Business and Financial Highlights

Nine Months Ended December 31, 2011

Shinsei Bank, Limited
January 31, 2012

Overview of FY2011 3Q Results

1. Core Businesses Solid, Steps Taken this FY to Mitigate Future Risks	Highlights
2. Eliminate future grey zone risk this fiscal year	Highlights
3. Signs of Bottom-out for Loan Balance, Customer Franchise Growing	Business
4. Stronger Earnings Power, Continued Expense & Credit Cost Reduction	Profitability
5. Reduction of Non-Core Assets, Conservative Reserves Posted	Asset Quality
6. Capital Level Adequate, Ample Liquidity Maintained	Stable Financial Base
7. Commitment to MTMP[1] Targets & Stabilized Earnings Base	Commitment to MTMP[1]

[1]Medium-Term Management Plan

Key Points

- Core businesses solid
- Considering clearer impact of Money Lending Business Law, Takefuji bankruptcy and recent industry trends, expect to make lifetime provisions for grey zone reserves at FY-end to eliminate future grey zone risks
- Committed to achieving Medium-Term Management Plan final year (FY2012) profit targets

FY2011	3Q (9 months) consolidated reported basis net income:		JPY 20.6 billion
	3Q (9 months) consolidated cash-basis net income:		JPY 27.8 billion
FY2011	Additional grey zone reserves	3Q end:	JPY 11.0 billion
		4Q forecast:	Lifetime reserves
FY2011	Consolidated reported basis net income forecast (revised):		JPY 5.0 – 9.0 billion
	Consolidated cash-basis net income forecast (revised):		JPY 15.0 – 19.0 billion
FY2012	Consolidated reported basis net income (MTMP target):		JPY 51.0 billion
	Consolidated cash-basis net income (MTMP target):		JPY 60.0 billion

3Q FY2011 Overview

Core Businesses Solid, Measures Taken this FY to Mitigate Future Risks

Highlights

Stronger Earnings Power and Steady Progress in Cost Reductions

- **Revenue:** Down 36% year-on-year to JPY 155.0 billion
  - Strong progress in core businesses
  - Interest income down due to decrease in loan balance as result of full-scale implementation of revised MLBL[1] and reduction of non-core assets
  - Lower non-interest income due to absence of gains on repurchase of capital securities, downturn in financial markets etc.
- **Expenses:** Down 12% year-on-year to JPY 95.5 billion
  - Reductions in both personnel and non-personnel expenses due to continued intensive rationalization
- **Net credit costs:** Down 76% year-on-year to JPY 11.9 billion
  - Significant decrease due to reversal of major credit reserve, improvement in consumer finance loan quality and decrease in loan balance, despite posting conservative reserves for specialty finance, etc.
- **GZ reserves:** JPY 11.0 billion in the 3Q of FY2011
  - Recorded additional grey zone reserves based on factors including actual grey zone interest repayments and the balance of reserves
- **Consolidated net income:** Down 68% year-on-year to JPY 20.6 billion. Cash-basis net income also decreased 62% year-on-year to JPY 27.8 billion
- **Non-consolidated net income:** Down JPY 11.1 billion year-on-year to JPY 0.9 billion due partly to impairment of shares in the 2Q of FY2011 and expenses from Lake business

Loan Balance Shows Signs of Bottoming-out, Solid Business Base

- Signs of bottoming out in unsecured personal loan balance and strong start for "Shinsei Bank Card Loan – Lake"
- Steady progress in new housing loan disbursements
- Solid increase in new disbursements, with "scrap and build" progressing in real estate non-recourse finance

NPL Ratio Increased but Coverage Ratio Remains High

- Further progress in non-core assets reduction
- Specialty finance-related NPL balance increased but coverage ratio remains high

Full Year Forecasts Revised Down to Eliminate Future Grey Zone Risks

- Full-year consolidated reported basis net income forecast revised to between JPY 5.0-9.0 billion and consolidated cash-basis net income revised to between JPY15.0-19.0 billion due to factors including expectation that we will record lifetime provisions for grey zone reserves to eliminate grey zone interest risk in the future

Commitment to Achieving MTMP Final Year Targets

- Measures taken this FY will position us well to achieve our fiscal year 2012 MTMP targets of JPY 51.0 billion in consolidated reported basis net income and JPY 60.0 billion in consolidated cash-basis net income

Capital Ratios at Adequate Level

- Capital ratios remains at adequate level through profit accumulation and other factors
- Ample liquidity position of JPY 1.3 trillion

[1] Money Lending Business Control and Regulation Law

(Reference) Pro-forma Net Income[1]

3Q FY2011 Core Businesses Solid

Highlights

(Consolidated, JPY billion)

Earnings	3Q FY2010 (9 Months)	3Q FY2011 (9 Months)
[Consolidated]		
Total Revenue	242.1	**155.0**
General and Administrative Expenses	108.4	**95.5**
Ordinary Business Profit	133.6	**59.4**
Net Credit Costs	49.3	**11.9**
Reported Basis Net Income (1)	64.0	**20.6**
Cash Basis Net Income (2)	72.6	**27.8**

《Non-Recurring Factors》

Positive Items included in Revenue	**6.3**
Negative Items included in Revenue	**-8.7**
Items included in Net Credit Costs	**-5.5**
Items included in Other Losses	**-10.1**
Corporate Tax Adjustments	**-0.7**
Sub-Total (3)	**-18.9**

(Reference) Pro-forma Net Income Excluding Non-recurring Items

Pro-forma Net Income (1)-(3)	**39.5**
Pro-forma Cash Basis Net Income (2)-(3)	**46.7**
Pro-forma Net Income Per Share	**14.88**
Pro-forma Cash Basis Net Income Per Share	**17.60**

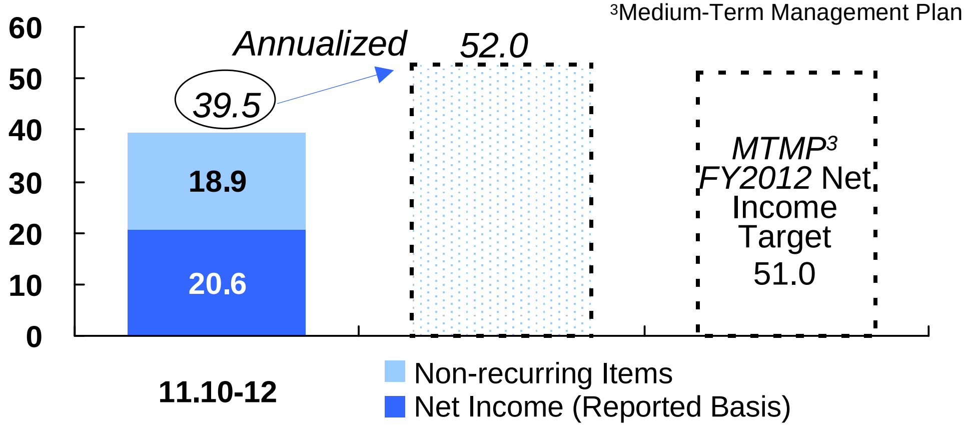
[1] Pro-forma net income refers to net income excluding non-recurring items. Details by category for figures for non-recurring items are given in the appendix of this presentation and Table 1-1 of the quarterly Financial Summary

Profitability	3Q FY2010 (9 Months)	3Q FY2011 (9 Months)
Net Interest Margin	2.28%	**2.02%**
Expense-to-Revenue Ratio	44.8%	**61.6%**
ROE (Annualized)	17.8%	**4.9%**
Cash Basis ROE (Annualized)[2]	23.6%	**7.4%**
ROA (Annualized)	0.8%	**0.3%**
Cash Basis ROA (Annualized)	0.9%	**0.4%**
Net Income Per Share (Yen)	32.63	**7.77**
Cash Basis Net Income Per Share (Yen)	36.97	**10.48**

[2] Previously, the denominator was calculated as: (Total capital at the beginning of period (Net assets – Share warrants – Minority interests) + Total capital at the end of the period)/2. However, from this disclosure, in order to reflect the cash-basis standard more fully, the denominator has been calculated as: ((Total capital – goodwill – intangible assets acquired in business combinations (net of associated deferred tax liability) at the beginning of the period) + the same values at the end of the period)/2.

Pro-forma Net Income and MTMP[3] Target

[3] Medium-Term Management Plan



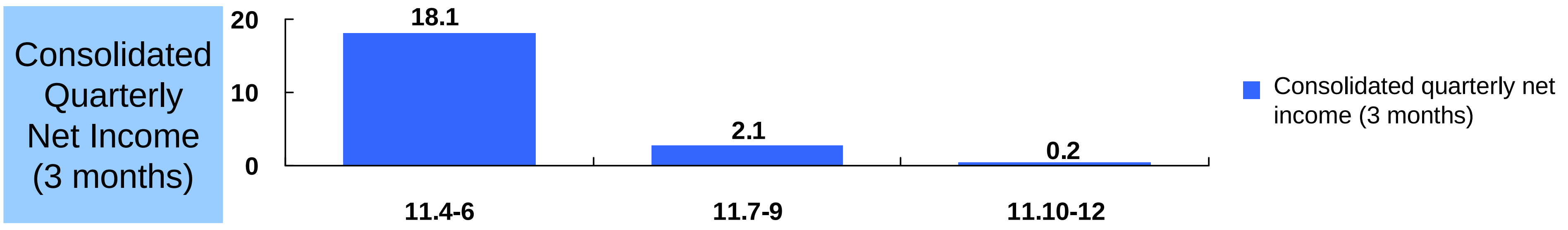
(Reference) Pro-forma Net Income[1]

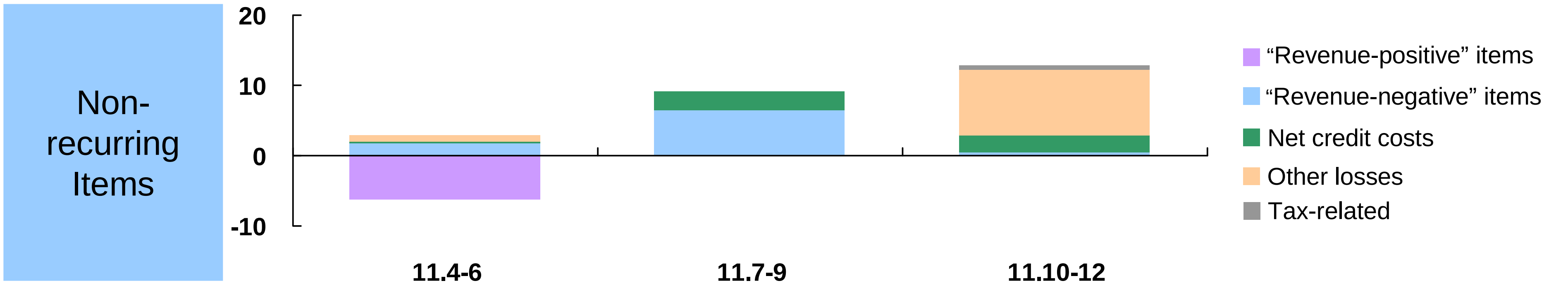
Stable Quarterly Net Income Excluding Non-recurring Items[1]

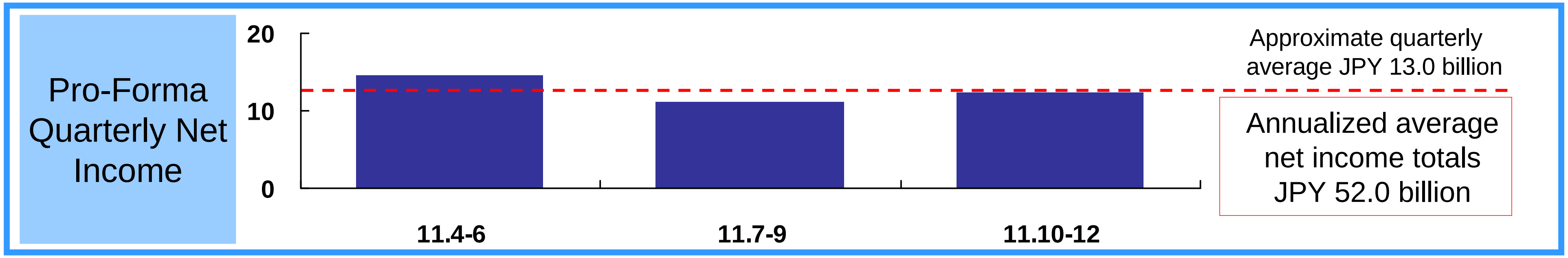
Highlights

(Consolidated, JPY billion)

