

Creating Value Through Our Businesses

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AT A GLANCE

Segment Data

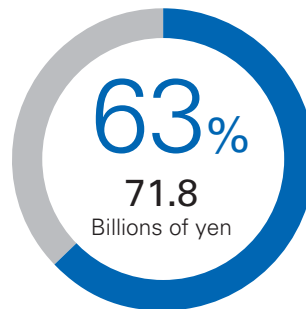
INDIVIDUAL BUSINESS

Major Business

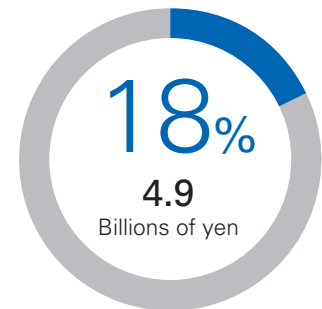
- Retail Banking
 - Deposit related products (saving deposits, time deposits, structured deposits, foreign currency deposits)
 - Asset management (consultation, mutual funds, annuity products)
 - Housing loans
- Consumer Finance
 - Unsecured personal loans (Shinsei Bank, Shinsei Financial, NOLOAN)
 - Installment sales credit, settlement, credit cards (APLUS FINANCIAL)
 - Credit Guarantees (Shinsei Financial, APLUS FINANCIAL)

Contribution¹

Total Revenue



Ordinary Business Profit after Net Credit Costs



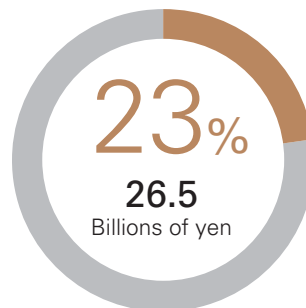
INSTITUTIONAL BUSINESS

Major Business

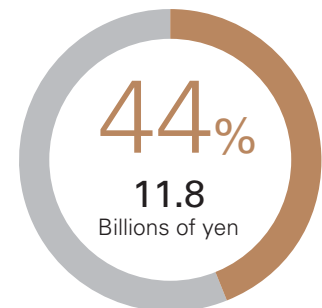
- Corporate, Financial Institutions & Public Sector Finance
- Healthcare Finance
- Real Estate Finance
- Project Finance
- Specialty Finance
- Business Succession Finance
- Credit Trading
- Private Equity
- Advisory Services
- Leasing (Showa Leasing)
- Trust operations (Shinsei Trust & Banking)

Contribution¹

Total Revenue



Ordinary Business Profit after Net Credit Costs



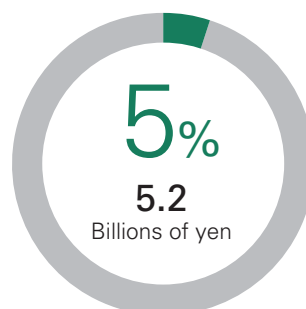
GLOBAL MARKETS BUSINESS

Major Business

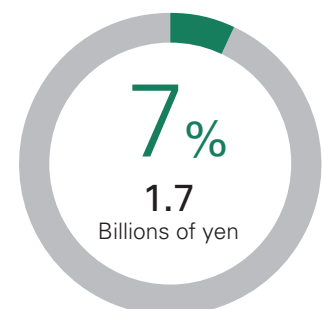
- Markets Business
- Asset Management
- Wealth Management
- Securitization (Shinsei Securities)

