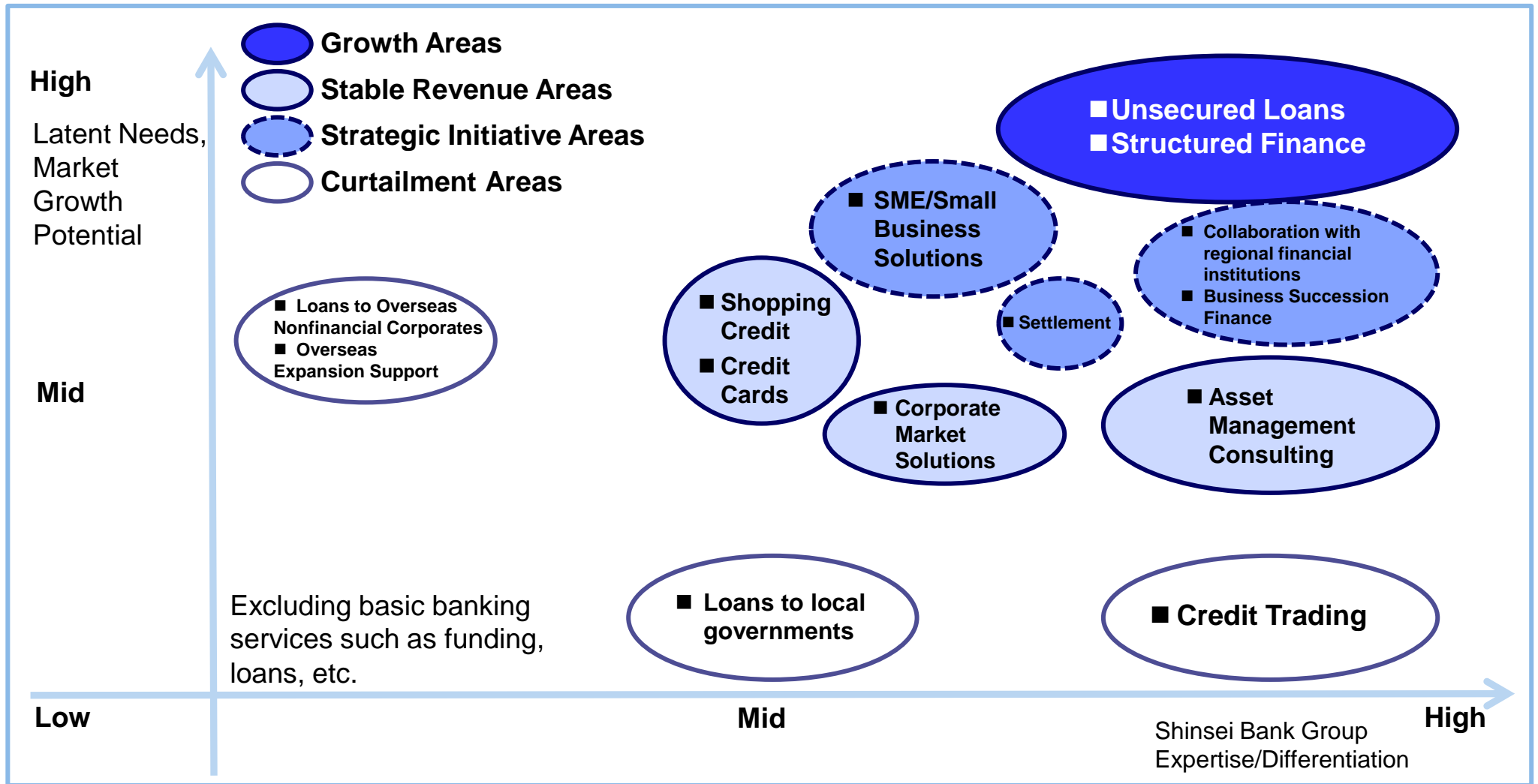


Shinsei IR Day

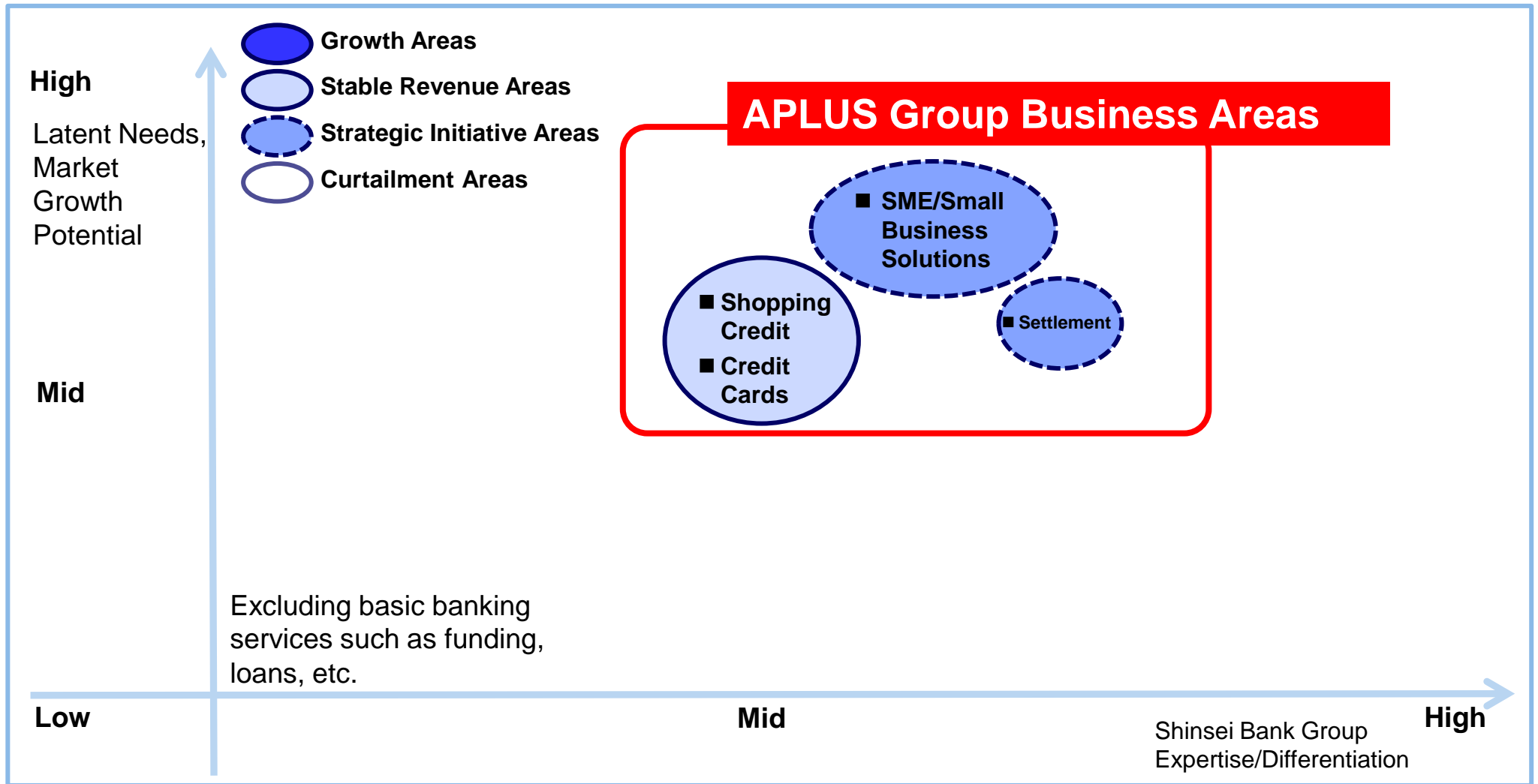
Shopping Credit, Credit Cards, Settlement and Loan Businesses

