



Business and Financial Highlights

Fiscal Year Ended March 31, 2015

Shinsei Bank, Limited
May 2015

Table of Contents

■ FY2014 Full Year Results: Key Points -----	P3
■ Five-Year-History (FY2010 – FY2014) -----	P4
■ Progression of 2nd MTMP: Second Year Dashboard -----	P5
■ FY2014 Full Year Results: Financial Summary -----	P6
■ Financial Results -----	P7
■ Business Update -----	P17
■ Fiscal Year 2015 Plan -----	P22
■ Appendix -----	P23

FY2014 Full Year Results: Key Points

In FY2014, consolidated net income of 67.8 billion yen was recorded, an increase of 26.4 billion yen compared to FY2013

1 Core net income grew by 10% to 62.7 billion yen in FY2014 from 57.0 billion yen in FY2013

- Reported Basis Net Income (actual): 67.8 billion yen (FY2013: 41.3 billion yen)
- Cash Basis Net Income (actual): 75.4 billion yen (FY2013: 49.8 billion yen)

2 FY2015 net income forecast of 70.0 billion yen is in line with the original target set in the 2nd MTMP¹

- Reported Basis Net Income (forecast): 70.0 billion yen (EPS: JPY26.37)
- Cash Basis Net Income (forecast): 76.0 billion yen (Cash basis EPS: JPY28.63)

Capital policy is a key management issue

3 ➤ We seek to improve cash returns to shareholders while pursuing the accumulation of a sufficient level of retained earnings as a public fund injected bank

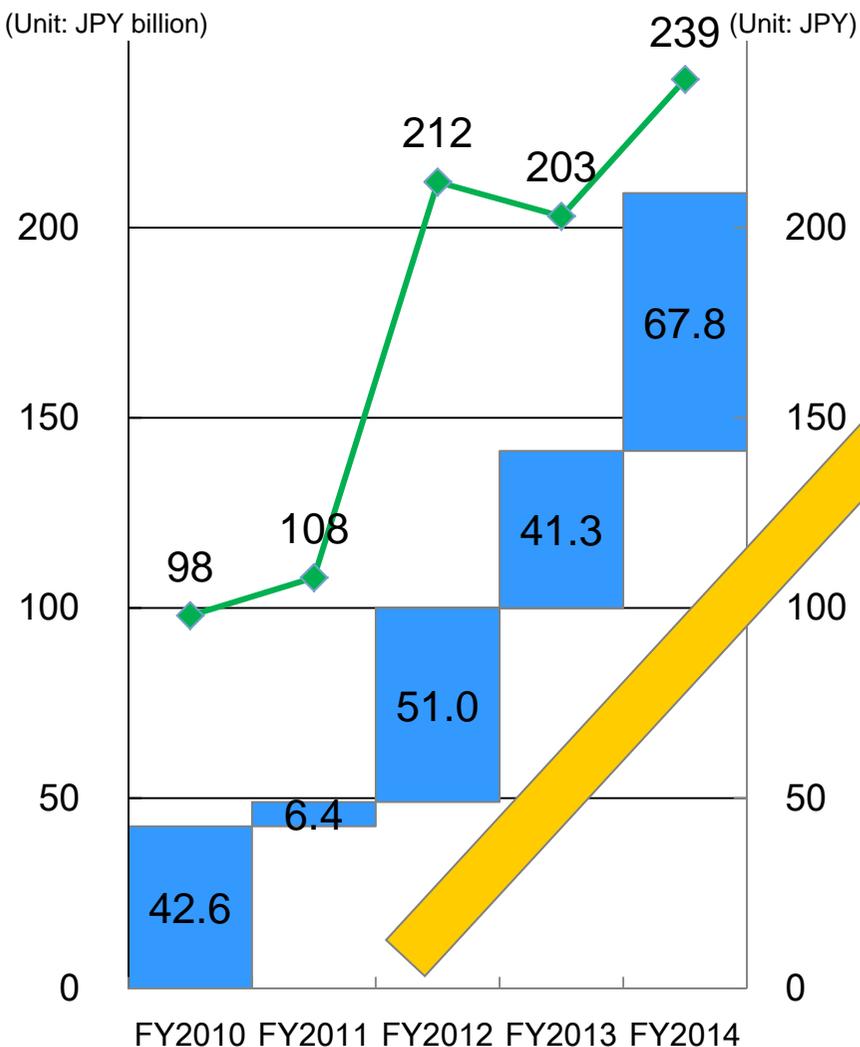
¹ Medium Term Management Plan

Five-Year-History (FY2010 – FY2014)

Consolidated Net Income and Share Price Trend

- Over 200.0 billion yen in profit generated over the past 5 years
- Share price increased 2.5 times over the past 5 years

■ Consolidated Net Income (LHS) ◆ Share Price (Year-End; RHS)
(Unit: JPY billion)



Growing Toward the Future

- Achieve Targets of 2nd MTMP Final Year
- Further Expand Customer Base
- Strengthen Sustainable Business Model

Major Progression in NPL Disposal

	NPL	NPL Ratio
FY2014:	JPY 60.9 billion	1.42%
FY2010:	JPY 279.6 billion	6.78%

- Final Treatment of Grey Zone Repayment Undertaken
Grey Zone Reserve as of Mar. 2015: JPY 170.2 billion
→ Coverage Level: 4.3 Years

- Increased Net Interest Margin (NIM) due to Funding Cost Improvement

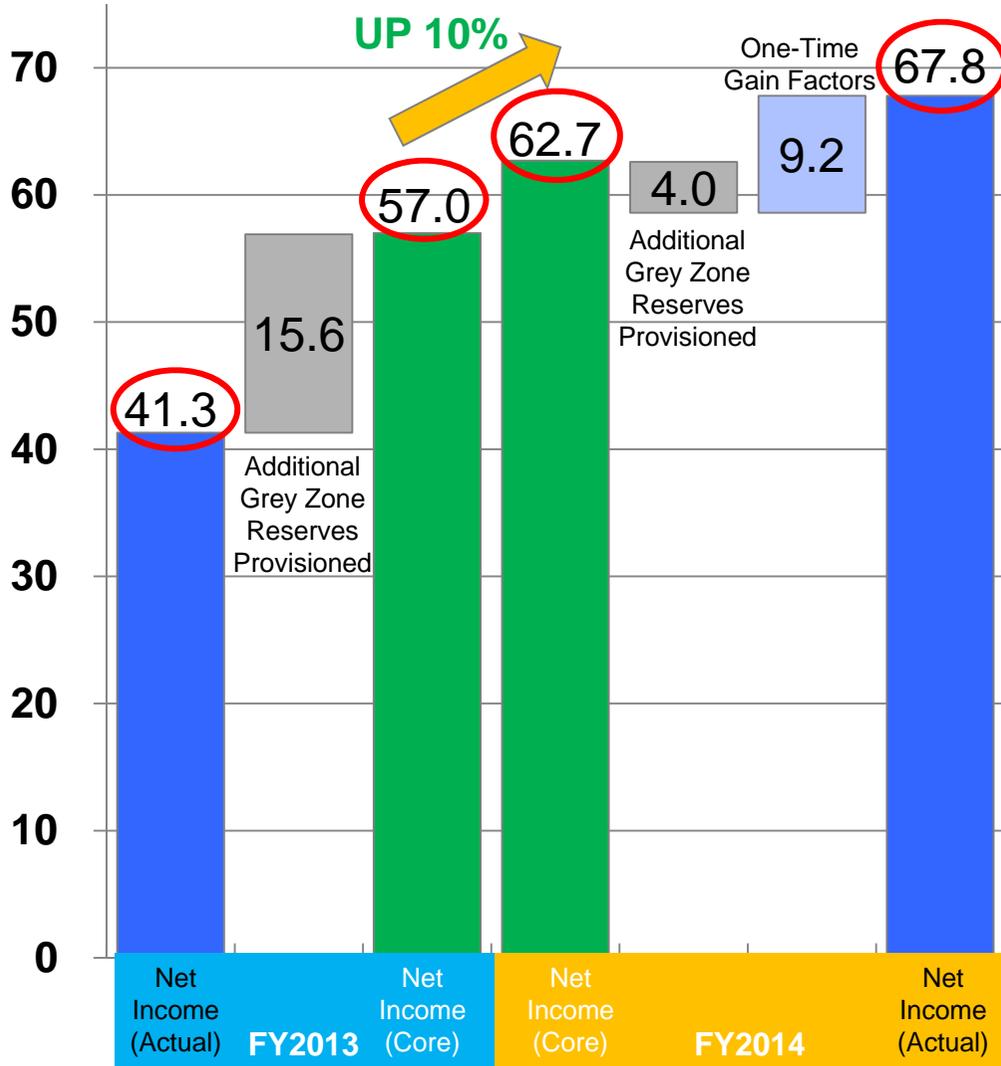
	Funding Cost	NIM
FY2014:	0.30%	2.25%
FY2010:	0.59%	2.19%

Progression of 2nd MTMP: Second Year Dashboard

Growth

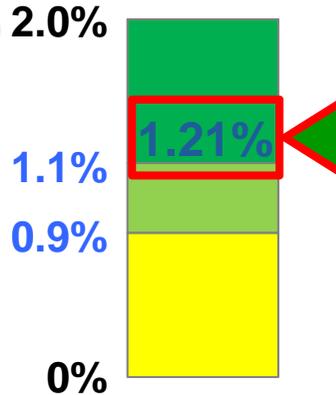
Consolidated Net Income

(Unit: JPY billion)

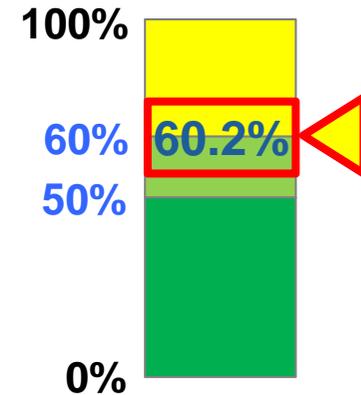


Profitability

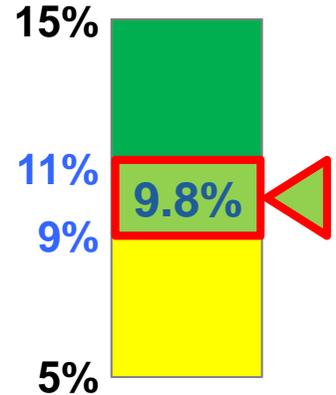
RORA
(Target: Around 1%)



Expense to Revenue Ratio
(Target: Between 50%-60%)



ROE
(Target: Around 10%)

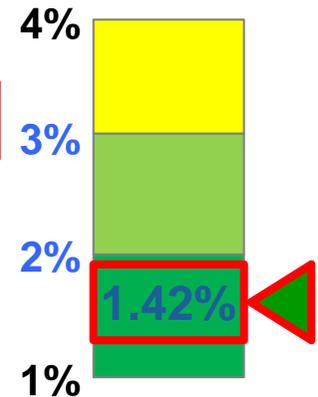


Financial Stability

Common Equity Tier I Ratio
(Target: Around 7.5%)



