

# **Briefing for Institutional Investors on Constructive TOB for Shinsei Bank**

**November 12, 2021**

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SBI Holdings, Inc.**

**The items in this document are provided as information related to the tender offer which the SBI Holdings, Inc. (“SBIHD”) and its wholly owned subsidiary company, SBI Regional Bank Holdings Co., Ltd. (the “Tender Offeror,” together with SBIHD, the “SBIHD Parties”) is conducting for shares of Shinsei Bank, Limited (“Shinsei Bank”) and not for the purpose of soliciting an offer to sell stocks.**

**The business collaboration with Shinsei Bank described in this document will only take place if Shinsei Bank determines that it is in the best interests of its minority shareholders to do so through the measures adopted by Shinsei Bank to prevent conflicts of interest.**

**None of the SBI Parties guarantees the completeness of this document in terms of information and future business strategy.**

**The content of this document is subject to revision or cancellation without warning.**

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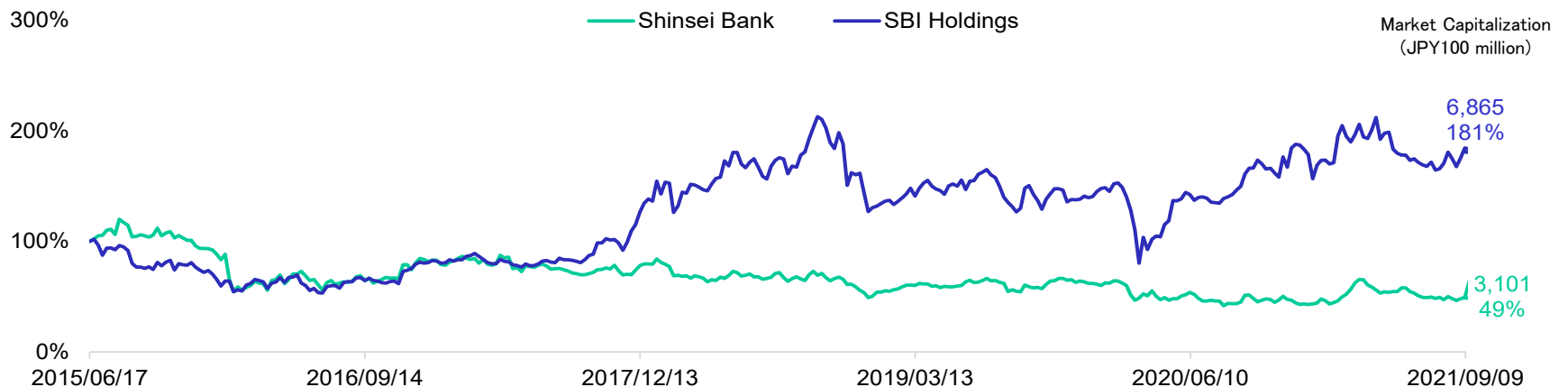
**Note: The SBIHD Parties believe that this TOB will contribute to the enhancement of the corporate value of both the Tender Offeror and the Shinsei Bank through the realization of synergies, and for this reason we have positioned it as a constructive TOB**

# [Essential Objective of the TOB]

## Enhancing Profitability of Shinsei Bank to Repay the Remaining Public Funds

To achieve the objective, we will enhance the profitability and the corporate value of Shinsei Bank by generating the business synergies with SBI Group and strengthening the alliance with regional financial institutions

### [Changes in Market Caps of Shinsei Bank and SBIHD]



\* Rebased to the market cap. on Jun. 17<sup>th</sup> 2015 when President Kudo inaugurated as a new president as 100%.

# The Difference of Valuation between Shinsei Bank and Aozora Bank at the End of August, 2021 (before announcement of TOB)

-Eleven years have passed since the “Cancellation of Merger” in May 2010, and the outcomes are clearly different-

	Shinsei Bank	Aozora Bank
① Market Cap.	JPY 353.5bn (29th in broad financial sector)	JPY 305.3bn (30th)
② ROE (prediction for FY2021)	4.33% (13th in all listed banks)	7.89% (2nd)
③ PBR (Actual) – Consolidated Basis	0.32x (19th in all listed banks)	0.61x (2nd)

- Shinsei Bank and Aozora Bank both recapitalized with public funds through convertible preferred stock in 2000
- Aozora Bank paid off its public funds (JPY 320bn) in 2015

**Aozora Bank**

"Highest Profitability (ROE)" and "Highest Valuation (PBR)" in Banking Sector, following Seven Bank,Ltd.

**Shinsei Bank**

"Worst Profitability" "Worst Valuation" in major banks

- I. Answers to questions received from many institutional investors regarding the TOB for Shinsei Bank**
- II. Track records of banking businesses of the SBI Group**
- III. Position of Shinsei Bank with regards to regional revitalization strategy**
- IV. Measures for rapid growth of existing business by creation of synergies**

# **I. Answers to questions received from many institutional investors regarding the TOB for Shinsei Bank**

- 1. Reason for setting the maximum voting ratio in Shinsei Bank at 48%**
- 2. Expected response if the proposal by Shinsei Bank is passed at the extraordinary shareholders' meeting of Shinsei Bank planned to be held on Nov. 25, 2021**
- 3. Expected action if the proposal by Shinsei Bank is rejected at the extraordinary shareholders' meeting of Shinsei Bank and the Tender Offer is successfully consummated**
- 4. Counterargument to Shinsei Bank's concern against SBI's proposed board director candidates**
- 5. Level of expected profit for Shinsei Bank through synergies with the SBI Group**

# 1. Reason for Setting the Maximum Voting Ratio in Shinsei Bank at 48%

## [Reasons for implementing the TOB as a major shareholder]

- While SBI has been proposing capital and business alliances that would contribute to the enhancement of corporate value of both groups on a continuing basis since Sept. 2019, discussion has not progressed significantly
- Provided the businesses of the both groups are mutually complementary, Shinsei Bank can be positioned as the central organization of regional financial institutions as part of the SBI Group's process for regional revitalization that it is promoting
- Although Shinsei Bank's business performance has been poor, as shown for example through its continuous downward trend in profit levels, SBI believes Shinsei Bank's management has failed to take drastic countermeasures
- SBI questions the adequacy of the current composition of Shinsei Bank's board of directors and its appropriateness and flexibility of the in decision-making, as there is a bias towards outside directors having been selected from Goldman Sachs Japan Co., Ltd. and Monex Group Inc., who have also been appointed to long terms

**SBI has considered obtaining a majority of voting rights in Shinsei Bank for rapid management reform, but it would be necessary to obtain authorization as a bank holding company**

### [Issues associated with obtaining authorization as a bank holding company]

- ① If SBI Holdings (SBIHD) were to become a bank holding company, SBIHD would be required to liquidate its business portfolio and sell assets and would be subject to operational constraints that would make it difficult to maintain its current business
- ② It would take considerably more time to obtain authorization as a bank holding company than to obtain authorization as a major shareholder

**By setting the maximum voting right ratio to be obtained in the TOB at 48% combined with the voting share currently held by SBI Group (20.48%), SBI makes it a priority to make Shinsei Bank a consolidated subsidiary of SBIHD and to work on enhancing business performance and increasing corporate value through management reform and the realization of synergies**

**SBIHD will take safeguards to prevent changing Shinsei Bank into an institutional bank and against damaging the interests of minority shareholders in any case**

## **2. Expected Response if the Proposal by Shinsei Bank is Passed at the Extraordinary Shareholders' Meeting of Shinsei Bank Planned to be Held on Nov. 25, 2021**

**In the event that the “Allotment of the Share Subscription Rights without Contribution” proposed by Shinsei Bank is passed by the shareholders of Shinsei Bank, and the Takeover Defense Measure is implemented:**



**No intention to change conditions of the Tender Offer, and SBI will withdraw the Tender Offer**

**[ Expected action after a withdrawal of the Tender Offer ]**

**Regarding shares of Shinsei Bank held by SBI, we intend to consider various possibilities, including complete sale of held shares, based on future market conditions**

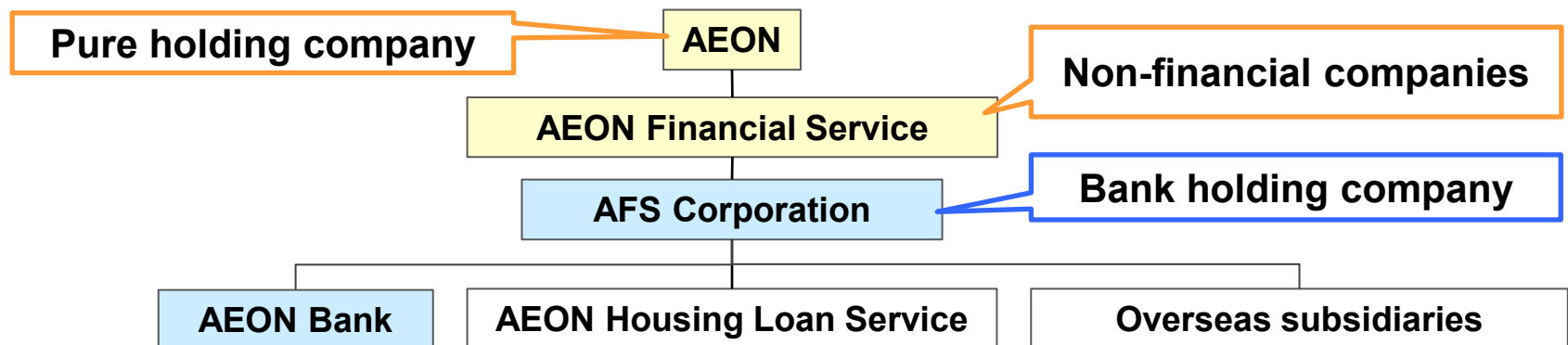
### 3. Expected Action if the Proposal by Shinsei Bank is Rejected at the Extraordinary Shareholders' Meeting of Shinsei Bank and the Tender Offer is Successfully Consummated

The SBI Group will focus on efforts to enhance corporate value of Shinsei Bank and pave the way for improving corporate value through a new board of directors who can raise the corporate value of Shinsei Bank

On the precondition that the approval of the Financial Services Authority (FSA) is provided,

- Plan to start preparing an application to obtain authorization as a bank holding company in corporations for SBI, which would be required
- Consider acquiring a majority of shares in Shinsei Bank based on careful consideration of return for general shareholders
- Plan to consider the most appropriate organizational structure for the SBI Group based on cases of organizational structures in other companies with a bank holding company, such as AEON Co., Ltd. and its affiliated AEON Bank, Ltd. (SBIHD itself will not become a bank holding company) and consult with the FSA

[Reference] Organizational structure regarding AEON Group's Financial Services Business (extracted)



# Mechanism Planned to be Implemented to Protect the Interests of Minority Shareholders

- Even under the circumstance of a parent-subsidary listing, the following strategies are planned to be implemented in order to form a firm governance system so that it is ensured that the minority shareholders' interests are protected -

- Establishing a system where **independent outside directors compose a majority of the total number of the directors**
  - ➔ In order to select truly independent outside director candidates at **the first shareholders meeting after the TOB**, it is contemplated that **a committee to select independent outside directors** will be formed  
(In order to ensure fairness and neutrality of the selection process, the committee is planned to be chaired by a person who has sufficient insight and can be objectively evaluated as being fair and neutral, while the SBI Group and Shinsei Bank will recommend member(s) for the committee, respectively)
  - ➔ Thereafter, director candidates will be selected at a voluntary nominating and remuneration committee which is composed of more than half of independent outside directors
- With regards to transaction between the SBI Group and Shinsei Bank, **a thorough conflict-of-interest management system will be formed** by (i) complying with the **arm's length rule** as a principle, (ii) forming a **special committee consisting of independent members** which will conduct preliminary reviews and post-transaction monitoring, and (iii) ensuring directors who are closely related to the SBI Group **not to be involved in decision-making** in Shinsei Bank
- In making decisions on **important transactions** between the SBI Group and Shinsei Bank, whether the transactions will be disadvantageous to minority shareholders of Shinsei Bank will be carefully deliberated and considered at the **board of directors of Shinsei Bank which consists of more than half of independent outside directors and maintains independency**

## 4. Counterargument to Shinsei Bank's Concern Against SBI's Proposed Board Director Candidates

To oppose the TOB, Shinsei Bank is problematizing that the three director candidates proposed by SBI do not appear to have sufficient experience as a reason that the concerns regarding a conflict of interest between SBI and general shareholders cannot be dispelled



### **Candidate (1) Katsuya Kawashima (Representative director and President candidate)**

Has successively held important positions such as representative director of SBI Sumishin Net Bank (through Mar. 2014) when the bank was established in Apr. 2006 and currently serves as its outside director, which plays a core part in the SBI Group's Financial Services Business, along with as a director of SBI SAVINGS BANK in Korea from Sept. 2015; and has extensive insight and abundant experience in all aspects of management

### **Candidate (2) Hirofumi Gomi (Director and Chairman candidate)**

Former Commissioner of the Financial Services Agency with experience being deeply engaged in financial administration. Held office as an outside director of Fukushima Bank during June 2020 and June 2021

