

May 24, 2004

Company Name: Shinsei Bank, Limited

Name of representative:

Masamoto Yashiro
President & CEO
(Code: 8303 TSE First Section)

Announcement Regarding Settlement Agreement On Lawsuits

Shinsei Bank, Limited (the “Bank”) hereby announces that, regarding the action for damages against the Bank, which was resumed by EIE International Corporation (the “Plaintiff”) in the court of the Commonwealth of the Northern Mariana Islands (Saipan) (See “Announcement Regarding Receipt of the Notice of the Filing of the Complaint” dated March 9, 2004 and its Supplement dated March 23, 2004) (the “Action”), on May 23, 2004, the Bank has agreed to a settlement with the Plaintiff and its related parties of all disputes related to on-going lawsuits in or outside of Japan including the Action (the “Settlement”).

The Settlement shall become effective upon the condition precedent that the Tokyo District Court gives the Plaintiff its permission and consent to enter into the Settlement.

1. Course of the Action from the Resumption to the Settlement

On or around March 8, 2004, EST, copies of the Summons (dated March 3, 2004) and the First Amended Complaint (dated April 15, 2002) with respect to the Action were delivered to the New York Representative Office of the Bank, in New York, U.S.A, by the Plaintiff’s attorneys in Saipan. On March 23, 2004, another set of copies of the Summons and the First Amended Complaint above was served upon the Bank at its headquarters by way of a special service via the 5th Civil Division of the Tokyo District Court pursuant to the Hague Convention (Convention On the Service Abroad Of Judicial And Extrajudicial Documents In Civil Or Commercial Matters).

The Bank believes that it has sufficient grounds to defend against the Plaintiff’s claims and has defended itself appropriately. However, because the Bank believes that an early resolution of the disputes is desirable, given that the Action and all other disputes which are subject to the Settlement relate to the matters that occurred during the period of the former LTCB, and considering the prolonged burden of financial and human resources which the Bank shall incur in handling the lawsuits in various

jurisdictions both in or outside of Japan and other factors, the Bank has decided to settle with the Plaintiff and its related parties.

The Settlement is not an admission of the liability of the Bank, its current or past directors, officers or employees.

2. Terms of the Settlement

As a settlement money, the Bank will pay ¥21.8 billion to the trustee in bankruptcy for the Plaintiff upon the closing date (June 16, 2004). Provided, however, the Bank intends that the payment of the entire settlement money be contingent on the implementation of obligations of the Plaintiff and its related parties under the terms of the Settlement. As a part of the obligations under terms of the Settlement, the Action and all other lawsuits, existing between the Bank and the Plaintiff and its related parties, will be voluntarily dismissed.

3. Prospects

Under the Share Purchase Agreement dated February 9, 2000, which was entered into by and among the Deposit Insurance Corporation of Japan (the "DIC"), New LTCB Partners C.V. and the Bank, the Bank has litigation-related indemnities by the DIC, including a general indemnity for costs incurred in legal proceedings relating to matters arising before March 1, 2000. Such indemnities are for amounts exceeding a threshold amount equal to ¥5 billion with respect to specified losses, including litigation costs. The Bank established a ¥5 billion reserve to cover this threshold amount, in the fiscal year ended March 31, 2001. The Bank believes that the entire settlement money should be covered by the DIC's indemnity under the Share Purchase Agreement above. However, in view of the process to the Settlement, the Bank intends not to seek indemnity of ¥4.4 billion, among the entire settlement money, from the DIC. As to the remaining ¥17.4 billion, the Bank intends to seek indemnity from the DIC. However, there is no guarantee that no dispute will arise between the Bank and the DIC regarding the scope of the DIC's indemnity or the method of the payment thereof.