NPL Ratio
(Target: Below 3%)



FY2014 Full Year Results: Financial Summary

(Unit: JPY billion)

- Recorded 235.3 billion yen of revenue; close to the original FY2014 projection of 240.0 billion yen
- Net credit costs were 11.8 billion yen, significantly lower than the original FY2014 projection of 25.0 billion yen
- Consolidated net income increased 26.4 billion yen from 41.3 billion yen for FY2013 to 67.8 billion yen

【Consolidated】	FY2013	FY2014	Change B(+)/W(-)
Net Interest Income	110.5	126.4	+14%
Noninterest Income	92.5	108.8	+18%
Revenue	203.0	235.3	+16%
Expenses	-132.8	-141.6	-7%
Ordinary Business Profit	70.1	93.6	+34%
Net Credit Costs	-0.2	-11.8	N.M.
Provisions for Reserve for Losses on Interest Repayment	-15.6	-4.0	+74%
Net Income	41.3	67.8	+64%
Cash Basis Net Income ¹	49.8	75.4	+51%
【Nonconsolidated】			
Net Business Profit	29.8	42.3	+42%
Net Income	36.4	45.7	+26%

FY2014 Financial Results: Summary

- **Net Interest Income: 126.4 billion yen**
Up 15.9 billion yen due to funding costs improvements and large dividend income from securities
- **Noninterest Income: 108.8 billion yen**
Up 16.3 billion yen due to income improvement in market trading related businesses including ALM operation and increased revenue from shopping credit business
- **Expenses: 141.6 billion yen**
Increased 8.8 billion yen due to management resource allocation to grow business base
- **Net Credit Costs: 11.8 billion yen**
Increased 11.5 billion yen partly reflecting growth in the consumer finance loan portfolio
- **Provisions for Reserve for Losses on Interest Repayment: 4.0 billion yen**
Solely reflects additional provision of 4.0 billion yen in APLUS FINANCIAL in FY2014

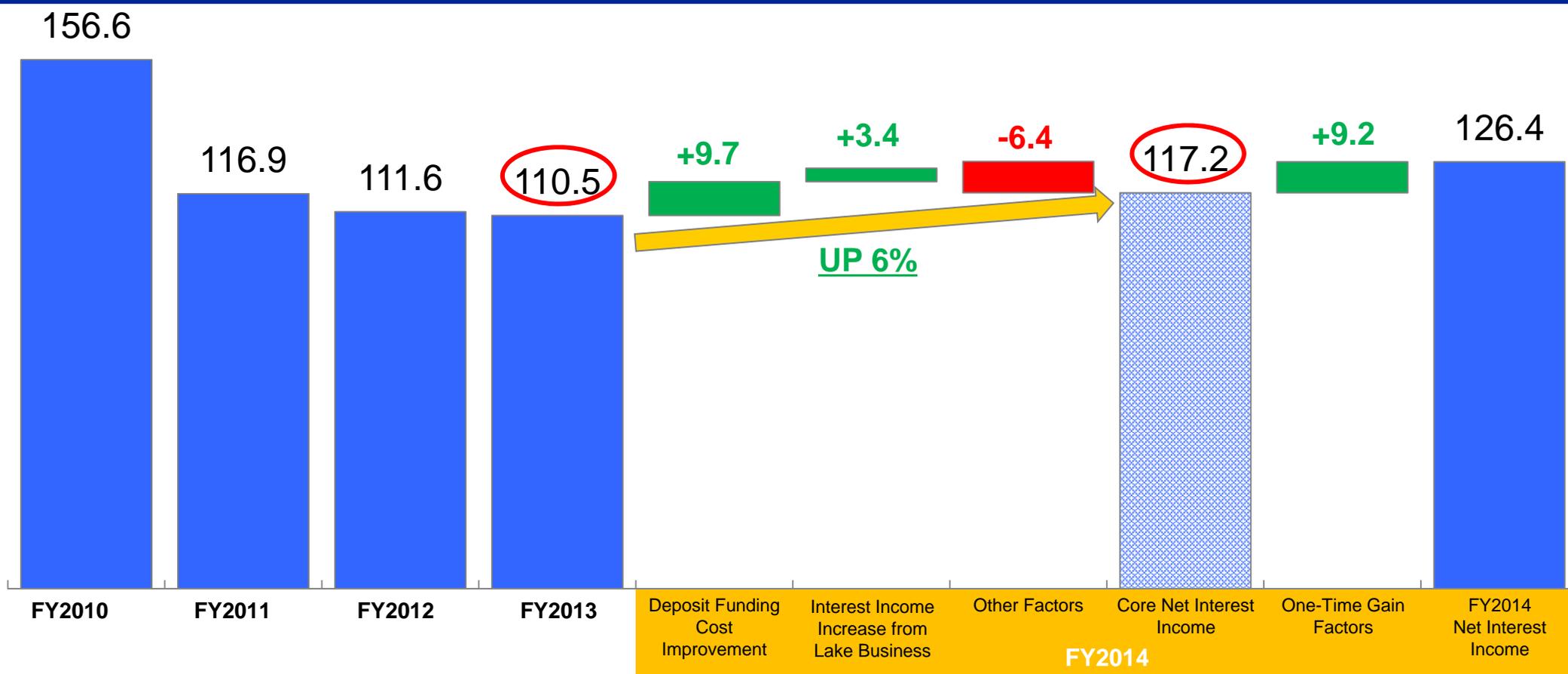
¹ Cash basis net income is calculated by excluding amortization of goodwill and other intangible assets, net of tax benefit

Financial Results: Net Interest Income

(Unit: JPY billion)

- Core net interest income was 117.2 billion yen excluding one-time gains (9.2 billion yen), a 6% increase compared to the previous fiscal year
- Deposit funding cost improvement of 9.7 billion yen significantly contributed to the growth of core net interest income
- Interest income growth of 3.4 billion yen from Lake business also contributed to core net interest income improvement

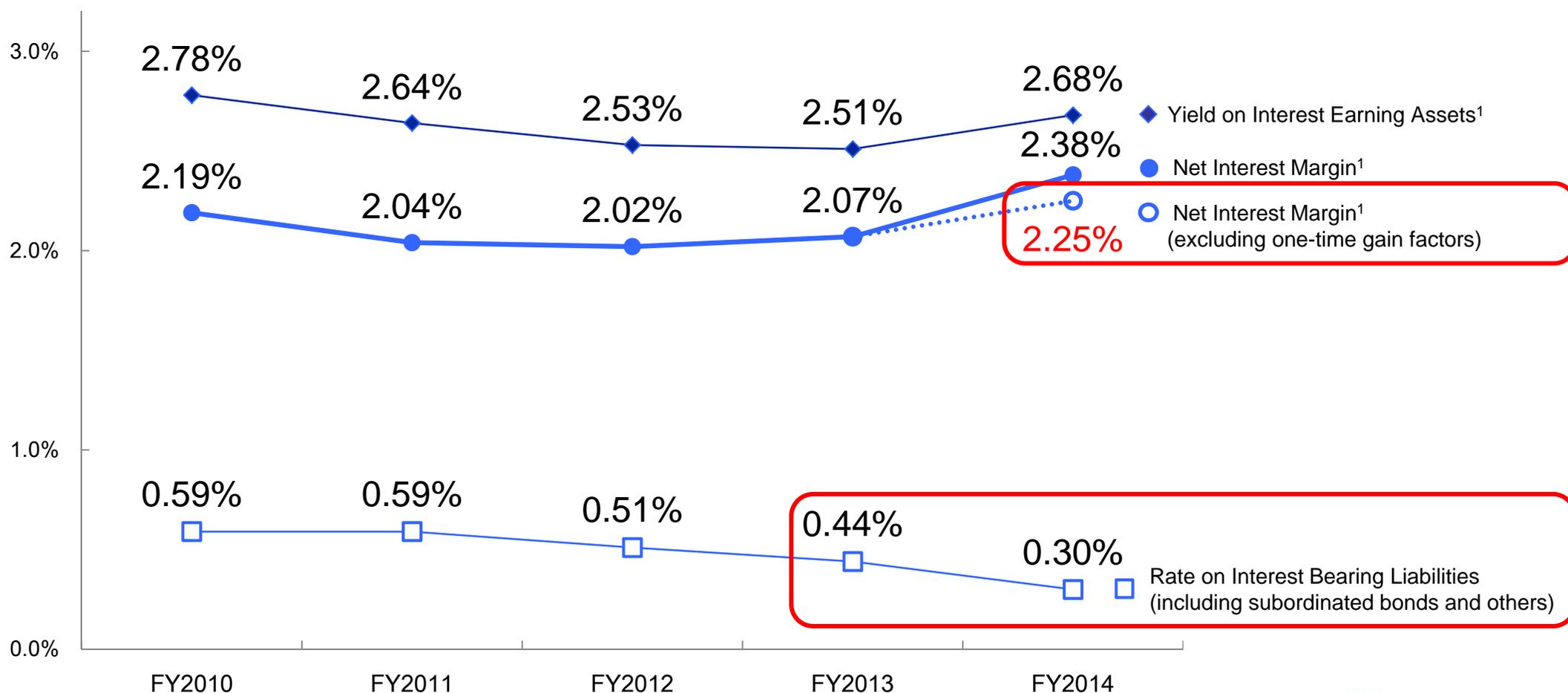
Net Interest Income



Financial Results: Net Interest Margin

- Rate on interest bearing liabilities declined to 0.30%, a 14bps reduction compared to 0.44% in FY2013
- Net interest margin excluding one-time gain factors improved to 2.25%, the highest level recorded since FY2010

