



Business and Financial Highlights

Fiscal Year Ended March 31, 2016

Shinsei Bank, Limited
May 2016



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Key Points:

1 Consecutively recorded profits throughout the 1st and 2nd Medium-Term Management Plans (FY2010-FY2015)

- ✓ FY2015 full year net income of JPY 60.9 billion recorded.
- ✓ Due to a reduction in markets related revenues resulting from market volatility arising from the implementation of the BOJ's NIRP, a FY2015 full year net income of JPY 60.9 billion was recorded, compared to the JPY 62.0 billion forecast made public on January 29, 2016

2 Full year net income¹ forecast of the first year of the 3rd MTMP (FY2016) is JPY 52.0 billion

- ✓ Reflecting the effects of the BOJ's Negative Interest Rate Policy ("NIRP"), the 3rd MTMP FY2016 full year net income target of JPY 55.0 billion made public on January 29 revised to JPY 52.0 billion (impact of -5%)
- ✓ Expecting stable/recurring profit to increase JPY2.0 billion (+5%) compared to FY2015

3 Approval of resolution to acquire treasury shares

- ✓ A share buyback program with an upper limit of 100 million shares or JPY 10.0 billion approved by the Board of Directors
- ✓ The Bank seeks to identify the path to the repayment of public funds, and as part of measures to do so, assuming the maintenance of sufficient capital, the Bank will implement an appropriate capital policy in order to increase per share values

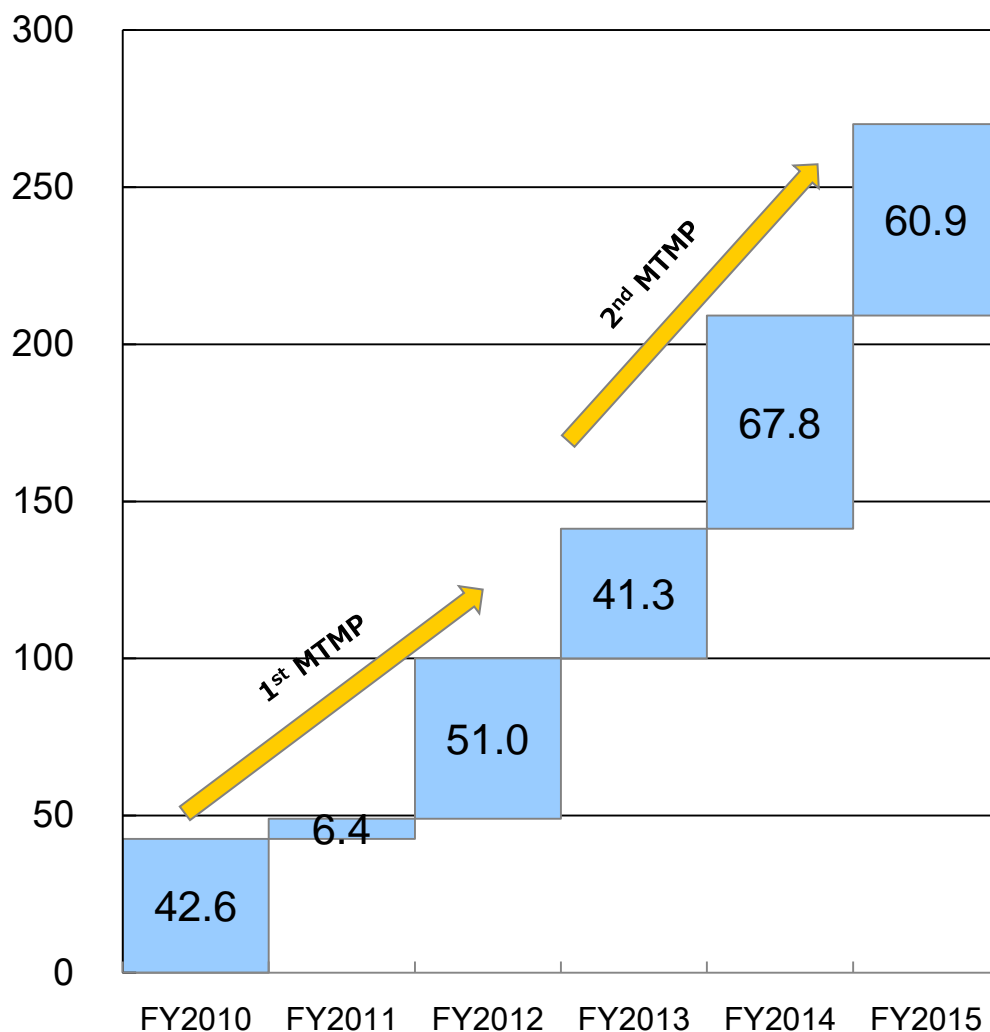
¹ In accordance with the revision of the Accounting Standard for Business Combination, as of FY2015 net income is referred to as profit attributable to owners of the parent

Six-Year-Overview (FY2010–FY2015):

(Unit: JPY billion; %)

Consolidated Net Income Trend

(Unit: JPY billion)



Performance Review

Profitability

- Total consolidated net income over the past 6 years exceeds JPY 270 billion
- Net interest margin (NIM) increased due to funding cost improvement

	Funding Cost	NIM
FY2010	0.59%	2.19%
FY2015	0.26%	2.40%

- ROA increased to 0.7%, and RORA¹ increased to 1.1%

	EPS	ROA	RORA ¹
FY2010	21.36 yen	0.4%	N.A.
FY2015	22.96 yen	0.7%	1.1%

- Expense-to-revenue ratio remains above 60%

Financial Stability

- NPL ratio significantly improved

	NPL Balance	NPL Ratio
FY2010	279.6	6.78%
FY2015	34.7	0.79%

- Capital ratios continued to improve

¹ RORA is calculated as net income divided by fiscal year end risk assets (Basel III international standard fully loaded basis)

FY2015 Full Year Financial Summary:

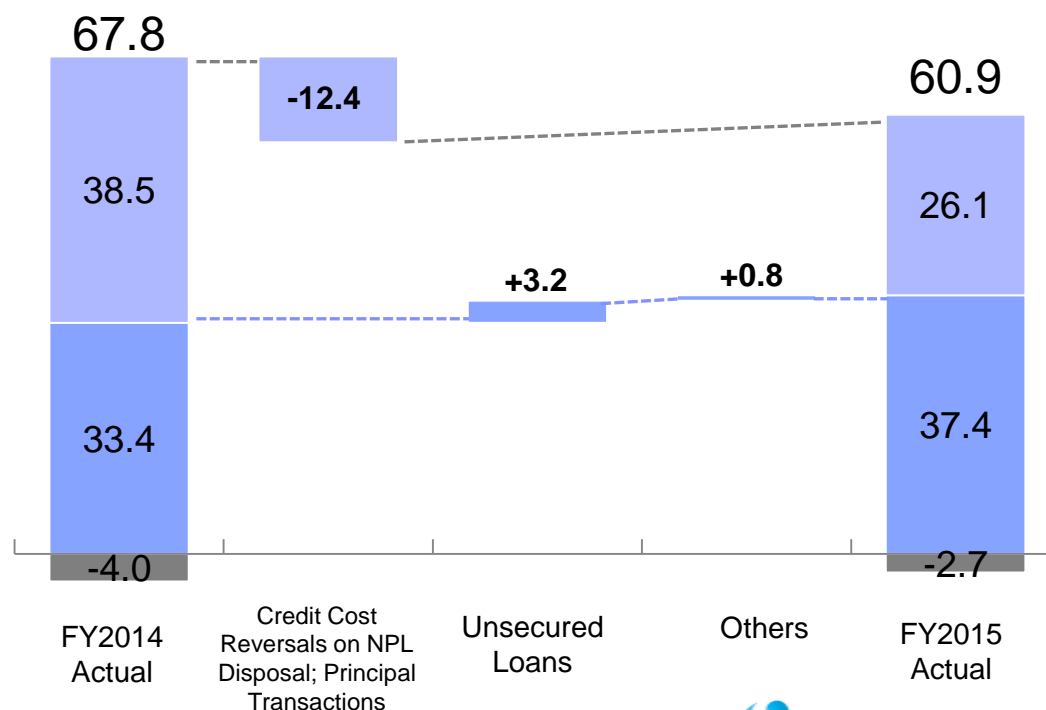
(Unit: JPY billion)

- FY2015 full year net income totaled JPY 60.9 billion
 - ◆ Recurring/Stable profits increased JPY +4.0 billion (+12%) compared to FY2014
 - ◆ Net credit recoveries associated with the disposal of NPLs and one time/volatile profits reduced JPY -12.4 billion compared to FY2014
- Due to a reduction in markets related revenue as a result of market turmoil arising from the implementation of the BOJ's NIRP FY2015 full year net income was JPY 60.9 billion, down -2% compared to the JPY 62.0 billion full year net income target made public on January 29, 2016

Consolidated	FY2014 (12 mos) (Actual)	FY2015 (12 mos) (Actual)	
			YoY B(+)/W(-)
Net Interest Income	126.4	122.3	-3%
Noninterest Income	108.8	94.2	-13%
Revenue	235.3	216.6	-8%
Expenses	-141.6	-140.5	+1%
Ordinary Business Profit	93.6	76.0	-19%
Net Credit Costs	-11.8	-3.7	+69%
Provisions of Reserves for Losses on Interest Repayment (Grey Zone)	-4.0	-2.7	+33%
Others	-9.8	-8.6	+12%
Net Income	67.8	60.9	-10%

FY2015 Net Income (Actual)

- Credit Reversals on the Disposal of NPLs and One Time / Volatile Profits
- Recurring / Stable Profits
- Provisions of Reserves for Losses on Interest Repayment (Grey Zone Provision)



FY2016 Full Year Forecast:

(Unit: JPY billion)

- Incorporating the effects of the BOJ NIRP, FY2016 full year net income forecast is revised from the original 3rd MTMP forecast (made public on Jan. 29, 2016) of JPY 55.0 billion to JPY 52.0 billion
- The BOJ's NIRP is expected to have an overall negative effect and its impact on Shinsei Bank is expected to be approx. -5%
- Expecting recurring/stable profit growth of JPY +2.0 billion (+5%) compared to FY2015

[Consolidated]	FY2015 (12 mos) Actual	FY2016 (12 mos) 3 rd MTMP (A)	FY2016 (12 mos) Forecast (B)	(A)-(B)
Revenue	216.6	236.0	231.0	-5.0
Expenses	-140.5	-146.0	-144.0	+2.0
Ordinary Business Profit	76.0	90.0	87.0	-3.0
Net Credit Costs	-3.7	-27.0	-28.0	-1.0
Others	-11.3	-8.0	-7.0	+1.0
Net Income	60.9	55.0	52.0	-3.0

FY2016 Forecast

Considering the external environment including the BOJ policy, market trends, etc., while there is a greater level of uncertainty than before, the Bank's FY2016 forecast reflecting the effects of the BOJ negative interest rate policy are as follows:

- Revenue: Impact of JPY -5.0 billion
 - Net interest income assumptions: In addition to a -15 bps base rate reduction (vs. 3rd MTMP), incorporating a tightening of spreads resulting from an increase in lending competition
 - Noninterest income assumptions: Incorporating a reduction in markets related revenue, including revenue associated with the sale of investment products, due to market turmoil
- Expenses expected to improve JPY +2.0 billion
 - Incorporating a portion of savings stemming from an expense reduction project
- Net credit costs, Others revised to reflect budget refinement

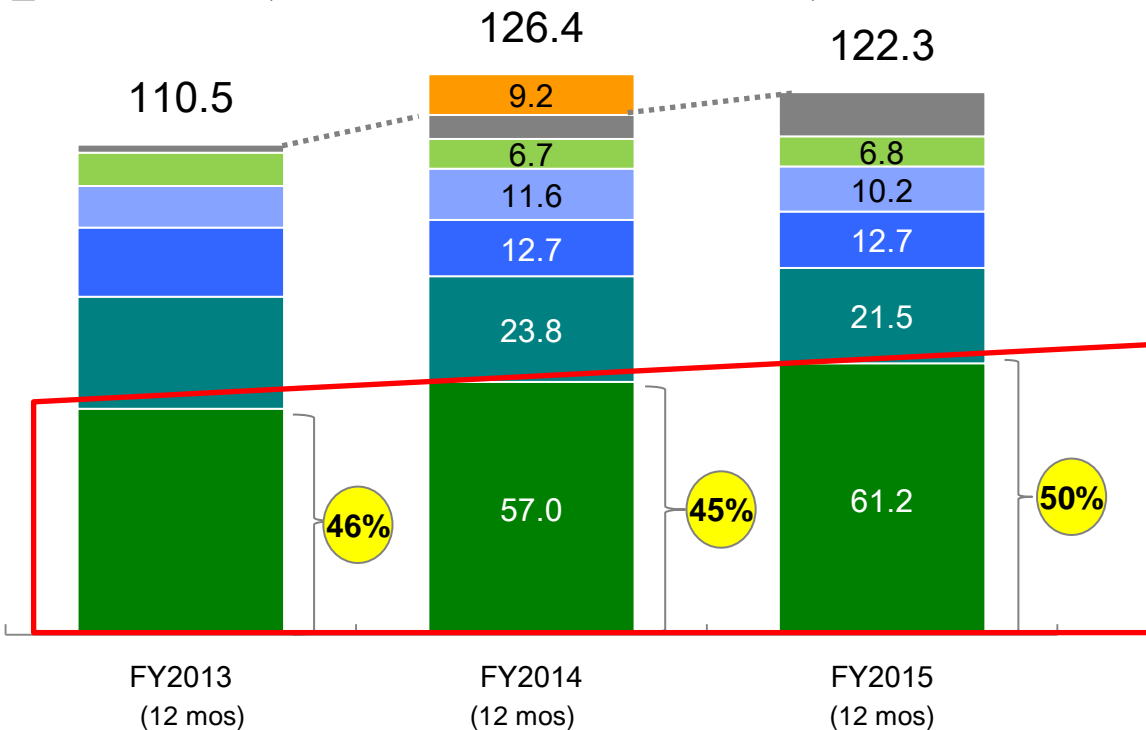
Net Interest Income:

(Unit: JPY billion)

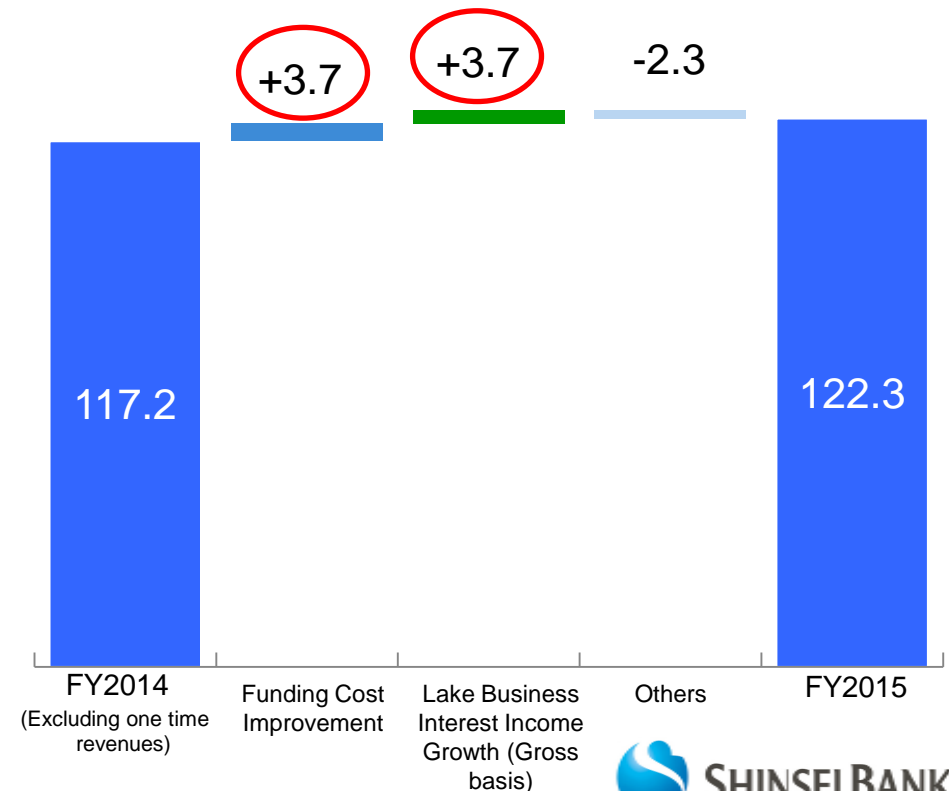
- Net interest income in FY2015 totaled JPY 122.3 billion. Net interest income from unsecured loans grew steadily, and now represents more than 50% of total net interest income
- Excluding one time revenues (JPY 9.2 billion) primarily associated with the Principal Transactions business recorded in FY2014, net interest income increased by JPY 5.1 billion from JPY 117.2 billion in FY2014 to JPY 122.3 billion in FY2015

Net Interest Income Trend

- One time revenues
- Others (Showa Leasing, Global Markets, Treasury, etc.)
- APLUS FINANCIAL
- Institutional Businesses
- Structured Finance
- Retail Banking
- Unsecured Loans (Shinsei Bank Lake, Shinsei Financial, SHINKI)



Y-o-Y Increase/Decrease Factors



Net Interest Margin (NIM):