- Stable quarterly net income when non-recurring items excluded
- Expect non-recurring items to be extremely limited going forward, following one-time measures taken this FY







[1] Pro-forma net income refers to net income excluding non-recurring items. Details by category for figures for non-recurring items are given in the appendix of this presentation and Table 1-1 of the quarterly Financial Summary

Grey Zone Interest Repayments

Eliminate Future GZ Risk through Provisions in 3Q and Lifetime Provisioning at FY-end

Asset Quality

(JPY billion)

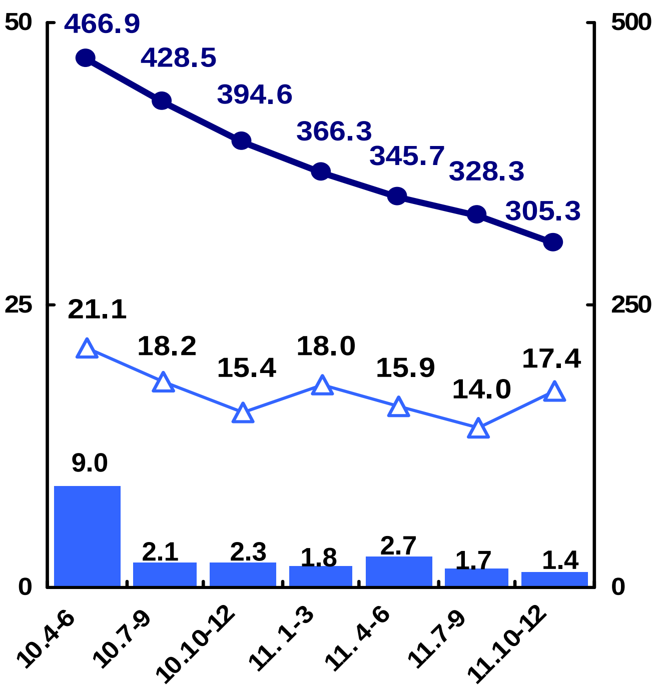
- Considering clearer impact of Money Lending Business Law, Takefuji bankruptcy and recent industry trends, expect to make lifetime provisions for grey zone reserves at FY-end to eliminate future grey zone risks
- Additional grey zone reserves posted in 3Q
- Will make lifetime provisions of grey zone reserves in 4Q FY2011 reflecting review of our reserve approach

(Unit: thousands)

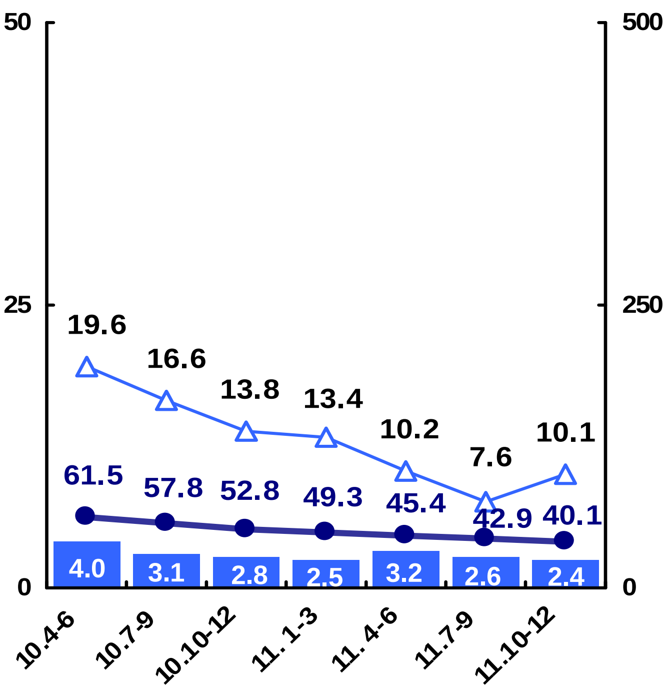
Trend in Number of Disclosure Claims	09. 1-3	09. 4-6	09. 7-9	09. 10-12	10. 1-3	10. 4-6	10. 7-9	10. 10-12	11. 1-3	11. 4-6	11. 7-9	11. 10-12
Shinsei Financial	52.4	48.5	41.2	41.0	38.1	34.4	29.0	36.2	38.6	25.0	19.5	17.8
Shinki	10.3	9.2	7.7	7.5	6.4	5.8	5.2	6.1	6.2	4.1	3.1	3.0
APLUS FINANCIAL	5.2	5.7	5.4	4.8	4.4	4.5	4.3	4.8	4.6	4.2	2.9	2.9

○ Peak

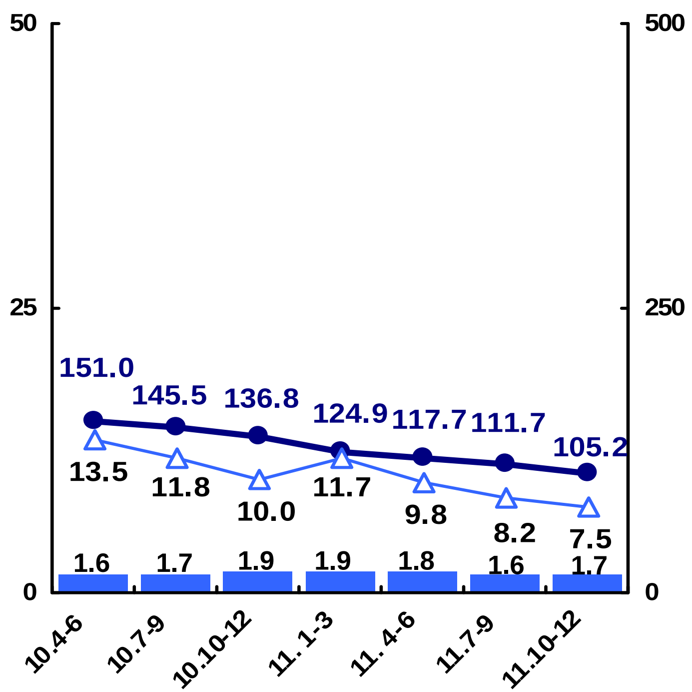
Shinsei Financial[1]



Shinki



APLUS FINANCIAL



■ Debt Write-off Amount and Interest Repayment Amount (left)
△ Reserves (left) ● Unsecured Personal Loan Amount (right)

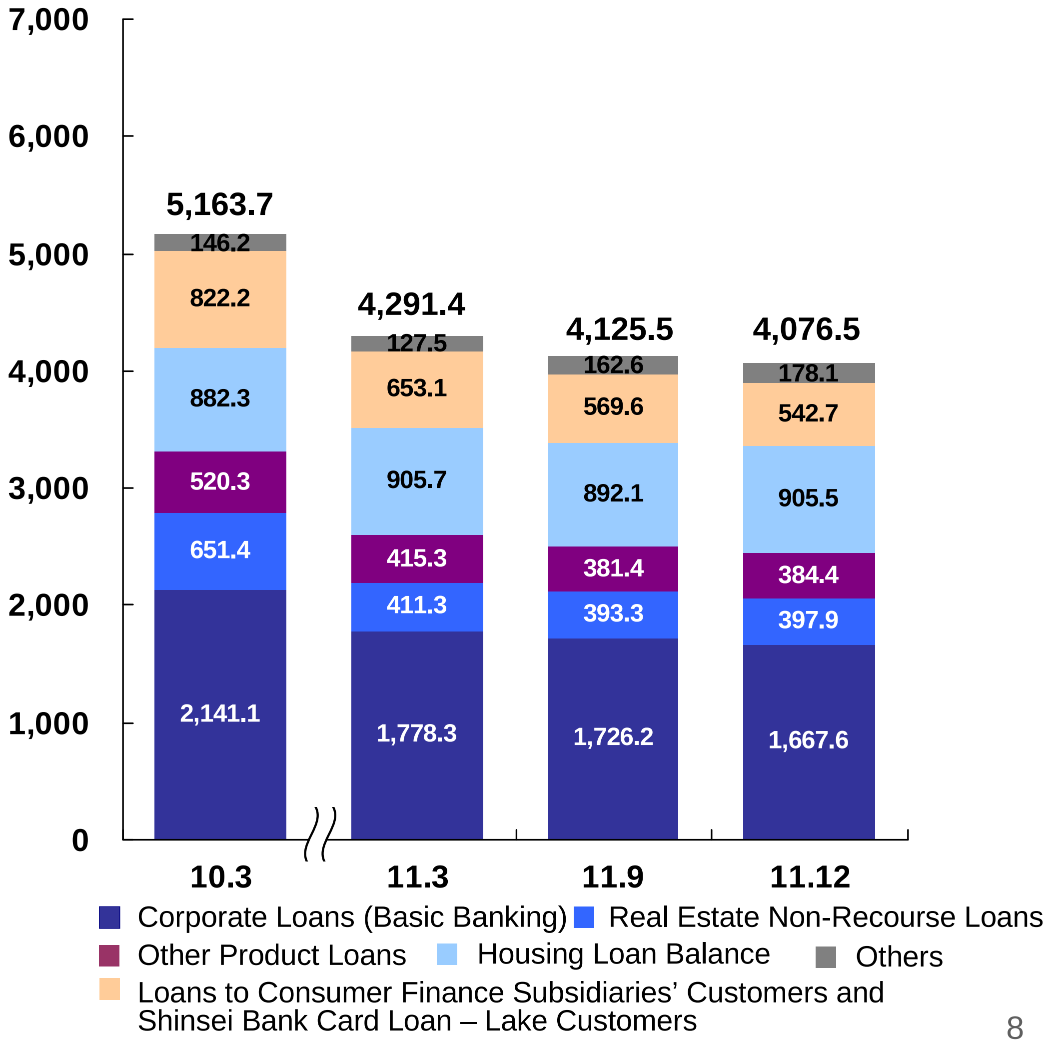
[1] Certain portion of Shinsei Financial's portfolio is covered by GE indemnity contract. Interest repayment amount is net of refunds subject to GE indemnification

