

November 20, 2007

For Immediate Release

Company Name: Shinsei Bank, Limited  
Name of the Representative: Thierry Porté  
President and CEO  
(Code 8303, TSE First Section)Announcement of Issuance of New Shares by Third Party Allotment

Tokyo (November 20, 2007) – Shinsei Bank, Limited (“Shinsei Bank” or “the Bank”) hereby announces that the Bank’s board of directors, at its meeting held on November 20, 2007, passed a resolution to issue new shares of common stock by third party allotment as follows:

**1. Purpose of Issuance of New Shares by Third Party Allotment**

As described in the press release “Shinsei Bank Announces Support for Tender Offer” dated November 20, 2007, Shinsei Bank has entered into a Transaction Agreement (the “Transaction Agreement”) with the joint tender offerors (collectively, the “Tender Offerors”), newly formed by a series of investors including affiliates of J.C. Flowers & Co. LLC (“JCF & Co.”). Pursuant to the Transaction Agreement, Shinsei Bank agreed and decided to issue ¥50 billion of new shares by a third party allotment (the “Third Party Allotment”) for the purpose of strengthening its capital base.

Pursuant to the Transaction Agreement, the Tender Offerors will commence a tender offer (the “Tender Offer”) for common shares of Shinsei Bank. The Third Party Allotment is conditioned upon commencement and completion of the Tender Offer and the issue price of the Third Party Allotment is ¥425, the same as the tender offer price for the Tender Offer. The condition for a minimum number of tendered shares to be acquired is not set, but the completion of the Tender Offer is conditioned upon a receipt of approval of the Prime Minister of Japan for the Tender Offerors to acquire voting rights greater than the bank major shareholder threshold provided for by the Banking Law, and upon fulfilling other conditions set for the Tender Offer. If any of such conditions is not met, the Tender Offer will not be completed, nor the Third Party Allotment.

**2. Amount of Capital to be Raised and Use of Proceeds****(1) Amount of Capital to be Raised**

¥50,000,000,075

**(2) Detailed Use of Proceeds**

The newly raised capital from the Third Party Allotment will fortify the capital base of Shinsei Bank, which enables the Bank to actively pursue opportunities to enhance the existing business as well as to make new investments both in and outside of Japan. Below is the detailed explanation of the Bank’s plan.

Retail Business:

Expansion of the retail banking channel and development of systems to expand and enhance retail customer loan business.

Institutional Banking Business:

Expansion of institutional banking services and products, including customer business and principal activities.

Consumer and Commercial Financial Business:

Expansion of the scope and activities of consumer finance business, including support of group companies such as APLUS and Shinki and potential mergers and acquisitions.

**(3) Timing of Use of Proceeds**

Gradually from April, 2008

**(4) Rationale of Use of Proceeds**

The Tender Offerors desire to affirm their commitment to the long-term business prospects of Shinsei Bank and invest in the Bank with a view to strengthening the Bank's capital base and three-pillar business strategy and expanding the products and services offered to customers. The Bank believes that the newly injected capital by the Third Party Allotment can be utilized for a further implementation of its business strategy and an enhancement of its capital base, management capability, and status in the market. The newly injected capital will also help the Bank accommodate the need for a higher amount of working capital, caused by the expansion of its business.

**3. Financial Performance and Equity Finance for the Past Three Years**

**(1) Financial Performance for the Past Three Years (Consolidated)**

(Million Yen)

Fiscal Year Ended	March 31, 2005	March 31, 2006	March 31, 2007
Ordinary Income	248,641	529,057	560,016
Net Ordinary Income	54,454	71,471	23,172
Net Income (Loss) before Tax	65,597	73,711	(65,708)
Net Income (Loss)	67,435	76,099	(60,984)
Net Income (Loss) per Share (yen)	46.78 yen	53.16 yen	(45.92 yen)
Net Income (Loss) per Share on a fully diluted basis (yen)	34.98 yen	37.75 yen	-
Dividend per Share (yen)	2.58 yen	2.96 yen	2.66 yen
Net Assets per Share (yen)	329.65 yen	380.20 yen	308.60 yen

**(2) Outstanding Shares and Potential Shares (as of September 28, 2007)**

Type	Number of Common Shares	Percentage
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Outstanding Common Shares	1,673,570,944	100.0%
Potential Shares	269,128,888	16.1%

**(3) Recent Movement of the Share Price of Shinsei Bank**

(i) Share Price for the Past Three Years

(yen)

	March 31, 2005	March 31, 2006	March 31, 2007
Opening Price	826	607	830
Highest Price	832	826	894
Lowest Price	580	511	543
Closing Price	610	824	565

(ii) Share Price for the Past Six Months

(yen)

