

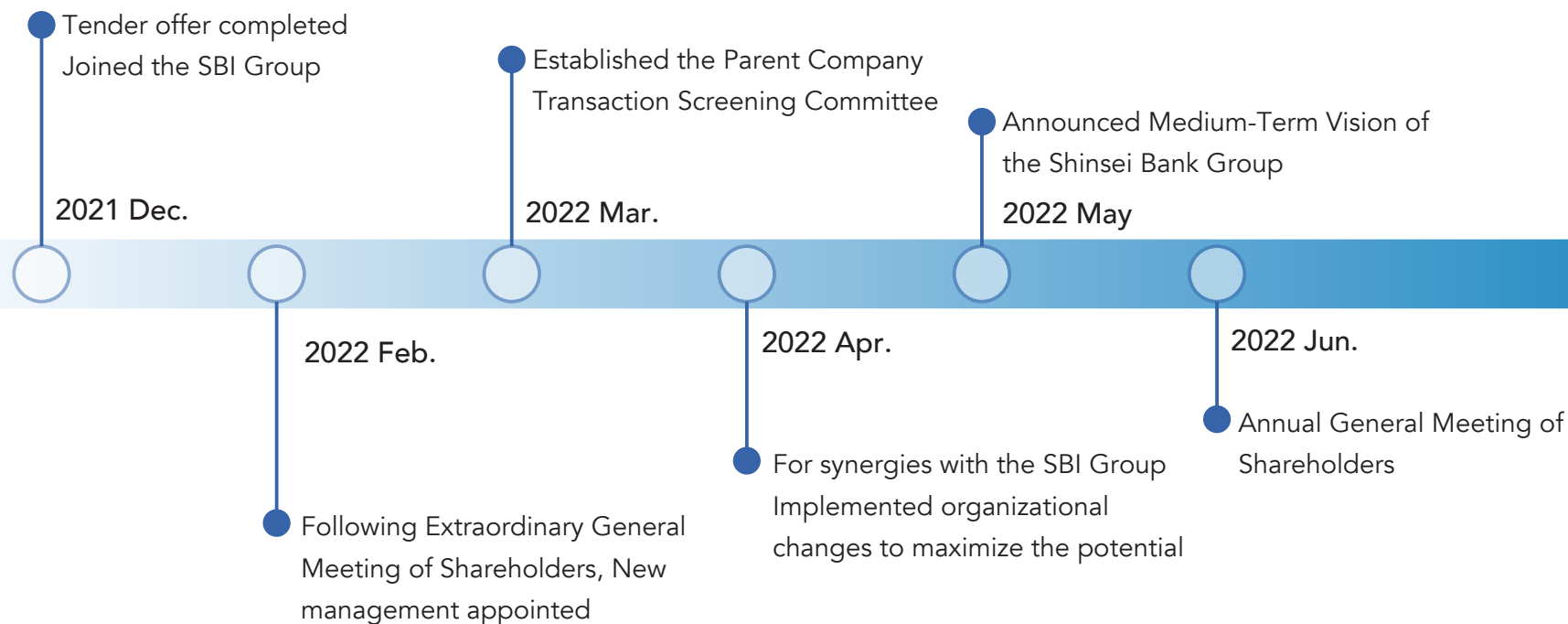


**SHINSEI BANK**

**INTEGRATED REPORT 2022**

For the fiscal year ended March 31, 2022

## The Shinsei Bank Group, Now a Part of the SBI Group Aiming to Strengthen Profitability

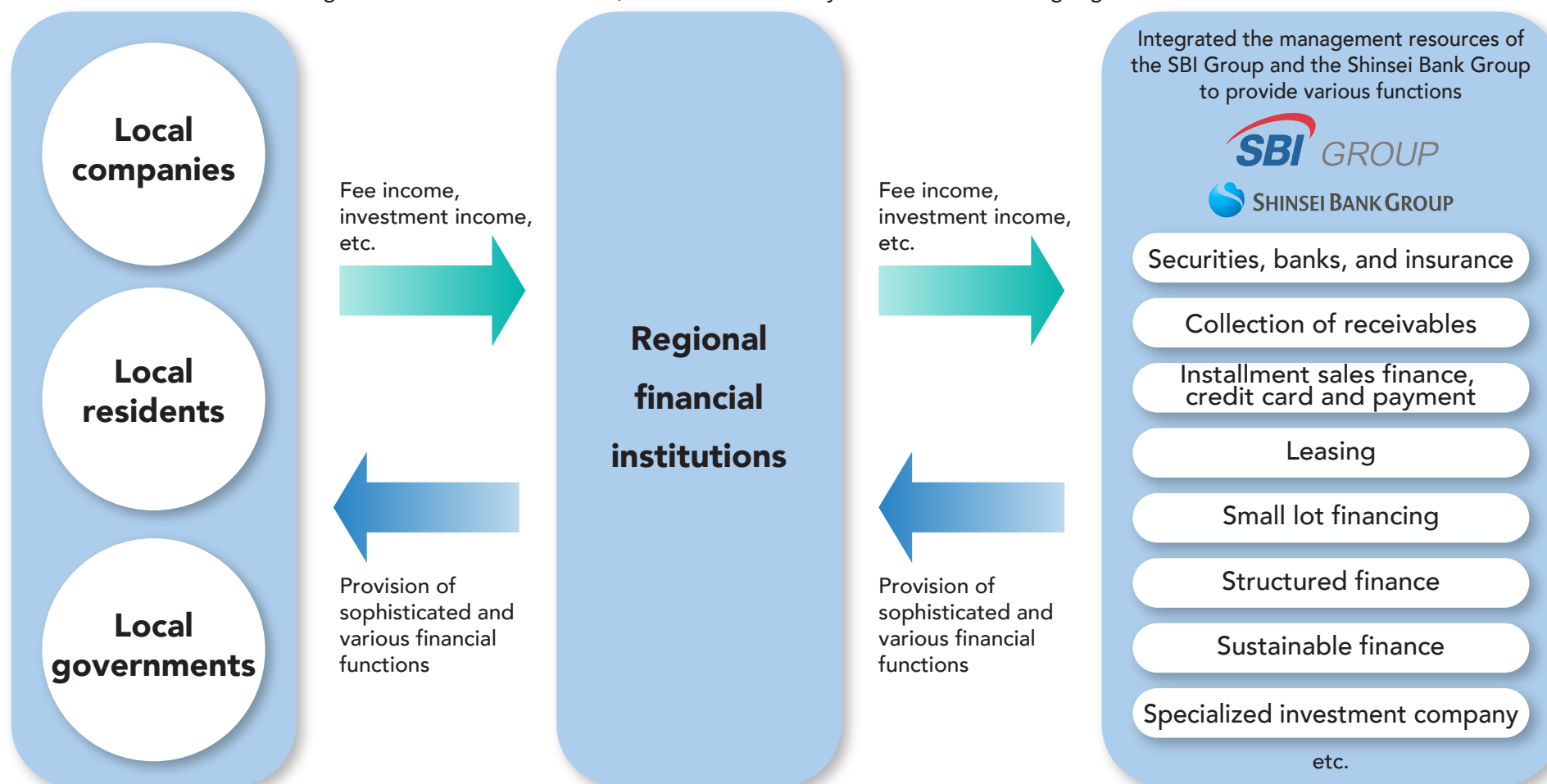


### SBI Holdings, which can generate synergies from its businesses, becomes the parent company

- The most important initiative is to leverage synergies by actively incorporating the financial ecosystems and functions based on the advanced technologies of the SBI Group and thoroughly utilizing them in the Shinsei Bank Group's businesses
- Joint projects are underway through 40 sub-committees to discuss and promote initiatives to generate synergies
- Established the Group Strategy Planning Division to promote initiatives to deepen cooperation within the SBI Group and the Bank Group, and the Business Co-Creation Division to handle collaboration functions with the SBI Group in the corporate business

## Initiatives for Regional Revitalization by the SBI Group and the Shinsei Bank Group

"The SBI Group and the Shinsei Bank Group" are aiming to provide financial products and services, as well as investment and financing opportunities to regional financial institutions that do not have sufficient management resources, mainly in the non-bank field. On the other hand, by earning fee and investment income from regional financial institutions, we aim to bring new profit opportunities to both organizations. At the same time, we aim to be directly involved in revitalizing regional economies.



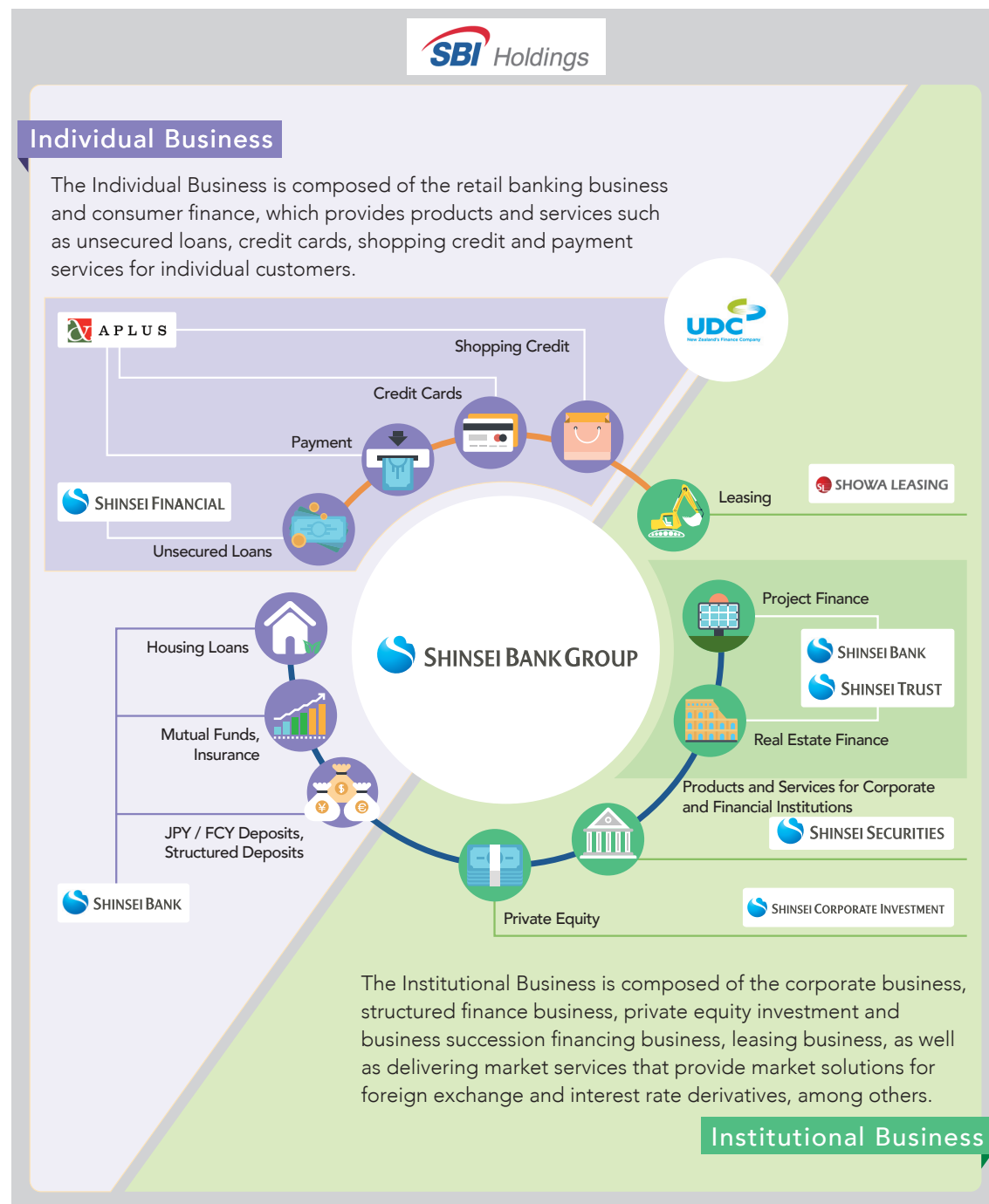
## Shinsei Bank Group's Products and Services

### Unique products and services

The Shinsei Bank Group is a hybrid comprehensive financial group that is engaged in both bank and nonbank functions. We became a part of the SBI Group in December 2021, and are now in the midst of actively incorporating the financial ecosystems and financial functions of the SBI Group and seeking to provide the products, services, and functions that customers truly want.

**Glossary & URL**

Subsidiaries and Affiliated Companies  
<https://shinseibank.com/corporate/en/about/group/>



The Shinsei Bank Group, Now a Part of the SBI Group

- 01 The Shinsei Bank Group, Now a Part of the SBI Group
- 02 Initiatives for Regional Revitalization
- 03 Shinsei Bank Group's Products and Services

Evolution of the Shinsei Bank Group

- 05 Evolution of the Shinsei Bank Group
- 06 Recent Business Topics

What the Shinsei Bank Group Wishes to Be

- 07 CEO Message
- 13 Medium-term Strategies (FY2019-FY2021) Key Financial Targets
- 14 Medium-term Vision of the Shinsei Bank Group
- 23 Corporate Value Creation Mechanism

Current Status of the Shinsei Bank Group

- 24 Financial Summary
- 27 Financial Highlights
- 28 Nonfinancial Highlights
- 29 At a Glance
- 30 Individual Business
- 32 Institutional Business

Pave the Way to Achieve What the Shinsei Bank Group Wishes to Be

- 34 Board of Directors, Audit & Supervisory Board Members
- 38 Message from Directors and Audit & Supervisory Board Members
- 42 **Special Feature:**  
**Outside Directors' Roundtable Discussion**
- 45 Corporate Governance
- Corporate Governance of Shinsei Bank
- Policy for Operation of the Board of Directors
- Directors and Executive Officers Compensation Scheme
- Audit & Supervisory Board Members / Audit & Supervisory Board
- Internal Control
- Executive Officers
- Internal Audit
- Legal and Compliance Activities
- 55 Risk Governance
- 58 Ensuring Cybersecurity
- 59 Initiatives for Customers
- 60 Initiatives for Sustainability
- 63 Initiatives for Climate Change Issues
- 71 Initiatives for Human Rights
- 72 Initiatives for Employees
- 76 Social Initiatives



Data Section

- 77 ESG Data
- 79 Financial Summary
- 80 Stock and Credit Rating Information

Participation in Initiatives

 United Nations Global Compact WE SUPPORT	 Principles for Financial Action for the 21st Century PFA21	 Women's Empowerment Principles (WEPs) In support of WOMEN'S EMPOWERMENT PRINCIPLES
 30% Club Japan 30% Club	 Equator Principles EQUATOR PRINCIPLES	 Task Force on Climate-related Financial Disclosures (TCFD) TCFD
 Principles for Responsible Banking UN environment programme finance initiative	 The Poseidon Principles POSEIDON PRINCIPLES	 Japan Impact-driven Financing Initiative インパクト志向金融宣言

ESG Index

 MSCI 2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)	 Bloomberg Gender-Equality Index Bloomberg Gender-Equality Index 2022	 FTSE Blossom Japan Sector Relative Index FTSE Blossom Japan Sector Relative Index
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Awards and Accreditation

 Semi-Nadeshiko NADE SHIKO BRAND 2022	 CDP CDP DISCLOSURE 2021	 Kurumin 2019年認定するみん 社会が活躍しています
 Eruboshi 社会が活躍しています	 Gan (cancer) Ally Award gan-ally-bu AWARD 2020 SILVER	

**Editorial Policy** Here in this Integrated Report, the Shinsei Bank Group brings together financial and nonfinancial information in a bid to help investors and other stakeholders gain an understanding of the Group's strategies and efforts toward creating sustainable corporate value.

Having referred during the editing process to the frameworks presented by the International Integrated Reporting Council (IIRC)<sup>1</sup> and the Guidance for Collaborative Value Creation<sup>2</sup> indicated by the Ministry of Economy, Trade and Industry, we show the "big picture" narrative of the Shinsei Bank Group's corporate value creation.

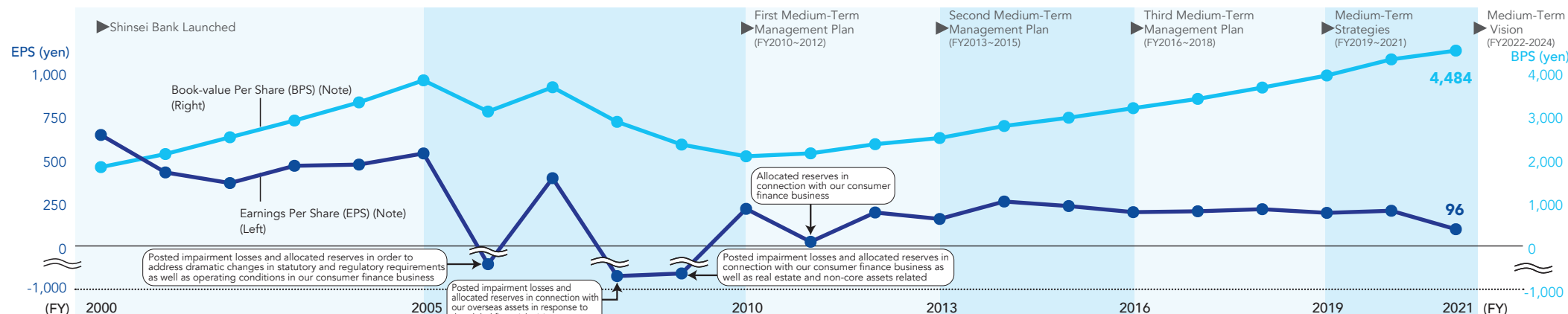
In addition, this Report and the Shinsei Bank Integrated Report 2022 Data Appendix fulfill the disclosure requirements (an explanation of the Shinsei Bank's operations and matters regarding our financial position) stipulated under Article 21 of Japan's Banking Act. The Report also contains statements about the Group's management policies and future operating results. These forward-looking statements are not a guarantee of future performance. Actual results could differ from those indicated due to a variety of factors, including changes in the operating environment. Please see Shinsei Bank's Integrated Report 2022 Data Appendix for supplemental financial information.

Notes: 1 Established in 2010 for the purpose of developing an international framework for the disclosure of corporate information, the International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting professions and NGOs.

2 A manual for systematically organizing and integrating the information (management principles, business model, strategy, governance, etc.) that companies should convey to investors. Created and published by the Ministry of Economy, Trade and Industry for the purpose of enhancing the quality of information disclosure and dialogue with investors.

## Evolution of the Shinsei Bank Group

Since our launch as Shinsei Bank, Limited in 2000, the Group has acquired new financial functions through acquisitions including APLUS Co., Ltd., Showa Leasing Co., Ltd., and Shinsei Financial Co., Ltd. We became a consolidated subsidiary of the SBI Group in December 2021, and aim to further expand customer base and stabilize earnings.



**External Environment** 2000 Collapse of the IT bubble economy

2005 End of the government guarantee on full savings deposits  
2008 Bankruptcy of Lehman Brothers

2016 Introduction of negative interest rate policy  
2020 COVID-19 crisis

Note: Shinsei Bank executed a 1-for-10 reverse stock split on October 1, 2017. Per share data is calculated on the assumption that this reverse stock split was executed prior to fiscal 2016.

### Transition of the Shinsei Bank Group

1952 The Long-Term Credit Bank of Japan, Limited established  
1998 Due to business failures, temporary nationalization and special public management began based on the Financial Revitalization Law  
2021 Shinsei Bank, Limited became a consolidated subsidiary as a result of a tender offer by SBI Holdings, which is involved in a wide range of financial services, including securities, banking, and insurance.

2000 Shinsei Bank launched  
Name changed from The Long-Term Credit Bank of Japan, Limited (LTCB), to Shinsei Bank, Limited  
2001 Shinsei Securities Co., Ltd. commenced operations  
2003 Shinsei Investment Management Co., Ltd. commenced operations

2004 APLUS Co., Ltd. converted into a consolidated subsidiary. Listed the Bank's common stock on the First Section of the Tokyo Stock Exchange. Converted the Bank's long-term credit bank charter to an ordinary bank charter  
2005 Showa Leasing Co., Ltd. converted into a consolidated subsidiary  
2007 SHINKI Co., Ltd. (now Shinsei Personal Loan Co., Ltd.) converted into a consolidated subsidiary  
2008 GE Consumer Finance Co., Ltd. (now Shinsei Financial Co., Ltd.) converted into a consolidated subsidiary

2016 Showa Leasing Co., Ltd. converted into a wholly owned consolidated subsidiary  
Shinsei Financial Co., Ltd. entered into the unsecured personal loan business in Vietnam  
2019 Acquired all shares of Financial Japan Co., Ltd.  
Showa Leasing Co., Ltd. acquired the shares of SHINKO LEASE CO., LTD. Formulated "Redesigning Finance" Medium-Term Strategies (fiscal 2019 to 2021)  
2020 Concluded an agreement to acquire stocks of UDC Finance Limited to make it a wholly owned subsidiary  
APLUS Co., Ltd. converted into a wholly owned consolidated subsidiary  
2021 Shinsei Bank became a consolidated subsidiary of SBI Holdings  
2022 Transferred to "Standard Market" of the Tokyo Stock Exchange

### Transition of Stock

2000 Preferred stock capital injection and a partial reduction of preferred stock capital without compensation  
2003 Reduction of capital through the merger of two shares of common stock into one share

2006 Partial repayment of public funds / Cancellation of treasury shares  
2007 Conversion of preferred stock into common stock  
2008 Issuance of new shares by third-party allotment / Conversion of preferred stock into common stock

2011 Issuance of new shares through international offering  
2016 Acquisition of treasury shares  
2017 Acquisition of treasury shares / Merger of 10 shares of common stock into one share

2018 Acquisition and cancellation of treasury shares  
2019 Implemented a secondary offering of shares of common stock of the Bank  
Acquired treasury shares  
2020 Acquired treasury shares  
2021 Acquired treasury shares  
2022 Acquired treasury shares

## Recent Business Topics

### FY2021

April	Shinsei Bank Group ESG	Formulated the Declaration of Cyber Security Management of the Shinsei Bank Group
	Institutional ESG	Executed green loan to a special purpose company formed by Invenergy Japan G.K.
	Shinsei Bank Group ESG	Signed to the Principles of Responsible Banking
May	Shinsei Bank Group ESG	Formulated Action Plan based on the Next-Generation Law
	Individual	Financial Japan Co., Ltd. started handling Shinsei Bank deposits
	Institutional ESG	Commenced business partnership with Shoko Chukin Bank in Healthcare Finance Business
June	Institutional ESG	Concluded Shinsei Green Loan agreement with Minami-Aso Yunotani Geothermal Power Co., Ltd.
	Individual ESG	Commenced housing loan initiative for customers with same-sex partners
	Shinsei Bank Group ESG	Established Responsible Investment and Lending Policy
July	Institutional ESG	Commenced green loan to a special purpose company formed by SUZUKA Co., Ltd
	Institutional ESG	Executed sustainability linked loans to OUTSOURCING Inc.
	Institutional ESG	Concluded "Shinsei Social Loan" agreement with Kenedix Residential NEXT Investment Corporation
August	Shinsei Bank Group	Concluded business alliance for joint investment with SERENDIP Group
	Individual	Started providing new services on NeoBank Platform BANKIT® by Shinsei Bank and APLUS Co., Ltd.
	Shinsei Bank Group ESG	Disclosed results on social performance of Arts United Fund by K-three Inc. and Shinsei Bank
September	Institutional ESG	Showa Leasing Co., Ltd. formed development and management fund for day-time group home and contributed to anonymous partnership
	Individual	Shinsei Bank and APLUS Co., Ltd., started providing business loans with USEN-NEXT Financial
	Shinsei Bank Group	SBI Holdings and SBI Regional Bank Holdings commenced TOB for the shares of Shinsei Bank
October	Institutional ESG	Executed green loan to DREAM Private REIT Inc.
	Institutional ESG	Commenced social loans to social inclu CO., LTD.

October	Institutional ESG	Commenced social loans to WITH Holdings Co., Ltd. sponsored by a private equity fund managed by T Capital Partners Co., Ltd.
	Shinsei Bank Institutional	Launched DX support services for new business creation by Shinsei Bank and AdInte Co., Ltd
November	Shinsei Bank Group ESG	Revised Group Sustainability Management Policy and Group Human Rights Policy
	Institutional ESG	Executed social loans to the limited liability company formed by CREAL Inc.
	Shinsei Bank Group ESG	Signed the "Japan Impact-driven Financing Initiative"
December	Institutional ESG	Executed green loan to Takara Leben Infrastructure Fund, Inc.
	Shinsei Bank Group	Agreed on equity investment in a commercial bank in Cambodia established by Military Commercial Joint Stock Bank
	Institutional ESG	Commenced social loans to a limited liability company formed by Healthcare Management Partners, Inc.
January	Shinsei Bank ESG	Implemented fund raising through Sustainability Repurchase Transaction
	Institutional ESG	Commenced social loans to a limited liability company formed by Kenedix Investment Partners Co., Ltd.
	Institutional ESG	Executed social loan to Medical Corporation ISEIKAI
February	Individual	Started providing MINI APP Functions in the Neobank Platform "BANKIT®" by Shinsei Bank and APLUS Co., Ltd.
	Individual	Launched credit guarantee service to Famima Digital One Co., Ltd. as a part of its loan service, "FamiPay Loan"
	Shinsei Bank Group	Became an affiliated subsidiary of SBI Holdings
March	Institutional ESG	Executed green loans to a limited liability company formed by Amp Co., Ltd.
	Shinsei Bank Group	Selected "Standard Market" as a new market segment of the Tokyo Stock Exchange
	Individual	Launched financial instruments intermediary business services by Monex, Inc. and the Shinsei Bank Group
April	Institutional ESG	Executed green loans to a limited liability company formed by Vena Energy Group
	Institutional ESG	Received "Sustainable Innovation Award" of the 2021 Sustainable Finance Awards
	Shinsei Bank ESG	Selected for 2022 Bloomberg Gender-Equality Index
May	Shinsei Bank ESG	Shinsei Bridge Co., Ltd., conducted demonstration experiment on a program to prevent the aggravation of diabetes
	Individual	APLUS Co., Ltd. created post payment app "T point × QUICPay TM"

February	Institutional ESG	Concluded green loan agreement with Mitsubishi Estate Logistics REIT Investment Corporation
	Institutional ESG	Executed sustainability linked loan to Heiwa Real Estate Co., Ltd.
March	Institutional ESG	Showa Leasing Co., Ltd. executed green finance to a limited liability company formed by New Digital Cable Corporation
	Individual	Shinsei Bank Group concluded a comprehensive agreement with Global Trust Networks Co., Ltd., on the implementation of BANKIT®
	Individual	Started providing loans to support disaster affected areas
April	Shinsei Bank ESG	Selected as a "Nadeshiko Brand" for Fiscal Year 2021
	Shinsei Bank Group	Established Parent Company Transaction Screening Committee
	Shinsei Bank Group	Established an information processing platform regarding distributive input to improve operational efficiency
	Institutional ESG	Commenced social loans to social inclu CO., LTD.

### FY2022

April	Institutional ESG	Executed impact investment in CaiTech inc., through Japan Impact Investment II Limited Partnership, operated by Shinsei Impact Investment Limited
	Shinsei Bank Group	Commenced subscription to stock and business partnership with IDOM Caas Technology
	Individual	Implementation of credit card fraud detection score engine using AI by APLUS Co., Ltd.
May	Individual ESG	Conducted a donation scheme, (donating according to customers online procedures,) "digital first promotion project" by Shinsei Bank, APLUS, and Shinsei Financial Co., Ltd.
	Institutional ESG	Executed green loan to Tohoku Electric Power Co., Inc.
	Shinsei Bank ESG	Participated in the Male Leaders Coalition for Empowerment of Women
June	Individual	Renewal of "Shinsei Step Up Program"
	Individual	Shinsei Financial Co., Ltd. signed a top partnership agreement with pro-gaming team "SBI e-Sports" under the brand of Lake ALSA.
	Shinsei Bank Group	Developed Medium-Term Vision of the Shinsei Bank Group (FY2022 to FY2024)

## Aspirations toward the Shinsei Bank Group's Medium-Term Vision

Katsuya Kawashima  
Representative Director,  
President and Chief Executive Officer





We would like to express our sincere gratitude for your continued patronage.

The Shinsei Bank Group ("the Group") became a member of the SBI Group in December 2021 and launched a new management structure in February 2022.

Since becoming the Representative Director, President and CEO, I have held repeated discussions with the Group executives and employees regarding the future direction and growth strategy of the Group, which has entered a new stage, and formulated the new medium-term management plan, namely the "Medium-Term Vision of the Shinsei Bank Group" (the "Medium-Term Vision").

The Medium-Term Vision covers the three-year period from fiscal 2022 to fiscal 2024. The Group aims to meet the expectations of stakeholders by achieving the three-year plan as outlined in the Medium-Term Vision, along with building a foundation that is capable of achieving sustainable growth to enhance corporate value.

First, I will explain the three "targets to be achieved in three years" as set forth in the Medium-Term Vision.

## Medium-Term Vision

(Targets to be achieved  
in 3 years' time)

1

Realize JPY 70 bn in 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

## 1 Achieve 70 billion yen of consolidated net income and establish a foundation for further growth

Our first target is to achieve consolidated net income of 70 billion yen and establish a foundation for further growth.

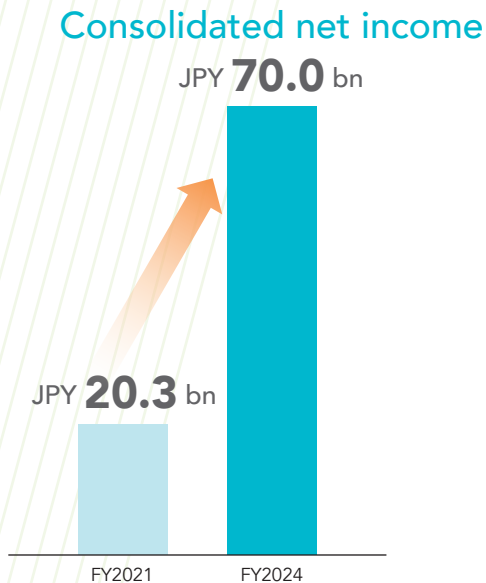
The new quantitative consolidated net income target of 70 billion yen for fiscal 2024 is a highly ambitious target, approximately 3.5 times compared with the result of 20.3 billion yen for fiscal 2021. However, if the executives and employees of the Group work together and realize synergies with the SBI Group, I believe that this can be achieved.

The key to achieving this target is increasing the number of customers, the scale of assets and transaction volume. As one of the new strategies, our financial targets under the Medium-Term Vision are to expand the



number of customers, increase the balance of deposits to support growth and grow the operating assets balance, which are the foundation for sustainable revenue growth.

I believe that the growth in quantity, or the number of customers and transaction volume, in turn, improves the overall quality. In other words, we can improve the quality of our products and services by receiving and responding to a wide variety of requests from our growing customer base. Providing products and services that are better than those of other financial institutions by improving quality, is highly appreciated by customers and leads to deepening relationships with them. By building this cycle, we aim to establish a customer base that would be the catalyst for the further growth of the Group.



## 2 Evolve into a leading banking group providing pioneering and advanced finance

The second target is to be a leading banking group that provides pioneering and advanced finance.

This represents the ideal image of the Shinsei Bank Group from a medium- to long-term perspective. We aim to become a banking group that provides pioneering and advanced finance through providing our products and services with a sense of speed and entrepreneurial spirit ahead of others, and by aggressively using advanced technologies to achieve this target.

To realize this ideal image, we plan to thoroughly incorporate the customer base, expertise and know-how of the SBI Group's financial ecosystem into the Shinsei Bank Group's business operations.

## 3 Show the path toward repayment of public funds

The third target is to show the path toward repayment of public funds.

Regarding the repayment of public funds, which is one of the most important management issues for the Shinsei Bank Group, we will work together with the SBI Group to gain the understanding of the government and other stakeholders, premised on protecting minority

shareholders, so that we can show the path and direction for the repayment of public funds over the next three years.

