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[TRANSLATION]

**Shinsei Bank, Limited**  
**TSE Stock code: 8303**

**Notice of the Annual General**  
**Meeting of Shareholders for the**  
**15th Term**

***Date and Time:***

Wednesday, June 17, 2015 at 10:00 a.m.  
(Doors Open at 9:00 a.m.)

***Place:***

Grand Hall  
Nomura Conference Plaza Nihonbashi  
6<sup>th</sup> floor, Nihonbashi Nomura Building  
4-3 Nihonbashi-muromachi 2-chome  
Chuo-ku, Tokyo

***Index:***

Notice of the Annual General Meeting of Shareholders for the 15th Term.....	p.1
Reference Materials .....	p.3
Business Report.....	p.16
Consolidated Financial Statements...	p.50
Nonconsolidated Financial Statements	... p.53
Auditor's Report .....	p.57

***Agenda Items:***

- Item 1: Election of Seven ( 7 ) Directors
- Item 2: Election of One ( 1 ) Audit & Supervisory Board Member
- Item 3: Payment of Retirement Allowance to Retiring Director and Payment of Retirement Allowance to Full-Time Director Due to the Abolition of the Retirement Allowance Plan for Officers
- Item 4: Payment of Retirement Allowance to Retired Directors (Outside Directors)
- Item 5: Payment of Retirement Allowance to Outside Directors and Audit & Supervisory Board Members Due to the Abolition of the Retirement Allowance Plan for Officers
- Item 6: Introduction of Stock Options to Full-Time Directors and Determination of its Details
- Item 7: Revision of Maximum Remuneration, etc. to Directors

## **Instructions on Exercising Voting Rights**

You are sincerely requested to exercise your voting rights in any of the following ways:

### **If you attend the Meeting in person**

Please submit to the receptionist the enclosed Voting Right Exercise Form while indicating your approval or disapproval for the agenda.

**Date and Time: Wednesday, June 17, 2015 at 10:00 a.m.**

**(Doors Open at 9:00 a.m.)**

If you are not able to attend the meeting, you can designate another shareholder who is also eligible to vote at the meeting to vote on your behalf at the meeting. Please note, however, that a document must be submitted that provides evidence of this power of representation.

### **Exercise of voting rights in writing via Voting Right Exercise Form**

Please indicate your approval or disapproval for the agenda on the Voting Right Exercise Form enclosed herewith and send it back to us (no postage is needed.)

**Deadline: Tuesday, June 16, 2015 by 5:00 p.m.**

### **Exercise of voting rights by Internet** Please see the next page for more details

Please access the website to exercise voting rights. (<http://www.web54.net>)

Log on with your "Voting Rights Exercise Code" and password written on the Voting Right Exercise Form enclosed herewith to follow the instruction on the site for approval or disapproval.

**Deadline: Tuesday, June 16, 2015 by 5:00 p.m.**

Image of  
QR code

※You may access via QR code on the right if your cell phone scans bar-code.

("QR code" is a trademark owned by DENSO WAVE, Incorporated.)

Registered Shareholders, such as trust banks acting as administrators (including standing proxies), can use the voting platform in order to exercise their voting rights by electromagnetic means at the Annual General Meeting of Shareholders of the Bank, provided that each has applied in advance to use the electronic voting platform for institutional investors which is operated by ICJ Inc., the joint venture company formed by the Tokyo Stock Exchange, Inc. and other entities

## **Procedures for Exercising Voting Rights via Internet**

Please take note of the following instructions before exercising voting rights via Internet.

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1. Voting rights can be exercised via Internet only by accessing the following website for exercising voting rights from a personal computer or cell phone.

Website for exercising voting rights: <http://www.web54.net>

2. When exercising voting rights via the Internet, you must enter the “Voting Rights Exercise Code” and “Password”, both of which are contained in the enclosed Form for Exercising Voting Rights. Please follow the instructions on the screen to vote in favor of or against the proposed items.

3. Shareholders may exercise their voting rights via the Internet until 5:00 p.m. on Tuesday, June 16, 2015. However, we urge shareholders to exercise their voting rights at their earliest convenience for the purpose of tallying voting rights.

4. If you have cast your votes twice by using the Form for Exercising Voting Rights and via the Internet, the Bank will consider the vote cast via the Internet to be the valid vote.

5. If you have cast your votes more than once via Internet, the Bank will consider the vote last cast via the Internet to be the valid vote.

6. Any costs incurred to access the website for exercising voting rights, such as Internet connection costs payable to a provider or telecommunication fees (telephone charges, etc.) shall be borne by the shareholder exercising the voting rights.

## **System Environment for Exercising Voting Rights via the Internet**

The following computer system environment is necessary in order to use the website for exercising voting rights.

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1. Ability to access the website via the Internet.

2. In order to exercise voting rights using a personal computer, it is necessary to be able to use an Internet browser as well as software such as Internet Explorer 6.0 or higher from Microsoft®. It is necessary to have a hardware environment that allows for the use of the above internet browser and software.

3. In order to exercise voting rights via a cell phone, the cell phone must be a model that allows for 128bitSSL transmissions (encrypted transmissions). (For security purposes, the website is accessible only by models that allow for 128bitSSL transmissions (encrypted transmissions) so that some models, including smartphones, may not be able to access the website.)

(“Microsoft” is a trademark owned by the Microsoft Corporation in the United States and other countries.)

## **Inquiries concerning Exercising Voting Rights via the Internet**

Please contact the following.

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Shareholder List Administrator:

Web Support, Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank, Limited.

Hotline 0120-652-031 (available from 9 a.m. to 9 p.m.)

Other inquires 0120-782-031 (available from 9 a.m. to 5 p.m., except Saturdays, Sundays, and Holidays)

In case that you have an account at a securities company, please consult them directly.

Any shareholder who has agreed to receive the notice of convocation by electromagnetic means, and who wishes to request that the Form for Exercising Voting Rights, etc. be delivered in written form, will be sent these written forms and documents. If any shareholder wishes such treatment, please contact the Hotline above.

END

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[TRANSLATION]

TSE Stock code: 8303  
May 27, 2015  
4-3 Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo  
Shinsei Bank, Limited

### **Notice of the Annual General Meeting of Shareholders for the 15th Term**

Dear Shareholders,

We are pleased to invite you to the Annual General Meeting of Shareholders of Shinsei Bank, Limited (“the Bank”) for the 15th term, which will be held as shown below.

**If you are not able to attend the meeting in person, we encourage you to examine the accompanying reference materials below and exercise your voting right by either filling out the enclosed Form for Exercising Voting Rights and returning it to the Bank or by an electromagnetic method using the Internet, etc. In either case, please read the "Instructions on Exercising Voting Rights, etc." carefully and exercise your voting right, using either method, so that your vote is received by 5:00 p.m. on Tuesday, June 16, 2015.**

Yours faithfully,

Shigeki Toma  
Representative Director and President

#### **Description of the Meeting**

- 1. Date and Time:** *Wednesday, June 17, 2015 at 10:00 a.m.  
Doors Open at 9:00 a.m.*
  
- 2. Place:** *Grand Hall, Nomura Conference Plaza Nihonbashi,  
6<sup>th</sup> floor, Nihonbashi Nomura Building  
4-3 Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo*

**3. Purposes:**

**Matters to be reported:**

1. *Report on the Business Report, Consolidated Financial Statements and the Results of the Audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 15th Term (from April 1, 2014 to March 31, 2015).*
2. *Report on the Financial Statements for the 15th Term (from April 1, 2014 to March 31, 2015).*

**Matters to be voted on:**

- Item1 :** *Election of Seven ( 7 ) Directors*
- Item2 :** *Election of One ( 1 ) Audit & Supervisory Board Member*
- Item3 :** *Payment of Retirement Allowance to Retiring Director and Payment of Retirement Allowance to Full-Time Director Due to the Abolition of the Retirement Allowance Plan for Officers*
- Item4 :** *Payment of Retirement Allowance to Retired Directors (Outside Directors)*
- Item5 :** *Payment of Retirement Allowance to Outside Directors and Audit & Supervisory Board Members Due to the Abolition of the Retirement Allowance Plan for Officers*
- Item6 :** *Introduction of Stock Options to Full-Time Directors and Determination of its Details*
- Item7 :** *Revision of Maximum Remuneration, etc. to Directors*

*Notes:*

*Among the documents to be provided in conjunction with this notice, the notes to the financial statements and the notes to the consolidated financial statements are provided through the Bank's website (<http://www.shinseibank.com>) pursuant to the laws and Article 13 of the Company's Articles of Incorporation, and they are not stated in the documents accompanying this notice. The financial statements and the consolidated financial statements audited by the Audit & Supervisory Board Members or the Independent Accounting Auditors include the notes to the financial statements and the notes to the consolidated financial statements provided through the Bank's website described above.*

*Please note that this is a translation of the original document, and is provided for reference only. Although this translation is intended to be complete and accurate, the Japanese original shall take precedence over this translation in case of any discrepancies between this translation and the original.*

*If it becomes necessary for the Bank to make corrections to the Reference Materials for the General Meeting of Shareholders, business report, financial statements (keisan-shorui) or consolidated financial statements (renketsu-keisan-shorui), the Bank will post these matters on its website (<http://www.shinseibank.com>).*

*We are planning to disclose the Annual General Meeting of Shareholders for the 15th Term by posting media file(s) on the Bank's website at a later date for a certain period of time in order to enable shareholders who were unable to attend the meeting to view the images of the meeting. Images of individual shareholders who attended the meeting will not be shown.*

END

## Item 1 Election of Seven (7) Directors

We would like to seek approval to add one Director to the Board in order to strengthen the management structure and elect seven persons as Directors, since all Directors (six Directors) will have completed their terms of office at the end of this Annual General Meeting of Shareholders. Mr. Ryuichi Tomimura, a current Audit & Supervisory Board Member and one of the candidates for Director, will resign from his role as an Audit & Supervisory Board Member at the end of this Annual General Meeting of Shareholders.

Career summary of the candidates is as follows.

	Name (Date of Birth)	Personal History/Positions and Responsibilities in the Bank and Important Concurrent Posts	Ownership (# of Shares)
1	Newly Appointed <b>Hideyuki Kudo</b> (September 1, 1963)	1987 Y 4 M Joined The Dai-Ichi Kangyo Bank, Ltd. (Predecessor of Mizuho Bank, Ltd.) 2001 Y 5 M General Manager, Advisory Department No.II, Investment Banking Division, Mizuho Securities Co., Ltd 2003 Y 8 M Director, Acquisition Group, Aetos Japan, LLC 2005 Y 5 M Managing Director 2006 Y 6 M Representative Director, President, MID Urban Development Co., Ltd. 2007 Y 3 M Vice Chairman 2007 Y 6 M Managing Director, Investments Division, Aetos Japan, LLC 2010 Y 9 M Managing Executive Officer, Deputy Head of Institutional Group, Shinsei Bank, Limited 2011 Y 4 M Managing Executive Officer, Head of Structured Finance Sub-Group 2013 Y 4 M Managing Executive Officer, Chief Risk Officer, Head of Risk Management Group 2015 Y 4 M Managing Executive Officer (Current)	Common Shares 1,578
2	Reappointed <b>Yukio Nakamura</b> (September 5, 1954)  [Attendance rate to Board of Directors Meetings] 8/8 (100%)	1978 Y 4 M Joined The Long-Term Credit Bank of Japan, Ltd. (Predecessor of Shinsei Bank, Limited) 2000 Y 10 M General Manager, Risk Management Planning and Policy Division, Portfolio and Risk Management Division 2007 Y 4 M General Manager, Risk Management Planning and Policy Division, Portfolio and Risk Management Division, Operational Risk Management Division 2008 Y 6 M Statutory Executive Officer, Executive Head of Institutional Business Sub-Group 2009 Y 10 M Managing Executive Officer, Executive Head of Institutional Business Sub-Group 2010 Y 6 M Representative Director, Senior Managing Executive Officer, Chief Risk Officer, Head of Risk Management Group 2013 Y 4 M Representative Director, Deputy President, Chief of Staff, Head of Corporate Staff Group 2015 Y 4 M Representative Director, Deputy President (Current)	Common Shares 12,841

	Name (Date of Birth)	Personal History/Positions and Responsibilities in the Bank and Important Concurrent Posts	Ownership (# of Shares)
3	Reappointed Outside <b>J. Christopher Flowers</b> (October 27, 1957)  [Attendance rate to Board of Directors Meetings] 8/8 (100%)	1979 Y 3 M Joined Goldman, Sachs & Co. 1988 Y 12 M Partner 2000 Y 3 M Director, Shinsei Bank, Limited (Current) 2002 Y 11 M Managing Director and Chief Executive Officer, J. C. Flowers & Co. LLC (Current) 2007 Y 8 M Member of the Advisory Board, The Kessler Group (Current) 2008 Y 9 M Chairman and Director, Flowers National Bank (Current) 2012 Y 5 M Member of the Supervisory Board, NIBC Holding N.V. (Current)	Common Shares 76,753,748
4	Reappointed Outside <b>Ernest M. Higa</b> (October 15, 1952)  [Attendance rate to Board of Directors Meetings] 8/8 (100%)	1976 Y 4 M Joined Higa Industries Co., Ltd. 1983 Y 4 M President and Chief Executive Officer 2008 Y 4 M Board Member, The Tokyo New Business Conference (Current) 2009 Y 5 M Board of Overseers, Columbia Business School (Current) 2010 Y 2 M Chairman and Chief Executive Officer, Higa Industries Co., Ltd. 2010 Y 6 M Director, JC Comsa Corporation (Current) 2011 Y 3 M Chief Executive Officer, Wendy's Japan (Current) 2011 Y 4 M Trustee, Japan Association of Corporate Executives (Current) 2013 Y 6 M Director, Shinsei Bank, Limited (Current) 2015 Y 4 M Chairman President & Chief Executive Officer, Higa Industries Co., Ltd. (Current)	Common Shares 8,550
5	Reappointed Outside <b>Shigeru Kani</b> (September 20, 1943)  [Attendance rate to Board of Directors Meetings] 8/8 (100%)	1966 Y 4 M Joined The Bank of Japan 1992 Y 5 M Executive Auditor and Senior Advisor to the Chairman, The Tokyo International Financial Futures Exchange (Predecessor of Tokyo Financial Exchange Inc.) 1996 Y 5 M Director, Administration Department, The Bank of Japan 1999 Y 5 M Executive Managing Director, Tokyo Stock Exchange, Inc. 2002 Y 4 M Advisor, NEC Corporation 2004 Y 6 M Director, Shinsei Bank, Limited (Current) 2006 Y 4 M Professor, Yokohama College of Commerce 2014 Y 6 M Specially Appointed Professor (Current)	Common Shares 112,462
6	Reappointed Outside <b>Jun Makihara</b> (January 15, 1958)  [Attendance rate to Board of Directors Meetings] 8/8 (100%)	1981 Y 9 M Joined Goldman, Sachs & Co. 1992 Y 11 M Partner 1996 Y 11 M Co-Branch Manager, Goldman Sachs Japan, Ltd. 2000 Y 7 M Chairman of the Board, Neoteny Co., Ltd. 2006 Y 6 M Director, Monex Group, Inc. (Current) 2011 Y 6 M Director, Shinsei Bank, Limited (Current) 2014 Y 9 M Director, Philip Morris International Inc. (Current)	Common Shares 200,000
7	Newly Appointed Outside <b>Ryuichi Tomimura</b> (February 17, 1959)	1983 Y 10 M Joined IBM Japan, Ltd. 1991 Y 10 M General Manager, Network Integration Division, Recruit Co. Ltd. (Predecessor of Recruit Holdings Co., Ltd.) 1994 Y 1 M Managing Partner, Pricewaterhouse Consultant 2002 Y 10 M Managing Director, IBM Business Consulting Service KK Vice President, IBM Corporation, Business Consulting Service, Asia Pacific 2004 Y 2 M Representative Director, Senior Executive Vice President, JAPAN TELECOM CO., LTD (Predecessor of Softbank Mobile Corp. ) 2007 Y 12 M Representative Director, Managing Director, RHJ International Japan, Inc. 2010 Y 4 M Executive Vice President, Director, SIGMAXYZ Inc. (Current) 2012 Y 8 M Director, Plan·Do·See Inc. (Current) 2014 Y 6 M Audit & Supervisory Board Member, Shinsei Bank, Limited (Current)	Nil

Notes.