Contribution¹

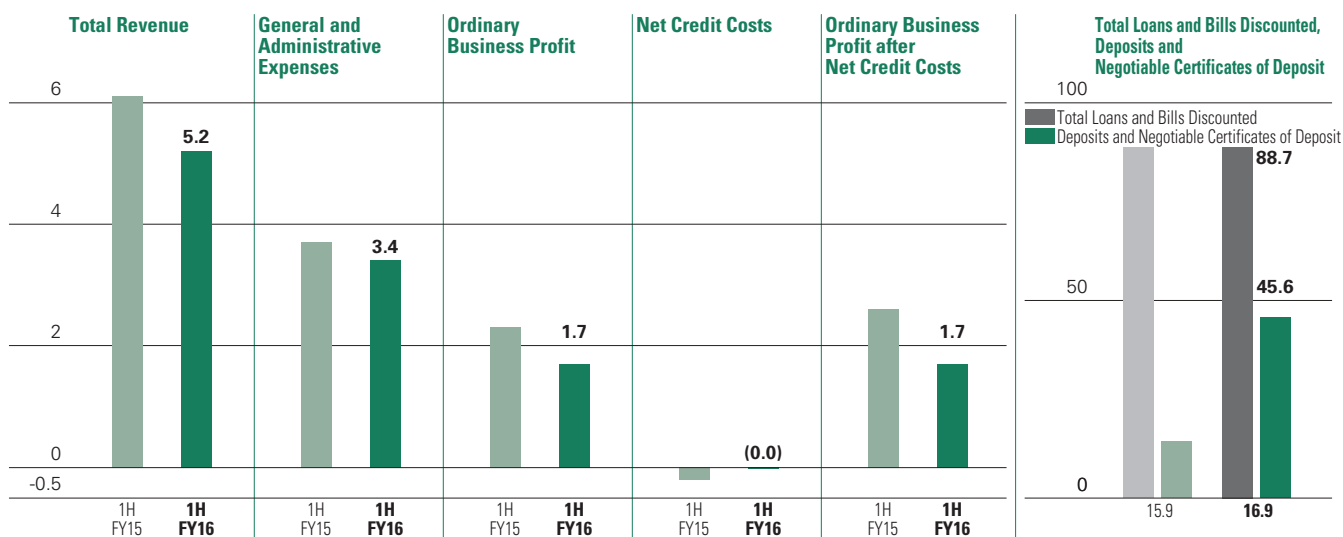
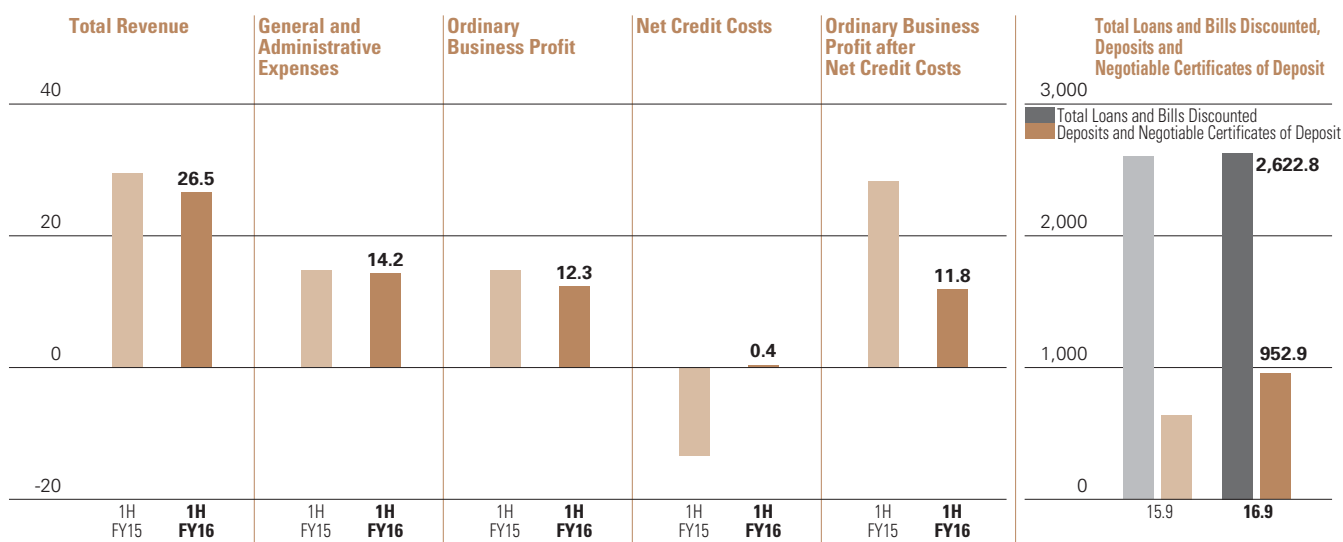
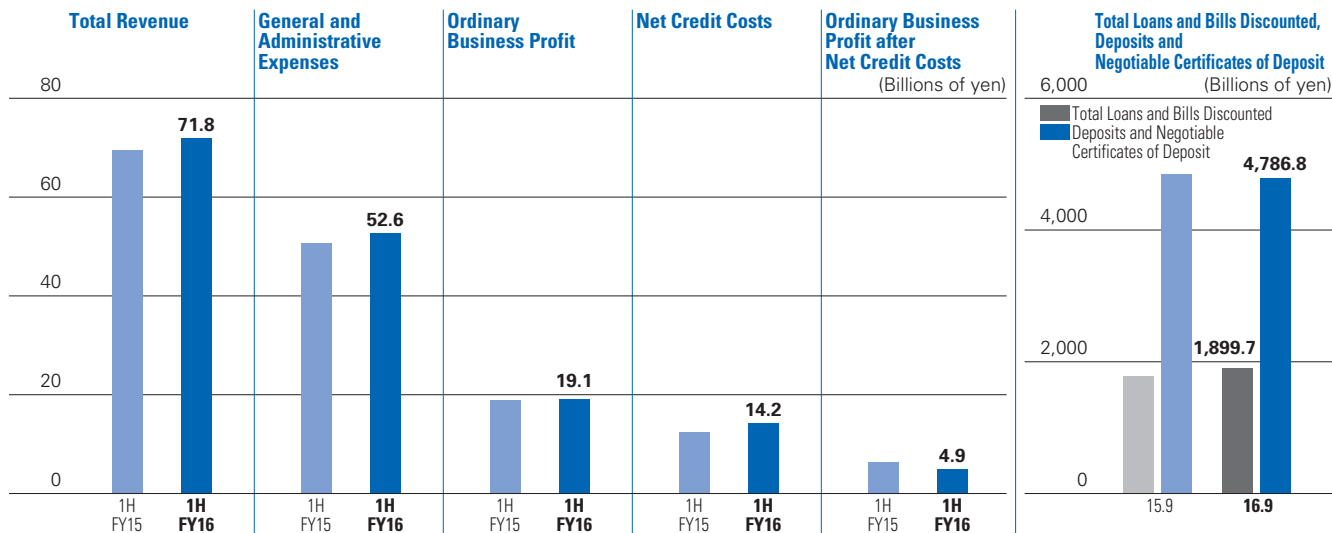
Total Revenue



Ordinary Business Profit after Net Credit Costs



¹ The percentage figures do not add up to 100% due to the contribution of Corporate/Other.



