INFORMATION

SHINSEI BANK

SHINSEI BANK, LIMITED
1-8, Uchisaiwaicho 2-Chome, Chiyoda-ku, Tokyo 100-8501 Japan
TEL: 03-5511-5111

For Immediate Release

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

Shinsei Bank Reports Consolidated Results for the First Quarter Ended June 30, 2009

- Back to basics approach starts to show positive results -

Tokyo (Thursday, July 30, 2009) – Shinsei Bank, Limited, today announced a consolidated cash basis* net income of 9.7 billion yen (consolidated reported basis net income of 5.1 billion yen) for the first quarter ended June 30, 2009, compared to a consolidated cash basis* net income of 13.4 billion yen (consolidated reported basis net income of 10.8 billion yen) in the first quarter of fiscal year 2008.

● Consolidated Results Overview

- Revenues up 43.4% to 87.5 billion compared to the same period of the previous fiscal year; 20% reduction in "normalized expenses" resulting in a 50.9% expense-to-revenue ratio
- Net Interest Margin improved to 2.58% in this quarter from 2.41% in the previous fiscal year
- Individual Group revenues increased 63.5% as compared to the same period of the previous fiscal year largely driven by the consolidation of financial results from Shinsei Financial
- Institutional Group made significant progress in cleaning up legacy portfolios while achieving a 31.2% reduction in expenses
- Strong contribution from Corporate/Other through debt buybacks

● Liquidity, Capital and Asset Quality

- Total deposits approaching 7 trillion yen and strong liquidity position with 1.9 trillion yen of cash, cash equivalents and liquidity reserves as at end of June 2009
- Lower balance of risk weighted assets, due mainly to the maturity of some short-term loans, positively impacted capital ratios with Tier I capital ratio of 6.84%, core Tier I capital ratio** of 4.58% and total capital adequacy ratio of 9.29%, while an improved Other Comprehensive Income (OCI) led to a higher tangible common equity ratio*** of 3.22% at June 30, 2009
- Global economic environment starting to show signs of improvement while asset quality impacted mainly by domestic real estate exposure, which resulted in a higher non-performing loan (NPL) ratio, as we maintain a conservative reserving policy

● FY2009 Forecast

-Return to profitability in FY2009 with forecast for consolidated cash basis* net income of 28.0 billion yen (consolidated reported basis net income of 10.0 billion yen)

President and CEO Statement

"We have started fiscal year 2009 on a positive note and our efforts to restructure and rationalize our operations last fiscal year have started to bear fruit. Our Individual Group was able to achieve steady results due to the addition of Shinsei Financial and the contribution of our Retail Banking operations which continue to gain momentum. In our Institutional Group, we continued the clean up of the legacy portfolio as well as opportunistically recorded gains in an improved market environment while maintaining a prudent risk management policy. We will focus on reinforcing our capital while maintaining adequate liquidity positions as we work to ensure that we have a clean balance sheet as we approach the merger with Aozora Bank next fiscal year," said President and CEO Masamoto Yashiro.

* Cash-basis figures are calculated by excluding amortization and impairment of goodwill and net 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 weighted assets.

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

1. Highlights of Consolidated Financial Results

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

	09.4-6 $US	09.4-6	08.4-06	Change %
Total Revenue	0.91	87.5	61.0	+43.4%
Net Interest Margin	2.58%	2.58%	1.88%	-
General and Administrative Expenses	0.46	44.5	40.9	+8.6%
Expense-to-Revenue Ratio	50.9%	50.9%	67.2%	-
Ordinary Business Profit	0.44	43.0	20.0	+114.8%
Cash Basis Net Income (Loss)**	0.10	9.7	13.4	-27.7%
Reported Basis Net Income (Loss)	0.05	5.1	10.8	-52.4%
Cash Basis Diluted Net Income (Loss) Per Share ($US/JPY)**	0.05	4.96	6.86	-27.7%
Cash Basis ROA (Annualized)**	0.3%	0.3%	0.5%	-
Cash Basis ROE (Fully Diluted and Annualized)**	6.8%	6.8%	7.6%	-
	09.6 $US	**09.6**	**09.3**	**Change %**
Total Assets	127.97	12,249.3	11,949.1	+2.5%
Diluted Equity Per Share ($US/JPY)	3.14	300.62	284.95	+5.5%
Total Capital Adequacy Ratio	9.29%	9.29%	8.35%	-
Tier I Capital Ratio	6.84%	6.84%	6.02%	-
Core Tier I Capital Ratio* **	4.58%	4.58%	4.03%	-
Tangible Common Equity Ratio****	3.22%	3.22%	3.00%	-
Non-Performing Loan Ratio*****	3.65%	3.65%	2.51%	-

