



Business and Financial Highlights

Fiscal Year Ended March 31, 2013

Shinsei Bank, Limited
May 2013



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First Medium-Term Management Plan Overview

(JPY billion)

- Achieved first Medium-Term Management Plan (MTMP) financial targets
- Achieved basic concept of “rebuilding the customer franchise” and “establishing a stabilized earnings base” as set out in first MTMP

		First MTMP		
	FY2009	FY2010	FY2011	FY2012
Net Income (Loss) Cash Basis	-140.1	42.6	6.4	51.0
Net Income (Loss)	-53.7	53.8	16.0	60.4
ROE	-27.6%	8.5%	1.2%	8.6%
Cash Basis ROE	-13.7%	12.4%	3.2%	11.1%
Non-Core Assets	886.0	618.7	463.5	341.7
Total Capital Adequacy Ratio ¹		9.3%	9.5%	11.6%

FY2010
Stabilize earnings
through structural
reform

- Bought back preferred securities/
made exchange offer for subordinated debt
- Completed JPY71.8 billion capital raising through
common share offering

FY2011
Diversify earnings
through new
business expansion

- Started consumer finance at bank and expanded
corporate business by Venture Banking Initiative
- Achieved non-core asset reduction target ahead of
schedule and eliminated downside risk to earnings

FY2012
Secure normalized
stable earnings

- Achieved stable earnings with only
limited impact from non-recurring items

**Second MTMP:
Moving towards
“Establishing a
clear strategy
and pursuing
sustainable growth”**

- Establish a unique
business base
- Increase revenues and
further improve financial
fundamentals
- Be appreciated by
customers, society
and markets

¹Estimate for March 31, 2013 is based on the international standard of Basel III applying grandfathering

Second Medium-Term Management Plan Overview: Basic Strategy

- Individual Business: To implement a new retail banking model to grow our core customer base to 5 million
- Institutional Business: To strengthen and utilize expertise to support the growth of companies, industries and regions by working together with customers

Implement a new retail banking model

- Provide products and services with a level of high customer satisfaction
- Strengthen consulting capabilities
- Promote cross selling

Individual Business

Expand/develop the loan business

- Expand housing loan products
- Establish a position in the unsecured card loan market as a trusted lender
- Expand unsecured card loan guarantee business

Integrated Group Management

Pursue differentiation in key industries/fields

- Medical and healthcare
- Renewable energy
- New business/corporate rehabilitation support

Institutional Business

Further promote areas of expertise

- Rebuild the real estate portfolio
- Expand corporate revitalization business
 - Utilize the regional financial institutions network
- Strengthen competency of capital market solutions, including sourcing function

FY2012 Financial Results Key Points

Achieved financial targets of first MTMP and profitability at high level

- Consolidated Net Income: JPY51.0 billion (EPS: JPY19.24)
➢ Consolidated Cash Basis Net Income: JPY60.4 billion (Cash Basis EPS: JPY22.77)
➢ Diluted Equity Per Share: JPY233.65
➢ ROE/Cash Basis ROE: 8.6%/11.1%

Achieved stable profits without large impact from non-recurring items

- Quarterly net interest income trending stably
➢ Non-interest income up y-o-y due to increased customer transactions, despite negative impact from temporary discontinuation of sales of structured deposits
➢ Large improvement in net credit costs with no additional grey zone reserves

Increased earnings and improved asset quality contributed to improvement in total capital adequacy ratio

- NPLs down JPY53.3 billion and need caution amount down about JPY100 billion y-o-y
➢ Achieved first MTMP capital ratio targets on Basel III basis with common equity Tier I capital ratio at 9.5%, Tier I capital ratio at 9.5% and capital adequacy ratio at 11.6% due to steady earnings growth, lower deductions and reduction in risk weighted assets

FY2012 Financial Results and FY2013 Financial Projections

(JPY billion)

- No large impact on earnings from non-recurring items that were dealt with in the past
- Achieved original net income target of JPY51.0 billion reflecting core earnings strength

【Consolidated】	FY2011 (Actual)	FY2012 (Actual)	Change	FY2013 (Financial Projections)
Revenue	202.9	199.0	-3.9	215.0
Net Interest Income	116.9	111.6	-5.2	115.0
Non-Interest Income	86.0	87.3	1.2	100.0
Expenses	127.9	128.6	0.6	135.0
Ordinary Business Profit	74.9	70.3	-4.5	80.0
Net Credit Costs	12.2	5.5	-6.7	20.0
Net Income	6.4	51.0	44.6	48.0
Cash Basis ¹ Net Income	16.0	60.4	44.3	56.0
【Non- Consolidated】				
Net Business Profit	32.1	25.9	-6.1	36.2
Net Income	13.8	24.6	10.7	26.0

FY2012 Financial Results

■ Net Interest Income

Lower due to reduction of non-core assets and lower consumer finance loan balance despite steady performance of core businesses

■ Non-Interest Income

Higher due to limited impact of non-recurring items and promotion of customer transactions

■ Expenses

Higher due to increased allocation of management resources in strategic areas and IT system maintenance costs, while promotion of operational efficiency continues

■ Net Credit Costs

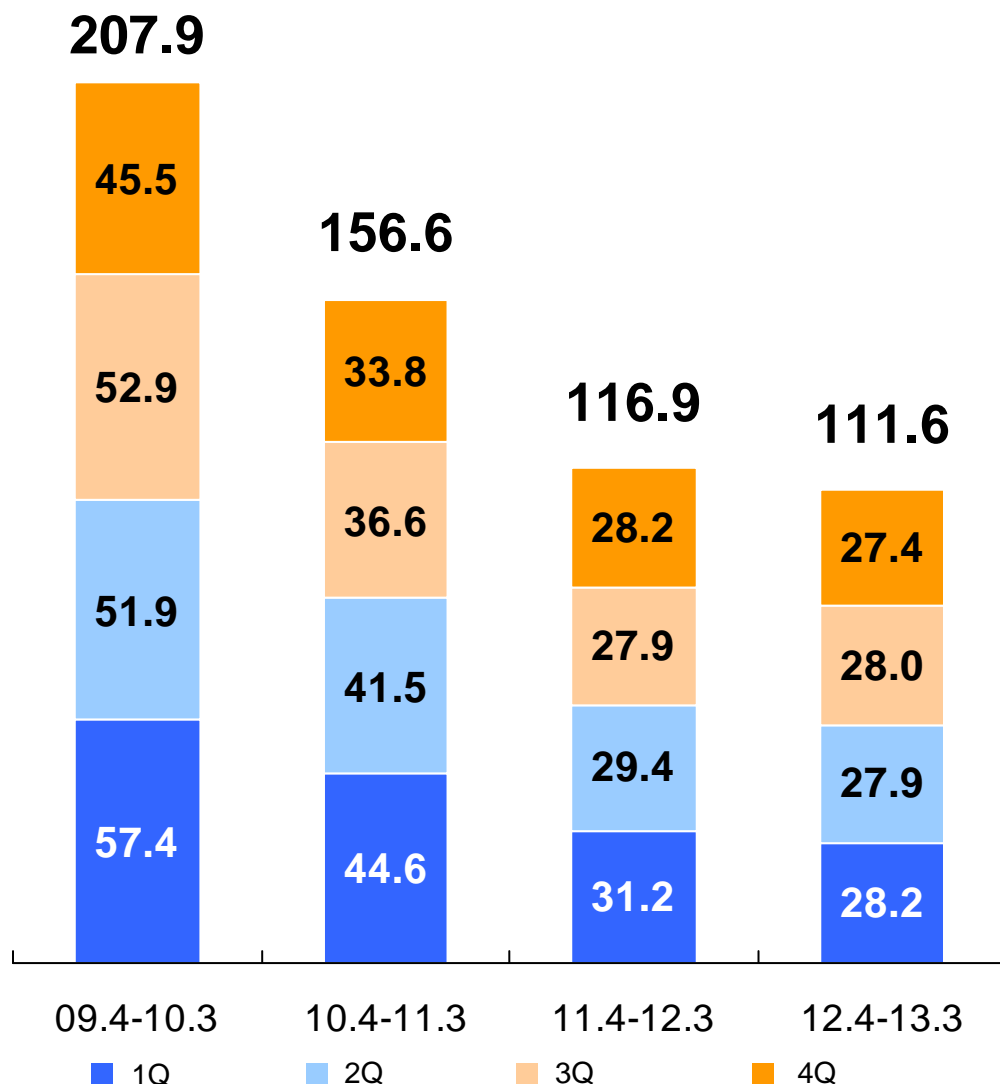
Improved as downside risks reduced with reduction in non-core assets, while collection of written-off loans proceeded well

¹Cash basis net income is calculated by excluding amortization of goodwill and other intangible assets, net of tax benefit

Financial Results: Revenue (Net Interest Income)

(Consolidated, JPY billion)

- Stable trend in quarterly net interest income as lending increased at bank, and pace of decrease in loans at consumer finance subsidiaries slowing while funding costs fell



Institutional Group/Global Markets Group

- Institutional Group improved from JPY27.2 billion to JPY29.8 billion as efforts to expand customer base bearing fruit
- Global Markets Group went from JPY3.0 billion to JPY2.9 billion while sales promotion system enhanced

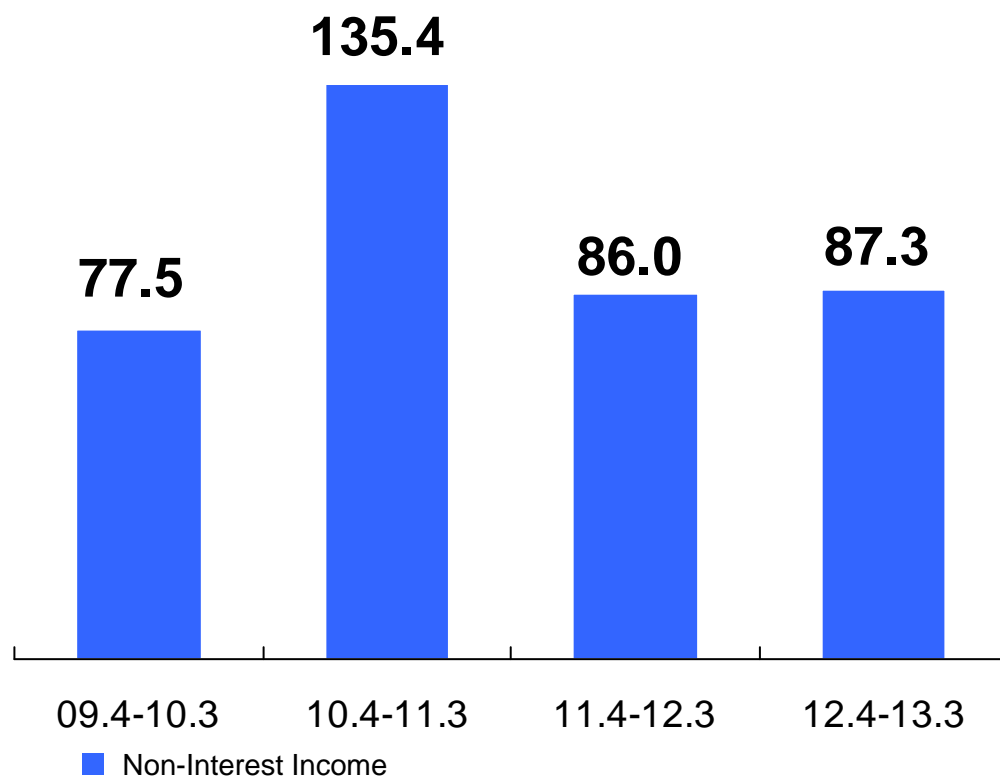
Individual Group

- Retail banking decreased from JPY29.1 billion to JPY26.0 billion due to lower net interest income from deposits as a result of lower market interest rates, despite increase in housing loan balance
- Consumer finance decreased from JPY69.6 billion to JPY58.4 billion due to lower loan balance, however the combined consumer finance loan balance at Shinsei Financial and Shinsei Bank Card Loan – Lake increased compared to December 31, 2012

