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[TRANSLATION]

TSE Stock code: 8303

June 2, 2010

1-8 Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo  
Shinsei Bank, Limited

### **Notice of the Annual General Meeting of Shareholders for the Tenth Term**

Dear Shareholders,

We are pleased to invite you to the Annual General Meeting of Shareholders of Shinsei Bank, Limited (“the Bank”) for the Tenth term, which will be held as shown below.

**If you are not able to attend the meeting in person, we encourage you to examine the accompanying reference materials below and exercise your voting right by either filling out the enclosed Form for Exercising Voting Rights and returning it to the Bank or by an electromagnetic method using the Internet, etc. In either case, please read the "Instructions on Exercising Voting Rights, etc." carefully and exercise your voting right, using either method, so that your vote is received by 5:00 p.m. on Tuesday, June 22, 2010.**

Very truly yours,

Masamoto Yashiro

Director

Representative Statutory Executive Officer and President

*Request:*

*When you attend the meeting in person, please submit the enclosed Form for Exercising Voting Rights to the reception desk at the meeting.*

*Notes:*

*Please note that this is a translation of the original document, and is provided for reference only. Although this translation is intended to be complete and accurate, the Japanese original shall take precedence over this translation in case of any discrepancies between this translation and the original.*

*If it becomes necessary for the Bank to make corrections to the Reference Materials for the General Meeting of Shareholders, business report, financial statements (keisan-shorui) or consolidated financial statements, the Bank will post these matters on its website (<http://www.shinseibank.com>).*

*For both domestic and foreign institutional shareholders, we will participate in the ICJ electronic voting platform. This system uses Broadridge’s ProxyEdge voting platform to provide users instantaneous access to agenda information, proxy statement details as they are officially released and the ability to immediately vote on proposals.*

*No individual that resides outside Japan may exercise one’s voting right via internet or mobile phone.*

*We are planning to disclose the Annual General Meeting of Shareholders for the Tenth Term by posting the media file on the Bank’s website at a later date for a certain period in order to enable unattended shareholders to view the images of the meeting. The picture of attended individual shareholders will not be disclosed.*

**Description of the Meeting**

1. **Date and Time:** *Wednesday, June 23, 2010 at 10:00 a.m.*
2. **Place:** *Shinsei Hall, First Floor of Head Office, Shinsei Bank, Limited  
1-8, Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo*
3. **Purposes:**
  - Matters to be reported:**
    1. *Report on the Business Report, Consolidated Financial Statements and the Results of the Audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit Committee for the Tenth Term (from April 1, 2009 to March 31, 2010).*
    2. *Report on the Financial Statements for the Tenth Term (from April 1, 2009 to March 31, 2010).*
  - Matters to be voted on:**
    - Agenda 1:** *Partial Amendment to Articles of Incorporation*
    - Agenda 2:** *Election of Six (6) Directors*
    - Agenda 3:** *Election of Three (3) Statutory Auditors*
    - Agenda 4:** *Election of One (1) Substitute Statutory Auditor*
    - Agenda 5:** *Maximum Amount of Remuneration, Etc. of Directors and Statutory Auditors*

## **Instructions on Exercising Voting Rights, etc.**

### **(1) Voting by proxy:**

If you are not able to attend the meeting, you can designate another shareholder who is also eligible to vote at the meeting to vote on your behalf at the meeting. Please note, however, that a document must be submitted that provides evidence of this power of representation.

### **(2) Method of announcing corrections, if any, of descriptions in the Reference Materials of the General Meeting of Shareholders and the Financial Statements, etc.:**

If it becomes necessary for the Bank to make corrections in the matters to be described in the Reference Materials of the Annual General Meeting of Shareholders, the financial statements (keisan-shorui), consolidated financial statements and business report for the period from the date on which the Bank issues this notice of convocation to the day immediately prior to the date of the Annual General Meeting of Shareholders, the Bank will post the corrected matters on its website (<http://www.shinseibank.com>).

### **(3) Treatment of duplicate votes cast by using the Form for Exercising Voting Rights and via Internet:**

If you 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.

### **(4) Treatment of duplicate votes cast via Internet:**

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.

### **(5) Treatment of requests for the Form for Exercising Voting Rights, etc. by shareholders who have agreed to receive the notice of convocation by way of electromagnetic means:**

Any shareholder who has agreed to receive the notice of convocation by electromagnetic means, and who wishes to request that the Form for Exercising Voting Rights, etc. be delivered in written form, these written forms and documents are granted. If any shareholder wishes such treatment, please contact the Stock Transfer Agency Department of Sumitomo Trust & Banking Co., Ltd., the contact details for which are described in the “Procedures for Exercising Voting Rights via Internet” on page 56 below.

### **(6) Treatment of the voting platform for institutional investors:**

Registered Shareholders, such as trust banks acting as administrators (including standing proxies), can use the voting platform in order to exercise their voting rights by electromagnetic means at the Annual General Meeting of Shareholders of the Bank, provided that each has applied in advance to use the electronic voting platform for institutional investors which is operated by ICJ Inc., the joint venture company formed by the Tokyo Stock Exchange, Inc. and other entities.

For details on exercising voting rights via Internet, please see the “Procedure for Exercising Voting Rights via Internet” on page 56 below.

## Reference Materials

### Agenda 1 Partial Amendment to the Articles of Incorporation

1. Reasons for the Partial Amendment to the Articles of Incorporation
  - (1) In accordance with the head office relocation project of the Bank, scheduled to be implemented in the second half of the fiscal year ending March 2011, we propose to change the location of the head office set forth in Article 3 from Chiyoda-ku, Tokyo to Chuo-ku, Tokyo. This amendment shall take effect on the date of the relocation of the head office, which is to be determined separately by the Board of Directors of the Bank no later than January 31, 2011. We propose to include this in Article 42 of Chapter VII (Supplementary Provisions) of the Articles of Incorporation.
  - (2) As we will also be changing our corporate governance system from a “Company with Committees” board model (*i-in-kai setchi gaisha*) to a “Company with Board of Statutory Auditors” board model (*kansayaku-kai setchi gaisha*), we propose to introduce certain relevant amendments to the Articles of Incorporation.

The Bank adopted the current corporate governance system (“Company with Committees” board model) under the then applicable Commercial Code at the closing of the annual meeting of shareholders held on June 24, 2004. The aim was to create an effective governance system and an efficient and highly transparent management under this framework, given that it permitted delegation of business operations to the Statutory Executive Officers, allowing them to operate the businesses flexibly and expeditiously; and permitted the Board of Directors to specialize in the determination of important business matters concerning core elements of business management as well as the supervision and oversight of the operation of the business.

It has, however, been increasingly necessary for the Board of Directors to be actively involved in the formulation of internal governance systems and risk management, and to strengthen the business decision functions relating to management policy in accordance with the actual practices of the Bank’s business operation. Further, it has also been increasingly necessary to enhance the audit function through, amongst other things, a daily audit of the business operation by full-time audit officer(s) and supervision of the business operation and other activities of the Directors by audit officers who are separate from Directors.