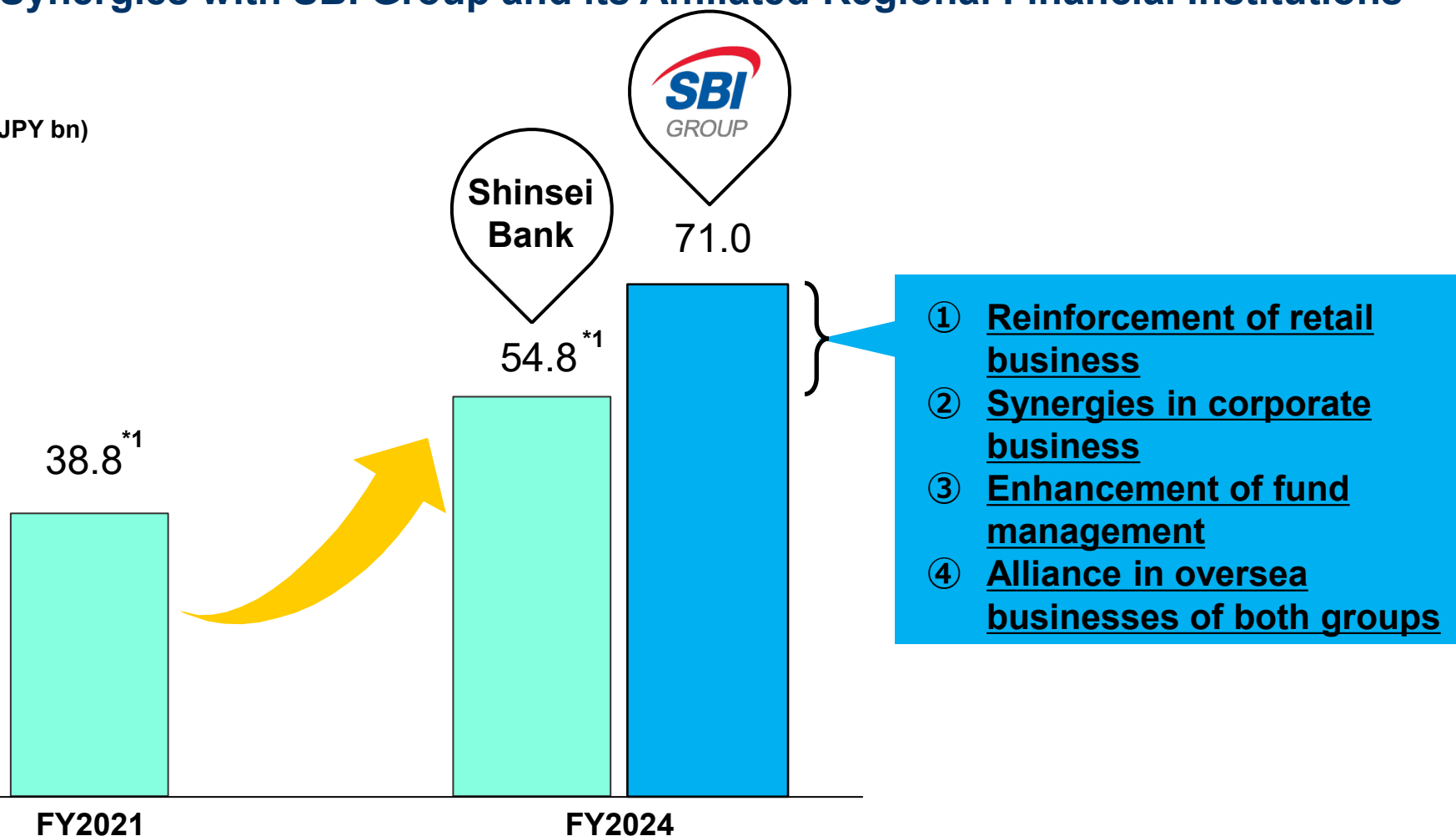
### **Candidate (3) Katsumi Hatao (Director candidate)**

Has held senior positions in the former Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.) and currently holds office as the chairman of the Board of Directors at SBI Bank, a Russian commercial bank and a subsidiary of SBI Holdings

# 5. Level of expected profit for Shinsei Bank through synergies with the SBI Group

-Set Target Net Income in 3 years to JPY 71bn by Generating Business Synergies with SBI Group and its Affiliated Regional Financial Institutions-

(JPY bn)



\*1 Full-year net income estimate from disclosure of Shinsei (unit: JPY bn, round down to the second decimal places)

[https://www.shinseibank.com/corporate/news/pdf/pdf2021/211021\\_announcement1\\_j.pdf](https://www.shinseibank.com/corporate/news/pdf/pdf2021/211021_announcement1_j.pdf)

\*2 The net income estimates are based on the disclosure of Shinsei Bank and subject to further assessment through the discussion with the management team and employees of Shinsei Bank after the closing of the tender offer

## **II. Track records of banking businesses of the SBI Group**

**It is certain that SBI Group is the best partner in terms of track records in banking business and a capability of improving Shinsei bank's performance**

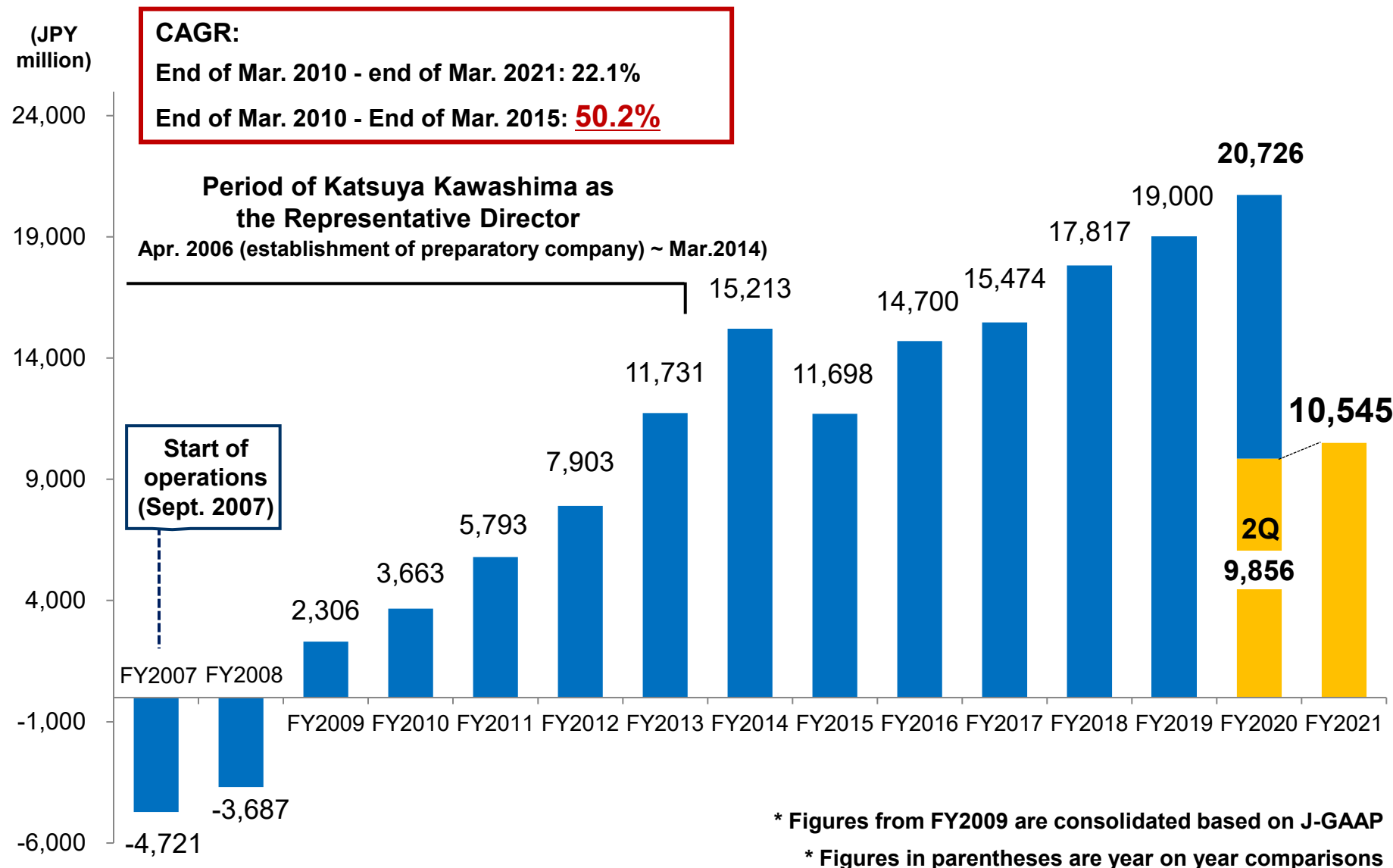
- (1) SBI Group's track record in the banking business**
- (2) Outcomes of Regional Financial Institutions, which are capital and business alliance partners of SBI Group**

(1) SBI Group's track record in the banking business



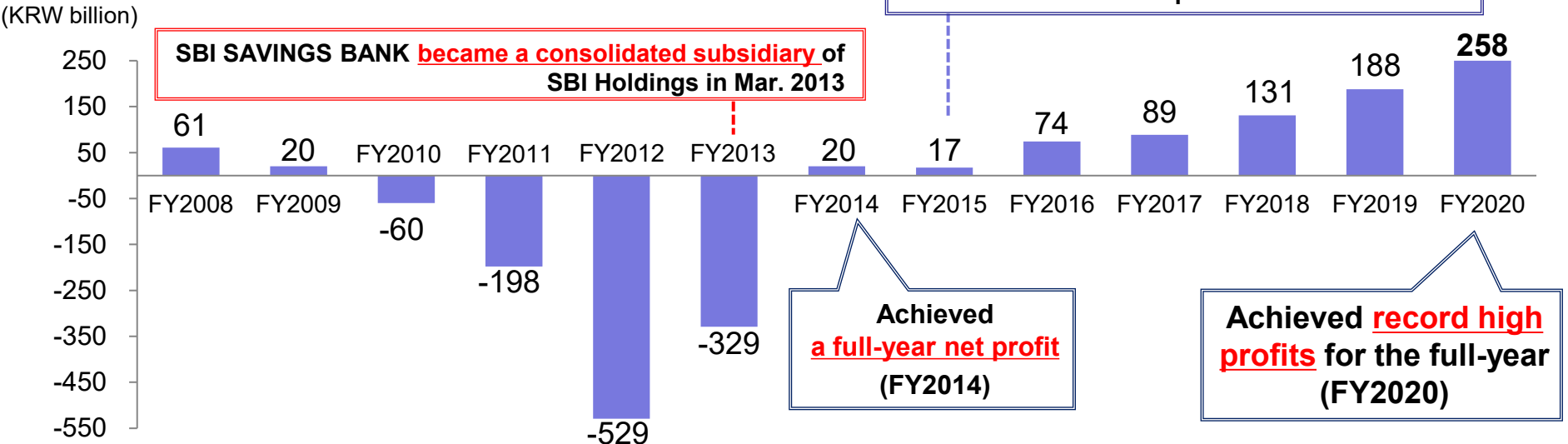
Financial Results of SBI Group's Banking Companies ①

Change in SBI Sumishin Net Bank's Ordinary Income (J-GAAP) After Start of Operations

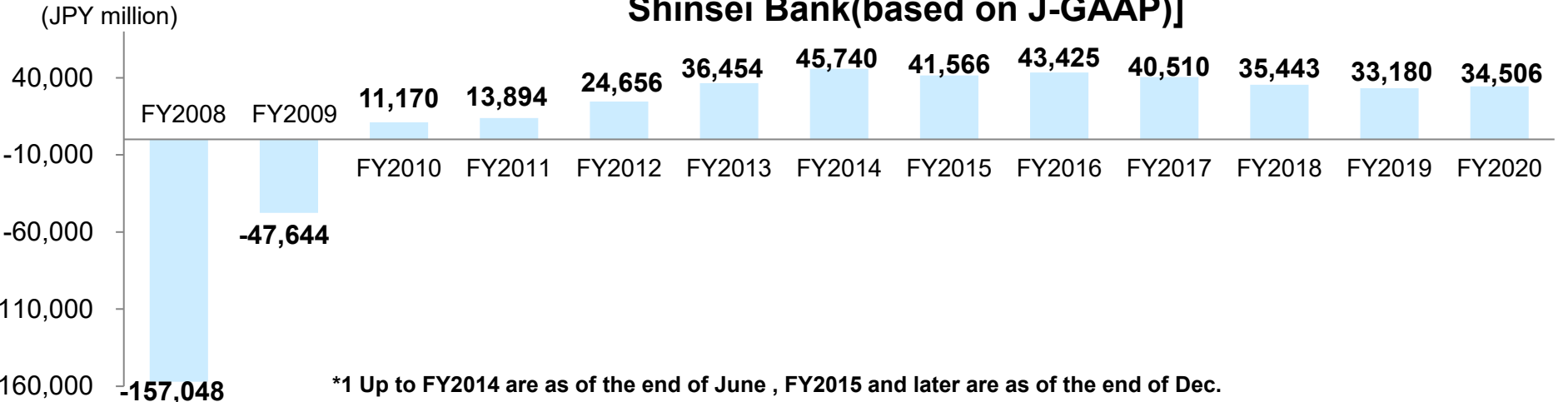


# Financial Results of SBI Group's Banking Companies ②

## SBI SAVINGS BANK's Net Profit (Based on K-GAAP)



### [Reference : Trend of net income (non-consolidated basis) of Shinsei Bank(based on J-GAAP)]



\*1 Up to FY2014 are as of the end of June , FY2015 and later are as of the end of Dec.  
\*2 As a result of the merger of SBI Group's savings banks at the end of Oct., 2014. Figures before Oct. are assumed to have been merged

# Performance of Banks in SBI Group ③



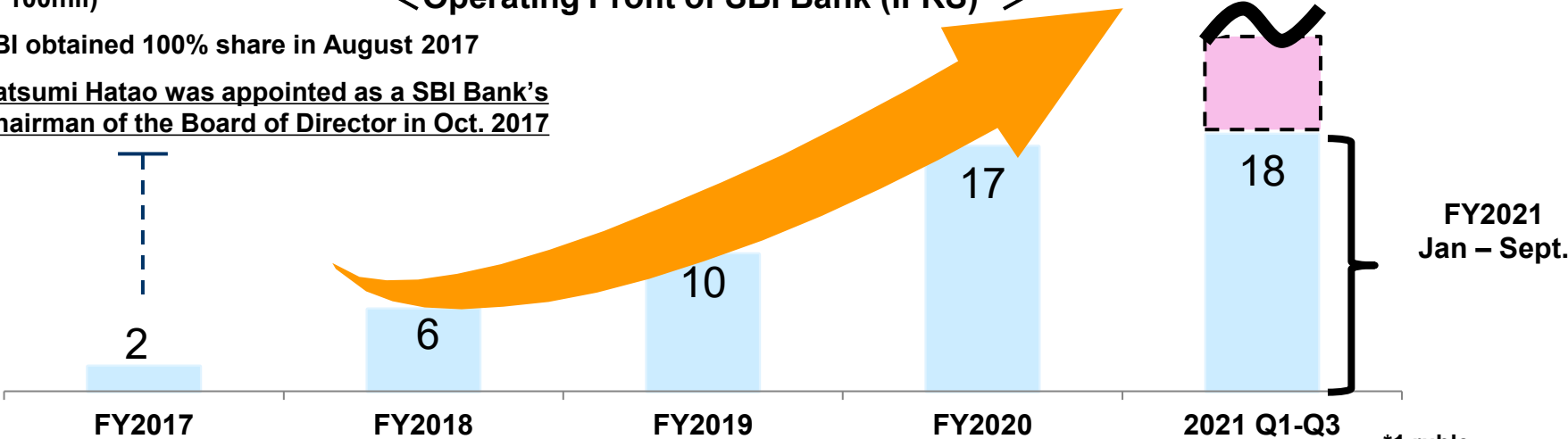
SBI Bank (SBI's stake: 90.74%)

