INFORMATION

SHINSEI BANK

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For Immediate Release

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(Code: 8303, TSE First Section)

Shinsei Bank Reports Positive Results for Fiscal Year 2009 Interim Period

- Building a stronger, remodeled banking group with growth in core revenues -

Tokyo (Wednesday, November 11, 2009) – Shinsei Bank, Limited, a leading diversified financial institution to both institutional and individual customers in Japan, today announced consolidated cash basis* net income of 20.2 billion yen (consolidated reported basis net income of 11.0 billion yen) for the first half ended September 30, 2009. This represents a positive turnaround of 34.5 billion yen compared to the consolidated cash basis* net loss of 14.3 billion yen (consolidated reported basis net loss of 19.2 billion yen) in the first half of the previous fiscal year.

Highlights: Delivering positive results in a challenging environment

✧Profits grew despite deferred tax asset (DTA) reversal (4.6 billion yen), with 2Q FY2009 stronger than 1Q FY2009 as we achieved growth in core businesses with higher top-line revenue, lower normalized expenses and credit costs with asset quality improving
✧Institutional Group benefiting from repositioning to focus on core businesses
✧Individual Group shows continued momentum with strong Retail Banking and steady consumer finance operations
✧Improved capital ratios and robust liquidity position
✧Cautiously optimistic on outlook as visibility going forward is still limited and some residual risks and uncertainties remain

Consolidated Results Overview

✧Strong top-line growth with revenues up 62.1% due mainly to contribution from Shinsei Financial
✧Normalized expenses down 15.5% over first half of FY2008 through business right-sizing and technology deployment
✧Limited impact from residual asset-backed investment (ABI) and asset-backed securities (ABS) portfolios
✧Funding costs declined to 0.89% and net interest margin (NIM) improved to 2.54% in the first half of FY2009
✧Net income shows turnaround of 34.5 billion yen (cash basis) on increasing earnings from core businesses, strategic asset sales and capital buybacks to more than offset DTA reversal

Operational Update

✧Institutional Group: proactively cleaning up legacy portfolios and generating gains in the process
✧Individual Group – Retail Banking: expanding network 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 IT
✧Corporate: Improving capital quality through debt buybacks to boost retained earnings

Liquidity and Capital

✧Robust liquidity position with about 1.7 trillion yen of cash, cash equivalents and liquidity reserves outstanding as of the end of September 2009
✧All capital ratios up with Tier 1 at 7%; positive "other comprehensive income" for first time in over two years
✧Continued reduction of higher risk assets while non-performing loan ratio falls against 1Q FY2009

FY2009 Forecast

✧Expect to end the full fiscal year profitably while recognizing certain risks and uncertainties still exist
✧Maintain current outlook for consolidated cash basis* net income of 28.0 billion yen (reported basis: 10.0 billion)
✧Will update market in 3Q FY2009 results announcement to provide further earnings guidance for the full fiscal year

"*These results provide clear confirmation of the resilience and fundamental strength of Shinsei Bank's franchise,*" said President and CEO Masamoto Yashiro. "*Shinsei has emerged from the challenges of the past year a stronger, better balanced banking group with a clear focus on its key strengths. Our Institutional Group has made solid progress in restructuring its operations, and renewed its commitment to our role as a trusted financial intermediary for corporates, financial institutions and the public sector in Japan. The Individual Group had a strong performance with retail banking continuing its positive momentum and steady results from our consumer finance operations. With ample liquidity and improving capital ratios and asset quality, we are ready to support our customers through these testing times. And by aligning our success with theirs, we approach the future with confidence and measured optimism.*"

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

1. Highlights of Consolidated Financial Results

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

	09.4-09.9 $US	09.4-09.9	08.4-08.9	Change %
Total Revenue	1,846.9	165.8	102.3	62.1%
Net Interest Margin	2.54%	2.54%	1.83%	-
General and Administrative Expenses	963.5	86.5	76.7	12.7%
Expense-to-Revenue Ratio	52.2%	52.2%	75.0%	-
Ordinary Business Profit	883.3	79.3	25.5	210.2%
Cash Basis** Net Income (Loss)	225.0	20.2	-14.3	241.5%
Reported Basis Net Income (Loss)	122.5	11.0	-19.2	157.4%
Cash Basis** Diluted Net Income (Loss) Per Share ($US/JPY)	0.11	10.31	-7.28	241.5%
Cash Basis** ROA (Annualized)	0.3%	0.3%	-0.2%	-
Cash Basis** ROE (Fully Diluted) (Annualized)	6.9%	6.9%	-4.1%	-
	09.9 $US	09.9	09.3	Change %
Total Assets	135,719.0	12,183.5	11,949.1	1.9%
Risk Assets	93,959.0	8,449.2	9,621.0	-12.2%
Risk Assets/Total Assets	69.4%	69.4%	80.5%	-
Diluted Equity Per Share ($US/JPY)	3.47	312.05	284.95	9.5%
Total Capital Adequacy Ratio	9.36%	9.36%	8.35%	-
Tier I Capital Ratio	7.00%	7.00%	6.02%	-
Core Tier I Capital Ratio***	4.87%	4.87%	4.03%	-
Tangible Common Equity Ratio****	3.47%	3.47%	3.00%	-
Non-Performing Loan Ratio*****	3.41%	3.41%	2.51%	-

