TO OUR SHAREHOLDERS, CUSTOMERS AND EMPLOYEES

In fiscal year 2011, the second year of our Medium-Term Management Plan, we made steady progress towards stabilizing our earnings base by launching initiatives to diversify earnings through new business development, while taking action to eliminate downside risks. In fiscal year 2012, we will strive to achieve both the Plan's final-year goals as well as secure further growth into the future.

Shigeki Toma
President and Chief Executive Officer

Fiscal year 2011 was a challenging year as economic conditions both in Japan and overseas remained uncertain, due to the temporary economic slowdown in the wake of the Great East Japan Earthquake compounded by the prolonged strength of the yen, the European debt crisis and the catastrophic flooding in Thailand.

In fiscal year 2011, the second year of our Medium-Term Management Plan, Shinsei Bank shifted gears to go back on the offensive, implementing various initiatives in order to diversify our earnings base through new business development.

In our institutional business, we realigned our organization to create an Institutional Group and Global Markets Group, while establishing a dedicated organization to provide solutions to support the development of new business domains, and businesses that will lead to regional revitalization, including post-disaster recovery. In our individual business, we continued to provide attractive asset management and housing loan products, and worked to grow the number of accounts in our retail banking operations. In consumer finance, we successfully launched a bank-based, unsecured personal loan service under the *Shinsei Bank Card Loan—Lake* brand.

At the same time, we also took action to eliminate downside risks to future financial performance, making additional provisions for interest repayments at our consumer finance subsidiaries, in an effort to stabilize earnings. As a result, we recorded ¥6.4 billion in consolidated reported basis net income for fiscal year 2011– a decline from the ¥42.6 billion recorded in the previous term. However, I believe the actions that we have taken have positioned us well to achieve our target of ¥51.0 billion in consolidated reported basis net income in fiscal year 2012, the final year of our Medium-Term Management Plan.

The fact that we have been able to make steady progress towards establishing a stabilized earnings structure is due entirely to the understanding and support we have received from you, our stakeholders. Financial institutions must take on an important role as new financial needs emerge from socioeconomic changes, and ongoing efforts are required to drive the post-earthquake recovery and revitalize regional economies. Shinsei Bank is committed to becoming a bank group with stable, long-term earnings power, which is truly valued by its customers, and grows alongside them. We are channeling all our energies into realizing this vision.

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

July 2012

Shigeki Toma

Shigeki Toma
President and Chief Executive Officer

QUESTIONS & ANSWERS

Q Why was consolidated net income for fiscal year 2011 lower year-on-year, and lower than your initial forecast?

A In fiscal year 2011, we took steps to eliminate future downside risks in order to ensure stable earnings in fiscal year 2012, the final year of the Bank's Medium-Term Management Plan. These included making additional provisions for interest repayments at our consumer finance subsidiaries. As a result of these measures, net income decreased substantially.

In fiscal year 2011, efforts to expand our customer franchise began to bear fruit and our core businesses performed steadily. However, net interest income declined due to factors such as the reduction of primarily non-core assets and the lower loan balance in the consumer finance business. On the other hand, non-interest income was lower due to the absence of non-recurring factors recorded in fiscal year 2010, such as the ¥29.4 billion gain on repurchases of capital securities, compounded by the downturn in financial markets.

However, our intensive efforts to reduce expenses and limit net credit costs have proven extremely successful. Net credit costs, in particular, decreased significantly compared to fiscal year 2010. Despite recording ¥18.8 billion in provisions of specific reserves for loan losses in our specialty finance business, net credit costs decreased overall as a result of continued divestiture of non-core assets; stricter credit management and enhanced collection systems at our consumer finance subsidiaries as well as an improvement in asset quality following the introduction of the income-linked borrowing limitation in June 2010; the lower overall balance of loans; the contribution from recoveries of written-off claims; in addition to a large-scale credit recovery. However, the decrease in expenses and net credit costs was not sufficient to offset the decline in revenue, and as a result we recorded ordinary business profit after net credit costs of ¥62.7 billion for fiscal year 2011, a decrease of 22.5% year-on-year.

