TO OUR SHAREHOLDERS, CUSTOMERS AND EMPLOYEES

In fiscal year 2010, Shinsei made progress in laying the foundations for stabilized earnings and addressing the issues set forth in the first year of our Medium-Term Management Plan.

In fiscal year 2011, we are shifting gears to meet the expectations of our customers and of society with unique services while diversifying our earnings base through new business development.

Shigeki Toma
President and Chief Executive Officer

On behalf of the Shinsei Bank Group, I wish to offer my deepest condolences and prayers for a swift recovery to all those affected by the Great East Japan Earthquake.

On June 23, 2010, Shinsei Bank renewed its management structure and made a new start, aiming to return to a normal and stable growth trajectory. We have announced the financial results for the first year under the new leadership and I would like to share with you an overview of the Bank's performance together with an update on our current position and the direction we will take going forward.

After our appointment, the new management team formulated a Medium-Term Management Plan that set out the direction that the Bank would follow over the next three fiscal years up to March 2013, centering around the basic concepts of "rebuilding the customer franchise in Japan" and "establishing a stabilized earnings base." Under the Plan, we have set challenging but realistic performance targets, taking into account factors such as the continuing uncertainties in the economic and operating environment in Japan and the discussions regarding a new international framework for financial regulations (Basel III), while redoubling our efforts to reduce expenses.

Specifically, we have set ourselves the goals of delivering consolidated net income of ¥51 billion on a reported basis, and ¥60 billion on a cash basis in fiscal year 2012, the final year of the Plan. In addition, we currently estimate a total capital adequacy ratio of 10% or higher as at March 31, 2013 and thus expect to achieve capital ratios above the levels required under the new regulations at that point in time. We will strive to deliver ROE of 8% or higher and cash basis ROE of 10% or higher for fiscal year 2012.

Initiatives and Achievements in Fiscal Year 2010

In fiscal year 2010, we worked to reduce our non-core business assets and provision for potential risks while making comprehensive cost reductions throughout the Group in line with our Medium-Term Management Plan. At the same time, we also laid the groundwork for stable profits going forward by enhancing our capital position and realigning our organizational framework, as well as taking concrete steps to strengthen our earnings power such as starting up new businesses and forging alliances with financial institutions throughout Asia.

Our financial performance in fiscal year 2010 reflects solid improvements in the earnings power across each of our business groups, as well as substantial reductions in expenses and credit costs, and gains related to the repurchase of preferred securities and subordinated debt. As a result, we delivered positive consolidated net income of ¥42.6 billion, exceeding our initial forecast and representing a ¥182.8 billion improvement compared with the previous fiscal year of net losses. We achieved this positive result even after making provisions for potential risks including additional reserves in our specialty finance and domestic real estate non-recourse finance businesses, and for interest repayment liabilities in our consumer finance operations, as well as reserves related to the Great East Japan Earthquake.

We were also profitable on a non-consolidated level, recording net income of ¥11.1 billion. This exceeded the target set forth in our Revitalization Plan, and marked our first full year profit in three fiscal years, on both consolidated and non-consolidated bases. We have also been able to resume dividend payments and paid a year-end dividend of 1 yen per common share.

In fiscal year 2010, we were also able to increase our capital base for future growth through measures including the successful execution of a ¥71.8 billion capital raising through an international offering of common shares in March 2011.

Therefore, while fiscal year 2010 proved to be a hugely challenging year, I believe that Shinsei has been able to set out the path to solving most of our legacy problems, while progressing as planned in laying the foundations for stabilized earnings and making other achievements in addressing the issues set forth in the first year of our Medium-Term Management Plan. I would like to offer my sincere thanks to our customers, shareholders and all of our stakeholders, for it is due entirely to your understanding and support that Shinsei has been able to come this far.

Fiscal year 2011 is the second year of our Plan. Building on the progress we have made in the first year, we are shifting gears and taking proactive action to diversify our earnings base through new business development. Once we have done this, we will move forward in establishing a normalized and stable earnings structure by the last year of the Medium-Term Management Plan.

Business Strategy and Direction

As we work towards our Medium-Term Management Plan goals of "rebuilding the customer base in Japan" and "establishing a stabilized earnings base," Shinsei is aiming to record stable profits by focusing on the speedy provision of high quality value-added products and services to our institutional and individual customers, and making comprehensive Group-wide efforts to rationalize our businesses.