* U.S. dollar amounts have been calculated at JPY 95.72 to $1.00, which was the approximate exchange rate at June 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 weighted 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. Balance Sheet: Emphasis on Maintaining Liquidity While Proactively De-Risking Exposures

Shinsei Bank's **total assets** increased 2.5% from 11,949.1 billion yen at March 31, 2009, to 12,249.3 billion yen at June 30, 2009. The higher balance was due mainly to an increase in securities while loans and bills discounted declined. The balance of securities increased 50.1% from 2,174.1 billion yen at March 31, 2009, to 3,262.3 billion yen at June 30, 2009 due mainly to an increase in Japanese government bonds as we have focused on maintaining liquidity. The balance of loans and bills discounted decreased 9.1% from 5,876.9 billion yen at March 31, 2009 to 5,341.5 billion yen at June 30, 2009, due primarily to a decrease in basic banking loans in the Institutional Group.

Total deposits increased 722.5 billion yen or 11.5% to 6,994.6 billion yen, compared to March 31, 2009. Shinsei Bank is continuing to emphasize its already strong liquidity position through stable and low-cost funding available through retail deposits. The retail deposit balance increased 633.7 billion yen compared to March 31, 2009, and stood at 5,656.7 billion yen at June 30, 2009.

Shinsei Bank recorded a **total capital adequacy ratio** of 9.29% and a **Tier I capital ratio** of 6.84% on a Basel II basis at June 30, 2009. Furthermore, our core Tier I capital ratio of 4.58% and tangible common equity ratio of 3.22% at June 30, 2009 also improved compared to the end of last fiscal year.

3. Income Statement: Strong Revenue Growth, Normalized Expenses Down and Net Interest Margin Up Sharply

Total revenue for the first quarter of fiscal year 2009 was 87.5 billion yen, up 43.4% compared to the same period of the previous fiscal year. Overall the net interest margin increased from 2.41% at March 2009 to 2.58% at June 2009 largely as a result of the addition of Shinsei Financial to our operations. The Individual Group achieved strong revenue growth due mainly to the consolidation of Shinsei Financial while the Institutional Group recognized gains from the sale of CLOs and corporate bonds and continues to work to clean up its operations. Furthermore, the Corporate/Other contributed through subordinated debt buybacks that added 9.4 billion yen.

General and administrative expenses were 44.5 billion yen, up 8.6% compared to the first quarter of the previous fiscal year. This increase occurred mainly as a result of the consolidation of Shinsei Financial's expenses starting October 1, 2008. Excluding Shinsei Financial's expenses, expenses declined about 20%, due to lower expenses in all other businesses as a result of efforts to rationalize businesses and improve operating efficiency last fiscal year. As a result, our expense-to-revenue ratio improved to 50.9%. Cost rationalization will continue to be a key priority for the Shinsei Bank Group going forward.

Net credit costs of 26.0 billion yen were recorded in the first quarter due mainly to the consolidation of Shinsei Financial in the second half of fiscal year 2008 and an increase in credit costs related to principal investments and real estate-related finance.

Amortization of goodwill and other intangible assets associated with the acquisition of consumer and commercial finance companies increased to 5.3 billion yen in the first quarter ended June 30, 2009, compared with 2.9 billion yen in the first quarter of the previous fiscal year due mainly to the acquisition of Shinsei Financial.

Other losses of 4.1 billion yen recorded in the first quarter of fiscal year 2009 largely included grey zone expenses of 5.5 billion yen for consumer finance subsidiaries, while the first quarter of the previous fiscal year included a 7.2 billion yen gain on the sale of the Bank's Meguro Production Center.

Minority interests in net income of subsidiaries for the first quarter of fiscal year 2009 amounting to 2.7 billion yen largely reflected dividends paid on perpetual preferred securities and minority interests relating to APLUS' preferred shareholders as well as minority interests in other subsidiaries.

