FY2016Q3 Japanese Language Financial Results Conference Call
(Held Jan. 31, 2017) Q&A English Transcript

Q: Why did the Bank choose to announce a share buyback at this point in time? Please describe the Bank's thinking around the magnitude and timing of future such actions.
A: The Bank took into consideration a number of factors including dilutive factors which occurred in the 3QFY2016 and resolved to undertake the buy back as part of efforts to enhance corporate value per share. Going forward, the Bank will continue to comprehensively evaluate all relevant factors related to any such actions in order to appropriately undertake such action at the appropriate juncture. The Bank is there unable to provide comment in regard to the timing of future actions.

Q: Regarding the JPY 5.0 billion benefit to be realized as a result of the productivity enhancement project, am I correct to interpret that the Bank will record a net reduction of the same value?
A: The Bank is anticipating a total benefit of JPY 5.0 billion, including the cost reduction effects resulting from the transfer of personnel. It is not necessarily a forgone conclusion that the JPY 5.0 billion benefit will manifest purely in bottom line profit.

Q: The Bank's total return ratio is now 29% with the announced share buyback. What total return ration is the Bank targeting from the next fiscal year onward?
A: The Bank has made no determinations regarding its return ratio at this point in time. While we believe that it be one of the considerations within the overall process of the creation of our capital policy frameworks, announced in November 2016, the Bank has made no related determinations at this point in time.

Q: What are the momentum builders which will enable the Bank to accelerate from its JPY 52.0 billion net income target for FY2016 to JPY 61.0 billion in FY2017?
A: The FY2017 net income target of JPY 61.0 billion was established before the announcement of the negative interest rate policy and therefore does not account for the policy's effects. The Bank will make an announcement regarding its FY2017 forecasts at the commencement of the new fiscal year. There is no change that the Bank's growth areas will serve as its momentum builders. Going forward the Bank anticipates a recovery in economic conditions as well as an improvement in the investment appetite of individual investors.

Q: Please provide more detail on the nature of the profit contribution of Principal Transactions in 3QFY2016. Are the recorded profits sustainable?
A: The profits which were recorded were generated on the exit from existing assets of the Credit Trading Business. As the timing of exits is dependent upon the nature and specific of the assets, the profits are not sustainable.

Q: Why are the credit costs associated with Structured Finance increasing?
A: The increase was due to the provisioning of general reserves for loan losses corresponding to new disbursements, primarily overseas transactions.

Q: Please provide an explanation of the extraordinary gains recorded by the Bank.
A: A one-time profit recorded on the redemption of equity shares of affiliate companies on a nonconsolidated basis and the recording of lending/investment related profits from business operations on a consolidated basis.

Q: Regarding the consolidated basis extraordinary gains, what was the nature of the investment and what are the reasons that the revenue was classified as an "extraordinary gain?"
A: The revenue was booked as an extraordinary gain due to being revenue recorded as a result of lending/investment which was undertaken for business purposes. The revenue has been recorded in the Individual Business on a management accounting basis.

Q: Excessively aggressive marketing of unsecured personal loans has been recently identified as problematic. Is there a possibility that the Bank will revise the marketing of the unsecured personal loan business of the Shinsei Bank Group as a result?
A: Following our full entry in the unsecured personal loan market, Shinsei Bank has engaged in the principled operation of its business. The Bank has therefore not engaged in marketing practices which may require it to alter its marketing methods and will continue to ensure it marketing activities are reasonable.

FY2016Q3 English Language Financial Results Conference Call
(Held Jan. 31, 2017) Q&A Transcript

Q: Regarding the share buyback, the buyback period of the newest repurchase runs until end of July versus the 1 year period which was established for the previous buyback. Is there any significance to this change in length of the buyback period?

A: There is no special meaning to the shorter repurchase period and the Bank is simply confident that it can complete its repurchase in the established period.

Q: Regarding the extraordinary gain, what transaction or operation did the Bank record the revenue from?
A: The revenue was recorded as a result of business related investment but the revenue is booked under extraordinary gains due to accounting rules.

Q: Is there additional detail which can be provided on the particular transaction?
A: Is it related to mark to market gains but the Bank declines to provide specifics of the transaction.

End of document