

# INFORMATION



SHINSEI BANK

For Immediate Release

SHINSEI BANK. LIMITED

4-3, Nihonbashi-muromachi 2-chome, Chuo-ku, Tokyo 103-8303 Japan

TEL: 03-6880-7000

Company Name: Shinsei Bank, Limited

Name of Representative: Shigeki Toma

President and CEO

(Code: 8303, TSE First Section)

## Shinsei Bank Announces Issuance of New Shares through International Offering

*Enhancing Core Capital for Sustainable Growth in light of New Capital Regulations*

Tokyo (Monday, February 28, 2011) – Shinsei Bank, Limited (“Shinsei” or the “Bank”) announced that its board of directors, at a meeting held today, passed a resolution approving the issuance of up to 690,000,000 new shares of its common stock through an international offering (the “International Offering”). The capital raising is geared to strengthen the Bank’s core capital ahead of impending new capital regulations, enhance its credit position and support efforts to expand its customer base and stabilize earnings as it works towards sustainable growth.

As part of this International Offering, a total of 172,000,000 new shares of Shinsei’s common stock are expected to be sold to the following parties, hereinafter collectively referred to as the “Expected Allotees”:

- Saturn I Sub (Cayman) Exempt Ltd., of which Mr. J. Christopher Flowers (“Mr. Flowers”) is a director;
- Saturn Japan II Sub C.V., Saturn Japan III Sub C.V. and Saturn IV Sub L.P., of which Mr. Flowers is a director of the ultimate general partner; and
- Mr. Flowers himself

The Expected Allotees have already obtained the approval of the Commissioner of the Financial Services Agency of Japan to hold voting rights in excess of the holding ratio threshold for bank major shareholders of Shinsei under the Banking Law of Japan. The Expected Allotees are expected to maintain their status as bank major shareholders of Shinsei following the International Offering. To the extent the Expected Allotees acquire the full 172,000,000 shares, the Expected Allotees’ voting rights holding ratio would remain unchanged at 28.64% before and after the International Offering<sup>1</sup>. Certain equity investors in, and the lender to, Saturn I Sub (Cayman) Exempt Ltd., Saturn Japan II Sub C.V., Saturn Japan III Sub C.V. and Saturn IV Sub L.P. would have the right to elect to receive in-kind distributions of their equity interests or in-kind payments of their loans, as applicable, over time following expiration of the Lock-up Period (as defined below).

<sup>1</sup> This percentage does not include the number of shares to be issued upon exercise of the option to purchase the additionally issued common stock to be granted to the Underwriters referred to in I. (4) below.

This press release is not an offer to sell or a solicitation of an offer to buy any securities. This press release has been prepared solely for the purpose of announcing the issuance of new shares by the Bank and not for the purpose of soliciting investment or engaging in any other similar activities within or outside Japan. No offering or secondary offering will be carried out in Japan in connection with this issuance. This press release should not constitute an offer to sell or a solicitation of an offer to buy any securities in the United States. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933 (the “Securities Act”). Under the Securities Act, these securities may not be offered or sold in the United States absent registration or an exemption from such registration requirement.

