

Corporate Value Creation Mechanism

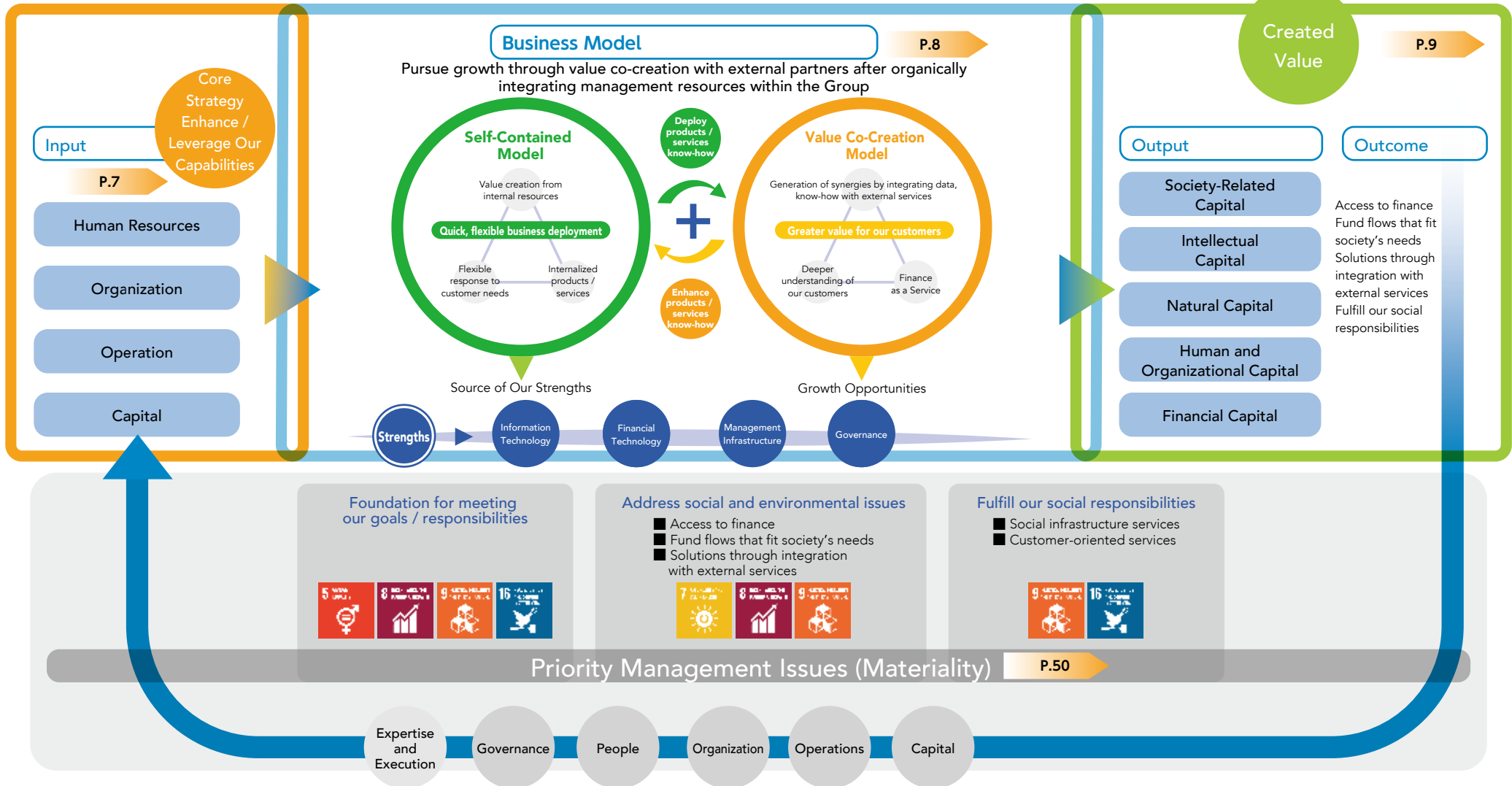
Integrate organically management resources within the Group across companies and industries



