

INTEGRATED REPORT

For the fiscal year ended March 31, 2018

2018

Who We Are?



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Who We Are?

Where We Go?

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Group Business Profile



SHINSEI FINANCIAL
(Unsecured loans to individuals, credit guarantees)

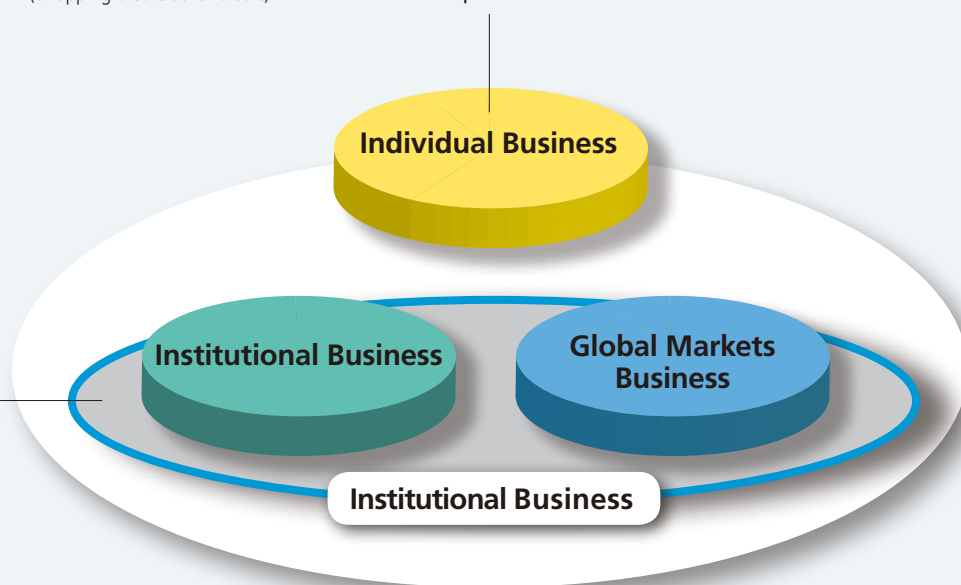
SHINSEI PERSONAL LOAN
(Unsecured loans to individuals)

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)

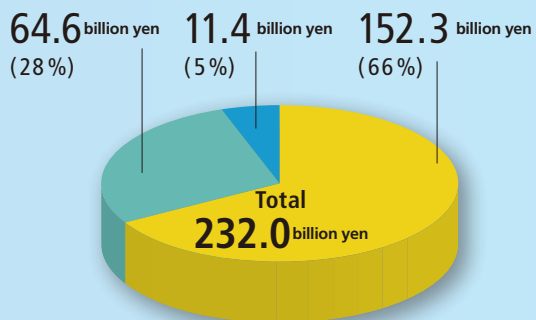
ALPHA SERVICER CO.,LTD.
(Servicing)

SHINSEI SECURITIES
(Securities)

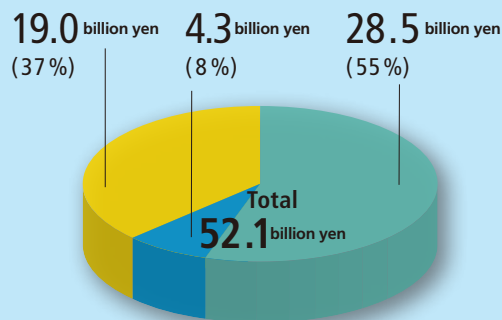
SHINSEI INVESTMENT MANAGEMENT
(Investment trust and discretionary investment advising)

SHINSEI INTERNATIONAL
(Securities)

