



Business and Financial Highlights

First Half Ended September 30, 2015

Shinsei Bank, Limited
October 2015



Table of Contents:

■ Key Points	P3
■ 1H FY2015 Results: Financial Summary	P4
■ Financial Results	P5
■ Asset Quality and Capital	P9
■ Business Update	P12
■ Financial Target Dashboard	P16
■ Appendix	P17

Key Points:

1 Progress largely in line with FY2015 full year net income projection of JPY 70 billion

- ✓ 1H FY2015 net income¹ was JPY 37.4 billion yen, increased 29% year-on-year
 - Revenue of JPY 110.3 billion
 - Net credit recoveries of JPY 1.2 billion
- ✓ 54% progression toward full year net income¹ target of JPY 70 billion

2 3rd Medium Term Management Plan

- ✓ Development of 3rd Medium Term Management Plan (“MTMP”) ongoing, with announcement to take place before the end of FY2015

3 Capital Policy Remains a Key Management Issue

- ✓ We continue to seek to improve shareholder returns while pursuing the accumulation of a sufficient level of retained earnings as a public fund injected bank

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

1H FY2015 Results: Financial Summary

(Unit: JPY billion)

【Consolidated】	FY2014		FY2015		1H Change B(+)/W(-)	1H FY2015 Progress vs. Plan
	1H (6 mos)	Full year (Actual)	1H (6 mos)	Full year (Projection)		
Net Interest Income	60.5	126.4	61.0	127.0	+1%	48%
Noninterest Income	50.5	108.8	49.3	115.0	-2%	43%
Revenue	111.1	235.3	110.3	242.0	-1%	46%
Expenses	-70.0	-141.6	-69.7	-144.0	+1%	48%
Ordinary Business Profit	41.0	93.6	40.6	98.0	-1%	42%
Net Credit Costs	-5.0	-11.8	1.2	-14.0	n.m.	n.m.
Net Income	28.9	67.8	37.4	70.0	+29%	54%
Cash Basis Net Income ¹	32.9	75.4	41.0	76.0	+24%	54%

¹ Cash basis net income is calculated by excluding amortization of goodwill and other intangible assets, net of tax benefit

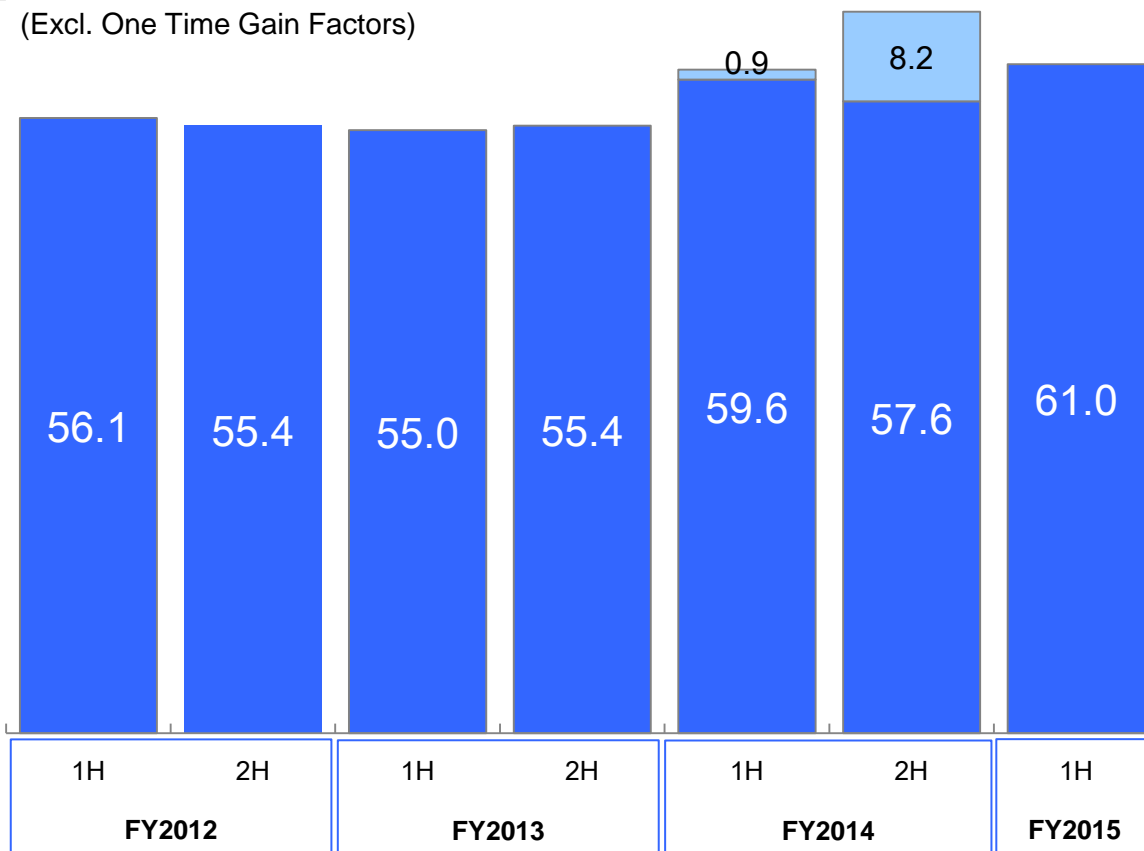
Net Interest Income:

(Unit: JPY billion)

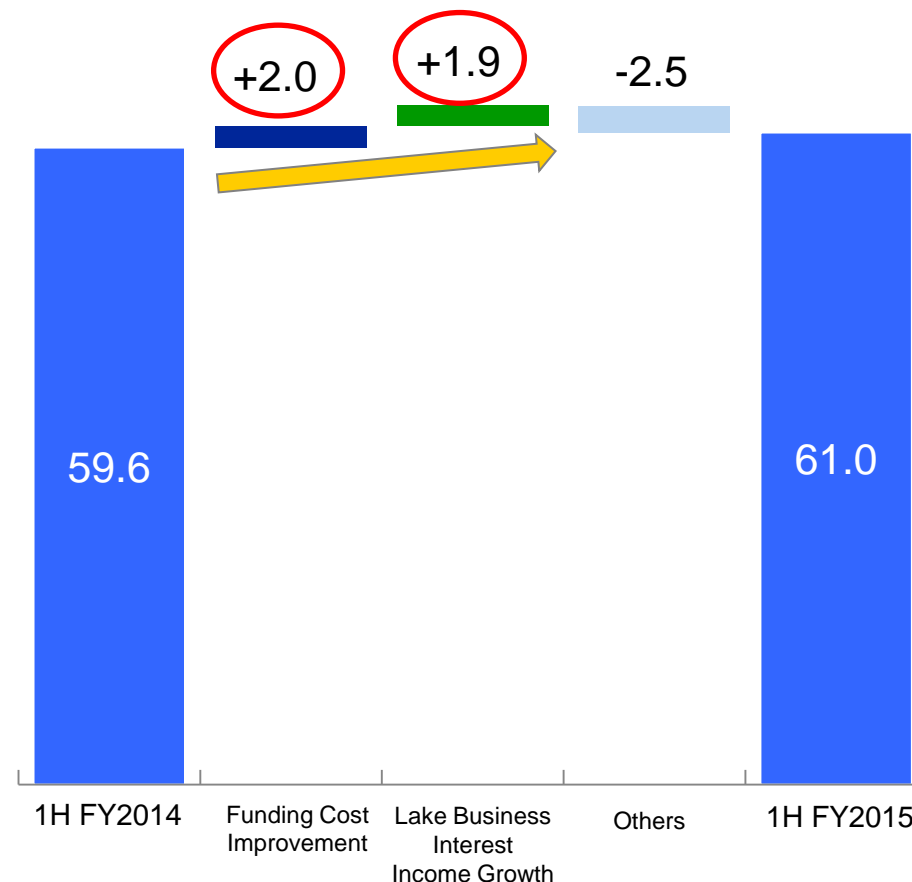
- 1H FY2015 net interest income at JPY 61.0 billion, an increase from 1H FY2014
- Increase in Lake related business interest income growth and further reduction in funding costs continues to contribute to net interest income
- Institutional Group net interest income declined due primarily to loan yield compression resulting from reduction in market interest rates

Net Interest Income Trend

- One Time Gain Factors
- Core Net Interest Income (Excl. One Time Gain Factors)



Y-o-Y Increase/Decrease Factors

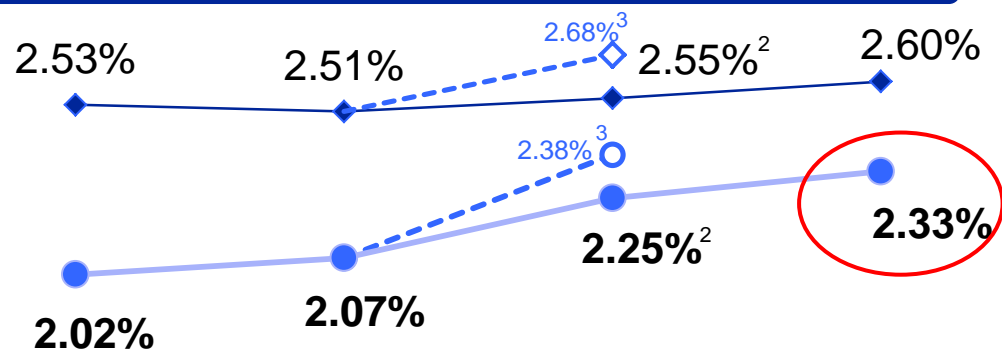


Net Interest Margin (NIM):

(Unit:%, JPY billion)

