

For Immediate Release

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

Shinsei Bank Reports Results for the Nine Months Ended December 31, 2011 and Revises Earnings Forecasts for Fiscal Year 2011

Core businesses performing well and further steps taken towards stabilizing the earnings base

Tokyo (Tuesday, January 31, 2011) – Shinsei Bank, Limited (“Shinsei Bank; “the Bank”) has been implementing various measures since last fiscal year in order to swiftly “establish a stabilized earnings base” as set out in our Medium-Term Management Plan (MTMP) two years ago. In this current fiscal year 2011, the second fiscal year of our MTMP, we have decided to take the initiative to dispel concerns over downside risks to our earnings. Specifically, in the third quarter of fiscal year 2011, we have recorded conservative provisions of specific reserves for loan losses while making additional provisions for grey zone reserves at our consumer finance subsidiaries. Furthermore, we expect to make lifetime provisions for grey zone reserves in the fourth quarter of fiscal year 2011 reflecting a review of our reserve approach in our aim to eliminate any so-called grey zone risks in the future. We believe these measures will position 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 lead to a stabilized earnings base.

1. Results for the Nine Months Ended December 31, 2011

Shinsei Bank today announced a consolidated reported basis net income of 20.6 billion yen, consolidated cash basis¹ net income of 27.8 billion yen, and non-consolidated net income of 0.9 billion yen for the nine months ended December 31, 2011.

Highlights of Consolidated Financial Results

(USD in Millions ²/JPY in Billions)

	2011.4-12 \$US	2011.4-12	2010.4-12	Change %
Total Revenue	2,004.6	155.0	242.1	-36.0%
General and Administrative Expenses	1,231.1	95.5	108.4	-11.9%
Ordinary Business Profit	765.7	59.4	133.6	-55.5%
Net Credit Costs	153.4	11.9	49.3	-75.8%
Cash Basis ¹ Net Income	358.3	27.8	72.6	-61.7%
Reported Basis Net Income	265.5	20.6	64.0	-67.8%

- **Top-line revenues** down from 242.1 billion yen to 155.0 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 in the first nine months of fiscal year 2011 of factors such as gains on repurchases of capital securities, which were recorded in the same period of the previous fiscal year
- **Expenses** down from 108.4 billion yen to 95.5 billion yen, reflecting continued intensive Group-wide rationalization, with lower personnel and non-personnel expenses
- **Net credit costs**³ down significantly from 49.3 billion yen to 11.9 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 64.0 billion yen to 20.6 billion yen due to lower total revenue and recording 11.0 billion yen in additional grey zone reserves at our consumer finance subsidiaries at the end of the third quarter
- **Non-consolidated net income** down from 12.1 billion yen to 0.9 billion yen as provisions of specific reserves for loan losses mentioned above 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 4.0 trillion yen as the decrease in the overall loan balance has been smaller since March 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 10.18% and Tier I capital ratio at 8.69%, increasing 42 basis points and 93 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 6.2 trillion yen)

- Non-performing loan ratio at 7.11%, up 33 basis points on March 31, 2011, due to the slightly higher balance of non-performing loans, while coverage ratio at an industry high level of 96.7%
- Ample liquidity position of approximately 1.3 trillion yen of cash, cash equivalents and liquidity reserves as at December 31, 2011

2. FY2011 Forecast

We have revised our consolidated reported basis net income forecast to a range between 5.0 and 9.0 billion yen, and our consolidated cash basis¹ net income forecast to a range between 15.0 and 19.0 billion yen due to factors including the expectation that the Bank will make reserves in the fourth quarter of fiscal year 2011, as mentioned above, based on an evaluation of factors including grey zone interest repayment trends in the fourth quarter. At this point in time we are in the process of estimating figures for the full fiscal year, and therefore, we have decided to provide the forecast for consolidated reported basis net income as a range between 5.0 and 9.0 billion yen.

Highlights of Consolidated Financial Results

	(USD in Millions ² /JPY in Billions except per share amounts)			
	2011.4-12 \$US	2011.4-12	2010.4-12	Change %
Total Revenue	2,004.6	155.0	242.1	-36.0%
General and Administrative Expenses	1,231.1	95.5	108.4	-11.9%
Expense-to-Revenue Ratio	61.6%	61.6%	44.8%	-
Ordinary Business Profit	765.7	59.4	133.6	-55.5%
Net Credit Costs	153.4	11.9	49.3	-75.8%
Cash Basis ¹ Net Income	358.3	27.8	72.6	-61.7%
Reported Basis Net Income	265.5	20.6	64.0	-67.8%
Cash Basis ¹ Diluted Net Income Per Share (\$US/JPY)	0.13	10.48	36.97	-71.6%
Reported Basis Diluted Net Income Per Share (\$US/JPY)	0.10	7.77	32.63	-76.2%
ROE (Annualized)	4.9%	4.9%	17.8%	-
Cash Basis ¹ ROE (Annualized) ⁴	7.4%	7.4%	23.6%	-
ROA (Annualized)	0.3%	0.3%	0.8%	-
Cash Basis ¹ ROA (Annualized)	0.4%	0.4%	0.9%	-
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Total Revenue (non-consolidated)	764.4	59.3	91.4	-35.1%
General and Administrative Expenses (non-consolidated)	577.5	44.8	45.7	-1.8%
Ordinary Business Profit (non-consolidated)	185.6	14.4	45.7	-68.4%
Net Credit Costs (non-consolidated)	110.8	8.6	30.0	-71.2%
Reported Basis Net Income (non-consolidated)	11.6	0.9	12.1	-92.2%
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	2011.12 \$US	2011.12	2011.3	Change %
Total Assets	110,925.6	8,604.5	10,231.5	-15.9%
Risk Assets	80,233.3	6,223.7	6,653.7	-6.5%
Diluted Equity Per Share (\$US/JPY)	2.76	214.66	205.83	4.3%
Total Capital Adequacy Ratio	10.18%	10.18%	9.76%	42 bps
Tier I Capital Ratio	8.69%	8.69%	7.76%	93 bps
Non-Performing Loan Ratio ⁵	7.11%	7.11%	6.78%	33 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 JPY77.57 to \$1.00, which was the approximate exchange rate at December 31, 2011

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 Previously, the denominator was calculated as: (Total capital at the beginning of period (Net assets - Share warrants - Minority interests) + Total capital at the end of the period)/2. However, in order to reflect the cash-basis standard more fully, from this disclosure 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 Nine Month Period Ended December 31, 2011

A conference call for investors will be held in Japanese/English, with consecutive interpretation, on Tuesday, January 31, 2011, 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 3:30 PM on the same day. To download the "Third Quarter Financial Results 2011/12" 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\$110.9 billion) on a consolidated basis (as of December 2011) 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>