Net Interest Margin¹



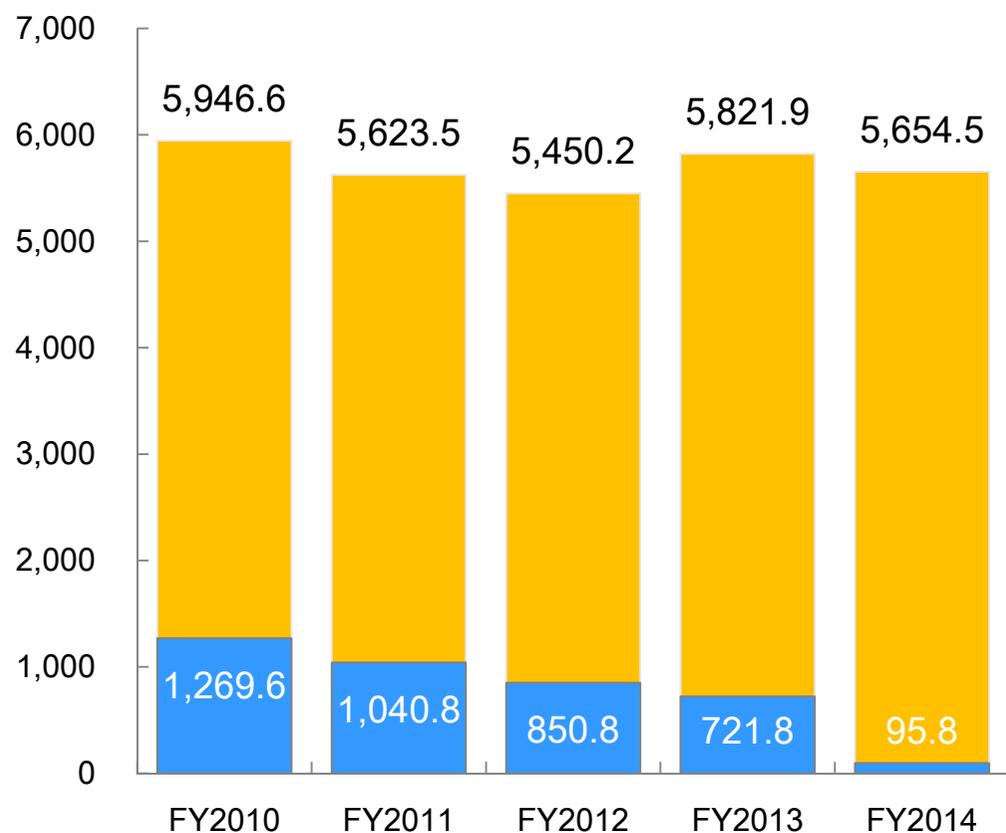
¹ Includes income on leased assets and installment receivables

Financial Results: Deposit Funding

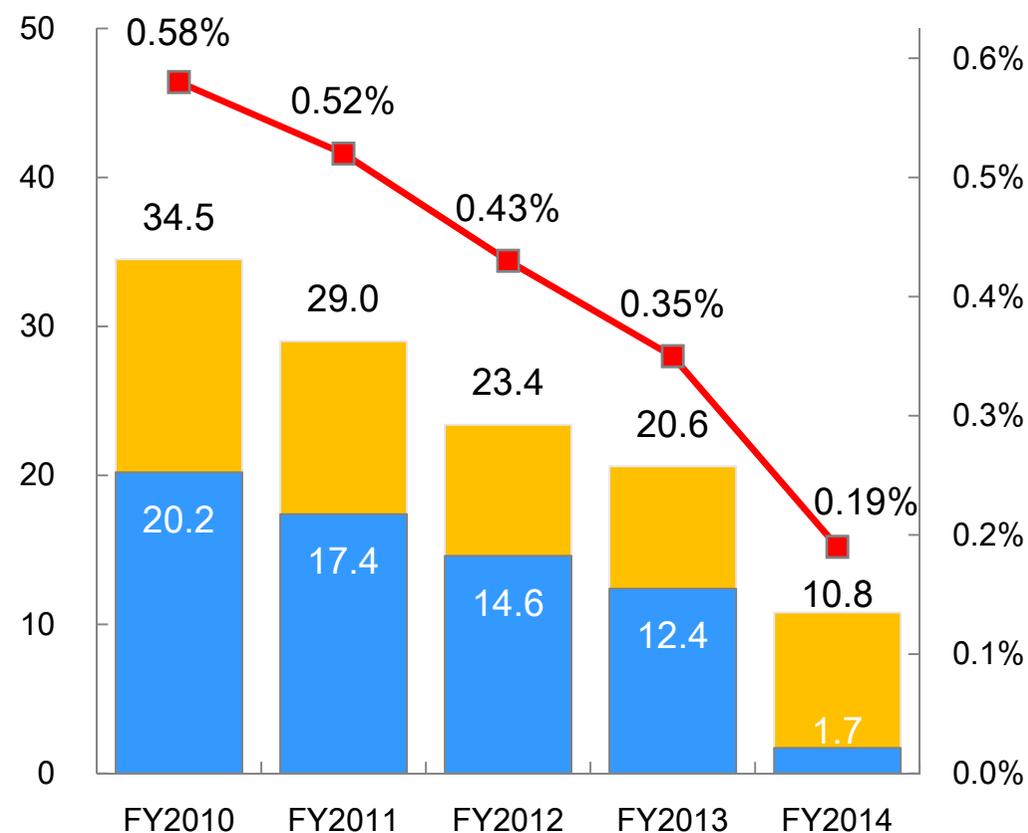
(Unit: JPY billion)

- All 5-Year yen denominated time deposits offered during Sep. 2008 to Jun. 2009 fully matured; as a result, funding costs from deposits/NCDs improved significantly
- A large portion of matured deposits remained with the Bank, maintaining stable funding through retail deposits

Average Balance: Deposits/NCDs



Interest and Rate: Deposits/NCDs



■ Deposits/NCDs
■ Campaign Time Deposits¹

■ Interest on Deposits/NCDs ■ Interest on Campaign Time Deposits¹
■ Rate on Deposits/NCDs

¹Campaign yen denominated time deposits booked between September 2008 and June 2009

Financial Results: Loan Assets

(Unit: JPY billion)

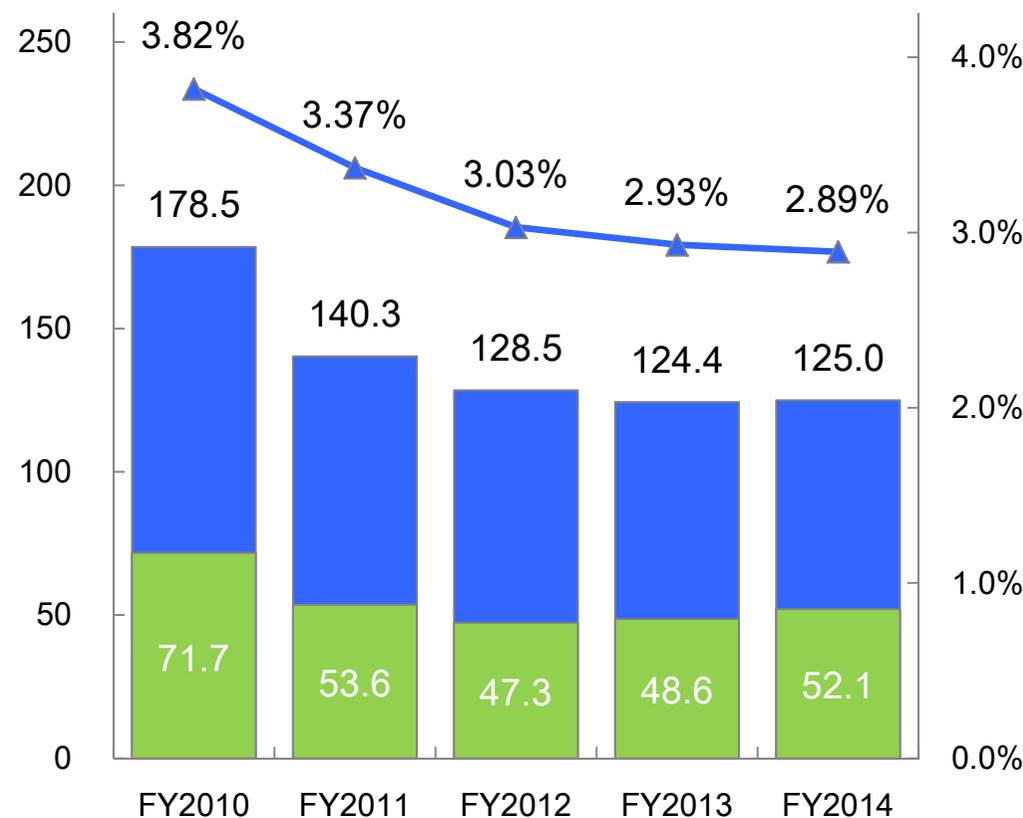
- Average loan balance of Shinsei Financial and Shinsei Bank Card Loan Lake returned to growth in FY2012
- Interest income from Shinsei Financial and Shinsei Bank Card Loan Lake has also been increasing since FY2012 and it now represents more than 40% of total loan portfolio interest income in FY2014

Average Balance: Loans and Bills Discounted



■ Loans and Bills Discounted
■ Total Loans in Shinsei Financial and Shinsei Bank Card Loan Lake

Interest and Yield: Loans and Bills Discounted

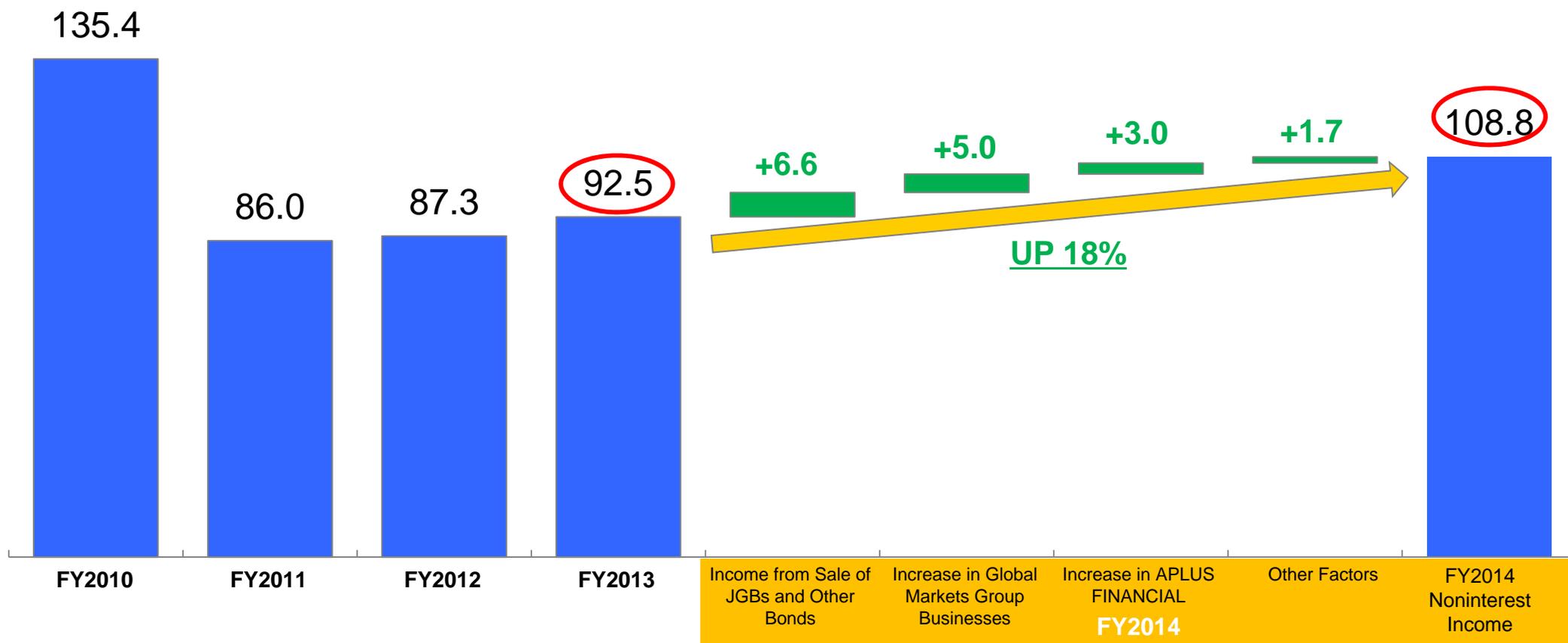


■ Interest on Loans and Bills Discounted ▲ Yield on Loans and Bills Discounted
■ Interest on total loans in Shinsei Financial and Shinsei Bank Card Loan Lake

