

For Immediate Release

Shinsei Bank, Limited
(Code: 8303, TSE First Section)

Shinsei Bank Announces APLUS' Revision of Financial Forecast for the Fiscal Year 2006

Tokyo (Tuesday, January 16, 2007) --- Please be informed that APLUS Co., Ltd. ("APLUS"), a subsidiary of Shinsei Bank, today announced its revision of financial forecast for fiscal year 2006 ending March 31, 2007. (attachment 1)

APLUS has also released today the following related announcements:

- Transformation of the Business Model (attachment 2)
- APLUS Offers Voluntary Early Retirement Program (attachment 3)
- APLUS Announces Organizational Changes (attachment 4)

The attachments are the English translation of the material originally prepared in the Japanese language by APLUS.

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\$ 88 billion on a consolidated basis and a network of 29 Shinsei Bank branches in Japan (as of September 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>.

For Immediate Release

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APLUS Announces Posting Extraordinary Losses and a Revision to the Forecast Results for the Fiscal Year Ending March 31, 2007

(January 16, 2007) APLUS today announced the posting of a significant level of extraordinary losses and the revision, as follows, of the forecast results for the fiscal year ending March 31 2007 (from April 1, 2006 to March 31, 2007), as compared to those that were announced on November 15, 2006.

1. Posting of Additional Extraordinary Losses

APLUS will be posting additional extraordinary losses of 9.5 billion yen this fiscal year as a result of a series of measures to be taken as detailed in the press releases "Transformation of the Business Model", "APLUS announces Organizational Changes", and "APLUS Offers Voluntary Early Retirement Program" which were separately announced today. These measures will lead to the posting of the following extraordinary losses (on a consolidated basis): severance payment premium of 5.5 billion yen for employees retiring voluntarily, estimated losses of 2.9 billion yen for further settlement of bad debts, and 1.1 billion yen for consolidation of branches/operation centers. As a result, a total extraordinary loss of 10.9 billion yen is estimated for FY2006.

2. Earnings Forecast Revision for the Fiscal Year Ending March 31, 2007

(1) Non Consolidated Basis

(Unit: billion yen)

	Operating Revenue	Ordinary Income	Net Income
Previously announced forecast (A)	103.0	5.0	1.5
Current revised forecast (B)	102.5	(11.2)	(23.7)
Change (B) – (A)	(0.5)	(16.2)	(25.2)
Rate of difference	(0.5%)	-	-
Reference: Period ended March 2006 (6 month period)	51.3	7.6	8.0
Reference: Period ended September 2005 (6 month period)	49.3	6.1	7.5

(2) Consolidated Basis

(Unit: billion yen)

	Operating Revenue	Ordinary Income	Net Income
Previously announced forecast (A)	114.0	5.0	1.5
Current revised forecast (B)	113.4	(12.2)	(25.2)
Change (B) – (A)	(0.6)	(17.2)	(26.7)
Rate of difference	(0.5%)	-	-
Reference: Period ended March 2006 (6 month period)	51.7	8.1	8.3
Reference: Period ended September 2005 (6 month period)	49.5	6.4	8.0

3. Explanation for the Revision (Consolidated and non-consolidated basis)

We have been controlling outstanding loans in order to strictly observe credit criteria for the purpose of increasing asset quality. As a result, outstanding loans have shown more sluggish growth than expected and the operating revenue for this fiscal year is likely to decrease by 0.5 billion yen on a non-consolidated basis and 0.6 billion yen on a consolidated basis. Expenses are expected to increase by 15.7 billion yen on a non-consolidated basis and 16.6 billion yen on a consolidated basis due to stricter credit criteria and an increase in overdue loans resulting in higher loan loss provisions, and to additional reserves to cover possible losses on reimbursements of excess interest payments. The net loss for this fiscal year is estimated to be 23.7 billion yen on a non-consolidated basis and 25.2 billion yen on a

consolidated basis mainly due to the extraordinary losses and increased provisions for loan losses explained above.