In our institutional business, we are actively pursuing customer-centric businesses and businesses where we can use existing strengths and which allow us to differentiate ourselves from the competition, as our core operations. These include corporate banking such as lending, which has traditionally been at the center of our customers' needs; real estate finance, where we aim to ensure appropriate levels of risk and return; capital markets, which centers around customer transactions; credit trading, which aims to capture trends in financial markets; specialty finance which includes M&A finance centering around high value-added transactions; and advisory, which brokers the merger and acquisition of companies. At the same time, we are continuing to reduce non-core business assets which are highly volatile or related to businesses where we are at a comparative disadvantage in terms of expertise or knowledge acquisition, and working to improve overall profitability. In our lending operations to corporate customers, we are pursuing transactions with small- and medium-sized corporations, in addition to middle-market companies, to expand our customer base. In addition, we have moved from a passive to a proactive stance, and are ramping up our efforts focused on business domains that will contribute to society's sustainable growth, including support for the development of new industries in the fields of welfare, such as healthcare finance, and environmental protection. We are also aiming to expand business with the public sector and strengthen cooperation with regional financial institutions as we look to increase transactions with financial institutions, and strive to provide value-added financial products, services and solutions to these customers.

As of April 1, 2011, we reorganized our institutional businesses in order to respond to our customers' needs more appropriately. Our newly defined Institutional Group is focusing primarily on corporate and public sector finance and advisory business, while the new Global Markets Group concentrates on financial markets business and serving financial institution clients.

In our 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 provide solutions appropriately through a wide range of channels and meet our customers' needs for financial transactions and products. In our consumer finance operations, we continue to face a difficult operating environment due to factors including legislative changes, market contraction and industry realignment. Despite these circumstances, we are striving to utilize management resources effectively throughout our Group subsidiaries, and review expense structures and implement appropriate credit cost management by leveraging Shinsei's information technology capabilities. In addition, we are also working to achieve seamless provision of a wide range of financial products and services for individuals, transcending the boundary between retail banking and individual subsidiaries. Ultimately, we aim to establish highly trusted, comprehensive financial services for individuals. As part of these efforts, we are planning to have the Bank take over the unsecured personal loan business currently operated by Shinsei Financial under the Lake brand and launch full-scale operations from October 2011.

The Need for a New Type of Financial Institution

The impact of the Great East Japan Earthquake and the ensuing accidents at the Fukushima Daiichi Nuclear Power Plant have cast a shroud of uncertainty over the Japanese economic environment, and made operating conditions in the financial services industry extremely challenging. However, it is precisely in these kinds of circumstances that banks' mission weighs heaviest, and the role of financial institutions has been brought into question. Meanwhile, socio-economic changes have given birth to new needs and new technologies to meet them, while regulatory reform has given renewed importance to the role that the private sector should play. In light of these societal changes, financial institutions must be ready to go beyond the provision of traditional services and contribute proactively to economic development through supporting the rise and growth of new businesses.

Shinsei is by no means a large bank. But we have unique strengths, such as the diversity of our employees and the expertise we have amassed in certain core competencies, and we will utilize these strengths to meet the expectations of our customers and society at large. Indeed, I believe this is the only way that we can further strengthen our earnings power. The Shinsei Bank Group as a whole is united in moving forward together to achieve our goals.

I would like to thank our shareholders, customers, and all other stakeholders for your continued support and guidance.

July 2011

Shigeki Toma

Shigeki Toma
President and Chief Executive Officer

QUESTIONS & ANSWERS

Q How have you been able to return to profitability and deliver earnings above initial forecasts in fiscal year 2010?

A Our return to profitability and resumption of a dividend payment on common shares reflects an improvement in earnings power as a result of steady implementation of operational strategy, as well as gains on repurchase of preferred securities and subordinated debt, and comprehensive expense reductions, despite posting reserves for potential risks.

Looking at revenues, we managed to grow our topline by ¥6.6 billion, or 2.3% year-on-year, to ¥292.1 billion due to higher revenues in the Institutional Group and Markets and Investment Banking Group, which recorded gains from the divestiture of non-core business assets and showed an improvement in earnings power. Our retail banking operations also performed steadily thanks to fee income from our financial products intermediary business and strong sales of foreign currency deposits. In addition, we recorded substantial non-recurring gains on the repurchase of preferred securities and subordinated debt, all of which helped to offset the smaller contribution from the consumer finance business due to the impact of full-scale implementation of the Money Lending Business Control and Regulation Law.

