SHINSEI BANK

Financial and Business Results

Nine Months Ended December 31, 2009
Fiscal Year 2009
Investors' Meeting

February 4, 2010

Masamoto Yashiro
Chairman of the Board
President and Chief Executive Officer

Rahul Gupta
Senior Managing Executive Officer
Chief Financial Officer

Agenda

- Results for Nine Months Ended December 31, 2009
- Overview of Business Groups
- FY2009 Forecast
- Key Takeaways

Results for Nine Months Ended December 31, 2009

Results for Nine Months Ended December 31, 2009

Positive net income achieved, but key risks and uncertainties remain

- **Net income steady at JPY 22.2 billion (compared to loss of JPY 32.1 billion in the previous period) due to a 31.0% increase in revenue centered on core businesses, flat expenses (normalized expenses down by 16.1%) and decrease of credit costs by 21.8% year on year**

- **Institutional Group continues to focus on further restructuring businesses, exiting non-core operations such as proprietary investments and cleaning up and managing legacy portfolios as it recorded OBP after net credit cost of JPY 18.6 billion (compared to a loss of JPY 72.1 billion in the previous period)**

- **Individual Group shows continued momentum with OBP after net credit costs at JPY 30.3 billion (compared to JPY 22.6 billion in the previous period) due to strong retail banking franchise and steady consumer finance operations**

- **Robust liquidity position at JPY 1.7 trillion and steady capital ratios with total capital adequacy and Tier I capital ratios increasing from 8.35% and 6.02% at March 31, 2009 to 10.46% and 7.83% at December 31, 2009**

- **Full fiscal year 2009 (FY2009) guidance deferred considering remaining key risks and uncertainties**

Results for Nine Months Ended December 31, 2009

Liquidity, capital, earnings/asset quality and business segment results

Liquidity

- Liquidity at approximately JPY 1.7 trillion
- Deposits at JPY 6.7 trillion
- Adjusting liquidity position to market environment

Capital

Total Capital Adequacy Ratio:	10.46%
Tier I Capital Ratio:	7.83%

Earnings/Asset Quality

Consolidated Net Income	
- Cash Basis:	JPY 35.7 billion
- Reported:	JPY 22.2 billion
Non-Consolidated Net Income:	JPY 6.2 billion
Non-Performing Loan Ratio*:	3.46%

*NPL ratio under Financial Revitalization Law (non-consolidated)

Business Segment Results*

Institutional Group

Institutional Banking:	JPY 16.0 billion
Showa Leasing:	JPY 2.6 billion
Institutional Group:	**JPY 18.6 billion**

Individual Group

Retail Banking:	JPY 5.4 billion
Shinsei Financial:	JPY 13.5 billion
APLUS:	JPY 3.9 billion
Shinki:	JPY 6.8 billion
Other Subsidiaries:	JPY 0.5 billion
Individual Group:	**JPY 30.3 billion**

Corporate/Other

Corporate/Other:	**JPY 10.3 billion**

*Ordinary business profit after net credit costs

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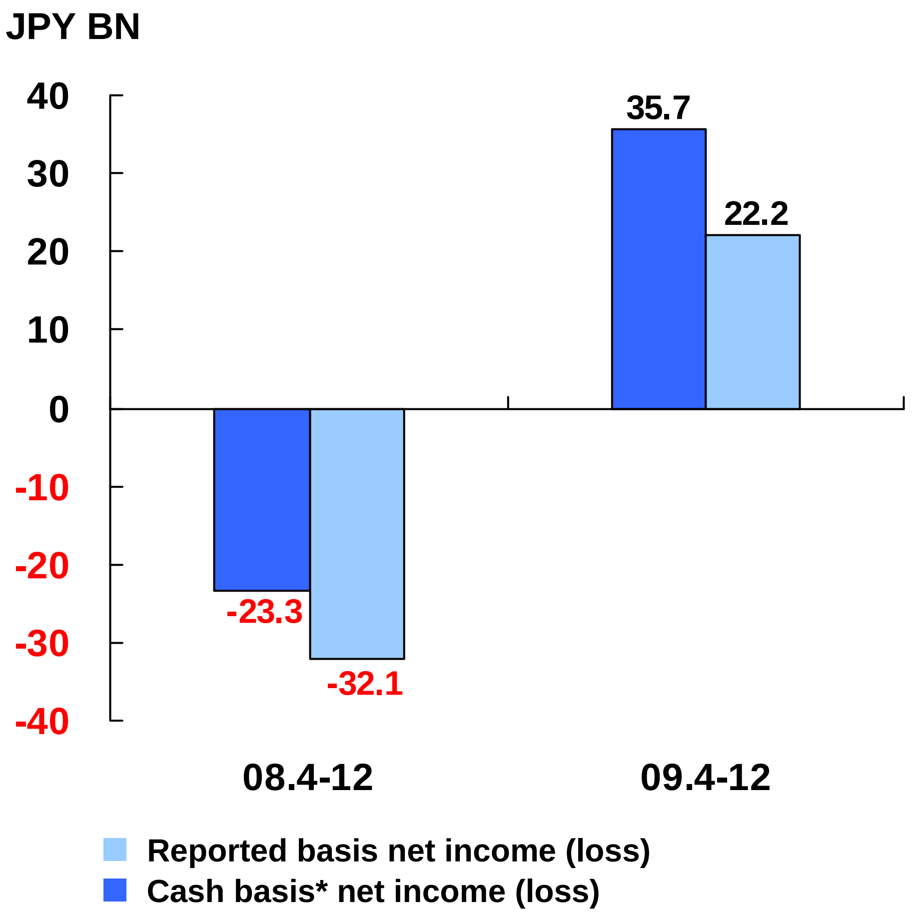
Results for Nine Months Ended December 31, 2009

Cash basis and reported basis net income

Cash Basis* and Reported Basis Net Income (Loss)



Steady improvement in net income due to higher revenues, flat expenses and lower net credit costs despite recognition of other losses

Increased earnings from core businesses, strategic asset sales and capital buybacks

*Cash-basis figures are calculated by excluding amortization and impairment of goodwill and other intangible assets, net of tax benefit

Results for Nine Months Ended December 31, 2009

Material positive and negative items

JPY BN	3QFY2009 (9 months)	3QFY2009 (3 months)	1HFY2009 (6 months)
Gains included in revenues	**34.3**	7.9	26.4
Gain from the sale of CLOs	**15.6**	3.9	11.7
Gain from buy back of preferred securities and subordinated debt	**14.8**	3.3	11.5
Gain from corporate bonds and equities	**3.8**	0.6	3.1
Total material positive items	**34.3**	7.9	26.4
Mark-downs/impairments included in revenue	**-15.7**	-3.5	-12.1
Japanese real estate principal investments	**-8.1**	-2.3	-5.8
Losses on Jih Sun	**-4.2**	-0.4	-3.8
ABS, ABI and European investments	**-3.3**	-0.8	-2.5
Items included in net credit costs	**-6.5**	-8.1	1.6
ABI	**-8.1**	-4.9	-3.1
Domestic real estate non-recourse finance	**-4.8**	-3.1	-1.6
Credit recovery at Shinki	**6.4**	-	6.4
Other losses	**-16.8**	-1.3	-15.4
Grey zone related provisions	**-9.9**	-0.0	-9.9
Losses related to Jih Sun	**-0.8**	-	-0.8
Others	**-6.0**	-1.3	-4.7
Deferred income tax (Shinsei Bank non-consolidated)	**-4.6**	-	-4.6
Total material negative items	**-43.7**	**-13.0**	**-30.7**
"Net"	**-9.4**	**-5.1**	**-4.3**

Gains on the sales of CLOs, subordinated debt and corporate bonds opportunistically booked

We are continuing to make progress with the clean up of legacy portfolios with a main focus on domestic real estate principal investments, real estate non-recourse finance and overseas ABI

