

For Immediate Release

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

Shinsei Issues Stock Options, Seeks Approval for Future Issues

Tokyo (Wednesday, May 14, 2008) --- At a meeting of its Board of Directors held today, Shinsei Bank, Limited, approved the 20th and 21st issuance of stock options, following a resolution adopted at the 7th annual general meeting of shareholders in June last year. The Board also resolved to submit a proposal to the 8th annual general meeting of shareholders, scheduled for June 25, 2008, to authorize the Board to issue new stock options to its employees and subsidiaries. Both resolutions are pursuant to Articles 238 and 239 of the Corporation Act.

I. Outline of the 20th and 21st issuance of stock options

		20th	21st
1	Issue date of stock acquisition rights :	May 30, 2008	
2	Total number of stock acquisition rights to be issued (Number of shares that can be purchased through the exercise of 1 stock acquisition right:1,000) :	7,000 stock acquisition rights (Maximum)	7,000 stock acquisition rights (Maximum)
		(Maximum total of 7,000 stock acquisition rights)	
3	Class and number of shares that can be purchased through the exercise of stock acquisition rights :	7,000,000 common shares of the Bank (Maximum)	7,000,000 common shares of the Bank (Maximum)
		Maximum combined total of 20th and 21st stock acquisition rights is 7,000,000 common shares of the Bank. The exact number will be determined on May 30, 2008	
4	Amount paid for stock acquisition rights :	Free of charge. Payment is not required.	
5	Value of assets paid upon the exercise of stock acquisition rights (the "Exercise Price") :	To be determined on May 30, 2008	
6	The increase of capital and capital reserve in case of the issuance of shares for the exercise of stock acquisition rights :	(1) The amount to be added to capital when shares are issued for the exercise of stock options shall be one-half (1/2) of the maximum amount of capital increase calculated as per Article 40, Paragraph 1 of the Corporate Accounting Regulations, with amounts of less than one yen resulting from the calculation rounded up to the nearest yen. (2) The increase of the capital reserve as a result of issuance of shares upon exercise of stock options shall be calculated by deducting the increase in capital described in (1) above from the maximum amount of common capital increase also set out in (1) above.	
7	Number of people to whom stock acquisition rights are offered and their details :	Directors, statutory executive officers and employees of the Bank	Statutory executive officers and employees of the Bank
		(The exact number of people will be determined on May 30, 2008.)	
8	Exercise Period of stock acquisition rights	From June 1, 2010 to May 13, 2018	From June 1, 2008 to May 13, 2018
9	Conditions for Exercising stock acquisition rights :	In principle, holders may exercise up to half of their stock acquisition rights between June 1, 2010 and May 31, 2012. 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.	In principle, holders may exercise their stock acquisition rights after June 1, 2010 and may exercise up to half of these rights between June 1, 2010 and May 31, 2012. 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.

【Reference】

- (1) Date of Board of Directors meeting where resolution was made for proposal to the annual general meeting of shareholders: May 9, 2007
- (2) Date of resolution at annual general meeting of shareholders: June 20, 2007

II. Proposal to authorize the Board to issue new stock options for approval at the 8th annual general meeting of shareholders

1. Reasons for issuing stock acquisition rights on preferential terms and conditions

The stock acquisition rights shall be granted to directors, statutory executive officers, employees and subsidiaries of the Company to raise staff morale, contributing to the enhancement of Group value. The Board of Directors may issue stock acquisition rights with different exercise periods and exercise conditions within the scope approved in "3. Terms for the issuance of stock acquisition rights" below.

2. Persons eligible to receive stock acquisition rights

Up to 12,000 stock acquisition rights shall be allocated to directors, statutory executive officers, employees and subsidiaries of Shinsei Bank.

3. Terms for the issuance of stock acquisition rights

(1) Maximum number of stock acquisition rights to be issued: 12,000

(2) Details of stock acquisition rights to be issued

I. Type and number of shares to be issued upon the exercise of stock acquisition rights

One thousand (1,000) common shares of Shinsei Bank shares per stock acquisition right

If the Bank carries out a stock split, stock consolidation or stock allocation, then the number of shares to be issued by the exercise of stock acquisition rights shall be adjusted in accordance with the formula outlined below. This is provided that these adjustments shall be made only to the number of shares pertaining to stock acquisition rights that have not yet been exercised at such a time. If the adjustment results in fractions of shares, the number shall be rounded down.

Number of shares after adjustment = number of shares before adjustment x ratio of split, stock consolidation or allocation

Furthermore, if

- (a) the Bank merges with another company and is the surviving company
 - (b) the Bank acquires all of the issued shares of another company through a stock swap and the acquired company becomes a wholly owned subsidiary
 - (c) the Bank spins off its business to establish a new company (*shinsetsu bunkatsu*) or
 - (d) the Bank spins off its business to an existing company (*kyuushuu bunkatsu*) or acquires all or part of the rights and obligations of another company concerning its business through *kyuusyuu bunkatsu*
- the Bank may adjust the number of shares that can be acquired through the exercise of stock acquisition rights as it deems necessary.

II. Value of assets paid upon the exercise of stock acquisition rights

The amount of assets (limited to money) paid out upon the exercise of one stock acquisition right shall be calculated by multiplying the "Exercise Price" described below and the number of common shares that can be purchased through the exercise of one Stock Acquisition Right as set out in I. above.

