



Business and Financial Highlights

Fiscal Year Ended March 31, 2017

Shinsei Bank, Limited
May 2017



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Key Points

1 FY2016 Net Income Totaled JPY 50.7 Billion

- Largely achieved our profit plan despite the impact of the negative interest rate policy (NIRP) and JPY 5.1 billion of additional provision to grey zone reserve
 - ◆ Asset balance of unsecured loans increased 12% from March 31, 2016
 - ◆ Asset balance of structured finance increased 6% from March 31, 2016
 - ◆ Expense-to-revenue ratio was at 62.3%, improved from 64.9% in FY2015
- Recurring profits increased and its share in total net income dramatically improved compared to FY2015

2 FY2017 Net Income Forecast is JPY 51.0 Billion

- Incorporated the external changes surrounding the market including a significant rise in the domestic real estate market and slower pace of rebound in risk appetite for asset management products as well as the impact of the NIRP
- In addition to strict expense control discipline, pursuing further productivity enhancement opportunities by starting Productivity Enhancement Project Part 2, followed by Part 1

3 Capital Policy

- Improvement of the shareholder return remains one of our most important management issues
- The Bank has been developing the annual shareholder return plan while seriously considering how to maintain or improve the total shareholder return ratio

FY2016 Financial Results

(Unit: JPY billion; %)

| Consolidated | FY2015 (Actual) | FY2016 (Actual) | | FY2016 (Plan) |
|----------------------------|--------------------|--------------------|------------------|------------------|
| | | | YoY B(+)/W(-) | |
| Net Interest Income | 122.3 | 122.2 | 0% | |
| Noninterest Income | 94.2 | 106.2 | +13% | |
| Total Revenue | 216.6 | 228.5 | +5% | 231.0 |
| Expenses | -140.5 | -142.4 | -1% | -144.0 |
| Ordinary Business Profit | 76.0 | 86.0 | +13% | 87.0 |
| Net Credit Costs | -3.7 | -31.8 | n.m. | -28.0 |
| OBP after Net Credit Costs | 72.3 | 54.1 | -25% | 59.0 |
| Others | -11.3 | -3.3 | +71% | -7.0 |
| Net Income | 60.9 | 50.7 | -17% | 52.0 |

FY2016 Financial Results: Key Points

- **Total Revenue: JPY 228.5 billion, YoY+5%**
 - ◆ Net Interest Income: JPY 122.2 billion
 - ◆ Noninterest Income: JPY 106.2 billion
- **Expenses: JPY 142.4 billion, YoY-1%**
 - ◆ Expense-to-revenue ratio: 62.3% (64.9% in FY2015)
- **Net Credit Costs: JPY 31.8 billion, YoY JPY +28.1 billion**
 - ◆ The increase reflects the absence of the large credit recoveries recorded in FY2015 as a results of the disposals of NPLs in the Structured Finance
- **OBP after Net Credit Costs: JPY 54.1 billion, YoY-25%**
- **Others: JPY -3.3 billion, YoY+71%**
 - ◆ Provisioned JPY 5.1 billion of reserves for losses on interest repayment (Grey zone provision)
 - APLUS FINANCIAL: JPY 3.1 billion
 - Shinsei Personal Loan: JPY 2.0 billion
 - ◆ Recorded JPY 4.4 billion of extraordinary gain in 3QFY2016
 - ◆ Incurred JPY -1.2 billion of income tax etc.
- **Net Income: JPY 50.7 billion, YoY-17%**

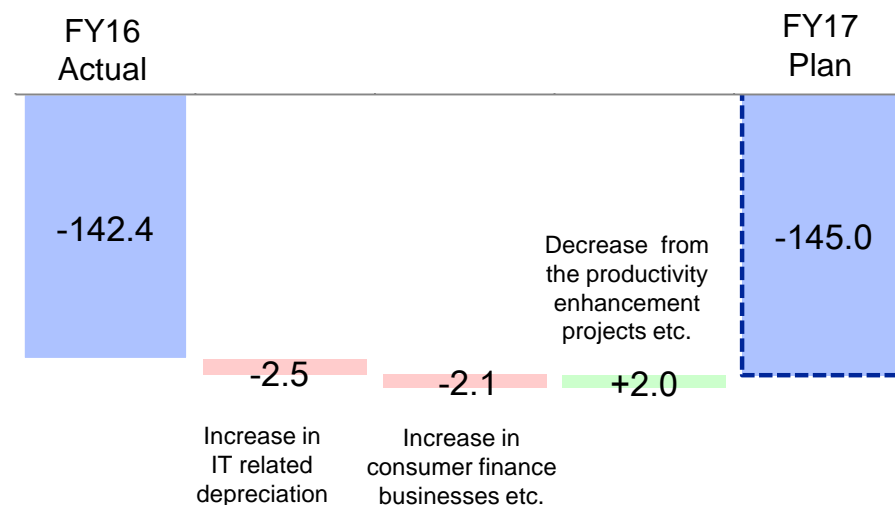
FY2017 Financial Plans(1)

(Unit: JPY billion; %)

- Total revenue is expected to be largely flat
 - ◆ Reflects further accumulation of unsecured loans and decrease of gains from sales of securities etc. compared to FY2016
- Expenses are expected to increase slightly
 - ◆ Nonpersonnel expenses : expect to increase in IT related depreciation and consumer finance related marketing expenses etc., partly offset by the benefits from the productivity enhancement projects etc.
 - ◆ Personnel expenses: expect to remain flat under the strict management of human resources in productivity enhancement projects

| [Consolidated] | FY2016 (Actual) | FY2017 (Plan) | YoY B(+)/W(-) |
|----------------------------|--------------------|------------------|------------------|
| Net Interest Income | 122.2 | | |
| Noninterest Income | 106.2 | | |
| Total Revenue | 228.5 | 230.0 | +1% |
| Expenses | -142.4 | -145.0 | -2% |
| Ordinary Business Profit | 86.0 | 85.0 | -1% |
| Net Credit Costs | -31.8 | -32.0 | -1% |
| OBP after Net Credit Costs | 54.1 | 53.0 | -2% |
| Others | -3.3 | -2.0 | +39% |
| Net Income | 50.7 | 51.0 | +1% |

Expenses (Y-o-Y Increase/Decrease Factors)

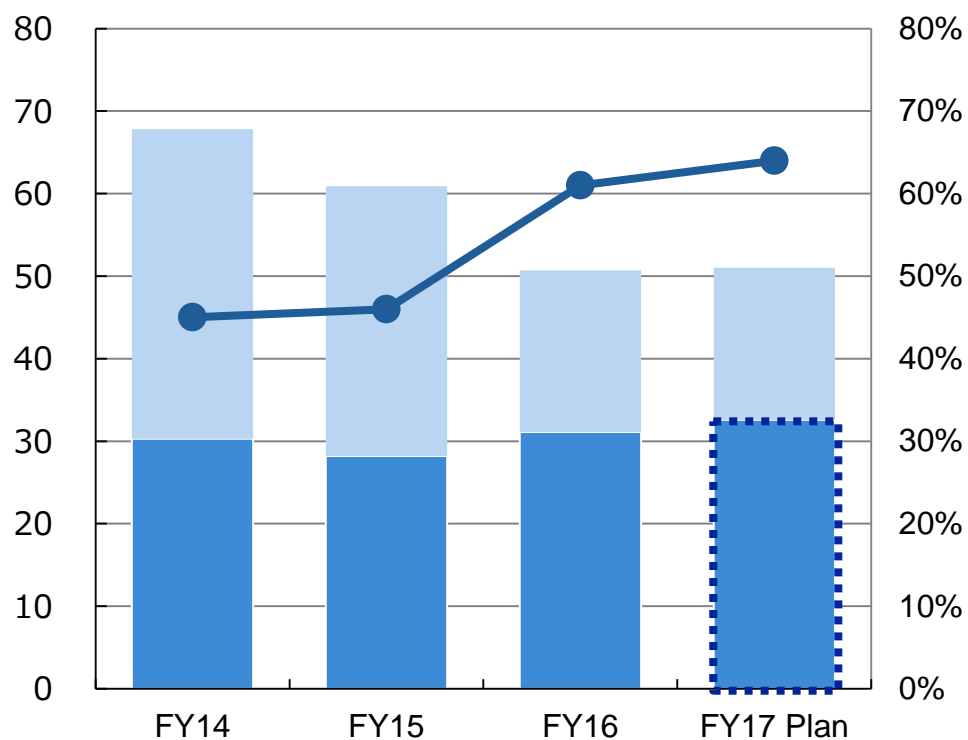


FY2017 Financial Plans(2)

(Unit: JPY billion; %)

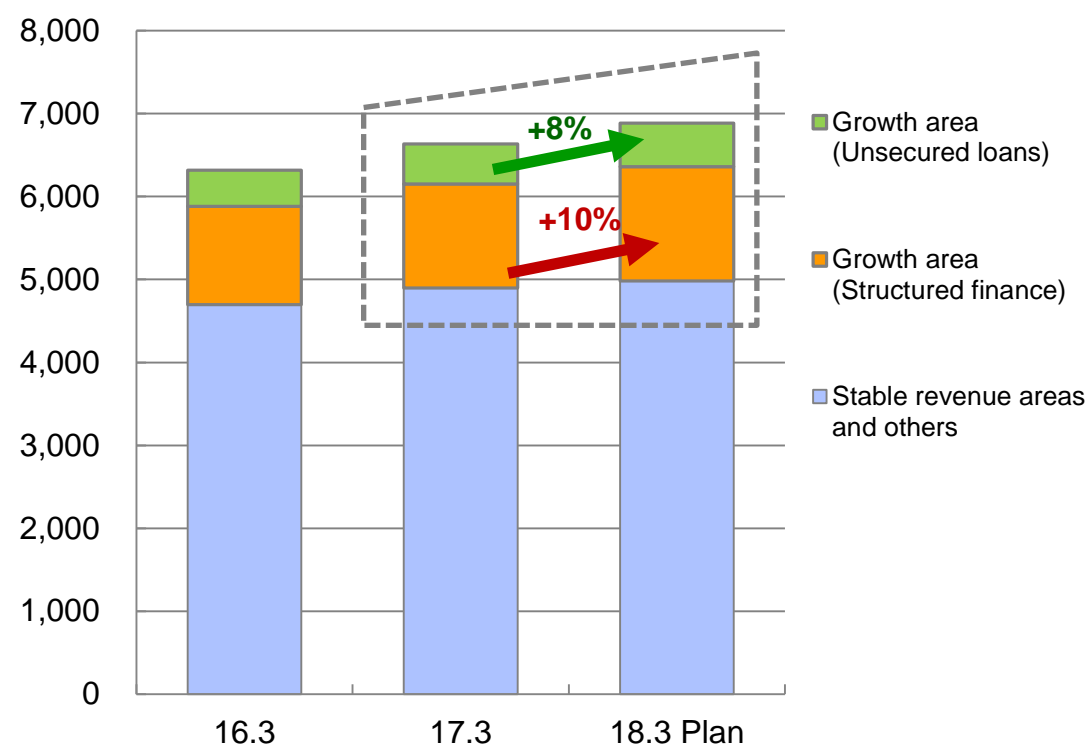
- Expect steady growth of recurring profits and increase share of recurring profits in net income forecast
 - ◆ Net interest income in the unsecured loan businesses and noninterest income in the retail banking and the global markets businesses are expected to increase
- Total operating assets are expected to grow at 4%
 - ◆ Growth areas to grow at 9% (unsecured loans at 8% and structured finance at 10%)
 - ◆ Stable revenue areas and others to grow at 2%

Recurring Profits (Amounts, %)



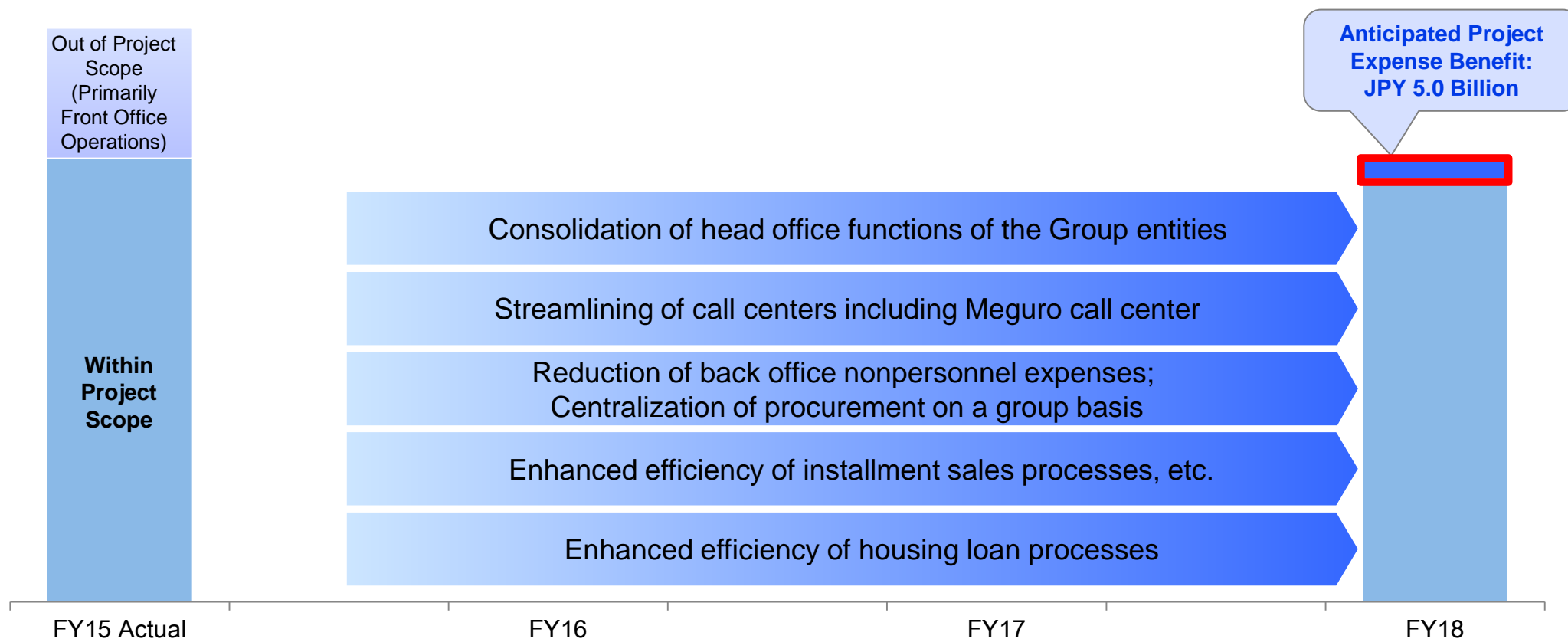
● % Share of recurring profits in net income (RHS)
 ■ Amounts of recurring profits (LHS) ■ Amounts other than recurring profits (markets related profits from Treasury, one-off/highly volatile profits, grey zone provisions) (LHS)