Financial Results: Noninterest Income

(Unit: JPY billion)

- ALM operation income from the sale of JGBs and other bonds significantly improved by 6.6 billion yen compared to FY2013
- Global Markets Group business increased noninterest income by 5.0 billion yen
- Steady growth of shopping credit businesses revenue in APLUS FINANCIAL generated 3.0 billion yen in noninterest income growth

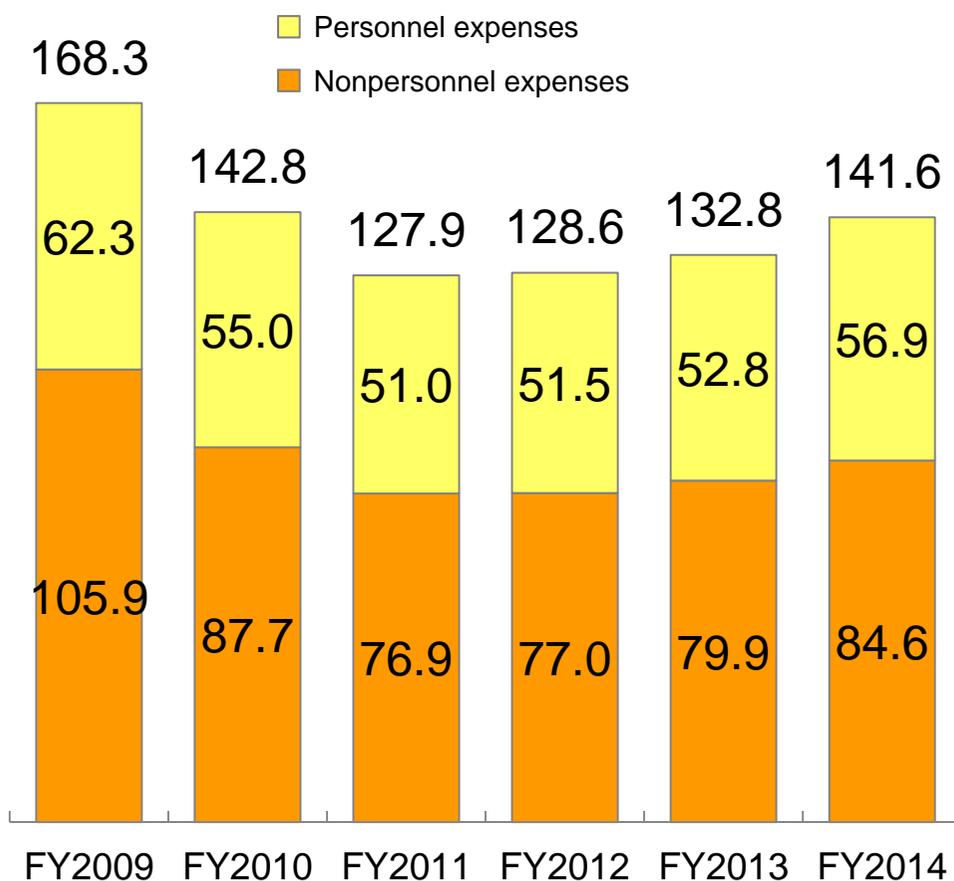


Financial Results: Expenses; Expense to Revenue Ratio

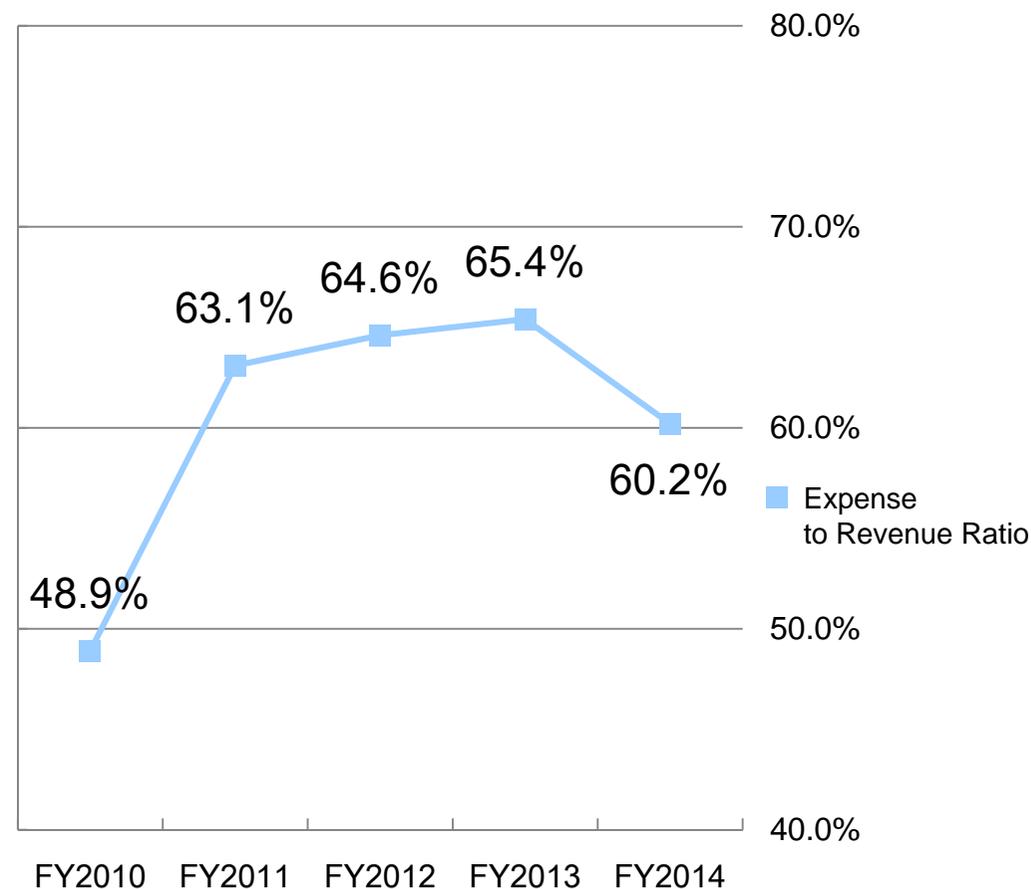
(Unit: JPY billion)

- Expense to revenue ratio down to 60.2% as revenue growth exceeded the increase in personnel and nonpersonnel expenses for expanding the business base
- Committed to further improve expense to revenue ratio to achieve 2nd MTMP target of below 60%

