Financial and Business Results

Fiscal Year Ended March 31, 2009

"Back to Basics"

May 14, 2009

Masamoto Yashiro
President and Chief Executive Officer

Rahul Gupta
Senior Managing Executive Officer
Chief Financial Officer

Agenda

Overview

1. The global economic environment deteriorated sharply in Fiscal Year 2008, particularly in the second half, and the negative impact was felt largely in our Institutional Group

2. In response, we commenced a clean up of the key areas affected (European asset-backed investments, securitized products and non-recourse loans), and also reduced expenses, generated significant income from opportunistic capital buybacks and re-focused on our retail business

3. Expenses were aggressively managed through the Voluntary Early Retirement Program (VERP) offered to selected employees at Shinsei Bank and Shinsei Financial which together resulted in over 1,000 staff VERP acceptances. We expect the majority of restructuring charges associated with these programs to be recovered in Fiscal Year 2009 through a reduction in personnel expenses going forward

4. Asset quality was impacted by real estate market in Japan and overseas loans primarily in Europe, but liquidity remains strong with over 1.8 trillion yen currently in cash, cash equivalents and liquidity reserves while buyback of Tier I and Tier II capital in Fiscal Year 2008 contributed to earnings

5. We re-focused on building the Individual Group as the future earnings engine for Shinsei Bank and took a major step forward in this strategy through our acquisition of Shinsei Financial in September 2008

6. We are forecasting a return to profitability in Fiscal Year 2009 on a consolidated (cash and reported basis) and non-consolidated basis as we complete the restructuring of our businesses

Lessons Learned

What Happened?	What Did We Learn?
Ineffective risk management	► Significant losses could have been avoided if a robust risk management system had been in place and management controls were diligently exercised
Lack of strong oversight	► A strong corporate governance that fosters a culture of accountability and rewards for long term performance should be encouraged and implemented
Excessive expansion into overseas markets with limited expertise and resources	► Impairment, mark-downs and credit costs have mainly arisen from overseas assets such as ABI, CLO and private equity ► Overseas assets will be reduced or run off and future overseas investments will be limited
Excessive risk taking with too much dependence on rating agencies	► More rigorous analysis and internal control would have allowed the detection of early warning signs ► Excessive risk taking will be discouraged
Earnings volatility due to significant mark-downs and impairment	► Market rewards consistency in execution and focuses on delivery ► Going forward, investors will have lower tolerance for earnings volatility and poor execution

Progress Report

What Happened?	Status	Progress Report
Ineffective risk management		▸ New Chief Risk Officer appointed at a senior level ▸ Improved approval and investment monitoring process
Lack of strong oversight		▸ Pursuing a sustainable “Back to Basics” business model that targets moderate risk with stable, predictable returns ▸ Simplification of the organization structure ▸ New Management in the Individual Group
Excessive expansion into overseas markets with limited expertise and resources		▸ Focus on domestic businesses and customer needs while expanding our profitable customer base ▸ Redirected businesses to focus operations in Japan
Excessive risk taking with too much dependence on rating agencies		▸ Realigned staff, customers and branches to focus on core competencies
Earnings volatility due to significant mark-downs and impairment		▸ Cautiously optimistic with Japanese economy given the larger than expected stimulus plan ▸ Significant cost and headcount reduction – back to FY2005 level ▸ Strong liquidity position ▸ Capital buybacks/other capital improvements completed or under way

Indicates level of completion

Consolidated Results Overview

Fiscal Year Ended March 31, 2009

Significant "Non-Recurring" Items In A Year Marked By Turmoil

1. **Lower Revenues, but Significant Increase in NIM (JPY258.2 billion in FY2008 vs. JPY262.7 billion in FY2007; 2.41% NIM in FY2008 vs. 2.05% NIM in FY2007)**

   Stronger Individual Group performance due mainly to consolidation of Shinsei Financial and contribution from repurchase of capital in Corporate/Other offset the significantly lower revenues in the Institutional Group due to markdowns and impairments of CLOs, European investments, asset backed securities and other capital markets and principal investment products

2. **…and Increase in Net Credit Costs… (JPY55.4 billion)**

   Significantly higher net credit costs in the Institutional Group due mainly to credit costs associated with Lehman Brothers, real estate non-recourse loans and European asset-backed investments