We made significant progress in cutting costs at a pace faster than outlined in our Medium-Term Management Plan. Our expenses were down ¥25.5 billion, or 15.2% year-on-year, to ¥142.8 billion, reflecting rigorous Group-wide rationalization and business right-sizing centered around our consumer finance business.

We achieved an even bigger improvement in net credit costs, which were down ¥43.9 billion, or 39.1%, to ¥68.3 billion, despite posting additional reserves for the specialty finance and domestic real estate non-recourse finance businesses, and posting ¥6.1 billion of earthquake-related reserves primarily at our subsidiaries in the fourth quarter of fiscal year 2010. While the overall year-on-year improvement was due in part to lower credit costs from the smaller consumer finance portfolio, it was also the result of progress made in disposing of legacy non-core business assets in the Markets and Investment Banking Group.

As a result, our consolidated net income rose ¥182.8 billion to ¥42.6 billion, despite ¥10.1 billion of additional grey zone provisions recorded at our consumer finance subsidiaries in the fourth quarter of fiscal year 2010. Our consumer finance subsidiaries Shinsei Financial, Shinki and APLUS FINANCIAL, as well as Showa Leasing, also all posted full year profits. Our non-consolidated income also rose ¥58.8 billion to ¥11.1 billion, exceeding the target set forth in our Revitalization Plan, despite absorbing the loss of ¥31.7 billion incurred from the transfer of our holding of common shares in subsidiary APLUS FINANCIAL to subsidiary Shinsei Financial.

Q How do you see the prospects for the Japanese economy going forward, particularly in light of the Great East Japan Earthquake earlier this year?

A Although we may see some impact in the first half of fiscal year 2011, this will be offset by reconstruction demand in the second half.

The Great East Japan Earthquake of March 11, 2011 has dealt Japanese society a huge blow, and I would like to reiterate my deepest condolences to all those who have been affected by the disasters.

At the beginning of 2011, the Japanese economy appeared to have emerged from its previous lull and there were signs of a self-sustaining recovery. However, the earthquake has caused huge damage to economic activities. The recovery appears to have stopped for the moment, as evidenced by the fall in exports, the consumer price index and various other economic indicators. As a result, we believe that the timing of the recovery will be delayed to the second half of the current fiscal year.

The Shinsei Bank Group has been fortunate to escape any direct human or physical damage as a result of the disasters. As our exposure and client base in the regions affected are also small, our earthquake-related provisioning was limited, amounting to ¥6.1 billion. Of this, ¥500 million was related to housing loans at the Bank, with the remainder relating to our subsidiaries. Properties in our domestic real estate non-recourse finance portfolio suffered little damage due to the earthquake, none were impacted by the tsunami or liquefaction, and the overall physical impact was negligible. Going forward, we will continue monitoring the impact of the economic slowdown on operating conditions for collateral properties. That said, however, our base scenario is that although we may see some impact in the first half, this will be offset by reconstruction demand in the second half, so that the overall impact will be neutral.

Exposure to Disaster-Affected Areas

As at March 31, 2011

	Consolidated basis, Billions of yen	
	3 Prefectures (Iwate, Miyagi, Fukushima)	Ratio to Total Assets
Institutional banking	¥ 5.2	—
Domestic real estate non-recourse finance	12.5	—
Other (non-consolidated)[1]	1.8	—
Showa Leasing	6.9	—
Institutional Group, Global Markets Group Total	**¥ 26.6**	**0.3%**
Housing loans[2]	¥ 10.5	—
Shinsei Financial	20.1	—
Shinki	2.7	—
APLUS FINANCIAL	42.5	—
Individual Group Total	**¥ 75.8**	**0.7%**
Grand Total	**¥ 102.4**	**1.0%**

Notes: 1. Derivatives and credit trading within Shinsei Bank
2. Includes housing loans purchased from Shinsei Financial and card loans issued by Shinsei Bank

Q Please give an update on your progress towards the goals set out in your revised Medium-Term Management Plan announced in September 2010.

A I am pleased to report that overall in fiscal year 2010—the first year of Medium-Term Management Plan—we made a good start towards the goals of rebuilding the customer base in Japan and stabilizing earnings.

