

INTEGRATED REPORT 2020

For the fiscal year ended March 31, 2020
Digest Version

Management Principles

The Shinsei Bank Group has established the following Management Principles and is working on a day-by-day basis toward their attainment.

To become a banking group that is sought out by customers, and contributes to the development of both domestic and international industrial economies, while maintaining stable profitability.

To become a banking group that values diverse talents and cultures and is constantly taking on new challenges presented by change, based on its experiences and history.

To become a banking group that strives for highly transparent management and values that is trusted by all stakeholders including customers, investors, and employees.

Redesigning Finance

The Shinsei Bank Group is working to promote the Medium-Term Management Strategy, “Redesigning Finance” that started in fiscal 2019, both inside and outside the Group.

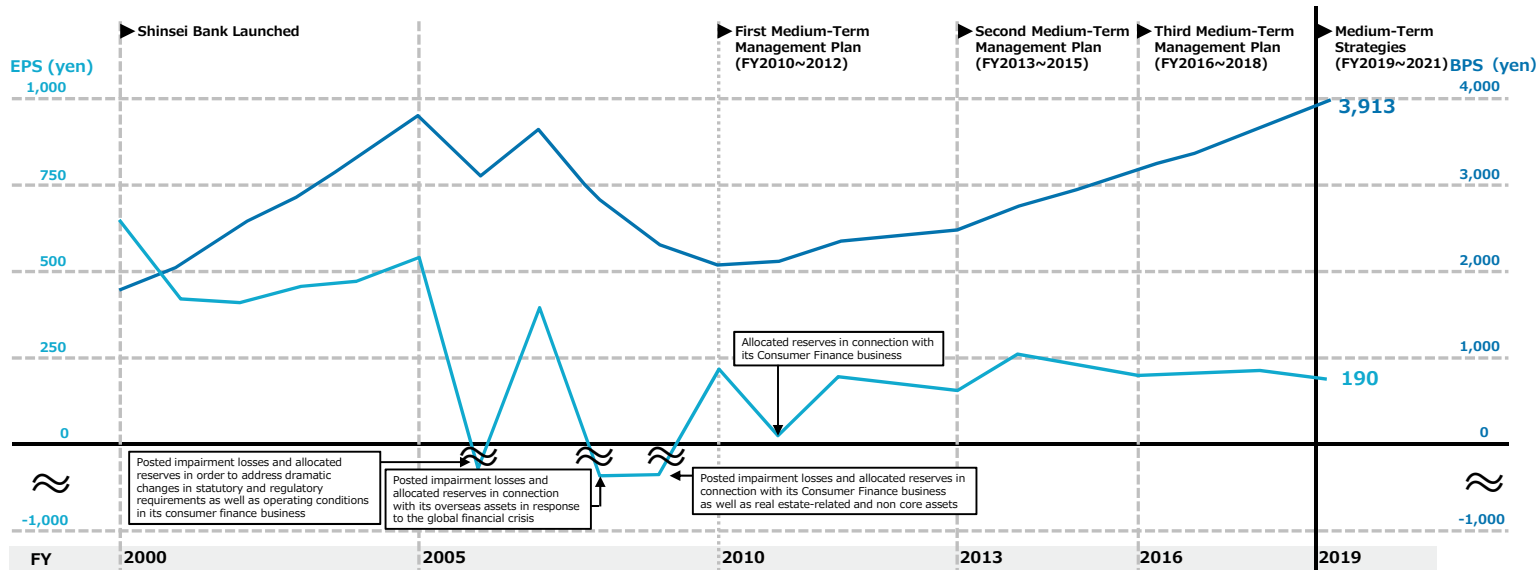


Design Concept The font color, which has an alternating blue and gray design concept, expresses the value co-creation business model that brings together services of not only the Shinsei Bank Group but also other companies. The object in human form in the center of the word “finance” symbolizes our stance connecting people with finance to provide valuable new financial services.

Initiatives and External Recognition

Participation in Initiatives	United Nations Global Compact WE SUPPORT 30% Club Japan GROWTH THROUGH DIVERSITY	Principles for Financial Action for the 21st Century PFA21 Principles for Financial Action for the 21st Century Equator Principles EQUATOR PRINCIPLES	Women's Empowerment Principles (WEPs) In support of WOMEN'S EMPOWERMENT PRINCIPLES Established by UN Women and the UN Global Compact Office Task Force on Climate-related Financial Disclosures (TCFD)
ESG Index	MSCI 2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)	THE INCLUSION OF SHINSEI BANK, LIMITED IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF SHINSEI BANK, LIMITED BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.	Bloomberg Gender-Equality Index
Awards and Accreditation	Kurumin 	Companies with Best Continual Efforts in IR IR 継続企業	generally by AWARD 2019 SILVER

Evolution of the Shinsei Bank Group



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

The Shinsei Bank Group External Environment Transition of Stock

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

March 2000

The Long-Term Credit Bank of Japan, Limited was bought out by New LTCB Partners CV, a US private equity investment consortium comprised of Ripplewood Holdings and J.C. Flowers & Co. LLC

2000

Shinsei Bank launched
Name changed from The Long-Term Credit Bank of Japan, Limited (LTCB), to Shinsei Bank, Limited
Collapse of the IT bubble economy

Preferred stock capital injection and a partial reduction of preferred stock capital without compensation

2001

Shinsei Securities Co., Ltd. commenced operations

2003

Shinsei Investment Management Co., Ltd. Commenced operations

Reduction of capital through the merger of two shares of common stock into one share

2004

APLUS Co., Ltd. (now APLUS FINANCIAL 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

Launched 32 colors of new cash cards for retail Power-Flex account customers
Showa Leasing Co., Ltd. converted into a consolidated subsidiary
End of the government guarantee on full savings deposits

2006

Partial repayment of public funds
Cancellation of treasury shares

2007

SHINKI Co., Ltd. (now Shinsei Personal Loan Co., Ltd.) converted into a consolidated subsidiary

Conversion of preferred stock into common stock

2008

Bankruptcy of Lehman Brothers
Issuance of new shares by third-party allotment
Conversion of preferred stock into common stock
GE Consumer Finance Co., Ltd. (now Shinsei Financial Co., Ltd.) converted into a consolidated subsidiary

2010

European debt crisis

2011

Issuance of new shares through international offering

2016

Shinsei Leasing Co., Ltd. converted into a wholly-owned consolidated subsidiary

Shinsei Financial Co., Ltd. entered the unsecured personal loan business in Vietnam
Introduction of negative interest rate policy
Acquisition of treasury shares

2017

Established the "Shinsei Bank Group Headquarters"
Acquisition of treasury shares
Merger of 10 shares of common stock into one share

2018

Shinsei Financial Co., Ltd. launched a new "Lake ALSA" brand, an unsecured loan product
Determination of "Shinsei Bank Smart Money Lending" for Docomo users

Alliance established with Global Trust Networks, Co. to establish fund to aid international students

Acquisition and cancellation of treasury stock

2019

Acquired all shares of Financial Japan Co., Ltd.
Showa Leasing Co., Ltd. acquired the shares of SHINKI LEASE CO., LTD.
Formulated "Redesigning Finance" Medium-Term Strategies (fiscal 2019 to 2021)

Implemented a secondary offering of shares of common stock of the Bank
Acquired treasury stock
COVID-19 crisis

Fiscal 2019 Business Topics

2019

June

Institutional Business ESG
Established Japan Impact Investment II Limited Partnership as infrastructure for supporting and developing startups aiming to solve social challenges

August

Shinsei Bank Group
Major shareholder sold its shares

Individual Business Institutional Business
Commenced "Shinsei Bank Smart Money Lending" for Docomo users

December

Individual Business
Launched a joint finance business for USEN-NEXT GROUP customers by USEN-NEXT HOLDINGS and the Shinsei Bank Group

2020

January

Individual Business
Established Credit Finance Co., Ltd. to offer credit services to foreign residents in Japan with Seven Bank, Ltd.