3. **…and Recognition of Other Losses … (JPY51.8 billion Other Losses)**

   Other losses including accelerated impairment of goodwill of APLUS, restructuring related costs and additional grey zone expenses, offset by capital buybacks (JPY74.1 billion)

Net Loss of JPY 143.0 billion
(Cash Basis JPY 97.0 billion)

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Results Overview

Fiscal Year Ended March 31, 2009

Liquidity

- May 2009 liquidity was JPY 1.8 trillion
- Proactively maintaining strong liquidity position

Capital

Tangible Common Equity Ratio:	3.00%
Core Tier 1 capital ratio:	4.03%
Tier 1 capital ratio:	6.02%
Total capital adequacy ratio:	8.35%

Earnings / Asset Quality

Consolidated Net Loss	- Cash Basis:	JPY 97.0 billion
	- Reported:	JPY 143.0 billion
Non-Consolidated Net Loss:		JPY 157.0 billion
Non-Performing Loan Ratio:		2.51%

Business Segment Results*

Institutional Group

Institutional Banking:	JPY (170.1) billion
Showa Leasing:	JPY 2.0 billion
Institutional Group:	**JPY (168.0) billion**

Individual Group

Retail Banking:	JPY 2.2 billion
Shinsei Financial:	JPY 23.3 billion
APLUS:	JPY 7.2 billion
Shinki:	JPY 4.9 billion
Other Subsidiaries:	JPY (3.9) billion
Individual Group:	**JPY 33.8 billion**

