SHINSEI BANK

Financial and Business Results

First Half Ended September 30, 2009

November 12, 2009

Masamoto Yashiro
President and Chief Executive Officer

Rahul Gupta
Senior Managing Executive Officer
Chief Financial Officer

Agenda

- Key Events
- First Half Fiscal Year 2009 Results
- Overview of Business Groups
- FY2009 Forecast
- Key Takeaways

Key Events

Key Events
April-October 2009

- ***Political Economic Environment***
  - Change in government from LDP to DPJ which holds about two-thirds majority in the House of Representatives (Lower House) and 50% in House of Councilors (Upper House) along with coalition
  - Japan GDP expected to grow for second quarter while interest rates expected to stay low
    - Corporate bankruptcies starting to show signs of decline with large drop in associated liabilities while exports are starting to pick up again
    - Wage environment remains bleak, but personal bankruptcies expected to decline for sixth year and unemployment rate starting to show signs of improvement
    - Real estate market showing signs of improvement: vacancies in Tokyo no longer declining as repricing of rents starting to have positive impact while condo sales are picking up again
- ***Banking Industry***
  - G-20 statement and capital enhancement initiatives
  - Moratorium debt relief program progressing
  - Injection of public funds into some Japanese regional banks
  - M&A and industry realignment becoming more prevalent
  - More than half of TOPIX Banks upgraded their interim forecasts
- ***Consumer Finance Industry***
  - Uncertainty surrounding implementation of moneylending law scheduled for June 2010 remains
  - Size of consumer finance unsecured loan market and number of players continuing to decline rapidly including bankruptcies. Market size declined from JPY 10.5 trillion at March 2004 to JPY 6.5 trillion at March 2009
  - Trend in number of claims and grey zone interest repayments remain flat but at high level
  - Bipolar trend in earnings with two major consumer finance companies forecasting profits and two losses in FY2009

First Half Fiscal Year 2009 Results

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First Half Fiscal Year 2009 Results

Progress update

Issues in FY2008	Status 1H FY2008	Status 1H FY2009	Progress Report in FY2009
Ineffective risk management	◔	●	• Newly appointed senior-level Chief Risk Officer teaming up with president, CFO and business heads to ensure business strategy and risk appetite are properly aligned • Improved approval and investment monitoring process and placed more emphasis on forward-looking methodologies with a focus on global best practices
Staff levels not aligned with business environment	◔	●	• Reorganized organizational structure around customers • Early retirement program results in decline in number of staff by over 1,000 year-on-year • <u>Normalized</u> expenses declined 15.5% compared to 1H FY2008 and 21.8% compared to 1H FY2007
Institutional Group: Excessive expansion into markets with limited expertise	◑	◕	• Scaled down or exited businesses that were unprofitable or volatile, or where we lacked expertise including asset and wealth management, alternative investment, private equity, proprietary trading, asset-backed investments and international corporate banking • Focus now on customer-centric businesses and needs while expanding our core profitable customer base
Individual Group: Lack of effective management	◑	◕	• Newly appointed senior-level Head of Individual Group responsible for both retail banking and consumer finance • Realigned staff, customer-focus and branches to concentrate on core competencies while bringing expenses down in all businesses and increasing overall contribution to profits
Liquidity and capital barely adequate	◑	◕	• Strengthened liquidity position significantly over last year by over 1 trillion yen • Strategies initiated to reduce risk assets and increase retained earnings through debt buybacks have resulted in stronger capital ratios with Tier I capital ratio reaching 7.00%

◔ Indicates level of completion

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First Half Fiscal Year 2009 Results

Key Highlights: Delivering positive results in a challenging environment

- **Profits grew despite deferred tax asset (DTA) reversal (4.6 billion yen). 2Q FY2009 stronger than 1Q FY2009 as we achieved growth in core businesses with higher top-line revenue, lower normalized expenses and credit costs with asset quality improving**

- **Institutional Group benefiting from repositioning to focus on core businesses**

- **Individual Group shows continued momentum with strong Retail Banking and steady consumer finance operations**

- **Improved capital ratios and robust liquidity position**

- **While visibility going forward is still limited and certain risks and uncertainties remain, we are cautiously optimistic on outlook and have announced a 1.00 yen dividend per common share for the fiscal year ending March 31, 2010**

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First Half Fiscal Year 2009 Results

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

Liquidity

- Liquidity at approximately JPY 1.7 trillion
- Deposits at JPY 7 trillion
- Proactively maintaining strong liquidity position

Capital

Total Capital Adequacy Ratio:	9.36%
Tier I Capital Ratio:	7.00%
Core Tier I Capital Ratio:	4.87%
Tangible Common Equity Ratio:	3.47%

Earnings/Asset Quality

Consolidated Net Income	
- Cash Basis:	JPY 20.2 billion
- Reported:	JPY 11.0 billion
Non-Consolidated Net Income:	JPY 8.6 billion
Non-Performing Loan Ratio:	3.41%

Business Segment Results*

Institutional Group

Institutional Banking:	JPY 8.5 billion
Showa Leasing:	JPY 1.2 billion
Institutional Group:	**JPY 9.7 billion**

Individual Group

Retail Banking:	JPY 4.0 billion
Shinsei Financial:	JPY 9.0 billion
APLUS:	JPY 1.4 billion
Shinki:	JPY 6.7 billion
Other Subsidiaries:	JPY 0.0 billion
Individual Group:	**JPY 21.2 billion**

Corporate/Other

Corporate/Other:	**JPY 9.1 billion**

*Ordinary business profit (loss) after net credit costs

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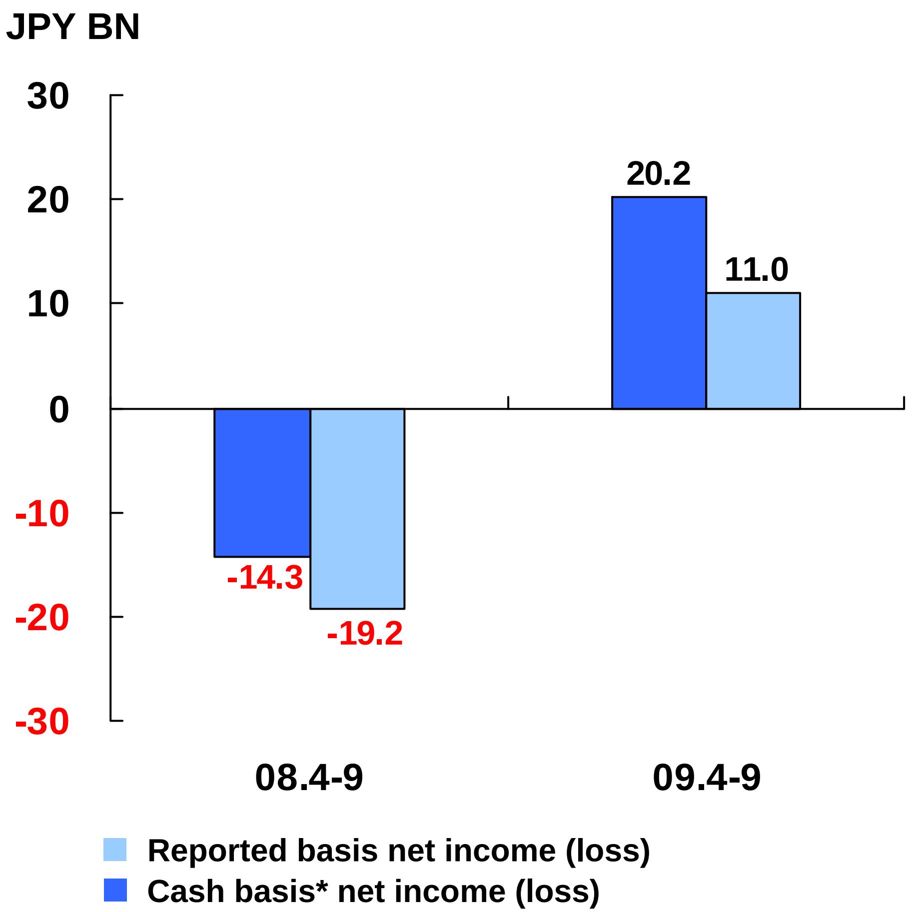
First Half Fiscal Year 2009 Results