1. The responsibilities in Shinsei Bank, Limited (hereinafter, “the Bank”) of the candidates for Directors who are currently Directors are described on page 35 of the Business Report.
2. The attendance rate to Board of Directors Meetings indicates the attendance rate to Meetings held during the period following the Annual General Shareholders Meeting in June, 2014, until April 30, 2015.
3. Those positions or posts of candidates for Directors written in their “Personal History/Positions and Responsibilities in the Bank and Important Concurrent Posts” section that do not contain the word “Current,” are positions the candidate has retired from and no longer occupies.
4. Candidates for Directors, namely, Mr. Hideyuki Kudo and Mr. Yukio Nakamura will be elected as Executive Directors at the Board of Directors meeting to be held after this General Meeting of Shareholders. They have the knowledge and experience to be able to carry out business management of a bank appropriately, fairly and efficiently.
5. Special interests between the Bank and a candidate:
  - ① The Bank invests as a limited partner in J.C. Flowers II L.P. and J.C. Flowers III L.P. which are investment funds operated by JCF Associates II Ltd. and JCF Associates III Ltd., respectively, and advised by J.C. Flowers & Co. LLC (JCF), an investment advisory firm founded by Mr. J. Christopher Flowers, who serves as Managing Director and Chief Executive Officer.
  - ② In January 2008, four investment vehicles advised by JCF acquired 358,456 thousand common shares of the Bank through a public tender offer and subsequently subscribed to a primary issue of an additional 117,647 thousand shares to strengthen the capital base of the Bank. In addition, in March 2011, the four investment vehicles and Mr. J. Christopher Flowers acquired in total 172,000 thousand common shares of the Bank through the Bank's international offering of newly issued shares. Mr. J. Christopher Flowers, a Director of the Bank, is the founder and Managing Director of JCF.
  - ③ The Bank has indirectly invested in NIBC Holding N.V. through an investment partnership advised by JCF. NIBC Holding N.V. is indirectly controlled by New NIB Limited, of which Mr. J. Christopher Flowers commands 49% of voting rights.
  - ④ The Bank has indirectly invested in The Kessler Group which Mr. J. Christopher Flowers serves as Member of the Advisory Board through J.C. Flowers II L.P. mentioned above. J.C. Flowers II L.P. commands 25.5% of voting rights of The Kessler Group.
  - ⑤ Mr. Ryuichi Tomimura served as a representative director of RHJ International Japan, Inc. until his retirement from that position in June 2012. For the duration of his tenure at RHJ International Japan, Inc. and up until the present, there has been no capital or transactional relationship between the Bank and RHJ International Japan, Inc.No special interests exist between any of the other candidates for Directors and the Bank.
6. Overview of the contents of the Agreement for Limitations on Liability concluded with Directors:

Messrs. J. Christopher Flowers, Ernest M. Higa, Shigeru Kani, and Jun Makihara among



candidates for Directors have concluded an Agreement for Limitations on Liability with the Bank under Article 427, Paragraph 1 of the Corporation Act. Under this agreement, liability of each of the Directors for any damage caused through neglect of their duties and responsibilities shall be limited. If the Bank suffers damage as a result of such neglect, the Outside Directors shall be liable up to the lowest maximum liability provided for in Article 425, Paragraph 1 of the Corporation Act, provided that there should be no willful misconduct or gross negligence involved in their duties and responsibilities. If the above-mentioned four candidates are re-elected as Directors, the Bank will continue the said Agreement for Limitations on Liability with them.

The candidate for Director, Mr. Ryuichi Tomimura, has, as an Outside Audit & Supervisory Board Member, concluded with the Bank an Agreement for Limitations on Liability with the same conditions as mentioned above. Once elected as a Director, the Bank will again conclude with him an Agreement for Limitations on Liability with the same conditions as mentioned above.

7. The following persons are candidates for Outside Directors:

Messrs. J. Christopher Flowers, Ernest M. Higa, Shigeru Kani, Jun Makihara and Ryuichi Tomimura.

8. Matters concerning candidates for Outside Directors:

***(1) Reasons for nominating each of the candidates for Outside Director***

- ① Mr. J. Christopher Flowers is asked to stand as a candidate for Outside Director in order to reflect in the Bank's management his experience and expertise in banking, finance and the financial services industry as a whole.
- ② Mr. Ernest M. Higa is asked to stand as a candidate for Outside Director in order to reflect in the Bank's management his experience and deep insight of business for consumers.
- ③ Mr. Shigeru Kani is asked to stand as a candidate for Outside Director in order to reflect in the Bank's management his discernment in the risk management area and his wide range of knowledge concerning banking operations.
- ④ Mr. Jun Makihara is asked to stand as a candidate for Outside Director in order to reflect in the Bank's management his extensive knowledge of finance and his domestic and international experience.
- ⑤ Mr. Ryuichi Tomimura is asked to stand as a candidate for Outside Director in order to reflect in the Bank's management his extensive experience and wide range of knowledge including information systems as a management executive and a consultant.

***(2) Violation of laws or articles of incorporation or other unjust business execution by the relevant joint stock company (kabushiki-kaisha) during the most recent term of office of the Outside Director candidate in the joint stock company, as well as actions actually taken by the Outside Director candidate to prevent recurrence of such violation and subsequent countermeasures taken by him/her.***

The Bank received a citation and corrective action guidance from the Ikebukuro Labor Standards Supervision Office on October 30, 2014, regarding the payment of additional wages for overtime work. Candidates for Outside Directors, namely, Messrs. J. Christopher Flowers, Ernest M. Higa, Shigeru Kani and Jun Makihara regularly drew the Bank's attention to thorough compliance of laws. In addition, after this fact was revealed, they called for further

strengthening of compliance system of laws such as the Labor Standards Act, and made other necessary action.

***(3) If a candidate for Outside Director had been a Statutory Executive Officer, a Director, or an Auditor in other joint stock companies (kabushiki-kaisha) in the last five years, the fact (if any) of violation of laws or articles of incorporation or other unjust business execution by the relevant joint stock company during his/her term of office in the company, as well as actions actually taken by the relevant candidate to prevent a recurrence of this violation and subsequent countermeasures taken by him/her.***

None

***(4) The number of years since candidates for Outside Directors and for Outside Audit & Supervisory Board Members who are currently Outside Directors became Outside Directors and Outside Audit Supervisory Board Members:***

- ① As of the end of this General Meeting of Shareholders, Mr. J. Christopher Flowers will have been an Outside Director for fourteen years and three months in total.
- ② As of the end of this General Meeting of Shareholders, Mr. Ernest M. Higa will have been an Outside Director for two years.
- ③ As of the end of this General Meeting of Shareholders, Mr. Shigeru Kani will have been an Outside Director for eleven years.
- ④ As of the end of this General Meeting of Shareholders, Mr. Jun Makihara will have been an Outside Director for four years.
- ⑤ As of the end of this General Meeting of Shareholders, Mr. Ryuichi Tomimura will have been an Outside Audit & Supervisory Board Member for one year.

9. The Bank has submitted to the Tokyo Stock Exchange, Inc. an “independent director statement” (*dokuritsu-yakuin todokede-sho*) that Messrs. Ernest M. Higa, Shigeru Kani and Jun Makihara are independent directors (*dokuritsu-yakuin*). The Bank will notify Mr. Ryuichi Tomimura, once elected as a Director, as an independent director (*dokuritsu-yakuin*).

## Item 2 Election of One (1) Audit & Supervisory Board Member

Mr. Ryuichi Tomimura, our Audit & Supervisory Board Member, will resign as such at the end of this Annual General Meeting of Shareholders. We would like to seek approval to elect one person as new Audit & Supervisory Board Member. For the avoidance of doubt, the candidate will not be elected as a substitute to the resigned Audit & Supervisory Board Member, and his term of office will expire at the end of the Annual General Meeting of Shareholders for the fiscal year which is the last of those ending within four (4) years after the appointment.

The Audit & Supervisory Board's consent has been obtained.

Career summary of the candidate is as follows.

	Name (Date of Birth)	Personal History/Positions in the Bank and Important Concurrent Posts		Ownership (# of Shares)
1	Newly Appointed Outside <b>Michio Shibuya</b> (June 5, 1945)	1971 Y 4 M	Joined Arthur Andersen LLP	Nil
		1974 Y 4 M	Joined Showa Audit Corporation (Predecessor of Ernst & Young ShinNihon LLC)	
		1977 Y 7 M	Peat Marwick Mitchell (Predecessor of KPMG) LA office	
		1991 Y 5 M	Senior Partner, Showa Ota & Co. (Predecessor of Ernst & Young ShinNihon LLC)	
		2000 Y 5 M	Executive Director, Ernst & Young ShinNihon (Predecessor of Ernst & Young ShinNihon LLC)	
		2008 Y 8 M	Board of Councilors and Global Advisory Council, Ernst & Young ShinNihon LLC	
		2010 Y 6 M	Audit & Supervisory Board Member (full time), Business Brain Showa-Ota Inc.	
		2011 Y 5 M	Audit & Supervisory Board Member, Ryohin Keikaku Co., Ltd.	
		2014 Y 6 M	Audit & Supervisory Board Member, Business Brain Showa-Ota Inc. (Current)	

Notes.

1 . Those positions or posts of the candidate for the Audit & Supervisory Board Member written in his “Personal History/Positions in the Bank and Important Concurrent Posts” section that do not contain the word “Current,” are positions the candidate has retired from and no longer occupies.

2 . Mr. Michio Shibuya, who is the candidate for Audit & Supervisory Board Member, has the knowledge and experience to be able to carry out the audit of the execution of duties of directors of a bank appropriately, fairly and efficiently.

3 . Special Interests between the Bank and a candidate:

No Special Interests exist between the candidate for Audit & Supervisory Board Member and the Bank.

4 . Overview of the contents of the Agreement for Limitations on Liability concluded with the Audit & Supervisory Board Member:

The candidate for the Audit & Supervisory Board Member, namely, Mr. Michio Shibuya when elected as Audit & Supervisory Board Member, is to conclude an Agreement for Limitations on Liability with the Bank under Article 427, Paragraph 1 of the Corporation Act. Under this agreement, his liability for any damage caused through neglect of his duties and responsibilities shall be limited. If the Bank suffers damage as a result of such neglect, he shall be liable up to the lowest maximum liability provided for in Article 425, Paragraph 1 of the Corporation Act, provided that there should be no willful misconduct or gross negligence involved in his duties and responsibilities.

5 . Mr. Michio Shibuya is the candidate for Outside Audit & Supervisory Board Member.

6 . Matters concerning candidate for Outside Audit & Supervisory Board Member:

***(1) Reasons for nominating each of the candidates for Outside Audit & Supervisory Board Members***

Mr. Michio Shibuya is asked to stand as a candidate for Outside Audit & Supervisory Board Member in order to reflect in the Bank’s audit operations his expertise and extensive experience as a certified public accountant, and knowledge regarding corporate governance based on experience as an Audit & Supervisory Board Member at a listed company.

***(2) If a candidate for Outside Audit & Supervisory Board Members had been a Statutory Executive Officer, a Director, or an Audit & Supervisory Board Member in other joint stock companies (kabushiki-kaisha) in the last five years, the fact (if any) of violation of laws or articles of incorporation or other unjust business execution by the relevant joint stock company during his/her term of office in the company, as well as actions actually taken by the relevant candidate to prevent a recurrence of this violation and subsequent countermeasures taken by him/her.***

None

*(3) The ground on which the Bank judges that a candidate for Outside Audit & Supervisory Board Member can appropriately implement his/her duties, in the case where the relevant candidate has not been involved in the management of a company by means other than by assuming the office of an Outside Director or Outside Audit & Supervisory Board Member.*

Given that Mr. Michio Shibuya has specialist knowledge as a certified public accountant and extensive experience as an Audit & Supervisory Board Member at other companies, he is expected to function appropriately as an Outside Audit & Supervisory Board Member of the Bank.

7. The Bank will notify the Tokyo Stock Exchange, Inc., of Mr. Michio Shibuya as an independent director (*dokuritsu-yakuin*) once elected as an Audit & Supervisory Board Member.

**Item 3 Payment of Retirement Allowance to Retiring Director and Payment of Retirement Allowance to Full-Time Director Due to the Abolition of the Retirement Allowance Plan for Officers**

The Bank seeks to reward Mr. Shigeki Toma (who will complete his term of office as a Director at the end of this Annual General Meeting of Shareholders) with a retirement allowance for his service to the Bank.

In addition, the Bank has resolved at its Board of Directors meeting held on May 12, 2015 to abolish the retirement allowance plan for Officers at the end of this Annual General Meeting of Shareholders as a part of the revision of the remuneration plan for Officers. In accordance with the above, the Bank seeks to pay retirement allowance to Mr. Yukio Nakamura, a Full-Time Director, who will be reappointed by the approval of Item 1 "Election of Seven (7) Directors" as drafted, for his service to the Bank.

These retirement allowances will be provided pursuant to “the policy of retirement allowance” as prescribed by the Bank. The Bank requests that the determination of specifics regarding the allowances, namely, the exact amounts, timing of reward and method of payment, be left to the discretion of the Board of Directors. The maximum amount to be paid at this time upon approval of this item shall be a total of ¥90,000,000. The timing of the payment of the retirement allowance due to the abolition of the retirement allowance plan is planned to be after the recipient’s retirement.

The career summary of the retiring Director and the Full-Time Director to receive retirement allowance due to the abolition of the retirement allowance plan for Officers is as follows.

Name	Career Summary	
Shigeki Toma	2010 Y 5 M	Advisor
	2010 Y 6 M	Representative Director, President (Current)
Yukio Nakamura	2008 Y 6 M	Executive Officer
	2009 Y 10 M	Managing Executive Officer
	2010 Y 6 M	Representative Director, Senior Managing Executive Officer
	2013 Y 4 M	Representative Director, Deputy President (Current)

#### Item 4 Payment of Retirement Allowance to Retired Directors (Outside Directors)

The Bank seeks to reward Mr. Hiroyuki Takahashi (who retired as an Outside Director on June 19, 2013) and Mr. Oki Matsumoto (who retired as an Outside Director on June 22, 2011) retirement allowances for their services to the Bank. Their allowances will be provided in accordance with “the policy of retirement allowance” as prescribed by the Bank. The exact amounts to be paid at this time upon approval of this item are as follows, and the Bank requests that the determination of specifics regarding the allowances, namely, timing of reward and method of payment, be left to the discretion of the Board of Directors.

The career summaries of the retired Outside Directors the Bank seeks to reward are as follows.

Name	Career Summary		Amount of Reward
Hiroyuki Takahashi	2006 Y 6 M	Outside Director	¥3,375,000
	2013 Y 6 M	Retired from Outside Director	
Oki Matsumoto	2008 Y 6 M	Outside Director	¥1,125,000
	2011 Y 6 M	Retired from Outside Director	

## Item 5 Payment of Retirement Allowance to Outside Directors and Audit & Supervisory Board Members Due to the Abolition of the Retirement Allowance Plan for Officers

The Bank has resolved at its Board of Directors meeting held on May 12, 2015 to abolish the retirement allowance plan for Officers at the end of this Annual General Meeting of Shareholders as a part of the revision of the remuneration plan for Officers.

In accordance with the above, the Bank seeks to pay retirement allowances to Mr. J. Christopher Flowers, Mr. Ernest M. Higa, Mr. Shigeru Kani and Mr. Jun Makihara (Outside Directors); and Mr. Shinya Nagata (Audit & Supervisory Board Member (Full-Time)), Ms. Kozue Shiga (Audit & Supervisory Board Member (Outside)) and Mr. Ryuichi Tomimura (Audit & Supervisory Board Member (Outside)). Their retirement allowances will be provided for their services to the Bank in accordance with “the policy of retirement allowance” as prescribed by the Bank. The exact amounts to be paid at this time upon approval of this item are as follows, and the Bank requests that the determination of specifics regarding the allowances, namely, timing of reward and method of payment, be left to the discretion of the Board of Directors for the Directors and the Members of the Audit & Supervisory Board for the Members of the Audit & Supervisory Board.

The timing of the payment of retirement allowances to the officers who will maintain its title of officer at the Bank is planned to be after each recipients’ respective retirement from the Bank.

The career summaries of each of the Officers to receive retirement allowances due to the abolition of the retirement allowance plan for Officers are as follows.

Name	Career Summary		Amount of Reward
J. Christopher Flowers	2000 Y 3 M	Outside Director (Current)	¥5,625,000
Ernest M. Higa	2013 Y 6 M	Outside Director (Current)	¥2,250,000
Shigeru Kani	2004 Y 6 M	Outside Director (Current)	¥5,625,000
Jun Makihara	2011 Y 6 M	Outside Director (Current)	¥4,500,000
Shinya Nagata	2012 Y 6 M	Audit & Supervisory Board Member (Full-Time) (Current)	¥20,000,000
Kozue Shiga	2010 Y 6 M	Audit & Supervisory Board Member (Outside) (Current)	¥6,250,000
Ryuichi Tomimura	2014 Y 6 M	Audit & Supervisory Board Member (Outside) (Current)	¥1,250,000



## **Item 6 Introduction of Stock Options to Full-Time Directors and Determination of its Details**

If Item 7 "Revision of Maximum Remuneration, etc. to Directors" is approved as drafted, the maximum remuneration, etc. to be paid to the Directors of the Bank will be 180 million yen (out of which 60 million yen is for Outside Directors) annually. Separately from this maximum remuneration, etc., the Bank ask for the shareholders' approval to allot the Subscription Warrants not exceeding 50 million yen annually to the Full-Time Directors as equity remuneration type stock options (excluding employee-directors' salaries as employees, and Outside Directors shall not be eligible for such allotment).

This stock option allotment to the Full-Time Directors will be conducted, in light of the abolition of the Retirement Allowance Plan for Officers at the end of this Annual General Meeting of Shareholders as a part of the revision of the remuneration plan for Officers, to share the risks and benefits of stock price movements with the shareholders and to further motivate the Full-Time Directors to enhance the corporate value and stock price of the Bank from both a mid-term and a long-term perspective. Amounts of the Full-Time Directors' remuneration, etc. are based on various factors including their contribution to the Bank.

Details of the stock options are as described below. Directors who received allotment of the Subscription Warrants will be granted remuneration in the same amount as their paid-in amounts, and are entitled to acquire the Subscription Warrants by offsetting their remuneration claims with the amounts to be paid in for such Subscription Warrants. The Bank requests that the determination of specifics regarding the allowances, namely, timing of reward and method of payment, be left to the discretion of the Board of Directors.

If Item 1 "Election of Seven (7) Directors" is approved as drafted, we will have 7 directors (out of which 2 will be Full-Time Directors).

