

For Immediate Release

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

Shinsei Bank Reports Financial Results for the First Half Ended September 30, 2014

- Progress largely in line with original FY2014 projections -

Tokyo (Friday, October 31, 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 28.9 billion yen and consolidated cash basis¹ net income of 32.9 billion yen for the first half ended September 30, 2014. Additionally, Shinsei Bank announced a nonconsolidated net income of 19.3 billion yen for the first half ended September 30, 2014. The Bank's progression toward its original full year projections for fiscal year 2014 of 55.0 billion yen in consolidated reported basis net income and 62.0 billion yen in consolidated cash basis¹ net income is largely in line with original expectations.

Highlights of Consolidated Financial Results

	14.4-14.9	13.4-13.9	(JPY Billion) Change
Total Revenue	111.1	100.2	10.8
General and Administrative Expenses	-70.0	-65.8	-4.2
Ordinary Business Profit	41.0	34.4	6.6
Net Credit Costs	-5.0	-0.3	-4.6
Net Income	28.9	27.2	1.6
Cash Basis ¹ Net Income	32.9	31.7	1.2

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

- **Total revenue** increased 10.8 billion yen from 100.2 billion yen in the first half of fiscal year 2013 to 111.1 billion yen in the first half of fiscal year 2014. Net interest income increased 5.5 billion yen from the first half of fiscal year 2013 to 60.5 billion yen due to factors such as an increase in loans at the consumer finance business as well as an improvement in deposit related funding costs. Noninterest income also increased 5.3 billion yen from the first half of fiscal year 2013 to 50.5 billion yen in the first half of fiscal year 2014 due to factors such as improvements in revenue from the Bank's ALM operations and a steady increase in revenue from market transactions.
- **General and administrative expenses**, while we continued to promote operational efficiency, increased 4.2 billion yen from 65.8 billion yen in the first half of fiscal year 2013 to 70.0 billion yen in the first half of fiscal year 2014, due to increases in personnel and advertising expenses as a result of the investment of management resources in strategic focus areas in order to grow the Bank's business base.
- **Net credit costs** of 5.0 billion yen were recorded in the first half of fiscal year 2014 compared to costs of 0.3 billion yen in the first half of fiscal year 2013. This increase was due to the provisioning of reserves for loan losses associated with the increase in loans at the consumer finance business.
- **Consolidated net income** increased 1.6 billion yen from 27.2 billion yen in the first half of fiscal year 2013 to 28.9 billion yen in the first half of fiscal year 2014 due to the growth of revenue being greater than increases in expenses and net credit costs.
- **Nonconsolidated net income** increased 3.7 billion yen from 15.5 billion yen in the first half of fiscal year 2013 to 19.3 billion yen in the first half of fiscal year 2014 due to an increase in total revenue and

improvements in net credit costs.

- **Total assets** decreased 130.9 billion yen from 9,321.1 billion yen on March 31, 2014 to 9,190.1 billion yen on September 30, 2014. The loan balance increased 18.7 billion yen from 4,319.8 billion yen on March 31, 2014 to 4,338.6 billion yen on September 30, 2014.

Capital and Asset Quality

- The consolidated core capital adequacy ratio (Basel III, domestic standard) as of September 30, 2014 was 13.81%, 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 2.61% as of September 30, 2014. Additionally, a high coverage ratio of 95.7% continues to be maintained.

FY2014 Full Year Forecast

In consideration of interim period financial results and the outlook going forward, full-year forecast maintained at 55.0 billion yen for consolidated reported basis net income and 34.0 billion yen for nonconsolidated net income, unchanged from the forecast originally announced on May 8, 2014.

For further details on the first half FY2014 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 9.1 trillion yen on a consolidated basis (as of September 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>