



Shinsei IR Day Unsecured Loan Business

February 2017



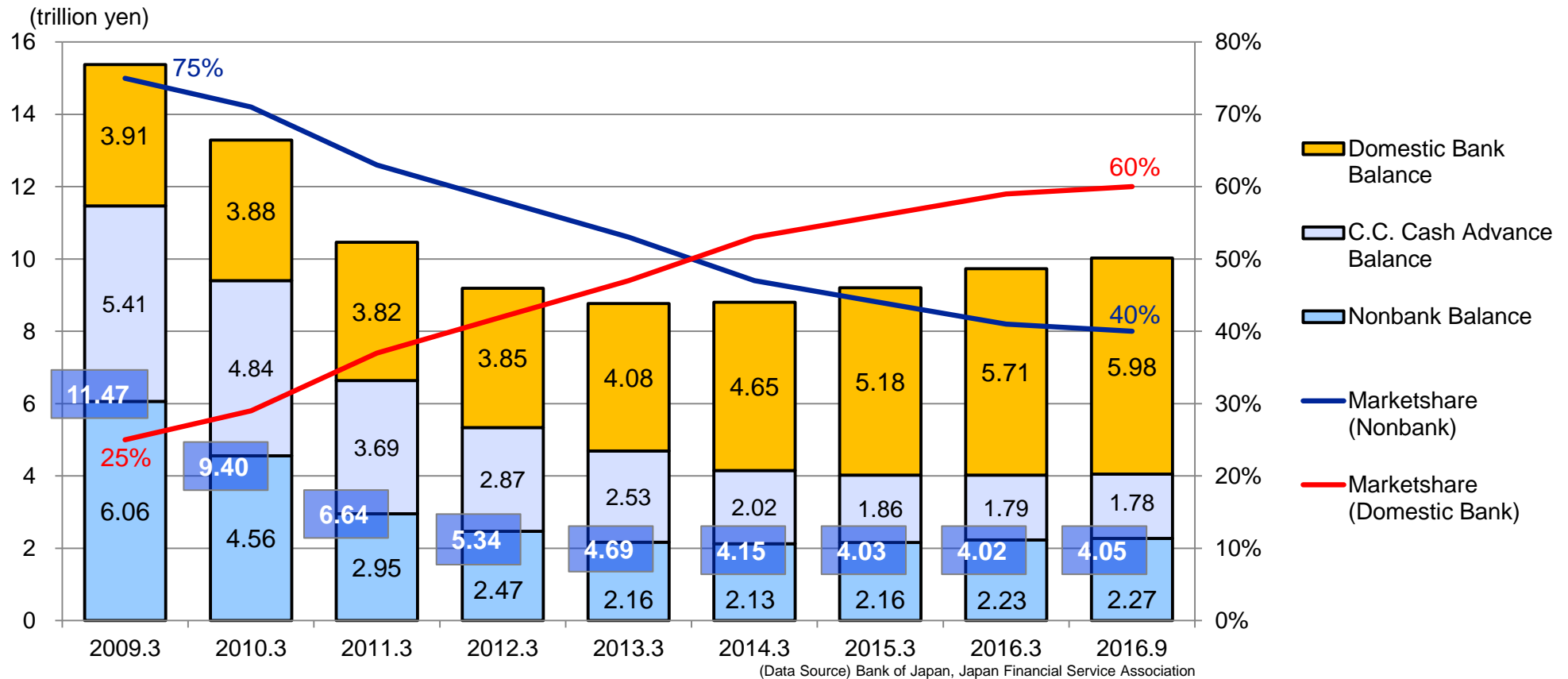


Today's Talking Points

- ✓ Size and growth potential of our target market
- ✓ The Shinsei Bank Group's position within the market
- ✓ Our performance in the acquisition of customers
- ✓ Credit risk management
- ✓ Challenges to be overcome going forward

