SHINSEI BANK

Business and Financial Highlights
Six Months Ended September 30, 2011

Shinsei Bank, Limited
November 14, 2011

Overview of FY2011 1H Results

1. Good 1H Results in the 2nd Year of Medium-Term Management Plan	Highlights
2. Loan Balance Shows Signs of Bottoming-out	Business
3. Stronger Earnings Power	Profitability
4. Improved Asset Quality	Asset Quality
5. Stronger Capital and Liquidity	Stable Financial Base
6. Commitment to Medium-Term Management Plan Financial Targets	Commitment to MTMP

Overview

Steady Earnings, Improved Asset and Capital Quality

Highlights

Stronger Earnings Power and Steady Progress in Cost Reductions

- **Revenue:** Down JPY50.0 billion (32%) year-on-year to JPY105.6 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
  - Decrease in non-interest income due partly to impairment of shares as result of downturn in financial markets while net fees and commissions increased
- **Expenses:** Down JPY9.4 billion (13%) year-on-year to JPY63.3 billion
  - Continued intensive rationalization
  - Reductions in both personnel and non-personnel expenses
- **Net credit costs:** Down JPY43.5 billion (83%) year-on-year to JPY8.8 billion
  - Significant decrease due to reduction of non-core assets, improvement in consumer finance loan quality and decrease in loan balance
- **Consolidated net income:** Up JPY3.4 billion (21%) year-on-year to JPY20.3 billion. Cash-basis net income also increased by JPY2.9 billion (13%) year-on-year to JPY25.6 billion
- **Non-consolidated net income:** Down JPY4.7 billion year-on-year to JPY4.5 billion due partly to impairment of shares as a result of downturn in financial markets in the 2Q of FY2011

[1] Money Lending Business Control and Regulation Law

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

- Signs of bottoming out in unsecured personal loan balance
  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

Improved Asset Quality

- Achieved target balance of non-core assets 1.5 years earlier than plan
- NPL ratio decreased while coverage ratio remains high
- Grey zone interest repayments on gradual declining trend

Higher Capital Ratios, Ample Liquidity

- All capital ratios increased through recording of net income and other factors
- Ample liquidity position of JPY1.0 trillion

FY2011 Full Year Forecast Unchanged

- While we made good progress towards full-year forecasts, no revision to forecasts as economic uncertainty remains in Japan and overseas

Individual Group: Expanding Steady Earnings Base

	Areas of Focus	Progress
Retail Banking	✓ Stabilize funding base and promote **lower funding costs** ✓ Further **enhance asset management business**, including product development to meet customer needs ✓ Enhance **asset management consulting**, especially targeting senior customers ✓ Further strengthen **housing loan business**, expanding new disbursement ✓ **Expand branch network**	■ Channeling maturing yen time deposits and structured deposits to automatic-rollover Two-Week Maturity Deposits while lowering interest rate for enhanced funding efficiency ■ Reactivating Shinsei Standard customers by offering forex commission discounts and direct marketing of insurance products ■ Significant increase y-o-y in new housing loan disbursement ■ Working with APLUS FINANCIAL to renew Shinsei Visa card. Gold card newly introduced with preferential housing loan interest rate campaign ■ Continue to introduce new investment products ■ New outlet opened, while optimization of overall branch network continues
Consumer Finance	✓ **Appropriate response to MLBL**[1] ✓ Leverage Group companies' credit assessment and marketing expertise, and **integrate into Bank** to meet sound demand for personal loans ✓ Realize greater synergies, maximizing Bank's relationships with financial institution customers to **strengthen credit guarantee business** ✓ Promote **efficient operations** throughout Group ✓ **Appropriate management** of expenses and credit costs	■ "Shinsei Bank Card Loan – Lake" service started on October 1 as Bank-based unsecured personal loan service ■ Shinsei Financial forged alliances with 5 regional banks (by September) in loan guarantee business. Expanded alliance with Towa Bank to provide industry-first full-scale ASP system ■ APLUS FINANCIAL expanding business partnerships ➢ Bridge loans for customers of Japan Housing Finance Agency's Disaster Recovery Housing Finance program ➢ Expanding partnership with CCC [2] (T-points) in installment sales credit; Over 1,000 merchant partners adopted new service.

[1] Money Lending Business Control and Regulation Law
[2] Culture Convenience Club Co., Ltd.

Institutional Business: Expanding Client Franchise, Promoting Cross-Sales

Business Highlights

Areas of Focus

Institutional Business

- **Expanding Client Franchise**
  - ✓ Focus on expanding customer franchise
  - ✓ Further enhance the provision of appropriate solutions for corporate, financial institutions and public sector customers, by leveraging our product development capabilities
  - ✓ Enhance asset management proposals for institutional customers
- **Shinsei's Unique Approach**
  - ✓ Preparation and action to support development of new industries
  - ✓ Group-wide efforts to provide capital, credit, consulting services and staffing support to customers with restructuring needs and growth companies
  - ✓ Proactive efforts to support recovery after Great East Japan Earthquake
  - ✓ Concrete development of Asia-related business
- **Continue Reduction of Non-core Assets**
- **Strengthening Markets Business and ALM Capabilities**

Progress

Institutional Group

- Expansion of customer franchise progressing ahead of MTMP[1]
- New disbursements in real estate non-recourse finance
- Many restructuring-related inquiries reviewed by Corporate Support Division since establishment in FY2010 2H. Carefully selecting deals
- Specialized division for new industry support is working on themes including environment, renewable energy, power etc.
- Institutional Business Division and Advisory Sub-Group are leveraging alliances made in Vietnam and India to promote cross-border M&A business

Global Markets Group

- Strengthening support to regional financial institutions in syndicated loan arrangement. Assisted Daito Bank in arranging first syndicated loan, with second tier Tohoku banks participating, to provide financing for expansion of company located in disaster area
- Strengthening "white label" yen and foreign currency structured deposits business with regional banks. Also supporting their consumer finance business (Shinsei Financial guarantee business)
- In Asset Management, restarted business in funds targeting financial institutions. Built framework to respond to wide-ranging needs, in addition to individual customer needs.
- Expanding activities to support new corporate customer acquisition (mid-market/SME)
  (Set up Osaka Business Department in October 2011 to strengthen market-related proposals)

[1]Medium-Term Management Plan

Business

"Shinsei Bank Card Loan – Lake" Makes Good Start

Business Highlights

Strategic Significance

- Individual customer business is a core business for Shinsei Bank. We will ramp up our efforts going forward, leveraging our unique service
- A full line of services for individual customers from the Bank
- Further sharpen the Bank's competitive edge

Key Points of "Shinsei Bank Card Loan – Lake"

- Shinsei Bank began full-scale operations of unsecured personal card loan service through a **nationwide network** consisting of approximately 800 unmanned branches
- Shinsei Bank is utilizing the **brand recognition, marketing expertise and strong credit assessment capabilities** that our 100% owned subsidiary Shinsei Financial developed through the Lake business
- Capture needs of potential unsecured personal loan users by utilizing **reassurance** and **peace-of-mind** of a bank-based business model
- Expect to **strengthen earnings power** as **market expands**
- Contribute to the development of a **sound** and **healthy** unsecured personal loan market

Business Off to Good Start Since October 1, 2011 Launch

- Building marketing, customer service, risk management, credit assessment and loan servicing capabilities with Lake Business Division newly established in Bank
- TV and newspaper advertising-based marketing activities launched
- Smooth coordination with guarantee provider, Shinsei Financial

Financial Summary

Good Performance for FY2011 1H

Highlights

(JPY billion)

Earnings	1HFY2010 (6 months)	1HFY2011 (6 months)	FY2010 (Reference)
[Consolidated]			
Revenue	155.6	**105.6**	292.1
Expenses	72.8	**63.3**	142.8
Ordinary Business Profit (OBP)	82.8	**42.3**	149.2
Net Credit Costs	52.3	**8.8**	68.3
OBP after Net Credit Costs	30.4	**33.5**	80.8
Net Income	16.8	**20.3**	42.6
Cash Basis Net Income	22.7	**25.6**	53.8
[Non-Consolidated]			
OBP	40.2	**10.8**	54.6
Net Income	9.3	**4.5**	11.1

Profitability	1HFY2010 (6 months)	1HFY2011 (6 months)	FY2010 (Reference)
Net Interest Margin (NIM)	2.31%	**2.00%**	2.19%
Expense-to-Revenue Ratio	46.8%	**60.0%**	48.9%
ROE (annualized)	7.4%	**7.3%**	8.5%
Cash Basis ROE (annualized)	9.9%	**9.2%**	10.7%
ROA (annualized)	0.3%	**0.4%**	0.4%
Cash Basis ROA (annualized)	0.4%	**0.5%**	0.5%

Assets and Liabilities	2010.3	2010.9	2011.3	2011.9
Total Assets	11,376.7	10,464.0	10,231.5	**8,940.5**
Loans and Bills Discounted	5,163.7	4,604.4	4,291.4	**4,125.5**
Securities	3,233.3	2,639.9	3,286.3	**2,220.1**
Deposits and Negotiable Certificates of Deposit	6,475.3	5,890.1	5,610.6	**5,537.3**
Debentures	483.7	425.2	348.2	**313.1**
Non-performing Loans / Total Claims (%) (non-consolidated basis)	6.70%	6.52%	6.78%	**5.96%**
Coverage Ratio[1] (%)	97.6%	96.3%	96.8%	**97.0%**

Capital	2010.3	2010.9	2011.3	2011.9
Basic Items (Tier I)	490.7	500.5	516.7	**542.7**
Risk Weighted Assets	7,722.1	7,180.8	6,653.7	**6,203.3**
Total Capital	645.4	642.1	649.9	**648.8**
Total Capital Adequacy Ratio	8.35%	8.94%	9.76%	**10.46%**
Tier I Capital Ratio	6.35%	6.97%	7.76%	**8.74%**
Diluted Equity Per Share (yen)	232.72	232.54	205.83	**214.07**

Liquidity	2010.3	2010.9	2011.3	2011.9
Liquidity Reserves[2]	1,292	1,375	1,130	**1,010**

[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

Non-Recurring Items Have Decreased

(Consolidated, JPY billion)

- Gains of JPY6.3 billion on sales of foreign equities, categorized as non-core assets (net of withholding tax)
- JPY5.2 billion in impairment of major listed shares
- Significant reduction in provisions related to domestic real estate non-recourse finance

	1H FY2010	1H FY2011
Gains included in revenue	12.8	**6.3**
Gain from the sale of CLOs	4.3	**-**
Gain from buyback of subordinated debt	4.3	**-**
Gain from the sale of ABS and ABI	4.1	**-**
Gain from the sales of foreign equities (net of withholding tax etc.)	-	**6.3**
Major positive items (1)	12.8	**6.3**
Mark-downs/impairments included in revenue	-2.7	**-8.2**
Domestic real estate non-recourse finance (bonds)	-1.8	**-2.2**
Japanese real estate principal investments	-0.5	**-**
Impairment of major listed shares	-	**-5.2**
Others	-0.3	**-0.7**
Items included in net credit costs	-31.7	**-3.0**
Specialty finance	-17.9	**-**
Domestic real estate non-recourse finance	-14.5	**-4.7**
ABI	0.6	**-**
Others	-	1.6
Items included in other losses	-3.5	**-0.8**
Losses on application of new accounting standard for asset retirement obligations	-3.5	**-**
Grey zone related provisions	-	**-0.8**
Major negative items (2)	-38.1	**-12.1**
(1) + (2)	-25.2	**-5.8**

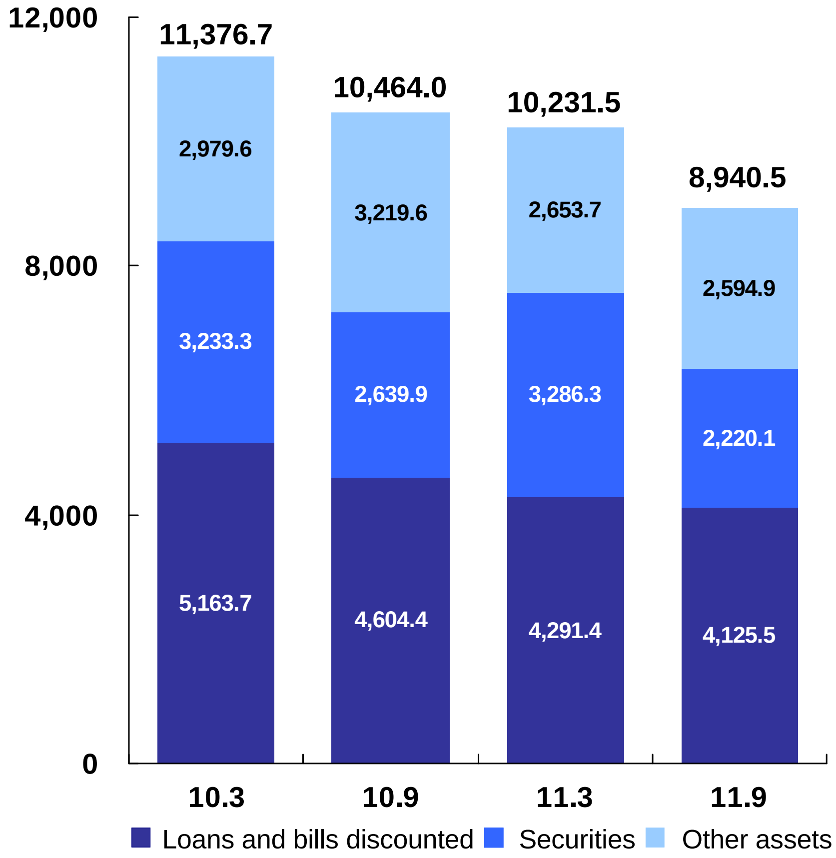
(Note) This table shows items which are considered to be largely non-recurring

