



Business and Financial Highlights

First Quarter Ended June 30, 2015

Shinsei Bank, Limited
July 2015



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1QFY2015 Results: Key Points

1 Good Start to FY2015

- ✓ 32% progression toward FY2015 full year net income¹ target of 70 billion yen
- ✓ 1QFY2015 net income¹ was 22.5 billion yen, increased 13%
 - 1QFY2015 net income¹: 22.5 billion yen (1QFY14: 19.9 billion yen)
 - 1QFY2015 cash basis net income¹: 24.2 billion yen (1QFY14: 21.9 billion yen)

2 NPL Disposal Further Progressed

- ✓ Net credit recoveries of 2.0 billion yen recorded
- ✓ Asset quality further improved, and nonperforming loan ratio reduced to 0.83%

3 Capital Policy Remains a Key Management Issue

- ✓ We continue to seek to improve shareholder returns while pursuing the accumulation of a sufficient level of retained earnings as a public fund injected bank

¹ In accordance with the revision of the Accounting Standard for Business Combination, as of FY2015 net income and cash basis net income are referred to as profit attributable to owners of parent and cash basis profit attributable to owners of parent

1Q FY2015 Results: Financial Summary

(Unit: JPY billion)

【Consolidated】	Q1 FY2014	Q1 FY2015	Change B(+)/W(-)	FY2015 (Projection)	Progress vs. Plan
Net Interest Income	30.9	31.1	+1%	127.0	25%
Noninterest Income	26.9	26.8	-1%	115.0	23%
Revenue	57.8	57.9	+0%	242.0	24%
Expenses	-35.0	-34.9	+0%	-144.0	24%
Ordinary Business Profit	22.8	23.0	+1%	98.0	24%
Net Credit Costs	0.7	2.0	n.m.	-14.0	n.m.
Tax and Others	-3.5	-2.5	+29%	-14.0	18%
Net Income	19.9	22.5	+13%	70.0	32%
Cash Basis Net Income ¹	21.9	24.2	+10%	76.0	32%
【Nonconsolidated】					
Net Business Profit	14.3	12.6	-12%	37.0	34%
Net Income	16.7	19.4	+16%	42.0	46%

Key Points

- Revenue: 57.9 billion yen**
 Slight increase vs. previous fiscal year reflecting revenue growth in individual and markets related businesses
- Expenses: 34.9 billion yen**
 Slight decrease vs. previous fiscal year reflecting efficient business operations
- Net Credit Costs: 2.0 billion yen of recoveries**
 Improved vs. previous fiscal year (recovery) as a result of recoveries recorded in the institutional business exceeding the provisioning of general reserves for loan losses in consumer finance business
- Net Income: 22.5 billion yen**
 Increased 2.5 billion yen vs. previous fiscal year

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

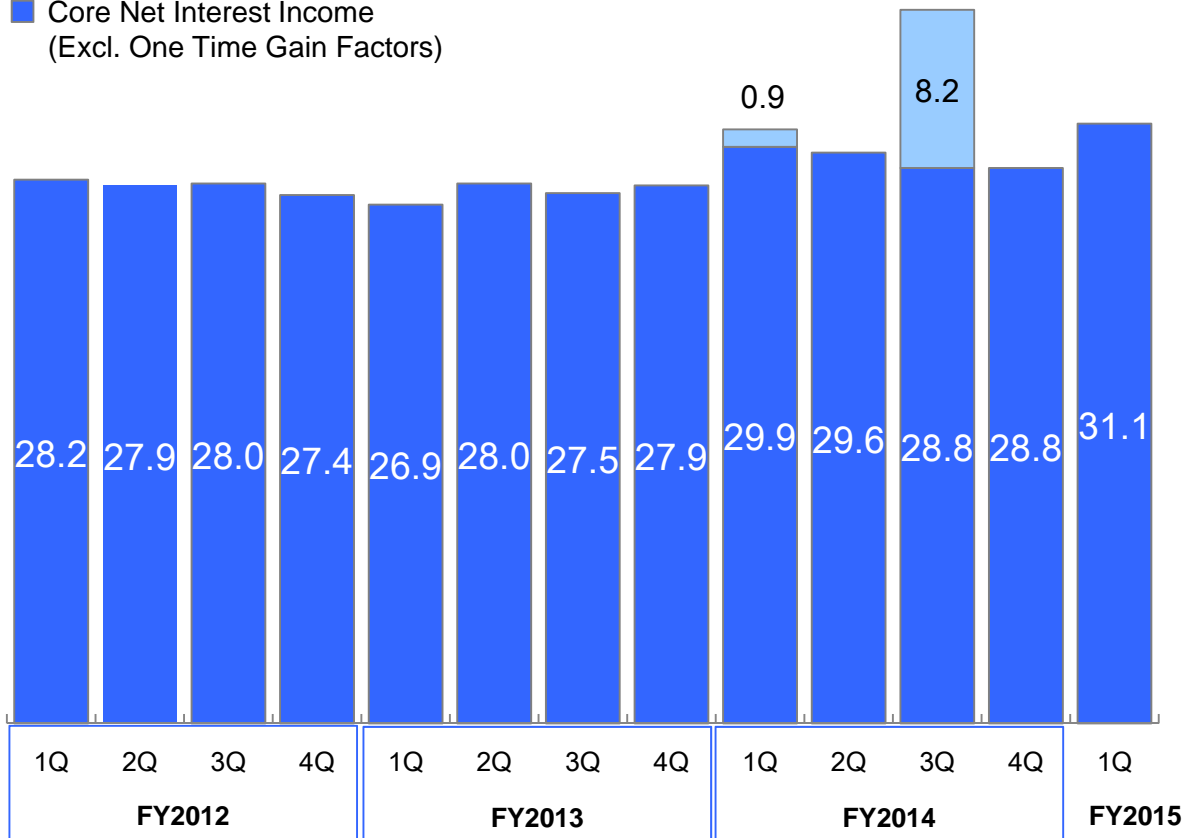
Financial Results: Net Interest Income

(Unit: JPY billion)

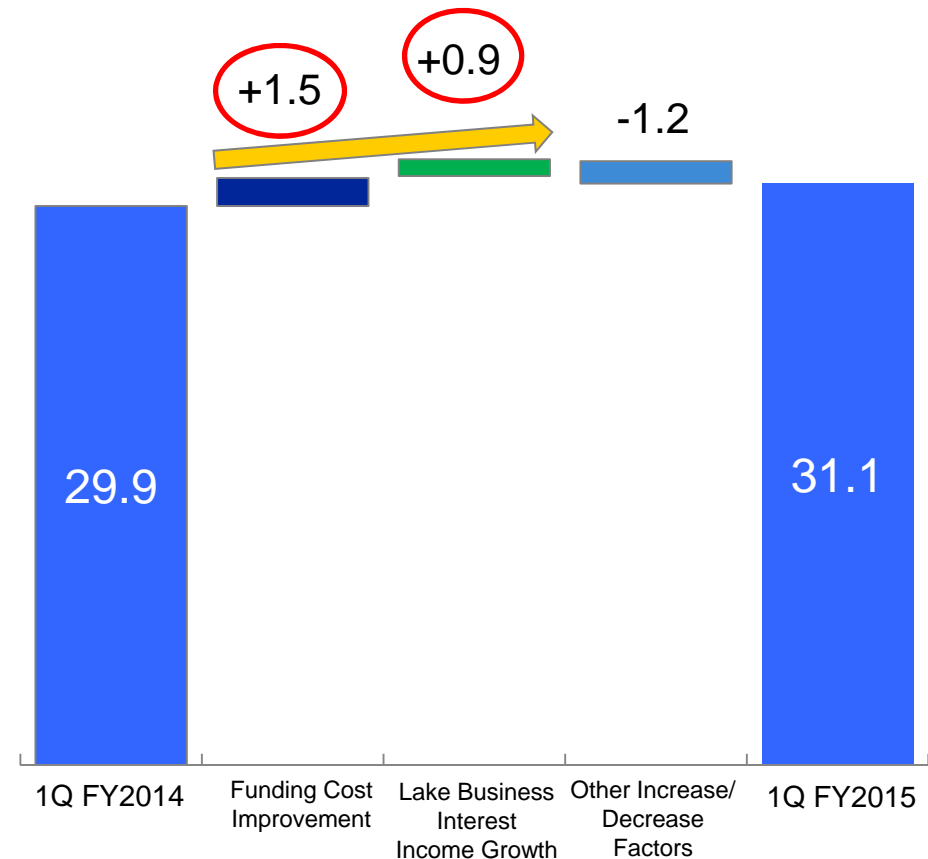
- Recorded net interest income of 31.1 billion yen in 1QFY2015, an increase from 1QFY2014 after excluding one-time gain factors
- Continued to see an increase in interest income from Lake related business and a further reduction in funding costs

Quarterly Net Interest Income Trend

■ One Time Gain Factors
■ Core Net Interest Income (Excl. One Time Gain Factors)



