

Business and Financial Highlights

First Quarter Ended June 30, 2020

July 2020

Agenda

- **Key Points** ----- P3
- **COVID-19 Update** ----- P5
- **Financial Update** ----- P11
- **Business Update** ----- P19
- **Segment Information** ----- P31

Key points

1 Net income¹ for 1Q FY2020 at JPY 5.9 billion (down 51% YoY)

- Net credit costs: JPY 11.0 billion
 - JPY 3.8 billion of net credit costs is incorporated as COVID-19 impact. This includes JPY 1.4 billion of provision of general credit reserve for potential future credit losses due to COVID-19 (we designate it as a “precautionary reserve”)
 - Decline in economic activity accompanying by a significant rebound in the number of people affected by the COVID-19 remains as an uncertain factor. We continue to closely monitor and respond to various credit indicators in Individual Business and carefully manage credit exposure to each client and project in Institutional Business

2 1Q earnings trend is not expected to continue for the entire year

- View on macro economy (impact reflecting slow economic activities under COVID-19 will continue until around the end of FY2020) has not changed since FY2019 full year earnings announcement was made
- After carefully examining future economic conditions and their impact on business activities, earnings forecasts will be formulated and announced by the time of our interim financial results announcement

3 Share buyback program of JPY 1.9 billion achieved as of June 30, 2020

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

¹ Profit attributable to owners of the parent

1Q FY2020 net income at JPY 5.9 billion

(Unit: JPY billion)

	19.4-19.6 (Actual)	20.4-20.6 (Actual) Incl. COVID-19	YoY (%) Better (+)/ Worse (-)
Consolidated			
Total Revenue	57.5	54.7	-5%
Net Interest Income	33.3	31.5	-5%
Noninterest Income	24.1	23.1	-4%
Expenses	-36.2	-35.8	+1%
Ordinary Business Profit (OBP)	21.3	18.8	-12%
Net Credit Costs	-4.9	-11.0	-124%
OBP after Net Credit Costs	16.3	7.8	-52%
Others	-4.1	-1.8	+56%
Income Taxes	-3.2	-1.3	+59%
Net Income	12.1	5.9	-51%

Breakdown of Net Credit Costs

- Net credit costs: JPY 11.0 billion
 - Of which, net credit costs due to COVID-19: JPY 3.8 billion (net)
 - ✓ Of which, unsecured loan business: JPY 1.3 billion (recoveries), due mainly to a decrease in unsecured loan balance
 - ✓ Of which, Institutional Business: JPY 5.2 billion (provision)
- Breakdown is as follows

	Specific credit reserve for apparent deterioration	General precautionary credit reserve
Amount	JPY 3.8 billion	JPY 1.4 billion
Outline	Precautionary credit reserve provisioned at the end of FY2019 for specific industries was utilized. Additionally, incremental additional provisions were made for individual projects whose debt has apparently deteriorated in 1Q	Additional provisions as a result of applying conservative reserve ratios to all transactions in the specific industries where the impact of COVID-19 is conspicuous
Industry	Primarily in hospitality and aviation	Aviation
Business	Structured finance, Corporate business, Showa Leasing	

- Precautionary reserve (balance) remains largely flat

Balance (March 31, 2020) : JPY 3.9 billion
 (–) Usage of reserve in 1Q : JPY 1.6 billion
 (+) Credit provisioning in 1Q : JPY 1.4 billion
 Balance (June 30, 2020) : JPY 3.7 billion

COVID-19 Update

COVID-19: Impact on businesses (1)

- Focus businesses have not significantly deviated from what we expected at the FY2019 full year earnings announcement in May 2020
- Aviation finance made additional provision reflecting business conditions of both aircraft industry and our underlying customers in 1Q

Business	Revenue	Credit Costs / Impairments
Real estate finance	<ul style="list-style-type: none"> • New real estate disbursements decreased (JPY -25 billion YoY) due to sluggish real estate transaction flow coupled with favorable performance in FY2019 • Investors activities are returning to normal 	<ul style="list-style-type: none"> • As a result of downgrade of collateral valuation reflecting the impact of COVID-19, JPY 0.7 billion of additional credit provisioning was made in addition to the use of the precautionary credit reserves in 4Q FY2019 • No material credit provisioning is expected in the future, but close monitoring of real estate prices of hotels and retail (commercial facilities such as shopping centers) sector will continue
Unsecured loans (Lake business)	<ul style="list-style-type: none"> • In Lake ALSA, the number of applications were down 44% YoY, and new customer acquisition declined 38% YoY • Lake ALSA itself continued to grow the loan balance while growth momentum was slower than last year 	<ul style="list-style-type: none"> • Decrease in the total loan balance of unsecured loans mainly impacted in lower net credit costs YoY • Nonperforming loans increased due to payment deferrals and deliberate curb in the attendance rate at operation centers. Legal recoveries stagnated due to closure of courts. However, P&L impact in 1Q was modest • The attendance rate and operating hours are recovering to normal levels. Credit control continues while carefully checking the status of customers to whom we have granted payment deferrals and customers facing difficulty in repayment
Aviation finance		<ul style="list-style-type: none"> • Considering size of airline companies and governmental supports to the industry, aircraft industry was out of scope for the precautionary credit reserve at the end of FY2019 • In 1Q, conservative credit reserve ratios were applied to all transactions of the aviation sector as precautionary reserve and recorded JPY 1.4 billion, in addition to JPY 0.8 billion of apparent credit reserve for particular transactions considering recent situation of aircraft industry and business conditions of our aviation finance transactions

COVID-19: Impact on businesses (2)

Business	Revenue	Credit Costs / Impairments						
Showa Leasing	<ul style="list-style-type: none"> No material COVID-19 impact in terms of transaction volumes in 1Q, but impact is expected to materialize in 2Q (decline in leasing revenue) 	<ul style="list-style-type: none"> There is no usage of the precautionary credit reserves made at the end of FY2019 JPY 0.6 billion of additional provisioning for specific credit reserve was made mainly in aviation finance in 1Q 						
APLUS FINANCIAL	<ul style="list-style-type: none"> COVID-19 had a limited impact on transaction volumes in shopping credit and payment businesses. While payment service targeting for inbound customers decreased, transaction volumes of other products had a limited impact. Credit cards volume declined slightly, but have been recovering since June The overall impact on COVID-19 is limited so far 	<ul style="list-style-type: none"> Collections of medium-to long-term delinquent loans worsened reflecting stagnant legal collection due to the suspension of courts etc. in 1Q, and limited collection activities. However, it was offset by improving collection of early delinquent loans due to government subsidies and benefits payments etc. , resulting in no significant changes in net credit costs 						
Retail banking	<ul style="list-style-type: none"> Asset management product sales in 1Q decreased by 40% YoY Recovery is underway in June reflecting improving staff attendance rate and guiding customers to the remote channels 	<ul style="list-style-type: none"> The number of payment deferrals in housing loans has decreased since May 						
Project finance	<ul style="list-style-type: none"> 1Q new commitments were slow though around the same level as a year ago Activities of domestic and overseas projects have now resumed 	<ul style="list-style-type: none"> Impact from a fall of oil price is limited 						
Others	<ul style="list-style-type: none"> Domestic IPO market resumed in June. As a result, we expect some deals to conclude later in this fiscal year. However, timing and amount of capital gains will continue to fluctuate, depending on individual factors of each deal 	<ul style="list-style-type: none"> Subsequent event: Possibility of loss on investment <table border="1"> <tr> <td>Investee</td> <td>A fund under J.C. Flowers & Co umbrella, in which Shinsei Bank's subsidiary had invested as a limited partner</td> </tr> <tr> <td>Event</td> <td>The shares of NIBC HOLDING N.V., investee of the fund in which Shinsei Bank's subsidiary had invested, will be transferred to a fund under Blackstone Funds umbrella by December 31, 2020</td> </tr> <tr> <td>Impact</td> <td>Upon completion of the share transfer, we would be required to incorporate a maximum loss of approx. JPY 2.7 billion¹ in our consolidated financial results in or after 2Q</td> </tr> </table>	Investee	A fund under J.C. Flowers & Co umbrella, in which Shinsei Bank's subsidiary had invested as a limited partner	Event	The shares of NIBC HOLDING N.V., investee of the fund in which Shinsei Bank's subsidiary had invested, will be transferred to a fund under Blackstone Funds umbrella by December 31, 2020	Impact	Upon completion of the share transfer, we would be required to incorporate a maximum loss of approx. JPY 2.7 billion ¹ in our consolidated financial results in or after 2Q
Investee	A fund under J.C. Flowers & Co umbrella, in which Shinsei Bank's subsidiary had invested as a limited partner							
Event	The shares of NIBC HOLDING N.V., investee of the fund in which Shinsei Bank's subsidiary had invested, will be transferred to a fund under Blackstone Funds umbrella by December 31, 2020							
Impact	Upon completion of the share transfer, we would be required to incorporate a maximum loss of approx. JPY 2.7 billion ¹ in our consolidated financial results in or after 2Q							

COVID-19: Special program (payment deferrals)

Product	Outline	1Q status	Outlook								
Unsecured loans (Lake business)	<ul style="list-style-type: none"> Payment deferrals were granted in light of inquiries from customers about economic hardships Obligors with payment deferrals are categorized as substandard Recovering to normal obligors or remaining as substandard would depend on payment status of accrued interests during the deferral program period 	<ul style="list-style-type: none"> The number of payment deferrals peaked in May Balance of payment deferrals: approx. JPY 2.0 billion (end of June) Payment deferrals out of Lake loan balance: approx. 0.5% P&L impact: approx. JPY 0.1 billion 	<p>The number of payment deferral</p> <table border="1"> <tr><th>Period</th><th>Number of payment deferral</th></tr> <tr><td>20.4</td><td>238</td></tr> <tr><td>20.5</td><td>2,305</td></tr> <tr><td>20.6</td><td>1,467</td></tr> </table> <ul style="list-style-type: none"> In July, the number of payment deferrals (stock basis) and the balance decreased reflecting repayment made by many customers in the month after the deferral Limited P&L impact is expected due to diligent credit control 	Period	Number of payment deferral	20.4	238	20.5	2,305	20.6	1,467
Period	Number of payment deferral										
20.4	238										
20.5	2,305										
20.6	1,467										
Shopping credits, credit cards	<ul style="list-style-type: none"> As a normal business practice, payment deferrals were granted in light of inquiries from customers about economic hardships Obligors with payment deferrals are categorized as substandard 	<ul style="list-style-type: none"> The number of payment deferrals peaked in May The amount of payment deferrals: approx. JPY 0.2 billion P&L impact: modest 	<p>The number of payment deferral</p> <table border="1"> <tr><th>Period</th><th>Number of payment deferral</th></tr> <tr><td>20.4</td><td>26</td></tr> <tr><td>20.5</td><td>61</td></tr> <tr><td>20.6</td><td>21</td></tr> </table> <ul style="list-style-type: none"> The number of payment deferrals is decreasing. However, a certain number of cases is expected to occur after government subsidies end 	Period	Number of payment deferral	20.4	26	20.5	61	20.6	21
Period	Number of payment deferral										
20.4	26										
20.5	61										
20.6	21										
Retail banking Housing loans	<ul style="list-style-type: none"> Payment deferrals were granted after receiving application and inquiries on repayment Obligors with payment deferrals are categorized as substandard 	<ul style="list-style-type: none"> The number of payment deferrals were peaked in April Balance of payment deferrals: approx. JPY 1.5 billion Payment deferrals out of housing loan balance (approx. JPY 1.1 trillion) : 0.1% P&L impact: approx. JPY 0.1 billion 	<p>The number of payment deferral</p> <table border="1"> <tr><th>Period</th><th>Number of payment deferral</th></tr> <tr><td>20.4</td><td>73</td></tr> <tr><td>20.5</td><td>40</td></tr> <tr><td>20.6</td><td>25</td></tr> </table> <ul style="list-style-type: none"> In July the number of payment deferrals continues to decrease After the payment deferral period ends, the claims to be kept monitored for a certain period 	Period	Number of payment deferral	20.4	73	20.5	40	20.6	25
Period	Number of payment deferral										
20.4	73										
20.5	40										
20.6	25										

Lake portfolio: Write-off rate remains stable with diligent control while risk monitored loan rate increased

- Fact**
- ✓ Risk monitored loan balance: JPY 43.0 billion
 - ✓ Risk monitored loan rate: 10.8%
 - Increase in the rate reflects increase in risk monitored loans due to the payment deferral program as well as decrease in Lake loan balance

