

For Immediate Release

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

## Notice on Issuance of Stock Acquisition Rights as Stock Options

Tokyo (Tuesday, May 23, 2006) — Shinsei Bank, Limited (“the Bank”) today announced that the Board of Directors resolved on May 23, 2006, to submit a proposal of issuance of Stock Acquisition Rights stipulated in Articles 238 and 239 of the Corporation Act free of charge as stock options at the 6th annual general meeting of shareholders (the “6th Annual Shareholders’ Meeting”) to be held on June 27, 2006, as detailed below.

### 1. Reason for the necessity of making the offering without the payment of money

The Stock Acquisition Rights shall be issued to directors, statutory executive officers and employees of the Bank and its subsidiaries as well as its senior advisors free of charge for the purpose of improving their morale and willingness to improve the performance of the Bank group, thus increasing the corporate value of the Bank group.

The Board of Directors of the Bank may issue Stock Acquisition Rights which have different exercise periods and exercise conditions within the scope approved in “3. Items for the offering of Stock Acquisition Rights” below.

### 2. Persons receiving stock acquisition rights

Up to 12,000 Stock Acquisition Rights shall be allocated to directors, statutory executive officers and employees of the Bank and its subsidiaries as well as its senior advisors.

### 3. Items for the offering of stock acquisition rights

#### (1) Maximum number of stock acquisition rights to be offered

Up to 12,000

#### (2) Content of stock acquisition rights to be offered

##### ① Class and number of shares that can be purchased through the exercise of stock acquisition rights

One thousand (1,000) common shares of the Bank per Stock Acquisition Right

If the Bank carries out a stock split, reverse stock split or a stock allocation made free of charge, then the number of shares that can be purchased through the exercise of Stock Acquisition Rights shall be adjusted in accordance with the following formula. Provided, however, that such adjustments shall be made only to the number of shares that can be purchased through the exercise of Stock Acquisition Rights that have not yet been exercised at the time of such stock split, reverse stock split or stock allocation made free of charge and any fractional shares less than one (1) share that may result from such adjustments shall be rounded off.

Number of shares after adjustment = number of shares before adjustment x ratio of split, reverse split or allocation  
made free of charge

Furthermore, if the Bank merges with another company and is the surviving company, if the Bank acquires all of the issued shares of another company through share exchange and the Bank becomes its 100% parent company, if the Bank spins off its business to establish a new company (*shinsetsu bunkatsu*) or if the Bank spins off its business to an existing company (*kyuushuu bunkatsu*) or acquires all or part of rights and obligations of another company concerning

its business through *kyuusyuu bunkatsu*, the Bank may adjust the number of shares that can be obtained through the exercise of Stock Acquisition Rights as considered necessary.

② Value of property payable for the exercise of stock acquisition rights

The value of property (limited to money) for one Stock Acquisition Right payable upon exercising Stock Acquisition Rights shall be the amount calculated by multiplying the payment amount per share as stipulated below (the “Exercise Price”) and the number of common shares of the Bank that can be purchased through the exercise of one Stock Acquisition Right as determined in ① above.

The Exercise Price shall be the average value of the closing price of the Bank’s common shares on the Tokyo Stock Exchange in the 30 trading days commencing 45 trading days immediately preceding the day that is immediately after the date of allocation of Stock Acquisition Rights (excluding days on which no transactions are concluded) and rounded up to the nearest yen. However, if said value is lower than the closing price on the allocation date, the closing price of the allocation date itself shall be the Exercise Price.

If the Bank issues shares at a price lower than market value in a stock split, reverse stock split or allotment to shareholders after the date of issuance of the Stock Acquisition Rights, the Exercise Price shall be adjusted in accordance with the following formula, and any amount less than 1 yen that arises as a result of such adjustments shall be rounded up.

$$\begin{array}{r}
 \text{The Exercise} \\
 \text{Price after} \\
 \text{adjustment} \\
 \\
 \text{The Exercise} \\
 \text{Price before} \\
 \text{adjustment} \\
 \\
 \text{x}
 \end{array}
 \times
 \frac{
 \begin{array}{l}
 \text{Number of} \\
 \text{outstanding} \\
 \text{shares}
 \end{array}
 +
 \frac{
 \begin{array}{l}
 \text{Number of new shares to be issued x} \\
 \text{Payment amount per share}
 \end{array}
 }{
 \begin{array}{l}
 \text{Share price before split, reverse split, new} \\
 \text{issuance}
 \end{array}
 }
 }{
 \begin{array}{l}
 \text{Number of outstanding shares + number of increase in shares} \\
 \text{as a result of split / new} \\
 \text{issuance}
 \end{array}
 }$$

(In case of reverse stock split, the number of outstanding shares minus the number of shares merged)

Furthermore, if the Bank merges with another company and is the surviving company, if the Bank acquires all of the issued shares of another company through share exchange and becomes its 100% parent company, if the Bank spins off its business to establish a new company (*shinsetsu bunkatsu*) or if the Bank spins off its business to an existing company (*kyuushuu bunkatsu*) or acquires all or part of rights and obligations of another company concerning its business through *kyuusyuu bunkatsu*, the Bank may adjust the Exercise Price as considered necessary.

③ Exercise Period of stock acquisition rights

The Board of Directors shall determine the exercise period of Stock Acquisition Rights to be within the period from the allocation date of Stock Acquisition Rights to June 23, 2017.