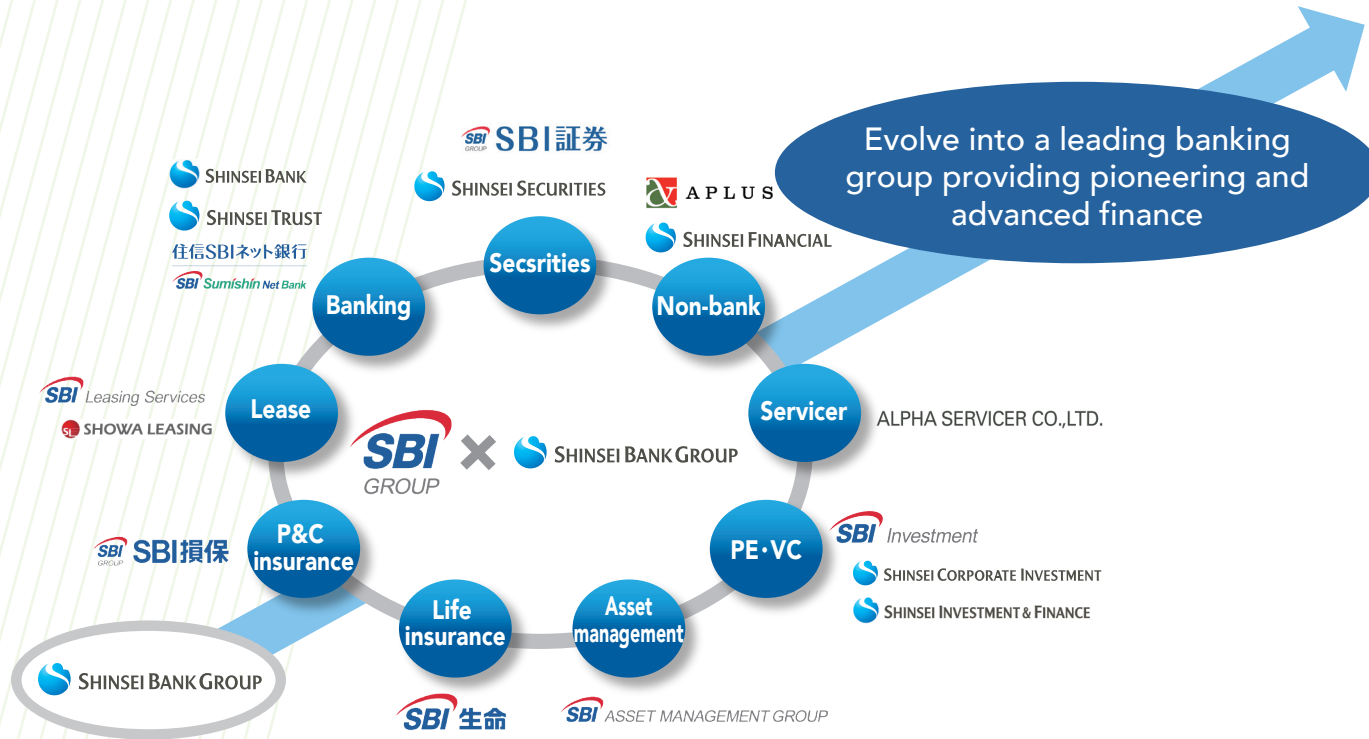
To achieve this target, we recognize that it is essential to improve profitability, which, in turn, becomes the source of public funds repayment and enhancement of corporate value. Therefore, in terms of our shareholder returns policy, we will give the highest priority to improving earning capacity by implementing our business strategies. Specifically, we place greater emphasis on using capital to expand our business foundation and strengthen earning capacity, as well as on accumulating retained earnings.

Next, I will explain the three core strategies for realizing the above targets.

### Core Strategy 1

#### Pursue value co-creation inside and outside the Group

Regarding "value co-creation," we have traditionally promoted collaboration with external partner companies. Going forward, we will expand the definition of "value co-creation" and promote it as an "open alliance" in a broad sense, including "value co-creation with the SBI Group companies," "value co-creation within the Shinsei Bank Group," "value co-creation with companies outside the Group" and broadly defined nonorganic value co-



strengthening our earnings base, and through these initiatives we will build a foundation for sustainable growth.

**Core Strategy 2**

**Enhance the Group's strengths and realize a full range of service offerings**

To deepen our strengths, we have been focusing on small-scale financing and business with institutional investors. In the future, we will add overseas business customers to this mix and enhance our expertise and deepen our experience as one of domains in which the Shinsei Bank Group possesses strengths.

Full range of service offerings will become a new concept in the Medium-Term Vision. In a rapidly changing business environment, customer needs are diverse and variable. Therefore, without a wide variety of offerings of products and services, we cannot make prompt and accurate proposals to meet customers' needs. By adding the products and services of the SBI Group and external partners to the offerings of products and services that the Shinsei Bank Group has long possessed, we will realize a full product offerings and maximize our ability to make proposals to customers and the added value that we provide to customers.

To bolster our strengths and provide a full range of services, the Group will utilize innovative technologies.

creation via investments and M&As.

For value co-creation with the SBI Group companies, we will promote mutual customer referrals, supplementation of functions and sharing of resources with the SBI Group companies. As an example, we will widely introduce the products and services of the Shinsei Bank Group to the SBI Group's customers. Through close collaboration between the Shinsei Bank Group and the SBI Group, the Group will be able to provide attractive products and services to a customer base of more than

40 million for both groups combined.

Since January 2022, the Shinsei Bank Group has been engaging in joint projects to discuss and promote measures to create synergies with the SBI Group. In about 40 different fields relating to business and the management base, the Shinsei Bank Group and the SBI Group's personnel are discussing various joint business opportunities on a daily basis and launching a wide range of collaborative measures. We have positioned fiscal 2022 to fiscal 2023 as a preparation period for

- Repayment of public funds is one of the most important management issues for the Shinsei Bank Group. We 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 we can show the path and direction for repayment in the next three years
- Recognizes that it is essential to improve profitability, which is the source of public funds and enhancement of corporate value, in order to show the path toward repaying public funds

### Actions for achievement

#### Business Strategy

By steadily implementing the various strategies while utilizing the functions and customer base of the SBI Group obtained through joining the SBI Group, expand the customer base and achieve a significant and sustainable improvement in profitability.

#### Shareholder Returns

Prioritize improving profitability by implementing business strategies. Review of our previous shareholder returns policy and focus more on capital utilization and internal reserves of profits to expand our business foundation and strengthen profitability.

#### Core Strategy 3

#### Achieve sustainability through business activities

The demand from society for sustainability is high, as it is for the Shinsei Bank Group.

What is most expected of the Group and requested by society is to repay public funds, and in order to realize the repayment, we are required to strengthen

the earnings base and increase corporate value. For this reason, we have set the goal of achieving sustainability through our businesses.

Within this context, we will put particular emphasis on our efforts to revitalize local communities. Through collaboration with the SBI Group, we will support local financial institutions in resolving their issues as the platformer of regional financial institutions. At the same time, we will provide financial services to local companies, residents, municipal governments, and other entities with the aim of revitalizing regional economies.

In addition to these efforts, we will support the resolution of environmental and social issues by providing advanced financial services such as sustainable finance. At the same time, we will also provide financial services that are trusted by our customers through the maintenance of robust and stable financial infrastructure.

Specifically, we will provide highly convenient services to customers by utilizing digital technologies, AI and big data. In addition, to strengthen our organizational capabilities for growth and transformation, we will recruit and train personnel, further strengthen governance, secure sound and appropriate capital and strategically inject and allocate management resources through cost reduction without exceptions.



Underlying these core strategies is the consistent pursuit of the Customer-centric Principle. Customer-centric Principle means thoroughly seeking services that are truly from the customer's point of view. This fundamental idea includes offering more competitive commissions, more favorable interest rates on products, more transparent customer cost services, as well as safe, reliable services and a wealth of high-quality financial products from a neutral position. Going forward, we will provide products and services that are in line with customer expectations by fully implementing the Customer-centric Principle within the Shinsei Bank Group.

Finally, I will explain the governance that is a prerequisite for realizing the Medium-Term Vision and the change of the corporate name, scheduled for January 2023.

### Governance

#### Management of conflict of interest and protecting the interests of minority shareholders

The Shinsei Bank Group will fully manage conflicts of interest and protect the interests of minority shareholders so that the interests of Shinsei Bank's minority shareholders will not be compromised when realizing synergies with the SBI Group.

In March 2022, Shinsei Bank established the Parent

Company Transaction Screening Committee to establish a management system to protect the interests of minority shareholders for transactions involving conflicts of interest or potential conflicts of interest between the parent company SBI Holdings and its group companies. The Committee is composed of all independent outside directors, and Audit & Supervisory Board members can attend and express their opinions. The Committee has established a system to verify and monitor the conflicts of interest and fairness of transactions with the SBI Group and whether these transactions harm the interests of the Bank's minority shareholders. The final resolution is discussed and determined at the Board of Directors, with the opinions of the Committee taken under consideration, however, officers closely related to the SBI Group are not allowed to be involved in the resolution of the Board of Directors.

We will continue to promote initiatives to maximize the corporate value of the Shinsei Bank Group by comprehensively protecting the interests of minority shareholders.

### SBI Shinsei Bank Group

At the Annual General Meeting of Shareholders on June 22, 2022, shareholders approved the change of our corporate name to "SBI Shinsei Bank, Limited" to be

effective from January 4, 2023. At the same time, we plan to change the Group name to the "SBI Shinsei Bank Group."

The new corporate name includes the advanced, innovative image of the SBI Group and the value as well as the existing culture and vision of the Shinsei Bank Group. It clearly demonstrates the true unity of the Shinsei Bank Group and the SBI Group, and the SBI Group's strong commitment to the Bank both internally and externally.

By changing our corporate name, we will ensure the realization of our Medium-Term Vision and improve corporate value at an early stage, which will lead to higher profits for all our shareholders.

The Shinsei Bank Group has entered a new growth stage as a member of the SBI Group. By thoroughly implementing the "Customer-centric Principle," we endeavor to achieve our Medium-Term Vision and sustainable growth.

July 2022



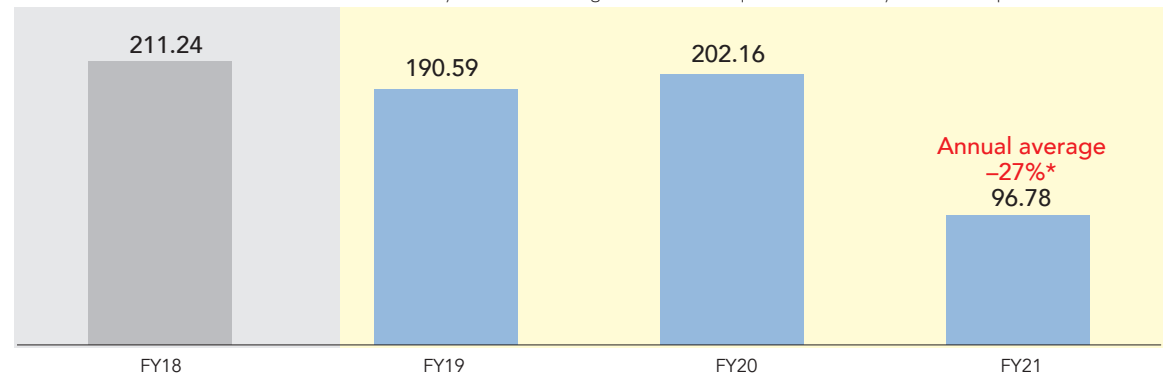
Katsuya Kawashima  
Representative Director,  
President and Chief Executive Officer

## Medium-Term Strategies (FY2019-FY2021) Key Financial Targets

- Key financial targets of EPS growth rate and ROE were not achieved even after excluding one-time losses such as losses on sales on bonds as bottom-line profits were sluggish
- Maintaining CET1 ratio above target of 10%

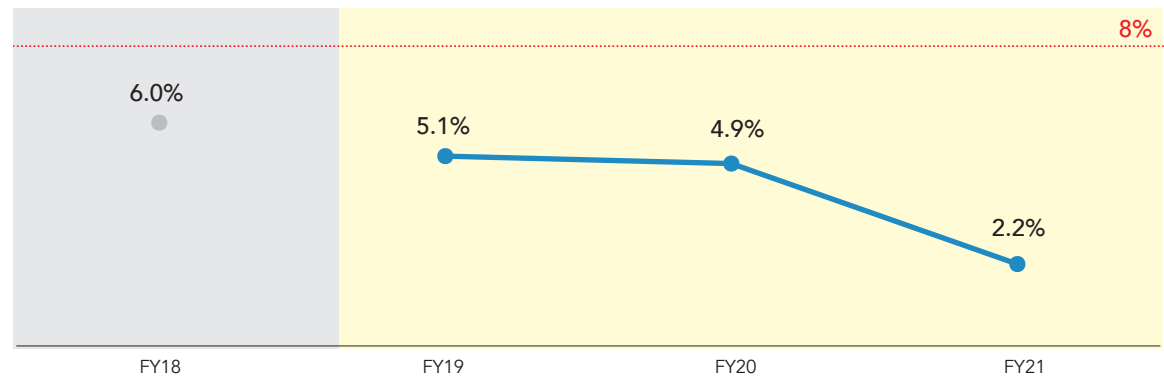
### EPS growth rate

Target:  
Average of **2%**  
or more per year



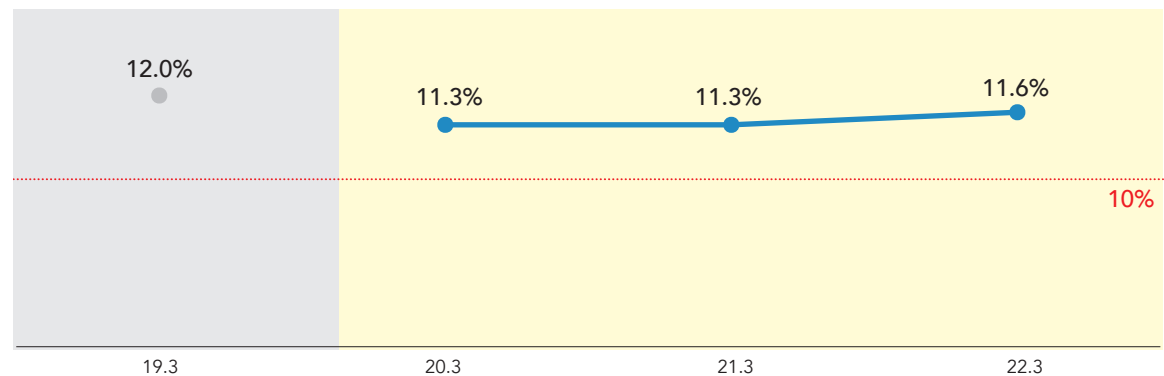
### ROE

Target:  
**8%** over  
the medium-term



### CET1 ratio

Target:  
**10%** or more  
in the medium-term



## Medium-Term Vision of the Shinsei Bank Group

The Shinsei Bank Group has developed the Medium-Term Vision of the Shinsei Bank Group (the “Medium-Term Vision”), a medium-term business plan covering from fiscal 2022 to 2024 that is to be followed for the coming three years.

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

### Medium-Term Vision (Targets to be achieved in three years’ time)

1. Realize JPY 70 billion 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



#### Core Strategy 1

Pursue value co-creation inside and outside the Group



#### Core Strategy 2

Enhance the Group’s strengths and realize a full range of service offerings



#### Core Strategy 3

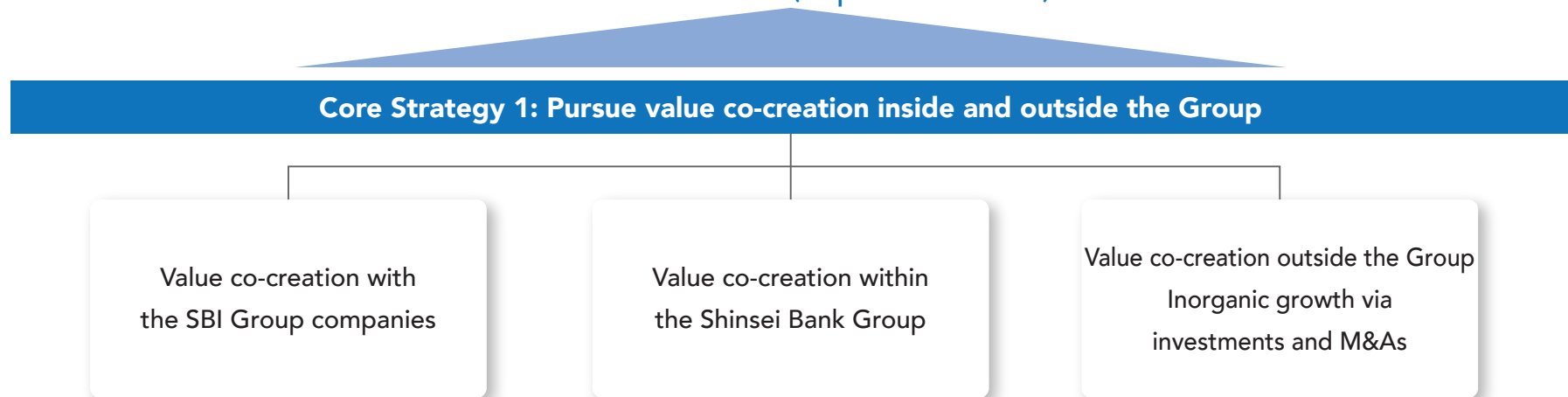
Achieve sustainability through business activities

**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, we will create synergies through these value co-creations, and achieve dramatic growth by expanding the customer base and improving our earning capacity.

Create synergies and accomplish exponential growth through value co-creation ("open alliances")



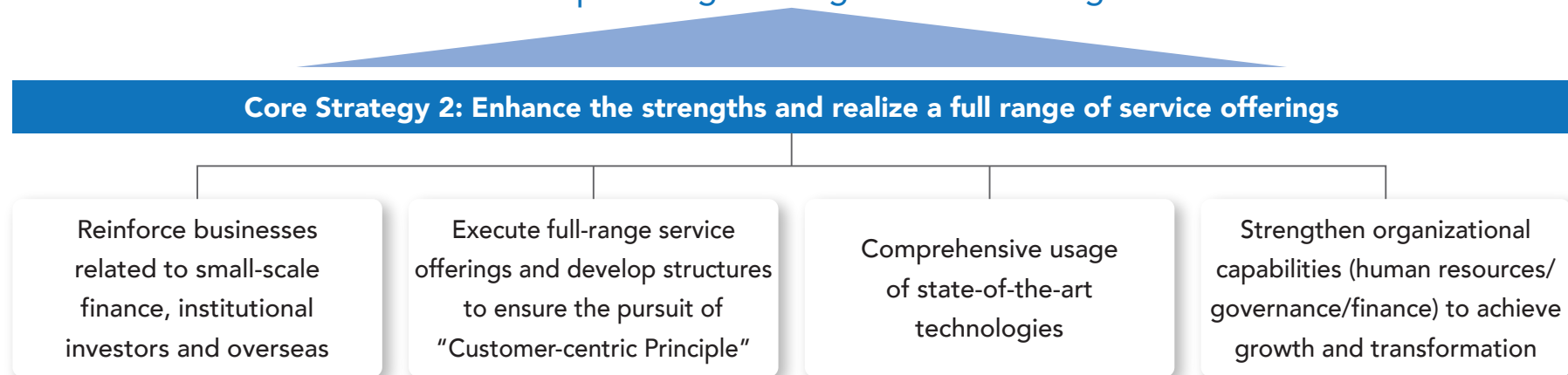


**Core Strategy 2: Enhance the strengths and realize a full range of service offerings**

The Shinsei Bank Group will enhance the strengths cultivated so far, including businesses related to small-scale finance, institutional investors and overseas, while thoroughly implementing the “Customer-centric Principle” by providing a full-range of services. 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 services, we will leverage the resources and know-how that are both inside and outside the SBI Group without being constrained by the not invented here syndrome.

Thoroughly practice the “Customer-centric Principle” by enhancing strengths cultivated thus far and providing full-range service offerings

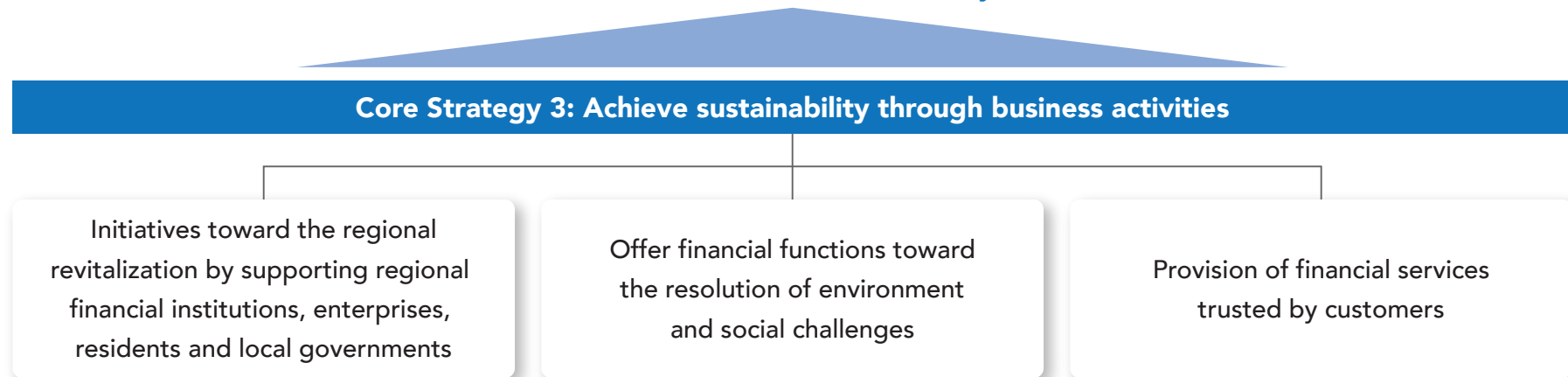


**Core Strategy 3: Achieve sustainability through business activities**

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. Specifically, we will fulfill our social responsibilities

as a financial institution by working toward initiatives for regional revitalization and providing financial solutions to help resolve environmental and social issues, while at the same time providing services trusted by customers.

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



## Financial Targets

### KPI

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

## Operating assets and deposits

- Increase the deposit balance by improving customer convenience and aligning with the SBI Group
- Endeavor to strengthen earning capacity through the reinforcement of asset management utilizing the increased deposits

#### Initiatives to reinforce asset management

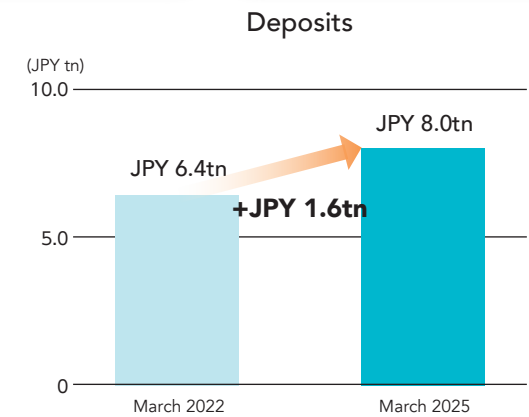
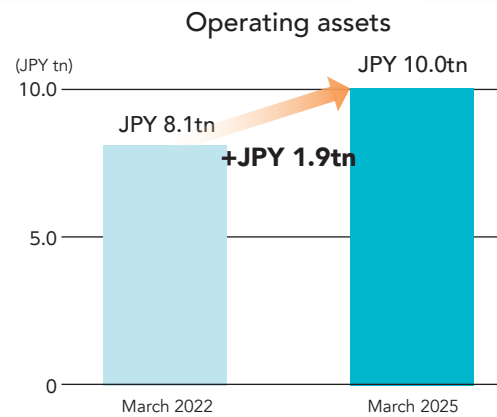
- Expansion of highly profitable operating assets related to small-scale finance and institutional investors business
- Enlarge the business of overseas investees, including means involving collaboration with the SBI Group
- Sophistication and diversification in management of marketable securities

**March 2025**  
Consolidated Balance Sheet

<b>Operating assets</b> JPY 10.0tn (+JPY 1.9tn)	<b>Deposits</b> JPY 8.0tn (+JPY 1.6tn)
Other assets	Other liabilities
	Net assets

#### Initiatives to increase the deposit balance

- Comprehensively implement the "Customer-centric Principle" and improve customer convenience
- Increase in number of retail bank accounts through cooperation with the SBI Group
- Expand transaction base with corporate customers



## Individual Strategies: Individual Business

### Summary

- Provide services that incorporate the customers' perspective by thoroughly implementing "Customer-centric Principle"
- Provision of full-range service offerings through cooperation with the SBI Group
- Offer services with high customer convenience by leveraging technologies

### Key individual strategies

#### Small-scale finance

- Utilization of the SBI Group's customer base; improving the UI/UX; increasing the number of unsecured loan customers by enhancing brand recognition
- Expansion of credit guarantees business for regional financial institutions; strengthen cooperation in the retail unsecured loan business with business corporations
- Acquire new credit card members and expand the shopping credit customer base by utilizing functions and partners of the Group

#### Retail banking

- Expansion of the customer base (number of accounts and deposits balance) through reciprocal customer transfer within the SBI Group and the Shinsei Bank Group
- Enhancement of service offerings liaising with the SBI Group
- Optimizing face-to-face channels (co-branches with the SBI Group) and sophistication of the online channel (apps)

#### Housing-related loans

- Expansion of the customer base through provision of competitive products; streamlining the operations through cooperating with the SBI Group

## Individual Strategies: Institutional Business

### Summary

- Thorough pursuit of "Customer-centric Principle" and expansion of customer base
- Provision of full-range service offerings through cooperation with the SBI Group
- Further reinforce its strength in the institutional investors business
- Contribute to the revitalization of regional economies and enterprises as a platformer for regional financial institutions

### Key individual strategies

#### Institutional investors

- Further strengthen the commitment to renewable energy sector; provide sustainable finance including those related to regional revitalization
- Increase in investment and loan opportunities through the SBI Group; strengthen the efforts of hybrid transactions
- Reform the framework of institutional investors business structures by utilizing the SBI Group's functions

#### Financial institutions

- Enhance cooperation with regional financial institutions by leveraging networks and solutions of the SBI Group
- Meticulously respond to various needs of regional financial institutions (e.g., asset management, enhancement of their main businesses, reduction of risk assets and non-performing assets disposal) with sophisticated finance functions

#### Business corporations

- By utilizing the SBI Group's customer base, broaden the network of startups and business owner customers along with the provision of venture debts
- Resolve the finance-related challenges faced by business corporations by leveraging Group companies' functions

## Individual Strategies: Overseas Business

### Summary

- In the APAC region, creating the presence as a banking group with strengths in non-banking business via the provision of financial services leveraging FinTech
- Through cooperation with the SBI Group, cultivate the overseas business into one of the Shinsei Bank Group's primal businesses by expanding inorganic growth opportunities

### Key individual strategies

- APAC region as its main target market, conduct M&As centered on small-scale finance business in the non-bank sector; making inorganic investments by collaborating with the SBI Group
- Expand overseas businesses through investments and acquisitions by utilizing existing investee companies' platforms (includes raising the value of investee companies by leveraging SBI's overseas investees' organizational capabilities)
- By utilizing the expertise and investment base of the SBI Group, enhance our organizational capability through partnering with and investing in companies and financial institutions that will serve as a platform for digitalized businesses, as well as companies having excellent technologies and infrastructure (bring skills and business models back to Japan)
- In addition to cooperation and human resources exchange with the SBI Group's overseas bases, strengthen hiring and development of human resources that have sophisticated skills and experience

## Individual Strategies: Management Base

### Summary

- Reinforce organizational capabilities and strategically inject management resources through cooperation with the SBI Group
- Advance and diversify the management of marketable securities, as well as enhance risk management structures
- Examination of the International Financial Reporting Standards (IFRSs)
- Strengthen the compliance structure and cybersecurity measures

### Key individual strategies

#### Management of marketable securities

- Advance and diversify the management of marketable securities by leveraging the SBI Group's know-how in order to gain stable revenue
- Build and operate risk management structures responding to the sophisticated and diversified management of marketable securities

#### Human resources and general affairs

- Establish and operate new companies to improve operational efficiency by consolidating resources of the Shinsei Bank Group and the SBI Group (Place the right person in the right position; jointly conduct hiring and training activities; integrate general affairs; reduce system costs)
- Secure diverse resources through Diversity & Inclusion and work style reforms, human resources exchange with the SBI Group

#### Finance control

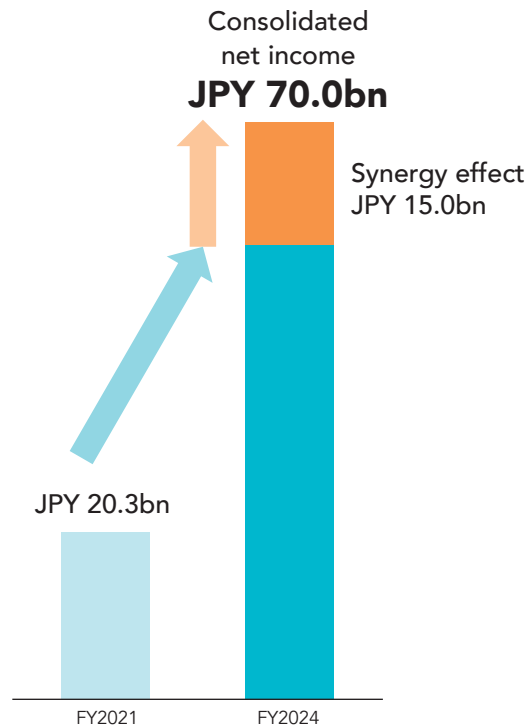
- Examine the IFRSs via coordination with the SBI Group

#### Compliance

- Enhance cyber security measures, responses to money laundering regulations and monitoring structures through alignment with the SBI Group

## Synergy effect with the SBI Group

### Consolidated net income



### Breakdown of the synergy effect of JPY 15.0bn expected in the FY2024 plan

	Initiatives to create synergies	FY2024 (JPY bn)
<b>Individual business</b>	Increase the number of retail customers, optimize face-to-face channels (e.g., branches) and expand housing loan transactions	<b>4.0 to 5.0</b>
	Acquire new credit card members, expand the number of shopping credit customers and develop BANKIT® partners	
	Expand the number of unsecured loan customers, improve the UI/UX and further cooperation with regional financial institutions	
<b>Institutional business</b>	Introduction of structured finance opportunities, joint financing and reinforcement of the business succession operation	<b>4.5 to 5.5</b>
	Startups and business owner customer referrals and reinforcing cooperation with regional financial institutions	
<b>Overseas business</b>	Increase the number of lease customers, reinforcing cooperation with regional financial institutions and collaborating in the shipping and aircraft domain	<b>0.5 to 1.0</b>
	Collaboration in the investments and business development overseas (inorganic investment opportunities are not included in the figure)	
<b>Management base</b>	Sharing know-how on management of marketable securities and advance fundraising capabilities	<b>7.5 to 8.5</b>
	Consolidate and improve the efficiency of the in-direct functions, implementing the sophistication of digital strategies and others	<b>1.0 to 2.0</b>
	Deduction: Overlapping existing initiatives (sift through and choose optimal initiatives)	<b>-2.0 to -3.0</b>
	Deduction: Corporate tax and other related costs	<b>-2.0 to -3.0</b>

## Governance

### Management of conflict of interest and protection of minority shareholders' rights

#### Necessity and backdrop for strengthening corporate governance

- While business collaborations in various areas are progressing to deliver synergy effects with the SBI Group, in line with the response made toward DIC in November 2021, we are strongly required to give full consideration to benefits of minority shareholders, as a listed company
- Especially for important transactions, since complying with the arms' length principle is not sufficient in these cases, involvement of outside directors and verification of the transaction to be under reasonable terms are expected
- Under such circumstances, organize effective management structure centered on **establishing the Parent Company Transaction Screening Committee** to ensure management of conflict of interest and protection of Shinsei Bank's minority shareholders

#### Establishment of the Parent Company Transaction Screening Committee

##### ● Members

All outside directors as committee members and all Audit & Supervisory Board members as observers

##### ● Transactions to be subjected

Transactions with the SBI Group, of which conflict of interest arises or potentially would arise

##### ● Roles of the committee

Examine the existence of conflict of interest in and fairness of the transaction, while validating and monitoring the transaction to ensure that it does not damage the interest of Shinsei Bank's minority shareholders

##### ● Method of final approval

Conclusively resolve by the Board with the Parent Company Transaction Screening Committee's opinion, following the Committee's resolution  
The said Board resolutions will not involve Directors having close relationships with the SBI Group

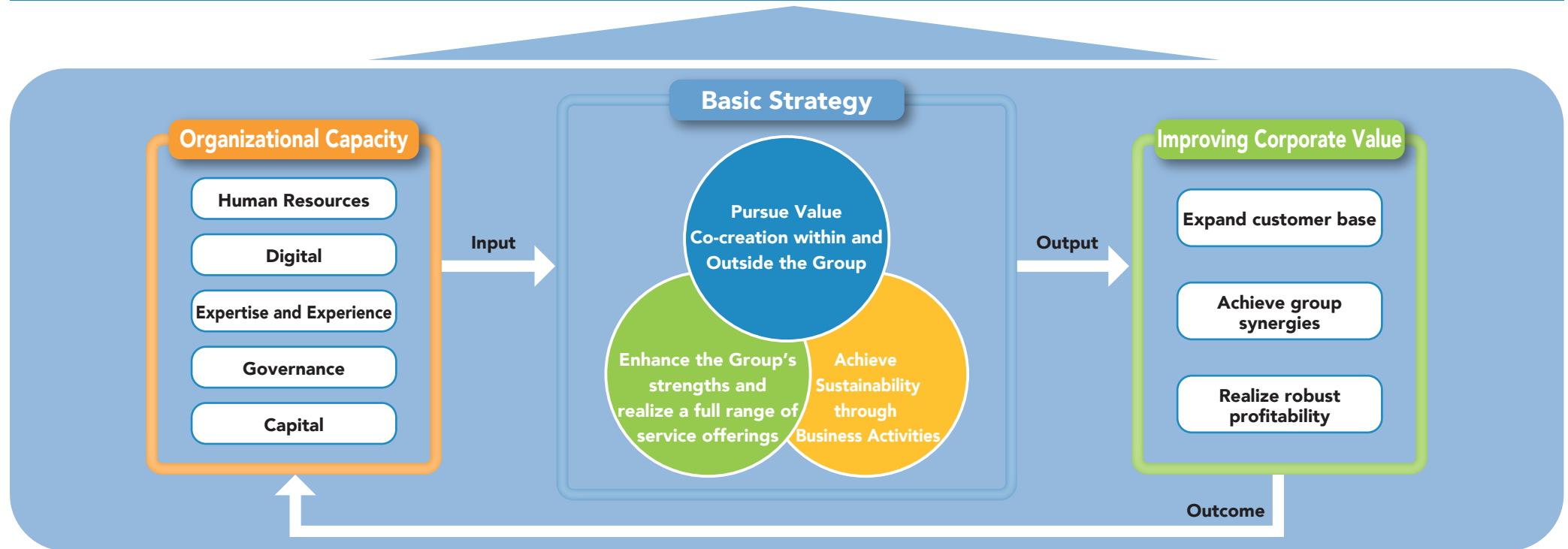
## Corporate Value Creation Mechanism

Realize JPY 70 billion of consolidated net income and establish a foundation for further growth

Evolve into a leading banking group providing pioneering and advanced finance

Show the path toward repayment of public funds

### Achieving the Medium-Term Vision



### — Universal Fundamentals of the SBI Group's Business Structure —

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



## Financial Summary

### Financial Review

In fiscal 2021, total revenue decreased by 4.3 billion yen to 217.5 billion yen, from 221.9 billion yen in fiscal 2020, mainly due to the Bank's decision to record a loss on the sale of bonds in order to reduce the amount of interest rate risk in response to the rise in interest rates and for the future restructuring of the securities portfolio, despite an increase in interest income associated with the full-year effect of UDC Finance consolidation.

