

For Immediate Release

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## Shinsei Bank Reports Earnings for the First Quarter Ended June 30, 2012

*Solid progress towards achievement of Medium-Term Management Plan final year targets*

Tokyo (Tuesday, July 31, 2012) – Shinsei Bank, Limited (“Shinsei Bank; “the Bank”), a leading diversified financial institution serving both institutional and individual customers in Japan, today announced a consolidated reported basis net income of 16.4 billion yen and consolidated cash basis<sup>1</sup> net income of 18.8 billion yen for the first quarter ended June 30, 2012. Furthermore, Shinsei Bank announced a non-consolidated net income of 7.4 billion yen for the first quarter ended June 30, 2012.

The Bank has made solid progress towards the achievement of our Medium-Term Management Plan (“MTMP”) fiscal year 2012 forecasts of 51.0 billion yen in consolidated reported basis net income and 60.0 billion yen in consolidated cash basis net income.

### Highlights of Consolidated Financial Results

	(USD in Millions <sup>2</sup> /JPY in Billions)			
	12.4-12.6 \$US	12.4-12.6	11.4-11.6	Change %
Total Revenue	654.6	52.0	57.4	-9.3%
General and Administrative Expenses	399.0	31.7	31.1	2.0%
Ordinary Business Profit	254.3	20.2	26.2	-22.7%
Net Credit Costs	-7.5	-0.6	2.1	-131.1%
Cash Basis <sup>1</sup> Net Income	236.6	18.8	20.8	-9.3%
Reported Basis Net Income	206.4	16.4	18.1	-9.5%

- **Top-line revenues** of 52.0 billion yen were recorded, which represents 24% of our full fiscal year target, due to the steady performance of our institutional businesses that benefited from the progress made in expanding our customer base (this represents a 5.3 billion yen year-on-year decline from 57.4 billion yen in the same period of the previous fiscal year that included 6.3 billion yen (net of withholding tax) of gains on the sales of foreign equities categorized as non-core assets)
- **Expenses** up 0.6 billion yen from 31.1 billion yen to 31.7 billion yen, reflecting capital expenditure in IT systems development
- **Net credit costs** down from 2.1 billion yen of costs to 0.6 billion yen of recoveries due to factors such as the decrease of the outstanding balance and improvement of credit quality in the consumer finance business as well as recoveries of written-off claims and the reversal of credit costs in the institutional business due to the sale of certain non-performing loans
- **Consolidated net income** down 1.7 billion yen from 18.1 billion yen to 16.4 billion yen
- **Non-consolidated net income** up 0.7 billion yen from 6.6 billion yen to 7.4 billion yen
- **Total assets** at 8,563.1 billion yen, down from 8,609.6 billion yen at March 31, 2012. However, the loan balance increased by 100.4 billion yen to 4,237.2 billion yen from 4,136.8 billion yen at March 31, 2012 due to an increase in the outstanding balance of corporate and housing loans

### Capital and Liquidity

- Total consolidated capital adequacy ratio at 10.93% and Tier I capital ratio at 9.17%, increasing 66 basis points and 37 basis points respectively on March 31, 2012, as a result of steady recording of retained earnings, as well as continued optimization of risk-weighted assets, which led to a decrease in risk-weighted assets (from 6.1 trillion yen to 6.0 trillion yen)
- Non-performing loan ratio declined from 6.66% at March 31, 2012 to 6.20%, as the total claims balance increased and the balance of non-performing loans was slightly lower, while the coverage ratio was also at an industry high level of 97.0%
- Ample liquidity position of approximately 1.1 trillion yen in cash, cash equivalents and liquidity reserves as at June 30, 2012