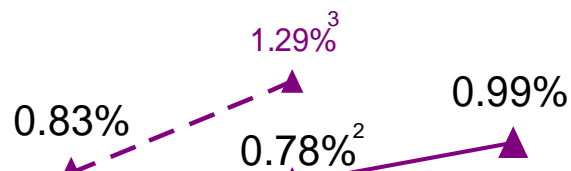
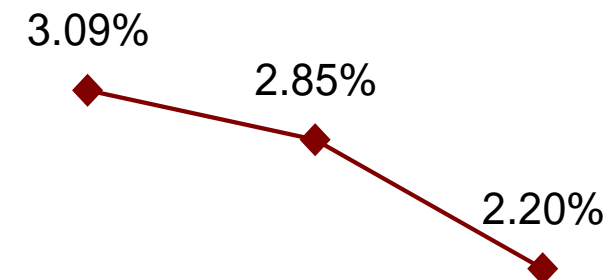
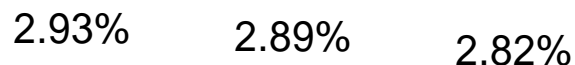
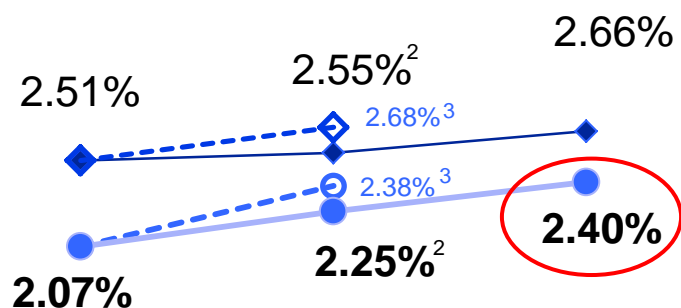
(Unit: JPY billion, %)

- Net Interest Margin improved to 2.40%, primarily due to further improvements in the rates on deposits and corporate bonds
- Excluding one time gains, yield on securities is increased

Net Interest Margin

Yield on Loans, Securities

Rate on Deposits, 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 Deposits, including NCDs

¹ Includes income on leased assets and installment receivables

² Excludes one time gain factors

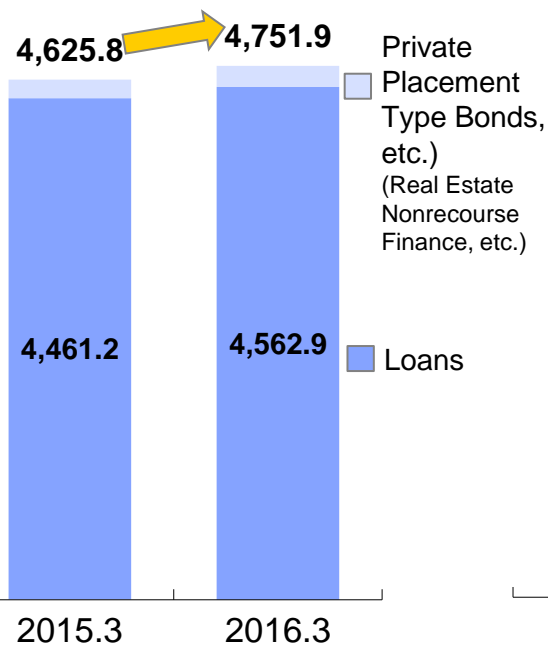
³ Disclosed basis

Balances: Assets and Liabilities

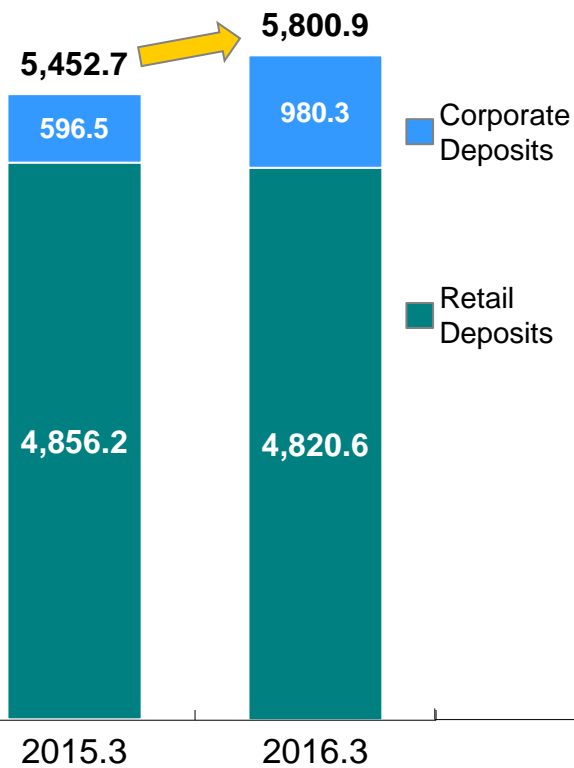
(Consolidated; Unit: JPY billion)

- Loan-to-deposit ratio (LDR) of 79%. Including real estate nonrecourse finance assets, etc. actual LDR was 82%
- Relatively higher yield assets associated with unsecured loans and structured finance account for 26% of all operating assets

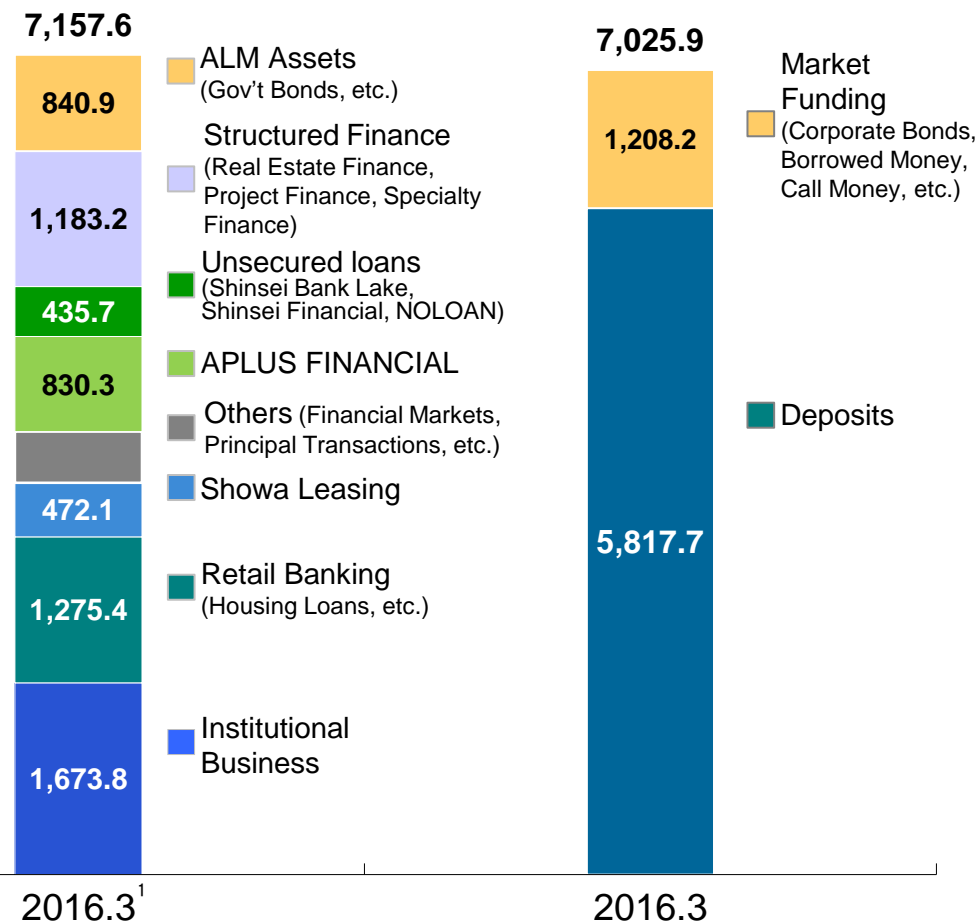
Loan, etc. Trend



Deposit Trend



Operating Assets + ALM Assets vs. Funding



¹ Includes insurance not requiring funding (JPY 280.6 billion of customers' liabilities for acceptance and guarantee)

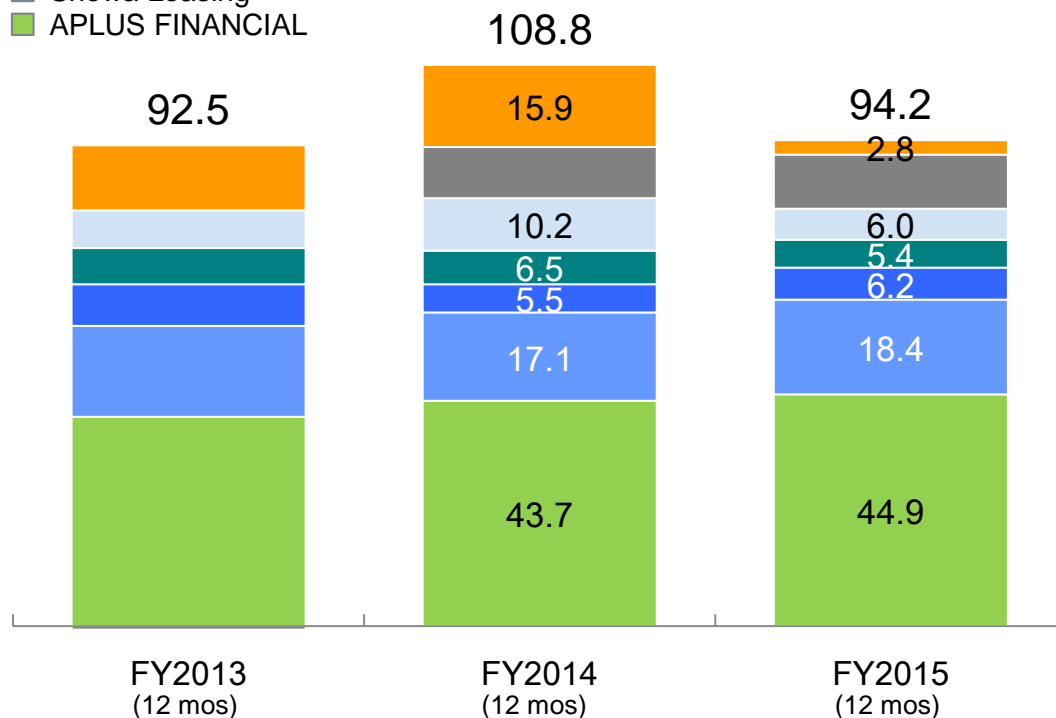
Noninterest Income:

(Unit: JPY billion)

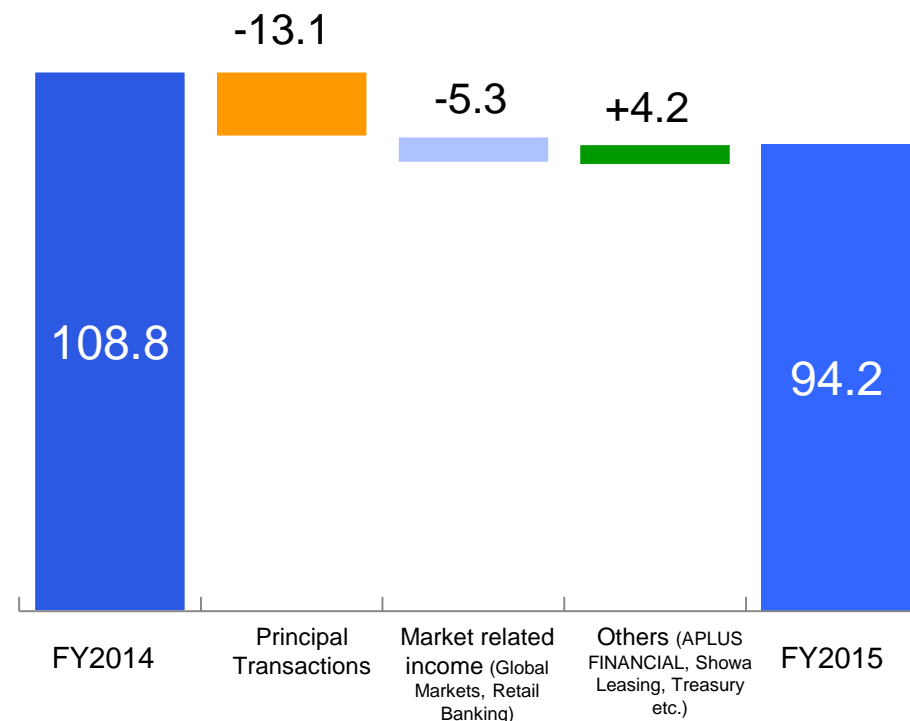
- Noninterest income in FY2015 totaled JPY 94.2 billion. Revenue from APLUS FINANCIAL and Showa Leasing increased steadily
- On the other hand, primarily due to the recording of a loss (JPY 5.1 billion¹) associated with the reassessment of a fund investment in the Principal Transactions business and reductions in credit trading and Global Markets revenues, total noninterest income reduced JPY 14.6 billion compared to FY2014

Noninterest Income Trend

- Principal Transactions
- Others (Institutional Business, Unsecured Loans, Treasury, etc.)
- Global Markets
- Retail Banking
- Structured Finance
- Showa Leasing
- APLUS FINANCIAL



Y-o-Y Increase/Decrease Factors



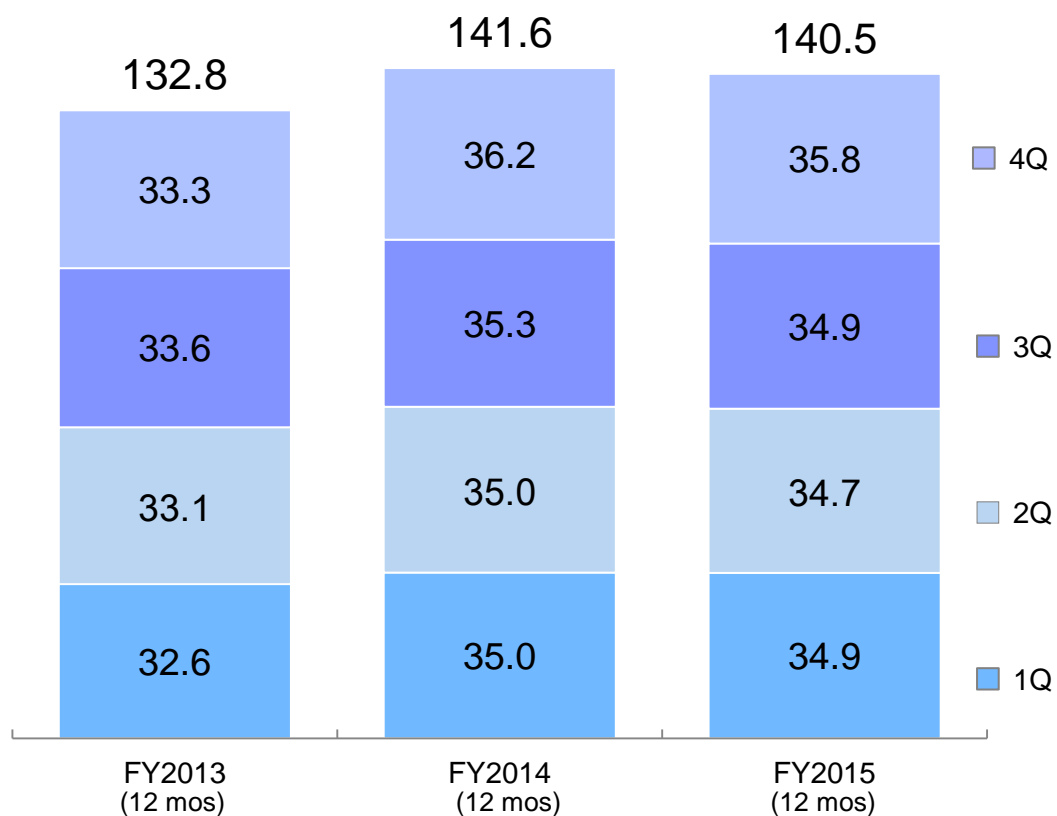
¹ Reflects March 31, 2016 Exchange Rates

Expenses, Expense to Revenue Ratio:

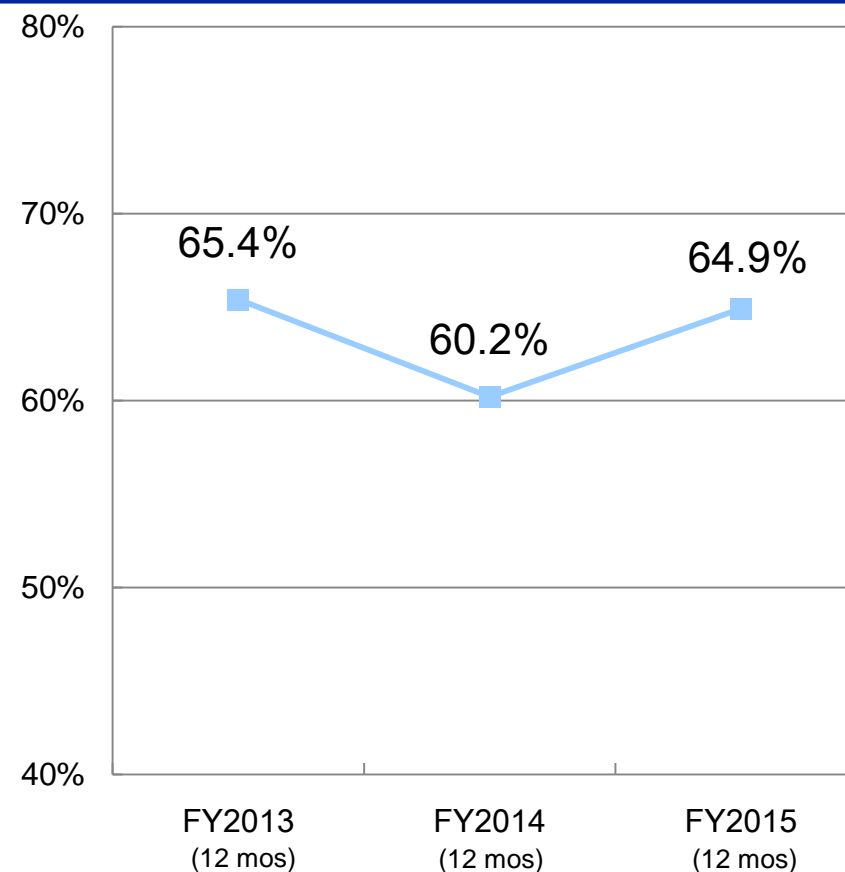
(Unit: JPY billion)

