SPECIAL FEATURE: SHINSEI TIMELINE FISCAL YEAR 2010

Reforms Implemented under New Management

• New Management Team Takes the Helm

Shigeki Toma appointed President & CEO

• Announcement of Medium-Term Management Plan

Fiscal Year Goals

FY2010	FY2011	FY2012
Lay groundwork for stabilized earnings	Measures for diversification of revenues through new businesses	Record stable earnings at operating speed

Initiatives to Strengthen Financial/Management Base

March 31, 2010

Consolidated Net Income:	-¥140.1 billion
Total Capital Adequacy Ratio:	8.35%
Tier I Capital Ratio:	6.35%

June
- Moved to "Company with Board of Statutory Auditors" board model

July
- Established Healthcare Finance Division

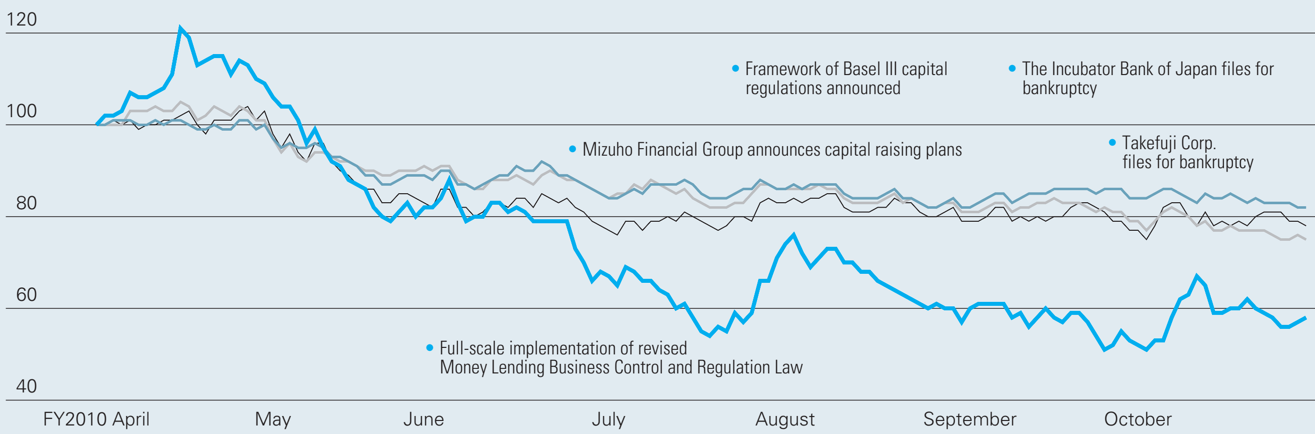
August
- Shinsei Financial begins alliances with regional banks in unsecured personal loan guarantee business

September
- Exchange offers for Tier II subordinated notes
- Announced revisions to Medium-Term Management Plan
- Established Corporate Support Division for SMEs
- Partnership with APLUS FINANCIAL in personal loan business

October
- Separated institutional businesses into two business groups
- Established Corporate Staff Group
- Launched Asset Optimization Project Team

- Repurchased U.S.$1,072 million of Tier I preferred securities

FY2010 Share Price Performance and Major Events



Financial Highlights
Message from the Management
Special Feature
Shinsei Timeline Fiscal Year 2010
Review of Operations
Management Structure
Data Section

SHIFTING GEARS

November

- Established subsidiary to provide capital to support corporate restructuring
- Alliance with YES Bank (India)
- Alliance with Baoviet Holdings (Vietnam)

December

- APLUS FINANCIAL became a subsidiary of Shinsei Financial
- Strengthened economic/industrial research functions

