



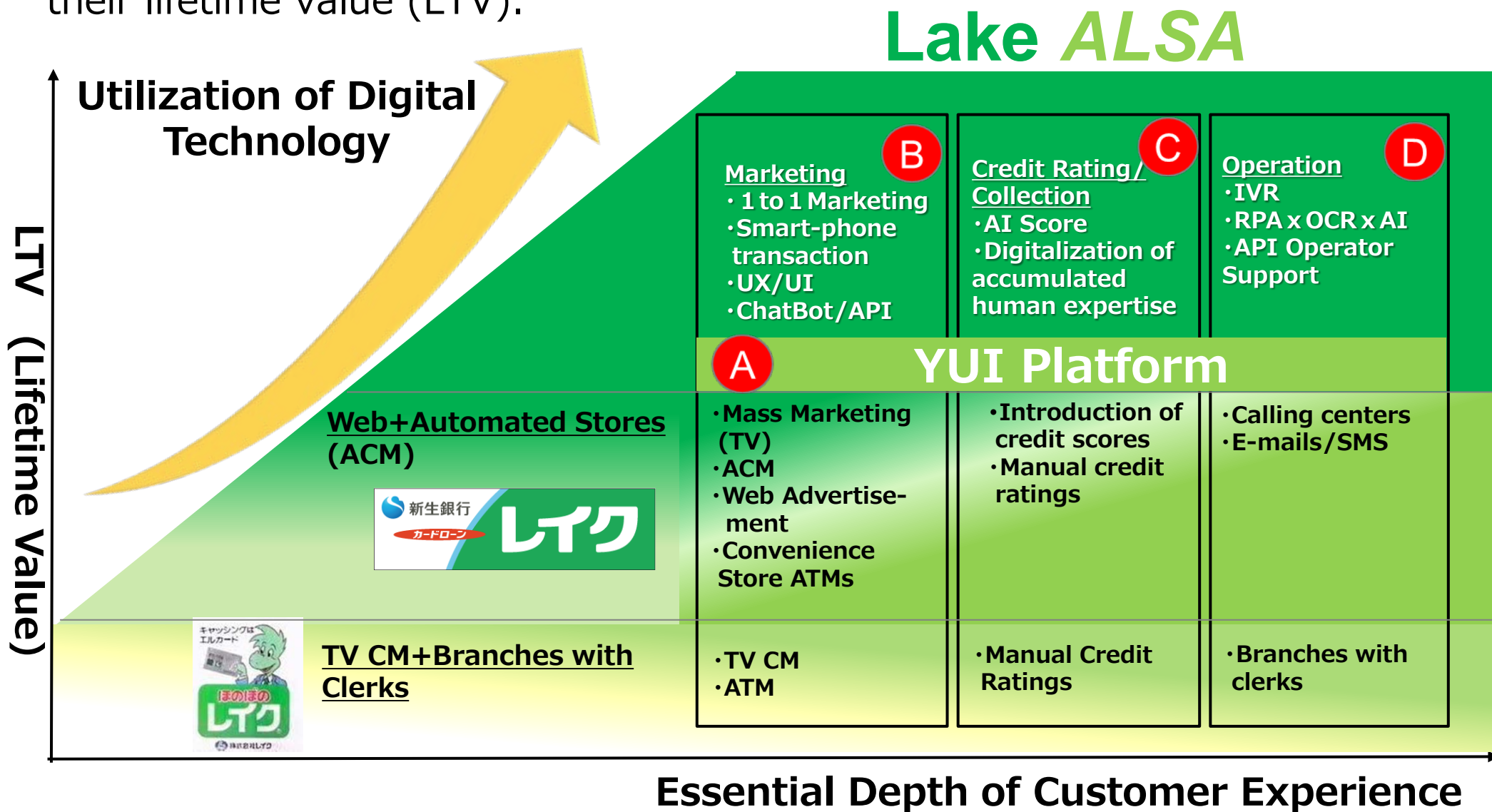
Innovation of Customer Experience Value - Data Strategy of Shinsei Bank Group