Financial Results: Revenue (Non-Interest Income)

(Consolidated, JPY billion)

- While there was a negative impact from the temporary discontinuance of the sale of structured deposits, the promotion of customer transactions, contribution from sale of JGBs and limited impact from non-recurring items led to an increase



Institutional Group/Global Markets Group

- Institutional Group decreased from JPY35.0 billion to JPY27.0 billion as previous fiscal year included JPY6.3 billion gains on sale of foreign stocks
- Global Markets Group increased from JPY8.1 billion to JPY11.2 billion due to steady revenues from customer transactions

Individual Group

- Retail banking went from JPY6.9 billion to JPY7.0 billion due to efforts to secure revenues from investment products, despite impact from temporary discontinuance of sale of structured deposits
- Consumer finance increased from JPY32.4 billion to JPY34.9 billion due to steady increase in shopping credit and settlement business balances at APLUS FINANCIAL

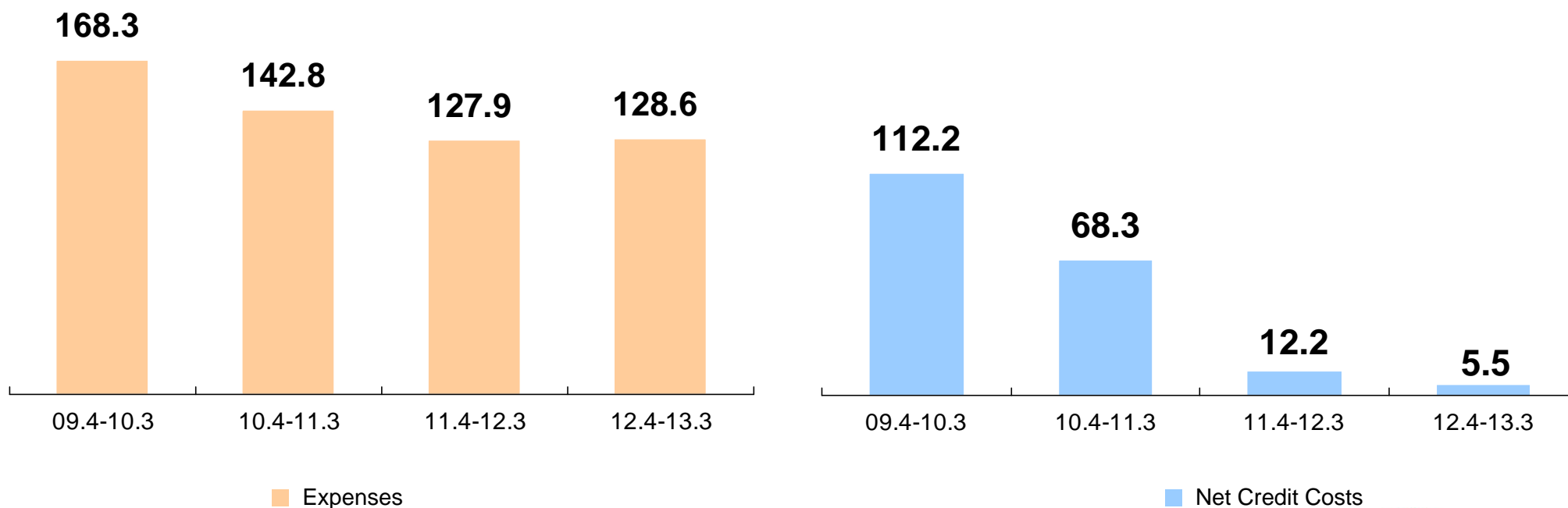
Financial Results: Expenses and Net Credit Costs

(Consolidated, JPY billion)

- Expenses up due to increased allocation of management resources in strategic areas and due to IT system maintenance costs, while promotion of operational efficiency continues
- Net credit costs down JPY6.7 billion y-o-y
 - ✓ Improvement in credit rating of institutional clients and collections of written-off claims led to marked improvement in net credit costs
 - ✓ Improvement in quality of consumer finance assets continued to contribute to low level of net credit costs

Expenses

Net Credit Costs



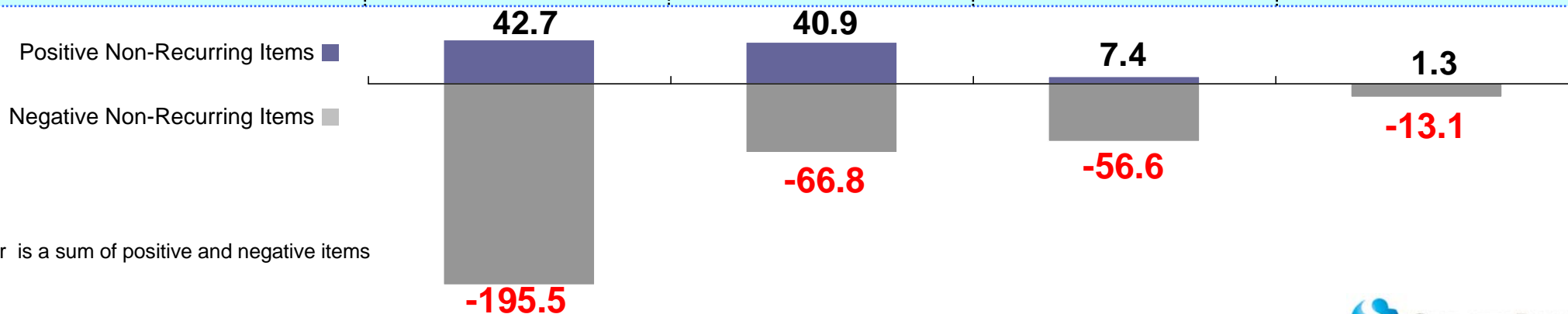
Financial Results: Non-Recurring Items

(Consolidated, JPY billion)

- Dealt with non-recurring items that had significant impact on earnings in past
- Large decrease in impact on earnings in FY2012 from non-recurring items

Trend in Non-Recurring Items

Non-Recurring Items	First MTMP			
	09.4-10.3	10.4-11.3	11.4-12.3	12.4-13.3
Preferred Securities and Subordinated Debt Buyback Gains	20.9	29.4	-	-
Real Estate-Related	-69.8	-24.4	-11.3	-6.2
Specialty Finance	-	-19.9	-18.8	-4.5
Grey Zone-Related Provisions	-29.6	-10.1	-32.8	-
Impairment of Goodwill and Other Intangible Assets	-68.5	-	-	-
Other ¹	-5.6	-0.9	13.9	-1.0
Total	-152.8	-25.9	-49.1	-11.8



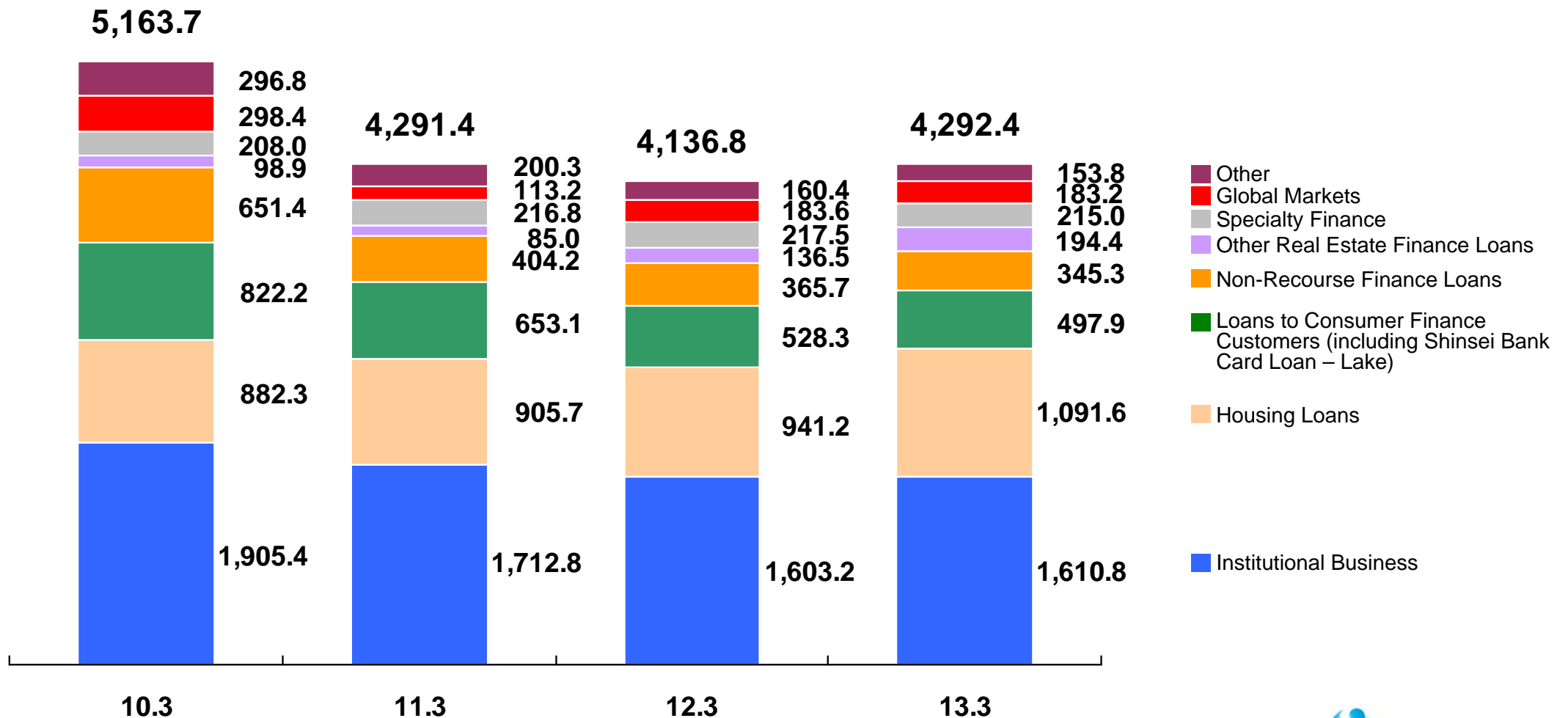
¹Other is a sum of positive and negative items