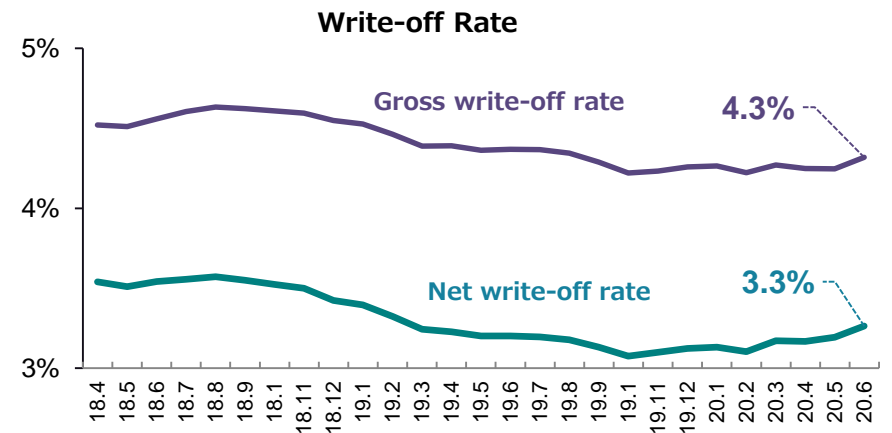
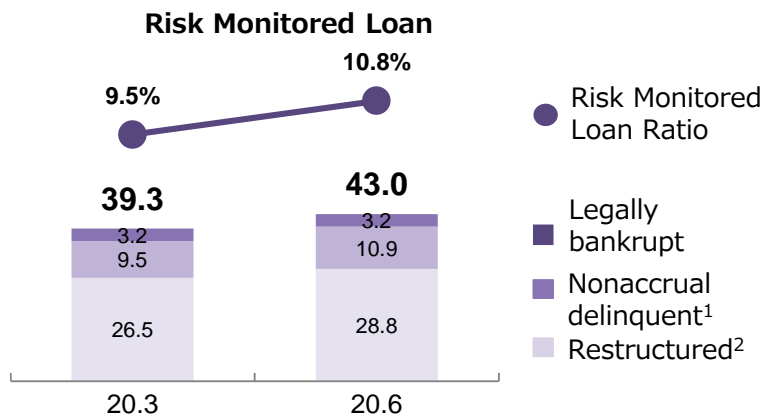
- Factor**
- ✓ Decrease in collection operation due to curtailment of attendance rate at operation centers
 - ✓ Payment deferrals were granted in light of inquiries from customers about economic hardships due to COVID-19 since the state of emergency was declared
 - ✓ As a result of stagnant litigation process due to closure of courts and agency firms, obligors were downgraded

Credit Control

- ✓ Write-off rate: Default rate so far remains stable at between 4% and 5%, reflecting our credit strategy. Net write-off rate incorporating recoveries of written-off claims stands lower at 3.3%
- ✓ Existing loans: Customer management initiatives (response to repayment consultations) for the purpose of returning to normal obligor classification from restructured loan category
- ✓ New loans: Improvement of portfolio quality is expected reflecting an increase in new customers due to recovery in cash demand along with recovery in economic activity and resumption of advertising activities

Operation

- ✓ Following the relaxation of the state of emergency, operators' attendance rate is being recovered by taking measures to prevent infections by staggered time and space (securing social distancing, installing partitions, shift-work system, encouraging holidays).

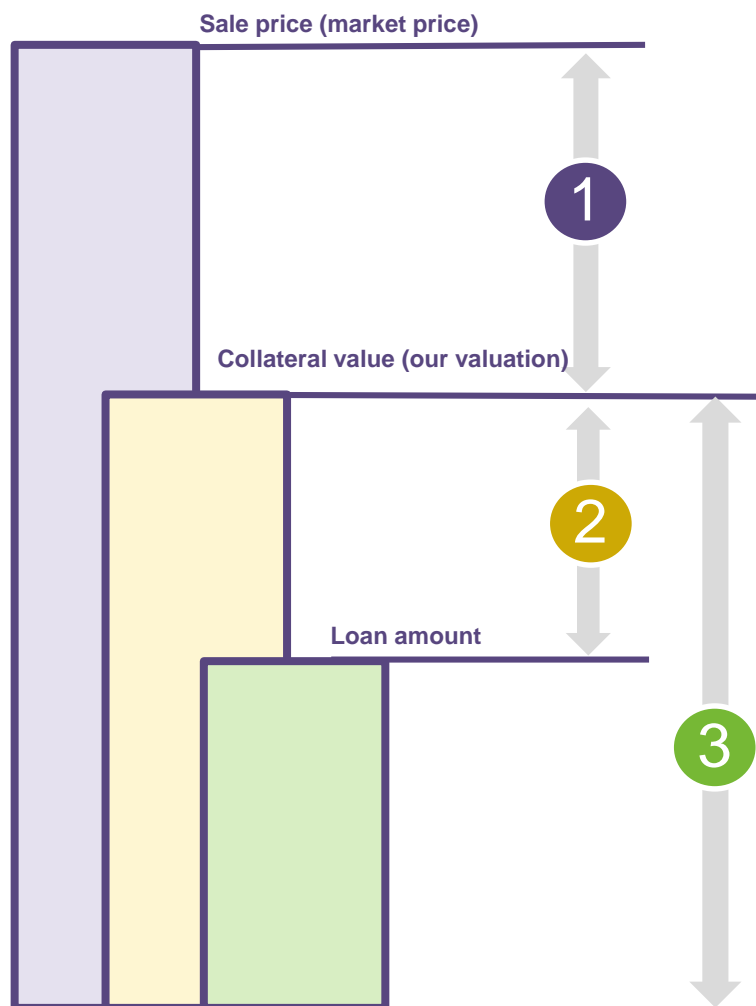


¹ Nonaccrual Delinquent Loans constitute obligors such as Virtually Bankrupt, Possibly Bankrupt and Substandard (excluding Restructured Loans)

² Restructured Loans are classified as Substandard obligors (including payment deferral)

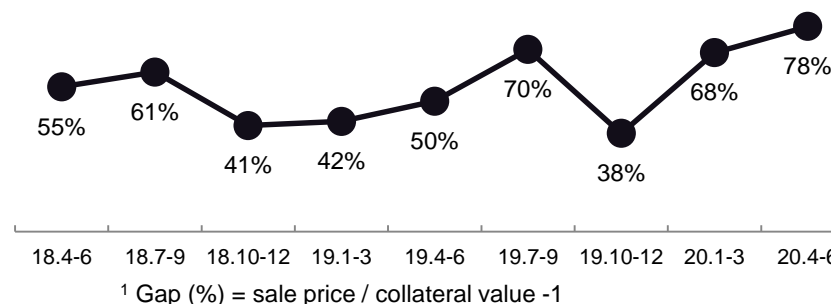
Real estate nonrecourse finance: Sufficient cushion and conservative credit control with no major concerns on probability of collection

Cushion concerning possibility of collection (image)



- 1 Gap between collateral value and sale price¹ : 78%**
 - ✓ In the exit transactions of investors, there was sufficient difference between our collateral value and sale price (i.e. market price) in April-June 2020, demonstrating no concerns about loan collection

(Domestic) Gap between collateral value and sale price (%)



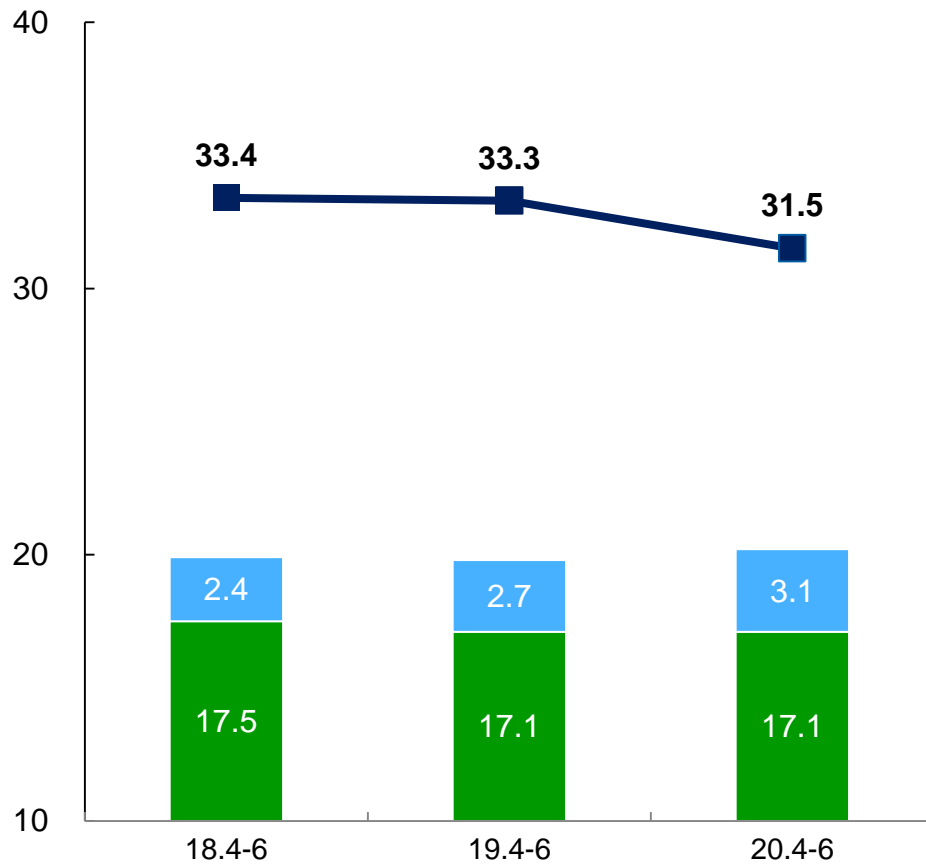
- 2 Balance-based weighted average LTV: 73% (domestic), 66% (overseas)**
 - ✓ Domestic offices, residentials and warehouses: approx. 70%
 - ✓ Domestic hotels and retails (commercial facilities such as shopping centers) after reflecting decline in collateral value: 80% to 90%
- 3 Risk control is conservative**
 - ✓ Asset types such as hotels and retails, which are directly impacted by COVID-19, completed revaluation of the collateral value and updated internal credit ratings based on our stress scenario. We will continue to monitor these assets

Financial Update

Net interest income: Decrease in interest income resulting from FCY related market interest rate

(Unit: JPY billion)

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



Breakdown of Interest Income (gross)

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

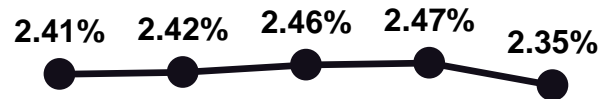


NIM: Declined to 2.35%

(Unit: %)

- Lower yield on interest earning assets reflects (1) lower yield on loans in institutional business due to lower FCY interest rate, and (2) lower yield on securities in Treasury due to sale of FCY bonds were partly offset by lower funding costs

