## INFORMATION



#### SHINSEI BANK. LIMITED

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For Immediate Release

Company Name: Shinsei Bank, Limited Name of Representative: Shigeki Toma President and CEO

(Code: 8303, TSE First Section)

# Shinsei Bank Reports Third Quarter Results for the Fiscal Year Ending March 31, 2015; Upward Revision of Full Year Earnings Forecast

Tokyo (Thursday, January 29, 2015) --- Shinsei Bank, Limited ("Shinsei Bank;" "the Bank"), a leading diversified financial institution serving both institutional and individual customers in Japan, today announced a consolidated reported basis net income of 52.3 billion yen and a consolidated cash basis net income of 58.1 billion yen for the nine months ended December 31, 2014, a significant increase compared to the same period of fiscal year 2013. Nonconsolidated net income was 35.7 billion yen, an increase of 13.9 billion yen compared to the same period of fiscal year 2013.

Due to the strong business results up to the third quarter of fiscal year 2014, as well as the expectation that net credit costs will be less than the original forecast, the consolidated full year earnings forecasts for the fiscal year ending March 31, 2015 that were made public on May 8, 2014 and October 31, 2014 are revised upwards as follows:

- Consolidated net income forecast revised upwards from 55.0 billion yen to 63.0 billion yen Consolidated cash basis net income forecast revised upwards from 62.0 billion yen to 70.0 billion yen
- Consolidated ordinary profit forecast revised upwards from 60.0 billion yen to 71.0 billion yen
- Nonconsolidated ordinary business profit forecast of 42.0 billion yen remains unchanged Nonconsolidated net income forecast revised upwards from 34.0 billion yen to 42.0 billion yen
- Year-end dividend per share forecast of 1.00 yen per share remains unchanged

### **Summary of 3Q FY2014 Financial Results (Consolidated)**

(JPY Billion)

	2014.4-12 (9 Months)	2013.4-12 (9 Months)	Increase/ Decrease
Total Revenue	175.6	152.1	+23.5
General and Administrative Expenses	-105.4	-99.4	-5.9
Net Credit Costs	-5.7	-0.6	-5.0
Provision of Reserve for Losses on Interest Repayment	-0.8	-13.6	+12.7
Reported Basis Net Income	52.3	27.7	+24.6
Cash Basis <sup>1</sup> Net Income	58.1	34.2	+23.9

#### **Revision of Consolidated Forecasts for FY2014**

(JPY Billion)

	Ordinary Profit	Reported Basis Net Income	Reported Basis Diluted Net Income Per Share	Cash Basis <sup>1</sup> Net Income
Previous forecast (A) <sup>2</sup>	60.0	55.0	20.72 yen	62.0
Revised forecast (B)	71.0	63.0	23.73 yen	70.0
Difference (B-A)	11.0	8.0	3.01 yen	8.0
Difference (%)	+18.3%	+14.5%	+14.5%	+12.9%
(Reference) Results for the fiscal year ended March 31, 2014	44.1	41.3	15.59 yen	49.8

#### **Revision of Nonconsolidated Forecasts for FY2014** (JPY Billion)

	Net Business Profit	Net Income
Previous forecast as of May 8, 2014 (A)	42.0	34.0
Revised forecast (B)	42.0	42.0
Difference (B-A)	-	8.0
Difference (%)	-	+23.5%
(Reference) Results for the fiscal year ended March 31, 2014	29.8	36.4

<sup>&</sup>lt;sup>1</sup> Cash basis figures are calculated by excluding amortization and impairment of goodwill and other intangible assets, net of tax benefit

<sup>&</sup>lt;sup>2</sup> Previous forecast of consolidated ordinary profit was announced on October 31, 2014. Previous forecasts of consolidated reported basis net income, reported basis consolidated diluted net income per share and consolidated cash basis 1 net income were announced on May 8, 2014

#### **Financial Results**

- **Revenues** have trended stably and in the third quarter of fiscal year 2014 were 175.6 billion yen, increased 23.5 billion yen compared to 152.1 billion yen recorded in the third quarter of fiscal year 2013.
- Expenses have risen 5.9 billion yen to 105.4 billion yen in the third quarter of fiscal year 2014, compared to 99.4 billion yen recorded in the third quarter of fiscal year 2013 due to the investment of management resources in strategic focus areas.
- **Net Credit Costs** totaled 5.7 billion yen for the third quarter of fiscal year 2014, increased 5.0 billion yen from 0.6 billion yen recorded in the third quarter of fiscal year 2013. This was the result of a steady increase in the loan balance of the Bank's consumer finance business.
- Other Losses of 1.5 billion yen were recorded in the third quarter of fiscal year 2014, a significant improvement compared to a loss of 15.0 billion yen recorded in the third quarter of fiscal year 2013. This was due to the amount of additional reserves for losses on interest repayment provisioned for consumer finance subsidiaries for the third quarter of fiscal year 2014 being 0.8 billion yen, compared to 13.6 billion yen in the third quarter of fiscal year 2013.
- **Consolidated Net Income** of 52.3 billion yen was recorded for the third quarter of fiscal year 2014, increased 24.6 billion yen compared to 27.7 billion yen recorded in the third quarter of fiscal year 2013.
- **Nonconsolidated Net Income** for the third quarter of fiscal year 2014 increased 13.9 billion yen to 35.7 billion yen compared to 21.8 billion yen recorded in the third quarter of fiscal year 2013.
- **Total Assets** decreased 239.6 billion yen to 9,081.4 billion yen as of December 31, 2014 from 9,321.1 billion yen as of March 31, 2014.

#### **Capital and Asset Quality**

- Total Consolidated Capital Adequacy Ratio at 14.20%, an increase of 0.62 percentage points compared to 13.58% recorded as of March 31, 2014. This is the result of the steady accumulation of retained earnings and the disposal of nonperforming loans.
- Nonperforming Loan Ratio has declined 1.82 percentage points to 1.99% as of December 31, 2014, compared to 3.81% as of March 31, 2014 as a result of the remaining balance of nonperforming loans declining by 80.7 billion yen to 84.0 billion yen as of December 31, 2014 from 164.7 billion yen as of March 31, 2014.

#### Conference Call for Investors on Earnings for the Third Quarter Ended December 31, 2014

A conference call for investors will be held in English, on Thursday, January 29, 2015, at 10:00 PM (JST)/8:00 AM (EST)/1:00 PM (GMT)/2:00 PM (CET). The presentation to be used for the conference will be posted on Shinsei Bank's website after 3:30 PM (JST) on the same day. To download the "Third Quarter Financial Results 2014/12" please go to:

http://www.shinseibank.com/corporate/en/ir/quarterly\_results/index.html

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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 total assets of 9.0 trillion yen on a consolidated basis (as of December 2014) and a network of outlets throughout Japan. Shinsei Bank demands uncompromising levels of integrity and transparency in all its activities to earn the trust of 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