Business and Financial Highlights
Three Months Ended June 30, 2011

Shinsei Bank, Limited
July 28, 2011

Overview of FY2011 1Q Results

1. Off to a Good Start	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

Steady Earnings, Improved Asset and Capital Quality

Stronger Earnings Power and Steady Progress in Cost Reductions

- **Revenue:** Down JPY13 billion (18.6%) year-on-year to JPY57.4 billion (Up JPY7.4 billion on 4Q FY2010)
  - Strong progress in core businesses
  - Interest income down due to full-scale implementation of revised MLBL[1]
  - Slight increase in non-interest income year-on-year
- **Expenses:** Down JPY5.3 billion (14.6%) year-on-year to JPY31.1 billion (down JPY3.2 billion on 4Q FY2010)
  - Continued intensive rationalization
  - Reductions in both personnel and non-personnel expenses
- **Net credit costs:** Down JPY11.6 billion (84.4%) year-on-year to JPY2.1 billion (Down JPY16.9 billion on 4Q FY2010)
  - Decrease due to improvement in loan quality
- **Consolidated net income:** Up JPY4.2 billion year-on-year to JPY18.1 billion. Cash-basis net income also increased
- **Non-consolidated net income:** Up 1.9 billion year-on-year to JPY6.6 billion

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

- Signs of bottoming out in Lake unsecured personal loan balance
- Housing loans on the increase
- New disbursements in real estate non-recourse finance

Improved Asset Quality

- Continued reduction of non-core assets
- NPL ratio decreased while maintaining high coverage ratio
- Grey zone interest repayments on gradual declining trend

Higher Capital Ratios, Ample Liquidity

- All capital ratios increased and quality of capital also improved
- Ample liquidity position of JPY1.2 trillion

FY2011 Full Year Forecast Unchanged

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

[1] Money Lending Business Control and Regulation Law

Financial Summary

Good Start to FY2011

(JPY billion)

Earnings	1QFY2010 (3 months)	1QFY2011 (3 months)	FY2010 (Reference)
[Consolidated]			
Revenue	70.4	**57.4**	292.1
Expenses	36.4	**31.1**	142.8
Ordinary Business Profit (OBP)	34.0	**26.2**	149.2
Net Credit Costs	13.8	**2.1**	68.3
OBP after Net Credit Costs	20.1	**24.0**	80.8
Net Income	13.8	**18.1**	42.6
Cash Basis Net Income	16.7	**20.8**	53.8
[Non-Consolidated]			
OBP	9.5	**0.5**	54.6
Net Income	4.7	**6.6**	11.1

Profitability	1QFY2010 (3 months)	1QFY2011 (3 months)	FY2010 (Reference)
Net Interest Margin (NIM)	2.33%	**2.00%**	2.19%
Expense-to-Revenue Ratio	51.8%	**54.3%**	48.9%
ROE (annualized)	12.1%	**13.2%**	8.5%
Cash Basis ROE (annualized)	14.6%	**15.1%**	10.7%
ROA (annualized)	0.5%	**0.7%**	0.4%
Cash Basis ROA (annualized)	0.6%	**0.9%**	0.5%

Assets and Liabilities	2010.6	2011.3	2011.6
Total Assets	10,947	10,231	**9,473**
Loans and Bills Discounted	4,772	4,291	**4,214**
Securities	2,832	3,286	**2,703**
Deposits and Negotiable Certificates of Deposit	6,096	5,610	**5,777**
Debentures	457	348	**329**
Non-performing Loans / Total Claims (%) (non-consolidated basis)	6.38%	6.78%	**6.04%**
Coverage Ratio[1] (%)	97.4%	96.8%	**96.6%**

Capital	2010.6	2011.3	2011.6
Basic Items (Tier I)	506.4	516.7	**533.2**
Risk Weighted Assets (“RWA”)	7,276	6,653	**6,559**
Total Capital	653.0	649.9	**651.7**
Total Capital Adequacy Ratio	8.97%	9.76%	**9.93%**
Tier I Capital Ratio	6.95%	7.76%	**8.12%**
Diluted Equity Per Share (yen)	236.82	205.83	**212.70**

Liquidity	2010.6	2011.3	2011.6
Liquidity Reserves[2]	1,319	1,130	**1,290**

[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

(Consolidated, JPY billion)

- Gain of JPY6.3 billion on sales of foreign equities (net of withholding tax etc.) in non-core asset divestiture
- Total gain of JPY1.6 billion on reversal of provisions for other non-core asset divestiture
- Total provisions of JPY2.9 billion related to domestic real estate non-recourse finance (JPY1.0 billion of impairments, JPY1.8 billion of additional reserves)

	1Q FY2010	1Q FY2011
Gains included in revenue	1.2	6.3
Gain from sales of foreign equities (net of withholding tax etc.)	-	6.3
Gain from buyback of subordinated debt	1.2	-
Major positive items (1)	**1.2**	**6.3**
Losses included in revenue	**-0.0**	**-1.0**
Domestic real estate non-recourse finance (bonds)	-0.0	-1.0
Items included in net credit costs	**-5.1**	**-0.2**
Domestic real estate non-recourse finance-related	-5.1	-1.8
Others	-	1.6
Other gains/losses	**-2.5**	**-0.8**
Grey zone interest repayment related provisions	0.9	-0.8
Losses on application of new accounting standard for asset retirement obligation costs	-3.5	-
Major items (2)	**-7.8**	**-2.1**
(1) + (2)	**-6.5**	**4.1**

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

Balance Sheet

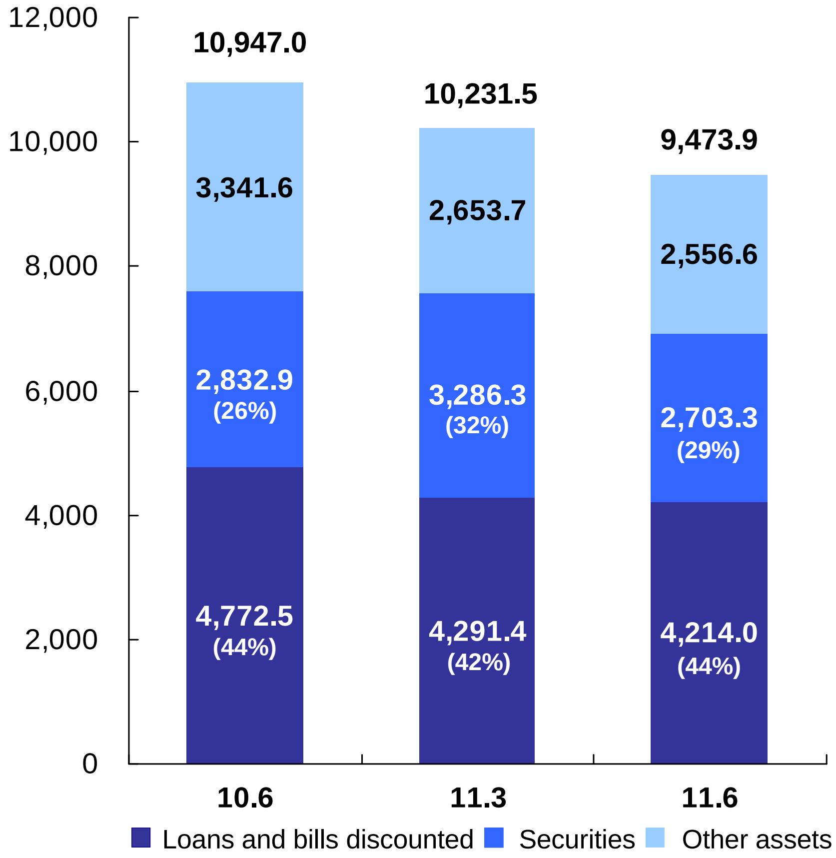
Signs of Loan Balance Nearing Bottom-out, Stable Funding Base

Business

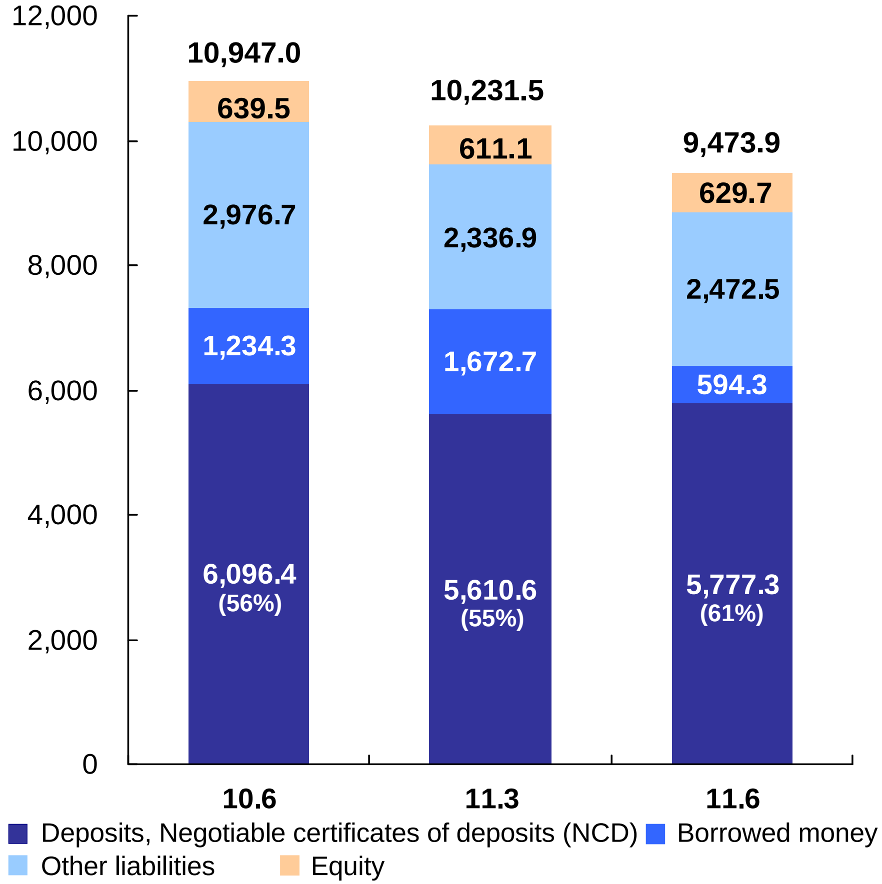
(Consolidated, JPY billion)

