SHINSEI TIMELINE

Management Timeline (calendar year)
(Products and services in blue)

Total Revenue (Billions of yen)
Non-interest income
Net interest income
Number of retail accounts (thousands)
* As of March 31

00

- **Launched as innovative Japanese bank under new management and new ownership**
- Commenced counter sales of investment trusts
- Commenced three-year coupon debenture issuance (market offering)
- Name changed from The Long-Term Credit Bank of Japan, Limited, to Shinsei Bank, Limited
- Changed the Bank's corporate mark
- Adopted new human resources system
- Commenced cooperation with Postal Savings system
- Cooperation with six trust banks

Total Revenue: 19.0*

* Total revenue for the fiscal year ended March 31, 2000, came to ¥19.0 billion, which includes net interest income of ¥20.7 billion and non-interest income of ¥-1.7 billion.

01

- Business alliance with Monex, Inc.
- Commenced operations of Shinsei Securities Co., Ltd.
- Began offering new retail banking services
- Launched *PowerFlex* comprehensive banking account service
- Opening of Shinsei Financial Center (Head Office)
- Launched Internet banking service
- Began offering 24-hour/365-day ATM service
- Extended retail branch business hours to 7:00 p.m.
- Extended Postal Savings ATM operating hours
- Commenced ATM tie-up with Seven Bank, Ltd.

Non-interest income: 16.1
Net interest income: 85.8
Number of retail accounts: 469

02

- Established Institutional Banking Group
- Began offering new type of housing loan
- ATM tie-up with Keihin Electric Express Railway Co., Ltd.
- Formation of business tie-up with Ramius Capital Group, LLC, enabling the Bank to exclusively offer its clients investment vehicles managed by Ramius
- Began offering four annuity products for individuals
- Commenced operations of Shinsei Business Finance Co., Ltd., which focuses on lending to small businesses

Non-interest income: 31.3
Net interest income: 88.4
Number of retail accounts: 553

03

- Commenced operations of Shinsei Investment Management Co., Ltd.
- Selected as sponsor of corporate revitalization process for Matsuyadenki Co., Ltd.

Non-interest income: 41.6
Net interest income: 66.1
Number of retail accounts: 666

04

- Listed Bank's common stock on First Section of the Tokyo Stock Exchange
- Acquired consumer installment credit business of Teijin Finance Limited
- Entered into advisory services agreement with Taiwan's Chiao Tung Bank Co., Ltd.
- Converted the Bank's long-term credit bank charter to an ordinary bank charter
- Achieved one million retail accounts
- Converted to "Company with Committees" (*iinkai-tou setchi-gaisha*) board model
- Acquired controlling interest in APLUS Co., Ltd. from UFJ Bank Limited
- Installed ATMs that accept foreign bank cards and credit cards

Non-interest income: 66.4
Net interest income: 57.1
Number of retail accounts: 953