Cash basis and reported basis net income

Cash Basis* and Reported Basis Net Income (Loss)



Positive turnaround of 34.5 billion yen compared to consolidated cash basis* net loss of 14.3 billion yen (consolidated reported basis net loss of 19.2 billion yen)

Increased earnings from core businesses, strategic asset sales and capital buybacks more than offset DTA reversal

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

First Half Fiscal Year 2009 Results

Material positive and negative items

JPY BN	1HFY2009 (6 months)	2QFY2009 (3 months)	1QFY2009 (3 months)
Gains included in revenues	**26.4**	**6.9**	**19.4**
Gain from the sale of CLOs	11.7	2.9	8.7
Gain from buy back of subordinated debt	11.5	2.0	9.4
Others	1.6	1.6	0.0
Corporate bonds and others	1.4	0.3	1.1
Total material positive items	**26.4**	**6.9**	**19.4**
Mark-downs/impairments included in revenue	**-12.1**	**-2.9**	**-9.2**
Japanese real estate principal investments and others	-5.8	-3.9	-1.8
Losses on Jih Sun	-3.8	0.7	-4.6
ABS, ABI and European investments	-2.5	-0.2	-2.2
Other	0.0	0.4	-0.4
Items included in net credit costs	**1.5**	**9.8**	**-8.2**
ABI	-3.1	-1.9	-1.1
Real estate non-recourse finance	-1.6	1.6	-3.3
Others	0.0	3.7	-3.8
Credit recoveries (Shinki)	6.4	6.4	0.0
Other losses	**-15.4**	**-7.5**	**-7.9**
Grey zone related provisions	-9.9	-4.3	-5.5
Others	-4.7	-3.1	-1.5
Losses related to Jih Sun	-0.8	-	-0.8
Total material negative items	**-30.8**	**-5.3**	**-25.5**
"Net"	**-4.4**	**1.6**	**-6.1**

Large improvement seen in 2Q over 1Q FY2009 as gains from sale of CLOs and buy back of subordinated debt largely used to clean up legacy portfolios

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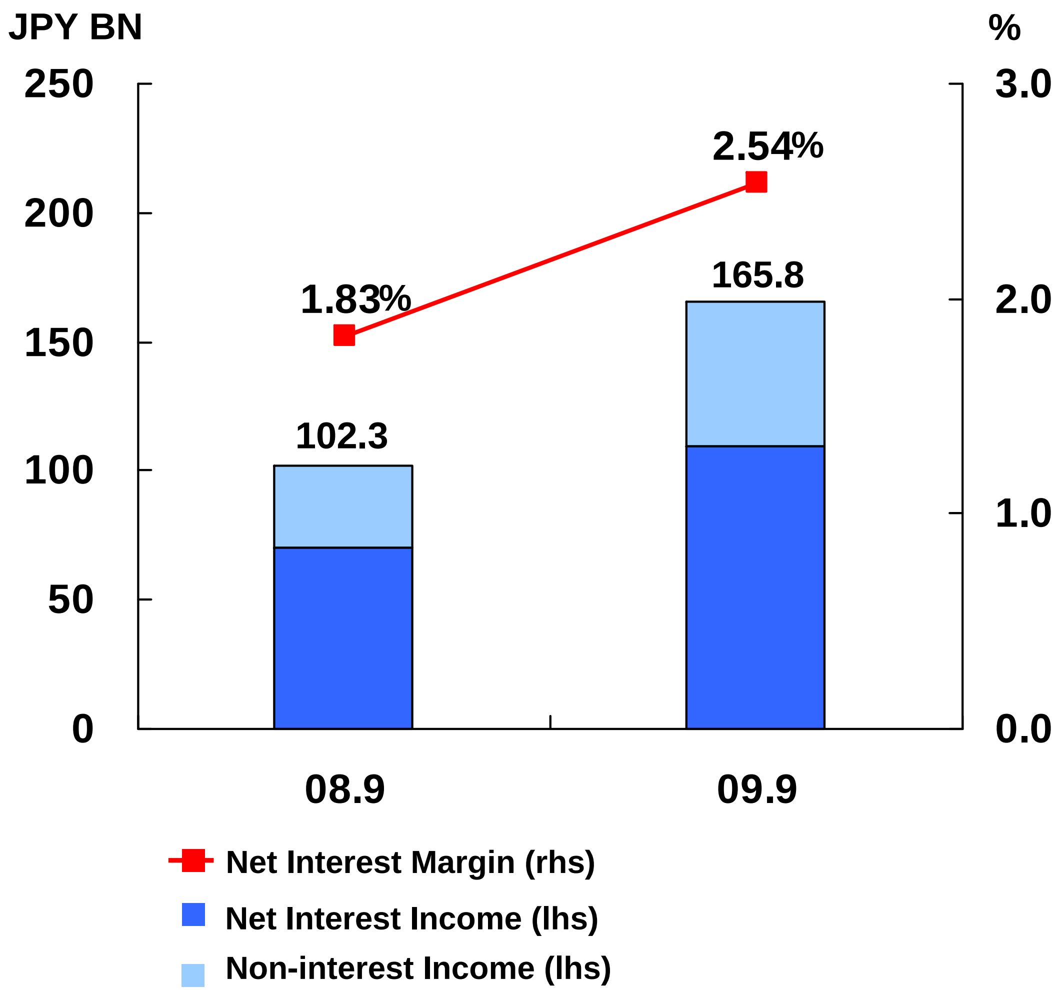
First Half Fiscal Year 2009 Results
Strong top-line growth and NIM improvement

Revenue & Net Interest Margin (NIM)