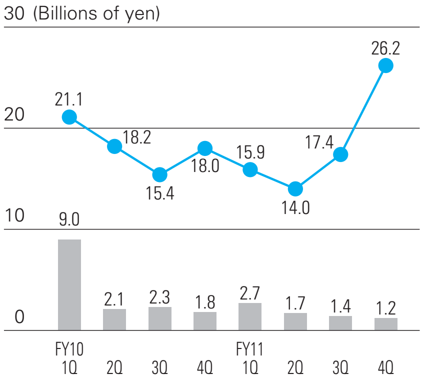
In addition to the provisions of specific reserves for loan losses recorded in our specialty finance business, we also took other important measures to eliminate downside risks to our earnings. Specifically, the Bank made additional provisions of ¥32.8 billion for interest repayments at our consumer finance subsidiaries. Our objective in doing so was to bring these reserves to lifetime levels in our aim to eradicate any so-called "grey zone risks" in the future, in consideration of the impact of full-scale implementation of the revised Money Lending Business Law in June 2010, and the bankruptcy filing of a major consumer finance company in September of the same year.

Shinsei Financial made an additional reserve of ¥15.9 billion resulting in a total balance of ¥26.2 billion in reserves for losses on interest repayment as of March 31, 2012. These additional provisions were recorded for the portion of the company's portfolio not covered by the GE indemnity included in the purchase agreement when we acquired Shinsei Financial from GE. Shinki and APLUS FINANCIAL also made additional reserves of ¥11.5 billion and ¥5.3 billion respectively, bringing the total balance of their reserves for losses on interest repayment to ¥14.0 billion and ¥10.6 billion respectively as of March 31, 2012. Despite making these provisions, APLUS FINANCIAL recorded ¥5.3 billion in consolidated reported basis net income for fiscal year 2011, achieving the forecast it originally announced on May 12, 2011.

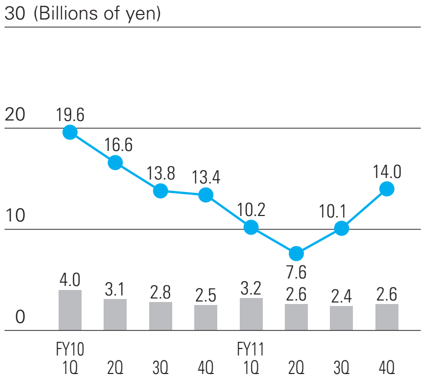
As a result of this series of actions, Shinsei Bank's consolidated reported basis net income declined ¥36.2 billion, or 84.9%, from ¥42.6 billion in fiscal year 2010 to ¥6.4 billion in fiscal year 2011. However, I am confident that these measures have positioned us well to achieve our fiscal year 2012 targets of ¥51.0 billion in consolidated reported basis net income and ¥60.0 billion in consolidated cash basis net income as set out in our Medium-Term Management Plan, and will lead to a stabilized earnings base going forward.

Amount of Interest Repayment and Reserve for Losses

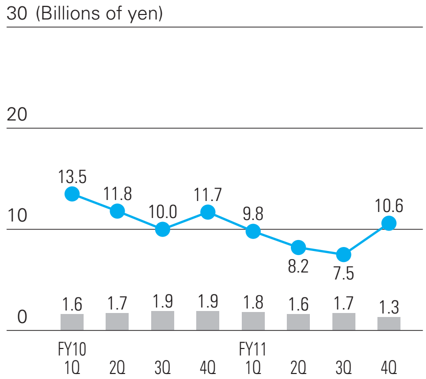
Shinsei Financial*



Shinki



APLUS FINANCIAL



Interest Repayment Amount   Reserves

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

Q Your non-performing claims ratio still seems very high. Have you really cleaned up your balance sheet?

