



Business and Financial Highlights
First Quarter Ended June 30, 2017

Shinsei Bank, Limited
August 2017



Table of Contents

■ Key Points -----	P3
■ 1QFY2017 Financial Results -----	P4
■ Financial Update -----	P5
■ Unsecured Loans, Structured Finance -----	P11
■ Interest Repayment (Kabarai) -----	P13
■ Supplemental Information -----	P14

1

Net income resulted in 21% progression toward FY2017 full year forecast

- Ordinary Business Profit (OBP) in 1QFY2017 totaled JPY 21.9 billion (YoY+9%); 26% progression toward FY2017 full year forecast of JPY 85 billion
- Net income in 1QFY2017 totaled JPY 10.9 billion (YoY+35%); 21% progression toward FY2017 full year forecast of JPY 51 billion

2

Operating asset balance in growth business areas grew at 13%

- Unsecured loan balance increased by 12% from June 30, 2016 (FY2017 full year growth forecast at 8%)
- Structured finance asset balance increased by 13% from June 30, 2016 (FY2017 full year growth forecast at 10%)
- In core revenue areas, recovery of income from sales of asset management products in the Retail Banking is slower than initial expectation

3

Annual shareholder return plan is underway

- Improvement of the shareholder return remains one of our most important management issues
- The Bank intends to maintain or improve the total payout ratio

1QFY2017 Financial Results

(Unit: JPY billion; %)

Consolidated	1Q FY2016 (Actual)	1Q FY2017 (Actual)		FY2017 (Plan)
		YoY (%) B(+)/W(-)	Progress (%)	
Net Interest Income	30.3	31.9	+5	
Noninterest Income	25.2	25.9	+3	
Total Revenue	55.6	57.8	+4	25
Expenses	-35.4	-35.9	-1	25
Ordinary Business Profit	20.1	21.9	+9	26
Net Credit Costs	-8.0	-9.1	-14	28
OBP after Net Credit Costs	12.1	12.7	+5	24
Others	-3.9	-1.8	+54	90
Net Income	8.1	10.9	+35	21

Key Points

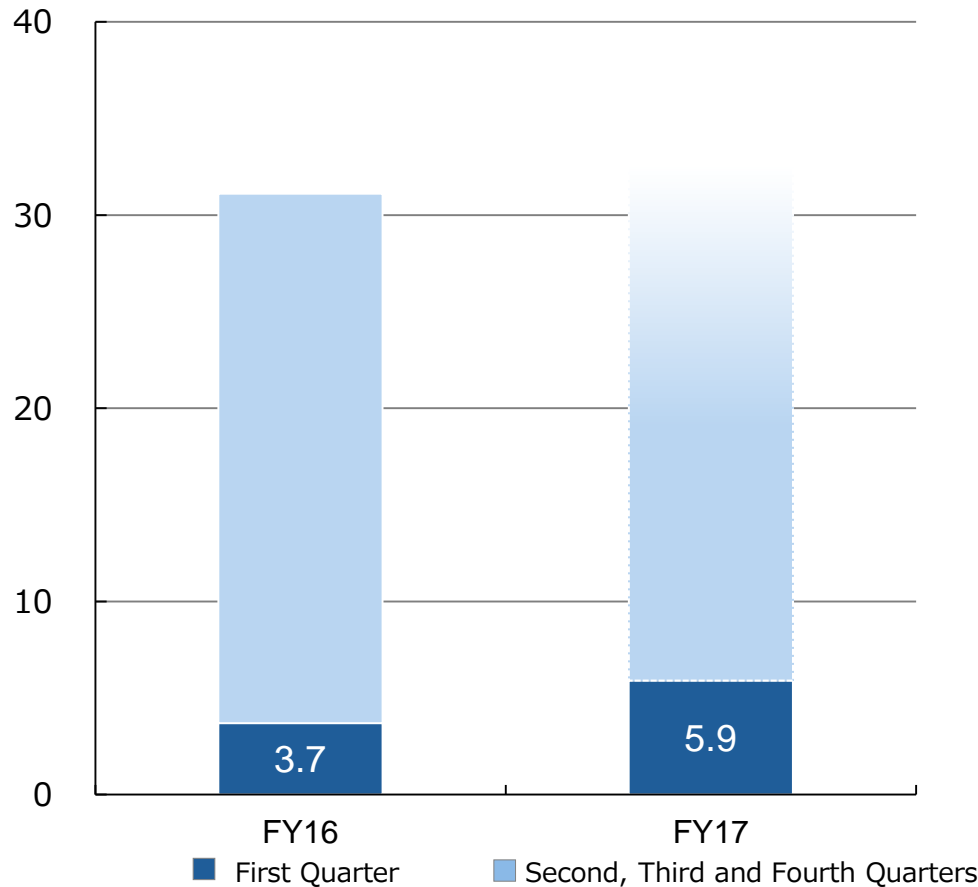
- **Total Revenue: JPY 57.8 billion, Progression 25%, YoY+4%**
 - ◆ Net Interest Income: JPY 31.9 billion, YoY+5%
 - ◆ Noninterest Income: JPY 25.9 billion, YoY+3%
- **Expenses: JPY 35.9 billion, Progression 25%, YoY-1%**
 - ◆ Expense-to-revenue ratio: 62.1% (63.7% in 1QFY2016)
- **OBP: JPY 21.9 billion, Progression 26%, YoY+9%**
- **Net Credit Costs: JPY 9.1 billion, Progression 28%, YoY -14 %**
 - ◆ Unsecured Loans: JPY 6.6 billion
 - ◆ APLUS FINANCIAL: JPY 2.6 billion
- **OBP after Net Credit Costs: JPY 12.7 billion, Progression 24%, YoY+5%**
- **Others: JPY -1.8 billion, Progression 90%, YoY +54%**
 - ◆ Income tax etc.: Substantially improved to JPY -1.2 billion in 1QFY17 from JPY -2.4 billion in 1QFY2016
- **Net Income: JPY 10.9 billion, Progression 21%, YoY+35%**

Financial Update: Recurring Profits, Operating Assets

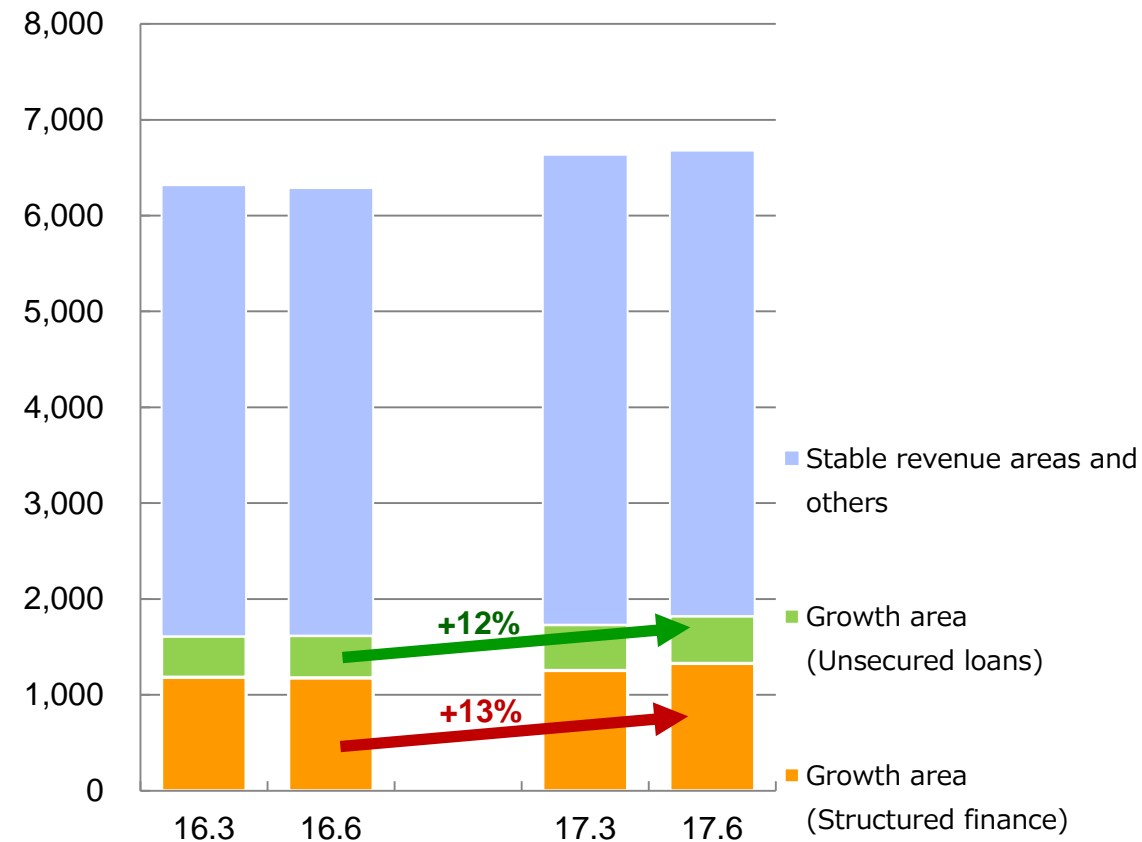
(Unit: JPY billion; %)

- Recurring profits for 1QFY2017 totaled JPY 5.9 billion (increase by approx. 60% compared to 1QFY2016)
- In the growth areas, unsecured loans balance increased by 12% and structured finance assets balance increased by 13% from June 30, 2016

Recurring Profits¹



Operating Assets



¹ Net income excluding non-recurring profits such as markets related profits from Treasury, one-off/highly volatile profits, grey zone provisions

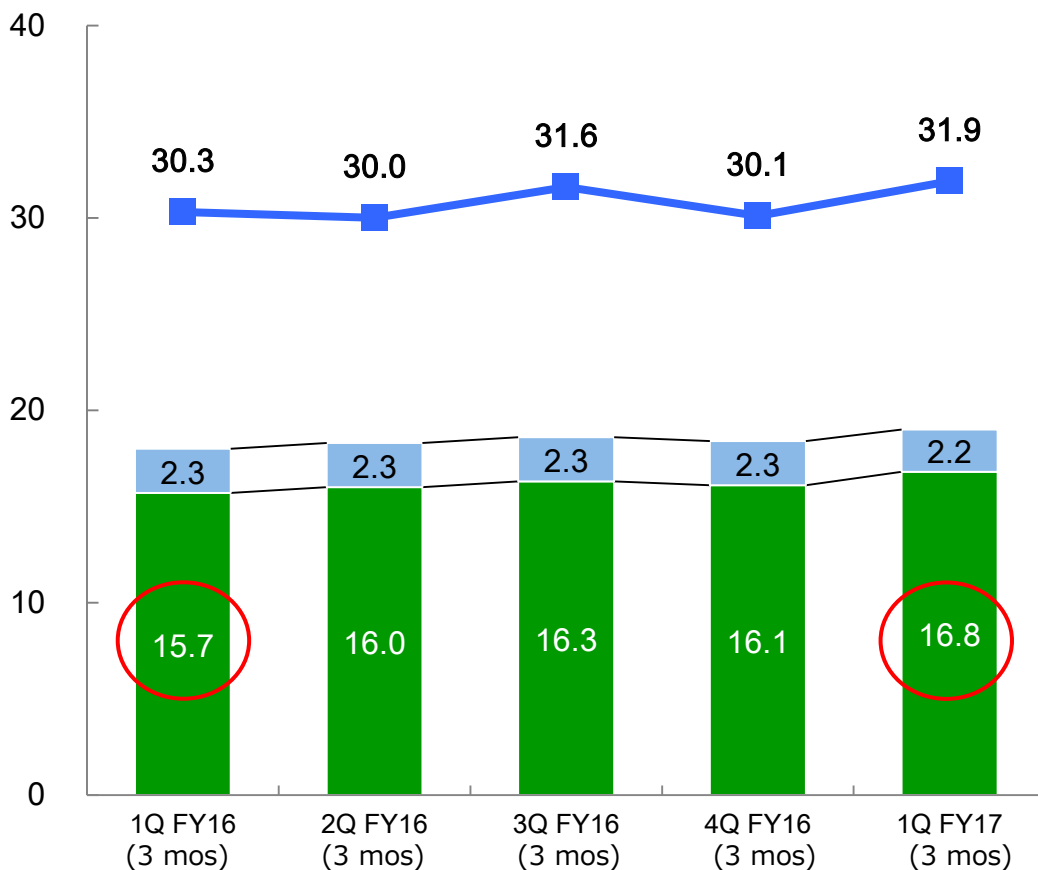
Financial Update: Net Interest Income, NIM

(Unit: JPY billion; %)

■ Increase in the unsecured loan balance reflected steady growth in net interest income. NIM improved to 2.46%

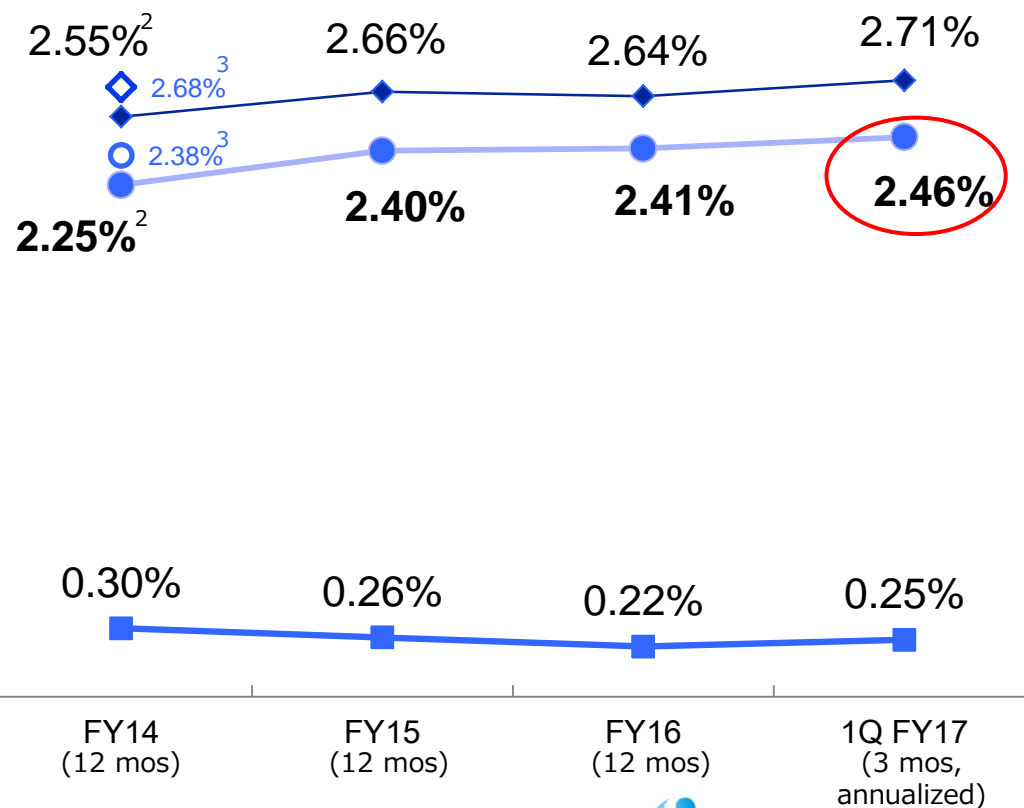
Net Interest Income

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



Net Interest Margin (NIM)