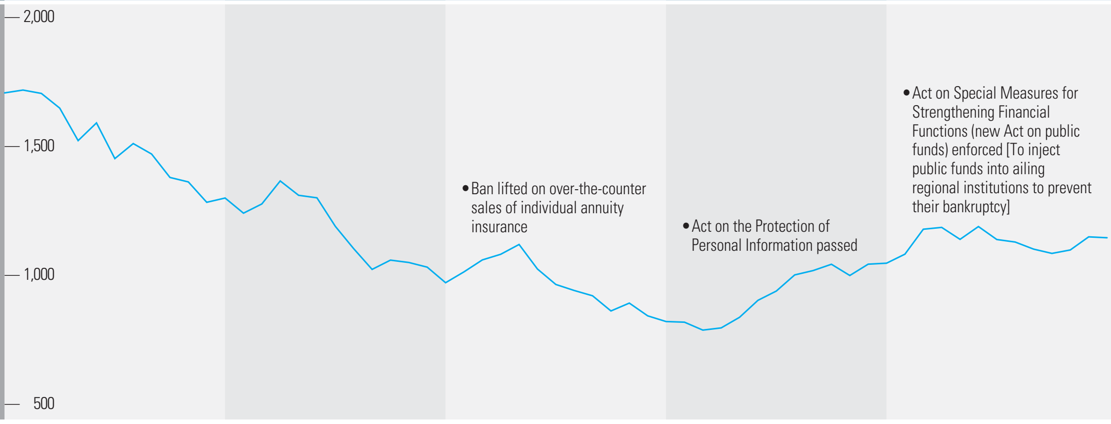
External Recognition

02
- Received *FinanceAsia*'s Best Local Bank (Japan) award

03
- Received *FinanceAsia*'s Best Local Bank (Japan) award for the second year running
- Received *The Banker*'s 2003 Bank of the Year for Japan award
- Received *International Financing Review (IFR)*'s 2003 awards for "Best Securitization Deal and Team"

04
- Received *Nikkei Bonds & Financial Weekly*'s 2003 Best Securitized Product award
- Received *EUROMONEY*'s Best Bank in Japan 2004 award
- Ranked No. 1 in *Nihon Keizai Shimbun* (Nikkei) customer satisfaction survey

External Environment
(Trends in Topix in blue)



02
- Ban lifted on over-the-counter sales of individual annuity insurance

03
- Act on the Protection of Personal Information passed

04
- Act on Special Measures for Strengthening Financial Functions (new Act on public funds) enforced [To inject public funds into ailing regional institutions to prevent their bankruptcy]

05

111.1 / 66.8 / 1,313

- Acquired controlling interest in Showa Leasing Co., Ltd. from Resona Bank Limited
- Installed ATMs at major Tokyo Metro stations
- Commenced operations of Shinsei International Limited
- Launched sales of 32 color cash cards
- Launched online securities brokerage agent services with Rakuten Securities, Inc.
- Formed alliance with AXA Financial Co., Ltd. (successor of Credit Suisse Life Insurance Co., Ltd.)
- Commenced sales of three investment-type (variable) individual annuity insurance products
- Launched *PowerBuilder*, an automatic installment-type foreign currency time deposit
- Acquired all shares of Aioi Insurance Company of Europe Limited

- Ranked No. 1 in *Nikkei* customer satisfaction survey for second straight year

- The full deposit guarantee terminated
- Act on the Protection of Personal Information enforced

06

191.4 / 82.2 / 1,717

- Issued USD-denominated preferred securities and subordinated notes outside Japan
- Signed an agreement for non-performing loan servicing company joint venture with Woori F&I in Korea
- Launched *PowerSmart Home Mortgage Loan* (Long-Term Fixed-Rate Type)
- Commenced offering *Shinsei PowerDirect Nenkin*, the first Japanese online annuity developed by AXA Financial Co., Ltd. (successor of Winterthur Swiss Life Insurance)
- Commenced resolution of public funds
- Executed strategic investment in Jih Sun Financial Holding Co., Ltd. in Taiwan
- Launched *Power Step Up Yokin*, yen time deposit
- Partially canceled Shinsei Bank common shares held as treasury stock
- Issued GBP-denominated perpetual subordinated notes
- Commenced offering *Shinsei UTI India Fund*

- Received *EUROMONEY*'s Best Bank in Japan 2006 award
- Ranked No. 1 in *Nikkei* customer satisfaction survey for third straight year

- Bank agency business system relaxed [General companies became able to conduct banking business]
- Financial Instruments and Exchange Act passed
- The revised Money-Lending Business Control and Regulation Law passed

07

172.8 / 95.4 / 1,994

- Shinsei Retail Banking and APLUS partnered to launch Shinsei VISA Card
- Achieved two million retail accounts
- Launched New *Shinsei Platinum Services*
- Launched securities brokerage services in partnership with Shinsei Securities Co., Ltd.
- Made an equity investment in Duff & Phelps Corporation and signed an agreement to share their customer base
- Acquired a controlling interest in SHINKI Co., Ltd. via full subscription to rights offering

- Shinsei Servicing Co. received "Above Average" CMBS Servicer Ranking from S&P
- Ranked second in *Nikkei* fourth annual customer satisfaction survey

- Basel II commenced (with operational risk included for risk-weighted assets)
- Financial Instruments and Exchange Act enforced