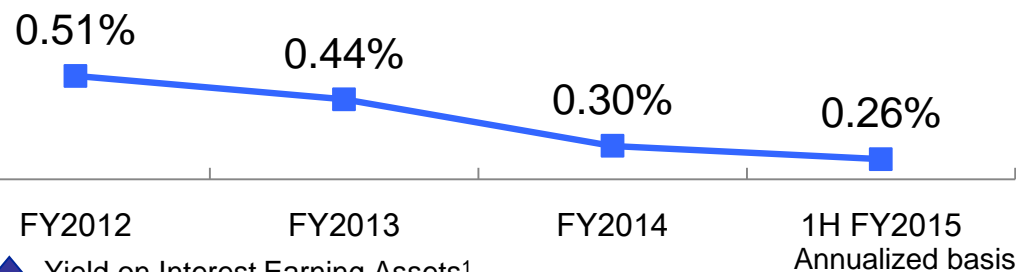
- NIM Improved to 2.33%
- FY2015 full year rate on interest bearing liabilities expected to improve compared to FY2014

Net Interest Margin(%)



Interest-Earning Assets and Interest-Bearing Liabilities

【1H FY2015】	Avg. Bal	Interest	Yield(%)
Interest Earning Assets ¹	6,894.4	89.7	2.60%
Loans and bills discounted	4,408.8	62.3	2.82%
Securities	1,479.3	6.8	0.93%
Interest Bearing Liabilities	7,112.3	9.4	0.26%
Deposits and NCDs	5,482.6	3.9	0.14%
Corporate bonds	163.0	2.2	2.71%
NIM¹		80.3	2.33%



【1H FY2014】	Avg. Bal	Interest	Yield(%)
Interest Earning Assets ¹	7,007.5	91.0	2.59%
Loans and bills discounted	4,281.4	62.7	2.92%
Securities	1,707.6	7.8	0.92%
Interest Bearing Liabilities	7,460.3	11.4	0.31%
Deposits and NCDs	5,729.4	5.7	0.20%
Corporate bonds	179.9	2.6	2.96%
NIM¹		79.5	2.28%

- ◆ Yield on Interest Earning Assets¹
- Net Interest Margin¹
- Rate on Interest Bearing Liabilities (including subordinated bonds and others)

¹ Includes income on leased assets and installment receivables
² Excludes one time gain factors
³ Disclosed basis

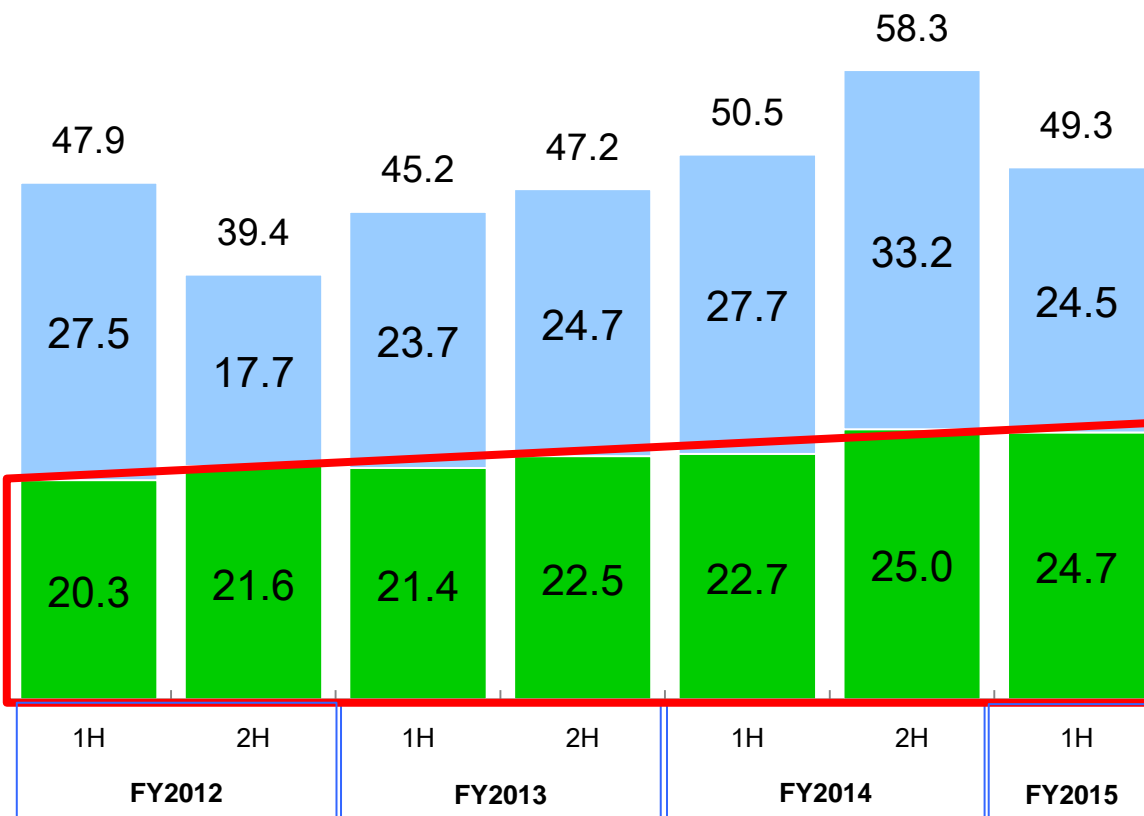
Noninterest Income:

(Unit: JPY billion)

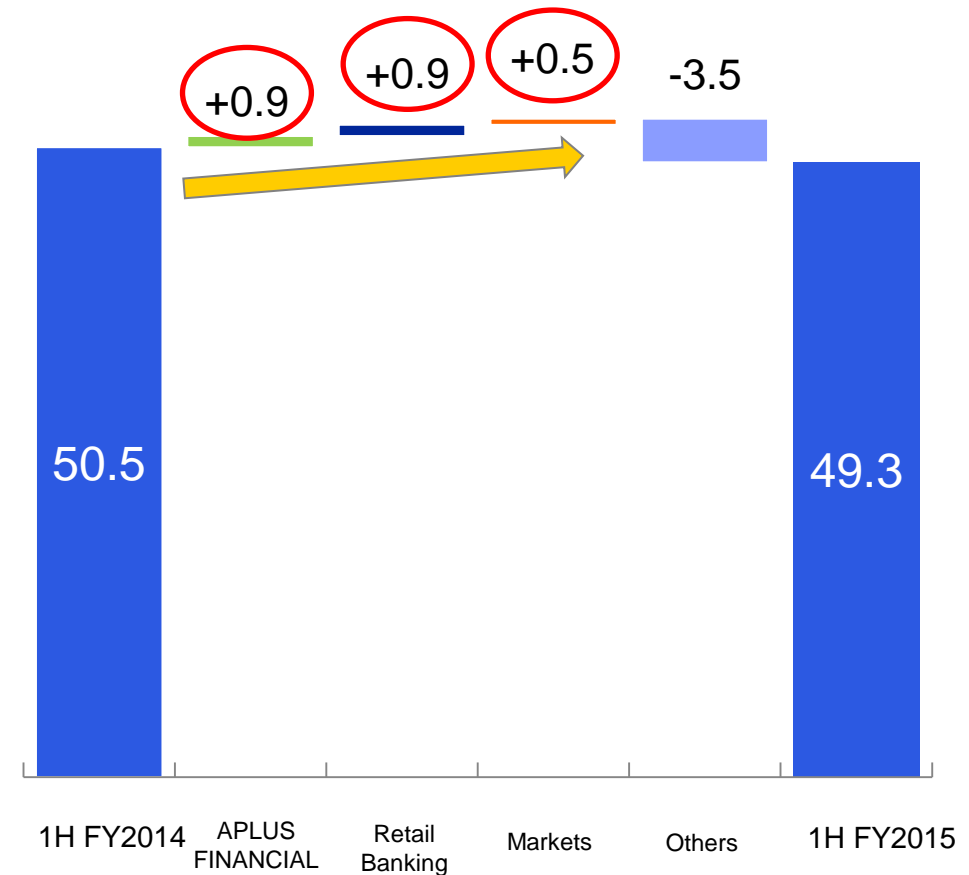
- In the Individual Group, APLUS FINANCIAL and Retail Banking have contributed to steady growth of noninterest income
- In the Global Markets Group, noninterest income associated with the Markets Group increased y-o-y
- In the Institutional Group, noninterest income declined y-o-y due primarily to a decline in revenue from the Principal Transactions business

Noninterest Income Trend

- Nonindividual Businesses (Institutional Group, Global Markets Group, Corporate/Others)
- Individual Businesses



Y-o-Y Increase/Decrease Factors

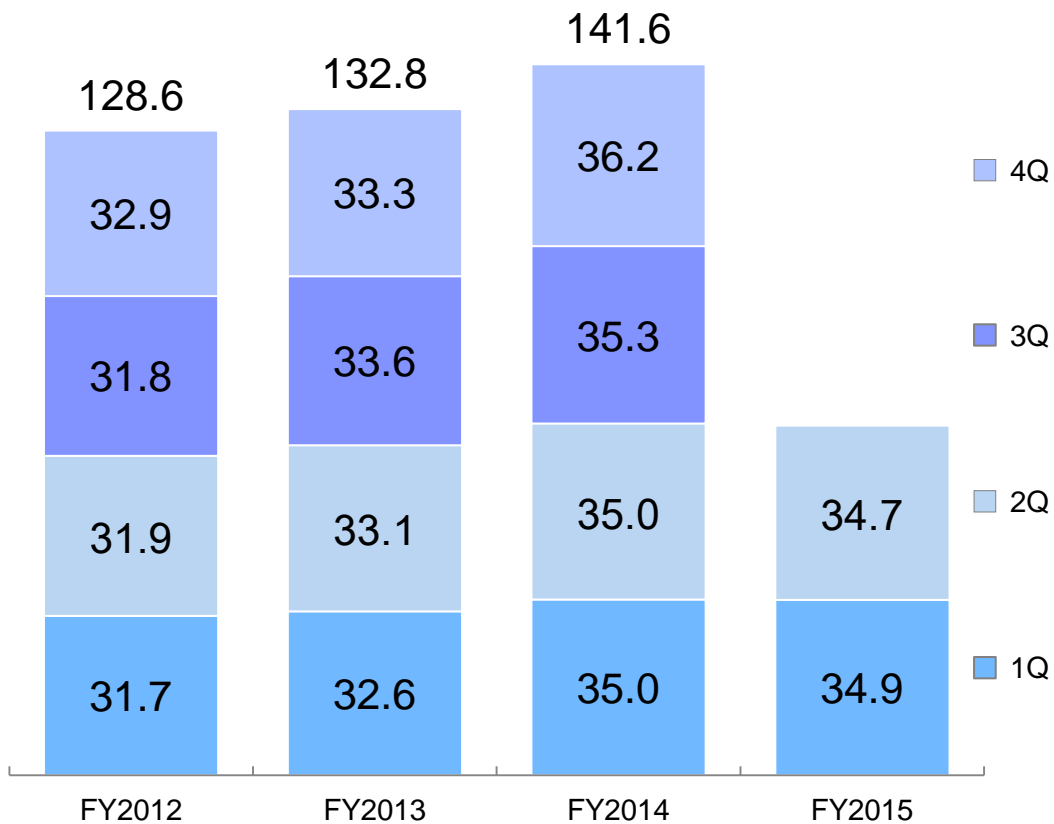


Expenses, Expense to Revenue Ratio:

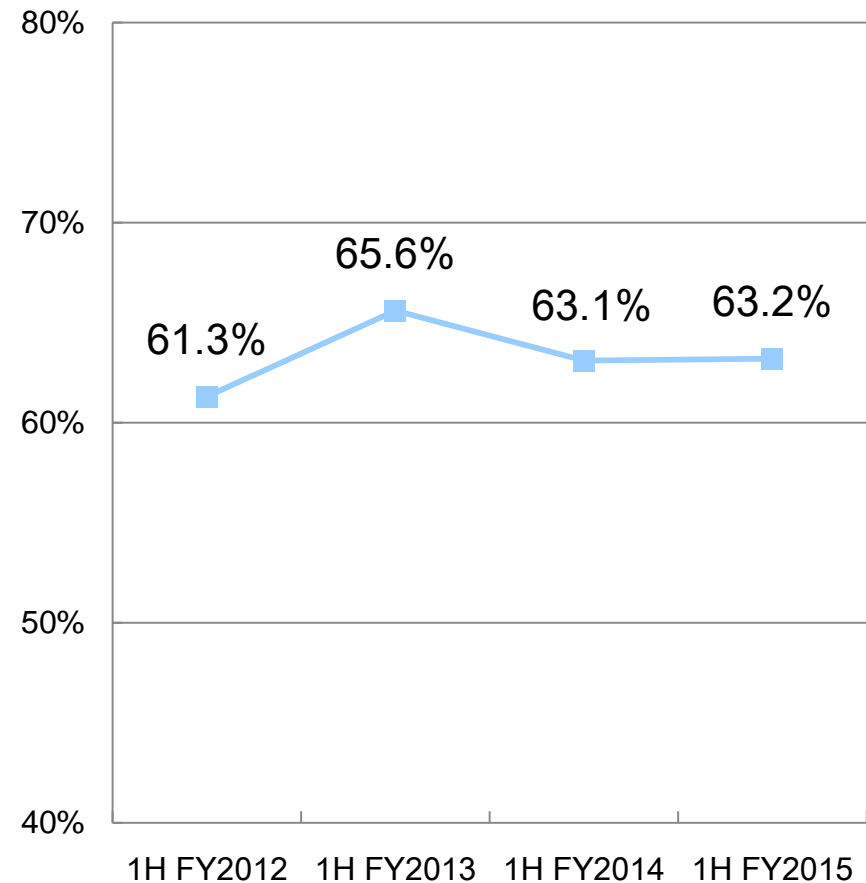
(Unit: JPY billion)

- 1H FY2015 expenses largely flat compared to 1H FY2014
- Continuing efficient operational management in order to ensure achievement of 2nd MTMP expense to revenue ratio target (between 50%-60%)

Expenses



Expense to Revenue Ratio

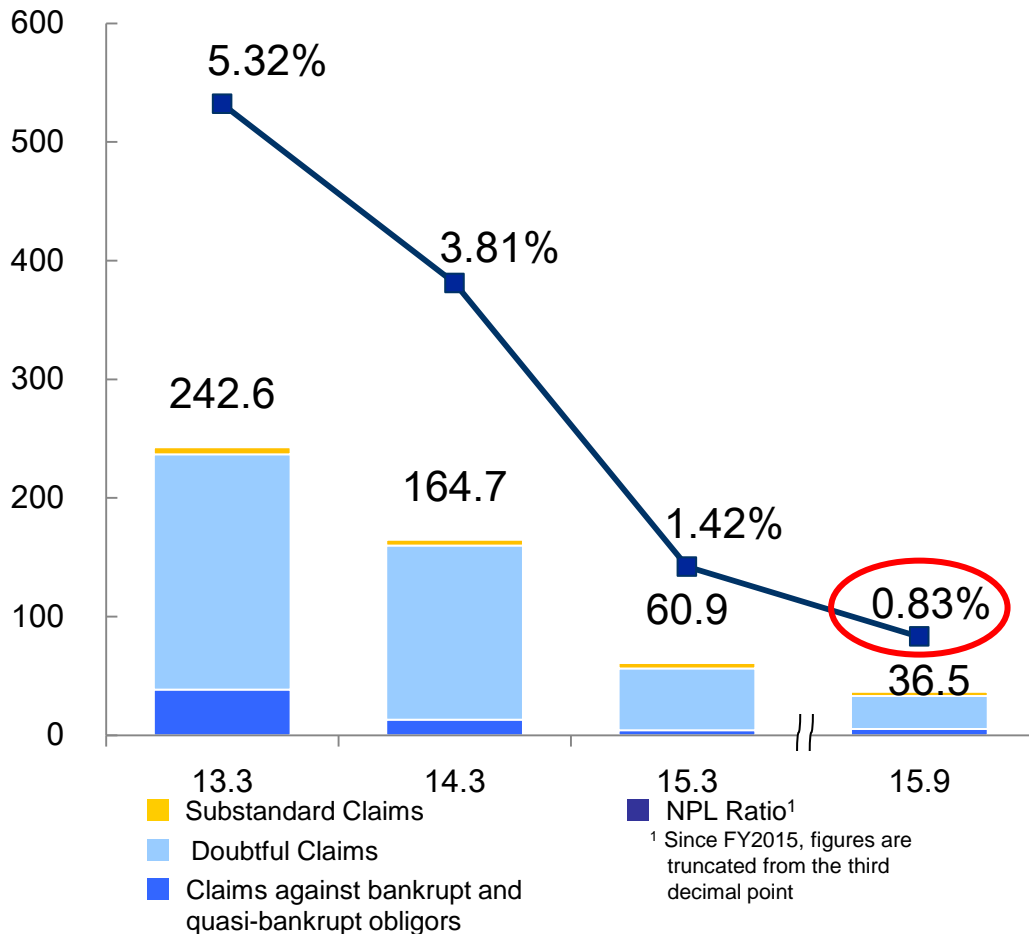


Asset Quality:

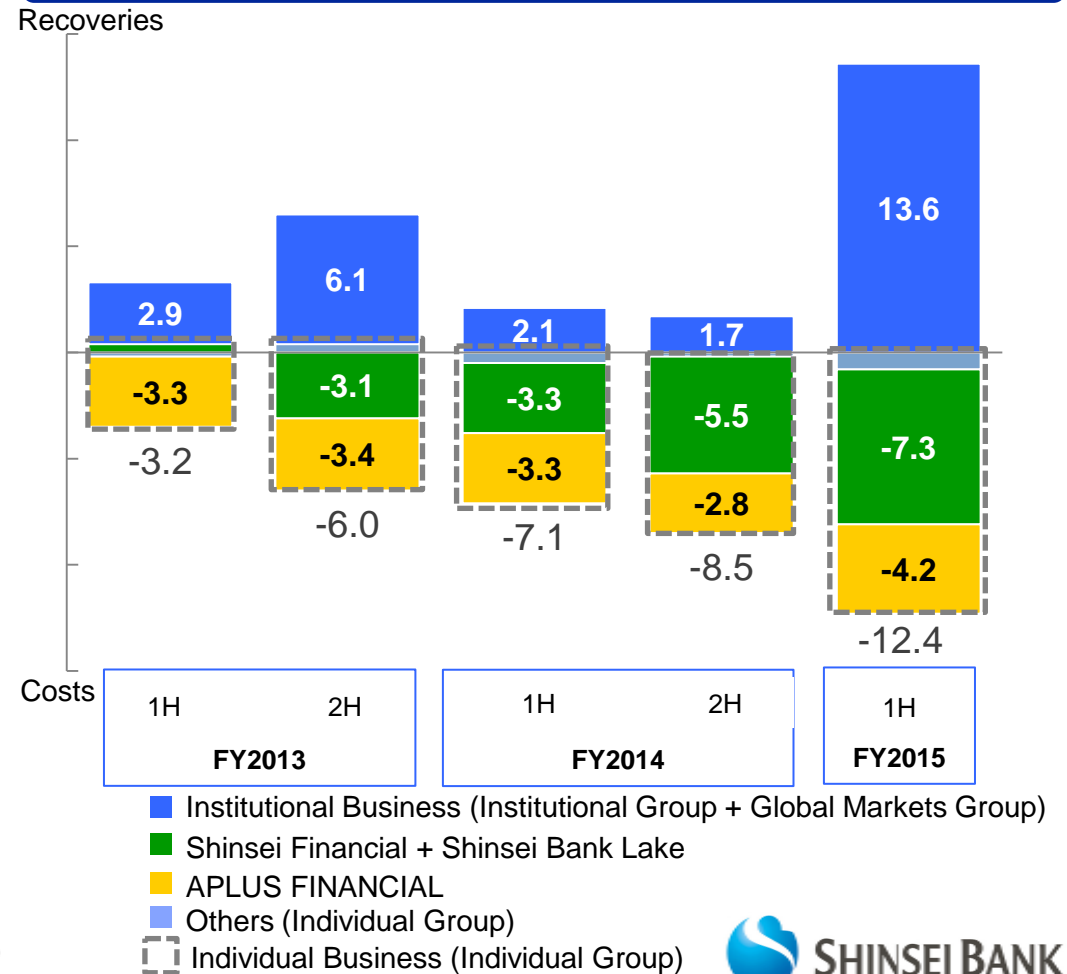
(Unit: JPY billion)