- Expenses totaled JPY 140.5 billion, decreased JPY 1.1 billion compared FY2014. Expense-to-revenue ratio at 64.9%
- In FY2016, while ensuring an optimal allocation of management resources and the enhancement of productivity will be pursued on a Group wide basis

Expenses



Expense to Revenue Ratio

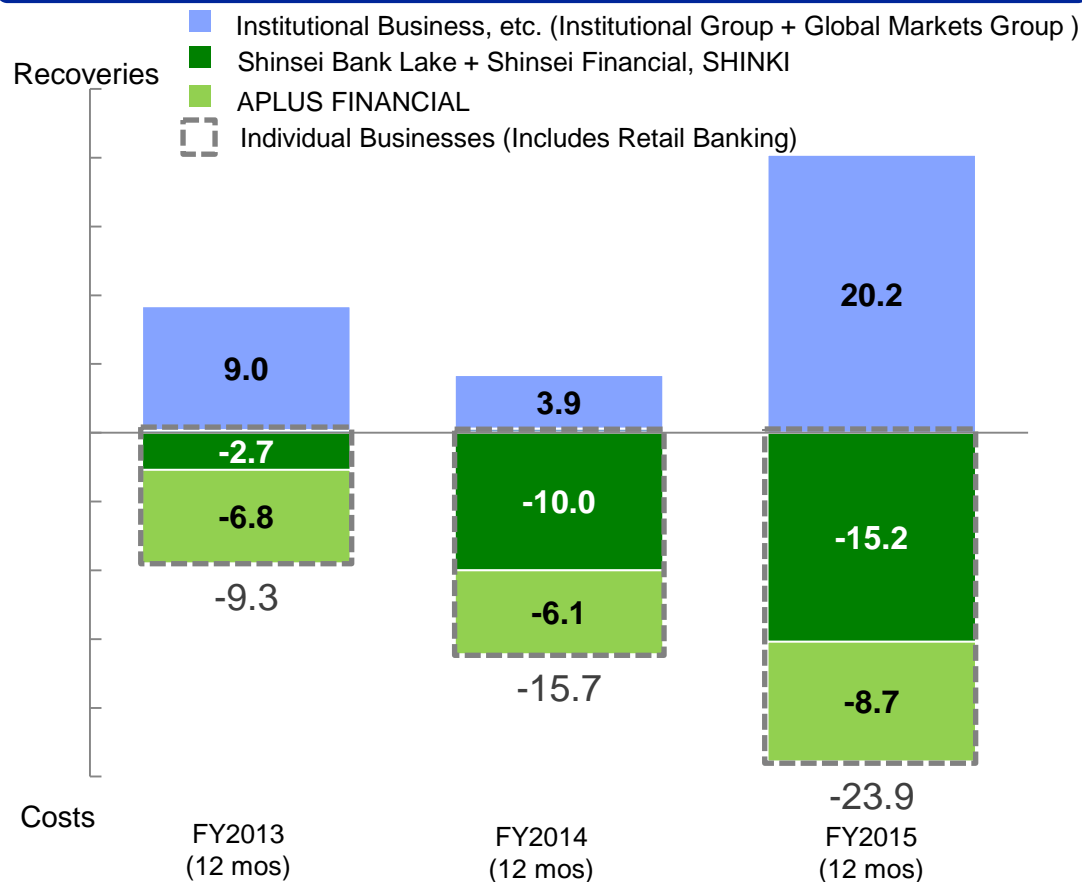


Net Credit Costs:

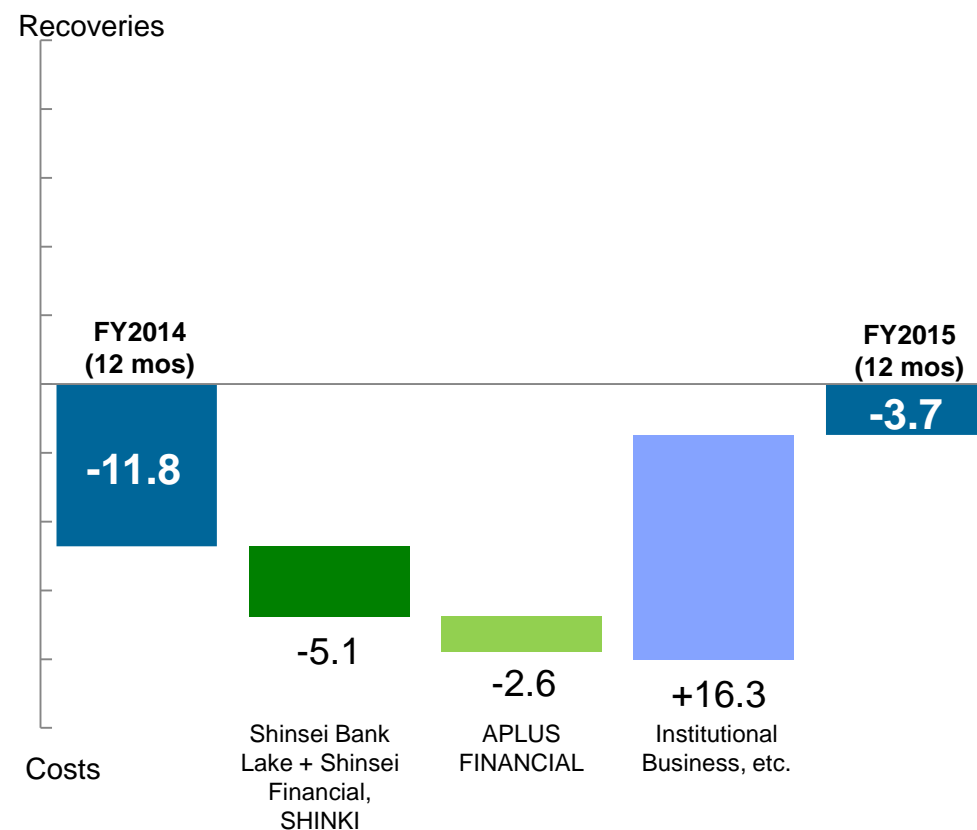
(Unit: JPY billion)

- Net credit recoveries recorded in the Institutional Businesses are due to the reversal of reserves for loan losses associated with the disposals of NPLs
- Net credit cost increase in the Individual Businesses is due to the provisioning of general reserves for loan losses as a result of the growth of the Shinsei Bank Lake balance and operating assets of APLUS FINANCIAL
- Net credit costs of Shinsei Bank Lake and Shinsei Financial approaching normalized levels at approx. 4% of total balance

Net Credit Cost Trend



Y-o-Y Increase/Decrease Factors

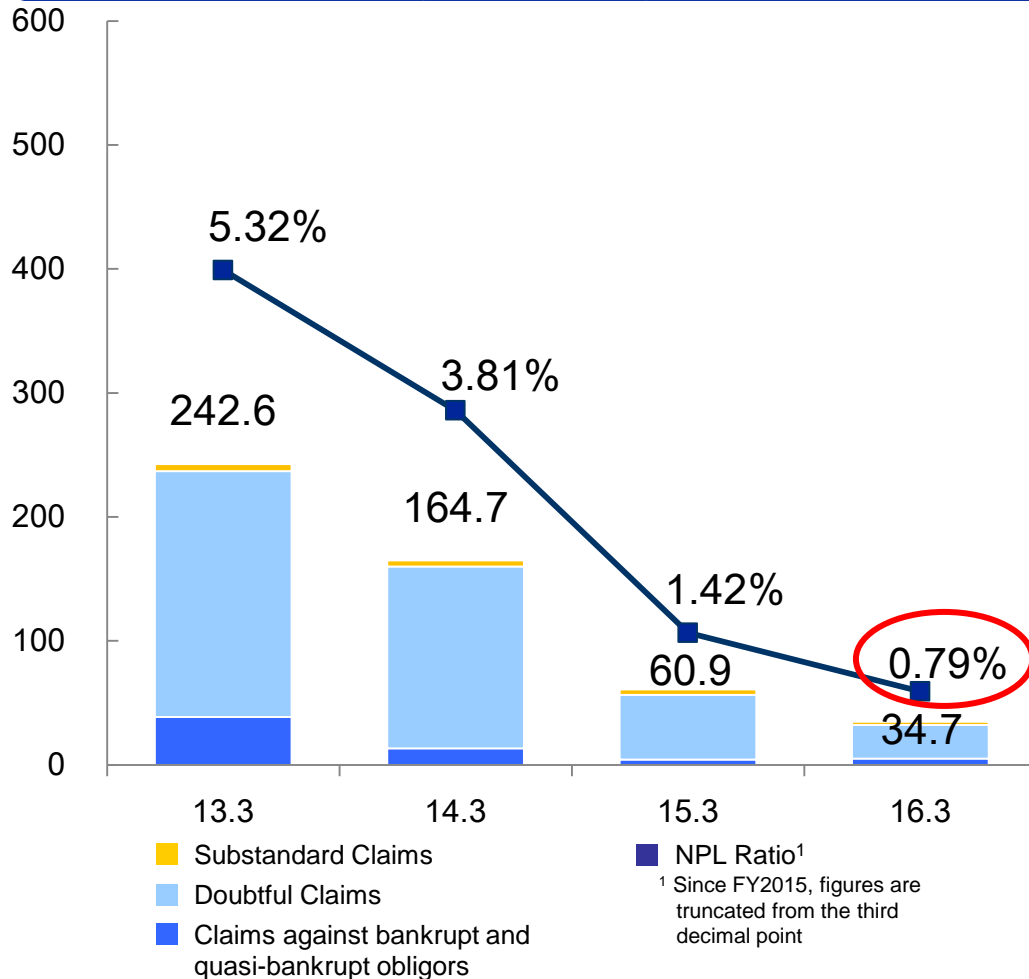


Asset Quality:

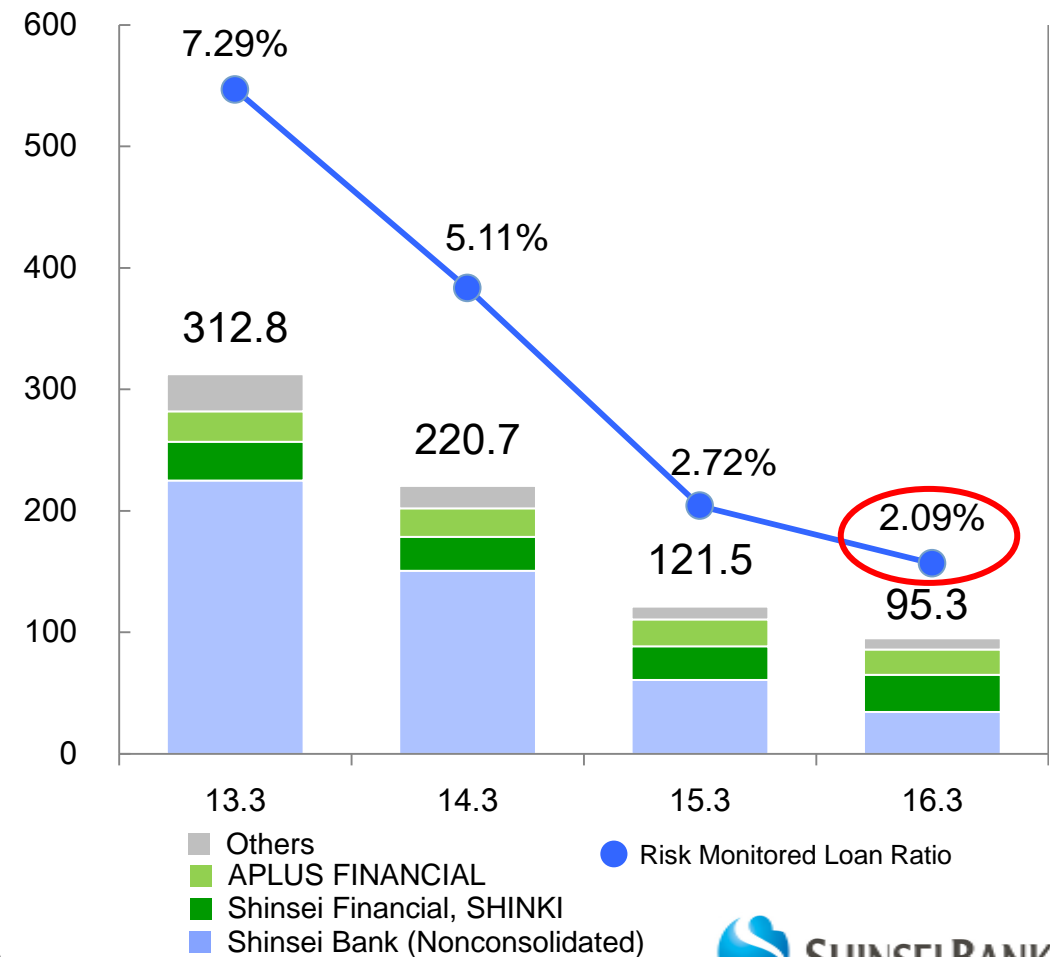
(Unit: JPY billion)

- NPL ratio reduced to 0.79%. NPL balance decreased by JPY 26.2 billion compared to March 31, 2015. Improvement due to significant progress in the disposal of major nonperforming loans in real estate finance and specialty finance
- Risk monitored loan ratio of the Shinsei Bank Group also reduced to 2.09%. Risk monitored loan balance reduced JPY 26.1 billion compared to March 31, 2015

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



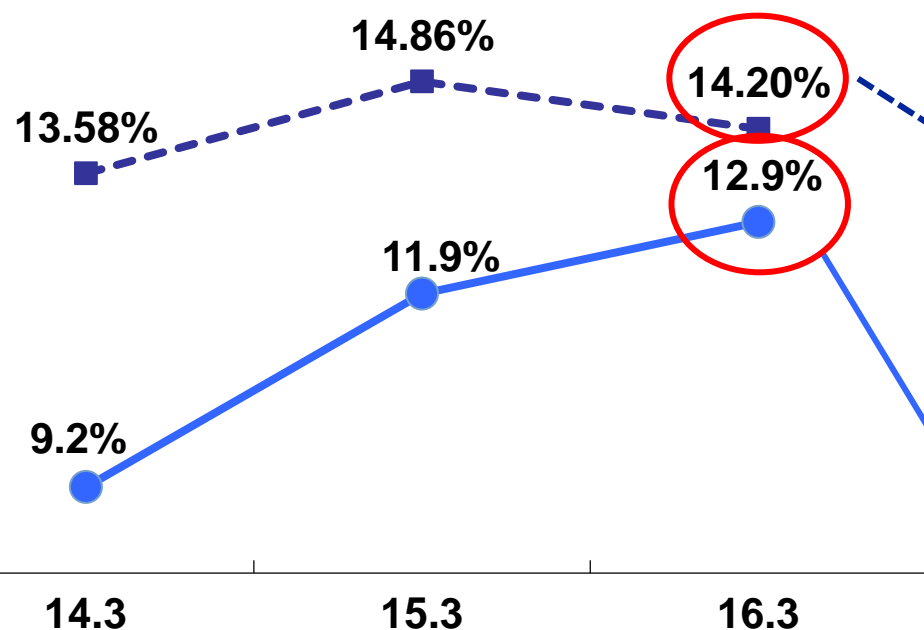
Risk Monitored Loans, Risk Monitored Loan Ratio (Consolidated)



Capital:

(Consolidated; Unit: JPY billion)

- Capital ratios continue to be maintained at ample levels
- Basel III domestic standard core capital ratio at 14.20 %
- Basel III international standard fully loaded basis CET 1 ratio at 12.9 %



Domestic Standard; Grandfathered Basis	2014.3	2015.3	2016.3
Total Core Capital	817.6	841.9	809.5
Risk Assets	6,016.7	5,661.9	5,698.1

International Standard; Fully Loaded Basis	2014.3	2015.3	2016.3
Common Equity Tier I	541.5	668.9	731.5
Risk Assets	5,914.6	5,618.9	5,692.1

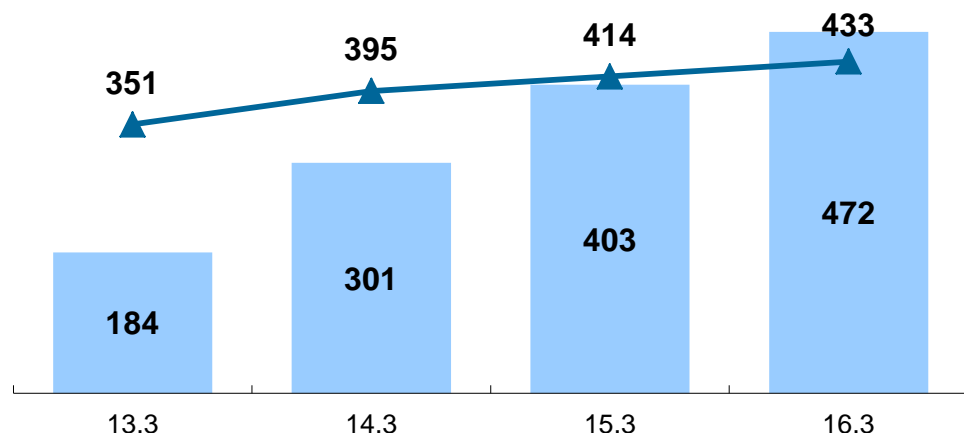
- Core Capital Adequacy Ratio
(Domestic Standard; Grandfathered Basis)
- Common Equity Tier I Ratio
(International Standard; Fully Loaded Basis)

