

Shinsei Bank Reports Financial Results for the First Half Ended September 30, 2015 - Progress largely in line with original FY2015 Full Year Target Net Income -

Tokyo (Friday, October 30, 2015) --- 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 income¹ of 37.4 billion yen in the first half ended September 30, 2015, increased by 8.5 billion yen compared to the same period of fiscal year 2014. The progression toward the FY2015 full year target of 70 billion yen is at 54%, largely in line with original projections. Additionally, Shinsei Bank announced a nonconsolidated net income of 25.2 billion yen in the first half ended September 30, 2015, increased by 5.8 billion yen compared to the same period of fiscal year 2014.

Highlights of Consolidated Financial Results

	15.4-15.9	14.4-14.9	(JPY Billion) Change
Total Revenue	110.3	111.1	-0.7
General and Administrative Expenses	-69.7	-70.0	0.3
Ordinary Business Profit	40.6	41.0	-0.4
Net Credit Costs (Recoveries)	1.2	-5.0	6.2
Net Income ¹	37.4	28.9	8.5
Cash Basis ^{1,2} Net Income	41.0	32.9	8.0

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

² Cash-basis figures are calculated by excluding amortization and impairment of goodwill and other intangible assets, net of tax benefit.

- **Total revenue** decreased slightly to 110.3 billion yen for the first half of fiscal year 2015. Net interest income increased 0.4 billion yen from the first half of fiscal year 2014 to 61.0 billion yen. This increase in interest income reflected factors such as an increase in revenue from growth of the consumer finance business loan balances as well as a reduction in funding costs exceeding spread compression seen primarily associated with the Institutional Group and the absence of one-time gain factors recorded in the same period of the previous fiscal year. Noninterest income decreased 1.1 billion yen from the first half of fiscal year 2014 to 49.3 billion yen, due mainly to the absence of major revenues from the domestic credit trading business recorded in the same period of the previous fiscal year and losses resulting from the reassessment of fund investments despite increases in revenue from asset management product sales in retail banking, revenue from the installment sales business of APLUS FINANCIAL, and revenue from markets transactions including ALM operations.
- **General and administrative expenses** decreased from 70.0 billion yen in the first half of fiscal year 2014 to 69.7 billion yen, and expense-to-revenue ratio was 63.2%.
- **Net credit recoveries** of 1.2 billion yen were recorded in the first half of fiscal year 2015, significantly improved compared to costs of 5.0 billion yen in the first half of fiscal year 2014. This was mainly due to the recording of major gains on the reversal of reserves for loan losses in the Institutional Group exceeding the provisioning of reserves for loan losses in the consumer finance business resulting from loan balance growth.
- **Consolidated net income** increased 8.5 billion yen from 28.9 billion yen in the first half of fiscal year 2014 to 37.4 billion yen.
- **Nonconsolidated net income** increased 5.8 billion yen from 19.3 billion yen in the first half of fiscal year 2014 to 25.2 billion yen.
- **Total assets** increased 109.3 billion yen from 8,889.8 billion yen at March 31, 2015 to 8,999.2 billion yen at September 30, 2015.

Capital and Asset Quality

- **Capital ratio** continues to be maintained at a sufficient level. **Consolidated core capital adequacy ratio** (Basel III, domestic standard) as of September 30, 2015 was 14.26%, decreased compared to 14.86 % as of March 31, 2015. **Consolidated Common Equity Tier1 Ratio** (Basel III, international standard fully loaded basis) as of September 30, 2015 was 12.5%, increased compared to 11.9% as of March 31, 2015.
- **Nonperforming loan ratio** was 0.83% as of September 30, 2015, improved from 1.42% as of March 31, 2015, as the nonperforming loan balance continues to decline.

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 total assets of 8.9 trillion yen on a consolidated basis (as of September 30, 2015) 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/english/index.html>