Detail of revised forecast (consolidated basis) (Unit: billions of yen)

	Operating Revenue	Ordinary Income	Net Income
Previously announced forecast (2006/11/15)	114.0	5.0	1.5
(Factors in revision)			
Decrease in revenue	(0.6)	(0.6)	(0.6)
Increase in expenses		(16.6)	(16.6)
Increase in reserves		(8.3)	(8.3)
Reserve for reimbursement for excess interest repayments *		(7.8)	(7.8)
Increase on SG&A & Other		(0.5)	(0.5)
Increase on extraordinary losses			(9.5)
Severance			(5.5)
Further settlement of bad debt			(2.9)
Organization reform & Other			(1.1)
Revised forecast (2007/1/16)	113.4	(12.2)	(25.2)

* The details of reserve for reimbursement of excess interest payments are the follows;

(Unit: billions of yen)

	1 st Half	2 nd Half	Total
Before Revision	2.3	1.2	3.5
Revision	-	7.8	7.8
Revised Forecast	2.3	9.0	11.3

The forecast results stated in this material were prepared based on information available as of the announcement date. Final results may vary from the forecast figures due to various factors.

(End)

January 16, 2007

To All Concerned

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Transformation of the Business Model

(January 16, 2007) APLUS Co., Ltd. (APLUS) resolved to implement its business transformation plan in a meeting of the Board of Directors held today.

1. Brief Overview of the Business Transformation Program

Upholding our vision to “Enhance the value of customers, employees and shareholders and become a most efficient and effective financial service company”, APLUS has been striving to establish a new business model. The abolition of grey zone interest rates due to the enactment of the revised Law Concerning Regulations on Money Lending Business (Money Lenders Law) and the tightening of regulations based on the Law Concerning Specified Commercial Transactions (*Tokutei Shou-torihiki Hou*) has dramatically changed the environment surrounding consumer credit companies since last year. In order to respond swiftly and decisively to this situation, APLUS has decided to accelerate its efforts to execute a fundamental business transformation.

Specifically, APLUS will optimize the organization at its head-quarters, consolidate branches and offer incentives for voluntary retirement to reduce staff by around 750 employees during the current fiscal year. Simultaneously, APLUS will dispose of non-performing loans and book additional reserves to cover possible losses on reimbursements of excess interest payments. APLUS will make an allocation of new shares to a third party, which is expected to be Shinsei Bank, to strengthen its balance sheet. The allocation of new shares to a third party is currently under discussion and APLUS will provide more details on this as soon as the matter is finalized.

Adopting the concepts “Customer-Centric”, “Equal Partnership” and “Frontline First”, from FY2007 onwards, APLUS will focus on a new business model, on the transformation of its earnings structure and aim to return to sound profitable growth.

APLUS has three main strengths, namely, (1) Shopping and Credit Card Platform, (2) Servicing: credit review and management, collection of payment operations (3) Shinsei Group Technology and Network. While making use of these strengths, APLUS will focus on ①Structural reform of main business lines following the amended Money Lenders Law/tightened regulations, ②Stronger investment in mutually profitable merchant relationships, and ③ Business expansion via new products/services and business partnerships.

In carrying out this business transformation, APLUS will also uphold the concepts of: “Speed” (readiness) and “Straight” (fairness). As a result of the transformation, APLUS will strive to further grow into a leading retail finance company equipped with the highest levels of compliance, financial base and asset quality in the industry.

1. Details of the Business Transformation

(1) Drastic revision of the cost structure

Firstly, APLUS will drastically revise its cost structure by reducing expenses and curbing credit costs. Most of the specific measures will be implemented during the current fiscal year, and we will benefit from the effects of cost reductions from FY2007 onwards.

① Reduction of Expenses

APLUS will thoroughly review its infrastructure. Regarding personnel and non-personnel expenses, APLUS will improve its ratio of non-consolidated expenses to operating revenue (which is expected to be 58% in fiscal year 2006) and will target an improvement of over 5 percentage points by FY2009.

(i) Slimmer and flatter divisional structure

As of today, APLUS has shifted to a slimmer and flatter divisional structure by eliminating overlapping operations or outsourcing from a “Frontline First” perspective. Consequently, the number of departments/offices will be reduced from 39 to 22.

(ii) Consolidation of Centers

APLUS has twelve Operation Centers that serve as a back office for business promotion including accepting applications and issuing credit cards across Japan. However, APLUS will reduce the number of Operation Centers to ten by June 2007. Subsequently, APLUS will consider and execute further consolidation by driving IT activities forward and slimming down operations.

(iii) Reduction of Personnel Cost

As APLUS implements the above-mentioned measures and review of branches, it will also offer early voluntary retirement to reduce staff by about 750 employees during FY2006. Accordingly, non-consolidated personnel expenses are expected to reduce by about 5 billion yen per year from FY2007 onwards.

