

[TRANSLATION]

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# 13th Annual General Meeting of Shareholders

Shinsei Bank, Limited  
June 19, 2013

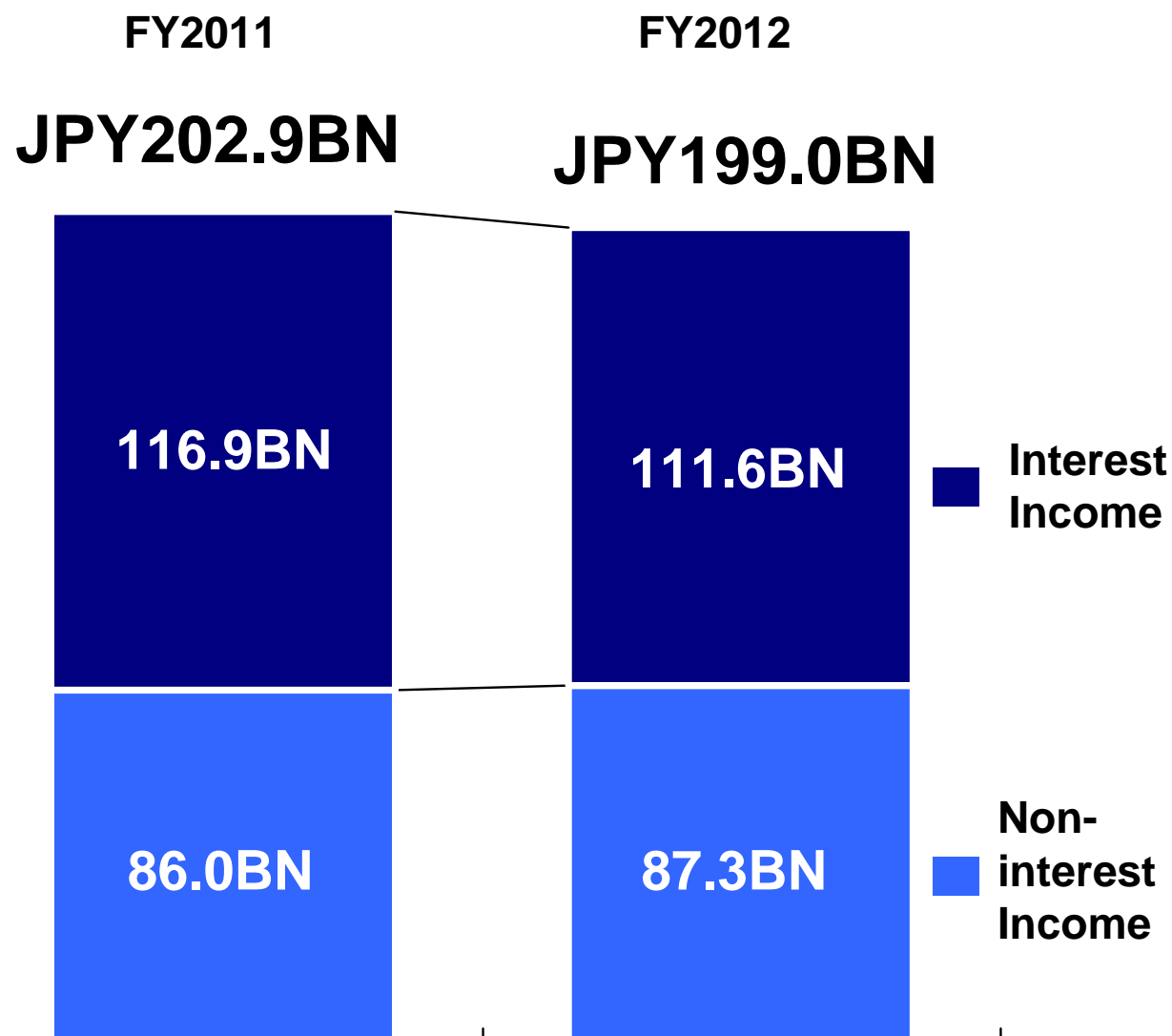


SHINSEI BANK

# **Fiscal Year 2012 Financial Results**

# FY2012 Consolidated Financial Summary:

Revenues are gaining stability due to expansion of the customer base and progression in the stabilization of earnings



- Net interest income was relatively steady due to increases in core businesses such as loans at the bank, but lower overall due to a reduction in non-core assets and a lower consumer finance loan balance
- Non interest income was up due to the impact of non-recurring items being limited and an increase in customer transactions

# FY2012 Consolidated Financial Summary:

Expenses up slightly due to increased allocation of management resources in strategic areas and IT system maintenance costs