Market Overview

Size of the card loan market

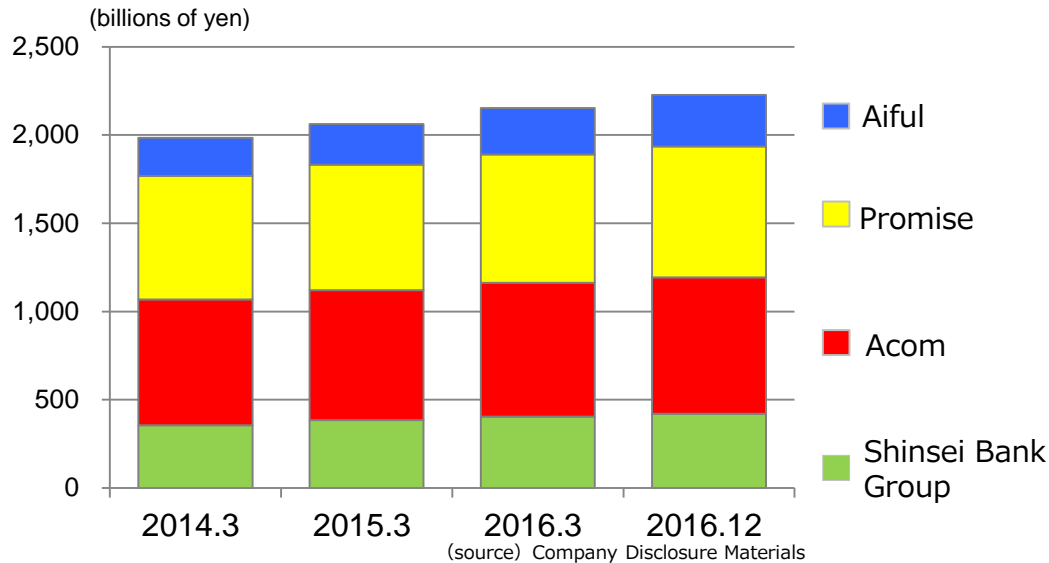


The bank loan market has grown rapidly since 2011

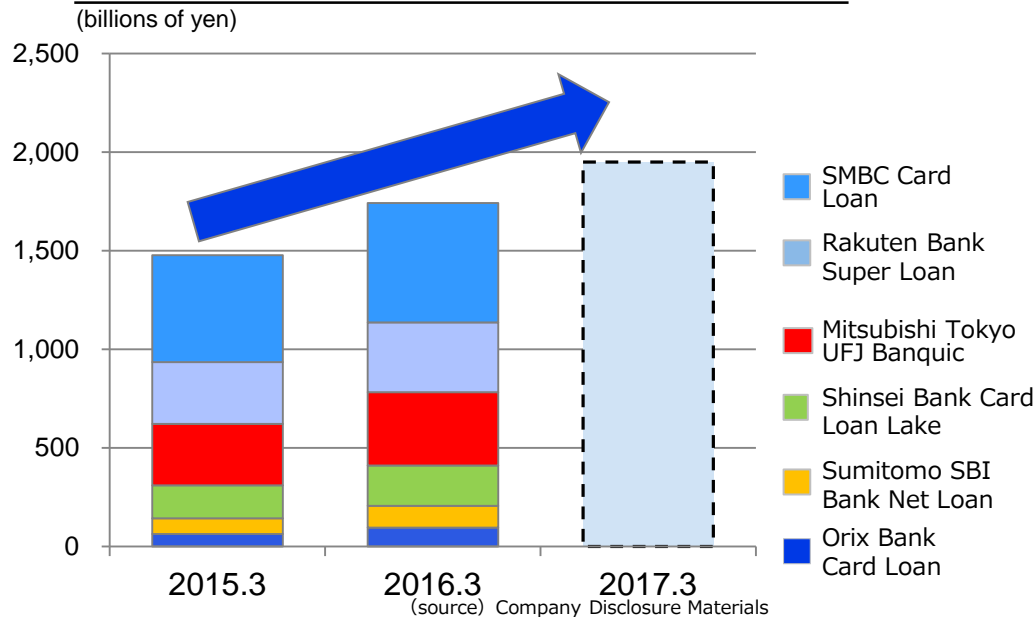
**Combined Bank and Nonbank balance approximately JPY 10 trillion;
Expecting a market size of ~JPY 8.5 trillion market in the mid-term excluding
credit card cash advances.**