By co-creation with outside partners



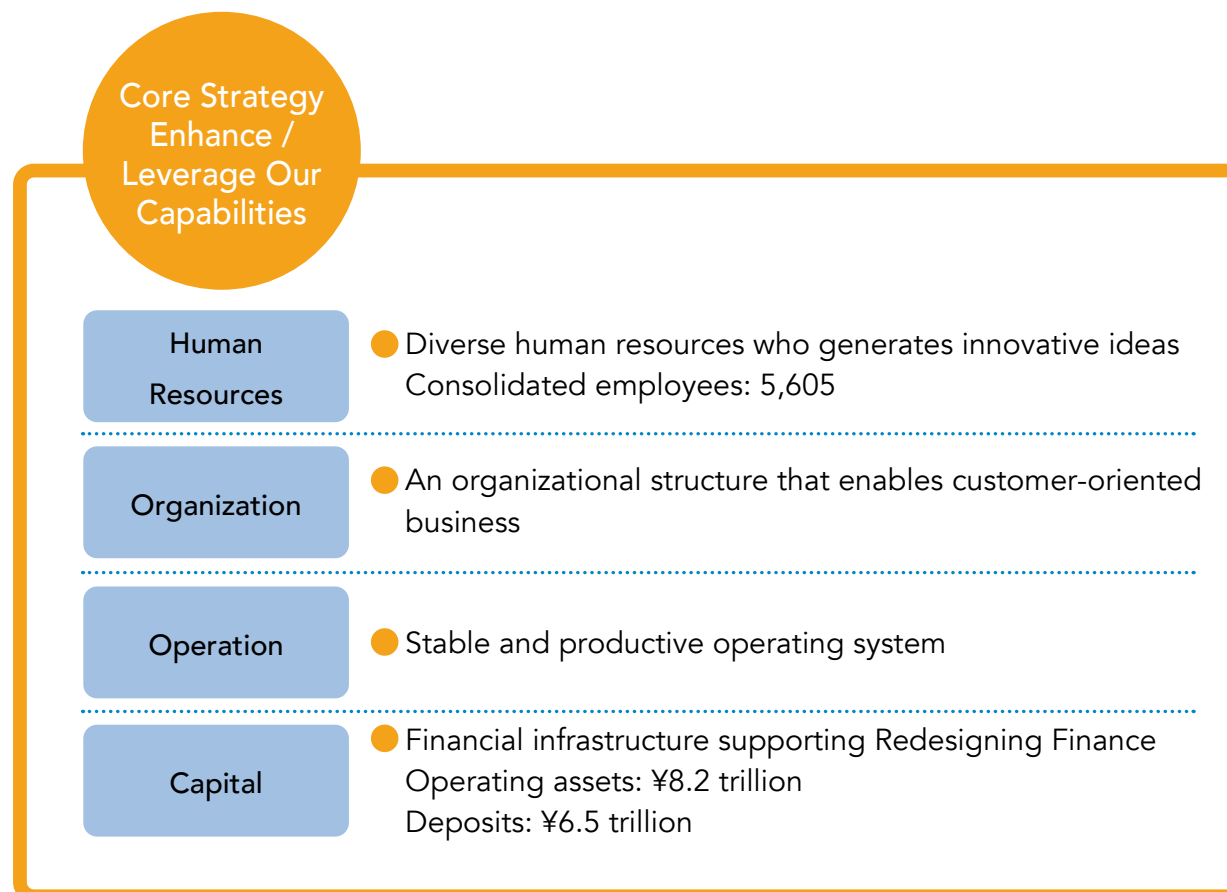
Achieve a society in which each person and every company can enjoy financial and nonfinancial products and services that meet their needs



Input

Input that generates all creative value are expressed as organizational abilities and capabilities.

Capabilities are organizational capabilities that are the source of a company's growth and primarily encompass four points: human resources, organization, operations and capital. Strengthening and leveraging the capabilities that serve as input is a source of differentiation, and this is one of fundamental strategies of Medium-Term Strategies.

