Business and Financial Highlights

First Half Ended September 30, 2010

Shinsei Bank, Limited

November 11, 2010

Shigeki Toma
President and Chief Executive Officer

Shigeru Tsukamoto
Senior Management Executive Officer
Chief Financial Officer

Agenda

Executive Summary

1. Healthy core businesses and prudent provisioning drive steady progress towards earnings stabilization

- **Top-line revenues** down JPY10.2 billion (6.2%) to JPY155.6 billion
  - Revenues increased in the Institutional Group and Markets and Investment Banking Group (M&I Group) as core businesses performed well, factors responsible for substantial investment-related losses in the past receded, and gains from divestiture of non-core business assets were recorded
  - Retail banking business trended steadily
  - Revenues decreased significantly in the consumer finance business but in line with expectations as a result of lower operating assets and lower lending rates
- **Funding costs** declined to 0.62% due to lower interest expense on deposits, borrowed money and corporate bonds, while net interest margin steady at 2.31%
- **Expenses** down JPY13.7 billion (15.9%) to JPY72.8 billion, reflecting business right-sizing and lower IT costs through consolidation and technology deployment among subsidiaries
- **Net credit costs** up JPY13.1 billion (33.6%) to JPY52.3 billion as conservative and prudent reserves were recorded in the specialty finance, domestic real estate non-recourse finance and other businesses, despite an improvement in the Individual Group due to improved asset quality and collections
- **Net income**: consolidated reported basis net income up JPY5.8 billion (52.6%) to JPY16.8 billion, consolidated cash basis net income up JPY2.4 billion (12.3%) to JPY22.7 billion. Non-consolidated net income up JPY0.7 billion (8.3%) to JPY9.3 billion

2. Progress in reduction of non-core business assets, optimization of domestic real estate non-recourse finance portfolio, and provisioning against potential risks

- Progress in reduction of risk-weighted assets due to collection and clean-up of non-core business assets, lower concentration risk among specific sectors, and provisioning against potential risks

3. Improved capital ratios, stable liquidity

- Total consolidated capital adequacy ratio at 8.94% and Tier I capital ratio at 6.97%, both improving on March 31, 2010 (flat on June 30, 2010), reflecting accumulation of retained earnings, reduction in risk assets, and other factors, and despite reduction in foreign currency-denominated capital securities due to factors including impact of strong yen
- Maintaining ample liquidity position with approximately JPY1.3 trillion of cash, cash equivalents and liquidity reserves

4. Maintaining full year forecast

- Maintaining full year forecast from May 2010 at this point in time as impact of the transaction announced on November 10, 2010 in press release entitled “Shinsei Bank Announces Tender Offers for Certain Preferred Securities in Overseas Markets” is as yet undetermined, and uncertainty remains surrounding financial markets, economic environment going forward and impact of Money-Lending Business Control and Regulation Law (MLBL)

Financial Results Overview

(JPY billion)

Earnings	1H FY2010	1H FY2009	FY2009 (reference)
[Consolidated]			
Revenue	**155.6**	165.8	285.5
Expenses	**72.8**	86.5	168.3
Ordinary Business Profit (OBP)	**82.8**	79.3	117.1
Net credit costs	**52.3**	39.2	112.2
OBP after Net Credit Costs	**30.4**	40.1	4.8
Net Income	**16.8**	11.0	-140.1
Cash Basis Net Income	**22.7**	20.2	-53.7
[Non-Consolidated]			
OBP	**40.2**	18.5	20.9
Net Income	**9.3**	8.6	-47.6

Profitability	1H FY2010	1H FY2009	FY2009 (reference)
Net Interest Margin	**2.31%**	2.54%	2.47%
Expense-to-Revenue Ratio	**46.8%**	52.2%	59.0%
ROE (annualized)	**7.4%**	3.8%	-27.6%
Cash Basis ROE (annualized)	**9.9%**	6.9%	-10.6%
ROA (annualized)	**0.3%**	0.2%	-1.2%
Cash Basis ROA (annualized)	**0.4%**	0.3%	-0.5%

Asset Quality	2010.9	2010.3
Total assets	**10,464**	11,376
Risk Weighted Assets ("RWA")	**7,180**	7,722
RWA / Total Assets (%)	**68.6%**	67.9%
Non-performing Loans / Total Claims (%)	**6.52%**	6.70%
Coverage Ratio[1] (%)	**96.3%**	97.6%

Capital	2010.9	2010.3
Basic Items (Tier I)	**500.5**	490.7
Amount Eligible for Inclusion in Capital (Tier II)	**251.2**	268.7
Deduction	**-109.6**	-114.0
Total Capital	**642.1**	645.4
Total Capital Adequacy Ratio	**8.94%**	8.35%
Tier I Capital Ratio	**6.97%**	6.35%
Diluted Equity Per Share	**232.54**	232.72

Liquidity	2010.9	2010.3
Liquidity Reserve[2]	**1,375**	1,292

[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

Financial Results Overview *(continued)*

(Consolidated, JPY billion)

Ordinary Business Profit (OBP) after Net Credit Costs

Institutional Group, M&I Group	1H FY2010	1H FY2009	FY2009 (reference)
Institutional Banking	**10.0**	8.5	-52.5
Showa Leasing	**1.9**	1.2	2.4
Institutional Group	**12.0**	**9.7**	**-50.0**

Individual Group	1H FY2010	1H FY2009	FY2009 (reference)
Retail Banking	**4.6**	4.0	6.3
Shinsei Financial	**4.6**	9.0	20.6
Shinki	**1.3**	6.7	6.9
APLUS FINANCIAL	**2.1**	1.4	3.5
Other Subsidiaries	**0.3**	0.0	0.3
Individual Group	**13.1**	**21.2**	**37.7**

Corporate/Other	1H FY2010	1H FY2009	FY2009 (reference)
Corporate/Other	**5.3**	**9.1**	**17.1**
OBP after Net Credit Costs	**30.4**	**40.1**	**4.8**
Other Losses, Amortization of Goodwill and Intangible Assets	**-5.7**	-19.9	-127.9
Tax, Minority Interests	**-7.8**	-9.0	-17.0
Net Income	**16.8**	**11.0**	**-140.1**

Institutional Group, M&I Group:

- Core business performed well, recorded gains from divestiture of risk-weighted assets, achieved significant expense reduction
- Made additional conservative and prudent provisions against potential risks

Individual Group:

- Steady performance in retail banking business as it continued to promote lower funding costs while focusing on cost-efficient branch network expansion and provision of wide range of asset management products
- In the consumer finance business, while interest income decreased significantly but in line with expectations as a result of lower operating assets and lower lending rates, continue to implement further business integration, strict cost reductions and credit control

