SHINSEI BANK

Financial Results Fiscal Year 2006

May 9, 2007

The following materials contain statements that constitute forward-looking statements, plans for the future, management targets, etc. relating to the Company and its subsidiaries. These forward-looking statements are based on current assumptions of future events and trends, which may be incorrect and are subject to risks and uncertainties.

Actual results may differ materially from those in such forward-looking statements as a result of various factors.

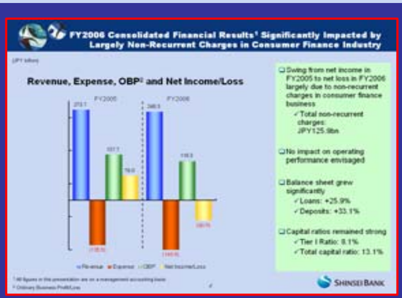
Unless otherwise noted, the financial data contained in these materials are presented under Japanese GAAP[1]. The Company disclaims any obligation to update or to announce any revision to forward-looking statements to reflect future events or developments. Unless otherwise specified, all the financial information is shown on a consolidated basis.

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

These materials do not constitute an invitation or solicitation of an offer to subscribe for or purchase any securities and neither this document nor anything contained herein shall form the basis for any contract or commitment whatsoever.

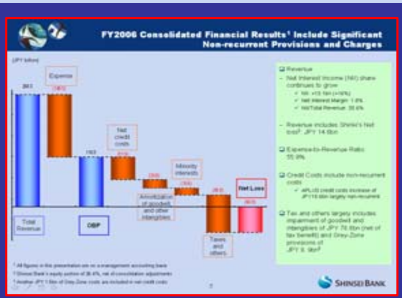
[1] Generally Accepted Accounting Principles

Highlights



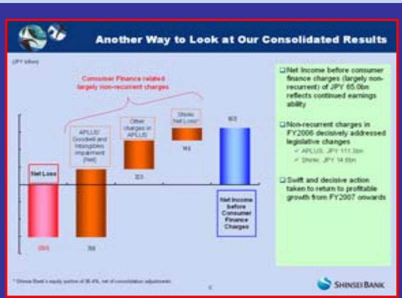
Fiscal 2006 a challenging year for Shinsei Bank

- Results reflect the measures taken to respond to the significant legislative and market changes that have impacted the consumer finance business



No impact on operating performance envisaged

- Impairment is a direct result of legislative changes
- Impairment is largely a non-recurrent event
- Balance Sheet and Capital Ratios remain strong



Return to profitable growth from FY2007

- Net income forecast for FY2007 is JPY 72 billion reflecting year-on-year growth excluding largely non-recurrent charges relating to consumer finance business

Committed to Growth

- Shinsei Bank remains committed to delivering sustainable long-term profitable growth based on a three pillar business strategy

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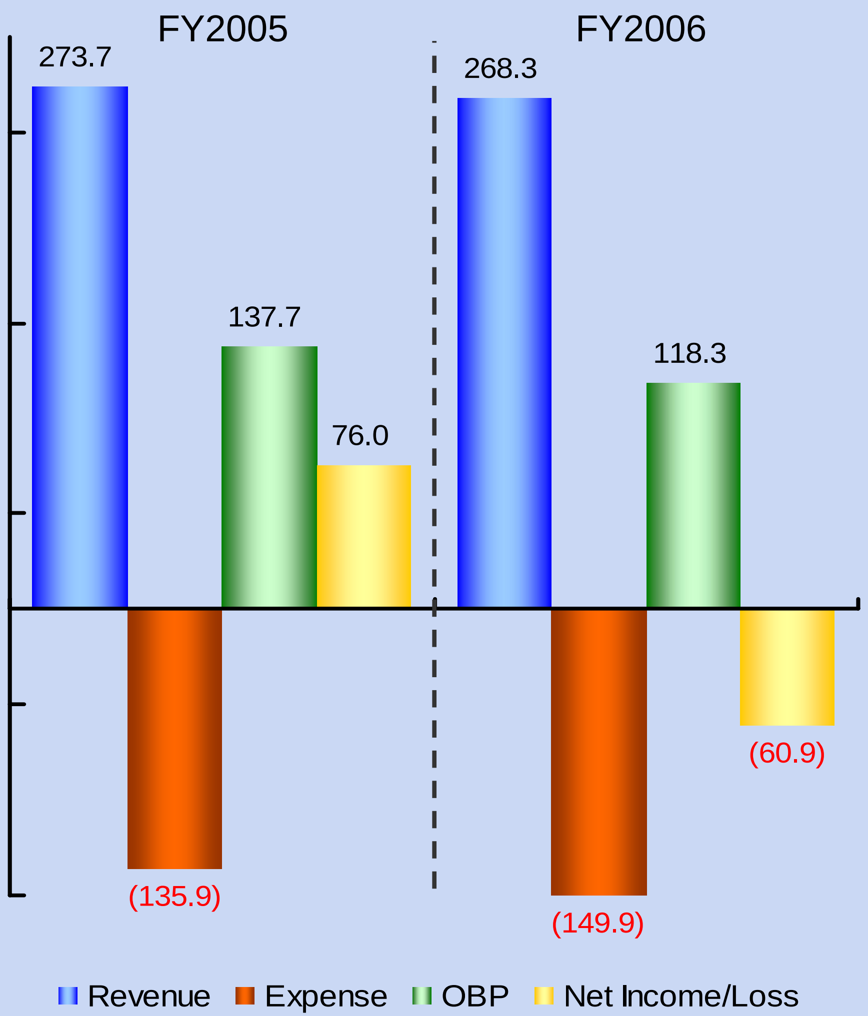
FY2006 Consolidated Financial Results[1] Significantly Impacted by Largely Non-Recurrent Charges in Consumer Finance Industry