The Shinsei Bank Group's Position

Balance Trend of Consumer Loan Brands



Balance Trend of Bank Brands



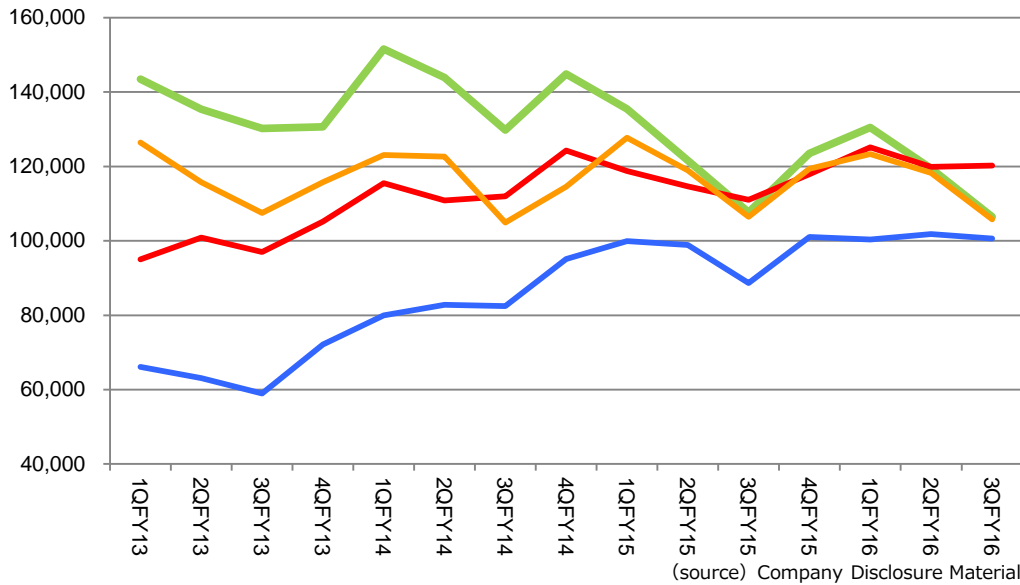
Future Market trend

- ✓ Will banks also be subject to the total lending volume control?
- ✓ Existing personal loan companies to shift back to the offensive
- ✓ The survival/elimination of emerging players will become apparent
- ✓ As the grey zone repayment issue approaches its conclusion, re-borrowing by previous customers will gradually increase

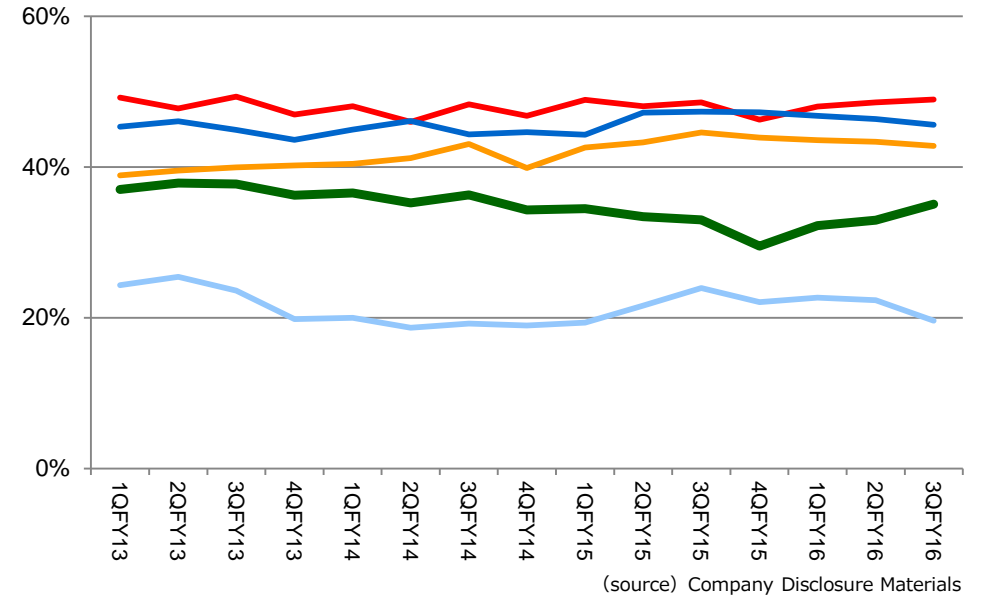
Lake's on-going compliance with the "spirit" of the "Money Lending Business Law" will be an advantage

