

For Immediate Release

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(Code: 8303, TSE First Section)

## Shinsei Bank Reports Financial Results for the Fiscal Year Ended March 31, 2014

*-Large Reduction of Non-Performing Loans; Asset Quality Improvement Progresses Further-*

Tokyo (Thursday, May 8, 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 41.3 billion yen for the fiscal year ended March 31, 2014, the first year of its Second Medium-Term Management Plan (FY2013-FY2015), and a consolidated cash basis<sup>1</sup> net income of 49.8 billion yen, a decline compared to the previous fiscal year. Additionally, Shinsei Bank announced a non-consolidated net income of 36.4 billion yen, an increase compared to the previous fiscal year. A dividend of 1 yen per common share will be paid out as forecasted.

### Highlights of Consolidated Financial Results

|                                     | 13.4-14.3 | 12.4-13.3 | (JPY Billion)<br>Change % |
|-------------------------------------|-----------|-----------|---------------------------|
| Total Revenue                       | 203.0     | 199.0     | 2.0%                      |
| General and Administrative Expenses | -132.8    | -128.6    | 3.3%                      |
| Ordinary Business Profit            | 70.1      | 70.3      | -0.3%                     |
| Net Credit Costs                    | -0.2      | -5.5      | -94.9%                    |
| Other Profit (Losses)               | -14.2     | -0.1      | n.m.                      |
| Additional Grey Zone Reserves       | -15.6     | -         |                           |
| Reported Basis Net Income           | 41.3      | 51.0      | -19.0%                    |
| Cash Basis <sup>1</sup> Net Income  | 49.8      | 60.4      | -17.5%                    |

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

- **Top-line revenues** up versus previous fiscal year from 199.0 billion yen to 203.0 billion yen. Of this, net interest income, despite an improvement in interest margin, declined vs. FY2012 as a result of an increase in the total balance of interest bearing liabilities and the sluggish growth of operating assets. Non-interest income, due to factors such as steady revenue growth in the principal transactions business at the Institutional Group, strong sales of investment products at the Individual Group, and an increase in shopping credit volume, increased vs. FY2012.
- **Expenses** up from 128.6 billion yen in previous fiscal year to 132.8 billion yen, due to investment of management resources into strategic areas.
- **Net credit costs** further improved from 5.5 billion yen to 0.2 billion yen, due to reversals of reserves for loan losses associated with the disposal of non-performing loans and improvements in asset quality.
- **Other profit (losses)**, recorded a loss of 14.2 billion yen, up significantly from 0.1 billion yen in the previous fiscal year due to the additional provisioning of 15.6 billion yen of reserves for losses on interest repayment at consumer finance subsidiaries.
- **Consolidated net income** down from 51.0 billion yen to 41.3 billion yen despite an increase in revenue and continuing improvements in net credit costs due to the provisioning of additional reserves for losses on interest repayment.
- **Non-consolidated net income** up strongly from 24.6 billion yen to 36.4 billion yen due to improvements in net credit costs compared to the previous fiscal year.
- **Total assets** increased 291.7 billion yen from 9,029.3 billion yen at March 31, 2013 to 9,321.1 billion yen, while the loan balance increased 27.3 billion yen to 4,319.8 billion yen over the same period.

### Capital and Asset Quality

- Total consolidated core capital adequacy ratio (Basel III, domestic standard) as of March 31, 2014 at 13.58% due to steady accumulation of retained earnings and a reduction in non-performing loans.
- The non-performing loan balance continues to decline and the non-performing loan ratio improved significantly by 1.51 percentage points, from 5.32% as of March 31, 2013 to 3.81% as of March 31, 2014. Additionally, a high coverage ratio of 95.3% continues to be maintained.

### FY2014 Forecast

- Full fiscal year consolidated reported basis net income forecast at 55.0 billion yen, and consolidated cash basis<sup>1</sup> net income forecast at 62.0 billion yen.
- Non-consolidated net income forecast at 34.0 billion yen.
- Fiscal year end common share dividend forecast at 1 yen per share, as outlined in our Revitalization Plan.

For further details on fiscal year 2013 financial results, please visit our website through the link below:  
[http://www.shinseibank.com/investors/en/ir/financial\\_info/quarterly\\_results/index.html](http://www.shinseibank.com/investors/en/ir/financial_info/quarterly_results/index.html)

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*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 9.3 trillion yen on a consolidated basis (as of March 31, 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>*