Business Overview: Balance Sheet

(Consolidated, JPY billion)

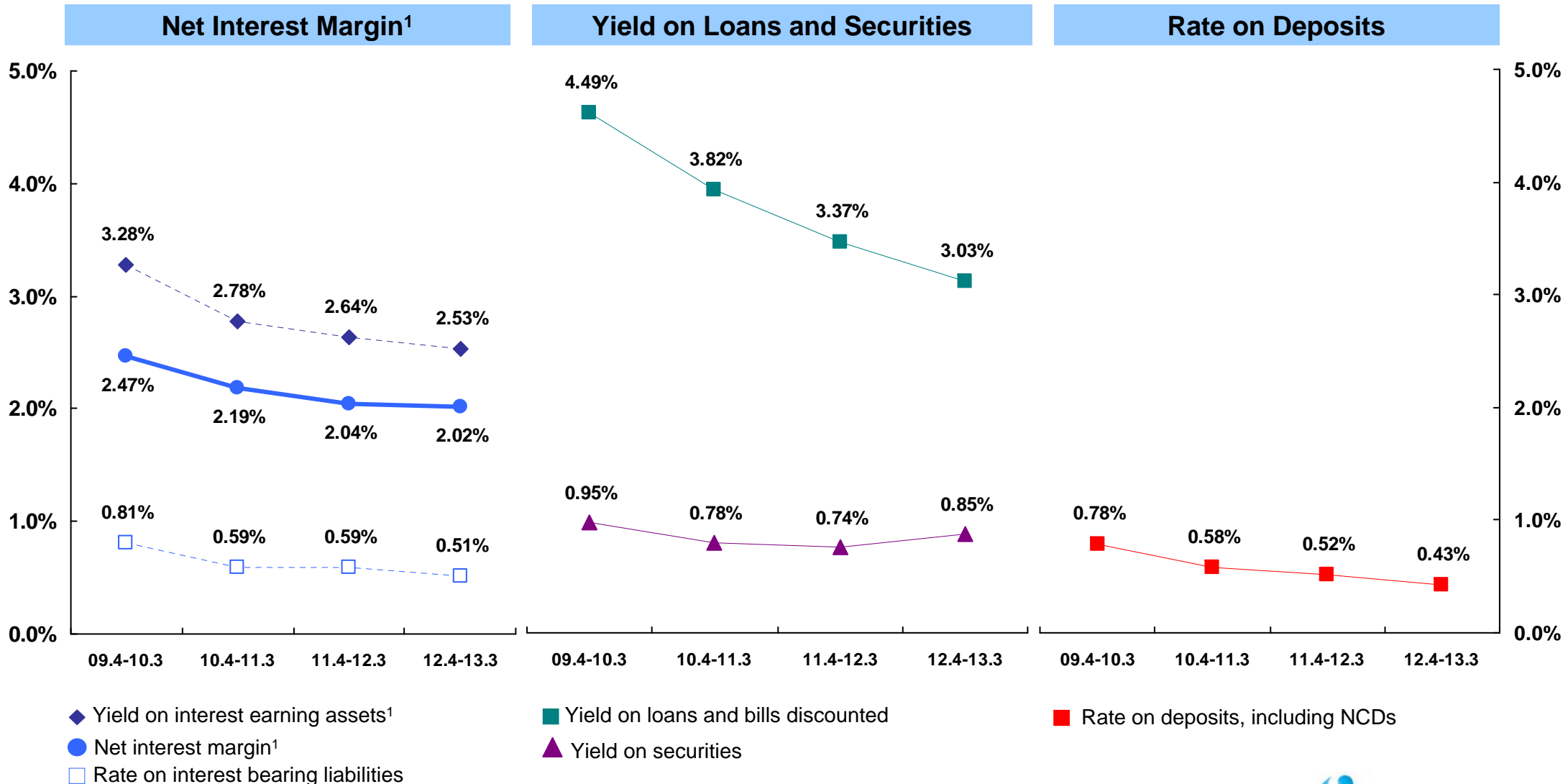
- Growth in housing loans and other real estate finance loans boosted increase in overall loans
- Consumer finance loans increased from December 31, 2012

Breakdown of Loans



Business Overview: Net Interest Margin

- Decrease in consumer finance loan balance resulted in lower yield on interest earnings assets
- Continued improvement in deposit rate and overall interest bearing liabilities rate down



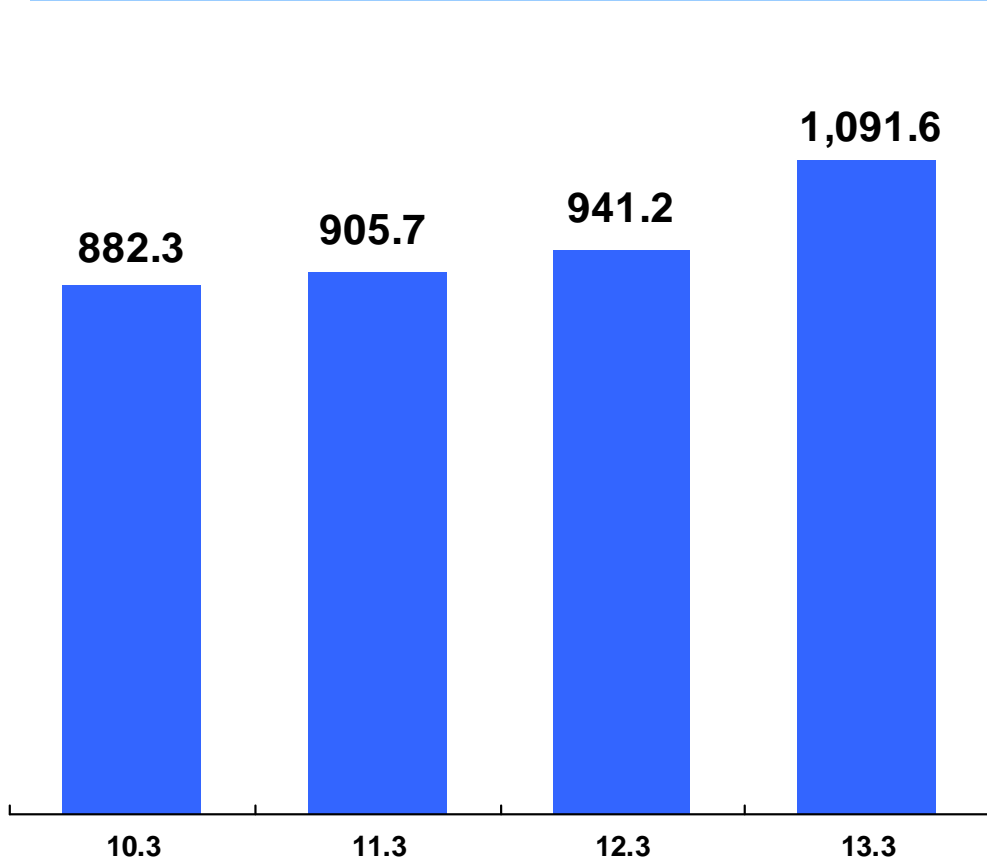
¹ Includes income on leased assets and installment receivables

Business Overview: Housing Loans

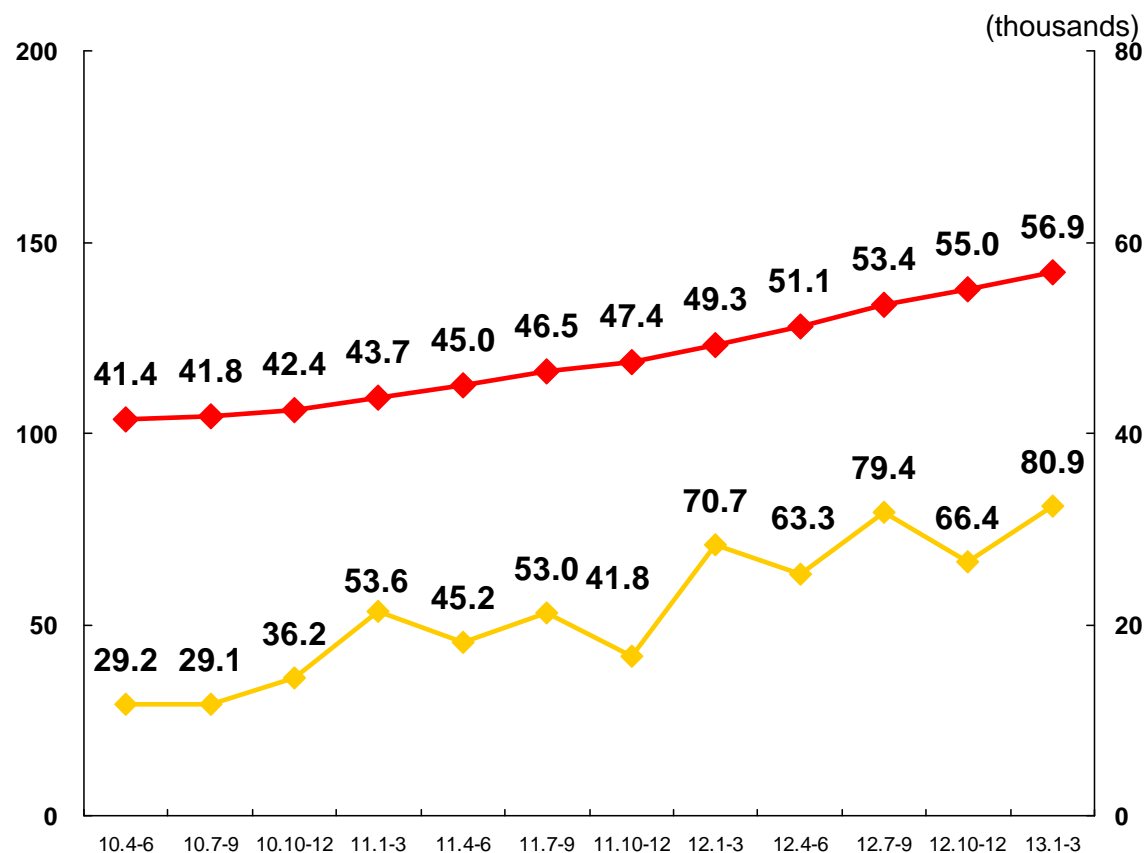
(Consolidated, JPY billion)

- Maintained pace of growth in housing loan balance and customer numbers through strong demand and provision of highly convenient products
- New origination of JPY290 billion made in FY2012 representing about 40% y-o-y increase

