

For Immediate Release

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

### Shinsei Bank Reports Financial Results for the Fiscal Year Ended March 31, 2016

Tokyo (Wednesday, May 11, 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 net income<sup>1</sup> of 60.9 billion yen for the fiscal year ended March 31, 2016 (12 months), the third and final year of its Second Medium-Term Management Plan (FY2013-FY2015), a decrease of 6.9 billion yen compared to the previous fiscal year. Nonconsolidated net income was 41.5 billion yen, a decrease of 4.1 billion yen compared to the previous fiscal year. A dividend of 1 yen per common share will be paid out in line with the dividend forecast.

#### Summary of Financial Results (Consolidated)

(Unit: JPY Billion)

	FY2015 (12 Months)	FY2014 (12 Months)	Increase/ Decrease
Total Revenue	216.6	235.3	-18.7
General and Administrative Expenses	-140.5	-141.6	+1.1
Ordinary Business Profit	76.0	93.6	-17.6
Net Credit Costs	-3.7	-11.8	+8.1
Net Income <sup>1</sup>	60.9	67.8	-6.9
Cash Basis <sup>2</sup> Net Income	67.6	75.4	-7.7

#### Financial Results

- **Total Revenue** in fiscal year 2015 was 216.6 billion yen, decreased 18.7 billion yen compared to fiscal year 2014. Of this amount, net interest income was 122.3 billion yen, and while on one hand the Bank enjoyed an increase in revenue due to the growth of the consumer finance business loan balance as well as a reduction in funding costs, the non-recurrence of significant dividend income from securities investments in the Institutional Group recorded in the previous fiscal year and the compression of spreads, primarily in the Institutional Group, resulted in net interest income decreasing by 4.1 billion yen compared to fiscal year 2014. Noninterest income decreased 14.6 billion yen compared to fiscal year 2014 to 94.2 billion yen, due primarily to the non-recurrence of major revenues recorded in the Principal Transactions business in the previous fiscal year and the recording of losses resulting from the reassessment of a fund investment.
- **General and administrative expenses**, while the Bank continued to invest the management resources necessary in order to expand its business base (such as increasing headcount), due to the promotion of efficient business operations as well as a reduction in deposit insurance costs, decreased 1.1 billion yen from 141.6 billion yen recorded in fiscal year 2014 to 140.5 billion yen in fiscal year 2015.
- **Net credit costs**, while on one hand having provisioned reserves for loan losses in the consumer finance business due to loan balance growth, the Institutional Group significant gains on the reversal of reserves for loan losses, resulting in net credit costs of 3.7 billion yen in fiscal year 2015, improved 8.1 billion yen compared to 11.8 billion yen recorded in fiscal year 2014.
- **Consolidated net income<sup>1</sup>** decreased 6.9 billion yen from 67.8 billion yen recorded in fiscal year 2014 to 60.9 billion yen in fiscal year 2015.
- **Nonconsolidated net income** decreased 4.1 billion yen from 45.7 billion yen recorded in fiscal year 2014 to 41.5 billion yen in fiscal year 2015.
- **Total assets** increased 38.9 billion yen from 8,889.8 billion yen on March 31, 2015 to 8,928.7 billion yen on March 31, 2016.

#### Capital and Asset Quality

- **Capital ratios** continue to be maintained at sufficient levels. The Basel III, domestic standard **consolidated core capital adequacy ratio** (grandfathering basis) as of March 31, 2016 was 14.20%, decreased compared to 14.86 % as of March 31, 2015. The Basel III, international standard **common equity Tier I ratio** (fully loaded basis) as of March 31, 2016 was 12.9%, increased compared to 11.9% as of March 31, 2015.

- **Nonperforming loan ratio** was 0.79% as of March 31, 2016, 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.

#### **FY2016 Forecast**

- Full fiscal year consolidated net income<sup>1</sup> forecast at 52.0 billion yen.
- Nonconsolidated net income forecast at 36.0 billion yen.
- Fiscal year end common share dividend forecast at 1 yen per share, as outlined in the Bank's Revitalization Plan.

<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 Fiscal Year Ended March 31, 2016**

A conference call will be held in Japanese/English, with consecutive interpretation, on Thursday, May 12, 2016 at 9:00 PM (JST)/8:00 AM (EST)/1:00 PM (GMT). The presentation to be used for the conference will be posted on Shinsei Bank's website on May 11. To download the "Fiscal Year 2015 Financial Results" 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 8.9 trillion yen on a consolidated basis (as of March 31, 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/corporate/en/index.html>*