

## Institutional Group

With robust credit reserves, reduced legacy assets, a leaner headcount and a lower expense base, the Institutional Group has delivered on its promise to enter fiscal year 2010 better positioned for profitability despite ongoing challenges in the operating environment. We have sharpened our focus to complement our core lending business with niche finance products and services that offer customers added value. While the focus of our operations will remain in Japan, we will continue to operate in certain overseas markets where we possess intimate knowledge. Throughout our transformation, we have never lost sight of our customers and retain well-established positions in the financial institutions and public finance sectors, and are working to grow our base of corporate customers. Under the newly formulated Medium-Term Management Plan, the Institutional Group will clearly divide its operations into core customer-centric businesses, and non-core businesses centered on proprietary investments. Going forward, it will focus resources in core businesses while working to reduce non-core legacy assets. The Group will also review its organizational structure from a customer-centric viewpoint, and provide financial services with high added value to rebuild the domestic customer base.

### Major Business\*

- Basic banking
- Real estate finance
- Credit trading
- Principal investments
- Foreign exchange, derivatives, equity-related
- Securitization
- Other capital markets
- ALM activities
- Leasing (Showa Leasing)
- Others

\*Based on items stated on page 67.

### Major Subsidiaries



## Individual Group

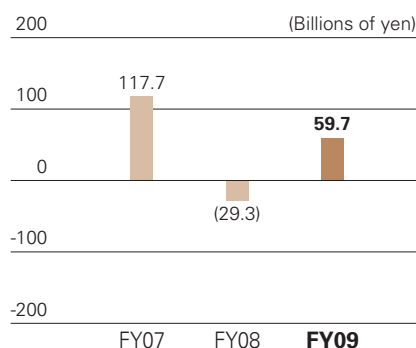
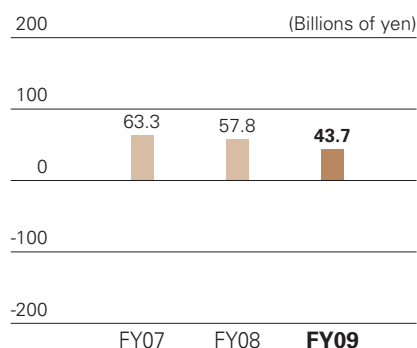
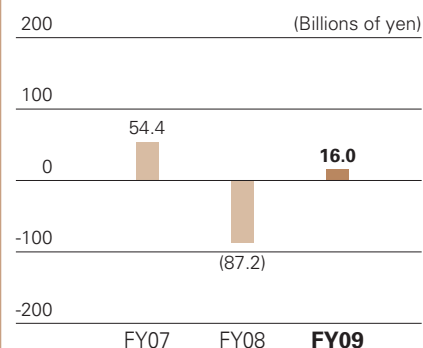
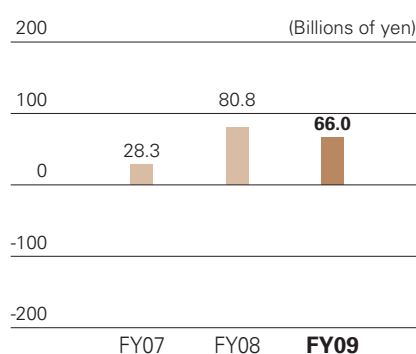
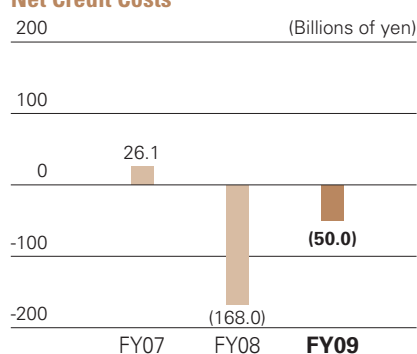
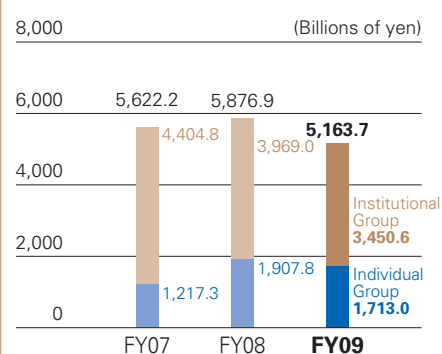
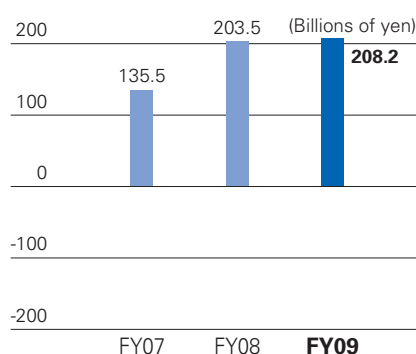
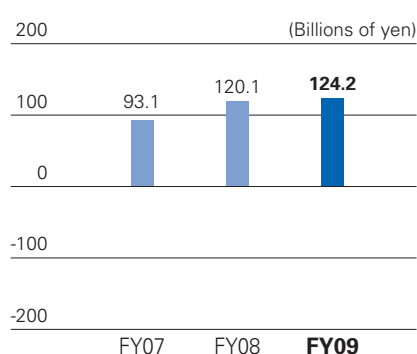
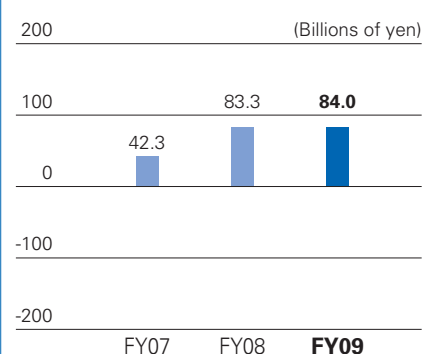
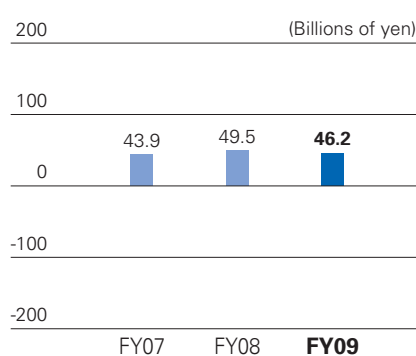
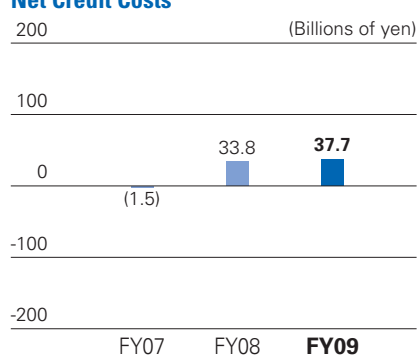
