

(Attachment)

Business Report for the 10th Fiscal Year (From April 1, 2009 to March 31, 2010)

1. Current State of the Bank

(1) Business Development and Performance of the Group

[Principal Business of the Group]

As of March 31, 2010, the Shinsei Bank Group consisted of Shinsei Bank, Limited, 213 subsidiaries (comprising 125 consolidated companies including APLUS FINANCIAL Co., Ltd., Showa Leasing Co., Ltd., Shinsei Financial Co., Ltd. and 88 unconsolidated subsidiaries) and 22 affiliated companies (accounted for under the equity method, including Jih Sun Financial Holding Company, Limited). The Shinsei Bank Group is an integrated financial services group which engages principally in the banking business and conducts securities, trust and other businesses.

The positioning of the Group's businesses is as follows:

(Banking Business)

The following businesses are conducted at our head office and domestic branch offices, and also by some of our consolidated subsidiaries and our affiliated companies (accounted for under the equity method): deposit business, bond business, loan and debt guarantee business, domestic exchange business, foreign exchange business, securities investment business, product securities trading business, securitization business, credit trading business, non-recourse finance business, M&A business, corporate revitalization business and consumer and commercial finance business.

(Securities Business)

Shinsei Securities Co., Ltd., a domestic consolidated subsidiary, conducts the securitization business and bond underwriting sales business.

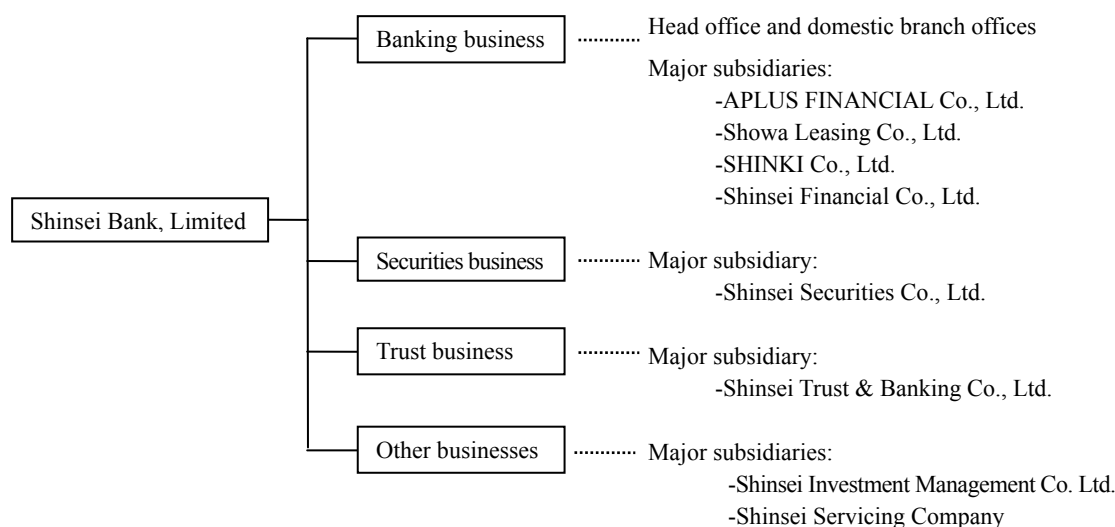
(Trust Business)

Shinsei Trust & Banking Co., Ltd., a domestic consolidated subsidiary, conducts the money credit trust business, securities trust business and specified non-money trust business.

(Other Businesses)

Shinsei Investment Management Co., Ltd., a domestic consolidated subsidiary, conducts the investment trust entrustment business and investment advisory business. Shinsei Servicing Company, also a domestic consolidated subsidiary, conducts the credit management and collection business.

The above can be illustrated in a business organization chart as follows.



Note

The company name was changed from APLUS Co., Ltd. to APLUS FINANCIAL Co., Ltd. with the shift to a holding company structure on April 1, 2010.

[Financial and Economic Environment]

In June 2009, the Nikkei Stock Average recovered to the 10,000 yen mark after falling to a post-bubble record low of below 8000 yen in March 2009. As this fact indicates, this fiscal year was one in which both the Japanese and global economy moved towards a recovery from the financial crisis. However, the recovery has not proceeded smoothly, given that mistrust in the economic environment remains. To give some examples, the yen-dollar exchange rate spiked to 86 yen level for the first time in 14 years in November 2009, and the Nikkei Stock Average again dropped below 10,000 yen. Overseas, Dubai World requested a debt rescheduling in November – the so-called “Dubai shock” – which brought further credit concerns to the surface. Early in the New Year, government bonds of countries such as Greece and Portugal were traded at a loss as a result of underlying concerns over national finances. These events suggest that there are still many issues to be resolved as the recovery progresses.

In Japan, the country experienced a change of government and subsequently, political and economic reforms have progressed during this fiscal year. However, in its monthly economic report for November 2009, the government announced that the country had entered a deflationary phase. In response, the Bank of Japan acknowledged that a full scale recovery is still some time away as it continued and expanded its low interest rate measures.

In response to these monetary policy easing measures, short term interest rates fell, with the six month LIBOR interest rate falling more than 0.3% against the March 2009 rate. On the other hand, long-term interest rates over ten years (and longer) were stable or rose with the recovery of the stock market, and the yield curve steepened. The financial situation has slowly improved due to the various policies implemented to date, and the focus going forward will be on whether this trend is set to continue. In addition, taking the financial crisis as a lesson, the Basel Committee on Banking Supervision has begun a review of the methods of regulation, supervision and risk management of financial institutions.

[Business Development and Performance of the Group in fiscal year 2009]

Shinsei Bank has strived to improve its efficiency and responsiveness throughout the Group in order to provide a wide range of financial products and services from the viewpoint of its customers. The Institutional Group focuses on institutional banking and leasing operations, and the Individual Group focuses on retail banking and consumer finance operations.

(Institutional Group)

In addition to traditional financial products and services, the Institutional Group provides value-added financial products, services and solutions to our corporate customers. Our customer relationship managers and financial products and services specialists work together in order to offer value-added products that are innovative and flexible. Our business is focused mainly on large- and medium-sized corporations, a wide range of financial institutions including regional financial institutions and the public sector.

In fiscal year 2009, the U.S. and European economy, as well as the Japanese economy, showed signs of recovery. We have gone back to basics to listen more closely to our customers’ needs, while implementing appropriate risk management and providing products and services that meet those needs. We have continued to derisk our balance sheet by reducing our proprietary trading and investment activities overseas, while realigning the Corporate Banking Division, establishing a dedicated unit to promote new SME business, implementing a business review in the institutional banking operations, and rebuilding risk management. On the other hand, we have made further progress in the Institutional Group in fiscal year 2009 by reducing risk assets as far as possible, including recording mark-downs and substantial additional credit reserves related to our domestic real estate-related investments and real estate non-recourse loans, reflecting economic conditions and market trends. Furthermore, in March 2010 we reached an agreement to sell our entire stake in two subsidiaries engaged in the asset management business in India in our aim to strategically reallocate management resources.

In our lending operations, a key component of our institutional banking operations, we have strived to meet the needs of our customers while maintaining the profitability and quality of our assets. We have shown steady performance in our credit trading operations in Japan, where we purchase, make collections and sell non-performing loans. Showa Leasing Co., Ltd. (“Showa Leasing”) continues to pursue operational efficiency while developing its “one-stop asset disposal” initiative aiming to actively capture business opportunities with greater profit potential.

We look to overcome difficult business conditions through the implementation of these measures and by leveraging our strengths in the institutional banking business. Specifically, we will strive to meet the diverse needs of our customers by continuing to leverage our experience and expertise in the asset securitization, real estate finance, principal transactions including credit trading, and advisory businesses, in addition to our traditional banking operations.

(Individual Group)

Combining Shinsei Bank's retail bank with our consumer finance subsidiaries, our Individual Group brings innovative financial solutions to over six million active customers in Japan.

Ever alert to changing and diverse customer needs, our retail bank is successfully shifting focus from deposits to asset management. We have continued to offer a comprehensive selection of financial products including various types of deposits, investment trusts and insurance products, in addition to loan products such as housing loans. We are striving to provide convenient, high quality products and services through various remote channels including the internet and our call center. We have also been rolling out new, small-scale and highly cost-effective branches called "Shinsei Consulting Spots," specializing in asset management sales by experienced consultants. We will look to build out our physical presence through the establishment of new Consulting Spots, primarily in the Tokyo metropolitan area and the Kansai region, while realigning a portion of our existing branches, to better serve the needs of our customers.

As a result of these measures, the retail bank posted steady results and its customer base continued to grow in fiscal year 2009. The number of newly opened "PowerFlex" accounts continues to show strong growth. The total number of retail accounts, including existing accounts, as of March 31, 2010, has surpassed 2.5 million. The balance of deposits from individuals, which represents our stable funding base, was over ¥5.3 trillion as of March 31, 2010. The balance of assets under management, including structured deposits and annuity and insurance investment products, was over ¥6.3 trillion as of March 31, 2010. The balance of "PowerSmart" home mortgages has been steady, as our highly flexible range of housing loans with no-penalty automatic early repayment and overdraft services have been favorably received by customers.

In the consumer finance operations, we continued to see a decrease in operating assets and lower spreads from market contraction in fiscal year 2009 as expected. Our performance was severely affected as we recorded a large amount of additional provisions against claims for repayment of "grey zone" interest at APLUS FINANCIAL Co., Ltd. ("APLUS FINANCIAL") and SHINKI Co., Ltd. ("Shinki") ahead of the full implementation of the Money Lending Business Law in June 2010. The risk at Shinsei Financial remains limited as the acquisition included a unique indemnity from GE guaranteeing a substantial portion of the company's grey zone liabilities.