The Exercise Price shall be the average value of the closing price of Shinsei Bank's common shares on the Tokyo Stock Exchange over a period of 30 trading days beginning 45 trading days prior to the day after the allocation date (excluding days on which no transactions are concluded). This figure will be rounded up to the nearest yen. However, if this value is lower than the closing price on the allocation date itself, the Exercise Price shall be the actual closing price on the allocation date.

If the Bank issues shares at a price lower than the market value in a stock split, stock consolidation or stock 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.

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

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

Furthermore, if

- (a) the Bank merges with another company and is the surviving company
 - (b) the Bank acquires all of the issued shares of another company through a stock swap and the acquired company becomes a wholly-owned subsidiary
 - (c) the Bank spins off its business to establish a new company (*shinsetsu bunkatsu*) or
 - (d) the Bank spins off its business to an existing company (*kyuushuu bunkatsu*) or acquires all or part of the rights and obligations of another company concerning its business through *kyuusyuu bunkatsu*
- the Bank may adjust the Exercise Price as it deems necessary.

III. Exercise period of stock acquisition rights

The Board of Directors shall set an exercise period for stock acquisition rights within the period from the day after the second anniversary of the date of the Board's resolution on allocation of stock acquisition rights (the "Date of Board Resolution") to the tenth anniversary of the Date of Board Resolution.

IV. Conditions for exercising stock acquisition rights

- (i) If the holder of stock acquisition rights dies, their legal heir may inherit the stock acquisition rights subject to completion of the succession procedures within the period stipulated by Shinsei Bank.
- (ii) Stock acquisition rights may not be used as collateral or disposed of in any other way.
- (iii) Other conditions shall be stipulated in the "Agreement on the granting of stock acquisition rights" to be entered into between the Bank and individuals who are entitled to stock acquisition rights, based on the resolution of the 8th annual general meeting of shareholders and the Board of Directors meeting to be held subsequently.

V. Matters related to the increase of capital and capital reserve when shares are issued for the exercise of stock acquisition rights

- (i) The amount to be added to capital when shares are issued for the exercise of stock options shall be one-half (1/2) of the maximum amount of capital increase calculated as per Article 40, Paragraph 1 of the Corporate Accounting Regulations, with amounts of less than one yen resulting from the calculation rounded up to the nearest yen.
- (ii) The increase of the capital reserve as a result of the issuance of shares upon exercise of stock options shall be calculated by deducting the increase in capital described in (i) above from the maximum amount of common capital increase also set out in (i) above.

VI. 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 Shinsei Bank.

VII. Acquisition of stock acquisition rights

- (i) In the event that the annual general meeting of shareholders
 - (a) approves a merger agreement in which Shinsei Bank is dissolved
 - (b) approves a proposal to authorize a stock swap agreement or stock transfer plan,
 the Bank may acquire the issued stock acquisition rights without paying any compensation on a date designated by the Board
- (ii) In the event a person receiving stock options ceases to meet the conditions for exercising stock options as stipulated in IV (iii) "Agreement on granting of stock acquisition rights," the Bank may acquire the rights allocated to that person without paying compensation at a date designated by the Board.

VIII. Stock acquisition rights granted due to reorganization

If Shinsei Bank

- (a) is dissolved due to a merger
 - (b) spins off its business to an existing company (*kyuushuu bunkatsu*)
 - (c) spins off its business to establish a new company (*shinsetsu bunkatsu*) or
 - (d) executes a stock swap or a share transfer
- then stock acquisition rights of
- (a) the surviving company after such a merger

- (b) the company newly established by such a merger
- (c) the company which succeeds the rights and duties of the business through *kyuushuu bunkastu*
- (d) the company newly established by *shinsetsu bunkatsu*
- (e) the company which becomes its parent company through a stock swap or
- (f) the company newly established by a share transfer

may be granted in place of original stock acquisition rights, based on the relevant contract or agreement.

In this case, the conditions of stock acquisition rights to be granted shall be determined as follows:

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

The same class of shares of the applicable entity listed in (a) – (f) above.

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

To be adjusted in accordance with the ratio of the merger, company split, stock swap or share transfer. If this adjustment results in allotments of fractions of shares to individuals who exercise stock acquisition rights, then the number of shares allotted shall be rounded down to the nearest whole digit.

- (iii) Value of assets paid upon the exercise of stock acquisition rights (Exercise Price)

To be adjusted in accordance with the ratio of the merger, company split, stock swap 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 stock swap 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 by the Board of Directors of the granting company.

(3) Cost of stock acquisition rights

No charge

Disclaimer:

This news release is an English-language translation of the original Japanese-language version.

In the case of discrepancies between this translation and the original version, the original version shall be considered definitive.

Shinsei Bank is a leading diversified Japanese financial institution providing a full range of financial products and services to both institutional and retail customers based on a three-pillar strategic business model comprising institutional banking, consumer and commercial finance and retail banking. The Bank has total assets of 11.5 trillion yen (US\$115 billion) on a consolidated basis (as of March 2008) and a network of 41 outlets that includes 35 Shinsei Financial Centers, 2 Platinum Centers and 4 BankSpots in Japan. Shinsei Bank demands uncompromising levels of integrity and transparency in all its activities to earn the trust of customers, staff and shareholders. The Bank is committed to delivering long-term profit growth and increasing value for all its stakeholders.

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