January 2011

- Operations begin at new head office

February

March

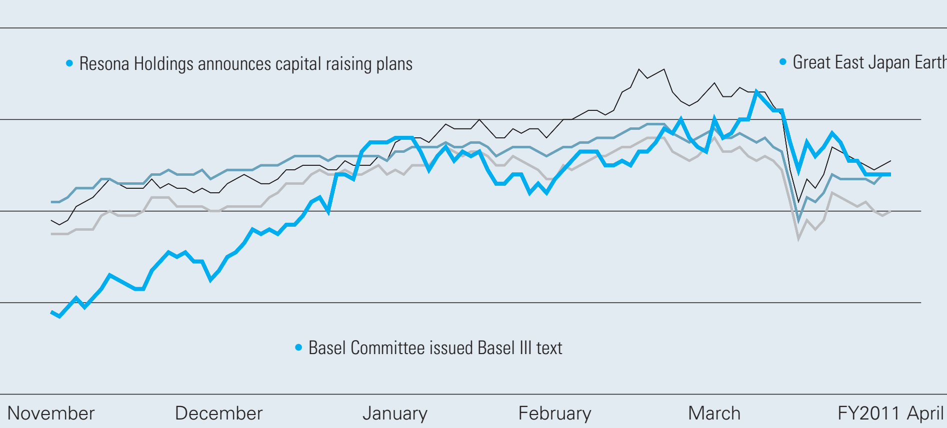
- ¥71.8 billion capital raising through international common share offering
- MOU on business collaboration with Jih Sun (Taiwan)
- Expansion of joint ATM installation with Seven Bank, Ltd.

Consolidated Net Income:	**¥42.6 billion**
Total Capital Adequacy Ratio:	**9.76%**
Tier I Capital Ratio:	**7.76%**

April

- Reorganization of institutional business groups

Organizational Reform to Expand Customer Base and Strengthen Core Businesses



Annual Performance
April 1, 2010 - March 31, 2011

Shinsei Bank	-13%
TOPIX	-11%
TOPIX Banks	-20%
TOPIX Financials (excluding banks)	-10%

*Calculated taking April 1, 2010 share price as 100%

SPECIAL FEATURE: PROGRESS ON OUR MEDIUM-TERM MANAGEMENT PLAN

In June 2010, Shinsei Bank formulated a new Medium-Term Management Plan that set out the direction that the Bank would follow over the 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." As a result of subsequent changes in the economic environment and new capital regulations, the new management team conducted a review of our businesses, decided to revise the original Plan and announced a "Revised Medium-Term Management Plan" on September 28, 2010. The revised Plan aims to further enhance corporate value while remaining true to the original management principles and basic concepts. It sets a greatly increased net income target for the fiscal year ending March 2013 (fiscal year 2012) in light of additional planned business initiatives, cost reduction and credit cost control measures, despite forecasting lower topline revenues due to the challenging operating environment.

Management Principles

- A banking group that has stable earnings power, is truly depended upon by customers and that contributes to the development of both domestic and international industrial economies
- A banking group that has built on its past experiences and history, values diverse talents and cultures and continually takes on new challenges
- A banking group that strives for transparent management, valued and trusted by all stakeholders, including customers, investors and employees

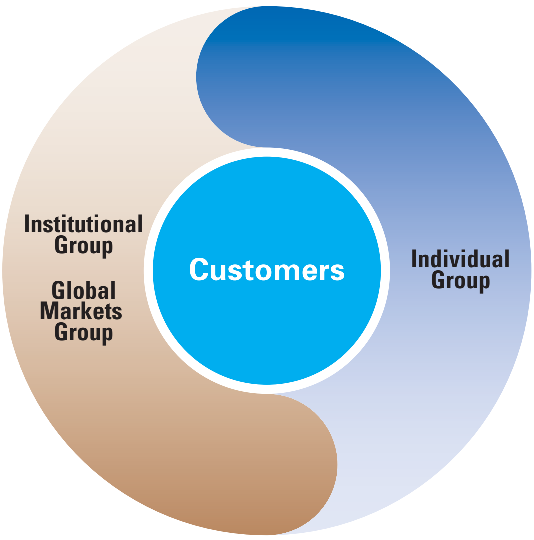
Medium-Term Goals*

Rebuilding the Customer Franchise and Establishing a Stabilized Earnings Base for the Mid- to Long-Term

Institutional Group Global Markets Group

Concentrate Resources in Core Businesses

- Build customer-centric organization
- Actively promote corporate, financial institution and public sector businesses (such as loans and fee businesses)
- Improve ability to provide solutions and cross-selling
- Actively pursue specific sectors and areas where the Bank can leverage its specialties and uniqueness:
  - Healthcare Finance
  - Corporate Restructuring and others
- Consider new business opportunities in Asia
- Provide appropriate products and services to small- and medium-sized enterprises
- Enhance abilities of relationship managers, promote appropriate reallocation of the workforce and upgrade risk assessment capability
- Reduce divestible non-core business assets by 50%