Corporate/Other:

- Gains on repurchase of subordinated debt decreased from JPY11.5 billion to JPY4.3 billion

Other:

- Lower amortization costs following impairment of APLUS FINANCIAL goodwill and intangible assets at end of last FY, as well as absence of additional grey zone provisions

FY2010 First Half Business Highlights

Laying the groundwork for the future

FY2010 Areas of Focus

Institutional Group / M&I Group

- Focus on expanding customer franchise
- Continued reduction of non-core business assets
- Further enhance the provision of appropriate solutions for corporate, financial institutions and public sector customers, by leveraging our product development capabilities
- Group-wide efforts to provide capital, credit, consulting services and staffing support to customers with restructuring needs and growth companies

Individual Group

- Retail Banking
  - ✓ Stabilize funding base and promote lower funding costs
  - ✓ Further enhance asset management business
  - ✓ Further strengthen housing loan business
  - ✓ Expand branch network
- Consumer Finance
  - ✓ Appropriate response to MLBL
  - ✓ Appropriate management of expenses and credit costs

Progress Made in First Half

Institutional Group / M&I Group

- Strengthened areas such as healthcare finance and corporate restructuring where we can leverage our strengths. New corporate customer numbers and borrower numbers have increased
- Executive heads now responsible for a portion of SME credit authorization. Aim to strengthen credit assessment capabilities of younger staff, promote “aggressive” sales
- Recorded gains from divestiture of non-core business assets, accelerating reduction ahead of initial plans
- Established more agile sales structure through division of former Institutional Group and further consolidation of corporate sales divisions

Individual Group

- Channeling maturing yen campaign deposits to Two-Week Maturity Deposit and enhancing efficiency of funding
- Optimization of retail branch network, total number of branches at 41 with establishment of Chiba Consulting Spot
- Shinsei Financial announced first business alliance in loan guarantee business with Towa Bank as source for new revenues
- APLUS FINANCIAL revised its forecast upwards due to lower non-personnel costs and improved asset quality due to better collection

Major Items Included in Results of Operations

One-off, investment-related losses decreased; made additional conservative and prudent provisioning

(Consolidated, JPY billion)

	1H FY2010	1H FY2009
Gains included in revenue	12.8	26.4
Gain from the sale of CLOs	4.3	11.7
Gain from buyback of subordinated debt	4.3	11.5
Gain from the sale of ABS and ABI	4.1	-
Gain from the sale of corporate bonds	-	1.4
Others	-	1.6
Major positive items (1)	12.8	26.4
Mark-downs/impairments included in revenue	-2.7	-8.3
Domestic real estate non-recourse finance (bonds)	-1.8	-
Japanese real estate principal investments	-0.5	-5.8
ABS, ABI and European investments	-	-2.5
Others	-0.3	0.0
Items included in net credit costs	-31.7	1.5
Specialty finance	-17.9	-
Domestic real estate non-recourse finance	-14.5	-1.6
ABI	0.6	-3.1
Credit recovery at Shinki	-	6.4
Others	-	0.0
Items included in other losses	-3.5	-14.6
Asset retirement obligation costs	-3.5	-
Grey zone related provisions	-	-9.9
Others	-	-4.7
Deferred income tax (Shinsei Bank non-consolidated basis)	-	-4.6
(2)Major negative items (2)	-38.1	-26.1
(1) + (2)	-25.3	0.3

Divestiture of non-core business assets:

- Recorded gains of JPY4.3 billion (JPY3.3 billion book value after impairment) on the sale of CLOs, gains of JPY4.1 billion on sale of ABS and ABI, and JPY0.6 billion on reversal of reserve for ABI
- Mark-downs and impairments limited to domestic real estate-related investments (JPY0.5 billion) and specialty finance related (JPY0.3 billion)

Conservative and prudent provisions for potential risks:

- Recorded conservative and prudent reserves of JPY17.9 billion within specialty finance, total of JPY16.4 billion of provisioning related to domestic real estate non-recourse finance (JPY14.5 billion related to lending, JPY1.8 billion related to corporate bonds)
- Obligor rating downgrades based on prudent and forward-looking collateral valuation mostly completed in the first half for domestic real estate non-recourse finance in anticipation of continued market slowdown

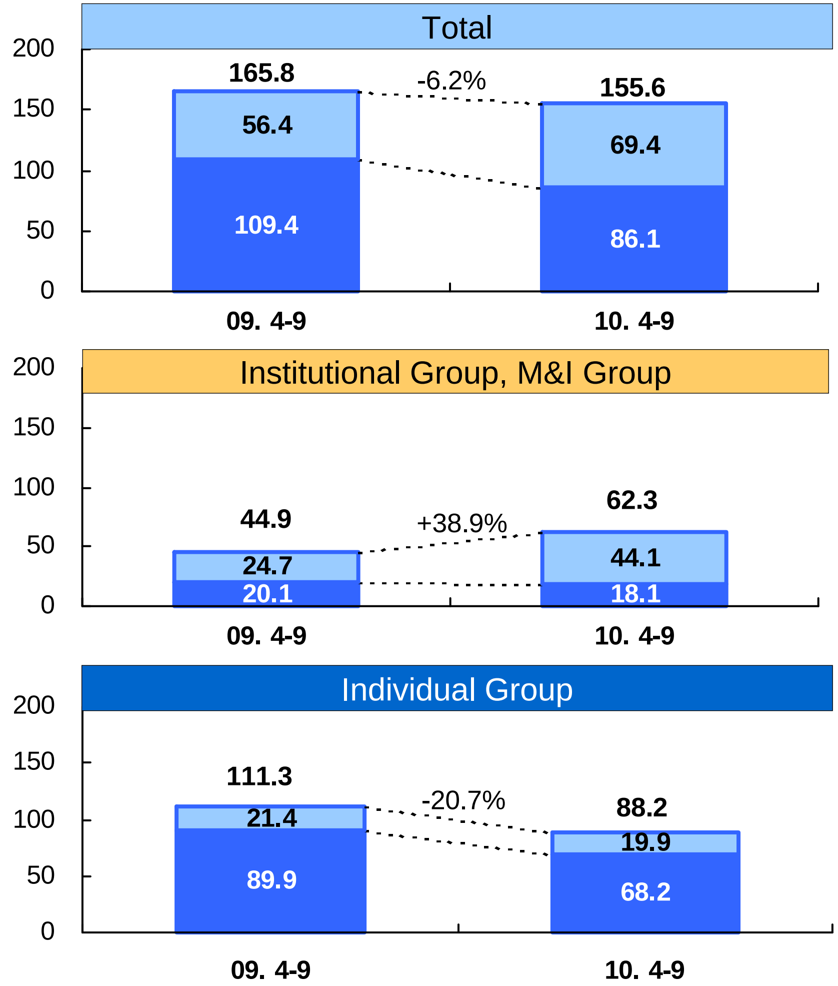
Buyback of subordinated debt:

- Gains of JPY4.3 billion on the repurchase of subordinated debt

Revenue
Institutional Group and M&I Group improved, Individual Group decreased in line with expectations

(Consolidated, JPY billion)

Total Revenue[1] ***《Medium-Term Management Plan (MTMP) target for FY2012 (full year): 258.0》***



Corporate/Other	
9.6	5.0
09. 4-9	10. 4-9

■ Net interest income ■ Non-interest income

[1] Includes income on leased assets and installment receivables

《Main Points》

- Down overall as consumer finance subsidiaries' interest income decreased significantly but in line with expectations, despite higher Institutional Group and M&I Group revenues

Institutional Group, M&I Group:

- Absence of one-off, large investment-related losses. Recorded gains from divestiture of non-core business assets including CLO, ABS and ABI
- Strong performance from core businesses

Individual Group:

- In retail banking, interest income increased by promoting lower funding costs and higher housing loan yields, despite lower revenue from structured deposits
- Interest income decreased significantly but in line with expectations at consumer finance subsidiaries including Shinsei Financial and APLUS FINANCIAL as result of lower operating assets and lower lending rates

Corporate/Other:

- Gains on repurchase of subordinated debt decreased from JPY11.5 billion to JPY4.3 billion

Revenue

Institutional Group and M&I Group: Positive revenues in all businesses, steady progress

(Consolidated, JPY billion)

Total Revenue (Institutional Group, M&I Group)

Institutional Group, M&I Group	1H FY2010 (a)	2Q FY2010	1Q FY2010	Change (a)-(b)	1H FY2009 (b)
Basic banking	**5.7**	3.0	2.7	-0.6	6.3
Real estate finance	**7.6**	2.7	4.9	-2.7	10.4
Credit trading	**8.2**	5.4	2.7	6.6	1.5
Principal investments	**3.9**	2.4	1.5	9.2	-5.2
Foreign exchange, derivatives, equity-related	**4.7**	2.5	2.1	-1.8	6.6
Securitization	**8.8**	7.0	1.8	7.2	1.5
Other capital markets	**6.2**	5.1	1.0	-7.5	13.7
ALM activities	**7.4**	6.2	1.1	7.5	-0.0
Leasing (Showa Leasing)	**7.5**	3.7	3.7	-0.5	8.0
Others	**2.0**	1.0	0.9	0.0	1.9
Total revenue	**62.3**	39.5	22.8	17.4	44.9

≪MTMP target for FY2012 (full year): 98.0≫

Businesses with higher or flat revenues y-o-y:

- Credit trading steady as it recovered from previous period, where mark-downs were recorded for European investments
- Principal investments higher due to gains in Jih Sun (JPY-3.8 billion →JPY1.2 billion), decrease in losses on domestic real estate principal investments (JPY-5.8 billion→JPY-0.5 billion)
- Securitization higher due mainly to gains on sale of ABS and ABI
- ALM activities higher due to trading gains on JGBs

Businesses with lower revenues y-o-y:

- Real estate finance lower due to impairment of non-recourse bonds (JPY1.8 billion) and lower balance
- Other capital markets lower due mainly to lower gains on sale of CLOs (JPY11.7 billion→JPY4.3 billion)

Revenue

Individual Group: Lower interest income at consumer finance subsidiaries, steady retail banking business

(Consolidated, JPY billion)

Total Revenue (Individual Group)

Individual Group	1H FY2010 (a)	2Q FY2010	1Q FY2009	Change (a)-(b)	1H FY2009 (b)
Retail Banking	**22.1**	11.1	11.0	0.4	21.7
Deposits and debentures net interest income	**12.9**	6.5	6.4	0.0	12.8
Deposits and debentures non-interest income	**2.8**	1.4	1.4	-0.6	3.4
Asset management	**2.4**	1.2	1.2	-0.0	2.5
Loans	**3.9**	1.9	1.9	1.0	2.8
(Reference) Revenue from structured deposits	**2.9**	1.4	1.5	-1.0	4.0
Shinsei Financial	**32.3**	15.2	17.1	-16.4	48.8
Shinki	**5.9**	2.8	3.0	-1.8	7.7
APLUS FINANCIAL	**26.9**	12.8	14.1	-5.3	32.3
Other subsidiaries	**0.7**	0.4	0.3	0.1	0.6
Total revenue	**88.2**	42.6	45.6	-23.1	111.3

≪MTMP target for FY2012 (full year): 164.0≫

Businesses with higher or flat revenues y-o-y:

- Interest income for retail banking steady due to strong Two-Week Maturity Deposit and foreign currency deposit sales
- Higher net interest income from housing loans purchased from Shinsei Financial and interest income from housing loans provided by the Bank
- Steady fee income from guarantees and other businesses in consumer finance
- Other subsidiaries generally flat