February, 2018

**Hiroyuki Torigoe
President & CEO
Shinsei Financial Co., Ltd.**

Creation of Customer Experience Value and Growth with Lake ALSA

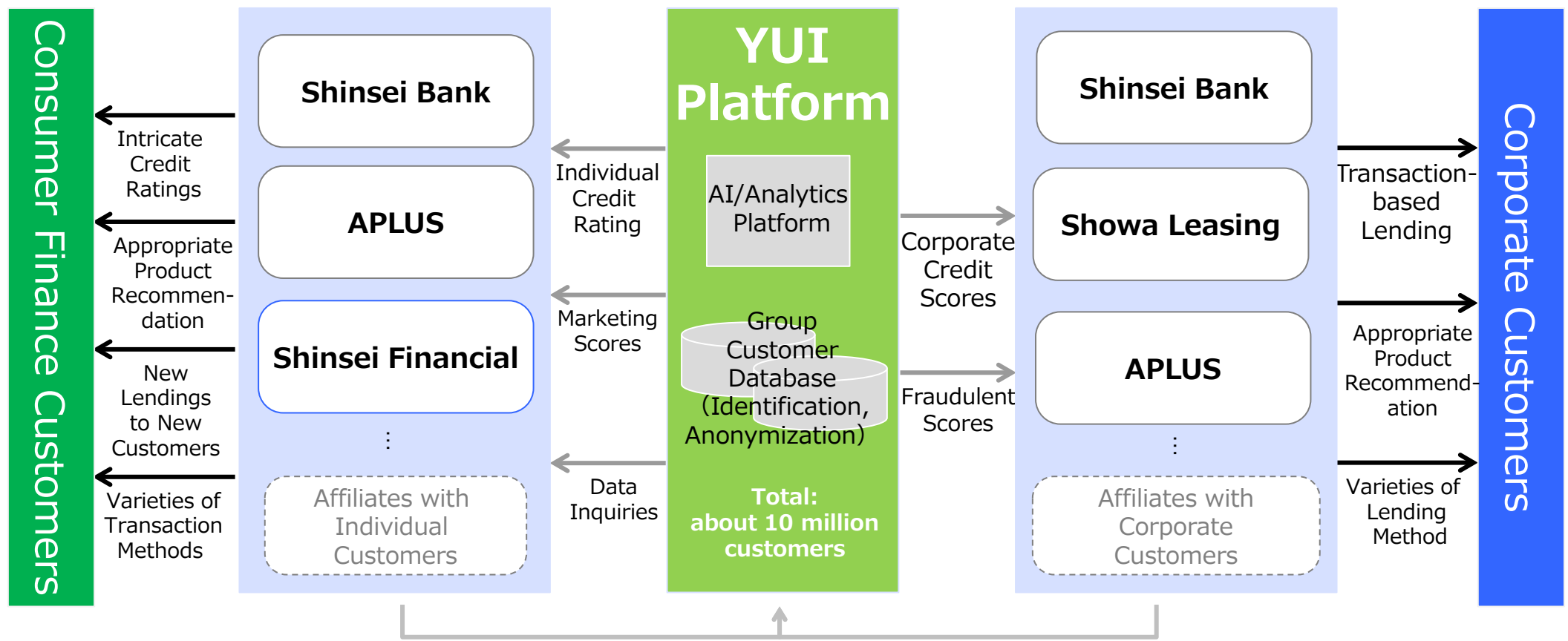
- Lake ALSA will keep pursuing the maximization of customer experiences and their lifetime value (LTV).



