



Business and Financial Highlights

Fiscal Year Ended March 31, 2019

Shinsei Bank, Limited
May 2019



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Key Points

1 FY2018 net income : JPY 52.3 billion (achieved the plan)

- Net income increased by 2% Y-o-Y
- OBP¹: JPY 84.9 billion, net credit costs: JPY 29.3 billion (decreased by 21%, 5%, Y-o-Y respectively)
- Per share value: Both EPS and BPS improved
 - EPS: JPY 211.24 (increased by 6% Y-o-Y; increased by 2% excluding share buyback)
 - BPS: JPY 3,636.92 (increased by 8% Y-o-Y)

2 FY2019 net income forecast: JPY 53 billion

- OBP: JPY 91 billion (increases by 7% Y-o-Y)
 - Expense-to-revenue ratio: 62.6% (63.0% in FY2018)
- Net credit costs: JPY 35 billion (increases by 19% Y-o-Y)

3 FY2019 shareholder return

- Year-end dividend for FY2018 is JPY 10 per share. A share buyback program up to JPY 23.5 billion has been approved by the Board of Directors
- Total payout ratio of 50% towards the result of FY2018 net income
- A share buyback program has been set up to the maximum available capacity within the range as outlined in the Revitalization Plan at this point in time, as the current share price does not reflect its true share value
- This does not make any reference to future total payout ratios. Shareholder return will be decided at each time period based on the prevailing share price, financial/capital position and market conditions at the time within the range as outlined in the Revitalization Plan

FY2018 Financial Results Summary

(Unit: JPY billion; %)

Consolidated	17.4-18.3 (Actual)	18.4-19.3 (Actual)		18.4-19.3 (Plan)	
		YoY % B(+)/W(-)	Progress %		
Total Revenue	232.0	229.7	-1	97	236.5
Net Interest Income	128.7	133.8	+4		
Noninterest Income	103.2	95.9	-7		
Expenses	-142.5	-144.7	-2	100	-144.5
Ordinary Business Profit (OBP)	89.4	84.9	-5	92	92.0
Net Credit Costs	-37.2	-29.3	+21	86	-34.0
OBP after Net Credit Costs	52.1	55.6	+7	96	58.0
Others	-0.7	-3.3	-371	55	-6.0
Provisions of reserve for losses on interest repayment	6.0	2.3	-62		
Income Tax, etc.	-3.8	-2.5	+34		
Net Income	51.4	52.3	+2	101	52.0

Points

Total revenue: JPY 229.7 billion

- Net interest margin (NIM) improved to 2.46%
 - ◆ Increase in NIM reflects improvement in yields on loan assets coupled with flattish overall funding rate
- Noninterest income decreased due to lower gains on stock transactions partly offset by increase in fee income in Retail Banking and APLUS FINANCIAL

Expenses: JPY 144.7 billion

- ◆ Expense-to-Revenue Ratio: 63.0%

Net Credit Costs: JPY 29.3 billion

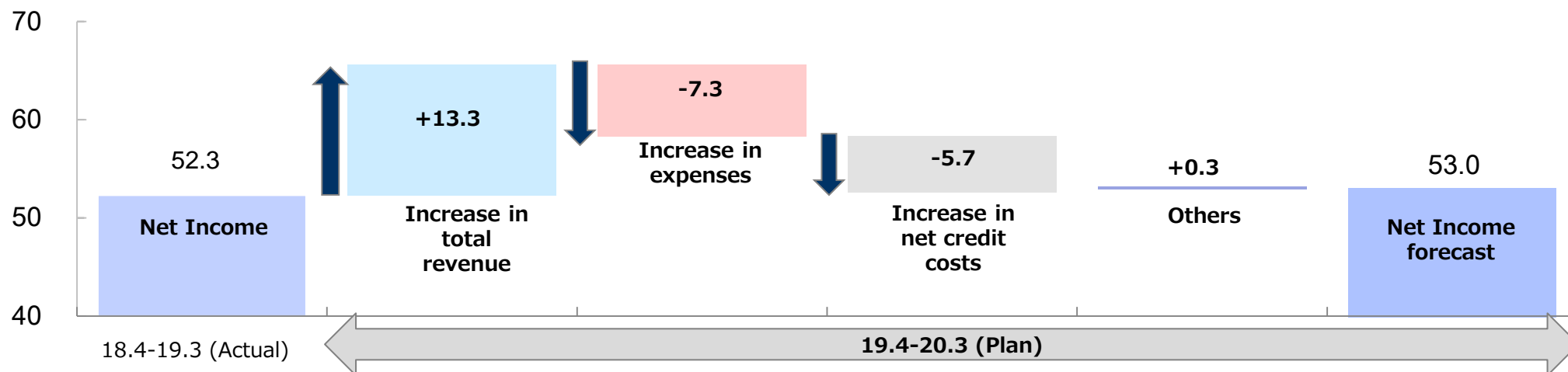
- ◆ Structured Finance : JPY 2.1 billion (reversal)
- ◆ Unsecured Loans : JPY 14.5 billion (provision)
- ◆ APLUS FINANCIAL : JPY 16.5 billion (provision)
- Structured Finance recorded higher net credit recoveries than the original plan
- Unsecured Loans' net credit costs decreased due to credit recoveries and lower loan balance compared to the original plan

Others: JPY -3.3 billion

- Kabarai reserve: net JPY 2.3 billion (reversal)
 - ◆ Shinsei Financial : JPY 5.6 billion (reversal)
 - ◆ Shinsei Personal Loan: JPY 0.1 billion (reversal)
 - ◆ APLUS FINANCIAL: JPY 3.5 billion (provision)

FY2019 P&L Projection

(Unit: JPY billion; %)



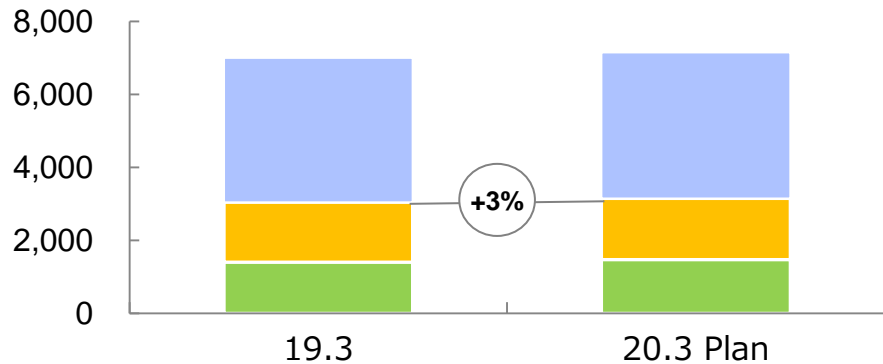
	18.4-19.3 (Actual)	19.4-20.3 (Plan)	YoY % B(+)/W(-)	Points
Total Revenue	229.7	243.0	+6	• Reflects increase in net interest income from unsecured loans; higher noninterest income from APLUS FINANCIAL, Retail Banking and Global Markets; revenue contribution of acquired companies
Expenses	-144.7	-152.0	-5	• Reflect increase in new banking system related IT expenses; office relocation expenses; consumption tax hike; expenses from acquired companies
Expense-to-revenue ratio	63.0%	62.6%	-	-
Ordinary Business Profit (OBP)	84.9	91.0	+7	-
Net Credit Costs	-29.3	-35.0	-19	• Credit provisions in unsecured loans and APLUS FINANCIAL mainly constitute net credit costs in FY2019 • Increase from FY2018 partly reflects an absence of recoveries in Institutional Businesses recorded in FY2018 as well as growth of unsecured loans in FY2019
OBP after Net Credit Costs	55.6	56.0	+1	-
Others	-3.3	-3.0	+9	-
Net Income	52.3	53.0	+1	-

FY2019 Operating Assets, Productivity Enhancement

(Unit: JPY billion; %)

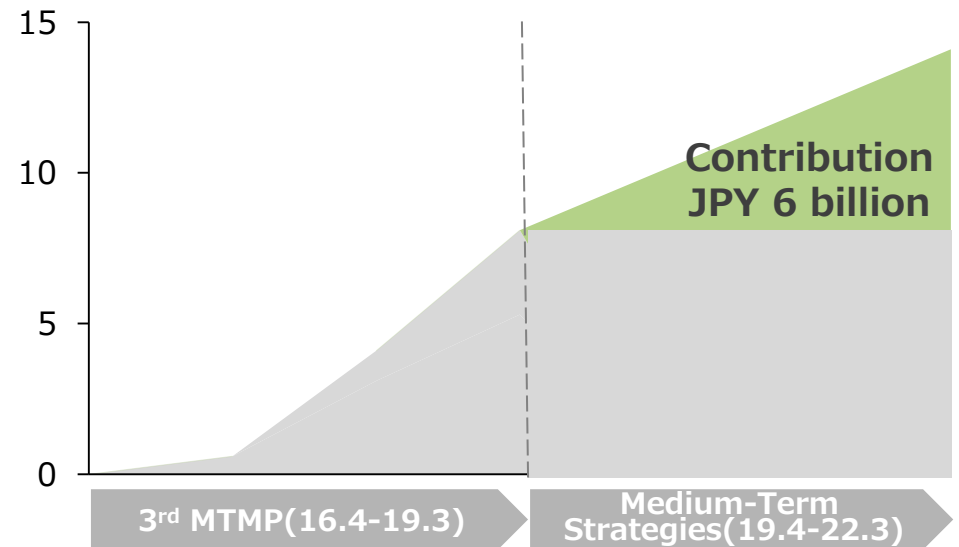
Operating Assets

- Operating assets in focus areas (small scale finance and business with institutional investors) are expected to grow by 3% in FY2019



- Others (Corporate Business, Retail Housing Loans etc.)
- Business with Institutional Investors (Structured Finance)
- Small Scale Finance (Unsecured Card Loans, APLUS FINANCIAL (excl. housing related loans))

Profit Contribution from Productivity Enhancement



FY2019 Initiatives

■ New Businesses including Small Scale Finance:

- ✓ Clarify customer needs and provide financial services by utilizing our customer database platform
- ✓ Collaborate with parties which own customer bases, data etc.
- ✓ Build ecosystems for foreigners in Japan

■ Business with Institutional Investors:

- ✓ Expand businesses in renewable energy area
- ✓ Strengthen loan syndication by debt funds and joint investment scheme

■ Other Initiatives:

- ✓ Expand sales channels and customer base in retail's asset management businesses including insurance products
- ✓ Strengthen construction machinery business from initial purchase finance till asset disposal

FY2019 Initiatives

■ Further Enhanced Productivity and Efficiency:

- ✓ Optimization of expenses including IT and supplier related expenses
- ✓ Operational efficiency using digital tools such as RPA across Group
- ✓ Productivity enhancement by reviewing existing processes and operations
- ✓ Acceleration of digitalization for new customer acquisition in unsecured loans

■ Optimization of Offices and Channels across Group:

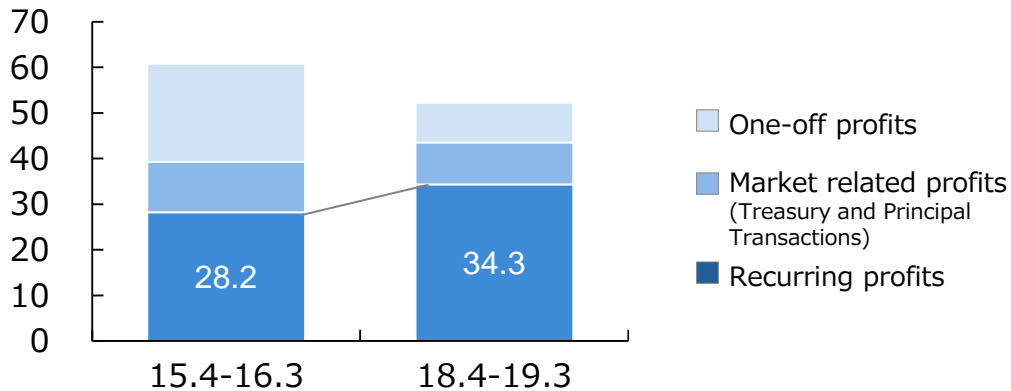
- ✓ IT functions: integrate IT sections of Group in Shinkawa Office
- ✓ Retail banking: consolidate headquarters operations to Shinkawa Office
- ✓ Institutional business: integrate operations of Shinsei Bank and Showa Leasing to Nihonbashi Office
- ✓ Servicing: relocate our servicing company to Akihabara Office

3rd MTMP (16.4-19.3) Results Summary

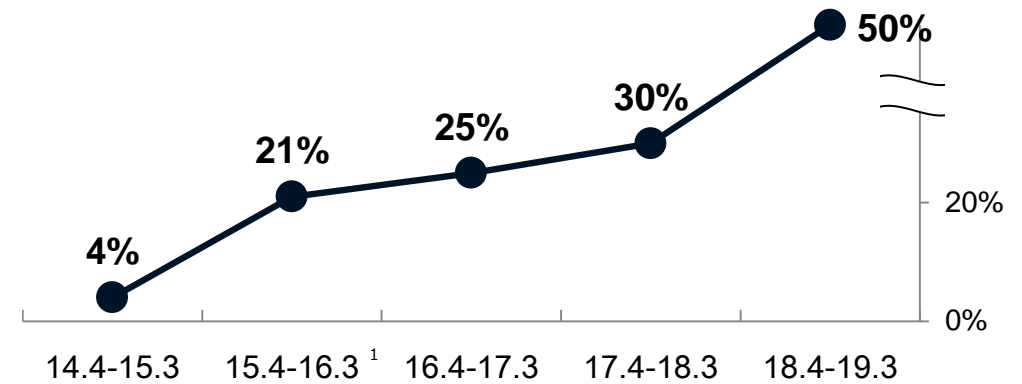
(Unit: JPY billion; %)

Recurring Profits

- Recurring profits in net income increased, resulting in sustainable revenue base