FY2011

FY2012

JPY127.9BN

JPY128.6BN

- Allocation of management resources in strategic areas to expand customer base and stabilize earnings
- Continued promotion of operational rationalization and efficiency under strict expense management

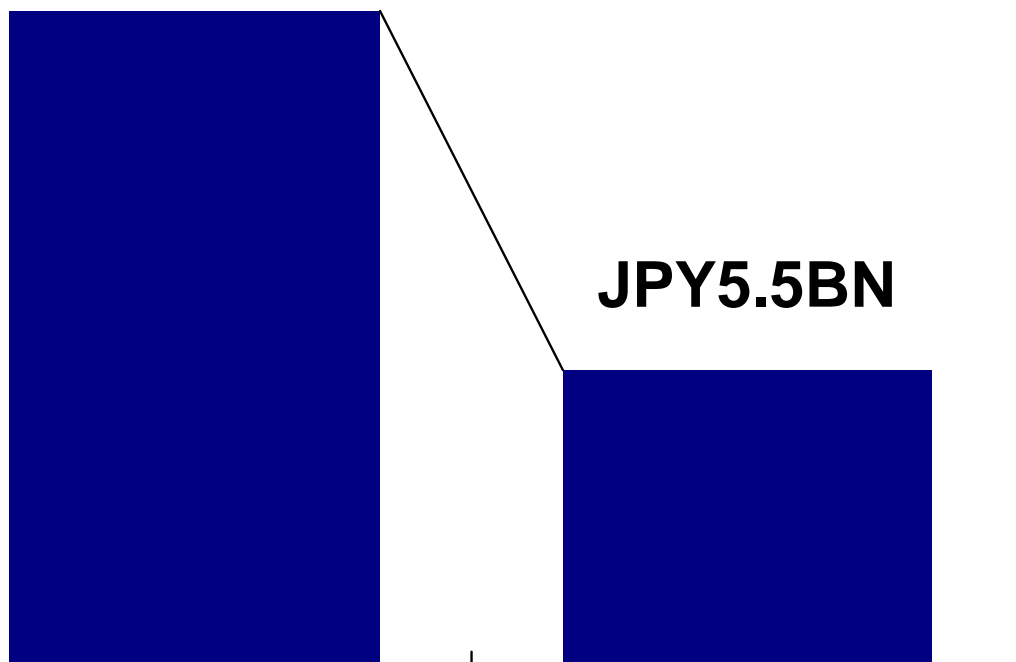
# FY2012 Consolidated Financial Summary:

Large improvement in net credit costs

FY2011

FY2012

JPY12.2BN

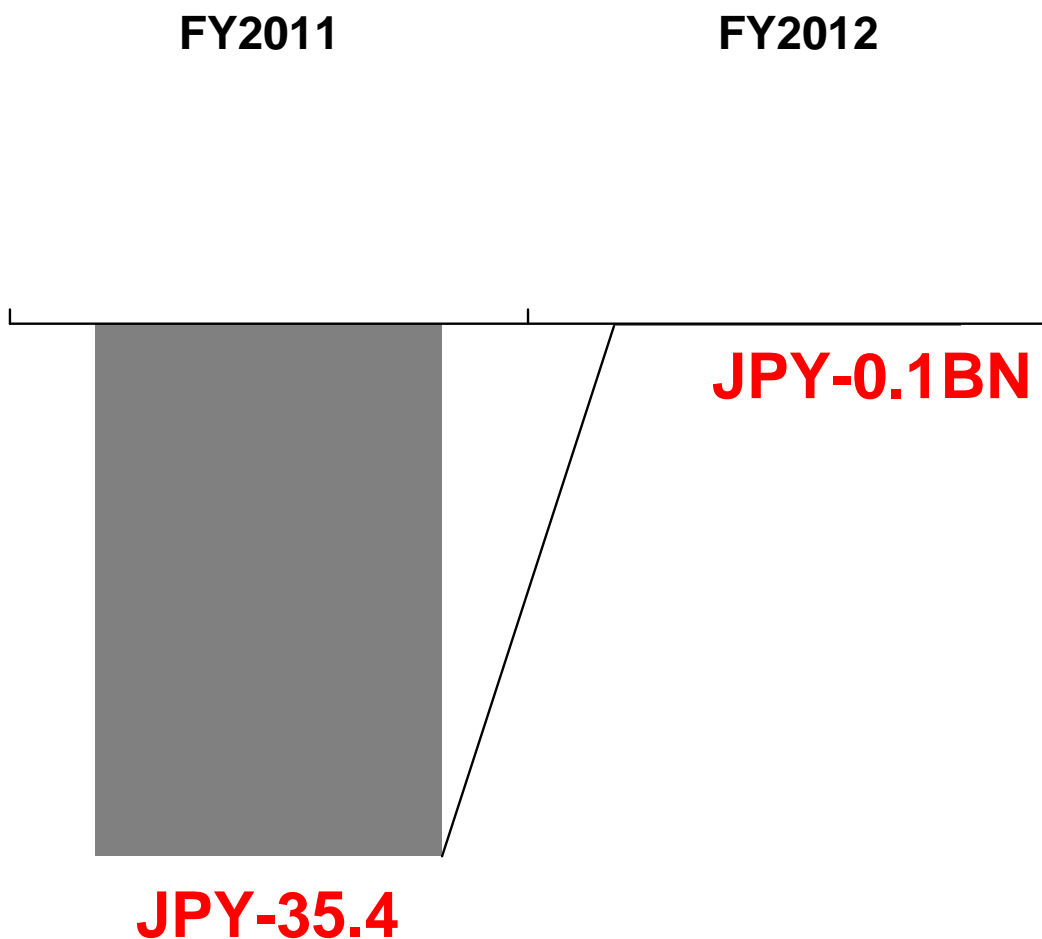


JPY5.5BN

- Large improvement in net credit costs due to mitigation of earnings risk through the disposal of non-core assets and collection of written-off claims
- Credit costs continued to be lower in our consumer finance business due to improved loan quality

# FY2012 Consolidated Financial Summary:

Other losses almost zero



- FY2011 included additional reserves of JPY32.8 billion for grey zone provisions at three consumer finance subsidiaries

- A large improvement in FY2012 with no additional grey zone provisions being necessary