Signs of Loan Balance Nearing Bottom-out, Stable Funding Base

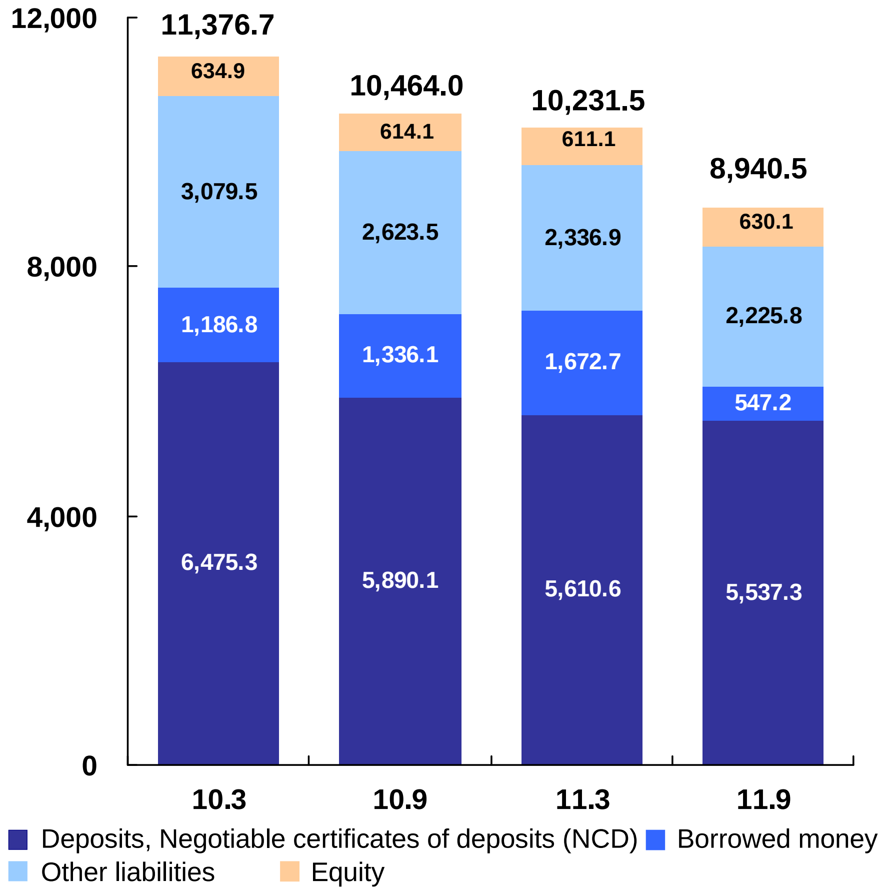
(Consolidated, JPY billion)

- Main cause of reduction in total assets is reduction of JGBs for portfolio management purposes
- While loan balances at subsidiaries decreased, the Bank made steady disbursements in its institutional, housing loan and other businesses, and the decrease in overall loan balance has been smaller since March 2011
- Funding base remains stable with deposits and NCDs balance slightly lower compared with March 2011

Asset Composition



Liabilities and Equity Composition



Balance Sheet

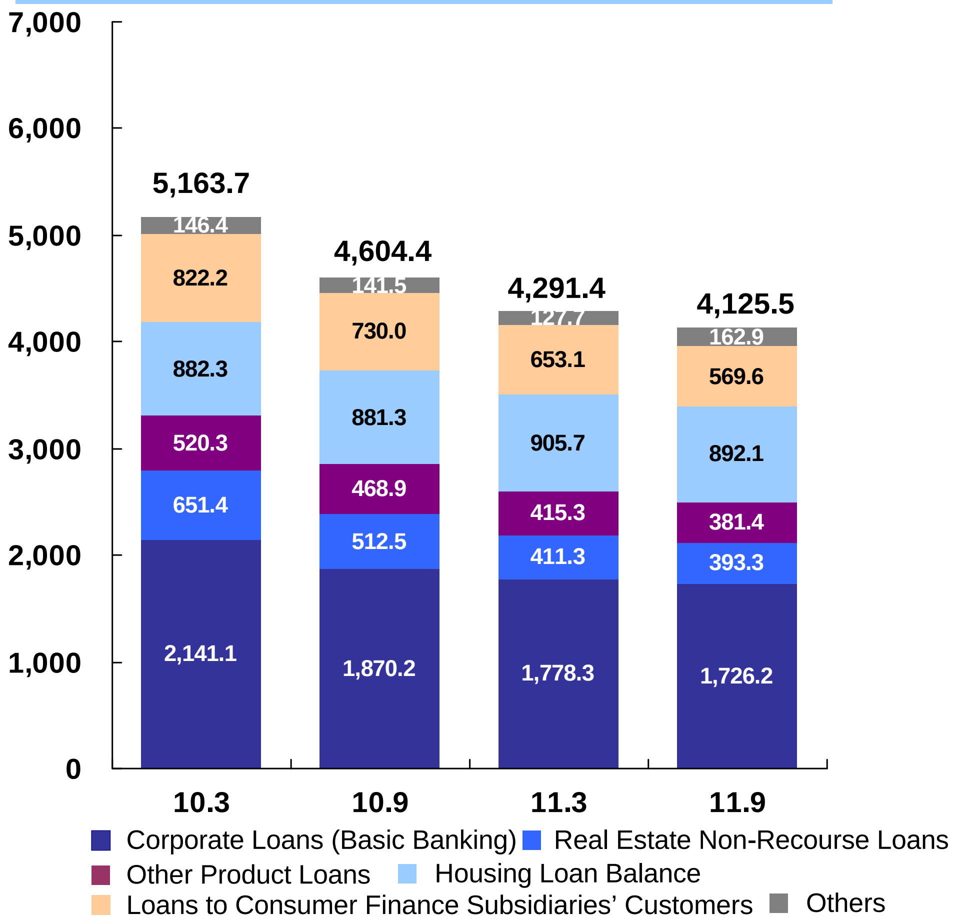
Loan Balance Bottoming Out

Business

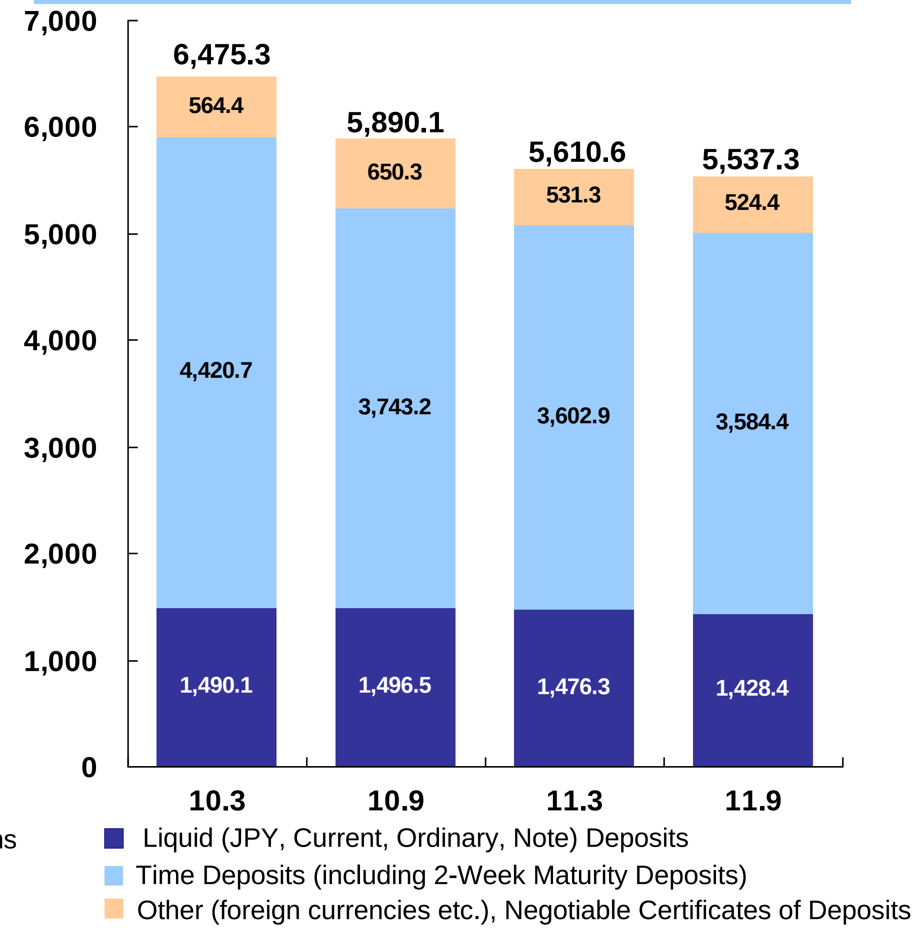
(Consolidated, JPY billion)

- Signs of loan balance bottoming out
- While overall housing loan balance decreased due to loan sales aimed at optimizing portfolio, PowerSmart Housing Loans are showing good growth

Loan Composition



Deposit Composition

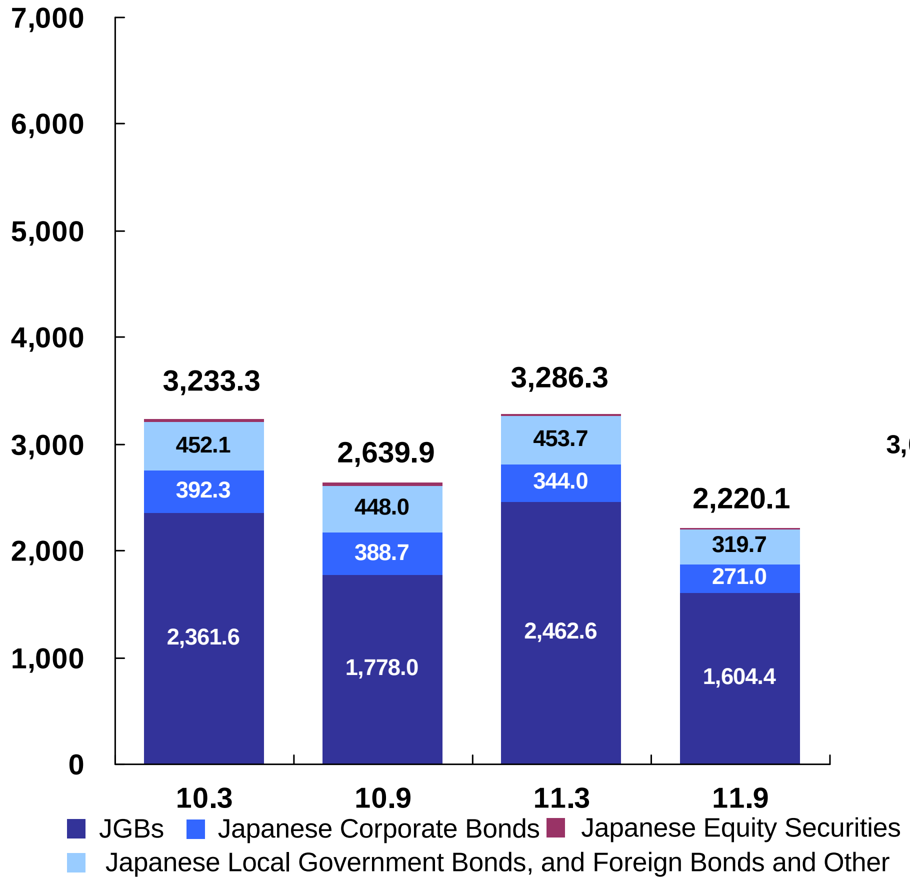


Scaling Back Securities Exposure

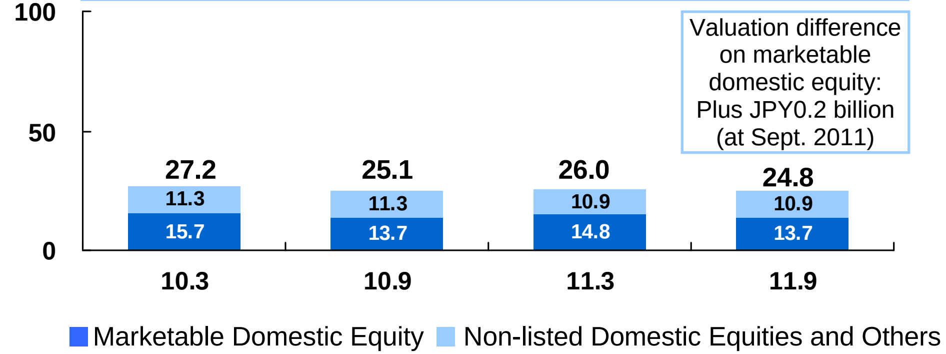
(Consolidated, JPY billion)