Under such business conditions, we have been making efforts to improve the profitability and competitive edge of our consumer finance operations. We made Shinki a fully owned subsidiary in September 2009 and integrated Shinki into Shinsei Financial Co., Ltd. ("Shinsei Financial") as its subsidiary in March 2010, preparing for a more integrated approach to our operations. Ahead of APLUS FINANCIAL establishing a holding company structure (establishment of holding company structure on April 1, 2010), we have increased our ownership of APLUS FINANCIAL, both to exemplify our commitment to APLUS FINANCIAL and to accelerate the review and realignment of our consumer finance operations. We will strive to improve the operational efficiency and strengthen the competitiveness of Shinsei's consumer finance business while capitalizing on Shinsei's information technology capabilities.

(Financial Position)

In October 2009, an overseas special purpose subsidiary, in which the voting rights are wholly owned by Shinsei Bank, issued ¥9.0 billion in Tier I preferred securities in Japan to strengthen the Shinsei Bank Group's Tier I capital. In December 2009, Shinsei Bank made a debut issuance of ¥5.0 billion of non-dilutive subordinated bonds targeted principally at retail customers, in our aim to provide retail product lines to meet the diversifying investment needs of our customers and diversify our capital raising measures. While we have recorded a net loss for fiscal year 2009, our total capital adequacy ratio as at March 31, 2010 remained stable at 8.35% compared to the end of the previous fiscal year, while our Tier I capital ratio improved slightly to 6.35% over the same period. This is the result of our capital raising measures discussed above, and continued focus on reducing risk weighted assets.

(Termination of Merger with Aozora Bank)

On July 1, 2009 Shinsei Bank signed an Alliance Agreement (“Agreement”) with Aozora Bank, Ltd. (“Aozora Bank”), towards a merger of equals. Since then, both banks have been engaged in detailed discussions. However, on May 14, 2010, our Board of Directors approved a decision to terminate the Agreement with Aozora Bank.

(Business Performance)

Based on the business developments discussed above, Shinsei Bank and its consolidated subsidiaries attained the following business results for the fiscal year ended March 31, 2010. Consolidated subsidiaries partly operate in the securities and trust businesses in addition to the banking business, but since the proportion of such businesses is insignificant in terms of all segments, we have stated the results of the business as a whole.

As of March 31, 2010, the total consolidated assets of the Shinsei Bank Group amounted to ¥11,376.7 billion, a decrease of ¥572.4 billion from the end of the previous fiscal year. The main components of the balance sheet were ¥6,475.3 billion in deposits and negotiable certificates of deposit (up ¥203.2 billion from the previous fiscal year), ¥483.7 billion in debentures (down ¥191.8 billion from the previous fiscal year) and ¥5,163.7 billion in loans and bills discounted (down ¥713.1 billion from the previous fiscal year).

For the fiscal year ended March 31, 2010, ordinary income was ¥566.3 billion, a decrease of ¥35.3 billion from the previous fiscal year, while ordinary expenses were ¥639.0 billion, a decrease of ¥125.9 billion from the previous fiscal year. Consequently, our consolidated net ordinary loss was ¥72.6 billion compared to ordinary loss of ¥163.3 billion in the previous fiscal year and our consolidated net loss for the fiscal year ended March 31, 2010, after extraordinary gains of ¥34.7 billion, extraordinary losses of ¥85.1 billion, income tax expenses (losses) of ¥1.5 billion, income tax adjustments (losses) of ¥6.7 billion, and minority interests (losses) of ¥8.8 billion, was ¥140.1 billion compared to net loss of ¥143.0 billion in the previous fiscal year.

[Challenges Facing the Shinsei Bank Group]

In fiscal year 2009, the Shinsei Bank Group has strived to thoroughly meet the needs of our customers, going back to the basics of our business, taking appropriate measures regarding non-core operations and conservatively reserving against risk assets in our aim to return to profitability. We will continue to implement various strategies and strengthen our operational structure as described below.

1. Striving for long-term and stable profit growth by offering products and services that meet the needs of our customers

In order to provide high quality value-added products and services to meet the increasingly diversified and sophisticated needs of our customers, the Shinsei Bank Group is actively working to develop new product and service categories. With our highly flexible IT infrastructure as our base, utilizing cutting-edge technology, we strive for long-term and stable profit growth by offering a broad range of products and services in a timely manner that better meets the needs of our customers. Shinsei has formulated a Medium-Term Management Plan focused on businesses for institutional and individual customers, under which the Bank will strive to rebuild its business franchise and strengthen its financial base.

(Institutional Group)

We are actively pursuing customer-centric businesses and businesses where we possess existing strengths and allow us to differentiate from the competition as our core operations. These include basic banking such as lending, which has traditionally been at the center of our customers' needs, non-recourse real estate finance, where we aim to ensure appropriate levels of risk and return, capital markets, which centers around customer transactions, principal transactions such as credit trading, which aims to capture trends in financial markets, and advisory, which brokers the merger and acquisition of companies. At the same time, we will reduce our investments made for trading purposes as non-core assets, and improve the profitability of the entire Institutional Group. Specifically, in our lending operations to corporate customers, we will focus more on small- and medium-sized corporations to promote business and expand our customer base. We aim to expand business with the public sector and strengthen cooperation with regional financial institutions as we look to accelerate transactions with financial institutions. We will strive to further enhance the relationship of cooperation between our customer relationship managers and product specialists in actively providing value-added financial products, services and solutions to our customers.

(Individual Group)

In the Retail Banking operations, we aim to strengthen our ability to offer asset management and loan products for every stage of our customers' lives, while enhancing our ability to appropriately provide solutions through a wide range of channels and solve problems that our customers face regarding financial transactions and products. In our consumer finance operations, where we are facing a difficult operating environment due to factors including legislative changes, market contraction and industry realignment, we will strive to effectively utilize management resources throughout our Group subsidiaries, review expense structures, and implement appropriate credit cost management by leveraging Shinsei's information technology capabilities. We will also strive to achieve the seamless provision and cross-selling of financial services for individuals, transcending the boundary between retail banking and individual subsidiaries. Through these measures, we aim to establish highly trusted, comprehensive financial services for individuals.

2. Reinforcement of risk management and the corporate governance system and working to achieve a high level of transparency in management

We will optimally allocate management resources and establish a balanced management of our operations through the smooth implementation of Basel II under the internal rating based approach, the capitalization ratio parameter under the Banking Act, by the Bank and its Group companies, by enhancing risk management and accurately identifying risk and return.

The Bank has been operating as a "Company with Committees" board model where, in addition to the Board of Directors, a Nomination Committee, an Audit Committee and a Compensation Committee, is responsible for overseeing our operations, and substantial authority for business execution is delegated to management (statutory executive officers). However, following approval at the 10th annual general meeting of shareholders scheduled for June 2010, Shinsei Bank will move from a "Company with Committees" board model to a "Company with Statutory Auditors" board model. By converting to a "Company with Statutory Auditors" board model, Shinsei Bank will consolidate business execution authority and responsibility to the

Board of Directors, the highest decision-making body, and assign responsibility for auditing duties to Statutory Auditors and a Board of Statutory Auditors that are independent of business execution and the Board of Directors, in its aim to establish a corporate governance framework that facilitates appropriate business execution while maintaining flexibility of management judgment.

We intend to further enhance our legal compliance by strengthening our compliance system while giving ample consideration to customer protection in line with the Financial Instruments and Exchange Law. While we have fully complied with J-SOX, implemented from the end of fiscal year 2008, we will continue to improve our internal control systems and reinforce our audit function. Furthermore, as a listed company, we will continue to endeavor to make timely, proper, and highly transparent disclosure for the benefit of investors.

3. Revitalization plan targets

Shinsei Bank posted a net business profit of ¥20.9 billion and a net loss of ¥47.6 billion, both on a non-consolidated basis, in the fiscal year ended March 2010, as we conservatively cleaned up and managed our risk assets, including our domestic real estate portfolio. While our ordinary business profit exceeded the plan posted under the Plan for Restoring Sound Management (“Revitalization Plan”), our net income was significantly below the plan. The Bank received a Business Improvement Order from the Financial Services Agency (“FSA”) in June 2007 as it recorded a net income figure that was lower than the target set in the Revitalization Plan for the term ended March 2007. Furthermore, the Bank received a Business Improvement Order from the FSA in July 2009 as it recorded a net income figure that was significantly lower than the target set in the Revitalization Plan for the term ended March 2009, mainly due to the deterioration of the market in the U.S., Europe and Japan, and the loss on our securities holdings in APLUS FINANCIAL. As a bank receiving public funds, we deeply regret that we were unable to achieve the target for two consecutive terms. While we plan to submit the new Revitalization Plan in coming months, in order to achieve the targets set out in the new Revitalization Plan, the Bank will make its utmost efforts to promote its business through reinforcing the profitability of each of its operations, and with other improvements to its business such as the efficient management of expenses.

Note

The description of item 3. does not refer to subsidiaries.