# FY2012 Consolidated Financial Summary:

Achieved net income targets in first medium-term management plan

FY2011

FY2012

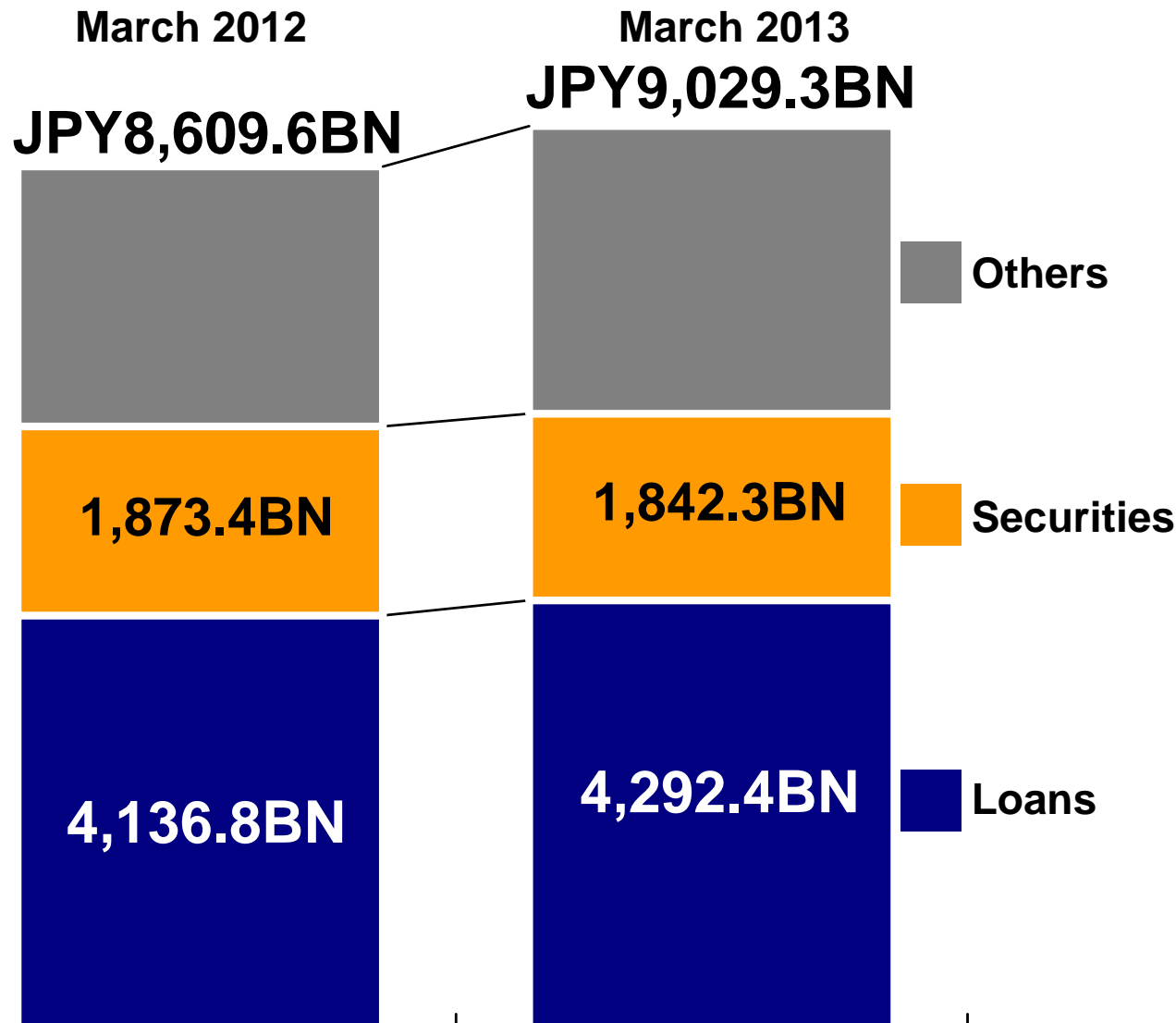
JPY6.4BN

JPY51.0BN

- Only limited impact in FY2012 from non-recurring items which were dealt with in past fiscal years
- First medium-term management plan net income target of JPY51.0 billion achieved reflecting underlying profitability

# Assets:

Loans have bottomed out and started increasing

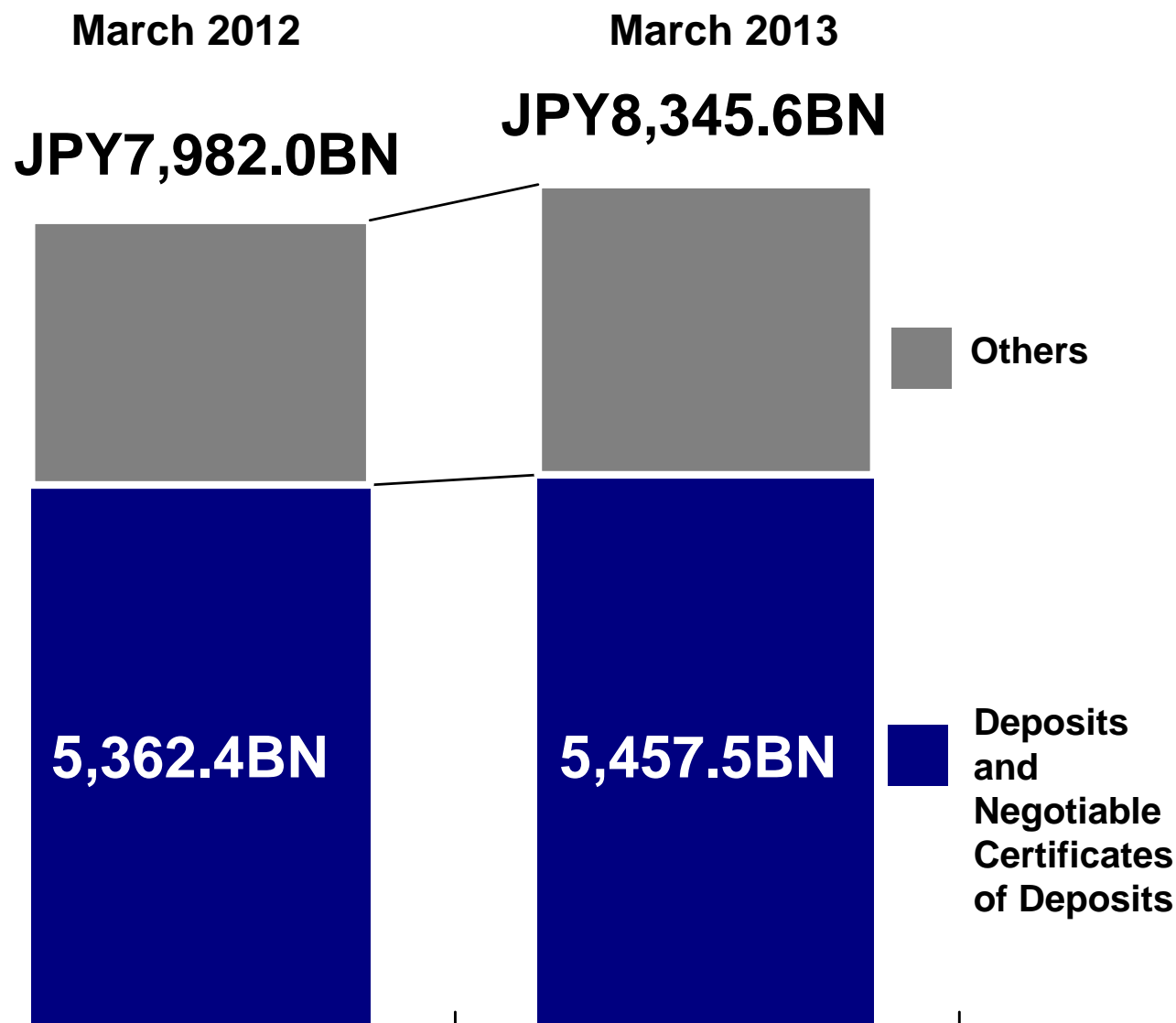


- Loans increased due to expansion of core businesses including corporate loans and housing loans
- Securities investment kept in check