Expenses



Expense to Revenue Ratio

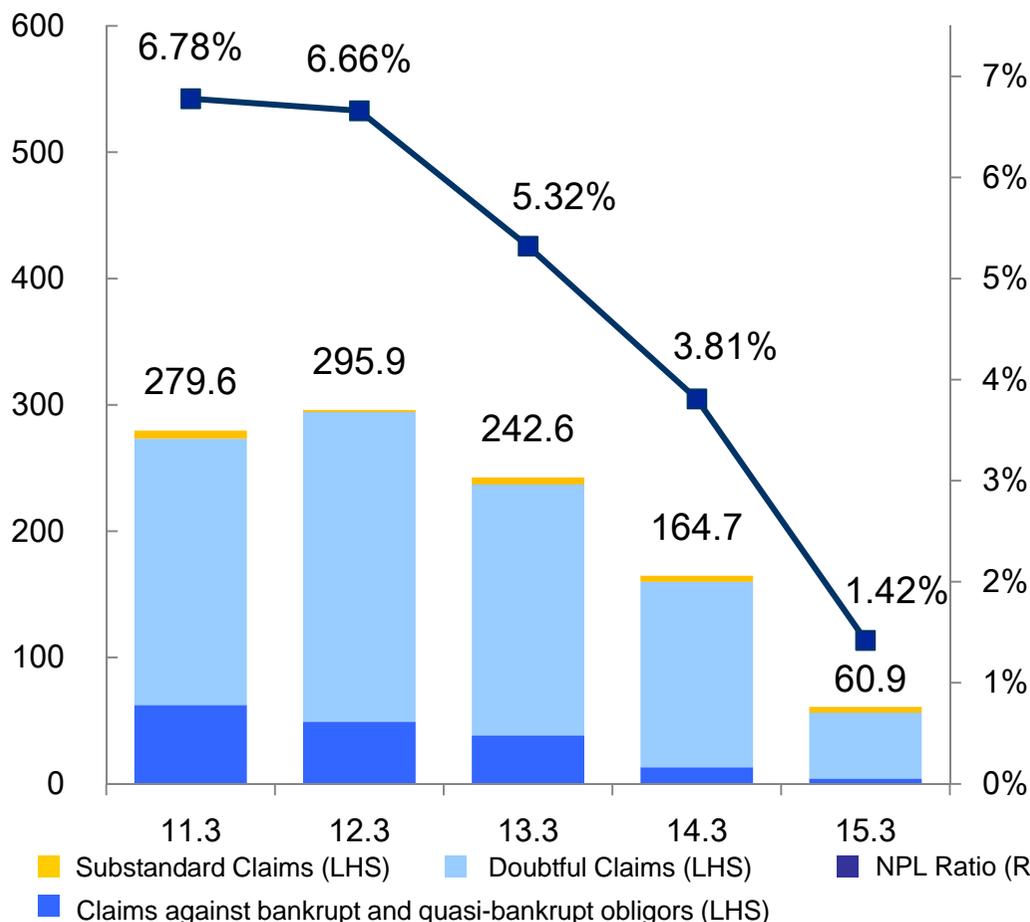


Financial Results: Asset Quality

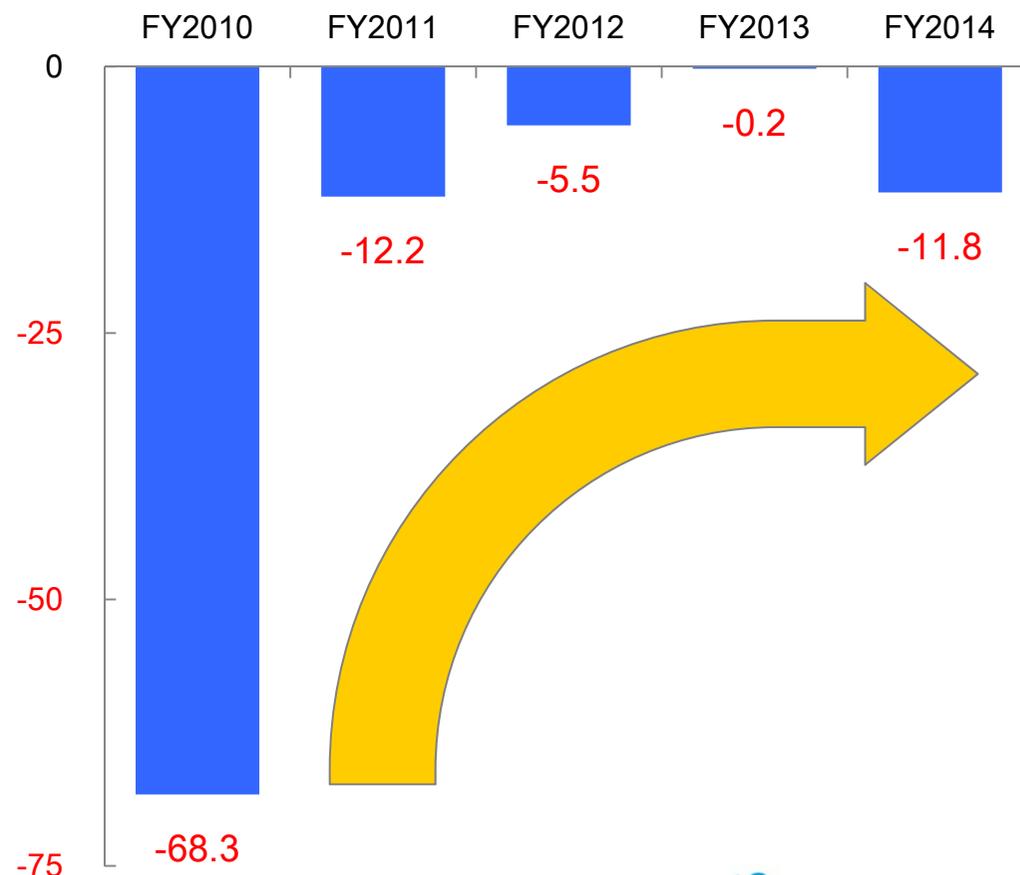
(Unit: JPY billion)

- Disposed over 200.0 billion yen of NPLs in last 4 years; as a result, NPL ratio declined to 1.42%, and asset quality significantly improved
- Net credit costs remained at low level due to recording credit cost reversals through NPL disposal since FY2011
- Increase of net credit costs in FY2014 partly relates to consumer finance loan portfolio growth

NPL Amounts and NPL Ratio Based on Financial Revitalization Law (Nonconsolidated)



Net Credit Costs



Financial Results: Capital

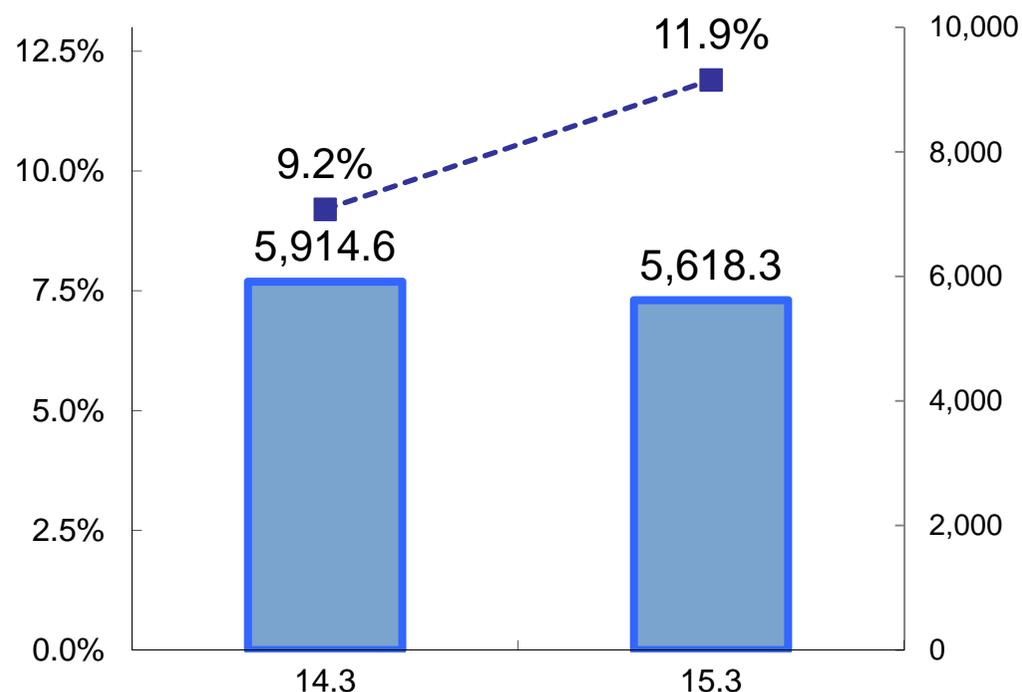
(Consolidated; Unit: JPY billion)

- Basel III domestic standard core capital adequacy ratio was 14.86%, 128 bps increase compared to 13.58% as of March 2014
- Basel III international standard fully loaded Common Equity Tier I ratio was 11.9%

Core Capital Adequacy Ratio (Basel III: Domestic Standard; Grandfathered Basis)

【Consolidated】	Mar. 31, 2014	Mar. 31, 2015
Basic Items Related to Core Capital	889.5	882.3
Deductions Related to Core Capital	-71.9	-40.4
Total Core Capital	817.6	841.9
Risk Assets	6,016.7	5,661.9
Core Capital Adequacy Ratio	13.58%	14.86%

Reference: CET I Ratio (Basel III: International Standard; Fully Loaded Basis)



■ Common Equity Tier I Ratio (LHS)

■ Risk Assets (RHS)

Financial Results: Balance Sheet

(Unit: JPY billion)

Balance Sheet (Consolidated)

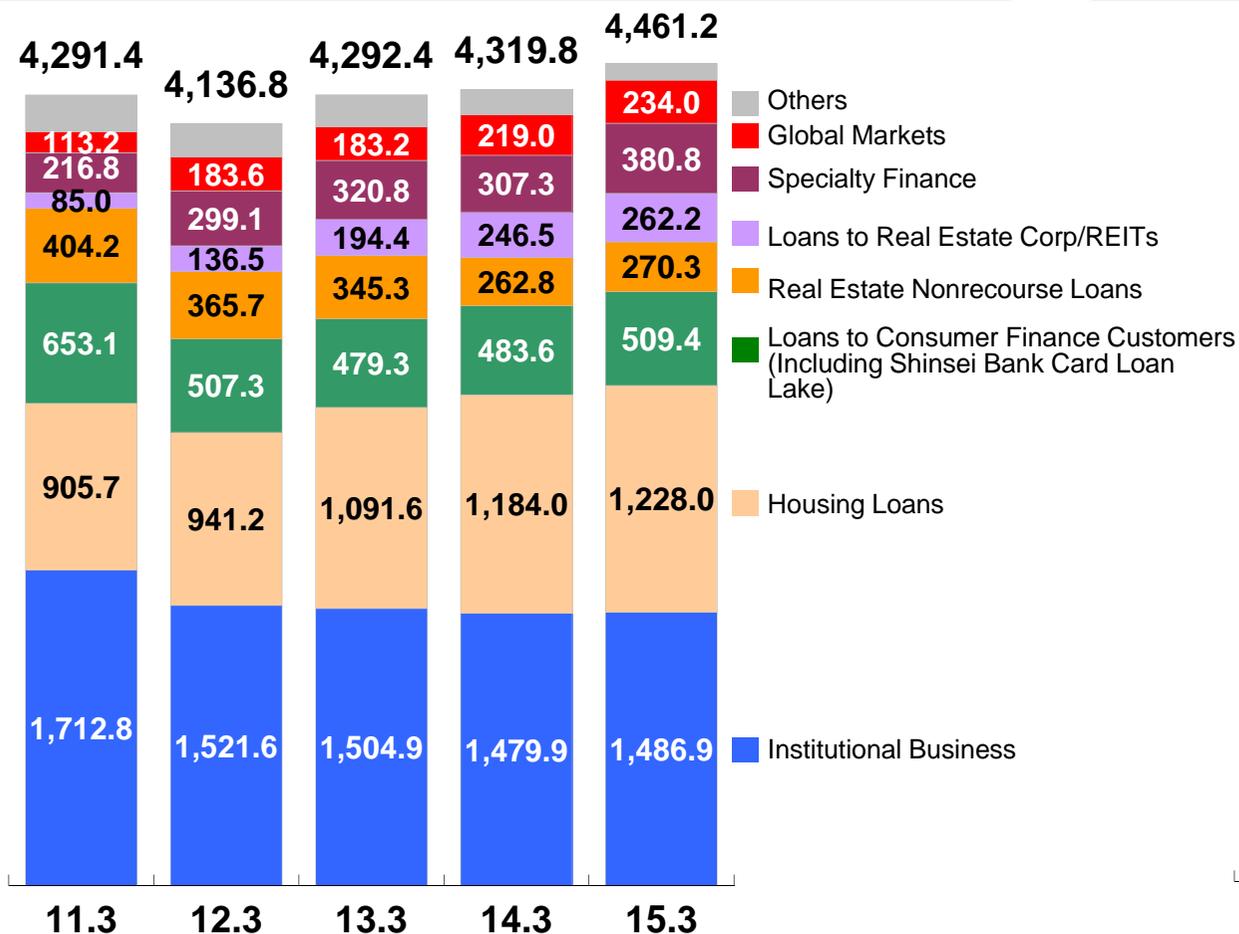
【Consolidated】	March 2010	March 2011	March 2012	March 2013	March 2014	March 2015
Loans and Bills Discounted	5,163.7	4,291.4	4,136.8	4,292.4	4,319.8	4,461.2
Securities	3,233.3	3,286.3	1,873.4	1,842.3	1,557.0	1,477.3
Lease Receivables and Leased Investment Assets	21.7	206.2	197.4	203.5	227.7	227.0
Installment Receivables	347.8	330.4	347.9	365.8	421.9	459.1
Reserve for Credit Losses	-196.6	-199.2	-180.6	-161.8	-137.3	-108.2
Total Assets	11,376.7	10,231.5	8,609.6	9,029.3	9,321.1	8,889.8
Deposits and NCDs	6,475.3	5,610.6	5,362.4	5,457.5	5,850.4	5,452.7
Borrowed Money	1,186.8	1,672.7	476.7	719.2	643.4	805.2
Corporate Bonds	188.2	179.6	168.7	174.2	177.2	157.5
Reserves for Losses on Interest Repayments	70.0	43.1	50.9	34.9	208.2	170.2
Total Liabilities	10,741.8	9,620.3	7,982.0	8,345.6	8,598.5	8,136.0
Shareholders' Equity	459.7	574.1	577.9	626.3	665.1	728.5
Total Equity	634.9	611.1	627.6	683.6	722.5	753.7