(2) Overview of Assets, Profit and Loss

i. Overview of Assets, Profit and Loss of the Group

	Fiscal 2006	Fiscal 2007	Fiscal 2008	(Hundred millions of yen) Fiscal 2009
	(7th Fiscal	(8th Fiscal	(9th Fiscal	(10th Fiscal
	Period)	Period)	Period)	Period)
Consolidated ordinary income	5,600	5,935	6,016	5,663
Consolidated net ordinary income (loss)	231	112	(1,633)	(726)
Consolidated net income (loss)	(609)	601	(1,430)	(1,401)
Consolidated total equity	9,332	9,652	7,674	6,349
Consolidated total assets	108,376	115,257	119,491	113,767

Notes

- In the amount shown above, figures below the first decimal place have been omitted.*
- Consolidated net income/loss was a loss of ¥140.1 billion in fiscal year 2009, due mainly to the impairment of goodwill associated to our investment in APLUS FINANCIAL Co., Ltd., as well as provisions on reserve for credit losses related to our real estate portfolio. This is compared to a consolidated net loss of ¥143.0 billion in fiscal year 2008, where our performance was impacted by the deterioration of the global economy and financial turmoil.*

ii. Overview of Assets, Profit and Loss of the Bank

	(Hundred millions of yen)			
	Fiscal 2006 (7th Fiscal Period)	Fiscal 2007 (8th Fiscal Period)	Fiscal 2008 (9th Fiscal Period)	Fiscal 2009 (10th Fiscal Period)
Deposits	54,714	58,651	68,974	68,244
Time deposits	29,380	35,329	44,517	44,275
Others	25,334	23,321	24,457	23,969
Debtentures issued	7,039	6,631	6,767	4,875
Coupon debenture	7,039	6,631	6,767	4,875
Discount debenture	—	—	—	—
Corporate bonds	5,624	5,199	4,024	3,425
Loans	50,752	53,563	51,680	47,328
To individuals	5,669	8,173	8,683	8,907
To small- and medium-sized businesses	22,691	21,358	20,325	19,091
Others	22,391	24,031	22,671	19,329
Trading assets	2,841	2,751	3,260	2,110
Trading liabilities	873	2,037	3,160	1,766
Securities	20,620	23,003	26,260	36,745
Japanese government bonds	7,472	6,453	12,042	23,615
Others	13,147	16,549	14,217	13,129
Total assets	87,289	95,486	107,134	104,885
Net assets	6,588	7,327	5,648	5,559
Domestic exchange transactions	311,040	405,859	320,737	306,443
	<u>(Millions of dollars)</u>	<u>(Millions of dollars)</u>	<u>(Millions of dollars)</u>	<u>(Millions of dollars)</u>
Foreign exchange transactions	11,559	11,417	11,090	7,421
	<u>(Millions of yen)</u>	<u>(Millions of yen)</u>	<u>(Millions of yen)</u>	<u>(Millions of yen)</u>
Net ordinary income (loss)	47,146	32,528	(164,860)	(44,205)
	<u>(Millions of yen)</u>	<u>(Millions of yen)</u>	<u>(Millions of yen)</u>	<u>(Millions of yen)</u>
Net income (loss)	(41,960)	53,203	(157,048)	(47,644)
	<u>(yen)</u>	<u>(yen)</u>	<u>(yen)</u>	<u>(yen)</u>
Net income (loss) per share	(32.14)	34.46	(79.96)	(24.26)

Notes

1. In the amount shown above, figures below the first decimal place have been omitted.
2. "Deposits" and "Deposits-Others" include negotiable certificates of deposits.
3. The decrease in "Debtentures issued" is mainly due to a decrease in issue for institutional investors.
4. The decrease in "Corporate Bonds" is mainly due to repurchase and redemption of subordinated bonds.
5. The decrease in "Loans" is mainly due to a decrease in loans for non-residential corporate customers.
6. The decrease in "Trading assets" is mainly due to a decrease in derivatives.
7. The decrease in "Trading liabilities" is mainly due to the decrease in derivatives.
8. The increase in "Securities" is mainly due to an increase in Japanese government bonds.
9. Net income/loss was a loss of ¥47.6 billion in fiscal year 2009, due mainly to provisions on reserve for credit losses related to our real estate portfolio. This is compared to a net loss of ¥157.0 billion in fiscal year 2008, where our performance was impacted by the worldwide economical deterioration and turmoil affecting financial markets.

(3) Employees on consolidated basis

	End of this fiscal year	End of the previous fiscal year
	Number of employees	
Banking business	4,976	5,984
Securities business	94	137
Trust business	68	72
Other	978	813
Total	6,116	7,006

Note

These numbers include overseas local employees.

(4) Principal Offices of the Group

i. Banking Business of the Bank

① Number of business offices

	End of this fiscal year		End of the previous fiscal year	
	(liaison office)		(liaison office)	
Hokkaido・Tohoku area.....	2	(-)	2	(-)
Kanto area.....	24	(5)	21	(2)
(Tokyo).....	(16)	(2))	(16)	(2))
Chubu area.....	2	(-)	2	(-)
Kinki area.....	9	(4)	5	(-)
Chugoku・Shikoku・Kyushu area ...	3	(-)	3	(-)
Domestic total.....	40	(9)	33	(2)
Overseas.....	-	(-)	-	(-)
Grand total.....	40	(9)	33	(2)

Notes

ATMs located outside branches were installed at 139 locations at the end of this fiscal year.

② Newly established business offices in this fiscal year

Name of office	Address
Umeda branch- Senri Chuo liaison office	1-3, Shinsenri Higashimachi, Toyonaka-shi, Osaka
Umeda branch- Nishinomiya-Kitaguchi liaison office	3-32, Takamatsu-cho, Nishinomiya-shi, Hyogo
Namba branch- Sakai Higashi liaison office	2-3-20, Minami-Hanadaguchi-cho, Sakai-ku, Sakai-shi, Osaka
Umeda branch- Hankyu Umeda liaison office	1F, Hankyu Grand Building, 8-47, Kakudacho, Kita-ku, Osaka-shi, Osaka
Yokohama branch- Kamakura liaison office	10-5, Onarimachi, Kamakura-shi, Kanagawa
Ginza branch	5-8-1, Ginza, Chuo-ku, Tokyo
Lalaport branch- Tsudanuma liaison office	2-21-1, Maebara-nishi, Funabashi-shi, Chiba
Ikebukuro branch- Kawaguchi liaison office	1-1-1, Kawaguchi, Kawaguchi-shi, Saitama
Shibuya branch- Jiyugaoka liaison office	2-11-5, Jiyugaoka, Meguro-ku, Tokyo

③ List of agencies of the bank
None.④ Agent activities operated by the Bank
None.

ii. Banking Business of the Group (excluding those listed in i. above)

The main company name and the main office.

Company name	Name of office	Address
APLUS FINANCIAL Co.,Ltd.	Tokyo Head office	4-1, Shin-ogawa-machi, Shinjuku-ku, Tokyo
Showa Leasing Co., Ltd.	Head office	7-12, Shinonome 1-chome, Kouto-ku, Tokyo
SHINKI Co., Ltd.	Head office	1-1, Higashi-ikebukuro 3-chome, Toshima-ku, Tokyo
Shinsei Financial Co., Ltd.	Head office	2-20, Akasaka 5-chome, Minato-ku, Tokyo

iii Securities business

The main company name and the main office

Company name	Name of office	Address
Shinsei Securities Co., Ltd.	Head office	1-8, Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo

iv. Trust and Banking business

The main company name and the main office

<u>Company name</u>	<u>Name of office</u>	<u>Address</u>
Shinsei Trust & Banking Co., Ltd.	Head office	1-8, Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo

v. Other

The main company name and the main office

<u>Company name</u>	<u>Name of office</u>	<u>Address</u>
Shinsei Investment Management Co., Ltd.	Head office	1-8, Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo
Shinsei Servicing Company	Head office	1-8, Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo

(5) Facility Investment of the Group

i. Total facility investment

<u>Business segment</u>	<u>(Millions of yen)</u> <u>Amount</u>
Banking business	13,885
Securities business	28
Trust business	3
Other business	320
Total	14,237

ii. New establishment of important facilities

None.

(6) Significant Parent Company and Subsidiaries

i. Parent Company

None.

ii. Subsidiaries

<u>Name</u>	<u>Address</u>	<u>Major business</u>	<u>Establishment date</u>	<u>Capital (million)</u>	<u>Shinsei's Voting Shareholding Ratio (%)</u>	<u>Other</u>
APLUS FINANCIAL Co., Ltd.	Osaka City Osaka	Consumer credit business	October 6, 1956	¥15,000	93.65	—
Showa Leasing Co., Ltd.	Koto-ku, Tokyo	Leasing business	April 2, 1969	¥29,360	97.02	—
SHINKI Co., Ltd.	Toshima-ku, Tokyo	Consumer finance business	December 1, 1954	¥16,709	100.00 (100.00)	—
Shinsei Financial Co., Ltd.	Minato-ku, Tokyo	Consumer finance business	June 3, 1991	¥66,518	100.00 (0.20)	—
Shinsei Trust & Banking Co., Ltd.	Chiyoda-ku, Tokyo	Trust business	November 27, 1996	¥5,000	100.00	—
Shinsei Securities Co., Ltd.	Chiyoda-ku, Tokyo	Securities business	August 11, 1997	¥8,750	100.00	—

Notes

1. Fractions smaller than one million yen have been omitted.

2. Numbers included in parentheses in the "Shinsei's Voting Shareholding Ratio" column indicate indirect holdings.

3. Shinsei has 125 consolidated subsidiaries, including the major subsidiaries listed above, as well as 22 affiliated companies that are accounted for under the equity method.