Explanations of Major Businesses

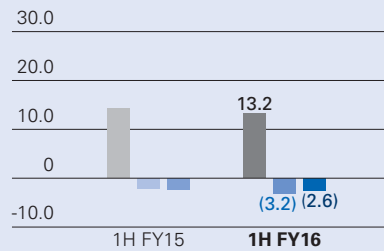
INDIVIDUAL BUSINESS

About the Shinsei Bank Group

Strategies for Increasing Corporate Value

Retail Banking

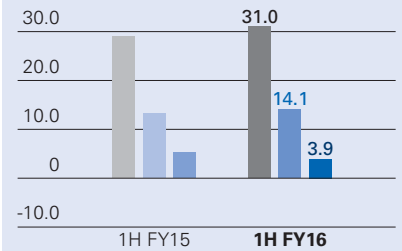
Financial products and services for individual customers, such as yen/foreign currency deposits, structured deposits, mutual funds, brokerage service through an alliance partner, life/casualty insurance through alliance partners, and housing loans



(Billions of yen)
 ■ Revenue
 ■ Ordinary Business Profit (Loss)
 ■ OBP (Loss) after Net Credit Costs

Shinsei Financial, *Shinsei Bank Card Loan—Lake* and NOLOAN

Unsecured personal loan business and credit guarantee services (*Shinsei Financial* and *Shinsei Bank Card Loan—Lake*)



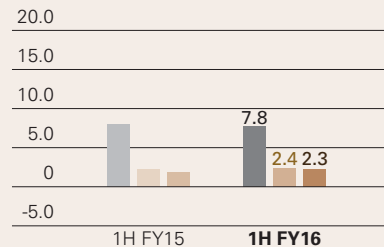
INSTITUTIONAL BUSINESS

Creating Value Through Our Businesses At a Glance

Strategies Supporting Corporate Value

Corporate Business

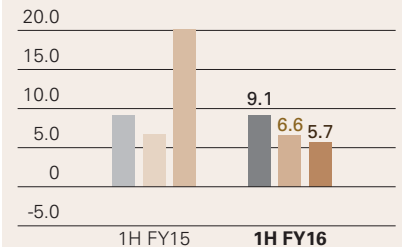
Financial products and services for corporate, financial institutions and public sector customers (including healthcare finance and advisory services)



(Billions of yen)
 ■ Revenue
 ■ Ordinary Business Profit (Loss)
 ■ OBP (Loss) after Net Credit Costs

Structured Finance

Real estate finance, project finance and specialty finance business including M&A finance, as well as and trust business

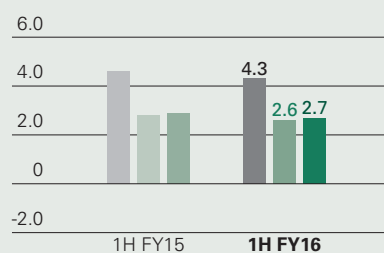


GLOBAL MARKETS BUSINESS

Data Section

Markets Business

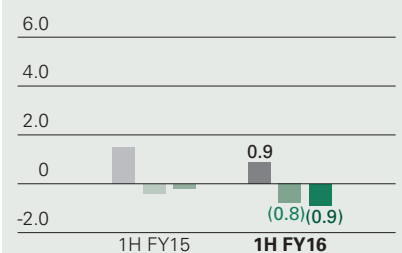
Foreign currency exchange, derivatives, equity, alternative investments, and other capital markets business



(Billions of yen)
 ■ Revenue
 ■ Ordinary Business Profit (Loss)
 ■ OBP (Loss) after Net Credit Costs

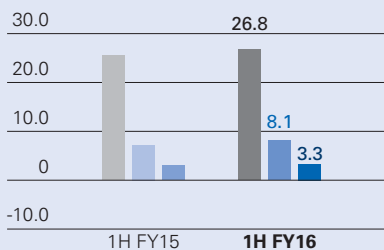
Other Businesses

Shinsei Securities, asset management, and wealth management business



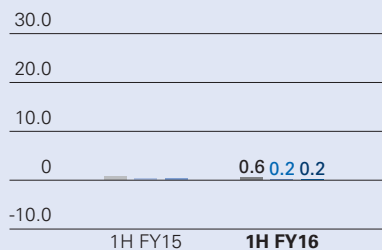
APLUS FINANCIAL

Installment sales credit, credit cards, credit guarantee services, loans, and settlement services



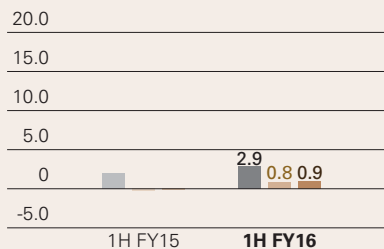
Other Businesses

Consumer Finance Division and Shinsei Property Finance which is engaged in real estate collateral finance



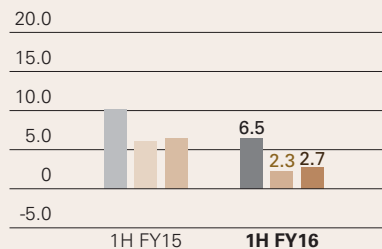
Principal Transactions

Credit trading—business succession finance and the business of trading various monetary claims—, private equity, asset-backed investment and other products and services for corporate customers



Showa Leasing

Leasing services for information equipment, industrial machinery, and machine tools as well as finance services such as installment sales credit



INDIVIDUAL BUSINESS

The Individual Business is comprised of: 1) Shinsei Bank's Retail Banking Business, which handles deposits, investment trusts, insurance, housing loans, and unsecured personal loans issued under the Shinsei Bank Card Loan—Lake brand, 2) Shinsei Financial Co., Ltd., which engages in the unsecured personal loan and credit guarantee businesses, 3) Shinsei Personal Loan Co., Ltd., 4) APLUS FINANCIAL Co., Ltd., which is engaged mainly in the credit card business and the installment sales credit business (hereafter, shopping credit), and 5) Shinsei Property Finance Co., Ltd., which engages in real estate collateralized finance.