Net interest income was 125.6 billion yen, higher by 3.6 billion yen from 122.0 billion yen in the previous fiscal year. This was due to the full-year impact of consolidation of UDC Finance and dividend income from the Latitude following a capital alliance agreement on March 10, 2021, while interest income from the unsecured loan business for individual customers decreased.

Noninterest income was 91.8 billion yen, lower by 7.9 billion yen from 99.8 billion yen in the previous fiscal year. In the Individual Business, income rose due to an increase in fees and commissions from sales of asset management products in Retail Banking, higher income from shopping credit business in APLUS, and gains on sale of shares. In the Institutional Business, income increased mainly due to improvement in investment income from Principal Transactions. On the other hand, in the Corporate/Others, income decreased due to recording losses on sales of securities in the Treasury operations to reduce the quantity of interest rate risk in response to the rise in interest rates since January 2022, as well as for the future restructuring of the securities portfolio.

(FY)	Billions of yen		
	Financial Summary 2021	2020	Change (Amount)
Consolidated (Management Accounting Basis)			
Net interest income	125.6	122.0	3.6
Noninterest income	91.8	99.8	-7.9
Net fees and commissions	34.0	30.1	3.9
Net trading income	6.6	3.8	2.7
Net other business income	51.2	65.8	-14.6
Income on lease transactions and installment receivables	49.9	43.1	6.8
Total revenue	217.5	221.9	-4.3
General and administrative expenses	-155.4	-149.6	-5.8
Ordinary business profit	62.1	72.2	-10.1
Net credit costs	-31.1	-28.3	-2.7
Ordinary business profit after net credit costs	31.0	43.8	-12.8
Amortization of goodwill and other intangible assets	-3.2	-2.7	-0.4
Other gains	0.7	14.1	-13.4
Income before income taxes	28.4	55.3	-26.8
Current income tax	-8.9	-7.1	-1.7
Deferred income tax	0.7	-3.9	4.7
Profit attributable to noncontrolling interests	0.0	0.8	-0.8
Profit attributable to owners of the parent	20.3	45.1	-24.7

General and administrative expenses were 155.4 billion yen, higher by 5.8 billion yen from 149.6 billion yen in the previous fiscal year. This was partly due to the full year impact of the consolidation of UDC Finance, which was acquired in fiscal 2020, and due to an increase in expenses related to several ad-hoc projects.

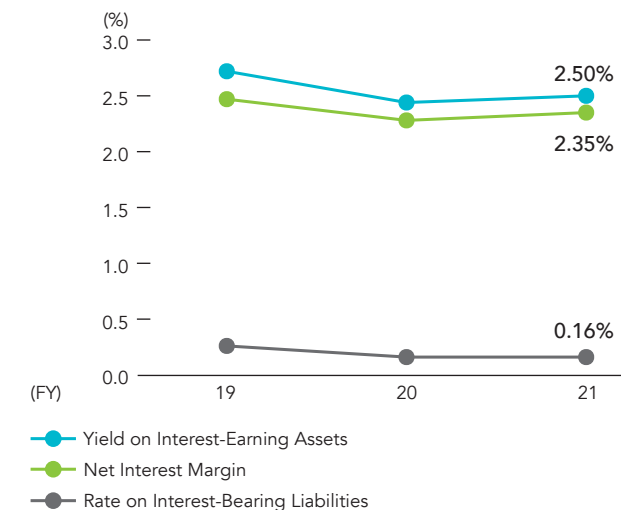
Net credit costs were 31.1 billion yen (expense), increased by 2.7 billion yen over the previous fiscal year. In the unsecured loan business for individual customers, net credit costs rose due to smaller decline in the balance of assets outstanding compared with the previous fiscal year while the quality of assets improved as resulting from decline of written-off claims. In the institutional business, net credit costs were trending lower than the previous year till the third quarter of the current fiscal year due to the subdued impact of COVID-19 on borrowers' condition. However, in the fourth quarter of the current fiscal year, the provision for reserves for loan losses related to large-scale transactions was recorded, resulting in higher net credit costs for the full fiscal year.

In addition, the extraordinary gains and losses and income taxes in the previous fiscal year included gains of 9.7 billion yen from the sale of Jih Sun Financial Holding Co., Ltd. As a result, profit attributable to owners of the parent in fiscal 2021 was 20.3 billion yen, a decrease of 24.7 billion yen compared from 45.1 billion yen in the previous fiscal year.

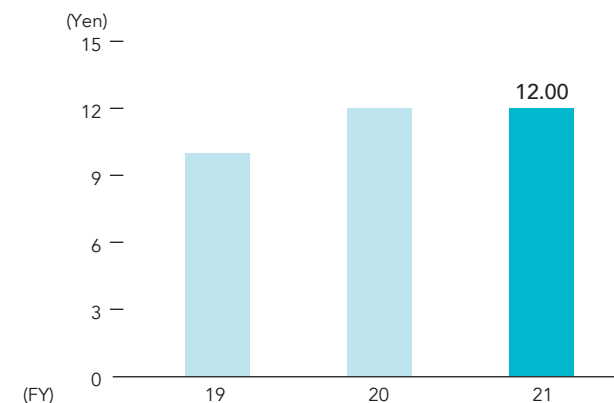
### Net Interest Margin

The net interest margin was 2.35%, increased from 2.29% in the previous fiscal year. While the rate on interest-bearing liabilities remained almost unchanged, yield on interest-earning assets improved due to an increase in dividends, despite a decrease in loan yields due to a decrease in relatively high yielding loan balance in the consumer finance business.

### Net Interest Margin



### Dividends per Share



## Shareholder returns

We place high priority on improving profitability by implementing business strategies, and focus more on capital utilization and internal reserves of profits to expand our business foundation and strengthen profitability.

## Fiscal 2022 forecast

Total revenue forecast at 241 billion yen, reflecting accumulation of balance mainly in the shopping credits business of APLUS, business growth in overseas businesses, and the realization of synergies with the SBI Group. We do not anticipate any extraordinary factors (such as losses on sales of bonds) as recorded in fiscal 2021.

General and administrative expenses are forecast to expand to 164 billion yen due to higher expenses for utilization of cloud and IT security enhancement at APLUS, higher expenses associated with an increase in the new issue and renewal of credit cards, an increase in expenses associated with strengthening business activities in overseas businesses and other areas, and the recording of one-time expenses to realize synergies with the SBI Group.

Net credit costs forecast at 31 billion yen due to aggressive accumulation of balance such as unsecured loan balance. On the other hand, we do not expect any special factors (provision for reserves for loan losses related to large-scale transactions) as recorded in fiscal 2021.

As a result, the forecast for profit attributable to owners of the parent for fiscal 2022 is 35 billion yen.

The earnings forecast for fiscal 2022 includes 3 billion yen of income for synergy effects with the SBI Group and one-time synergy charges of 5 billion yen.

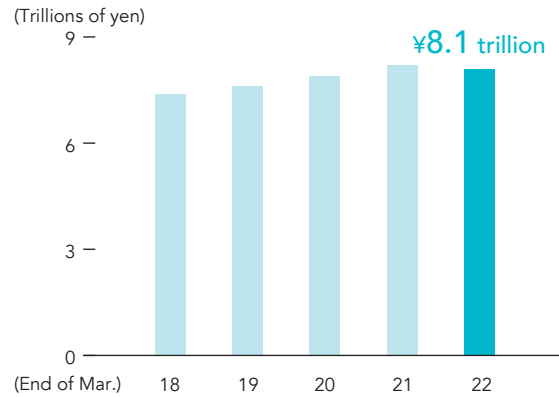
	(Billions of yen)	
	Fiscal 2021 (actual)	Fiscal 2022 (forecast)
Total revenue	217.5	241.0
General and administrative expenses	-155.4	-164.0
Net credit costs	-31.1	-31.0
Profit attributable to owners of the parent	20.3	35.0

### ■ Details of Synergy Effect and Synergy One-time Expenses

Synergy effect	<ul style="list-style-type: none"> <li>Currently, we assume that most of the synergies in FY2022 will arise from securities portfolio management and fund raising.</li> <li>Initiatives to create synergies in businesses will take time to launch and monetize, and the contribution to profits in the first year is expected to be small.</li> </ul>
Synergy One-time charges	<ul style="list-style-type: none"> <li>Currently, assumptions include business restructuring costs, including those related to corporate name changes, credit-related costs associated with customer acquisition and balance increases in individual business, new business development costs and system expansion costs in corporate operations, and costs to identify nonorganic investment opportunities in overseas operations.</li> <li>We plan to prioritize the allocation of expenditures to cost-effective measures after rigorously examining the profitability of each synergy initiative.</li> </ul>

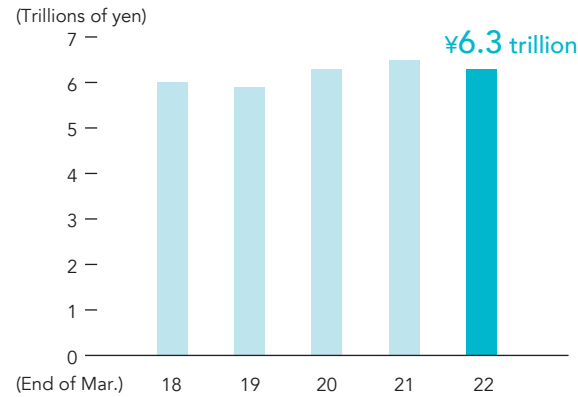
## Financial Highlights

### Operating Assets



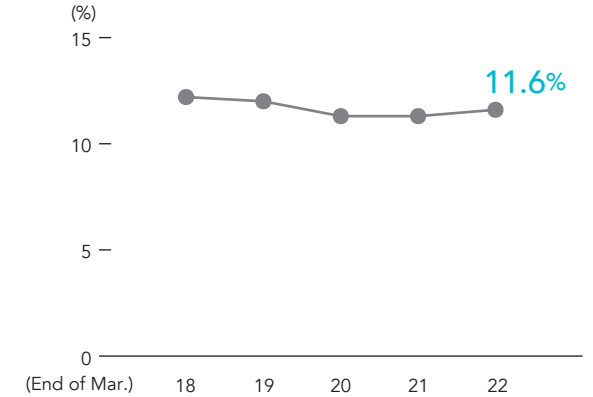
The balance of operating assets increased, mainly in core business areas such as institutional investors business and small-scale finance.

### Deposits



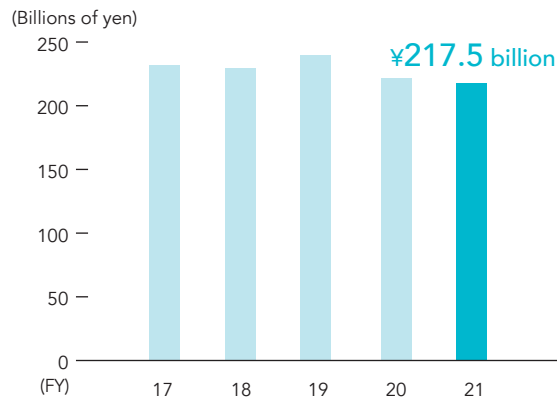
Stable deposits are mainly from individual customers, and the Bank maintains adequate deposit balances in both yen and foreign currencies.

### Common Equity Tier 1 Ratio (International Standard)



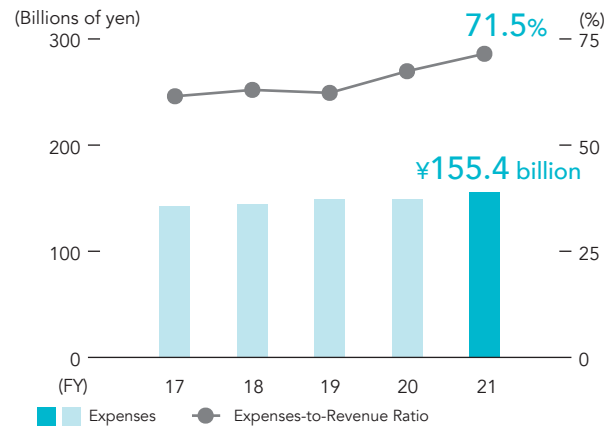
Despite an increase in risk assets due to an increase in the balance of operating assets in the focus areas, the capital ratio remains at a sufficient level due to the steady accumulation of profits.

### Total Revenue



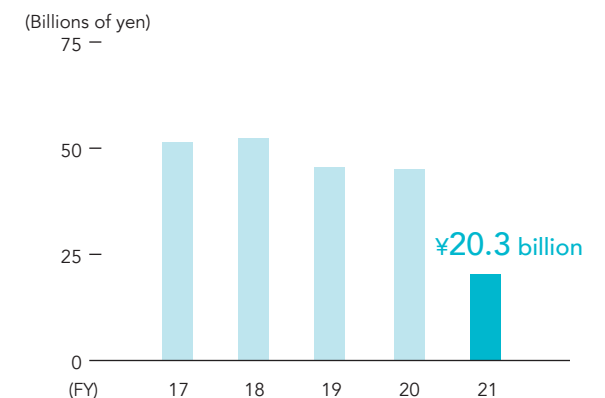
We are committed to increasing stable revenue based on actual customer demand and improving the quality of revenue under the continuous monetary easing by BOJ's negative interest rate policy and an uncertain economic environment.

### Expenses / Expenses-to-Revenue Ratio (Management Accounting Basis)



While systems costs increased due to the new core banking system, the Shinsei Bank Group is working to reduce the expenses-to-revenue ratio through the unified promotion of productivity reforms.

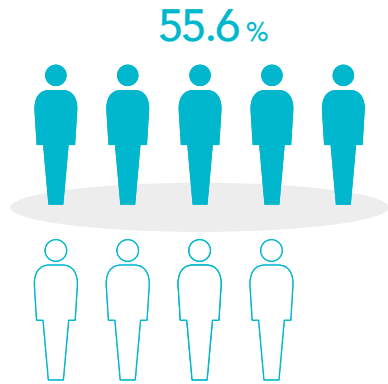
### Profit Attributable to Owners of the Parent



Profit attributable to owners of parent was 20.3 billion yen, a decrease of 24.7 billion yen from the previous fiscal year due to a loss to prepare for the future growth and a large-scale credit provision.

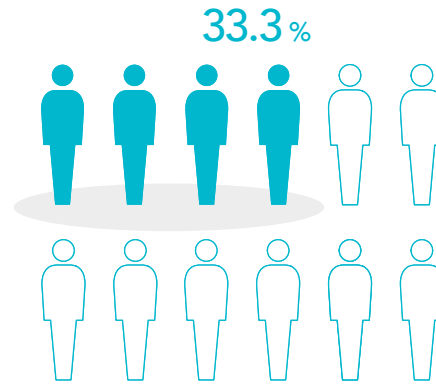
## Nonfinancial Highlights

Ratio of Outside Directors on the Board of Directors



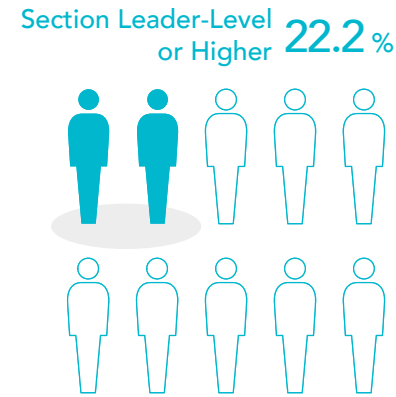
Outside directors with diverse skills and expertise comprise the majority of the directors. The Bank has maintained this structure since it commenced operations.

Ratio of Female Executives

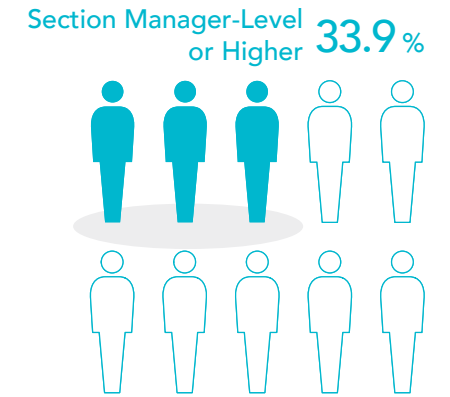


Four out of 12 executives are female.

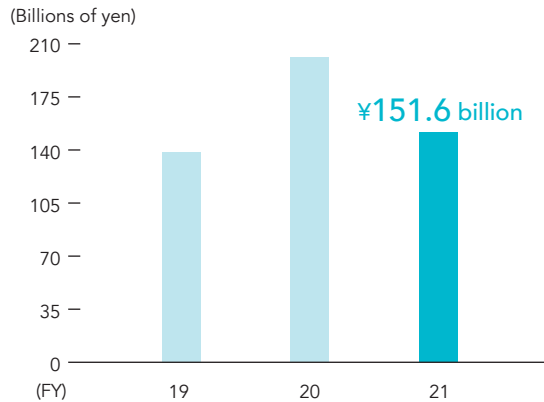
Ratio of Female Managers



Recognizing that promoting the active participation of women is one of the most important issues in promoting diversity, we are developing an environment and implementing initiatives such as increasing the number of flexible workstyles and options for diverse careers so that women can continue to play an active role by leveraging the strengths and characteristics of each and every woman in every level and job category.



Arrangement of Renewable Energy Project Finance



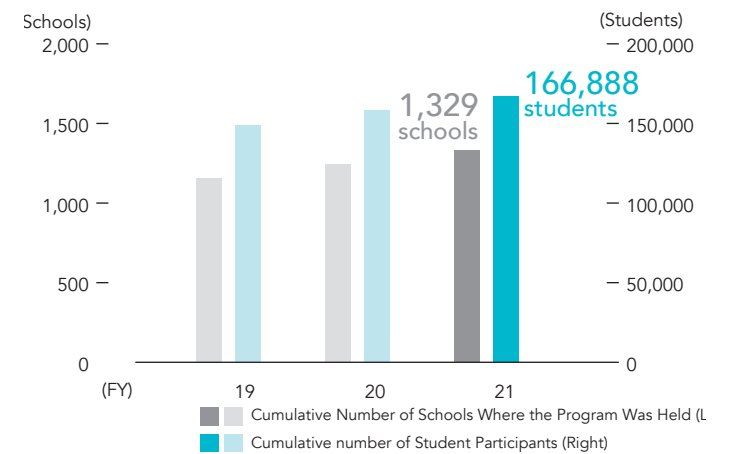
Since 2012, we have been expanding the base of domestic project finance investors and promoting syndication with regional financial institutions through project finance for renewable energy.

Number of Registered Side Work / Concurrent Work



To ensure more diversity in careers, we started allowing employees to concurrently engage in personal business (outsourcing, business start-up, company executive, etc.) or work concurrently for another company in advance of other domestic financial institutions.

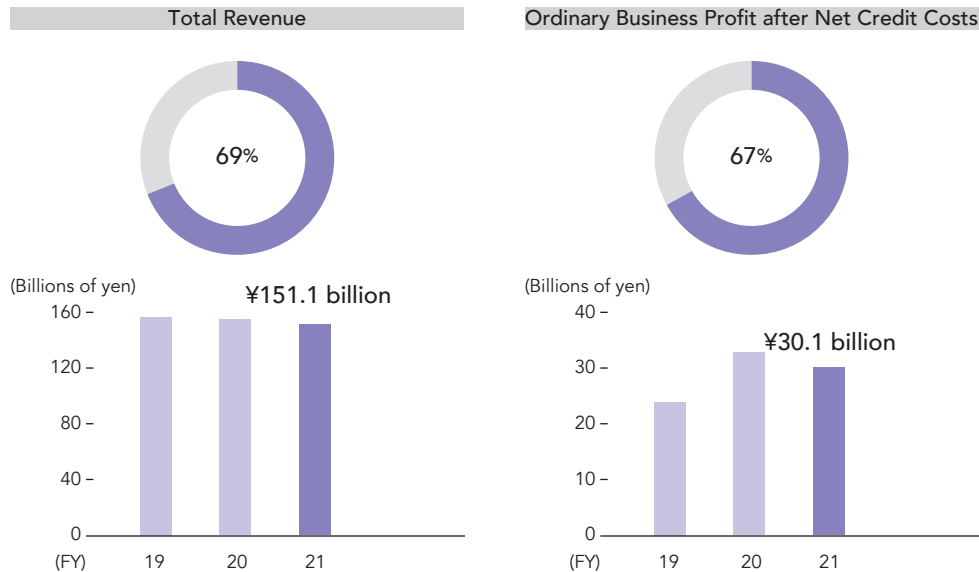
"MoneyConnection®" Financial Literacy Program



The Shinsei Bank Group considers the unemployment risk of younger people as a social issue and needs to be solved. We actively work on promoting and expanding MoneyConnection®, a financial literacy program mainly targeted at high school students, aiming to help them gain accurate knowledge and an understanding of the concept of money.

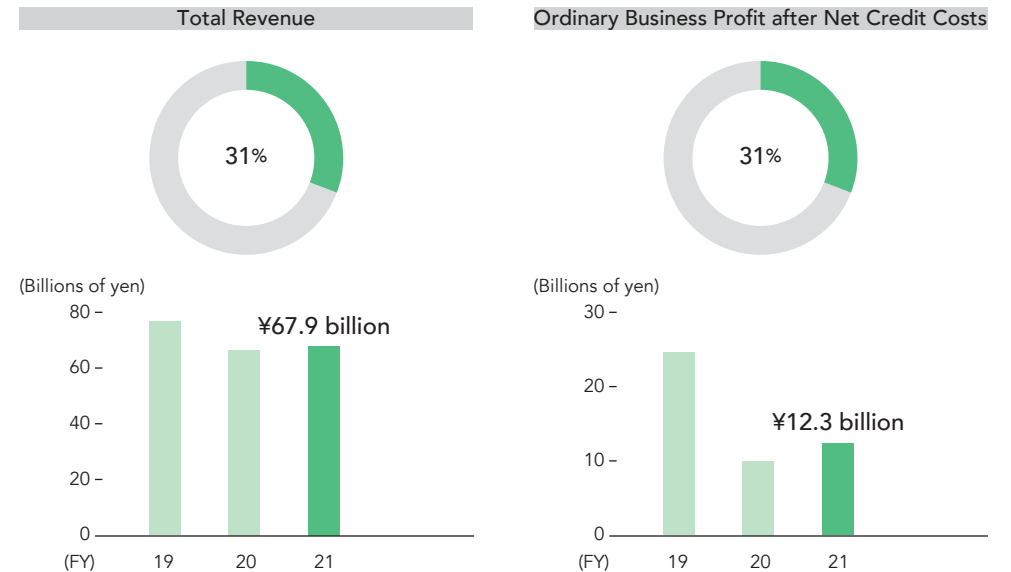
## At a Glance

### Individual Business



Note: The percentage figures do not add up to 100% due to the contribution of Corporate / Other.

### Institutional Business



Major Businesses	
● Retail Banking	Yen / foreign currency deposits, structured deposits, investment trusts, securities brokerage services (through a partner institution), life and nonlife insurance (through partner institutions), housing loans, provision of financial transactions and services for individuals
● Shinsei Financial	Unsecured loans and credit guarantees (Shinsei Financial, Shinsei Bank Card Loan L (former Shinsei Bank Lake), NOLOAN, Lake ALSA)
● APLUS	Shopping credit, credit cards, loans and payment services
● Other Individual Business	Other subsidiaries

Major Businesses	
● Corporate Business	Provision of financial products, services and advisory services for corporations, public-sector entities and financial institutions, healthcare finance, trust banking
● Structured Finance	Real estate-related nonrecourse finance and corporate finance, project finance, specialty finance including M&A-related finance
● Principal Transactions	Private equity, credit trading, business succession finance and asset-backed investment, etc.
● Showa Leasing	Financial products and services focused around lease finance
● Markets Business	Foreign exchange, derivatives, equity-related and other capital markets business
● Other Global Markets Businesses	Securities, asset management, wealth management

## Individual Business



**Hiroyuki Kagita**  
 Managing Executive Officer  
 Head of Individual Business

Our Individual Business segment provides retail banking businesses with deposits, investment trusts and housing loans; unsecured loans; and credit card, shopping credit and payment services for individual customers. In response to the diversification of values and lifestyles due to the ongoing declining birthrate and aging population and the prolonged impact of Novel Coronavirus infections, it is necessary to use technology to provide services that are more convenient from the customer's point of view. In December 2021, we joined the SBI Group and are working to make a full lineup of products, services, and functions based on a "Customer-centric Principle," and to further utilize technology.

In the Medium-Term Vision, we set the financial target

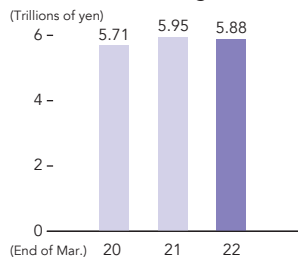
to expand the deposit balance and increase the number of accounts. We aim to expand the scale of our customer base through reciprocal customer transfer within the SBI Group and the Shinsei Bank Group. As an example, we started offering attractive interest rates on time deposits in yen and foreign currencies from June 2022. In addition, we will deepen our collaboration with the SBI Group, expand the range of products we handle, and optimize and upgrade our channels. In this way, we will enhance the quantity and quality of the products and services we provide and improve customer convenience. We will focus on offering competitive products for housing loans so that they can be used by more customers.

In the Unsecured Loans area, we quickly respond to the

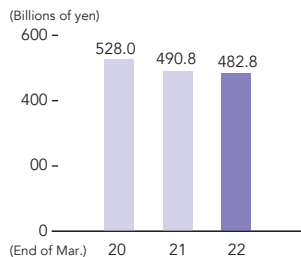
funding needs of our customers. By adding AI and digital technologies to the credit decision and collection functions that we have cultivated to date, we are working to meet the financing needs of new customer segments by partnering with companies that have a customer base. In addition, we aim to expand our customer base by leveraging the customer base of the SBI Group, improving UI/UX, and strengthening brand awareness. In the field of credit cards and payments, we are providing a variety of payment methods to an increasing number of customers and working to enhance security measures. We provide financing to SMEs and individual business owners in collaboration with partner companies, and BANKIT®, a NeoBank platform with financial functions such as settlements, foreign exchange and credit, to partner companies and their customers through smartphone apps and API collaborations.

### Operating Assets

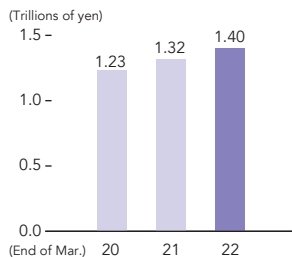
**Retail Banking (Asset Under Management)**



**Unsecured Loans**

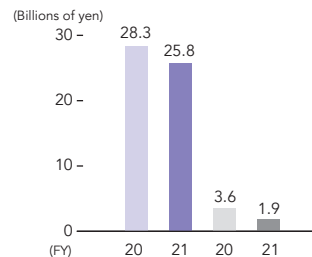


**APLUS**

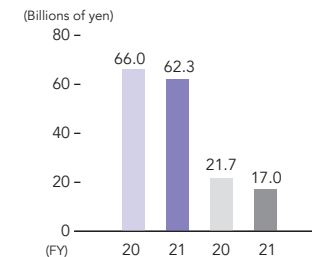


### Key Financial Data

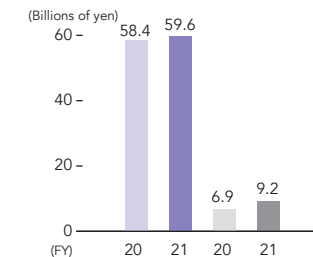
**Retail Banking**



**Unsecured Loans**



**APLUS**



■ Total Revenue ■ OBP after Net Credit Costs

**Glossary & URL**

Shopping Credit: A service that allows customers to pay for goods or services in installments without using a credit card.

Unsecured Loan: A type of loan / product offered by financial institutions such as banks and consumer finance companies that enables a consumer to borrow without any collaterals.

OBP: Operational Business profit

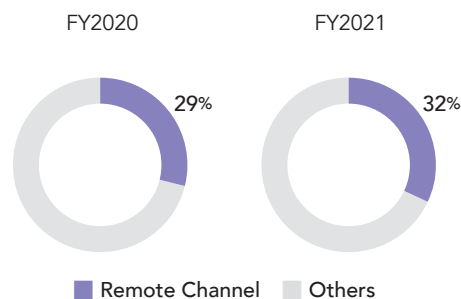
FY2021 Topics

Retail Banking

Shinsei Bank continued to improve the system allowing customers to consult on asset management and conduct transactions without being limited by time or place, such as expanding consultation via video chat, the satellite offices and renewing website.

Asset management products sales in fiscal 2021 increased from the previous fiscal year as a result of pursuing optimal communication with customers by offering a variety of options, including consultation through remote channels and transactions, amidst the prolonged impact of the Novel Coronavirus infections. In January 2022, we began providing services related to financial instruments intermediation with Monex, Inc., enabling our customers to access a broad product lineup.

■ Asset Management Business: Transaction Volume Share by Channel

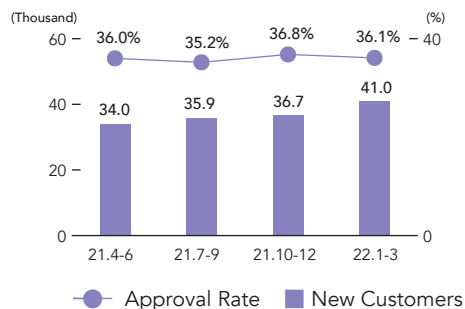


Unsecured Loans

In the unsecured loan business, we have been focusing on increasing the balance of operating assets by building a system to quickly respond to customers' funding needs and pursue sophistication of our credit and collection systems that integrates digital and analog capabilities. In December 2021, we established a business alliance with Famima Digital One and started offering a credit guarantee service to the customers of FamiPay Loan in order to continue to refine the strengths of our businesses and expand our customer base through strategic alliances with partners to achieve sustainable growth.