- Decrease in securities balance largely due to reduction of JGBs as part of portfolio management
- No exposure to European sovereign debt. Actual GIIPS exposure[1] is to Italy only (JPY1.7 billion)
- While JPY5.2 billion impairment of major listed shares (including foreign equities) recorded, equity holdings are small, and risk from share price fluctuation limited

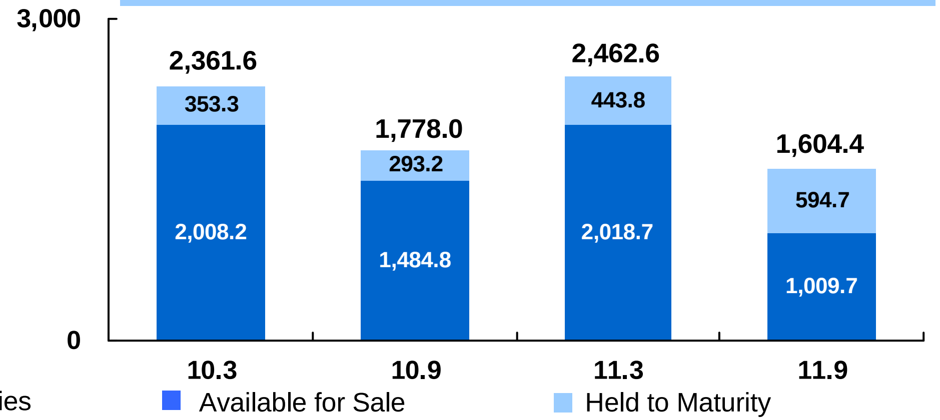
Securities Composition



Available-for-Sale Domestic Securities



JGB



[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

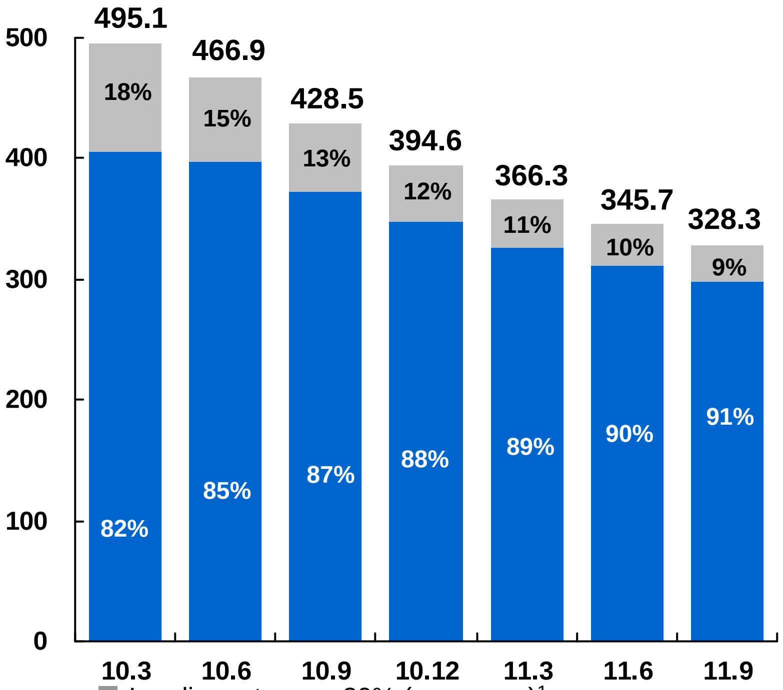
Pace of Decline in UPL Balance Slowing, Signs of Nearing Bottom-out

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
- New customer acquisition increasing at Shinsei Financial since 3Q FY2010
- Aiming for quick rebound in UPL balance with October 1 launch of “Shinsei Bank Card Loan – Lake” offered directly by the Bank

Shinsei Financial UPL, Breakdown by Lending Rates

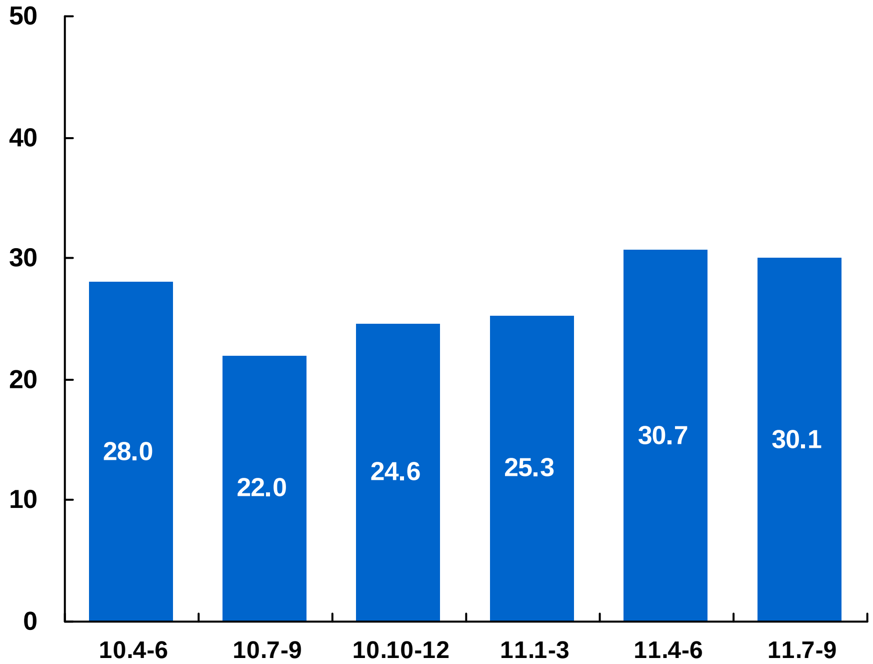


Lending rate over 20% (grey zone)[1]
Lending rate below 20%

[1] Interest rates for receivables whose contracts were made under the previous interest rate system, and for which there has been no new borrowing, are not required to be changed after the full implementation of the revised MLBL

Shinsei Financial New Customer Acquisition

(Unit: 1,000 customers)



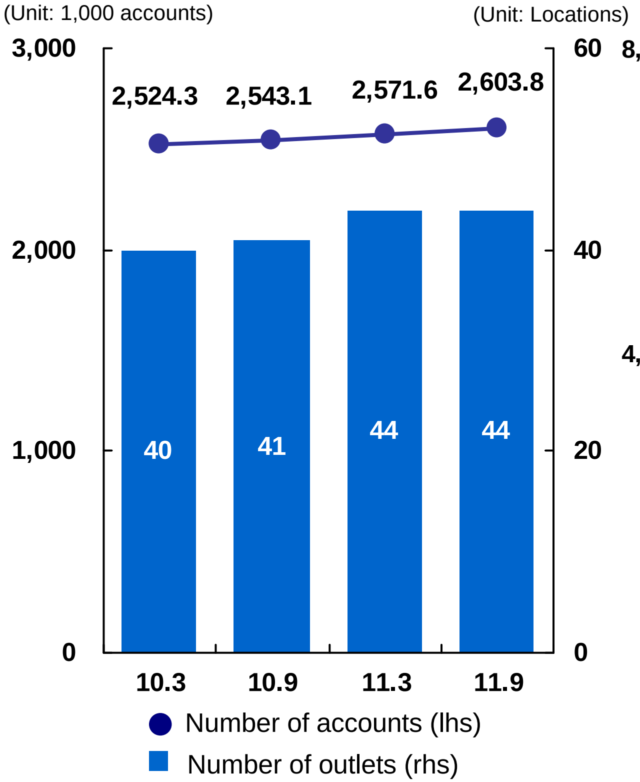
Increase in Accounts, AUM and Housing Loans - Steady Expansion

Business

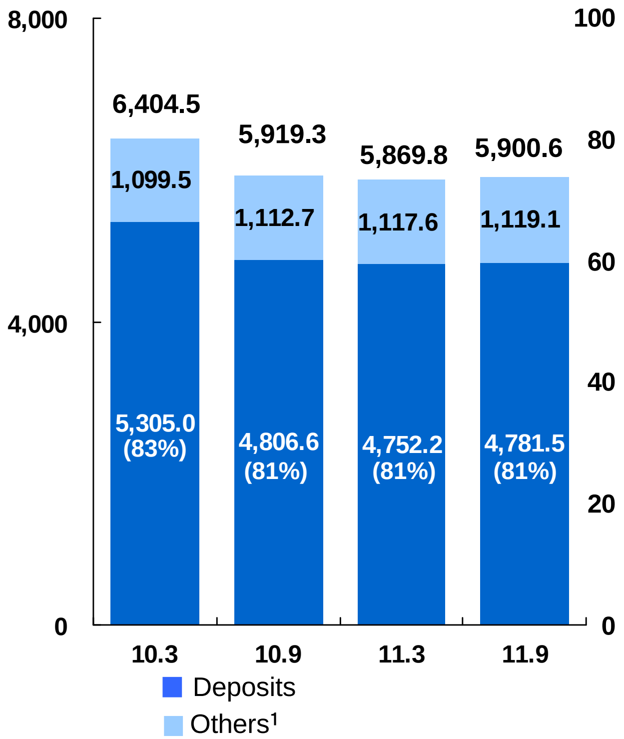
(JPY billion)

- Continuous increase in number of retail accounts, surpassing 2.6 million accounts at September-end
- Retail Banking Assets Under Management (AUM) and deposits largely flat compared with March 2011
- New housing loan disbursement trending at high level. JPY98.2 billion disbursed in 1H FY2011 (increase of approximately JPY40.0 billion year-on-year) resulting in JPY892.1 billion of housing loans outstanding

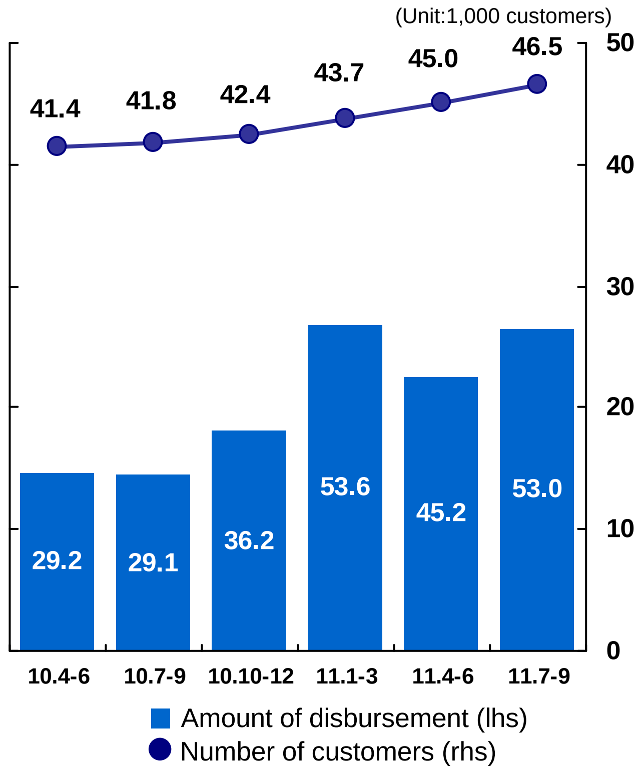
Retail Banking Accounts (thousands) Number of Retail Banking Outlets