Financial Results: Loans and Deposits

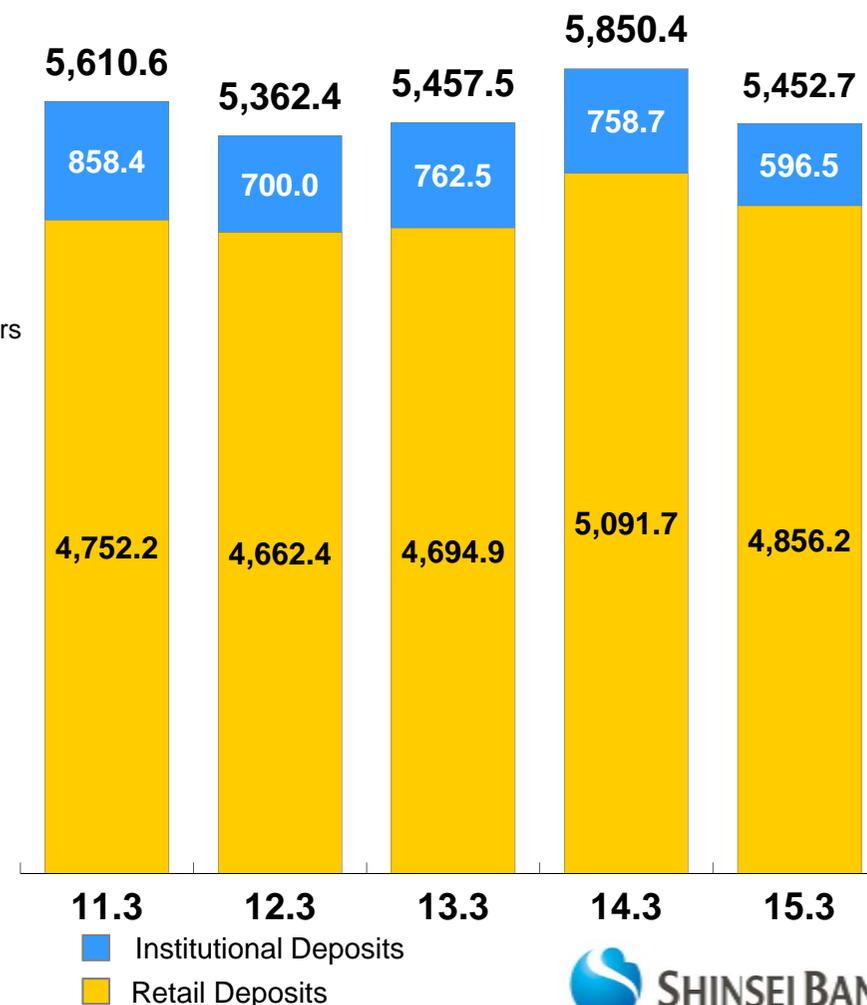
(Consolidated; Unit: JPY billion)

- Loan balance as of March 2015 was 4,461.2 billion yen; accumulated loans to individual customers primarily through unsecured loans and structured loans to institutional customers focusing on cash flow finance
- Deposit balance as of March 2015 was 5,452.7 billion yen; maintained stable deposit balance despite maturity of high coupon time deposit during 2013 to 2014

Loans



Deposits

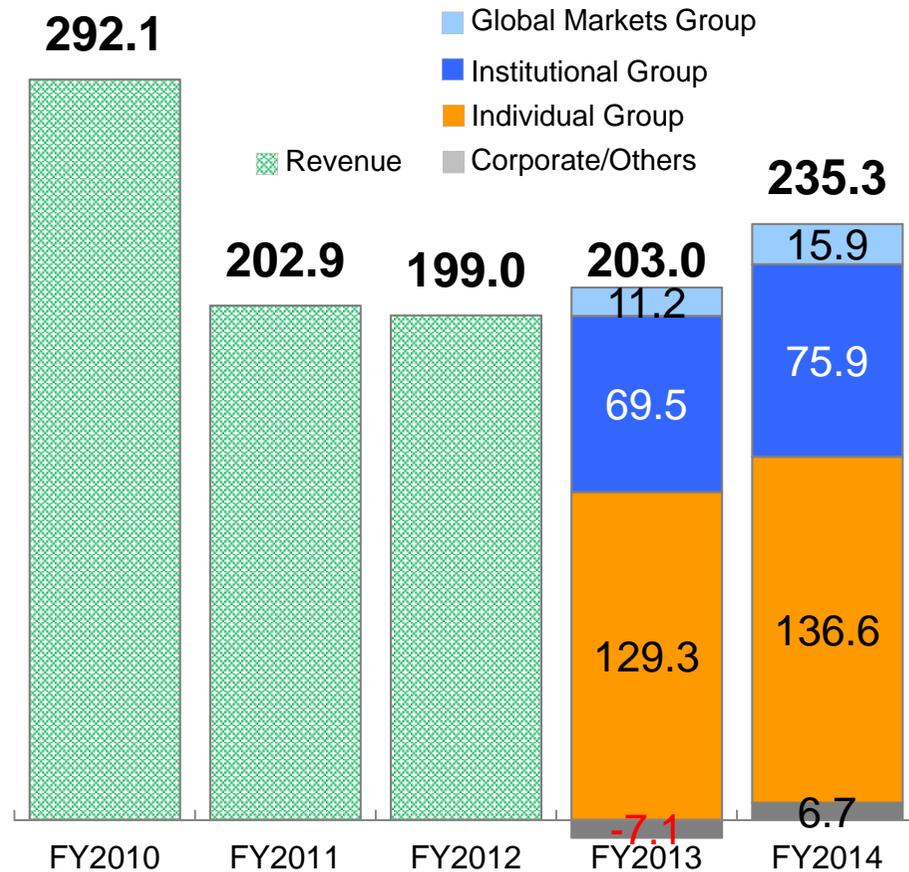


Business Update: Financial Results Breakdown by Groups

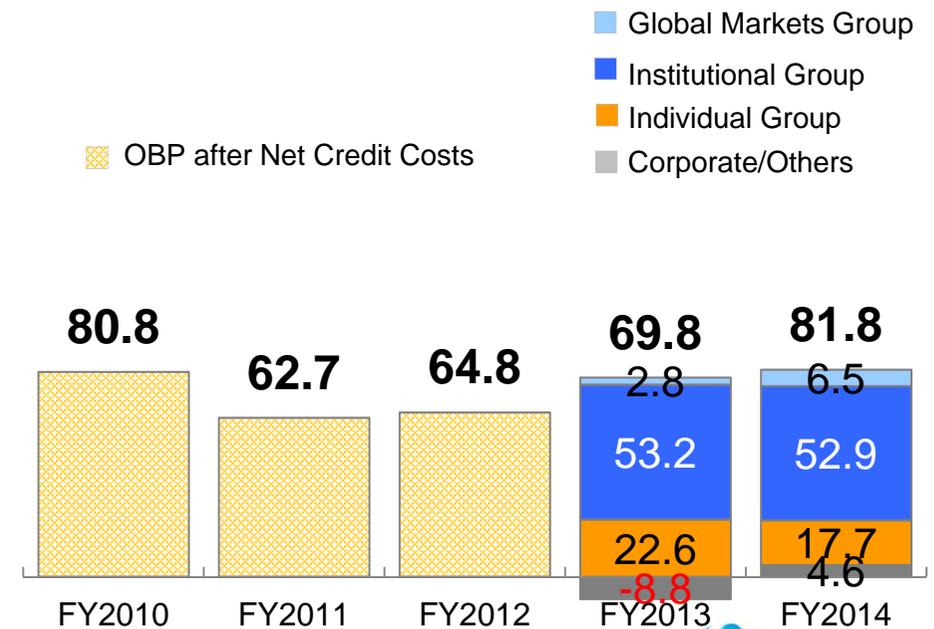
(Consolidated; Unit: JPY billion)

- Revenue increased 32.3 billion yen to 235.3 billion yen, recorded revenue increase in all businesses
- OBP after net credit costs was 81.8 billion yen, increased 11.9 billion yen compared to 69.8 billion yen a year ago
- Institutional Group contribution to OBP after net credit costs continues to be high, representing over 60% of the total recorded in FY2014

Revenue



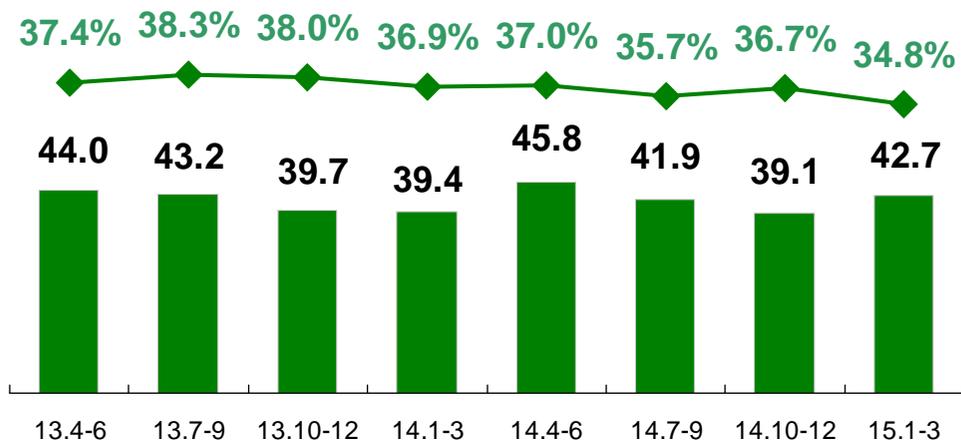
OBP after net Credit Costs



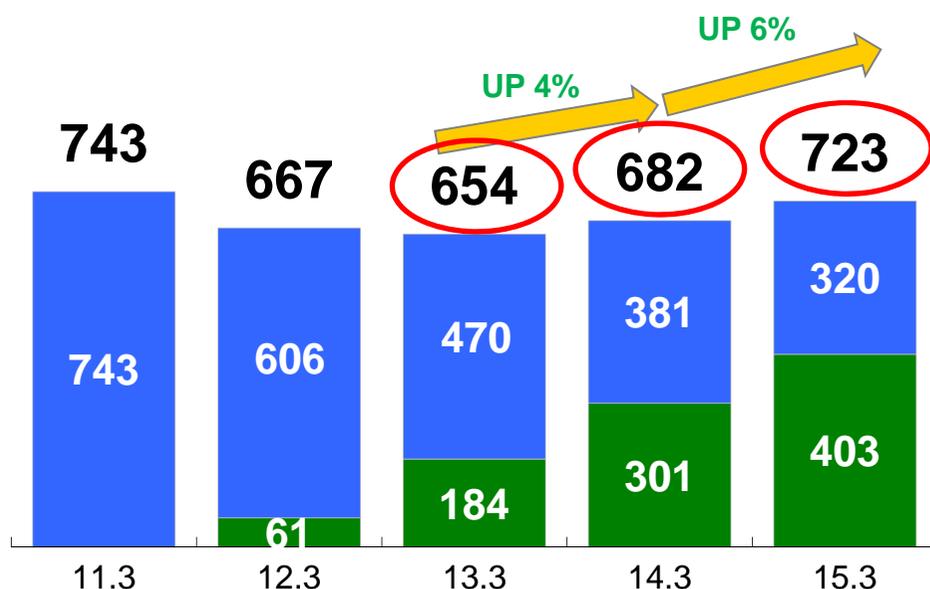
Business Update: Individual Business

(Unit: JPY billion)