- ◆ Yield on Interest Earning Assets¹
 - Net Interest Margin(NIM)¹
 - Rate on Interest Bearing Liabilities
(including Subordinated Bonds etc.)
- ¹ Includes income on leased assets and installment receivables
² Excludes one time gain factors
³ Disclosed basis



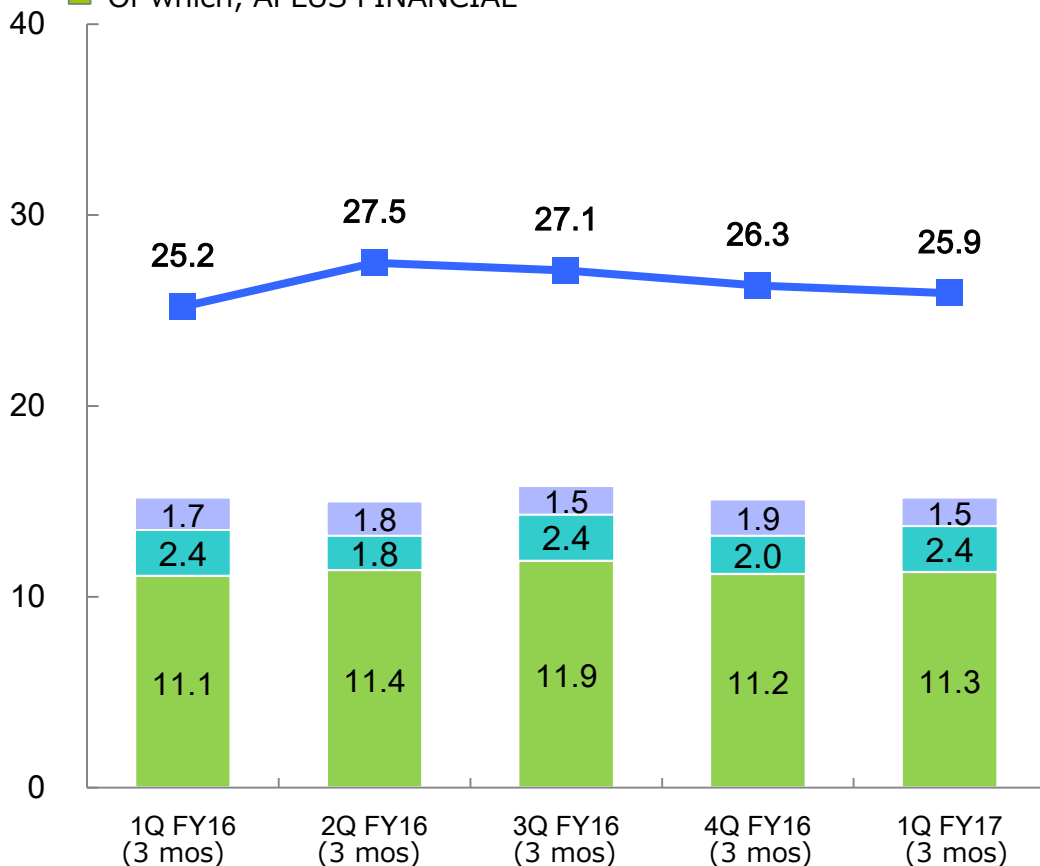
Financial Update: Noninterest Income

(Unit: JPY billion; %)

- Recovery of income from sales of asset management products in the Retail Banking is slower than initial expectation

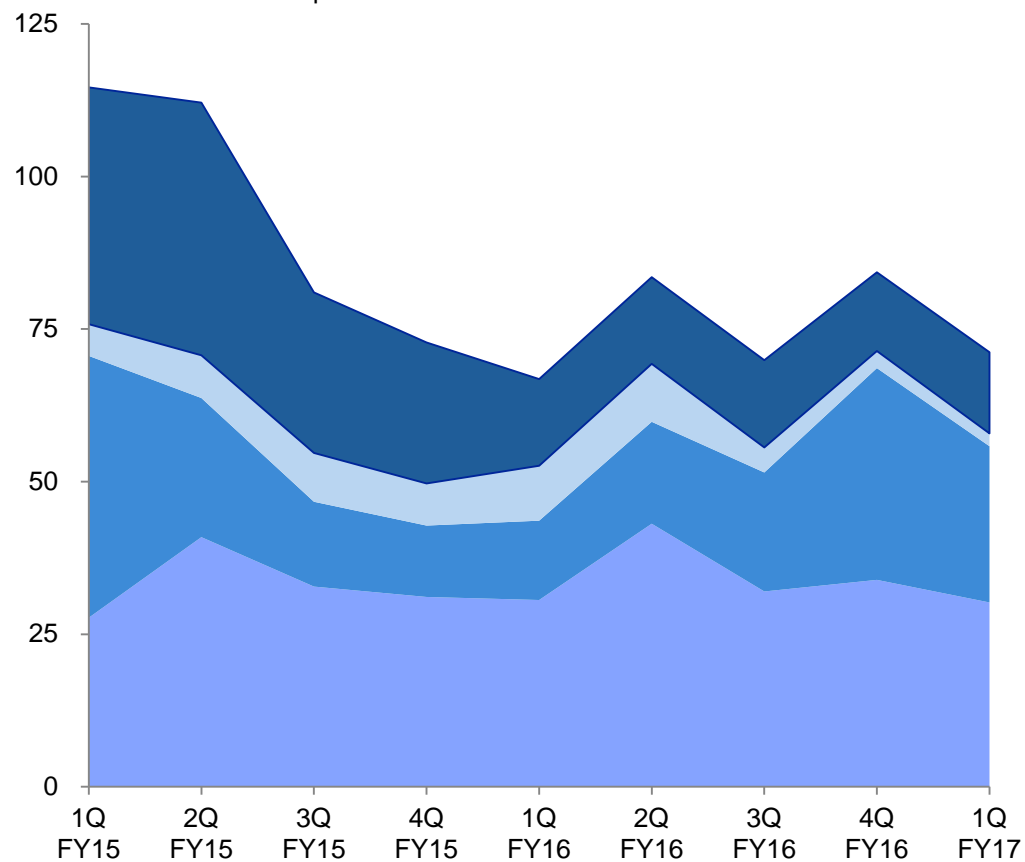
Noninterest Income

- Noninterest Income
- Of which, asset management products related income in Retail Banking
- Of which, Global Markets
- Of which, APLUS FINANCIAL



Retail: Quarterly Sales of Asset Management Products

- Mutual Funds
- Insurance
- Structured Bonds
- Structured Deposits



Measurements toward Productivity Enhancement

Topics

- Established “Shinsei Bank Group Headquarters” to commence integrated management of head office functions in each of the Group entities
- Accelerated streamlining operations leveraged by systems and AI (processes in call centers and housing loan)
- Determined relocation and consolidation of a part of branch networks in the group entities (Shinsei Financial, APLUS FINANCIAL)
- Announced business consolidation across the Group
 - ◆ Consolidation of the servicer business (Alfa Servicer, Shinsei Servicing & Consulting)
 - ◆ Consolidation of the real estate business (Shinsei Investment & Finance, Shinsei Property Finance)
- Continuing feasibility study and impact analysis for the part 2 of productivity enhancement projects

Part 1

Anticipating an expense benefit of JPY 5 billion (FY2018 single year basis, vs. FY2015)

Consolidation of head office functions of the Group entities

Streamlining of call centers in the Group entities

Reduction of back office nonpersonnel expenses; Centralization of procurement

Enhanced efficiency of installment sales processes, etc.

Enhanced efficiency of housing loan processes

Part 2

Optimization of branch networks

Rationalization of product portfolio in each business

Optimization of IT procurement costs

Financial Update: Net Credit Costs

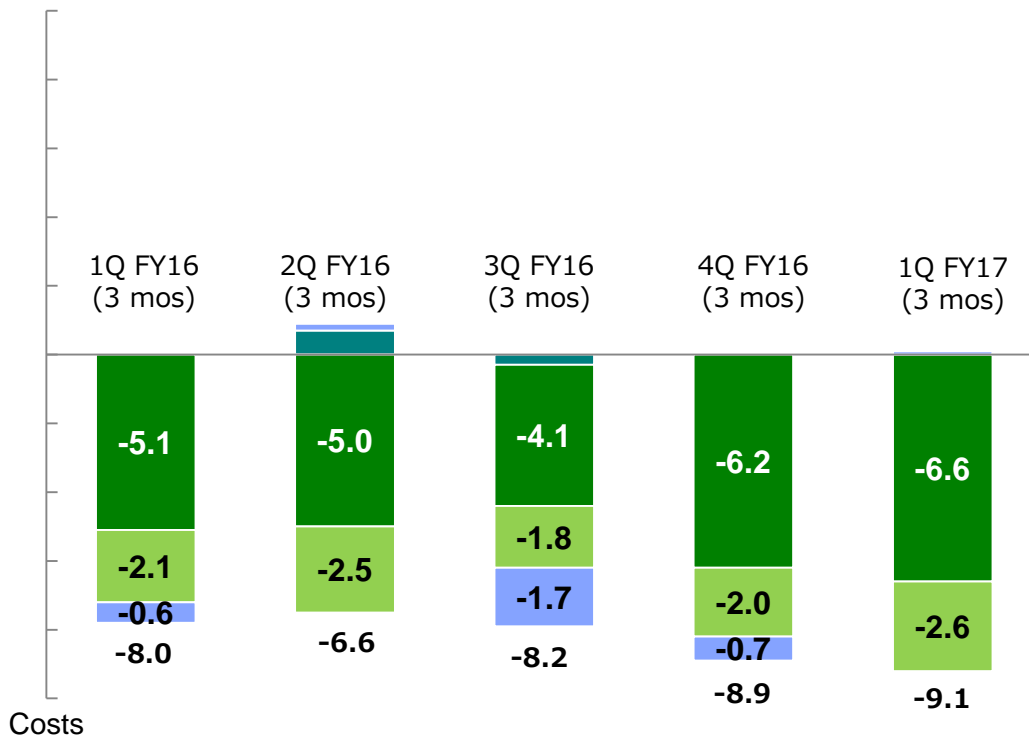
(Unit: JPY billion; %)

- Increase of net credit cost was caused by the increase of operational assets in unsecured loans as well as APLUS FINANCIAL and by the change in reserve ratio for unsecured loans in 1QFY2017
- Progression rate of net credit costs is in line with the plan

Net Credit Costs

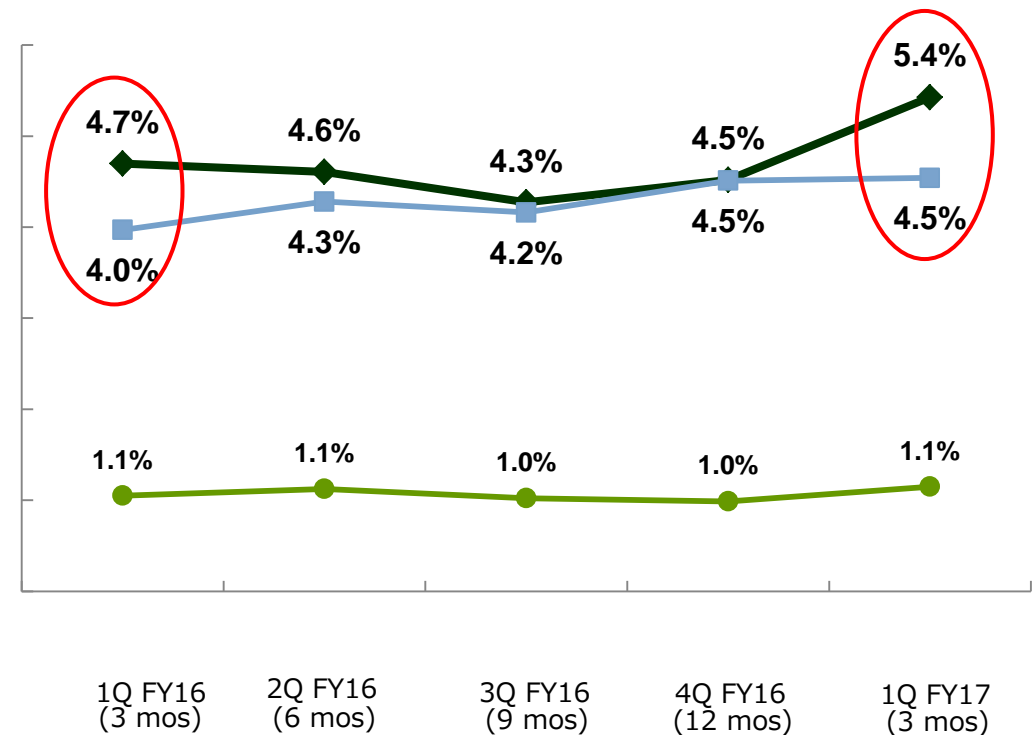
- Unsecured Loans (Shinsei Bank Lake, Shinsei Financial, NOLOAN, Credit Guarantees, Shinsei Bank SmartCard Loan Plus)
- APLUS FINANCIAL
- Retail Banking etc.
- Institutional Business, etc. (Institutional + Global Markets Businesses)

