

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 Half Ended September 30, 2017

Tokyo (Wednesday, November 1, 2017) --- 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 25.1 billion yen in the first half ended September 30, 2017, increased by 0.1 billion yen compared to the same period of fiscal year 2016. Additionally, Shinsei Bank announced a nonconsolidated net income of 22.9 billion yen in the first half ended September 30, 2017, decreased by 1.1 billion yen compared to the same period of fiscal year 2016.

Highlights of Consolidated Financial Results

	17.4-17.9	16.4-16.9	(JPY Billion) Change
Total Revenue	115.9	113.2	2.6
General and Administrative Expenses	-71.6	-71.3	-0.2
Ordinary Business Profit	44.2	41.8	2.4
Net Credit Costs (Recoveries)	-19.8	-14.7	-5.1
Net Income	25.1	24.9	0.1

- **Total revenue** increased 2.6 billion yen from the first half of fiscal year 2016 to 115.9 billion yen for the first half of fiscal year 2017. Of this amount, net interest income increased 3.7 billion yen from 60.4 billion yen recorded in the first half of fiscal year 2016 to 64.1 billion yen. This increase in net interest income was due primarily to the growth of the asset balance of the Consumer Finance Business. Noninterest income decreased 1.0 billion yen from 52.7 billion yen recorded in the first half of fiscal year 2016 to 51.7 billion yen in the first half of fiscal year 2017. The decrease in noninterest income reflected factors such as a reduction in gains on sales of bonds in ALM operations and revenues associated with the sale of asset management products in the Retail Banking Business despite gains on sales of equities in the Corporate and Principal Transactions Businesses as well as the increase in fee income from the Corporate Business.
- **General and administrative expenses** increased 0.2 billion yen to 71.6 billion yen compared to the first half of fiscal year 2016. This was due to the expense increases in advertisement expenses and premises related expenses as well as expenses for IT systems for bolstering the business franchise while the Bank continues to promote operational efficiency. The Bank’s expense-to-revenue ratio was 61.8%.
- **Net credit costs** of 19.8 billion yen were recorded in the first half of fiscal year 2017, increased 5.1 billion yen from net credit costs of 14.7 billion yen recorded in the first half of fiscal year 2016, due primarily to the revision of reserve ratio for loan losses of unsecured loan 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 half of fiscal year 2017.
- **Consolidated net income** increased 0.1 billion yen from 24.9 billion yen recorded in the first half of fiscal year 2016 to 25.1 billion yen.
- **Nonconsolidated net income** decreased 1.1 billion yen from 24.1 billion yen recorded in the first half of fiscal year 2016 to 22.9 billion yen.
- **Total assets** increased 197.0 billion yen from 9,258.3 billion yen at March 31, 2017, to 9,455.3 billion yen at September 30, 2017.

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** was 13.05% as of September 30, 2017 from 13.06%

as of March 31, 2017. The Basel III international standard (fully loaded basis) **common equity Tier 1 capital ratio** was 12.2% as of September 30, 2017 from 12.3% as of March 31, 2017.

- **Nonperforming loan ratio** was 0.19% as of September 30, 2017, decreased from 0.22% as of March 31, 2017, maintaining at a low level.

For further details on the first half 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 various 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>