



Business and Financial Highlights

Fiscal Year Ended March 31, 2018

Shinsei Bank, Limited
May 2018



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Key Points

1 FY2017 Financial Results: Increase in total revenue and productivity enhancement project benefits resulted in achievement of the net income plan

- Total revenue: JPY 232 billion (101% compared to the plan, YoY +2%)
- Expense-to-Revenue Ratio: 61.5% (62.3% in FY2016)
- Net income totaled JPY 51.4 billion (101% compared to the plan, YoY +1%)

2 FY2018 Financial Plan: Increase in net income reflects increase in OBP after net credit costs offset by higher taxes, etc.

- Ordinary business profit (OBP) after net credit costs plan : increase by above 10%
- Net income plan : JPY 52 billion

3 FY2018 Shareholder Return: We aim to at least maintain but preferably improve the total payout ratio

- Year-end dividend for FY2017 is JPY 10 per share (Total dividend amount: JPY 2.5 billion)
- A share buyback program up to JPY 13 billion or 13 million shares, and cancellation of 16 million of treasury shares have been approved by the Board of Directors
- Shareholder return initiatives above will result in total payout ratio of 30%

FY2017 Financial Results Summary

(Unit: JPY billion; %)

Points

Total Revenue: YoY+2%

- ◆ Net Interest Income: YoY+5%
- ◆ Noninterest Income: YoY-3%

Expenses: YoY -0%

- ◆ Expense-to-revenue ratio: 61.5% (FY2016: 62.3%)

OBP: YoY+4 %

Net Credit Costs: YoY-17%

- ◆ Showa Leasing: costs increased YoY JPY 3.8 billion

OBP after Net Credit Costs: YoY-4%

Others: recorded JPY 6 billion net gain on reversal from Kabarai reserve

- ◆ Shinsei Financial: JPY 11.8 billion gain on reversal of reserve
- ◆ APLUS FINANCIAL: JPY 3.0 billion provisioning of reserve
- ◆ Shinsei Personal Loan: JPY 2.7 billion provisioning of reserve

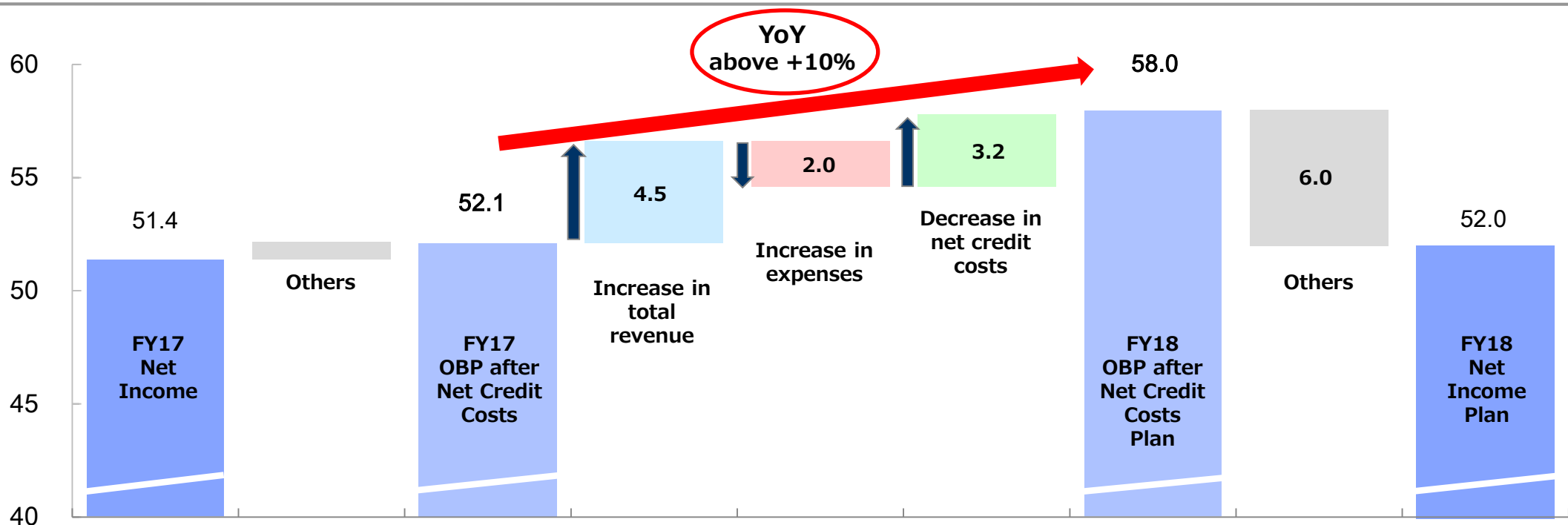
Consolidated	FY2016 (Actual)	FY2017 (Actual)		FY2017 (Plan)	
		YoY % B(+)/W(-)	Progress %		
Total Revenue	228.5	232.0	+2	101	230.0
Net Interest Income	122.2	128.7	+5		
Noninterest Income	106.2	103.2	-3		
Expenses	-142.4	-142.5	-0	98	-145.0
Ordinary Business Profit (OBP)	86.0	89.4	+4	105	85.0
Net Credit Costs	-31.8	-37.2	-17	116	-32.0
OBP after Net Credit Costs	54.1	52.1	-4	98	53.0
Others	-3.3	-0.7	+79	35	-2.0
Net Income	50.7	51.4	+1	101	51.0

Total Payout Ratio	FY14	FY15	FY16	FY17
Total Payout (A)	2.6	12.6 ¹	12.5	15.5
Net income (B)	67.8	60.9	50.7	51.4
Total payout ratio (A)/(B)	4%	21%	25%	30%

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

FY2018 Financial Plan: Summary

(Unit: JPY billion)



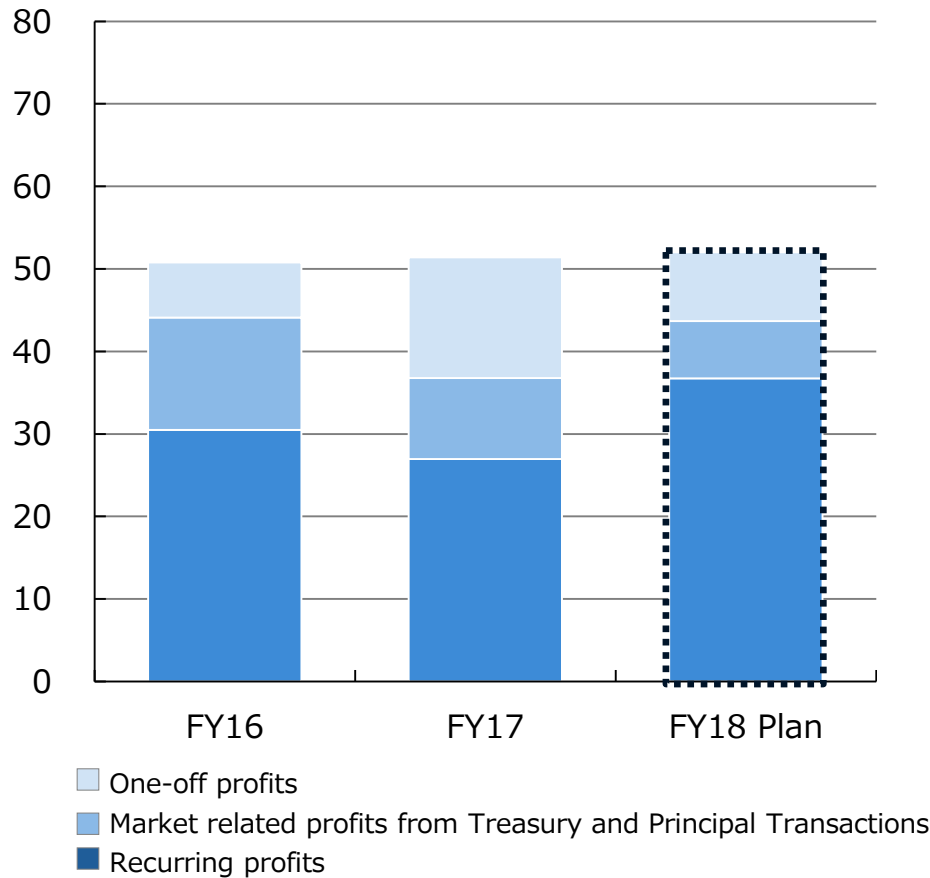
(Consolidated)	FY2018 (Plan)	Point
Total Revenue	236.5	Increase in interest income from unsecured card loans and APLUS FINANCIAL
Expenses	-144.5	Increase in depreciation expenses associated with IT expenditure and marketing expenditure offset by benefits from productivity enhancement projects
Expense-to-revenue ratio	61%	Improvement compared to 61.5% in FY2017
Ordinary Business Profit (OBP)	92.0	Increase of 3% compared to FY2017
Net Credit Costs	-34.0	Absence of one-off provision for specific reserves in Showa Leasing as recorded in FY2017
OBP after Net Credit Costs	58.0	Increase of above 10% compared to FY2017
Others	-6.0	Mainly reflects an increase in income tax expenses etc.
Net Income	52.0	

FY2018 Financial Plan: Profits, Operating Assets

(Unit: JPY billion)

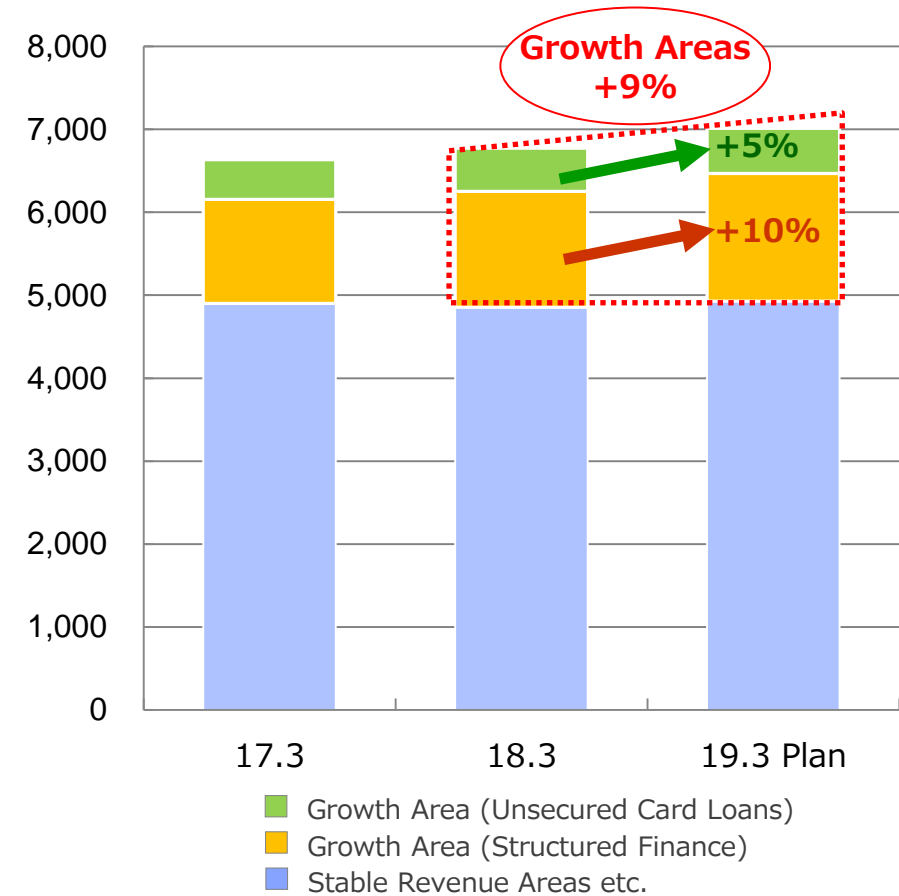
Recurring Profits

- Recurring profits for FY2018 are expected to increase reflecting growth in operating assets and lower net credit costs compared to FY2017



Operating Assets

- Operating assets in growth areas are expected to grow +9% in FY2018
 - Unsecured card loan: +5%
 - Structured finance: +10%



Measures in Growth Areas

FY2017

FY2018~

Unsecured Card Loan

- ✓ To acquire new customers to lead the loan growth mainly by “Lake ALSA” brand
- ✓ To upgrade capability of marketing and credit assessment/collection, and to optimize operations costs by leveraging digital technology
- ✓ To explore further growth opportunity in Asia

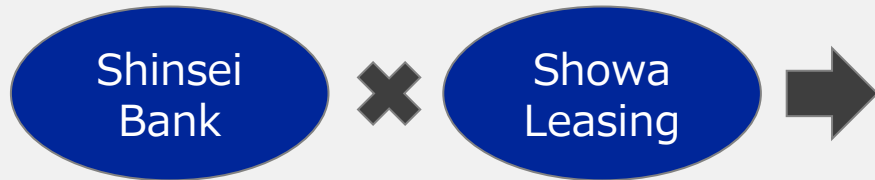
- ✓ Reviewed our card loan business strategy, realigning based on our target customer segment
- ✓ Developed AI score, combining big data and machine learning
- ✓ Commenced consumer finance business in Vietnam

Structured Finance

- ✓ To diversify into projects such as wind-power, biomass and thermal power
- ✓ To diversify financing to private funds, listed infrastructure funds etc.

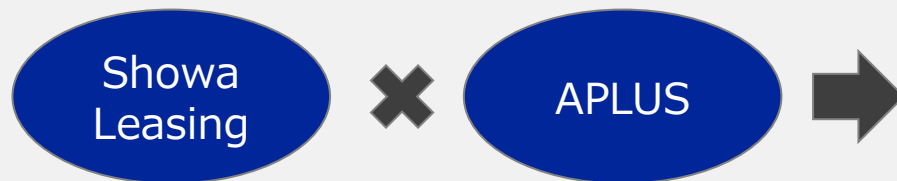
- ✓ Propelled syndication and distribution leveraging our best-in-class expertise in origination and customer base in Japan

Leveraging Synergies Across Key Businesses



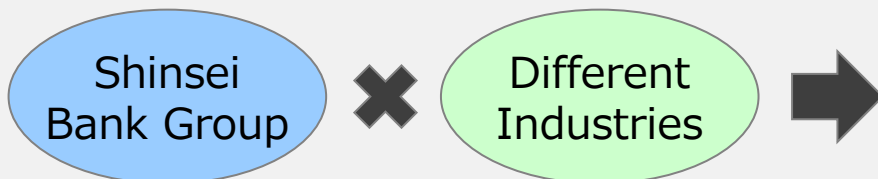
Following units have been established across legal entities and organization of the Group, aiming to integrated management and advanced risk management in institutional business

- Group Corporate Business Coverage Unit
- Group Structured Finance Product Unit



Via merchants of APLUS

- Vendor leasing to business owners
- Auto leasing to individuals

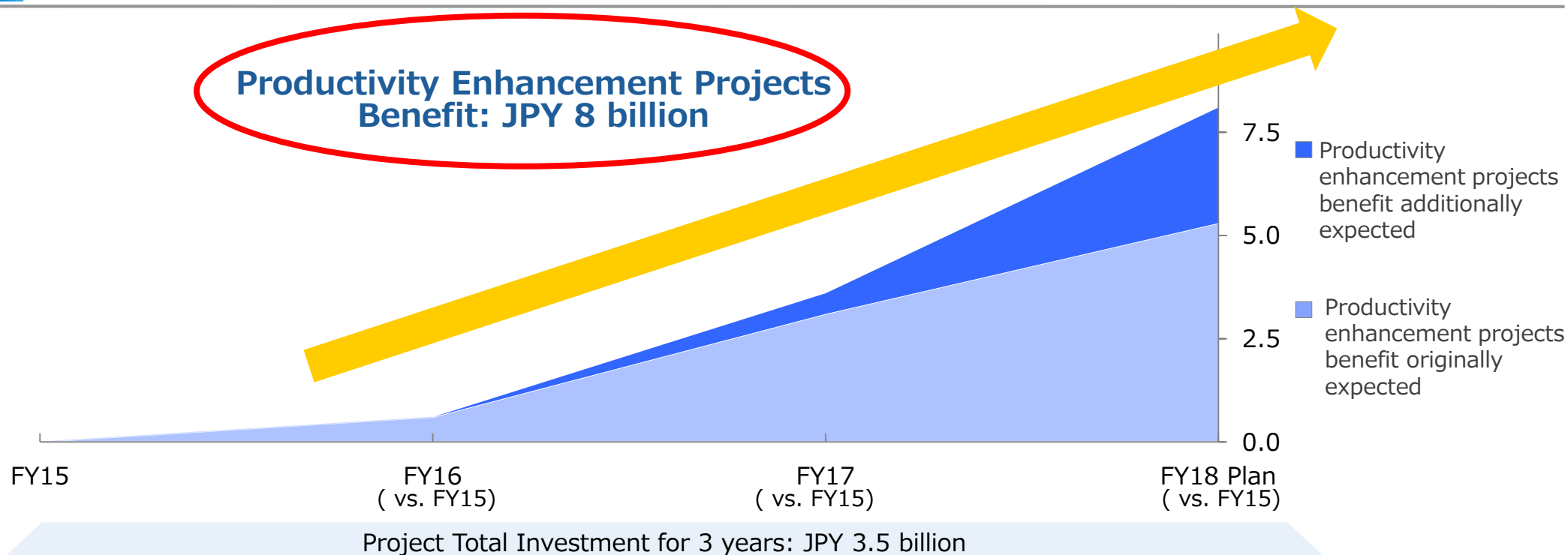


Business alliances and investments aiming to create ecosystems targeting underserved customers such as freelancers and foreigners in Japan, and business alliance with non-financial players who have customer base

Productivity Enhancement

(Unit: JPY billion)

**Productivity Enhancement Projects
Benefit: JPY 8 billion**



■ To reduce redundant costs mainly in headquarters functions and administrative operations

- ✓ Group headquarters: consolidation of headquarters functions (freeing-up 15% of total FTE in headquarters)
- ✓ Review of operations: streamlining in call centers and operation centers (revision of services, automation etc.), and optimization of loan collection process
- ✓ Consolidation and relocation of offices
- ✓ Reduction of nonpersonnel expenses

■ To review front office functions

- ✓ Revision of branch strategy and branch management: closure of some regional branches, introduction of area management system
- ✓ Review of products and services: revision of "Shinsei Step Up Program" to optimize earnings structure in Retail Banking

■ To pursue further efficiency using technology

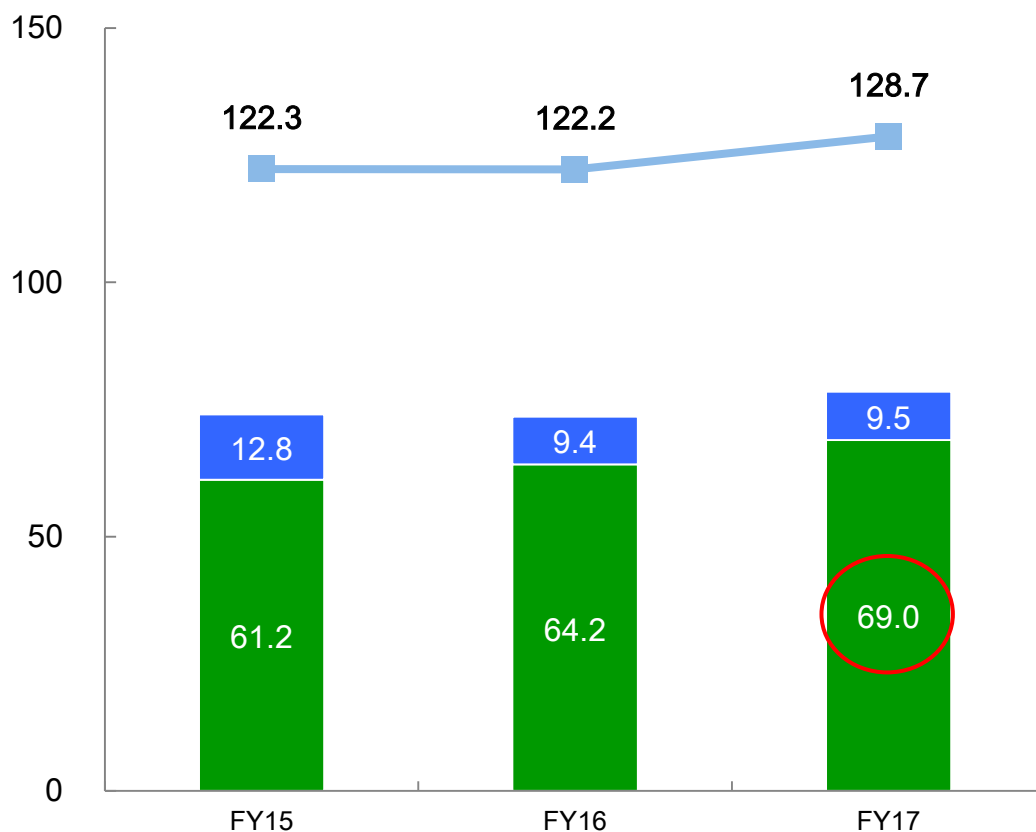
- ✓ Launch of automated services in call center functions etc.
- ✓ Expansion of AI and RPA usage