Recoveries



Consumer Finance: Net Credit Costs Ratio

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



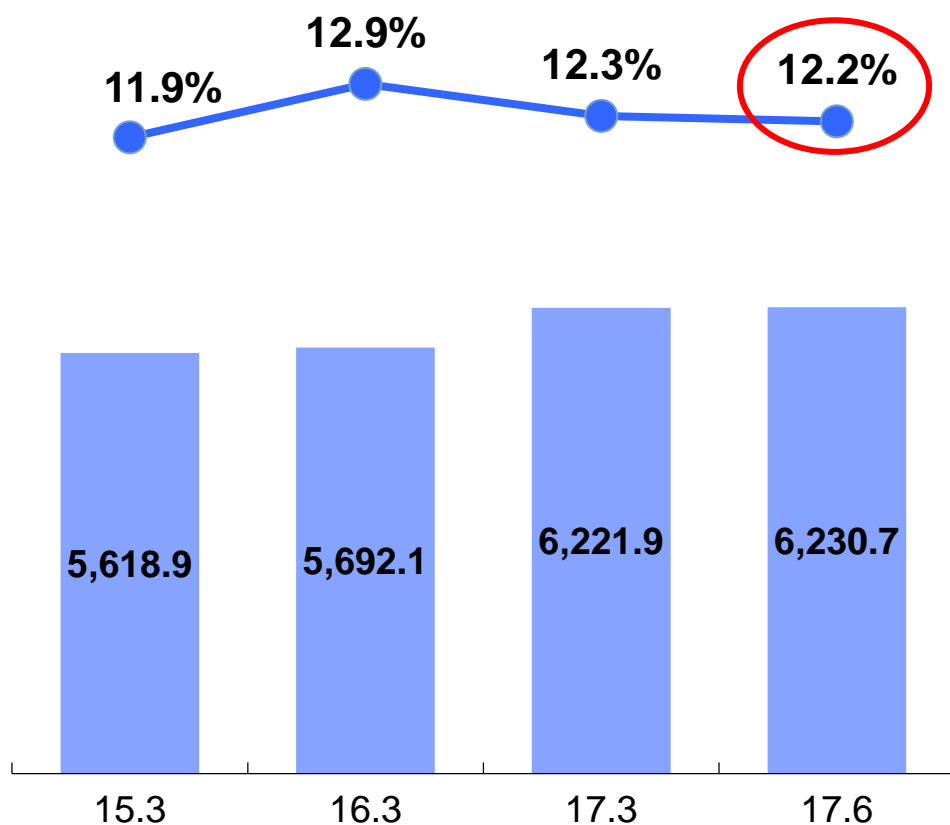
¹ Net Credit Costs Ratio = Calculated by annualizing the following formula :
(Net Credit Costs ÷ Average of Beginning and End of Period Operating Assets Balances)

Financial Update: Capital

(Unit: JPY billion; %)

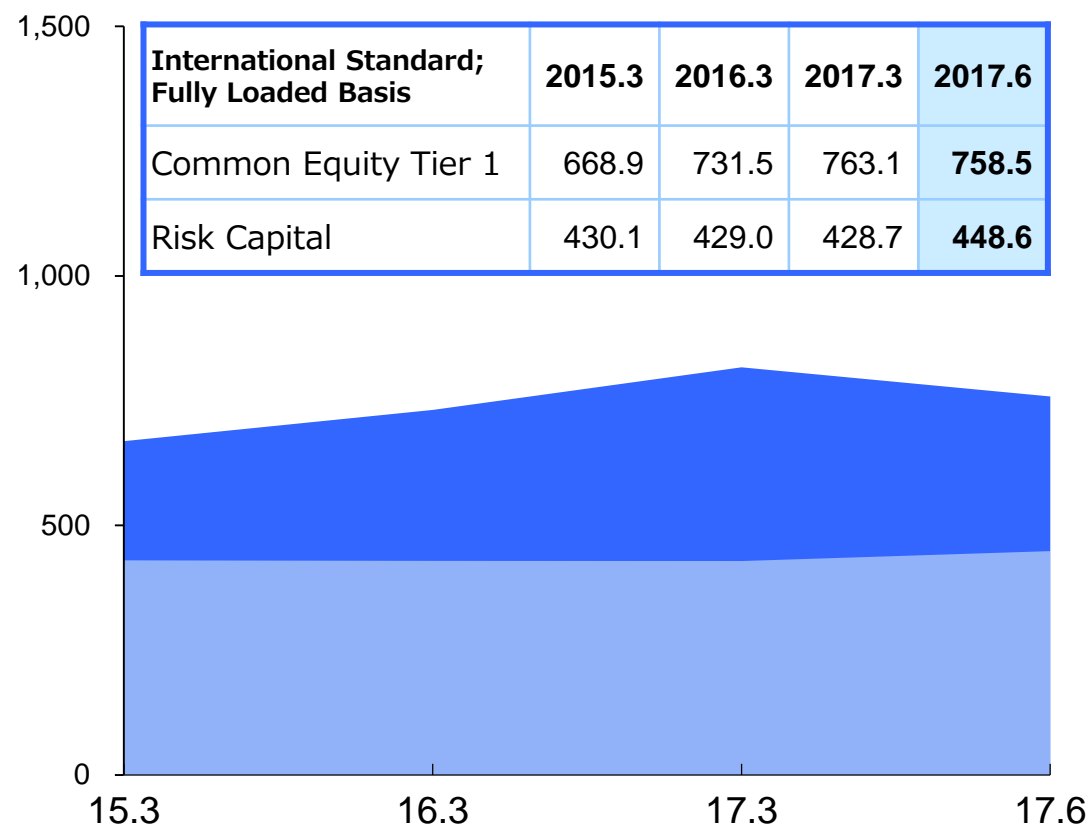
- CET1 ratio of 12.2% as of June 30, 2017 reflects slight increase in risk assets resulting from growth of operating assets

Common Equity Tier1 Ratio



- Common Equity Tier 1 Ratio (International Standard; Fully Loaded Basis)
- Risk Assets (International Standard; Fully Loaded Basis)

Amounts of Capital



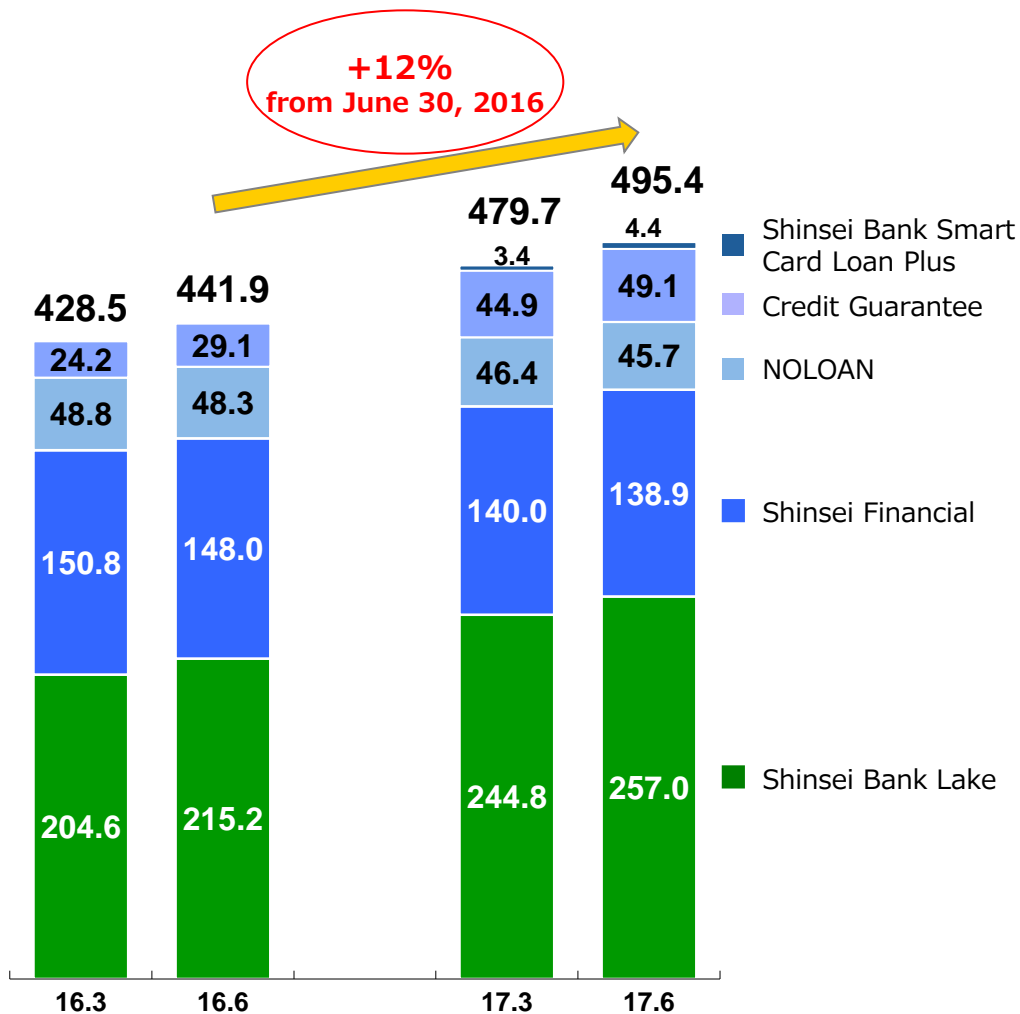
- Common Equity Tier 1 Capital (Regulatory Capital)
- Risk Capital

Unsecured Loans

(Unit: JPY billion; %)

- Unsecured loan balance totaled JPY 495.4 billion (increase by 12% from June 30, 2016)
- Approval ratio of Shinsei Bank Lake improved by optimizing credit scoring model through disciplined operations

Balance

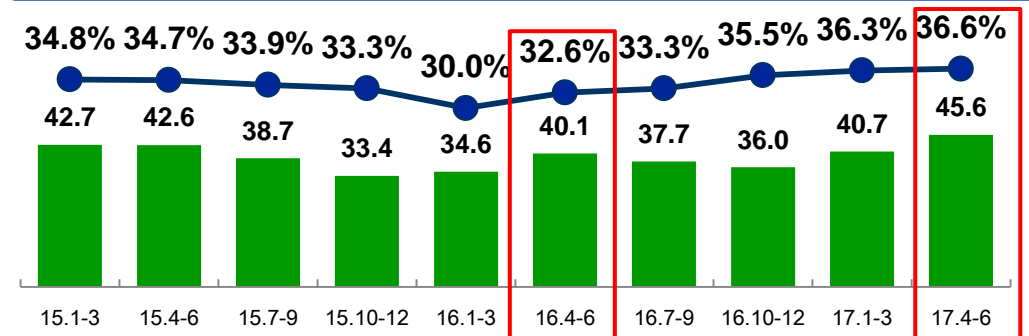


P&L

Shinsei Bank Lake and Shinsei Financial	1Q FY16 (3 mos)	1Q FY17 (3 mos)	YoY(%) B(+)/W(-)
Net Interest Income	15.7	16.8	+7%
of which, Shinsei Bank Lake ¹	8.8	10.5	+19%
of which, NOLOAN	1.6	1.5	-6%
Noninterest Income	-0.3	-0.1	+67%
Total Revenue	15.3	16.7	+9%
Expenses	-8.4	-8.3	+1%
Ordinary Business Profit	6.8	8.4	+24%
Net Credit Costs	-5.1	-6.6	-29%
OBP after Net Credit Costs	1.7	1.8	+6%

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

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



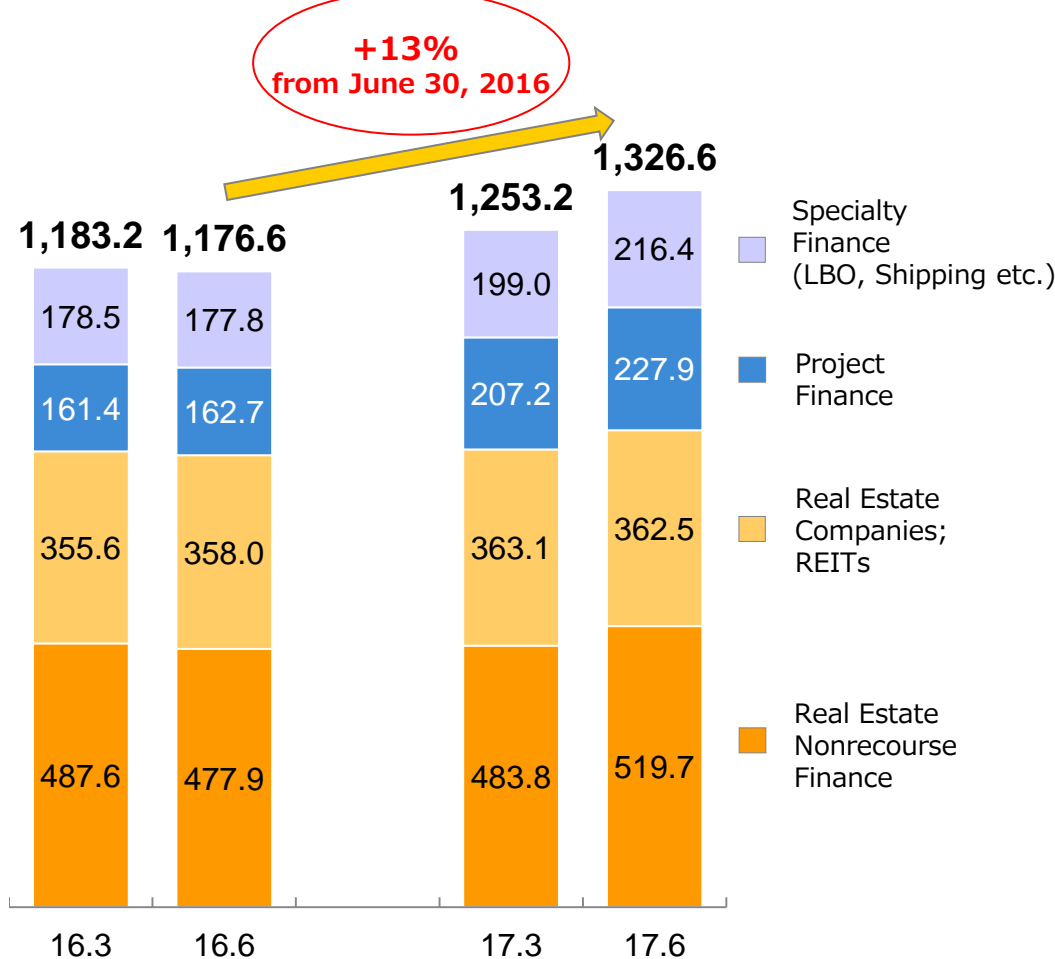
Structured Finance

(Unit: JPY billion; %)

- Structured finance asset balance totaled JPY 1,326.6 billion (increase by 13% from June 30, 2016)
- New disbursements in the domestic real estate nonrecourse finance performed well in 1QFY2017
- New commitments in the project finance in 1QFY2017 decreased compared to 1QFY2016 as a large number of new projects were committed in 1QFY2016. Numerous project finance transactions are still in the pipeline

Balance

[Operating Asset Balance]