Loan Balance Bottoming Out & Stable Funding Base

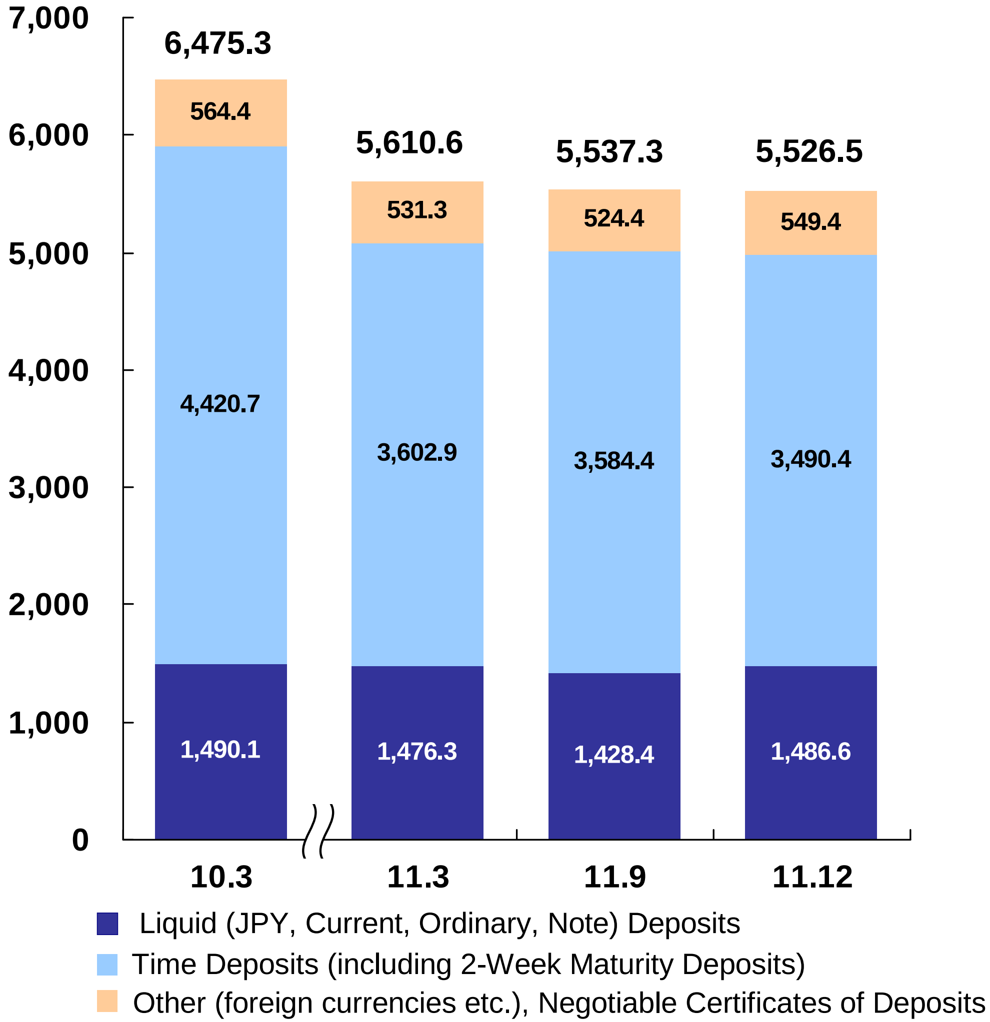
(Consolidated, JPY billion)

- Signs of loan balance bottoming out
- Bank-issued housing loan balance growing strongly and continuing to show net increase, despite the sale of a portion of housing loans (at end of September)
- Maintaining stable funding based centered on retail deposits

Loan Composition



Deposit Composition

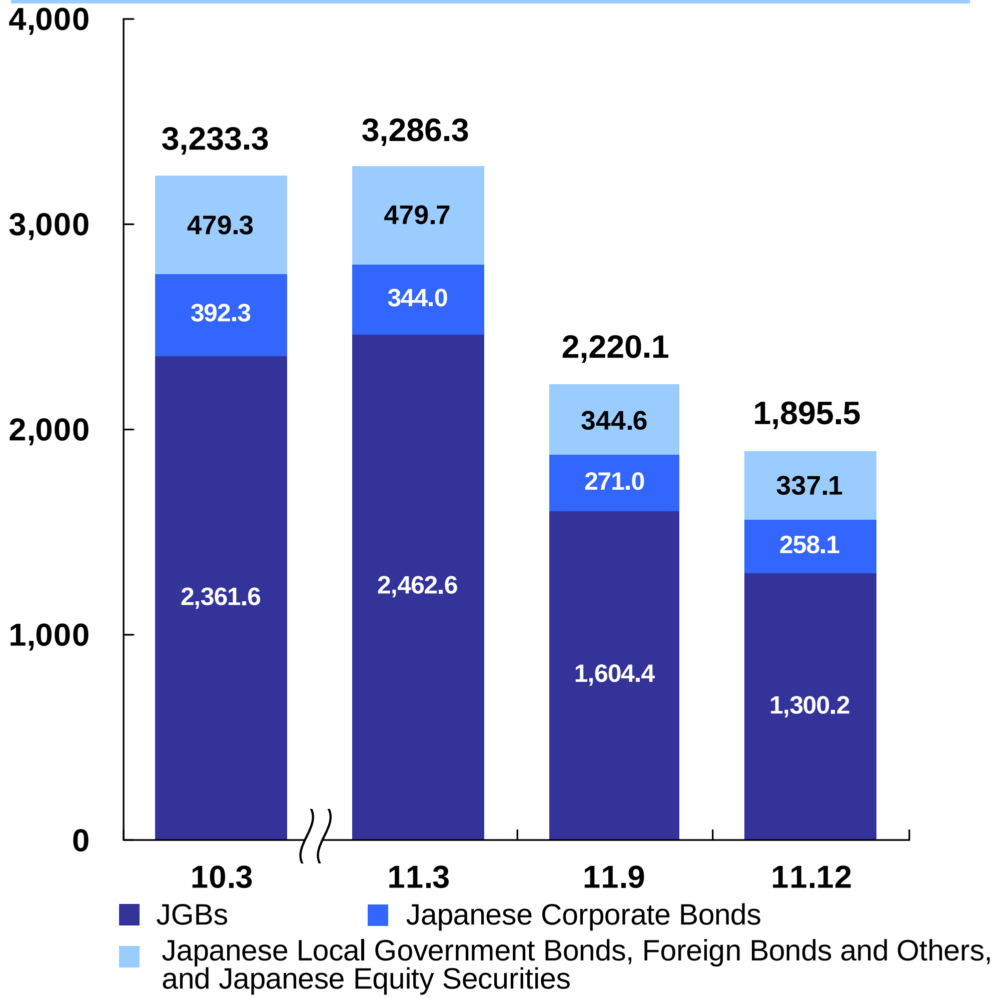


Scaling Back Securities Exposure

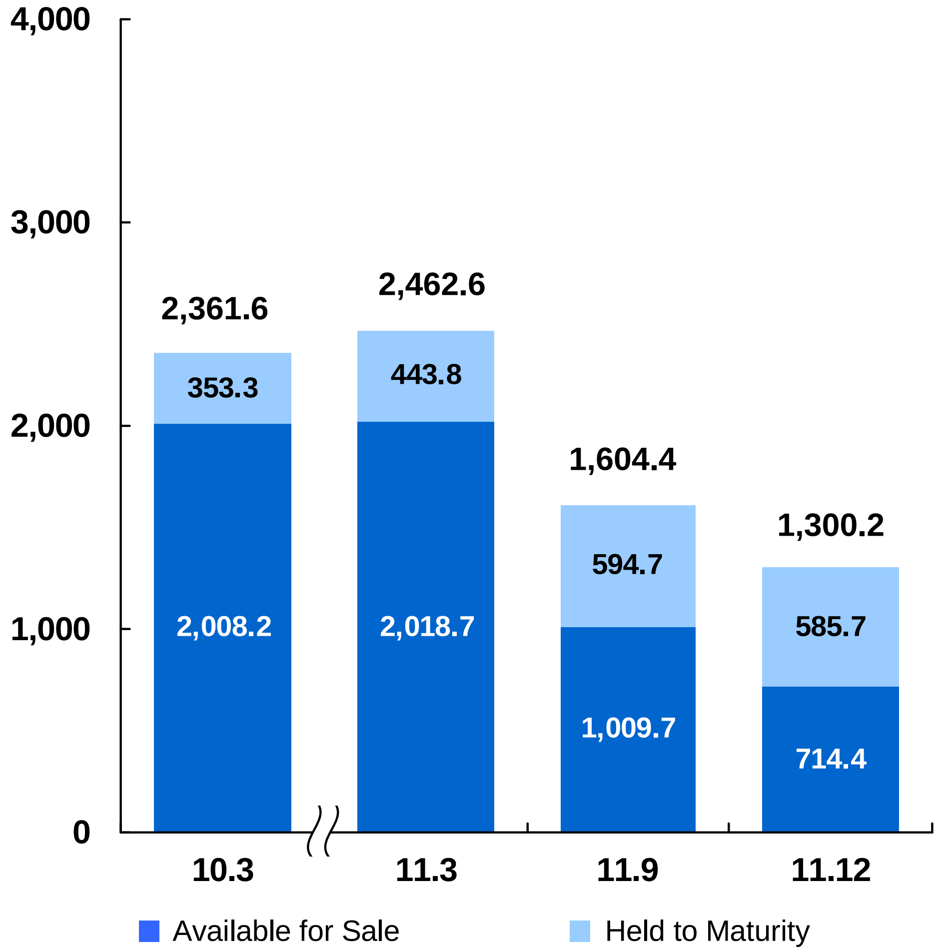
(Consolidated, JPY billion)

- Decrease in securities balance largely due to reduction of JGBs to reduce negative carry
- Optimizing JGB portfolio by increasing relative amount of JGBs held-to-maturity
- No exposure to European sovereign debt. Actual GIIPS exposure[1] is to Italy only (JPY1.7 billion)

Securities Composition



JGBs



[1] Exposure indicates the outstanding balance (including lending) after reserves coverage, guarantee and hedge adjustments to GIIPS (Greece, Ireland, Italy, Portugal, and Spain)

Unsecured Personal Loan

Pace of Decline in UPL Balance Slowing, Signs of Nearing Bottom-out

Business

(JPY billion)

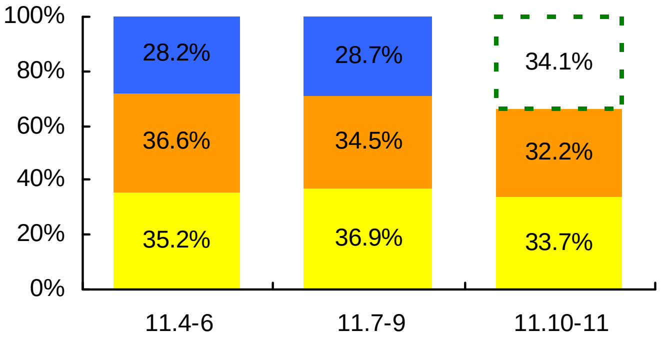
- Shinsei to continue proactive development of high profitability unsecured personal loan (UPL) business, despite impact of revised MLBL putting pressure on loan balance
- Good start in “Shinsei Bank Card Loan – Lake” offered directly by the Bank from October 2011
- Aiming for quick rebound in UPL balance

Shinsei Bank Card Loan - Lake

■ Highlights from October to December 2011

- Number of new customers acquired: 36 thousand
- Approval rate: 37.6%
- UPL Balance: About JPY 9.0 billion
- Launched Smart Phone site (December 20, 2011)

Share of New Customer Acquisition[1]



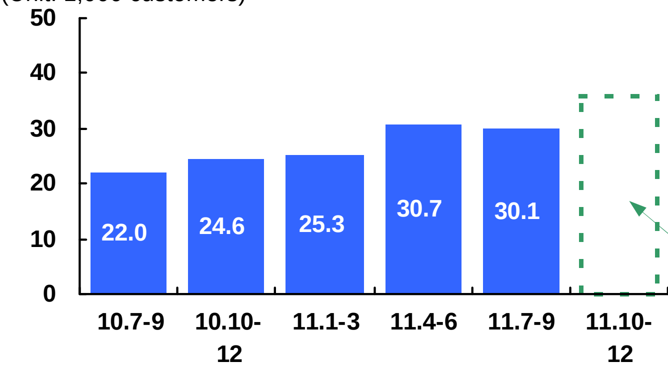
Shinsei Financial | Shinsei Bank Card Loan - Lake
Major Competitor A | Major Competitor B

[1] Data is a simple comparison of major consumer finance companies only, based on aggregate monthly figures. 11.10-11 figures are for Shinsei Bank Card Loan – Lake *(Source) Company disclosures*

