SHINSEI BANK

SHINSEI BANK, LIMITED
1-8, Uchisaiwaicho 2-Chome, Chiyoda-ku, Tokyo 100-8501 Japan
TEL: 03-5511-5111

For Immediate Release

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

Shinsei Bank Announces Additional Action to Reflect Legislative and Market Changes in the Japanese Consumer Finance Industry

Bank Quantifies Impairment Values; Estimates Impact on Fiscal 2006 Results

Tokyo (April 3, 2007) --- Shinsei Bank, Limited ("Shinsei Bank") today announced the estimated impact of impairment of goodwill and intangible assets and impairment of and valuation allowances for investments relating to its consumer finance business on its consolidated and non-consolidated financial forecasts for Fiscal Year 2006. Shinsei Bank expects to release its Fiscal 2006 results on May 9, 2007, but it considers it necessary to provide in a timely manner an estimate of the impact of impairment on its financial results.

Shinsei Bank's consumer finance business encompasses its 68.9% owned subsidiary APLUS Co., Ltd. ("APLUS") which, in turn owns 97.3% of Zen-Nichi Shinpan Co., Ltd. ("Zen-Nichi Shinpan"), and its 36.4% stake in equity-method affiliate Shinki Co., Ltd. ("Shinki")

Legislative changes regarding consumer loan interest rates approved by the Japanese Diet on December 13, 2006 and announced on December 20, 2006, have had a significant impact on the consumer finance industry. Shinsei Bank has responded quickly and decisively to these changes through a number of major measures, including prudent provisioning and accelerating the business transformation process to improve the viability and profitability of its consumer finance business from Fiscal Year 2007 onwards.

As a direct result of the changes in the consumer finance industry, it was necessary to assess the impairment of the Bank's investments in subsidiaries and an equity-method affiliate, as well as goodwill and intangible assets, relating to its consumer finance business and make the appropriate write-downs in a timely manner. PwC Advisory Co., Ltd. was retained to provide independent valuation services to enable Shinsei Bank to carry out this assessment. While the independent external auditors will not complete their audit work until May 9, 2007, the impairment methodology and results have been fully discussed with them.

"Sudden and drastic changes in the environment of the consumer finance business require an equally rapid response to this industry-wide challenge," said Mr. Thierry Porté, President and Chief Executive Officer of Shinsei Bank. "We have made difficult decisions to improve the viability and profitability of our business going forward and have endeavored to do so in a highly transparent manner."

Impairment of Goodwill and Intangible Assets

A fair value of equity was determined for APLUS using the discounted cash flow methodology based on a 10 year cash flow projection, a terminal value based on a perpetual growth rate of 2.0% and a discount rate of 9.5%. Applying this equity value results in a total goodwill and intangible assets impairment of 101 billion yen.

(JPY billion)

Goodwill and Intangible Assets	Amount of Impairment
Goodwill	61
Intangible Assets	40
Total	**101**

There is no goodwill impairment envisaged for APLUS' 97.3% owned subsidiary Zen-Nichi Shinpan.

Impairment of Investments and Valuation Allowances

Similarly, a fair value of Shinsei Bank's investment in APLUS[1] was assessed which results in a preferred shares investment impairment of 98 billion yen.

Additionally, a valuation allowance for APLUS' common shares was assessed at 9 billion yen[2].

A valuation allowance for Shinki's common shares was assessed at 7 billion yen[3].

(JPY billion)

Investments	Amount
Impairment of Investment in APLUS (preferred shares)	98
Valuation Allowance for Investment in APLUS (common shares)	9
Valuation Allowance for Investment in Shinki (common shares)	7
Total	**114**

There is no impairment of investment envisaged for APLUS' 97.3% owned subsidiary Zen-Nichi Shinpan.

No impact on Shinsei's Business

The announced impairment of goodwill, intangible assets and investments, including valuation allowances for investments, which is a direct result of legislative and market changes and is considered non-recurrent in nature, does not affect Shinsei Bank's business operations or future prospects. In particular, Shinsei Bank will continue to implement the business transformation plan at APLUS announced on January 16, 2007.

Mr. Thierry Porté commented "While the seriousness of the bottom line moving into the red is unequivocal, I would like to emphasize that our core business prospects remain unaffected. We remain confident of our ability to grow our business in line with our three pillar business strategy."

Shinsei Bank Fiscal 2006 Financial Forecast

Consolidated Basis

Reflecting the effect of the impairment of goodwill and intangible assets, Shinsei Bank's reported consolidated net income forecast for fiscal year ended March 31, 2007 is revised downwards from 40 billion yen net income to a 58 billion yen net loss.

Cash basis consolidated net income will not be impacted by the impairment of goodwill and intangible assets.

Shinsei Bank expects Tier 1 and Total Capital adequacy ratios to increase slightly due to the reversal of deferred tax liabilities arising from the impairment of intangible assets and remain at levels of around 8% (Tier 1 capital) and 13% (Total capital). The write-off of goodwill and intangible assets arising from impairment will result in a lower amortization charge in future years.

The impairment of goodwill and intangible assets does not impact the non-consolidated basis financial accounts.

Non-Consolidated Basis

The impairment of and valuation allowances for investments in APLUS and Shinki impact Shinsei Bank's non-consolidated financial results. Accordingly, the Bank's reported non-consolidated net

[1] Shinsei Bank owns common shares and classes B,C,D and E preferred shares of APLUS through YMS6 Co. Ltd., a wholly owned subsidiary of Shinsei Bank

[2] Based on closing share price of APLUS on Friday, March 30, 2007 of 184 yen

[3] Based on closing share price of Shinki on Friday, March 30, 2007 of 333 yen

income forecast for the fiscal year ending March 31, 2007 is revised downwards from 75 billion yen net income to a 38 billion yen net loss, resulting in the Bank not meeting the net income target for fiscal year 2006 stipulated by the Financial Revitalization Plan.

The impairment of investments does not have any impact on Shinsei Bank's consolidated basis financial accounts.

The revised forecasts provided above are estimates based on currently available information. Shinsei Bank expects to announce its full audited financial results on May 9, 2007.

Shinsei's Three Pillar Business Strategy

Shinsei remains committed to delivering sustainable long-term profitable growth based on a three business pillar strategy, comprising Institutional Banking, Retail Banking and Consumer and Commercial Finance, which allows the Bank to cover a broad range of businesses and customer segments, thereby providing a stable pool of diversified revenue streams.

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