Net Interest Margin (NIM)¹

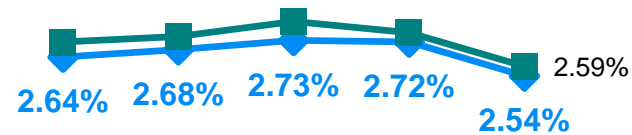


16.4-17.3 17.4-18.3 18.4-19.3 19.4-20.3 20.4-6

¹ Includes income on leased assets and installment receivables

Yield on Interest Earning Assets

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

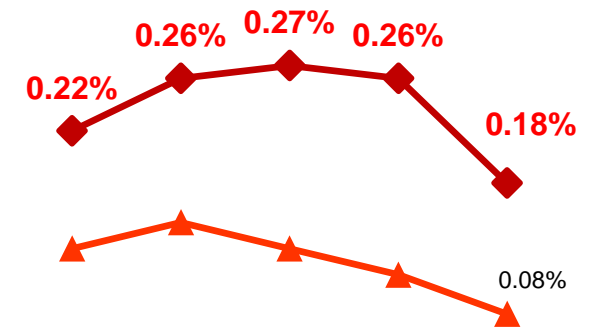


16.4-17.3 17.4-18.3 18.4-19.3 19.4-20.3 20.4-6



Funding Costs

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

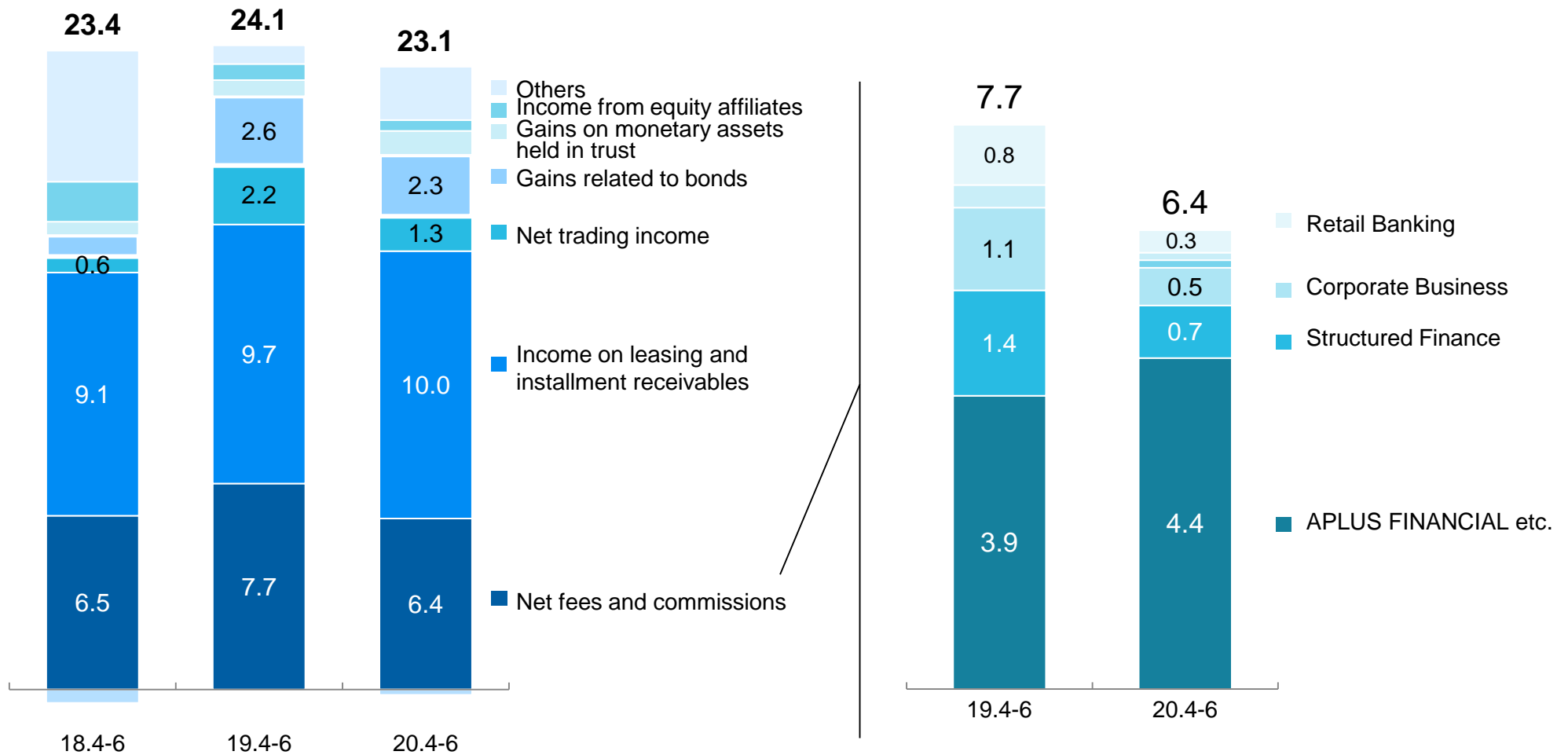


16.4-17.3 17.4-18.3 18.4-19.3 19.4-20.3 20.4-6

Noninterest income: Decrease in fee income mainly from institutional business. Income from leasing and installment sales increased in APLUS and Showa Leasing

(Unit: JPY billion)

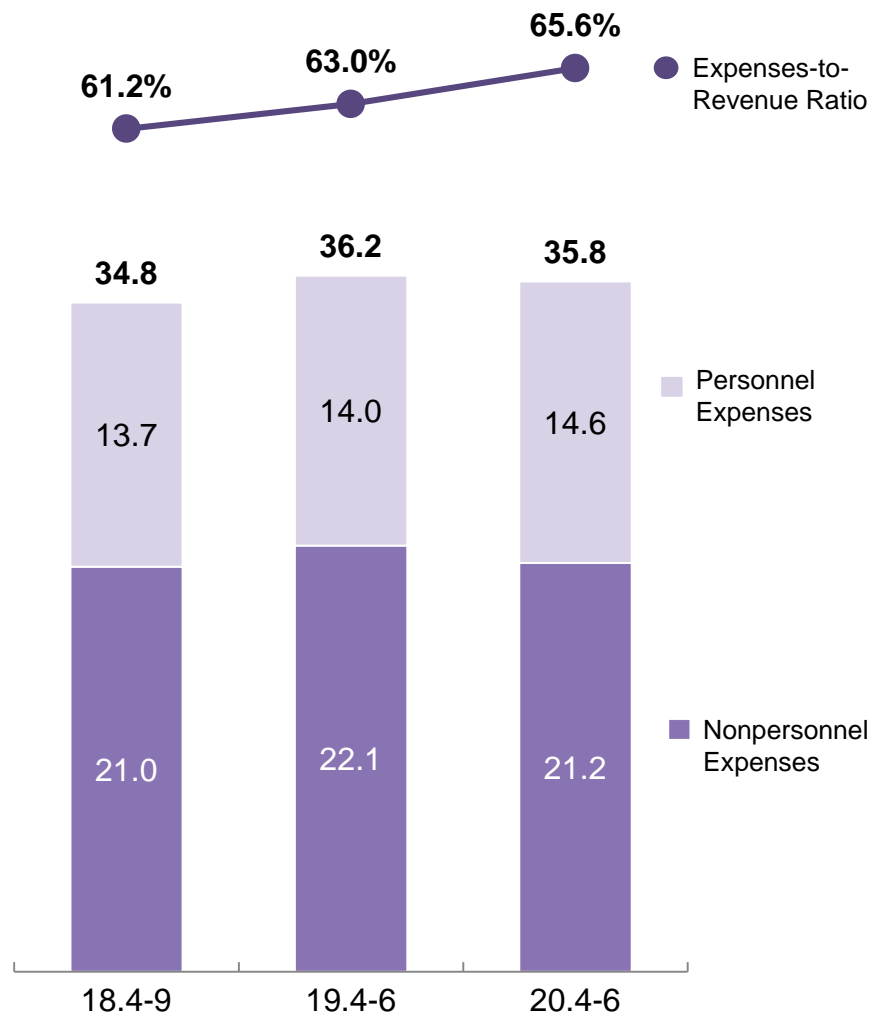
Net Fees and Commissions: Major Segments



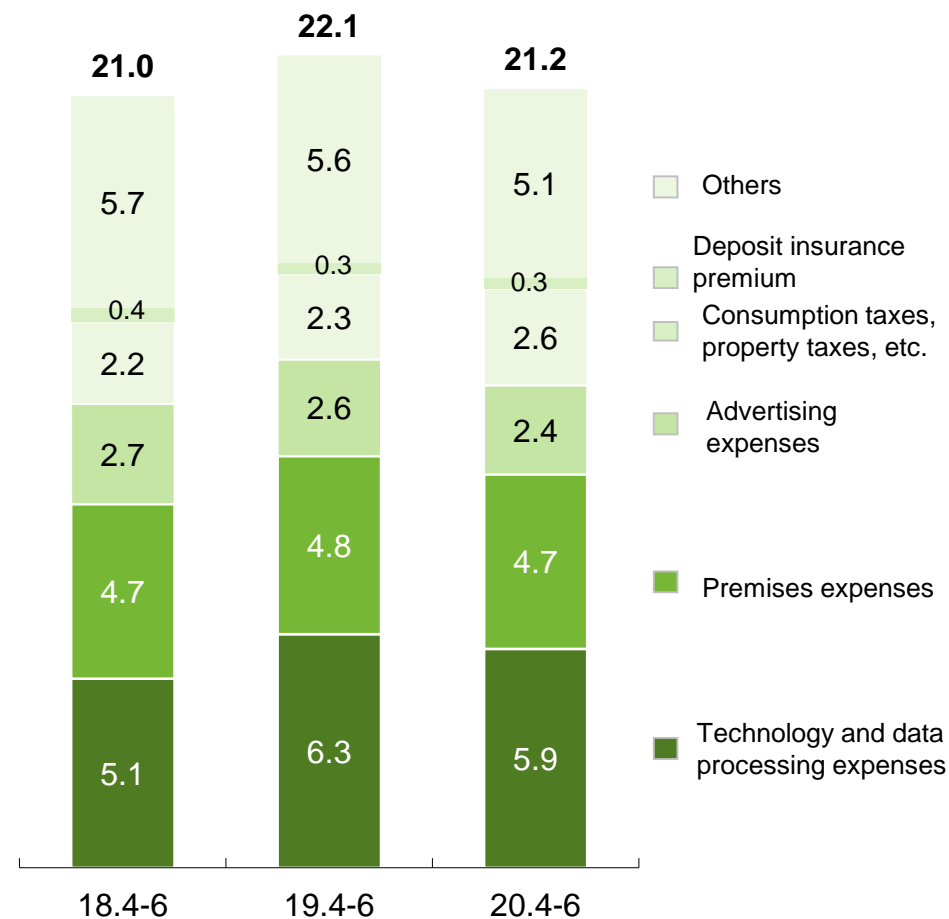
Expenses: Expenses-to-revenue ratio was up to 65.6%

Decrease in total revenue was partly offset by lower expenses

(Unit: JPY billion)



Breakdown of Nonpersonnel Expenses



Net credit costs: Increase in institutional businesses due to credit provisioning related to COVID-19. Net credit cost ratio of unsecured loan was down to 2.4%

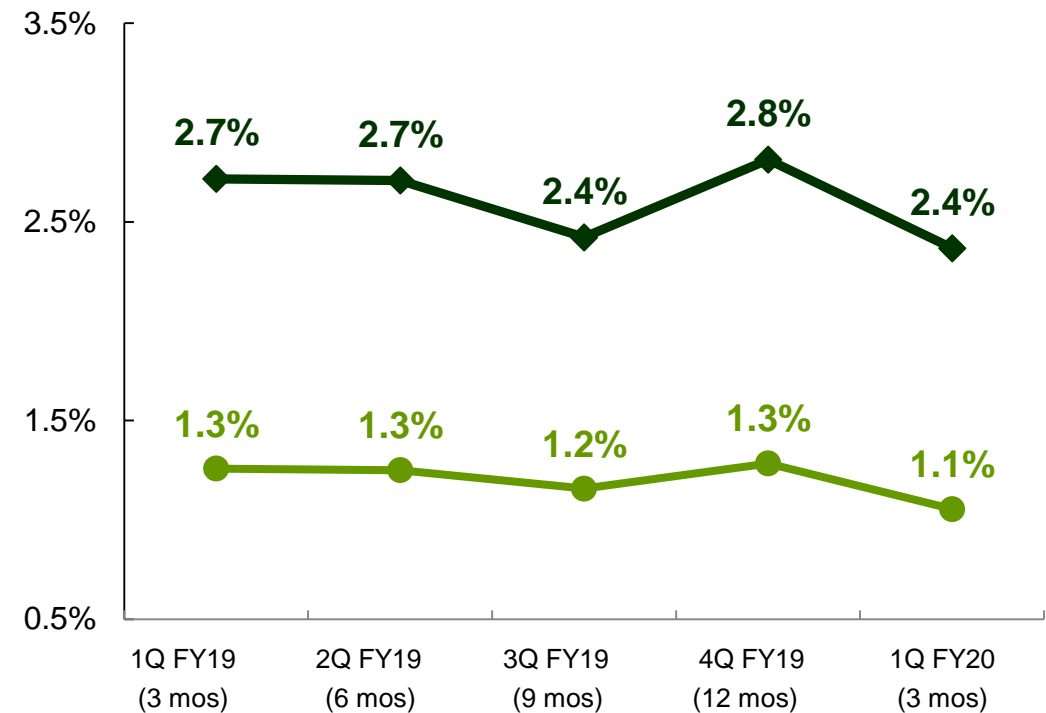
(Unit: JPY billion; %)

- Increase in structured finance mainly reflects additional provisioning in aircraft finance and real estate finance in this quarter and credit recoveries in 1QFY2019
- Decrease in unsecured loans reflect decrease in loan balance

Net Credit Costs Ratio: Consumer Finance

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

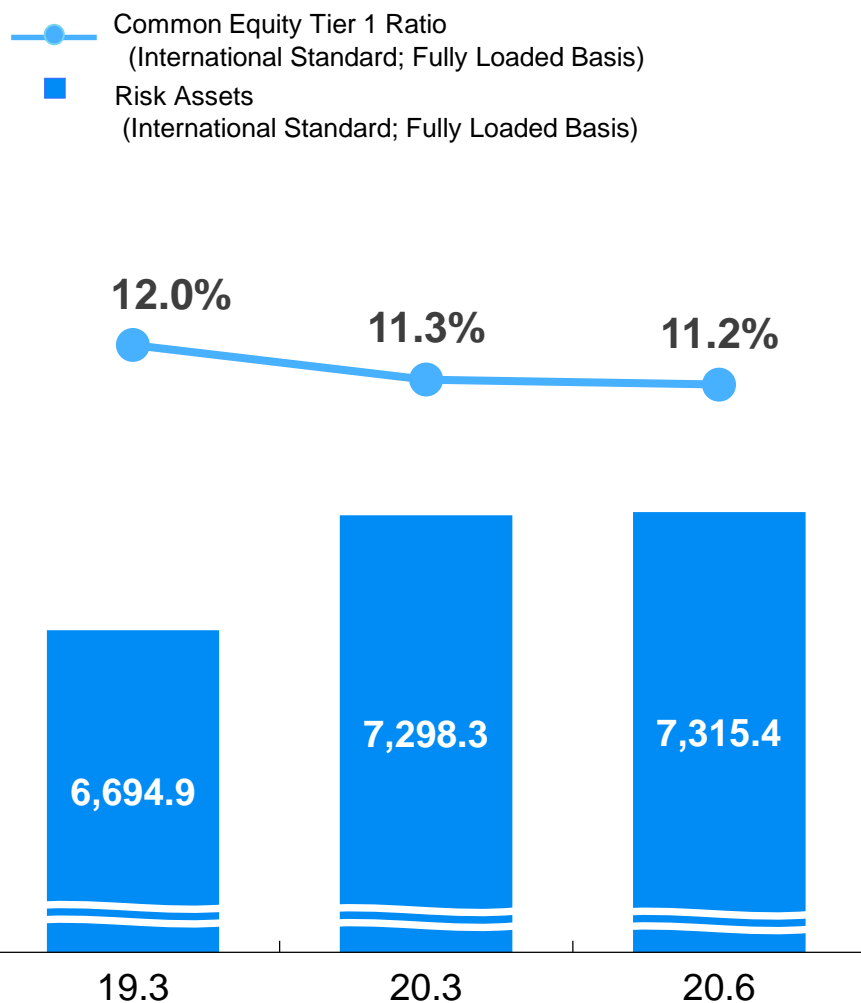
- Others (Corporate Business, Showa Leasing, Global Markets, Retail Banking etc.)
- Structured Finance
- APLUS FINANCIAL
- Unsecured Loans