Under these circumstances, we have decided to change our corporate governance structure to that of a “Company with Board of Statutory Auditors” board model. Since Directors of a “Company with Board of Statutory Auditors” board model are responsible for both the determination and execution of business matters, the Board of Directors shall have the ultimate power and authority as well as responsibility for business operation. Under the existing framework (“Company with Committees” board model), the overall power and authority of the business operation lie with the President, who also serves as a Statutory Executive Officer. As a result, an asymmetry of information flow between the Board of Directors and the Statutory Executive Officers is likely to occur. This could therefore be a weakness, in that the supervision of the operation of the business by the Board of Directors may not be able to function adequately. However, we expect to be able to overcome these possible weaknesses of the existing framework through the implementation of a “Company with Board of Statutory Auditors” board model.

We should note that, even under a “Company with Board of Statutory Auditors” board model, we can ensure to some extent an expedited execution of our business through a well-structured management system, which would include, for example, a specific stipulation of the criteria for what items require board approvals and the segregation of the duties of Executive Directors. We can also ensure the objectivity and transparency of the decision-making process by maintaining an adequate number of Outside Directors and Outside Statutory Auditors.

We have set the term of office of Directors at one (1) year, as standard, and propose to provide in the Articles of Incorporation that the Board of Directors may make decisions concerning the distributions of dividends from the surplus, etc.

- (3) As the supplementary provision regarding the register for lost share certificates expired on January 6, 2010 (following the first anniversary of the date immediately after the date on which the Articles of Incorporation was amended such that the Bank shall no longer issue any share certificates), we propose to delete this supplementary provision and renumber the remaining provisions.

2. Details of the Amendments

The details of the amendments are as follows:

## Proposed Amendment to the Articles of Incorporation

Amended parts are underlined.

<b>Current Articles</b>	<b>Proposed Amendments</b>
<b>CHAPTER I GENERAL PROVISIONS</b>	<b>CHAPTER I GENERAL PROVISIONS</b>
<p>Article 3. (Location of Head Office) The head office of the Bank shall be located in <u>Chiyoda-ku</u>, Tokyo.</p>	<p>Article 3. (Location of Head Office) The head office of the Bank shall be located in <u>Chuo-ku</u>, Tokyo.</p>
<p>Article 4. (Bodies) The Bank shall have the following bodies, in addition to meetings of shareholders and the Directors</p> <ol style="list-style-type: none"> <li>(1) Board of Directors;</li> <li>(2) <u>Nomination Committee</u>;</li> <li>(3) <u>Audit Committee</u>;</li> <li>(4) <u>Compensation Committee</u>; and</li> <li>(5) <u>Accounting Auditor</u></li> </ol>	<p>Article 4. (Bodies) The Bank shall have the following bodies, in addition to meetings of shareholders and the Directors</p> <ol style="list-style-type: none"> <li>(1) Board of Directors;</li> <li>(2) <u>Statutory Auditors</u>;</li> <li>(3) <u>Board of Statutory Auditors</u>; and</li> <li>(4) <u>Accounting Auditor</u></li> </ol>
<b>CHAPTER II SHARES</b>	<b>CHAPTER II SHARES</b>
<p>Article 8. (Rights Concerning Shares Constituting Less than One Full Unit) Shareholders of the Bank may not exercise any rights concerning shares constituting less than one full unit other than those prescribed below;</p> <ol style="list-style-type: none"> <li>(1) Rights set forth in Article 189, Paragraph 2 of the Corporation Act;</li> <li>(2) Right to file a claim in accordance with the provision of Article 166, Paragraph 1 of the Corporation Act;</li> <li>(3) Right to receive allocation of shares offered or share purchase rights offered in proportion to the number of shares held; or</li> <li>(4) Right to make requests in accordance with the provision of Article <u>8</u>, Paragraph <u>3</u>.</li> </ol>	<p>Article 8. (Rights Concerning Shares Constituting Less than One Full Unit) Shareholders of the Bank may not exercise any rights concerning shares constituting less than one full unit other than those prescribed below;</p> <ol style="list-style-type: none"> <li>(1) Rights set forth in Article 189, Paragraph 2 of the Corporation Act;</li> <li>(2) Right to file a claim in accordance with the provision of Article 166, Paragraph 1 of the Corporation Act;</li> <li>(3) Right to receive allocation of shares offered or share purchase rights offered in proportion to the number of shares held; or</li> <li>(4) Right to make requests in accordance with the provision of Article <u>7</u>, Paragraph <u>2</u>.</li> </ol>
<p>Article 9. (Transfer Agent) 1. The Bank shall appoint a transfer agent. 2. Designation of the transfer agent and its business office shall be made by resolution of the Board of Directors of the Bank <u>or by resolution of the Statutory Executive</u></p>	<p>Article 9. (Transfer Agent) 1. (No Change) 2. Designation of the transfer agent and its business office shall be made by resolution of the Board of Directors of the Bank and shall be notified by public notice.</p>

<b>Current Articles</b>	<b>Proposed Amendments</b>
<p><u>Officer(s) of the Bank who are authorized to make such resolution by the Board of Directors</u> and shall be notified by public notice.</p> <p>3. Preparation and keeping of the shareholder register and the register of share purchase rights as well as other administrative affairs relating to the shareholder register and the register of share purchase rights shall be entrusted to the transfer agent and shall not be handled by the Bank.</p>	<p>3. (No Change)</p>
<p>Article 10. (Rules for Handling Shares)</p> <p>The procedures and fees relating to the shares of the Bank shall be in accordance with the share handling rules as established by the Board of Directors <u>or by the Statutory Executive Officer(s) who are authorized to establish such rules by the Board of Directors</u> as well as laws and regulations and these Articles of Incorporation.</p>	<p>Article 10. (Rules for Handling Shares)</p> <p>The procedures and fees relating to the shares of the Bank shall be in accordance with the share handling rules as established by the Board of Directors as well as laws and regulations and these Articles of Incorporation.</p>
<p><b>CHAPTER III</b> <b>MEETINGS OF SHAREHOLDERS</b></p>	<p><b>CHAPTER III</b> <b>MEETINGS OF SHAREHOLDERS</b></p>
<p>Article 11. (Holding of Meetings of Shareholders)</p> <p>1. An annual meeting of shareholders of the Bank shall be held in June of each year.</p> <p>2. A special meeting of shareholders of the Bank shall be held whenever necessary.</p> <p>3. Unless otherwise provided for in laws or ordinances, a meeting of shareholders of the Bank shall be called by the President of the Bank, <u>who is also a Director</u>, in accordance with a resolution of the Board of Directors.</p> <p>4. In case the President <u>is vacant, is not a Director or is unable to act</u>, one of the other Directors, acting in accordance with a resolution of the Board of Directors, shall call the meeting.</p>	<p>Article 11. (Holding of Meetings of Shareholders)</p> <p>1. (No Change)</p> <p>2. (No Change)</p> <p>3. Unless otherwise provided for in laws or ordinances, a meeting of shareholders of the Bank shall be called by the President of the Bank, in accordance with a resolution of the Board of Directors.</p> <p>4. In case the President is unable to act, one of the other Directors, acting in accordance with a resolution of the Board of Directors, shall call the meeting.</p>
<p>Article 14. (Chairman of Meetings of Shareholders)</p> <p>1. Meetings of shareholders of the Bank shall be presided over by the President.</p> <p>2. In case the President is <u>vacant or unable to act</u>, <u>the Chairman shall preside over the meeting; and in case both the President and</u></p>	<p>Article 14. (Chairman of Meetings of Shareholders)</p> <p>1. Meetings of shareholders of the Bank shall be presided over by the President.</p> <p>2. In case the President is unable to act, one of the other <u>Directors</u>, acting in accordance with a resolution of the Board of Directors,</p>