② Curb on Credit Costs

Since December 2006, APLUS has adopted stricter credit criteria and strengthened human resources at its collection department. APLUS is putting a new risk management tool into place and will seek to accumulate higher-quality assets going forward. Moreover, APLUS will make loan-loss reserve criteria stricter and build up a considerable amount of loan-loss reserves in order to cover the impact of an expected credit crunch. As a result, we target lower loan-loss reserves from FY2008 onwards.

With regards to the reimbursement of excess interest payments, we expect the increasing trend observed during the end of last year to continue and, based on the amended law that was passed by the Japanese government in December, 2006, APLUS has adopted much more conservative provisioning estimates. As a result, a substantial reserve for expected losses of reimbursements of excess interest payments is to be recorded.

(2) Reformation of the Business Model and Revenue Structure

APLUS will focus on reforming its business model and revenue structure. While APLUS makes a drastic review of its core business lines - shopping credit business and consumer finance business - APLUS will also make efforts to expand its other business lines. To this end, while APLUS restructures the Business Promotion Group and reinforces the marketing function by setting up the Marketing Group as of today, it will move into a more intensive and effective business promotion service system by consolidating its branches; reducing the current 70 branches to 25 branches and 14 sub-branches by the end of the current fiscal year.

① Structural Reform of the Main Businesses Following the Amended Money Lenders Law

APLUS is focusing its operational and organizational management on being “Customer-Centric”. In the shopping credit business, APLUS will place member merchants under much stricter control considering the tightening of regulations based on the Law Concerning Specified Commercial Transactions. APLUS will enhance relationships with member merchants who provide stability and trustworthy products and services.

In the consumer finance business and as a countermeasure to the impending decrease in the maximum lending rate for consumer loans expected to take effect in three years’ time under the revised Money Lenders Law, APLUS is planning to gradually reduce interest rates on its credit card cashing and loan cards over the next two years. Above all, for new customers, APLUS will introduce membership screening and credit line management by adopting a new risk management system in March 2007, and reduce the applied interest rates from FY2007 onwards.

② Strengthen Relationships with Mutually Valuable Partners

In order to retain sound and sustainable relationships, APLUS will review transaction terms and conditions with existing member merchants and eliminate unprofitable member merchant relationships. We will also implement marketing efforts targeted at business partners to expand alliance business. At the same time, APLUS will deepen relationships with member business partners through continuously monitoring the status of transactions and always managing mutually profitable relationships.

③ Business Expansion via New Products/Services, New Partners

For the next three years, APLUS will grow its strategic business by providing competitive new products/services, deepening existing relationships and newly acquiring partnerships with leading blue-chip companies. Specifically, APLUS will aggressively engage in the loan guarantee market aligning itself with Shinsei Bank and other local banks nationwide. In the meantime, APLUS will further broaden its solution business base, focusing on growth businesses and industries. In addition, APLUS will capitalize on its strengths and will emphasize expanding its receivables-collection business and providing auto loans to credit card members.

(3) Cultural Reform

The transformation of APLUS' internal culture will be driven forward. More specifically, in addition to the above-mentioned "Customer-Centric" and "Equal Partnership" approach to member merchants and business partners, APLUS will reinforce the company-wide concept of "Frontline First" that places top priority on the frontline (business promotion, collection, etc.), defined as any activity which is in direct contact with customers, member merchants and business partners.

Based on the three concepts - "Customer-Centric", "Equal Partnership", and "Frontline First" - APLUS will strive to swiftly drive this transformation forward. Moreover, APLUS will be more focused than ever on compliance and will make a clear contribution to enhancing the "lifestyle" of Shinsei Bank Group's 10 million customers. On the personnel front, APLUS will provide employee welfare and focus on employees' professionalism, capability and performance while actively promoting young talent.

2. Business Forecast

APLUS plans to extend its early retirement plan during the current fiscal year, provide for additional reserves for expected losses on reimbursements of excess interest payments, and provision for costs related to non-performing loans. This will result in total costs of 26.1 billion yen, including other operating costs and extraordinary expenses, and a net loss of 25.2 billion yen in fiscal year 2006.

Management has accepted responsibility for the substantially negative business result during the first half of the current fiscal year and for the full-year negative result outlook. Steps have been taken to reduce the fulltime Executive Officers' and Executive Officer-Vice President's remuneration by 15% -30% during the second half of this fiscal year.