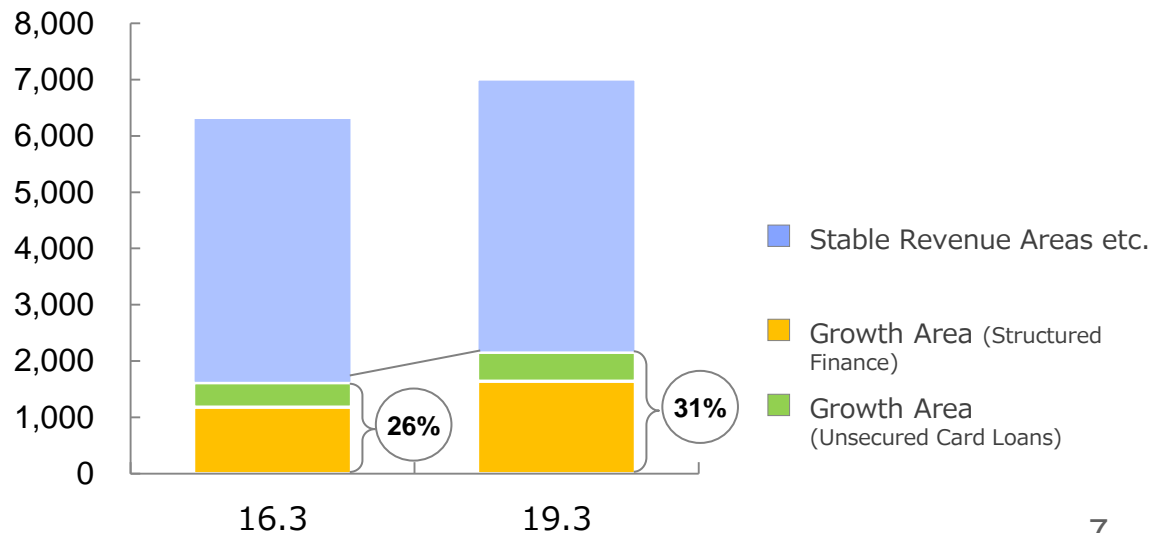
Total Payout Ratio



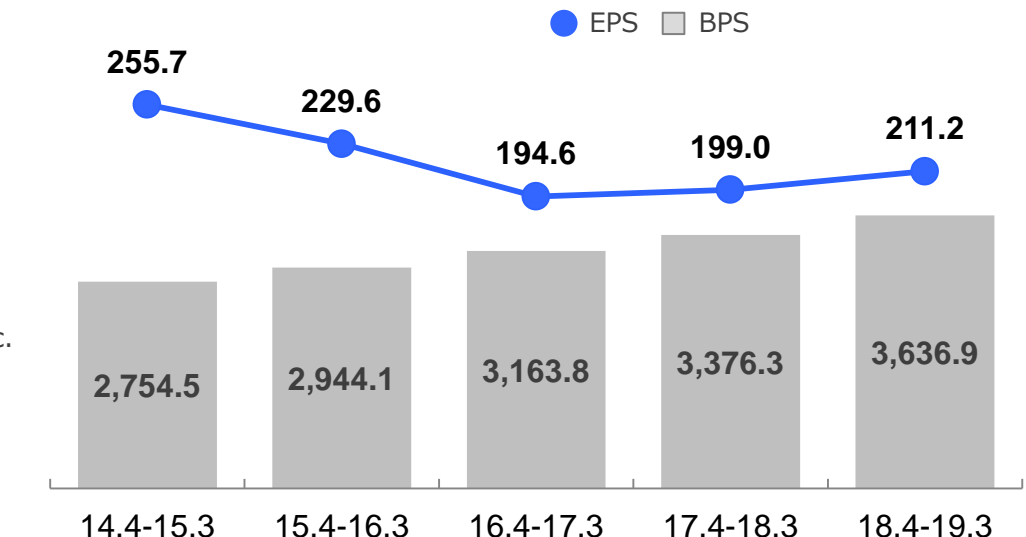
¹ Excluding JPY 2 billion relating to acquisition of treasury shares in order to attain full ownership of Showa Leasing

Operating Assets

- Operating assets in growth areas grew at 10% CAGR



Per Share Value² (EPS, BPS; JPY)



² Reverse stock split (10 stocks to 1 stock) was executed in October 2017. Per share data for previous years has been adjusted to conform to current period presentation

Financial Update

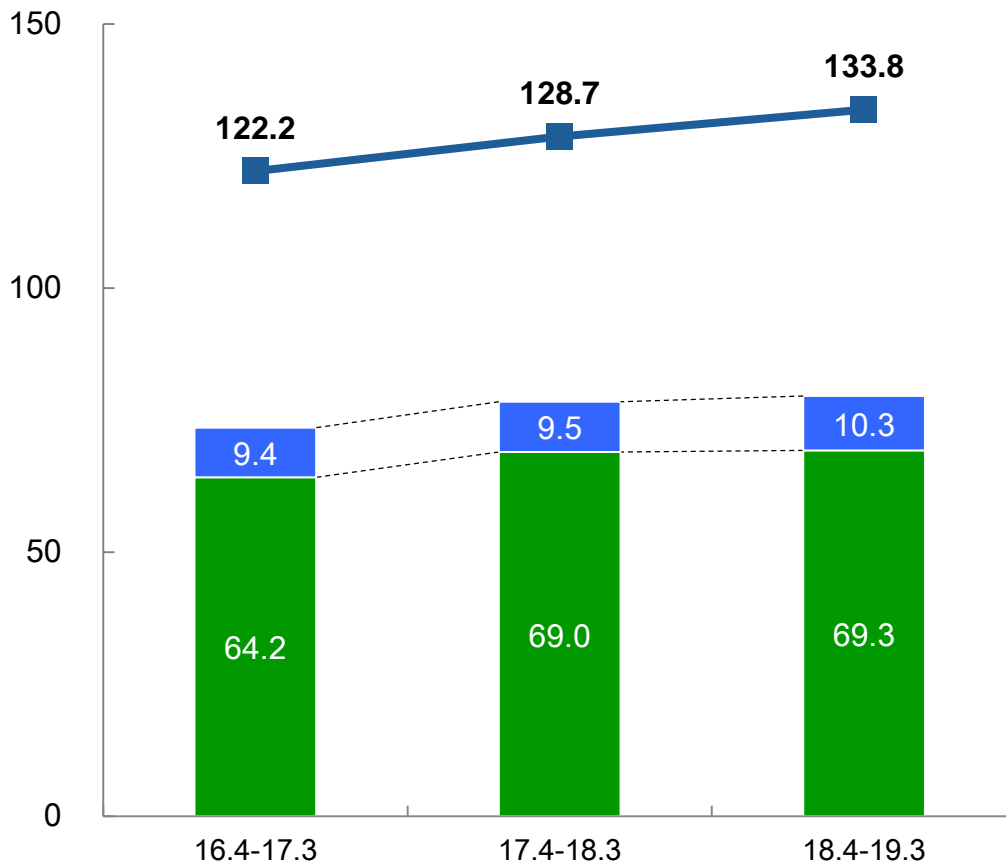


Financial Update: Net Interest Income

In the graph of Net Interest Income YoY Comparison, legends of "Major Banks (5)" and "Regional Banks (64)" were mistakenly crossed and these have been corrected.

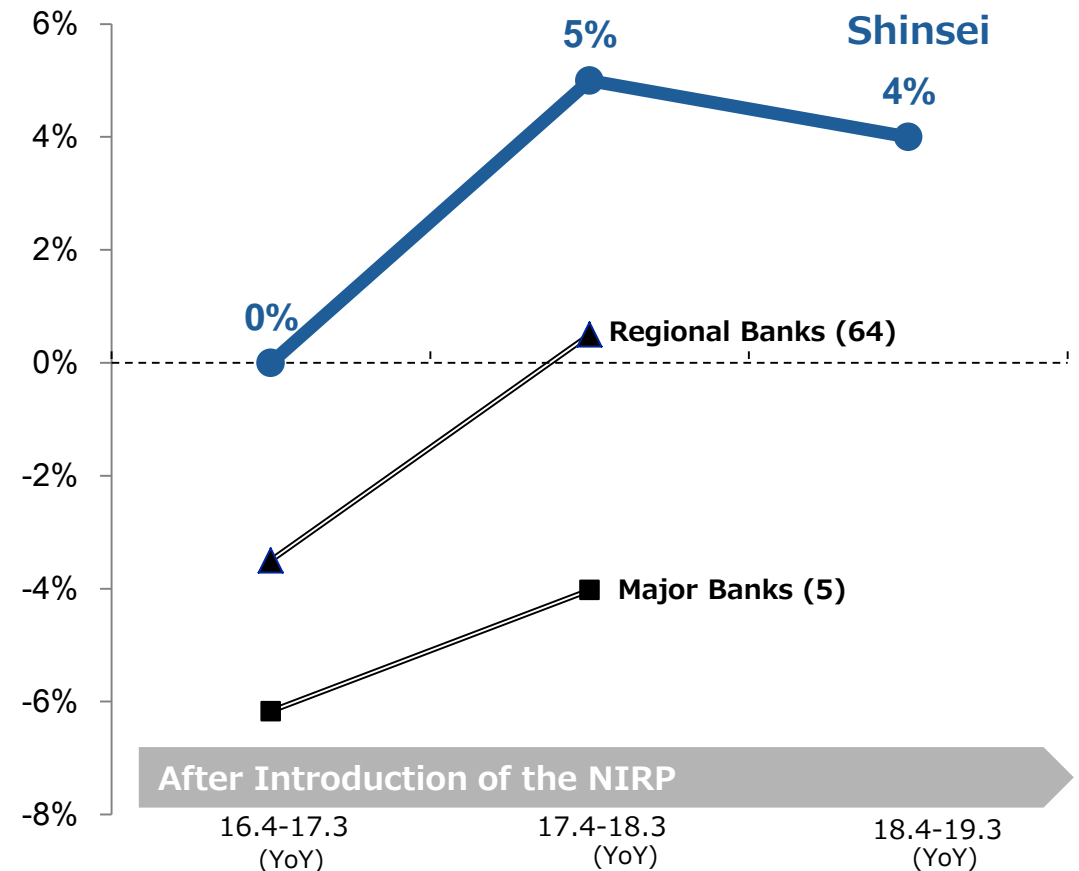
(Unit: JPY billion; %)

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



Net Interest Income YoY Comparison

- Shinsei's net interest income has shown steady growth each year despite introduction of the Negative Interest Rate Policy (NIRP)

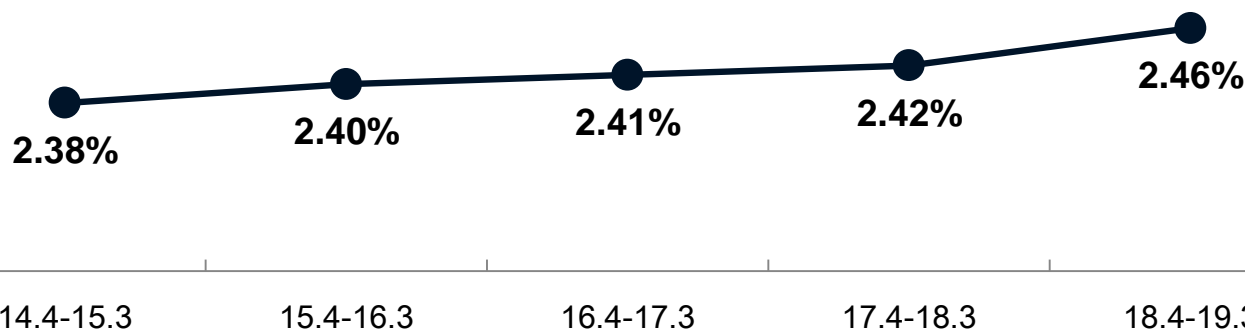


(Source) Regional Banks joining Regional Banks Association of Japan (nonconsolidated basis):
 Compiled based on disclosures of Japanese Bankers Association
 Major Banks (consolidated basis): Based on disclosures of each bank

Financial Update: Net Interest Margin(NIM), Yield on Interest Earning Assets, Funding Costs

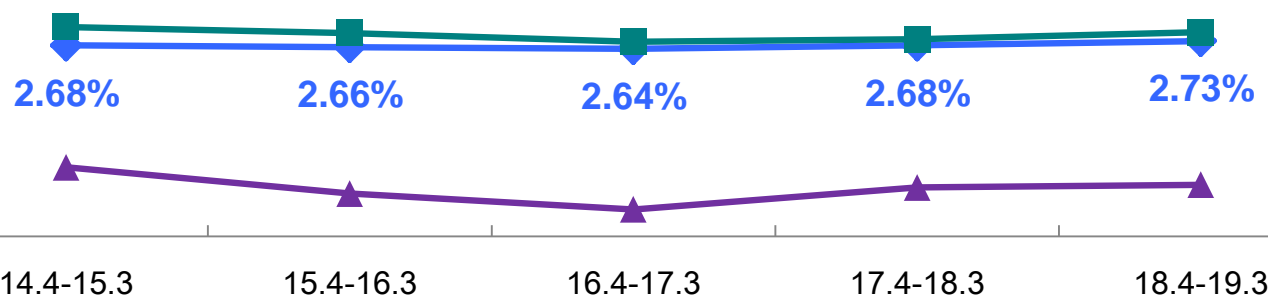
(Unit: %)

Net Interest Margin¹



- NIM has continuously improved despite the NIRP environment
- Increase in NIM in 18.4-19.3 reflects improvement in yields on loan assets coupled with flattish overall funding rate

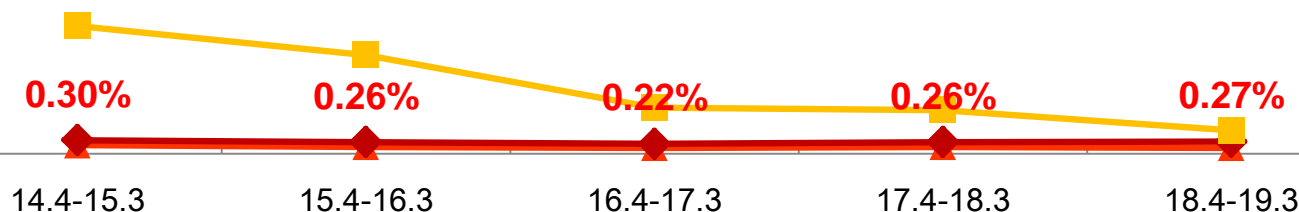
Yield on Interest Earning Assets



- Yield on interest earning assets bottomed out in 16.4-17.3 and loan yield has been improving since

- Yield on Loans and Bills Discounted
- Yield on Interest Earning Assets¹
- Yield on Securities

Funding Costs



- Overall funding cost remains stable and at a low level, reflecting redemption of subordinate bonds and low level of deposits cost

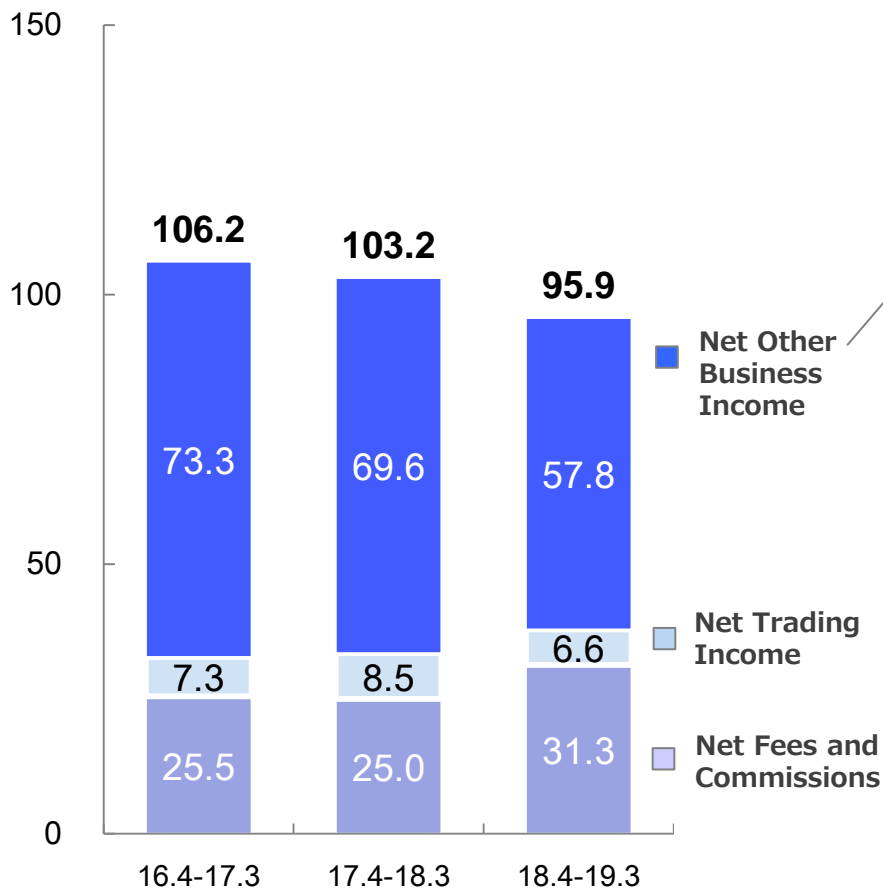
- Rate on Corporate Bonds
- Rate on Interest Bearing Liabilities
- Rate on Deposits, including NCDs