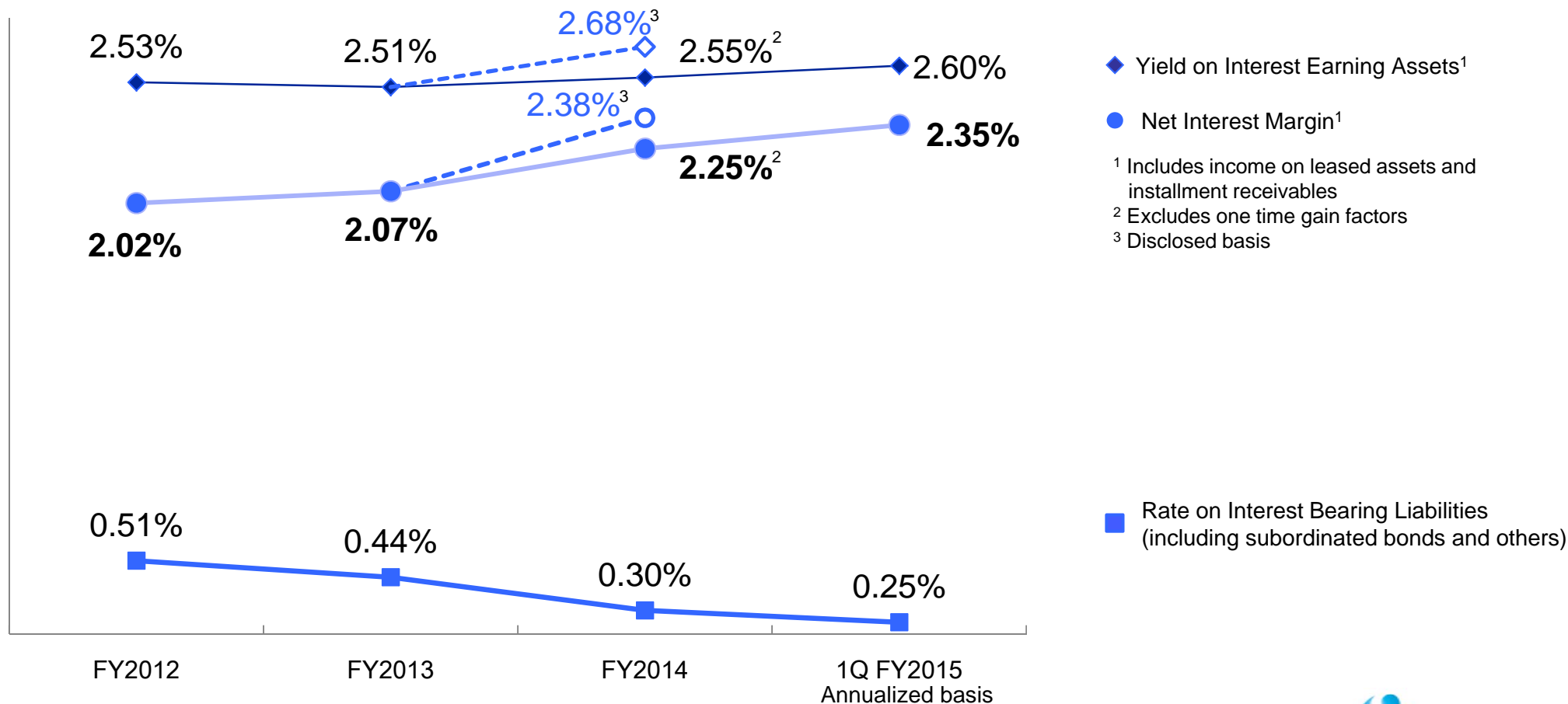
Y-o-Y Increase/Decrease Factors



Financial Results: Net Interest Margin

- Net interest margin improved to 2.35%, reflecting a reduction in the rate on interest bearing liabilities and an improvement in the yield on interest earning assets
- In FY2015 a further improvement in rate on interest bearing liabilities is expected due to a reduction in funding costs

Net Interest Margin



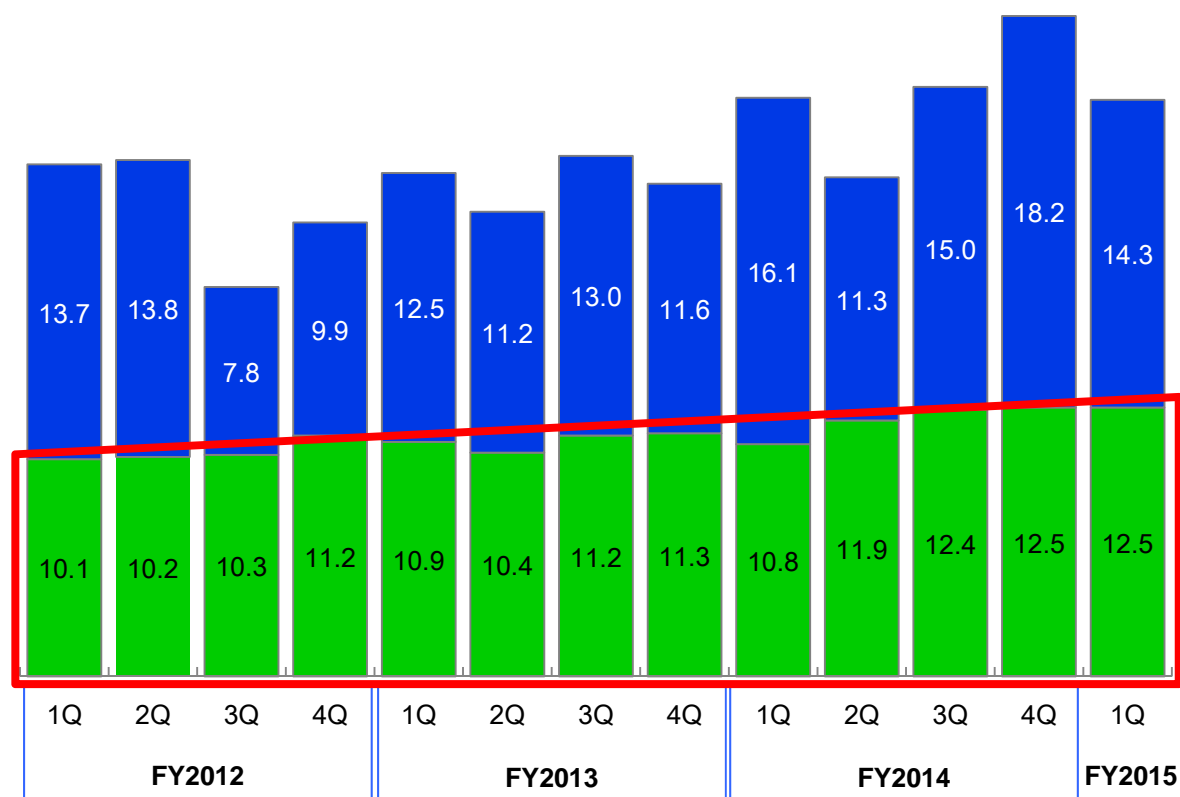
Financial Results: Noninterest Income

(Unit: JPY billion)

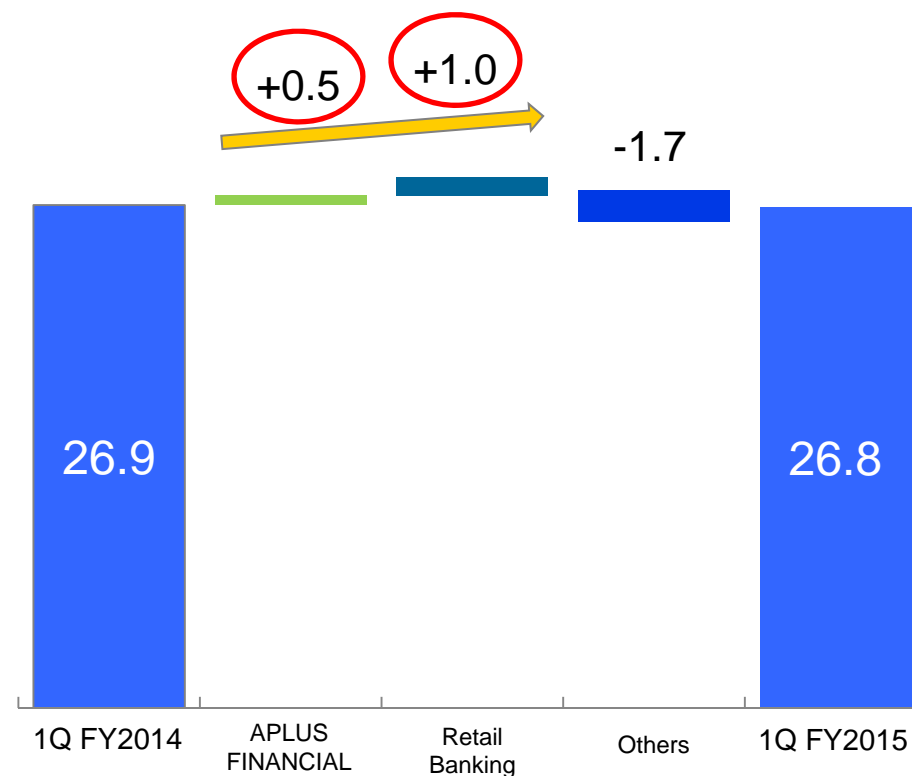
- In individual businesses, APLUS FINANCIAL and Retail Banking contribute to the steady growth of noninterest income
- In institutional businesses, noninterest income reduced, due primarily to a 3.0 billion yen decline in revenue from Principal Transactions