Operating Assets



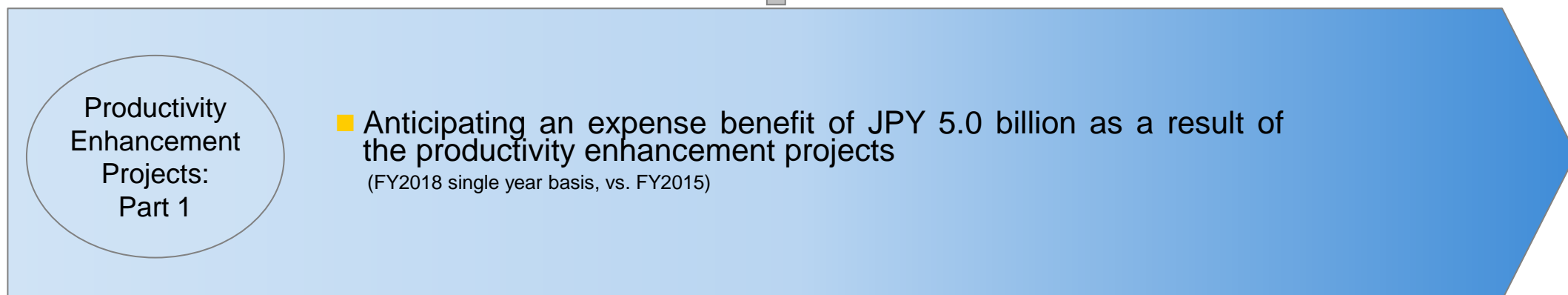
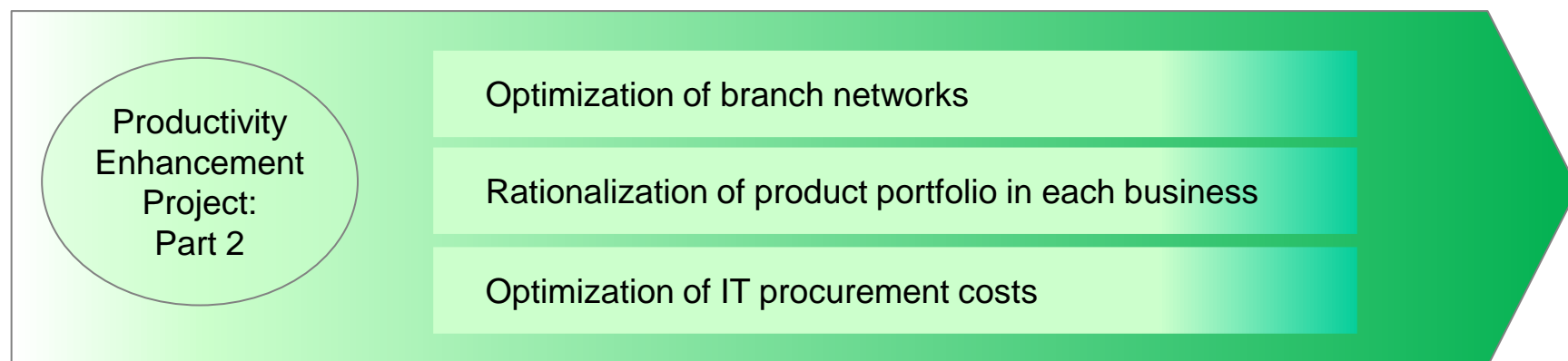
Productivity Enhancement Projects: Part 1

- Execution of the following productivity enhancement projects, part 1, is in progress, focusing on the efficiency in operation. Anticipating an expense benefit of JPY 5.0 billion (FY2018 single year basis, vs. FY2015)
- Personnel resulting from the reduction in operations associated with the productivity enhancement projects will be reallocated to strategic initiatives and front office operations in order to achieve an optimized allocation of capital, which leads to a cost reduction related to mid-career employee hiring



Productivity Enhancement Projects: Part 2

- For pursuing further enhanced productivity, planning of the productivity enhancement projects, part 2, has started
 - ◆ Optimization of branch networks: Aiming for profitability improvement resulting from optimization of branch networks across all of Shinsei Bank Group entities
 - ◆ Rationalization of product portfolio in each business: Aiming for enhanced efficiency and profitability resulting from simplification and optimization of product portfolio in each business within the Group
 - ◆ Optimization of IT procurement costs: Reviewing new and existing contracts and other conditions related to IT



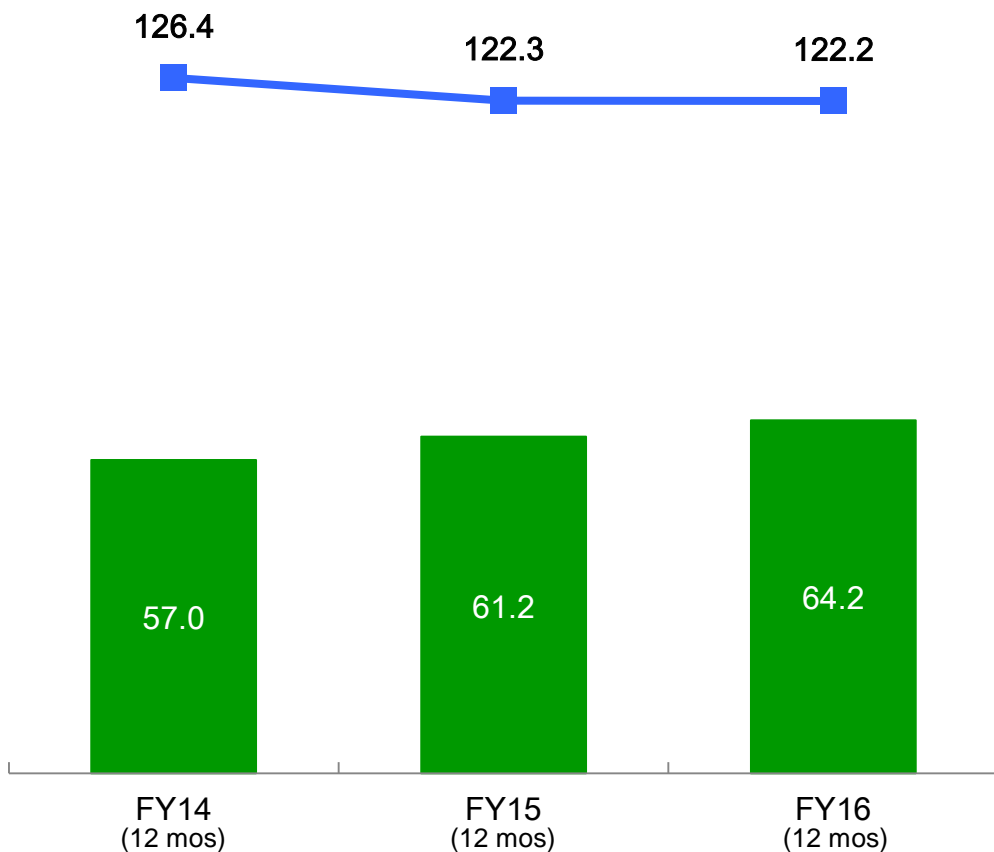
Financial Results: Net Interest Income

(Unit: JPY billion)

- Net interest income totaled JPY 122.2 billion. Of this amount, net interest income recorded from unsecured loans totaled JPY 64.2 billion (increased 5% compared to JPY 61.2 billion recorded in FY2015)
- The effects of the base rate reduction resulting from the NIRP and spread compression resulting from intensive competition are within expectations

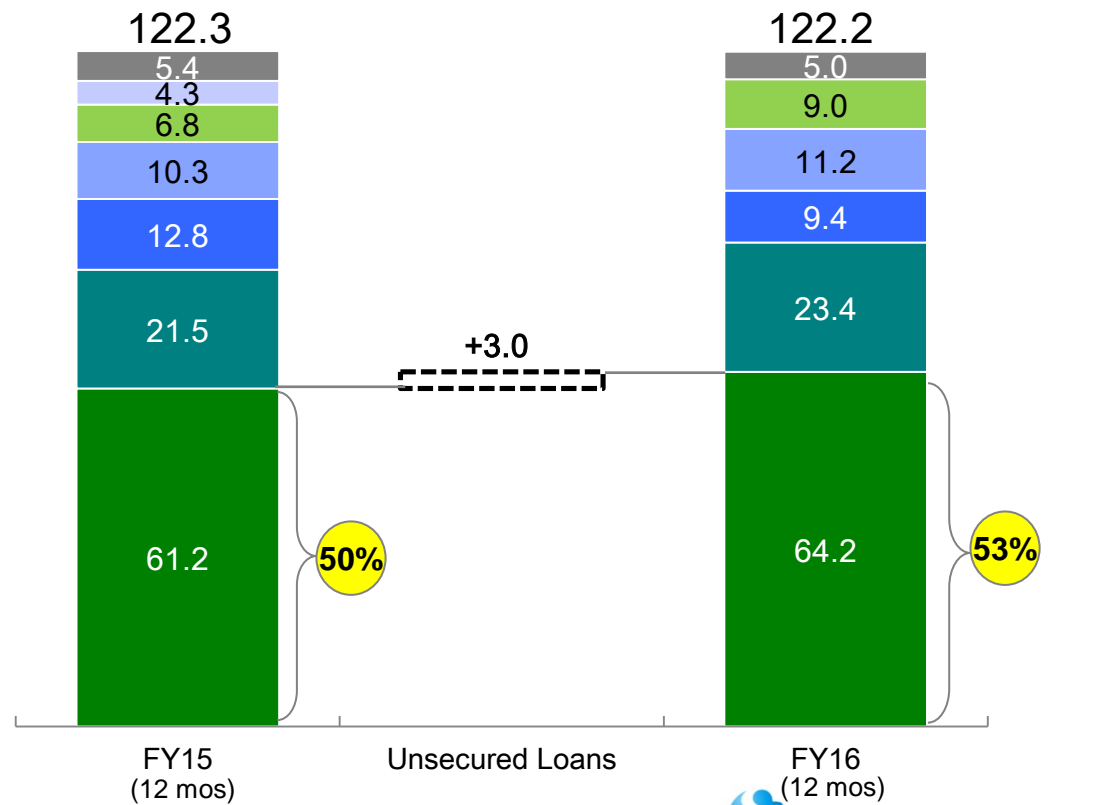
Net Interest Income Trend

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



Y-o-Y Increase/Decrease Factors

- Others (Showa Leasing, Global Markets, Principal Transactions, etc.)
- Treasury
- APLUS FINANCIAL
- Corporate Business
- Structured Finance
- Retail Banking
- Unsecured Loans (Shinsei Bank Lake, Shinsei Financial, NOLOAN, Shinsei Bank SmartCard Loan Plus)

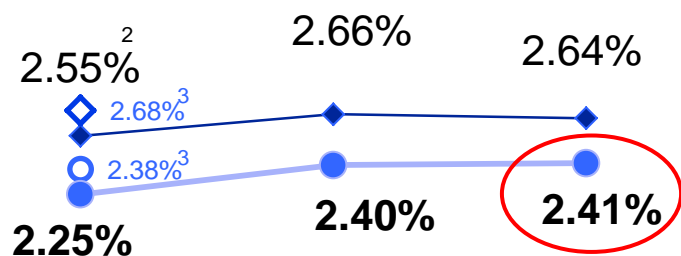


Financial Results: Net Interest Margin (NIM)

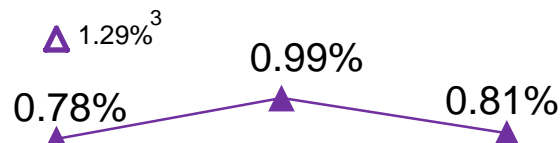
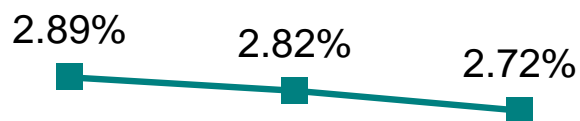
(Unit: %, annualized basis)

- Despite the introduction of the NIRP, NIM has improved further to 2.41%, exceeding the NIM in FY2015
- The decline in the funding rate reflects reductions in the rates on corporate bonds, borrowed money and deposits
- Despite the unsecured loan balance having continued to grow steadily, the yield on loans and bills discounted has declined to 2.72% due primarily to the base rate reduction and the tightening of spreads caused by the NIRP. This reduction in yield is within initial expectations