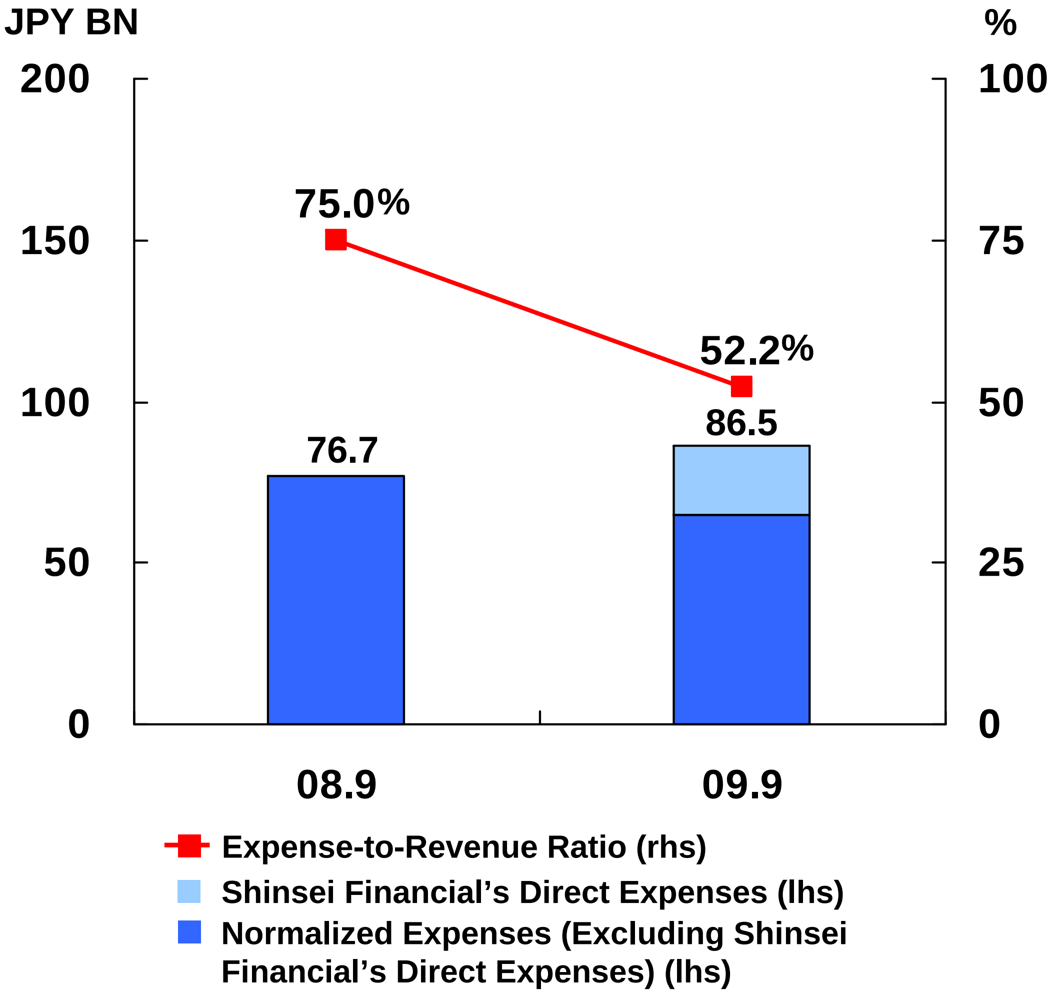
Strong top-line growth with revenues up 62.1% due mainly to contribution from Shinsei Financial

Higher yields on revenues due mainly to the addition of Shinsei Financial and lower funding costs contributed to higher NIM

First Half Fiscal Year 2009 Results

Decrease in normalized expenses

Normalized Expenses & Expense-to-Revenue Ratio



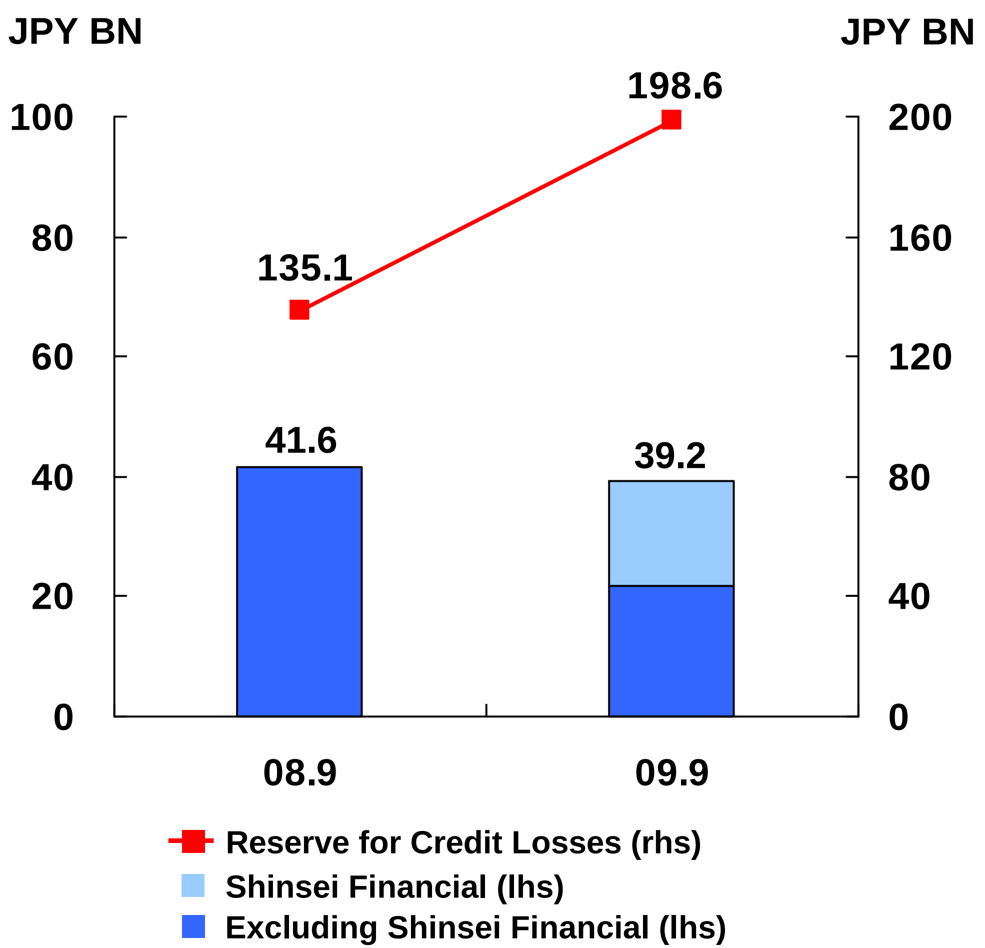
Normalized expenses down 15.5% over first half of FY2008 through business right-sizing and technology deployment

Even including Shinsei Financial's direct expenses from October 1, 2008, total expenses increased by only 12.7% in the first half of fiscal year 2009, compared with the same period in fiscal year 2008

First Half Fiscal Year 2009 Results

Decrease in net credit costs

Net Credit Costs



Recorded 5.9% decline year-on-year despite inclusion of Shinsei Financial's costs which were not present in the prior period

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First Half Fiscal Year 2009 Results

Liquidity: Liquid funding primarily in form of retail & institutional deposits

Overall Funding Composition

JPY BN	09.3	09.9	Difference
Total Customer Based Funding	**6,947.6**	**7,574.0**	**626.4**
Institutional Deposits	1,249.0	1,489.4	240.4
Institutional Debentures	367.4	231.1	-136.3
Retail Deposits	5,023.0	5,557.0	**534.0**
Retail Debentures	308.1	296.4	-11.7
Total Non-Customer Based Funding	**2,195.1**	**2,068.7**	**-126.4**
Call Money	281.5	100.4	-181.1
Payable under Repurchase Agreements	53.8	156.3	102.5
Collateral Related Securities Lending Transactions	569.5	764.3	194.8
Commercial Paper	0.1	0.0	-0.1
Borrowed Money	1,012.3	800.2	-212.1
Corporate Bonds	277.9	247.5	-30.4
Total	**9,143.0**	**9,643.1**	**500.1**

Continue to focus on cost-effective customer-based retail and core institutional deposits with low reliance on credit sensitive funding sources

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

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First Half Fiscal Year 2009 Results

