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OVERVIEW OF THE SECOND MEDIUM-TERM MANAGEMENT PLAN (MTMP)

(FY2013 - FY2015)

Management Principles

- To be a banking Group that is sought out by customers, with stable profitability, and contributing to be the development of the industrial economies in Japan and overseas
- To be a banking Group that values diverse talents and cultures and that is continually able to take on new challenges in a changing environment while taking into consideration experience and history
- To be a banking Group that has highly transparent management as well as be trusted by all stakeholders including customers, investors and employees

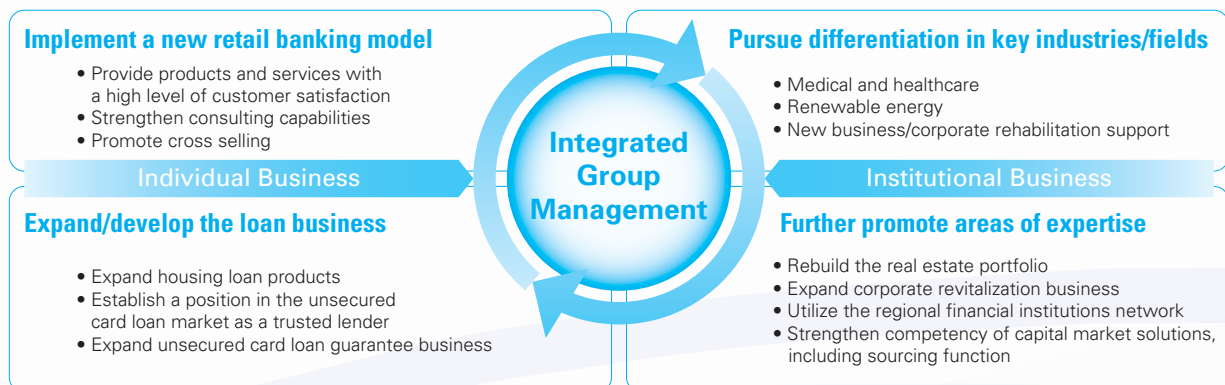
Basic Strategy

In the Second MTMP, we will aim to integrate the management of both the individual business and the institutional business by combining and utilizing the customer base, networks, and financial functions held by the entire Shinsei Bank Group.

In the individual business, we will implement a new retail banking model to create 5 million "core customers" that are able to freely use the Shinsei Bank Group's products and services that fit their needs. In the institutional business, we will be implementing our "VBI" model as part of our plan, where we will support the growth of businesses, industries and regions, as well as support our customers in strengthening and applying business expertise.

Individual Business: To implement a new retail banking model to grow our core customer base to 5 million

Institutional Business: To strengthen and utilize expertise to support the growth of companies, industries and regions by working together with customers



Targets

We have established the three targets: "establishing a unique business base," "increasing revenues and further improving financial fundamentals," and "becoming a financial group appreciated by customers and valued by society and markets." Our financial targets are aimed at pursuing not only earnings in absolute amounts, but also high profitability and improving our financial soundness at the same time.

FY2015 Financial Targets		
Growth	Net Income	70.0 Billion yen
	Cash Basis ¹ Net Income	76.0 Billion yen
Profitability	RORA ²	about 1.0%
	Expense-to-Revenue Ratio	50% level
	ROE	about 10%
Financial Stability	Common Equity Tier I Ratio ³	about 7.5%
	NPL Ratio ⁴	2% level

• We are targeting consolidated reported basis net income of 70.0 billion yen and consolidated cash basis¹ net income of 76.0 billion yen in FY2015
 • Our aim is not only the absolute amount of net income, but also to achieve a high level of profitability while enhancing the financial stability of our operations

¹ Cash-basis figures are calculated by excluding amortization of goodwill and other intangible assets, net of tax benefit
² Return on risk assets is calculated as net income divided by fiscal year end risk assets

³ Basel III fully loaded basis

⁴ Nonconsolidated basis nonperforming loan ratio

PROGRESS OF THE SECOND MTMP

Progress of the Second MTMP

(Consolidated, Billions of yen)

	FY2012 Results	FY2013 Results	FY2014		FY2015	
			Targets	Results	Targets	2nd MTMP Targets
Growth						
Net Income ¹	51.0	41.3	55.0	67.8	70.0	70.0
Cash Basis Net Income ¹	60.4	49.8	62.0	75.4	76.0	76.0
Profitability						
RORA ²	—	0.69%	—	1.21%	—	about 1.0%
Expense-to-Revenue Ratio	64.6%	65.4%	60%	60.2%	59.5%	50% level
ROE	8.6%	6.5%	—	9.8%	—	10% level
Financial Stability						
Common Equity Tier I Ratio ³	—	9.2%	—	11.9%	—	about 7.5%
NPL Ratio	5.32%	3.81%	—	1.42%	—	2% level

¹ In accordance with the revision of the Accounting Standard for Business Combination, as of fiscal year 2015 net income and cash basis net income will now be referred to as profit attributable to owners of parent and cash basis profit attributable to owners of parent.

² Return on risk assets is calculated as net income divided by fiscal year end risk assets

³ International standard, fully loaded basis

Growth

In fiscal year 2014, the second year of the Second MTMP, the Bank recorded net income of ¥67.8 billion and cash basis net income of ¥75.4 billion, surpassing both the original fiscal year 2014 targets of ¥55.0 billion for net income and ¥62.0 billion for cash basis net income as well as the upwardly revised targets (consolidated net income: ¥63.0 billion; cash basis net income: ¥70.0 billion). The stronger-than-expected result reflects an increase in total revenue and the additional provisioning of reserves for losses on interest repayments in the consumer finance business, which reduced net income in fiscal 2013, declining from ¥15.6 billion in fiscal year 2013 to ¥4.0 billion in fiscal year 2014.

Profitability

The Bank achieved an improvement in all three of its profitability benchmarks in fiscal year 2014. Return on risk-weighted assets (RORA) rose to 1.21%, up from the previous year, and lower funding costs and a steady increase in the consumer finance business' loan balance helped to boost ROE to 9.8% and lower the expense-to-revenue ratio to 60.2%, compared with ROE of 6.5% and an expense-to-revenue ratio of 65.4% in fiscal year 2013. In fiscal year 2015, the Bank commits to further improving its expense-to-revenue ratio in order to achieve its expense to revenue ratio target of between 50-60%.

Financial Stability

As the result of a significant reduction of nonperforming loans, the nonperforming loan ratio improved substantially, falling to 1.42% as of March 31, 2015, down from the level recorded a year earlier (3.81%) and achieving the Second MTMP's 2% level target early.

The Second MTMP's capital ratio target for March 31, 2016, is a common equity tier 1 (CET1) ratio (Basel III, International Standard, fully loaded basis) of around 7.5%. As of March 31, 2015, the CET1 ratio was 11.9%, higher than the targeted level, reflecting the accumulation of retained earnings and a reduction of outstanding nonperforming loans.

Fiscal Year 2015 Forecast

The Bank's fiscal year 2015 earnings forecasts are the goals presented when the Second MTMP was announced in March 2013: consolidated net income of ¥70.0 billion and cash basis net income of ¥76.0 billion. In fiscal year 2015, we expect revenue gains primarily in the consumer finance business and a further decline in funding costs to support an increase in total revenue.



Shigeki Toma
Special Advisor, Shinsei Bank

Hideyuki Kudo
President & CEO, Shinsei Bank

Moderator:
Ken Takamiya
Bank Sector Analyst
Nomura Securities Co., Ltd.