Unsecured Personal Loans: Lake Business

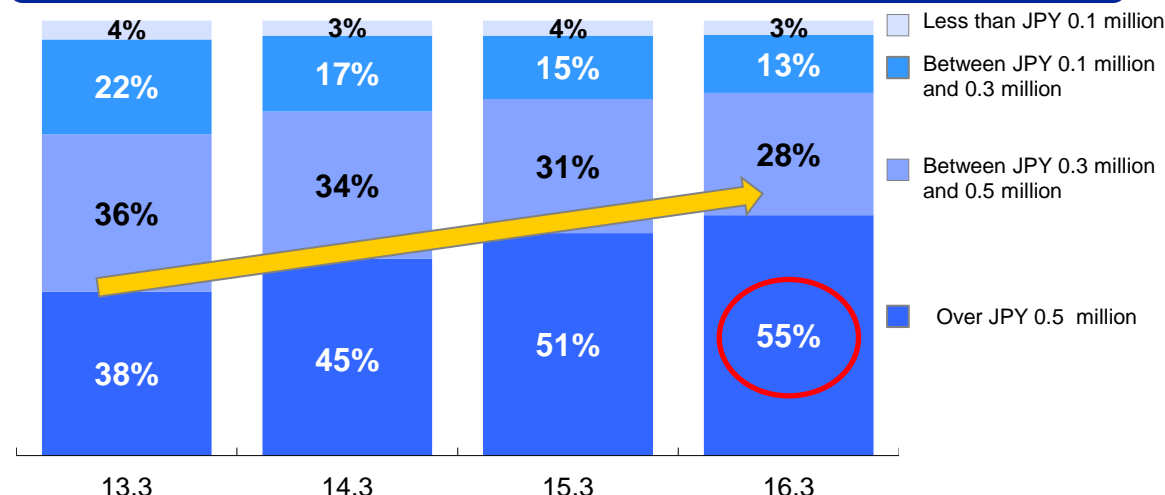
- Regarding the approvals due to factors such as less spending on advertising and weak branch development compared to competitors resulting in sluggish growth of applications received as well as an increase in the proportion of relatively low approval rate Web channel applications, the overall approval rate declined
- Regarding average balance per customer, the proportion of customers with loan balances exceeding JPY 500,000 increased due to a deepening of relationships with existing customers
- In FY2016 the Bank plans to proactively invest management resources into the business and will implement measures including increases in advertising and the scrapping and building of branches. Additionally, the Bank will look to increase its approval rate through the enhancement of its products and services, primarily through a radical overhaul of its applications process and the streamlining of application procedures, as well as undertaking a fine tuning of its credit standards

Shinsei Bank Lake:
Customers (thousands), Balance per Customer (JPY thousand)

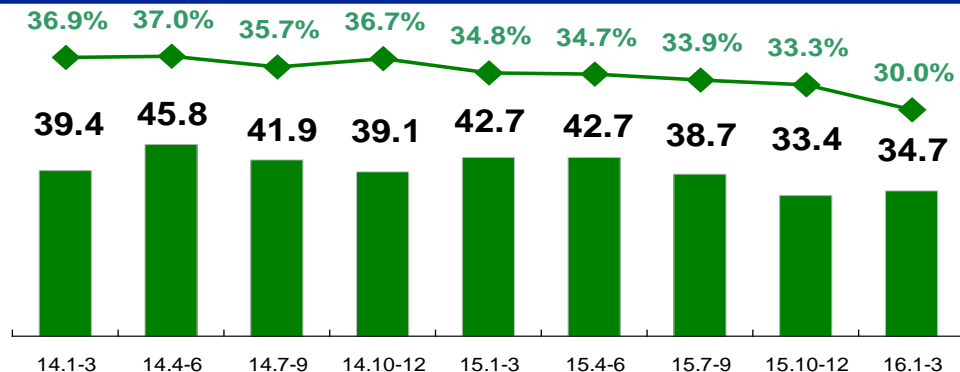
■ Customers (thousands) ▲ Average Balance per Customer (JPY thousand)



Shinsei Bank Lake:
Balance Composition by Customer Loan Balances



Shinsei Bank Lake:
New Customers (thousands), Approval Rate



Business Initiative Results and Issues

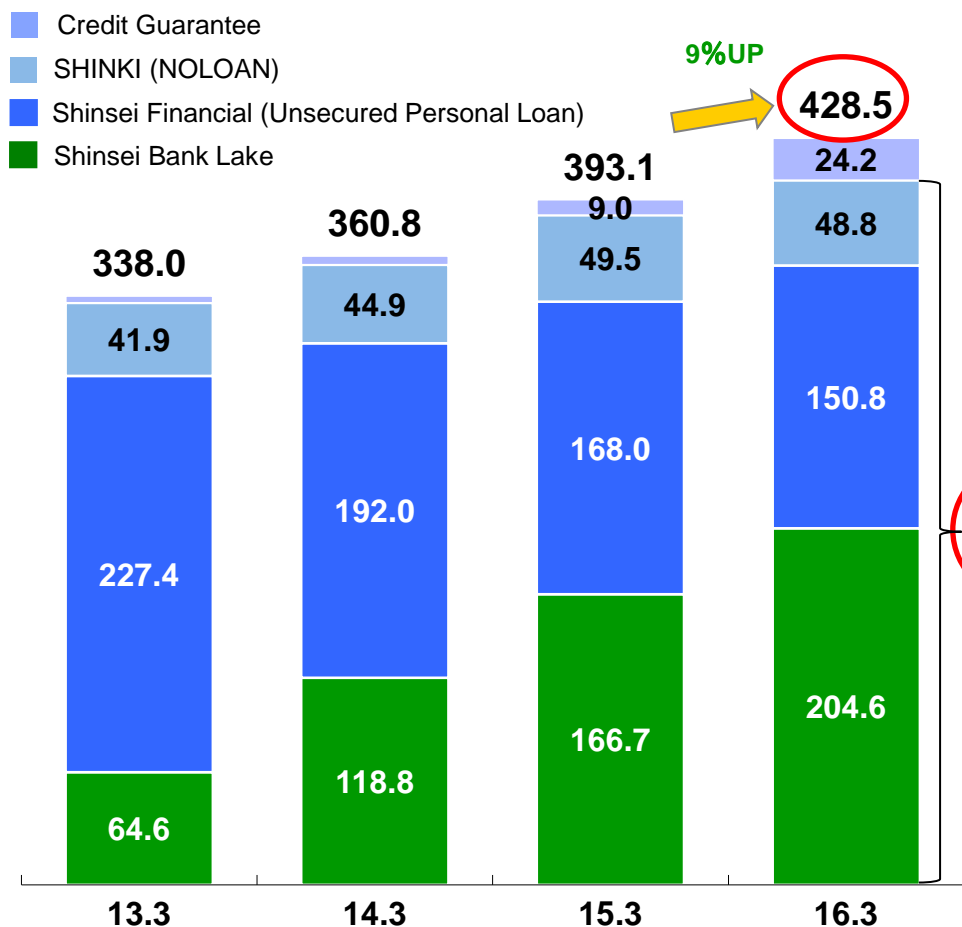
- Lake Brand Recognition; New Customer Acquisition:** New TV advertisements have been launched in Q3 as part of efforts to improve brand recognition. Efforts to increase customer acquisition in Q4 include the establishment of 3 new branches and increasing advertising expenses
- Lake Average Balance Increase:** Average customer balance increased as a result of various initiatives aimed at encouraging additional borrowing by existing customers. Percentage of higher income customers increasing

Unsecured Personal Loans:

(Unit: JPY billion)

- Combined balance of Shinsei Bank Lake, Shinsei Financial, NOLOAN and credit guarantee totals JPY 428.5 billion, increased 9% (compared to March 31, 2015)
- Shinsei Bank Smart Card Loan Plus was launched in November 2015. Customer base is increasing due mainly to acquiring bank account holders. Seeking to expand marketing to non Shinsei Bank Group customer base from FY2016. Credit guarantee balance growing steadily due to business alliances with leading regional banks
- Seeking to grow topline revenue through the leveraging of the brand attributes of “Lake,” “NOLOAN,” and “Smart Card Loan Plus”

Unsecured Personal Loan Balance



Shinsei Bank Lake + Shinsei Financial	FY2013 (12 mos)	FY2014 (12 mos)	FY2015 (12 mos)
Net Interest Income	44.2	50.2	54.3
Noninterest Income	-3.3	-2.1	-1.6
Expenses	-25.8	-27.7	-28.9
Net Credit Costs	-2.6	-8.9	-13.7
OBP after Net Credit Costs	12.4	11.5	10.0

SHINKI	FY2013 (12 mos)	FY2014 (12 mos)	FY2015 (12 mos)
Net Interest Income	6.7	6.7	6.9
Noninterest Income	-0.5	-0.5	-0.4
Expenses	-4.2	-4.4	-3.3
Net Credit Costs	-0.1	-1.1	-1.4
OBP after Net Credit Costs	1.7	0.6	1.6

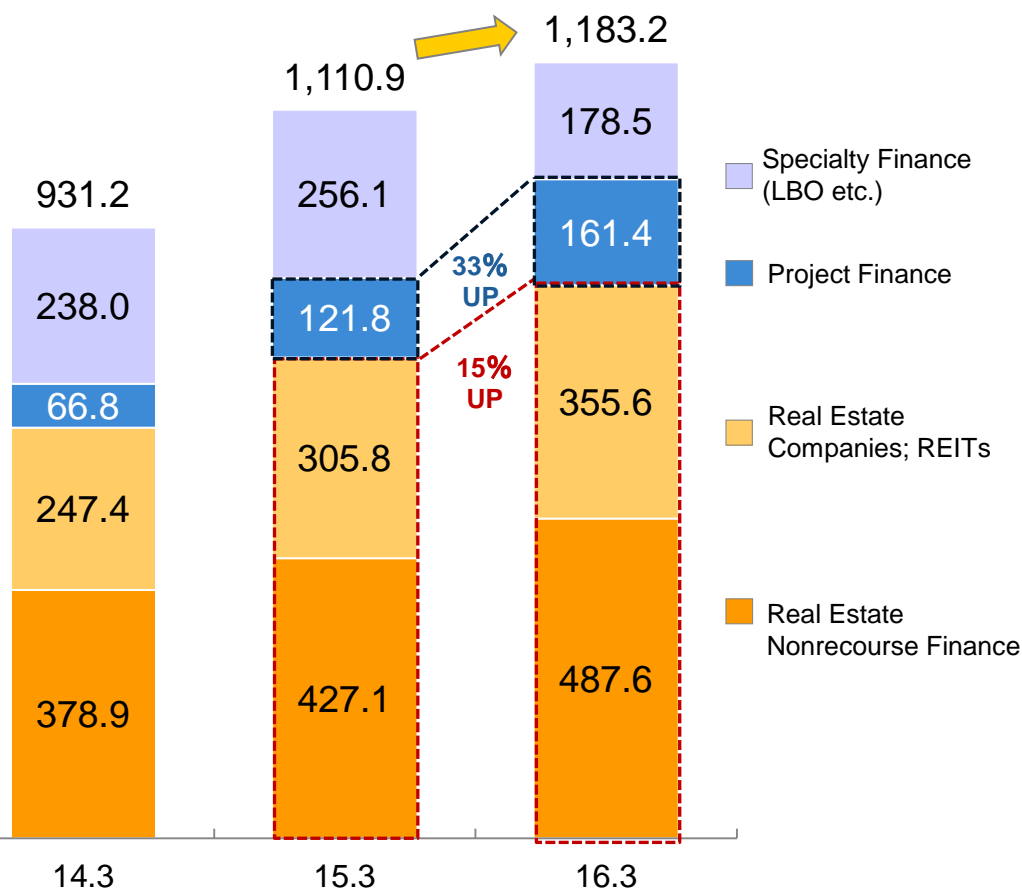
Structured Finance:

(Unit: JPY billion)

- Balance of real estate finance grew 15% (compared to March 31, 2015) reflecting initiatives in commercial, office and logistical facilities
- The combined balance of domestic and overseas project finance grew 33% (compared to March 31, 2015), driven primarily by the origination of renewable energy projects in Japan, as well as the syndication of infrastructure related projects and renewable energy projects overseas

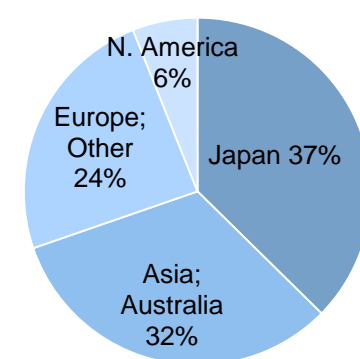
Structured Finance

【Operating Asset Balance】

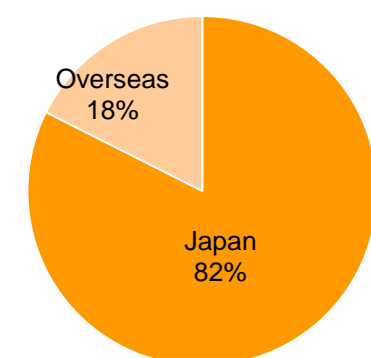


Regional Breakdown

【Project Finance】



【Real Estate Nonrecourse Finance】

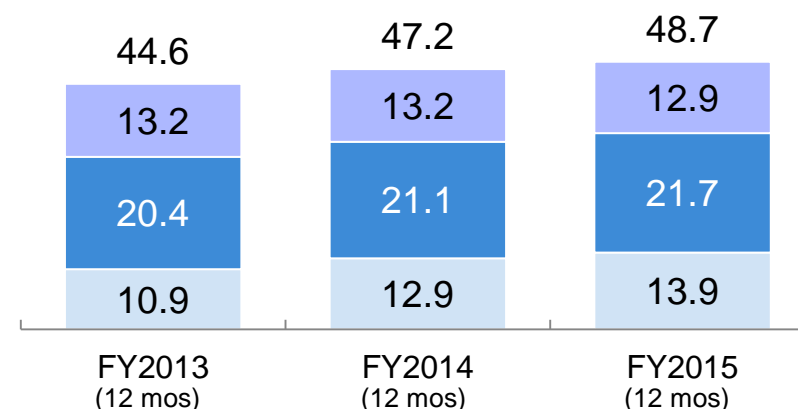
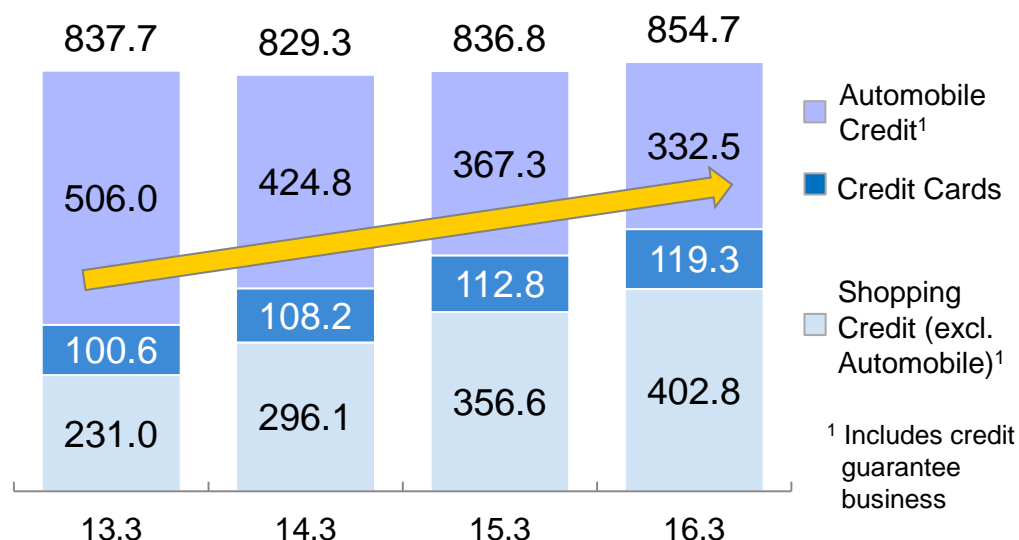


Structured Finance	FY2013 (12 mon)	FY2014 (12 mon)	FY2015 (12 mon)
Net Interest Income	15.6	12.7	12.7
Noninterest Income	8.1	5.5	6.2
Expenses	-4.7	-5.1	-5.5
Net Credit Costs	8.0	6.6	20.4
OBP after Net Credit Costs	27.0	19.8	33.9

- General merchandise shopping credit balance has grown steadily. Operating asset balance and operating revenue also increased
- Revenue from credit cards grew due to an increase in the revolving credit balance

Operating Asset Balance (Shopping Credit; Credit Cards)

Operating Revenue (Shopping Credit; Credit Cards)



Business Performance Results and Issues

- **Shopping Credit:** Promoted general merchandise through the highly convenient online credit application system “APLUS eOrder” as well as highly attractive shopping credit T Point shopping credit.
- **Credit Cards:** Strong growth in revolving credit balance, increased approximately 30% compared to the same period last year. In order to grow credit card shopping balances, efforts will be made to increase new credit card issuances and increasing customers utilization of existing credit cards.