* U.S. dollar amounts have been calculated at JPY 89.77 to $1.00, which was the approximate exchange rate at September 30, 2009.

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

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

**** Tangible Common Equity ratio = Net assets minus preferred stock, intangible assets and minority interests divided by total assets, excluding intangible assets.

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

2. Income Statement: Increased earnings from core businesses despite DTA reversal

Our earnings for the interim period ended September 30, 2009 clearly reflect both improving market conditions as well as the success of our "back to basics" business model: an Institutional Group focused primarily on basic banking, customer-enabling services and niche finance, and an Individual Group that provides integrated banking and consumer finance services to over six million active customers in Japan, underpinned by a forward-looking risk management system based on global standards.

Total revenue in the first half ended September 30, 2009, was 165.8 billion yen, up 62.1% compared to the same period of the previous fiscal year. While the main revenue driver was consumer finance subsidiary Shinsei Financial - incorporated in our consolidated results from October 1, 2008 we have started to see a larger contribution from our core businesses with a further improvement in the second quarter compared to the first quarter of fiscal year 2009. We have used gains from capital buybacks and the sale of collateralized loan obligations (CLOs) to clean-up our legacy portfolios while continuing to wind down proprietary operations.

Measures to right size and remodel our businesses, together with the roll-out of the Bank's low-cost technology platform across our consumer finance subsidiaries, have significantly reduced our cost base. Normalized **general and administrative expenses**, excluding Shinsei Financial's direct expenses, declined to 64.8 billion yen, or 15.5% in the first half of fiscal year 2009 from 76.7 billion yen in the same period of the previous fiscal year (before the consolidation of Shinsei Financial). During this period the number of employees in the Group decreased by more than 1,000. Even including Shinsei Financial's direct expenses, total expenses increased by only 9.7 billion yen, or 12.7%, to 86.5 billion yen in the first half of fiscal year 2009, compared with the same period in fiscal year 2008.

In consumer finance, we have implemented stricter credit risk policies as part of our efforts to strengthen risk management in this area. As a result, **net credit costs** for the first half of fiscal year 2009 were 39.2 billion yen, or 5.9%, lower than the first half of the previous fiscal year, despite the inclusion of Shinsei Financial's costs which were not present in the prior period.

Amortization of goodwill and other intangible assets associated with the acquisition of consumer and commercial finance companies increased to 10.8 billion yen in the first half of fiscal year 2009, compared with 5.7 billion yen in the previous period with the increase due to the acquisition of Shinsei Financial.

Other losses of 9.1 billion yen consisted primarily of 8.4 billion yen of provisioning for “grey zone” interest repayment provisions at Shinki, 0.9 billion yen at Shinsei Financial and 0.5 billion yen at APLUS. These were mitigated in part by better-than-expected recoveries of written off claims within Shinsei Financial, Shinki and Shinsei Bank, totaling 4.3 billion yen. While “grey zone” expenses are expected to remain at a high level for some time, we have started to see some encouraging indications of a downward trend in the number of claims for repayment of “grey zone” interest in our business. The first half of fiscal year 2008 results included a 7.2 billion yen gain on the sale of the Bank’s Meguro Production Center, net of restoration and future relocation costs, and a gain of 8.2 billion yen on the sale of Showa Auto Rental & Leasing.

As the back to basics strategy begins to deliver results, Shinsei Bank recorded a **consolidated cash basis* net income** in the first half ended September 30, 2009 of 20.2 billion yen, compared to a **consolidated cash basis net loss** of 14.3 billion yen in the previous fiscal year. The **consolidated reported basis net income** was 11.0 billion yen this first half, compared to a **consolidated reported basis net loss** of 19.2 billion yen in the previous first half.

