

Review of Operations

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AT A GLANCE

Segment Data

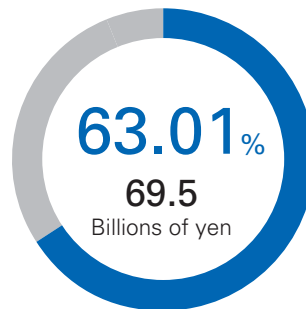
INDIVIDUAL GROUP

Major Business

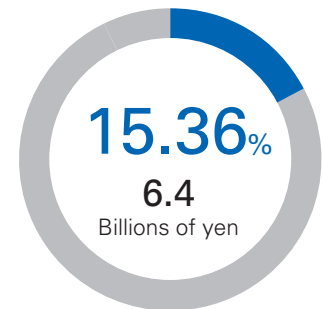
- Retail Banking
 - Deposit related products (saving deposits, time deposits, structured deposits, foreign currency deposits)
 - Asset management (consultation, mutual funds, annuity products)
 - Housing loans
- Consumer Finance
 - Unsecured personal loans (Shinsei Bank, Shinsei Financial, SHINKI)
 - Installment sales credit, settlement, credit cards (PLUS FINANCIAL)
 - Credit Guarantees (Shinsei Financial, PLUS FINANCIAL)

Contribution¹

Total Revenue



Ordinary Business Profit after Net Credit Costs



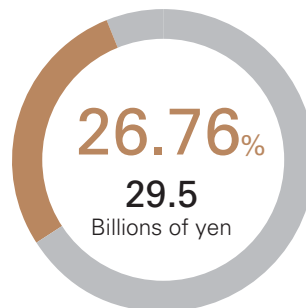
INSTITUTIONAL GROUP

Major Business

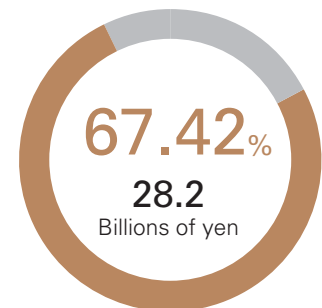
- Corporate, Financial Institutions & Public Sector Finance
- Healthcare Finance
- Real Estate Finance
- Specialty Finance
- Corporate Restructuring
- Credit Trading
- Private Equity
- Advisory Services
- Leasing (Showa Leasing)
- Trust operations (Shinsei Trust & Banking)

Contribution¹

Total Revenue



Ordinary Business Profit after Net Credit Costs



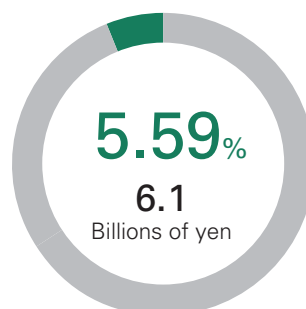
GLOBAL MARKETS GROUP

Major Business

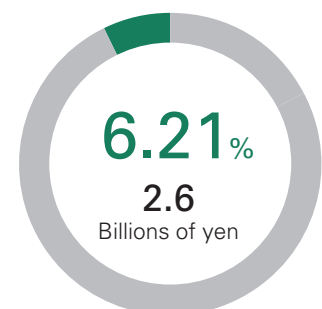
- Markets
- Asset Management
- Wealth Management
- Securitization (Shinsei Securities)