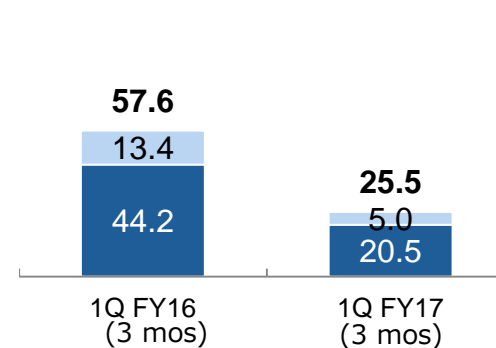


P&L

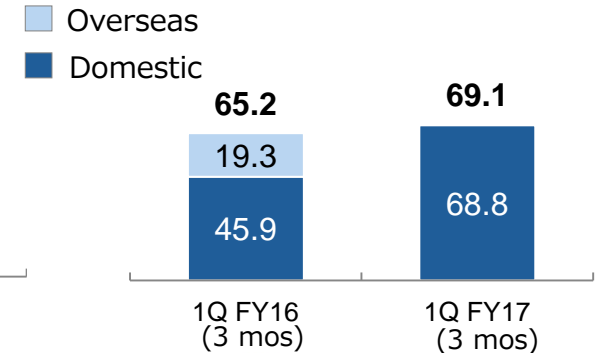
Structured Finance	1Q FY16 (3 mos)	1Q FY17 (3 mos)	YoY(%) B(+)/W(-)
Net Interest Income	2.3	2.2	-4%
Noninterest Income	1.3	1.7	+31%
Expenses	-1.2	-1.2	0%
Ordinary Business Profit	2.5	2.7	+8%
Net Credit Costs	-0.7	-0.3	+57%
OBP after Net Credit Costs	1.7	2.3	+35%

New Commitments; New Disbursements

Project Finance New Commitments



Real Estate Nonrecourse Finance New Disbursements

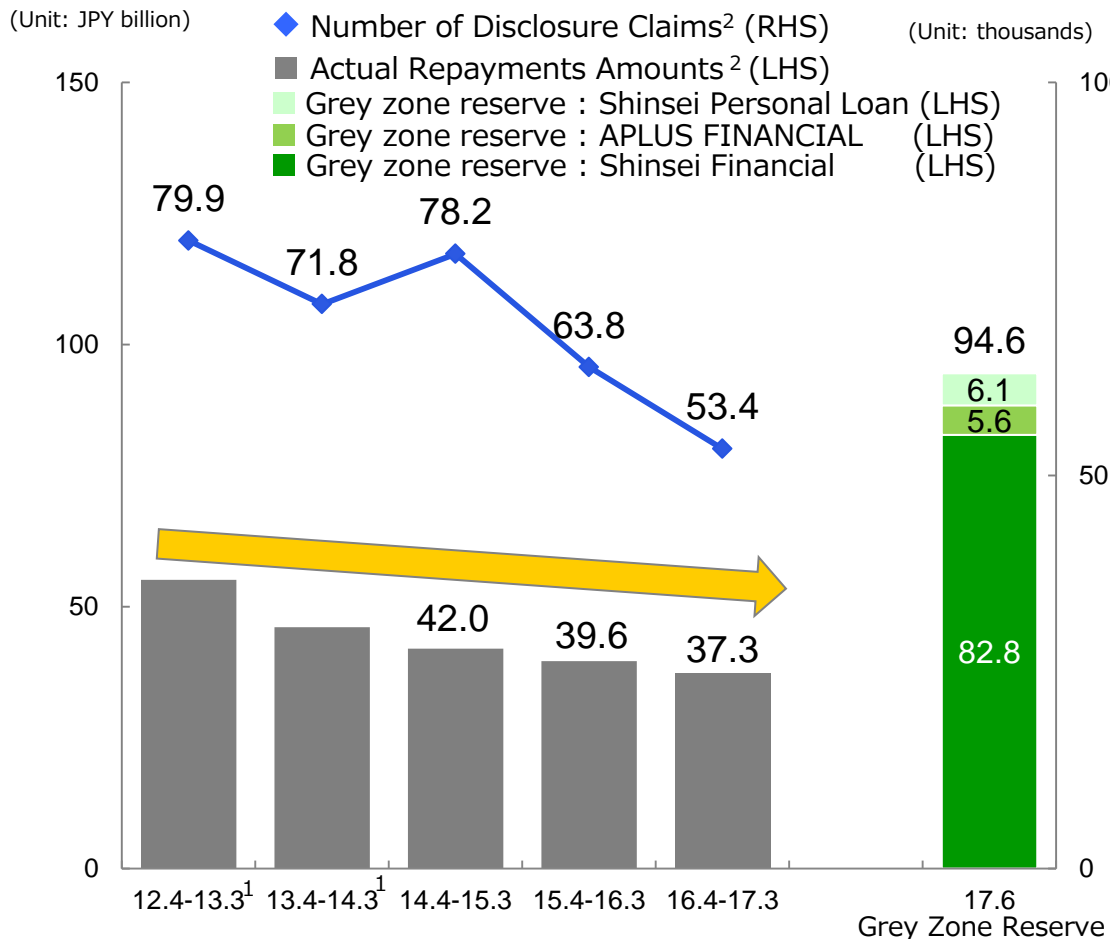


Interest Repayment (Kabarai)

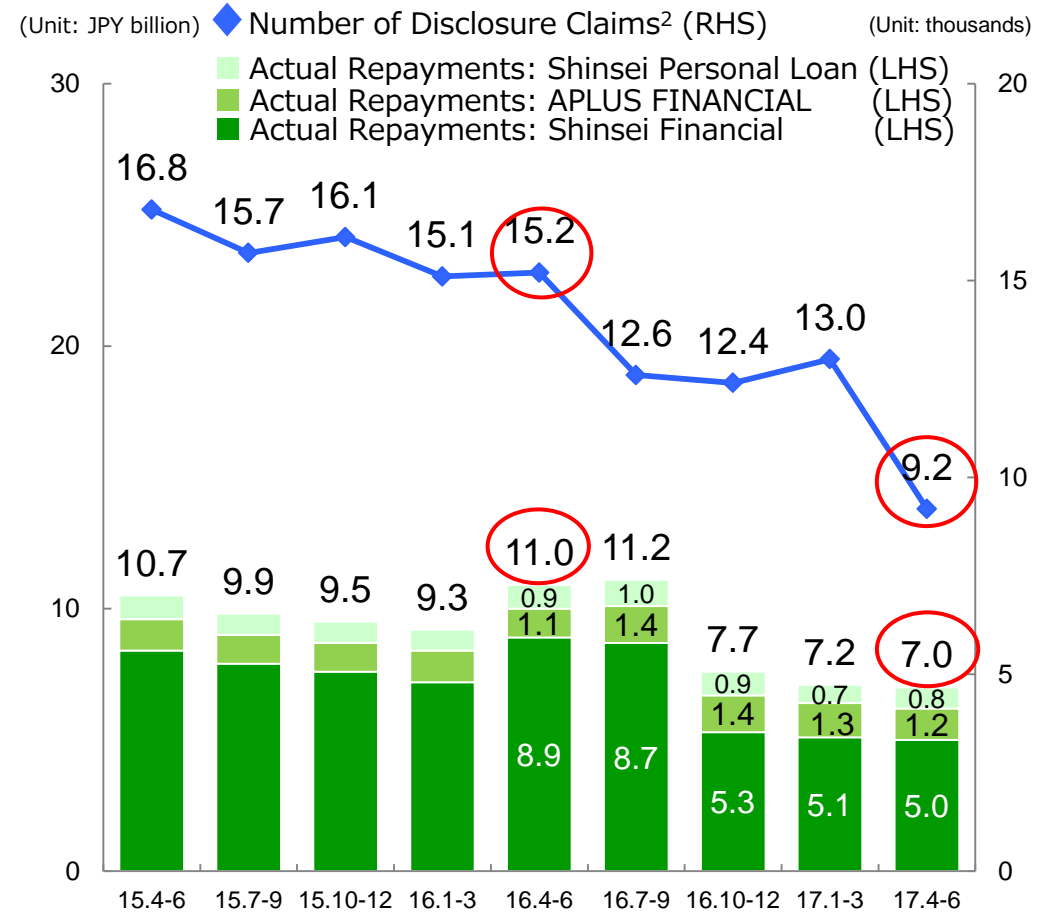
(Unit: JPY billion; %)

- The number of disclosure claims, as a leading indicator, declined approx. 40% compared to 1QFY2016. We continue to closely monitoring the trend
- Total actual repayments of the Group declined 36% compared to 1QFY2016. Total grey zone reserve stands at JPY 94.6 billion, a sufficient level from a Group-wide perspective

Annual Trend



Recent Quarterly Trend



¹ Actual repayments include grey zone claims for Shinsei Financial indemnified by GE until March 2014

² Shinsei Financial, Shinsei Personal Loan and APLUS FINANCIAL combined

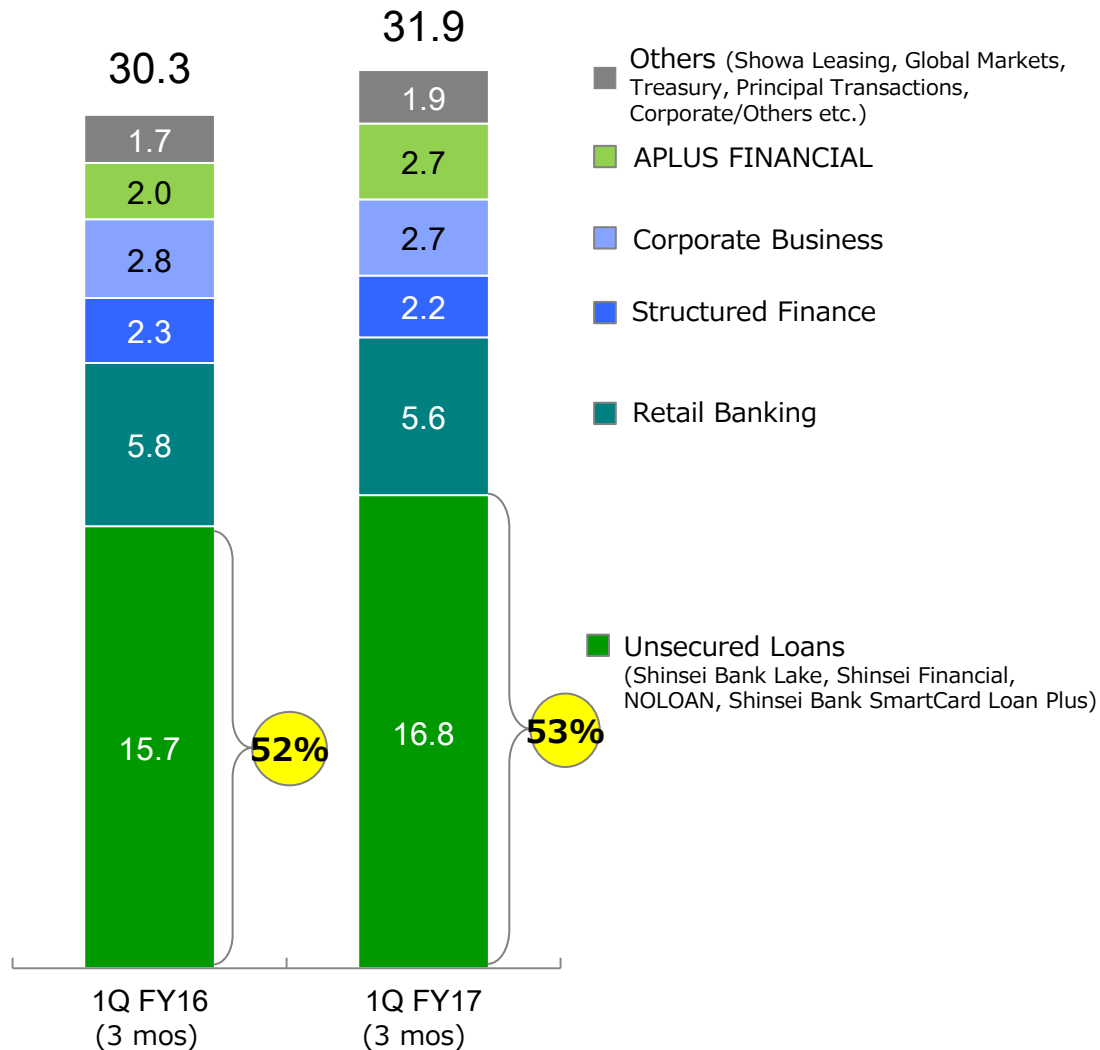
Supplemental Information



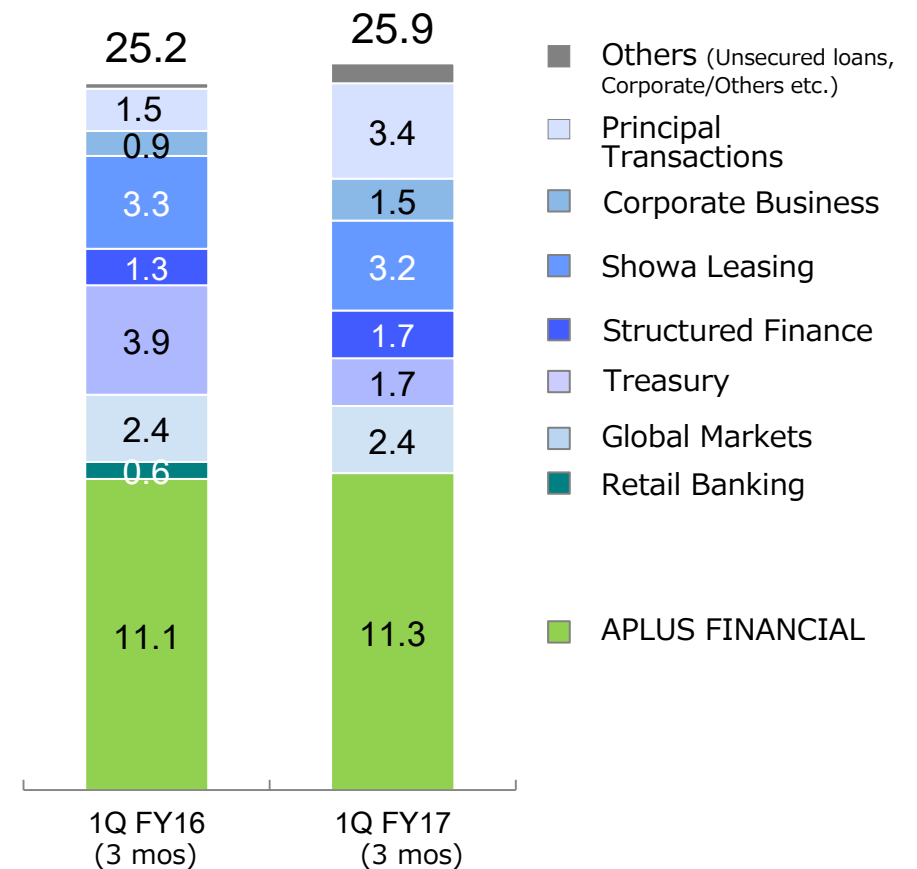
Net Interest Income, Noninterest Income

(Unit: JPY billion; %)