APLUS FINANCIAL Co., Ltd
February, 2017

APLUS Group in the Strategy Map



APLUS Group in the Strategy Map

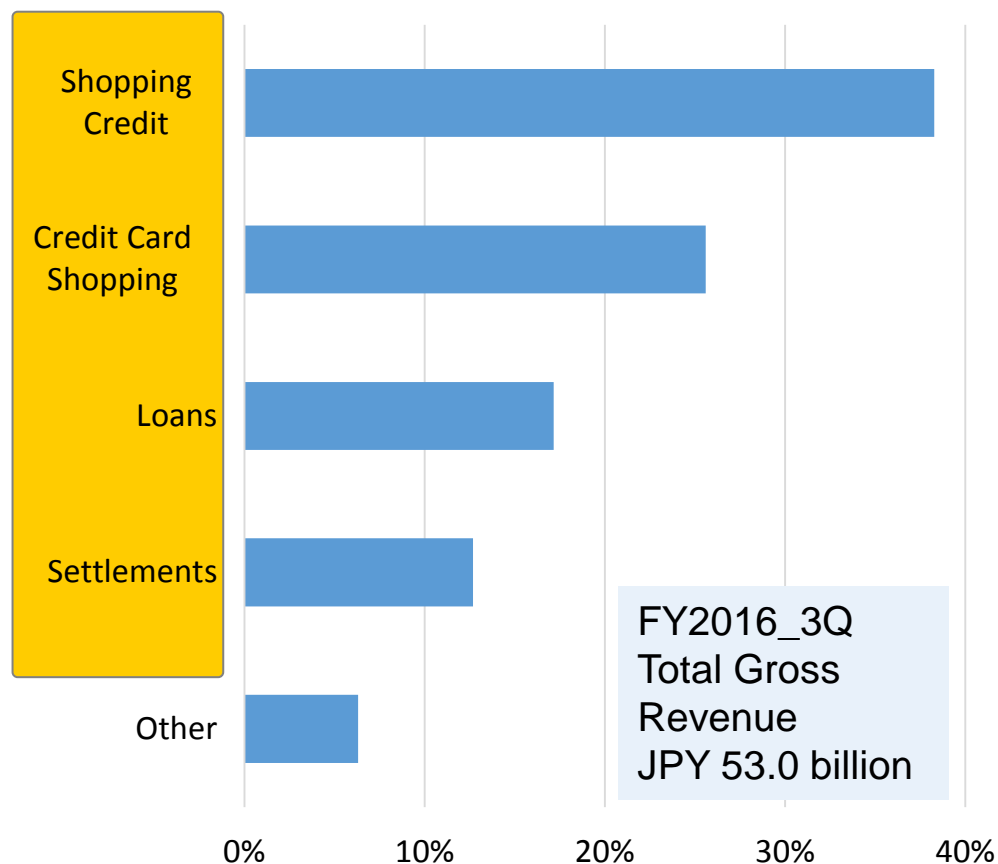


2. APLUS Group Businesses

Introduction of Key Businesses

- The APLUS Group primarily engages in 4 key businesses in the provision of credit facilities (personal credit) and related business areas.
- The APLUS Group is comprised of APLUS Co., Ltd. (general credit company), Zen-nichi Shinpan Co., Ltd., which operates primarily in the Chugoku and Shikoku regions (installment credit) and Alfa Servicer Co., Ltd. (servicing).

Gross Revenue Components (FY2016 3Q)



Major Products /Services

Automobile credit (new/used automobiles)
Shopping credit (living/non-auto)

Partner credit cards (T Card Plus/Luxury Card, etc)
Proper credit cards (Shinsei APLUS Card, etc)

Housing related loans/Credit card cashing/Loan card

Settlement service for automatic withdrawal, payment at convenience stores, monthly rent payment

Subsidiaries i.e. Alfa Servicer

APLUS Group Medium-Term Management Plan

Medium- to Long-Term Vision

Through group integration, providing the innovative financial service, seeking the realization of lean operations and outstanding productivity and efficiency

Basic Policy

Increase corporate value by realizing industry-leading performance in every area

Outline

▶ Acceleration of growth through the pursuit of higher profitability

- ① Expansion of shopping credit and credit card businesses which emphasize customer convenience, profitability and efficiency
- ② Further expansion of customer base by leveraging T point functions
- ③ Providing settlement solutions, primarily those associated with the EC market
- ④ Engage in meticulous business efforts to meet financial needs in the housing market
- ⑤ Realization of business collaboration and promotion of new business through unified Group management

▶ Enhancement of backup frameworks which support growth

- ① Operation Framework
- ② Risk Management Framework
- ③ Information Technology Framework
- ④ Compliance and Human Resources Framework