<b>Current Articles</b>	<b>Proposed Amendments</b>
<p><u>the Chairman are vacant or unable to act, one of the other Statutory Executive Officers, acting in accordance with a resolution of the Board of Directors, shall preside over the meeting.</u></p> <p>3. Notwithstanding the preceding two (2) Paragraphs, the Board of Directors can resolve who shall preside the meetings of shareholders.</p>	<p>shall preside over the meeting.</p> <p>3. (No Change)</p>
<p style="text-align: center;"><b>CHAPTER IV DIRECTORS AND THE BOARD OF DIRECTORS</b></p>	<p style="text-align: center;"><b>CHAPTER IV DIRECTORS AND THE BOARD OF DIRECTORS</b></p>
<p>Article 17 (Number of Directors and Their Election)</p> <p>1. The number of Directors of the Bank shall be not more than twenty (20). <u>Among Directors, more than one (1) must be outside Directors (as defined in Article 2, Item 15 of the Corporation Act; hereinafter the same).</u></p> <p>2. Directors shall be elected by the votes of the majority of the voting rights held by the shareholders present and in attendance only when such shareholders present and in attendance represent aggregate voting rights equal to or more than one third of the voting rights held by the shareholders entitled to vote at the meeting.</p> <p>3. Cumulative voting shall not be permitted for the election of Directors.</p>	<p>Article 17 (Number of Directors and Their Election)</p> <p>1. The number of Directors of the Bank shall be not more than twenty (20).</p> <p>2. (No Change)</p> <p>3. (No Change)</p>
<p><u>Article 19. (Chairman of the Board)</u> <u>The Board of Directors may by a resolution of the Board elect one (1) Chairman of the Board from among the Directors.</u></p>	<p style="text-align: center;">(Deleted)</p>
<p style="text-align: center;">(New)</p>	<p><u>Article 19. (Election of Representative Directors)</u> <u>1. The Board of Directors shall by its resolution elect one (1) or more Representative Directors.</u> <u>2. Representative Directors shall severally represent the Bank.</u></p>
<p style="text-align: center;">(New)</p>	<p><u>Article 20. (Election of Directors with Executive Positions)</u> <u>The Board of Directors may by its resolution elect from among the Directors one (1) Chairman of the Board, one (1) President, one</u></p>



<b>Current Articles</b>	<b>Proposed Amendments</b>
	<u>(1) or more Deputy Presidents, one (1) or more Senior Managing Directors, and one (1) or more Managing Directors.</u>
(New)	<u>Article 21 (Activities of Directors with Executive Positions)</u> <u>1. The Chairman of the Board shall preside over meetings of the Board of Directors.</u> <u>2. In case the office of the Chairman of the Board is vacant or the Chairman of the Board is unable to act, the President shall preside over meetings of the Board of Directors.</u> <u>3. The President shall implement the resolutions of the Board of Directors, and has full power to manage the businesses of the Bank.</u> <u>4. The Deputy Presidents, Senior Managing Directors, and Managing Directors shall assist the President in the management of the regular businesses of the Bank.</u> <u>5. In case the President is unable to act, one of the other Directors shall act in the place of the President in accordance with a resolution of the Board of Directors.</u>
Article <u>20</u> . (Senior Advisor) (Omitted)	Article <u>22</u> . (Senior Advisor) (No Change)
Article <u>21</u> . (Limitation of Liabilities of Directors) (Omitted)	Article <u>23</u> . (Limitation of Liabilities of Directors) (No Change)
Article <u>22</u> . (Constitution and Power of the Board of Directors) 1. The Directors of the Bank shall constitute the Board of Directors. 2. The Board of Directors shall have power to decide all matters <u>stipulated in Article 416, Paragraph 1 of the Corporation Act and in other laws and regulations</u> and supervise the execution of the duties and responsibilities of the Directors <u>and the Statutory Executive Officers</u> .	Article <u>24</u> . (Constitution and Power of the Board of Directors) 1. (No Change) 2. The Board of Directors shall have power to decide all matters <u>concerning the management and administration of the business and affairs of the Bank</u> and supervise the execution of the duties and responsibilities of the Directors.
Article <u>23</u> . (Calling of Meetings of the Board of Directors) 1. A meeting of the Board of Directors shall be called by the Chairman of the Board or, in case the office of the Chairman of the Board is	Article <u>25</u> . (Calling of Meetings of the Board of Directors) 1. A meeting of the Board of Directors shall be called by the Chairman of the Board or, in case the office of the Chairman of the Board is

<b>Current Articles</b>	<b>Proposed Amendments</b>
<p>vacant or the Chairman of the Board is unable to act, by the President <u>who is also a Director</u>.</p> <p>2. In case both the Chairman of the Board and the President (<u>including the case that the President is not a Director</u>) are vacant or unable to act, one of the other Directors shall call such meeting in accordance with a resolution of the Board of Directors.</p> <p>3. <u>Notwithstanding the preceding two (2) Paragraphs, any Director who is a member of the relevant committees set forth in Article 30 and nominated thereat may convene a meeting of the Board of Directors.</u></p> <p>4. Notice of a meeting of the Board of Directors shall be dispatched to each Director at least three (3) days prior to the meeting; provided, however, that this period of notice may be shortened in case of emergency.</p>	<p>vacant or the Chairman of the Board is unable to act, by the President.</p> <p>2. In case both the Chairman of the Board and the President are vacant or unable to act, one of the other Directors shall call such meeting in accordance with a resolution of the Board of Directors.</p> <p>(Deleted)</p> <p>3. Notice of a meeting of the Board of Directors shall be dispatched to each Director <u>and each Statutory Auditor</u> at least three (3) days prior to the meeting; provided, however, that this period of notice may be shortened in case of emergency.</p>
<p>Article<u>24</u>. (Chairman of Meetings of the Board of Directors)</p> <p>1. The Chairman of the Board shall preside over meetings of the Board of Directors, and in case the office of the Chairman of the Board is vacant or the Chairman of the Board is unable to act, the President, <u>who is also a Director</u>, shall preside over the meetings.</p> <p>2. In case both the Chairman of the Board and the President (<u>including the case that the President is not a Director</u>) are vacant or unable to act, one of the other Directors, acting in accordance with a resolution of the Board of Directors, shall preside over the meetings.</p>	<p>Article<u>26</u>. (Chairman of Meetings of the Board of Directors)</p> <p>1. The Chairman of the Board shall preside over meetings of the Board of Directors, and in case the office of the Chairman of the Board is vacant or the Chairman of the Board is unable to act, the President shall preside over the meetings.</p> <p>2. In case both the Chairman of the Board and the President are vacant or unable to act, one of the other Directors, acting in accordance with a resolution of the Board of Directors, shall preside over the meetings.</p>
<p>Article<u>25</u>. (Resolutions at Meetings of the Board of Directors)</p> <p>(Omitted)</p>	<p>Article<u>27</u>. (Resolutions at Meetings of the Board of Directors)</p> <p>(No Change)</p>
<p><b><u>CHAPTER V</u></b> <b><u>STATUTORY EXECUTIVE OFFICERS</u></b></p>	<p>(Deleted)</p>
<p>Article 26. (Number and Election of Statutory Executive Officers)</p> <p>1. <u>The Company shall have not more than twenty (20) Statutory Executive Officers.</u></p> <p>2. <u>The Statutory Executive Officers shall be elected at the meeting of the Board of Directors.</u></p>	<p>(Deleted)</p>

