

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 Fiscal Year Ended March 31, 2017

Tokyo (Wednesday, May 10, 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 50.7 billion yen for the fiscal year ended March 31, 2017 (12 months), decreased by 10.1 billion yen compared to the previous fiscal year. Nonconsolidated net income was 43.4 billion yen, an increase of 1.8 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.

Highlights of Consolidated Financial Results

	(JPY Billion)		
	FY2016 (12 Months)	FY2015 (12 Months)	Change
Total Revenue	228.5	216.6	+11.9
General and Administrative Expenses	-142.4	-140.5	- 1.9
Ordinary Business Profit	86.0	76.0	+10.0
Net Credit Costs	-31.8	-3.7	- 28.1
Net Income	50.7	60.9	-10.1

- **Total revenue** in fiscal year 2016 increased 11.9 billion yen to 228.5 billion yen. Net interest income was 122.2 billion yen and almost the same amount as 122.3 billion yen in fiscal year 2015. This was the result of a strong performance in the lending operations of the Bank’s Consumer Finance Business which the effects of the base rate reduction and spread compression due to greater competition caused by the introduction of the negative interest rate policy remaining within the Bank’s original expectations. Noninterest income increased 11.9 billion yen from fiscal year 2015 to 106.2 billion yen, due primarily to increased fees income associated with Structured Finance Business in the Institutional Business, a large gain on sale of securities, and the absence of a loss recorded as a result of the reassessment of a fund investment recorded in the Institutional Business in the previous fiscal year offsetting declining revenues associated with the sale of asset management products in the Retail Banking Business.
- **General and administrative expenses** totaled 142.4 billion yen. While the Bank continues to promote operational efficiency, expenses increased 1.9 billion yen compared to fiscal year 2015 due to the investment of management resources in such as IT systems, as well as the effects of the revision of the tax code. The Bank’s expense-to-revenue ratio was 62.3%. (64.9% in fiscal year 2015)
- **Net credit costs** totaled 31.8 billion yen in fiscal year 2016, increased 28.1 billion yen from fiscal year 2015 in which the Bank recorded costs of 3.7 billion yen. This was due primarily to the absence of the major credit recoveries recorded in fiscal year 2015 in the Institutional Business as well as the provisioning of general reserves for loan losses corresponding to the continuing steady growth of the loan balance of the Consumer Finance and Structured Finance Businesses in the current fiscal year.
- **Consolidated net income** decreased 10.1 billion yen from 60.9 billion yen recorded in fiscal year 2015 to 50.7 billion yen.
- **Nonconsolidated net income** increased 1.8 billion yen from 41.5 billion yen recorded in fiscal year 2015 to 43.4 billion yen.
- **Total assets** increased 329.5 billion yen from the March 31, 2016, balance of 8,928.7 billion yen to 9,258.3 billion yen as of March 31, 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** decreased from 14.20% as of March 31, 2016, to 13.06% as of March 31, 2017. The Basel III international standard (fully loaded basis) **common equity Tier 1 capital ratio** decreased from 12.9% as of March 31, 2016, to 12.3% as of March 31, 2017.
- **Nonperforming loan ratio** was 0.22% as of March 31, 2017, and remains at a low level.

FY2017 Forecast

- Full fiscal year consolidated net income forecast at 51.0 billion yen.
- Nonconsolidated net income forecast at 36.0 billion yen.
- Fiscal year end common share dividend forecast at 1 yen per share¹, as outlined in the Bank's Revitalization Plan.

¹As publicly informed on March 22, 2017, Shinsei Bank plans to undertake a 1-for-10 reverse stock split effective October 1, 2017. The above mentioned common share dividend forecast per share isn't considered the reverse stock split. If it is undertaken at the beginning of fiscal year, common share dividend forecast per share is 10 yen.

For further details on the 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>

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