- Decrease in total assets due mainly to decrease in securities (mostly JGB)
- Overall lending decreased only slightly as factors such as steady performance of housing loans at Bank offset decrease in subsidiaries' lending
- Funding base remains stable as deposits and NCDs increase on March 2011

Asset Composition



Liabilities and Equity Composition



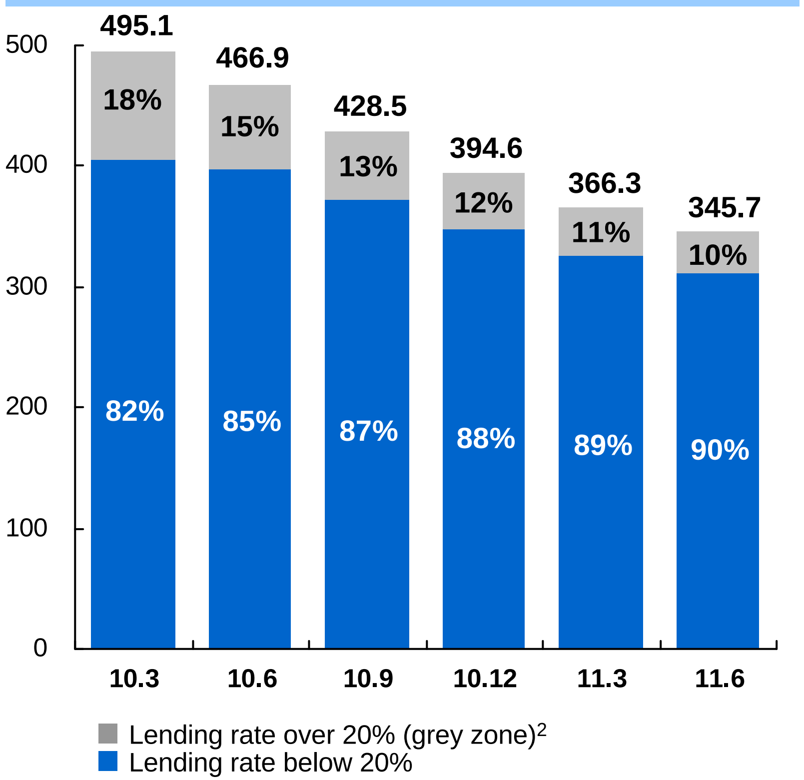
Unsecured Personal Loan — Pace of Decline in Lake UPL Balance Slowing, Signs of Nearing Bottom-out

Business

(JPY billion)

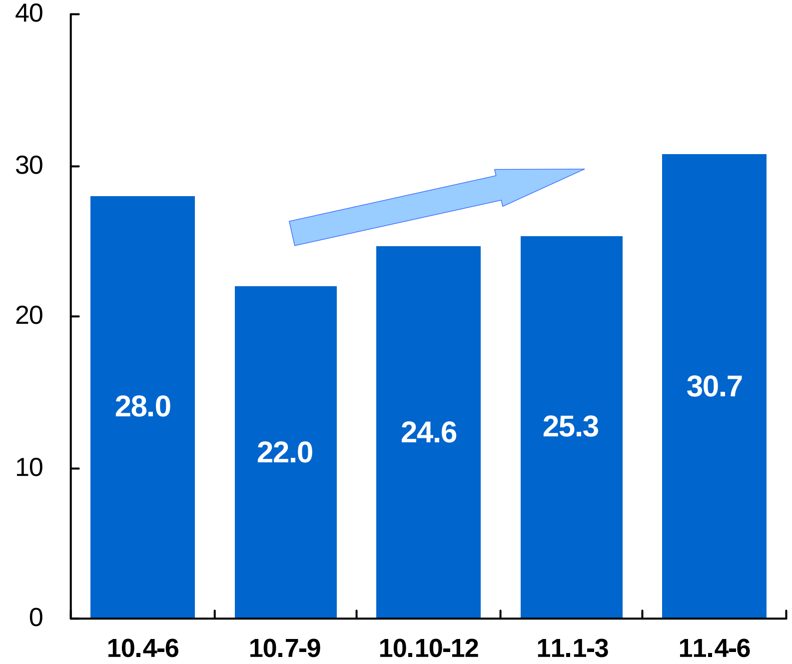
- Shinsei to continue proactive development of high profitability unsecured personal loan (UPL) business, despite impact of revised MLBL putting pressure on loan balance
- New customer acquisition increasing at Lake since 3Q FY2010
- Rebound in UPL balance growth expected with launch of "Shinsei Bank Card Loan – Lake[1]"

Lake UPL Balance, Breakdown by Lending Rates



Lake New Customer Acquisition

(Unit: 1,000 customers)



[2] 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

[1] Shinsei Bank plans to begin offering a card loan service under the Lake brand from October 1, 2011. Shinsei Financial will continue to serve its existing customers, and focus on its credit guarantee business for Shinsei Bank as well as other banks (Guarantee alliances with 5 banks as of July 2011)

Retail Banking

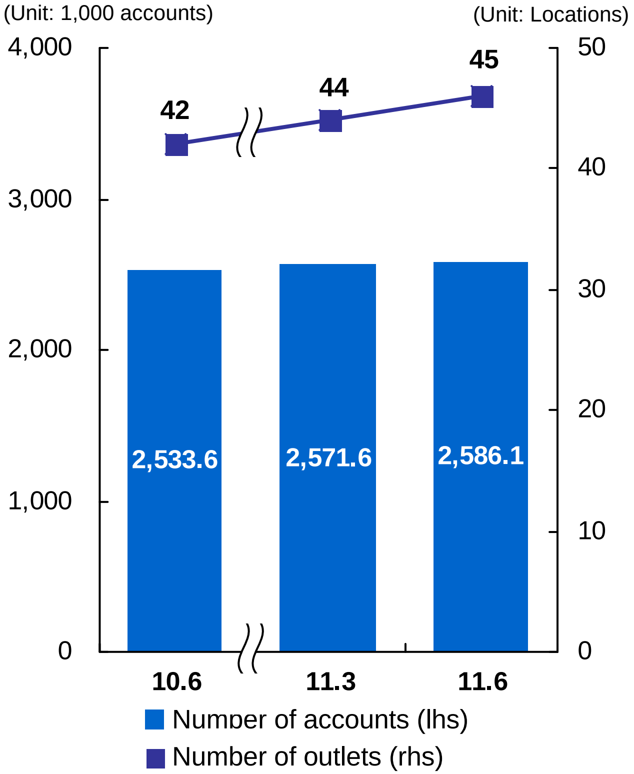
Increase in Accounts, AUM and Housing Loans - Steady Expansion

Business

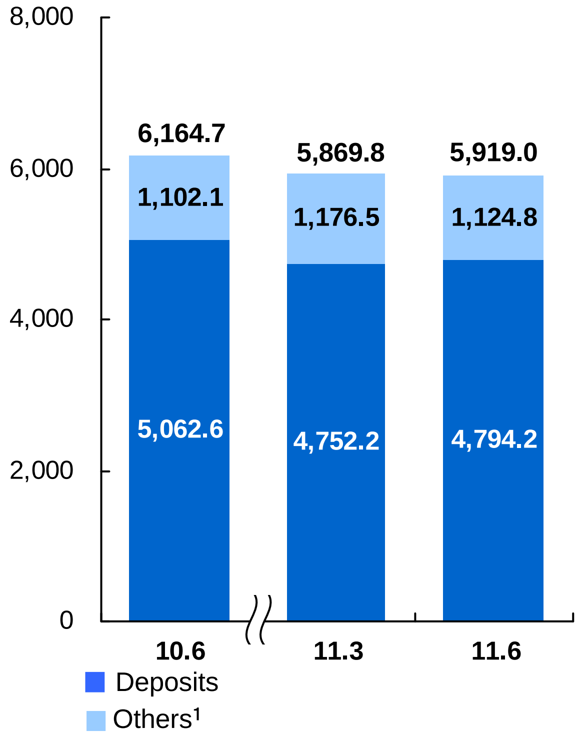
(JPY billion)