Contribution¹

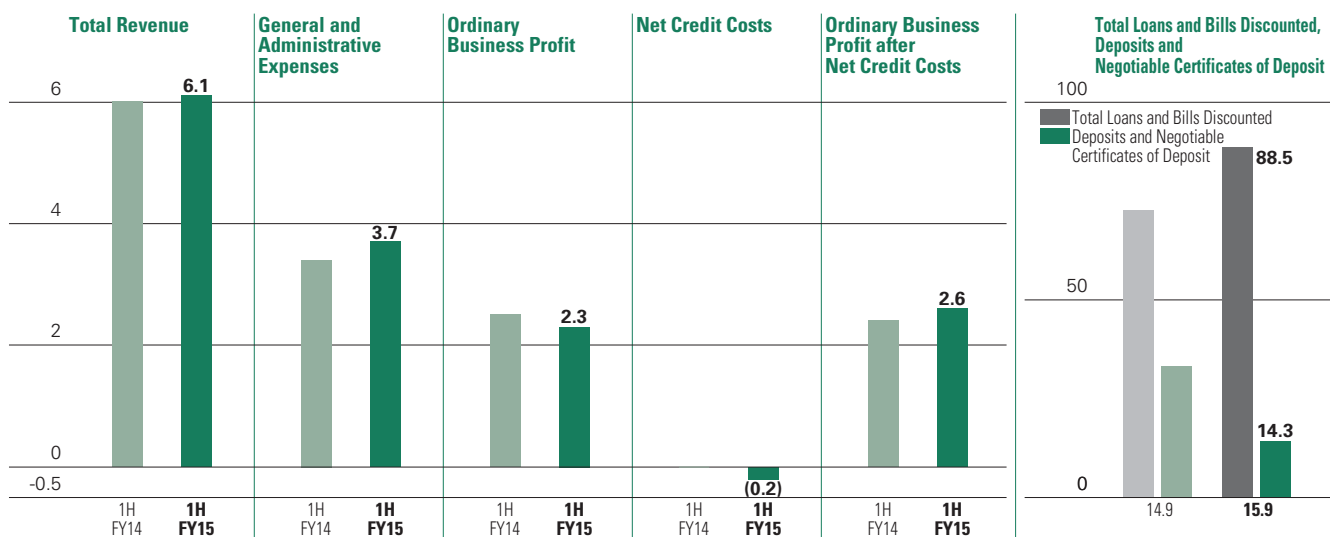
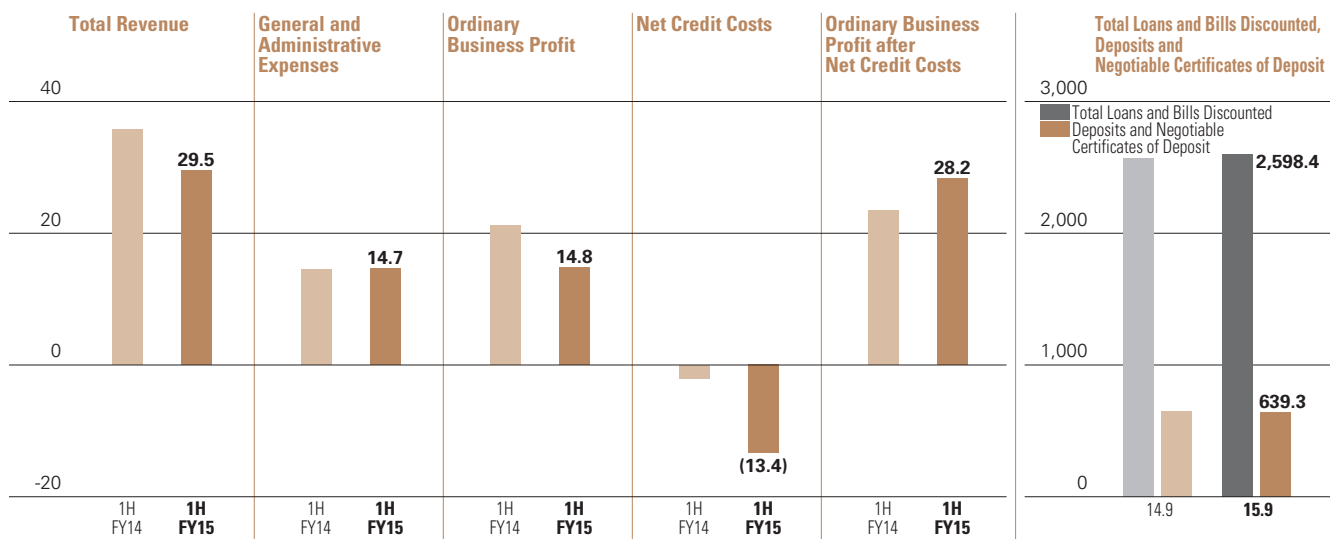
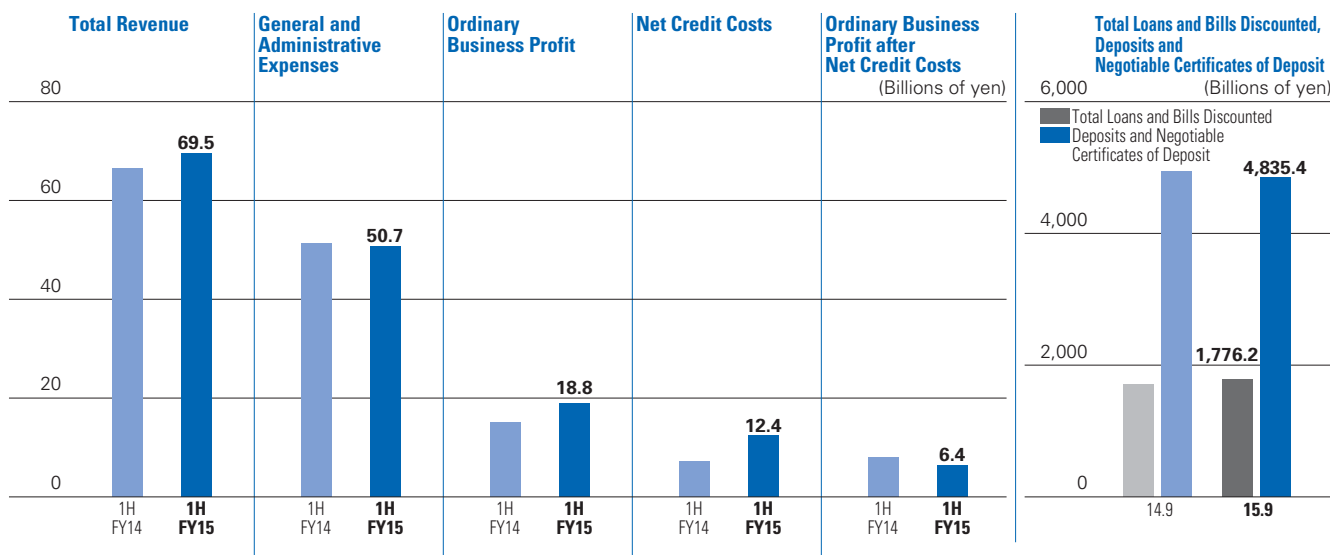
Total Revenue



Ordinary Business Profit after Net Credit Costs



¹ The percentage figures do not add up to 100% due to the contribution of Corporate/Other.



