

For Immediate Release

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 Name of Representative: Hideyuki Kudo
 President and CEO
 (Code: 8303, TSE First Section)

Shinsei Bank Interim Financial Results for the Fiscal Year Ending March 31, 2017

Tokyo (Wednesday, November 2, 2016) --- Shinsei Bank, Limited (“Shinsei Bank”; “the Bank”), a leading diversified financial institution serving both institutional and individual customers, today announced a consolidated reported basis net income of 24.9 billion yen for the first half ended September 30, 2016, decreased by 12.5 billion yen compared to the same period of fiscal year 2015. The progression toward the fiscal year 2016 full year target of 52.0 billion yen is at 48%, largely in line with original projections. Additionally, Shinsei Bank announced a nonconsolidated net income of 24.1 billion yen in the first half ended September 30, 2016, decreased by 1.1 billion yen compared to the same period of fiscal year 2015.

Highlights of Consolidated Financial Results

	16.4-16.9	15.4-15.9	(JPY Billion) Change
Total Revenue	113.2	110.3	2.8
General and Administrative Expenses	-71.3	-69.7	-1.6
Ordinary Business Profit	41.8	40.6	1.1
Net Credit Costs (Recoveries)	-14.7	1.2	-15.9
Net Income	24.9	37.4	-12.5

- **Total revenue** increased 2.8 billion yen to 113.2 billion yen for the first half of fiscal year 2016. Net interest income decreased 0.5 billion yen from the first half of fiscal year 2015 to 60.4 billion yen. The effects of the base rate reduction caused by the negative interest rate policy and spread compression due to increased competition have been within expectations. Noninterest income increased 3.3 billion yen from the first half of fiscal year 2015 to 52.7 billion yen, due primarily to increased gains on bonds in Treasury operations and the absence of the loss resulting from the reassessment of a fund investment recorded in the Institutional Business in the first half of the previous fiscal year offsetting softer revenues recorded including in the Retail Banking caused by market turmoil.
- **General and administrative expenses** totaled 71.3 billion yen. While the Bank continues to promote operational efficiency, expenses increased 1.6 billion yen compared to the first half of fiscal year 2015 due to the strategic investment of management resources in areas such as IT systems in order to facilitate expansion of the Bank’s business base and advertising in growth areas. It is important to note that despite the increase in expenses, the Bank’s expense-to-revenue ratio was 63.0%, a level similar to what was recorded in the first half of fiscal year 2015 (63.2%).
- **Net credit costs** totaled 14.7 billion yen in the first half of fiscal year 2016, increased 15.9 billion yen from the first half of fiscal year 2015 in which the Bank recorded recoveries of 1.2 billion yen. This was due primarily to the absence of the major credit recoveries recorded in the first half of fiscal year 2015 in the Institutional Business as well as the provisioning of general reserves for loan losses corresponding to the steady growth of the loan balance of the Consumer Finance Business during the first half of the current fiscal year.
- **Consolidated net income** decreased 12.5 billion yen from 37.4 billion yen recorded in the first half of fiscal year 2015 to 24.9 billion yen.
- **Nonconsolidated net income** decreased 1.1 billion yen from 25.2 billion yen recorded in the first half of fiscal year 2015 to 24.1 billion yen.
- **Total assets** increased 68.4 billion yen from the March 31, 2016, balance of 8,928.7 billion yen to 8,997.1 billion yen as of September 30, 2016.

Capital and Asset Quality

- **Capital ratios** continue to be maintained at ample levels. The Basel III domestic standard (grandfathering basis) **consolidated core capital adequacy ratio** decreased from 14.20% as of March 31, 2016, to 14.09% as of September 30, 2016. The Basel III international standard (fully loaded basis) **common equity Tier 1 capital ratio** increased from 12.9% as of March 31, 2016, to 13.1% as of September 30, 2016.
- **Nonperforming loan ratio** was 0.78% as of September 30, 2016, and remains at a low level.

For further details on the first half financial results, please visit our website through the link below:

http://www.shinseibank.com/corporate/en/ir/quarterly_results/

Shinsei Bank is a leading diversified Japanese financial institution providing a full range of financial products and services to both institutional and individual customers. The Bank has a network of outlets throughout Japan and is committed in its pursuit of uncompromising levels of integrity and transparency in all of its activities in order to earn the trust of its customers, staff and shareholders. The Bank is committed to delivering long-term profit growth and increasing value for all its stakeholders. News and other information about Shinsei Bank is available at <http://www.shinseibank.com/corporate/en/index.html>