¹ Includes income on leased assets and installment receivables

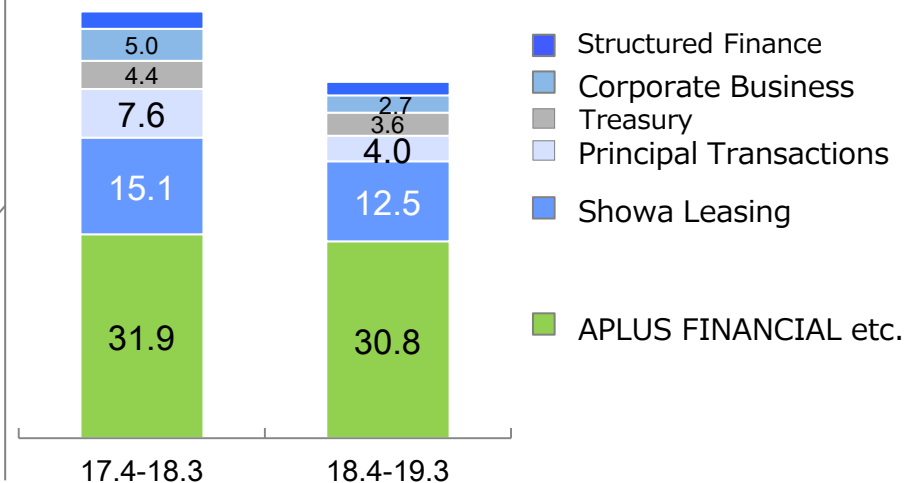
Financial Update: Noninterest Income

(Unit: JPY billion)

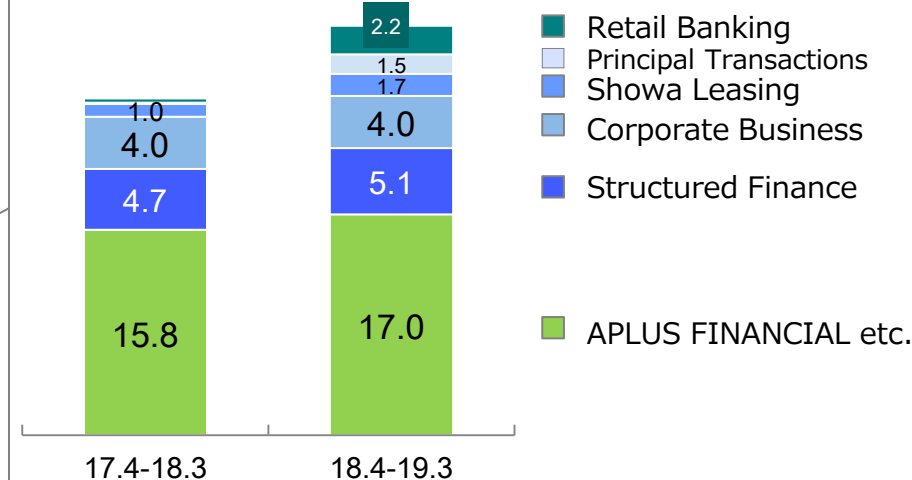
- **Net fees and commissions:** increase in fee income in Retail Banking and APLUS FINANCIAL
- **Net trading income:** decrease in derivative related income in Global Markets Business
- **Net other business income:** mainly decreased due to absence of large gains on stock transactions in Institutional Business



Net Other Business Income: Major Segments



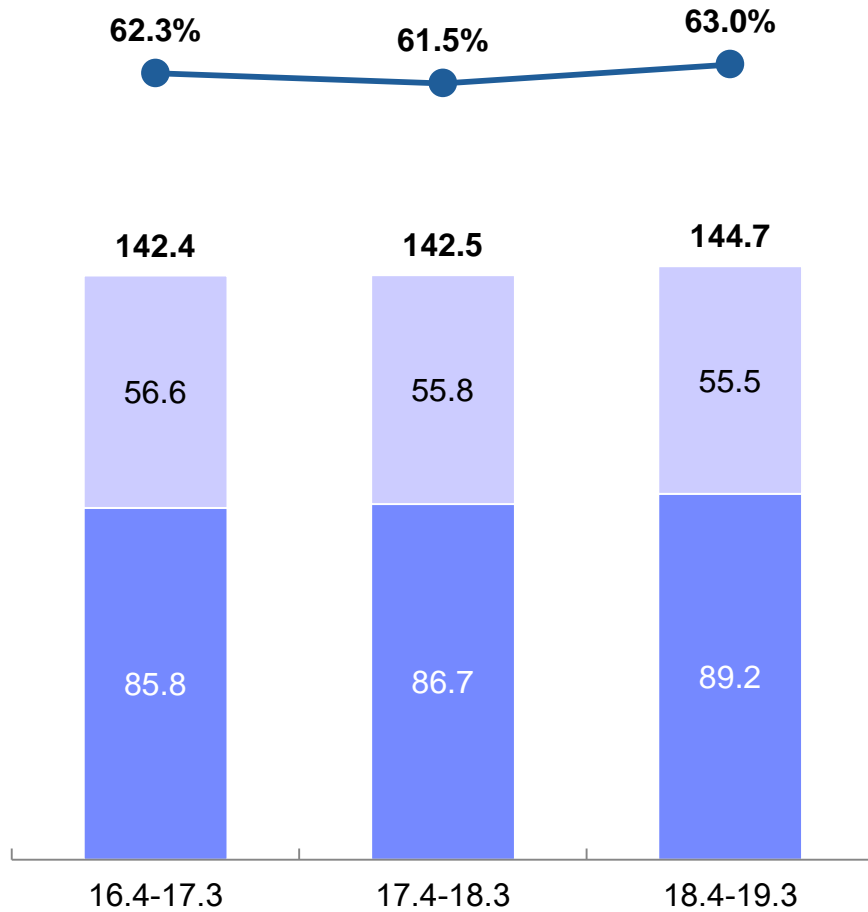
Net Fees and Commissions: Major Segments



Financial Update: Expenses, Expense-to-Revenue Ratio

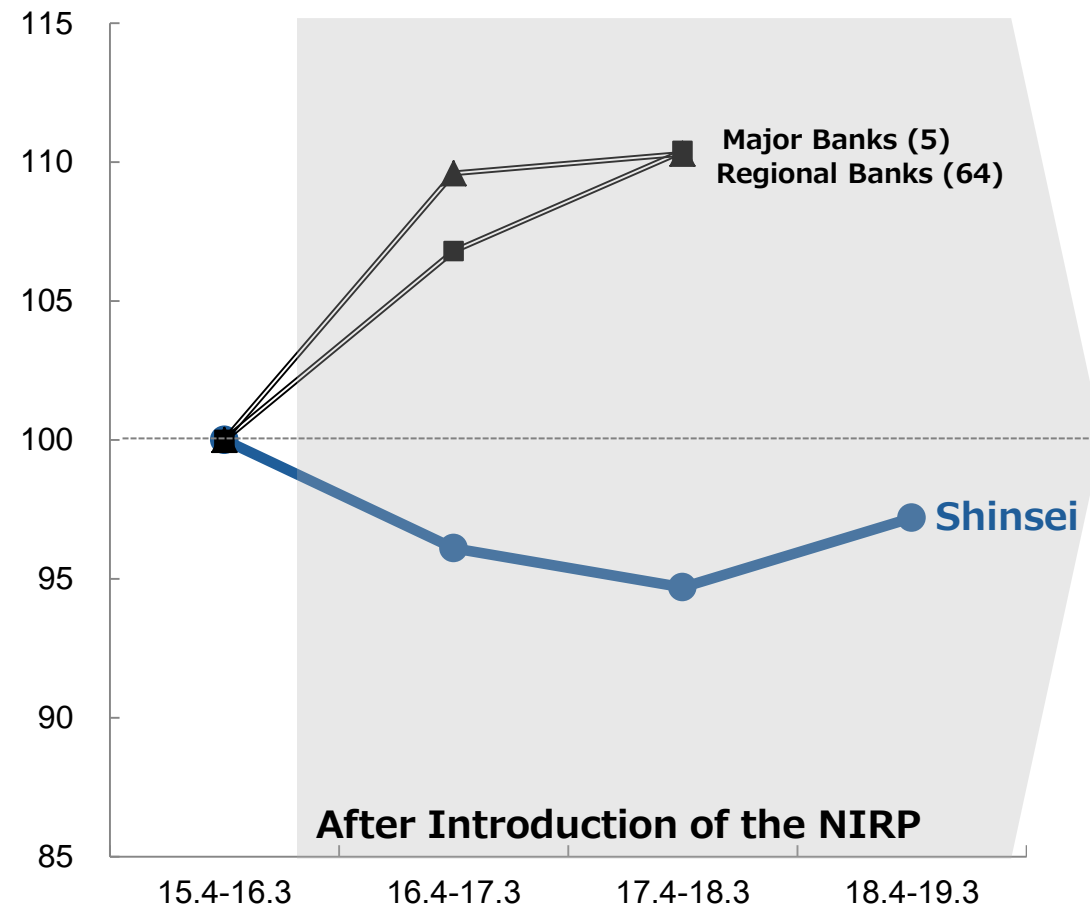
(Unit: JPY billion)

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



Expense-to-Revenue Ratio Trend (FY2015=100)

- Shinsei's expense-to-revenue ratio remains low compared to pre-NIRP
- The ratio was up in FY2018 due to a decrease in revenue and an increase in nonpersonnel expenses



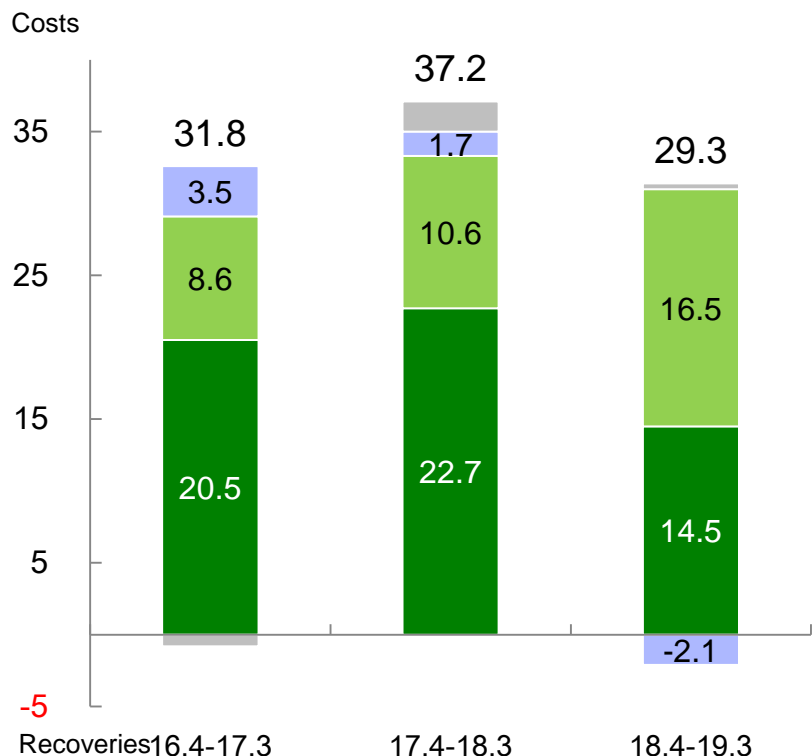
(Source) Regional Banks joining Regional Banks Association of Japan (nonconsolidated basis):
 Compiled based on disclosures of Japanese Bankers Association
 Major Banks (consolidated basis): Based on disclosures of each bank

Financial Update: Net Credit Costs

(Unit: JPY billion; %)

- In Structured Finance, net credit recoveries were recorded due primarily to calculation of general reserve for loan losses in 2Q in accordance with growth of portfolio including project finance transactions etc.
- In APLUS FINANCIAL, increase in net credit costs reflects provisioning related to delinquent loans in 1Q and 4Q

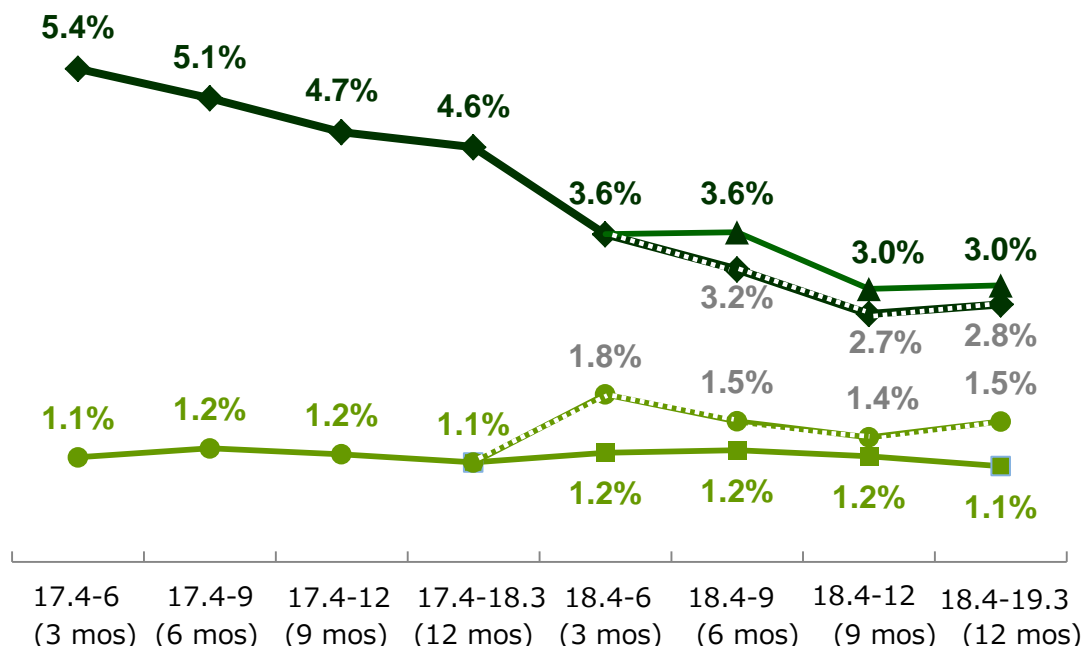
- Others (Corporate Business, Showa Leasing, Global Markets etc.)
- APLUS FINANCIAL
- Unsecured Loans
- Structured Finance



Net Credit Costs Ratio: Consumer Finance

- In Unsecured Loans, net credit costs decreased due to credit recoveries and lower loan balance
- Net credit costs ratio of the Unsecured Loans was at 2.8%. The ratio excluding credit recovery from former-Lake portfolio in Shinsei Financial was at 3.0%

- ◆ Unsecured Loans: Net Credit Costs Ratio (annualized basis¹)
- ▲ Unsecured Loans: Net Credit Costs Ratio (excluding the write-back gain on reserves of ex-Lake portfolio, annualized basis¹)
- APLUS FINANCIAL: Net Credit Costs Ratio (annualized basis¹)
- APLUS FINANCIAL: Net Credit Costs Ratio (excluding provisions related to delinquent loans, annualized basis¹)