(JPY billion)

Revenue, Expense, OBP[2] and Net Income/Loss

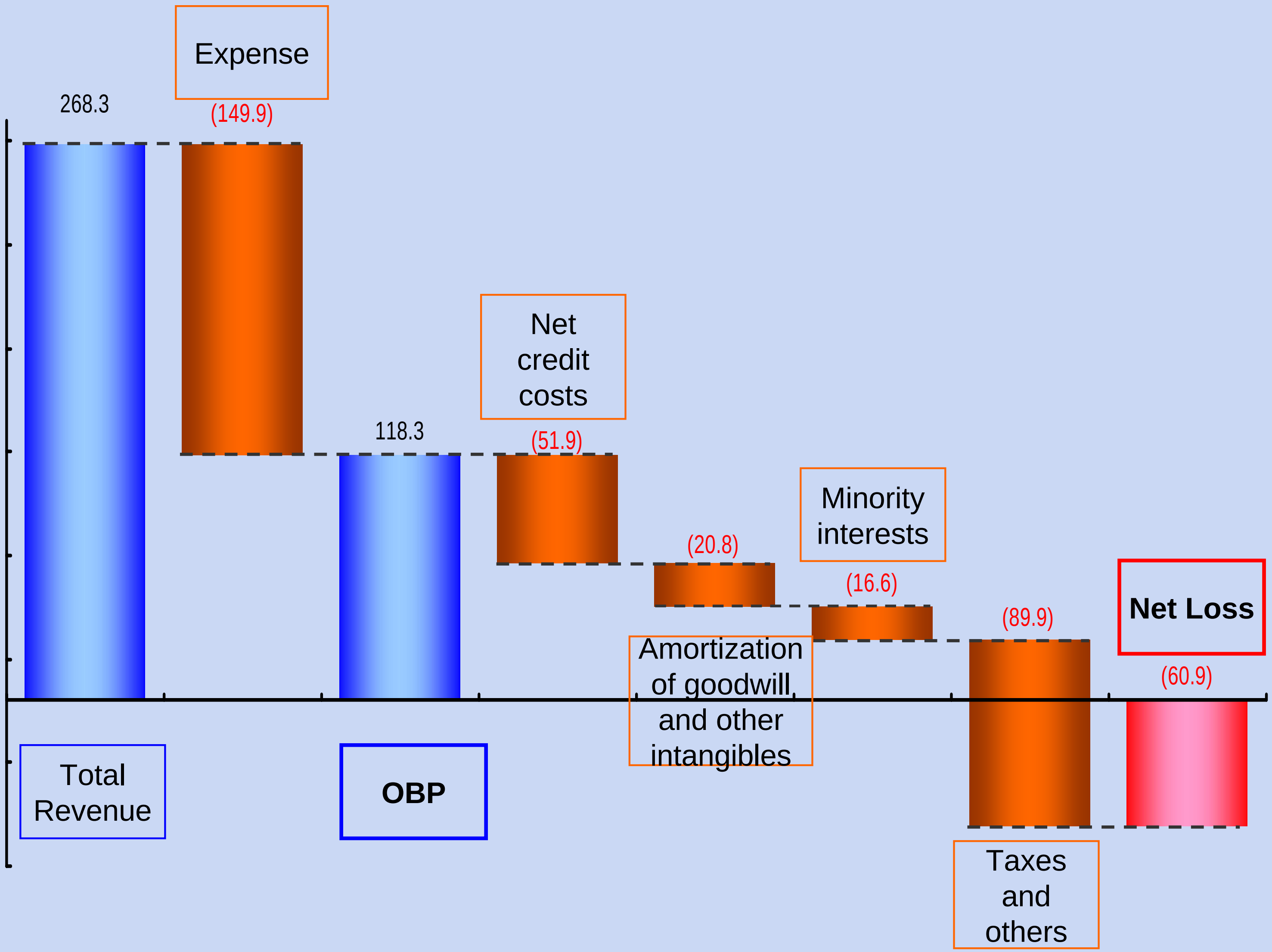


- Swing from net income in FY2005 to net loss in FY2006 largely due to non-recurrent charges in consumer finance business
  - ✓Total non-recurrent charges: JPY125.9bn
- No impact on operating performance envisaged
- Balance sheet grew significantly
  - ✓Loans: +25.9%
  - ✓Deposits: +33.1%
- Capital ratios remained strong
  - ✓Tier I Ratio: 8.1%
  - ✓Total capital ratio: 13.1%