Ernest M. Higa
Outside Director, Shinsei Bank

INTERVIEW BETWEEN AN OUTSIDE DIRECTOR AND THE PRESIDENT REGARDING GOVERNANCE

A group interview in regard to Shinsei Bank's corporate governance was conducted among Mr. Ernest M. Higa, Outside Director, Mr. Hideyuki Kudo, President and Chief Executive Officer, and Mr. Shigeki Toma, Special Advisor to Shinsei Bank (the previous President and Chief Executive Officer), with Mr. Ken Takamiya, a bank sector analyst at Nomura Securities Co., Ltd., serving as the moderator. (Interview was conducted in April 2015)

Takamiya We have observed a rapid rise in the awareness of and the sensitivity of company management to governance in the past six months, partly due to the introduction of the Corporate Governance Code. As a result, Japanese companies are seriously beginning to consider how to instill real substance into their governance frameworks. Mr. Higa, what functions and roles do you think the shareholders and

investors of Shinsei Bank expect its Outside Directors to take on?

Higa Firstly, we are expected to monitor that Management is strictly in compliance. Secondly, as representatives elected by the shareholders, we must engage in discussions which enhance corporate value for the shareholders. With four of the six Directors being Outside Directors, Shinsei Bank has an environment which makes it

easy for Outside Directors to speak up. (Note: As of June 17, 2015, 5 of the 7 Members of the Board of Directors are Outside Directors).

Takamiya From Management's perspective, have you had any experiences of receiving poignant or extremely helpful comments from the Outside Directors in past Board of Directors discussions?

Toma There have been many times

when the Outside Directors made me aware of different views in regard to particular situations, and there have been instances in which they have functioned as a type of “insurance” of sorts for the views and opinions of Management. The Outside Directors have drawn attention to things which are unlikely to be focused upon by internal Directors, and they prevent us from becoming entrapped by our own ways of thinking. Additionally, providing explanations to Outside Directors forces us to review things in an unbiased manner as we must engage in discussions with them from a point where we lack a common understanding in regard to the topic at hand. An example of assistance we received was the introduction of a company named Forval Corporation (“Forval”) by Mr. Higa. Forval supports small- and medium-sized enterprises (SMEs) in expanding their business overseas. His advice led to the creation of a business model where Shinsei Bank provides financing to the SMEs supported by Forval, and Forval provides business support to companies entering markets in Southeast Asia¹. This is an exciting initiative with strong potential for further development in the future, and is an example of being able to leverage Mr. Higa’s network as an entrepreneur to accelerate the growth of the Bank.

¹ Forval and Shinsei Bank entered a business partnership to support the expansion of SMEs’ businesses into the ASEAN markets. Support for expansion into ASEAN commenced in April 2014.



Higa In the future I hope to be able to contribute even more through such business matching activities and support initiatives that will lead to the improvement of corporate value by offering a different perspective due to the fact I am not directly involved in the Japanese banking business itself.

Takamiya Shinsei Bank’s Board meetings have a high average participation rate of 98%. Please tell us about the atmosphere of the discussions from the perspectives of the Outside Directors and of the Management.

Higa The meetings provide more than sufficient time for us to engage at length in various discussions and in an atmosphere which encourages all Outside Board Members to speak frankly and freely. As the career backgrounds of the Outside Board Members are quite diverse; we are able to ask questions from our own perspective regardless of our specific knowledge of the banking business without hesitation. I believe that in many ways, we have already been implementing the spirit of the Corporate Governance Code even prior to its drafting.

Toma The Board meetings are attended by four Outside Directors, two internal Directors who also serve as Executive Officers, one Audit & Supervisory Board Member (Full-time), and two External Auditors. (Note: As of June 17, 2015, there are a total of

5 Outside Directors) In addition, the Board meetings are attended by the Group Head of each business line. Since the observations of the Outside Directors extend across a broad range of matters, during lengthy meetings, it’s challenging for the Management in that regard. At the time I assumed the presidency there were major concerns regarding risk, and the focus of discussions was investigating the cause of individual cases of deals going bad, whereas now the focus has shifted to the risk policies of the Bank. By exhaustively responding to all the issues identified by the Outside Directors, the Management is able to organize their thoughts and at times see things in a different light, which is all very useful.

Takamiya Speaking of risk, which is an extremely important topic for financial institutions, Mr. Kudo, have you had any experiences of receiving valuable advice from the Outside Directors whilst in your role as Chief Risk Officer of the Bank?

Kudo In the first two years of Mr. Toma’s presidency, the disposal of so-called legacy assets was a major issue, and in the process of explaining the progress in doing so to the Board of Directors, we also discussed how this issue would be perceived from external stakeholders including investors. Now that the disposal of nonperforming loans is largely complete, I feel we are having more opportunities to explain our policies of assuming new risk in new business areas. The Outside Directors contribute views that are different and unlikely to be raised from within the Bank.

Takamiya The idea of a risk appetite framework has been brought up recently in discussions regarding regulations including Basel, and a cornerstone of governance is its requirement that the Board of Directors assume the functions of avoiding inadvisable risk-taking while on the other hand proactively encouraging the Bank to undertake advisable risk



the differentiation of and growth of the Bank's business. On the other hand, I also believe that our overseas banking and product development still have many issues.

Toma Strengths and weaknesses are tied together. For example, we are a small-sized bank, which is a very big advantage in a rapidly changing world in that we can engage in new areas, products, and services very quickly. On the other hand, we also have issues, one being public funds and the other being risk taking. The risk taking issue is related to how to discern whether the business to which we are considering extending credit to will grow to be an industry, product or service pioneer. In order to do this, we need to be capable in evaluating the trends, regulations and technologies of the industry itself. In such cases the game is not the lending of a million yen because the collateral is worth a million yen. Industry, product, and service pioneers, although small, will grow and enlarge the market itself as they globalize, magnifying the returns of their successes. We are instilling such a vision in the Bank in order to develop an edge over our competitors through our day to day businesses and through training.

Kudo Our intention is not to equally provide universal services to everyone in the world, but to narrow down the

and businesses the Bank is engaged in. Mr. Toma and Mr. Kudo, have you had the experience of being encouraged by the Outside Directors?

Toma Rather than discussing the risks one can or cannot take in specific deals, it is important to consider the criteria for determining whether certain risks can or cannot be taken from the aspect of the nature of the risks and what kind of Bank we aim to be. Additionally, there are risks that should be taken even if it was deemed unacceptable in the past, as well as risks that should not be taken even if we have taken them in the past. Japanese commercial banks need to foster a sound risk-taking culture by carefully considering such issues. Furthermore, it is important they instill a sound risk-taking culture amongst their employees. An example of sound risk-taking evaluation criteria is our traffic light project. In this project, for cyclical market businesses including real estate, we first determine whether the market situation is a "green," "red," or "yellow" state, and based upon the assessment we decide whether to accelerate or decelerate the initiatives of the business before connecting the assessment to individual initiatives, enabling sound risk taking.

Kudo Taking risk and promoting business are two sides of the same coin.

The Board naturally engaged in discussions about proactively taking risk in particular areas, and such discussions are absolutely necessary.

Takamiya As an Outside Director, what do you think is best to represent Shinsei Bank's strategic strengths to shareholders and investors? Conversely, what are the issues for Shinsei Bank?

Higa A differentiated strategy is crucial in the intensely competitive banking industry. An example of Shinsei Bank's strength is that it started internet banking earlier than any other banks and is perceived as a pioneer, and I believe that it should be working to strengthen this perception. I believe that "big data" and "analytics" can be used in the front office to contribute to



issues and needs of the world in our own way, construct the pillars of several businesses, and astutely leverage our strengths in doing so. Take as an example the structured finance business, which I use to be in charge of, where we have provided financing by utilizing cash flow financing and asset financing, evaluating the value of specific deals from a different perspective from plain vanilla corporate financing. This method can be used in many business areas, and even project financing, which had difficulty gaining traction in Japan, is now rapidly spreading in the area of renewable energy, and I believe that we were in a way the trailblazers for this in Japan.

Another example may be the Bank's retail and consumer finance businesses, which, while started from different paths, I believe we can develop into something more interesting if we better harness their potential synergies. We do not need a revolutionary idea to do this, as there are almost certainly parts of our retail and consumer related businesses, which many people consider important, where we should be able further refine our undertakings and utilize of our strengths. While the incorporation of specific strategies into the Third Medium-Term Management Plan ("MTMP") will come at a later stage, through repeated discussions, I would like us to be able to create several main pillars that can transform our weaknesses into strengths.

