

INTEGRATED REPORT

For the fiscal year ended March 31, 2018

Digest Version

2018

>> 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.

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This Digest Version of the Shinsei Bank's Integrated Report is a summary of the content of the Shinsei Bank's Integrated Report 2018. The full version of the report can be found on the Bank's website.

<http://www.shinseibank.com/corporate/en/ir/arir/>

CEO Message



Hideyuki Kudo

President and
Chief Executive Officer

In order to be a financial group that stays a step ahead, we continue to endeavor to maximize the Shinsei Bank Group's strengths and management resources to address unmet customer needs arising from social changes and further evolve the Group's unique business model.

CEO Message

Social Issues & Environmental Changes Surrounding the Financial Industry

Operating conditions surrounding financial institutions are changing in a period of sweeping change in a variety of social, economic and financial areas. In light of difficult earnings conditions in the traditional businesses and rapid technological development, the search for areas that can generate new customer value is an issue as well as an opportunity faced by the entire financial industry, and differentiation in business models is starting to arise from this trend.

External Environments

Changes in Macro Economic Environment

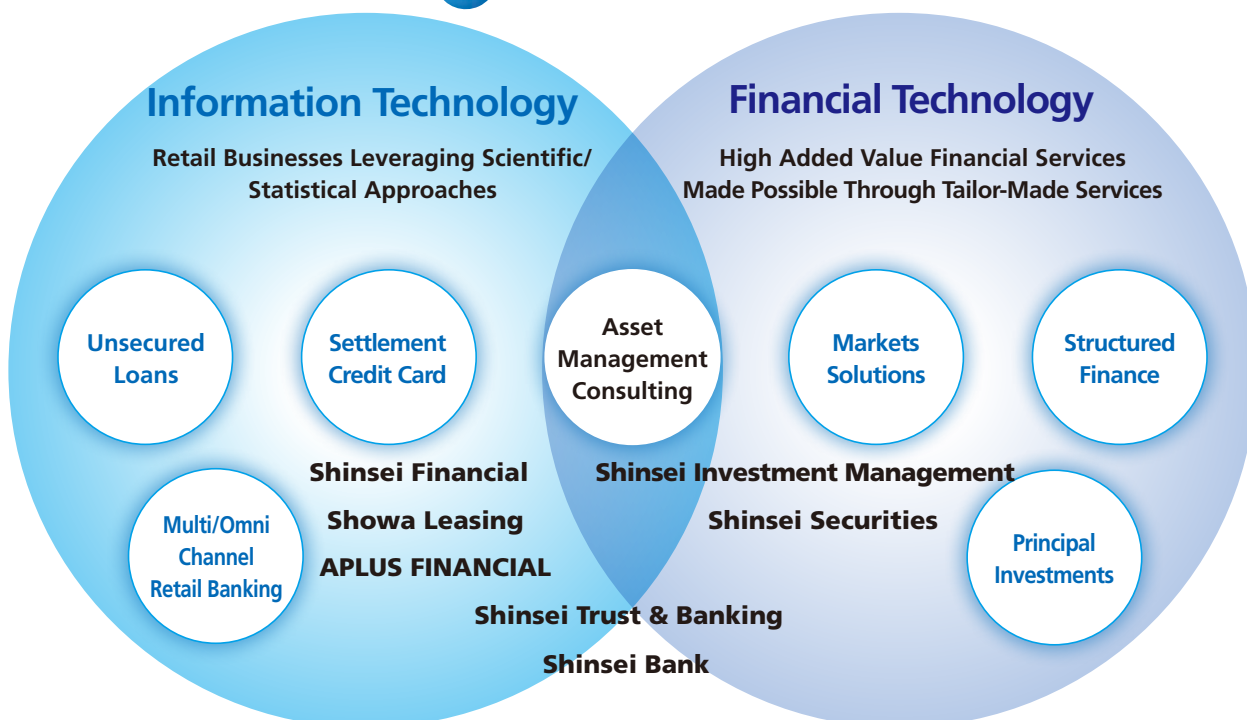
- Declining birthrate, aging population
- Greater social inequality
- Natural disasters and energy issues stemming from climate change

Changes in Financial Environment



Shinsei Bank Group Business Strategies and Strengths

Being in a unique position that differentiates it from both megabanks and regional banks, the Shinsei Bank Group leverages its technological strengths in both IT and finance to be first in identifying and meeting “unmet customer needs.”

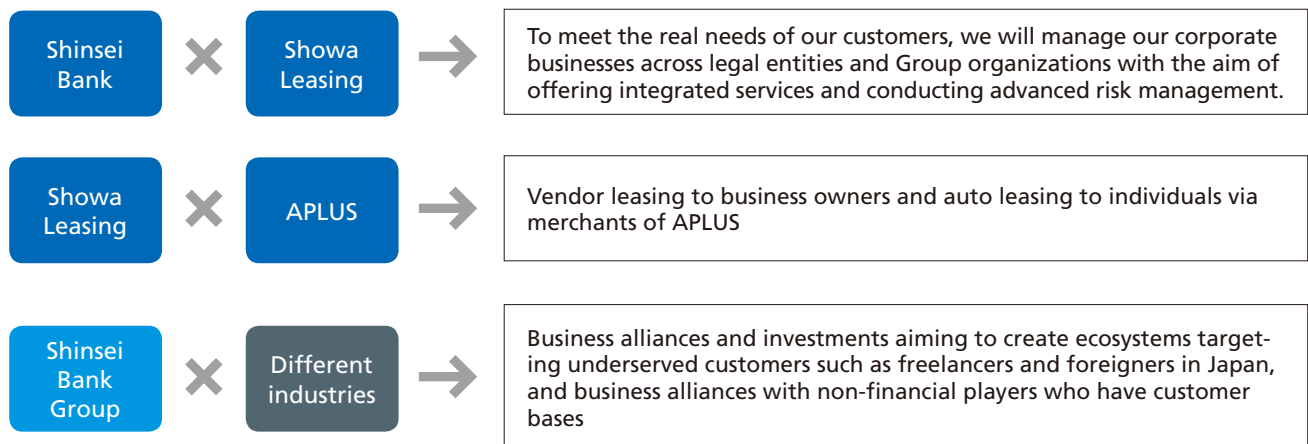


Management Infrastructure to Realize a Business Model That Is a Step Ahead

The ability to adapt to changing conditions is important for remaining a step ahead. As a means to identify business opportunities and meet social needs amid these changing conditions, the Shinsei Bank Group aims to identify methods for combining business functions not limited to particular business models as well as integrating personnel from different companies.

Leveraging Synergies across Key Businesses

Create new businesses that go beyond the existing framework guided by the genuine needs of customers



Capital Policies and Public Fund Repayment

Shinsei Bank continued to record profits in the fiscal year ended March 31, 2018 and, in turn, has made progress in accumulating capital. In addition to increasing profits and accumulating capital to repay public funds, we seek to receive the ongoing appreciation from capital markets by receiving high ratings for our business model, combining in a well-balanced manner rises in shareholder returns and fostering trust in our management approach.