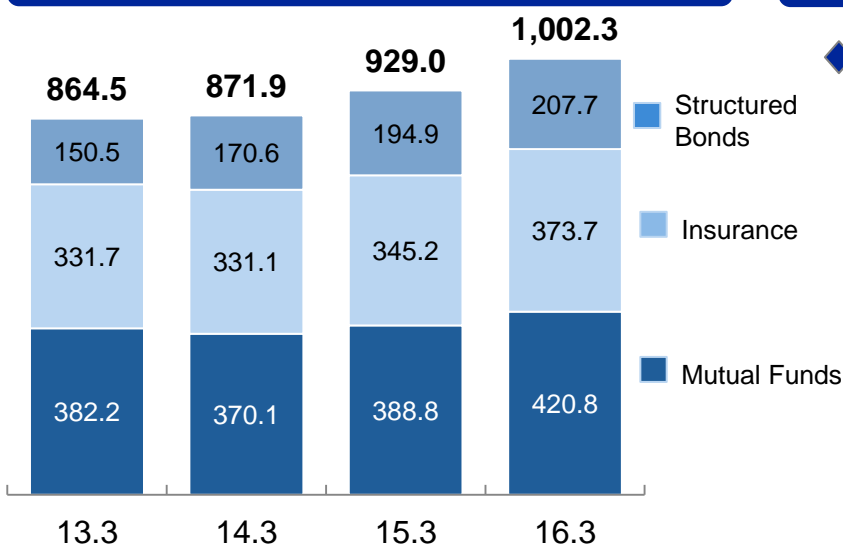
APLUS FINANCIAL	FY2013 (12 mon)	FY2014 (12 mon)	FY2015 (12 mon)
Net Interest Income	7.5	6.4	6.8
Noninterest Income	40.6	43.7	44.9
Expenses	-34.7	-35.8	-36.1
Net Credit Costs	-6.8	-6.1	-8.7
OBP after Net Credit Costs	6.5	8.4	6.8

Retail Banking:

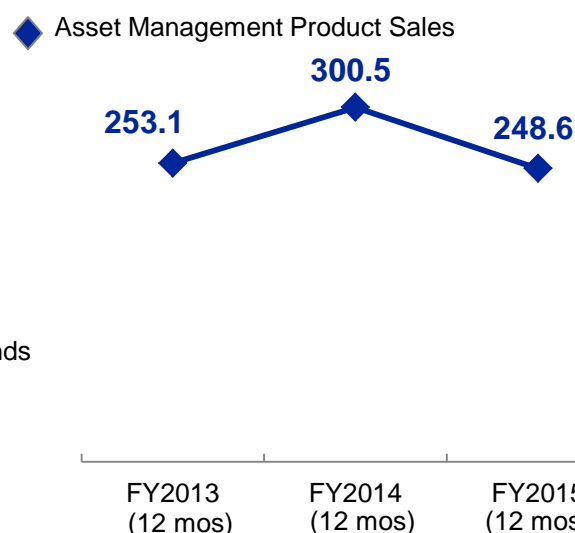
(Unit: JPY billion)

- While sales of asset management products slowed down due to reduction in customer investment appetite as a result of market turmoil, the overall balance of asset management products continued to grow
- Balance of JPY 2-week maturity deposit exceeds JPY 1.2 trillion. No significant changes in retail deposit balance post BOJ NIRP

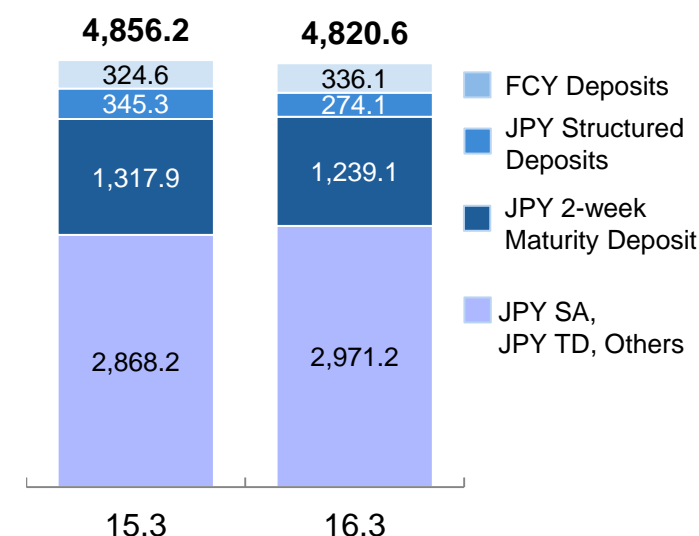
Balance of Asset Management Products



Sales of Asset Management Products



Balance of Retail Deposit Products



Retail Banking	FY2013 (12 mon)	FY2014 (12 mon)	FY2015 (12 mon)
Net Interest Income	25.3	23.8	21.5
Noninterest Income	7.0	6.5	5.4
Expenses	-31.7	-34.4	-33.3
Net Credit Costs	0.0	0.2	-0.1
OBP after Net Credit Costs	0.6	-3.9	-6.4

Foreign Currency Products and Services

- **FCY Deposits:** Approx. 6% market share. JPY 336.1 billion balance. Cornerstone of foreign currency funding
- **FCY Denominated Asset Management Products:** Includes a wide range of products such as FCY denominated structured deposits, FCY 2-week maturity deposits, FCY automatically funded time deposits, etc.
- **FCY Related Services:** Providing highly convenient services such as the overseas remittance service GoRemit, the Prepaid Credit Card GAICA which can be charged/uncharged with foreign currency deposits*, low foreign currency transaction costs, market linked foreign exchange rate transactions available 24 hours a day**, etc.

* GAICA(with Flex function)

** Excluding Bank holidays in relevant markets and periods of high market volatility

Institutional Business, Showa Leasing:

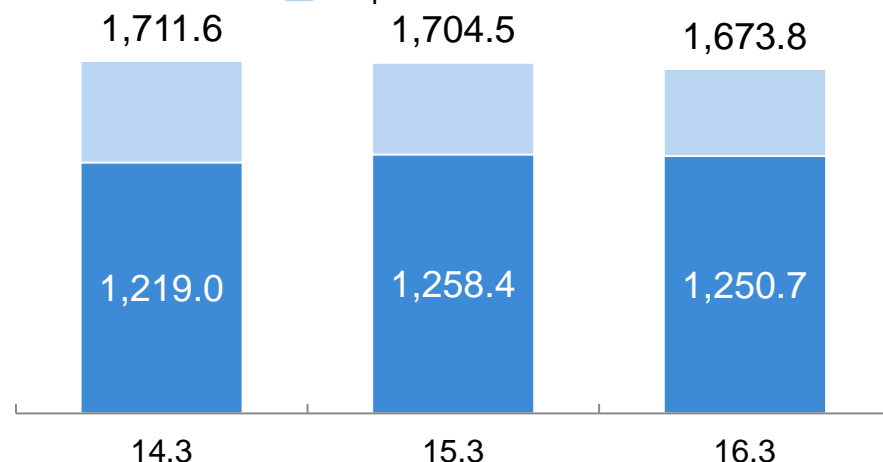
(Unit: JPY billion)

- Institutional Business promoting the building of core, long term relationships through the acquisition of new institutional clients and deepening of existing relationships
- Operating asset balance of Showa Leasing increased steadily due to initiatives undertaken in the environmental and nursing/healthcare business growth sectors as well as the production/manufacturing machinery sector, contributing to the recording of stable noninterest income

Institutional Business

【Operating Asset Balance】

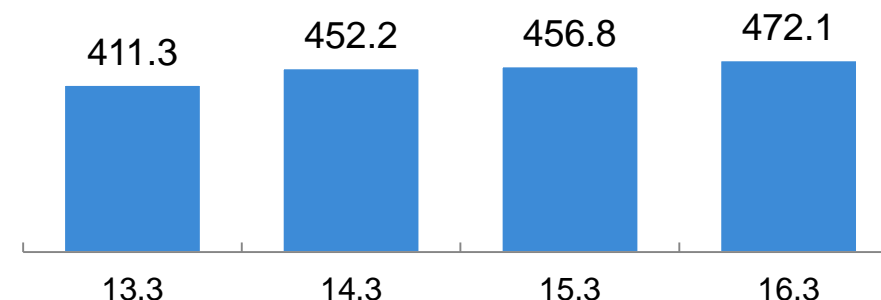
- Others (Public Companies, Financial Institutions, etc.)
- Corporates



Institutional Business	FY2014 (12 mos)	FY2015 (12 mos)
Net Interest Income	11.6	10.2
Noninterest Income	5.7	4.0
Expenses	-9.4	-10.4
Net Credit Costs	-2.2	-0.6
OBP after Net Credit Costs	5.6	3.1

Showa Leasing

■ Operating Asset Balance



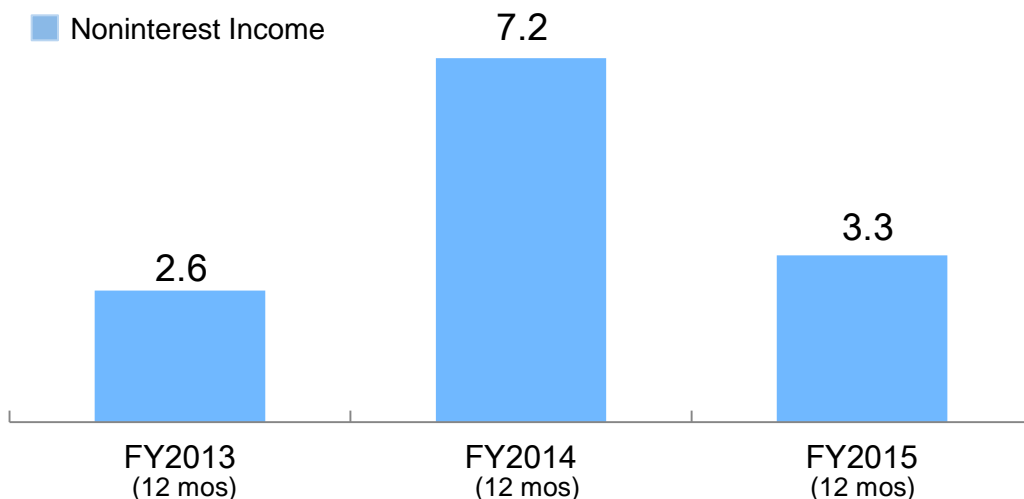
Showa Leasing	FY2013 (12 mos)	FY2014 (12 mos)	FY2015 (12 mos)
Net Interest Income	-2.4	-2.1	-2.1
Noninterest Income	17.6	17.1	18.4
Expenses	-8.2	-8.1	-8.5
Net Credit Costs	2.6	1.2	0.4
OBP after Net Credit Costs	9.5	8.0	8.0

Markets, Principal Transactions:

(Unit: JPY billion)

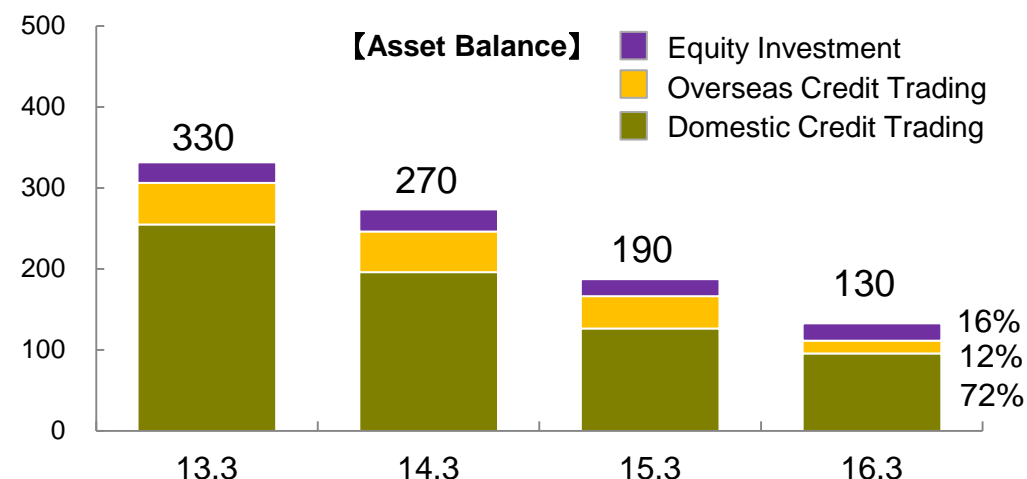
- In Markets Sub-Group, despite derivatives transactions with customers remaining firm, the erosion in other markets related transactions resulting from the high levels of market volatility in the second half resulted in sluggish revenue growth
- In Principal Transactions, revenue declined due to factors such as the absence of major revenues recorded in FY2014 in addition to a loss due to the reassessment of a fund investment recorded in 2Q FY2015. Front office personnel shifted to Business Succession

Markets



Markets Sub-Group	FY2013 (12 mos)	FY2014 (12 mos)	FY2015 (12 mos)
Net Interest Income	2.2	2.0	1.7
Noninterest Income	2.6	7.2	3.3
Expenses	-3.2	-3.3	-3.4
Net Credit Costs	-0.0	-0.0	0.1
OBP after Net Credit Costs	1.5	5.9	1.7

Principal Transactions



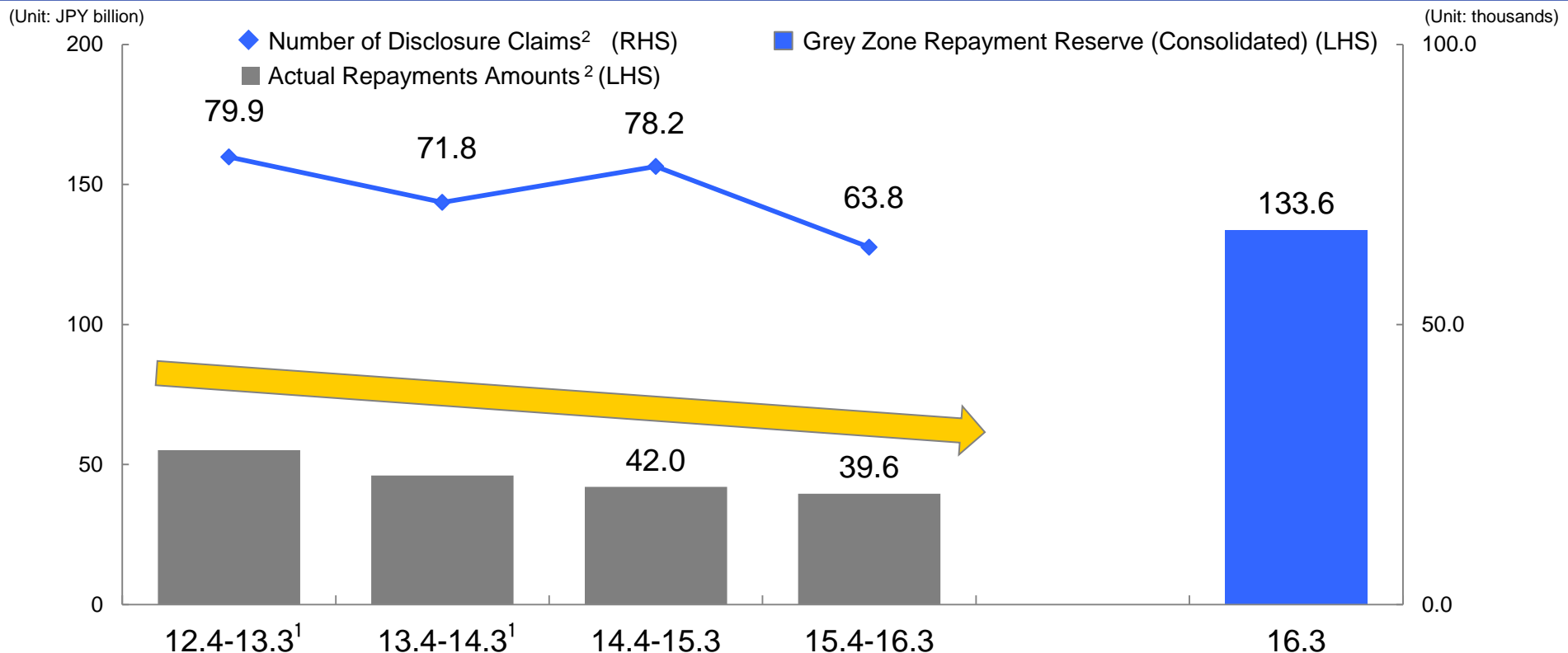
Principal Transactions	FY2013 (12 mos)	FY2014 (12 mos)	FY2015 (12 mos)
Net Interest Income	5.2	12.8	4.5
Noninterest Income	12.6	15.9	2.8
Expenses	-4.2	-6.2	-5.1
Net Credit Costs	0.2	-1.7	-0.3
OBP after Net Credit Costs	13.9	20.7	1.8

Interest Repayment (Grey Zone):

(Unit: JPY billion)

- JPY 2.7 billion of additional grey zone reserves provisioned at APLUS FINANCIAL
- Grey zone reserves at an adequate level for the Shinsei Bank Group at JPY 133.6 billion
- Long term decline in the number of disclosure claims and actual repayment amounts continues. Disclosure claims continue to be closely monitored with attention to claims from certain law firms and judicial scrivener offices

Interest Repayments Amounts; Disclosure Claims Trend



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

² Shinsei Financial, SHINKI and APLUS FINANCIAL combined

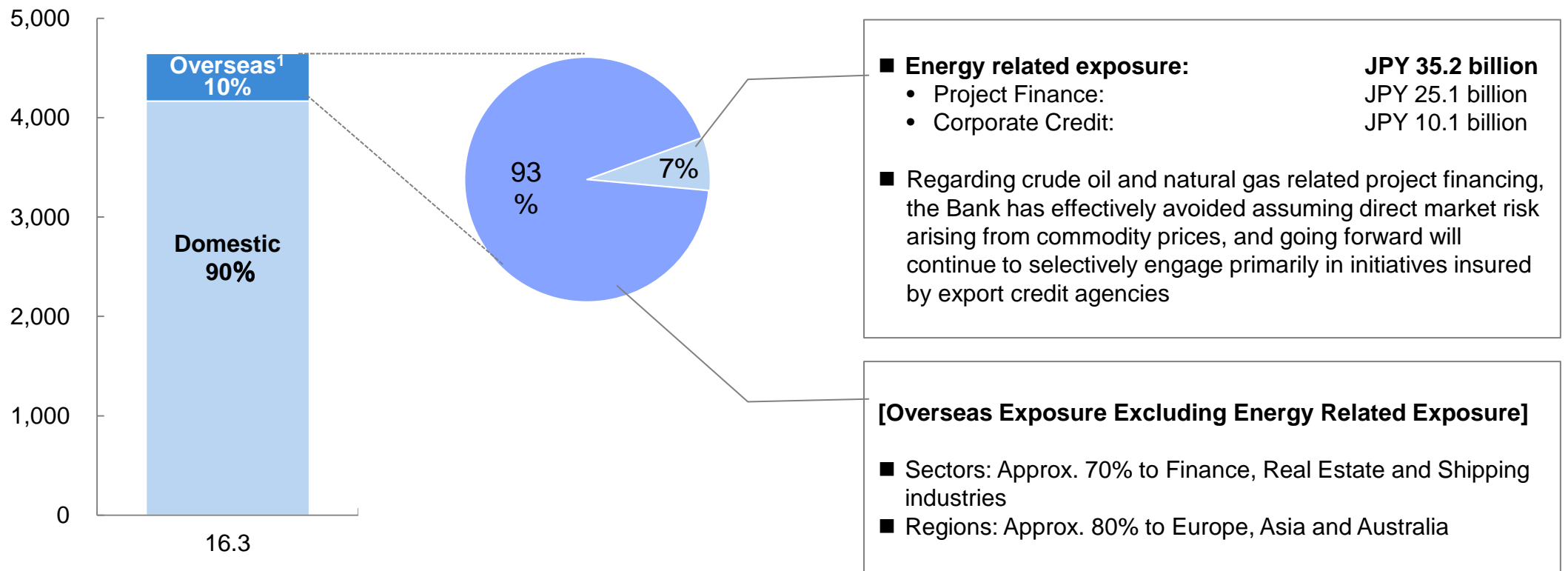
Grey Zone
Repayment Reserve

Overseas Exposure:

(Nonconsolidated; Unit: JPY billion; %)

- Total balance of overseas exposure¹ as of March 31, 2016 was JPY 480.0 billion, 10% of the total exposure balance
- ◆ Energy related (including project finance) exposure totaled JPY 35.2 billion
- ◆ Exposure to Russia and Central and South America totaled JPY 4.8 billion
- ◆ Exposure to China totaled JPY 19.8 billion (all to Hong Kong region)

Overseas / Domestic Exposure



¹ Aggregation of nonconsolidated figures by debtor base country. Excludes to Japan based businesses and government related exposures.



