

For Immediate Release

SHINSEI BANK, LIMITED

1-8, Uchisaiwaicho 2-Chome, Chiyoda-ku, Tokyo 100-8501 Japan  
TEL: 03-5511-5111Company Name: Shinsei Bank, Limited  
Name of Representative: Shigeki Toma  
President and CEO  
(Code: 8303, TSE First Section)**Shinsei Bank Revises Earnings Forecasts Upwards for Fiscal Year 2010 Interim Period***Healthy core businesses and prudent provisioning drive steady progress towards earnings stabilization*

TOKYO (Friday, October 29, 2010) --- Shinsei Bank, Limited ("Shinsei Bank"; "the Bank") today announced an upward revision to its May 14, 2010 forecasts for consolidated (reported and cash basis<sup>1</sup>) and non-consolidated (reported basis) earnings for the interim period ended September 30, 2010 as follows:

- Consolidated reported basis net income forecast revised from 5.0 billion yen to 16.8 billion yen
- Consolidated cash basis<sup>1</sup> net income forecast of 22.7 billion yen
- Non-consolidated reported basis net income of 9.3 billion yen

While continuing to face a challenging business environment in the fiscal year 2010 interim period, under its new management team, Shinsei Bank focused on business execution based on a Medium-Term Management Plan with the twin goals of "rebuilding the customer franchise in Japan" and "establishing a stabilized earnings base," aiming to become a banking group that has stable earnings power, that contributes to the development of both the domestic and international industrial economy and that is truly depended upon by customers.

In the fiscal year 2010 interim period, factors that had resulted in major investment-related losses in the past were largely absent and the core businesses of the Institutional Group, Markets and Investment Banking Group and Individual Group performed well overall against original plans. In addition, as a result of comprehensive expense reductions and gains from the divestiture of non-core business assets, the Bank now expects its interim profits to exceed previously announced forecasts, even while recording additional conservative and prudent reserves for institutional businesses. Therefore, Shinsei Bank has revised its forecast for consolidated interim net income from 5.0 billion yen to 16.8 billion yen on a reported basis, and forecasts 22.7 billion yen in consolidated cash basis<sup>1</sup> interim net income. The Bank's forecast for non-consolidated interim net income is 9.3 billion yen.

The Institutional Group and Markets and Investment Banking Group generated strong total revenue as core businesses performed well and gains were recorded on the divestiture of non-core business assets such as overseas asset-backed securities and asset-backed investments, while factors responsible for substantial investment-related losses in the past receded. Extensive expense reductions drove ordinary business profit higher both year-on-year and against original plans. At the same time, in the second quarter of fiscal year 2010, the Bank also took more thorough measures towards securing stabilized earnings through posting additional conservative and contingent reserves against potential risks in domestic real estate non-recourse finance, specialty finance<sup>2</sup> and other businesses.

In the Individual Group, the retail banking business continued to promote lower funding costs, while sales of two week maturity deposits and foreign currency deposits were steady. In the consumer finance business, while total revenue was lower year-on-year due in part to the impact of the revised Money-Lending Business Control and Regulation Law (MLBL), the extensive and ongoing restructuring we have been implementing in response has achieved significant expense reductions and as a result the Individual Group's ordinary business profit was generally in line with plans. Furthermore, credit costs were below plan due to improvements in asset quality and collections.

In light of the above, the Bank has made an upward revision to its fiscal year 2010 interim earnings forecast. Given the low visibility for the future economic situation and financial markets, including the impact of the revised MLBL, Shinsei Bank has not announced a revision to its forecast for the full fiscal year at this point in time.

Shinsei Bank's total capital adequacy ratio<sup>3</sup> and Tier I capital ratio<sup>3</sup> as of September 30, 2010 are both expected to be largely unchanged from June 30, 2010 levels at 8.94% and 6.97% respectively, reflecting the accumulation of retained earnings, a reduction in risk assets, and other factors, and despite a reduction in foreign currency-denominated capital securities due to factors including the impact of a strong yen. The Bank maintains ample liquidity with approximately 1.3 trillion yen of cash, cash equivalents and liquidity reserves outstanding at September 30, 2010, also unchanged from the level at June 30, 2010.

Shinsei Bank will provide further details on its performance upon the announcement of its fiscal year 2010 interim results, scheduled for November 10, 2010.

<sup>1</sup>Cash-basis figures are calculated by excluding amortization of goodwill and other intangible assets, net of tax benefit.

<sup>2</sup> Structured finance with a particular focus on corporate acquisition financing.

<sup>3</sup> On a Basel II basis

## Revision of Forecasts for the Fiscal Year 2010 Interim Period Ended September 30, 2010

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

(Consolidated)	Ordinary Income	Net Ordinary Income	Net Income	Net Income Per Share	Cash-Basis Net Income*
Previous forecast as of May 14, 2010 (A)	250.0	12.0	5.0	2.54 yen	
New forecast October 29, 2010 (B)	254.7	18.2	16.8	8.59 yen	22.7
Difference (B-A)	4.7	6.2	11.8	6.05 yen	
Difference (%)	1.8%	51.6%	236.0%	238.1%	
(Reference) Results for the interim period ended September 30, 2009	297.7	5.3	11.0	5.63 yen	20.2

\*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
Previous forecast as of May 14, 2010 (A)		
New forecast October 29, 2010 (B)	40.2	9.3
Difference (B-A)		
Difference (%)		
(Reference) Results for the interim period ended September 30, 2009	18.5	8.6

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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 10.9 trillion yen (US\$123.5 billion) on a consolidated basis (as of June 2010) and a network of 42 outlets that includes 30 branches and 12 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>*