Total Revenue

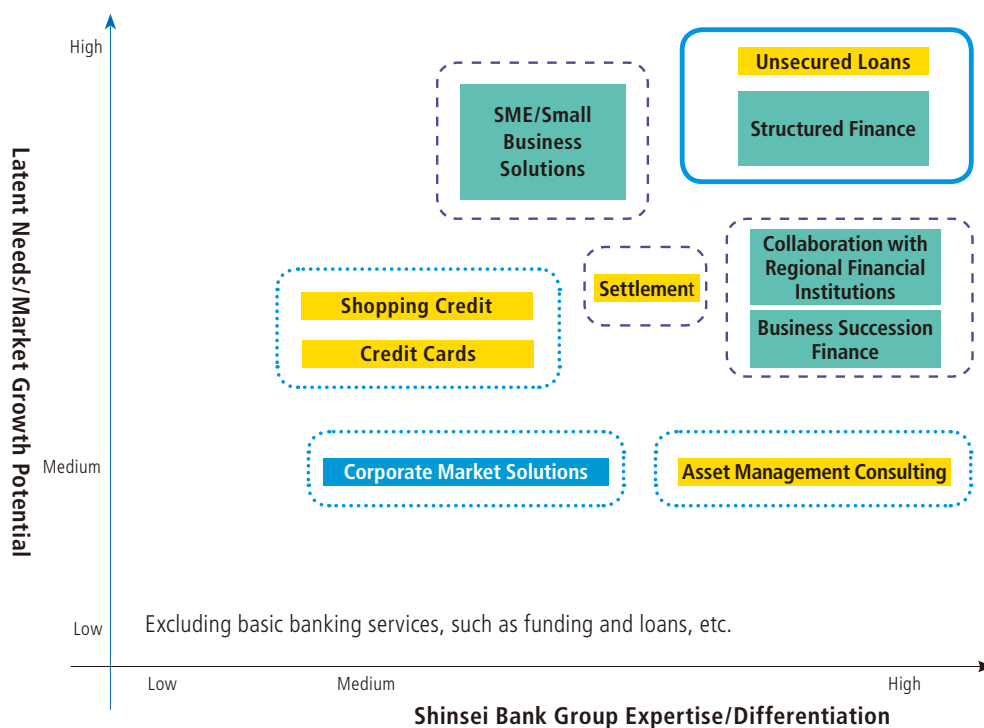


Ordinary Business Profit after Net Credit Costs



● Individual Business
 ● Institutional Business
 ● Global Markets Business

Strategic Mapping of Businesses



Growth areas
 Strategic initiative areas
 Stable revenue areas

■ Individual Business
 ■ Institutional Business
 ■ Global Markets Business

Highlights

2018 HIGHLIGHTS



Non-Financial Information

Number of Town Hall Meetings Held (Fiscal 2017)

26



Executives and employees of the Shinsei Bank Group regularly come together to deepen their mutual understanding toward the Group's management strategy, medium- to long-term vision and other important policies in a town hall format.

Ratio of Outside Directors on the Board of Directors

71%



Five of the seven Board of Directors members 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 it commenced operations.

Cumulative Total of Students That Have Participated in the Money-Connection® Financial Literacy Program

120,000



The Shinsei Bank Group is actively engaged in both promoting and expanding the MoneyConnection® Financial Literacy Program, which is designed to help prevent young people from becoming a "NEET" (not in employment, education or training).

Ratio of Outside Directors with Corporate Executive Experience

80%



Four of the five outside directors on the Bank's Board are or have experience as corporate executives. Outside directors possess extensive experience and deep expertise in business.

Renewable Energy (solar, wind and biomass power)

91%



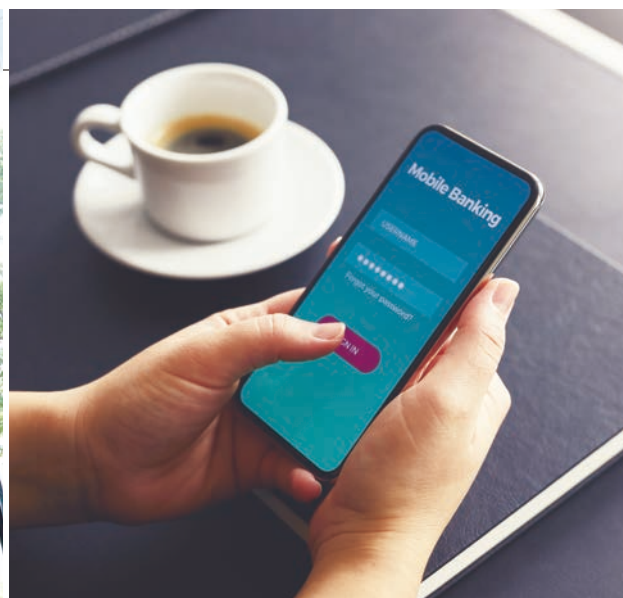
Renewable energy (including solar, wind and biomass power) project finance accounts for 91% of the total balance of domestic project finance as of March 31, 2018.