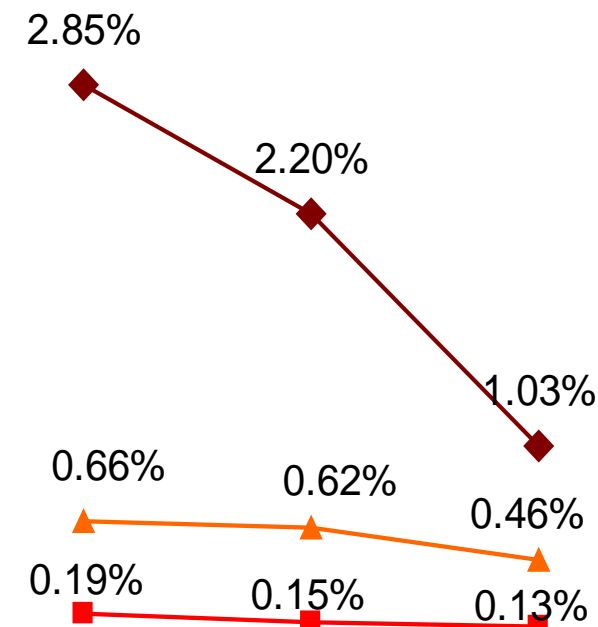
Net Interest Margin



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

² Excludes one time gain factors

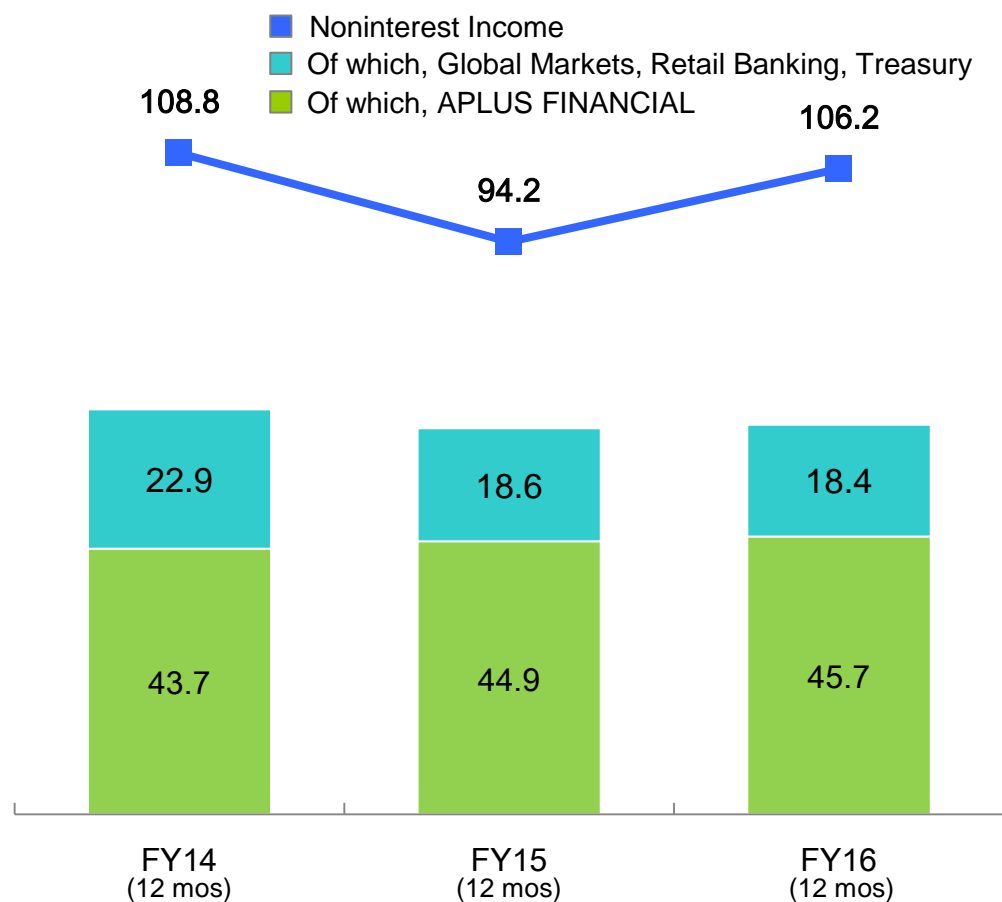
³ Disclosed basis

Financial Results: Noninterest Income

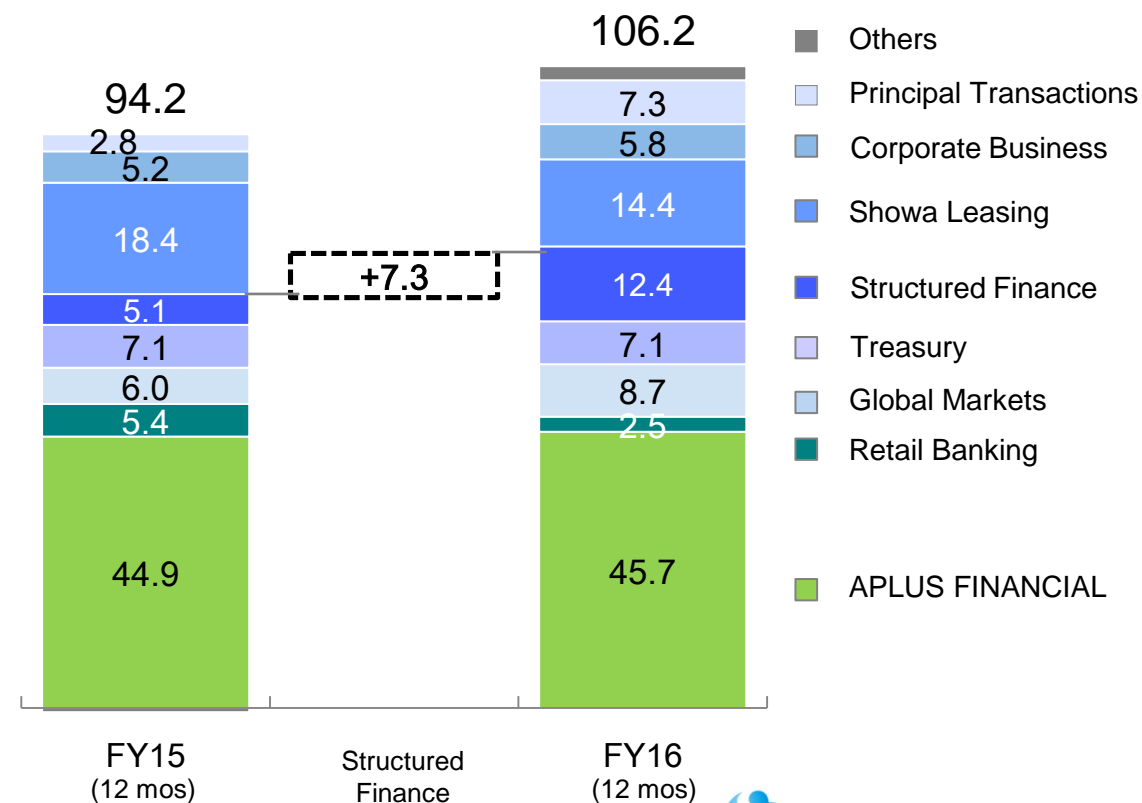
(Unit: JPY billion)

- Noninterest income totaled JPY 106.2 billion (increased 13% y-o-y). Increase in the Structured Finance reflects solid fee revenues related to new transactions and a large gain on sales of securities in real estate finance. Increase in the Principal Transactions reflects absence of the loss recorded as a result of the reassessment of a fund investment in FY2015
- Regarding the market related businesses, revenue decrease in the Retail Banking was offset by gains on bonds in Treasury operations in the first half of FY2016 and revenue increase in the Global Markets in the second half of FY2016
- APLUS FINANCIAL steadily increased revenue from shopping credit and credit cards businesses etc.

Noninterest Income Trend



Y-o-Y Increase/Decrease Factors

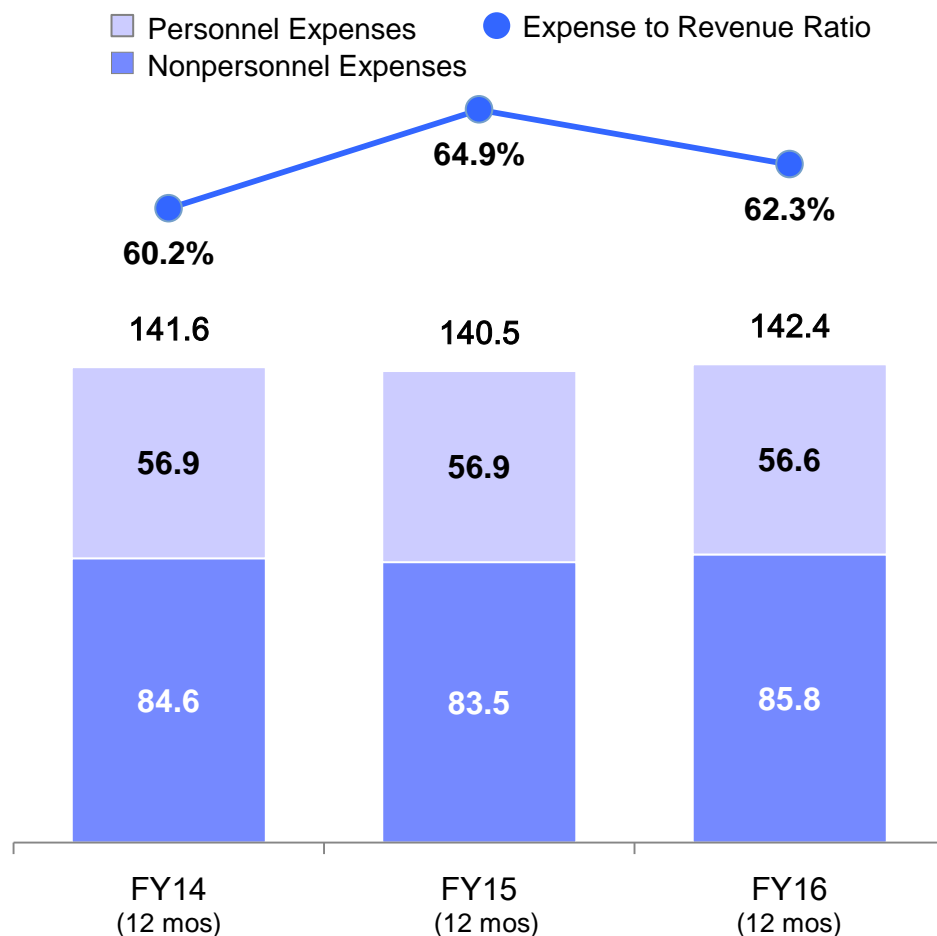


Financial Results: Expenses, Expense-to-Revenue Ratio

(Unit: JPY billion; %)

- Expenses totaled JPY 142.4 billion. Nonpersonnel expenses increased 3% compared to FY2015 primarily due to systems related expenses and the effects of the revision of the tax code
- The expense-to-revenue ratio was 62.3%, improved from 64.9% in FY2015

Expenses, Expense to Revenue Ratio



Nonpersonnel Expenses Components

| | FY15 (12 mos) | FY16 (12 mos) | YoY(%) B(+)/W(-) |
|---|------------------|------------------|---------------------|
| Premises expenses | -19.3 | -19.6 | -2% |
| Technology and data processing expenses | -19.3 | -20.1 | -4% |
| Advertising expenses | -10.4 | -10.4 | 0% |
| Consumption and property taxes | -8.6 | -9.7 | -13% |
| Deposit insurance premium expense | -2.0 | -2.0 | 0% |
| Other general and administrative expenses | -23.7 | -23.7 | 0% |
| Nonpersonnel expenses | -83.5 | -85.8 | -3% |

Financial Results: Net Credit Costs

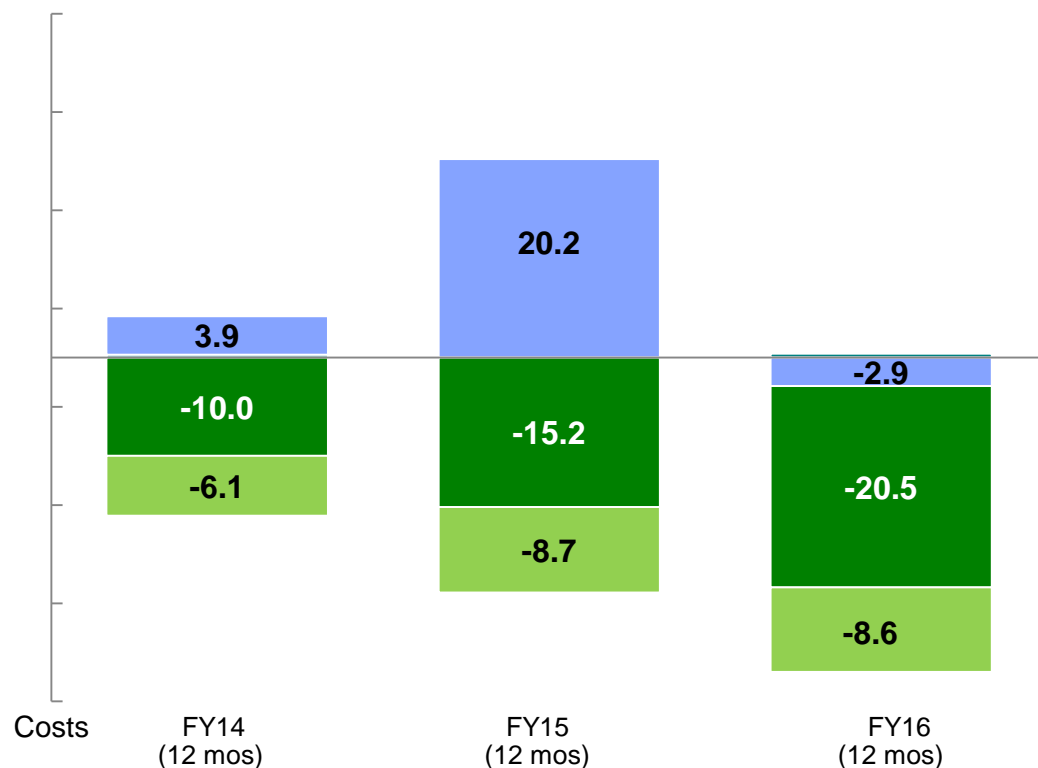
(Unit: JPY billion; %)

- Net credit costs totaled JPY 31.8 billion. Increase in net credit costs is primarily due to the provisioning of general reserves for loan losses corresponding to the asset growth of unsecured loan and structured finance businesses
- Net credit costs ratio on unsecured loans has declined to 4.5% in FY2016 (12 months) from 4.7% in 1QFY2016 (3 months) which was affected by the revision of the reserve ratio. Net credit costs ratio in 1QFY2017 is also expected to be technically affected by the regular updates on the reserve ratio

Net Credit Costs Trend

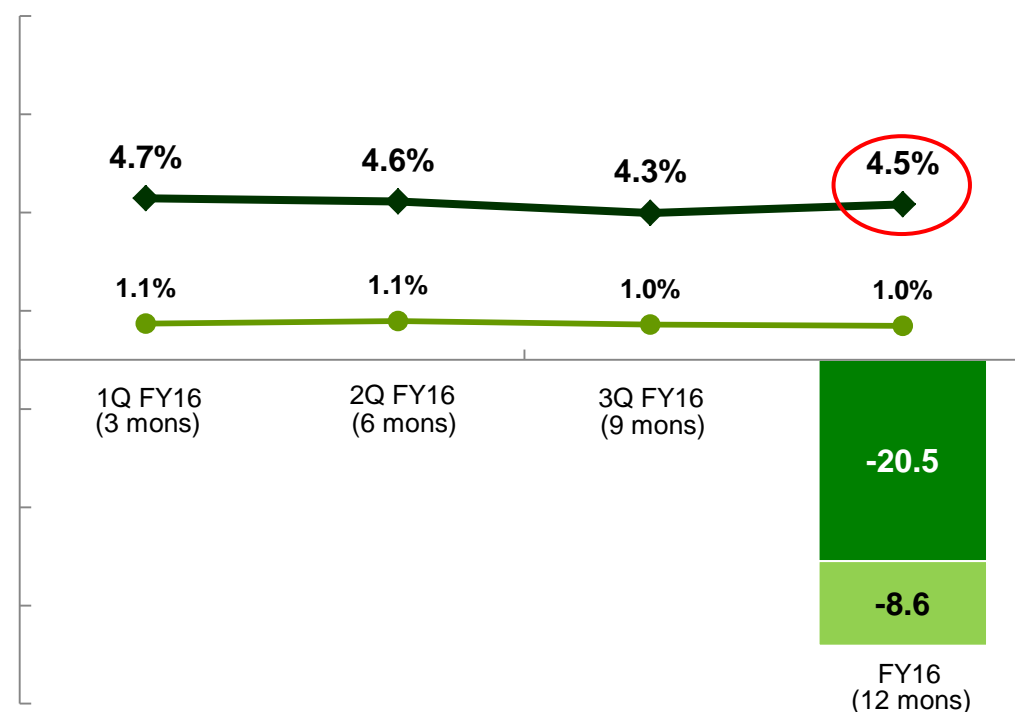
- Institutional Business, etc. (Institutional + Global Markets Businesses)
- Unsecured Loans (Shinsei Bank Lake, Shinsei Financial, NOLOAN, Credit Guarantees, Shinsei Bank SmartCard Loan Plus)
- APLUS FINANCIAL

Recoveries



Consumer Finance: Net Credit Costs Ratio¹

- ◆ Unsecured Loans: Net Credit Costs Ratio¹
- APLUS FINANCIAL: Net Credit Costs Ratio¹
- Unsecured Loans: Net Credit Costs
- APLUS FINANCIAL: Net Credit Costs



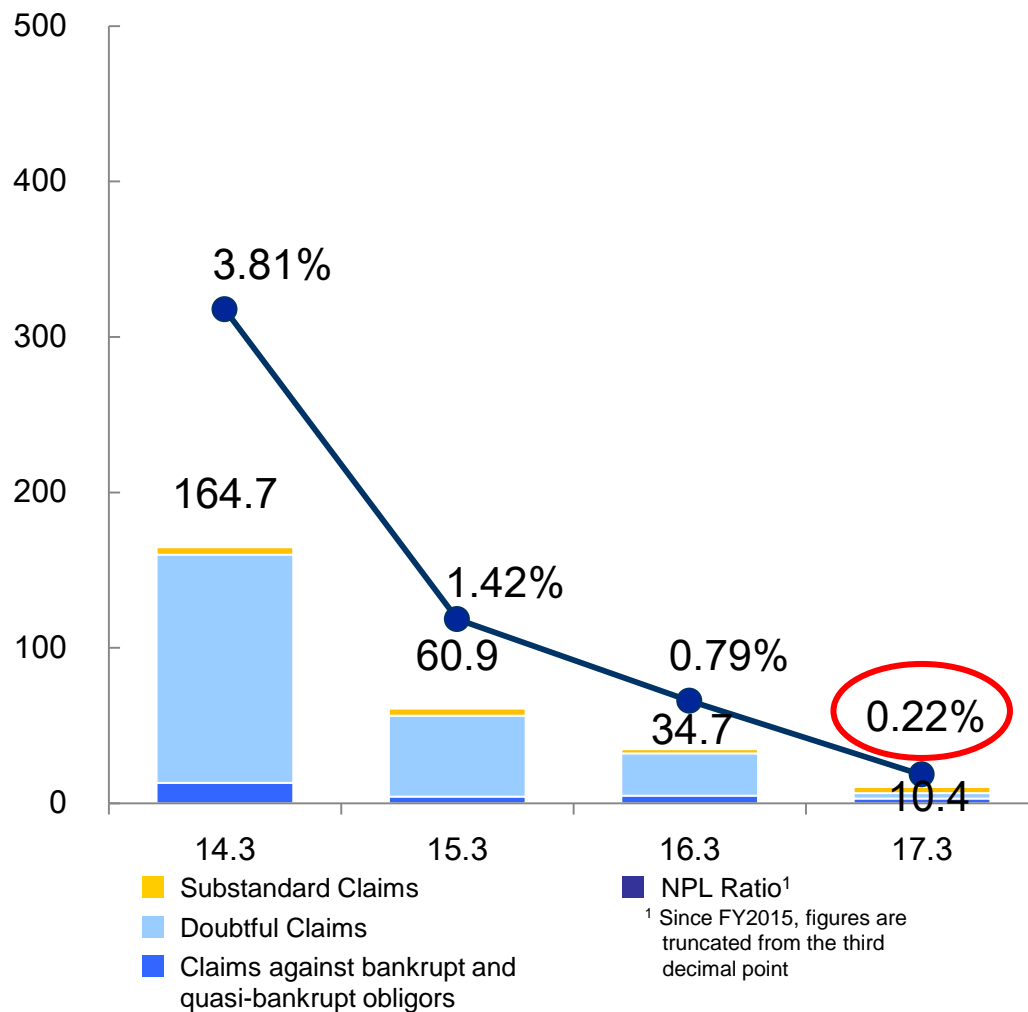
¹ Net Credit Costs Ratio = Calculated by annualizing the following formula- (Net Credit Costs ÷ Average of Beginning and End of Period Operating Assets Balances)