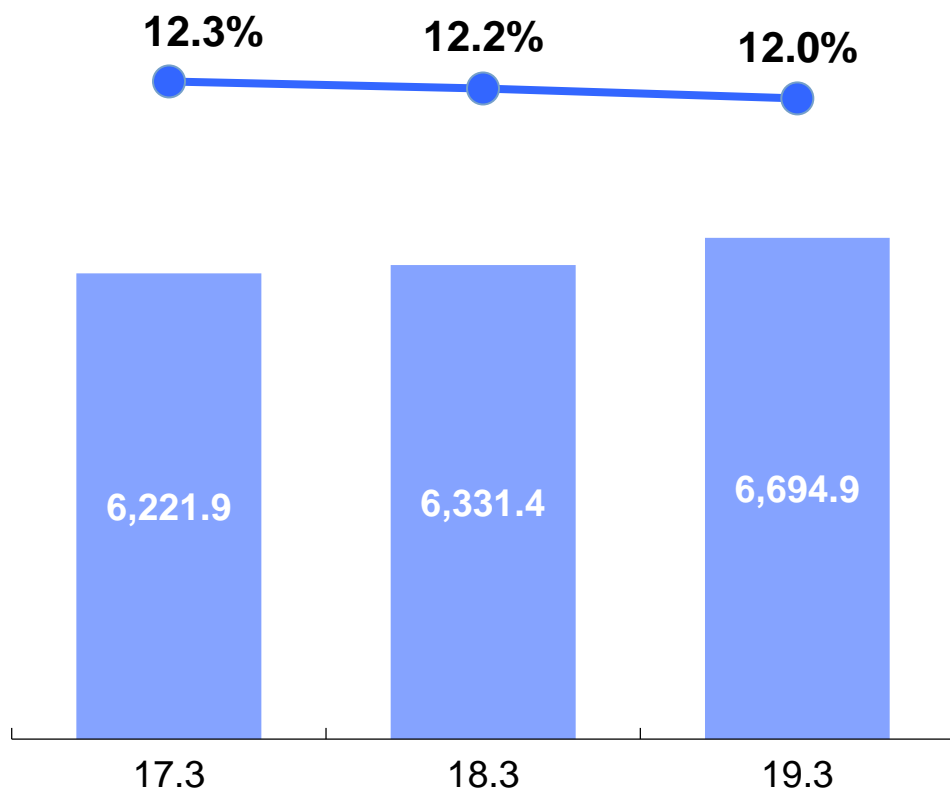
¹ Net Credit Costs Ratio = Calculated by annualizing the following formula :
(Net Credit Costs ÷ Average of Beginning and End of Period Operating Assets Balances)

Financial Update: Capital

(Unit: JPY billion; %)

- Increase in risk assets reflects asset growth of project finance and real estate nonrecourse loans in structured finance (including securitization exposure) and APLUS FINANCIAL, resulting in decline in common equity tier 1 ratio

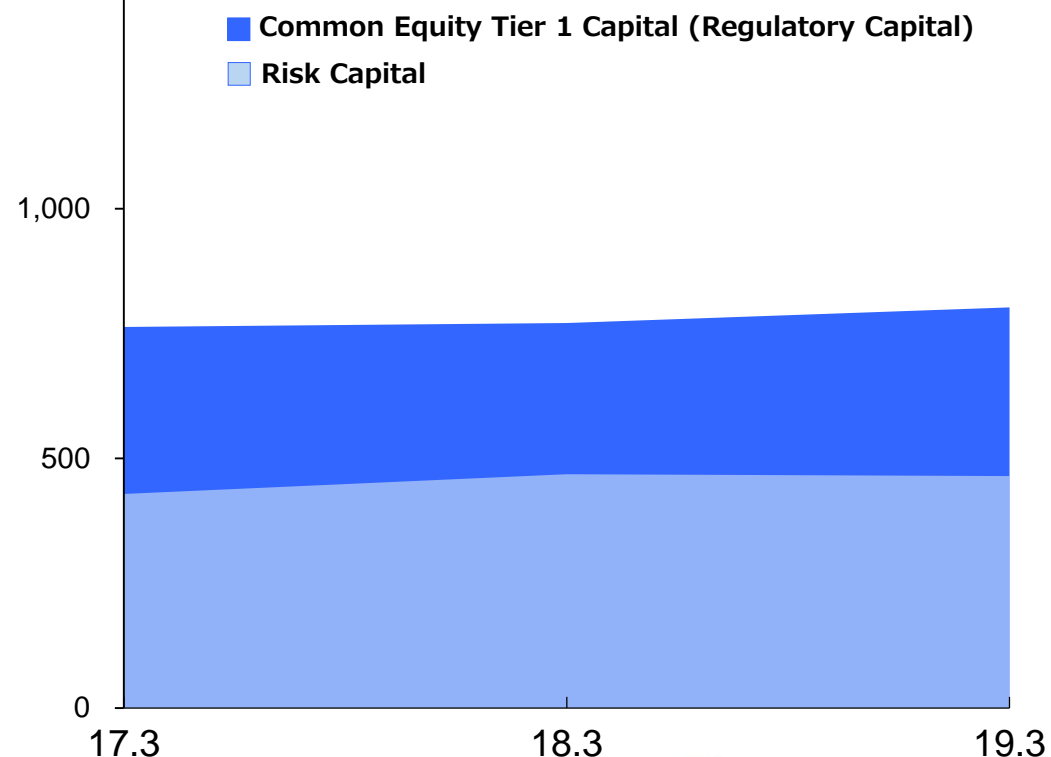
- Common Equity Tier 1 Ratio (International Standard; Fully Loaded Basis)
- Risk Assets (International Standard; Fully Loaded Basis)



Amounts of Capital

- Accumulation of retained earnings reflects an increase in common equity tier 1 capital

International Standard; Fully Loaded Basis	2017.3	2018.3	2019.3
Common Equity Tier 1 Capital	763.1	771.0	802.3
Risk Capital	428.7	468.2	464.5



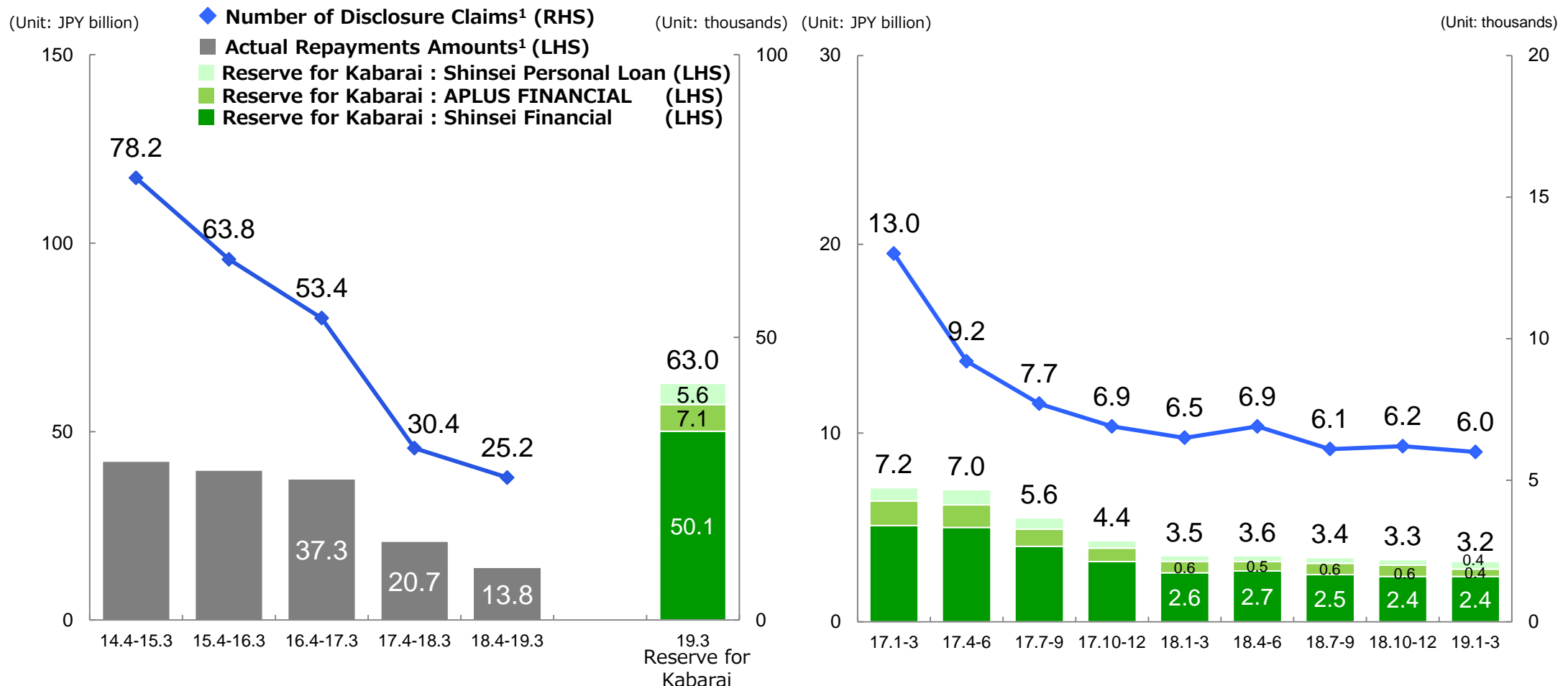
Financial Update: Excess Interest Repayment (Kabarai)

(Unit: JPY billion)

- In FY2018, Shinsei Financial reversed the reserve of JPY 5.6 billion and APLUS FINANCIAL provisioned the reserve of JPY 3.5 billion
- Combined reserve coverage ratio based on the total actual payments in 2019.1-3 is approx. 5 years (Shinsei Financial: approx. 5 years, APLUS FINANCIAL: approx. 4 years, Shinsei Personal Loan: approx. 4 years)

Recent Quarterly Trend of Kabarai

- ◆ Number of Disclosure Claims¹ (RHS)
- Actual Repayments: Shinsei Personal Loan (LHS)
- Actual Repayments: APLUS FINANCIAL (LHS)
- Actual Repayments: Shinsei Financial (LHS)



¹ Shinsei Financial, Shinsei Personal Loan and APLUS FINANCIAL combined

Business Update



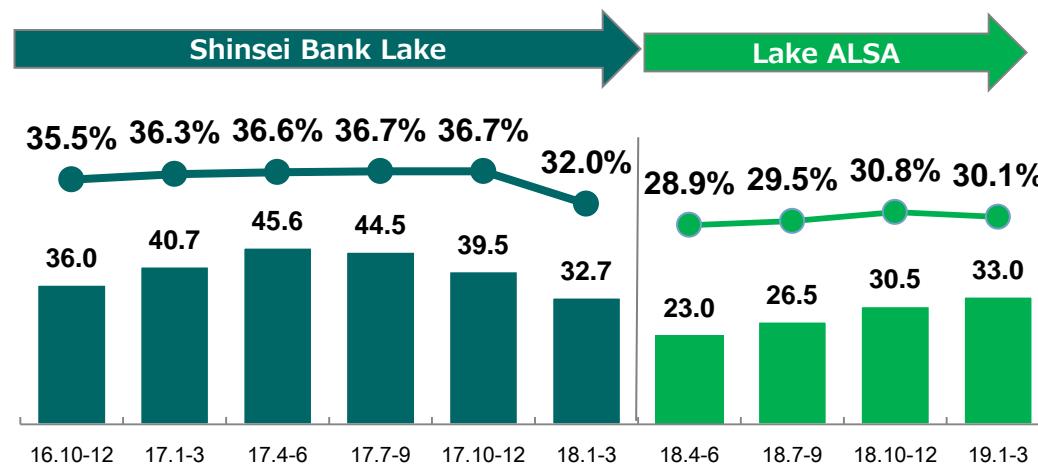
Business: Unsecured Loans

(Unit: JPY billion; %)

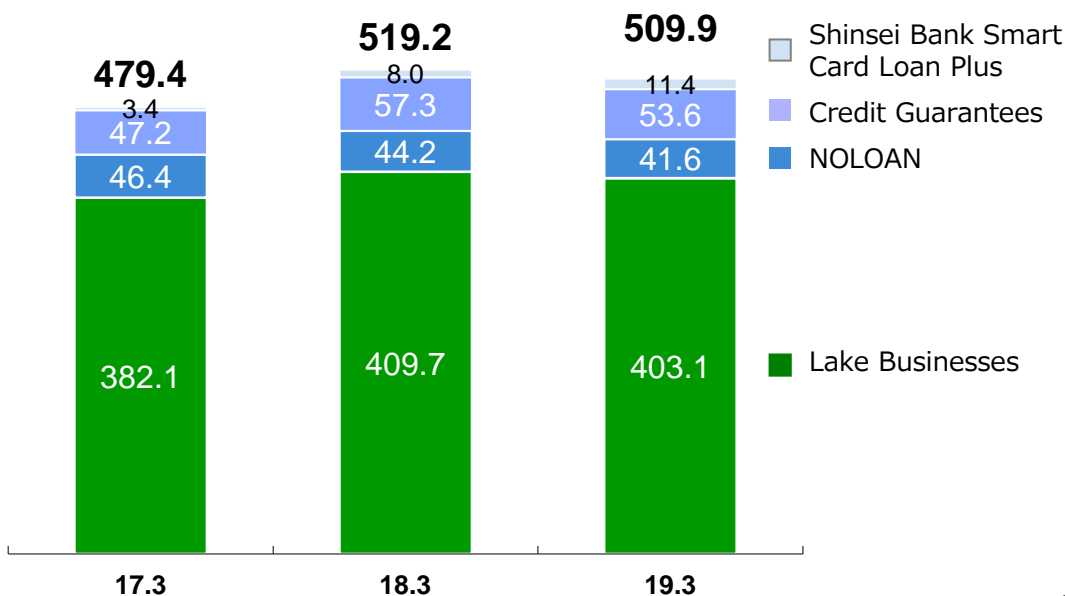
FY2018 Summary

- Achievement in FY2018:
 - ✓ Confusion in marketing initiatives at the launch of new brand Lake ALSA resulted in weak performance
 - ✓ Loan application and new customer acquisition have gradually improved by resolving issues one by one
 - Improvement of web navigation, 60 days no interest campaign, new TV commercial and digital services helped recover the application volume
- Initiatives in FY2019 :
 - ✓ Promote smartphone based advertisement and improve UI/UX in smartphone based transactions for customers who prefer non-face-to-face digital device
 - ✓ Diligently assess each customer's credit quality to improve approval rate, aiming for loan growth

Lake: New Customers (κ), Approval Rate (%)



Balance



P&L

Shinsei Financial ¹	16.4-17.3	17.4-18.3	18.4-19.3
Net Interest Income	64.2	69.0	69.3
of which, Lake Businesses	57.6	62.9	63.4
Noninterest Income	-0.9	-0.1	-0.0
Expenses	-32.8	-32.4	-33.4
Ordinary Business Profit (OBP)	30.4	36.4	35.7
Net Credit Costs	-20.5	-22.7	-14.5
OBP after Net Credit Costs	9.9	13.7	21.2

¹ Includes profits and losses of Shinsei Financial, Shinsei Bank Lake, and Shinsei Bank Smart Card Loan Plus

Business: Structured Finance

(Unit: JPY billion; %)

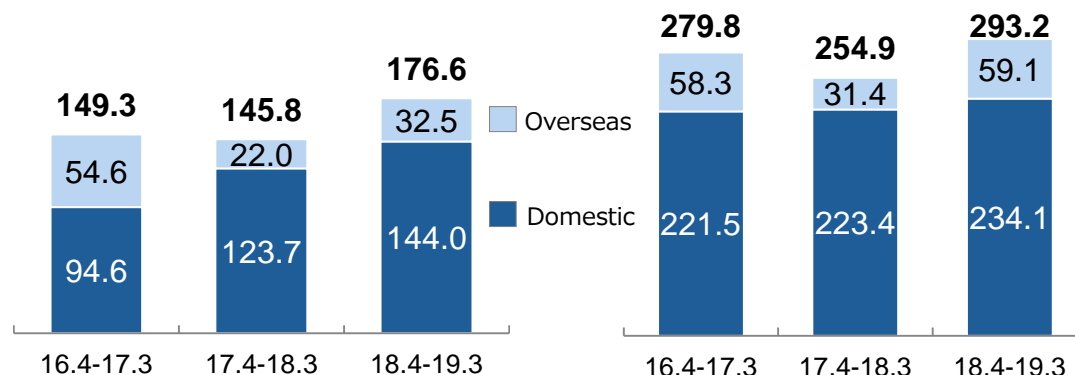
FY2018 Summary

- Achievement in FY2018 :
 - ✓ Project finance new commitments achieved initial plan as mega solar related pipeline transactions were successfully executed. Financing to wind power, biomass projects and infrastructure funds has diversified transaction types
 - ✓ Real estate finance new disbursements exceeded the initial expectation by exploring new transaction sourcing and addressing new asset types, while considering risk-return of the deals
- Initiatives in FY2019 :
 - ✓ Strengthen group oriented functions in order to provide one-stop service such as structured finance, equity investments, advisory etc. in alternative investments

