

For Immediate Release

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

**Issuance of the FY2018 - FY2021 “Japanese Economy Outlook”
(Eleventh Issue, Q2 2018 GDP (1st Preliminary), August 21, 2018 edition)**
- Optimal monetary policy for both Japanese economy and financial institutions-

Tokyo (Tuesday, August 21, 2018) --- Shinsei Bank, Limited today announced its issuance of fiscal year 2018 to fiscal year 2021 “Japanese Economy Outlook” (Eleventh Issue, Q2 2018 GDP (1st Preliminary), August 21, 2018 edition).

Highlights:

- The BOJ Monetary Policy Meeting decided to allow the long-term interest rates move in wider range in order to continue the current monetary easing.
- Some market participants provide their opinions that the BOJ should increase the long-term rates to improve earnings and margins of the financial institutions.
- We believe that low rates of deposit and lending in Japan are not resulted from the recent monetary easing but from deflation and low growth rate by insufficient monetary easing in the past.
- Only raising the policy interest rate without improving economy and inflation environment may lead to economic downturn and deflation again. This may result in lower profits reflecting higher credit costs in the financial institutions.
- It is desirable that interest rates would be raised in line with the stable inflation by early achievement of price target and recovery of demand for money in firms and households accordingly.

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>