Quarterly Noninterest Income Trend

- Nonindividual Businesses (Institutional Group, Global Markets Group, Corporate/Others)
- Individual Businesses (Individual Group)



Y-o-Y Increase/Decrease Factors

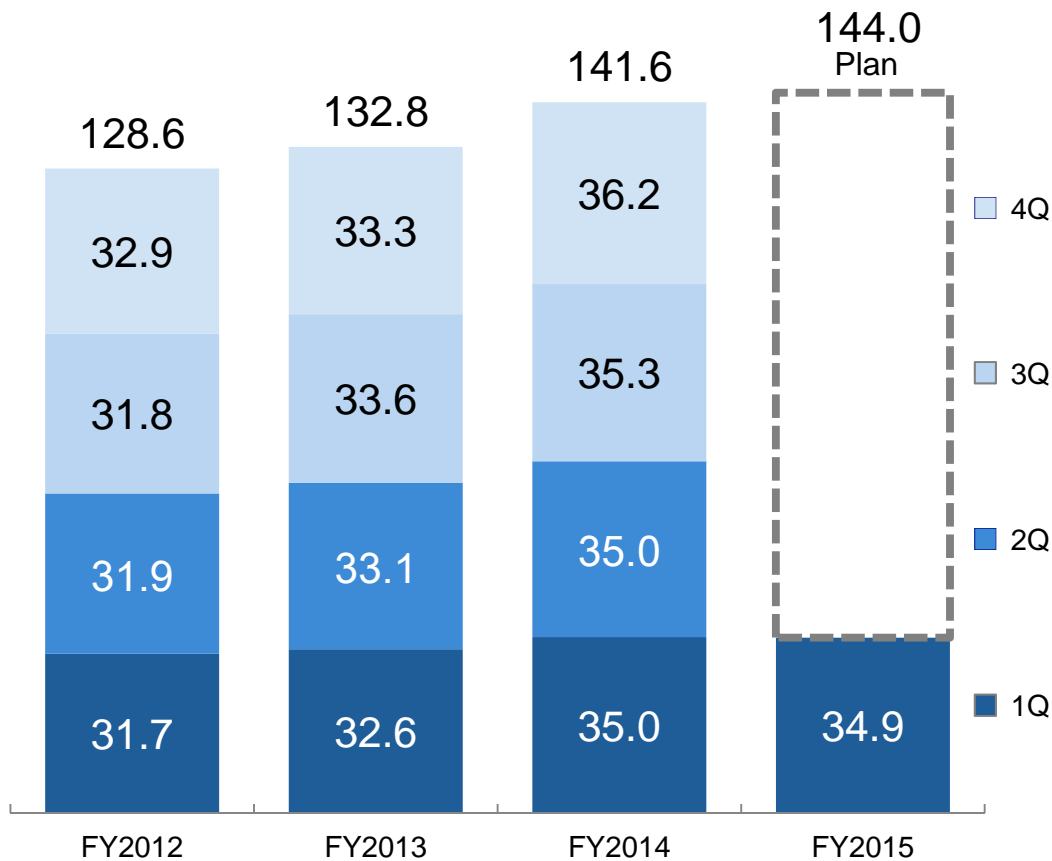


Financial Results: Expenses; Expense to Revenue Ratio

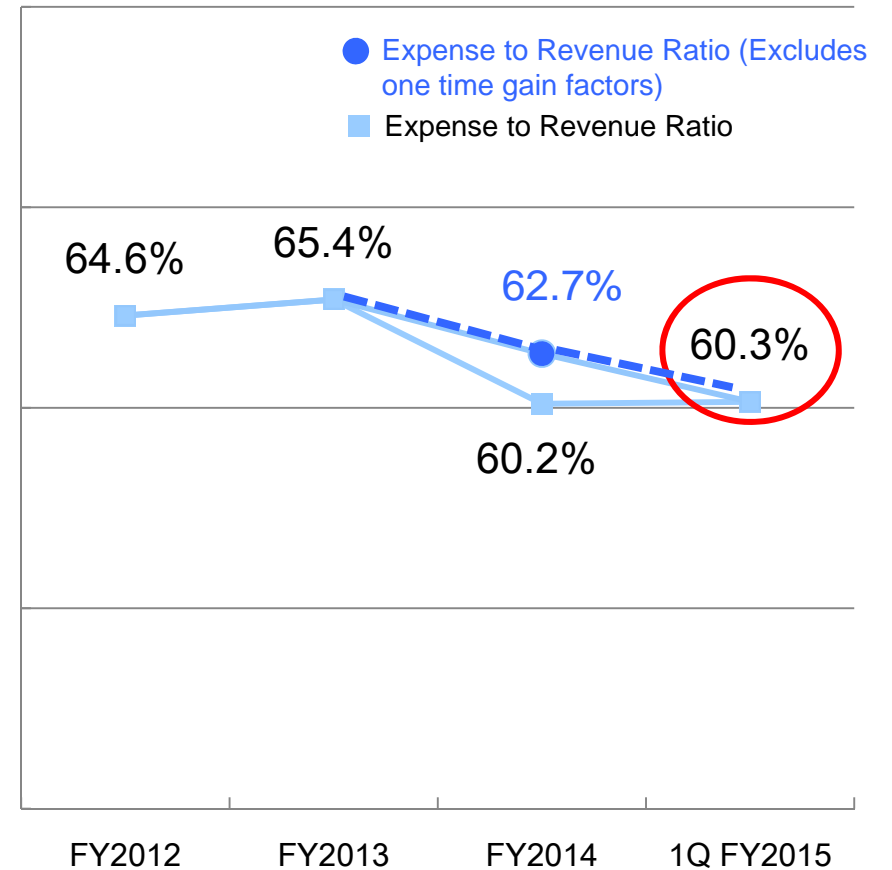
(Unit: JPY billion)

- Expenses down slightly in 1QFY2015 vs. 1QFY2014
- Committed to further improve expense to revenue ratio to achieve 2nd MTMP target (between 50%-60%) with efforts of efficient business management