“YUI Platform” to Support Shinsei Bank Group’s Data Strategy



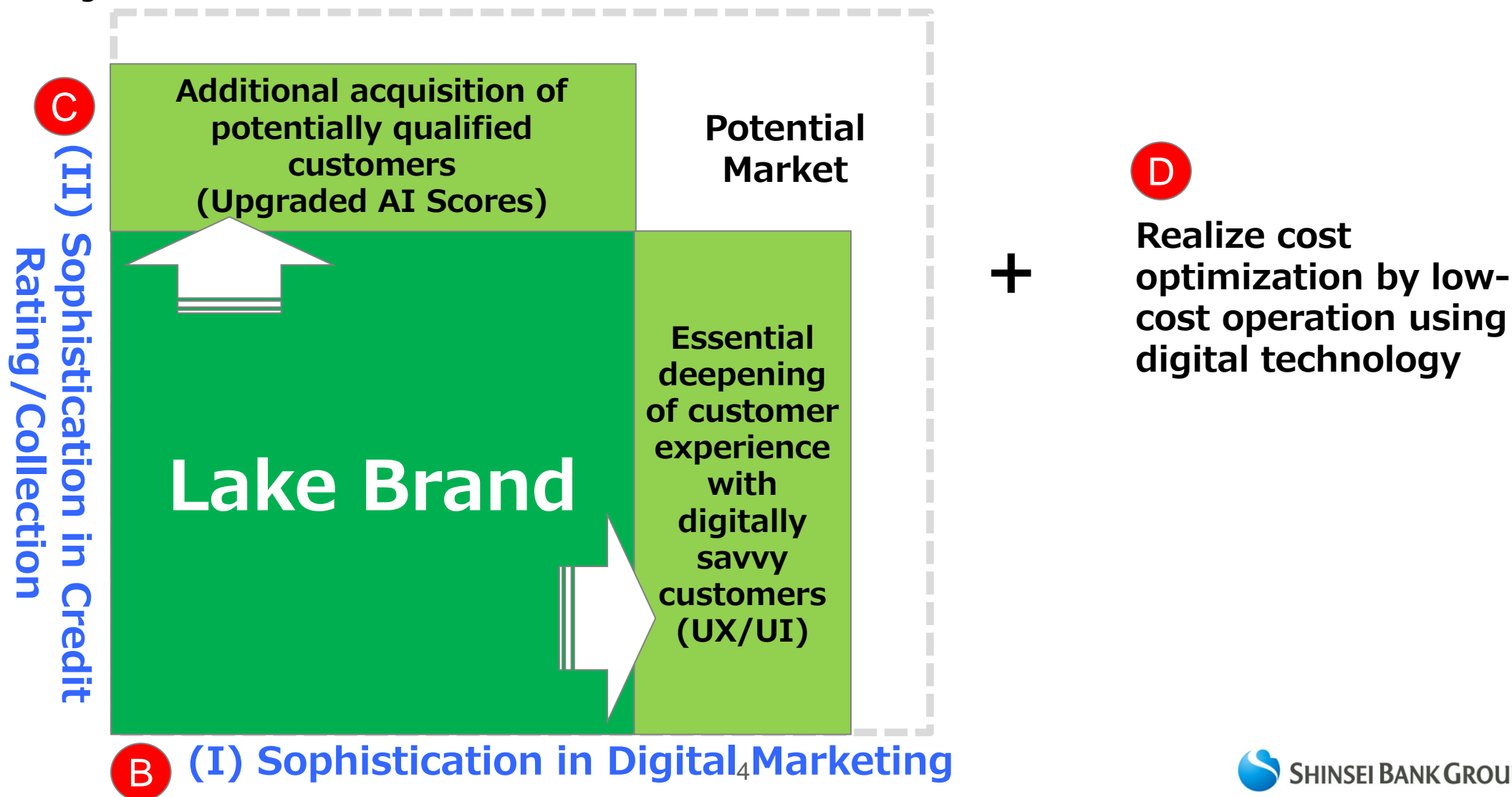
- YUI Platform is an analytics platform created by combining an Artificial Intelligence (AI) and the Group-wide Customer Database.
- YUI Platform is capable of expecting the needs and credit ratings of each customer through AI, allowing us to keep improving our marketing and credit risk assessment capabilities to a higher level.
- The Group aims to continue upgrading the Platform so that we can always fulfill the true needs of the customers, targeting also the customers outside of the Group in the future.



AI keeps learning through continuous utilization and acquisition of the new data

Innovate Business with Digital Technology and Acquire the New Customers

- Shinsei Financial will gradually upgrade the credit rating / digital marketing method with AI learning ability, acquiring the young generation with high digital literacy while retaining current customers of the Lake brand.
- Shinsei Financial, simultaneously, will optimize its operational cost with digital technology, namely, using OCR and RPA.



- Shinsei Financial aims to create a brand value which can differentiate itself from competitors, by taking over the sense of safety and convenience of a big brand, Lake, and with advanced technology and customer support.

The Value of Lake

- Sense of safety
Lake as a big consumer finance brand
- Convenience
No ATM handling charge, and no interest for the first 180 days



The New Value to be Created

- Agility
On-time service with high-end AI technology
- Linked
Build a new customer base utilizing the integrated database (YUI Platform)
- Security
Always behind the customers
- According to our vision*
*Build a proud "financial service provider for ordinary citizens," sincerely engaging with customers and offering values needed by society.