Summary of Important Business Alliances

1. The Bank offers automated cash withdrawal services through the mutual use of ATMs under alliance relationships with the following financial institutions:

Commercial banks:

The Bank of Tokyo-Mitsubishi UFJ, Ltd.; Mizuho Bank, Ltd.; Sumitomo Mitsui Banking Corporation; Resona Bank, Ltd.; and Saitama Resona Bank, Ltd.

Trust and banking companies:

The Chuo Mitsui Trust and Banking Co., Ltd.; Mitsubishi UFJ Trust and Banking Corporation; The Sumitomo Trust and Banking Co., Ltd.; and Mizuho Trust & Banking Co., Ltd.

Others:

The Shoko Chukin Bank, Ltd.; Aozora Bank, Ltd., and Miura Fujisawa Shinkin

2. The Bank offers cash withdrawal and depository services, and mutual fund transfer services through the mutual use of ATMs under an alliance with Japan Post Bank Co., Ltd.
3. The Bank and Seven Bank, Ltd. work together by sharing sales channels, jointly developing new products and services under alliances, and offer cash withdrawal and depository services, and mutual fund transfer services through the mutual use of ATMs and managing joint ATM corners.
4. The Bank offers automated cash withdrawal and depository services through ATMs located in railway and subway stations under contracts with the following railway companies:
Tokyo Metro Co., Ltd.; Kintetsu Corporation.
In addition, the Bank has installed ATMs at JR Nagoya station, JR Kyoto station, and JR Mitaka station, and offers automated cash withdrawal and depository services.
5. The Bank offers automated local currency cash withdrawal services through overseas ATMs in the PLUS network under alliance relationships with Visa International.
6. The Bank has an alliance with APLUS FINANCIAL Co., Ltd., a consolidated subsidiary, and has been processing applications for the Shinsei Visa Card, a credit card issued by APLUS FINANCIAL Co., Ltd. The bank has also entered into a contract with APLUS FINANCIAL Co., Ltd., whereby APLUS FINANCIAL Co., Ltd., acts a guarantor for loans made through the Bank's SmartCard Loan Service, which began in June 2008.
7. The Bank has an Operational Alliance Agreement with The Towa Bank, Ltd.

(7) State of Business Transfer, etc.

- i. Significant Business Transfer, Merger and Splitting, New Establishment and Splitting
None.
- ii. Transfer of Business from Other Companies
None.
- iii. Stock, Other Equities or Stock Acquisition (or Disposal) Rights of Other Companies

Date	Transaction			
March 16, 2010	On March 16, 2010, the Bank increased its common share ownership of APLUS Co., Limited ("APLUS") from 66.4% to 93.5% through the conversion of Shinsei's holding of Class E and Class F preferred shares and a portion of its holdings of Class G preferred shares into APLUS common shares. Summary of Shinsei's Conversions of APLUS Preferred Shares			
		Class E preferred shares	Class F preferred shares	Class G preferred shares
	Total number of preferred shares outstanding	70,500,000 shares	10,000,000 shares	25,000,000 shares
	Number of preferred shares owned by Shinsei before conversions (percentage of ownership)	70,000,000 shares (99.3%)	10,000,000 shares (100%)	25,000,000 shares (100%)
	Number of preferred shares to be converted	70,000,000 shares	10,000,000 shares	12,000,000 shares
	Number of preferred shares owned by Shinsei post conversions (percentage of ownership)	0 shares	0 shares	13,000,000 shares (100%)
	Number of common shares from conversions	589,473,684 shares	100,351,229 shares	293,398,533 shares

Date	Transaction
March 16, 2010	Shinsei's Ownership of APLUS Common Shares Post Conversions (Before Any Buybacks by APLUS and Excluding Shares Held as Treasury Shares)
	[Before Conversions]
	Shinsei 's holdings of APLUS common shares 156,690,390 shares (66.4%)
	Total APLUS common shares outstanding 235,867,570 shares
	(as of Dec. 31, 2009)
	[After Conversions]
Shinsei 's holdings of APLUS common shares 1,139,913,836 shares (93.5%)	
Total APLUS common shares outstanding 1,219,091,016 shares	
March 29, 2010	Shinsei's Ownership of APLUS Preferred Shares Post Conversions (Before Any Buybacks by APLUS and Excluding Shares Held as Treasury Shares)
	APLUS Class B Preferred Shares 10,000,000 shares (100.0%)
	APLUS Class C Preferred Shares 15,000,000 shares (100.0%)
	APLUS Class D Preferred Shares 8,500,000 shares (60.7%)
	APLUS Class G Preferred Shares 13,000,000 shares (100.0%)
	APLUS Class H Preferred Shares 32,250,000 shares (100.0%)
March 29, 2010	On March 29, 2010, the Bank sold its entire ownership of common shares of SHINKI Co., Ltd. to Shinsei Financial Co, Ltd. The number of shares sold was 8 shares and the sales price was 3,040 million yen. As a result of this transaction, SHINKI Co., Ltd. has become a fully owned subsidiary of Shinsei Financial Co., Ltd.
March 29, 2010	On March 29, 2010, the Bank reached an agreement to sell its entire stake, held through wholly owned special purpose companies, in two subsidiaries, Shinsei Asset Management (India) Private Limited and Shinsei Trustee Company (India) Private Limited, engaged in the asset management business in India to Daiwa Securities Group Inc. and Daiwa Asset Management Co., Ltd., subject to the approval of the Indian authorities.

- iv. Material Succession of Rights and Obligations regarding Other Corporations' Businesses through Merger or Company Split
None.

- (8) Other Important Items Regarding the Current State of the Group**
None.

2. Matters Concerning Corporate Directors

(1) Corporate Directors and Officers

i. Corporate Directors

(As of March 31, 2010)

<u>Name</u>	<u>Position/Responsibilities, and Committee</u>	<u>Important Concurrent Post</u>	<u>Others</u>
Masamoto Yashiro	Chairman of the Board, Nomination	—	—
Rahul Gupta	Director	—	—
J. Christopher Flowers	Director (Outside) Nomination, Compensation	Chairman, J. C. Flowers & Co. LLC Outside Director, Enstar Group Limited Outside Director, The Kessler Group Chairman and Director, Flowers National Bank	—
Yukinori Ito	Director (Outside) Audit	—	—
Shigeru Kani	Director (Outside) Audit	Professor, Yokohama College of Commerce	—
Minoru Makihara	Director (Outside) Nomination*, Compensation	Senior Corporate Advisor, Mitsubishi Corporation Outside Director, Mitsubishi UFJ Securities Co., Ltd. Outside Director, Mitsubishi Logistics Corporation Outside Director, Mitsubishi Research Institute, Inc. Outside Director, Tokio Marine Holdings, Inc.	—
Oki Matsumoto	Director (Outside) Nomination	CEO, Monex Group, Inc. CEO, Monex, Inc. Outside Director, Tokyo Stock Exchange Group, Inc.	—
Yasuharu Nagashima	Director (Outside) Audit	Lawyer Outside Director, Nippon Otis Elevator Company Outside Auditor, Isuzu Motors Limited Outside Auditor, Osaka Hilton Co., Ltd.	—
Nobuaki Ogawa	Director (Outside) Audit	Lawyer Outside Auditor, T. HASEGAWA CO., LTD.	—
Hiroyuki Takahashi	Director (Outside) Audit*	Outside Auditor, Panasonic Corporation Outside Auditor, Kyowa Hakko Kirin Co., Ltd.	—
John S. Wadsworth, Jr.	Director (Outside) Compensation*	Advisory Director, Morgan Stanley Partner, Manitou Ventures Chairman, Ceyuan Ventures Outside Director, Diversified Credit Investments	—

Note

*Directors with * are the chairmen of their respective committees.*

ii. Statutory Executive Officers

(As of March 31, 2010)

<u>Name</u>	<u>Position and Responsibilities</u>	<u>Important Concurrent Post</u>	<u>Others</u>
Masamoto Yashiro	Representative Statutory Executive Officer, President, Chief Executive Officer	—	—
Masazumi Kato	Representative Statutory Executive Officer, Executive Vice President	Director, LIFENET Insurance Company	—
Junzo Tomii	Representative Statutory Executive Officer, Executive Vice President	—	—
Michael Cook	Senior Managing Executive Officer, Head of Risk Management Group, Chief Risk Officer	—	—
Dhananjaya Dvivedi	Senior Managing Executive Officer, Group Chief Information Officer, Head of Banking Infrastructure Group	—	—
Rahul Gupta	Senior Managing Executive Officer, Chief Financial Officer, Head of Finance Group, Group Financial Controller,	—	—

Sanjeev Gupta	Head of Treasury and Corporate Sub-Group Senior Managing Executive Officer, Head of Individual Group	Director, UTI International (Singapore) Private Ltd.	—
Sang-Ho Sohn	Senior Managing Executive Officer, Head and Chief Executive of Institutional Group	Director, Jih Sun Financial Holding Co., Ltd. Director, UTI International (Singapore) Private Ltd.	—
Norio Funayama	Managing Executive Officer, Executive Head of Institutional Business Sub-Group	—	—
Yukio Nakamura	Managing Executive Officer, Executive Head of Institutional Business Sub-Group	—	—
Kazuya Fujimoto	Statutory Executive Officer, Head of Institutional Business Sub-Group	—	—
Michimasa Honda	Statutory Executive Officer, Head of Institutional Business Sub-Group	—	—
Takao Matsuzaki	Statutory Executive Officer, General Manager, Osaka Branch	—	—
Shigeru Oishi	Statutory Executive Officer, Head of Consumer Finance Sub-Group	—	—
Michiyuki Okano	Statutory Executive Officer, Head of Operations Sub-Group, Head of Retail Services Sub-Group	—	—
Yoshikazu Sato	Statutory Executive Officer, Head of Technology Sub-Group	—	—
Takashi Tsuchiya	Statutory Executive Officer, Head of Advisory Sub-Group	—	—

(2) Compensation for Corporate Directors and Officers

Total Amount of Compensation, etc. for Corporate Directors and Officers for this Fiscal Year

Classification	Number of payees	Compensation, etc.	Remarks
Directors	12 (Of which three have already retired)	¥146 million (including ¥8 million for payments other than remuneration)	
Statutory Executive Officers	17	¥752 million (including ¥62 million for payments other than remuneration)	
Total	29 (Of which three have already retired)	¥898 million (including ¥70 million for payments other than remuneration)	

Notes:

1. Directors who are also statutory executive officers are classified as statutory executive officers in the above table. The Bank did not pay director compensation to the directors who are also statutory executive officers.