Financial Update: Net Interest Income, NIM

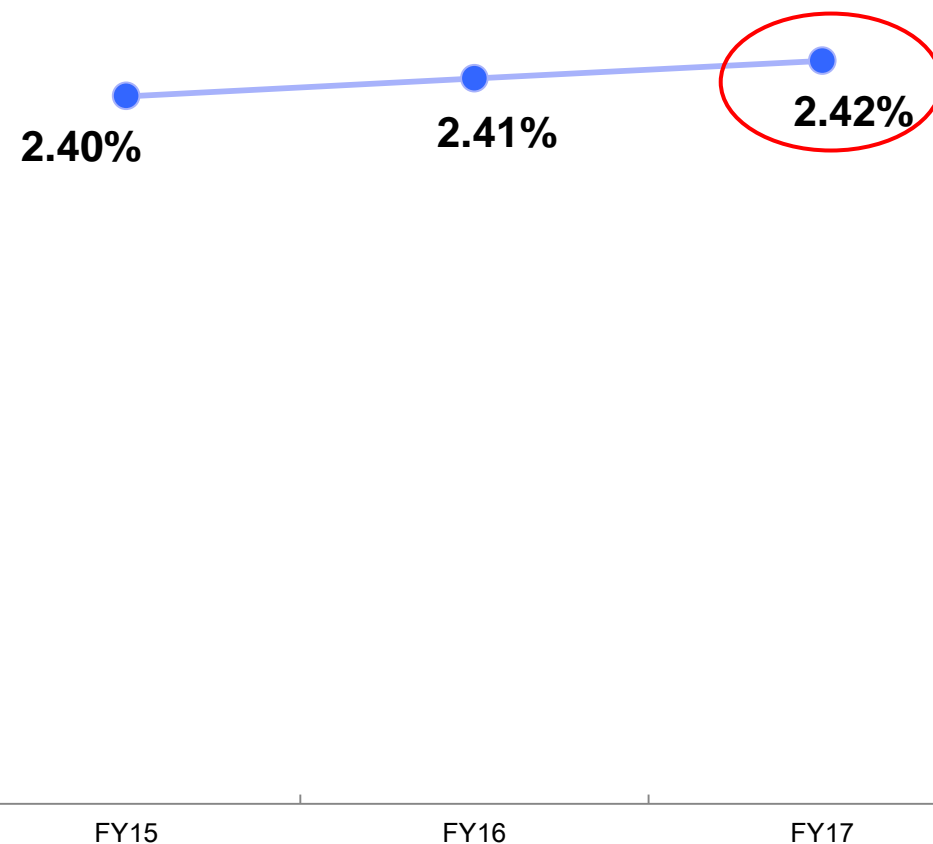
(Unit: JPY billion)

Net Interest Income

- Net Interest Income
 - Of which, Structured Finance
 - Of which, Unsecured Card Loans
- (Shinsei Bank Lake, Shinsei Financial, NOLOAN, Shinsei Bank SmartCard Loan Plus)



Net Interest Margin (NIM)¹



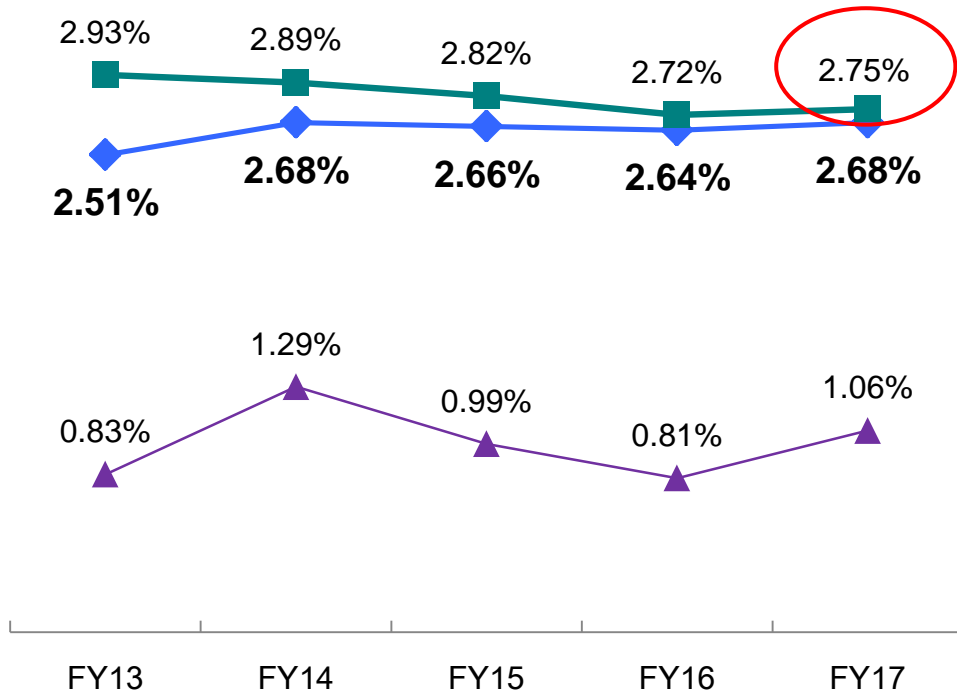
¹ Includes income on leased assets and installment receivables

Financial Update: Yield on Interest Earning Assets, Funding Costs

(Unit: %)

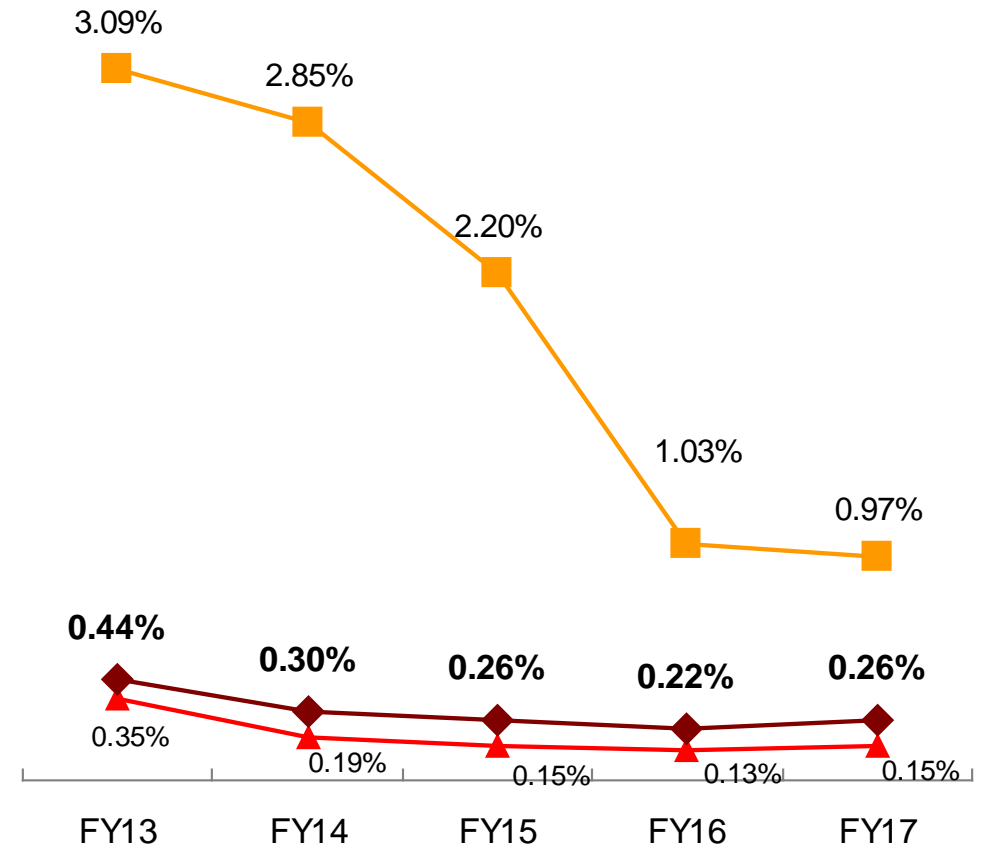
Yield on Interest Earning Assets¹: Loans, Securities

◆ Yield on Interest Earning Assets¹ ■ Yield on Loans and Bills Discounted ▲ Yield on Securities



Rate on Interest Bearing Liabilities: Rate on Deposits, Corporate Bonds

◆ Rate on Interest Bearing Liabilities ■ Rate on Corporate Bonds ▲ Rate on Deposits, including NCDs



¹ Includes income on leased assets and installment receivables

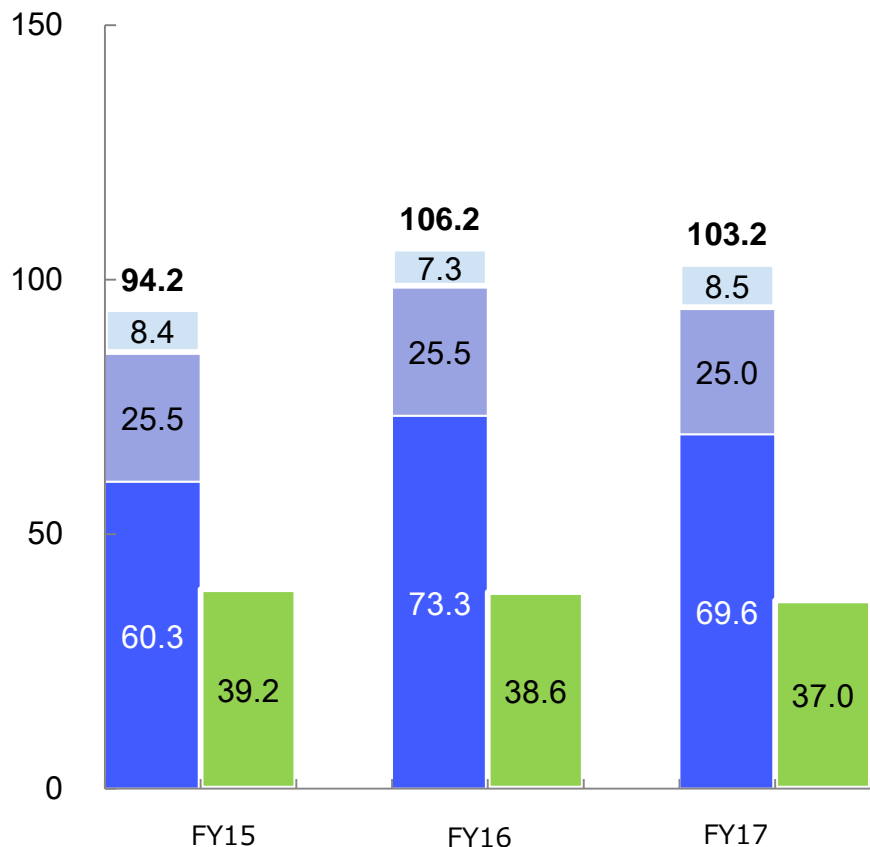
Financial Update: Noninterest Income

(Unit: JPY billion)

Noninterest Income

- In net other business income, gain on stock transactions increased by JPY 3.7 billion and gain related to bonds decreased by JPY 6.4 billion compared to FY2016

- Net Trading Income
- Net Fees and Commissions
- Net Other Business Income
 - Of which, Income on leasing and installment receivables

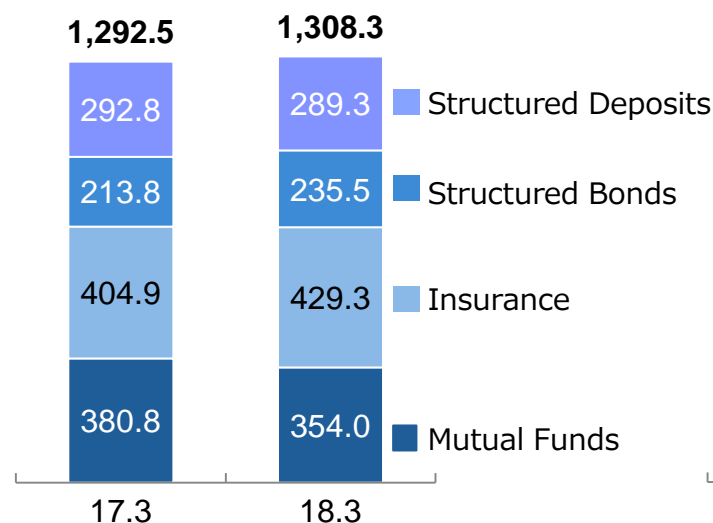


Retail Banking Noninterest Income

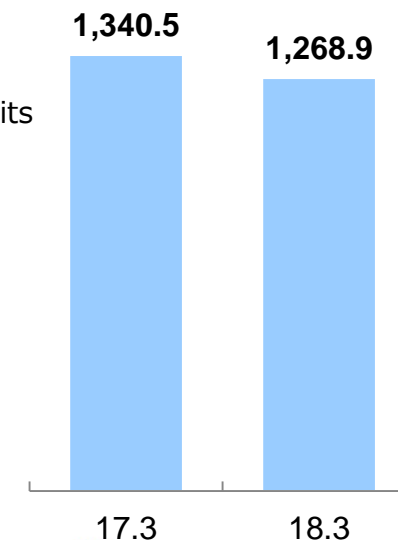
- Lower upfront per transaction spread from asset management products
- Lower upfront transaction fees in housing loans due to fewer new transactions
- Developing new products to expand AUM and revising "Shinsei Step Up Program" to enhance earnings structure

Retail Banking	FY16	FY17
Noninterest Income	2.5	1.0
of which, from Asset Management Products	7.1	6.5
of which, Other fees (Loan origination, ATM, FT, FX etc.)	-4.6	-5.4

AMP¹ : Balance



Housing Loan: Balance



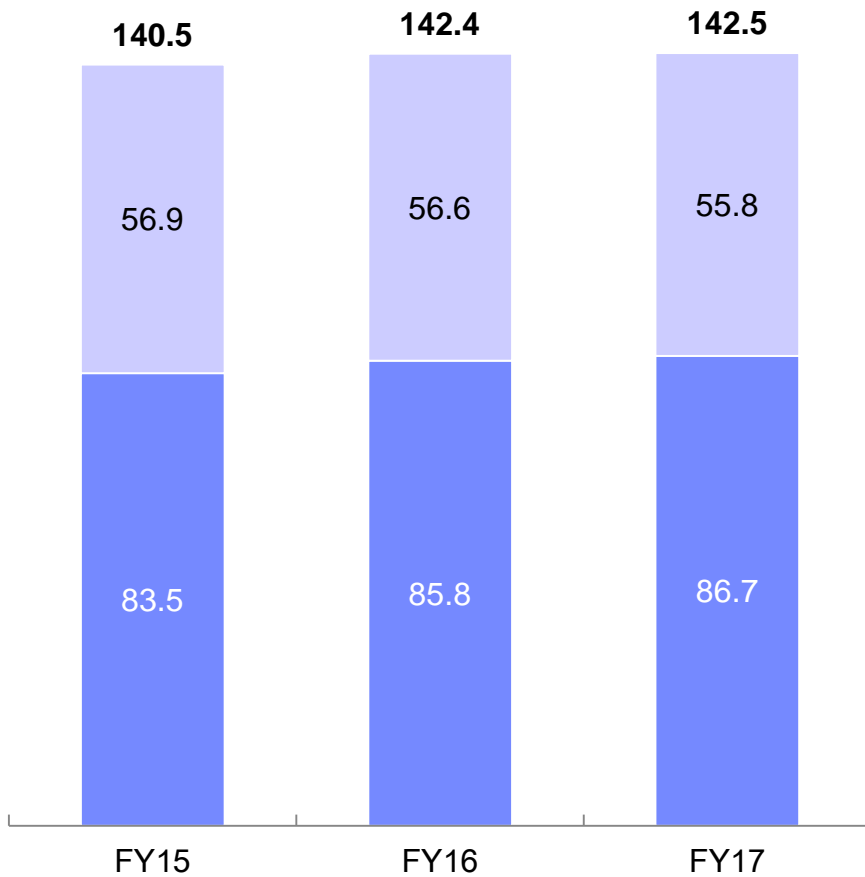
¹ Asset Management Products

Financial Update: Expenses

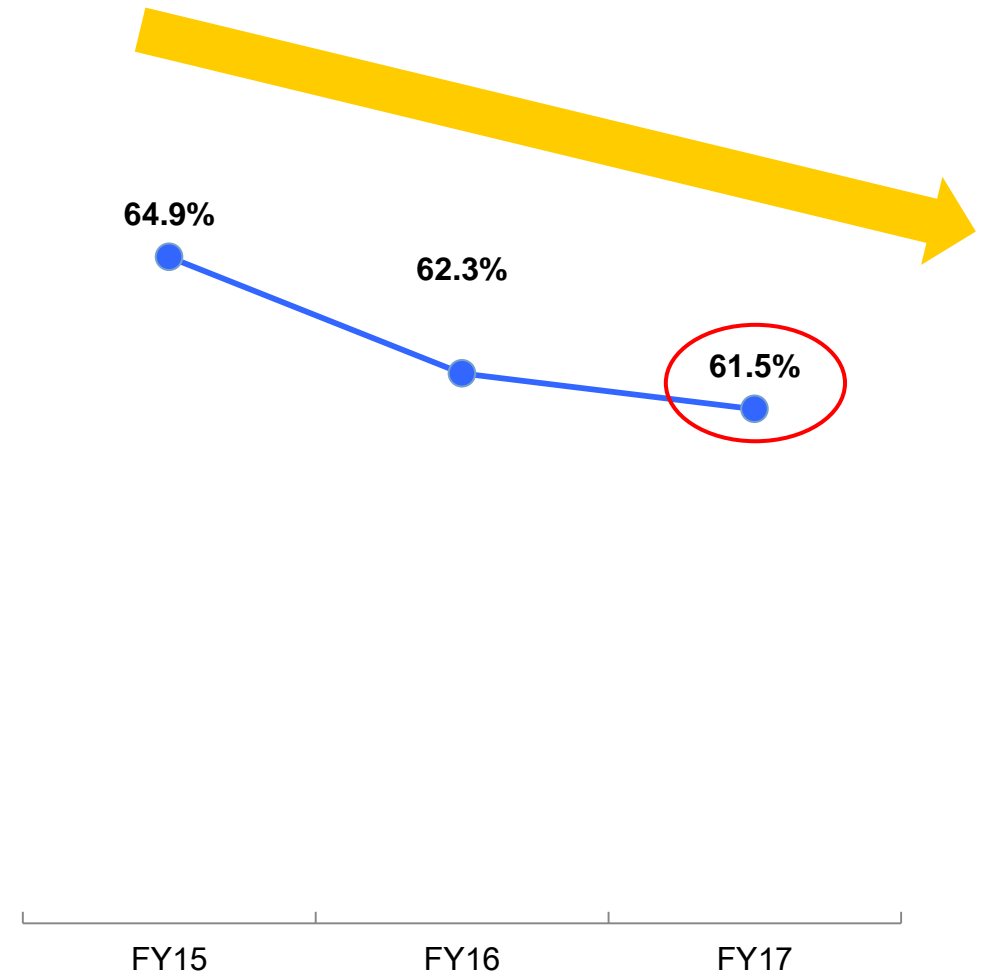
(Unit: JPY billion)