- Continuous increase in number of retail accounts
- Retail Banking Assets Under Management (AUM) and deposits largely flat compared with March 2011
- Increasing trend in housing loan disbursement. JPY45.2 billion disbursed in 1Q FY2011 (increase of approximately JPY16 billion year-on-year) resulting in JPY924.3 billion of housing loans outstanding

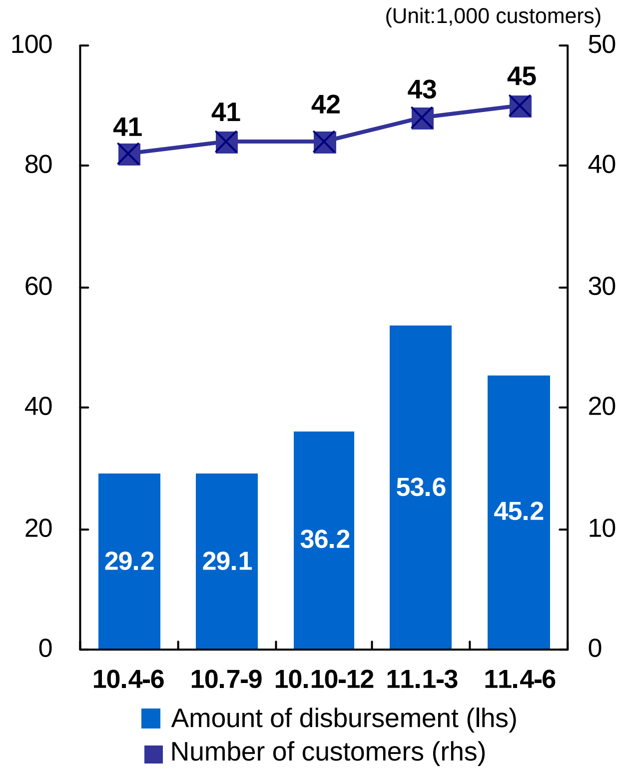
Retail Banking Accounts (thousands)
Number of Retail Banking Outlets



Retail Banking AUM



Housing Loan Disbursement



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

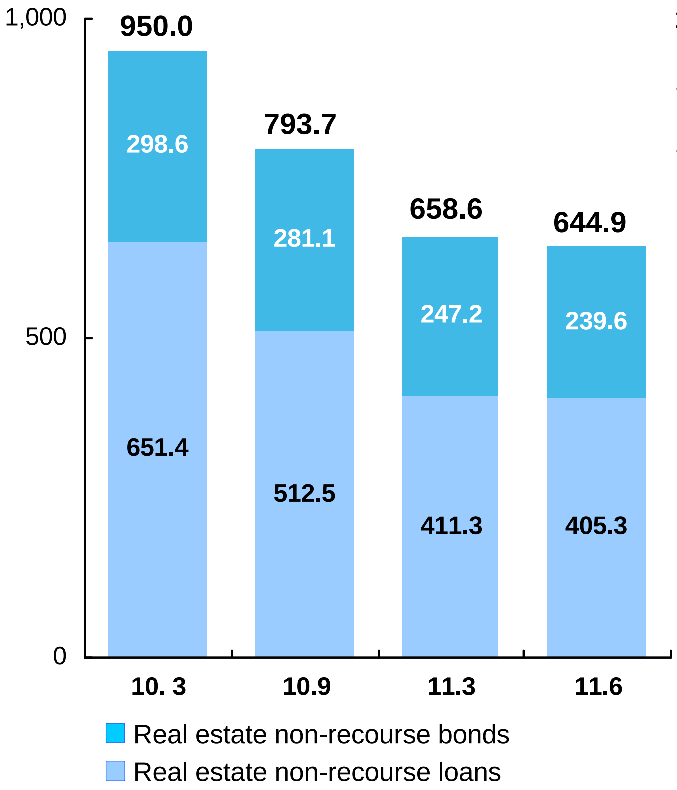
Real Estate Finance — Asset Replacement through New Disbursement

Business

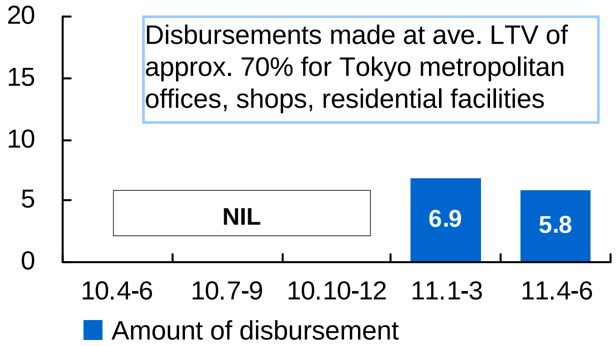
(JPY billion)

- Balance has largely bottomed out. Expect increase through new disbursement while continuing reduction of non-performing loans
- Restarted new business for first time in 2 years, selectively executing transactions from 4Q FY2010
- Diversified portfolio with appropriate management

Balance



Disbursement



Breakdown by Maturity

As at March 31, 2011

FY2011	45%
FY2012	39%
FY2013	16%

(Note) Treatment at maturity is on a case-by-case basis, including roll-over, extensions, collection of principal, LTV improvement through deal integration, equity injections from sponsors, voluntary sales to third parties etc.

Region and Asset Category

(as at June 30, 2011)

Region	
Kanto (mainly Tokyo)	59.0%
Kansai (mainly Osaka)	14.4%
Other Regions	12.4%
Portfolio (Diversified)	14.2%
Total	100.0%

Category	
Office	37.0%
Retail	14.1%
Residential	11.1%
Hotel	7.9%
Land	14.8%
Development	3.5%
Industrial/Parking/Other	3.5%
Other Portfolio (Diversified)	8.2%
Total	100.0%

NIM, ROA, ROE

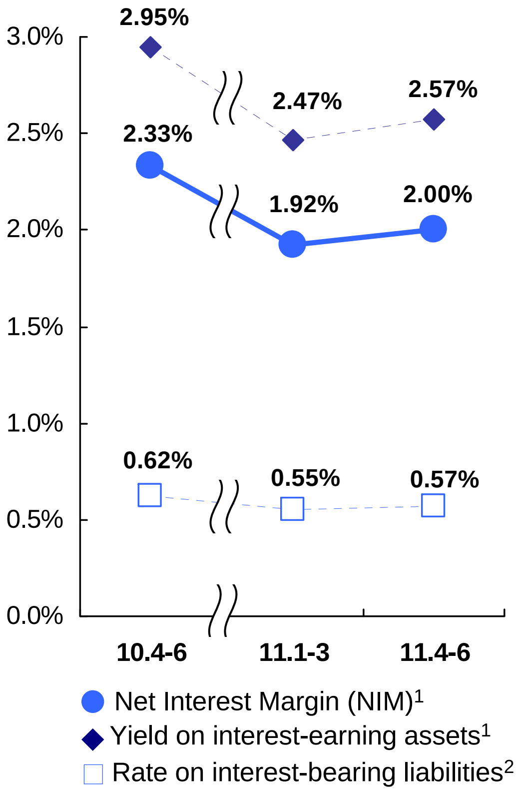
Improved NIM, ROA, ROE

Profitability

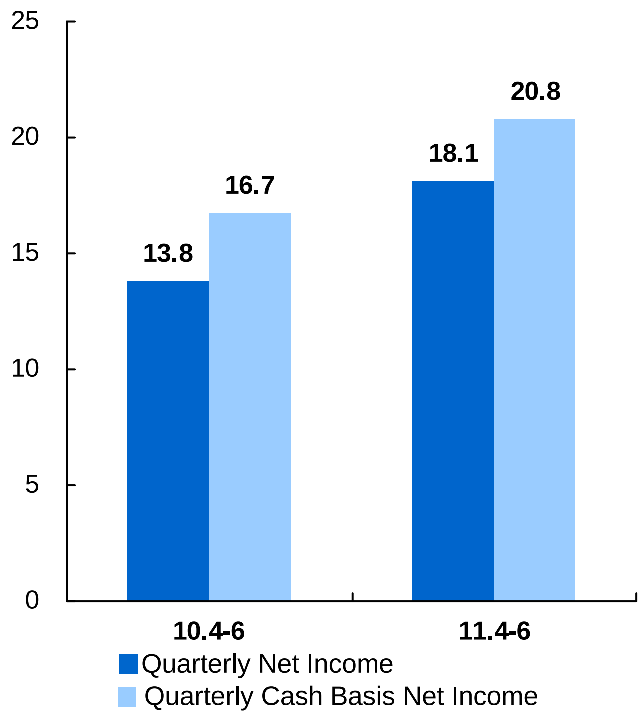
(Consolidated, JPY billion)

- Improvement over last quarter in net interest margin (NIM) and yield on interest-earning assets due to portfolio review including JGB optimization
- Slight increase in rate on interest-bearing liabilities over last quarter due to reduction of borrowed money, while deposit interest rates continue on declining trend
- Ample potential to further lower rate on interest-bearing liabilities under the current interest rate environment