Key Objectives in the Third Medium-Term Management Plan

In addition to seeking ways to utilize the approximately 10 million-strong customer base of the Shinsei Bank Group, the Bank is focused on strengthening the initiatives it undertakes in its Consumer Finance Business, an area identified as a growth area in the Bank's Third MTMP. Additionally, as of August 2016 the number of accounts held by individual customers at Shinsei Bank's Retail Banking Business has exceeded 3 million.

Growth Areas

In the Unsecured Personal Loan Businesses, in order to increase topline revenues from its overall Unsecured Personal Loan operations, the Bank is leveraging the attributes of its three brands: the Bank Group's core brand "Lake," "NOLOAN" and the newly established "Shinsei Bank Smart Card Loan Plus." Furthermore, the Bank is engaged in efforts to grow its Unsecured Personal Loan Credit Guarantee balance associated with clients such as regional financial institutions through its subsidiary Shinsei Financial Co., Ltd.

Stable Revenue Areas

The asset management consulting business is one of the key areas in which the Bank anticipates stable yet moderate growth and are able to leverage Shinsei Bank's strengths, and in addition to adopting new devices and technologies in order to provide customers faced with difficulties in visiting branch locations with the sense of security of face-to-face interactions, the Bank is pursuing the integration of its channels in order to establish an operating structure which enables its customers to freely contact the Bank regardless of the time or the place.

Regarding the credit card and shopping credit businesses, in the credit card business, the Bank has undertaken actions to increase its new credit card issuances in order to expand its customer base in addition to engaged in promotional activities to increase the utilization rate of the cards. In the shopping credit business, efforts have focused upon the enhancement of customer convenience by moving applications online through the introduction of the e-order system and promoting housing-related shopping credit products such as those used for home renovations.

Strategic Initiative Areas

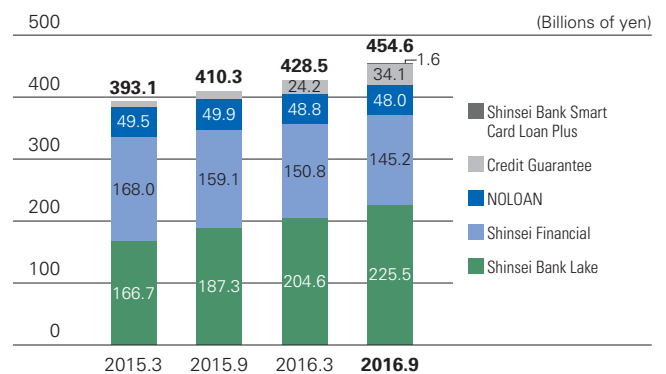
In the settlements business, we are engaged in efforts to establish an operating structure required to serve new settlement methods, primarily those emerging from the e-commerce market, through the provision of APLUS's settlement functions as a Group platform to provide settlement gateway services and improving the Bank's offerings of prepaid credit cards.

Business Results and Progression in Initiatives in the First Half of Fiscal Year 2016

In the first half of fiscal year 2016, the Individual Business recorded total revenue of ¥71.8 billion, expenses of ¥52.6 billion and net credit costs of ¥14.2 billion, resulting in an ordinary business profit after net credit costs of ¥4.9 billion. Total revenue increased compared to the first half of fiscal year 2015, supported by growth in the unsecured personal loan balance, including that at Shinsei Bank Card Loan—Lake, and growth in the housing-related loan balance of APLUS FINANCIAL.

In our unsecured personal loan businesses, in addition to the introduction of new image characters for Shinsei Bank Card Loan—Lake in September 2016, the Bank has entered into an ATM alliance with Japan Post Bank Co., Ltd., in October 2016. In June 2016, Shinsei Financial established SecondXight, Inc., a FinTech joint venture, in order to explore the utilization of artificial intelligence (AI). Shinsei Financial looks to utilize AI technologies in credit guarantee screening of loans issued by partners such as regional financial institutions as well as in its algorithms utilized in the pre-approval credit screening of prospective customers.

Unsecured Loan Balance



In settlements business, in April 2016 Shinsei Bank announced its entry into the provision of settlement agent services in Japan to WeChat Pay, a China based mobile payment service operated by WeChat, China's largest online messaging service.

INSTITUTIONAL BUSINESS

The Institutional Business is comprised of: 1) the Corporate Business, which engages in the provision of corporate financing, primarily loans, and financial solutions to corporate and public entities and financial institutions; 2) the Structured Finance Business, which engages in real estate and project related transactions; 3) the Principal Transactions Business, which includes business succession finance; 4) Showa Leasing, which engages in the leasing business; and 5) Shinsei Trust & Banking, which is engaged in the trust business.

Key Objectives in the Third Medium-Term Management Plan

In addition to engaging in efforts to ensure the prioritized investment of management resources in businesses with high market growth potential in addition to being areas in which the Bank holds expertise through the application of a “selection and concentration” approach, we are pursuing the realization of the unified management of Group companies in order to provide highly value-added financial solutions which are well suited to and meet the needs of our customers.

Growth Areas

In our Structured Finance Business, an area in which the Bank possesses competitive advantages, we are pursuing both growth and further enhancement of our expertise.

In real estate finance, we are utilizing our extensive expertise to respond flexibly to the attributes, locations, risk levels and other factors of facility in order to rapidly screen proposed transactions in order to structure transactions which meet the needs of our customers while also maintaining a strong focus on risk and return profiles.

In project finance, we are proactively engaging in domestic and overseas projects in areas such as renewable energy and public private partnerships and private finance initiatives.

Stable Revenue Areas

The Institutional Business is engaging in efforts to achieve the sustained expansion of our customer base through collaborative efforts amongst all Group companies in order to achieve the provision of products and services which truly meet the needs of our customers.