Expenses

- Personnel Expenses
- Nonpersonnel Expenses



Expense-to-Revenue Ratio



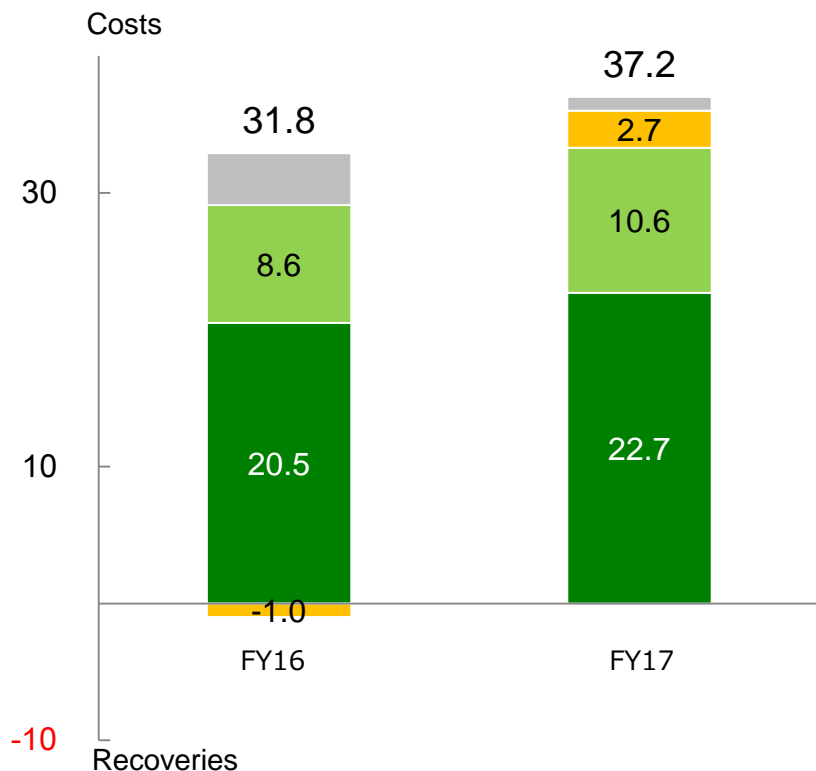
Financial Update: Net Credit Costs

(Unit: JPY billion)

Net Credit Costs

- Net credit costs increased by 17%
- This reflects asset growth in the unsecured card loans and APLUS FINANCIAL in addition to one-off provisioning for specific reserves in Showa Leasing

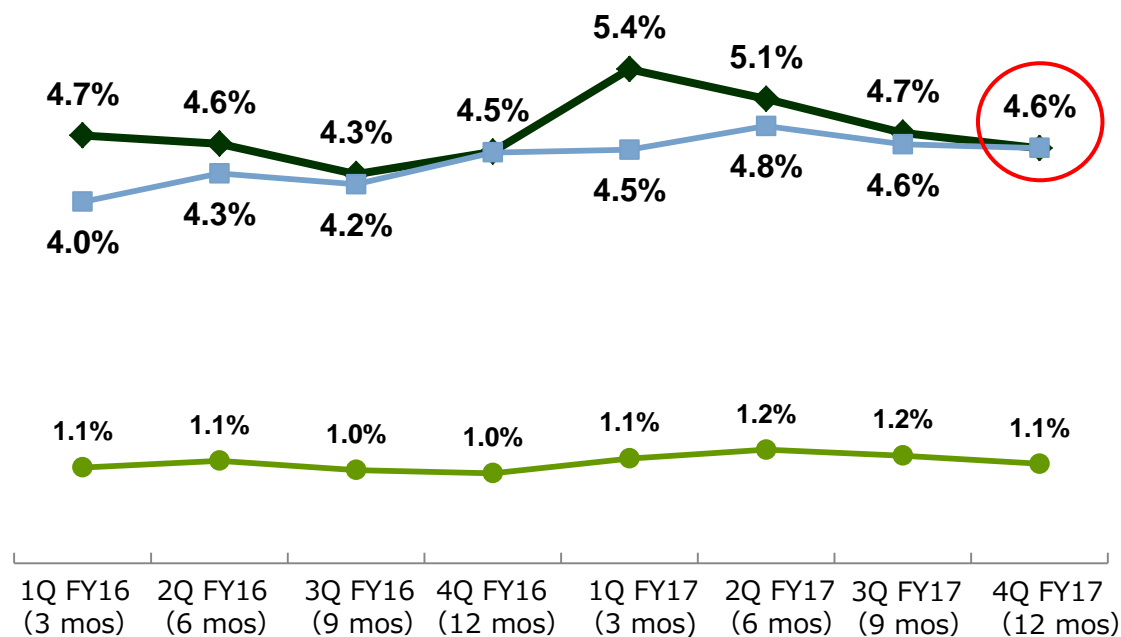
- Others (Corporate Business, Structured Finance, Global Markets etc.)
- Showa Leasing
- APLUS FINANCIAL
- Unsecured Card Loans (Shinsei Bank Lake, Shinsei Financial, NOLOAN, Credit Guarantees, Shinsei Bank SmartCard Loan Plus)



Consumer Finance: Net Credit Costs Ratio

- Net credit costs ratio of the unsecured card loans remains flat at 4.6% compared to 3QFY2017

- Unsecured Card Loans: Net Credit Costs Ratio (annualized basis¹)
- Unsecured Card Loans: Net Credit Costs Ratio (normalized impact of change in the reserve ratio)
- APLUS FINANCIAL: Net Credit Costs Ratio (annualized basis¹)

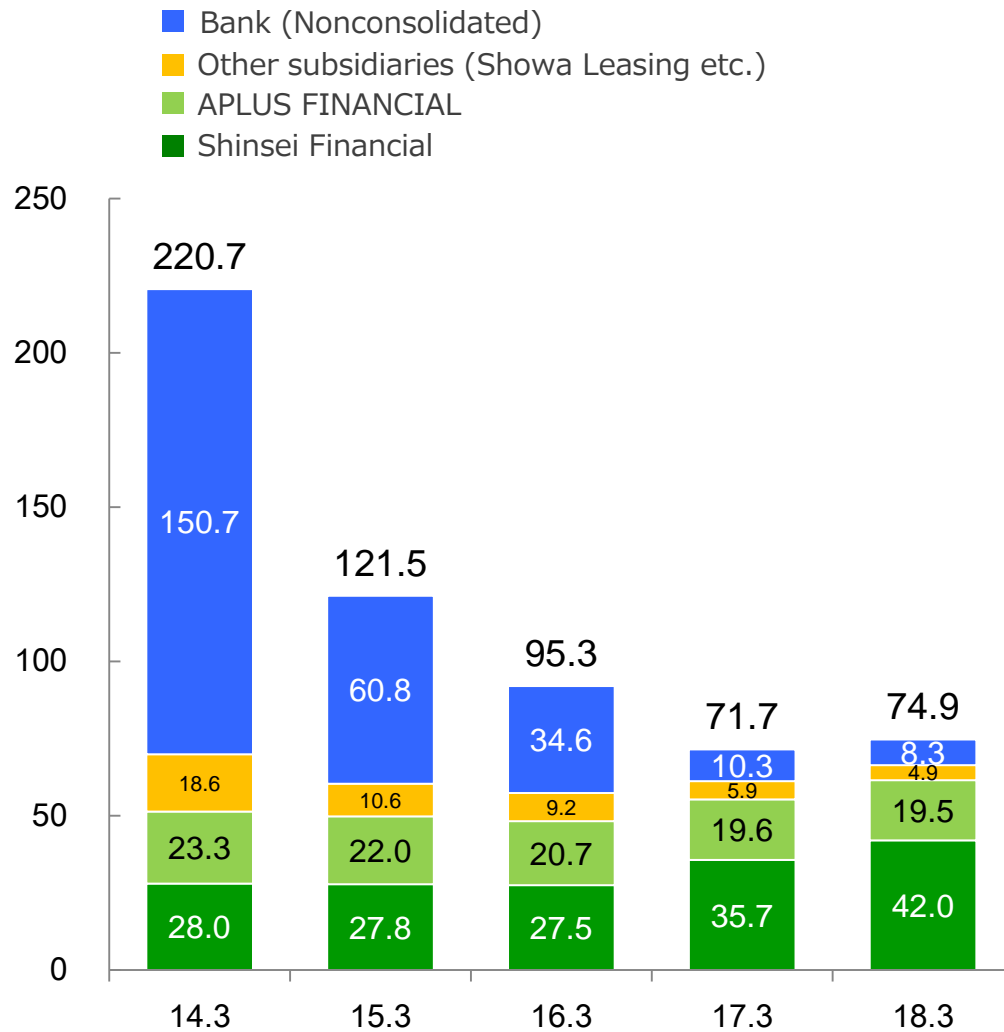


¹ Net Credit Costs Ratio = Calculated by annualizing the following formula :
(Net Credit Costs ÷ Average of Beginning and End of Period Operating Assets Balances)

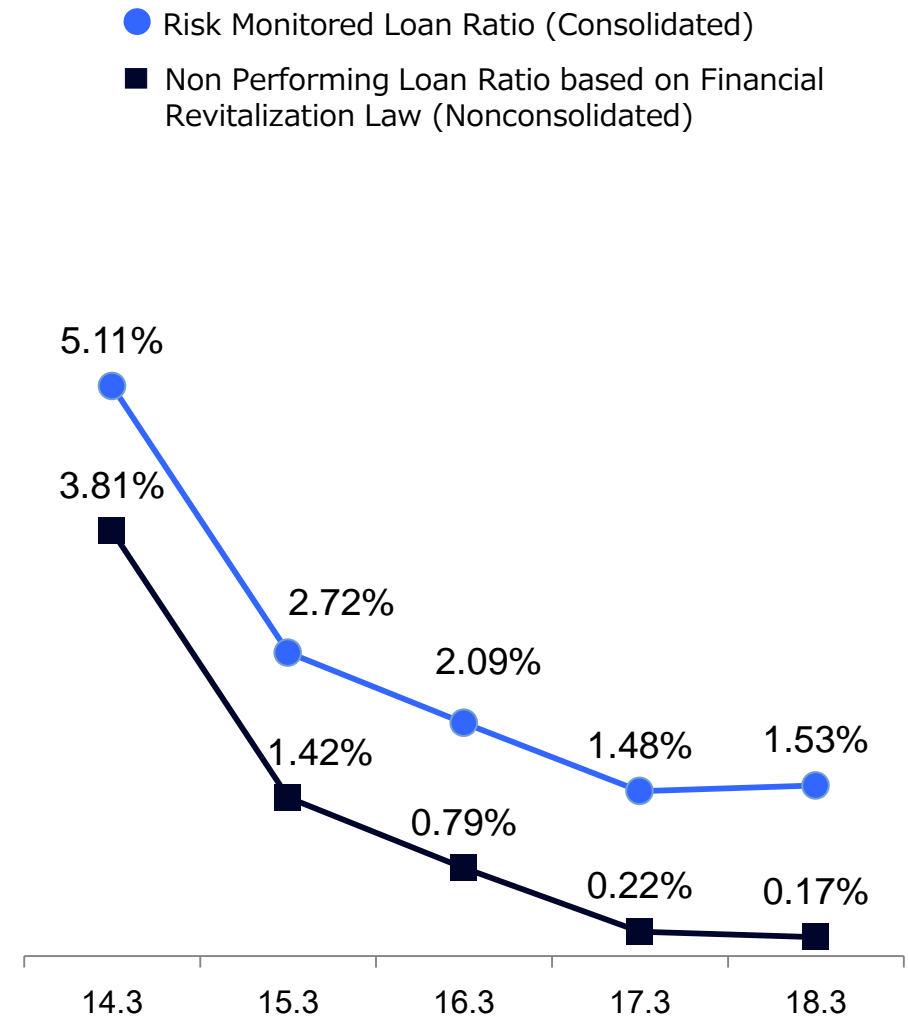
Financial Update: Asset Quality

(Unit: JPY billion)

Risk Monitored Loans



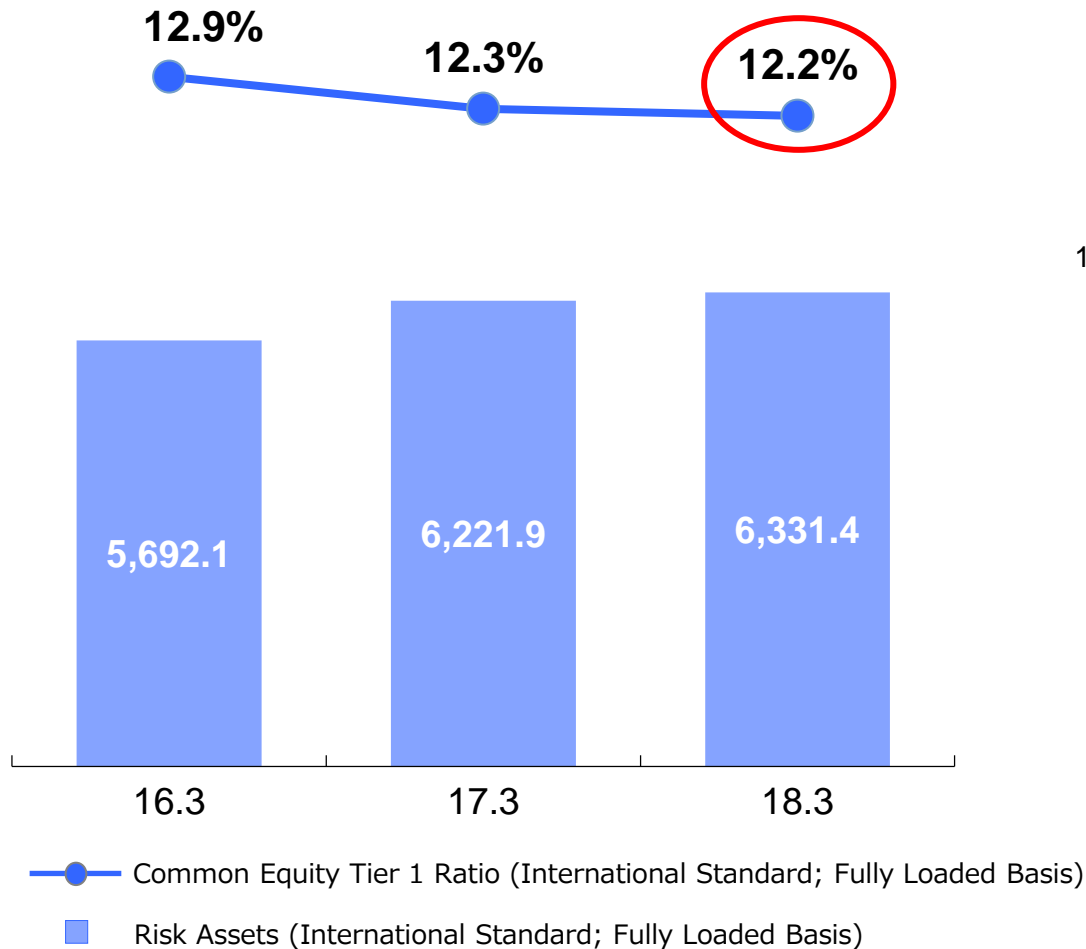
Risk Monitored Loan Ratio NPL Ratio based on Financial Revitalization Law



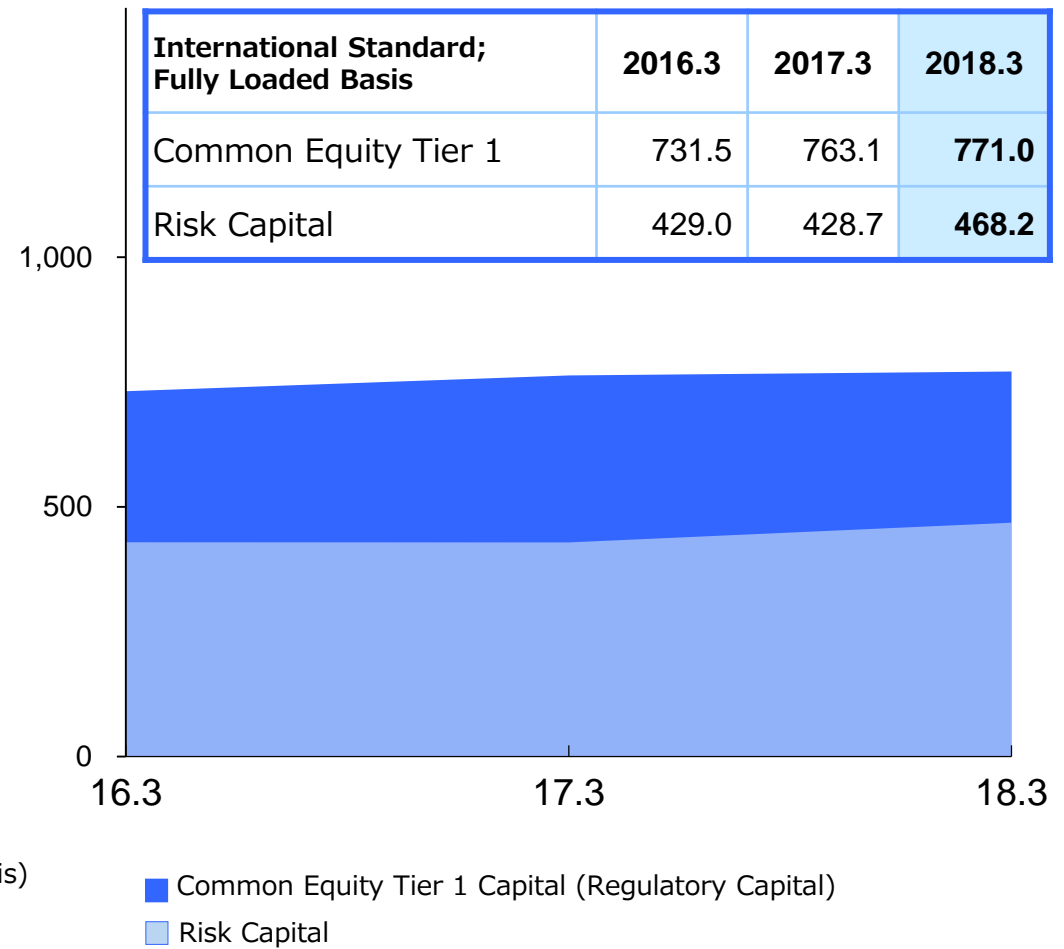
Financial Update: Capital

(Unit: JPY billion)

Common Equity Tier1 Ratio



Amounts of Capital



Financial Update: Excess Interest Repayment (Kabarai)