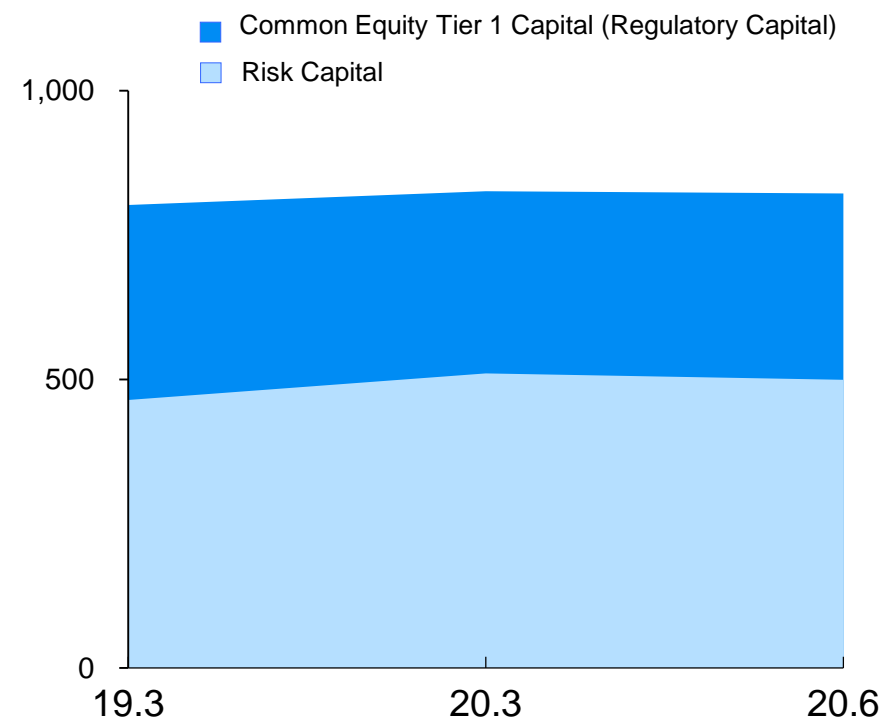
¹ Net Credit Costs Ratio = Calculated by annualizing the following formula :
(Net Credit Costs ÷ Average of Beginning and End of Period Operating Assets Balances)

Capital adequacy: CET1 ratio and risk assets remain flat

(Unit: JPY billion; %)



	2019.3	2020.3	2020.6
Common Equity Tier 1 Capital (International Standard; Fully Loaded Basis)	802.3	823.4	821.9
Risk Capital	464.5	510.2	499.2

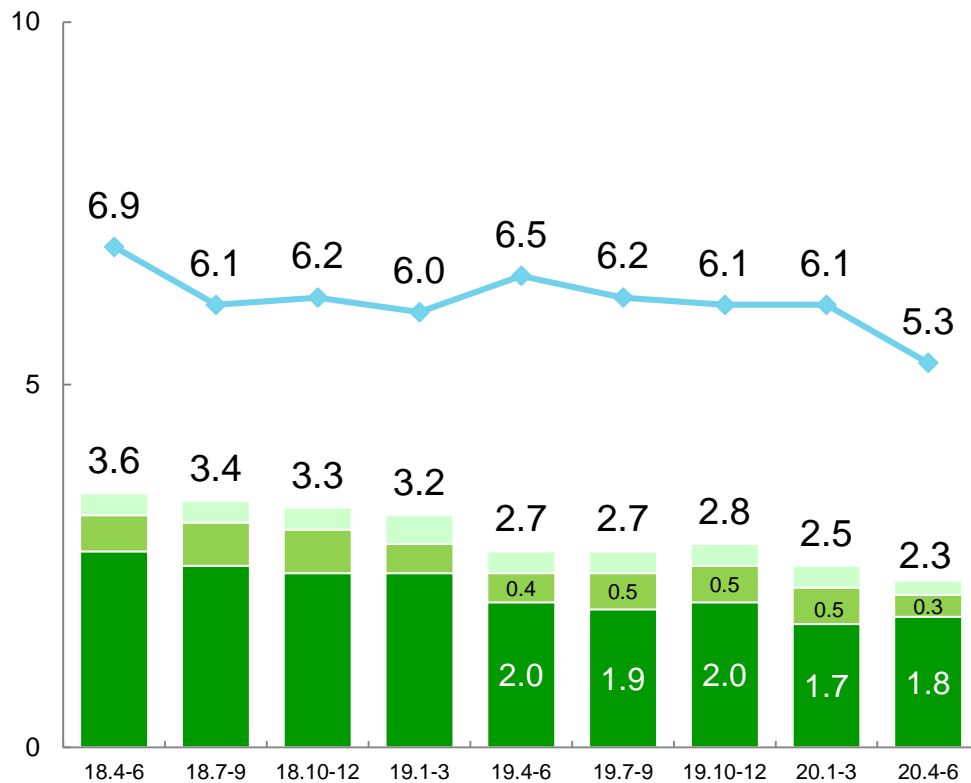


Kabarai: Actual repayments continue to decline

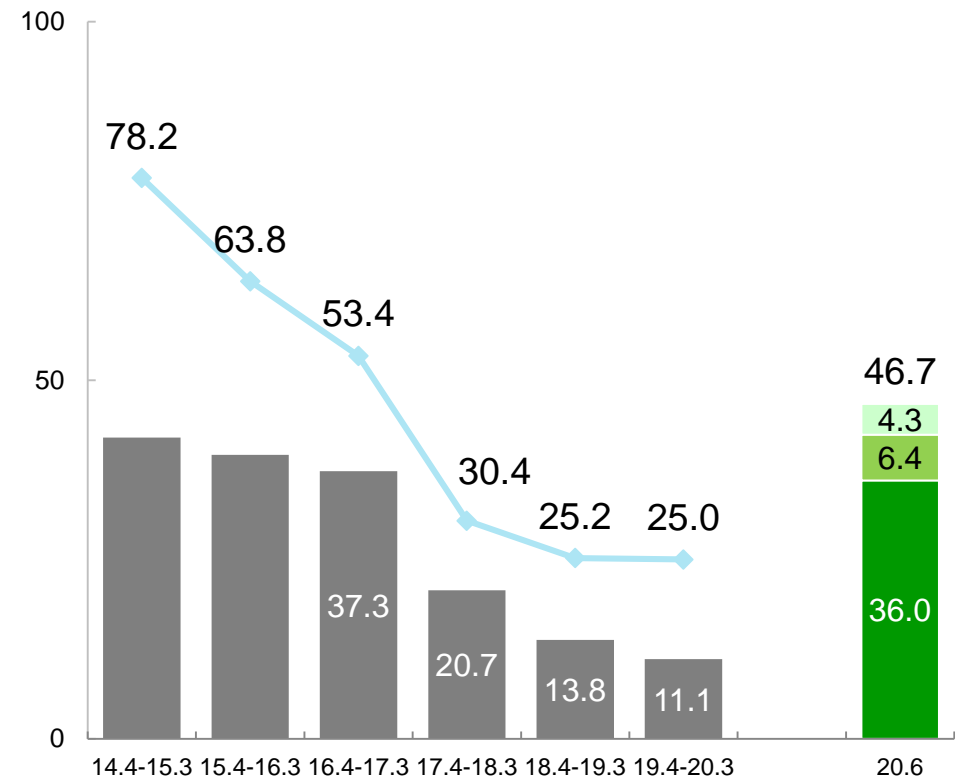
Reserve coverage ratio for Kabarai is around 5 years

(Unit: JPY billion; thousands)

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



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



Reserve for Kabarai

¹ Shinsei Financial, Shinsei Personal Loan and APLUS FINANCIAL combined

Business Update

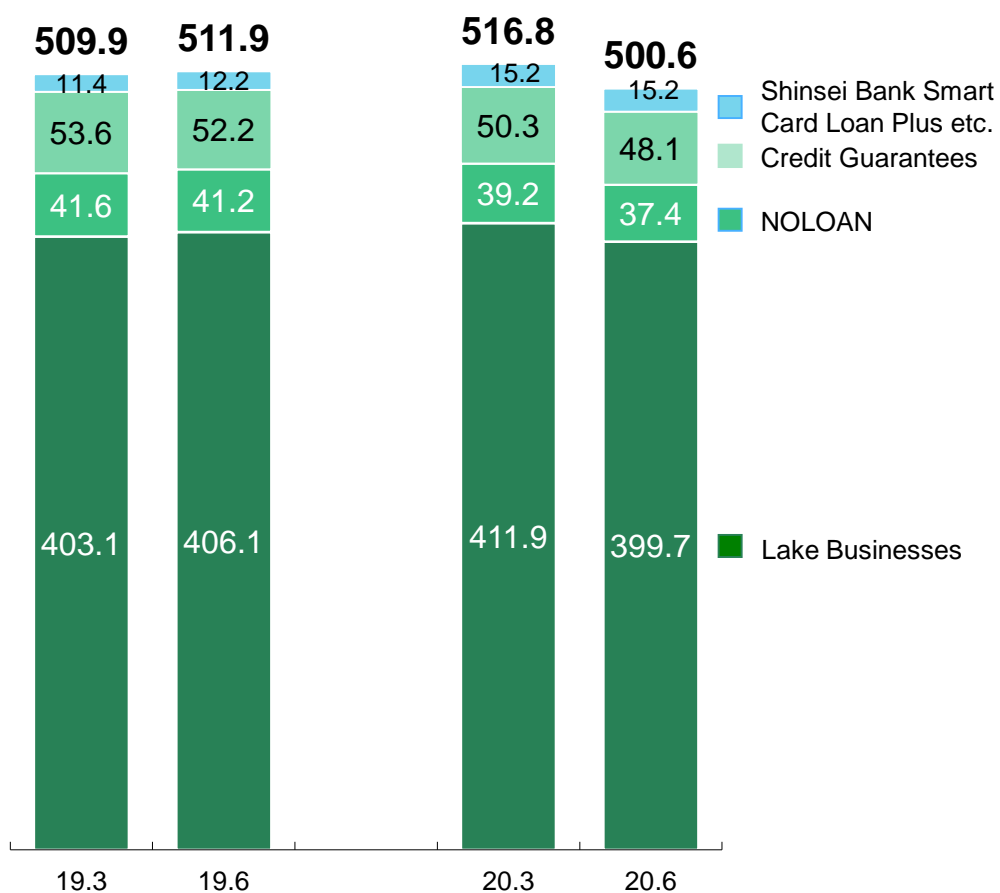
Unsecured loan: Lake ALSA continued to grow while total balance decreased

(Unit: JPY billion)

- Lake ALSA loan balance increased to JPY 77.5 billion (June 30, 2020) from JPY 73.2 billion (March 31, 2020)

- Flat net interest income coupled with lower net credit costs and expenses resulted in higher profit YoY