Explanations of Major Businesses

Financial Highlights

Message from the Management

Overview of the Second Medium-Term Management Plan (MTMP)

Review of Operations At a Glance

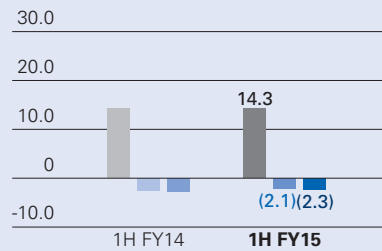
Management Structure

Data Section

INDIVIDUAL GROUP

Retail Banking

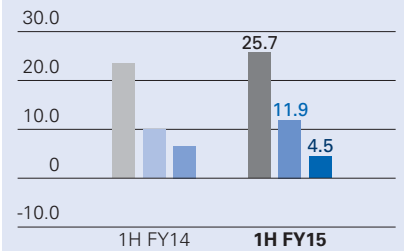
Financial products and services for individual customers, such as yen/foreign currency deposits, structured deposits, mutual funds, brokerage service through an alliance partner, life/casualty insurance through alliance partners, and housing loans



(Billions of yen)
 ■ Revenue
 ■ Ordinary Business Profit (Loss)
 ■ OBP (Loss) after Net Credit Costs

Shinsei Financial and Shinsei Bank Card Loan—Lake

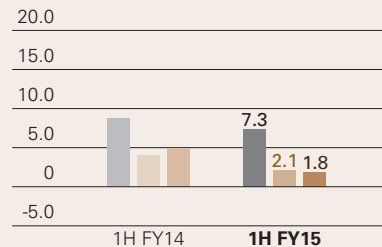
Unsecured personal loan business and credit guarantee services (Shinsei Financial and *Shinsei Bank Card Loan—Lake*)



INSTITUTIONAL GROUP

Institutional Business

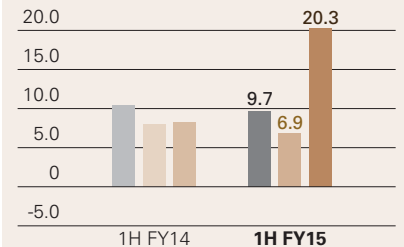
Financial products and services for corporate, financial institutions and public sector customers (including healthcare finance and advisory services)



(Billions of yen)
 ■ Revenue
 ■ Ordinary Business Profit (Loss)
 ■ OBP (Loss) after Net Credit Costs

Structured Finance

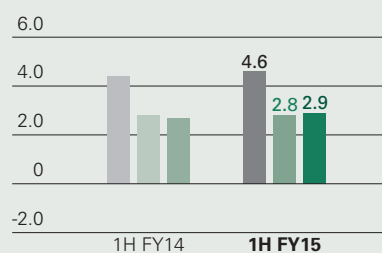
Specialty finance business including real estate finance, M&A related finance and project finance, as well as corporate restructuring and trust business



GLOBAL MARKETS GROUP

Markets

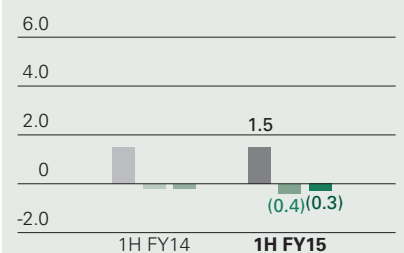
Foreign currency exchange, derivatives, equity, alternative investments, and other capital markets business



(Billions of yen)
 ■ Revenue
 ■ Ordinary Business Profit (Loss)
 ■ OBP (Loss) after Net Credit Costs

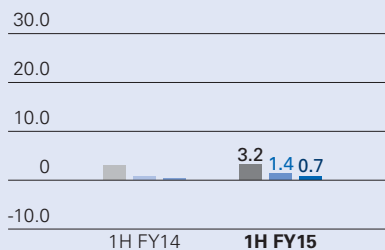
Other Businesses

Shinsei Securities, asset management, and wealth management business



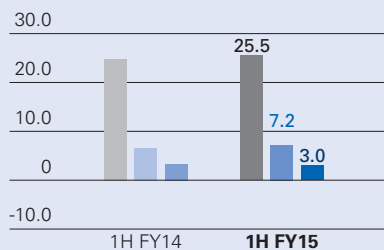
SHINKI

Unsecured personal loan business—brand name “NO LOAN”



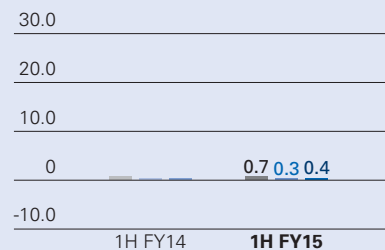
APLUS FINANCIAL

Installment sales credit, credit cards, credit guarantee services, loans, and settlement services



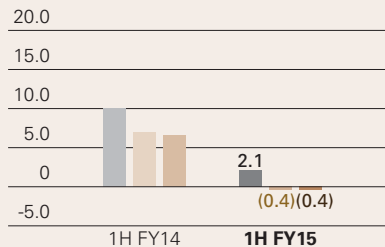
Other Businesses

Consumer Finance Sub-Group and Shinsei Property Finance which is engaged in real estate collateral finance



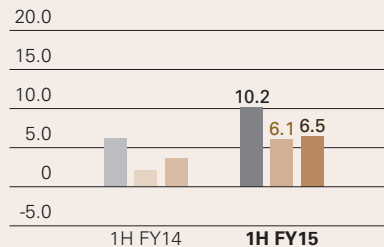
Principal Transactions

Credit trading—the business of trading various monetary claims—, private equity, asset-backed investment and other products and services for corporate customers



Showa Leasing

Leasing services for information equipment, industrial machinery, and machine tools as well as finance services such as installment sales credit



INDIVIDUAL GROUP

The Individual Group is comprised of: (1) Shinsei Bank's retail banking business, which handles deposits, investment trusts, insurance, housing loans, unsecured personal loans issued under the *Shinsei Bank Card Loan—Lake* brand, (2) Shinsei Financial Co., Ltd., which engages in the unsecured personal loan and credit guarantee businesses, (3) SHINKI Co., Ltd., (4) APLUS FINANCIAL Co., Ltd., which is engaged mainly in the credit card business and the installment sales credit business, and (5) Shinsei Property Finance Co., Ltd., which engages in real estate collateralized finance.