Customer Acquisitions of the Shinsei Bank Group

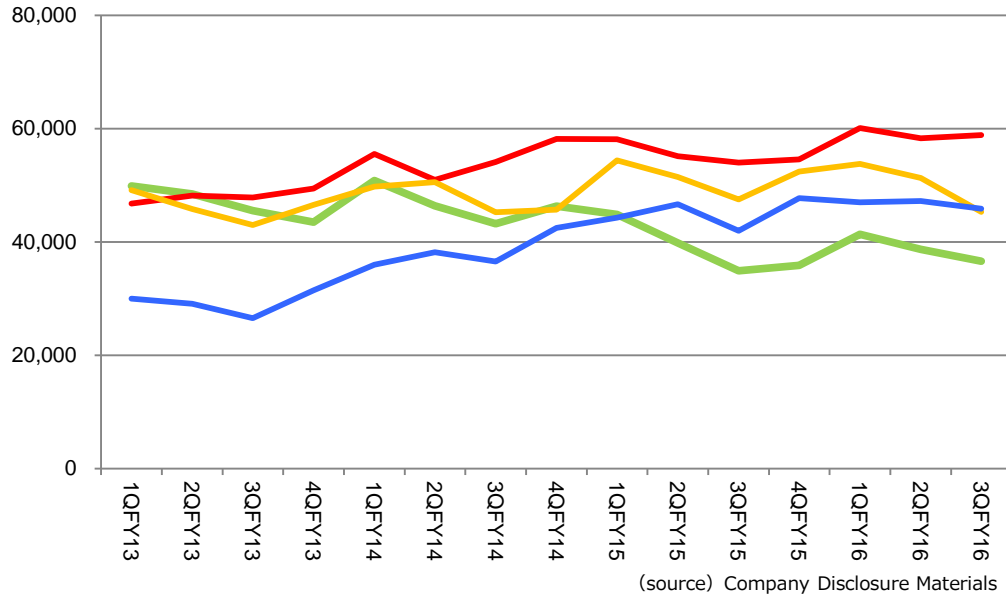
Consumer Loan Company Applications Received