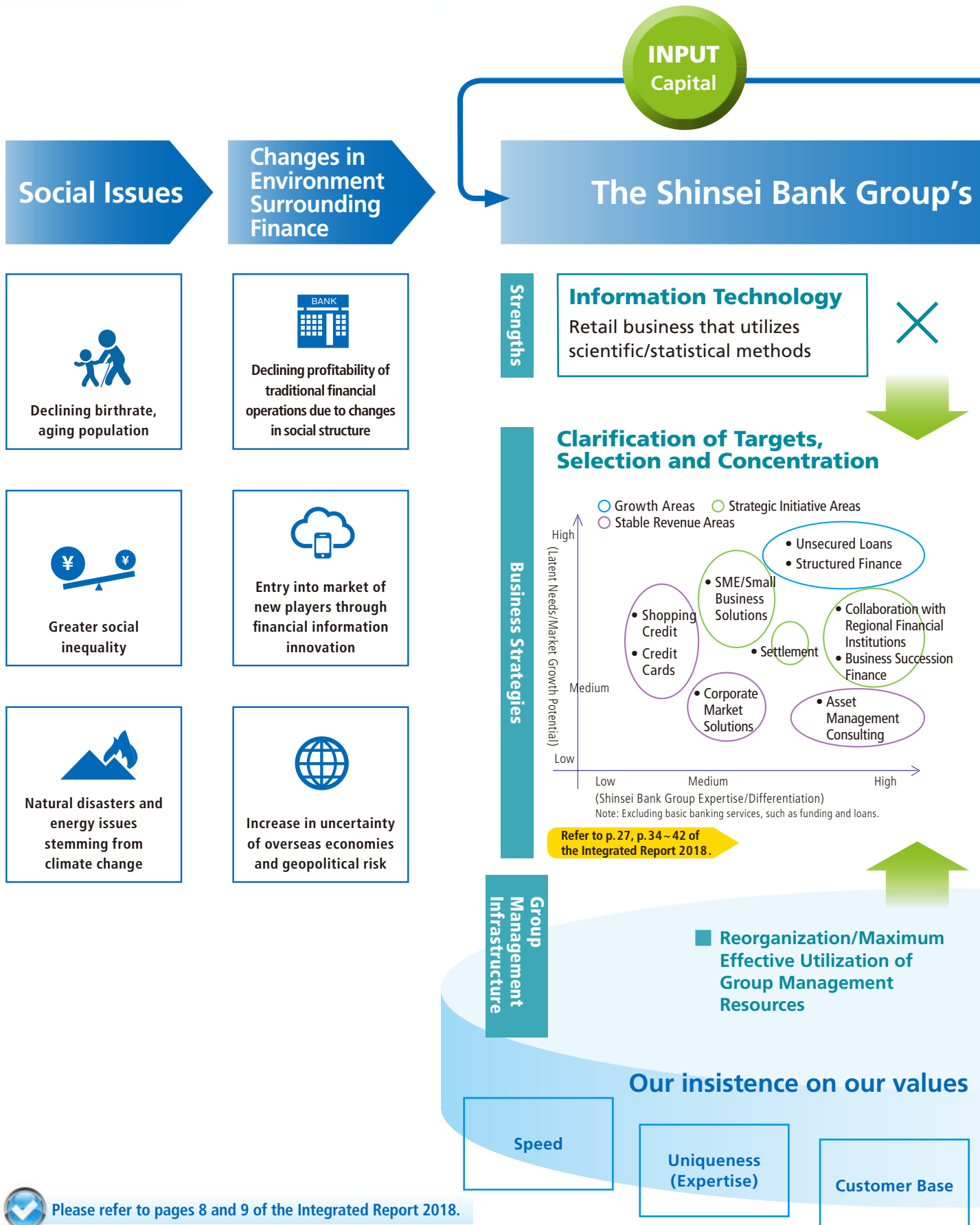
Message to Our Stakeholders

The importance of financial functions that support corporate and individual activities is unlikely to change. Amid changes in society and customer needs, however, bank functions and approaches will likely change as financial functions are redefined more broadly. The Shinsei Bank Group will work to maximize shareholder value by deftly identifying these changes and, in turn, becoming a financial group that stays a step ahead.



The full text of the CEO Message may be found on pages 14 to 21 of the Integrated Report 2018.

Value Creation Model to Remain a Financial Innovator



Please refer to pages 8 and 9 of the Integrated Report 2018.

Where the Shinsei Bank Group Sees Itself

Based on actual demand arising from changes in society, we will continue to create niche areas ourselves and provide products and services unique to the Shinsei Bank Group to our target customers.

Value Creation Process

Value to Be Created

OUTPUT Capital

Finance Technology

High-value-added financial services made possible through tailor-made services



Financial Capital

Sustainable revenue

Refer to p.22~24, p.80~85 of the Integrated Report 2018.



Further strengthening of governance with intention of improving value over the medium term



Development, personal growth of human resources capable of supporting Group's sustainable growth



Initiatives to combat environmental issues through main businesses

Refer to p.44~79 of the Integrated Report 2018.



Human/Intellectual Capital

Provision of solutions to actual demand arising from changes in society

Refer to p.46~47, p.64~65 of the Integrated Report 2018.



Society-Related Capital

Approaches to social issues through corporate activities

Refer to p.67~71 of the Integrated Report 2018.

Management Platform

Robust Group Governance

Refer to p.28 of the Integrated Report 2018.

Business by Function

Functions Residing at Group Headquarters

Group Governance

and their background

Emerging Capabilities (Spirit of Innovation)

Respect for Individuality (Diversity)

Overview and Progress under the Third Medium-Term Management Plan (April 2016 – March 2019)

Third Medium-Term Management Plan Overview

Group Integration

Creation of new businesses beyond the current framework based on real customer needs

- Realization of Group synergies which leverage newly created services and the Group's customer base
- Creation of sustainable business model capable of delivering stable growth

Shinsei Bank Group Customers

Needs

- Loans, Finance and Settlement services for individual customers
- Finance and Settlement services for small business owners/SME customers
- Asset formation, asset management, asset/business succession
- Project-based business (real estate, shipping/aircraft, energy, infrastructure)

Combining Group Management Infrastructure

Seeking to improve operational efficiency through integration of management administration functions and aiming for overall increases in productivity

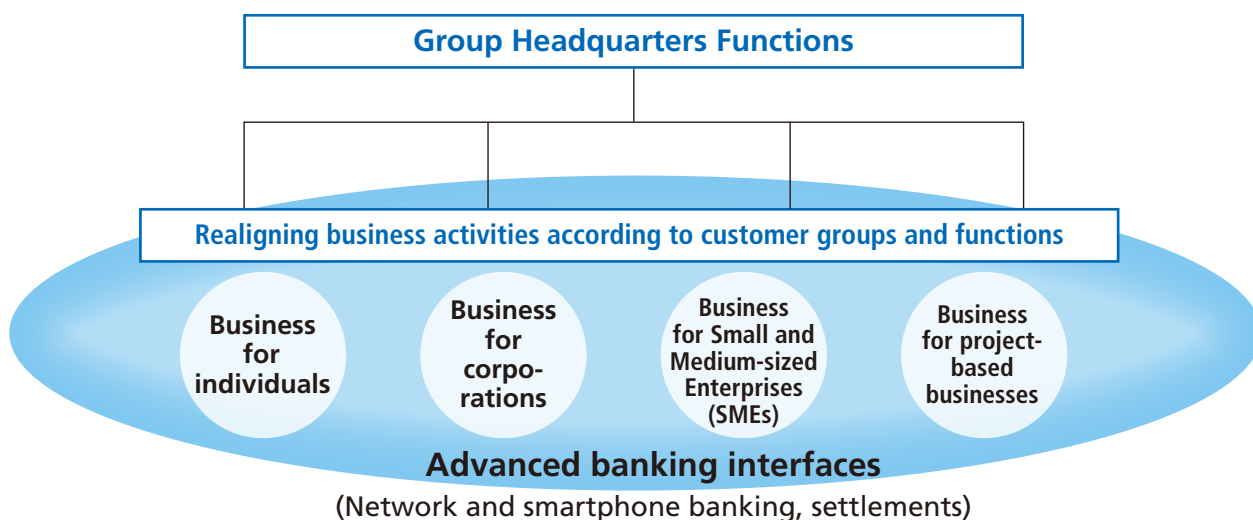
- Support front-office frameworks necessary to provide customers with optimal products and services
- Maintain a continuously optimized management organization through an ongoing review process
- Realization of optimal, Group-wide allocation of management resources
- Achieve exceptional productivity and efficiency through lean operations