# Liabilities:

Deposits remain one of the largest sources of funding for Shinsei bank



- Optimization of funding base continues to be centered on retail banking deposits
- Retail deposits make up more than 85% of overall deposits

# Major Operating Assets:

Individual business driven by housing loans and  
Shinsei Bank Card Loan Lake

## Housing Loan Balance

March 2012

March 2013

JPY1,091.6BN

JPY941.2BN



## Unsecured Personal Loan Balance

March 2012

March 2013

17.5BN

285.7BN

39.2BN

64.6BN

227.4BN

38.2BN

Shinsei  
Bank Card  
Loan Lake

Shinsei  
Financial

Shinki

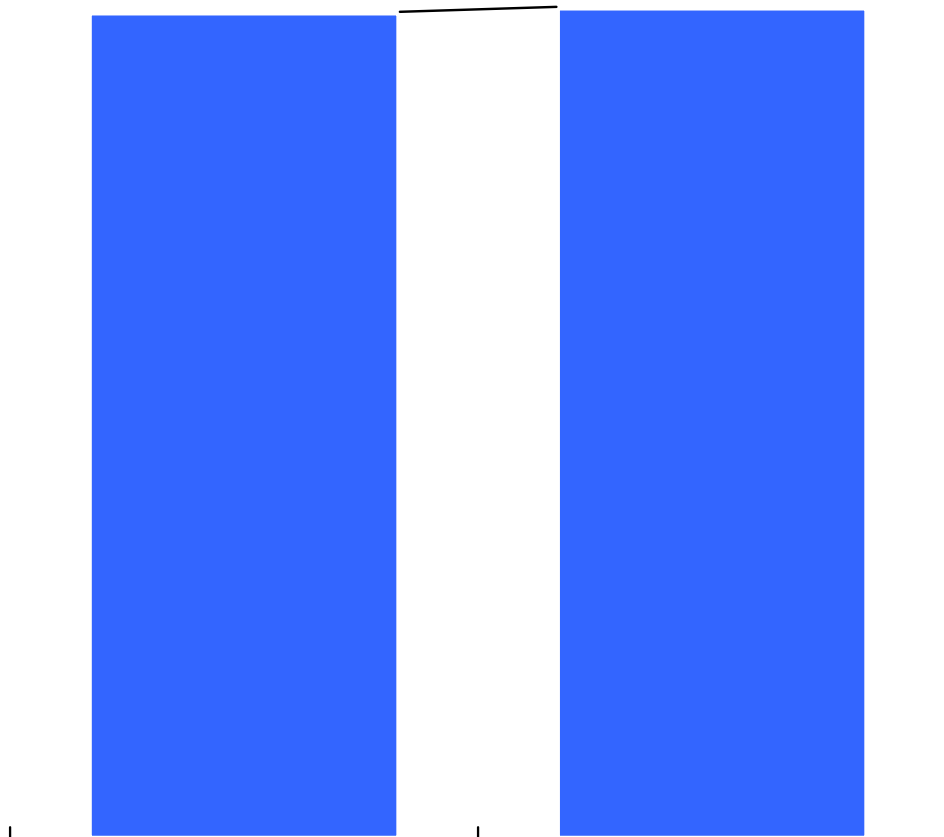
# Major Operating Assets:

In corporate business, the institutional loan balance rose while the real estate finance balance declined