【Loan Balance】



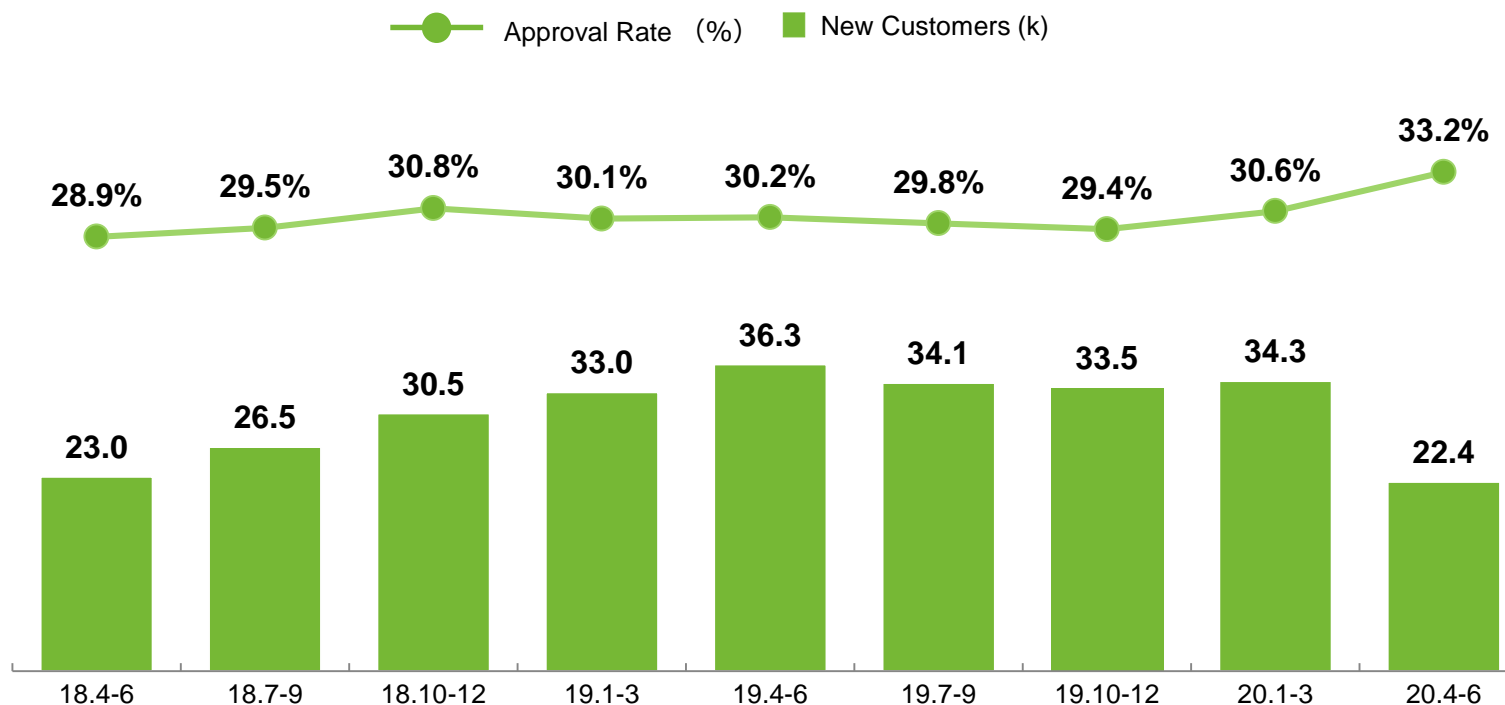
Shinsei Financial ¹	19.4-6	20.4-6
Net Interest Income	17.1	17.1
of which, Lake Businesses	15.7	15.7
Noninterest Income	-0.2	0.0
Total Revenue	16.9	17.1
Expenses	-8.3	-7.9
Ordinary Business Profit (OBP)	8.5	9.2
Net Credit Costs	-3.4	-3.0
OBP after Net Credit Costs	5.0	6.2

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

Lake ALSA: New customer acquisition down 38% YoY. Approval rate improved to 33.2%

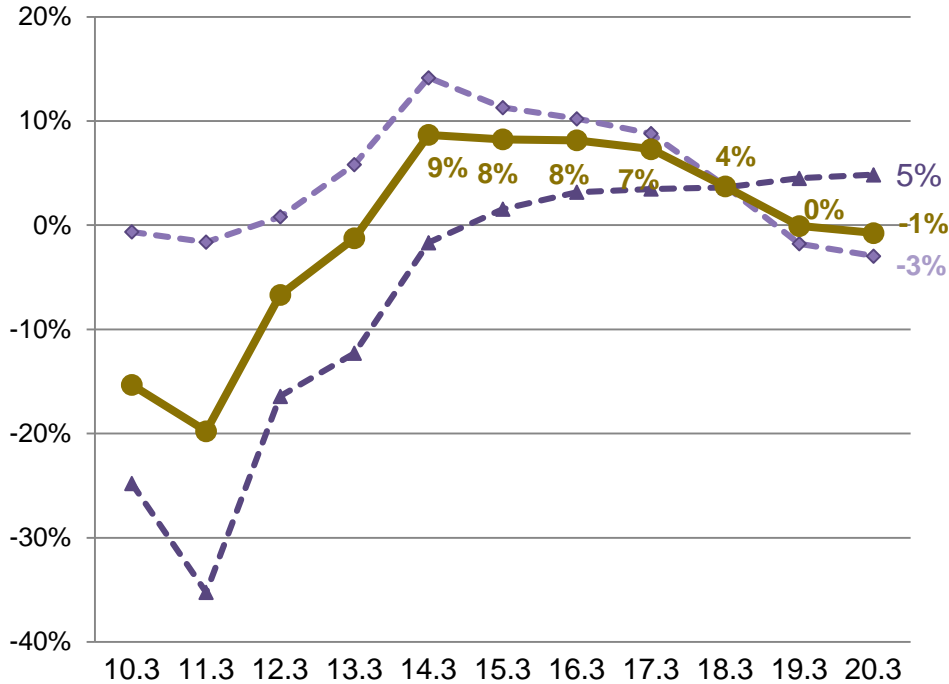
(Unit: JPY billion)

- New customer acquisition: Decreased mainly reflecting lower application volume coupled with lower attendance rate of operators at operation centers
- Approval rate: Improved reflecting positive effect from numerous operational and credit assessment related initiatives identified in the task force to improve the approval rate, and gradual recovery of operators' attendance rate from June



Unsecured loan market: Nonbank market continues its growth momentum while overall market appears to be flattish

Unsecured Loan Market: Growth Rate (YoY)

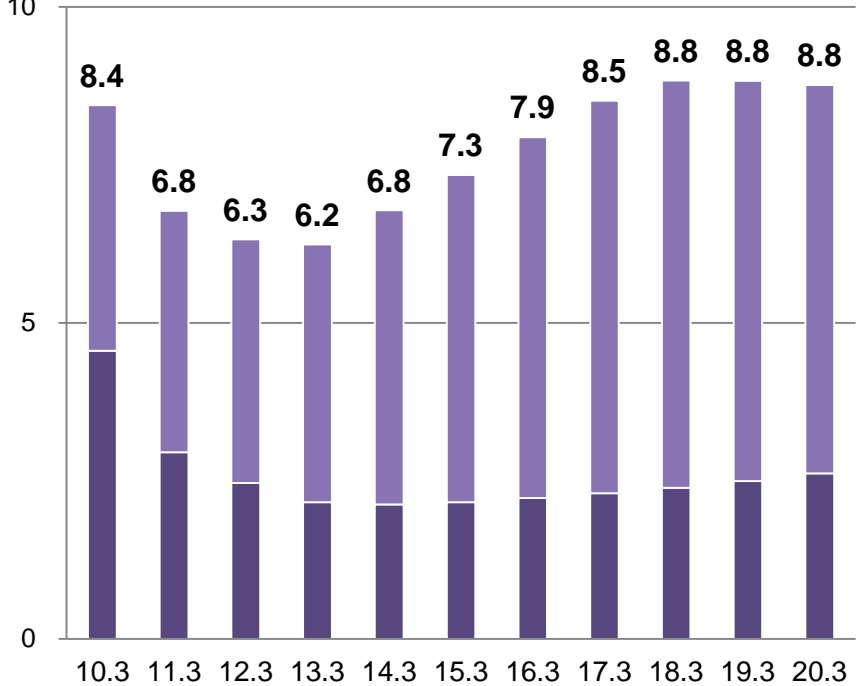


(Data Source) Bank of Japan, Japan Financial Service Association

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

Unsecured Loan Market: Size

(Unit: JPY trillion)



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

- Bank Card Loan Balance
- Nonbank Unsecured Loan Balance

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

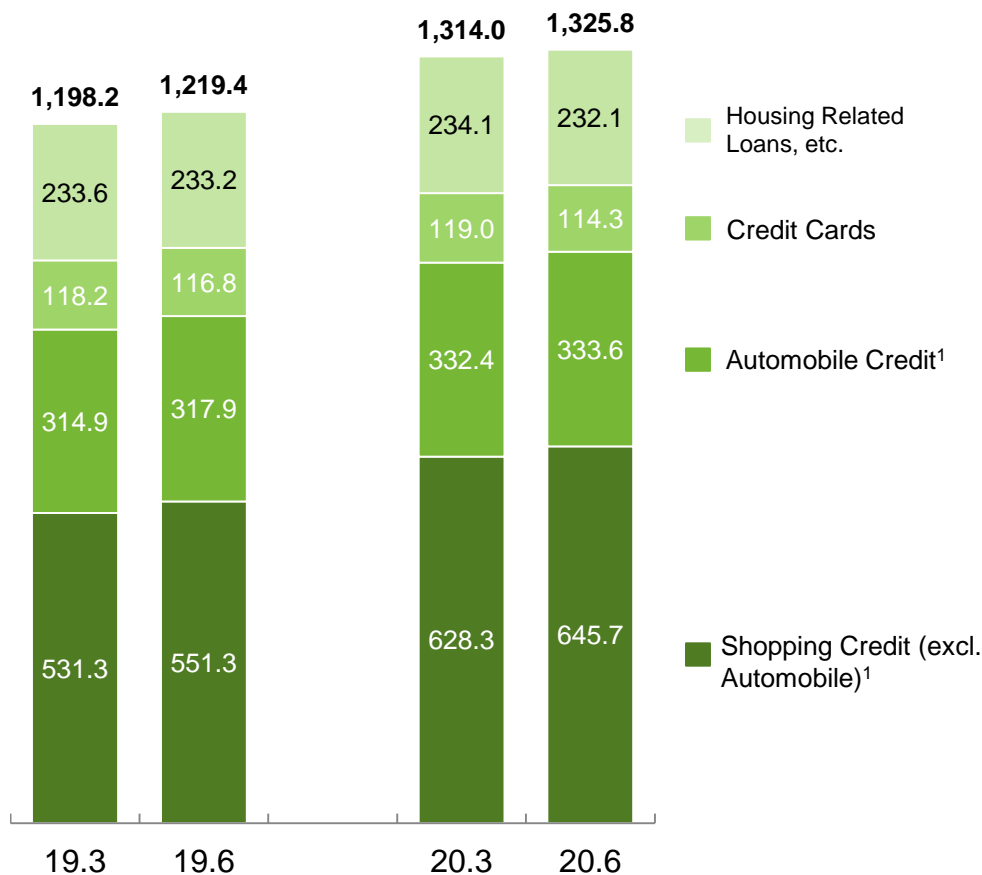
"Bank card loan balance": Statistics aggregated by the Bank of Japan; Balance of consumer card loans extended by domestic banks and credit unions

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

APLUS FINANCIAL: Balance increase reflects growth in shopping credit balance

(Unit: JPY billion)

【Operating Assets balance】



¹ Includes credit guarantees business

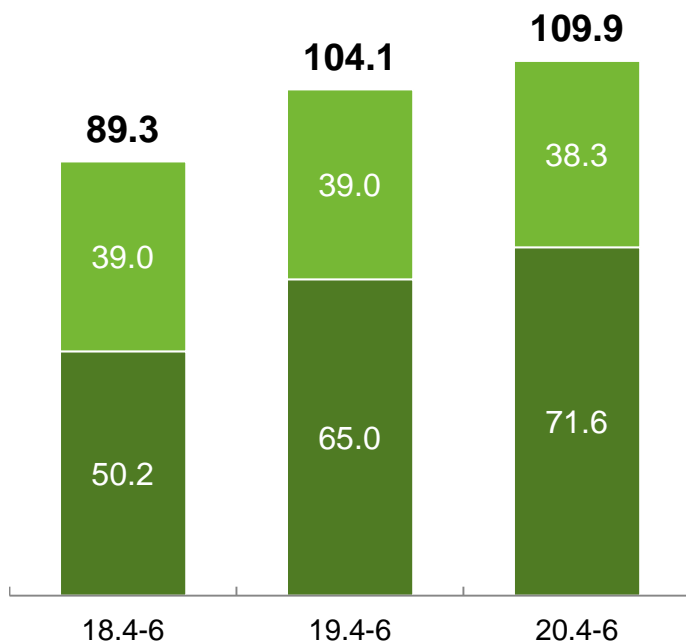
■ Increase in noninterest income and lower net credit costs improved profit YoY

	19.4-6	20.4-6
APLUS FINANCIAL	19.4-6	20.4-6
Net Interest Income	2.4	2.3
Noninterest Income	11.7	12.1
Total Revenue	14.1	14.5
Expenses	-9.4	-9.4
Ordinary Business Profit (OBP)	4.7	5.0
Net Credit Costs	-3.5	-3.2
OBP after Net Credit Costs	1.1	1.7

(Unit: JPY billion)

Transaction Volume: Auto Credit, Other Shopping Credit

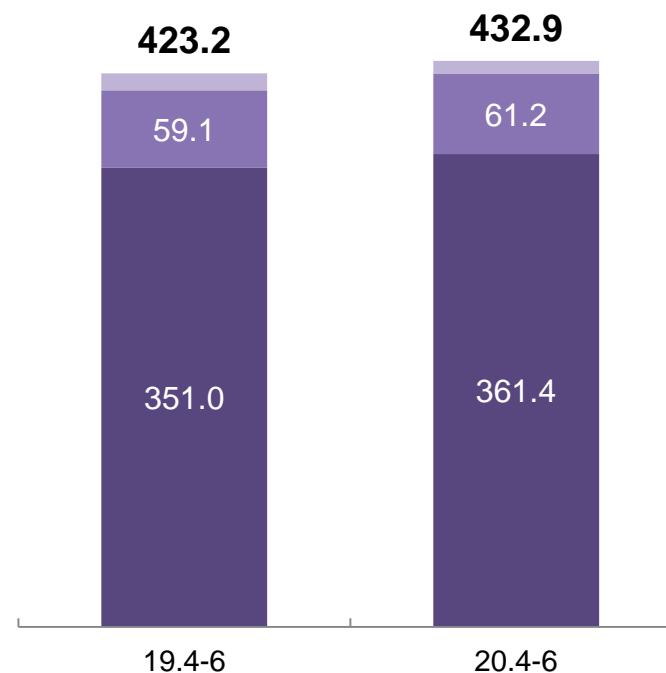
- Auto Credit¹
- Other Shopping Credit¹
(Medical including dental treatment, solar power generation including storage battery for industrial and household usage, and vendor leasing etc.)