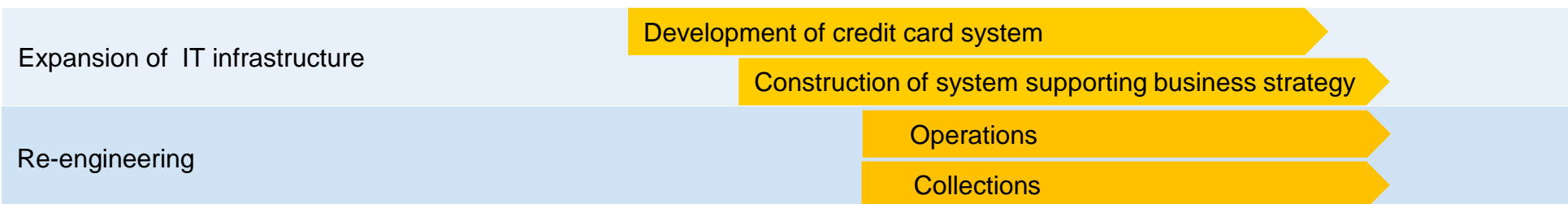
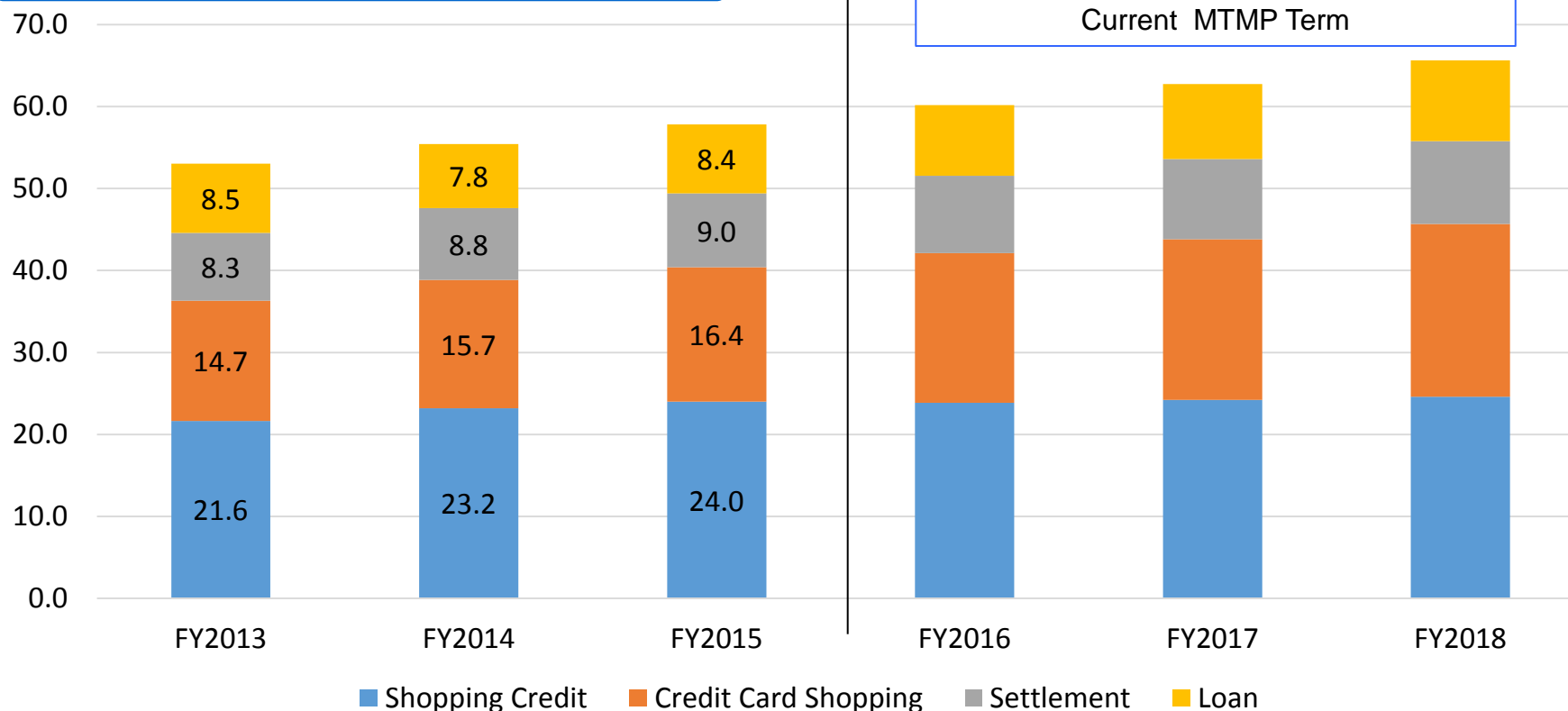
Financial target: ROA1.0%~1.2%

Gross Revenue of Key Businesses

(Unit: JPY Billion)

■ After loan business gross revenue bottomed out in FY2015, gross revenue of all the key businesses expected to increase.

Gross Revenue of Key 4 Businesses



* Figures in the chart above do not match consolidated figures due to the exclusion of Zen-nichi Shinpan.


Challenges towards FY2017

<Acceleration of growth through the pursuit of higher profitability>

- Shopping credit
 - Differentiation by T points and e-Order
 - Invite more credit card applications at the time of shopping credit application
- Credit card shopping
 - Lead customers to apply via smart phone
 - Enlarge new card issuances in collaboration with partnered companies
- Settlements
 - Promote an increase in member merchants accepting WeChat Pay, GAICA and e-Gate
- Loans
 - Capture housing related needs, and continue engaging in meticulous business efforts

<Enhancement of backup frameworks which support growth>

- Integration of operation and collection centers
- Expansion of IT infrastructure
 - Complete shift to open system
 - Enhancement of the credit card infrastructure through compliance with the PCDISS security standard
- Re-organization of subsidiaries
 - Integration of Zen-nichi Shinpan
 - Expansion of Alfa Servicer business



Through group integration, providing the innovative financial service, seeking the realization of lean operations, outstanding productivity and efficiency