## Institutional Business Loan Balance

March 2012  
JPY1,603.2BN

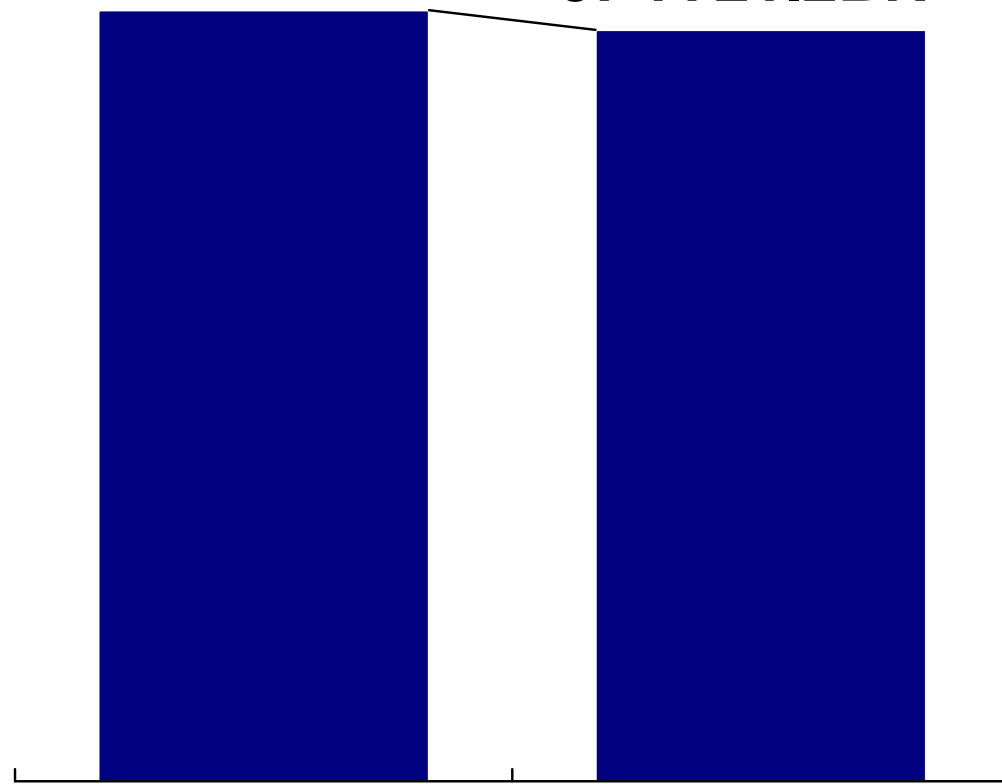
March 2013  
JPY1,610.8BN



## Real Estate Finance Balance(\*)

March 2012  
JPY740.1BN

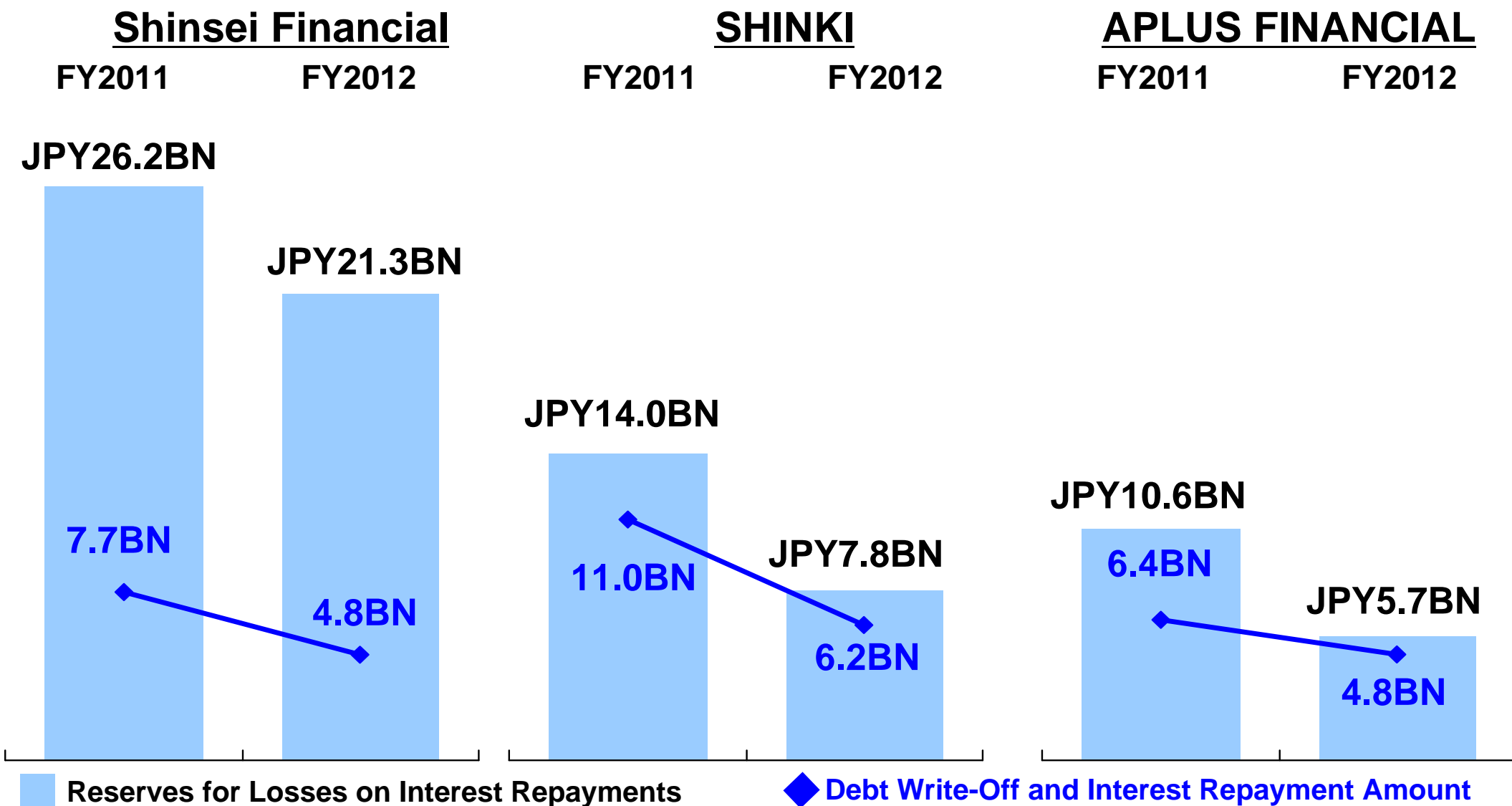
March 2013  
JPY721.2BN



(\*)Includes bonds, etc.

# Grey Zone Interest Repayments:

Debt write-off and interest repayment declined with no additional provisions made in FY2012