④ Conditions for exercising stock acquisition rights

- (i) In case a Stock Acquisition Rights holder dies and their legal heir completes the succession procedures within the period fixed by the Bank, Stock Acquisition Rights may be inherited by the legal heir of the Stock Acquisition Rights holder.
- (ii) Stock Acquisition Rights may not be pledged as collateral or disposed of in any other way.
- (iii) Other conditions shall be stipulated in the “Agreement on the grant of stock acquisition rights” to be entered into between the Bank and Stock Acquisition Rights holders who are entitled to the allotment of Stock Acquisition Rights based on the resolution of this General Meeting of Shareholders and the Meeting of Board of Directors of the Bank to be held subsequently.

⑤ Matters related to the increase of capital and capital reserve in case of the issuance of shares for the exercise of stock acquisition rights

In case of the issuance of shares for the exercise of Stock Acquisition Rights, half of the payment amount is

capitalized (any amount less than 1 yen that arises by the calculation is rounded up and capitalized) and the remaining portion is booked as capital reserve.

⑥ Restrictions on the assignment of stock acquisition rights

Any assignment of stock acquisition rights shall be subject to the approval of the Board of Directors of the Bank.

⑦ Acquisition of stock acquisition rights

(i) If the General Meeting of Shareholders approves a merger agreement in which the Bank becomes a dissolving company, or if the General Meeting of Shareholders approves a proposal to approve a stock exchange agreement or stock transfer plan, and the Board of the Directors of the Bank resolves that the Bank acquires the Stock Acquisition Rights at the date of acquisition, the Bank acquires Stock Acquisition Rights without charge.

(ii) If persons who received Stock Acquisition Rights fall into a situation in which he or she cannot exercise Stock Acquisition Rights, such as where he or she does not satisfy the conditions stipulated in the "Agreement on the grant of stock acquisition rights", and the Board of the Directors of the Bank resolves that the Bank acquires such Stock Acquisition Rights with the date of acquisition, the Bank acquires such Stock Acquisition Rights without charge.

⑧ Stock acquisition rights granted via reorganization

In case the Bank becomes a dissolving company as a result of a merger, the Bank spins off its business to an existing company (*kyuushuu bunkatsu*), the Bank spins off its business to establish a new company (*shinsetsu bunkatsu*), the Bank executes a share exchange or a share transfer, then stock acquisition rights of the surviving company after such merger, the company newly established by such merger, the company which succeeds the rights and duties of the business through *kyuushuu bunkatsu*, the company newly established by *shinsetsu bunkatsu*, the company which becomes its parent company through a share exchange or the company newly established by share transfer may be granted in place of Stock Acquisition Rights based on an agreement on *kyuushuu gappei*, agreement on *shinsetsu gappei*, agreement on *kyuushuu bunkatsu*, plan for *shinsetsu bunkatsu*, agreement on share exchange or plan for share transfer.

In this case, the conditions of stock acquisition rights to be granted shall be determined in accordance with the following.

(i) Shares that can be purchased through the exercise of stock acquisition rights

Same class of shares of the surviving company after such merger, the company newly established by such merger, the company which succeeds rights and duties of the business through *kyuushuu bunkatsu*, the company newly established by *shinsetsu bunkatsu*, the company which becomes its parent company through share exchange or the company newly established by share transfer.

(ii) Number of shares that can be purchased through the exercise of stock acquisition rights

To be adjusted in accordance with the ratio of merger, company split, share exchange or share transfer. With regard to shares to be granted to the person who exercised stock acquisition rights, any shares less than 1 share that arises as a result of such adjustments shall be rounded down.

(iii) Value of property payable for exercise of stock acquisition rights (Exercise Price)

To be adjusted in accordance with the ratio of merger, company split, share exchange or share transfer. Any amount less than 1 yen that arises as a result of such adjustments shall be rounded up.

(iv) Exercise period of stock acquisition rights, exercise conditions of stock acquisition rights, reasons for the company to acquire stock acquisition rights

To be determined in the merger agreement, agreement on *kyuushuu bunkatsu*, plan for *shinsetsu bunkatsu*, agreement on share exchange or plan for share transfer.

(v) Restrictions on the assignment of stock acquisition rights

Any assignment of stock acquisition rights shall be subject to approval of the Board of Directors of the company which grants stock acquisition rights.

(3) Payment amount for stock acquisition rights

To be issued free of charge. Payment is not required.

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*Shinsei Bank is a Japanese financial institution providing a full range of financial products and services to both institutional and retail customers based on a three pillar business model comprising Institutional Banking, Consumer and Commercial Finance and Retail Banking. The Bank has total assets of US\$ 80 billion on a consolidated basis and a network of 29 Shinsei Bank branches in Japan (as of March 2006). Shinsei Bank demands uncompromising levels of integrity and transparency in all its activities to earn the trust of customers, staff and shareholders. The Bank is committed to delivering long-term profit growth and increasing value for all its stakeholders.*

*News and other information about Shinsei Bank are available at <http://www.shinseibank.com/english/index.html>.*

For further information, please contact:

Yasuhiro Fujiki or Akihiko Kayaoka

Corporate Communications Division

Shinsei Bank, Limited ([www.shinseibank.com](http://www.shinseibank.com))

Tel: (+81)-3-5511-5013

Fax: (+81)-3-5511-5505