Institutional Business ESG
Shinsei Corporate Investment Limited received the "Tokyo Financial Award 2019-ESG Investment Category"

Institutional Business ESG
Established a Sustainable Impact Development Division

February

Institutional Business ESG
Announced support for TCFD (Task Force on Climate-Related Financial Disclosures) recommendations

Institutional Business

Commenced cloud factoring service through "anew G.K.", which was established by OLTA and Shinsei Bank

March

Individual Business
Started providing partner companies with "BANKIT®", a Neobank Platform

April

Institutional Business ESG
Adopted Equator Principles

June

ESG
Introduced a restricted stock compensation plan for outside directors

Individual Business Institutional Business
Concluded an agreement to acquire stocks of UDC Finance Limited to make it a wholly-owned subsidiary

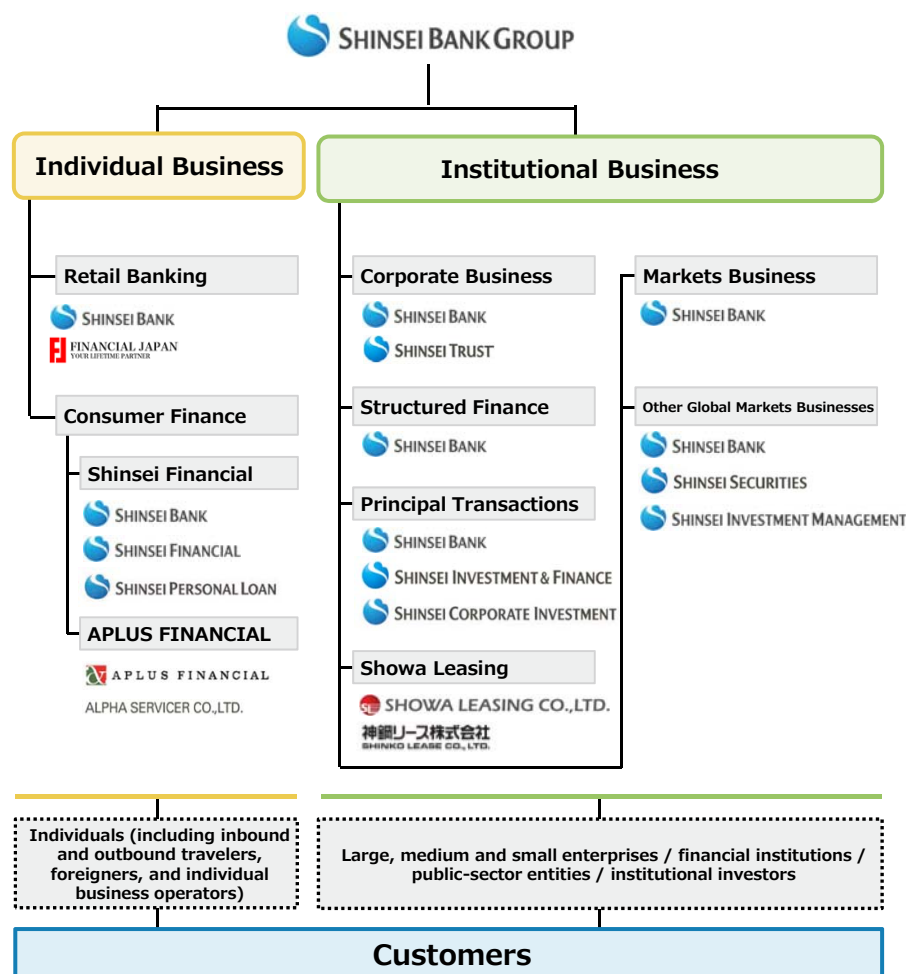
Institutional Business

Participated to consider establishment of a joint venture company to promote regional revitalization

The Shinsei Bank Group's Business, Products and Services

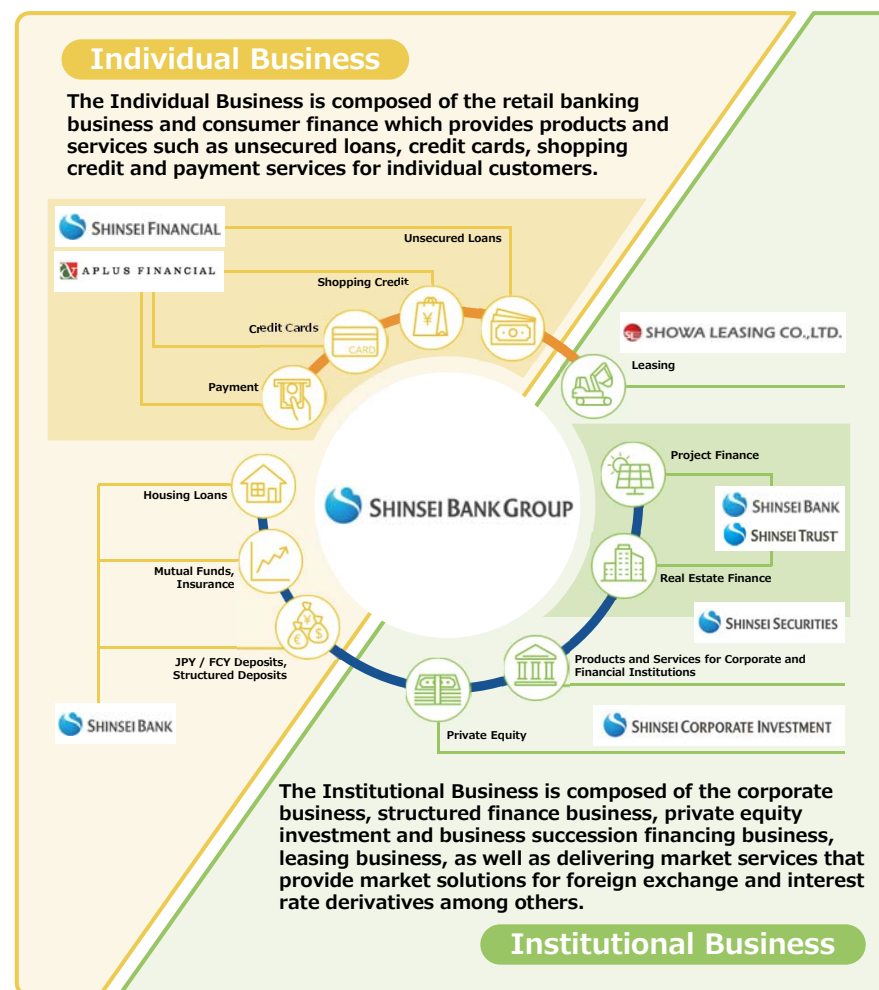
Group Business Profile

The Shinsei Bank Group continues to proactively identify underserved customer needs, which are not met by conventional financial products and services. At the same time, we provide solutions to these needs as a financial enterprise group. Targeting both individual and corporate customers, we harness the functions within the Group to deliver unique financial products and services.



The Shinsei Bank Group's Products and Services

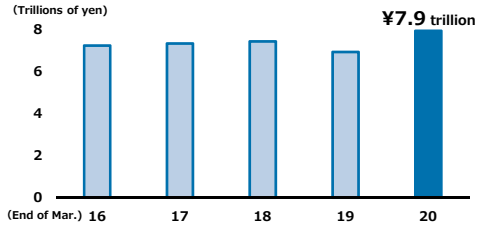
The Shinsei Bank Group leverages its strengths to provide unique, hybrid, and seamless products and services, while keeping the social megatrends.



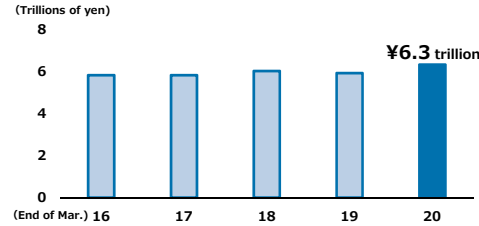
Financial and Nonfinancial Highlights

Financial Highlights

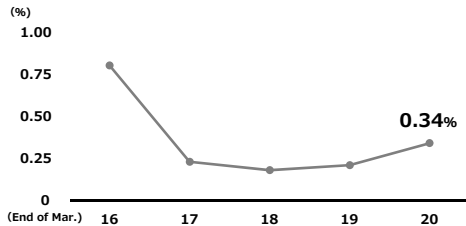
Operating Assets



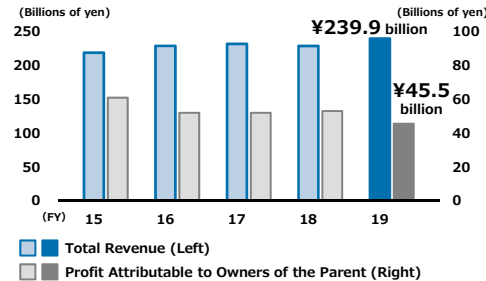
Deposits



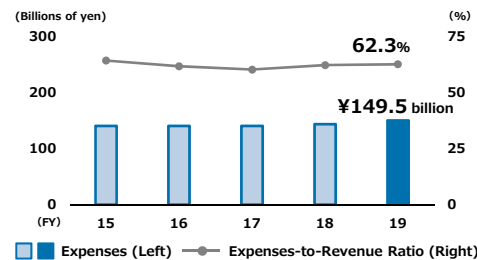
Ratio of Nonperforming Claims Classified under the Financial Revitalization Law to Total Claims (Nonconsolidated)