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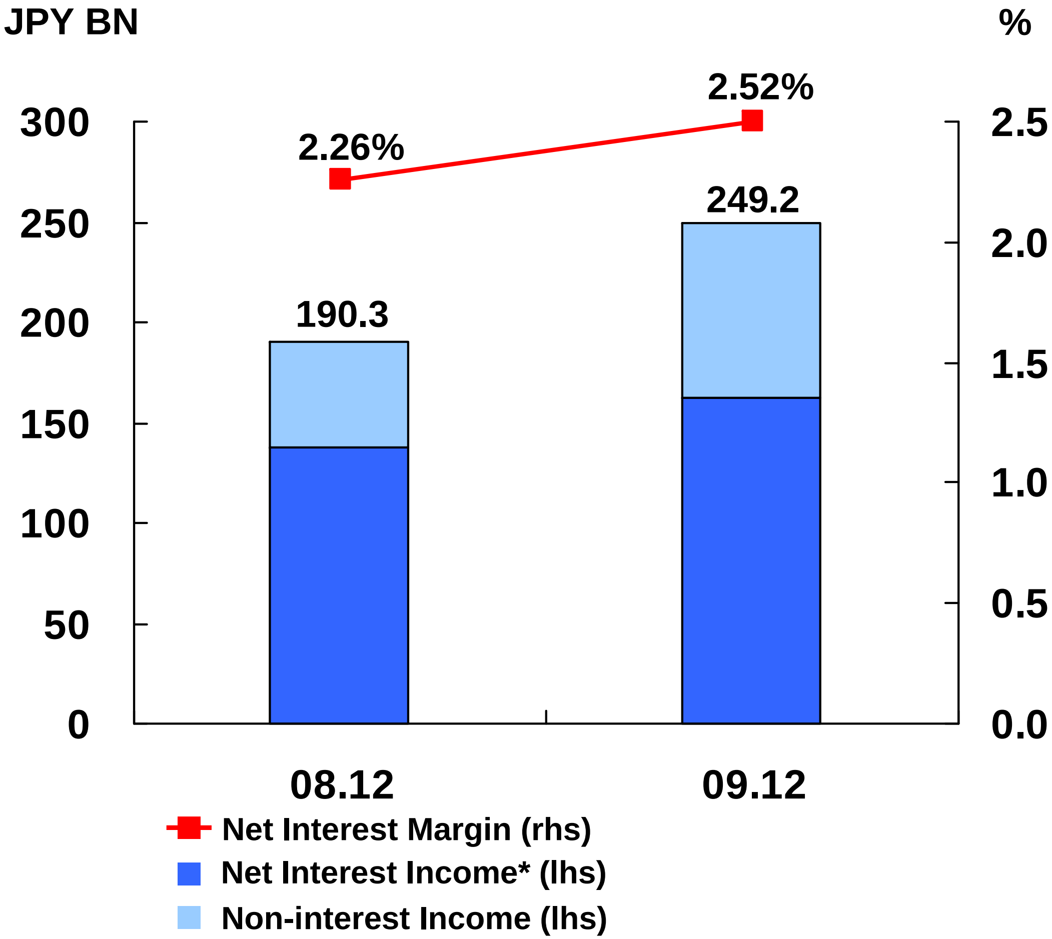
Results for Nine Months Ended December 31, 2009

Strong top-line growth and NIM improvement

Revenue & Net Interest Margin (NIM)



*Includes income on leased assets and installment receivables

Net interest income and non-interest income higher year on year

NIM increased mainly due to higher contribution from consumer finance loans and lower funding costs despite the lower yield on securities that were invested for liquidity purposes

Results for Nine Months Ended December 31, 2009

Net Interest Margin Breakdown

JPY BN	3QFY2009 (9 months)			3QFY2008 (9 months)			Y-on-Y Change
	Average Balance	Interest	Yield/ Rate (%)	Average Balance	Interest	Yield/ Rate (%)	Yield/ Rate (%)
Interest-Earning Assets							
Loans and bills discounted	**5,509.0**	**190.7**	**4.60**	5,900.8	179.5	4.04	1 **0.56**
Leased assets and installment receivables	**631.6**	**32.9**	**6.92**	708.4	36.2	6.80	**0.12**
Securities	**3,210.1**	**25.2**	**1.04**	2,366.6	30.0	1.69	2 **-0.65**
Other interest-earning assets	**714.8**	**6.6**	**n.m.**	973.3	7.9	n.m.	**-**
Total Revenue on Interest-Earning Assets	**10,065.7**	**255.5**	**3.37**	9,949.3	253.8	3.39	**-0.02**
Interest-Bearing Liabilities							
Deposits, including negotiable certificates of deposit	**6,820.2**	**41.8**	**0.82**	6,140.6	38.8	0.84	**-0.02**
Debentures	**584.1**	**3.1**	**0.71**	705.7	3.6	0.69	**0.02**
Borrowed money	**906.1**	**8.2**	**1.21**	1,129.2	12.8	1.51	**-0.30**
Corporate bonds	**236.4**	**5.2**	**2.93**	359.2	9.5	3.54	**-0.61**
Other interest-bearing liabilities	**837.5**	**1.6**	**n.m.**	1,079.1	15.1	n.m.	**-**
Total Expense on Interest-Bearing Liabilities	**9,384.4**	**60.1**	**0.85**	9,414.0	80.1	1.13	3 **-0.28**
"Net Interest Margin"			**2.52**			**2.26**	4 **0.26**

*n.m. is not meaningful

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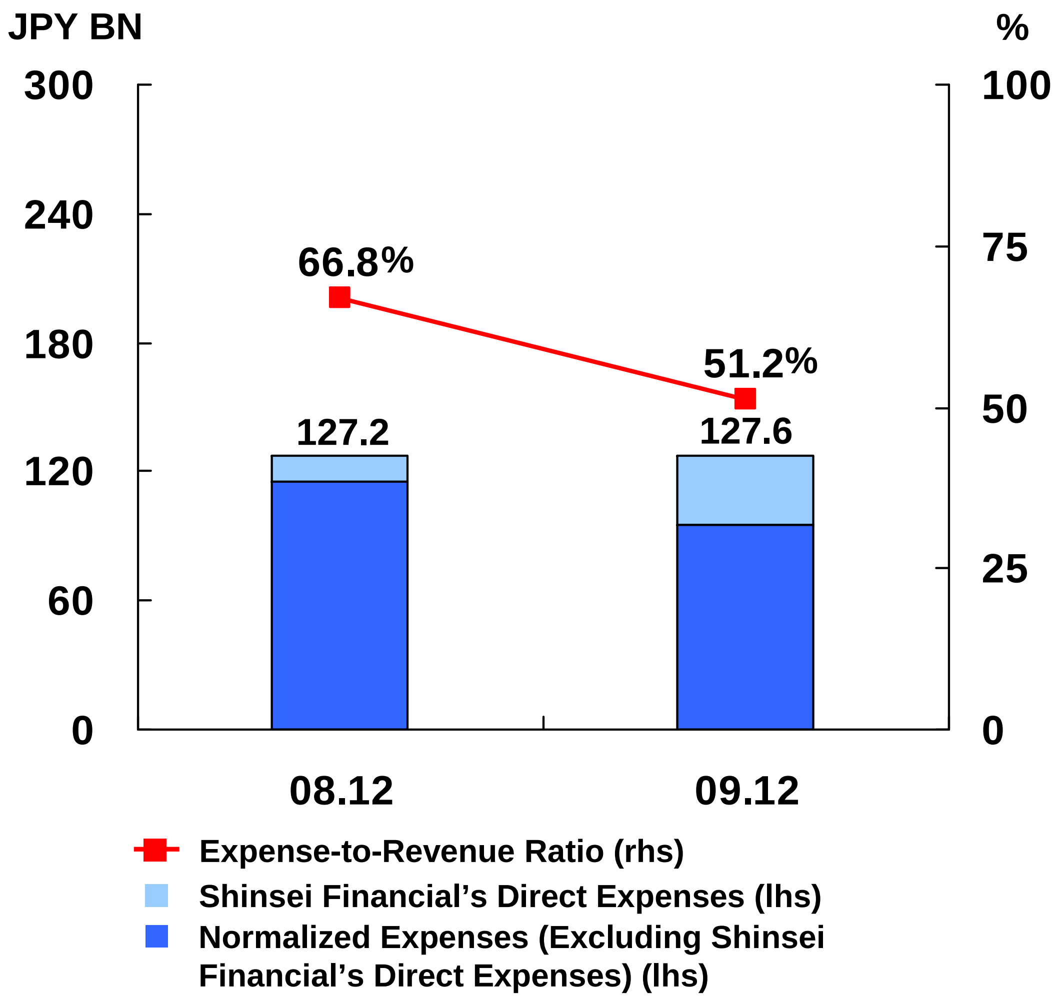
Results for Nine Months Ended December 31, 2009