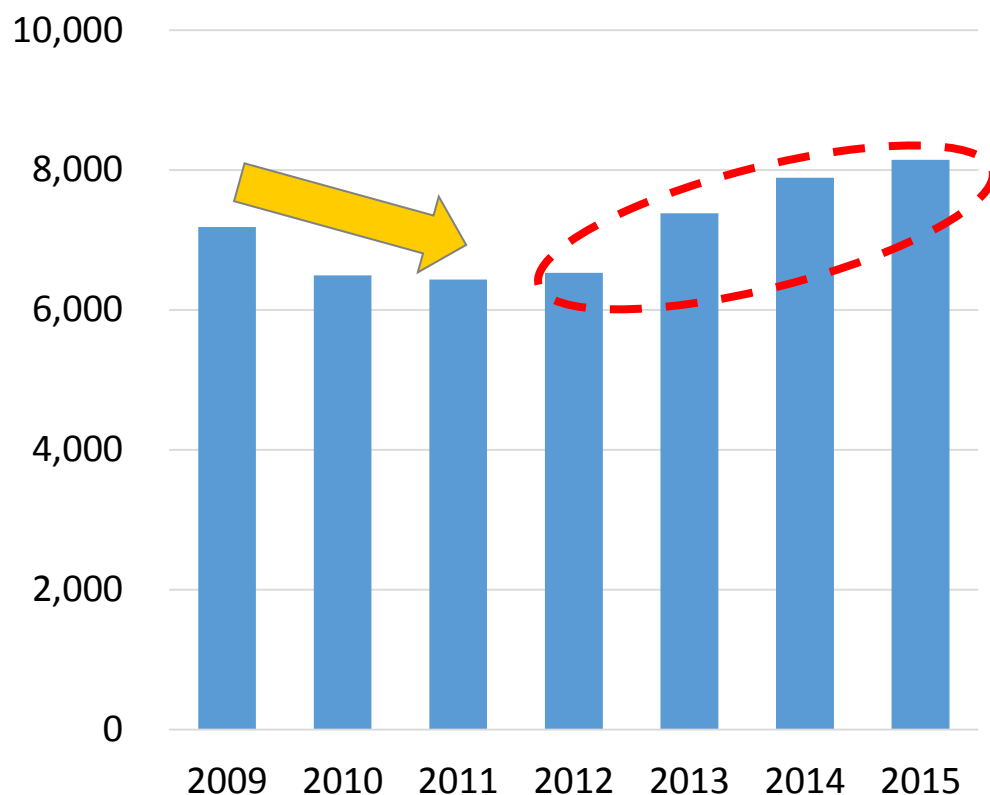
3. Market and Business

Shopping Credit Market

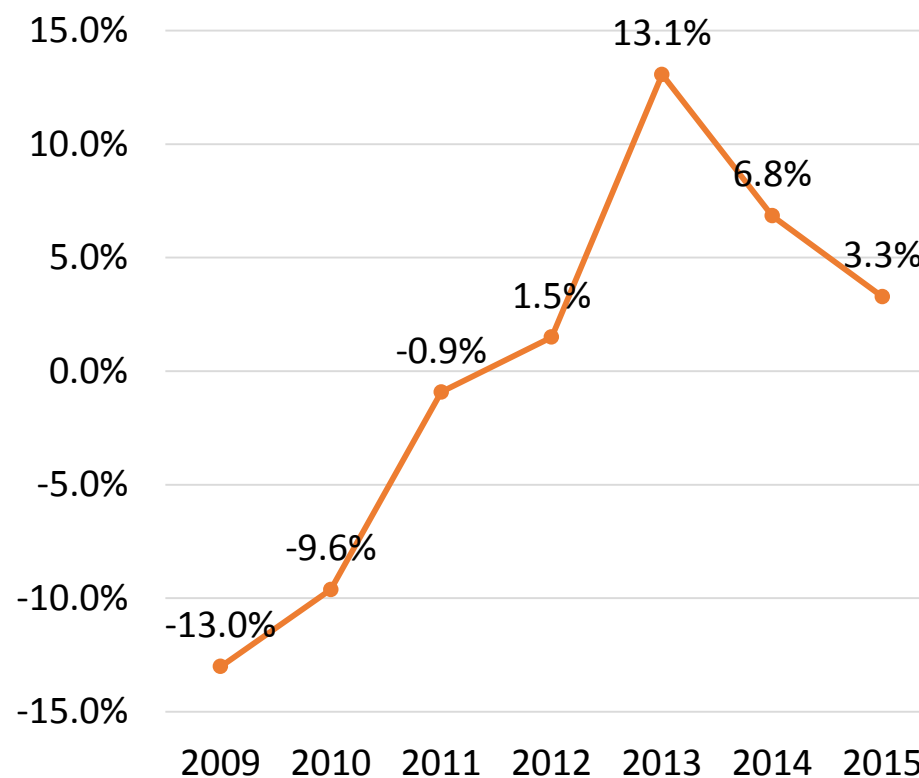
(Unit: JPY Billion)

- Market scale contraction resulting from the effects of regulatory changes has bottomed out. The market is exhibiting signs of gradual expansion for the past several years as a result of new market development, etc.
- While the automobile sector accounts for more than 60% of the market on a value basis, competition is intensifying and differentiation is challenging.

Shopping Credit Market (Volume)



Market Growth Rate (Y-O-Y)



*(Data Source) "Japanese Credit Statistics", Japan Consumer Credit Association

* Method of calculation changed in 2013

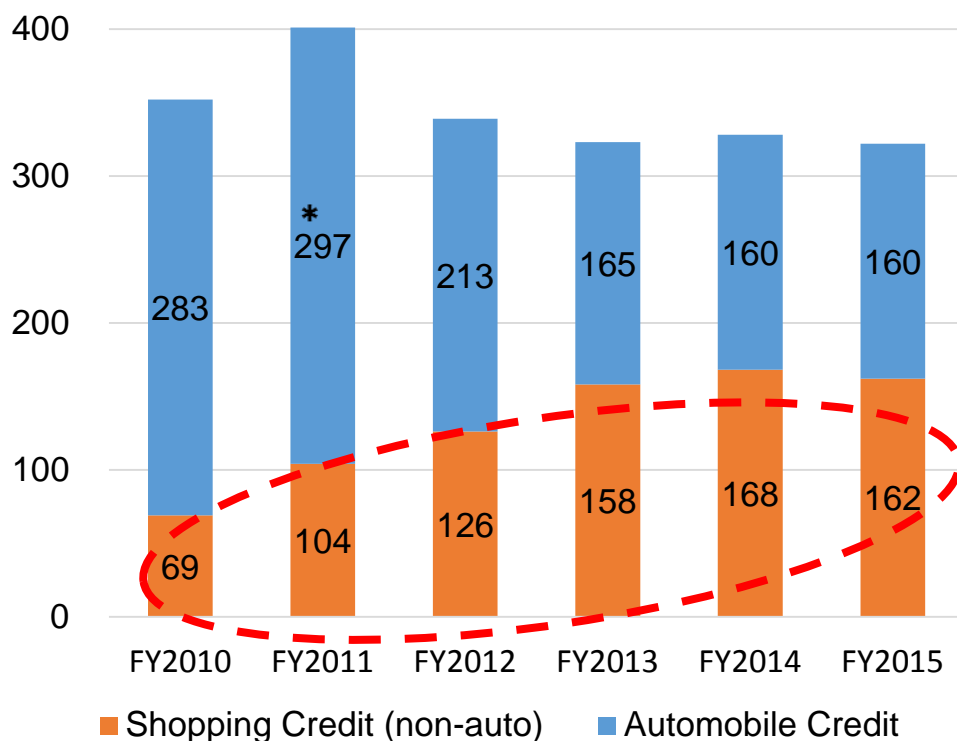
3. Market and Business

Shopping Credit Business

(Unit: JPY Billion)

- Develop and introduce “T point shopping credit” to differentiate from aggressive competitors.
- Achieve rapid credit screening and operational efficiency through expansion of the online application channel “e-Order” introduced in FY2012.
- Improve profitability through focus on shopping credit (non-auto). While volume has remained flat, gross revenue on a growth trend.