- A commercial bank holding a full license in Russia
- Its performance which was in the red as of Aug. 2017 (Net Loss in FY2017 was -2.6 billion yen), turned profitable in 1H 2021 through **promoting business efficiency and expanding the customer base**

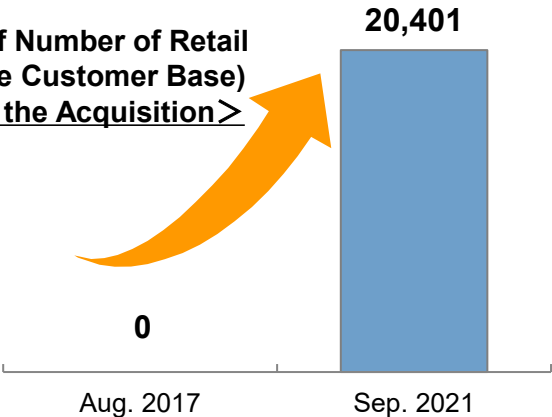
(JPY 100mil)

< Operating Profit of SBI Bank (IFRS) \* >

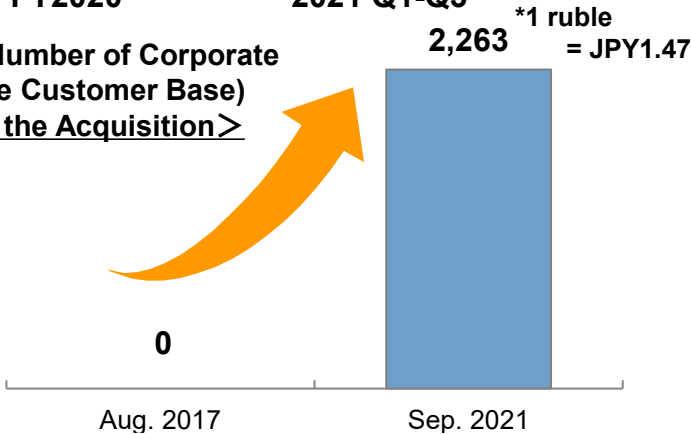
- SBI obtained 100% share in August 2017
- Katsumi Hatao was appointed as a SBI Bank's Chairman of the Board of Director in Oct. 2017



< Comparison of Number of Retail Accounts (Active Customer Base) before and after the Acquisition >



< Comparison of Number of Corporate Accounts (Active Customer Base) before and after the Acquisition >



# Performance of Banks in SBI Group ④



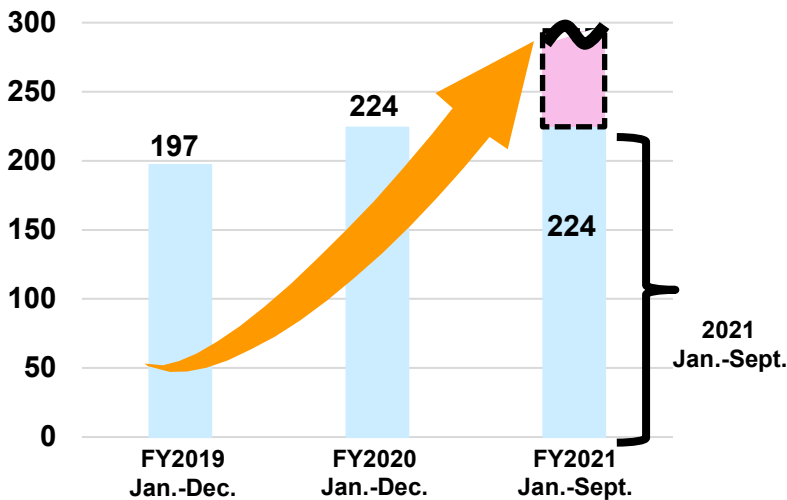
TPBank

Vì chúng tôi hiểu bạn (Listed in April 2018)

- Invested since Aug. 2009 (Investment ratio by the SBI Group: 19.9%)
- The company is aggressively adopting cutting-edge technologies and rapidly expanding its business, especially in its retail operations
- As of Feb. 1, 2021, the stock became included in the "VN30," a major index of the top 30 stocks selected by the Ho Chi Minh Stock Exchange and based on market capitalization, liquidity, and other criteria

## <Trends in profit before Income tax expense>

(JPY 100 million)



\*1VND is converted as JPY 0.0051

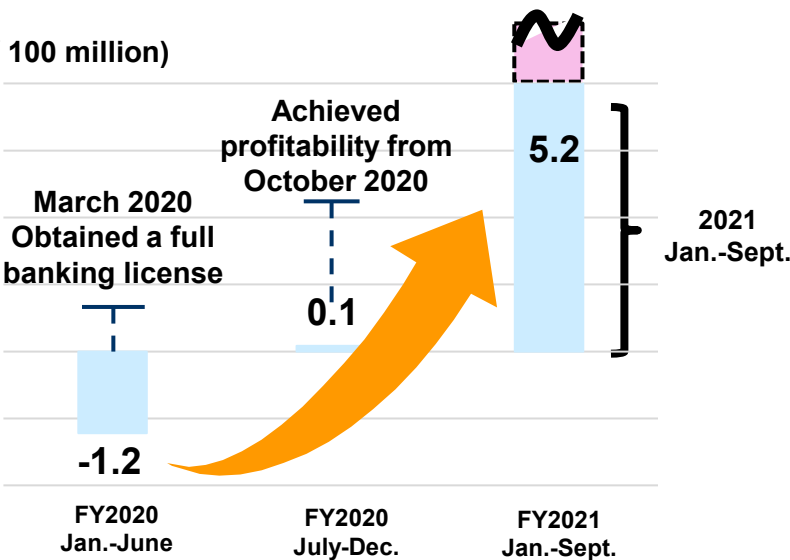


SBI LY HOUR Bank

- Acquired a medium-sized microfinance company in Cambodia and made it a commercial bank. Obtained a full banking license in Mar. 2020
- Achieved profitability from Oct. 2020
- Secured stable funding from the start of the deposit business, and has been accumulating quality loans, mainly to retail customers

## <Trends in profit before Income tax expense>

(JPY 100 million)

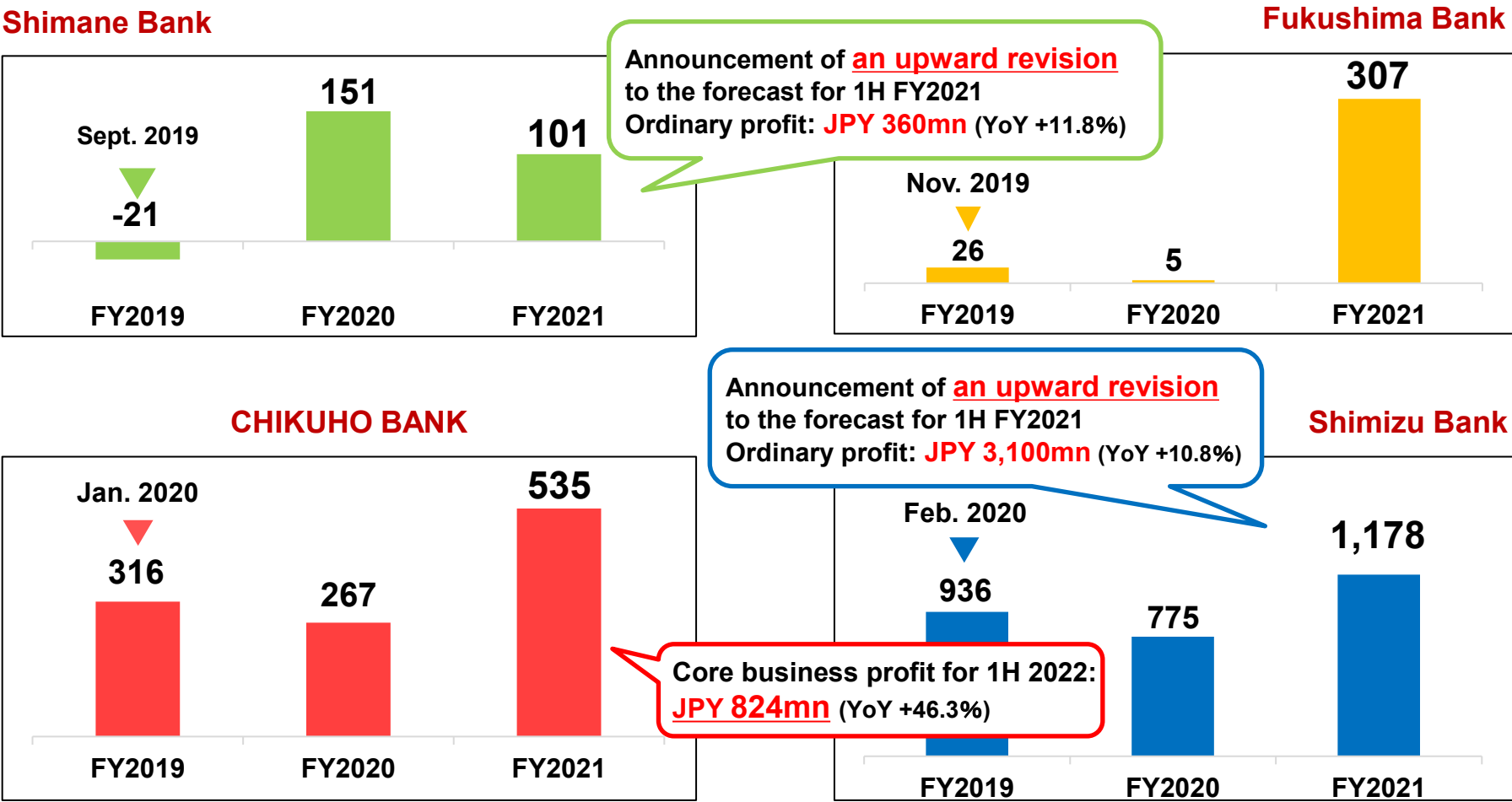


\*1USD converted at JPY 114.0

# Performance of Each Bank in the Capital and Business Alliance ①

-Progress in improving performance through qualitative change at each bank-

(JPY million, Non-consolidated basis) **Core net business income comparison** ▼:Announcement of strategic capital and business alliance, etc.  
(Excluding gains on cancellation of investment trusts / Q1 comparison)



**Shimane, Fukushima and Shimizu Bank to announce its interim results today**



# Performance of Each Bank in the Capital and Business Alliance ②

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(JPY million,  
Non-consolidated basis)

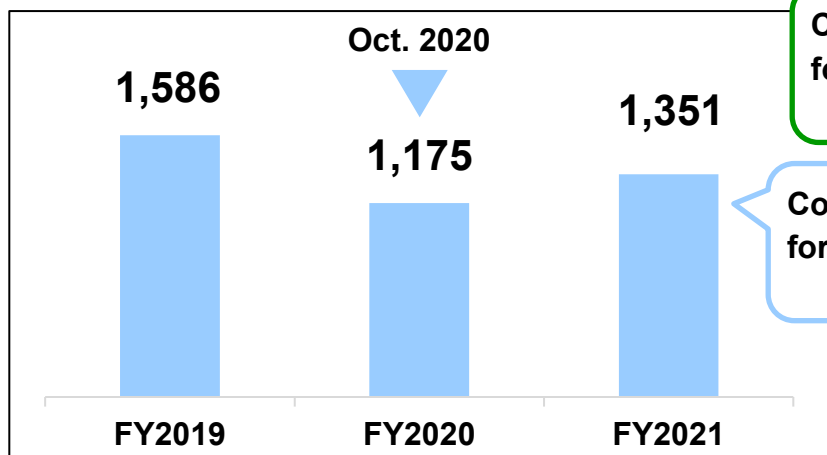
▼:Announcement of strategic capital and business alliance, etc.

## Core net business income comparison

(Excluding gains on cancellation of investment trusts / Q1 comparison)

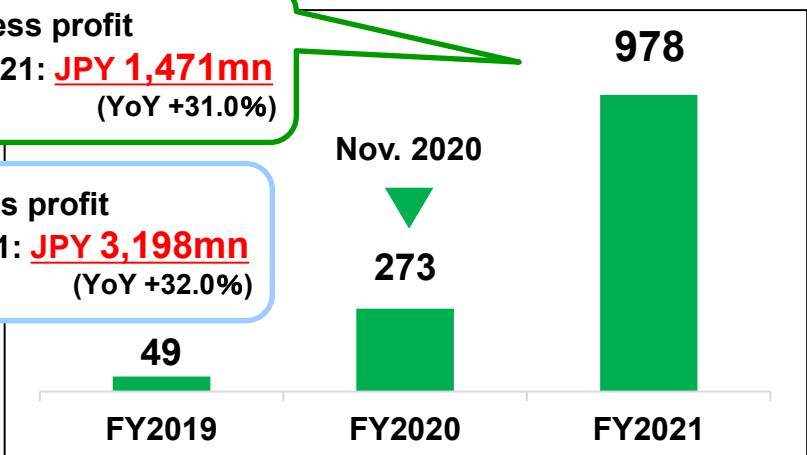
**TOWA BANK**

**Sendai Bank**



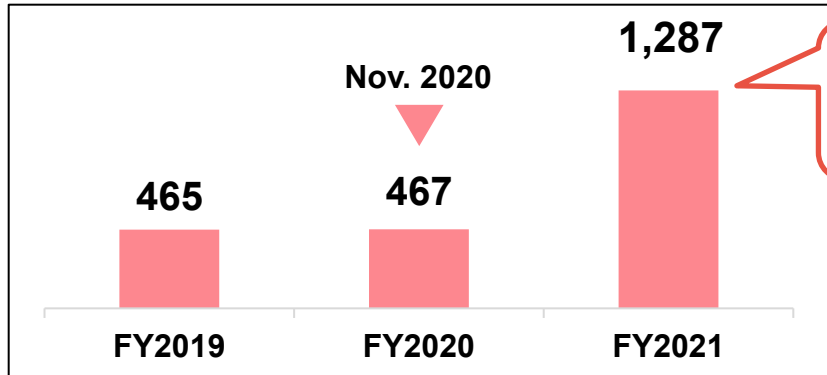
Core business profit for 1H FY2021: **JPY 1,471mn** (YoY +31.0%)