¹ Includes credit guarantees and leasing businesses

Transaction Volume: Payment

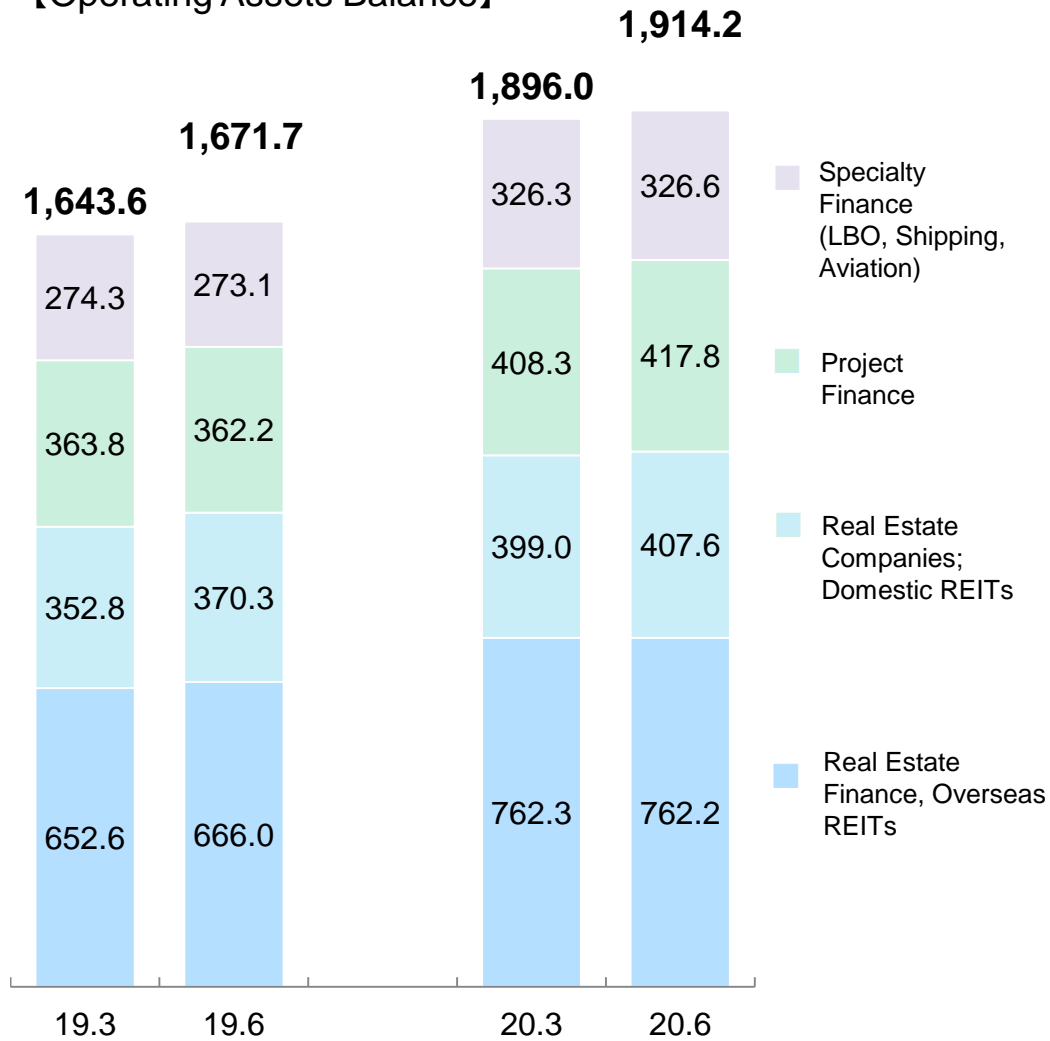
- Code settlement services
- Rent guarantees
- Settlement via bank accounts etc.



Structured finance: Profit decreased due to higher credit provisioning mainly in aviation finance and real estate finance

(Unit: JPY billion)

【Operating Assets Balance】



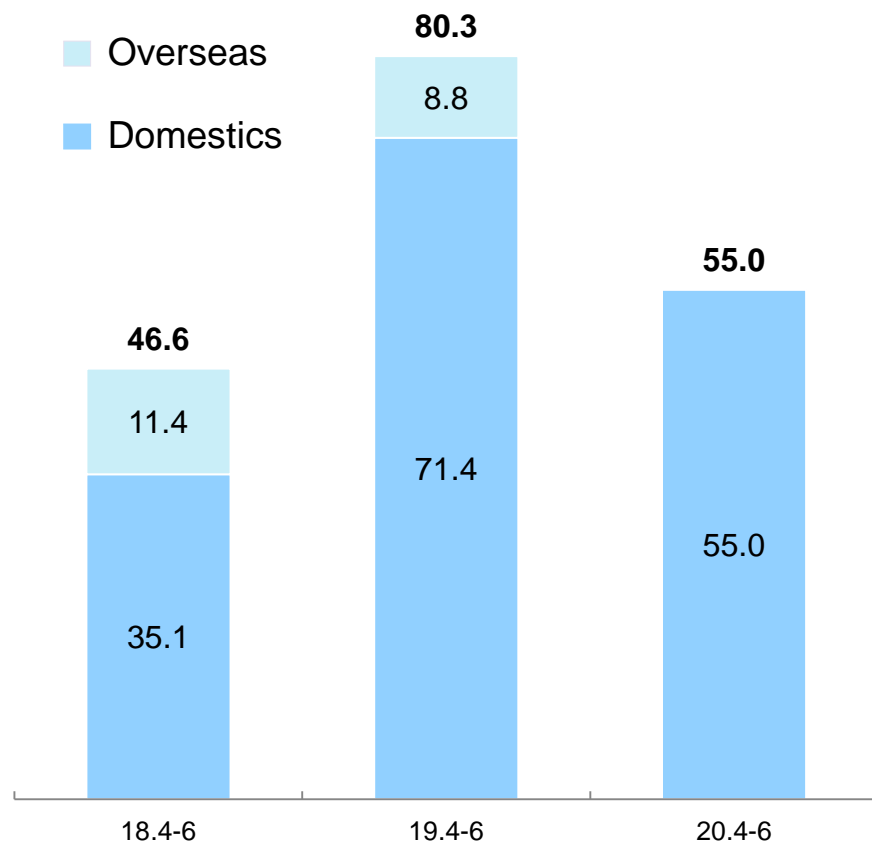
	19.4-6	20.4-6
Structured Finance		
Net Interest Income	2.7	3.1
Noninterest Income	1.6	1.2
Total Revenue	4.4	4.3
Expenses	-2.0	-2.2
Ordinary Business Profit (OBP)	2.3	2.1
Net Credit Costs	1.8	-2.9
OBP after Net Credit Costs	4.1	-0.8

Business with Institutional Investors

Real estate finance: No material price change in offices, residential, warehouse, and healthcare

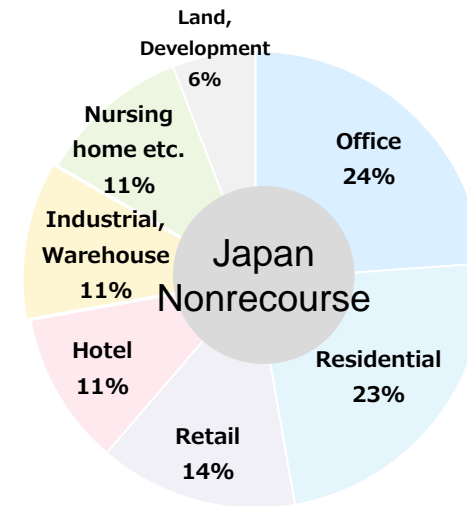
Real Estate Nonrecourse Finance New Disbursements

- Domestic and foreign investors resumed their activities from the latter half of May from “wait and see” mode in April

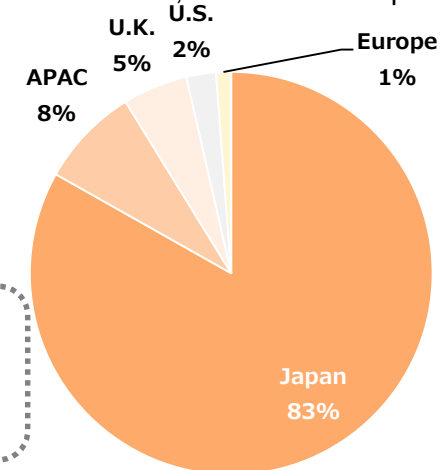


Portfolio (as of June 30, 2020)

【Balance: asset type】



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



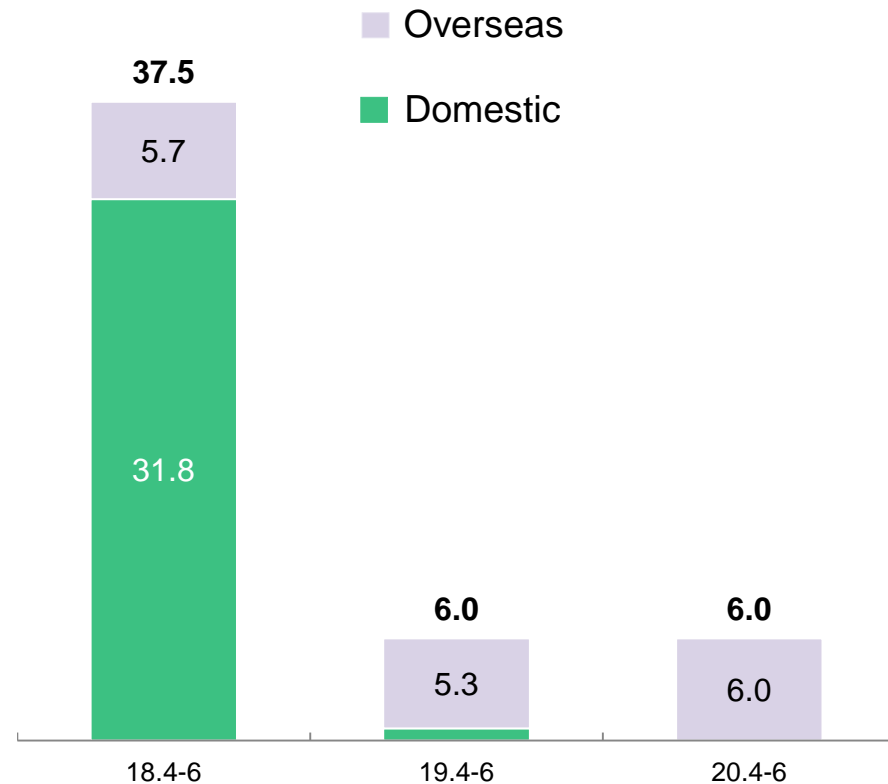
Nonrecourse finance constitutes more than half of the Japanese exposure

Business with Institutional Investors

Project finance: Engaged in overseas infrastructure project and wind-power project in 1Q

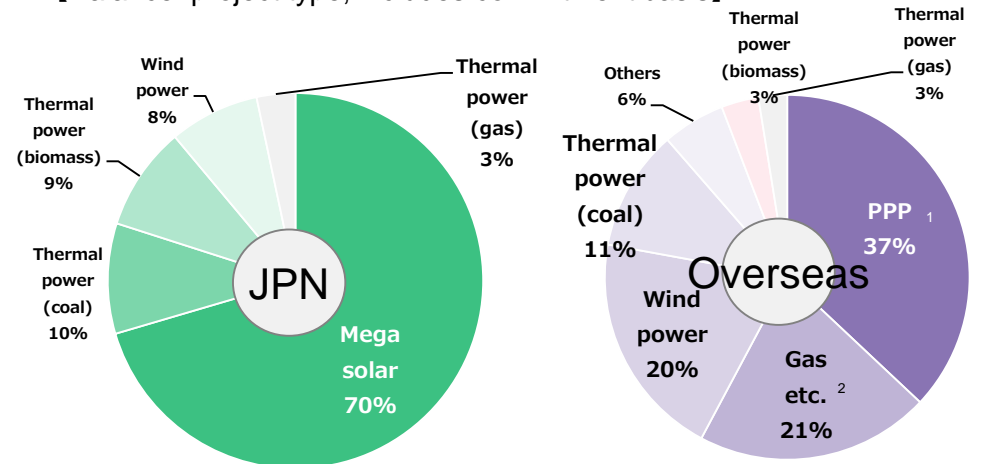
Project Finance New Commitments

■ Domestic project finance activity temporarily slowed



Portfolio (as of June 30, 2020)

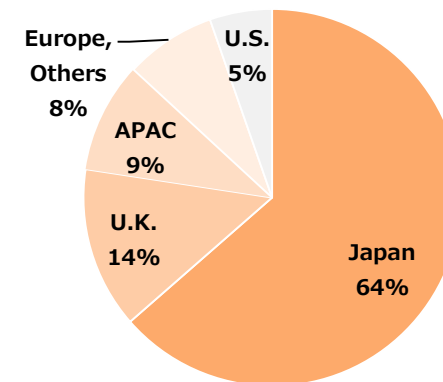
【Balance: project type, includes commitment basis】



¹ Public Private Partnership

² Finance to LNG related facilities and receiving terminal etc.