[1] All figures in this presentation are on a management accounting basis

[2] Ordinary Business Profit/Loss

(JPY billion)



- Revenue
  - Net Interest Income (NII) share continues to grow
    - ✓ NII: +13.1bn (+16%)
    - ✓ Net Interest Margin: 1.8%
    - ✓ NII/Total Revenue: 35.6%
  - Revenue includes Shinki's Net loss[2]: JPY 14.6bn
- Expense-to-Revenue Ratio: 55.9%
- Credit Costs include non-recurrent costs
  - ✓ APLUS credit costs increase of JPY18.6bn largely non-recurrent
- Tax and others largely includes impairment of goodwill and intangibles of JPY 78.8bn (net of tax benefit) and Grey-Zone provisions of JPY 9. 9bn[3]

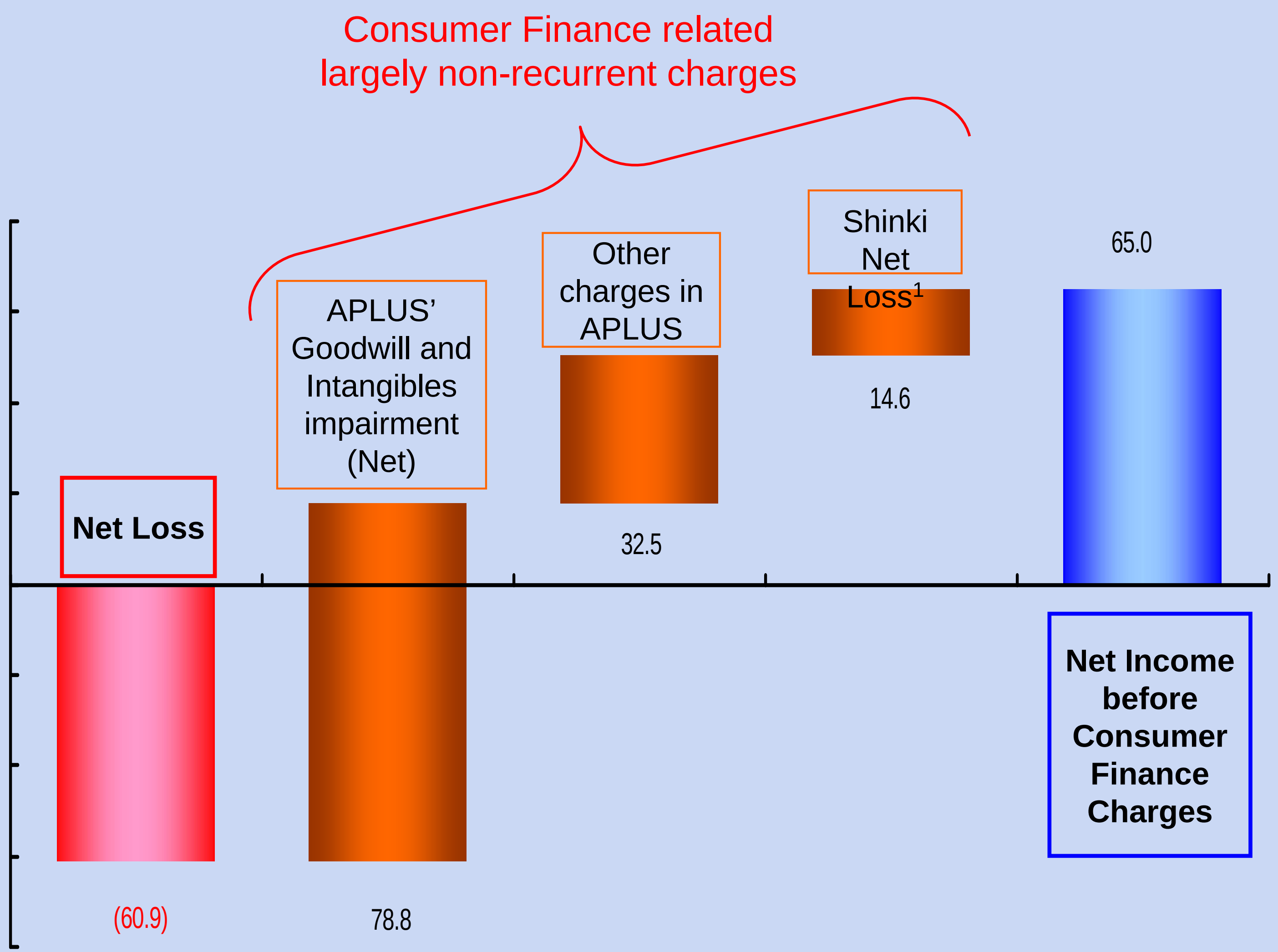
[1] All figures in this presentation are on a management accounting basis

[2] Shinsei Bank's equity portion of 36.4%, net of consolidation adjustments

[3] Another JPY 1.6bn of Grey-Zone costs are included in net credit costs

Another Way to Look at Our Consolidated Results

(JPY billion)



