

For Immediate Release

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Shinsei Bank Reports Consolidated Financial Results for the First Half Ended September 30, 2008

Tokyo (Wednesday, November 12, 2008) – Shinsei Bank, Limited, a leading diversified Japanese financial institution, today announced a consolidated net loss of 19.2 billion yen against a consolidated net loss forecast of 15.0 billion yen for the first half ended September 30, 2008, compared to a net income of 23.1 billion yen in the first half ended September 30, 2007. On a cash-basis,* Shinsei Bank recorded a consolidated net loss of 14.3 billion yen in the first half, compared to a net income of 28.7 billion yen in the first half of the previous fiscal year.

Continued turmoil in global markets led to losses in Shinsei Bank’s institutional banking operations. This was partly offset by improved results in the Individual Group, comprising retail banking and consumer finance. Ordinary business profit for the Individual Group jumped nearly 50% to 24.1 billion yen in the first half. Retail banking returned to profitability and posted its best quarter in over two years, sustaining the momentum of the previous quarter.

While it has made significant progress in retail banking and consumer finance businesses, Shinsei Bank recognizes that overall results are disappointing. The operating environment looks set to remain challenging as severe disruption persists in international markets. However, management is confident that by maintaining its clear focus on the customer, Shinsei can return to a strong growth trajectory.

The Individual Group’s progress is especially encouraging, with newly acquired GE Consumer Finance expected to add about 30 billion yen to earnings in the second half. Shinsei Bank announced the completion of the acquisition of GE Consumer Finance on September 22, 2008, a bold move that has positioned it as a major player in retail financial services in Japan. Scheduled to be renamed Shinsei Financial Co., Ltd., on April 1, 2009, the new subsidiary started contributing to Shinsei Bank’s earnings from October 2008. Shinsei Bank believes the acquisition is an important step toward becoming a leading responsible credit provider to Japanese consumers.

The Bank has continued working to keep costs down and sustain asset quality while maintaining a strong liquidity position thanks to its retail banking operations.

1. Highlights of Consolidated Financial Results

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

	2008.4-9 \$US	2008.4-9	2007.4-9	Change %
Total Revenue	0.98	102.3	138.7	-26.2%
General and Administrative Expenses	0.73	76.7	77.3	-0.7%
Expense-to-Revenue Ratio	75.0%	75.0%	55.8%	-
Ordinary Business Profit	0.24	25.5	61.3	-58.3%
Net Income (Loss)	-0.18	-19.2	23.1	-183.2%
Cash Basis* Net Income (Loss)	-0.13	-14.3	28.7	-149.8%
Diluted Net Income (Loss) Per Share (\$US/JPY)	-0.09	-9.81	12.72	-177.2%
Cash Basis* Diluted Net Income (Loss) Per Share (\$US/JPY)	-0.06	-7.28	15.77	-146.2%
ROA (Annualized)	-0.3%	-0.3%	0.4%	-
ROE (Fully Diluted and Annualized)	-5.6%	-5.6%	7.2%	-
	2008.9 \$US	2008.9	2008.3	Change %
Total Assets	119.2	12,446.2	11,525.7	+8.0%
Diluted Equity Per Share (\$US/JPY)	3.23	338.12	364.35	-7.2%
Tier I Capital Ratio	6.41%	6.41%	7.37%	-
Total Capital Adequacy Ratio	10.48%	10.48%	11.74%	-
Non-Performing Loan Ratio***	0.90%	0.90%	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 104.36 to \$1.00, which was the approximate exchange rate at September 30, 2008.

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

2. Balance Sheet: Controlled Growth

Shinsei Bank's **total assets** increased 8.0% from 11,525.7 billion yen at March 31, 2008, to 12,446.2 billion yen at September 30, 2008. The higher balance was due mainly to an increase in loans and bills discounted. The balance of loans and bills discounted increased 17.0% from 5,622.2 billion yen at March 31, 2008, to 6,579.7 billion yen at September 30, 2008 due primarily to an increase in loans in the Individual Group, including loans from the newly acquired GE Consumer Finance and a higher balance of housing loans.