Ratio of Female Managers (End of March 2018)

30%



The Shinsei Bank has set the target of lifting its ratio of female managers to 35% by fiscal 2020.



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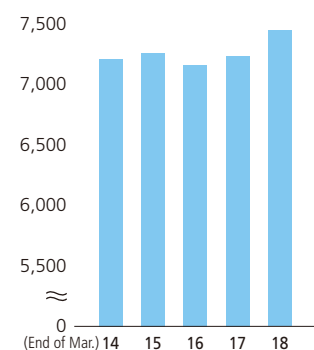
Financials/Information

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Financial Information

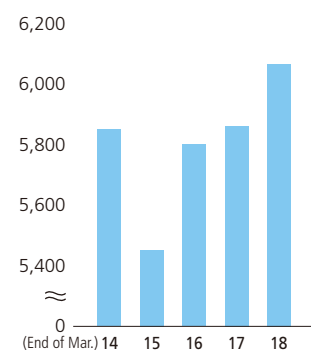
Operating Assets

(Billions of yen)



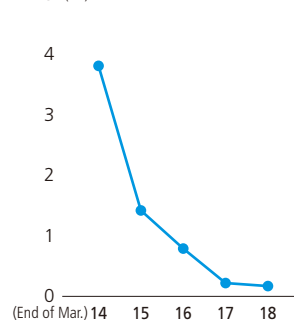
Deposits

(Billions of yen)



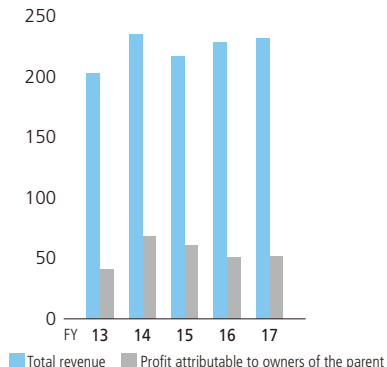
Ratio of Nonperforming Claims Classified under the Financial Revitalization Law to Total Claims (Nonconsolidated)

5 (%)



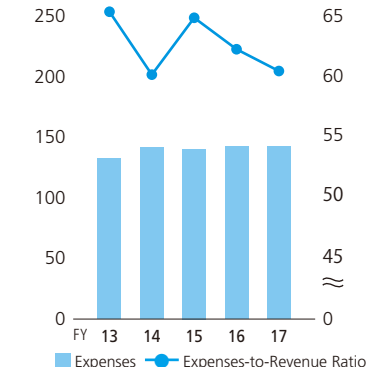
Total Revenue/Profit Attributable to Owners of the Parent

(Billions of yen)



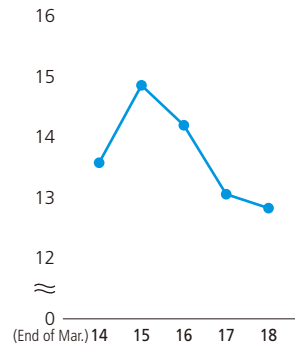
Expenses/Expenses-to-Revenue Ratio

(Billions of yen)

