

Shinsei Bank Reports Results for the Nine Months Ended December 31, 2009

Tokyo (Wednesday, February 3, 2010) – Shinsei Bank, Limited, a leading diversified financial institution to both institutional and individual customers in Japan, today announced consolidated cash basis* net income of 35.7 billion yen (consolidated reported basis net income of 22.2 billion yen) for the nine month period ended December 31, 2009 compared to a consolidated cash basis* net loss of 23.3 billion yen (consolidated reported basis net loss of 32.1 billion yen) for the nine month period ended December 31, 2008. Furthermore, Shinsei Bank announced a non-consolidated net income of 6.2 billion yen this period compared to a net loss of 87.2 billion yen for the same period of the previous fiscal year.

Highlights

- ◇ Net income positive due to higher top-line revenue from core businesses, flat expenses and lower credit costs
- ◇ Institutional Group continues to focus on further restructuring businesses, exiting non-core operations such as proprietary investments and cleaning up and managing legacy portfolios
- ◇ Individual Group shows continued momentum with strong retail banking franchise and steady consumer finance operations
- ◇ Steady capital ratios and robust liquidity position
- ◇ Full fiscal year 2009 (FY2009) guidance deferred considering remaining key risks and uncertainties

Consolidated Results Overview

- ◇ Top-line revenues up 31.0% due mainly to contribution from our consumer finance subsidiary Shinsei Financial and improvements in the Institutional Group
- ◇ Normalized expenses down 16.1% and overall expenses flat year-on-year through business right-sizing and technology deployment
- ◇ Credit costs down 21.8%, but need to ensure appropriate level of reserving that adequately represents the changing operating environment
- ◇ Funding costs declined to 0.85% and net interest margin improved to 2.52%

Operational Update

- ◇ Institutional Group: proactively cleaning up legacy portfolios and booking some gains in the process
- ◇ Individual Group – Retail Banking: expanding franchise and shifting focus from deposits to asset management
- ◇ Individual Group – Consumer Finance: continue to pursue integration and lower risk customer base while lowering costs through technology

Liquidity and Capital

- ◇ Maintained robust liquidity position with about 1.7 trillion yen of cash, cash equivalents and liquidity reserves
- ◇ 3Q FY2009 issuance of 9 billion yen of Tier I non-step up, non-cumulative perpetual preferred securities and 5 billion yen debut issuance of Tier II retail non-dilutive subordinate bonds and debt buybacks contributed to improving quality of capital
- ◇ Total capital adequacy ratio at 10.46%, Tier I capital ratio at 7.83% 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 remain relatively high

FY2009 Forecast

- ◇ While we had planned to provide earnings guidance for the full fiscal year 2009 upon the announcement of our results today, we have decided to defer this guidance. The major reason for this is the ongoing review of our legacy portfolio including domestic real estate in our Institutional Group, as well as our consumer finance subsidiaries with reference to the adequacy of grey zone reserves and impairments. Upon the completion of this review, we will evaluate and record additional reserves, mark-downs and impairments, as necessary, on a prudent basis, which may have an impact on our full fiscal year financial performance.

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

Highlights of Consolidated Financial Results

	(USD in Millions */JPY in Billions except per share amounts)			
	09.4-12 \$US	09.4-12	08.4-12	Change %
Total Revenue	2,708.4	249.2	190.3	31.0%
Net Interest Margin	2.52%	2.52%	2.26%	-
General and Administrative Expenses	1,386.8	127.6	127.2	0.3%
Expense-to-Revenue Ratio	51.2%	51.2%	66.8%	-
Ordinary Business Profit	1,321.5	121.6	63.1	92.7%
Cash Basis** Net Income (Loss)	388.0	35.7	-23.3	253.3%
Reported Basis Net Income (Loss)	241.2	22.2	-32.1	169.2%
Cash Basis** Diluted Net Income (Loss) Per Share (\$US/JPY)	19.79	18.21	-11.88	253.3%
Reported Basis Diluted Net Income (Loss) Per Share (\$US/JPY)	12.30	11.32	-16.36	169.2%
Cash Basis** ROE (Fully Diluted) (Annualized)	8.0%	8.0%	-4.5%	-
Cash Basis** ROA (Annualized)	0.4%	0.4%	-0.3%	-
	09.12 \$US	09.12	09.3	Change %
Total Assets	124,999.4	11,501.2	11,949.1	-3.7%
Risk Assets	85,985.2	7,911.5	9,621.0	-17.8%
Risk Assets/Total Assets	68.8%	68.8%	80.5%	-
Diluted Equity Per Share (\$US/JPY)	3.43	316.20	284.95	11.0%
Total Capital Adequacy Ratio	10.46%	10.46%	8.35%	-
Tier I Capital Ratio	7.83%	7.83%	6.02%	-
Non-Performing Loan Ratio***	3.46%	3.46%	2.51%	-

* U.S. dollar amounts have been calculated at JPY 92.01 to \$1.00, which was the approximate exchange rate at December 31, 2009

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

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

Conference Call on Earnings for the Nine Month Period Ended December 31, 2009

A conference call for investors will be held in English on Thursday, February 4, 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 3:00 PM on Thursday, February 4, 2010.

To download the "Third Quarter Financial Results 2009/12" 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 11.5 trillion yen (US\$124.9 billion) on a consolidated basis (as of December 2009) 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>