Retail Banking AUM



Housing Loan Disbursement



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

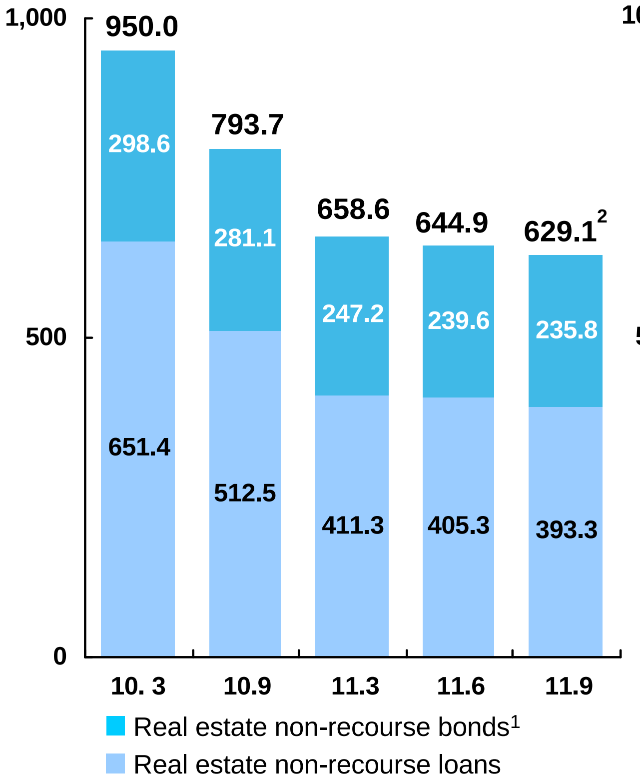
Real Estate Finance — Continuing Asset Replacement through New Disbursement

Business

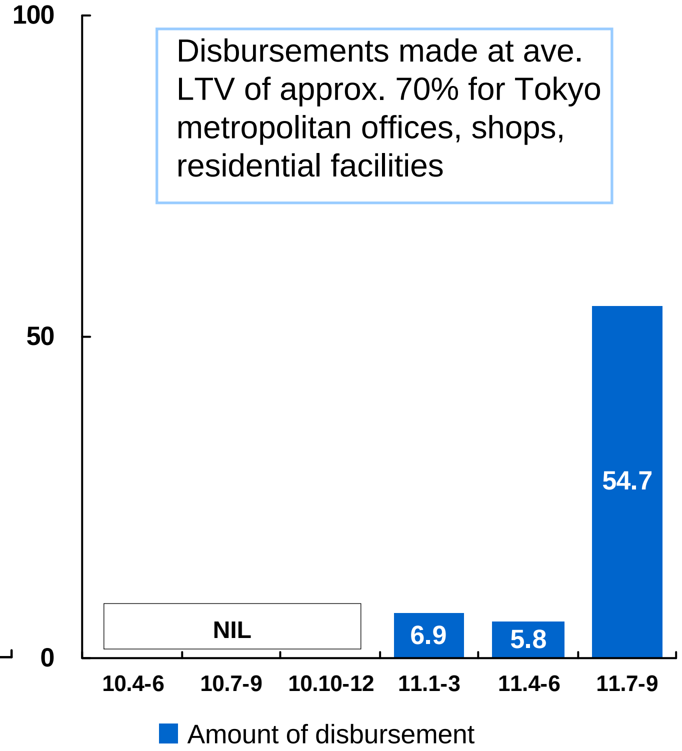
(Consolidated, JPY billion)

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

Balance



Disbursement



Region and Asset Category

(as at September 30, 2011)

Region	
Kanto (mainly Tokyo)	59.6%
Kansai (mainly Osaka)	13.5%
Other Regions	12.2%
Portfolio (Diversified)	14.7%
Total	100.0%

Category	
Office	34.2%
Retail (Shops)	17.4%
Residential	13.3%
Hotel	8.0%
Land	14.0%
Development	2.0%
Industrial/Parking/Other	3.5%
Other Portfolio (Diversified)	7.6%
Total	100.0%

[1] Real estate non-recourse bonds includes other monetary claims purchased
[2] Excludes the portion (JPY24.6 billion) eliminated through consolidation

NIM,
ROA, ROE

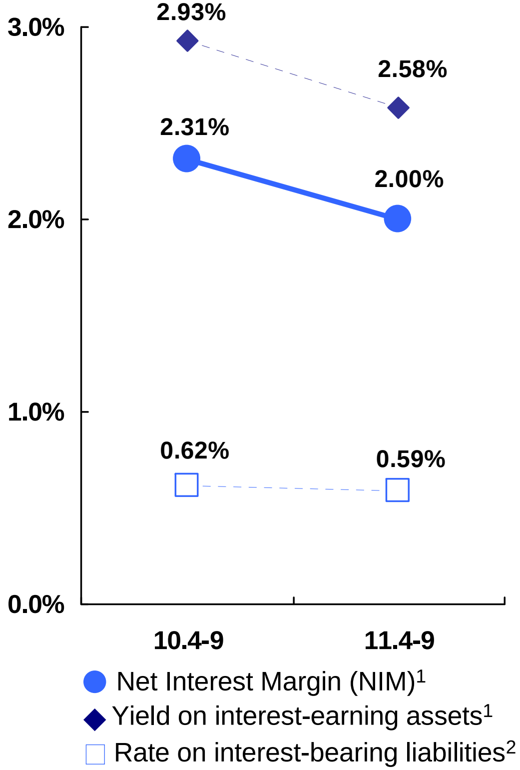
NIM Decreased but Nearing Bottom-out

Profitability

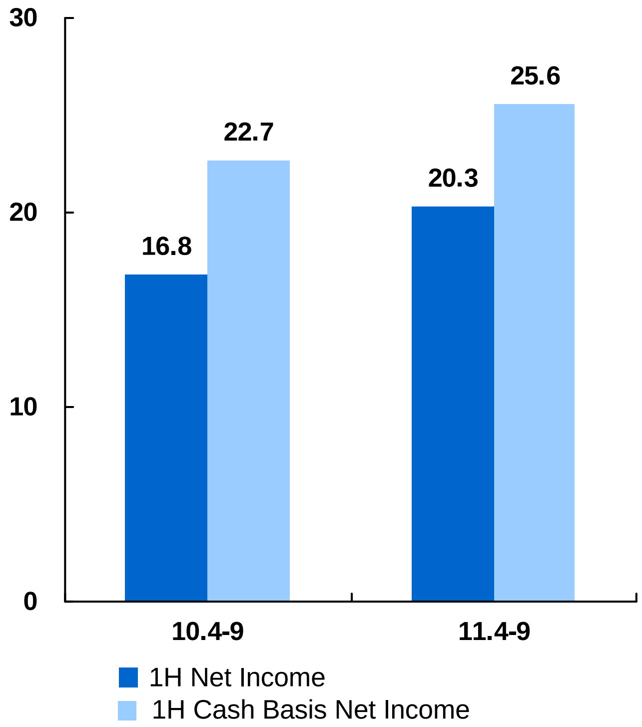
(Consolidated, JPY billion)

- Yield on interest-earning assets decreased due to lower loan balance at our consumer finance subsidiaries
- Rate on interest-bearing liabilities decreased due to lower funding costs of loans and bonds, offsetting the decrease in net interest margin (NIM)
- NIM decreased to 1.92% in 4Q FY2010, but recovered to 2.00% in both 1Q FY2011 and 2Q FY2011

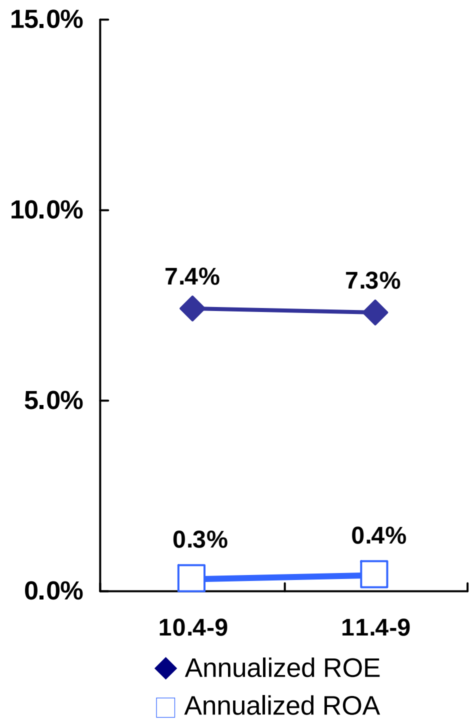
Yield/Rate on Interest-Earning Assets[1]/Interest-Bearing Liabilities[2] and Net Interest Margin (NIM) [1]



Net Income and Cash Basis Net Income



Annualized ROA and ROE



[1] Includes income on leased assets and installment receivables
[2] Rate on interest-bearing liabilities in 2Q FY2007, prior to the subprime mortgage crisis, was 1.25%

Revenue

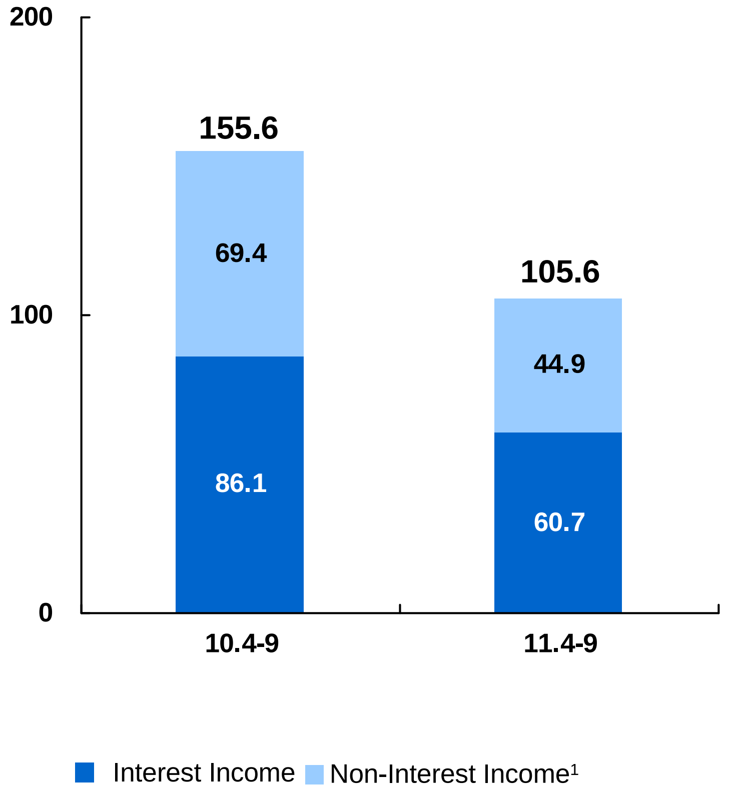
Core Business Shows Solid Growth despite MLBL

Profitability

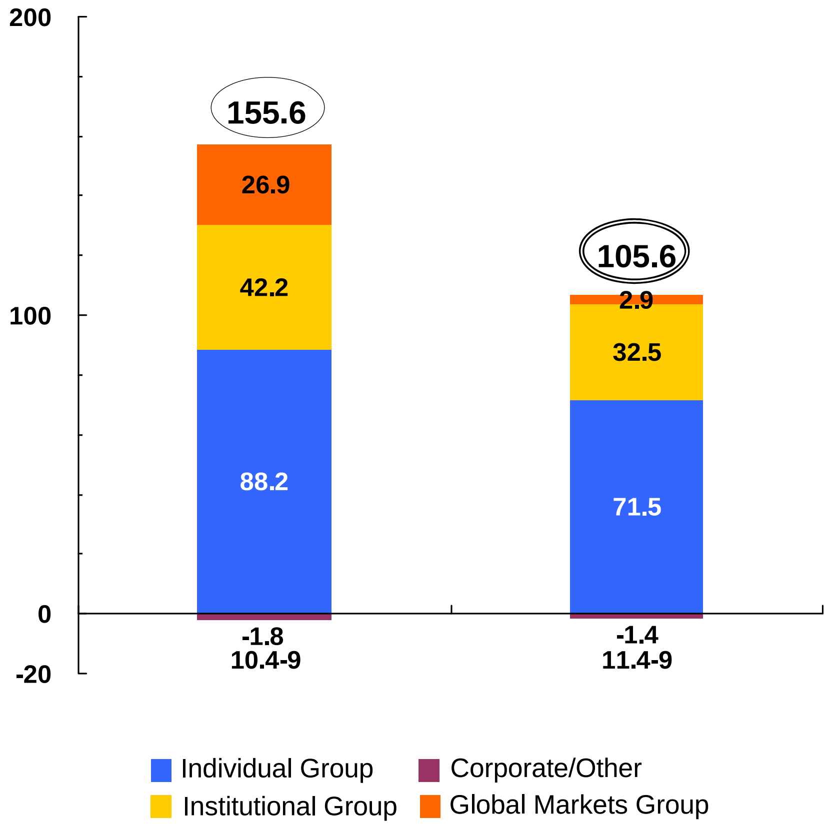
(Consolidated, JPY billion)

- Strong performance by core businesses
- Decrease in interest income due to lower loan balance following full-scale implementation of MLBL and reduction of non-core assets, but pace of decrease slowing
- Fees and commissions income increased, while non-interest income decreased due partly to losses on the valuation of certain securities

Breakdown of Revenue



Breakdown by Business Group



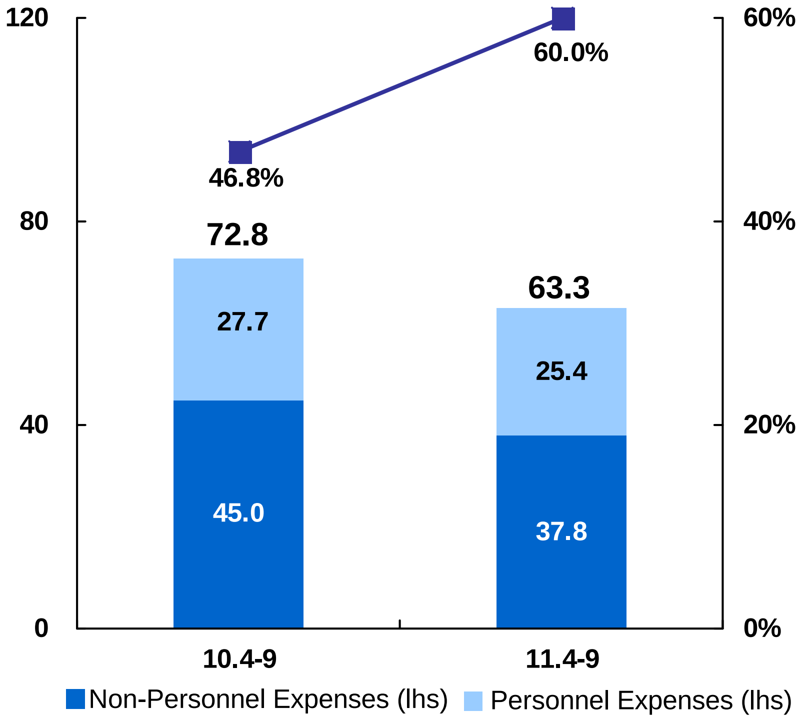
[1] Includes income on leased assets and installment receivables

Expenses Continued Intensive Rationalization

(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.