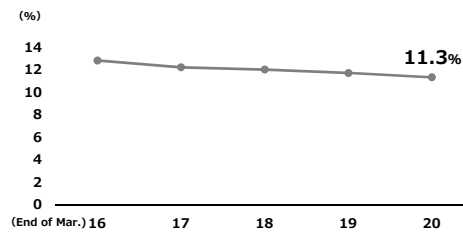
Total Revenue / Profit Attributable to Owners of the Parent



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



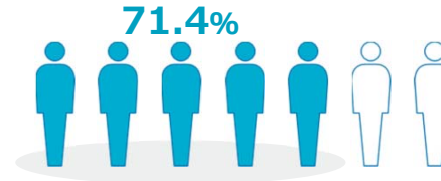
Common Equity Tier 1 Ratio (International Standard)



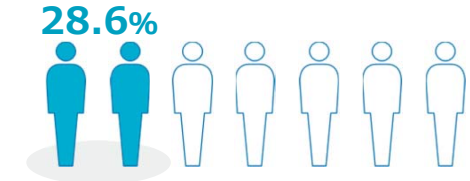
■ Expenses (Left) — Expenses-to-Revenue Ratio (Right)

Nonfinancial Highlights

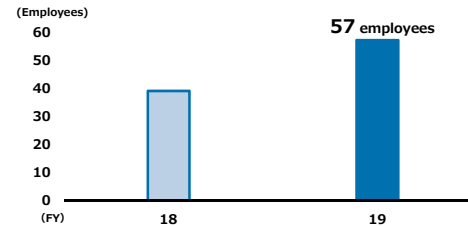
Ratio of Outside Directors on the Board of Directors



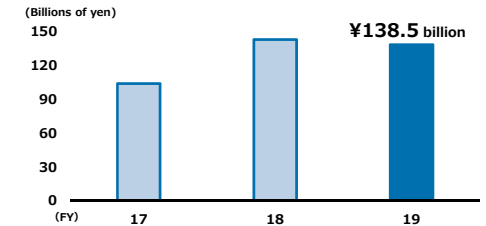
Ratio of Female Executives



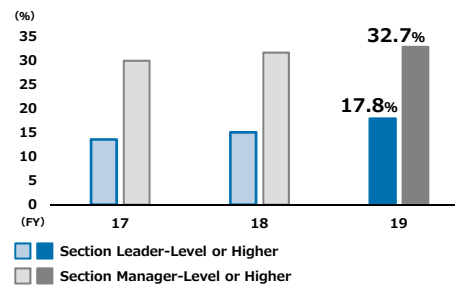
Number of Registered Side Work / Concurrent Work



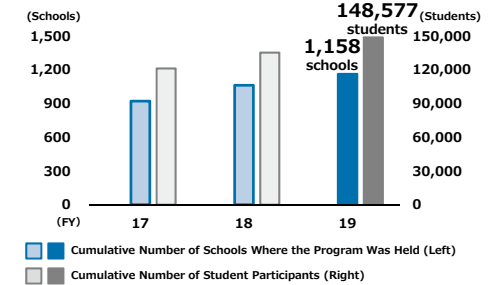
Arrangement of Renewable Energy Project Finance



Ratio of Female Managers



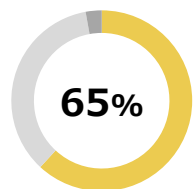
"MoneyConnection®" Financial Literacy Program