	May	June	July	August	September	October
Opening Price	515	534	497	447	384	360
Highest Price	566	537	504	454	384	406
Lowest Price	492	493	406	351	301	310
Closing Price	534	498	448	387	362	370

(iii) Share Price on the Day Immediately Preceding the Resolution Date

(yen)

	November 19, 2007
Opening Price	375
Highest Price	377
Lowest Price	359
Closing Price	364

**(4) The Equity Finance Being Proposed**

New Shares Issued by Third Party Allotment

Timing of Issuance	March 19, 2008 (Note)
Amount of Funds to be Obtained	¥50,000,000,075
Outstanding Shares prior to Offering	1,673,570,944 Shares
Potential Shares prior to Offering	269,128,888 Shares
Shares to be Issued This Time	117,647,059 Shares
Issue Price	¥425 per Share (Injection under the Company Law)
Allottee	See 7(1) below.

(Note) The timing of issuance takes into consideration the possibility that the Tender Offer period may be extended to its full extent. If the Tender Offer is completed as scheduled, the timing of issuance may take place before March 19, 2008.

**(5) Equity Finance for the Past Three Years**

Not applicable

#### 4. Major Shareholders and Shareholding Percentage

Prior to Offering (as of March 31, 2007)		After Offering (Note 1)	
The Chase Manhattan Bank N.A. London (Standing Proxy: Mizuho Corporate Bank, Ltd., Kabutocho Securities Settlement & Clearing Services Division)	9.04%	Saturn IV Sub LP (Note 2)	18.03%
State Street Bank and Trust Company (Standing Proxy: Mizuho Corporate Bank, Ltd., Kabutocho Securities Settlement & Clearing Services Division)	7.47%	The Resolution and Collection Corporation (Note 3)	11.16%
Shinsei Bank, Limited	6.54%	The Chase Manhattan Bank N.A. London (Standing Proxy: Mizuho Corporate Bank, Ltd., Kabutocho Securities Settlement & Clearing Services Division)	7.44%
J. Christopher Flowers	6.28%	Saturn Japan III Sub C.V. (Note 2)	6.16%
Santander Investment SA, C. Central Valores (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd., Settlement & Clearing Services Division)	4.42%	State Street Bank and Trust Company (Standing Proxy: Mizuho Corporate Bank, Ltd., Kabutocho Securities Settlement & Clearing Services Division)	6.14%
State Street Bank and Trust Company 505103 (Standing Proxy: Mizuho Corporate Bank, Ltd., Kabutocho Securities Settlement & Clearing Services Division)	3.29%	Shinsei Bank, Limited	5.38%
The Master Trust Bank of Japan Ltd. (Trust Account)	2.65%	J. Christopher Flowers	5.17%
Japan Trustee Services Bank, Ltd. (Trust Account)	2.02%	Santander Investment SA, C. Central Valores (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd., Settlement & Clearing Services Division)	3.63%
Mellon Bank N.A. as Agent for its Client Mellon Omnibus US Pension (Standing Proxy: The Hong Kong Shanghai Banking Corporation Limited, Tokyo Branch)	1.91%	State Street Bank and Trust Company 505103 (Standing Proxy: Mizuho Corporate Bank, Ltd., Kabutocho Securities Settlement & Clearing Services Division)	2.70%
The Bank of New York, Treaty JASDEC Account (Standing Proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd., Settlement & Clearing Services Division)	1.54%	The Master Trust Bank of Japan Ltd. (Trust Account)	2.18%
Hero & Company (Standing Proxy: Sumitomo Mitsui Banking Corporation Financial Securities Service Division)	1.32%	Japan Trustee Services Bank, Ltd. (Trust Account)	1.66%

(Note 1)

The Shareholding Percentages after the Offering are calculated based on the number of outstanding Shares prior to the Offering as set forth in 3(4) above plus the number of Shares to be newly issued through the Third Party Allotment. The number of Shares held by each shareholder used for calculating such shareholder's Shareholding Percentage is the number as of March 31, 2007, unless otherwise indicated in (Note 2) and (Note 3) below.

(Note 2)

The Shareholding Percentage of such shareholder is calculated based on the number of Shares such shareholder would acquire through the Tender Offer should there be tenders for not less than the maximum number of Tender Offer shares.

(Note 3)

The Shareholding Percentage of such shareholder is calculated based on the number of Shares obtained by such shareholder as a result of conversion of all of the shares of No. 3 Type B Preferred Stock into the Shares in August this year.

## **5. Impact on Financial Performance**

Shinsei Bank will not change its financial forecast for FY2007. As the Bank plans to effectively utilize the newly raised capital to expand its scope of business, the Bank is expecting its revenue and profit to increase in the future. However, the Bank does not have any concrete plans at this moment and thus is not able to announce changes in its business projection.