08

125.0 / 137.7 / 2,196

- Reached mutual agreement with Seven Bank, Ltd. to share sales channels and develop products and services together
- Completed tender offer bid for the Bank's common shares and third-party allotment of new common shares of the Bank to investor group led by J.C. Flowers & Co. LLC and affiliates
- Concluded Operational Alliance Agreement with Towa Bank, Ltd.
- Launched Shinsei *MobileDirect* mobile banking service
- Launched Shinsei Bank *SmartCard Loan* service
- Established a business alliance with So-net M3, Inc.
- Opened first joint ATM corner with Seven Bank, Ltd.
- Acquired GE Consumer Finance Co. Ltd. (changed company name to Shinsei Financial Co., Ltd. on April 1, 2009)

- Ranked third in *Nikkei* fifth annual customer satisfaction survey

- Act on Special Measures for Strengthening Financial Functions extended (December) [For the injection of public funds to increase loans for small and medium-sized companies (Countermeasures for credit crunch and credit withdrawal)]
- The subprime loan crisis occurred

09

55.2 / 202.9 / 2,401

- Launched *Shinsei Step Up* Program
- Concluded tender offer for the shares of common stock of SHINKI Co., Ltd.
- Issued JPY-denominated Tier I Preferred Securities
- Partially repurchased and cancelled USD Preferred Securities
- Launched 8 Shinsei Consulting Spots
- Issued non-dilutive subordinated bonds to retail investors

- Received "Best Retail Bank in Japan" award from The Asian Banker
- Selected for inclusion in first Dow Jones Sustainability Asia Pacific Index

- Financial Instruments and Exchange Act partially revised. As a result, the regulations on banking and securities operations were eliminated
- The revised Installment Sales Act enforced

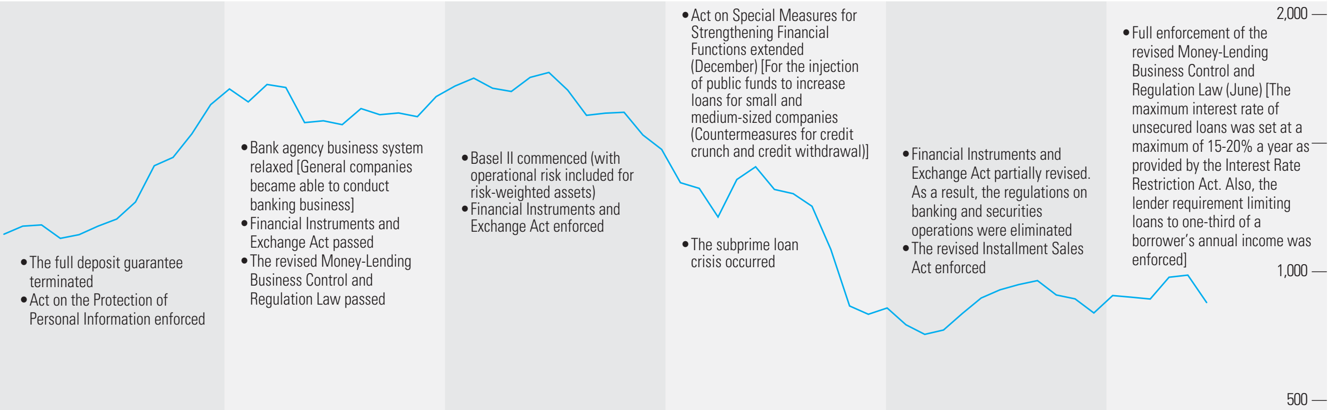
10

77.5 / 207.9 / 2,524

- Opened Jiyugaoka Consulting Spot (Tokyo)
- Lowered foreign currency exchange commission fees
- Increased ownership of APLUS FINANCIAL Co., Ltd.
- Partially repurchased and cancelled Tier I preferred securities
- Opened Ashiya Consulting Spot (Hyogo)
- Opened Takatsuki Consulting Spot (Osaka)
- Moved to a "Company with Board of Statutory Auditors" board model

- Received "Best Retail Bank in Japan" award from The Asian Banker

- Full enforcement of the revised Money-Lending Business Control and Regulation Law (June) [The maximum interest rate of unsecured loans was set at a maximum of 15-20% a year as provided by the Interest Rate Restriction Act. Also, the lender requirement limiting loans to one-third of a borrower's annual income was enforced]