Housing Loan Balance



Quarterly Trend in Disbursement and Customer Numbers



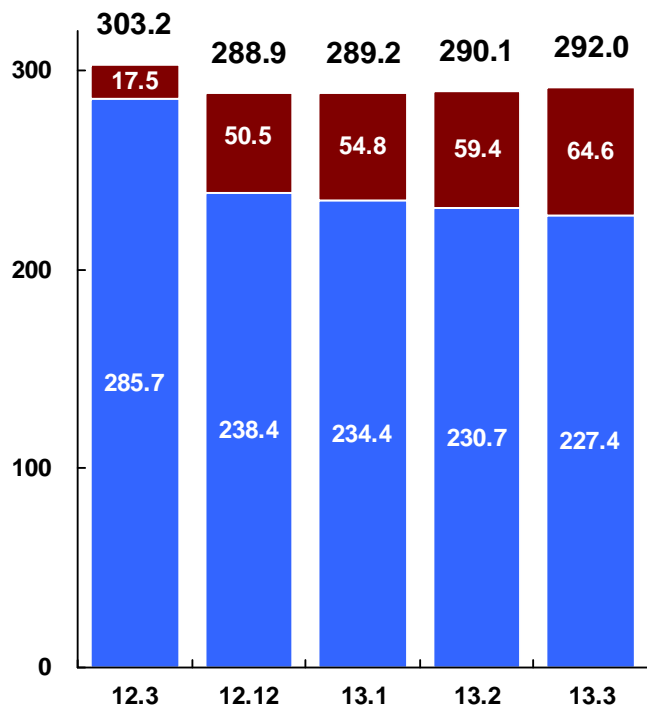
- ◆ Power Smart Housing Loan customers (thousands) (rhs)
- ◆ New origination disbursement (lhs)

Business Overview: Lake

- Good trend for customer acquisition at Shinsei Bank Card Loan – Lake continues
- Recovery trend continues with balance and customer numbers up for three consecutive months from December 2012

Shinsei Financial and Shinsei Bank Card Loan – Lake UPL Balance

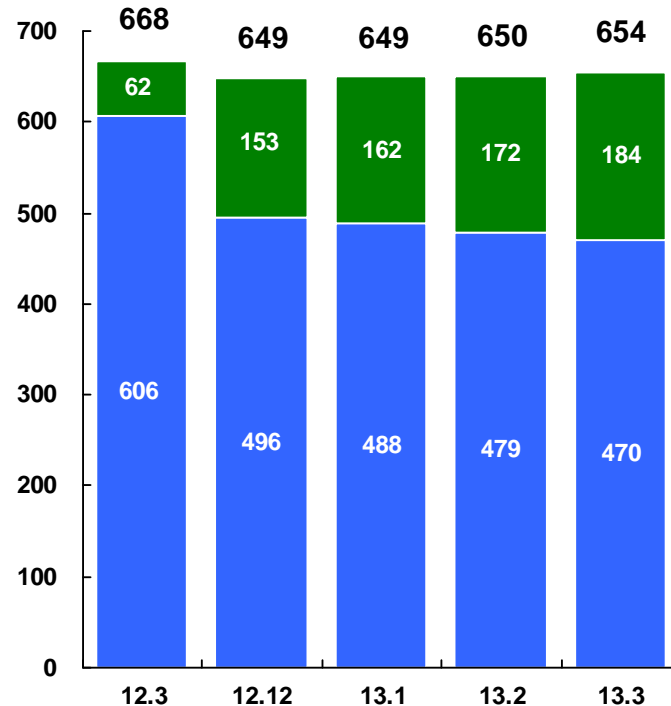
(JPY billions)



■ Shinsei Bank Card Loan - Lake
■ Shinsei Financial

Shinsei Financial and Shinsei Bank Card Loan – Lake Customer Numbers

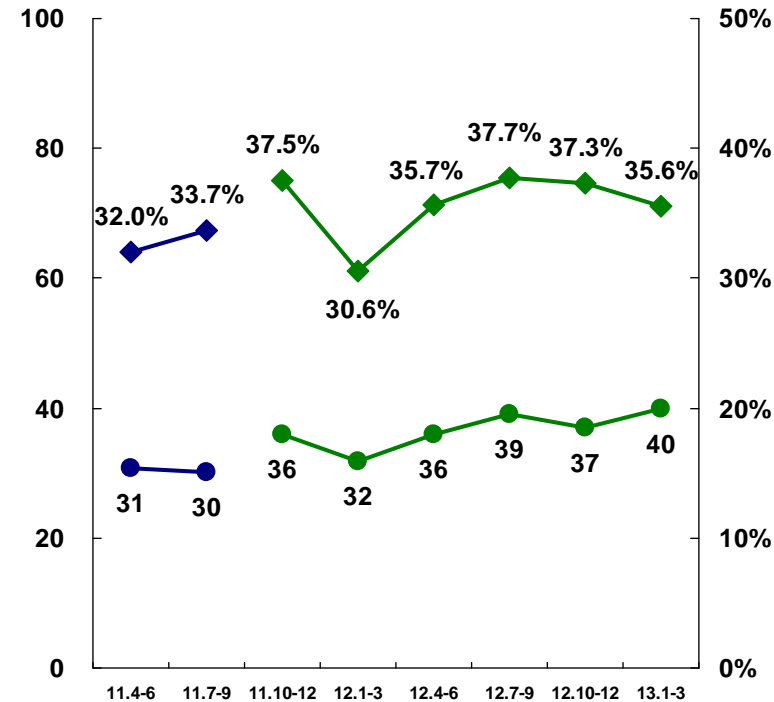
(thousands)



■ Shinsei Bank Card Loan - Lake
■ Shinsei Financial

Quarterly Trends in New Customer Numbers and Approval Rate

(thousands)



Shinsei Financial
● No. of new customers (lhs)
◆ Approval rate (rhs)

Shinsei Bank Card Loan - Lake
● No. of new customers (lhs)
◆ Approval rate (rhs)

Business Overview: Grey Zone Interest Repayment

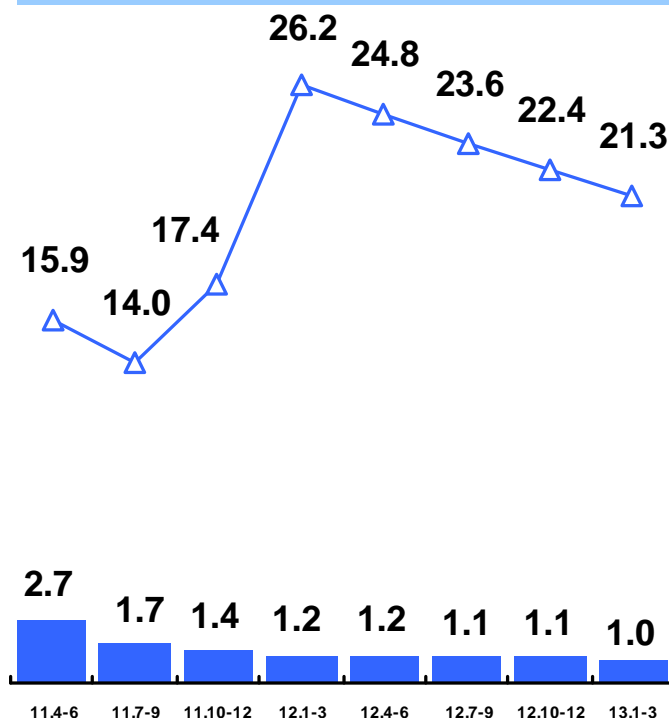
(Consolidated, JPY billion)

- Debt write-off and interest repayment amount in FY2012 down largely for all three consumer finance subsidiaries
- Number of disclosure claims in FY2012 down about 20% y-o-y for all companies

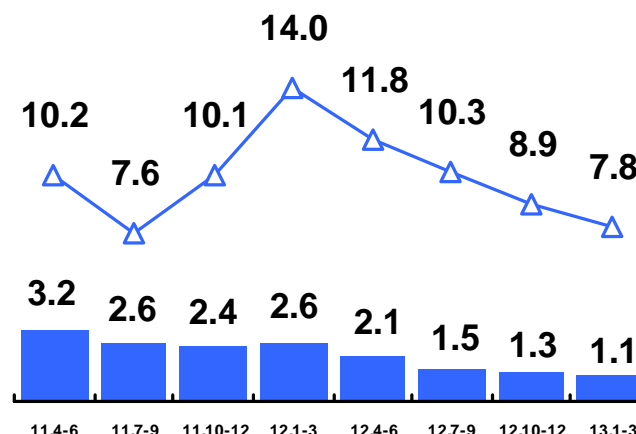
(Unit: thousands)

Number of Disclosure Claims	11.4-6	11.7-9	11.10-12	12.1-3	12.4-6	12.7-9	12.10-12	13.1-3
Shinsei Financial	25.0	19.5	17.8	16.5	16.6	14.4	14.0	14.2
SHINKI	4.1	3.1	3.0	2.7	2.8	2.5	2.5	2.6
APLUS FINANCIAL	4.2	2.9	2.9	2.6	2.7	2.4	2.4	2.4

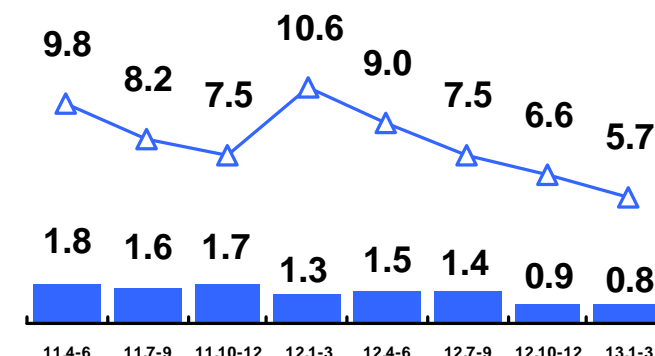
Shinsei Financial^{1,2}



SHINKI



APLUS FINANCIAL



¹ A certain portion of Shinsei Financial's portfolio is covered by a GE indemnity contract. Interest repayment amount is net of refunds subject to the GE indemnification
² Reversals of reserves for losses on interest repayment include reversals of provision of reserves for loan losses

△ Reserves for Losses on Interest Repayments

■ Debt Write-Off and Interest Repayment Amount

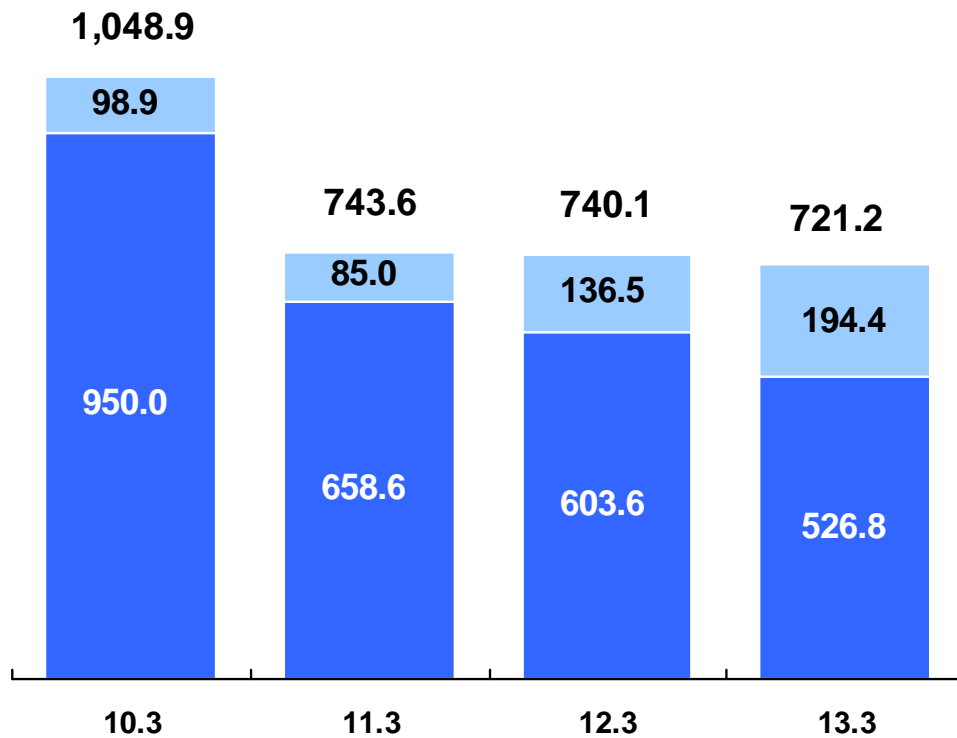


Business Overview: Real Estate Finance

(Consolidated, JPY billion)