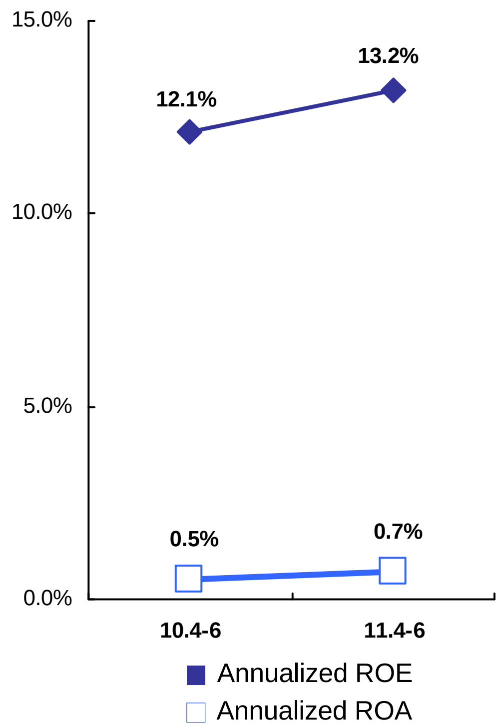
Yield/Rate on Interest-Earning Assets[1]/Interest-Bearing Liabilities[2] and Net Interest Margin (NIM) [1]



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

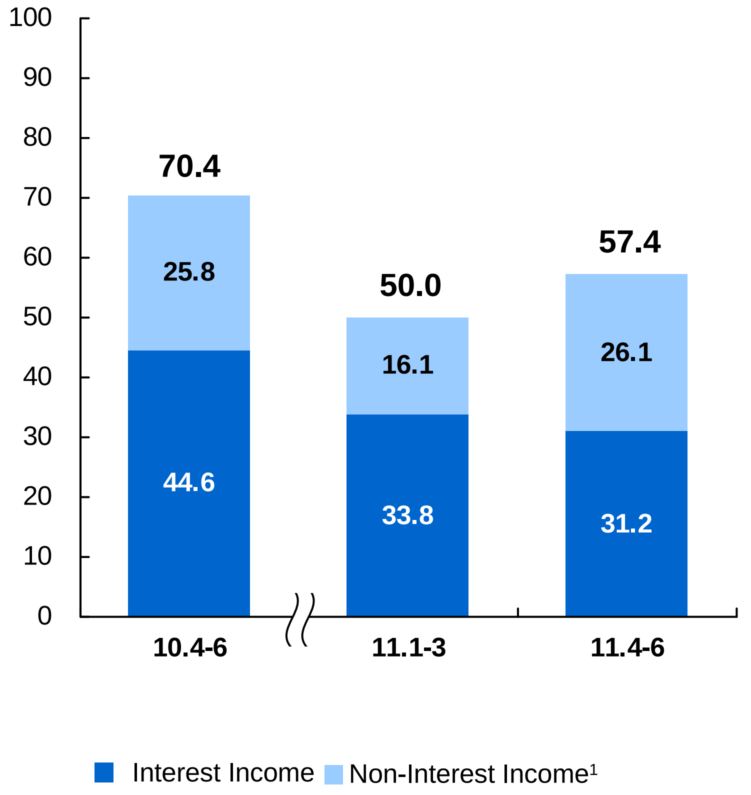
Core Business Shows Solid Growth despite MLBL

Profitability

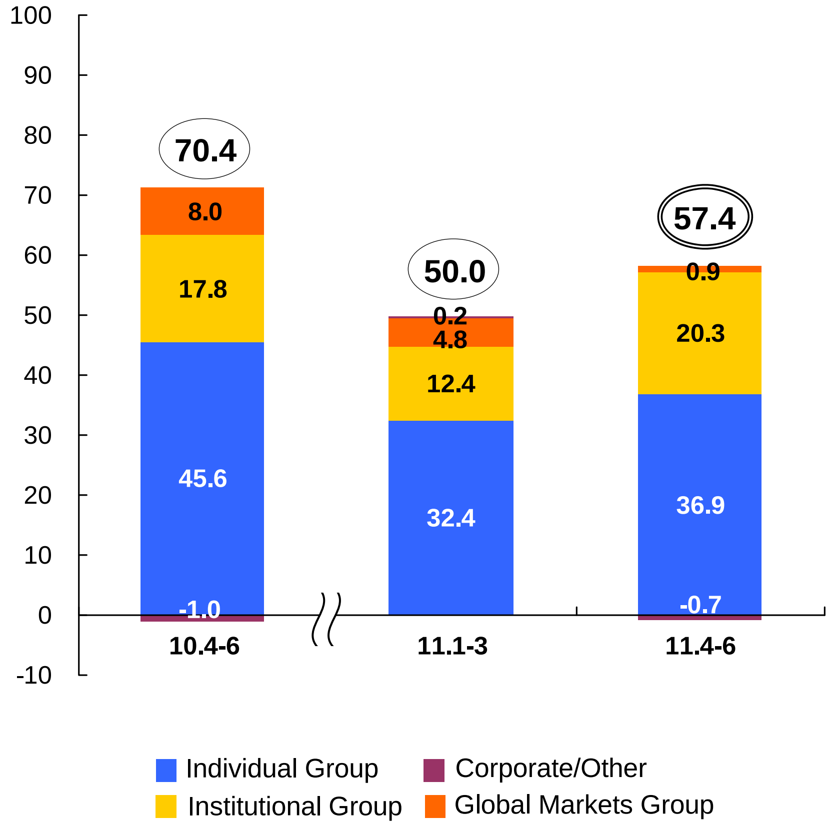
(Consolidated, JPY billion)

- Decrease in interest income due to full-scale implementation of MLBL, but pace of decrease slowing
- Non-interest income improved due to strong core businesses, resulting in increased revenue over previous quarter
- Both Institutional Group and Individual Group increased revenue over last quarter

Breakdown of Revenue



Breakdown by Business Group



[1] Includes income on leased assets and installment receivables

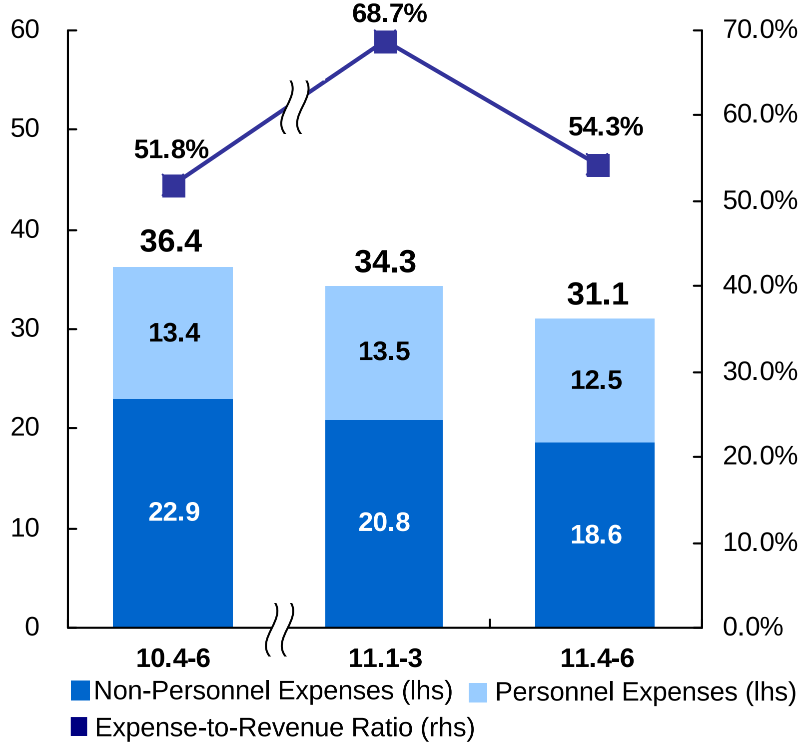
Expenses Continued Intensive Rationalization

Profitability

(Consolidated, JPY billion)

- Decrease in both personnel and non-personnel expenses due to optimization of business scale and continued intensive business rationalization
- Continued expense discipline and considering further cost reduction program
- Strategic allocation of expenses to core businesses and areas targeted for expansion

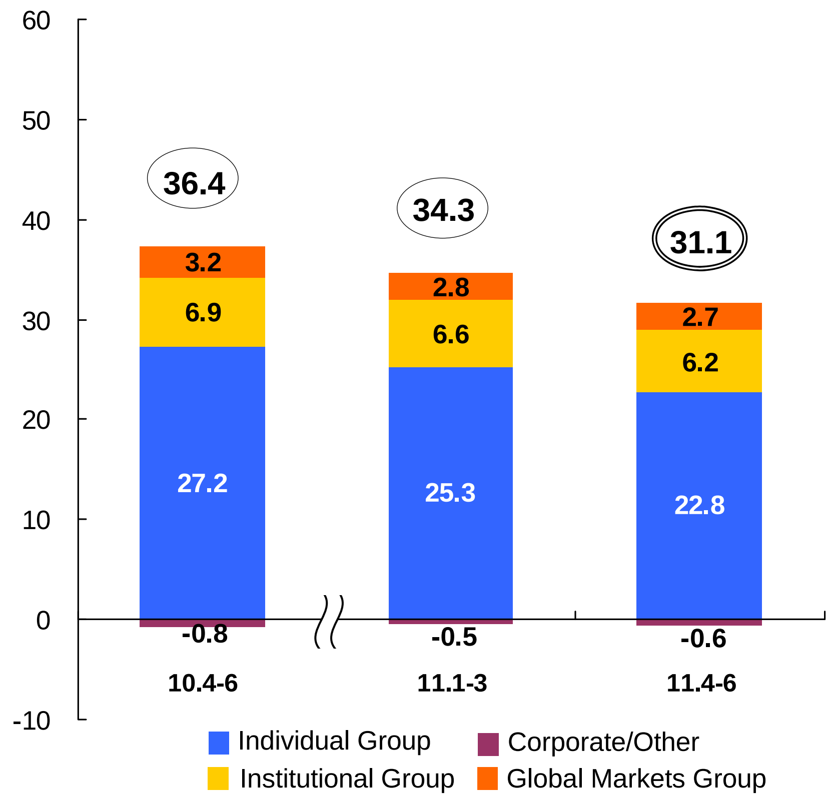
Breakdown of Expenses, Expense-to-Revenue Ratio