Volume



Gross Revenue, T Point Shopping Credit Volume Growth Rate



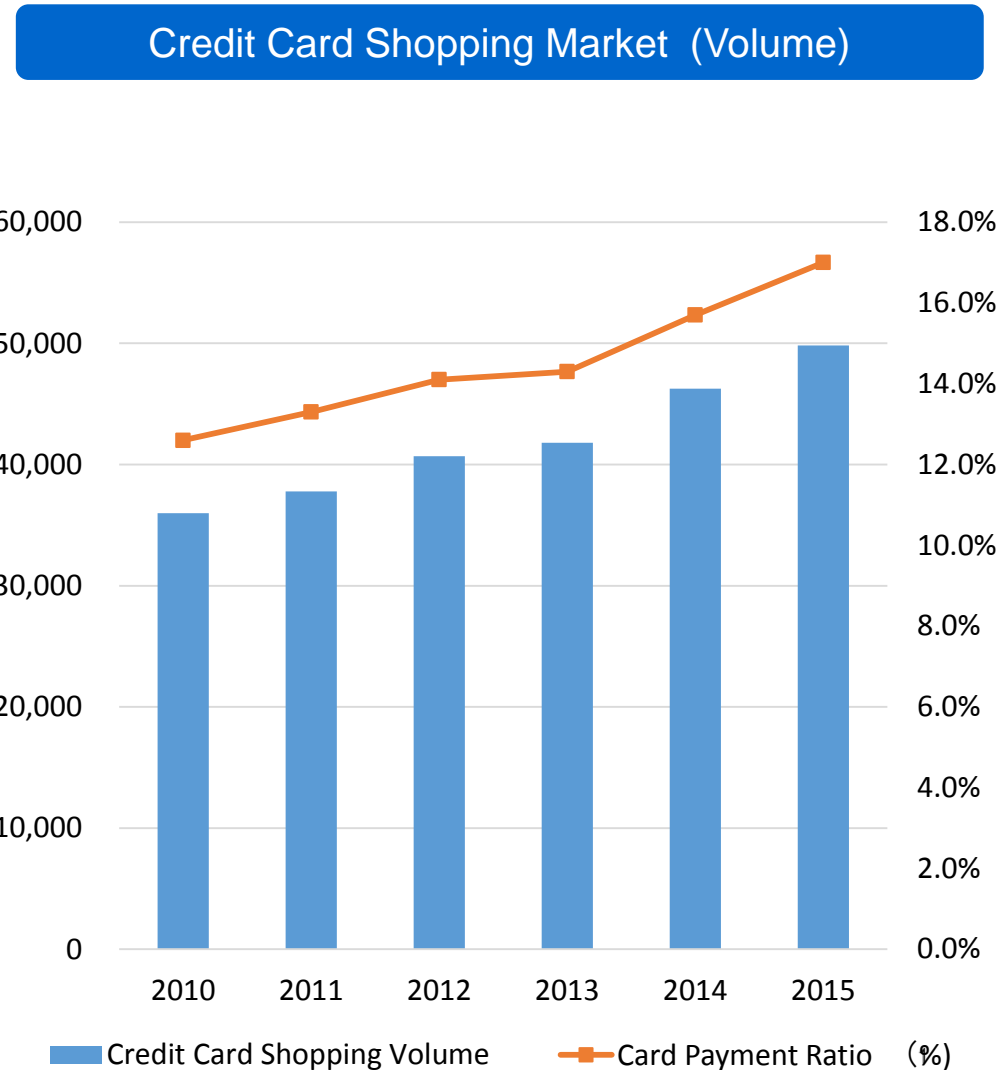
* Automobile Credit volume decreased due to dissolution of alliance with BMW in October 2012

Credit Card Shopping Market

(Unit: JPY Billion)

Anticipating high growth in the market due to:

- Continuous growth in the credit card shopping market due to the expansion of the EC market and the undertaking of utility payments.
- Market (value) increased 7.7% Y-O-Y in 2015 and approaches the 50 trillion yen level.
- Infrastructure development has been further advanced by movement toward the cashless society proposed in the “Japan Revitalization Strategy.”



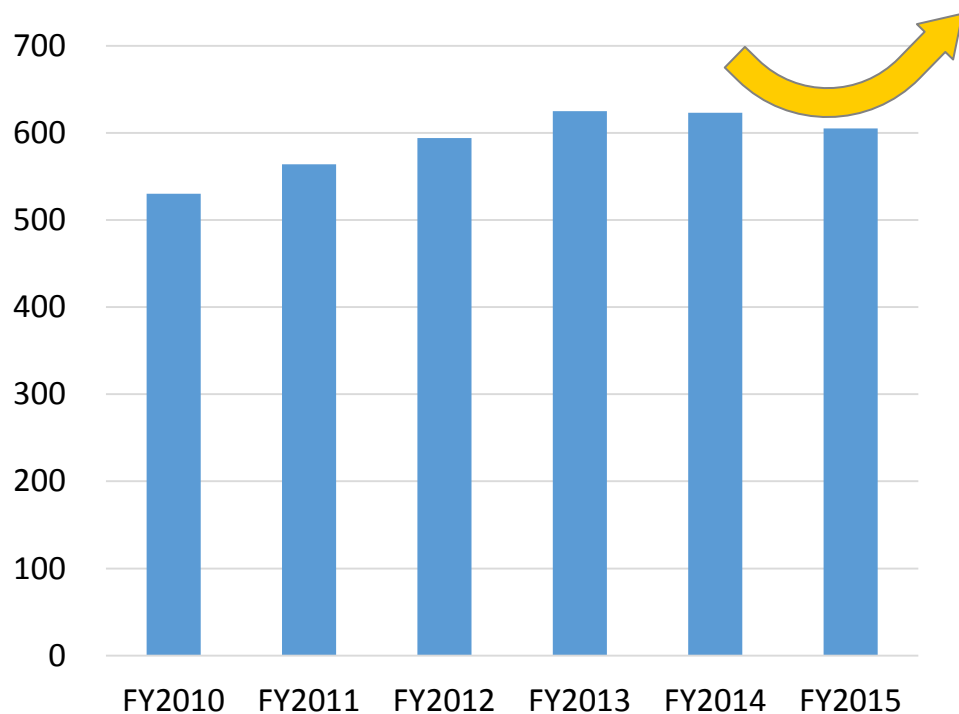
* Card Payment Ratio=Market scale of Credit Card Shopping/Private Final Consumption
 * (Data Source) Market scale of Credit Card Shopping: "Japanese Credit Statistics", Japan Consumer Credit Association
 * (Data Source) Private Final Consumption: "National Accounts of Japan", Cabinet Office
 * Method of calculation changed in 2013