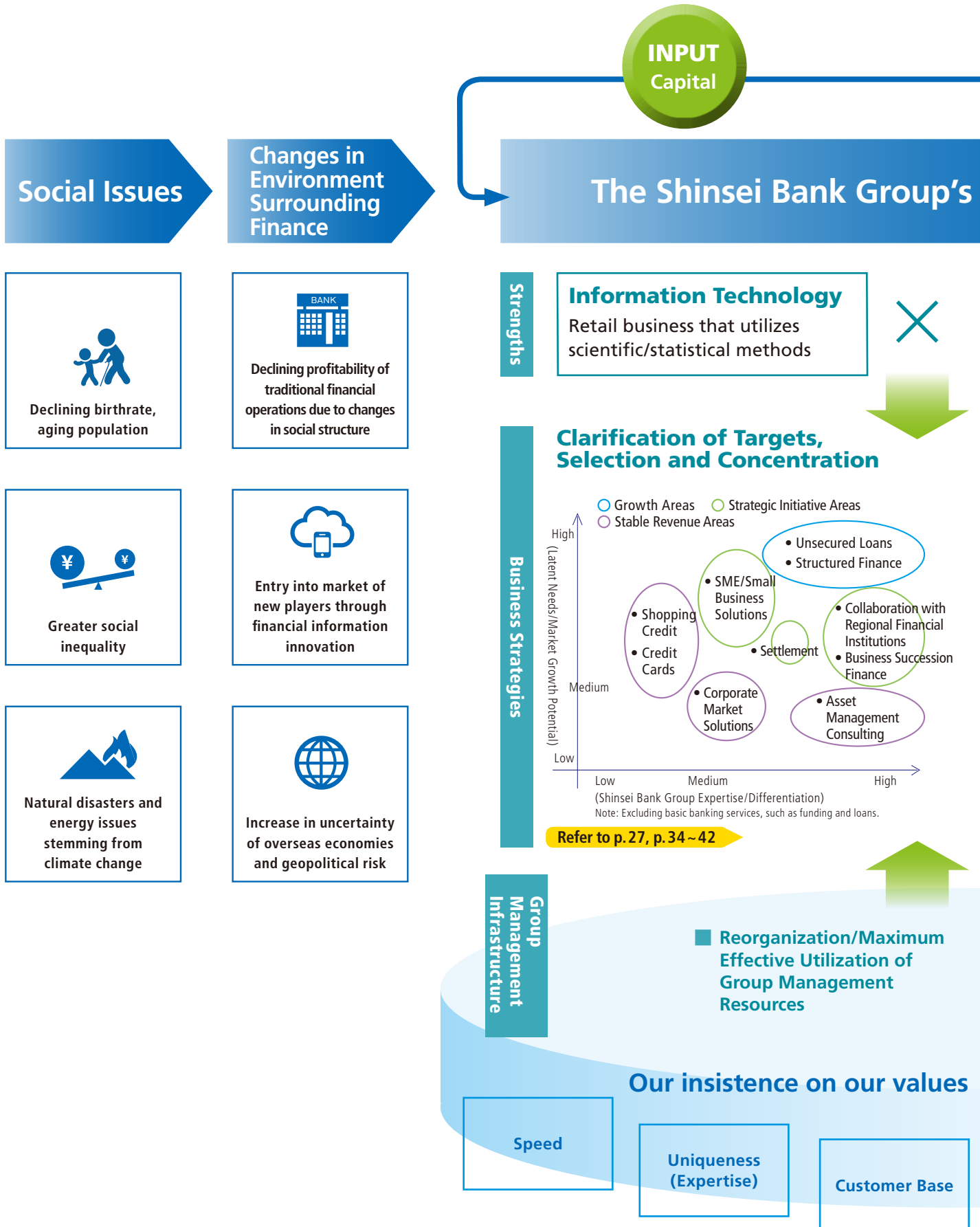


Capital Ratio (Basel III, Domestic Standard)

(%)