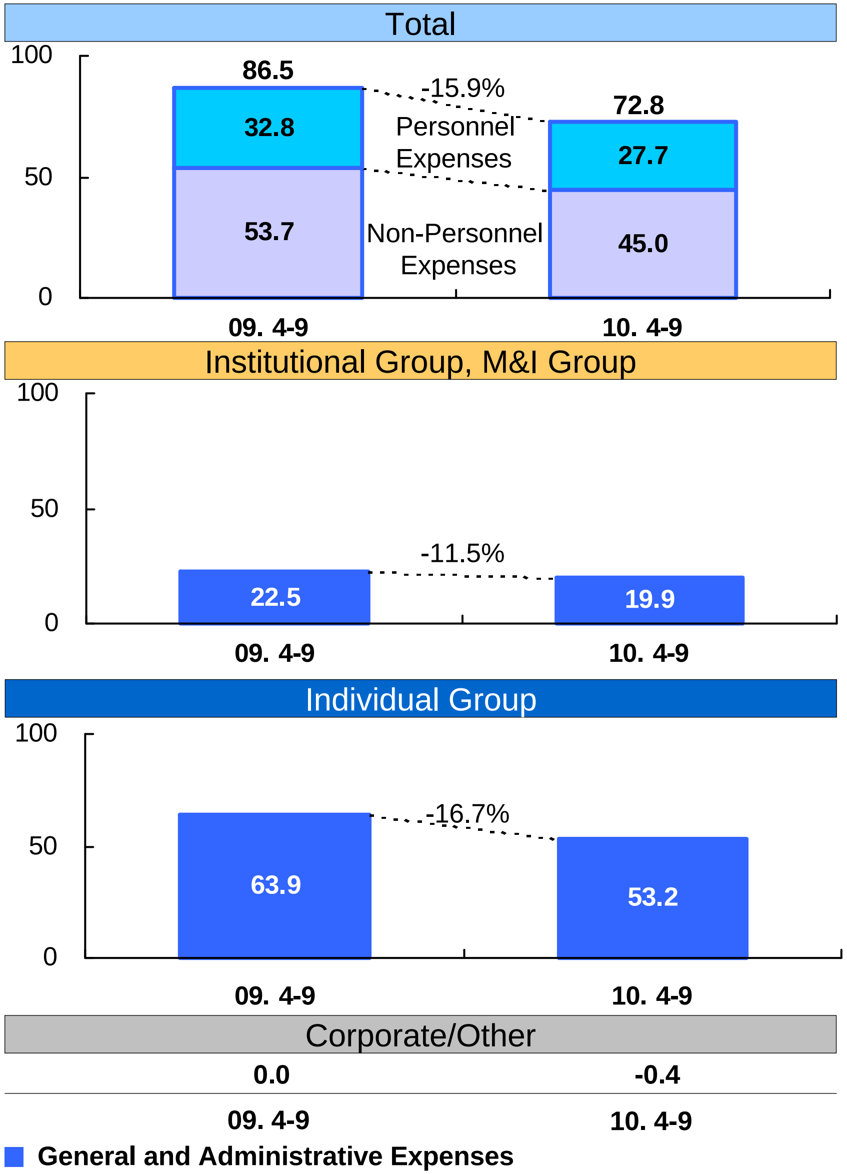
Businesses with lower revenues y-o-y:

- Lower revenue from structured deposits
- Interest income decreased at consumer finance subsidiaries as result of lower operating assets and lower lending rates

General and Administrative Expenses
Expense rationalization progresses across the Group

(Consolidated, JPY billion)

General and Administrative Expenses *《MTMP target for FY2012 (full year): 140.0》*



《Main Points》

- Lower due to continuous Group-wide expense reductions such as business right-sizing and lower IT costs through consolidation and technology deployment among subsidiaries
- Personnel expenses down 15.5% due to further reduction in number of Group employees (decreased to 5,969 employees from 6,254 at September 30, 2009). Non-personnel expenses down 16.1%

Institutional Group, M&I Group:

- Lower due to ongoing Group-wide strict cost control and reduction

Individual Group:

- Advertising expenses declined by JPY1.0 billion due to optimization of advertising activities
- Premises expenses declined by JPY2.0 billion due to consumer finance subsidiaries' branch optimization
- Technology and data processing expenses declined by JPY2.0 billion due to ATM sharing and optimization between Shinsei Financial and Shinki

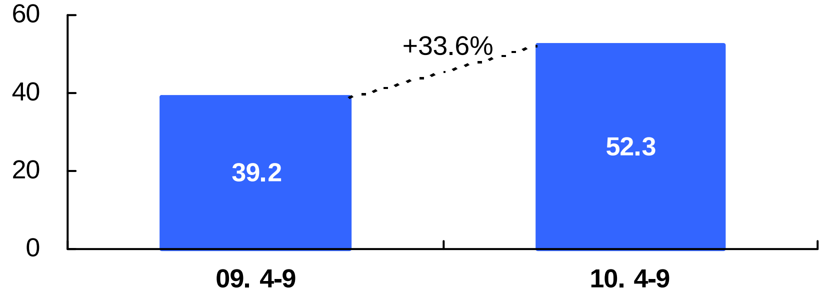
Net Credit Costs

Prudent reserves recorded for institutional business, net credit costs lower in Individual Group due to stringent credit and improved collections

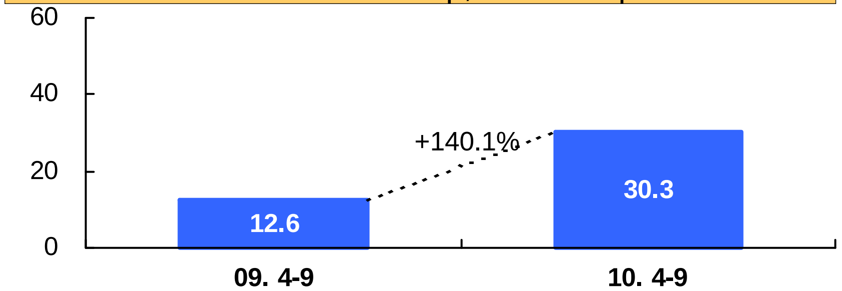
(Consolidated, JPY billion)

Net Credit Costs ***《MTMP target for FY2012 (full year): 49.0》***

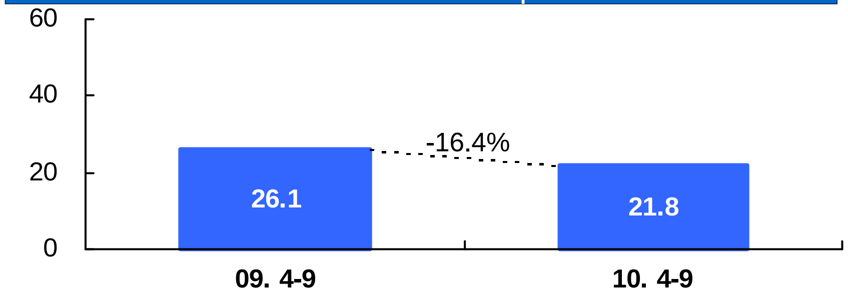
Total



Institutional Group, M&I Group



Individual Group



Corporate/Other

09. 4-9	10. 4-9
0.4	0.1

■ **Net Credit Costs**

《Main Points》

- Higher as conservative and prudent reserves were recorded against potential risks in institutional businesses, despite improvement in the Individual Group due to improved asset quality and collections

Institutional Group, M&I Group:

- Conservative and prudent reserves against potential risks recorded in specialty finance (JPY17.9 billion) and domestic real estate non-recourse finance (JPY14.5 billion)
- Net credit costs at Showa Leasing decreased due to enhanced credit assessment and improved collection on delinquent loans

Individual Group:

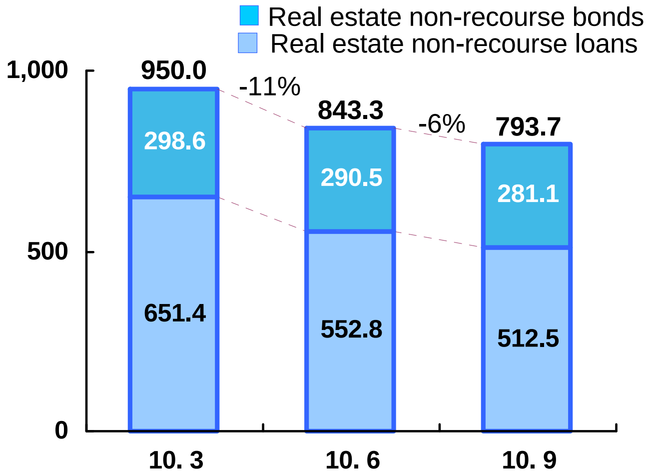
- In retail banking, higher reserves on housing loans purchased from Shinsei Financial
- Net credit costs decreased at consumer finance subsidiaries reflecting change in credit assessment policy following implementation of MLBL and restriction of additional lending
- Loan collection capabilities improved at APLUS FINANCIAL

Real Estate Non-Recourse Exposure

Lower balance and conservative collateral valuation

(Non-consolidated, JPY billion)

Real Estate Non-Recourse Finance Balance



Real Estate Non-Recourse Finance Balance and Coverage Ratios by Credit Category[1]

(as at September 30, 2010)

	B/S Balance	Reserves for Loan Losses	Collateral / Guarantees	Coverage Ratio	Partial Write-Off[2]	(Reference) Balance 2010.6	(Reference) Balance 2010.3
Normal	171.4	0.5				343.6	452.3
Need Caution	327.8	7.7				203.3	192.5
Performing Loans sub-total	499.2	8.2				547.0	644.8
Substandard/Possibly Bankrupt	243.4	26.6	205.4	95.3%	-	234.2	238.4
Virtually/Legally Bankrupt	51.0	-	51.0	100.0%	36.5	62.0	66.7
Non-Performing Loans sub-total	294.4	26.6	256.5	96.1%	36.5	296.3	305.2
Total	**793.7**	**34.8**			**36.5**	**843.3**	**950.0**

[1]Real estate non-recourse bonds are marked to market (market value = balance). Of the total amount, JPY238.0 billion (balance as at September 30, 2010) in non-recourse bonds not guaranteed by the Bank are not included as claims classified under the Financial Revitalization Law

[2]Amount of Partial Write-Off shows accounting reductions made to the loan balance. The claim on the borrower is for the loan balance (as shown on the balance sheet) and the amount of partial write-off.

Real Estate Non-Recourse Exposure by Region and Asset Category (as at September 30, 2010)

Region	
Kanto (mainly Tokyo)	63.7%
Kansai (mainly Osaka)	12.4%
Other Regions	11.3%
Portfolio (Diversified)	12.6%
Total	100.0%

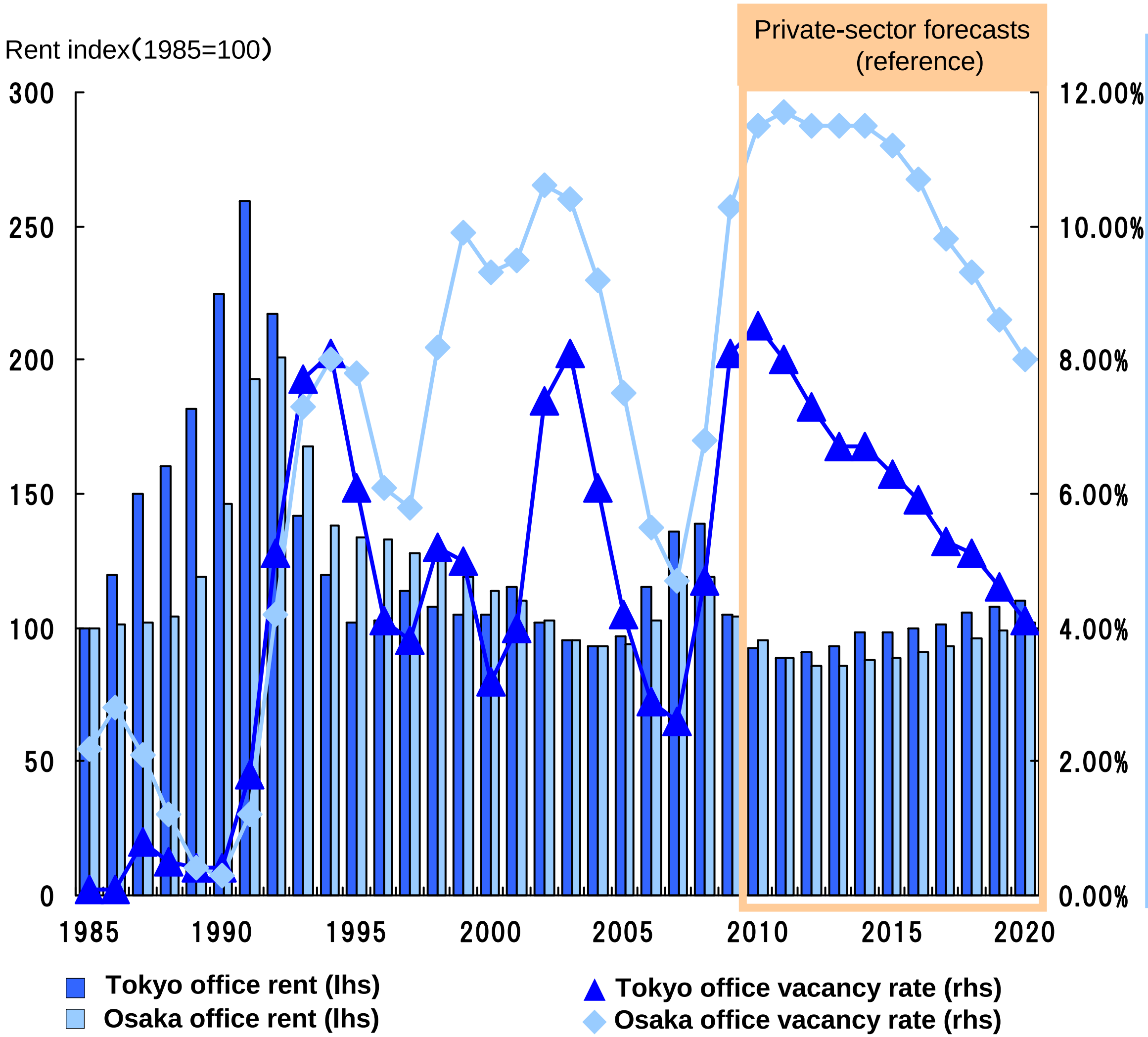
Category	
Office	33.2%
Retail	13.1%
Residential	12.8%
Hotel	7.3%
Land	16.0%
Development	7.9%
Industrial/Parking/Other	4.2%
Other Portfolio (Diversified)	5.6%
Total	100.0%