## **6. Reasonableness of Terms of Issuance, etc.**

### **(1) Basis for the Calculation of Issue Price**

Pursuant to the Transaction Agreement, the issuing price for the Third Party Allotment will be ¥425, the same as the price for the Tender Offer which takes place concurrently, on the basis that Shinsei Bank expresses its support for the Tender Offer.

The price for the Tender Offer was proposed by the Tender Offerors. For detail, please see the press release "Shinsei Bank Announces Support for Tender Offer" released today.

Additionally, if the Tender Offer price were to be increased, the subscription price would also be increased by the same degree.

### **(2) Reason for Having Decided that Issuance Volume and Dilution Effect are Reasonable**

The Tender Offer price of ¥425 per share represents a premium of 20.7% over ¥352, the average closing price of the Bank's common shares on the first section of the Tokyo Stock Exchange for the three month period

ending November 19, 2007, a premium of 24.4% over ¥342, the one month average, and a premium of 16.8% over ¥364, the closing price of the day prior to the announcement.

## 7. Reason for Selecting Allottees, etc.

### (1) Overview of Allottees

Name of Allottee		Saturn I Sub (Cayman) Exempt Limited
Number of Shares Allotted		5,051,139 Shares
Payment Price		¥2,146,734,075
Information on Allottee	Address of Head Office	c/o Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman KY 1-9002, Cayman Islands
	Name of Representatives	J. Christopher Flowers
	Capital Amount	US\$0.01
	Contents of Business	Newly established for the purpose of holding the Bank's shares.
	Major Shareholder	Saturn I LP
Relationship with Shinsei Bank	Capital Relationship	The Allottee currently owns no shares of Shinsei Bank. Note: According to the Tender Offerors, J. Christopher Flowers, the representative of the Allottee, currently beneficially owns 5.95% of the outstanding shares of Shinsei Bank and is also the controlling shareholder of the ultimate general partner of an entity established to hold 4.48% of the outstanding shares of Shinsei Bank.
	Transactional Relationship	Not applicable
	Lease of Equipment	Not applicable
	Concurrent Post of Officers	J. Christopher Flowers, the representative of the Allottee, is a Director of Shinsei Bank. Members of Shinsei Bank management, including Thierry Porté (Director, Representative Statutory Officer, President and CEO), Junji Sugiyama (Director, Representative Statutory Executive Officer and Chairman) and certain members of the management team including Statutory Executive Officers ("shikko yaku") are expected to be offered the opportunity to invest in the Allottees, subject to compliance with all applicable laws and regulations.

Name of Allottee		Saturn Japan II Sub C.V.
Number of Shares Allotted		5,486,363 Shares
Payment Price		¥2,331,704,275
Information on Allottee	Address of Head Office	c/o 717 Fifth Avenue, 26th Floor, New York, NY 10022, United States of America
	Name of Representatives	J. Christopher Flowers (a director of the ultimate general partner)
	Capital Amount	Euro 1,500
	Contents of Business	Newly established for the purpose of holding the Bank's shares.
	Ultimate General Partner	Cayman II (Cayman) Exempt Ltd.

Relationship with Shinsei Bank	Capital Relationship	The Allottee currently owns no shares of Shinsei Bank. Note: According to the Tender Offerors, J. Christopher Flowers, the director of Allottee's ultimate general partner, currently beneficially owns 5.95% of the outstanding shares of Shinsei Bank and is also the controlling shareholder of the ultimate general partner of an entity established to hold 4.48% of the outstanding shares of Shinsei Bank.
	Transactional Relationship	Not applicable
	Lease of Equipment	Not applicable
	Concurrent Post of Officers	J. Christopher Flowers, the director of Allottee's ultimate general partner, is a Director of Shinsei Bank. Members of Shinsei Bank management, including Thierry Porté (Director, Representative Statutory Officer, President and CEO), Junji Sugiyama (Director, Representative Statutory Executive Officer and Chairman) and certain members of the management team including Statutory Executive Officers ("shikko yaku") are expected to be offered the opportunity to invest in the Allottees, subject to compliance with all applicable laws and regulations.

