

For Immediate Release

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

Shinsei Bank Reports Consolidated Financial Results for Fiscal Year Ended March 31, 2008

Tokyo (Wednesday, May 14, 2008) – Shinsei Bank, Limited, a leading diversified Japanese financial institution, today announced consolidated net income of 60.1 billion yen for the fiscal year ended March 31, 2008 (*fiscal year 2007*), compared to a consolidated net loss of 60.9 billion yen reported in fiscal year 2006. Consolidated cash basis* net income in fiscal year 2007 was 71.3 billion yen, compared to 35.3 billion yen in fiscal year 2006.

“While we were able to return to profitability, fiscal year 2007 was a tough year that was dominated by the U.S. residential mortgage crisis,” said Thierry Porté, President and CEO of Shinsei Bank. “While we cannot be satisfied with these results, we believe we have made the right choices to position our business for long-term growth as we focus on strengthening our balance sheet and developing our businesses.”

Highlights of Consolidated Financial Results

(Billions of U.S. dollars**/JPY Billions except per share amounts)

| | 2007.4- 2008.3 \$US | 2007.4- 2008.3 JPY | 2006.4- 2007.3 JPY | Change % |
|--|------------------------|-----------------------|-----------------------|-----------------|
| Total Revenue | 2.63 | 262.7 | 268.3 | -2.1% |
| General and Administrative Expenses | 1.58 | 157.8 | 149.9 | +5.2% |
| Expense-to-Revenue Ratio | 60.1% | 60.1% | 55.9% | - |
| Ordinary Business Profit | 1.05 | 104.9 | 118.3 | -11.4% |
| Net Income | 0.60 | 60.1 | -60.9 | +198.6% |
| Cash Basis* Net Income | 0.71 | 71.3 | 35.3 | +102.0% |
| Diluted Net Income Per Share (\$US/JPY) | 0.32 | 32.44 | -31.79 | +202.0% |
| Cash Basis* Diluted Net Income Per Share (\$US/JPY) | 0.38 | 38.50 | 18.41 | +109.1% |
| ROA | 0.5% | 0.5% | -0.6% | - |
| ROE (Fully Diluted) | 8.8% | 8.8% | -8.1% | - |
| | 2008.3 \$US | 2008.3 JPY | 2007.3 JPY | Change % |
| Total Assets | 115.56 | 11,525.7 | 10,837.6 | +6.3% |
| Diluted Equity Per Share (\$US/JPY) | 3.65 | 364.35 | 355.09 | +2.6% |
| Total Capital Adequacy Ratio | 11.74% | 11.74% | 13.13% | - |
| Tier I Capital Ratio | 7.37% | 7.37% | 8.11% | - |
| Non-Performing Loan Ratio*** | 0.95% | 0.95% | 0.53% | - |

* Cash basis figures are calculated by excluding amortization (and impairment) of goodwill and other intangible assets, net of tax benefit.

** U.S. dollar amounts have been calculated at JPY 99.73 to \$1.00, which was the approximate exchange rate at March 31, 2008.

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

Balance Sheet: Continued Growth Supported by Capital Strength

Shinsei Bank's **total assets** increased from 10,837.6 billion yen at March 31, 2007, to 11,525.7 billion yen at March 31, 2008. The higher balance was due mainly to an increase in loans and bills discounted and securities. Loans and bills discounted increased from 5,146.3 billion yen at March 31, 2007, to 5,622.2 billion yen at March 31, 2008, due mainly to growth in housing loans, specialty finance loans and the consolidation of SHINKI Co., Ltd. The balance of securities increased from 1,854.6 billion yen at March 31, 2007, to 1,980.2 billion yen at March 31, 2008. The rise is due mainly to an increase in Japanese corporate bond holdings that include non-recourse bonds.

Total deposits and negotiable certificates of deposit increased 385.7 billion yen or 7.1% to 5,806.6 billion yen, compared to March 31, 2007. Shinsei Bank has been diversifying its funding sources through deposits from retail and institutional customers. The retail and institutional deposit balances stood at 3,993.7 billion yen and 1,812.8 billion yen, respectively, at March 31, 2008.

Shinsei Bank's **capital ratios** remained solid with a **Tier I ratio** of 7.37% and a **total capital adequacy ratio** of 11.74% at March 31, 2008, on a Basel II basis.

Income Statement: Steady Revenues and Controlled Expenses

Total revenue in fiscal year 2007 was 262.7 billion yen or down 2.1% compared to the previous fiscal year due mainly to mark-downs related to the U.S. residential mortgage portfolio.

General and administrative expenses in fiscal year 2007 increased 5.2% to 157.8 billion yen due mainly to the inclusion of Shinki's expenses from the second half of fiscal year 2007 and the addition of employees to expand the scale of operations in the Institutional Banking Group. The **expense-to-revenue ratio** in fiscal year 2007 was 60.1%, compared to a ratio of 55.9% in the previous fiscal year.

Net credit costs in fiscal year 2007 increased 21.6 billion yen or 41.7% to 73.5 billion yen due mainly to an increase in credit reserves related to the U.S. residential mortgage portfolio.

Amortization of goodwill and other intangible assets associated with the acquisition of consumer and commercial finance companies was 12.5 billion yen in fiscal year 2007, compared with 20.8 billion yen in the previous fiscal year. The decline reflects the significant write-down of goodwill and other intangible assets at March 31, 2007.