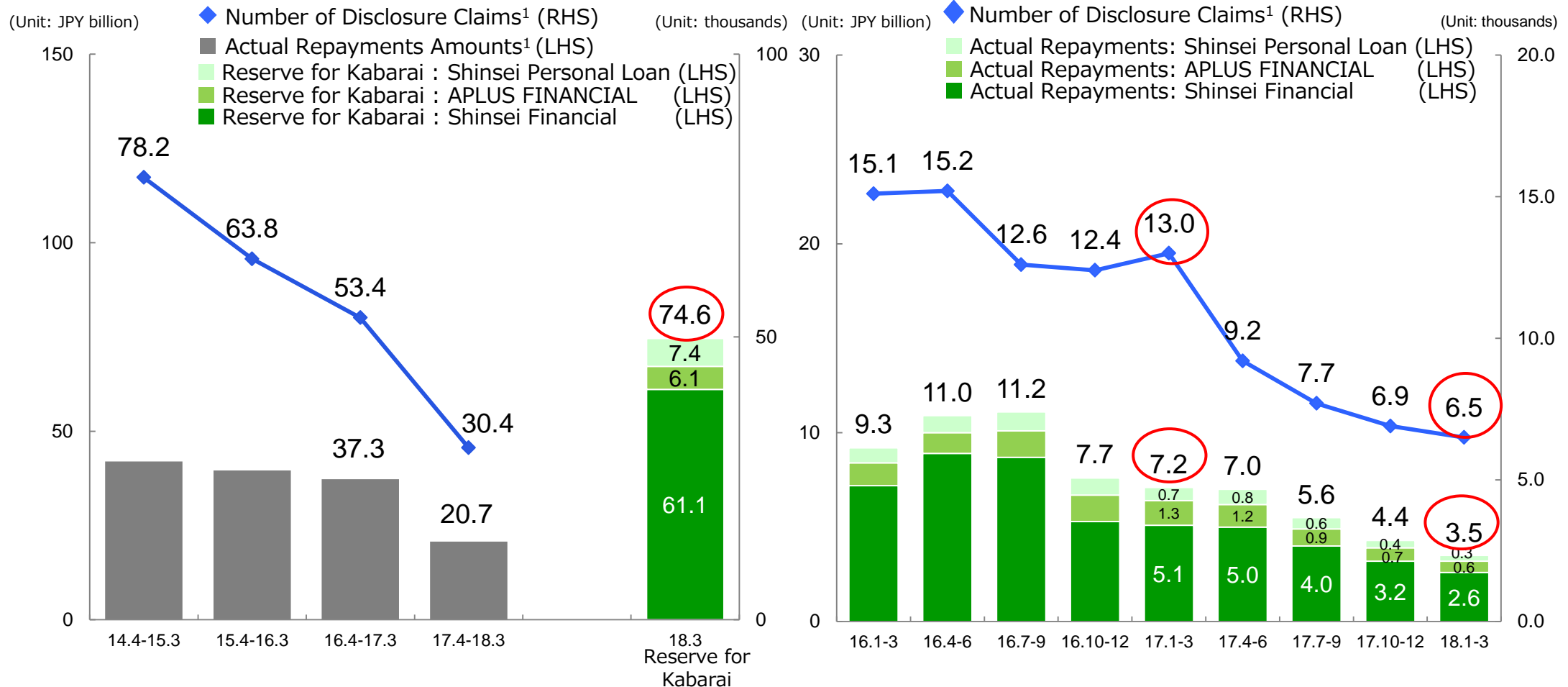
(Unit: JPY billion)

Annual Trend

■ Combined reserve ratio based on the total actual payments in 4QFY2017 is approx. 5 years (Shinsei Financial: 5.8 years, APLUS FINANCIAL: 2.5 years, Shinsei Personal Loan: 5.4 years)

Recent Quarterly Trend

■ The number of disclosure claims and actual repayments decreased by 50% YoY in 4QFY2017 (3 mos)



¹ Shinsei Financial, Shinsei Personal Loan and APLUS FINANCIAL combined

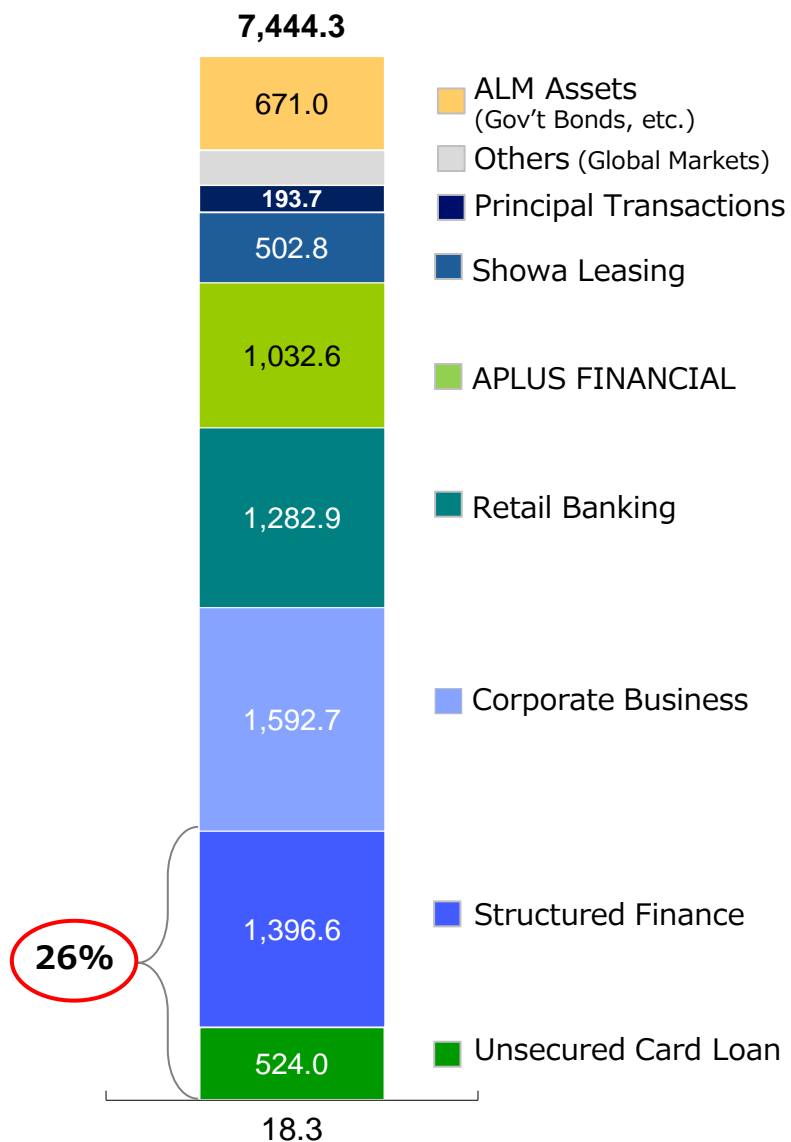
Business Update



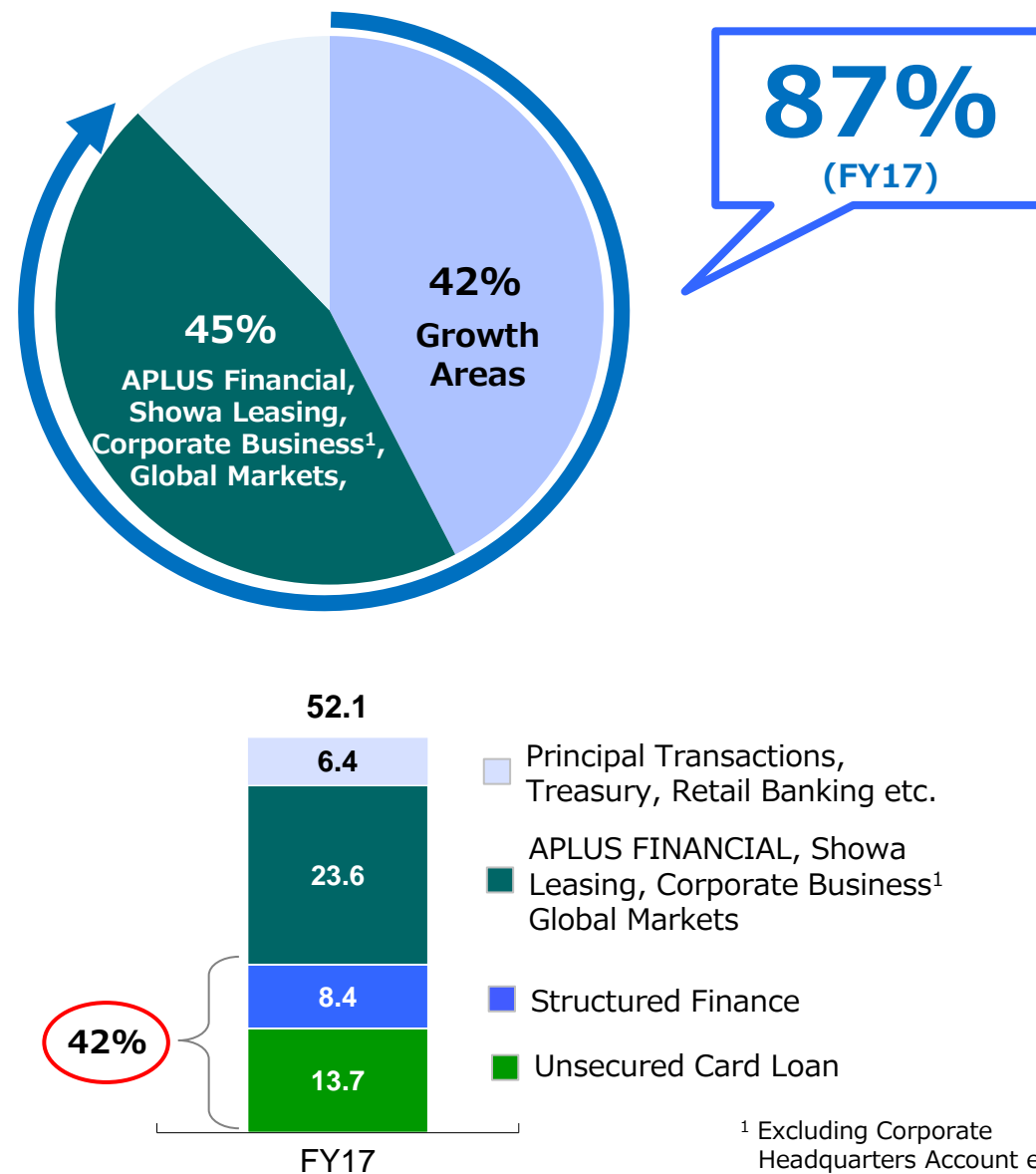
Business Portfolio: Overall

(Unit: JPY billion)

Operating Assets



Profit (Ordinary Business Profit after Net Credit Costs)



¹ Excluding Corporate Headquarters Account etc.

Business Portfolio: Growth Areas

(Unit: JPY billion; %)

Operating Assets

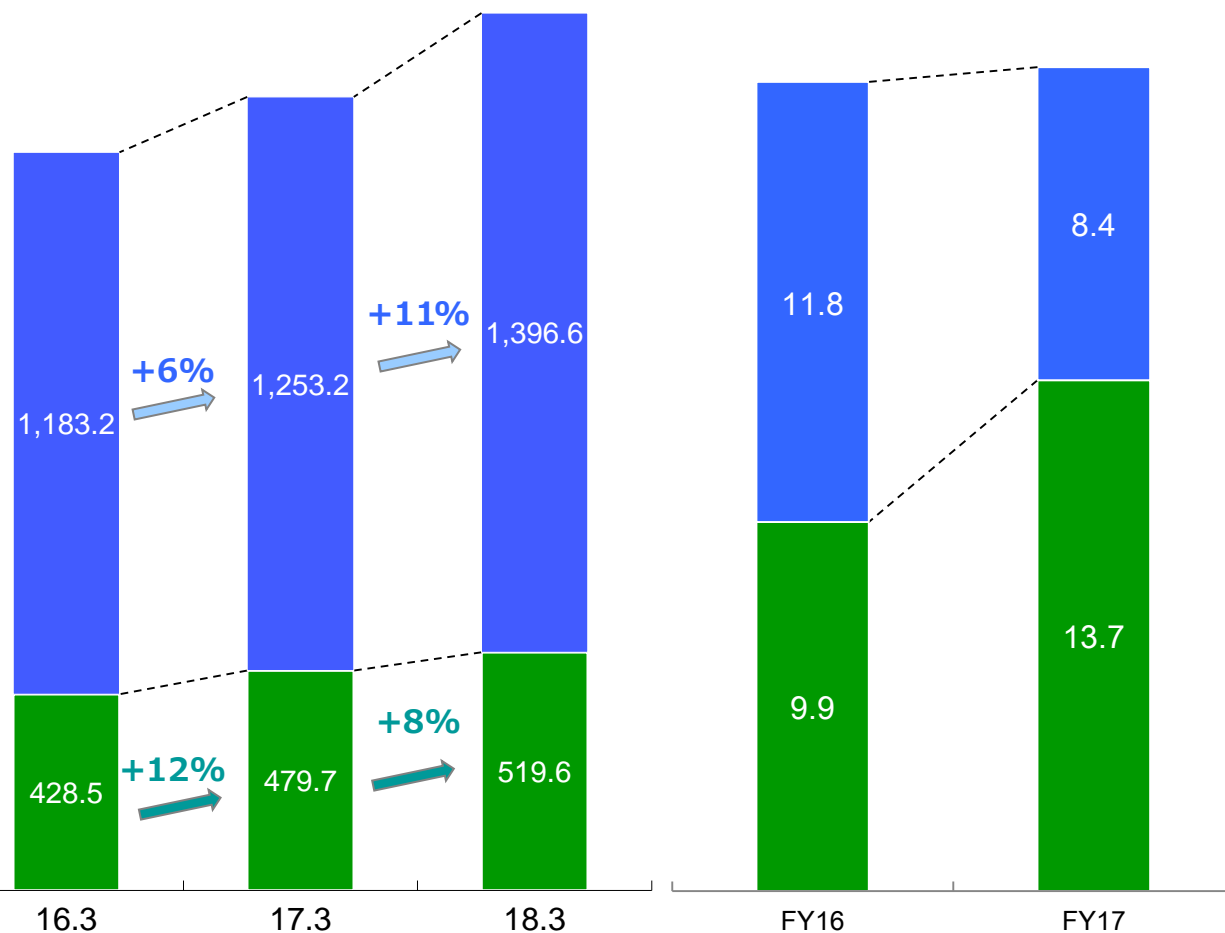
- Structured Finance (Real Estate Finance, Project Finance, Specialty Finance)
- Unsecured Card Loans (Shinsei Bank Lake, Shinsei Financial, NOLOAN, Credit Guarantees, Shinsei Bank SmartCard Loan Plus)

Profit (Ordinary Business Profit after Net Credit Costs)

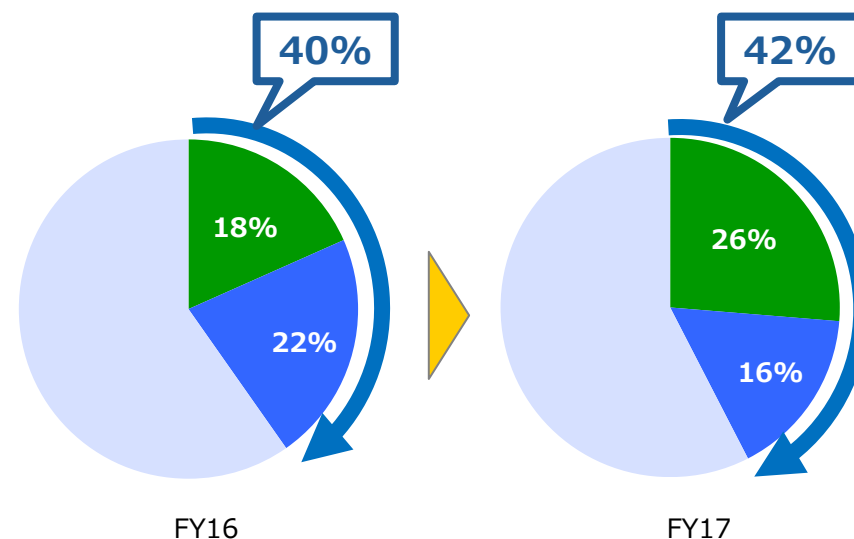
ROA¹

ROA ¹ %	FY16	FY17
Unsecured Card Loan	2.2	2.7
Structured Finance	1.0	0.6

¹ Segment ROA = OBP after net credit costs per segment / average operating assets balance of beginning of term and end of term



Profit Share of Growth Area



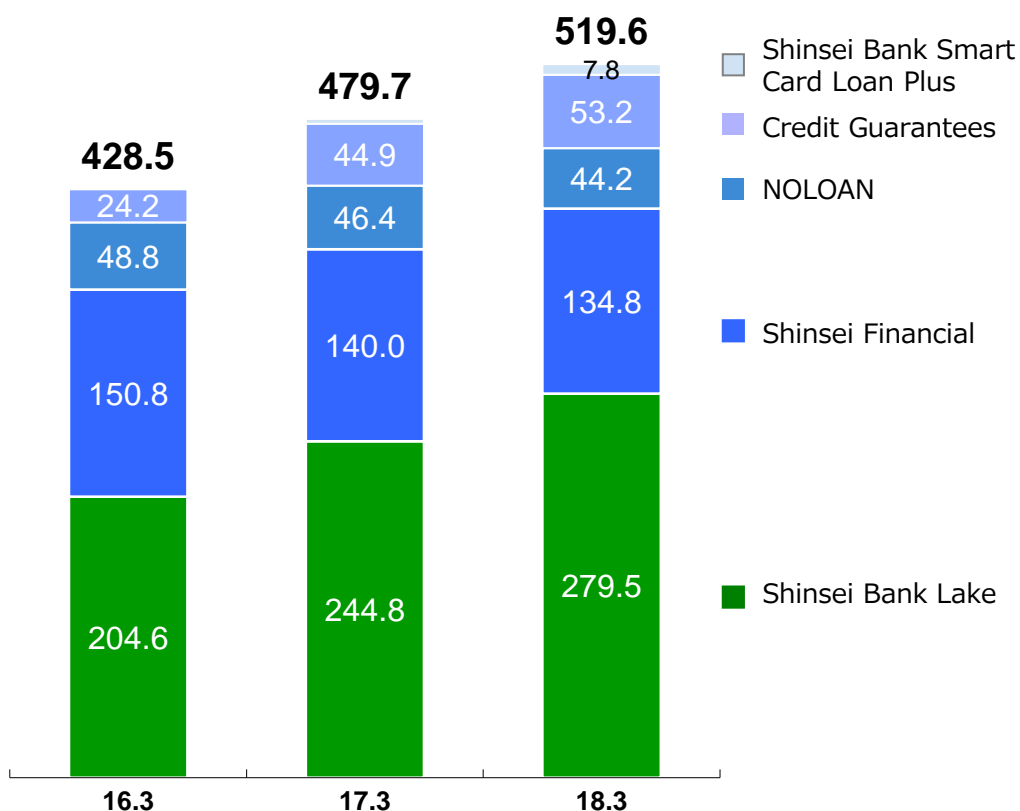
Business: Unsecured Card Loans

(Unit: JPY billion; %)

Balance

- Loan balance grew at +8% as initially planned
- Pace of growth of credit guarantees slows down

+8%
from Mar. 31, 2017



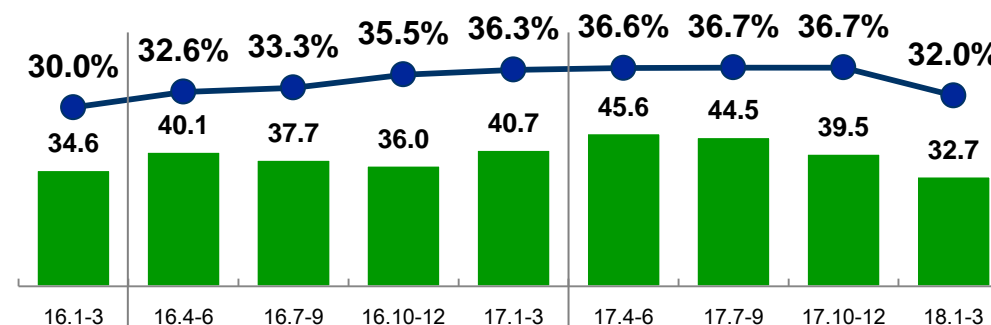
P&L

- OBP after Net Credit Costs increased by +38%
- Lower approval rate has been affected by changes in the loan approval process introduced in January 2018

