

## Shinsei Bank Reports Financial Results for the Fiscal Year Ended March 31, 2013 -Achieved Financial Targets of First Medium-Term Management Plan-

Tokyo (Wednesday, May 8, 2013) – Shinsei Bank, Limited (“Shinsei Bank; “the Bank”), a leading diversified financial institution serving both institutional and individual customers in Japan, today announced in the final year of its First Medium-Term Management Plan (FY2010-FY2012), a consolidated reported basis net income of 51.0 billion yen for the fiscal year ended March 31, 2013, up 44.6 billion yen, and consolidated cash basis<sup>1</sup> net income of 60.4 billion yen. Furthermore, Shinsei Bank announced a non-consolidated net income of 24.6 billion yen this fiscal year, up 10.8 billion yen compared to the previous fiscal year, and plans to pay a dividend of 1 yen per common share as forecasted.

Shinsei Bank has achieved the goals it set out in its First Medium-Term Management Plan of “rebuilding the customer franchise” and “establishing a stabilized earnings base.” Going forward, this will allow the bank to focus on its Second Medium-Term Management Plan (FY2013-FY2015) goals of “establishing a clear strategy and pursuing sustainable growth.”

### Highlights of Consolidated Financial Results

	12.4-13.3 \$US	12.4-13.3	11.4-12.3	(USD in Millions <sup>2</sup> /JPY in Billions) Change %
Total Revenue	2,116.3	199.0	202.9	-1.9%
General and Administrative Expenses	1,367.6	128.6	127.9	0.5%
Ordinary Business Profit	747.6	70.3	74.9	-6.1%
Net Credit Costs	58.4	5.5	12.2	-55.0%
Cash Basis <sup>1</sup> Net Income	642.3	60.4	16.0	276.2%
Reported Basis Net Income	542.3	51.0	6.4	694.3%

- **Top-line revenues** down from 202.9 billion yen to 199.0 billion yen, due to lower net interest income mainly as a result of the lower loan balance in the consumer finance business, despite the increase in non-interest income due to the promotion of customer transactions
- **Expenses** up from 127.9 billion yen to 128.6 billion yen, due to increased allocation of management resources in strategic areas and IT system maintenance costs, while the promotion of operational efficiency continues
- **Net credit costs** down largely from 12.2 billion yen to 5.5 billion yen, as there were no large provisions recorded due to continued reduction of non-core assets, while collection of written-off loans proceeded well
- **Consolidated net income** up strongly from 6.4 billion yen to 51.0 billion yen, despite the lower revenues, as net credit costs were significantly lower and no additional provisions for interest repayments were recorded this fiscal year
- **Non-consolidated net income** up strongly from 13.8 billion yen to 24.6 billion yen as profitability trended stably and steadily with a large improvement in net credit costs compared to the previous fiscal year
- **Total assets** increased 419.6 billion yen from 8,609.6 billion yen at March 31, 2012 to 9,029.3 billion yen, while the loan balance increased 155.6 billion yen to 4,292.4 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 12.24% and Tier I capital ratio at 10.41%, increasing 197 basis points and 161 basis points respectively on March 31, 2012, mainly 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 134 basis points from 6.66% at March 31, 2012 to 5.32%, due to the continued declining balance of non-performing loans as well as an increase in the total claims balance, while coverage ratio also at an industry high level of 95.9%
- Ample liquidity position of approximately 1.3 trillion yen in cash, cash equivalents and liquidity reserves as at March 31, 2013

### FY2013 Forecast

- Full fiscal year consolidated reported basis net income forecast at 48.0 billion yen, and consolidated cash basis<sup>1</sup> net income forecast at 56.0 billion yen, as we envisage achieving stable normalized earnings, with only limited impact from non-recurring items going forward
- Non-consolidated net income forecast at 26.0 billion yen as outlined in our Revitalization Plan
- Fiscal year end dividend on common shares forecast at 1 yen per share, also as outlined in our Revitalization Plan

## Highlights of Consolidated Financial Results

	(USD in Millions <sup>2</sup> /JPY in Billions except per share amounts)			
	12.4-13.3 \$US	12.4-13.3	11.4-12.3	Change %
Total Revenue	2,116.3	199.0	202.9	- 1.9 %
General and Administrative Expenses	1,367.6	128.6	127.9	0.5 %
Expense-to-Revenue Ratio	64.6 %	64.6 %	63.1%	-
Ordinary Business Profit	747.6	70.3	74.9	- 6.1 %
Net Credit Costs	58.4	5.5	12.2	- 55.0 %
Cash Basis <sup>1</sup> Net Income	642.3	60.4	16.0	276.2 %
Reported Basis Net Income	542.3	51.0	6.4	694.3 %
Cash Basis <sup>1</sup> Diluted Net Income Per Share (\$US/JPY)	2.42	22.77	6.05	276.2 %
Reported Basis Diluted Net Income Per Share (\$US/JPY)	2.04	19.24	2.42	694.3 %
Cash Basis <sup>1</sup> ROE <sup>3</sup>	11.1 %	11.1 %	3.2%	-
ROE	8.6 %	8.6 %	1.2%	-
Cash Basis <sup>1</sup> ROA	0.7 %	0.7 %	0.2%	-
ROA	0.6 %	0.6 %	0.1%	-
Total Revenue (non-consolidated)	992.2	93.3	94.8	- 1.6 %
General and Administrative Expenses (non-consolidated)	715.7	67.3	62.6	7.4 %
Net Business Profit (non-consolidated)	275.4	25.9	32.1	- 19.2 %
Net Credit Costs (Recoveries) (non-consolidated)	-12.7	-1.2	10.9	- 111.4 %
Reported Basis Net Income (non-consolidated)	261.6	24.6	13.8	77.4 %
	<b>2013.3 \$US</b>	<b>2013.3</b>	<b>2012.3</b>	<b>Change %</b>
Total Assets	96,025.7	9,029.3	8,609.6	4.7 %
Risk Assets	62,189.7	5,847.7	6,102.5	- 4.2 %
Diluted Equity Per Share (\$US/JPY)	2.48	233.65	212.67	9.9 %
Total Capital Adequacy Ratio	12.24 %	12.24 %	10.27%	197 bps
Tier I Capital Ratio	10.41 %	10.41 %	8.80%	161 bps
Non-Performing Loan Ratio <sup>4</sup>	5.32 %	5.32 %	6.66%	-134 bps
Non-Performing Loan Coverage Ratio <sup>5</sup>	95.9 %	95.9 %	96.7%	-

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

<sup>2</sup> U.S. dollar amounts have been calculated at JPY94.03 to \$1.00, which was the approximate exchange rate at March 31, 2013

<sup>3</sup> 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

<sup>4</sup> Non-performing loan ratio under the Financial Revitalization Law on a non-consolidated basis

<sup>5</sup> 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 Fiscal Year Ended March 31, 2013

A conference call for investors will be held in Japanese/English, with consecutive interpretation, on Monday, May 13, 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 call will be posted on Shinsei Bank's website after 3:30 pm on Wednesday, May 8, 2013. To download the "Full Year Financial Results 2013/3" please go to: [http://www.shinseibank.com/investors/en/ir/financial\\_info/quarterly\\_results/index.html](http://www.shinseibank.com/investors/en/ir/financial_info/quarterly_results/index.html)

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*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 9.0 trillion yen (US\$96.0 billion) on a consolidated basis (as of March 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>*