### Details of Subscription Warrants Proposed as Equity Remuneration Type Stock Options

#### (1) Class and Number of Shares to be Delivered upon Exercise of Subscription Warrants

The Class of shares to be delivered upon the exercise of the Subscription Warrants shall be common shares of the Bank, and the number of shares to be delivered per unit of the Subscription Warrants (the "Number of Underlying Shares") shall be 100.

Provided that, if the Bank implements a stock split (including an allotment of common shares of the Bank without contribution; hereinafter the same with respect to the descriptions regarding a stock split) or consolidation of stocks with respect to its common shares after the date on which the Subscription Warrants are allotted (the "Allotment Date"), the Bank shall make an adjustment to the Number of Underlying Shares in regard to the Subscription Warrants that have not yet been exercised at the time of such a stock split or consolidation of stocks by the following formula:

Number of Underlying Shares after adjustment =  $\frac{\text{Number of Underlying Shares before adjustment}}{\text{Ratio of split or consolidation}}$

If, in addition to the above, unavoidable circumstances that require adjustment of the Number of Underlying Shares arise, the Bank may make an adjustment to the Number of Underlying Shares that the Board of Directors of the Bank deems necessary.

Any fraction less than one share arising as a result of the above adjustment shall be rounded off.

(2) Aggregate Number of Subscription Warrants

The number of the Subscription Warrants to be allotted within one year from the date of the annual general meeting of shareholders for each business year shall not be more than 6,000.

(3) Amount to be Paid in for Subscription Warrant

The amount to be paid in for each Subscription Warrant shall be the amount determined by the Board of Directors of the Bank on the basis of the fair value of the Subscription Warrants calculated at the time of allotment of the Subscription Warrants by applying a fair calculation method such as the Black-Sholes model.

Persons who are allotted the Subscription Warrants (the "Subscription Warrant Holder") shall offset the payment of the amount to be paid in with the remuneration claims against the Bank and accordingly shall not be required to make any monetary payment.

(4) Amount of Assets to be Paid upon Exercise of Subscription Warrants

The amount of the assets to be paid upon the exercise of the Subscription Warrants shall be calculated by multiplying the price of one yen per share to be delivered through the exercise of the Subscription Warrants by the number of shares granted.

(5) Time Period during which Subscription Warrants are Exercisable

The time period during which the Subscription Warrants are exercisable shall be determined by resolution of the Board of Directors within the scope of thirty (30) years from the date following the date of allotment of the Subscription Warrants.

(6) Conditions for Exercise of Subscription Warrants

(i) The Subscription Warrant Holder may only exercise the Subscription Warrants in a lump until the day on which ten (10) days have elapsed from the day following the day on which it ceases to be director of the Bank (if the tenth (10th) day falls on a holiday, the following business day).

(ii) Other conditions for the exercise of the Subscription Warrants shall be determined at the meeting of the Board of Directors of the Bank where the offering memorandum of the Subscription Warrants is decided.

(7) Restrictions on Acquisition of Subscription Warrants by Assignment

Acquisition of the Subscription Warrants by assignment shall be subject to the approval of the Board of Directors of the Bank.

(8) Other Details of Subscription Warrants

Other details of the Subscription Warrants shall be determined at the meeting of the Board of Directors of the Bank where the offering memorandum of the Subscription Warrants is determined.

**Item 7 Revision of Maximum Remuneration, etc. to Directors**

Although it was approved at our 10th Annual General Meeting of Shareholders held on June 23, 2010 that the maximum remuneration, etc. of the Bank's Directors would be 180 million yen (out of which 50 million yen would be for Outside Directors) annually, if Item 1 "Election of Seven (7) Directors" is approved as drafted, the number of Outside Directors will increase by one (out of 7 Directors, 5 will be Outside Directors) and accordingly the Bank seeks to increase the maximum remuneration, etc. to be paid to Outside Directors to 60 million yen a year. Please note that the maximum remuneration, etc. to be paid to Directors as a whole (including Outside Directors) will, as before, be 180 million yen, and employee-directors' salaries as employees will not be included.

If Item 6 "Introduction of Stock Options to Full-Time Directors and Determination of its Details" is approved as drafted, the Subscription Warrants not exceeding 50 million yen annually will be allocated to the Full-Time Directors as stock options, in addition to the remuneration, etc. mentioned above.

END

(Translation)

(Attachment)

## **Business Report for the 15<sup>th</sup> Fiscal Year** (From April 1, 2014 to March 31, 2015)

### **1. Current State of the Bank**

#### **(1) Business Development and Performance of the Group**

##### *[Principal Businesses of the Group]*

The Shinsei Group, which consists of Shinsei Bank, Limited, 270 subsidiaries (comprised of 179 consolidated companies including APLUS FINANCIAL Co., Ltd., Showa Leasing Co., Ltd., Shinsei Financial Co., Ltd., Shinsei Principal Investments Ltd. and 91 unconsolidated subsidiaries) and 20 affiliated companies (comprised of 19 affiliates accounted for under the equity method including Jih Sun Financial Holding Company, Limited and 1 affiliate that is not accounted for under the equity method) as of March 31, 2015, provides a wide variety of financial products and services to institutional and individual customers through our Institutional Group, Global Markets Group and Individual Group. These groups consist of business segments which provide their respective financial products and services. Shinsei Bank, Limited, subsidiaries and affiliated companies are related to each segment as follows.

In the Institutional Group, the “Institutional Business Sub-Group” provides financial products, services and advisory services for corporate banking business and public sector finance, real estate finance, such as non-recourse loans, financial products and services for the real estate and construction industries, specialty finance, such as M&A finance, and trust business. The “Principal Transactions Sub-Group” provides financial products and services related to credit trading. “Showa Leasing” primarily provides leasing related financial products and services. The “Other Institutional Group” consists of asset-backed investment and other products and services in the Institutional Group.

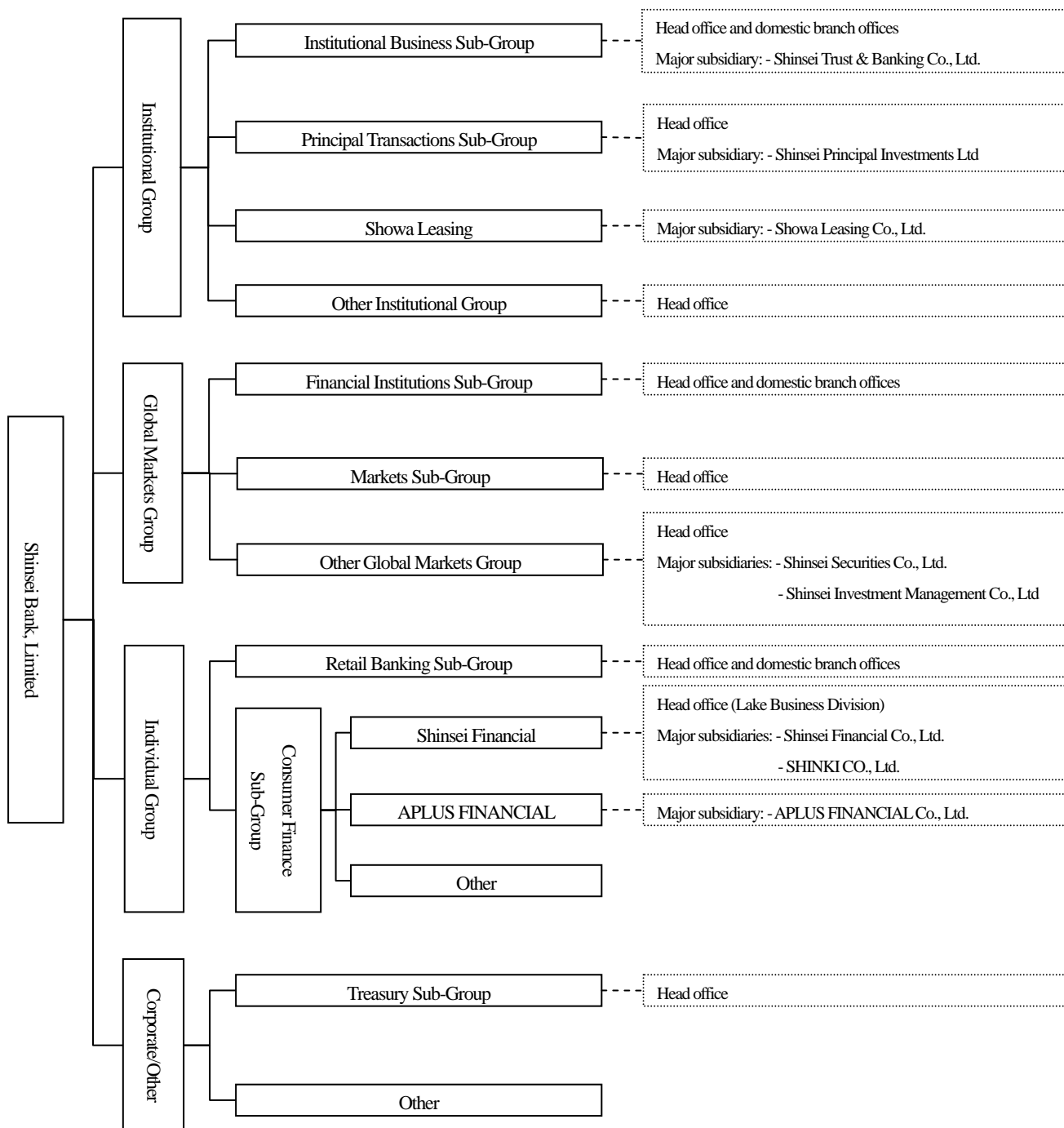
In the Global Markets Group, the “Financial Institutions Sub-Group” provides financial products and services for financial institutions business. The “Markets Sub-Group” is engaged in foreign exchange, derivatives, equity trading and other capital markets transactions. The “Other Global Markets Group” consists of the business of Shinsei Securities Co., Ltd., asset management, wealth management and other products and services in the Global Markets Group.

In the Individual Group, the “Retail Banking Sub-Group” provides financial products and services for retail banking customers, “Shinsei Financial” which consists of the business of Shinsei Financial Co., Ltd., SHINKI CO., Ltd. and “Shinsei Bank Card Loan - Lake” in the bank provides consumer finance, and “APLUS FINANCIAL” provides installment sales credit, credit cards, guarantees and settlement services. The “Other” consists of profit and loss attributable to the Consumer Finance Sub-Group and other subsidiaries.

In “Corporate / Other,” the “Treasury Sub-Group” is engaged in ALM operations and capital fund raising.

The aforementioned can be illustrated in a business organization chart as follows.

(Translation)



(Translation)

### ***[Financial and Economic Environment]***

In fiscal year 2014, private consumption and industrial production activities were relatively weak as a result of factors such as a backlash stemming from increased consumption preceding the consumption tax hike. While the recovery of private consumption following the consumption tax hike remains dull, the Japanese economy which previously exhibited weakness in some areas remained on a moderate recovery, with a steady improvement in the job market, overall strength in corporate profits and a gentle rise in consumer prices.

In these circumstances, through the approval of the Cabinet, the Japanese government revised its “Basic Policies for the Economic and Fiscal Management and Reform” and the “Japan Revitalization Strategy” in June 2014, clarifying the government’s intent to gradually reduce the effective corporate tax rate as well as to deregulate “bedrock regulations” in the areas of employment and human resources, and the medical and agricultural sectors, in order to maintain a virtuous economic cycle. In March 2015, the tax reforms of reducing the corporate tax rate, a central pillar of the growth strategy, and a postponement of the increase of the consumption tax to 10%, made in order to avoid damaging the economy, were undertaken. Additionally, the Bank of Japan (“BOJ”) continued its policy of extraordinary monetary easing measures, and in October 2014, committed to significant additional easing. Going forward, while it is expected that the economy will continue to recover as the employment and income environments continue to improve, supported by the effects of the drop-off in crude oil prices and the enactment of various government policies, the independent efforts in the private sector and the full enactment of government measures will be necessary for the economic recovery to continue. Additionally, downside risk remains for the Japanese economy as a result of concerns of economic downturns abroad, and the situation calls for continued monitoring of such trends.

To provide an overview of the financial markets, regarding domestic interest rates, the domestic long-term interest rate (10 year government bond yields), reached a record low as a result of the additional monetary easing, at one point falling below 0.2%, and was reduced from approximately 0.6% at the end of March 2013 to approximately 0.3% at the end of March, 2015. Short term interest rates continued to trend at low levels. Regarding foreign exchange rates, while the Japanese, American and European central banks continue their monetary easing programs, counter to the additional monetary easing undertaken by the BOJ, the United States Federal Reserve Board (“FRB”) ended its quantitative easing program in October 2014, citing the recovery observed in the U.S. economy, and has begun taking steps such as creating an environment for interest rate hikes to prepare for monetary policy normalization. As a result of such factors, the depreciation of the yen progressed significantly and as of March 31, 2015 the exchange rate for one U.S. dollar was approximately 120 Japanese yen (depreciated approximately 17 yen compared to March 31, 2014). Regarding the Euro, while the yen depreciated immediately following the additional monetary easing undertaken by the BOJ, the Euro weakened significantly following the additional monetary easing undertaken by the European Central Bank in June 2014 and January 2015. As a result of such factors, the depreciation of the Euro progressed significantly and as of March 31, 2015 the exchange rate for one Euro was approximately 129 Japanese yen (appreciated approximately 12 yen compared to March 31, 2014). Finally, regarding the Nikkei Stock Average, while the average at times dipped below the 14,000 yen mark in April and May 2014 as the declining trend increase as a result of factors such as concerns over the future of the domestic economy following the consumption tax hike, as a result of a rise in the price of U.S. equities, the depreciation of the yen and an improvement in the financial results of businesses, the Nikkei Stock Average on March 31, 2015 closed at 19,206.99 yen (increased approximately 4,379 yen compared to March 31, 2014).

### ***[Business Development and Performance of the Group in Fiscal Year 2014]***

Shinsei Bank engages in business for institutional customers through the Institutional Group and Global Markets Group and focuses on retail banking and consumer finance operations through the Individual Group. The Bank has strived to improve its efficiency and responsiveness in order to provide a wide range of financial products and services tailored to the needs of its customers as a unified Group.

The Bank has formulated its Second Medium-Term Management Plan (“MTMP”), which is in effect from fiscal year 2013 to fiscal year 2015, and established as the objectives of the plan the “establishment of a unique business base,” “increasing revenues and further improve financial fundamentals,” and “becoming a financial group appreciated by customers and valued by society and markets.” Fiscal year 2013 was the second year of the Second MTMP, and the Bank continues to engage in efforts in each of its business lines toward the achievement of the Plan. Specific undertakings in each business area are as follows:

(Translation)

*(Institutional Business)*

The Institutional Group, which focuses primarily on the corporate and public sector finance and advisory businesses, and the Global Markets Group, which concentrates on financial markets business and serving financial institution clients, have been working closely in order to proactively promote the institutional business.

The Institutional Group, in addition to enhancing its differentiation in key strategic fields through initiatives such as the provision of growth support for businesses, industries, and regions through business participation, as a cornerstone of its strategy engaged in enhancing its expertise in areas such as the medical, healthcare, and renewable energy industries, as well as in corporate establishment and corporate revitalization support, in addition to enhancing all areas of expertise of the Bank.

In the corporate business, the Bank has pursued the reinforcement and expansion of its customer base and the accumulation of high quality assets by leveraging a well-defined organizational operating structure, which utilizes a meticulously developed customer segmentation system, as well as enhancing the sophistication of the Bank's risk management framework to accommodate the establishment of a system that facilitates rapid reviews. Additionally, significant progress has been made in the disposal of nonperforming loans, such as those associated with real estate finance, and the quality of the Bank's portfolio is improving.

In the field of healthcare finance, as part of the Bank's efforts in strategic business focus areas, the Bank is actively expanding its efforts to grow its business while strengthening collaboration with investors and operators (nursing and medical facility operating companies). In April 2014, the Bank, together with five companies including Kenedix, Inc., established an asset management company to manage a healthcare REIT (Real Estate Investment Trust), and is engaged in efforts in order to publicly list the REIT. In the area of renewable energy, the Bank is continuing to engage in the provision of project financing to large scale solar power plant ("mega solar") businesses sponsored by a variety of business types including growth phase companies. In fiscal year 2014, the Bank has continued to actively participate in the diversification of power sources and structures, including arranging a project which drew non-Japanese participants with international experience and expertise in mega solar projects, arranging a syndicated loan to a wood biomass power generation business in cooperation with regional financial institutions and arranging project financing to a wind power generation business.

In the credit trading and private equity businesses, the Shinsei Principal Investments Group, which was established in July 2013, has strengthened its consulting capabilities in anticipation of coming changes in the business environment as a result of the conclusion of the Financial Facilitation Act and the aging of the Japanese population, and is engaging in the provision of solutions for long term fixed receivables held by corporate customers and is actively engaged in increasing the investment value of its investment target companies by improving its growth support capabilities. Additionally, the Group is increasing its undertakings in the area of real estate finance while taking into account not only the risk of specific transactions, but risk in the overall real estate market as well.

In regard to the overseas business, in the area of overseas market entry support for corporate customers, Shinsei Bank concluded a business alliance agreements with Forval Corporation and Military Commercial Joint-Stock Bank, a leading Vietnamese private commercial bank, in March 2014, as well as concluded a business alliance agreement with RHB Bank Berhad, a major Malaysian commercial bank, in January 2015, and through these alliances with local financial institutions, Shinsei Bank is enhancing its support for companies expanding into the Asia region. Furthermore, in July 2014, Shinsei Bank created the Overseas Banking Division within the Institutional Group in order to strengthen its strategic planning, business development function and human resources management in order to facilitate the expansion of its overseas business. Additionally, the Bank is continuing to actively engage in project financing in the Asia and Oceania regions, as well as PFI ("Private Fund Initiative") and PPP ("Public-Private Partnership") in Europe.