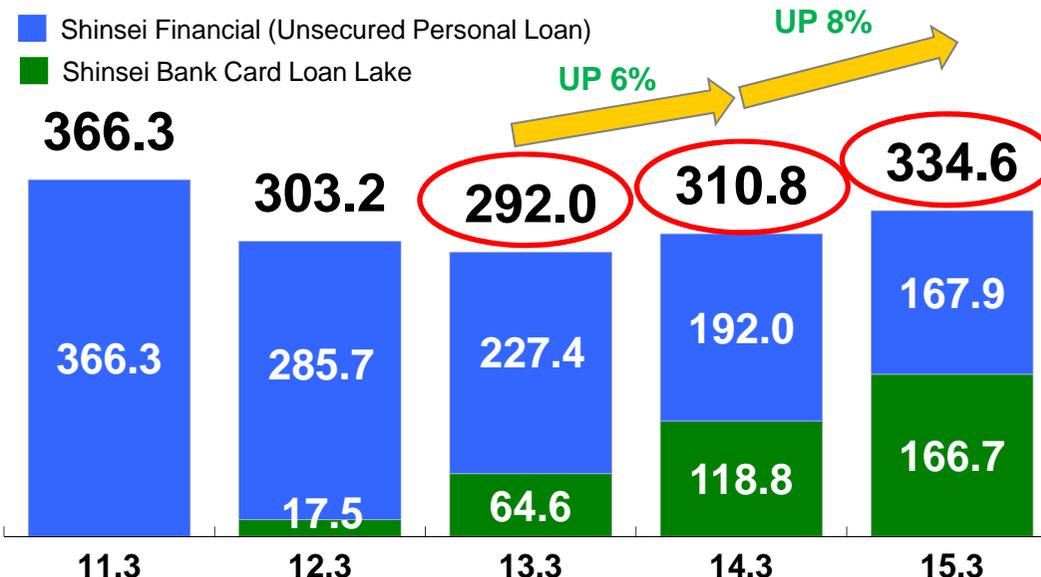
Lake New Customers (thousands); Approval Rate



Total Number of Customers (thousands)



Unsecured Personal Loan Balance



Results of Operations¹

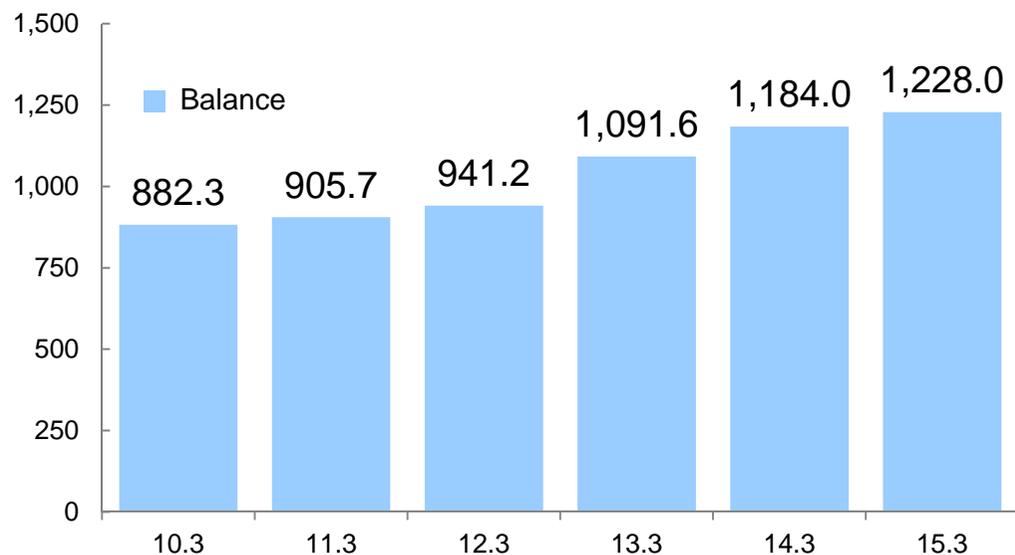
	FY2013 (A)	FY2014 (B)	Chg. (B-A)
Revenue	40.9	48.4	7.4
Expenses	-25.8	-28.0	-2.2
Net Credit Costs	-2.6	-8.3	-5.6
Ordinary Business Profit after Net Credit Costs	12.4	12.1	-0.3
Average Balance	319.9	337.8	
ROA	3.9%	3.6%	

¹ Including the total profits and losses of all Shinsei Financial and Shinsei Bank Card Loan Lake

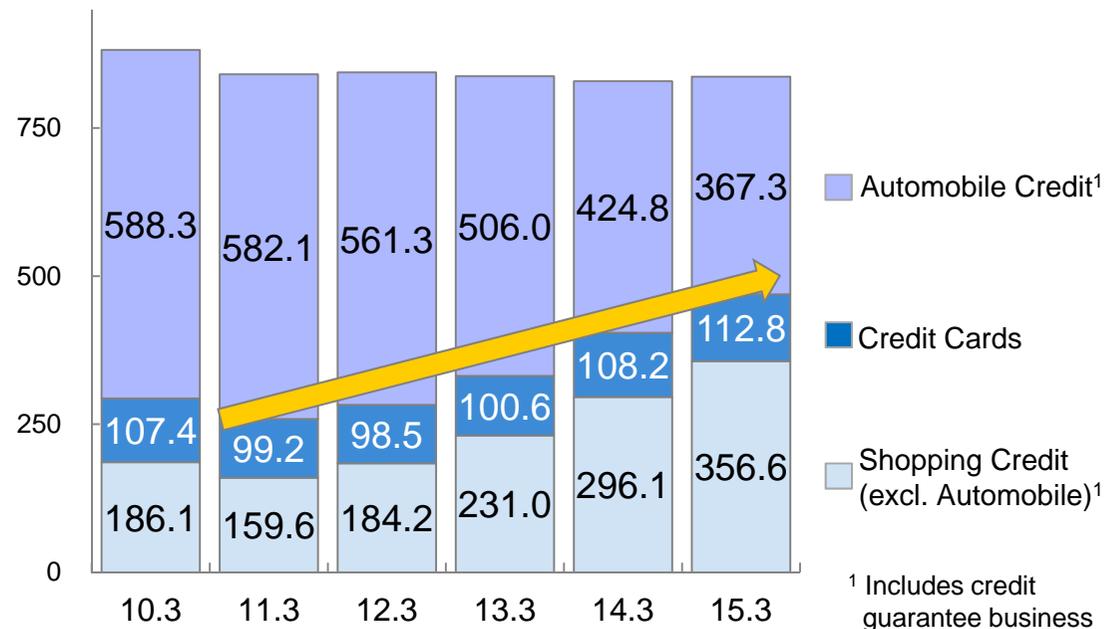
Business Update: Individual Business

(Unit: JPY billion)

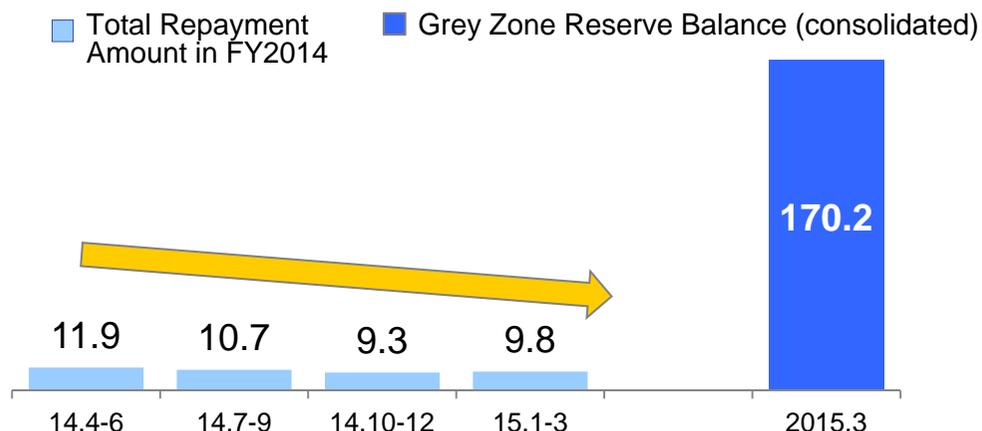
Housing Loans



APLUS FINANCIAL (Shopping Credit; Credit Cards)



Grey Zone Repayment (Shinsei Financial, SHINKI and APLUS FINANCIAL)



- Total Balance of Reserves for Losses on Interest Repayments stood at 170.2 billion yen as of March 2015 for the entire Shinsei Bank Group
- Covers 4.3 years based on the actual repayment in 4QFY2014

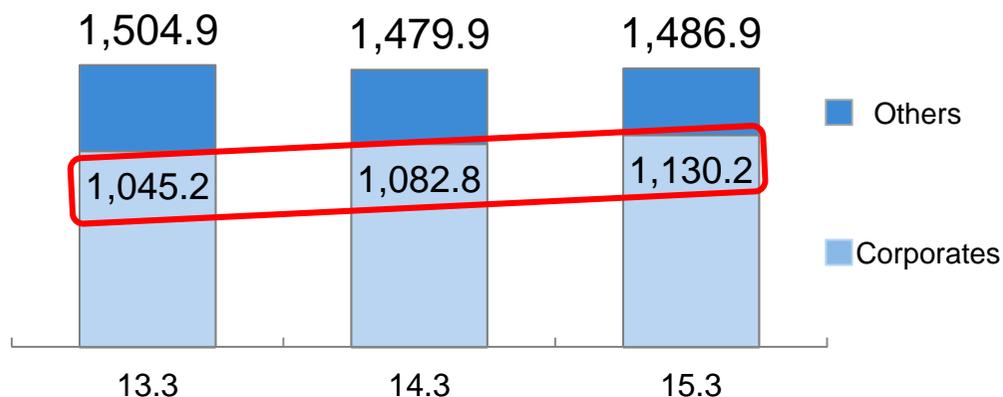
Business Update: Institutional Business

(Unit: JPY billion)

- Institutional Business increased loan balance of corporates by 47.4 billion yen compared to March 2014
- Structured Finance struggled with net asset growth due to progress in NPL disposal, however, it continued to record credit cost reversals