<b>Current Articles</b>	<b>Proposed Amendments</b>
<p><u>Article 27. (Term of Statutory Executive Officers)</u></p> <p><u>1. The term of the Statutory Executive Officers shall expire at the close of the first meeting of the Board of Directors to be convened following the close of the annual meeting of shareholders with respect to the last of the fiscal years ending within one (1) year subsequent to their election.</u></p> <p><u>2. The term of the Statutory Executive Officers elected during the term of office of other Directors shall be conterminous with the term of office of the Statutory Executive Officers then in office.</u></p>	(Deleted)
<p><u>Article 28. (Representative Statutory Executive Officers and Statutory Executive Officers with Special Title)</u></p> <p><u>1. The Board of Directors shall appoint one or more Representative Statutory Executive Officers by its resolution.</u></p> <p><u>2. Representative Statutory Executive Officers shall represent the Company.</u></p> <p><u>3. Among the Statutory Executive Officers, the Board of Directors shall appoint one (1) Chairman and one (1) President, or at least one (1) Chairman or one (1) President by its resolution, and, the Board of Directors may appoint one (1) Vice Chairman and one (1) or more Executive Vice President(s), Senior Managing Executive Officer(s) and Managing Executive Officer(s) by its resolution.</u></p> <p><u>4. The Board of Directors may determine the allocation of responsibilities among the Statutory Executive Officers, the relationship among the Statutory Executive Officers with respect to supervision and direction, and any other matters concerning the mutual relationships among Statutory Executive Officers, and shall promptly notify each Statutory Executive Officer thereof.</u></p>	(Deleted)
<p><u>Article 29. (Release of Statutory Executive Officers from Liabilities)</u></p> <p><u>The Bank may, by a resolution of the Board of Directors of the Bank, exempt the Statutory Executive Officers (including ex-Statutory Executive Officers) from their liabilities for damage regarding failure to perform their duties</u></p>	(Deleted)

<b>Current Articles</b>	<b>Proposed Amendments</b>
<u>in accordance with Article 426, Paragraph 1 of the Corporation Act to the extent permitted by laws and regulations.</u>	
<b><u>CHAPTER VI COMMITTEES</u></b>	(Deleted)
<p><u>Article 30. (Composition of the Committees, and Designation of Committee Members)</u></p> <p><u>1. Each of the Nomination, Audit, and Compensation Committees shall have at least three (3) members.</u></p> <p><u>2. A majority of the members of each of the Nomination, Audit, and Compensation Committees must be outside Directors.</u></p> <p><u>3. Members of the Audit Committee shall not be appointed from among the Statutory Executive Officers, Accounting Officers (if any Accounting Officer is a corporation, its employees who perform duties of an Accounting Officer) managers or other employees of the Company or its subsidiaries, or those who serve concurrently as Directors performing the business of such subsidiaries.</u></p> <p><u>4. Members of each of the Nomination, Audit, and Compensation Committees shall be appointed from among the Directors at a meeting of the Board of Directors.</u></p>	(Deleted)
<p><u>Article 31. (Authority to Convene and Preside Over Meetings of the Committee)</u></p> <p><u>1. Meetings of the respective Committees shall be convened and presided over by the member previously appointed by the Board of Directors.</u></p> <p><u>2. Notwithstanding the preceding Paragraph, each member may convene the Committee when he considers necessary.</u></p> <p><u>3. Notice of the convening of a meeting of each Committee shall be dispatched to each member at least three (3) days prior to the date of such meeting; provided, however, that this period of notice may be shortened in case of emergency.</u></p>	(Deleted)
<p><u>Article 32. (Method of Resolution of the Committee)</u></p> <p><u>Resolutions of the Committee shall be adopted by the affirmative votes of a majority of members present at meetings, at which a</u></p>	(Deleted)

Current Articles	Proposed Amendments
<u>quorum shall be constituted by the presence of a majority of the members entitled to vote at the meeting.</u>	
(New)	<b><u>CHAPTER V</u></b> <b><u>STATUTORY AUDITORS AND</u></b> <b><u>THE BOARD OF STATUTORY</u></b> <b><u>AUDITORS</u></b>
(New)	<p><u>Article 28. (Number of Statutory Auditors and Their Election)</u></p> <p><u>1. The number of Statutory Auditors of the Bank shall be not more than five (5).</u></p> <p><u>2. Statutory Auditors and Substitute Statutory Auditors shall be elected by the votes of the majority of the voting rights held by the shareholders present and in attendance only when such shareholders present and in attendance represent aggregate voting rights equal to or more than one third of the voting rights held by the shareholders entitled to vote at the meeting.</u></p> <p><u>3. Unless otherwise provided in the resolution by which the relevant Substitute Statutory Auditors are elected, the resolution for the election of Substitute Statutory Auditors shall remain in force until the opening of the annual meeting of shareholders of the Bank for the fiscal year which is the last of those ending within four (4) years after such election.</u></p>
(New)	<p><u>Article 29. (Term of Office of Statutory Auditors)</u></p> <p><u>1. The term of office of Statutory Auditors of the Bank shall expire at the conclusion of the annual meeting of shareholders of the Bank for the fiscal year which is the last of those ending within four (4) years after their assuming office.</u></p> <p><u>2. The term of office of a Statutory Auditor who has been elected to fill a vacancy of another Statutory Auditor who has retired before the expiration of the term of his/her office shall expire when the remaining term of office of the predecessor would have expired.</u></p>
(New)	<p><u>Article 30. (Limitation of Liabilities of Statutory Auditors)</u></p> <p><u>1. The Bank may, by a resolution of the</u></p>

<b>Current Articles</b>	<b>Proposed Amendments</b>
	<p><u>Board of Directors of the Bank, exempt Statutory Auditors (including ex-Statutory Auditors) failing to perform their duties from their liabilities for damage pursuant to Article 426, Paragraph 1 of the Corporation Act to the extent permitted by laws and regulations.</u></p> <p><u>2. The Bank may enter into an agreement with Outside Statutory Auditors, pursuant to Article 427, Paragraph 1 of the Corporation Act, which limits the maximum amount of their liabilities for damage regarding failure to perform their duties to an aggregate sum of the amounts prescribed in each item of Article 425, Paragraph 1 of the Corporation Act.</u></p>
(New)	<p><u>Article 31. (Election of Standing Statutory Auditors)</u></p> <p><u>The Board of Statutory Auditors shall elect from among the Statutory Auditors not more than three (3) Standing Statutory Auditors.</u></p>
(New)	<p><u>Article 32. (Constitution and Power of the Board of Statutory Auditors)</u></p> <p><u>1. The Statutory Auditors shall constitute the Board of Statutory Auditors of the Bank.</u></p> <p><u>2. The Board of Statutory Auditors shall have the power to decide those matters concerning the execution of duties and responsibilities of Statutory Auditors.</u></p>
(New)	<p><u>Article 33. (Calling of Meetings of the Board of Statutory Auditors)</u></p> <p><u>1. A meeting of the Board of Statutory Auditors may be called by any one of the Statutory Auditors.</u></p> <p><u>2. Notice of a meeting of the Board of Statutory Auditors shall be dispatched to each Statutory Auditor at least three (3) days prior to the meeting; provided, however, that this period of notice may be shortened in case of emergency.</u></p>
(New)	<p><u>Article 34. (Resolutions at Meetings of the Board of Statutory Auditors)</u></p> <p><u>Unless otherwise provided for in laws or ordinances, any resolution of meetings of the Board of Statutory Auditors shall be adopted by an affirmative vote of a majority of the Statutory Auditors.</u></p>