Net Interest Income: Segment YoY



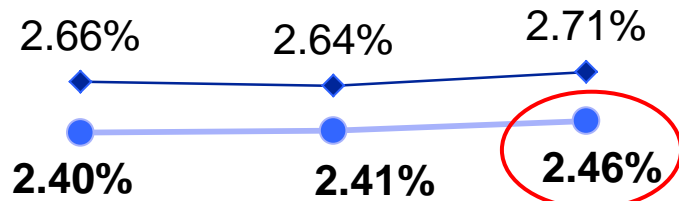
Noninterest Income: Segment YoY



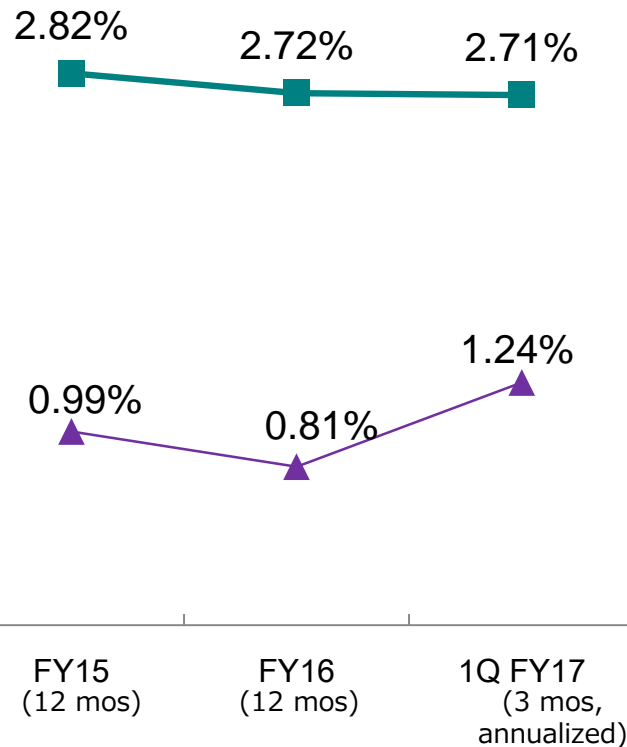
Yield on Interest Earning Assets, Funding Costs

(Unit: %)

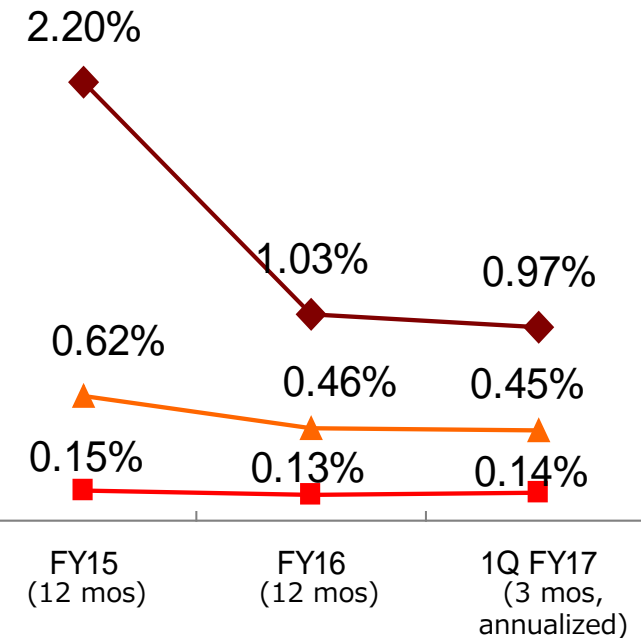
Net Interest Margin



Yield on Loans, Securities



Rate on Deposits, Borrowed Money, Corporate Bonds



◆ Yield on Interest Earning Assets¹

● Net Interest Margin¹

■ Rate on Interest Bearing Liabilities (including Subordinated Bonds etc.)

■ Yield on Loans and Bills Discounted

▲ Yield on Securities

◆ Rate on Corporate Bonds

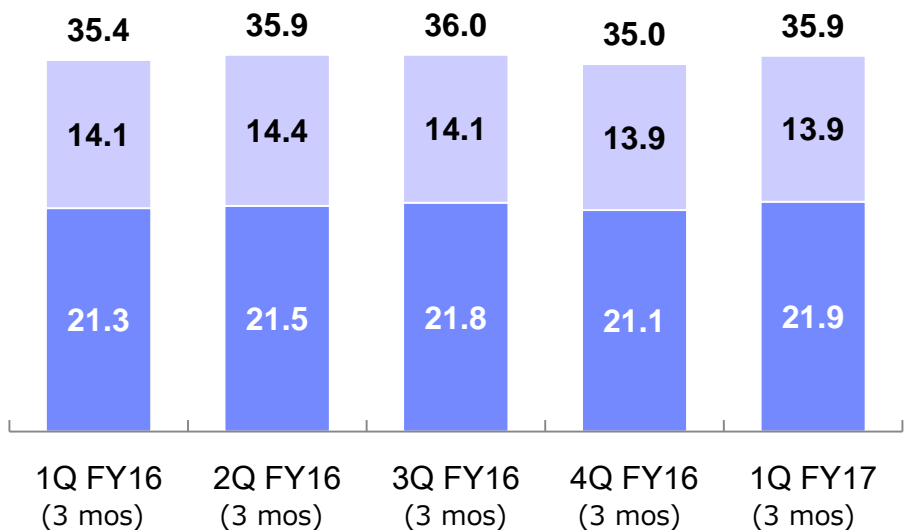
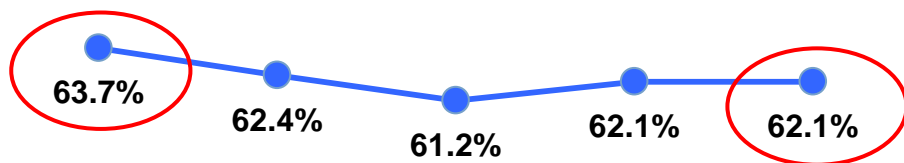
▲ Rate on Borrowed Money

■ Rate on Deposits, including NCDs

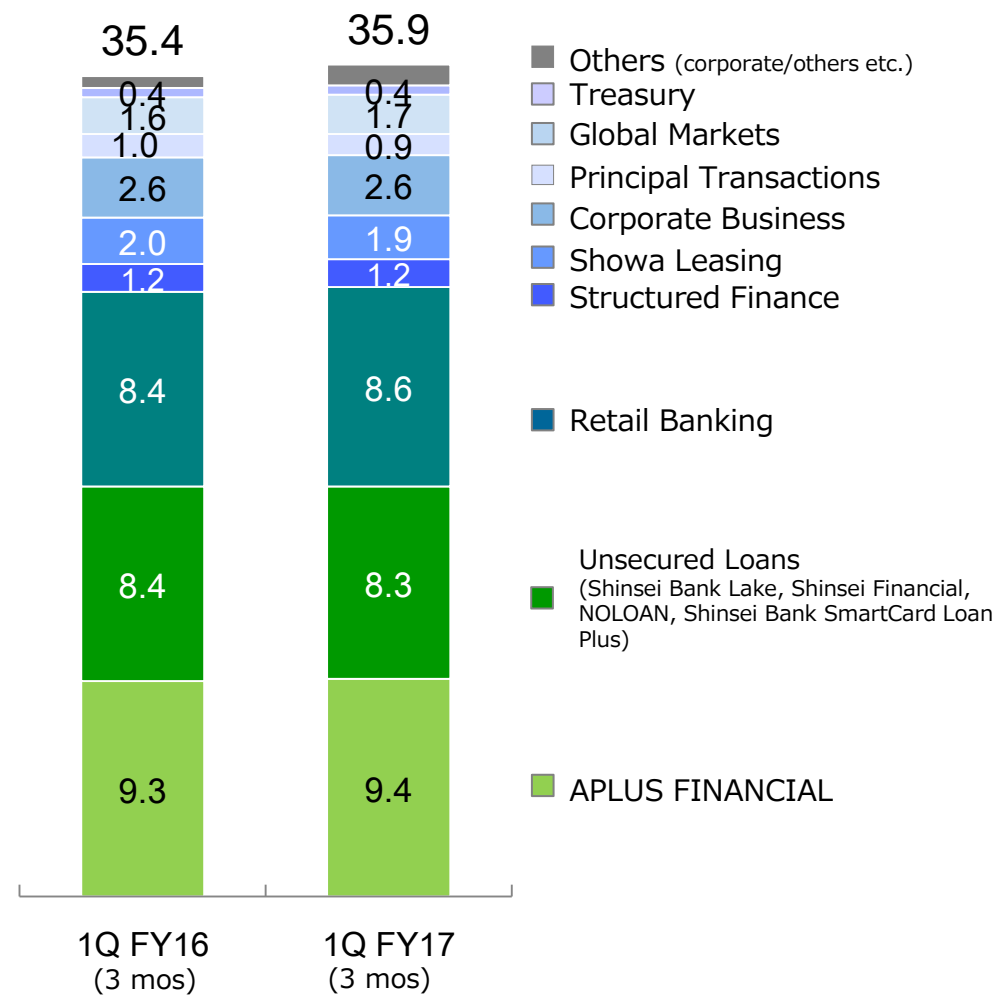
¹ Includes income on leased assets and installment receivables

Expenses, Expense-to-Revenue Ratio

■ Personnel Expenses ● Expense-to-Revenue Ratio
■ Nonpersonnel Expenses

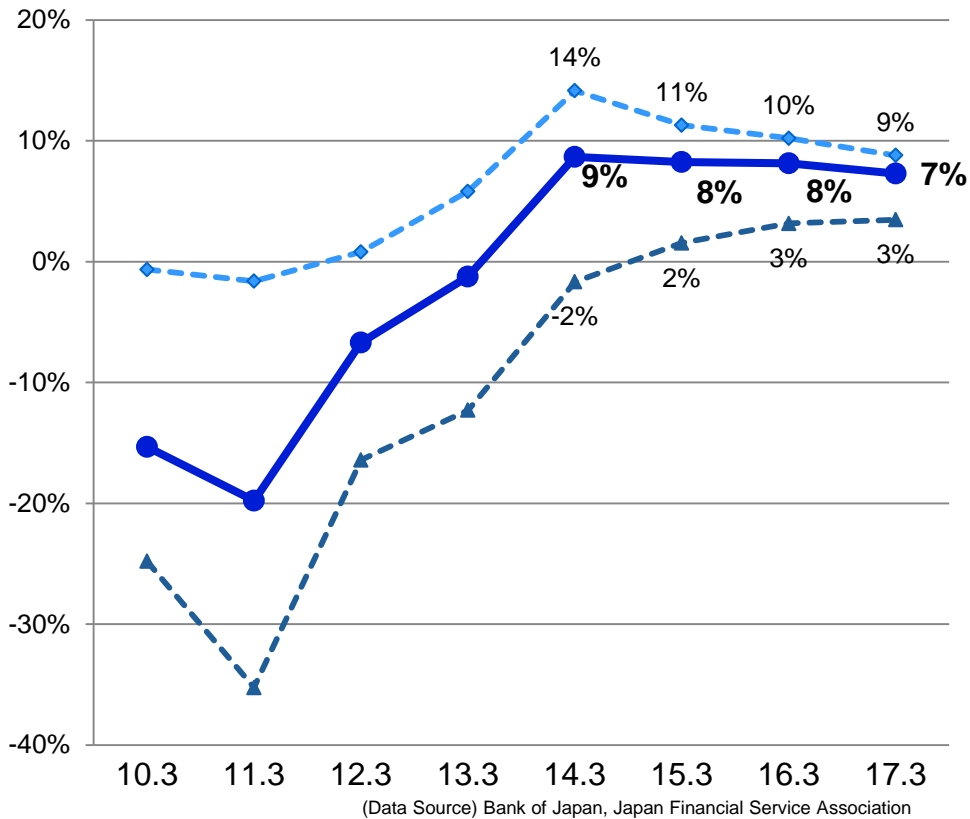


Expenses: Segment YoY



Unsecured Loans: Market

Unsecured Loan Market: Growth Rate

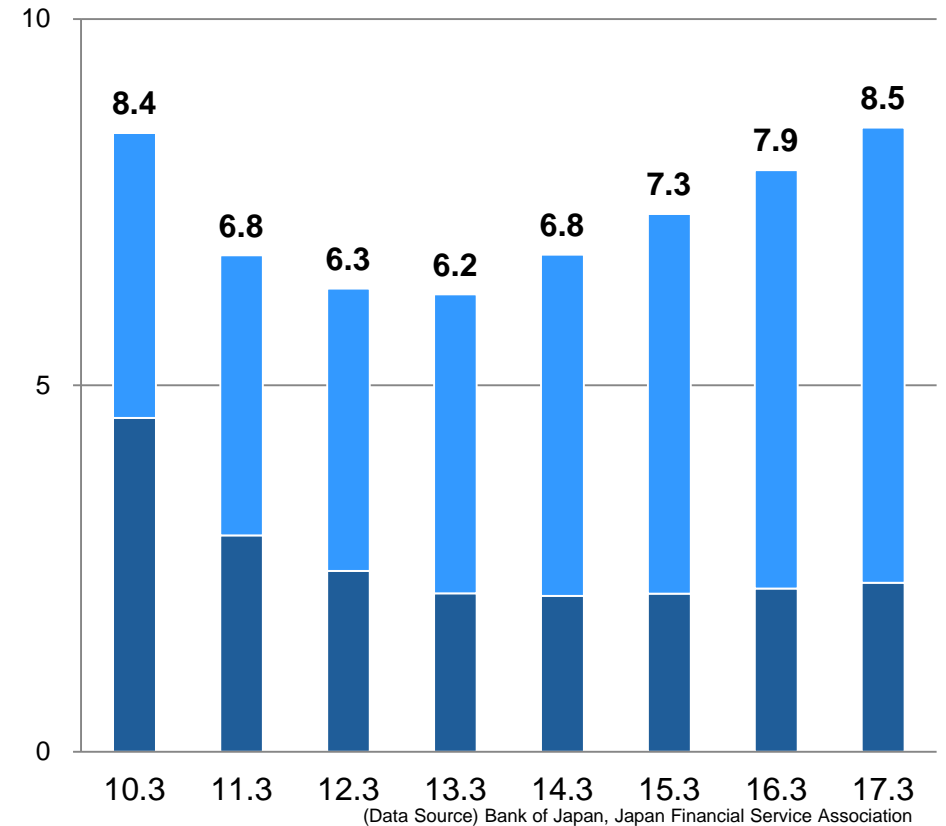


- ◆ YoY: Bank Card Loan Growth Rate
- YoY: Unsecured Loan Market Growth Rate
- ▲ YoY: Nonbank Unsecured Loan Growth Rate