Credit Card Shopping Business

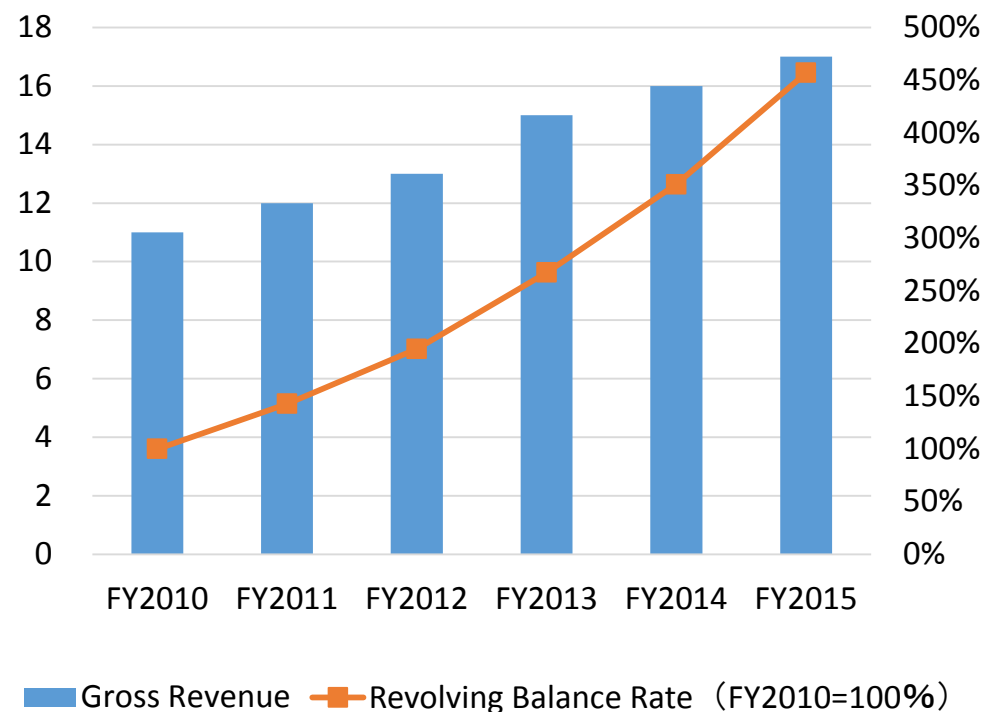
(Unit: JPY Billion)

- While a slight decline has been observed in the total volume of the credit card shopping business, due in part to the effects of the decline in prices of high profit margin gasoline, the expansion of the revolving credit volume has resulted in increased revenues. Revolving credit volume is increased due to the introduction of a default revolving credit setting of new credit cards and outbound marketing.
- Volume expected to bottomed out as a result of increased new card issuances in cooperation with partnered companies and by promoting credit card use through campaigns, etc.

Volume



Gross Revenue, Revolving Balance Growth Rate

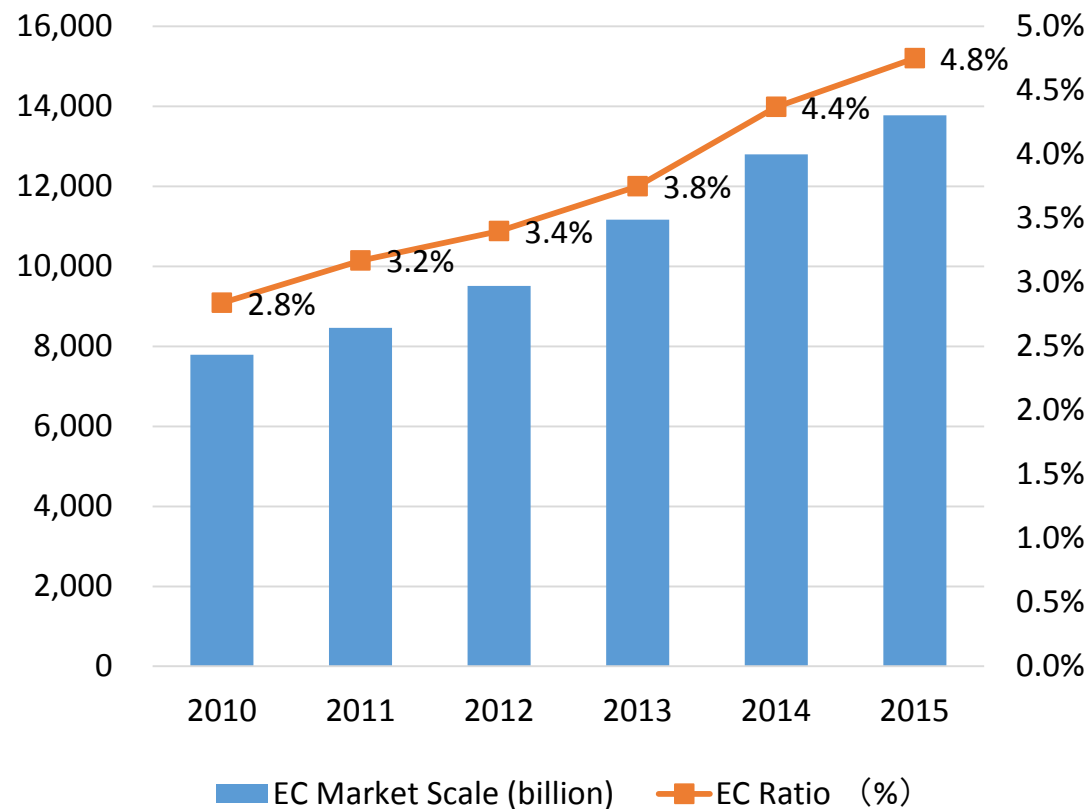


Settlements Market

(Unit: JPY Billion)

- EC market has continued to grow due to proliferation of smart phones.
- Settlement methods in EC market include credit card, carrier settlements and e-money.
- APLUS is engaged in the EC market by providing various settlement means such as credit cards, convenience store payment collections and settlements of automated account transfers (auto-net) either individually or as a comprehensive package.