Total deposits and negotiable certificates of deposit increased 609.0 billion yen or 10.5% to 6,415.6 billion yen in the first half, compared to March 31, 2008. Shinsei Bank values the stable and low-cost funding available through deposits from retail and institutional customers. The retail and institutional deposit balances both increased on March 31, 2008, and stood at 4,248.1 billion yen and 2,167.5 billion yen, respectively, at September 30, 2008.

Shinsei Bank recorded a **Tier I capital ratio** of 6.41% at September 30, 2008, and a **total capital adequacy ratio** of 10.48% on a Basel II basis. We are targeting a Tier I capital ratio of 7% and a total capital adequacy ratio of 11% by March 31, 2009.

3. Income Statement: Global Market Turmoil Impacts Revenues

Total revenue in the first half ended September 30, 2008, was 102.3 billion yen, down 26.2% compared to the same period of the previous fiscal year, as stronger results for the Individual Group were not able to offset the weaker results in institutional banking operations. Revenues from Shinki were accretive after the company became a consolidated subsidiary in the second half of the previous fiscal year, boosting revenue in the Individual Group. In the Institutional Group, Shinsei Bank's non-recourse real estate finance business outperformed its capital markets business while the principal investment and securitization businesses underperformed as a result of the bankruptcy of Lehman Brothers Holdings, Inc. as well as losses related to European asset-backed investments and to other investments in Europe.

General and administrative expenses decreased to 76.7 billion yen despite the inclusion of Shinki's expenses from the second half of fiscal year 2007, primarily as a result of proactive efforts to reduce expenses in light of the present operating environment. The **expense-to-revenue ratio** in the first half was 75.0%, compared to a ratio of 55.8% in the first half of the previous fiscal year. The increase in this ratio was due mainly to lower revenues since Shinsei Bank was able to keep costs down due to rationalization of costs and improved operating efficiency.

Net credit costs increased 10.9 billion yen or 35.6% year-on-year to 41.6 billion yen due mainly to an increase in credit costs related to the failure of a Lehman Brothers subsidiary and to European asset-backed investments, despite the improvement of Shinsei Bank's consumer finance subsidiaries.

Amortization of goodwill and other intangible assets associated with the acquisition of consumer and commercial finance companies was 5.7 billion yen for the first half ended September 30, 2008, compared with 6.1 billion yen in the same period of the previous fiscal year.

Other gains of 12.6 billion yen were recorded this first half due mainly to the sale of the Meguro Production Center and Showa Auto Rental & Leasing, compared to 18.6 billion yen recorded a year earlier mainly on the sale of Life Housing Loan Co., Ltd.

Minority interests in net income of subsidiaries in the first half of this fiscal year amounted to 8.2 billion yen due largely to dividends paid on perpetual preferred securities and minority interests relating to APLUS' preferred shareholders.

As a result, Shinsei Bank recorded a **consolidated net loss** in the first half ended September 30, 2008, of 19.2 billion yen against a consolidated net loss forecast of 15.0 billion yen, compared to a **consolidated net income** of 23.1 billion yen in the same period of the previous fiscal year. In addition, the **consolidated cash basis net loss** was 14.3 billion yen this first half, compared to a **consolidated cash basis net income** of 28.7 billion yen in the previous first half.

4. Business Lines Results

Institutional Group: Loan and Deposit Demand Steady but Market Instability Impacts Results

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

The Institutional Group continued to see steady demand for lending, posting higher corporate loan balances including loans to local governments, non-recourse lending and specialty finance. In addition, deposits and debentures were up strongly in the first half of this fiscal year compared to the end of last fiscal year.

Total revenue was 27.4 billion yen in the first half of this fiscal year, compared to 72.3 billion yen in the previous first half. While revenues increased for Shinsei Bank's non-recourse real estate finance business, the turmoil in global markets materially impacted its capital markets, principal investment and securitization businesses. In particular, the bankruptcy of Lehman Brothers Holdings, Inc. as well as losses related to European asset-backed investments and to other investments in Europe impacted revenue.

While we were able to reduce expenses by 9.2%, an **ordinary business loss** was recorded in the first half of this fiscal year of 2.5 billion yen, compared to an **ordinary business profit** of 39.3 billion yen in the same period of the previous fiscal year due to the above reasons. The bank recorded an **ordinary business loss after net credit costs** of 29.2 billion yen in the first half due to lower revenues and an increase in credit costs related to the failure of a Lehman Brothers subsidiary and declines in the value of European asset-backed investments, compared to an **ordinary business profit after net credit costs** of 32.1 billion yen in the same period of the previous fiscal year.

