

For Immediate Release

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

Shinsei Bank Reports Earnings for the Nine Months Ended December 31, 2012

Large increase in net income, high level profitability, with progress towards FY12 MTMP target at 74%

Tokyo (Thursday, January 31, 2013) – 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 37.8 billion yen and consolidated cash basis¹ net income of 44.9 billion yen for the nine months ended December 31, 2012. Furthermore, Shinsei Bank announced a non-consolidated net income of 17.9 billion yen for the same period.

Net income is being steadily achieved on a quarterly basis with only limited impact from non-recurring items. 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

	2012.4-12 \$US	2012.4-12	(USD in Millions ² /JPY in Billions) 2011.4-12	Change %
Total Revenue	1,738.3	150.3	155.0	-3.0%
General and Administrative Expenses	1,105.7	95.6	95.5	0.1%
Ordinary Business Profit	631.5	54.6	59.4	-8.1%
Net Credit Costs	55.5	4.8	11.9	-59.6%
Cash Basis ¹ Net Income	519.3	44.9	27.8	61.6%
Reported Basis Net Income	437.1	37.8	20.6	83.3%

- **Top-line revenues** decreased slightly from 155.0 billion yen to 150.3 billion yen, as net interest income decreased due to reduction in non-core assets to eliminate potential risks and lower consumer finance loan balance, while non-interest income was about the same level as the previous fiscal year
- **Expenses** trended almost flatly from 95.5 billion yen to 95.6 billion yen
- **Net credit costs** substantially improved from 11.9 billion yen to 4.8 billion yen due to the non-core asset reduction and stricter credit screening
- **Consolidated net income** up 17.1 billion yen to 37.8 billion yen from 20.6 billion yen which included an additional provision of reserves for losses on interest repayment of 11.8 billion yen
- **Non-consolidated net income** up strongly from 0.9 billion yen to 17.9 billion yen
- **Total assets** increased 504.1 billion yen from 8,609.6 billion yen at March 31, 2012 to 9,113.7 billion yen, while the loan balance increased 133.3 billion yen to 4,270.1 billion yen over the same period, driven by net increases in institutional lending and housing loans, despite the lower balance of loans at the consumer finance subsidiaries

Capital and Liquidity

- Total consolidated capital adequacy ratio at 11.89% and Tier I capital ratio at 10.04%, increasing 162 basis points and 124 basis points respectively on March 31, 2012, as a result of steady recording of retained earnings and a decline in risk weighted assets (from 6.1 trillion yen to 5.8 trillion yen) due to continued optimization
- Non-performing loan ratio declined by 65 basis points from 6.66% at March 31, 2012 to 6.01%, due to the continued declining balance of non-performing loans, while the coverage ratio remained at an industry high at 96.6%
- Ample liquidity of about 1.2 trillion yen of cash equivalents and liquidity reserves at December 31, 2012

FY2012 Forecast

- In consideration of the financial results for the period ended December 31, 2012 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 original forecast announced on May 8, 2012

Highlights of Financial Results

	(USD in Millions ² /JPY in Billions except per share amounts)			
	2012.4-12 \$US	2012.4-12	2011.4-12	Change %
Total Revenue	1,738.3	150.3	155.0	-3.0%
General and Administrative Expenses	1,105.7	95.6	95.5	0.1%
Expense-to-Revenue Ratio	63.6%	63.6%	61.6%	-
Ordinary Business Profit	631.5	54.6	59.4	-8.1%
Net Credit Costs	55.5	4.8	11.9	-59.6%
Cash Basis ¹ Net Income	519.3	44.9	27.8	61.6%
Reported Basis Net Income	437.1	37.8	20.6	83.3%
Cash Basis ¹ Diluted Net Income Per Share (\$US/JPY)	0.19	16.94	10.48	61.6%
Reported Basis Diluted Net Income Per Share (\$US/JPY)	0.16	14.24	7.77	83.3%
Cash Basis ¹ ROE ³ (annualized)	11.2%	11.2%	7.4%	-
ROE (annualized)	8.6%	8.6%	4.9%	-
Cash Basis ¹ ROA (annualized)	0.7%	0.7%	0.4%	-
ROA (annualized)	0.6%	0.6%	0.3%	-
Total Revenue (non-consolidated)	822.3	71.1	59.3	20.0%
General and Administrative Expenses (non-consolidated)	579.4	50.1	44.8	11.8%
Ordinary Business Profit (non-consolidated)	242.8	21.0	14.4	45.5%
Net Credit Costs (non-consolidated)	1.1	0.1	8.6	-98.4%
Reported Basis Net Income (non-consolidated)	207.0	17.9	0.9	1,777.3%
	2012.12 \$US	2012.12	2012.3	Change %
Total Assets	105,409.4	9,113.7	8,609.6	5.9%
Risk Assets	67,955.1	5,875.4	6,102.5	-3.7%
Diluted Equity Per Share (\$US/JPY)	2.62	226.79	212.67	6.6%
Total Capital Adequacy Ratio	11.89%	11.89%	10.27%	162 bps
Tier I Capital Ratio	10.04%	10.04%	8.80%	124 bps
Non-Performing Loan Ratio ⁴	6.01%	6.01%	6.66%	-65 bps
Non-Performing Loan Coverage Ratio ⁵	96.6%	96.6%	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 JPY86.46 to \$1.00, which was the approximate exchange rate at December 31, 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 Nine Months Ended December 31, 2012

A conference call for investors will be held in Japanese/English, with consecutive interpretation, on Thursday, January 31, 2013, 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 "Third Quarter Financial Results 2012/12" please go to: http://www.shinseibank.com/investors/en/ir/financial_info/quarterly_results/

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 9.1 trillion yen (US\$105.4 billion) on a consolidated basis (as of December 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>