Key Developments in the First Half of Fiscal Year 2015

The Individual Group's focus in fiscal year 2015, the final year of the Second Medium-Term Management Plan ("Second MTMP"), is on "Expanding the customer base and enhancing profit-generating capabilities." To achieve these goals, the Bank is endeavoring to strengthen the Shinsei brand, raise consumer awareness of the Bank and increase opportunities for cross-selling. In the first half of fiscal year 2015, these efforts focused on integrating the strengths and functions of the Bank with those of Group companies in order to enhance Group wide capabilities in foreign currency-related business and the consumer finance business.

Strengthening of Marketing Activities

In *Shinsei Bank Card Loan—Lake*, the Bank has further increased its efforts from the last year which included the introduction of a new smartphone app along with a new brand concept and image characters. Specifically, the Bank has engaged in a campaign offering T-Points to customers who opened new online accounts and with advertising campaigns which seek to build both emotional value, through a new brand tagline of "A new Lake for the new you!", and functional value, through the advertising of customers' ability to utilize alliance partner ATMs free of charge.

In August 2015, the Bank transferred and consolidated the head office functions of six Group companies in order to facilitate the sharing of best practices amongst the Bank's subsidiaries.

Enhancing Customer Service

In the housing loan business, we continued to receive favorable customer feedback for our "*Shinsei Bank PowerSmart Home Mortgage Anshin Pack W*" ("Anshin Pack W"), especially customers in urban areas. The product's appeal was further enhanced in April 2015, through the addition of the TOKYU Group Plan, a package of after-school, cultural school and home security services made available through a business tie-up with the Tokyu Corporation and its group companies.

In regard to asset management products, by cooperating with Shinsei Investment Management, we enhanced our investment trust product lineup by introducing the "Shinsei World Wrap Fund" (a wrap fund available in options which stress either "stability" or "growth"), and expanded our unique investment trust offerings by offering bonds in series, such as

the "Shinsei Kenjin no Saihai" series of bond funds, which target asset growth over the longer term by investing in a diverse range of bonds from around the world. In addition, we promoted Nikkei Stock Average and foreign-currency linked structured bonds via a tie-up with Shinsei Securities.

We also strengthened our foreign-currency products and services in July 2015 when APLUS Co., Ltd. ("APLUS"), began issuing the "Overseas Prepaid Card GAICA," marking Shinsei Bank's full-fledged entry into the overseas prepaid card business. Furthermore, by linking the cards through the "Flex Function" available from a Shinsei PowerFlex bank account, the Bank has further enhanced the convenience of the card for customers. Users can pre-charge their GAICA cards using Japanese yen and then use them in more than 200 countries and territories overseas. By adding the Flex Function to their cards, users are also able to charge their cards directly from their PowerFlex foreign-currency deposits. The combination of APLUS' 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 and services, to further establish its position as a market leader in foreign currency products and services.

In the overseas business, the Bank established Nippon Wealth Limited, a Restricted Licence Bank (NWB), a joint venture specializing in investment management services for individuals in Hong Kong, which was licensed by the Hong Kong Monetary Authority as a restricted licence bank and also received Type 1 and Type 4 securities licenses. NWB initiated full scale business operations in October 2015.

Business Performance in the First Half of Fiscal Year 2015

In the first half of fiscal year 2015, the Individual Group posted total revenue of ¥69.5 billion, expenses of ¥50.7 billion and net credit costs of ¥12.4 billion. As a result, ordinary business profit after net credit costs came to ¥6.4 billion. Total revenues increased from the first half of fiscal year 2014 due to the growth of the loan balance at Shinsei Bank Card Loan Lake, increases in operating assets of APLUS FINANCIAL's credit card and installment sales credit businesses and strong sales of investment products in the retail banking business.

INSTITUTIONAL GROUP

The Institutional Group is comprised of: 1) the Institutional Business that provides private and public sector corporate customers, including financial institutions, with loans, other corporate financial services, and financial products and solutions; 2) structured finance for real estate and other projects; 3) the Principal Investments that operates the credit trading and private equity businesses; 4) Showa Leasing, which is engaged in the leasing business; and 5) Shinsei Trust & Banking, which is engaged in the trust business.

Key Developments in the First Half of Fiscal Year 2015

In fiscal year 2015, the final year of the Second Medium-Term Management Plan ("Second MTMP"), the Institutional Group has continued to leverage the functions of various Shinsei Group companies, the Group's customer base, and its relations with regional financial institutions to further strengthen capabilities in strategic focus areas as well as areas of our expertise in order to build a business foundation that will support sustained growth in the future.

Developments in Strategic Focus Areas

In the area of healthcare finance, Japan Senior Living Partners Co., Ltd., a healthcare REIT management company in which the Bank invested, listed its investment corporation, Japan Senior Living Investment Corporation, on the Tokyo Stock Exchange's market for real estate investment trusts in July 2015.