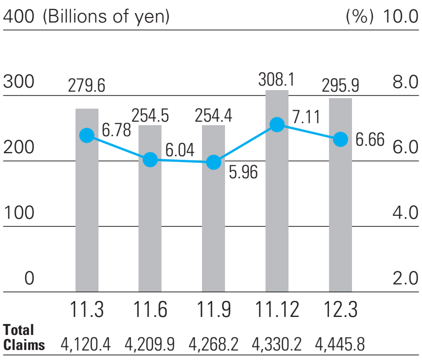
A Our non-performing claims ratio has declined despite a rise in the actual balance of non-performing claims year-on-year as we made provisions of specific reserves for loan losses in our specialty finance business in order to eliminate downside risks to future earnings.

As of March 31, 2012, Shinsei Bank's non-performing claims ratio for claims classified under the Financial Revitalization Law on a non-consolidated basis was 6.66%, down from 6.78% a year earlier. The chief reason for the decline was the bottoming out of the Bank's total claims balance on a non-consolidated basis in fiscal year 2011. As a result, our non-performing claims ratio improved despite a rise in the overall balance of our non-performing claims on a non-consolidated basis from ¥279.6 billion at March 31, 2011 to ¥295.9 billion at March 31, 2012. The rise in non-performing claims reflects a strict assessment of LBO assets in our specialty finance business, conducted in the third quarter of fiscal year 2011, which resulted in an increase of ¥53.0 billion in non-performing claims in this business. However, I would like to emphasize that this increase is related to a small number of individual deals, and does not reflect an overall decline in the quality of our specialty finance portfolio. Going forward, we will continue to provide specialty finance as one of our core businesses, while avoiding exposure to large-scale, individual deals.

Meanwhile, on a quarter-on-quarter basis, the balance of our non-performing claims actually fell in the fourth quarter of fiscal year 2011 as we disposed of non-performing claims in our real estate non-recourse finance and other businesses.

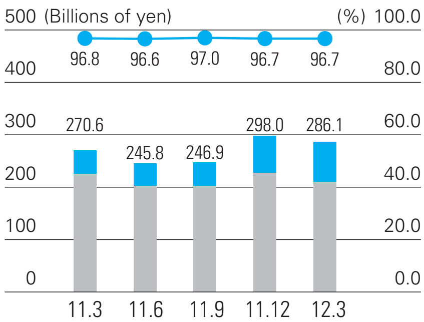
Together with the reduction in non-core assets, I believe that the efforts we have made in fiscal year 2011 have gone a long way to eliminating downside risks related to asset quality in the Bank's portfolio. In addition, our coverage ratio, which represents the percentage of a loan's value that is backed by collateral, guarantees or reserves, still remains one of the highest in the industry at 96.7%.

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



Balance of NPLs Under Financial Revitalization Law (Non-Consolidated) (lhs)
NPL Ratio Under Financial Revitalization Law (Non-Consolidated) (rhs)

NPL Coverage



Reserves (lhs) Collateral/Guarantees (lhs)
Coverage Ratio (rhs)

Q Please explain the reasons for the computer system problems that occurred on January 10, 2012, and what measures you have taken to ensure such problems do not reoccur in the future.

A I wish to offer my sincere apologies for the immense inconvenience caused to customers as a result of the computer system problems we encountered earlier this year. We are working in earnest to ensure that no such problems reoccur in the future.

Shinsei Bank would like to offer its deepest apologies to all customers affected by the system problems which occurred on January 10, 2012, and which resulted in delays to the processing of a portion of outbound funds transfer transactions to other banks. The problems occurred in the process of relocating our data center from Tokyo to Osaka in fiscal year 2011. After relocating our *Zengin* domestic exchange system from Tokyo to our data center in Osaka over January 8–9, 2012, we experienced a slowdown in our system processing capabilities on the morning of January 10. As a result, a total of 34,309 outbound transfer transactions to other banks were not processed until the following day.

