

SHINSEI BANK, LIMITED

For Immediate Release

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Shinsei Bank Revises Earnings Forecasts Upwards for Fiscal Year 2010

Tokyo (Thursday, February 3, 2011) --- Shinsei Bank, Limited (“Shinsei Bank”; “the Bank”) today announced revisions to its May 14, 2010 forecasts for consolidated (reported and cash basis) and non-consolidated (reported basis) earnings for the fiscal year ending March 31, 2011.

The full year consolidated net income forecast has been revised upwards to 43.0 billion yen, significantly above the initial forecast of 12.5 billion yen, due to our steady performance and non-recurring profits related to capital management measures. This would result in positive net income for the first time in three fiscal years.

In order to establish a stabilized earnings base for fiscal year 2011 and beyond, we will actively implement the following measures in the fourth quarter of this fiscal year to manage downside risks in an uncertain operating environment. We believe these measures will lead to an increase in corporate value over the medium- to long-term.

1. In consideration of the uncertainty in the market, we will post prudent and additional reserves in specialty finance and other businesses, and record credit costs for the clean up of non-performing loans in our real estate and other portfolios
2. We will make additional grey zone provisions for consumer finance subsidiaries, primarily at Shinki and APLUS FINANCIAL, based on our conservative outlook for disclosure claims, which continue to be uncertain going forward
3. We will record Group-wide, one-off restructuring costs

We also expect to record tax-related expenses by taking into consideration the ongoing discussions regarding a reduction of the corporate income tax rate in Japan. As a result, we expect a net loss in the fourth quarter of this fiscal year, but as mentioned previously, we forecast our full year consolidated net income to be 43.0 billion yen, significantly above our initial forecast.

We are moving forward with the divestiture of non-core business assets more rapidly than outlined in our Medium-Term Management Plan, and as we actively implement the above measures in the fourth quarter of this fiscal year and strive to improve our non-performing loan ratio while establishing a stabilized earnings base from fiscal year 2011 and beyond, we expect downside risks to decline to a level that can be sufficiently managed within the scope of our earnings for each period.

While we have maintained our initial full year non-consolidated net income forecast, we expect to make steady progress towards the goal of 10.0 billion yen set forth in the Revitalization Plan, despite recording a loss of 31.7 billion yen through the transfer of our holding of common shares in subsidiary APLUS FINANCIAL to subsidiary Shinsei Financial.

Revision of Forecasts for the Fiscal Year 2010 Ending March 31, 2011

(Billions of yen, except for percentages and per-share data)

(Consolidated)	Ordinary Income	Net Ordinary Income (Loss)	Net Income (Loss)	Net Income (Loss) Per Share	Cash-Basis Net Income (Loss)*
Previous forecast as of May 14, 2010 (A)	500.0	25.0	12.5	6.36 yen	23.6
New forecast February 3, 2011 (B)	460.0	25.0	43.0	21.89 yen	54.0
Difference (B-A)	-40.0	-	30.5	15.53 yen	30.4
Difference (%)	-8.0%	-	244.0%	244.0%	128.8%
(Reference) Results for the fiscal year ended March 31, 2010	566.3	-72.6	-140.1	-71.36 yen	-53.7

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

(Billions of yen)

(Non-Consolidated)	Net Business Profit*	Net Income (Loss)
Previous forecast as of May 14, 2010 (A)	32.0	10.0
New forecast February 3, 2011 (B)	57.0	10.0
Difference (B-A)	25.0	-
Difference (%)	78.1%	-
(Reference) Results for the fiscal year ended March 31, 2010	20.9	-47.6

*Net business profit (*jisshitsu gyomu jun-eki*) is gross business profit (*gyomu sorieki*) minus non-consolidated expenses, which correspond to general and administrative expenses adjusted for certain items.

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 10.4 trillion yen (US\$128.0 billion) on a consolidated basis (as of December 2010) and a network of 43 outlets that includes 30 branches and 13 annexes 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>