In the renewable energy field, the Bank has continued efforts from the previous fiscal year to establish and develop a domestic project finance market for renewable energy projects through collaboration with regional financial institutions to provide financing for a range of renewable energy projects, including mega solar power generation, wind power generation and wood biomass power generation projects. In April 2015, the Bank joined with a regional financial institution to provide project financing for a mega solar power plant project in Hyogo Prefecture. Going forward, the Bank will utilize its knowledge, analytical abilities and financial structuring capabilities of projects that utilize cash flows as collateral to flexibly and quickly create financing schemes for renewable energy projects.

Institutional Business and Financial Institutions Business

In the institutional business, the Bank has continued to expand its core customer base and build transaction-based relations from a long-term perspective. Our efforts include enhancing our marketing approach by utilizing customer segmentation that focuses on customer growth prospects and profitability in order to increase transaction volume per customer, as well as deepening customer relationship through the cross-selling of the Bank's other products and services.

In April 2015, the Bank undertook an organizational restructuring in order to enable an integrated operation of the Bank's institutional and financial institutions businesses. Through this restructuring the Bank looks to strengthen its solution proposal capabilities and enhance the efficiency of its operations, enabling the Bank to more aggressively promote business expansion through collaborations with financial institutions customers, most of which are regional financial institutions.

Real Estate Finance

Amid a favorable domestic real estate market environment, the real estate finance business continued its efforts to identify and participate in highly attractive new real estate projects. In May 2015, the Bank acquired a real estate nonrecourse loan portfolio valued at about ¥65

billion (face value) from GE Japan Corporation. This acquisition was made possible by the Bank's highly specialized knowledge and ability to respond quickly and flexibly in the real estate finance field. Going forward, the Bank will continue to seek out deals taking into consideration the overall condition of the real estate market in addition to the risk-return prospects of each individual project.

Principle Investments (PI)

Leveraging the platform provided by the Bank's subsidiary, the "Shinsei Principal Investments Group" (Shinsei PI Group), the Bank has continued from the previous fiscal year to support corporate customers seeking to exit from noncore businesses and provide solutions for long-term fixed claims, while also helping venture firms increase their investment value by supporting their business growth. In July 2015, the Business Succession Finance Division was established in order to strengthen the Bank's ability to use its extensive capabilities to meet business succession and transference needs that are expected to increase steadily as a result of Japan's aging society. In October 2015, the Shinsei PI Group was named a winner of the Porter Prize, an award operated by Hitotsubashi University's Graduate School of International Corporate Strategy and awarded to companies in recognition of having achieved and maintained superior profitability through the implementation of unique, outstanding business strategies. The Shinsei PI Group was recognized for providing a wide range of support services with a long term perspective for small and medium-sized companies ("SMEs") in the Tokyo metropolitan area that cover the enterprise life cycle, from startup to business revitalization phases, and for the optimal human resources management structure that enables the Shinsei PI Group to provide the unique services that have clearly differentiated it from its competitors.

Leasing

Showa Leasing Co., Ltd., continued to provide solutions for corporate customers, in addition to its main business focus of arranging leases for industrial machinery, machine tools and other essential equipment, primarily to middle-market companies and SMEs, by strengthening its collaboration with the Bank, the subsidiary is providing solutions which leverage its unique strengths and areas of specialization such as the buying and selling of used equipment, providing loan guarantees backed by movable property collateral, and arranging financing to promote the acquisition of environmentally sound products and renewable energy related equipment.

Business Performance in the First Half of Fiscal Year 2015

In the first half of fiscal year 2015, the Institutional Group recorded total revenue of ¥29.5 billion, expenses of ¥14.7 billion, and net credit recoveries of ¥13.4 billion. As a result, ordinary business profit after net credit costs totaled ¥28.2 billion. The net credit recoveries were the result of the reversal of reserves for loan losses due to progress made in the disposal of some major nonperforming loans.

GLOBAL MARKETS GROUP

The Global Markets Group is comprised of: 1) the Markets Sub-Group that engages in foreign exchange, derivatives and other capital markets operations, 2) the Asset Management Sub-Group that engages in the asset management business, including provision of investment trusts, and a wealth management business that provides financial products and services to high net-worth individuals and 3) Shinsei Securities, a securities company engaged in securitizations and the securities brokerage business.

Key Developments in the First Half of Fiscal Year 2015

In fiscal year 2015, the final year of the Second Medium-Term Management Plan ("Second MTMP"), the Global Markets Group is endeavoring to enhance and strengthen its market solutions capabilities as well as its product offerings and services. In the first half of fiscal year 2015, the Group's efforts focused on building a stable yet differentiated business base that will facilitate sustainable growth by leveraging the unique capabilities of the Shinsei Bank Group to provide products and services that generate added value to its customers.

Markets Sub-Group

The Markets Sub-Group, through ongoing efforts to attract new customers and deepen relationships with existing customers by strengthening its solutions-oriented marketing structure, and especially due to the continuing increase of derivatives transactions that meet corporate customers' needs to hedge against foreign currencies and interest rates from the last fiscal year, has seen an expansion of its customer base.

Working closely together, our sales team and traders were able to react to market movements in order to provide order made solutions that met the diverse needs of our customers. As a result, markets-related revenue has increased steadily. Falling interest rates, tightening credit spreads, and rapidly changing markets made for a difficult operating environment. However, we continued efforts to build a stable earnings base through initiatives such as upgrading our systems in order to enhance marketing to corporate and individual customers, reviewing and expanding our offered products and services, expanding the number of foreign currencies offered and setting up a 24-hour trading system in order to enhance our role as a specialist in markets-related transactions and to enable us to provide finely-tuned solutions that meet the diverse needs of our customers in a timely manner.