Financial Results: Asset Quality

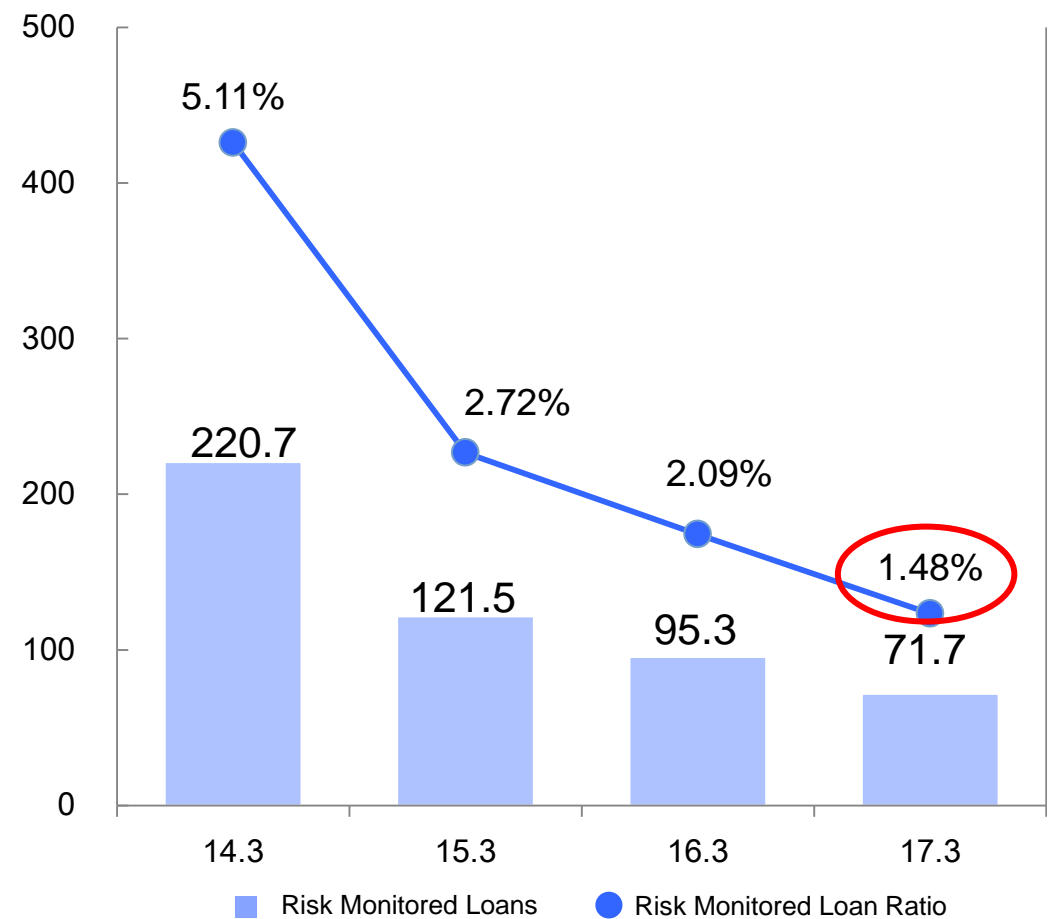
(Unit: JPY billion; %)

- The balance of nonperforming loans was JPY 10.4 billion and the nonperforming loan ratio was down to 0.22%
- The Group-wide risk monitored loan balance was JPY 71.7 billion and the risk monitored loan ratio was down to 1.48%

NPL Amounts and NPL Ratio¹ Based on Financial Revitalization Law (Nonconsolidated)



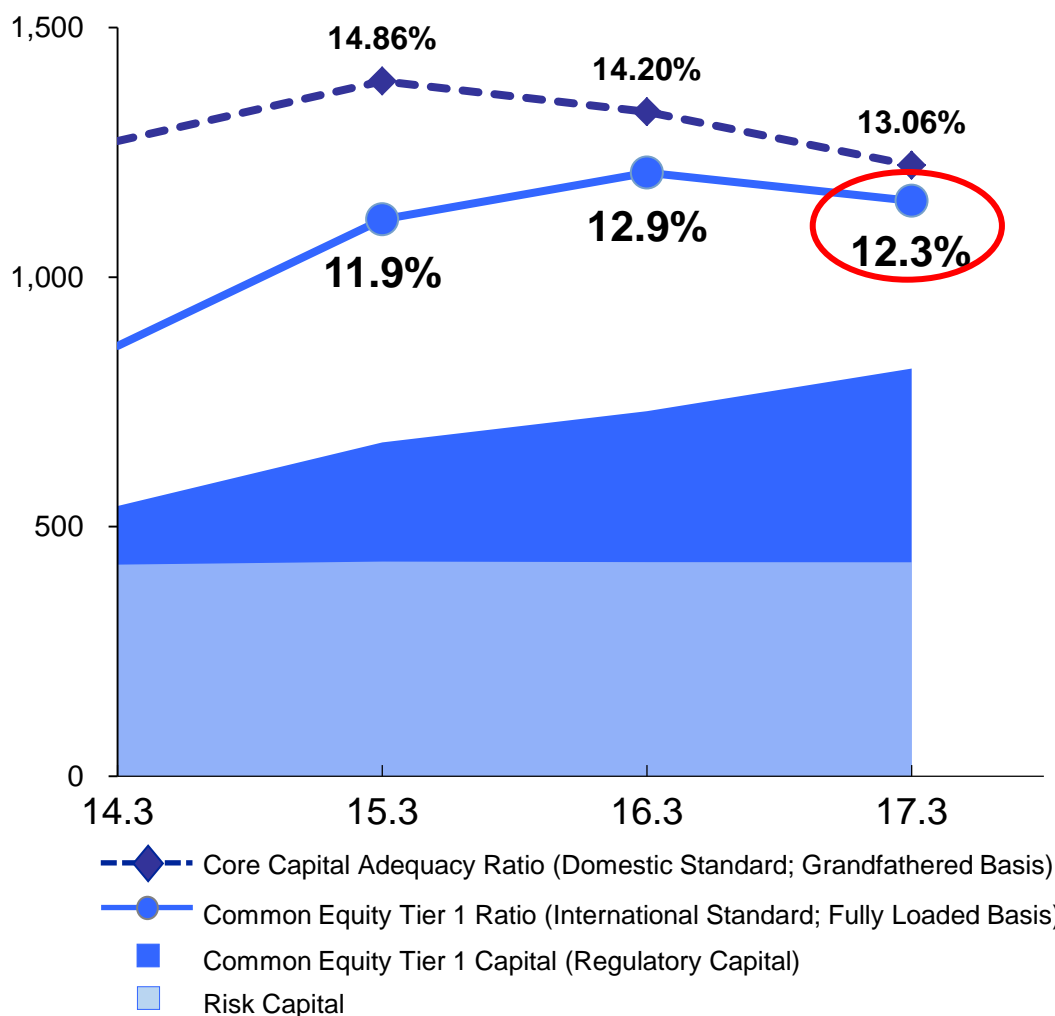
Risk Monitored Loans, Risk Monitored Loan Ratio (Consolidated)



Financial Results: Capital

(Unit: JPY billion; %)

- Capital ratios continue to be maintained at ample levels
- Basel III international standard fully loaded basis CET1 ratio was at 12.3%. The risk assets increased due mainly to increase in new transactions in the Structured Finance, and changes in the calculation methodology from the Standard Approach (SA) to the Foundation Internal Ratings-Based Approach (F-IRB) in the Shinsei Bank Lake business
- The amount of CET1 accounts for 1.8 times of risk capital



| Domestic Standard; Grandfathered Basis | 2015.3 | 2016.3 | 2017.3 |
|--|---------|---------|---------|
| Core Capital | 841.9 | 809.5 | 812.3 |
| Risk Assets | 5,661.9 | 5,698.1 | 6,219.9 |

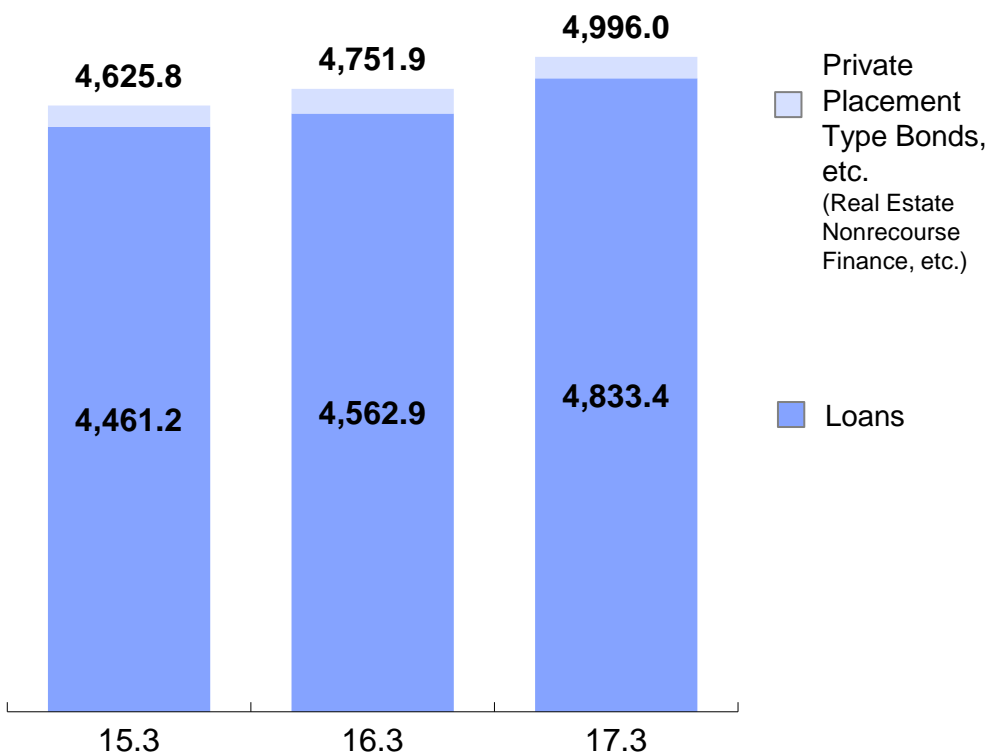
| International Standard; Fully Loaded Basis | 2015.3 | 2016.3 | 2017.3 |
|--|---------|---------|---------|
| Common Equity Tier 1 | 668.9 | 731.5 | 763.1 |
| Risk Assets | 5,618.9 | 5,692.1 | 6,221.9 |

| | 2015.3 | 2016.3 | 2017.3 |
|--------------|--------|--------|--------|
| Risk Capital | 430.1 | 429.0 | 428.7 |

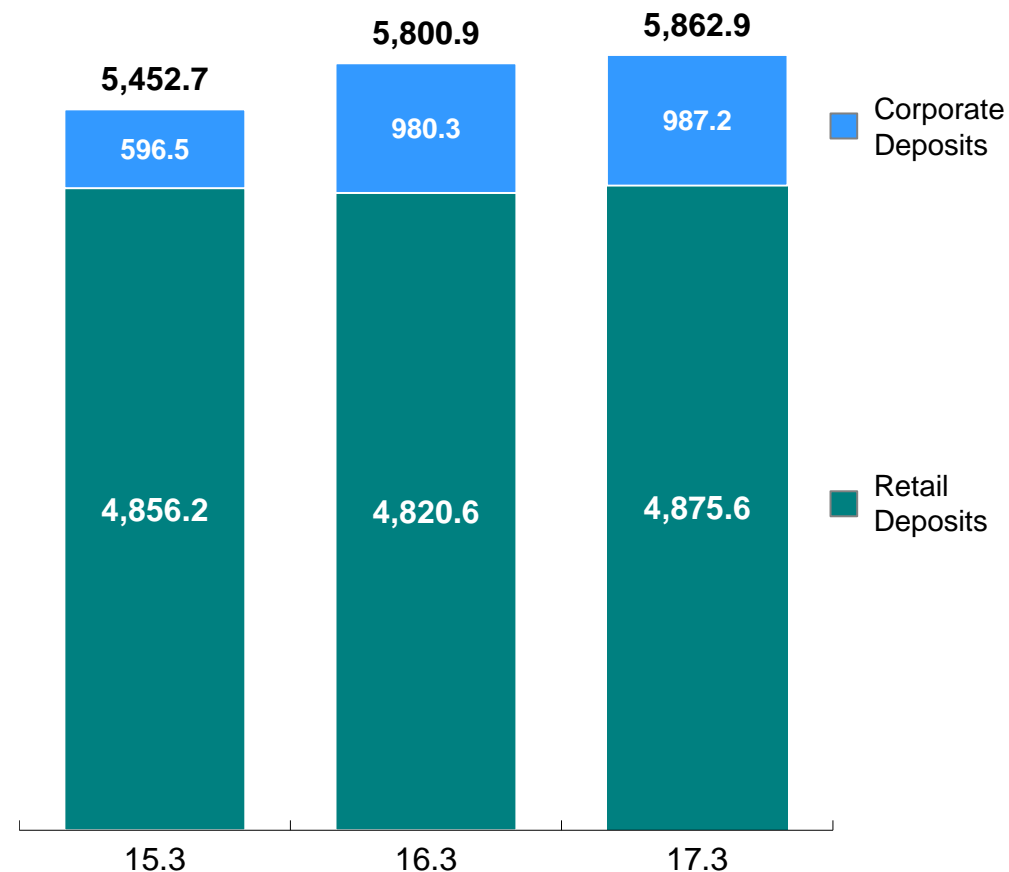
Financial Results: Loans and Deposits

(Unit: JPY billion)

Loans, etc.