Other gains of 73.7 billion yen were recorded in fiscal year 2007, compared to the recognition of **other losses** of 111.3 billion yen in the previous fiscal year. The gains include the contribution from the sale of the Shinsei headquarters building and Life Housing Loan Co., Ltd. The rise in **income taxes** is due mainly to taxes associated with the sales.

Minority interests in net income of subsidiaries in fiscal year 2007 amounted to 18.0 billion yen, up 1.4 billion yen from the 16.6 billion yen recorded in the previous fiscal year.

As a result, **consolidated net income** in fiscal year 2007 was 60.1 billion yen, compared to a **consolidated net loss** of 60.9 billion yen in the previous fiscal year. In addition, **consolidated cash basis net income** increased from 35.3 billion yen in fiscal year 2006 to 71.3 billion yen in fiscal year 2007.

Business Line Results

Institutional Banking: Loan Demand Steady But U.S. Residential Mortgage Crisis Impacts Results

The Institutional Banking business continued to see steady demand for loans and deposits. While corporate loans achieved a higher balance in fiscal year 2007 compared to the previous fiscal year, overall loan growth was due mainly to a higher year-on-year balance of specialty finance loans.

Total revenue was 91.2 billion yen in fiscal year 2007, compared to 117.3 billion yen in the previous fiscal year. The lower revenue was primarily the result of the recognition of mark-downs related to exposure in the U.S. residential mortgage market and absence of gains from investments that were recorded in the previous fiscal year. **Ordinary business profit** in fiscal year 2007 was 41.5 billion yen, compared to 73.8 billion yen in the previous fiscal year due to the above reasons and higher costs as Shinsei added employees to expand the scale of its operations. **Ordinary business profit after net credit (recoveries) costs** declined from 77.8 billion yen in fiscal year 2006 to 21.9 billion yen in fiscal year 2007 due mainly to an increase in reserves associated with the U.S. residential mortgage market.

Consumer and Commercial Finance: Return to Profitability Through Focus on Quality Customers

Loans in the Consumer and Commercial Finance business were almost flat, increasing from 424.9 billion yen at March 31, 2007 to 426.2 billion yen at March 31, 2008. Loans from Shinki, which became a consolidated subsidiary, were included from the second half of fiscal year 2007, offsetting the sale of Life Housing Loan.

Total revenue increased to 127.3 billion yen in fiscal year 2007, compared to 112.2 billion yen in fiscal year 2006, due mainly to the inclusion of revenues from Shinki in the second half of fiscal year 2007. **Ordinary business profit** in fiscal year 2007 was 61.0 billion yen, compared to 44.0 billion yen in the previous fiscal year due mainly to higher overall revenues as well as lower expenses at APLUS. **Ordinary business profit after net credit costs** was 8.7 billion yen in fiscal year 2007, compared to an **ordinary business loss after net credit costs** of 9.8 billion yen in the previous fiscal year, due mainly to the return to profitability at APLUS as well as Shinki that turned profitable in the second half of fiscal year 2007.

Retail Banking: Customer Base Growth and Revenue Diversification But Lower Option Income Takes Toll

Retail loans outstanding, which mainly include housing loans, in the Retail Banking business, increased 41.9% from 639.5 billion yen at March 31, 2007 to 907.4 billion yen at March 31, 2008. This is largely a result of the increase in housing loan customers, who now exceed 37,000. Mutual funds and variable annuities increased 14.8% from 634.2 billion yen in fiscal year 2006 to 727.8 billion yen in fiscal year 2007, while retail deposits and debentures increased 9.6% from 3,955.7 billion yen to 4,335.9 billion yen. Shinsei Bank now has more than 2.2 million account holders.

Total revenue was 34.0 billion yen in fiscal year 2007 compared to 36.1 billion yen in the previous fiscal year. The lower revenue was due mainly to a decline in deposit-related option income related to structured deposits that declined from 11.3 billion yen in fiscal year 2006 to 5.7 billion yen in fiscal year 2007. The business recorded an **ordinary business loss after net credit costs** of 6.3 billion yen in fiscal year 2007, compared to an **ordinary business loss after net credit costs** of 1.6 billion yen in the previous fiscal year. This was a result of lower revenues and higher expenses due mainly to the expansion of distribution channels and growth in customer-driven transactions.

Forecast for Fiscal Year 2008

For the fiscal year ending March 31, 2009, Shinsei Bank is forecasting consolidated "net income" of 62.0 billion yen, and non-consolidated net income of 60.0 billion yen.

A conference call will be held in English on Thursday, May 15, 2008 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 4:00 PM on Thursday, May 15, 2008.

To download the "Fiscal Year 2007 Financial Results" please go to

http://www.shinseibank.com/investors/en/ir/financial_info/quarterly_results_2007/quarterly_results_2007.html

Shinsei Bank is a leading diversified Japanese financial institution providing a full range of financial products and services to both institutional and retail customers based on a three-pillar strategic business model comprising institutional banking, consumer and commercial finance and retail banking. The Bank has total assets of 11.5 trillion yen (US\$115 billion) on a consolidated basis (as of March 2008) and a network of 41 outlets that includes 35 Shinsei Financial Centers, 2 Platinum Centers and 4 BankSpots 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>.