Expenses



Expense to Revenue Ratio

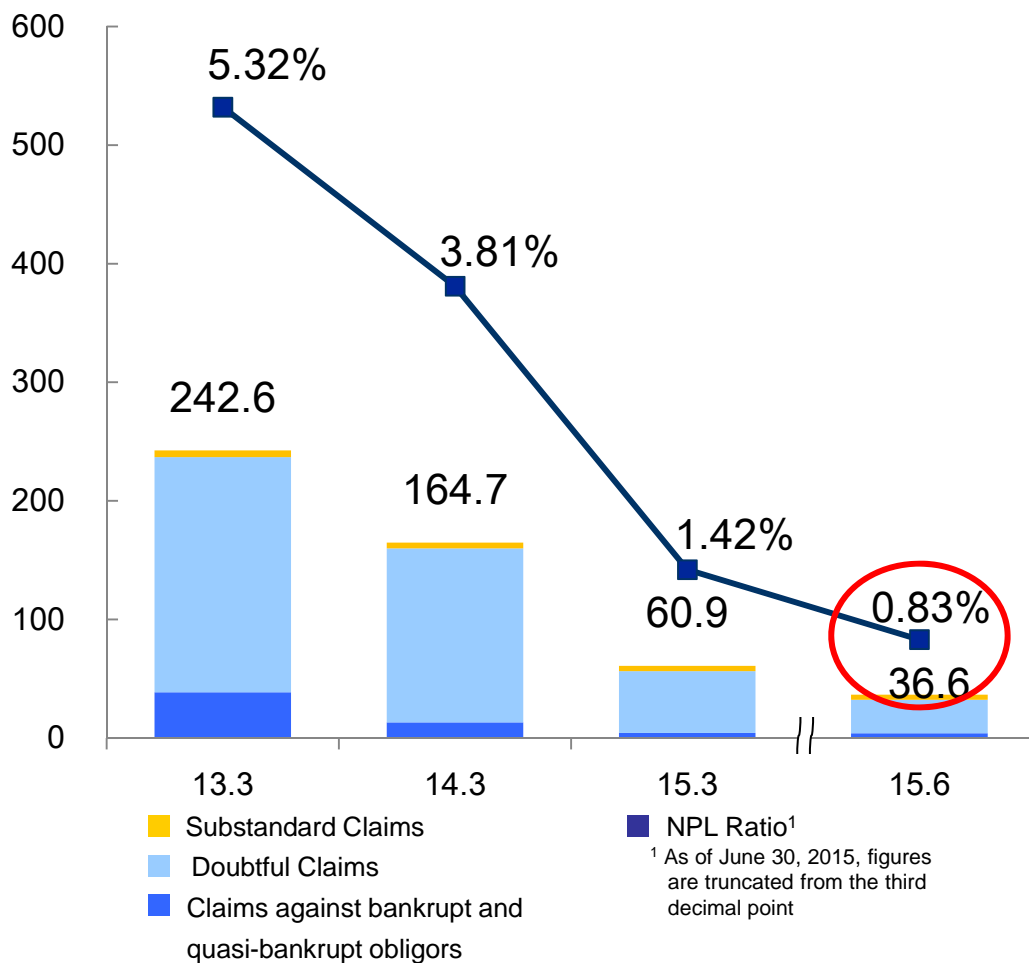


Financial Results: Asset Quality

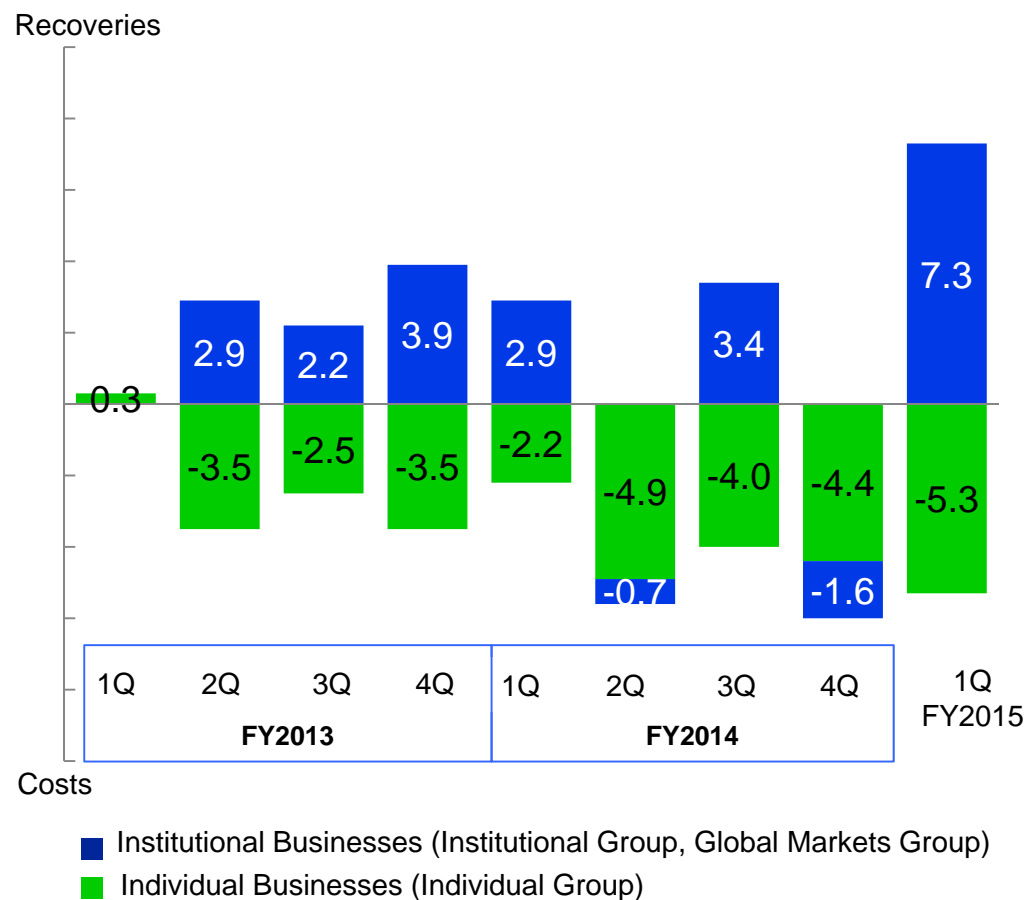
(Unit: JPY billion)

- Further disposal of nonperforming loans reduced NPL ratio to 0.83%
- Net credit recoveries recorded on the disposal of nonperforming loans in the institutional business
- The consumer finance business has recorded net credit costs due to the total asset growth of the Lake and APLUS FINANCIAL businesses in the first quarter of fiscal year 2015

NPL Amounts and NPL Ratio¹ Based on Financial Revitalization Law (Nonconsolidated)



Quarterly Net Credit Cost Trend

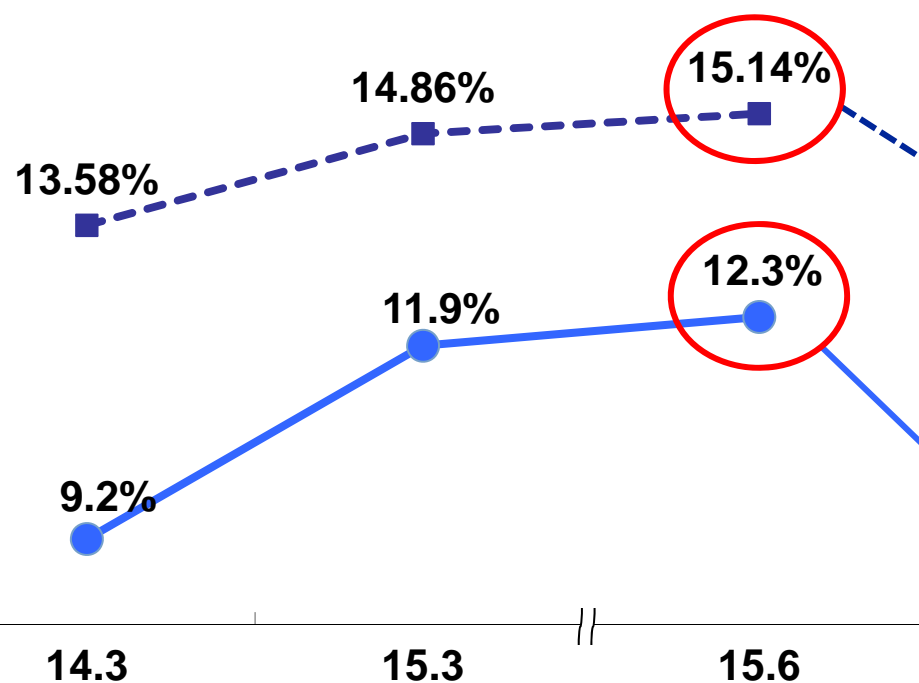


Financial Results: Capital

(Consolidated; Unit: JPY billion)

- Capital Ratios further improved due to the steady accumulation of retained earnings
- Basel III domestic standard core capital ratio at 15.14%
- Basel III international standard fully loaded basis CET 1 ratio at 12.3%

Capital Ratios



Domestic Standard; Grandfathered Basis	2014.3	2015.3	2015.6
Total Core Capital	817.6	841.9	870.4
Risk Assets	6,016.7	5,661.9	5,748.5

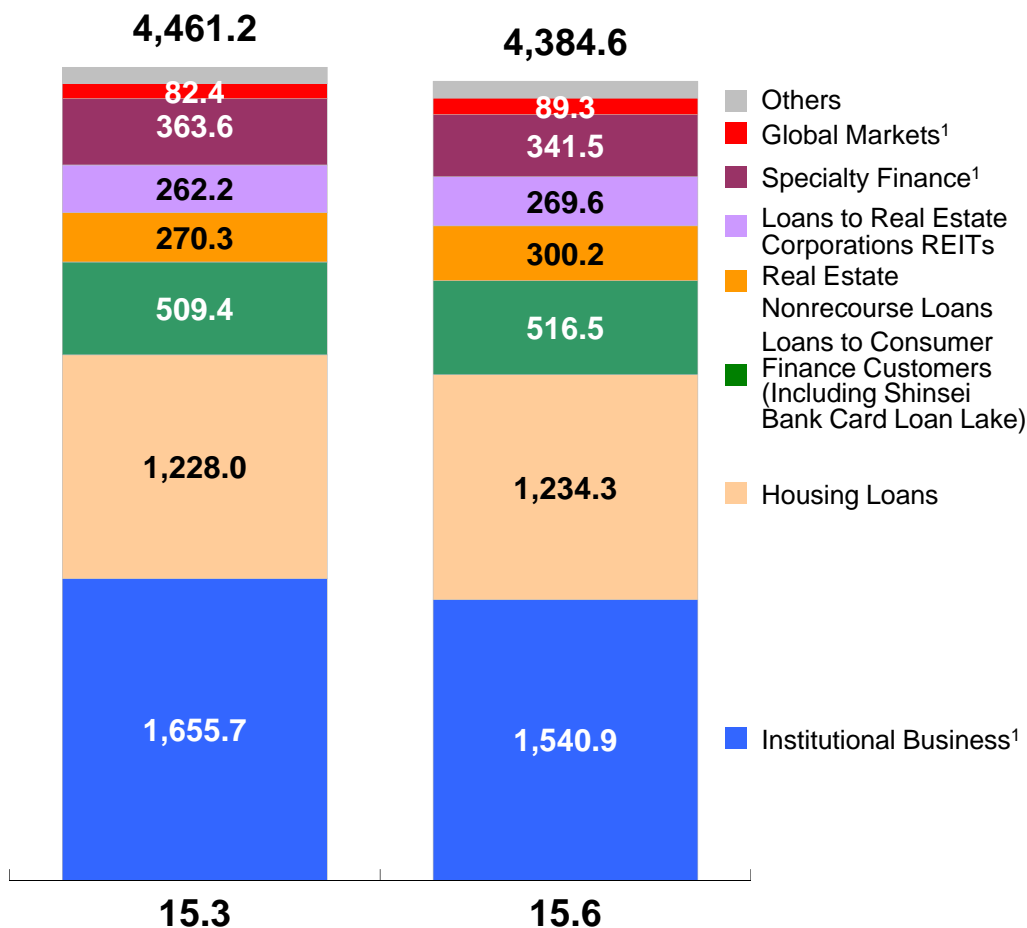
International Standard; Fully Loaded Basis	2014.3	2015.3	2015.6
Common Equity Tier I	541.5	666.0	706.5
Risk Assets	5,914.6	5,618.3	5,757.2