Value Creation Model to Remain a Financial Innovator



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



Human/Intellectual Capital

Provision of solutions to actual demand arising from changes in society

Refer to p.46~47, p.64~65



Society-Related Capital

Approaches to social issues through corporate activities

Refer to p.67~71

Management Platform



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

Robust Group Governance Refer to p.28

Business by Function

Functions Residing at Group Headquarters

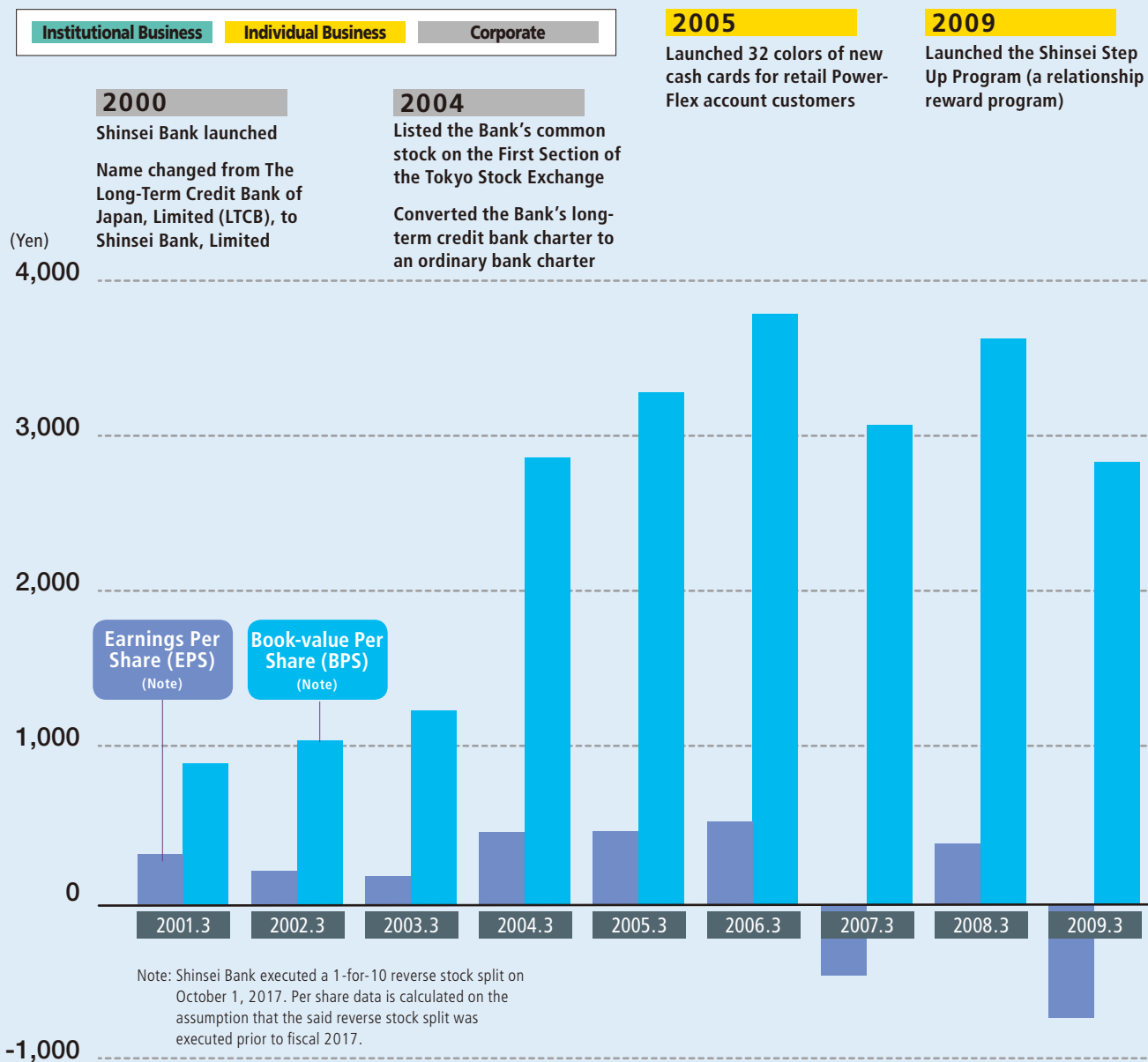
Group Governance

and their background

Emerging Capabilities (Spirit of Innovation)

Respect for Individuality (Diversity)