Individual Group: Improved Results, More Customers

The Individual Group consists of the retail banking business as well as the subsidiaries APLUS, Shinki and Shinsei Property Finance. In addition, Shinsei Bank acquired GE Consumer Finance on September 22, 2008, and its results will be incorporated into the Individual Group's operations from the third quarter of fiscal year 2008. For the current period, only balance sheet data is included.

Loans, which include retail banking and consumer finance loans, grew strongly in the first half of this fiscal year compared to the end of last fiscal year, due mainly to the acquisition of GE Consumer Finance and an increase in housing loans. Shinsei Bank has continued to emphasize growing its stable low-cost retail deposits, now exceeding 4.2 trillion yen - the highest balance to date. Furthermore, assets under management, which include retail deposits and debentures as well as mutual funds and variable annuities, also rose in the first half and now exceed 5.3 trillion yen. Customers in the Individual Group now number over 12 million, including close to 2.3 million retail bank account holders.

Total revenue increased 17.8% to 71.2 billion yen in this first half, compared to 60.5 billion yen in the first half of the previous fiscal year. **Total revenue** increased year-on-year due mainly to the addition of revenues from Shinki, which became a consolidated subsidiary from the second half of the previous fiscal year. Furthermore, Shinsei Bank's retail banking operations also posted their best quarter in over two years, sustaining the momentum of the previous quarter. Finally, APLUS' revenues were in line with Shinsei Bank's projections: the sales-finance subsidiary has tightened its credit screening to focus on quality assets and its collections remain strong.

Ordinary business profit in the first half was up 49.8% to 24.1 billion yen, compared to 16.1 billion yen in the first half of the previous fiscal year. The increase in **ordinary business profit** was due to higher revenues as lower expenses in retail banking and APLUS helped offset the increase in expenses from Shinki, which was accounted for as an equity-method affiliate in the same period of the previous fiscal year.

Ordinary business profit after net credit costs was 7.4 billion yen this first half, compared to an **ordinary business loss after net credit costs** of 5.9 billion yen in the first half of the previous fiscal year, due primarily to a return to profitability of both Shinki and the retail banking operations. APLUS was also able to improve on its good performance compared to the first half of the previous fiscal year.

5. Completion of Acquisition of GE Consumer Finance

On September 22, 2008, Shinsei Bank announced the completion of the acquisition of GE Consumer Finance (*scheduled to be renamed Shinsei Financial Co., Ltd. on April 1, 2009*). GE Consumer Finance started contributing to Shinsei Bank's earnings from October, 2008, and is expected to contribute about 30 billion yen to earnings in the second half of this fiscal year. The acquisition also gave the Shinsei Bank Group an additional 1,100 outlets, more than 800 billion yen in assets and the highly regarded Lake brand. This will allow the Individual Group to deliver the Shinsei experience to a customer base that now well exceeds 12 million accounts. At the same time, Shinsei minimized its risk exposure in a comprehensive purchase agreement that effectively contained "grey zone" liabilities through substantial reserves and a robust seller's indemnity.

Shota Umeda, who has over 20 years experience in GE in Japan, was appointed as the president and representative director (CEO) of this new Shinsei Bank Group subsidiary.

6. Dividend

In light of these financial results, we have decided not to pay a dividend in the first half of this fiscal year.

7. Forecast

While there continues to be low visibility and uncertainty within the economic environment, we are expecting a solid performance in our Individual Group with a contribution from GE Consumer Finance in the second half and have therefore decided not to change our forecasts for consolidated and non-consolidated net income of 12.0 billion yen for the full fiscal year.

8. Conference Call on Fiscal Year 2008 First Half Earnings

A conference call will be held in English on Thursday, November 13, 2008, at 10:00 PM (Tokyo time)/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, November 13, 2008.

To download the "First Half Financial Results 2008/9" 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 12.4 trillion yen (US\$119 billion) on a consolidated basis (as of September 2008) and a network of 35 outlets that includes 33 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>.