Improved expense-to-revenue ratio

Expenses & Expense-to-Revenue Ratio

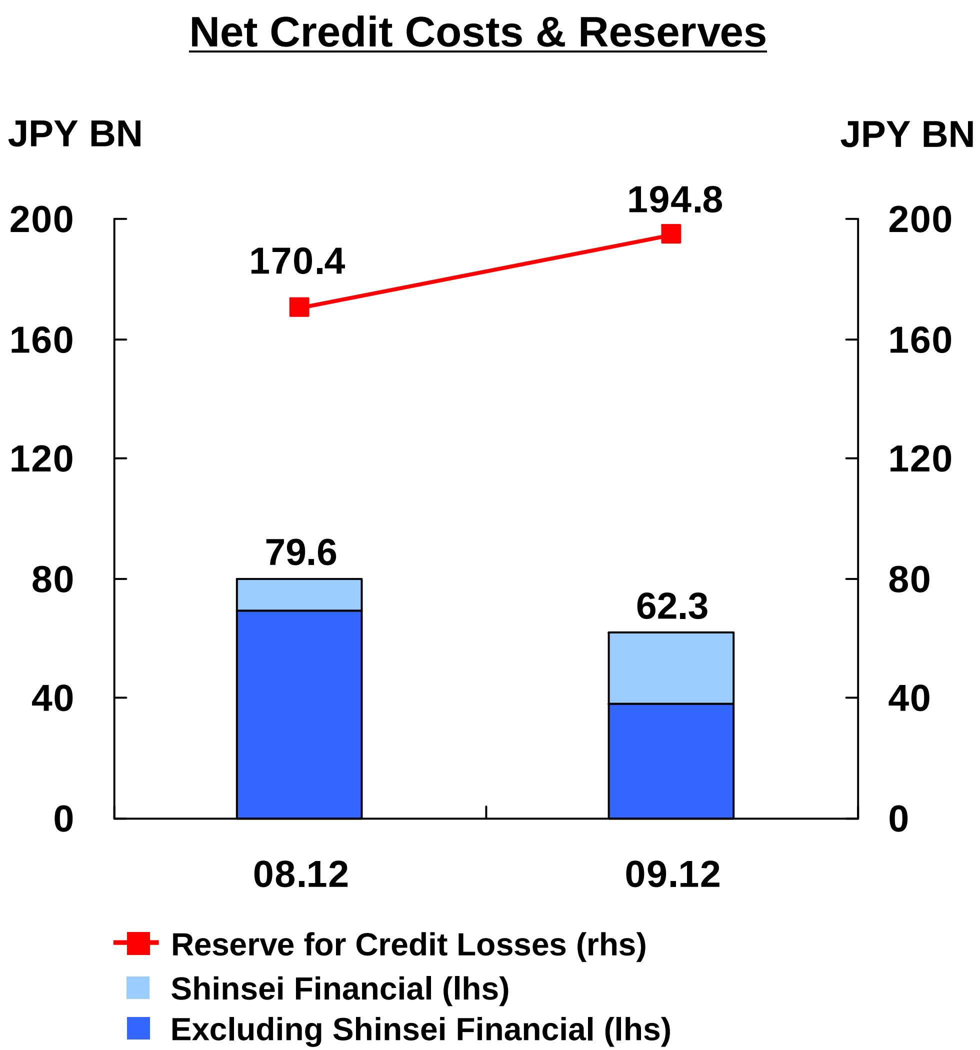


Normalized expenses (excludes Shinsei Financial) down 16.1% and overall expenses (includes Shinsei Financial) basically flat year on year as a result of business right-sizing and technology deployment

Personnel expenses down as number of employees declined by over one thousand from 7,209 at December 31, 2008 to 6,118 at December 31, 2009

Results for Nine Months Ended December 31, 2009

Reserves up, credit costs down



Credit costs, including Shinsei Financial, were down 21.8% year on year while reserves were up

Results for Nine Months Ended December 31, 2009

Liquidity: Funding primarily in form of retail & institutional deposits

Overall Funding Composition

JPY BN	09.3	09.12	Difference
Total Customer Based Funding	**6,947.6**	**7,207.1**	**259.5**
Institutional Deposits	1,249.0	1,197.7	-51.3
Institutional Debentures	367.4	209.3	-158.1
Retail Deposits	5,023.0	5,506.2	483.2
Retail Debentures	308.1	293.7	-14.4
Total Non-Customer Based Funding	**2,195.1**	**1,823.9**	**-371.2**
Call Money	281.5	310.4	28.9
Payable under Repurchase Agreements	53.8	-	-53.8
Collateral Related Securities Lending Transactions	569.5	504.8	-64.7
Commercial Paper	0.1	0.1	0.0
Borrowed Money	1,012.3	783.0	-229.3
Corporate Bonds	277.9	225.3	-52.6
Total	**9,143.0**	**9,031.0**	**-112.0**

Focus on cost-effective customer-based retail and core institutional deposits and debentures that make up about 80% of overall funding with low reliance on credit sensitive funding sources

Retail banking represents 80% of total customer-based funding

Robust liquidity position with approximately JPY 1.7 trillion of cash, cash equivalents and liquidity reserves outstanding

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Results for Nine Months Ended December 31, 2009

Capital: Optimize capital position by reducing non-core assets

Capital Adequacy Data

JPY BN	09.3	09.12	Difference
Basic Items (Tier I)	580.0	619.4	39.4
Supplementary Items (Tier II)	327.3	291.3	-35.9
Deduction	-103.9	-82.9	20.9
Total Capital	803.4	827.8	24.4
Risk Assets	9,621.0	7,911.5	-1,709.5
Total Capital Adequacy Ratio*	8.35%	10.46%	2.11%
Tier I Capital Ratio**	6.02%	7.83%	1.81%

*Total Capital Adequacy Ratio = Total Capital/Risk Weighted Assets
**Tier I Capital Ratio = Basic Items (Tier I)/Risk Weighted Assets

Numerator: Capital ratios steady due to contribution from net income and debt buybacks

Denominator: Reduction of risk assets by more than 1.7 trillion yen, achieved through cutback of higher risk assets and adding missing ratings and improved credit ratings of customers, also contributed to higher capital ratios

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Results for Nine Months Ended December 31, 2009

