

# TO OUR SHAREHOLDERS, CUSTOMERS, AND EMPLOYEES



President and Chief Executive Officer **Shigeki Toma**

The Second MTMP has started from this fiscal year. In addition to working to achieve the goals set forth in the plan of the establishment of a distinctive business base, increasing revenues, and further improving financial structures, Shinsei Bank is actively engaging in new initiatives in order to improve the business performance of both the individual and institutional businesses. The business performance of the interim period recorded an increase compared to the same period last year, and marked a smooth start toward the full year target.

In this interim period of fiscal year 2013, the Japanese economy has slowly yet surely moved into a steady recovery, and with economic sentiment improving as a result of "Abenomics," a recovery of corporate and consumer spending, increases in public investment and housing construction, improvements in employment figures, a correction in the price of the yen, and improvements in exports due in part to an improvement in the US economy have been observed. In addition to new monetary easing measures and the promotion of fiscal policy, the Japanese Government and the Bank of Japan are now working to establish a growth strategy that will encourage private investment. However, there are concerns of economic downturns overseas and concerns over the effects of the looming consumption tax hike on the economy, and there remain many challenges which must be overcome for the economic recovery to become more firm.

Against this backdrop, Shinsei Bank has made efforts to establish a distinctive business base, increase revenue, fundamentally improve the balance sheet, and, in line with the objectives of the Second MTMP, actively worked to expand undertakings in the institutional and individual businesses in this interim period of the first year of the Second MTMP.

In the institutional business, the Bank has engaged in a wide range of initiatives, focusing on new industries such as renewable energy, as well as contributing to regional development by supporting the growth of businesses through business participation. In the individual business, the Bank Group has focused on expanding the line up of loan products such as housing loans, as well as worked to improve our products and services in order to increase the number of our "core customers."

As a result of the above, Shinsei Bank reported a consolidated net income of 27.2 billion yen for the first half of fiscal year 2013, an increase compared to the same period of fiscal year 2012 and a smooth progression toward this period's full year target of 48.0 billion yen. Additionally, the Bank's financial position has also strengthened steadily and the consolidated capital adequacy ratio (domestic bank standard) has risen to 14.12%. We believe, however, that it is necessary for us to double our efforts in order to grow the Bank's revenue, and in turn gross operating profit, to achieve the targets identified in the Second MTMP.

Our ability to have achieved such steady performance in this interim period has been made possible by the continued assistance and understanding of all of our stakeholders, and we would like to take this opportunity to express our heartfelt thanks for their continued support.

Going forward, we will continue to do our utmost to successfully achieve the objectives of the Second MTMP, as well as work to become a financial institution which is appreciated by customers, society, and markets.

We thank you for your patronage and ask for your continued guidance and support.

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Shigeki Toma  
President and Chief Executive Officer