# Non-Core Assets:

Largely exceeded target in first medium-term management plan

## Non-Core Assets

March 2012

March 2013

JPY463.5BN

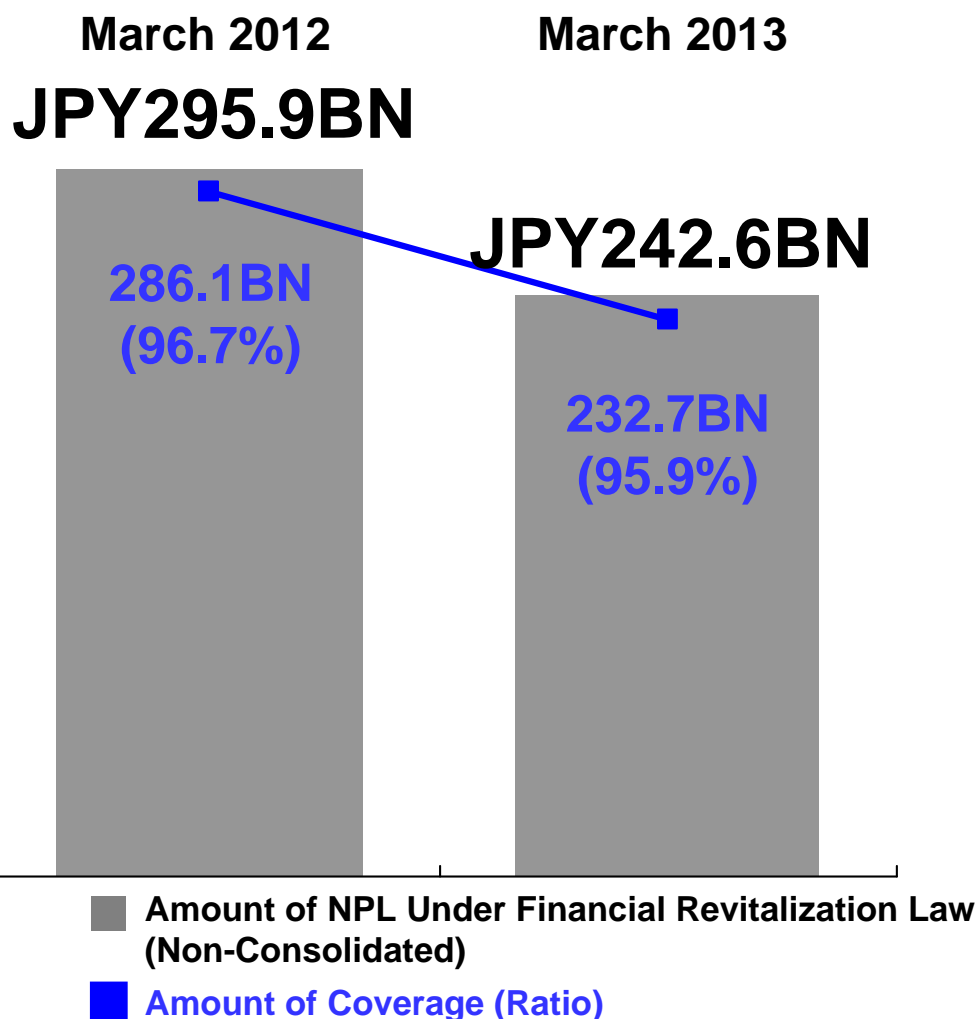
JPY341.7BN

- Largely exceeded target (JPY543.0 billion) to reduce non-core assets in first medium-term management plan
- Limited risk of large losses from remaining non-core assets