Appendices:
Summary of Shinsei Bank Group

Shinsei Bank Group: Who We are

Company 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	5,356 (Consolidated basis), 2,210 (Nonconsolidated basis)		
No. of branches	28 branches including head office and 7 annexes		
Large Shareholders* (as of March 31, 2015)	J.C.F Flowers&Co.LLC (including its affiliates)	553,663,517	(20.86%)
	Government (the Deposit Insurance Corporation and the Resolution and Collection Corporation)	469,128,888	(17.67%)
Ratings information	Moody's	Long-term Baa3	Short-term Prime 3
	Standard & Poor's (S&P)	Long-term BBB+	Short-term A-2
	Japan Credit Rating Agency (JCR)	Long-term BBB+	Short-term J-2
	Rating & Investment Information, Inc. (R&I)	Long-term BBB+	Short-term a-2

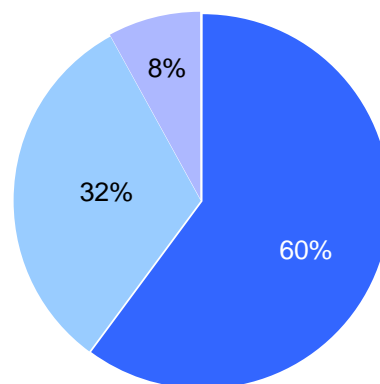
History

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. in April 1, 2010)
March 2005	Acquired a controlling interest in Showa 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

Businesses



Basic Information on Shares



(As of September 30, 2015)

- Foreign Institutions and Individuals
- Japanese Institutions
- Others¹

¹ Japanese Individuals and Other (including Treasury Stock)

Dividend	FY2015
Dividend	1 yen / share
Payout Ratio	4 %

Shinsei Bank Group: Management Structure

(As of April 1, 2016)

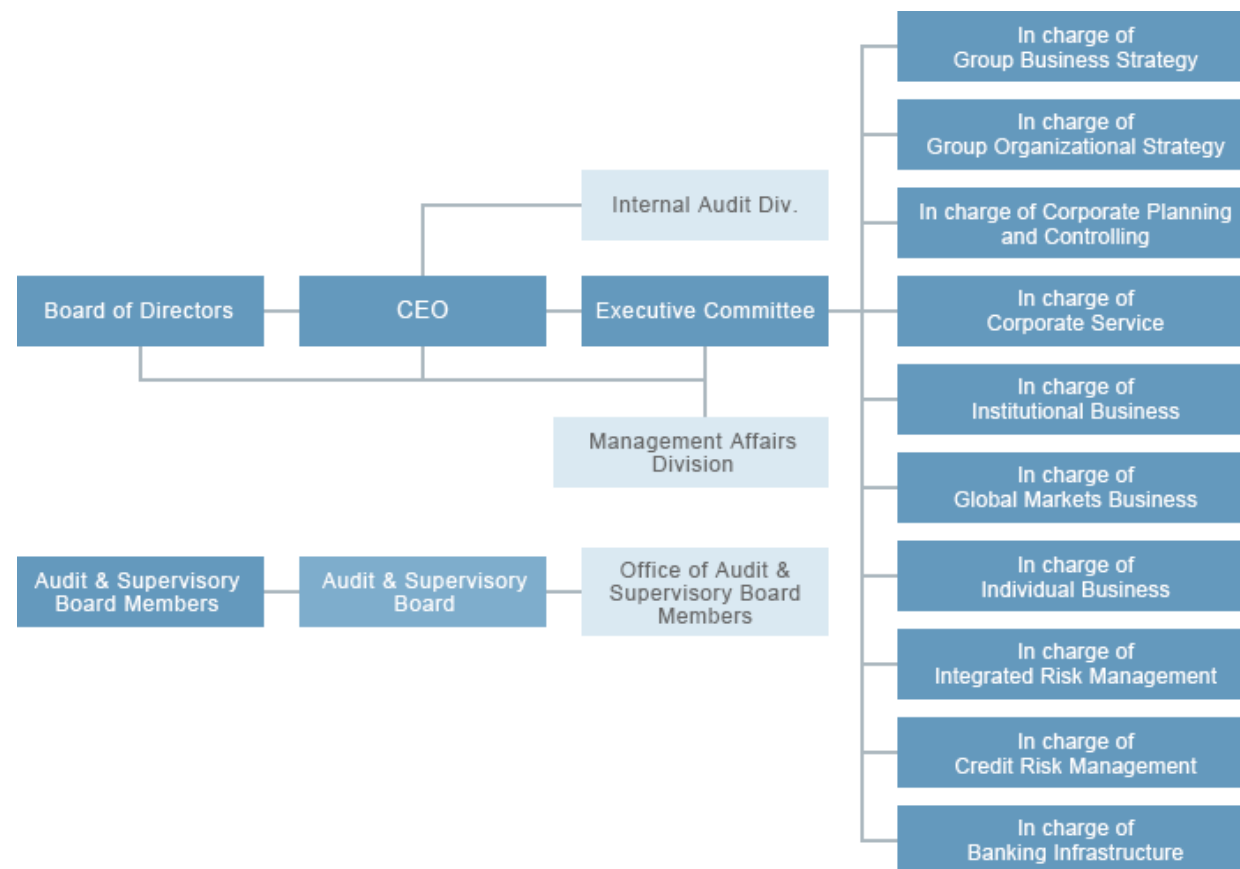
Board of Directors (2 Internal, 5 External)

Hideyuki Kudo		Shinsei Bank Representative Director, President & CEO
Yukio Nakamura		Shinsei Bank Representative Director, Deputy President
J. Christopher Flowers	Outside Director	Managing Director and CEO, J. C. Flowers & Co. LLC
Ernest M. Higa	Outside Director	Chairman President & CEO, Higa Industries Co., Ltd.
Shigeru Kani	Outside Director	Former Director, Administration Department, The Bank of Japan Specially Appointed Professor, Yokohama College of Commerce
Jun Makihara	Outside Director	Director, Monex Group, Inc. Director, Philip Morris International Inc.
Ryuichi Tomimura	Outside Director	Executive Vice President, Director, SIGMAXYZ Inc.

Audit & Supervisory Board Members (1 Internal, 2 External)

Shinya Nagata		Shinsei Bank
Michio Shibuya		Certified Public Accountant
Kozue Shiga		Lawyer

Organization



Shinsei Bank Group: Mid- to Long-Term Vision, Comparative Advantages

■ Medium- to Long-Term vision:

1. To be a financial innovator that provides innovative financial services made possible through the integration of its Group companies
2. To be a financial group that achieves outstanding productivity and efficiency by implementing lean operations through ongoing improvements and reforms
3. To be a financial group which, in addition to rewarding its stakeholders, is unified by the core values born from the confidence, sense of fulfillment and the pride created through the achievement of the above

■ Comparative Advantages:



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



Shinsei Financial
Showa Leasing
APLUS FINANCIAL



Shinsei Investment Management
Shinsei Securities
Shinsei PI Group

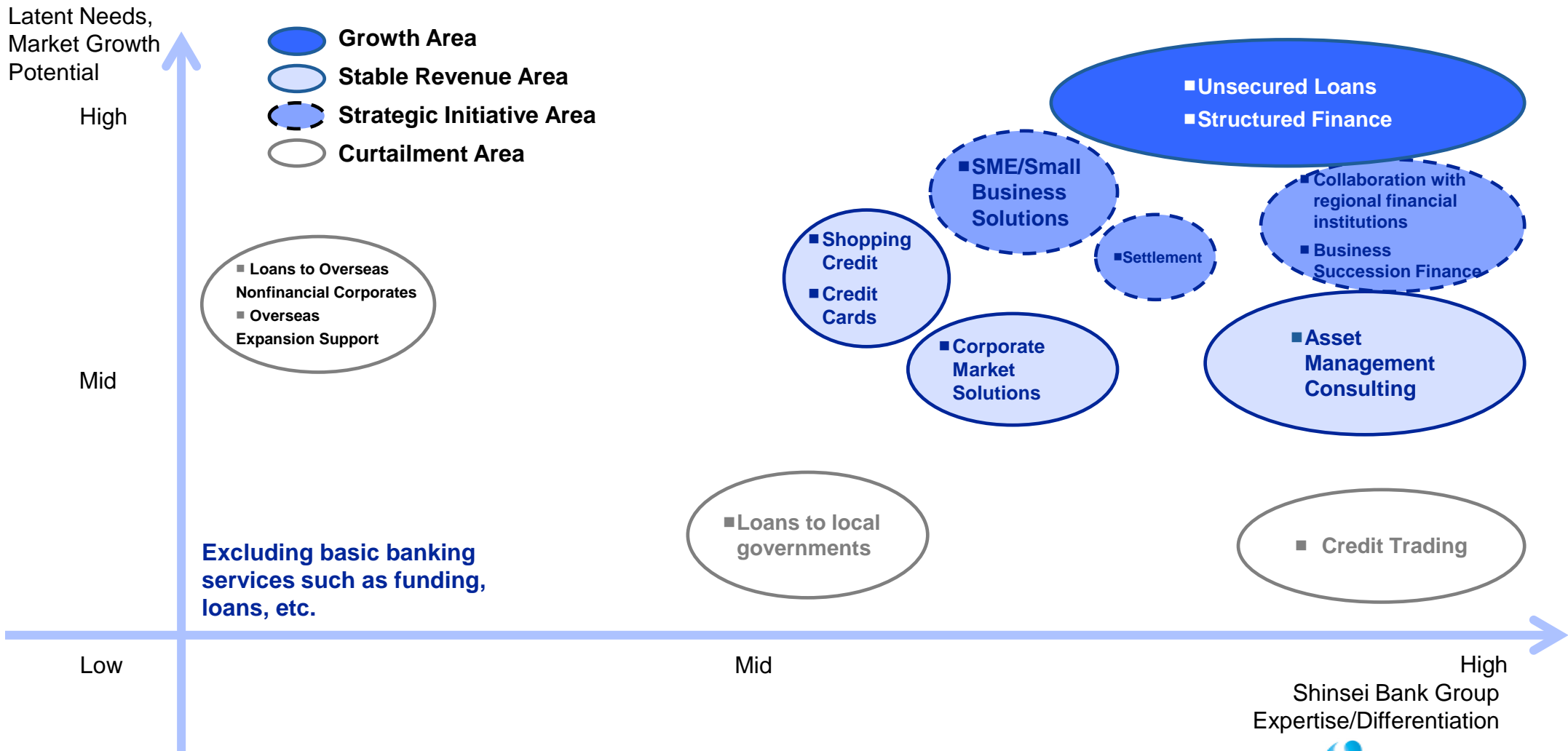


Shinsei Trust & Banking
Shinsei Bank

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

Shinsei Bank Group: 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



Shinsei Bank Group: 3rd MTMP Financial Targets

(Unit: JPY billion; %)

- With a focus on growing stable revenues, the Bank establishes a net income target of JPY 64.0 billion in FY2018
- Achieve an expense-to-revenue ratio between 50%-60% through business management that emphasizes efficiency
- Capital policy remains a key management issue. We continue to seek to set a path to public fund repayment and to improve shareholder returns while pursuing the accumulation of a sufficient level of retained earnings as a public fund injected bank
- Deliberations regarding appropriate ROE and CET1 ratio targets under way

		FY2015 Actual		FY2018 Target
Sustainability	Net Income	60.9		64.0
	RORA^{1,2}	1.1%		Around 1%
Efficiency	Expense-to-Revenue Ratio	64.9%		Below 60%
	ROE	8.1%		
	Common Equity Tier 1 Ratio²	12.9%		

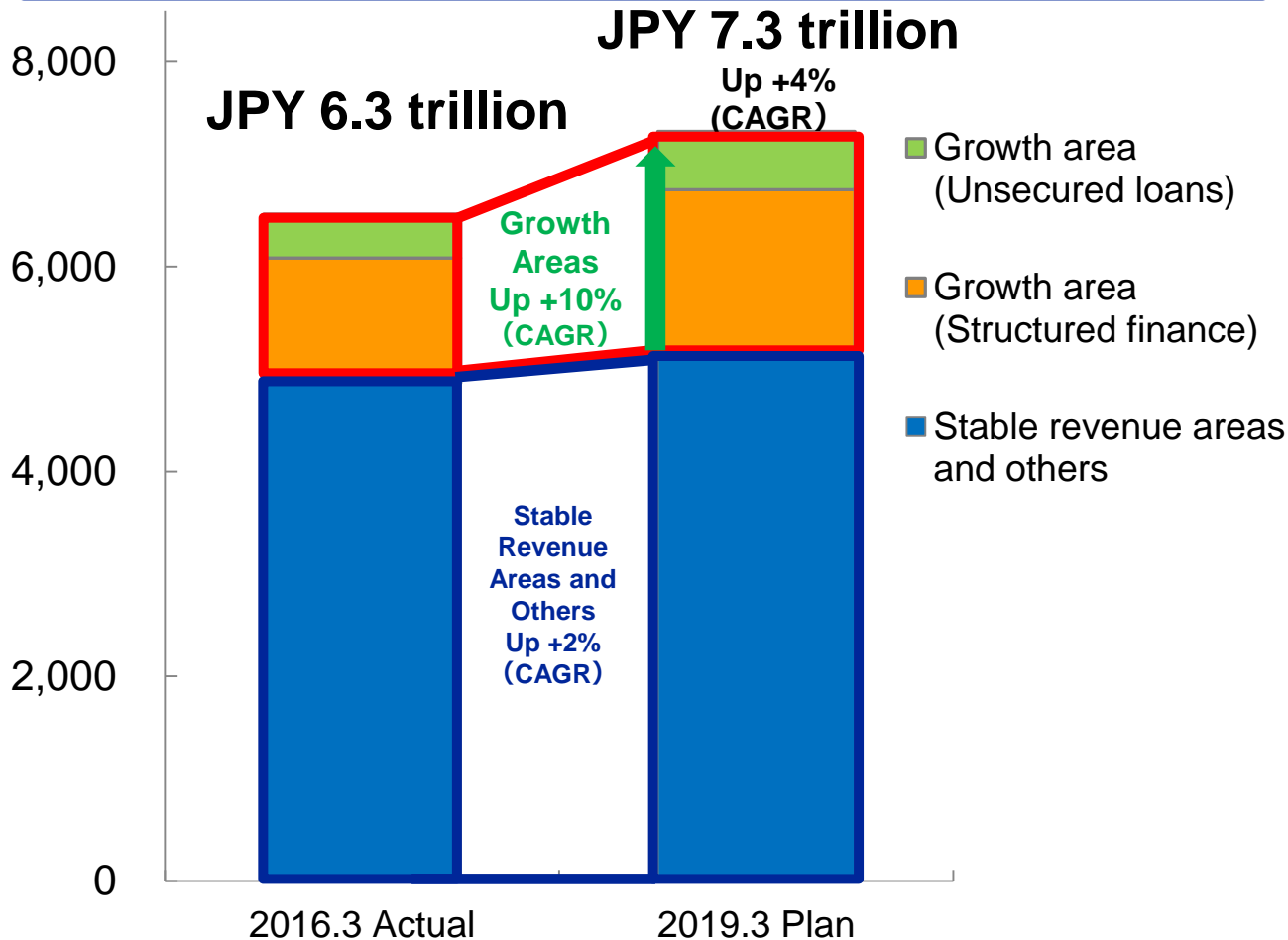
1. RORA is calculated as net income divided by fiscal year end risk assets
 2. Basel III international standard fully loaded basis

Shinsei Bank Group: 3rd MTMP Financial Targets

(Unit: JPY billion)