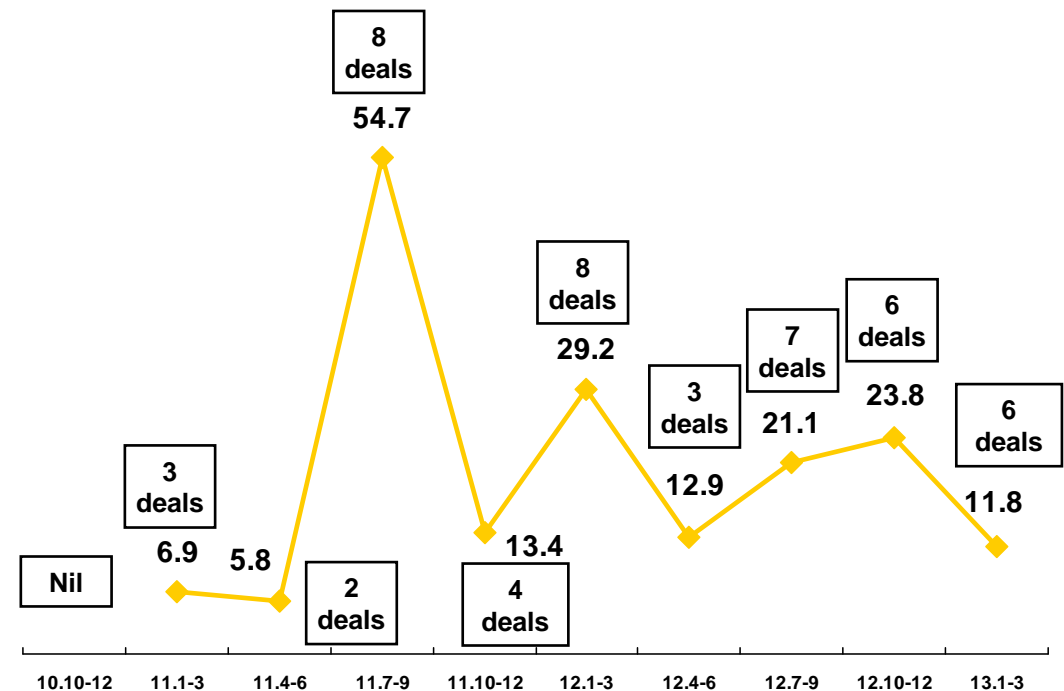
- Making progress to dispose of NPLs for real estate non-recourse loans
- Continued growth in loans to real estate companies and REITs

Real Estate Finance Balance



■ Real Estate Non-Recourse Finance¹ ■ Other Real Estate Finance Loans²

Quarterly Trend in New Disbursements for Non-Recourse Finance



◆ New Disbursements

¹ Real estate non-recourse finance includes bonds (including other monetary claims purchased)

² Other real estate finance loans include loans to real estate companies and REITs

Asset Quality: Non-Performing Loans

(Non-Consolidated, JPY billion)

- NPLs fell JPY53.3 billion y-o-y and NPL ratio fell largely from 6.66% to 5.32%
- Need caution also fell by about JPY100 billion to JPY196.0 billion compared to JPY293.9 billion at March 31, 2012

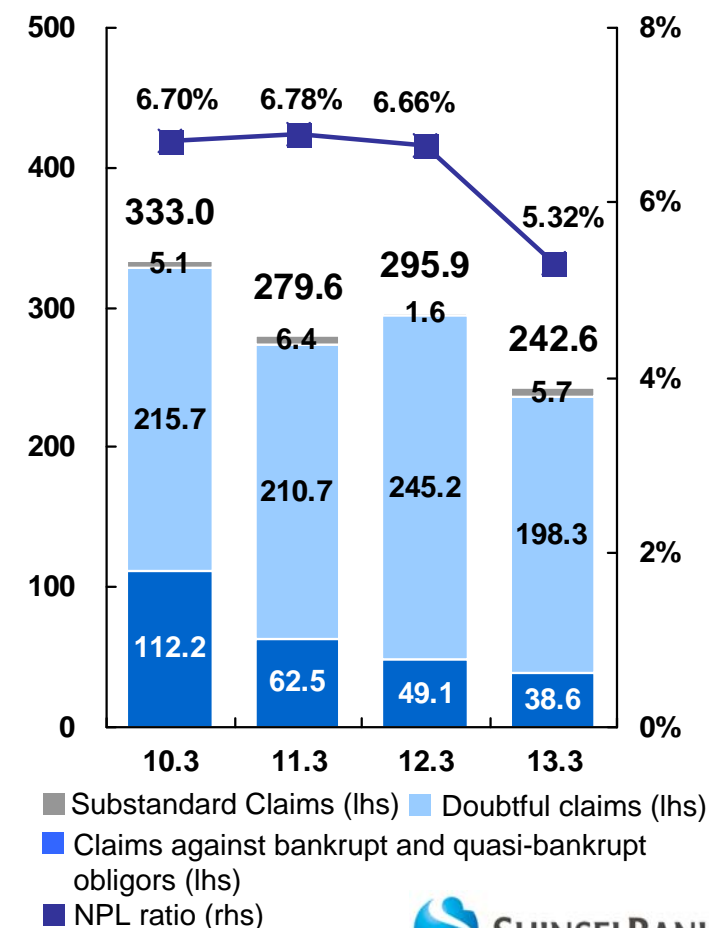
Breakdown of Total Claims and Coverage by Credit Category¹

(as at March 31, 2013)

	Balance	Reserve for Loan Losses	Collateral/Guarantees	Coverage Ratio	Partial Write-Off
Normal	4,121.8	18.8			0.0
Need Caution	196.0	10.5			0.1
Performing Loans	4,317.8	29.3			0.1
Substandard/Possibly Bankrupt	204.0	74.1	120.1	95.2%	0.1
Virtually Bankrupt/Legally Bankrupt	38.6	-	38.6	100.0%	58.0
Non-Performing Loans	242.6	74.1	158.7	95.9%	58.1
Total Claims	4,560.5	103.4			58.2

¹ Coverage of total claims based on Financial Revitalization Law

NPL Amounts and NPL Ratio Based on Financial Revitalization Law

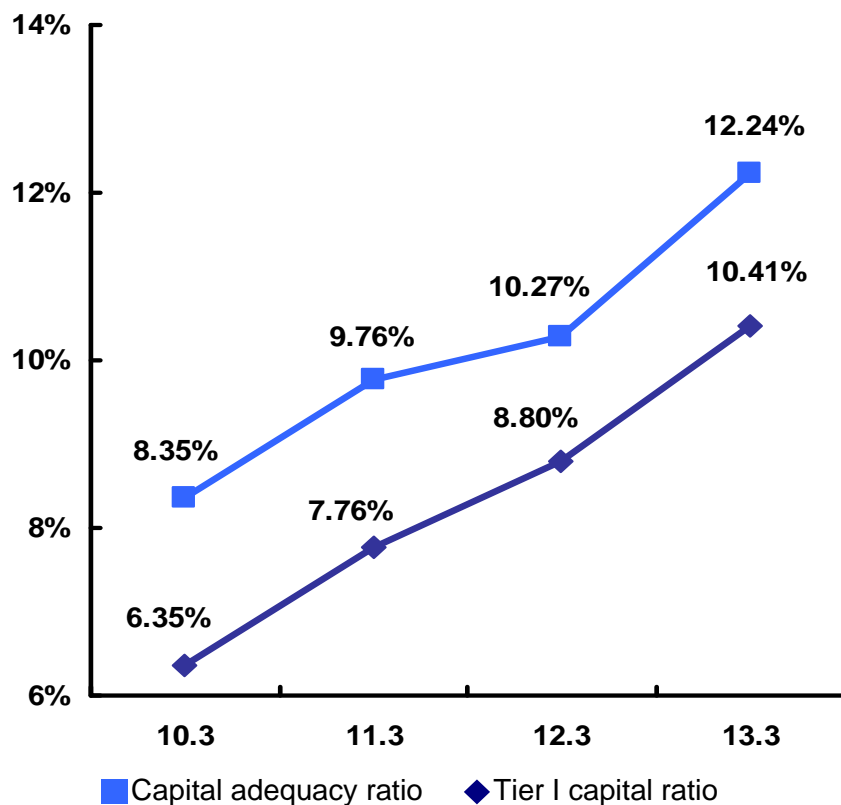


Capital: Total Capital Adequacy Ratio

(Consolidated, JPY billion)

- Achieved targets of first MTMP with large increase in capital adequacy ratio over the last three years due to steady accumulation of retained earnings, lower level of capital deduction items and reduction of risk weighted assets

Trend of Capital Ratios (Basel II)



Capital Composition

	2012.3 (Basel II ¹)	2013.3 (Basel II ¹)	2013.3 (Basel III Estimate ²)	MTMP (Target) (Basel III)
Common Equity Tier I			601.3	
Other Tier I				
Basic Items (Tier I)	537.1	608.8	601.3	
Amount Eligible for Inclusion in Capital (Tier II)	197.0	178.7	133.0	
Deductions	-107.2	-71.7		
Total Capital	626.9	715.8	734.4	
Risk Weighted Assets	6,102.5	5,847.7	6,320.6	
Capital Adequacy Ratio	10.27%	12.24%	11.6%	10%
			<i>Estimate:</i>	
Common Equity Tier I Capital Ratio			9.5%	5%
Tier I Capital Ratio	8.80%	10.41%	9.5%	7%

¹ Reflected stressed VaR of so-called "Basel 2.5"

² Estimates have been made by Shinsei Bank based on information available at this time. Estimate for March 31, 2013 is based on the Basel III international standard while applying grandfathering at March 31, 2013

Healthcare Finance Division Business and Plan for Establishing Japan's First Healthcare REIT

Healthcare Finance: Market Environment

- The main business areas of healthcare finance include financing for medical institutions including hospitals and senior care facilities/senior housing market
- Shinsei's strength is focused on structured finance for the senior care facilities/senior housing market
- Providing wide level of support including health care related fields regardless of type of company or asset financing