Showa Leasing Co., Ltd. ("Showa Leasing"), a subsidiary of the Institutional Group, while enhancing its cooperation with Shinsei Bank, has delivered to its customers solutions that leverage its strengths and expertise in its mainstay businesses such as providing leasing services to mid-market and SME customers for industrial machinery and machine tools, in addition to engaging in its second hand machinery buying-selling business, property and debt secured lending, introduction of environmentally friendly products and granting renewable energy related financing. In October 2014, through an organizational realignment, the business department previously in charge of specific focus industries was restructured as the "Innovation and Development Business Group," in order to facilitate the development of competitive businesses and products, and by transferring customer points of contact to area business divisions, has established a business structure that enhances cross selling.

(Translation)

The Global Markets Group, in the area of markets related transactions, as a result of the enhancement of its solutions focused sales system, which has resulted in the acquisition of new customers, as well as the expansion of transactions with existing customers, recorded strong growth in foreign exchange and interest rate risk hedging derivative transactions and progress was made in the expansion of its customer base. In regard to the provision of asset management products, in addition to the sale of privately placed investment trusts to financial institutions, the Group saw strong growth in investment trusts under management for individual customers as a result of the introduction of a bond fund that invests in wide variety of bonds from around the world in order to deliver to customers long term asset growth, as well as the introduction of a Nippon Individual Savings Account (“NISA”) specific program and the expansion of product offerings particularly suited for the NISA system. In the area of financial institutions business, the Bank has seen strong results in collaborating with regional financial institutions in the arrangement of new financing, primarily in the area of renewable energy businesses, as well as in the purchase, sale and brokering of loans for regional public organizations. In addition to its products and services, the Bank also makes available to its customers various other functions and strengths such as its business alliances with regional financial institutions through its subsidiaries Shinsei Financial Co., Ltd. (“Shinsei Financial”) and APLUS FINANCIAL Co., Ltd. (“APLUS FINANCIAL”) and the business alliance between its subsidiary Showa Leasing and Shinkin Central Bank in the area of asset-based lending (“ABL”).

In order to strengthen the framework of the Bank’s institutional business and to integrate operations in the Institutional Group, the Financial Institutions Sub-Group of the Global Markets Group was integrated into the Institutional Business Sub-Group of the Institutional Group in April 2015. Furthermore, all Sub-Groups were abolished and the planning and promotion functions of the Group were consolidated into the Institutional Business Planning Division in May 2015. In regard to the overseas business, the Overseas Finance Division was newly established in the Institutional Group in order to promote the Bank’s overseas business strategies. Furthermore, in order to integrate the planning, promotion and management of the overseas banking business of the Bank, the Overseas Banking Division of the Institutional Group was made a function within the Corporate Planning Division of the Corporate Staff Group.

#### *(Individual Business)*

The Individual Group, by promoting the provision of its consumer finance services through its retail bank services as well as the services provided by Shinsei Bank and its subsidiaries, is bringing innovative financial solutions to its individual customers. Shinsei Bank defines customers who are able to freely utilize the products and services of the Bank and its group companies as “core customers.” Utilizing the various resources of the Bank Group to provide comprehensive financial services such as asset management, settlement, investment services, and consulting services, the Bank looks to expand its base of core customers.

In its retail banking business, the Bank has entered into an agreement with Culture Convenience Club Co., Ltd. (“CCC”), in June 2013 to offer to “T Members,” users of CCC’s subsidiary T Point Japan Ltd.’s shared point service “T-Point\*.” While Shinsei Bank has been awarding T Points with the opening of a comprehensive account with Shinsei Bank or the use of Shinsei Bank’s products and services from fiscal year 2013, the Bank reached the conclusion that an expansion of cooperation with T Point will accelerate the acquisition of new customers as well as contribute to the activation of transactions and as a result, the Bank has significantly expanded the T Point award program as of April 2015. Additionally, the Bank is engaging in a wide range of marketing activities, implementing marketing strategies that utilize CCC’s T Member data and launching advertising campaigns with T Point alliance businesses. Furthermore, the Bank created the Customer Analytics Division in July 2014 in order to enhance all marketing activities as well as to drive target marketing.

Regarding asset management products, Shinsei Bank launched its “NISA Plus” program in July 2014, a program which enables customers to enjoy no transaction fees when purchasing certain investment trust products at the time of purchase utilizing their NISA account at Shinsei Bank, and the Bank is currently engaged in efforts to increase its sales of investment trusts through measures such as increasing its offerings of products suited for NISA accounts. Additionally, the Bank is engaged in the offering of yen and foreign currency time deposits, is working in cooperation with Shinsei Securities, a consolidated subsidiary of the Bank, to enhance its offerings of structured bonds, as well as is engaged in the offering of privately placed investment trusts to wealthy customers in order to satisfy their investment needs. Of these, in regard to foreign currency deposits, in order to provide its customers the ability to actively engage in foreign currency transactions, Shinsei Bank reduced its foreign currency transaction fees for five currencies, including the United States dollar, in October 2014, and going forward, will expand its offerings of foreign currency related products and services in



(Translation)

order to retain its position as a leader in foreign currency services. In regard to housing loans, Shinsei Bank saw success with its housing loan product “*Shinsei Bank PowerSmart Housing Loan Anshin Pack W*,” a new kind of housing loan that supports dual income families and families with children by providing coupons that can be exchanged for sick child care and housekeeping services, primarily in metropolitan areas. Building upon this success, Shinsei Bank entered a business alliance with TOKYU CORPORATION and its subsidiaries, and in April 2015 began offering the “TOKYU Group Plan” with an expanded service offering.

Due in part to these measures, the total number of the Bank’s retail banking accounts in use by customers as of March 31, 2015, has surpassed 2.8 million. In regard to total deposits by individuals, through measures such as yen denominated time deposit promotional campaigns in addition to the provision of various deposit products such as structured deposits and two-week maturity time deposits, the balance of individual deposits has exceeded 4.8 trillion yen as of March 31, 2015, contributing to the realization of a stable funding base. The balance of assets under management for individuals, including debentures, mutual funds, insurance investment products, and structured bonds was over 5.8 trillion yen as of March 31, 2015. In addition, the balance of “*PowerSmart*” home mortgages has increased to 1.2 trillion yen as of March 31, 2015.

In consumer finance operations the Shinsei Bank Group continues to proactively engage in initiatives to develop this business. In “*Shinsei Bank Card Loan – Lake*,” (“*Lake*”) which has been operated through the Bank since October 2011 after being transferred from our consolidated subsidiary Shinsei Financial, the Bank has engaged in efforts such as improving the convenience of customer transactions and differentiating the brand in order to grow the customer base. Additionally, in January 2015 a smartphone app was launched for *Lake* and in February 2015, the brand image was revised utilizing members of the pop music girl group “AKB 48”. As a result, as of March 31, 2015, the total number of customers is approximately 400 thousand and the outstanding loan balance grew strongly to 166.7 billion yen. In addition, at Shinsei Financial, in cooperation with Shinsei Bank’s Financial Institution’s Sub-Group, efforts are being made to expand the guarantee business for unsecured personal loans in cooperation with other financial institutions, and Shinsei Bank concluded a contract to provide guarantees to ORIX Bank Ltd. in October 2014 and Ikeda Senshu Bank Ltd. in January 2015.

At APLUS FINANCIAL, efforts have been made to strengthen collaboration with T Point Japan, mainly around its subsidiary APLUS, and efforts are being made to expand the business leveraging T Points, including offering T Points for online auction transactions hosted by Yahoo! Japan Corporation from June 2014. Additionally, efforts to improve operation efficiency and customer convenience continue, and the Bank is maintaining efforts to actively engage in the shopping credit, credit card and settlement businesses.

Regarding Group-wide initiatives, the Group Marketing Division was created in July 2014 in order to strengthen the marketing function, and in addition to placing emphasis on a consolidated Group management style, efforts are being made to collaborate and cooperate with both the Institutional Group and the Global Markets Group. Furthermore, in anticipation of the future growth of the consumer finance business, the head office functions of the 6 consumer finance subsidiaries were moved to the “Sumitomo Realty & Development Akihabara Building” (Tokyo, Chiyoda Ward) in order to facilitate the sharing of best practices amongst the companies.

Going forward, Shinsei Bank will actively engage in the consumer finance business in a forward looking manner, and in addition to the traditional consumer finance markets, look to expand its business in the bank card loan market, and will continue to work to establish its presence in the unsecured card loan market as a trusted lender.

Regarding the expansion of overseas business, while Shinsei Bank had been considering how to best respond to consumer finance services in the Asia region, in April 2015 Nippon Wealth Limited, a Restricted Licence Bank (“NWB”), a new bank that was established in order to offer asset management services to individual customers in Hong Kong, was granted a banking license by the Hong Kong Monetary Authority, and preparations are underway for the bank to commence operation in first half of fiscal year 2015. OJBC Co., Ltd., the holding company of NWB, was established through investment by Shinsei Bank and 10 Japan and Hong Kong based companies including Monex Group, Inc., AD Capital Co., Ltd., Convoy Financial Holdings Limited and Tokyu Livable, Inc., and as a wholly owned subsidiary of this holding company, NWB, which was established in August 2013, will engage in the provision of asset management services. Through this, Shinsei Bank aims to accumulate expertise in the asset management business in Hong Kong and will consider further strengthening is individual customer financial services.

\* T-Point is a shared point service operated by Tpoint Japan and as of the end of February 2015, has a total membership of 52.78 million (active and unique) members, and 121 affiliated companies nationwide operating a total of 350,000 retail outlets.

(Translation)

*(Financial Position)*

In fiscal year 2014, as a result of factors such as the steady accumulation of retained earnings and the reduction on nonperforming loans, our consolidated Basel III (domestic standard) common equity tier I capital ratio was 14.86%.

*(Response to the Great East Japan Earthquake)*

In response to the Great East Japan Earthquake, employees from Shinsei Bank and Group companies have undertaken volunteer work in the affected areas. In this fiscal year, in addition to engaging in volunteer activities twice in areas affected by the disaster in Miyagi Prefecture, the Bank invited a speaker from the Miyagi Prefecture Minami Sanriku Social Welfare Council to give a lecture in January 2015. In addition, with funds raised through internal fundraisers, the Bank is continuing to support the disaster stricken areas through a wide range of activities aimed at contributing to recovery efforts such as providing local entertainment to Minamisanrikucho in Miyagi prefecture. We will continue to strive to provide smooth access to financial services in order to help the areas affected by the disaster as quickly as possible.

*(Business Performance)*

As a result of the preceding, in the fiscal year ended March 31, 2015, consolidated ordinary income was 397.3 billion yen (increased 22.1 billion yen compared to the previous fiscal year), while consolidated ordinary expenses were 324.3 billion yen (decreased 6.7 billion yen compared to the previous fiscal year). As a result, consolidated ordinary profit was 73.0 billion yen (increased 28.9 billion yen compared to the previous fiscal year) and consolidated net income for the fiscal year ended March 31, 2015 was 67.8 billion yen (increase of 26.4 billion yen compared to the previous fiscal year). Additionally, management accounting segment profits of the Shinsei Bank Group totaled 81.8 billion yen for the fiscal year ended March 31, 2015 (increased 11.9 billion yen compared to the previous fiscal year).

On a business segment level, as a result of the Institutional Group's efforts to grow its customer base and improving profitability are yielding results, as well as factors such as a large decline in net credit costs resulting from reversal of reserves for loans losses associated with the disposal of NPLs, as well as significant dividend income from securities investments, the Group continued to record profits.

In the Global Markets Group, as a result of continuing efforts to rebuild the customer base and to provide financial products and services that meet customers' needs in collaboration with other Groups, earnings increased compared to the previous fiscal year.

In the Individual Group, while the Retail Banking Sub-Group continued efforts to actively execute its business, growth of total revenue was sluggish. Furthermore, expenses increased due to the active implementation of measures aimed at enabling the smooth execution of the Second Medium-Term Management Plan, and as a result earnings decreased compared to the previous fiscal year.

In the Consumer Finance Sub-Group, due to the loan balance of "Shinsei Bank Card Loan – Lake" having increased continuously and a steady increase in volumes in the businesses of APLUS FINANCIAL such as shopping credit, total revenue increased compared to the previous fiscal year, and while credit costs increased as a result of the growth of the loan balance, strong earnings continued to be recorded. It should be noted that additional provisions of 4.0 billion yen were made for reserves for losses on interest repayment in fiscal year 2014 based upon a recalculation of future interest repayment risk.

In the "Corporate/Other" segment, in the Bank's ALM operations, while losses stemming from the sale of government bonds which was undertaken in order to avoid interest rate risk arising from major fluctuations in the market were recorded in the previous fiscal year, in fiscal year 2014 strong earnings on the sale of bonds such as government bonds were recorded, and overall profitability improved compared to the previous fiscal year.

Each segment attained the following business results for the fiscal year ended March 31, 2015.

(Translation)

(Millions of yen)

Fiscal 2014 (15th Fiscal Period)							
	Institutional Group				Global Markets Group		
	Institutional Business Sub-Group	Principal Transactions Sub-Group	Showa Leasing	Other Institutional Group	Financial Institutions Sub-Group	Markets Sub-Group	Other Global Markets Group
Revenue	32,115	26,228	14,995	2,639	3,514	8,605	3,822
Net Interest Income	23,246	13,051	(2,168)	(435)	1,427	1,939	226
Non-interest income	8,869	13,176	17,164	3,075	2,087	6,666	3,595
Expense	12,146	5,151	8,165	1,552	2,309	3,296	3,768
Credit costs (Recoveries)	(4,400)	(352)	(1,236)	2,023	11	39	0
Segment Profit (loss)	24,370	21,429	8,066	(936)	1,193	5,268	53

	Individual Group				Corporate/Other		
	Retail Banking Sub-Group	Consumer Finance Sub-Group			Treasury Sub-Group	Other	Total
		Shinsei Financial	APLUS FINANCIAL	Other			
Revenue	30,343	54,668	50,199	1,440	6,460	307	235,342
Net Interest Income	23,811	57,345	6,455	1,226	340	(5)	126,462
Non-interest income	6,532	(2,677)	43,744	213	6,119	312	108,879
Expense	34,463	32,469	35,575	666	1,600	523	141,689
Net Credit costs (Recoveries)	(216)	9,411	6,741	(164)	-	(4)	11,852
Segment Profit (loss)	(3,902)	12,787	7,883	938	4,860	(211)	81,800

Note

Figures have been truncated to the unit stated in all amounts shown above.

(Translation)

***[Challenges Facing the Shinsei Bank Group]***

The Shinsei Bank Group formalized its Second Medium-Term Management Plan (MTMP), (which runs from April 1, 2013 to March 31, 2015). The Second MTMP establishes as its objectives “the establishment of a unique business base,” “increase revenues and further improve financial fundamentals,” and “become a financial group which is appreciated by customers, society and markets,” and aims to secure sustainable growth and realize management principles based upon the First MTMP. In fiscal year 2015, the final year of the Second Medium-Term Management Plan, the Bank is utilizing all available resources toward the achievement of the goals established in the Second MTMP through the implementation of various strategies and the strengthening of its operational structure as described below. Additionally, following a thorough evaluation of the results achieved during the Second MTMP and analysis of reasons for gaps between established targets and actual achievements, the Bank will begin formulating a new Medium-Term Management Plan which will begin after end of March, 2016 (Third MTMP). This MTMP will be formulated through discussions which will be based upon a deep analysis of the business environment as well as taking into account the aspirations and medium term business vision of the Bank.

*1. Realizing long-term, stable profit growth through the offering of products and services that meet the needs of our customers*

In order to provide high quality value-added products and services that meet the increasingly diversified and sophisticated needs of our customers, the Shinsei Bank Group is actively working to develop new product and service categories. We strive for long-term, stable profit growth by offering a broad range of products and services in a timely manner that better meets the needs of our customers.

*(Institutional Business)*

In our institutional business, we have established a basic strategy that focuses on the strengthening of and utilization of expertise to support the growth of companies, industries and regions by working together with customers, and the key industries and sectors of “medical and healthcare,” “renewable energy,” and “incorporation and corporate rehabilitation support,” and we look to differentiate ourselves from our competition through the provision of high quality services that leverage our expertise, networks and financial functions in key industries and fields. In addition, the Bank is actively engaged in further enhancing operation in which the Bank has expertise, rebuilding our real estate portfolio and securing profitability, expanding initiatives in the area of structured finance which is expected to grow, expanding our corporate revitalization business, working to make available the expertise of the Bank in collaboration with other financial institutions following the expiration of the Financial Facilitation Act, and enhancing and strengthening the Bank’s market solution capabilities. For corporate sector loans, we will look to increase loans by strengthening the institutional business organization and expanding our customer base, primarily through the “business participation approach” where the Bank works together with customers to resolve challenges they may face. In regards to the credit trading and private equity businesses, the Bank formed the Shinsei Principal Investments Group in July 2013, and by leveraging its management resources and accumulated expertise, the Bank will actively expand its business by improving its organizational efficiency and business sophistication. In the financial institutions business, we will promote business cooperation and a deepening of relationships through the provision of a wider range of transactions by providing multifaceted functions to financial institutions, and promote business alliances leveraging the Bank’s extensive network with financial institutions. For our overseas strategy, we will support the overseas expansion of our customers in cooperation with regional financial institutions and overseas local financial institutions. We will also focus on high-quality project finance initiatives in Europe and Oceania.