Evolution of the Shinsei Bank Group



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



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

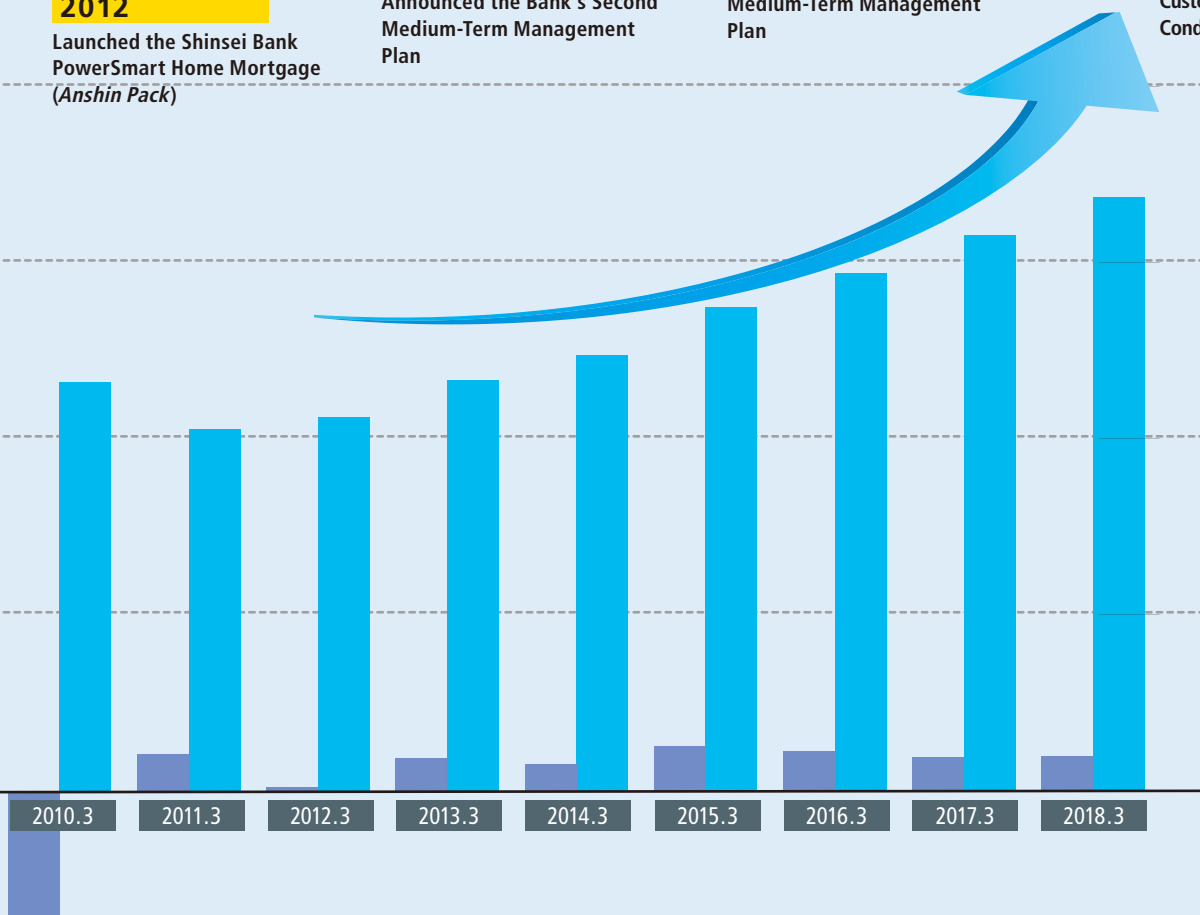
Announced the Bank's Third Medium-Term Management Plan

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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Major Events

2017.4 Arranged project financing for a megasolar project in Sakata City, Yamagata Prefecture
Shinsei Bank Group established Group Headquarters **Growth areas**

2017.5 Established the Femto Growth Fund II L.P.

2017.6 Established "The Policy on Customer-Oriented Business Conduct" and its "Action Plan"

2017.7 Arranged project financing for the acquisition of a megasolar power plant by AMP Solar Group Japan **Growth areas**



2017.8 Recognized as the financial institution that provided the highest level of customer satisfaction in the banking-sector section of the 2nd Japanese Customer Satisfaction Index (JCSI) survey in fiscal 2017

2017.9 Undertook an investment in Wisdom Academy Inc. through the Child-Care Support Fund



Arranged project financing for a woody biomass power generation project in Kamisu City, Ibaraki

Growth areas

2017.10 Arranged a syndicated loan for Canadian Solar Infrastructure Fund, Inc. **Growth areas**

Commenced the robo-advisor based asset management service for individual customers **Stable revenue areas**

2017.11 Invested in Exchange Corporation Holdings Limited **Strategic initiative areas**

APLUS Co., Ltd. and Showa Leasing Co., Ltd. launched an auto leasing business for individual customers

2017.12 Undertook a review of the Bank's unsecured loan business strategy **Growth areas**

Agreed on a capital and business alliance with Lancers, Inc.

2018.1 Resolved to acquire treasury shares

2018.2 Established "Group Committee to Promote the Active Participation of Women"

2018.3 Announced to build the "YUI Platform," a Shinsei Bank Group integrated customer database

2018.4 Launched "Lake ALSA," a new unsecured loan product **Growth areas**

2018.5 Resolved to acquire treasury shares

Agreed on a capital and business alliance with Global Trust Networks Co., Ltd.