Optimal Conditions for the Group as a Whole



Future Outlines

Realign Business and Services from the Customers' Perspective

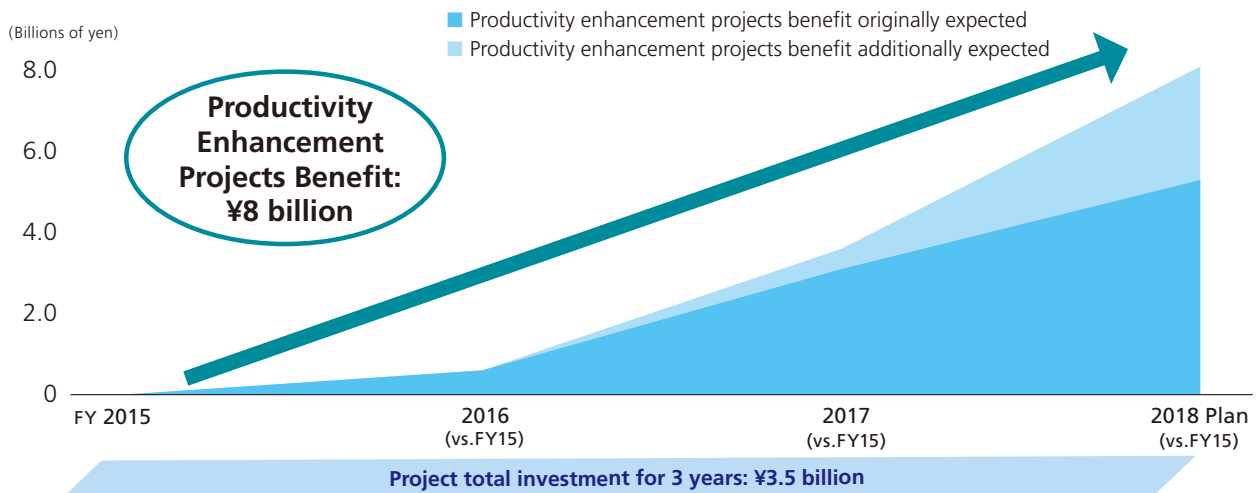


Strategic Mapping Businesses



Productivity Enhancement Projects

Striving to improve operational efficiency and raise overall productivity by integrating administrative functions



Increase efficiency and the degree of operating sophistication through consolidation focusing mainly on Group headquarters and administrative functions

- Group headquarters systems
- Review of operations
- Consolidation and relocation of offices
- Reduction of nonpersonnel expenses

To review front-office functions

- Revision of branch strategy and branch management
- Review of products and services

To pursue further efficiency using technology

- Launch of automated services in call center functions, etc.
- Expansion of AI and RPA usage

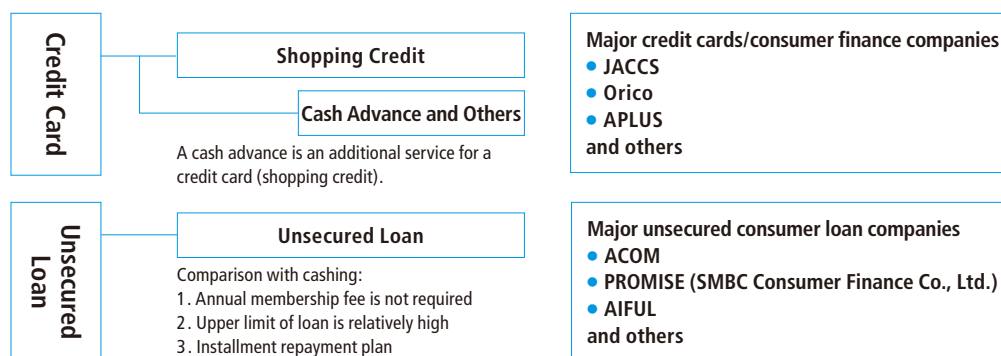


For further details, please refer to pages 26 to 30 of the Integrated Report 2018.

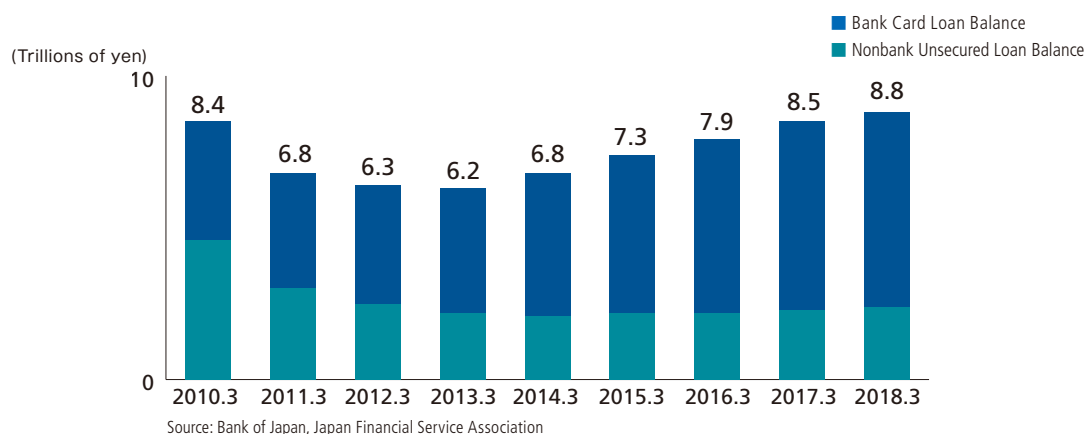
Growth Areas: Unsecured Loan Business

The Difference between an Unsecured Loan and Cash Advances

Unsecured loans are loans to individual consumers providing finance that is appropriate to the needs and timing of customers. The loans are available, even to customers who do not possess a credit card, through the use of smartphones and a dedicated card that can access ATMs at convenience stores and unstaffed branches.

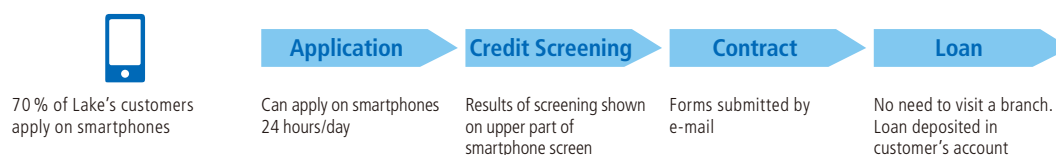


Market Size of Unsecured Loans



Lake ALSA Strengths and Strategies

- Development of customer base and customer data by major consumer finance brand Lake **レイクALSA**
- Use of conventional scoring models derived from non-bank credit-risk control methods, plus use of AI to enhance credit assessment/collection
- Optimization of operation costs using digital technology
- Fixed-term, noninterest loans for new customers
 - Customers with a contract amount under ¥2 million, no interest for 180 days for loans up to ¥50,000, or
 - 30-day no-interest loan
- Customers' smartphones can act as a substitute for a branch, enabling them to receive services without any time restrictions. Smartphones can also be used to make repayments, increase credit limits and receive other services.
- 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.

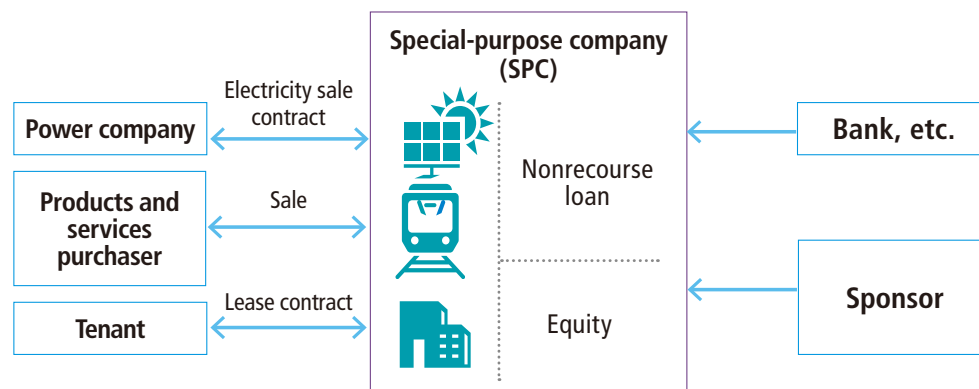


For further details on Individual Business, please refer to pages 34 to 37 of the Integrated Report 2018.

