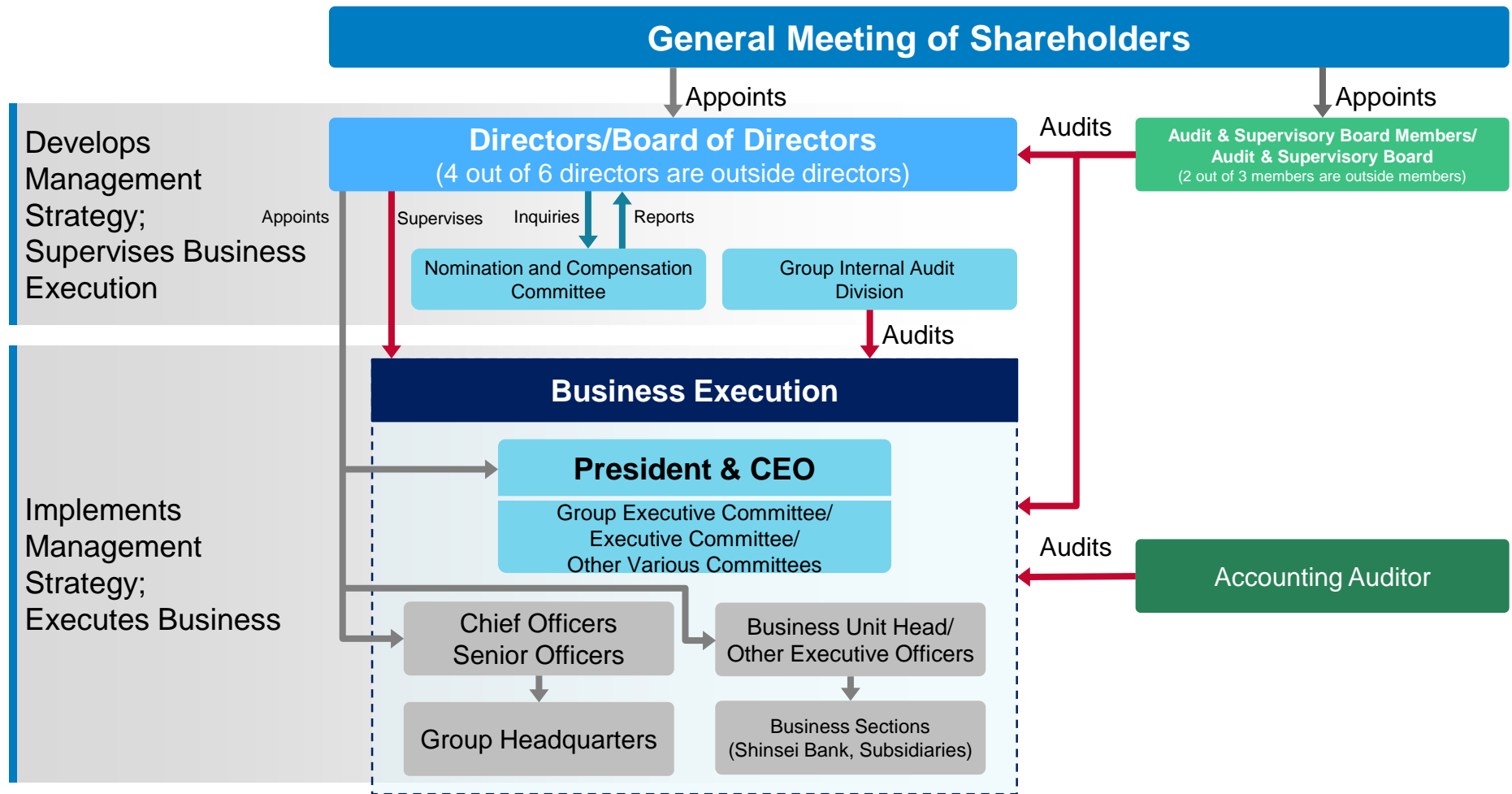
Shareholders return has been improving over the years

(Unit: JPY billion; %)



	FY17 shareholders return based on FY16 net income	FY18 shareholders return based on FY17 net income	FY19 shareholders return based on FY18 net income	FY20 shareholders return based on FY19 net income
Total Shareholders Return (A)	12.6	15.5	25.9	22.8
Dividends	2.6	2.5	2.5	2.3
Share Buyback	10.0	13.0	23.5	20.5
Net Income (B)	50.8	51.4	52.3	45.5
Total Shareholders Ratio (A/B)	25%	30%	50%	50% (maximum)