APLUS is well positioned and determined to become profitable from fiscal year 2007 and beyond and is targeting ordinary income and net profit of between 12 and 16 billion yen by fiscal year 2009 following the business transformation described above.

Other releases announced today in relation to this release

- ① APLUS Offers Voluntary Early Retirement Program
- ② APLUS Announces Posting Extraordinary Losses and a Revision to the Forecast Results for the Fiscal Year Ending March 31, 2007
- ③ APLUS Announces Organizational Changes

(End)

January 16, 2007

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APLUS Offers Voluntary Early Retirement Program

(January 16, 2007) APLUS Co., Ltd. today announces that its Board of Directors resolved to offer a voluntary early retirement program to its employees as follows:

1. Reasons for offering a voluntary early retirement program

APLUS Co., Ltd. will implement fundamental management reform, including cost structure reform and a business review, in light of the changes in market conditions in the industry. These changes include the decrease of the ceiling on consumer loan interest rates due to the revision of the "Law Concerning Regulations etc., on Money Lending Business", and stricter supervision of member merchants required under the "Law concerning Specified Commercial Transactions (*Tokutei Shou-torihiki Hou*)". As one of the measures to respond to this business environment, we will offer our employees voluntary early retirement

- (1) Number of people: Approximately 750 employees
(Number of permanent employees as of the end of December 2006: 1970)
- (2) Subject employees: Regular employees between 30 years old and 58 years old, inclusive
- (3) Offering Period: From January 29, 2007 to March 20, 2007
- (4) Retirement date: March 31, 2007
- (5) Preferential treatment: ① Payment of premium severance pay in addition to ordinary retirement benefits.
② Support measures for those who wish to find another job

2. Financial Impact.

The number of employees subject to this offer accounts for approximately 38% of our company's regular employees as of December 2006. If the estimated number of employees, who are offered voluntary early retirement, apply for this program, we expect to post approximately 5 billion yen in extraordinary losses resulting from premium severance payments, etc. for fiscal year 2006. As a result, we have published today a revision to the forecast results for fiscal year 2006.

With respect to personnel expenses, following this offer we expect a decrease of approximately 5 billion yen per year on a non-consolidated basis from fiscal year 2007 onwards.

※ (Reference) Revised earnings forecast for Fiscal Year ending March 31, 2007 (Non-consolidated basis)

(Unit: billion yen)

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APLUS Announces Organizational Changes

(January 16, 2007) APLUS Co., Ltd. today announces that it has implemented the following organizational changes at its Headquarters effective January 16, 2007.

1. Purpose of the Organizational Changes

- (1) To strengthen sales and marketing capabilities
- (2) To scale down and flatten the Headquarters functions through integration and consolidation

2. Outline of the Organizational Changes

- (1) Reorganization of the Business Promotion Group
 - ① Dissolve the "Business Promotion Division and Product Management Division", and transfer the functions of the Product Management Division to the newly-established "Marketing Group".
 - ② Establish the "Business Promotion Division I", "Business Promotion Division II", and "Strategic Business Promotion Division" under the Business Promotion Group, and reorganize related departments within the group.
- (2) Establish the "Marketing Group" and reorganize related departments.
 - ① Integrate functions of the Marketing Department and the Product Management Division, and establish the "Marketing Group".
 - ② Consolidate departments in the Product Management Division, and reorganize them into the "Product Department".
 - ③ Establish the "New Business Development Office" in the Marketing Department.
- (3) Reorganize the Credit Risk Management Group
 - ① Consolidate departments in the Credit Risk Management Group, and reorganize them into the "Credit Risk Management Department".
 - ② Transfer select functions of the Customer Service Department in the Credit Risk Management Group to the newly-established "Operation Management Group".
- (4) Reorganize the Operation Administration Division into the "Operation Administration Group".
 - Transfer select functions of the Customer Sales Department and the Customer Service Department to the Operations Administration Group.

- (5) Reorganize other departments in the Headquarters
 - Integrate the Treasury Department, the Accounting Department, and the Management Accounting Department and reorganize them into the “Finance Department”.

3. Organization chart

For details, refer to the attached.