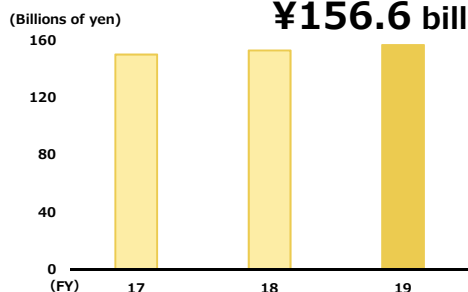
At a Glance

Individual Business

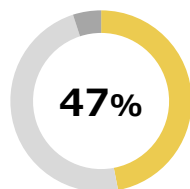
Total Revenue



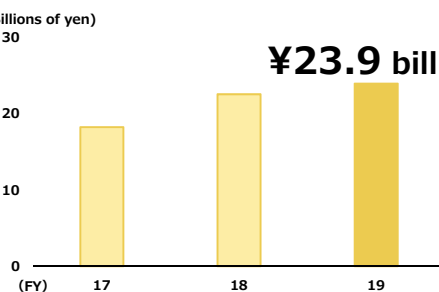
¥156.6 billion



Ordinary Business Profit after Net Credit Costs

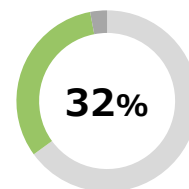


¥23.9 billion

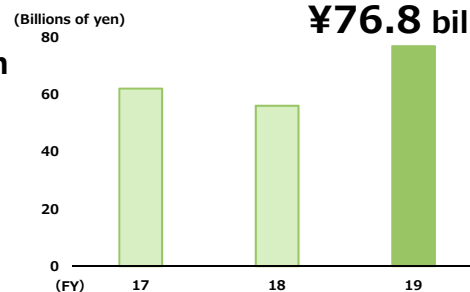


Institutional Business

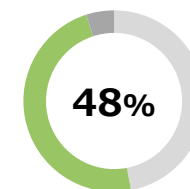
Total Revenue



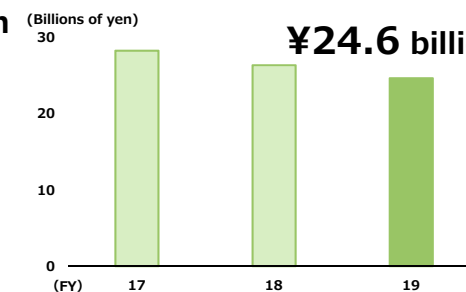
¥76.8 billion



Ordinary Business Profit after Net Credit Costs



¥24.6 billion



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

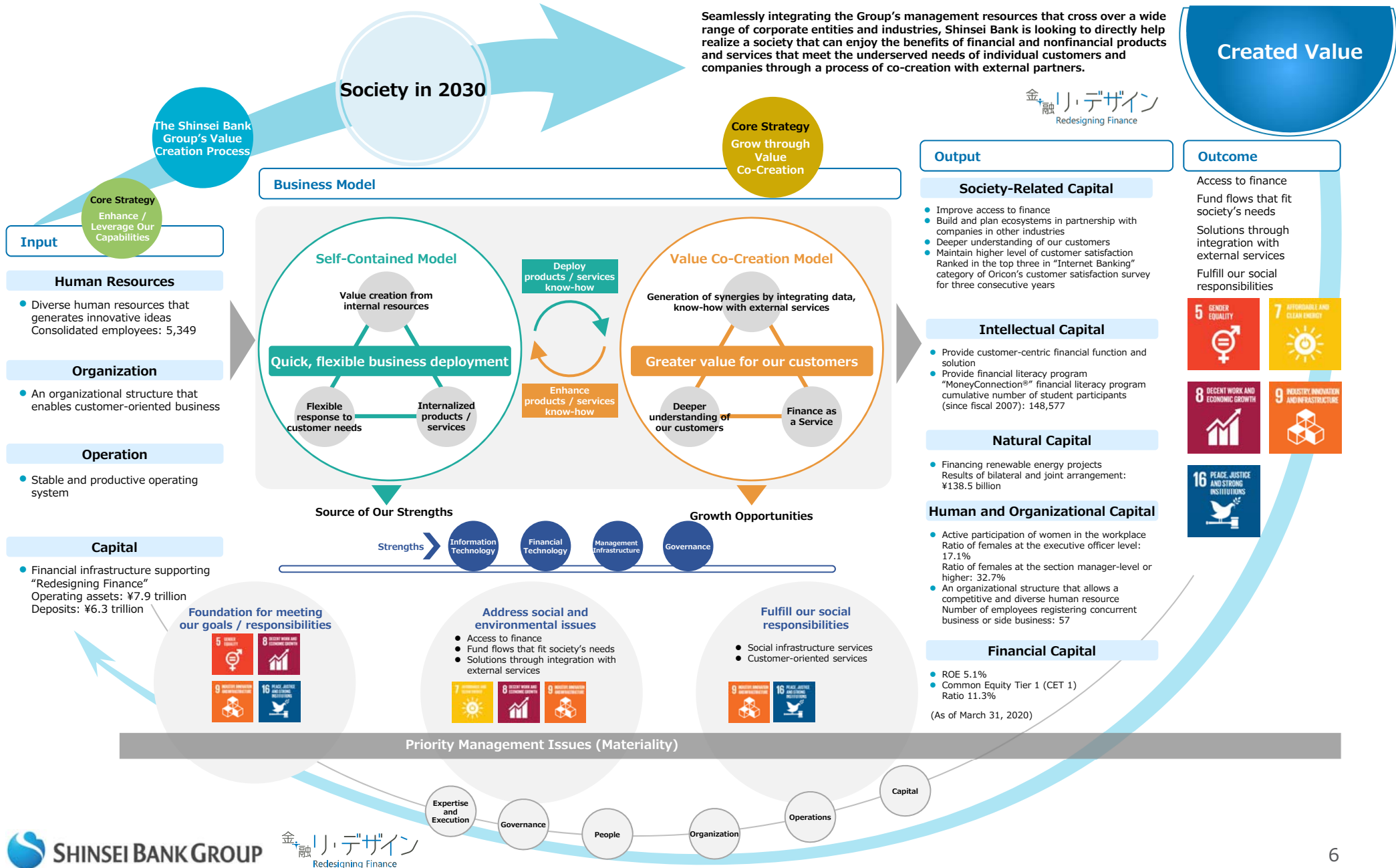
Major Businesses

- 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 FINANCIAL** 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 business, trust banking business
- 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 business, asset management business, wealth management business

Corporate Value Creation Mechanism

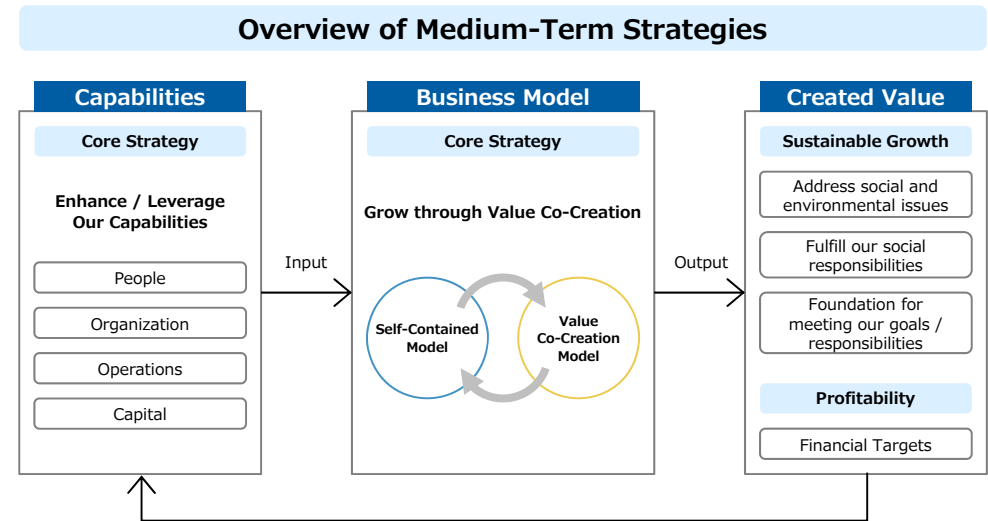


CEO Message



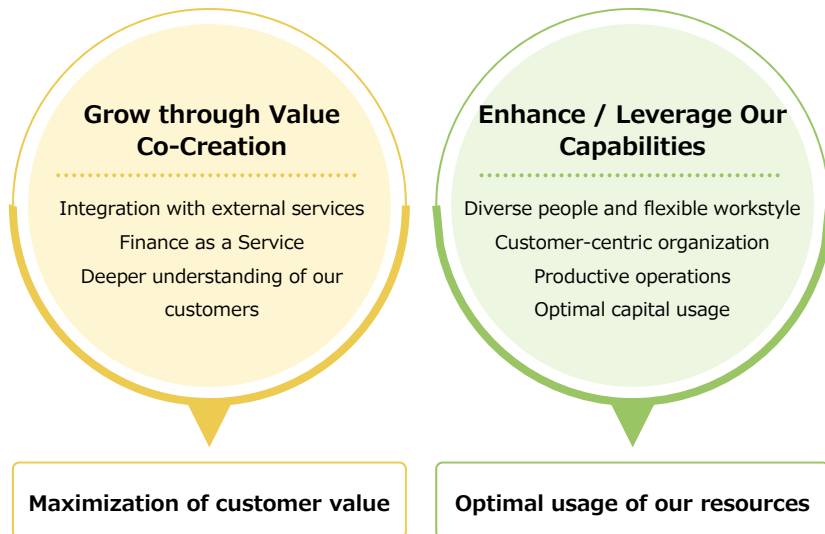
Row out on the Ocean Under the Name of “New Normal” with a Ship Called “Redesigning Finance”

The spread of COVID-19 worldwide is rapidly slowing the globalization of humans and goods and dividing and blocking the material world. At the same time, through the persistent endeavors of medical professionals, and a process of trial and error, everyday life is beginning to resume in a new way through the virtual world using “digital” means as a tool. However, once we overcome this global crisis or after we become accustomed to it, the values and behaviors of the world are likely to enter a “new normal” and would not return to pre-COVID-19 conditions. In addition to fulfilling its responsibilities and missions as a part of the overall social infrastructure, institutions that are responsible to provide finance functions, which are indispensable to people’s daily lives and social activities, must contribute to activities that create new daily lives in the new normal. Last year, the Shinsei Bank Group embarked on a variety of new initiatives under the banner of “Redesigning Finance.” I believe it is necessary to have a ship called “Redesigning Finance” to reconsider the way finance should be approached to go to the coastal sea area of this rough new normal.

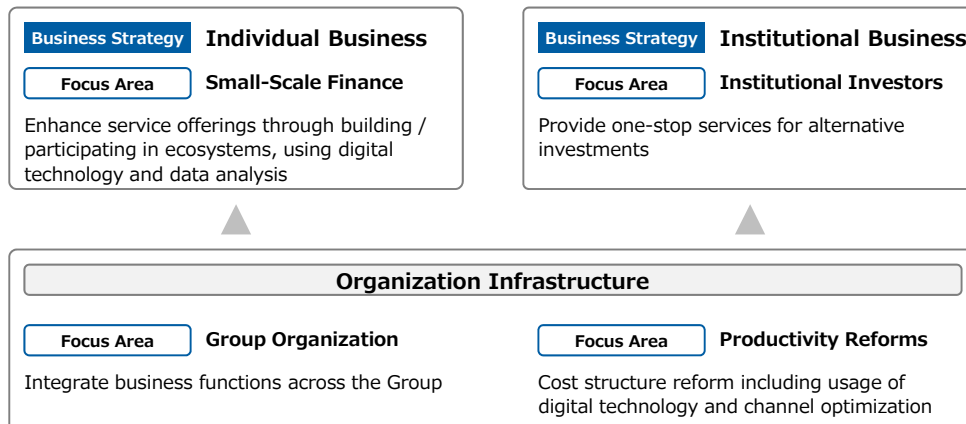


Medium-Term Management Strategy

Core Strategies



Business Strategies



Value that the Shinsei Bank Group Wants to Impact Society: Nonfinancial KPIs

Materiality	Main business	Nonfinancial KPIs	Progress
Address social and environmental issues	Increase access point to finance, both directly and indirectly, for more people	<ul style="list-style-type: none"> Deployment of the Shinsei Bank Group's platforms and ecosystems Participation of partner companies in platforms and ecosystems 	<ol style="list-style-type: none"> Providing platform by the Shinsei Bank Group: BANKIT® Establishment of joint ventures with partner companies: Credd Finance and Shinsei Bridge for foreigners' ecosystems; anew for cloud factoring for SMEs and micro-businesses Participation of partners in platforms and ecosystems: collaboration with USEN NEXT HOLDINGS and collaboration with Docomo
	Expand financing to help resolve climate change and social issues	In the institutional investor business, <ol style="list-style-type: none"> Amount of new origination Amount of new distribution 	<ol style="list-style-type: none"> Established the Sustainable Impact Development Division Bilateral and joint arrangement of domestic renewable energy project finance: Fiscal 2019: ¥138.5 billion
Fulfill our social responsibilities	Provide reliable financial services in a stable manner	<ul style="list-style-type: none"> Initiatives to ensure cyber security 	<ol style="list-style-type: none"> Cooperation with external specialist organizations Implementation of measures against cyber attacks on information systems Training and education
Foundation for meeting our goals / responsibilities	Have strong governance, employees respect each other's strengths, and work together to create new value	<ol style="list-style-type: none"> Evolution of board governance Initiatives for organizational issues based on the Group's organizational survey Promoting diversity 	<ol style="list-style-type: none"> Number of outside directors: 5 out of 7 directors Directors' skill diversity: Skill matrix Transparency and objectivity of remuneration and nomination: Discussion by the nomination and compensation committee, which is comprised of outside directors Implementation of effective measures <ul style="list-style-type: none"> Management of evaluation and compensation: System design changes, including the introduction of a group-wide personnel system Development of team management skills for managers: Establishment of team management skills and career support for subordinates as evaluation items for managers, expansion of training for managers, etc. Human resource management: Appropriate manpower allocation and reduction of work volume, human resource development, utilization of senior human resources, etc. Communication: Transmission of information from executives through town hall meetings, revitalizing group organizations through the launch of new projects, etc. Ratio of women in managerial positions on a Group basis (Fiscal 2019: 13.9%, Fiscal 2022: 18% or above)