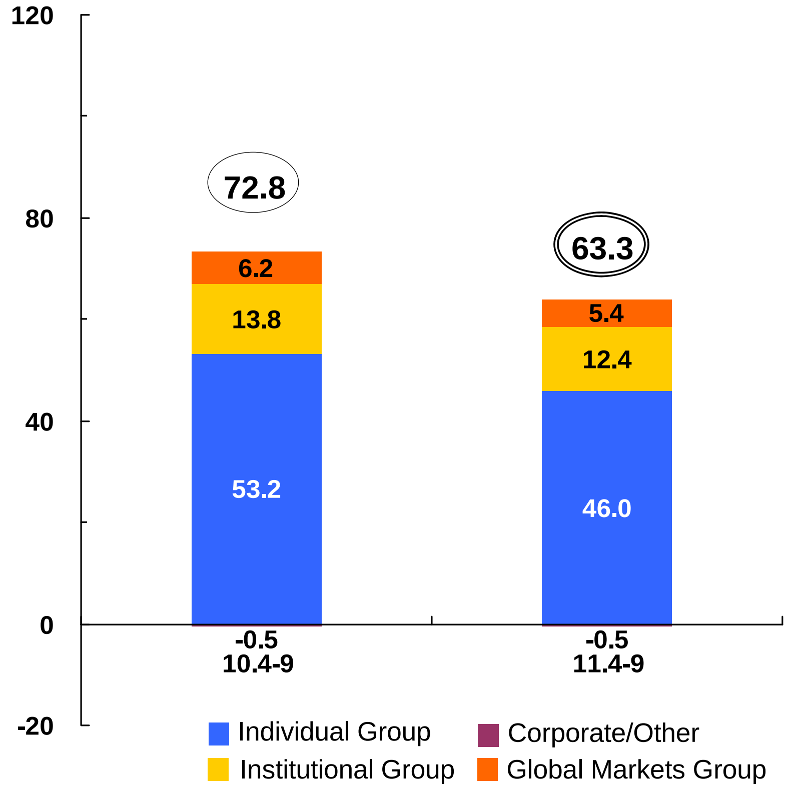
Breakdown of Expenses, Expense-to-Revenue Ratio



(Number of employees on consolidated basis)

10.9	11.3	11.9
5,969	5,718	5,476

Breakdown by Business Group



Net Credit Costs

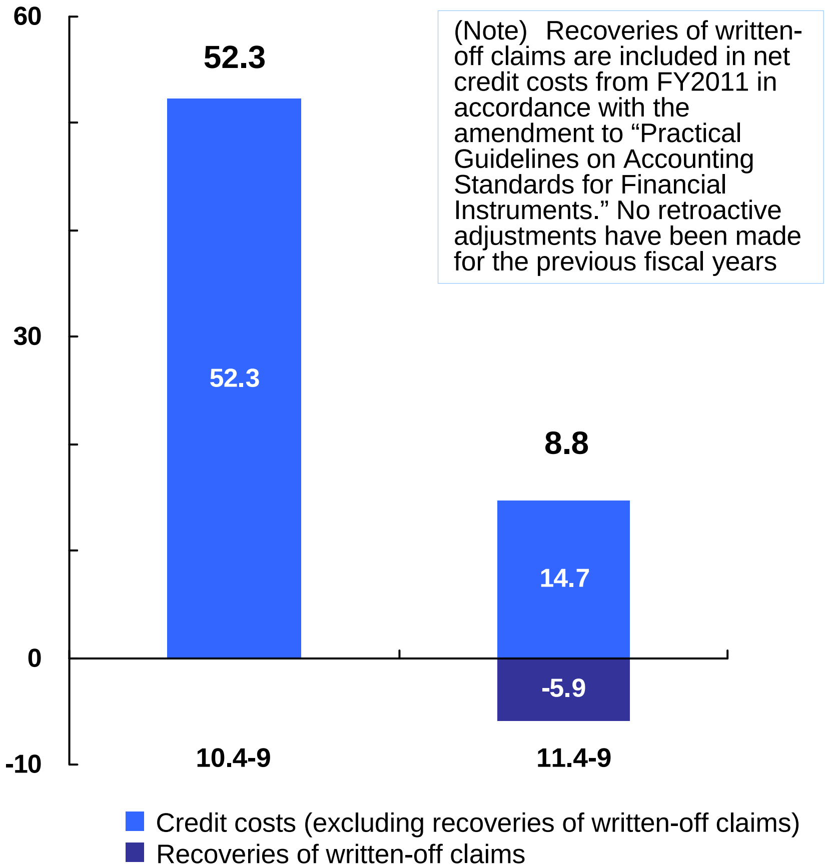
Down due to Strict Credit Management

Profitability

(Consolidated, JPY billion)

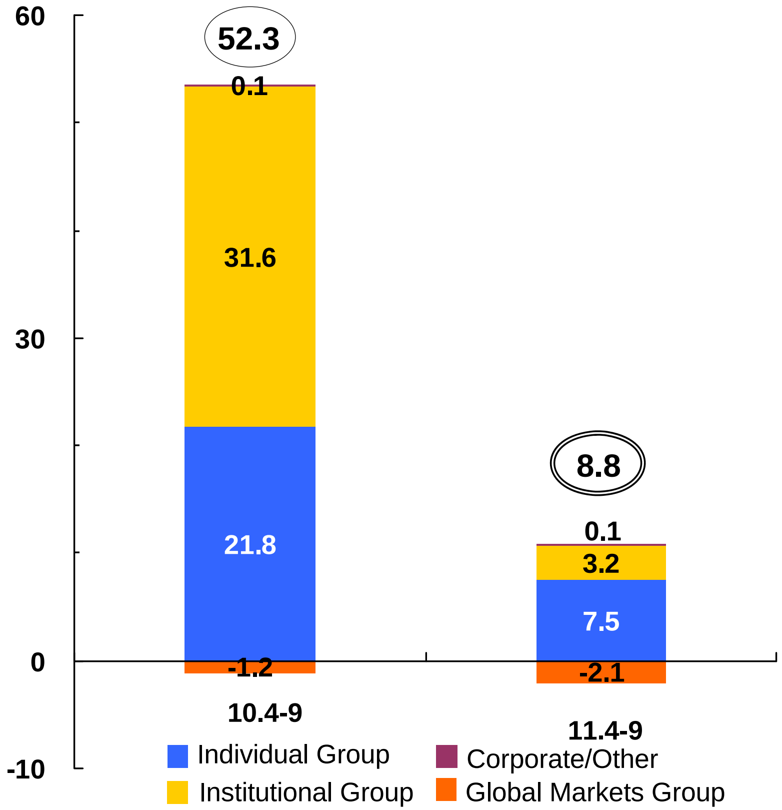
- Credit costs related to the institutional business decreased significantly due to provisions made in the past and reduction of non-core assets
- Substantial reduction in net credit costs due to decline in consumer finance loan balance and improvements in loan quality
- Net credit costs substantially down even after subtracting JPY5.9 billion in recoveries of written-off claims

Breakdown of Net Credit Costs



(Note) Recoveries of written-off claims are included in net credit costs from FY2011 in accordance with the amendment to "Practical Guidelines on Accounting Standards for Financial Instruments." No retroactive adjustments have been made for the previous fiscal years

Breakdown by Business Group[1]



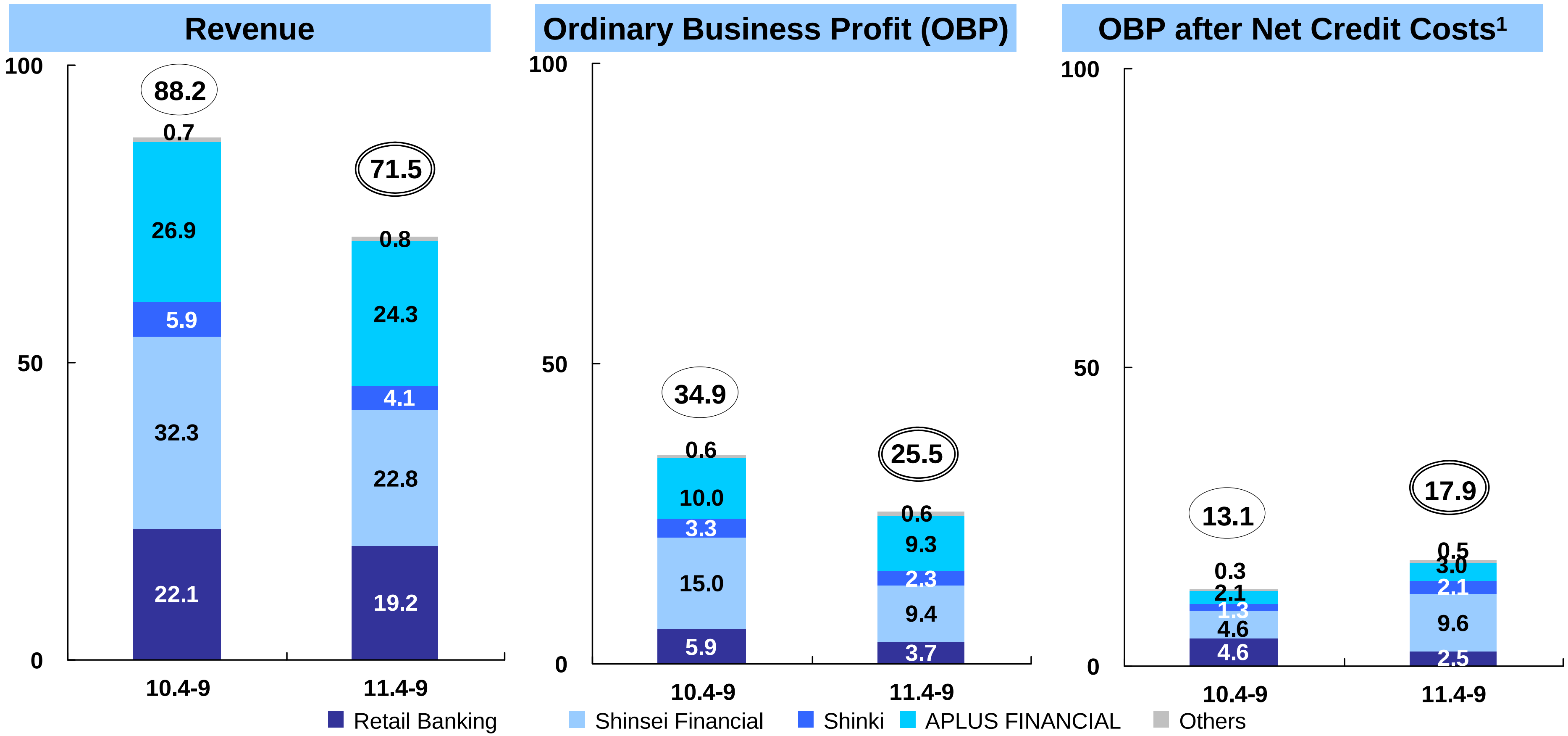
[1] Negative net credit costs indicates reversal of provision of reserves, or recoveries of written-off claims (recorded in FY2011).
Provision of reserves for losses on grey zone interest repayment is included in "Other losses," not in "Net credit costs"