<b>Current Articles</b>	<b>Proposed Amendments</b>
<b>CHAPTER VII ACCOUNTING</b>	<b>CHAPTER VI ACCOUNTING</b>
Article <u>33</u> . (Fiscal Year) (Omitted)	Article <u>35</u> . (Fiscal Year) (No Change)
Article <u>34</u> . (Decision-Making Body concerning Dividend from the Surplus, Etc) (Omitted)	Article <u>36</u> . (Decision-Making Body concerning Dividend from the Surplus, Etc) (No Change)
Article <u>35</u> . (Record Date for Dividend from the Surplus) (Omitted)	Article <u>37</u> . (Record Date for Dividend from the Surplus) (No Change)
Article <u>36</u> . (Period for Discharge of Dividends) (Omitted)	Article <u>38</u> . (Period for Discharge of Dividends) (No Change)
<b>CHAPTER VIII SUPPLEMENTARY PROVISION</b>	<b>CHAPTER VII SUPPLEMENTARY PROVISION</b>
Article <u>37</u> . (Exemption of Directors and Statutory Auditors from Their Liabilities Prior to the Transition to the Company with Committees of the Board of Directors) (Omitted)	Article <u>39</u> . (Exemption of Directors and Statutory Auditors from Their Liabilities Prior to the Transition to the Company with Committees of the Board of Directors) (No Change)
Article <u>38</u> . (Exemption of Directors and Statutory Executive Officers from Their Liabilities Prior to the Implementation of the Corporation Act) (Omitted)	Article <u>40</u> . (Exemption of Directors and Statutory Executive Officers from Their Liabilities Prior to the Implementation of the Corporation Act) (No Change)
<u>Article 39.</u> <u>Preparation and keeping of the register for the lost share certificate as well as other administrative affairs relating to the register for the lost share certificate shall be entrusted to the transfer agent and shall not be handled by the Bank.</u>	(Deleted)
<u>Article 40.</u> <u>This article and the previous article shall be valid until January 5, 2010, and shall be deleted as of January 6, 2010.</u>	(Deleted)
(New)	<u>Article 41. (Exemption of Statutory Executive Officers from Their Liabilities Prior to the Transition to “Company with Board of Statutory Auditors” board model)</u> <u>Article 29 of the Articles of Incorporation as in effect before the amendments effective from the end of the annual meeting of</u>

Current Articles	Proposed Amendments
	<p><u>shareholders for the fiscal year ending March 31, 2010 is still in effect only as regards the exemption of Statutory Executive Officers from liability for their actions falling under Article 423, Paragraph 1 of the Corporation Act which occurred prior to the end of the said annual meeting of shareholders.</u></p> <p><u>(Article 29 before the amendment)</u></p> <p><u>Article 29. (Release of Statutory Executive Officers from Liabilities)</u>  <u>The Bank may, by a resolution of the Board of Directors of the Bank, exempt the Statutory Executive Officers (including ex-Statutory Executive Officers) from their liabilities for damage regarding failure to perform their duties in accordance with Article 426, Paragraph 1 of the Corporation Act to the extent permitted by laws and regulations.</u></p>
(New)	<p><u>Article 42. (The effective date of the amendment to Article 3)</u>  <u>The amendment to Article 3 of the Articles of Incorporation, which was adopted by a resolution at the annual meeting of shareholders for the fiscal year ending March 31, 2010, shall take effect on the date of relocation of the head office of the Bank which is to be separately determined by the Board of Directors no later than January 31, 2011, and Article 3 as in effect before the amendment shall continue to have effect until the date immediately before the date of relocation elapses. This Article shall be automatically deleted after the date of relocation elapses.</u></p> <p><u>(Article 3 before the amendment)</u></p> <p><u>Article 3. (Location of Head Office)</u>  <u>The head office of the Bank shall be located in Chiyoda-ku, Tokyo.</u></p>



## Agenda 2 Election of Six (6) Directors

All directors shall have completed their term of office at the end of this Annual General Meeting of Shareholders. In addition, if Agenda 1 entitled "Partial Amendments to the Articles of Incorporation" is approved at this meeting, Shinsei Bank will be changing its corporate governance system from a "Company with Committees" board model (*i-in-kai setchi gaisha*) to a "Company with Board of Statutory Auditors" board model (*kansayaku-kai setchi gaisha*). We would like to seek approval to elect 6 persons as Directors, subject to the approval of Agenda 1.

Career summary of the candidates is as follows.

	Name (Date of Birth)	Personal History/Positions and Responsibilities in the Bank and Important Concurrent Post		Ownership (# of Shares)	
1	Shigeki Toma (September 29, 1948)	1972	Y 4 M	Joined The Dai-Ichi Kangyo Bank, Ltd. (Predecessor of Mizuho Bank, Ltd. and Mizuho Corporate Bank, Ltd.)	Nil
		2000	Y 6 M	Corporate Executive Officer	
		2001	Y 5 M	Managing Executive Officer	
		2002	Y 4 M	Managing Executive Officer, Mizuho Corporate Bank, Ltd.	
		2002	Y 11 M	Executive Vice President and Director, Isuzu Motors Limited	
		2007	Y 6 M	Director (Current)	
		2010	Y 5 M	Advisor, Shinsei Bank, Limited (Current)	
		2010	Y 6 M	To resign from Isuzu Motors Limited	
2	Yukio Nakamura (September 5, 1954)	1978	Y 4 M	Joined The Long-Term Credit Bank of Japan, Ltd. (Predecessor of Shinsei Bank, Limited)	Common Shares 3,177
		2000	Y 10 M	General Manager, Risk Management Planning and Policy Division, Portfolio and Risk Management Division	
		2007	Y 4 M	General Manager, Risk Management Planning and Policy Division, Portfolio and Risk Management Division, Operational Risk Management Division	
		2008	Y 6 M	Statutory Executive Officer, Executive Head of Institutional Business Sub-Group	
		2009	Y 10 M	Managing Executive Officer, Executive Head of Institutional Business Sub-Group (Current)	
3	J. Christopher Flowers (October 27, 1957)	1979	Y 3 M	Joined Goldman Sachs	Common Shares 88,571,640
		1988	Y 12 M	Partner	
		1996	Y 10 M	Director, Enstar Group Limited (Current)	
		2000	Y 3 M	Director, Shinsei Bank, Limited (Current)	
		2002	Y 11 M	Chairman, J. C. Flowers & Co. LLC (Current)	
		2007	Y 8 M	Director, The Kessler Group (Current)	
		2008	Y 9 M	Chairman and Director, Flowers National Bank (Current)	
4	Shigeru Kani (September 20, 1943)	1966	Y 4 M	Joined The Bank of Japan	Nil
		1992	Y 5 M	Executive Auditor and Senior Advisor to the Chairman, The Tokyo International Financial Futures Exchange	
		1996	Y 5 M	Director, Administration Department, The Bank of Japan	
		1999	Y 5 M	Executive Managing Director, Tokyo Stock Exchange	
		2002	Y 4 M	Advisor, NEC Corporation	
		2004	Y 6 M	Director, Shinsei Bank, Limited (Current)	
		2006	Y 4 M	Professor, Yokohama College of Commerce (Current)	
5	Oki Matsumoto (December 19, 1963)	1987	Y 4 M	Joined Salomon Brothers Asia Ltd.	Nil
		1990	Y 4 M	Joined Goldman Sachs (Japan) Ltd.	
		1994	Y 11 M	Co-head of fixed income & currency business in Japan	
		1994	Y 11 M	General Partner, The Goldman Sachs Group, L.P.	
		1999	Y 4 M	CEO, Monex, Inc.	
		2004	Y 8 M	CEO, Monex Beans Holdings, Inc. (Predecessor of Monex Group, Inc.) (Current)	
		2005	Y 5 M	CEO, Monex Beans, Inc. (Predecessor of Monex, Inc.) (Current)	
		2008	Y 6 M	Director, Tokyo Stock Exchange Group, Inc. (Current)	
		2008	Y 6 M	Director, Shinsei Bank, Limited (Current)	
6	Hiroyuki Takahashi (March 1, 1937)	1959	Y 4 M	Joined Mitsui & Co., Ltd.	Nil
		1996	Y 6 M	Executive Managing Director, General Manager, Personnel Division	
		1997	Y 6 M	Corporate Auditor	
		2000	Y 6 M	Counselor	
		2000	Y 10 M	Executive Managing Director and Secretary-General, Japan Corporate Auditors Association	
		2005	Y 10 M	Director	
		2006	Y 6 M	Director, Shinsei Bank, Limited (Current)	
		2006	Y 6 M	Auditor, Matsushita Electric Industrial Co., Ltd. (Predecessor of Panasonic Corporation) (Current)	
		2007	Y 6 M	Auditor, Kyowa Hakko Kogyo Co., Ltd. (Predecessor of Kyowa Hakko Kirin Co., Ltd.) (Current)	