Individual Group

Enhance Core Businesses

- Retail Banking
  - Stabilize funding base and promote lower funding costs
  - Expand housing loan business
  - Strengthen asset management business by expanding access points (Consulting Spots)
- Consumer Finance
  - Appropriate measures to comply with Money Lending Business Control and Regulation Law (MLBL)
  - Build a portfolio focused on profitability and strict credit assessment
  - Promote effective operations throughout the Group
- Explore synergy between retail banking and consumer finance operations

Strengths
- Diversity
- Tailor made solutions
- High customer satisfaction
- Swift decision making, agile execution

Opportunities
- New customers
- "Responsible consumer lending"
- Niche businesses
- Ever-changing lending and investment needs of customers

Weaknesses
- Volatility of earnings
- Smaller customer base

Threats
- Fierce competition
- Political, legislative and economic uncertainties

* Reflects revisions to original Medium-Term Management Plan announced on September 28, 2010, and organizational changes that became effective from April 1, 2011.

Basic Concepts of the Medium-Term Management Plan

- Period: Three years from fiscal year 2010 to fiscal year 2012 (ending March 31, 2013)
- Focus on rebuilding customer franchise, stabilizing earnings and cost reductions, having reflected on lessons learned and past events
- Targets at the end of management plan*1
  - Achieve external credit ratings of A/A-
  - Aim for total consolidated capital adequacy ratio of over 10%*2, a Tier I capital ratio of over 7%*2 and a common equity Tier I capital ratio of over 5%*2
- Goals for each fiscal year
  - Fiscal year 2010: Lay groundwork for stabilized earnings
  - Fiscal year 2011: Measures for diversification of revenues through new businesses
  - Fiscal year 2012: Record stable earnings at operating speed
- Enhance management control (including renewal of corporate governance structure)
- Establish an organizational framework to devise detailed plans for the repayment of public funds
  - Speedy and stringent execution to ensure the achievement of the targets set in the financial projection
  - Foster healthy organizational culture with emphasis on the importance of compliance

*1 Reflects revisions to original Medium-Term Management Plan that were announced on September 28, 2010
*2 On a Basel III basis

Our goal in the first year of our Medium-Term Management Plan was to "lay the groundwork for stabilized earnings." To this end, we clearly divided our operations into "core" and "non-core" businesses. Core businesses are customer-centric or niche fields where we possess definite strengths, and we will work to expand and develop these businesses further going forward. On the other hand, non-core businesses are those which are highly volatile or where we are at a relative disadvantage in terms of proprietary knowledge and expertise. During fiscal year 2010, we took steps towards laying the groundwork for the future and delivered solid financial results in our core businesses, while simultaneously disposing of non-core business assets.

Reduce divestible non-core business assets by approximately 50%

Non-core Business Assets

Exit or Run-off

- Real Estate Equity Investment
- Housing Loan Warehousing
- CLO/ACPM/CFI*3
- Asset-backed Investment
- Other Non-Core Business Assets*4

Core Businesses

Institutional Group
- Corporate & Public Sector Finance
- Healthcare Finance
- Advisory
- Real Estate Finance
- Specialty Finance
- Corporate Restructuring
- Credit Trading
- Private Equity*5
- Leasing (Showa Leasing)
- Trust operations (Shinsei Trust)

Global Markets Group
- Financial Institutions Business
- Markets
- Asset Management*5
- Wealth Management*5
- Treasury
- Securitization (Shinsei Securities)

Individual Group
- Retail Banking
- Consumer Finance
  - Unsecured Personal Loans
  - Installment Sales Credit
  - Settlement, Credit Cards

Expand and strengthen customer franchise

*3 CLO (Collateralized Loan Obligation), ACPM (Active Credit Portfolio Management), CFI (Corporate Floater Investment)
*4 "Other non-core business assets" include securities portfolios from the Alternative Investment and International Investment businesses, and loans from the Wealth Management business.
*5 Wealth Management, Asset Management and Private Equity were earmarked for closure or scale-down under the original Plan. However, we have now decided to realign and continue these businesses from fiscal year 2011. Wealth Management and Asset Management will focus on product provision while Private Equity will look to serve business succession needs.

