

For Immediate Release

Company Name: Shinsei Bank, Limited  
Name of Representative: Hideyuki Kudo  
President and CEO  
(Code: 8303, TSE First Section)

**Issuance of the FY2017 - 2020 “Japanese Economy Outlook”  
(Seventh Issue, Q4 2017 GDP (1st Preliminary),  
February 21, 2018 edition)**

*- While Japanese economy grew last two years,  
the economic outlook is revised downward due to weaker investment -*

Tokyo (Wednesday, February 21, 2018) --- Shinsei Bank, Limited today announced its issuance of fiscal year 2017 to fiscal year 2020 “Japanese Economy Outlook” (Seventh Issue, Q4 2017 GDP (1st Preliminary), February 21, 2018 edition).

**Highlights:**

- Q4 GDP result is lower than our estimate due to weaker private investment.
- Consumption growth rate is stronger than our estimate; the level of consumption is staying much weaker than our estimation based on the stock price and household income.
- We revise down the economic outlook because corporate sector may have very pessimistic view on the domestic demand and is still reluctant to invest further.
- The US expansionary fiscal policy is highly likely to contribute to the higher inflation. We expect the tighter Japanese fiscal policy push down the economic growth after FY2019.

2017-Q4 GDP growth rate (1st Preliminary, annualized) is +0.5% is weaker than our expectation (+1.2%). Non-residential investment increased only by +0.7% from previous quarter (our estimate +1.5%) and residential investment decreased by -2.7% which is weaker than our estimate, -0.6%.

While we expected the consumption grew at +0.3% from previous quarter, its result is only at +0.5%. Durable goods show strong growth +3.6% from previous quarter, which is relatively high. But we are staying cautious on the future course of consumption because the level of consumption has been staying significantly lower than our theoretical level.

We revised down the real GDP growth rate outlook from +2.1% in previous outlook to +1.8% because the corporate sector may not change its investment stance even if the improvement in corporate profit and recent tightness in the labor market are quite decent.

The expansionary fiscal policy in the US caused the fear for the inflation and economy's overheating. But such policy is likely to be more beneficial in Japan because it is struggling to push up prices and wages. We expect the Japanese fiscal policy will be contractionary after FY2019, so our growth outlook is cautious than the market consensus.

\*\*\*\*\*

*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>*