Notes.

1. The responsibilities (Committee) in the Bank of the candidates for Directors who are current Directors are described on page 38 of Business Report.
2. Special Interests between the Bank and a candidate:
  - ① The Bank has an outstanding loan to NIBC Bank Ltd., which is wholly owned by NIBC Holding N.V. NIBC Holding N.V. is indirectly controlled by New NIB Limited, 49% of which is owned by Mr. J. Christopher Flowers.
  - ② The Bank invests as a limited partner in J.C. Flowers II L.P. and J.C. Flowers III L.P. which are investment funds operated by JCF Associates II Ltd. and JCF Associates III Ltd., respectively, and advised by J.C. Flowers & Co. LLC (JCF), an investment advisory firm founded by Mr. J. Christopher Flowers, who serves as Chairman. The Bank and JCF have an advisory arrangement regarding one of JCF's private investment funds.
  - ③ In January 2008, four investment vehicles advised by JCF acquired 358,456 thousand common shares of the Bank through a public tender offer and subsequently subscribed to a primary issue of an additional 117,647 thousand shares to strengthen the capital base of the Bank. Mr. J. Christopher Flowers, a Director of the Bank, is the founder and managing member of JCF.No Special Interests exist between any of the other candidates for Directors and the Bank.

3. The following persons are candidates for Outside Directors:  
Messrs. J. Christopher Flowers, Shigeru Kani, Oki Matsumoto and Hiroyuki Takahashi

4. Matters concerning candidates for Outside Directors:

***(1) Reasons for nominating each of the candidates for Outside Director***

- ① Mr. J. Christopher Flowers is asked to stand as a candidate for Outside Director in order to reflect in the Bank's management his experience and expertise in banking, finance and the financial services industry as a whole.
- ② Mr. Shigeru Kani is asked to stand as a candidate for Outside Director in order to reflect in the Bank's management his discernment in the risk management area and his wide range of knowledge concerning banking operations.
- ③ Mr. Oki Matsumoto is asked to stand as a candidate for Outside Director in order to reflect in the Bank's management his extensive knowledge on financing and his experience as a management executive.
- ④ Mr. Hiroyuki Takahashi is asked to stand as a candidate for Outside Director in order to reflect in the Bank's management his deep insight into corporate audits as well as his experience in a wide range of business spheres.

***(2) Violation of laws or articles of incorporation or other unjust business execution by the relevant joint stock company (kabushiki-kaisha) during the most recent term of office of the Outside Director candidate in the joint stock company, as well as actions actually taken by the Outside Director candidate to prevent recurrence of such violation and subsequent countermeasures taken by him/her.***

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. On September 11, 2009, in response to this Order, the Bank submitted its business improvement plan to clarify the Bank's future management plan.

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.

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 candidates for Outside Directors of the Bank, namely, Messrs. J. Christopher Flowers, Shigeru Kani, Oki Matsumoto and Hiroyuki Takahashi through the Board of Directors and Audit Committee meetings. 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) If a candidate for Outside Director had been a Statutory Executive Officer, a Director, or an Auditor in other joint stock companies (kabushiki-kaisha) in the last five years, the fact (if any) of violation of laws or articles of incorporation or other unjust business execution by the relevant joint stock company during his/her term of office in the company, as well as actions actually taken by the relevant candidate to prevent a recurrence of this violation and subsequent countermeasures taken by him/her.***

Monex, Inc., for which Mr. Oki Matsumoto serves as the CEO, received a Business Improvement Order from the Financial Services Agency (FSA) in June 2006 based on the results of the inspection carried out in November 2005 by the Securities and Exchange Surveillance Commission (SESC). This Order was issued on the grounds that there were violations that customer securities trading, among others, was not being adequately monitored to prevent suspicious unfair trading, and that the management of the organization for electronic information processing related to securities operations was not adequate. In July 2006, the Company submitted to the FSA a report on the business improvement measures taken on the issue, and the report was accepted by FSA. Monex, Inc. also received a Business Suspension Order and a Business Improvement Order from the FSA in March 2009 based on the results of the inspection carried out in November 2008 by the SESC. These orders were issued on the grounds that there were violations that the management of the organization for electronic information processing related to financial instruments business was not adequate. The Business Suspension Order directed the Company to forgo conducting new operations involving systems maintenance during the period from April 1, 2009 to June 30, 2009, excluding those specifically approved by the FSA. In April 2009, the Company submitted to the FSA a report on the business improvement measures taken on the issue, and the report was accepted by FSA.

Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation), for which Mr.

Hiroyuki Takahashi serves as Outside Auditor, in March 2006, had a trial decision imposed by the Fair Trade Commission in relation to its marketing activities for traffic signal work ordered by the Metropolitan Police Department. Moreover, Matsushita Electric Industrial Co., Ltd. received an order to pay a surcharge in September 2006. While Mr. Takahashi became the Outside Auditor of Matsushita Electric Industrial Co., Ltd. in June 2006, he verified the company's recurrence prevention measures after the occurrence of the above events.