Growth Areas: Structured Finance Business

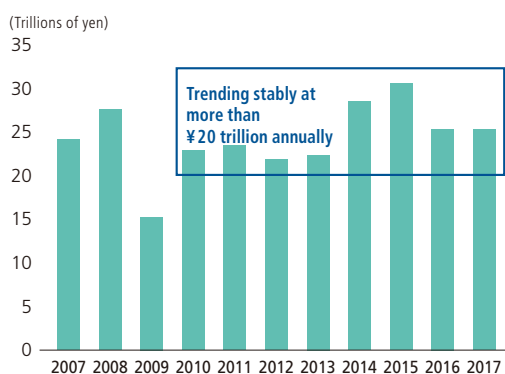
Product Structure

The Structured Finance Business primarily delivers project finance for renewable energy power generation facilities and infrastructure facilities, and provides real estate finance for commercial real estate.



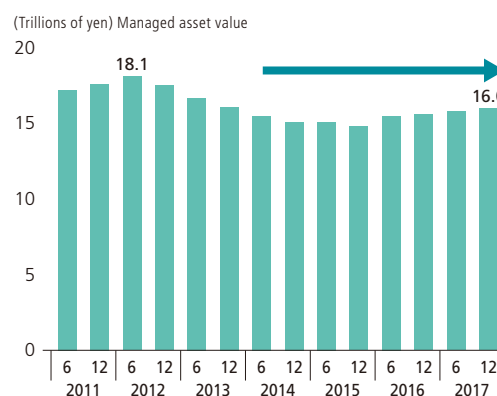
Market Scale

Global project finance origination volumes



Source: Graph prepared by Shinsei Bank based on data from Project Finance International (US\$1 = ¥110)

Privately funded real estate market scale trends (domestic)



Source: Graph prepared by Shinsei Bank based on survey results from Sumitomo Mitsui Trust Research Institute

Our 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.

Japan Project Finance League Table

The Shinsei Bank captured the number three position in terms of value in the Japan Project Finance Ranking for fiscal 2017.

Rank	Mandated Arranger	Total Value	No. of Projects	Share Percent (value basis)
1	Mizuho	117.6	4	21.9
2	Development Bank of Japan	115.5	5	21.5
3	Shinsei Bank	105.7	11	19.7
4	Mitsubishi UFJ Financial Group	102.4	6	19.1
5	Sumitomo Mitsui Financial Group	82.4	10	15.3
6	Sumitomo Mitsui Trust Holdings	9.2	1	1.7
7	Nippon Life Insurance	2.8	1	0.5
8	Aozora Bank	2.0	1	0.4

Source: Dealogic



For further details on Institutional Business and Global Markets Business, please refer to pages 38 to 42 of the Integrated Report 2018.

At a Glance



SHINSEI FINANCIAL
(Unsecured loans to individuals, credit guarantees)

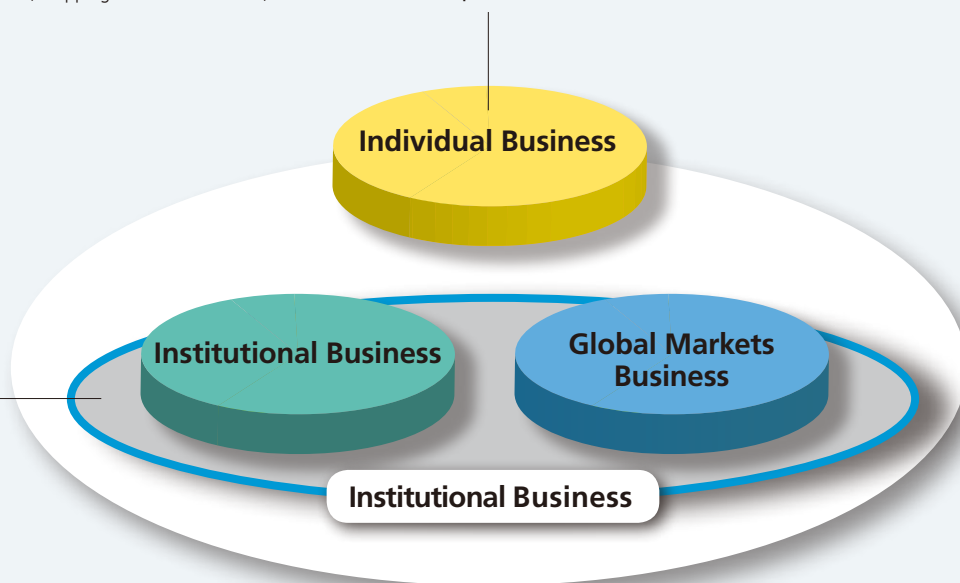
SHINSEI PERSONAL LOAN
(Unsecured loans to individuals)

APLUS FINANCIAL
(Shopping credit/other credit)

AJ 全日信販
(Shopping credit/other credit)

The Individual Business is composed of retail banking, and consumer finance, which handles unsecured personal loans, credit cards, shopping credit, settlements and sales of financial products to individuals and related services.

The Institutional Business is composed of the corporate business, structured finance business, private equity investment and business succession financing business as well as leasing business. The Global Markets Business delivers market services that provide market solutions for foreign exchange and interest rate derivatives, among others.



SHINSEI TRUST
(Trust banking)

SHOWA LEASING CO.,LTD.
(Leasing)

SHINSEI CORPORATE INVESTMENT
(Investment)

SHINSEI INVESTMENT & FINANCE
(Investment and finance)

ALPHA SERVICER CO.,LTD.
(Servicing)

SHINSEI SECURITIES
(Securities)

SHINSEI INVESTMENT MANAGEMENT
(Investment trust and discretionary investment advising)

SHINSEI INTERNATIONAL
(Securities)

Major Businesses

Contribution

Individual Business

Individual Business

Retail Banking

Yen/foreign currency deposits, structured deposits, investment trusts, brokerage service (through a partner institution), life and nonlife insurance (through partner institutions), housing loans, provision of financial transactions and services for individuals

Shinsei Financial

Consumer finance and credit guarantees (Lake, NOLOAN)

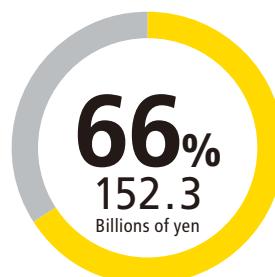
APLUS FINANCIAL

Shopping credit and settlements, credit cards; credit guarantees; finance and collection services

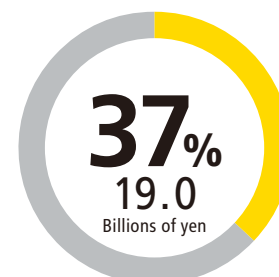
Other Business

Profits and losses of other subsidiaries

Total Revenue



Ordinary Business Profit after Net Credit Costs



Institutional Business

Institutional Business

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

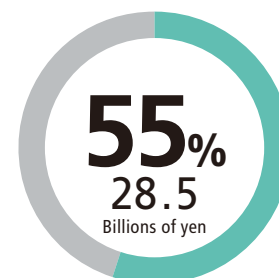
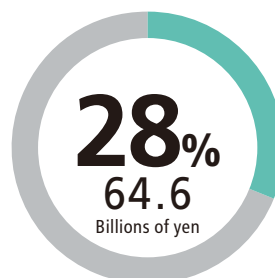
Real estate related nonrecourse finance and corporate finance; project finance; M&A-related finance, etc.; specialty finance

Principal Transactions

Credit trading, private equity, business succession finance, corporate restructuring, asset-backed investment, etc.

Showa Leasing

Financial products and services focused around lease finance



Global Markets Business

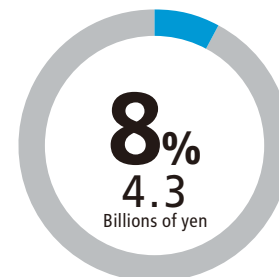
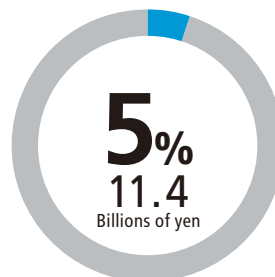
Global Markets Business

Markets Business

Foreign exchange, derivatives, equity-related and other capital markets business

Other Markets Businesses

Shinsei Securities, asset management business, wealth management business



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



For introductions to Group businesses and conditions by segment, please refer to pages 4 and 5 and pages 32 to 42 of the Integrated Report 2018.