- NPL ratio reduced to 0.83% due to the disposal of nonperforming loans
- Net credit recoveries recorded in both 1Q and 2Q in the Institutional Group due to progression in the disposal of major nonperforming loans
- Net credit costs increased in the Individual Group due to growth of the Shinsei Bank Lake balance, an ongoing decline in gains on the reversal of reserves for loan losses associated with Shinsei Financial, and an increase in operating assets at APLUS FINANCIAL

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



Net Credit Cost Trend

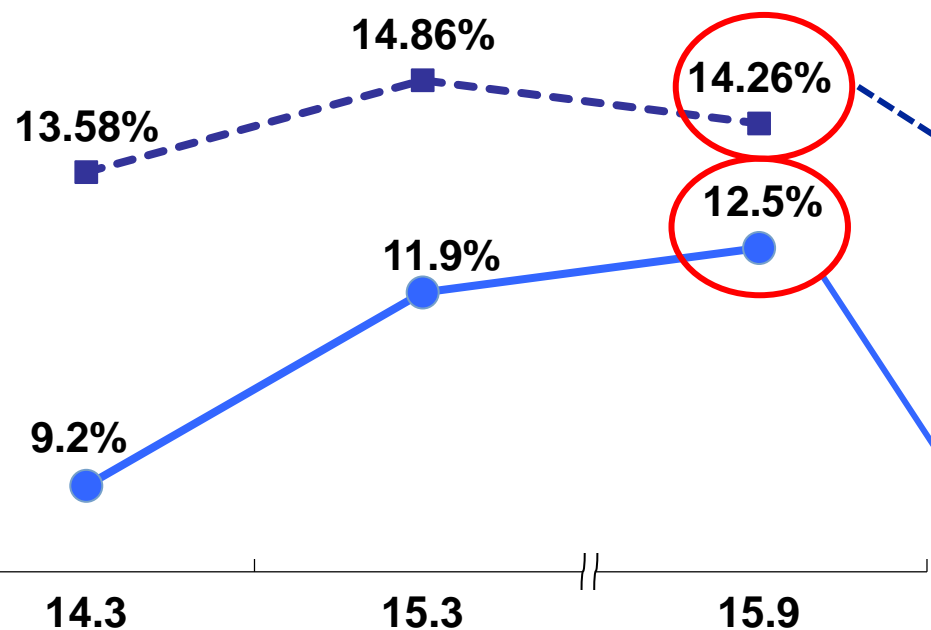


Capital:

(Consolidated; Unit: JPY billion)

- Capital ratio continues to be maintained at a sufficient level
- Basel III domestic standard core capital ratio at 14.26%
- Basel III international standard fully loaded basis CET 1 ratio at 12.5%

Capital Ratios



Domestic Standard; Grandfathered Basis	2014.3	2015.3	2015.9
Total Core Capital	817.6	841.9	821.4
Risk Assets	6,016.7	5,661.9	5,756.4

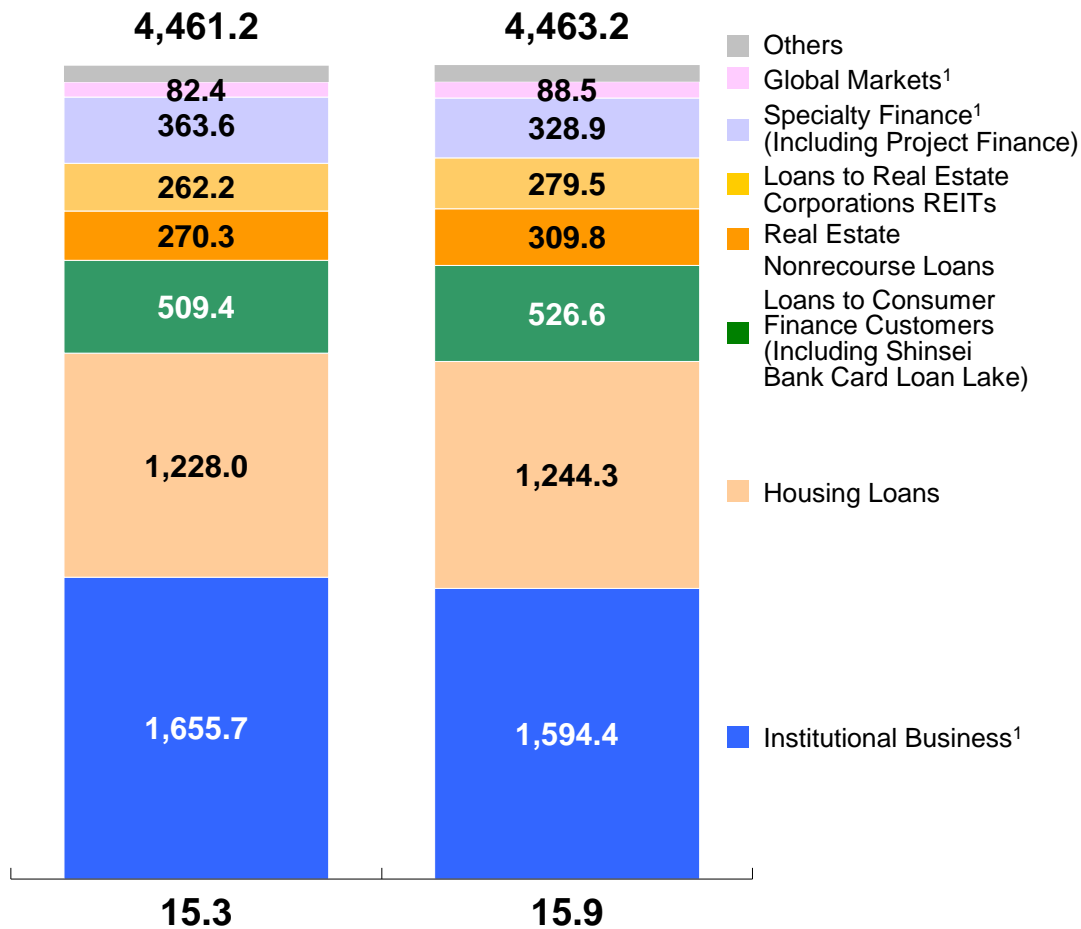
International Standard; Fully Loaded Basis	2014.3	2015.3	2015.9
Common Equity Tier I	541.5	666.0	719.3
Risk Assets	5,914.6	5,618.3	5,745.5

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

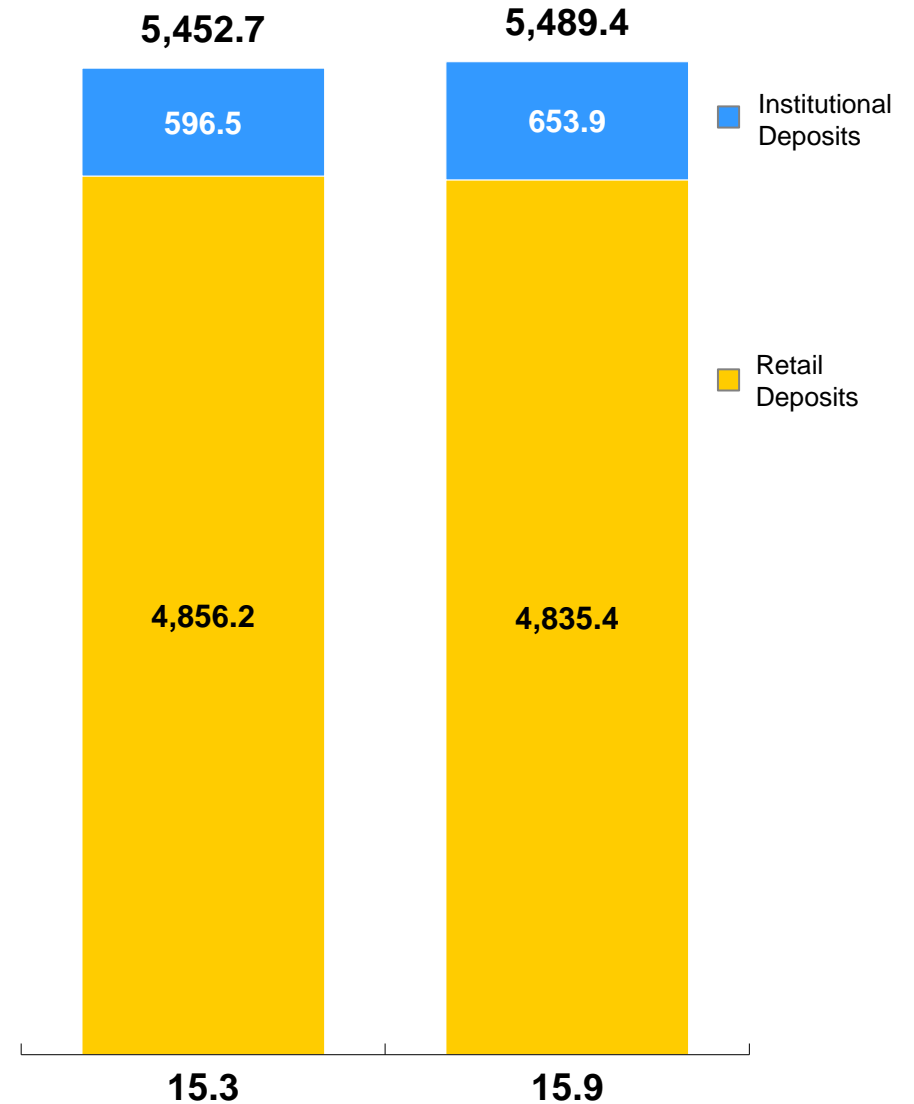
Loans and Deposits:

(Consolidated; Unit: JPY billion)

Loans



Deposits

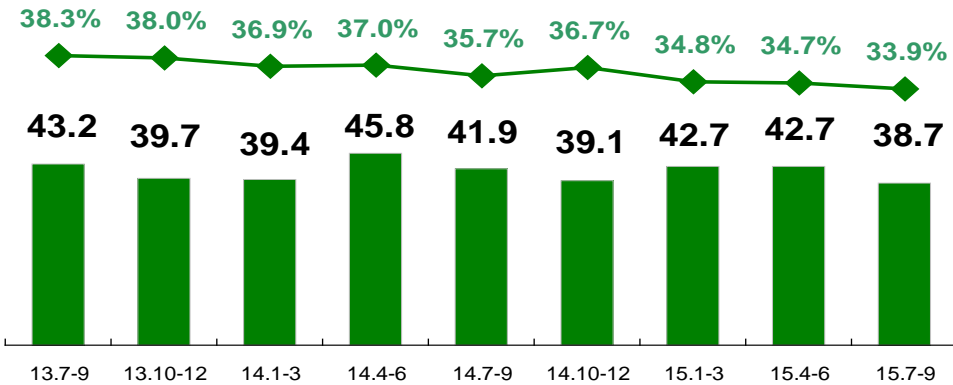


¹ Prior periods financials have been restated to conform to the current organizational structure

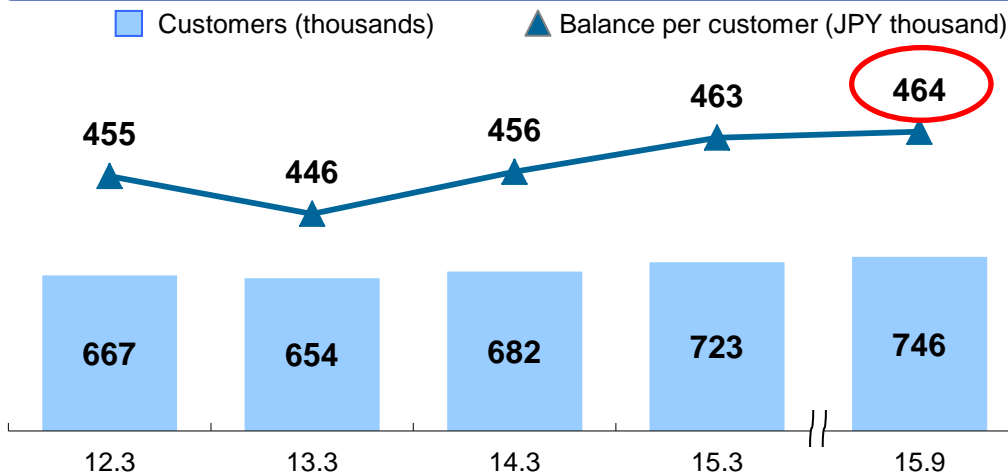
Unsecured Personal Loan:

- Balance growth rate largely unchanged from last year due to increased competition from banks in addition to competition from nonbank lenders
- Balance grew 19% from March 31, 2013 to September 30, 2015, exceeding average growth rate of major competitors
- In order to meet balance targets the Bank will work to raise brand recognition through a new TV commercial campaign, and enhance existing customer engagement through online strategy, etc.

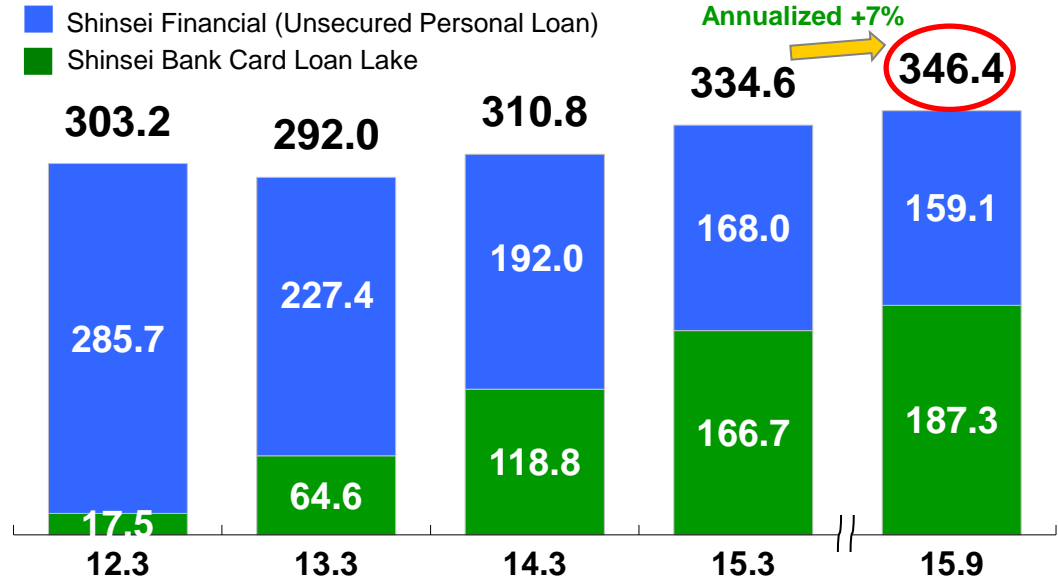
Shinsei Bank Card Loan Lake:
New Customers (thousands), Approval Rate



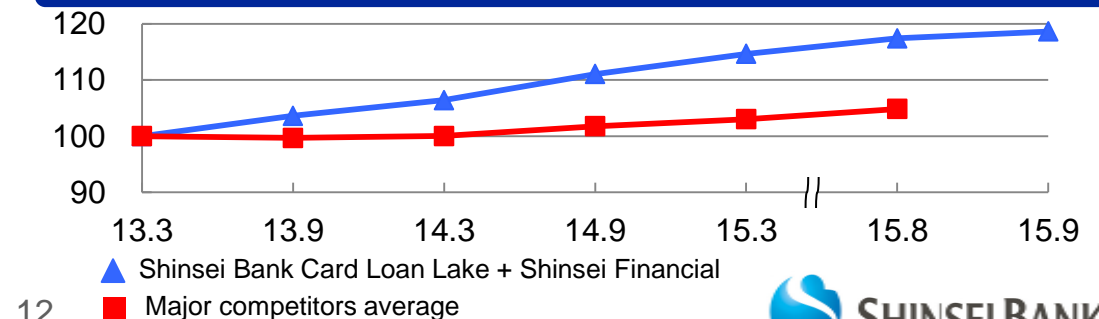
Shinsei Bank Card Loan Lake + Shinsei Financial:
Customers (thousands), Balance per Customer (JPY thousand)



Shinsei Bank Card Loan Lake + Shinsei Financial:
Unsecured Personal Loan Balance (JPY billion)



Ref: Growth Trend in Unsecured Personal Loan Balance (March 31, 2013=100)



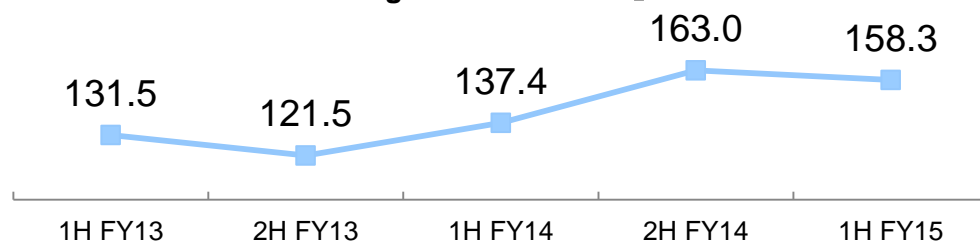
Retail Banking, APLUS FINANCIAL:

(Unit: JPY billion)

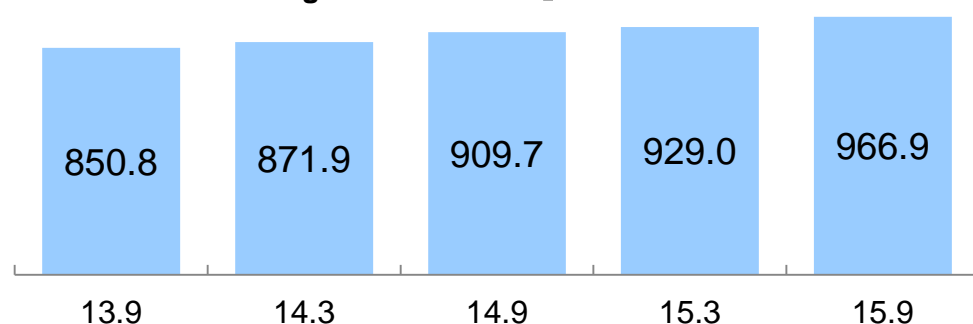
- Sales amount and balance of asset management products growing steadily in Retail Banking
- In APLUS FINANCIAL the operating asset balance, primarily associated with general merchandise, continues to grow stably

Retail Banking (Asset Management Products: Mutual Funds, Insurance, Structured Bonds)