Good Progress with going "Back on the Offensive"

Profitability

(Consolidated, JPY billion)

- Retail Banking: Despite efforts to reduce expenses through rationalization and efficiency improvements, revenues decreased due to prevailing low interest rates and the turmoil in domestic and global financial markets, resulting in lower OBP after net credit costs
- Consumer Finance subsidiaries: In addition to expense reductions, strengthened credit management and collection systems, and better asset quality combined with a lower lending balance led to lower credit costs, and higher OBP after net credit costs



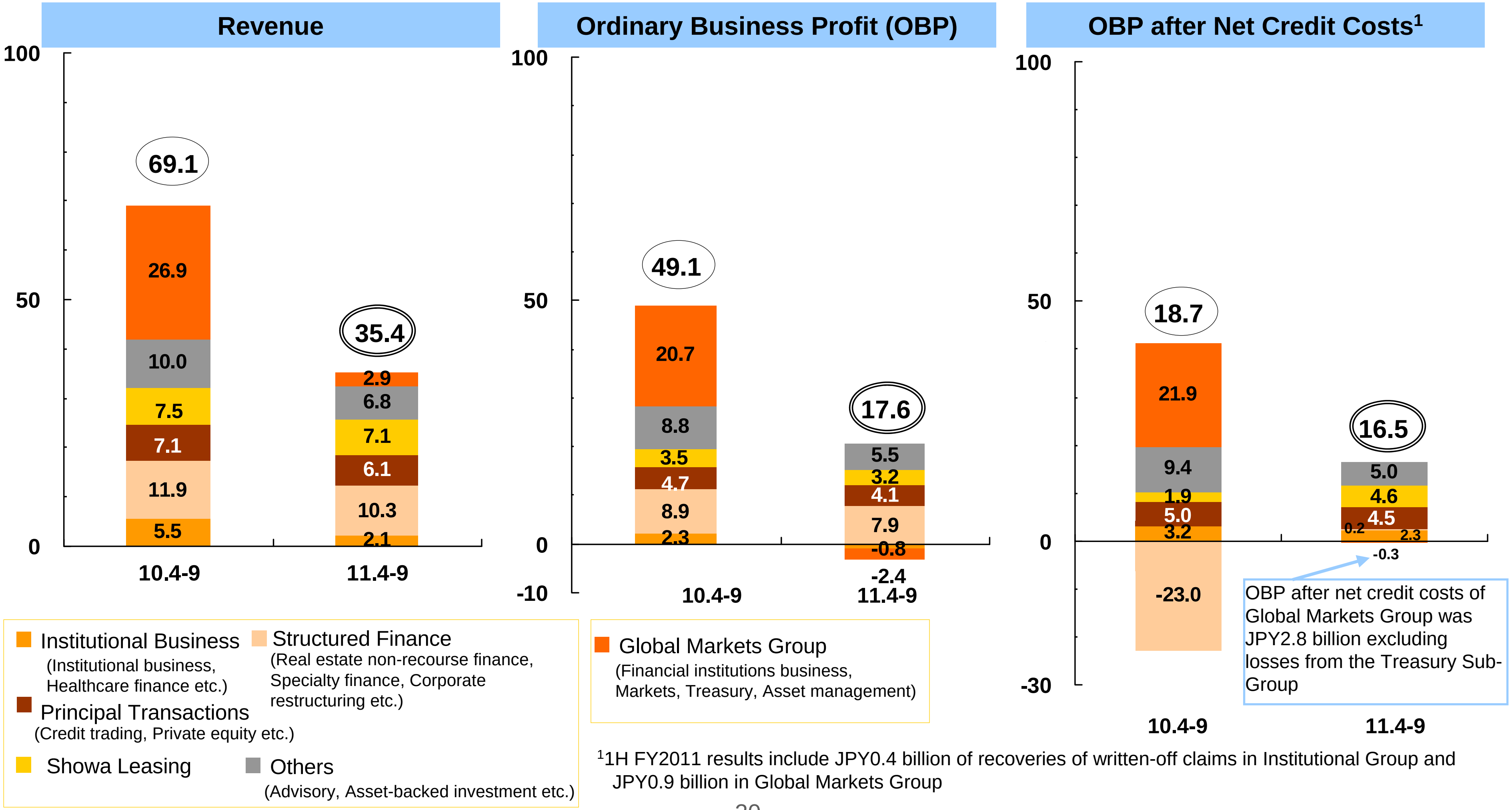
[1] Provision of reserves for losses on grey zone interest repayment is included in "Other losses," not in "Net credit costs."
1H FY2011 results include JPY4.5 billion of recoveries of written-off claims

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

Profitability

(Consolidated, JPY billion)

- Progress in divesting legacy assets, while efforts to expand customer franchise, including continued increase in the number of new corporate borrowers, show steady progress
- Strong performance in core businesses including real estate non-recourse finance and credit trading
- In the Global Markets Group, financial institutions business performed well despite effects from downturn in financial markets



[1]1H FY2011 results include JPY0.4 billion of recoveries of written-off claims in Institutional Group and JPY0.9 billion in Global Markets Group

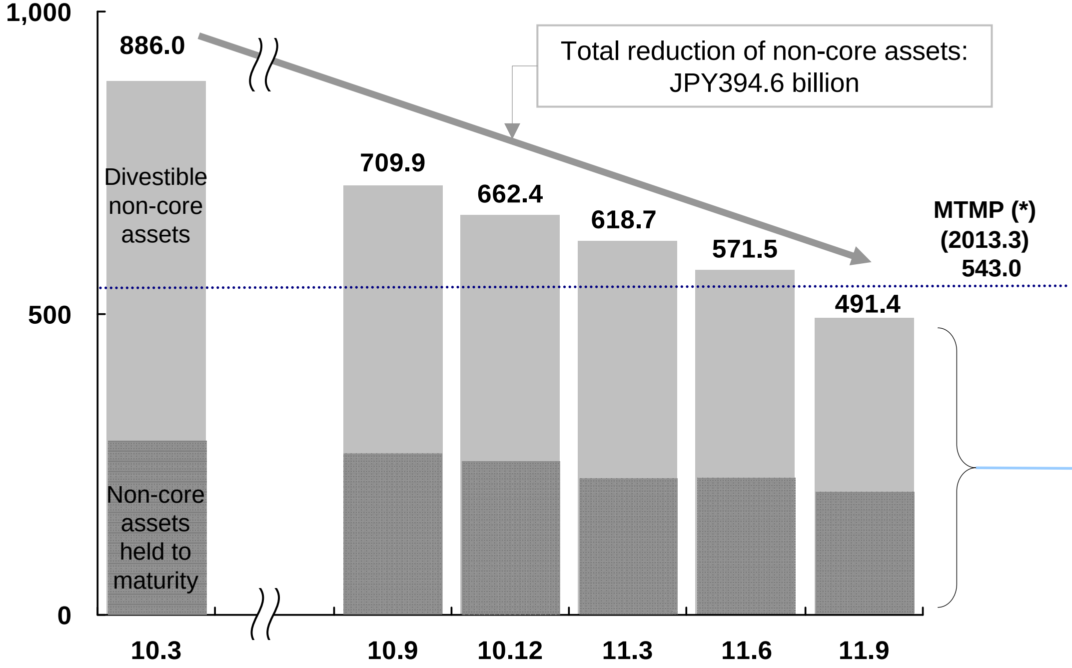
Non-Core Assets

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

(Consolidated, JPY billion)

- Non-core assets reduced by JPY127.3 billion in the first half and approximately JPY400 billion in the past 18 months
- Achieved Medium-Term Management Plan (MTMP) targets a year-and-a-half ahead of schedule
- While we plan to further reduce non-core assets, impact from the divestiture are expected to be limited

Outstanding Balance of Non-core Assets[1]



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

[1] Non-core assets include real estate equity investment, asset-backed investment/securities, CLO/ACPM/CFI, housing loan warehousing etc.

Non-core Assets Composition by Region

- Japan: Approximately 44%
- Europe: Approximately 26%
- U.S.: Approximately 19%
- Others: Approximately 11%

NPL

NPLs Continue to Decline
Maintaining High Coverage Ratio

Asset Quality

(Non-consolidated, JPY billion)

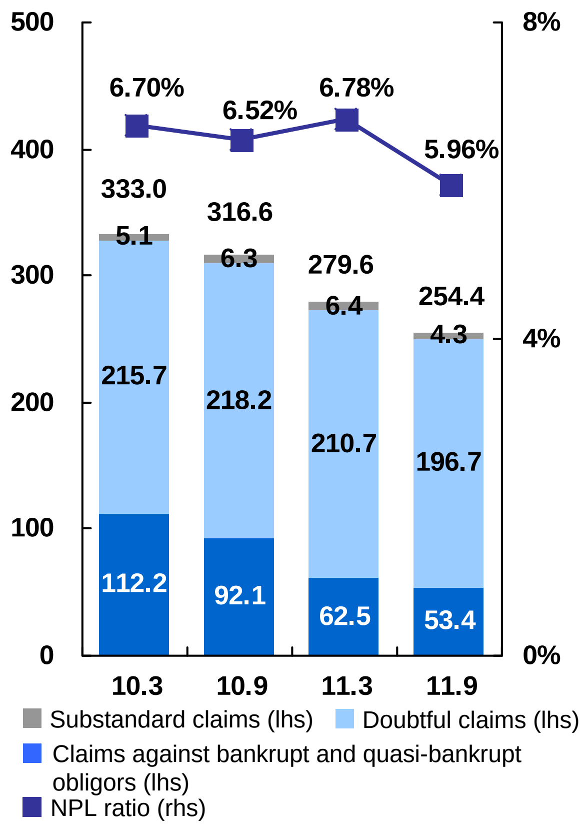
- NPL balance steadily decreasing over past six quarters, with JPY25.2 billion reduction in 1H FY2011
- Increase in total claims contributed to NPL ratio falling to 5.96% at September 30, 2011, 82 basis points lower than March 2011
- Continue to use conservative valuation standards for real estate collateral and maintain high coverage ratio

Breakdown of Total Claims and Coverage by Credit Category

(as at September 30, 2011)

	Balance	Reserves for Loan Losses	Collateral/ Guarantees	Coverage Ratio	Partial Write-Off	(Ref.) 2011.3 Balance
Normal	3,626.8	22.0			0.0	3,389.9
Need Caution	387.0	18.0			0.1	450.9
Performing Loans sub-total	4,013.8	40.0			0.1	3,840.8
Substandard/Possibly Bankrupt	201.0	40.7	152.8	96.3%	0.0	217.1
Virtually/Legally Bankrupt	53.4	3.7	49.7	100.0%	83.0	62.5
Non-Performing Loans sub-total	254.4	44.4	202.5	97.0%	83.0	279.6
Total Claims	**4,268.2**	**84.4**			**83.1**	**4,120.4**

NPL Amounts and NPL Ratio Based on Financial Revitalization Law



Grey Zone Interest Repayments

Peaked Out and on Gradual Declining Trend

Asset Quality

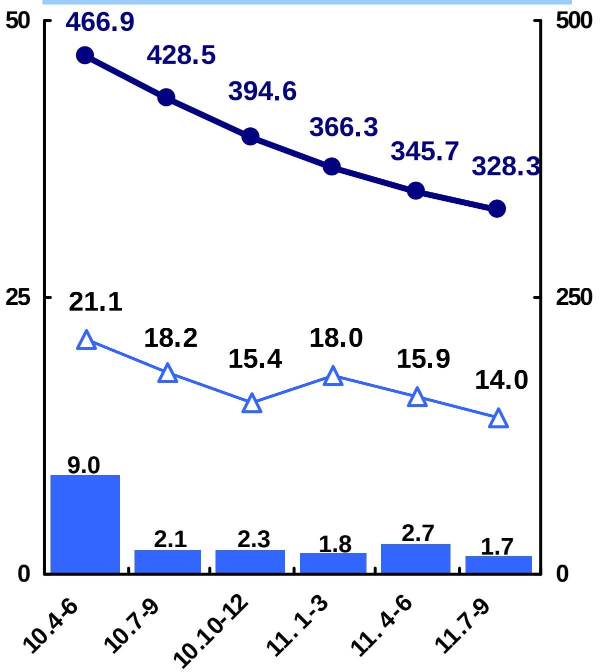
(JPY billion)