In our business serving corporate clients, the Bank has reflected growth and profitability potential in the customer segmentation system utilized in approaching potential clients and is engaging in efforts to increase the magnitude of each client transaction as well as pursuing the deepening of transactional relationships through cross selling. Through such efforts, the Bank is building the foundation of what will eventually become its core long term transactional base.

Strategic Initiative Areas

The Institutional Business continues to deliver SME and small business solutions which leverage the strengths of the Shinsei Bank Group. Specifically, we are creating the business structures necessary for the provision of all functions offered by Shinsei Group companies in a one-stop format, through the pursuit of greater integration with Showa Leasing which holds strengths in its transactions with SME clients.

In meeting the capital management needs of clients such as regional financial institutions, the Bank is providing a range of investment products through the leveraging of our expertise in areas such as structured finance, and regarding meeting the core business

enhancement needs of these clients, the Shinsei Bank Group is working cohesively in providing financial solutions for individual customers of regional financial institutions such as credit guarantees and structured deposits.

With an increasing number of baby-boomer generation owners of small businesses approaching retirement, we plan to respond to the growing needs of SMEs and middle-market companies for business succession and business change/cessation solutions through the provision of buyout finance, debt disposal and other financial solutions. The highly experienced professionals of our tightly knit, elite teams deliver customized solutions leverage the knowledge and expertise gained in our Principal Transactions Business while also utilizing resources from across the entire Shinsei Bank Group.

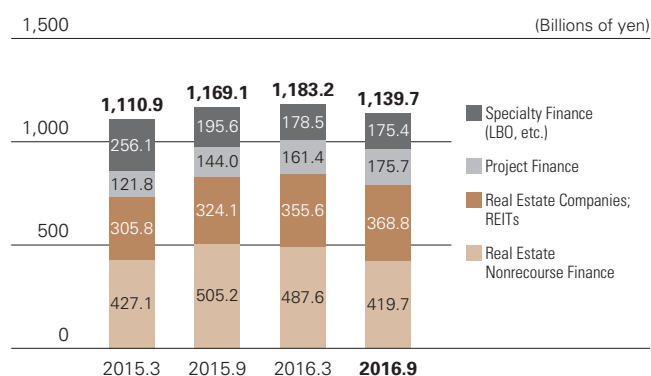
Business Results and Progression in Initiatives in the First Half of Fiscal Year 2016

In the first half of fiscal year 2016, the Institutional Business recorded total revenue of ¥26.5 billion, expenses of ¥14.2 billion and net credit costs of ¥0.4 billion, resulting in an ordinary business profit after net credit costs of ¥11.8 billion.

In the Structured Finance Business, one of the Bank's growth areas, we proactively engaged in both domestic and overseas Project Finance opportunities, particularly projects in the renewable energy field, and worked closely with regional financial institutions in the structuring of these projects.

In the provision of SME and small business solutions, strategic initiative area, we are engaged in efforts to strengthen our business capabilities through the effective use of resources and the sharing of expertise and customer bases of the Group level. In October 2016, the Bank's consolidated subsidiaries APLUS Co., Ltd. and Showa Leasing launched a vendor leasing business that combines the credit screening capabilities for individual customers of the former and the leasing functions of the latter.

Structured Finance: Operating Asset Balance



GLOBAL MARKETS BUSINESS

The Global Markets Business is comprised of: 1) the Markets Related Business that engages in foreign exchange, derivatives and other capital markets operations, 2) the Asset Management Business which includes the provision of investment trusts, 3) the Wealth Management Business which provides financial products and services to high net-worth individuals and 4) Shinsei Securities, a securities company engaged in securitization and securities brokerage.

Key Objectives in the Third Medium-Term Management Plan

In financial markets, unprecedented events and conditions including the introduction of the Bank of Japan's negative interest rate policy persist, and the uncertainty surrounding future developments is strengthening. Additionally, while client needs for foreign exchange and interest rate hedging and asset management persist, there has been a tangible decline in the number of financial institutions able to act as the counterparty for such services as a result of recent restructurings of financial institutions and the withdrawal of a non-Japanese financial institution from the Japan market. As a result, we expect the demand from corporate clients for derivative transactions and demand from financial institution clients for asset management products to persist and predict that these demands will grow.

Giving consideration to these market conditions, Shinsei Bank has focused its efforts on leveraging its accumulated experience in these areas and, as a part of the Third MTMP, has continued to invest management resources in the provision of derivative transactions to corporate clients and the provision of asset management products to financial institution clients. At the same time, we are engaging in efforts to strengthen our operational infrastructure including IT systems, as well as growing our customer base.

Within the current market environment where interest rates remain at low levels, our focus on providing products and services such as structured bonds through our securities brokerage business and creating attractive investment trusts well suited to the needs of our corporate and financial institution clients as well as individual customers is greater than ever before. In particular, in regard to our investment trust business, we believe that the growth of the market is nearly guaranteed. Of the ¥1,700 trillion in financial assets held by Japanese individuals, investment trusts account for roughly 6%, and while low compared to the United States and Europe, the introduction of programs designed to encourage individuals to shift their assets from deposits to investments such as the NISA (Nippon Individual Savings Account), we anticipate the flow of deposits to investment products will accelerate going forward. In this area we believe the Shinsei Bank Group's diverse range of domestic and overseas investment trust product offerings from both Japan and overseas serves as a competitive strength and we will look to leverage this strength to differentiate the Group from our competitors.