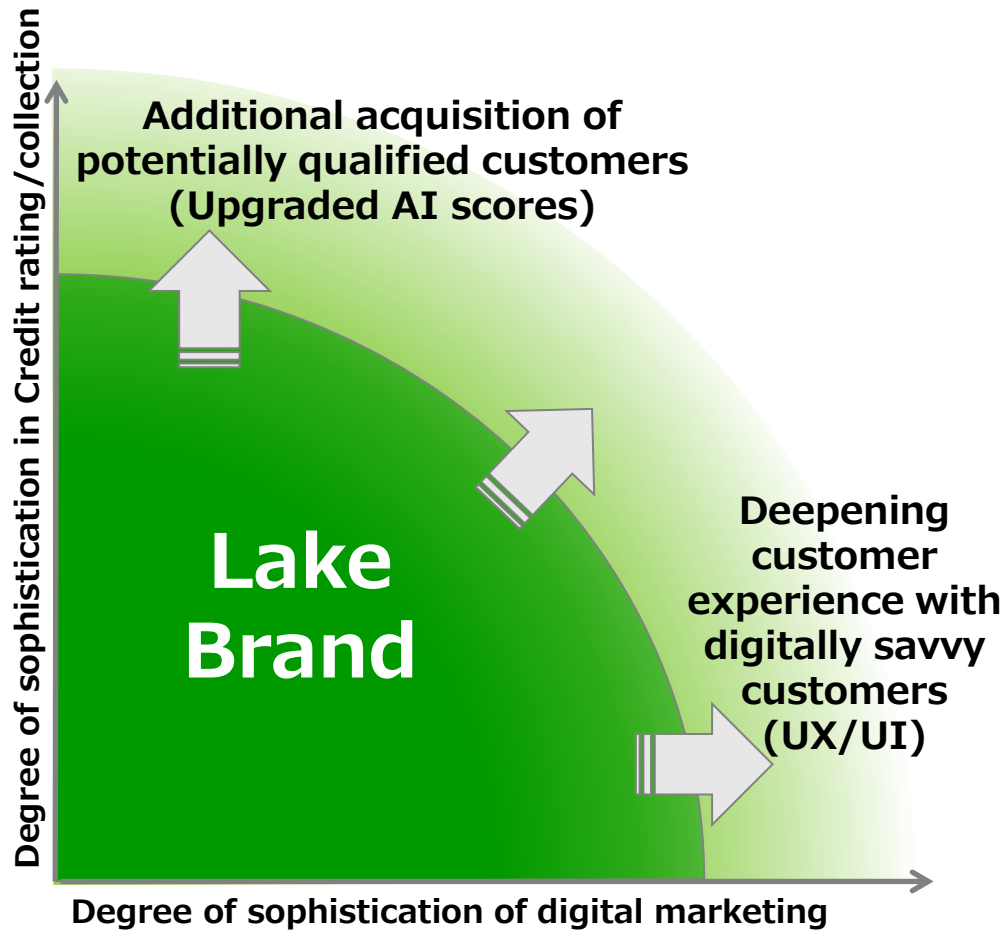
Shinsei Bank Lake and Shinsei Financial	FY16	FY17	YoY % B(+)/W(-)
Net Interest Income	64.2	69.0	+7
of which, Shinsei Bank Lake ¹	38.0	44.9	+18
of which, NOLOAN	6.5	6.1	-6
Noninterest Income	-0.9	-0.1	+89
Total Revenue	63.2	68.9	+9
Expenses	-32.8	-32.4	+1
Ordinary Business Profit (OBP)	30.4	36.4	+20
Net Credit Costs	-20.5	-22.7	-11
OBP after Net Credit Costs	9.9	13.7	+38

¹ Includes net interest income of Shinsei Bank Smart Card Loan Plus

Shinsei Bank Lake: New Customers('000s), Approval Rate



Acquisition of new customers with digital technology



Branding and Marketing

New Value

Agility

Ensure prompt service with cutting-edge AI technology

Linked

Develop a new customer base utilizing the integrated database (YUI Platform)

Security

Always with customers

According to our vision

+

Existing Value

Peace of mind

Lake as an established consumer finance brand

Convenience

No interest for the first 180 days¹
No ATM handing fee charged

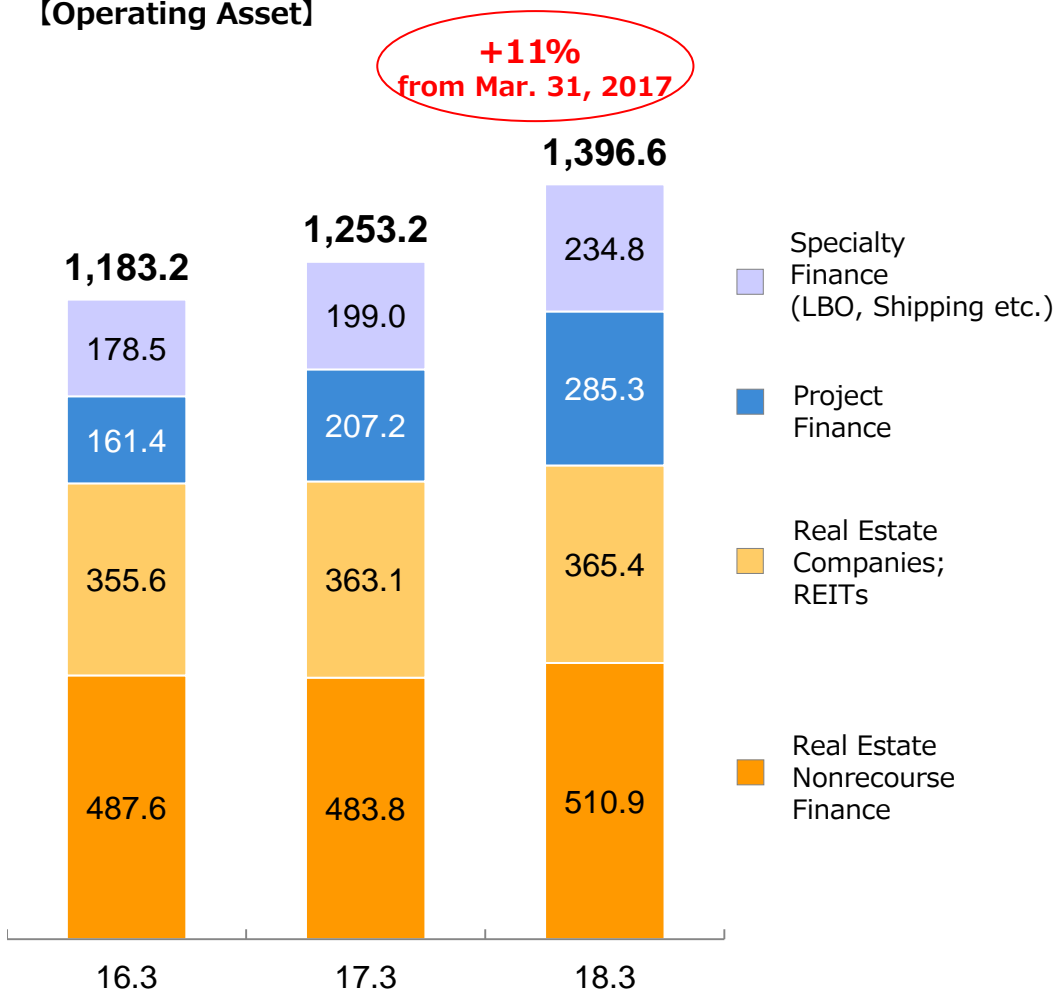
Business: Structured Finance

(Unit: JPY billion; %)

Balance

- Growing real estate finance business prudently considering market and risk-return of deals
- Accumulation of assets and diversification of asset types in project finance continue

[Operating Asset]

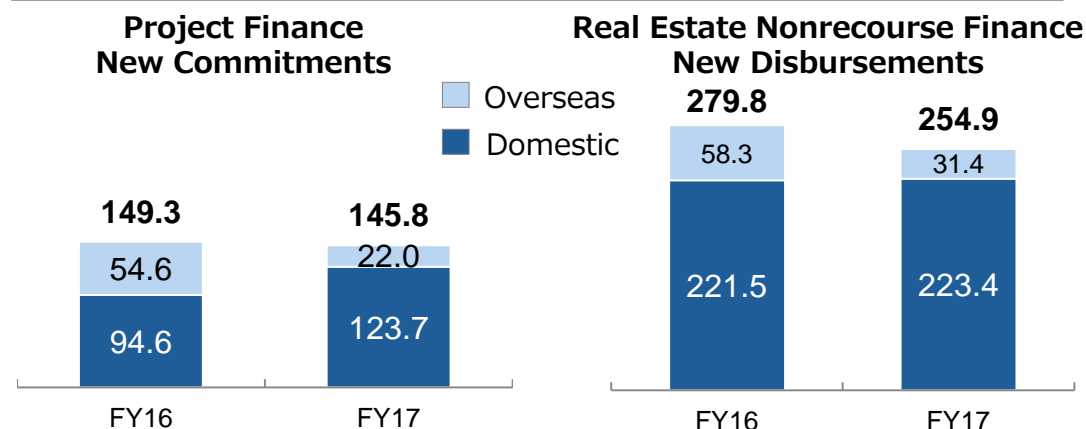


P&L

- Decrease in noninterest income resulted from absence of a large gain on sales (about JPY 5 billion) in real estate finance as recorded in FY2016
- OBP after net credit costs totaled JPY 8.4 billion

Structured Finance	FY16	FY17	YoY % B(+)/W(-)
Net Interest Income	9.4	9.5	+1
Noninterest Income	12.4	7.4	-40
Expenses	-6.4	-6.8	-6
Ordinary Business Profit (OBP)	15.4	10.1	-34
Net Credit Costs	-3.5	-1.7	+51
OBP after Net Credit Costs	11.8	8.4	-29

New Commitments; New Disbursements

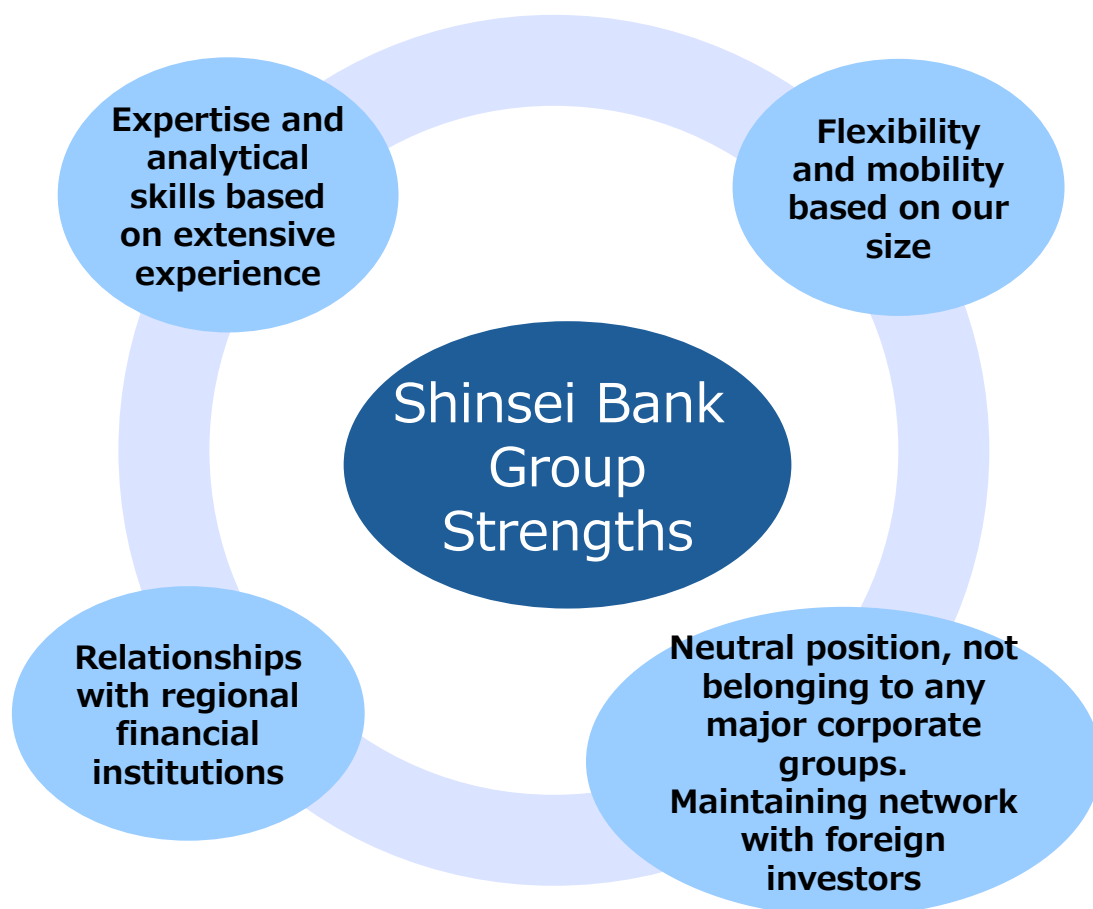


Business: Structured Finance Strengths

(Unit: JPY billion)

Our Positioning

- Shinsei Bank Group has been creating unique added values different from mega banks and regional banks



Japan Project Finance League Table

- Shinsei Bank ranked 3rd in Japan project finance transaction volume in FY2017

(April 1, 2017 – March 31, 2018)

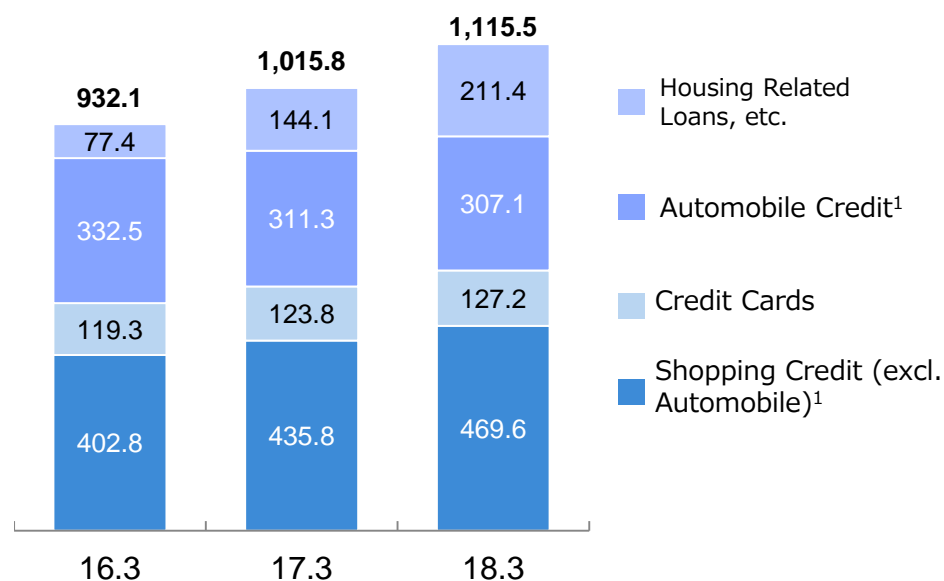
Rank	Mandated Arranger	Vol.	No.	% share
1	Mizuho	117.6	4	21.9
2	Development Bank of Japan	115.5	5	21.5
3	Shinsei Bank	105.7	11	19.7
4	Mitsubishi UFJ Financial Group	102.4	6	19.1
5	Sumitomo Mitsui Financial Group	82.4	10	15.3
6	Sumitomo Mitsui Trust Holdings	9.2	1	1.7
7	Nippon Life Insurance	2.8	1	0.5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

(Source) Dealogic Limited 2018

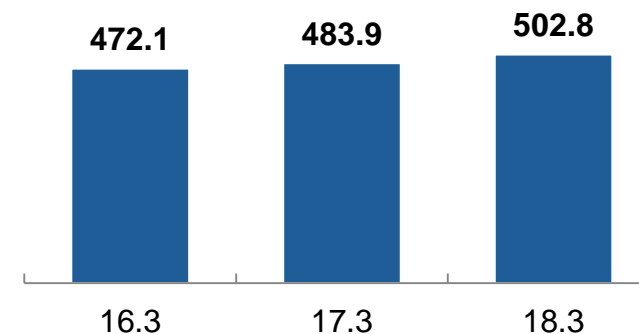
Business: APLUS FINANCIAL, Showa Leasing

(Unit: JPY billion; %)

APLUS FINANCIAL: Operating Assets Balance



Showa Leasing: Operating Assets Balance



APLUS FINANCIAL	FY16	FY17	YoY % B(+)/W(-)
Net Interest Income	9.0	11.3	+26
Noninterest Income	45.1	45.0	-0
Expenses	-36.6	-36.6	0
Ordinary Business Profit (OBP)	17.6	19.7	+12
Net Credit Costs	-8.6	-10.6	-23
OBP after Net Credit Costs	8.9	9.1	+2

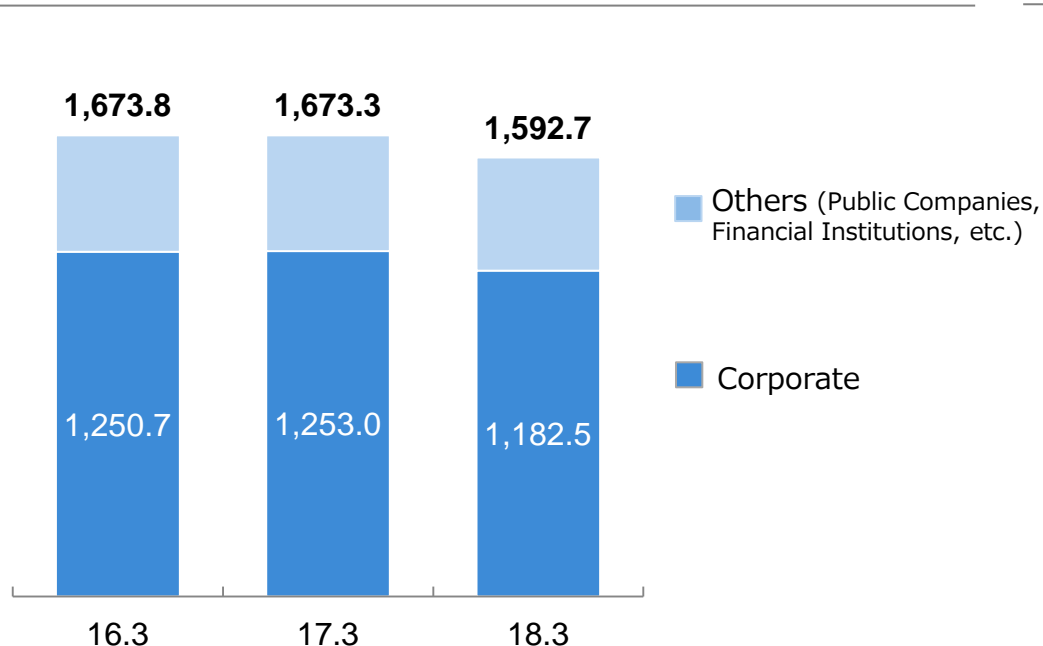
Showa Leasing	FY16	FY17	YoY % B(+)/W(-)
Net Interest Income	-1.2	-0.1	+92
Noninterest Income	14.4	16.1	+12
Expenses	-8.8	-8.9	-1
Ordinary Business Profit (OBP)	4.3	7.0	+63
Net Credit Costs	1.0	-2.7	n.m.
OBP after Net Credit Costs	5.3	4.2	-21