In Lake ALSA, the approval rate has started to improve as we have upgraded our business systems, improved the work efficiency of our operations centers, and eliminated bottlenecks by optimizing the allocation of personnel.

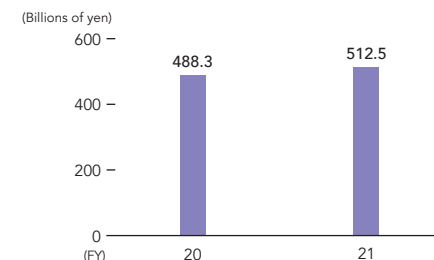
■ Lake ALSA : New Customer Acquisition



APLUS

In Shopping Credit, in addition to promoting auto leasing and vendor leasing, which continue to perform well, we have focused on acquiring credit card members by effectively utilizing the business base of shopping credits and group alliance partners. In the NEOBANK platform BANKIT®, collaboration with partner companies has progressed, as evidenced by the alliance with T-Money and the launch of a new deferred payment application called T-Point × QUICPay in which T-Points are accumulated. From April 2021, we have started offering housing loan as an agency of Shinsei Bank.

■ Shopping Credit: Transaction Volume





## Institutional Business



**Takahisa Komoda**  
Managing Executive Officer  
Head of Institutional Business

The Institutional Business includes the corporate business, which provides solutions to our corporate and financial institution customers; structured finance, which provides services such as real estate finance and project finance; services for private equity investments and business succession finance; the leasing business; and the markets business which provides market solutions for foreign exchange and interest rate derivatives, among others.

With social issues becoming increasingly critical, such as the spread of the Novel Coronavirus infections, environmental and energy issues, business succession issues of SMEs due to aging of business owners and lack of successors, our responsibilities as a financial institution, which is a part of the social infrastructure responsible for contributing to customers and society are becoming increasingly important. In December 2021, we

joined the SBI Group and are working to provide a full range of service offerings based on a "Customer-centric Principle," and to contribute to the revitalization of local economies and companies as platformers for regional financial institutions.

For the business for institutional customers, we have been pursuing partner-type businesses that help customers meet their needs and create new businesses, not only by capturing medium- to long-term environmental changes, but also through collaboration with companies outside the Group as well as the financial functions within the Group and provide solutions that are not limited to the financial domain. We will take advantage of the SBI Group's customer base to expand relations with venture companies and business owners and provide venture debt.

For our financial institution customers, we will

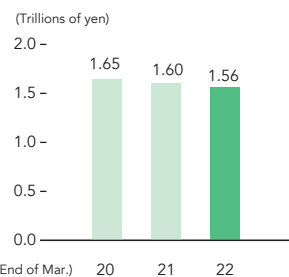
strengthen collaboration by utilizing the network and solutions of the SBI Group, while providing advanced financial solutions to carefully respond to the various needs of regional financial institutions.

Moreover, in the business for institutional investors, in which we have strengths in structured finance, we will further focus in areas such as renewable energy and provide sustainable finance in projects that lead to regional revitalization. In addition to utilizing the relationships, knowledge, and analytical capabilities we have cultivated with domestic and overseas institutional investors, we will also strengthen our business for institutional investors by using the functions of the SBI Group.

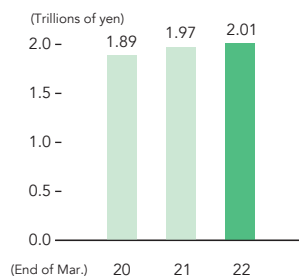
The Sustainable Impact Assessment Department, which is part of the Sustainable Impact Development Division, established in February 2020, evaluates investment and financing projects based on various sustainability requirements and provides investors with evaluation reports on the projects. The full-scale operation of this division has contributed to the steady achievement of sustainable finance and the accumulation of many deals in the pipeline.

Operating Assets

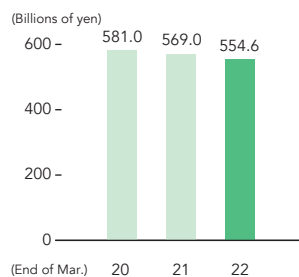
### Corporate Business



### Structured Finance

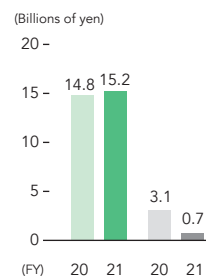


### Showa Leasing

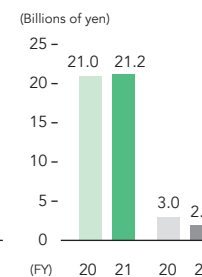


Key Financial Data

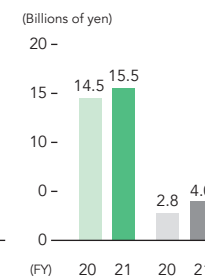
### Corporate Business



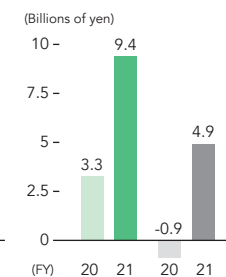
### Structured Finance



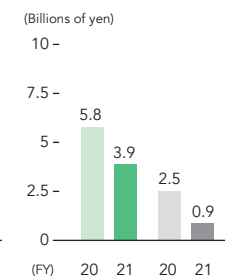
### Showa Leasing



### Principal Transactions



### Markets Business



■ Total Revenue ■ OBP after Net Credit Costs

FY2021 Topics

Initiatives to Expand Sustainable Finance/  
Impact Finance

The Shinsei Bank Group promotes "sustainable impact initiatives" by integrating the perspectives of ESG, SDGs as well as sustainability into our businesses with the concept of social impact that aims to have a positive impact on society, adding environmental, social and economic value. We provide financing to companies and their businesses addressing social issues with positive impacts through continuous dialogue with those corporate customers.

The Shinsei Green/Social/Sustainability Finance Framework, formulated in May 2020, and the Shinsei Sustainability Linked Loan Framework, begun in February

2022, have both been evaluated by third-party evaluation organizations regarding their compliance with relevant domestic and overseas principles and our internal evaluation system. We have established a system for evaluating sustainable finance within the Bank, assessing the use of funds, methods of managing funds, potential negative environmental and social impacts, and measures for risk mitigation. Confirming the suitability of each framework, we are working to engage in finance with value by visualizing the environmental and social impact of the project. As of March 31, 2022, we have structured a total of 31 financing projects, with 156 billion yen in sustainable finance, and are aiming to originate further projects.

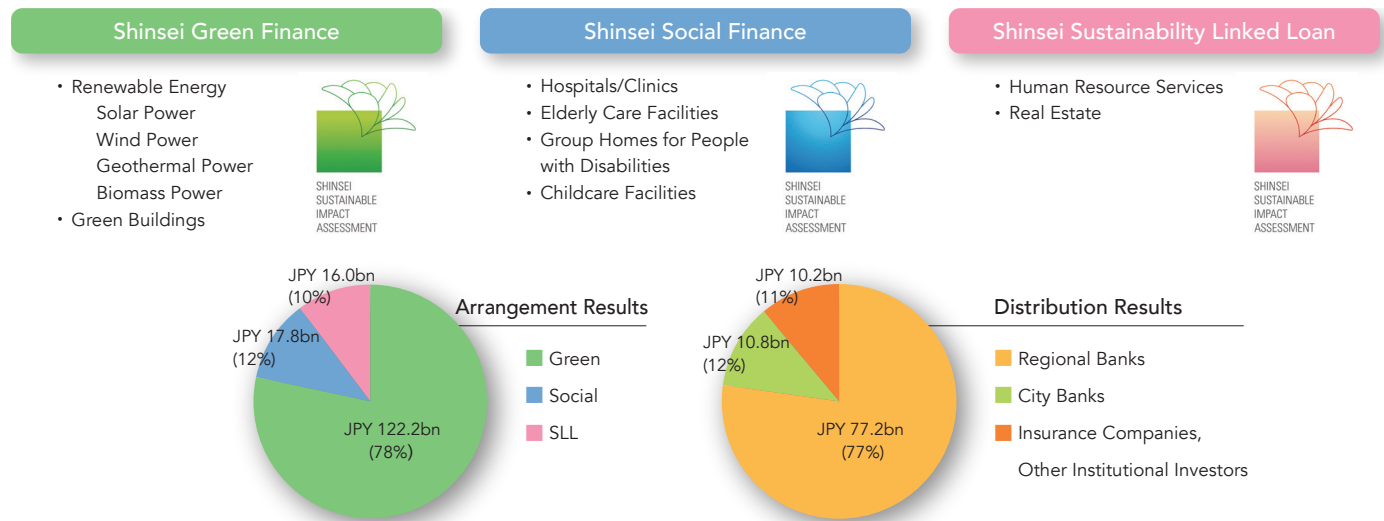
Showa Leasing

As corporations continued to restrain capital investment due to the Novel Coronavirus pandemic, we provided finance leases of high value in areas such as real estate, renewable energy, healthcare, and aircraft and vessels in collaboration with Shinsei Bank Group companies. In addition, we focused our management resources on areas where we can leverage our strengths, such as by conducting hybrid auctions using the Internet at TOZAI BOEKI, our subsidiary engaged in construction machinery auction business.

The balance of operating assets has grown due to our commitment in areas such as ICT, the environment, and real estate and continues to contribute to a balanced portfolio centered on construction machinery, where we have strengths.

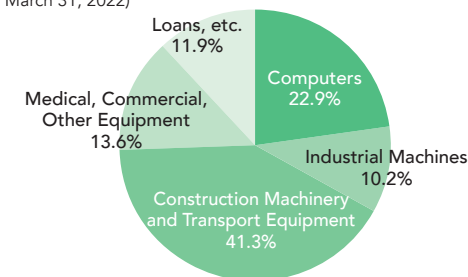
In fiscal 2021, in addition to the Shinsei Green Finance, where funds are used for the acquisition of operating solar power plants, we have established a limited liability company that develops and operates daytime group homes for people with disabilities, and executed investment in anonymous association as social finance.

■ **Shinsei Sustainable Finance** By the end of March 2022, a total of 31 transactions (total arrangement of JPY156.0 billion, of which JPY 93.1 billion distributed to institutional investors) were executed as Sustainable Finance that conform to the Shinsei's sustainable finance frameworks.



※Please refer to this URL for detailed information and evaluation documents for individual projects (listed outside the column)

■ Breakdown of Operating Assets Balance (as of March 31, 2022)



Glossary & URL

Sustainable Finance/Impact Finance  
[https://www.shinseibank.com/institutional/en/sustainable\\_finance/](https://www.shinseibank.com/institutional/en/sustainable_finance/)

## Board of Directors, Audit & Supervisory Board Members

### Board of Directors, Audit & Supervisory Board Members with a Full Diversity of Knowledge and Experience

The Board of Directors of Shinsei Bank is composed of five outside directors and four executive directors with extensive experience and highly specialized knowledge and is well balanced. In addition, it is composed with diversity including gender and generation.

■ Diversified Experiences and Skills Required for Outside Directors

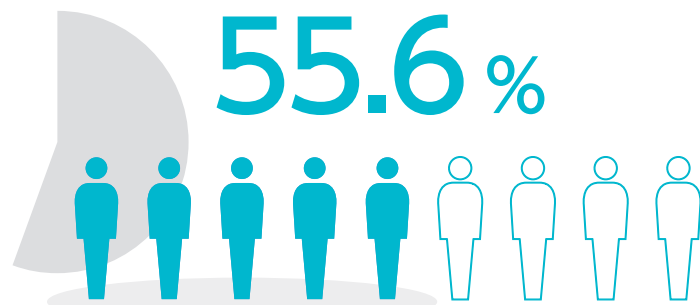
		Hirofumi Gomi	Katsuya Kawashima	Katsumi Hatao	Eisuke Terasawa	Yasuhiro Hayasaki	Ayumi Michi	Masahiro Terada	Kei Fujisaki	Yurina Takiguchi
Management Experience	Corporate/Association Management		○	○	○	○	○		○	
	Venture Management		○							
Financial Experience	Investment and Loans	○	○	○	○	○		○	○	
	Securities/Financial Market Business		○	○	○			○	○	
	Overseas Finance			○		○		○		
	Finance/Risk Management	○	○	○	○	○		○	○	
Other Necessary Experience	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	○				○				

○: Skilled

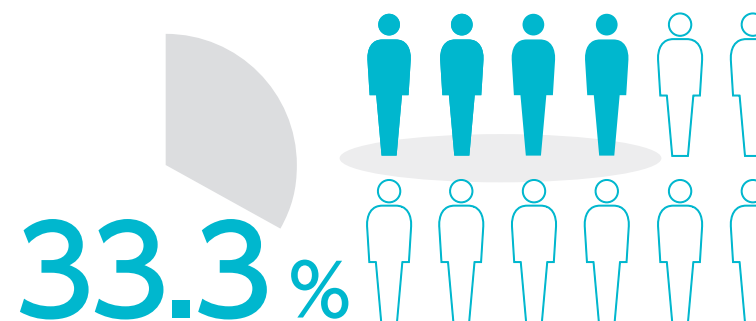
■ Audit & Supervisory Board Members' Skill Matrix

	Shinya Nagata	Ikuko Akamatsu	Miyuki Nakaqawa
Finance	○		
Financial Accounting	○	○	
Legal Affairs			○

■ Ratio of Outside Directors on the Board of Directors



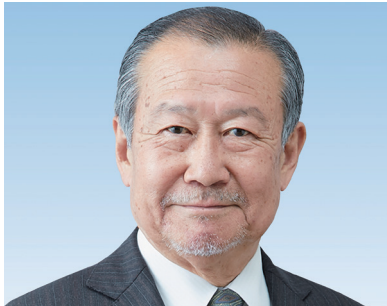
■ Ratio of Female Board Members



Please refer to the URL below for biography of each director.

Directors

Outside Directors



**Hirofumi Gomi**  
Chairman of the Board

Reappointed

[Reasons for Nomination]

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.

February 2022 Chairman of the Board (Current)

[Status of Concurrent Position]

- Outside Director, Aida Engineering, Ltd.
- Outside Director, Asteria Corporation
- Outside Director, Miroku Jyoho Service Co., Ltd.
- Outside Director, ZUU Co., Ltd.
- Special Guest Professor at Aoyama Gakuin University

Ownership: Common shares 0  
Attendance rate: 100%



**Katsuya Kawashima**  
President and Chief Executive Officer

Reappointed

[Reasons for Nomination]

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.

February 2022 Representative Director, President and CEO (Current)  
January 2022 Advisor

Ownership: Common shares 0  
Attendance rate: 100%



**Katsumi Hatao**  
Director

Reappointed

[Reasons for Nomination]

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.

April 2022 Director, Senior Managing Executive Officer, Assistant to the President, In charge of Group Treasury and Group Overseas Business (Current)  
February 2022 Director, Senior Managing Executive Officer  
January 2022 Advisor

Ownership: Common shares 0  
Attendance rate: 100%



**Eisuke Terasawa**  
Director

Newly Appointed

[Reasons for Nomination]

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.

June 2022 Director, Managing Executive Officer, In charge of Group Corporate Planning and Financing Facilitation, General Manager of Group Corporate Planning Division, General Manager of Office of Financing Facilitation Management (Current)

Ownership: Common shares 776  
Attendance rate: —



**Yasuhiro Hayasaki**  
Outside Director  
Chairperson, Nomination and Compensation Committee  
Chairperson, Parent Company Transaction Screening Committee

Reappointed

Independent

[Reasons for Nomination]

Mr. Yasuhiro Hayasaki is asked to stand as an 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.

February 2022 Director, Shinsei Bank, Limited (Current)

[Status of Concurrent Position]

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

Ownership: Common shares 0  
Attendance rate: 100%

(Ownership of common shares: As of May 31, 2022)

Please refer to the URL below for biography of each director.

Outside Directors

Audit & Supervisory Board Member



**Ayumi Michi**

Outside Director  
Nomination and Compensation Committee Member  
Parent Company Transaction Screening Committee Member

Reappointed  
Independent

[Reasons for Nomination]

Ms. Ayumi Michi is asked to stand as an outside director in order to reflect in the Bank's management her expertise and experience as a lawyer as well as her broad knowledge in diversity, including gender.

February 2022 Director, Shinsei Bank, Limited (Current)

[Status of Concurrent Position]  
Attorney at Law, Waseda University  
Legal Clinic Corporation

Ownership: Common shares 0  
Attendance rate: 100%



**Masahiro Terada**

Outside Director  
Nomination and Compensation Committee Member  
Parent Company Transaction Screening Committee Member

Reappointed  
Independent

[Reasons for Nomination]

Mr. Masahiro Terada is asked to stand as an outside director in order to reflect in the Bank's management his expertise and experience as a lawyer, as well as his experience such as an in-house attorney at a financial institution, an outside audit and supervisory board member at other companies.

February 2022 Director, Shinsei Bank, Limited (Current)

[Status of Concurrent Position]  
· Partner, City-Yuwa Partners  
· Supervisory Director, Ichigo Office REIT Investment Corporation

Ownership: Common shares 0  
Attendance rate: 100%



**Kei Fujisaki**

Outside Director  
Nomination and Compensation Committee Member  
Parent Company Transaction Screening Committee Member

Newly Appointed  
Independent

[Reasons for Nomination]

Mr. Kei Fujisaki is asked to stand as an outside director in order to reflect in the Bank's management his knowledge and experience in finance obtained by assuming key positions at financial institutions.

June 2022 Director, Shinsei Bank, Limited (Current)

[Status of Concurrent Position]  
-

Ownership: Common shares 0  
Attendance rate: -



**Yurina Takiguchi**

Outside Director  
Nomination and Compensation Committee Member  
Parent Company Transaction Screening Committee Member

Newly Appointed  
Independent

[Reasons for Nomination]

Ms. Yurina Takiguchi is asked to stand as an outside director in order to reflect in the Bank's management her extensive experience in mass media including anchoring economic TV programs.

June 2022 Director, Shinsei Bank, Limited (Current)

[Status of Concurrent Position]  
Advisory Board Member, School of Engineering, University of Tokyo

Ownership: Common shares 0  
Attendance rate: -



**Shinya Nagata**

Audit & Supervisory Board Member

[Reasons for Nomination]

Mr. Shinya Nagata was asked to stand as an Audit & Supervisory Board member as he is suitable as a corporate auditor who can play a central role in all areas of corporate audit. Through his long work experience at Shinsei Bank, Shinya Nagata has gained a deep understanding of the Group's businesses, and with his extensive knowledge and experience in finance and accounting, he is able to make useful remarks and suggestions at the Board of Directors meetings and the Audit & Supervisory Board meetings.

June 2012 Audit & Supervisory Board Member (Current)  
September 2010 Executive Officer

Ownership: Common shares 3,244  
Attendance rate: 100%

(Ownership of common shares: As of May 31, 2022)

Please refer to the URL below for biography of each director.

Outside Audit & Supervisory Board Members



**Ikuko Akamatsu**

Outside Audit & Supervisory  
Board Member

Independent

[Reasons for Nomination]

Ms. Ikuko Akamatsu was asked to stand as an outside Audit & Supervisory Board member to reflect in the Bank's audit operations, her expertise in compliance and governance, etc. and to take on the promotion of diversity, as well as for her professional knowledge and experience as a certified public accountant, a certified fraud examiner as well as extensive experience as a consultant based on the aforementioned expertise.

June 2019 Audit & Supervisory Board  
Member, Shinsei Bank, Limited (Current)

[Status of Concurrent Position]

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

Ownership: Common shares 0  
Attendance rate: 100%



**Miyuki Nakagawa** Newly Appointed

Outside Audit & Supervisory  
Board Member

Independent

[Reasons for Nomination]

Ms. Miyuki Nakagawa is asked to stand as an outside Audit & Supervisory Board member in order to reflect in the Bank's audit operations her expertise and experience as a public prosecutor and lawyer, in particular her expertise in law and corporate governance and her extensive experience as outside director and outside Audit & Supervisory Board member at listed companies.

June 2022 Audit & Supervisory Board  
Member, Shinsei Bank, Limited (Current)

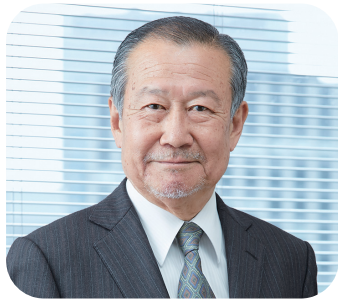
[Status of Concurrent Position]

- 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

Ownership: Common shares 0  
Attendance rate: -

(Ownership of common shares: As of May 31, 2022)

## Message from Directors and Audit & Supervisory Board Members



**Hirofumi Gomi**  
Chairman of the Board

I am Hirofumi Gomi, appointed as the Chairman of the Board of Directors.

In addition to excitement, I also feel a strong sense of responsibility, in becoming a member of a traditional bank that led Japan's post-war growth and built the foundation of the Japanese economy.

The environment surrounding the financial business has been changing dramatically. The advancement of digitalization is particularly remarkable, such that business entities that are not categorized as financial institutions are able to provide a variety of financial services safely, swiftly, and at a lower cost. Financial institutions should not merely exist as an organizational entity and, therefore, the future management of financial institutions needs to be considered based on the idea of what kind of financial function it can provide to add social value. Customers' interest is in the content of services provided, not the financial institution itself.

In this respect, there is significant potential in the Shinsei Bank Group as a member of the SBI Group. By encouraging the realization of its full potential, I will do everything in my power to foster the Shinsei Bank Group to provide value to all stakeholders.



**Katsumi Hatao**  
Director

I am Katsumi Hatao, re-appointed as a director.

I have been working at financial institutions including banks for nearly 40 years. I have been involved in this field not only in Japan, but also in Asia, the US, and Europe. As financial institutions are a part of the social infrastructure and have a strong aspect of public agency, it is a business area filled with challenges.

In January 2022, I became an advisor of Shinsei Bank, and after that, I was appointed as a director. So far, I have worked on the formulation of strategies and the medium-term management plan. Having known the Long-Term Credit Bank of Japan, the predecessor of Shinsei Bank, both as a competitor and a cooperative partner, I am convinced through the process of strategy formulation that Shinsei Bank, which retains the features and competitiveness of its past, will be able to become a leading bank of the next generation by incorporating the business base of the SBI Group.

As a member of this group, I would like to do my utmost to realize this goal.

Thank you.



**Eisuke Terasawa**  
Director

I am Eisuke Terasawa, recently appointed as a director.

Since joining the Long-Term Credit Bank of Japan, the predecessor of Shinsei Bank, in 1996, I have worked at the Bank mainly engaging in corporate planning functions.

As an internal executive director of the Board, I believe my duty is to contribute to enhancing the corporate value of the Shinsei Bank Group with innovativeness and flexibility, while acting as an intermediary between various stakeholders, including customers, shareholders, financial authorities, employees and the management team.

I will do my best in realizing the Medium-Term Vision of the Shinsei Bank Group announced in May 2022 by thoroughly taking the opportunity of the Shinsei Bank Group joining the SBI Group last year as a catalyst for the dramatic and sustainable growth of the Group.



**Yasuhiro Hayasaki**  
Outside Director

I am Yasuhiro Hayasaki, appointed as an outside director in February 2022.

Currently, I am the president of the Ricoh Institute of Sustainability and Business, Ricoh Company, Ltd. Previously, I worked at the Bank of Japan, the Financial Services Agency, and the Norinchukin Bank. During my time at the Bank of Japan, I worked to stabilize the financial system and oversaw the last period of the former Long-Term Credit Bank of Japan. I felt that my appointment as an outside director was fate.

Following the recent takeover bid, Shinsei Bank's management structure has changed significantly. Anxiety comes along with the change. Though the Shinsei Bank Group has established the new Medium-Term Vision and decided to change its corporate name, there may be many stakeholders who are concerned about whether this will go well. Nonetheless, organic uniting has already begun to emerge between the Shinsei Bank Group and the SBI Group. In addition, business opportunities are growing. The key to leverage this prospect is the mindset of executives and employees. I would like to contribute to pushing this movement forward.



**Ayumi Michi**  
Outside Director

I am Ayumi Michi, appointed as an outside director.

After working for a company for a few years, I have been working as an attorney for about 26 years.

While engaging in corporate legal affairs, I have been interested in gender, human rights and relief of vulnerable people through the judicial system.

In addition, while experiencing management of public organizations, I have come to believe that "people are the treasure for an organization" and that "the truth only lies in the actual workplace."

Assuming the position of an outside director at the Bank, which is entering an important period, is a serious responsibility. With a view to a new era, I intend to pursue synergies both within and outside the Group, effectively and in a good balance. I also would like to make every effort to make each business and workplace even more vibrant to enhance corporate value. Moreover, for each employee to fully demonstrate his or her abilities, I would like to contribute to the promotion of diversity and sustainability management within the Group.

Thank you.



**Masahiro Terada**  
Outside Director

I am Masahiro Terada, appointed as an outside director.

I have been involved in a variety of corporate legal matters as an attorney as well as have had experience as an in-house attorney at a securities firm, and therefore, I have a sense of affinity with the banking industry.

Due to its unique situation after TOB, its public nature as a bank and its social responsibility as a public fund injected bank, Shinsei Bank is required to embed high-quality corporate governance that is strictly supervised. Corporate governance is one of the areas that I have focused on as a lawyer.

When the opportunity to serve as an outside director of the Bank was proposed, I thought that the knowledge and experience I have cultivated could be a contribution to the Bank.

I, as an outside director, would like to do my best so that the new Shinsei Bank while incorporating the flavor of the SBI Group with the new management team, could demonstrate its presence as a financial innovator, improve corporate value and be recognized as a better banking group than ever before both by its employees as well as the public at large.

Thank you.





**Kei Fujisaki**  
Outside Director

I am Kei Fujisaki, appointed as an outside director. I worked at a bank for more than 30 years, and was mainly in-charge of investment in securities, risk management and business planning. I am very pleased to join Shinsei Bank this time.

Now, the recent global situation, including COVID-19 and the war, has brought the idea of various security aspects to the forefront of countries around the world as opposed to the trend of globalization that has been the common understanding so far, giving the impression of the dawn of an era of change.

This change is a challenge but also a great opportunity for the Shinsei Bank, which is tackling a variety of challenges under its new governance.

As a newly appointed director, I would like to sense the trends of change and do my utmost to contribute to the development of the Shinsei Bank Group as much as possible. Thank you.



**Yurina Takiguchi**  
Outside Director

I am Yurina Takiguchi, appointed as an outside director.

As an economic newscaster, I was in charge of stock exchange market programs and management interview programs, especially news coverage and presentations on startups, technology and innovation.

Currently, as a member on the advisory board of the University of Tokyo's Faculty of Engineering, I am working to accelerate industry-academia collaboration, providing advice on diversity and inclusion (D&I), producing and hosting official programs at the University of Tokyo for the creation of an open university. I am also researching on the social implementation of innovation and technology at a graduate school.

I feel that D&I is extremely important in corporate management. I would like to do my utmost to realize sustainability management aimed at achieving sustainable growth by stimulating constructive communication among diverse stakeholders and maximizing synergies with the SBI Group.

Thank you very much.



**Shinya Nagata**  
Audit & Supervisory  
Board Member

As a full-time Audit & Supervisory Board member, I have been monitoring the business execution of the Shinsei Bank Group before and after the transition of the management system due to the takeover bid by the SBI Group. Hence, I feel the weight of responsibility.

It is natural that stakeholders expect positive changes to emerge from new perspectives and initiatives by the new management structure and synergies with the SBI Group, and I will closely monitor these efforts to ensure that they are properly implemented.

While transitions of a management structure entail risks that might cause internal turmoil and anxiety, fortunately no confusion has occurred so far. I will continue to pay close attention to the fact that such unrest will remain at a minimum, as I am in the position to monitor before and after the transition of the management system.

In addition, though recent turbulence in the international and financial situation requires attention, I will do the utmost as an Audit & Supervisory Board member to provide further value to all the stakeholders, including minority shareholders, under the appropriate management system.



**Ikuko Akamatsu**  
Outside Audit &  
Supervisory Board  
Member

The roles and responsibilities expected of the Audit & Supervisory Board and its members are to conduct highly effective monitoring of directors from an independent and objective standpoint based on the fiduciary responsibilities to shareholders. I am the only outside officer who has experienced the time before and after the takeover bid and fulfills the term of office for the next year. Therefore, throughout the term, I will strive to play the following roles.

1. Appropriately provide opinions to the management team at Board of Directors' meetings,
2. Create an environment that encourages open discussion at Board of Directors' meetings in order to achieve sustainable growth of the Bank and increase corporate value over the medium to long term.
3. Take actions based on common interests of the Bank and its shareholders through appropriate collaboration with stakeholders.

I intend to do my best as an Audit & Supervisory Board member, so that the Board of Directors, which has welcomed new members, can work as a good team at the earliest possible point.



**Miyuki Nakagawa**  
Outside Audit &  
Supervisory Board  
Member

I am Miyuki Nakagawa, assigned as an outside Audit & Supervisory Board member. As a public prosecutor, I worked at the Public Prosecutors Office and administrative agencies for about 30 years.

Considering the public nature of banking operations in which funds are gathered from society and financed to companies and that strict regulations are implemented from the financial authorities, it goes without saying that directors of banks are required to have a high level of diligence and ethical standards. Furthermore, as "sustainability" is positioned as an important management issue, there is a need to build new financial businesses and governance systems to resolve social issues, such as environmental issues.

As society pays attention to how Shinsei Bank, which joined the SBI Group, will change and develop in the future, I am appointed as an outside Audit & Supervisory Board member and feel a very serious responsibility. But I will make every possible effort so that the new Shinsei Bank will grow and develop as a company trusted by various stakeholders.

## Special Feature

# Outside Directors' Roundtable Discussion

After the tender offer bid (TOB), the Shinsei Bank Group joined the SBI Group in December 2021 and entered into a new stage. In fiscal 2022, the Medium-Term Vision of the Shinsei Bank Group was launched. The management structure was also renewed, welcoming five new outside directors with diverse experiences. We asked for their thoughts on how to pursue synergies both within and outside the Group and to build a foundation for further growth.

## Outside Directors with diverse and extensive experiences appointed

Mr. Hayasaki, Ms. Michi and Mr. Terada were newly appointed outside directors in February this year, and Mr. Fujisaki and Ms. Takiguchi were newly appointed in June. First, please tell us about your past career and the reason for taking on the position as an outside director at Shinsei Bank.

**Mr. Hayasaki:** I currently serve as the President of the Ricoh Institute of Sustainability and Business. Initially, I worked for the Bank of Japan for a long time. In 1998, when The Long-Term Credit Bank of Japan, Limited, the predecessor of the Shinsei Bank, was facing financial difficulties and subsequently got nationalized, I was working at the Bank of Japan's Credit Organizations Office watching the Japanese financial system. At the time of the global financial crisis



**Yasuhiro Hayasaki**  
Outside Director



**Ayumi Michi**  
Outside Director



**Masahiro Terada**  
Outside Director



**Kei Fujisaki**  
Outside Director



**Yurina Takiguchi**  
Outside Director

in 2008, I was working at the Financial Systems and Bank Examination Department to deal with the aftermath of the collapse. When I was offered the position as an outside director, I felt as if it was my fate, and I should not refuse the offer. As a person who has been involved in the finance sector in Japan for a long time, I would very much like to assist Shinsei Bank move toward the next stage.

**Mr. Terada:** After working as an in-house attorney at a brokerage firm, I studied abroad at law school in the United States, and I am currently a partner attorney at a law firm. For a long time, I have been involved in corporate legal affairs, including financial M&As. Among these, corporate governance is one of the areas that I have focused on. The corporate governance is extremely important when a parent company changes due to a TOB, just as in the case of Shinsei Bank this time. I hope to do my best so that everyone can feel that joining the SBI Group was the right option.

**Ms. Michi:** After working for a company, I became a lawyer. I was interested in gender and human rights issues and

studied in the United States. There I saw the dynamism of the integration of business with human rights and the practical business with academia which made my ideas flexible. After returning to Japan, I got involved in judicial system reform. Since then, I have also been involved in the management of lawyers' associations and judicial-related organizations. I felt I'm not a right person when I heard about the offer as an outside director. I accepted the offer because I thought that I would be able to make use of my recent experience in organizational management. In my private life, I'm a mother of a daughter, and I hope I can share my experience of struggling to balance work and family life.