(Number of employees on consolidated basis)

10.6	11.3	11.6
6,066	5,718	5,558

Breakdown by Business Group



Net Credit Costs

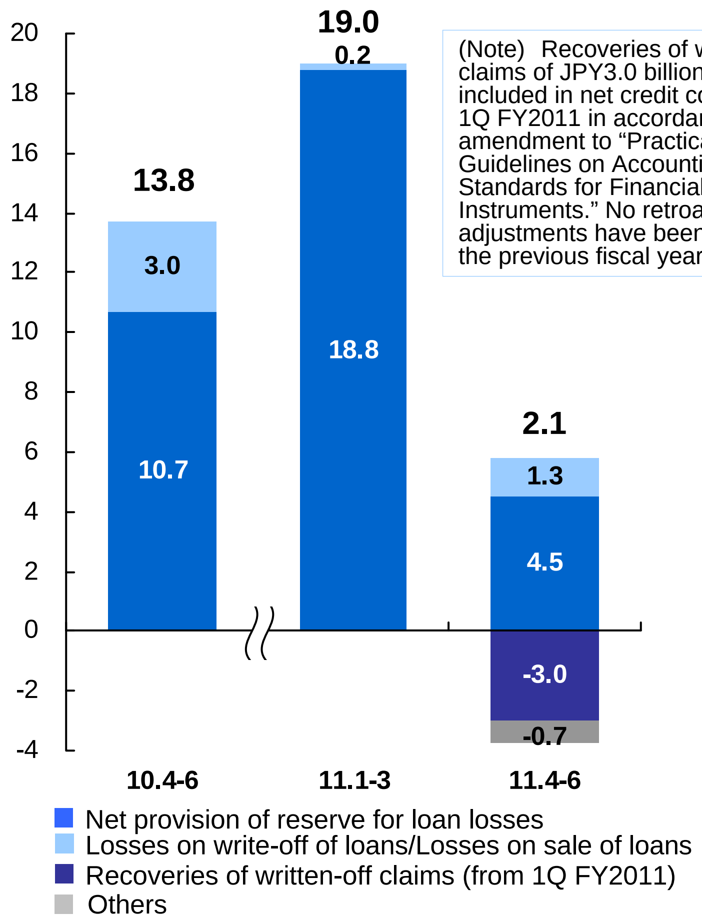
Down due to Strict Credit Management

Profitability

(Consolidated, JPY billion)

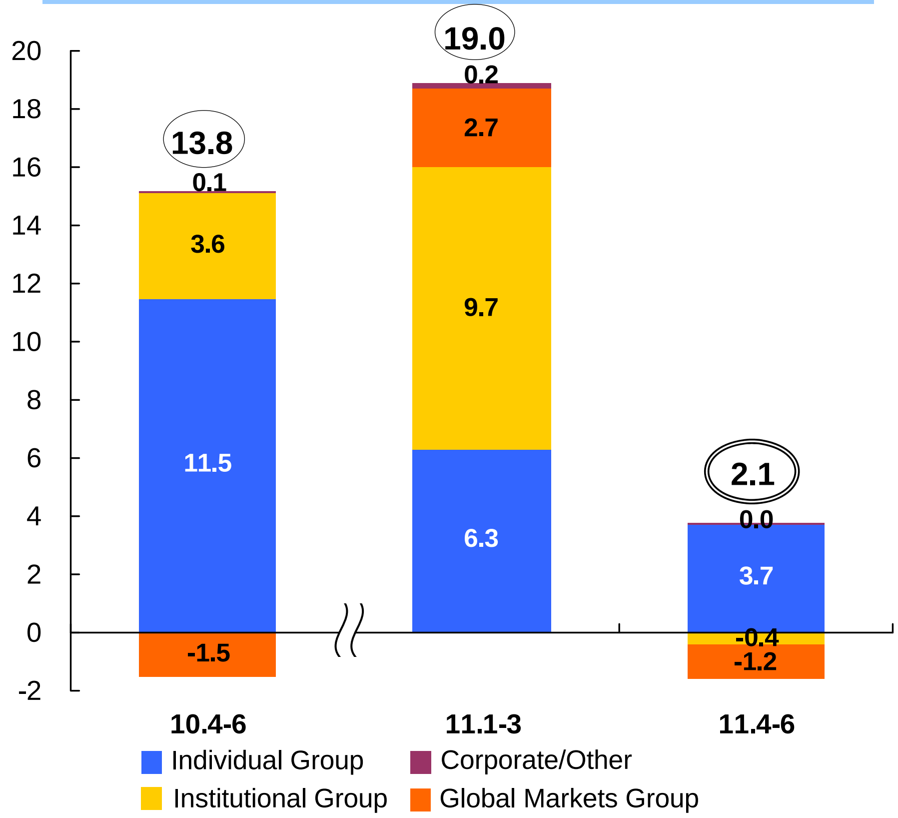
- Conservative, prudent provisioning in FY2010
- Substantial reduction in net credit costs due to decline in consumer finance loan balance and improvements in loan quality
- Net credit costs substantially down even after subtracting recoveries of written-off claims (included from 1Q FY2011)

Breakdown of Net Credit Costs



(Note) Recoveries of written-off claims of JPY3.0 billion are included in net credit costs from 1Q 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 1Q FY2011). Provision of reserves for losses on grey zone interest repayment is included in "Other losses," not in "Net credit costs"

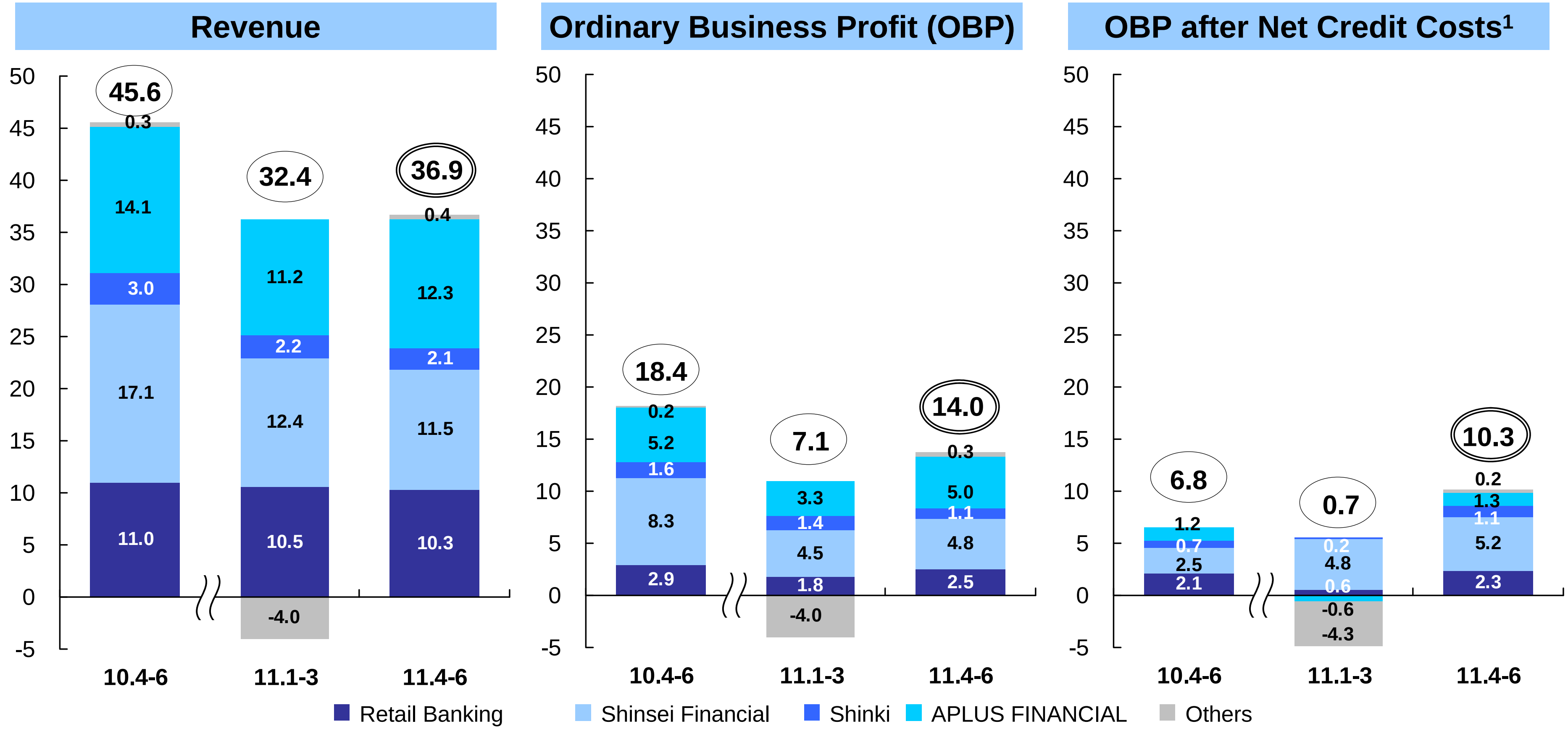
Individual Group

Good Start to getting "Back on the Offensive"