Takamiya Mr. Higa, is there any advice you can give regarding what needs to be done by both Shinsei Bank as a corporate organization as well as its individual employees, so that Shinsei Bank can continue to be a trailblazer?

Higa I believe that Shinsei Bank needs a structure that enables global banking operations. The Board always discusses what it is that Shinsei Bank can do which mega banks cannot. The greatest chance would be to ride the wave of globalization. Additionally, the



foundation to do so is already in place at Shinsei Bank, as simultaneous interpretation of Japanese and English is provided for all Board of Directors meetings, and all documents are also available in both languages, which enables non-Japanese Outside Directors to participate in the discussions without difficulty allowing for diversity as the Board level.

Takamiya An extremely important issue in corporate governance is changing Management. Please tell us about the role the Board played in the transition in presidency from Mr. Toma to Mr. Kudo.

Toma The Board examined a number of internal and external candidates in the given timeframe, taking into account the current situation of the Bank, and unanimously selected the best person for the job out of the potential candidates. I personally feel that the Board had smooth discussions and that my position is being taken over by a strong successor.

Higa The Board engaged in extensive discussions, and while there were differing opinions in the beginning, a consensus started to develop as discussions amongst the Directors progressed, ultimately leading to the selection of Mr. Kudo as Mr. Toma's successor. It was the first time I participated in a debate for this kind of succession, but I can say that our

discussions in examining the internal and external candidates were exhaustive. A consensus was reached not because we were drawn to a particular person's opinion, but by sharing the views held by each member of the Board, and I believe that we have ensured the accountability and transparency that was required.

Takamiya Mr. Kudo, now that you will be assuming the responsibility of Management, what is the function you would wish for such a reliable but strict Board to perform?

Kudo I believe that the Bank's Board has very advanced governance in place in that its discussions revolve around the Outside Directors. Additionally, as none of the Outside Directors have a background in Japanese commercial banks, they possess diverse views and perspectives, many of which I find to be deeply insightful. Mr. Higa, for instance, is highly sensitive to reputational risks (risks in general related to the reputation of the company) due to his experience in business which maintains direct contact with individual customers. Although one of the Board's functions is to monitor the execution of business, the functions of Shinsei Bank's Board goes beyond that and engages in diverse discussions including providing constructive

advice for the improvement of corporate value. There is great value in introducing new viewpoints in Management, and I look forward to the Board continuing that function.

Higa Shinsei Bank is headed in a good direction in many aspects. What is important from here is to develop further growth strategies.

Toma Some of the many initiatives we engaged in are beginning to take shape, while some are not. I hope that the Bank will consider these successes and failures once more and move forward as we look at those initiatives as it decides upon its future strategy. FY2015 is the final year of the Second MTMP, and as the Third MTMP will start in FY2016, these plans will become the pillars of the Bank. I hope that the plans developed will be able to fully reflect the values of the Bank. Mr. Kudo is 15 years younger than I am, so I expect he will be able to assume his role with great enthusiasm and vigor. As for the Board, I expect the Outside Directors to continue to unhesitatingly point out any issues to him.

Takamiya The message I pick up from my discussions with investors about Shinsei Bank is that your balance sheet is much improved, revenues are considerably more stable, and the issue now is building sustainable

revenue drivers in the extremely competitive Japanese financial industry. In what direction does the new Management wish to drive Shinsei Bank?

Kudo What we plan to do, based upon a thorough understanding of our management resources, strengths and weaknesses, and the Bank's current situation, is to identify where the world's needs exist and where the potential for our growth is, as well as the key areas in which we can fully establish our presence. As Mr. Toma has just said, we have engaged in many areas through trial and error, and since we now know that some will materialize and while others may not, we will narrow them down to re-allocate our management resources. By doing so, the market will better understand the distinct role of our Bank. With respect to the Board, I believe the Management will be confronted with extremely tough discussions, although I consider these will contribute to the Bank positively. I would even say that it is due to such discussions that we are able to develop interesting ideas, and I therefore would like the Outside Directors to fully express anything they believe to be of importance, not only in regular Board meetings, but at any opportunity, so that we can incorporate new insights in our management.



INTRODUCTION OF OUR DIRECTORS AND EXECUTIVES

REPRESENTATIVE DIRECTORS



Hideyuki Kudo
Representative Director,
President

Newly-appointed

- Jun. 2015 Representative Director, President, Shinsei Bank, Limited (Current)
- Apr. 2015 Managing Executive Officer, Shinsei Bank, Limited
- Apr. 2013 Managing Executive Officer, Chief Risk Officer, Head of Risk Management Group, Shinsei Bank, Limited
- Apr. 2011 Managing Executive Officer, Head of Structured Finance Sub-Group, Shinsei Bank, Limited
- Sep. 2010 Managing Executive Officer, Deputy Head of Institutional Group, Shinsei Bank, Limited
- Jun. 2007 Managing Director, Investments Division, Aetos Japan, LLC
- Jan. 2007 Vice Chairman, MID Urban Development Co., Ltd.
- Jun. 2006 Representative Director, President, MID Urban Development Co., Ltd.
- May 2005 Managing Director, Aetos Japan, LLC
- Aug. 2003 Director, Acquisition Group, Aetos Japan, LLC
- May 2001 General Manager, Advisory Department No.II, Investment Banking Division, Mizuho Securities Co., Ltd.
- Apr. 1987 Joined The Dai-Ichi Kangyo Bank, Ltd. (Predecessor of Mizuho Bank, Ltd.)



Yukio Nakamura
Representative Director,
Deputy President

Attendance rate: 100%

- Apr. 2015 Representative Director, Deputy President, Shinsei Bank, Limited (Current)
- Apr. 2013 Representative Director, Deputy President, Chief of Staff, Head of Corporate Staff Group, Shinsei Bank, Limited
- Jun. 2010 Representative Director, Senior Managing Executive Officer, Chief Risk Officer, Head of Risk Management Group, Shinsei Bank, Limited
- Oct. 2009 Managing Executive Officer, Executive Head of Institutional Business Sub-Group, Shinsei Bank, Limited
- Jun. 2008 Statutory Executive Officer, Executive Head of Institutional Business Sub-Group, Shinsei Bank, Limited
- Apr. 2007 General Manager, Risk Management Planning and Policy Division, Portfolio and Risk Management Division, Operational Risk Management Division, Shinsei Bank, Limited
- Oct. 2000 General Manager, Risk Management Planning and Policy Division, Portfolio and Risk Management Division, Shinsei Bank, Limited
- Apr. 1978 Joined The Long-Term Credit Bank of Japan, Ltd. (Predecessor of Shinsei Bank, Limited)

(Note) The attendance rate shows the attendance rate of the Board of Directors meetings held after the Annual General Meeting in the fiscal year 2014 (nine meetings in total).

OUTSIDE DIRECTORS

Financial Highlights

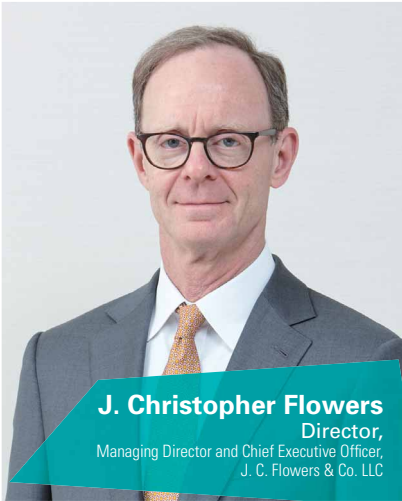
Message from the Management

Special Features
Introduction of Our Directors and Executives

Review of Operations

Management Structure

Data Section



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

I am Shinsei Bank's longest-serving board member, having joined the Board when Shinsei was formed in 2000. Over this time period, there have been many changes to Shinsei's Board and corporate governance. I believe that currently Shinsei's Board of Directors and Audit & Supervisory Board members are functioning the best that they ever have, working cohesively and effectively on many topics and issues over the last year. This includes especially the selection of Kudo-san as Toma-san's successor as President.