**Mr. Fujisaki:** I joined the Norinchukin Bank as a new graduate and worked for approximately 30 years until I retired this spring. During my time at the Bank, I experienced a variety of tasks, including investment in securities, risk management, and planning. For those who found employment right after the collapse of the Japan's bubble economy, The Long-Term Credit Bank of Japan, the

predecessor of Shinsei Bank, was known as a unique bank. I decided to take the role as an outside director because I was interested in how Shinsei Bank would develop, now that it has joined the SBI Group.

**Ms. Takiguchi:** Since joining a talent agency when I was in college, I have worked as a freelance announcer. As I oversaw economic programs for a long time, I was interested in start-up companies creating social changes. Since then I have been covering fields such as startups, innovation, and technology. On the other hand, this spring I entered the Graduate School of Public Policy at the University of Tokyo, which is also my alma mater, and began research on the social implementation of technology. I am also part of an advisory board at The Faculty of Engineering at the University of Tokyo, providing advice on D&I (diversity and inclusion). I was born in 1987, and, therefore, I am part of the generation that does not know the booming economy in Japan. I was very surprised to be given the offer among other people with extensive experience. However, I feel that Shinsei Bank is truly trying to change, and I hope that my experience can help to make a contribution.

### Reconfirmation of Resources within the Shinsei Group in order to leverage synergies with SBI

The new medium-term management plan, Medium-Term Vision of the Shinsei Bank Group, identifies three targets to be achieved in three years: "Realize 70 billion yen of consolidated net income and establish a foundation for further growth," "Evolve into a leading banking group providing pioneering and advanced finance," and "Show the path toward repayment of public funds." What do you think are the highlights in this plan?

**Mr. Terada:** I believe that achieving the target of consolidated net income of 70 billion yen in three years is in

the highest interests of stakeholders. President Kawashima has also expressed his determination to achieve these targets, and the Medium-Term Vision also sets concrete KPIs, so we will firmly monitor the management to realize these targets. In addition, it is said that synergy is necessary to realize this, but the ways in which to create this synergy will be important.

**Ms. Michi:** Out of the 70 billion yen, we expect synergy with the SBI Group to contribute around 15 billion yen, but how this can be achieved through synergy is a key point.

**Mr. Hayasaki:** Of course, synergy is important, but the first thing I was surprised by was the original high numerical target. This medium-term management plan is based on what had been considered before the TOB. Even after subtracting the 15 billion yen of synergy effect with the SBI Group, the figure is growing significantly compared with the previous medium-term management plan. This means that the Shinsei Bank Group, on a standalone basis, had considerable potential for further growth in the first place.

Furthermore, what is important in considering synergies with the SBI Group is that there are a variety of subsidiary companies in the Shinsei Bank Group. We hear a number of names such as Lake and APLUS at the Board of Directors meetings. The 70 billion yen target can be achieved through the collaboration of the SBI Group and the Shinsei Bank Group as a whole with a diverse range of companies.

**Ms. Michi:** President Kawashima also often emphasizes the need to collaborate across the Group companies, but the first step will be to share various resources within the Shinsei Bank Group and seek to collaborate. Beyond that, I think a synergy with the SBI Group will emerge. Rather, by considering the synergy with the SBI Group, it is also an opportunity to reexamine the synergy within the Shinsei

Bank Group itself.

**Ms. Takiguchi:** I am also paying attention to the amount of net income after deducting the 15 billion yen from the synergy effect. I feel that the number is quite a high hurdle, even if we refine our existing businesses, but I believe that with the existence of the SBI Group, the Shinsei Bank Group will be able to revitalize itself.

I feel that the transformation of the corporate culture would become that driver. I think it will grow greatly when D&I is also realized.

### The amount of deposits to be one of the criteria to capture an expanding customer base

**Mr. Fujisaki:** From my experience in banking, I frankly feel that achieving a net income of 70 billion yen in three years is not easily attainable number. Of course, it is not impossible, but it is a very challenging goal.

What becomes important is mindset. At this time, when company shareholders change and governance changes, it is again the time to turn our mindset to "show a path toward repayment of public funds," and to raise profits in order to do this.





Practically, I think the key to realize this is the amount of deposits. The Medium-Term Vision indicates that we will greatly increase the deposits and the number of accounts, but I believe that will show whether or not we are gaining the confidence of individual customers. I believe that this will be a tangible result for employees as well. Of course, under the negative interest rate policy, increasing deposits do not lead to much profit. However, with the addition of the SBI Group's customer base, it is important to expand the balance sheet and business activities. In addition, if interest rates rise, deposits will also become an asset.

**Ms. Michi:** What kind of strategies are required to increase deposits?

**Mr. Fujisaki:** In addition to steady sales activities, a combination of incentives such as applying special interest rates on deposits as a campaign or adding benefits if customers introduce families or friends could be options.

**Mr. Terada:** I understand that now we are able to provide an opportunity for the SBI Group's approximately 40 million customers to engage in sales activities.

**Ms. Takiguchi:** Statistics show that the COVID-19 disaster has triggered a growing interest among younger people to finance and asset management. In fact, the increase in home

hours due to remote work has also led to an increase in the number of online investment customers. How Shinsei Bank can exist with the lifestyles of these people becomes a key. I think it's necessary to devise ways to increase that touch point, such as by using the Internet.

**Mr. Hayasaki:** Especially around the early 2000s, there was a time when Shinsei Bank was attracting many people by developing new technologies and services ahead of others. I wonder if we can do that again here.

**Mr. Terada:** In addition to attractive interest rates, I hope that by launching new services and expanding the range of services, we will be able to take in more of the younger generation who will be able to use the Shinsei Bank Group in the future.

### Everyone plays a leading role in the transformation for rebirth once again

What do you expect for Shinsei Bank?

**Mr. Hayasaki:** A new management structure started as a result of the TOB, and the new parent company, the SBI Group, is also pursuing the same goal to contribute to customers and raise the value of Shinsei Bank. There will be more options for things that can be done. However, it is important that everyone makes an effort to do what they want to. The management team, including us and the executive directors, is also working towards the same goal.

**Ms. Michi:** I think that the truth lies at the actual workplace. As I mentioned earlier, I think that also depends on how each employee can create a synergy as a task for themselves. For this reason, I would like to encourage employees to express their opinions more to the executives.

**Ms. Takiguchi:** Organizations that emphasize diversity tend to achieve higher results than organizations that do not, but there is a finding that it is difficult for the employees

in such organizations to initially feel that results have been achieved. Conversely, I hear that the feeling that things are not going well leads to movements to strive for higher results. Therefore, even if things seem to not go well at first, I think that may be the sign that things are moving in a good direction, and I hope that the employees will communicate among themselves throughout the process.

**Mr. Fujisaki:** I feel that socioeconomics in general is now reaching a historic turning point. In the future, we will enter a world that no one has ever experienced with this new structure. I would like to see people taking on a challenge that is not just an extension of the past, but with a free mind. I would like to contribute to that as much as possible.

**Mr. Terada:** The company name will change to "SBI Shinsei Bank Limited," but the fact that the name "Shinsei"\* has remained should be considered. As the name suggests, I hope that the entire Group will be able to embody once again rebirth and move towards the next step.

\* *Shinsei*, in Japanese, means "new birth."



## Corporate Governance

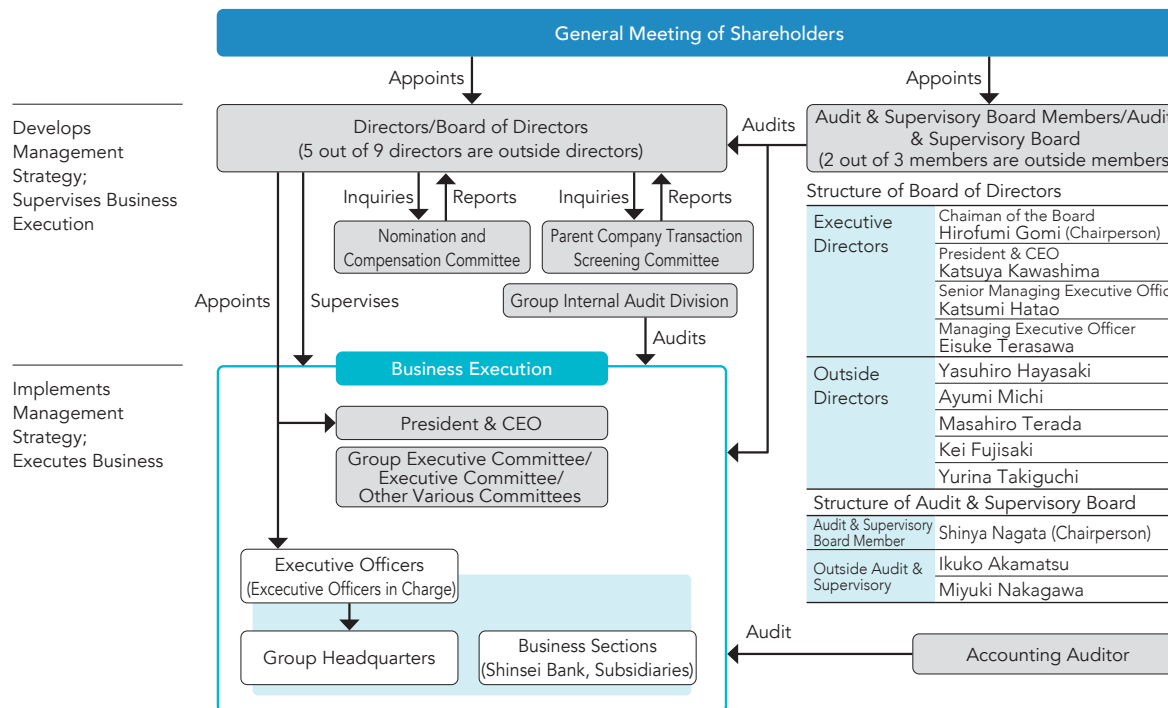
### Corporate Governance of Shinsei Bank

Shinsei Bank recognizes the enhancement of Shinsei Bank Group's corporate governance as one of the most important management issues for realizing its management philosophy and has established a corporate governance system as a company with an Audit & Supervisory Board. Through this system, 1) the Board of Directors, the highest decision-making body for management, decides on the basic policies of the company, including the medium-term management plan and the annual plan, to demonstrate a major direction for the Bank and to create an environment that supports appropriate risk-taking by senior management and 2) the Audit & Supervisory Board Members and the Audit & Supervisory Board, which are independent from both the business execution and the Board of Directors, are responsible for auditing the Board of Directors. In this way, the Bank intends to realize effective management decision-making and business execution, as well as establish a corporate governance system that has efficient organizational checks and balances.

Shinsei Bank's Board of Directors consists of nine directors: four full-time directors who are directly responsible for the execution of the Bank's businesses and five outside directors who primarily supervise the Bank's business execution.

The current outside directors are a balanced group of executives who bring to the Bank their extensive experience and expertise in a range of fields, including domestic and overseas financial businesses, legal affairs/ governance, and the fields of risk management, real estate business, and mass media. Backed by this experience and expertise, the outside directors express their opinions independently and

### Corporate Governance Structure (as of June 22, 2022)



objectively, while fulfilling their roles providing advice and oversight for executives performing their duties. Regarding transactions with parties such as directors, the Bank conducts checks to avoid conflicts of interest and to maintain the fairness of transactions, and, when necessary, uses an established framework for deliberating on these transactions in Board of Directors' meetings and then conducts any necessary follow-ups. In addition, from the perspective of governance in the ESG management philosophy, the Bank has concluded that to improve the Bank's accountability for stakeholders, including shareholders, it is necessary to further enhance objectivity and transparency of the Board of Directors' functions related to the appointment

of candidates for directors and decisions on directors' remuneration. In March 2019, the Bank established a voluntary Nomination and Compensation Committee to further increase the objectivity and transparency of the functions of the Board of Directors. In addition, as Shinsei Bank became a consolidated subsidiary company of the SBI Group in December 2021, the Bank established the Parent Company Transaction Screening Committee in March 2022, to demonstrate a more prudent management system for conflict-of-interest transactions between the Bank or its subsidiaries and its parent company or group companies of the parent company from the viewpoint of protecting the interests of minority shareholders.

## Policy for Operation of the Board of Directors

The Bank holds strategy sessions to intensively discuss selected agenda items in addition to the six periodic Board of Directors' meetings. In fiscal 2021, the Bank held strategy sessions that mainly discussed issues relating to human resources, productivity improvement and business strategies in formulating and considering the medium-term management plan in November 2021. In these sessions, directors and Audit & Supervisory Board members posed numerous questions, comments, and suggestions from a broader perspective in relation to the explanations by executive directors.

Moreover, to ensure the sharing of their independent viewpoints as well as to share detailed information regarding business execution with each of the outside directors, the Bank holds regular meetings attended only by the outside directors themselves.

The majority of the Bank's Board of Directors are presently composed of outside directors (five of the nine directors are outside directors), ensuring objective and transparent discussions for appointment of candidates for directors and decisions on the directors' remuneration system and their specific remuneration levels. The Nomination and Compensation Committee comprises only outside directors. The committee consults with the Board of Directors

and deliberates on the content of General Meeting of Shareholders proposals regarding the appointment and dismissal of directors, on matters concerning the appointment and dismissal of representative directors, succession planning and on matters concerning the compensation of directors and reports its findings back to the Board of Directors. In addition, the Parent Company Transaction Screening Committee, similar to the Nomination and Compensation Committee is composed of all independent outside directors, are to express their opinions and refer matters to the Board of Directors, regarding any potential conflict-of-interest transactions with its Parent Company Group.

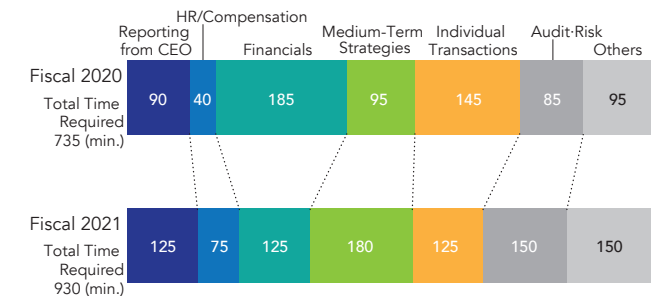
To fulfill its accountability towards stakeholders, Shinsei Bank will make efforts to continually strengthen its corporate governance framework.

### Annual Schedule for the Board Meetings

May	Regularly scheduled Board meeting (on financial results, AGM* related materials, audit reports, etc.) Nomination and Compensation Committee
June	Regularly scheduled Board Meeting (held after AGM ends, appointment of President, etc.) Nomination and Compensation Committee
September	Regularly scheduled Board meeting Nomination and Compensation Committee
November	Strategy Session Regularly scheduled Board meeting (on interim financial results, etc.)

### Classification of Agenda and Time Required for Each Agenda

At the strategy sessions in fiscal 2021, the Bank discussed human resources, productivity improvements, and business strategies (totaling 375 minutes).



\* Compliance, system-related agenda items are included in Audit, Risk

January	Regularly scheduled Board meeting
February	Extraordinary scheduled Board meeting (held after EGM** ends, appointment of President, etc.) Nomination and Compensation Committee
March	Regularly scheduled Board meeting (discussion on new medium-term management plan etc.) Parent Company Transaction Screening Committee Nomination and Compensation Committee

\* Annual General Meeting of Shareholders

\*\* Extraordinary General Meeting of Shareholders

Note; In addition to the above, the Extraordinary Board Meetings regarding TOB related agenda items were held twice in October 2021.

## Directors and Executive Officers Compensation Scheme

The Bank's Board of Directors, which is comprised of a majority of outside directors, determines the introduction and level of executive remuneration within the total amount of executive remuneration approved at the General Meeting of Shareholders. In addition, the Nomination and Compensation Committee, which consists of all outside directors, has been voluntarily established as an advisory body to the Board of Directors. The committee deliberates matters related to the compensation of full-time and outside directors based on consultations with the Board of Directors and reports to the Board of Directors.

### Policy on Determining Compensation

- Appropriate incentives are provided to advance the Group's business and realize the medium- to long-term Group management principles.
- Reflecting on the roles and responsibilities of each director and executive officer, directors and executive officers share the same view on shareholder value by holding the Company's shares over the long term.
- The scheme will curb excessive risk-taking and contribute to ongoing sound management as a financial institution.
- The plan incorporates a compensation system that provides incentive to further increase corporate value considering its share price.

Types of Compensation	Content of Compensation	Composition of Compensation (reference)	
		Full-time Directors	Outside Directors
Basic Compensation	Fixed compensation is paid monthly according to full-time or part-time, position and responsibilities	60%	80%
Restricted Stock Compensation	Determined according to the position and responsibility shares of the Bank shall be paid at the time of the election of each officer	15 - 20%	20%
Stock Option Compensation	Calculated based on four months' worth of basic compensation by a formula with the rate of change in the Bank's stock price, the performance of the Bank's stock price relative to the stock price of the banking industry, and the rate of change in the Bank's net assets as coefficients for the previous fiscal year. Granted after settlement of performance in the previous fiscal year	20 - 25%	–

### Compensation System for Directors

Compensation for full-time directors is composed of basic compensation (fixed compensation), stock options and restricted stock awards as medium-to long-term incentive compensation, and the compensation for outside directors are composed of basic compensation (fixed compensation) and restricted stock compensation.

With respect to restricted stock compensation and stock option compensation, the Bank provides for the waiver by directors and free-of-charge acquisition by the Bank in the event of certain events among directors.

### Process for Determining Compensation Amount

Compensation amounts for directors and executive officers reflect on the content of the Bank's current Plan

for Restoring Sound Management and are determined by the Board of Directors taking into consideration the recommendations of the Nomination and Compensation Committee who deliberate on compensation amounts within the scope of compensation amounts determined at each general meeting of shareholders. In addition, the Board of Directors has an internal control system that is audited by the Audit & Supervisory Board meeting.

At the Nomination and Compensation Committee, which was established on March 20, 2019, is composed of all outside directors, the agenda is resolved by a majority of the members present. Audit & Supervisory Board members also attend the Nomination and Compensation Committee. The Nomination and Compensation Committee was held six times within the fiscal year.



### Total Maximum Amount of Compensation for Directors

- (1) Total maximum amount of compensation for directors (including outside directors): Up to ¥230 million per year (of this amount, ¥60 million for outside directors)
- (2) Maximum amount of allotment of restricted stock for full-time directors: Up to ¥25 million per year, within the total maximum amount in (1) above  
Maximum amount of restricted shares for outside directors (introduced in fiscal 2020): ¥15 million per year out of the total maximum amount in (1) above  
The transfer restriction period is determined in advance by the Board of Directors for a period between three and five years after the allotment date of the allocated

shares to fulltime and outside directors.

- (3) Maximum amount of allotment of equity remuneration type stock options for full-time directors: Up to ¥75 million per year, separate from the total maximum amount in (1) above

### Audit & Supervisory Board Members / Audit & Supervisory Board

Shinsei Bank's Audit & Supervisory Board has one full-time member who has extensive business experience at the Bank and is knowledgeable in finance and accounting and two outside members, one of whom is an attorney and the other is a certified public accountant.

By applying the expertise from their respective fields of specialization and their knowledge of corporate governance and diversity, the Audit & Supervisory Board, which is fully independent from the Board of Directors, audits of the performance of the business execution of directors. In addition, both outside Audit & Supervisory Board members are experienced as external directors of other companies, and, by drawing upon their experience, they are able to provide views with greater objectivity from a position of greater independence, resulting in enhanced effectiveness of the Audit & Supervisory Board's auditing activities. Audit & Supervisory Board members not only personally conduct audit activities such as attending key meetings, such as Executive Committee meetings, and Board of Directors' meetings, they also review key documents and conduct interviews with directors, executive officers, and accounting auditors. Through cooperation with internal control sections such as the Group Internal Audit Division and utilizing staff of the Office of Audit & Supervisory Board Members they systematically and efficiently audit the state of the business execution of the entire Shinsei Bank Group, including the Bank and all its subsidiaries.

### Total Amount of Compensation etc. by Category, Total Amount by Type of Compensation etc., and the Number of Eligible Persons (from April 1, 2021 to March 31, 2022)

Compensation for executive officers is comprised of a fixed compensation component as basic compensation, a bonus component based on the single year's performance as short-term incentive compensation, and restricted stock compensation as medium- to long-term incentive compensation.

Categories	Total amount of compensation etc. (millions of yen)	Total amounts by type of compensation etc. (millions of yen)					Number of eligible persons
		Fixed compensation	Equity remuneration type stock options	Restricted stock compensation	Retirement benefits	Non-monetary reward among the left	
Directors (excluding outside directors)	121	74	33	13	–	46	6 (Of whom, 3 has already resigned)
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	21	21	–	–	–	–	1
Outside directors and outside Audit & Supervisory Board members	88	69	–	11	8	11	11 (Of whom, 5 has already resigned)
Total	231	165	33	25	8	58	18 (Of whom, 8 has already resigned)

- Notes: 1. Amounts have been rounded down to the nearest unit.  
2. Within the categories above, there are two directors who serve concurrently as executive officers.  
3. Non-monetary reward includes equity remuneration type of stock options and restricted stock compensation.  
4. Based on the resolution passed at the 15th Annual General meeting of Shareholders held on June 17, 2015, the Bank paid 8 million yen as retirement benefit to three Directors who resigned and retired on February 8, 2022.

### Activities of Audit & Supervisory Board Members in Fiscal 2021

	Board of Directors meetings	Audit & Supervisory Board meetings
Number of meetings held	9 times	12 times
Attendance rate	100%	100%

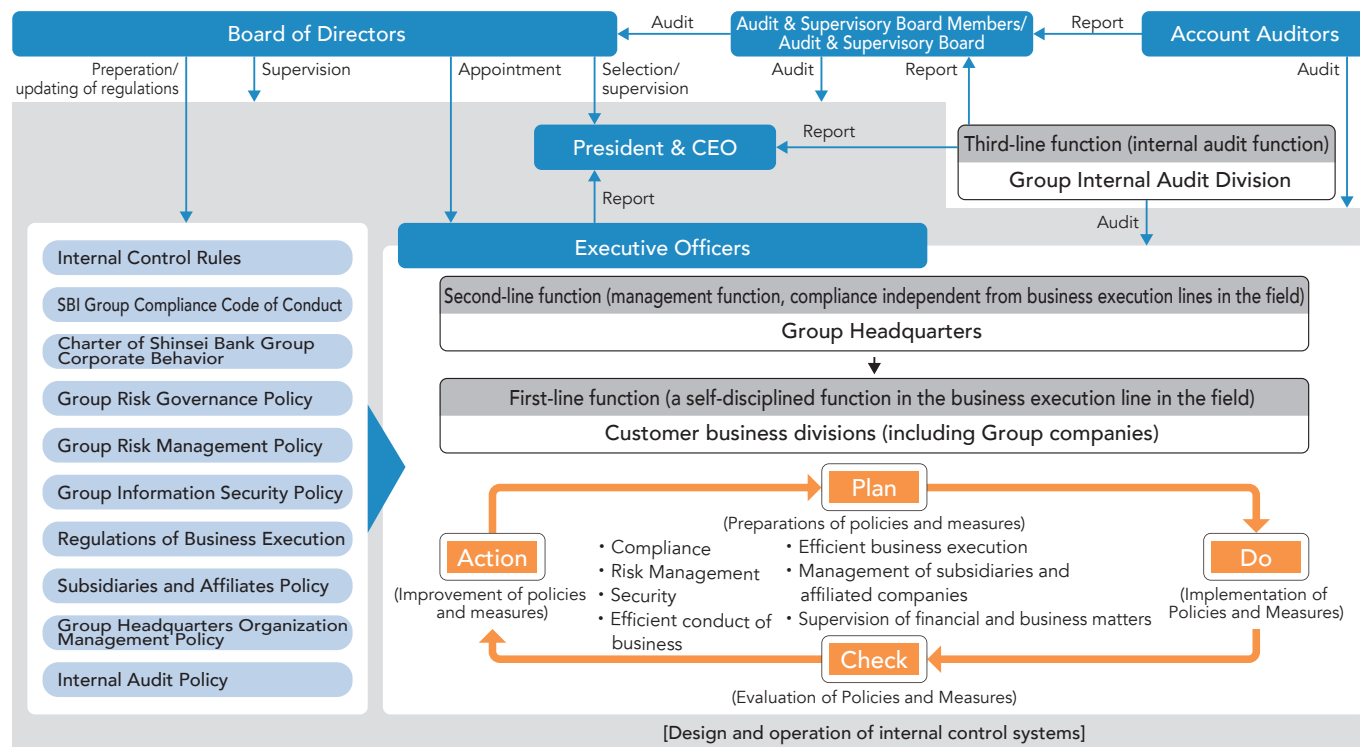
## Internal Control

For corporate governance to function effectively, in addition to creating business execution oversight and decision making frameworks around the Board of Directors, it is also necessary to put into place the framework for effective operations, such as internal audits and compliance.

Additionally, the creation of internal control systems as required by the Corporation Act or internal controls that ensure the accuracy of financial reports as required by the Financial Instruments and Exchange Act is also a crucial element in a properly functioning corporate governance structure. While the management is responsible for ensuring the implementation of such internal controls, the proper function of overall internal controls can be ensured by installing detailed internal control frameworks within the divisions executing business operations.

Shinsei Bank's basic policy governing internal control systems has been put in place to ensure the propriety and efficiency of day-to-day operations and is defined in the Internal Control Rules determined by the Board of Directors, and, furthermore, the adequacy of internal control systems is reviewed annually by the Board of Directors. The Internal Control Rules clearly state that (1) the internal control system has a self-disciplined function in the business execution line in the field (first-line) a management function, such as compliance independent from business execution lines (second-line) and an internal audit function

### Internal Control Framework



independent from these functions (third-line) (2) the Board of Directors shall receive timely and appropriate reports from the second-line and third-line functions to grasp and deal with serious risks and problems appropriately and shall periodically review the key policies and controls. Under this regulation, the SBI Group Compliance Code of Conduct, Group Risk Governance Policy, Risk Management Policy, Group Information Security Policy, Regulations

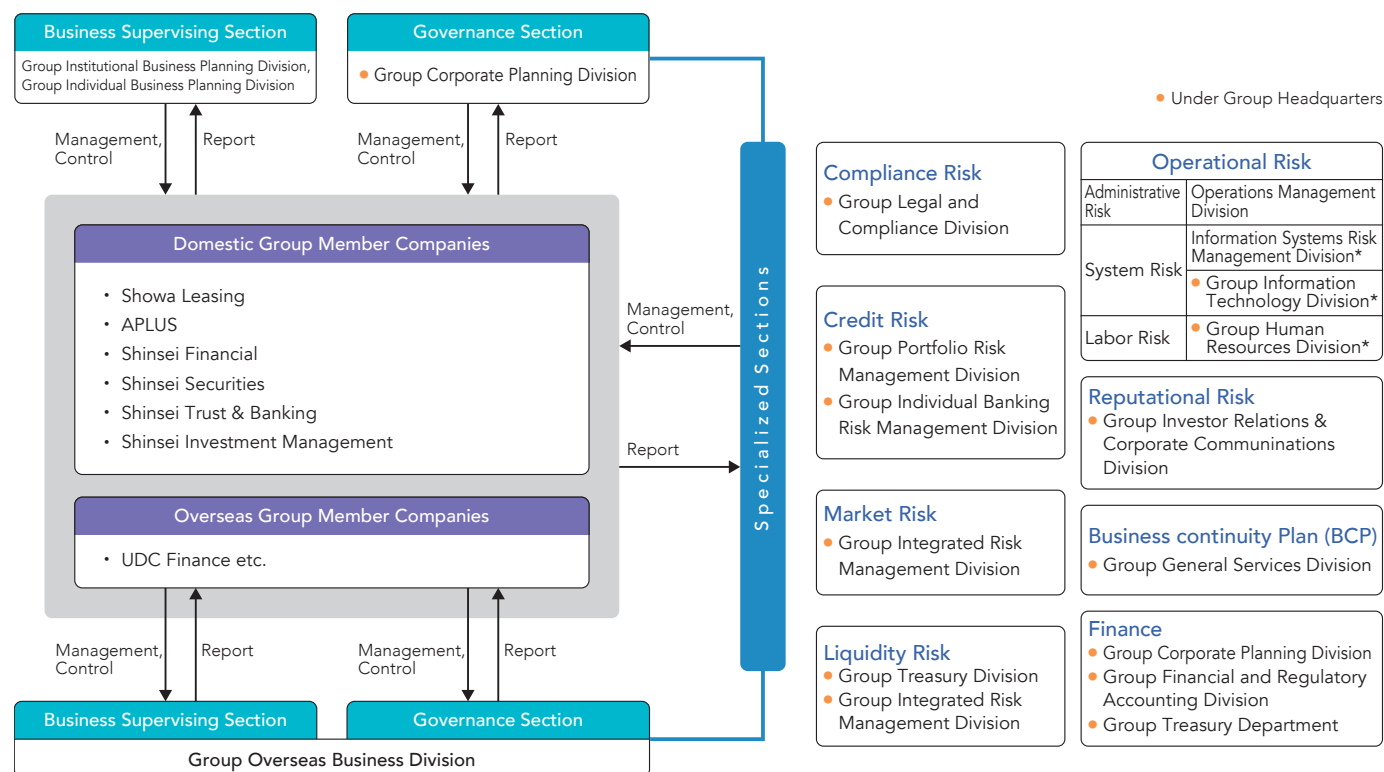
of Business Execution, Subsidiaries and Affiliates Policy, Group Headquarters Organization Management Policy and Internal Audit Policy are established as the underlying rules. In addition, by improving the system for ensuring the effectiveness of the audits by Audit & Supervisory Board members, we are striving to ensure the propriety, transparency, and efficiency of operations throughout the entire Group, including subsidiaries.

Furthermore, we are striving to create systems to block relationships with antisocial forces and ensure the propriety of operations, including establishing the Charter of the Shinsei Bank Group Corporate Behavior to prevent relationships with antisocial forces. With regard to internal control over Group companies, from April 2017, the indirect functions of major Group companies have been consolidated at the Group Headquarters in Shinsei Bank and managed centrally based on the Banking Law, the Companies Act and other related laws to the fullest extent. Under this system, matters related to business activities and internal management of subsidiaries and affiliates are regularly reported to the Group Executive Committee, and important matters related to the management of subsidiaries and affiliates are discussed at and reported to the Group Executive Committee and other important committees organized by the Group Headquarters. In April 2021, we revised the policies for subsidiaries and affiliates to ensure

required management for recently increasing joint ventures and overseas Group companies, and clarified the roles and responsibilities of related departments, including business divisions and Group Headquarters, while categorizing Group

companies. Through the development of this system, we will further enhance the management system of the entire Group, including subsidiaries and affiliates.

■ Group Internal Control Support Framework (as of June 22, 2022)



\* The specialized sections of each risk area identify and measure the potential risks in corporation with the controlling division (Group Integrated Risk Management Division)

## Executive Officers

To ensure agile day-to-day business operations, the business operations are split into basic units called “divisions,” and under the direction of the President and Chief Executive Officer. Executive officers are appointed by the Board of Directors and they are responsible for their respective divisions as executive officers.

We have consolidated indirect functions such as human resources and finance that had been located in each Group company within the Bank’s Group Headquarters as much as possible under the Banking Act, the Companies Act, and other laws and ordinances, and are working to increase the level of sophistication and productivity of operations on a consolidated basis.

In addition, as bodies that support the President and Chief Executive Officer in making decisions regarding the execution of business, the Bank has established a Group Executive Committee and an Executive Committee, both comprising Executive Directors, Bank’s Group Headquarter officers, and others. In addition, by establishing various committees that handle technical matters as a complement to the Group Executive Committee and the Executive Committee, the Bank has put in place a framework for making decisions after adequate deliberation and verification based on the nature of the matter at hand.