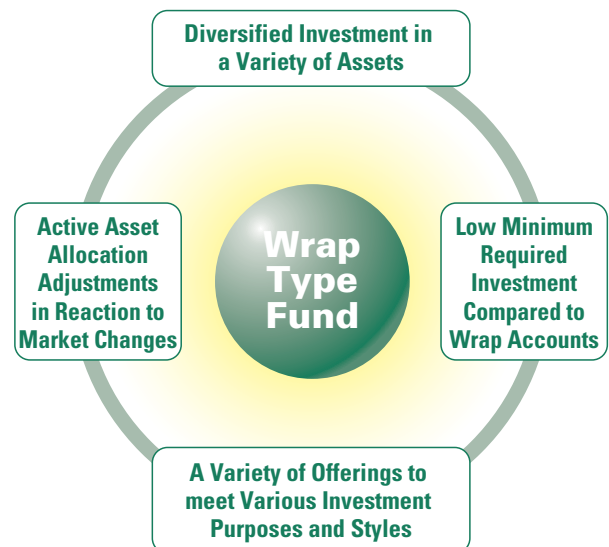
Business Results and Progression in Initiatives in the First Half of Fiscal Year 2016

In the first half of fiscal year 2016, the Global Markets Business recorded total revenue of ¥5.2 billion, expenses of ¥3.4 billion and net credit recoveries of ¥0 billion, resulting in an ordinary business profit after net credit costs of ¥1.7 billion. Regarding total revenue, while softness was observed in the provision of financial products to individual customers, sales of structured products well suited to the asset management needs of our regional financial institution customers were firm.

Additionally, in October 2016, Shinsei Securities Co., Ltd. was awarded the Investor Solutions award in the Asia Pacific Showcase & Awards organized by mtn-i*. This award received in recognition of the Group's capabilities in the structuring and sale of structured notes (selling agent: Shinsei Bank, Limited; arranger: Shinsei Securities Co., Ltd.; underwriter: Shinsei International Limited).

* A globally prominent information vendor specializing in medium-term notes (MTN) with a significant subscribership among market participants, particularly in Europe.

Feature of the Shinsei World Wrap Fund launched for individual customers by Shinsei Group subsidiary Shinsei Investment Management Co., Ltd.



Status of Regional Revitalization and SME Management Improvement Initiatives

To improve the management of small- and medium-sized enterprises (SMEs) and contribute to the revitalization of regional economies, the Shinsei Bank Group engages in initiatives such as those described below, providing our expertise and, depending on the initiative, cooperating with local financial institutions and the SME Business Rehabilitation Support Cooperative. In addition to supporting SMEs and local businesses that have technologies or business models with unrealized growth potential, the Group promotes the development of new industries and businesses that contribute to the revitalization of regional economies. The Group's efforts focus on providing financing that emphasizes cash flows and multifaceted solutions to such management issues as business strategy planning and implementation support and other complementary functions rather than merely satisfying funding needs. Through such efforts, the Group aims to expand the operations of growing SME clients and contribute to the development of new innovative businesses.

Examples of Shinsei Bank Initiatives

• Supporting regional revitalization through business rehabilitation

Golf course operator in North Kanto: Golf courses with lodging facilities have faced a difficult operating environment ever since the bursting of Japan's economic bubble, as the number of users and the market prices for golf club memberships have both declined. Saddled with significant debts, this golf course in the North Kanto region entered legal liquidation procedures. However, the local government's desire to maintain the golf course as a place for the relaxation and recreation of local residents set in motion the search for a sponsor that would assume operation of the golf course. Shinsei Bank was tapped as its financial adviser in selecting a sponsor on the basis of its extensive experience in golf course M&A and expertise. The Bank supported the sponsor selection process, engaging in efforts to assist the achievement of desired outcomes such as the preservation of existing club members playing privileges, job security for local employees and securing financing sufficient for the continuation of golf course operations. With the Bank's support and advice, the golf course was successfully sold to an influential local business operator with the ability to resuscitate the golf course while fulfilling all the aforementioned conditions. The new sponsor is now in the process of reviewing operating costs and renovating facilities in preparation for the reopening of the golf course.

• Supporting management improvement and business expansion

A regional dealer of imported automobiles: This import dealer sought to enter the sales financing (auto loans) business to expand its business but to do so it needed to both improve its balance sheet and secure sufficient inventory financing. Accepting an infusion of capital-like funds, Shinsei Bank supported the dealer's efforts to bolster its financial position and helped facilitate its swift entry into the auto loan industry by providing the credit screening and collection agency services of a Group company in installment sales credit. While continuing to provide support through a scheme to securitize receivables from installment sales, the Bank plans to arrange joint financing for the dealer with several regional financial institutions to enable it to procure even more stable and diversified sources of funding.

• Supporting growth-stage companies

Semiconductor packaging venture company: This company, whose main business is the development and manufacture of semiconductor packages on a consignment basis, successfully developed a technique for mounting chips on substrates with an extremely low defect rate. This technique reduced the size of the chip package and greatly increased the product's competitiveness, leading to its application in communications and medical devices in the past few years. Recognizing the high growth potential of its unique technology, Shinsei Bank has supported its growth in many ways, including the provision of business financing. In view of the breadth of its target markets, Shinsei Bank arranged as a business matching service for the venture to meet with several of its other clients and one of these companies was so impressed with the venture company's advanced technologies that it has commenced an examination into a wide-ranging business alliance with it.

• Supporting business revitalization

Medical equipment manufacturer: Despite retaining high technological prowess, this company was stuck in a viscous circle that originated in a sales expansion strategy that backfired and led to transaction margin erosion and persistent losses and ultimately to declining productivity due to aging production facilities. Burdened with debt, the company sought rehabilitation through voluntary liquidation but recognizing the difficulties it faced in recovering independently, the company publicly sought a sponsor to oversee its rehabilitation. Shinsei Bank accepted to meet the role of its financial advisor in selecting a sponsor and swiftly recruited one with outstanding funding and management capabilities to lead an effort to turn it around and then smoothly secured the cooperation of several creditors. In these ways, Shinsei Bank contributed to putting the manufacturer on a path to recovery through voluntary liquidation. At present, the manufacturer is off to a fresh start with its sponsor enabling it to invest in facilities necessary for business expansion.

