

For Immediate Release

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Name of Representative: Thierry Porté
President and CEO
(Code: 8303, TSE First Section)

Shinsei Bank Reports Consolidated Financial Results for the First Quarter Ended June 30, 2008

Tokyo (Wednesday, July 30, 2008) – Shinsei Bank, Limited, a leading diversified Japanese financial institution, today announced consolidated net income of 10.8 billion yen for the first quarter ended June 30, 2008, compared to a consolidated net income of 31.2 billion yen reported in the first quarter ended June 30, 2007. Consolidated cash-basis* net income in the first quarter ended June 30, 2008, was 13.4 billion yen, compared to 33.9 billion yen in the first quarter of the previous fiscal year. Improved results in the Individual Group, which combines retail banking and consumer finance, helped offset the weaker results in the Institutional Group’s Institutional Banking business.

“We expect another challenging year in fiscal year 2008 due primarily to the continuation of difficult global markets, but we believe we have made the right choices for future growth by strategically focusing our business around the customer,” said Thierry Porté, President and CEO of Shinsei Bank. “While the Institutional Group was directly impacted by the global market turmoil, the Individual Group continues to add customers and performed well overall positively contributing to earnings.”

Highlights of Consolidated Financial Results

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

	2008.4-6 \$US	2008.4-6	2007.4-6	Change %
Total Revenue	0.57	61.0	76.5	-20.3%
General and Administrative Expenses	0.38	40.9	37.3	+9.7%
Expense-to-Revenue Ratio	67.2%	67.2%	48.8%	-
Ordinary Business Profit	0.18	20.0	39.1	-48.9%
Net Income	0.10	10.8	31.2	-65.2%
Cash Basis* Net Income	0.12	13.4	33.9	-60.4%
Diluted Net Income Per Share (\$US/JPY)	0.05	5.53	17.26	-68.0%
Cash Basis* Diluted Net Income Per Share (\$US/JPY)	0.06	6.86	18.78	-63.5%
ROA	0.4%	0.4%	1.1%	-
ROE (Fully Diluted)	6.1%	6.1%	19.3%	-
	2008.6 \$US	2008.6	2008.3	Change %
Total Assets	118.5	12,532.6	11,525.7	+8.7%
Diluted Equity Per Share (\$US/JPY)	3.43	363.15	364.35	-0.3%
Total Capital Adequacy Ratio	12.01%	12.01%	11.74%	-
Tier I Capital Ratio	7.58%	7.58%	7.37%	-
Non-Performing Loan Ratio***	0.64%	0.64%	0.95%	-

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

** U.S. dollar amounts have been calculated at JPY 105.68 to \$1.00, which was the approximate exchange rate at June 30, 2008.

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

Balance Sheet: Continued Growth Supported by Capital Strength

Shinsei Bank's **total assets** increased 8.7% from 11,525.7 billion yen at March 31, 2008, to 12,532.6 billion yen at June 30, 2008. The higher balance was due mainly to an increase in securities and call loans. The balance of securities increased 30.7% from 1,980.2 billion yen at March 31, 2008, to 2,587.9 billion yen at June 30, 2008. The rise is due mainly to an increase in Japanese National Government bonds. Call loans increased from a zero balance at March 31, 2008, to 315.3 billion yen as we looked to leverage arbitrage opportunities in the money market.

Total deposits and negotiable certificates of deposit increased 302.4 billion yen or 5.2% to 6,109.1 billion yen in the first quarter, compared to March 31, 2008. Shinsei Bank places a high level of importance on the stable and low cost funding available through deposits from retail and institutional customers. The retail and institutional deposit balances stood at 4,115.7 billion yen and 1,993.3 billion yen, respectively, at June 30, 2008.

Shinsei Bank's **capital ratios** improved with a **Tier I capital ratio** of 7.58% and a **total capital adequacy ratio** of 12.01% at June 30, 2008, on a Basel II basis.

Income Statement: Lower Revenues Due to Unstable Markets Presents Challenge

Total revenue in the first quarter ended June 30, 2008, was 61.0 billion yen or down 20.3% compared to the same period of the previous fiscal year as the stronger results of the Individual Group were not enough to offset the weaker results in our Institutional Group that were impacted by mark-downs related to European asset-backed investments and asset-backed securities.

General and administrative expenses increased to 40.9 billion yen due mainly to the inclusion of Shinki's expenses from the second half of fiscal year 2007. The expense-to-revenue ratio this first quarter was 67.2%, compared to a ratio of 48.8% in the first quarter of the previous fiscal year. The increase in this ratio is due mainly to the lower revenues as we have been able to keep costs down due to our efforts to improve operating efficiency.

Net credit costs decreased 1.1 billion yen or 12.1% year on year to 8.3 billion yen due mainly to higher credit recoveries.

Amortization of goodwill and other intangible assets associated with the acquisition of consumer and commercial finance companies was 2.9 billion yen for the first quarter ended June 30, 2008, compared with 3.0 billion yen in the same period of the previous fiscal year.

Other gains of 6.2 billion yen were recorded this first quarter due mainly to the sale of the Meguro Production Center, compared to 19.2 billion yen recorded in the same period of the previous fiscal year due mainly to the sale of Life Housing Loan Co., Ltd.

Minority interests in net income of subsidiaries in the first quarter of this fiscal year amounted to 4.2 billion yen due largely to dividends paid on perpetual preferred securities and minority interests relating to APLUS' preferred shareholders.

As a result, **consolidated net income** in the first quarter ended June 30, 2008, was 10.8 billion yen, compared to a **consolidated net income** of 31.2 billion yen in the same period of the previous fiscal year. In addition, **consolidated cash basis net income** was 13.4 billion yen this first quarter compared to 33.9 billion yen in the previous first quarter.