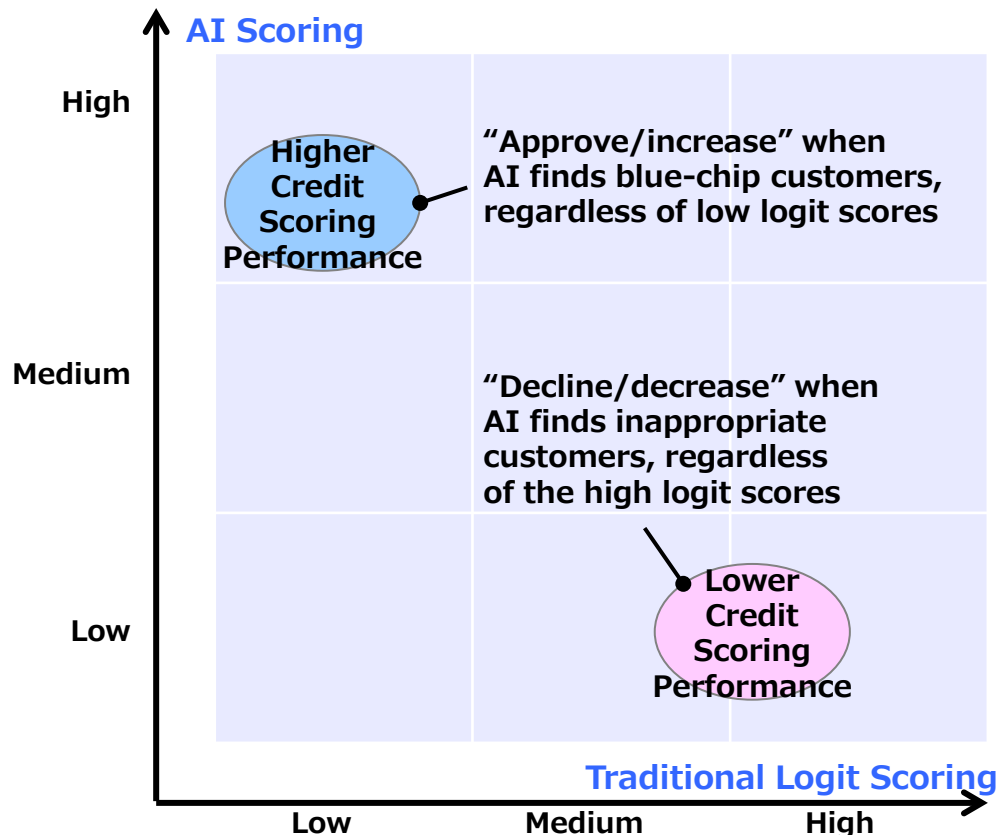
Enforcement of Multi-Function to Create the Brand Value

- Card-less withdrawal/repayment service with Seven Bank ATMs.
- Better response with Web-API, optimization of web members' site and forms (AB Test, PDCA cycles)
- ChatBot services with Smart phones/tablets
- 24h wire transferring services (from Fall, 2018)

Upgrading the Credit Rating and Collection Procedures with AI Scorings

- Expecting better performance through the application of sophisticated hybrid of AI and logit scores to the various financial products of the Group.
- Expecting higher accuracy of prediction by combining the big data and the AI's deep learning technology.
- Expecting better credit scoring performance by utilizing AI analysis of the credit position in fund collection area.