【Sales Amount of Asset Management Products】



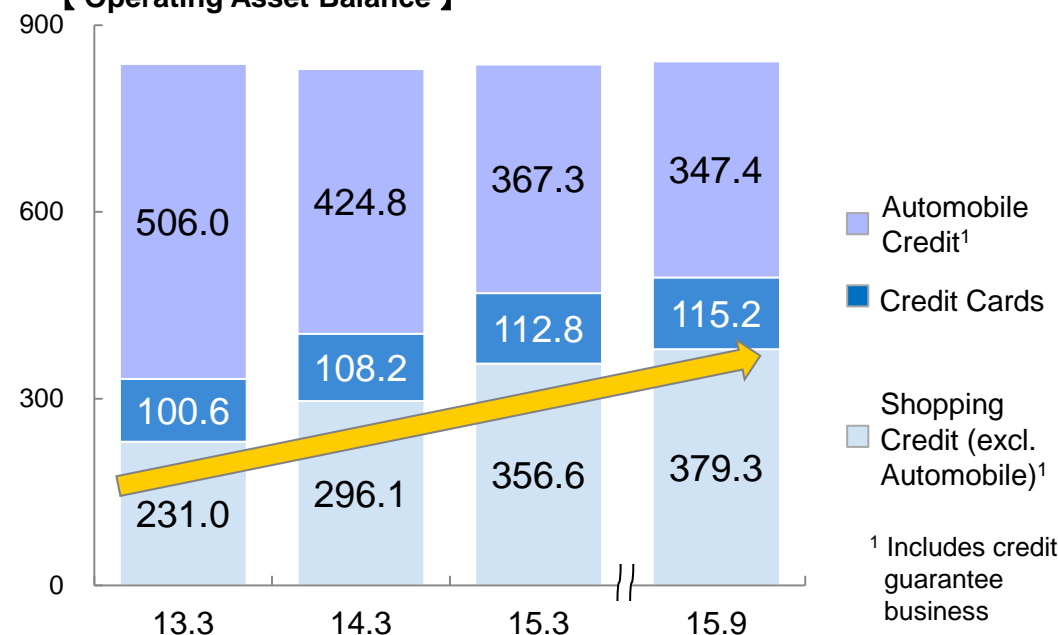
【Balance of Asset Management Products】



Retail Banking	1H FY2014 (A)	1H FY2015 (B)	Change (B-A)
Revenue	14.3	14.3	-0.0
Expenses	-16.9	-16.4	0.5
Net Credit Costs	-0.0	-0.1	-0.1
OBP after Net Credit Costs	-2.7	-2.3	0.4

APLUS FINANCIAL (Shopping Credit; Credit Cards)

【Operating Asset Balance】



APLUS FINANCIAL	1H FY2014 (A)	1H FY2015 (B)	Change (B-A)
Revenue	24.8	25.5	0.6
Expenses	-18.1	-18.2	-0.0
Net Credit Costs	-3.3	-4.2	-0.9
OBP after Net Credit Costs	3.3	3.0	-0.3

Structured Finance, Institutional Business:

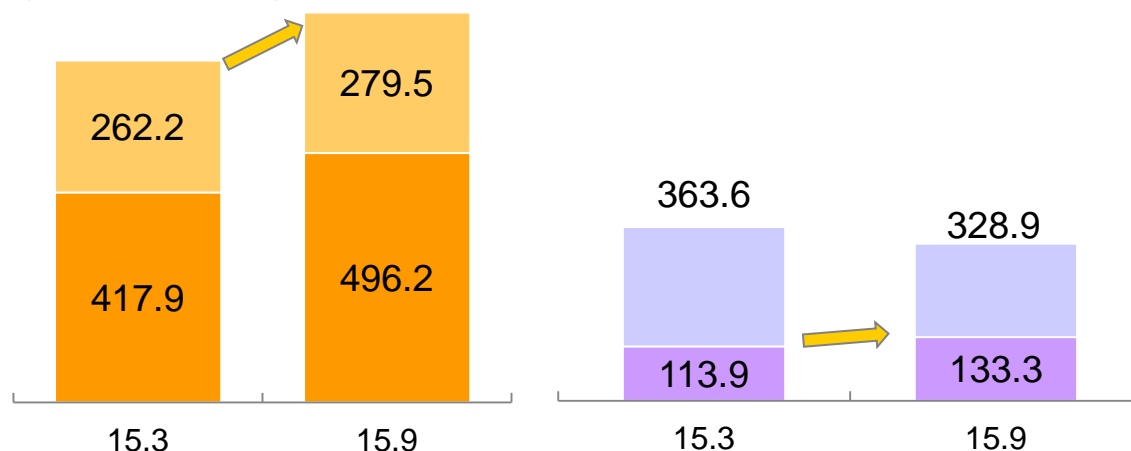
(Unit: JPY billion)

- Real estate finance balance increased due to initiatives in variety of facilities including commercial, offices, and logistical facilities
- Project Finance balance growth continues due to the sourcing of initiatives, primarily in renewable energy projects and infrastructure related projects

Structured Finance¹

【Asset Balance】

- Real Estate Companies; REITs (Loans)
- Real Estate Nonrecourse Finance (Loans, Bonds, etc.)
- Specialty Finance (Loans)
- Domestic, Overseas Project Finance (Loans)

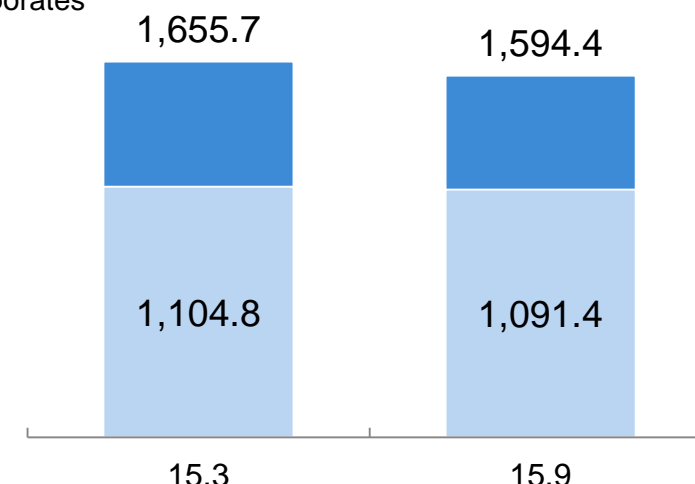


Structured Finance ¹	1H FY2014 (A)	1H FY2015 (B)	Change (B-A)
Revenue	10.4	9.7	-0.7
Expenses	-2.4	-2.7	-0.3
Net Credit Costs	0.1	13.3	13.1
OBP after Net Credit Costs	8.2	20.3	12.0

Institutional Business¹

【Loan Balance】

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



Institutional Business ¹	1H FY2014 (A)	1H FY2015 (B)	Change (B-A)
Revenue	8.8	7.3	-1.5
Expenses	-4.8	-5.1	-0.3
Net Credit Costs	0.8	-0.3	-1.2
OBP after Net Credit Costs	4.9	1.8	-3.0

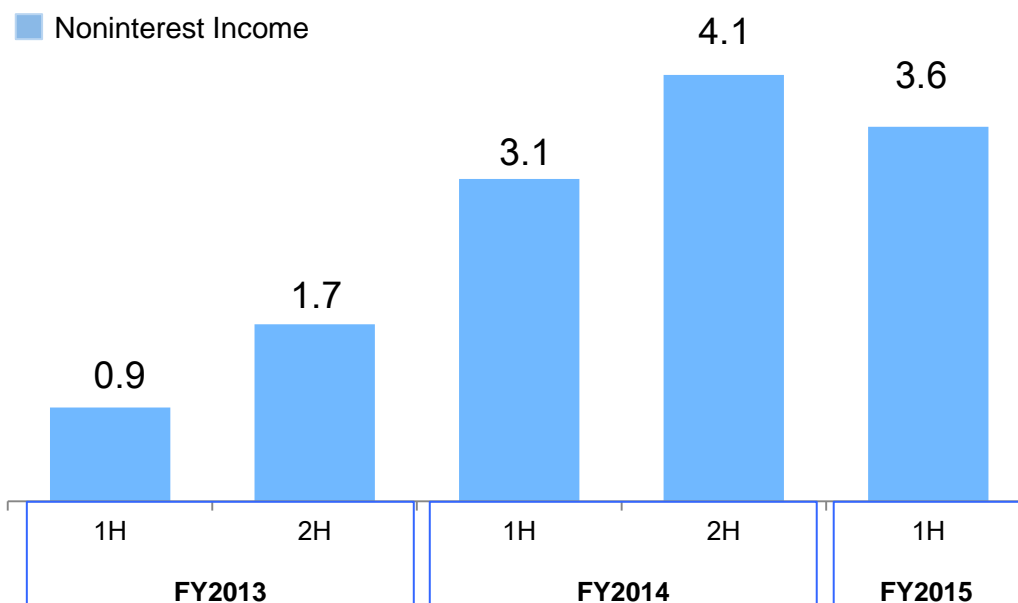
¹ Prior periods financials have been restated to conform to the current organizational structure

Markets, Principal Transactions:

(Unit: JPY billion)

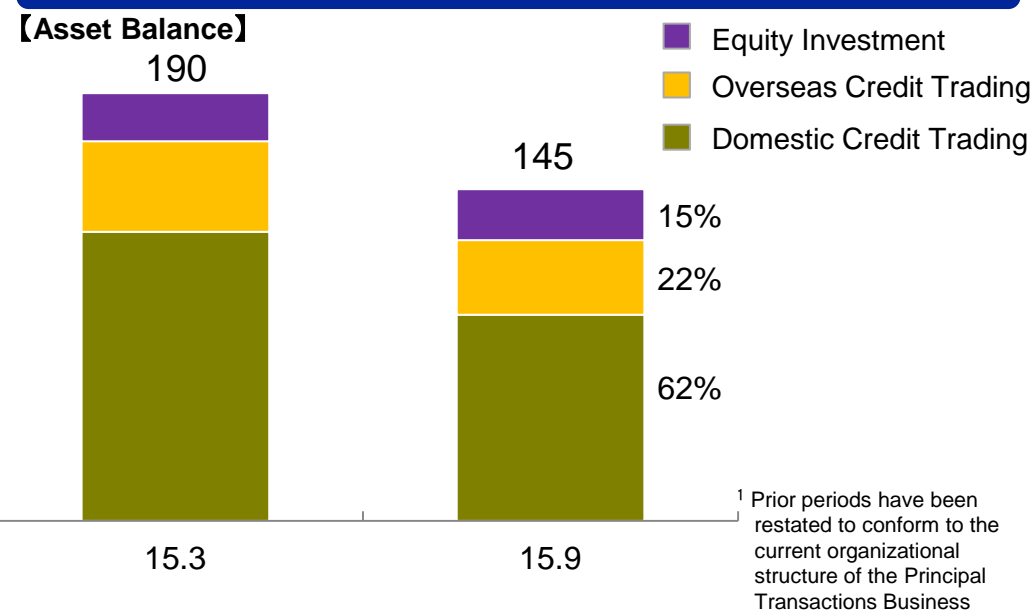
- Markets related noninterest income increased y-o-y due to strong markets related transactions, primarily in derivatives
- Principal Transactions revenue decreased y-o-y due to factors such as the absence of major domestic credit trading revenues recorded in the previous fiscal year and losses resulting from the reassessment of fund investments