Asset Quality: Risk monitored loan balance and NPL ratio remain relatively high

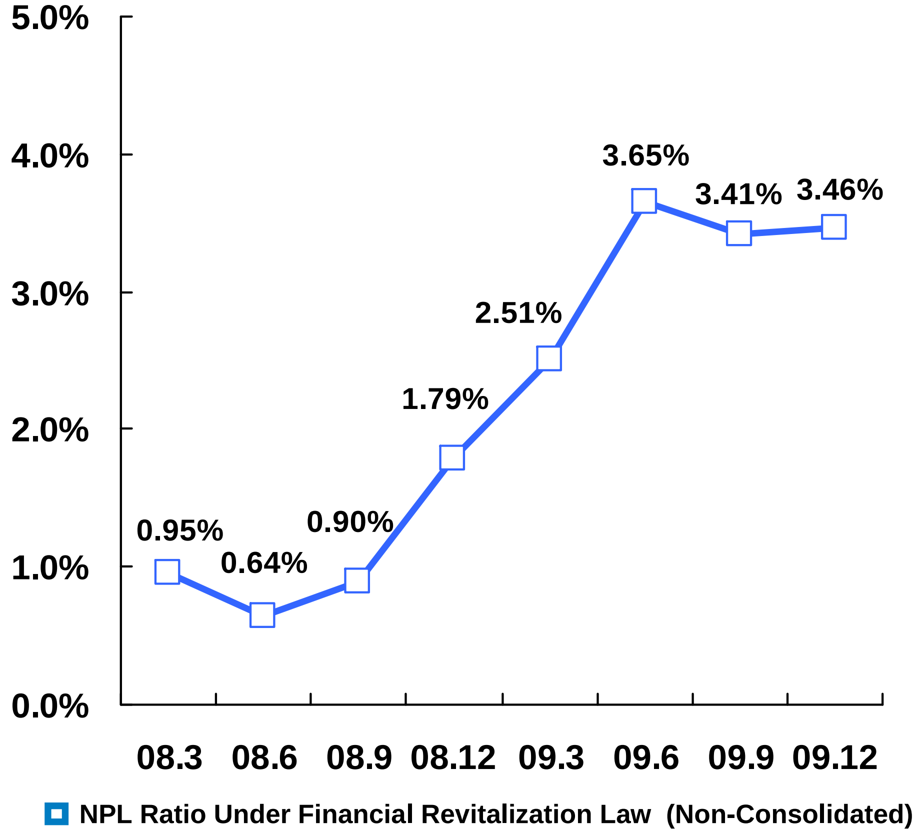
Risk Monitored Loans

JPY BN (Non-Consolidated)	09.3 Total Loans	09.3 Risk Monitored Loans	09.12 Total Loans	09.12 Risk Monitored Loans*
Transportation, Postal Service	331.6	6.0	293.7	14.7
Overseas Loans	460.9	39.8	396.8	13.5
Individual	905.3	5.3	844.8	2.5
Other	982.0	6.8	946.1	9.2
Real Estate	966.4	32.0	912.0	85.9**
Finance and Insurance	1,521.2	51.1	1,268.2	46.5
Total	**5,168.0**	**141.0**	**4,661.5**	**172.3**
Loans to Bankrupt Obligors		23.9		19.7
Non-Accrual Delinquent Loans		110.2		136.1
Loans Past Due for Three Months or More		3.7		13.4
Restructured Loans		3.1		2.9
Total		**141.0**		**172.3**

*Overall coverage ratio (reserve for credit losses and collateral and guarantees) was about 99% at December 31, 2009

**Coverage ratio was about 100% for real estate loans at December 31, 2009

NPL Ratio



Note: The Financial Revitalization Law requires us to classify and disclose "claims," which include, in addition to loans and bills discounted, foreign exchange claims, securities lent, private placement bonds guaranteed by Shinsei, accrued income and suspense payments in other assets, as well as customers' liabilities for acceptances and guarantees.

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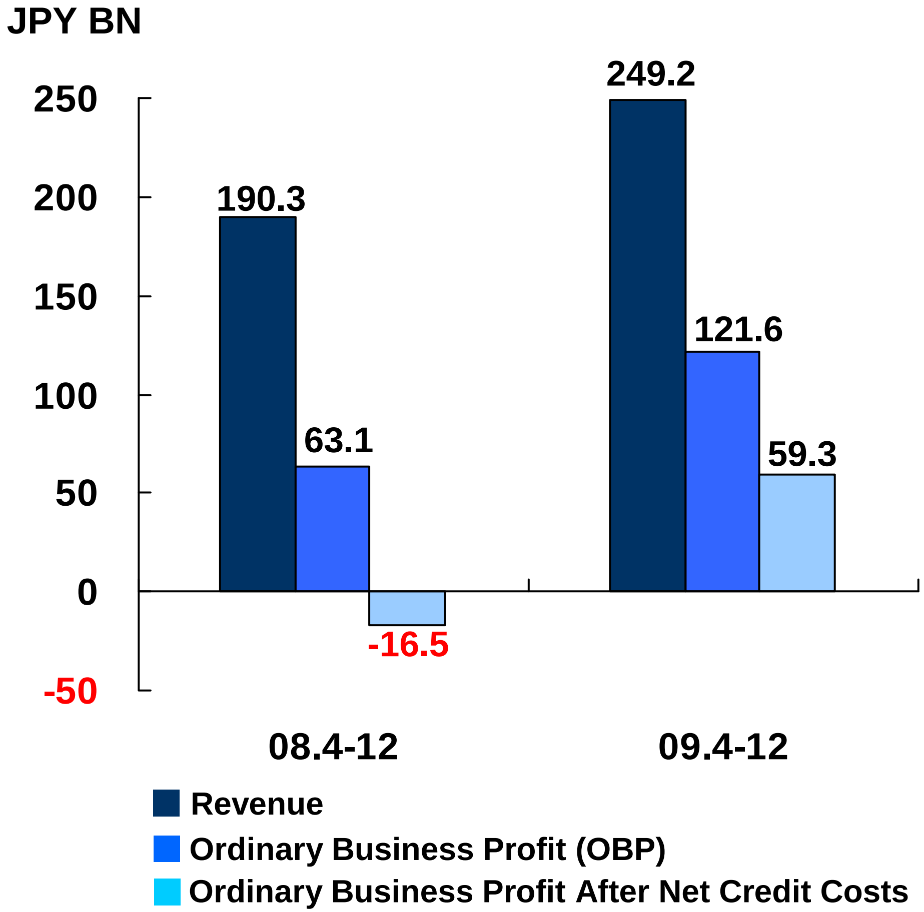
Overview of Business Groups

Overview of Business Groups

Overall: Higher revenues from core business, flat expenses and lower credit costs

Results



Increase in revenues driven by contribution from Shinsei Financial and Retail Banking in Individual Group and lesser impact of mark downs and impairments with gains from the sales of CLOs in the Institutional Group

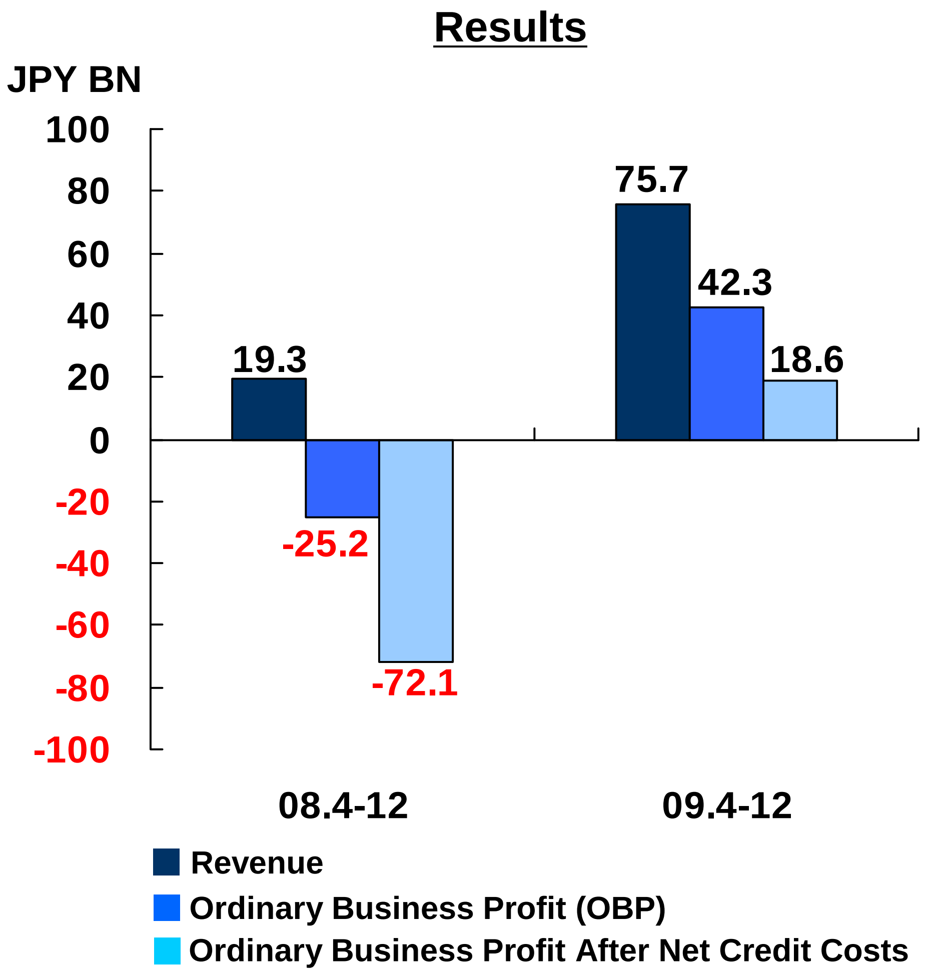
Extensive restructuring in fiscal year 2008, coupled with stricter cost controls and cost reduction measures allowed us to keep expenses flat despite addition of Shinsei Financial