Key Initiatives under the Medium-Term Management Plan

In fiscal year 2011, the second year of our Medium-Term Management Plan, we will continue working on fiscal year 2010 areas of focus and developing core businesses. In addition, we will also pursue the following new initiatives in FY2011.

FY2010 | FY2011 | FY2012

Lay groundwork for stabilized earnings

Institutional Group, Markets & Investment Banking Group

- Focus on expanding customer franchise
- Continued reduction of non-core business assets
- Further enhance the provision of appropriate solutions for corporate, financial institutions and public sector customers, by leveraging our product development capabilities
- Group-wide efforts to provide capital, credit, consulting services and staffing support to customers with restructuring needs and growth companies

Individual Group

Retail Banking

- Stabilize funding base and promote lower funding costs
- Further enhance asset management business
- Further strengthen housing loan business
- Expand branch network

Consumer Finance

- Appropriate response to revised Money Lending Business Control and Regulation Law
- Appropriate management of expenses and credit costs

FY2010 initiatives to be continued into FY2011

FY2010 | FY2011 | FY2012

Measures for diversification of revenues through new businesses

Institutional Group, Global Markets Group

- Aligning organization with customer attributes to unlock further business synergy and create more agile sales structure
- Preparation and action to provide support for development of new industries
- Proactive efforts to support recovery after Great East Japan Earthquake
- Set to work on concrete development of Asia-related business
- Enhance asset management proposals for institutional customers
- Advancement of ALM capabilities through strengthening Markets business

Individual Group

Retail Banking

- Enhancing asset management business and development of investment products that meet individual customers' needs
- Enhancing asset management consulting services targeting retirement-aged customers
- Further strengthen housing loan business through expanding new disbursements

Consumer Finance

- Leverage Group companies' credit assessment and marketing expertise, and integrate into Bank to meet sound demand for personal loans
- Realize greater synergies including further development of credit guarantee business by fully leveraging Bank's network with financial institutions
- Implementing more efficient marketing activities, including effective campaigns

FY2010 | FY2011 | FY2012

Record stable earnings at operating speed

Examples of Key Initiatives in FY2010

In fiscal year 2010, we worked on various initiatives aimed at achieving our Medium-Term Management Plan's twin goals of "rebuilding the customer franchise in Japan" and "establishing a stabilized earnings base."

Initiative 1 Leveraging our Track Record and Specialized Expertise to Promote Healthcare Finance

As one of the first financial institutions in Japan to provide asset finance solutions to senior care and other such institutions, Shinsei Bank has amassed data and developed advanced financial engineering capabilities in the field of senior care facility and senior housing finance. As demand for senior residential care in Japan grows against the backdrop of an ageing society with a falling birthrate, in July 2010 Shinsei established a new Healthcare Finance Division as a specialized unit to provide finance and advisory services to support healthcare-related facilities and businesses such as senior care and senior housing. The division began offering finance, centered on non-recourse loans, in the second half of fiscal year 2010.

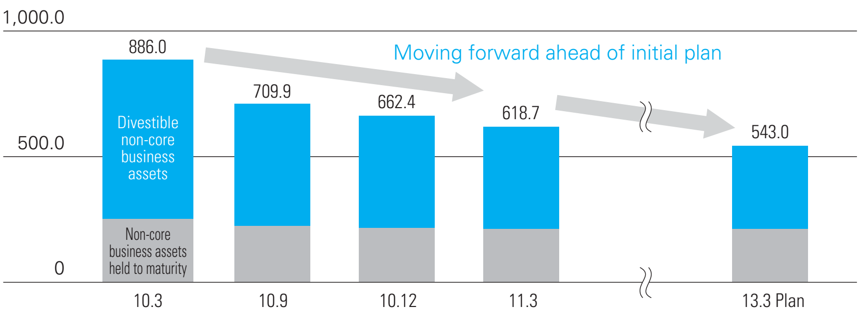
Initiative 2 Supporting Regional Financial Institutions' Unsecured Personal Loan Business – A Sector Set for Growth

DAITO BANK ふれあいバンク TOWA 東和銀行 富山銀行 THE TOYAMA BANK, Ltd. Tsukuba Bank 筑波銀行

Leveraging its vast network and relationships with regional financial institutions, Shinsei has been strengthening its partnership with regional financial institutions to contribute to local finance. In a new business initiative in fiscal year 2010, our consumer finance subsidiary Shinsei Financial began providing guarantees for unsecured personal loans issued by regional financial institutions. To differentiate itself and grow this business further, Shinsei Financial also supports client institutions' marketing efforts by advising on areas such as advertising strategy and product design, drawing upon its own strong track record in customer acquisition. As of May 2011, Shinsei Financial has forged alliances with four regional banks in this business.