Following a thorough investigation, we found that the system problem was caused by a flaw in the network configuration when the Bank transferred the *Zengin* domestic exchange remittance system to the data center in Osaka. We reviewed our network configuration, and regained ample processing speed in our systems on January 11, 2012, the day after the system problems first occurred.

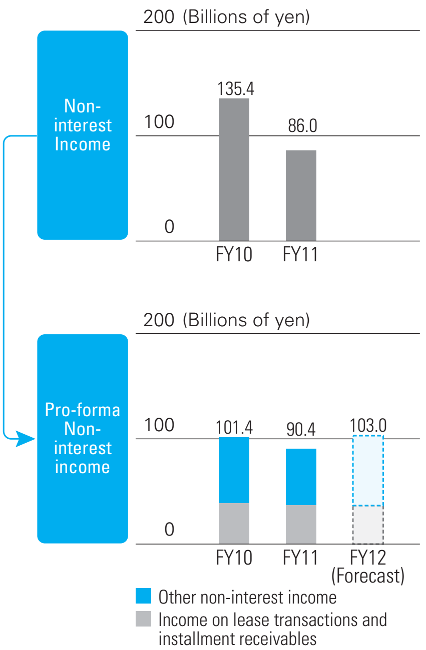
Shinsei Bank is taking the utmost care to ensure stable system operation going forward. When making major modifications to our systems, for example, we are taking measures to prevent a recurrence of such problems by ensuring we undertake thorough tests and pre-verification of operational procedures and the extent of the impact that such modifications would have. Additionally, we have undertaken a review of our organization and built a framework, centered on a system error headquarters, that will work rapidly to restore system operation and ensure the Bank responds appropriately to customers in the event that any such system problems should reoccur in the future. By implementing these measures, we will work hard to regain customers' trust in Shinsei Bank.

Q How do you expect to be able to achieve your Medium-Term Management Plan final year consolidated reported basis net income target of ¥51.0 billion even though revenues are decreasing?

A We believe we are well positioned to achieve our targets, as we anticipate a bottoming out in revenues and rebound in loan balance, with improving asset quality as a result of the measures taken in previous fiscal years. As such, we envisage achieving stable, normal earnings, free from the impact of non-recurring items going forward.

In fiscal year 2012, we expect slightly higher revenues of ¥218.0 billion, an increase of ¥15.1 billion from ¥202.9 billion in fiscal year 2011. We expect interest income of ¥116.9 billion, on a par with the ¥115.0 billion recorded in fiscal year 2011. This reflects our view that the ongoing decline in the balance of operating assets in our consumer finance business will slow down, and that a bottoming out is in sight. In addition, we believe that a rebound in our overall loan balance is also on the horizon, as we saw the balance of corporate loans at the Bank grow in the fourth quarter of fiscal year 2011, while our housing loan balance is also increasing steadily.

Pro-forma Non-interest Income



Pro-forma non-interest income refers to non-interest income excluding non-recurring items. It has been calculated by subtracting out "positive" non-recurring items, and adding back "negative" non-recurring items for each period.

If fiscal year 2012 net interest income will only be on a par with the previous year, then what are your plans for increasing non-interest income?

We recorded ¥86.0 billion in non-interest income in fiscal year 2011. While this represents a decrease of ¥49.4 billion, or 36.5%, from the ¥135.4 billion recorded in the previous term, we must remember that non-interest income in fiscal year 2010 included gains from the repurchase of capital securities and other non-recurring items. If these non-recurring items are excluded, non-interest income was ¥101.4 billion in fiscal year 2010 and ¥90.4 billion in fiscal year 2011. In other words, the difference was only ¥11.0 billion. Non-interest income suffered in fiscal year 2011 due to a slow-down in transactions and sales of risk products. However, in fiscal year 2012 we expect non-interest income to recover to a level comparable with the ¥101.4 billion recorded in fiscal year 2010 excluding non-recurring items. We will achieve this through leveraging our expanded customer base, increasing our line-up of products to meet customer needs, and promoting cross-Group collaboration to increase transaction volume at the Bank, in addition to the contribution from installment sales, credit card and leasing income from our group companies.

