

For Immediate Release

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(Code: 8303, TSE First Section)

Shinsei Bank Announces Commencement of Exchange Offers for GBP and Euro Tier II Subordinated Notes

- Further measures to strengthen Shinsei Bank's quality of capital -

Tokyo (Tuesday, August 31, 2010) Shinsei Bank, Limited ("Shinsei") announced today that it has invited the holders of its upper Tier II GBP-denominated perpetual subordinated notes (the "Sterling Notes") and its lower Tier II Euro-denominated subordinated notes due February 2016 (the "Euro Notes", and together with the Sterling Notes, the "Existing Notes") to submit offers to exchange (together, the "Exchange Offers") any and all of their Existing Notes for an amount of newly issued lower Tier II Euro-denominated non-step up callable subordinated notes due September 2020 (the "New Notes") to be issued by Shinsei.

Through the Exchange Offers, Shinsei aims to enhance its capital base by creating additional Tier I capital and to improve the efficiency of its Tier II capital base, while preserving its total capital.

Any decisions by Shinsei as to whether it will exercise calls in respect of any Existing Notes that are not exchanged pursuant to the Exchange Offers will be taken on an economic basis. Shinsei will also take into consideration other factors such as prevailing market conditions and regulatory approval from the Financial Services Agency of Japan.

Any Existing Notes acquired by Shinsei pursuant to the Exchange Offers will be cancelled and will not be reissued or resold. The timing of such cancellation will be at the discretion of Shinsei.

The summary of the Exchange Offers is described below. The results will be announced after the Exchange Offers are completed.

1. Summary of the Exchange Offers

Notes subject to the Exchange Offers (Note 1)	Any and all of the Sterling Notes	Any and all of the Euro Notes
Considerations	The New Notes	
Amounts of Considerations	Calculated by reference to the Exchange Ratio (as defined below), being applied to the principal amount of the Sterling Notes accepted for exchange by Shinsei, according to the Currency Equivalent (to be determined according to the FX Rate)	Calculated by reference to the Exchange Ratio (as defined below), being applied to the principal amount of the Euro Notes accepted for exchange by Shinsei
Exchange Ratios	Exchange price of 75%, divided by the issue price of the New Notes	Exchange price of 95%, divided by the issue price of the New Notes

This announcement is not an offer to purchase or an invitation of offers to sell any securities, or an invitation to participate in the Exchange Offers in or from any jurisdiction. The Exchange Offers are made only by means of the exchange offer memorandum that will be made available to investors to which the invitation may lawfully be addressed. The Exchange Offers do not constitute an offer to buy or the solicitation of an offer to sell the Existing Notes and/or the New Notes in any circumstances in which such offer or solicitation is unlawful. This document is not, and is not intended to be, an offer for securities in the United States. The securities have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The Exchange Offers are not being made in the United States, Japan or Italy or to any U.S. person or any person resident in Japan (unless otherwise exempted) or located in Italy and are also restricted in other jurisdictions, as more fully described in the exchange offer memorandum.

(Note 1) The aggregate amount outstanding of the Sterling Notes as of August 30, 2010, is GBP 77,144,000 on a principal amount basis. The aggregate amount outstanding of the Euro Notes as of August 30, 2010, is Euro 543,218,000 on a principal amount basis.

2. Summary of the Existing Notes

(i) Sterling Notes

Issuer	Shinsei Bank, Limited
Type of Security	GBP-denominated step-up callable perpetual subordinated notes
Original Issue Amount	GBP 400.0 million
Maturity	Undated and accordingly no final maturity date (redeemable in whole at the option of Shinsei on any interest payment date on or after December 6, 2013 subject to the prior approval of the Financial Services Agency of Japan)
Interest Rate	Fixed rate 5.625% semi-annually until December 2013 Floating rate after December 2013 (Step-up)
Issue Price	99.669% of the principal amount
Issue Date	December 6, 2006

(ii) Euro Notes

Issuer	Shinsei Bank, Limited
Type of Security	Euro-denominated step-up callable subordinated notes due 2016
Original Issue Amount	Euro 1.0 billion
Maturity	February 23, 2016 (redeemable in whole at the option of Shinsei on any interest payment date on or after February 23, 2011 subject to the prior approval of the Financial Services Agency of Japan)
Interest Rate	Fixed rate 3.75% per annum until February 2011 Floating rate per quarter annum after February 2011 (Step-up)
Issue Price	99.486% of the principal amount
Issue Date	February 23, 2006

3. Summary of the New Notes

Issuer	Shinsei Bank, Limited
Type of Security	Euro-denominated non-step up callable subordinated notes due 2020
Issue Amount	To be determined
Maturity	September 14, 2020 (redeemable in whole at the option of Shinsei on any interest payment date on or after September 14, 2015 subject to the prior approval of the Financial Services Agency of Japan)
Interest Rate	Fixed rate per annum until September 2015, to be set at a specified fixed spread over the Euro 5 Year Mid-Swap Rate (planned) Floating rate per quarter annum after September 2015 (Non-step up)
Issue price	To be determined
Issue Date	September 14, 2010 (scheduled)

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4. Timetable of the Exchange Offers (scheduled)

Events	Times and Dates <i>(all times are London time)</i>
Commencement of the Exchange Offers	Tuesday, August 31, 2010
Exchange Offer Deadline	5:00 p.m. on Wednesday, September 8, 2010
Pricing Time	At or around 2 p.m. on Thursday, September 9, 2010
Announcements of Results of the Exchange Offers and Pricing Information	As soon as reasonably practicable after the Pricing Time
Settlement Date	Tuesday, September 14, 2010

The above times and dates are subject to the right of Shinsei to extend, re-open, amend and/or terminate either of the Exchange Offers (subject to applicable law and as provided in Exchange Offer Memorandum).

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 10.9 trillion yen (US\$123.5 billion) on a consolidated basis (as of June 2010) and a network of 41 outlets that includes 30 branches and 11 annexes 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>

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