3. Balance Sheet: Asset quality and capital ratios improving

As we realign our institutional banking operations to focus on customer-driven rather than proprietary trading business, we have actively sought to reduce risk assets, while remaining committed to our role as a trusted financial intermediary to our client base. While Shinsei Bank’s **total assets** increased 2.0% from 11,949.1 billion yen at March 31, 2009, to 12,183.5 billion yen at September 30, 2009, this was due almost entirely to an increase in securities, including purchases of Japanese National Government bonds, to manage our robust liquidity reserves. The balance of loans and bills discounted decreased 6.9% from 5,876.9 billion yen at March 31, 2009 to 5,469.9 billion yen at September 30, 2009.

While our **non-performing loan ratio** has increased on March 31, 2009, it improved from 3.65% in the first quarter to finish the second quarter at 3.41%. In particular, we have made progress in improving our asset quality in the Institutional Group where we have been actively managing the legacy overseas ABI and ABS portfolios that were responsible for heavy losses last fiscal year. Balances for these asset classes fell from 127.7 billion yen to 109.5 billion yen (ABI), and 78.4 billion yen to 70.2 billion yen (ABS) respectively, from March 31, 2009 to September 30, 2009. Impairments and mark-downs on ABI and ABS and European investments were limited to just 2.5 billion yen in the first half of fiscal year 2009, compared with 18.2 billion yen in the same period of the previous fiscal year.

Shinsei Bank has built, and continues to enhance a robust liquidity position centered on cost-effective retail and core institutional deposits with low reliance on credit sensitive funding sources. **Total deposits** increased 774.3 billion yen or 12.3% to 7,046.5 billion yen at September 30, 2009, compared to March 31, 2009. The retail deposit balance increased 534.0 billion yen over the six months from March 31, 2009, and stood at 5,557.0 billion yen at September 30, 2009. We have shifted our focus from longer-maturity higher-rate time deposits to a new two-week maturity deposit that rewards customers’ loyalty, but also offers them the flexibility to manage their funds more actively.

Amid global deliberations over bank capitalization levels, Shinsei Bank has continued to focus on the quality rather than just the quantity of capital. In light of this, we implemented a number of initiatives that have resulted in a reduction of our risk assets by almost 1.2 trillion yen over the last six months ended September 30, 2009. As a result, we recorded a **total capital adequacy ratio** of 9.36% and a **Tier I capital ratio** of 7.00% on a Basel II basis at September 30, 2009. We have also increased tangible equity by taking advantage of capital buyback opportunities, while improved market conditions have resulted in positive “other comprehensive income” (OCI) for the first time in over two years. As a result, we recorded a **core Tier I capital ratio** of 4.87% and a **tangible common equity ratio** of 3.47% at September 30, 2009.

4. Business Line Results

Institutional Group: Results achieved from proactive business remodeling

Comprising the Institutional Banking business and Showa Leasing, the Institutional Group is engaged in a strategic transformation to position customers and their needs back at the center of its business model. We have terminated proprietary investment programs responsible for losses in recent years, continued to clean up our balance sheet, and exited or scaled down unprofitable businesses. Extensive restructuring has improved efficiency and reduced our expense base, but not at the cost of retaining key talent in core competencies.

As we have continued to de-risk our balance sheet of legacy risk assets, the Institutional Group recorded lower balances for corporate loans, real estate finance loans, and other product loans at September 30, 2009 compared to the end of the last fiscal year. Institutional deposits and debentures have steadily increased over the same period. We remain, however, committed to providing risk capital to the Japanese economy and during the first half of fiscal year 2009 we have established a new division to provide solutions to small- and medium-sized enterprises, and implemented initiatives to strengthen our relationships with regional financial institutions.

The Institutional Group recorded a **total revenue** of 44.9 billion yen in the first half ended September 30, 2009, compared to a **total revenue** of 27.4 billion yen in the same period in fiscal year 2008. The increase was driven by a growing contribution from core businesses, even as we took some mark-downs and impairments on legacy assets. While revenues were down in credit trading and principal investments, due to lower levels of market activity, revenue improved strongly in our customer-enabling foreign exchange, derivatives and equity-related business as a result of increased customer flow driven by the recovery in credit markets. Our securitization business also returned to profitability. Sales of CLOs that were conservatively impaired in the previous fiscal year generated additional gains in our other capital markets business as we finish cleaning up the balance sheet.