### ■ Group Executive Committee, Executive Committee and Other Important Committees

Name	Main Purpose
Group Executive Committee	The President’s decision-making body for day-to-day business execution at the Group level
Executive Committee	The President’s decision-making body for day-to-day business execution for Shinsei Bank, Limited
Group ALM Committee	Negotiate, formulate policies and make decisions concerning medium- and long-term Asset and Liability Management
Group Compliance Committee	Communicate, coordinate and make decisions on the Group’s compliance posture and on matters relating to compliance
Group Risk Policy Committee	Discuss the risk operation policy and management framework for the Group’s portfolios, and the Group’s approach to major portfolios, sectors, products and so forth
Group IT Committee	Discuss, coordinate and resolve the Group’s IT strategies and governance issues
Group Business Continuity Management Committee	Discuss, coordinate and make decisions across divisions to advance reforms to the Group’s business continuity structure
Group Basel Committee	Discuss, coordinate and make resolutions on matters concerning regulatory capital, with a focus on Basel regulations
Group Management Development Committee	Discuss, coordinate and make decisions about the Group’s HR system and related measures, etc.
Group New Business/ Product Committee	Conduct due diligence on each new business and service proposal across the Group and make decisions, and conduct due diligence on strategic investment proposals
Group Sustainability Committee	Discuss, coordinate and resolve the issues relating to promotion of sustainability management
Doubtful Debt Committee	Promptly inform top management about significant bad debt exposure, and make decisions on write-offs and other matters concerning sale of debts, debt forgiveness and so forth
SME Loan Committee	Through discussions on the business policy and challenges for the entire institutional banking business, take initiative in bank-wide efforts to achieve SME loan goals set in the Revitalization Plan

## Internal Audit

The Group Internal Audit Division (GIAD) of the Bank makes regular direct reports regarding the results of audits and the status of GIAD activities to the President and the Audit & Supervisory Board. The GIAD supports the President in his responsibility for controlling business execution, in particular for establishing an effective system of internal controls, and also supports the Audit & Supervisory Board in their responsibilities for audit and supervisory activities, in particular for monitoring the system governing internal controls and its operation. The GIAD provides independent and objective assessments of the effectiveness of risk management, control and governance processes, the reliability of information and information technology systems, and compliance with statutory, legal and regulatory requirements, as well as provides solutions to management.

The GIAD is independent of all organizations subject to internal audits, as well as being independent of day to day operational activities and control processes, including regular preventive and detective controls. The GIAD utilizes a risk-based audit approach and creates a comprehensive risk assessment by combining a macro risk assessment, assessing risk from the perspective of the Banking Group as a whole, together with a micro risk assessment, assessing

risk from an individual business level. Audit resources are prioritized to businesses or processes perceived to have relatively higher risk.

The GIAD has enhanced its off-site monitoring activities by attending key management meetings, reviewing internal control documents and holding regular meetings with senior management.

The GIAD also takes initiatives in developing internal auditors' expertise, in particular, by strongly encouraging staff to obtain professional certifications such as the Certified Internal Auditor and Certified Information Systems Auditor qualifications. While the GIAD pursues the development and introduction of new audit techniques, it also recognizes the importance of maintaining fundamental skills necessary to perform its audit-related duties.

The GIAD has integrated internal audit functions within the Bank and major subsidiaries, and conducts internal audit activities in an integrated manner across the Bank group. By receiving regular quality assessments carried out by a third-party organization of the Group internal audit activities, we are able to identify opportunities for improvement from an objective viewpoint.

## Legal and Compliance Activities

### Compliance Framework and Activities

The Group Compliance Committee established in the Group Headquarters, Group Legal and Compliance Division and compliance supervisors (general managers) and compliance managers assigned to divisions, branches and departments in key Group companies, including Shinsei Bank, constitute the main elements of the Shinsei Bank Group's compliance framework. The Group Compliance Committee, chaired by the officer of the Group Legal and Compliance Division, reports on and discusses the basic policy for the compliance framework spanning the entire Group as well as compliance-related issues.

There are compliance officers within the Group Legal and Compliance Division, and in addition to providing support and guidance for compliance promotion activities performed by compliance supervisors and compliance managers, these compliance officers prepare an annual Group compliance program, set rules, provide training, and so on.

### Anti-Corruption and Anti-Bribery Measures

Shinsei Bank endorses the United Nations Global Compact (UNGC) and continues its efforts to prevent corruption, as one of its principles. The Group Sustainable Management Policy also specifies "anti-corruption and anti-bribery."

### Whistleblower System

Shinsei Bank has established a compliance hotline system. Under this system, executives and employees of the Bank can report on violations of laws or ordinances, or matters in which there are suspicions of such violations.

If a report is made, the matter is reported to senior management, a team is organized to investigate the issue, and necessary corrective and recovery measures are implemented.

The Bank prohibits whistleblowers from being subject to unfavorable treatment due to the fact that they made a report, and the Group Legal and Compliance Division later follows up to make sure that the whistleblower has not been treated unfavorably. Other Group companies have also established similar internal whistle-blowing systems.

### Compliance Hotline

- Three investigation teams
  1. Group Legal and Compliance Division
  2. Full-Time Audit & Supervisory Board Member
  3. Outside Law Firm
- Information on the internal whistleblower system is provided through internal rules and the Company's intranet

### Measures against Money Laundering and Provision of the Financing of Terrorism

The Shinsei Bank Group has “Policy on Anti-Money Laundering and Countering the Financing of Terrorism” and has positioned combating money laundering and the provision of funds to terrorist organizations as one of the most critical issues, and works to establish a Groupwide framework for doing so under the leadership of management. Using a risk-based approach outlined in Mutual Evaluations of Japan by the Financial Action Task Force (FATF), the Group is reducing risk by implementing individual measures to combat the Shinsei Bank Group’s particular risks that have been identified and evaluated and working on more effective measures. It is our top priority to eliminate risks of money laundering and the financing of terrorism by assessing the effectiveness of countermeasures and providing continuous effort on reviewing the measures.

### Legal Supervision

Violations of any laws and ordinances that the Bank and each Group company are required to abide by carries the risk of severe repercussions not only to our credibility and reputation as a financial institution, but to the credibility and functionality of the overall banking system itself. In the case of individual transactions, there exists a risk that we may become embroiled in a dispute and face unexpected claims for damages. Prevention and proper management

of these legal risks are a crucial function within the day-to-day operations of today’s banking groups. Shinsei Bank has established the Legal Department within its Group Legal and Compliance Division that presides over such legal affairs, including compliance with corporate and transactional laws, legal documentation and litigation supervision, and, through this specialized support, we work with legal officers in all Group companies and, on a Group basis, aim to prevent and manage any legal risk and support our compliance posture from a legal standpoint.

### Business Continuity Plan (BCP)

We have formulated Business Continuity Management Policy and Business Continuity Plan to ensure the continuity of important operations and the smooth fulfillment of our responsibilities to customers and society in the event of an earthquake, typhoon, or other disaster, damage from terrorism or crime, or an outbreak of an infectious disease. We are taking actions on the Novel Coronavirus infection based on the Policy and the Plan. The Business Continuity Plan and its operating procedures are regularly reviewed, and employees undergo regular education and training.

### The Shinsei Bank Group Policy on Anti-Money Laundering and Countering Financing for Terrorism (AML / CFT)

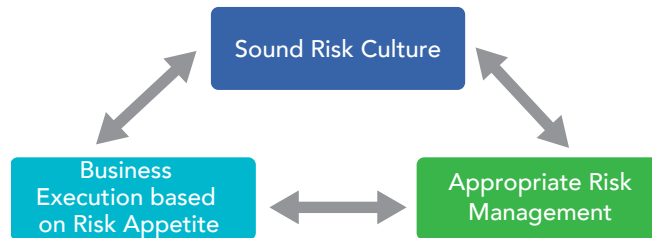
1. Risk assessment	Specify and assess the risk of money laundering and financing for terrorism at each company based on the concept of the risk-based approach, while paying attention to laws, ordinances, and other rules in Japan and documents issued by the Financial Action Task Force (FATF), the Basel Committee on Banking Supervision, and other international organizations. Take risk mitigation measures that are appropriate for the risk being addressed. Regularly examine the effectiveness of risk identification and assessment practices and risk mitigation measures and review them as needed.
2. Customer identification and due diligence	Conduct customer identification before entering into transactions pursuant to relevant laws and ordinances, practice proper customer due diligence, and endeavor to eliminate inappropriate transaction relationships with customers including those with antisocial forces.
3. Transaction monitoring, customer screening, and reporting of suspicious transactions	Give the authorities a suspicious transaction report immediately if a transaction is judged to fall under suspicious transactions based on an abnormality found in the customer identification process conducted before entering into a transaction or during transaction monitoring or customer screening or based on a report made by business promotion divisions / branches.
4. Targeted financial sanctions and asset-freezing measures	Eliminate transaction relationships with the parties that are subject to targeted financial sanctions and appropriately take asset-freezing and other measures pursuant to domestic and overseas regulations and so forth.
5. Management of customers with correspondent contract	Appropriately collect information on customers who have entered into a correspondent contract with the Bank and assess their AML / CFT frameworks. Shinsei Bank and its customers who have entered into a correspondent contract with the Bank are prohibited from having transactions with shell banks and from having transactions using through accounts with a strong level of anonymity.
6. Training for officers and employees	Endeavor to provide guidance and training to officers and employees to deepen their knowledge and understanding of AML / CFT measures and to equip them with expertise and to ensure their suitability according to their roles.
7. Continuous improvement	Regularly check the effectiveness of AML / CFT frameworks and endeavor to keep improving them based on the results of such checks.

## Risk Governance

### Basic Concept

Risk governance is a self-discipline for sustainable control of risks by properly defining and having it function as a way of supervision and execution by the Board of Directors and management, and it is an important area in the corporate governance of financial institutions.

#### ■ Conceptual Diagram of Risk Governance



The Shinsei Bank Group has established a Group Risk Governance Policy, which outlines the concept of governance based on a sound risk culture, business execution based on risk appetite, and appropriate risk management. In general, for financial institutions to earn stable profits, they need to take risks while clarifying their risk appetite, as well as appropriate risk management framework to support this. These are the aggregation of

the judgments and actions of individual employees and are strongly affected not only by rules and regulations, but also by the values and cultures of the organization. We believe that risk governance initiatives require a bird's-eye view of all elements.

We have worked diligently to upgrade our risk management and continue to make ongoing efforts to develop a system commensurate with the risks we face. At the same time, we have focused on building a system for appropriate business execution based on our risk appetite, and have developed an integrated management framework based on our risk appetite and consistency of financial plans. Furthermore, as a member of the SBI Group, we are continually working to foster a sound risk culture based on our management philosophy. We believe that risk governance is an important premise as appropriate risk-taking generates returns as expected

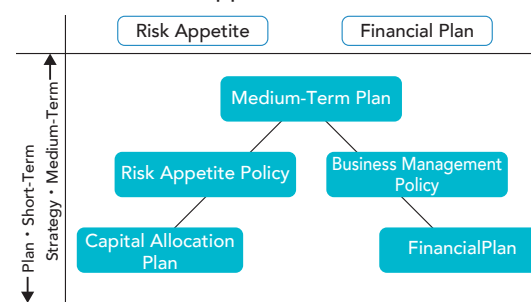
and, in turn, aims to improve financial indicators under the sound risk culture.

### Business Execution Based On Risk Appetite

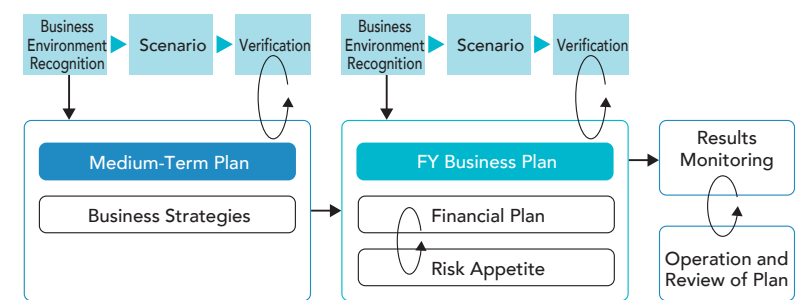
Risk appetite is commonly referred to as the risk appetite framework. The Shinsei Bank Group focuses on the consistency of risk appetite and financial planning as a key premise. By operating the existing functions related to both in an integrated manner, we have established a system that aligns the intentions of the Board of Directors with the execution of management on risk appetite.

The risk appetite and the financial plan are detailed and embodied based on business-line-specific strategies and tactics based on the medium-term management plan. The Shinsei Bank Group has formulated a Risk Appetite Policy, which documents risk appetite with

#### ■ Conceptual Diagram of the Relationship between Risk Appetite and Financial Plan



#### ■ Conceptual Diagram of Integrated Management





appropriate detail. The policy is approved by the Board of Directors to clarify the Group's risk appetite behind the financial plan. We are strengthening the medium-term management of the risk appetite by utilizing quantitative indicators. In addition, as a way of quantifying risk appetite on a uniform scale, we have formulated a capital allocation plan that assigns the capital to be used by each business line and conduct strict budget and actual management.

To ensure consistency between the risk appetite and financial plans, the basic operation is to verify the financial plans through multiple methods, such as scenario analysis, and monitor them during the period

from the viewpoint of risks related to the fundamentals of management, such as capital, liquidity, and earnings fluctuations. Whenever it is found that excessive risk taking has occurred, or when there is doubt about the feasibility of the plan, we have established a system to review it as necessary. The Shinsei Bank Group has established the Group Risk Policy Committee as a consultative body for the management team's risk appetite. At the same time, the Committee emphasizes close communication among sections involved in promoting and controlling risk-taking, and is one of the key concepts in an integrated management framework.

Risk-taking activities through business execution are

pursued in accordance with the financial plan, but at the same time, we must follow our risk appetite. We believe that achieving our financial objectives is justified as a result of the risk-taking activities in line with our risk appetite. For this reason, we disclose an outline of our risk appetite policy in order for our stakeholders to understand it.

## Risk Culture

A sound corporate culture is one of the fundamental components of appropriate corporate governance. We have established the Shinsei Bank Group Code of Conduct under the SBI Group's management philosophies and code of conduct. We assume that we act in accordance with the Code of Conduct, and our risk culture is based on the values that serve as the principles of action when confronting risks. In general, scandals and loss incidents have various direct causes.

In light of the underlying causes of these incidents, it is extremely important to foster a sound risk culture. Taking the opportunity of becoming a member of the SBI Group, we are reevaluating our organizational culture and working to foster a sound risk culture.

### Shinsei Bank Group Risk Appetite Policy

As a member of the SBI Group, the Shinsei Bank Group will share its management principles and pursue the maximization of corporate value by thoroughly implementing the "Customer-centric Principle" and quickly capturing new trends in society and striving to create more innovative services and businesses based on the newly formulated medium-term management plan, the "Medium-Term Vision of the Shinsei Bank Group".

We will strive to achieve growth by expanding our customer base and improving the earning capacity by pursuing synergies with the Shinsei Bank Group and the SBI Group companies, along with companies outside the Group, while accurately grasping and considering the specific risks and new forms of risks inherent in our value co-creation strategy.

With particular attention to the prolongation of COVID-19, soaring resource prices, the historical level of the yen's depreciation, changes in monetary policies in each country, and the emergence of geopolitical risks, we will deepen the areas of our strength, including small-scale finance, business for institutional investors and overseas business, and realize the "Customer-centric Principle" by enhancing our full range of product, service offerings and functions.

Harnessing a strong awareness of our social responsibilities as a financial institution, and leveraging the business strengths of the Shinsei Bank Group and the SBI Group, we will work to revitalize regional communities, provide financial functions that resolves environmental and social challenges, and provide services that satisfy diverse customer needs, thereby enhancing the trust of our customers.

Allow asset size expansion in line with increased investment and loan opportunities, assuming that sufficient capital adequacy ratio is secured.

By promoting the abovementioned measures, in the final year of the medium-term management plan (fiscal year ending March 2025), we will a) become a leading banking group that provides pioneering and advanced finance, b) achieve JPY 70.0 billion of consolidated net income to establish a foundation for further growth, and then c) show the path toward repaying public funds.

## Risk Management

The Shinsei Bank Group has established an internal control system that consists of three functions: an autonomous control function (first-line function) in the business execution line on the job site, a control function (second-line function) that is independent of the business execution line on the job site, and an internal audit function (third-line function) that is independent of both of these functions. Of these, the second-line control function verifies the status of risk-taking, determines the will and ability to “take on challenges” that can be deliberated without hesitation in case there are disagreements among functions while respecting everyone’s actions. In particular, the officer of Group Risk is in principle a jury to the Board of Directors, ensuring opportunities to challenge management policies.

The basic policy for risk management is based on the Group Risk Management Policy, which is based on a management framework for each type of risk and an appropriate allocation of resources to business lines. With regard to capital allocation, which is the primary target area for resource allocation, we have developed an integrated risk management system centered on the risk capital system to comprehensively grasp the risks held by the Group as a whole and compare and contrast them with our management strength.

For more information on risk management, please refer

to the Risk Management on page 9 of our Integrated Report 2022 Data Appendix.

Along with the changes in the business environment and the pursuit of value co-creation both within and outside the Group, including at SBI Group companies, risks that are not easily captured by conventional frameworks have increased in recent years. We have established a system in which important management risks, including nonfinancial risks that are difficult to

quantify, are recognized based on discussions with executive management. Currently, the Group recognizes an increase in credit costs as an important risk factor and the decline in the value of securities holdings, which are triggered by the emergence of geopolitical risks, system failures due to cyber-attacks, etc., and various strategic risks. We will continue to strengthen our predictive management and responsiveness to these risks.

### ■ Important Risks of Shinsei Bank Group

Risk scenario	Risk Scenario Details / Impact
1. Geopolitical risk	In addition to the risk scenarios resulting from the emergence of geopolitical risks described in 2 to 5 below, contraction and loss of business opportunities in the country concerned and costs incurred incrementally in the relevant country. Damage to reputation due to falling prices of government bonds and financial instruments including stocks of the countries with geopolitical risks.
2. Increase in credit costs	In addition to the emergence of geopolitical risks, increase of credit costs due to the economic downturn and a decline in real estate collateral prices, triggered by the prolonged COVID-19 disaster, the emergence of new pandemics and large-scale natural disasters, and a rise in interest rates due to monetary policy changes by central banks around the world.
3. Decline in value of securities holdings	In addition to the emergence of geopolitical risks, decline in the value of securities holdings due to turmoil in domestic and overseas financial markets and economic downturns, triggered by the monetary policy changes by central banks around the world, and the emergence of new pandemics and large-scale natural disasters.
4. Instability in the foreign currency funding environment	In addition to the emergence of geopolitical risks, decline in foreign currency liquidity and increase in foreign currency funding costs due to financial market turmoil triggered by the emergence of new pandemics and large-scale natural disasters.
5. Cyber attacks and major system failures	Suspension of services and leaks of information due to cyber attacks against the backdrop of geopolitical risks and other factors, unauthorized use and illegal remittance of bank accounts due to hacking phishing, and large-scale system failures. Direct losses and reputation damage resulting from these.
6. Serious violations of laws and inappropriate acts	Damage to reputation caused by conduct that violates social norms by officers and employees, such as causing damage due to conduct that lacks the viewpoint of protecting customers. Direct losses and reputation damage due to deficiencies such as money laundering and counter-financing of terrorism.
7. Risks related to the promotion of the DX strategy	Amid intensifying competition in the digital transformation area and the active entry from other industries, the responsiveness and competitiveness declined due to the actualization of human resource risks in strategy formulation and business promotion.
8. Risks related to the promotion of overseas business strategies	Decline in responsiveness and competitiveness due to realization of human resource risks in strategy formulation and business promotion for overseas businesses. Incurrence of expenses for dealing with unexpected events caused by differences in legal systems and business practices, and restrictions on prior surveys, and an increase in credit-related expenses.
9. Risks related to sustainability	Decline in competitiveness and damage to reputation caused by inadequate information disclosure, development of risk management systems, and efforts to resolve climate change issues and social issues. Increase in credit costs due to deterioration in business conditions of investment target and loan borrowers whose response is inadequate.

## Ensuring Cybersecurity

Fundamental financial functions such as deposits, loans, and settlements are a part of vital social infrastructures, and the stability of these is one of the Shinsei Bank Group's social responsibilities. However, the recent development of information and networking in society and the current situation internationally have further exacerbated the possibility of sophisticated cyber-attacks that threaten the stability of the financial system. We recognize cybersecurity risks, such as the shutdown of information systems, leaks of confidential information, and illegal trade such as illegal disbursements, as important risks, and we view cybersecurity as a social responsibility.

## Cybersecurity Management System

The Shinsei Bank Group has established a control system based on the Group Cybersecurity Guidelines. We are working to strengthen the management of cyber security across the group by sharing new attack techniques and vulnerability of information, inspecting the status of countermeasures for information systems, periodic education for employees, and monitoring illegal transfers. In addition to implementing measures to defend and detect cyber-attacks on information systems, we are also enhancing the security awareness and responsiveness of our employees by implementing regular cyber-attacks drills in cooperation with external specialized organizations.

## State of Incident Response

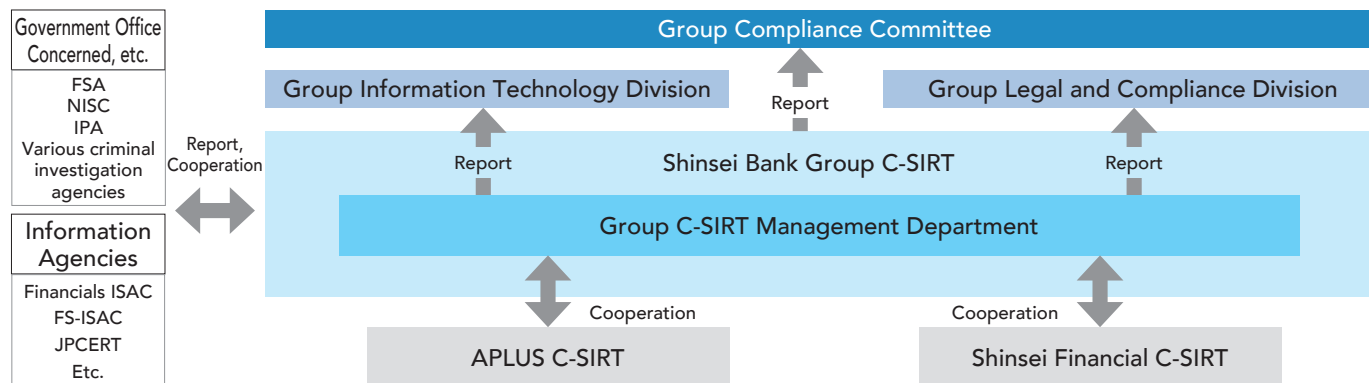
We have established the Shinsei Bank Group C-SIRT (Computer Security Incident Response Team), an organization dedicated to cybersecurity within the Group's headquarters. Through integrated management with C-SIRT of Group companies, it is responsible for responding to cyber incidents and financial crimes on a Group basis.

In fiscal 2021, we conducted intrusion test using a practical aggressive approach, commonly referred to as the Threat-Led Penetration Test, and began efforts to share and improve the challenges discovered throughout the entire Group.

## Cybersecurity Management Declaration

Cybersecurity Management of the Shinsei Bank Group declares a commitment to ensuring cybersecurity to all stakeholders, including customers and partner companies. This declaration states our determination to promote the strengthening of cybersecurity through management leadership, such as security measures in various business activities, strengthening of organizational response capabilities, and cooperation with external specialized organizations.

We will continue to contribute to strengthening the cybersecurity of society as a whole by allocating adequate budget, personnel, etc. and strengthening countermeasures.



**Glossary & URL**

- NISC : National center of Incident readiness and Strategy for Cybersecurity
- IPA : Information-technology Promotion Agency, Japan
- Financials ISAC : Financials ISAC Japan
- FS-ISAC : The Financial Services Information Sharing and Analysis Center (Information sharing through Financials ISAC)
- JPCERT : Japan Computer Emergency Response Team Coordination Center

## Initiatives for Customers

### Customer-Oriented Business Conduct

As a guideline for conducting business operations with top priority on customers' "best interests," the Bank established the "Policy on Customer-Oriented Business Conduct" (hereinafter referred to as the "Policy") and an "Action Plan" to put this Policy into practice.

Each Shinsei Bank Group company and all executives and employees of the Group have reaffirmed the importance of "Pursuing customer-oriented business conduct and contributing to our customers' asset formation," create synergies with the SBI Group at a maximum under "Customer-centric Principle," and by firmly committing to customer-oriented business operations, we will contribute to the sustainable growth and development of society and the economy.

For additional details, please refer to Shinsei Bank's website.

### The Shinsei Bank Group Companies that have Established and Announced the Policy



### The Policy and Actions

Policy	Actions
<b>Consulting</b> Shinsei Bank places the utmost importance on fiduciary relationships and make proposals in line with customers needs. <ul style="list-style-type: none"> <li>We provide our customers a series of services, from proposals to after-sales follow-up.</li> <li>We assign staff with high level of expertise and financial knowledge to make optimal proposals at all times in line with the various life stages of our customers.</li> <li>We strive to optimize our organizational structure in line with changes in customer needs.</li> </ul>	<ul style="list-style-type: none"> <li>In life planning of our customers, we provide not only information on fees, but also clear information in a way that is easier to understand, based on the asymmetry of information with customers, in order to make the most-suitable proposals tailored to the various life stages of customers. To do so, we endeavored to provide customers with easier-to-understand and more thoughtful information by refining our value-added proposal capabilities and giving due consideration to important information sheets and other tools for providing information to customers.</li> <li>In addition, we upgraded the customer cards, proposed products that suit our customers' needs among the diverse products we offer based on mutual understanding of the customer's intentions and objectives. We also offered products that suit our customers and conducted after-sales follow-ups tailored to our customers' life plan events.</li> </ul>
<b>Products and services</b> Shinsei Bank offers a wide variety of financial products and services to meet the various needs of its customers. <ul style="list-style-type: none"> <li>We strive to prepare a product lineup that looks ahead to the 100-year life of customers, including objectives and problems at their life stages, and preparations for the future.</li> <li>We provide optimal lineup that meet customers' needs by selecting from a wide range of products and services outside the Shinsei Bank Group.</li> <li>We provide easy-to-understand information in a way that is easier to understand so that customers can choose the most suitable products and services.</li> </ul>	<ul style="list-style-type: none"> <li>We added three products to our lineup in fiscal 2021.</li> <li>In August 2021, we introduced an important information sheet for structured deposits to show what products are suitable for customers in order to provide easy-to-understand information on the characteristics of products, in particular the risks and fees, and to enable customers to select products.</li> <li>Prior to introducing new products, we held committee meetings to confirm and check for any conflicts of interest in financial products and services.</li> <li>All financial products and services that had been introduced were reviewed semi-annually to confirm not only conflicts of interest, but also the status of changes in market values, the occurrence of complaints, and the implementation status of post-sales follow-up.</li> </ul>
<b>Evaluation and education</b> Shinsei Bank reflects customers' voices in the evaluations of its branches and staff in order to make its customer-first philosophy into reality, and utilize them in the creation of a system for further skill improvement. <ul style="list-style-type: none"> <li>We utilize the valuable opinions of our customers in the evaluation and training of our staff.</li> <li>At the same time, we incorporate multi-faceted evaluation methods from superiors, colleagues, and subordinates.</li> </ul>	<ul style="list-style-type: none"> <li>From December 2021 to January 2022, we conducted customer surveys by e-mail and postal mail, quantified the content of the responses as Customer Satisfaction (CS) evaluations, and reflected customer opinions in the evaluations of our staff.</li> <li>Quality tests were conducted four times a year by an external survey organization. These results were included in the CS evaluation in order to improve the quality of responses.</li> </ul>
<b>DX and channels</b> We provide a variety of services and environments to enable customers to consult in accordance with their lifestyles. <ul style="list-style-type: none"> <li>We provide place of communication for our customers in response to technological developments and changes in society.</li> <li>We provide an environment in which branches, contact centers, and the Internet cooperate to share important information received from customers, and customers can consult with any contact point smoothly.</li> </ul>	<ul style="list-style-type: none"> <li>In fiscal 2020, we began accepting asset management consultations at satellite lounges, and in fiscal 2021 we established two new lounges. As a result, customers who do not have access to a branch in these areas are now able to have experience similar to an in-store consultations.</li> <li>We have improved the convenience of our customers by providing them with a function to confirm their identity when consulting via videos, and have worked to achieve smoother communication with them.</li> <li>We conducted a questionnaire survey on the "Consultation Form" on the web channel, and worked to improve convenience based on the customer feedback.</li> </ul>

Glossary & URL

Establishment of The "Policy on Customer-Oriented Business Conduct" and its "Action Plan"  
<https://www.shinseibank.com/english/fiduciaryduty.html>

## Initiatives for Sustainability

### The Shinsei Bank Group's Approach to Sustainability

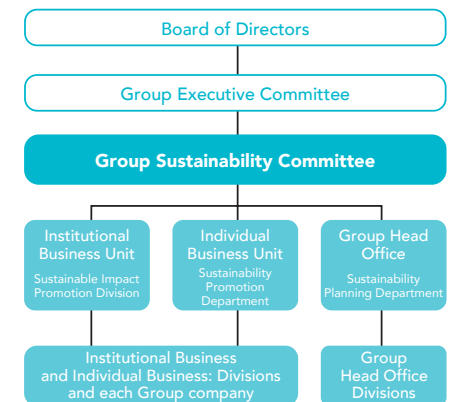
Shinsei Bank Group ("The Group") creates a virtuous cycle in which we engage in businesses that help resolve customers' and society's environmental and social issues, gain the support of customers, achieve sustainable growth for the Group, and further contribute to the sustainability of the environment and society.

### Framework for Promoting Sustainability

We have appointed a chief sustainability officer (CSO) and established the Group Sustainability Committee as a framework for supervising and promoting sustainability. We have positioned this committee as one of the Group's most important committees, and it was developed to promote sustainability under the strong commitment of management. In addition, important topics related to sustainability management are discussed and reported to the Group Executive Committee. The Group Sustainability Committee is also responsible for

periodic reporting to the Board of Directors. In order to promote initiatives for sustainability as a group under this committee, we have established the Sustainability Planning Department of the Group Corporate Planning Division, which plans and oversees group-wide initiatives, the Sustainable Impact Development Division in the Institutional Business, and the Sustainability Promotion Department in Individual Business.

#### Shinsei Bank Group's Sustainability



## Group Sustainability Management Policy

The Group has established the Group Sustainability Management Policy, which outlines our basic approach and direction to environmental and social sustainability initiatives.

In FY2021, the Group Sustainability Management Policy was revised and received a resolution from the Board of Directors. The policy on environmental and social sustainability includes initiatives related to respect for human rights, human capital, the global environment, anti-corruption and anti-bribery, and philanthropy. It also includes expanding and creating a positive impact through the resolution of sustainability issues, and to reduce and avoid negative impact through responsible investment and financing as initiatives to support the environmental and social sustainability of our customers.

In conjunction with this policy, we established or revised sustainability-related policies such as the Group Human Rights Policy, the Responsible Investment and Lending Policy, and the Group Policy for Promotion of Philanthropic Initiatives.

## Sustainability Targets of the Shinsei Bank Group

The Group has set sustainability targets in the eight areas based on the material sustainability issues with the pillars of “achievement of sustainability through business activities” and “responsibility to sustainable environment and society.” The targets are a result of consideration on what the Group can do while respecting diversity in a society with a variety of values and challenges and making use of the Group's strengths.

Leveraging the strengths inside and outside the Group, we will work toward various sustainability targets, including the origination of sustainable finance and net zero greenhouse gas (GHG) emissions. Through the achievement of these targets, we will pursue a virtuous cycle between achieving a sustainable environment and society and the sustainable growth of the Group.

## Principles for Responsible Banking

In April 2021, the Group signed the Principles for Responsible Banking (PRB) advocated by the United Nations Environmental Programme and Financial Initiative (UNEP FI).

The PRB is a framework for establishing strategies and objectives consistent with social objectives such as the Sustainable Development Goals (SDGs) and the Paris Climate Agreement, implementing initiatives, and disclosing the initiatives in a transparent manner, recognizing that it is our responsibility as a financial intermediary to do our best to contribute to the sustainable prosperity of society and people.

The signatory members are required to phase in their efforts and put in place a framework for implementing six principles: alignment, impact and target setting, clients and customers, stakeholders, governance and culture, transparency and accountability.

## Japan Impact-driven Financing Initiative

In November 2021, Shinsei Bank and 20 other financial institutions signed the Japan Impact-driven Financing Initiative, which aims to help resolve environmental and social issues. The Group will further strengthen impact-oriented financial initiatives and impact measurement and management, thereby contributing to the sustainability of the environment and society through loans and investments.