EC Market



* EC Ratio (%) : EC/All commercial transactions in product sales area

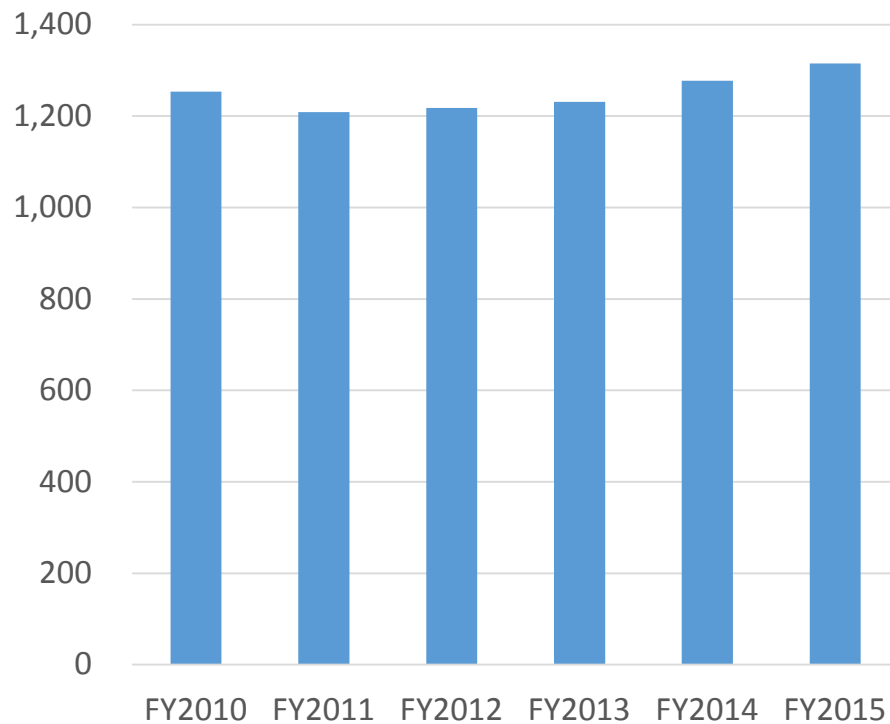
* (Data Source) "FY2015 E-Commerce Market Survey", Ministry of Economy, Trade and Industry

Settlement Business

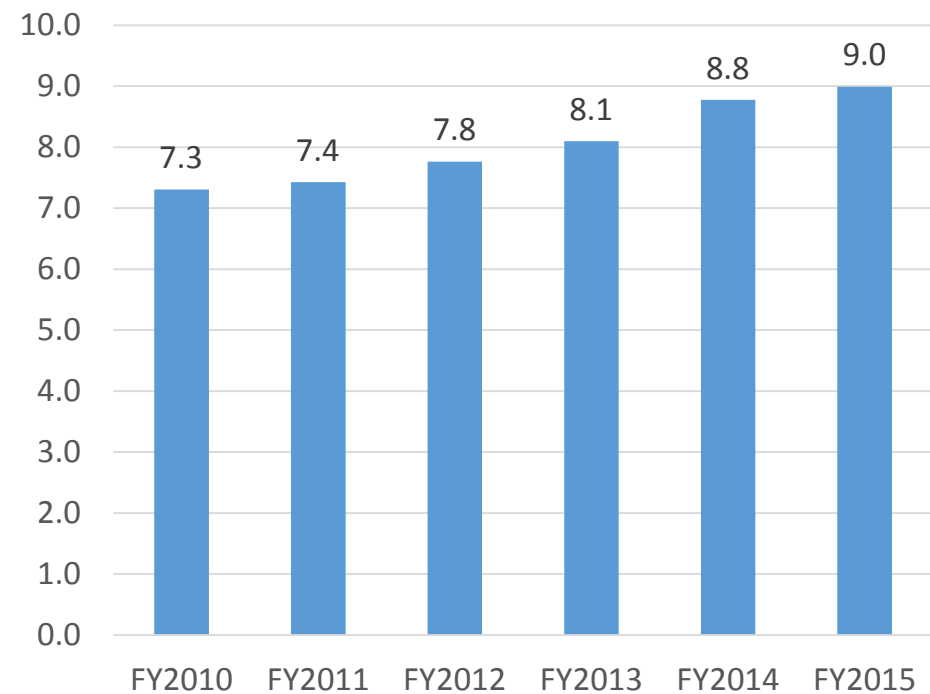
(Unit: JPY Billion)

- In addition to the existing settlement service (e.g. auto-net), APLUS is developing new settlement services, developing merchant networks for “GAICA” (foreign currency prepaid cards) and of WeChat Pay (China-based mobile settlement service).

Volume



Operating Revenue

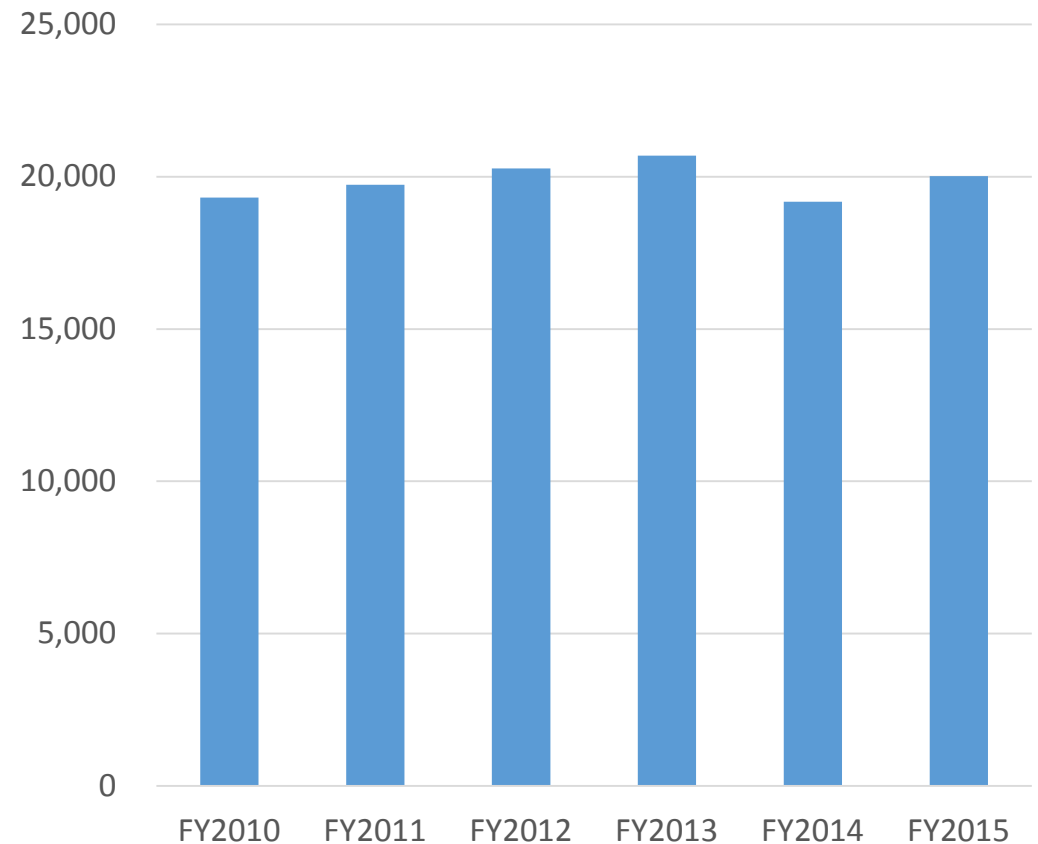


Loan Market

(Unit: JPY Billion)