*(Individual Business)*

In the Bank’s operations for individual customers, we aim to increase the number of core customers that are able to freely use the Shinsei Bank Group’s companies’ products and services that fit their needs by providing multifaceted transactions in a wide range of areas including investments, settlements, loans and consulting, by leveraging the functions of the entire Shinsei Bank Group. In order to accomplish this, we aim to implement a new retail banking model by taking steps such as strengthening the cooperation between sales channels including branches, the call center and the internet and leveraging their strengths, providing products and services such as investment trusts and structured bonds from a consumer centric point of view ahead of our competition, and further improving consulting capabilities. We will also aim to expand and develop the loan business by improving our line up of mortgage products that better meet customer needs, establishing a position in the unsecured card loan market as a trusted lender, and further expanding our guarantee business in cooperation with regional financial institutions. In our overseas strategy, we will evaluate the provision of unsecured loans and installment sales credit to meet small lot financing needs in Asia where the middle class is growing, and evaluate how to meet the needs of domestic customers for overseas asset management products.

(Translation)

## *2. Reinforcement of risk management and the corporate governance system, and working to achieve a high level of transparency in management*

Shinsei Bank will optimally allocate management resources and establish a balanced management of our operations through the smooth implementation of Basel III (capital adequacy requirements in accordance with the Banking Act; Shinsei Bank utilizes an internal ratings based approach) by the Bank and its Group companies, and by enhancing risk management and accurately identifying risk and return. Additionally, in regards to Basel III, while Shinsei Bank is considered a domestic bank from a regulatory standpoint, it engages in management that is mindful of international standards and is working to put in place necessary frameworks and systems in order to accommodate the new standards.

Shinsei Bank employs a “Company with Audit & Supervisory Board” board model. The purpose of this corporate governance framework is to ensure appropriate managerial decision-making and business execution and to establish a corporate governance framework with sufficient organizational checking functions. The Bank achieves this through the following two key actions:

- 1) Consolidation of business execution authorities and responsibilities in the Board of Directors, the highest decision-making authority, and while subject to oversight by Outside Directors, establishing the broad direction of corporate strategy in meetings of the Board of Directors and creating an organizational environment which supports appropriate risk-taking by senior management; and
- 2) Assignment of auditing duty responsibilities, including the auditing and monitoring of the Board of Directors, to Audit & Supervisory Board Members and an Audit & Supervisory Board that are independent of business execution and the Board of Directors.

The Bank has adopted an Executive Officer system in order to ensure flexible daily business execution. Under this system, as well as the leadership of executive directors including the CEO, executive officers and business group heads entrusted by the Board of Directors will execute their operations in an efficient manner. In addition, based on the Board of Directors’ approval, the Bank established an Executive Committee consisting of executive directors and executive officers who are group heads, with a view to achieving swift and efficient business administration.

The Shinsei Bank Group intends to further enhance our legal compliance by strengthening its compliance system while giving ample consideration to customer protection in line with the Financial Instruments and Exchange Law (also known as J-SOX). While the Group is fully compliant with J-SOX, the Group will continue to improve its internal control systems and reinforce its audit function. Furthermore, as a listed company, the Group will continue to endeavor to perform disclosure in a timely, proper, and highly transparent manner for the benefit of investors.

Of the management infrastructure development initiative aimed at supporting the successful execution of the Second MTMP, Shinsei Bank recognizes that building a robust and stable IT system that operates smoothly is necessary for a financial institution which plays a role in social infrastructure and is recognized as an important management issue. The Bank will continue to focus investment of management resources in order to stabilize the operations of the current system as well as develop a stable and robust system in line with mid to long-term management policies.

## *3. Achievement of revitalization plan targets*

Shinsei Bank submitted a new “Plan for Restoring Sound Management” (the “Business Revitalization Plan”) to the Financial Services Agency in March 2015, taking into account the progression versus the previous Business Revitalization Plan and the economic environment. In the fiscal year ended March 31, 2015, as a result of undertaking business operations in line with the Second MTMP, which was made public at the end of March, 2013, the Bank recorded a nonconsolidated net business profit of 42.3 billion yen and a nonconsolidated net income of 45.7 billion yen, and results for both figures exceeded the targets established in the Business Revitalization Plan.

Going forward, the Bank will make necessary revisions the Business Revitalization Plan as it formulates its next MTMP.

The Bank recognizes its expected role in fulfilling social responsibilities as a financial institution with public funds, and in addition to fulfilling these responsibilities, all employees of the Bank will work in unified manner toward the achievement of business revitalization.

Going forward, we appreciate your continued understanding and support.

*Note*

*The description of item 3 does not refer to subsidiaries.*

(Translation)

## (2) Overview of Assets, Profit and Loss

### i. Overview of Assets, Profit and Loss of the Group

	(Hundred millions of yen)			
	Fiscal 2011 (12th Fiscal Period)	Fiscal 2012 (13th Fiscal Period)	Fiscal 2013 (14th Fiscal Period)	Fiscal 2014 (15th Fiscal Period)
Consolidated ordinary income	4,132	3,860	3,752	3,973
Consolidated ordinary profit	167	544	441	730
Consolidated net income	64	510	413	678
Consolidated comprehensive income	240	627	491	813
Consolidated total equity	6,276	6,836	7,225	7,537
Consolidated total assets	86,096	90,293	93,211	88,898

*Note*

*Figures have been truncated to the unit stated in all amounts shown above.*

### ii. Overview of Assets, Profit and Loss of the Bank

	(Hundred millions of yen)			
	Fiscal 2011 (12th Fiscal Period)	Fiscal 2012 (13th Fiscal Period)	Fiscal 2013 (14th Fiscal Period)	Fiscal 2014 (15th Fiscal Period)
Deposits	57,882	58,362	61,942	56,002
Time deposits	32,976	32,554	35,821	29,541
Other	24,905	25,808	26,120	26,461
Issuance of debentures	2,968	2,650	417	323
Coupon debenture	2,968	2,650	417	323
Discount debenture	—	—	—	—
Corporate bonds	2,122	2,207	2,218	1,484
Loans and bills discounted	41,026	42,244	42,357	42,229
To individuals	9,561	11,565	13,040	13,976
To small- and medium-sized businesses	16,580	15,835	15,187	13,380
Other	14,884	14,842	14,129	14,872
Trading assets	1,566	2,589	2,350	2,791
Trading liabilities	1,276	2,262	2,065	2,591
Securities	22,866	22,826	19,778	18,637
Japanese national government bonds	12,851	13,373	11,267	9,908
Other	10,015	9,452	8,510	8,729
Total assets	78,744	83,076	84,867	78,726
Total equity	6,441	6,658	6,994	7,367
Domestic exchange transactions	208,650	194,947	203,852	205,739
	<b>(Millions of dollars)</b>	<b>(Millions of dollars)</b>	<b>(Millions of dollars)</b>	<b>(Millions of dollars)</b>
Foreign exchange transactions	12,432	10,969	11,042	10,166
	<b>(Millions of yen)</b>	<b>(Millions of yen)</b>	<b>(Millions of yen)</b>	<b>(Millions of yen)</b>
Ordinary profits	18,119	25,710	37,667	47,851
	<b>(Millions of yen)</b>	<b>(Millions of yen)</b>	<b>(Millions of yen)</b>	<b>(Millions of yen)</b>
Net income	13,894	24,656	36,454	45,740
	<b>(yen)</b>	<b>(yen)</b>	<b>(yen)</b>	<b>(yen)</b>
Net income per share	5.23	9.29	13.73	17.23

*Notes*

- Figures have been truncated to the unit stated in all amounts shown above.*
- Deposits and other deposits include negotiable certificates of deposits.*
- While in fiscal year 2014 the balance of deposits decreased by 594.0 billion yen compared to the previous fiscal year, the Bank has maintained an adequate balance of deposits, primarily those of individual customers.*
- The bank has ceased its issuance of debentures on April 27, 2013 and transferred its outstanding balance of Zaikei debentures to Zaikei time deposits. In fiscal year 2013 the issuance of debentures has decreased by 223.3 billion yen compared to the previous fiscal year.*
- The bank's profitability continues to increase, and in fiscal year 2014 the Bank recorded a net income of 45.7 billion yen, an increase of 9.3 billion yen compared to the previous fiscal year.*

(Translation)

**(3) Employees on consolidated basis**

	End of this fiscal year	End of the previous fiscal year
Number of employees		
<b>Institutional Group</b>		
Institutional Business Sub-Group	381	366
Principal Transactions Sub-Group	148	152
Showa Leasing	522	511
Other Institutional Group	45	34
<b>Global Markets Group</b>		
Financial Institutions Sub-Group	70	70
Markets Sub-Group	68	67
Other Global Markets Group	139	123
<b>Individual Group</b>		
Retail Banking Sub-Group	702	623
Consumer Finance Sub-Group		
Shinsei Financial	1,019	1,005
APLUS FINANCIAL	1,383	1,347
Other	57	53
<b>Corporate / Other</b>		
Treasury Sub-Group	21	23
Other	745	690
<b>Total</b>	<b>5,300</b>	<b>5,064</b>

*Note*

*These numbers include overseas local employees.*

**(4) Status of Main Offices of the Group**

i. The Bank

1) Number of business offices

	End of this fiscal year		End of the previous fiscal year	
	(Annex)		(Annex)	
Hokkaido/Tohoku areas.....	2	(–)	2	(–)
Kanto area.....	19	(3)	21	(5)
(Tokyo).....	(12)	(1))	(12)	(1))
Chubu area.....	2	(–)	2	(–)
Kinki area.....	9	(4)	11	(6)
Chugoku/Shikoku/Kyushu areas.....	3	(–)	3	(–)
Domestic total.....	35	(7)	39	(11)
Overseas.....	–	(–)	–	(–)
Grand total .....	35	(7)	39	(11)

*Note*

*Unmanned branches for Lake business were installed at 763 locations by the end of this fiscal year. All ATMs located outside branches were abolished in this fiscal year.*

2) Newly established business offices in this fiscal year

None

3) List of agencies of the bank

None

4) Agent activities operated by the Bank

None

(Translation)

ii. Subsidiaries

1) Institutional Group

Main company name and main office location

<b>Company name</b>	<b>Name of office</b>	<b>Address</b>
Shinsei Trust & Banking Co., Ltd.	Head office	4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo
Shinsei Principal Investments Ltd.	Head office	9-7, Otemachi 1-chome, Chiyoda-ku, Tokyo
Showa Leasing Co., Ltd.	Head office	4-14, Koraku 1-chome, Bunkyo-ku, Tokyo

2) Global Markets Group

Main company name and main office location

<b>Company name</b>	<b>Name of office</b>	<b>Address</b>
Shinsei Securities Co., Ltd.	Head office	4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo
Shinsei Investment Management Co., Ltd.	Head office	4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo

3) Individual Group

Main company name and main office location

<b>Company name</b>	<b>Name of office</b>	<b>Address</b>
Shinsei Financial Co., Ltd.	Head office	7-7, Kajicho 1-chome, Chiyoda-ku, Tokyo
SHINKI Co., Ltd.	Head office	1-1, Higashi-ikebukuro 3-chome, Toshima-ku, Tokyo
APLUS FINANCIAL Co., Ltd.	Tokyo office	4-1, Shin-ogawa-machi, Shinjuku-ku, Tokyo



(Translation)

**(5) Facility Investment of the Group**

i. Total facility investment

<u>Business segment</u>	(Millions of yen)	
	<u>Amount</u>	
Shinsei Bank (Note 2).....	5,087	
<b>Subsidiaries</b>		
Institutional Group.....	1,082	
Global Markets Group .....	88	
Individual Group .....	4,347	
Corporate/Other .....	—	
<b>Total .....</b>	<b>10,605</b>	

*Notes*

1. Figures have been truncated to the unit stated in all amounts shown above.
2. This amount is the total amount invested in each business segment on a nonconsolidated basis.

ii. New establishment of important facilities

None

**(6) Important Parent Company and Subsidiaries**

i. Parent Company

None

ii. Subsidiaries

<u>Company Name</u>	<u>Address</u>	<u>Major business</u>	<u>Establishment date</u>	<u>Capital (millions of yen)</u>	<u>Percentage of voting rights of subsidiaries, etc. held by Shinsei Bank (%)</u>	<u>Other</u>
APLUS	Osaka City	Consumer credit	October 6, 1956	15,000	95.07	—
FINANCIAL Co., Ltd.	Osaka	business			(91.51)	
Showa Leasing Co., Ltd.	Bunkyo-ku, Tokyo	Leasing business	April 2, 1969	29,360	97.84	—
SHINKI Co., Ltd.	Toshima-ku, Tokyo	Consumer finance business	December 1, 1954	100	100.00 (100.00)	—
Shinsei Financial Co., Ltd.	Chiyoda-ku, Tokyo	Consumer finance business	June 3, 1991	100	100.00	—
Shinsei Trust & Banking Co., Ltd.	Chuo-ku, Tokyo	Trust business	November 27, 1996	5,000	100.00	—
Shinsei Securities Co., Ltd.	Chuo-ku, Tokyo	Securities business	August 11, 1997	8,750	100.00	—
Shinsei Principal Investments Ltd.	Chiyoda-ku, Tokyo	Financial instruments business	April 11, 2006	100	100.00	—

*Notes*

1. Fractions of amounts shown less than one million yen have been truncated.
2. Numbers included in parentheses in the “Percentage of voting rights of subsidiaries, etc. held by Shinsei Bank” column indicate indirect holdings.
3. Shinsei has 179 consolidated subsidiaries, including the major subsidiaries listed above, as well as 19 affiliated companies that are accounted for under the equity method.

(Translation)

### ***Summary of Important Business Alliances***

1. Shinsei Bank offers automated cash withdrawal services through the mutual use of ATMs under alliance relationships with the following financial institutions:

Commercial banks:

The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Mizuho Bank, Ltd.; Sumitomo Mitsui Banking Corporation; Resona Bank, Ltd.; Saitama Resona Bank, Ltd.

Trust and banking companies:

Sumitomo Mitsui Trust Bank, Ltd.; Mitsubishi UFJ Trust and Banking Corporation; Mizuho Trust & Banking Co., Ltd.

Others:

The Shoko Chukin Bank, Ltd.; Aozora Bank, Ltd.; TRI bank Kanagawa.

2. The Bank offers cash withdrawal and depository services through the mutual use of ATMs under an alliance with Japan Post Bank Co., Ltd.
3. The Bank offers cash withdrawal and depository services through ATMs operated by Seven Bank, Ltd., Lawson ATM Networks, Inc., and E-net Co., Ltd. These ATMs are installed primarily in convenience stores.
4. The Bank offers ATM services through “VIEW ALITTE” ATMs which are located throughout East Japan Railway Company railway stations under a partnership agreement with Viewcard Co., Ltd.
5. The Bank offers automated local currency cash withdrawal services through overseas ATMs in the PLUS network under alliance relationships with Visa Worldwide.
6. The Bank is introducing financial products and services to “T Members,” who are the users of “T Points,” a loyalty program provided by Culture Convenience Club Co., Ltd., under a business alliance agreement with Culture Convenience Club Co., Ltd.
7. The Bank has an alliance with APLUS Co., Ltd., a consolidated subsidiary, and has been processing applications for the Shinsei APLUS Card and the Shinsei APLUS Gold Card, a credit card issued by APLUS Co., Ltd.
8. The Bank entered into an agreement on consignment of guarantee with Shinsei Financial Co., Ltd., a consolidated subsidiary, which acts as a guarantor for “Shinsei Bank Card Loan – Lake,” an unsecured personal card loan service, from October, 2011.
9. The Bank has an Operational Alliance Agreement with The Towa Bank, Ltd.
10. The Bank has entered into a business partnership agreement with Shinkin Central Bank and Shinkin Capital Co., Ltd to provide business succession support for Shinkin Bank customers.
11. The Bank has signed a business alliance agreement on business cooperation regarding business matching and lending with Military Commercial Joint-Stock Bank, a major commercial bank in Vietnam.
12. The Bank has concluded a business agreement with Forval Corporation on business cooperation regarding business development support for small-and medium-sized enterprises (SMEs) entering into countries belonging to the Association of Southeast Asian Nations (ASEAN)
13. The Bank has signed a comprehensive business alliance with YES BANK, Limited, an Indian commercial bank. The alliance covers information-sharing, business matching, syndications, lending, investment banking, trade finance, remittances, treasury operations and other business in collaboration with YES BANK, Limited.

(Translation)

14. The Bank has signed a memorandum of understanding on broad business cooperation in areas such as business matching, loans, trade finance, advisory, and provision of financial instruments with Jih Sun Financial Holdings Co., Ltd. a Taiwanese equity-method affiliate of the Bank.
15. The Bank has signed a memorandum of understanding on a business alliance concerning institutional business with RHB Bank Berhad, a major commercial bank in Malaysia as its strategic partner.
16. The Bank has signed a memorandum of understanding on a business alliance concerning institutional business with CIMB Bank Berhad, a major commercial bank in Malaysia, and CIMB Investment Bank Berhad.