OUR BUSINESS MODEL

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

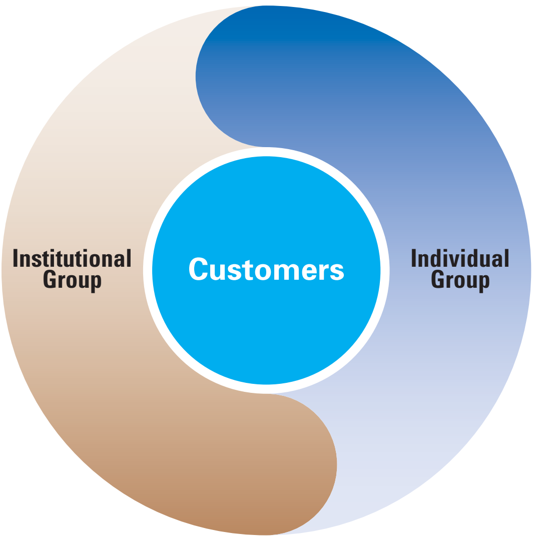
Medium-Term Goals

Rebuilding the Customer Franchise and Establishing a Stabilized Earnings Base

Institutional Group

Concentrate Resources in Core Businesses

- Build customer-centric organization
- Provide financial services with added value and rebuilding domestic customer franchise by strengthening relationships
- Improve ability to provide solutions and cross-selling
- Reduce divestible non-core business assets by 50%
- Enhance abilities of relationship managers, promote appropriate reallocation of the workforce and upgrade risk assessment capability



Individual Group

Enhance Core Businesses

- Retail Banking
  - Stabilize funding base and promote lower funding costs
  - Strengthen asset management business by expanding access points (Consulting Spots)
  - Expand housing loan business
- Consumer Finance
  - Appropriate measures to comply with Money-Lending Business Control and Regulation Law (MLBL)
  - Draw up and implement strategy by taking into consideration industry trends and performance
- Explore synergy between retail banking and consumer finance operations

Strengths	Opportunities
• Diversity • Tailor made solutions • High customer satisfaction • Swift decision making, agile execution	• New customers • "Responsible consumer lending" • Niche businesses • Ever-changing lending and investment needs of customers
Weaknesses	**Threats**
• Volatility of earnings • Smaller customer base	• Fierce competition • Political, legislative and economic uncertainties

OUR STRATEGY

Basic Concepts of 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
  - Achieve external credit ratings of A/A-
  - Realize total capital adequacy ratio of 10%, Tier I capital ratio of 8%, core Tier I capital ratio of 6%
- 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

Current Shinsei Business

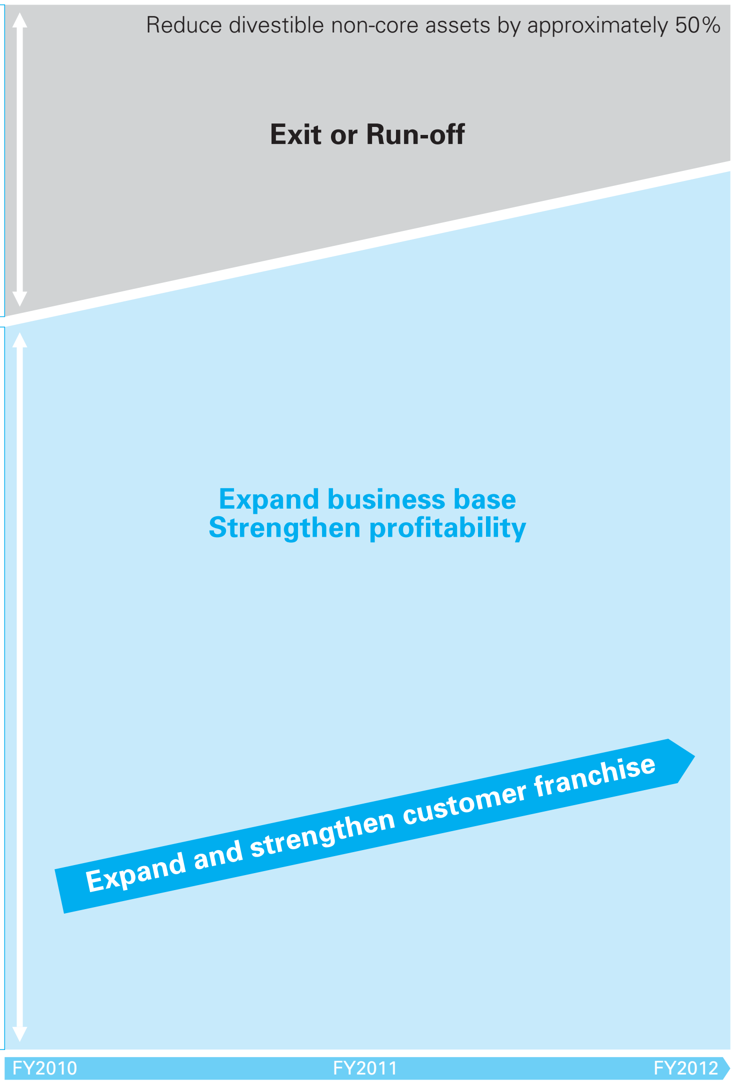
Non-Core Businesses:
- Volatile business
- At a comparative disadvantage for acquiring proprietary knowledge or information