Core business profit for 1H FY2021: **JPY 3,198mn** (YoY +32.0%)

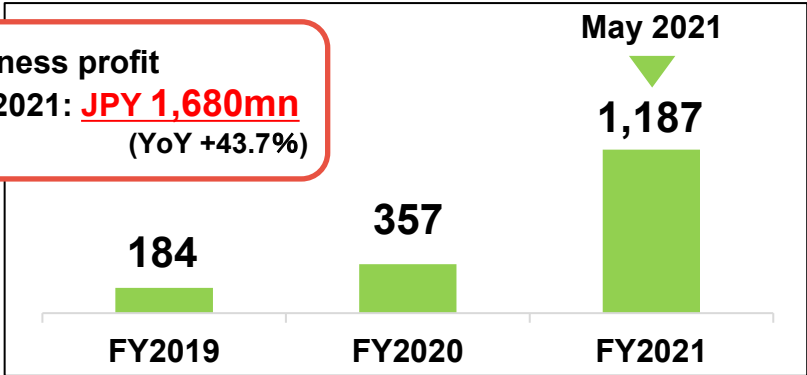


**Kirayaka Bank**

**Tsukuba Bank**



Core business profit for 1H FY2021: **JPY 1,680mn** (YoY +43.7%)



**Tsukuba Bank to announce its interim results today**

### **III. Position of Shinsei Bank with regards to the Regional Revitalization Strategy**

- 1. Operate Regional Revitalization Partners Co., Ltd as a joint initiative with Shinsei Bank, along with multiple other partners who share a common aspiration toward Regional Revitalization**
- 2. Complementary relationship of business portfolio of SBI Group and Shinsei Bank**
- 3. A new strategy for regional financial institutions centering on Shinsei Bank**
- 4. A variety of alliance policies mainly focusing on corporate business area**

# 1. Operate Regional Revitalization Partners Co., Ltd as a Joint Initiative With Shinsei Bank, Along With Multiple Other Partners Who Share a Common Aspiration Toward Regional Revitalization



- Accepting one director from each investment partner
- Operate the business democratically, as a kind of public property

Functioning as a driving force for policy making for  
regional revitalization

## 2. Complementary Relationship of Business Portfolio of SBI Group and Shinsei Bank



### Shinsei Group

Securities	SBI SECURITIES, SBI NEOMOBILE SECURITIES	Shinsei Securities
FX Transactions	SBI FXTRADE	
Crypto Assets	SBI VC Trade	
Bank	SBI Sumishin Net Bank	Shinsei Bank
Insurance	SBI Insurance, SBI Life Insurance	
Asset Management	SBI Asset Management	Shinsei Investment Management
Consumer Finance		Shinsei Financial (LAKE ALSA)
Trust Bank		Shinsei Trust & Banking Co.,
Card / Cashless Payment	Money Tap	Aplus Financial
Lease	SBI Leasing Services	Showa Leasing
PE/Venture Capital	SBI Investment	Shinsei Investment & Finance Shinsei Corporate Investment
Servicer		Alpha Servicer

**The business portfolio of both companies is highly complementary; making Shinsei Bank a consolidated subsidiary would further diversify and stabilize the SBI Group's business portfolio, leading to positive impact on consolidated performances and ratings**

# 3. A New Strategy for Regional Financial Institutions centering on Shinsei Bank

## -Position Shinsei Bank as a Core Bank in SBI Group and “Platform” of regional financial institutions-

Following deregulation trend, the time when nonbank area becomes new profit sources of regional financial institutions has come ⇒ Trend of holding company system is accelerated

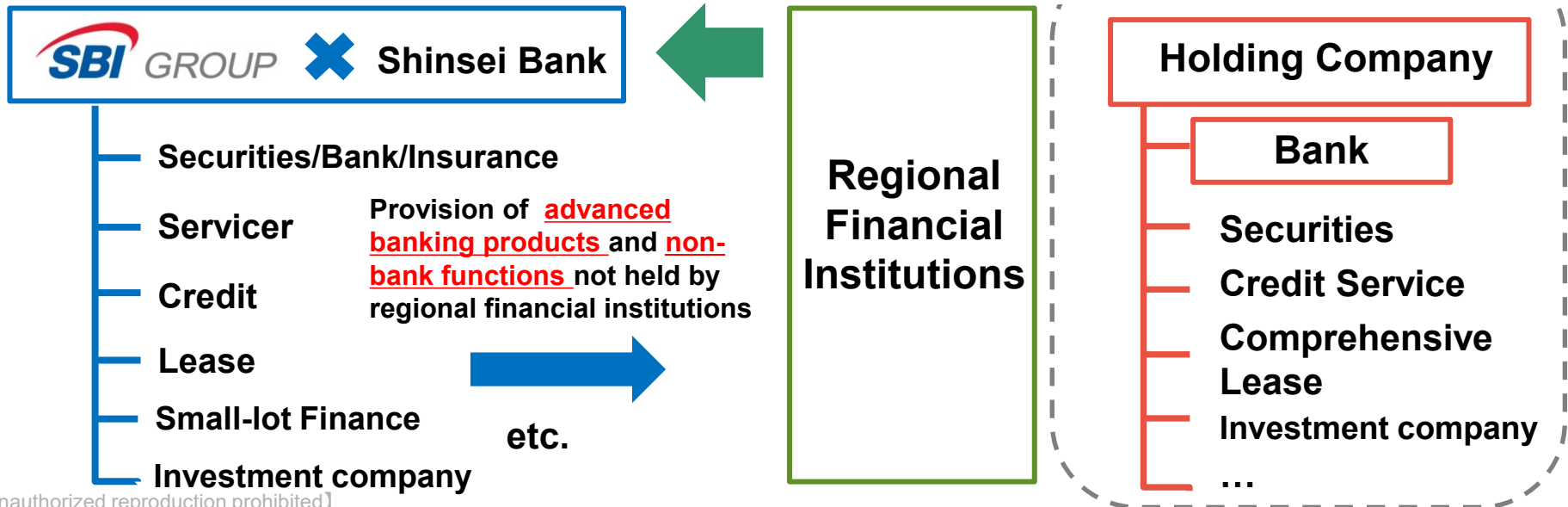
What is “Platformer”:

In addition to advanced banking products which local financial institutions do not have, SBI and Shinsei Bank can provide mainly "non-bank" functions which is Shinsei's strength to regional financial institutions that have needs but do not have the functions while being entrusted with surplus funds management, resulting in bringing new profit opportunities to each party







<Image Structure>

Outsourcing of management of excess capital, etc.

More Banks are adopting Holding Company System



# SBI Group's Network with Regional Financial Institutions

SBI Group Companies	Content of the Alliance	Effect
 [SBI SECURITIES]	Announced alliances with a total of <b>45 regional financial institutions</b> in the financial product intermediary business	Strengthening of profitability
 [SBI MONEY PLAZA]	Co-managing shop operations with <b>14 regional financial institutions</b> at <b>22 shops</b> , providing one-stop securities-related products handled by SBI MONEY PLAZA.	Strengthening of profitability
	The tablet app "Wealth Advisors" provided by Morningstar Japan has been adopted by <b>147 regional financial institutions</b>	Improvement of convenience
	<b>101 regional financial institutions</b> entrust their asset management to SBI Asset Management Group, which offers investment products that leverage the strength of its global network	Strengthening of profitability
	Established through joint investments with regional financial institutions, the number of participating banks has <b>expanded to 39</b> , and AUM has <b>exceeded JPY 948bn</b>	Strengthening of profitability
	<b>79 regional financial institutions</b> have invested in venture capital funds currently managed by SBI Investment	Creating new business

## **4. A Variety of Alliance Policies Mainly Focusing on Corporate Business Area**

- (1) Strengthen Structured Finance**
- (2) Cooperation in Principal Transactions**
- (3) Reinforcement of Leasing Business**
- (4) Alliance in Business for Business Succession**

# The Regional Banks with which the SBI Group has Capital and Business Alliances have a Strong Corporate Customer Base in their Respective Regions



<Number of main bank clients in the prefecture>

\* Based on a survey by Tokyo Shoko Research,  
"Main Banks of Companies in 2021"

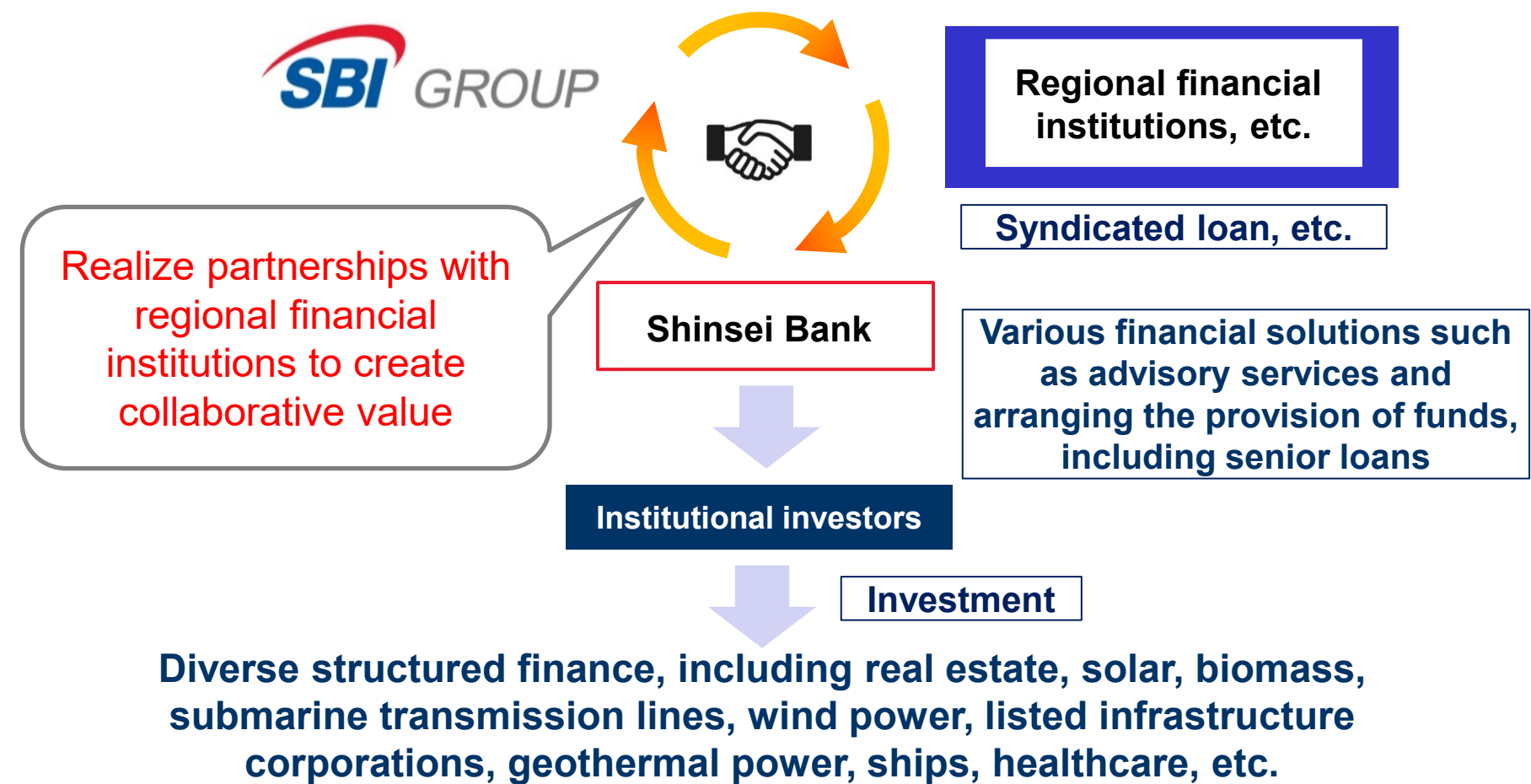
Company	Number
Shimane Bank	800
Fukushima Bank	2,181
CHIKUHO Bank	1,975
Shimizu Bank	2,978
TOWA Bank	1,678
Sendai Bank	3,505
Kirayaka Bank	3,974
Tsukuba Bank	5,785

8 banks have a combined customer base of **26,824 companies**. This is the next highest figure after the three megabanks and RESONA Bank

# (1) Strengthen Structured Finance

## (Provision of senior loans and LBO loans)

- Shinsei Bank has expertise in structured finance for a wide range of assets
- As the medium-term management plan focuses on partnerships with regional financial institutions for collaborative value creation, **Shinsei Bank can effectively utilize SBI Group's network of regional financial institutions**, etc.



# Proposed Collaboration in Structured Finance:

## ① Synergies in the Renewable Energy Field

<Examples of the SBI Group in the area of renewable energy>



(Group Company)

Promoting the development of farm-based solar power generation (solar sharing) in various regions. Introduced nationwide with the aim of creating a sustainable agricultural model that can also contribute to regional revitalization.

**WIND-SMILE**  
(Investee Company)

The SBI group is involved in a variety of power source development projects, including solar power generation, small wind power generation, and biomass power generation. Capable of providing integrated services from development to maintenance, incorporating advanced technologies and knowledge from overseas.

**Eco Research Institute**  
(Investee Company)

The company possesses proprietary technology that can create biomass fuel from municipal waste. In addition to plans to establish a joint venture with our group, we are considering business development in cooperation with local financial institutions and regional companies.



SBI Group's business domain related to renewable energy is expected to have high demand for financing in the future, and Shinsei Bank's expertise is expected to be utilized.

# Proposed Collaboration in Structured Finance:

## ② Synergies in Project Finance

- ✓ Shinsei Bank is currently limiting its customers of project finances to major regional banks ⇒ Expandable considering Shinsei Bank's expertise and track record
- ✓ Other financial institutions also have a strong need to participate in finance to enhance their earnings



Shinsei Bank's origination of financing for projects held by regional financial institutions will not only create profit opportunities for both regional financial institutions and Shinsei Bank, but is also expected to help revitalize the region

### <Case Study of Balnibarbi>

Before



After



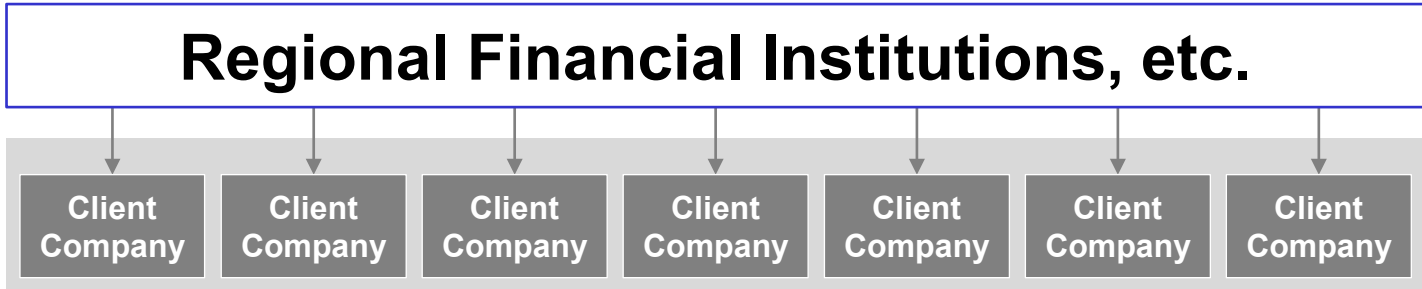
Development of restaurants using local ingredients and accommodation facilities with the participation of local companies on vacant land on the west coast of Awaji Island to revitalize the entire region.