- Growth areas of unsecured loans and structured finance continue to lead growth of stable net revenue
- While expenses are expected to increase due to IT systems investment, costs will be suppressed as much as possible through control enhancement
- Net credit costs leveling out and are expected to increase as the Consumer Finance business balance grows
- Focusing on plan achievability and not incorporating one time revenues, the 3rd MTMP targets a FY2018 (final year of 3rd MTMP) full year net income target of JPY 64.0 billion through the growth of stable revenues

Operating Asset Balance



P&L

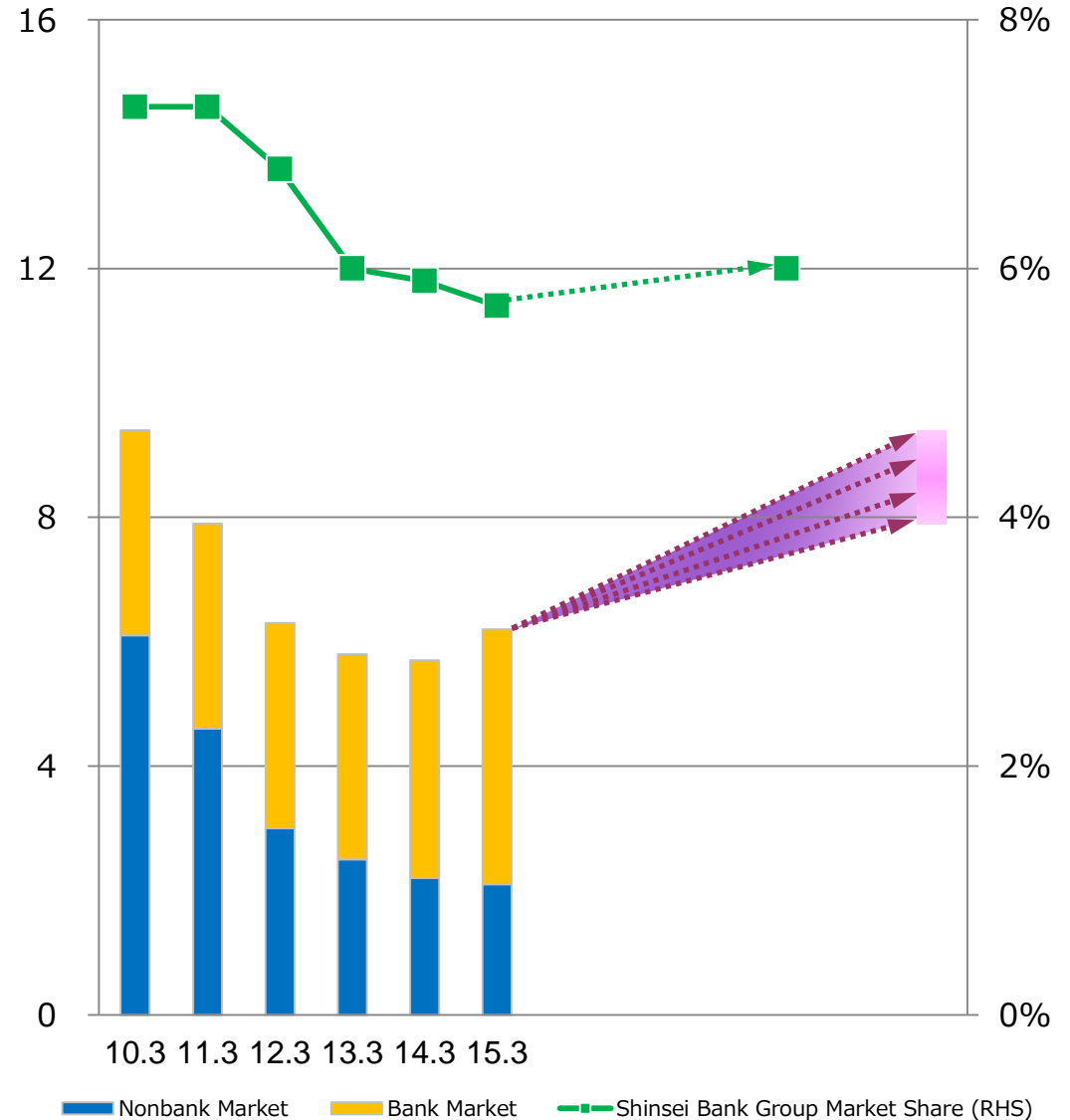
3 rd MTMP (3 rd year)	FY2018
Total Revenue	258.0
Expenses	-149.0
Ordinary Business Profit	109.0
Net Credit Costs	-34.0
Others/Taxes	-11.0
Net Income	64.0

Shinsei Bank Group: Unsecured Personal Loan Market

- Grow topline revenue by leveraging the characteristics of the 3 brands of Bank Loan “Lake,” the new brand “Smart Card Loan Plus” and “NOLOAN” (SHINKI)
 - ◆ In “Lake,” the Bank seeks to grow the customer base through raising of brand awareness
 - ◆ In “Smart Card Loan Plus,” the Bank plans to cross sell primarily to Group customers while avoiding the utilization of mass advertising
 - ◆ In “NOLOAN,” the Bank plans initiatives such as referrals of “Lake” customers seeking consolidation loans
- Expansion of Shinsei Financial Guarantee Business
 - ◆ Grow unsecured loan guarantee balance of regional banks, etc. through collaboration between the Bank and Shinsei Financial
- Through the above measures, the Bank looks to capture a wide range of needs and expand its market share
- Whilst maintaining rigorous credit standards, the Bank seeks to maximize bottom line profits by reducing expense-to-revenue ratio through growing the scale of its business

Unsecured Loan Market Size and Market Share

(Unit: JPY Trillion)

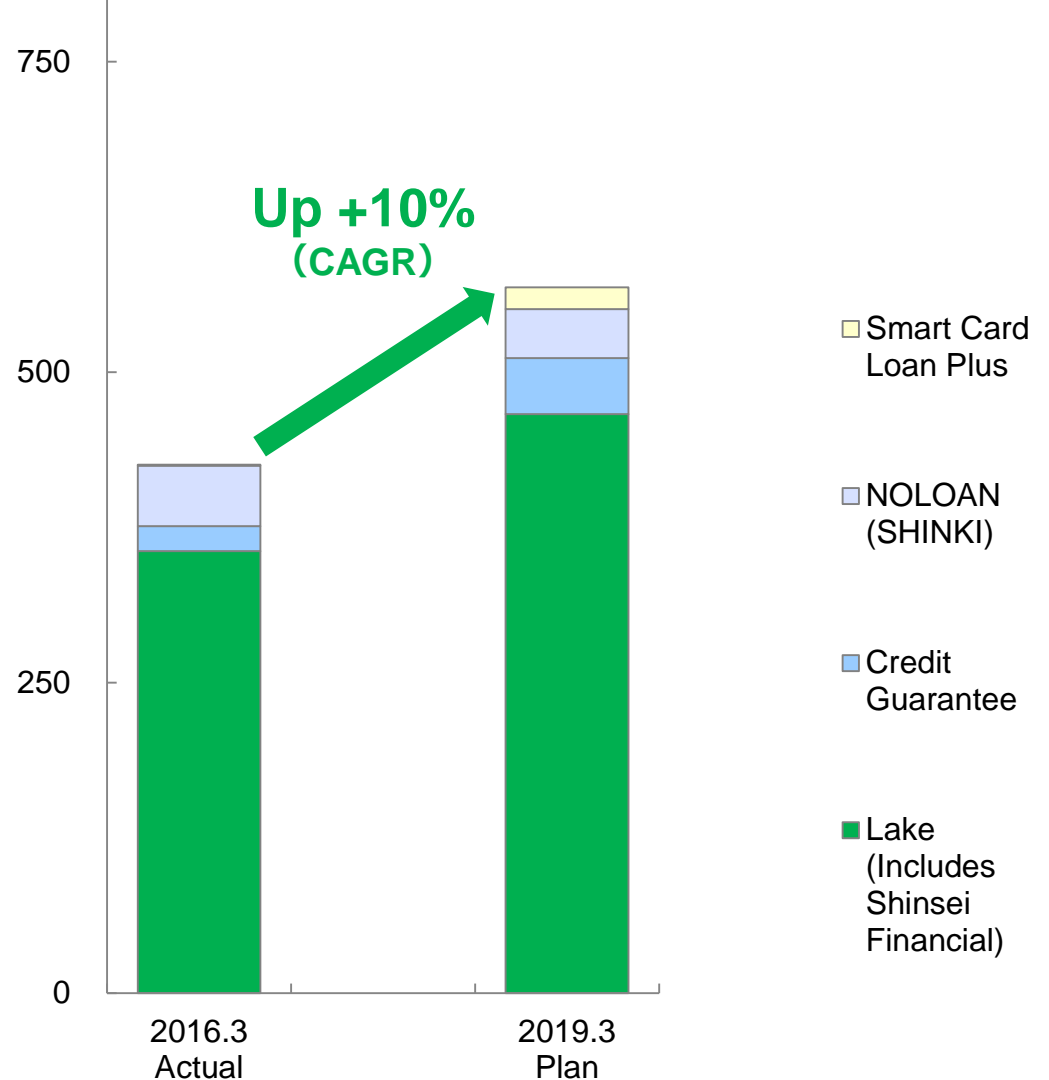


Shinsei Bank Group: Unsecured Loan

- Grow balance and total customers of “Lake,” the Bank’s primary brand, through the following initiatives
 - ◆ Raise brand awareness through the appropriate investment of advertising expenses and increasing advertising effectiveness in order to grow new customer acquisitions
 - ◆ Increase convenience through online contracting services and revisions of unmanned outlet locations
 - ◆ Increase utilization and retention by implementing a framework, including the utilization of AI, to enable the accumulation and analysis of customer behavioral patterns in order to enable highly customized contact approaches
 - ◆ Grow average customer balances and utilization rates through simplification of document submission processes and enhancing product features

Unsecured Loan Operating Asset Balance

(Unit: JPY billion)



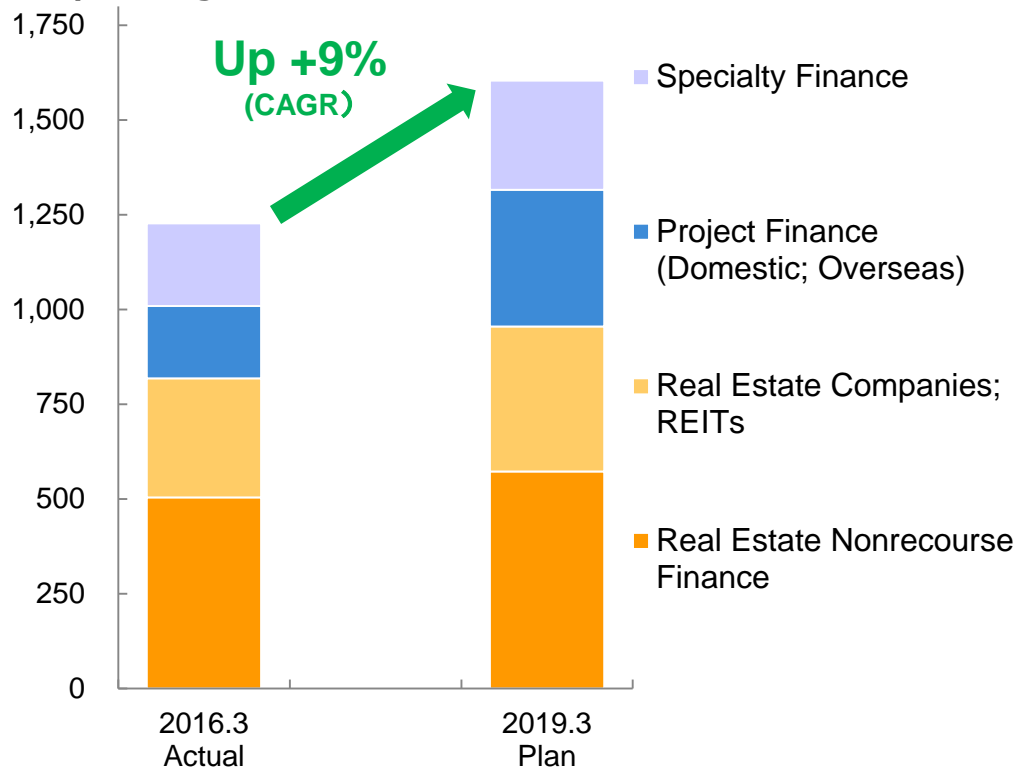
Shinsei Bank Group: Structured Finance

(Unit: JPY billion)

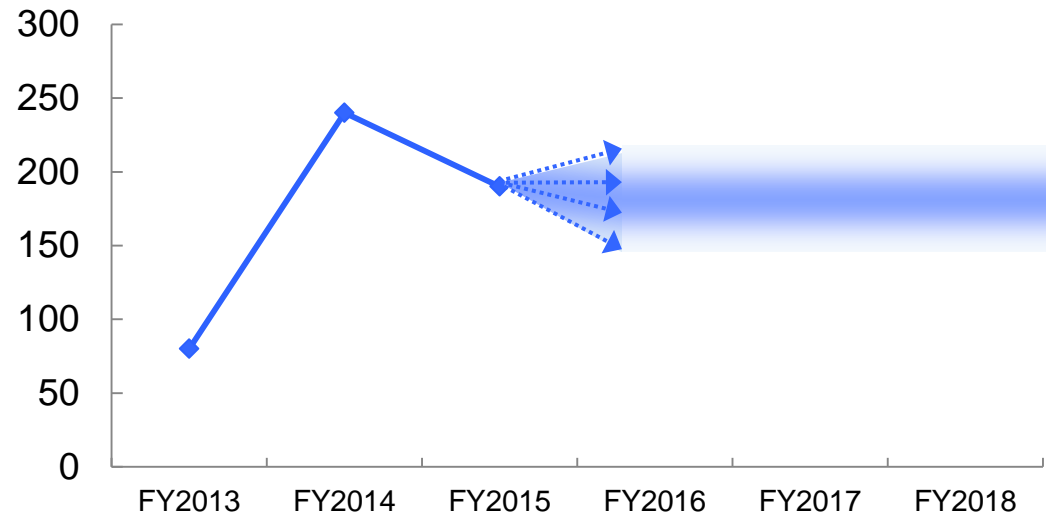
Structured Finance Business

- Real Estate Finance:** Whilst ensuring operation which takes into account both market conditions as well as risk and return, by speedily and flexibly evaluating initiatives in order to meet customer needs, going forward the Bank expects to newly disburse approximately JPY 200 billion each fiscal year
- Project Finance:** Leveraging the Bank's expertise in risk analysis and structuring, the Bank expects to engage in a wide variety of both domestic and overseas projects

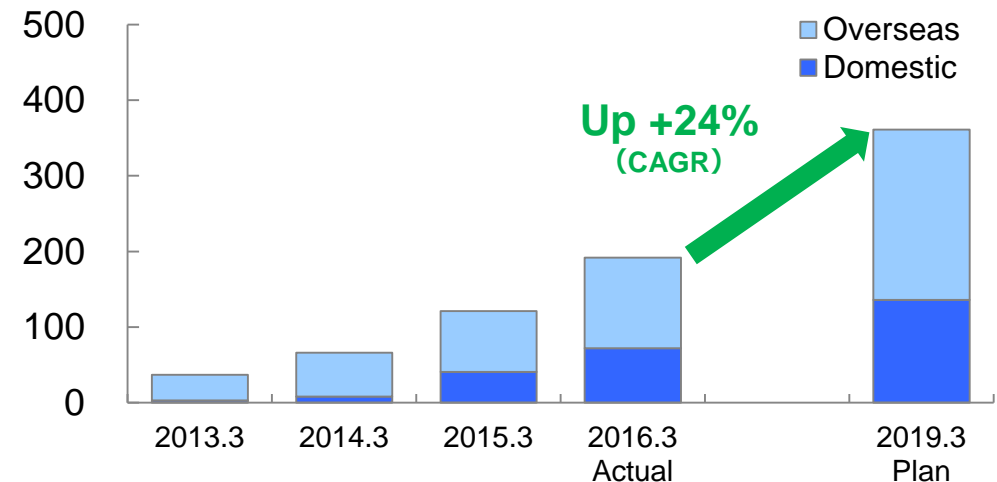
【Operating Assets】



New Real Estate Finance Disbursements



Project Finance Balance (Domestic; Overseas)



Shinsei Bank Group: Segment P&L

(Unit: JPY billion; %)

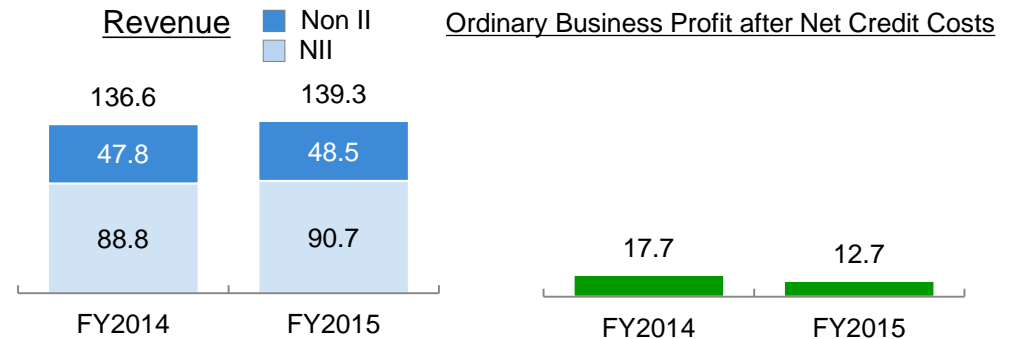
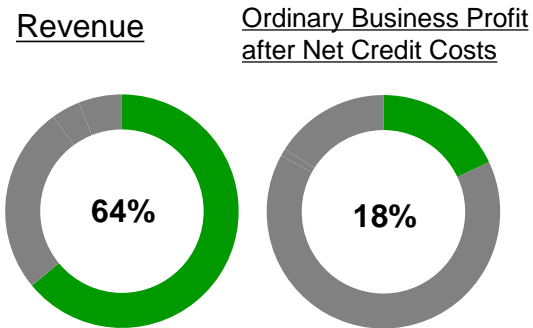
Segments