Markets



Markets Sub-Group	1H FY2014 (A)	1H FY2015 (B)	Change (B-A)
Revenue	4.4	4.6	0.1
Expenses	-1.6	-1.7	-0.1
Net Credit Costs	-0.0	0.0	0.1
OBP after Net Credit Costs	2.7	2.9	0.2

Principal Transactions¹

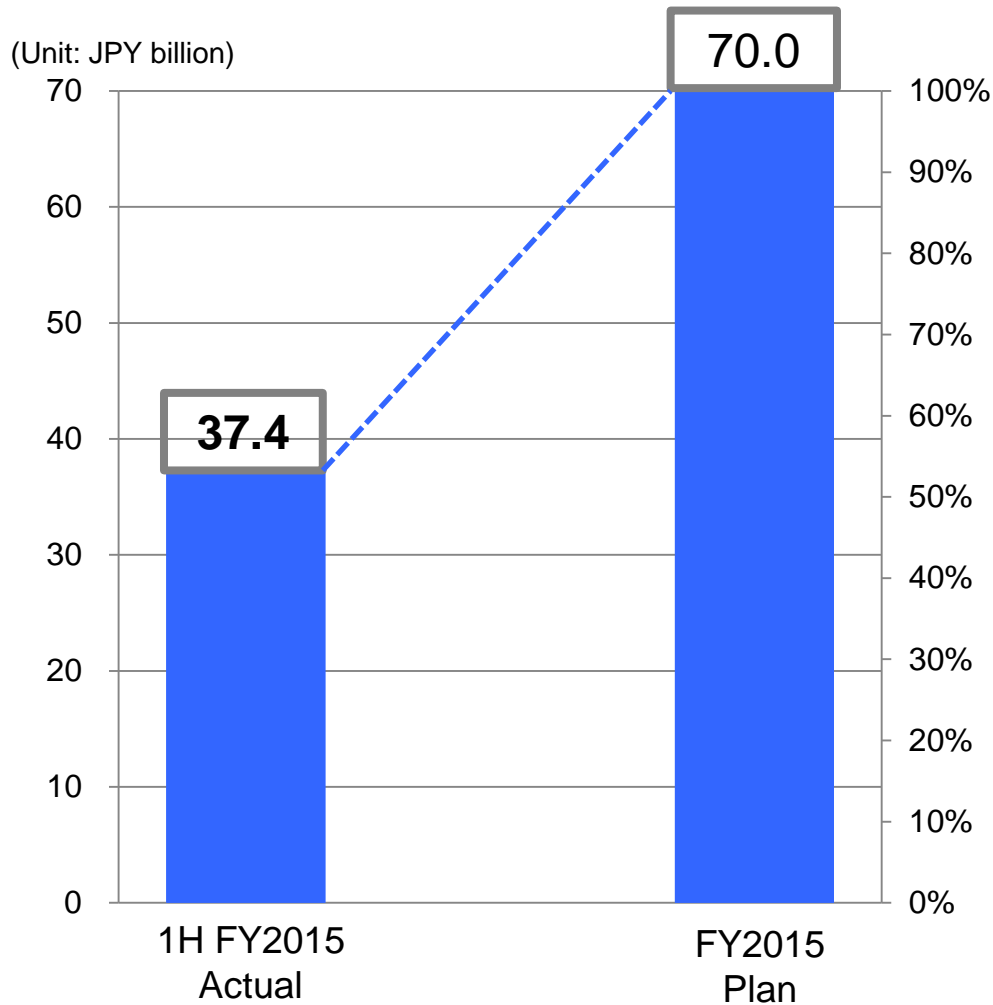


Principal Transactions ¹	1H FY2014 (A)	1H FY2015 (B)	Change (B-A)
Revenue	10.1	2.1	-8.0
Expenses	-3.1	-2.6	0.4
Net Credit Costs	-0.4	0.0	0.5
OBP after Net Credit Costs	6.6	-0.4	-7.0

Financial Target Dashboard:

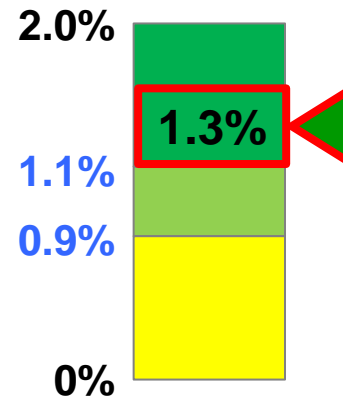
Net Income

(Unit: JPY billion)



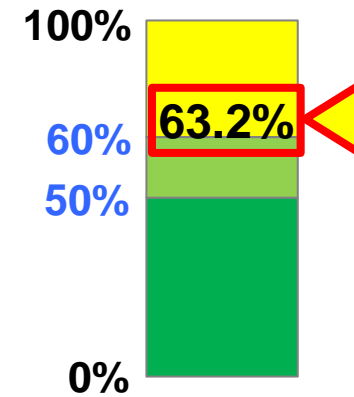
RORA

(Target: Around 1%)



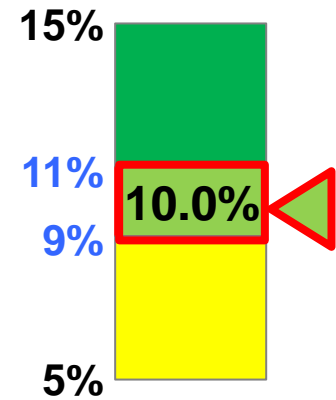
Expense to Revenue Ratio

(Target: Between 50%-60%)



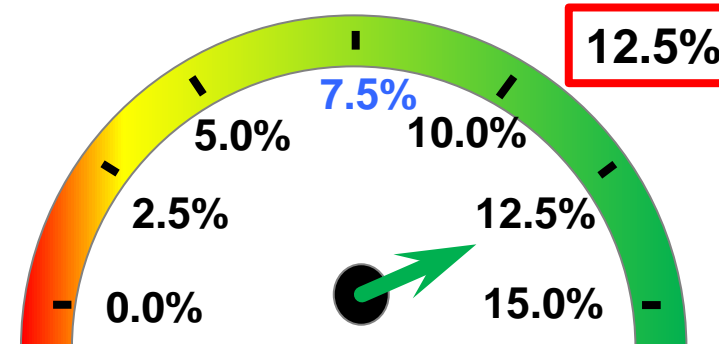
ROE

(Target: Around 10%)



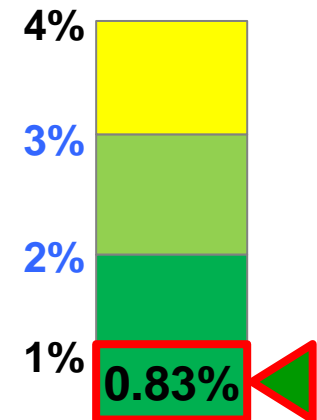
Common Equity Tier I Ratio

(Target: Around 7.5%)



NPL Ratio

(Target: Below 3%)

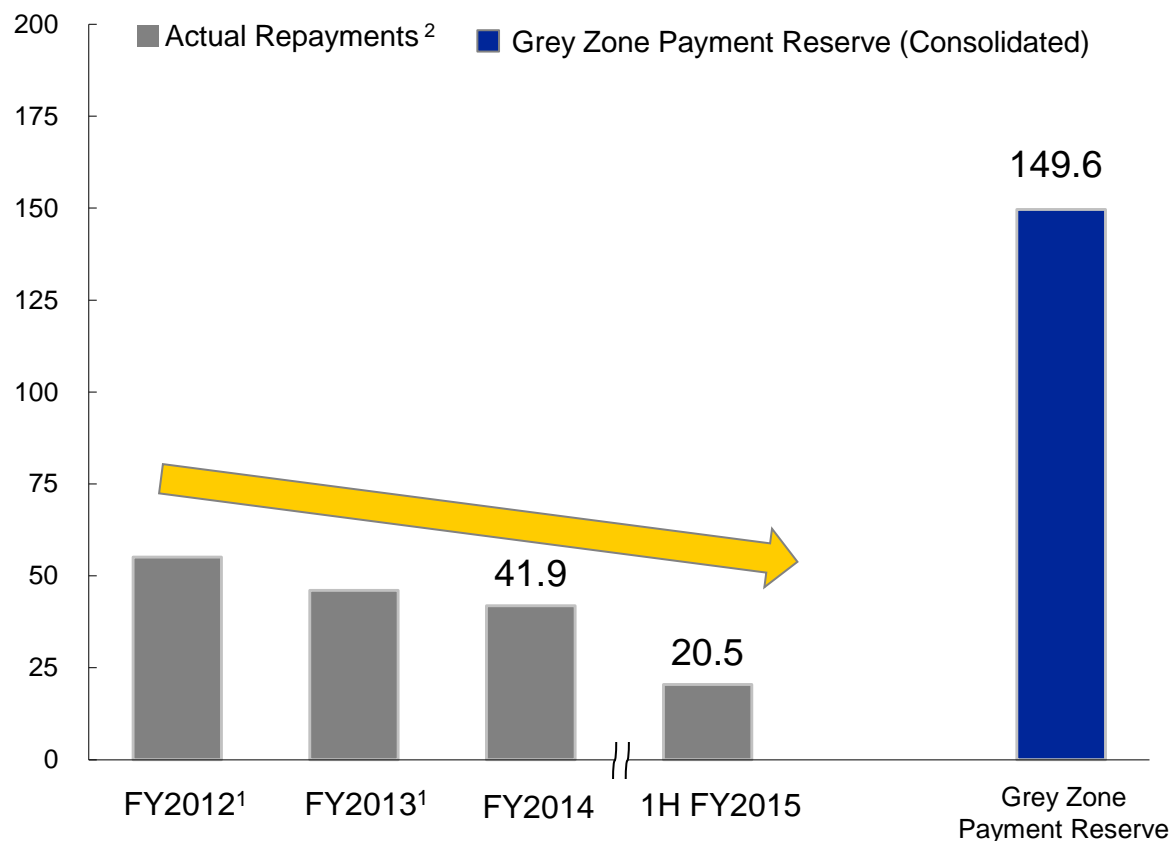


Appendix: Interest Repayment (Grey Zone)