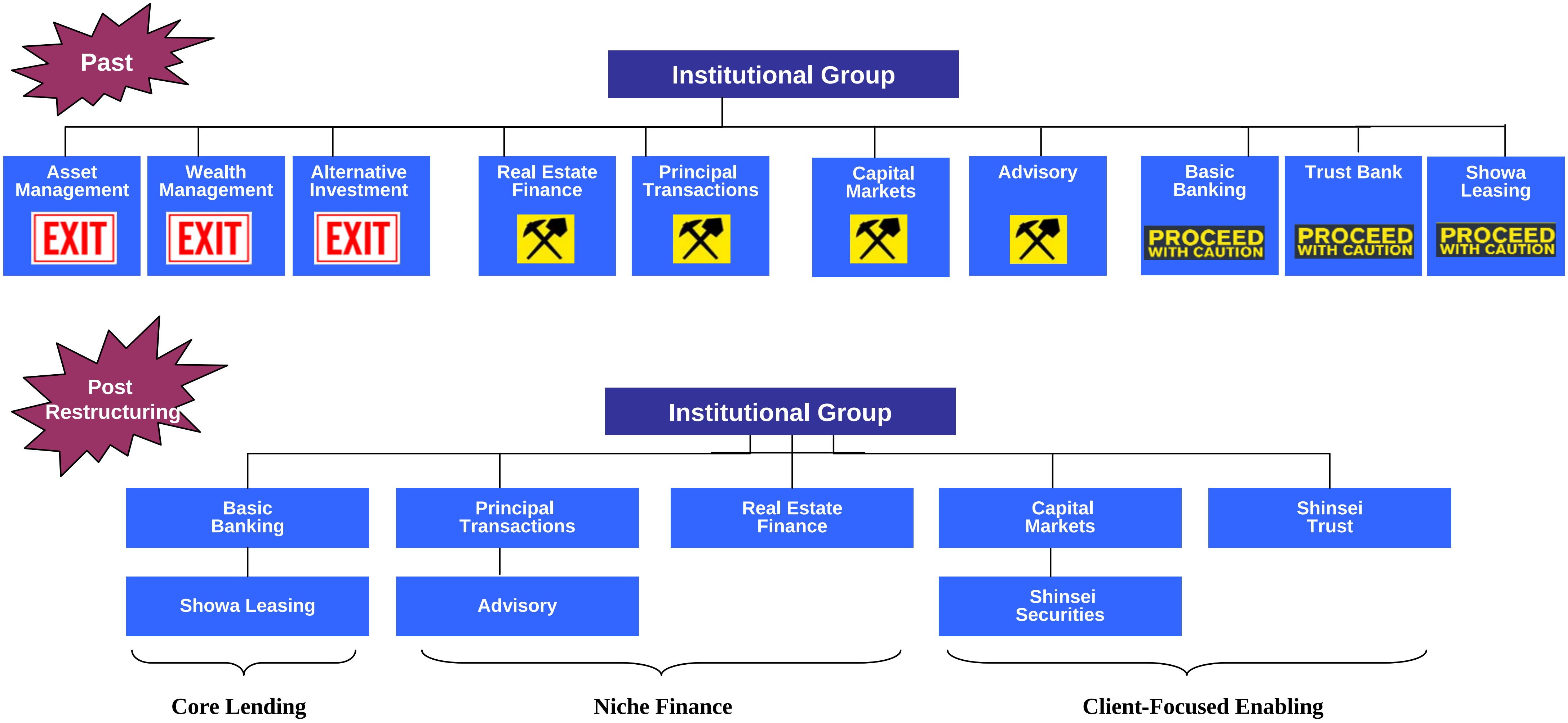
Corporate / Other

Corporate/Other:	JPY 84.6 billion

* Indicates ordinary business profit (loss) after net credit costs

Institutional Group Strategy

- Decisive steps to drastically restructure the Institutional Group
- Domestic, client focused core lending and niche finance business
- Optimizing risk-adjusted margins through low-cost funding, "First-Person" underwriting and client relationships based on value delivery



: Restructuring

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Individual Group Strategy

- Cost rationalization showing results
- Building scale and emphasizing sales force quality
- Realigning consumer businesses to leverage cost synergies

Today

Individual Group

SHINSEI BANK (Retail Banking)
- Housing Loans
- Credit Card/Aplus
- Unsecured Loan/Aplus

レイク (Lake)
- Housing Loans[1]
- Home Equity Loans[1]
- Unsecured Loans
- Installment Sales[1]
- Credit Cards[1]

アプラス (APLUS)*
- Installment Sales
- Credit Card
- Unsecured Loans
- Settlement Services
- Collection Services

SHINSEI PROPERTY FINANCE
- Home Equity Loans
- Property Development[1]
- Non-Bank Financial Loans[1]
- Life Insurance Loans[1]

シンキ株式会社 (Shinki)
- Unsecured Loans

Future

Individual Group

SHINSEI BANK Retail + SHINSEI PROPERTY FINANCE
- Housing Loans
- Home Equity Loans
- Other Consumer Credit

Core Direct Distribution + Property Platform

レイク NO LOAN (Lake & Shinki)
- Unsecured Loans

Other Direct Distribution + Unsecured Platform

アプラス (APLUS)*
- Credit Card
- Installment Sales
- Settlement Services
- Collection Services

Indirect Distribution + Card Platform

[1]Run off

*Moving to holding company structure

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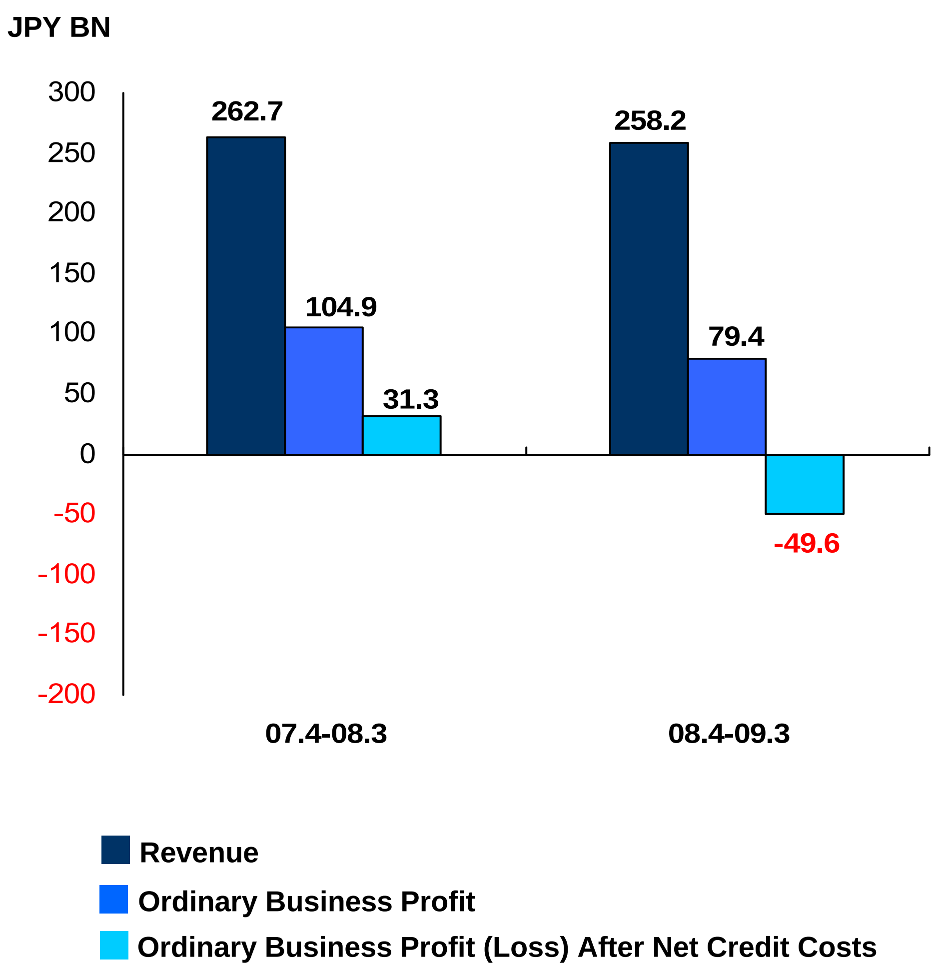
Group Results