While top-line revenues are still subject to downward pressure due to a lower level of consumer finance operating assets, we have switched from a passive to a proactive stance and taken action in fiscal year 2010 to increase borrower and overall customer numbers in our institutional businesses. Retail banking operations are also performing steadily and we will work to strengthen our housing loan and asset management businesses further. In addition, we plan to build up assets in our consumer finance business through the full-scale launch of the unsecured personal loan business under the Lake brand from the Bank scheduled for the second half of fiscal year 2011—an initiative that will help us attract more customers as we combine the reliability and peace-of-mind of bank service with Lake's speed and convenience.

Our progress on expenses and credit costs has been particularly impressive. Expenses for fiscal year 2010 are already within reach of our fiscal year 2012 targets as carefully considered cost reductions have progressed ahead of schedule. On the other hand, our greatly reduced credit costs reflect broad improvements in our institutional businesses together with the decrease in loan balances and improvement in asset quality at our consumer finance subsidiaries.

Through various capital management strategies, including an international offering of new shares in March 2011, we have considerably strengthened our capital base, both qualitatively and quantitatively. In addition, the balance of the Bank's risk-weighted assets has also declined reflecting our continuing optimization efforts and a decrease in overall loan assets. As a result, our Tier I capital ratio and total capital ratio both rose 141 basis points year-on-year to 7.76% and 9.76% respectively at the end of fiscal year 2010.

Our forecast for consolidated net income in fiscal year 2011 is ¥22.0 billion in line with our revised Plan targets (initial consolidated net income target of ¥12.5 billion for fiscal year 2010; ¥22.0 billion target for fiscal year 2011).

Looking ahead, in fiscal year 2011 we are aiming to attain the coming year targets in our revised Plan primarily through the following measures aimed at strengthening our earnings power. Firstly, we will strive to steadily build up high-quality operating assets through strengthening our new institutional businesses and stepping up proactive support for new industries and technologies, replacing assets in our real estate finance portfolio, building out our housing loan business, and launching full-scale unsecured personal loan operations at the Bank. At the same time, we will aim to increase our non-interest income through investment consulting and enhanced investment product delivery capabilities through the newly established Global Markets Group and Individual Group. In addition to these initiatives, we will continue our commitment to reducing costs as we look to reduce overlap in back-office operations while appropriately managing credit costs.

Q Why does your non-performing claims ratio continue to be so high?

A While we progressed with disposal of non-performing loans in fiscal year 2010, our non-performing claims ratio has remained stable due to the decline in our overall claims balance.

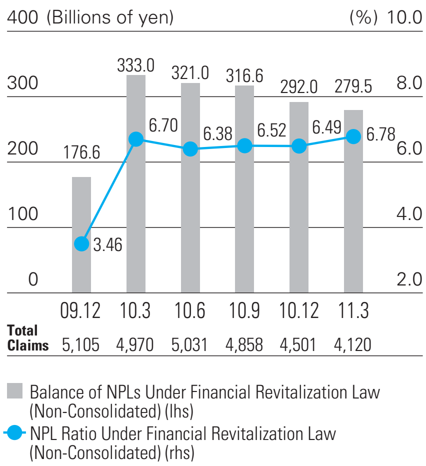
As at March 31, 2011, Shinsei Bank's non-performing claims ratio for claims classified under the Financial Revitalization Law on a non-consolidated basis was 6.78%, little changed from 6.70% a year earlier. Over the course of fiscal year 2010, however, I would like to point out that we succeeded in reducing the actual balance of our non-performing claims by ¥53.4 billion, from ¥333.0 billion at March 31, 2010 to ¥279.5 billion as at March 31, 2011—a reduction of approximately 16%—as we worked to clean up our portfolios. In addition, the proportion that real estate non-recourse finance represents in our non-performing claims has also fallen steadily from approximately 91% to 84% over the same period, as we focused on reducing our concentration risk and reduced ¥70.3 billion of non-performing claims in this business.

Despite these efforts, our total claims balance has declined more quickly than the non-performing claims balance, even as we worked proactively to manage non-performing exposures primarily in real estate-related businesses. Over the fiscal year 2010 period, our total claims balance fell ¥849.7 billion, from ¥4,970.1 billion to ¥4,120.4 billion—an approximately 17% decline.