■ Sustainability Targets of the Shinsei Bank Group

**Financing for solving environmental and social issues**       

- Target**
- JPY 5 trillion of cumulative origination of sustainable finance by the end of FY2030
  - Supporting transition promotion of corporate customers in high-greenhouse gas emissions sectors

**Providing financial services in light of changes in social and various other needs**       

- Target**
- To continue to present new value and options to customers through the utilization of FinTech and collaboration with business partners in response to changes in social and diversification of customer values

**Contributing to the solution of environmental and social issues from a global perspective**       

- Target**
- Solving environmental and social issues by providing financial services utilizing new technologies both domestically and overseas

**Building a flow of funds to solve environmental and social issues**       

- Target**
- Providing products respectively in order to link financiers and providers of funds under the theme of solving environmental and social issues

**Respect for human rights and enhancement of human resource value**       

- Target**
- To establish a framework for promoting and managing respect for human rights, and appropriately fulfill the corporate responsibilities
  - To create a working environment where each employee recognizes his or her own values and personalities while maximizing his or her strengths and characteristics
  - To foster an organizational culture that realizes the creation of new values while harmonizing with diversity

**Response to climate change**       

- Target**
- Net zero greenhouse gas emissions from the Group's energy use by the end of FY2030
  - Net zero greenhouse gas emissions in the Group's investment and loan portfolio by the end of FY2050
  - Zero loan balance for project finance for coal-fired thermal power generation by the end of FY2040

**Promotion of philanthropic initiatives**       

- Target**
- Creation of social impact through sustainable social contribution activities and disclosure of the impact

**Improvement of Governance**       

- Target**
- Establishment of a supervisory system for the Board of Directors and a management executive system for addressing sustainability
  - Consideration of the status of sustainability initiatives in evaluation and compensation
  - Establishment of a risk management system for sustainability

Glossary & URL

Group Sustainability Targets  
[https://www.shinseibank.com/corporate/en/policy/esp/sustainability\\_targets.html](https://www.shinseibank.com/corporate/en/policy/esp/sustainability_targets.html)

## Initiatives for Climate Change Issues

Shinsei Bank has endorsed the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures). In line with the TCFD framework, we explain the Shinsei Bank Group's initiatives for climate change issues.

### Governance

The Shinsei Bank Group strives to fulfill social responsibilities by contributing to building a sustainable society through its business and to acquire sustainable growth opportunities. In order to realize a sustainable society, it is essential to respond to climate change issues. Therefore, we designated "response to environmental issues such as climate change" as one of our material sustainability issues. We are striving to create social value and to increase the corporate value of the Shinsei Bank Group over the medium to long term through a variety of initiatives, including investment and

financing for businesses that contribute to responding to climate change issues.

In the Group Sustainability Management Policy, we determine our policy for the global environment, including responses to climate change issues.

At the Group Sustainability Committee meetings, we discuss important sustainability issues, including responses to climate change issues, and then report to the Group Executive Committee. The Board of Directors receives regular reports, oversees and supervises group-level initiatives for climate change.

### Strategy

#### Opportunities

##### Promoting Businesses that Contribute to Resolving Environmental and Social Issues

The Shinsei Bank Group recognizes that addressing global environmental issues such as climate change is one of the most crucial global challenges for realizing a sustainable society. We understand that this not only creates a business risk in the Group's sustainability management, but also provides a major

business opportunity. Until now, we have engaged in investment and financing for projects and businesses that contribute to the improvement and resolution of environmental and social issues through project financing for renewable energy businesses and investment and financing for reducing environmental impact in ship financing. In addition, through scenario analysis in line with TCFD recommendations, we understand that this is a business opportunity as there is a growing need to supply fund for transition support for decarbonization in the short and medium term in relation to climate change countermeasures.

The Sustainable Impact Development Division, established within the Corporate Business Unit in fiscal 2019, collaborates with business-related departments to plan and promote sustainable finance as well as develop and supply investment products for institutional investors. In addition, we are working to build and upgrade a comprehensive promotion system and upgrade the sustainability management of the entire group. We will capture incremental business opportunities while further collaborating across the Group.



### Shinsei Green Finance Framework

As domestic and international transition movements toward a decarbonized society accelerate, in May 2020, we have formulated the “Shinsei Green Finance Framework”, which is consistent with domestic and international relevant principles, such as the Green Loan Principles, with the aim of further expanding investment and financing for projects that contribute to climate change mitigation and adaptation, and proactively capturing business opportunities. The Sustainable Impact Assessment Department, which is within the Sustainable Impact Development Division, evaluates the positive and negative impacts of projects subject to financing, and evaluates that they are in conformity with the framework. When originating and executing these types of investments and loans, we aim to create a larger circulation of funds by collaborating with customers of regional financial institutions.

### Fiscal 2021 Achievements

Since 2012, Shinsei Bank has been promoting the origination of syndicated loans for renewable energy

businesses such as solar, wind, and biomass, and working together with regional financial institutions to expand the spread of renewable energy. In fiscal 2021, we continued to strive proactively to promote project financing for solar power generation, wind power generation businesses, and financing for infrastructure investment corporations. By the end of March 2022, a total of 9 loan projects (totaling JPY59.4 billion) were originated and executed as "Shinsei Green Loan" that conform to this framework. Going forward, we aim to create a larger circulation of funds by diversifying our distribution methods through syndication of "Shinsei Green Loan" and utilization of

project bonds.

As an example of a new green loan project, in June 2021 we entered into a loan agreement as a "Shinsei Green Loan" for a geothermal power plant in Minami Aso Yunotani, Kumamoto Prefecture.

This was the first project finance arrangement for Shinsei Bank originated for a domestic power generation business, making utilization of the know-how it has cultivated through its extensive experience in project finance. The implementation of the finance and its evaluation of eligible green project has resulted in low environmental impact due to low lifecycle CO2 emissions,

### Environment-related Business Opportunities

	Domestic Project Finance	Overseas Project Finance	Real Estate Finance	Vessel Finance
Future Focus	<ul style="list-style-type: none"> <li>Promoting ESG investment and financing that contributes to resolving social issues through the development of social infrastructure, centered on two pillars of "clean energy" and "digitization"</li> <li>Active efforts for new asset types</li> </ul>		<ul style="list-style-type: none"> <li>Promoting initiatives considering risk and return with leading domestic developers, domestic and overseas funds, asset managers, etc.</li> <li>Promoting the asset turnover business through syndication, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Supporting transitions in the shipping industry through financing for environment-friendly vessels and shipowners/operators working on low carbonization</li> </ul>
Specific Initiatives	<ul style="list-style-type: none"> <li>Promoting new assets, such wind power generation, geothermal power generation, and listed infrastructure investment corporations</li> <li>Promoting mezzanine finance</li> </ul>	<ul style="list-style-type: none"> <li>Promoting finance for the development of social infrastructure such as offshore wind power and road construction</li> <li>Strengthening funding for digital infrastructure (optical fiber, data centers, smart meters, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Promoting finance for high-specification logistics facilities, data centers, student dormitories, etc.</li> <li>Expanding initiatives for environmentally responsive real estate</li> <li>Expanding the base of investors</li> </ul>	<ul style="list-style-type: none"> <li>Promoting finance for the installation of scrubbers in response to SOx emission regulations</li> <li>Promoting finance for dual-fuel vessels that can also use LNG fuel</li> <li>Promoting efforts for next-generation environmentally responsive vessels</li> </ul>



Granting of a Shinsei sustainability-linked loan certificate Heiwa Real Estate Co., Ltd.

contributing to the promotion of geothermal power generation to utilize Japan's abundant geothermal resources. Also, in February 2022, we originated "Shinsei Sustainability-Linked Loan Framework" and executed a sustainability-linked loan to Heiwa Real Estate Co., Ltd. While the company has set ambitious reduction targets for group-wide greenhouse gas (GHG) emissions as a Sustainability Performance Target (SPT), we support the motivation to achieve SPTs by linking the achievement status with loan terms, such as interest rates. Going forward, we will continue to provide sustainable finance-related products, such as the Shinsei Green Loan and Shinsei Sustainability-Linked Loan with the aim of

promoting sustainability management for corporate customers, increasing corporate value, and contributing to the realization of sustainable economic activities for the environment and society.

Furthermore, to proactively support the transition, which is a gradual transition toward decarbonization, among companies with high GHG emissions, we have formed a cross-functional transition task force and have begun dialogues with corporate customers, and have been promoting transition finance by grasping new business opportunities.

In vessel financing, we have been focusing on financing the installation of scrubbers and the introduction of dual-fuel engines that can also use LNG fuels. We will proactively consider initiatives for next-generation environmentally friendly vessels in the future and will support the transitions toward decarbonization. Additionally, in January 2022, we also originated an investment for an overseas impact fund that specializes in transitions to carbon neutrality, with the aim of improving our knowledge in the transition field.

## Risks

### Risk Awareness

We believe that climate change will affect the Group's portfolio mainly through the following two routes. Physical risks: Direct impact from property destruction, etc. caused by weather events such as floods and storms, indirect impact such as global supply chain interruption and resource depletion.

Transition risks: Risks arising from the revaluation of financial assets with large GHG emissions as a result of the transition to a decarbonized economy.

### Carbon-related Asset Exposure

Carbon-related asset exposure (carbon-related assets in total exposure (energy and utilities, excluding solar and wind power project finance)) accounted for 4.2% in March 2020, 3.7% in March 2021, and 4.4% in March 2022.

### Climate Change-Related Risks by Industry

We qualitatively assessed the climate change-related risks of industries that are likely to be affected by climate change. The Shinsei Bank Group prioritizes each industry and asset type based on the results of the qualitative assessment and the size of the exposure, and we deeply understand the risks through quantitative analysis, etc.

#### Climate Change Risk: Heat Map by Industry

Portfolio		Transition risk	Physical risk	Exposure
Business corporations, etc.	Petroleum, natural gas and methane	High*	Low *	Medium
	Electric power	High*	Low *	High
	Shipping, air transportation	High	Medium	Medium
	Land transportation	Medium	Medium	Low
	Automobiles	Medium	Medium	Low
	Metals and mining	High	Medium	Low
	Chemicals	High	Medium	Low
	Construction materials, capital goods	Medium	Medium	Medium
	Real estate management and development	Low	Low *	High
	Beverages, foods	Medium	Medium	Low
Paper and forestry	High	Medium	Low	
Individuals	Housing loans	Low	Medium*	High
	Consumer finance	Low	Medium*	High

\* Quantification is conducted for almost all or part of the targeted industries.

### Scenario Analysis

We have positioned responses to climate change as one of the important management issues, and have organized the scenario's worldview, opportunities, and risks in two dimensions, in terms of economic fluctuations monitored on a daily basis. In addition, in response to the fact that the world is heading toward scenarios of 2°C or less, we have summarized the responses of the Shinsei Bank Group.

In identifying investment and loan sectors that have a significant impact on the Group for climate change-related risks, we assess risk sector by sector and examine the importance from the Group's portfolio structure. Industries with high physical risks are "real estate (including for individuals)," and industries with high transition risks are "electricity, gas, heat supply and water," "water transportation" and "petroleum refining." For each of these industries, our policy is to disclose the results of the quantification of physical risks and the quantification of transition risks.

With regard to physical risks, in addition to domestic real estate non-recourse loans, mortgage loans, and

domestic project finance, which were examined in the previous quantification, this time we examined the quantification of physical risk for unsecured loans in our subsidiary, Shinsei Financial. Estimating the impact of physical risk, the cumulative credit-related costs through fiscal 2050 are projected to be in the range of JPY5.5 billion to JPY9 billion. Although it seems that it is not necessary to take immediate countermeasures at this point, but we will continue to monitor them and examine expanding the scope of quantification.

With regard to transition risk, estimates of the impact of electricity utility, oil and gas sectors, the cumulative credit-related costs through 2050 are projected to be in the range of JPY3 billion to JPY23 billion. We will strengthen engagement with our business partners and strengthen our risk management system in preparation for transitioning to a decarbonized society. We will continue to examine expanding the scope of quantification and proactively engage in investment and financing for projects and businesses that contribute to the improvement and resolution of issues for the transition to a decarbonized society.

	Physical risk	Transition risk
Scenario	IPCC Fifth Assessment Report RCP2.6 (2°C scenario)/8.5 (4°C scenario)	IEA World Energy Outlook 2020 SDS (2°C scenario)/STEPS
Target period	Year 2050	Year 2050
Risk events	Impairment of collateral value due to flooding, occurrence of defaults	Business/financial deterioration of investees due to the transition to a decarbonized society, occurrence of defaults
Target business	Domestic real estate non-recourse loans, domestic project finance, housing loans, and unsecured loans	Electricity utilities, petroleum gas
Financial impact	Cumulative credit cost impact of around JPY5.5 billion to JPY9 billion	Cumulative credit cost impact of around JPY3 billion to JPY23 billion

Scenario Analysis Matrix

(Time axis) short term: ▲ medium term: ● long term: ■

Movement of technological innovation and tightening of regulations toward 2°C or lower	2°C <b>Base Scenario</b> (Technological innovation and tightening of regulations progress) Probability of occurrence: High	Scenario	<ul style="list-style-type: none"> <li>Transition risk increases due to strengthened regulations and technological innovation.</li> <li>The Paris Agreement moves from the target to the implementation stage. In addition to the introduction of a strict carbon tax, the decarbonized society rapidly progresses through active policy guidance.</li> <li>Flood and typhoon damage is limited compared to 4°C.</li> </ul>	2°C <b>Bear Stress Scenario</b> (Expansion of structural unemployment and stagnant consumption due to technological innovation and tightening of regulations) Probability of occurrence: Medium	Scenario	<ul style="list-style-type: none"> <li>Due to the tightening of regulations and technological innovations aimed at achieving 2°C or less, there is an economic downturn mainly due to the defaults of enterprises unable to cope with changes in the social structure and the increase in the number of structural unemployed due to mismatches in employment. As a result, it becomes difficult to achieve 2°C.</li> </ul>
		Risk	<ul style="list-style-type: none"> <li>Increases default risk in high GHG emission sectors, including stranded assets of coal-fired and other power generation. ▲</li> </ul>		Risk	<ul style="list-style-type: none"> <li>Risk under the base scenario (same as highlighted on the left). ▲●</li> <li>The incurrence of credit costs associated with an increase in the risk of default by companies and individuals. ▲●</li> </ul>
	Opportunities	<ul style="list-style-type: none"> <li>Expanding needs for transition support finance ▲</li> <li>Expanding investment and financing needs for decarbonization ▲</li> </ul>	Opportunities	<ul style="list-style-type: none"> <li>Further expansion of needs for transition support finance and investment and financing for decarbonization. ▲●</li> </ul>		
	4°C <b>Severe Stress Scenario 1</b> (Current level of technological progress and regulatory maintenance) Probability of occurrence: Low	Scenario	<ul style="list-style-type: none"> <li>Many countries withdraw from the Paris Agreement. Carbon tax remains unchanged and low-carbon policy abandoned.</li> <li>Increase in inland flooding due to heavy rain and storm damage due to storms and catastrophic typhoons.</li> <li>Physical risk rises due to high-frequency disasters.</li> </ul>	4°C <b>Severe Stress Scenario 2</b> (Expansion of budget deficit due to fiscal measures for frequent disasters, rise in interest rates, decline in real estate values, etc.) Probability of occurrence: Extremely low	Scenario	<ul style="list-style-type: none"> <li>Due to repeated fiscal measures against frequent windstorms and floods, etc., the budget deficit expands, the sovereign rating is downgraded and long-term interest rates rise, and an economic downturn such as a decline in real estate prices occurs.</li> </ul>
Risk		<ul style="list-style-type: none"> <li>Default occurrence of investment and loans realizing from storm and flood disasters ▲</li> <li>Default risk increases in personal business due to debtor's business deterioration and income decline ▲</li> </ul>	Risk		<ul style="list-style-type: none"> <li>Risk under "Severe Stress Scenario 1" (same as highlighted on the left). ●■</li> <li>Credit costs incurred due to a decline in real estate values. ●■</li> <li>Unrealized losses on securities, mainly bonds. ●■</li> </ul>	
Opportunities	<ul style="list-style-type: none"> <li>Since many large loan portfolios are relatively strong, demand for funds for repairs and strengthening disaster prevention equipment increases. ●</li> <li>Increasing need for hedging against climate change risks and insurance products. ●</li> </ul>	Opportunities	<ul style="list-style-type: none"> <li>In addition to climate change risks, there is a growing need for hedging against real estate, etc. ●■</li> </ul>			



Impact on the Shinsei Bank Group and its Responses

Initiatives through Business

- Continue arranging project finance for renewable energy such as solar, wind, and geothermal.
- Efforts to finance green social and industrial infrastructure, such as environmentally friendly vessels and environmental real estate.
- Promote Transition Finance (Transition Support Finance) with a focus on High-Emission Sectors.
- Promote leasing of construction machinery used for natural disaster recovery and countermeasures as well as brokerage of used property sales.

Risk analysis

- Impact of physical risks (domestic real estate, domestic project finance, housing-related, and consumer) have been quantified. In the future, we will expand and refine the scope of measurement.
- Quantified transition risk (electricity as well as the oil and gas sector) completed. In the future, we will expand the scope of measurement coverage and promote refinement.

Goal setting

- JPY5 trillion of cumulative origination of sustainable finance by the end of FY2030.
- Zero loan balance for project finance for coal-fired thermal power generation by the end of FY2040.
- Net zero greenhouse gas emissions in the Shinsei Bank Group's investment and loan portfolio by the end of FY2050.

Economic downturn

## Risk Management

### Responsible Investment and Lending Policy

In July 2021, the Shinsei Bank Group established the Responsible Investment and Lending Policy with the aim of upgrading its system for promoting responsible investment and financing. We regard business transactions with companies that do not give appropriate consideration to environmental and social issues as a management risk, and we prohibit or restrict transactions based on the recognition that there are serious risks to the environment and society with respect to investments and loans for some specific businesses.

From the perspective of responding to climate change, based on a precautionary approach, we will not make new investments and loans for the construction of new coal-fired thermal power plants, and we will reduce the amount of investments and loans for coal-fired thermal power plants.

### Adoption of the Equator Principles

Shinsei Bank adopted the Equator Principles in April 2020. When financing large-scale development projects, we review the environmental and social impact of projects based on the Equator Principles and make decisions comprehensively. We strive to fulfill our corporate social responsibilities and upgrade our environmental and social risk management.

FY2021 results:

Number of projects financially closed by applying the Equator Principles: 9,  
Equator Principles Risk Category Grant Results: A: 0, B: 9, C: 0

### Adoption of the Poseidon Principles

In March 2021, Shinsei Bank signed the Poseidon Principles, established as a financial institution's initiative to address climate change risks in the shipping industry, as the fourth financial institution in Asia.

Since reducing GHG emissions is an unavoidable global issue for the shipping industry, we understand that it will become more important to be aware of the principles and respond to them in climate change risk management in vessel financing.

As a financial institution that proactively engages in vessel financing, Shinsei Bank will provide financial support for the transition to sustainability in the entire shipping industry as well as our customers while also committing to the Poseidon Principles, and manage the climate change risks associated with our business.

## Metrics and Targets

### Targets for Addressing Climate Change Issues through Businesses

Investing and financing in renewable energy is an area where the Shinsei Bank Group has traditionally been strong, and we have set this goal based on the belief that it is an important role of financial institutions to provide funds to customers who are working to resolve environmental and social issues.

In addition, we have established a specialized team called the Transition Task Force to promote dialogue with customers and support for customers' decarbonization, as our efforts in a decarbonized society are an urgent and important issue for the society as a whole.

- JPY5 trillion of cumulative origination of sustainable finance by the end of fiscal 2030
- Supporting transition promotion of corporate customers in high GHG emissions sectors

**Targets for Contributing to a Decarbonized Society**  
Reducing GHG emissions to virtually zero by 2050 is a common global target. The Shinsei Bank Group will strive to reduce greenhouse gas emissions by itself, and as a financial institution, we will also strive to reduce greenhouse gas emissions by investees and lenders.

- Net zero GHG emissions from the Shinsei Bank Group's energy use by the end of fiscal 2030

- Net zero GHG emissions in the Shinsei Bank Group's investment and loan portfolio by the end of fiscal 2050
- Zero loan balance for project finance for coal-fired thermal power generation by the end of fiscal 2040

### GHG Emissions of the Shinsei Bank Group

We measured GHG emissions of Shinsei Bank and Group companies, focusing on electricity, which has

the largest contribution in Scope 1 and 2. We will further expand the scope of Scope 1 and Scope 2 measurement and disclosure the ranges. For future reductions, we plan to consider promoting energy conservation and switching contracts to renewable energy-derived electricity. To reduce the environmental burden, we will continue to work on reducing GHG emissions.

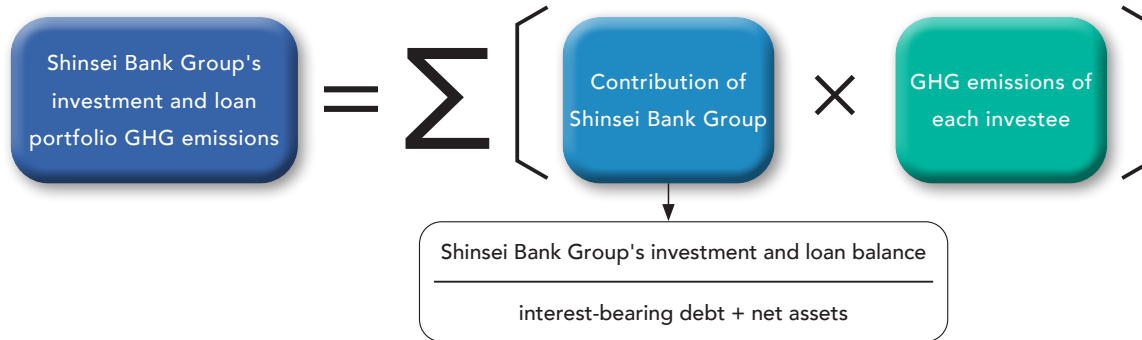
### GHG Emissions

Emissions data (fiscal year)	2020	2021
CO <sub>2</sub> emissions (t) <sup>1,2,3</sup>	13,981	13,043
Electricity consumption (1000kWh) <sup>1,3</sup>	29,210	28,218

1. Electricity consumption and CO<sub>2</sub> emissions from electricity. Scope of reporting: Shinsei Bank, Shinsei Financial, Aplus, Showa Leasing's domestic bases, and Shinsei Bank head office and Shinkawa office of other group companies.
2. Electricity is calculated according to the most recent adjusted emissions factors by electricity producers based on the Act on the Promotion of Global Warming Countermeasures.
3. Since the CO<sub>2</sub> emissions from the use of electricity in 2020 were over-aggregated, the corrected version is shown.

### Investment and Loan Portfolio GHG Emissions

#### Formula for Calculating Investment and Loan Portfolio GHG Emissions



What is the Shinsei Bank Group's investment and loan portfolio GHG emissions?

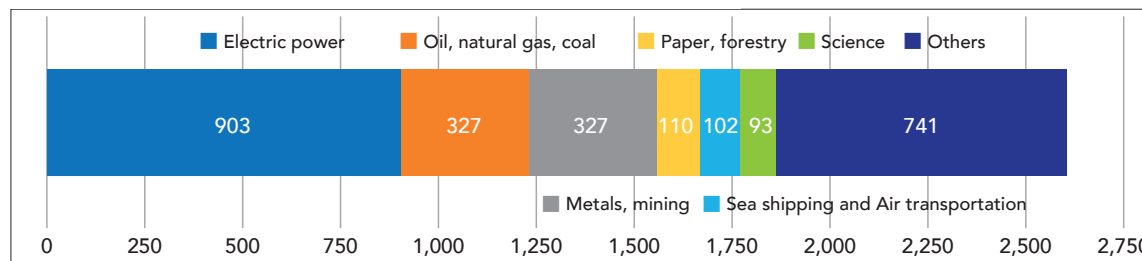
This is the ratio of the investment and loan balance of the Shinsei Bank Group to the GHG emissions of each investee.

The net assets of listed companies are the market capitalization of common stock and preferred stock.

#### Measurement Results of Shinsei Bank's Business Corporations and Housing Loans

Asset type	Balance to be calculated(JPY1 billion)	GHG emissions (ktCO <sub>2</sub> e) <sup>(*)4</sup>	Carbon intensity (ktCO <sub>2</sub> e/JPY1 billion)	Data quality score <sup>(*)5</sup>
Business corporations	1,565	2,604	1.66	2.84
Housing loans	1,134	91	0.08	4.39

#### Breakdown of GHG Emissions by Industry (Business corporation investment and loan portfolio)



The Shinsei Bank Group recently set a target of net zero emissions of GHGs from its investment and loan portfolio <sup>(\*)1</sup> by the end of fiscal 2050. At the same time, the actual GHG emissions are calculated in accordance with the international standards published by PCAF.<sup>(\*)2</sup> In fiscal 2021, we also measured our investment and loan portfolio GHG emissions for a portion of Shinsei Bank's business corporation and residential mortgage loans.<sup>(\*)3</sup> In the future, we plan to gradually expand the number of target assets and improve calculation accuracy.

<sup>(\*)1</sup> The GHG emissions are calculated as the contribution of the Shinsei Bank Group to the GHG emissions of each investee and financing.

<sup>(\*)2</sup> PCAF: Partnership for Carbon Accounting Financials

<sup>(\*)3</sup> Of the six asset types in the PCAF criteria (above), we measured GHG emissions from our investment and loan portfolio based on the calculation methods, the corporate entities for "listed equity securities and corporate bonds" and "business loans and unlisted equity securities," and residential mortgage loans for "residential real estate."

<sup>(\*)4</sup> The GHG emissions are calculated in accordance with the international standards published by PCAF. For details, please refer to PCAF "The Global GHG Accounting & Reporting Standard for the Financial industry". <https://carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf>

<sup>(\*)5</sup> Data quality scores: Here, the measurement / estimation accuracy of each investment / loan destination GHG emission measurement / estimation approach is scored in five stages. The smaller the value, the higher the accuracy.

## Initiatives for Human Rights

With the advancement of globalization, the impact of corporate human rights issues on society has become evident in recent years. The United Nations endorsed the Guiding Principles on Business and Human Rights in 2011. The Guiding Principles on Business and Human Rights cover all nations and all business enterprises. To resolve business and human rights issues, the Guiding Principles focus on "Protect, Respect and Remedy" framework and summarize the content that should be observed based on the 31 principles. Among these, corporate responsibilities include policy commitments, human rights due diligence, remediation mechanisms, and human rights education. In 2020, the Government of Japan formulated the National Action Plan on Business and Human Rights to address business and human rights issues in Japan, and expressed expectations for Japanese companies to respond to respect for human rights based on international standards. Consequently, the consideration of human rights violations, including forced labor and child labor, is becoming an important factor in business activities.

In 2018, the Shinsei Bank Group established a Group Human Rights Policy and has been working to respect human rights. In light of these domestic and overseas trends regarding human rights, the Group fully revised

the Group Human Rights Policy in November 2021. This Policy is founded in accordance with the Universal Declaration of Human Rights, the International Covenants on Human Rights, the Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the Children's Rights and Business Principles.

As a commitment to respect human rights, the Group Human Rights Policy stipulates the basic policy for fulfilling our responsibility to respect all human rights, as well as respect the human rights of customers, partners, employees, and local communities involved in corporate activities. The main human rights issues are forced labor and child labor, overwork and long working hours, mental and physical health and safety, freedom of association and the right to collective bargaining, fair wages and equal wages for equal work, discrimination, harassment, and the right to privacy.

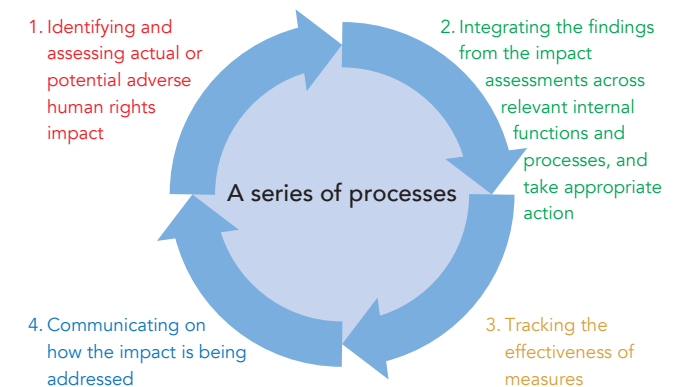
In addition, we adopt policies such as human rights due diligence, grievance mechanisms (employee consultation helplines), stakeholder engagement, and raising awareness and training. Of these, human rights due diligence is a mechanism for managing potential human rights risks in corporate activities and avoiding and reducing negative impact on companies (human rights risk management). In particular, we recognize the importance of human rights due diligence for employees, customers, and partners. Regarding the status of human

rights due diligence, we are developing a human rights risk assessment process for each stakeholder group. The process begins with human rights due diligence for employees targeting key companies of the Group. Regarding human rights due diligence for corporate customers, we are examining effective evaluation methods to prioritize human rights risks from areas of greater importance.

### Human Rights Due Diligence Process

We recognize the importance of continually implementing the human rights due diligence processes to identify adverse human rights impact and to prevent and mitigate the adverse impacts.

#### Human Rights Due Diligence Process



The Group will use this policy as a guide for respect for human rights with the highest priority as we promote our initiatives for the respect for human rights.



## Initiatives for Employees

At the Shinsei Bank Group, we are constantly reviewing our human resource systems and measures, recognizing that the most important task for organizational growth is for all employees to demonstrate their abilities and to be motivated in their work. In order to provide optimal value to our customers, we are working to develop and fully utilize human resources, while fostering an organizational culture as a whole Group.

### Shinsei Bank Group's Human Resource Strategy

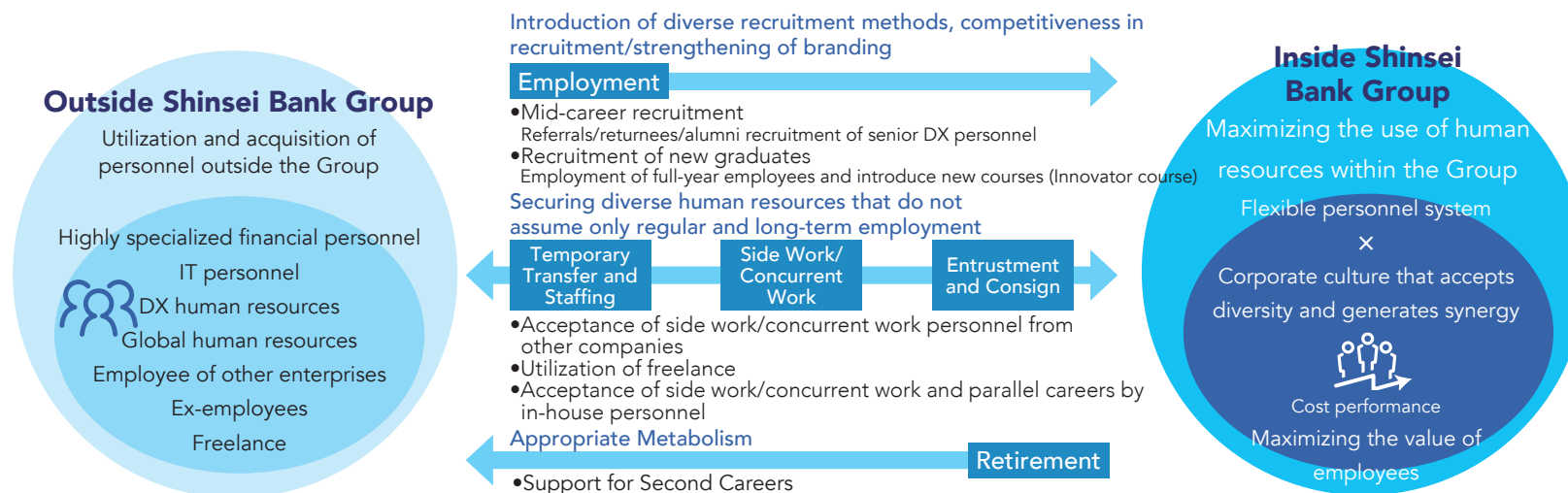
The Shinsei Bank Group believes that human resources with diverse characteristics and values can continue to

create new value as an organizational unit by recognizing and accepting each other's existence and leveraging everyone's respective strengths.

We have been promoting the creation of systems and a corporate culture that enables us to acquire and retain a diverse range of human resources to realize continuous value creation under a new normal. In terms of recruitment, we are actively recruiting personnel through referrals from the Group's employees as well as reemploying those who once retired from the Group and have accumulated experience at other companies, while also providing a place for alumni, a network of retirees, to interact. Within the Group, we have been making maximum use of human resources by fostering a flexible personnel system that enables diverse human resources to thrive, and a corporate culture that accepts and utilizes

diversity. In fiscal 2021, we began promoting the "1on1 Meeting" as a forum for one-on-one dialogue between superiors and subordinates for each employee's growth, and we are working to foster human resources that respects the concept of individual career development. Through these measures, we continue to acquire and utilize the human resources necessary for continuous value creation in various forms from within and outside the Group.