Extensive restructuring in fiscal year 2008, coupled with stricter cost controls and cost reduction measures, resulted in **general and administrative expenses** of 22.5 billion yen in Institutional Group, a 7.4 billion yen, or a 24.9%, decrease from the first half of the prior fiscal year.

As a result, the Institutional Group showed an **ordinary business profit** of 22.3 billion yen in the first half of fiscal year 2009, compared with an **ordinary business loss** of 2.5 billion yen in the same period of the previous fiscal year. Lower net credit costs resulted in an **ordinary business profit after net credit costs** of 9.7 billion yen, compared with an **ordinary business loss after net credit costs** of 29.2 billion yen in the same period of fiscal year 2008.

Individual Group: Continued momentum

The Individual Group consists of the retail banking business as well as the subsidiaries Shinsei Financial, APLUS, Shinki and Shinsei Property Finance. Shinsei Financial was acquired on September 22, 2008 from GE Japan Holdings Corporation and its results have been incorporated in our Results of Operations from October 1, 2008.

The retail bank is successfully shifting focus from deposits to asset management and loan provision to further diversify revenue composition, in line with shifting customer demand. We have pressed ahead with expansion of our branch network, opening six new, cost-effective *Shinsei Consulting Spots* that specialize in asset management solution sales in the first half of fiscal year 2009. In consumer finance, while “grey zone” interest refund claims have shown signs of falling from their high levels, we still enjoy unique indemnity protection from such liabilities on the majority of our largest consumer loan portfolio. We are accelerating the integration of Shinsei Financial and Shinki to consolidate our position as a major player in the personal loan space. During the first half of fiscal year 2009, Shinki decided to close almost all of its unmanned branches by the end of this fiscal year and its customers now have access to Shinsei Financial’s Lake ACM (automatic contract machine) network. Positioning installment sales and settlement services as strategic growth businesses, APLUS continues to shrink its cost base and unlock new revenue potential.

Retail deposits now stand at 5,557.0 billion yen. The balance of our assets under management, which include retail deposits and debentures as well as mutual funds and variable annuities, rose by over 500 billion yen in the first half of fiscal year 2009 and now exceeds 6.5 trillion yen. The Individual Group serves more than six million active customers, including close to 2.5 million retail bank account holders.

Total revenue increased 56.2% to 111.3 billion yen in the first half of fiscal year 2009, compared to 71.2 billion yen in the previous fiscal year. This was predominantly driven by the contribution of Shinsei Financial and further improvement in our retail banking operations, which offset lower revenues at APLUS and Shinki as they focus on lower risk customers.

Ordinary business profit in the first half of fiscal year 2009 was up 96.4% to 47.3 billion yen, compared to 24.1 billion yen in the same period of the previous fiscal year. The increase in **ordinary business profit** reflected higher revenues for the reasons given above and lower expenses across all businesses on a normalized basis.

Ordinary business profit after net credit costs was 21.2 billion yen for the first half of fiscal year 2009, compared to an **ordinary business profit after net credit costs** of 7.4 billion yen in the first half of the previous fiscal year, due primarily to the incorporation of Shinsei Financial within the Individual Group as well as the progress made in retail banking, net credit recoveries at Shinki, and cost reduction measures that offset lower profits at APLUS.

5. FY2009 Forecasts

Shinsei Bank approaches the second half of fiscal year 2009 with confidence and measured optimism. However, we consider it prudent to wait until our third quarter results announcement to provide further earnings guidance for the full fiscal year. This will allow us to better evaluate the impact of certain ongoing initiatives and calibrate our forecasts to the operating environment and economic conditions as we recognize that certain risks and uncertainties do remain.

Accordingly, for the fiscal year ending March 31, 2010, Shinsei Bank maintains its forecast for consolidated cash basis* net income of 28.0 billion yen, consolidated reported basis net income of 10.0 billion yen and non-consolidated net income of 10.0 billon yen. Furthermore, while an interim dividend will not be paid, Shinsei Bank forecasts the payment of a 1.00 yen dividend per common share for the fiscal year ending March 31, 2010.

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

6. Conference Call on Earnings for the Interim Period Ended September 30, 2009

A conference call for investors will be held in English on Thursday, November 12, 2009, 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 2:00 PM on Thursday, November 12, 2009.

To download the "Second Quarter Financial Results 2009/9" please go to
http://www.shinseibank.com/investors/en/ir/financial_info/quarterly_results_2009/quarterly_results_2009.html

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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 12.1 trillion yen (US$135.7 billion) on a consolidated basis (as of September 2009) and a network of 38 outlets that includes 31 Shinsei Financial Centers and 7 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