

For Immediate Release

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Shinsei Bank Exposure to the U.S. Residential Mortgage Market

Tokyo (Wednesday, August 8, 2007) --- In view of the increasing concern about the potential impact on financial institutions around the world arising from their exposure to the sub-prime segment of the U.S. residential mortgage market, Shinsei Bank is providing today a breakdown of its entire exposure to the U.S. residential mortgage market.

Shinsei Bank's exposure to the U.S. residential mortgage market aggregates to less than US\$500 million. Major components are as follows:

- US\$154 million relates to corporate obligations of U.S. entities whose primary business relates to residential mortgage finance and related services.
- US\$52 million relates to a holding in a fund investment whose underlying assets are predominantly composed of U.S. residential mortgage-backed securities. We recorded a US\$29 million mark-down relating to this investment during the six months ended June 30, 2007.

A minority portion of the two items above, totaling US\$206 million, could be considered to be sub-prime.

- In addition, US\$248 million relates to investment grade U.S. residential mortgage-backed securities. Over half of this amount is rated AAA. None of these investments have been downgraded or been put on watch for downgrade by the major credit rating agencies. The sub-prime component of these assets is negligible.

"Shinsei Bank's exposure to the U.S. residential mortgage market is limited relative to the size of our balance sheet and strong capital levels. Our total exposure to this market is less than 0.5% of the Bank's total assets as at March 31, 2007 of US\$92 billion. We have been and continue to closely monitor this exposure and have taken prudent actions in response to market volatility and liquidity" said Thierry Porté, President and CEO of Shinsei Bank.

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>.