

Salaryman Pocket Money Reaches Worst Post-Bubble Level -Results of the 2013 “Salaryman” Pocket Money Survey-

- Trend of “one-coin” lunches continues as average spending for lunch rises only JPY 8 to JPY 518.
Allowances for drinks reach the second lowest level historically at JPY 7,688 per month. -

Shinsei Bank has conducted a survey of 1,000 office workers between the ages of 20’s – 50’s in the “2013 Salaryman Pocket Money Survey”. This report lays out the findings.

Key findings of the “2013 Salaryman Pocket Money Survey”

- Average monthly pocket money at JPY 38,457 (down JPY 1,299 vs. 2012); worst amount following the collapse of the bubble economy, and is the second lowest amount recorded since the start of this survey.
- The average cost of lunch has risen JPY 8 from last year to JPY 518. The trend for “one-coin” lunches continues.
- While the absolute amount spent on one drinking session has risen JPY 614 year on year to 3,474, due to a decrease in the total number of drinking occasions, the total spent on drinking is 7,688 per month, the second lowest amount, ahead of last year, recorded since the start of the survey.

In the survey conducted in April 2013, it was found that the effects of Abenomics have not been sufficient to affect the pocket money allowances of Salarymen despite having been able to cause improvements in the performance of some companies and rises in stock prices.

With a drop in the percentage of pay raise increments, it appears that many people are saving money, and are conservative when it comes to pocket money allowances. In most households the monetary situation is expected to worsen due to rises in costs from 2012 for energy, the effects of the strong yen on prices of food and certain essentials, and there is also the planned hike of the consumption tax next year.

For those that have had or plan to have increases in their pocket money, most had received pay raises and it appears that these pay raises will be key for pocket money allowances to recover. We believe that these increases in income, by mitigating the current financial burden on households as well as by helping alleviate anxiety surrounding the future, will lead to increases in pocket money allowances and subsequently to a recovery in consumption.

■ Average salaryman monthly pocket money at JPY 38,457 (down JPY 1,299 vs. 2012); a new low following the collapse of the bubble economy

The survey found that the “Average Salary man’s Pocket Money ” in 2013 was down JPY 1,299 from JPY 39,756 in 2012 to JPY 38,457, the lowest amount recorded post-collapse of the Japanese bubble economy and the second lowest amount ever recorded by the annual survey from 1979. (Lowest amount ever recorded was JPY 34,100 in 1982).

By analyzing the more than 30 years of data gathered through this annual survey, a correlation has been observed between the average pocket money allowance and the Nikkei Stock average. Following the collapse of the bubble economy, changes in pocket money allowances lag behind changes in the Nikkei Stock average by 1-2 years.

The Nikkei Stock average recovered to JPY 10,395 by December 31, 2012, an increase of JPY 1,940 compared to the previous year, but despite the correlation between stock prices and pocket money, we have not yet observed an increase in pocket money. (Please refer to attachment#1: Changes in Average Salaryman Pocket Money and the Nikkei Stock Average).

■ **Average cost of lunch has risen JPY 8 from last year to JPY 518; the trend of “one-coin” lunches continues**

The average cost of lunch rose JPY 8 from last year to JPY 518, and the trend of “one-coin” lunches that began in 2010 continues. The breakdown of the lunches of those surveyed were, in descending order, 30.7% “home-made”, 24.9% “purchased bento”, and 19.2% “eating out.” The incidence of “home-made” and “eating out” has increased from last year.

■ **Amount spent on each drinking session has risen JPY 614 from last year to JPY 3,474, but the total number of sessions has fallen by 0.2 times/month to 2.2 times/month**

The total spent on each drinking session has risen JPY 614 from 2012 to a total of JPY 3,474, close to the amount seen in 2011 of JPY 3,540, but is the third lowest amount recorded since the start of this survey in 1999. The total number of drinking sessions per month has fallen 0.2 times/month to 2.2 times/month, bringing the total spent on drinking sessions per month to JPY 7,688 with the total increase in monthly spending at JPY 824. This represents the second lowest total recorded since the start of this survey. If the results are separated by generation, we detected a recovery in both the number of drinking sessions as well a large increase in the amount spent on each drinking sessions amongst respondents in their 50's of JPY 4,110 to JPY 10,619.

