

For Immediate Release

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

Shinsei Bank Commences Resolution of Public Funds

Tokyo, July 31, 2006 -- Shinsei Bank, Limited ("Shinsei Bank") announced that the Deposit Insurance Corporation ("DIC") of Japan has today accepted Shinsei Bank's proposal for The Resolution and Collection Corporation ("RCC") to dispose its holdings of Shinsei Bank Common Shares through a market transaction, following the request by Shinsei Bank for conversion of 300 million shares out of the 600 million of Series 3 Class B Preferred Shares issued by Shinsei Bank into 200,033,338 Shinsei Bank Common Shares.

Shinsei Bank intends to purchase its own Common Shares in response to such sale by RCC upon conversion of 300 million Series 3 Class B preferred shares issued by Shinsei Bank.

Shinsei Bank's Board of Directors has authorized Mr. Thierry Porté, President and Chief Executive Officer of Shinsei Bank, to effect the purchase of up to 201 million Shinsei Bank Common Shares for a maximum amount of 154 billion yen subject to an effective period from August 1, 2006 until the time of conclusion of the 7th Shinsei Bank Annual General Meeting of Shareholders, expected to be held in June 2007. The purchase will be executed, on appropriate terms and conditions, using the ToSTNeT-2 facility of the Tokyo Stock Exchange.

The revised conversion price of 735.0 yen will apply effective August 1, 2006 to the remaining 300 million Series 3 Class B preferred shares issued by Shinsei Bank.

"This marks an important milestone for Shinsei Bank" said Mr. Porté. "Our strong capital ratios have positioned us well to commence resolution of public funds to the benefit of all our stakeholders. We are committed to both maintaining strong capital ratios and retaining the financial flexibility to approach the capital markets to support our growth plans. Our target Tier 1 capital ratio remains at 7%-8%. We will target, by taking advantage of the future repayment of public funds, a share count reduction of at least 5%-6%."

1. Commencement of Procedures for Repayment of Preferred Shares as Public Funds

(1) RCC's Request for Acquisition of Series 3 Class B Preferred Shares:

Number of Preferred Shares RCC will request Shinsei Bank to acquire:	300,000,000 shares
Date of request for acquisition made:	July 31, 2006
Number of Common Shares to be delivered in exchange for the request for acquisition:	200,033,338 shares

RCC has become a major shareholder upon receipt of Common Shares in exchange for Shinsei Bank's acquisition of the Preferred Shares.

() Name of New Major Shareholder under the Change

- (i) Name The Resolution and Collection Corporation ("RCC")
(ii) Address 46-1, Honcho 2-chome, Nakano-ku, Tokyo
(iii) Representative Yoshihiko Okuno
(iv) Major business Servicing (debt collection)

() Number of Common Shares and Voting Rights Before and After the Change

(Before)

Number of the voting rights (Number of common shares): - (-shares)

Ratio of the voting rights to total voting rights: - %

(After)

Number of the voting rights (Number of shares): 200,033 (200,033,338 shares)

Ratio of the voting rights to total voting rights: 12.89%

Note:

Number of non-voting shares deducted from total outstanding shares: 6,187,944 shares

Number of total outstanding shares as of July 31, 2006: 1,558,570,944 shares

(2) Disposition of Common Shares to be delivered in exchange for the request for acquisition:

The Common Shares to be received by the RCC are expected to be sold at a later date through a market transaction. In order to respond to such a sale by the RCC, Shinsei Bank's Board of Directors has established an upper limit of purchase of Common Shares as its own stock as set forth in paragraph 2 below.

Note:

Shinsei Bank has made proposals for the RCC to request Shinsei Bank to purchase 338 shares, the shares representing any fraction of one unit of shares (*tangen-kabu*) pursuant to Article 192 of the Corporation Act. Such a purchase is expected to be made at a later date.

2. Establishment of Upper Limit on Purchase of Shinsei Bank's Common Shares

Type of shares to be purchased:	Common Shares of Shinsei Bank
Total number of shares to be purchased:	up to 201,000,000 shares
Total amount of purchase price for shares:	up to ¥154 billion

Period during which Shinsei Bank's Common Shares can be purchased:	From August 1, 2006 until the time of conclusion of the 7 th Shinsei Bank Annual General Meeting of Shareholders, expected to be held in June 2007.
Manner of purchase:	Shinsei Bank will place a purchase order through ToSTNeT-2 (for transactions at closing price) of the Tokyo Stock Exchange.
Authority to decide the purchase:	Decision of the specific purchase and other relevant matters not expressly stipulated above shall be left up to the discretion of Mr. Thierry Porté, Representative Statutory Executive Officer and President or any Statutory Executive Officer who is delegated by the President.

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 business model comprising Institutional Banking, Consumer and Commercial Finance and Retail Banking. The Bank has total assets of US\$ 84 billion on a consolidated basis and a network of 29 Shinsei Bank branches in Japan (as of June 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>.