

SHINSEI BANK, LIMITED

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For Immediate Release

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

Shinsei Bank Reports Earnings for the First Quarter Ended June 30, 2010

Tokyo (Thursday, July 29, 2010) – Shinsei Bank, Limited, a leading diversified financial institution serving both institutional and individual customers in Japan, today announced a consolidated cash basis¹ net income of 16.7 billion yen (consolidated reported basis net income of 13.8 billion yen) for the first quarter ended June 30, 2010 compared to a consolidated cash basis¹ net income of 9.7 billion yen (consolidated reported basis net income of 5.1 billion yen) in the first quarter of fiscal year 2009. Furthermore, Shinsei Bank announced a non-consolidated net income of 4.7 billion yen this fiscal year compared to a net income of 10.4 billion yen in the first quarter of the previous fiscal year.

Highlights

- Net income increased due to stronger earnings from core businesses, lower expenses and lower credit costs. The increase was achieved in spite of lower revenues due to fewer one-time gains
- Institutional Group benefited from larger contribution from core businesses while the Individual Group achieved higher earnings in retail banking, but lower earnings at consumer finance subsidiaries
- Liquidity remains robust, while capital ratios improved due to higher net income and a reduction in risk-weighted assets from 7.7 trillion yen to 7.2 trillion yen
- Uncertainty remains in the macroeconomic environment centering on real estate and impact of full implementation of the revised Money-Lending Business Control and Regulation Law (MLBL)

Consolidated Results Overview

- Top-line revenues down 19.4% year-on-year due mainly to decrease at consumer finance subsidiaries in line with expectations
- Expenses down 18.0% through business right-sizing, consolidation and technology deployment
- Funding costs declined to 0.62% due to lower interest expense on deposits, borrowed money and corporate bonds, while net interest margin remains steady at 2.33%
- Net credit costs down 47.0% and maintaining an appropriate reserving level with one of highest coverage ratios in the banking industry
- Positive non-consolidated net income recorded, which reflects standalone profits of Bank excluding subsidiaries

Operational Update

- Institutional Group: Improved ordinary business profit after net credit costs due to higher revenue from core businesses, lower expenses and net credit costs while we announced plans to strengthen our corporate restructuring and healthcare finance businesses recently
- Individual Group: Increased profits in retail banking while expanding franchise and shifting focus from deposits to asset management. Profits down in consumer finance due mainly to lower revenues at Shinsei Financial and APLUS FINANCIAL as anticipated, while indemnity and prior period provisioning minimize need for additional “grey zone” reserves

Liquidity and Capital

- Maintaining robust liquidity position with about 1.3 trillion yen of cash, cash equivalents and liquidity reserves
- Capital ratios improved due to increase in net income and lower level of risk-weighted assets with total capital adequacy ratio at 8.97%, Tier I capital ratio at 6.95%, core Tier I capital ratio² at 4.60% and tangible common equity ratio³ at 3.32%
- Risk monitored loans and non performing loan ratio down and coverage at industry high level

FY2010 Forecast and Revision of Medium-Term Management Plan

- 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. We have not revised our forecast as uncertainty remains surrounding the macroeconomic environment and impact of revised MLBL
- Shinsei is considering a number of new initiatives under new management and will consider revising its Medium-Term Management Plan and make an official announcement in the near future

“Given these encouraging first quarter results, we have no immediate plans to raise capital. However, we do recognize the changing regulatory and market environment, and will continue to consider capital-raising as one of our key strategic options going forward,” said Shigeki Toma, President and CEO of Shinsei Bank. *“However, should we decide to raise capital, we will give ample consideration to the potential impact from dilution. As the various initiatives launched by the new management team take effect, we will consider revising our Medium-Term Management Plan going forward. Furthermore, to effectively accelerate the reduction of risk-weighted assets and expenses, we will establish a new division (project team) by the second quarter of this fiscal year, which I will personally lead. This initiative is expected to have further positive impacts on our capital ratios.”*

Highlights of Consolidated Financial Results

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

	2010.4-6 \$US	2010.4-6	2009.4-6	Change %
Total Revenue	794.6	70.4	87.5	-19.4%
Net Interest Margin	2.33%	2.33%	2.65%	-
General and Administrative Expenses	410.8	36.4	44.5	-18.0%
Expense-to-Revenue Ratio	51.8%	51.8%	50.9%	-
Ordinary Business Profit	383.7	34.0	43.0	-20.9%
Cash Basis ¹ Net Income	188.5	16.7	9.7	72.4%
Reported Basis Net Income	155.7	13.8	5.1	168.3%
Cash Basis ¹ Diluted Net Income Per Share (\$US/JPY)	0.09	8.55	4.96	72.4%
Reported Basis Diluted Net Income Per Share (\$US/JPY)	0.07	7.06	2.63	168.3%
Cash Basis ¹ ROE (Fully Diluted and Annualized)	14.6%	14.6%	6.8%	-
Cash Basis ¹ ROA (Annualized)	0.6%	0.6%	0.3%	-
	2010.6 \$US	2010.6	2010.3	Change %
Total Assets	123,569.2	10,947.0	11,376.7	-3.8%
Risk Assets	82,134.5	7,276.3	7,722.1	-5.8%
Risk Assets/Total Assets	66.5%	66.5%	67.9%	-
Diluted Equity Per Share (\$US/JPY)	2.67	236.82	232.72	1.8%
Total Capital Adequacy Ratio	8.97%	8.97%	8.35%	-
Tier I Capital Ratio	6.95%	6.95%	6.35%	-
Core Tier I Capital Ratio ²	4.60%	4.60%	4.05%	-
Tangible Common Equity Ratio ³	3.32%	3.32%	3.09%	-
Non-Performing Loan Ratio ⁵	6.38%	6.38%	6.70%	-
Non-Performing Loan Coverage Ratio ⁶	97.4%	97.4%	97.6%	-

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 88.59 to \$1.00, which was the approximate exchange rate at June 30, 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 for Investors on Earnings for the First Quarter Ended June 30, 2010

A conference call for investors will be held in Japanese/English, with consecutive interpretation, on Thursday, July 29, 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 3:30 PM on the same day. To download the "First Quarter Financial Results 2010/6" please go to:

http://www.shinseibank.com/investors/en/ir/financial_info/quarterly_results_2010/quarterly_results_2010.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 10.9 trillion yen (US\$123.5 billion) on a consolidated basis (as of June 2010) and a network of 42 outlets that includes 31 branches and 11 annexes 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>