- Net Income before consumer finance charges (largely non-recurrent) of JPY 65.0bn reflects continued earnings ability
- Non-recurrent charges in FY2006 decisively addressed legislative changes
  - ✓ APLUS: JPY 111.3bn
  - ✓ Shinki: JPY 14.6bn
- Swift and decisive action taken to return to profitable growth from FY2007 onwards

[1] Shinsei Bank's equity portion of 36.4%, net of consolidation adjustments

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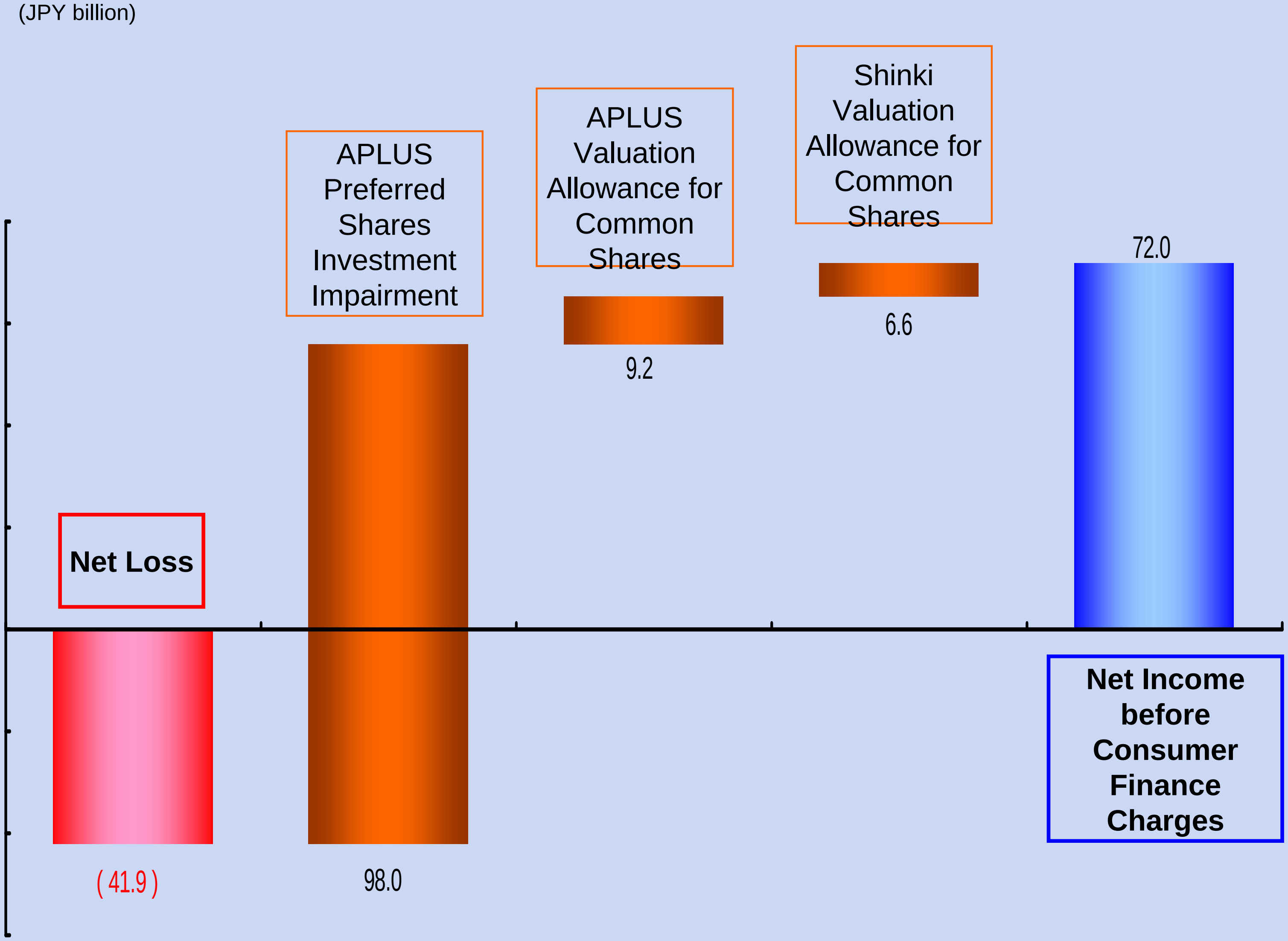
Another Way to Look at Our Non-Consolidated Results



- Revitalization plan target of JPY 73.0 billion not achieved due to impairment of APLUS' preferred shares and valuation allowances for APLUS and Shinki common shares
- Excluding these charges, non-consolidated result would have been JPY 72.0 billion