# (2) Cooperation of Principal Transaction

- The SBI Group has a track record of co-investment with more than **30 other regional financial institutions excluding those of the SBI Group's capital and business alliance partners**
- Mutually improve productivity by **sharing investment opportunities with clients of the SBI Group's partner regional financial institutions**, as well as **sharing the abundant investment expertise** of SBI Investment, etc.



Shinsei Bank



Utilizing products, services and capital

In addition to collaborating on investment opportunities, sharing expertise to structure a system of full hands-on support

## Sharing of investment expertise



As of FY2020

Sourcing: 2,350 companies  
Due diligence: 415 companies  
Invested: 78 companies

- Venture investment
- Buyout
- Real estate

Shinsei Corporate Investment Limited  
  
Shinsei Investment & Finance Limited

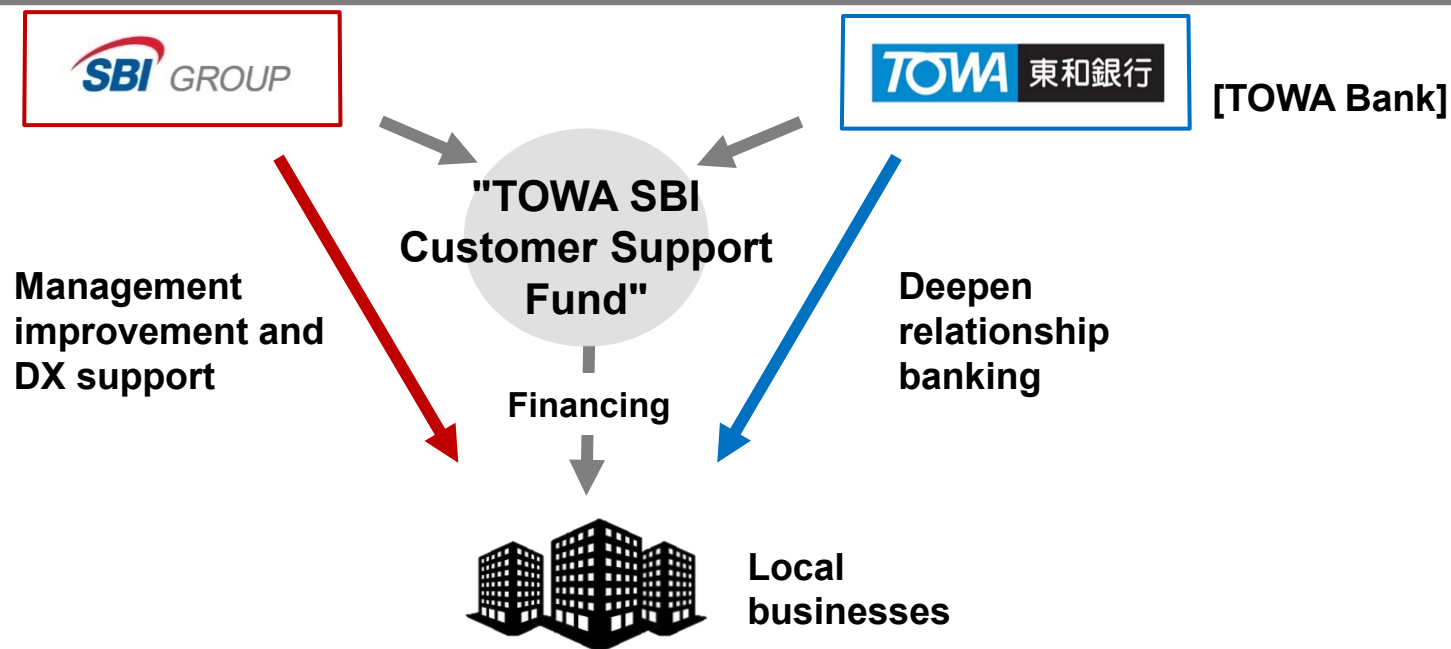
## Sharing of business expertise

- Management Consulting
- Human Resource Dispatch
- Keystone Partners Co., Ltd

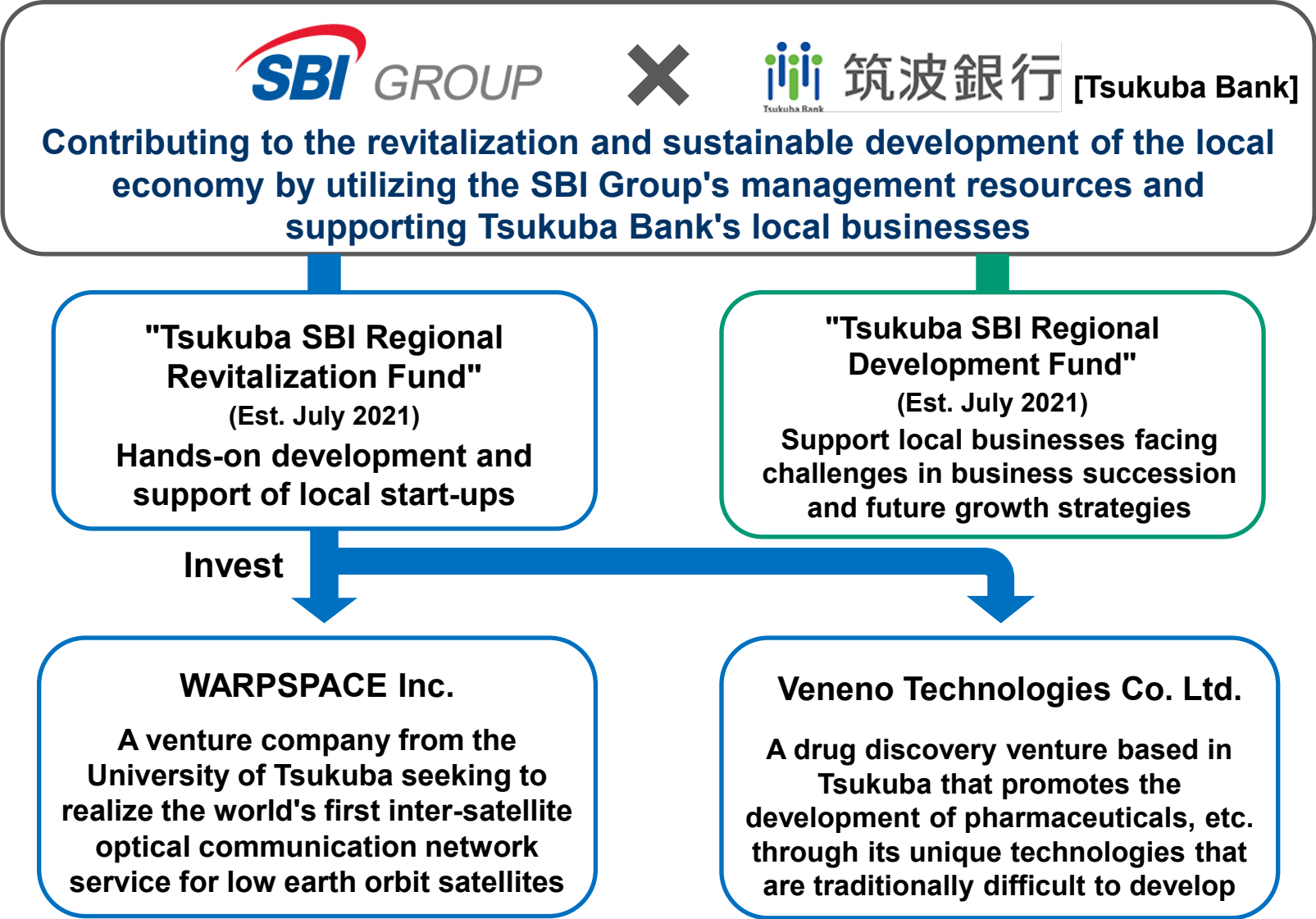
# Case Study of Support for a Local Company through a Joint Fund between the SBI Group and a Local Financial Institution: ①TOWA Bank

## 「TOWA SBI Customer Support Fund」

- Strengthen financial intermediary functions by providing capital through the fund. By providing hands-on corporate support, we intend to contribute to the revitalization of local businesses, the enhancement of their corporate value, and the sustainable development of the local economy
- Supporting the transformation of local companies for the post COVID-19 era by introducing cutting-edge technology and expertise of the SBI Group and our group companies



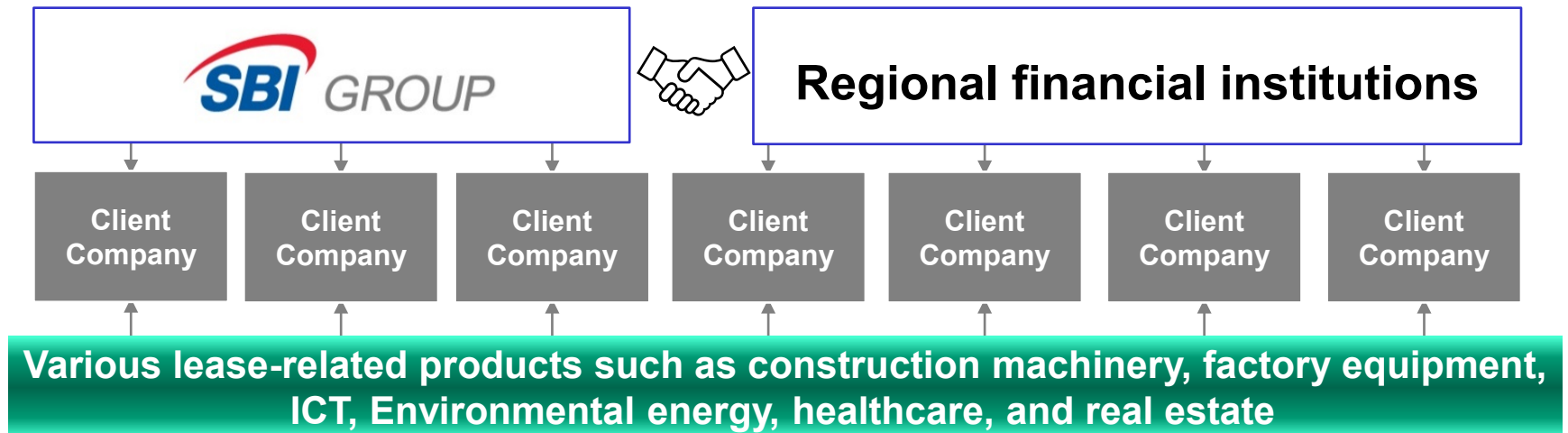
**Case Study of Support for a Local Company  
through a Joint Fund between the SBI Group and  
a Local Financial Institution: ②Tsukuba Bank**



### (3) Enhance Leasing Business

[In cooperation with the SBI Group's customer base]

The Shinsei Bank Group could expand its operating base by providing Showa Leasing's lease-related products to SBI Group customers and customers of regional financial institutions which are SBI's capital and business alliance partners



#### Showa Leasing Co., Ltd.

[Provision of small-lot financial products such as aircraft leases]

Providing Shinsei Bank customers with financial products backed by aircraft, ships, containers and other assets structured by SBI Leasing Service



