

For Immediate Release

Company Name: Shinsei Bank, Limited
Name of Representative: Shigeki Toma
President and CEO
(Code: 8303, TSE First Section)

Shinsei Bank Announces Reorganization of Consumer Finance Subsidiaries

Transferring common shares in consolidated subsidiary APLUS FINANCIAL to consolidated subsidiary Shinsei Financial

Tokyo (Monday, December 20, 2010) --- Shinsei Bank, Limited, (“Shinsei”; “the Bank”) announced today that it has decided to transfer its entire holding of common shares in its consolidated subsidiary APLUS FINANCIAL Co., Ltd. (“APLUS FINANCIAL”) to its consolidated subsidiary Shinsei Financial, Co., Ltd. (“Shinsei Financial”) as part of measures to further strengthen its consumer finance business. There is no change in the Bank’s scope of consolidation as a result of this share transfer.

1. Purpose of Share Transfer

In order to deliver even higher product and service standards for individual customers across the Shinsei Bank Group, Shinsei has continued to review and reorganize its retail banking and consumer finance businesses. As part of this process, Shinsei made its unsecured personal loan provider Shinki Co., Ltd. (“Shinki”) a fully owned subsidiary of Shinsei Financial in March 2010, in a move that has consolidated the Bank’s unsecured personal loan services. Now, as it strives for still higher levels of operational efficiency and profitability within the consumer finance business as a whole, the Bank has decided to transfer its entire holding of APLUS FINANCIAL common shares to Shinsei Financial in a reorganization of the Group that makes APLUS FINANCIAL a subsidiary of Shinsei Financial.

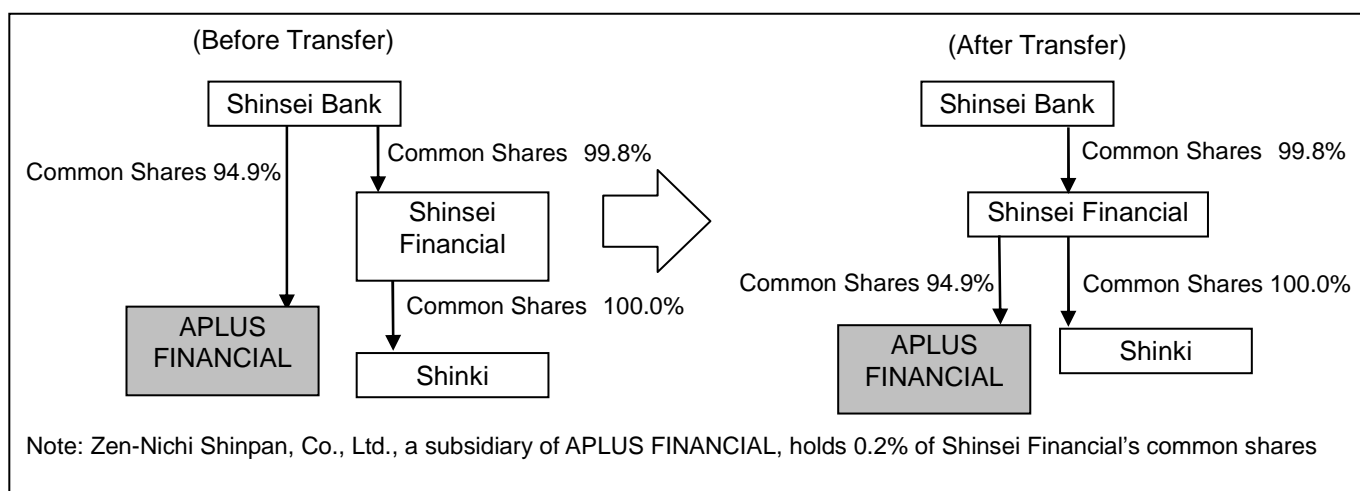
Specifically, Shinsei will continue to leverage the high recognition levels commanded by its three subsidiaries’ “APLUS,” “Lake” and “No Loan” brands in order to win new customers and lending opportunities, while aiming to build a framework for greater efficiency in common operations, including the future consolidation of the personal loan business for individual customers. Furthermore, Shinsei will work towards establishing an efficient and unified management structure in our consumer finance operations.

This share transfer is being executed as part of a wider business reorganization within the Shinsei Bank Group, and the Bank has no plans to sell the APLUS FINANCIAL common shares transferred to Shinsei Financial to any entity outside the Group. In addition, Shinsei Bank will continue to maintain its holdings of APLUS FINANCIAL preferred shares. Furthermore, APLUS FINANCIAL is listed on the First Section of the Osaka Stock Exchange, and there is no change to the policy of APLUS FINANCIAL continuing to operate as a listed company.

2. Method of Share Transfer

By means of a share transfer contract.

3. Post-Transfer Organization (Percentages indicate common share holding as proportion of total)



4. Overview of APLUS FINANCIAL

Company Name	APLUS FINANCIAL Co., Ltd.
Representative	Hitoshi Tsunemine, Representative Director and President (CEO)
Location	17-26, Minami-Senba 1-chome, Chuo-ku, Osaka, Japan
Established	October 6, 1956
Major Business	Management and operation of APLUS Group companies Credit guarantee business, including housing loans
Paid-in Capital	15.0 billion yen
Total No. of Shares Outstanding ¹	1,524,211,152 shares (of which 94.9% are held by Shinsei Bank, Limited)

¹The total number of shares outstanding is the total number of common shares as of September 30, 2010.

5. Overview of Shinsei Financial (transferee)

Company Name	Shinsei Financial Co., Ltd.
Representative	Shota Umeda, President and Chief Executive Officer
Location	7-7, Kajicho 1-chome, Chiyoda-ku, Tokyo, Japan
Established	June 3, 1991
Major Business	Consumer finance and others
Paid-in Capital	66,518,705,427 yen
Total No. of Shares Outstanding	1,217,461 shares (of which 99.8% are held by Shinsei Bank, Limited)

6. Number of Common Shares Transferred by Shinsei Bank, and Shinsei Bank's Common Share Holding Before and After Transfer

No. of Shares Held Before Transfer	1,446,036,284 shares (94.9% of total common shares outstanding)
No. of Shares Transferred	1,446,036,284 shares
No. of Shares Held After Transfer	0 shares

7. Share Transfer Amount

66 billion yen

8. Schedule

Shinsei Bank Board of Directors Meeting to Approve Share Transfer	December 20, 2010
Shinsei Financial Board of Directors Meeting to Approve Share Transfer	December 20, 2010
Conclusion of Share Transfer Contract	December 20, 2010
Date of Share Transfer	December 28, 2010

9. Impact on Earnings

Shinsei expects to record an extraordinary loss of 31.7 billion yen in its non-consolidated earnings for the fiscal year ending March 31, 2011 as a result of this share transfer. There is no change to the scope of consolidation as a result of this transaction, and the extraordinary loss relating to this share transfer is recorded only in non-consolidated earnings and does not impact consolidated earnings.

Shinsei is currently calculating the impact of this, together with the results of its recent tender offers for preferred securities and other factors, and should a revision of its consolidated or non-consolidated earnings forecast for the full fiscal year prove necessary, Shinsei will make an announcement as soon as that necessity becomes clear.

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 10.4 trillion yen (US\$125.4 billion) on a consolidated basis (as of September 2010) and a network of 42 outlets that includes 30 branches and 12 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>