Consumer Loan Company Approval Rates



Consumer Loan Company New Customer Acquisitions

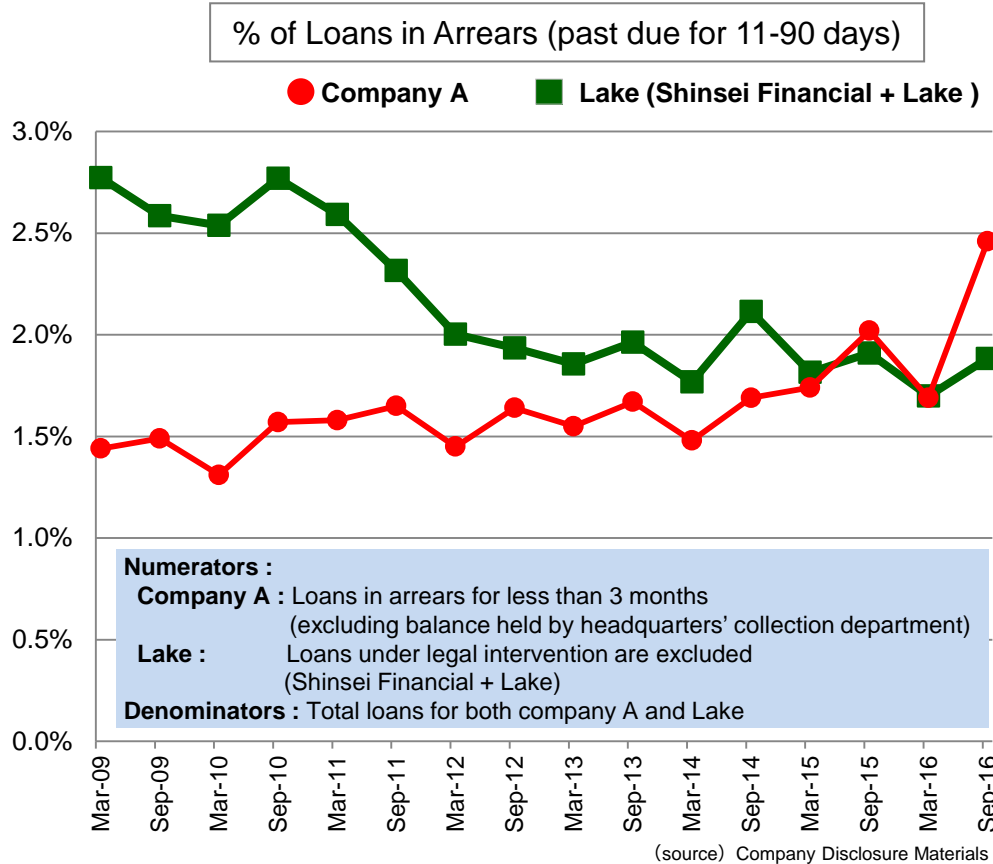


- Acom
- Promise
- Aiful
- Shinsei Bank Group
- Lake
- NOLOAN

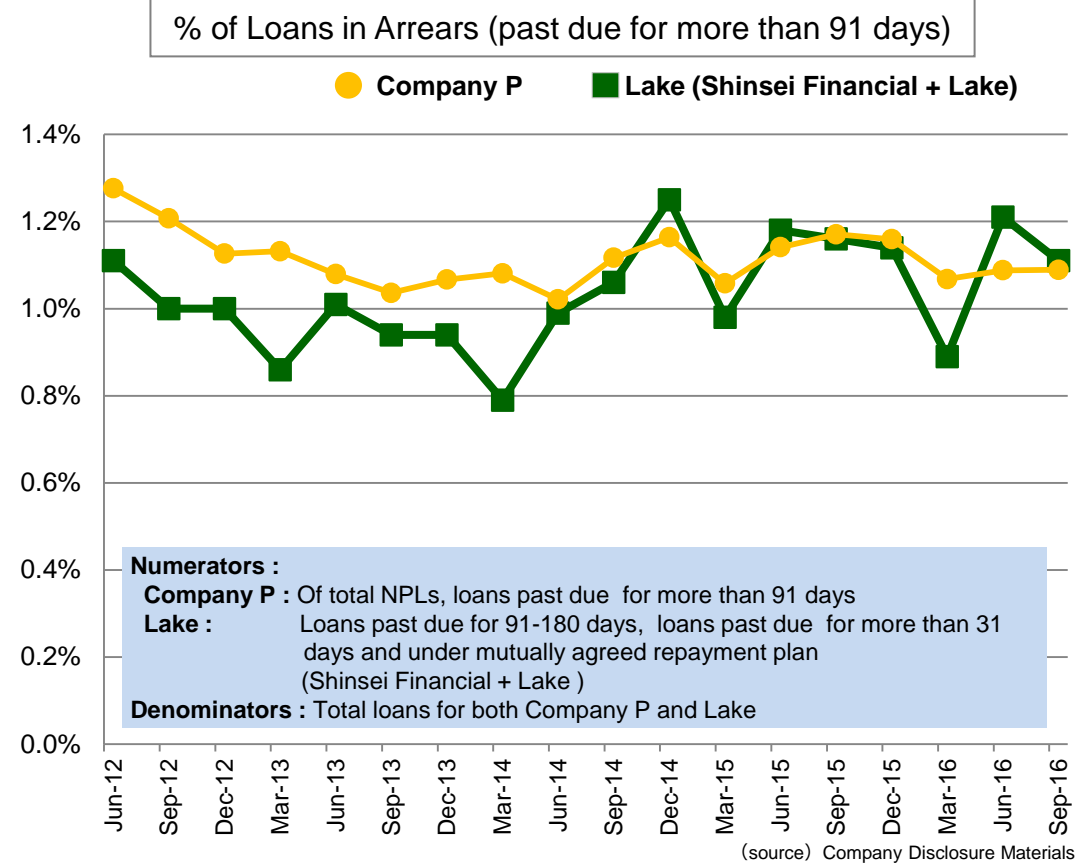
The number of applications received has been similar to other consumer loan companies but customer acquisitions flat due to conservative credit control.