2. The Bank does not pay performance-linked remuneration to directors.

3. The above-mentioned amounts include the following retirement allowances that the Bank paid during this fiscal year.

Three Directors ¥28 million

4. Compensation policies for directors and statutory executive officers and their calculation methodology determined by the Compensation Committee are as follows.

(1) Basic Policy

Compensation for directors and officers shall be determined based on:

- Individual performance
- The Bank's performance
- Market competitiveness

(2) Directors' Compensation

Directors' compensation shall consist of fixed remuneration, equity-linked allowance, a retirement allowance and other rewards.

(3) Statutory Executive Officers' Compensation

The objectives of compensation for statutory executive officers:

- Attract and retain high performing individuals
- Provide appropriate incentives to improve the Bank's performance

Statutory executive officers' compensation shall consist of fixed remuneration, performance linked remuneration, equity-linked remuneration, a retirement allowance and other rewards. Certain fringe benefits may be provided to statutory executive officers.

Statutory executive officers who are also directors are classified as statutory executive officers in terms of compensation

3. Matters concerning Outside Directors and Officers

(1) Concurrent Posts and Other Details of Outside Directors and Officers

Name	Concurrent Posts and Other Details	Relationship between the Bank and the company in question
J. Christopher Flowers	Chairman (Executive Officer), J. C. Flowers & Co. LLC	Investors in private investment funds advised by J.C. Flowers & Co. LLC (JCF) are also investors in Shinsei through certain of the Bank's major shareholders that are also advised by JCF. The Bank has invested in private investment funds advised by JCF. The Bank and JCF have an advisory arrangement regarding one of JCF's private investment funds.
	Outside Director, Enstar Group Limited	Enstar Group Limited and the Bank independently participate in certain common private investments.
	Outside Director, The Kessler Group	The Bank has no particular transaction with The Kessler Group including shareholdings, etc.
	Chairman and Director, Flowers National Bank	The Bank has no particular transaction with Flowers National Bank including shareholdings, etc.
Shigeru Kani	Professor, Yokohama College of Commerce	The Bank has no particular transaction with Yokohama College of Commerce including shareholdings, etc.
Minoru Makihara	Senior Corporate Advisor, Mitsubishi Corporation	The Bank extends loans to Mitsubishi Corporation.
	Outside Director, Mitsubishi UFJ Securities Co., Ltd.	The Bank has no particular transaction with Mitsubishi UFJ Securities Co., Ltd. including shareholdings, etc.
	Outside Director, Mitsubishi Logistics Corporation	The Bank extends loans to Mitsubishi Logistics Corporation.
	Outside Director, Mitsubishi Research Institute, Inc.	The Bank has no particular transaction with Mitsubishi Research Institute, Inc. including shareholdings, etc.
	Outside Director, Tokio Marine Holdings, Inc.	The Bank has no particular transaction with Tokio Marine Holdings, Inc. including shareholdings, etc.
Oki Matsumoto	CEO (Executive Officer), Monex Group, Inc.	The Bank has no particular transaction with Monex Group, Inc. including shareholdings, etc.
	CEO (Executive Officer), Monex, Inc.	The Bank has no particular transaction with Monex, Inc. including shareholdings, etc.
	Outside Director, Tokyo Stock Exchange Group, Inc.	The Bank has no particular transaction with Tokyo Stock Exchange Group, Inc. including shareholdings, etc.
Yasuharu Nagashima	Outside Director, Nippon Otis Elevator Company	The Bank has no particular transaction with Nippon Otis Elevator Company including shareholdings, etc.
	Outside Auditor, Isuzu Motors Limited	The Bank extends loans to Isuzu Motors Limited.
	Outside Auditor, Osaka Hilton Co., Ltd.	The Bank has no particular transaction with Osaka Hilton Co., Ltd. including shareholdings, etc.
Nobuaki Ogawa	Outside Auditor, T. HASEGAWA CO., LTD.	The Bank has no particular transaction with T. HASEGAWA CO., LTD. including shareholdings, etc.
Hiroyuki Takahashi	Outside Auditor, Panasonic Corporation	The Bank has no particular transaction with Panasonic Corporation including shareholdings, etc.
	Outside Auditor, Kyowa Hakko Kirin Co., Ltd.	The Bank has no particular transaction with Kyowa Hakko Kirin Co., Ltd. including shareholdings, etc.
John S. Wadsworth, Jr.	Advisory Director, Morgan Stanley	The Bank has concluded an advisory agreement with Morgan Stanley on a specific project.
	Partner, Manitou Ventures	The Bank has no particular transaction with Manitou Ventures including shareholdings, etc.
	Chairman, Ceyuan Ventures	The Bank has no particular transaction with Ceyuan Ventures including shareholdings, etc.
	Outside Director, Diversified Credit Investments	The Bank has no particular transaction with Diversified Credit Investments including shareholdings, etc.

(2) Major Activities of Outside Directors and Officers

Name	Term of Office	Participation in Meetings of Board of Directors/Participation in Meetings of Audit Committee	Remarks at Meetings of Board of Directors and Other Activities (i)
J. Christopher Flowers	9 years as an Outside Director and 1 year as a Director (Non-executive)	Participated in thirteen out of fifteen meetings of the Board of Directors held during this fiscal year	Provided timely and necessary remarks and advice on general agenda items and deliberations based on his wide-ranging financial knowledge.
Yukinori Ito	2 years 9 months	Participated in all fifteen meetings of the Board of Directors and all thirteen meetings of the Audit Committee held during this fiscal year	Provided timely and necessary remarks on general agenda items based on his wide range of knowledge and extensive experience in banking expertise and experiences as an outside auditor of other companies.
Shigeru Kani	5 years 9 months	Participated in all fifteen meetings of the Board of Directors and all thirteen meetings of the Audit Committee held during this fiscal year	Provided timely and necessary remarks and advice on agenda items and deliberations in terms of risk management – his specialty.
Minoru Makihara	10 years	Participated in thirteen out of fifteen meetings of the Board of Directors held during this fiscal year	Provided timely and necessary remarks on general agenda items based on his long experience as an executive officer.
Oki Matsumoto	1 year 9 months	Participated in fourteen out of fifteen meetings of the Board of Directors held during this fiscal year	Provided timely and necessary remarks on general agenda items based on his extensive knowledge and his experience as an executive officer.
Yasuharu Nagashima	5 years 9 months	Participated in all fifteen meetings of the Board of Directors and all thirteen meetings of the Audit Committee held during this fiscal year	Provided necessary remarks and advice on agenda items and deliberations mainly from his special viewpoint as a lawyer and experienced outside director of other companies.
Nobuaki Ogawa	1 year as a Standing Statutory Auditor and 10 years as an Outside Director	Participated in all fifteen meetings of the Board of Directors and all thirteen meetings of the Audit Committee held during this fiscal year	Provided necessary remarks and advice on agenda items and deliberations mainly from his special viewpoint as a lawyer and experienced outside auditor of other companies.
Hiroyuki Takahashi	3 years 9 months	Participated in fourteen out of fifteen meetings of the Board of Directors and all thirteen meetings of the Audit Committee held during this fiscal year	Provided necessary remarks and advice on general agenda items and deliberations as the Chairman of the Audit Committee with extensive professional experience including experience as an auditor of other companies.
John S. Wadsworth, Jr.	4 years 9 months	Participated in all fifteen meetings of the Board of Directors held during this fiscal year	Provided timely and necessary remarks on general agenda items based on his extensive business experience.

Name	Remarks at Meetings of Board of Directors and Other Activities (ii)
J. Christopher Flowers Yukinori Ito Shigeru Kani Minoru Makihara Oki Matsumoto Yasuharu Nagashima Nobuaki Ogawa Hiroyuki Takahashi John S. Wadsworth, Jr.	<p>On July 28, 2009, the Bank received a Business Improvement Order from the Financial Services Agency which is based on the Law Concerning Emergency Measures for Early Strengthening of Financial Functions and the Banking Act. The reason for this Order was that the Bank's non-consolidated financial results for the fiscal year ended March 2009 were substantially lower than the targeted non-consolidated income stated in the Revitalization Plan.</p> <p>On September 11, 2009, in response to this Order, the Bank submitted its business improvement plan to clarify the Bank's future management plan.</p> <p>On September 9, 2009, after recognizing again the importance of returning to and placing an emphasis on domestic businesses and improving risk management and governance and prior to the submission of the business improvement plan, a meeting of the Board of Directors was held, and the business improvement plan was approved.</p> <p>Prior to the Bank receiving the Business Improvement Order, management traditionally provided reports, regarding the volatile domestic/overseas financial environment and the forecast financial results impact, to the Outside Directors at the Board of Directors and Audit Committee meetings.</p>

Name	Remarks at Meetings of Board of Directors and Other Activities (ii)
	After the Bank received the Business Improvement Order, the Board of Directors performed supervisory/auditing activities in order to contribute to the steady implementation of the business improvement plan and held discussions from various viewpoints in an effort to further improve the Bank's profitability and strengthen its risk management framework.