Business Pillar Results

Institutional Group: Loan and Deposit Demand Steady But Unstable Markets Impacted Results

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

The Institutional Group continued to see steady demand for loans as higher balances of specialty finance and other product loans offset the lower balance of corporate loans. In addition, deposits and debentures were up in the first quarter of this fiscal year compared to the end of last fiscal year.

Total revenue was 22.7 billion yen in the first quarter of this fiscal year, compared to 40.9 billion yen in the previous first quarter. The lower revenue was primarily the result of the lower revenues associated with the Institutional Banking operations, including mark-downs related to European asset-backed investments and asset-backed securities. There were no material mark-downs of U.S. residential mortgage securities in the first quarter of this fiscal year.

Ordinary business profit in the first quarter of this fiscal year was 6.1 billion yen, compared to 25.1 billion yen in the same period of the previous fiscal year due to the above reasons and higher costs as Shinsei added employees to expand the scale of its operations. **Ordinary business profit after net credit (recoveries) costs** declined from 27.5 billion yen in the same period of the previous fiscal year to 6.8 billion yen due mainly to the reasons discussed above.

Individual Group: Improved Results While Continuing to Add Customers

The Individual Group consists of the Retail Banking business as well as the subsidiaries APLUS, Shinki and Shinsei Property Finance.

Loans, which include retail banking and consumer finance loans, continued to grow in the first quarter of this fiscal year compared to the end of last fiscal year, due mainly to an increase in housing loans that grew 8.1% on March 31, 2008, to 876.9 billion yen at June 30, 2008, supported by an increase in housing loan customers that now exceed 43,000. Assets under management, which include retail deposits and debentures as well as mutual funds and variable annuities, were also up in the first quarter and now exceed 5.2 trillion yen. Customers in the Individual Group now number about 11 million that include more than 2.2 million retail bank account holders.

Total revenue increased to 36.0 billion yen in this first quarter, compared to 33.2 billion yen in the first quarter of the previous fiscal year. Total revenue increased year on year due in part to the performance of the Retail Banking operations that had its best quarter in over two years. Shinki also made progress and has been profitable every quarter since we made it a subsidiary from the second half of the previous fiscal year. Finally, APLUS' revenues have been in line with our projections as they have tightened their credit screening to focus on quality assets while collections remain strong.

Ordinary business profit in the first quarter was 12.2 billion yen, compared to 11.5 billion yen in the first quarter of the previous fiscal year. The increase in **ordinary business profit** was due to the lower expenses at APLUS and improvements in Retail Banking as well as the inclusion of revenues from Shinki this first quarter.

Ordinary business profit after net credit costs was 3.2 billion yen this first quarter, compared to an **ordinary business loss after net credit costs** of 0.4 billion yen in the first quarter of the previous fiscal year, due to the substantial improvements in Retail Banking compared to the last couple quarters, APLUS that was able to reduce credit costs due to its prudent credit screening policy and especially Shinki, which has returned to profit since we made it a subsidiary from the second half of the previous fiscal year.

Acquisition of GE Consumer Finance

To bolster our operations in consumer finance, which presently includes APLUS and Shinki, Shinsei announced on July 11, 2008 that it will acquire operating assets of about 800 billion yen that include the personal loan, mortgage and credit card operations of GE Consumer Finance (GECF) for 580 billion yen which will be funded largely by retail deposits. The deal is expected to be closed by September 30, 2008 and start to contribute to Shinsei's earnings from October 2008.

"The acquisition of GE Consumer Finance with its strong portfolio, brand and management, will allow us to strengthen our Individual Group significantly and is expected to have a major impact on our earnings," said Thierry Porté, President and CEO of Shinsei Bank. "This marks an important step towards the execution of our new strategy."

Shinsei believes this acquisition will increase shareholder value for three main reasons. First, this is a transformational acquisition of a high quality reasonably priced portfolio, brand and management that we believe will redefine the consumer finance industry in Japan. Second, there is significant upside potential as GECF will immediately be accretive to earnings with downside protection ensured through a fully provisioned grey zone liability at closing combined with a solid GE indemnity. Third, the addition of GECF to our existing consumer finance operations is expected to enhance synergies with our retail operations which together are operated under one management structure in our Individual Group.

While we are expecting another challenging year due to the continuing difficult global market turmoil that has impacted our Institutional Group, the Individual Group has performed well with substantial improvements achieved in Retail Banking, APLUS and Shinki. The addition of GECF will also have an immediate positive impact on the Individual Group and provide more balance with the Institutional Group. At the same time, our financial stability remains solid and we have been able to contain costs and will continue to focus on optimizing our operations going forward.

Forecast for Fiscal Year 2008

Our expectation for our Retail Banking operations to break even, Shinki to return to profit and APLUS to improve on the strong positive results it recorded in the previous fiscal year, remain unchanged. On the other hand, we expect our Institutional Group to be negatively impacted by the global turmoil in the markets, but the acquisition of GE Consumer Finance to be accretive to earnings. As a result, Shinsei has decided not to change its consolidated and non-consolidated forecasts for net income for the fiscal year ending March 31, 2009.

A conference call will be held in English on Thursday, July 31, 2008 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 4:00 PM on Thursday, July 31, 2008.

To download the "First Quarter Financial Results 2008/6" please go to

http://www.shinseibank.com/investors/en/ir/financial_info/quarterly_results_2008/quarterly_results_2008.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 12.5 trillion yen (US\$118 billion) on a consolidated basis (as of June 2008) and a network of 36 outlets that includes 34 Shinsei Financial Centers and 2 Platinum Centers 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>.