- New lending of housing loan remains largely stable despite the effects of the consumption tax rate hike.
- Housing loan market is expected to shrink due to a decline in new housing starts.
- APLUS engages in the market through the provision of “My Home Plan,” loans for initial expenses related to the purchases of new homes and “investment loans” for high quality second hand apartments, primarily located in the Tokyo area.

Housing Loan New Lending



* (Data Source) “Housing Loan New Lending”, Japan Housing Finance Agency

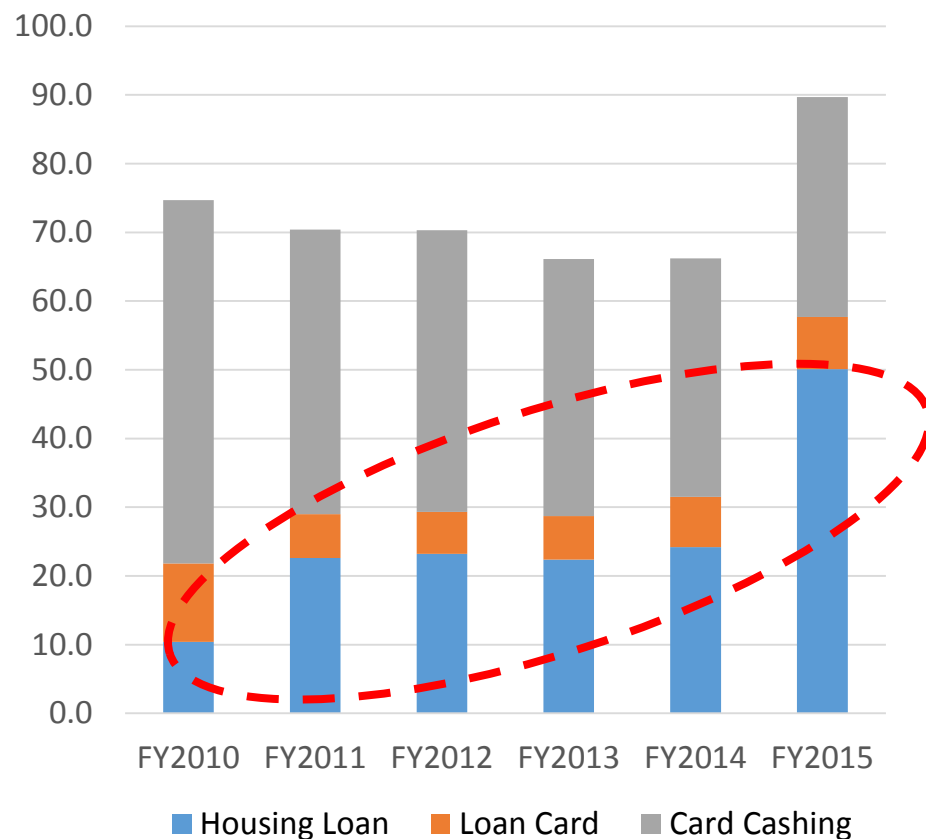
3. Market and Business

Loan Business

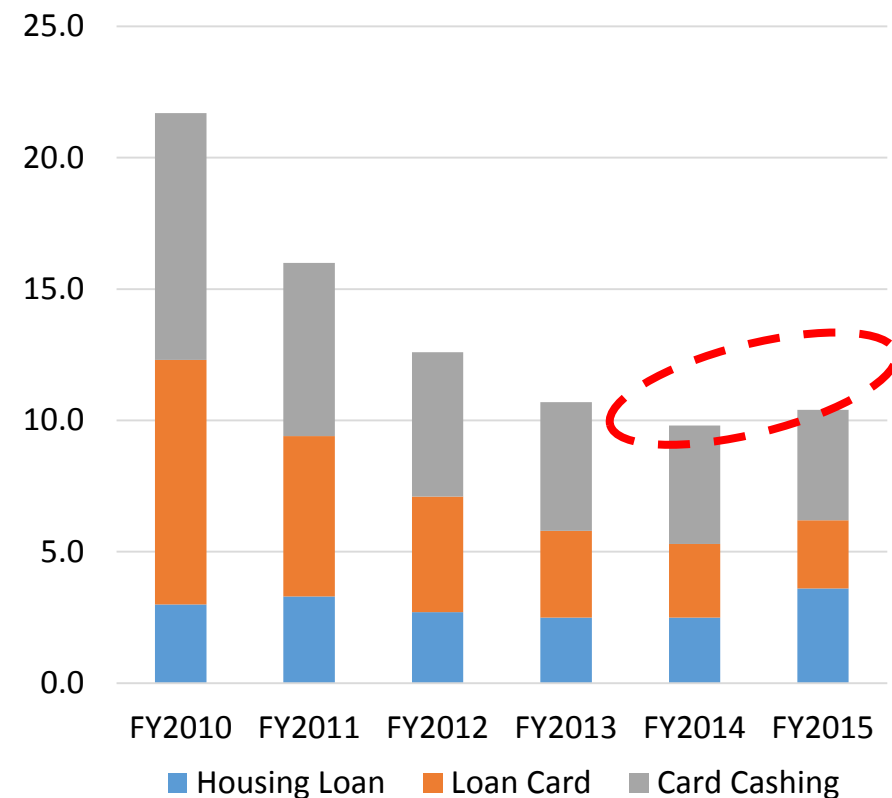
(Unit: JPY Billion)

- Following a portfolio review, housing loan volume has significantly increased and loan revenue has returned to growth in FY2015 (Y-O-Y).
- APLUS seeks to continue engaging in meticulous business efforts to capture housing related needs.

Volume



Gross Revenue



- **The preceding description of Shinsei Bank Group’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.**
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