¹ Includes credit guarantees business

Business: Corporate Business, Global Markets

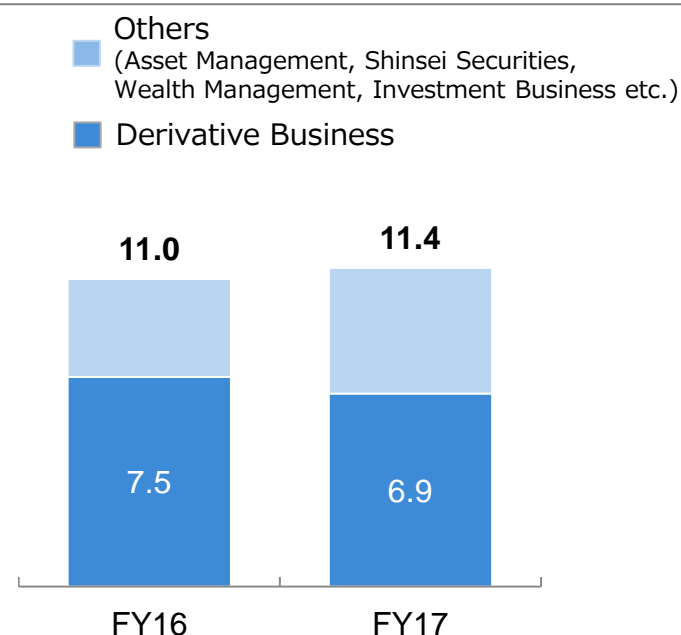
(Unit: JPY billion; %)

Corporate Business: Operating Assets Balance



Corporate Business	FY16	FY17	YoY % B(+)/W(-)
Net Interest Income	10.5	10.0	-5
Noninterest Income	5.7	8.7	+53
Expenses	-11.9	-11.9	0
Ordinary Business Profit (OBP)	4.4	6.8	+55
Net Credit Costs	-0.4	-0.2	+50
OBP after Net Credit Costs	4.0	6.5	+63

Global Markets: Revenue from Derivative Business



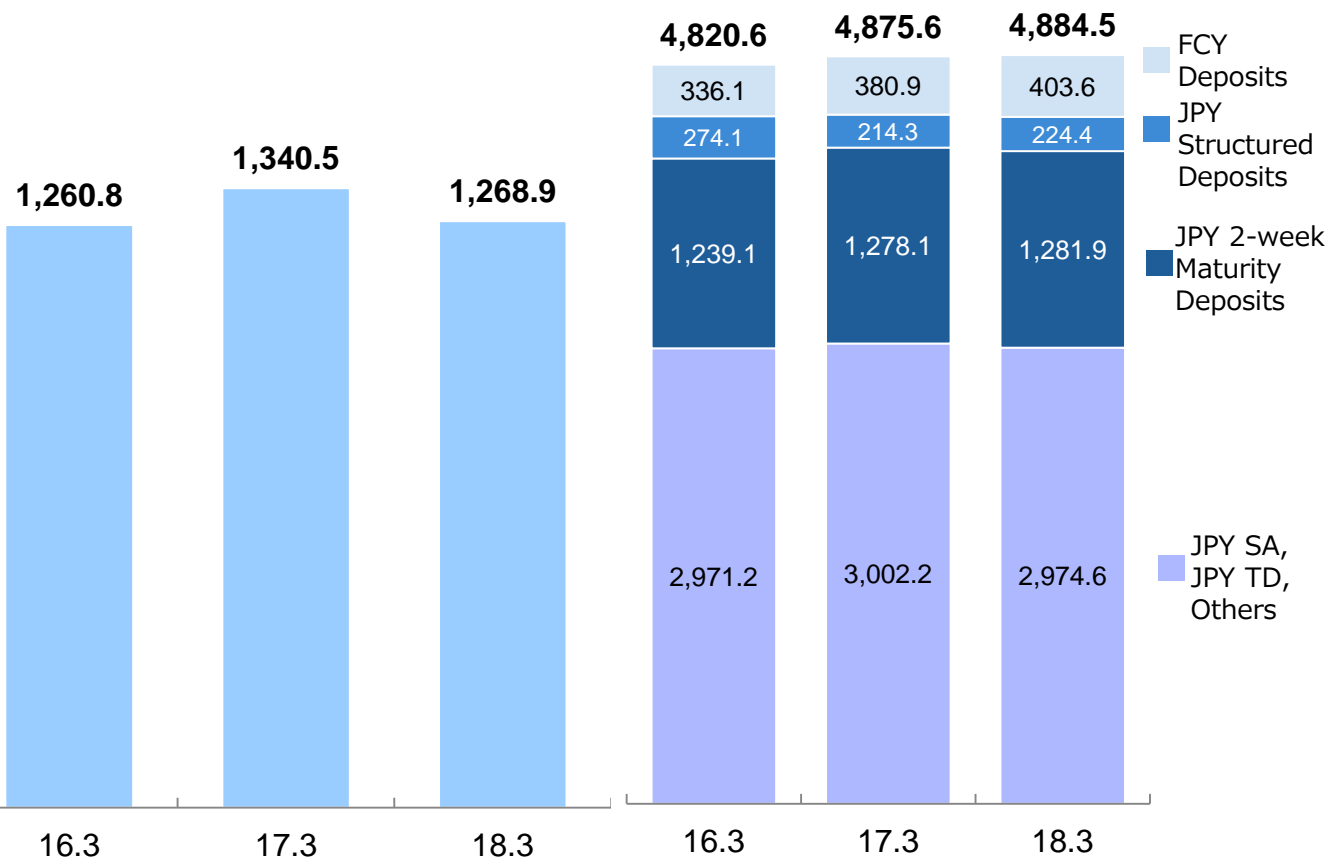
Global Markets	FY16	FY17	YoY % B(+)/W(-)
Net Interest Income	2.2	2.1	-5
Noninterest Income	8.7	9.2	+6
Expenses	-7.0	-7.0	0
Ordinary Business Profit (OBP)	3.9	4.3	+10
Net Credit Costs	0.0	-0.0	n.m.
OBP after Net Credit Costs	3.9	4.3	+10

Business: Retail Banking

(Unit: JPY billion; %)

Housing Loan: Balance

Retail Deposits: Balance by Product



Retail Banking	FY16	FY17	YoY % B(+)/W(-)
Net Interest Income	23.4	22.4	-4
of which, from Loans	10.8	10.5	-3
of which, from Deposits, etc.	12.6	11.9	-6
Noninterest Income	2.5	1.0	-60
of which, from Asset Management Products	7.1	6.5	-8
of which, Other fees (Loan origination, ATM, FT, FX etc.)	-4.6	-5.4	-17
Expenses	-29.4	-29.1	+1
Ordinary Business Profit (OBP)	-3.4	-5.6	-65
Net Credit Costs	0.6	-0.1	n.m.
OBP after Net Credit Costs	-2.7	-5.8	-115

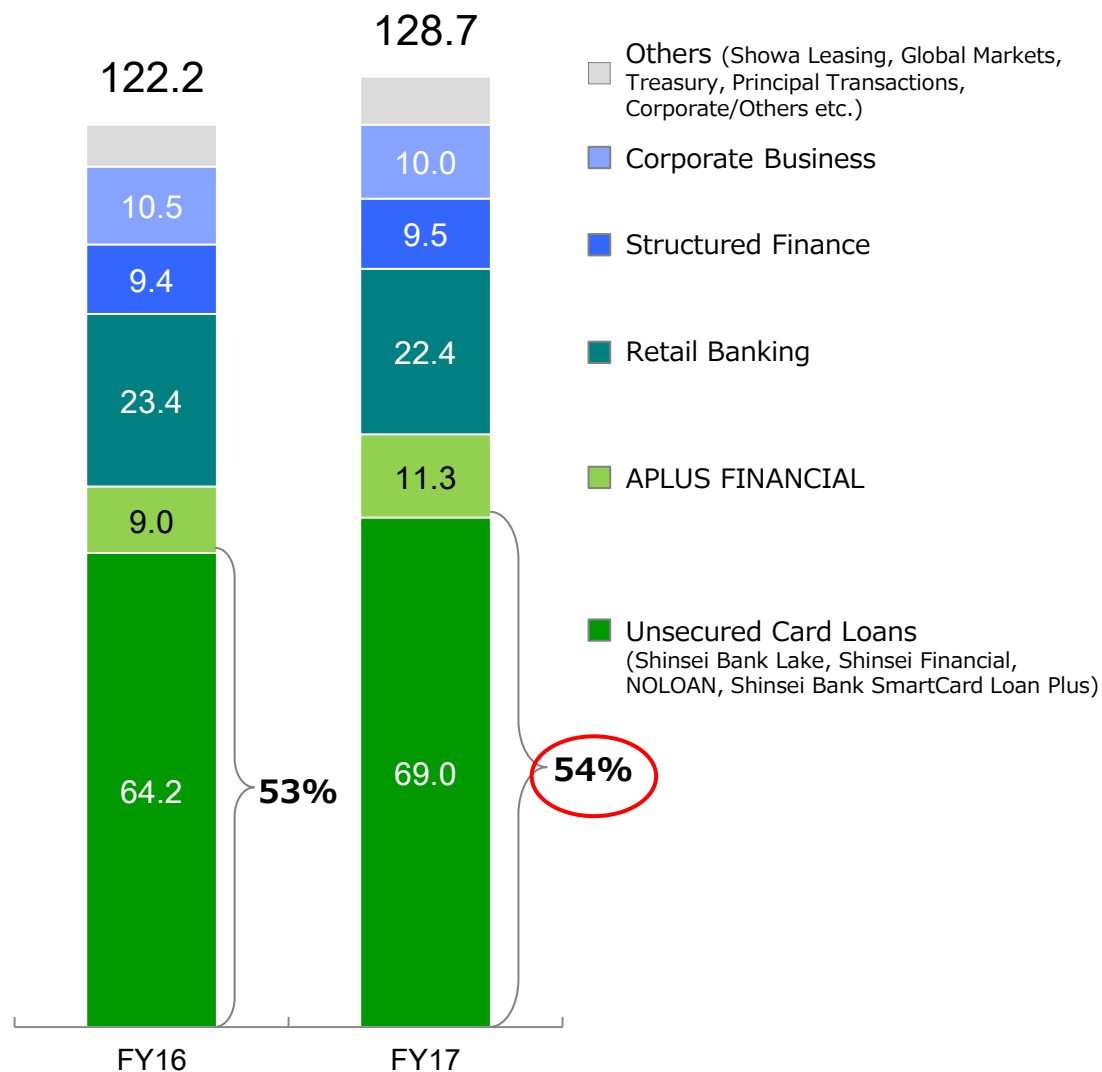
Segment Information



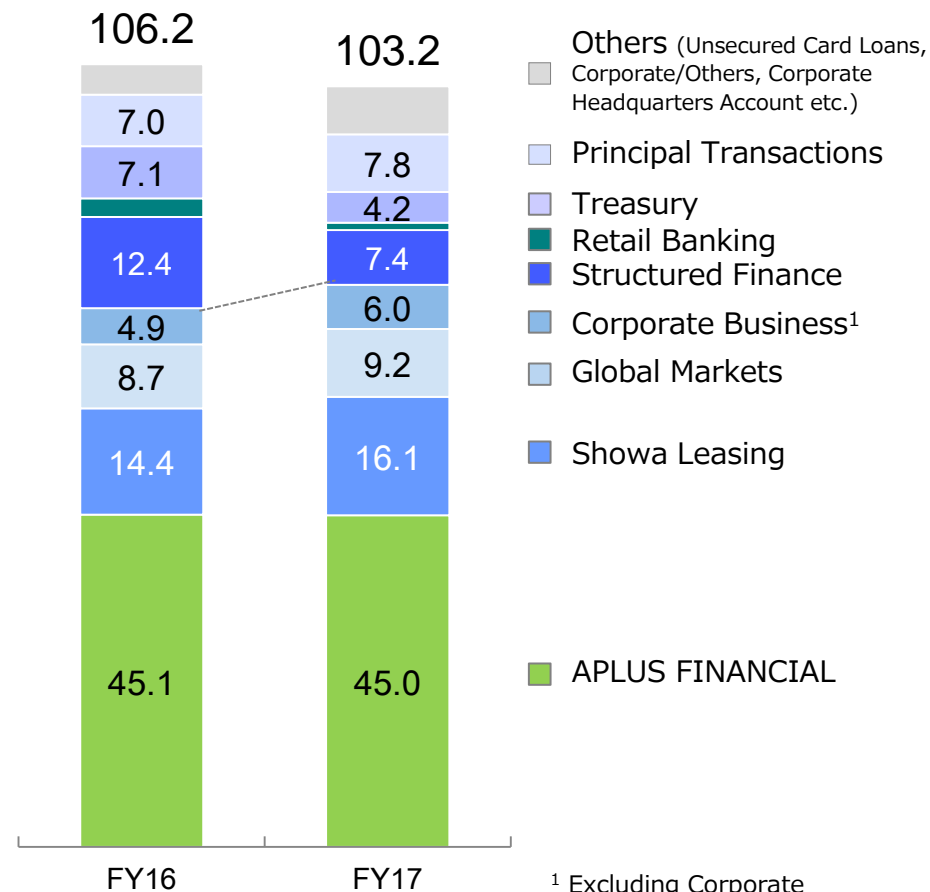
Segment: Net Interest Income, Noninterest Income

(Unit: JPY billion)

Net Interest Income: Segment YoY



Noninterest Income: Segment YoY

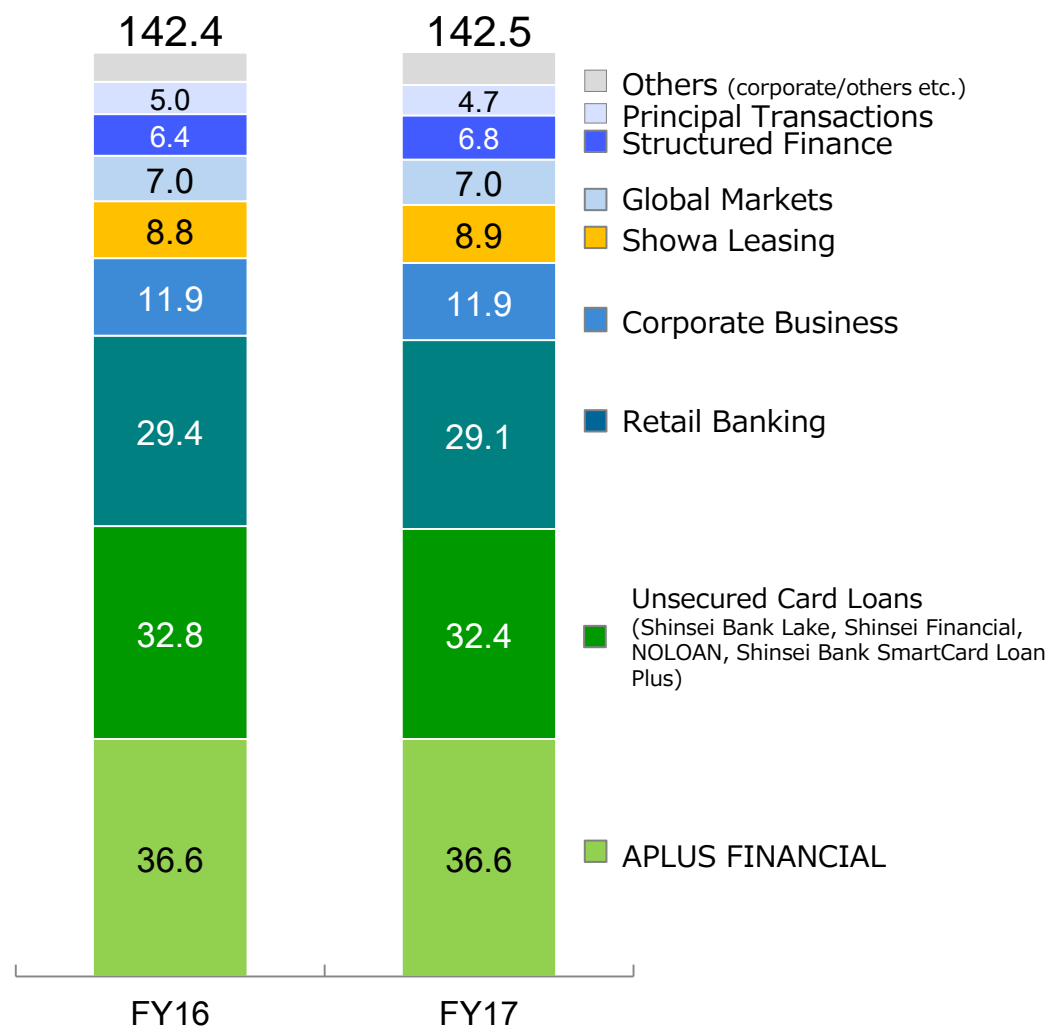


¹ Excluding Corporate Headquarters Account etc.