- Conservative valuation of collateral
  - Sales value of collateral properties is generally higher than Shinsei Bank's valuation. (Sales value has been approx. 17% higher than Bank's valuation in collections made via the sale of properties in the first half of FY2010)
  - Rent levels used for property valuations are set conservatively, based on a comparison of rent paid by existing tenant (occupant) and market levels
  - Collateral for delinquent loans is valued conservatively using a "fire sale price" that is 20%-30% lower than market trends
- Almost all development-type exposures, including land, which are considered comparatively higher risk, have been downgraded to Need Caution or below
- Obligor rating downgrades based on prudent and forward-looking collateral valuation for domestic real estate non-recourse finance mostly completed in the first half, in anticipation of continued market slowdown

Real Estate Non-Recourse Exposure

Market forecast and our view on rent and vacancy rates

Trend and private sector forecasts of real estate-related indicators



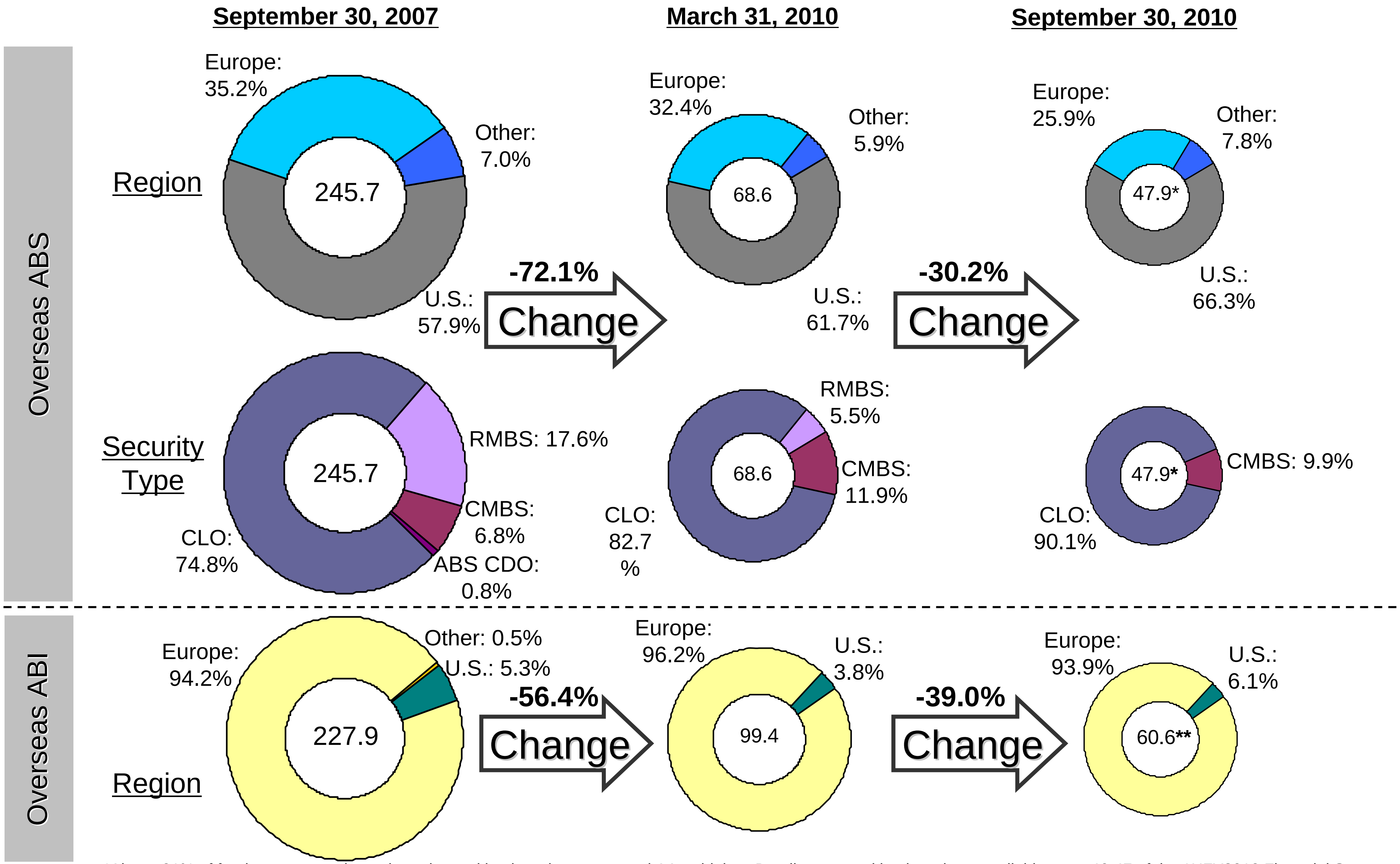
Source: Miki Shoji, Japan Real Estate Institute

- Our real estate valuations are generally in line with or slightly more conservative than private-sector forecasts for rent and vacancy rates
  - Outlook for office rent bottoming-out: Around 2011 for Tokyo Around 2013 for Osaka
  - Outlook for vacancy rates peaking out: Around 2010-2011 for Tokyo Around 2014 for Osaka
- Mainly completed appropriate provisioning against any foreseeable risk in first half of FY2010 for real estate non-recourse loans
- However, if rent and vacancy rate situations deteriorate beyond our expectations, we will take appropriate measures as deemed necessary

Overseas Asset-Backed Securities (ABS) and Investments (ABI)

Ample coverage and ongoing balance reduction

(Non-consolidated, JPY billion)