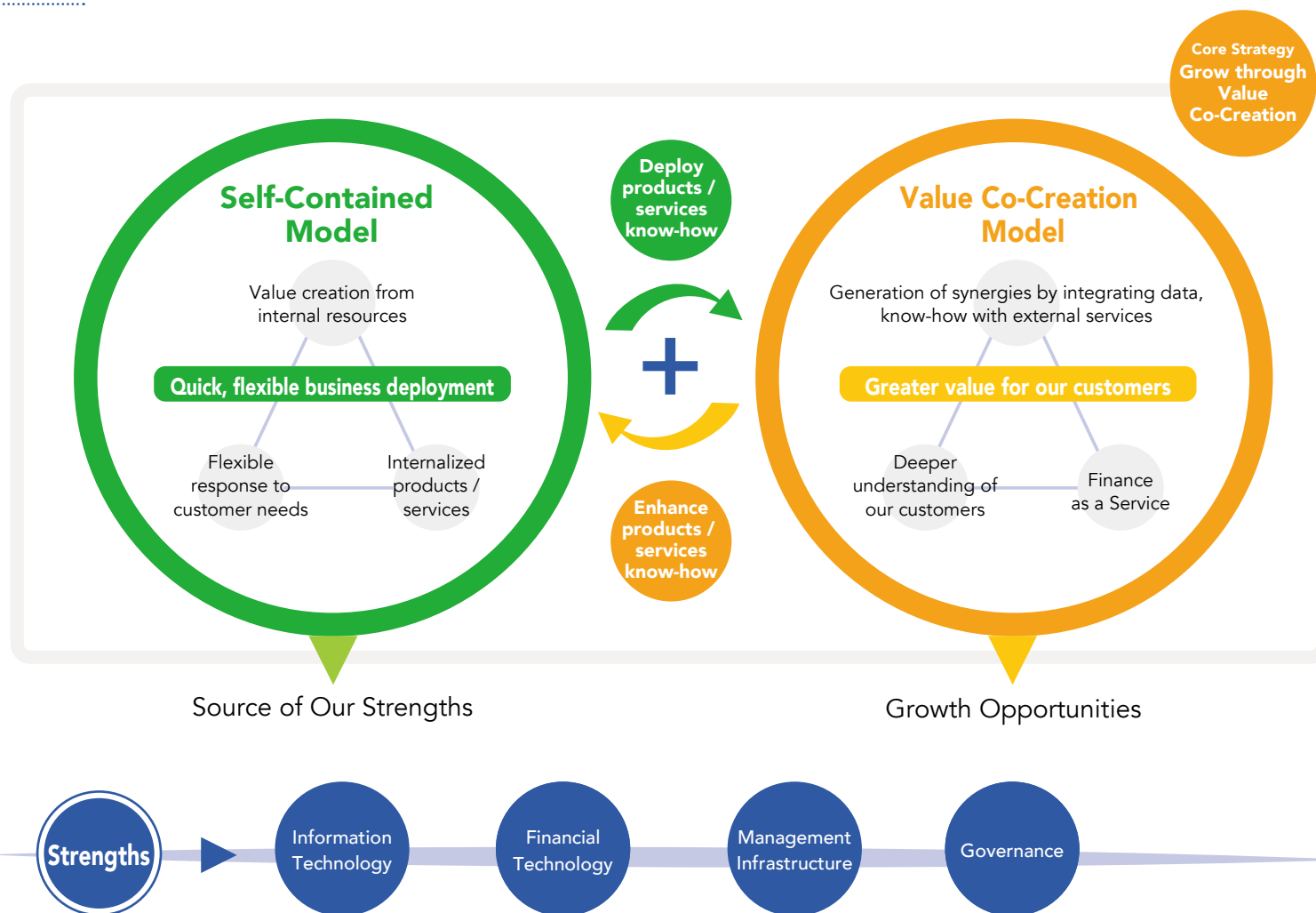


(As of March 31, 2021)

Business Model

The difference between a self-contained business model and a value co-creation business model lies in the scope of collaboration. In a self-contained business model, we have been creating synergies through collaboration within the Group. In a value co-creation business model, we have been creating synergies through the integration of data and know-how with other parties outside the Group. In addition, in a value co-creation business model, the Group's functions are broken down to provide customers with the necessary functions and respond flexibly to their needs.

