

For Immediate Release

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

### **Business Improvement Order**

Tokyo (June 28, 2007) -- Shinsei Bank, Limited ("Shinsei Bank") today received a Business Improvement Order ("Order") from the Financial Services Agency ("FSA") based on Article 20, Section 2 of "The Law concerning Emergency Measures for Strengthening of Financial Functions" and Article 26, Section 1 of the "Banking Law".

As we reported on May 9, 2007, our financial results for Fiscal Year 2006 were significantly impacted by the measures that we took in response to legislative and market changes affecting our consumer finance business. More specifically, we recorded a non-consolidated net loss of 41.9 billion yen due to significant charges arising from the impairment and valuation allowances relating to our investments in APLUS and Shinki. Consequently, we failed to meet the non-consolidated net income target set in the Revitalization Plan agreed with the Japanese Government, and as a result, the FSA issued the Order, details of which are as follows:

#### 1 . Details of the Order

- (1) To submit to the FSA by July 27th, 2007, a Business Improvement Plan ("Plan") that incorporates measures to strengthen Shinsei Bank's profitability.
- (2) To execute the Plan properly.
- (3) After submitting the Plan, to report to the FSA on a quarterly basis, starting from 2<sup>nd</sup> quarter of Fiscal Year 2007, as to how the Plan is being executed. The quarterly reporting, which is to be submitted within two months after each quarter end, will be required until the proper execution of the Plan is confirmed.

#### 2 . Reason for issuance of the Order

The financial performance of Shinsei Bank for Fiscal Year 2006 was substantially below the targets set in the Revitalization Plan. As a result of this underperformance, it was considered necessary to issue an order, based on Article 20, Section 2 of "The Law concerning Emergency Measures for Strengthening of Financial Functions" in order to ensure that the Revitalization Plan is being properly executed.

We take this Order seriously and will further strive to strengthen our business franchise and profitability to enable us to complete our Revitalization Plan and repay all outstanding public funds.

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*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 strategic business model comprising Institutional Banking, Consumer and Commercial Finance and Retail Banking. The Bank has total assets of US\$ 92 billion on a consolidated basis (as of March 2007) and a network of 30 Shinsei Bank branches in Japan. 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 are available at <http://www.shinseibank.com/english/index.html>.