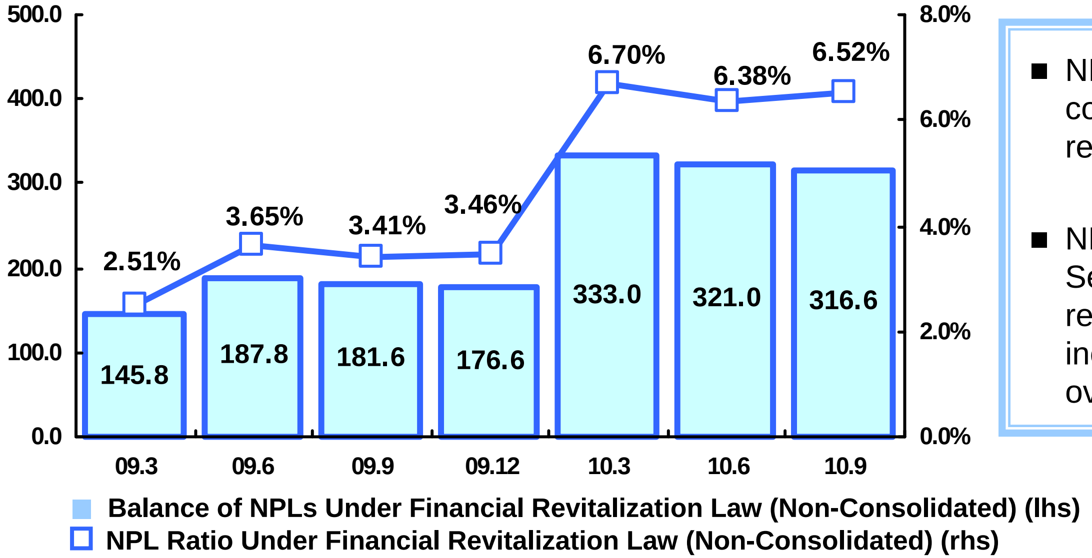
*About 91% of foreign-currency denominated securitized products are rated AA or higher. Details on securitized products available on p. 46-47 of the 1HFY2010 Financial Summary.
**The coverage ratio for risk monitored loans related to overseas asset backed investments (JPY17.7 billon) remains at 100% at September 30, 2010.

Non-Performing Loans (NPL) and Coverage Ratios

Real estate non-recourse finance makes up majority of NPLs; high coverage ratio

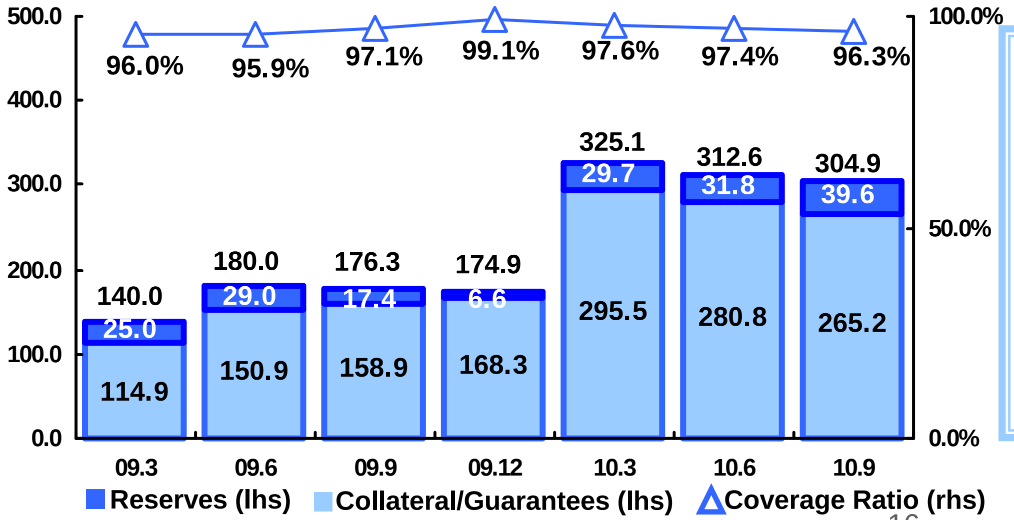
(Non-consolidated, JPY billion)

Balance of NPLs, NPL Ratio



- NPL ratio rose steeply at March 31, 2010 reflecting conservative valuations for real estate-related non-recourse finance
- NPL ratio and balance of NPLs both declined at September 30, 2010 due to clean up of domestic real estate non-recourse loan portfolio (NPL ratio increased on June 30, 2010 due to decrease in overall lending)

NPL Coverage



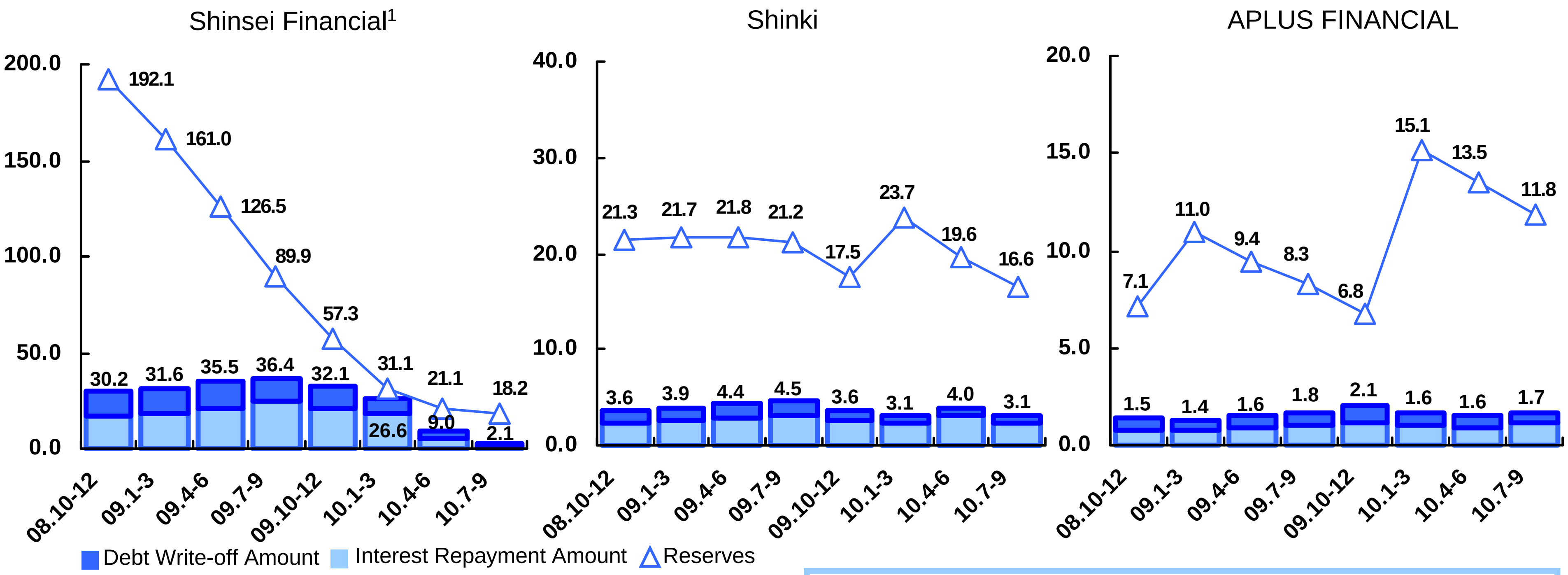
- Maintain high coverage ratio
- Collateral/guarantees account for high proportion of coverage, but applying conservative valuation standards