GLOSSARY

Advisory

Shinsei Bank's advisory business proposes solutions to meet customers' diverse needs in areas such as M&A, corporate restructuring, and fundraising in Japan and overseas.

ALM (Asset Liability Management)

ALM refers to the comprehensive management of the market and liquidity risks that exist in the Bank's balance sheet (i.e. assets and liabilities) as a result of its business operations. ALM aims to optimize interest rate income from the Bank's balance sheet and economic value by monitoring interest rate conditions and asset/liability duration, including off-balance items such as derivatives on the Bank's account, and adjusting for risks in assets/liabilities and derivatives transactions in consideration of the change in value of assets, liabilities, and periodic profits or losses due to market fluctuations.

Asset Management

In a broad sense, Asset Management refers to Shinsei Bank's overall asset management business, but in a narrower sense it refers to the investment trust business and investment advisory business. Shinsei Bank offers a variety of unique financial products and services for both institutional and individual (including high-net worth) customers, primarily through the Global Markets Business and the Individual Business (retail banking Business).

Business Succession Support

The provision of investments and loans to meet capital requirements for the transfer of shares, etc. to customers considering family members or employees as business successors in order to facilitate the smooth hand over of business ownership.

Capital Markets Business

Capital Markets business refers to capital markets-related transactions, including derivatives and trading, in order to meet customer needs for investment, risk hedging, fundraising, etc.

Common Equity Tier 1 Ratio

The financial indicator calculated in accordance with the international standard of the third Basel accord, indicating the adequacy ratio of capital of an even higher level of quality than the capital adequacy ratio commonly used to gauge the financial stability of banks, etc. The ratio is calculated by dividing the balance of common equity tier 1 capital, which is comprised of capital with high loss absorption capability such as common equity and retained earnings, and dividing the total by the balance of risk assets, the indicator of the magnitude of risk of assets, etc. held by banks.

Credit Guarantee Business

Credit Guarantees represent a guarantee to repay a loan made by a partner financial institution on behalf of the borrower, in the case that the borrower becomes unable to make repayments, in return for a fee. In the Shinsei Bank Group, Shinsei Financial is focused on this business, offering comprehensive support to partner financial institutions including advice on advertising strategies and product design as part of its service.

Credit Trading

Credit Trading offers balance sheet optimization solutions, including the purchase of loan receivables from current creditors or an investment in (purchase of) monetary claims held by the customer. Shinsei Bank also invests in monetary claims such as loans and leases sold in the secondary market for non-performing loans, aiming to make profits by securing a greater return than the initial investment through servicing or resale of the receivables.

Derivative

Derivative is a collective term referring to transactions that are derived from or linked to other underlying transactions such as interest rate, bond, foreign exchange, and equity transactions. They are also called "financial derivatives" since most of the transactions originate from financial products.

Exposure

Exposure refers to an amount of assets or an amount of money that is exposed to foreign exchange, price fluctuations or other risks as a result of loans and investments.

(Grey Zone) Interest Repayment

Prior to the interest rate reduction implemented as part of the revisions to the Money Lending Business Law, the interest rates on some consumer finance products offered by the Shinsei Bank Group's subsidiaries exceeded the upper limit stipulated by the Investment Law. Following a ruling by the Supreme Court in January 2006, customers who paid more than the upper limit stipulated by the Investment Law have been allowed to request a refund of the extra interest paid. Accordingly, consumer finance companies have recorded reserves in order to cover losses on (grey zone) interest repayments.

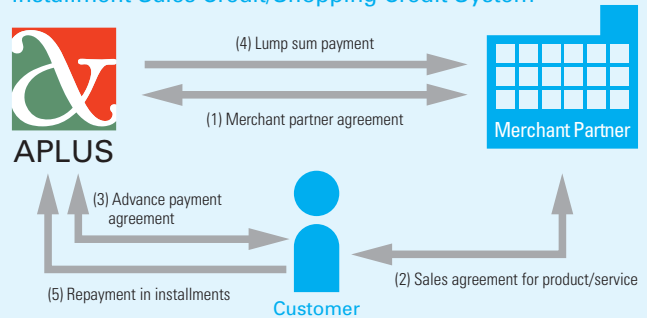
Healthcare Finance

Healthcare Finance refers to financing— primarily nonrecourse loans— as well as financial advisory on management strategies and M&A for senior care facilities and nursing homes.

Installment Sales Credit (Shopping Credit)

Installment Sales Credit (Shopping Credit) is a service that allows customers to pay for goods or services in installments without using a credit card. Shinsei Bank group offers this service primarily through APLUS FINANCIAL.

Installment Sales Credit/Shopping Credit System



- (1) APLUS concludes a merchant partner agreement with the merchant partner
- (2) Customer purchases a product or a service from the merchant partner
- (3) Customer applies to APLUS for installment sales credit
- (4) APLUS pays the purchase price for the product/service as a lump sum to the merchant partner
- (5) Customer repays the purchase price to APLUS in installments

LBO Finance (Leveraged Buyout Finance)

LBO finance is a type of M&A finance based on the assets or future cash flows of a company to be acquired. It is used when a company or an investment fund acquires another company. At Shinsei Bank, LBO Finance is included in Specialty Finance.