- Real Estate Equity Investment
- Private Equity
- Housing Loans Warehousing
- CLO / ACPM / CFI*[1]
- Asset-backed Investment
- Alternative Investment
- Wealth Management

Core Businesses:
- Customer oriented
- Niche businesses with proven track record

Institutional
- Customer Business: Corporate, Financial Institutions, and Public Sector
- Real Estate Finance
- Credit Trading
- Specialty Finance
- Capital Markets
- Other Businesses (Advisory, Showa Leasing)

Individual
- Retail Banking
- Consumer Finance (Unsecured personal loans, installment sales credit, credit cards)



*[1] CLO (Collateralized Loan Obligation), ACPM (Active Credit Portfolio Management), CFI (Corporate Floater Investment)

FINANCIAL HIGHLIGHTS

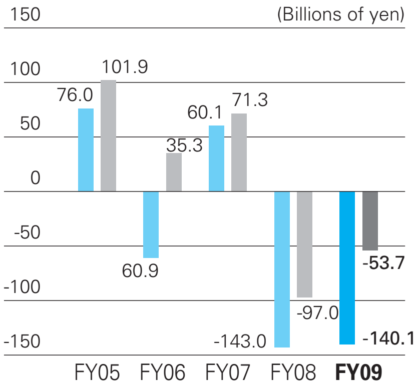
Shinsei Bank, Limited, and Consolidated Subsidiaries
For the fiscal years ended March 31, 2006, 2007, 2008, 2009 and 2010*1