Shinsei's integrated retail banking and consumer finance strategy remains unique in Japan. In fiscal year 2009, we completed the realignment of our Individual Group businesses to focus on three distinct areas: retail banking, unsecured personal loans, and installment sales credit. In retail banking, constant customer-focus coupled with rigorous cost discipline have almost tripled year-on-year ordinary business profit after net credit costs, and earned us the accolade of "Best Retail Bank in Japan" from *The Asian Banker* for a second consecutive year (and for four out of six years). In consumer finance, we face the revised Money-Lending Business Control and Regulation Law (MLBL) with robust protection against "grey zone" interest liabilities through a GE-guaranteed indemnity on the majority of our biggest loan portfolio at Shinsei Financial, and extensive reserves against non-indemnified legacy assets. Having restructured Shinsei Financial and Shinki's personal loans businesses, we are confident of continued profitability in the "white zone" interest rate environment. At APLUS FINANCIAL — renamed upon its conversion to a holding company structure— Shinsei has taken a super-majority stake and written off residual goodwill and intangible assets as we support the company in making radical reforms for sustainable profitability in the mid-term. Under the newly formulated Medium-Term Management Plan, we will continue to strengthen retail banking and consumer finance as core businesses in the Shinsei Bank Group.

### Major Business

- Retail Banking
  - Deposit related products (saving deposits, time deposits, structured deposits, foreign currency deposits)
  - Asset management (consultation, mutual funds, annuity products)
  - Housing loans
- Unsecured personal loans (Shinsei Financial, Shinki)
- Installment sales credit, settlement, credit cards (APLUS FINANCIAL)

### Major Subsidiaries



**Total Revenue (Loss)****General and Administrative Expenses****Ordinary Business Profit (Loss)****Net Credit Costs****Ordinary Business Profit (Loss) after Net Credit Costs****Total Loans and Bills Discounted****Total Revenue****General and Administrative Expenses****Ordinary Business Profit****Net Credit Costs****Ordinary Business Profit (Loss) after Net Credit Costs****Deposits and Negotiable Certificates of Deposit**