Capital: Optimize capital position by reducing non-core assets

Capital Adequacy Data

JPY BN	09.3	09.9	Difference
Basic Items (Tier I)	580.0	591.5	11.5
Supplementary Items (Tier II)	327.3	289.6	-37.6
Deduction	-103.9	-89.6	14.3
Total Capital	803.4	791.5	-11.9
Risk Assets	9,621.0	8,449.2	-1,171.7
Total Capital Adequacy Ratio*	8.35%	9.36%	1.01%
Tier I Capital Ratio**	6.02%	7.00%	0.98%
Core Tier I Capital Ratio***	4.03%	4.87%	0.84%
Tangible Common Equity Ratio****	3.00%	3.47%	0.47%

All capital ratios up with Tier I at 7%; positive "other comprehensive income" for first time in over two years

Continued reduction of higher risk assets while NPL ratio falls against 1Q FY2009

Increased tangible equity by taking advantage of capital buyback opportunities

*Total Capital Adequacy Ratio = Total Capital/Risk Weighted Assets
**Tier I Capital Ratio = Basic Items (Tier I)/Risk Weighted Assets
***Core Tier I Capital Ratio = (Tier I Capital – Preferred Securities – Preferred Stock – DTA (Net))/Risk Weighted Assets
****Tangible Common Equity (TCE) Ratio = (Net Assets – Preferred Stock – Intangible Assets – Minority Interests)/ Total Assets (excluding Intangible Assets)

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First Half Fiscal Year 2009 Results

Asset Quality: Risk monitored loans up but high coverage ratio and NPL ratio declining

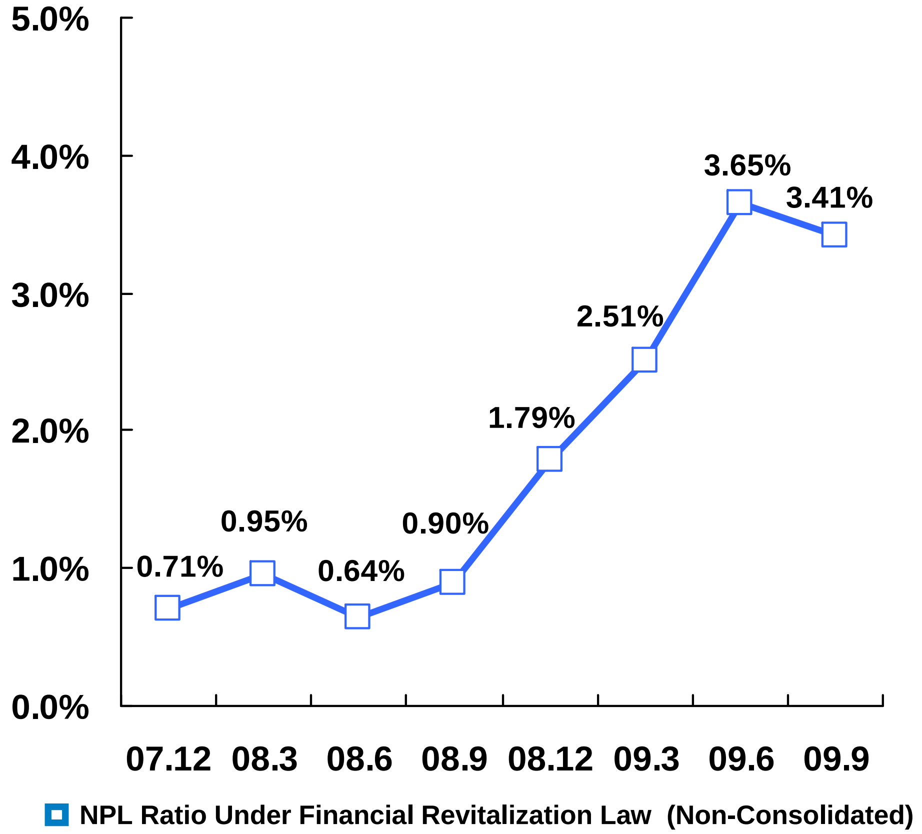
Risk Monitored Loans

JPY BN	09.3		09.9	
(Non-Consolidated)	Total Loans	Risk Monitored Loans	Total Loans	Risk Monitored Loans*
Transportation, Postal Service	331.6	6.0	308.9	5.3
Overseas Loans	460.9	39.8	420.6	26.1
Individual	905.3	5.3	851.0	2.6
Other	982.0	6.8	933.8	3.2
Real Estate	966.4	32.0	892.6	93.3**
Finance and Insurance	1,521.2	51.1	1,515.2	46.5
Total	**5,168.0**	**141.0**	**4,922.8**	**177.3**
Loans to Bankrupt Obligors		23.9		20.1
Non-Accrual Delinquent Loans		110.2		129.4
Loans Past Due for Three Months or More		3.7		24.6
Restructured Loans		3.1		3.1
Total		**141.0**		**177.3**

*Overall coverage ratio was about 97% at September 30, 2009

**Coverage ratio was about 100% for real estate loans at September 30, 2009

NPL Ratio

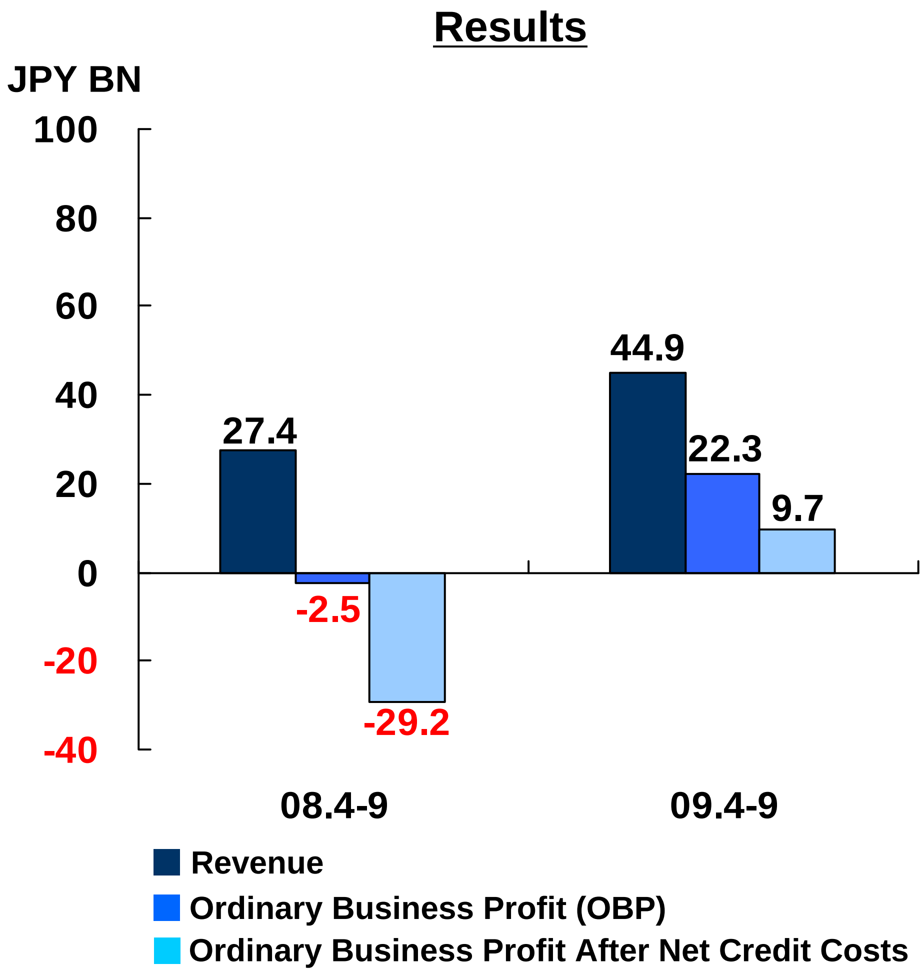


Note: The Financial Revitalization Law requires us to classify and disclose “claims,” which include, in addition to loans and bills discounted, foreign exchange claims, securities lent, private placement bonds guaranteed by Shinsei, accrued income and suspense payments in other assets, as well as customers’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