## Highlights of Consolidated Financial Results

	(USD in Millions <sup>2</sup> /JPY in Billions except per share amounts)			
	12.4-12.6 \$US	12.4-12.6	11.4-11.6	Change %
Total Revenue	654.6	52.0	57.4	-9.3%
General and Administrative Expenses	399.0	31.7	31.1	2.0%
Expense-to-Revenue Ratio	61.1%	61.1%	54.3%	-
Ordinary Business Profit	254.3	20.2	26.2	-22.7%
Net Credit Costs	-7.5	-0.6	2.1	-131.1%
Cash Basis <sup>1</sup> Net Income	236.6	18.8	20.8	-9.3%
Reported Basis Net Income	206.4	16.4	18.1	-9.5%
Cash Basis <sup>1</sup> Diluted Net Income Per Share (\$US/JPY)	0.08	7.11	7.84	-9.3%
Reported Basis Diluted Net Income Per Share (\$US/JPY)	0.07	6.19	6.84	-9.5%
ROE (annualized)	11.6%	11.6%	13.2%	-
Cash Basis <sup>1</sup> ROE <sup>3</sup> (annualized)	14.6%	14.6%	16.9%	-
ROA (annualized)	0.8%	0.8%	0.7%	-
Cash Basis <sup>1</sup> ROA (annualized)	0.9%	0.9%	0.9%	-
Total Revenue (non-consolidated)	312.2	24.8	13.9	78.0%
General and Administrative Expenses (non-consolidated)	210.2	16.7	13.4	24.0%
Ordinary Business Profit (non-consolidated)	101.9	8.1	0.5	1,500.7%
Net Credit Costs (non-consolidated)	-11.3	-0.9	-0.4	-99.7%
Reported Basis Net Income (non-consolidated)	93.1	7.4	6.6	10.9%
	2012.6 \$US	2012.6	2012.3	Change %
Total Assets	107,806.8	8,563.1	8,609.6	-0.5%
Risk Assets	75,786.2	6,019.7	6,102.5	-1.4%
Diluted Equity Per Share (\$US/JPY)	2.73	217.39	212.67	2.2%
Total Capital Adequacy Ratio	10.93%	10.93%	10.27%	66 bps
Tier I Capital Ratio	9.17%	9.17%	8.80%	37 bps
Non-Performing Loan Ratio <sup>4</sup>	6.20%	6.20%	6.66%	-46 bps
Non-Performing Loan Coverage Ratio <sup>5</sup>	97.0%	97.0%	96.7%	-

<sup>1</sup> Cash-basis figures are calculated by excluding amortization of goodwill and other intangible assets, net of tax benefit

<sup>2</sup> U.S. dollar amounts have been calculated at JPY79.43 to \$1.00, which was the approximate exchange rate at June 29, 2012

<sup>3</sup> The denominator has been calculated as: ((Total capital - goodwill - intangible assets acquired in business combinations (net of associated deferred tax liability) at the beginning of the period) + (the same values at the end of the period))/2

<sup>4</sup> Non-performing loan ratio under the Financial Revitalization Law on a non-consolidated basis

<sup>5</sup> Non-performing loan coverage ratio under the Financial Revitalization Law on a non-consolidated basis = Reserve for loan losses and collateral and guarantees divided by amount of claims

## Conference Call for Investors on Earnings for the First Quarter Ended June 30, 2012

A conference call for investors will be held in Japanese/English, with consecutive interpretation, on Tuesday July 31, 2012, at 9:00 PM (Tokyo)/8:00 AM (EST)/1:00 PM (London)/2:00 PM (Continent). The presentation to be used for the conference call will be posted on Shinsei Bank's website after 3:30 PM on the same day. To download the "First Quarter Financial Results 2012/6" please go to: [http://www.shinseibank.com/investors/en/ir/financial\\_info/quarterly\\_results/index.html](http://www.shinseibank.com/investors/en/ir/financial_info/quarterly_results/index.html)

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*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 total assets of 8.5 trillion yen (US\$107.8 billion) on a consolidated basis (as of June 2012) and a network of outlets throughout Japan. Shinsei Bank demands uncompromising levels of integrity and transparency in all its activities to earn the trust of 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/english/index.html>