

For Immediate Release

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

**Shinsei Bank Revises Consolidated Financial Forecast for Fiscal Year 2006
APLUS Business Transformation Announced
Capital Support to APLUS Planned**

Tokyo (January 16, 2007) --- Shinsei Bank, Limited ("Shinsei Bank") today announced that it has revised downwards its consolidated reported net income forecast for fiscal year 2006 from 76 billion yen to 40 billion yen. No revision is being made to the non-consolidated reported net income forecast for fiscal year 2006 which remains unchanged at 75 billion yen.

The revision in Shinsei Bank's financial forecast has been necessitated by increases in reserves for possible losses on reimbursements of excess interest payments, higher credit reserves and restructuring costs relating to its consumer finance business¹.

"It is essential that we respond quickly and decisively to the significant changes taking place in the consumer finance industry through prudent provisioning and by accelerating the transformation process that ensures the viability and profitability of this business going forward" said Mr. Thierry Porté, President and Chief Executive Officer of Shinsei Bank.

Numerous legal and regulatory developments including changes in legislation promulgated on December 20, 2006, that will lower the ceiling on consumer loan interest rates by the year 2010, are having a significant impact on the consumer finance industry and on the manner in which this business will be conducted in the future.

In response to these changes, APLUS Co., Ltd ("APLUS") a 68.9% owned subsidiary of Shinsei Bank, today announced a major business transformation program. Shinsei Bank believes that the measures that APLUS has announced will enable the subsidiary to return to profitability in fiscal year 2007 and to achieve profitable growth thereafter. Furthermore, Shinsei Bank remains committed to delivering sustainable long-term profitable growth through its three pillar business strategy which includes Consumer and Commercial Finance. Consequently, Shinsei Bank is planning to provide APLUS with additional capital to support its transformation program.

Recent trends in market data, the application of a provisioning policy that ensures that reserves for possible losses on reimbursements of excess interest payments are prudent with respect to recent changes in legislation, as well as the transformation program announced today by APLUS, have led Shinsei Bank and APLUS to revise their financial forecasts for fiscal year 2006.

¹Shinsei Bank's consumer finance business encompasses its 68.9% owned subsidiary APLUS Co. Ltd which, in turn owns 97.3% of Zen-Nichi Shinpan, and its 36.4% stake in equity-method affiliate Shinki Co., Ltd.

APLUS has revised its consolidated net income forecast for fiscal year 2006 from 1.5 billion yen to a consolidated net loss of 25.2 billion yen. This reflects 26.1 billion yen of costs associated with increases in reserves for loan losses and for possible losses on reimbursements of excess interest payments as well as extraordinary expenses from payments for voluntarily retiring employees and other restructuring costs. These costs are expected to be non-recurring in nature.

Shinsei Bank is also currently assessing together with its external auditors the additional impact on the consolidated and non-consolidated financials of both Shinsei Bank and APLUS on account of impairment of investments in subsidiaries/affiliate and of goodwill and other intangibles. The Bank will release details of any such additional impact in a timely and appropriate manner.

Shinsei Bank is a Japanese financial institution providing a full range of financial products and services to both institutional and retail customers based on a three pillar strategic business model comprising Institutional Banking, Consumer and Commercial Finance and Retail Banking. The Bank has total assets of US\$ 88 billion on a consolidated basis and a network of 29 Shinsei Bank branches in Japan (as of September 2006). 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>.