Overview of Business Groups

Overview of Business Groups

Institutional Group: Results achieved from proactive business remodeling



Increase 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 24.9% year-on-year decrease in expenses

Proactively cleaning up legacy portfolios and generating gains in the process

Overview of Business Groups

Institutional Group: Results achieved from proactive business remodeling

Breakdown of Revenues

JPY BN	08.9	09.9	Difference
Basic Banking	6.3	6.3	0.0
Real Estate Finance	12.0	10.4	-1.6
Credit Trading	9.8	1.5	-8.3
Principal Investments	0.6	-5.2	-5.8
Foreign Exchange, Derivatives, Equity-Related	-2.5	6.6	9.1
Securitization	-7.0	1.5	8.5
Other Capital Markets	-7.2	13.7	20.9
ALM Activities	2.6	0.0	-2.6
Leasing (Showa Leasing)	11.1	8.0	-3.1
Others	1.5	1.9	0.4
Total	**27.4**	**44.9**	**17.5**

Revenue improved strongly in foreign exchange, derivatives and equity-related business as result of increased customer flow driven by recovery in credit markets

Securitization business also returned to profitability while sale of CLOs contributed to other capital markets

Lower revenues in credit trading and principal investments due to mark-downs and impairments

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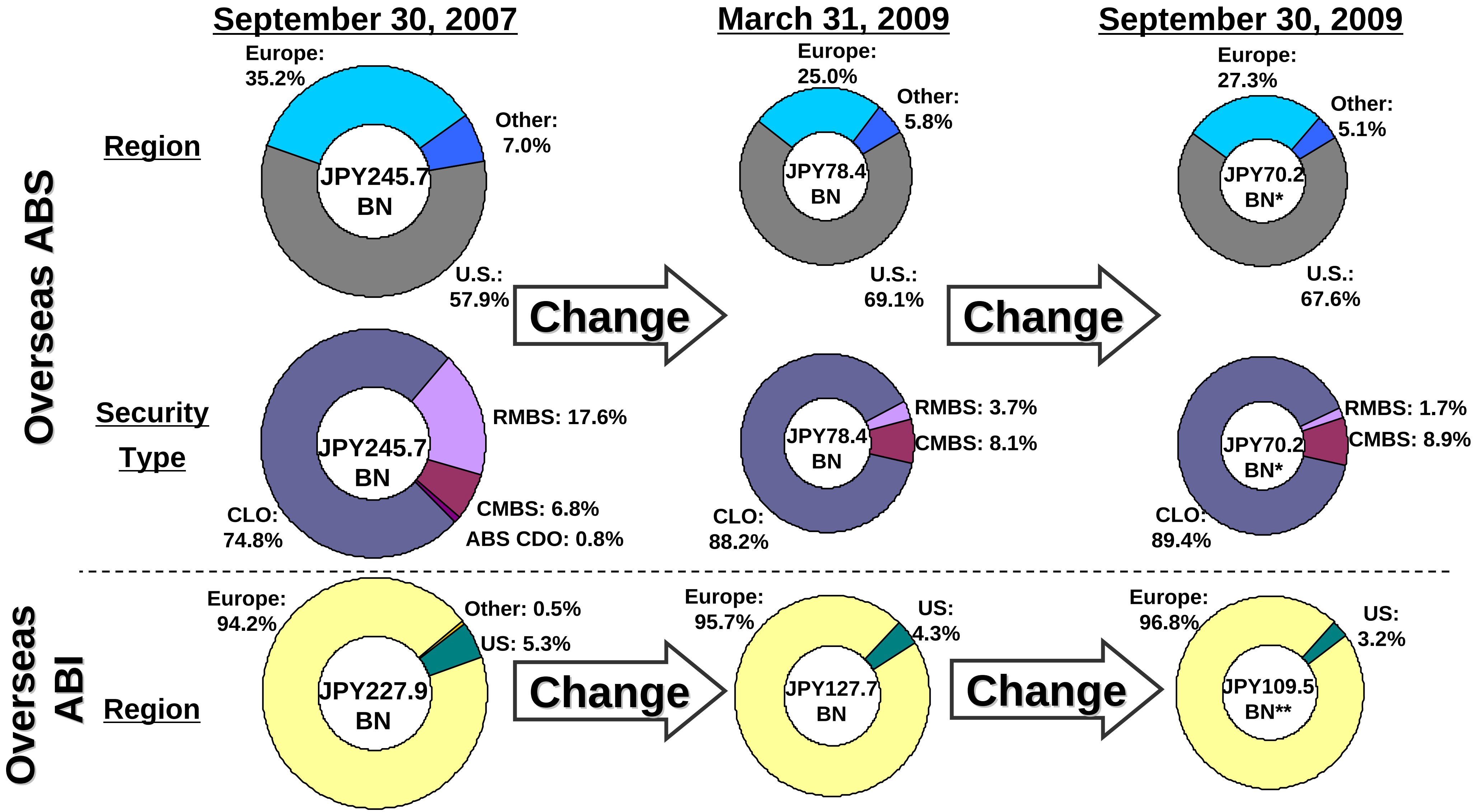
Overview of Business Groups

Institutional Group: Limited impact from residual overseas ABI and ABS portfolios