New Commitments; New Disbursements

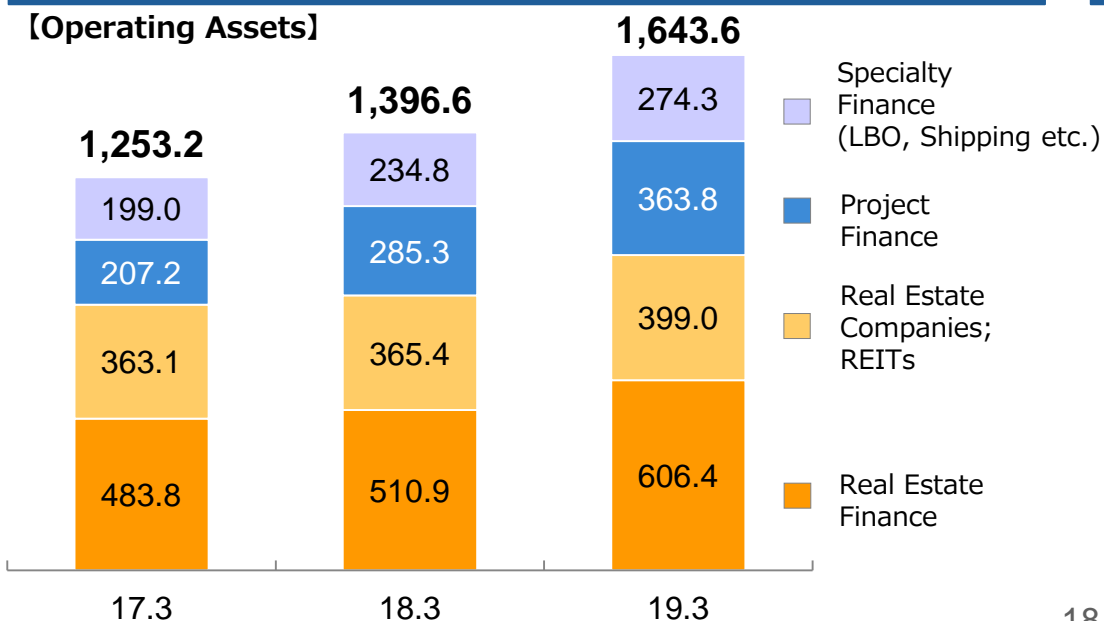
Project Finance New Commitments

Real Estate Nonrecourse Finance New Disbursements



Balance

【Operating Assets】



P&L

Structured Finance	16.4-17.3	17.4-18.3	18.4-19.3
Net Interest Income	9.4	9.5	10.3
Noninterest Income	12.4	7.4	7.2
Expenses	-6.4	-6.8	-7.7
Ordinary Business Profit (OBP)	15.4	10.1	9.8
Net Credit Costs	-3.5	-1.7	2.1
OBP after Net Credit Costs	11.8	8.4	12.0

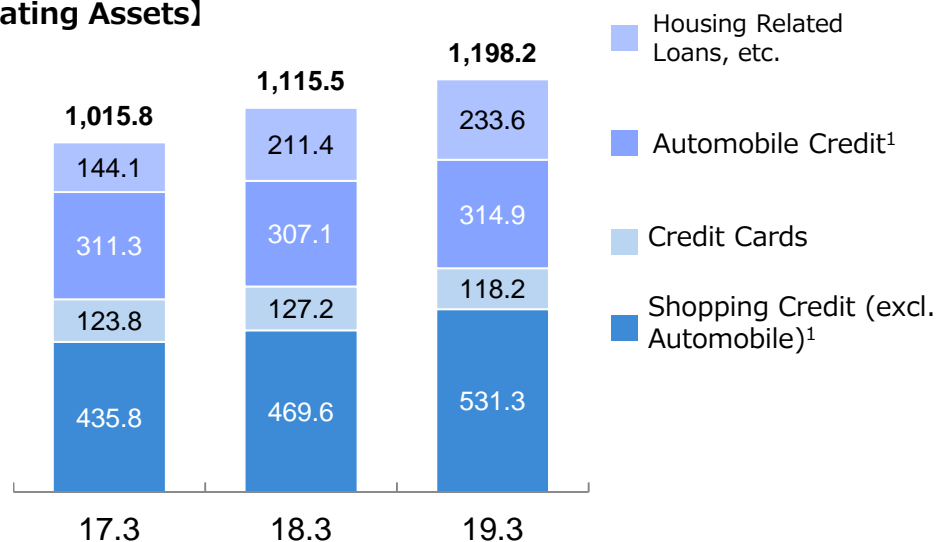
Business: APLUS FINANCIAL, Showa Leasing

(Unit: JPY billion; %)

APLUS FINANCIAL

- Increase in net credit costs reflects provisioning related to delinquent loans

【Operating Assets】



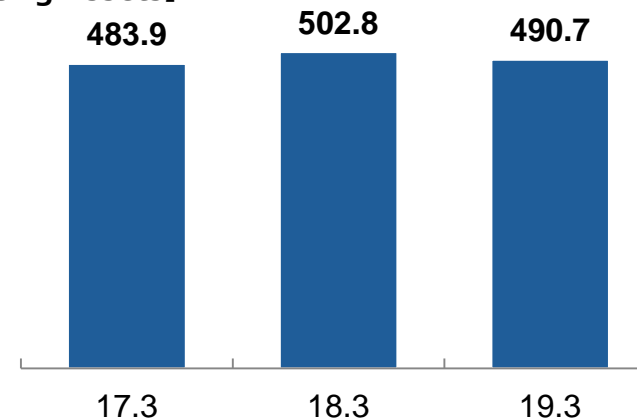
APLUS FINANCIAL	16.4-17.3	17.4-18.3	18.4-19.3
Net Interest Income	9.0	11.3	10.7
Noninterest Income	45.1	45.0	47.1
Expenses	-36.6	-36.6	-38.1
Ordinary Business Profit (OBP)	17.6	19.7	19.6
Net Credit Costs	-8.6	-10.6	-16.5
OBP after Net Credit Costs	8.9	9.1	3.1

¹ Includes credit guarantees business

Showa Leasing

- Decrease in net credit costs reflects provisioning for specific reserves recorded in FY2017
- Showa Leasing acquired SHINKO LEASE CO., LTD., which has expertise as a manufacturer-affiliated leasing company (share transfer is scheduled for July 2019)

【Operating Assets】



Showa Leasing	16.4-17.3	17.4-18.3	18.4-19.3
Net Interest Income	-1.2	-0.1	-0.0
Noninterest Income	14.4	16.1	14.2
Expenses	-8.8	-8.9	-9.8
Ordinary Business Profit (OBP)	4.3	7.0	4.3
Net Credit Costs	1.0	-2.7	0.6
OBP after Net Credit Costs	5.3	4.2	4.9

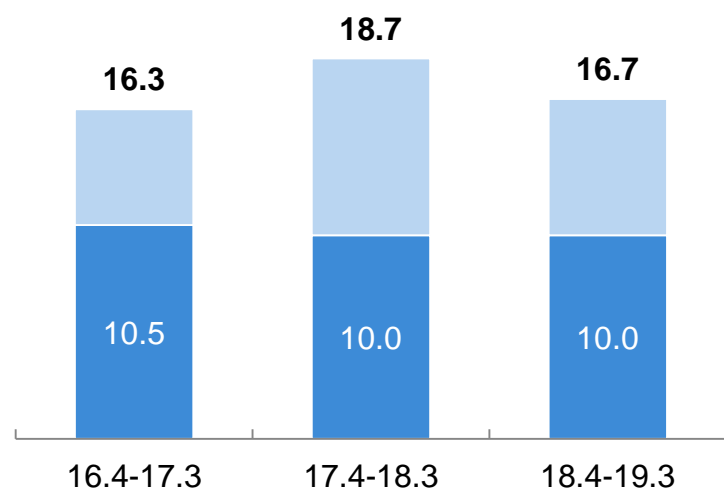
Business: Corporate Business, Global Markets

(Unit: JPY billion; %)

Corporate Business

[Revenue]

- Noninterest Income
- Net Interest Income

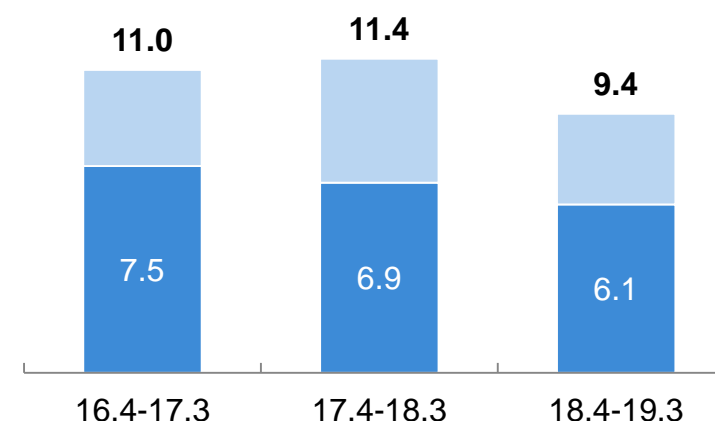


Corporate Business	16.4-17.3	17.4-18.3	18.4-19.3
Net Interest Income	10.5	10.0	10.0
Noninterest Income	5.7	8.7	6.7
Expenses	-11.9	-11.8	-11.8
Ordinary Business Profit (OBP)	4.4	6.9	4.9
Net Credit Costs	-0.4	-0.2	-0.8
OBP after Net Credit Costs	4.0	6.6	4.0

Global Markets

[Revenue]

- Others
(Asset Management, Shinsei Securities,
Wealth Management, Investment Business etc.)
- Derivative Business



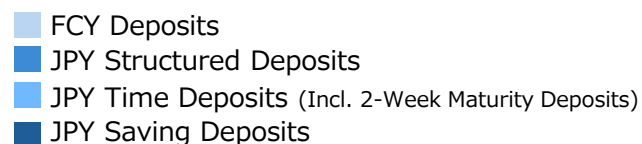
Global Markets	16.4-17.3	17.4-18.3	18.4-19.3
Net Interest Income	2.2	2.1	2.0
Noninterest Income	8.7	9.2	7.3
Expenses	-7.0	-7.0	-7.0
Ordinary Business Profit (OBP)	3.9	4.3	2.3
Net Credit Costs	0.0	-0.0	-0.0
OBP after Net Credit Costs	3.9	4.3	2.3

Business: Retail Banking

(Unit: JPY billion; %)

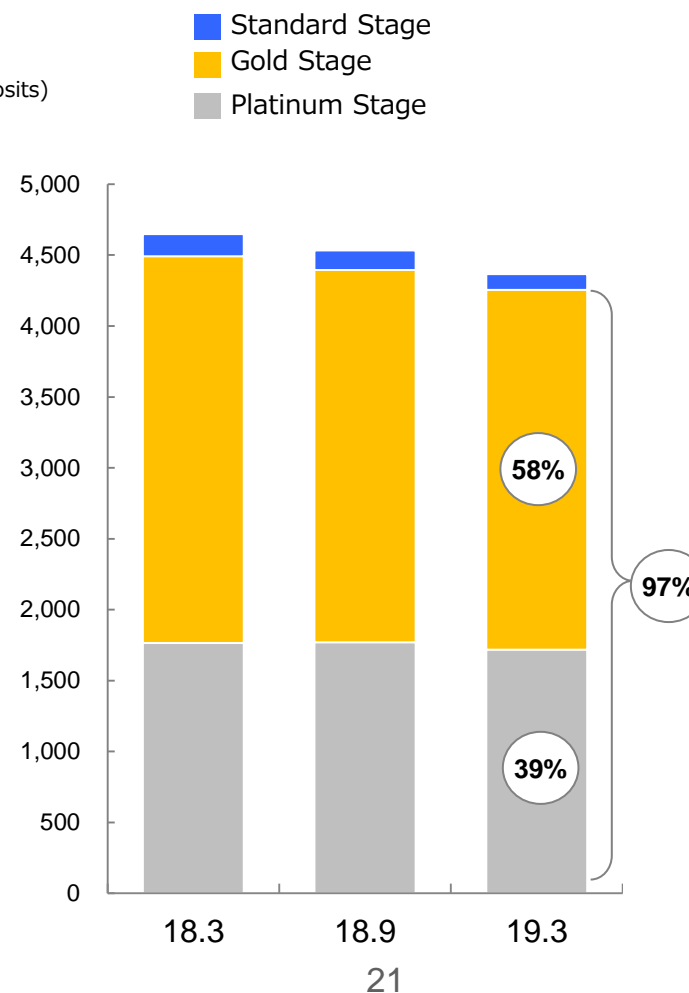
Deposits by Product Type

- Charging ATM fees resulted in no material impact on deposit balance
- Lower structured deposit balance and time deposit balance mainly reflect redemption of campaign deposits



Deposits by Stage

- Deposits from platinum and gold customers constitute 97% of total deposits



P&L

- Revised Step Up Program since October 2018 is expected to reduce ATM transaction fees by approx., JPY 1.5 billion to 2 billion per annum (to be recorded in noninterest income)
- Shinsei acquired Financial Japan Co., Ltd., insurance agency in May 2019

	16.4-17.3	17.4-18.3	18.4-19.3
Retail Banking			
Net Interest Income	23.4	22.4	23.9
of which, from Loans	10.8	10.5	9.8
of which, from Deposits, etc.	12.6	11.9	14.1
Noninterest Income	2.5	1.0	2.9
of which, from Asset Management Products	7.1	6.5	6.8
of which, Other fees (Loan origination, ATM, FT, FX etc.)	-4.6	-5.4	-3.8
Expenses	-29.4	-29.2	-27.6
Ordinary Business Profit (OBP)	-3.4	-5.7	-0.7
Net Credit Costs	0.6	-0.1	0.0
OBP after Net Credit Costs	-2.7	-5.8	-0.7