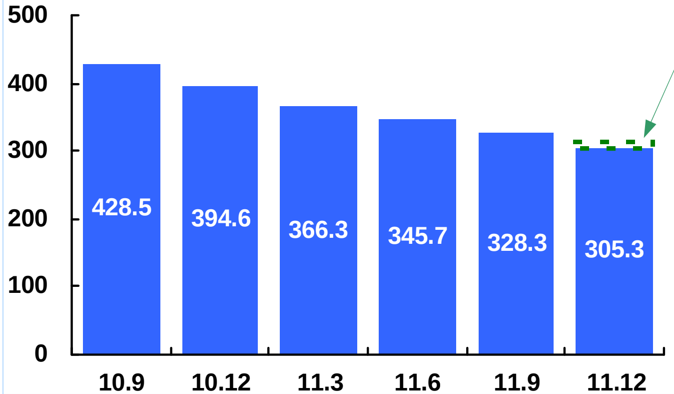
(Reference) Shinsei Financial UPL and Shinsei Bank Card Loan - Lake

Shinsei Financial : New Customer Acquisition (until September 2011)

(Unit: 1,000 customers)



Shinsei Financial : UPL Balance



Shinsei Bank Card Loan - Lake

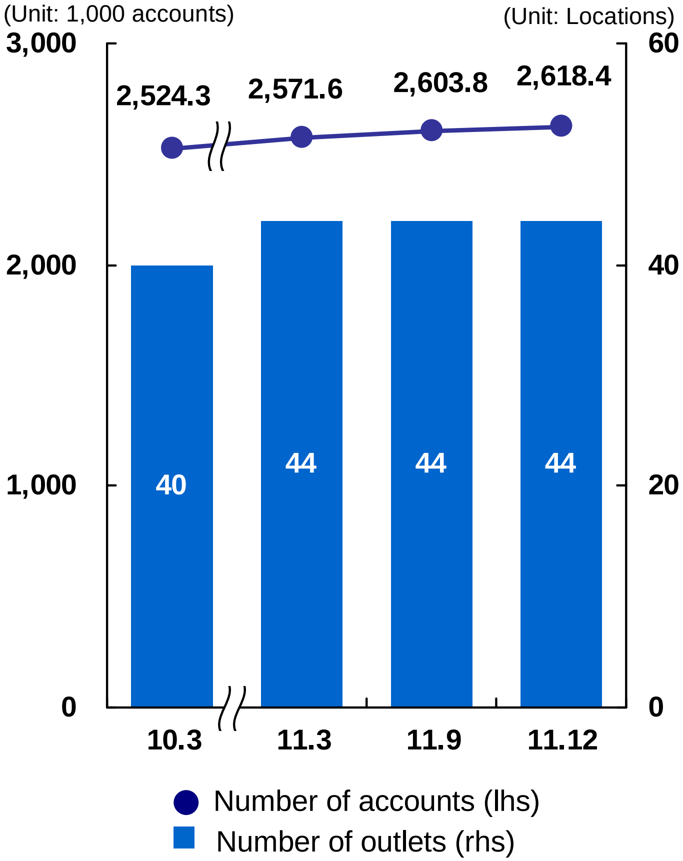
Retail Banking — Increase in Accounts, AUM and Housing Loans - Steady Expansion

Business

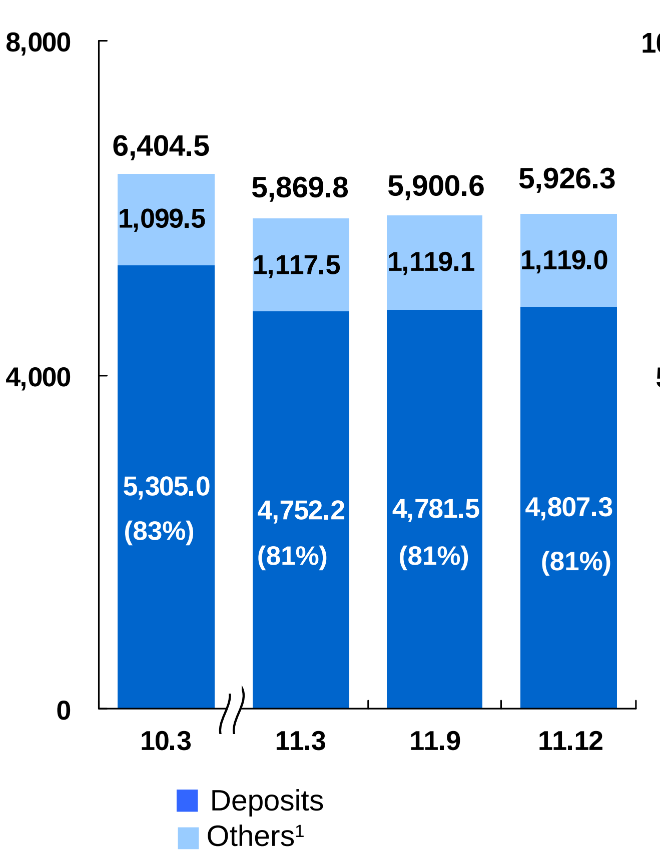
(JPY billion)

- Continuous increase in number of retail accounts, surpassing 2.61 million accounts at December-end
- Retail Banking Assets Under Management (AUM) and deposits slightly up on September 2011
- New housing loan disbursement trending at high level. JPY 41.8 billion disbursed in 3Q FY2011 (increase of 15% year-on-year) resulting in JPY 905.5 billion of housing loans outstanding

Retail Banking Accounts (thousands)
Number of Retail Banking Outlets

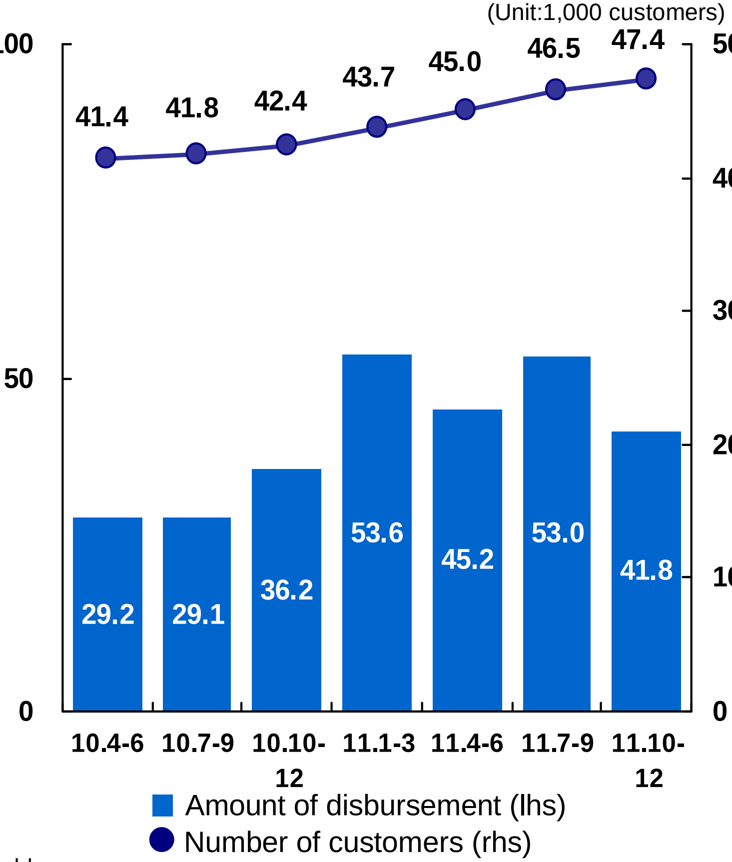


Retail Banking AUM



[1] "Others" include retail debentures, mutual funds and variable annuities, and structured bonds (financial instruments intermediary business)

Housing Loan Disbursement



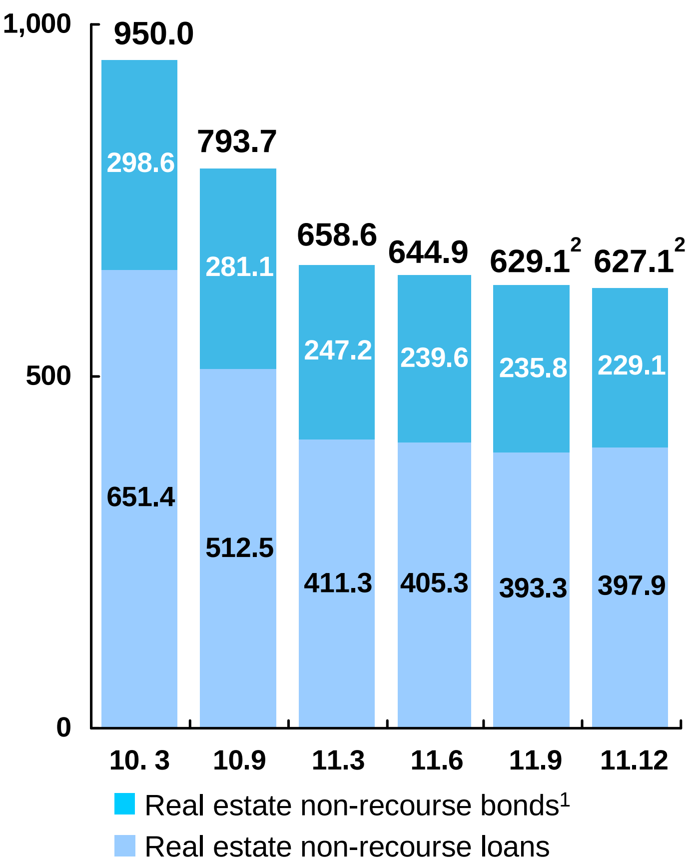
Real Estate Finance — Continuing Asset Replacement through New Disbursement

Business

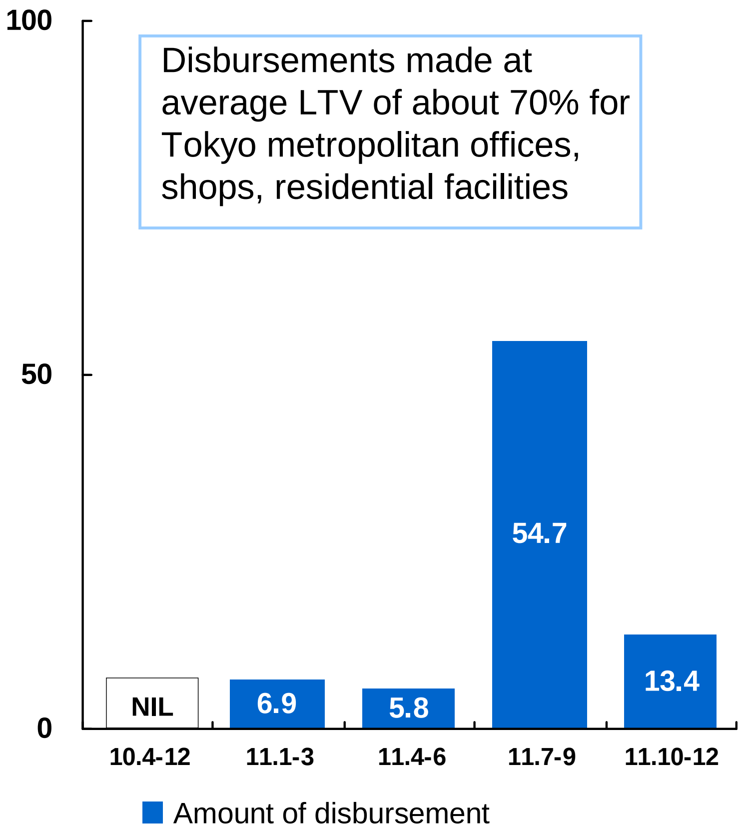
(Consolidated, JPY billion)

- Balance has largely bottomed out and made new disbursements while continuing reduction of non-performing loans
- Restarted new business from 4Q FY2010, large amount of disbursements made since 2Q FY2011
- Continuation of higher quality asset replacement

Balance



Disbursement



Region and Asset Category

(as at December 31, 2011)

Region	
Kanto (mainly Tokyo)	59.7%
Kansai (mainly Osaka)	13.3%
Other Regions	12.4%
Portfolio (Diversified)	14.6%
Total	100.0%