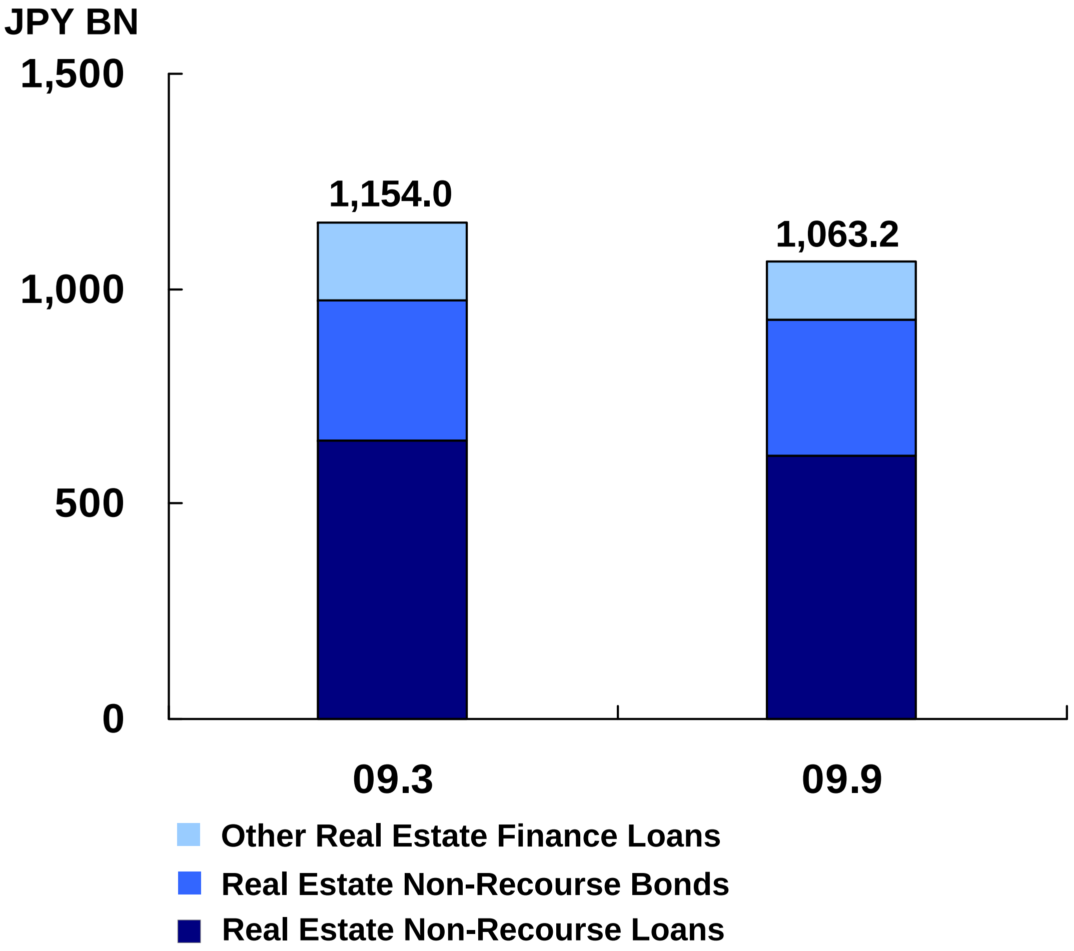


*About 83% of foreign-currency denominated securitized products are rated AA or higher. Details on securitized products available on p. 41-42 of the 1H FY2009 Financial Summary.
**The coverage ratio for risk monitored loans related to overseas asset backed investments was 83.8% at September 30, 2009.

Overview of Business Groups

Institutional Group: Optimizing our real estate portfolio

Breakdown of Real Estate Finance



Overall balance of real estate non-recourse loans and bonds, and other real estate finance loans decreased 7.9% from March 2009 as we have continued to de-risk our balance sheet

High quality and diversified portfolio with average loan-to-value at about 82%

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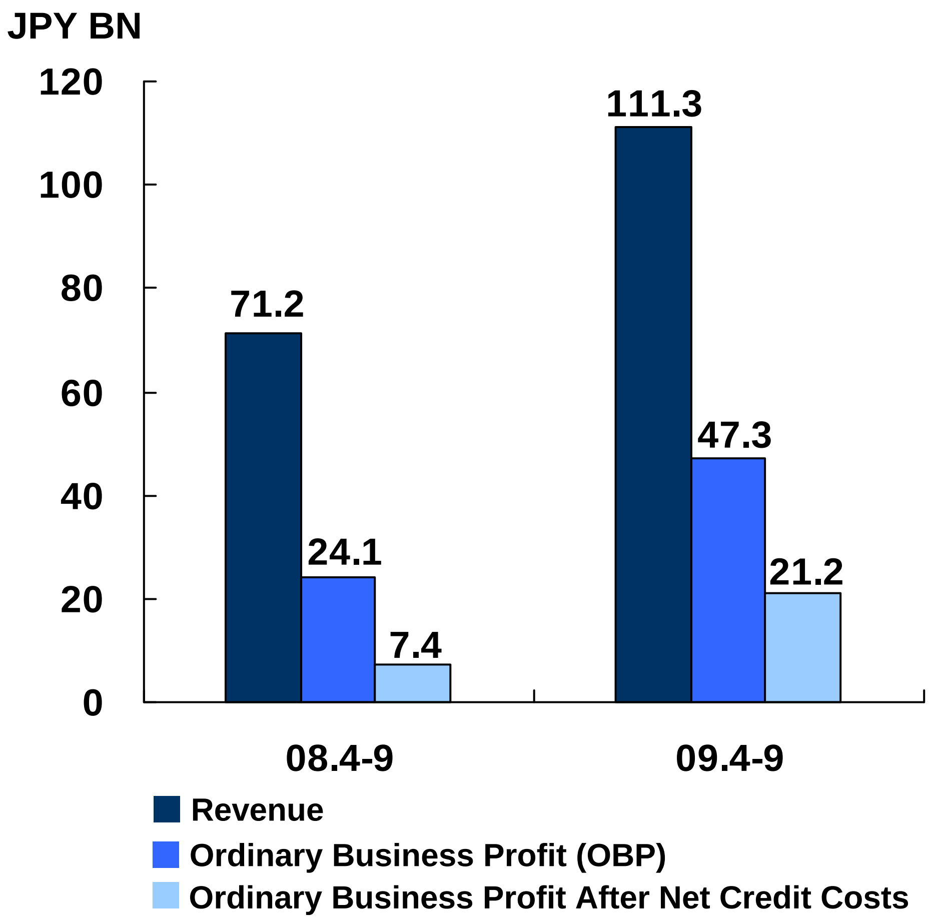
Overview of Business Groups
Individual Group: Continued momentum

Results



Strong revenue growth due to 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, despite higher credit costs, due to incorporation of Shinsei Financial and stronger Retail Banking operations

Overview of Business Groups

Individual Group: Strong contribution from Shinsei Financial and Retail Banking

Breakdown of Revenues

JPY BN	08.9	09.9	Difference
Retail Banking	19.3	21.7	2.4
Shinsei Financial	-	48.8	48.8
APLUS	38.8	32.3	-6.5
Shinki	10.6	7.7	-2.9
Other Subsidiaries	2.3	0.6	-1.7
Total	**71.2**	**111.3**	**40.1**

Retail bank successfully shifting focus from deposits to asset management and loan provision to further diversify revenue composition, in line with shifting customer demand

Shinsei Financial makes large contribution while APLUS and Shinki lower as they focus on lower risk customers

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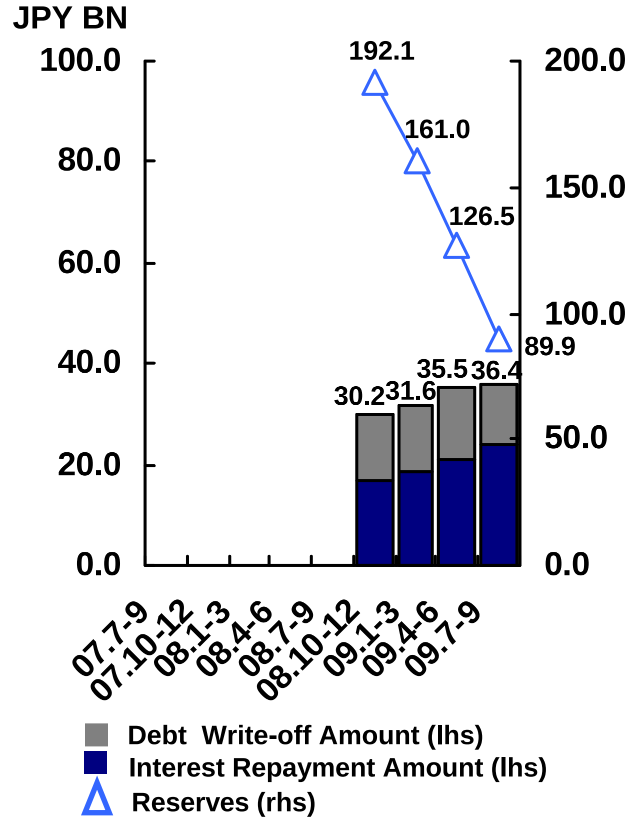
Overview of Business Groups