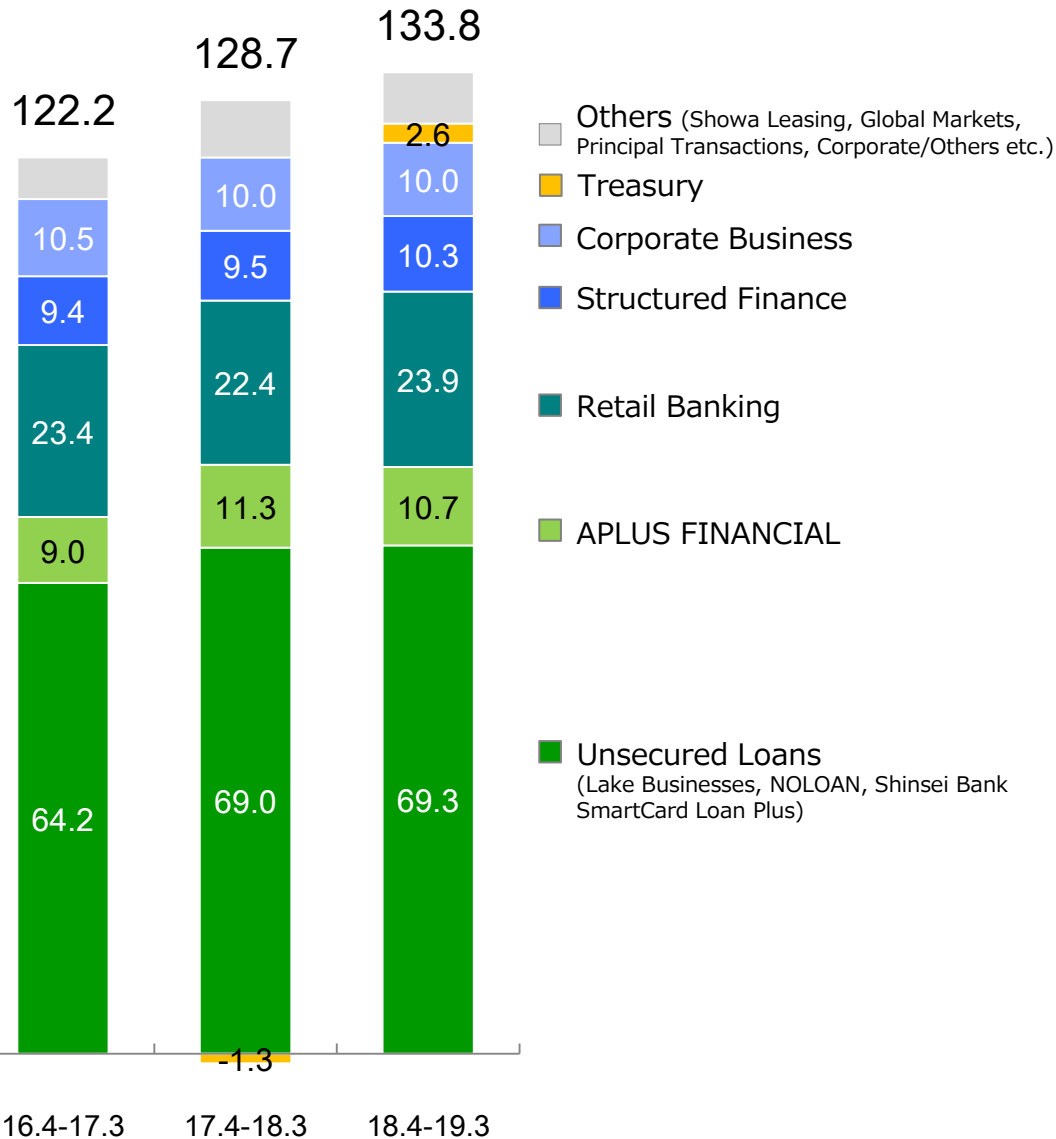
Segment Information



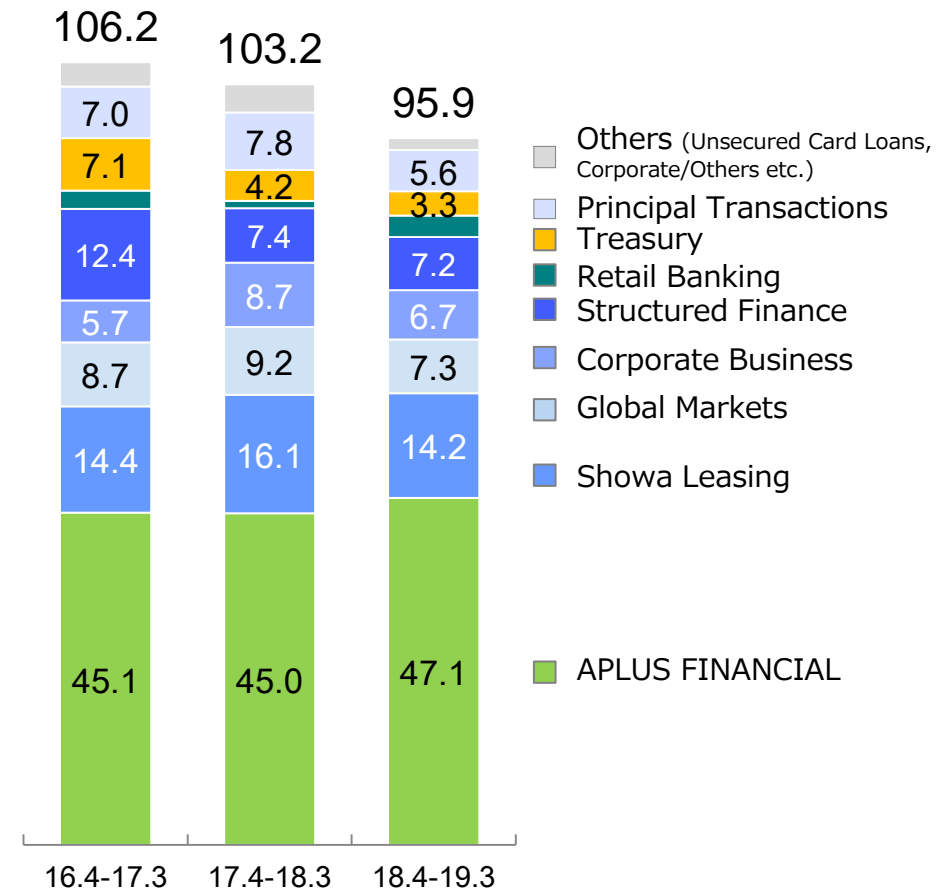
Segment: Net Interest Income, Noninterest Income

(Unit: JPY billion)

Net Interest Income: Segment YoY



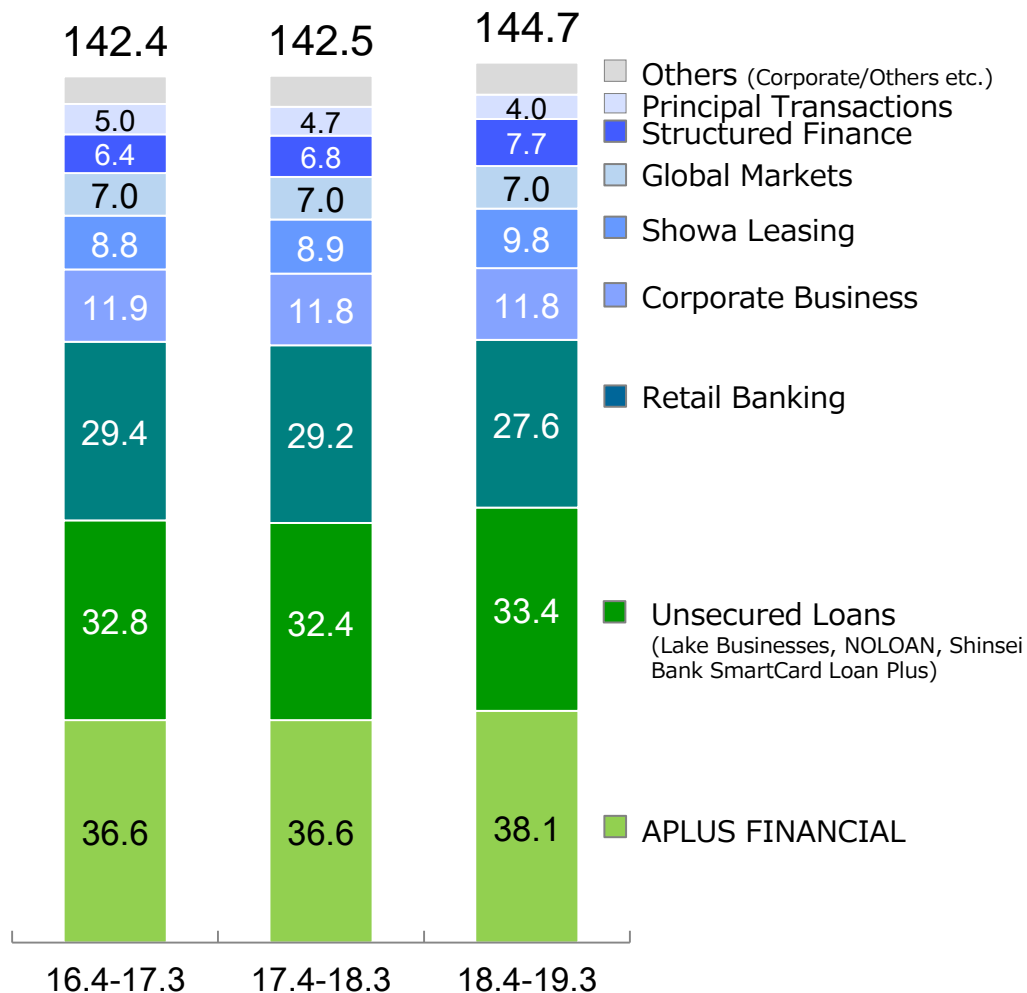
Noninterest Income: Segment YoY



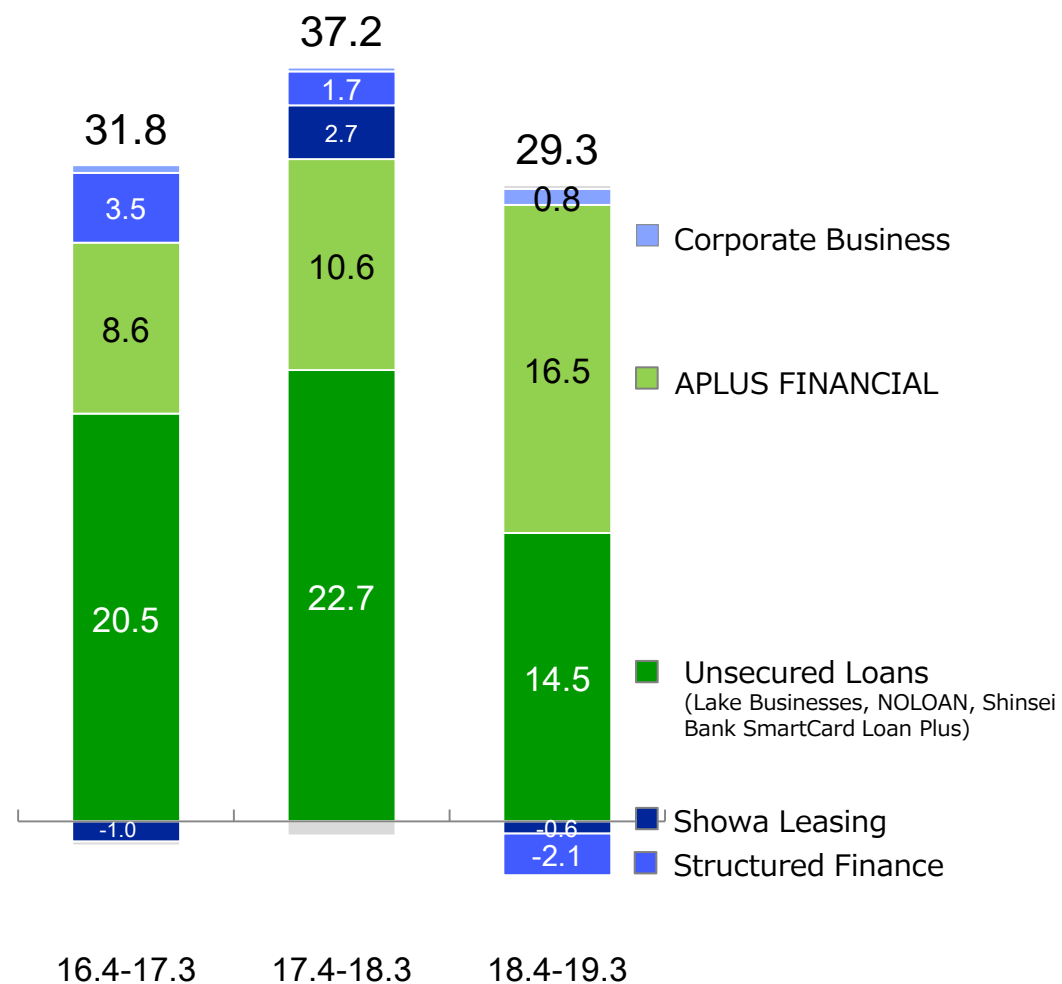
Segment: Expenses, Credit Costs

(Unit: JPY billion)

Expenses: Segment YoY



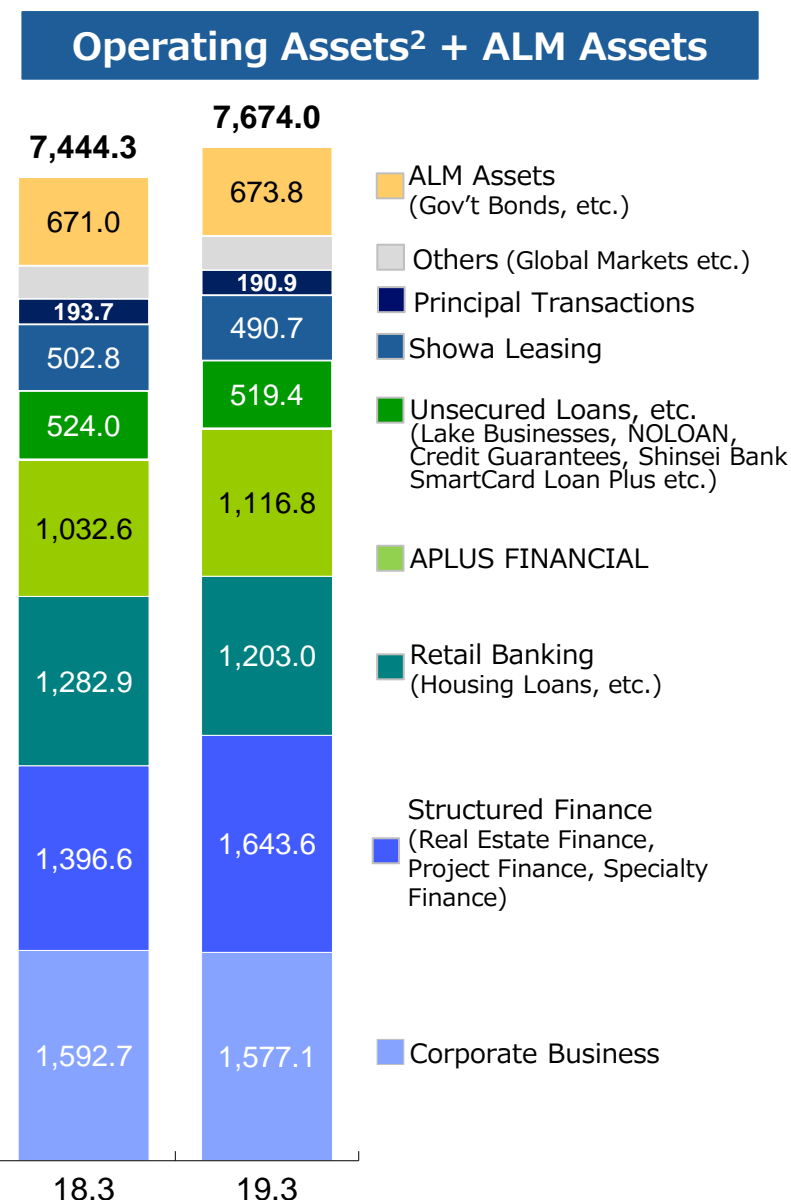
Net Credit Costs: Segment YoY



Segment: P&L and Operating Assets Balance (FY2018)

(Unit: JPY billion; %)

Segment	18.4-19.3 (FY2018)		
	Amounts (OBP after net credit costs)	Weight %	ROA ³ % (Reference)
Individual Business	23.3	42	-
Retail Banking	-0.7	-1	-0.1
Shinsei Financial ¹	21.2	38	4.1
APLUS FINANCIAL	3.1	6	0.3
Others	-0.2	0	-0.4
Institutional Business	26.4	47	-
Corporate Business	4.0	7	0.3
Structured Finance	12.0	22	0.8
Principal Transactions	5.3	10	2.8
Showa Leasing	4.9	9	1.0
Global Markets Business	2.3	4	-
Markets	3.3	6	n.m.
Others	-1.0	-2	n.m.
Corporate/Other	3.4	6	-
Treasury	4.3	8	0.6
Corporate/Other (excluding Treasury)	-0.8	-1	n.m.
Total (OBP after net credit costs)	55.6	100	0.7