Category	
Office	34.9%
Retail (Shops)	17.5%
Residential	12.6%
Hotel	7.9%
Land	14.2%
Development	2.0%
Industrial/Parking/Other	3.4%
Other Portfolio (Diversified)	7.5%
Total	100.0%

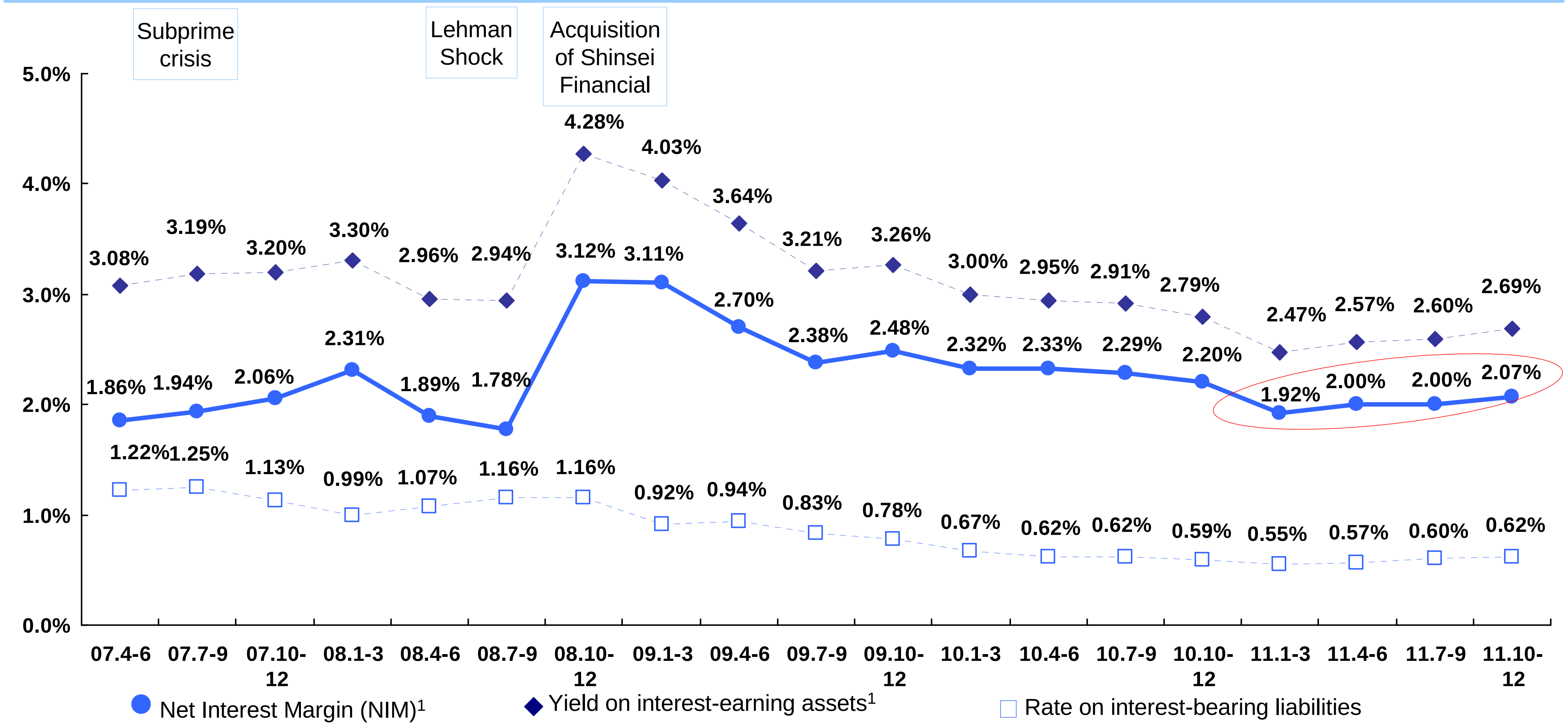
[1] Real estate non-recourse bonds includes other monetary claims purchased
[2] Excludes the portion (JPY 24.5 billion) eliminated through consolidation

NIM Bottomed-out

(Consolidated, JPY billion)

- Yield on interest-earning assets increased for three consecutive quarters as pace of decline in UPL yields due to lower loan balance subsides, and lower balance of JGBs
- NIM decreased to 1.92% in 4Q FY2010, but has recovered to over 2.00% since 1Q FY2011

Yield/Rate on Interest-Earning Assets[1]/Interest-Bearing Liabilities and Net Interest Margin (NIM)[1]



[1] Includes income on leased assets and installment receivables

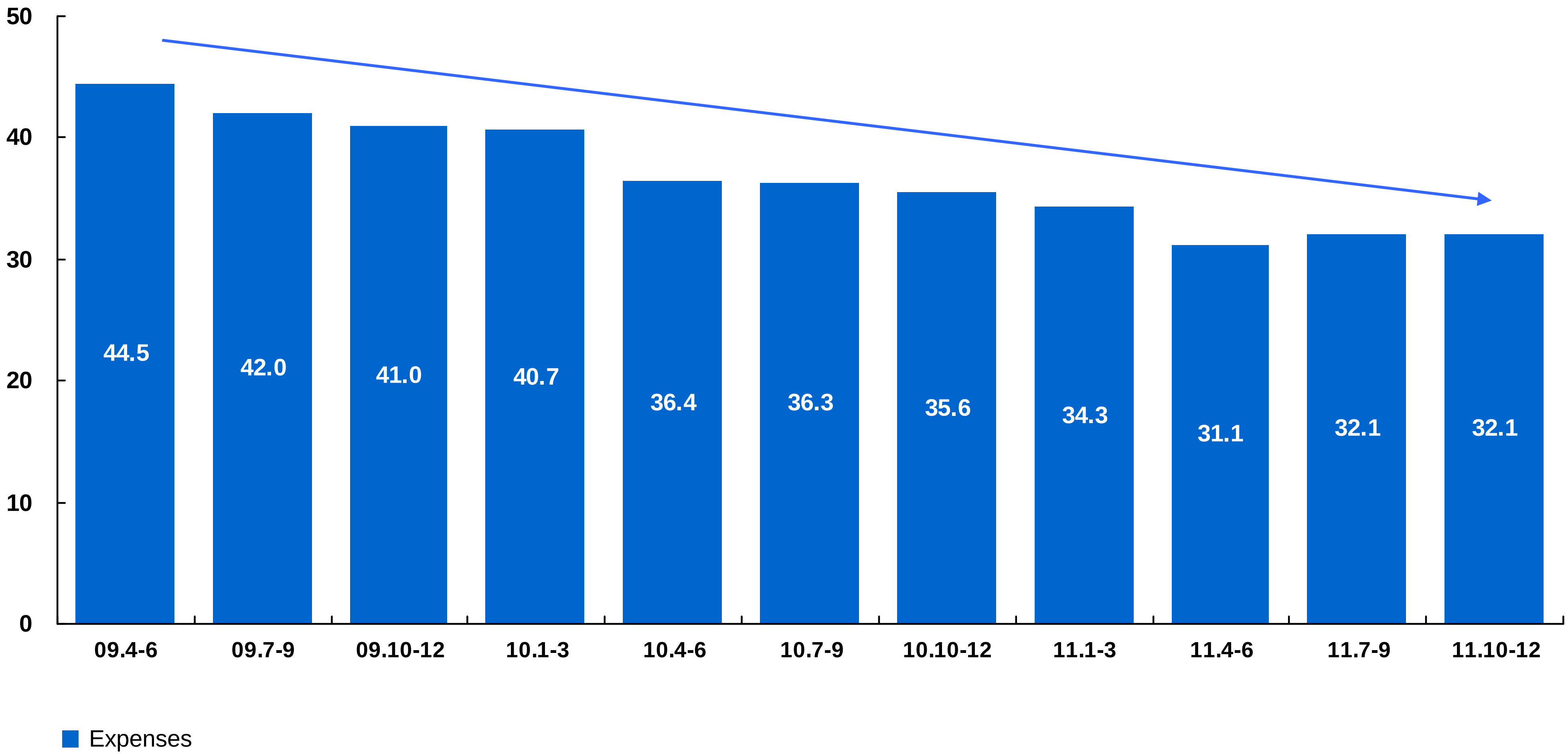
Expenses Continued Intensive Rationalization

Profitability

(Consolidated, JPY billion)

- Decrease in both personnel and non-personnel expenses due to optimization of business scale and continued intensive business rationalization
- Premises expenses decreased significantly due to head office relocation and consumer finance subsidiaries' branch optimization
- Strategic allocation of expenses to core businesses and areas targeted for expansion