Financing for Medical Institutions

Industry with long mature history

Integration of operation and real estate

Medical corporations

Financing needs of leading medical corporations are dominated by mega-banks and regional banks

Financing revitalization and/or new business model for medical corporations

Growth

Operation

Borrower

Funding

Business Opportunity

Financing for Senior Care Facilities/ Senior Housing Market

Began in 2000 as growth industry upon start of nursing-care insurance system

Unbundling of operation and real estate

The real estate owner (individual owner)

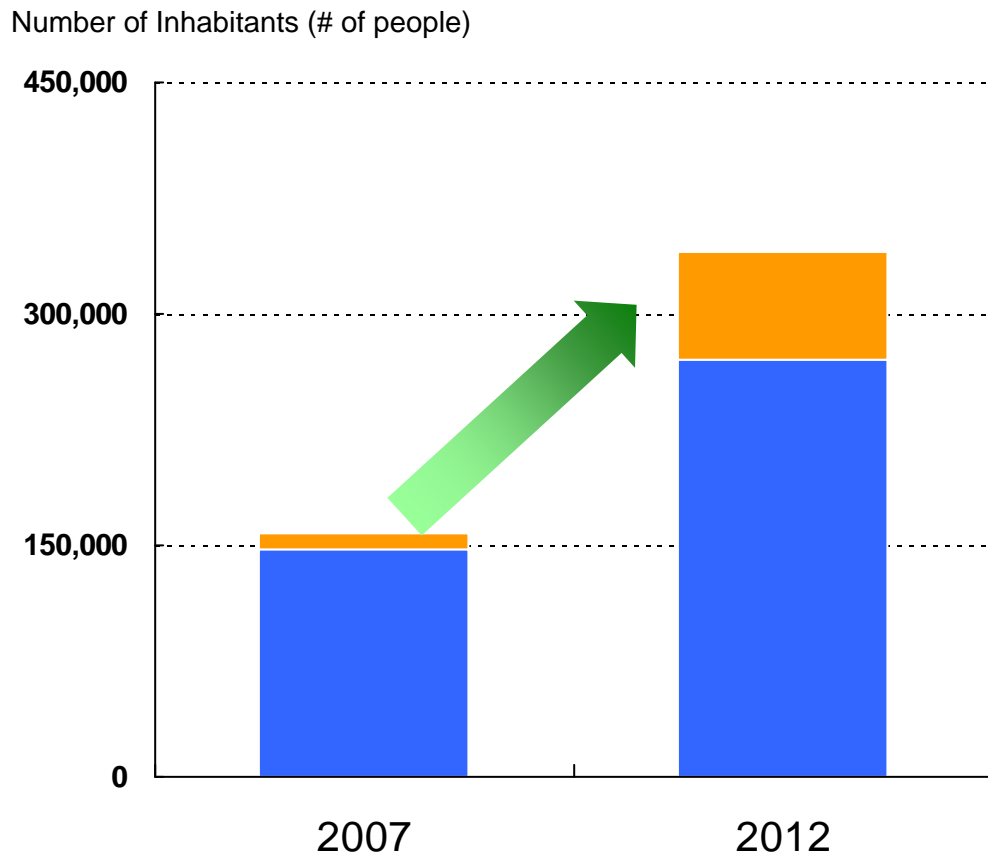
Small lot loans by regional financial institutions made on creditworthiness of owner

Financing large scale senior care facilities/senior housing through real estate securitization scheme

Healthcare Finance: Senior Care Facilities/Senior Housing Market

- Market size for Senior Care Facilities/Senior Housing more than doubled in last 5 years
- New funding requirement of JPY3 trillion is created if market doubles over 5 year period

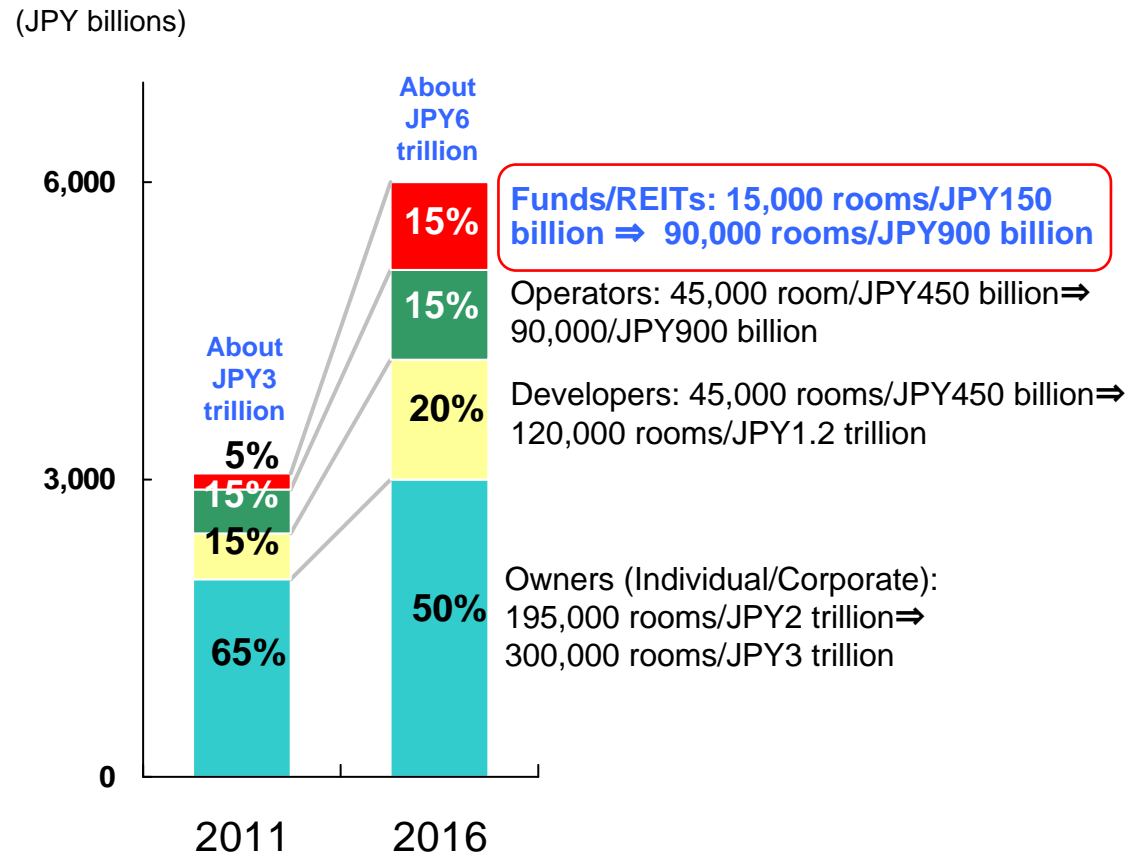
Trend in Market Size for Senior Care Facilities/Senior Housing



■ Senior Care Facilities ■ Senior Housing

Source: Ministry of Health, Labor and Welfare
"Social Welfare Facilities Survey"

Growth Potential of Healthcare Finance Market



Source: Shinsei Bank estimate compiled from various statistical data

Healthcare Finance: Shinsei Bank Approach

- Started work as pioneer in healthcare finance ahead of other banks from 2004 in Shinsei Bank's Real Estate Finance Division
- Established Healthcare Finance Division in July 2010 as part of new management strategy under president Toma

Highly Specialized Team Members

Healthcare Finance Division

- Takashi Fujimura (GM of Healthcare Finance Division)

Started focusing on healthcare finance at Shinsei from 2004 as a key member, was later appointed general manager of the newly formed Healthcare Finance Division in 2010 and is also a member of the committee to promote the supply of health care facilities via securitization under the guidance of the Ministry of Land, Infrastructure and Transport

- Specialist group that includes experienced healthcare industry consultants and specialists from foreign real estate funds

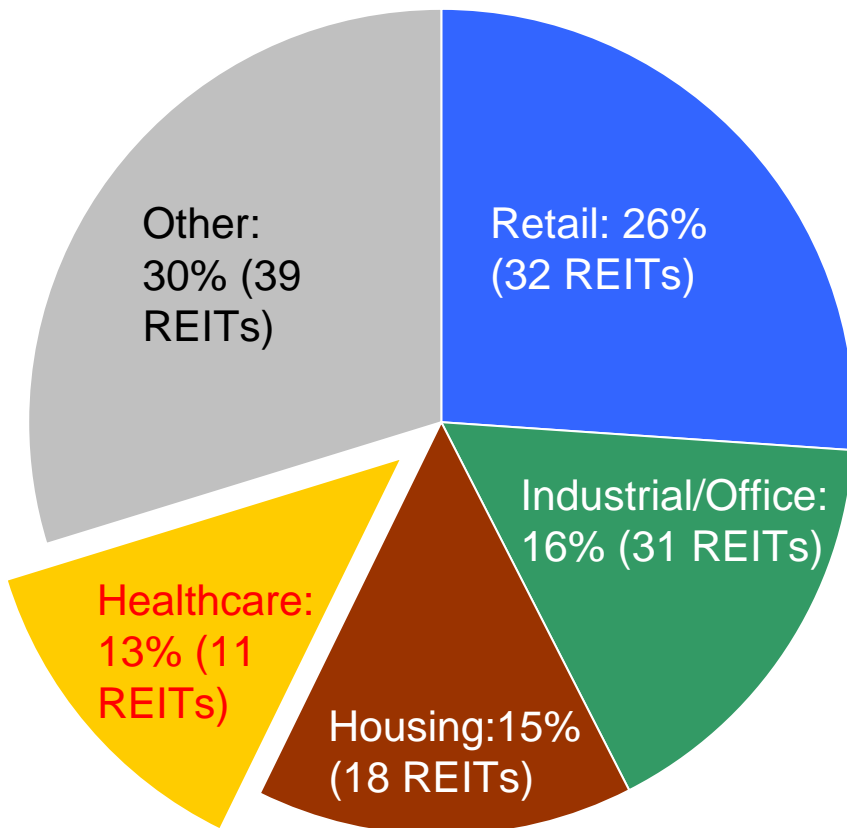
Business Expansion and Performance Track Record

- New customer development
Around 100 real estate investment funds
- Operator development
Around 50 fee-based senior homes
- December 2012 / March 2013
Arranged "Healthcare Infrastructure fund" with local securities companies for retail investors while providing non-recourse loans
- April 2013
Shinsei financed its largest non-recourse loan to date at JPY9.6 billion for the purchase of healthcare facilities by Healthway Medical Development Private Limited, which is a leading medical services and development company in Singapore

Healthcare Finance: Overseas/Domestic Healthcare REIT Overview

- Healthcare REITs are listed in the U.S., Canada, Singapore, United Kingdom and Australia
- In the U.S. healthcare REITs make up 13% of overall REIT market by market capitalization

Healthcare REIT¹ in the U.S. REIT Market



Source: NAREIT "REIT Watch January 2013"
¹As of December 31, 2012

Trend of Overseas Healthcare REITs

- Market capitalization for healthcare REITs in the United States exceeds JPY1 trillion
- Market capitalization of healthcare REITs outside the United States exceed JPY100 billion
- Singapore's specialty healthcare REIT Parkway Life holds 29 properties in Japan valued at JPY25 billion

