

For Immediate Release

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President and CEO
(Code: 8303, TSE First Section)

Shinsei Bank Reports Financial Results for the First Quarter Ended June 30, 2014

- A firm start toward the achievement of the full year targets of fiscal year 2014 -

Tokyo (Tuesday, July 29, 2014) --- 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 19.9 billion yen and consolidated cash basis¹ net income of 21.9 billion yen in the first quarter ended June 30, 2014. Additionally, Shinsei Bank announced a nonconsolidated net income of 16.7 billion yen in the first quarter ended June 30, 2014. The Bank has achieved a smooth start towards the achievement of our fiscal year 2014 forecasts of 55.0 billion yen in consolidated reported basis net income and 62.0 billion yen in consolidated cash basis¹ net income.

Highlights of Consolidated Financial Results

	14.4-14.6	13.4-13.6	(JPY Billion) Change
Total Revenue	57.8	50.5	7.3
General and Administrative Expenses	-35.0	-32.6	-2.3
Ordinary Business Profit	22.8	17.8	5.0
Net Credit Costs	0.7	0.0	0.6
Net Income	19.9	12.7	7.2
Cash Basis ¹ Net Income	21.9	15.0	6.9

¹ Cash-basis figures are calculated by excluding amortization and impairment of goodwill and other intangible assets, net of tax benefit

- **Total revenue** increased 7.3 billion yen from first quarter fiscal year 2013 from 50.5 billion yen to 57.8 billion yen. Net interest income increased 3.9 billion yen from first quarter fiscal year 2013 to 30.9 billion yen, due to factors such as an increase in loans at the consumer finance business and an increase in dividends from securities at the Institutional Group in addition to a decrease in funding costs. Noninterest income also increased 3.4 billion yen from first quarter fiscal year 2013 to 26.9 billion yen due to factors such as stable earnings in our domestic credit trading business and improvements in bond income in our ALM business.
- **General and administrative expenses** increased 2.3 billion yen from 32.6 billion yen in first quarter fiscal year 2013 to 35.0 billion yen, due to a rise in personnel and advertising expenses as a result of the proactive investment of management resources in strategic focus areas.
- **Net credit recoveries** of 0.7 billion yen were recorded in first quarter fiscal year 2014 compared to recoveries of 0.0 billion yen (95 million yen) in first quarter fiscal year 2013. This was due to reversals of reserves for loan losses associated with the disposal of nonperforming loans and improvements in asset quality.
- **Consolidated net income** increased 7.2 billion yen from 12.7 billion yen in first quarter fiscal year 2013 to 19.9 billion yen due to the growth of revenue being greater than increases in expenses.
- **Nonconsolidated net income** increased 8.2 billion yen from 8.4 billion yen in first quarter fiscal year 2013 to 16.7 billion yen due to an increase in total revenue and improvements in net credit costs.
- **Total assets** increased 217.8 billion yen from 9,321.1 billion yen at March 31, 2014 to 9,538.9 billion yen at June 30, 2014. The loan balance decreased 102.8 billion yen from 4,319.8 billion yen at March 31, 2014 to 4,217.0 at June 30, 2014.

Capital and Asset Quality

- Consolidated core capital adequacy ratio (Basel III, domestic standard) as of June 30, 2014 was 14.14%, improved compared to 13.58% as of March 31, 2014, due to the steady accumulation of retained earnings and

- a reduction in nonperforming loans.
- The nonperforming loan balance continues to decline and the nonperforming loan ratio improved from 3.81% as of March 31, 2014 to 3.12% as of June 30, 2014. Additionally, a high coverage ratio of 95.9% continues to be maintained.

For further details on the first quarter financial results, please visit our website through the link below:
http://www.shinseibank.com/investors/en/ir/financial_info/quarterly_results/index.html

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 9.5 trillion yen on a consolidated basis (as of June 30, 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/english/index.html>