¹ "Unsecured card loan market" = "Bank card loan balance" + "Nonbank unsecured 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 loan balance": Statistics aggregated by the Japan Financial Services Association; Unsecured personal loans (consumer finance sector) month end balance (excludes housing loans)

Unsecured Loan Market: Size

(Unit: JPY trillion)



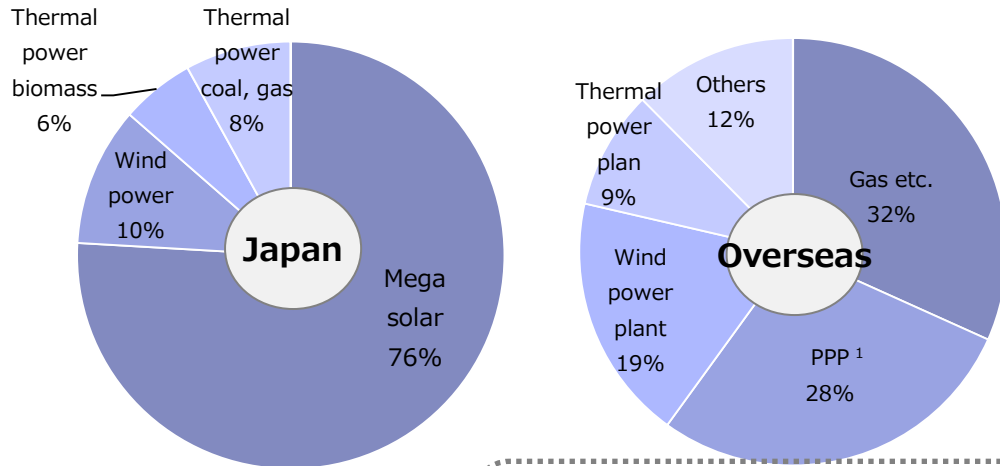
- Bank Card Loan Balance
- Nonbank Unsecured Loan Balance

Structured Finance: Portfolio (as of June 30, 2017)

(Unit: JPY billion; %)

Project Finance

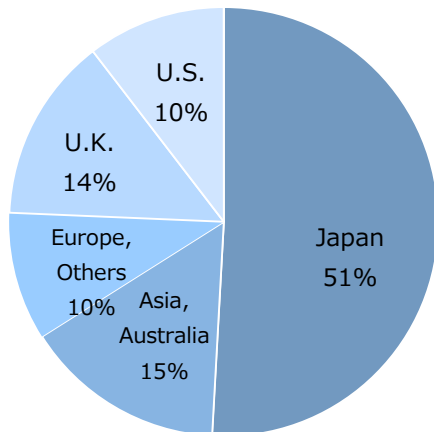
【Balance: project type】



Overseas transactions:

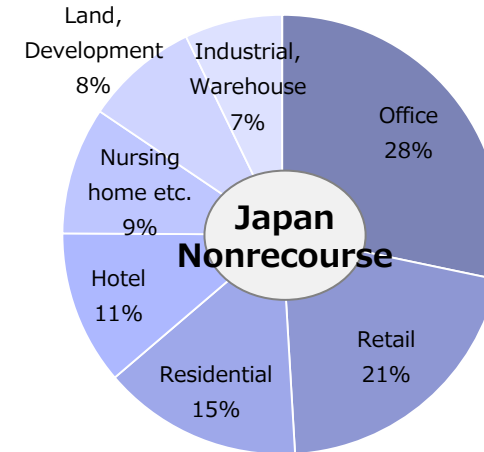
- Mainly to participate in the syndication arranged by major banks
- Mostly to structure not affected by changes in market price or credit guaranteed by ECA (Export Credit Agency) etc.

【Balance: regions, includes commitment basis】

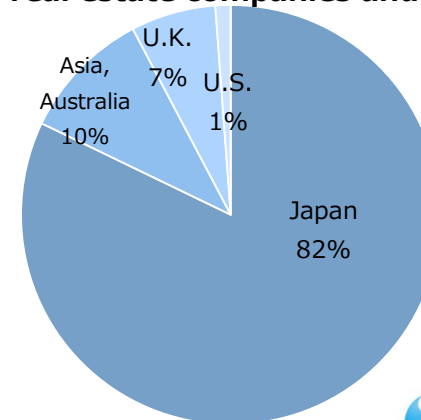


Real Estate Finance

【Balance: asset type】



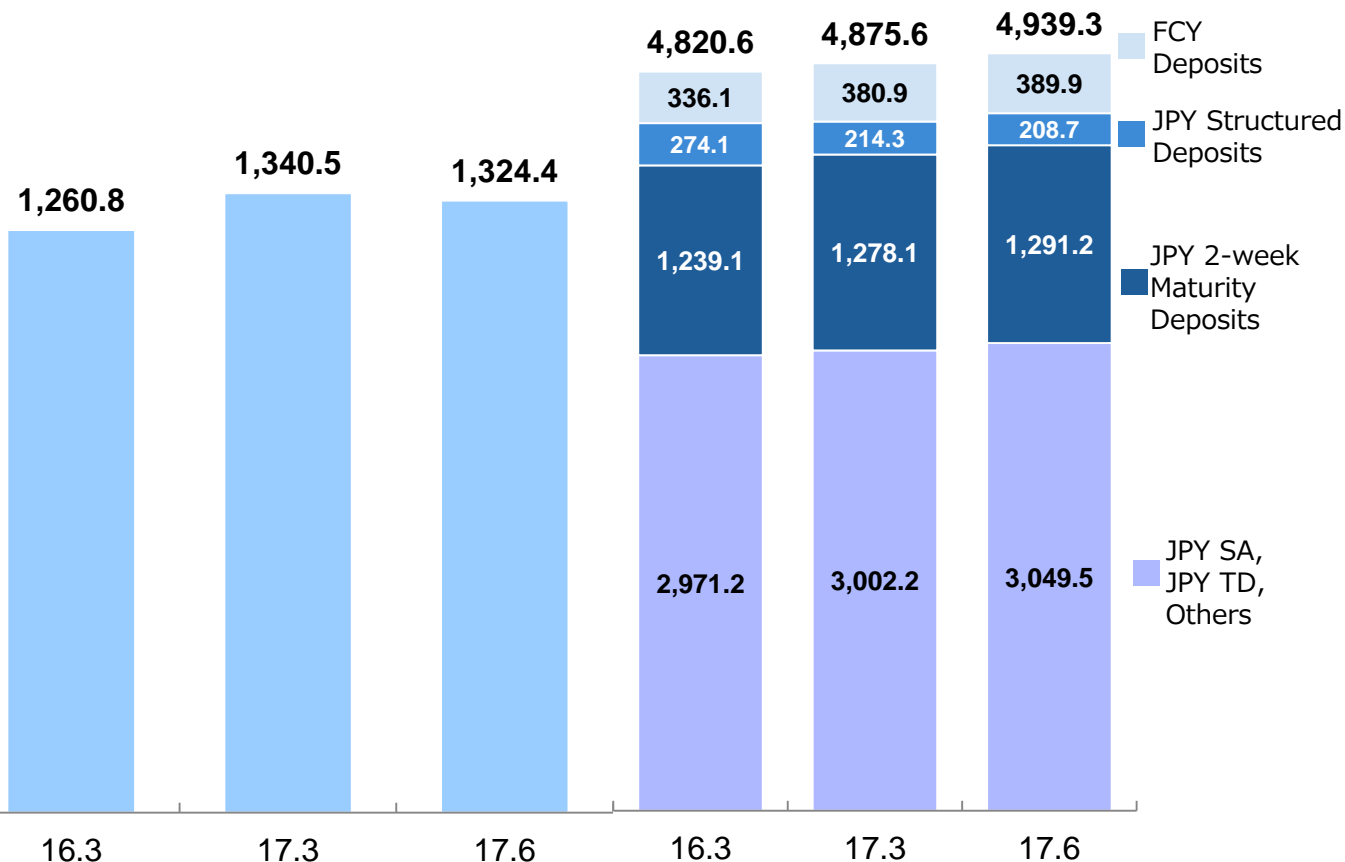
【Balance: regions in nonrecourse, real estate companies and REITs】



Nonrecourse finance accounts for more than half of the Japanese exposure.

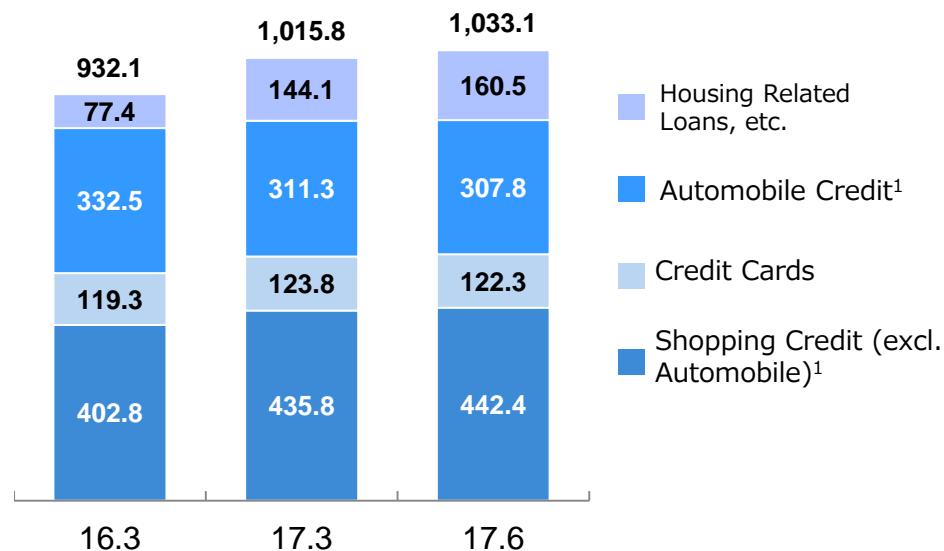
¹ Public Private Partnership

【Housing Loan : Balance】 【Retail Deposits : Balance by Product】

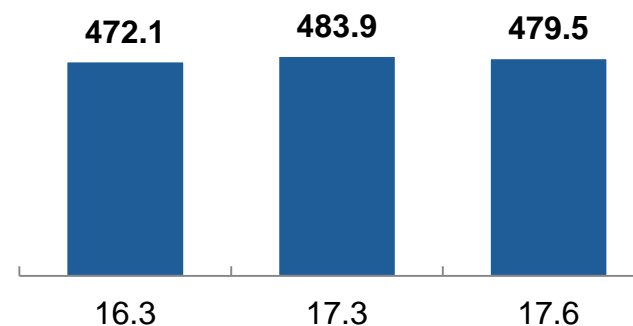


Retail Banking	1Q FY16 (3 mos)	1Q FY17 (3 mos)	YoY (%) B(+)/W(-)
Net Interest Income	5.8	5.6	-3%
of which, from Loans	2.6	2.6	0%
of which, from Deposits, etc.	3.2	3.0	-6%
Noninterest Income	0.6	0.0	-100%
of which, from Asset Management Products	1.7	1.5	-12%
of which, Other fees (ATM, FT, FX etc.)	-1.0	-1.4	-40%
Expenses	-8.4	-8.6	-2%
Ordinary Business Profit	-1.8	-2.8	-56%
Net Credit Costs	-0.0	-0.0	0%
OBP after Net Credit Costs	-1.9	-2.9	-53%

【APLUS FINANCIAL: Operating Assets Balance】



【Showa Leasing: Operating Assets Balance】



APLUS FINANCIAL	1Q FY16 (3 mos)	1Q FY17 (3 mos)	YoY(%) B(+)/W(-)
Net Interest Income	2.0	2.7	+35%
Noninterest Income	11.1	11.3	+2%
Expenses	-9.3	-9.4	-1%
Ordinary Business Profit	3.8	4.6	+21%
Net Credit Costs	-2.1	-2.6	-24%
OBP after Net Credit Costs	1.6	1.9	+19%

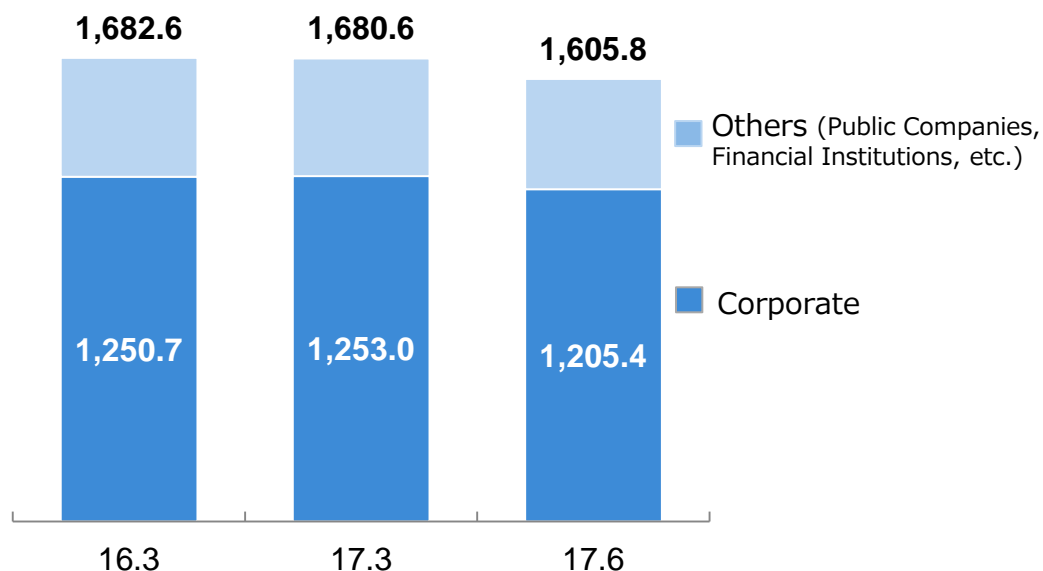
Showa Leasing	1Q FY16 (3 mos)	1Q FY17 (3 mos)	YoY(%) B(+)/W(-)
Net Interest Income	-0.2	-0.0	+100%
Noninterest Income	3.3	3.2	-3%
Expenses	-2.0	-1.9	+5%
Ordinary Business Profit	1.0	1.2	+20%
Net Credit Costs	0.2	-0.2	n.m.
OBP after Net Credit Costs	1.3	1.0	-23%