Initiative 3 Divesting Non-Core Business Assets Ahead of Schedule

Divestiture of non-core business assets (Consolidated, Billions of yen)



A team of specialists, reporting directly to the president, is progressing with the divestiture of non-core business assets, focusing on volatile legacy proprietary investments. Our Medium-Term Management Plan calls for a 50% reduction in divestible non-core business assets by the end of the Plan (March 2013), but divestiture to date has been progressing more rapidly than planned. The total reduction in fiscal year 2010 was ¥267.3 billion.

Progress towards Medium-Term Management Plan FY2012 Financial Targets

Consolidated, Billions of yen

	FY2009 (Actual)	FY2010 (Actual)	Fiscal 2012 Medium-Term Management Plan
Earnings			
Revenue	285.5	292.1	**258.0**
Expenses	168.3	142.8	**140.0**
Net credit costs	112.2	68.3	**49.0**
Net income (loss)	(140.1)	42.6	**51.0**
Cash basis net income (loss)*1	(53.7)	53.8	**60.0**
Profitability			
ROE	(27.6%)	8.5%	**Above 8%**
ROE (cash basis)*1	(0.5%)	10.7%	**Above 10%**
Assets			
Operating assets (institutional)*2	7,810	6,870	**6,660**
Operating assets (individual)	2,550	2,430	**2,500**
Non-core business assets	886.0	618.7	**543.0**
Capital			
Risk weighted assets	7,722	6,653	**7,800**
Total capital adequacy ratio	8.35%	9.76%	**10%**
Tier I capital ratio	6.35%	7.76%	**7%**
Common equity Tier I ratio	—	—*3	**5%**

Basel III Basis

*1 Calculated by excluding impairment of and amortization of goodwill and other intangible assets, net of tax benefit, from net income (loss) under Japanese Generally Accepted Accounting Principles
*2 Includes non-core business assets
*3 Estimated at 5.6% on Basel III basis

- Revenue and overall operating assets will be affected by the lower level of consumer finance operating assets at our subsidiaries. However, we will strive to minimize revenue decline by building up high-quality assets and increasing non-interest income through the following measures:
  - launching full-scale unsecured personal loan operations from the Bank under the "Shinsei Bank Card Loan—Lake" brand
  - strengthening our housing loan business
  - strengthening businesses in our newly established Global Markets Group, investment consulting activities in the Individual Group, and enhancing our asset management product delivery capabilities
  - renewing our portfolio with high quality assets through proactively engaging in real estate finance
  - strengthening corporate finance through providing support for new industries and technologies in fields such as medical care, nursing care, environmental protection and energy conservation
- Expenses are almost at target levels, well ahead of schedule, due to better-than-expected reductions from business right-sizing efforts centered on our consumer finance business and comprehensive Group-wide rationalization.
- Net credit costs should run at operating speed going forward as prudent provisioning, including additional reserves for the specialty finance and domestic real estate nonrecourse finance businesses, was largely completed in fiscal year 2010.
- Net income is expected to progress generally in line with our revised Plan targets.
- Non-core business asset reduction has progressed much more rapidly than planned. We will continue working towards the target of reducing divestible non-core business assets by 50% by the end of the Plan while taking into consideration the impact in terms of risk, costs and capital.
- Risk-weighted assets are being optimized as a result of the non-core business asset divestiture described above. Going forward, we will aim to increase the balance through building up high-quality assets.
- Capital adequacy ratios have improved both qualitatively and quantitatively as a result of the ¥71.8 billion common share issuance (which exceeded initial Plan assumptions of ¥50 billion) in March 2011 together with other capital enhancement measures. Going forward, we will continue to enhance our capital position through recording profits and appropriate management of risk-weighted assets.