

For Immediate Release

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Name of Representative: Shigeki Toma
President and CEO
(Code: 8303, TSE First Section)

Shinsei Bank Reports Earnings for the Fiscal Year 2013 Interim Period

Solid progress toward the achievement of this fiscal year's targets

Tokyo (Thursday, October 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 27.2 billion yen and consolidated cash basis¹ net income of 31.7 billion yen for the first half ended September 30, 2013. Furthermore, Shinsei Bank announced a non-consolidated net income of 15.5 billion yen in the first half ended September 30, 2013. The Bank has achieved solid progress towards the achievement of the 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)			
	2013.4-9 (USD)	2013.4-9 (JPY)	2012.4-9 (JPY)	Change %
Total Revenue	1,022.8	100.2	104.1	-3.7%
General and Administrative Expenses	671.7	65.8	63.7	3.2%
Ordinary Business Profit	351.1	34.4	40.3	-14.6%
Net Credit Costs	3.0	0.3	6.2	-94.3%
Reported Basis Net Income	277.6	27.2	25.7	5.7%
Cash Basis ¹ Net Income	323.6	31.7	30.6	3.4%

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

- **Top-line revenues**, while having decreased from a total revenue of 104.1 billion yen in the first half of fiscal year 2012, increased from 94.9 billion yen in the second half of fiscal year 2012, to 100.2 billion yen as there was almost no impact from non-recurring losses such as impairments.
- **Expenses** of 65.8 billion yen were recorded for the period, an increase from 63.7 billion yen recorded in the first half of fiscal year 2012 due to the promotion of investments that concentrated management resources into strategic focus areas while simultaneously promoting strict expense management and rationalization of operations.
- **Net credit costs** totaled 0.3 billion yen, a large decline from 6.2 billion yen recorded in the first half of fiscal year 2012, due to the release of reserves for loan losses as a result of the sale of non-performing loans (NPL), and improvements in asset quality.
- **Consolidated net income** of 27.2 billion yen was recorded, representing approximately 57% of the full fiscal year reported basis net income forecast of 48.0 billion yen.
- **Non-consolidated net income** of 15.5 billion yen was recorded, representing approximately 60% of the full fiscal year net income forecast of 26.0 billion yen.
- **Total assets** declined 123.8 billion yen, from 9,029.3 billion yen at March 31, 2013, to 8,905.5 billion yen.

Capital and Asset Quality

- Total consolidated capital adequacy ratio at 14.12% and Tier I capital ratio at 11.98%, increasing 188 basis points and 157 basis points, respectively on March 31, 2013, as a result of steady recording of retained earnings.
- As a result of having reduced the NPL balance to 202.0 billion yen from 242.6 billion yen at March 31, 2013, the NPL ratio dropped to 4.76% from 5.32% over the same period, while coverage ratio also at an industry high level of 95.5%.

H1 FY2013 Performance Highlights

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

	2013.4-9 (USD)	2013.4-9 (JPY)	2012.4-9 (JPY)	Change %
Total Revenue	1,022.8	100.2	104.1	-3.7%
General and Administrative Expenses	671.7	65.8	63.7	3.2%
Expense-to-Revenue Ratio	64.7%	64.7%	61.3%	-
Ordinary Business Profit	351.1	34.4	40.3	-14.6%
Net Credit Recoveries	3.0	0.3	6.2	-94.3%
Reported Basis Income	277.6	27.2	25.7	5.7%
Cash Basis ¹ Net Income	323.6	31.7	30.6	3.4%
Reported Basis Diluted Net Income Per Share (USD/JPY)	0.10	10.26	9.70	5.7%
Cash Basis Diluted Net Income Per Share (USD/JPY)	0.12	11.96	11.56	3.4%
ROE (annualized)	8.6%	8.6%	8.9%	-
Cash Basis ¹ ROE ³ (annualized)	10.7%	10.7%	11.6%	-
ROA (annualized)	0.6%	0.6%	0.6%	-
Cash Basis ¹ ROA (annualized)	0.7%	0.7%	0.7%	-
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Total Revenue (non-consolidated)	487.9	47.8	52.1	-8.3%
General and Administrative Costs (non-consolidated)	350.1	34.3	33.3	2.9%
Ordinary Business Profit (non-consolidated)	137.8	13.5	18.7	-28.1%
Net Credit Costs (non-consolidated)	-9.1	-0.9	1.5	-163.8%
Reported Basis Net Income (non-consolidated)	158.2	15.5	15.6	-0.8%
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	2013.9 (USD)	2013.9 (JPY)	2013.3 (JPY)	Change %
Total Assets	90,909.5	8,905.5	9,029.3	-1.4%
Risk Assets	55,568.5	5,443.5	5,847.7	-6.9%
Diluted Equity per Share (USD/JPY)	2.47	242.90	233.65	10.1%
Total Capital Adequacy Ratio (Basel II, F-IRB)	14.12%	14.12%	12.24%	1.88bps
Tier I Capital Ratio	11.98%	11.98%	10.41%	1.57bps
Non-Performing Loan Ratio (non-consolidated) ⁴	4.76%	4.76%	5.32%	-0.56bps
Non-Performing Loan Coverage Ratio (non-consolidated) ⁵	95.5%	95.5%	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 JPY97.96 to USD1.00, which was the approximate exchange rate at September 30, 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 Half Ended September 30, 2013

A conference call for investors will be held in Japanese/English, with consecutive interpretation, on Tuesday, November 5, 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 will be posted on Shinsei Bank's website after 5:00 PM on Thursday, October 31, 2013. To download the "First Half Financial Results 2013/9" 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 8.9 trillion yen (US\$90.9 billion) on a consolidated basis (as of September 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>