***(4) The number of years since candidates for Outside Directors who are currently Outside Directors became Outside Directors:***

- ① As of the end of this General Meeting of Shareholders, Mr. J. Christopher Flowers will have been an Outside Director for nine years and three months in total.
- ② As of the end of this General Meeting of Shareholders, Mr. Shigeru Kani will have been Outside Directors for six years.
- ③ As of the end of this General Meeting of Shareholders, Mr. Oki Matsumoto will have been an Outside Director for two years.
- ④ As of the end of this General Meeting of Shareholders, Mr. Hiroyuki Takahashi will have been an Outside Director for four years.

***(5) Overview of the contents of the Agreement for Limitations on Liability concluded with Outside Directors***

Candidates for Outside Directors, namely, Messrs. J. Christopher Flowers, Shigeru Kani, Oki Matsumoto and Hiroyuki Takahashi have concluded an Agreement for Limitations on Liability with the Bank under Article 427, Paragraph 1 of the Corporation Act. Under this agreement, the Outside Directors' liability for any damage caused through neglect of their duties and responsibilities shall be limited. 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.

If the above mentioned four candidates are re-elected as Directors, the Bank will continue the said Agreement for Limitations on Liability with them.

### Agenda 3 Election of 3 (Three) Statutory Auditors

If Agenda 1 entitled "Partial Amendments to the Articles of Incorporation" is approved at the Annual General Meeting of Shareholders, Shinsei Bank will be changing its corporate governance system from a "Company with Committees" board model (*i-in-kai setchi gaisha*) to a "Company with Board of Statutory Auditors" board model (*kansayaku-kai setchi gaisha*). We would like to seek approval to elect 3 persons as Statutory Auditors, subject to the approval of Agenda 1. The Audit Committee's consent has been obtained.

Career summary of the candidates is as follows.

	Name (Date of Birth)	Personal History/Positions in the Bank and Important Concurrent Post			Ownership (# of Shares)
1	Akira Watanabe (July 22, 1959)	1983	Y 4 M	Joined The Long-Term Credit Bank of Japan, Ltd. (Predecessor of Shinsei Bank, Limited)	Nil
		2003	Y 7 M	General Manager, Markets Division	
		2003	Y 11 M	General Manager, Treasury Division and Capital Markets Division	
		2005	Y 9 M	General Manager, IB Business Division and Capital Markets Division	
		2006	Y 4 M	General Manager, Office of Audit Committee	
		2009	Y 1 M	General Manager, Finance Group (Current)	
2	Kozue Shiga (November 23, 1948)	1967	Y 11 M	Joined Japan Airlines Corporation	Nil
		1993	Y 4 M	Prosecutor, Yokohama District Public Prosecutors' Office	
		1998	Y 4 M	Registered Daiichi Tokyo Bar Association	
		1999	Y 8 M	Established Shiga Law Office	
		2002	Y 6 M	Partner, Son Sogo Law Office	
		2004	Y 6 M	Auditor, Nipponkoa Insurance Company, Limited (Current)	
		2005	Y 10 M	Partner, Shiraishi & Partners (Current)	
		2007	Y 3 M	Auditor, FX Prime Corporation (Current)	
		2007	Y 4 M	Auditor, Tokushu Tokai Holdings Co., Ltd. (Current)	
		2009	Y 9 M	Director, Toyoko Inn Co., Ltd. (Current)	
3	Tatsuya Tamura (October 11, 1938)	1961	Y 4 M	Joined The Bank of Japan	Nil
		1992	Y 1 M	Executive Director	
		1996	Y 4 M	Chairman, A.T. Kearney	
		2002	Y 5 M	President, Global Management Institute Inc.	
		2003	Y 3 M	Chairman, Japan Independent Directors Network (Current)	
		2008	Y 6 M	Director, Autobacs Seven Co., Ltd. (Current)	
		2009	Y 6 M	Director, Nipponkoa Insurance Company, Limited (Current)	

Notes.

1. Special Interests between the Bank and a candidate:

No Special Interests exist between any candidates for Statutory Auditors and the Bank.

2. The following persons are candidates for Outside Statutory Auditors:

Ms. Kozue Shiga, Mr. Tatsuya Tamura

3. Matters concerning candidates for Outside Statutory Auditors:

***(1) Reasons for nominating each of the candidates for Outside Statutory Auditor***

- ① Ms. Kozue Shiga is asked to stand as a candidate for Outside Statutory Auditor in order to reflect in the Bank's audit operations her expertise and extensive experience as a lawyer.
- ② Mr. Tatsuya Tamura is asked to stand as a candidate for Outside Statutory Auditor in order to reflect in the Bank's audit operations his extensive experience and knowledge in finance and corporate governance.

***(2) If a candidate for Outside Statutory Auditor had been a Statutory Executive Officer, a Director, or an Auditor in other joint stock companies (kabushiki-kaisha) in the last five years, the fact (if any) of violation of laws or articles of incorporation or other unjust business execution by the relevant joint stock company during his/her term of office in the company, as well as actions actually taken by the relevant candidate to prevent a recurrence of this violation and subsequent countermeasures taken by him/her.***

Nipponkoa Insurance Co., Ltd. for which Ms. Kozue Shiga serves as an Outside Statutory Auditor, failed to pay ancillary insurance benefits such as expense insurance benefits (for which the company received a Business Improvement Order from the Financial Services Agency (FSA) in November 2005), committed inappropriate nonpayment of insurance benefits for "third-sector" insurance products (such as health insurance and nursing-care expenses insurance) (for which the company received a partial business suspension order and business improvement order from the FSA in March 2007), and made errors in determining building structure types etc. upon the sale of fire insurance. Ms. Kozue Shiga has made recommendations from the viewpoint of compliance on a regular basis. After the discovery of the above incidents, she fulfilled her role through such actions as receiving research reports to establish a clear picture of the incidents and making specific recommendations to prevent their recurrence.

***(3) The ground on which the Bank judges that a candidate for Outside Statutory Auditor can appropriately implement his/her duties, in the case where the relevant candidate has not been involved in the management of a company by means other than by assuming the office of an Outside Director or Outside Statutory Auditor.***

Given that Ms. Kozue Shiga has, from her specialist viewpoints as a lawyer, distinguished track records in activities related to corporate law and further that she has extensive experience, she is expected to function appropriately as Outside Statutory Auditor of the Bank.

***(4) Overview of the contents of the Agreement for Limitations on Liability concluded with Outside Statutory Auditors***

Candidates for Outside Statutory Auditors, namely, Ms. Kozue Shiga and Mr. Tatsuya Tamura when elected as Statutory Auditors, are to conclude an Agreement for Limitations on Liability with the Bank under Article 427, Paragraph 1 of the Corporation Act. Under this agreement, the Outside Statutory Auditors' liability for any damage caused through neglect of their duties and responsibilities shall be limited. If the Bank suffers damage as a result of such neglect, the Outside Statutory Auditors 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.

#### Agenda 4 Election of 1 (one) Substitute Statutory Auditors

If Agenda 1 entitled "Partial Amendments to the Articles of Incorporation" is approved at the Annual General Meeting of Shareholders, Shinsei Bank will be changing its corporate governance system from a "Company with Committees" board model (*i-in-kai setchi gaisha*) to a "Company with Board of Statutory Auditors" board model (*kansayaku-kai setchi gaisha*). We would like to seek approval to elect one person as Substitute Statutory Auditor, pursuant to Article 329, Paragraph 2 of the Corporation Act, in order to prepare for the event that the number of Statutory Auditors falls short of the number stipulated by law, subject to the approval of Agenda 1. Until and prior to actually assuming office, the above election as Substitute Statutory Auditor may be cancelled by a resolution of the Board of Directors and with a consent of the Board of Statutory Auditors. The Audit Committee's consent has been obtained.