Hybrid Credit Ratings Utilizing AI and Logit

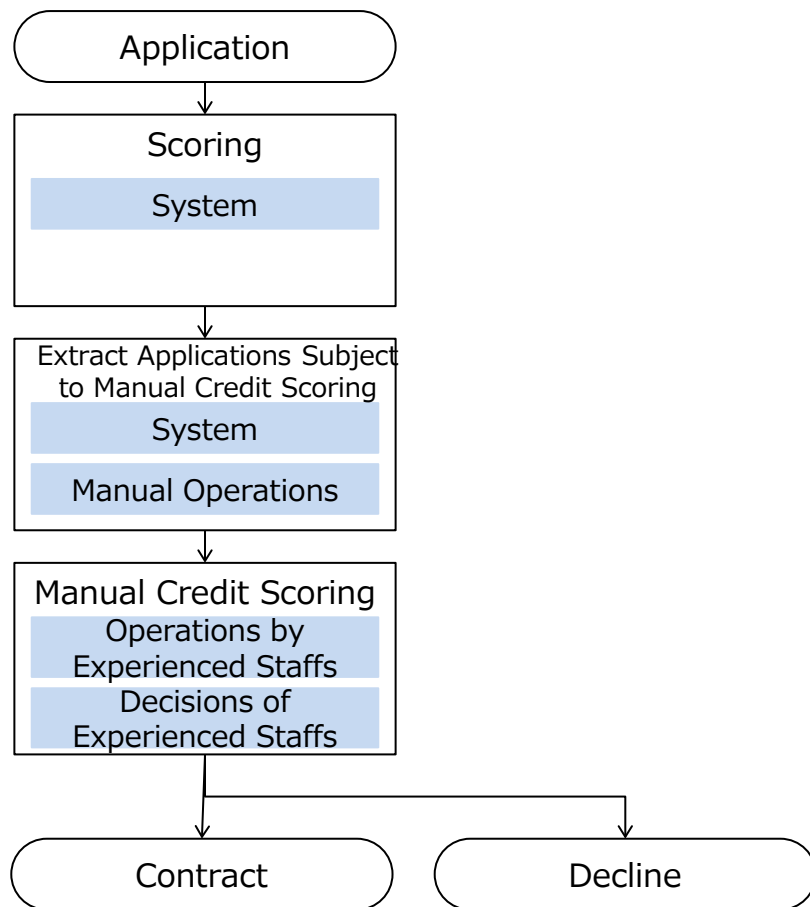


AI Scoring the Group is Working On

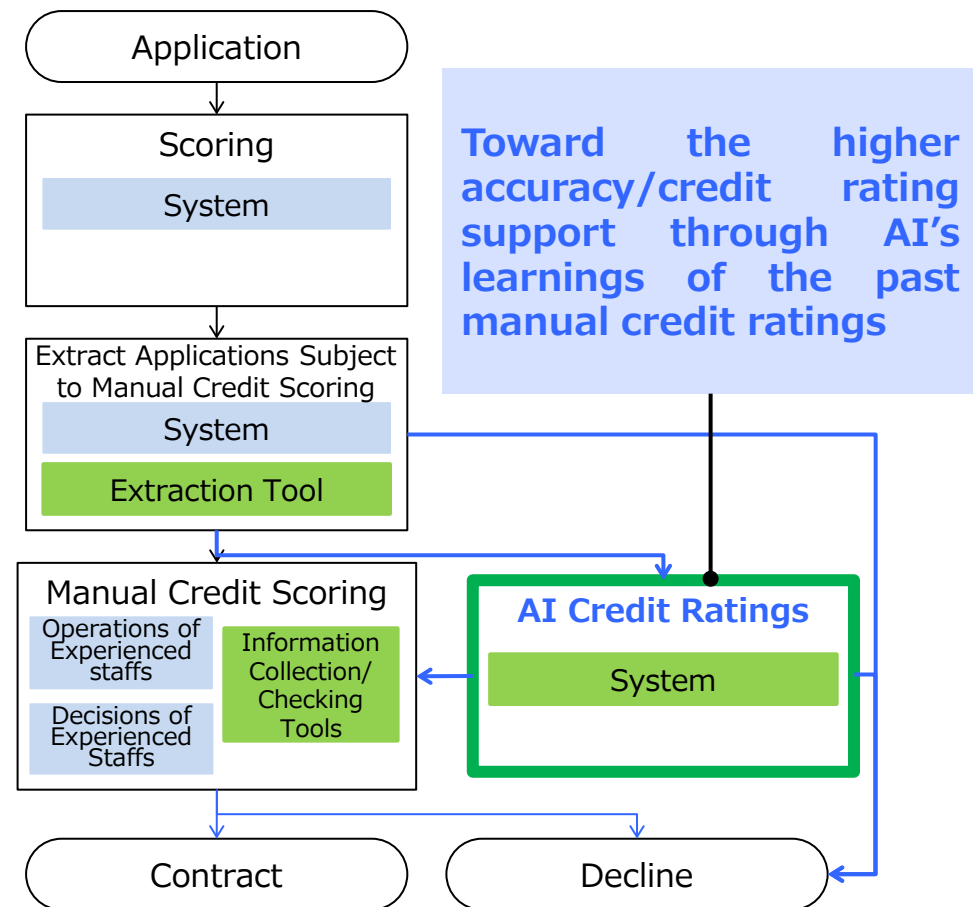
Data	Integrate and utilize not only credit and attribute information, but also all structured, non-structured and open data within the Group for scoring
Algorithm	<ul style="list-style-type: none"> • Maximize the impact of the big data by hiring the high-end mechanical learning models such as deep learning and ensemble learning
Area of Application	<ul style="list-style-type: none"> • Utilize AI for the credit ratings as well as for the fund collection area, upon evaluation of the credit position (as they are two sides of the same coin)

- Share the expertise of Shinsei Personal Loan’s skilled staffs within the Group by replacing manual credit screening of fraudulent detection with AI.
- Digitalization of manual credit screening techniques in collection centers are carried out simultaneously.