【Balance: regions, includes commitment basis】



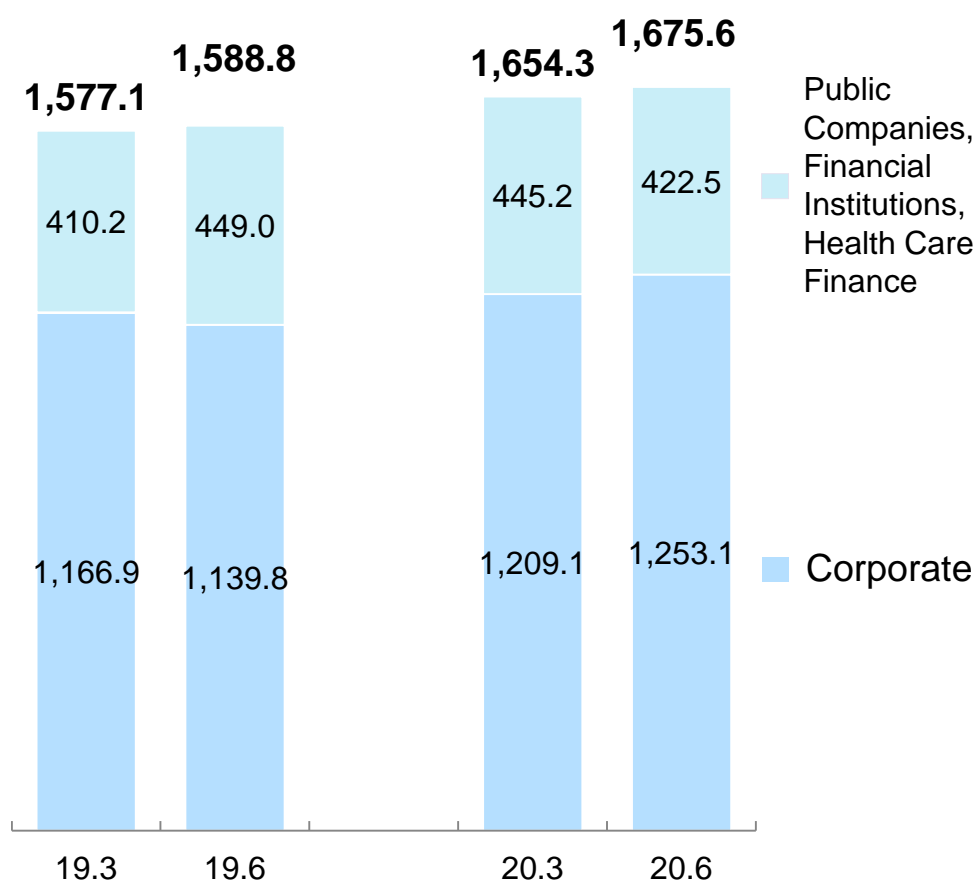
Corporate Business: Balance increased by JPY 44.0 billion reflecting cash demands from customers under COVID-19

(Unit: JPY billion)

- We have addressed approx. JPY 100 billion of commitment lines and long-term loans needs from our large corporate customers

- While net interest income increased, profit YoY decreased reflecting decrease in noninterest income and increase in net credit costs

【Operating Assets Balance】



	19.4-6	20.4-6
Corporate Business	19.4-6	20.4-6
Net Interest Income	2.5	2.9
Noninterest Income	1.2	0.6
Total Revenue	3.8	3.6
Expenses	-3.1	-2.9
Ordinary Business Profit (OBP)	0.6	0.6
Net Credit Costs	-0.2	-0.6
OBP after Net Credit Costs	0.3	0.0

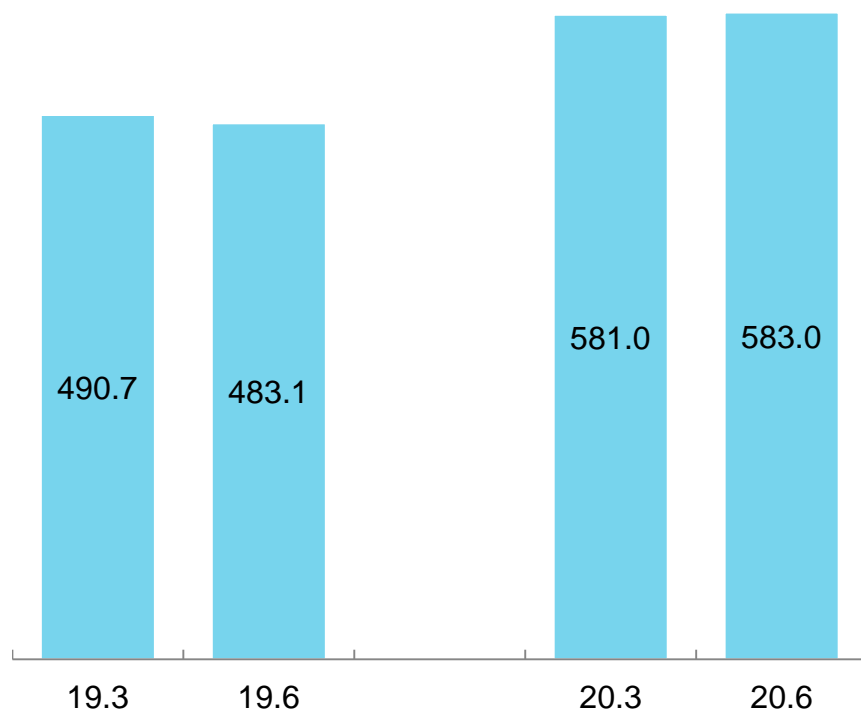
Showa Leasing: Decrease in profit YoY credit provisioning due to COVID-19

(Unit: JPY billion)

- Asset balance significantly grew from previous year due to consolidation of SHINKO LEASE

- OBP increased and net credit costs increased reflecting approx. JPY 0.6 billion of credit provisioning due to COVID-19

【Operating Assets Balance】

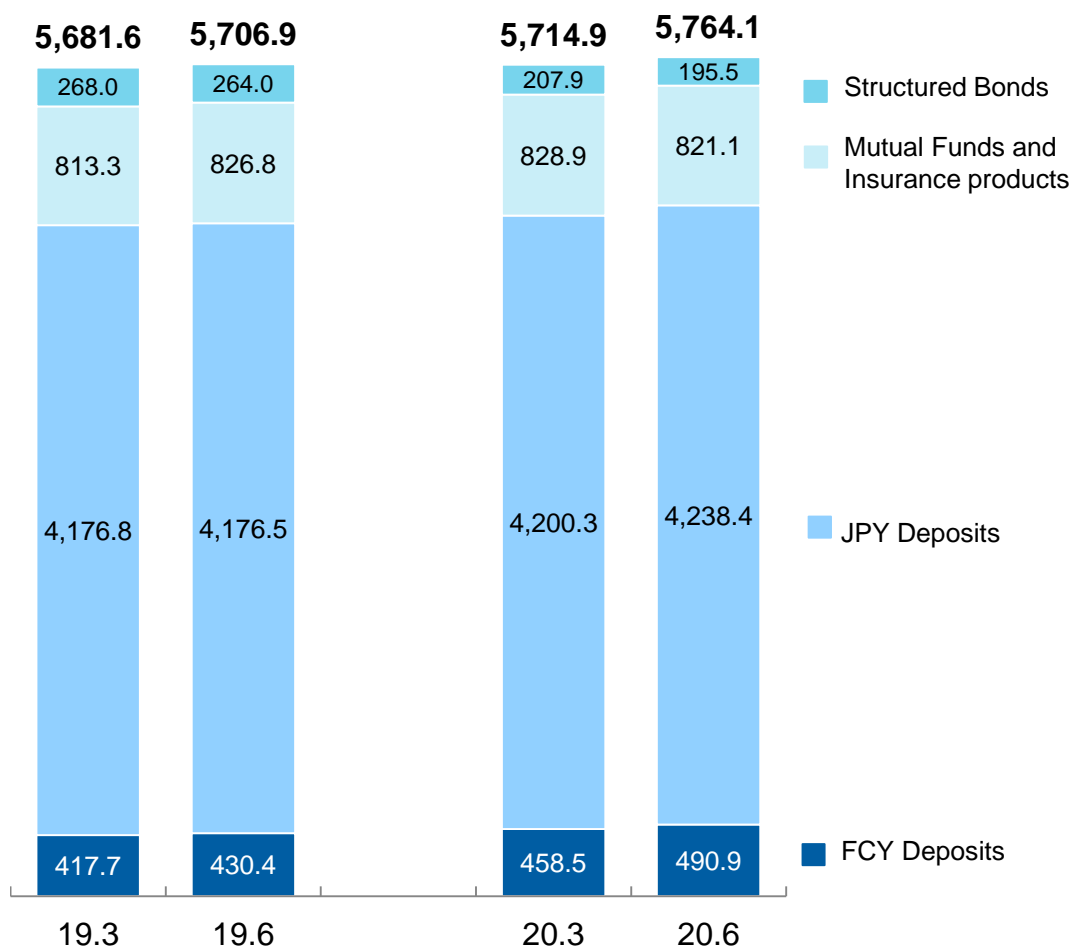


Showa Leasing	19.4-6	20.4-6
Net Interest Income	-0.0	0.0
Noninterest Income	3.1	3.8
Total Revenue	3.1	3.8
Expenses	-2.3	-2.7
Ordinary Business Profit (OBP)	0.8	1.0
Net Credit Costs	0.4	-0.6
OBP after Net Credit Costs	1.2	0.4

Retail Banking: Revenue decline reflects slow down of asset management product sales in April and May; sales recovering from June

(Unit: JPY billion)

【AUM Balance】



- Decrease in profit reflects decrease in noninterest income and increase in expenses associated with consolidation of Financial Japan

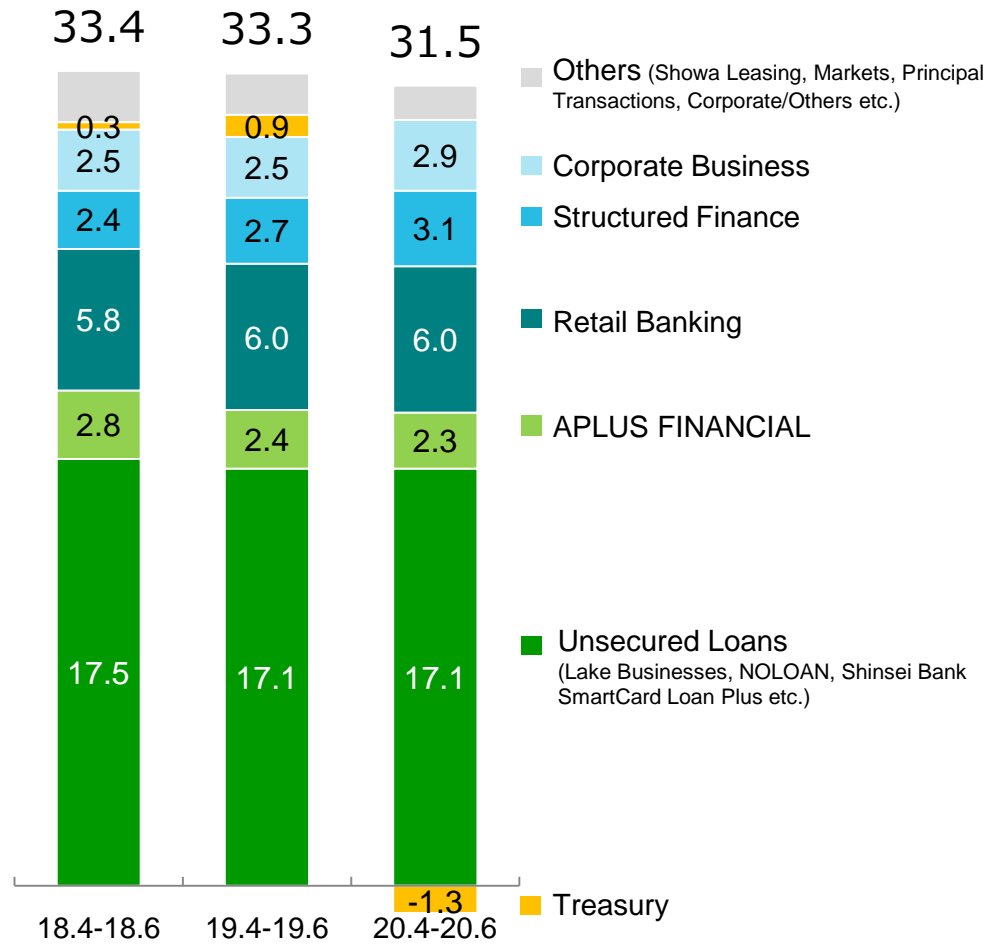
	19.4-6	20.4-6
Retail Banking	19.4-6	20.4-6
Net Interest Income	6.0	6.0
of which, from Loans	2.3	2.3
of which, from Deposits, etc.	3.6	3.7
Noninterest Income	1.0	0.5
of which, from Asset Management Products	1.7	1.2
of which, Other fees (Loan origination, ATM, FT, FX etc.)	-0.7	-0.7
Total Revenue	7.0	6.5
Expenses	-6.5	-7.0
Ordinary Business Profit (OBP)	0.4	-0.4
Net Credit Costs	-0.1	-0.2
OBP after Net Credit Costs	0.3	-0.6