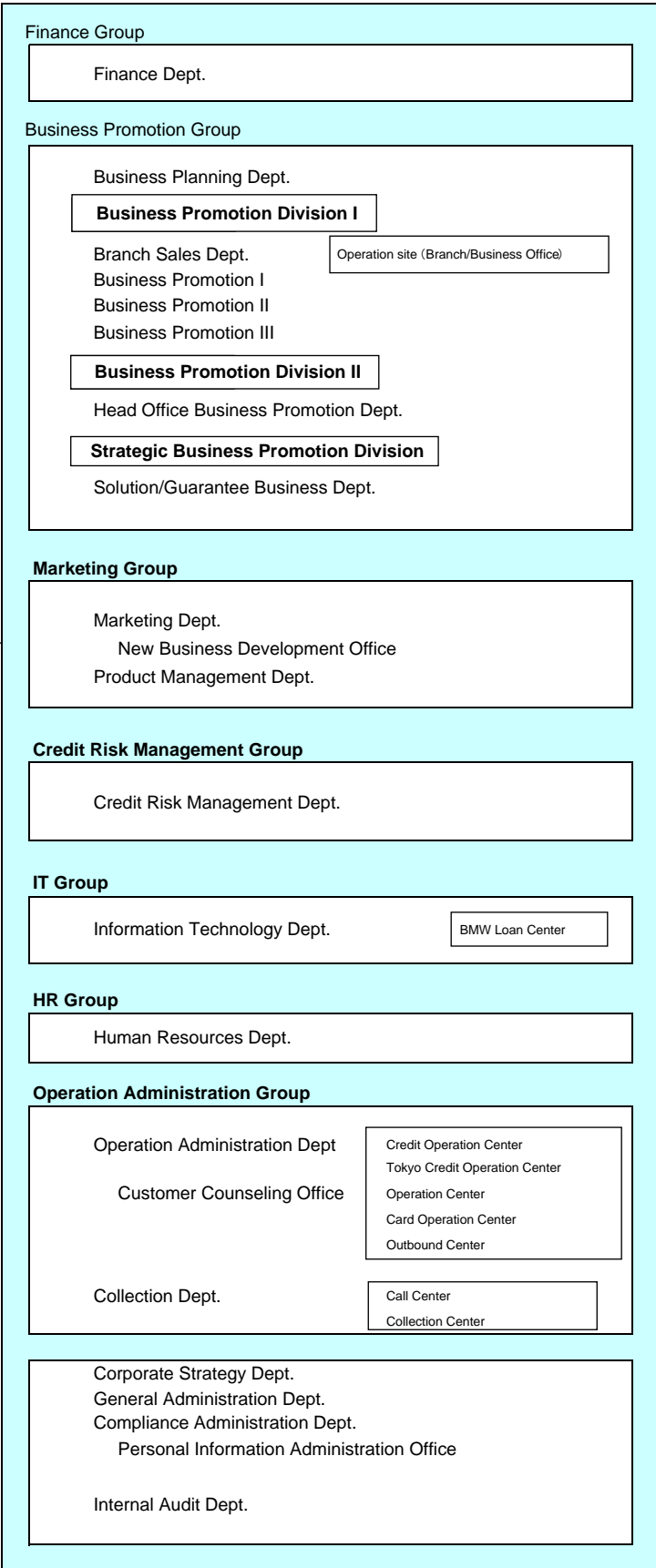
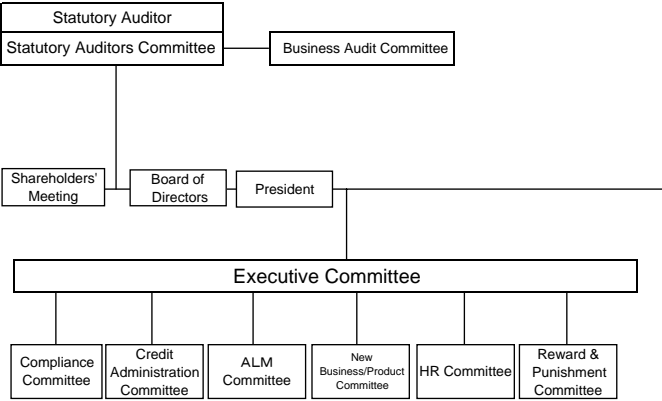
(End)

This is an English translation of a Japanese document

After Organizational Reform

Organization Chart

Revised on January 16, 2007



Operation Center(Nagahori Operation Center, Production Center)

22 Groups