Asset Management Sub-Group

The Asset Management Sub-Group has focused on responding to customer needs for investment trust products by expanding its product lineup and Nippon Individual Savings Accounts (NISA). We strengthened our product offerings for individual customers by introducing the "Shinsei World Wrap Fund" (a wrap fund available in options which stress either "stability" or

"growth"), and expanding our unique investment trust offerings by offering bonds in series, such as the "Shinsei Kenjin no Saihai" series of bond funds, which target asset growth over the longer term by investing in a diverse range of bonds from around the world. These new products have been received favorably during a rather uncertain period for the stock market. We also continued to focus on the creation and sales of privately placed investment trusts in tune with market trends and special investment needs of financial institutions and high-net-worth individuals.

Shinsei Securities

Shinsei Securities continued its efforts to provide optimal solutions to customers by leveraging its accumulated technologies and expertise to expand its securitization business to overseas markets and other business domains in addition to developing a diverse range of structured finance products. The company is also expanding and solidifying its business base by, for example, serving as lead underwriter for the July 2015 bond issuance by the Japan Housing Finance Agency. In its securities brokerage business through which the Bank sells bonds to individual investors, the Bank engaged in efforts to create a lineup of products in tune with market trends and investor needs, increased its operational efficiency through the upgrading of its infrastructure, including the installation of a new sales support/management system as well as further increased efforts to provide products to regional financial institutions.

It should be noted, that in order to improve operational efficiency and to strengthen our business development and solution proposal capabilities in collaboration with regional financial institutions, the Financial Institutions Sub-Group was integrated into the Institutional Business Sub-Group of the Institutional Group in April 2015.

Business Performance in the First Half of Fiscal Year 2015

In the first half of fiscal year 2015, the Global Markets Group posted total revenue of ¥6.1 billion, primarily due to a firm performance in the markets related transactions, especially derivative transactions, expenses of ¥3.7 billion, and net credit recoveries of ¥0.2 billion. As a result, ordinary business profit after net credit costs was ¥2.6 billion.

Status of Regional Revitalization and SME Management Improvement Initiatives

To improve the management of Small- and Medium-sized Enterprises (“SMEs”) and contribute to regional revitalization, Shinsei Bank is engaging in initiatives such as those described below, providing our expertise and, depending upon the initiative, cooperating with local financial institutions and the SME Business Rehabilitation Support Cooperative. In addition to supporting SMEs and local businesses that have promising technologies or business models, the Bank is promoting the development of new business areas and businesses that contribute to the revitalization of regional economies. The Bank’s efforts focus on providing multifaceted management solutions that satisfy not only funding need, with an emphasis on cash flow financing, but also needs for such services as business strategy planning and implementation support. Through such efforts, the Bank aims to expand the scope of its business with growing SMEs and contribute to the development of new innovative businesses.

Examples of Shinsei Bank Initiatives

- **Supporting regional revitalization through cooperation with regional financial institutions**

SME engaged in industrial waste disposal: Shinsei Bank cooperated with a partner regional financial institution to support an enterprise seeking to develop a wood biomass power generation business utilizing unused timber in a part of Japan rich in man-made forest resources. Together with the region’s leading regional financial institution, we served as the lead arranger of a syndicated loan for the project, and by sharing risks with the project company and providing financing schemes centered on the project’s cash flow generation, Shinsei Bank enabled the project company to raise the funds needed to turn its plans into a viable business. The initiative is significant not just as a project that contributes to revitalization of the region’s forestry industry and other related industries but also because the financing has found support from a number of local regional financial institutions as well as getting a boost from the local prefecture’s “Furusato (hometown) loan” program.

- **Supporting companies in their growth stages**

Construction and civil engineering company in the Tohoku region: After completing civil rehabilitation procedures, this company’s challenge was to rebuild relationships with financial institutions to secure funding capacity for future business expansion. Additionally, since the company aimed to revitalize its business by maximizing its contribution to meeting reconstruction demand of the Tohoku region following the Great East Japan Earthquake, Shinsei Bank commenced support for the company through corporate revitalization financing. Specifically, after carefully examining the company’s business plan, the Bank proposed an agency collection scheme for construction payments from local governments and other customers and provided efficient funding in a form that doesn’t necessarily depend on collateral or guarantees. Taking advantage of this opportunity, the company took initiatives to strengthen its management foundation through business diversification to prepare for future changes in the business environment. The rehabilitation phase has ended, and the company is now proceeding toward a normal growth path.

Exporter of used automobiles: Following the Great East Japan Earthquake, many countries shunned the importing of used vehicles from Japan, and as a result, this exporter of used automobiles saw a decline in revenues. In recent years, however, its sales have been on an uptrend, with demand for used Japanese vehicles rebounding amidst a favorable global economic environment and the continued depreciation of the yen. The upswing in sales has increased the company’s demand for capital, and it has sought to raise funds from a wider group of financial institutions. Shinsei Bank supported the company in this regard through the arrangement of financing and facilitation of fund procurement that included first-time transactions with multiple financial institutions. The Bank’s support has not only provided the company with the capital necessary to take advantage of the improving business environment but also helped meet its needs as a company in its growth stage.

