

For Immediate Release

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President and CEO
(Code: 8303, TSE First Section)

Regarding Shinsei Bank's Receipt of a Business Improvement Order

Tokyo (Wednesday, June 30, 2010) --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 July 2009, Shinsei received a Business Improvement Order from the FSA due to its financial performance falling substantially short of the targets for fiscal year 2008 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 loss of JPY47.6 billion on a non-consolidated basis in fiscal year 2009 due mainly to proactively cleaning up legacy portfolios focusing on domestic real estate and overseas asset-backed investments. This performance fell far short of the targets set in the Revitalization Plan for fiscal year 2009, and as a result, the FSA today issued the Order, details of which are as follows:

1. Details of the Order

- (1) Shinsei must review the Business Improvement Plan created after the issuance of the Business Improvement Order as of July 28, 2009 based on Article 20, Paragraph 2 of the Early Strengthening Act and Article 26, Paragraph 1 of the Banking Act, and submit a Business Improvement Plan to the FSA by July 30, 2010. The plan should contain measures to establish a responsible management framework for the improvement of the Bank's operations and fundamentally improve Shinsei's profitability. Based on the reasons for the administrative action detailed below, Shinsei must incorporate effective and specific measures to enhance its risk management and to establish a sustainable and stable revenue base when formulating the Business Improvement Plan.
- (2) Shinsei must implement the new Business Improvement Plan steadily.
- (3) Shinsei must report to the FSA on the progress made in implementing the plan within two months of the end of every quarter, starting from the end of September 2010, until it is confirmed that the plan has been fully implemented.

2. Reason for the Administrative Action

Shinsei Bank fell considerably short of its profit targets for the business year ended in March 31, 2010, set in the Business Revitalization Plan. In addition, there was not sufficient sign of improvement in business operations, despite the issuance of a Business Improvement Order as of July 28, 2009 based on Article 20, Paragraph 2 of the Early Strengthening Act and Article 26, Paragraph 1 of the Banking Act in the business year ended in March 2009.

As for Shinsei's substantial losses stemming from its real estate investments and loans, the FSA recognizes that the Bank should have improved its risk management.

The FSA recognized the need to take administrative action against Shinsei Bank in order to ensure the fulfillment of its Business Revitalization Plan, pursuant to the provision of Article 20, Paragraph 2 of the Act on 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.

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 11.3 trillion yen (US\$122.0 billion) on a consolidated basis (as of March 2010) and a network of 41 outlets that includes 30 Shinsei Financial Centers and 11 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>