I believe that our Board and Audit & Supervisory Board Members are dedicated to the highest standards of proper corporate governance, including transparency and effectiveness.

As we look to 2015 and beyond, we are determined to serve all stakeholders of Shinsei well, including customers, employees and shareholders. Shinsei made a partial repayment of public funds in 2006. We are focused on repayment of remaining public funds as a top priority.

Reasons for Nomination

Reflect in the Bank's management his experience and expertise in the financial service industry as a whole

Attendance rate: 100%

May 2012 Member of the Supervisory Board, NIBC Holding N.V. (Current)
Sep. 2008 Chairman and Director, Flowers National Bank (Current)
Aug. 2007 Member of the Advisory Board, The Kessler Group (Current)
Nov. 2002 Managing Director and Chief Executive Officer, J.C. Flowers & Co. LLC (Current)
Mar. 2000 Director, Shinsei Bank, Limited (Current)
Dec. 1988 Partner, Goldman, Sachs & Co.
Mar. 1979 Joined Goldman, Sachs & Co.



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

I believe that my role as an Outside Board Member is to firstly, make sure that Shinsei Bank's management is in compliance with the various governance issues and regulations, as banking is a regulated industry. The Bank also has a social responsibility to its customers to make sure that they are properly protected, which we need to monitor, as well. We must also represent the interests of the shareholders by ensuring that Shinsei Bank's management is achieving its stated budgets and enhances shareholders' value to the best that it can, despite today's difficult economic and competitive environment. Finally, to the degree possible, I endeavor to bring a different perspective to the management, leveraging my non-banking experience in the consumer retail industry, which might also have applications in banking. I look forward to working with management as an Outside Board Member to further enhance the future direction and growth of Shinsei Bank.

Reasons for Nomination

Reflect in the Bank's management his experience and deep insight of business for consumers

Attendance rate: 100%

Apr. 2015 Chairman, President & Chief Executive Officer, Higa Industries Co., Ltd. (Current)
Jun. 2013 Director, Shinsei Bank, Limited (Current)
Mar. 2011 Chief Executive Officer, Wendy's Japan (Current)
Jun. 2010 Director, JC Comsa Corporation (Current)
Feb. 2010 Chairman and Chief Executive Officer, Higa Industries Co., Ltd.
May 2009 Board of Overseers, Columbia Business School (Current)
Apr. 2008 Board Member, The Tokyo New Business Conference (Current)
Apr. 1983 President and Chief Executive Officer, Higa Industries Co., Ltd.
Apr. 1976 Joined Higa Industries Co., Ltd.



Shigeru Kani
Director,

Former Director, Administration Department,
The Bank of Japan, Specially Appointed Professor,
Yokohama College of Commerce

Reasons for Nomination

Reflect in the Bank's management his expertise in the risk management area and his extensive knowledge concerning banking operations

Attendance rate: 100%

Our role as Outside Directors is to support the Bank's executives from various areas throughout the Bank to achieve its sustainable and stable growth. More specifically, our foremost duty is to monitor that the Bank's businesses are executed in line with its basic strategy from legality and propriety perspectives. While the Bank's executive officers work on generating profits in their day to day business, we need to carefully monitor whether the Bank is generating profits in a sustainable manner and whether the risks it assumes are appropriate, in order for the Bank to attain steady results. The role of Outside Directors, however, is not limited to monitoring from such a defensive perspective. It is also important for Outside Directors to provide executive officers with their opinions, advice and, if necessary, a supportive push, concerning the development of the Bank's management strategy and the decision-making and implementation of important matters, in order to enhance the Bank's earning power. I will perform my duties as an Outside Director to contribute to the Bank's sustainable, stable growth based on a good offensive-defensive balance.

All Shinsei Bank officers and employees are performing their duties with a strong sense of urgency. We would very much appreciate the continued support of our stakeholders.

- Apr. 2014 Specially Appointed Professor, Yokohama College of Commerce (Current)
- Apr. 2006 Professor, Yokohama College of Commerce
- Jun. 2004 Director, Shinsei Bank, Limited (Current)
- Apr. 2002 Advisor, NEC Corporation
- May 1999 Executive Managing Director, Tokyo Stock Exchange, Inc.
- May 1996 Director, Administration Department, The Bank of Japan
- May 1992 Executive Auditor and Senior Advisor to the Chairman,
The Tokyo International Financial Futures Exchange (Predecessor of Tokyo Financial Exchange Inc.)
- Apr. 1966 Joined The Bank of Japan



Jun Makihara
Director,

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

Reasons for Nomination

Reflect in the Bank's management his extensive knowledge of finance and his domestic and international experience

Attendance rate: 100%

I am honored to serve as one of your representatives on the board of Shinsei Bank. As you know, the bank has a unique history among Japanese banks, having gone through a bankruptcy and revival with support from public funds and foreign capital. We have also been subject to the adversities faced by all financial institutions brought about by the worldwide financial crisis.

Over the past 5 years, under the leadership of President Toma, the bank has repaired its balance sheet and achieved significant profitability. The stock price has more than quadrupled from its low. Going forward, President Kudo's task will be to build on this base, focusing on areas of competitive advantage, so we can achieve our goal to repay the remaining public funds and, at the same time, start to generate meaningful cash returns for our other shareholders.

The board's role is to support and offer advice in this endeavor. We will work hard to earn the trust you have placed in us.

- Sep. 2014 Director, Philip Morris International Inc. (Current)
- Jun. 2011 Director, Shinsei Bank, Limited (Current)
- Jun. 2006 Director, Monex Group, Inc. (Current)
- Jul. 2000 Chairman of the Board, Neoteny Co., Ltd.
- Nov. 1996 Co-Branch Manager, Goldman Sachs Japan, Ltd.
- Nov. 1992 Partner, Goldman, Sachs & Co.
- Sep. 1981 Joined Goldman, Sachs & Co.



Ryuichi Tomimura
Director,
Executive Vice President, Director, SIGMAXYZ Inc.

Reasons for Nomination

Reflect in the Bank's management his extensive experience and wide range of knowledge including information systems as a management executive and a consultant.

Newly-appointed

I participated in the management of Shinsei Bank as an Audit & Supervisory Board Member in the last fiscal year, and will do so as a Director starting this fiscal year. During this time, the revision to the Companies Act and the establishment of Japan's Corporate Governance Code were announced. This has further enlarged the roles that outside Directors play in society and has led our stakeholders to place more focus upon, as well as have greater expectations of, outside Directors, and has also had a sobering effect on me.

I share the Bank's idea of achieving growth through its unique functions. Making use of my many years of experience in the business consulting industry, I hope to support Shinsei Bank in taking on the challenge of "enhancing its consulting capabilities."

I will endeavor to fulfill my duties in order to improve the Bank's corporate value and maintain highly sound business management as desired by all our stakeholders.

- Jun. 2015 Director, Shinsei Bank, Limited (Current)
- Jun. 2014 Audit & Supervisory Board Member, Shinsei Bank, Limited
- Aug. 2012 Director, Plan-Do-See Inc. (Current)
- Apr. 2010 Executive Vice President, Director, SIGMAXYZ Inc. (Current)
- Dec. 2007 Representative Director, Managing Director, RHJ International Japan, Inc.
- Feb. 2004 Representative Director, Senior Executive Vice President, JAPAN TELECOM CO., LTD (Predecessor of Softbank Mobile Corp.)
- Oct. 2002 Managing Director, IBM Business Consulting Service KK
Vice President, IBM Corporation, Business Consulting Service, Asia Pacific
- Jan. 1994 Managing Partner, Pricewaterhouse Consultant
- Oct. 1991 General Manager, Network Integration Division, Recruit Co. Ltd. (Predecessor of Recruit Holdings Co., Ltd.)
- Oct. 1983 Joined IBM Japan, Ltd.