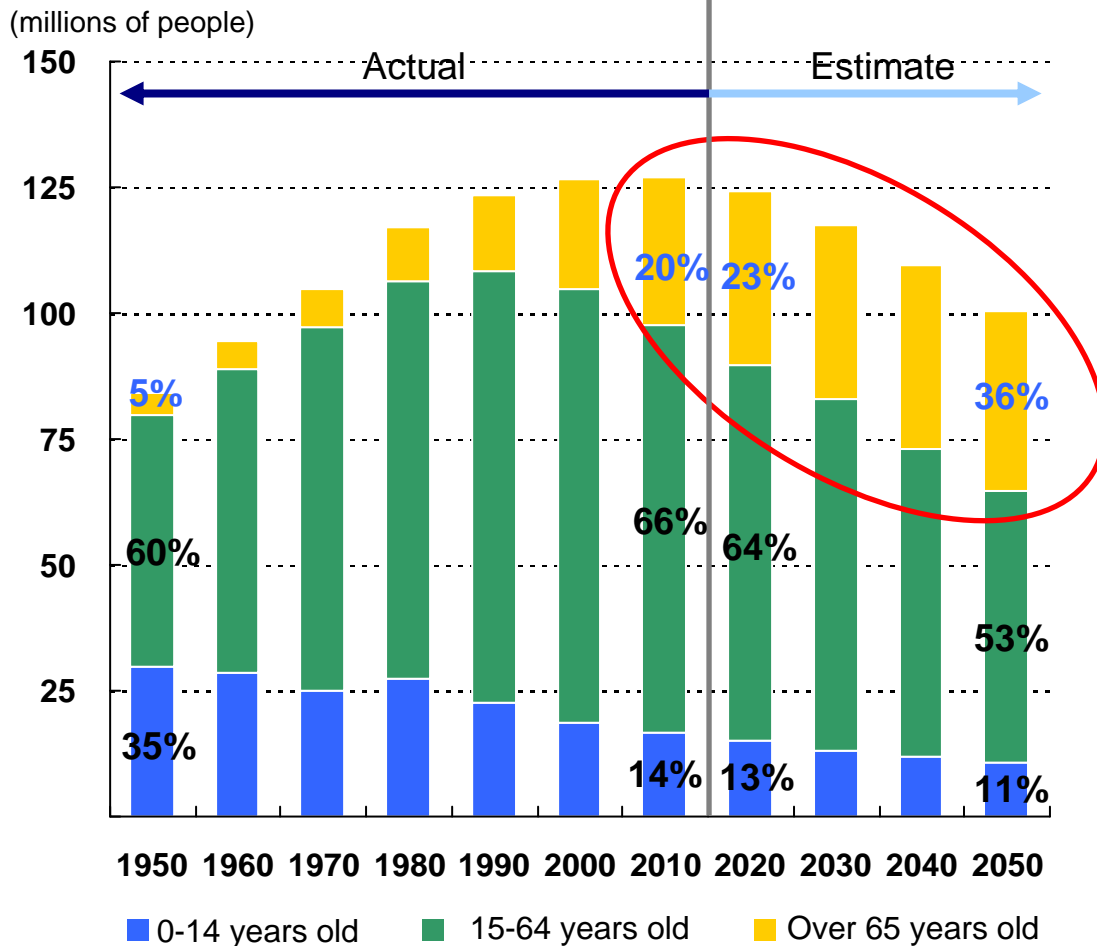
Trend in Domestic Healthcare REITs

- Japanese residential housing REITs have stated their policy to acquire senior care facilities/senior housing
- In September 2012, the Ministry of Land, Infrastructure and Transport, Financial Services Agency and the Ministry of Health, Labor and Welfare have jointly set up a review committee for establishing a healthcare REIT in Japan

Healthcare Finance: Plan for Establishing Japan's First Healthcare REIT

- Presently there are no specialty healthcare REITs listed in Japan
- Need mechanism to provide capital to capital markets to support social infrastructure of aging society

Population Change (Actual/Estimate)



Source: Ministry of Internal Affairs and Communications

Importance of Forming a Healthcare REIT to Shinsei Bank

- Diversification of capital provision opportunities for rapidly expanding senior care facilities, senior housing and hospitals
- Improvement of brand value by demonstrating social raison d'être
- Expansion of business base through close relationship with investors, operators and co-sponsors

Appendix

FY2012: Key Data

(Consolidated, JPY billion)

Balance Sheet

	2010.3	2011.3	2012.3	2013.3
Loans	5,163.7	4,291.4	4,136.8	4,292.4
Securities	3,233.3	3,286.3	1,873.4	1,842.3
Lease Receivables and Leased Investment Assets	213.7	206.2	197.4	203.5
Installment Receivables	347.8	330.4	347.9	365.8
Reserve for Credit Losses	-196.6	-199.2	-180.6	-161.8
Total Assets	11,376.7	10,231.5	8,609.6	9,029.3
Deposits and NCDs	6,475.3	5,610.6	5,362.4	5,457.5
Borrowed Money	1,186.8	1,672.7	476.7	719.2
Corporate Bonds	188.2	179.6	168.7	174.2
Reserve for Losses on Interest Repayments	70.0	43.1	50.9	34.9
Total Liabilities	10,741.8	9,620.3	7,982.0	8,345.6
Shareholders' Equity	459.7	574.1	577.9	626.3
Total Equity	634.9	611.1	627.6	683.6

Financial Ratios

	2009.4-2010.3	2010.4-2011.3	2011.4-2012.3	2012.4-2013.3
Expense-to-Revenue Ratio	59.0%	48.9%	63.1%	64.6%
Loan-to-Deposit Ratio	79.7%	76.5%	77.1%	78.6%
ROA	-1.2%	0.4%	0.1%	0.6%
ROE	-27.6%	8.5%	1.2%	8.6%
ROA (Cash Basis)	-0.5%	0.5%	0.2%	0.7%
ROE (Cash Basis)	-13.7%	12.4%	3.2%	11.1%

Per Share Data (JPY)

	2009.4-2010.3	2010.4-2011.3	2011.4-2012.3	2012.4-2013.3
Common Equity Per Share	232.72	205.83	212.67	233.65
Net Income Per Share	-71.36	21.36	2.42	19.24
Cash Basis Net Income Per Share	-27.37	26.96	6.05	22.77

Segment Revenue: Individual Group

(Consolidated, JPY billion)

Revenue	11.4-6	11.7-9	11.10-12	12.1-3	12.4-6	12.7-9	12.10-12	13.1-3
Retail Banking	10.3	8.8	8.4	8.3	8.4	8.2	7.8	8.5
Shinsei Financial and Shinsei Bank	11.5	11.2	11.0	10.1	9.7	9.3	9.4	9.0
Card Loan- Lake	2.1	2.0	1.9	1.7	1.6	1.5	1.5	1.4
SHINKI	12.3	12.0	12.3	11.8	11.6	11.8	12.1	12.0
APLUS FINANCIAL	0.4	0.4	0.4	0.4	0.4	0.3	0.4	0.3
Other								
Individual Group Total	36.9	34.6	34.2	32.3	31.9	31.4	31.4	31.6

Retail Banking

- Housing loan balance steadily increasing with revenue from loans increasing from JPY6.3 billion to JPY7.4 billion
- Lower market interest rates led to a decrease in deposits and debentures net interest income from JPY21.3 billion to JPY17.6 billion
- Temporary discontinuation of sales of yen-denominated structured deposits led to decrease in deposits and debentures non-interest income from JPY4.1 billion to JPY3.6 billion

SHINKI

- Revenues decreased from JPY7.8 billion to JPY6.3 billion due to decrease in loans

Shinsei Financial and Shinsei Bank Card Loan - Lake

- Revenues decreased from JPY43.9 billion to JPY37.6 billion due to lower loan balance
- Quarterly trend in decrease in revenues less pronounced due to slowing pace of decrease in loans after commencement of operations at Shinsei Bank Card Loan – Lake from Oct. 2011

APLUS FINANCIAL

- Net interest income declined from JPY12.5 billion to JPY9.2 billion due to lower loan balance
- Non-interest income up from JPY35.9 billion to JPY38.5 billion due to increase in volume of installment sales credit, settlement and other businesses

Segment Revenue: Institutional Group and Global Markets Group

(Consolidated, JPY billion)

Revenue	11.4-6	11.7-9	11.10-12	12.1-3	12.4-6	12.7-9	12.10-12	13.1-3
Institutional Business Sub-Group	2.7	-0.4	2.9	4.4	3.4	3.3	3.6	4.4
Structured Finance Sub-Group	4.7	5.5	5.7	4.9	5.5	4.6	4.5	5.7
Principal Transactions Sub-Group	1.6	4.4	3.1	1.9	2.5	5.0	1.0	2.6
Showa Leasing	3.4	3.7	3.3	1.9	3.0	3.2	3.4	4.2
Others	7.6	-1.0	1.5	-0.1	0.5	-0.2	-0.5	-3.8
Institutional Group Total	20.3	12.2	16.7	13.0	15.2	16.2	12.1	13.2
Financial Institutions Sub-Group	0.7	0.8	0.5	1.2	1.7	0.6	0.8	1.2
Markets Sub-Group	0.9	1.6	0.5	3.1	2.2	1.7	0.9	2.1
Others	0.6	0.8	0.0	0.2	0.5	0.5	0.7	0.6
Global Markets Group Total	2.2	3.3	1.0	4.6	4.5	3.0	2.5	4.1

Institutional Group

- Institutional Business Sub-Group improved from JPY9.6 billion to JPY14.8 billion as a result of an increase in transactions with new and existing customers
- Structured Finance Sub-Group decreased from JPY21.0 billion to JPY20.4 billion owing to replacement of non-recourse finance assets
- Principal Transactions Sub-Group up slightly from JPY11.2 billion to JPY11.4 billion due to good performance of domestic credit trading business

Institutional Group (Showa Leasing)

- Showa Leasing increased from JPY12.4 billion to JPY14.0 billion due to increase in operating assets