While credit costs are lower we are continuing to clean up legacy portfolios with a focus on domestic real estate and overseas ABI

Institutional Group

Overview of Business Groups

Institutional Group: Results achieved from proactive business remodeling



Improvement in revenues driven by a growing contribution from core businesses, even as we took some mark-downs and impairments on legacy assets

Extensive restructuring in fiscal year 2008, coupled with stricter cost controls and cost reduction measures resulted in 25.2% year-on-year decrease in expenses (number of employees declined from 2,031 at December 31, 2008 to 1,814 at December 31, 2009)

Overview of Business Groups

Institutional Group: Results achieved from proactive business remodeling

Breakdown of Revenues

JPY BN	08-4.12	09-4.12	Difference
Basic Banking	8.2	9.3	1.1
Real Estate Finance	17.8	18.8	1.0
Credit Trading	14.6	3.4	-11.2
Principal Investments	-6.8	-2.5	4.3
Foreign Exchange, Derivatives, Equity-Related	-13.9	9.5	23.4
Securitization	-13.7	3.2	16.9
Other Capital Markets	-8.7	17.5	26.2
ALM Activities	4.8	1.2	-3.6
Leasing (Showa Leasing)	15.3	11.7	-3.6
Others	1.6	3.0	1.4
Total	**19.3**	**75.7**	**56.4**

Revenues increased for basic banking and real estate finance

Revenue improved strongly in other capital markets, foreign exchange, derivatives and equity-related business, and securitization, which all moved back to black

Lower revenues in credit trading due to mark-downs of certain international investments, mainly in Europe

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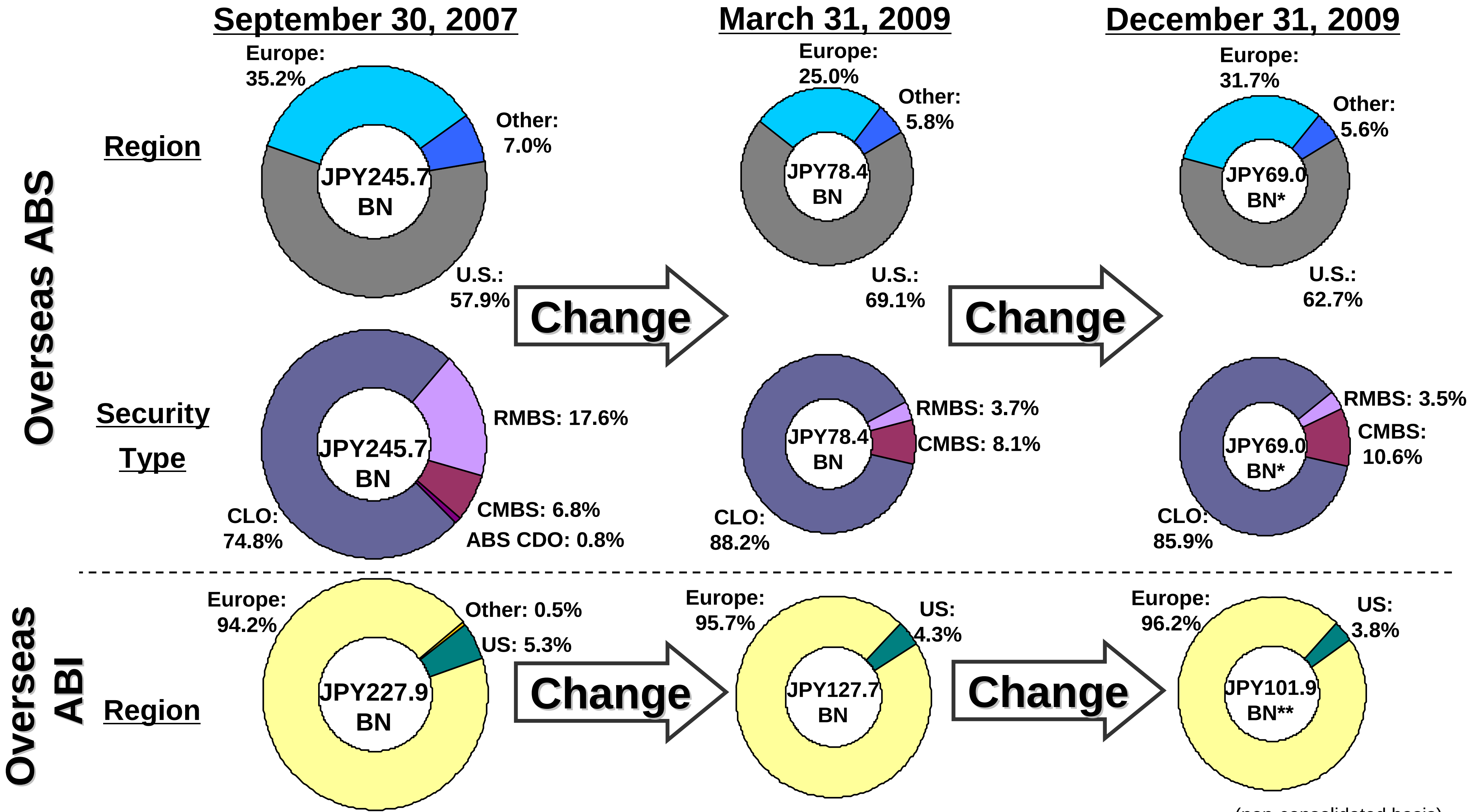
Overview of Business Groups

Institutional Group: Winding down residual overseas ABI and ABS portfolios



(non-consolidated basis)

*About 89% of foreign-currency denominated securitized products are rated AA or higher. Details on securitized products available on p. 37-38 of the 3Q FY2009 Financial Summary.
**The coverage ratio for risk monitored loans related to overseas asset backed investments was 100% at December 31, 2009.