AUDIT & SUPERVISORY BOARD MEMBERS



Shinya Nagata
Audit & Supervisory
Board Member

Reasons for Nomination

Reflect in the Bank's audit operations his long years of business experience in the areas of finance and accounting at Shinsei Bank

Attendance rate: 100%

I believe that the ultimate goal of corporate governance is to help companies to deliver added value to their customers and to society in order to achieve healthy and sustained growth, thereby increasing the value of their existence for all the stakeholders including their shareholders.

As a full-time Audit & Supervisory Board Member, I will endeavor to constantly maintain an awareness of the situation of the entire Shinsei Bank Group and contribute to the further improvement of its high-quality governance structure by continually auditing and supervising business execution.

The role of Audit & Supervisory Board Members is sometimes likened to that of the brakes on a car. I hope to fulfil my responsibilities by becoming an excellent brake so that the Bank's management can press down the accelerator without worry.

The recent trend in society as evidenced by the Revised Companies Act and the adoption of Japan's Corporate Governance Code demands that Audit & Supervisory Board Members provide an added value on top of our original functions. I will endeavor to further improve my abilities to satisfy this demand.

- Jun. 2012 Audit & Supervisory Board Member, Shinsei Bank, Limited (Current)
- Oct. 2010 Executive Officer, General Manager, Financial and Regulatory Accounting Division, Shinsei Bank, Limited
- Sep. 2010 Executive Officer, General Manager, Group Regulatory Accounting and Tax Division, General Manager, Group Financial Accounting Division, Shinsei Bank, Limited
- Jun. 2010 General Manager, Group Regulatory Accounting and Tax Division, General Manager, Group Financial Accounting Division, Shinsei Bank, Limited
- Sep. 2009 General Manager, Group Regulatory Accounting and Tax Division, Shinsei Bank, Limited
- Apr. 2009 General Manager, Group Regulatory Accounting and Tax Division, General Manager, Group Financial Accounting Division, Shinsei Bank, Limited
- Oct. 2006 General Manager, Group Regulatory Accounting and Tax Division, General Manager, Group Financial Projects Division, Shinsei Bank, Limited
- Dec. 2001 General Manager, Financial and Regulatory Accounting Division, Shinsei Bank, Limited
- Apr. 1981 Joined The Long-Term Credit Bank of Japan, Ltd. (Predecessor of Shinsei Bank, Limited)



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 regarding corporate governance based on experience as an Audit & Supervisory Board Member at a listed company.

Newly-appointed

I was appointed as an Audit & Supervisory Board Member in fiscal year 2015, and I am very excited now. When I was first approached about becoming an Audit & Supervisory Board Member of Shinsei Bank, I thought Shinsei Bank was a foreign bank. This was because there were many non-Japanese nationals among its Board members and employees. The Bank also has a female Audit & Supervisory Board Member. This is what we recently call "diversity." Shinsei Bank arguably pioneers in diversity.

The Bank's fiscal year 2014 Annual Report states that one of its strategies to differentiate itself from other banks is to increase its number of individual core customers from the current 2.5 million to 5 million. I hope that the Bank will achieve this goal to ensure its continued growth. Furthermore, from the perspective of governance, Shinsei Bank has as many as five Outside Directors who monitor its business management. Shinsei Bank is a "company with an Audit & Supervisory Board," and is ahead of its peers in terms of governance. As an Outside Audit & Supervisory Board Member who is part of the Bank's governance structure, I will closely monitor business execution by Directors and the operation of the Board of Directors and provide my opinions on behalf of the Bank's stakeholders.

Jun. 2015 Audit & Supervisory Board Member, Shinsei Bank, Limited (Current)
Jun. 2014 Audit & Supervisory Board Member, Business Brain Showa-Ota Inc. (Current)
May 2011 Audit & Supervisory Board Member, Ryohin Keikaku Co., Ltd.
Jun. 2010 Audit & Supervisory Board Member (full time), Business Brain Showa-Ota Inc.
Aug. 2008 Board of Councilors and Global Advisory Council, Ernst & Young ShinNihon LLC
May 2000 Executive Director, Ernst & Young ShinNihon (Predecessor of Ernst & Young ShinNihon LLC)
May 1991 Senior Partner, Showa Ota & Co. (Predecessor of Ernst & Young ShinNihon LLC)
Jul. 1977 Peat Marwick Mitchell (Predecessor of KPMG) LA office
Apr. 1974 Joined Showa Audit Corporation (Predecessor of Ernst & Young ShinNihon LLC)
Apr. 1971 Joined Arthur Andersen LLP



Kozue Shiga
Audit & Supervisory
Board Member
Lawyer

Reasons for Nomination

Reflect in the Bank's audit operations her expertise and extensive experience as a lawyer.

Attendance rate: 100%

Up until recently, "Can someone who has suddenly become an executive from outside a company really understand what is going on within it?" was a commonly asked question.

When I was appointed as an Outside Audit & Supervisory Board Member of Shinsei Bank, I had to hastily learn the Bank's history, as well as the jargons and abbreviations used in the financial industry. I was exactly like a new recruit. However, outside executives differ from new recruits in that they have knowledge and experience in their area of expertise developed over a long period of time.

Relying on this background, I seize various opportunities to ask direct questions and make recommendations that can only come from an outsider who has a different perspective as I am not very familiar with the industry. Each time I do so, I endeavor to remind myself that I am representing all of our stakeholders.

I will continue closely monitoring the Bank in the coming year so that our stakeholders will be able to support the Bank with peace of mind.

Jun. 2015 Director, Tokushu Tokai Paper Co., Ltd. (Current)
Jun. 2015 Director, Ricoh Leasing Company, Ltd. (Current)
Jun. 2010 Audit & Supervisory Board Member, Shinsei Bank, Limited (Current)
Sep. 2009 Director, Toyoko Inn Co., Ltd. (Current)
Oct. 2005 Partner, Shiraiishi & Partners (Current)
Jun. 2002 Partner, Son Sogo Law Office
Aug. 1999 Established Shiga Law Office
Apr. 1998 Registered Daiichi Tokyo Bar Association
Apr. 1993 Prosecutor, Yokohama District Public Prosecutors' Office
Nov. 1967 Joined Japan Airlines Corporation

Aspirations of Shinsei Bank

Unique

Delivering new value and perspectives to the world

A Four-Way Approach to Providing Peace of Mind and Supporting the Families of our Customers

PowerSmart Home Mortgage

Since January 2014 Shinsei Bank has been offering the *Shinsei Bank PowerSmart Home Mortgage Anshin Pack W* (hereinafter, "Anshin Pack W"), a housing loan product that includes a package of services to meet social welfare needs created by Japan's shift to nuclear family households and the diversification of customers' lifestyles. These services are provided to customers through coupons entitling them to receive sick child care and housekeeping services from service providers designated by the Bank.

An unprecedented type of housing loan, the Bank has engaged in innovative efforts at both the planning and marketing stages of *Anshin Pack W*. Product planning was based on a clear new product concept that seeks to support "the entry of women into the workforce and working married couples" as well as "child-rearing households in which both parents continue to work but have difficulty receiving support from government programs," and under such concepts, the Bank in the planning stage resolved a number of challenges, including the creation of a new product scheme, coordination with service providers, and the development of a new administrative system. Marketing this new type of loan product required making proposals based on the customer's family situation. For example, customers facing the temporal, physical and emotional challenges of child-rearing, we appealed to the ability to take a relaxing holiday now and then by taking advantage of coupons for housekeeping service as many as four times a year, or once each season of the year, for 10 years (in the case of a loan amount that provides the customer with 40 coupons). In the case of working couples whose job demands may make it difficult to respond to a child's sudden illness, we appealed to the comfort and peace of mind provided by the sick child support service, which can be used as many as 15 times (based on a loan amount that



provides 30 coupons, with two coupons required for one day's service) when they cannot take time off of work to take care of their sick child. Additionally, since the launch of this unique housing loan, we have continued our efforts to make it even more attractive by diversifying the types of services for which the coupons can be exchanged and by expanding the geographical areas in which services are available.