**(7) State of Business Transfer, etc.**

- i. Significant Business Transfer, Merger and Splitting, New Establishment and Splitting

None

- ii. Transfer of Business from Other Companies

None

- iii. Stock, Other Equities or Stock Acquisition (or Disposal) Rights of Other Companies

None

- iv. Material Succession of Rights and Obligations regarding Other Corporations' Businesses through Merger or Company Split

None

**(8) Other Important Items Regarding the Current State of the Group**

None

(Translation)

## 2. Matters Concerning Corporate Directors and Audit & Supervisory Board Members

### (1) Corporate Directors and Audit & Supervisory Board Members

(As of March 31, 2015)

Name	Position(s)/Responsibility (ies)	Important Concurrent Post(s)	Other(s)
Shigeki Toma	Representative Director, President and CEO	—	—
Yukio Nakamura	Representative Director, Deputy President	—	—
J. Christopher Flowers	Director (Outside)	Managing Director and Chief Executive Officer, J. C. Flowers & Co. LLC Member of the Advisory Board, The Kessler Group Chairman and Director, Flowers National Bank Member of the Supervisory Board, NIBC Holding N.V.	—
Ernest M. Higa	Director (Outside)	Chairman and Chief Executive Officer, Higa Industries Co., Ltd. Chief Executive Officer, Wendy's Japan Outside Director, JC Comsa Corporation Board of Overseers, Columbia Business School Board Member, The Tokyo New Business Conference Trustee, Japan Association of Corporate Executives	—
Shigeru Kani	Director (Outside)	Specially Appointed Professor, Yokohama College of Commerce	—
Jun Makihara	Director (Outside)	Chairman of the Board, Neoteny Co., Ltd. Outside Director, Monex Group, Inc.	—
Shinya Nagata	Audit & Supervisory Board Member	—	Mr. Nagata has extensive experience in the operational area of financial control and accounting and has a considerable level of knowledge of matters of finance and accounting.
Kozue Shiga	Audit & Supervisory Board Member (Outside)	Lawyer Outside Audit & Supervisory Board Member, Tokushu Tokai Paper, Co., Ltd. Outside Director, Toyoko Inn Co., Ltd.	—
Ryuichi Tomimura	Audit & Supervisory Board Member (Outside)	Executive Vice President, SIGMAXYZ Inc. Outside Director, Plan・Do・See Inc.	—

#### Notes

1. Outside Directors Ernest M. Higa, Shigeru Kani and Jun Makihara, and Outside Audit & Supervisory Board Members Kozue Shiga and Ryuichi Tomimura submitted an "independent director statement" (*dokuritsu-yakuin todokede-sho*) to the Tokyo Stock Exchange, Inc.
2. The Bank has adopted the Executive Officer system. As of March 31, 2015, there were 25 Executive Officers including those who also serve as Directors.

(Translation)

## (2) Compensation for Corporate Directors and Officers

Total Amount of Compensation, etc. for Corporate Directors and Officers for this Fiscal Year

Classification	Number of payees	Compensation, etc.	Remarks
Directors	8 (Of whom, 2 has already resigned)	156 million yen	
Audit & Supervisory Board Members	5 (Of whom, 2 has already resigned)	77 million yen	
Total	13 (Of whom, 4 has already resigned)	233 million yen	

### Notes

1. Figures have been truncated to the unit stated in all amounts shown above.
2. In the above categories, 2 Directors also work as Executive Officers.
3. The Bank does not pay performance-linked compensation to its Directors.
4. The 10th General Meeting of Shareholders held on June 23, 2010 adopted a resolution to set ceilings for the total amount of compensation, etc. paid to Directors at 180 million yen a year (including 50 million yen for outside Directors) and for the total amount of compensation, etc. paid to Audit & Supervisory Board members at 60 million yen a year. However, these amounts do not include salaries payable to Directors as the Bank's employees when they also work as the Bank's employees.
5. The provision for retirement benefits for directors and Audit & Supervisory Board members of 47 million yen for the fiscal year 2014 is included in the above (21 million yen for directors and 25 million yen for Audit & Supervisory Board members).
6. Based on the resolution passed at the 14th General meeting of Shareholders held on June 18, 2014, the Bank paid 11 million yen for retirement benefit to two Audit & Supervisory Board members, one of whom retired at the close of the 11th General meeting of Shareholders held on June 22, 2011, and the other retired at the close of the 14th General meeting of Shareholders held on June 18, 2014. The amount is included in 'Remuneration and Benefits' in the table above.

(Translation)

### 3. Matters concerning Outside Directors and Outside Audit & Supervisory Board Members

#### (1) Concurrent Posts and Other Details of Outside Directors and Outside Audit & Supervisory Board Members

Name	Concurrent Posts and Other Details	Relationship between the Bank and the company in question
J. Christopher Flowers	Managing Director and Chief Executive Officer (Executive Officer), J. C. Flowers & Co. LLC	Investors in private investment funds advised by J.C. Flowers & Co. LLC (JCF) are also investors in Shinsei through certain of the Bank's major shareholders that are also advised by JCF. The Bank has invested in private investment funds advised by JCF.
	Member of the Advisory Board, The Kessler Group	The Bank invests in The Kessler Group indirectly.
	Chairman and Director, Flowers National Bank	The Bank has no particular transactions with Flowers National Bank including shareholdings, etc.
	Member of the Supervisory Board, NIBC Holding N.V.	The Bank invests in NIBC Holding N.V. indirectly.
Ernest M. Higa	Chairman and Chief Executive Officer (Executive Officer), Higa Industries Co., Ltd.	The Bank has no particular transactions with Higa Industries Co., Ltd. including shareholdings, etc.
	Chief Executive Officer (Executive Officer), Wendy's Japan	The Bank has no particular transactions with Wendy's Japan including shareholdings, etc.
	Outside Director, JC Comsa Corporation	The Bank has no particular transactions with JC Comsa Corporation including shareholdings, etc.
	Board of Overseers, Columbia Business School	The Bank has no particular transactions with Columbia Business School including shareholdings, etc.
	Board Member, The Tokyo New Business Conference	The Bank has no particular transactions with The Tokyo New Business Conference including shareholdings, etc.
	Trustee, Japan Association of Corporate Executives	The Bank has no particular transactions with Japan Association of Corporate Executives including shareholdings, etc.
Shigeru Kani	Specially Appointed Professor, Yokohama College of Commerce	The Bank has no particular transactions with Yokohama College of Commerce including shareholdings, etc.
Jun Makihara	Chairman of the Board (Executive Officer), Neoteny Co., Ltd.	The Bank has no particular transactions with Neoteny Co., Ltd. including shareholdings, etc.
	Outside Director, Monex Group, Inc.	The Bank extends loans to Monex Group, Inc. The Bank has no other relationship, including shareholdings, etc.
	Outside Director, Philip Morris International Inc.	The Bank has no particular transactions with Philip Morris International Inc. including shareholdings, etc.
Kozue Shiga	Outside Audit & Supervisory Board Member, Tokushu Tokai Paper, Co., Ltd.	The Bank has no particular transactions with Tokushu Tokai Paper, Co., Ltd. including shareholdings, etc.
	Outside Director, Toyoko Inn Co., Ltd.	The Bank has no particular transactions with Toyoko Inn Co., Ltd. including shareholdings, etc.
Ryuichi Tomimura	Executive Vice President (Executive Officer), SIGMAXYZ Inc.	The Bank has no particular transactions with SIGMAXYZ Inc. including shareholdings, etc.
	Outside Director, Plan・Do・See Inc.	The Bank has no particular transactions with Plan・Do・See Inc. including shareholdings, etc.

(Translation)

**(2) Major Activities of Outside Directors and Outside Audit & Supervisory Board Members**

<b>Name</b>	<b>Term of Office</b>	<b>Participation in Meetings of Board of Directors etc.</b>	<b>Remarks at Meetings of Board of Directors etc. and Other Activities</b>
J. Christopher Flowers	14 years as an Outside Director and 1 year as a Director (Non-executive)	Participated in all eight meetings of the Board of Directors held during this fiscal year	Provided timely and necessary remarks and advice on general agenda items and deliberations based upon his wide-ranging financial knowledge.
Ernest M. Higa	1 year 9 months	Participated in all eight meetings of the Board of Directors held during this fiscal year	Provided timely and necessary remarks and advice on agenda items and deliberation based upon his extensive knowledge regarding business for consumers and his experience as an executive officer.
Shigeru Kani	10 years 9 months	Participated in all eight meetings of the Board of Directors held during this fiscal year	Provided timely and necessary remarks and advice on agenda items and deliberations in terms of risk management – his specialty.
Jun Makihara	3 years 9 months	Participated in all eight meetings of the Board of Directors held during this fiscal year	Provided timely and necessary remarks and advice on general agenda items based upon his wide-ranging financial knowledge.
Kozue Shiga	4 years 9 months	Participated in all eight meetings of the Board of Directors and all twelve meetings of the Audit & Supervisory Board held during this fiscal year	Provided necessary remarks and advice on agenda items and deliberations mainly from her special viewpoint as a lawyer and experienced outside auditor and director of other companies.
Ryuichi Tomimura	9 months	Participated in six out of seven meetings of the Board of Directors and all nine meetings of the Audit & Supervisory Board held during this fiscal year after assuming office in June 2014	Provided necessary remarks and advice on general agenda items and deliberations with extensive experience and wide range of knowledge including information system as a management executive and a consultant.

The Bank received a citation and corrective action guidance from the Ikebukuro Labor Standards Supervision Office on October 30, 2014, regarding the payment of additional wages for overtime work. The Outside Directors and the Outside Audit & Supervisory Board Members above regularly drew the Bank's attention to thorough compliance of laws.

In addition, after this fact was revealed, they called for further strengthening of compliance system of laws such as the Labor Standards Act, and made other necessary actions.

**(3) Agreement for Limitation on Liability**

<b>Name</b>	<b>Overview of Contents of Agreement for Limitation on Liability</b>
J. Christopher Flowers Ernest M. Higa Shigeru Kani Jun Makihara Kozue Shiga Ryuichi Tomimura	The Outside Directors and the Outside Audit & Supervisory Board Members' liability for any damage caused through neglect of their duties and responsibilities shall be limited under Article 427, Paragraph 1 of the Corporation Act. If the Bank suffers damage as a result of such neglect, the Outside Directors and the Outside Audit & Supervisory Board Members shall be liable up to the lowest maximum liability provided for in Article 425, Paragraph 1 of the Corporation Act, provided that there should be no willful misconduct or gross negligence involved in their duties and responsibilities.

(Translation)

**(4) Compensation for Outside Directors and Outside Audit & Supervisory Board Members**

	Number of payees	Compensation, etc. received from the Bank	Compensation, etc. received from the Bank's parent company
Total compensation, etc. for Outside Directors and Outside Audit & Supervisory Board Members	9 persons (Of whom, 3 has already resigned)	89 million yen	—

*Note*

1. *Figures have been truncated to the unit stated in all amounts shown above.*
2. *The Bank does not pay performance-linked compensation to its Directors.*
3. *The provision for retirement benefits for directors and Audit & Supervisory Board members of 28 million yen for FY 2014 is included in the above (21 million yen for directors and 7 million yen for Audit & Supervisory Board members).*
4. *Based on the resolution passed at the 14th General meeting of Shareholders held on June 18, 2014, the Bank paid 5 million yen for retirement benefit to one Audit & Supervisory Board member, who retired at the close of the 14th General meeting of Shareholders held on June 18, 2014. The amount is included in 'Remuneration and Benefits' in the table above.*

**(5) Opinions from Outside Directors and Outside Audit & Supervisory Board Members**

None



(Translation)

#### 4. Matters concerning Shares of the Bank

##### (1) The Number of Shares

- Aggregate number of shares authorized to be issued

4,000,000 (thousand shares)

- Aggregate number of shares issued

2,750,346 (thousand shares)

*Note*

*The number of shares shown has been rounded down to thousands of shares.*

##### (2) The Number of Shareholders at the End of the Fiscal Year

38,081

##### (3) Major Shareholders

Shareholder's name	Investment in the Bank	
	Number of shares (thousand)	Shareholding percentage
SATURN IV SUB LP (JPMCB 380111)	323,680	12.19%
Deposit Insurance Corporation of Japan	269,128	10.14%
The Resolution and Collection Corporation	200,000	7.53%
The Master Trust Bank of Japan, Ltd. (Trust Account)	151,446	5.70%
SATURN JAPAN III SUB C. V. (JPMCB 380113)	110,449	4.16%
Japan Trustee Service Bank, Ltd. (Trust Account)	105,053	3.95%
JP MORGAN CHASE BANK 380055	92,773	3.49%
JAMES CHRISTOPHER FLOWERS 380603	76,742	2.89%
CREDIT SUISSE SECURITIES (USA) LLC SPCL. FOR EXCL. BEN	47,695	1.79%
EUROCLEAR BANK S.A./N.V.	45,813	1.72%

*Notes*

1. *The number of shares shown has been rounded down to thousands of shares.*

2. *Shareholding percentages have been calculated by deducting treasury shares (96,428 thousand shares) from the denominator and rounding down to the second decimal place.*

3. *The Bank has been notified that the shares under the name "JAMES CHRISTOPHER FLOWERS 380603" are substantially held by Mr. J. Christopher Flowers, a director of the Bank.*

(Translation)

## 5. Stock Acquisition Rights of the Bank

### (1) Stock acquisition rights of the Bank owned by the Directors, Outside Directors, and Audit & Supervisory Board Members of the Bank as of the end of the fiscal year ended March 31, 2015.

	5th Issuance of Stock Acquisition Rights	7th Issuance of Stock Acquisition Rights
Date of resolution at Board of Directors meeting	June 24, 2005	June 24, 2005
Issue date	June 27, 2005	June 27, 2005
Number of stock acquisition rights issued	4,826	1,255
Holdings by Directors (excluding Outside Directors)	4 / 1 person	2 / 1 person
Holdings by Outside Directors	50 / 2 persons	-
Holdings by Audit & Supervisory Board Members	3 / 1 person	-
Class and number of shares that can be purchased through the exercise of stock acquisition rights	Common stock/ 2,031,000 shares (1,000 shares per stock acquisition right)	Common stock/ 434,000 shares (1,000 shares per stock acquisition right)
Per-share amount to be paid upon exercise of stock acquisition rights	601 yen	601 yen
Exercise period of stock acquisition rights	From July 1, 2007 to June 23, 2015	From July 1, 2007 to June 23, 2015
Conditions for exercising stock acquisition rights	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise up to half of these rights between July 1, 2007 and June 30, 2008 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the annual general meeting of shareholders for the fifth term and the Board of Directors meeting held on the day shown above.</p>	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise their rights after July 1, 2008. They may exercise up to half of these rights between July 1, 2008 and June 30, 2010 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the annual general meeting of shareholders for the fifth term and the Board of Directors meeting held on the day shown above.</p>
Favorable terms	Stock Acquisition Rights that have been issued without charge.	

(Translation)

	<b>13th Issuance of Stock Acquisition Rights</b>	<b>15th Issuance of Stock Acquisition Rights</b>
Date of resolution at Board of Directors meeting	May 23, 2006	May 23, 2006
Issue date	May 25, 2006	May 25, 2006
Number of stock acquisition rights issued	5,342	1,439
Holdings by Directors (excluding Outside Directors)	4 / 1 person	2 / 1 person
Holdings by Outside Directors	50 / 2 persons	-
Holdings by Audit & Supervisory Board Members	3 / 1 person	-
Class and number of shares that can be purchased through the exercise of stock acquisition rights	Common stock/ 1,948,000 shares (1,000 shares per stock acquisition right)	Common stock/ 428,000 shares (1,000 shares per stock acquisition right)
Per-share amount to be paid upon exercise of stock acquisition rights	825 yen	825 yen
Exercise period of stock acquisition rights	From June 1, 2008 to June 23, 2015	From June 1, 2008 to June 23, 2015
Conditions for exercising stock acquisition rights	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise up to half of these rights between June 1, 2008 and May 31, 2009 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the annual general meeting of shareholders for the fifth term and the Board of Directors meeting held on the day shown above.</p>	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise their rights after June 1, 2009. They may exercise up to half of these rights between June 1, 2009 and May 31, 2011 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the annual general meeting of shareholders for the fifth term and the Board of Directors meeting held on the day shown above.</p>
Favorable terms	Stock Acquisition Rights that have been issued without charge.	

(Translation)

	17th Issuance of Stock Acquisition Rights	20th Issuance of Stock Acquisition Rights
Date of resolution at Board of Directors meeting	May 9, 2007	May 14, 2008
Issue date	May 25, 2007	May 30, 2008
Number of stock acquisition rights issued	3,306	2,830
Holdings by Directors (excluding Outside Directors)	-	-
Holdings by Outside Directors	20 / 2 persons	20 / 2 persons
Holdings by Audit & Supervisory Board Members	-	-
Class and number of shares that can be purchased through the exercise of stock acquisition rights	Common stock/ 1,224,000 shares (1,000 shares per stock acquisition right)	Common stock/ 1,139,000 shares (1,000 shares per stock acquisition right)
Per-share amount to be paid upon exercise of stock acquisition rights	555 yen	416 yen
Exercise period of stock acquisition rights	From June 1, 2009 to May 8, 2017	From June 1, 2010 to May 13, 2018
Conditions for exercising stock acquisition rights	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise up to half of these rights between June 1, 2009 and May 31, 2011 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the annual general meeting of shareholders for the sixth term and the Board of Directors meeting held on the day shown above.</p>	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise up to half of these rights between June 1, 2010 and May 31, 2012 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the annual general meeting of shareholders for the seventh term and the Board of Directors meeting held on the day shown above.</p>
Favorable terms	Stock Acquisition Rights that have been issued without charge.	

