

TO OUR SHAREHOLDERS, CUSTOMERS AND EMPLOYEES



Shigeki Toma
President and
Chief Executive Officer

Fiscal year 2012 marks the final year of Shinsei Bank's Medium-Term Management Plan. While devoting all our energies to ensuring that we achieve our Plan targets, we are developing new business areas and striving to enhance our performance, as we work towards our vision of what the model financial institution should be. These new initiatives are beginning to bear fruit, and in this interim period we have produced a robust set of financial results that underscore the Bank's return to a stable earnings profile.

Against the backdrop of the deepening European sovereign debt crisis and other factors, the first half of fiscal year 2012 was characterized by an increasingly uncertain financial and economic outlook. In Japan, domestic industry is facing a critical turning point amidst a highly challenging operating environment, as symbolized by the difficulties in which major Japanese electronics manufacturers now find themselves. In addition, as the path to recovery after the Great East Japan Earthquake and nuclear power plant disaster still remains unclear, the role that Japanese financial institutions should play in nurturing the new industries and revitalizing the regional economies on which the country's future depends, is once again being called into question.

Shinsei Bank entered fiscal year 2012, the final year of our Medium-Term Management Plan, having resolved our legacy issues, and nearing the completion of our return to a stable earnings structure. On this foundation, we have worked proactively to heighten our performance in both institutional and individual businesses in the first half of this fiscal year.

In our institutional business, we are working on various projects to provide solutions to support the development of new business domains, and businesses that will lead to regional revitalization, including post-disaster recovery. We are also seeing tangible results from our efforts to rebuild our customer franchise, and the balance of our loans to institutional customers continues to show net growth. In our individual business, we are building out our housing loan operations, while *Shinsei Bank Card Loan—Lake*, the bank-based, unsecured personal loan service we launched in October 2011, is also growing well.

As a result of these efforts, we recorded ¥25.7 billion in consolidated net income for the first half of fiscal year 2012, which represents both a substantial increase on the ¥20.3 billion recorded in the same period of fiscal year 2011, and approximately 50% progress towards our Medium-Term Management Plan fiscal year 2012 consolidated net income target of ¥51.0 billion. We will continue to pursue stable earnings growth in the second half as we steadily work towards achieving our full-year net income target.

It is due entirely to the understanding and support of you, our shareholders and other stakeholders, that we have been able to generate these steady and stable earnings. Shinsei Bank remains committed to becoming a bank group with stable, long-term earnings power, which is truly valued by its customers, and grows alongside them.

In closing, I would like to thank you, our shareholders, customers and all other stakeholders for your continued support and guidance.

December 2012



Shigeki Toma

President and Chief Executive Officer