Profitability

(Consolidated, JPY billion)

- Retail Banking: Strong results while expanding business base
- Shinsei Financial: Increased earnings through expense reductions, strict credit management and strengthened collections, while pace of interest income decline slows
- APLUS FINANCIAL: Increase in both revenue and earnings over previous quarter



[1] Provision of reserves for losses on grey zone interest repayment is included in "Other losses," not in "Net credit costs."
1Q FY2011 results include JPY2.3 billion of recoveries of written-off claims

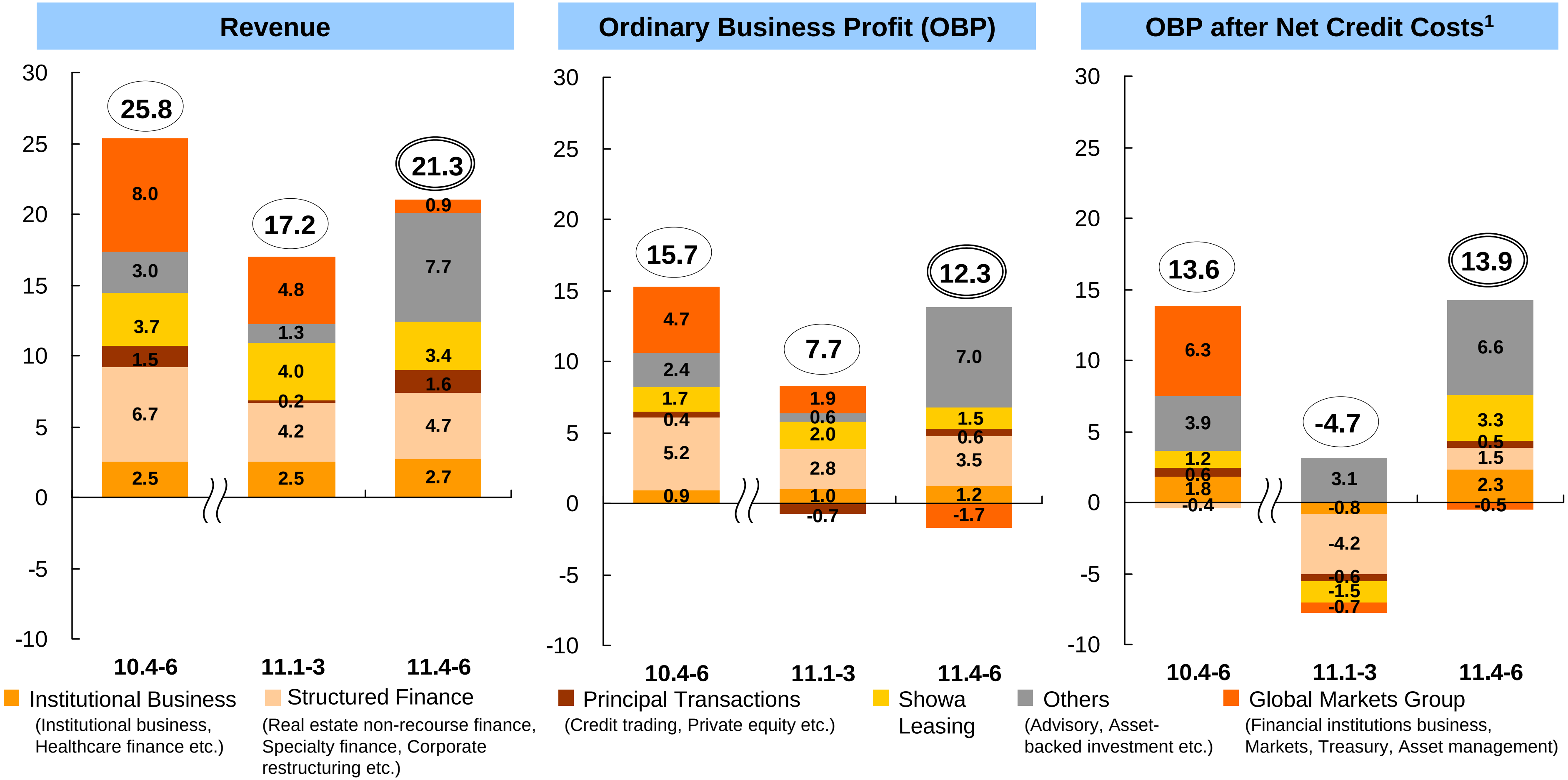
Institutional Group
Global Markets Group

Good Start to getting "Back on the Offensive"

Profitability

(Consolidated, JPY billion)

- Progress in divesting legacy assets, while efforts to expand customer franchise and cross-selling also show steady progress
- Asset replacement progressing in real estate and specialty finance
- Gains from divestiture of non-core foreign equities recorded in "Others"



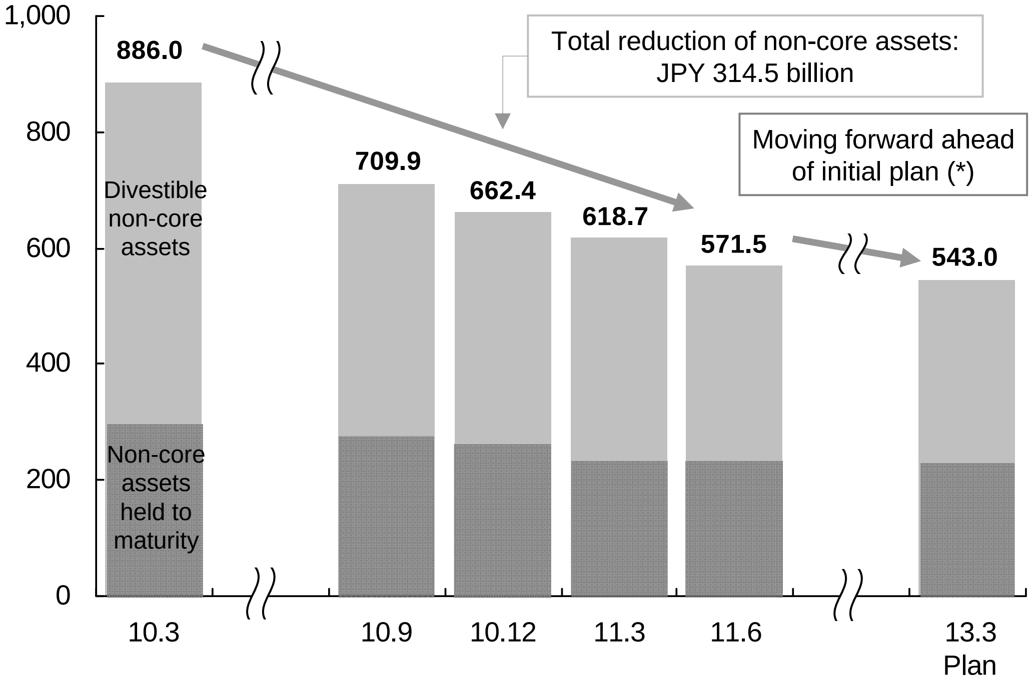
[1] 1Q FY2011 results include a total of JPY0.6 billion of recoveries of written-off claims in Institutional Group and Global Markets Group

Reducing Non-Core Assets ahead of Initial Plan while Recording Gains on Sales

(Consolidated, JPY billion)

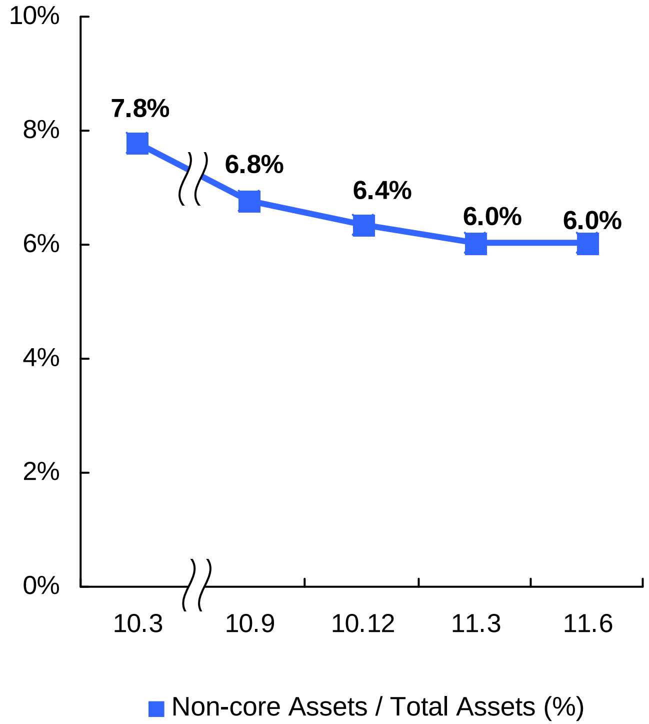
- Non-core assets reduced by JPY47.3 billion in 1Q FY2011, approaching Medium-Term Management Plan target. Reduction to continue
- Factors including a JPY6.3 billion gain on sales of foreign equities (net of withholding tax) recorded in 1Q FY2011
- Ratio of non-core assets to total assets on declining trend, resulting in 6% as at June 30, 2011

