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For Immediate Release

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

Shinsei Bank Reports Positive Results for the Fiscal Year Ended March 31, 2011

Back on the offensive following successful capital raising and full year profit for first time in three fiscal years

Tokyo (Thursday, May 12, 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 42.6 billion yen for the fiscal year ended March 31, 2011, up 182.8 billion yen, and consolidated cash basis[1] net income of 53.8 billion yen, up 107.5 billion yen on the previous fiscal year. Furthermore, Shinsei Bank announced a non-consolidated net income of 11.1 billion yen this fiscal year, up 58.8 billion yen compared to the previous fiscal year, and plans to pay a dividend, for the first time in three fiscal years, of 1 yen per common share as originally forecasted.

Highlights

- Net income more than tripled on the initial consolidated reported basis forecast, resulting in full year profit for first time in three fiscal years, due to improvement in earnings power as a result of steady implementation of operational strategy by each of our business groups, as well as an increase in gains on repurchase of preferred securities and subordinated debt, and comprehensive expense reductions, despite posting reserves for the specialty finance[2] and domestic real estate non-recourse finance businesses, additional grey zone reserves, and earthquake-related reserves. Resumption of dividends for first time in three fiscal years
- Ample quality and level of capital, as both total consolidated capital adequacy and Tier I capital ratios increased on March 31, 2010 due to the issuance of common shares (71.8 billion yen) in March 2011, steady recording of net income and continued optimization of risk-weighted assets, despite a temporary decrease in Tier I capital as a result of the repurchase of preferred securities (December 2010)
- Essentially completed clean-up of various issues in fiscal year ended March 31, 2011. Look to go "back on the offensive" from fiscal year 2011, as we accelerate measures to "rebuild the customer franchise in Japan" and "establish a stabilized earnings base." Full fiscal year forecasts in line with targets set forth in our revised Medium-Term Management Plan, while economic trends remain uncertain due to factors including the Great East Japan Earthquake

President and CEO Statement

"*While we recorded non-recurring profits related to capital management measures, we posted positive net income above our initial forecasts, both on a consolidated and non-consolidated basis for the first time in three fiscal years. This was due in part to an improvement in earnings power as a result of steady implementation of operational strategy by each of our business groups, as well as comprehensive expense reductions, and despite making further provisions against potential risk*," said Shigeki Toma, President and CEO of Shinsei Bank. "*We have nearly completed the clean-up of various issues at hand, including measures against financial risk and the divestiture of non-core business assets ahead of the schedule in our Medium-Term Management Plan, as well as the optimization of our domestic real estate non-recourse finance balance, and taken steps in preparation to go "back on the offensive." We successfully completed the issuance of common shares in March 2011, raising an amount above our initial expectations by taking advantage of the market environment. We have also seen an increase in new institutional customer numbers compared to the same period of the previous fiscal year. From this fiscal year, in addition to taking sincere measures to aid the recovery efforts for areas affected by the Great East Japan Earthquake, we will leverage our strengths to actively support the creation of new industries as we strive to become a bank that is unique and unparalleled among its peers."*

Consolidated Results Overview

- **Top-line revenues** up 6.6 billion yen (2.3%) to 292.1 billion yen due to higher revenues in the Institutional Group, higher revenues in the Markets and Investment Banking Group, which recorded gains from the divestiture of non-core business assets and an improvement in earnings power, steady performance in the retail banking business, in addition to higher gains on repurchase of preferred securities and subordinated debt. This was despite lower revenues in the consumer finance business due to the full implementation of the Money Lending Business Control and Regulation Law
- **Expenses** down 25.5 billion yen (15.2%) to 142.8 billion yen, reflecting rigorous Group-wide rationalization and business right-sizing centered around our consumer finance business, with both personnel and non-personnel expenses decreasing at a pace faster than outlined in our Medium-Term Management Plan
- **Net credit costs** down 43.9 billion yen (39.1%) to 68.3 billion yen, despite posting additional reserves for the specialty finance[2] and domestic real estate non-recourse finance businesses, and posting earthquake-related reserves (6.1 billion yen) primarily at our subsidiaries in the fourth quarter of this fiscal year
- **Consolidated net income** up 182.8 billion yen to 42.6 billion yen, despite posting 10.1 billion yen in additional grey zone provisions at our consumer finance subsidiaries in the fourth quarter of this fiscal year, as interest repayments did not decrease as much as initially expected due to the effects of the Takefuji bankruptcy. Consumer finance subsidiaries Shinsei Financial, Shinki and APLUS FINANCIAL, as well as Showa Leasing, have all posted full year profits
- **Non-consolidated net income** up 58.8 billion yen to 11.1 billion yen, exceeding the target set forth in our Revitalization Plan, despite absorbing the loss of 31.7 billion yen incurred from the transfer of our holding of common shares in subsidiary APLUS FINANCIAL to subsidiary Shinsei Financial (December 2010)