Corporate governance structure



Board of Directors

Executive Directors
President & CEO : Hideyuki Kudo
Director: Yoshiaki Kozano

Outside Directors
Ernest M. Higa, Jun Makihara
Rie Murayama, Ryuichi Tomimura

Audit & Supervisory Board

Audit & Supervisory Board Member
Shinya Nagata

Outside Audit & Supervisory Board Members
Ikuko Akamatsu
Shiho Konno

As of March 31, 2020

Corporate governance reflects diversified talent pool in the Board

Board of Directors



Jun Makihara

Director
Age: 62

Outside

Committee

Major Experience

- Outside director, Philip Morris International Inc. (Current)
- Outside director, Monex Group, Inc. (Current)
- Partner, Goldman Sachs Japan Co., Ltd.



Ernest M. Higa

Director
Age: 67

Outside

Committee

Mgmt Exp.

Major Experience

- Chairman, President & Chief Executive Officer, Higa Industries Co., Ltd. (Current)
- Chairman & Representative Director, Wendy's Japan K.K. (Current)
- Director, JC Comsa Corporation (Current)



Ryuichi Tomimura

Director
Age: 61

Outside

Committee

Mgmt Exp.

Major Experience

- President, Representative Director, SIGMAXYZ Inc. (Current)
- Representative Director, Senior Executive Vice President, Softbank Corp.
- Managing Director, IBM Business Consulting Service KK



Rie Murayama

Director
Age: 59

Outside

Committee

Major Experience

- Outside director, KATITAS Co., Ltd
- Outside director, RENOVA, Inc.
- Managing Director, Goldman Sachs Japan Co., Ltd.



Yuko Kawamoto

Age: 61

Major Experience

- Outside director, Mitsubishi UFJ Financial Group, Inc.
- Outside director, Osaka Exchange, Inc. (predecessor of Japan Exchange Group, Inc.)
- Professor, Waseda Graduate School of Business and Finance (Current)
- Senior Expert, McKinsey & Company, Inc.

Audit & Supervisory Board Members



Hideyuki Kudo

Representative Director,
President and Chief
Executive Officer
Age: 56

Executive

Major Experience

- Managing Executive Officer, Chief Risk Officer
- Managing Executive Officer, Head of Structured Finance Sub-Group
- Managing Executive Officer, Deputy Head of Institutional Group



Yoshiaki Kozano

Director
Age: 57

Executive

Major Experience

- Chief Officer, Group Business Strategy (Current)
- Director, APLUS FINANCIAL Co., Ltd. (Current)
- Managing Executive Officer, Head of Principal Transactions Sub-Group
- Managing Executive Officer, Deputy Head of Institutional Group



Shinya Nagata

Audit &
Supervisory Board
Member
Age: 61

Major Experience

- Executive Officer, General Manager, Financial and Regulatory Accounting Division
- Executive Officer, General Manager, Group Regulatory Accounting and Tax Division, General Manager, Group Financial Accounting Division



Ikuko Akamatsu

Audit &
Supervisory Board
Member
Age: 52

Outside

Major Experience

- Director, The Japanese Institute of Certified Public Accountants (Current)
- Senior Researcher, Management Training and Consulting Division, Institute of Management, SANNO University
- Outside director, TOP'S Inc. (Current)
- Joined Showa Ota & Co. (Predecessor of Ernst & Young ShinNihon LLC)



Shiho Konno

Audit &
Supervisory Board
Member
Age: 56

Major Experience

- Outside director, Monex Group Inc. (Current)
- Outside director, Alfresa Holdings Corporation (Current)
- Outside director, Kakaku.com, Inc.
- Outside director, Watami Co., Ltd.
- Representative, Shiho Konno Habataki Law Office (Current)

Diversified experiences and skills required for outside directors

		Ernest M. Higa	Yuko Kawamoto	Jun Makihara	Rie Murayama	Ryuichi Tomimura
Management Experience	Corporate Management	✓				✓
	Outside Director	✓	✓	✓	✓	✓
Financial Experience	Debt Finance		✓	✓	✓	
	Equity Investment			✓		✓
	Risk Management		✓		✓	
Other Necessary Experience	Consumer Business	✓				
	Real Estate Business				✓	
	IT/Digital					✓
	Administration Bureau					
Comprehensive knowledge above	Consulting		✓			✓
	Academia		✓			

Disclaimer

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

