

For Immediate Release

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## Shinsei Bank Reports Third Quarter Results for the Fiscal Year Ending March 31, 2016; Downward Revision of Full Year Earnings Forecast

Tokyo (Friday, January 29, 2016) --- Shinsei Bank, Limited (“Shinsei Bank;” “the Bank”), a leading diversified financial institution serving both institutional and individual customers in Japan, today announced a consolidated reported basis net income<sup>1</sup> of 48.1 billion yen, a decrease of 4.2 billion yen compared to the same period of the fiscal year 2014. Nonconsolidated net income was 28.7 billion yen, a decrease of 7.0 billion yen compared to the same period of fiscal year 2014.

Due to factors such as the business results up to the third quarter of fiscal year 2015, as well as the recent deterioration in market conditions, the consolidated full year earnings forecasts for the fiscal year ending March 31, 2016 that were made public on May 12, 2015 are revised downwards as follows:

- Consolidated net income<sup>1</sup> forecast revised downwards from 70.0 billion yen to 62.0 billion yen
- Nonconsolidated net business profit forecast revised downwards from 37.0 billion yen to 34.0 billion yen
- Nonconsolidated net income forecast of 42.0 billion yen remains unchanged
- Year-end dividend per share forecast of 1.00 yen per share remains unchanged

### Summary of 3Q FY2015 Financial Results (Consolidated)

(JPY Billion)

	2015.4-12 (9 Months)	2014.4-12 (9 Months)	Increase/ Decrease
Total Revenue	164.3	175.6	-11.3
General and Administrative Expenses	-104.6	-105.4	+0.7
Net Credit Costs	-3.5	-5.7	+2.2
Reported Basis Net Income <sup>1</sup>	48.1	52.3	-4.2
Cash Basis <sup>2</sup> Net Income	53.3	58.1	-4.7

### Revision of Consolidated Forecasts for FY2015

(JPY Billion)

	Reported Basis Net Income <sup>1</sup>	Reported Basis Diluted Net Income Per Share	Cash Basis <sup>2</sup> Net Income
Previous forecast as of May 12, 2015(A)	70.0	26.37 yen	76.0
<b>Revised forecast (B)</b>	<b>62.0</b>	<b>23.36 yen</b>	<b>68.0</b>
Difference (B-A)	-8.0	-3.01 yen	-8.0
Difference (%)	-11.4%	-11.4%	-10.5%
(Reference) Results for the fiscal year ended March 31, 2015	67.8	25.57 yen	75.4

### Revision of Nonconsolidated Forecasts for FY2015

(JPY Billion)

	Net Business Profit	Net Income
Previous forecast as of May 12, 2015 (A)	37.0	42.0
<b>Revised forecast (B)</b>	<b>34.0</b>	<b>42.0</b>
Difference (B-A)	-3.0	-
Difference (%)	-8.1%	-
(Reference) Results for the fiscal year ended March 31, 2015	42.3	45.7

## Financial Results

- **Total revenue** decreased 11.3 billion yen compared to the same period last year to 164.3 billion yen in the third quarter of fiscal year 2015. Net interest income decreased 7.1 billion yen compared to the third quarter of fiscal year 2014 to 90.4 billion yen. This decrease was the result of factors such as the absence of significant dividend income from securities investments in the Institutional Group recorded in the same period of the previous fiscal year and the effects of spread compression, primarily in the Institutional Group, exceeding an increase in revenue resulting from growth of the consumer finance business loan balance as well as a reduction in funding costs. Noninterest income decreased 4.1 billion yen compared to the third quarter of fiscal year 2014 to 73.8 billion yen, due primarily to the absence of major revenues from the Principal Transactions business recorded in the same period of the previous fiscal year and losses resulting from the reassessment of fund investments.
- **General and administrative expenses** decreased 0.7 billion yen from 105.4 billion yen recorded in the third quarter of fiscal year 2014 to 104.6 billion yen. The expense-to-revenue ratio in the recently ended quarter was 63.7%.
- **Net credit costs** of 3.5 billion yen were recorded in the third quarter of fiscal year 2015, improved 2.2 billion yen compared to 5.7 billion yen recorded in the third quarter of fiscal year 2014. This was mainly due to major gains on the reversal of reserves for loan losses in the Institutional Group partially offsetting the provisioning of reserves for loan losses in the consumer finance business resulting from loan balance growth.
- **Consolidated net income**<sup>1</sup> decreased 4.2 billion yen compared to 52.3 billion yen recorded in the third quarter of fiscal year 2014 to 48.1 billion yen.
- **Nonconsolidated net income** decreased 7.0 billion yen compared to 35.7 billion yen recorded in the third quarter of fiscal year 2014 to 28.7 billion yen.
- **Total assets** increased 439.7 billion yen from 8,889.8 billion yen at March 31, 2015 to 9,329.6 billion yen at December 31, 2015.

## Capital and Asset Quality

- **Capital ratios** continue to increase from a relatively high base. **Consolidated core capital adequacy ratio** (Basel III, domestic standard) as of December 31, 2015 was 14.33%, decreased compared to 14.86 % as of March 31, 2015. **Consolidated common equity Tier I ratio** (Basel III, international standard fully loaded basis) as of December 31, 2015 was 12.8%, increased compared to 11.9% as of March 31, 2015.
- **Nonperforming loan ratio** was 0.81% as of December 31, 2015, significantly improved compared to 1.42% as of March 31, 2015 as a result of factors such as a progression in the disposal of nonperforming loans.

<sup>1</sup> In accordance with the revision of the Accounting Standard for Business Combination, as of FY2015 net income and cash basis net income are referred to as profit attributable to owners of parent and cash basis profit attributable to owners of parent.

<sup>2</sup> Cash basis figures are calculated by excluding amortization and impairment of goodwill and other intangible assets, net of tax benefit

## Conference Call for Investors on Earnings for the Third Quarter Ended December 31, 2015

A conference call for investors will be held in English, on Friday, January 29, 2016, at 10:00 PM (JST)/8:00 AM (EST)/1:00 PM (GMT)/2:00 PM (CET). The presentation to be used for the conference call will be posted on Shinsei Bank's website after 1:00 PM (JST) on the same day. To download the "Third Quarter Financial Results 2015/12" please go to:

[http://www.shinseibank.com/corporate/en/ir/quarterly\\_results/index.html](http://www.shinseibank.com/corporate/en/ir/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 December 31, 2015) 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/corporate/en/index.html>