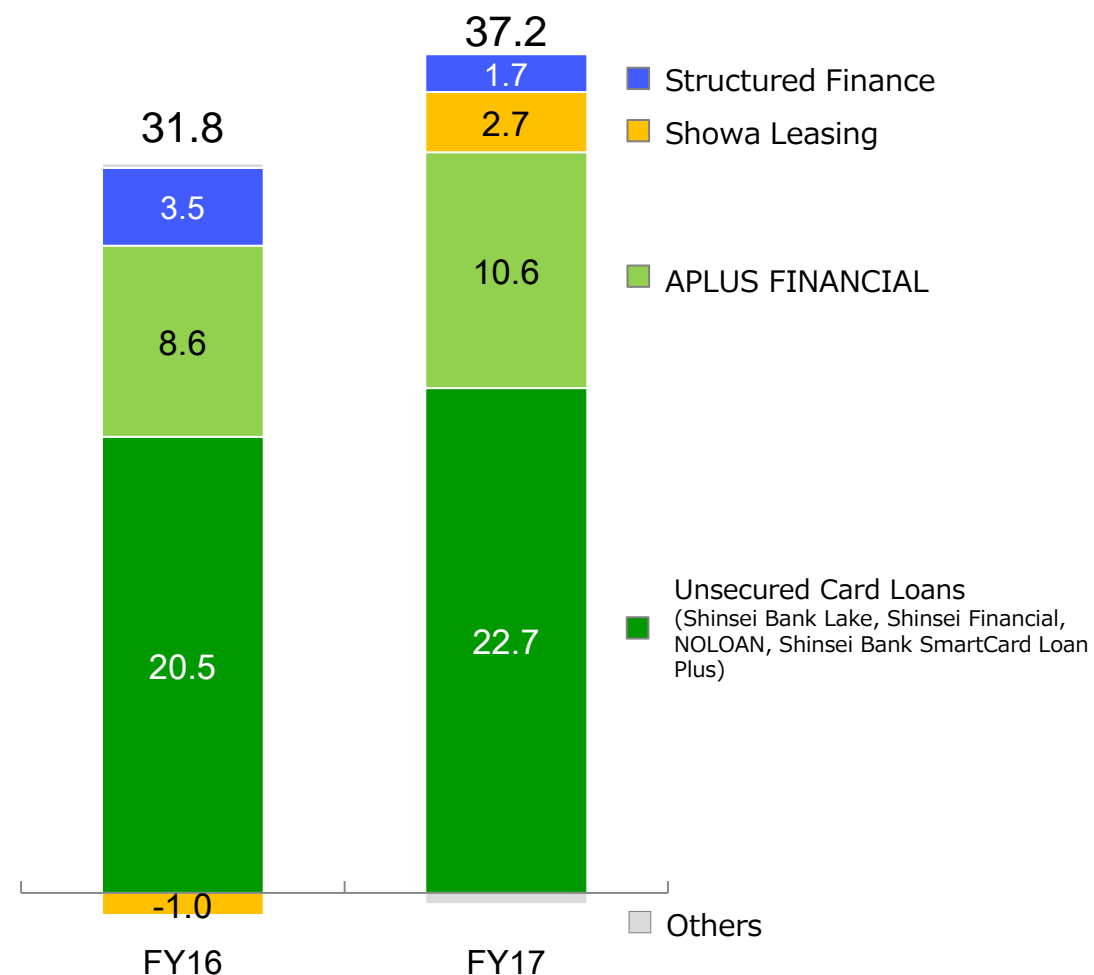
Segment: Expenses, Credit Costs

(Unit: JPY billion)

Expenses: Segment YoY



Credit Costs: Segment YoY



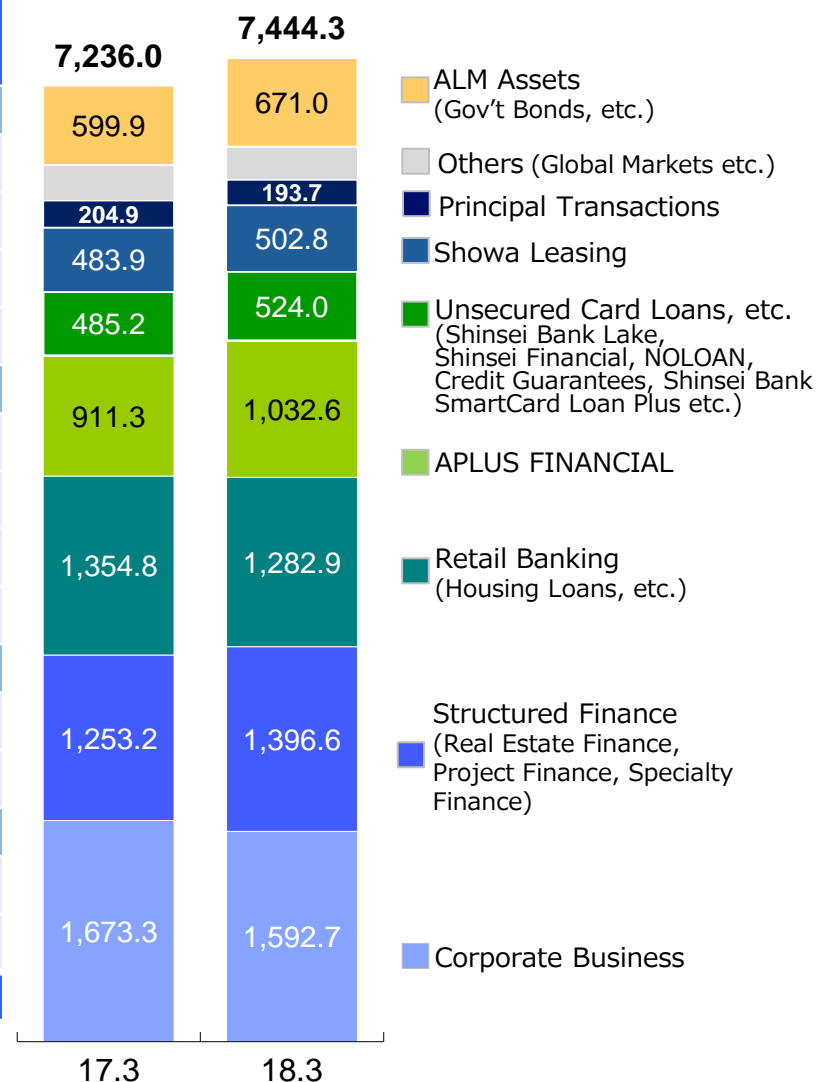
(Note) Costs associated with the funding operations have been allocated to the interest earning businesses on a management accounting basis. Prior period has been adjusted to conform to current period presentation

Segment: P&L and Operating Assets Balance (FY2017)

(Unit: JPY billion; %)

Segment	FY2017 (12 mos)		
	Amounts (OBP after net credit costs)	Weight %	ROA ³ % (Reference)
Individual Business	19.0	36	-
Retail Banking	-5.8	-11	-0.4
Shinsei Bank Lake and Shinsei Financial ¹	13.7	26	2.7
APLUS FINANCIAL	9.1	17	0.9
Others	2.0	4	4.8
Institutional Business	28.5	55	-
Corporate Business	6.5	12	0.4
Structured Finance	8.4	16	0.6
Principal Transactions	9.3	18	4.7
Showa Leasing	4.2	8	0.9
Global Markets Business	4.3	8	-
Markets	4.8	9	n.m.
Others	-0.5	-1	n.m.
Corporate/Other	0.2	0	-
Treasury	1.0	2	0.2
Corporate/Other (excluding Treasury)	-0.8	-2	n.m.
Total (OBP after net credit costs)	52.1	100	0.8

Operating Assets² + ALM Assets



(Note) Costs associated with the funding operations have been allocated to the interest earning businesses on a management accounting basis

¹ Includes NOLOAN and Shinsei Bank Smart Card Loan Plus

² Includes guarantees not requiring funding (customers' liabilities for acceptances and guarantees)

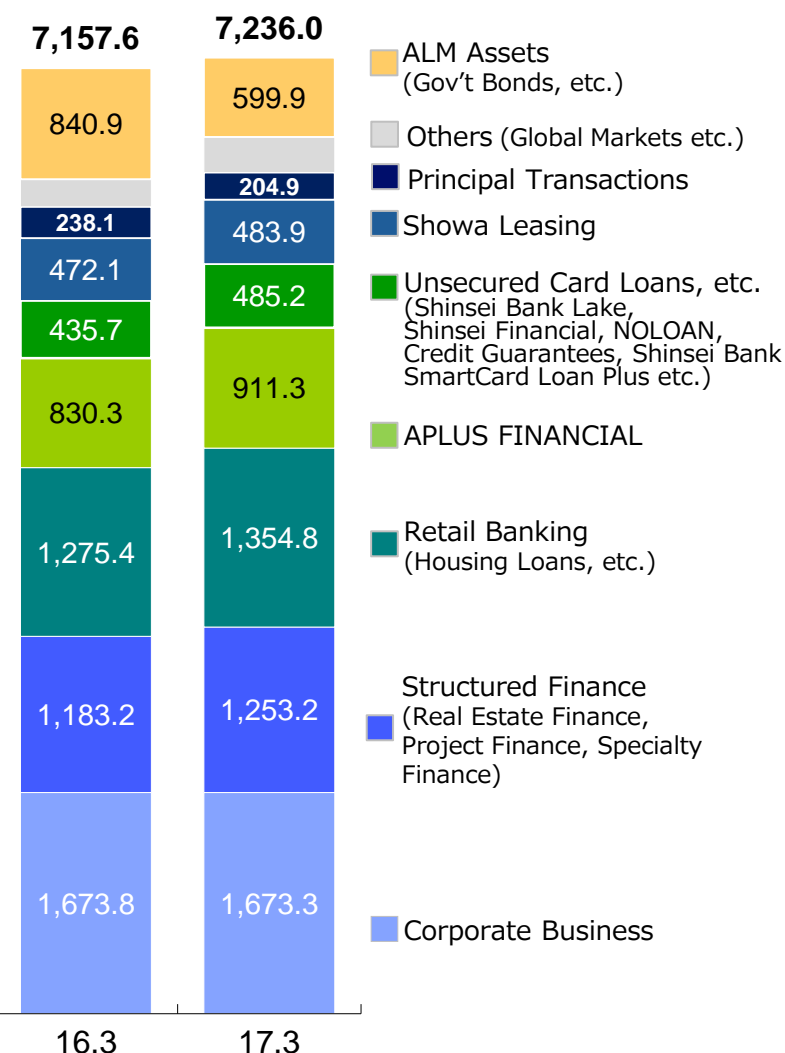
³ Segment ROA = OBP after net credit costs per segment / average operating assets balance of beginning of term and end of term

Segment: P&L and Operating Assets Balance (FY2016)

(Unit: JPY billion; %)

Segment	FY2016 (12 mos)		
	Amounts (OBP after net credit costs)	Weight %	ROA ³ % (Reference)
Individual Business	16.5	30	-
Retail Banking	-2.7	-5	-0.2
Shinsei Bank Lake and Shinsei Financial ¹	9.9	18	2.2
APLUS FINANCIAL	8.9	16	1.0
Others	0.3	1	n.m.
Institutional Business	27.4	51	-
Corporate Business	4.0	7	0.2
Structured Finance	11.8	22	1.0
Principal Transactions	6.1	11	2.8
Showa Leasing	5.3	10	1.1
Global Markets Business	3.9	7	-
Markets	4.9	9	n.m.
Others	-0.9	-2	n.m.
Corporate/Other	6.1	11	-
Treasury	5.3	10	0.7
Corporate/Other (excluding Treasury)	0.7	1	-
Total (OBP after net credit costs)	54.1	100	0.8

Operating Assets² + ALM Assets



(Note) Costs associated with the funding operations have been allocated to the interest earning businesses on a management accounting basis. FY2016 P&L has been adjusted to conform to current period presentation

¹ Includes NOLOAN and Shinsei Bank Smart Card Loan Plus

² Includes guarantees not requiring funding (customers' liabilities for acceptances and guarantees)

³ Segment ROA = OBP after net credit costs per segment / average operating assets balance of beginning of term and end of term

Segment: Quarterly P&L

(Unit: JPY billion)

Segment P&L (OBP after Net Credit Costs)	FY2016				FY2017			
	16.4-6	16.7-9	16.10-12	17.1-3	17.4-6	17.7-9	17.10-12	18.1-3
Individual Business	2.2	4.0	6.6	3.6	2.1	3.1	6.5	7.1
Retail Banking	-0.9	0.3	-1.2	-0.9	-1.7	-1.7	-1.3	-1.0
Shinsei Bank Lake and Shinsei Financial ¹	1.6	2.1	4.3	1.7	1.7	3.0	4.8	4.1
APLUS FINANCIAL	1.5	1.6	3.0	2.6	1.9	1.5	2.7	2.9
Others	-0.0	-0.0	0.4	0.0	0.3	0.2	0.3	1.0
Institutional Business	4.7	5.7	8.4	8.4	8.6	7.5	5.7	6.5
Corporate Business	0.4	0.9	0.8	1.6	1.4	4.0	0.3	0.7
Structured Finance	1.4	3.5	-0.3	7.2	1.9	0.7	2.5	3.1
Principal Transactions	1.5	-0.2	5.6	-0.7	4.3	1.8	2.9	0.1
Showa Leasing	1.3	1.4	2.3	0.3	0.9	0.8	-0.1	2.4
Global Markets Business	1.1	0.5	1.4	0.8	1.2	0.4	0.8	1.7
Markets	1.4	1.1	1.5	0.7	1.3	0.6	0.9	1.8
Others	-0.2	-0.5	-0.1	0.0	-0.0	-0.1	-0.1	-0.1
Corporate/Other	3.9	4.6	-1.9	-0.4	0.6	0.4	0.3	-1.1
Treasury	3.6	3.2	-0.9	-0.5	0.7	0.4	0.5	-0.6
Corporate/Other (excluding Treasury)	0.2	1.4	-1.0	0.0	-0.1	-0.0	-0.1	-0.4
Total (OBP after Net Credit Costs)	12.1	15.0	14.5	12.4	12.7	11.6	13.4	14.3

(Note) Costs associated with the funding operations have been allocated to the interest earning businesses on a management accounting basis. FY2016 P&L has been adjusted to conform to current period presentation

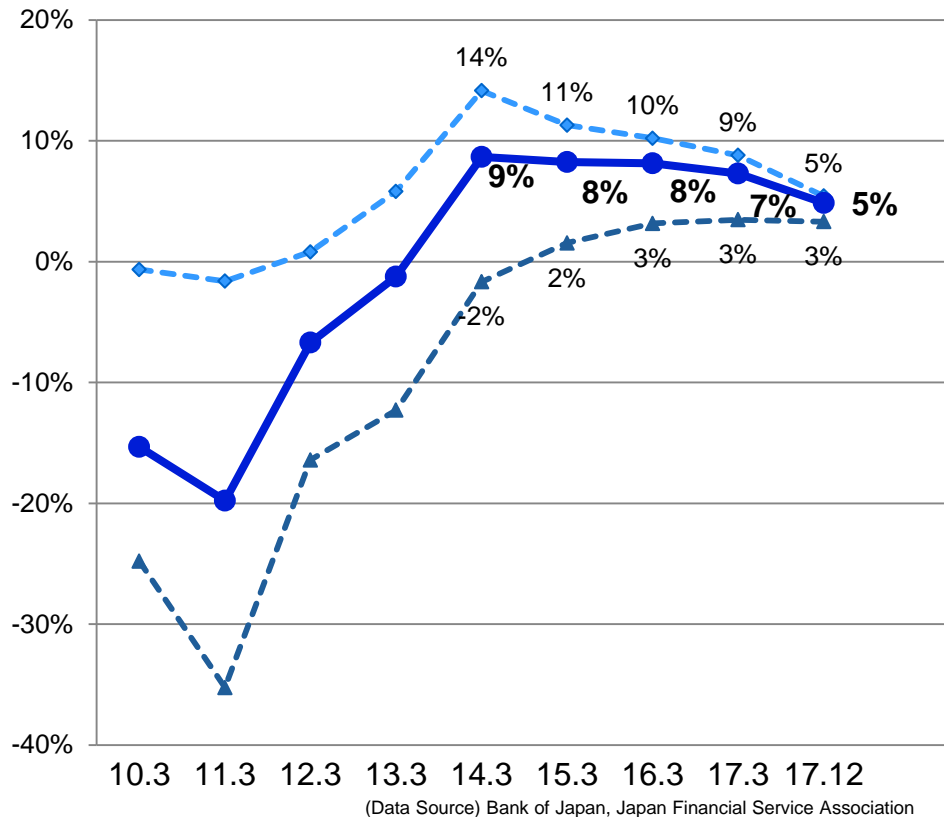
¹ Includes NOLOAN and Shinsei Bank Smart Card Loan Plus

Appendix



Unsecured Card Loans: Market

Unsecured Card Loan Market: Growth Rate



- ◆ YoY: Bank Card Loan Growth Rate
- YoY: Unsecured Card Loan Market Growth Rate
- ▲ YoY: Nonbank Unsecured Card Loan Growth Rate

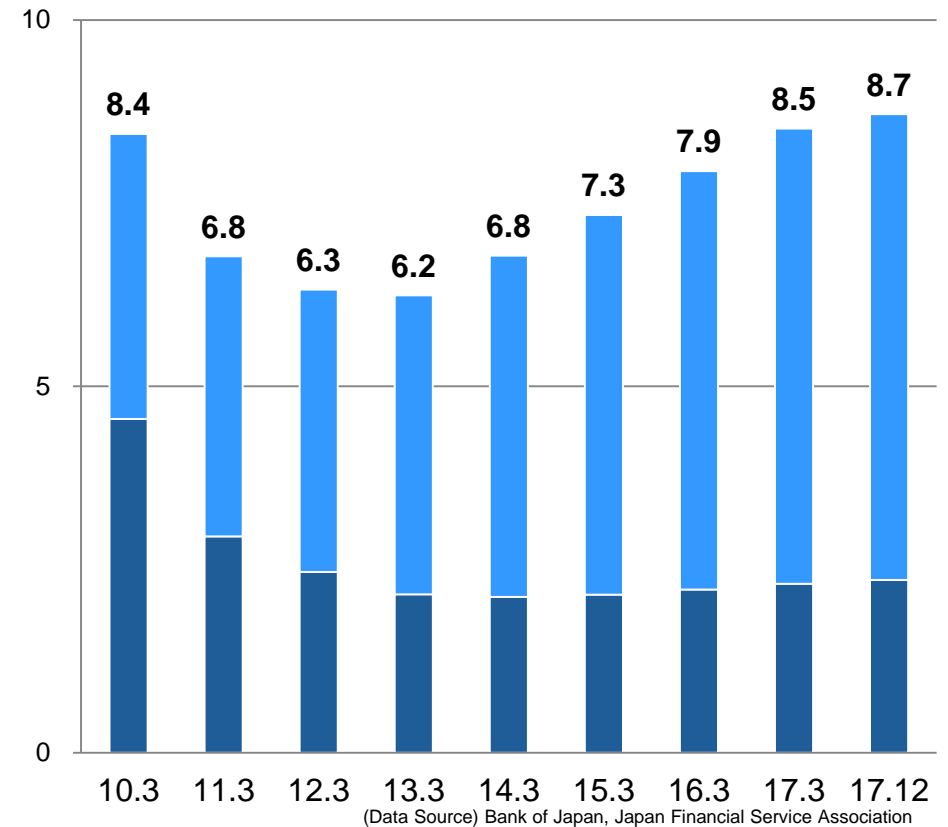
“Unsecured card loan market”= “Bank card loan balance” + “Nonbank unsecured card loan balance”

“Bank card loan balance”: Statistics aggregated by the Bank of Japan; Balance of consumer card loans extended by domestic banks and credit unions

“Nonbank unsecured card loan balance”: Statistics aggregated by the Japan Financial Services Association; Unsecured loans (consumer finance sector) month end balance (excludes housing loans)

Unsecured Card Loan Market: Size

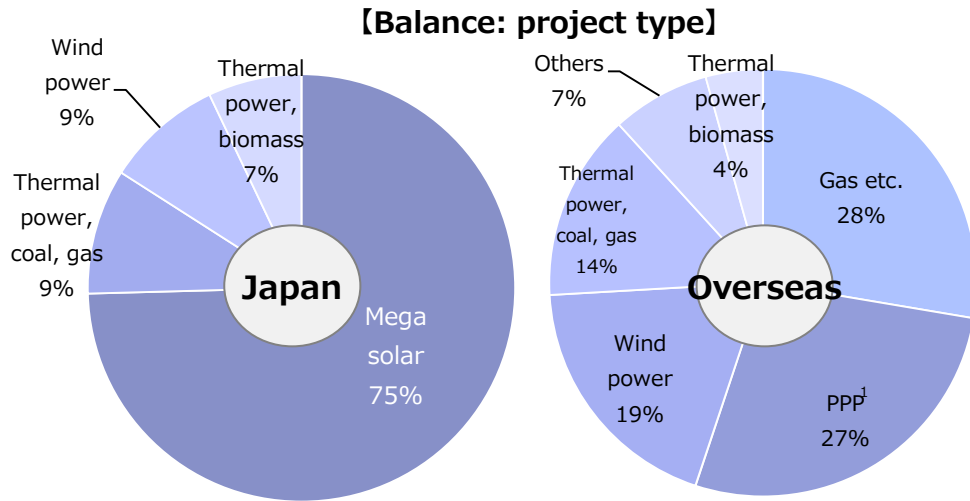
(Unit: JPY trillion)



- Bank Card Loan Balance
- Nonbank Unsecured Card Loan Balance

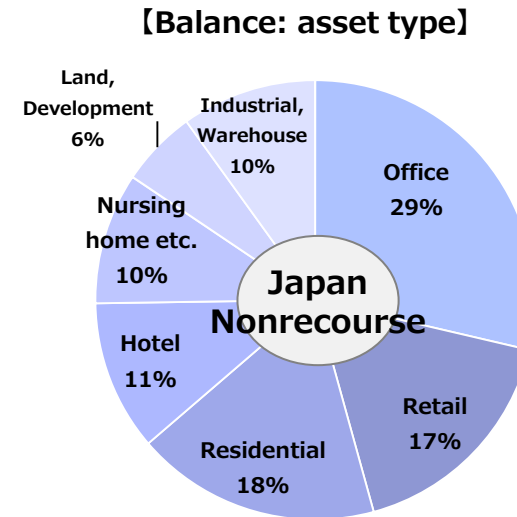
Structured Finance: Portfolio (as of Mar. 31, 2018)

Project Finance

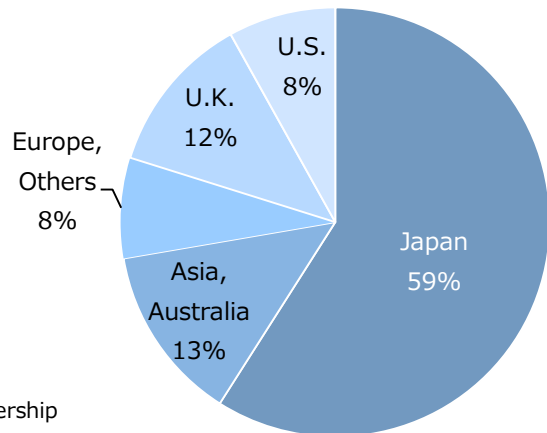


- Overseas transactions:
- Mainly to participate in the syndication arranged by major banks
 - Mostly to structure not affected by changes in market price or credit guaranteed by ECA (Export Credit Agency) etc.

