

For Immediate Release

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(Code: 8303, TSE First Section)

Shinsei Bank Reports Earnings for the First Quarter Ended June 30, 2013

A smooth start toward the achievement of the targets of this fiscal year

Tokyo (Tuesday, July 30, 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 12.7 billion yen and consolidated cash basis¹ net income of 15.0 billion yen in the first quarter ended June 30, 2013. Furthermore, Shinsei Bank announced a non-consolidated net income of 8.4 billion yen in the first quarter ended June 30, 2013. The Bank has achieved a smooth start towards the achievement of our fiscal year 2013 forecasts of 48.0 billion yen in consolidated reported basis net income and 56.0 billion yen in consolidated cash basis¹ net income.

Highlights of Consolidated Financial Results

	(USD in Millions/JPY in Billions)			
	13.4-13.6 (USD)	13.4-13.6 (JPY)	12.4-12.6 (JPY)	Change %
Total Revenue	511.5	50.5	52.0	-3.0%
General and Administrative Expenses	330.2	32.6	31.7	2.8%
Ordinary Business Profit	180.3	17.8	20.2	-12.1%
Net Credit Recoveries	-0.0	-0.0	-0.6	85.8%
Reported Basis Net Income	128.6	12.7	16.4	-22.2%
Cash Basis ¹ Net Income	151.9	15.0	18.8	-20.4%

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

- **Top-line revenues** of 50.5 billion yen were recorded, and while it was a slight decline from 52.0 billion yen in the same period of the previous fiscal year, it was an increase from 48.6 billion yen recorded in the last quarter as non-interest income has risen due to factors such as steady earnings trends from real estate finance and domestic credit trading in the institutional business, and strong sales of investment products in the individual business.
- **Expenses** of 32.6 billion yen were recorded for the period. While this represents an increase from 31.7 billion yen recorded in the same period of the previous fiscal year, it was almost flat compared to the 32.9 billion yen recorded in the previous quarter due to the promotion of investments that concentrated management resources into strategic focus areas.
- **Net credit recoveries** of 0.0 billion yen (95 million yen) were recorded as credit costs largely declined due to improvements in asset quality in each business.
- **Consolidated net income** of 12.7 billion yen was recorded, representing approximately 26% of the full fiscal year earnings forecast.
- **Non-consolidated net income** of 8.4 billion yen was recorded, an increase of 1.0 billion yen, compared to 7.4 billion yen recorded in the same period of the previous fiscal year.
- **Total assets** declined 218.0 billion yen, from 9,029.3 billion yen at March 31, 2013, to 8,811.3 billion yen.

Capital

- Total consolidated capital adequacy ratio at 12.79% and Tier I capital ratio at 10.85%, increasing 55 basis points and 44 basis points respectively on March 31, 2013, as a result of steady recording of retained earnings.
- As a result of having reduced the non-performing loan (NPL) balance to 216.4 billion yen from 242.6 billion yen at March 31, 2013, the NPL ratio dropped to 4.80% from 5.32% over the same period, while coverage ratio also at an industry high level of 96.3%.

Q1 FY2013 Performance Highlights

(USD in Millions²/JPY in Billions, excluding share amounts)

	13.4-13.6 (USD)	13.4-13.6 (JPY)	12.4-12.6 (JPY)	Change %
Total Revenue	511.5	50.5	52.0	-3.0%
General and Administrative Expenses	330.2	32.6	31.7	2.8%
Expense-to-Revenue Ratio	64.7%	64.7%	61.1%	-
Ordinary Business Profit	180.3	17.8	20.2	-12.1%
Net Credit Recoveries	-0.0	-0.0	-0.6	85.8%
Reported Basis Income	128.6	12.7	16.4	-22.2%
Cash Basis ¹ Net Income	151.9	15.0	18.8	-20.4%
Reported Basis Diluted Net Income Per Share (USD/JPY)	0.04	4.81	6.19	-22.2%
Cash Basis Diluted Net Income Per Share (USD/JPY)	0.05	5.66	7.11	-20.4%
ROE (annualized)	8.2%	8.2%	11.6%	-
Cash Basis ¹ ROE ³ (annualized)	10.4%	10.4%	14.6%	-
ROA (annualized)	0.6%	0.6%	0.8%	-
Cash Basis ¹ ROA (annualized)	0.7%	0.7%	0.9%	-
Total Revenue (non-consolidated)	274.5	27.1	24.8	9.0%
General and Administrative Costs (non-consolidated)	171.2	16.9	16.7	1.7%
Ordinary Business Profit (non-consolidated)	102.3	10.1	8.1	23.8%
Net Credit Costs (non-consolidated)	15.1	1.5	-0.9	260.0%
Reported Basis Net Income (non-consolidated)	85.0	8.4	7.4	13.9%
	2013.6 (USD)	2013.6 (JPY)	2013.3 (JPY)	Change %
Total Assets	89,264.5	8,811.3	9,029.3	-2.4%
Risk Assets	58,911.9	5,815.2	5,847.7	-0.6%
Diluted Equity per Share (USD/JPY)	2.39	236.25	233.65	1.1%
Total Capital Adequacy Ratio (Basel II, F-IRB)	12.79%	12.79%	12.24%	0.55bps
Tier I Capital Ratio	10.85%	10.85%	10.41%	0.44bps
Non-Performing Loan Ration (non-consolidated) ⁴	4.80%	4.80%	5.32%	-0.52bps
Non-Performing Loan Coverage Ratio (non-consolidated) ⁵	96.3%	96.3%	95.9%	-

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 JPY98.71 to \$1.00, which was the approximate exchange rate at June 28, 2013

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 Quarter Ended June 30, 2013

A conference call for investors will be held in English, on Tuesday July 30, 2013, 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 will be posted on Shinsei Bank's website after 3:30 PM on the same day. To download the "First Quarter Financial Results 2013/6" please go to: http://www.shinseibank.com/investors/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\$89.2 billion) on a consolidated basis (as of June 2013) 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>