Current Status



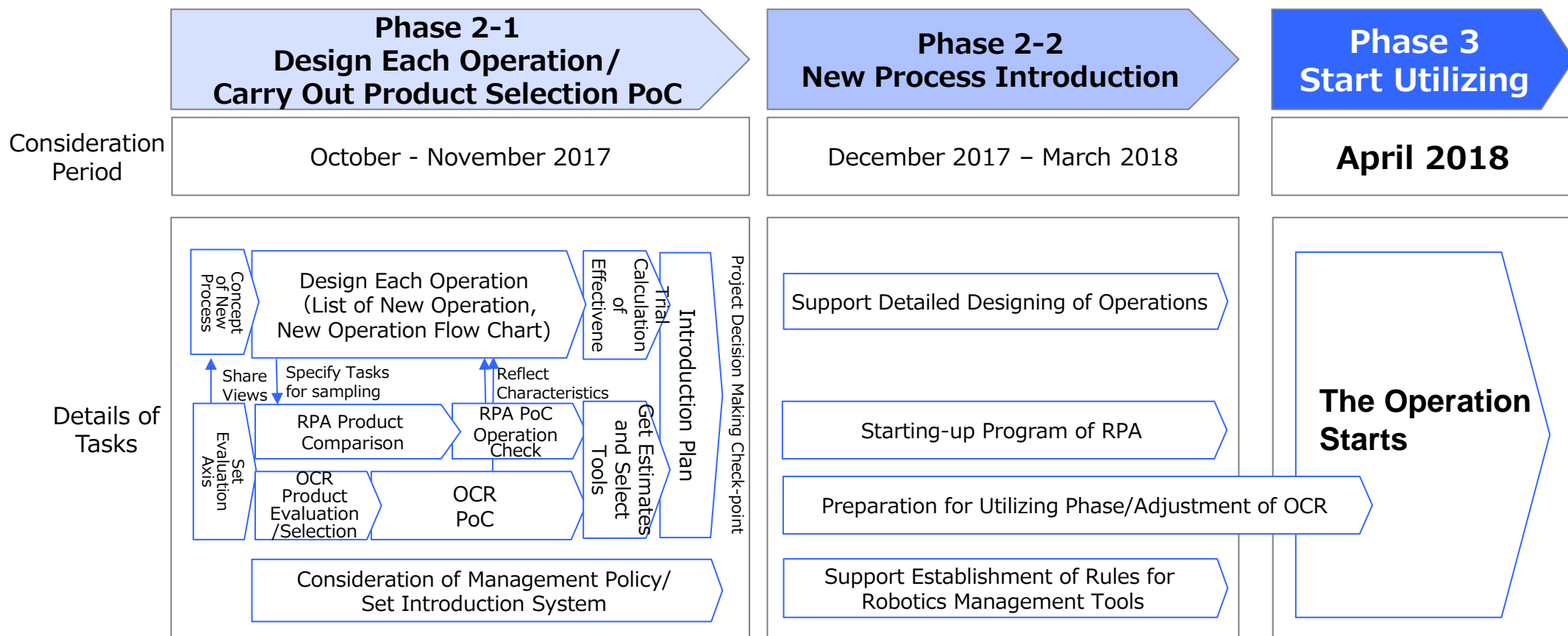
Future



Phases of Robotization with Robotics Process Automation (RPA)



- The Group is promoting its robotization by introducing RPA and OCR technologies mainly in back office operations in Shinsei Financial
- The Group almost completed their preparation processes to implement them in FY2018
- We are expecting 50% reduction of workload in the selected 19 operations in FY2018, and will expand its application through modularization going forward.



- The preceding description of Shinsei's Medium-Term Management Plan contains forward-looking statements regarding the intent, belief and current expectations of our management with respect to our financial condition and future results of operations. These statements reflect our current views with respect to future events that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate. Potential risks include those described in our annual securities report filed with the Kanto Local Finance Bureau, and you are cautioned not to place undue reliance on forward-looking statements.
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