¹ Includes credit guarantee business

Corporate Business, Global Markets

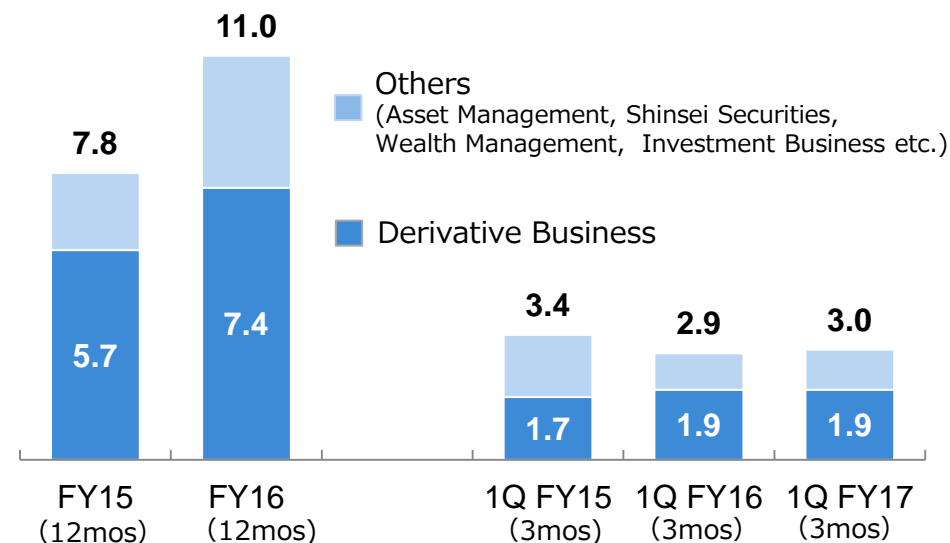
(Unit: JPY billion; %)

【Corporate Business: Operating Assets Balance】



Institutional Business	1Q FY16 (3 mos)	1Q FY17 (3 mos)	YoY(%) B(+)/W(-)
Net Interest Income	2.8	2.7	-4%
Noninterest Income	0.9	1.5	+67%
Expenses	-2.6	-2.6	0%
Ordinary Business Profit	1.0	1.7	+70%
Net Credit Costs	-0.1	0.4	n.m.
OBP after Net Credit Costs	0.9	2.1	+133%

【Global Markets: Revenue from Derivative Business】



Global Markets	1Q FY16 (3 mos)	1Q FY17 (3 mos)	YoY(%) B(+)/W(-)
Net Interest Income	0.4	0.6	+50%
Noninterest Income	2.4	2.4	0%
Expenses	-1.6	-1.7	-6%
Ordinary Business Profit	1.2	1.3	+8%
Net Credit Costs	0.0	0.0	0%
OBP after Net Credit Costs	1.2	1.3	+8%

Segment P&L and Operating Assets Balance

(Unit: JPY billion; %)

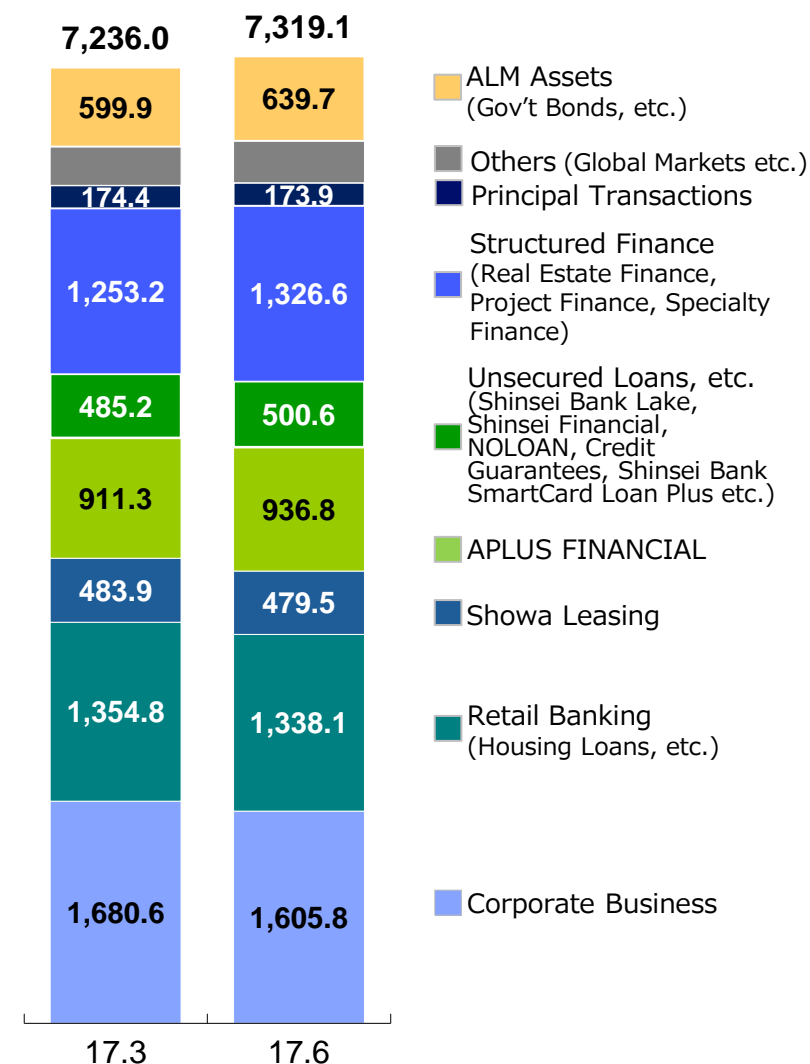
OBP after Net Credit Costs

Segment	1Q FY2017 (3 mos)	
	Amounts	Weight (%)
Individual Business	1.3	10%
Retail Banking	-2.9	-23%
Shinsei Bank Lake and Shinsei Financial ¹	1.8	14%
APLUS FINANCIAL	1.9	15%
Others	0.5	4%
Institutional Business	9.4	74%
Corporate Business	2.1	17%
Structured Finance	2.3	18%
Principal Transactions	3.9	31%
Showa Leasing	1.0	8%
Global Markets Business	1.3	10%
Markets	1.4	11%
Others	-0.0	0%
Corporate/Other	0.6	5%
Treasury	0.7	6%
Corporate/Other (excluding Treasury)	-0.1	-1%
Total	12.7	100%

¹ Includes NOLOAN and Shinsei Bank Smart Card Loan Plus

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

Operating Assets² + ALM Assets



Segment P&L (Quarterly Trend)

(Unit: JPY billion; %)

OBP after Net Credit Costs	FY2015				FY2016				FY2017
	15.4-6	15.7-9	15.10-12	16.1-3	16.4-6	16.7-9	16.10-12	17.1-3	17.4-6
Individual Business	3.8	2.5	5.1	1.1	1.5	3.3	5.4	2.9	1.3
Retail Banking	-0.9	-1.4	-2.0	-2.0	-1.9	-0.6	-2.3	-1.9	-2.9
Shinsei Bank Lake and Shinsei Financial ¹	2.8	2.4	4.5	1.8	1.7	2.1	4.4	1.8	1.8
APLUS FINANCIAL	1.6	1.3	2.5	1.2	1.6	1.7	3.1	2.7	1.9
Others	0.3	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.5
Institutional Business	16.5	11.7	5.7	13.0	5.4	6.4	9.5	9.0	9.4
Corporate Business	0.1	1.6	0.3	1.0	0.9	1.4	1.6	2.1	2.1
Structured Finance	10.6	9.4	2.2	11.2	1.7	3.9	0.0	7.5	2.3
Principal Transactions	3.6	-3.9	1.6	0.7	1.3	-0.3	5.5	-0.9	3.9
Showa Leasing	1.9	4.5	1.5	-0.0	1.3	1.4	2.3	0.3	1.0
Global Markets Business	1.5	1.1	1.0	-2.7	1.2	0.6	1.5	0.8	1.3
Markets	1.5	1.3	1.2	-2.3	1.5	1.1	1.6	0.8	1.4
Others	0.0	-0.2	-0.2	-0.3	-0.2	-0.5	-0.1	0.0	-0.0
Corporate/Other	3.1	1.4	2.2	4.6	3.9	4.6	-1.9	-0.4	0.6
Treasury	2.5	1.1	2.2	3.8	3.6	3.2	-0.9	-0.5	0.7
Corporate/Other (excluding Treasury)	0.5	0.3	0.0	0.8	0.2	1.4	-1.0	0.0	-0.1
Total	25.0	16.8	14.2	16.1	12.1	15.0	14.5	12.4	12.7

¹ Includes NOLOAN and Shinsei Bank Smart Card Loan Plus

Key Data

Balance Sheet

(Unit: JPY billion)	2014.3	2015.3	2016.3	2017.3	2017.6
Loans and bills discounted	4,319.8	4,461.2	4,562.9	4,833.4	4,859.7
Securities	1,557.0	1,477.3	1,227.8	1,014.6	1,099.9
Lease receivables/ leased investment assets	227.7	227.0	211.4	191.4	184.0
Installment receivables	421.9	459.1	516.3	541.4	533.0
Reserve for credit losses	-137.3	-108.2	-91.7	-100.1	-94.2
Deferred Tax Assets	16.5	15.3	14.0	15.5	15.7
Total assets	9,321.1	8,889.8	8,928.7	9,258.3	9,378.6
Deposits including negotiable certificates of deposits	5,850.4	5,452.7	5,800.9	5,862.9	5,905.8
Borrowed money	643.4	805.2	801.7	789.6	777.5
Corporate bonds	177.2	157.5	95.1	112.6	110.6
Grey zone reserves	208.2	170.2	133.6	101.8	94.6
Total liabilities	8,598.5	8,136.0	8,135.6	8,437.5	8,550.3
Shareholders' equity	665.1	728.5	786.8	823.7	832.0
Total net assets	722.5	753.7	793.1	820.7	828.3

Financial Ratios

	FY13	FY14	FY15	FY16	1QFY17
Expense-to-revenue ratio	65.4%	60.2%	64.9%	62.3%	62.1%
Loan-to-deposit ratio	73.8%	81.8%	78.7%	82.4%	82.3%
ROA	0.5%	0.7%	0.7%	0.6%	0.5% ¹
ROE	6.5%	9.8%	8.1%	6.3%	5.3% ¹
RORA	0.7%	1.2%	1.1%	0.8%	0.7% ¹
NPL Ratio ²	3.81%	1.42%	0.79%	0.22%	0.20%
Core Capital Ratio ³	13.58%	14.86%	14.20%	13.06%	12.98%

Per Share Data

(Unit: JPY)	FY13	FY14	FY15	FY16	1QFY17
BPS	247.82	275.45	294.41	316.38	319.39
EPS	15.59	25.57	22.96	19.46	4.22

Credit Ratings

	2014.3	2015.3	2016.3	2017.3	2017.6
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

¹ Annualized basis

² NPL ratio based on Financial Revitalization Law (Nonconsolidated)

³ Domestic Standard; Grandfathered Basis

Appendix



Corporate Governance

- 71% of the directors are external directors in the Board
- Through “Company with an Audit & Supervisory Board”, the Board of Director has authority and responsibility for the execution of businesses and the Audit & Supervisory Board undertakes the auditing function of the Board of Directors

(As of June 30, 2017)

Board of Directors

Name		Title	Reason for Nomination
Hideyuki Kudo		Shinsei Bank Representative Director, President & CEO	
Yukio Nakamura		Shinsei Bank Representative Director, Deputy President	
J. Christopher Flowers	External	Managing Director and CEO, J. C. Flowers & Co. LLC	His experience and expertise in the financial service industry as a whole
Ernest M. Higa	External	Chairman President & CEO, Higa Industries Co., Ltd.	His experience and deep insight of business for consumers
Shigeru Kani	External	Former Director, Administration Department, The Bank of Japan Specially Appointed Professor, Yokohama College of Commerce	His expertise in the risk management area and his extensive knowledge concerning banking operations
Jun Makihara	External	Director, Monex Group, Inc. Director, Philip Morris International Inc.	His extensive knowledge of finance and his domestic and international experience
Ryuichi Tomimura	External	Executive Vice President, Director, SIGMAXYZ Inc.	His extensive experience and wide range of knowledge including information systems as a management executive and a consultant

Audit & Supervisory Board Members

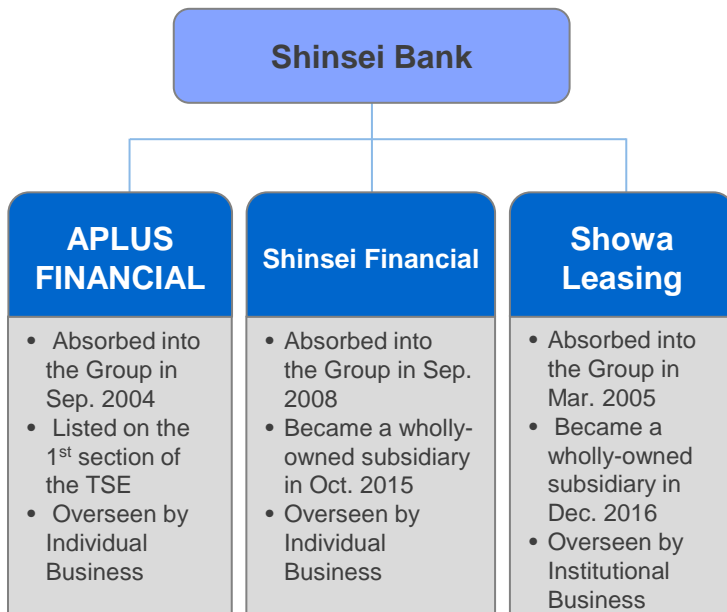
Shinya Nagata		Shinsei Bank Audit & Supervisory Board Member	His long years of business experience in the areas of finance and accounting at Shinsei Bank
Michio Shibuya	External	Certified Public Accountant	His expertise and extensive experience as a certified public accountant, and knowledge regarding corporate governance based on experience as an Audit & Supervisory Board Members at a listed company
Kozue Shiga	External	Lawyer	Her expertise and extensive experience as a lawyer

Group Governance

- Effectively centralizing all administrative functions in the Group leads to 1) enhanced and optimized administrative functions for strengthening Group governance and 2) improve productivity and efficiency through centralization of functions duplicated in the group companies