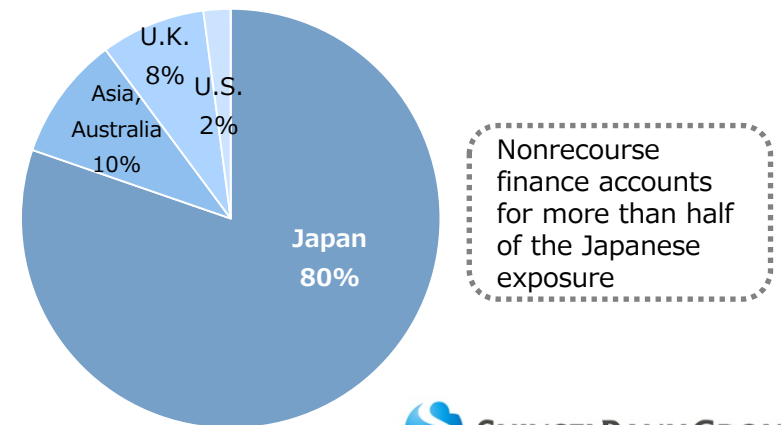
Real Estate Finance



【Balance: regions, includes commitment basis】



【Balance: regions in nonrecourse, real estate companies and REITs】



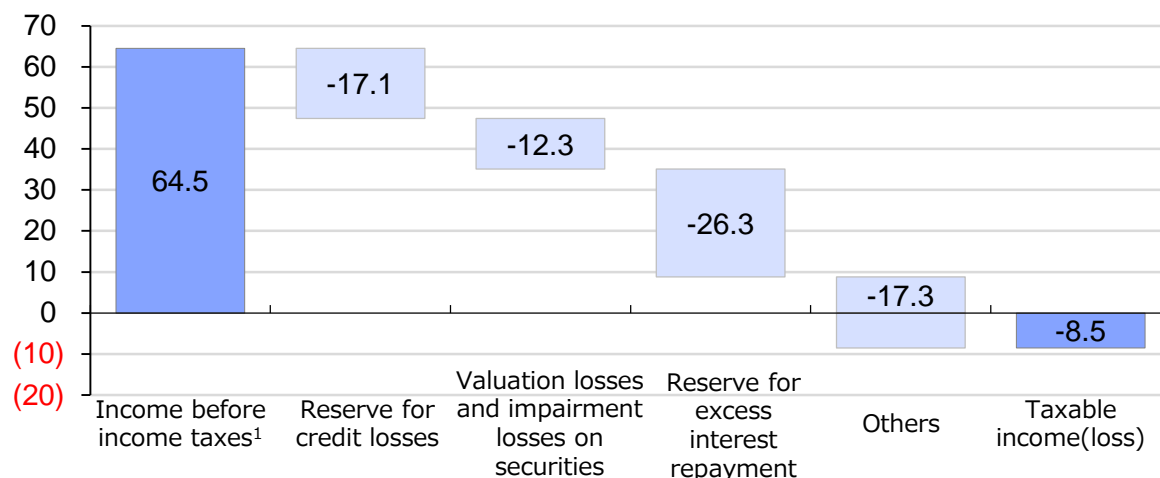
¹ Public Private Partnership

Current Income Tax (Consolidated Tax¹)

(Unit: JPY billion)

- JPY -8.5 billion of taxable income (loss) was recorded for FY2017, after deducting taxable write-offs on securities and reserve for interest repayment etc. from income before income taxes¹
- Tax loss carry-forward at March 31, 2018 totaled JPY 156 billion

Income before Income Taxes vs. Taxable Income



Schedule of Tax Loss Carry-forward (NOL)

Year of Generation	Date of Expiry	Amounts
FY2010	March 2020	20.0
FY2011	March 2021	16.7
FY2012	March 2022	23.2
FY2013	March 2023	18.5
FY2014	March 2024	34.7
FY2015	March 2025	17.6
FY2016	March 2026	16.5
FY2017	March 2027	8.5
Total		156.0

Breakdown of Temporary Differences and DTA

Item	Temporary Differences ²	DTA ²
Tax loss carry-forwards	156.0	61.4
Reserve for credit losses	140.6	47.0
Reserve for excess interest repayment	68.5	23.7
Valuation losses and impairment losses on securities	58.7	17.9
Others	76.3	23.8
Total	500.2	173.9

¹ Shinsei Bank consolidated tax group includes Shinsei Financial, Shinsei Personal Loan, and Showa Leasing, but does not include APLUS FINANCIAL

² Temporary differences and net of DTA exclude deferred gain/losses on derivatives under hedge accounting etc.

Deferred Income Tax; Effective Tax Rate (Consolidated Tax¹)

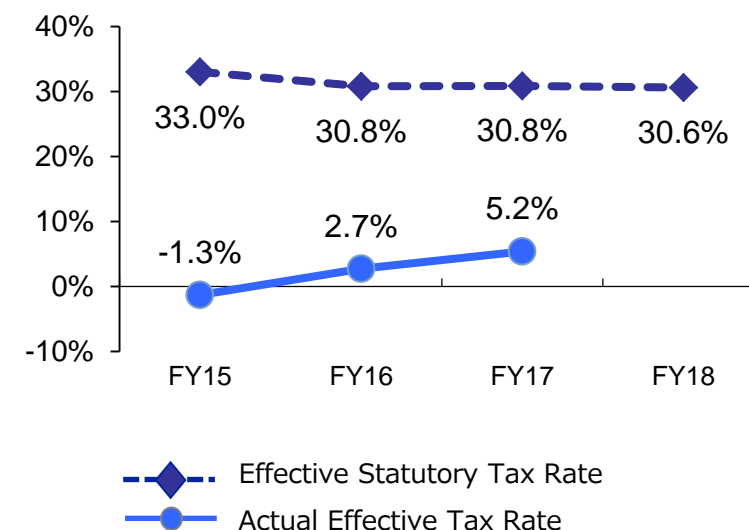
(Unit: JPY billion)

- We are classified under the Type 4 of the ASBJ² Guidance No. 26 Implementation Guidance on Recovery of DTA
- One year is applied to calculate the projection of deferred tax assets
- Conditions:
 - ◆ Material tax loss carry-forwards incurred in the past three years
 - ◆ Taxable income for next year as estimated before adjusting for the temporary differences
- The effective statutory tax rate was 30.8%, and actual effective tax rate was 5.2% in FY2017

Deferred Income Tax

Item	Temporary Differences ³	DTA ³
Tax loss carry-forwards: (A)	156.0	
Temporary differences: (B)	344.2	
Sub total: (C=A+B)	500.2	173.9
Estimated realizable amounts in the tax schedule: (D)	52.4	
Projected taxable income before adjustment for FY18: (E)	61.5	
DTA (F: lower of either (D) or (E))	52.4	17.9
Valuation allowance (G=C-F)		156.0
DTL (H)		2.9
Net of DTA (I=F-H)		15.0
Net of DTA as of March 2017 (J)		17.3
Deferred Income Tax for FY17 ((+):profits, (-) :expenses) (I-J)		-2.3

Effective Tax Rate



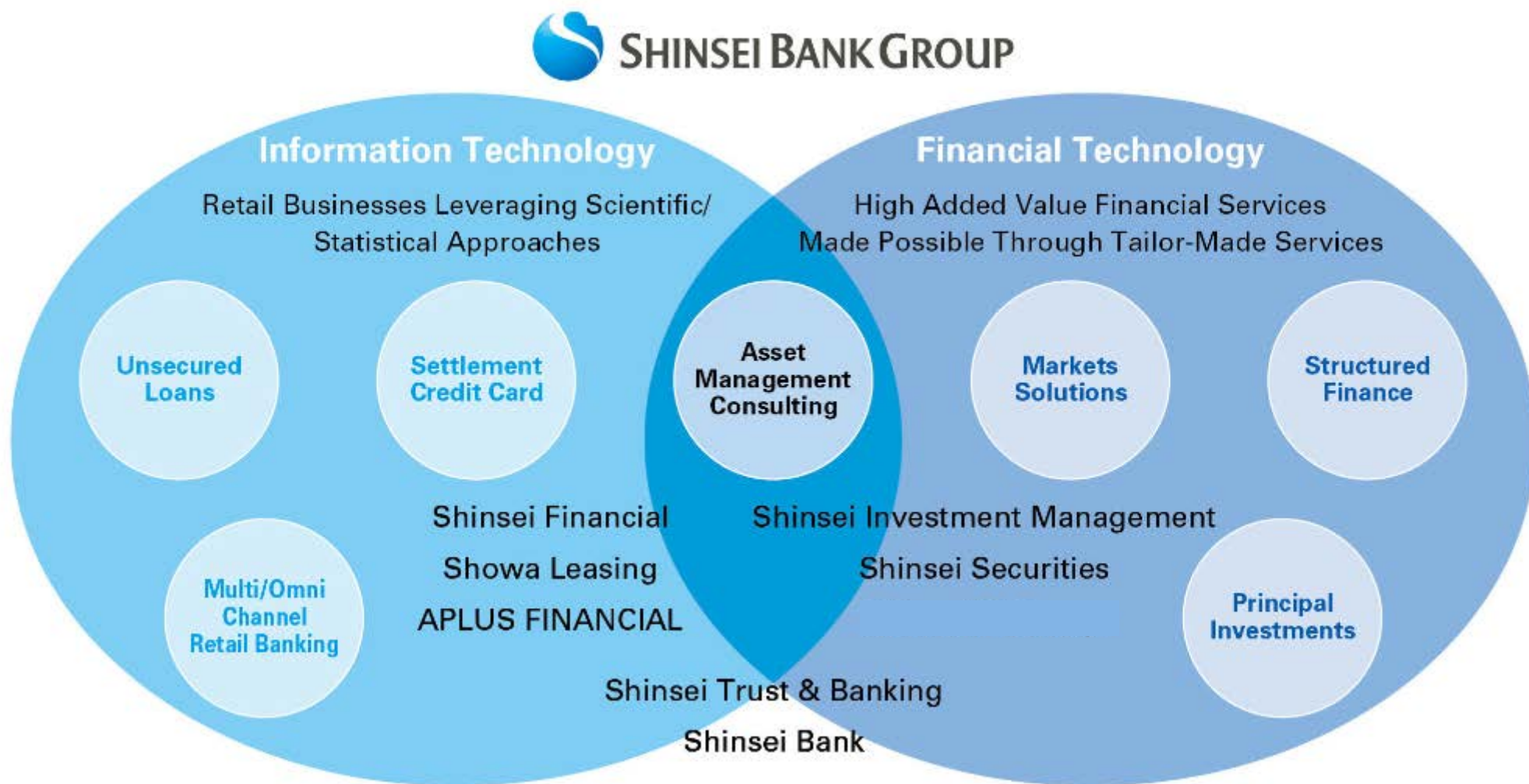
¹ Shinsei Bank consolidated tax group includes Shinsei Financial, Shinsei Personal Loan, and Showa Leasing, but does not include APLUS FINANCIAL

² Accounting Standards Board of Japan

³ Temporary differences and net of DTA exclude deferred gain/losses on derivatives under hedge accounting etc.

Strategy of 3rd Medium Term Management Plan (MTMP) FY2016-FY2018

- Strengths of Shinsei Bank Group: Providing high value-added financial services harnessing Information Technology and Financial Technology



Strategy of 3rd Medium Term Management Plan (MTMP) FY2016-FY2018

Business Areas

	Business
<p>Growth Areas</p> <p>Areas in which the Shinsei Bank Group already has competitive advantages and is seen as having strong profit and growth potential.</p>	<ul style="list-style-type: none"> • Unsecured loans • Structured finance
<p>Stable Revenue Areas</p> <p>Areas in which the Shinsei Bank Group will stably and selectively engage in without being involved in excessive competition.</p>	<ul style="list-style-type: none"> • Asset management consulting • Corporate market solutions • Shopping credit, credit cards
<p>Strategic Initiative Areas</p> <p>Areas which are expected to deliver future growth and in which the Bank looks to create customer value through groundbreaking innovations beyond conventional formats.</p>	<ul style="list-style-type: none"> • Small- and medium-sized enterprise/ small business solutions • Settlements • Business with regional financial institutions • Business succession finance

Group Management Infrastructure: Achieve Responsive, Flexible Business Management and Lean Operations throughout the Bank Group

- Flexible and proactive reallocation/optimal use of Group management resources based upon business environment changes and plan progression
- Business management framework which enables maximum realization of organization and employee latent potential while eliminating waste and overextension
- Robust Group governance through unified Group management and enhancement of horizontal business functions

Corporate Information

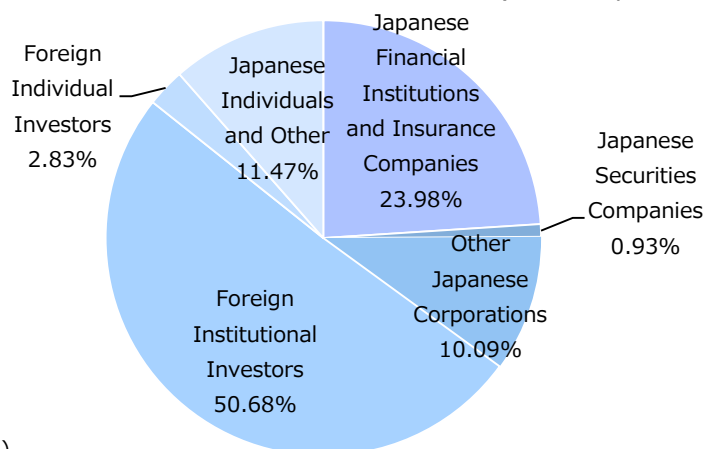
Corporate Information

(As of March 31, 2018)

Name	Shinsei Bank, Limited
Established	December 1, 1952
Representative Director & President	President & CEO Hideyuki Kudo (Appointed June 17, 2015)
Code	8303
No. of outstanding shares issued	275,034,689
Of which, treasury shares	22,166,075
No. of employees	5,307 (Consolidated basis), 2,188 (Nonconsolidated basis)
No. of branches	28 branches including head office and 4 annexes

Shareholders Composition

(As of September 30, 2017)



(Note)

"Japanese Financial Institutions and Insurance Companies" includes the Resolution and Collection Corporation.

"Other Japanese Corporations" includes the Deposit Insurance Corporation.

"Japanese Individuals and Other" includes treasury shares.

History

December 1952	Established The Long-Term Credit Bank of Japan, Limited (LTCB) under the Long-Term Credit Banking Law
October 1998	Commenced special public management under the Financial Revitalization Law, delisted from TSE and OSE
June 2000	Changed name from The Long-Term Credit Bank of Japan, Limited (LTCB) to Shinsei Bank, Limited
February 2004	Listed the Bank's common shares on the First Section of the Tokyo Stock Exchange
September 2004	Acquired a controlling interest in APLUS Co., Ltd. (Changed company name to APLUS Financial Co., Ltd. on April 1, 2010)
March 2005	Acquired a controlling interest in Showa Leasing Co., Ltd.
December 2007	Acquired a controlling interest in SHINKI Co., Ltd. (Changed company name to Shinsei Personal Loan Co., Ltd.)
February 2008	Completed a tender offer bid for the Bank's common shares and a third-party allotment of new common shares of the Bank (in the total value of 50 billion yen)
September 2008	Acquired GE Consumer Finance Co., Ltd. (Changed company name to Shinsei Financial Co., Ltd. on April 1, 2009)
April 2010	Launched the First Medium-Term Management Plan
March 2011	Issued 690 million new shares through international common share offering
October 2011	Commenced unsecured card loan service under the Lake brand in Shinsei Bank
April 2013	Launched the Second Medium-Term Management Plan
April 2016	Launched the Third Medium-Term Management Plan
April 2017	Established Group Headquarters
April 2018	Commenced unsecured card loan service under the Lake ALSA brand in Shinsei Financial Co., Ltd.

Key Data

Balance Sheet

(Unit: JPY billion)	2014.3	2015.3	2016.3	2017.3	2018.3
Loans and bills discounted	4,319.8	4,461.2	4,562.9	4,833.4	4,895.9
Securities	1,557.0	1,477.3	1,227.8	1,014.6	1,123.5
Lease receivables/ leased investment assets	227.7	227.0	211.4	191.4	171.4
Installment receivables	421.9	459.1	516.3	541.4	558.8
Reserve for credit losses	-137.3	-108.2	-91.7	-100.1	-100.8
Deferred Tax Assets	16.5	15.3	14.0	15.5	14.7
Total assets	9,321.1	8,889.8	8,928.7	9,258.3	9,456.6
Deposits including negotiable certificates of deposits	5,850.4	5,452.7	5,800.9	5,862.9	6,067.0
Borrowed money	643.4	805.2	801.7	789.6	739.5
Corporate bonds	177.2	157.5	95.1	112.6	85.0
Grey zone reserves	208.2	170.2	133.6	101.8	74.6
Total liabilities	8,598.5	8,136.0	8,135.6	8,437.5	8,600.6
Shareholders' equity	665.1	728.5	786.8	823.7	862.5
Total net assets	722.5	753.7	793.1	820.7	856.0

¹ NPL ratio based on Financial Revitalization Law (Nonconsolidated)

² Domestic Standard; Grandfathered Basis

Financial Ratios

(Unit: %)	FY13	FY14	FY15	FY16	FY17
Expense-to-revenue ratio	65.4	60.2	64.9	62.3	61.5
Loan-to-deposit ratio	73.8	81.8	78.7	82.4	80.7
ROA	0.5	0.7	0.7	0.6	0.5
ROE	6.5	9.8	8.1	6.3	6.1
RORA	0.7	1.2	1.1	0.8	0.8
NPL Ratio ¹	3.81	1.42	0.79	0.22	0.17
Core Capital Ratio ²	13.58	14.86	14.20	13.06	12.83

Per Share Data

(Unit: JPY)	FY13	FY14	FY15	FY16 ³	FY17 ³
BPS ³	247.82	275.45	294.41	3,163.89	3,376.39
EPS ³	15.59	25.57	22.96	194.65	199.01

Credit Ratings

	2014.3	2015.3	2016.3	2017.3	2018.3
R&I	BBB+	BBB+	BBB+	BBB+	A-
JCR	BBB+	BBB+	BBB+	BBB+	BBB+
S&P	BBB+	BBB+	BBB+	BBB+	BBB+
Moody's	Baa3	Baa3	Baa3	Baa2	Baa2

³ Reverse stock split (10 stocks to 1 stock) was executed on October 1, 2017
Per share data for FY16 has been adjusted to conform to current period presentation

- **The preceding description of Shinsei’s Medium-Term Management Plan contains forward-looking statements regarding the intent, belief and current expectations of our management with respect to our financial condition and future results of operations. These statements reflect our current views with respect to future events that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate. Potential risks include those described in our annual securities report filed with the Kanto Local Finance Bureau, and you are cautioned not to place undue reliance on forward-looking statements.**
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