Summary of Business Segments

Business Portfolio

1. Operating Assets and ALM Assets Balance in Business Segments

Operating assets and ALM assets stood at ¥7.4 trillion.

Corporate Business constitutes businesses for corporate clients, financial institutions and public companies. The business is focused on profitability in its lending business, which resulted in ¥1.6 trillion of the outstanding balance.

Structured Finance includes project finance and real estate finance. Strategic allocation of management resources to growth areas resulted in ¥1.4 trillion of the outstanding balance.

Retail Banking's balance stood at ¥1.3 trillion in housing loan business.

APLUS FINANCIAL is composed of credit card, shopping credit and housing-related loans, etc. The asset balance increased to ¥1.0 trillion.

Unsecured Loans, etc., constitute loan origination by the Shinsei Bank Group and credit guarantee business of regional financial institutions. Strategic allocation of management resources to growth areas resulted in ¥0.5 trillion of the asset balance.

Showa Leasing is composed of leasing assets and loans, etc., and increased to ¥0.5 trillion of the operating assets.

ALM Assets mainly include Japanese government bonds.

2. Segment Profits (Ordinary Business Profits after Net Credit Costs)

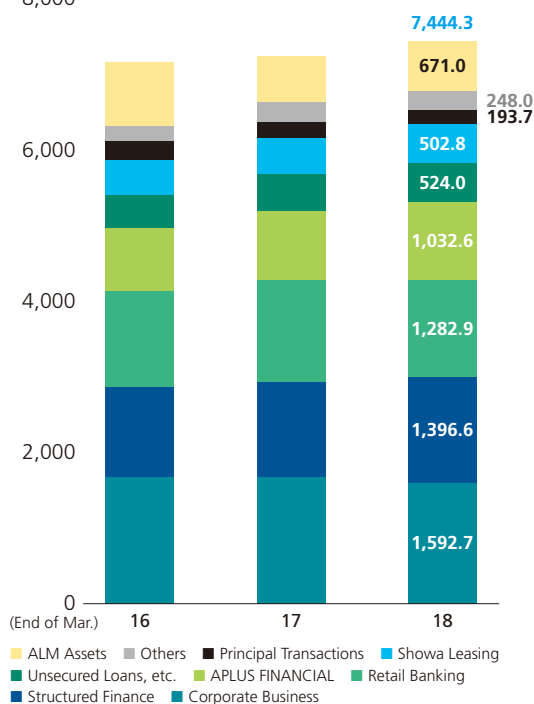
Unsecured Loans increased 38% compared to FY2016, reflecting loan growth.

Structured Finance decreased due to an absence of a large gain on sales of securities as recorded in FY2016.

APLUS FINANCIAL, Showa Leasing, Corporate Business and Global Markets recorded stable profits similar to profits recorded in FY2016.

Operating Assets + ALM Assets

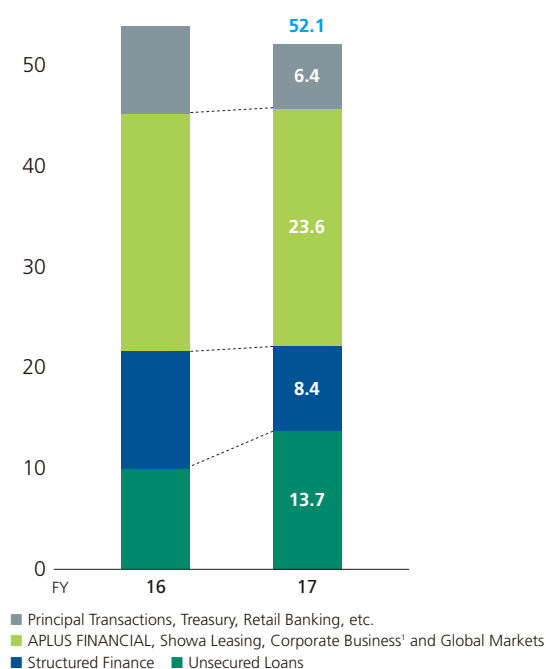
(Billions of yen)
8,000



Segment Profits

(Ordinary Business Profits after Net Credit Costs)

(Billions of yen)
60

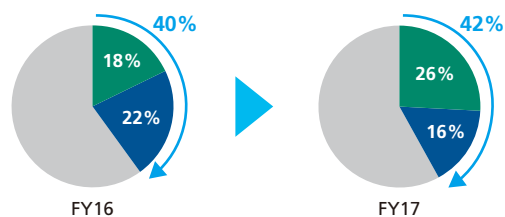


¹ Excluding Corporate Headquarters Account, etc.

3. Growth Areas

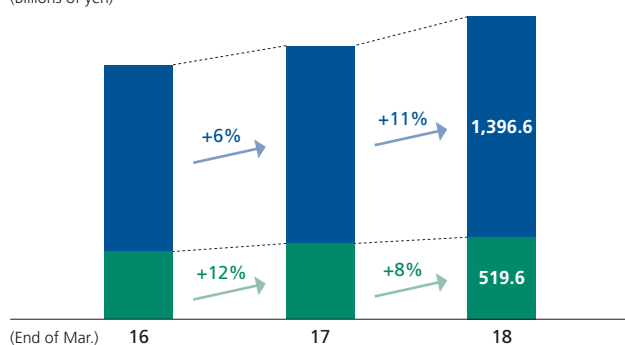
In the growth areas, the unsecured loan balance increased 8%, to ¥519.6 billion at March 31, 2018, and structured finance also grew 11%, to ¥1,396.6 billion at March 31, 2018. These growth areas consist of more than 42% of total profits in fiscal 2017 compared to 40% in FY2016.

Profit Share of Growth Areas



Operating Assets

(Billions of yen)

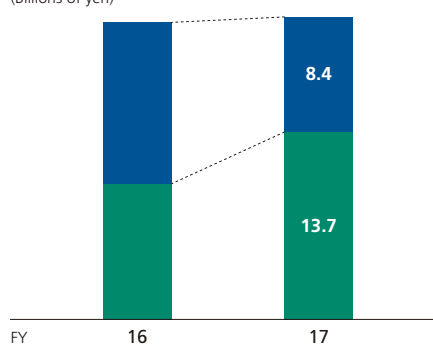


■ **Structured Finance** (Real Estate Finance, Project Finance, Specialty Finance)

■ **Unsecured Loans** (Shinsei Bank Lake, Shinsei Financial, NOLOAN, Credit Guarantees, Shinsei Bank Smart Card Loan Plus)

Profit (Ordinary Business Profit after Net Credit Costs)

(Billions of yen)

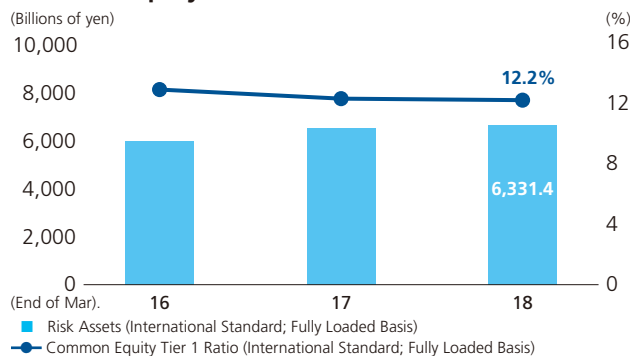


Capital

The Common Equity Tier 1 Ratio on a fully loaded international standard was 12.2%.

Risk-weighted assets increased due to an increase in operating assets mainly in growth business areas. The capital ratio remains at an ample level.

Common Equity Tier 1 Ratio



Shareholder Return

A total of ¥10 billion in acquisition of treasury shares was executed in 2017, aiming to improve per share value, considering conditions of capital and earnings.

The year-end dividend for FY2017 was ¥10 per share.