Credit Risk Management

Comparison of % of Loans in Arrears vs. Company A

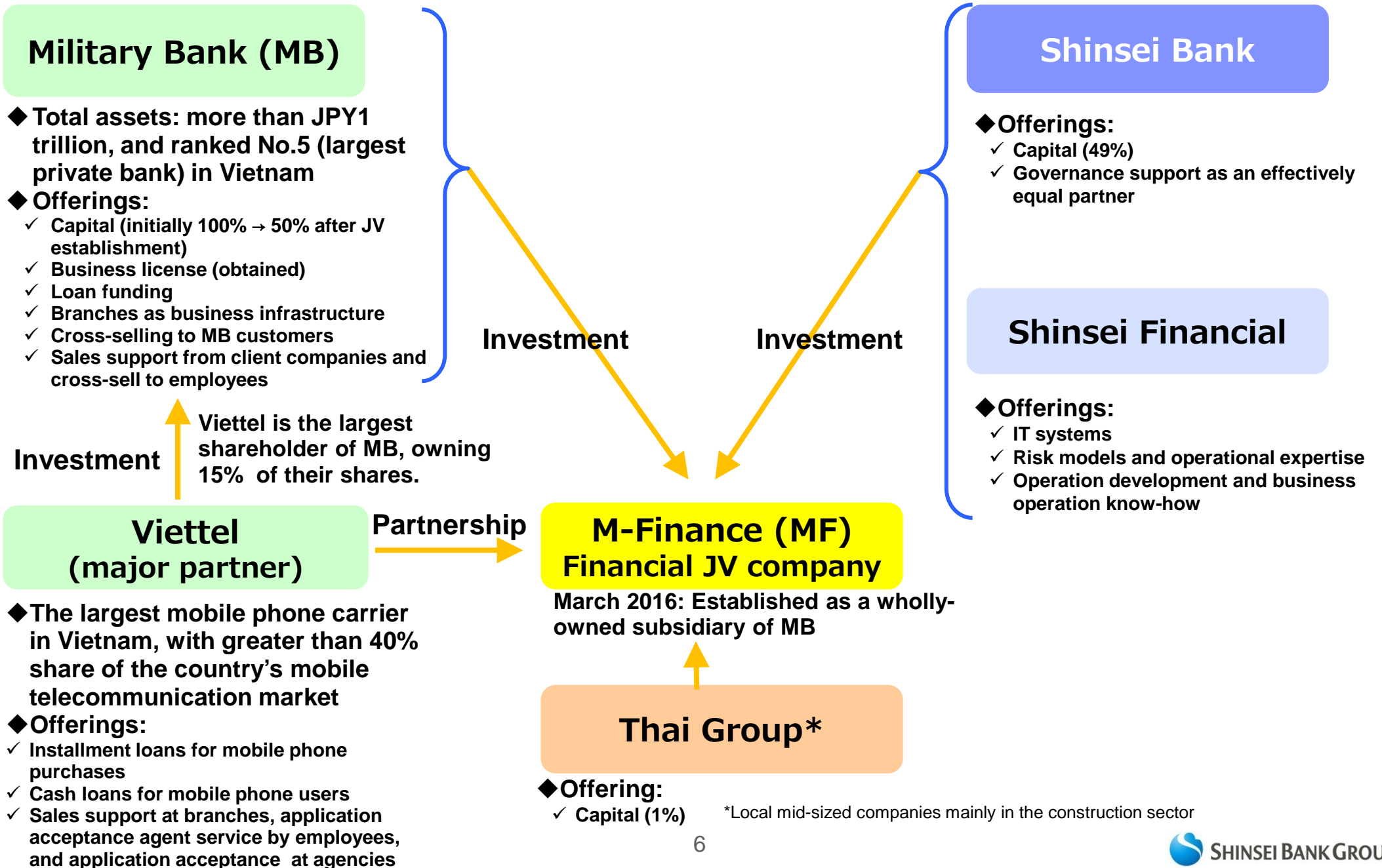


Comparison of % of Loans in Arrears vs. Company P



- Achieving growth while engaging in relatively conservative credit control
- Looking to further enhance our credit screening ability through analytics and on-the-ground efforts

Overview of Our JV in Vietnam





Ex-Group initiatives:

- Nonbank financial institutions
 - ◆ Credit model
- Life insurance companies
 - ◆ Talent performance model
 - ◆ Retention rate model
- Real estate companies
 - ◆ Price forecasting model
 - ◆ Rent forecasting model
- Settlement companies
 - ◆ New settlements method introduction support
- Banks
 - ◆ DM application forecasting model

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Group activities:

- Improve credit accuracy
- Pre-credit model
- Cross-selling model
- Branch opening optimization
- Adopt AI for administrative operations
- Identification of prospective housing loan customers

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Utilize non-Group activities to increase our Group's knowledge



Summary: Strengths of the Shinsei Bank Group

- + Credit control capability originating from a nonbank financial institution
- + Processes and compliance cultures based on the Money Lending Business Law
- + Proprietary IT systems and a low expense to revenue ratio due to lean operation practices originating from GE
- + High level of service
- + Ample preparedness on the grey zone issue
- + Analytical capability (traditional scoring model + AI)

- **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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