Outstanding Balance of Non-core Assets[1]



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

Non-core Assets-to-Total Assets



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

NPL

NPLs Continue to Decline Maintaining High Coverage Ratio

(Non-consolidated, JPY billion)

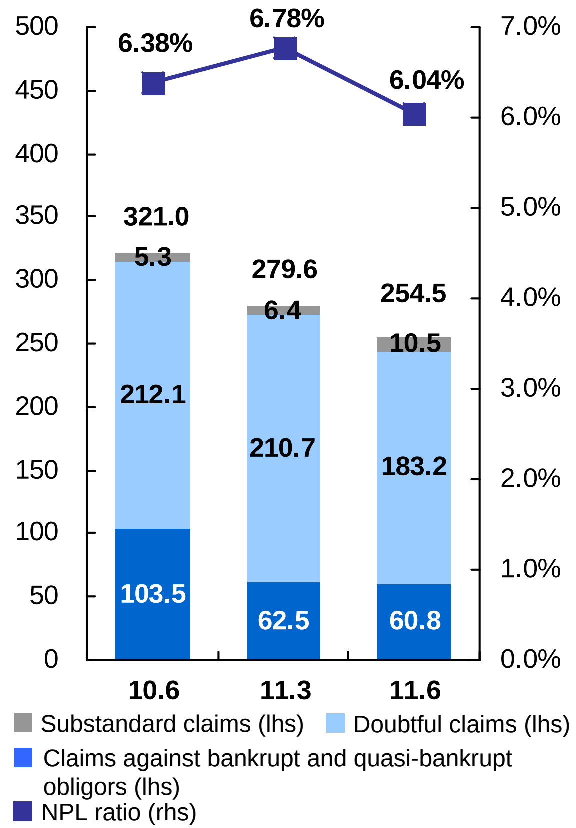
- NPL balance steadily decreasing over past five quarters, with JPY25.0 billion reduction in 1Q FY2011
- Increase in total claims contributed to NPL ratio falling to 6.04% at June 30, 2011, 74 basis points lower than March 2011
- Continue to use conservative valuation standards for real estate collateral and maintain high coverage ratio

Breakdown of Total Claims and Coverage by Credit Category

(as at June 30, 2011)

	Balance	Reserves for Loan Losses	Collateral/ Guarantees	Coverage Ratio	Partial Write-Off	(Ref.) Balance as at March 31, 2011
Normal	3,542.8	19.1			0.0	3,389.9
Need Caution	412.6	22.8			0.1	450.9
Performing Loans sub-total	3,955.4	42.0			0.1	3,840.8
Substandard/Possibly Bankrupt	193.6	40.0	144.9	95.5%	0.1	217.1
Virtually/Legally Bankrupt	60.8	3.7	57.1	100.0%	88.3	62.5
Non-Performing Loans sub-total	254.5	43.8	202.0	96.6%	88.4	279.6
Total Claims	**4,209.9**	**85.7**			**88.5**	**4,120.4**

NPL Amounts and NPL Ratio Based on Financial Revitalization Law



Grey Zone Gradual Declining Trend Continues

(JPY billion)

- Expect gradual declining trend in grey zone interest repayments after temporary increase related to Takefuji bankruptcy filing
- Disclosure claims generally decreasing again since March 2011
- Certain portion of Shinsei Financial's portfolio is covered by GE indemnity contract

Number of Disclosure Claims

(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	10 Qtr. Ave.
Shinsei Financial	52.4	48.5	41.2	41.0	38.1	34.4	29.0	36.2	38.6	**25.0**	38.4
Shinki	10.3	9.2	7.7	7.5	6.4	5.8	5.2	6.1	6.2	**4.1**	6.8
APLUS FINANCIAL	5.2	5.7	5.4	4.8	4.4	4.5	4.3	4.8	4.6	**4.2**	4.7

○ Peak level

Monthly Disclosure Claims

	11. 3	11. 4	11.5	11. 6
Shinsei Financial	12.6	9.0	7.9	8.0
Shinki	2.1	1.3	1.3	1.3
APLUS FINANCIAL	1.5	1.6	1.2	1.3

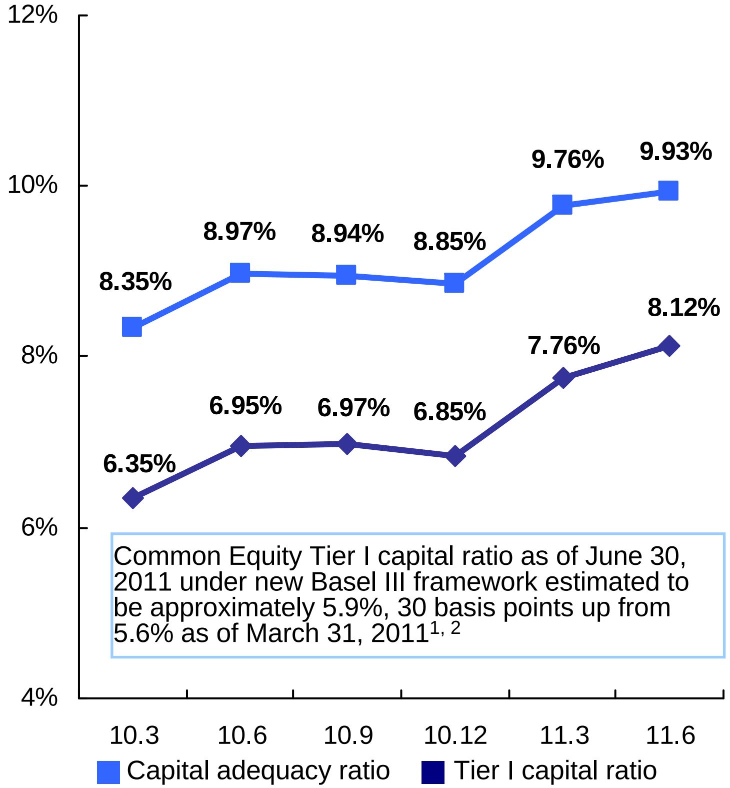
Capital Ratios Increased and Capital Quality Improved due to Profit Accumulation

Stable Financial Base

(Consolidated, JPY billion)

- Earnings growth boosted total capital and improved capital ratios together with risk weighted asset reduction
- Capital quality improved with further increase in the Common Equity Tier I ratio (estimate) under Basel III
- Decline in risk weighted assets due to non-core asset divestiture, but decline has now largely bottomed out

Trend of Capital Ratios (Basel II)



Common Equity Tier I capital ratio as of June 30, 2011 under new Basel III framework estimated to be approximately 5.9%, 30 basis points up from 5.6% as of March 31, 2011[1, 2]

Capital Composition

	2011.3	2011.6	Change	(Reference) 2010.6
Basic Items (Tier I)	516.7	533.2	16.5	506.4
Preferred Securities	56.8	56.7	-0.1	154.6
Amount Eligible for Inclusion in Capital (Tier II)	231.8	221.5	-10.3	254.8
Perpetual Subordinated Debt and Bonds	28.8	28.6	-0.1	33.3
Non-Perpetual Subordinated Debt and Bonds	193.5	183.4	-10.0	210.6
Deduction	-98.6	-103.0	-4.3	-108.1
Total Capital	649.9	651.7	1.8	653.0
Risk Weighted Assets	6,653.7	6,559.5	-94.1	7,276.3
Capital Adequacy Ratio	9.76%	9.93%	17 bps	8.97%
Tier I Capital Ratio	7.76%	8.12%	36 bps	6.95%

[1] 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
[2] Estimates based on Shinsei Bank's calculations using documents disclosed by the these Basel Committee on Banking Supervision. Since actual figures will be calculated based on the domestic rules after Basel III takes effect, there are factors that may cause estimates to diverge from actual figures

Forecast

Initial Forecast Unchanged due to Uncertain Economic Outlook

Commitment to MTMP

(JPY billion)

	FY2010 Actual	FY2011 Forecast	1Q FY2011 Actual
[Consolidated]			
Net Income	42.6	22.0	18.1
Cash Basis Net Income[1]	53.8	32.0	20.8
[Non-Consolidated]			
Ordinary Business Profit (OBP)	54.6	28.0	0.5
Net Income	11.1	15.0	6.6
Dividends	1 yen	1 yen	

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

[1]Cash basis net income is calculated by excluding amortization of goodwill and other intangible assets, net of tax benefit

MTMP

Top-line Initiatives, Expense and Credit Cost Control to Ensure Achievement of MTMP[1] Target

Commitment to MTMP

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, while maintaining market share and remaining number 1 for new applications ■ 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**

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Ongoing Reduction of Expenses

- **Original target almost achieved in FY2010 well in advance of MTMP[1]**
- **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**