At the same time, we will continue to maintain strict expense discipline, and expect expenses to come in at ¥133.0 billion.

As the quality of our assets has improved, we also anticipate credit costs to normalize at ¥18.0 billion in fiscal year 2012.

As we have also taken various steps to eliminate the downside risks to our earnings, we believe that the forecast for ¥51.0 billion in consolidated reported basis net income for fiscal year 2012 is well within our reach.

Q It looks like it will take a while before we will see any concrete results from the Venture Banking Initiative. How do you propose to grow revenues in the Institutional Group?

A We are planting the seeds of future business through our Venture Banking Initiative. Given that our level of activity has increased and our customer base is expanding, I am confident about the Institutional Group's prospects in fiscal year 2012 and beyond.

The Institutional Group's efforts to rebuild our customer franchise in Japan have resulted in an increase in borrower numbers, primarily among middle-market and SMEs, that exceeded our initial plans. Going forward, the Institutional Group will continue to approach new customers, and enhance consultancy services for middle-market and SMEs, aiming to develop multi-faceted transactional relationships, rather than offering loans alone. We are also striving to achieve a leading position in certain industries and sectors where we can demonstrate Shinsei's strengths and where we expect rising societal demand or growth potential. These included specialized project finance, healthcare finance, ship finance and corporate restructuring—all areas where we are ramping up our operations and have already won a variety of business. In addition, we continue to promote and grow our franchises in structured finance, including real estate non-recourse finance and M&A finance, as well as credit trading and advisory. Looking specifically at real estate non-recourse finance, we have made progress in replacing the assets in our portfolio over the past fiscal year, and believe that we are close to seeing a bottoming out in the loan balance in this business. Meanwhile, Showa Leasing, our leasing subsidiary that forms part of the Institutional Group, has been working to strengthen its business base alongside its traditional strengths in providing leasing services to middle-market and SME customers for industrial machinery and machine tools. In fiscal year 2011, Showa Leasing took initiatives in its environmental businesses in areas including LED lighting, wind power and solar power generation for corporate customers, financing for semiconductor equipment, while strengthening its supplier alliances and expanding its asset finance operations. The increase in non-interest income which we expect in fiscal year 2012 includes the contribution from an increase in leasing revenues at Showa Leasing.

In fiscal year 2011, we also planted seeds for new business in our efforts to diversify earnings. Specifically, we made organizational changes within the Institutional Group to launch our Venture Banking Initiative (VBI). Through VBI, the Institutional Group as a whole will aim to provide multi-faceted solutions for management issues, targeting companies whose technology or business model holds latent growth potential, and support the development of new business domains, and businesses that will lead to regional revitalization, including post-disaster recovery. While VBI will take some time to produce results, when I consider the fact that we have completed the process of derisking our earnings, coupled with our increased level of activity and the shift in gears from a passive to an active stance across the organization, as well as the steady progress we have made in rebuilding our customer base, I am confident about our prospects for fiscal year 2012 and beyond.

Q You have started a bank-based unsecured personal loan business, even though loan balances continue to fall across the industry, and you appear to lack the scale of the major industry players. What chance have you of success?

A By leveraging the Lake brand and its top-level track record, and combining Lake's convenience and speed with the reassurance of Bank service, we aim to establish Shinsei as the leading bank within this industry, serving sound individual needs for small-lot personal finance.

Due to the ongoing impact of the revised Money Lending Business Law (MLBL), the outstanding balance of Shinsei Bank Group's unsecured personal loans continued to decline in fiscal year 2011. However, looking at the industry as a whole, the pace in decline of the overall loan balance at consumer finance companies slowed, and there were signs of a pick up in the market as we entered 2012 as new application numbers turned positive at major consumer finance companies. The overall balance of unsecured personal loans provided by banks also remained steady.

