

Response from Deposit Insurance Corporation for Our Indemnity Claims

Tokyo (Monday, May 2, 2005) --- Shinsei Bank, Limited, (“Shinsei Bank”) hereby announces that, regarding a total indemnity of approximately 13.4 billion yen in respect of losses incurred by us arising out of litigation against EIE International Corporation (“EIEI”) and its related parties (“EIEI Related Losses”), which we sought from the Deposit Insurance Corporation of Japan (“DIC”) on December 27, 2004, Shinsei Bank received a response on Thursday, April 28, 2005 from DIC that DIC cannot accept the claim for the EIEI Related Losses. Details are as follows.

1. Outline of Response from DIC

The response from DIC which Shinsei Bank received is in summary as follows: DIC cannot accept our claim for indemnity in connection with the EIEI Related Losses for the reason that our claim includes certain items which shall not be within the scope of the indemnity under Section 5.2.2 of the Share Purchase Agreement¹ and that Shinsei Bank does not clearly demonstrate the scope of its losses subject to the indemnity. More specifically, DIC states, among other things, that a series of litigation proceedings regarding EIEI Related Losses are not deemed to have been pending within three years following the closing date (the “Closing Date”) as specified by the Share Purchase Agreement.

2. Our View and Strategy

Shinsei Bank believes that the entire claims sought from DIC should be covered by DIC’s indemnity under the Share Purchase Agreement since all the claims are attributable to transactions made by the former Long-Term Credit Bank of Japan, Ltd. (“LTCB”) and Shinsei Bank has duly completed all necessary requirements under the Share Purchase Agreement in order to seek the indemnity, including, among other things, giving a notice to DIC within three years following the Closing Date.

Shinsei Bank has regrettably determined that it would be difficult for Shinsei Bank to reach an agreement with DIC even if both parties were to consult further and it is more desirable to address this issue through a legal procedure which is more fair and transparent. Shinsei Bank has also decided that it will enter into a legal proceeding as soon as it clears its internal procedure.

Shinsei Bank also believes that it does not have to make additional reserve as the result of the above-mentioned response from DIC since Shinsei Bank has reserved 4.5 billion yen with respect to the EIEI Related Losses for the fiscal year 2004 ended on March 31, 2005.

3. Background of Indemnity Claim

Under the Share Purchase Agreement, Shinsei Bank has litigation-related indemnities from DIC, including a general indemnity for costs incurred arising from legal proceedings relating to matters on and before March 1, 2000.

On May 23, 2004, Shinsei Bank entered into a global settlement with the bankruptcy trustee for EIEI, a real estate developer, and other parties with respect to disputes arising from

¹ Share Purchase Agreement dated February 9, 2000 among DIC, New LTCB Partners C.V. and the former LTCB.

lending to EIEI by Shinsei Bank's predecessor, LTCB (the "Settlement") including a lawsuit seeking declaratory judgment initiated by Shinsei Bank before the Tokyo District Court and a lawsuit seeking compensation reinstated by EIEI before a court in the Commonwealth of the Northern Mariana Islands (Saipan). Under the terms of the Settlement, Shinsei Bank paid the trustee 21.8 billion yen on June 16, 2004, and any and all legal proceedings between or among Shinsei Bank, EIEI and its related parties were withdrawn in accordance with the terms of the Settlement.

The approximately 13.4 billion yen claim for indemnity is computed from the approximately 22.5 billion yen losses and expenses incurred by Shinsei Bank due to the EIE related legal proceedings, deducting approximately 9.1 billion yen consisting of (i) 4.4 billion yen for which Shinsei Bank voluntarily refrained from seeking indemnity, and (ii) approximately 4.7 billion yen among 5 billion yen deductible under the Share Purchase Agreement.

Shinsei Bank is a Japanese banking institution founded on global standards of governance and management. With over \$60 billion in assets and 29 branches throughout Japan (non-consolidated, as of December 2004), Shinsei provides a broad range of value-added financial solutions to institutional and individual customers under the banner of "Better Banking." Our PowerFlex account, free ATM network and internet banking service along with our customer friendly financial centers have redefined the Japanese retail banking experience. Shinsei is committed to long-term growth and profitability by expanding its customer-focused business model.

*News and other information about Shinsei Bank are available at
<http://www.shinseibank.com/english/index.html>.*