Economic Value that the Shinsei Bank Group Wants to Create: Financial KPIs

<p>EPS Growth Rate Growth</p> <p>Annual average excluding the share buyback effect</p> <p style="text-align: center;">2% or more</p>	<p>Profit Share of Focus Areas Growth</p> <p>(Share of operating business profit after net credit costs, excluding one-time factors)</p> <table style="width: 100%; text-align: center;"> <tr> <td colspan="2">Small-scale finance</td> <td colspan="2">Businesses for institutional investors</td> </tr> <tr> <td>FY2018</td> <td>FY2021</td> <td>FY2018</td> <td>FY2021</td> </tr> <tr> <td>45%</td> <td>50%</td> <td>10%</td> <td>15%</td> </tr> </table>	Small-scale finance		Businesses for institutional investors		FY2018	FY2021	FY2018	FY2021	45%	50%	10%	15%
Small-scale finance		Businesses for institutional investors											
FY2018	FY2021	FY2018	FY2021										
45%	50%	10%	15%										
<p>ROE Profitability</p> <table style="width: 100%; text-align: center;"> <tr> <td>FY2018</td> <td>In the medium term</td> </tr> <tr> <td>6.0%</td> <td>8.0%</td> </tr> </table>	FY2018	In the medium term	6.0%	8.0%	<p>OHR Efficiency</p> <table style="width: 100%; text-align: center;"> <tr> <td>FY2018</td> <td>FY2021 Less than</td> </tr> <tr> <td>63.0%</td> <td>50%</td> </tr> </table>	FY2018	FY2021 Less than	63.0%	50%				
FY2018	In the medium term												
6.0%	8.0%												
FY2018	FY2021 Less than												
63.0%	50%												
	<p>CET 1 Ratio Soundness</p> <table style="width: 100%; text-align: center;"> <tr> <td>FY2018</td> <td>In the medium term Minimum</td> </tr> <tr> <td>12.0%</td> <td>10%</td> </tr> </table>	FY2018	In the medium term Minimum	12.0%	10%								
FY2018	In the medium term Minimum												
12.0%	10%												

Shareholder Return

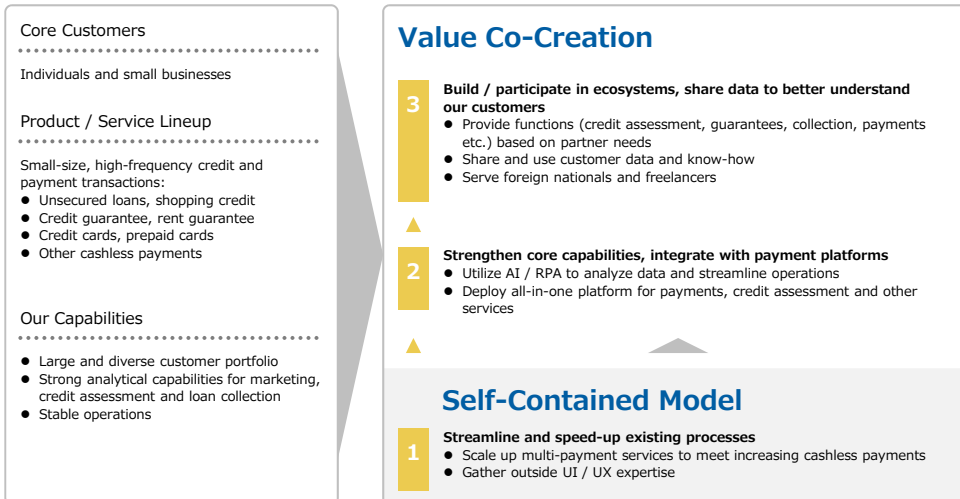
Shinsei Bank aims to maintain or improve the total shareholder return ratio, depending on financial conditions and market environment, considering total shareholder return policy as outlined in the Revitalization Plan.*

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

Special Features of Business

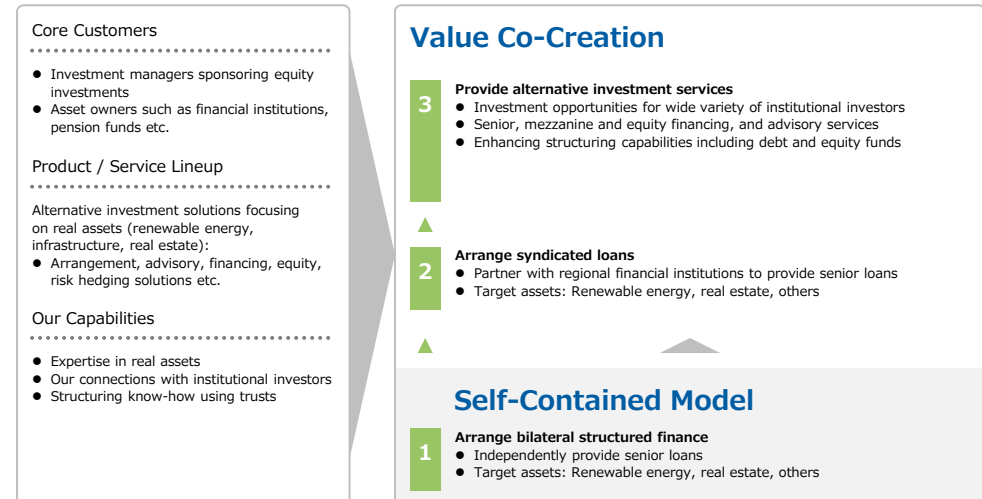
Individual Business

What is Small-Scale Finance?



Institutional Business

What is Institutional Investor Oriented Business?

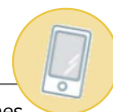


Unsecured Loan Business

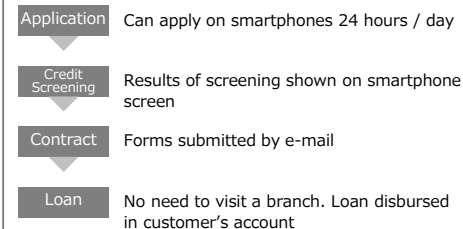
Lake ALSA Strengths and Strategies

- Development of customer base and customer data using major consumer finance brand - Lake
- Use of conventional scoring models derived from nonbank credit-risk control methods, plus use of AI to enhance credit assessment / collection
- Optimization of operation costs using digital technology
- Fixed-term, no-interest loans for new customers
- 1. Customers with a contract amount under ¥2 million, no interest for 180 days for loans up to ¥50,000, or
- 2. 60-day no-interest loan, website application only
- Customers' smartphones can act as a substitute for a branch, enabling them to receive services in real time 24-hours a day. Smartphones can also be used to make repayments, increase credit limits and receive other services without being restricted to time or place.
- Loan disbursement and loan repayments are also possible using a card issued especially for this purpose. Beginning in May 2018, customers can make "cardless" transactions at Seven Bank ATMs.

レイクALSA



Many customers apply on smartphones

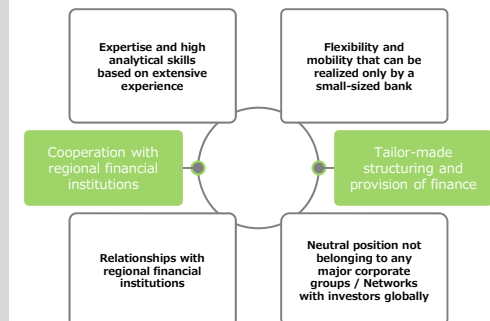


Structured Finance Business

The Shinsei Bank Group's Strengths

- As neither a megabank nor a regional financial institution, the Shinsei Bank maintains a unique position with the following strengths.
- We are better able to tackle projects with a focus on flexibility and speed than megabanks.
 - We have more expertise and greater analytical skill given our extensive experience than regional financial institutions.
 - We are able to do business from an independent standpoint with a broad range of customers because we do not belong to a specific capital group.