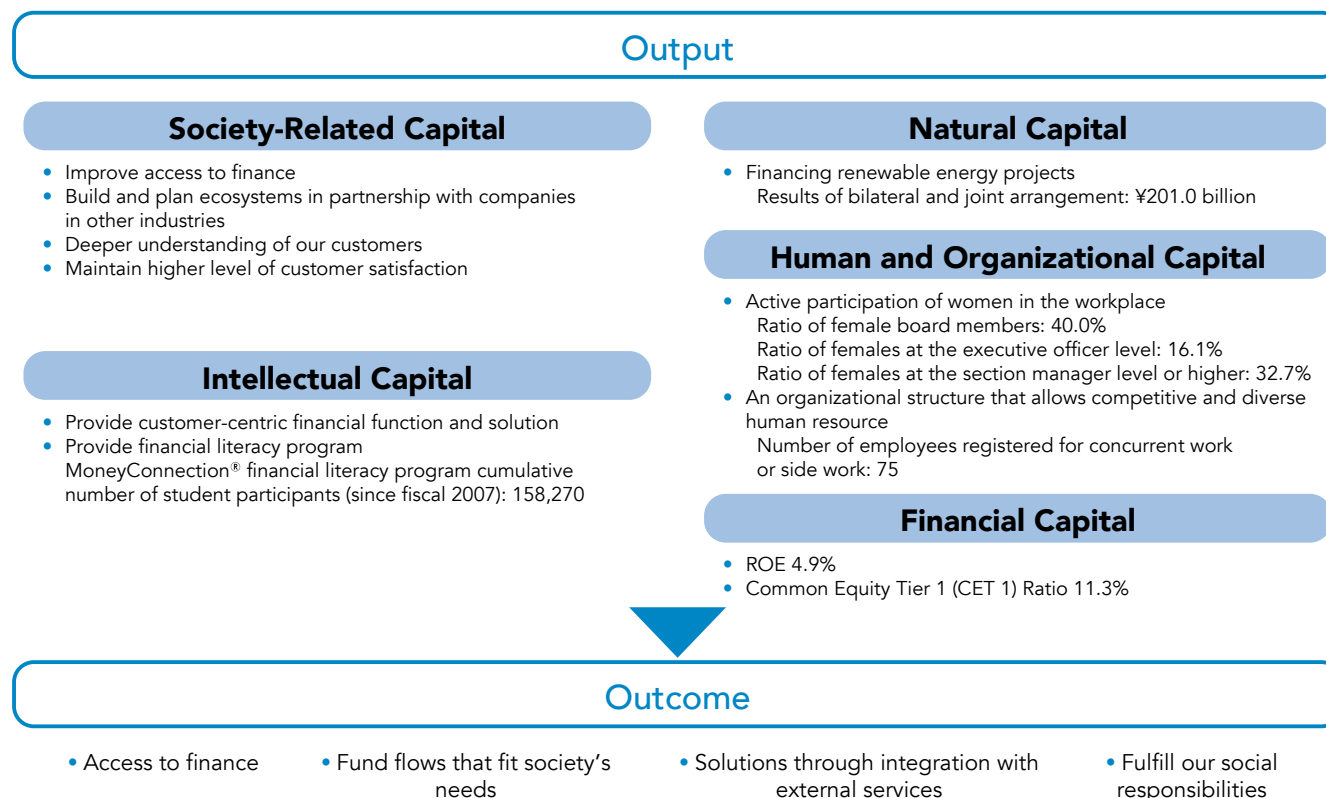
Both of these business models are mutually enhancing, and we are able to form partnerships with others through our know-how cultivated in a self-contained manner. We have been accumulating the experience and knowledge gained through value co-creation as new self-contained know-how.