Institutional Business

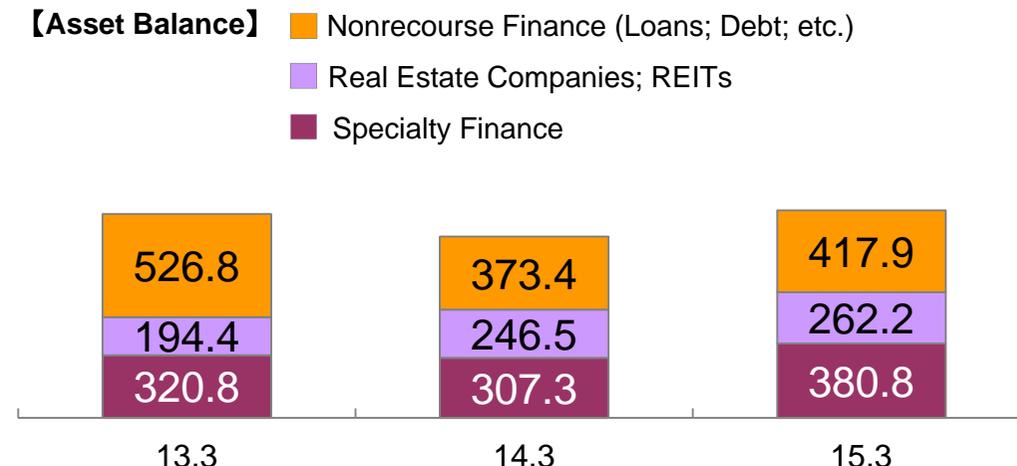
【Loan Balance】



【Institutional Business】	FY2013 (A)	FY2014 (B)	Chg. (B-A)
Revenue	12.7	13.5	0.8
Expenses	-6.4	-6.8	-0.3
Ordinary Business Profit	6.2	6.7	0.4
Net Credit Costs	2.0	-2.1	-4.2
OBP after Net Credit Costs	8.3	4.5	-3.7

Structured Finance

【Asset Balance】



【Structured Finance】	FY2013 (A)	FY2014 (B)	Chg. (B-A)
Revenue	23.7	18.5	-5.2
Expenses	-4.7	-5.3	-0.5
Ordinary Business Profit	19.0	13.2	-5.7
Net Credit Costs	8.0	6.5	-1.4
OBP after Net Credit Costs	27.0	19.8	-7.2

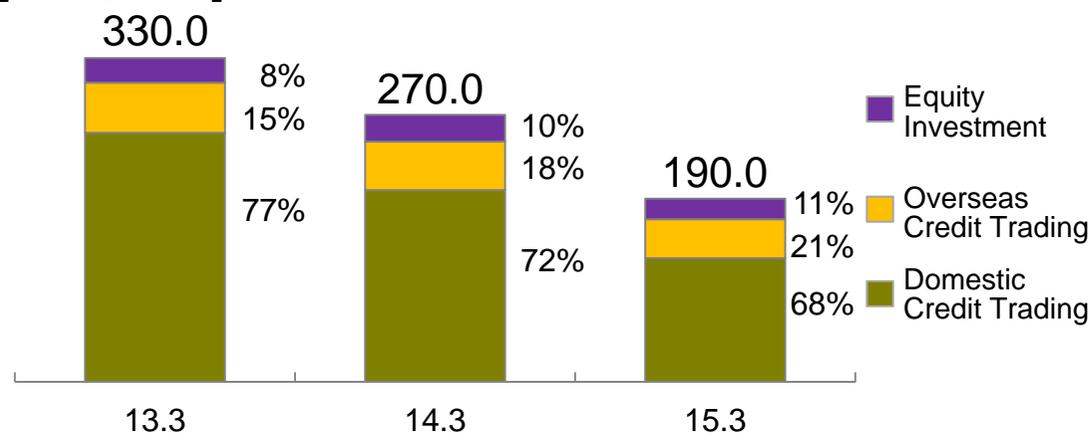
Business Update: Institutional Business

(Unit: JPY billion)

- Principal Transactions recorded 26.2 billion yen of revenue, a major increase from 17.9 billion yen in FY2013
- Global Markets Group recorded 15.9 billion yen of revenue, an increase of 4.6 billion yen compared to 11.2 billion yen in FY2013

Principal Transactions

【Asset Balance】

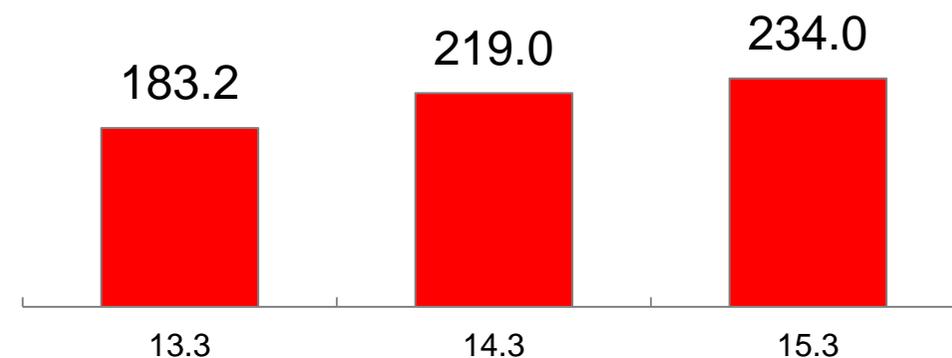


【Principal Transactions】	FY2013 (A)	FY2014 (B)	Chg. (B-A)
Revenue	17.9	26.2	8.2
Expenses	-4.2	-5.1	-0.9
Ordinary Business Profit	13.7	21.0	7.3
Net Credit Costs	0.2	0.3	0.1
OBP after Net Credit Costs	13.9	21.4	7.4

Global Markets Group

【Loan Balance】

■ Global Markets



【Global Markets Group】	FY2013 (A)	FY2014 (B)	Chg. (B-A)
Revenue	11.2	15.9	4.6
Expenses	-8.9	-9.3	-0.4
Ordinary Business Profit	2.3	6.5	4.2
Net Credit Costs	0.4	-0.0	-0.5
OBP after Net Credit Costs	2.8	6.5	3.7

Fiscal Year 2015 Plan: Financial Projection

(Unit: JPY billion)

- Net income forecast for FY2015 at 70.0 billion yen - the original target set in 2nd MTMP
- Increase in revenue primarily reflects growth in consumer finance businesses

【Consolidated】	FY2014 (Actual)	FY2015 (2 nd MTMP Original Projection)	FY2015 (Projection)
Net Interest Income	126.4	145.0	127.0
Noninterest Income	108.8	125.0	115.0
Revenue	235.3	270.0	242.0
Expenses	-141.6	-145.0	-144.0
Ordinary Business Profit	93.6	125.0	98.0
Net Credit Costs	-11.8	-40.0	-14.0
Tax and Others	-13.9	-15.0	-14.0
Net Income ¹	67.8	70.0	70.0
Cash Basis ² Net Income ¹	75.4	76.0	76.0

Summary of FY2015 Projections

- **Net Interest Income**
Expect the same level of FY2014 net interest income as the absence of one-time gains (9.2 billion yen) recorded in FY2014 will be offset by the increase of consumer finance as well as further funding cost reductions
- **Noninterest Income**
Expect noninterest income growth due to increase of investment product sales and shopping credit transaction volume growth in the Individual Group as well as the growth of markets related transactions in the Global Markets Group
- **Expenses**
Expect an increase in costs due to IT system investment
- **Net Credit Costs**
Expect to increase in consumer finance in accordance with the loan growth, and the credit costs reversal due to NPL disposal

FY2015 Forecast (Nonconsolidated)

【Nonconsolidated】	FY2014 (Actual)	FY2015 (Forecast)
Net Income	45.7	42.0

¹ In accordance with the revision of the Accounting Standard for Business Combination, as of fiscal year 2015 net income and cash basis net income will now be referred to as profit attributable to owners of parent and cash basis profit attributable to owners of parent

² Cash basis net income is calculated by excluding amortization of goodwill and other intangible assets, net of tax benefit

Appendix: Financial Ratios and Per Share Data

Financial Ratios (Consolidated)

	FY2010	FY2011	FY2012	FY2013	FY2014
Expense-to-Revenue Ratio	48.9%	63.1%	64.6%	65.4%	60.2%
Loan-to-Deposit Ratio	76.5%	77.1%	78.6%	73.8%	81.8%
ROA	0.4%	0.1%	0.6%	0.5%	0.7%
ROE	8.5%	1.2%	8.6%	6.5%	9.8%
ROA (Cash Basis)	0.5%	0.2%	0.7%	0.5%	0.8%
ROE (Cash Basis)	12.4%	3.2%	11.1%	8.3%	11.4%

Per Share Data (Consolidated)

	FY2010	FY2011	FY2012	FY2013	FY2014
Common Equity per Share	205.83 yen	212.67 yen	233.65 yen	247.82yen	275.45 yen
Net Income per Share	21.36 yen	2.42 yen	19.24 yen	15.59 yen	25.57 yen
Cash Basis Net Income per Share	26.96 yen	6.05 yen	22.77 yen	18.78 yen	28.42 yen

Appendix: Major News in FY2014

1st Quarter (Apr. – Jun. 2014)

- Apr. 7: Entered Business Alliance with Military Commercial Joint-Stock Bank, a Major Commercial Bank in Vietnam
- Apr. 7: Entered alliance with Forval to Support Small- and Medium-Sized Enterprise Entry into ASEAN Countries
- Apr. 15: Extended New Line of Credit to a Wind Power Plant Operation Project in Sakata, Yamagata Prefecture
- Apr. 28: Arranged Project Financing for Mega Solar Projects in Seven Locations in Japan Utilizing Trust Schemes
- Apr. 28: Established REIT Asset Management Company Aimed at Founding Healthcare REIT

2nd Quarter (Jul. – Sep. 2014)

- Jul. 16: Arranged Project Finance for Mega Solar Business in Nasushiobara-shi, Tochigi Prefecture
- Jul. 31: Arranged Project Financing for the Megasolar Project in Atsuma-cho, Hokkaido
- Sep. 29: Arranged Project Finance for Mega Solar Business in Hikari-shi, Yamaguchi Prefecture
- Sep. 30: Launched Home Mortgage Campaign to Support Reconstruction Efforts following the Great East Japan Earthquake

3rd Quarter (Oct. – Dec. 2014)

- Oct. 1: Reduced Currency Exchange Fees for Foreign Currency Deposit
- Nov. 17: Arranged Project Finance for Mega Solar Plant in Kawasaki-machi, Tagawa-gun, Fukuoka Prefecture

4th Quarter (Jan. – Mar. 2015)

- Feb. 17: Arranged Project Financing for a Megasolar Project in Mukawa-cho, Hokkaido
- Mar. 3: Participated in “AIGF,” an Investment Fund for ASEAN Based Companies, as a Strategic Investor
- Mar. 23: Entered Business Alliance with RHB Bank Berhad, a Commercial Bank in Malaysia
- Mar. 31: Arranged a Syndicated Loan for a Wood Biomass Power Generation Business in Akita-shi, Akita Prefecture

- **The preceding description of Shinsei'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.**
- **Unless otherwise noted, the financial data contained in these materials are presented under Japanese GAAP. The Company disclaims any obligation to update or to announce any revision to forward-looking statements to reflect future events or developments. Unless otherwise specified, all the financials are shown on a consolidated basis.**
- **Information concerning financial institutions other than the Company and its subsidiaries are based on publicly available information.**
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