Quarterly Expenses Trend



Net Credit Costs

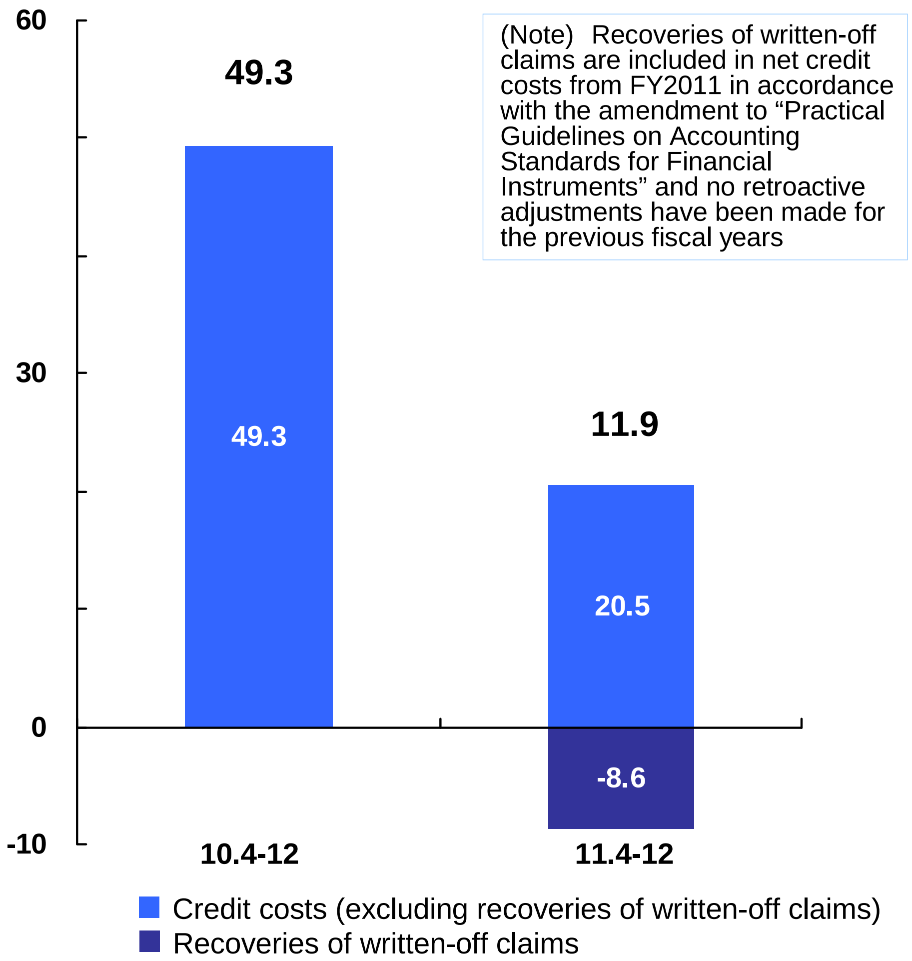
Down due to Strict Credit Management

Profitability

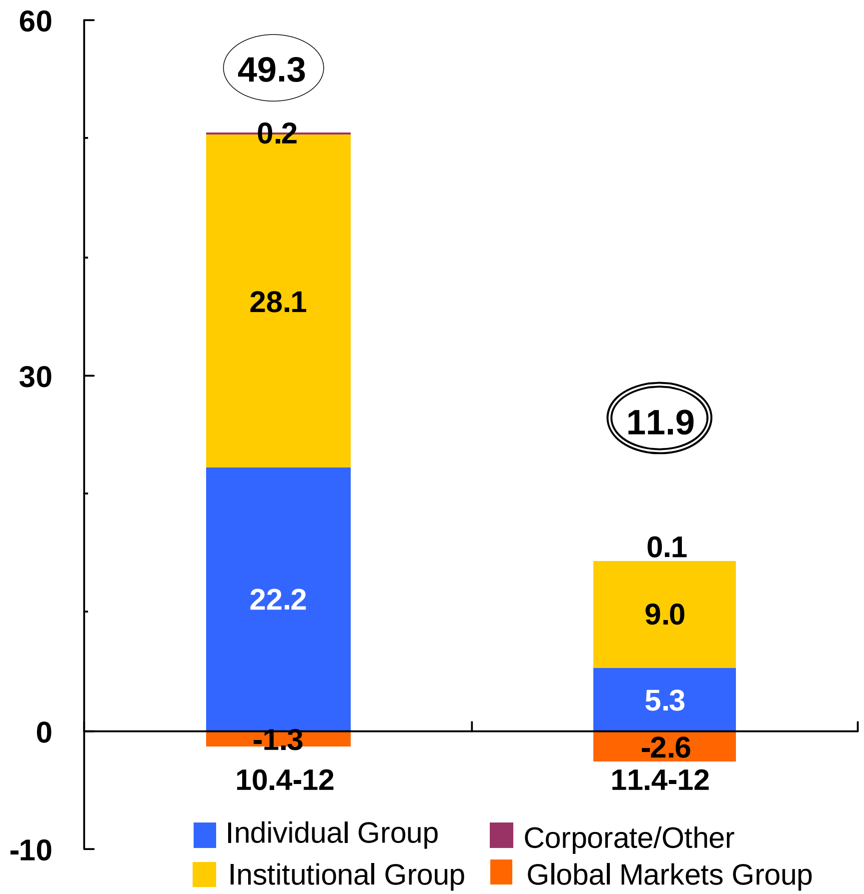
(Consolidated, JPY billion)

- Marginal credit costs in institutional business as reversal of major credit reserve offset conservative reserves in specialty finance
- Lower credit costs in the consumer finance business due to decline in consumer finance loan balance and improvements in loan quality as a result of factors including strict credit management
- Net credit costs substantially lower even after excluding JPY 8.6 billion in recoveries of written-off claims

Breakdown of Net Credit Costs



Breakdown by Business Group[1]



[1] Negative net credit costs indicates reversal of provision of reserves, or recoveries of written-off claims (recorded in FY2011). Provision of reserves for losses on grey zone interest repayment is included in "Other losses," not in "Net credit costs"

Individual Group

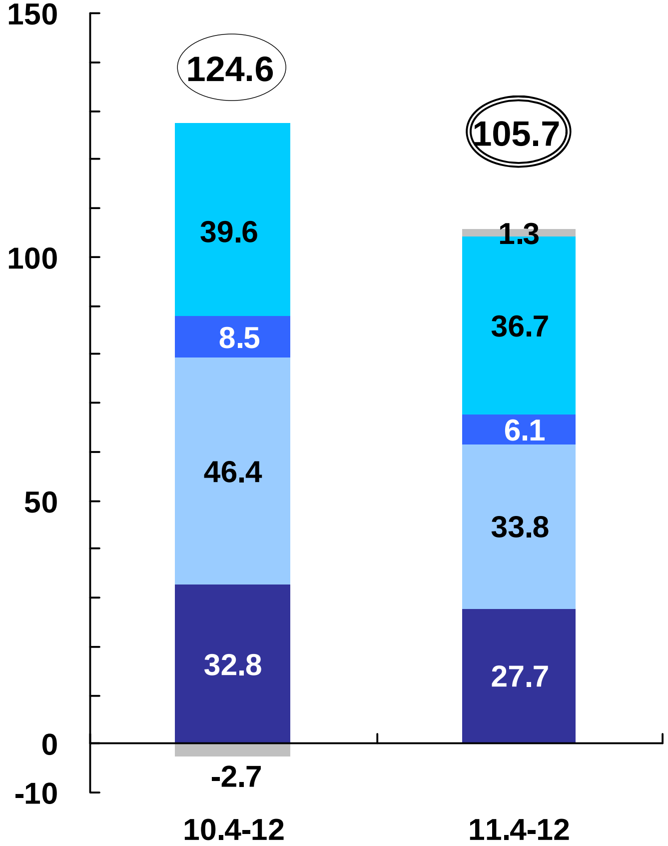
Good Progress with going "Back on the Offensive"

Profitability

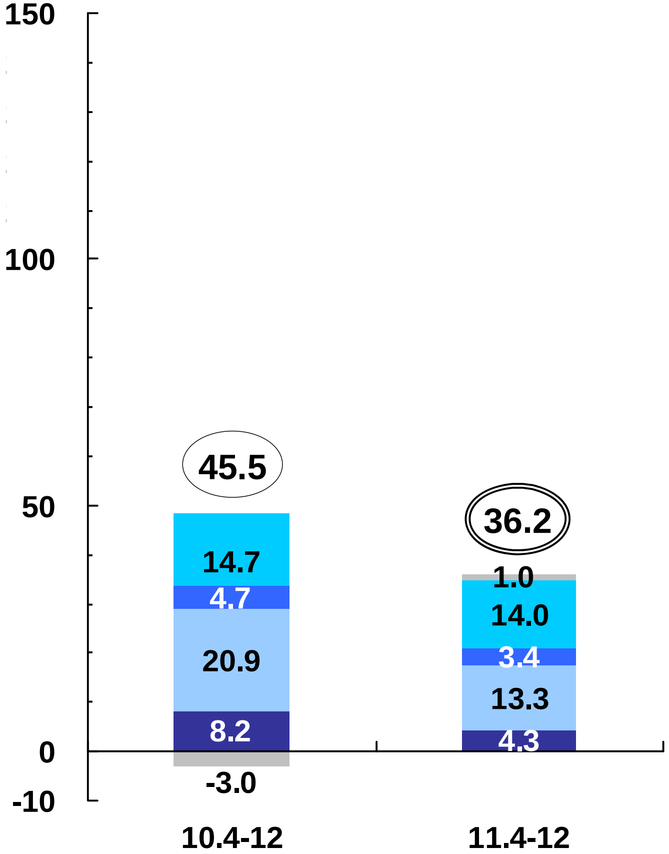
(Consolidated, JPY billion)

- In retail banking, expense reduction driven by improved efficiency helped offset revenue decline due to low interest rates and downturn in Japanese and overseas financial markets, and to mitigate decline in OBP
- At consumer finance subsidiaries, reductions in expenses and net credit costs led to higher OBP after Net Credit Costs year-on-year

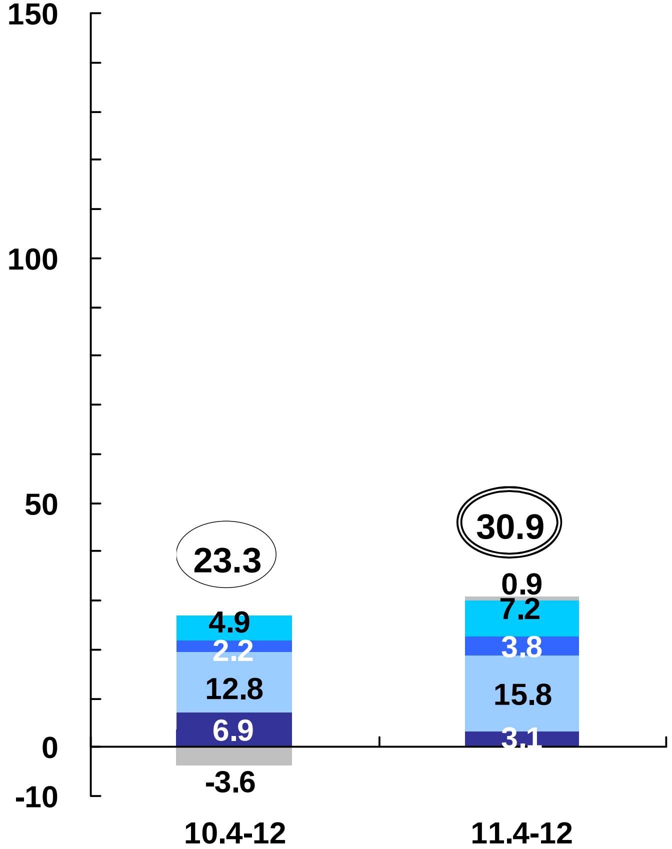
Revenue



Ordinary Business Profit (OBP)



OBP after Net Credit Costs[1]



■ Retail Banking ■ Shinsei Financial and Shinsei Bank Lake[2] ■ Shinki ■ APLUS FINANCIAL ■ Others

[1] Provision of reserves for losses on grey zone interest repayment is included in "Other losses," not in "Net credit costs."
3Q FY2011(9 months) results include JPY 6.8 billion of recoveries of written-off claims

[2] Results for Shinsei Financial and "Shinsei Bank Card Loan – Lake" in Lake business (started October 1, 2011) are combined on a management accounting basis from 3Q FY2011

Institutional Group / Global Markets Group — Good Progress with going "Back on the Offensive"

Profitability

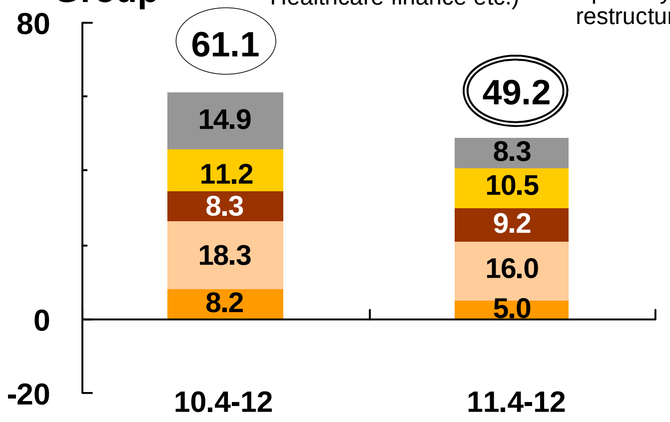
(Consolidated, JPY billion)

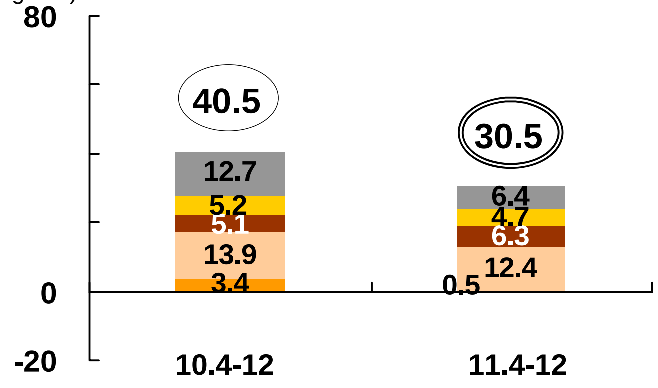
- Results reflect securities impairment due to downturn in financial markets, despite continuing efforts to expand customer franchise centering on middle-market and SMEs
- Strong performance by core businesses including real estate non-recourse finance and credit trading
- Absence of positive non-recurring items recorded last FY led to steep decline in Treasury

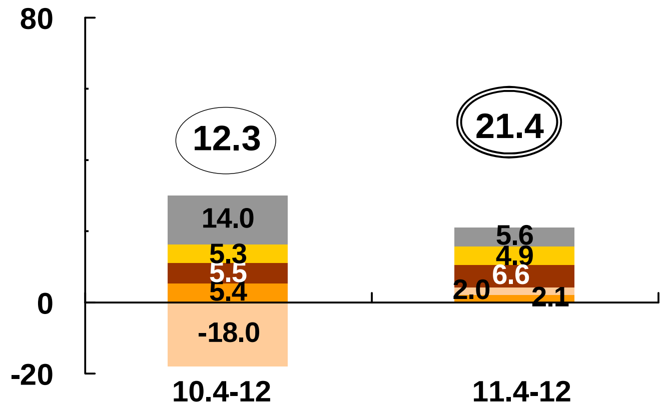
Revenue	Ordinary Business Profit (OBP)	OBP after Net Credit Costs[1]

Institutional Group

Institutional Business (Institutional business, Healthcare finance etc.) / Structured Finance (Real estate non-recourse finance, Specialty finance, Corporate restructuring etc.) / Principal Transactions (Credit trading, Private equity etc.) / Showa Leasing / Others (Advisory, ABI etc.)