Number of Disclosure Claims

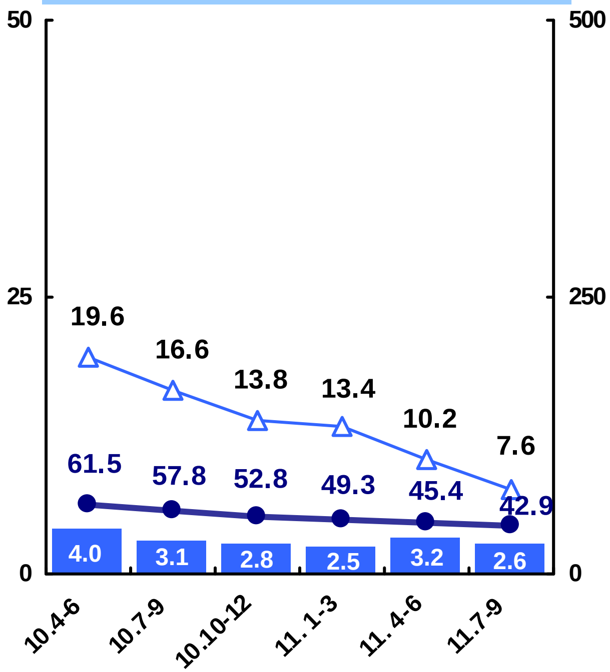
(Unit: thousands)	09. 1-3	09. 4-6	09. 7-9	09. 10-12	10. 1-3	10. 4-6	10. 7-9	10. 10-12	11. 1-3	11. 4-6	11. 7-9
Shinsei Financial	52.4	48.5	41.2	41.0	38.1	34.4	29.0	36.2	38.6	25.0	19.5
Shinki	10.3	9.2	7.7	7.5	6.4	5.8	5.2	6.1	6.2	4.1	3.1
APLUS FINANCIAL	5.2	5.7	5.4	4.8	4.4	4.5	4.3	4.8	4.6	4.2	2.9

○ Peak

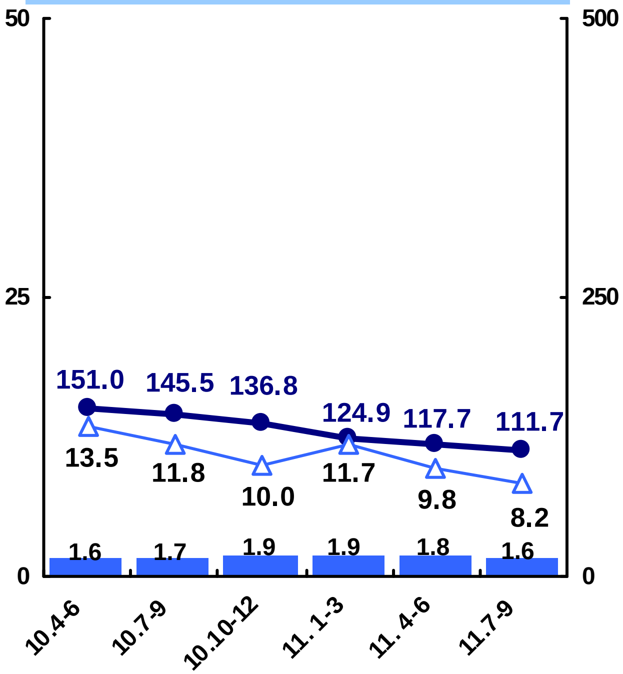
Shinsei Financial[1]



Shinki



APLUS FINANCIAL



[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

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

Capital

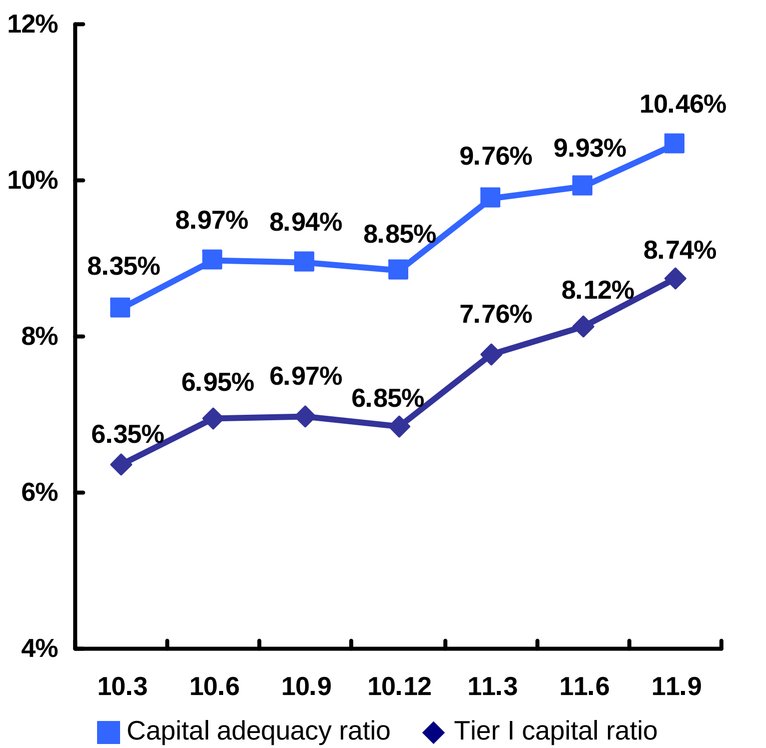
Capital Ratios Increased and Capital Quality Improved due to Profit Accumulation Etc.

Stable Financial Base

(Consolidated, JPY billion)

- Profit accumulation and other factors led to increase in Tier I capital, improvement in capital quality
- While Tier II capital decreased due to lower amount eligible for inclusion in capital and strengthening of the yen, capital ratios increased due to progress in non-core asset disposal coupled with lower balance of risk assets due to asset quality improvement and other factors
- Further increase in the Common Equity Tier I capital ratio (estimate) under Basel III

Trend of Capital Ratios (Basel II)



[1] Capital investment to affiliate companies
[2] 50% of expected loss provision shortfall
[3] Certain deductible items under Basel III are not deducted in the calculation of Common Equity Tier I ratio considering the phase-in application of deductions. Estimates based on Shinsei Bank's calculations using documents disclosed by the these Basel Committee on Banking Supervision

Capital Composition

	2011.3	2011.9	Change	(Reference) 2010.9
Basic Items (Tier I)	516.7	**542.7**	25.9	500.5
Preferred Securities	56.8	**56.4**	-0.3	148.7
Amount Eligible for Inclusion in Capital (Tier II)	231.8	**211.2**	-20.6	251.2
Perpetual Subordinated Debt and Bonds	28.8	**28.1**	-0.7	28.8
Non-Perpetual Subordinated Debt and Bonds	193.5	**174.4**	-19.1	212.1
Deduction	-98.6	**-105.0**	-6.3	-109.6
Capital Investment[1]	-35.7	**-33.8**	1.9	-37.6
EL Provision Shortfall[2]	-34.2	**-33.7**	0.5	-41.7
Total Capital	649.9	**648.8**	-1.0	642.1
Risk Weighted Assets	6,653.7	**6,203.3**	450.4	7,180.8
Capital Adequacy Ratio	9.76%	**10.46%**	70 bps	8.94%
Tier I Capital Ratio	7.76%	**8.74%**	98 bps	6.97%

(Basel III Estimates[3])	2011.3	2011.9	Change
Capital Adequacy Ratio (Estimate)	9.3%	**9.6%**	30 bps
Tier I Capital Ratio (Estimate)	6.2%	**6.8%**	60 bps
Common Equity Tier I Capital Ratio (Estimate)	5.6%	**6.3%**	70 bps

Forecast

Initial Forecast Unchanged due to Uncertain Economic Outlook

Commitment to MTMP

(JPY billion)

	FY2010 Actual	FY2011 Forecast[1]	1H FY2011 Actual
[Consolidated]			
Net Income	42.6	22.0	20.3
Cash Basis Net Income[2]	53.8	32.0	25.6
[Non-Consolidated]			
Ordinary Business Profit (OBP)	54.6	28.0	10.8
Net Income	11.1	15.0	4.5
Dividends	1 yen	1 yen	

- While we made good progress towards our full year forecast, initial forecast remains unchanged due to uncertainties in the Japanese and global economic outlook

[1] Announced on May 12, 2011
[2] Cash basis net income is calculated by excluding amortization of goodwill and other intangible assets, net of tax benefit

Key Takeaways

1. Good 1H Results in the 2nd year of Medium-Term Management Plan

2. Loan Balance Shows Signs of Bottoming-out

3. Stronger Earnings Power

4. Improved Asset Quality

5. Stronger Capital and Liquidity

6. Commitment to Medium-Term Management Plan Financial Targets

Appendix

[Reference] MTMP: (FY2010-FY2012): Rebuilding the Customer Franchise and Establishing a Stabilized Earnings Base for the Mid- to Long-Term

Management Principles

- A banking group that has stable earnings power, is truly depended upon by customers and that contributes to the development of both domestic and international industrial economies
- A banking group that has built on its past experiences and history, values diverse talents and cultures and continually takes on new challenges
- A banking group that strives for transparent management, valued and trusted by all stakeholders, including customers, investors and employees

Medium-Term Goals

Rebuilding the Customer Franchise and Establishing a Stabilized Earnings Base for the Mid- to Long-Term

Institutional Group, Global Markets Group

Concentrate Resources in Core Businesses

- Build customer-centric organization
- Actively promote corporate, financial institution and public sector businesses (such as loans and fee businesses)
- Improve ability to provide solutions and cross-selling
- Actively pursue specific sectors and areas where the Bank can leverage its specialties and uniqueness:
  - Healthcare Finance
  - Corporate Restructuring and others
- Consider new business opportunities in Asia
- Provide appropriate products and services to small- and medium-sized enterprises
- Enhance abilities of relationship managers, promote appropriate reallocation of the workforce and upgrade risk assessment capability
- Reduce divestible non-core business assets by 50%

Individual Group

Enhance Core Businesses

•Retail Banking
- -Stabilize funding base and promote lower funding costs
- -Expand housing loan business
- -Strengthen asset management business by expanding access points (Consulting Spots)

•Consumer Finance
- -Appropriate measures to comply with Money Lending Business Control and Regulation Law (MLBL)
- -Build a portfolio focused on profitability and strict credit assessment
- -Promote effective operations throughout the Group
- -Explore synergy between retail banking and consumer finance operations

Strengths •Diversity •High customer satisfaction •Tailor made solutions •Swift decision making, agile execution	**Opportunities** •New customers •Niche businesses •"Responsible consumer lending" •Ever-changing lending and investment needs of customers
Weaknesses •Smaller customer base	**Threats** •Fierce competition •Political, legislative and economic uncertainties

[Reference] MTMP: (FY2010-FY2012): Expand "Core" Businesses and Customer Franchise, Exit "Non-Core" Businesses

Basic Concepts of the MTMP

- **Period:** 3 years from FY2010 to FY2012 (ending March 2013)
- **Focus** on rebuilding customer franchise, stabilizing earnings and cost reductions, having reflected on lessons learned and past events
- **Targets** at the end of management plan*1
  - – Achieve external credit ratings of A/A-
  - – Aim for total consolidated capital adequacy ratio of over 10%*2, Tier I capital ratio of over 7%*2 and common equity Tier I capital ratio of over 5%*2
- **Goals** for each fiscal year
  - – FY2010: Lay groundwork for stabilized earnings
  - – FY2011: Measures for diversification of revenues through new businesses
  - – FY2012: Record stable earnings at operating speed
- **Enhance management control** (incl. renewal of corporate governance structure)
- **Establish organizational framework** to devise detailed plans for repayment of public funds
  - – Speedy and stringent execution to ensure achievement of targets set in the financial projection
  - – Foster healthy organizational culture with emphasis on importance of compliance

*1 Reflects revisions to original Medium-Term Management Plan that were announced on September 28, 2010
*2 On a Basel III basis

Non-core Business Assets

Exit or Run-off

- Volatile business
- Comparatively at a disadvantageous position to acquire proprietary knowledge or information

- Real Estate Equity Investment
- Housing Loan Warehousing
- CLO/ACPM/CFI
- Asset-backed Investment
- Other Non-Core Business Assets

Core Businesses

- Customer oriented
- Niche businesses with proven track record

Institutional Group
- Corporate & Public Sector Finance
- Healthcare Finance
- Advisory
- Real Estate Finance
- Specialty Finance
- Corporate Restructuring
- Credit Trading
- Private Equity
- Leasing (Showa Leasing)
- Trust operations (Shinsei Trust)

Global Markets Group
- Financial Institutions Business
- Markets
- Asset Management
- Wealth Management
- Treasury
- Securitization (Shinsei Securities)

Individual Group
- Retail Banking
- Consumer Finance
  - – Unsecured Personal Loans
  - – Installment Sales Credit
  - – Settlement, Credit Cards
  - – Credit guarantees

Expand and strengthen customer franchise

FY2010 FY2011 FY2012

[Reference] MTMP Top-line Initiatives, Expense and Credit Cost Control to Ensure Achievement of MTMP Target