Output and Outcome

Among the values (output) created by business models, quantitative targets are financial targets, and qualitative targets are initiatives for sustainable growth. This qualitative goal is synonymous with materiality (a key management issue) and also encompasses contributing to the SDGs.

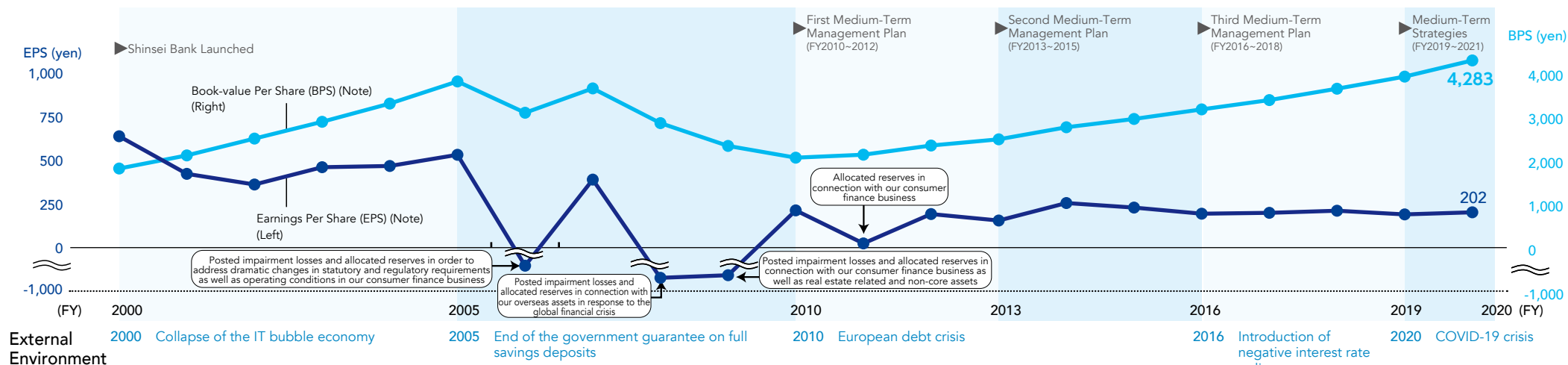
We have further strengthened our efforts to address climate change issues compared to when the Medium-Term Strategies were first formulated. For information disclosure of output, in addition to expanding financial information, we have also strengthened information disclosure through the TCFD framework.



(As of March 31, 2021)

Evolution of the Shinsei Bank Group

Since our launch as Shinsei Bank, Limited in 2000, the Group has continued to expand the customer base and stabilize income while acquiring new financial functions through acquisitions including APLUS FINANCIAL Co., Ltd., Showa Leasing Co., Ltd., and Shinsei Financial Co., Ltd.



External Environment

- 2000 Collapse of the IT bubble economy
- 2005 End of the government guarantee on full savings deposits
- 2008 Bankruptcy of Lehman Brothers
- 2010 European debt crisis
- 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 2017.

Transition of the Shinsei Bank Group	
1952 The Long-Term Credit Bank of Japan, Limited established	2000 Shinsei Bank launched Name changed from The Long-Term Credit Bank of Japan, Limited (LTCB), to Shinsei Bank, Limited
1998 Due to business failures, temporary nationalization and special public management began based on the Financial Revitalization Law	2001 Shinsei Securities Co., Ltd. commenced operations
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	2003 Shinsei Investment Management Co., Ltd. commenced operations
	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 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 the unsecured personal loan business in Vietnam
	2017 Established the Shinsei Bank Group Headquarters
	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 FINANCIAL Co., Ltd. converted into a wholly owned consolidated subsidiary