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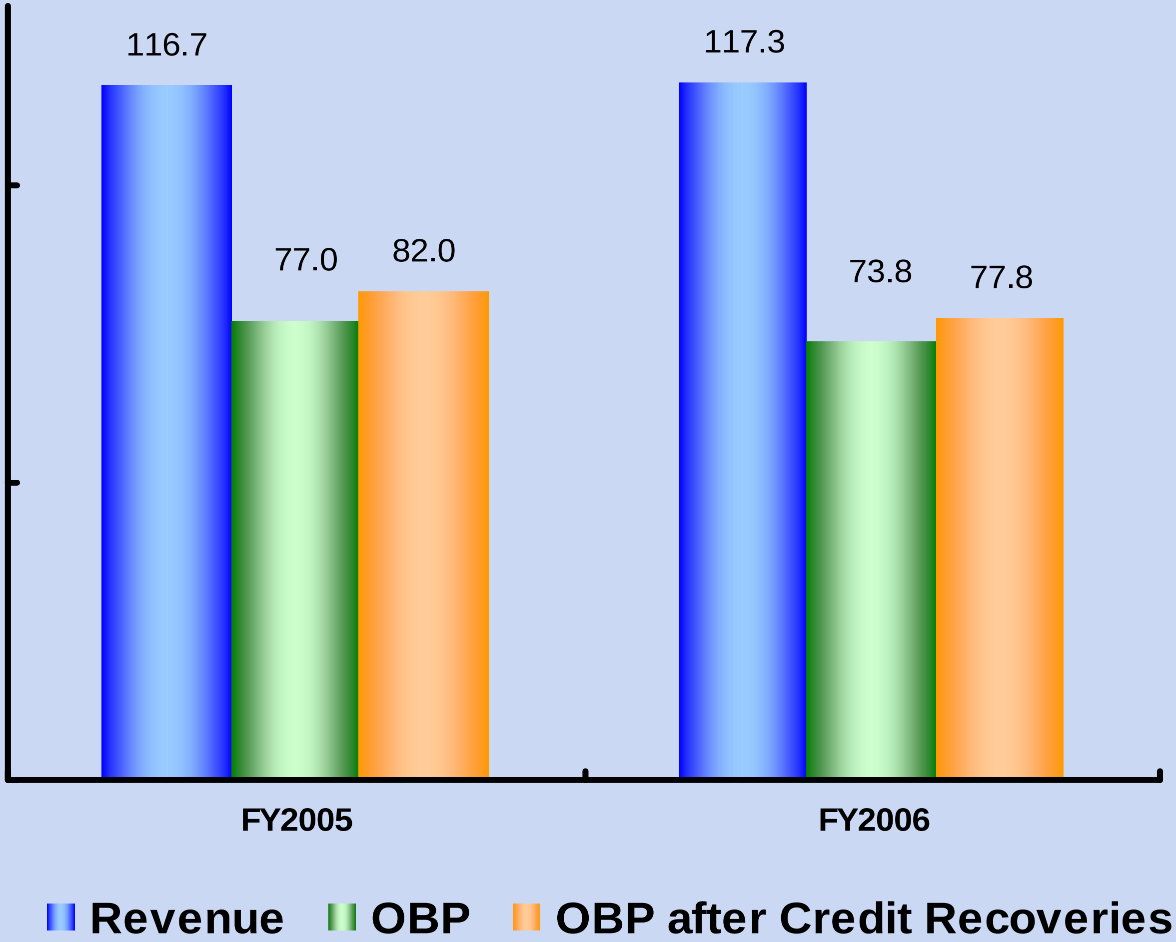
(JPY billion)