Deposits

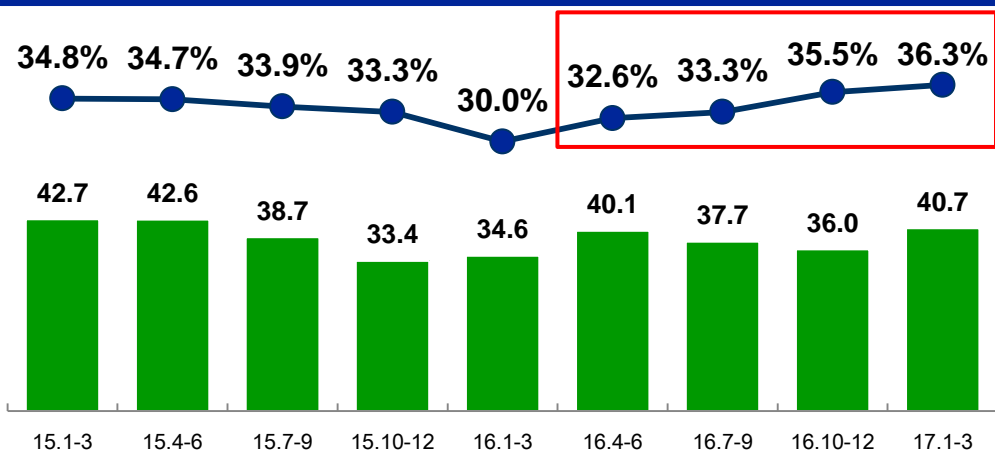


Business: New Customer Acquisition of Lake

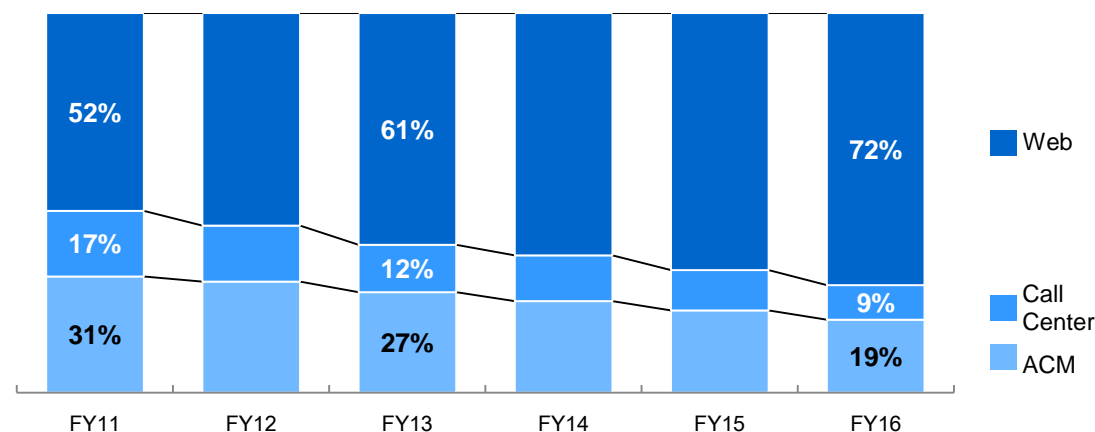
(Unit: JPY billion; %)

- Shinsei Bank Lake new customer acquisitions totaled approx. 150,000 in FY2016 (12 months), increased 3%
- ◆ Application channels: enhanced convenience by completion in processing on the web (no cards are issued at conclusion of the contract)
- ◆ Approval rate: continued to improve to 34% in FY2016 from 33% in FY2015, as a result of further fine tuning of credit scoring model based upon accumulated data
- Branch strategy: established 13 new branches in attractive and previously uncovered areas, while simultaneously shuttering loss generating 7 branches

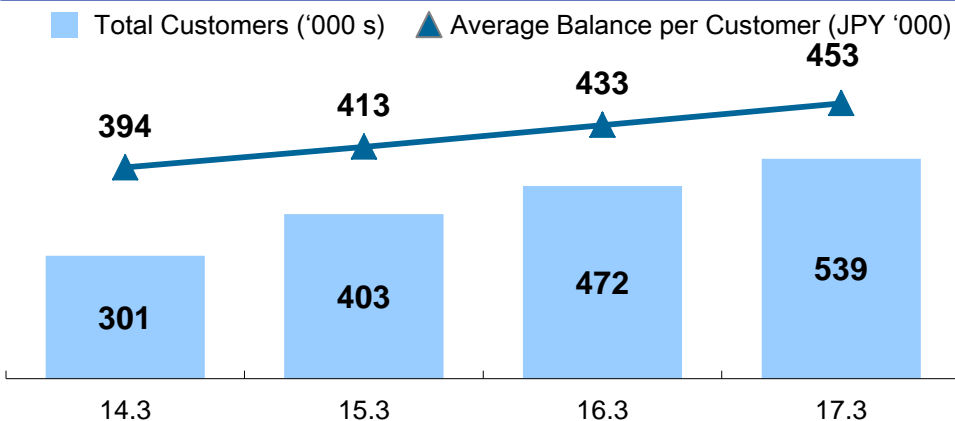
Shinsei Bank Lake: New Customers ('000 s); Approval Rate



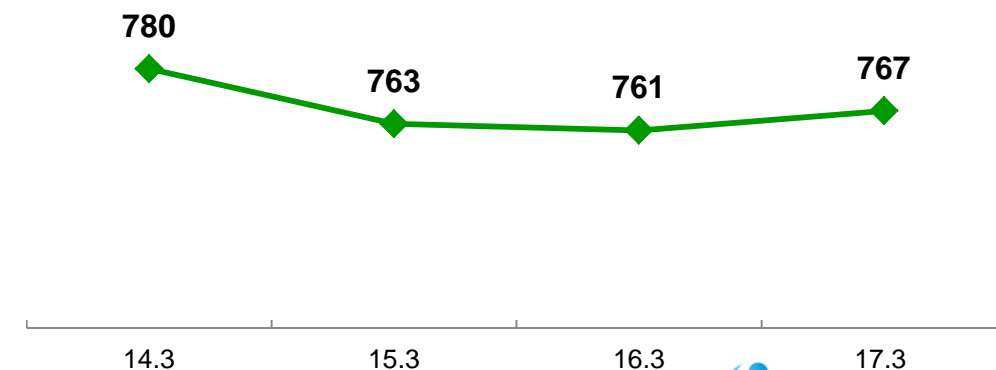
Shinsei Bank Lake: Application Channels



Shinsei Bank Lake: Total Customers, Average Balance



Shinsei Bank Lake: Branches

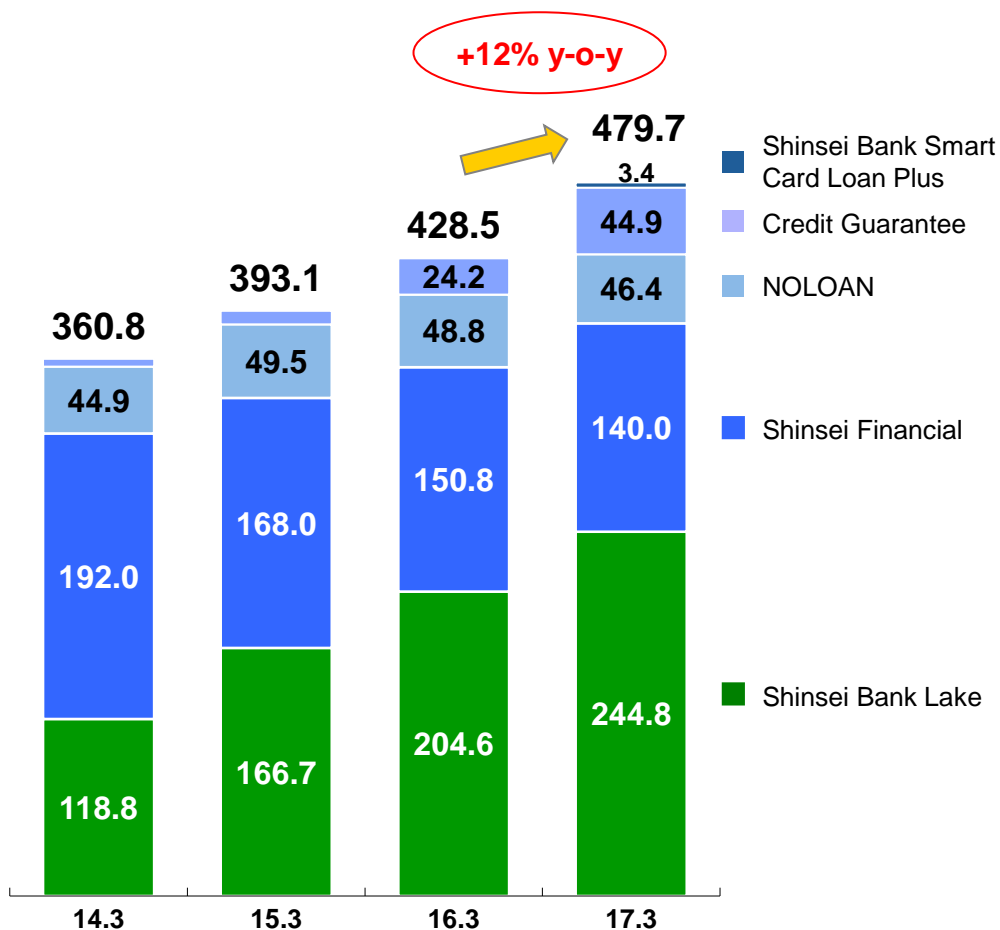


Business: Unsecured Loans

(Unit: JPY billion; %)

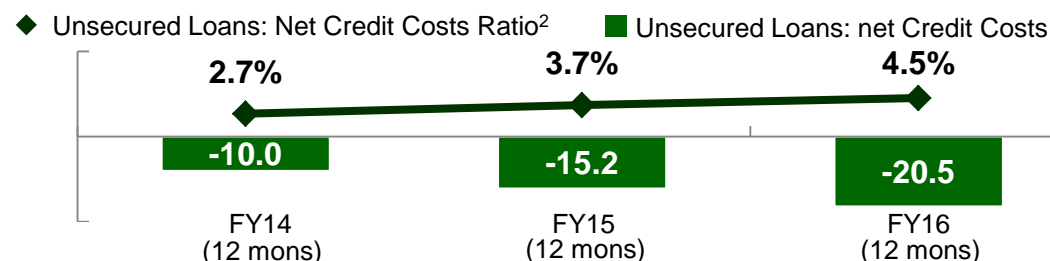
- Combined unsecured loan balance totaled JPY 479.7 billion, increased 12%
 - ◆ Shinsei Bank Lake balance totaled JPY 244.8 billion, increased 20%. Disciplined operations have been continued along with the money lending business law under the policy of preventing multiple borrowers since the bank card loan with Lake brand was launched in October 2011
 - ◆ Credit guarantee balance totaled JPY 44.9 billion, increased 86%. Agreements regarding credit guarantees in place with 15 institutions. Shinsei Financial continues to provide regional financial institutions with expertise in unsecured loan marketing, credit screening and servicing
- Net credit costs totaled JPY 20.5 billion, and its ratio is at 4.5% on average loan balance. This increase is primarily the result of the continued growth of the asset balance

Unsecured Loan Balance



| Shinsei Bank Lake + Shinsei Financial | FY15 (12 mons) | FY16 (12 mons) | YoY(%) B(+)/W(-) |
|--|-------------------|-------------------|---------------------|
| Net Interest Income | 61.2 | 64.2 | +5% |
| of which, Shinsei Bank Lake ¹ | 31.7 | 38.0 | +20% |
| of which, NOLOAN | 6.9 | 6.5 | -6% |
| Noninterest Income | -2.0 | -0.9 | +55% |
| Total Revenue | 59.1 | 63.2 | +7% |
| Expenses | -32.2 | -32.4 | -1% |
| Ordinary Business Profit | 26.8 | 30.7 | +15% |
| Net Credit Costs | -15.2 | -20.5 | -35% |
| OBP after Net Credit Costs | 11.6 | 10.2 | -12% |

Net Credit Costs Ratio



¹ Includes Shinsei Bank Smart Card Loan Plus net interest income

² Net Credit Costs Ratio = Calculated by annualizing the following formula- (Net Credit Costs ÷ Average of Beginning and End of Period Operating Assets Balances)

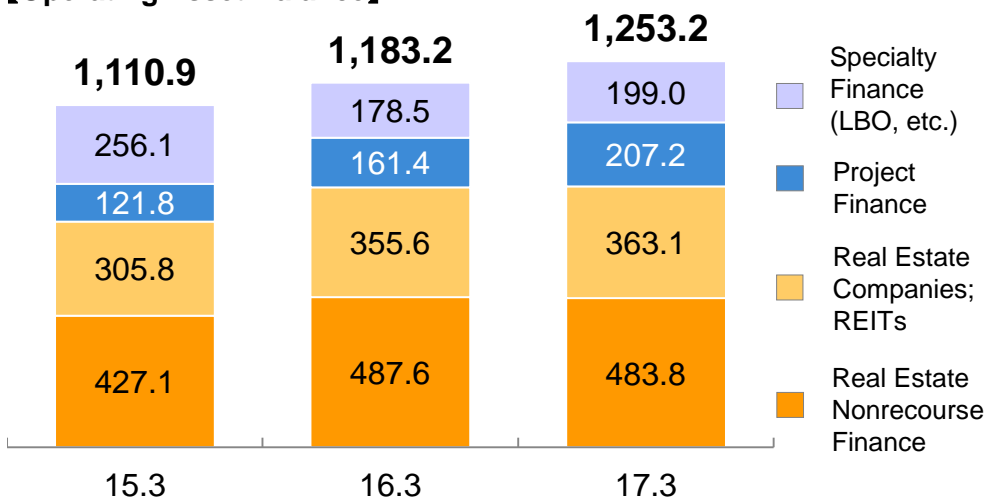
Business: Structured Finance

(Unit: JPY billion; %)

- The Structured Finance asset balance totaled JPY 1,253.2 billion, increased 6% (increase 7% if excluding FX impact of JPY -16.4 billion)
 - ◆ Project finance remains robust in domestic and overseas new transactions. The asset balance increased to JPY 207.2 billion, up 28%
 - ◆ New disbursements in real estate finance offset the impact of repayment in the existing transactions, resulting in the stable asset balance
- Structured Finance recorded total noninterest income of JPY 12.4 billion, increased by 143% compared to FY2015
 - ◆ Fee revenues in project finance and real estate finance increased due to the strong performance in the structuring of new transactions
 - ◆ Real estate finance recorded a large gain (nearly JPY 5.0 billion) on sales of securities

Balance

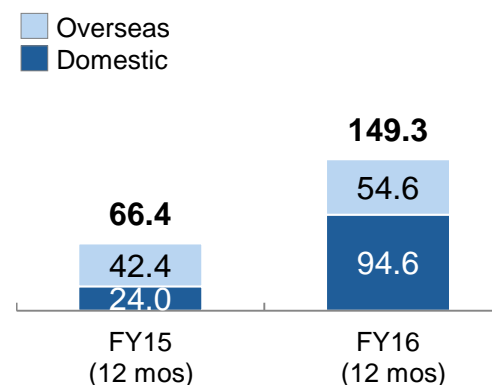
【Operating Asset Balance】



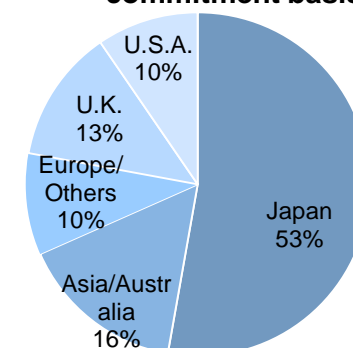
| Structured Finance | FY15 (12 mos) | FY16 (12 mos) | YoY(%) B(+)/W(-) |
|----------------------------|------------------|------------------|---------------------|
| Net Interest Income | 12.8 | 9.4 | -27% |
| Noninterest Income | 5.1 | 12.4 | +143% |
| Expenses | -4.7 | -4.9 | -4% |
| Ordinary Business Profit | 13.1 | 16.9 | +29% |
| Net Credit Costs | 20.4 | -3.5 | n.m. |
| OBP after Net Credit Costs | 33.6 | 13.3 | -60% |