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

¹ Includes Lake Businesses, NOLOAN, Shinsei Bank SmartCard Loan Plus

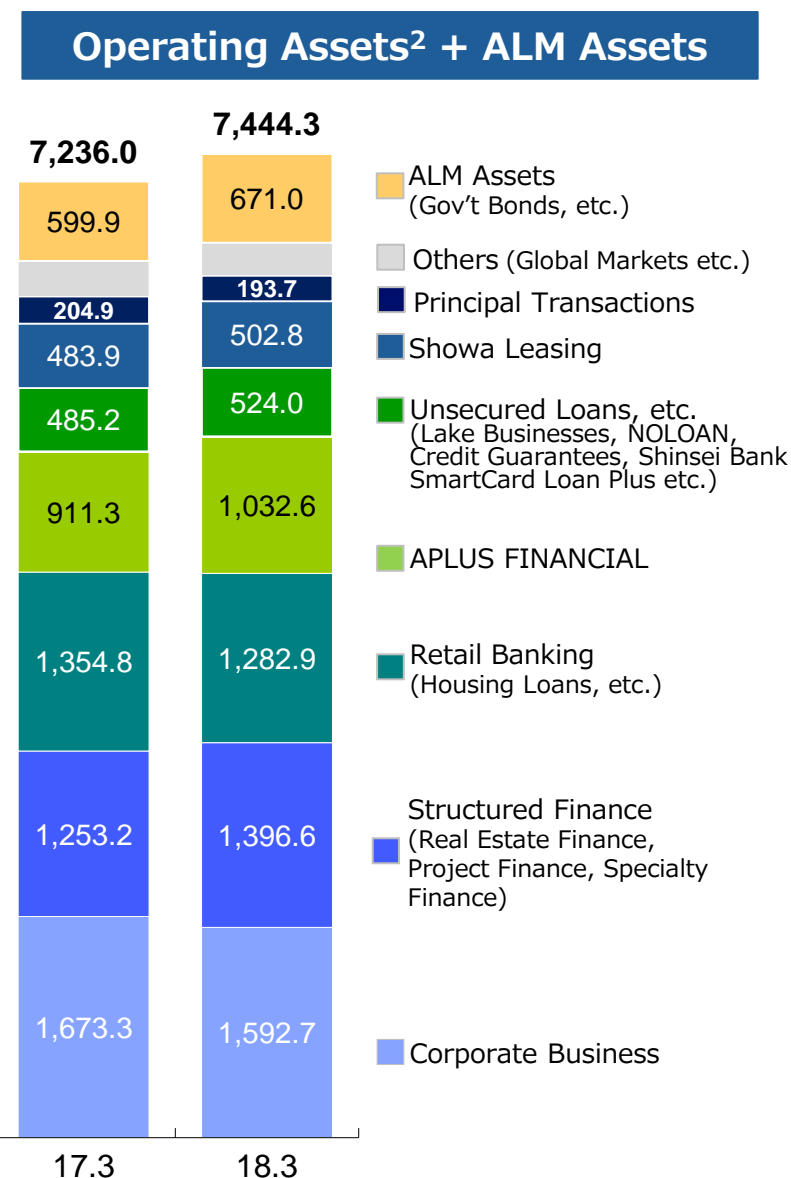
² Includes guarantees not requiring funding (customers' liabilities for acceptances and guarantees)

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 (FY2017)

(Unit: JPY billion; %)

Segment	17.4-18.3 (FY2017)		
	Amounts (OBP after net credit costs)	Weight %	ROA ³ % (Reference)
Individual Business	19.0	36	-
Retail Banking	-5.8	-11	-0.4
Shinsei Financial ¹	13.7	26	2.7
APLUS FINANCIAL	9.1	17	0.9
Others	2.0	4	4.8
Institutional Business	28.6	55	-
Corporate Business	6.6	13	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



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

¹ Includes Lake Businesses, NOLOAN, Shinsei Bank SmartCard 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)	FY2017				FY2018			
	17.4-6	17.7-9	17.10-12	18.1-3	18.4-6	18.7-9	18.10-12	19.1-3
Individual Business	2.1	3.0	6.5	7.1	4.5	6.5	9.3	2.9
Retail Banking	-1.7	-1.7	-1.3	-1.0	-0.5	-0.4	0.2	0.0
Shinsei Financial ¹	1.7	3.0	4.8	4.1	4.6	5.6	6.6	4.2
APLUS FINANCIAL	1.9	1.5	2.7	2.9	0.4	1.1	2.2	-0.7
Others	0.3	0.2	0.3	1.1	0.0	0.1	0.1	-0.6
Institutional Business	8.7	7.6	5.6	6.5	5.0	10.2	4.6	6.5
Corporate Business	1.4	4.0	0.3	0.7	0.6	-0.6	0.0	3.9
Structured Finance	1.9	0.7	2.5	3.1	-0.2	7.8	2.6	1.8
Principal Transactions	4.3	1.8	2.9	0.1	2.4	2.1	1.5	-0.8
Showa Leasing	0.9	0.8	-0.1	2.4	2.2	0.8	0.2	1.6
Global Markets Business	1.2	0.4	0.8	1.7	0.2	0.4	0.4	1.1
Markets	1.3	0.6	0.9	1.8	0.3	0.7	0.8	1.3
Others	-0.0	-0.1	-0.1	-0.1	-0.1	-0.3	-0.3	-0.2
Corporate/Other	0.5	0.4	0.3	-1.1	1.4	0.8	1.3	-0.1
Treasury	0.7	0.4	0.5	-0.6	1.0	0.7	0.9	1.6
Corporate/Other (excluding Treasury)	-0.1	-0.0	-0.1	-0.4	0.4	0.0	0.4	-1.7
Total (OBP after Net Credit Costs)	12.7	11.6	13.4	14.3	11.3	17.9	15.8	10.5

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

¹ Includes Lake Businesses, NOLOAN, Shinsei Bank SmartCard Loan Plus

Key Data

Balance Sheet

(Unit: JPY billion)	15.3	16.3	17.3	18.3	19.3
Loans and bills discounted	4,461.2	4,562.9	4,833.4	4,895.9	4,986.8
Securities	1,477.3	1,227.8	1,014.6	1,123.5	1,130.3
Lease receivables/ leased investment assets	227.0	211.4	191.4	171.4	176.5
Installment receivables	459.1	516.3	541.4	558.8	562.2
Reserve for credit losses	-108.2	-91.7	-100.1	-100.8	-98.0
Deferred Tax Assets	15.3	14.0	15.5	14.7	15.0
Total assets	8,889.8	8,928.7	9,258.3	9,456.6	9,571.1
Deposits including negotiable certificates of deposits	5,452.7	5,800.9	5,862.9	6,067.0	5,922.1
Borrowed money	805.2	801.7	789.6	739.5	684.0
Corporate bonds	157.5	95.1	112.6	85.0	92.3
Grey zone reserves	170.2	133.6	101.8	74.6	63.0
Total liabilities	8,136.0	8,135.6	8,437.5	8,600.6	8,674.5
Shareholders' equity	728.5	786.8	823.7	862.5	899.5
Total net assets	753.7	793.1	820.7	856.0	896.6

¹ NPL ratio based on Financial Revitalization Law (Nonconsolidated)

² Domestic Standard; Grandfathered Basis

Financial Ratios

(Unit: %)	14.4-15.3	15.4-16.3	16.4-17.3	17.4-18.3	18.4-19.3
Expense-to-revenue ratio	60.2	64.9	62.3	61.5	63.0
Loan-to-deposit ratio	81.8	78.7	82.4	80.7	84.2
ROA	0.7	0.7	0.6	0.5	0.5
ROE	9.8	8.1	6.3	6.1	6.0
RORA	1.2	1.1	0.8	0.8	0.8
NPL Ratio ¹	1.42	0.79	0.22	0.17	0.20
Core Capital Ratio ²	14.86	14.20	13.06	12.83	11.85

Per Share Data

(Unit: JPY)	14.4-15.3	15.4-16.3	16.4-17.3 ³	17.4-18.3 ³	18.4-19.3
BPS ³	275.45	294.41	3,163.89	3,376.39	3,636.92
EPS ³	25.57	22.96	194.65	199.01	211.24

Credit Ratings

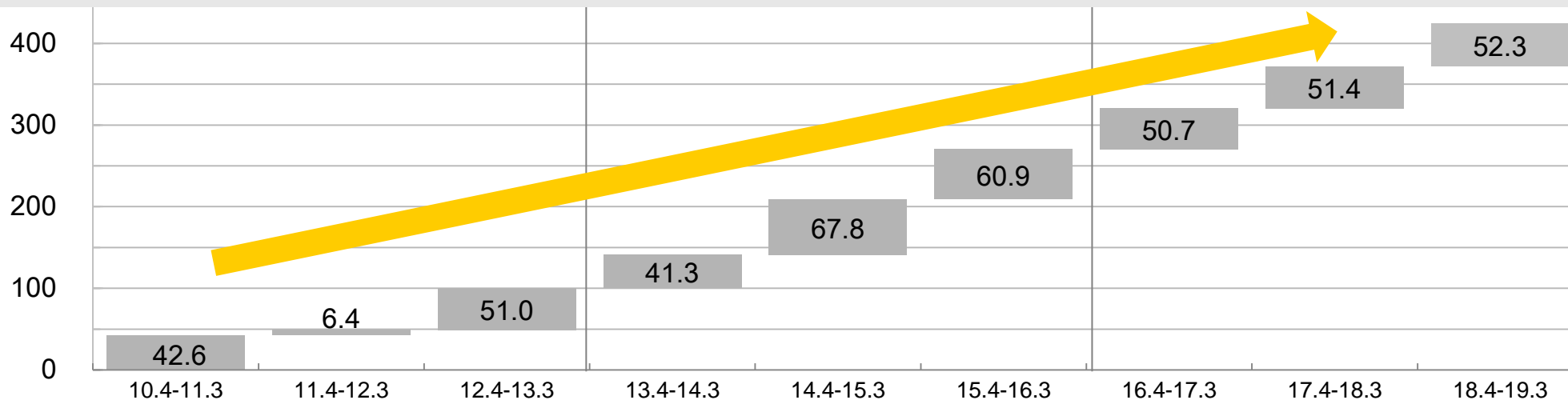
	15.3	16.3	17.3	18.3	19.3
R&I	BBB+	BBB+	BBB+	A-	A-
JCR	BBB+	BBB+	BBB+	BBB+	A-
S&P	BBB+	BBB+	BBB+	BBB+	BBB+
Moody's	Baa3	Baa3	Baa2	Baa2	Baa2

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

1st MTMP to 3rd MTMP Results Summary

(Unit: JPY billion; %)

Accumulated earnings over JPY 420 billion while reduced volatility and posted steady profits



1st MTMP

Rebuilding the customer franchise
Establishing a stabilized earnings base

2nd MTMP

Further expanding the customer base
Increasing quality assets while improving our portfolio

3rd MTMP

“Selection and Concentration” of business
Creation of value through group integration

Indicators

10.4 – 13.3

13.4 – 16.3

16.4 – 19.3

NIM

2.09%

2.28%

2.43%

Expense-to-Revenue Ratio

- Optimized risk weighted assets through reduction of non core business assets

57.5%

63.4%

- Business franchise in unsecured loans and structured finance reflected steady profits

62.3%

ROA

0.3%

0.6%

0.6%

ROE

5.1%

7.7%

6.1%

Risk Monitored Loan Ratio¹

- Stabilized earnings remained as a challenge

7.29%

2.09%

1.56%

CET1 ratio¹

-

12.9%

12.0%

Total Payout Ratio

8.0%

10.6%

35.0%

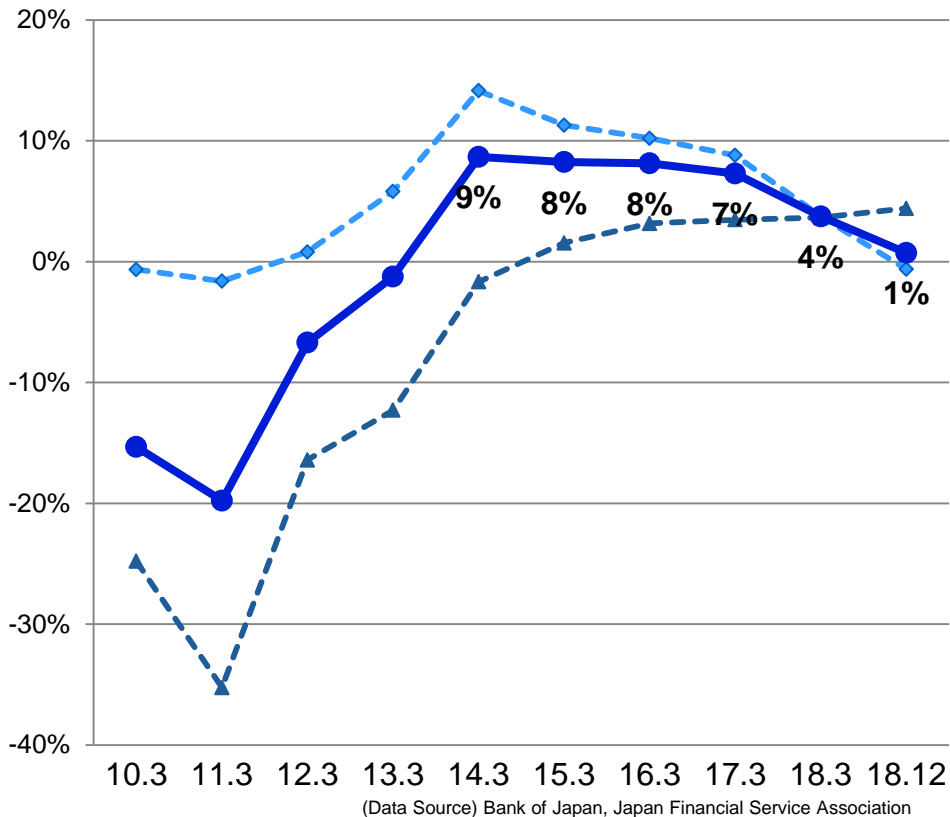
¹ Figures of last year of each MTMPs are presented

Appendix



Unsecured Loan Market

Unsecured Loan Market: Growth Rate (YoY)



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

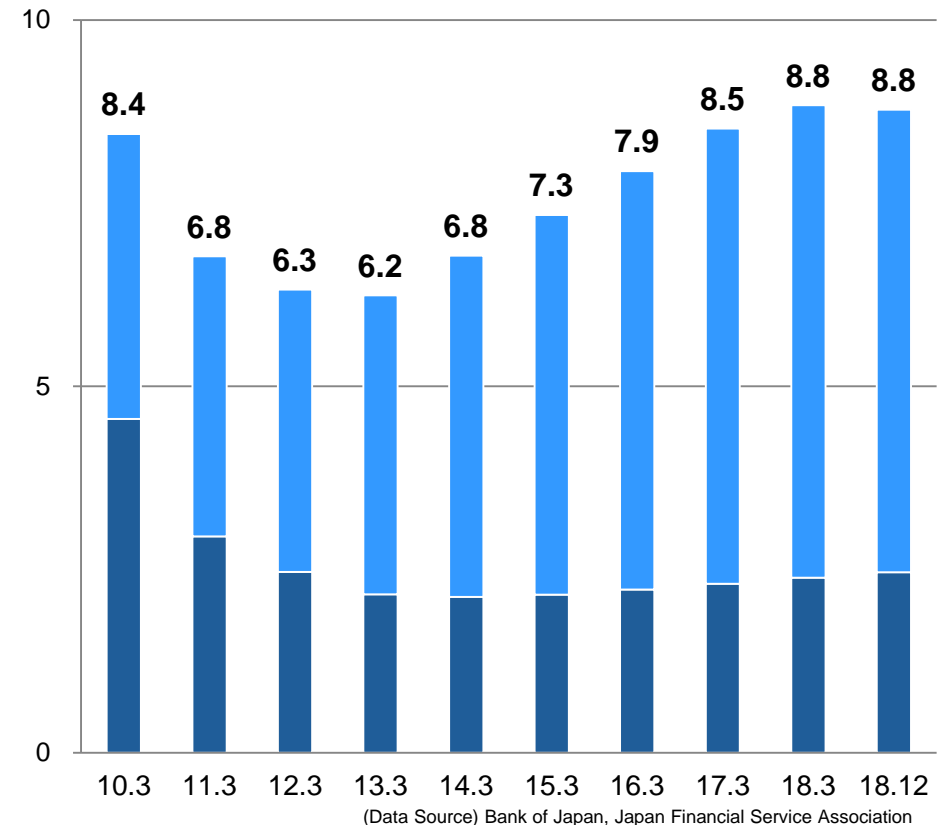
“Unsecured loan market”= “Bank card loan balance” + “Nonbank unsecured loan balance”