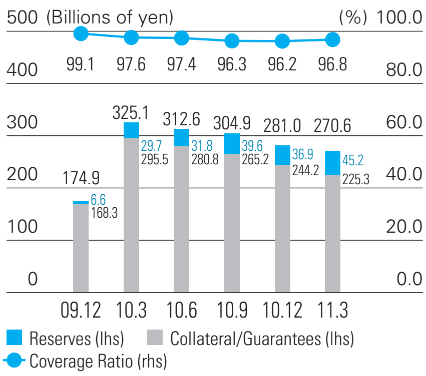
On the other hand, our coverage ratio—which represents the percentage of a loan's value that is backed by collateral, guarantees or reserves—still remains one of the highest in the industry at 96.8% as at March 31, 2011. Furthermore, in our real estate non-recourse finance business, we have continued to apply conservative collateral valuations. Indeed, the actual sales value obtained when collecting on claims through collateral sales over fiscal year 2010 has been on average approximately 13% higher than the Bank's valuation. We believe, therefore, that we are amply covered for any losses.

Finally I would like to address the issue of risk-monitored loans on a consolidated basis, which includes our consumer finance subsidiaries' portfolios. This percentage has also risen somewhat from 8.37% at March 31, 2010 to 9.21% at March 31, 2011. The main reason here is also that the decrease in our total claims balance has outpaced risk monitored loan reduction. That said, however, risk monitored loans at each of our major consumer finance subsidiaries fell over the course of fiscal year 2010.

Balance of Non-Performing Loans (NPL), NPL Ratio



NPL Coverage



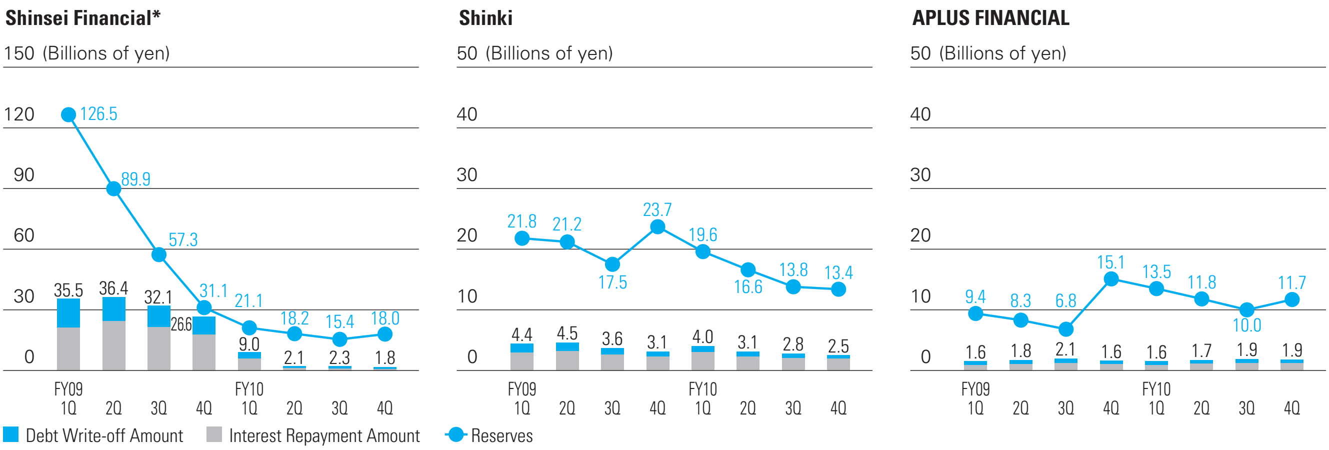
Q Please explain Shinsei's reasons for pursuing the consumer finance business, despite a higher-than-expected decrease in outstanding loans and the continuing risk of interest repayment liabilities in this sector.

A I believe that the Shinsei Bank Group can secure a leading position in the consumer finance industry by leveraging our ability to reduce "grey zone" interest repayment, credit, funding and operating expenses, and launching a full-scale unsecured personal loan business from the Bank.