In May 2018, a share buyback program up to ¥13 billion or 13 million shares was approved by the Board of Directors. Shareholder return initiatives will result in a total payout ratio of 30% based on the profit attributable to owners of the parent recorded in FY2017.

Total Payout Ratio

	(Billions of yen)			
FY	14	15	16	17
Total payout (A)	2.6	12.6 ¹	12.5	15.5
Profit attributable to owners of the parent (B)	67.8	60.9	50.7	51.4
Total payout ratio (A)/(B)	4%	21%	25%	30%

¹ Excluding ¥2 billion relating to acquisition of treasury shares in order to attain full ownership of Showa Leasing



For further details, please refer to pages 22 to 24 and pages 82 to 85 of the Integrated Report 2018.

Corporate Governance

Four Features of Shinsei Bank's Corporate Governance

1 Ratio of Outside Directors on the Board of Directors

(Five directors)

71%



- Five of the seven directors at Shinsei Bank are outside directors and comprise a majority of the Board of Directors.
- The Bank has maintained a Board structure where outside directors comprise a majority since Shinsei Bank started.
- The Bank has submitted the names of seven individuals, including outside Audit & Supervisory Board members as independent officers to the Tokyo Stock Exchange.

2 Ratio of Outside Directors with Corporate Executive Experience

(Four directors)

80%



- The mix of outside directors on our Board is well balanced with deep expertise and extensive experience relating to finance in Japan and overseas, businesses aimed at consumers, risk management areas and information systems.
- Four of the five outside directors on our Board are or have worked as corporate executives.

3 Attendance Rate for the Board of Directors

(All Six Meetings)

95%



- Our directors, including outside directors, attended each meeting of the Board of Directors and engaged in active debate about the Bank's management and operational execution.
- This attendance rate is the average for our directors for six meetings of the Board of Directors since the June 2017 general meeting of shareholders.

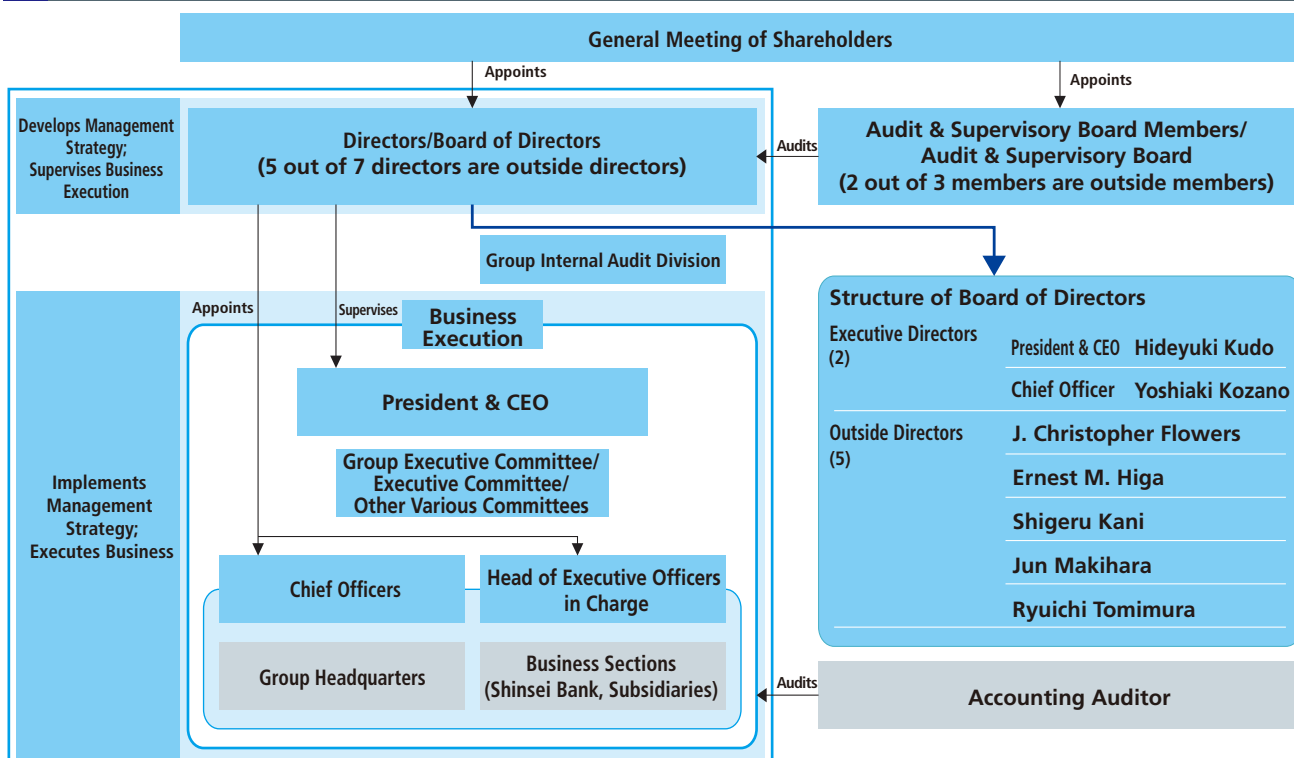
4 Number of IR Meetings / Companies where the CEO Met with Shareholders, Investors and Analysts

**110 meetings/
122 companies**



- The CEO has been assigned ultimate responsibility for investor relations (IR) activities and performs the core role in our strategic IR execution.
- As a result of increased focus on meetings with new investors, the number of investors the CEO met during fiscal 2017 was up 40% compared to fiscal 2016.

Corporate Governance Structure Chart (as of June 20, 2018)



For further details, please refer to pages 48 and 49 of the Integrated Report 2018.

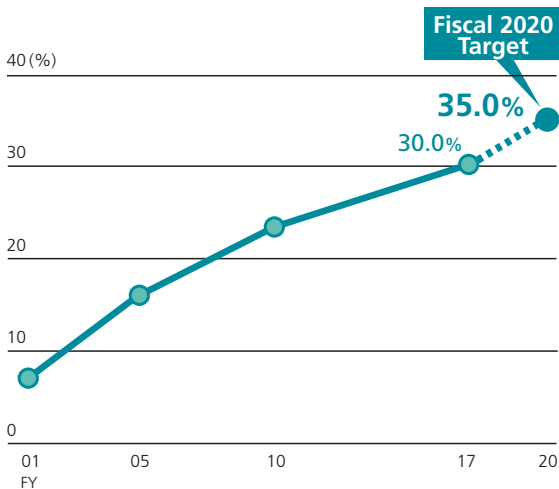
Social/Environment

Social

Main Initiatives

- Implementing Group HR strategies, work style reforms, and diversity promotion on a Group-wide basis
- Respond to financial needs that are not met by existing products and services (Freelancers and foreigners in Japan)
- Formulated IR/SR Policy of Shinsei Bank Group to proactively encourage constructive dialogue with investors, analysts, shareholders and other market participants
- Established policies and an action plan related to customer-oriented business operations

Trend in Female Manager Ratio



▶ Career Development System Supporting Women with a Career Orientation

- Leadership education and training
- Female career path training
- Hearing for female employees before they obtain maternity leave
- Support for self-learning during childcare leave
- Training for women returning to work after maternity/childcare leave (for those returning from leave; for managers of the women)
- Shinsei Women's Networking lunch

▶ Initiatives to Promote Work Style Reforms

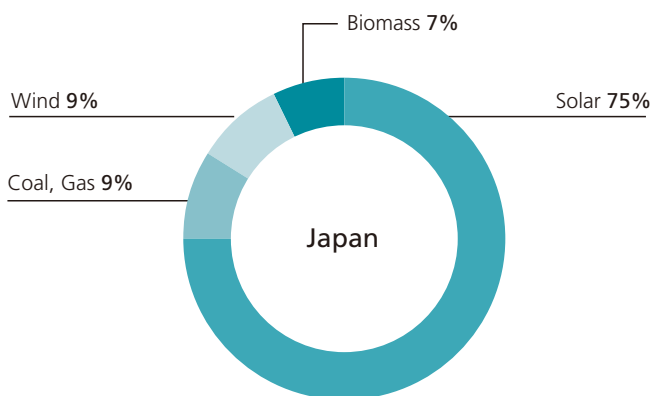
- Self-Directed Flex-Time
- Work from Home
- Side Work/Concurrent Work
- Half-Day Paid Time Off
- Hourly Paid Time Off
- Life Support Leave
- Maternity Leave
- Childcare Leave
- Family Care Leave

Environment

Main Initiatives

- Helping to resolve environmental challenges by providing financing for renewable energy projects
- Working to reduce environmental impact by promoting the reuse of used construction equipment
- Helping to resolve the vacant home problem by offering loans to facilitate the purchase and resale of existing homes

Portfolio by Power Type



▶ The Shinsei Bank Group's Renewable Energy Initiatives

Since 2012, Shinsei Bank has been accumulating know-how about project origination, risk management and other matters through the provision of financing for renewable energy projects involving solar power, wind power, biomass and geothermal energy. In addition, the Bank has expanded the base of domestic project finance investors and promoted syndication with regional financial institutions.