Due to such efforts, *Anshin Pack W* has become popular with customers primarily in urban areas, and from April 2015, the services available through this unique housing loan product were enhanced by the addition of the "TOKYU Group Plan," made available through a business alliance with the Tokyu Corporation and its group companies. In addition, the unique qualities of *Anshin Pack W* were recognized when the product received the 2014 Nikkei Superior Products and Services Awards' Nikkei Veritas Award for Excellence.

The housing loan business environment has remained highly competitive, but Shinsei Bank continues to develop new high value-added products that stand out from the services offered by its competitors. Shinsei Bank will continue to deliver unique services and products to customers by responding to changes in the environment surrounding its customers and their lifestyles.

A new Lake for the new you

Shinsei Bank Card Loan—Lake

From October 2011, Shinsei Bank has been offering unsecured personal loans under the Shinsei Bank Card Loan—Lake brand. The Bank took over a part of its consolidated subsidiary Shinsei Financial's unsecured personal loan business, acquiring the Lake brand and its unmanned outlets, automated contract machines, and Card Loan Lake—dedicated ATMs in the process, through which the Bank became directly involved in the unsecured personal loan business.

Since 2011, the Bank has consistently communicated with customers regarding the Lake brand, emphasizing the “ease of use and convenience” of the brand, which proved to be effective to some extent. However, Lake faces an increasingly competitive environment following the expansion of card loan functions by competing card loan companies, the full-scale entry into the card loan business by Japan's megabanks, and the entry into the business space by companies from non-financial sectors, such as retail companies.

In response, Shinsei Bank launched a new brand concept in February 2015 after re-examining Lake's market position and customers' perspectives of the brand. The

new brand concept—“A new Lake for the new you”—expresses the idea that Lake is adapting to the needs of its users, whose lifestyles and reasons for using the services of Lake are becoming more diverse. The new brand concept reflects the intention of the Lake business to listen to the voice of its customers to better grasp their needs so that it can come up with new measures and ideas that enable it to continue to deliver value to its customers. At the same time, we will further enhance Lake's functional value, including the provision of fee-free usage of partner companies' ATMs, a service unique to Lake. By combining the Lake brand's emotional and practical values, we hope to foster the creation of a new brand image that will attract new customers to the brand, while also making existing customers aware of the many uses of Lake.

Through these efforts, Shinsei Bank aims to respond more smoothly and flexibly to individual customers' needs for retail lending services that conventional banks have not been able to fully meet and contribute to the establishment of a healthy consumer finance market as a retail bank.

あなたらしくを、新しく。






自分なりの生活スタイル。自分なりの考え方。
 さまざまなご事情があり、それぞれの“らしさ”がそこにあります。
 そんな一人ひとりの“らしさ”を私たちレイクは大事にしています。
 お客様が何を求め、どうありたいと願っているか。
 私たちはお客様の声に真摯に耳を傾けて、
 “らしさ”の実現をお手伝いをしていきたいと思ひます。

そのなかで実践していること。

- 「いつも笑顔でお迎えし、気兼ねなくお問い合わせいただける雰囲気づくり」
- 「ご要望に対して迅速に、柔軟に対応する姿勢」
- 「お利息負担を考慮した商品ラインナップ」
- 「手数料がかからず、コンビニATMで利用できるネットワーク」
- 「借りやすいだけでなく、返しやすい。スマートフォンを活用した利便性」

日々、変化していくニーズに常に応え、新しい価値をご提供すること
 お客様にとって便利で、安心できる、頼りになる、
 そんなカードローンであるために、私たちレイクは心を尽くしてまいります。





Aspirations of Shinsei Bank

Growing

The “Venture Banking Initiative” —The New Banking “Ideal” Pursued by Shinsei Bank

The Venture Banking Initiative (VBI) is a key initiative initially implemented in the First Medium-Term Management Plan (MTMP) and continued in the Second MTMP. The VBI itself is indicative of the core values Shinsei Bank aspires to uphold as it strives to fulfill what it believes to be its fundamental role as a bank today and in the future. Below, we present two interviews with customers as examples of our VBI.

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“We found a bank capable of flexibly supporting a venture firm”

Toru Tokushige
CEO, Terra Motors Corporation

Tokushige Terra Motors is engaged in the manufacture and sale of two- and three-wheeled electric vehicles (EVs) in overseas markets. Our target market of Southeast Asia has undergone rapid economic growth accompanied by the proliferation of gasoline-powered vehicles, which has led to increasingly serious air pollution, and the region therefore has a great need for EVs. Terra Motors wants to be a part of the solution for this social problem in Southeast Asian countries by supplying EVs utilizing Japan’s superior technologies and stimulating innovation in the Asian EV market. In our startup stage, Shinsei Bank provided essential support, not in the form of bank loans but through

direct investment in our company. Shinsei evaluated us not just on our corporate philosophy and business, but also took the trouble to visit our factories in Vietnam and the Philippines. Unlike more conventional banks, the Bank has responded flexibly to our needs and situation.

Ishikawa Here at Shinsei, we were impressed by Terra Motor’s corporate philosophy and business model and thought that the company aligned perfectly with our VBI vision. The opportunity to help improve the environment in Southeast Asian countries and to support the global expansion of a venture company possessing superior Japanese technologies was a major factor in our decision to invest in Terra Motors.

Tokushige Shinsei Bank’s investment in our company helped to increase our credibility, enabling us to attract venture capital from overseas investors as well as Japanese investors. The raising of capital enabled us to conduct market research and product development as well as secure staff and sales channels, all essential for building our business. It also enabled us to deepen our understanding of the regulatory environment in the countries we operate in, thereby increasing the probability of success of our business.

Ishikawa Shinsei Bank is keen to support companies like Terra Motors, which may be small but have big ambitions, such as building large markets for their products by taking them global.

Tokushige Our business model is one that will require greater amounts of capital as we grow. I think that helped make us an attractive investment for Shinsei. As our relationship grows over time, we should be able to gauge our business risks with greater precision, and I hope we will be able to enjoy additional financing when the timing is right.

Ishikawa Indeed, our decision to invest in Terra Motors took into consideration the company’s business plans and the various opportunities to supply funds in the future, including for the construction of overseas plants. We look forward to supporting Terra Motor’s future growth. We also look forward to provide the Shinsei Bank Group’s wide range of financial tools, such as those offered by APLUS and Showa Leasing, to support the company’s overseas activities.

Tokushige Banks play an extremely important role in an industry’s development, and I expect that Shinsei Bank will nurture the growth of many Japanese venture companies in the years ahead.



Takao Ishikawa
Business Incubation Department,
Shinsei Bank

Yamamoto Our company started in 1993 as an electrical works subcontractor in the construction industry. Today, we are a business that is part of the “Smart Energy Community” engaged primarily in the solar power generation business, where we managed and provide electricity we generate supplemented with some power acquired from external solar power generation enterprises (Independent Power Producers, or IPPs) to our customers. Our relationship with Shinsei Bank dates back to 2012, when the Bank proposed a financing solution for the startup of a geothermal power generation project. At that time, the Bank inquired our intent to enter the solar power generation business, and following serious deliberations, we decided to focus our energies on solar power generation, which has a rather short development period.

Morita (Shinsei Bank) Back in 2012, Shinsei Bank had just started to get involved in project financing for solar power generation, and we had just approved our first loan for a solar power project. Our project financing proposal to Koyo Electric centered on a trust scheme in which Shinsei Trust & Banking serves as the project’s main operating entity. As this was the first time for a trust bank to play such a role in a financing scheme in Japan, we understood that the deal would be extremely challenging for the Shinsei Bank Group.

“We hope to see Shinsei become the Bank that many SMEs look to first”

Yoshihiro Yamamoto
President & CEO, Koyo Electric Co., Ltd.