Career summary of the candidate is as follows.

	Name (Date of Birth)	Personal History and Important Concurrent Post	Ownership (# of Shares)
1	Makiko Yasuda (March 10, 1944)	1973 Y 4 M Registered Daiichi Tokyo Bar Association 1980 Y 5 M Established Yasuda Law & Patent Office (Current) 1997 Y 4 M Executive Vice President, Daiichi Tokyo Bar Association 2000 Y 3 M Statutory Auditor, Shinsei Bank, Limited 2006 Y 6 M Auditor, Shinsei Trust & Banking Co., Ltd. (Current) 2010 Y 4 M Auditor, NKSJ Holdings, Inc. (Current)	Nil



Notes.

1. Special Interests between the Bank and a candidate:

No Special Interests exist between a candidate for Substitute Statutory Auditor and the Bank.

2. The following person is a candidate for Substitute Outside Statutory Auditor:

Ms. Makiko Yasuda

3. Matters concerning a candidate for Substitute Outside Statutory Auditor:

***(1) Reasons for nominating the candidate for Substitute Outside Statutory Auditor***

Ms. Makiko Yasuda is asked to stand as a candidate for Substitute Outside Statutory Auditor in order to reflect in the Bank's audit operations her expert knowledge and extensive experience related audit for banking business as a lawyer.

***(2) The ground on which the Bank judges that a candidate for Substitute Outside Statutory Auditor can appropriately implement his/her duties, in the case where the relevant candidate has not been involved in the management of a company by means other than by assuming the office of an Outside Director or Outside Statutory Auditor.***

Given that Ms. Makiko Yasuda has, from her specialist viewpoints as a lawyer, distinguished track records in activities related to corporate law and audit for banking business, and further that she has extensive experience, she is expected to function appropriately as Outside Statutory Auditor of the Bank.

***(3) Overview of the contents of the Agreement for Limitations on Liability concluded with Substitute Outside Statutory Auditor***

Candidate for Substitute Outside Statutory Auditor, namely, Ms. Makiko Yasuda when she becomes Statutory Auditor, is to conclude an Agreement for Limitations on Liability with the Bank under Article 427, Paragraph 1 of the Corporation Act. Under this agreement, the Outside Statutory Auditor's liability for any damage caused through neglect of her duty and responsibility shall be limited. If the Bank suffers damage as a result of such neglect, the Outside Statutory Auditor 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 her duty and responsibility.

## **Agenda 5 Maximum Amount of Remuneration, Etc. of Directors and Statutory Auditors**

Subject to shareholders' approval for Agenda 1 (Partial Amendments to the Articles of Incorporation), we will change our corporate governance system from a “Company with Committees” board model (*i-in-kai setchi gaisha*) to a “Company with Board of Statutory Auditors” board model (*kansayaku-kai setchi gaisha*). Along with such change, this agenda determines the maximum remuneration, etc. of Directors and Statutory Auditors as follows, which has been reached at after the consideration of a variety of factors:

Remuneration, etc. of Directors: No more than 180 million yen per year  
(of which, no more than 50 million yen per year for Outside Directors)

Remuneration, etc. of Statutory Auditors: No more than 60 million yen per year

For your information, assuming shareholders' approval for Agenda 2 (Election of Six (6) Directors) and Agenda 3 (Election of Three (3) Statutory Auditors), we will have Six (6) Directors (of which four (4) directors will be Outside Directors) and three (3) Statutory Auditors (of which two (2) Statutory Auditors will be Outside Statutory Auditors).

END

(Attachment)

## Business Report for the 10<sup>th</sup> 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.

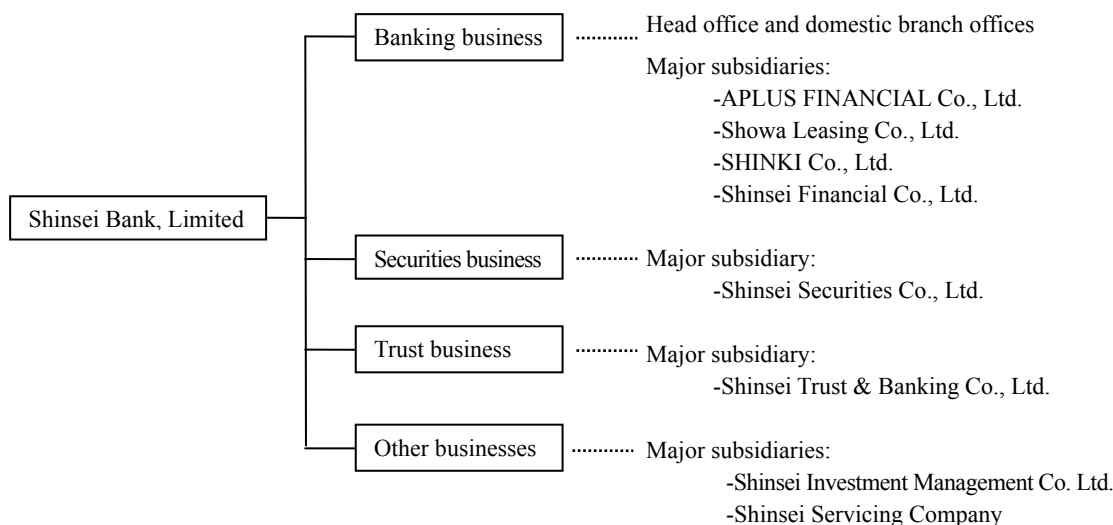
##### *(Trust Business)*

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

	<b>Fiscal 2006</b>	<b>Fiscal 2007</b>	<b>Fiscal 2008</b>	<b>(Hundred millions of yen)</b> <b>Fiscal 2009</b>
	<b>(7th Fiscal</b>	<b>(8th Fiscal</b>	<b>(9th Fiscal</b>	<b>(10th Fiscal</b>
	<b>Period)</b>	<b>Period)</b>	<b>Period)</b>	<b>Period)</b>
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	
	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**

<b>Name</b>	<b>Term of Office</b>	<b>Participation in Meetings of Board of Directors/Participation in Meetings of Audit Committee</b>	<b>Remarks at Meetings of Board of Directors and Other Activities (i)</b>
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.

<b>Name</b>	<b>Remarks at Meetings of Board of Directors and Other Activities (ii)</b>
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.	

	<b>6th Issuance of Stock Acquisition Rights</b>	<b>7th Issuance of Stock Acquisition Rights</b>
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.	

	<b>8th Issuance of Stock Acquisition Rights</b>	<b>9th Issuance of Stock Acquisition Rights</b>
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.	

	<b>10th Issuance of Stock Acquisition Rights</b>	<b>13th Issuance of Stock Acquisition Rights</b>
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.	

	<b>14th Issuance of Stock Acquisition Rights</b>	<b>15th Issuance of Stock Acquisition Rights</b>
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.	



	<b>16th Issuance of Stock Acquisition Rights</b>	<b>17th Issuance of Stock Acquisition Rights</b>
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.	

	<b>18th Issuance of Stock Acquisition Rights</b>	<b>20th Issuance of Stock Acquisition Rights</b>
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.	

	<b>21st Issuance of Stock Acquisition Rights</b>
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