

For Immediate Release

SHINSEI BANK, LIMITED  
1-8, Uchisaiwaicho 2-Chome, Chiyoda-ku, Tokyo 100-8501 Japan  
TEL: 03-5511-5111Company Name: Shinsei Bank, Limited  
Name of Representative: Masamoto Yashiro  
President and CEO  
(Code: 8303, TSE First Section)**Shinsei Bank Announces Management Policy Going Forward***- Management Renewal and Formulation of Medium-Term Management Plan to Achieve Long-Term Sustainable Profits -*

TOKYO (Friday, May 14, 2010) --- Shinsei Bank, Limited (“Shinsei Bank”) has today announced an overhaul of its top management structure, including a change of representative, and the implementation of drastic rationalization measures, together with the formulation of 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. Details are outlined below. The announcement of these measures follows Shinsei Bank’s announcement, also today, of its financial results for the fiscal year 2009 ended March 31, 2010, and the termination of its merger with Aozora Bank, Ltd.

**1. Management Renewal and Rationalization Measures**

Shinsei Bank will make the following changes to its top management structure, subject to the necessary approval at the Annual General Meeting of Shareholders scheduled for June 23, 2010.

**(1) New President and Renewal of the Management Team**

Given that Shinsei Bank has recorded a substantial net loss for fiscal year 2009, the current president, Masamoto Yashiro, and two Executive Vice Presidents, Masazumi Kato and Junzo Tomii, will step down. Shigeki Toma (Board of Director at Isuzu Motors Limited and former Managing Executive Officer at Mizuho Corporate Bank, Ltd.) will be appointed to the position of president, subject to approval at the Annual General Meeting of Shareholders scheduled for June 23, 2010.

Mr. Toma, who possesses deep knowledge and experience of the finance industry, will become an advisor to Shinsei Bank, effective today, and will work to establish the new business model and strengthen the Bank’s management structures. Under Mr. Toma’s leadership, Shinsei Bank will renew its executive management team with a younger profile.

**(2) Moving to a “Company with Board of Statutory Auditors” Board Model**

Following the conclusion of the Annual General Meeting of Shareholders scheduled for June 23, 2010, Shinsei Bank will revise its Articles of Incorporation and move from a “Company with Committees” board model to a “Company with Board of Statutory Auditors” board model in order to renew its corporate governance framework. As a “Company with Committees,” regular operational functions were delegated to statutory executive officers while the Board of Directors was primarily responsible for supervision of business execution. By converting to a “Company with Board of Statutory Auditors” board model, Shinsei Bank will implement a corporate governance framework that both facilitates appropriate business execution while maintaining flexibility of management judgment, and further enhances checks-and-balances through (1) the consolidation of business execution authority and responsibility to the Board of Directors, the highest decision-making body, and (2) assigning responsibility for auditing duties that include auditing and monitoring of the Board of Directors, to Statutory Auditors and a Board of Statutory Auditors that are independent of business execution and the Board of Directors.

Under the new management framework, the Board of Directors will be comprised of two directors who are responsible for daily business execution, and four outside directors who have abundant experience and knowledge in various fields. Management and business decisions will be made based on prudent discussions by the Board of Directors in order to maintain an appropriate framework for business execution.

Shinsei Bank will build an auditing and supervisory structure that is completely independent of business execution by establishing a Board of Statutory Auditors comprised of one Standing Statutory Auditor with a

background in and experience of working at Shinsei Bank, and two part time Statutory Auditors who are outside experts. In compliance with regulations, we will assign Statutory Auditors with a four-year term to ensure conformity with audit and supervisory duties.

### **(3) Rationalization Measures Including Reduction in Executive Compensation**

Under the leadership of Masamoto Yashiro since November 2008, Shinsei Bank has gone “back to basics” and reviewed its businesses to fully meet the needs of our domestic customers. In doing so, we have strengthened our risk management structure, optimized our staffing levels, simplified our organizational structure and rigorously reduced costs. However, as we once again recorded a substantial net loss in fiscal year 2009, Shinsei Bank is overhauling its management, including Statutory Executive Officers, and implementing drastic rationalization measures including significant reductions to executive compensation by revising its framework as it strives to improve management.

## **2. New Business Model**

Following Shinsei Bank’s announcement today of the termination of merger discussions with Aozora Bank, Ltd., which had been ongoing since July 2009, Shinsei Bank has formulated a new Medium-Term Management Plan for the three-year period from fiscal year 2010 to 2012, in its efforts to rebuild its business franchise and strengthen its financial base as a standalone entity. Under this Plan, Shinsei Bank will focus on “rebuilding its customer franchise in Japan” and “establishing a stabilized earnings base” to regain the confidence of its customers and the market during the three-year period. Furthermore, the Bank will also strive to establish a new business model, as outlined below, during this period in its efforts to become a bank that is trusted and sought by its customers, and the Bank’s directors and employees will work together to achieve this goal.

### **(1) Institutional Group**

With a renewed awareness that its operations are supported by public funds, the Institutional Group will work to rebuild its corporate customer franchise in Japan to actively fulfill its financial intermediary functions. The Institutional Group will strengthen credit extension to its institutional customers, mainly to mid-size corporations, in addition to leveraging its investment banking expertise accrued over the years, to provide solutions tailor-made to meet the specific needs of its customers. The Group will designate domestic customer-related operations as its core business and the focus for management resources, while actively exiting or running off non-core businesses, such as non-customer-related proprietary transactions which resulted in large losses in the past.

The Institutional Group will focus on further strengthening its corporate restructuring business and providing stronger support for companies in need of growth capital.

### **(2) Individual Group**

The Individual Group will aim to further improve the quality of its retail banking services, and expand its branch network through opening additional Consulting Spots to efficiently develop asset management operations for its customers. The Individual Group will also place greater emphasis on housing loans. The Shinsei Bank Group will continue to strive to contribute to the development of a healthier consumer finance business as a “responsible lender,” focusing on planning and promoting a strategy based on market trends and revenue, with a particular focus on appropriate expense management and credit cost reduction.

## **3. Capital Enhancement Measures**

Despite the net loss recorded in FY2009, the Bank’s total capital adequacy ratio remained unchanged at 8.35% and Tier I capital ratio improved to 6.35%, as at March 31, 2010, from the previous year, as the Bank proactively reduced risk weighted assets. While the capital ratios remain at a sufficient level that does not affect day-to-day operations, Shinsei Bank is currently considering measures to facilitate stable management and bolster its capital position by improving profitability through cost reductions and other necessary measures, further reducing the risk weighted assets, capital raising, and other appropriate initiatives.

\*\*\*\*\*

*Shinsei Bank is a leading diversified Japanese financial institution providing a full range of financial products and services to both institutional and individual customers. The Bank has total assets of 11.3 trillion yen (US\$122.0 billion) on a consolidated basis (as of March 2010) and a network of 41 outlets that includes 31 Shinsei Financial Centers and 10 Consulting Spots 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>*