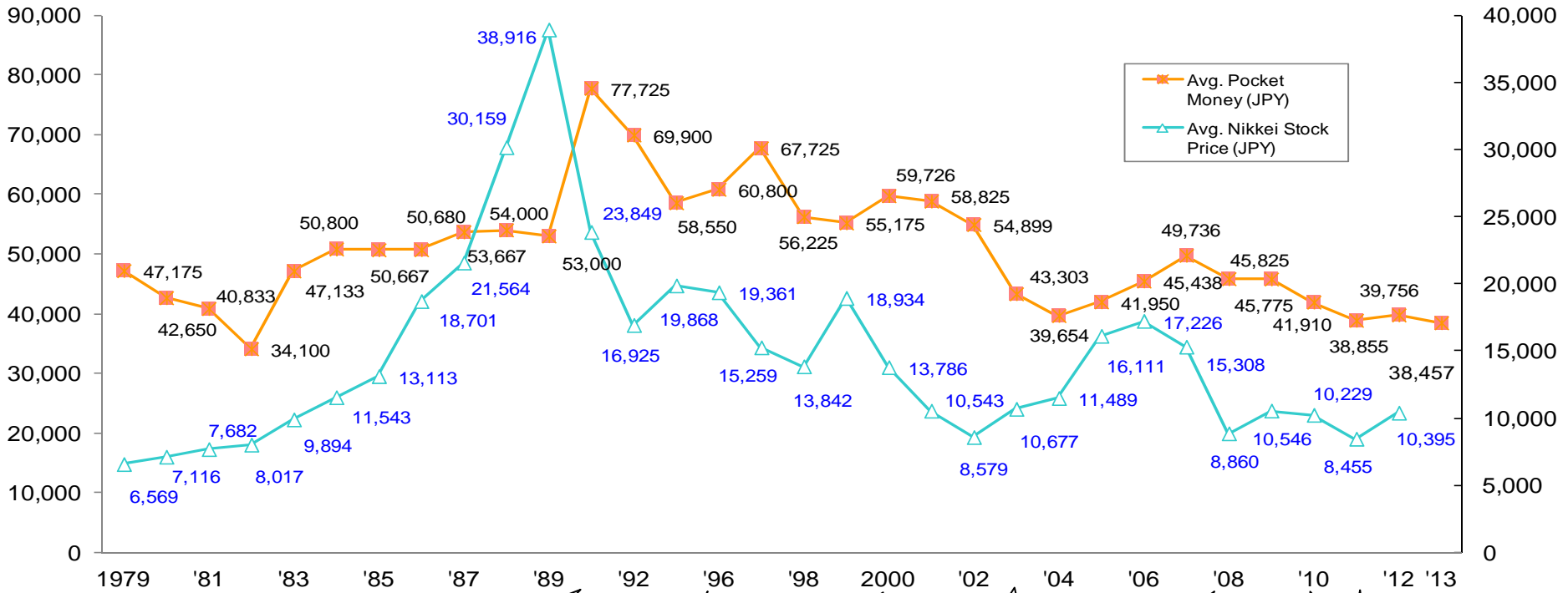
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Pocket money (JPY)

Nikkei Average Stock Price and Average Salaryman Pocket Money (1979-2013)

Nikkei Avg. Stock Price (JPY)



'82 Opening of the Tohoku Shinkansen; 500 Yen coins issued

'83 Tokyo Disneyland opens; Famicom (Nintendo entertainment system) launched

'90 Sales tax introduced; Nikkei Average Stock Price reaches all time historical high (Heyday of the bubble economy)

'96 Great Hanshin Earthquake; Spate of financial meltdowns

'00 iMode becomes popular; Regional development tickets distributed; Commerce loan problems

'03 Birth of the Koizumi Administration; Terrorist attacks in the US; Princess Aiko born to the Crown Prince and his wife

'08 Onset of the global financial crisis due to the collapse of Lehman Brothers

'11 Tohoku earthquake; Appreciation of the yen; Terrestrial digital broadcasting begins

'10 DPJ born as a result of regime change

'12 Tokyo Skytree opens; Reform of social security and all tax laws enacted; LDP regains the lower house and Abe administration inaugurated; Yen weakens and stock prices recover due to Abenomics

* No survey conducted for 1991, 1993, 1994, and years previous to 1978

* Nikkei average stock prices shown in the graph are annual closing share prices