(3) Agreement for Limitation on Liability

Name	Overview of Contents of Agreement for Limitation on Liability
J. Christopher Flowers Yukinori Ito Shigeru Kani Minoru Makihara Okie Matsumoto Yasuharu Nagashima Nobuaki Ogawa Hiroyuki Takahashi John S. Wadsworth, Jr.	The Outside Directors' liability for any damage caused through neglect of their duties and responsibilities shall be limited under Article 427, Paragraph 1 of the Corporation Act. If the Bank suffers damage as a result of such neglect, the Outside Directors shall be liable up to the lowest maximum liability provided for in Article 425, Paragraph 1 of the Corporation Act, provided that there should be no willful misconduct or gross negligence involved in their duties and responsibilities.

(4) Compensation for Outside Directors and Officers

	Number of payees	Compensation received from the Bank	Compensation received from the Bank's parent company
Total compensation for outside directors and officers	12 persons (three of them have already retired)	¥146 million (¥8 million of this amount is other than compensation)	—

Notes:

1. The above-mentioned "¥8 million other than compensation" includes expenses related to equity-linked allowance which was paid as consideration for execution of duties in the past fiscal year. These amounts were expensed in this fiscal year.

2. The above amount includes the following retirement allowance paid in this fiscal year.

Three Directors ¥28 million

(5) Opinions from Outside Directors and Officers

None

4. Matters concerning Common Shares of the Bank

(1) The Number of Shares

- Aggregate number of shares authorized to be issued
4,000,000,000
- Aggregate number of shares issued
2,060,346,000

Note

The number of shares shown has been rounded down to thousands of shares (same as in the Notes below).

(2) The Number of Shareholders at the End of the Current Fiscal Year

55,244

(3) Major Shareholders

Shareholder's name	Investment in the Bank	
	Number of common shares	Shareholding percentage
SATURN IV SUB LP (JPMCB 380111)	322,964,000	16.44%
Deposit Insurance Corporation of Japan	269,128,000	13.70%
THE RESOLUTION AND COLLECTION CORPORATION	200,000,000	10.18%
SATURN JAPAN III SUB C.V. (JPMCB 380113)	110,449,000	5.62%
ASTYANAX CORPORATION 380098	84,178,000	4.28%
SANTANDER INVESTMENT SA, C. CENTRAL VALORES	63,539,000	3.23%
CREDIT SUISSE SEC (EUROPE) LTD PB SEC INT NON-TR CLT	49,705,000	2.53%
MORGAN STANLEY & CO. INC	40,872,000	2.08%
GOLDMAN, SACHS & CO. REG	40,518,000	2.06%
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	31,473,000	1.60%

Notes

1. *The number of common shares shown has been rounded down to thousands of shares.*
2. *Percentages of investment have been calculated by deducting the treasury shares (96,427,000 shares) from the denominator and rounding down to the second decimal place.*
3. *The Bank has been notified that the shares under the name "ASTYANAX CORPORATION 380098" are substantially held by J. Christopher Flowers, a director of the Bank.*

5. Stock Acquisition Rights of the Bank

(1) Stock acquisition rights of the Bank owned by the directors and officers of the Bank as of the end of the fiscal year ended March 31, 2010.

	1st Issuance of Stock Acquisition Rights	5th Issuance of Stock Acquisition Rights
Date of resolution at Board of Directors meeting	June 24, 2004	June 24, 2005
Issue date	July 1, 2004	June 27, 2005
Number of stock acquisition rights issued	9,455	4,922
Holdings by Directors and Statutory Executive Officers (excluding outside directors)	438/14 persons	452/12 persons
Holdings by Outside Directors	-	150/6 persons
Class and number of shares that can be purchased through the exercise of stock acquisition rights	Common stock/5,298,000 shares (1,000 shares per stock acquisition right)	Common stock/2,693,000 shares (1,000 shares per stock acquisition right)
Per-share amount to be paid upon exercise of stock acquisition rights	¥684	¥601
Exercise period of stock acquisition rights	From July 1, 2006 to June 23, 2014	From July 1, 2007 to June 23, 2015
Conditions for exercising stock acquisition rights	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) Holders may exercise up to half of their rights between July 1, 2006 and June 30, 2007 (any amount less than one shall be rounded up).</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the 4th Annual General Meeting of Shareholders of the Bank and the Board of Directors meeting held on the day shown above.</p>	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise up to half of these rights between July 1, 2007 and June 30, 2008 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the 5th Annual General Meeting of Shareholders of the Bank and the Board of Directors meeting held on the day shown above.</p>
Favorable terms	Stock Acquisition Rights that have been issued without charge.	

	6th Issuance of Stock Acquisition Rights	7th Issuance of Stock Acquisition Rights
Date of resolution at Board of Directors meeting	June 24, 2005	June 24, 2005
Issue date	June 27, 2005	June 27, 2005
Number of stock acquisition rights issued	2,856	1,287
Holdings by Directors and Statutory Executive Officers (excluding outside directors)	394/3 persons	194/11 persons
Holdings by Outside Directors	-	-
Class and number of shares that can be purchased through the exercise of stock acquisition rights	Common stock/1,921,000 shares (1,000 shares per stock acquisition right)	Common stock/689,000 shares (1,000 shares per stock acquisition right)
Per-share amount to be paid upon exercise of stock acquisition rights	¥601	¥601
Exercise period of stock acquisition rights	From July 1, 2005 to June 23, 2015	From July 1, 2007 to June 23, 2015
Conditions for exercising stock acquisition rights	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise their rights after July 1, 2007. They may exercise up to half of these rights between July 1, 2007 and June 30, 2008 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the 5th Annual General Meeting of Shareholders of the Bank and the Board of Directors meeting held on the day shown above.</p>	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise their rights after July 1, 2008. They may exercise up to half of these rights between July 1, 2008 and June 30, 2010 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the 5th Annual General Meeting of Shareholders of the Bank and the Board of Directors meeting held on the day shown above.</p>
Favorable terms	Stock Acquisition Rights that have been issued without charge.	

	8th Issuance of Stock Acquisition Rights	9th Issuance of Stock Acquisition Rights
Date of resolution at Board of Directors meeting	June 24, 2005	September 23, 2005
Issue date	June 27, 2005	September 28, 2005
Number of stock acquisition rights issued	561	157
Holdings by Directors and Statutory Executive Officers (excluding outside directors)	84/2 persons	108/1 person
Holdings by Outside Directors	-	-
Class and number of shares that can be purchased through the exercise of stock acquisition rights	Common stock/237,000 shares (1,000 shares per stock acquisition right)	Common stock/108,000 shares (1,000 shares per stock acquisition right)
Per-share amount to be paid upon exercise of stock acquisition rights	¥601	¥697
Exercise period of stock acquisition rights	From July 1, 2005 to June 23, 2015	From July 1, 2007 to June 23, 2015
Conditions for exercising stock acquisition rights	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise their rights after July 1, 2008. They may exercise up to half of these rights between July 1, 2008 and June 30, 2010 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the 5th Annual General Meeting of Shareholders of the Bank and the Board of Directors meeting held on the day shown above.</p>	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise up to half of these rights between July 1, 2007 and June 30, 2008 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the 5th Annual General Meeting of Shareholders of the Bank and the Board of Directors meeting held on the day shown above.</p>
Favorable terms	Stock Acquisition Rights that have been issued without charge.	

	10th Issuance of Stock Acquisition Rights	13th Issuance of Stock Acquisition Rights
Date of resolution at Board of Directors meeting	September 23, 2005	May 23, 2006
Issue date	September 28, 2005	May 25, 2006
Number of stock acquisition rights issued	53	5,342
Holdings by Directors and Statutory Executive Officers (excluding outside directors)	36/1 person	441/15 persons
Holdings by Outside Directors	-	150/6 persons
Class and number of shares that can be purchased through the exercise of stock acquisition rights	Common stock/36,000 shares (1,000 shares per stock acquisition right)	Common stock/2,820,000 shares (1,000 shares per stock acquisition right)
Per-share amount to be paid upon exercise of stock acquisition rights	¥697	¥825
Exercise period of stock acquisition rights	From July 1, 2007 to June 23, 2015	From June 1, 2008 to June 23, 2015
Conditions for exercising stock acquisition rights	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise their rights after July 1, 2008. They may exercise up to half of these rights between July 1, 2008 and June 30, 2010 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the 5th Annual General Meeting of Shareholders of the Bank and the Board of Directors meeting held on the day shown above.</p>	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise up to half of these rights between June 1, 2008 and May 31, 2009 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the 5th Annual General Meeting of Shareholders of the Bank and the Board of Directors meeting held on the day shown above.</p>
Favorable terms	Stock Acquisition Rights that have been issued without charge.	

