

For Immediate Release

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

Shinsei Bank Reports Financial Results for the First Quarter Ended June 30, 2016

Tokyo (Wednesday, August 3, 2016) --- 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 income¹ of 8.1 billion yen in the first quarter ended June 30, 2016, decreased by 14.3 billion yen compared to the same period of fiscal year 2015. The progression toward FY2016 full year forecast of 52.0 billion yen is at 16%. Additionally, Shinsei Bank announced a nonconsolidated net income of 7.5 billion yen in the first quarter ended June 30, 2016, decreased by 11.8 billion yen compared to the same period of fiscal year 2015.

Highlights of Consolidated Financial Results

	16.4-16.6	15.4-15.6	(JPY Billion) Change
Total Revenue	55.6	57.9	-2.3
General and Administrative Expenses	-35.4	-34.9	-0.5
Ordinary Business Profit	20.1	23.0	-2.8
Net Credit Costs (Recoveries)	-8.0	2.0	-10.1
Net Income ¹	8.1	22.5	-14.3

- **Total revenue** decreased 2.3 billion yen from the first quarter of fiscal year 2015 to 55.6 billion yen for the first quarter of fiscal year 2016. Of this amount, net interest income decreased 0.7 billion yen from the first quarter of fiscal year 2015 to 30.3 billion yen. This decrease in net interest income was due to a reduction in dividend income from securities despite an increase in net interest income resulting from the growth of the asset balance of the Consumer Finance Business. Noninterest income decreased 1.5 billion yen from the first quarter of fiscal year 2015 to 25.2 billion yen in the first quarter of fiscal year 2016. The decrease in noninterest income reflected factors such as a reduction in markets related revenues, including revenue associated with the sale of asset management products in the Retail Banking Business, and the absence of major revenues recorded in the Institutional Business in the first quarter of fiscal year 2015 despite the recording of strong gains on sale of securities including government bonds in ALM operations.
- **General and administrative expenses** increased 0.5 billion yen to 35.4 billion yen compared to the first quarter of fiscal year 2015 due to the strategic investment of management resources in areas such as IT systems and advertising in the growth areas in order to expand the Bank's business base. The expense-to-revenue ratio was 63.7%.
- **Net credit costs** of 8.0 billion yen were recorded in the first quarter of fiscal year 2016, increased 10.1 billion yen from recoveries of 2.0 billion yen recorded in the first quarter of fiscal year 2015, due primarily to the absence of the major credit recoveries recorded in the first quarter of fiscal year 2015 in the Institutional Business as well as the provisioning of general reserves for loan losses as a result of the steady growth of the loan balance of the Consumer Finance Business in the first quarter of fiscal year 2016.
- **Consolidated net income¹** decreased 14.3 billion yen from 22.5 billion yen recorded in the first quarter fiscal of year 2015 to 8.1 billion yen.
- **Nonconsolidated net income** decreased 11.8 billion yen from 19.4 billion yen recorded in the first quarter of fiscal year 2015 to 7.5 billion yen.
- **Total assets** increased 341.6 billion yen from 8,928.7 billion yen at March 31, 2016, to 9,270.4 billion yen at June 30, 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 13.88% as of June 30, 2016. The Basel III international standard (fully loaded basis) **common equity Tier 1 capital ratio** decreased from 12.9% as of March 31, 2016, to 12.8% as of June 30, 2016.
- **Nonperforming loan ratio** was 0.82% as of June 30, 2016, increased from 0.79% as of March 31, 2016, due in part to factors such as a revision of obligor ratings of a portion of the assets currently held by the Bank.

¹ In accordance with the revision of the Accounting Standard for Business Combination, as of FY2015 net income is referred to as profit attributable to owners of parent.

For further details on the first 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 total assets of 9.2 trillion yen on a consolidated basis (as of June 30, 2016) 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>