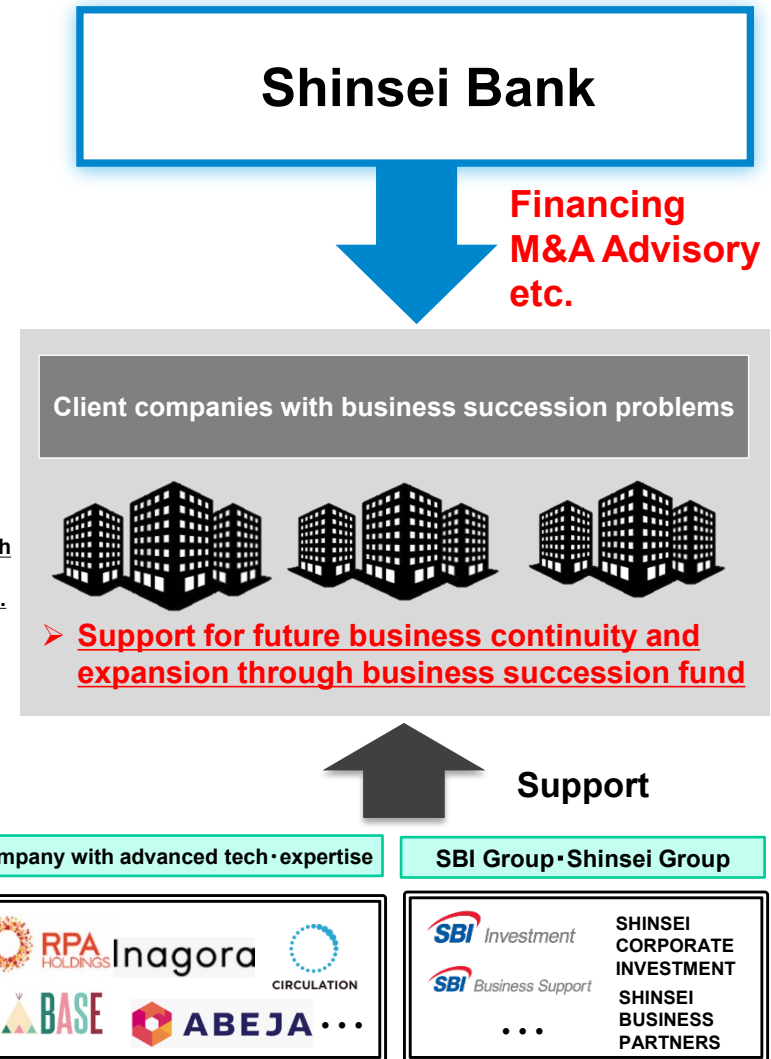
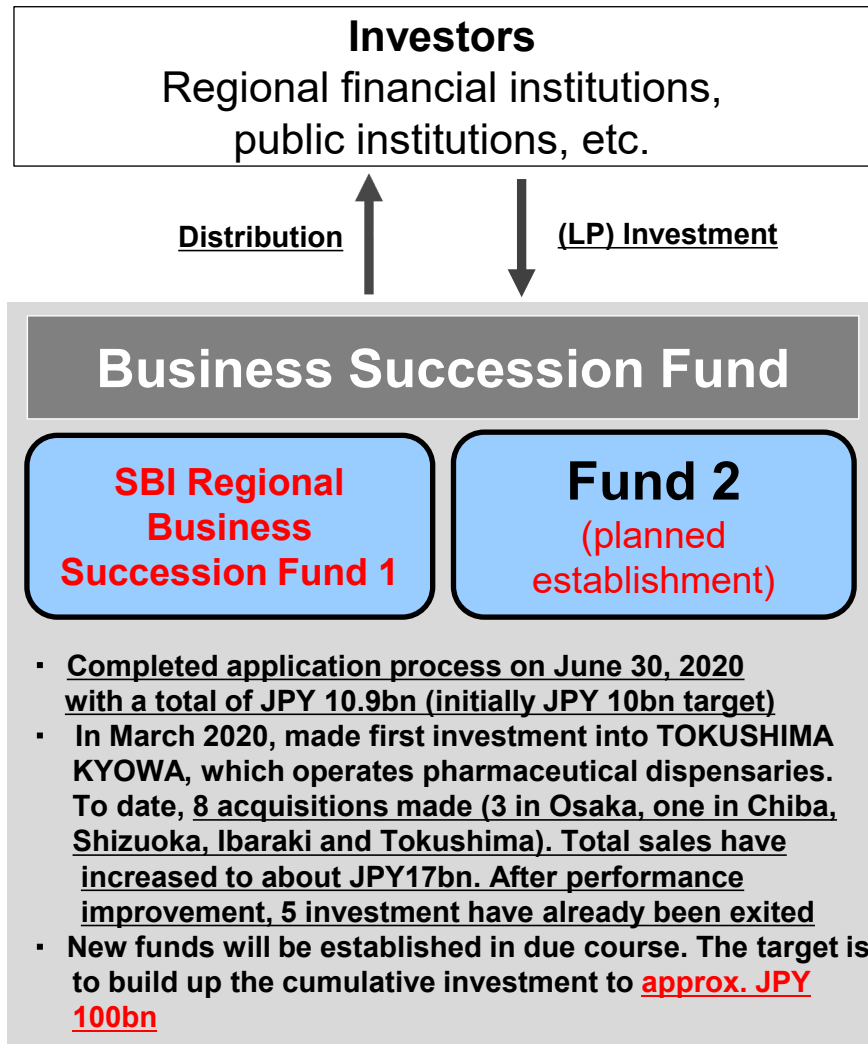
On behalf of airlines and shipping companies that have capital investment needs, purchase aircraft and ships that require large amounts of capital, and help them raise funds by leasing them. Also create funds for investors who wish to receive a share of profits from leasing, and offer them as investment products



- ✓ SBI Leasing Service signed an aircraft leasing contract with Delta Air Lines, Inc. and converted the leasing business into a financial product

## (4) Collaboration in Business Related to Business Succession

- Support for future business continuity and expansion of client companies with business succession problems of Shinsei Bank through SBI Group's business succession fund



## **IV. Measures for rapid growth of existing business by creation of synergies**

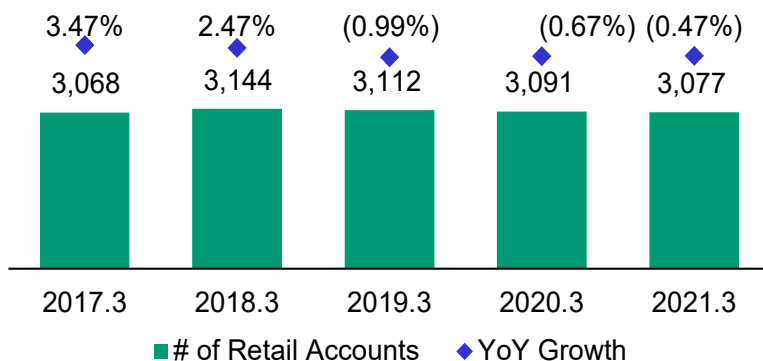
- 1. Retail Business**
- 2. Corporate Business**
- 3. Market Operation Business**
- 4. Oversea Business**

# Trends in Shinsei Bank's Retail Accounts, Deposits, and ATM Fees

- Shinsei's **numbers of retail accounts** is on a declining trend, and **deposits outstanding** have remained almost flat for the last 5 years
- **ATM Fees** have **been made worse** and **convenience for retail clients** has been damaged

## Shinsei Bank's numbers of Retail Accounts

(Thousand)

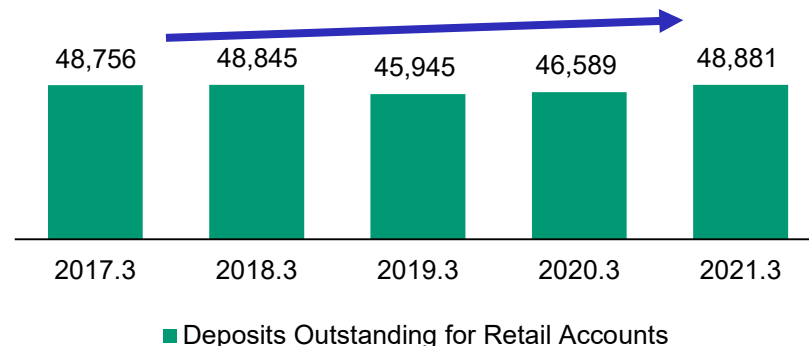


## Shinsei Bank's Deposits for Retail Accounts

(JPY 100mn)

CAGR(2017/3 - 2021/3)

: **0.06%**



## History of revision of ATM Fees of Shinsei Bank

- **Free** for both payment and receipt ATM without any qualification

2018/10/7  
revision

- **108 JPY** for STANDARD Members

2021/1/25  
revision

- **110 JPY** for all Members

PLATINUM	Free
GOLD	Free
STANDARD	Free

PLATINUM	Free
GOLD	Free
STANDARD	108 JPY / per

PLATINUM*	110 JPY / per
GOLD*	110 JPY / per
STANDARD	110 JPY / per

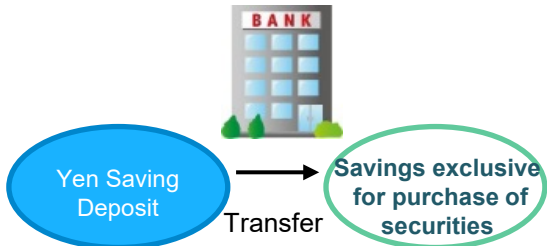
※ Fees occur only for Japan Post Bank ATM・All City Bank ATM・MUTB ATM・SMTH ATM・The Shoko Chukin Bank ATM

# 1. Retail Business: Bank-Securities Alliance

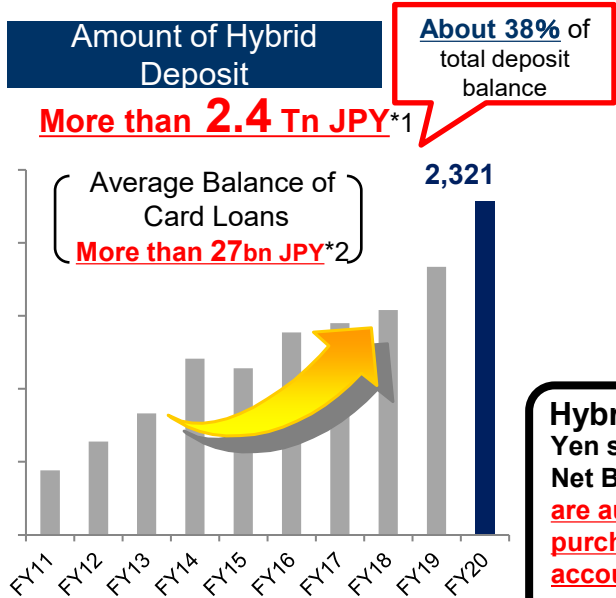
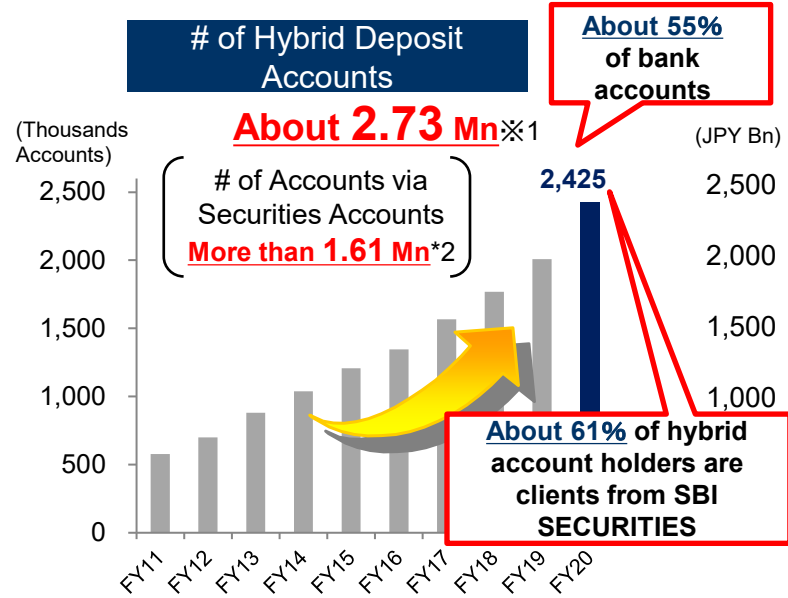
## Increase Customers and Deposits by **seamlessly offering a Dedicated Savings for Securities Purchases** provided by SBI SECURITIES as a Banking Agent

【Structure of Hybrid Deposit】

**Shinsei Bank**



### <Reference: Case study of Bank Agency Business with SBI Sumishin Net Bank>



<Reference>  
Customers of SBI SECURITIES registering Shinsei Bank as a withdrawal destination

# of Accounts  
**About 120 k**\*1

Balance of assets on deposit  
**About 610 Bn JPY**\*1

**Hybrid Deposit:**  
Yen saving program by SBI Sumishin Net Bank. **Deposits in the accounts are automatically reflected in purchase capability for securities accounts** and can be used for securities transactions

1. Retail Business: Promote the Accumulation of Financial Assets of Retail Clients



Acquire New Credit Card Users and Enhance Settlement Amount through Credit Card Investment Trust Saving Services, Popular with Retail Investors

**SBI証券** [SBI SECURITIES]  
**Investment Trust Saving Services**  
(# of Trustors) (Set Amount)  
**910 K** / **53 Bn JPY/**  
**Accounts** **month**