Global Markets Group

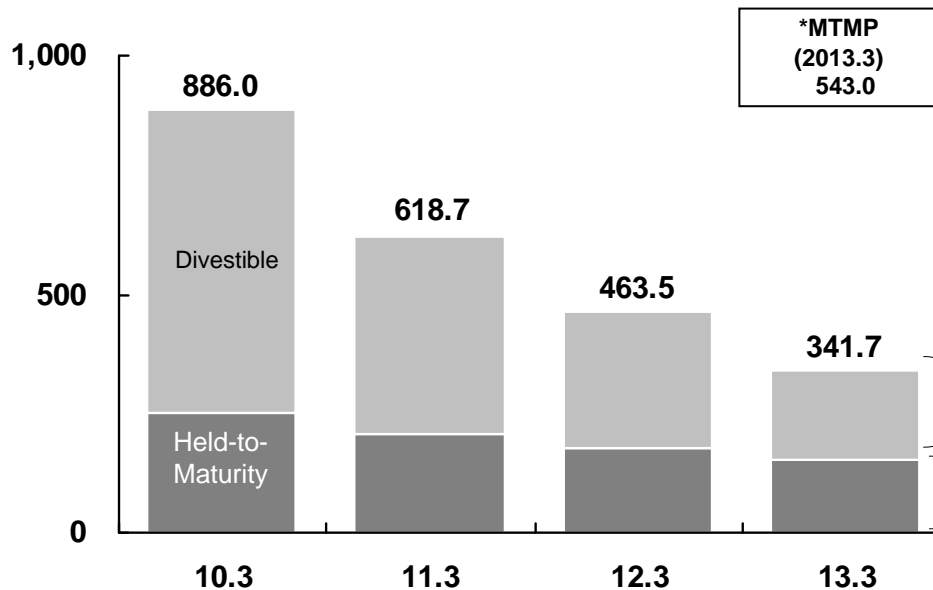
- Global Markets Group increased from JPY11.2 billion in the previous fiscal year, which was impacted by weak financial markets due to European debt crisis, to JPY14.2 billion as a result of recording revenue from customer transactions

Non-Core Assets: Targets Already Achieved Allowing Management to Focus on Core Business

(JPY billion)

- Reduction of non-core assets achieved at a pace far exceeding target of first MTMP
- Limited risk of large losses from residual non-core assets

Outstanding Balance of Non-core Assets



Non-core Assets Composition by Asset Type and Region

(March 31, 2013)

Balance	Region				Total
	U.S.	Europe	Asia, Others	Japan	
Loans	-	18.5	0.9	18.2	① 37.7
Securities	40.0	58.6	31.5	20.6	② 150.8
Divestible Total (1)	40.0	77.2	32.4	38.8	188.5
Loans	-	-	-	-	-
Securities	35.0	10.0	-	108.1	③ 153.2
Held to Maturity Total (2)	35.0	10.0	-	108.1	153.2
Non-core Asset Total (1)+(2)	75.0	87.3	32.4	146.9	④ 341.7

*Reduce divestible non-core assets by approximately 50% by end of first MTMP (i.e. by March 31, 2013)

Limited PL impact from non-core assets

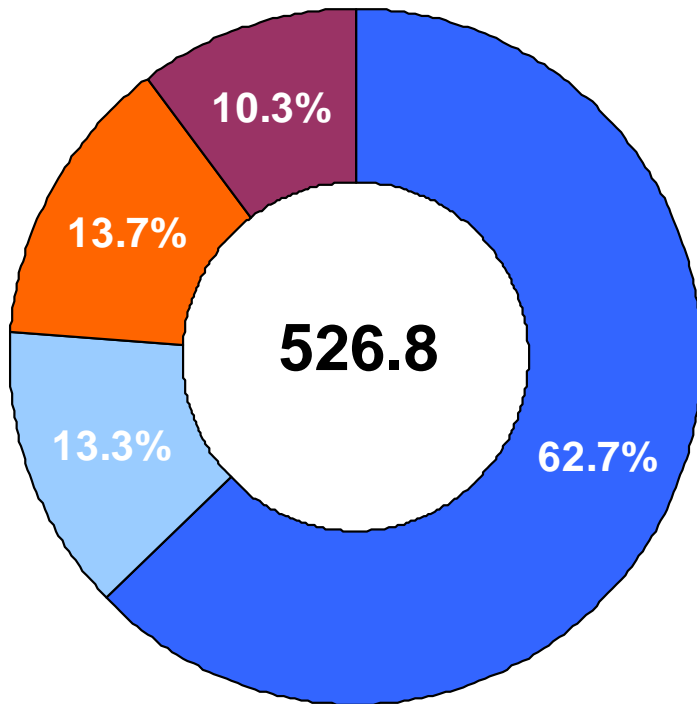
- Only JPY6.7 billion of NPLs in loans (including JPY5.9 billion of ABI, 91.6% coverage ratio)
- Evaluation gains for non-core securities with fair value that are divestible are about JPY3.7 billion (March 31, 2013)
- Held-to-maturity non-core assets are primarily composed of domestic housing loan warehousing and rest is CLO
- While disposal of non-core assets continues to proceed, depreciation of yen offset decrease to a certain extent

Real Estate Non-Recourse Finance: By Region/Asset Category

(JPY billion)

Breakdown by Region

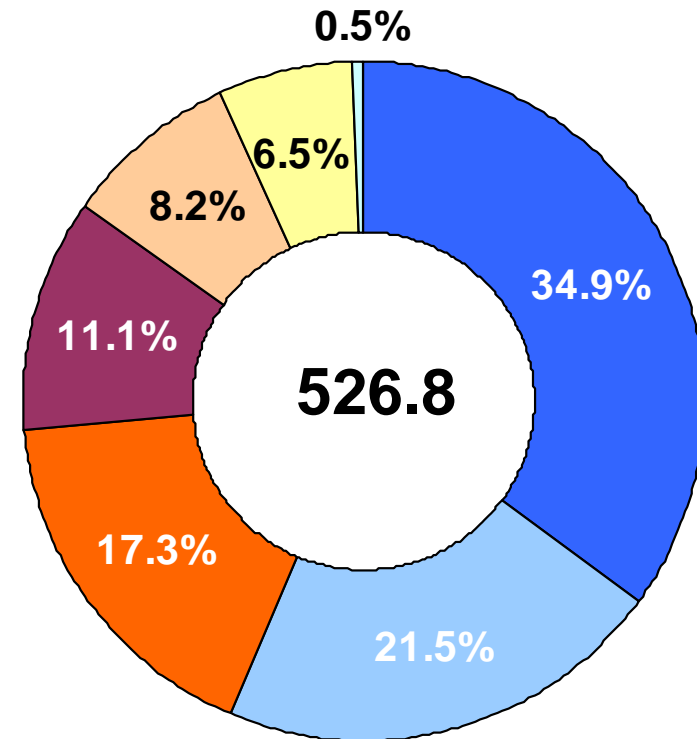
(as at March 31, 2013)



- Kanto (Mainly Tokyo)
- Kansai (Mainly Osaka)
- Portfolio (Diversified)
- Other Regions

Breakdown by Asset Category

(as at March 31, 2013)



- Office
- Land
- Hotel
- Development
- Retail (shops)
- Residential
- Other Portfolio (Diversified)

Major News in FY2012

1st Quarter (April – June 2012)

- Apr. 25: Shinsei Bank to Install Shinsei Bank Card Loan - Lake ACMs in Bank ATM Corners
- June 12: Shinsei Bank to Take Over Ownership of Lloyds Banking Group's Overseas Remittance Services in Japan
- June 25: Shinsei Bank Begins Handling Chinese Yuan, Brazilian Real, and Turkish Lira (total of 13 foreign currencies)

2nd Quarter (July – Sept. 2012)

- July 2: gumi and Shinsei Bank to Establish Venture Fund Targeting Mobile Entertainment Companies
- July 19: Shinsei Bank Group to Team Up With Manchester United to Issue Affiliate Credit Cards in Japan
- July 23: APLUS Introduces APLUS Auto Credit with T Points
- July 30: Shinsei Bank Forges Comprehensive Business Alliance with India's YES BANK

3rd Quarter (Oct. – Dec. 2012)

- Oct. 1: Housing Loan Balance Exceeds JPY1 trillion as of Sept. 30, 2012
- Oct. 12: Shinsei Bank to Invest in "Fukushima Growth Industry Development Fund" alongside NEC Capital Solutions Limited & Others
- Oct. 26: Shinsei Bank Issues Fourth Series of Unsecured Callable Subordinated Bonds
- Nov. 1: APLUS Introduces APLUS Rent Service with T Points

4th Quarter (Jan. – Mar. 2013)

- Jan. 16: Shinsei Bank Participates in Establishment of Healthcare Infrastructure Fund
- Jan. 22: Shinsei Bank Steps Up Private Placement Investment Trust Business for Financial Institutions
- Mar. 4: Shinsei Launches Go Remit Overseas Remittance Service
- Mar. 6: Shinsei Bank Provides Project Financing for Construction of Gas-Fired Power Station in Sodegaura, Chiba Prefecture
- Mar. 22: Shinsei Syndicated Project Finance for Mega Solar Project in the Eastern Area of Hokkaido
- Mar. 27: Shinsei Bank Provided Non-Recourse Loan for Second Healthcare Infrastructure Fund

Second Medium-Term Management Plan Overview: Goals/Targets

Goals

- Establish a unique business base
 - Increase revenues and further improve financial fundamentals
 - Become a financial group appreciated by customers and valued by society/markets
- As a financial institution with public funds we recognize our expected role to fulfill our social responsibilities
 - We will work to build a robust and stable computer system that operates smoothly

FY2015 Financial Targets

Growth	Net Income	70.0 BY
	Cash Basis ¹ Net Income	76.0 BY
Profitability	RORA ²	about 1.0%
	Expense-to- Revenue Ratio	50% level
	ROE	about 10%
Financial Stability	Common equity Tier I ratio ³	about 7.5%
	NPL Ratio ⁴	2% level

■ We are targeting consolidated reported basis net income of JPY70.0 billion and consolidated cash basis¹ net income of JPY76.0 billion in FY2015

■ Our aim is not only the absolute amount of net income, but also to achieve a high level of profitability while enhancing the financial stability of our operations

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

² Return on risk assets is calculated as net income divided by fiscal year end risk assets

³ Basel III fully loaded basis

⁴ Non-consolidated basis non-performing loan ratio

Second Medium-Term Management Plan Overview: Financial Projections

(Consolidated, JPY billion)

■ Total Revenues

Net interest income is projected to increase due to increase in quality assets across divisions and lower funding costs due to the maturity of past campaign rate retail term deposits

Non interest income is projected to increase due to higher revenues associated with our corporate revitalization business and strengthening of sales of investment products through the expansion of our customer base and promotion of cross selling, despite the decrease due to a change in the estimation of revenues related to structured deposits, etc.

■ Expenses

Aiming for an expense-to-revenue ratio at the 50% level. While this level takes into consideration higher expenses related to an increase in resources as we further expand our customer base in strategic areas, and costs related to system development, we will also work to improve operating efficiency whereby growth in expenses will be less than the growth in revenues

■ Credit Costs

Net credit costs are projected to increase due to an increase in general reserves for loan losses as we actively expand lending that will lead to a higher level of assets

	FY2013	FY2014	FY2015
Total Revenues	215.0	240.0	270.0
Net Interest Income	115.0	130.0	145.0
Non Interest Income	100.0	110.0	125.0
Expenses	135.0	140.0	145.0
Net Credit Costs	20.0	30.0	40.0
Net Income	48.0	55.0	70.0
Cash Basis ¹ Net Income	56.0	62.0	76.0

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

- **The above description of Shinsei's medium-term plan contains forward-looking statements regarding the intent, belief and current expectations of our management with respect to our financial condition and future results of operations. These statements reflect our current views with respect to future events that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate. Potential risks include those described in our annual securities report filed with the Kanto Local Finance Bureau, and you are cautioned not to place undue reliance on forward-looking statements.**
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