

For Immediate Release

SHINSEI BANK, LIMITED
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TEL: 03-5511-5111Company Name: Shinsei Bank, Limited
Name of Representative: Masamoto Yashiro
President and CEO
(Code: 8303, TSE First Section)**Shinsei Bank Revises its Earnings Forecasts Upwards for Interim Fiscal Year 2009***- Building a stronger, remodeled banking group with growth in core revenues -*

TOKYO (Friday, October 30, 2009) --- Shinsei Bank, Limited ("Shinsei Bank") today announced an upward revision to its forecasts for consolidated (cash* and reported basis) and non-consolidated (reported basis) earnings for the interim period ended September 30, 2009 despite a reversal of 4.6 billion yen of deferred tax assets (DTA) on a non-consolidated basis as follows:

- Consolidated cash basis* net income of 20.2 billion yen
- Consolidated reported basis net income revised from 5.0 billion yen to 11.0 billion yen (1Q actual results of 5.17 billion yen and 2Q forecast of 5.89 billion yen)
- Non-consolidated reported basis net income of 8.6 billion yen

"Shinsei has emerged from the challenges of the past year a stronger, remodeled, better balanced banking group with a clear focus on its key strengths," said Masamoto Yashiro, Shinsei Bank President and Chief Executive Officer. *"Post Lehman shock, our priority was to improve the Bank's performance by going back to basics - refocusing on operational efficiency and risk management while reorganizing our businesses around our customers. I am pleased to report that our efforts have delivered strong results. Today, we are better positioned with positive earnings, improving asset quality, sound capital ratios and ample liquidity. We remain firmly committed to a strategy founded on prudent risk taking as we rebuild our earnings base on sustainable businesses in support of our customers, and intend to complete the realignment of our operations within this fiscal year."*

Earnings and Asset Quality

Increasing earnings contribution from our core businesses has offset the negative impact from the reversal of DTA in the interim period ended September 30, 2009. Gains from capital buybacks and the sale of collateralized loan obligations (CLOs) are being effectively utilized to clean up legacy portfolios. Measures to right size and remodel our businesses, together with the roll-out of our low-cost technology platform across our consumer finance subsidiaries, have significantly reduced our cost base (approximately 10% less than FY2005 and 20% less than FY2007 levels on a normalized basis). Asset quality is clearly improving as our non-performing loan ratio is starting to decline. There are also indications of a downward trend in claims for repayment of "grey zone" interest and we remain on track in our consumer finance operations.

Liquidity and Capital

We have built, and are actively enhancing, a robust liquidity position, centered on cost-effective retail and core institutional deposits with low reliance on credit sensitive sources of funds. We had approximately 1.7 trillion yen of cash, cash equivalents and liquidity reserves outstanding at September 30, 2009.

Amidst global deliberations over bank capitalization levels, Shinsei Bank has continued to focus on the quality rather than just the quantity of capital. We were an early adopter of the more sophisticated Foundation Internal Ratings Based Approach (F-IRB) based on the Basel II framework and have applied a conservative treatment of DTA (approximately only 3% of Tier I capital). We have also increased tangible equity taking advantage of capital buyback opportunities. Improved market conditions have also resulted in positive "other comprehensive income" (OCI) for the first time in over two years. As a result, we expect our Tier I capital ratio to be 7% as of September 30, 2009.

Business Initiatives

In the **Institutional Group**, we are proactively cleaning up our legacy portfolios and generating gains in the process, for example, through the sale of CLOs that were conservatively impaired in the previous fiscal year. Looking ahead, we have announced the formation of a new division to provide solutions to small- and medium-sized enterprises. In the **Individual Group**, we are expanding our retail banking operations and

successfully shifting their focus from deposits to asset management. In consumer finance, we enjoy unique indemnity protection from “grey zone” liabilities on the majority of our largest consumer loan portfolio at Shinsei Financial. Shinki is nearing completion of a restructuring program which will enhance operational efficiency. Our newly established risk management structure and policies are based on global standards and we continue to maintain a conservative reserving policy.

Outlook

Shinsei Bank approaches the second half of fiscal year 2009 with confidence and some optimism. However, we consider it prudent to wait until our third quarter results announcement to provide earnings guidance for the full fiscal year. This will allow us to better evaluate the impact of certain ongoing initiatives and calibrate our forecasts in line with the operating environment and economic conditions, and we do recognize that certain risks and uncertainties remain.

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

Revision of Forecasts for the Fiscal Year 2009 Interim Period Ended September 30, 2009

(Billions of yen)		
(Consolidated)	Cash Basis Net Income*	Reported Basis Net Income
Previous forecast as of May 13, 2009 (A)	/	5.0
Revised forecast October 30, 2009 (B)	20.2	11.0
Difference (B-A)	/	6.0
Difference (%)	/	120%
(Reference) Results for the interim period ended September 30, 2008	-14.3	-19.2

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

(Billions of yen)	
(Non-Consolidated)	Reported Basis Net Income
Previous forecast as of May 13, 2009 (A)	/
Revised forecast October 30, 2009 (B)	8.6
Difference (B-A)	/
Difference (%)	/
(Reference) Results for the interim period ended September 30, 2008	-36.3

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 12.2 trillion yen (US\$127 billion) on a consolidated basis (as of June 2009) and a network of 37 outlets that includes 31 Shinsei Financial Centers and 6 Consulting Spots 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>