Liquidity and Capital

- Total consolidated capital adequacy ratio at 9.76% and Tier I capital ratio at 7.76%, both increasing 141 basis points on March 31, 2010, as a result of the issuance of common shares (71.8 billion yen) in March 2011 and higher retained earnings, and lower risk-weighted assets reflecting their continued optimization and a decrease in loan assets, despite a reduction in foreign currency-denominated capital securities due to buybacks
- While balance of non-performing loans decreased 16% on March 31, 2010 as a result of the clean up of our real estate portfolio, non-performing loan ratio remained basically flat year-on-year at 6.78%, due to a decrease in the overall loan balance, however coverage at industry high level of 96.8%
- Maintaining ample liquidity position with approximately 1.1 trillion yen of cash, cash equivalents and liquidity reserves as at March 31, 2011

FY2011 Forecast

- Full year consolidated reported basis net income forecast at 22.0 billion yen, and consolidated cash basis[1] net income forecast at 32.0 billion yen, in line with targets set forth in our revised Medium-Term Management Plan, as economic trends remain uncertain due to factors including the Great East Japan Earthquake
- Non-consolidated net income forecast at 15.0 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

[1] Cash-basis figures are calculated by excluding amortization and impairment of goodwill and other intangible assets, net of tax benefit
[2] Structured finance with a particular focus on corporate acquisition financing

Highlights of Consolidated Financial Results

($US in Millions [2]/JPY in Billions except per share amounts)

	10.4-11.3 $US	10.4-11.3	09.4-10.3	Change %
Total Revenue	3,533.7	292.1	285.5	2.3%
General and Administrative Expenses	1,727.5	142.8	168.3	-15.2%
Expense-to-Revenue Ratio	48.9%	48.9%	59.0%	-
Ordinary Business Profit	1,804.9	149.2	117.1	27.4%
Net Credit Costs	826.2	68.3	112.2	-39.1%
Cash Basis[1] Net Income	650.8	53.8	-53.7	-
Reported Basis Net Income	515.3	42.6	-140.1	-
Cash Basis[1] Diluted Net Income Per Share ($US/JPY)	0.32	26.96	-27.37	-
Reported Basis Diluted Net Income Per Share ($US/JPY)	0.25	21.36	-71.36	-
ROE (Fully Diluted)	8.5%	8.5%	-27.6%	-
Cash Basis[1] ROE (Fully Diluted)	10.7%	10.7%	-10.6%	-
ROA	0.4%	0.4%	-1.2%	-
Cash Basis[1] ROA	0.5%	0.5%	-0.5%	-
Total Revenue (non-consolidated)	1,392.4	115.1	88.2	30.5%
General and Administrative Expenses (non-consolidated)	731.9	60.5	67.3	-10.1%
Ordinary Business Profit (non-consolidated)	660.5	54.6	20.9	160.6%
Net Credit Costs (non-consolidated)	487.5	40.3	52.6	-23.4%
Reported Basis Net Income (non-consolidated)	134.2	11.1	-47.6	-

	2011.3 $US	2011.3	2010.3	Change %
Total Assets	123,778.1	10,231.5	11,376.7	-10.1%
Risk Assets	80,494.8	6,653.7	7,722.1	-13.8%
Risk Assets/Total Assets	65.0%	65.0%	67.9%	-
Diluted Equity Per Share ($US/JPY)	2.49	205.83	232.72	-11.6%
Total Capital Adequacy Ratio	9.76%	9.76%	8.35%	-
Tier I Capital Ratio	7.76%	7.76%	6.35%	-
Non-Performing Loan Ratio[3]	6.78%	6.78%	6.70%	-
Non-Performing Loan Coverage Ratio[4]	96.8%	96.8%	97.6%	-

[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 JPY82.66 to $1.00, which was the approximate exchange rate at March 31, 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 Fiscal Year Ended March 31, 2011

A conference call for investors will be held in Japanese/English, with consecutive interpretation, on Monday, May 16, 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 4:00 PM on the same day. To download the "Full Year Financial Results 2011/3" please go to:
http://www.shinseibank.com/investors/en/ir/financial_info/quarterly_results_2010/quarterly_results_2010.html

As of April 1, 2011, Shinsei Bank has implemented the following organizational changes as part of its efforts to achieve an even more appropriate provision of financial products and services that meet customer needs, by building a more strategic and systematic business promotion structure for growth businesses centered around institutional customers. To better serve our customers, the structure of the existing Institutional Group and Markets and Investment Banking Group has been reorganized into a newly defined Institutional Group and a newly established Global Markets Group. The Institutional Group focuses primarily on corporate and public sector finance and advisory business, while the Global Markets Group concentrates on financial markets business and serving financial institution clients. However, the previous organizational structure is used when discussing results for the fiscal year ended March 31, 2011.

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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 10.2 trillion yen (US$123.7 billion) on a consolidated basis (as of March 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