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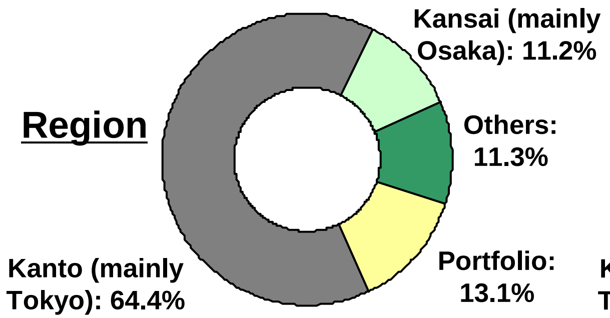
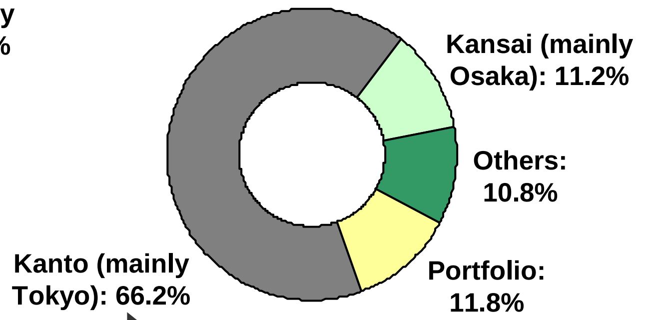
Overview of Business Groups
Institutional Group: Real Estate Non-Recourse Lending

March 31, 2009 | **December 31, 2009**

Region

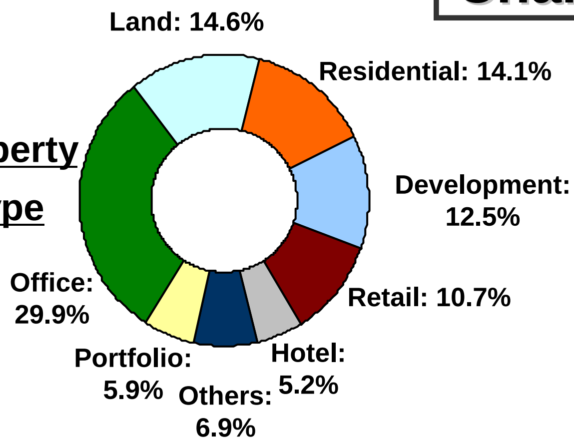


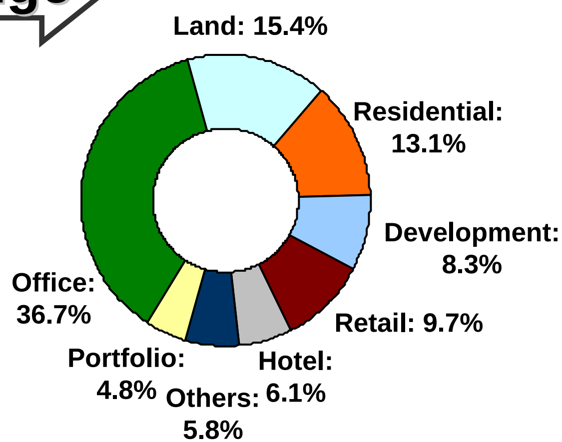


Our real estate exposure is located primarily in Tokyo and Osaka and LTV have changed from 79.1% at March 31, 2009 to 81.6% at December 31, 2009

Change

Property Type





Our real estate exposure is also well diversified by property type and exposure in percentage terms has increased for office and decreased for development

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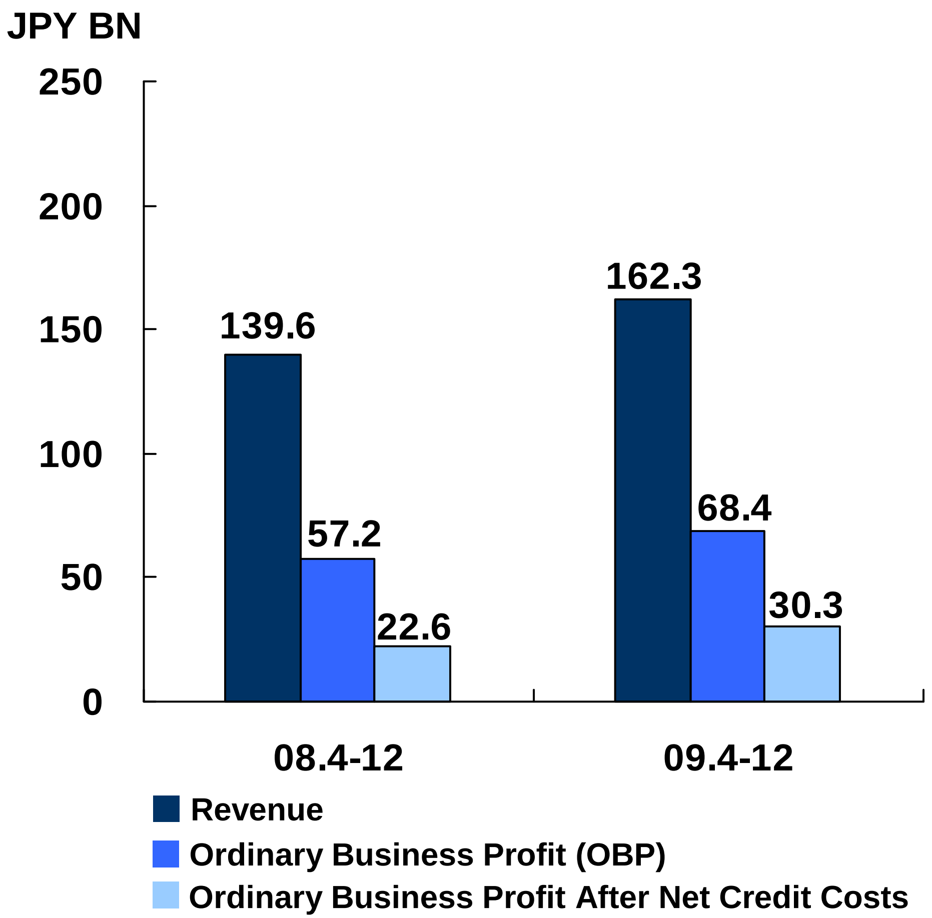
Individual Group

Overview of Business Groups
Individual Group: Continued momentum

Results



Revenues grew 16.2% due mainly to the contribution of Shinsei Financial and improvement at Retail Banking

Expenses up due to consolidation of Shinsei Financial while expenses down at other subsidiaries, but OBP increased due to higher revenues

Steady growth of OBP after net credit costs as revenues grew faster than expenses and net credit costs