Create added values from our unique positioning that is different from both megabanks and regional financial institutions



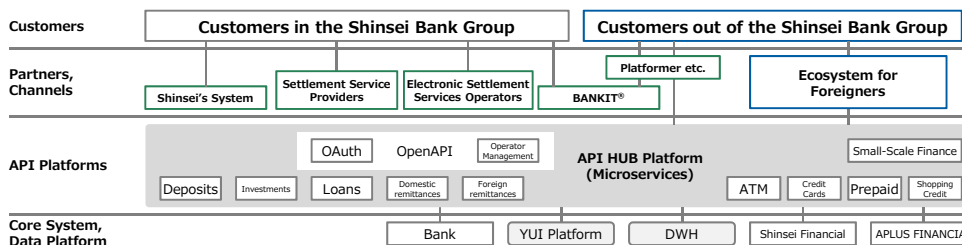
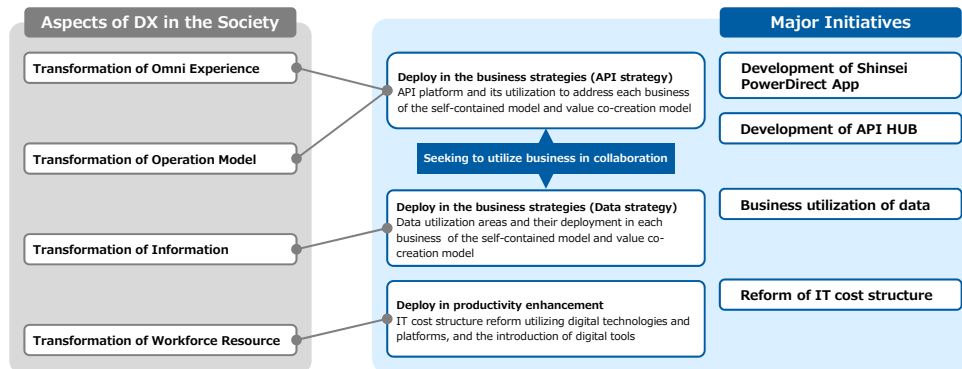
Digital Strategies in the Shinsei Bank Group

Deployment of Digital Strategies in Business Strategy

In API Strategy, we will utilize our API platform to deepen our self-contained businesses by providing channels and apps to tailor customers' needs and providing products and services by collaborating within the Shinsei Bank Group. We will also develop value co-creation businesses by providing financial functions to FinTech companies and platformers, and by creating unique ecosystems centered on the Shinsei Bank Group. The Data Strategy supports self-contained businesses and value-creating businesses by utilizing data in marketing and credit screening.

Productivity Reforms

We will work to improve the efficiency of business processes and operations using digital tools, and to reform the IT expense structure using the cloud.

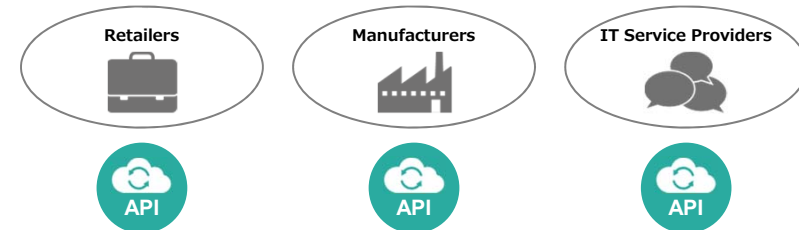


Initiatives of the Neobank Platform "BANKIT®"

The Shinsei Bank Group began offering the Neobank Platform "BANKIT®" to our partner companies who have been considering entry to the financial and settlement business. Through the provision of BANKIT® services, we will leverage the Shinsei Bank Group's financial licensing, financial and payment systems to collaborate with partner companies and FinTech companies that have a customer base, to develop the financial and payment services needed for the next generation, and provide new financial experiences.

Points

- To reduce the pain points when partner companies enter the financial business
 - To obtain a license
 - Building systems and operations
- Provides highly flexible financial services such as financial services platforms, and settlement and credit
- Supporting customer contact points and actual operation
- Initiatives in which the Shinsei Bank Group companies cooperate to bring their respective strengths to fruition



Examples

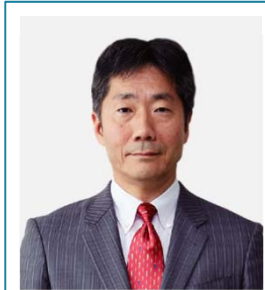
APLUS	Wallet accounts	Prepaid, Code settlements	Deferred payment
Shinsei Bank	ATM (deposits and withdrawals)	Remittance	Deposits
Shinsei Financials	Lending		
Others	Coupon	Stocks	Insurance



Neobank Platform

Corporate Governance

Board of Directors



Hideyuki Kudo
Representative Director,
President and Chief Executive Officer
Chairman of Board

Ownership: Common shares 23,072
Attendance rate: 100%



Yoshiaki Kozano
Director

Ownership: Common shares 8,367
Attendance rate: 100%



Ernest M. Higa
Outside Director
Nomination and Compensation
Committee Member

Ownership: Common shares 4,286
Attendance rate: 100%



Yuko Kawamoto
Outside Director
Nomination and Compensation
Committee Member

Ownership: Common shares 0



Jun Makihara
Outside Director
Chairperson, Nomination and
Compensation Committee

Ownership: Common shares 20,000
Attendance rate: 100%



Rie Murayama
Outside Director
Nomination and Compensation
Committee Member

Ownership: Common shares 0
Attendance rate: 100%



Ryuichi Tomimura
Outside Director
Nomination and Compensation
Committee Member

Ownership: Common shares 0
Attendance rate: 100%

Reasons for Nomination

Mr. Hideyuki Kudo has an abundant experience and insight, focusing on corporate and risk management operations. Since his appointment as the president, he has been contributing to improved corporate value by establishing and implementing the core strategies of "enhance/leverage our capabilities" and "grow through value co-creation" outlined in the Medium-Term Management Plan that starts in fiscal 2019.

Mr. Yoshiaki Kozano has a wealth of experience and results, focusing on corporate operations. Since his appointment in 2017, he has been planning and promoting the Group's business strategy as the Director, Chief Officer, Group Business Strategy and contributing to the enhancement of corporate value through reorganization of the Group and creation of business opportunities.

Reasons for Nomination

Mr. Ernest M. Higa was asked to stand as an Outside Director in order to reflect in the Bank's management, his experience and deep insight of business for consumers.

Ms. Yuko Kawamoto was asked to stand as an Outside Director in order to reflect in the Bank's management, her wealth of expertise in finance and extensive experience as a management consultant and professor at university.

Mr. Jun Makihara was asked to stand as an Outside Director in order to reflect in the Bank's management, his extensive knowledge of finance, and his domestic and international experience.

Ms. Rie Murayama was asked to stand as an Outside Director in order to reflect in the Bank's management, her wide range of expertise based on her experience as Outside Director at other companies, as well as her knowledge based on her extensive experience at an investment bank, particularly related to business and risk-analysis in real estate, mortgage, construction and related sector.

Mr. Ryuichi Tomimura was asked to stand as an Outside Director in order to reflect in the Bank's management, his extensive experience and wide range of knowledge including information systems as a management executive and a consultant.

