

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 Positive Results for Fiscal Year 2010 Interim Period

Healthy core businesses and prudent provisioning drive steady progress towards earnings stabilization

Tokyo (Wednesday, November 10, 2010) – Shinsei Bank, Limited, a leading diversified financial institution serving both institutional and individual customers in Japan, today announced a consolidated reported basis net income of 16.8 billion yen for the first half ended September 30, 2010, up 5.8 billion yen, and consolidated cash basis¹ net income of 22.7 billion yen, up 2.5 billion yen on the same period of the previous fiscal year. Furthermore, Shinsei Bank announced a non-consolidated net income of 9.3 billion yen this fiscal year, up 0.7 billion yen compared to the first half of the previous fiscal year.

Highlights

- Core businesses performed well as factors responsible for substantial investment-related losses in the past receded. Net income increased due to comprehensive expense reductions and decrease in Individual Group credit costs, even while additional conservative and prudent reserves for institutional businesses were recorded
- Capital ratios improved due to increase in net income and optimization of risk-weighted assets while we are maintaining ample liquidity
- We have not revised our full-year forecast as uncertainty remains surrounding financial markets, economic environment going forward and impact of revised Money Lending Business Control and Regulation Law (MLBL)

President and CEO Statement

“We have made good progress towards “establishing a stabilized earnings base” in the first half of fiscal year 2010,” said Shigeki Toma, President and CEO of Shinsei Bank. “Core institutional businesses performed well, and we have been ramping up efforts in new areas where we can leverage Shinsei’s unique strengths, while implementing organizational reform and reviewing business processes to more appropriately meet the diverse needs of our customers. As a result, new customer numbers have increased compared to the second half of fiscal year 2009 and borrower numbers also began to grow again this first half as we took the first step towards “rebuilding the customer franchise in Japan.” In the Individual Group, the retail banking business trended steadily, while the consumer finance business recorded sound results by focusing on profitability rather than scale, and enforcing strict expense and credit controls. While the business environment remains challenging and visibility poor, we will continue to implement measures to strengthen our management base and increase profits as we strive to achieve the goals of our Medium-Term Management Plan.”

Consolidated Results Overview

- **Top-line revenues** down 10.2 billion yen to 155.6 billion yen as consumer finance subsidiaries’ interest income decreased significantly but in line with expectations as a result of reduced operating assets and lower lending rates. This was in spite of a strong performance from core businesses and gains from the divestiture of non-core business assets in the Institutional Group and Markets and Investment Banking Group, which recorded higher revenues on the same period of the previous fiscal year
- **Expenses** down 13.7 billion yen to 72.8 billion yen, reflecting continuous Group-wide expense reductions such as business right-sizing and lower IT costs through consolidation and technology deployment among subsidiaries
- **Net credit costs** up 13.1 billion yen to 52.3 billion yen as conservative and prudent reserves were recorded in the specialty finance², domestic real estate non-recourse finance and other businesses, despite an improvement in the Individual Group due to improved asset quality and collections
- While yield on interest-bearing liabilities decreased 0.27% to 0.62%, **net interest margin** at 2.31% due mainly to lower lending rates at consumer finance subsidiaries
- **Consolidated net income** up 5.8 billion yen to 16.8 billion yen, due to lower amortization costs following the impairment of APLUS FINANCIAL goodwill and intangible assets at the end of last fiscal year, as well as the absence of additional grey zone provisions

Operational Update

- **Institutional Group and Markets and Investment Banking Group:** core businesses performed well, while we disposed of risk assets and posted conservative and prudent reserves against potential risks. Took initiatives to rebuild customer franchise, building out areas such as healthcare finance and corporate restructuring where we can leverage our strengths, and implementing organizational reform
- **Individual Group:** retail banking business continued to promote lower funding costs while focusing on cost-efficient branch network expansion and provision of a wide range of asset management products. In the consumer finance business, while interest income decreased significantly but in line with expectations as a result of lower operating assets and lower lending rates, we will continue to implement further business integration and strict cost reductions
- **Corporate/Other:** recorded gains on the repurchase of subordinated debt, aimed at accumulating retained earnings