Against this backdrop, the new bank-based *Shinsei Bank Card Loan—Lake* service which we launched in October 2011 has shown strong initial performance in terms of both loan disbursements and new customer acquisition. As we aim to expand the business to serve both first-time borrowers, as well as current consumer finance users, I believe that we are close to seeing a bottoming out in the combined balance of outstanding unsecured personal loans at Shinsei Financial and the Bank in the near future on the back of solid consumer needs for small-lot personal finance.

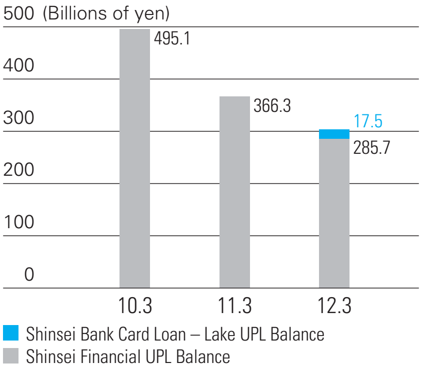
In terms of profitability, I believe we have largely eliminated future downside risk in this business with our decision in fiscal year 2011 to bring reserves for losses on "grey zone" interest repayments at our consumer finance subsidiaries to lifetime levels in consideration of the impact of the income-linked borrowing limitation that came into effect following full-scale implementation of the revised MLBL in June 2010 and the bankruptcy filing of a major consumer finance company in September of the same year. We also continue to enjoy a unique GE-guaranteed indemnity agreement against such liabilities on a portion of existing loans at Shinsei Financial.

Furthermore, we continue to see credit costs decrease in each of our subsidiaries, reflecting the positive impact on overall asset quality of the income-linked borrowing limitation and interest rate ceiling caps stipulated in the revised MLBL, as well as our own stricter credit control and improved collections.

In addition, we are keeping our expenses well in check; for example, general and administrative expenses on a combined basis for Shinsei Financial and *Shinsei Bank Card Loan—Lake*, actually declined year-on-year even as we increased marketing activity for the new Bank-based business.

For these reasons, we are confident that we can build a profitable unsecured personal loan business, even under the new interest rate regime stipulated by the revised MLBL.

Shinsei Bank Card Loan—Lake and Shinsei Financial Unsecured Personal Loan (UPL) Balance



But what relative advantage do you have over your competitors?

As the megabanks and other competitors ramp up their unsecured personal loan operations, we believe that with the launch of *Shinsei Bank Card Loan—Lake*, we have established a unique positioning within the market, as the first provider in the industry to combine the convenience, speed and product offerings of a consumer finance company with the reassurance of Bank service. Please see our special feature on pages 22-23 for more details.

Q There is a lot of uncertainty in the global economy, especially with the European debt crisis. Is there a risk that you will sustain losses from your remaining non-core assets?

A We have reduced the balance of our non-core assets substantially over the past two years, and met our Medium-Term Management Plan target ahead of schedule. We believe that further reductions of non-core assets will have only a limited impact on earnings.

In the first year of our Medium-Term Management Plan, we divided our operations into "core" and "non-core" businesses. Core businesses are customer-centric or niche fields where we possess definite strengths, and we are working to expand and develop these businesses further. Non-core businesses, on the other hand, are those which are highly volatile or where we were at a relative disadvantage in terms of proprietary knowledge and expertise. Next, we set ourselves the goal of reducing divestible non-core assets by approximately 50% by the end of the Plan, and we have worked hard to achieve this target while carefully considering the risks, costs and impact on our capital position that such asset disposals may entail. As a result, over the course of two years we have succeeded in disposing of approximately ¥420.0 billion in non-core assets, to bring the balance down to ¥463.5 billion as of March 31, 2012. Thus, we achieved our Medium-Term Management Plan goal (a balance of ¥543.0 billion) well ahead of schedule.

In the process of divesting these assets, we have also been able to record gains on the sale of asset-backed investments (ABI), asset-backed securities (ABS) and collateralized loan obligations (CLO).