- Core Capital Adequacy Ratio (Domestic Standard; Grandfathered Basis)
- Common Equity Tier I Ratio (International Standard; Fully Loaded Basis)

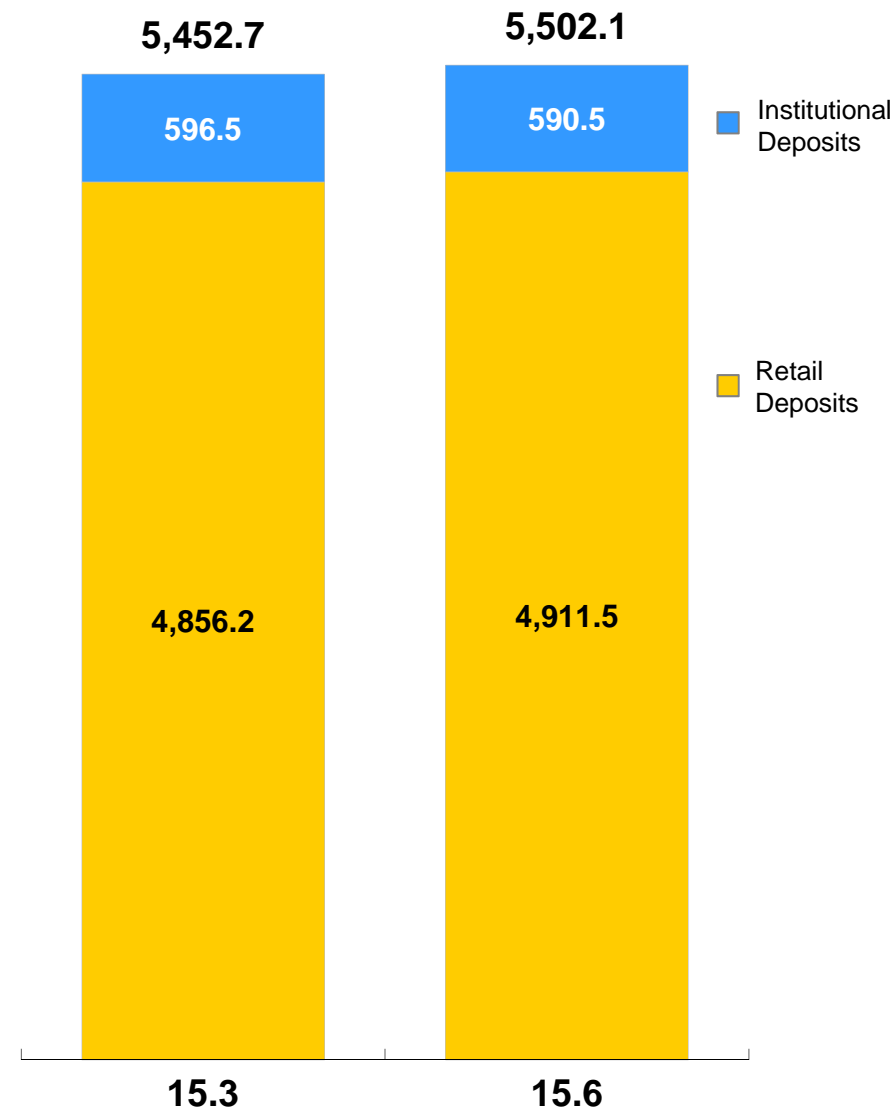
Business Update: Loans and Deposits

(Consolidated; Unit: JPY billion)

Loans



Deposits



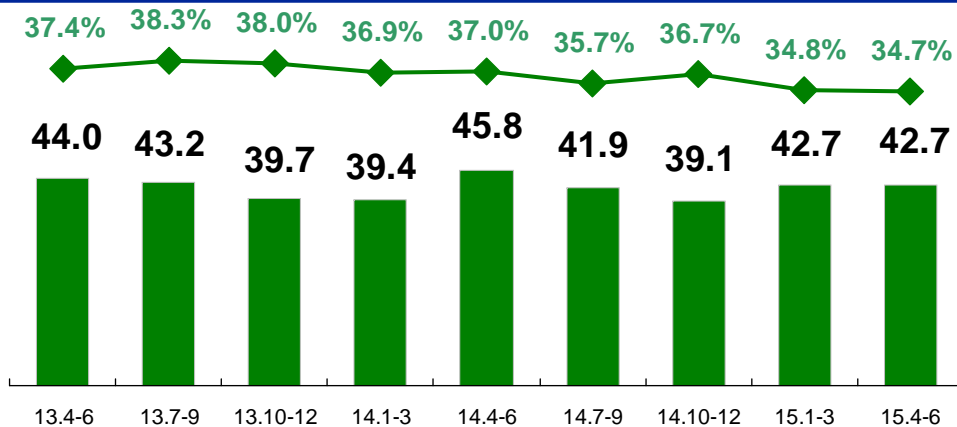
¹ Prior periods financials have been restated to conform to the current organization

Business Update: Individual Business

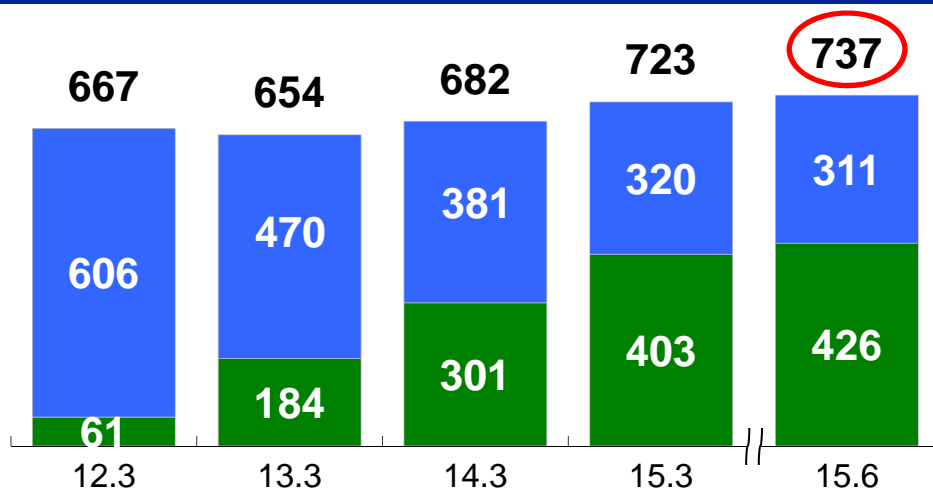
(Unit: JPY billion)

- Steady customer acquisition in Lake with 42.7 thousand new customers added in 1QFY2015
- Enhanced marketing to existing customers through online strategy utilizing the T point program
- Targeting 10% growth of the combined unsecured personal loan balance of Shinsei Financial and Shinsei Bank Card Loan Lake in FY2015

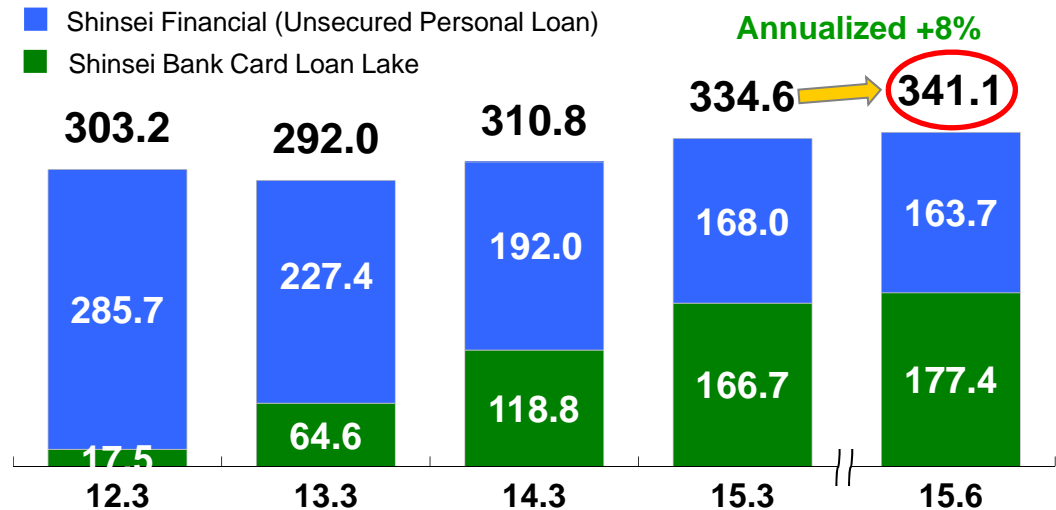
Shinsei Bank Lake New Customers (thousands); Approval Rate