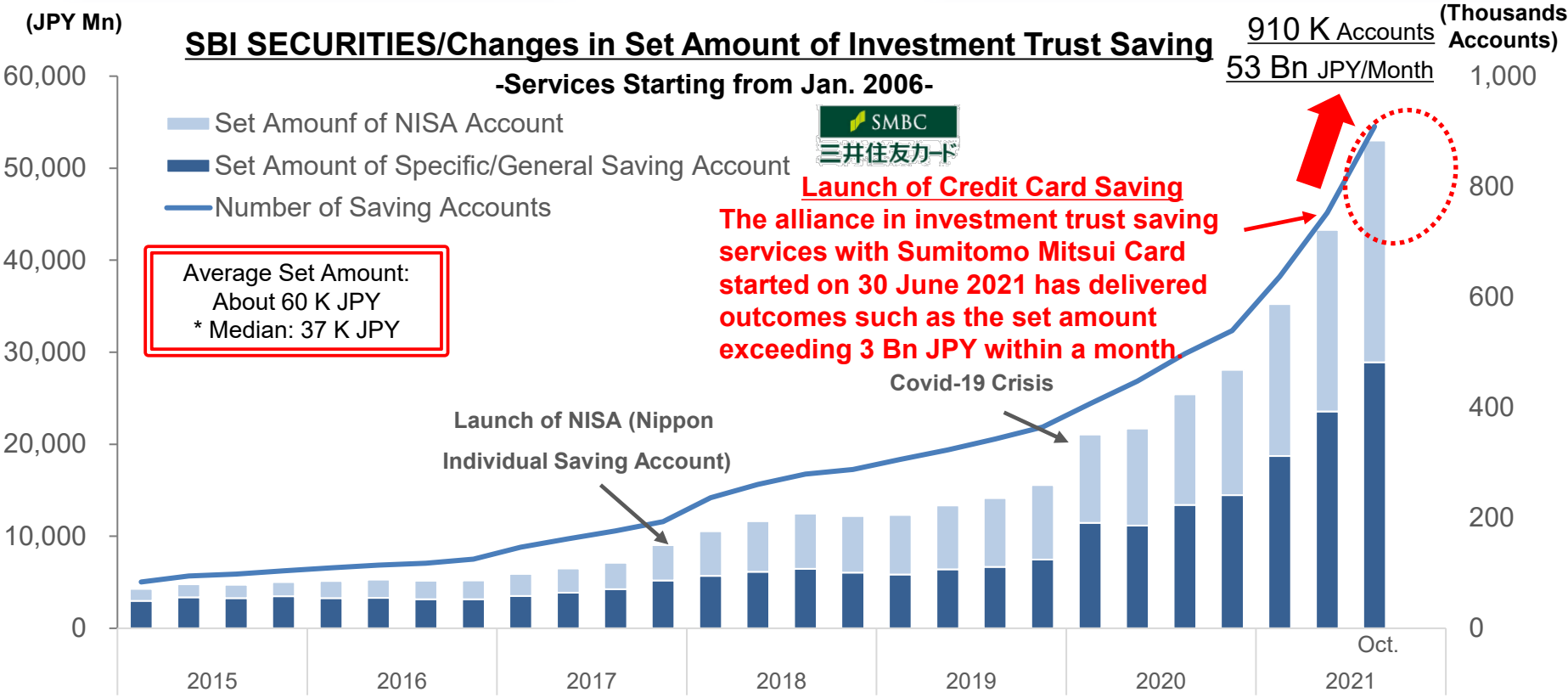


Introductions of  
Customers  
Payment Fees

**Issued by Shinsei Bank / Aplus**

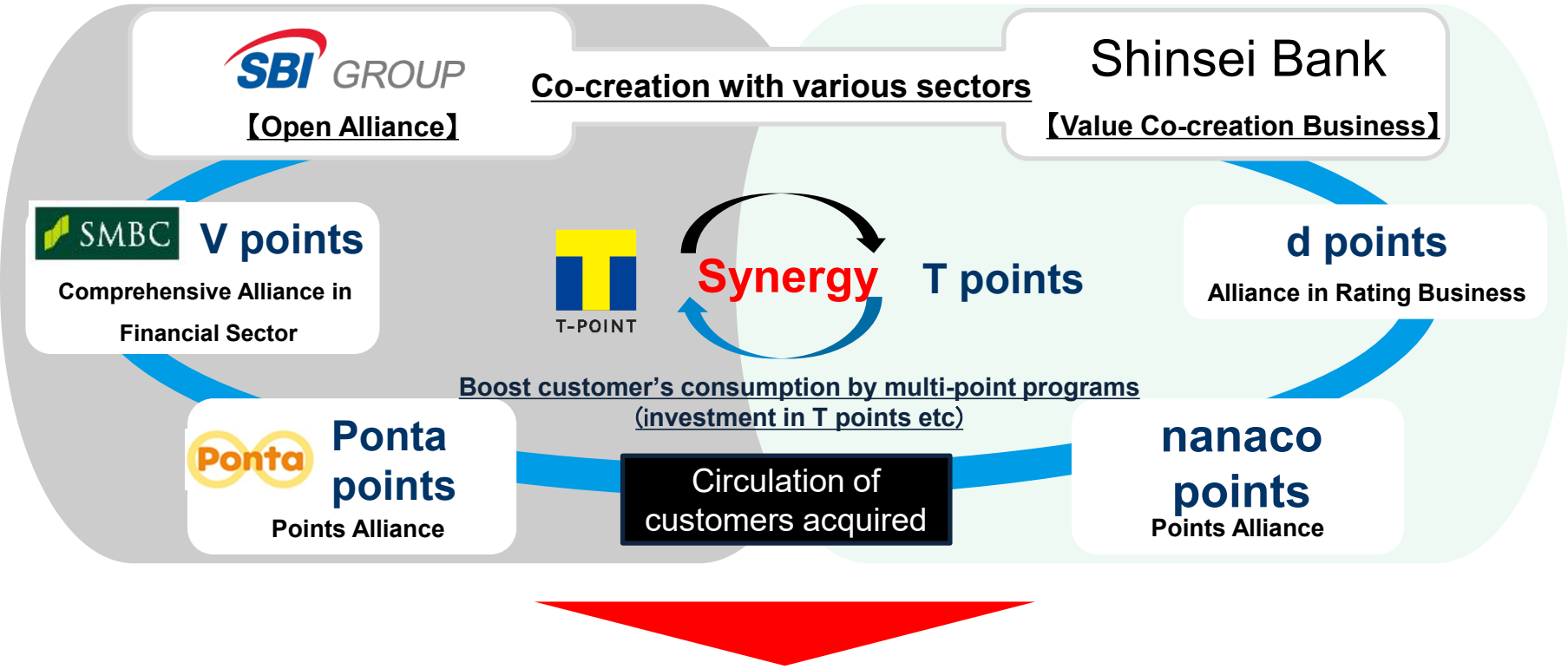
CARD

Credit Card



\*1 As of the end of Oct 2021

# Expand Multi-point Economy from Alliances between SBI and Shinsei Bank



Accelerate business by combining management resources of both groups

## New business

New products & services by combining expertise of both groups

## Expansion of alliance with various sectors

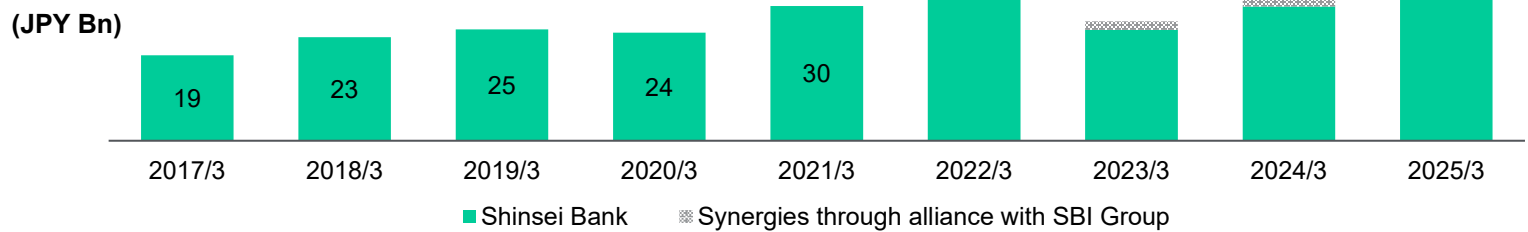
Maximize “numbers of customers” & “business expertise” obtained through alliance with different sectors

# Cooperation in Small-lot Finance

- Mutually appealing to young customers will grow the customer base, creating a profit opportunity in customer life events, and thereby contribute to stronger long-term profitability
- The accuracy of credit decisions and marketing will increase by compiling the data of both companies through cross-selling, thus contributing to cost reductions

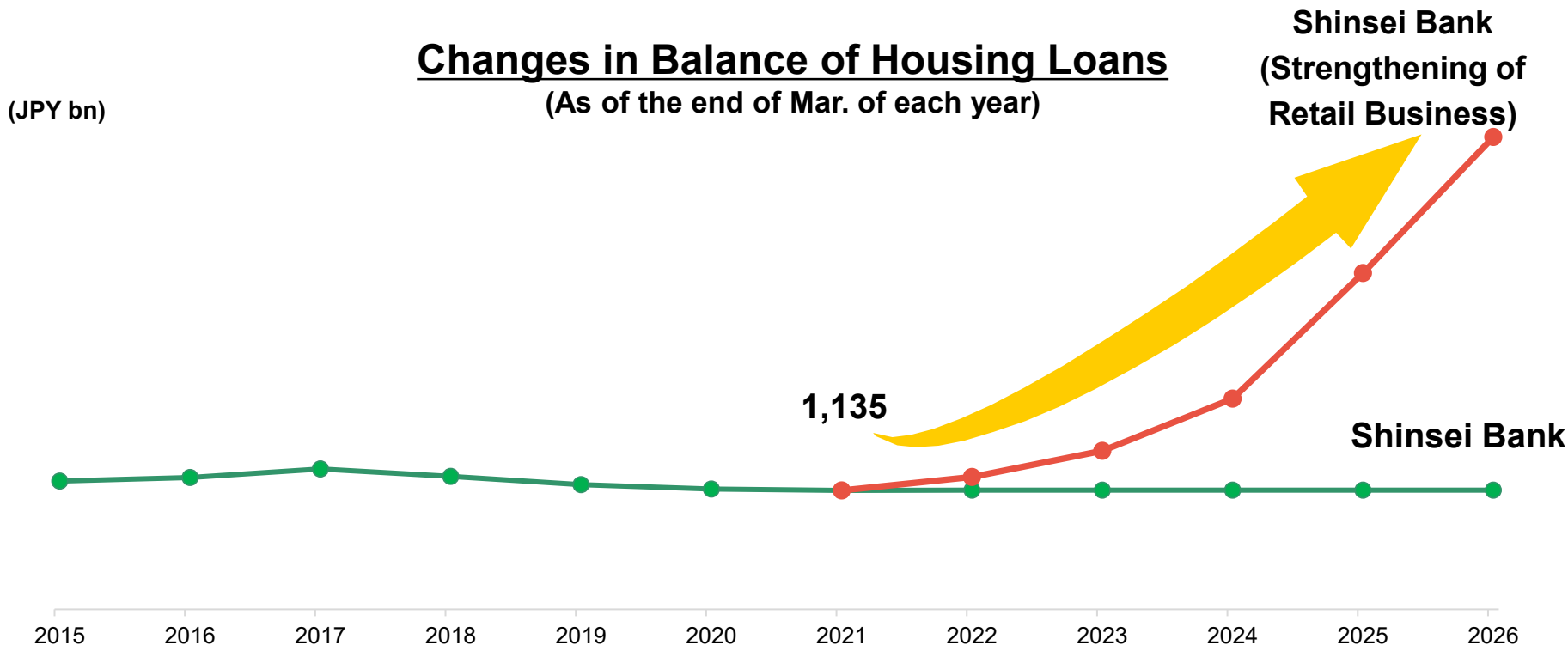


Profit in Consumer Finance (Small-lot Finance) Segment



# Re-strengthen Housing Loan Related Business by Utilizing SBI Group's Insights and Expertise

The SBI Group has deep knowledge and expertise in housing loan products, which could re-strengthen the retail business of Shinsei Bank, which used to obtain high customer satisfaction, and thus lift the entire level of profit level

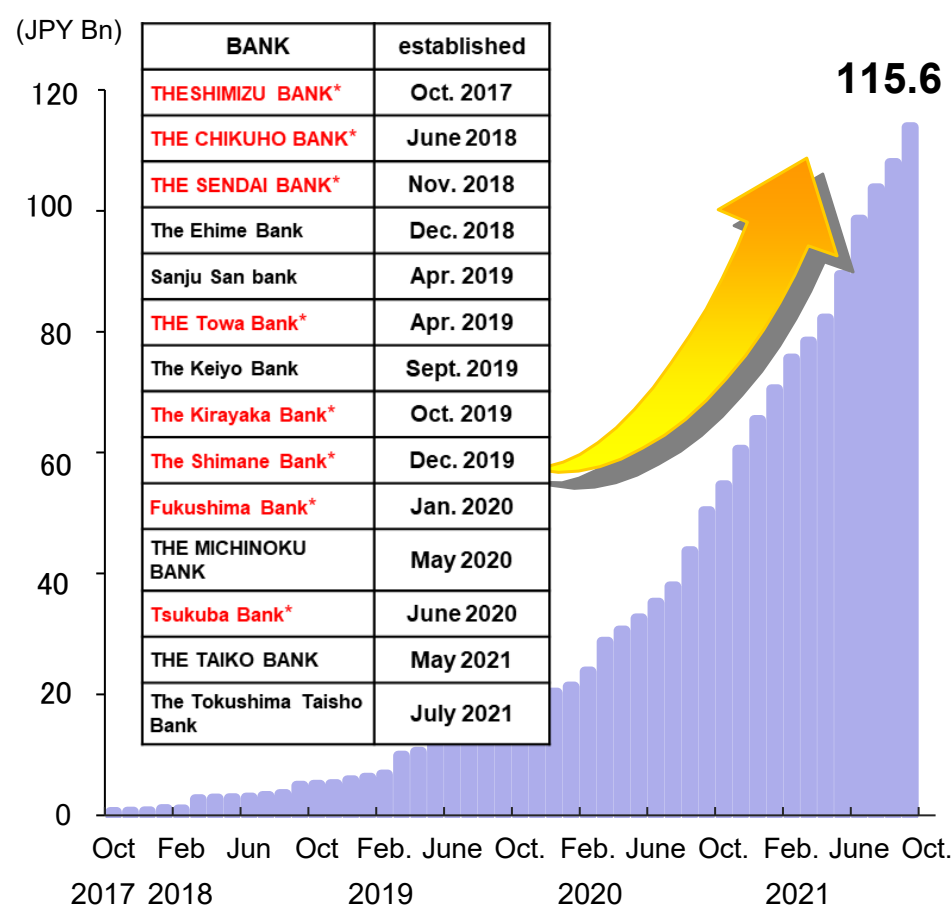


\* Estimated values after 2022

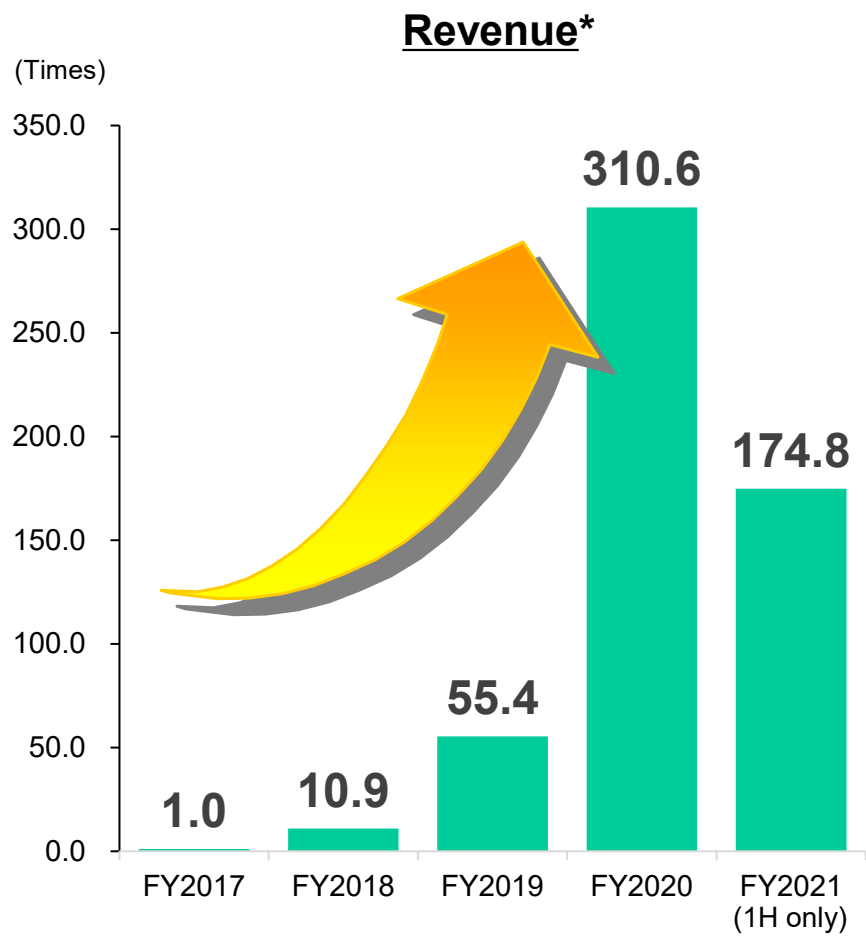
# Contribution to Earnings from Financial Product Brokerage through **Joint Store Management**

~Jointly running branches in 22 branches and 3 loan offices of Shinsei Bank~

Operational Performance of Jointly Running Branches with  
Regional Financial Institutions of SBI MONEY PLAZA [22 Shops with 14 Banks]  
**Assets on Deposits**



**\* Strategic capital and business alliance partner**



\*The numbers are expressed as relative values, with revenue at FY2017, when the jointly running branches started the management Oct. 2017, being 1.