Project Finance

【New Commitments】

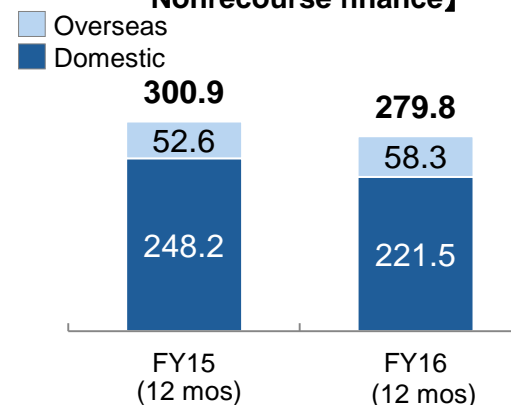


【Balance: regions, includes commitment basis】

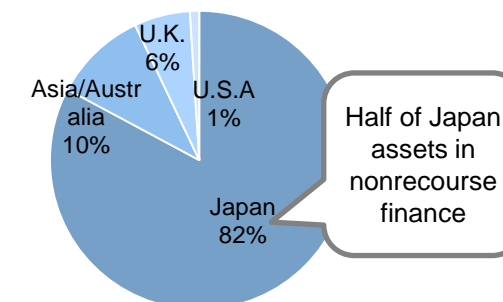


Real Estate Finance

【New Disbursements in Nonrecourse finance】



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

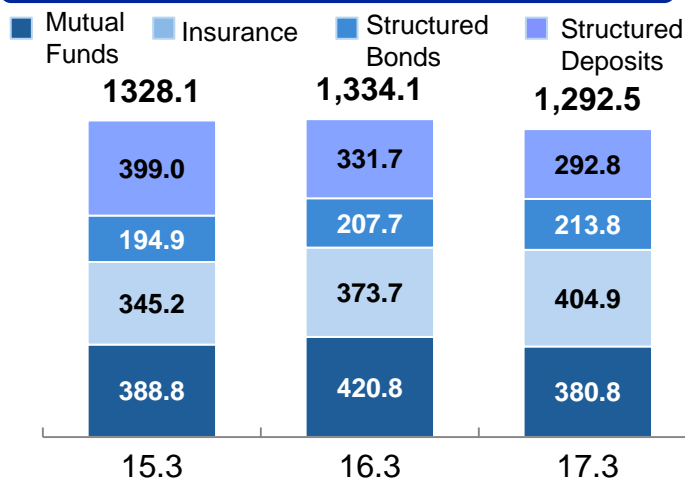


Business: Retail Banking

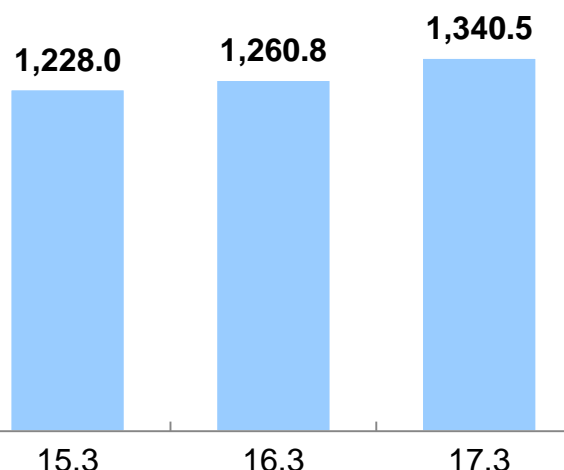
(Unit: JPY billion; %)

- While sales of asset management products (AMPs) have been affected by lower appetite in investments throughout the market until the first half of FY2016, sales of structured bonds have performed favorably toward the fiscal year end in response to the recovery of the stock market, resulting in increases in sales of AMPs by 16% in 4QFY2016 (3 months) compared to 4QFY2015 (3 months)
- Housing loan balance grew 6% to JPY 1,340.5 billion, reflecting efforts to capture the refinancing needs of customers
- Retail FCY deposit is core of the Bank's FCY funding. The balance stands at JPY 380.9 billion, increased 13%

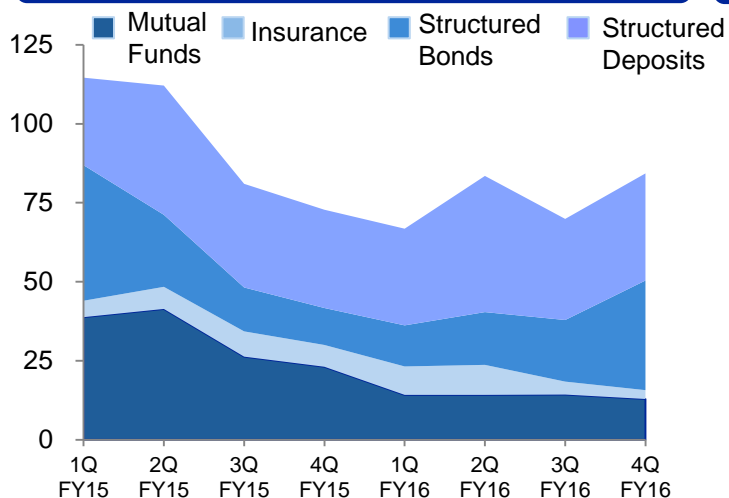
Asset Management Product Balance



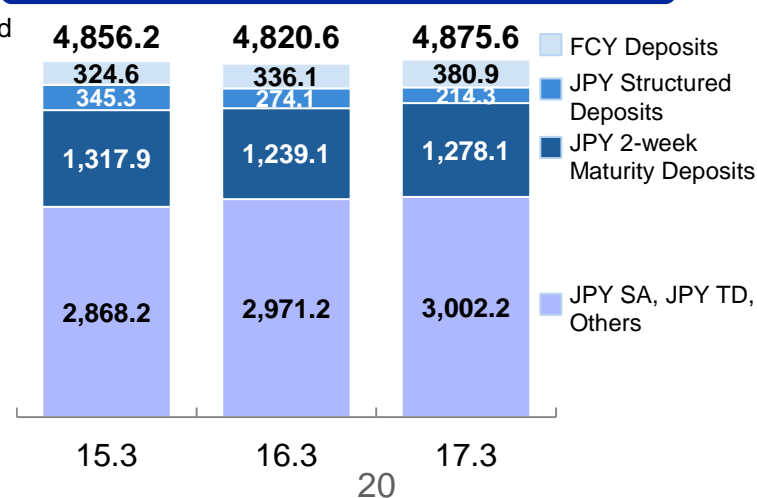
Housing Loan Balance



Asset Management Product Sales



Retail Deposit Balance by Product



| Retail Banking | FY15 (12 mons) | FY16 (12 mons) | YoY(%) B(+)/W(-) |
|---|-------------------|-------------------|---------------------|
| Net Interest Income | 21.5 | 23.4 | +9% |
| of which, from Loans | 10.3 | 10.8 | +5% |
| of which, from Deposits, etc. | 11.1 | 12.6 | +14% |
| Noninterest Income | 5.4 | 2.5 | -54% |
| of which, from AMPs | 9.6 | 7.1 | -26% |
| of which, Other fees (ATM, FT, FX etc.) | -4.2 | -4.6 | -10% |
| Expenses | -33.3 | -33.5 | -1% |
| Ordinary Business Profit | -6.3 | -7.5 | -19% |
| Net Credit Costs | -0.1 | 0.6 | n.m. |
| OBP after Net Credit Costs | -6.4 | -6.8 | -6% |

Business: APLUS FINANCIAL, Showa Leasing

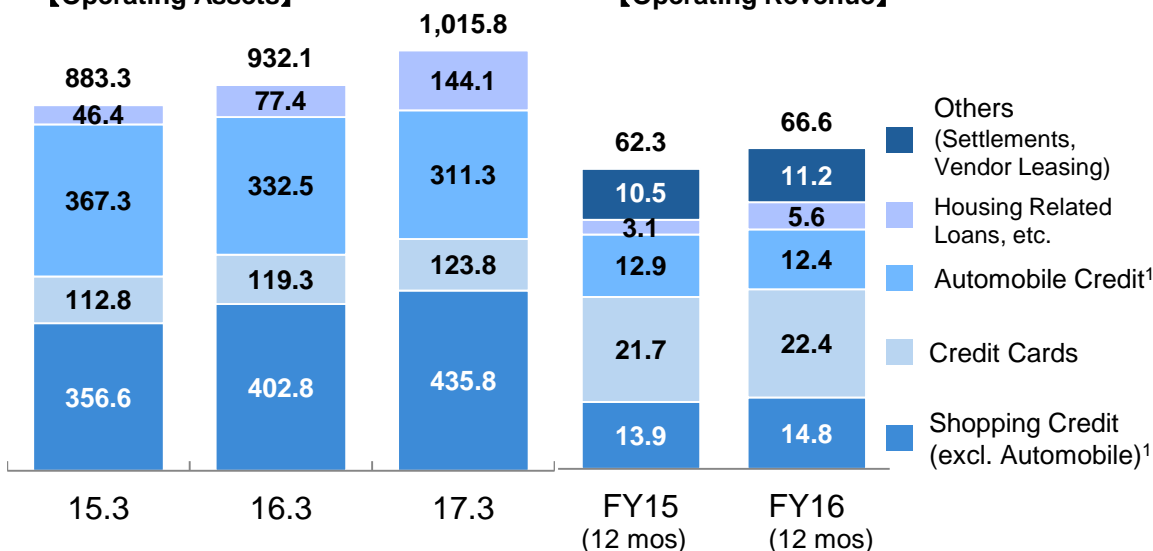
(Unit: JPY billion; %)

- APLUS FINANCIAL revenue increased as a result of solid progress in the shopping credit, credit cards and settlement businesses. Outstanding balance of housing related loans (including investment loans for high quality second hand apartments primarily located in the Tokyo area, and “My Home Plan” product etc.) has also increased
- Vendor leasing business, started from October 2016 by APLUS FINANCIAL and Showa Leasing, are progressing steadily

APLUS FINANCIAL

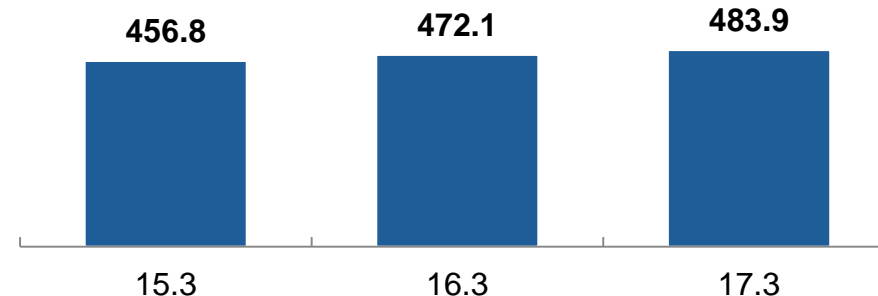
【Operating Assets】

【Operating Revenue】



Showa Leasing

■ Operating Asset Balance



| APLUS FINANCIAL | FY15 (12 mos) | FY16 (12 mos) | YoY(%) B(+)/W(-) |
|----------------------------|------------------|------------------|---------------------|
| Net Interest Income | 6.8 | 9.0 | +32% |
| Noninterest Income | 44.9 | 45.7 | +2% |
| Expenses | -36.1 | -37.0 | -2% |
| Ordinary Business Profit | 15.6 | 17.8 | +14% |
| Net Credit Costs | -8.7 | -8.6 | +1% |
| OBP after Net Credit Costs | 6.8 | 9.2 | +35% |

| Showa Leasing | FY15 (12 mos) | FY16 (12 mos) | YoY(%) B(+)/W(-) |
|----------------------------|------------------|------------------|---------------------|
| Net Interest Income | -2.1 | -1.2 | +43% |
| Noninterest Income | 18.4 | 14.4 | -22% |
| Expenses | -8.5 | -8.8 | -4% |
| Ordinary Business Profit | 7.6 | 4.4 | -42% |
| Net Credit Costs | 0.4 | 1.0 | +150% |
| OBP after Net Credit Costs | 8.0 | 5.4 | -33% |

¹ Includes credit guarantee business

Business: Corporate Business, Global Markets

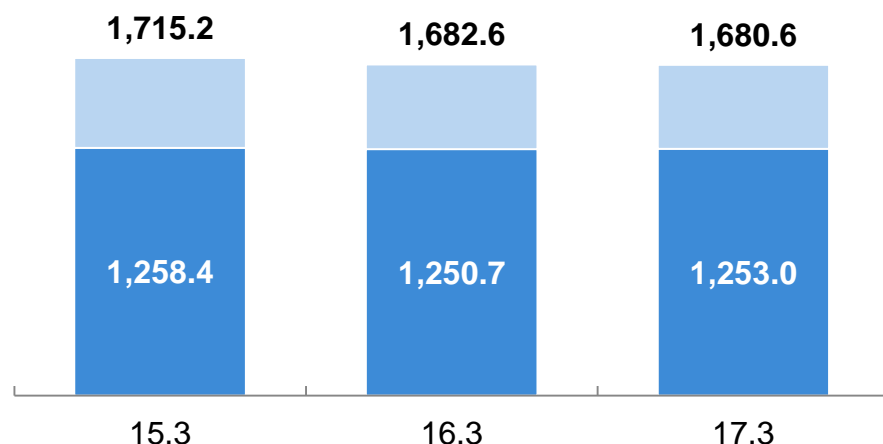
(Unit: JPY billion; %)

- Corporate Business has focused on profitability in new transactions and expanded the relationships with existing customers, resulting in increases in revenue and profits
- In the Global Markets, solid performance in sales of FX derivatives to institutional customers and sales of structured deposits to regional financial institution customers resulted in increase in revenue and profits, while aversion toward investments by retail customers resulted in weak sales of asset management products

Corporate Business

【Operating Asset Balance】

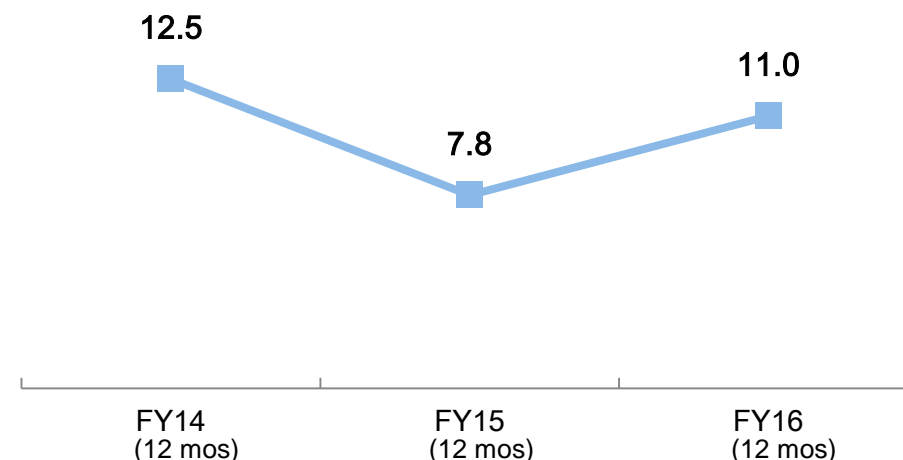
■ Corporates ■ Others (Public Companies, Financial Institutions, etc.)



| Institutional Business | FY15 (12 mos) | FY16 (12 mos) | YoY(%) B(+)/W(-) |
|----------------------------|------------------|------------------|---------------------|
| Net Interest Income | 10.3 | 11.2 | +9% |
| Noninterest Income | 5.2 | 5.8 | +12% |
| Expenses | -11.6 | -10.5 | +9% |
| Ordinary Business Profit | 3.9 | 6.4 | +64% |
| Net Credit Costs | -0.7 | -0.3 | +57% |
| OBP after Net Credit Costs | 3.2 | 6.1 | +91% |

