

For Immediate Release

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

Shinsei Bank Reports Earnings for the First Quarter Ended June 30, 2011

Off to a good start and "back on the offensive"

Tokyo (Thursday, July 28, 2011) – Shinsei Bank, Limited ("Shinsei Bank; "the Bank"), a leading diversified financial institution serving both institutional and individual customers in Japan, today announced a consolidated reported basis net income of 18.1 billion yen for the first quarter ended June 30, 2011, up 4.2 billion yen, and consolidated cash basis net income of 20.8 billion yen, up 4.1 billion yen compared to the first quarter of the previous fiscal year. Furthermore, Shinsei Bank announced a non-consolidated net income of 6.6 billion yen in the first quarter of fiscal year 2011, up 1.9 billion yen on the same period of the previous fiscal year.

Highlights

- Net income increased year-on-year due to improvement in earnings power as a result of steady performance of our core businesses, recording gains on the sales of foreign equities categorized as non-core assets, expense reductions reflecting continued intensive rationalization, and lower net credit costs as a result of improved loan quality in the consumer finance business
- While we continue to implement measures to strengthen our customer franchise across all businesses, the decrease in loan balance is showing signs of bottoming out, as the pace of decline in consumer finance loan balance becomes less pronounced
- Improvement in asset quality, with both non-performing loan balance and non-performing loan ratio decreasing. Quality of capital also improved due to steady recording of net income, with both total consolidated capital adequacy and Tier I capital ratios increasing on March 31, 2011
- While we made good progress towards full fiscal year forecast, no revision to forecast at this point in time due to factors including economic uncertainty in Japan and overseas

President and CEO Statement

"The Institutional Group and the Individual Group got off to a good start in the three month period ended June 30, 2011 as we aim to go "back on the offensive," said Shigeki Toma, President and CEO of Shinsei Bank. "In addition to improvements in asset quality and quality of capital, we made steady progress in stabilizing our earnings base. The decrease in loan balance has also shown signs of bottoming out, and we believe that our efforts to rebuild the customer franchise are starting to bear fruit. Going forward, we will work to contribute to the development of a sound and healthy unsecured personal loan market with the full-scale launch of the unsecured personal loan business under the Lake brand from the Bank, as we continue to appropriately meet customer needs while devoting our utmost effort to improving corporate value."

Consolidated Results Overview

- **Top-line revenues** down 13.0 billion yen to 57.4 billion yen due to factors including lower interest income in the consumer finance business due to the full implementation of the Money Lending Business Control and Regulation Law, despite steady performance in core corporate businesses, as well as the retail banking business
- **Expenses** down 5.3 billion yen to 31.1 billion yen, reflecting continued intensive Group-wide rationalization, with lower personnel and non-personnel expenses
- **Net credit costs**² down significantly from 13.8 billion yen to 2.1 billion yen, as a result of prudent and conservative reserves recorded in the previous fiscal year and significant decrease in net credit costs due to lower loan balance and improvement in loan quality in the consumer finance business. Even excluding the 3.0 billion yen in recoveries of written-off claims included from the first quarter of this fiscal year, net credit costs still down significantly to 5.1 billion yen
- **Consolidated net income** up 4.2 billion yen to 18.1 billion yen. Subsidiaries Shinsei Financial, Shinki and APLUS FINANCIAL, as well as Showa Leasing, have all posted profits
- **Non-consolidated net income** up 1.9 billion yen to 6.6 billion yen
- **Total assets** at 9.4 trillion yen, down on March 31, 2011 due to factors including the decrease in JGBs. However, the loan balance decreased only slightly on March 31, 2011, standing at 4.2 trillion yen, with signs of bottoming out as increase at the Bank level, including steady performance of housing loans, offset the decrease in loans at our consumer finance subsidiaries