	14th Issuance of Stock Acquisition Rights	15th Issuance of Stock Acquisition Rights
Date of resolution at Board of Directors meeting	May 23, 2006	May 23, 2006
Issue date	May 25, 2006	May 25, 2006
Number of stock acquisition rights issued	3,027	1,439
Holdings by Directors and Statutory Executive Officers (excluding outside directors)	205/2 persons	194/14 persons
Holdings by Outside Directors	-	-
Class and number of shares that can be purchased through the exercise of stock acquisition rights	Common stock/2,044,000 shares (1,000 shares per stock acquisition right)	Common stock/748,000 shares (1,000 shares per stock acquisition right)
Per-share amount to be paid upon exercise of stock acquisition rights	¥825	¥825
Exercise period of stock acquisition rights	From June 1, 2006 to June 23, 2015	From June 1, 2008 to June 23, 2015
Conditions for exercising stock acquisition rights	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise their rights after June 1, 2008. They may exercise up to half of these rights between June 1, 2008 and May 31, 2009 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the 5th Annual General Meeting of Shareholders of the Bank and the Board of Directors meeting held on the day shown above.</p>	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise their rights after June 1, 2009. They may exercise up to half of these rights between June 1, 2009 and May 31, 2011 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the 5th Annual General Meeting of Shareholders of the Bank and the Board of Directors meeting held on the day shown above.</p>
Favorable terms	Stock Acquisition Rights that have been issued without charge.	

	16th Issuance of Stock Acquisition Rights	17th Issuance of Stock Acquisition Rights
Date of resolution at Board of Directors meeting	May 23, 2006	May 9, 2007
Issue date	May 25, 2006	May 25, 2007
Number of stock acquisition rights issued	331	3,306
Holdings by Directors and Statutory Executive Officers (excluding outside directors)	17/1 persons	459/10 persons
Holdings by Outside Directors	-	70/7 persons
Class and number of shares that can be purchased through the exercise of stock acquisition rights	Common stock/37,000 shares (1,000 shares per stock acquisition right)	Common stock/1,831,000 shares (1,000 shares per stock acquisition right)
Per-share amount to be paid upon exercise of stock acquisition rights	¥825	¥555
Exercise period of stock acquisition rights	From June 1, 2006 to June 23, 2015	From June 1, 2009 to May 8, 2017
Conditions for exercising stock acquisition rights	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise their rights after June 1, 2008. They may exercise up to half of these rights between June 1, 2008 and May 31, 2009 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the 5th Annual General Meeting of Shareholders of the Bank and the Board of Directors meeting held on the day shown above.</p>	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise up to half of these rights between June 1, 2009 and May 31, 2011 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the 6th Annual General Meeting of Shareholders of the Bank and the Board of Directors meeting held on the day shown above.</p>
Favorable terms	Stock Acquisition Rights that have been issued without charge.	

	18th Issuance of Stock Acquisition Rights	20th Issuance of Stock Acquisition Rights
Date of resolution at Board of Directors meeting	May 9, 2007	May 14, 2008
Issue date	May 25, 2007	May 30, 2008
Number of stock acquisition rights issued	1,480	2,830
Holdings by Directors and Statutory Executive Officers (excluding outside directors)	83/3 persons	635/9 persons
Holdings by Outside Directors	-	80/8 persons
Class and number of shares that can be purchased through the exercise of stock acquisition rights	Common stock/1,046,000 shares (1,000 shares per stock acquisition right)	Common stock/2,014,000 shares (1,000 shares per stock acquisition right)
Per-share amount to be paid upon exercise of stock acquisition rights	¥555	¥416
Exercise period of stock acquisition rights	From June 1, 2007 to May 8, 2017	From June 1, 2010 to May 13, 2018
Conditions for exercising stock acquisition rights	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise their rights after June 1, 2009. They may exercise up to half of these rights between June 1, 2009 and May 31, 2011 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the 6th Annual General Meeting of Shareholders of the Bank and the Board of Directors meeting held on the day shown above.</p>	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise up to half of these rights between June 1, 2010 and May 31, 2012 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the 7th Annual General Meeting of Shareholders of the Bank and the Board of Directors meeting held on the day shown above.</p>
Favorable terms	Stock Acquisition Rights that have been issued without charge.	

	21st Issuance of Stock Acquisition Rights
Date of resolution at Board of Directors meeting	May 14, 2008
Issue date	May 30, 2008
Number of stock acquisition rights issued	2,081
Holdings by Directors and Statutory Executive Officers (excluding outside directors)	37/1 persons
Holdings by Outside Directors	-
Class and number of shares that can be purchased through the exercise of stock acquisition rights	Common stock/970,000 shares (1,000 shares per stock acquisition right)
Per-share amount to be paid upon exercise of stock acquisition rights	¥416
Exercise period of stock acquisition rights	From June 1, 2008 to May 13, 2018
Conditions for exercising stock acquisition rights	<p>1) In case a Stock Acquisition Rights holder dies and his or her legal heir completes the succession procedures within a term fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.</p> <p>2) In principle, holders may exercise their rights after June 1, 2010. They may exercise up to half of these rights between June 1, 2010 and May 31, 2012 (any amount less than one shall be rounded up). However, in certain cases as stipulated in the "Agreement on the granting of Stock Acquisition Rights," all stock acquisition rights may be exercised from the first day of the exercise period.</p> <p>3) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.</p> <p>4) Other conditions shall be stipulated in the "Agreement on the granting of Stock Acquisition Rights" between the Bank and Stock Acquisition Rights holders based on resolutions of the 7th Annual General Meeting of Shareholders of the Bank and the Board of Directors meeting held on the day shown above.</p>
Favorable terms	Stock Acquisition Rights that have been issued without charge.

(2) Stock Acquisition Rights of the Bank issued to employees, etc. during the fiscal year ended March 31, 2010.

Not available.

6. Matters concerning the Bank's Independent Accounting Auditor

(1) The Bank's Independent Accounting Auditor

Name	Fees for This Fiscal Year (millions of yen)		Others
Deloitte Touche Tohmatsu LLC	Audit certification business	400	Business other than audit certification business includes research and reporting on internal control systems for capital adequacy ratios.
	Business other than audit certification business	112	
	Total fees	512	

Notes

1. Seno Tezuka, Masahiro Ishizuka, Shigehiko Matsumoto and Junji Suzuki are designated partners.
2. The audit certification business is the business that falls under Article 2, Paragraph 1 of the Certified Public Accountant Law.
3. Compensation for independent accounting auditors of the bank and the consolidated subsidiaries of the bank for this fiscal year is as follows.

Fees for This Fiscal Year (millions of yen)		
	Audit certification business	761
	Business other than audit certification business	116
	Total fees	877

(2) Agreement for Limitation on Liability

None.

(3) Other Matters Concerning the Bank's Independent Accounting Auditor

- i) Policy to determine dismissal or non-reassignment of independent accounting auditor
The Audit Committee has a policy to discuss the dismissal or non-reassignment of the independent accounting auditor if it falls under any of the following categories. In addition, the Audit Committee's policy is to make necessary resolutions when dismissal or the non-reassignment is appropriate.
 1. It infringes on any of the provisions in each item of Article 337, Paragraph 3 of the Corporation Act.
 2. It falls under any of the provisions in each item of Article 340, Paragraph 1 of the Corporation Act.
 3. The proper execution of the business by the independent accounting auditor is otherwise deemed to have been difficult.
- ii) Policy concerning exercise of authorities granted to the Board of Directors in accordance with the provisions of the Articles of Incorporation under the provision of Article 459, Paragraph 1 of the Corporation Act.

We plan to exercise the authorities granted to the Board of Directors in accordance with Article 34 of our Articles of Incorporation under the provision of Article 459, Paragraph 1 of the Corporation Act from the viewpoint of flexible and mobile capital policy implementation, taking into consideration the soundness, stability and efficiency of finance.

Further, our basic dividend policy in the medium to long term is to distribute profits to shareholders based on the global standard considering management results, including profit trends, etc. and our future prospects. We will, however, determine our policies in a comprehensive manner in accordance with the revitalization plan that govern banks that have received public funds, while also paying attention to the balance between stability and retained earnings.

7. Basic Policy for Persons Who Determine Financial and Business Policies

None.

8. Systems to Ensure Business Relevance

As for the systems to ensure business relevance (internal control systems) to be resolved by the Board of Directors of a company with committees in accordance with Article 416, Paragraph 1, Items 1b and e of the Corporation Act and Article 112, Paragraphs 1 and 2 of the Enforcement Regulations of the Corporation Act, we provide for those matters in detail mainly in the "Internal Control Rules" and their related rules pursuant to the Board of Directors' resolutions. The statutory executive officers are required to establish and operate the internal control system for their respective businesses, and all the statutory executive officers and employees are required to follow them. The status of our internal control systems is regularly verified at the Board of Directors. The outline of the system is as follows.

- (1) Matters concerning directors and employees with the duties and responsibilities to support the Audit Committee (Article 112, Paragraph 1, Item 1 of the Enforcement Regulations of the Corporation Act)

It is stipulated that the Office of Audit Committee shall be established to assist in the performance of the duties and responsibilities of the Audit Committee; and the General Manager of the Office of Audit Committee, the head of the Office of Audit Committee, and the employees belonging to the office of Audit Committee shall be employees who should assist in the duties and responsibilities of the Audit Committee (“Assistants”). The Assistants have an obligation to report to the Audit Committee on the results of their businesses.

- (2) Matters concerning the independence of directors and employees provided for in the previous paragraph (Article 112, Paragraph 1, Item 2 of the Enforcement Regulations of the Corporation Act)

The Office of Audit Committee directly reports to the Audit Committee, which is established as an independent organization from each statutory executive officer and business execution. In addition, the appointment, removal, reassignment, or other change regarding the Assistants shall be decided with consent of the Audit Committee, and those important matters of the General Manager of the office of the Audit Committee shall be determined by the Board of Directors subject to consent of the Audit Committee. Revisions of wages and other allowances for the Assistants are subject to the prior consent of the Audit Committee. The aforementioned matters ensure the independence of the employees in the duties and responsibilities to support the Audit Committee from the statutory executive officers.

