

For Immediate Release

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Shinsei Bank Announces Measures to Strengthen its Consumer Finance Business

Tokyo (Tuesday, February 3, 2009) – To further strengthen the Shinsei Bank Group's consumer finance business, Shinsei Bank, Limited, a leading diversified Japanese financial institution, today announced that it will conduct a comprehensive review of the Individual Group's consumer finance operations, including the wholly owned subsidiaries GE Consumer Finance Co., Ltd. ("GECF"), Shinki Co., Ltd. ("Shinki"), and APLUS Co., Ltd. ("APLUS"). By implementing the measures outlined below, the Shinsei Bank Group aims to become a leading provider of consumer finance services by establishing an organizational structure that will be capable of consistently delivering earnings in this difficult business environment. The highlights are:

- Business Integration Committee to identify opportunities for resource-sharing and cost efficiencies
- Shinsei Bank and GECF to launch tender offer bid for Shinki shares
- GECF to reduce the number of Lake manned branches and withdraw from the credit card and mortgage businesses
- APLUS to increase business efficiency and review fee structure to boost profitability

1. Consumer Finance Market

The revision of the Money Lending Business Law, Interest Limitation Law and Investment Law together with the current macroeconomic downturn is expected to lead to dramatic restructuring and market contraction for direct consumer lenders. The lowering of maximum lending rates will reduce the profitable lending market to only the higher-quality or lower-risk customer segments while the implementation of lending limits for each borrower will cap supply and create barriers to those lenders who do not have existing lending relationships with lower risk customers. Additionally, the anticipated slowdown of the Japanese economy is expected to lead to an increase in credit costs. As a result of these changes, it is expected that money lenders will be required to drastically restructure their businesses and rationalize costs to secure long-term profitability. Consolidation among major money lenders with access to stable, low-cost funding should continue. At the same time, we believe there will continue to be sound customer demand for financing despite this market transformation. Furthermore, the underlying demand for responsible consumer borrowing will increase as the number of lenders decreases due to further consolidation in the market.

2. Overview of the Shinsei Bank Group's Consumer Finance Business Strategy

The provision of solutions in our Individual Group, which consists of our consumer lending and retail banking operations, remains a top priority for the Shinsei Bank Group and we expect these businesses to generate an increasing share of Shinsei revenue growth going forward. The continued provision of sound consumer finance solutions by lenders remains critical, particularly in the area of consumer finance, which is at a turning point and is also essential for the Japanese economy. To further strengthen and improve profitability and competitiveness as a major player in the market, the Shinsei Bank Group will realign its consumer finance businesses, which include its subsidiaries GECF, Shinki and APLUS, based on core competencies and then reallocate management resources, leverage brands and optimize operations accordingly. The pressured market offers many challenges to money lenders, but the Shinsei Bank Group believes this is an attractive earnings opportunity and will focus on carrying out rigorous cost-cutting measures while working to attract a larger share of lower-risk new customers through our responsible lending.

3. Specific Measures Regarding the Consumer Finance Business

a) Business integration and reorganization of the Shinki and GECF Consumer Finance Operations

The Shinsei Bank Group's consumer finance realignment will begin with our two direct consumer lenders,

Shinki and GECF. Effective today, Shinsei Bank, Shinki and GECF have entered into a “Basic Agreement Concerning Business Integration and Reorganization” to conduct a thorough review of both organizations’ operations and resources with the objective to identify overlapping areas for potentially shared resources in an attempt to improve their competitiveness through higher productivity and performance. A “Business Integration Committee” will be established during February 2009, comprising members of senior management from Shinsei Bank, Shinki and GECF, to consummate the business integration and reorganization.

GECF is a wholly owned Shinsei Bank Group company while Shinki is a 67.7% consolidated subsidiary that is listed on the Tokyo Stock Exchange (code: 8568). Shinsei Bank and GECF will jointly initiate a tender offer bid (“TOB”) for Shinki’s shares, beginning February 4, 2009, (please refer to press release “Shinsei Bank and GE Consumer Finance Announce Commencement of Tender Offer for Shinki’s Shares” for details). There is no intent to legally merge or consolidate GECF and Shinki in the near future. However, as stated in the press release for the commencement of tender offer for Shinki’s Shares, there is a possibility that Shinki could become a 100% wholly-owned subsidiary of the Shinsei Bank Group, depending upon circumstances.

b) GECF

In addition to the aforementioned business integration with Shinki, GECF, which operates under the Lake brand name as the Shinsei Bank Group’s core direct consumer lender, will reduce the number of Lake’s manned branches from 42 to 7. Furthermore, GECF has already begun leveraging synergies with other Shinsei Bank Group companies. For example, Shinsei Bank has been providing GECF customer access to its ATMs since January 26, 2009 in order to increase customer convenience. On the other hand, GECF will withdraw from the credit card and mortgage businesses as these businesses lack scale and remain profit-challenged. However, the fully automated and efficient home lending platform of Shinsei Bank will be used to grow the mortgage business of the Shinsei Bank Group in the future. These improvements are expected to result in significant profitability improvement for GECF that is expected to materialize by mid-year fiscal year 2009 and fully accrue to GECF from fiscal year 2010.

c) APLUS

APLUS will concentrate on improving the efficiency of its operations to increase its profitability. In order to achieve this, APLUS is deploying the same best-in-class information technology methods used in Shinsei Bank’s core operations to establish and promote an innovative, highly efficient “paperless” sales finance business and will continually upgrade its auto loan and other operating platforms to further enhance its presence in these markets. APLUS will also carry out a fundamental review of the fee structure and card issuance process for its credit card operations in order to improve its efficiency and achieve a higher level of profitability and continue to pursue rigorous expense rationalization across all businesses. These actions will facilitate enhanced operational capabilities and position the company to become one of the lowest cost providers in the industry.

Shinsei Bank is a leading diversified Japanese financial institution providing a full range of financial products and services to both institutional and individual customers. The Bank has total assets of 12.2 trillion yen (US\$135 billion) on a consolidated basis (as of December 2008) and a network of 35 outlets that includes 33 Shinsei Financial Centers and 2 Platinum Centers 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>