“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 loans (consumer finance sector) month end balance (excludes housing loans)

Unsecured Loan Market: Size

(Unit: JPY trillion)

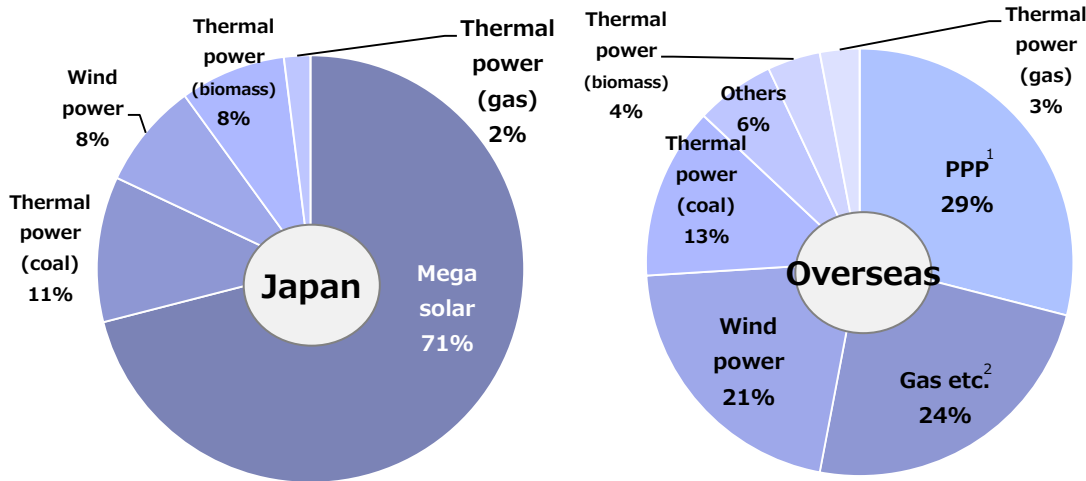


- Bank Card Loan Balance
- Nonbank Unsecured Loan Balance

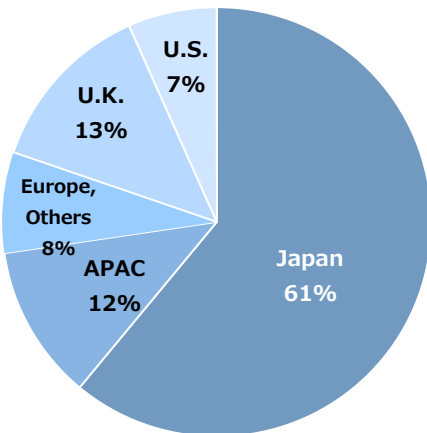
Structured Finance: Portfolio (as of March 2019)

Project Finance

【Balance: project type, includes commitment basis】

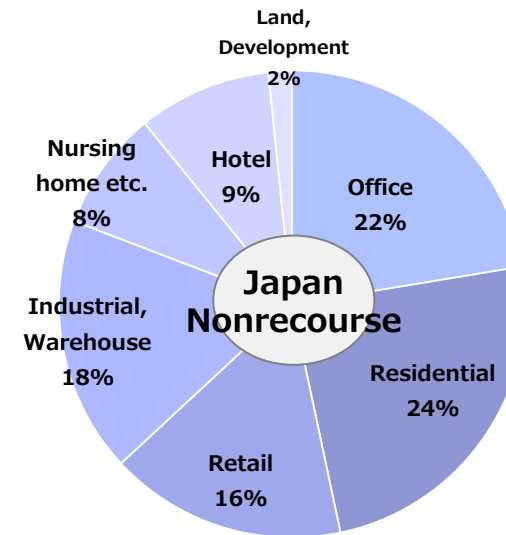


【Balance: regions, includes commitment basis】

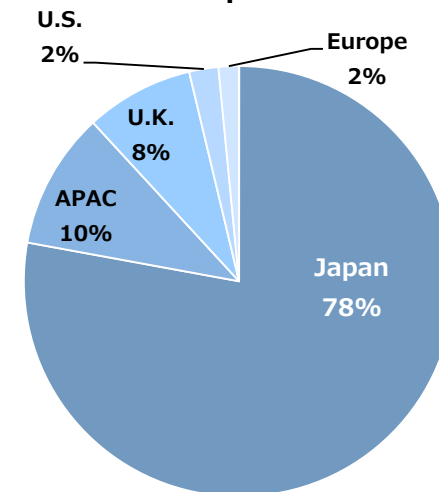


Real Estate Finance

【Balance: asset type】



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

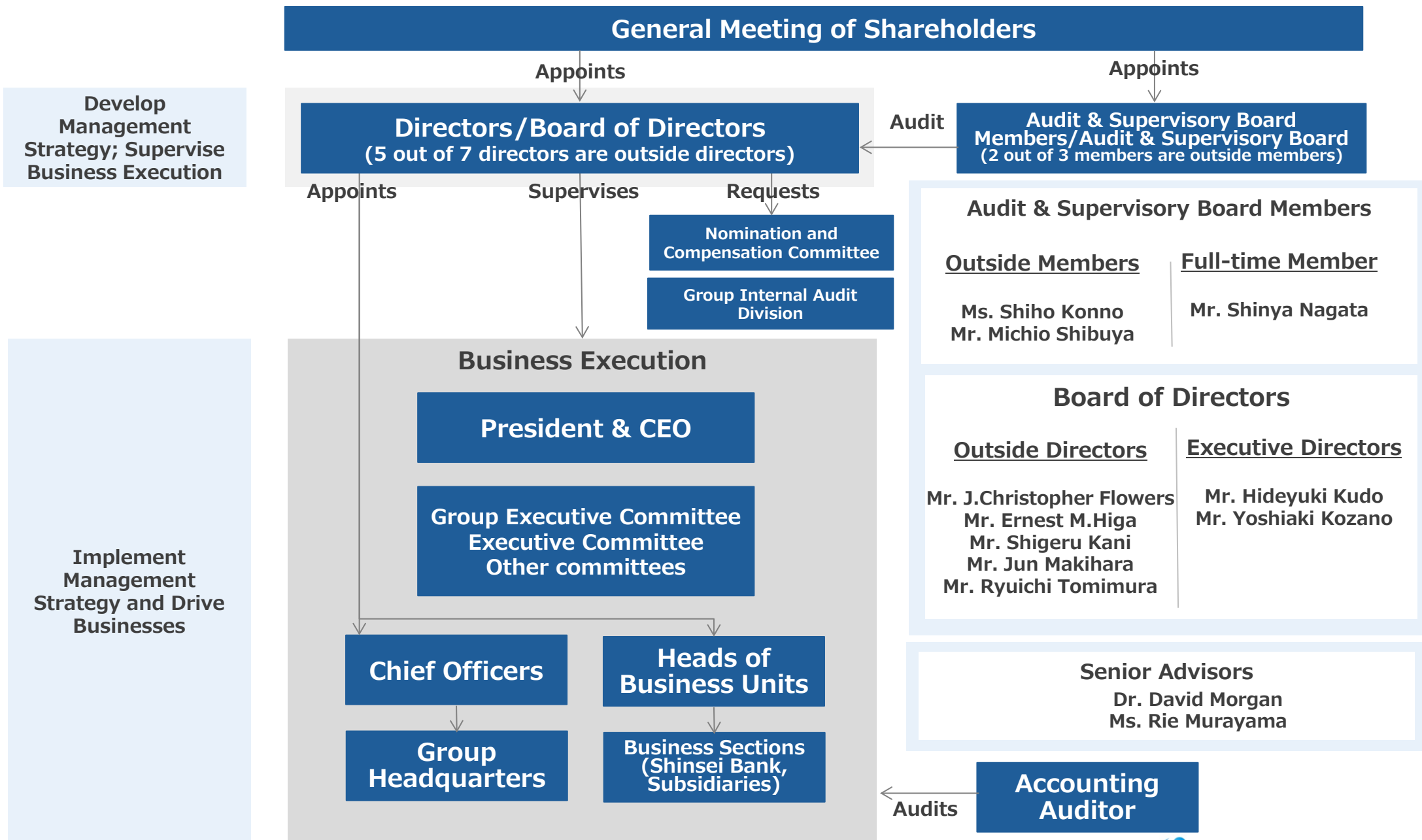


Nonrecourse finance accounts for half of the Japanese exposure

¹ Public Private Partnership

² Finance to LNG related facilities and receiving terminal etc.

Corporate Governance Structure (as of April 2019)



Group ESG Management Policy¹ (released in May 2019)

Objective

The aim of “Group ESG Management Policy” is to clearly stipulate the basic views and future direction of the Group’s initiatives pertaining to environmental and societal issues, and present them to all stakeholders, including members of the general public, shareholders, and employees, and to work on further enhancing our management through dialogue with these stakeholders.

Investment and Lending to Specific Segments

The Group has identified transactions with businesses such as those listed below as representing serious environmental and societal risks and any further investment or lending transactions involving such businesses shall, in principle, be banned:

Types of transactions which shall be banned in principle:

- i. Investment and lending transactions connected with anti-social forces;**
- ii. Investment and lending transactions connected with the violation of laws and regulations or aimed at illegal acts or evasion or circumvention of laws;**
- iii. Investment and lending contrary to public order or morals;**
- iv. Investment and lending to companies producing cluster bombs;**
- v. Investment and lending to coal-fired thermal power plants**

Note: Although further investment and lending to coal-fired thermal power plants shall not be made in principle, in the case of ultra-supercritical pressure coal-fired thermal power plants² or power plants with the same or higher levels of efficiency, a careful assessment shall be made of the power generation efficiency of the power plant concerned. In addition to technologies used to reduce greenhouse gas emissions, and other considerations pertaining to each individual power plant, with reference to guidelines such as OECD Arrangement on Officially Supported Export Credits and in full consideration of the situations in each country and international conditions relating to coal-fired thermal power plants.

¹ The policy has been posted on the Shinsei Bank’s website

² An ultra-supercritical pressure coal-fired thermal power plant is defined as falling into either of following power plant groups:

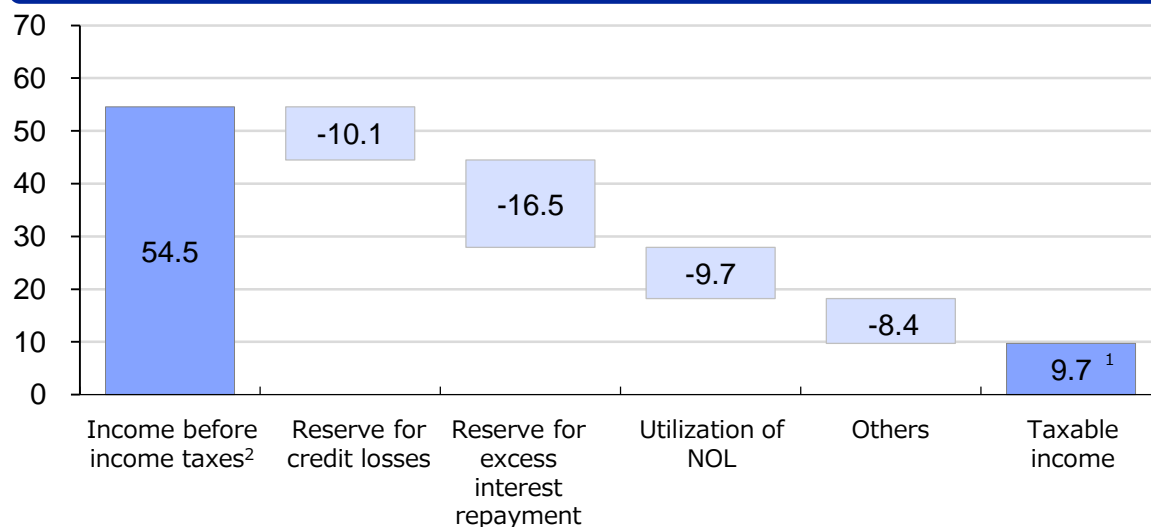
- A power plant with a steam pressure of 240 bars or higher and a steam temperature of 593°C or higher
- A power plant with a CO2 emission volume of below 750g per kWh

Income Tax

(Unit: JPY billion; %)

- Taxable income in FY2018 was JPY 9.7 billion¹
- Tax loss carry-forward at March 31, 2019 totaled JPY 193.5 billion on a consolidated basis

Income before Income Taxes vs. Taxable Income



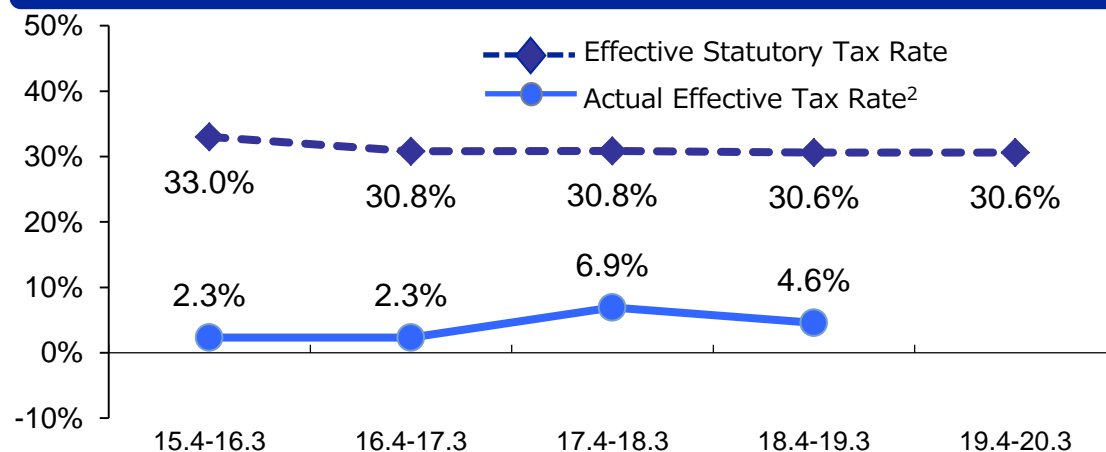
Schedule of Tax Loss Carry-forward (NOL)

Year of Generation	Date of Expiry	Amounts
FY2010	March 2020	11.3
FY2011	March 2021	24.2
FY2012	March 2022	24.1
FY2013	March 2023	28.5
FY2014	March 2024	34.7
FY2015	March 2025	17.6
FY2016	March 2026	24.3
FY2017	March 2027	25.2
FY2018	March 2029	3.1
Total		193.5

¹ Excluding APLUS FINANCIALS' taxable loss of JPY 3.1 billion

² Consolidated basis

Effective Tax Rate



- **The preceding description of Shinsei Bank Group’s Medium-Term Strategies 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. Shinsei Bank Group 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 and their subsidiaries other than Shinsei Bank Group are based on publicly available information.**
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