Apr. 1987 Joined The Dai-Ichi Kangyo Bank, Ltd. (Predecessor of Mizuho Bank, Ltd.)
May 2001 General Manager, Advisory Department No. II, Investment Banking Division, Mizuho Securities Co., Ltd.
Aug. 2003 Director, Acquisition Group, Aetos Japan, LLC
May 2005 Managing Director, Aetos Japan, LLC
Jun. 2006 Representative Director, President, MID Urban Development Co., Ltd. (Predecessor of Kanden Realty & Development Co., Ltd.)
Jan. 2007 Vice Chairman, MID Urban Development Co., Ltd. (Predecessor of Kanden Realty & Development Co., Ltd.)
Jun. 2007 Managing Director, Investments Division, Aetos Japan, LLC
Sep. 2010 Managing Executive Officer, Deputy Head of Institutional Group, Shinsei Bank, Limited
Apr. 2011 Managing Executive Officer, Head of Structured Finance Sub-Group, Shinsei Bank, Limited
Apr. 2013 Managing Executive Officer, Chief Risk Officer, Head of Risk Management Group, Shinsei Bank, Limited
Apr. 2015 Managing Executive Officer, Shinsei Bank, Limited
Jun. 2015 Representative Director, President and Chief Executive Officer, Shinsei Bank, Limited (Current)

Apr. 1986 Joined The Long-Term Credit Bank of Japan, Ltd. (Predecessor of Shinsei Bank, Limited)
Nov. 2003 General Manager, Credit Trading Division, Shinsei Bank, Limited
Jul. 2006 Head of Corporate Business Solutions Sub-Group, Shinsei Bank, Limited
Dec. 2007 Head of Principal Transactions Sub-Group, Shinsei Bank, Limited
Jun. 2011 Managing Executive Officer, Head of Principal Transactions Sub-Group, Shinsei Bank, Limited
Apr. 2015 Managing Executive Officer, Deputy Head of Institutional Group, Shinsei Bank, Limited
Apr. 2016 Managing Executive Officer, Special Assignment (Head of Group Business Strategy, Shinsei Bank, Limited)
Jun. 2016 Director, APLUS FINANCIAL Co., Ltd. (Current)
Apr. 2017 Chief Officer, Group Business Strategy, Managing Executive Officer, Special Assignment, Shinsei Bank, Limited
Apr. 2018 Chief Officer, Group Business Strategy (Equivalent to Senior Managing Executive Officer)
Jun. 2018 Director, Chief Officer, Group Business Strategy, Shinsei Bank, Limited (Equivalent to Senior Managing Executive Officer), Shinsei Bank, Limited (Current)

Apr. 1976 Joined Higa Industries Co., Ltd.
Apr. 1983 President and Chief Executive Officer, Higa Industries Co., Ltd.
Apr. 2008 Board Member, The Tokyo New Business Conference (Current)
May 2009 Board of Overseers, Columbia Business School (Current)
Jun. 2010 Director, JC Comsa Corporation (Current)
Mar. 2011 Chief Executive Officer, Wendy's Japan, LLC
Jun. 2013 Director, Shinsei Bank, Limited (Current)
Apr. 2015 Chairman, President & Chief Executive Officer, Higa Industries Co., Ltd. (Current)
Sep. 2016 Chairman & Representative Director, Wendy's Japan K. K. (Current)
Apr. 2017 Board of Trustees, Showa Women's University (Current)

Apr. 1982 Joined The Bank of Tokyo, Ltd. (Predecessor of MUFG Bank, Ltd.)
Sep. 1988 Joined McKinsey & Company, Inc.
Jul. 2001 Senior Expert, McKinsey & Company, Inc., Tokyo Office
Apr. 2004 Professor, Waseda Graduate School of Finance, Accounting and Law (Predecessor of Business and Finance) (Current)
Jun. 2004 Director, Osaka Exchange, Inc. (Predecessor of Japan Exchange Group, Inc.)
Jun. 2006 Audit & Supervisory Board Member, Tokio Marine Holdings, Inc.
Jun. 2013 Director, Mitsubishi UFJ Financial Group, Inc.
Jun. 2020 Director, Shinsei Bank, Limited (Current)
Jun. 2020 Director, SoftBank Group Corp. (Current)
Jun. 2020 Director, Panasonic Corporation (Current)

Sep. 1981 Joined Goldman Sachs & Co.
Nov. 1992 Partner, Goldman Sachs & Co.
Nov. 1996 Co-Branch Manager, Goldman Sachs Tokyo Branch (Predecessor of Goldman Sachs Japan Co., Ltd.)
Nov. 2001 Managing Director, Goldman Sachs Tokyo Branch (Predecessor of Goldman Sachs Japan Co., Ltd.)
Jun. 2006 Director, Monex Group, Inc. (Current)
Jun. 2011 Director, Shinsei Bank, Limited (Current)
Sep. 2014 Director, Philip Morris International Inc. (Current)

Nov. 1988 Joined CS First Boston Securities
Mar. 1993 Joined Goldman Sachs Tokyo Branch (Predecessor of Goldman Sachs Japan Co., Ltd.)
Nov. 2001 Managing Director, Goldman Sachs Tokyo Branch (Predecessor of Goldman Sachs Japan Co., Ltd.)
Jun. 2016 Director, RENOVA, Inc.
Apr. 2017 Chairman & Representative Director, ComTech, Ltd.
Jun. 2017 Director, KATITAS Co., Ltd.
Jun. 2019 Director, Shinsei Bank, Limited (Current)
Jun. 2020 Director, MAEDA CORPORATION (Current)

Oct. 1983 Joined IBM Japan, Ltd.
Oct. 1991 General Manager, Network Integration Division, Recruit Co. Ltd. (Predecessor of Recruit Holdings Co., Ltd.)
Jan. 1994 Managing Partner, Pricewaterhouse Consultant
Oct. 2002 Managing Director, IBM Business Consulting Service KK, Vice President, IBM Corporation Business Consulting Service, Asia Pacific
Feb. 2004 Representative Director, Senior Executive Vice President, Japan Telecom Co., Ltd. (Predecessor of SoftBank Corp.)
Dec. 2007 Representative Director, Managing Director, RHJ International Japan, Inc.
Apr. 2010 Executive Vice President, Director, SIGMAXYZ Inc. (Current)
Aug. 2012 Director, Plan+Do+See Inc.
Jun. 2014 Audit & Supervisory Board Member, Shinsei Bank, Limited
Jun. 2015 Director, Shinsei Bank, Limited (Current)
Jun. 2016 Executive Vice President, Representative Director, SIGMAXYZ Inc.
Jun. 2018 President, Representative Director, SIGMAXYZ Inc. (Current)
May 2020 Director, VECTOR INC. (Current)

Corporate Governance

Message from Chairperson of Nomination and Compensation Committee



I would like to say that no set of written rules or procedures can guarantee a good outcome for any of the above questions. The most important thing is to have a board that works well together and works well with the CEO. Above all, a board and CEO that have an open and honest dialogue is the key to successful corporate governance.

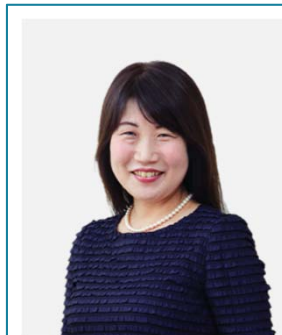
Jun Makihara
Outside Director
Chairperson, Nomination and Compensation Committee

Audit & Supervisory Board Members



Shinya Nagata
Audit & Supervisory Board Member

Ownership: Common shares 2,583
Attendance rate: 100%



Ikuko Akamatsu
Outside Audit & Supervisory Board Member

Ownership: Common shares 0
Attendance rate: 100%



Shiho Konno
Outside Audit & Supervisory Board Member

Ownership: Common shares 0
Attendance rate: 100%

Diversified Experiences and Skills Required for Outside Directors

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

Reasons for Nomination

Mr. Shinya Nagata was asked to stand as an Audit & Supervisory Board Member based on the judgment that 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 business, 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.

Apr. 1981 Joined The Long-Term Credit Bank of Japan, Ltd. (Predecessor of Shinsei Bank, Limited)
Dec. 2001 General Manager, Financial and Regulatory Accounting Division, Shinsei Bank, Limited
Oct. 2006 General Manager, Group Regulatory Accounting and Tax Division, General Manager, Group Financial Projects Division, Shinsei Bank, Limited
Apr. 2009 General Manager, Group Regulatory Accounting and Tax Division, General Manager, Group Financial Accounting Division, Shinsei Bank, Limited
Sep. 2009 General Manager, Group Regulatory Accounting and Tax Division, Shinsei Bank, Limited
Jun. 2010 General Manager, Group Regulatory Accounting and Tax Division, General Manager, Group Financial Accounting Division, Shinsei Bank, Limited
Sep. 2010 Executive Officer, General Manager, Group Regulatory Accounting and Tax Division, General Manager of Group Financial Accounting Division, Shinsei Bank, Limited
Oct. 2010 Executive Officer, General Manager, Financial and Regulatory Accounting Division, Shinsei Bank, Limited
Jun. 2012 Audit & Supervisory Board Member, Shinsei Bank, Limited (Current)

Reasons for Nomination

Ms. Ikuko Akamatsu was asked to stand as an Outside Audit & Supervisory Board Member in order 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 and a certified fraud examiner, and extensive experience as a consultant based on the aforementioned expertise.

