

SHINSEI BANK, LIMITED

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For Immediate Release

Company Name: Shinsei Bank, Limited
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 President and CEO
 (Code: 8303, TSE First Section)

Shinsei Bank Reports Results for the Fiscal Year Ended March 31, 2010

-Turning next chapter with stronger balance sheet, steady capital ratios and liquidity to deliver sustainable profits in the future-

Tokyo (Friday, May 14, 2010) – Shinsei Bank, Limited, a leading diversified financial institution serving both institutional and individual customers in Japan, today announced a consolidated cash basis¹ net loss of 53.7 billion yen (consolidated reported basis net loss of 140.1 billion yen) for the fiscal year ended March 31, 2010 compared to a consolidated cash basis¹ net loss of 97.0 billion yen (consolidated reported basis net loss of 143.0 billion yen) for the fiscal year ended March 31, 2009. Furthermore, Shinsei Bank announced a non-consolidated net loss of 47.6 billion yen this fiscal year compared to a net loss of 157.0 billion yen for the previous fiscal year.

Highlights

- Institutional Group proactively cleaned up legacy portfolios while taking appropriate measures against future risk, and will focus on core institutional businesses including small-and medium-sized enterprises aligned with customer needs, while continuing to actively exit non-core operations
- Individual Group continues to enhance strong retail banking franchise while aligning consumer finance operations to new operating environment with adequate level of grey zone reserves to grow profits going forward
- For the fiscal year ending March 31, 2011, Shinsei Bank is forecasting positive consolidated cash basis¹ net income of 23.6 billion yen, consolidated reported basis net income of 12.5 billion yen and non-consolidated net income of 10.0 billion yen

Consolidated Results Overview

- Top-line revenues up 10.6% year-on-year due mainly to improvements in the Institutional Group and contribution from our consumer finance subsidiary Shinsei Financial
- Expenses down 5.8% and normalized expenses down 16.7% through business right-sizing, consolidation and technology deployment
- Funding costs declined to 0.81% and net interest margin improved to 2.47%
- Credit costs down 13.0% and maintaining an appropriate reserving level with one of highest coverage ratios in the banking industry
- Additional grey zone reserves for consumer finance bringing balance in line with industry while goodwill and intangible assets impaired
- Non-consolidated net loss recorded, however adequate distributable profits maintained to pay full dividend on preferred securities
- In light of the earnings for the fiscal year ended March 31, 2010, dividend will not be paid on common shares for FY2009

Operational Update

- Institutional Group: proactively cleaned up legacy portfolios focusing on domestic real estate and overseas asset-backed investments while booking some gains in the process
- Individual Group – Retail Banking: increased profits while expanding franchise and shifting focus from deposits to asset management
- Individual Group – Consumer Finance: focused on pursuit of integration and lower risk customer base while lowering expenses mainly through staff and distribution channels rationalization and technology deployment. Brought grey zone reserving level to industry standard at APLUS FINANCIAL and Shinki, impaired goodwill and intangible assets at APLUS FINANCIAL, and impaired intangible assets at Shinki while Shinsei Financial is largely covered by an indemnity for grey zone costs

Liquidity and Capital

- Maintaining robust liquidity position with about 1.3 trillion yen of cash, cash equivalents and liquidity reserves
- FY2009 issuance of 9.0 billion yen of Tier I non-step up, non-cumulative perpetual preferred securities; 5.0 billion yen debt issuance of Tier II retail non-dilutive subordinated bonds; reduction of risk weighted assets, and debt buybacks contributed to improving quality of capital while maintaining capital ratios, despite recording a net loss
- Capital ratios steady and were at or better than the end of FY2008 with total capital adequacy ratio at 8.35%, Tier I capital ratio at 6.35%, core Tier I capital ratio² at 4.05% and tangible common equity ratio³ at 3.09% and will work to enhance our capital in light of the changing regulatory environment
- Continued reduction of higher risk assets while risk monitored loans and non performing loan ratio increased, but coverage at industry high level

FY2010 Forecast

- For the fiscal year ending March 31, 2011, Shinsei Bank is forecasting consolidated cash basis¹ net income of 23.6 billion yen, consolidated reported basis net income of 12.5 billion yen and non-consolidated net income of 10.0 billion yen.

Highlights of Consolidated Financial Results

(USD in Millions ⁴/JPY in Billions except per share amounts)

	09.4-10.3 \$US	09.4-10.3	08.4-09.3	Change %
Total Revenue	3,063.6	285.5	258.2	10.6%
Net Interest Margin	2.47%	2.47%	2.46%	-
General and Administrative Expenses	1,805.9	168.3	178.7	-5.8%
Expense-to-Revenue Ratio	59.0%	59.0%	69.2%	-
Ordinary Business Profit	1,256.5	117.1	79.4	47.5%
Cash Basis ¹ Net Income (Loss)	-576.2	-53.7	-97.0	44.6%
Reported Basis Net Income (Loss)	-1,503.3	-140.1	-143.0	2.1%
Cash Basis ¹ Diluted Net Income (Loss) Per Share (\$US/JPY)	-0.29	-27.37	-49.39	44.6%
Reported Basis Diluted Net Income (Loss) Per Share (\$US/JPY)	-0.76	-71.36	-72.85	2.1%
Cash Basis ¹ ROE (Fully Diluted)	-10.6%	-10.6%	-15.2%	-
Cash Basis ¹ ROA	-0.5%	-0.5%	-0.8%	-
	10.3 \$US	10.3	09.3	Change %
Total Assets	122,080.6	11,376.7	11,949.1	-4.8%
Risk Assets	82,864.0	7,722.1	9,621.0	-19.7%
Risk Assets/Total Assets	67.9%	67.9%	80.5%	-
Diluted Equity Per Share (\$US/JPY)	2.49	232.72	284.95	-18.3%
Total Capital Adequacy Ratio	8.35%	8.35%	8.35%	-
Tier I Capital Ratio	6.35%	6.35%	6.02%	-
Core Tier I Capital Ratio ²	4.05%	4.05%	4.03%	-
Tangible Common Equity Ratio ³	3.09%	3.09%	3.00%	-
Non-Performing Loan Ratio ⁵	6.70%	6.70%	2.51%	-
Non-Performing Loan Coverage Ratio ⁶	97.6%	97.6%	96.0%	-

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

² Core Tier I capital ratio = Tier I capital, excluding preferred securities and preferred stock minus deferred tax assets (net) divided by risk weighted assets

³ Tangible common equity ratio = Net assets minus preferred stock, intangible assets and minority interests divided by total assets, excluding intangible assets

⁴ U.S. dollar amounts have been calculated at JPY 93.19 to \$1.00, which was the approximate exchange rate at March 31, 2010

⁵ Non-performing loan ratio under the Financial Revitalization Law on a non-consolidated basis

⁶ 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 on Earnings for the Fiscal Year Ended March 31, 2010

A conference call for investors will be held in English on Friday, May 14, 2010, 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 3:00 PM on Friday, May 14, 2010. To download the "Fourth Quarter Financial Results 2010/3" please go to:

http://www.shinseibank.com/investors/en/ir/financial_info/quarterly_results_2009/quarterly_results_2009.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 11.3 trillion yen (US\$122.0 billion) on a consolidated basis (as of March 2010) and a network of 40 outlets that includes 31 Shinsei Financial Centers and 9 Consulting Spots in 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>