Business Topics	2005 Launched 32 colors of new cash cards for retail Power-Flex account customers	2016 Entered unsecured personal loan business in Vietnam	2018 Launched a new Lake ALSA brand, an unsecured loan product
Transition of Stock	2000 Preferred stock capital injection and a partial reduction of preferred stock capital without compensation	2006 Partial repayment of public funds / Cancellation of treasury shares	2011 Issuance of new shares through international offering
	2003 Reduction of capital through the merger of two shares of common stock into one share	2007 Conversion of preferred stock into common stock	2016 Acquisition of treasury shares
		2008 Issuance of new shares by third-party allotment / Conversion of preferred stock into common stock	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

Recent Business Topics

[Fiscal 2020]

April	Institutional ESG	Adopted Equator Principles	November	Institutional ESG	Formed Shinsei Green Loans for the purpose of lending to Kushima Woody Biomass	March	Institutional ESG	Executed green loan to a special purpose company formed by Japan Renewable Energy Corporation
June	ESG	Introduced a restricted stock compensation plan for outside directors		Institutional ESG	Commenced green loan to Takara Leben Infrastructure Fund		Institutional ESG	Executed green loan to DREAM Private REIT Inc.
August	Institutional ESG	Commenced social loans to a limited liability company formed by Daiwa ACA Healthcare Inc.	December	Individual ESG	Commenced selling charity notes	[Fiscal 2021]		
	Institutional ESG	Commenced social finance to a special purpose company formed by Bridge C Capital Inc.	January	Shinsei Bank Group ESG	Established Group Sustainability Committee	April	Shinsei Bank Group	Formulated the Declaration of Cyber Security Management of the Shinsei Bank Group
	Individual	Launched credit card for residents from overseas		Shinsei Bank Group	Concluded LOI for a comprehensive business partnership in the financial instruments intermediary business and company split with Monex, Inc.		Institutional ESG	Executed green loan to a special purpose company formed by Invenergy Japan G.K.
	Institutional ESG	Executed green loan to Ichigo Eco Energy Co., Ltd.	February	Institutional ESG	Commenced social loans to a limited liability company formed by Healthcare Management Partners, Inc.		Shinsei Bank Group ESG	Signed to the Principles of Responsible Banking
	Institutional	Established Regional Revitalization Partners Co., Ltd.		Individual	Commenced collaboration on FamiPay Loan, a new loan service for FamiPay users			
September	Shinsei Bank Group	Acquired shares of UDC Finance Limited (New Zealand) (wholly owned subsidiary)	March	Shinsei Bank Group ESG	Issued sustainability bonds			
October	Institutional ESG	Commenced social loans to a limited liability company formed by Healthcare Management Partners, Inc.		Institutional ESG	Commenced social loans to Canadian Solar Infrastructure Fund, Inc.			
	Individual ESG	Issued green bonds with structured bonds format		Shinsei Bank Group	Concluded an agreement on a capital alliance with Latitude Group (Australia)			
	Institutional ESG	Commenced mezzanine finance by the Shinsei Bank Group and Daiwa Energy & Infrastructure Co., Ltd.		Institutional ESG	Participated in the Poseidon Principles			
	Individual	Started offering purpose loans (unsecured), Senty Personal Loans to residents from overseas		Shinsei Bank Group ESG	Held a Group action event International Women's Day			
	Shinsei Bank Group	APLUS FINANCIAL Co., Ltd. converted into a wholly owned consolidated subsidiary		Shinsei Bank ESG	Selected as Semi-Nadeshiko Brand in 2021			
November	Institutional ESG	Concluded green loan agreement with a limited liability company formed by Sky Solar Japan		Shinsei Bank Group	Concluded a simple absorption-type corporate split agreement with Monex			
	Individual	Launched Shinsei Smart Card Loan Plus for Nissen						

International Women's Day Action Event

In March 2021, the Shinsei Bank Group held action events to enable all employees to participate. Events included wearing yellow flowers to demonstrate support for gender equality, and creating and distributing mimosa flowers as wallpapers and yellow backgrounds for Web conferences, in line with International Women's Day on March 8.