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

Shinsei Financial

Thousands

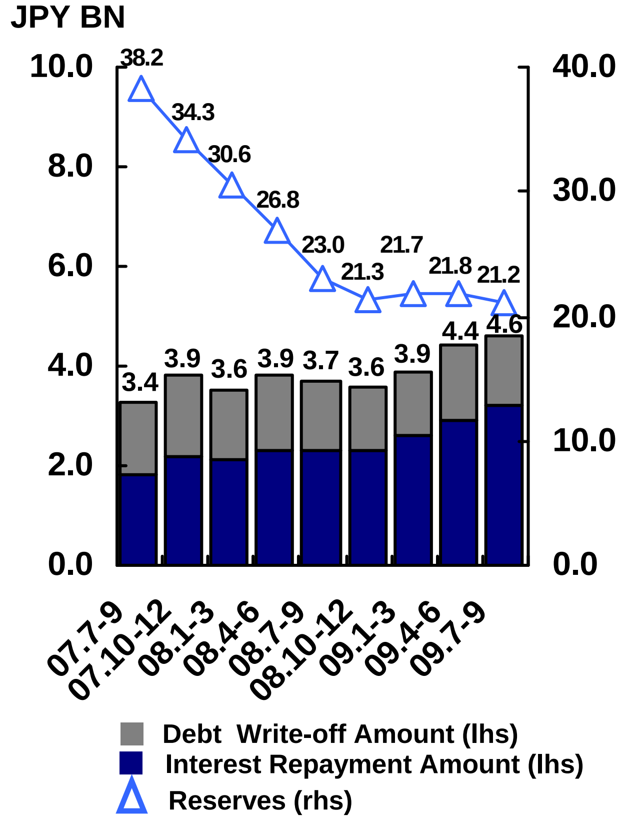
Shinsei Financial	08.9	08.12	09.3	09.6	09.9
Number of Claims	-	45.1	48.1	43.9	37.0



Shinki

Thousands

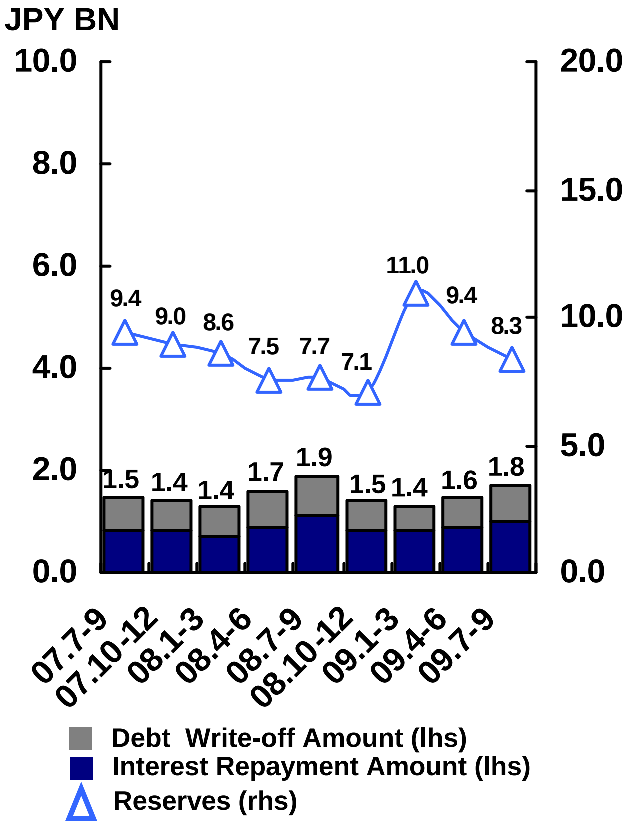
Shinki	08.9	08.12	09.3	09.6	09.9
Number of Claims	8.6	10.0	10.3	9.2	7.7