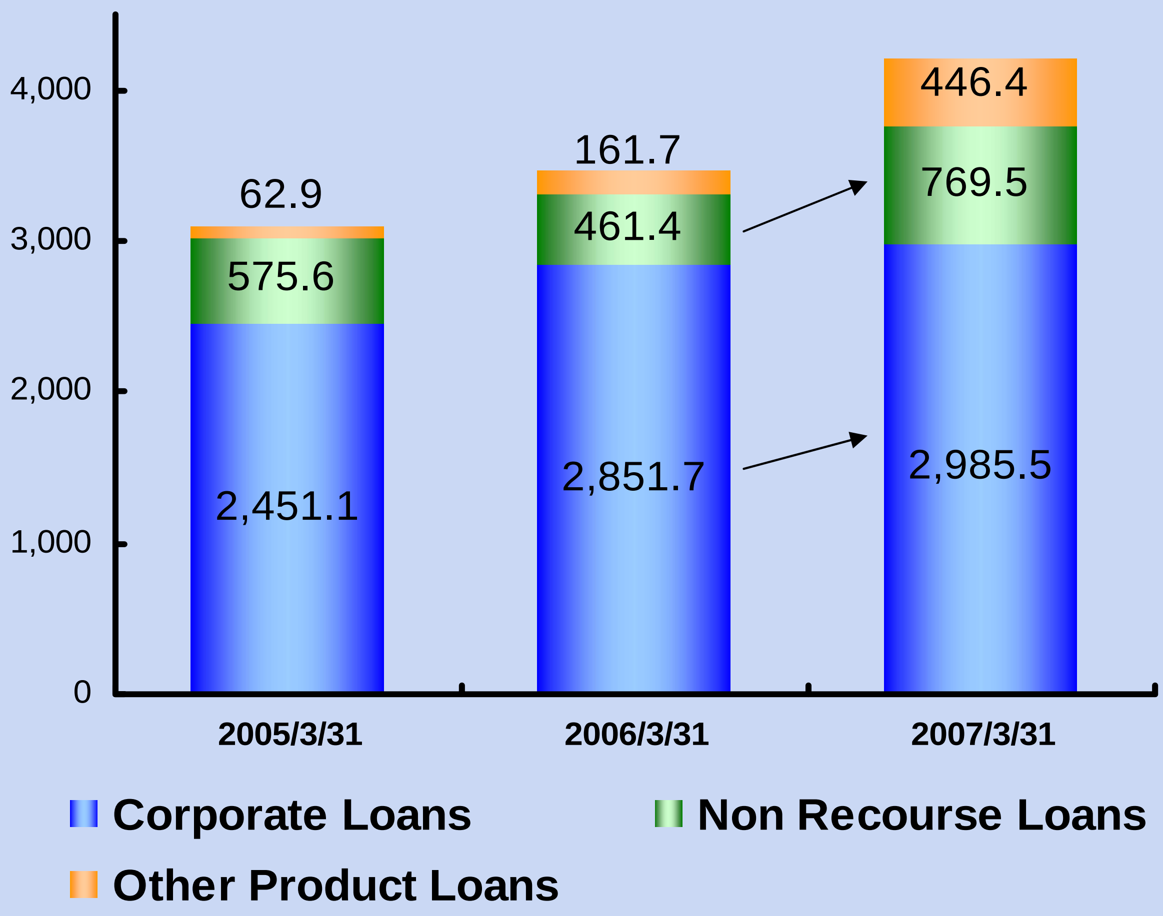
Key Financial Results



- Strong performance in real estate finance, corporate lending and credit trading
  - ✓ Approximately one third of revenues earned from corporate and non-recourse finance activities
  - ✓ Capital markets and securitization activities adversely affected by market volatility and weaker customer flows
- Marginal decline in OBP due to increase in expenses to support expanding business
  - ✓ Expense-to-Revenue Ratio: 36.9%

(JPY billion)

