

For Immediate Release

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Review of Unsecured Personal Card Loan Business Strategy in Shinsei Bank Group

Tokyo (Thursday, December 21, 2017) --- Shinsei Bank, Limited, (hereinafter, “Shinsei Bank”; “the Bank”) announced today that it has reviewed its strategy for the unsecured personal card loan business in the Shinsei Bank Group, and will realign its products depending on the needs of its customers. Shinsei Bank will offer “Shinsei Bank Smart Card Loan Plus” (hereinafter, “Smart Card Loan Plus”) as the Bank’s card loan product, and will cease to accept applications from and to make contracts with new customers of “Shinsei Bank Card Loan – Lake” (hereinafter, “Lake”) from April 2018¹. Furthermore, in order to meet the needs of customers who prefer to use money lending products, Shinsei Financial Co., Ltd. (Chiyoda-ku, Tokyo; President and CEO Hiroyuki Torigoe; hereinafter, “Shinsei Financial”), a member company of the Shinsei Bank Group, will launch a new unsecured card loan product in April 2018.

1. Purpose and outline of realignment of unsecured personal card loan products

By taking over the unsecured card loan brand operated by Shinsei Financial, Shinsei Bank has provided the Lake service since October 2011. The Lake card loan service has met customers’ financing needs while adhering to the principles of the revised Money Lending Control and Regulation Law (hereinafter, “MLBL”), and achieved a substantial growth. The unsecured card loan balance including the Lake has reached approximately 508.0 billion yen at the end of September 2017, as a result of the group-wide concerted effort in this line of business, which is stipulated in the 3rd Medium-Term Management Plan as one of the growth areas.

When Shinsei Bank took over the Lake brand in 2011, the Bank initially expected to expand its customer base to those who have the needs of the bank card loan services in addition to customers who prefer to use one of the money lending products. However, after analyzing the result of the past six-years of business, Shinsei Bank has determined that the Lake brand still has a high degree of recognition as the money lending product brand, and the use of it by customers who have the needs of the bank card loan services is limited. Shinsei Bank also acknowledges that the Smart Card Loan Plus, which has been offered to the bank card loan customers since November 2015, has been gradually growing.

Considering these circumstances, Shinsei Bank Group has decided to realign the unsecured card loan products in accordance with the customer needs. The Bank will continue to provide the Smart Card Loan Plus to customers who have the bank card loan service needs, and will cease to accept applications from and to make contracts with the new Lake customers¹. For customers who prefer to use a money lending product, Shinsei Financial will introduce the new product in April 2018, and Shinsei Personal Loan Co., Ltd. (Chiyoda-ku, Tokyo; President: Masahiro Hayashi; hereinafter, “Shinsei Personal Loan”), a subsidiary of Shinsei Financial, will continue to provide unsecured card loan service under the “No Loan” brand. In addition to the existing Lake customers, Shinsei Financial intends to expand the services to the young customers with a high digital literacy by enhancing the digital functionality, such as an automatic response mechanism based on the artificial intelligence.

In light of increasing balance of card loans by the Japanese banks, all banks have been required to further ensure the development of the framework for the consumer financing business, based on the theme and purpose of the revised MLBL. Shinsei Bank continues to position the unsecured card loan business as one of the growth areas. As a socially responsible lender, Shinsei Bank Group, including Shinsei Financial and Shinsei Personal Loan, will strive to contribute to the development of the sound unsecured card loan market by realigning the brands depending on the customer needs and continuing to promote the business while strictly adhering to the theme and purpose of the revised MLBL.

[The Shinsei Bank Group Unsecured Card Loan Products and Targeted Customers]
 (From April 2018)

Product Name	Provider	Customers
Shinsei Bank Smart Card Loan Plus	Shinsei Bank, Limited	The Shinsei Bank Group customers with the needs of the bank card loan
New Product	Shinsei Financial Co., Ltd.	Customers in their 20's to 30's with a high digital literacy and customers who prefer to use a money lending product
No Loan	Shinsei Personal Loan Co., Ltd.	Customers who prefer to use a money lending product

¹ Shinsei Bank will continue to serve its "Shinsei Bank Card Loan – Lake" customers who will make contracts until the end of March 2018. Therefore, the customers who have entered into the contracts by March 2018 will continue to be able to borrow, make repayments and make balance inquiries at the Lake unmanned branches, and partner ATMs and cash dispensers.