- **Supporting management improvement**

Mid-sized regional fishing company: Several years ago, this fishing company entered the real estate industry and opened a large business hotel for the purpose of supplementing its core business, which is subject to large fluctuations in business performance. Although the hotel business performed favorably, the company’s financial health deteriorated because of the burden of hotel construction loans, and this was expected to impede fund-raising for equipment to strengthen its core business. For this reason, the company considered selling the hotel and appointed Shinsei Bank as an advisor. In response to the company’s objective of selling the hotel on favorable terms to a buyer capable of adhering to the company’s hotel management philosophy and further developing the hotel, the Bank proposed a sale to a joint venture between a major hotel operator with a strong reputation and a well-financed hotel REIT, contributing to the realization of a sale on favorable terms in a short period of time. This transaction enabled the company to recover its capacity to raise funds to acquire fishing vessels and made possible initiatives to strengthen its core business.

GLOSSARY

ABI (Asset-backed Investment)

At Shinsei Bank, ABI refers to a former product program which included loans backed mainly with infrastructure, real estate, businesses, and business assets as collateral.

Advisory

Shinsei Bank's advisory business proposes solutions to meet customers' diverse needs in areas such as M&A, corporate restructuring, and fundraising in Japan and overseas.

ALM (Asset Liability Management)

ALM refers to the comprehensive management of the market and liquidity risks that exist in the Bank's balance sheet (i.e. assets and liabilities) as a result of its business operations. ALM aims to optimize interest rate income from the Bank's balance sheet and economic value by monitoring interest rate conditions and asset/liability duration, including off-balance items such as derivatives on the Bank's account, and adjusting for risks in assets/liabilities and derivatives transactions in consideration of the change in value of assets, liabilities, and periodic profits or losses due to market fluctuations.

Asset Management

In a broad sense, Asset Management refers to Shinsei Bank's overall asset management business, but in a narrower sense it refers to the investment trust business and investment advisory business. Shinsei Bank offers a variety of unique financial products and services for both institutional and individual (including high-net worth) customers, primarily through the Global Markets Group and the Individual Group (retail banking Business).

Capital Markets Business

Capital Markets business refers to capital markets-related transactions, including derivatives and trading, in order to meet customer needs for investment, risk hedging, fundraising, etc.

Credit Guarantee Business

Credit Guarantees represent a guarantee to repay a loan made by a partner financial institution on behalf of the borrower, in the case that the borrower becomes unable to make repayments, in return for a fee. In the Shinsei Bank Group, Shinsei Financial is focused on this business, offering comprehensive support to partner financial institutions including advice on advertising strategies and product design as part of its service.

Credit-linked Loan

Credit-linked Loans are structured loans which incorporate derivatives linked to the credit risk of a company other than Shinsei Bank (the borrower). They are offered as an investment product to customers.

Credit Trading

Credit Trading offers balance sheet optimization solutions, including the purchase of loan receivables from current creditors or an investment in (purchase of) monetary claims held by the customer. Shinsei Bank also invests in monetary claims such as loans and leases sold in the secondary market for non-performing loans, aiming to make profits by securing a greater return than the initial investment through servicing or resale of the receivables.

Derivative

Derivative is a collective term referring to transactions that are derived from or linked to other underlying transactions such as interest rate, bond, foreign exchange, and equity transactions. They are also called "financial derivatives" since most of the transactions originate from financial products.

Exposure

Exposure refers to an amount of assets or an amount of money that is exposed to foreign exchange, price fluctuations or other risks as a result of loans and investments.

(Grey Zone) Interest Repayment

Prior to the interest rate reduction implemented as part of the revisions to the Money Lending Business Law, the interest rates on some consumer finance products offered by the Shinsei Bank Group's subsidiaries exceeded the upper limit stipulated by the Investment Law. Following a ruling by the Supreme Court in January 2006, customers who paid more than the upper limit stipulated by the Investment Law have been allowed to request a refund of the extra interest paid. Accordingly, consumer finance companies have recorded reserves in order to cover losses on (grey zone) interest repayments.

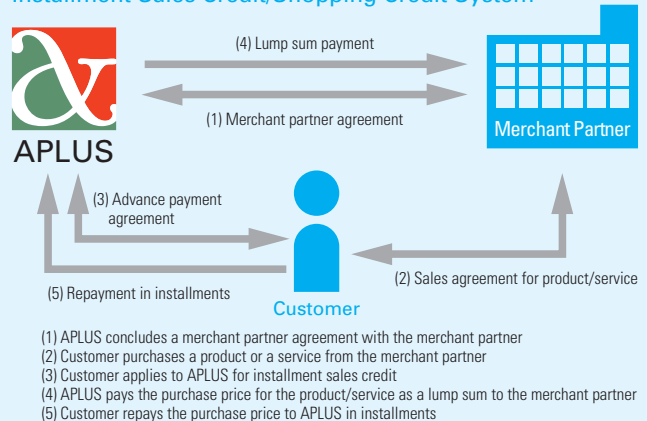
Healthcare Finance

Healthcare Finance refers to financing— primarily nonrecourse loans— as well as financial advisory on management strategies and M&A for senior care facilities and nursing homes.

Installment Sales Credit (Shopping Credit)

Installment Sales Credit (Shopping Credit) is a service that allows customers to pay for goods or services in installments without using a credit card. Shinsei Bank group offers this service primarily through APLUS FINANCIAL.

Installment Sales Credit/Shopping Credit System



LBO Finance (Leveraged Buyout Finance)

LBO finance is a type of M&A finance based on the assets or future cash flows of a company to be acquired. It is used when a company or an investment fund acquires another company. At Shinsei Bank, LBO Finance is included in Specialty Finance.