As a result, solar power, wind power and biomass power project finance account for 75%, 9% and 7%, respectively, of the total balance of domestic project finance (approximately ¥220 billion, as of March 31, 2018).



For further details, please refer to page 29 and pages 64 to 71 of the Integrated Report 2018.

Board of Directors, Audit & Supervisory Board Members

Directors



Hideyuki Kudo
Representative Director,
President

Attendance rate: 100%



Yoshiaki Kozano
Director

Newly appointed



J. Christopher Flowers
Director
Managing Director and Chief
Executive Officer,
J.C. Flowers & Co. LLC

Reasons for Nomination

Mr. J. Christopher Flowers is asked to stand as an Outside Director in order to reflect in the Bank's management, his experience and expertise in banking, finance and the financial services industry as a whole.

Attendance rate: 83%



Ernest M. Higa
Director
Chairman, President
& Chief Executive Officer,
Higa Industries Co., Ltd.

Reasons for Nomination

Mr. Ernest M. Higa is 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.

Attendance rate: 83%



Shigeru Kani
Director
Former Director, Administration
Department, The Bank of Japan,
Former Professor, Yokohama
College of Commerce

Reasons for Nomination

Mr. Shigeru Kani is asked to stand as an Outside Director in order to reflect in the Bank's management, his discernment in the risk management area and his wide range of knowledge concerning banking operations.

Attendance rate: 100%



Jun Makihara
Director
Director, Monex Group, Inc.
Director, Philip Morris
International Inc.

Reasons for Nomination

Mr. Jun Makihara is 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.

Attendance rate: 100%



Ryuichi Tomimura
Director
President,
Representative Director,
SIGMAXYZ Inc.

Reasons for Nomination

Mr. Ryuichi Tomimura is 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.

Attendance rate: 100%

Audit & Supervisory Board Members



Shinya Nagata
Audit & Supervisory Board Member

Attendance rate: 100%



Shiho Konno
Audit & Supervisory Board Member
Lawyer

Reasons for Nomination

Reflect the Bank's audit operations her expertise and extensive experience as a lawyer, and experience based on the outside director at listed companies

Newly appointed



Michio Shibuya
Audit & Supervisory Board Member
Certified Public Accountant

Reasons for Nomination

Reflect in the Bank's audit operations his expertise and extensive experience as a certified public accountant, and knowledge based on experience as an Audit & Supervisory Board Member at a listed company

Attendance rate: 100%

Directors' Skill Matrixes

		Management	Finance	Risk Management	Consumer Business	IT
Hideyuki Kudo		○	○	○		
Yoshiaki Kozano		○	○			
J. Christopher Flowers	Outside Director	○	○			
Ernest M. Higa	Outside Director	○			○	
Shigeru Kani	Outside Director		○	○		
Jun Makihara	Outside Director	○	○			
Ryuichi Tomimura	Outside Director	○				○

Audit & Supervisory Board Members' Skill Matrixes

		Finance	Financial Accounting	Legal Affairs
Shinya Nagata		○	○	
Shiho Konno	Outside Audit & Supervisory Board Member			○
Michio Shibuya	Outside Audit & Supervisory Board Member	○	○	



For further details, please refer to pages 50 to 56 of the Integrated Report 2018.

Board of Directors

Board of Directors Effectiveness Evaluations

The Bank periodically conducts an evaluation/analysis of the effectiveness of the Board as a whole in order to improve the Board's functionality.

An overview of the FY2017 self-evaluation is as follows.

(1) Objective

To improve the function of the Board of Directors by having the Board perform a self-evaluation of whether it is fulfilling the roles and duties required of it and then implement the PDCA cycle.

(2) Subjects of analysis/evaluation

The Board's activities, and the operation and support systems for efficiently and effectively carrying out such activities.

(3) Evaluators

Evaluation by all members attending Board meetings (Directors, Audit & Supervisory Board members and others – totaling 11 people). Certain questions are only asked to Audit & Supervisory Board members in order to receive an evaluation of the Board by Audit & Supervisory Board members.

(4) Analyzed/evaluated matters

The contents of discussions at Board meetings, the operation of the Board by the executives, the composition of members of the Board, the provision of information to the Board by the executives, the content of discussions at strategy sessions, the management of strategy sessions by executives, communication, the necessity of third-party evaluations of the Board's effectiveness, evaluations by Audit & Supervisory Board members, etc.

(5) Means of analysis/evaluation

Questionnaire survey (questions in which responses are selected including free-response questions) prepared by the secretariat for the Board of Directors based on instructions from the Board Chairman.

(6) Results feedback

The selected results and responses to free-response questions are reported to the Board.

Directors Compensation Scheme

▶ Policy for Determining Compensation

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

▶ Composition of Compensation for Full-Time Directors*

- Basic compensation
Fixed compensation (Annual fixed amount)
- Mid- to long-term incentive compensation
 - 1) Restricted stock compensation (Introduced from fiscal 2018)
 - 2) Equity remuneration type stock options

* There is no short-term incentive compensation to reward full-time directors for performance in a single fiscal year.

▶ Total Maximum Amount of Compensation for Directors

- (1) Total maximum amount of compensation for directors (including outside directors): Up to ¥180 million per year (of this amount, ¥60 million for outside directors)
- (2) Maximum amount of allotment of restricted stock for full-time directors: Up to ¥20 million per year, within the total maximum amount in (1) above (introduced from fiscal 2018)
- (3) Maximum amount of allotment of equity remuneration type stock options for full-time directors: Up to ¥50 million per year, separate from the total maximum amount in (1) above

The allocation of compensation for full-time directors on an individual basis is determined by the Board of Directors. Based on a proper evaluation of each director's duties and level of contribution to performance for their respective areas of responsibility, and in light of the Bank's performance, market conditions and other factors, the Board of Directors determines compensation amounts following sufficient discussions.

▶ Types and Total Payment Amounts of Compensation for Full-Time Directors and Full-Time Audit & Supervisory Board Members (from April 1, 2017 to March 31, 2018)

	Number of people	Total amount of compensation (in millions of yen)										
		Total amount of fixed compensation			Total amount of variable compensation				Retirement allowance	Other		
		Basic compensation	Stock option	Other	Basic compensation	Bonus	Other					
Applicable officers (excl. outside directors)	3	124	124	95	29	0	0	0	0	0	0	0

● Applicable officers include two full-time directors and one full-time Audit & Supervisory Board member, for a total of three people.



For further details, please refer to pages 57 and 58 of the Integrated Report 2018.