MBO Finance

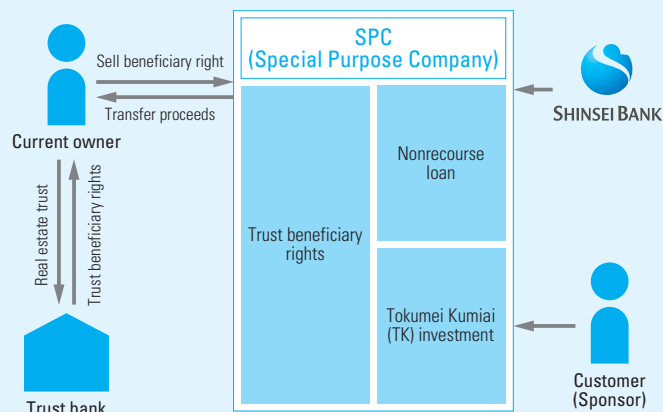
MBO stands for Management Buyout. It is a type of LBO finance offered when a company's management buys its own company co-working with an investment fund and others. At Shinsei Bank, MBO Finance is included in Specialty Finance.

Net Credit Costs

Net credit costs are the sum of reserves for loan losses set aside (credit costs) according to the credit standing of borrowers, reversal (gains) of reserves for loan losses and recoveries of written-off claims resulting from their disposal.

Nonrecourse Loan

Nonrecourse loans are loans for which repayment is made solely from the cash flows generated from specific businesses or assets (typically, but not always real estate), with no recourse to the sponsor.



Ordinary Business Profit (Loss)

Ordinary business profit (loss)—the indicator of profit (loss) from core business after expenses—is calculated by subtracting “expenses” from “total revenue.” “Net credit costs” are excluded from this calculation.

Portfolio

A portfolio refers to a group of various components. An asset portfolio, for example, refers to a collection of various assets such as real estate, cash deposits and equities.

Principal Transactions

Principal Transactions generally refer to a bank’s proprietary investments. Shinsei Bank proactively makes proprietary investments in the Credit Trading and Private Equity businesses in order to meet customers’ needs for corporate restructuring, business succession and growth funds.

Private Equity

In general, Private Equity refers to privately-placed shares and shares that are not traded in stock exchanges or over-the-counter markets. Private equity investments can be classified into venture capital, which are investments in growing companies, and investments to acquire control of mature companies in order to implement restructuring. Shinsei Bank is proactively engaged in venture capital investments, investing in up to 5% of total shares with representative rights of customers planning a public share offering as well as making buyout investments related to business divestments from mature companies.

Private Finance Initiative (PFI)

A financing technique based upon the idea of utilizing private capital and expertise in the design, construction, maintenance and operation of projects, such as public construction works, and performing the provision of the public services through the private sector in order to ensure their efficiency and effectiveness.

Profit (Loss) Attributable to Owners of the Parent, Cash Basis Profit (Loss) Attributable to Owners of the Parent

Cash basis profit (loss) attributable to owners of the parent is calculated by excluding impairment and amortization of goodwill resulting from acquisitions of subsidiaries and other intangible assets, net of tax benefits, from profit (loss) attributable to owners of the parent—and represents the bottom-line profit for the relevant fiscal year.

Project Finance

Project Finance refers to loans to finance specific projects for which the principal source of repayment is the cash flow generated from the project itself. Project Finance is often used for medium-to-long term projects in energy, natural resources, and infrastructure. At Shinsei Bank, Project Finance is included in Specialty Finance.

Public Private Partnership (PPP)

A scheme in which public services are provided through a collaboration between the public and private sectors. PFI is a representative form of PPP.

Revised Money Lending Business Law

The key points of the Revised Money Lending Business Law which was enacted and issued in December 2006 are: (1) optimizing control of the money lending business (tightening entry requirements etc.), (2) reducing excessive lending (implementation of the designated credit bureau system and income-linked lending limitation), and (3) controlling the interest rate system (reducing the upper limit of the interest rate under the Investment Law to 20% p.a.). The Law was enforced in a phased manner and was fully enforced in June 2010.

Risk Weighed Assets

Risk weighed assets are an amount equivalent to the volume of “credit risk” and “market risk” of the Bank’s assets/transactions and “operational risk” involving operational errors.

RORA

Return on Risk-Weighted Assets—the indicator which shows a profitability based on Risk-Weighted Assets. RORA is calculated as the ratio of its profit attributable to owners of the parent to the total Risk-Weighted Assets at the end of the term.

Ship Finance

Finance for the shipping industry. Shinsei Bank primarily provides shipping companies with funds for ship acquisition.

Specialty Finance

Specialty Finance at Shinsei Bank refers to M&A finance, LBO finance, project finance and other types of finance that focus on the cash flows and value generated by businesses and assets. It is a type of structured finance.

Structured Finance

Structured Finance refers to finance requiring special structures. In general, it takes the form of project finance or non-recourse finance which focuses on the cash flows or value generated by a specific project or asset. Shinsei Bank is primarily active in real estate finance, project finance, M&A finance and corporate restructuring finance.

Syndicated Loan

Syndicated loans are loans provided jointly by a syndication of multiple financial institutions (lender group) based on a single loan agreement.

Treasury

Treasury is normally the function in a company which is responsible for ALM (asset and liability management). At Shinsei Bank, Treasury basically refers to the function (Sub-Group) responsible for cash flow management including collateral management, transactions through transfer pricing (FTP, the inter-office fund transfer price), issuance or buyback of (subordinated) corporate bonds, liquidity planning, management of overseas subsidiaries that issue capital securities as well as ALM for the entire Group.

Wealth Management

Wealth Management refers to the financial services that Shinsei Bank offers to high-net worth customers. The Bank offers a variety of differentiated wealth management services tailored to customers’ needs.