Global Markets

■ Total Revenue



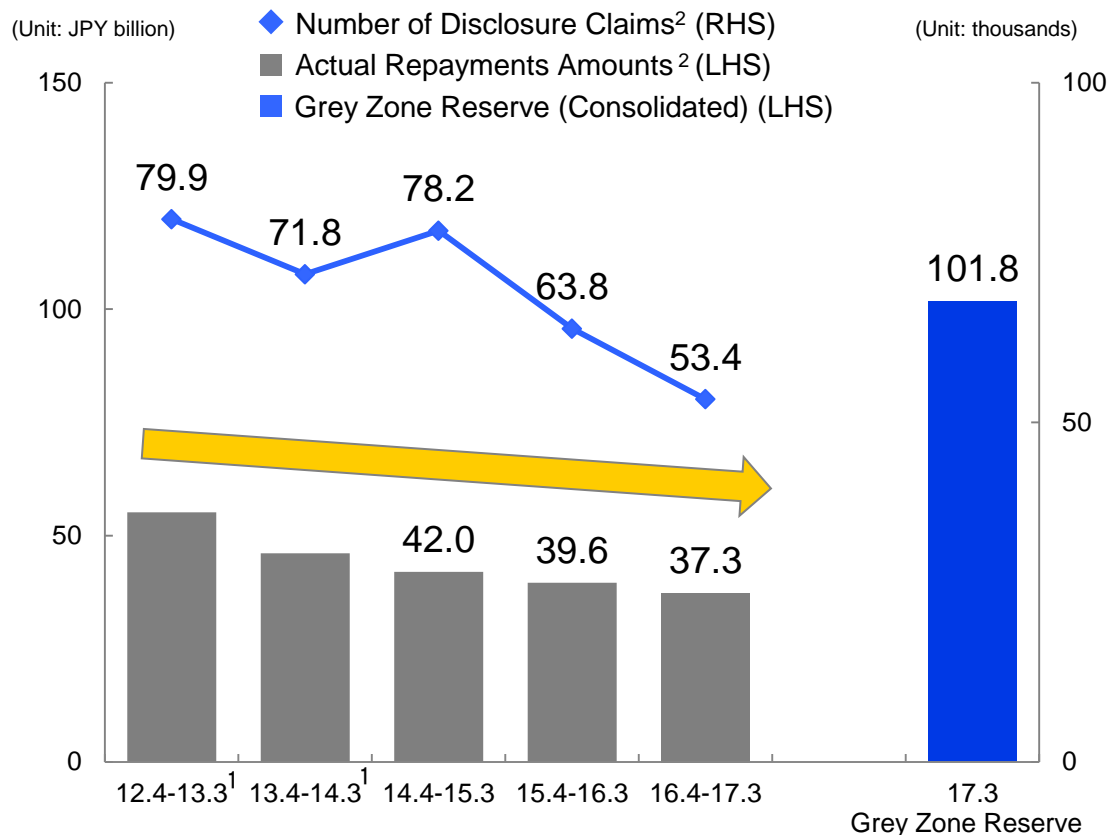
| Global Markets | FY15 (12 mos) | FY16 (12 mos) | YoY(%) B(+)/W(-) |
|----------------------------|------------------|------------------|---------------------|
| Net Interest Income | 1.8 | 2.2 | +22% |
| Noninterest Income | 6.0 | 8.7 | +45% |
| Expenses | -7.3 | -6.9 | +5% |
| Ordinary Business Profit | 0.5 | 4.0 | n.m. |
| Net Credit Costs | 0.3 | 0.0 | n.m. |
| OBP after Net Credit Costs | 0.9 | 4.1 | +356% |

Interest Repayment (Grey Zone)

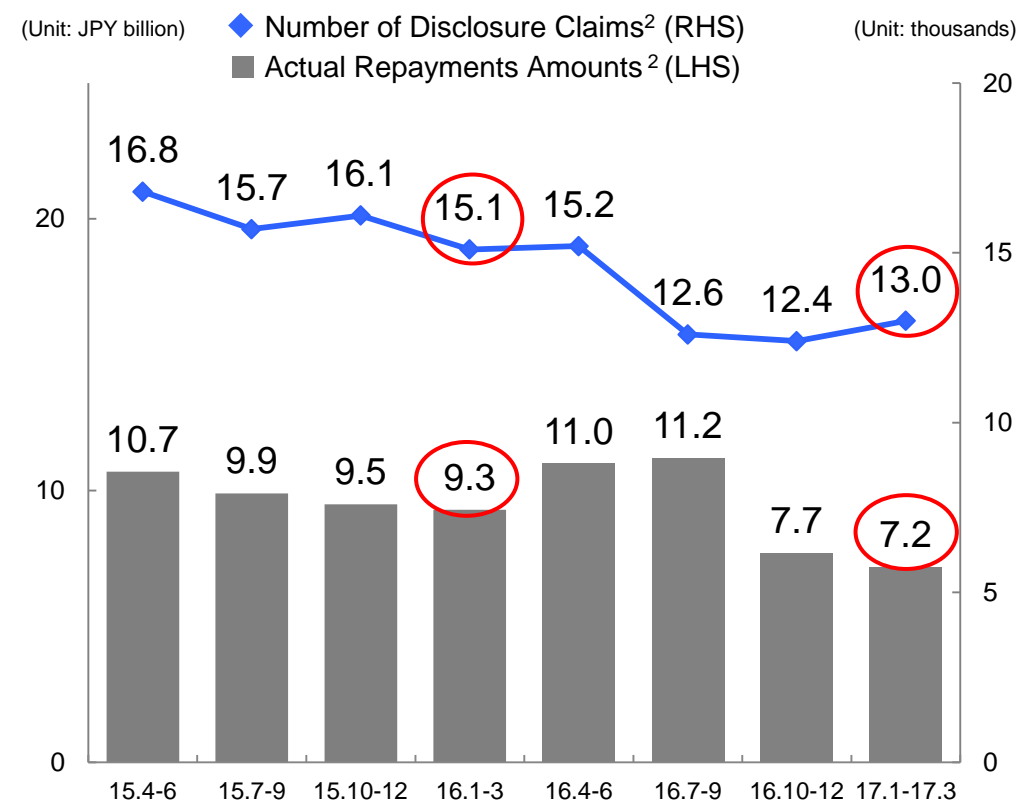
(Unit: JPY billion)

- FY2016 (12 months) disclosure claims reduced 16% y-o-y, and actual repayments reduced 6% y-o-y
- JPY 5.1 billion of provisioning on grey zone reserves was made in FY2016
 - ◆ APLUS FINANCIAL provisioned JPY 3.1 billion on grey zone reserves
 - ◆ Shinsei Personal Loan provisioned JPY 2.0 billion on grey zone reserves
- Total grey zone reserve of the Shinsei Bank Group stands at JPY 101.8 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

Appendix: Reference Information

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 2016)

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

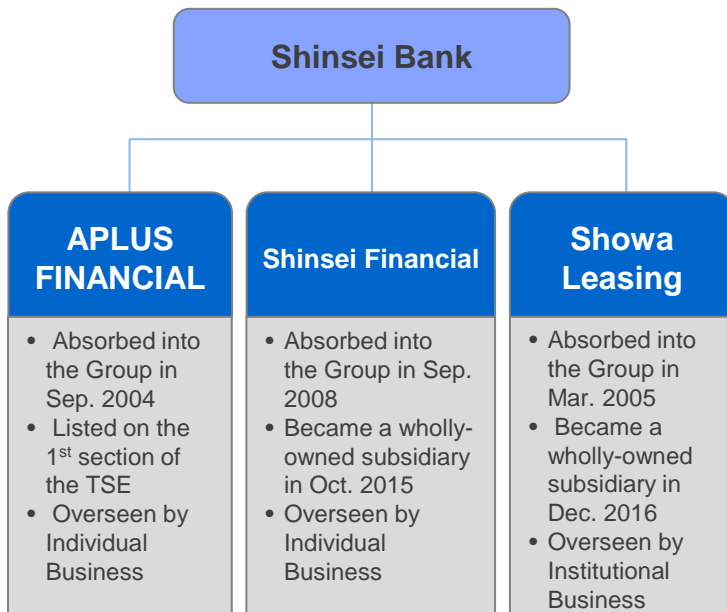
| | | | |
|----------------|----------|---|---|
| Shinya Nagata | | Shinsei Bank Audit & Supervisory Board Member | His long years of business experience in the areas of finance and accounting at Shinsei Bank |
| Michio Shibuya | External | Certified Public Accountant | His expertise and extensive experience 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

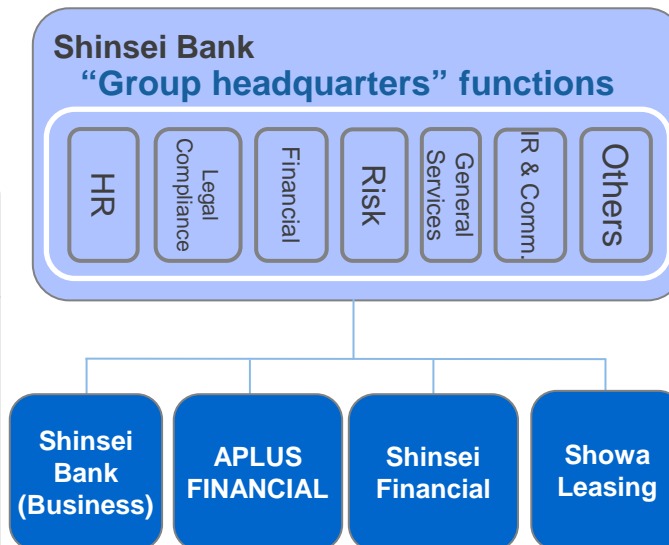
To Date

- 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)

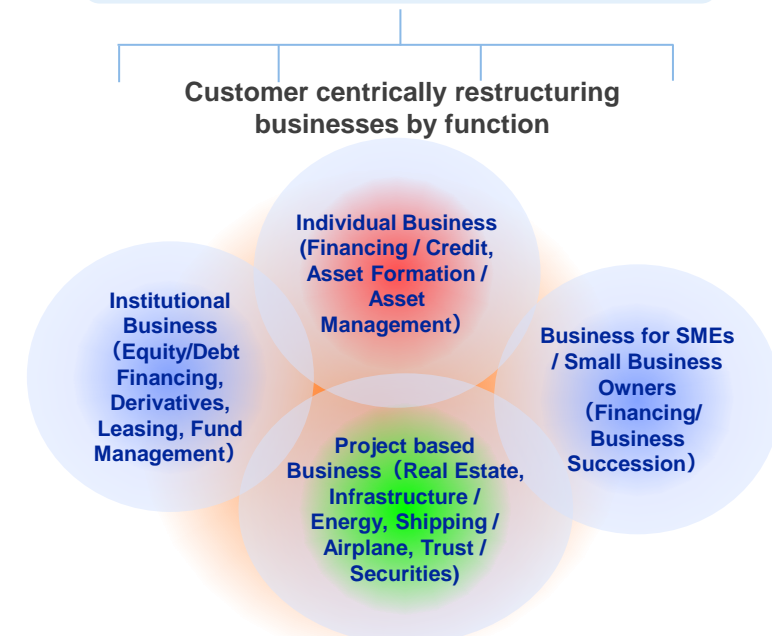
- April 2017: Establish a virtual Group headquarters within Shinsei Bank
- October 2017: Complete migration from the partially-remaining by-company line system to a by-function line system



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

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

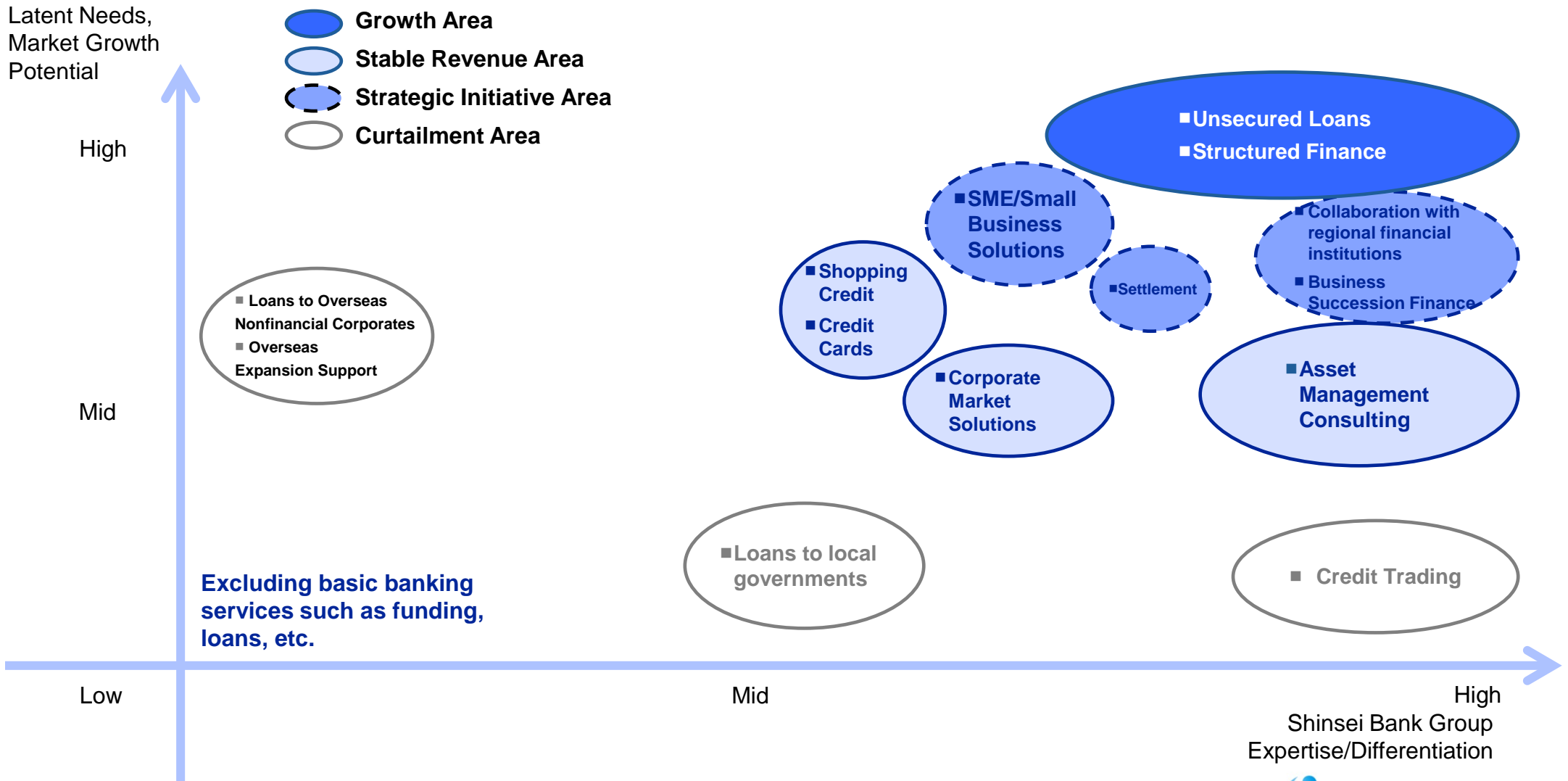
Shinsei Financial
Showa Leasing
APLUS FINANCIAL