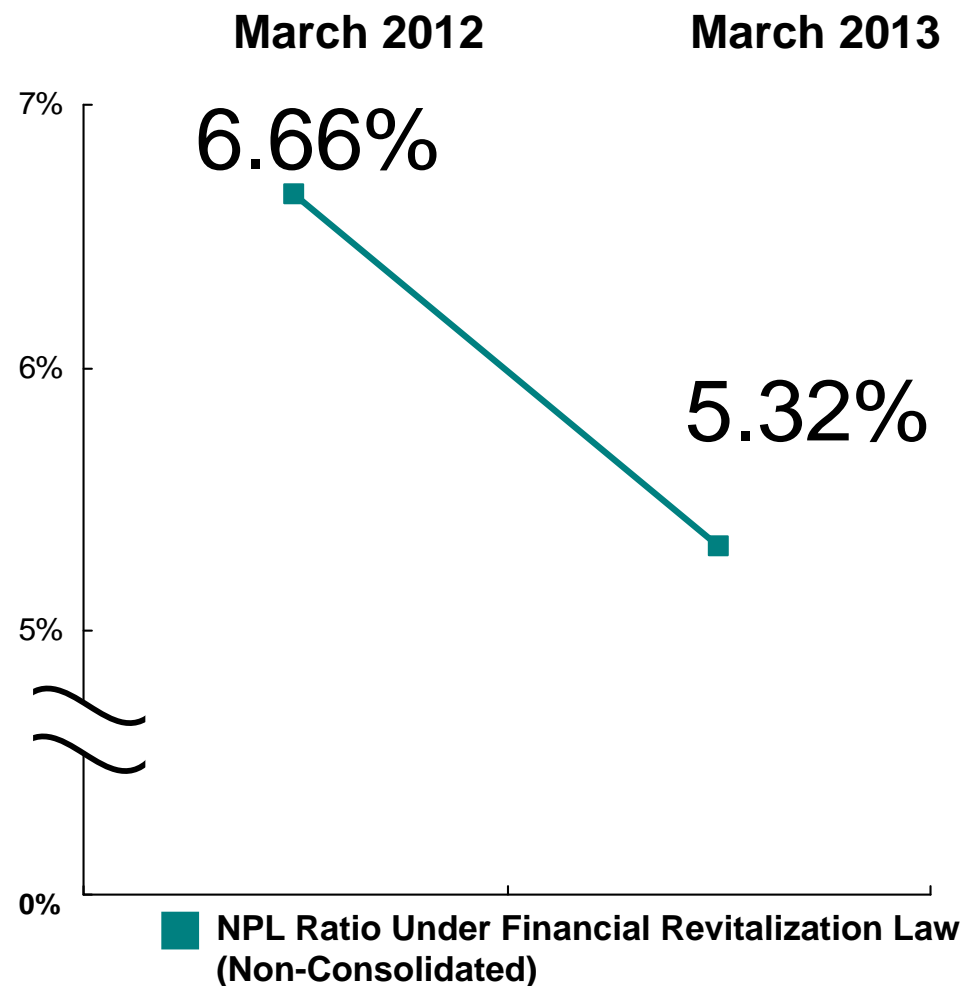
# Asset Quality:

Decrease in NPL ratio due to reduction in Nils

## Non-Performing Loans (NPL) Balance and Coverage (Ratio)



## NPL Ratio



# Capital:

Total capital adequacy ratio improved due to higher retained earnings and lower level of risk weighted assets

## Capital Adequacy (Basel II)

JPY BN	March 2012	March 2013
Basic Items (Tier I)	537.1	608.8
Supplementary Items (Tier II)	197.0	178.7
Deduction	(107.2)	(71.7)
Total Capital	626.9	715.8
Risk Weighted Assets	6,102.5	5,847.7
Total Capital Adequacy Ratio	10.27%	12.24%
Tier I Capital Ratio	8.80%	10.41%

**■ Year-end Dividend**

**JPY 1.00 per share**



# FY2013 Forecast: Earnings & Dividends:

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- **Consolidated Net Income:**  
**48.0 billion yen**
- **Non-consolidated Net Income:**  
**26.0 billion yen**
- **Fiscal Year-end Dividend:**  
**JPY 1.00 per share**

