

For Immediate Release

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(Code: 8303, TSE First Section)

### **Regarding Shinsei Bank's Receipt of a Business Improvement Order**

Tokyo (Tuesday, July 28, 2009) – Shinsei Bank, Limited (“Shinsei”; “the Bank”), today received a Business Improvement Order (“Order”) from the Financial Services Agency (“FSA”) based on Article 20, Paragraph 2 of the Act on Emergency Measures for Early Strengthening of Financial Functions (“the Early Strengthening Act”) and Article 26, Paragraph 1 of the Banking Act.

In June 2007, Shinsei received a Business Improvement Order from the FSA due to its financial performance falling substantially short of the targets for fiscal year 2006 set out in the Bank's Plan for Restoring Sound Management (“Revitalization Plan”) that was agreed with the Japanese government. While we have implemented various measures to rebuild and strengthen our business since then, we recorded a net business loss of JPY65.3 billion and a net loss of JPY157.0 billion, both on a non-consolidated basis, in fiscal year 2008, due mainly to the deterioration of the market in the U.S., Europe and Japan, and a loss on our securities holding in APLUS Co., Ltd. This performance fell far short of the targets set in the Revitalization Plan for fiscal year 2008, and as a result, the FSA today issued the Order, details of which are as follows:

#### 1. Details of the Order

- (1) Shinsei Bank must submit a Business Improvement Plan to the FSA by September 11, 2009. The plan should contain measures to fundamentally improve Shinsei's profitability, including effective and specific measures to establish a sustainable and stable revenue base by enhancing risk management and corporate governance.
  - (Note 1) In formulating its Business Improvement Plan, Shinsei must pay renewed attention to the facilitation of credit provisions stipulated under Article 5, Paragraph 1, Item 4 of the Early Strengthening Act.
  - (Note 2) The above Business Improvement Plan must include the Business Improvement Plan submitted based on the previous Business Improvement Order (issued on June 28, 2007).
- (2) Shinsei must implement the new Business Improvement Plan steadily.
- (3) Shinsei must report to the FSA on the progress made in implementing the Business Improvement Plan within two months after the end of every fiscal quarter, starting from the end of September 2009, until it is confirmed that the plan has been fully implemented.

## 2. Reason for the Administrative Action

Shinsei booked a net loss for the fiscal year ended March 31, 2009 (fiscal year 2008), falling considerably short of its profit targets for the year set in the Revitalization Plan.

As for Shinsei's losses resulting from declines in stock prices of its subsidiaries and related companies at home and abroad, securities-relegated losses, and a rise in credit costs, both stemming from its investment and financing operations at home and abroad, which were the main cause of the net loss, the Financial Services Agency recognizes they were in part due to changes in financial market conditions at home and abroad. However, the FSA also recognizes that Shinsei should have improved its risk management and business judgment concerning its investment and financing as well as business operations at home and abroad.

The FSA recognized the need to take administrative actions on Shinsei in order to ensure the fulfillment of the Revitalization Plan, pursuant to the provision of Article 20, Paragraph 2 of the Early Strengthening Act.

Shinsei Bank regrets that it was not able to meet its Revitalization Plan targets, and takes this Order very seriously. In line with its new Business Improvement Plan, the Bank will strive towards meeting its Revitalization Plan targets in the future.

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*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 11.9 trillion yen (US\$121 billion) on a consolidated basis (as of March 2009) and a network of 37 outlets that includes 32 Shinsei Financial Centers, 2 Platinum Centers and 3 Consulting Spots 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>*