Liquidity and Capital

- Total consolidated capital adequacy ratio at 9.93% and Tier I capital ratio at 8.12%, increasing 17 basis points and 36 basis points respectively on March 31, 2011, due to increase in Tier I capital and total capital as a result of steady recording of net

income, as well as slightly lower risk-weighted assets (from 6.6 trillion yen to 6.5 trillion yen)

- Balance of non-performing loans decreasing steadily for fifth consecutive quarter. Non-performing loan ratio at 6.04%, down 74 basis points on March 31, 2011, and coverage at industry high level of 96.6%
- Maintaining ample liquidity position with approximately 1.2 trillion yen of cash, cash equivalents and liquidity reserves as at June 30, 2011

FY2011 Forecast

- While we made good progress towards our full year forecast, no revision to forecasts of consolidated reported basis net income of 22.0 billion yen, consolidated cash basis¹ net income of 32.0 billion yen, and non-consolidated net income of 15.0 billion yen at this point in time, due to factors including economic uncertainty in Japan and overseas

¹ Cash-basis figures are calculated by excluding amortization and impairment of goodwill and other intangible assets, net of tax benefit

² From the first quarter of 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

Highlights of Consolidated Financial Results

	(USD in Millions ² /JPY in Billions except per share amounts)			
	2011.4-6 \$US	2011.4-6	2010.4-6	Change %
Total Revenue	713.5	57.4	70.4	-18.6%
General and Administrative Expenses	386.6	31.1	36.4	-14.6%
Expense-to-Revenue Ratio	54.3%	54.3%	51.8%	-
Ordinary Business Profit	325.7	26.2	34.0	-22.8%
Net Credit Costs	26.1	2.1	13.8	-84.4%
Cash Basis ¹ Net Income	258.5	20.8	16.7	23.9%
Reported Basis Net Income	225.0	18.1	13.8	30.9%
Cash Basis ¹ Diluted Net Income Per Share (\$US/JPY)	0.09	7.84	8.55	-8.3%
Reported Basis Diluted Net Income Per Share (\$US/JPY)	0.08	6.84	7.06	-3.1%
ROE (Annualized)	13.2%	13.2%	12.1%	-
Cash Basis ¹ ROE (Annualized)	15.1%	15.1%	14.6%	-
ROA (Annualized)	0.7%	0.7%	0.5%	-
Cash Basis ¹ ROA (Annualized)	0.9%	0.9%	0.6%	-
Total Revenue (non-consolidated)	172.7	13.9	24.0	-41.9%
General and Administrative Expenses (non-consolidated)	166.5	13.4	14.4	-7.1%
Ordinary Business Profit (non-consolidated)	6.21	0.5	9.5	-94.6%
Net Credit Costs (non-consolidated)	-4.97	-0.4	3.4	-113.6%
Reported Basis Net Income (non-consolidated)	82.0	6.6	4.7	42.4%
	2011.6 \$US	2011.6	2011.3	Change %
Total Assets	117,775.9	9,473.9	10,231.5	-7.4%
Risk Assets	81,539.0	6,559.5	6,653.7	-1.4%
Diluted Equity Per Share (\$US/JPY)	2.64	212.70	205.83	3.3%
Total Capital Adequacy Ratio	9.93%	9.93%	9.76%	17 bps
Tier I Capital Ratio	8.12%	8.12%	7.76%	36 bps
Non-Performing Loan Ratio ³	6.04%	6.04%	6.78%	-74 bps
Non-Performing Loan Coverage Ratio ⁴	96.6%	96.6%	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 JPY80.44 to \$1.00, which was the approximate exchange rate at June 30, 2011

³ Non-performing loan ratio under the Financial Revitalization Law on a non-consolidated basis

⁴ 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 First Quarter Ended June 30, 2011

A conference call for investors will be held in Japanese/English, with consecutive interpretation, on Thursday, July 28, 2011, 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 3:30 PM on the same day. To download the "First Quarter Financial Results 2011/6" 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 9.4 trillion yen (US\$117.7 billion) on a consolidated basis (as of June 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>