Appendix

Operating Environment	■ Operating environment remains challenging, due to economic impact of Earthquake ■ Climate could improve due to reconstruction demand and improvements in supply chain (from 2H FY2011)
Shinsei-specific Challenges	■ Decline in Shinsei Financial loans due to implementation of MLBL (But maintaining market share and number 1 for new applications in FY2010) ■ Continued divestiture of non-core business assets, renewal of asset composition and quality ■ Real estate portfolio under renewal and focus on securing profitability

Improvement of Total Revenue

Focus on accumulating quality assets

- **Unsecured personal loans (Shinsei Bank Card Loan - Lake)**
- **Housing loans**
- **Real estate finance**
- **Corporate finance**

Increase non-interest income

- **Investment consulting activities**
- **Strengthen asset management products**

+

Ongoing Reduction of Expenses

- **Original target almost achieved in FY2010 well in advance of MTMP**
- **Continued focus on more efficient cost management while further considering cost reduction program**

Strict Credit Costs Control

- **Further improve risk management**
- **Conservative reserves**

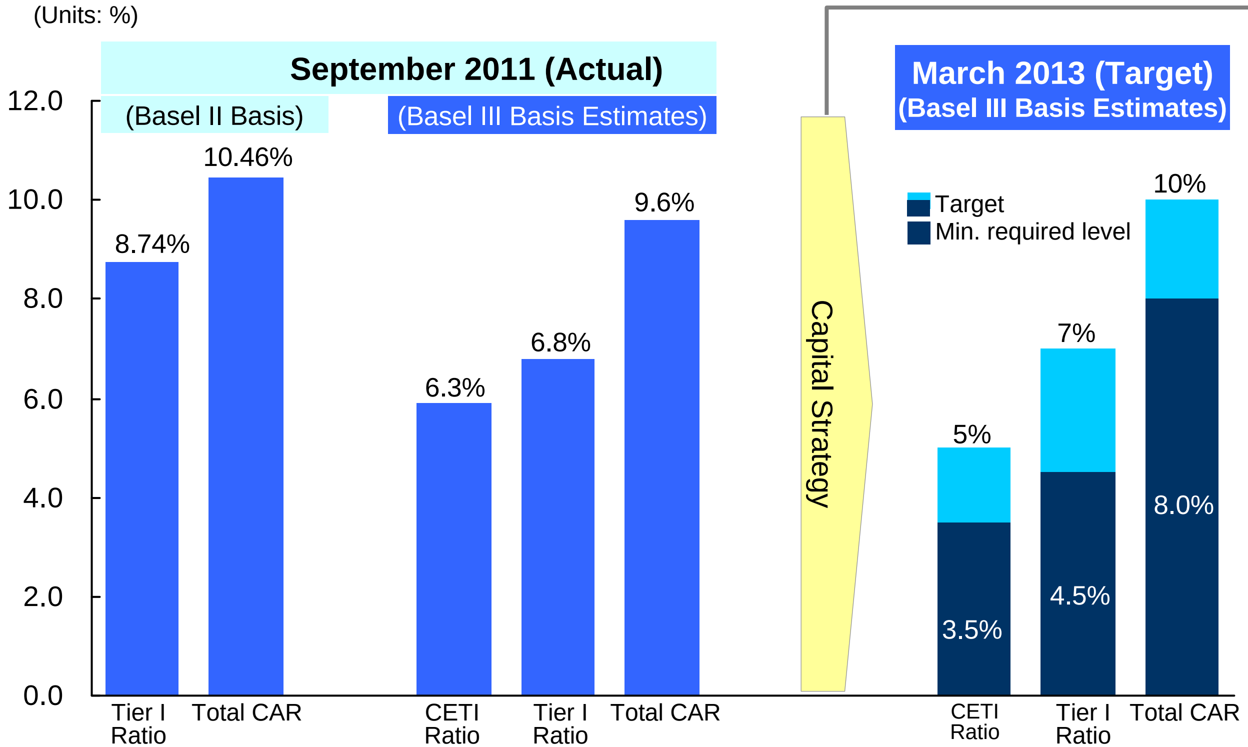
Achieve MTMP Target

[Reference] Capital Strategy

Appendix

Capital Strategy with View to Basel III

- Aiming for total capital adequacy ratio (CAR) of at least 10% on the stricter Basel III basis under MTMP. Clearly achievable
- Will monitor market conditions for opportunities to take appropriate capital measures, particularly for Tier II capital, in order to meet targets comfortably
- Already reached common equity Tier I (CETI) ratio target, but will continue to concentrate on building up profits



Tier II Capital

- Consider new issuance of subordinated debt, which is subject to grandfathering, based on market environment, in order to meet targets comfortably

Other Tier I Capital

- Monitor debate on which forms will be acceptable under Basel III

Common Equity Tier I Capital

- Completion of capital-raising in March 2011; no further plans at present
- Implementing strategies to increase earnings and build up profits
- Optimize risk assets and decrease deduction items through reducing non-core assets

Dividend Policy, Shareholder Return Strategies

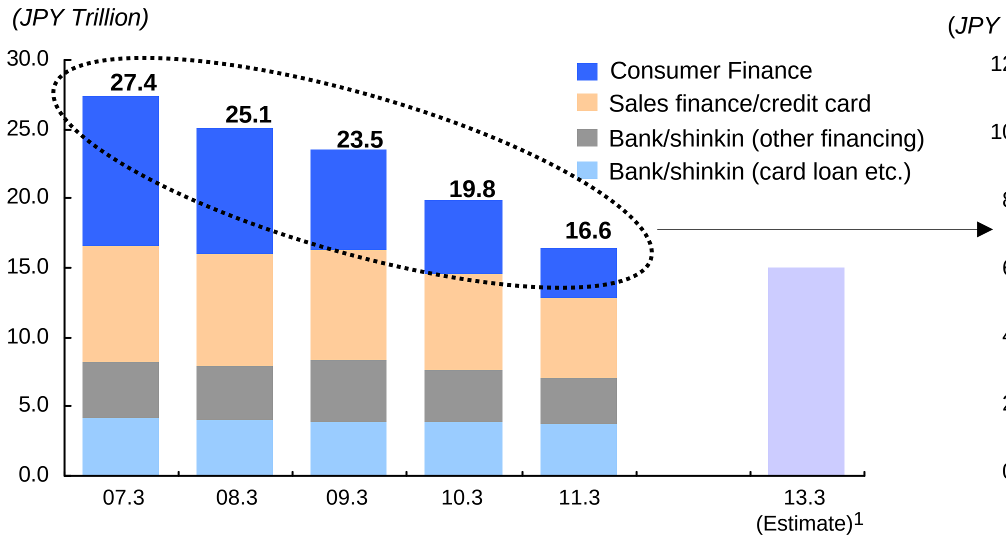
- Basic policy of emphasizing returns to shareholders, based on Bank's performance and future outlook
- However, must consider management stability as a bank, as well as Revitalization Plan due to restrictions of outstanding public funds

[Reference]
Operating Environment for Shinsei Bank Card Loan - Lake

Appendix

UPL Market set to recover in mid-to-long term on rising needs for bank-based borrowing

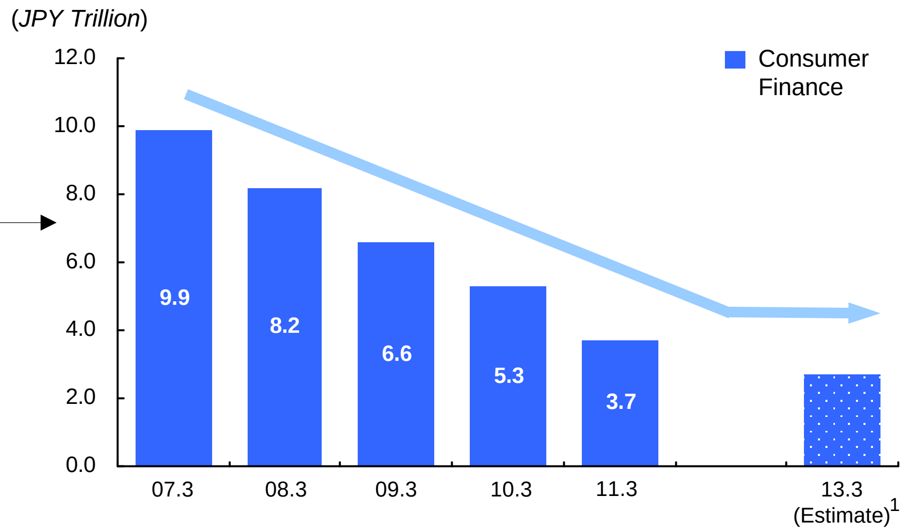
UPL Market (Overall)



[1] Estimates of market size at 13. 3 are Shinsei Bank's estimates

(Source) Statistics from Bank of Japan and Japan Financial Services Association

UPL Balance at Consumer Finance Companies



[1] Estimates of market size at 13.3 are Shinsei Bank's estimates

(Source) FSA report based on data from Japan Financial Services Association

- Japanese UPL market has shrunk significantly due to revised MLBL and excess interest repayment issue
- Although bank borrowing is also declining due to slumping consumption, the decline is smaller than at consumer finance or sales finance/card companies
- Decline at consumer finance companies is expected to continue further
- Bank card loans will bottom out due to megabanks ramping up operations

- Consumer finance companies' UPL market has shrunk about 60% during past four years
- However, market size expected to remain at around JPY 2-3 trillion due to ongoing needs

Shinsei Bank Group makes full-scale entry into UPL market

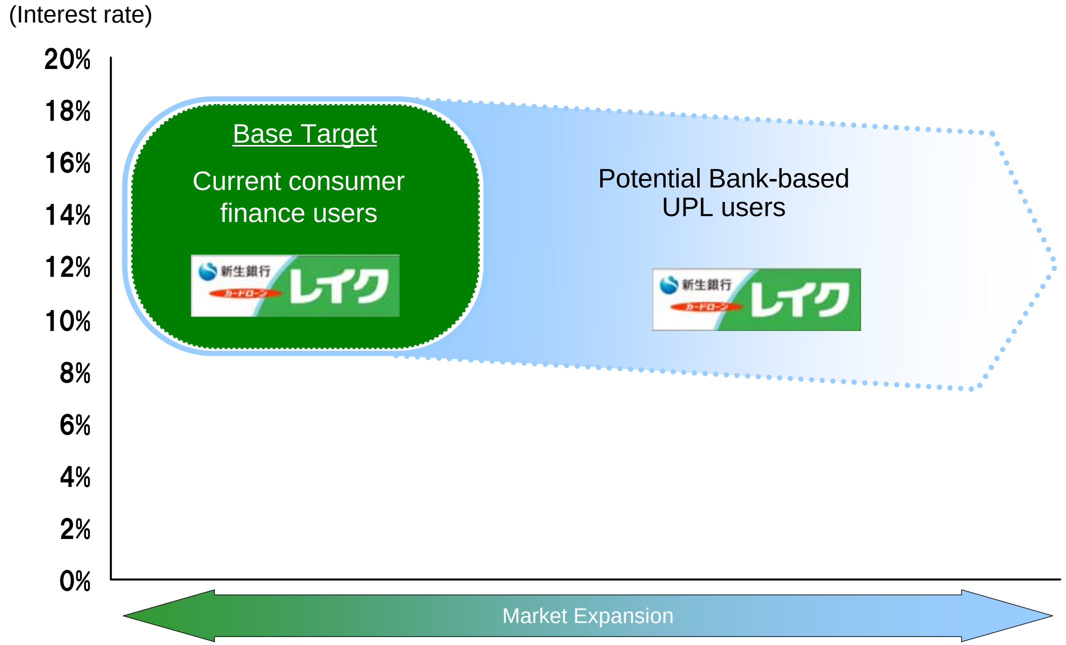
[Reference]

Appendix

Differentiation and Business Development for Shinsei Bank Card Loan - Lake

Utilize unmanned branch network at Bank to create and expand new market

Potential Market Expansion & Image of Shinsei Bank's Mid-Term Business Development



Bank will reach potential UPL users through operating large-scale unmanned branch network and collaborating with retail banking in the future

Reliability **Peace-of-Mind**

Customers using current consumer finance companies

Convenience **Speed** **Products**

- Key factors in brand selection are (1) reliable company, (2) major player (3) company with good image (Shinsei Financial survey)
- Expect market expansion through capturing needs of potential UPL users with the reliability and peace-of-mind of bank-based business
- Shinsei will become more familiar presence as the first bank in Japan to offer UPL services through a large-scale unmanned branch network, with benefits such as immediate disbursement and an application process that does not require a visit to a branch
- Transfer of the network enables huge expansion of outlets for Shinsei Bank card loan business

Adding reliability and peace-of-mind to quick and convenient service to create new market in the mid- to long-term

Disclaimer

- 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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