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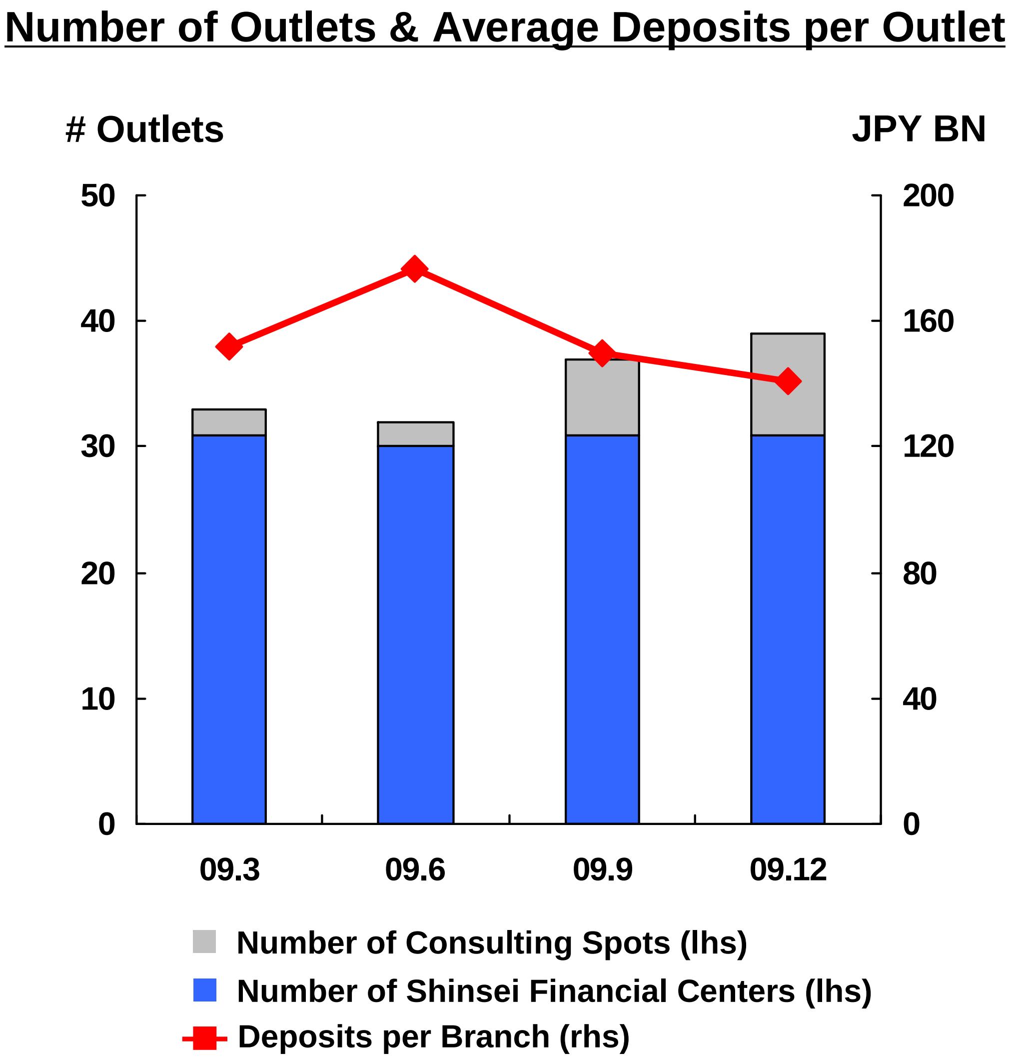
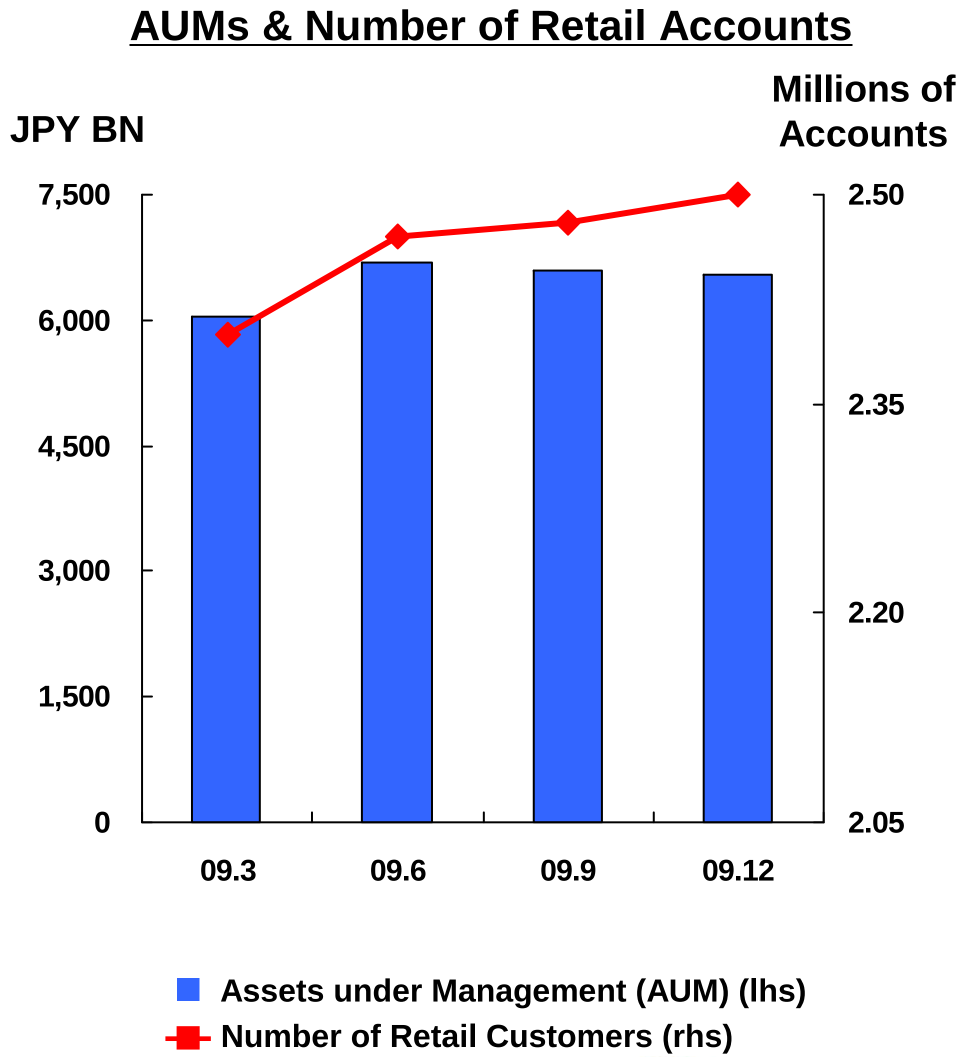
Overview of Business Groups
Individual Group: Retail Bank Franchise





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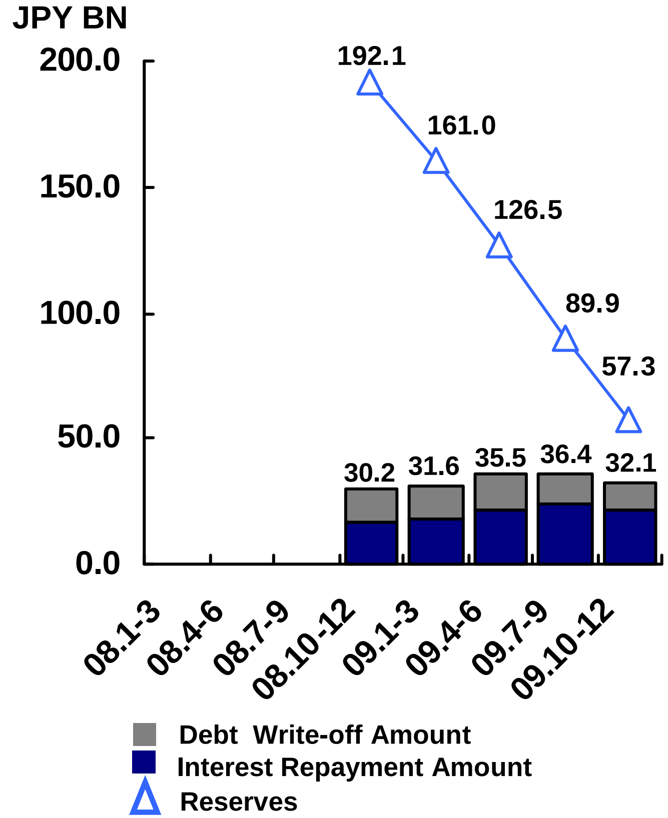
Overview of Business Groups

Individual Group: Trend of grey zone claim requests continuing to decline

Shinsei Financial

Thousands

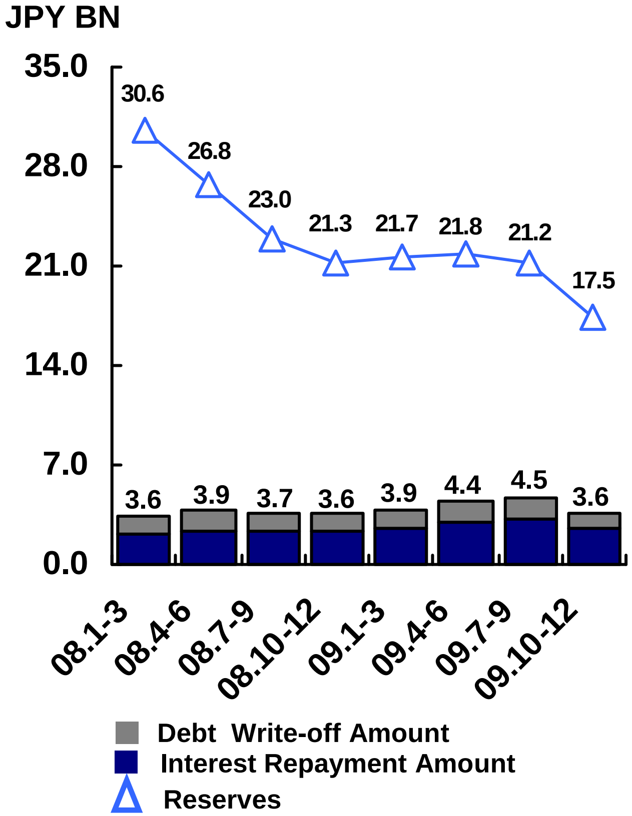
Shinsei Financial	08.12	09.3	09.6	09.9	09.12
Number of Claims	45.1	48.1	43.9	37.0	36.4