Total Number of Customers (thousands)



Unsecured Personal Loan Balance



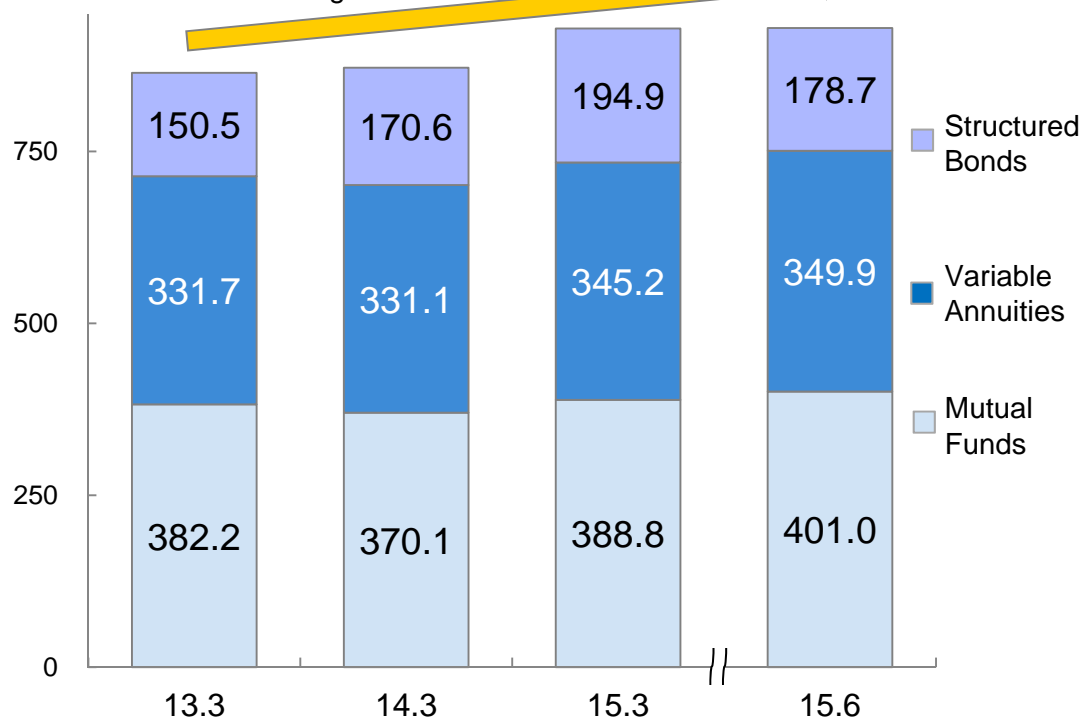
【Combined Shinsei Financial and Shinsei Bank Lake】	1Q FY2014 (A)	1Q FY2015 (B)	Change (B-A)
Revenue	11.6	12.7	1
Expenses	-6.9	-7.1	-0.1
Net Credit Costs	0.1	-3	-3.1
OBP after Net Credit Costs	4.7	2.5	-2.2
Average Loan Balance	330.4	349.3	
ROA		2.9%	

Business Update: Individual Business

(Unit: JPY billion)

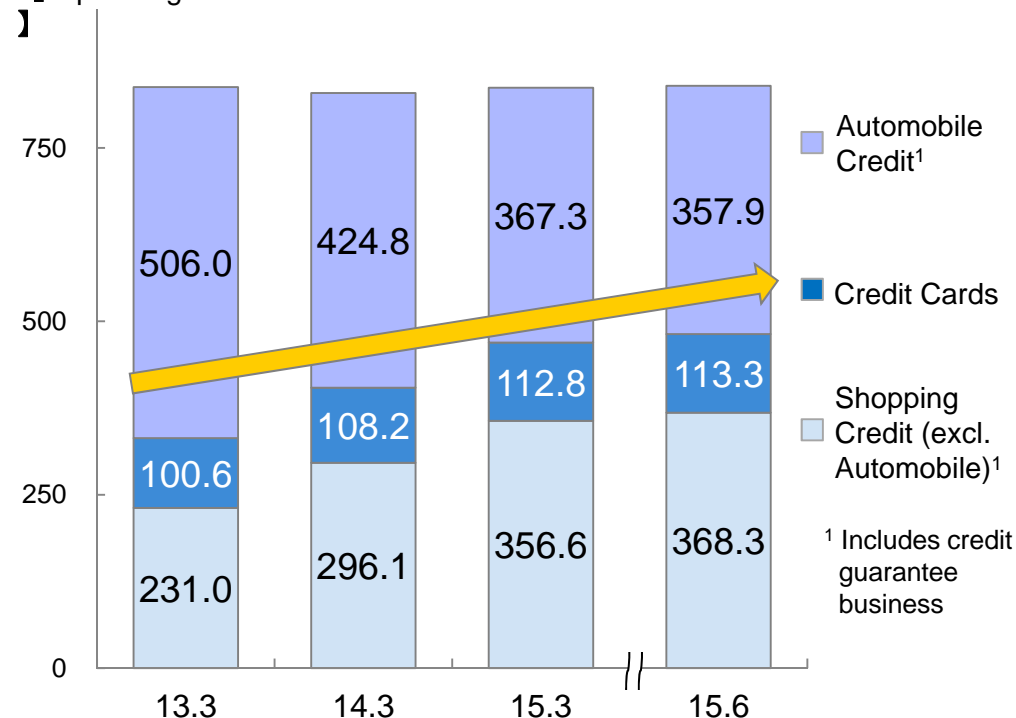
Retail Banking (Investment Products AUM)

【Assets Under Management】



APLUS FINANCIAL (Shopping Credit; Credit Cards)

【Operating Asset Balance】



【Retail Banking】

	1QFY2014 (A)	1QFY2015 (B)	Change (B-A)
Net Interest Income	5.9	5.4	-0.4
Noninterest Income	1.0	2.0	1.0
Total Revenue	6.9	7.4	0.5

【APLUS FINANCIAL】

	1QFY2014 (A)	1QFY2015 (B)	Change (B-A)
Net Interest Income	1.6	1.6	-0.0
Noninterest Income	10.5	11.0	0.5
Total Revenue	12.1	12.6	0.4

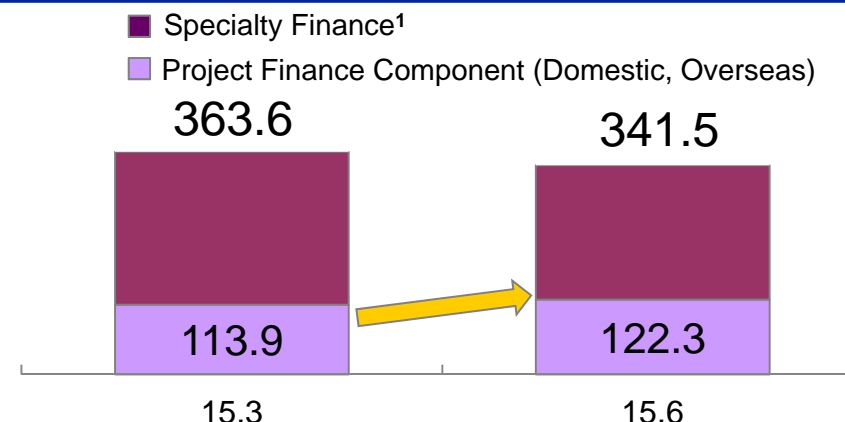
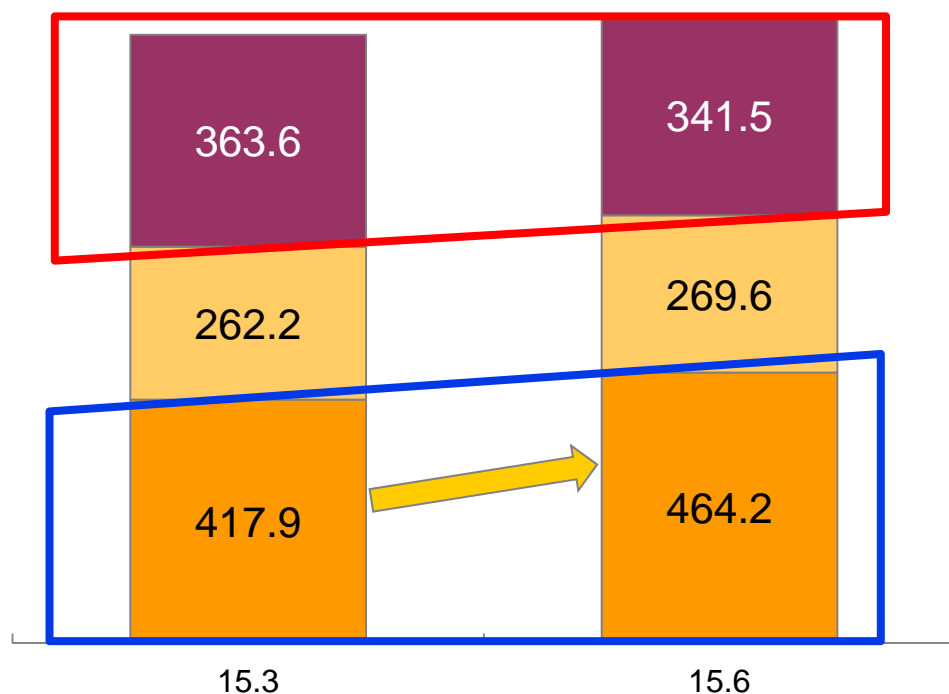
Business Update: Institutional Business

(Unit: JPY billion)

- Real Estate Nonrecourse Finance balance increased to 464.2 billion yen largely resulting from a portfolio acquisition
- Excluding nonperforming loan disposal, the Specialty Finance balance has grown, primarily in Project Finance
- Recorded net credit recoveries of 7.0 billion yen in Structured Finance

Structured Finance

- Specialty Finance¹ (including Project Finance)
- Real Estate Companies; REITs (Loans)
- Real Estate Nonrecourse Finance (Loans; Bonds; etc.)