- (3) System for statutory executive officers and employees to report to the Audit Committee and systems for reporting other matters to the Audit Committee (Article 112, Paragraph 1, Item 3 of the Enforcement Regulations of the Corporation Act)

If any statutory executive officers or employees become aware of any facts that could cause the Bank substantial damage, they must report on such facts and other matters designated by the Board of Directors or the Audit Committee without delay. The said report shall be made to the Audit Committee directly by statutory executive officers, and by employees through the Office of Audit Committee, in writing in principle. The Office of Audit Committee questions the statutory executive officers or employees who have reported in the manner described above in accordance with orders from the Audit Committee or the Audit Committee member previously designated.

- (4) Other systems to ensure effective auditing by the Audit Committee (Article 112, Paragraph 1, Item 4 of the Enforcement Regulations of the Corporation Act)

It is stipulated that the statutory executive officers and employees shall cooperate on auditing by the Audit Committee and may not act in a manner to prevent such cooperation, and the Audit Committee may use external professionals as required within the range permitted by law, at the expense of the Bank.

- (5) Systems to ensure that statutory executive officers and employees perform their duties and responsibilities in conformity with the applicable laws, ordinances, regulations and the Articles of Incorporation (Article 416, Paragraph 1, Item 1e of the Corporation Act; Article 112, Paragraph 2, Item 4 of the Enforcement Regulations of the Corporation Act)

We have established the “Shinsei Bank Code of Conduct” as a base for systems to ensure that the statutory executive officers and employees perform their duties and responsibilities in conformity with applicable laws, ordinances, regulations, and the Articles of Incorporation, and all directors and employees must comply with it.

The “Shinsei Bank Code of Conduct” stipulates that anyone breaching laws, regulations, or internal rules could be subject to disciplinary action including dismissal, and directors and employees are required to promptly report any breaches of laws, regulations, or internal rules. In addition, all the directors and employees are required to regularly pledge and affirm in writing that they understand and comply with the Code of Conduct. Actions of directors and employees have been regulated in detail in the individual internal rules as required under the Code of Conduct.

- (6) Systems for retention and management of information regarding the execution of the duties and responsibilities of the statutory executive officers (Article 112, Paragraph 2, Item 1 of the Enforcement Regulations of the Corporation Act)

We must retain and manage the information regarding the performance by the statutory executive officers of their duties and responsibilities with the due care required for each type of storage media so that it is not divulged, and we must also provide it to the Audit Committee from time to time upon request. In addition, we must manage information regarding the performance of the duties and responsibilities of the statutory executive officers and employees pursuant to the “Information Security Policy” established by the Bank.

The objectives of the “Information Security Policy” are to recognize information as an important asset, and appropriately manage and protect information assets. In addition, we define information security as appropriately managing information assets based on their characteristics and ensuring and maintaining their confidentiality, completeness, and usability, and the purpose of the “Information Security Policy” is to realize information security described above. The Policy stipulates the legal compliance, granting of access authorities based on the principle of minimal disclosure, establishment and operation of the required systems, classification and management of information assets, and implementation of education and training, etc.

- (7) Risks of loss management regulations and other systems (Article 112, Paragraph 2, Item 2 of the Enforcement Regulations of the Corporation Act)

The “Shinsei Bank Risk Management Policy” has been prescribed as the basis for risk of loss management, and we have constructed the risk management system based on the Policy.

The basic policy for monitoring the total risks held by the Bank and the Bank Group and actively managing them has been determined in the “Shinsei Bank Risk Management Policy,” and the system for the risk control is based on the integration of the “macro approach” (distribution and evaluation of capital and resources by the management organization) and the “standardized operation management framework” (a progressively decentralized transaction approval process). The Policy stipulates as the specific “operation management framework” 1) risk classifications including credit risks, market risks, liquidity risks, operational risks, and investment risks, 2) formation, objectives, missions, and functions of various committee organizations responding to risks including the Risk Policy Committee, Transaction Approval Committee, Credit Committee, Doubtful Debt Committee, ALM/Market Risk Management Committee, and New Business and Product Committee and 3) functions, roles and responsibilities of the Risk Management Group.

- (8) Systems to ensure that the statutory executive officers efficiently perform their duties and responsibilities (Article 112, Paragraph 2, Item 3 of the Enforcement Regulations of the Corporation Act)

Statutory Executive Officers are to perform their daily duties and responsibilities in accordance with the “Regulations of the Statutory Executive Officers” that stipulate the duties and responsibilities of the statutory executive officers.

The “Regulations of the Statutory Executive Officers” provide for basic matters to ensure the efficient execution of the duties and responsibilities of the statutory executive officers including the legal compliance, duty of care of a good manager and duty of loyalty, duty not to compete, prohibition of actions in conflict of interest, duty of reporting to the Board of Directors, responsive actions to be taken if significant damage is likely to be caused to the Bank, storage and management of information for the execution of duties and responsibilities, and the selection and dismissal of the statutory executive officers.

- (9) Systems to ensure business relevance of the corporate group consisting of a stock corporation, its parent company, and subsidiaries (Article 112, Paragraph 2, Item 5 of the Enforcement Regulations of the Corporation Act)

To ensure our business operations are consistent with our overall management policies, business plans, and risk and compliance control, we have determined the division in charge of each subsidiary and affiliated company, and established systems in which the divisions in charge of subsidiaries instruct and manage the overall management of each subsidiary and affiliated company. In addition, we conduct the management instruction and control of our subsidiaries and affiliated companies in accordance with our “Subsidiaries and Affiliates Policy.”

The objective of the “Subsidiaries and Affiliates Policy” is to maximize our group value clarifying the following three responsibilities with respect to the management of subsidiaries and affiliated companies: 1) supporting and guiding the subsidiaries and affiliated companies in their autonomous management, while ensuring that their initiatives are consistent with the Bank's strategy and goals as a whole: 2) assisting the subsidiaries and affiliated companies in managing risks and their operations, in line with the Bank's standards: and 3) ensuring that the subsidiaries and affiliated companies comply with various rules (including firewall rules) and maintain their reputation and appropriate internal controls. The Policy provides for the management instruction and control of the subsidiaries and affiliated companies including the roles and responsibilities of the divisions in charge of subsidiaries and affiliated companies and other related divisions of the Bank, responsibilities of subsidiaries and affiliated companies, responsibilities of our directors and employees involved with our subsidiaries and affiliated companies, and other responsibilities of our directors and employees.

(10) Others

We declare in “The Charter of Corporate Ethics” pursuant to the Board of Directors’ resolutions that we will take a firm and resolute stand against anti-social organizations which threaten the order and security of our society. We will consistently prevent and immediately eliminate illegal interference by such anti-social organizations.

In order to inspect how the above-mentioned internal control system is being implemented, the Internal Audit Division conducts internal audits in accordance with the “Internal Audit Policy” established by the Bank and submits reports on its results to the Statutory Executive Officer/President and the Audit Committee.

9. Matters Concerning Accountants

None.

10. Others

None.

【Procedures for Exercising Voting Rights via Internet】

Please take note of the following instructions before exercising voting rights via Internet.

- (1) Voting rights can be exercised via Internet only by accessing the following website for exercising voting rights from a personal computer or cell phone.
【Website for exercising voting rights】 <http://www.webdk.net>
- (2) When exercising voting rights via Internet, you must enter the “Voting Rights Exercise Code” and “Password”, both of which are contained in the enclosed Form for Exercising Voting Rights. Please follow the instructions on the screen to vote in favor of or against the proposed items.
- (3) Shareholders may exercise their voting rights via Internet until 5:00 p.m. on Tuesday, June 22, 2010. However, we urge shareholders to exercise their voting rights at their earliest convenience for the purpose of tallying voting rights.
- (4) If you have cast your votes twice by using the Form for Exercising Voting Rights and via Internet, the Bank will consider the vote cast via Internet to be the valid vote.
- (5) If you have cast your votes more than once via Internet, the Bank will consider the vote last cast via Internet to be the valid vote.
- (6) Any costs incurred to access the website for exercising voting rights, such as Internet connection costs payable to a provider or telecommunication fees (telephone charges, etc.) shall be borne by the shareholder exercising the voting rights.

【System Environment for Exercising Voting Rights via Internet】

The following computer system environment is necessary in order to use the website for exercising voting rights.

- (1) Ability to access the website via Internet
- (2) In order to exercise voting rights using a personal computer, it is necessary to be able to use an Internet browser as well as software such as Internet Explorer 6.0 or greater of Microsoft®. It is necessary to have a hardware environment that allows for the use of the above internet browser and software.
- (3) In order to exercise voting rights via a cell phone, the cell phone must be a model that allows for 128bitSSL transmissions (encrypted transmissions).
(For security purposes, the website is accessible only by models that allow for 128bitSSL transmissions (encrypted transmissions) so that some models may not be able to access the website.)

(“Microsoft” is a trademark owned by the Microsoft Corporation in the United States and other countries.)

【Inquiries concerning Exercising Voting Rights via Internet】

For inquiries concerning exercising voting rights via Internet, please contact the following:

Shareholder List Administrator: Stock Transfer Agency Department, The Sumitomo Trust & Banking Co., Ltd.

【Hotline】 0120-186-417 (available 24 hours a day)

【Request for forms, and other inquiry】 0120-176-417 (available weekdays from 9 a.m. to 5 p.m.)

End