Fiscal Year Ended March 31, 2009

Individual Group/Corporate helps mitigate Institutional Group performance …

Financial Results



Highlights

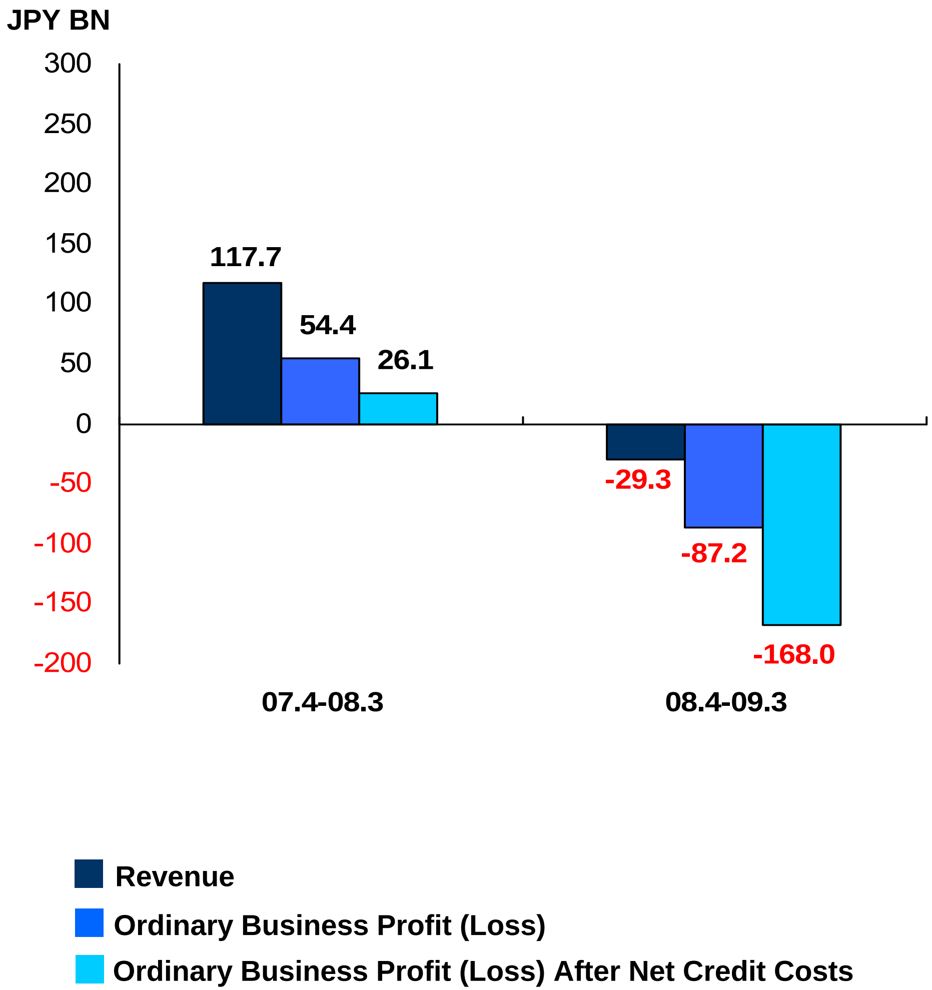
- Stronger Individual Group and contribution from repurchase of capital in Corporate/Other partially offset the significantly lower revenues of the Institutional Group
- Higher net credit costs in the Institutional Group due mainly to credit costs associated with Lehman Brothers, real estate non-recourse loans and European asset-backed investments
- Other losses including accelerated impairment of goodwill of APLUS, restructuring related costs and additional grey zone expenses