2. Outlook

As a result of this announcement, the impact on the financial results for fiscal year 2017 will be limited, Shinsei Bank does not revise its earnings forecast for fiscal year 2017 which was announced on May 10, 2017.

Shinsei Bank is a leading diversified Japanese financial institution providing a full range of financial products and services to both institutional and individual customers. The Bank has a network of outlets throughout Japan and is committed in its pursuit of uncompromising levels of integrity and transparency in all of its activities in order to earn the trust of its customers, staff and shareholders. The Bank is committed to delivering long-term profit growth and increasing value for all its stakeholders. News and other information about Shinsei Bank is available at <http://www.shinseibank.com/corporate/en/index.html>

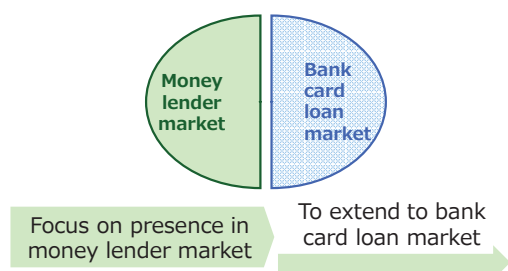
Review of our unsecured card loan business strategy (1)

■ Restructure of our unsecured card loan products, depending on our customers' needs

1. For customers who prefer banks for card loan needs

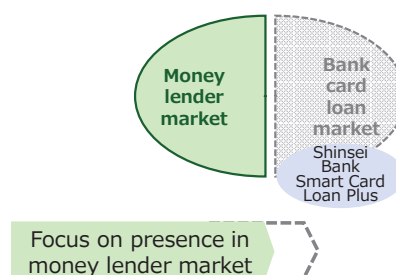
- ◆ Bank card loan products will be unified to "Shinsei Bank Smart Card Loan Plus"
- ◆ New customer acquisition under "Shinsei Bank Card Loan Lake" will terminate from April 2018

Lake customer coverage (initial)



- ✓ Shinsei Bank Card Loan Lake was initially planned to approach to the bank card loan market in addition to money lender market at the launch in 2011

Lake customer coverage (today)



- ✓ Lake, as a money lender brand, maintains its presence in the money lender market
- ✓ Use of Lake by customers who have needs of bank card loan services has been limited

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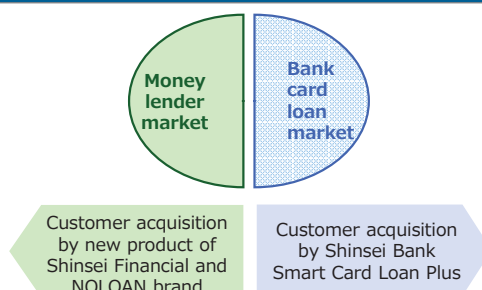
Review of our unsecured card loan business strategy (2)

■ Restructure of our unsecured card loan products, depending on our customers' needs

2. For customers who prefer money lenders' market for card loan needs

- ◆ Shinsei Financial will introduce a new product. It is being planned to start operating from April 2018
- ◆ Mainly targeting customers in their 20's and 30's with a high digital literacy

Shinsei Bank Group customer coverage



Shinsei Bank Group's unsecured card loan products:

Market	Product	Target customer	Competitor
Bank card loan market	Shinsei Bank Smart Card Loan Plus	Shinsei Bank Group's customers who have needs of bank card loan services	MUFG, SMFG, and other bank card loan
Money lender market	New product	Customer segments of Lake (money lender market), and customers in their 20's and 30's with a high digital literacy	ACOM, PROMISE, Aiful etc.
	NOLOAN	Customers who prefer money lenders' market for card loans	

2