	1Q FY2014 (A)	1Q FY2015 (B)	Chg. (B-A)
【Structured Finance¹】			
Revenue	6.3	5.0	-1.3
Expenses	-1.2	-1.4	-0.1
Ordinary Business Profit	5.1	3.6	-1.4
Net Credit Costs	1.2	7.0	5.7
OBP after Net Credit Costs	6.3	10.7	4.3

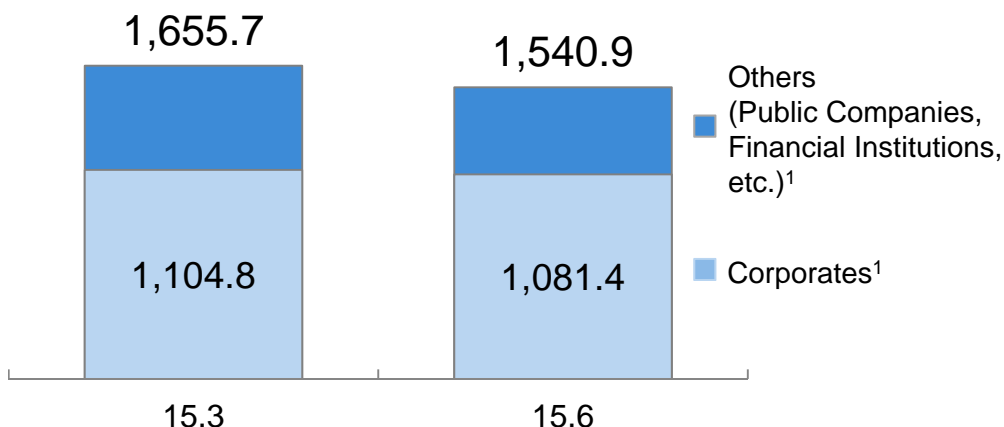
¹ Prior periods financials have been restated to conform to the current organization

Business Update: Institutional Business

(Unit: JPY billion)

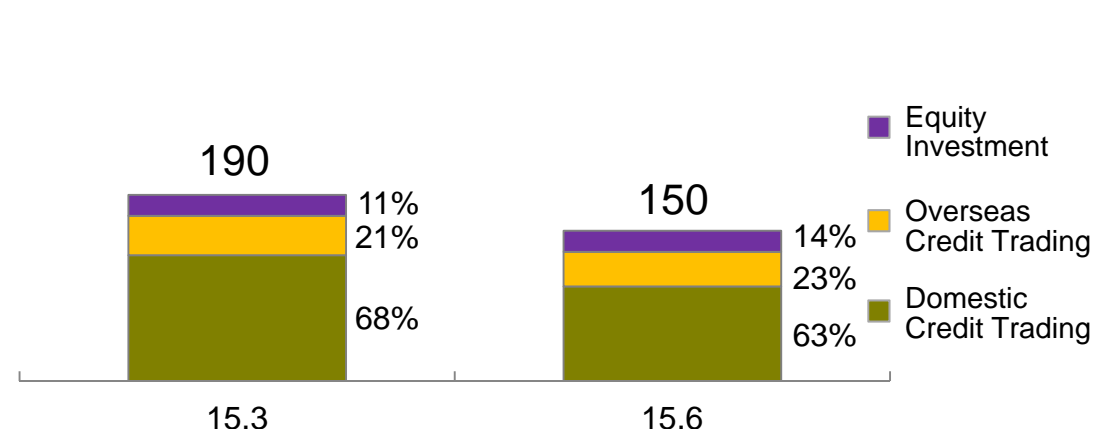
Institutional Business¹

【Loan Balance】



Principal Transactions²

【Asset Balance】



【Institutional Business ¹ 】	1Q FY2014 (A)	1Q FY2015 (B)	Change (B-A)
Revenue	4.3	3.5	-0.8
Expenses	-2.3	-2.6	-0.2
Ordinary Business Profit	1.9	0.8	-1.0
Net Credit Costs	0.4	-0.6	-1.0
OBP after Net Credit Costs	2.3	0.2	-2.0

¹ Prior periods financials have been restated to conform to the current organization of the Institutional Business

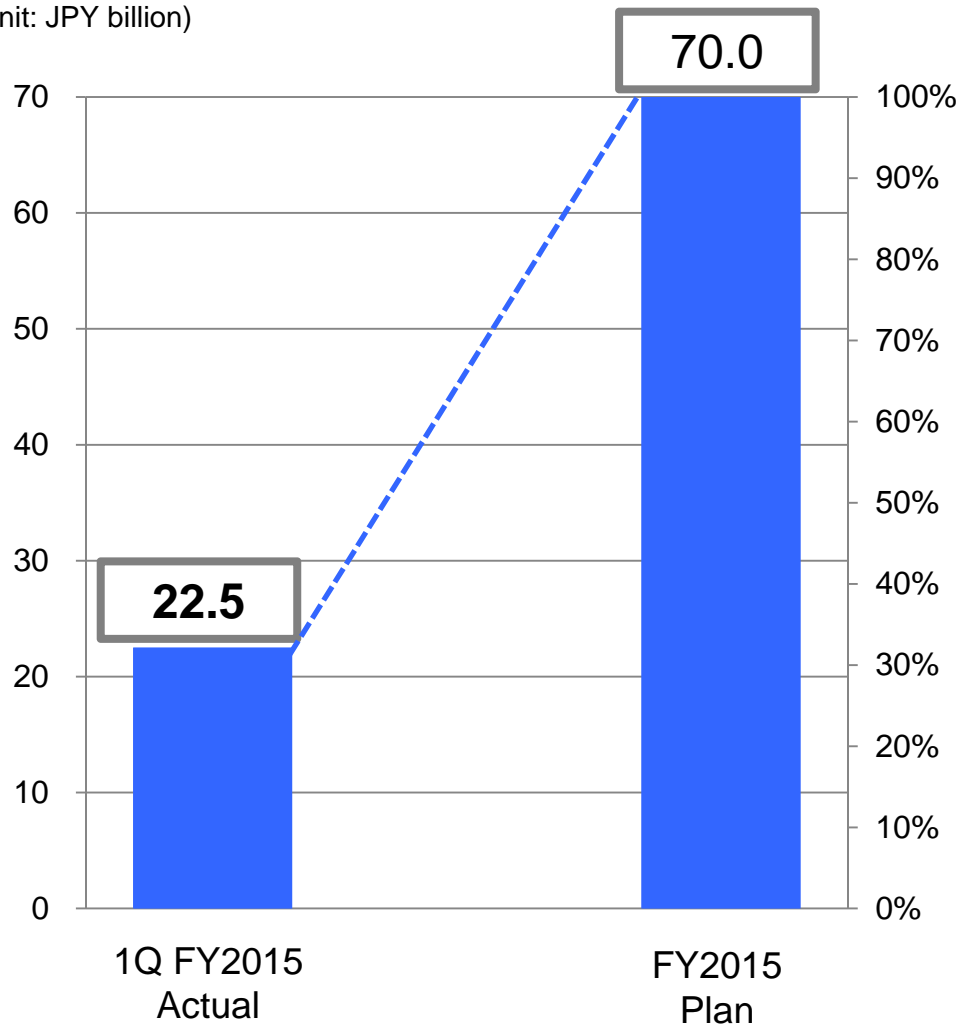
【Principal Transactions ² 】	1Q FY2014 (A)	1Q FY2015 (B)	Change (B-A)
Revenue	7.6	4.7	-2.8
Expenses	-1.7	-1.2	0.4
Ordinary Business Profit	5.9	3.5	-2.4
Net Credit Costs	0.0	0.0	-0.0
OBP after Net Credit Costs	5.9	3.5	-2.4

² Prior periods financials have been restated to conform to the current organization of the Principal Transactions Business