Institutional Group Results

Fiscal Year Ended March 31, 2009

...Institutional Group largely impacted by non-recurring events...

Financial Results



Highlights

- Lower revenues in most businesses including impairment of CLO* portfolio, mark-downs of European ABI/ABS and European investments while non-recourse real estate finance achieved better results
- Achieved lower expenses due to stricter cost controls and cost reduction measures
- Credit costs associated with bankruptcy of Lehman Brothers, real estate portfolio and European ABI portfolio impacted Ordinary Business Loss after net credit costs

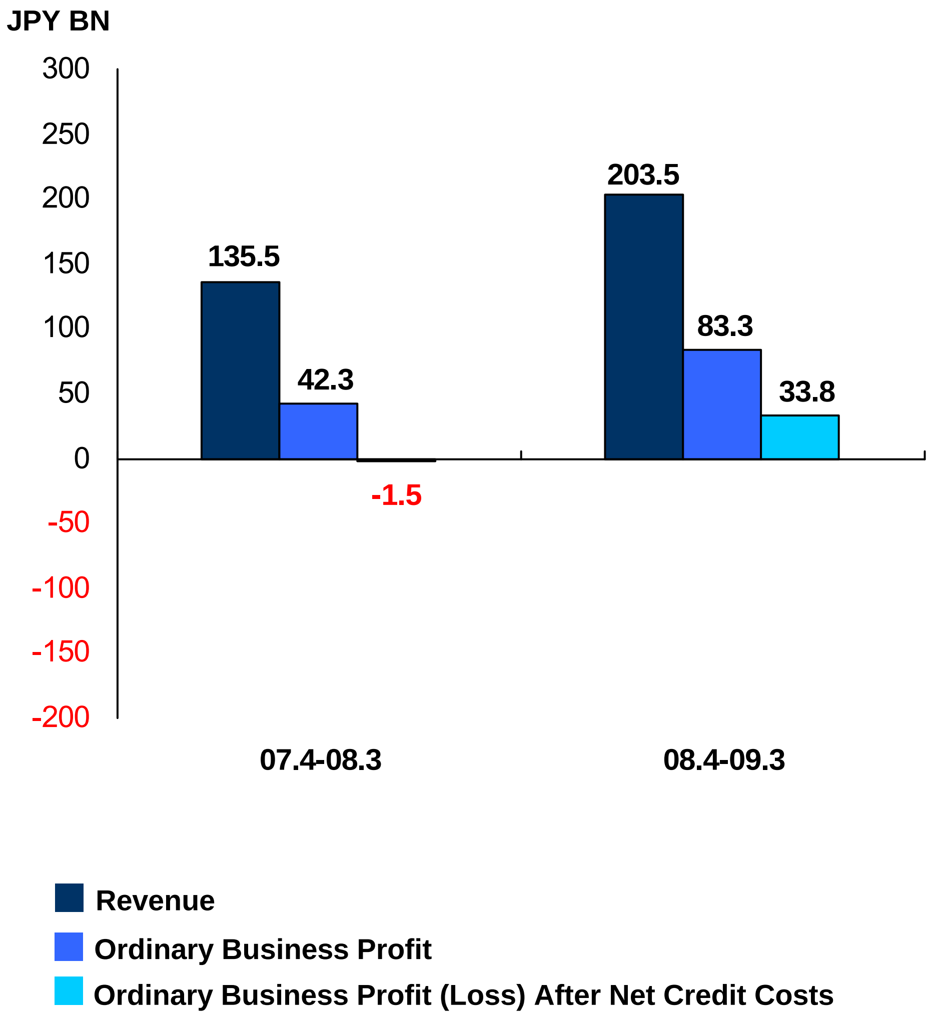
*Impairment of CLOs was determined using market prices based on quotes provided by independent brokers rather than fair value derived through our internally developed model.