Yanase (Shinsei Trust & Banking) The Koyo Electric project financing is the first power generation project deal which Shinsei Trust & Banking became involved in. We are constantly considering how we can use our position as a trust bank to contribute to society, and we therefore were ready to get involved as a trustee for a power generation project in renewable energy initiatives. The timing was perfect when Shinsei Bank came to us with this project, and we jumped at the opportunity to participate.

Yamamoto The scheduled liberalization of Japan’s retail electric power market in 2016 presents venture firms with a major opportunity to produce electricity locally

for local consumption and create smart energy communities. However, to seize this opportunity, venture companies we need to procure financing from outside sources. Financial institutions therefore have a major role to play in assisting such businesses.

Hosoda (Shinsei Bank) Here at Shinsei Bank, we already had a keen interest in geothermal power projects and have been undertaking related studies, and similar to this solar power initiative, we look forward to working with Koyo to develop new projects.

Morita Our work with Koyo Electric is representative of the philosophy underlying our Venture Banking Initiative, under which we are striving to be a bank that will take on the challenge of putting together new financing schemes with the pioneering spirit of a venture firm. We look forward to contributing to the development of renewable energy projects in Japan as well as to the promotion of the nation’s overall energy policy.

Yamamoto All of us at Koyo Electric expect to see the Shinsei Bank Group develop into the financial institution that many SMEs look to first to meet their financing needs.



Tomonori Morita
Project Finance Department,
Shinsei Bank



Tetsuya Hosoda
Osaka Corporate Banking
Business Division,
Shinsei Bank



Shinya Yanase
Marketing and Execution,
Shinsei Trust & Banking Co., Ltd.

Aspirations of Shinsei Bank

Speed and Action

The Market Leader in Foreign Currency Products and Services —A Value Creation Chain that Leverages the Strengths of the Entire Shinsei Bank Group—

Foreign currencies received from the customers of Shinsei Bank changes forms multiple times into different products and services as it passes through its “lifecycle.” The following value creation chain illustrates the manner in which the funds received from customers transforms into the various unique foreign currency products and services offered by Shinsei Bank which ultimately delivers to its customers the additional value they seek from their foreign currencies.

Benefiting from the Management of Risk

The management of foreign currency related risk in Shinsei Bank

Foreign Currency Funding

Supporting corporate customers' foreign currency needs

Hedging of Exchange Rate Risk

Supporting our customers in hedging risk



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Receiving Returns

Increasing the Value of Our Customers' Assets



USD

(US Dollar)



Deposits

Fulfilling customers' foreign currency management needs



TRL

(Turkish Lira)



CNY

(Chinese Yuan)



NOK

(Norwegian Krone)



Utilization of Foreign Currencies

Improving customer convenience in using foreign currencies



ZAR

(South African Rand)



SGD

(Singapore Dollar)



Asset Managing

Fulfilling customers' foreign currency management needs



Deposits



Asset Managing

Depositing foreign currencies

—Fulfilling customers' foreign currency management needs

Shinsei Bank provides a variety of foreign currency deposit products to meet the needs of its customers, primarily individual customers.

- **Shinsei Bank's extensive offering of foreign currency products:**

Upon entering the retail banking business in 2001, Shinsei Bank has offered foreign currency deposits through its comprehensive retail account, PowerFlex. The Bank currently offers foreign currency deposits in 13 currencies (USD, EUR, CAD, AUD, NZD, GBP, HKD, SGD, ZAR, NOK, CNY, TRY, BRL), and transactions in all 13 currencies are available immediately after a customer opens a PowerFlex account. Additionally, as part of its foreign currency time deposit offerings, the Bank offers two-week maturity foreign currency time deposits, a "sample foreign currency plan" (a one month foreign currency time deposit), and cumulative foreign currency savings deposits.

- **Convenient foreign exchange services with reasonable fees:**

The Bank's customers are able to conduct currency transactions, including yen to foreign currencies and vice versa, 24 hours a day, 365 days a year by telephone or online, enabling them to secure rates close to actual market rates. Additionally, in order to enable our customers to flexibly conduct foreign currency transactions in reaction to changes in market conditions, in October of 2014 the Bank reduced its fees on foreign currency transactions for five major currencies, including the US dollar, by as much as 77.5%. For example, Shinsei Platinum customers now pay only ¥0.07 for a one way U.S. dollar transaction as opposed to ¥0.25 before October of 2014. Through such changes, Shinsei Bank is making it easier for its customers to engage in foreign currency deposit transactions.

Through such measures, the Bank is enhancing the quality of product offerings and increasing the services available to enable its customers to smoothly conduct transactions in a diverse offering of foreign currency investment products.

Furthermore, leveraging the financial product brokerage services of the Shinsei Bank Group Company Shinsei Securities, the Bank is working to support the efforts of regional financial institutions to meet the foreign currency investment needs of their clients by helping the regional financial institutions expand their offerings of foreign currency products through initiatives such as making available green bonds (bonds issued by the World Bank's International Finance Corporation (IFC) in support of projects dealing with climate change) to our regional bank affiliates and their customers.



Utilization of Foreign Currencies

Using foreign currencies

—Improving customer convenience in using foreign currencies

Shinsei Bank customers' use of foreign currencies overseas is both expanding and diversifying, including overseas travel for pleasure, business, and studying abroad. To meet these growing needs, the Bank seeks to provide its customers highly convenient foreign currency functions.

- Shinsei Bank's PowerFlex cash cards come with an "International Cashing Service" function that enables cardholders to withdraw local currencies from more than 2.3 million ATMs operated by Visa Worldwide in countries around the world. In addition, the cards come with several security measures, such as enabling users to change withdrawal limits before going abroad.

- The Shinsei Bank Group has made the decision to enter the prepaid credit card business in the first half of fiscal year 2015, and through APLUS Co., Ltd., a subsidiary of Group Company APLUS FINANCIAL Co., Ltd., will begin issuing "Overseas Prepaid Card GAICA," a new prepaid card for use overseas, and plans to combine the use of the "Flex Functions" of Shinsei PowerFlex accounts together with GAICA. Users can pre-charge their GAICA cards in Japanese yen and then use the credit cards to pay for purchases in more than 200 countries and territories overseas. By adding the Flex Function to their cards, users will also be able to charge their credit cards directly from their PowerFlex foreign currency deposits. The combination of APLUS's expertise in the credit card and settlement businesses with the Bank's foreign currency products and services provides customers with a new method for using foreign currencies and further enhances the convenience of our foreign currency services.

Going forward, Shinsei Bank will continue to leverage Group synergies to enhance its foreign currency product offerings and services, already one of the Bank's core strengths.

Foreign Currency Funding

Provision of foreign currency funding

—supporting corporate customers' foreign currency needs

The Bank is engaged in a wide variety of measures to enable it to rapidly supply insitutional customers with foreign currency funds necessary for existing operations or new expansions overseas.

- The Bank is an active participant in many overseas project financing initiatives, primarily in the Asia-Pacific region and in Europe. Leveraging its network of Japanese sponsor companies and local arrangers as well as its highly specialized cash flow financing techniques, the Bank has provided financing for a wide range of projects overseas, including power generation projects, resource energy development projects, and infrastructure development projects. A prime example is a major North Sea floating wind power generation project. The Bank has also contributed to a fund that invests in mid-sized companies in the ASEAN region, in line with the Bank's plans to support cooperation between leading local companies in the ASEAN region and Japanese corporations active in the region.

Through efforts such as those described above and by providing various forms of advice that increase customers access to financing, the Bank helps its customers carry out smooth and timely financings.

Hedging of Exchange Rate Risk

Hedging foreign exchange risk

—supporting our customers in hedging risk

In addition to meeting customers' needs for foreign currency financial products, the Bank is also actively engaged in providing solutions to foreign exchange risk. Our activities range from developing hedging instruments that incorporate derivative financial products to supporting customers' asset management of foreign currencies by providing information via seminars on foreign currency topics and the transmission of market information to our customers.