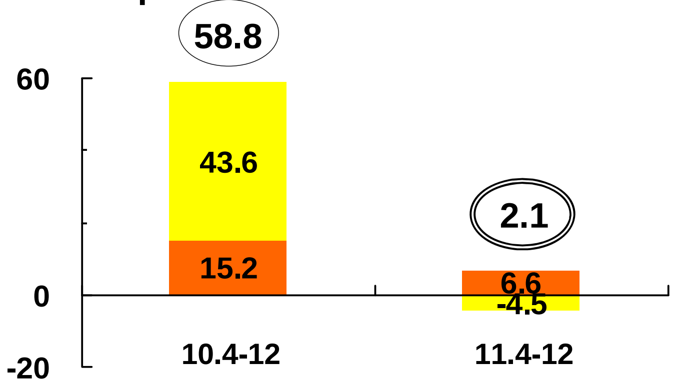


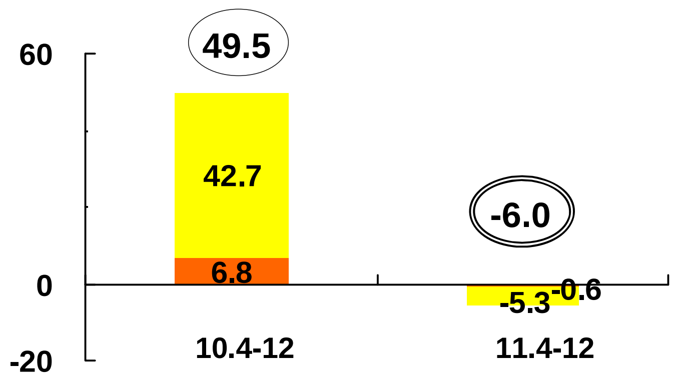


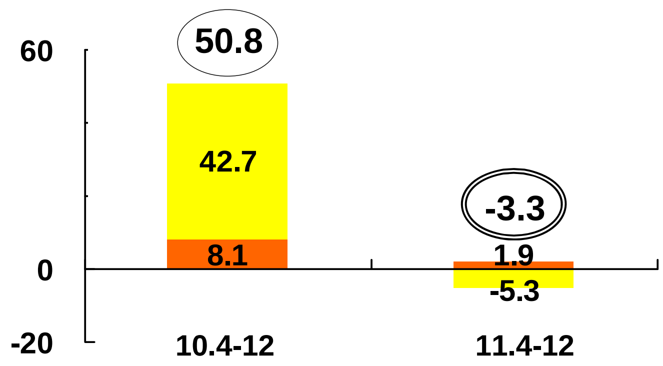


Global Markets Group

Financial institutions business, Markets, Asset management / Treasury







[1] 3Q FY2011(9 months) results include JPY 0.5 billion of recoveries of written-off claims in Institutional Group and JPY 1.3 billion in Global Markets Group

Non-Core Assets

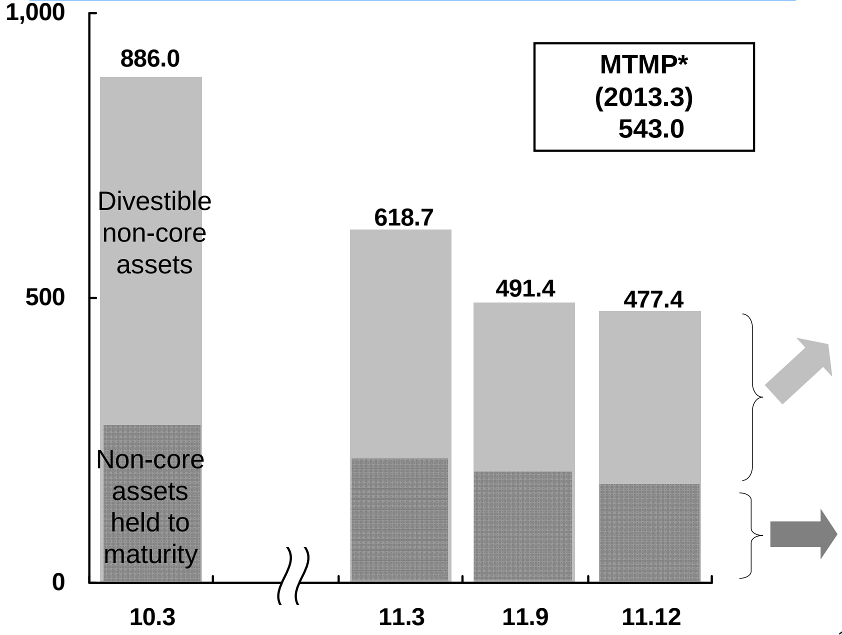
Achieved Targets a year-and-a-half ahead of Initial Plan

Asset Quality

(Consolidated, JPY billion)

- Non-core assets reduced by JPY 141.3 billion in FY2011 and approximately JPY 400 billion in the past 21 months. Already achieved Medium-Term Management Plan (MTMP) targets
- NPLs in non-core assets are JPY 15.7 billion as of December 2011. Covered via partial write-off, reserves and collateral
- Expect limited PL impact from disposal going forward. Average spread on remaining non-core assets is under 1%

Outstanding Balance of Non-core Assets



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

Non-core Assets Composition by Asset Type, by Region

	Balance (2011.12)	Loan	Securities	Region U.S.	Europe	Asia, Others	Japan
【Divestible】							
Inv.-grade corp. bonds	131.9	1.2	130.7	52.4	36.5	37.0	6.0
ABI[1]	54.5	29.9	24.5	7.6	44.1	-	2.8
Wealth management	27.0	27.0	-	-	-	-	27.0
PE fund investment	22.2	0	22.1	0.4	2.7	9.7	9.3
Real estate investment	14.9	11.2	3.7	-	-	-	14.9
Others[2]	47.6	① -	② 47.6	4.3	③ 31.2	6.0	6.0
Total (1)	**298.0**	**69.4**	**228.6**	**64.8**	**114.5**	**52.7**	**66.1**
【Held to maturity】							
Housing loan warehousing	140.5	-	140.5	-	-	-	140.5
CLO[3]	38.9	-	38.9	29.9	9.0	-	-
Total (2)	**179.4**	**-**	**179.4**	**29.9**	**9.0**	**-**	**140.5**
Grand Total ((1)+(2))	**477.4**	**69.4**	**408.0**	**94.7**	**123.5**	**52.7**	**206.6**

[1] "ABI" includes holding of JPY24.5 billion of bonds (corporate risk)
[2] "Others" is primarily comprised of investments in financial institutions. Remainder is a portion of the credit trading portfolio and alternative investments.
[3] CLOs from 24 issuers. 78% rated AAA, 5% rated AA, by Moody's, remainder unrated. 99% rated AA or above by S&P

Limited PL impact from non-core assets

① Only JPY 15.7 billion of NPLs, (mostly ABI) that are appropriately covered via partial write-off, reserves and collateral

② Evaluation losses for non-core securities with fair value that are divestible are only approximately JPY 0.9 billion as of December 31, 2011
- Investment grade corporate bonds from 72 issuers. 19% rated AA, 48% rated A, 32% rated BB

Securities without readily determinable fair value have been appropriately marked down based on self-assessment results
- PE primarily comprises fund-based investments across 51 issuers.
- Real estate equity investments cover 13 issuers (JPY 3.2 billion).

③ Majority of European exposures are in Germany and the U.K. Minimal GIIPS exposure

NPL

Specialty Finance-Related Increased; Maintaining High Coverage Ratio

Asset Quality

(Non-consolidated, JPY billion)

- While NPL balance was on steadily declining trend, specialty finance-related increased. Recorded conservative reserves
- NPL ratio up to 7.11%, 33 basis points up on March 2011
- Continue to apply conservative valuation standards for real estate collateral while maintaining high coverage ratio

Breakdown of Total Claims and Coverage by Credit Category[1]

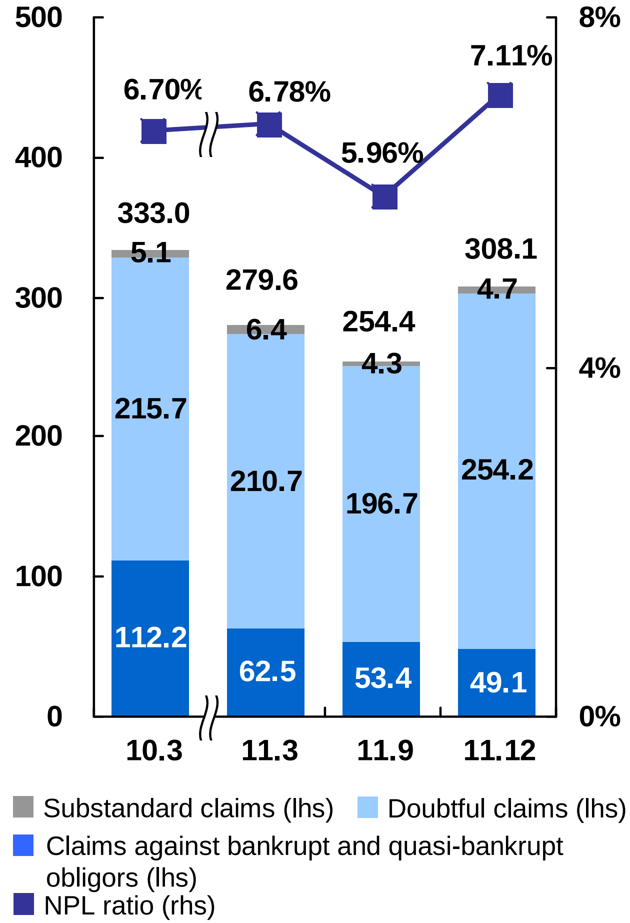
(as at December 31, 2011)

	Balance	Reserves for Loan Losses	Collateral/ Guarantees	Coverage Ratio	Partial Write-Off
Normal	3,652.1	24.7			0.0
Need Caution	370.0	13.3			0.1
Performing Loans sub-total	4,022.2	37.9			0.1
Substandard/Possibly Bankrupt	258.9	67.4	181.5	96.1%	0.1
Virtually/Legally Bankrupt	49.1	3.5	45.6	100%	77.6
Non-Performing Loans sub-total[2]	308.1	70.9	227.0	96.7%	77.7
Total Claims	**4,330.2**	**108.8**			**77.8**

[1] Coverage for total claims based on Financial Revitalization Law

[2] Of which, specialty finance related NPLs increased by JPY 53.0 billion between September and December-end 2011 while JPY 18.8 billion of reserves were added