	Billions of yen				
	2006	2007	2008	2009	**2010**
For the fiscal year:					
Net interest income	¥ 82.2	¥ 95.4	¥ 137.7	¥ 202.9	**¥ 207.9**
Non-interest income	191.1	160.8	124.9	(19.8)	**56.2**
Net fees and commissions	45.4	46.4	40.8	26.5	**25.1**
Net trading income (loss)	27.5	17.8	9.0	(4.6)	**9.0**
Net other business income (loss)	118.0	96.6	74.9	(41.7)	**22.1**
Total revenue	273.4	256.3	262.6	183.1	**264.2**
General and administrative expenses	136.5	150.2	158.7	182.0	**170.8**
Ordinary business profit	107.3	85.3	91.3	(16.4)	**72.5**
Net credit costs	30.1	51.9	73.5	129.0	**112.2**
Ordinary business profit (Loss) after net credit costs	77.1	33.4	(17.8)	(145.5)	**(39.7)**
Net income (loss)	76.0	(60.9)	60.1	(143.0)	**(140.1)**
Cash basis net income (loss) *2	101.9	35.3	71.3	(97.0)	**(53.7)**
Balances at fiscal year-end:					
Securities	1,494.4	1,854.6	1,980.2	2,174.1	**3,233.3**
Loans and bills discounted	4,087.5	5,146.3	5,622.2	5,876.9	**5,163.7**
Total assets	9,405.0	10,837.6	11,525.7	11,949.1	**11,376.7**
Deposits and negotiable certificates of deposit	4,071.7	5,420.9	5,806.6	6,272.1	**6,475.3**
Debentures	1,018.9	703.2	662.4	675.5	**483.7**
Total liabilities	8,287.8	9,904.4	10,560.5	11,181.7	**10,741.8**
Total equity*3	—	933.2	965.2	767.4	**634.9**
Total liabilities and equity	¥ 9,405.0	¥ 10,837.6	¥ 11,525.7	¥ 11,949.1	**¥ 11,376.7**
	Yen				
Per share data:					
Common equity*3	¥ 380.20	¥ 308.60	¥ 364.35	¥ 284.95	**¥ 232.72**
Fully diluted equity*3, *4	421.62	355.09	364.35	284.95	**232.72**
Basic net income (loss)	53.16	(45.92)	38.98	(72.85)	**(71.36)**
Diluted net income	37.75	—	32.44	—	**—**
Dividends	2.96	2.66	2.94	0.00	**0.00**
Cash basis per share data:					
Basic net income	¥ 72.16	¥ 23.82	¥ 46.31	¥ (49.39)	**¥ (27.37)**
Diluted net income	50.55	18.41	38.50	—	**—**
	%				
Ratios:					
Return on assets*5	0.8	(0.6)	0.5	(1.2)	**(1.2)**
Cash basis return on assets	1.2	0.4	0.6	(0.8)	**(0.5)**
Return on equity (fully diluted)*3, *6	9.3	(8.1)	8.8	(22.4)	**(27.6)**
Cash basis return on equity (fully diluted)	12.4	4.7	10.5	(15.2)	**(10.6)**
Expense-to-revenue ratio	50.0	58.6	60.4	99.4	**64.6**
Total capital adequacy ratio	15.53	13.13	11.74	8.35	**8.35**
Tier I capital ratio	10.27	8.11	7.37	6.02	**6.35**
Core Tier I capital ratio*7	7.64	5.35	5.52	4.03	**4.05**
Tangible common equity ratio*8	2.45	1.72	4.28	3.00	**3.09**

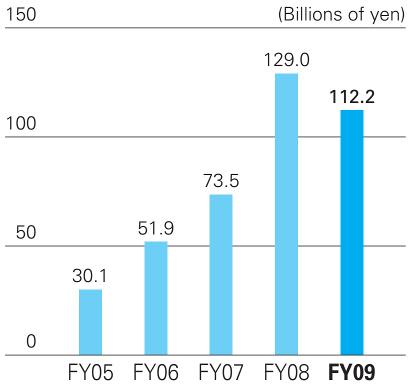
*1 Since all yen figures have been truncated rather than rounded, the totals do not necessarily equal the sum of the individual amounts.
*2 Cash basis net income is calculated by excluding impairment and amortization of goodwill and other intangible assets, net of tax benefit, from net income (loss) under Japanese Generally Accepted Accounting Principles (GAAP).
*3 As required by a new accounting standard published by the Accounting Standards Board of Japan (ASBJ), certain items which were previously presented outside of shareholders' equity are now presented as components of equity. Such items included stock acquisition rights, minority interests and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard is effective for fiscal years ended on or after May 1, 2006. Reclassification of the prior period amounts is not permitted under Japanese GAAP.
*4 Fully diluted equity per share is calculated by dividing equity at the end of the periods presented by the number of common shares that would have been outstanding had all securities convertible into or exercisable for common shares been converted or exercised with an applicable conversion or exercise price within the predetermined range at the end of the period.
*5 Return on assets is calculated by dividing net income (loss) by the average of total assets at the beginning and end of the period presented.
*6 Return on equity (fully diluted) is calculated by dividing net income (loss) by the average of fully diluted equity at the beginning and end of the period presented.
*7 Core Tier I capital ratio: Tier I, excluding preferred securities and preferred stock minus deferred tax assets (net) divided by risk weighted assets.
*8 Tangible common equity ratio: Net assets minus preferred stock, intangible assets and minority interests divided by total assets, excluding intangible assets.