Benefiting from the Management of Risk

Managing risk

—the management of foreign currency related risk in Shinsei Bank

The Bank performs various functions to control foreign currency related risks. These include (1) asset liability management (ALM) through the monitoring of the balance of individual customers' foreign currency deposits and foreign currencies lent to corporate customers in order to control foreign currency interest and liquidity risks, (2) screening and monitoring of individual investments and (3) managing foreign currency liquidity risk. These various functions and capabilities of the Bank create the foundation of a value creation chain that links together our customers' foreign currency positions with the Bank.

This value creation chain centered on foreign currency starts with the provision of the value-added solutions available from the Shinsei Bank Group to meet customer needs for funding and investing in foreign currencies, thereby assisting in the enhancement of value for customers, which in turn increases Shinsei's own corporate value and the value of the Group's presence in the market.

SUMMARY OF MAJOR EVENTS

Year	Month	Event	
2000	March	Launched as an innovative Japanese bank under new management and new ownership	
	June	Changed name from The Long-Term Credit Bank of Japan, Limited (LTCB), to Shinsei Bank, Limited	
	2001	May	Commenced operations of Shinsei Securities Co., Ltd.
		April	Commenced operations of Shinsei Investment Management Co., Ltd.
	2004	February	Listed the Bank's common shares on the First Section of the Tokyo Stock Exchange
		April	Converted the Bank's long-term credit bank charter to an ordinary bank charter
		May	Achieved one million retail accounts
		September	Acquired a controlling interest in APLUS Co., Ltd.
	2005	March	Acquired a controlling interest in Showa Leasing Co., Ltd.
		May	Commenced operations of Shinsei International Limited
2006	July	Commenced resolution of public funds	
2007	April	Achieved two million retail accounts	
	December	Acquired a controlling interest in SHINKI Co., Ltd.	
2008	January	Reached a mutual agreement with Seven Bank, Ltd. to share sales channels and develop products and services together	
	February	Completed a tender offer bid for the Bank's common shares and a third-party allotment of new common shares of the Bank to the investor group led by J.C. Flowers & Co. LLC and affiliates	
	September	Acquired GE Consumer Finance Co., Ltd. (Changed company name to Shinsei Financial Co., Ltd. on April 1, 2009)	
2009	January	Launched <i>Shinsei Step Up Program</i>	
	March	Concluded tender offer for the shares of common stock of SHINKI Co., Ltd.	
	June	Opened first Shinsei Consulting Spots Launched <i>Two Weeks Maturity Deposit</i>	
2010	June	Moved to a "Company with Board of Statutory Auditors" board model	
	November	Announced business alliance with YES BANK LIMITED in Japan-India cross-border M&A business	
2011	January	Commenced operations at new head office (Nihonbashi Muromachi)	
	March	Issued new shares through international common share offering	
	September	Assisted The Daito Bank, Ltd. in arranging its first syndicated loan	
	October	Commenced unsecured personal card loan service under the Lake brand	
2012	March	Established VBI Promotion Division in the Institutional Group	
	April	Added "Shinsei APLUS Gold Card" and "Shinsei APLUS Card" to credit card line-up	
	July	Established venture fund targeting mobile entertainment companies with gumi Inc.	
	September	Balance of <i>PowerSmart</i> Home Mortgages exceeded one trillion yen	
	October	Invested in "Fukushima Growth Industry Development Fund" Issued Fourth Series of Unsecured Callable Subordinated Bonds	
2013	November	Provided nonrecourse loan for construction of lodgings for post-earthquake reconstruction workers in Miyagi Prefecture	
	January	Participated in establishment of "Tokutei Mokuteki Gaiisha Healthcare Infra Fund Kobe," which is privately placed real estate fund for individual investors where healthcare facilities constitute the underlying investment assets	
2013	March	Started <i>Go Remit Overseas Remittance Service</i>	
	April	Stopped issuing long-term credit debentures (public sales issues) and long-term credit debentures for workers' property accumulation (<i>Zaikai issue</i>) Established "Femto Growth Capital Investment Business Limited Liability Partnership" to invest in and provide support to early-stage companies in Japan's Internet sector	
	May	Provided nonrecourse loan for special purpose company set up by Singapore-based Healthway Medical Development to purchase healthcare facilities in Japan	
2013	May	Issued unsecured callable subordinated bonds to retail investors in Japan	
	June	Changed Shinsei Step Up Program to further improve convenience for the Shinsei Bank Group's unsecured card loan and credit card customers Formed a business alliance with Culture Convenience Club Co., Ltd. to award T Points to users of Shinsei Bank's financial services	
2013	July	Formed Shinsei Principal Investments Group	
	August	Relocated the Osaka Branch in order to enhance business functions	
2013	October	Invested in Private Finance Initiative Promotion of Japan (public-private infrastructure fund) Entered ATM partnerships with "VIEW ALTTE" ATM, operated by East Japan Railway Company, and major convenience store chains such as LAWSON and FamilyMart	
	December	Issued Sixth Series of Unsecured Callable Subordinated Bonds to Retail Investors	
2014	January	Launched " <i>PowerSmart</i> Home Mortgage Anshin Pack W"	
	February	Arranged project finance for mega solar business in Kokonoemachi, Kusu-gun, Oita Prefecture Commenced smartphone banking services through Shinsei <i>PowerDirect</i> Reached agreement to conclude the indemnity for losses on interest repayment with GE Japan Corporation	
2014	March	Concluded a business alliance agreement concerning business development support for small- and medium-sized enterprises entering into countries belonging to the Association of Southeast Asian Nations (ASEAN) with Forval Corporation Entered into business alliance with Military Commercial Joint-Stock Bank, a major private commercial bank in Vietnam	
	April	Extended new line of credit to wind power plant operation project in Sakata, Yamagata Prefecture Arranged project finance for mega solar projects in seven locations in Japan utilizing trust schemes Established Japan Senior Living Partners Co., Ltd., a REIT asset management company aimed at founding a healthcare REIT	
2014	May	Launched NISA Plus, an investment trust application program	
2014	July	Issued terms for First Series of Unsecured Corporate Bonds (with Inter-Bond Pari Passu Clause) Arranged project finance for mega solar projects in Nasushiobara-shi, Tochigi Prefecture Arranged project finance for mega solar projects in Atsuma-cho, Hokkaido	
	September	Arranged project finance for mega solar projects in Hikari-shi, Yamaguchi Prefecture	
2014	October	Arranged project finance for a mega solar plant in Kawasaki-machi, Tagawa-gun, Fukuoka Prefecture	
	December	Issued Second Series of Unsecured Corporate Bonds (with Inter-Bond Pari-Passu Clause)	
2015	January	" <i>PowerSmart</i> Home Mortgage Loan Anshin Pack W" awarded the Nikkei Veritas Award in "2014 Nikkei Superior Products and Services Awards" Arranged project finance for a mega solar project in Mukawa-cho, Hokkaido Entered a business alliance with RHB Bank Berhad, a commercial bank in Malaysia	
	February	Made an equity investment in the "Kansai Science City ATR-Venture NVCC Investment Partnership" Shinsei Bank's Annual Report 2014 awarded an award for Excellence in the "17th Nikkei Annual Report Awards"	
2015	March	Participated as a strategic investor in "AIGF," an ASEAN region focused private equity fund Arranged a syndicated loan for a wood biomass power generation business in Akita-shi, Akita Prefecture Arranged project finance for a mega solar project in Himeji-shi, Hyogo Prefecture	
	April	Added the "TOKYU Group Plan" as part of " <i>PowerSmart</i> Home Mortgage Anshin Pack W" services, increasing the services available to customers Expanded T Point Program for comprehensive <i>PowerFlex</i> account customers Nippon Wealth Limited, a Restricted Licence Bank acquired a banking business license from the Hong Kong Monetary Authority	
2015	May	Shinsei Property Finance entered business alliances with Tokyu Livable and Tokyu Housing Lease Corporation to offer housing loans to overseas investors Japan Senior Living Partners Co., Ltd. established a REIT investment company specializing in healthcare facilities	

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