Institutional Loans Outstanding

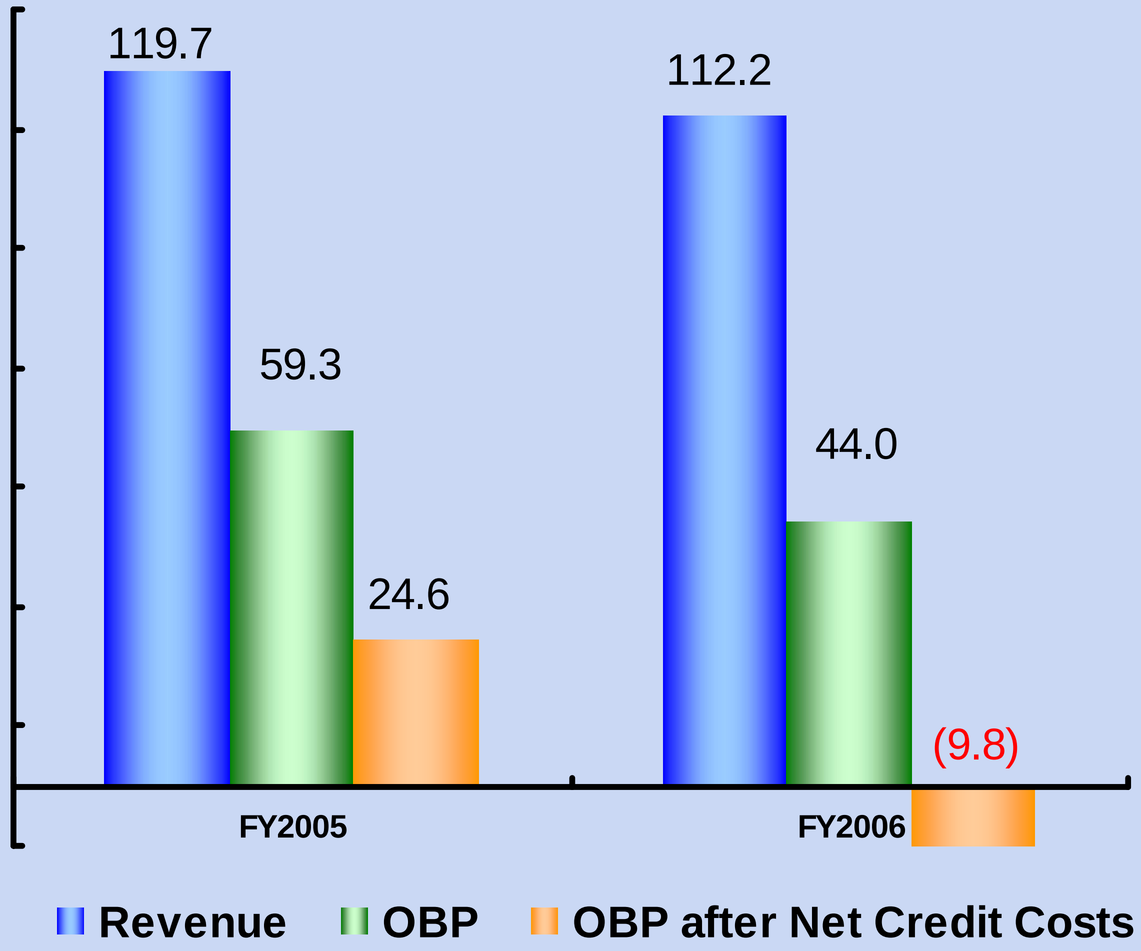


- Institutional lending business growing steadily without compromising profitability and asset quality
  - ✓ Corporate loans: +4.7%
  - ✓ Non-recourse loans: +66.8%
  - ✓ Other Product Loans include structured loans
- Lending margins remain tight due to strong competition
  - ✓ Loan pricing based on adequate risk-return hurdle rates

Consumer and Commercial Finance

(JPY billion)

Key Financial Results



- Revenue decline reflects Shinsei's share of Shinki's net loss of JPY 14.6bn[1]
  - ✓ Revenues in APLUS and Commercial Finance businesses remain strong
- Expense-to-Revenue Ratio: 60.7%
- Decline in OBP after credit costs largely reflects APLUS' credit costs
  - ✓ APLUS credit costs increased to JPY 49.1bn (+18.6bn)
  - ✓ Increased credit costs largely non-recurrent

[1] Shinsei Bank's equity portion of 36.4%, net of consolidation adjustments

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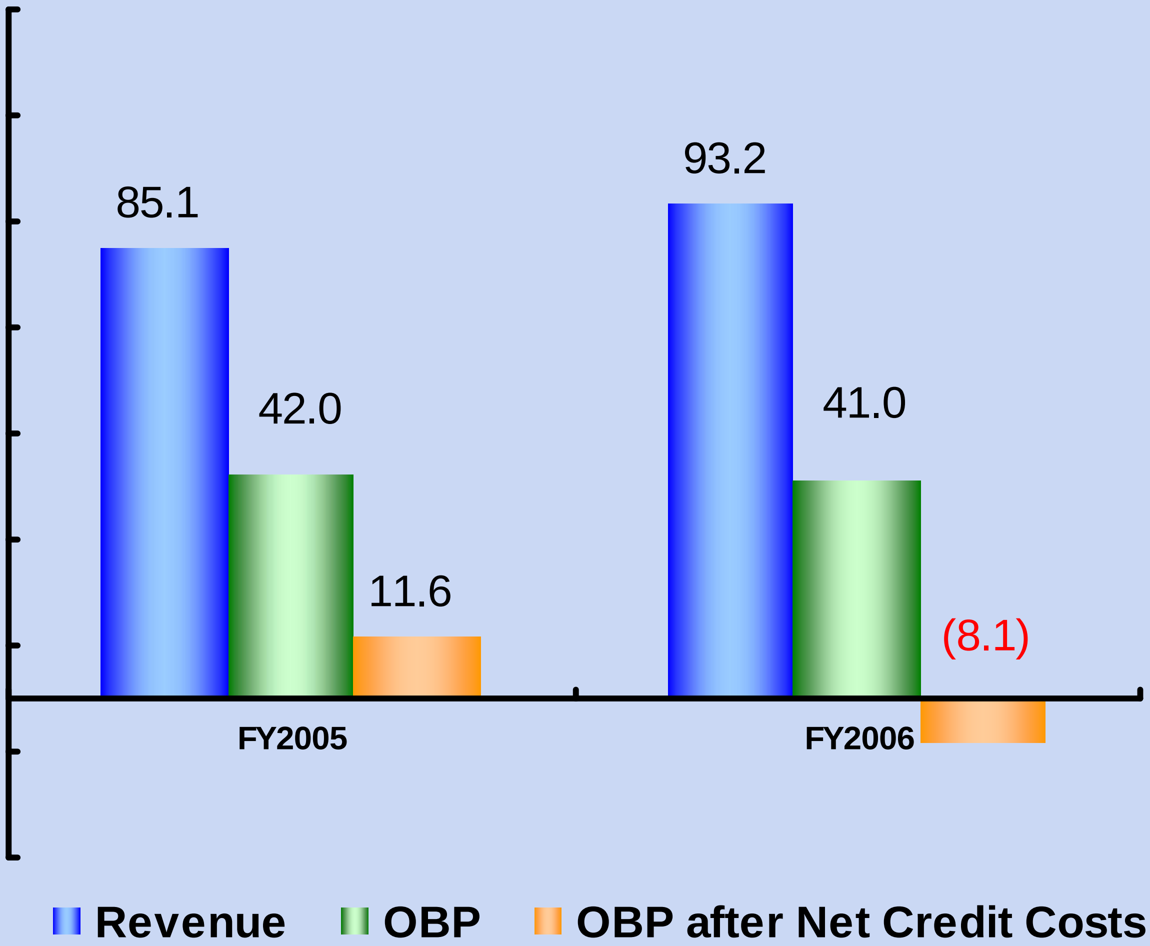
Consumer and Commercial Finance