Individual Group Results

Fiscal Year Ended March 31, 2009

We are strongly committed to retail banking and consumer finance…

Financial Results



Highlights

- Strong revenue growth due mainly to consolidation of Shinsei Financial and Shinki and continued improvement at retail banking
- Net credit costs down substantially at APLUS as the result of a stricter credit screening policy
- Return to profitability at retail banking and Shinki and contribution from Shinsei Financial led to strong improvement

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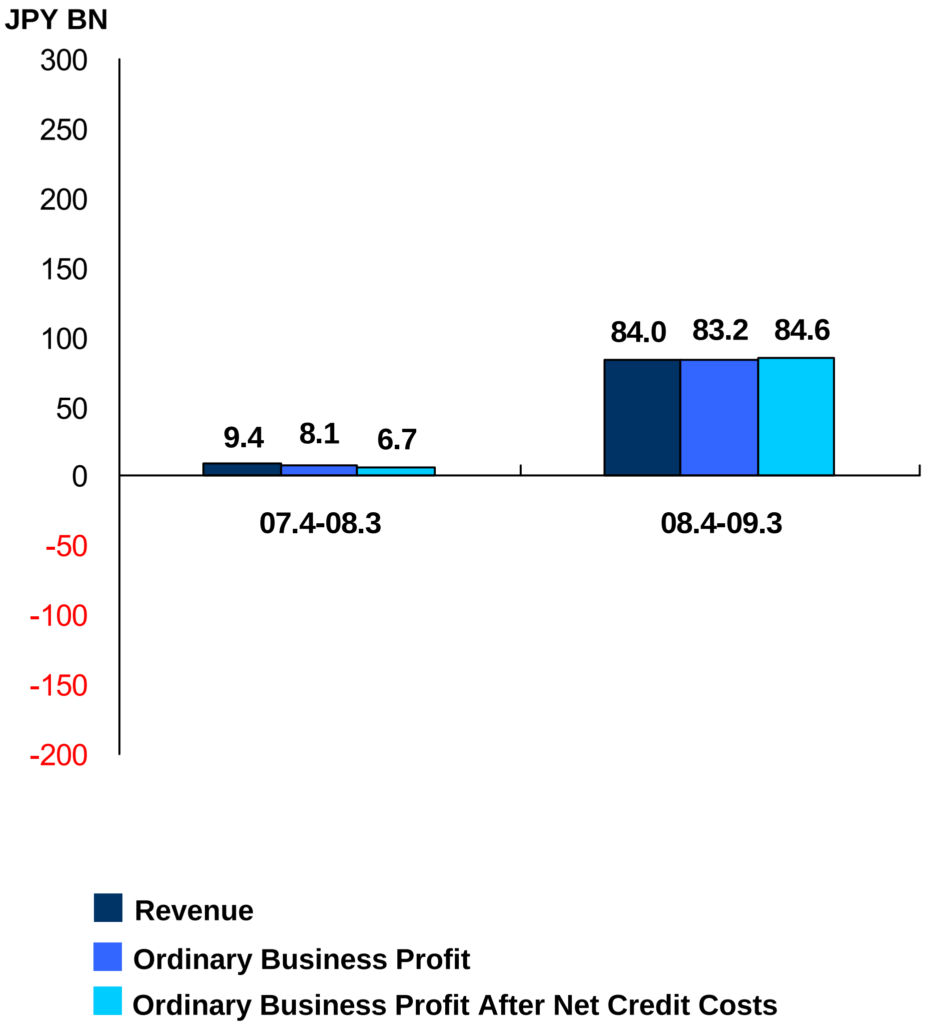
Corporate/Other Results

Fiscal Year Ended March 31, 2009

Corporate has played a major role…

Financial Results



Highlights

- Recorded JPY 74.1 billion in gains by repurchasing Shinsei preferred securities and subordinated debt largely in the 3Q and 4Q of FY2008