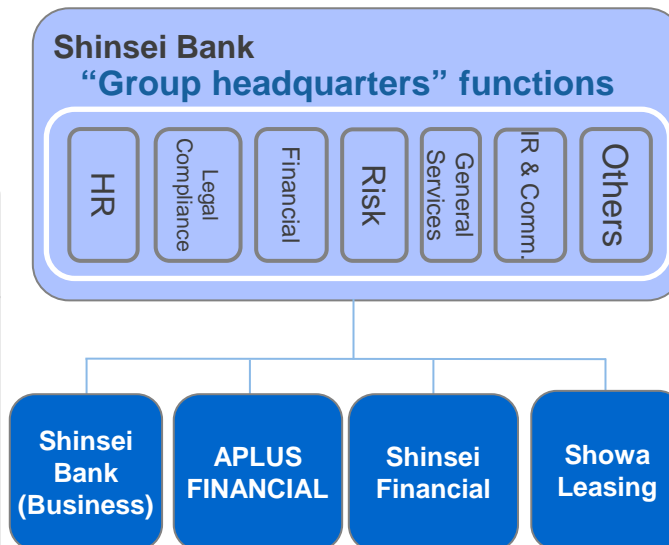
Till March 2017

- Each member company retains full suite of administrative functions
- A business holding company structure with Shinsei Bank at the top



Establishment of Group Headquarters (April 2017 onward)

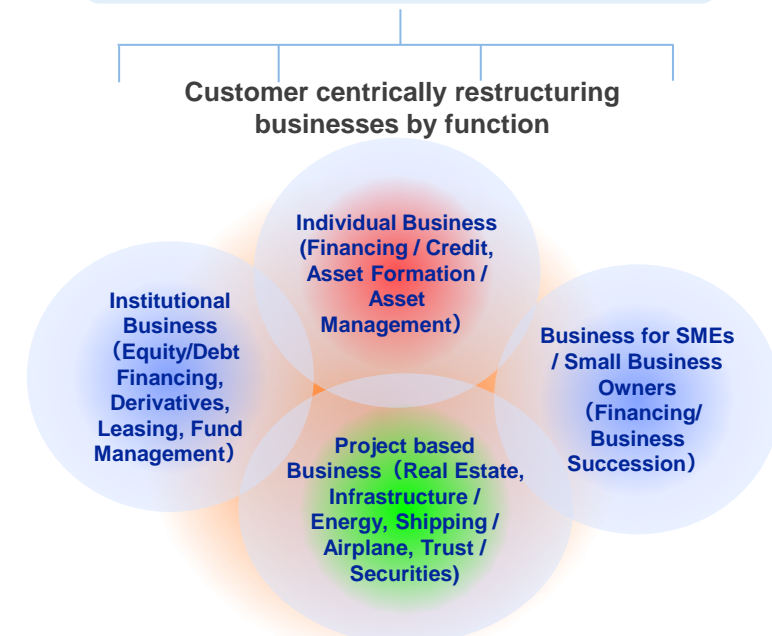
- April 2017: Established a virtual Group headquarters within Shinsei Bank
- October 2017: Complete migration from the partially-remaining by-company line system to a by-function line system



Future Organization

- Restructuring businesses in a customer centric manner

"Group headquarters" functions



Advanced Banking Interface
(Internet / Smartphone Banking, Settlements)

Comparative Advantages



**Information Technology
Retail Businesses Leveraging
Scientific/Statistical Approaches**

Unsecured
Loans

Multi/Omni
Channel
Retail banking

Settlement
Credit Card

Asset
Management
Consulting

Markets
Solutions

Structured
Finance

Principal
Investments

Shinsei Financial
Showa Leasing
APLUS FINANCIAL

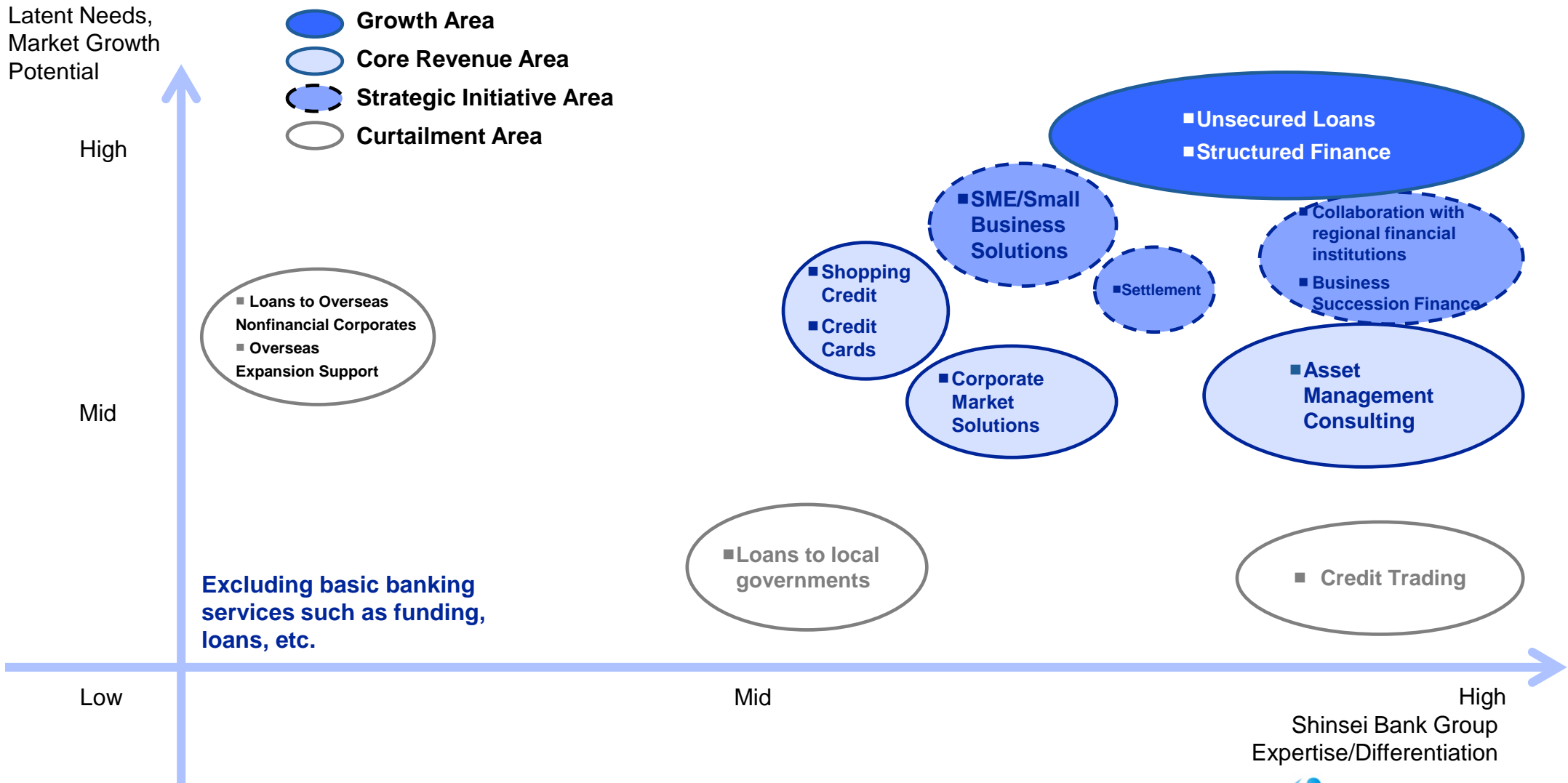
Shinsei Investment Management
Shinsei Securities
Shinsei PI Group

Shinsei Trust & Banking
Shinsei Bank

**Financial Technology
High Added Value Financial Services Made
Possible Through Tailor-Made Services**

Strategic Mapping Businesses

- Proactively allocating management resources to Unsecured Loan and Structured Finance businesses as growth areas
- Selectively addressing in other business areas by converting strengths and optimizing resources

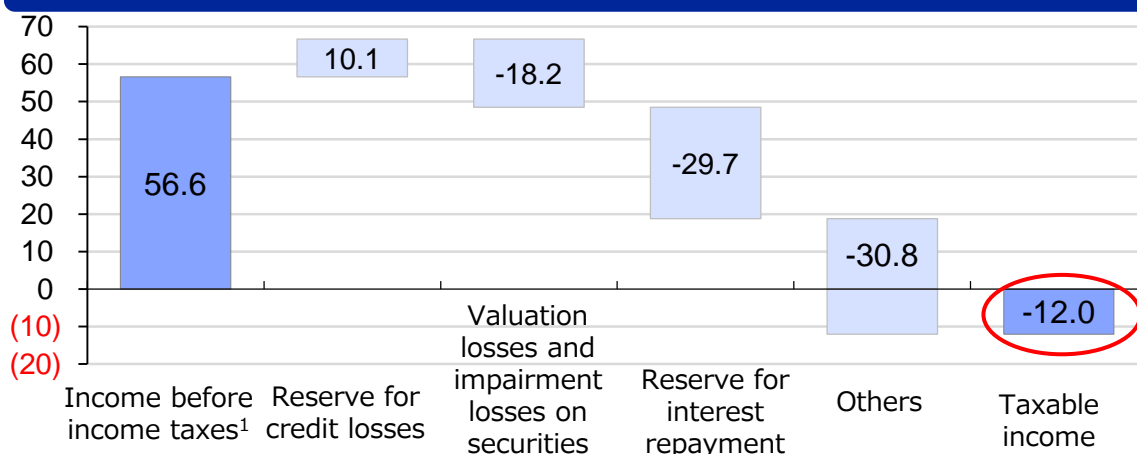


Current Income Tax (Consolidated Tax¹)

(Unit: JPY billion; %)

- JPY -12.0 billion of taxable income (loss) was recorded for FY2016, after deducting taxable write-offs on securities and reserve for interest repayment etc. from income before income taxes¹
 - ◆ Temporary differences in association with valuation losses and impairment losses on securities totaled JPY 68.9 billion
- Tax loss carry-forward at March 31, 2017 totaled JPY 250.3 billion. Of this amounts, JPY 107.4 billion of the tax loss carry-forward is to expire on March 31, 2018

Income before Income Taxes vs. Taxable Income



Schedule of Tax Loss Carry-forward (NOL)

Year of Generation	Date of Expiry	Amounts
FY2008	March 2018	107.4
FY2010	March 2020	20.0
FY2011	March 2021	16.7
FY2012	March 2022	23.2
FY2013	March 2023	18.5
FY2014	March 2024	34.6
FY2015	March 2025	17.6
FY2016	March 2026	12.0
Total		250.3

Breakdown of Temporary Differences and DTA

Item	Temporary Differences	DTA
Tax loss carry-forwards	250.3	90.5
Reserve for credit losses	157.5	51.8
Valuation losses and impairment losses on securities	68.9	21.1
Reserve for interest repayment	94.8	32.8
Others	124.6	32.2
Total	696.1	228.5

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

Deferred Income Tax; Effective Tax Rate (Consolidated Tax¹)

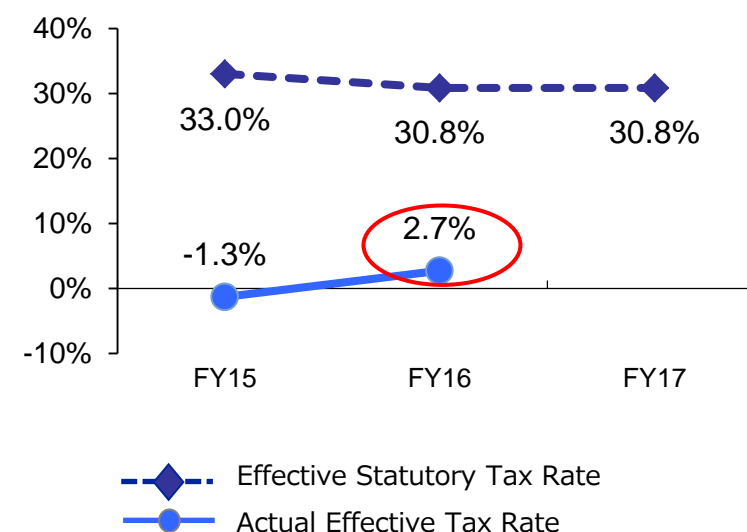
(Unit: JPY billion; %)

- We are classified under the Type 4 of the ASBJ² Guidance No. 26 Implementation Guidance on Recovery of Deferred Tax Asset
- 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 2.7% in FY2016

Deferred Income Tax

Item	Temporary Differences	DTA
Tax loss carry-forwards: (A)	250.3	
Temporary differences: (B)	445.7	
Sub total: (C=A+B)	696.1	228.5
Estimated realizable amounts in the tax schedule: (D)	69.4	22.8
Projected taxable income before adjustment for FY17: (E)	61.1	19.7
DTA (F: lower of either (D) or (E))		19.7
Valuation allowance (G=C-F)		208.7
DTL (H)		7.5
Net of DTA as of March 2017 (I=F-H)		12.2
Net of DTA as of March 2016 (J)		11.8
Deferred Income Tax for FY2016 ((+):profits, (-) :expenses) (I-J)		+0.3

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

Corporate Information

Name	Shinsei Bank, Limited		
Established	December 1, 1952		
Representative Director & President	President & CEO Hideyuki Kudo (Appointed June 17, 2015)		
Listed on	Tokyo Stock Exchange (Listed on February 19, 2004)		
Code	8303		
No. of outstanding shares issued	2,750,346,891 (Including treasury shares)		
No. of employees	5,360 (Consolidated basis), 2,207 (Nonconsolidated basis)		
No. of branches	28 branches including head office and 7 annexes		
Large Shareholders	J.C.F Flowers&Co.LLC (including its affiliates)	553,663,517	(21.39%)
	Government (the Deposit Insurance Corporation and the Resolution and Collection Corporation)	469,128,888	(18.12%)
Ratings information (as of April 30, 2017)	Rating & Investment Information, Inc. (R&I)	Long-term A-	Short-term a-1
	Japan Credit Rating Agency (JCR)	Long-term BBB+	Short-term J-2
	Standard & Poor's (S&P)	Long-term BBB+	Short-term A-2
	Moody's	Long-term Baa2	Short-term Prime 2

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 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

- **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.**
- **Unless otherwise noted, the financial data contained in these materials are presented under Japanese GAAP. The Company disclaims any obligation to update or to announce any revision to forward-looking statements to reflect future events or developments. Unless otherwise specified, all the financials are shown on a consolidated basis.**
- **Information concerning financial institutions other than the Company and its subsidiaries are based on publicly available information.**
- **These materials do not constitute an invitation or solicitation of an offer to subscribe for or purchase any securities and neither this document nor anything contained herein shall form the basis for any contract or commitment whatsoever.**