As a result of our efforts to eliminate downside risks to future earnings over the period between fiscal year 2010 and fiscal year 2011, the loans included in our remaining non-core assets are appropriately covered by reserves or collateral, while we recorded an evaluation gain on divestible securities with a readily available market value in the portfolio at the end of fiscal year 2012. Furthermore, the majority of the European exposure in our divestible non-core assets is to Germany and the U.K., and we do not hold any European sovereign debt.

Going forward, we will take a cautious approach to dealing with our remaining non-core assets, paying close attention to the European debt crisis and other movements in the financial markets. Accordingly, while we will continue to reduce the balance of these assets, I expect only limited impact to our earnings as a result of that process.

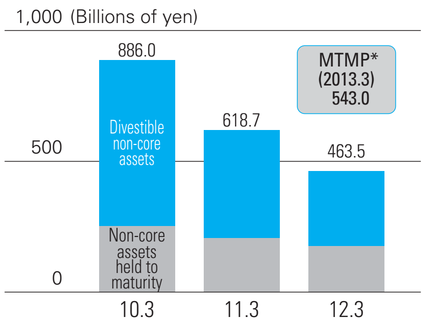
Non-core Assets Composition by Asset Type and Region

Consolidated, Billions of yen

	Balance (2012.3)			Region			
		Loans	Securities	U.S.	Europe	Asia, Others	Japan
Divestible*1	287.1	70.0	217.1	65.7	110.3	48.6	62.5
Held to maturity*2	176.5	—	176.5	31.8	9.8	—	134.9
Non-core Assets Total	**463.5**	**70.0**	**393.6**	**97.5**	**120.1**	**48.6**	**197.3**

*1 Investment-grade corporate bonds, ABI, PE fund investment, Real estate investment, Others
*2 Housing loan warehousing, CLO

Outstanding Balance of Non-core Assets



* Reduce divestible non-core assets by approximately 50% by end of MTMP (March 31, 2013)

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Q Are you prepared for the upcoming introduction of the new (Basel III) capital regulations?

A Shinsei is aiming for a total capital adequacy 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 2013, calls for a common equity Tier I ratio of at least 3.5%, a Tier I ratio of at least 4.5% and a total capital adequacy ratio of at least 8%, 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. As of March 31, 2012, we estimate* our common equity Tier I ratio to be 7.7%, our Tier I ratio to be 7.7% and our total capital adequacy ratio to be 9.5% on a Basel III basis. Each of these ratios exceeds the minimum requirement under Basel III and the common equity Tier I and Tier I ratios exceed the targets we set in our Medium-Term Management Plan.

In fiscal year 2010, we took measures, including a new issuance of common shares and repurchases of capital securities, to strengthen our capital position. In addition, we also worked to reduce deductions from capital, through the disposal of non-performing claims and amortization of goodwill and intangible assets, while also reducing risk weighted assets through divesting non-core assets and prudent management of our real estate non-recourse finance loan balance. We continued to optimize our risk weighted assets throughout fiscal year 2011.

We expect our risk weighted assets to increase somewhat under Basel III compared with Basel II. This is largely due to the fact that under Basel III, unrated securitized products, which were previously a capital deduction item, will be treated as risk weighted assets, and exposure to major financial institutions will incur a higher risk weighting. However, in fiscal year 2010 we took various measures to boost our common equity Tier I position, and we continued to take provisions against capital-impairing downside risks to earnings in fiscal year 2011. Going forward, we envisage achieving stable, normal earnings, free from the impact of non-recurring items as a result of the initiatives taken to date. And by steadily accumulating these earnings, we intend to strengthen our capital position further. As we work to build our operating assets, we will at the same time manage our risk weighted assets appropriately and continue to dispose of non-performing claims, to ensure we are in compliance with the new capital regulations.

* Estimates have been made by Shinsei Bank based on information available at the time point. The estimate for March 31, 2012 is based on the international standard.

