

TO OUR SHAREHOLDERS, CUSTOMERS, AND EMPLOYEES



President and Chief Executive Officer **Shigeki Toma**

In the first half of fiscal year 2014, Shinsei Bank posted a consolidated net income of 28.9 billion yen, a steady progression toward our full year net income target of 55.0 billion yen. We are continuing to devote our full energy toward the achievement of the goals of our Second Medium-Term Management Plan (Second MTMP), proactively investing management resources in strategic areas of our institutional and individual businesses in order to accelerate new initiatives, and substantially expand our revenue base.

During the first half of fiscal year 2014, consumer spending and corporate manufacturing activity were generally weak due to a reflexive decline in demand that followed a surge previous to the consumption tax hike. However, the Japanese economy remains on a mild recovery track, with consumer spending continuing to recover after the initial reflexive consumption tax hike related downturn, employment conditions steadily improving, corporate profits showing an overall favorable trend, and consumer prices rising at a moderate pace. On the other hand, the protraction of the decreased demand following the increase in demand before the consumption tax hike and concerns about economic downturns overseas linger as downside risks for the economy, and we must continue to closely monitor developments in these areas.

In this business environment, Shinsei Bank continued its efforts to establish a unique business base, increase revenue and further strengthen its balance sheet, while also proactively implementing initiatives aimed at expanding our individual and institutional businesses in line with the goals of the Second MTMP.

As a result, during the first half of fiscal year 2014 we posted consolidated total revenue of 111.1 billion yen, an increase of 10.8 billion yen compared to the first half of fiscal year 2013. Consolidated interim net income totaled 28.9 billion yen, increased by 1.6 billion yen compared to the first half of fiscal year 2013, a smooth progression toward the achievement of our full year net income target of 55.0 billion yen.

This strong performance achieved by Shinsei Bank in the first half of fiscal year 2014 could not have been possible without the continued understanding and support of our various stakeholders. I would like to take this opportunity to express our sincerest appreciation for your support.

Shinsei Bank, under the Second MTMP, is aiming to increase profits by expanding its customer base and accumulating high quality assets, in order to achieve continuing, sustainable growth. We are undertaking a number of new initiatives to achieve the goals of the MTMP, and these are beginning to bear fruit in various areas. Going forward, our challenge will be to ensure that these initiatives bring about tangible results in the form of increased revenues. We will continue to work toward achieving the goals of our Second MTMP, aggressively investing management resources in strategic business areas, accelerating new initiatives, and redoubling efforts to substantially increase revenues.

We look forward to your continued support and guidance in the future.

December 2014



Shigeki Toma
President and Chief Executive Officer