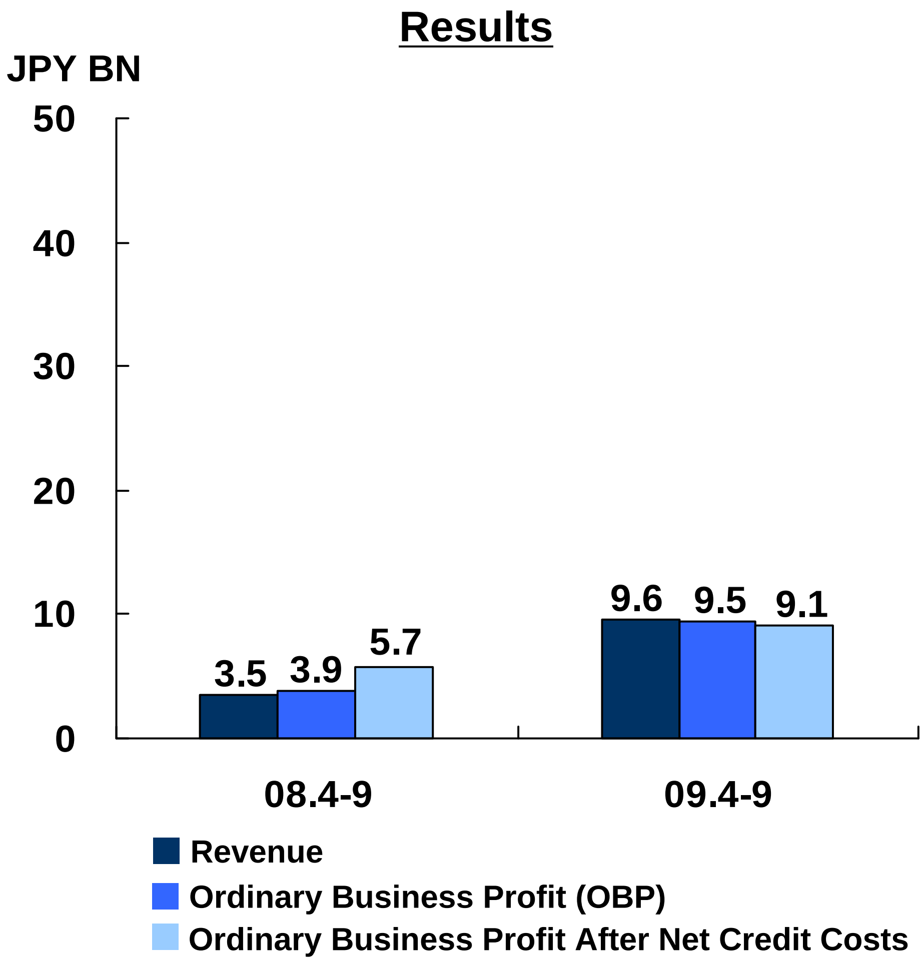
APLUS

Thousands

APLUS	08.9	08.12	09.3	09.6	09.9
Number of Claims	3.9	4.7	5.2	5.7	5.4



Overview of Business Groups
Corporate/Other

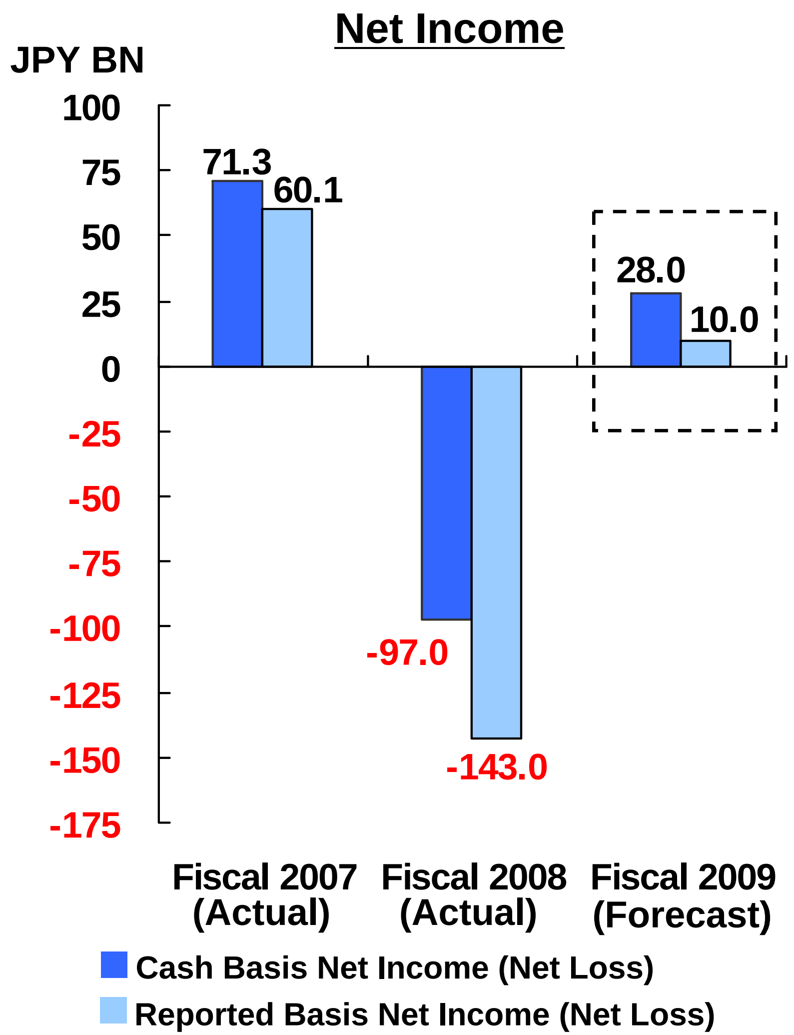


Recorded JPY 11.5 billion in gains by repurchasing about JPY 29.3 billion of our subordinated debt (Tier II)

FY2009 Forecast

FY2009 Forecast

Consolidated Results: Focus on core businesses in Japan while rationalizing expenses



Macroeconomic Environment

Expect recessionary environment to continue to impact both corporate and retail customers in fiscal year 2009 with clearer signs of recovery expected from the second half

Institutional Group

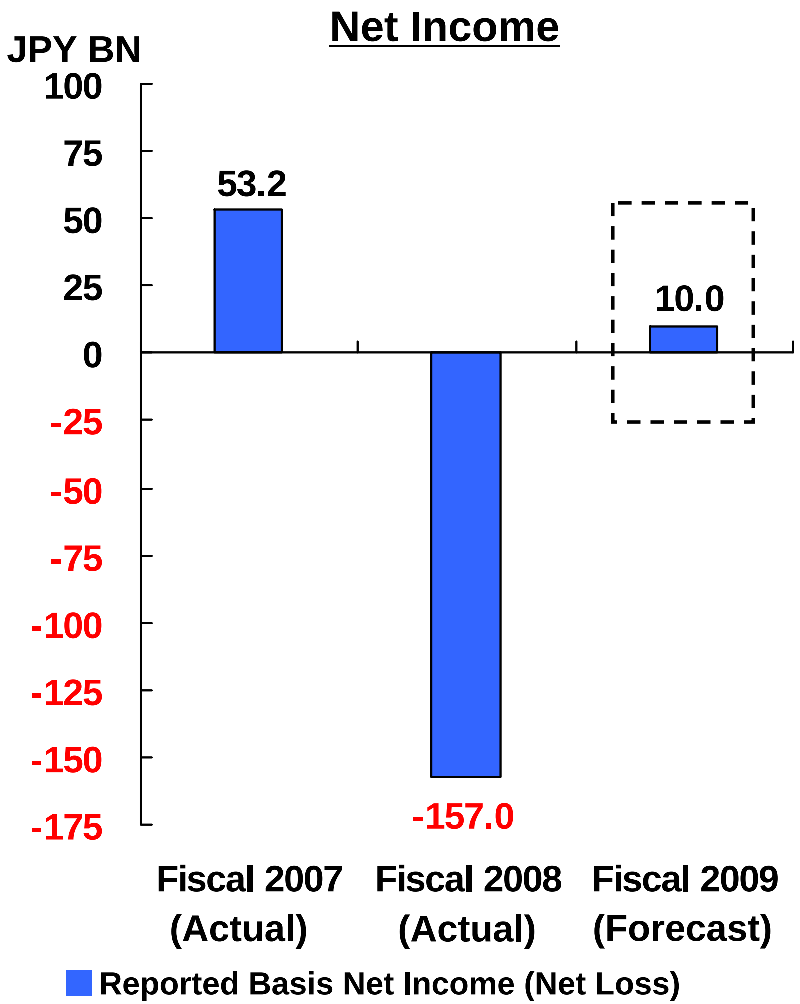
Expect substantial improvement compared to fiscal year 2008 while achieving further reductions in expenses, but most business lines will likely remain challenged as we work to finish restructuring of operations in fiscal year 2009

Individual Group

Expect Retail Banking to increase profitability and steady contribution of overall consumer finance operations that are being reorganized to better leverage synergies

FY2009 Forecast

Non-Consolidated Results: Focus on core businesses in Japan while rationalizing expenses



Variance with Consolidated Results

Non-consolidated results do not include the contribution from consolidated subsidiaries

Institutional Group

Expect substantial improvement compared to fiscal year 2008 while achieving further reductions in expenses, but most business lines will likely remain challenged as we work to finish restructuring of operations in fiscal year 2009

Individual Group

Expect Retail Banking to increase profitability

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Key Takeaways

Key Takeaways
Overview

Highlights

- Profits grew despite deferred tax asset (DTA) reversal (4.6 billion yen), with 2Q FY2009 stronger than 1Q FY2009 as we achieved growth in core businesses with higher top-line revenue, lower normalized expenses and credit costs with asset quality improving
- Institutional Group benefiting from repositioning to focus on core businesses
- Individual Group shows continued momentum with strong Retail Banking and steady consumer finance operations
- Improved capital ratios and robust liquidity position
- Cautiously optimistic on outlook as visibility going forward is still limited and certain risks and uncertainties remain

Consolidated Results Overview

- Strong top-line growth with revenues up 62.1% due mainly to contribution from Shinsei Financial
- Normalized expenses down 15.5% over first half of FY2008 through business right-sizing and technology deployment
- Limited impact from residual asset-backed investment and asset-backed securities portfolios
- Funding costs declined to 0.89% and net interest margin improved to 2.54% in first half of FY2009
- Net income shows turnaround of 34.5 billion yen (cash basis) on increasing earnings from core businesses, strategic asset sales and capital buybacks to more than offset DTA reversal

Liquidity and Capital

- Robust liquidity position with approximately 1.7 trillion yen of cash, cash equivalents and liquidity reserves outstanding
- All capital ratios up with Tier 1 at 7%; positive “other comprehensive income” for first time in over two years
- Continued reduction of higher risk assets while non-performing loan ratio falls against 1Q FY2009

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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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