At Shinsei, we remain committed to providing responsible consumer finance to meet the sound borrowing needs of retail customers. While the response to regulatory changes has presented huge challenges, I still believe that there is a unique opportunity for the Shinsei Bank Group to take a leading position in the industry by leveraging our ability to reduce "grey zone" interest repayment, credit, funding and operating expenses, while attracting and retaining low risk customers through the launch of a full-scale unsecured personal loan business from the Bank. Now, a year after the final phase of the Money Lending Business Regulation and Control Law (MLBL) was implemented, I personally feel that there is an even more compelling logic, both social and financial, to pursue this business in a market that has shrunk considerably, but which is healthier, has fewer competitors and still serves fundamental consumer needs.

Lake, our biggest consumer finance business operated by subsidiary Shinsei Financial, possesses a unique GE-guaranteed indemnity agreement against "grey zone" interest repayment liabilities, which is one of our most important strengths. As a result, the company's quarterly grey zone interest refunds have already declined from around ¥35.5 billion in the first quarter of fiscal year 2009 to

Amount of Interest Repayment and Reserve for Losses



* Interest repayment amount is net of refunds subject to GE indemnification

just ¥1.8 billion in the fourth quarter of fiscal year 2010. After a brief uptick over the third and fourth quarters of fiscal year 2010 in the wake of competitor Takefuji's bankruptcy, our disclosure claims continue to show a generally declining trend since March 2011, and fiscal year 2010 fourth quarter claim levels remain well below historic peaks. In fiscal year 2010, we did post an additional ¥10.1 billion of provisioning across Shinsei Financial, Shinki, and APLUS FINANCIAL for potential losses on interest refund payments as refund claims did not decline as much as we initially anticipated due to the impact of Takefuji's bankruptcy. The level of provisioning is based on our forecasts for interest repayment trends going forward, and we believe it to be appropriate and reasonable.

Looking ahead, we believe that we can secure ample profitability from our consumer finance business following the transfer of Shinsei Financial's unsecured personal loan operations to the Bank, where we plan to launch a full-scale unsecured card loan business for individual customers under the Lake brand from October 2011. Firstly, looking at credit costs, we are already witnessing a decreasing trend across each of our subsidiaries due to stricter credit control and improved collections. In addition, the Lake brand leads the market in new loan applications, and we have maintained stricter credit standards than our rivals and an approval rate that is the lowest of the top three players. As a result, we expect to keep credit costs for the "Shinsei Bank Card Loan—Lake" business down to around 5% going forward. We also believe we can maintain costs at a low level by running operating expenses at a level commensurate with the asset balance through efficient branch management and other initiatives aimed at rationalization and increased efficiency. For these reasons, we believe that we can achieve a 2.0% to 3.0% margin on "Shinsei Bank Card Loan—Lake" personal loans issued by the Bank, even under the new interest rate regime stipulated by the revised MLBL.

By leveraging the Lake brand and its top-level track record, and combining Lake's convenience and speed with the reliability and peace-of-mind of Bank service, we believe that Shinsei Bank can establish itself as a leading company within this industry. Going forward, we will work to grow the loan balance at the Bank through appropriate needs-based marketing to increase sustainable earnings power, while Shinsei Financial focuses on serving existing customers and pursuing further growth through providing credit guarantees for the "Shinsei Bank Card Loan—Lake" service and for other banks. I believe that by clarifying business functions throughout the Group in this way, we can strengthen our overall earnings power.

Q What are Shinsei's capital strategy and target capital ratios in light of the new Basel capital requirements?

A Shinsei is aiming for a total capital ratio of at least 10%, Tier I capital ratio of at least 7% and common equity Tier I ratio of at least 5% on a Basel III basis by March 31, 2013, and we believe we are well on track.

We consider compliance with the new capital regulations an important part of our Medium-Term Management Plan. While Basel III, which will be implemented progressively from January 2013, calls for a common equity Tier I ratio of at least 3.5% initially, we are aiming for a common equity Tier I ratio of at least 5%, a Tier I capital ratio of at least 7% and a total capital adequacy ratio of at least 10% by the end of March 2013 in our Medium-Term Management Plan.

Over the course of fiscal year 2010 Shinsei has taken various measures designed to strengthen our core capital (common equity Tier I) base in order to enhance our credit position and support efforts to expand our customer base and stabilize earnings as we work towards sustainable growth.

To this end, we worked on improving our capital position in terms of both the denominator and the numerator in the capital ratio equation—namely, optimizing our risk-weighted assets and improving our common equity Tier I capital.