Liquidity and Capital

- Maintaining ample liquidity position with approximately 1.3 trillion yen of cash, cash equivalents and liquidity reserves
- Total consolidated capital adequacy ratio at 8.94% and Tier I capital ratio at 6.97%, both improving on March 31, 2010, reflecting the accumulation of retained earnings, a reduction in risk assets, and other factors, and despite a reduction in foreign currency-denominated capital securities due to factors including the impact of a strong yen
- Non-performing loan ratio down due to clean up of real estate non-recourse loan portfolio with coverage at industry high level

FY2010 Forecast

- Maintaining full year forecast from May 2010 at this point in time as impact of the transaction announced today in press release entitled “Shinsei Bank Announces Tender Offers for Certain Preferred Securities in Overseas Markets” is as yet undetermined, and uncertainty remains surrounding financial market, economic environment going forward and impact of MLBL

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

² Structured finance with a particular focus on corporate acquisition financing

Highlights of Consolidated Financial Results

(USD in Millions ²/JPY in Billions except per share amounts)

	2010.4-9 \$US	2010.4-9	2009.4-9	Change %
Total Revenue	1,865.4	155.6	165.8	-6.2%
Net Interest Margin	2.31%	2.31%	2.54%	-
General and Administrative Expenses	872.7	72.8	86.5	-15.9%
Expense-to-Revenue Ratio	46.8%	46.8%	52.2%	-
Ordinary Business Profit	992.6	82.8	79.3	4.4%
Net Credit Costs	627.0	52.3	39.2	33.6%
Cash Basis ¹ Net Income	272.1	22.7	20.2	52.6%
Reported Basis Net Income	201.4	16.8	11.0	12.3%
Cash Basis ¹ Diluted Net Income Per Share (\$US/JPY)	0.13	11.57	10.31	52.6%
Reported Basis Diluted Net Income Per Share (\$US/JPY)	0.10	8.59	5.63	12.3%
ROE (Fully Diluted and Annualized)	7.4%	7.4%	3.8%	-
Cash Basis ¹ ROE (Fully Diluted and Annualized)	9.9%	9.9%	6.9%	-
ROA (Annualized)	0.3%	0.3%	0.2%	-
Cash Basis ¹ ROA (Annualized)	0.4%	0.4%	0.3%	-
Total Revenue (non-consolidated)	841.6	70.2	53.1	32.3%
General and Administrative Expenses (non-consolidated)	359.6	30.0	34.6	-13.3%
Ordinary Business Profit (non-consolidated)	481.9	40.2	18.5	117.2%
Net Credit Costs (non-consolidated)	375.2	31.3	8.4	270.2%
Reported Basis Net Income (non-consolidated)	111.4	9.3	8.6	8.3%
	2010.9 \$US	2010.9	2010.3	Change %
Total Assets	125,452.5	10,464.0	11,376.7	-8.0%
Risk Assets	86,090.3	7,180.8	7,722.1	-7.0%
Risk Assets/Total Assets	68.6%	68.6%	67.9%	-
Diluted Equity Per Share (\$US/JPY)	2.78	232.54	232.72	-0.1%
Total Capital Adequacy Ratio	8.94%	8.94%	8.35%	-
Tier I Capital Ratio	6.97%	6.97%	6.35%	-
Non-Performing Loan Ratio ³	6.52%	6.52%	6.70%	-
Non-Performing Loan Coverage Ratio ⁴	96.3%	96.3%	97.6%	-

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

² U.S. dollar amounts have been calculated at JPY 83.41 to \$1.00, which was the approximate exchange rate at September 30, 2010

³ Non-performing loan ratio under the Financial Revitalization Law on a non-consolidated basis

⁴ 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 Half Ended September 30, 2010

A conference call for investors will be held in Japanese/English, with consecutive interpretation, on Thursday, November 11, 2010, at 10:00 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 the same day. To download the “First Half Financial Results 2010/9” 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 10.4 trillion yen (US\$125.4 billion) on a consolidated basis (as of September 2010) and a network of 42 outlets that includes 30 branches and 12 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>