EARNINGS

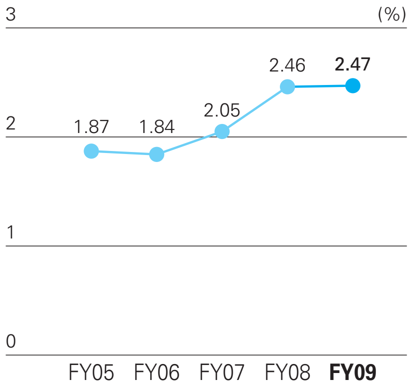
Net Income (Loss) and Cash Basis Net Income (Loss)



Net Credit Costs

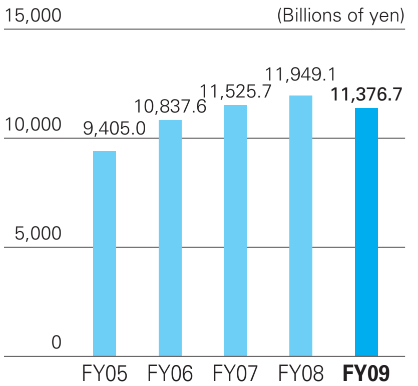


Net Interest Margin

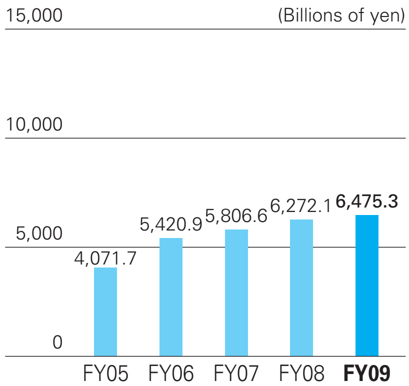


ASSETS AND LIABILITIES

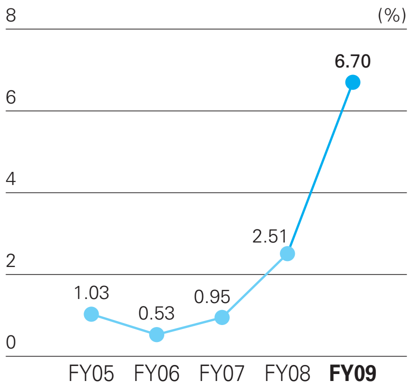
Total Assets



Deposits and Negotiable Certificates of Deposit

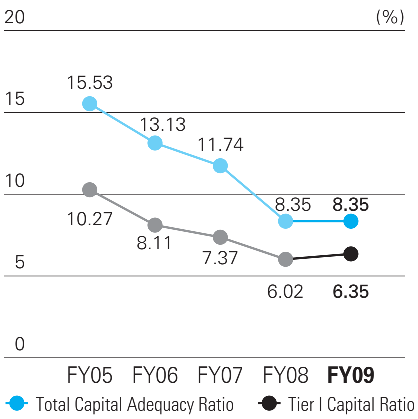


Ratio of Non-Performing Claims to Total Claims (Non-Consolidated)

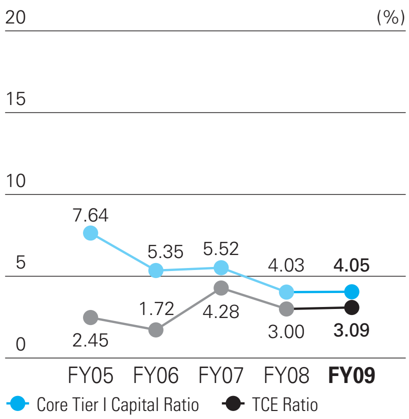


CAPITAL

Total Capital Adequacy Ratio and Tier I Capital Ratio



Core Tier I Capital Ratio*[1] and Tangible Common Equity Ratio*[2]



*[1] Core Tier I capital ratio: Tier I, excluding preferred securities and preferred stock minus deferred tax assets (net) divided by risk weighted assets.
*[2] Tangible common equity ratio: Net assets minus preferred stock, intangible assets and minority interests divided by total assets, excluding intangible assets.

Common Equity per Share