MBO Finance

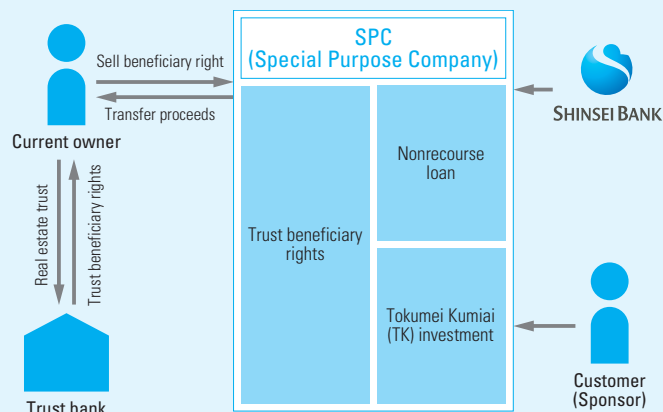
MBO stands for Management Buyout. It is a type of LBO finance offered when a company's management buys its own company co-working with an investment fund and others. At Shinsei Bank, MBO Finance is included in Specialty Finance.

Net Credit Costs

Net credit costs are the sum of reserves for loan losses set aside (credit costs) according to the credit standing of borrowers, reversal (gains) of reserves for loan losses and recoveries of written-off claims resulting from their disposal.

Nonrecourse Loan

Nonrecourse loans are loans for which repayment is made solely from the cash flows generated from specific businesses or assets (typically, but not always real estate), with no recourse to the sponsor.



Ordinary Business Profit (Loss)

Ordinary business profit (loss)—the indicator of profit (loss) from core business after expenses—is calculated by subtracting “expenses” from “total revenue.” “Net credit costs” are excluded from this calculation.

Portfolio

A portfolio refers to a group of various components. An asset portfolio, for example, refers to a collection of various assets such as real estate, cash deposits and equities.

Principal Transactions

Principal Transactions generally refer to a bank’s proprietary investments. Shinsei Bank proactively makes proprietary investments in the Credit Trading and Private Equity businesses in order to meet customers’ needs for corporate restructuring, business succession and growth funds.

Private Equity

In general, Private Equity refers to privately-placed shares and shares that are not traded in stock exchanges or over-the-counter markets. Private equity investments can be classified into venture capital, which are investments in growing companies, and investments to acquire control of mature companies in order to implement restructuring. Shinsei Bank is proactively engaged in venture capital investments, investing in up to 5% of total shares with representative rights of customers planning a public share offering as well as making buyout investments related to business divestments from mature companies.

Private Finance Initiative (PFI)

A financing technique based upon the idea of utilizing private capital and expertise in the design, construction, maintenance and operation of projects, such as public construction works, and performing the provision of the public services through the private sector in order to ensure their efficiency and effectiveness.

Profit (Loss) Attributable to Owners of the Parent, Cash Basis Profit (Loss) Attributable to Owners of the Parent

Cash basis profit (loss) attributable to owners of the parent is calculated by excluding impairment and amortization of goodwill resulting from acquisitions of subsidiaries and other intangible assets, net of tax benefits, from profit (loss) attributable to owners of the parent—and represents the bottom-line profit for the relevant fiscal year.

Project Finance

Project Finance refers to loans to finance specific projects for which the principal source of repayment is the cash flow generated from the project itself. Project Finance is often used for medium-to-long term projects in energy, natural resources, and infrastructure. At Shinsei Bank, Project Finance is included in Specialty Finance.

Public Private Partnership (PPP)

A scheme in which public services are provided through a collaboration between the public and private sectors. PFI is a representative form of PPP.

Revised Money Lending Business Law

The key points of the Revised Money Lending Business Law which was enacted and issued in December 2006 are: (1) optimizing control of the money lending business (tightening entry requirements etc.), (2) reducing excessive lending (implementation of the designated credit bureau system and income-linked lending limitation), and (3) controlling the interest rate system (reducing the upper limit of the interest rate under the Investment Law to 20% p.a.). The Law was enforced in a phased manner and was fully enforced in June 2010.

Risk Weighed Assets

Risk weighed assets are an amount equivalent to the volume of “credit risk” and “market risk” of the Bank’s assets/transactions and “operational risk” involving operational errors.

RORA

Return on Risk-Weighted Assets—the indicator which shows a profitability based on Risk-Weighted Assets. RORA is calculated as the ratio of its profit attributable to owners of the parent to the total Risk-Weighted Assets at the end of the term.

Ship Finance

Finance for the shipping industry. Shinsei Bank primarily provides shipping companies with funds for ship acquisition.

Specialty Finance

Specialty Finance at Shinsei Bank refers to M&A finance, LBO finance, project finance and other types of finance that focus on the cash flows and value generated by businesses and assets. It is a type of structured finance.

Structured Finance

Structured Finance refers to finance requiring special structures. In general, it takes the form of project finance or non-recourse finance which focuses on the cash flows or value generated by a specific project or asset. Shinsei Bank is primarily active in real estate finance, project finance, M&A finance and corporate restructuring finance.

Syndicated Loan

Syndicated loans are loans provided jointly by a syndication of multiple financial institutions (lender group) based on a single loan agreement.

Treasury

Treasury is normally the function in a company which is responsible for ALM (asset and liability management). At Shinsei Bank, Treasury basically refers to the function (Sub-Group) responsible for cash flow management including collateral management, transactions through transfer pricing (FTP, the inter-office fund transfer price), issuance or buyback of (subordinated) corporate bonds, liquidity planning, management of overseas subsidiaries that issue capital securities as well as ALM for the entire Group.

Wealth Management

Wealth Management refers to the financial services that Shinsei Bank offers to high-net worth customers. The Bank offers a variety of differentiated wealth management services tailored to customers’ needs.