

For Immediate Release

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President and CEO
(Code: 8303, TSE First Section)

Shinsei Bank Reports Earnings for the Fiscal Year 2012 Interim Period

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

Tokyo (Thursday, November 8, 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 25.7 billion yen and consolidated cash basis¹ net income of 30.6 billion yen for the first half ended September 30, 2012. Furthermore, Shinsei Bank announced a non-consolidated net income of 15.6 billion yen for the same period.

The Bank has made solid progress towards the achievement of its 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

	2012.4-9 \$US	2012.4-9	(USD in Millions ² /JPY in Billions)	
			2011.4-9	Change %
Total Revenue	1,344.0	104.1	105.6	-1.5%
General and Administrative Expenses	822.4	63.7	63.3	0.7%
Ordinary Business Profit	520.3	40.3	42.3	-4.7%
Net Credit Costs	80.0	6.2	8.8	-28.9%
Cash Basis ¹ Net Income	395.0	30.6	25.6	19.5%
Reported Basis Net Income	331.8	25.7	20.3	26.6%

- **Top-line revenues** were 104.1 billion yen, representing approximately 48% of the full-year target as ongoing efforts to expand the customer base showed steady results, with strong growth in institutional transactions
- **Expenses** increased 0.4 billion yen from 63.3 billion yen to 63.7 billion yen, reflecting factors including depreciation of systems-related capital expenditure
- **Net credit costs** improved from 8.8 billion yen to 6.2 billion yen despite recording additional reserves for real estate finance and other institutional businesses, reflecting reversals of reserves for loan losses due to sales of NPLs and recoveries of written off claims, while asset quality improved alongside the declining loan balance in consumer finance
- **Consolidated net income** up 5.4 billion yen from 20.3 billion yen to 25.7 billion yen
- **Non-consolidated net income** up 11.1 billion yen from 4.5 billion yen to 15.6 billion yen
- **Total assets** at 8,882.5 billion yen, up 272.8 billion yen from 8,609.6 billion yen at March 31, 2012, while the loan balance increased 145.0 billion yen from 4,136.8 billion yen to 4,281.9 billion yen over the same period, driven by net increases in institutional lending and housing loans

Capital and Liquidity

- Total consolidated capital adequacy ratio at 11.71% and Tier I capital ratio at 9.77%, increasing 144 basis points and 97 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 decline in risk weighted assets (from 6.1 trillion yen to 5.8 trillion yen)
- Non-performing loan ratio declined from 6.66% at March 31, 2012 to 6.16%, as the total claims balance increased and the balance of non-performing loans was slightly lower, while the coverage ratio remained high at 97.2%
- Ample liquidity of about 1.0 trillion yen of cash equivalents and liquidity reserves at September 30, 2012

FY2012 Forecast

- In consideration of interim period financial results and the outlook going forward, full-year forecast maintained at 51.0 billion yen for consolidated reported basis net income and 22.0 billion yen for non-consolidated net income, unchanged from the forecast originally announced on May 8, 2012.

Highlights of Consolidated Financial Results

	(USD in Millions ² /JPY in Billions except per share amounts)			
	2012.4-9 \$US	2012.4-9	2011.4-9	Change %
Total Revenue	1,344.0	104.1	105.6	-1.5%
General and Administrative Expenses	822.4	63.7	63.3	0.7%
Expense-to-Revenue Ratio	61.3%	61.3%	60.0%	-
Ordinary Business Profit	520.3	40.3	42.3	-4.7%
Net Credit Costs	80.0	6.2	8.8	-28.9%
Cash Basis ¹ Net Income	395.0	30.6	25.6	19.5%
Reported Basis Net Income	331.8	25.7	20.3	26.6%
Cash Basis ¹ Diluted Net Income Per Share (\$US/JPY)	0.14	11.56	9.67	19.5%
Reported Basis Diluted Net Income Per Share (\$US/JPY)	0.11	9.70	7.66	26.6%
Cash Basis ¹ ROE ³ (annualized)	11.6%	11.6%	10.3%	-
ROE (annualized)	8.9%	8.9%	7.3%	-
Cash Basis ¹ ROA (annualized)	0.7%	0.7%	0.5%	-
ROA (annualized)	0.6%	0.6%	0.4%	-
Total Revenue (non-consolidated)	672.6	52.1	38.3	36.1%
General and Administrative Expenses (non-consolidated)	429.9	33.3	27.4	21.7%
Ordinary Business Profit (non-consolidated)	241.4	18.7	10.8	72.6%
Net Credit Costs (non-consolidated)	19.3	1.5	2.8	-47.4%
Reported Basis Net Income (non-consolidated)	201.4	15.6	4.5	242.5%
	2012.9 \$US	2012.9	2012.3	Change %
Total Assets	114,686.9	8,882.5	8,609.6	3.2%
Risk Assets	75,780.5	5,869.2	6,102.5	-3.8%
Diluted Equity Per Share (\$US/JPY)	2.84	220.70	212.67	3.8%
Total Capital Adequacy Ratio	11.71%	11.71%	10.27%	144 bps
Tier I Capital Ratio	9.77%	9.77%	8.80%	97 bps
Non-Performing Loan Ratio ⁴	6.16%	6.16%	6.66%	-50 bps
Non-Performing Loan Coverage Ratio ⁵	97.2%	97.2%	96.7%	-

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

² U.S. dollar amounts have been calculated at JPY77.45 to \$1.00, which was the approximate exchange rate at September 30, 2012

³ 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

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

⁵ 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 Half Ended September 30, 2012

A conference call for investors will be held in Japanese/English, with consecutive interpretation, on Friday, November 9, 2012, at 10:00 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 Half Financial Results 2012/9" please go to: http://www.shinseibank.com/investors/en/ir/financial_info/quarterly_results/index.html

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 8.8 trillion yen (US\$114.6 billion) on a consolidated basis (as of September 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>