Looking at the denominator, we maintained our commitment to reducing high-risk-weighted non-core business assets while controlling the balance of lending in our non-recourse finance business, which led to a reduction of over ¥1 trillion in risk weighted assets during the course of the fiscal year.

On the numerator side, in addition to disposal of non-performing loans and scheduled amortization of goodwill and intangible assets, which led to fewer deductions from capital, we also successfully completed three capital enhancement measures. Firstly, in September 2010 we exchanged sterling-denominated perpetual subordinated notes and euro-denominated callable subordinated notes for new euro-denominated subordinated notes, generating a gain of approximately ¥3.0 billion. Secondly, in December 2010, we made a tender offer for certain U.S. dollar-denominated preferred securities that will not be counted towards common equity Tier I capital under Basel III, and generated repurchase gains of approximately ¥25 billion. Although our capital was depleted by the repurchase of these securities, the repurchase gains contributed to retained earnings, and thus enhanced our common equity Tier I capital. Additionally, the reduced balance of preferred securities as a result of repurchase has also significantly reduced our annual dividend burden on these securities.

We executed our most significant capital initiative of fiscal year 2010 in March 2011 when we successfully raised ¥71.8 billion through an international offering of 690 million new shares.

As a result of these initiatives, we have succeeded in raising our total capital and Tier I capital ratios by 141 basis points to 9.76% and 7.76% respectively year-on-year, while we estimate our common equity Tier I ratio to be 5.6% on a Basel III basis. Therefore, we are above our Plan targets. Going forward, we will continue to enhance our capital position so that we sufficiently exceed minimum regulatory required capital levels by concentrating primarily on building retained earnings through profitable business, while continuing to enhance our capital position through appropriate management of risk weighted assets including ongoing disposal of non-core business assets, even as we build up new operating assets in our institutional and retail banking housing loan businesses.

Q The Japanese market continues to be characterized by over-banking. What kind of bank does Shinsei aim to be and how will you ensure sustainable growth?

A We will leverage our strengths to provide our customers with the financial services that they need, and support their growth.

In my opinion, Japanese banking remains too risk-averse. In corporate banking, for example, there is a tendency to favor lending on preferential conditions only to safe and well-established blue-chip companies, the so-called "winners" in the business world. To my mind, however, it is a bank's social obligation to help customers become the winners of the future by supporting their growth and providing the various financial services that they need along the way. This is Shinsei's raison d'etre. It will also be the driver of our earnings power and the source of our differentiation going forward, as we work towards our Medium-Term Management Plan goal of delivering ROE of at least 8% by fiscal year 2012.

In our institutional businesses, I believe that we will see an emergence of new corporate finance needs in line with changes in Japanese society. In order to meet these needs, we are likely to witness the development of new industries and technologies related to medicine, care, environmental protection and energy efficiency. Shinsei will be ready to respond proactively to these new industries. We will search out the growth sectors that are going to contribute to society's sustainable development and strive to serve customers that need, but in the past have not been able to easily access, bank financing. The barriers to entry into these areas, such as healthcare and corporate restructuring, are high; they require specialist knowledge and extensive networks. However, we are focusing on those areas in which we believe that we have the experience and applicable skills and that offer the opportunity for us to earn higher margins than in conventional corporate lending.

In our individual businesses, I believe we already set ourselves apart from the pack. In retail banking, for example, we empower customers to do their banking whenever and wherever they choose by combining the convenience of remote channels including Internet banking and ATMs with the peace-of-mind of branch-based consulting services through our growing network of Shinsei Financial Centers and Shinsei Consulting Spots. Going forward, we will strive to provide even higher levels of quality across this balanced range of services, while responding promptly and appropriately to customer needs.

In many ways, consumer finance epitomizes my vision of providing smooth access to retail financial services to the customers who need them. From the second half of fiscal year 2011, Shinsei is set to become the first major bank to leverage the brand of one of our wholly owned unsecured personal loan providers and begin full-scale operations of this business from the Bank. This is a demonstration of our commitment to responsible unsecured consumer lending. Despite the headwinds that continue to buffet this industry, I am confident that we can remain a profitable survivor and meet our customers' needs even under the new operating environment created by full-scale implementation of the revised Money Lending Business Control and Regulation Law, based on the strength of the Lake brand and our never-ending pursuit of rationalization and efficiency in operations.