

For Immediate Release

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Medium-Term Vision of the Shinsei Bank Group (FY2022 to FY2024)

Tokyo (Friday, May 13, 2022) --- The 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 for the coming three years. The overview of the plan is as follows.

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

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

Medium-Term Vision (Targets to be achieved in 3 years' time)

1. Realize JPY 70.0bn of consolidated net income and establish a foundation for further growth
2. Evolve into a leading banking group providing pioneering and advanced finance
3. Show the path toward repayment of public funds

Strategies for achieving the Medium-Term Vision

- The SBI Group's universally fundamental management viewpoint relating to business construction -

1. Adherence to the "Customer-centric Principle" -Public benefits lead to private benefits-
2. Forming a "corporate ecosystem" and comprehensively pursuing group synergies
3. Thorough devotion to innovative technology
4. Formulate and execute strategies encompassing anticipated challenges in the near future



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 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 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 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.

| | | FY2021 results | FY2024 target |
|----------------------|--|----------------|---------------------|
| Customer base | Customers (Shinsei Bank’s retail bank accounts) | 3,050 thousand | 3,800 thousand |
| Financial foundation | Deposits (Retail and corporate) | JPY 6.4tn | JPY 8.0tn |
| | Operating assets (including management of marketable securities) | JPY 8.1tn | JPY 10.0tn |
| Earning capacity | Net income (Attributable to owners of Shinsei Bank) | JPY 20.3bn | JPY 70.0bn |
| Financial soundness | CET1 ratio | 11.6% | Aim for 10% or more |

(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, to establish a foundation to achieve the goal, it will thoroughly absorb within its businesses the expertise, know-how and customer base of the SBI Group’s financial ecosystem over the next three years’ period.

(3) Show the path toward repayment of public funds

Repayment of public funds is one of the most important management issues for the Shinsei Bank Group. It 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 in the next three years.

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 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 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 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 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 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 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 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 Shinsei Bank Group will endeavor to comprehensively leverage the capabilities inside and outside the Group to cooperate for the sustainability of customers, the 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

Shinsei Bank is a leading diversified Japanese financial institution providing a various range of financial products and services to both institutional and individual customers. The Bank has a network of outlets throughout Japan and is committed in its pursuit of uncompromising levels of integrity and transparency in all of its activities in order to earn the trust of its customers, staff and shareholders. The Bank is committed to delivering long-term profit growth and increasing value for all its stakeholders. News and other information about Shinsei Bank is available at <https://www.shinseibank.com/corporate/en/index.html>

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