As a result, Shinsei Bank recorded a **consolidated cash basis* net income** in the first quarter of fiscal year 2009 of 9.7 billion yen, compared to a **consolidated cash basis net income** of 13.4 billion yen in the previous fiscal year. The **consolidated reported basis net income** was 5.1 billion yen in the first quarter of fiscal year 2009, compared to a **consolidated reported basis net income** of 10.8 billion yen in the previous fiscal year.

4. Business Line Results

Institutional Group: Lower Expense Base and Sale of CLOs Positive News

The Institutional Group comprises the Institutional Banking business and Showa Leasing.

Lower loan balances in the Institutional Group were due primarily to a lower balance of corporate loans in our basic banking business at June 30, 2009 as compared to the end of last fiscal year. On the other hand, institutional deposits increased at the first quarter ended June 30, 2009 compared to March 31, 2009.

The Institutional Group recorded a **total revenue** of 20.7 billion yen in the first quarter of fiscal year 2009, compared to 22.6 billion yen in the same period of the previous fiscal year. Revenues were positive and increased for Shinsei Bank's other capital markets, which included gains from the sale of CLOs of 8.7 billion yen, foreign exchange, derivatives, equity-related, and others. Revenues were flat for basic banking, while larger losses were recorded for principal investments, which included 4.6 billion yen of losses on our equity method affiliate Jih Sun.

While revenues declined, a 31.2% reduction in expenses as a result of stricter cost controls and cost rationalization measures implemented last fiscal year, led to an increase in **ordinary business profit** to 9.2 billion yen, compared to an **ordinary business profit** of 5.8 billion yen in the same period of the previous fiscal year. An **ordinary business profit after net credit costs** of 0.1 billion yen was recorded in the first quarter of fiscal year 2009 due to lower revenues and an increase in credit costs mainly associated with overseas loans and real estate non-recourse finance loans, compared to an **ordinary business profit after net credit costs** of 6.5 billion yen in the same period of the previous fiscal year.

Individual Group: Steady Contribution from Shinsei Financial and Retail Banking as Future Growth Engine

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.

Loans, which include retail banking and consumer finance loans, declined at June 30, 2009 compared to the end of last fiscal year as we have continued to focus on quality customers. On the other hand, Shinsei Bank has continued to emphasize its strong liquidity position by growing stable low-cost retail deposits, which now exceed 5.6 trillion yen with almost 2.5 million retail bank account holders. Furthermore, assets under management, which include retail deposits and debentures as well as mutual funds and variable annuities, also rose in the first quarter of fiscal year 2009 and now exceed 6.6 trillion yen.

Total revenue increased 63.5% to 58.9 billion yen in the first quarter of fiscal year 2009, compared to 36.0 billion yen in the same period of the previous fiscal year due primarily to the consolidation of Shinsei Financial and the continued improvement in our retail banking operations.

Ordinary business profit in the first quarter of fiscal year 2009 was up 109.5% to 25.6 billion yen, compared to 12.2 billion yen in the same period of the previous fiscal year due to the higher revenues and lower normalized expenses.

Ordinary business profit after net credit costs was 8.6 billion yen in first quarter of fiscal year 2009, compared to an **ordinary business profit after net credit costs** of 3.2 billion yen in the same period of the previous fiscal year due primarily to the incorporation of Shinsei Financial within the Individual Group as well as the progress that was made in retail banking.

5. FY2009 Forecast

For the fiscal year ending March 31, 2010, Shinsei Bank is forecasting 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.

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

6. Merger Between Shinsei Bank and Aozora Bank Will Result in:

- Ranked sixth domestically in terms of total assets as at March 31, 2009, the Combined Bank will secure organizational stability through its robust capital base and enhanced funding capabilities
- Superior financial knowledge and expertise, coupled with innovative systems and technology
- Neither mega- nor regional, the Combined Bank will be independent and not belong to any particular financial group
- With experience and knowledge based on a shared history as long-term credit banks, the Combined Bank will take a mid- to long-term perspective, and be equipped with strong credit assessment capabilities
- Widely recognized brand, demonstrated by highly-ranked customer satisfaction levels

7. Investors' Conference Call on Earnings for the First Quarter Ended June 30, 2009

A conference call for investors will be held in English on Friday, July 31, 2009, at 9:00 PM (Tokyo time)/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 Friday, July 31, 2009.

To download the "First Quarter Financial Results 2009/6" 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 12.2 trillion yen (US$127 billion) on a consolidated basis (as of June 2009) and a network of 37 outlets that includes 32 Shinsei Financial Centers, 2 Platinum Centers and 3 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