Capital Composition

Consolidated, Billions of yen

	2011.3 (Basel II)	2012.3 (Basel II)*1	2012.3 (Basel III Estimate)*2	MTMP*3 (Target) (Basel III)
Common Equity Tier I			**524.9**	
Other Tier I				
Basic Item (Tier I)	516.7	**537.1**	**524.9**	
Amount Eligible for Inclusion in Capital (Tier II)	231.8	**197.0**	**123.6**	
Deduction	(98.6)	**(107.2)**		
Total Capital	649.9	**626.9**	**648.5**	
Risk Weighted Assets	6,653.7	**6,102.5**	**6,857.2**	
Common Equity Tier I Capital Ratio			**7.7%**	**5%**
Tier I Capital Ratio	7.76%	**8.80%**	**7.7%**	**7%**
Capital Adequacy Ratio	9.76%	**10.27%**	**9.5%**	**10%**

*1 Reflected stressed VaR as stipulated in "Basel 2.5"
*2 Estimates have been made by Shinsei Bank based on information available at each time point. Estimate for March-end 2012 is based on the international standard
*3 Medium-Term Management Plan

Q Please explain your dividend policy.

A I believe that decisions regarding dividends should be based on three perspectives: capital sufficiency, stability of earnings and shareholder returns.

Shinsei Bank resumed paying dividends in fiscal year 2010, and resolved to pay a year-end dividend of ¥1 per common share for fiscal year 2011. We are also forecasting a year-end dividend of ¥1 for fiscal year 2012. Shinsei Bank's basic policy on earnings distribution is to prioritize shareholders, while taking into consideration our earnings trends and other business performance indicators and future projections. However, stability and retained earnings are an important element which must be factored into the equation, while we must also consider our Revitalization Plan when taking these decisions, as a bank that is in receipt of public funds.

In other words, I believe that decisions regarding dividends should be based on three perspectives: capital sufficiency, stability of earnings and shareholder returns. However, for the time being, we are looking to build our retained earnings to ensure stability and so that we expand our capacity to make investments to build up our business base. By increasing our earnings, and maintaining a solid financial base, we will work to improve the Bank's credit profile and share price performance.

Q In the overbanked Japanese market, what are Shinsei Bank's strengths and in which businesses can you differentiate yourself from rivals? What is the Bank's future direction?

A We aim to carve out our own position by responding swiftly with distinctive services to fulfill new financial needs.

To my mind, banks' role is not simply to side with the so-called "winners" in the business world. Rather, it is 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. I believe that Shinsei differs from traditional banks in our commitment to growing together with our customers—this is Shinsei's *raison d'etre*.

In our institutional businesses, we will continue to serve our customers' needs through the product-based businesses in which we excel, such as real estate nonrecourse finance and credit trading, as well as offering traditional corporate finance. We are also responding to new social needs through our healthcare finance and corporate restructuring businesses. In March 2012, we established a division dedicated to supporting the development of new industries and regional revitalization. These are businesses which require time, but we are committed to pursuing them as each represents an important role that banks will be required to play in the future.

Turning to our individual businesses, in retail banking, I believe that we have already established a solid position in the industry by combining high levels of convenience—such as fee-free ATMs that are available 24 hours a day 365 days a year—with appealing products such as our Two Week Maturity Deposit and unique housing loans that offer guarantee fee waivers and a free-of-charge early repayment facility.

In consumer finance, we have been providing sales finance, credit cards, settlement services and unsecured personal loans primarily through our group companies. From October 2011, however, we have launched a full-scale, bank-based unsecured personal loan service. This is a demonstration of our commitment to responsible unsecured consumer lending.

While Shinsei cannot compare to the megabanks in terms of size, I believe that our ability to respond quickly to new financial needs brought about by socioeconomic changes is one of key strengths. By fostering close collaboration between the Bank and our group companies, and leveraging our synergies to provide distinctive services, Shinsei will continue to carve out a unique position on the Japanese banking landscape.

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