Segment Information

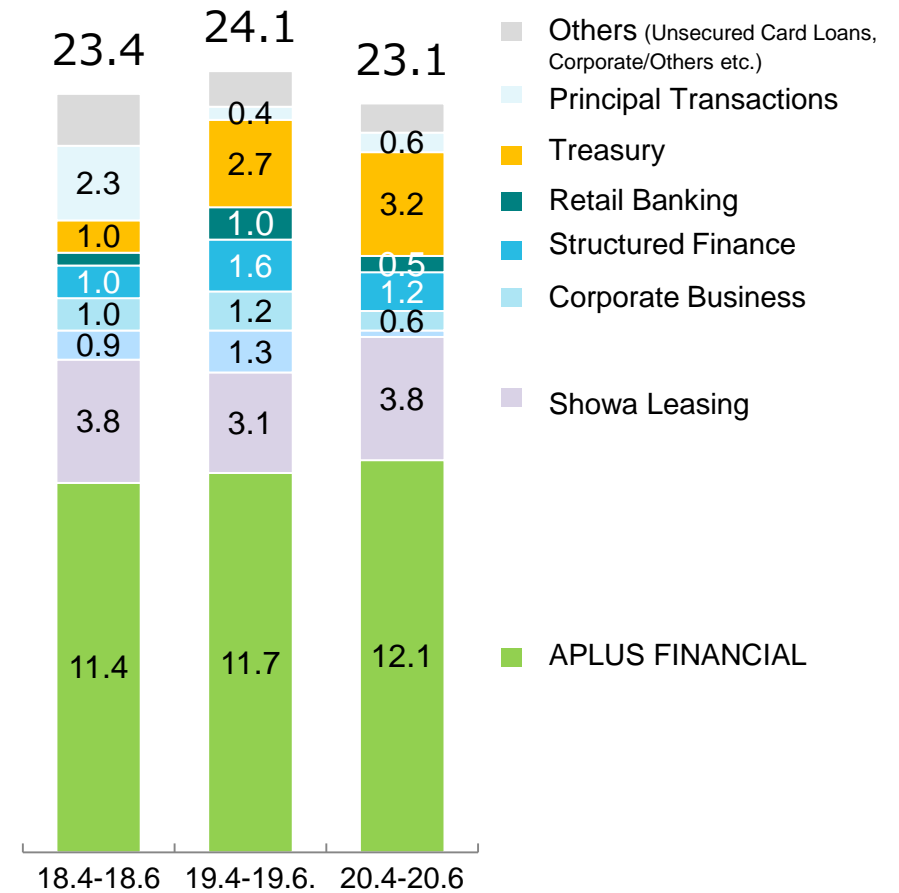
Segment: Net Interest Income, Noninterest Income

(Unit: JPY billion)

Net Interest Income: Segment y-o-y



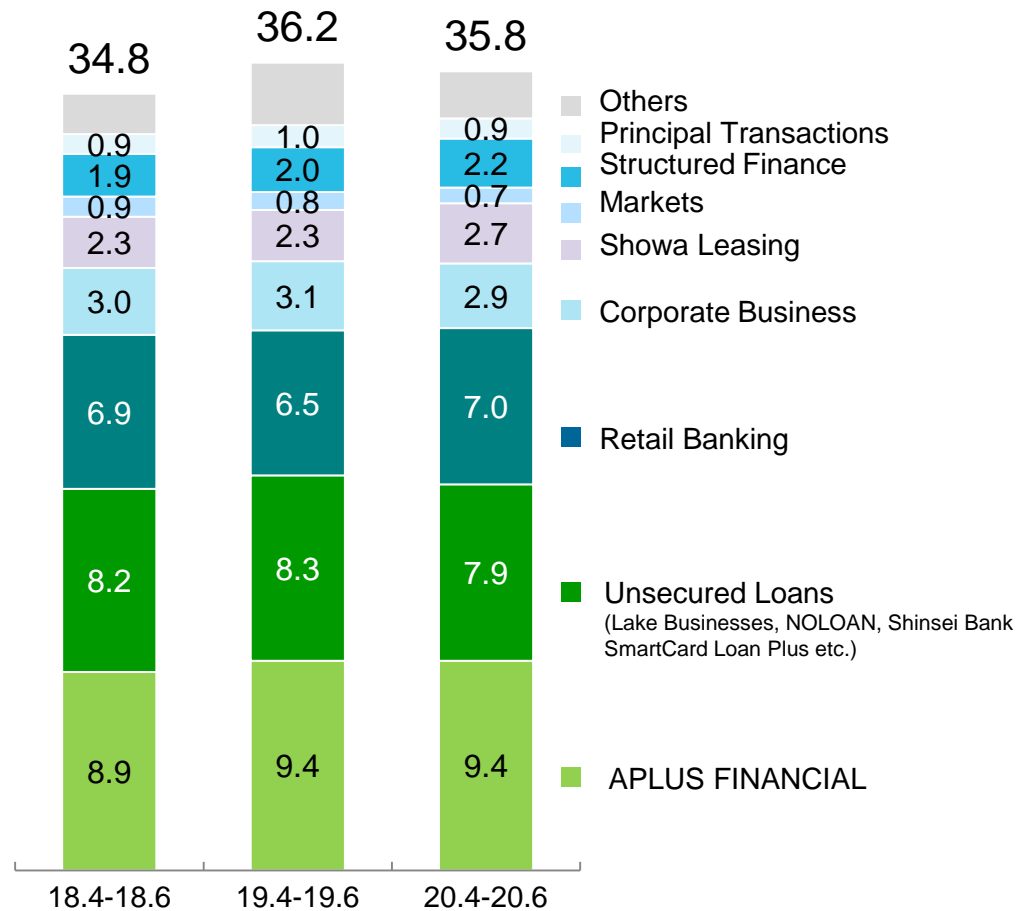
Noninterest Income: Segment y-o-y



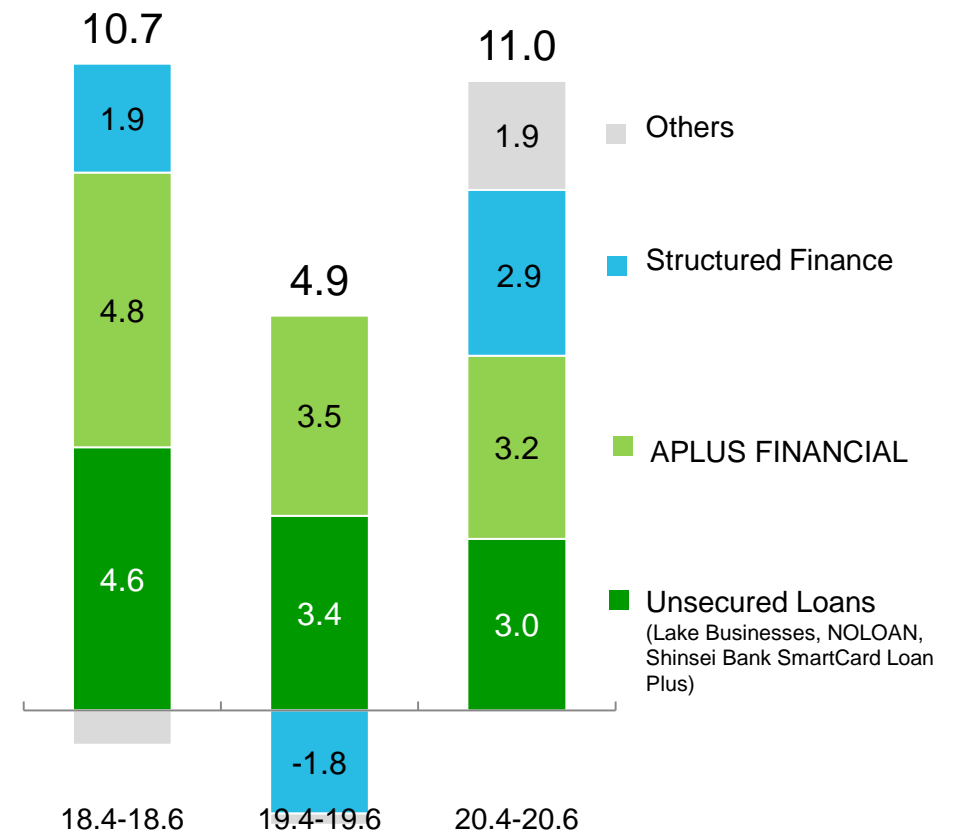
Segment: Expenses, Credit Costs

(Unit: JPY billion)

Expenses: Segment y-o-y



Net Credit Costs: Segment y-o-y



Segment: Quarterly P&L

(Unit: JPY billion)

Segment P&L (OBP after Net Credit Costs)	FY2018				FY2019				FY2020
	4-6	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6
Individual Business	4.5	6.5	9.3	2.9	6.4	6.6	8.5	2.2	7.3
Retail Banking	-0.5	-0.4	0.2	0.0	0.3	0.1	0.1	-0.3	-0.6
Shinsei Financial ¹	4.6	5.6	6.6	4.2	5.0	5.2	6.3	2.8	6.2
APLUS FINANCIAL	0.4	1.1	2.2	-0.7	1.1	1.3	2.1	-0.4	1.7
Other Individuals	0.0	0.1	0.1	-0.6	-0.1	-0.1	-0.1	0.2	0.0
Institutional Business	5.2	10.6	5.1	7.7	7.1	6.6	10.8	0.0	-1.0
Corporate Business	0.6	-0.6	0.0	3.9	0.3	2.9	1.3	-0.6	0.0
Structured Finance	-0.2	7.8	2.6	1.8	4.1	-0.8	3.2	-1.5	-0.8
Principal Transactions	2.4	2.1	1.5	-0.8	-0.0	2.6	2.8	0.3	-0.1
Showa Leasing	2.2	0.8	0.2	1.6	1.2	0.6	0.8	0.0	0.4
Markets	0.3	0.7	0.8	1.3	1.2	1.1	2.2	1.6	-0.2
Other Global Markets	-0.1	-0.3	-0.3	-0.2	0.0	0.1	0.4	0.2	-0.2
Corporate/Other	1.4	0.8	1.3	-0.0	2.7	1.4	-0.8	-0.7	1.5
Treasury	1.0	0.7	0.9	1.6	3.2	2.0	-0.5	-0.4	1.5
Corporate/Other (excluding Treasury)	0.4	0.0	0.3	-1.7	-0.5	-0.5	-0.3	-0.2	0.0
Total	11.3	17.9	15.8	10.5	16.3	14.8	18.5	1.5	7.8

Key Data

Balance Sheet

(Unit: JPY billion)	FY16	FY17	FY18	FY19	1Q FY20
Loans and bills discounted	4,833.4	4,895.9	4,986.8	5,110.4	5,113.8
Securities	1,014.6	1,123.5	1,130.2	957.0	916.7
Lease receivables/ leased investment assets	191.4	171.4	176.5	193.4	198.6
Installment receivables	541.4	558.8	562.2	670.7	676.5
Reserve for credit losses	-100.1	-100.8	-98.0	-107.9	-111.2
Deferred Tax Assets	15.5	14.7	15.0	16.9	17.2
Total assets	9,258.3	9,456.6	9,571.1	10,226.5	10,020.6
Deposits including negotiable certificates of deposits	5,862.9	6,067.0	5,922.1	6,305.1	6,189.9
Borrowed money	789.6	739.5	684.0	881.9	965.6
Corporate bonds	112.6	85.0	92.3	166.5	156.0
Grey zone reserves	101.8	74.6	63.0	49.3	46.7
Total liabilities	8,437.5	8,600.6	8,674.5	9,316.0	9,110.4
Shareholders' equity	823.7	862.5	899.5	919.2	920.9
Total net assets	820.7	856.0	896.6	910.4	910.2

Financial Ratios

(Unit: %)	FY16	FY17	FY18	FY19	1Q FY20
Expenses-to-revenue ratio	62.3	61.5	63.0	62.3	65.6
Loan-to-deposit ratio	82.4	80.7	84.2	81.1	82.6
ROA	0.6	0.5	0.5	0.5	0.2
ROE	6.3	6.1	6.0	5.1	2.6
NPL Ratio ¹	0.22	0.17	0.20	0.34	0.58

Per Share Data

(Unit: JPY)	FY16	FY17	FY18	FY19	1Q FY20
BPS ²	3,163.89	3,376.39	3,636.92	3,913.40	3,936.18
EPS ²	194.65	199.01	211.24	190.59	25.64

Credit Ratings

	17.3	18.3	19.3	20.3	20.6
R&I	BBB+	A-	A-	A-	A-
JCR	BBB+	BBB+	A-	A-	A-
S&P	BBB+	BBB+	BBB+	BBB+	BBB
Moody's	Baa2	Baa2	Baa2	Baa1	Baa1

¹ NPL ratio based on Financial Revitalization Law (Nonconsolidated)

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

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

Disclaimer

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