Shinsei Investment Management
Shinsei Securities
Shinsei PI Group

Shinsei Trust & Banking
Shinsei Bank

Strategic Mapping Businesses

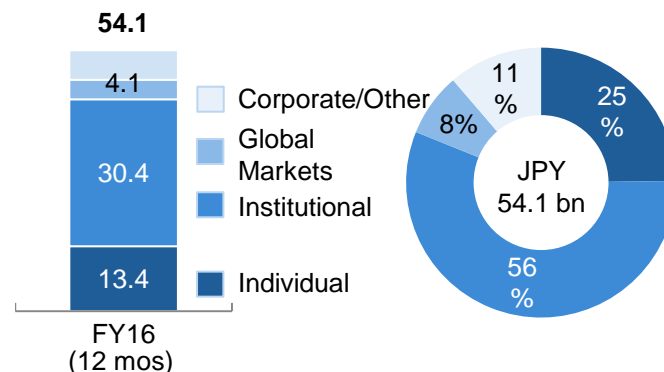
- Proactively allocating management resources to Unsecured Loan and Structured Finance businesses as growth areas
- Selectively addressing in other business areas by converting strengths and optimizing resources



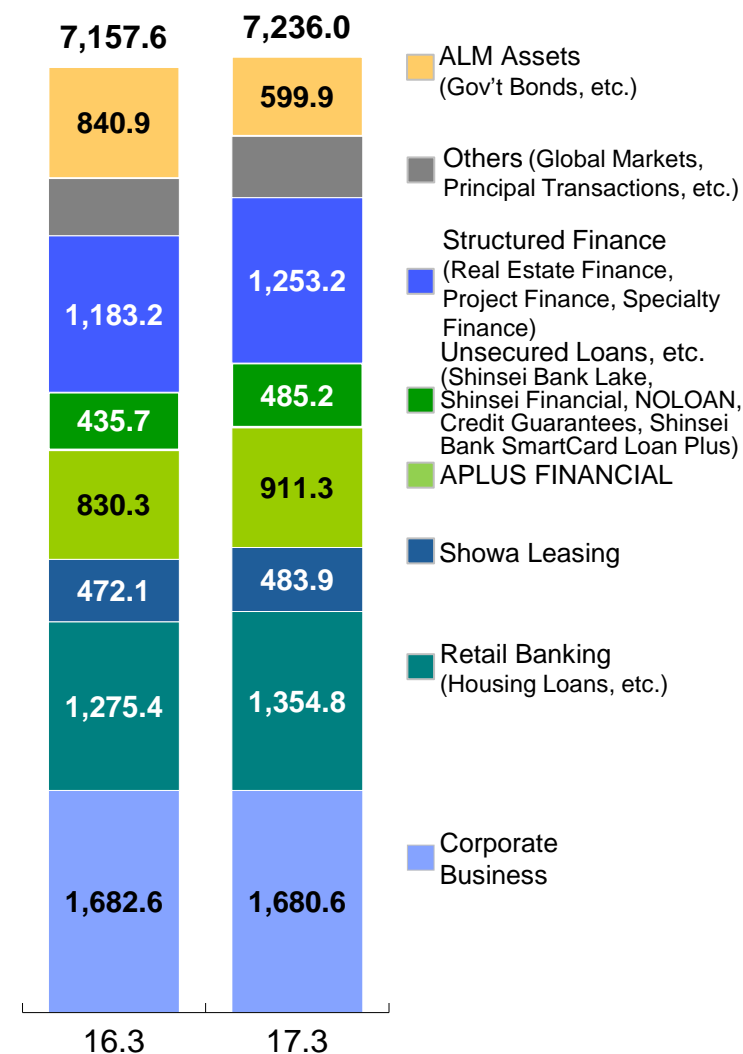
Segment P&L; Operating Assets (FY2016)

(Unit: JPY billion)

OBP after Net Credit Costs



Operating Assets² + ALM Assets



| Segment | FY16 (12 mos) | |
|--|---------------|-------------|
| | Amounts | Weight (%) |
| Individual Business | 13.4 | 25% |
| Retail Banking | -6.8 | -13% |
| Shinsei Bank Lake and Shinsei Financial ¹ | 10.2 | 19% |
| APLUS FINANCIAL | 9.2 | 17% |
| Others | 0.8 | 1% |
| Institutional Business | 30.4 | 56% |
| Corporate Business | 6.1 | 11% |
| Structured Finance | 13.3 | 25% |
| Principal Transactions | 5.5 | 10% |
| Showa Leasing | 5.4 | 10% |
| Global Markets Business | 4.1 | 8% |
| Markets | 5.1 | 9% |
| Others | -1.0 | -2% |
| Corporate/Other | 6.1 | 11% |
| Treasury | 5.3 | 10% |
| Corporate/Other (excluding Treasury) | 0.7 | 1% |
| Total | 54.1 | 100% |

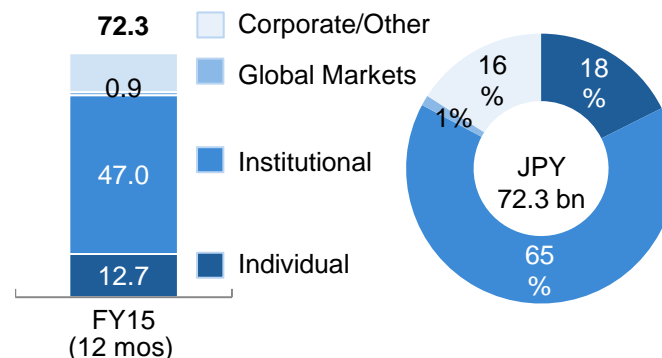
¹ Includes NOLOAN

² Includes insurance not requiring funding (customers' liabilities for acceptance and guarantee)

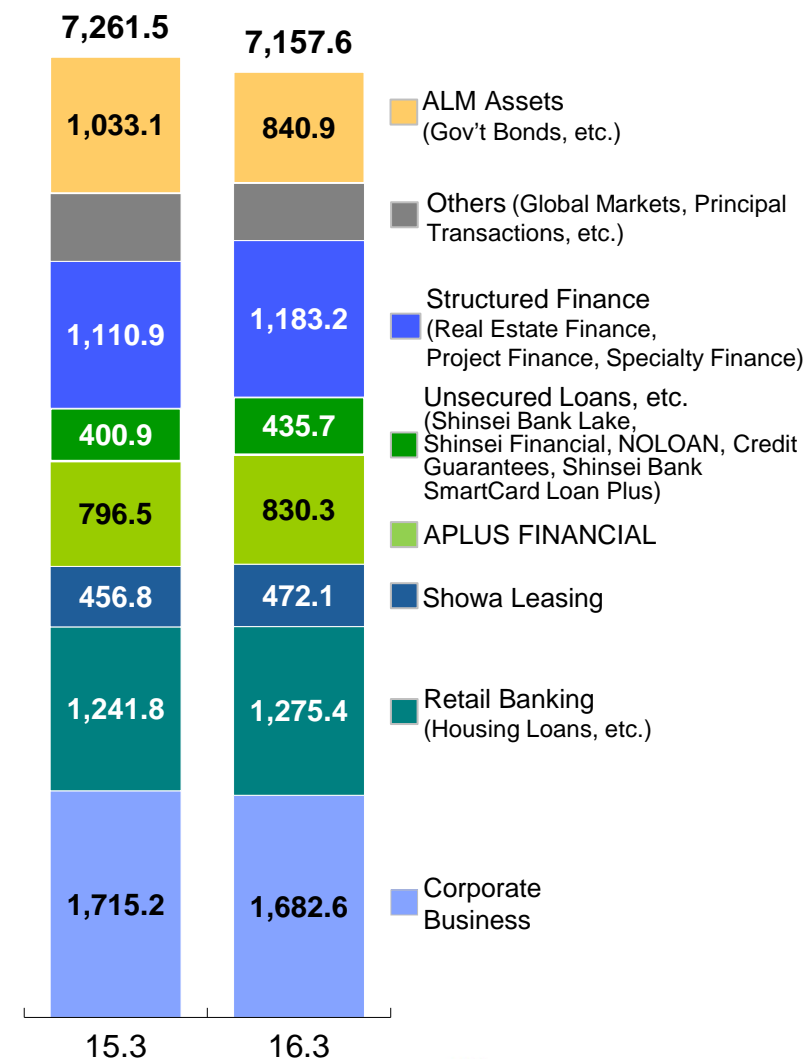
Segment P&L; Operating Assets (FY2015)

(Unit: JPY billion)

OBP after Net Credit Costs



Operating Assets² + ALM Assets



| Segment | FY15 (12 mos) | |
|--|---------------|-------------|
| | Amounts | Weight (%) |
| Individual Business | 12.7 | 18% |
| Retail Banking | -6.4 | -9% |
| Shinsei Bank Lake and Shinsei Financial ¹ | 11.6 | 16% |
| APLUS FINANCIAL | 6.8 | 9% |
| Others | 0.7 | 1% |
| Institutional Business | 47.0 | 65% |
| Corporate Business | 3.2 | 4% |
| Structured Finance | 33.6 | 46% |
| Principal Transactions | 2.1 | 3% |
| Showa Leasing | 8.0 | 11% |
| Global Markets Business | 0.9 | 1% |
| Markets | 1.7 | 2% |
| Others | -0.8 | -1% |
| Corporate/Other | 11.5 | 16% |
| Treasury | 9.8 | 14% |
| Corporate/Other (excluding Treasury) | 1.6 | 2% |
| Total | 72.3 | 100% |

¹ Includes NOLOAN

² Includes insurance not requiring funding (customers' liabilities for acceptance and guarantee)

Segment P&L Quarterly Trend

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

¹ Includes NOLOAN

Key Data

(Unit: JPY billion; %)

Balance Sheet

| | 2013.3 | 2014.3 | 2015.3 | 2016.3 | 2017.3 |
|--|----------------|----------------|----------------|----------------|----------------|
| Loans and bills discounted | 4,292.4 | 4,319.8 | 4,461.2 | 4,562.9 | 4,833.4 |
| Securities | 1,842.3 | 1,557.0 | 1,477.3 | 1,227.8 | 1,014.6 |
| Lease receivables/ leased investment assets | 203.5 | 227.7 | 227.0 | 211.4 | 191.4 |
| Installment receivables | 365.8 | 421.9 | 459.1 | 516.3 | 541.4 |
| Reserve for credit losses | -161.8 | -137.3 | -108.2 | -91.7 | -100.1 |
| Deferred Tax Assets | 16.3 | 16.5 | 15.3 | 14.0 | 15.5 |
| Total assets | 9,029.3 | 9,321.1 | 8,889.8 | 8,928.7 | 9,258.3 |
| Deposits including negotiable certificates of deposits | 5,457.5 | 5,850.4 | 5,452.7 | 5,800.9 | 5,862.9 |
| Borrowed money | 719.2 | 643.4 | 805.2 | 801.7 | 789.6 |
| Corporate bonds | 174.2 | 177.2 | 157.5 | 95.1 | 112.6 |
| Grey zone reserves | 34.9 | 208.2 | 170.2 | 133.6 | 101.8 |
| Total liabilities | 8,345.6 | 8,598.5 | 8,136.0 | 8,135.6 | 8,437.5 |
| Shareholders' equity | 626.3 | 665.1 | 728.5 | 786.8 | 823.7 |
| Total net assets | 683.6 | 722.5 | 753.7 | 793.1 | 820.7 |

Financial Ratios

| | FY12 | FY13 | FY14 | FY15 | FY16 |
|--------------------------|-------|-------|-------|-------|-------|
| Expense-to-revenue ratio | 64.6% | 65.4% | 60.2% | 64.9% | 62.3% |
| Loan-to-deposit ratio | 78.7% | 73.8% | 81.8% | 78.7% | 82.4% |
| ROA | 0.6% | 0.5% | 0.7% | 0.7% | 0.6% |
| ROE | 8.6% | 6.5% | 9.8% | 8.1% | 6.3% |
| RORA | n.a. | 0.7% | 1.2% | 1.1% | 0.8% |

Per Share Data

| (Unit: Yen) | FY12 | FY13 | FY14 | FY15 | FY16 |
|-------------|--------|--------|--------|--------|--------|
| BPS | 233.65 | 247.82 | 275.45 | 294.41 | 316.38 |
| EPS | 19.24 | 15.59 | 25.57 | 22.96 | 19.46 |

Credit Ratings

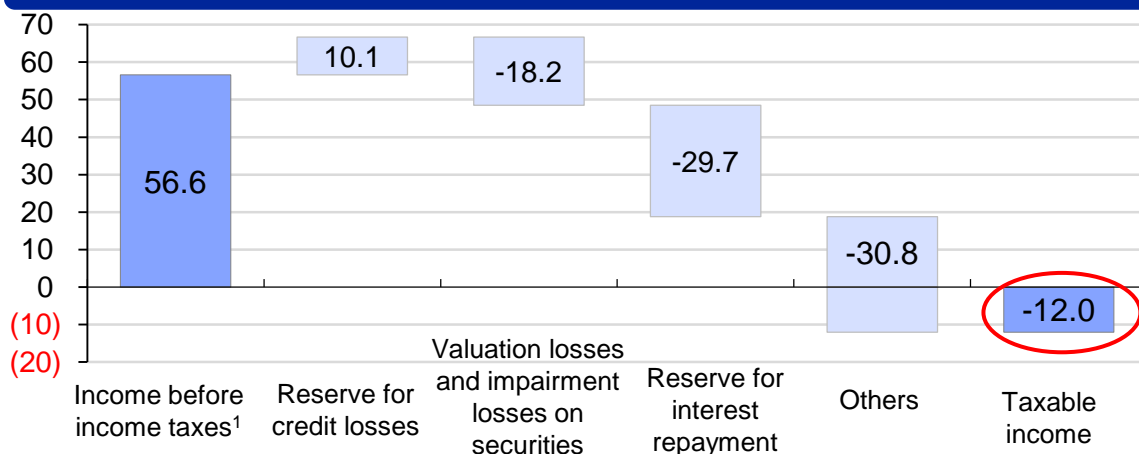
| | 2013.3 | 2014.3 | 2015.3 | 2016.3 | 2017.4 |
|----------------|--------|--------|--------|--------|--------|
| R&I | BBB+ | BBB+ | BBB+ | BBB+ | A- |
| JCR | BBB | BBB+ | BBB+ | BBB+ | BBB+ |
| S&P | BBB+ | BBB+ | BBB+ | BBB+ | BBB+ |
| Moody's | Ba1 | Baa3 | Baa3 | Baa3 | Baa2 |

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)

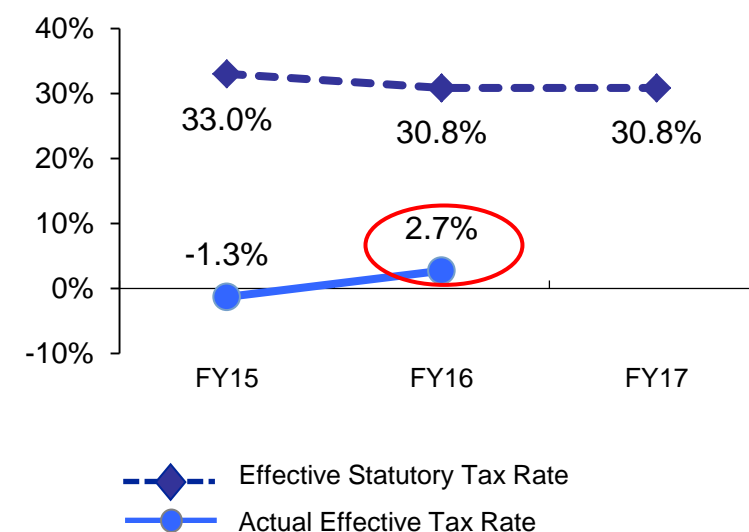
(Unit: JPY billion; %)

- 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 | | +0.3 |
| ((+):profits, (-) :expenses) (I-J) | | |

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

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 (as of September 30, 2016) | 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 Show a Leasing Co., Ltd. |
| December 2007 | Acquired a controlling interest in SHINKI 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.**