(2) **Stock Acquisition Rights of the Bank issued to employees, etc. during the fiscal year ended March 31, 2015**  
None

(Translation)

## 6. Matters concerning the Bank's Independent Accounting Auditor

### (1) The Bank's Independent Accounting Auditor

Name	Fees for This Fiscal Year (millions of yen)		Others
Deloitte	Audit certification business	396	Business other than audit certification business includes research and reporting on internal control systems for capital adequacy ratios.
Touche Tohmatsu	Business other than audit certification business	19	
LLC	Total fees	416	

Notes

1. Kazutoshi Kogure, Hidetaka Hayakawa, Hiroyuki Hamahara, and Akihiko Uchida are managing partners.
2. The audit certification business is the business that falls under Article 2, Paragraph 1 of the Certified Public Accountant Law.
3. Compensation for independent accounting auditors of the Bank and the consolidated subsidiaries of the Bank for this fiscal year is as follows.

Fees for This Fiscal Year (millions of yen)		
	Audit certification business	762
	Business other than audit certification business	24
Total fees		787

### (2) Agreement for Limitation on Liability

None

### (3) Other Matters Concerning the Bank's Independent Accounting Auditor

#### i) Policy to determine dismissal or non-reassignment of independent accounting auditor

The Audit & Supervisory Board has a policy to discuss the dismissal or non-reassignment of the independent accounting auditor if it falls under any of the provisions in each item of Article 340, Paragraph 1 of the Corporation Act.

In addition, the Audit & Supervisory Board's determines the agenda regarding the dismissal or non-reassignment of the independent accounting auditor to the General Meeting of Shareholders, if it is certain that the independent accounting auditor cannot exercise its duties properly or as otherwise demanded necessary. And then the Board of Directors submits the Agenda to the General Meeting of Shareholders based on the Audit & Supervisory Board's resolution.

#### ii) Policy concerning exercise of authorities granted to the Board of Directors in accordance with the provisions of the Articles of Incorporation under the provision of Article 459, Paragraph 1 of the Corporation Act.

We plan to exercise the authorities granted to the Board of Directors in accordance with Article 36 of our Articles of Incorporation under the provision of Article 459, Paragraph 1 of the Corporation Act from the viewpoint of flexible and agile capital policy implementation, taking into consideration the soundness, stability and efficiency of finance.

## 7. Basic Policy for Persons Who Determine Financial and Business Policies

None

(Translation)

## 8. Systems to Ensure Business Relevance

As for the systems to ensure business relevance (internal control systems) to be resolved by the Board of Directors in accordance with Article 362, Paragraph 4, Item 6 of the Corporation Act and Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Corporation Act, we provide for those matters in detail mainly in the “Internal Control Rules” and their related rules pursuant to the Board of Directors’ resolutions. The executive directors and executive officers are required to establish and operate the internal control system for their respective businesses, and all the executive directors, executive officers and employees are required to follow them. The status of our internal control systems is verified and the policy of building adequate internal control systems is resolved regularly at the Board of Directors. In FY2014, the Board of Directors has resolved the policy in accordance with the revisions of the Corporation Act effective on May 1, 2015. The outline of the system is as follows.

- (1) Systems to ensure that the Bank’s directors and employees perform their duties and responsibilities in conformity with the applicable laws, ordinances, regulations and the Articles of Incorporation (Article 362, Paragraph 4, Item 6 of the Corporation Act; Article 100, Paragraph 1, Item 4 of the Enforcement Regulations of the Corporation Act)

We have established the “Shinsei Bank Code of Conduct” (“Code of Conduct”) as a base for systems to ensure that the directors and employees of the Bank perform their duties and responsibilities in conformity with applicable laws, ordinances, regulations, and the Articles of Incorporation, and all directors and employees must comply with it.

The Code of Conduct requires that the letter and spirit of all applicable laws, rules and regulations, and internal rules be adhered to, and stipulates an obligation to report violations. The Code of Conduct prescribes the rules for respecting human rights, sincere and fair business activities, and behavior as an individual. The Bank requires all the directors and employees to regularly pledge and affirm that they understand and have been complying with the Code of Conduct in writing and by other means.

- (2) Systems for retention and management of information regarding the execution of the duties and responsibilities of directors of the Bank (Article 100, Paragraph 1, Item 1 of the Enforcement Regulations of the Corporation Act)

We must retain and manage the information regarding the performance by the Bank’s directors of their duties and responsibilities with the due care required for each type of storage media so that it is not divulged, and we must also provide it to the Audit & Supervisory Board Members of the Bank from time to time upon their request. In addition, we must manage information regarding the performance of the duties and responsibilities of the Bank’s directors and employees pursuant to the “Information Security Policy” established by the Bank.

The objectives of the “Information Security Policy” are to recognize information as an important asset and appropriately manage and protect information assets. Under this Policy, various information assets are to be prepared and stored in compliance with various internal rules and appropriately managed in a manner suited to their characteristics. Their confidentiality, integrity and availability are ensured so that only those who are authorized can access the information when required. This Policy stipulates compliance when handling information, the principle of minimum disclosure, introduction and operation of the information security framework, classification and management of information assets, and education and training.

- (3) Regulations and other systems concerning the management of risk of losses for the Bank (Article 100, Paragraph 1, Item 2 of the Enforcement Regulations of the Corporation Act)

The “Risk Management Policy” has been prescribed as the basis for managing the risk of losses for the Bank, and we have constructed the risk management system based on the Policy.

(Translation)

The basic policy for monitoring the total risks held by the Bank and the Bank Group and actively managing them has been determined in the “Risk Management Policy,” and the system for the risk control is based on the integration of the “macro approach” (distribution and evaluation of capital and resources by the management organization) and the “standardized operation management framework” (a progressively decentralized transaction approval process). The Policy stipulates as the specific “operation management framework” 1) risk classifications including credit risks, market risks, liquidity risks, operational risks, and investment risks, 2) formation, objectives, missions, and functions of various committee organizations responding to risks including the Risk Policy Committee, Transaction Committee, Doubtful Debt Committee, ALM Committee, Market Business Management Committee, and New Business and Product Committee and 3) functions, roles and responsibilities of the Risk Management Group. Under this Policy, various internal rules have been prepared, and risks are to be managed by each section in charge and each Committee.

Moreover, the Business Continuity Management Committee was established and various rules on the business continuity framework have been set forth in order to enable preparedness against large-scale disasters, accidents, or interruptions in the Bank’s operations. These measures are aimed at ensuring a framework for continuing important operations and fulfilling, to the maximum extent possible, our duties to customers and society.

- (4) Systems to ensure that the Bank’s directors efficiently perform their duties and responsibilities (Article 100, Paragraph 1, Item 3 of the Enforcement Regulations of the Corporation Act)

The Bank has adopted the executive officer system in order to ensure timely and efficient execution of daily business. Under the direction of the executive directors headed by the Director and President, business is to be undertaken by executive officers and Group Heads who are each delegated authority by the Board of Directors to undertake operations for which they are responsible in accordance with the “Regulations of Business Execution.”

The “Regulations of Business Execution” provide for basic matters to ensure the efficient execution of the duties and responsibilities of the executive directors and executive officers including the legal compliance, duty of care of a good manager and duty of loyalty, duty not to compete, prohibition of actions in conflict of interest, duty of reporting to the Board of Directors, responsive actions to be taken if significant damage is likely to be caused to the Bank, storage and management of information for the execution of duties and responsibilities, establishment of the Executive Committee (composed of executive officers, such as executive directors and Group Heads and established as a body to allow the President to make decisions on business execution matters), duties and authorities of executive directors and executive officers, and the selection and dismissal of them.

- (5) Systems to ensure business relevance of the corporate group consisting of the Bank and its parent company and subsidiaries (Article 362, Paragraph 4, Item 6 of the Corporation Act, Article 100, Paragraph 1, Item 5 of the Enforcement Regulations of the Corporation Act)

To ensure our business operations are consistent with our overall management policies, business plans, and risk and compliance control, we have determined the division in charge of each subsidiary and affiliated company, and established systems in which the divisions in charge of subsidiaries and affiliated companies instruct and manage the overall management of each subsidiary and affiliated company. In addition, we conduct the management instruction and control of our subsidiaries and affiliated companies in accordance with our “Subsidiaries and Affiliates Policy.”

The objective of the “Subsidiaries and Affiliates Policy” is to maximize our group value clarifying the following three responsibilities with respect to the management of subsidiaries and affiliated companies; 1) supporting and guiding the subsidiaries and affiliated companies in their autonomous management, while ensuring that their initiatives are consistent with the Bank’s strategy and goals as a whole, 2) assisting the subsidiaries and affiliated companies in managing risks and their operations in line with the Bank’s standards, and giving them guidance on improving operational efficiency, and 3) ensuring that the subsidiaries and affiliated companies comply with various rules (including firewall rules) and maintain their reputation and establish appropriate internal controls. In order to ensure appropriateness of the businesses of the Shinsei Bank Group as a whole, the Policy provides for the management instruction and control of the subsidiaries and affiliated companies including the roles and responsibilities of the divisions in charge of subsidiaries and affiliated companies and other related divisions of the

(Translation)

Bank, items to be approved by the Executive Committee, responsibilities of subsidiaries and affiliated companies, responsibilities of our directors and employees involved with our subsidiaries and affiliated companies, and other responsibilities of our directors and employees.

- (6) Matters concerning employees with the duties and responsibilities to support the Audit & Supervisory Board Members of the Bank and matters concerning ensuring the effectiveness of instructions given by the Audit & Supervisory Board Members of the Bank to the employees (Article 100, Paragraph 3, Item 1 and 3 of the Enforcement Regulations of the Corporation Act)

It is stipulated that the Office of Audit & Supervisory Board Members is established to assist in the performance of the duties and responsibilities of the Audit & Supervisory Board Members of the Bank and that the employees belonging to the Office of Audit & Supervisory Board Members are employees who should assist in the duties and responsibilities of the Audit & Supervisory Board Members (“Assistants”). The Assistants have an obligation to comply with directions and orders from the Audit & Supervisory Board Members and to report to the Audit & Supervisory Board Members on the results of their businesses.

- (7) Matters concerning the independence of employees from the Bank’s directors provided for in the previous paragraph (Article 100, Paragraph 3, Items 2 of the Enforcement Regulations of the Corporation Act)

The Office of Audit & Supervisory Board Members, which is established as an independent organization from each director of the Bank and their business execution line, directly reports to the Bank’s Audit & Supervisory Board Members. In addition, the appointment, removal, reassignment, or other important matters concerning employment shall be decided with the prior consent of the Audit & Supervisory Board. Revisions of wages and other remuneration for the Assistants are also subject to the prior consent of the Audit & Supervisory Board.

- (8) Systems listed below and other systems concerning reporting to the Audit & Supervisory Board Members of the Bank (Article 100, Paragraph 3, Item 4 of the Enforcement Regulations of the Companies Act)

- i. It is stipulated that the directors and employees of the Bank shall, when they have found any fact that could cause significant damage to the Bank, report without delay to the Audit & Supervisory Board Members of the Bank the matters concerning such a fact and other matters prescribed by the Bank’s Board of Directors or Audit & Supervisory Board.
- ii. It is stipulated that the directors, Audit & Supervisory Board members and employees of a subsidiary of the Bank shall, when they have found any fact that could cause significant damage to the subsidiary of the Bank, report without delay to the Audit & Supervisory Board Members of the Bank matters concerning such a fact and other matters prescribed by the Bank’s Board of Directors or Audit & Supervisory Board.
- iii. The directors and employees of the Bank and the directors, Audit & Supervisory Board members and employees of the subsidiary of the Bank who have received a report on matters prescribed in each of the preceding items shall report such matters without delay to the Audit & Supervisory Board Members of the Bank.
- iv. In addition to each of the preceding items, it is stipulated that the whistle-blowing system and reports made under the said system to the Audit & Supervisory Board Members of the Bank by the directors and employees of the Bank and the directors, Audit & Supervisory Board members and employees of a subsidiary of the Bank shall be handled appropriately pursuant to the “Compliance Hotline Procedure.”

- (9) Systems to ensure that people who made a report under the preceding paragraph are not treated disadvantageously on the ground they made the said report (Article 100, Paragraph 3, Item 5 of the Enforcement Regulations of the Corporation Act)

It is stipulated that the person who made a report that falls under the preceding paragraph shall not be treated disadvantageously in relation to his/her employment conditions and other matters on the ground that the said person made the said report.



(Translation)

- (10) Procedures for advance payment or refund of expenses incurred in the execution of duties by the Audit & Supervisory Board Members of the Bank and matters concerning the policy for handling other expenses or obligations incurred in the execution of such duties (Article 100, Paragraph 3, Item 6 of the Enforcement Regulations of the Corporation Act)

It is stipulated that the Bank shall promptly process such expenses or debts unless these expenses or debts are recognized as unnecessary to execute these Audit & Supervisory Board Members' duties when the Audit & Supervisory Board Members make request for the advance payment of expenses to be incurred by the Audit & Supervisory Board Members' execution of their duties or make request for other payments as set forth in each item of Article 388 of the Corporation Act, And it is stipulated that the Audit & Supervisory Board Members of the Bank may, as necessary, retain outside experts at the expense of the Bank within the scope permitted by laws.

- (11) Other systems to ensure that audits by the Audit & Supervisory Board Members of the Bank are performed effectively (Article 100, Paragraph 3, Item 7 of the Enforcement Regulations of the Corporation Act)

It is stipulated that the directors and employees of the Bank shall cooperate with the audits by the Audit & Supervisory Board Members and shall not take actions that obstruct such audits.

- (12) Others

We declare in "The Charter of Corporate Ethics" pursuant to the Board of Directors' resolutions that we will take a firm and resolute stand against antisocial forces which threaten the order and security of our society, and we will consistently prevent illegal interference by such antisocial forces and completely exclude and eliminate any relationships with antisocial forces.

In order to verify the effectiveness of the above-mentioned internal control system, the Internal Audit Division conducts internal audits in accordance with the "Internal Audit Policy" determined by the Board of Directors, after obtaining approval from the Audit & Supervisory Board and President, and reports the audit results to the President and the Audit & Supervisory Board.

**9. Matters Concerning Accountants**

None

**10. Others**

None

(Translation)

**Consolidated Balance Sheet**

Shinsei Bank, Limited, and Consolidated Subsidiaries

As of March 31, 2015

	Millions of yen
<b>ASSETS</b>	
Cash and due from banks	¥881,776
Call loans and bills bought	30,000
Receivables under resale agreements	53,216
Receivables under securities borrowing transactions	8,750
Other monetary claims purchased	93,412
Trading assets	317,399
Monetary assets held in trust	233,918
Securities	1,477,352
Loans and bills discounted	4,461,281
Foreign exchanges	18,537
Lease receivables and leased investment assets	227,047
Other assets	788,647
Premises and equipment	46,285
Buildings	17,174
Land	3,949
Tangible leased assets as lessor	17,615
Construction in progress	465
Other premises and equipment	7,079
Intangible assets	49,655
Software	19,437
Goodwill	23,197
Intangible leased assets as lessor	3
Intangible assets acquired in business combinations	6,350
Other intangible assets	667
Assets for retirement benefits	3,625
Deferred issuance expenses for debentures	12
Deferred tax assets	15,373
Customers' liabilities for acceptances and guarantees	291,795
Reserve for credit losses	(108,232)
<b>Total assets</b>	<b>¥8,889,853</b>
<b>LIABILITIES AND EQUITY</b>	
<b>Liabilities:</b>	
Deposits	¥5,367,167
Negotiable certificates of deposit	85,565
Debentures	32,300
Call money and bills sold	230,000
Payables under repurchase agreements	29,152
Payables under securities lending transactions	103,369
Trading liabilities	267,976
Borrowed money	805,217
Foreign exchanges	27
Short-term corporate bonds	96,000
Corporate bonds	157,505
Other liabilities	481,359
Accrued employees' bonuses	8,774
Accrued directors' bonuses	88
Liabilities for retirement benefits	8,749
Reserve for directors' retirement benefits	95
Reserve for losses on interest repayments	170,250
Deferred tax liabilities	694
Acceptances and guarantees	291,795
<b>Total liabilities</b>	<b>8,136,091</b>
<b>Equity:</b>	
<b>Shareholders' equity:</b>	
Common stock	512,204
Capital surplus	79,461
Retained earnings	209,419
Treasury stock, at cost	(72,558)
<b>Total shareholders' equity</b>	<b>728,526</b>
<b>Accumulated other comprehensive income:</b>	
Unrealized gain (loss) on available-for-sale securities	10,830
Deferred gain (loss) on derivatives under hedge accounting	(11,501)
Foreign currency translation adjustments	3,682
Defined retirement benefit plans	(515)
<b>Total accumulated other comprehensive income</b>	<b>2,496</b>
Stock acquisition rights	1,211
Minority interests	21,528
<b>Total equity</b>	<b>753,762</b>
<b>Total liabilities and equity</b>	<b>¥8,889,853</b>

(Translation)

## Consolidated Statement of Income

Shinsei Bank, Limited, and Consolidated Subsidiaries  
For the fiscal year ended March 31, 2015