In fiscal 2022, we have commenced integrating our personnel system and personnel management system in order to realize optimal human resource management for the Shinsei Bank Group. We also plan to actively promote personnel exchanges within the SBI Group and Shinsei Bank Group to create synergies between both the Group.



### History of Shinsei Bank Group's Diversity and Inclusion (D&I)

The Shinsei Bank Group promotes diversity to realize sustainable value creation.

The Diversity Promotion Department promotes a variety of initiatives to address issues such as promoting women's active participation, realizing diverse work styles, promoting and utilizing diverse careers, and encouraging the active participation of diverse human resources.

In order to create continuous results, we introduced various options such as remote work, self-directed flextime, life support leave, and abolition of dress codes. In this way, we are working to create an environment in which employees can work in their own way with satisfaction. In order to push forward the promotion and utilization of diverse careers, we are helping to create an autonomous career that takes advantage of each individual's strengths and individuality. For example, we

became the first major bank to allow side/concurrent work, so that employees are able to link learning outside the company or in a place away from business for individual growth and organizational innovation. In fiscal 2021, in the "SHINSEI Diversity and Inclusion Forum", we actively provided opportunities to deepen awareness and understanding of various topics in diversity and inclusion, including LGBTQ training, "Ikuboss" (family friendly boss) training, and webinars to support the balance between nursing care and work.

### Shinsei Bank Group's Mindset on Working Styles

The Shinsei Bank Group aims to be a workplace where employees can work freely without being constrained by their life stages, life events, and other factors, and without being tied to the time or place of work, and where they can demonstrate results as a team. We believe that respecting each other and


demonstrating respective strengths by members with diverse backgrounds and values is the source of our continued strong organizational strength in an uncertain environment.

### Employment Initiatives for Persons with Disabilities

There are 97 people with disabilities working in various Shinsei Bank Group workplaces (as of April 2022), based on the idea that individuals with diverse values should be able to harness their individuality and work together in the same work place, rather than separating people with disabilities from those without disabilities. In October 2020, we joined the Accessibility Consortium (ACE) established with the aim of setting up a new model for the employment of people with disabilities. In March 2021, the Group endorsed The Valuable 500, an international initiative to promote the active participation of people with disabilities.


#### Work Style Support

**Remote Work System**




Allows employees to work outside the office, such as at the employees' home or family's home, for an unlimited number of days.

**No Dress Code**



Dress code guidelines have been abolished.

**Flextime**



Allows employees to start or finish work up to two hours earlier or later than normal.

#### Career Support

**Side Work/ Concurrent Work**



Allows employees to concurrently engage in personal business (outsourcing, business start-up, company executive, etc.) or work concurrently for another company.

**Life Support Leave**



Leave system that supports a variety of working styles and career development in accordance with each person's life stage.

**Active Participation of Women**



Providing career support to women who aim to become managers and establishing initiatives to change our organizational culture.

**Active Participation of Senior Personnel**



Provide training programs to enable senior employees to independently design their careers.

### Efforts for Employee Health

The Shinsei Bank Group is working to maintain and improve the health of employees and create a safe and comfortable working environment in cooperation with the Health Committee and industrial health, in accordance with laws related to occupational health and safety. The health management promotion section of the Group Human Resources Division is working to promote employees' health management. Each Group company's health management committee, the Health Management Promotion Committee, and the Health Insurance Association are actively involved in and collaborate with the Health Development Center, industrial physicians, and public health nurses to create a viable system. We have formulated the Shinsei Bank Group Health and Management Declaration to further promote healthy management, in order to create a workplace environment in which employees can work happily and with satisfaction both mentally and physically, and are able to demonstrate their abilities. In fiscal 2021, we promoted the use of paid and consecutive leave, held walking in groups events, and provided health courses for women. In 2021 and 2022, we were certified as an "the outstanding organizations in Health & Productivity Management 2021."

### Support for Male Childcare

In April 2021, the five Shinsei Bank Group companies\* formulated an action plan based on the Act on Advancement of Measures to Support Raising Next

Generation Children, for two years starting in fiscal 2021. The Group set two common targets to create an environment and foster an organizational culture in which all employees working at the Group can demonstrate their abilities and play an active role with rewards while striving to harmonize their work and lifestyles.

\* Shinsei Bank, Ltd., APLUS, Co., Ltd., Shinsei Financial Co., Ltd., Showa Leasing Co., Ltd., Shinsei Investment & Finance Co., Ltd.

**Target 1: To ensure that employees raising children, regardless of gender, continue to grow while working and raising children, make employees aware of various human resource systems, support information exchanges between the peer groups, provide information on career development before and after childcare, provide training, etc.**

**Target 2: To foster a corporate culture in which all employees can work and live in harmony with each other, raise awareness of workplace priorities and to improve the stereotyped consciousness of gender roles**

Since fiscal 2020, as a measure to encourage employees to raise children regardless of gender, we have set diversity promotion targets as part of performance evaluations for managers with subordinates, and have incorporated support for male parenting and balancing work. In addition, we introduced the Hagukumi Leave, which provides employees with 20 days of special leave from the time of their spouse's pregnancy until their child reaches the age of two, and made it mandatory for them to take 15 days of leave. In fiscal 2021, the number of employees who took *Hagukumi* Leave was 179.

### Workstyle Reform-Related Programs

System	Details
Self-Directed Flextime	Allows employees to start or finish work up to two hours earlier or later than normal starting or ending times in increments of 30 minutes
Work from Home	Allows employees working for an unlimited number of days from their home or a relative's home (within two degrees of kinship)
Side Work / Concurrent Work	Allows employees to concurrently engage in personal business (outsourcing, business start-up, company executive, etc.) or work concurrently for another company
Commuting by Bicycle	Allows employees to commute by bicycle
Half-Day Paid Time Off	Allows employees to take time off in half-day increments during designated hours in the morning or afternoon
Hourly Paid Time Off	Allows employees to take time off up to five days per year and up to four hours per day in one-hour increments (in combination with half-day paid time off)
Special Leave to Male Employees for Childbirth	Allows for 20 days leave after spouse's pregnancy up to the child reaches two years old (allows employees to take leave on a split basis or in half-day units)
Life Support Leave	Allows employees to take a leave of absence for reasons including childcare, family care, study abroad, fertility treatment, spouse work transfer, etc., not covered by existing frameworks
Maternity Leave	Female employees can take leave six weeks prior to childbirth and eight weeks following childbirth
Childcare Leave	Allows employees to take leave for childcare up to the child reaches two years of age
Family Care Leave	In principle, employees can take up to a total of one year (365 days) off to care for each family member who requires care

(Note) Only employees satisfying certain conditions are eligible for the programs above.

## Active Participation of Women

The Shinsei Bank supports the "Declaration on Action by a Group of Male Leaders Who Will Create a Society in which Women Shine" advocated by the Cabinet Office. In addition, we are actively promoting women's career through the signing of the Women's Empowerment Principles, participation in the 30% Club Japan, and support for the Keidanren's "Challenge Initiatives for 30% of Executives to be Women by 2030." The Group Women's Activity Promotion Committee, established in February 2018, is composed mainly of the top management of business divisions and directors of Group companies, and is strongly driving the promotion of the active participation of women in the Group. In addition, five Shinsei Bank Group companies formulated "The Action Plan for Promoting Active Participation of Women," for three years starting in fiscal 2020. The Group set the following common targets to promote

highly effective initiatives for promoting the active participation of women in the workplace with a sense of speed across the Group.

In March 2022, we were selected as the Nadeshiko Brand \*\* based on our efforts and achievements in promoting the active participation of women. In April 2022, we obtained the "Eruboshi (Stage 3)" certification.

\*\*The "Nadeshiko Brand" is an initiative jointly implemented since fiscal 2012 by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange aiming to introduce investors who value mid- and long-term values, with a list of companies that excel in promoting women's active participation. Not only does it aim to encourage investors for further investment in those companies but also encourages the companies themselves to accelerate their efforts.

### International Women's Day Event

The Shinsei Bank Group held events and webinars for five days from March 7 to 11, 2022, as "Shinsei Women's Week 2022", in conjunction with the "International Women's Day," held on March 8th every year, to learn and think about gender equality and women's empowerment.



During the period, we held events to show support for gender equality such as using original web backgrounds, wearing yellow clothing, and held webinars to introduce examples of women participation in MB Shinsei Finance, in Vietnam and in UDC Finance in New Zealand, our overseas group companies. We also held a panel discussion to share experiences with male employees who took childcare and Hagukumi Leave, and invited Ms. Hiroko Sasaki, an outside director of the Bank (as of March 2022) for a special lecture entitled "Diversity and Inclusion in a Transformation Age".

### Action Plan Based on the Act on Promotion of Women's Participation and Advancement in the Workplace

(From April 2020 to March 31, 2023)

Target 1	Achieve a ratio of 18% or more for women in managerial positions* at five group companies (also set target separately for each company)
Target 2	Achieve 100% for the childcare-related leave rate for both males and females

\* Senior managerial positions or higher

### Target Ratio of Women in Management Positions (Senior Manager or Above) (as of March 31, 2022)

	Shinsei Bank	Showa Leasing	Shinsei Investment & Finance	APLUS	Shinsei Financial	Total
Target	20%	8%	15%	18%	17%	18% or more
Result	22.2%	9.2%	18.9%	18.2%	17.1%	19.0%



## Social Initiatives

### Concept of Social Contribution Activities

The Shinsei Bank Group considers social contribution activities to be "activities that have a positive impact on the creation of a sustainable society in which employees of the Group can participate with sympathy," and engages actively in these activities.

As a corporate group that provides financial services to society, we are aware that the sound development of the society is the foundation of the Group's existence. We are fulfilling our role as a good corporate citizen that contributes to the development of society through sustainable growth and development. We are also aiming for *value co-creation* through collaboration with our partners.



### Expansion of "MoneyConnection®" Financial Literacy Program

"MoneyConnection®," a financial literacy program which Shinsei Bank Group developed in collaboration with NPO-SODATEAGE-NET, an authorized specified nonprofit organization ("SODATEAGE-NET"), consists of programs based on the assumption of face-to-face implementation. So far, we have made numerous achievements in various regions in the form of school visits. The needs of schools are becoming increasingly diverse due to changes in the social situation caused by the COVID-19 outbreak, and a system that can respond to these needs is becoming increasingly necessary.

In the autumn of 2020, we began using an online conferencing system to make improvements. In addition, in January 2022 we launched the MoneyConnection® e-program, a Web application that enables us to implement programs without face-to-face meetings.

We also expect that the expansion of the implementation method may lead to delivering the program to young people who cannot be connected by conventional on-site classes without restrictions on location or time. We will consider more meaningful development methods.

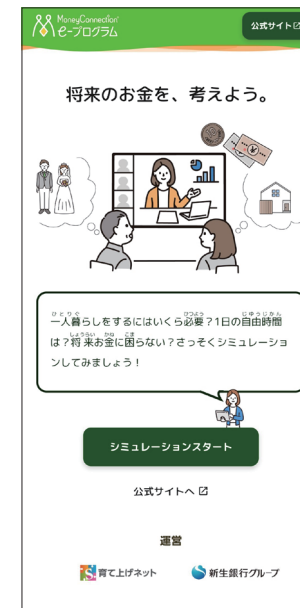
### Using MoneyConnection® to Co-Create Value with Shinsei Bank Group, SODATEAGE-NET and Ashinaga Foundation

The Shinsei Bank Group is cooperating with SODATEAGE-NET and the Ashinaga Foundation ("Ashinaga") to support scholarships using MoneyConnection®.

In December 2021, we conducted a face-to-face program for 65 college students entering the Ashinaga KOKORO JUKU, a dormitory operated by Ashinaga. A very simple message that the "money is necessary to live" seemed to be conveyed to the students with a

sense of conviction. During the review at the end of the program, we were able to see them actively discussing while sharing their respective awareness and impressions. Ashinaga is considering the continuous use of MoneyConnection®.

The Shinsei Bank Group intends to continue activities to create and expand support for value co-creation initiatives that link partners with other partners.



MoneyConnection® e-program

Glossary & URL

MoneyConnection® Financial Literacy Program <https://moneyconnection.jp/>  
 Ashinaga Foundation <https://www.ashinaga.org/en/>

(As of March 31, 2022)

	(Nonconsolidated)	FY2019	FY2020	FY2021
<b>Governance</b>	Number of Directors	7	7	9
	Ratio of Female Directors	28.6%	28.6%	22.2%
	Ratio of Outside Directors	5	5	5
	Number of Board of Directors Meetings Held	8	6	9
	Attendance Rate for the Board of Directors Meetings	100%	98%	100%

(Note) Number of Directors, Ratio of Female Directors and Ratio of Outside Directors are as of June 30, 2022.

	(Nonconsolidated)	FY2019	FY2020	FY2021
<b>Employees</b>	Number of Employees	2,137	2,186	2,223
	Male	1,203	1,237	1,258
	Ratio	56%	57%	57%
	Female	934	949	965
	Ratio	44%	43%	43%
	Competitive Ratio in Recruitment (Applicant base)	30.4	40.5	37.7
	Male	27.8	29.3	33.5
	Female	33.8	65.1	44.3
	Average Age	42.1	42.4	42.6
	Male	41.5	41.7	41.9
	Female	42.9	43.3	43.5
	Average Years of Service	13 years 4 months	13 years 6 months	13 years months
	Male	12 years 2 months	12 years 4 months	12 years months
	Female	14 years 11 months	15 years 1 month	15 years months
	Average Monthly Salary	¥476 thousand	¥491 thousand	¥489 thousand
	Number of Business-Limited Employees	147	138	137
	Number of Part-time Employees	204	205	229
	Number of Temporary Employees	6	6	5
	Number of Overseas Locals Recruited	0	0	0
	Number of New University Graduates Hired	47	51	80
	Male	27	35	49
	Ratio	57%	69%	61%
	Female	20	16	31
	Ratio	43%	31%	39%
	Number of Mid-career Personnel Recruited	58	64	53
	Male	32	36	35
	Female	26	28	18

**Employees**

	(Nonconsolidated)	FY2019	FY2020	FY2021
Ratio of Female Managing Executive Officer		15%	16%	18%
Number of Managers		663	715	772
Number of Female Managers				
Section Leader-Level or Higher		118	140	171
Ratio		17.8%	19.6%	22.2%
Section Manager-Level or Higher		440	462	499
Ratio		32.7%	32.7%	33.9%
Number of Employed Persons with Disabilities		33	33	39
Employment Rate of Persons with Disabilities		2.1%	2.0%	2.2%
Turnover Ratio (Voluntary)		4.1%	2.4%	2.8%
Average Overtime Hours per Month		18.3	18.4	19.3
Average Paid Leave Acquisition Rate		65.0%	56.5%	62.5%
Ratio of Employees Taking Consecutive Leaves (One Week Leaves)		99.6%	99.5%	99.0%
Number of Employees Taking Childcare Leave		31	33	33
Male		5	7	11
Female		26	26	22
Number of Employees Taking Life Support Leave		6	6	5
Number of Employees Taking Family Care Leave		0	0	6
Number of Employees Registering for Concurrent Business or Side Business		47	68	94
Ratio of Employees Using Teleworking*		78.0%	99.8%	97.1%
Number of Employees Using Continued Employment System		16	18	17
Number of Employees Using Come Back System**		82	83	87
Male		42	40	43
Female		40	43	44
Number of Employment of Functional Change or Employment Status Change		43	44	28
Male		14	17	6
Female		29	27	22

\* The ratio of Shinsei Bank employees who have used teleworking during each fiscal year

\*\*The number of Shinsei Bank employees who have retired and are re-employed and working at the Bank (excluding retired employees)

(As of March 31, 2022)

	(Nonconsolidated)	FY2019	FY2020	FY2021
<b>Environment</b>	Independent / Co-Arrangement Results of Domestic Project Finance for Renewable Energy (Billions of yen)	138.5	201.0	151.6
	Environment Impact Data			
	Gas Usage (m <sup>3</sup> ) <sup>1</sup>	65,000	46,100	46,500
	Amount of Heavy Oil (kl) <sup>1</sup>	94	88	85
	Gasoline Usage (kl) <sup>2,9</sup>	—	247	294
	Diesel Usage (kl) <sup>2,9</sup>	0	0	40
	Amount of Water Cooling (GJ) <sup>1</sup>	517	954	874
	Electricity Usage (1,000kWh) <sup>3,8,9</sup>	32,153	29,210	28,218
	Clean Water Usage (t) <sup>4</sup>	11,723	9,925	10,159
	CO <sub>2</sub> Emissions			
	CO <sub>2</sub> Emissions (t) <sup>5</sup>	—	14,952	14,222
	Scope1 (Direct Emissions) (t) <sup>6</sup>	400	916	1,129
	Gas <sup>1</sup>	146	103	104
	Heavy Oil <sup>1</sup>	254	239	229
	Gasoline <sup>2,9</sup>	—	574	688
	Diesel <sup>2,9</sup>	0	0	108
	Scope2 (Indirect Emissions) (t) <sup>6,8</sup>	15,360	14,036	13,093
	Cold Water <sup>1</sup>	30	54	50
	Electricity <sup>3,8,9</sup>	15,330	13,981	13,043
	Amount of Waste Generated/Recycling Rate <sup>7</sup>			
	Waste Generated (t)	224	103	215
Amount Recycled (t)	146	66	137	
Amount of Waste Disposal (t)	78	37	78	
Recycling Rate	65%	64%	64%	

(Note)

- The figures for Fiscal 2019 are the total of domestic business bases of Shinsei Bank, and Shinsei Bank head offices and Shinkawa offices of each group company.  
The figures after Fiscal 2020 are the total of domestic business bases of Shinsei Bank, Shinsei Financial, APLUS, Showa Leasing, Shinsei Trust & Banking, Shinsei Securities, Shinsei Investment Management, Shinsei Corporate Investment and Shinsei Business Services.  
The figures for Fiscal 2020 have been recounted in line with the expansion of the scope of aggregation, so they have increased from the figures disclosed last year.
- Total of domestic business bases of Shinsei Bank, Shinsei Financial, APLUS, Showa Leasing.
- Total of domestic business bases of Shinsei Bank, Shinsei Financial, APLUS, Showa Leasing, Shinsei Trust & Banking, Shinsei Securities, Shinsei Investment Management, Shinsei Corporate Investment and Shinsei Business Services.
- Total of domestic business bases of Shinsei Bank, and Shinsei Bank head office, Shinkawa office, Shinsei Financial Osaka Building, Akihabara office, and LI center building of each group company.
- Total of CO<sub>2</sub> emissions from items in Environment Impact Data; City Gas, Heavy Oil, Gasoline, Diesel Oil, Water Cooling and Electricity, excluding Clean Water.
- CO<sub>2</sub> emissions of City gas, Heavy Oil, Gasoline, Diesel Oil and Cold Water are calculated according to factors based on the Act on Promotion of Global Warming Countermeasures.  
Electricity is calculated according to the most recent adjusted emission factors by electricity producers for fiscal 2020 based on the Act on the Promotion of Global Warming Countermeasures.
- Total of Shinsei Bank head office; Other Shinsei Bank locations and offices of affiliated companies.
- Since the CO<sub>2</sub> emissions from electricity usage in Fiscal 2020 were over-aggregated, the ones corrected from this time are listed.
- Includes UDC Finance from Fiscal 2021.

**Contribution to Society (Consolidated)**

	(Nonconsolidated)	FY2019	FY2020	FY2021
<b>Contribution to Society (Consolidated)</b>	Financial Literacy Program (MoneyConnection®)			
	Number of Schools where the Program was Held (Total)	1,158	1,243	1,329
	Number of Students Participants (Total)	148,577	158,270	166,888
<b>Compliance</b>	Social Contribution Activities			
	Number of Volunteer Activities	26	8	14
	Number of Employees Participants	721	549	490
	Number of Whistle-Blowing Reports	1	1	1

Shinsei Bank, Limited, and Consolidated Subsidiaries  
For the fiscal years ended March 31, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022

	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
<b>For the fiscal year (Billions of yen) <sup>1</sup></b>											
Total revenue	202.9	199.0	203.0	235.3	216.6	228.5	232.0	229.6	239.9	221.9	217.5
General and administrative expenses	130.3	130.9	135.0	144.2	141.3	144.2	142.9	145.7	150.0	149.1	155.0
Net credit costs	12.2	5.5	0.2	11.8	3.7	31.8	37.2	29.3	39.1	28.3	31.1
Income before income taxes	15.3	53.8	46.0	72.7	62.8	51.7	55.4	54.5	49.2	55.3	28.4
Profit attributable to owners of the parent	6.4	51.0	41.3	67.8	60.9	50.7	51.4	52.3	45.5	45.1	20.3
<b>Balances at fiscal year-end (Billions of yen)</b>											
Securities	1,873.4	1,842.3	1,557.0	1,477.3	1,227.8	1,014.6	1,123.5	1,130.2	957.0	929.7	674.6
Loans and bills discounted	4,136.8	4,292.4	4,319.8	4,461.2	4,562.9	4,833.4	4,895.9	4,986.8	5,110.4	5,233.6	5,241.8
Lease receivables and leased investment assets	197.4	203.5	227.7	227.0	211.4	191.4	171.4	176.5	193.4	192.1	190.8
Total assets	8,609.6	9,029.3	9,321.1	8,889.8	8,928.7	9,258.3	9,456.6	9,571.1	10,226.5	10,740.1	10,311.4
Deposits and negotiable certificates of deposit	5,362.4	5,457.5	5,850.4	5,452.7	5,800.9	5,862.9	6,067.0	5,922.1	6,305.1	6,571.3	6,398.0
Total liabilities	7,982.0	8,345.6	8,598.5	8,136.0	8,135.6	8,437.5	86,006.0	8,674.5	9,316.0	9,809.4	9,387.1
Total equity	627.6	683.6	722.5	753.7	793.1	820.7	8,560.0	896.6	910.4	930.7	924.3
<b>Per share data (Yen) <sup>2</sup></b>											
Common equity	212.67	233.65	247.82	275.45	294.41	3,163.89	3,376.39	3,636.92	3,913.40	4,283.92	4,484.01
Basic profit	2.42	19.24	15.59	25.57	22.96	194.65	199.01	211.24	190.59	202.16	96.78
Dividends	1.00	1.00	1.00	1.00	1.00	1.00	10.00	10.00	10.00	12.00	12.00
<b>Ratios (%)</b>											
Return on assets <sup>3</sup>	0.1	0.6	0.5	0.7	0.7	0.6	0.5	0.5	0.5	0.4	0.2
Return on equity <sup>4</sup>	1.2	8.6	6.5	9.8	8.1	6.3	6.1	6.0	5.1	4.9	2.2
Expenses-to-revenue ratio	64.2	65.8	66.5	61.3	65.3	63.1	61.6	63.5	62.5	67.4	71.3
Total capital adequacy ratio (Basel II, Domestic Standard)	10.27	12.24	—	—	—	—	—	—	—	—	—
Capital ratio (Basel III, Domestic Standard)	—	—	13.58	14.86	14.20	13.06	12.83	11.85	11.21	11.39	11.72
Ratio of nonperforming claims classified under the Financial Revitalization Law to total claims	6.66	5.32	3.81	1.42	0.79	0.22	0.17	0.20	0.34	0.64	0.66

1. Since all yen figures have been truncated rather than rounded, the totals do not necessarily equal the sum of the individual amounts.

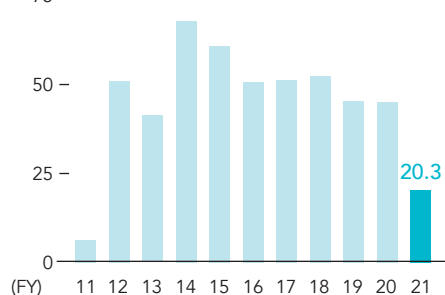
2. Shinsei Bank consolidated its shares with a rate of ten shares of common stock into one share on October 1, 2017. Common equity per share and basic profit per share are calculated as if the consolidation of shares had occurred at the beginning of FY2016.

3. Return on assets is calculated by dividing profit (loss) attributable to owners of the parent by the average of total assets at the beginning and end of the period presented.

4. Return on equity (fully diluted) is calculated by dividing profit (loss) attributable to owners of the parent by the average amount of (total equity – share warrants – noncontrolling interests) at the beginning and end of the period presented.

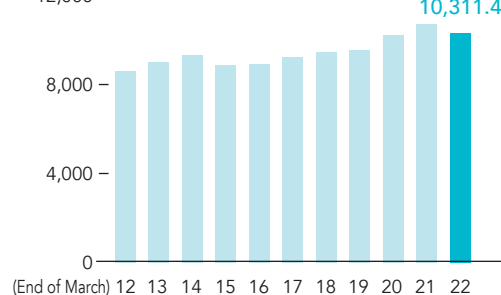
### Profit Attributable to Owners of the Parent

(Billions of yen)  
75 –



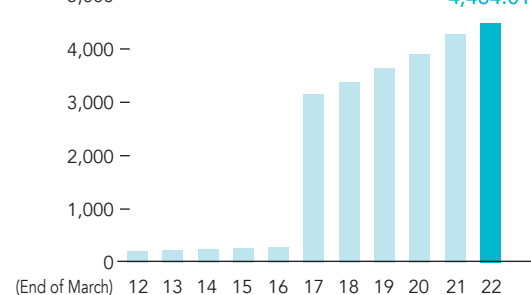
### Total assets

(Billions of yen)  
12,000 –



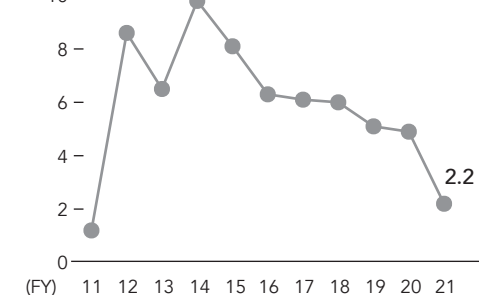
### Common equity

(Yen)  
5,000 –



### Return on Equity (ROE)

(%)  
10 –





Stock Information

Shares Outstanding and Capital

(As of March 31, 2022)  
(thousands of shares, millions of yen)

Date	Share outstanding		Capital		Capital surplus		Notes
	Change	Balance	Change	Balance	Change	Balance	
July 29, 2003	(1,358,537)	2,033,065 <sup>1</sup>	—	451,296	—	18,558	2-for-1 reverse share split for common shares. Post reverse split common shares outstanding 1,358,537 <sup>2</sup> shares
July 31, 2006	(99,966)	1,933,098 <sup>1</sup>	—	451,296	—	18,558	Use of call feature for Series 3 Class-B preferred shares. Issuance of 200,033 <sup>2</sup> common shares. Retirement of Series 3 Class-B preferred shares. -300,000 <sup>2</sup> shares
November 16, 2006	(85,000)	1,848,098 <sup>1</sup>	—	451,296	—	18,558	Cancellation of treasury shares (common) -85,000 <sup>2</sup> shares
August 1, 2007	(100,000)	1,748,098 <sup>1</sup>	—	451,296	—	18,558	Mandatory acquisition of Series 3 Class-B preferred shares. Issuance of 200,000 <sup>2</sup> common shares. Retirement of Series 3 Class-B preferred shares. -300,000 <sup>2</sup> shares
February 4, 2008	117,647	1,865,746 <sup>1</sup>	25,000	476,296	25,000	43,558	Third-party allocation of shares (common shares) Subscription price ¥425, par value ¥212.5
March 31, 2008	194,600	2,060,346	—	476,296	—	43,558	Use of call feature for Series 2 Class-A preferred share. Issuance of 269,128 <sup>2</sup> common shares. Retirement of Series 2 Class-A preferred shares. -74,528 <sup>2</sup> shares
March 15, 2011	690,000	2,750,346	35,907	512,204	35,907	79,465	New shares issued through International Offering (common shares) Subscription price ¥108, par value ¥52.04
October 1, 2017	(2,475,312)	275,034	—	512,204	—	79,465	10-for-1 reverse share split for common shares. Post reverse split common shares outstanding 275,034 <sup>2</sup> shares
May 18, 2018	(16,000)	259,034	—	512,204	—	79,465	Cancellation of Treasury Shares (common) -16,000 <sup>2</sup> shares

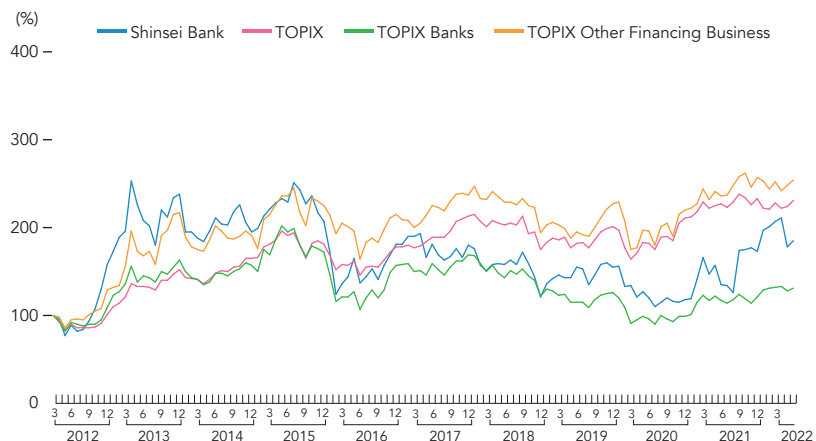
1 Figures include number of preferred shares outstanding  
2 Thousand shares

Ratings Information

(as of June 30, 2022)

	Long-Term (Outlook)	Short-Term
R&I	A- (Positive)	a-1
JCR	A- (Stable)	J-1
S&P	BBB (Stable)	A-2
Moody's	Baa1 (Stable)	Prime-2

Shinsei Bank Share Price: Relative Performance (Stock Market Indexes from March 2012)



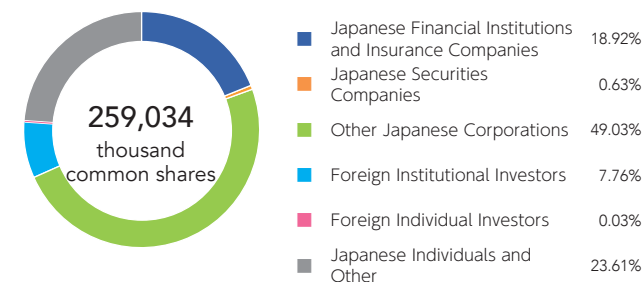
Largest Shareholders

Common Stock

Rank	Shareholders	Thousands of Common Shares	Shareholding Ratio
1	SBI Regional Bank Holdings, Co., Ltd.	99,659	38.47%
2	SHINSEI BANK,LIMITED	53,802	20.77%
3	Deposit Insurance Corporation of Japan	26,912	10.38%
4	THE MASTER TRUST BANK OF JAPAN,LTD.(TRUST ACCOUNT)	20,491	7.91%
5	THE RESOLUTION AND COLLECTION CORPORATION	20,000	7.72%
6	Custody Bank of Japan, Ltd. (TRUST ACCOUNT)	5,228	2.01%
7	BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	4,127	1.59%
8	STATE STREET BANK AND TRUST COMPANY 505103	3,185	1.22%
9	CHARLES SCHWAB FBO CUSTOMER	1,069	0.41%
10	BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	1,051	0.40%
11	STATE STREET BANK WEST CLIENT - TREATY 505234	868	0.33%
<b>Total (includes treasury shares)</b>		<b>259,034</b>	<b>100.00%</b>

Note: 1. As of March 31, 2022, SBI Regional Bank Holdings holds common shares or 48.55% of Shinsei Bank's outstanding common shares, excluding treasury shares.  
2. As of March 31, 2022 in total, the Deposit Insurance Corporation of Japan and the Resolution and Collection Corporation hold 46,912,888 common shares or 22.85% of Shinsei Bank's outstanding common shares, excluding treasury shares.

Beneficial Ownership / Type of Shareholders



Notes:  
1 "Japanese Financial Institutions and Insurance Companies" includes the Resolution and Collection Corporation.  
2 "Other Japanese Corporations" includes the Deposit Insurance Corporation.  
3 "Japanese Individuals and Others" includes treasury shares.

For further information, please contact:  
Group Investor Relations & Corporate Communications Division

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