

For Immediate Release

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President and CEO
(Code: 8303, TSE First Section)

Shinsei Bank Reports Positive Results for the Fiscal Year Ended March 31, 2012

Future downside risk eliminated in step towards achievement of Medium-Term Management Plan final year targets

Tokyo (Tuesday, May 8, 2012) – In fiscal year 2011, Shinsei Bank, Limited (“Shinsei Bank; “the Bank”) has taken steps to eliminate future downside risks in order to ensure stable earnings in fiscal year 2012, the final year of the Bank’s Medium-Term Management Plan (“MTMP”), while also implementing various measures for diversification of revenues through new businesses. Specifically, the Bank recorded provisions of specific reserves for loan losses at the end of the third quarter of fiscal year 2011. Furthermore, in our aim to eliminate any so-called grey zone risks in the future, the Bank made additional provisions for interest repayments at our consumer finance subsidiaries in order to bring reserves to lifetime levels, in consideration of the impact of the income-linked borrowing limitation that came into effect in June 2010 following full-scale implementation of the revised Money Lending Business Law, and the bankruptcy filing of a major consumer finance company in September of the same year.

We believe these measures have positioned us well to achieve our fiscal year 2012 targets of 51.0 billion yen in consolidated reported basis net income and 60.0 billion yen in consolidated cash basis¹ net income as set out in our MTMP, and will lead to a stabilized earnings base.

1. Results for the Fiscal Year Ended March 31, 2012

Shinsei Bank today announced a consolidated reported basis net income of 6.4 billion yen, consolidated cash basis¹ net income of 16.0 billion yen, and non-consolidated net income of 13.8 billion yen for the fiscal year ended March 31, 2012.

Highlights of Consolidated Financial Results

	(USD in Millions ² /JPY in Billions)			
	11.4-12.3 \$US	11.4-12.3	10.4-11.3	Change %
Total Revenue	2,476.2	202.9	292.1	-30.5%
General and Administrative Expenses	1,560.8	127.9	142.8	-10.4%
Ordinary Business Profit	914.0	74.9	149.2	-49.8%
Net Credit Costs	148.8	12.2	68.3	-82.1%
Cash Basis ¹ Net Income	195.2	16.0	53.8	-70.2%
Reported Basis Net Income	78.1	6.4	42.6	-84.9%

- **Top-line revenues** down from 292.1 billion yen to 202.9 billion yen, despite steady performance in core businesses, due to factors including lower interest income as a result of reduction of primarily non-core assets and lower loan balance in the consumer finance business, and lower non-interest income due to impairments recorded for certain securities caused by the downturn in financial markets and the absence of factors such as gains on repurchases of capital securities, which were recorded in fiscal year 2010
- **Expenses** down from 142.8 billion yen to 127.9 billion yen, reflecting continued intensive Group-wide rationalization, with lower personnel and non-personnel expenses
- **Net credit costs**³ down significantly from 68.3 billion yen to 12.2 billion yen, or down to 23.1 billion yen excluding recoveries of written off claims of 10.8 billion yen, due to reversal of a major credit reserve of 17.2 billion yen, despite recording provisions of specific reserves for loan losses of 18.8 billion yen in our specialty finance business
- **Consolidated net income** down from 42.6 billion yen to 6.4 billion yen due to lower total revenue and recording additional provisions for interest repayments of 32.8 billion yen in our consumer finance subsidiaries
- **Non-consolidated net income** up from 11.1 billion yen to 13.8 billion yen even despite provisions of specific reserves for loan losses mentioned above which were recorded to reflect the uncertain economic outlook for both Japan and overseas
- **Total assets** at 8.6 trillion yen, down on March 2011 due mainly to the decrease in JGBs. However, the loan balance stands at 4.1 trillion yen, a slight decrease on March 31, 2011, but an increase on the 4.0 trillion yen recorded at December 31, 2011, due to steady disbursement of institutional, housing and other loans at the Bank level, despite a decrease in loans at consumer finance subsidiaries

Capital and Liquidity

- Total consolidated capital adequacy ratio at 10.27% and Tier I capital ratio at 8.80%, increasing 51 basis points and 104 basis points respectively on March 31, 2011, as a result of steady recording of retained earnings, as well as continued optimization of risk-weighted assets and lower balance of loan assets, which led to a decrease in risk-weighted assets (from 6.6 trillion yen to 6.1 trillion yen)
- Non-performing loan ratio at 6.66%, down 12 basis points on March 31, 2011, as the total claims balance increased offsetting the slightly higher balance of non-performing loans, while coverage ratio also at an industry high level of 96.7%
- Ample liquidity position of approximately 1.1 trillion yen in cash, cash equivalents and liquidity reserves as at March 31, 2012