Shinki

Thousands

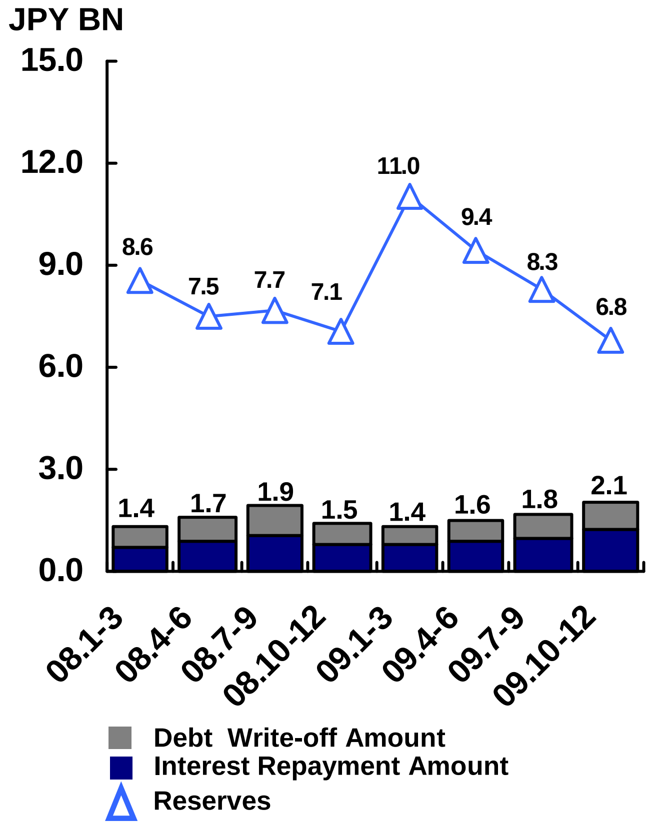
Shinki	08.12	09.3	09.6	09.9	09.12
Number of Claims	10.0	10.3	9.2	7.7	7.5



APLUS

Thousands

APLUS	08.12	09.3	09.6	09.9	09.12
Number of Claims	4.7	5.2	5.7	5.4	4.8



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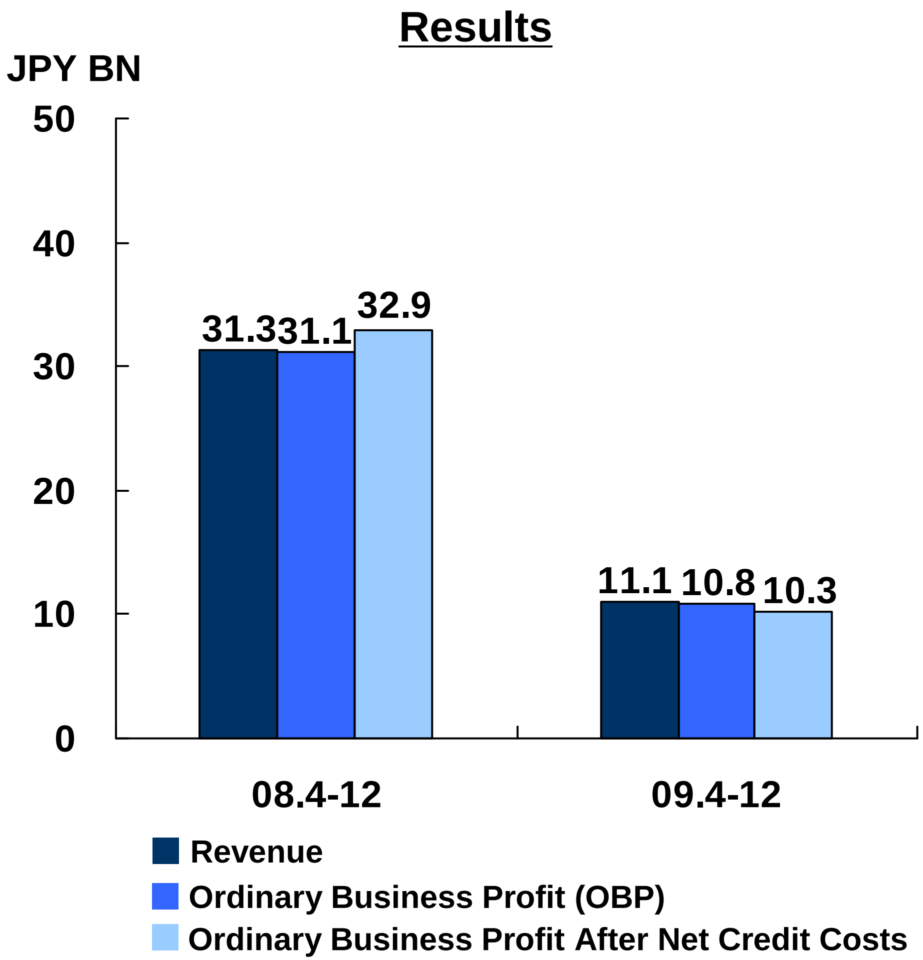
Corporate/Other

Overview of Business Groups

Corporate/Other



Recorded JPY 14.8 billion in gains by repurchasing about JPY 36.1 billion of our preferred securities (Tier I) and subordinated debt (Tier II) in 1Q-3Q FY2009

Recorded JPY 24.3 billion in gains in 1-3Q FY2008 by repurchasing about JPY 43.3 billion of subordinated debt (Tier II)

FY2009 Forecast

FY2009 Forecast
Guidance deferred

While we had planned to provide earnings guidance for the full fiscal year 2009 upon the announcement of our results today, we have decided to defer this guidance.

The major reason for this is the ongoing review of our legacy portfolio including domestic real estate in our Institutional Group, as well as our consumer finance subsidiaries with reference to the adequacy of grey zone reserves and impairments.

Upon the completion of this review, we will evaluate and record additional reserves, mark-downs and impairments, as necessary, on a prudent basis, which may have an impact on our full fiscal year financial performance.

Key Takeaways

Key Takeaways
Overview

Consolidated Results Overview

- Revenues up 31.0% due to contribution from Shinsei Financial and improvements in the Institutional Group
- Normalized expenses down 16.1% and overall expenses flat through business right-sizing and technology
- Credit costs down 21.8%, but need to ensure appropriate level of reserving that adequately represents the changing operating environment
- Funding costs declined to 0.85% and net interest margin improved to 2.52%

Operational Update

- Proactively cleaning up legacy portfolios and booking some gains in the process in Institutional Group
- Expanding franchise and shifting focus from deposits to asset management in Retail Banking
- Pursuing integration and lower risk customers while lowering costs through technology in consumer finance

Liquidity and Capital

- Robust liquidity position with 1.7 trillion yen of cash, cash equivalents and liquidity reserves
- 3Q FY2009 issuance of 9 billion yen of preferred securities, 5 billion yen of subordinate bonds and debt buybacks contributed to improving capital quality
- Capital adequacy and Tier I capital ratios at 10.46% and 7.83%, and will work to enhance capital in changing regulatory environment
- Reduction of higher risk assets while risk monitored loans and NPL ratio remain relatively high

FY2009 Forecast

- Deferred

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Forward Looking Statement

- This document contains statements that constitute forward-looking statements, plans for the future, management targets, etc. relating to the Company and its subsidiaries. These forward-looking statements are based on current assumptions of future events and trends, which may be incorrect. Actual results may differ materially from those in the statements as a result of various factors.
- Unless otherwise noted, the financial data contained in these materials are presented under Japanese GAAP. The Company disclaims any obligation to update or to announce any revision to forward-looking statements to reflect future events or developments. Unless otherwise specified, all the financials are shown on a consolidated basis.
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