Jan. 1995 Joined Showa Ota & Co. (Predecessor of Ernst & Young ShinNihon LLC)
Dec. 2010 Chief Researcher, Management Training and Consulting Division, Institute of Management, SANNO University
Aug. 2018 Director, TOPS Inc. (Current)
Apr. 2019 Senior Researcher, Management Training and Consulting Division, Institute of Management, SANNO University
Jun. 2019 Audit & Supervisory Board Member, Shinsei Bank, Limited (Current)
Jun. 2020 Director, CAWACHI LTD. (Current)
Jun. 2020 Audit & Supervisory Board Member, Toyo Seikan Group Holdings, Ltd. (Current)

Ms. Shiho Konno was asked to stand as an Outside Audit & Supervisory Board Member in order to reflect in the Bank's audit operations, her expertise and extensive experience as a lawyer, and based on her experience as an outside director at listed companies as well as her expertise in corporate governance and to take on the promotion of diversity.

Apr. 1991 Registered Dai-Ichi Tokyo Bar Association
Jun. 2005 Audit & Supervisory Board Member, Yahoo Japan Corporation
Mar. 2008 Audit & Supervisory Board Member, Advanced Softmaterials Inc.
Apr. 2009 Professor, Waseda Law School, Waseda University
Apr. 2014 Member, Committee on Realization of a Gender-Equal Society of Japan Federation of Bar Associations (Current)
Aug. 2014 Auditor, Japan Corporate Governance Network
Mar. 2015 Established Shiho Konno Habataki Law Office (Current)
Jun. 2015 Director, Watami Co., Ltd.
Jun. 2016 Director, Kakaku.com, Inc.
Jun. 2017 Director, Alfresa Holdings Corporation
Jun. 2018 Audit & Supervisory Board Member, Shinsei Bank, Limited (Current)
Jun. 2018 Director, Monex Group, Inc. (Current)

Initiatives for Global Environmental Issues through Our Core Businesses

Corporate Governance

Shinsei Bank has endorsed the recommendations of TCFD (Task Force on Climate-related Financial Disclosures). The Shinsei Bank Group has positioned the Group ESG Management Policy as the starting point for formulating management strategies, and by contributing to the creation of a sustainable society, we aim to fulfill our corporate social responsibilities and acquire sustainable growth opportunities. Responding to global environmental issues, including climate change, is indispensable for a sustainable society. We will strive to create social value and increase the corporate value of the Shinsei Bank Group over the medium to long term through a variety of initiatives, including investment and financing to clients' climate change-related projects.

Risk Management

Adoption of the Equator Principles

In April 2020, Shinsei Bank became the seventh Japanese financial institution to adopt the Equator Principles. By reviewing the environmental and social impacts of projects and making comprehensive decisions based on the Equator Principles, we will fulfill our corporate social responsibility and enhance our environmental and social risk management.



Investment and Loan Policies for Specified Business

The Shinsei Bank Group considers transactions with companies that do not pay due attention to environmental and social issues to be management risks and has prohibited or restricted transactions in connection with investments and lending for certain specific businesses based on the recognition that there are serious risks to the environment and society. From the standpoint of climate change countermeasures, new investment and lending to coal-fired thermal power plants will not be provided either in Japan or overseas, in principle, based on a preventive approach.

Ratios & Targets

CO₂ Emissions, Electricity Usage

Environment Impact Data (FY)	FY2015	FY2016	FY2017	FY2018	FY2019
CO ₂ Emissions (t)	2,806	2,746	2,602	2,575	2,425
Electricity Usage (kWh)	5,163,522	5,093,523	5,069,080	5,027,896	5,013,949

Future Policy

In measurement of GHG emission we plan to cover Scope 1 and Scope 2 to each of our group companies as a first step, and then we plan to respond to Scope 3.

Strategy: Opportunities

Promotion of Businesses That Contribute to the Improvement of Global Environmental Issues

The Shinsei Bank Group is actively promoting investment and lending to improve and resolve environmental and social issues through project finance for renewable energy businesses, and investment and lending for facilities which reduce the environmental impact of real estate and ship finance.

Objectives, Organization, and Action Policies of the Sustainable Impact Development Division

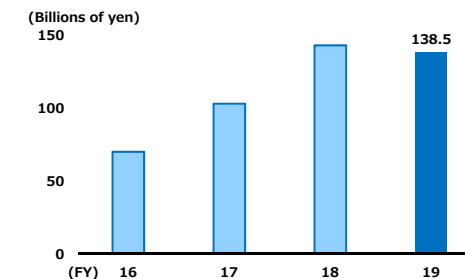
In February 2020, we established the Sustainable Impact Development Division to further deepen the initiative mentioned above. At the same time, the Sustainable Impact Assessment Department was established to structure a unique evaluation system of sustainable finance based on ongoing engagement with customers. The Sustainable Impact Development Division supports the creation of positive impacts on environmental and social issues by planning and promoting sustainable finance, developing and supplying investment products for institutional investors based on this evaluation.



Renewable Energy Project Finance Arrangement Results

Since 2012, Shinsei Bank has actively promoted syndicated loans for renewable energy businesses such as solar, wind, and biomass, and has been supporting the spread of renewable energy in cooperation with regional financial institutions.

Renewable Energy Project Finance Arrangement Results



Strategy: Risks

We believe that climate change influences the Shinsei Bank Group's portfolios principally through the following two channels:

Physical Risk: Direct impacts such as property damage caused by floods, storms and other climate events, and indirect impacts such as disruptions to the global supply chain and resource depletion.

Transition Risk: Risks arising from the revaluation of financial assets with high GHG (Greenhouse Gas) emissions as a result of the transition to a low-carbon economy.

Carbon-related asset exposures (the ratio of carbon-related assets to total exposure = energy and utilities (excluding project finance such as solar and wind power)) is 4.2% as of March 2019, and 4.2% as of March 2020, and we have begun quantifying the impacts of transition risks and physical risks.

Social Initiatives

Initiatives for Employees

The Shinsei Bank Group's Human Resources Strategy



Our Medium-Term Strategies "Redesigning Finance," one of our basic strategies is to pursue the strengthening and leveraging of organizational capabilities that are the source of corporate growth.

Hideyuki Kudo
President and Chief Executive Officer

Creation of Sustainable Corporate Value

Maximization of Human Resource through Promoting Diversity



The Shinsei Bank Group's 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 separately for each company)
- Target 2** Achieve 100% for the child-care-related leave utilization rate for both males and females

* Positions of Senior Manager, or Higher

Target Ratio of Women in Management Positions (Senior Manager or Above) (as of March 1, 2020)

	Shinsei Bank	Showa Leasing	Shinsei Investment & Finance	APLUS FINANCIAL	Shinsei Financial	Total
Target	20%	8%	15%	18%	17%	18% or more
Result	17.8%	4.1%	11.1%	12.3%	13.0%	13.9%

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," and by firmly committing to customer-oriented business operations, we will contribute to the sustainable growth and development of society and the economy.

Social Initiatives

Our Approach

The Shinsei Bank Group promotes employee-driven philanthropic activities, whereby approximately 721 employees throughout the entire Group participated in 26 activities in fiscal 2019 (ended March 31, 2020).



"MoneyConnection®" Financial Literacy Program

In cooperation with Sodateage.net, an authorized specified nonprofit organization, the Shinsei Bank Group holds "MoneyConnection®," a financial literacy program that aims to help younger people avoid situations where they are not in employment, education or training (NEET).

Contributions for COVID-19

In May 2020, the Shinsei Bank Group contributed a combined total of ¥30 million to support the continuation of medical activities, lives of students including their entry to the higher grades and freelance artists' activities. Together with USEN-NEXT HOLDINGS Co., Ltd., we donated a total of 100 thousand masks to corporate and sole proprietorship businesses including restaurants, beauty salons, and various retail stores in accordance with our strategy of "Growth through Value Co-Creation" under the Medium-Term Strategies.



SHINSEI BANK, LIMITED

4-3, Nihonbashi-muromachi 2-chome, Chuo-ku,

Tokyo 103-8303, Japan

TEL: 81-3-6880-7000

URL: <https://www.shinseibank.com/english/>

Disclaimer

- The preceding description of the Shinsei Bank Group's Medium-Term Strategies contains forward-looking statements regarding the intent, belief and current expectations of our management with respect to our financial condition and future results of operations. These statements reflect our current views with respect to future events that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate. Potential risks include those described in our annual securities report filed with the Kanto Local Finance Bureau, and you are cautioned not to place undue reliance on forward-looking statements.
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- Information concerning financial institutions and their subsidiaries other than the Shinsei Bank Group are based on publicly available information.
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