2. FY2012 Forecast

- Full fiscal year consolidated reported basis net income forecast at 51.0 billion yen, and consolidated cash basis¹ net income forecast at 60.0 billion yen, as we envisage achieving stable normal earnings, free from the impact of non-recurring items going forward as a result of the measures taken to date in previous fiscal years
- Non-consolidated net income forecast at 22.0 billion yen as outlined in our Revitalization Plan
- Dividends on common shares forecast at 1 yen per share, also as outlined in our Revitalization Plan

Highlights of Consolidated Financial Results

	(USD in Millions ² /JPY in Billions except per share amounts)			
	11.4-12.3 \$US	11.4-12.3	10.4-11.3	Change %
Total Revenue	2,476.2	202.9	292.1	-30.5%
General and Administrative Expenses	1,560.8	127.9	142.8	-10.4%
Expense-to-Revenue Ratio	63.1%	63.1%	48.9%	-
Ordinary Business Profit	914.0	74.9	149.2	-49.8%
Net Credit Costs	148.8	12.2	68.3	-82.1%
Cash Basis ¹ Net Income	195.2	16.0	53.8	-70.2%
Reported Basis Net Income	78.1	6.4	42.6	-84.9%
Cash Basis ¹ Diluted Net Income Per Share (\$US/JPY)	0.07	6.05	26.96	-77.5%
Reported Basis Diluted Net Income Per Share (\$US/JPY)	0.02	2.42	21.36	-88.7%
ROE	1.2%	1.2%	8.5%	-
Cash Basis ¹ ROE ⁴	3.2%	3.2%	12.4%	-
ROA	0.1%	0.1%	0.4%	-
Cash Basis ¹ ROA	0.2%	0.2%	0.5%	-
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Total Revenue (non-consolidated)	1,156.9	94.8	115.1	- 17.6%
General and Administrative Expenses (non-consolidated)	763.9	62.6	60.5	3.6%
Ordinary Business Profit (non-consolidated)	391.7	32.1	54.6	- 41.1%
Net Credit Costs (non-consolidated)	133.0	10.9	40.3	- 72.7%
Reported Basis Net Income (non-consolidated)	168.4	13.8	11.1	24.4%
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	2012.3 \$US	2012.3	2011.3	Change %
Total Assets	105,072.0	8,609.6	10,231.5	-15.9%
Risk Assets	74,475.2	6,102.5	6,653.7	- 8.3%
Diluted Equity Per Share (\$US/JPY)	2.59	212.67	205.83	3.3%
Total Capital Adequacy Ratio	10.27%	10.27%	9.76%	51 bps
Tier I Capital Ratio	8.80%	8.80%	7.76%	104 bps
Non-Performing Loan Ratio ⁵	6.66%	6.66%	6.78%	-12 bps
Non-Performing Loan Coverage Ratio ⁶	96.7%	96.7%	96.8%	-

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 JPY81.94 to \$1.00, which was the approximate exchange rate at March 31, 2012

³ From fiscal year 2011, recoveries of written off-claims are categorized to net credit costs according to Revision of Accounting Practice Committee Statement No.14 "Practical Guidelines on Accounting Standards for Financial Instruments" released on March 29, 2011. However, retroactive adjustments have not been made

⁴ The denominator has been calculated as: ((Total capital - goodwill - intangible assets acquired in business combinations (net of associated deferred tax liability) at the beginning of the period) + (the same values at the end of the period))/2

⁵ Non-performing loan ratio under the Financial Revitalization Law on a non-consolidated basis

⁶ 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 Fiscal Year Ended March 31, 2012

A conference call for investors will be held in Japanese/English, with consecutive interpretation, on Thursday, May 10, 2012, 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 2:30 PM on the same day. To download the "Full Year Financial Results 2012/3" please go to: http://www.shinseibank.com/investors/en/ir/financial_info/quarterly_results/index.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 8.6 trillion yen (US\$105.0 billion) on a consolidated basis (as of March 2012) and a network of outlets throughout 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>