Grey Zone Interest Repayment, Reserves and Disclosure Claims

Indemnity contract plus signs of peak-out, but continue to monitor situation closely

(JPY billion)

Amount of Interest Repayment and Reserve for Losses



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

Disclosure Claims

(thousands)

	08. 10-12	09. 1-3	09. 4-6	09. 7-9	09. 10-12	10. 1-3	10. 4-6	10. 7-9	8 Qtr Avg.
Shinsei Financial	48.6	52.4	48.5	41.2	41.0	38.1	34.4	**29.0**	41.7
Shinki	10.0	10.3	9.2	7.7	7.5	6.4	5.8	**5.2**	7.8
APLUS FINANCIAL	4.7	5.2	5.7	5.4	4.8	4.4	4.5	**4.3**	4.9

Peak figure

- Disclosure claims on the decline, and no notable effects from MLBL can be seen at this point in time
- Disclosure claims increased immediately after Takefuji's bankruptcy filing, but have settled since October. Will continue to monitor situation carefully
- No additional provisioning for interest repayments in the first half of FY2010
- Certain portion of Shinsei Financial's portfolio is covered by indemnity contract

Capital

Capital ratios improve due to positive earnings and RWA reduction

(Consolidated, JPY billion)

Capital Adequacy Data

≪Target for total consolidated capital adequacy ratio at March 31, 2013 under MTMP： Above 10%≫

	10.9	10.3	Change	(Ref.) 10.6
Basic Items (Tier I)	**500.5**	490.7	9.8	506.4
Amount Eligible for Inclusion in Capital (Tier II)	**251.2**	268.7	-17.5	254.8
Deduction	**-109.6**	-114.0	4.4	-108.1
Total Capital	**642.1**	645.4	-3.2	653.0
Risk Assets	**7,180.8**	7,722.1	-541.2	7,276.3
Capital Adequacy Ratio	**8.94%**	8.35%		8.97%
Tier I Capital Ratio	**6.97%**	6.35%		6.95%

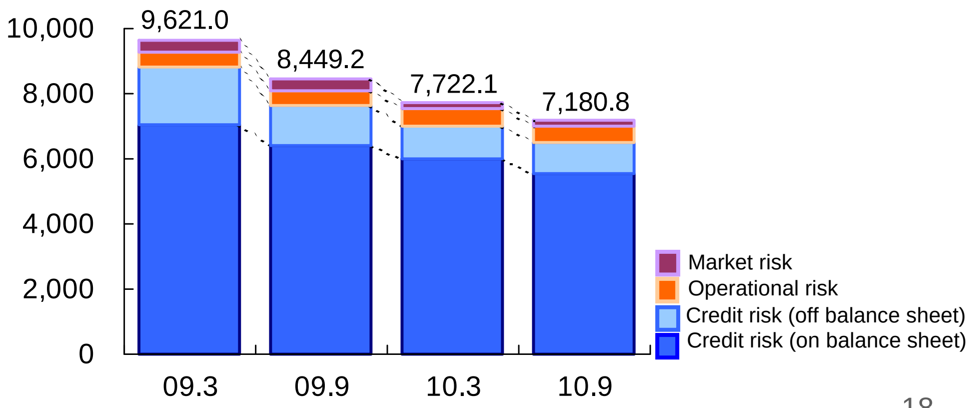
Numerator:

- Increase in retained earnings due to positive net income
- Reduction in Tier I deductions due to scheduled amortization of goodwill and intangible assets
- Both Tier I and Tier II foreign currency-denominated capital securities decreased due to factors including impact of strong yen
- Deductions slightly decreased in line with reduced expected losses as a result of risk weighted asset reduction

Denominator:

- Decrease in risk weighted assets reflecting lower loans and bills discounted balance, reduction of non-core business assets

Trend in Risk Assets[1]



[1]Basel II basis

Basel III's effect on risk assets:

- Risk-weighting of items, such as unrated securitized products, (at 1,250% risk weighting) that are currently deducted from total capital, and increased impositions on transactions related to other financial institutions, are considered to be the main factors of increase

FY2010 Forecast

No revision as uncertainty remains on MLBL, macroeconomy and operating environment

(JPY billion)

	FY2009 Actual	FY2010 Forecast[1]	1H FY2010 (Actual)
[Consolidated]			
Net Income (Loss)	-140.1	**12.5**	**16.8**
Cash Basis Net Income (Loss)	-53.7	**23.6**	**22.7**
[Non-Consolidated]			
Ordinary Business Profit (OBP)	20.9	**32.0**	**40.2**
Net Income (Loss)	-47.6	**10.0**	**9.3**

[1]Figures from forecast announced on May 14, 2010

- Maintaining full year forecast from May 2010 at this point in time as impact of the transaction announced on November 10, 2010 in press release entitled "Shinsei Bank Announces Tender Offers for Certain Preferred Securities in Overseas Markets" is as yet undetermined
- Uncertainty remains surrounding financial markets, economic environment going forward and impact of MLBL
- While business environment remains challenging and visibility poor, will continue to implement measures to strengthen our management base and increase profits as we strive to achieve goals of Medium-Term Management Plan.

Key Takeaways

1. **Healthy core businesses and prudent provisioning drive steady progress towards earnings stabilization**
   - **Institutional Group and M&I Group:** core businesses performed well, while we disposed of risk assets and made conservative and prudent provisioning against potential risks. Took initiatives to rebuild customer franchise
   - **Individual Group (retail banking):** establishing itself as stable source of revenue by focusing on cost-efficient branch network expansion and provision of a wide range of asset management products with attention to customer needs
   - **Individual Group (consumer finance):** while interest income decreased, concentrating on profitability over volume, trending steadily by implementing strict cost reductions and credit control. Establishing business alliances with various banks

2. **Progress in reduction of non-core business assets, optimization of domestic real estate non-recourse finance portfolio, and provisioning against potential risks**

3. **Improved capital ratios, stable liquidity**

4. **While operating environment remains uncertain, continue to strive to strengthen our management base and increase profits**

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