# Create Business Opportunities for the Wealthy Class by sharing SBI Group's Customer Base, Operation Expertise and Competitive Solutions



## Strengths of SBI Group



Owners of public/ private companies, board members & blue-chip small sized enterprises

Enhanced revenue from increase in loan lending opportunities

## Shinsei Bank Alliance Benefits

### 【Expansion of lending opportunities】

- Equity-backed loan
- Real-estate backed loan etc

### 【Reinforcement of approach to the wealthy class】

- Reinforcement of products by provision of strategic products (IPO and general corporate bonds) of SBI



Owners of public/ private companies, board members & blue-chip small sized enterprises

Operating expertise & competitive solutions

- **#1** IPO engagement rate in industry
- **#1** performance of alliance with regional financial institutions
- **Inheritance & succession** related business
- **17,738 clients** with more than JPY 100mn of total assets in deposit



Real estate small trust beneficiary rights



Aircrafts/ vessel leasing



Solar power plant

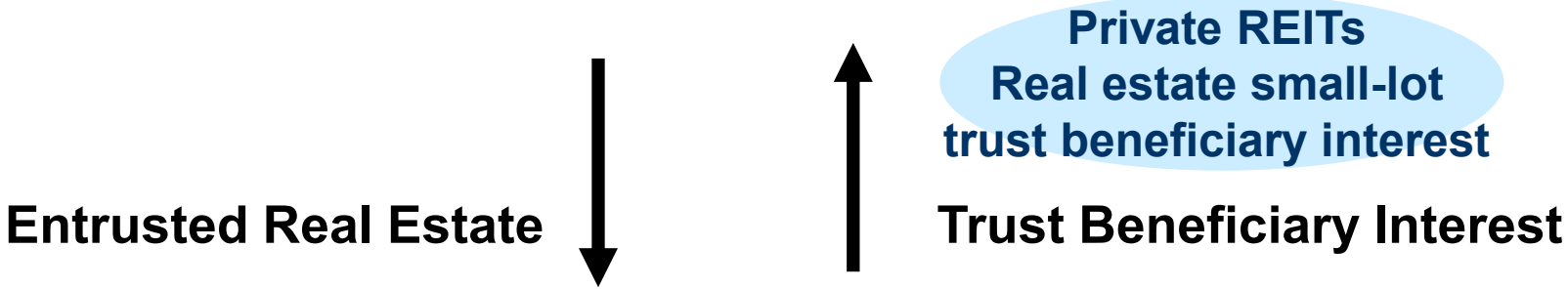
# Proposed Collaboration in Business for the Wealthy Class

(Trust beneficiary interest in small-lot real estate)

The SBI Group's real estate finance business



Expanding Business into the Real Estate Finance Business  
Field to Diversify the Lineup of Financial Instruments



Shinsei Trust & Banking Co., Ltd

# Collaboration with the Corporate Customer Base with Strong Financial Needs

Enhanced Accessibility to customer base (approx. 6,800 companies )

SBI Securities and SBI Investment own



Corporate Customer Base

[Public Company]



**SBI証券** SBI SECURITIES

	2016		2021
Number of underwriter companies *1	<b>541</b>	➔	<b>871</b>
(Lead Underwriter)	(40)		(98)
(Second Underwriter)	(66)		(158)

[Private Company]



Number of private company clients planning IPO

**2,570**\*2



Number of companies contacting per annum

**2,350**\*4



**SBI Investment**  
Number of investee companies

**1,023**\*3

**Shinsei Bank**

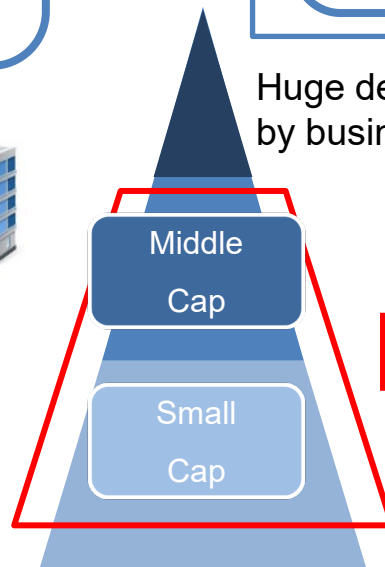
Corporate Customer Base

[Public Company]

**Shinsei Bank**

	2016		2021
Number of client companies *1	<b>53</b>	➔	<b>39</b>
(Number if Main Banks)	(6)		(3)

Huge demands for funding accompanied by business expansion



**Shinsei Bank**

- Corporate Finance
- Structured Finance
- M&A Finance / LBO Loan
- Derivatives

**Showa Leasing  
Shinsei Trust & Banking**

\*1 Our aggregated numbers based on Japan Company Handbook 2016 Autumn and 2021 Autumn by TOYO KEIZAI \*2 As of the end of Oct. 2021

\*3 As of the end of Sept. 2021. number of investee companies of funds in operation \*4 The deal sourcing performance in FY2020

## Measures To Improve the Profitability of Fund Management of Shinsei Bank by Utilizing SBI Asset Management Group's Expertise

### Consideration of the current Securities Management Portfolio of Shinsei Bank

- Standard management portfolio consisting of government bonds (including held-to-maturity securities), corporate bonds, and foreign bonds with a very small proportion of shares
- However, the latest investment yield (as of FY2020) **is as low as 0.58%** because of low-risk investment
- Expect the lower investment yield in case of continuing the current yen bond focused investment with the coming redemption of JPY 280bn of bonds (including JPY 135bn of government bonds) within 3 years
- The key risk indicators have reached a sufficient level (IRRBB: 4.4%, ROE: 11.3%)
  - The cash deposit is as much as JPY 1.9tn on B/S while the investment balance is about JPY 1tn (as of the end of June 2021)

Can afford to rebalance achieving both sophistication of risk management and enhancement in management profitability

## Collaboration in Market Sales and Treasury

- SBI Liquidity Market has counterparties from **31 major financial institution in Europe, the U.S. and Japan**, and handles a wide variety of foreign exchange flows. Based on its abundant trading liquidity, it can **provide foreign exchange trading opportunities with competitive spreads**.
- More opportunities for comparison among Shinsei Bank's FX trade counterparties, thereby reducing FX trade costs compared to the past.

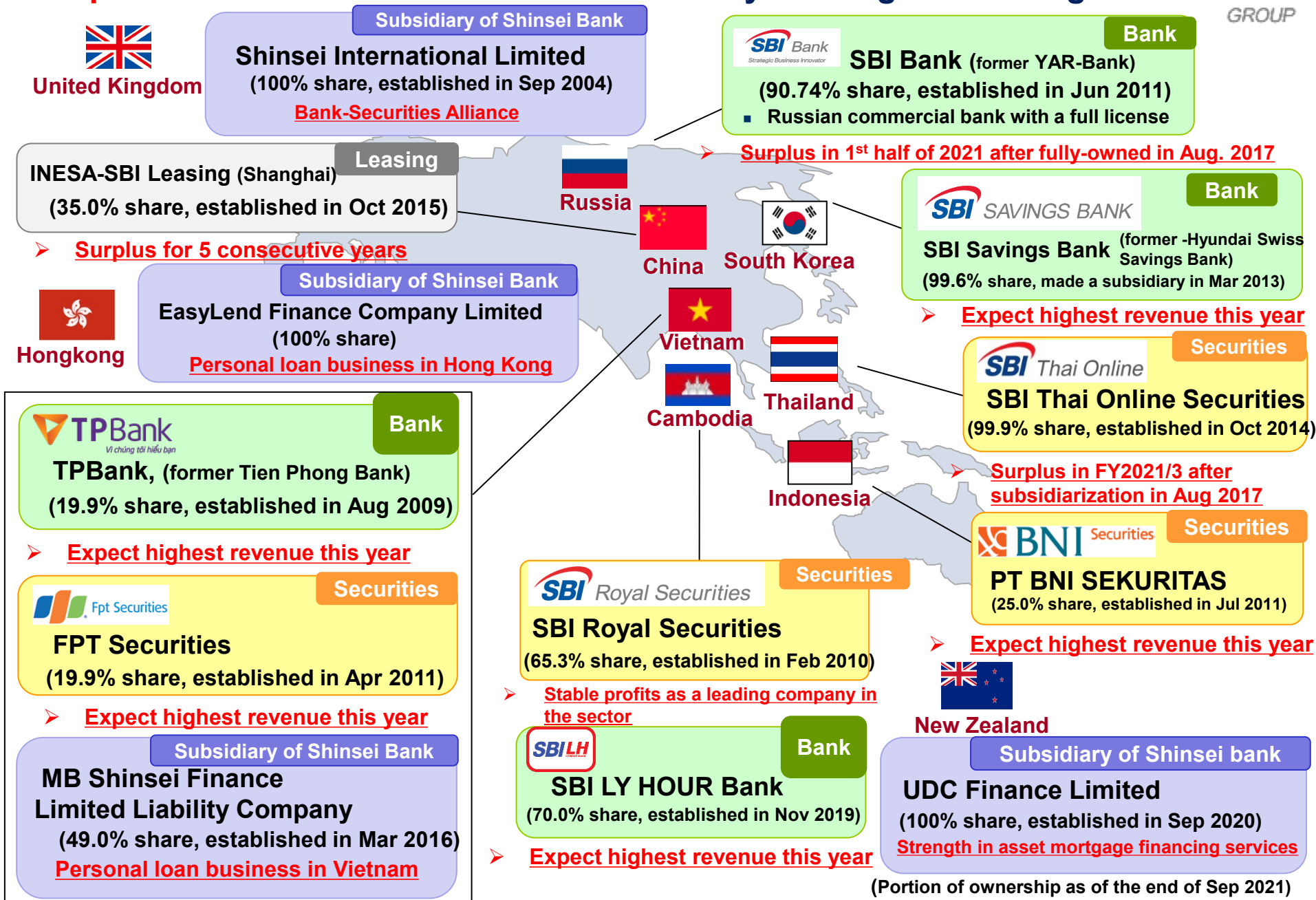
### Abundant trading liquidity in foreign exchange

(total annual FX trade value will **exceed \$10tn** in FY2020)



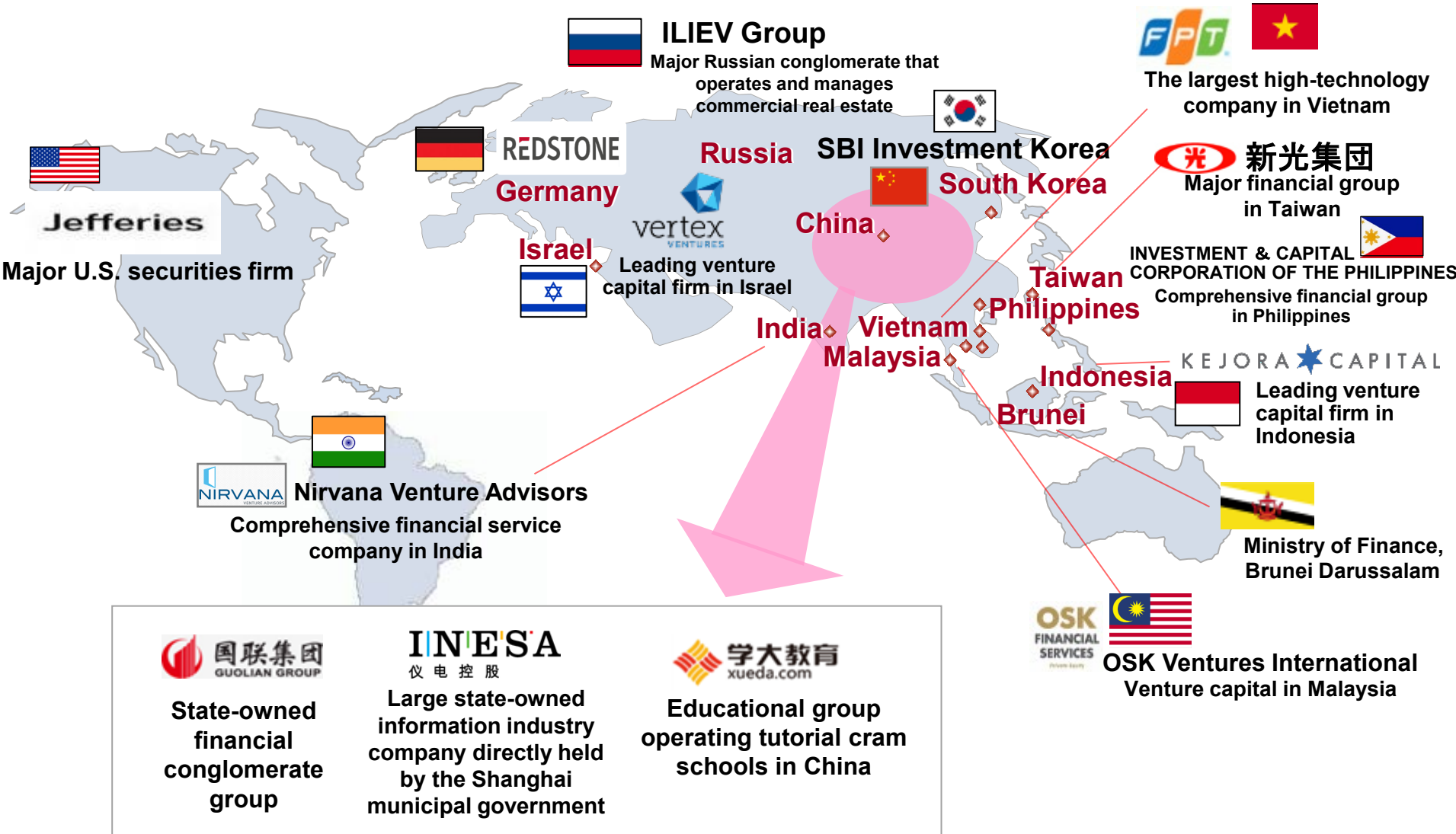
#### 4. Overseas Business

### Expand Business Infrastructure of Shinsei by utilizing Networking of SBI



# Expand Shinsei Bank's Overseas Business Base by utilizing SBI Group's Network

【 SBI Group's overseas PE business 】



*<https://www.sbigroup.co.jp>*