	Millions of yen
<b>ORDINARY INCOME</b>	¥397,394
Interest income	148,626
Interest on loans and bills discounted	125,085
Interest and dividends on securities	20,713
Interest on call loans and bills bought	142
Interest on receivables under resale agreements	174
Interest on receivables under securities borrowing transactions	8
Interest on deposits with banks	1,289
Other interest income	1,212
Fees and commissions income	45,869
Trading income	11,716
Other business income	154,695
Other ordinary income	36,485
Recoveries of written-off claims	8,056
Other	28,428
<b>ORDINARY EXPENSES</b>	324,311
Interest expenses	22,164
Interest on deposits	10,749
Interest on negotiable certificates of deposit	107
Interest on debentures	48
Interest on call money and bills sold	180
Interest on payables under repurchase agreements	12
Interest on payables under securities lending transactions	243
Interest on borrowings	4,730
Interest on short-term corporate bonds	416
Interest on corporate bonds	5,175
Other interest expenses	499
Fees and commissions expenses	21,171
Trading losses	189
Other business expenses	99,715
General and administrative expenses	152,895
Amortization of goodwill	5,780
Amortization of intangible assets acquired in business combinations	2,832
Other general and administrative expenses	144,282
Other ordinary expenses	28,175
Provision of reserve for credit losses	15,060
Other	13,114
<b>ORDINARY PROFIT</b>	73,082
Extraordinary gains	1,357
Gain on disposal of premises and equipment	1,203
Other extraordinary gains	153
Extraordinary losses	1,679
Loss on disposal of premises and equipment	211
Impairment losses	1,415
Other extraordinary losses	52
Income before income taxes and minority interests	72,760
Income taxes (benefit) - current	2,450
Income taxes (benefit) - deferred	908
Total income taxes (benefit)	3,358
Income before minority interests	69,402
Minority interests in net income of subsidiaries	1,528
<b>NET INCOME</b>	¥67,873

(Translation)

**Consolidated Statement of Changes in Equity**Shinsei Bank, Limited, and Consolidated Subsidiaries  
For the fiscal year ended March 31, 2015

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock at cost	Total shareholders' equity
Balance at beginning of the year (Millions of yen)	¥512,204	¥79,461	¥146,002	(¥72,558)	¥665,110
Cumulative effects of changes in accounting policies			(1,799)		(1,799)
Restated balance	512,204	79,461	144,203	(72,558)	663,311
Changes during the year					
Dividends			(2,653)		(2,653)
Net income			67,873		67,873
Purchase of treasury stock				(0)	(0)
Decrease by inclusion of consolidated subsidiaries			(0)		(0)
Decrease by exclusion of consolidated subsidiaries			(2)		(2)
Net changes during the year excluding shareholders' equity					
Total changes during the year	—	—	65,215	(0)	65,215
Balance at end of the year (Millions of yen)	¥512,204	¥79,461	¥209,419	(¥72,558)	¥728,526

	Accumulated other comprehensive income					Stock acquisition rights	Minority interests	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total accumulated other comprehensive income			
Balance at beginning of the year (Millions of yen)	¥6,288	(¥8,769)	¥267	(¥5,195)	(¥7,409)	¥1,221	¥63,667	¥722,590
Cumulative effects of changes in accounting policies				(648)	(648)			(2,447)
Restated balance	6,288	(8,769)	267	(5,844)	(8,057)	1,221	63,667	720,142
Changes during the year								
Dividends								(2,653)
Net income								67,873
Purchase of treasury stock								(0)
Decrease by inclusion of consolidated subsidiaries								(0)
Decrease by exclusion of consolidated subsidiaries								(2)
Net changes during the year excluding shareholders' equity	4,541	(2,731)	3,414	5,328	10,553	(10)	(42,139)	(31,595)
Total changes during the year	4,541	(2,731)	3,414	5,328	10,553	(10)	(42,139)	33,620
Balance at end of the year (Millions of yen)	¥10,830	(¥11,501)	¥3,682	(¥515)	¥2,496	¥1,211	¥21,528	¥753,762

(Translation)

## Nonconsolidated Balance Sheet

Shinsei Bank, Limited

As of March 31, 2015

	Millions of yen
<b>ASSETS</b>	
Cash and due from banks	¥808,296
Cash	4,096
Due from banks	804,199
Call loans	30,000
Receivables under resale agreements	53,216
Other monetary claims purchased	185,707
Trading assets	279,159
Derivatives for securities held to hedge trading transactions	66,142
Trading-related financial derivatives	213,016
Monetary assets held in trust	166,285
Securities	1,863,774
Japanese national government bonds	990,810
Japanese local government bonds	514
Japanese corporate bonds	83,901
Equity securities	396,967
Other securities	391,580
Valuation allowance for investments	(3,370)
Loans and bills discounted	4,222,922
Bills discounted	873
Loans on bills	34,628
Loans on deeds	3,615,118
Overdrafts	572,303
Foreign exchanges	18,537
Due from foreign banks	15,380
Foreign bills bought	42
Foreign bills receivable	3,113
Other assets	253,808
Prepaid expenses	2,221
Accrued income	8,818
Margin on futures transactions	7,076
Suspense payment on futures transactions	1,897
Derivatives held in banking account	146,804
Cash collateral paid for financial instruments	12,944
Deferred issuance expenses for corporate bonds	402
Other	73,642
Premises and equipment	18,609
Buildings	13,538
Construction in progress	16
Other premises and equipment	5,054
Intangible assets	8,988
Software	6,556
Goodwill	780
Leased assets	638
Other intangible assets	1,012
Deferred issuance expenses for debentures	12
Deferred expenses for issuance of debentures	12
Deferred tax assets	1,071
Customers' liabilities for acceptances and guarantees	13,381
Reserve for credit losses	(47,715)
<b>Total assets</b>	<b>¥7,872,684</b>

(Translation)

	Millions of yen
<b>LIABILITIES AND EQUITY</b>	
<b>Liabilities:</b>	
Deposits	¥5,514,725
Current accounts	62,777
Ordinary deposits	2,101,523
Notice deposits	12,749
Time deposits	2,954,160
Other deposits	383,513
Negotiable certificates of deposit	85,565
Debentures	32,300
Issuance of debentures	32,300
Call money	230,000
Payables under repurchase agreements	29,152
Payables under securities lending transactions	101,280
Trading liabilities	259,128
Derivatives for securities held to hedge trading transactions	57,830
Trading-related financial derivatives	201,298
Borrowed money	444,139
Borrowed money	444,139
Foreign exchanges	27
Due to foreign banks	2
Foreign bills payable	24
Corporate bonds	148,423
Other liabilities	272,383
Income taxes payable	351
Accrued expenses	21,217
Unearned income	986
Suspense receipt on futures transactions	17
Derivatives held in banking account	193,519
Cash collateral received for financial instruments	26,927
Asset retirement obligations	7,249
Other	22,115
Accrued employees' bonuses	4,645
Reserve for employees' retirement benefits	750
Reserve for directors' retirement benefits	47
Acceptances and guarantees	13,381
<b>Total liabilities</b>	<b>7,135,951</b>
<b>Equity:</b>	
Shareholders' equity:	
Common stock	512,204
Capital surplus	79,465
Additional paid-in capital	79,465
Retained earnings	225,303
Legal reserve	13,158
Other retained earnings	212,144
Unappropriated retained earnings	212,144
Treasury stock, at cost	(72,558)
<b>Total shareholders' equity</b>	<b>744,415</b>
Unrealized gain (loss) on available-for-sale securities	8,502
Deferred gain (loss) on derivatives under hedge accounting	(17,395)
<b>Total net unrealized gain (loss) and translation adjustments</b>	<b>(8,893)</b>
Stock acquisition rights	1,211
<b>Total equity</b>	<b>736,733</b>
<b>Total liabilities and equity</b>	<b>¥7,872,684</b>

(Translation)

**Nonconsolidated Statement of Income**

Shinsei Bank, Limited

For the fiscal year ended March 31, 2015

	Millions of yen
<b>ORDINARY INCOME</b>	¥175,751
Interest income	112,124
Interest on loans and bills discounted	75,873
Interest and dividends on securities	33,007
Interest on call loans	142
Interest on receivables under resale agreement	174
Interest on receivables under securities borrowing transactions	0
Interest on deposits with banks	1,182
Other interest income	1,742
Fees and commissions income	20,959
Domestic and foreign exchange commissions income	1,163
Other fees and commissions income	19,795
Trading income	5,021
Income from trading securities	244
Income from trading-related financial derivatives	4,777
Other business income	14,662
Gains on foreign exchange	7,177
Gains on sales of bonds	5,235
Gains on redemption of bonds	71
Other	2,177
Other ordinary income	22,984
Net reversal of reserve for credit losses	5,662
Recoveries of written-off claims	2,160
Gains on sales of equity securities and others	4,585
Gains on monetary assets held in trust	9,065
Other	1,510
<b>ORDINARY EXPENSES</b>	127,900
Interest expenses	20,933
Interest on deposits	10,768
Interest on negotiable certificates of deposit	109
Interest on debentures	48
Interest on call money	180
Interest on payables under repurchase agreements	12
Interest on payables under securities lending transactions	228
Interest on borrowings	2,281
Interest on corporate bonds	6,804
Interest on swaps	483
Other interest expenses	15
Fees and commissions expenses	19,908
Domestic and foreign exchange commissions expenses	1,367
Other fees and commissions expenses	18,540
Trading losses	491
Losses on securities held to hedge trading transactions	131
Other trading losses	360
Other business expenses	3,589
Losses on sales of bonds	589
Losses on write-down of bonds	2,069
Amortization of deferred issuance expenses for debentures	20
Amortization of deferred issuance expenses for corporate bonds	94
Losses on derivatives held in banking account	240
Other	575
General and administrative expenses	78,004
Other ordinary expenses	4,972
Losses on write-off of loans	3,684
Losses on sales of equity securities and others	11
Losses on write-down of equity securities and others	417
Losses on monetary assets held in trust	4
Other	854
<b>ORDINARY PROFIT</b>	47,851
Extraordinary gains	357
Gain on liquidation of subsidiaries and affiliates	347
Other extraordinary gains	10
Extraordinary losses	1,842
Loss on disposal of premises and equipment	130
Impairment losses	1,163
Other extraordinary losses	548
<b>Income before income taxes</b>	46,366
Income taxes (benefit) - current	(422)
Income taxes (benefit) - deferred	1,047
Total income taxes (benefit)	625
<b>NET INCOME</b>	¥45,740

(Translation)  
**Nonconsolidated Statement of Changes in Equity**  
 Shinsei Bank, Limited  
 For the fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity							Treasury stock, at cost	Total shareholders' equity
	Common stock	Capital surplus		Legal reserve	Retained earnings				
		Additional paid-in capital	Total capital surplus		Other retained earnings	Total retained earnings			
Balance at beginning of the year	¥512,204	¥79,465	¥79,465	¥12,628	¥172,395	¥185,023	(¥72,558)	¥704,135	
Cumulative effects of changes in accounting policies					(2,807)	(2,807)		(2,807)	
Restated balance	512,204	79,465	79,465	12,628	169,588	182,216	(72,558)	701,328	
Changes during the year									
Dividends				530	(3,184)	(2,653)		(2,653)	
Net income					45,740	45,740		45,740	
Purchase of treasury stock							(0)	(0)	
Net changes during the year excluding shareholders' equity									
Total changes during the year	-	-	-	530	42,556	43,087	(0)	43,086	
Balance at end of the year	¥512,204	¥79,465	¥79,465	¥13,158	¥212,144	¥225,303	(¥72,558)	¥744,415	

	Net unrealized gain (loss) and translation adjustments			Stock acquisition rights	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Total net unrealized gain (loss) and translation adjustments		
Balance at beginning of the year	¥5,140	(¥11,013)	(¥5,873)	¥1,221	¥699,483
Cumulative effects of changes in accounting policies					(2,807)
Restated balance	5,140	(11,013)	(5,873)	1,221	696,676
Changes during the year					
Dividends					(2,653)
Net income					45,740
Purchase of treasury stock					(0)
Net changes during the year excluding shareholders' equity	3,362	(6,381)	(3,019)	(10)	(3,030)
Total changes during the year	3,362	(6,381)	(3,019)	(10)	40,056
Balance at end of the year	¥8,502	(¥17,395)	(¥8,893)	¥1,211	¥736,733



## INDEPENDENT AUDITOR'S REPORT

May 8, 2015

To the Board of Directors of  
Shinsei Bank, Limited:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Kazutoshi Kogure

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Hidetaka Hayakawa

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Hiroyuki Hamahara

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Akihiko Uchida

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of March 31, 2015 of Shinsei Bank, Limited (the "Bank") and its consolidated subsidiaries, and the related consolidated statements of income and changes in equity for the fiscal year from April 1, 2014 to March 31, 2015, and the related notes.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Audit Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Bank and its consolidated subsidiaries as of March 31, 2015, and the results of their operations for the year then ended in accordance with accounting principles generally accepted in Japan.

### **Interest**

Our firm and the engagement partners do not have any interest in the Bank for which disclosure is required under the provisions of the Certified Public Accountants Act.

## INDEPENDENT AUDITOR'S REPORT

May 8, 2015

To the Board of Directors of  
Shinsei Bank, Limited:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Kazutoshi Kogure

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Hidetaka Hayakawa

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Hiroyuki Hamahara

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Akihiko Uchida

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of March 31, 2015 of Shinsei Bank, Limited (the "Bank"), and the related statements of income and changes in equity for the 15th fiscal year from April 1, 2014 to March 31, 2015, and the related notes and the accompanying supplemental schedules.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Audit Opinion**

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Bank as of March 31, 2015, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

### **Interest**

Our firm and the engagement partners do not have any interest in the Bank for which disclosure is required under the provisions of the Certified Public Accountants Act.

*(Translation)*

*This translation is made for convenience only. The original report was issued in Japanese.*

## **REPORT OF THE AUDIT & SUPERVISORY BOARD**

The Audit & Supervisory Board of Shinsei Bank, Limited (hereinafter, the “Bank”) prepared this report, upon deliberation based on audit reports prepared by each Audit & Supervisory Board Member, in relation to the execution of duties by the Bank’s Directors during the 15<sup>th</sup> fiscal year (from April 1, 2014 to March 31, 2015).

### **1. Process and Details of Audits by Audit & Supervisory Board Members and the Audit & Supervisory Board.**

The Audit & Supervisory Board determined the audit policy, audit plan and assignment of audit duties, etc. and received reports from each Audit & Supervisory Board Member on the status and results of audits. Moreover, we received reports from Directors and the Accounting Auditor, etc. on the execution of their duties and requested explanations, as needed.

In accordance with the audit policy, audit plan and assignment of audit duties, etc. determined by the Audit & Supervisory Board, each Audit & Supervisory Board Member made efforts to communicate with the employees of the internal audit section, etc., collect information and improve the audit environment. At the same time, we investigated the status of the Bank’s business activities and assets by attending important meetings, including the Board of Directors meetings, receiving reports and requesting explanations, as needed, from Directors and employees, etc. on the execution of their duties, referring to important approval documents, etc. In addition, with regard to the Board of Directors resolutions on the establishment of frameworks to ensure that the execution of duties by Directors mentioned in the business report complies with laws, ordinances and the Bank’s Articles of Incorporation as well as other frameworks that are necessary to ensure appropriate business activities by corporations as stipulated in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Corporation Act, and frameworks (internal control system) based on such resolutions, we received reports from Directors and employees, etc., on a regular basis, on the status of establishing and administering such frameworks and requested explanations and expressed opinions, as needed.

In relation to internal controls over financial reporting, we were provided reports on internal control assessments and audit status from Directors, etc. and from the Auditor – Deloitte Touche Tohmatsu LLC – and requested explanations, as needed.

With respect to the Bank’s subsidiaries, we communicated and exchanged information with their Directors, Audit & Supervisory Board Members and so forth and received reports on their business, as needed. Based on the above process, we examined the Bank’s business report and schedules attached thereto for the relevant fiscal year.

In addition, we monitored and examined whether the Bank’s Accounting Auditor was maintaining its independence and conducting appropriate audits; received its reports on the

status of the execution of its duties; and requested explanations, as needed. Moreover, we received from the Accounting Auditor a notice stating that the “System for Ensuring the Appropriate Execution of Duties” (matter listed in each item of Article 131 of the Corporate Calculation Rules) is in operation in line with the “Audit Quality Control Standards” (released on October 28, 2005 by the Business Accounting Council), etc. and requested explanations, as needed. Based on the above process, we examined the Bank’s financial statements (balance sheet, income statement, statements of changes in equity, notes), schedules attached thereto, and consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statements of changes in equity, consolidated notes) for the relevant fiscal year.

## 2. Results of the Audit

### (1) Results of the audit of the business report, etc.

- A. We acknowledge that the business report and its attached schedules fairly present the state of the Bank in accordance with laws, ordinances and its Articles of Incorporation.
- B. We acknowledge that nothing came to our attention which falls within the definition of misconduct or a material violation of laws, ordinances or the Bank’s Articles of Incorporation with respect to the execution of duties by Directors.
- C. We acknowledge that the contents of the Board of Directors resolutions concerning the system of internal controls were reasonable. In addition, we acknowledge that nothing came to our attention which should be pointed out concerning the contents of the business report and the execution of duties by Directors in relation to the said internal control system, including internal controls over financial reporting.

### (2) Results of the audit of financial statements and attached schedules

We acknowledge that the process and results of the audit by the Bank’s Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

### (3) Results of the audit of consolidated financial statements

We acknowledge that the process and results of the audit by the Bank’s Accounting Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

May 11, 2015

The Audit & Supervisory Board of Shinsei Bank, Limited  
Shinya Nagata, Full-time Audit & Supervisory Board Member (Seal)  
Kozue Shiga, Outside Audit & Supervisory Board Member (Seal)  
Ryuichi Tomimura, Outside Audit & Supervisory Board Member (Seal)