[1] Medium-Term Management Plan

Key Takeaways

1. Steady progress in second year of three-year MTMP[1]

2. Solid progress rebuilding customer franchise with focus on growing assets again

3. Improving NIM[2] and expense/credit cost control leading to enhanced profitability

4. Impact of efforts to improve asset quality gaining momentum

5. Continuous improvement in capital ratios and ample liquidity strengthening base

6. Shinsei's management reiterates strong commitment to achieving MTMP[1] targets

[1] Medium-Term Management Plan
[2] Net Interest Margin

Appendix

Business

Rebound in UPL Balance Growth with Launch of “Shinsei Bank Card Loan – Lake”

Appendix

Strategic Significance

- Individual customer business is extremely important for Shinsei Bank
- A full line of services for individual customers, ranging from retail banking to consumer finance, from the Bank
- Further sharpen the Bank’s competitive edge

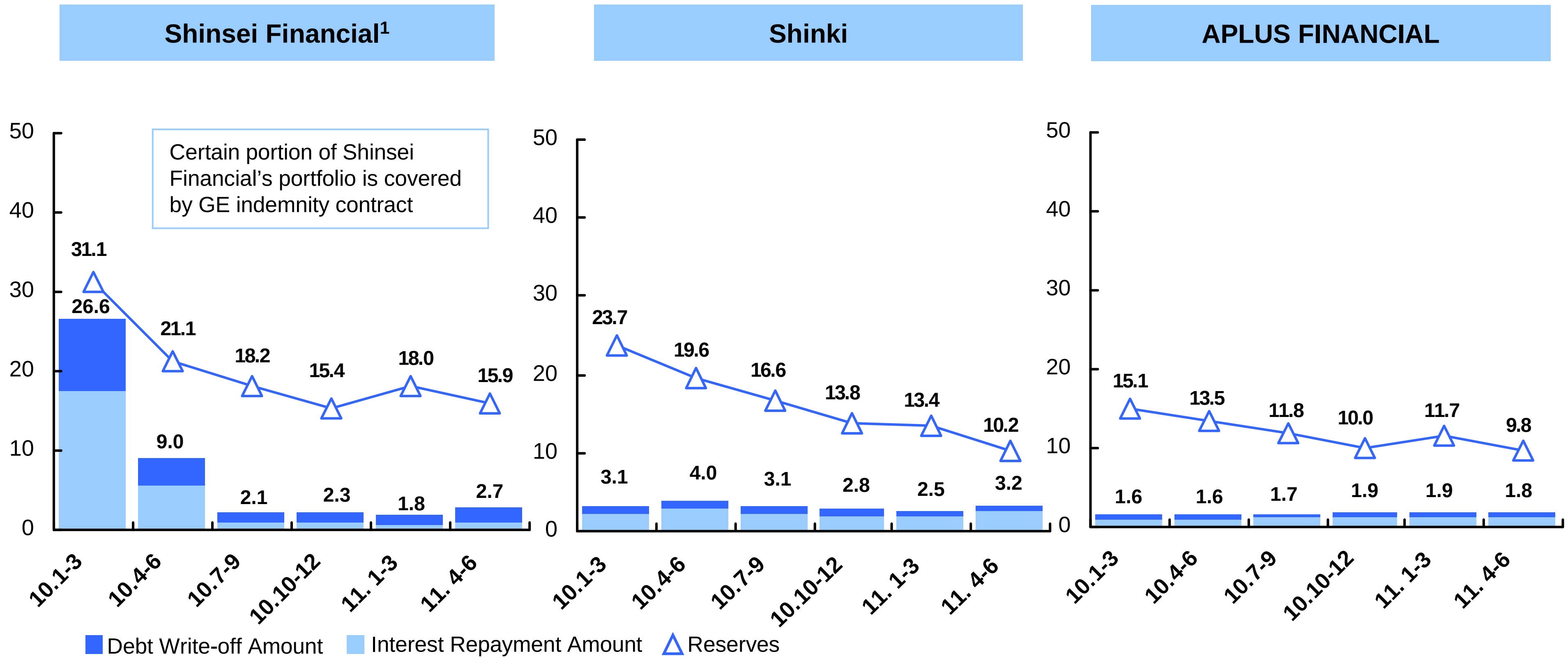
Key Points of “Shinsei Bank Card Loan – Lake”

- Will be able to begin full-scale operations of unsecured personal card loan service through a **nationwide network** consisting of approximately 800 unmanned branches
  - ✓ Commence service via the bank level from October 1, 2011 subject to the approval of the FSA
- Will use the strengths of our 100% owned subsidiary Shinsei Financial
  - ✓ **brand recognition** (industry No. 1 in share of new applications in FY2010)
  - ✓ **marketing expertise** (efficient channels)
  - ✓ **credit assessment expertise** (prudent approval rate)
- Capture needs of potential unsecured personal loan users by utilizing **reliability** 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
- New customer acquisition progressing at annualized rate of **approximately 120,000 customers/year for FY2011**. Expect to acquire **170,000 – 180,000 new customers per year in a few years’ time**

Asset Quality

Grey Zone Interest Repayments on Gradual Declining Trend

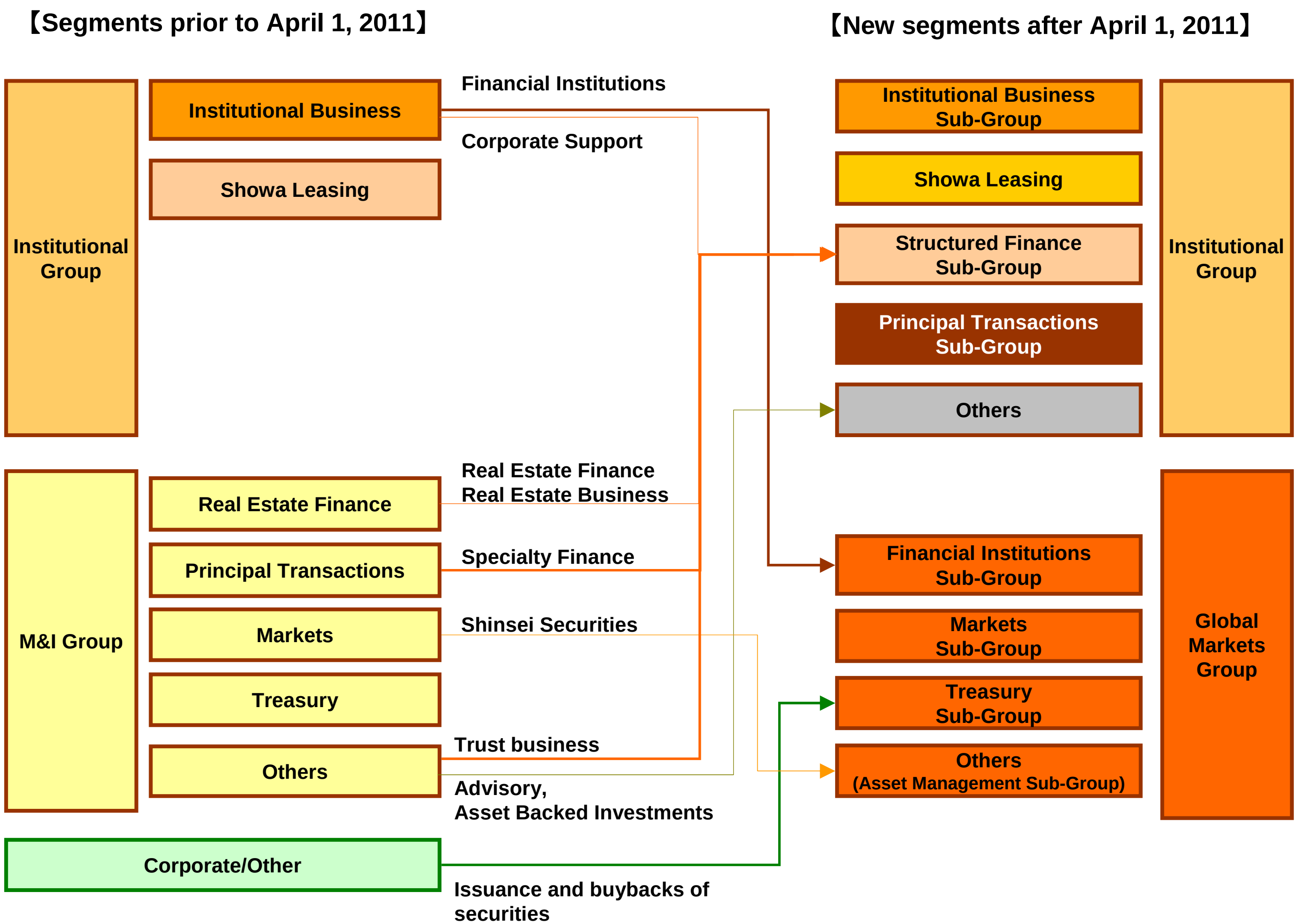
Appendix



[1] Interest repayment amount is net of refunds subject to GE indemnification

Organizational Change for Further Business Synergies

- Institutional Group centered on asset-based businesses
- Global Markets Group centered on financial institutions and market-oriented business
- Issuance/buybacks of securities moved from Corporate/Other to Global Markets Group



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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