(Unit: JPY billion; thousands)

- Disclosure claims have declined further in 2QFY2015. Actual repayments also decreased to JPY 9.9 billion in 2QFY2015 from JPY 10.6 billion in 1QFY2015
- Reserves for grey zone repayment at an appropriate level for the Shinsei Bank Group at JPY 149.6 billion

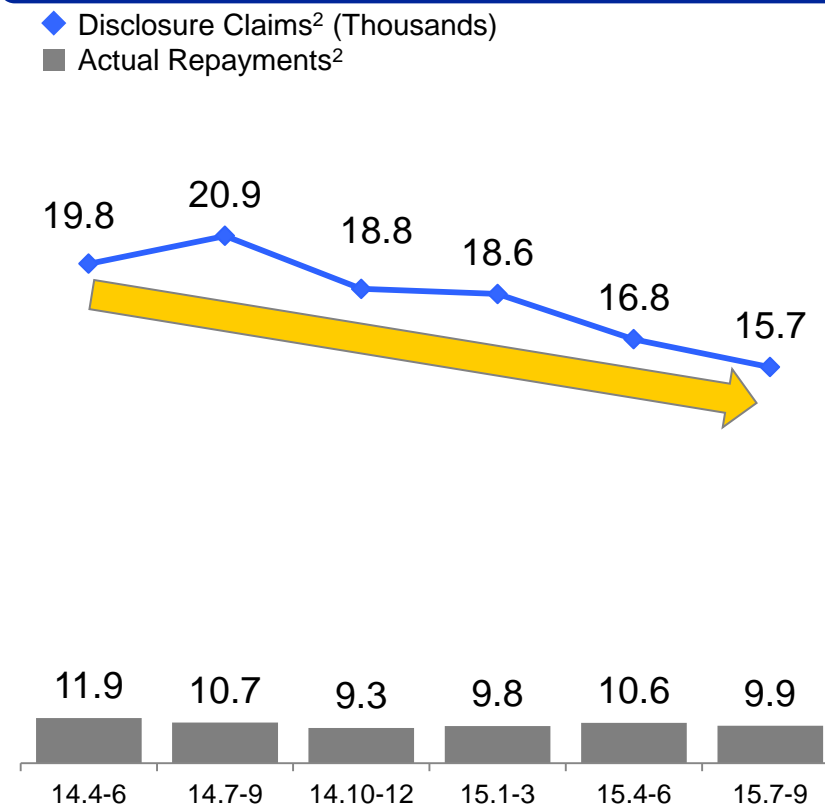
Interest Repayment Amounts Trend (Annual)



¹ Actual repayments include grey zone claims covered by GE indemnity until March 2014

² Shinsei Financial, SHINKI and APLUS FINANCIAL combined

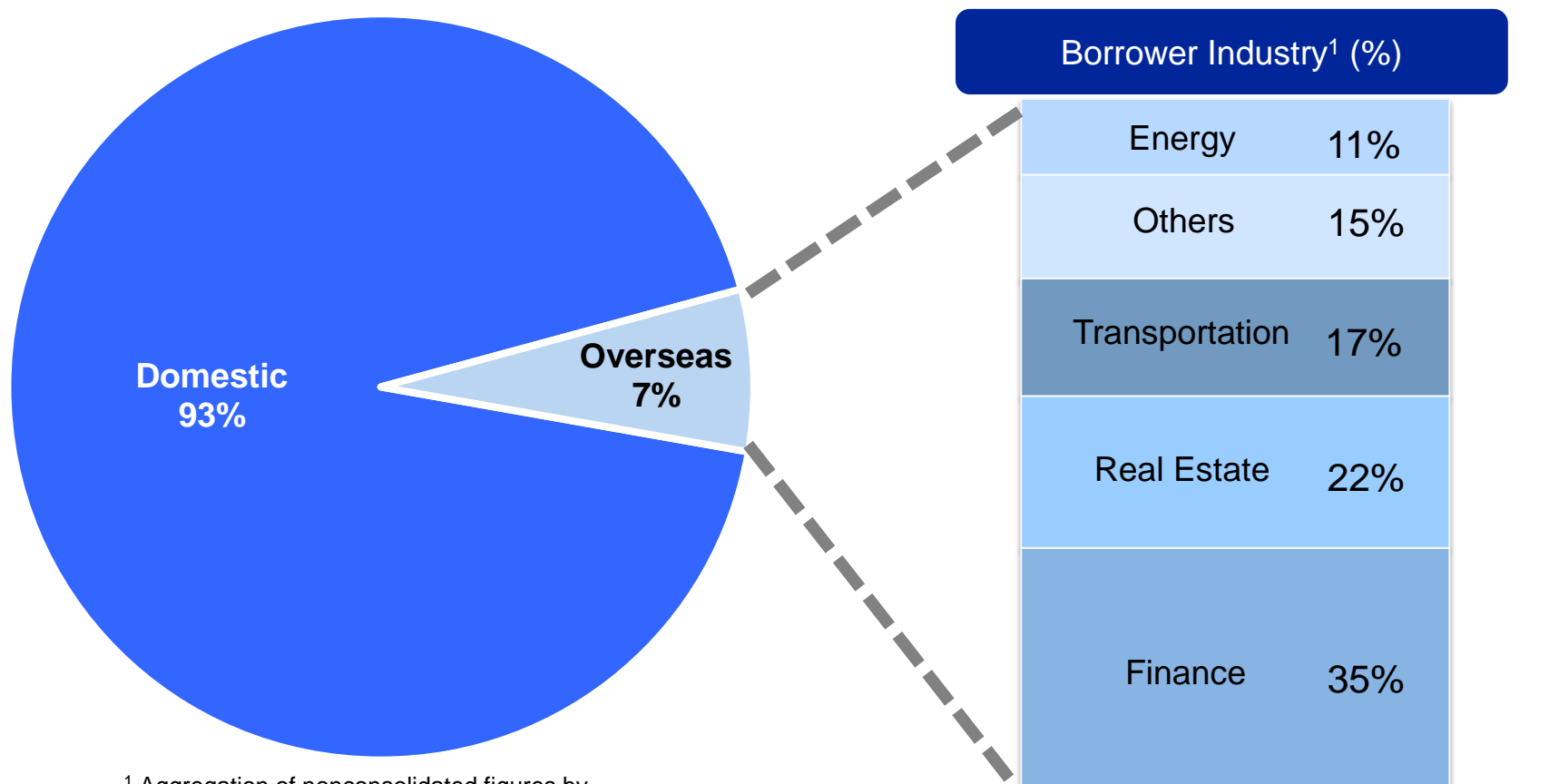
Interest Repayments Amounts; Disclosure Claims Trend (Quarterly)



Appendix: Overseas Loans

(Nonconsolidated; Unit: %)

- Overseas loan balance as of September 30, 2015 was JPY 280 billion, a small proportion of the total loan book at approximately 7% of total loans
- Overseas borrowers are largely concentrated in the finance (primarily overseas financial institutions), real estate, transportation (primarily shipping) and energy (including project finance) industries.
- Lending to Chinese companies makes up 4% of all overseas loans



¹ Aggregation of nonconsolidated figures by debtor base country. Excludes lending to Japan based businesses

Appendix: Balance Sheet

(Unit: JPY billion)

Balance Sheet (Consolidated)

【Consolidated】	March 31, 2013	March 31, 2014	March 31, 2015	June 30, 2015	September 30, 2015
Loans and Bills Discounted	4,292.4	4,319.8	4,461.2	4,384.6	4,463.2
Securities	1,842.3	1,557.0	1,477.3	1,495.8	1,283.6
Lease Receivables and Leased Investment Assets	203.5	227.7	227.0	222.4	218.0
Installment Receivables	365.8	421.9	459.1	464.7	480.0
Reserve for Credit Losses	-161.8	-137.3	-108.2	-101.4	-99.2
Total Assets	9,029.3	9,321.1	8,889.8	9,012.5	8,999.2
Deposits and NCDs	5,457.5	5,850.4	5,452.7	5,502.1	5,489.4
Borrowed Money	719.2	643.4	805.2	777.1	777.8
Corporate Bonds	174.2	177.2	157.5	169.2	131.1
Reserves for Losses on Interest Repayments	34.9	208.2	170.2	159.5	149.6
Total Liabilities	8,345.6	8,598.5	8,136.0	8,236.5	8,223.9
Shareholders' Equity	626.3	665.1	728.5	748.3	763.3
Total Equity	683.6	722.5	753.7	776.0	775.3

Appendix: Financial Ratios, Per Share Data

Financial Ratios (Consolidated)

	FY2012	FY2013	FY2014	1H FY2015
Expense-to-Revenue Ratio	64.6%	65.4%	60.2%	63.2%
Loan-to-Deposit Ratio	78.6%	73.8%	81.8%	81.3%
ROA	0.6%	0.5%	0.7%	0.8%
ROE	8.6%	6.5%	9.8%	10.0%
ROA (Cash Basis)	0.7%	0.5%	0.8%	0.9%
ROE (Cash Basis)	11.1%	8.3%	11.4%	11.4%

Per Share Data (Consolidated)

	FY2012	FY2013	FY2014	1H FY2015
Common Equity per Share	233.65 yen	247.82 yen	275.45 yen	287.49 yen
Net Income per Share	19.24 yen	15.59 yen	25.57 yen	14.11 yen
Cash Basis Net Income per Share	22.77 yen	18.78 yen	28.42 yen	15.45 yen

- **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.**