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Asset Quality

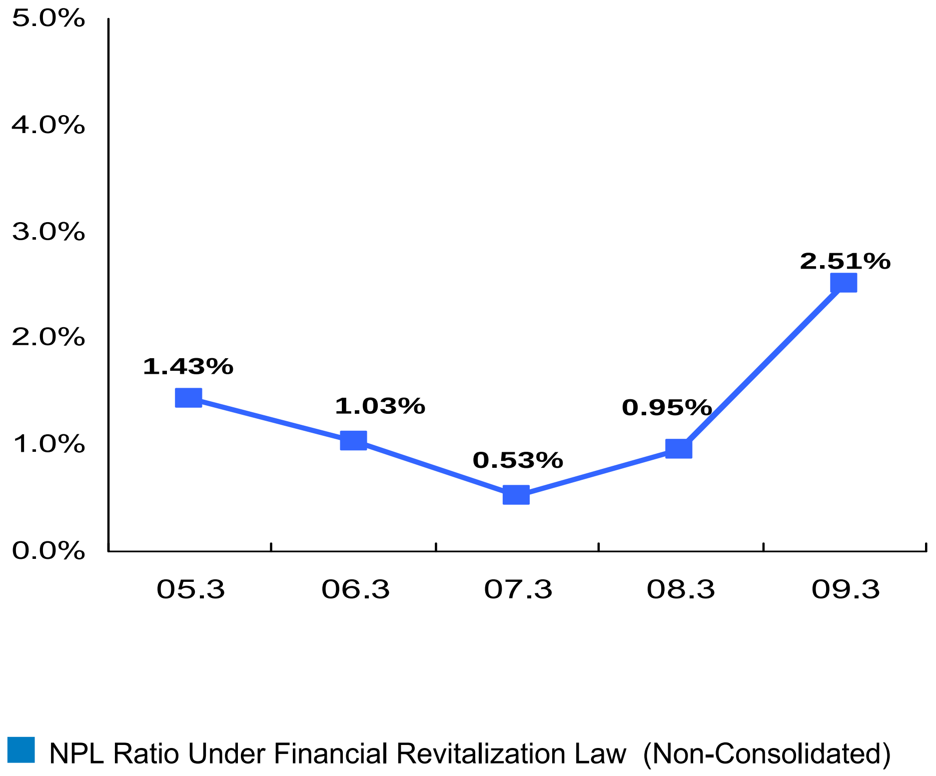
We are emphasizing prudent lending to avoid over-concentration risk…

Risk Monitored Loans

JPY BN	08.3		09.3	
	Total Loans	Risk Monitored Loans	Total Loans	Risk Monitored Loans
Transportation	377.6	7.6	331.6	6.0
Overseas Loans	490.5	26.4	460.9	39.8
Individual	865.8	1.2	905.3	5.3
Other	922.1	13.0	969.8	5.8
Real Estate and Construction	1,253.3	4.1	978.6	33.0
Finance and Insurance	1,446.5	0.4	1,521.2	51.1
Total	5,356.3	53.0	5,168.0	141.0
Loans to Bankrupt Obligors		0.5		23.9
Non-Accrual Delinquent Loans		22.8		110.2
Loans Past Due for 3 Months or More		0.1		3.7
Restructured Loans		29.4		3.1
Total		53.0		141.0

(Non-Consolidated)

NPL Ratio



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Liquidity

... While working toward our goal to fund all interest-earning assets internally..

Overall Funding Composition

JPY BN	07.3	08.3	09.3
Total Customer Based Funding	6,124.2	6,469.0	6,947.6
Institutional Deposits	1,847.1	1,812.8	1,199.0
Institutional Debentures	321.3	320.2	367.4
Retail Deposits	3,573.8	3,993.7	5,073.0
Retail Debentures	381.9	342.2	308.1
Call Money	692.7	632.1	281.5
Payable under Repurchase Agreements	–	–	53.8
Collateral Related Securities Lending Transactions	8.3	148.4	569.5
Commercial Paper	171.3	–	0.1
Borrowed Money	1,122.6	1,127.2	1,012.3
Corporate Bonds	400.4	499.8	277.9
Total	8,519.5	8,876.5	9,142.7

Highlights

- Strong liquidity position with about JPY 1.8 trillion of cash, cash equivalents and liquidity reserves on hand in May 2009 accounting for about 15% of our balance sheet
- Customer based funding accounts for more than 75% of overall funding
- Goal is to ultimately have all interest-earning assets funded internally through retail deposits and debentures, core institutional deposits and debentures and capital

