

For Immediate Release

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

Shinsei Bank Third Quarter Financial Results for the Fiscal Year Ending March 31, 2018

Tokyo (Wednesday, January 31, 2018) --- Shinsei Bank, Limited (“Shinsei Bank”; “the Bank”) today announced a consolidated reported basis net income of 35.6 billion yen in the third quarter ended December 31, 2017, decreased by 7.7 billion yen compared to the same period of fiscal year 2016. Additionally, Shinsei Bank announced a nonconsolidated net income of 28.2 billion yen in the third quarter ended December 31, 2017, decreased by 3.9 billion yen compared to the same period of fiscal year 2016.

Highlights of Consolidated Financial Results

	17.4-17.12	16.4-16.12	(JPY Billion) Change
Total Revenue	174.9	172.0	2.8
General and Administrative Expenses	-107.1	-107.4	0.2
Ordinary Business Profit	67.7	64.6	3.1
Net Credit Costs	-29.9	-22.9	-6.9
Net Income	35.6	43.3	-7.7

- **Total revenue** increased 2.8 billion yen to 174.9 billion yen for the first three quarters of fiscal year 2017.
 - **Net interest income** increased 4.6 billion yen to 96.7 billion yen from 92.1 billion yen for the first three quarters of fiscal year 2016. This increase was due primarily to the growth of the asset balance of the Consumer Finance Business.
 - **Noninterest income** decreased 1.7 billion yen to 78.1 billion yen from 79.8 billion yen for the first three quarters of fiscal year 2016. The decrease 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** decreased 0.2 billion yen to 107.1 billion yen compared to the first three quarters of fiscal year 2016. This was due to the expense decreases in taxes and personnel expenses despite the increase in advertisement expenses and premises related expenses as well as expenses for IT systems for bolstering the business franchise. The Bank’s expense-to-revenue ratio was 61.2%.
- **Net credit costs** of 29.9 billion yen were recorded in the first three quarters of fiscal year 2017, increased 6.9 billion yen, due primarily to the provisioning of general reserves for loan losses as a result of the steady growth of the loan balance of the Consumer Finance Business and specific reserves for loan losses in the Institutional Business for the first three quarters of fiscal year 2017.
- **Consolidated net income** decreased 7.7 billion yen to 35.6 billion yen compared to the first three quarters of fiscal year 2016.
- **Nonconsolidated net income** decreased 3.9 billion yen to 28.2 billion yen compared to the first three quarters of fiscal year 2016, due primarily to the decrease in the total revenue because of the decrease in the noninterest income and the increase in the expenses because of the establishment of the Group Headquarters in Shinsei Bank.
- **Total assets** increased 237.4 billion yen from March 31, 2017, to 9,495.8 billion yen at December 31, 2017, due to the increase in cash and due from banks, securities, and loans and bills discounted.

Capital and Asset Quality

- **The Basel III domestic standard (grandfathering basis) consolidated core capital ratio** was 12.90% as of December 31, 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 December 31, 2017, from 12.3% as of March 31, 2017. Capital ratios continue to be maintained at ample levels.

- **Nonperforming loan ratio** was 0.18% as of December 31, 2017, from 0.22% as of March 31, 2017, and remains at a low level.

For further details on the third 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 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>