NPL Amounts and NPL Ratio Based on Financial Revitalization Law



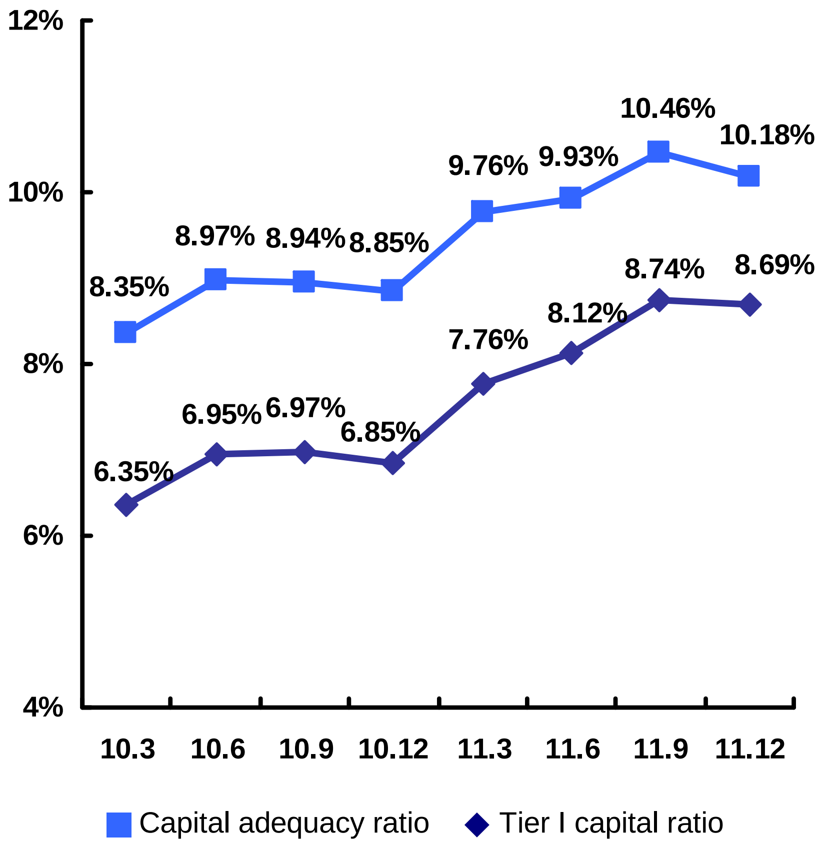
Stable Financial Base

Capital　　Capital Ratios at Adequate Levels

(Consolidated, JPY billion)

- Total capital decreased on September 2011 due to lower Tier II capital and other factors, and capital ratios remain at adequate levels
- Risk weighted assets increased only slightly despite addition of Stressed VaR with Basel 2.5
- Maintaining adequate level of Common Equity Tier I capital ratio (estimate) under Basel III

Trend of Capital Ratios (Basel II)



[1] Estimates have been made by Shinsei Bank based on information available at each time point. Estimate for December-end 2011 is based on the international standard

Capital Composition

	2011.9	2011.12	Change	(Reference) 2011.3
Basic Items (Tier I)	542.7	**541.2**	-1.5	516.7
Preferred Securities	56.4	**56.5**	0.1	56.8
Amount Eligible for Inclusion in Capital (Tier II)	211.2	**203.5**	-7.7	231.8
Perpetual Subordinated Debt and Bonds	28.1	**28.1**	-	28.8
Non-Perpetual Subordinated Debt and Bonds	174.4	**165.5**	-8.9	193.5
Deduction	-105.0	**-110.6**	-5.6	-98.6
Total Capital	648.8	**634.1**	-14.7	649.9
Risk Weighted Assets	6,203.3	**6,223.7**	20.4	6,653.7
Capital Adequacy Ratio	10.46%	**10.18%**	-28 bps	9.76%
Tier I Capital Ratio	8.74%	**8.69%**	-5 bps	7.76%

(Basel III Estimates[1])	**2011.9**	**2011.12** International standard	**Change**
Capital Adequacy Ratio (Estimate)	9.6%	**9.3%**	-30 bps
Tier I Capital Ratio (Estimate)	6.8%	**7.5%**	70 bps
Common Equity Tier I Capital Ratio (Estimate)	6.3%	**7.5%**	120 bps

Measures in FY2011 to achieve FY2012 MTMP Targets

Commitment to MTMP

(JPY billion)

	FY2010 Actual	FY2011 Forecast	3Q FY2011 Actual	(Reference) Medium-Term Management Plan (FY2012) Targets
[Consolidated]		Revised 2012/1/31		
Net Income	42.6	5.0～9.0	20.6	51.0
Cash Basis Net Income[1]	53.8	15.0～19.0	27.8	60.0
Basic Net Income Per Share[2]	21.36 yen	1.88～3.39 yen	7.77 yen	
Cash Basis Basic Net Income Per Share[2]	26.96 yen	5.65～7.16 yen	10.48 yen	
[Non-Consolidated]				
Ordinary Business Profit (OBP)	54.6	28.0	14.4	
Net Income	11.1	12.0	0.9	
Dividends	1 yen	1 yen		

- Full-year consolidated earnings forecasts revised as follows on January 31, 2012:
  - Consolidated reported basis net income forecast
    JPY 22.0 billion ⇒ JPY 5.0 billion ～ 9.0 billion
  - Consolidated cash basis net income forecast
    JPY 32.0 billion ⇒ JPY15.0 billion～19.0 billion
  - Expect to record lifetime provisions of grey zone reserves in 4Q FY2011 reflecting review of our reserve approach
  - Excluding the above measures, we expect our core businesses to be generally steady in 4Q
- Measures taken this fiscal year will position us well to achieve our FY2012 targets of JPY51.0 billion in consolidated reported basis net income and JPY60.0 billion in consolidated cash basis net income[1] as set out in our Medium-Term Management Plan
- Full-year non-consolidated earnings forecast revised as follows on January 31, 2012:
  - Non-consolidated reported basis net income forecast
    JPY 15.0 billion ⇒ JPY 12.0 billion

[1] Cash basis net income is calculated by excluding amortization of goodwill and other intangible assets, net of tax benefit
[2] Number of shares used for calculation was 2,653,919,247 for FY2011 Forecast and 3Q FY2011, and 1,996,056,234 for FY2010 Actual

Key Takeaways

1. Core Businesses Solid, Steps Taken this FY to Mitigate Future Risks

2. Eliminate future grey zone risk this fiscal year

3. Signs of Bottom-out for Loan Balance, Customer Franchise Growing

4. Stronger Earnings Power, Continued Expense & Credit Cost Reduction

5. Reduction of Non-Core Assets, Conservative Reserves Posted

6. Capital Level Adequate, Ample Liquidity Maintained

7. Commitment to MTMP[1] Targets & Stabilized Earnings Base

[1] Medium-Term Management Plan

Appendix

Appendix

Financial Summary

Good Performance Continues in Core Businesses for FY2011 3Q

(JPY billion)

Earnings	3Q FY2010 (9 months)	3Q FY2011 (9 months)	FY2010 (Reference)
[Consolidated]			
Revenue	242.1	**155.0**	292.1
Expenses	108.4	**95.5**	142.8
Ordinary Business Profit (OBP)	133.6	**59.4**	149.2
Net Credit Costs	49.3	**11.9**	68.3
OBP after Net Credit Costs	84.3	**47.5**	80.8
Net Income	64.0	**20.6**	42.6
Cash Basis Net Income	72.6	**27.8**	53.8
[Non-Consolidated]			
OBP	45.7	**14.4**	54.6
Net Income	12.1	**0.9**	11.1

Profitability	3Q FY2010 (9 months)	3Q FY2011 (9 months)	FY2010 (Reference)
Net Interest Margin (NIM)	2.28%	**2.02%**	2.19%
Expense-to-Revenue Ratio	44.8%	**61.6%**	48.9%
ROE (annualized)	17.8%	**4.9%**	8.5%
Cash Basis ROE(annualized)[3]	23.6%	**7.4%**	12.4%
ROA (annualized)	0.8%	**0.3%**	0.4%
Cash Basis ROA (annualized)	0.9%	**0.4%**	0.5%

Assets and Liabilities	2010.3	2011.3	2011.9	2011.12
Total Assets	11,376.7	10,231.5	8,940.5	**8,604.5**
Loans and Bills Discounted	5,163.7	4,291.4	4,125.5	**4,076.5**
Securities	3,233.3	3,286.3	2,220.1	**1,895.5**
Deposits and Negotiable Certificates of Deposit	6,475.3	5,610.6	5,537.3	**5,526.5**
Debentures	483.7	348.2	313.1	**305.5**
Non-performing Loans / Total Claims (%) (non-consolidated basis)	6.70%	6.78%	5.96%	**7.11%**
Coverage Ratio[1] (%)	97.6%	96.8%	97.0%	**96.7%**

Capital	2010.3	2011.3	2011.9	2011.12
Basic Items (Tier I)	490.7	516.7	542.7	**541.2**
Risk Weighted Assets	7,722.1	6,653.7	6,203.3	**6,223.7**
Total Capital	645.4	649.9	648.8	**634.1**
Total Capital Adequacy Ratio	8.35%	9.76%	10.46%	**10.18%**
Tier I Capital Ratio	6.35%	7.76%	8.74%	**8.69%**
Diluted Equity Per Share (yen)	232.72	205.83	214.07	**214.66**

Liquidity	2010.3	2011.3	2011.9	2011.12
Liquidity Reserves[2]	1,292	1,130	1,010	**1,330**

[1] (Reserve for loan losses + collateral + guarantees) / Amount of claims (Non-consolidated basis)
[2] Cash, unencumbered JGBs and other assets pledged to Bank of Japan

[3] Previously, the denominator was calculated as: (Total capital at the beginning of period (Net assets – Share warrants – Minority interests) + Total capital at the end of the period)/2. However, from this disclosure, in order to reflect the cash-basis standard more fully, the denominator has been calculated as:, ((Total capital – goodwill – intangible assets acquired in business combinations (net of associated deferred tax liability) at the beginning of the period) + the same values at the end of the period)/2.

Non-Recurring Items Have Decreased

Appendix

(Consolidated, JPY billion)

- Gains of JPY6.3 billion on sales of foreign equities, categorized as non-core assets (net of withholding tax), and JPY5.2 billion in impairment of major listed shares in the first half of FY2011
- Reversal of credit reserve mostly offset conservative reserves in specialty finance
- Recorded additional grey zone reserves at end of 3Q FY2011. Expect to make lifetime provisions for grey zone reserves at end of fiscal year reflecting review of our reserve approach

	3Q FY2010 (9 months)	3Q FY2011 (9 months)	(Reference) 3Q FY2011 (3 months)
Gains included in revenue	38.6	**6.3**	**-**
Gain from the sale of CLOs	4.3	**-**	**-**
Gain from buyback of preferred securities, subordinated debt	28.9	**-**	**-**
Gain from the sale and revaluation of ABS and ABI	5.2	**-**	**-**
Gain from the sales of foreign equities (net of withholding tax etc.)	-	**6.3**	**-**
Major positive items (1)	**38.6**	**6.3**	**-**
Mark-downs/impairments included in revenue	**-3.3**	**-8.7**	**-0.5**
Domestic real estate non-recourse finance (bonds)	-2.7	**-2.6**	**-0.4**
Japanese real estate principal investments	-0.5	**-**	**-**
Impairment of major listed shares	-	**-5.2**	**-**
Others	-	**-0.8**	**-0.0**
Items included in net credit costs	**-31.1**	**-5.5**	**-2.4**
Reversal of major institutional credit reserve		**17.2**	**17.2**
Specialty finance	-17.1	**-18.8**	**-18.8**
Domestic real estate non-recourse finance	-15.1	**-5.6**	**-0.9**
ABI	1.1	**-**	**-**
Others	-	**1.6**	**-**
Items included in other losses	**-3.5**	**-10.1**	**-9.3**
Losses on application of new accounting standard for asset retirement obligations	-3.5	**-**	**-**
Grey zone related provisions	-	**-11.8**	**-11.0**
Others	-	**1.6**	**1.6**
Corporate tax adjustment due to tax reform	**-**	**-0.7**	**-0.7**
Major negative items (2)	**-38.0**	**-25.2**	**-13.1**
(1) + (2)	**0.6**	**-18.9**	**-13.1**

(Note) This table shows items which are considered to be largely non-recurring

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- **The above description of Shinsei's medium-term plan contains forward-looking statements regarding the intent, belief and current expectations of our management with respect to our financial condition and future results of operations. These statements reflect our current views with respect to future events that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those we currently anticipate. Potential risks include those described in our annual securities report filed with the Kanto Local Finance Bureau, and you are cautioned not to place undue reliance on forward-looking statements.**
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