Progression of 2nd MTMP: Financial Target Dashboard

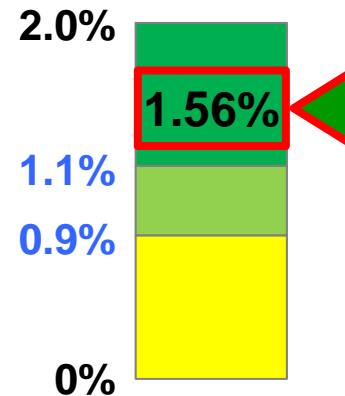
Net Income

(Unit: JPY billion)



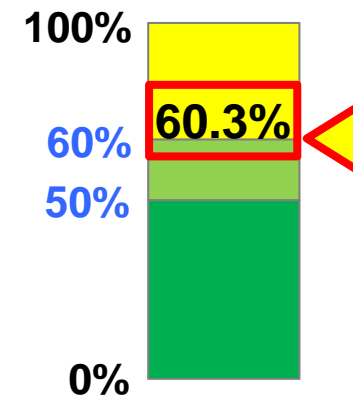
RORA

(Target: Around 1%)



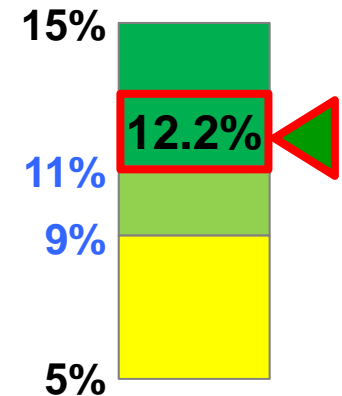
Expense to Revenue Ratio

(Target: Between 50%-60%)



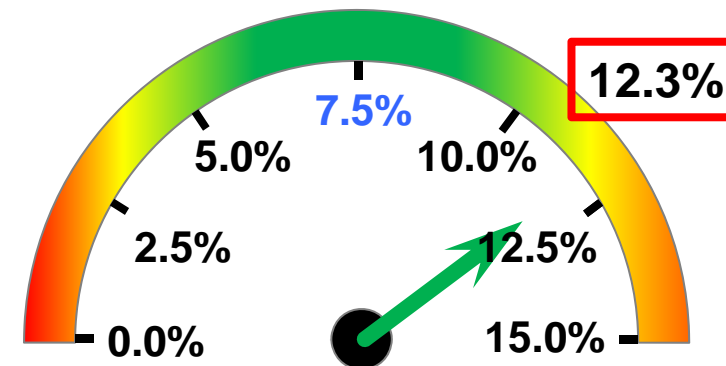
ROE

(Target: Around 10%)



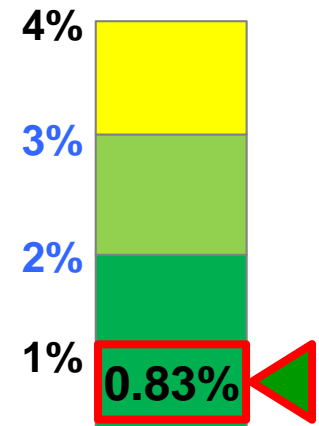
Common Equity Tier I Ratio

(Target: Around 7.5%)



NPL Ratio

(Target: Below 3%)

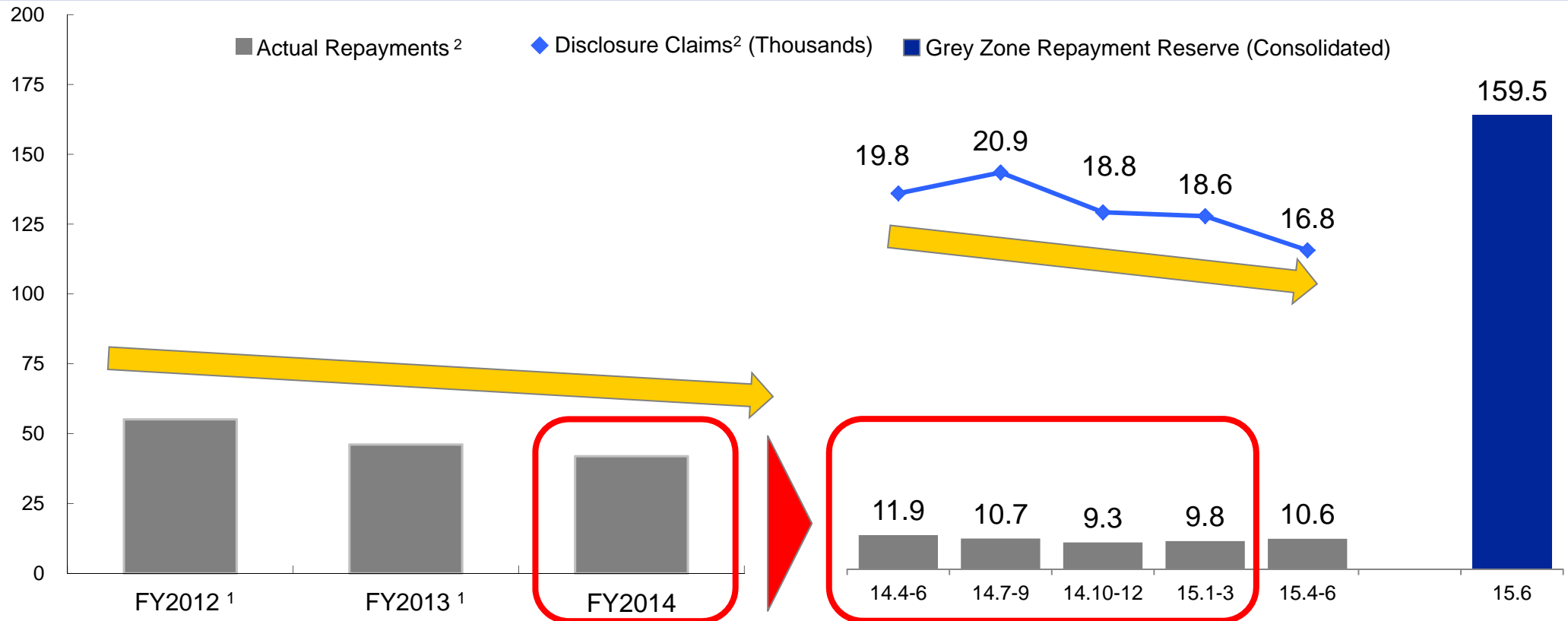


Appendix : Interest Repayment (Grey Zone) Update

(Unit: JPY billion; thousands)

- Disclosure claims have declined further in 1QFY2015
- Actual repayments decreased from 11.9 billion in 1QFY2014 to 10.6 billion yen in 1QFY2015
- The Shinsei Bank Group is adequately reserved with the total balance of reserves for grey zone repayment at 159.5 billion yen

Interest Repayment Amounts, Outstanding Reserve Balance and Disclosure Requests (Shinsei Financial, SHINKI, APLUS FINANCIAL)



¹ Actual repayments include grey zone claims covered by GE indemnity until March 2014

² Shinsei Financial, SHINKI and APLUS FINANCIAL combined

Appendix: Balance Sheet

(Unit: JPY billion)

Balance Sheet (Consolidated)

【Consolidated】	March 31, 2013	March 31, 2014	March 31, 2015	June 30, 2015
Loans and Bills Discounted	4,292.4	4,319.8	4,461.2	4,384.6
Securities	1,842.3	1,557.0	1,477.3	1,495.8
Lease Receivables and Leased Investment Assets	203.5	227.7	227.0	222.4
Installment Receivables	365.8	421.9	459.1	464.7
Reserve for Credit Losses	-161.8	-137.3	-108.2	-101.4
Total Assets	9,029.3	9,321.1	8,889.8	9,012.5
Deposits and NCDs	5,457.5	5,850.4	5,452.7	5,502.1
Borrowed Money	719.2	643.4	805.2	777.1
Corporate Bonds	174.2	177.2	157.5	169.2
Reserves for Losses on Interest Repayments	34.9	208.2	170.2	159.5
Total Liabilities	8,345.6	8,598.5	8,136.0	8,236.5
Shareholders' Equity	626.3	665.1	728.5	748.3
Total Equity	683.6	722.5	753.7	776.0

Appendix: Financial Ratios and Per Share Data

Financial Ratios (Consolidated)

	FY2012	FY2013	FY2014	1Q FY2015
Expense-to-Revenue Ratio	64.6%	65.4%	60.2%	60.3%
Loan-to-Deposit Ratio	78.6%	73.8%	81.8%	79.7%
ROA	0.6%	0.5%	0.7%	1.0%
ROE	8.6%	6.5%	9.8%	12.2%
ROA (Cash Basis)	0.7%	0.5%	0.8%	1.1%
ROE (Cash Basis)	11.1%	8.3%	11.4%	13.7%

Per Share Data (Consolidated)

	FY2012	FY2013	FY2014	1Q FY2015
Common Equity per Share	233.65 yen	247.82 yen	275.45 yen	283.96 yen
Net Income per Share	19.24 yen	15.59 yen	25.57 yen	8.48 yen
Cash Basis Net Income per Share	22.77 yen	18.78 yen	28.42 yen	9.15 yen

- **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.**
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