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Capital

...And are also implementing strategies to strengthen our capital base

Capital Adequacy Data

JPY BN	08.3	09.3
Basic Items (Tier I)	679.7	580.0
Supplementary Items (Tier II)	530.2	327.3
Deductions	(128.0)	(103.9)
Total Capital	1,081.9	803.4
Risk Assets	9,212.5	9,621.0
Total Capital Adequacy Ratio*	11.74%	8.35%
Tier I Capital Ratio**	7.37%	6.02%
Core Tier I Capital Ratio***	5.52%	4.03%
Tangible Common Equity Ratio****	4.28%	3.00%

Strategies

- Recognized JPY 74.1 billion from repurchase of Shinsei Bank preferred securities and subordinated debt
- While capital adequacy and Tier I capital ratios deteriorated due to loss, core Tier I capital and tangible common equity ratios remain relatively stable

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

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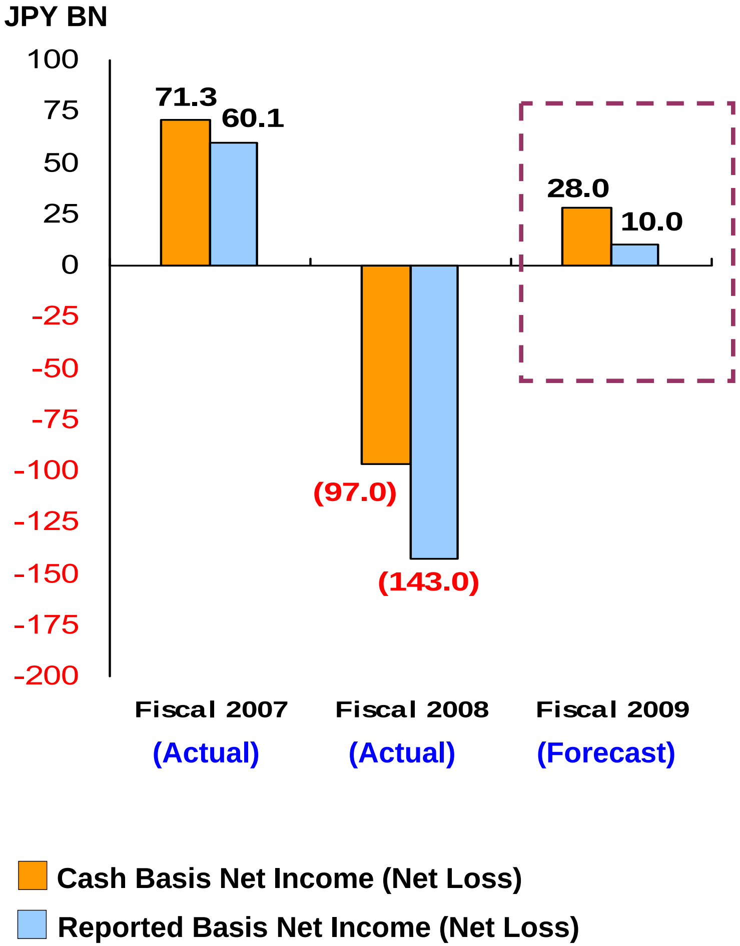
FY2009 Forecast

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 glimpses 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 remain challenged as we work to complete 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

Key Takeaways

Consolidated Results Overview

- Poor results in FY2008
- Results were negatively impacted by global economic turmoil
- Commenced cleanup of affected businesses and aggressively reduced expenses

Earnings, Asset Quality, Liquidity and Capital

- Fiscal year 2008 reported net loss of JPY 143.0 billion (cash basis net loss of JPY 97.0 billion)
- NPL ratio of 2.51% at the end of fiscal year 2008
- Maintaining strong liquidity position of JPY 1.8 billion as of May 2009
- Tier 1 ratio of 6.02%, Core Tier I ratio of 4.03% and Tangible Common Equity ratio of 3.00% as of March 31, 2009

Fiscal Year 2009 Forecast

- Forecast fiscal year 2009 consolidated cash basis net income of JPY 28 billion (consolidated reported basis net income of JPY10 billion and non-consolidated net income of JPY 10 billion)
- Continue to focus on Individual businesses as our primary earnings driver going forward
- Target to improve Tier I ratio to 7% by the end of fiscal year 2009
- Target NPL ratio below 2% (non-consolidated)

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- 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.

- Information concerning financial institutions other than the Company and its subsidiaries are based on publicly available information.

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