Contribution

Segment P&L

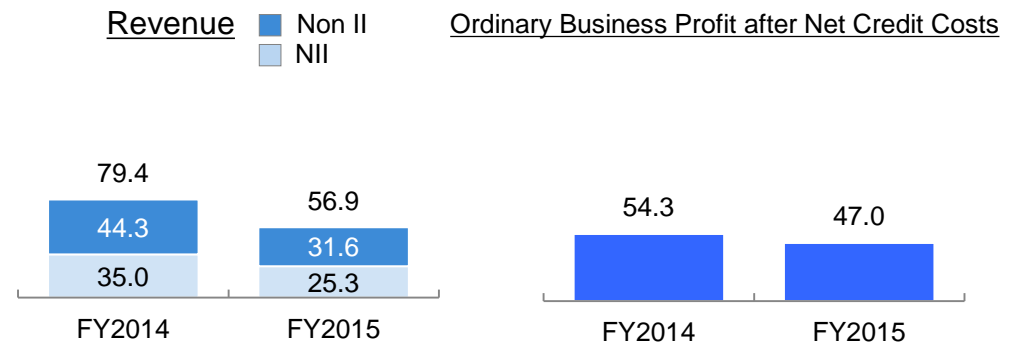
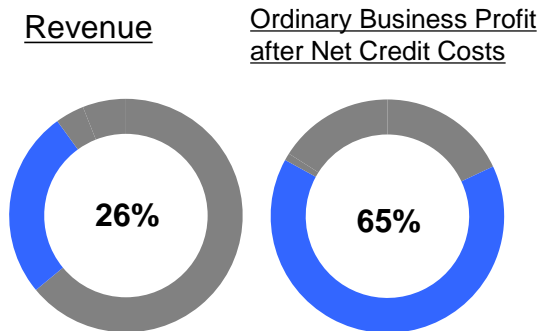
Individual

- Retail Banking
- Shinsei Financial and Shinsei Bank Lake
- SHINKI
- APLUS FINANCIAL



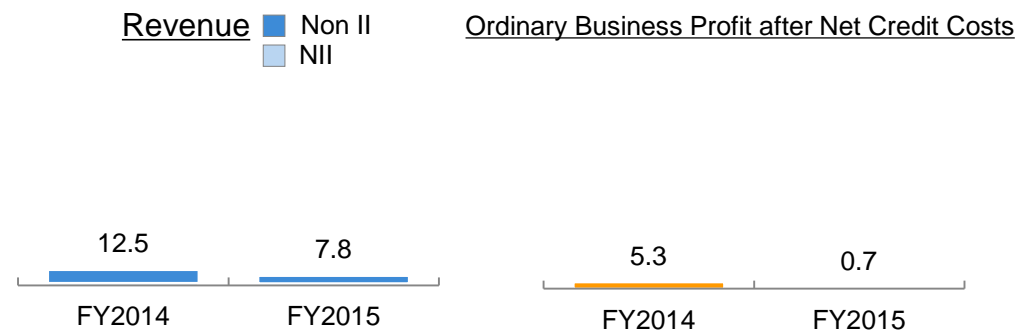
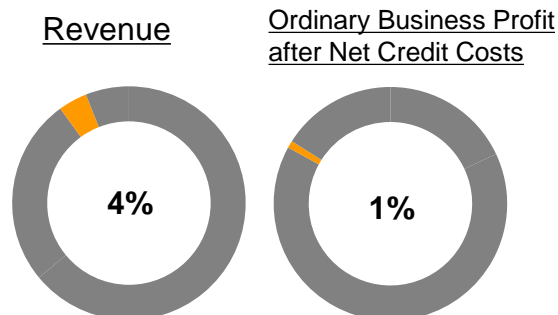
Institutional

- Institutional Business
- Structured Finance
- Principal Transactions
- Showa Leasing



Global Markets

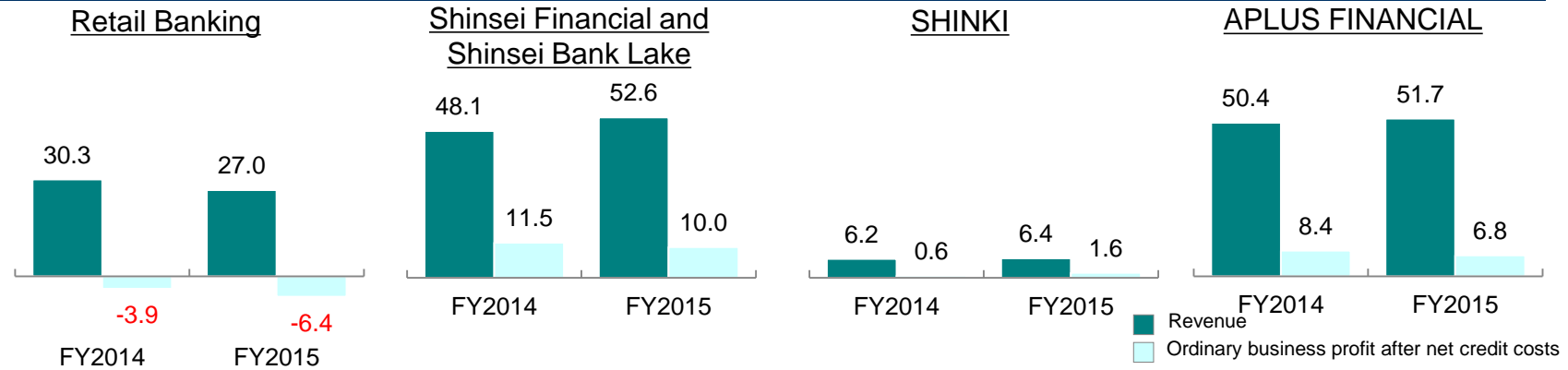
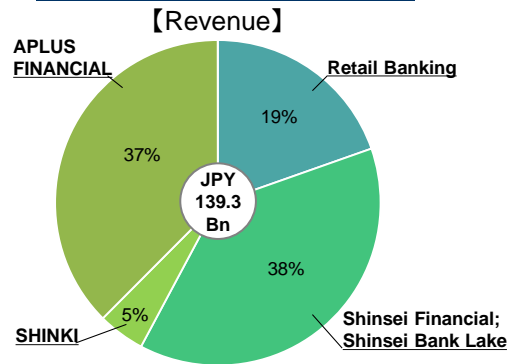
- Markets
- Others (Shinsei Securities, Asset Management etc.)



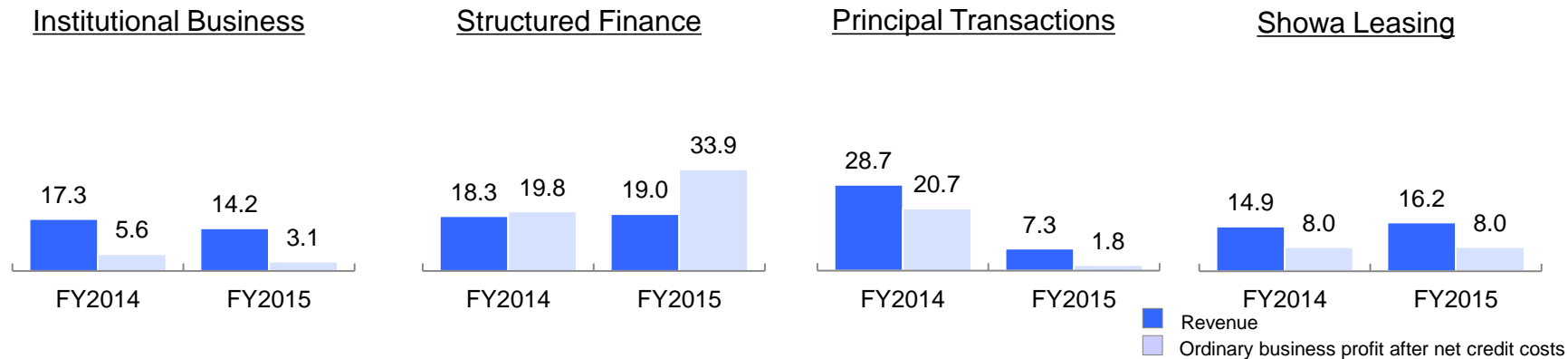
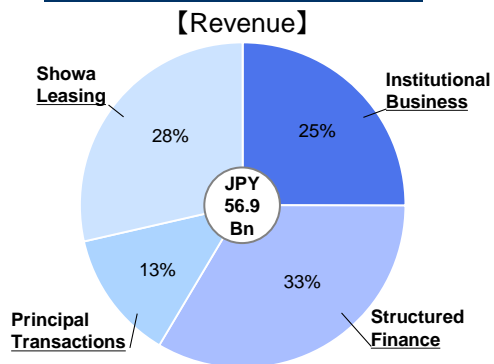
Shinsei Bank Group: Segment P&L

(Unit: JPY billion; %)

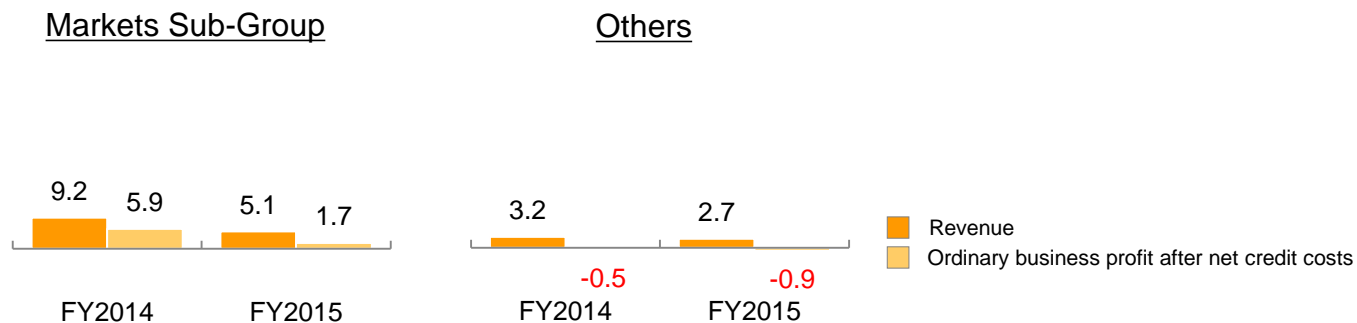
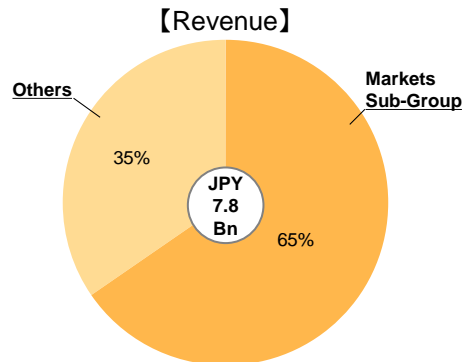
Individual



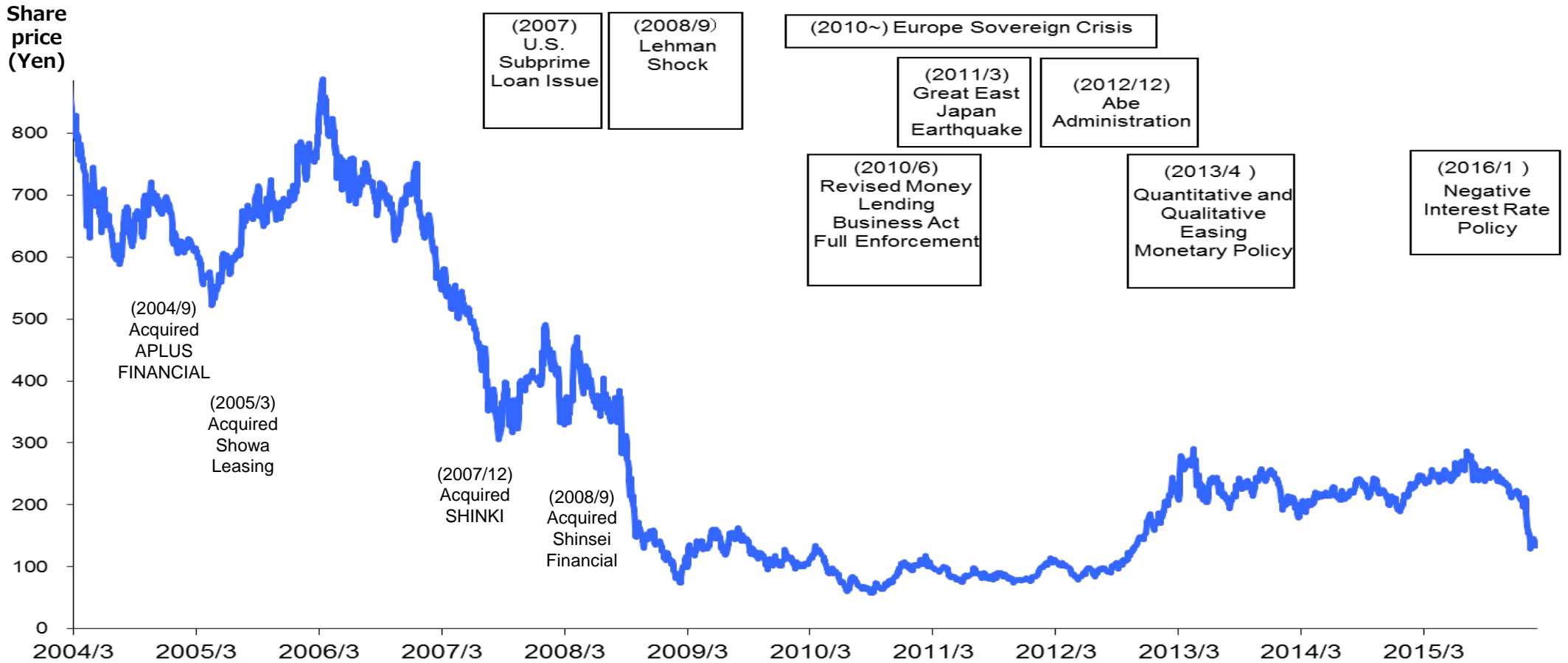
Institutional



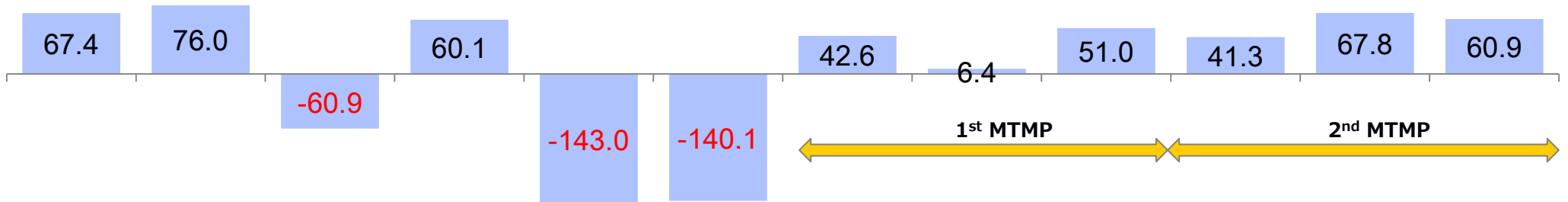
Global Markets



Shinsei Bank Group: Share Price, Earnings



Net Income
(JPY billion)



Shinsei Bank Group: Key Data

(Consolidated, Unit: JPY billion; %)

Balance Sheet

Unit: JPY billion	2012.3	2013.3	2014.3	2015.3	2016.3
Loans and bills discounted	4,136.8	4,292.4	4,319.8	4,461.2	4,562.9
Securities	1,873.4	1,842.3	1,557.0	1,477.3	1,227.8
Lease receivables/ leased investment assets	197.4	203.5	227.7	227.0	211.4
Installment receivables	347.9	365.8	421.9	459.1	516.3
Reserve for credit losses	-180.6	-161.8	-137.3	-108.2	-91.7
Deferred Tax Assets	15.8	16.3	16.5	15.3	14.0
Total assets	8,609.6	9,029.3	9,321.1	8,889.8	8,928.7
Deposits including negotiable certificates of deposits	5,362.4	5,457.5	5,850.4	5,452.7	5,800.9
Borrowed money	476.7	719.2	643.4	805.2	801.7
Corporate bonds	168.7	174.2	177.2	157.5	95.1
Grey zone reserves	50.9	34.9	208.2	170.2	133.6
Total liabilities	7,982.0	8,345.6	8,598.5	8,136.0	8,135.6
Shareholders' equity	577.9	626.3	665.1	728.5	786.8
Total net assets	627.6	683.6	722.5	753.7	793.1

Financial Ratios

Unit: %	FY2011	FY2012	FY2013	FY2014	FY2015
Expense-to-revenue ratio	63.1%	64.6%	65.4%	60.2%	64.9%
Loan-to-deposit ratio	77.1%	78.7%	73.8%	81.8%	78.7%
ROA	0.1%	0.6%	0.5%	0.7%	0.7%
ROE	1.2%	8.6%	6.5%	9.8%	8.1%

Per Share Data

Unit: Yen	FY2011	FY2012	FY2013	FY2014	FY2015
BPS	212.67	233.65	247.82	275.45	294.41
EPS	2.42	19.24	15.59	25.57	22.96

Number of Individual Customers

Unit: Thousands	2013.3	2013.3	2014.3	2015.3	2016.3
Retail Accounts	2,637.4	2,701.3	2,776.1	2,856.8	2,964.7
Shinsei Bank Card Loan Lake Customers	61.8	184.5	301.1	403.2	472.3
APLUS FINANCIAL Available Cardholders	7,127.2	6,499.5	6,002.7	5,815.6	5,676.9

- **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.**
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