ESG Data

		FY2015	FY2016	FY2017
(Nonconsolidated)				
Corporate Governance	Ratio of Outside Directors	71%	71%	71%
	Attendance Rate for the Board of Directors	98%	100%	95%
Employees	Number of Employees	2,210	2,207	2,188
	Male	1,272	1,272	1,265
	Ratio	58%	58%	58%
	Female	938	935	923
	Ratio	42%	42%	42%
	Average Age	40 years 6 months	40 years 9 months	41 years 3 months
	Male	40 years 1 month	40 years 4 months	40 years 7 months
	Female	41 years 3 months	41 years 7 months	42 years 1 month
	Number of Female Managers			
	Above the Level of Section Leader	85	87	89
	Above the Level of Section Manager	372	383	390
	Number of Employed Persons with Disabilities	27	29	29
	Number of University Graduates Hired	65	54	53
	Number of Female University Graduates Hired	22	20	20
	Ratio of Female University Graduates Hired	34%	37%	38%
	Number of Employees Taking Childcare Leave	32	32	33
	Number of Employees Taking Life Support Leave	0	4	6
Number of Mid-Career Hires	108	82	32	
Environment Impact Data	CO ₂ Emissions (t)	2,806	2,746	2,602
	Electricity Usage (kWh)	5,163,522	5,093,523	5,069,080
	Gas Usage (m ³)	90,000	90,000	90,000
	Clean Water Usage (t)	1,569	1,796	1,758
	Amount of Waste Generated/ Recycling Rate	Waste Generated (t)	215	233
Amount Recycled (t)		126	154	123
Amount of Waste Disposal (t)		89	79	83
Recycling Rate		59%	66%	60%

(Note) Number of Employees Taking Life Support Leave means the Number of Employees Taking Childcare Leave before January 1, 2018.

(Note 1) Data are for all Shinsei Bank headquarters (does not include affiliated companies) and the Meguro Production Center.

(Note 2) CO₂ emissions data have been calculated according to "Guidelines for Calculating Specified Greenhouse Gas Emissions Volume under the Total Emissions Obligations and the Emissions Trading Framework."

(Note 3) Waste generation data have been calculated according to data provided by building maintenance companies.

Major Policies

Please see Shinsei Bank Corporate/IR site (<http://www.shinseibank.com/corporate/en/>) for details.

- Basic Policy Concerning Protection of Personal Information
- Basic Policy against Antisocial Forces
- Anti-Money Laundering and Countering the Financing of Terrorism
- Global Tax Policy
- Foreign Exchange Transaction Policy
- Policies for Initiatives Concerning the "Corporate Governance Code"
- IR/SR Policy of Shinsei Bank Group
- Social Media Policy



For information on the Bank's ESG initiatives, please refer to pages 44 to 79 of the Integrated Report 2018.

Evolution of the Shinsei Bank Group

Institutional Business **Individual Business** **Corporate**

2000

Shinsei Bank launched
Name changed from The Long-Term Credit Bank of Japan, Limited (LTCB), to Shinsei Bank, Limited

2004

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

2009

Launched the Shinsei Step Up Program (a relationship reward program)

(Yen)

4,000

3,000

2,000

1,000

0

-1,000

Earnings Per Share (EPS)
(Note)

Book-value Per Share (BPS)
(Note)

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.

2001

Shinsei Securities Co., Ltd. commenced operations



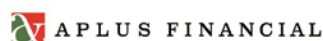
2003

Shinsei Investment Management Co., Ltd. commenced operations



2004

APLUS Co., Ltd. (now APLUS FINANCIAL Co., Ltd.) converted into a consolidated subsidiary



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



For further details, please refer to pages 6 and 7 to 24 and pages 10 to 12 of the Integrated Report 2018.

2010

Announced the Bank's First Medium-Term Management Plan

Adopted a Company with an Audit & Supervisory Board

2012

Launched the Shinsei Bank PowerSmart Home Mortgage (Anshin Pack)

2012

Provided nonrecourse loans for the construction of lodgings for post-earthquake reconstruction workers

2013

Announced the Bank's Second Medium-Term Management Plan

2015

Launched the "Shinsei Bank Smart Card Loan Plus" (a new unsecured personal loan brand)

2016

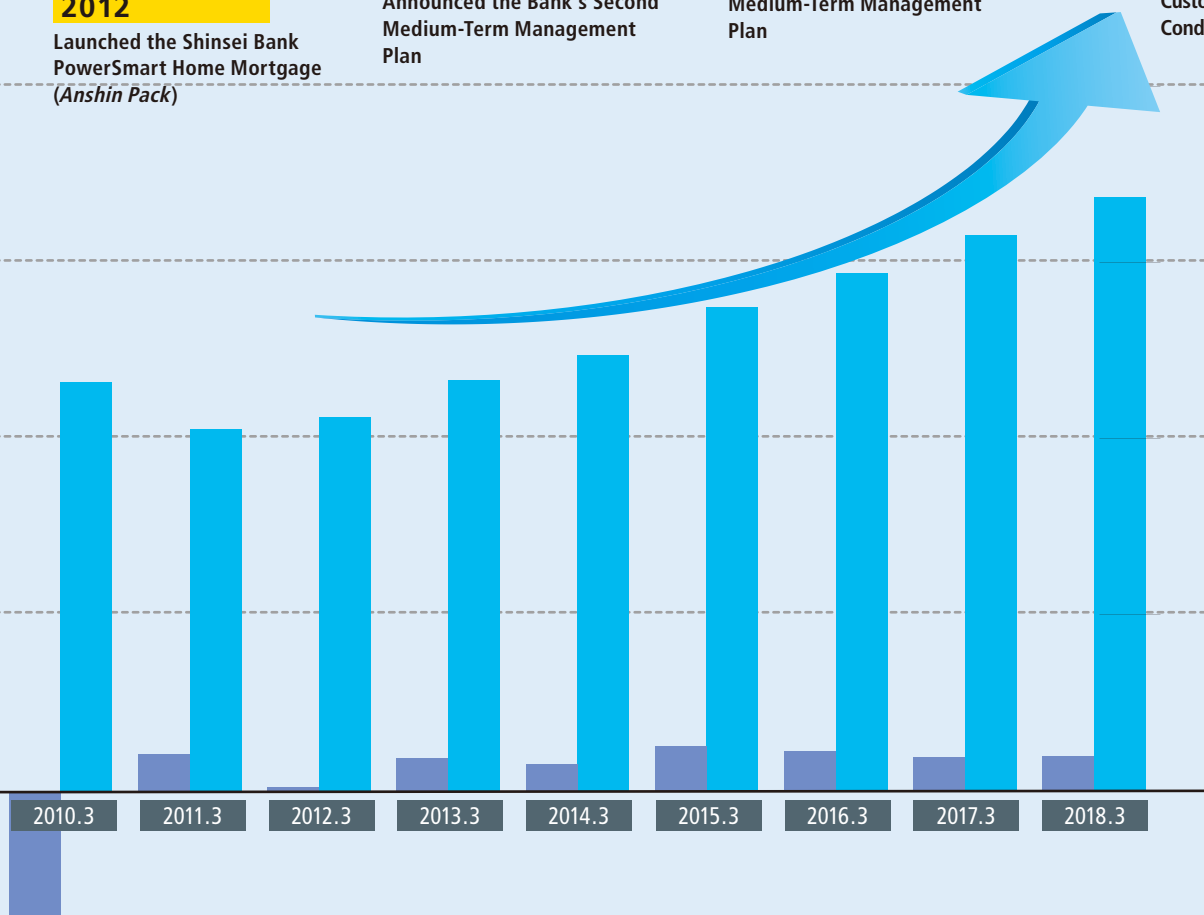
Announced the Bank's Third Medium-Term Management Plan

2017

Established the "Shinsei Bank Group Headquarters"
Announced the acquisition of treasury shares

Executed a 1-for-10 reverse stock split

Established the "The Policy on Customer-Oriented Business Conduct"



First Medium-Term Management Plan

Second Medium-Term Management Plan

Third Medium-Term Management Plan

2016

Shinsei Financial Co., Ltd. established a FinTech joint venture (SecondXight, Inc.) to leverage artificial intelligence (AI) capabilities

Shinsei Financial Co., Ltd. entered the unsecured personal loan business in Vietnam

APLUS Co., Ltd. started providing settlement agent services in Japan for the Chinese payment service provider "WeChat Pay"

2016

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

2017

Realigned the Shinsei Principal Investments Group

2018

Shinsei Financial Co., Ltd. launched a new "Lake ALSA" brand, an unsecured loan product

レイクALSA

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