## I. Issuance of New Shares through the International Offering

- (1) Class and number of shares to be offered 690,000,000 shares of common stock of the Bank being the sum of (i) and (ii) below:
- (i) 600,000,000 shares to be underwritten and purchased by the Underwriters referred to in (4) below; and
- (ii) A maximum of 90,000,000 shares being the subject of the option to be granted to the Underwriters referred to in (4) below for the purchase of additionally issued shares.
- (2) Method of determination of the amount to be paid The amount to be paid will be determined on a day during the period commencing on Monday, March 7, 2011 and ending on Wednesday, March 9, 2011 (the "Determination Date") in accordance with a book building method corresponding to the method set forth in Article 25 of the Regulations Concerning Underwriting, etc. of Securities of the Japan Securities Dealers Association ("JSDA").
- (3) Amount of stated capital and capital reserve to be increased The amount of stated capital to be increased shall be half of the "maximum amount of stated capital increase", as calculated in accordance with Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of capital reserve to be increased shall be the amount obtained by subtracting the amount of stated capital to be increased from the "maximum amount of stated capital increase."
- (4) Offering method To be carried out in overseas markets (in the United States, limited to qualified institutional buyers under Rule 144A of the U.S. Securities Act of 1933 and otherwise in a manner exempt from the registration requirements of the U.S. Securities Act of 1933, and in Canada, through private placement in compliance with applicable Canadian securities laws). The aggregate number of shares referred to in (1)(i) above shall be severally and not jointly purchased by certain underwriters (the "Underwriters"). The Bank will grant the Underwriters the option to purchase the additionally issued shares as referred to in (1)(ii) above.
- The issue price (offer price) of the International Offering shall be determined on the Determination Date, based on the tentative pricing range calculated by multiplying the closing price in ordinary market transactions of the shares of common stock of the Bank on the Tokyo Stock Exchange on the Determination Date (or, if no closing price is available, the closing price of the immediately preceding date) by 0.90-1.00 (with any fraction less than one yen being rounded down), in accordance with the book building method corresponding to the method set forth in Article 25 of the Regulations Concerning Underwriting, etc. of Securities of the JSDA, taking into account market demand and other conditions.

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- (5) Consideration paid to Underwriters Underwriting commissions will not be paid to the Underwriters. However, the aggregate amount of the difference between (a) the issue price (offer price) and (b) the amount to be paid to the Bank by the Underwriters in the International Offering shall be payable to the Underwriters.
- (6) Payment date A day during the period from Tuesday, March 15, 2011 to Thursday, March 17, 2011, provided, however, that the payment date shall be the sixth business day immediately following the Determination Date.
- (7) Subscription unit 1,000 shares
- (8) Determination of the amount to be paid, the amount of stated capital and capital reserve to be increased, the issue price (offer price) and all other matters necessary for the issuance of new shares through the International Offering shall be delegated to the President and CEO.

## II. Change in the number of outstanding shares following the International Offering

Current number of outstanding shares (as of December 31, 2010)	2,060,346,891 <sup>(1)</sup>
Number of shares to be increased following the International Offering	690,000,000 <sup>(2)</sup>
Number of outstanding shares after the International Offering	2,750,346,891 <sup>(2)</sup>

<sup>(Note)</sup>

- 1. Including 96,427,644 treasury shares.
- 2. Figures shown are on the assumption that the option mentioned in (1) (ii) of "I. Issuance of New Shares through the International Offering" above will be exercised in full by the Underwriters.

## III. Use of Proceeds

### (1) Use of proceeds obtained from the issuance

The maximum aggregate amount of proceeds of approximately 69,399,250,000 yen to be obtained from the International Offering will be used for general corporate purposes. The Bank is strengthening its core capital (common equity Tier I) through this International Offering ahead of impending new capital regulations, enhancing its credit position and supporting efforts to expand the customer base and stabilizing earnings as it works towards sustainable growth.

### (2) Change in use of proceeds obtained from previous issuances

Not applicable.

### (3) Impact on results of operations

Notwithstanding the International Offering, the Bank's earnings forecast for the fiscal year ending March 31, 2011 will not be revised.

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#### IV. Lock-up

In connection with the International Offering, the Expected Allottees, shareholders of the Bank, would agree with the joint lead managers, among other things, not to sell, in principle, any shares of the Bank held by them or their affiliates for a period commencing on and including the Determination Date and ending on the day 180 calendar days from the day immediately following the delivery date of the International Offering (the "Lock-up Period") without obtaining the prior written consent of the joint lead managers.

In addition, the Bank agreed with the joint lead managers, among other things, not to issue shares of the Bank, securities convertible or exchangeable for shares of the Bank, or securities with rights to acquire or receive shares of the Bank (excluding issuances of new shares through the International Offering and stock split, etc.) during the Lock-up Period without obtaining the prior written consent of the joint lead managers.

In each case, the joint lead managers may, at their discretion, cancel all or part of the agreements even during the Lock-up Period.

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*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 10.4 trillion yen (US\$128.0 billion) on a consolidated basis (as of December 31, 2010) and a network of outlets throughout 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>*

For further information, please contact:

Raymond Spencer or James Seddon

Investor Relations & Corporate Communications Division

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

Tel: (+81)-3-6880-8303/Fax: (+81)-3-4560-1706

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