

For Immediate Release

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(Code: 8303, TSE First Section)

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

Tokyo (Tuesday, January 31, 2017) --- 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 43.3 billion yen in the third quarter ended December 31, 2016, decreased by 4.7 billion yen compared to the same period of fiscal year 2015. Additionally, Shinsei Bank announced a nonconsolidated net income of 32.1 billion yen in the third quarter ended December 31, 2016, increased by 3.3 billion yen compared to the same period of fiscal year 2015.

Highlights of Consolidated Financial Results

	16.4-16.12	15.4-15.12	(JPY Billion) Change
Total Revenue	172.0	164.3	7.6
General and Administrative Expenses	-107.4	-104.6	-2.7
Ordinary Business Profit	64.6	59.6	4.9
Net Credit Costs	-22.9	-3.5	-19.4
Net Income	43.3	48.1	-4.7

- **Total revenue** increased 7.6 billion yen to 172.0 billion yen for the first three quarters of fiscal year 2016. Net interest income increased 1.6 billion yen from the first three quarters of fiscal year 2015 to 92.1 billion yen. This increase was the result of a strong performance in the lending operations of the Bank’s Consumer Finance Business and the effects of the base rate reduction and spread compression due to greater competition caused by the introduction of the negative interest rate policy remaining within the Bank’s original expectations. Noninterest income increased 5.9 billion yen from the first three quarters of fiscal year 2015 to 79.8 billion yen, due primarily to increased fees income associated with Structured Finance Business in the Institutional Business, and increased gains on bonds in Treasury operations grew and the non-recurrence of a loss recorded as a result of the reassessment of a fund investment recorded in the Institutional Business during the first three quarters of the previous fiscal year offsetting declining market related revenues including those associated with the sale of asset management products in the Retail Banking Business.
- **General and administrative expenses** totaled 107.4 billion yen. While the Bank continues to promote operational efficiency, expenses increased 2.7 billion yen compared to the first three quarters of fiscal year 2015 due to the investment of management resources in such as IT systems in order to facilitate expansion of the Bank’s business base and advertising in growth areas, as well as the effects of the revision of the tax code related to consumption and property taxes. The Bank’s expense-to-revenue ratio was 62.4%. (63.7% in the third quarter of fiscal year 2015)
- **Net credit costs** totaled 22.9 billion yen in the first three quarters of fiscal year 2016, increased 19.4 billion yen from the first three quarters of fiscal year 2015 in which the Bank recorded costs of 3.5 billion yen. This was due primarily to the absence of the major credit recoveries recorded in the first three quarters of fiscal year 2015 in the Institutional Business as well as the provisioning of general reserves for loan losses corresponding to the continuing steady growth of the loan balance of the Consumer Finance and Structured Finance Businesses during the first three quarters of the current fiscal year.
- **Consolidated net income** decreased 4.7 billion yen from 48.1 billion yen recorded in the first three quarters of fiscal year 2015 to 43.3 billion yen.
- **Nonconsolidated net income** increased 3.3 billion yen from 28.7 billion yen recorded in the first three

quarters of fiscal year 2015 to 32.1 billion yen.

- **Total assets** increased 282.0 billion yen from the March 31, 2016, balance of 8,928.7 billion yen to 9,210.7 billion yen as of December 31, 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 14.12% as of December 31, 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 December 31, 2016.
- **Nonperforming loan ratio** was 0.76% as of December 31, 2016, and remains at a low level.

For further details on the third quarter 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>