Name of Allottee		Saturn Japan III Sub C.V.
Number of Shares Allotted		27,292,678 Shares
Payment Price		¥11,599,388,150
Information on Allottee	Address of Head Office	c/o 717 Fifth Avenue, 26th Floor, New York, NY 10022, United States of America
	Name of Representatives	J. Christopher Flowers (a director of the ultimate general partner)
	Capital Amount	Euro 1,500
	Contents of Business	Newly established for the purpose of holding the Bank's shares.
	Ultimate General Partner	Cayman III (Cayman) Exempt Ltd.
Relationship with Shinsei Bank	Capital Relationship	The Allottee currently owns no shares of Shinsei Bank. Note: According to the Tender Offerors, J. Christopher Flowers, the director of Allottee's ultimate general partner, currently beneficially owns 5.95% of the outstanding shares of Shinsei Bank and is also the controlling shareholder of the ultimate general partner of an entity established to hold 4.48% of the outstanding shares of Shinsei Bank.
	Transactional Relationship	Not applicable
	Lease of Equipment	Not applicable
	Concurrent Post of Officers	J. Christopher Flowers, the director of Allottee's ultimate general partner, is a Director of Shinsei Bank. Members of Shinsei Bank management, including Thierry Porté (Director, Representative Statutory Officer, President and CEO), Junji Sugiyama (Director, Representative Statutory Executive Officer and Chairman) and certain members of the management team including Statutory Executive Officers ("shikko yaku") are expected to be offered the opportunity to invest in the

		Allottees, subject to compliance with all applicable laws and regulations. Mr. Emilio Botin, a Director of Shinsei Bank, is the Chairman of Grupo Santander, which will invest in the Allottee.
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Name of Allottee		Saturn IV Sub LP
Number of Shares Allotted		79,816,879 Shares
Payment Price		¥33,922,173,575
Information on Allottee	Address of Head Office	c/o Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman KY 1-9002, Cayman Islands
	Name of Representatives	J. Christopher Flowers (a director of the ultimate general partner)
	Capital Amount	US\$2
	Contents of Business	Newly established for the purpose of holding the Bank's shares.
	Ultimate General Partner	Cayman IV (Cayman) Exempt Ltd. )
Relationship with Shinsei Bank	Capital Relationship	The Allottee currently owns no shares of Shinsei Bank. Note: According to the Tender Offerors, J. Christopher Flowers, the director of Allottee's ultimate general partner, currently beneficially owns 5.95% of the outstanding shares of Shinsei Bank and is also the controlling shareholder of the ultimate general partner of an entity established to hold 4.48% of the outstanding shares of Shinsei Bank.
	Transactional Relationship	Not applicable
	Lease of Equipment	Not applicable
	Concurrent Post of Officers	J. Christopher Flowers, the director of Allottee's ultimate general partner, is a Director of Shinsei Bank. Members of Shinsei Bank management, including Thierry Porté (Director, Representative Statutory Officer, President and CEO), Junji Sugiyama (Director, Representative Statutory Executive Officer and Chairman) and certain members of the management team including Statutory Executive Officers ("shikko yaku") are expected to be offered the opportunity to invest in the Allottees, subject to compliance with all applicable laws and regulations.

**(2) Reason for Selecting the Allottees**

As described in the press release "Shinsei Bank Announces Support Tender Offer" dated November 20, 2007, Shinsei Bank received from the Tender Offerors the proposals for the Tender Offer and the Third Party Allotment and has decided to support them. The Allottees are the same as the Tender Offerors in the Tender Offer.

**(3) Allottee's Policy for Holding Shares**

Shinsei Bank expects that the Allottees will hold the allotted shares to support Shinsei Bank to achieve its



business strategy.

(Attached) Terms of Issuance of Shares

- |      |  |  |
|------|--|--|
| (1)  | Number of Common Shares to Be Issued   | 117,647,059 shares   |
| (2)  | Issue Price  | ¥425 per share   |
| (3)  | Aggregate Issue Price  | ¥50,000,000,075 (¥425 per share)                           |
| (4)  | Amount to be Appropriated into Capital   | ¥25,000,000,038  |
| (5)  | Method of Offering or Allotment  | Third party allotment to the Allottees listed in (9) below |
| (6)  | Offering Period  | March 18, 2008   |
| (7)  | Payment Date   | March 19, 2008   |
| (8)  | Delivery Date of New Share Certificates  | March 19, 2008 (scheduled)                                 |
| (9)  | Allottees and Allotted Shares  |  |
|      | Saturn I Sub (Cayman) Exempt Limited   | 5,051,139 shares   |
|      | Saturn Japan II Sub C.V.   | 5,486,363 shares   |
|      | Saturn Japan III Sub C.V.  | 27,292,678 shares  |
|      | Saturn IV Sub LP   | 79,816,879 shares  |
| (10) | Each item above is conditioned upon effectiveness of the Shelf Registration and filing of the Supplementary Document to Shelf Registration Statement pursuant to the Financial Instruments and Exchange Law. |  |

*Shinsei Bank is a leading diversified 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\$107 billion on a consolidated basis (as of September 2007) and a network of 43 outlets that includes 36 Shinsei Financial Centers, 2 Platinum Centers and 5 BankSpots 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 is available at <http://www.shinseibank.com/english/index.html>.