(JPY billion)

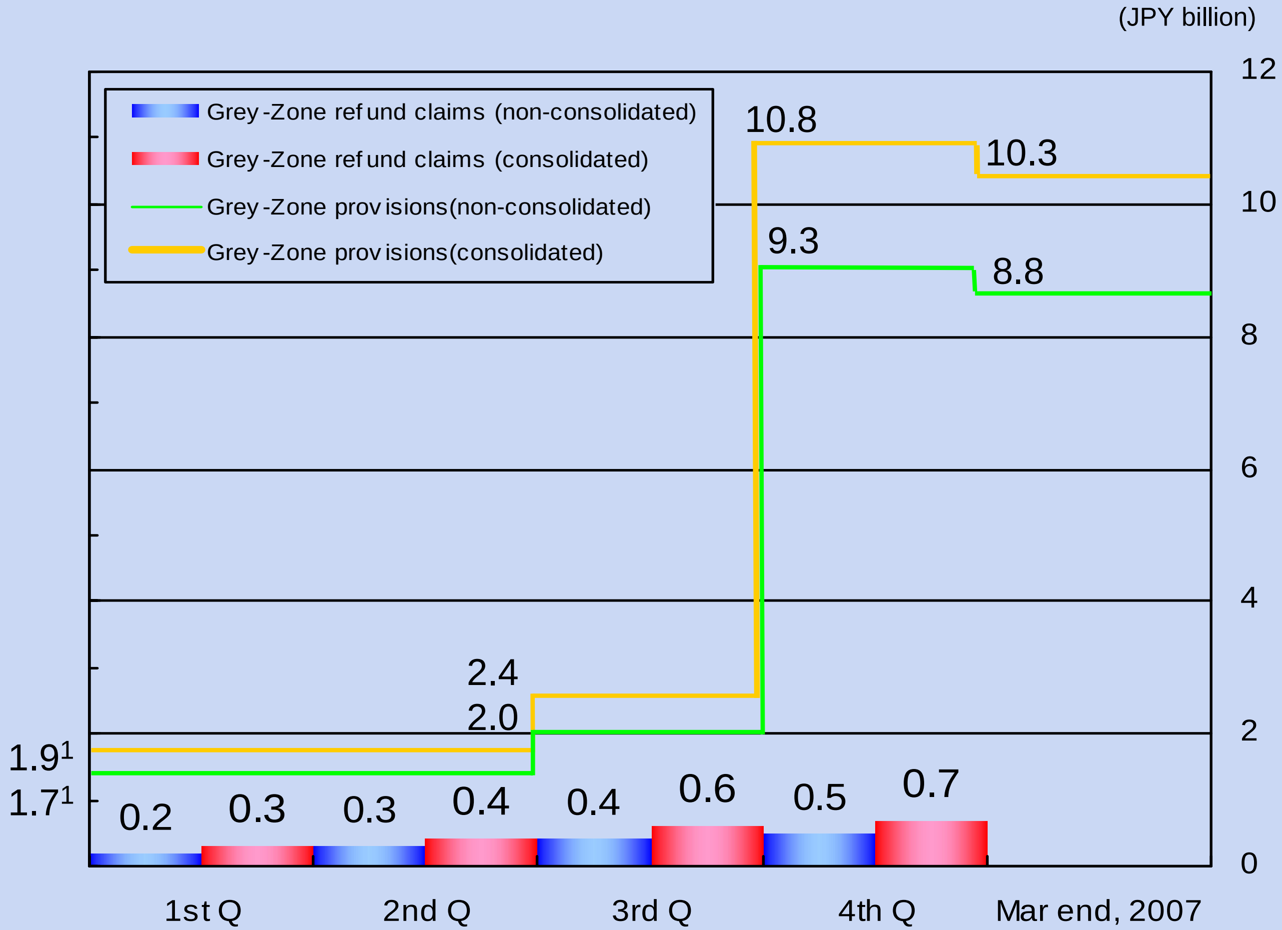
- APLUS -
Key Financial Results



- Revenue at APLUS increased JPY 8.1bn
  - ✓ Reflecting Zen-Nichi Shinpan revenue of approximately JPY 9bn
- Expense-to-Revenue Ratio: 56.0%
- OBP largely flat despite significant challenges in APLUS' consumer finance business
- Decline in OBP after credit costs largely reflects APLUS' credit costs
  - ✓ APLUS credit costs increased to JPY 49.1bn (+18.6bn)
  - ✓ Increased credit costs largely non-recurrent

Grey Zone Claims in FY2006

- APLUS -
Grey Zone Claims and Provisions



- Provisioning for excess interest payments increased from 3rd quarter (both consolidated and non-consolidated basis) reflecting increased interest payment claims by borrowers
- Grey zone interest rate (20.0%-29.2%) related loans receivables outstanding totaled JPY 144.1bn at the end of March 2007. - a decline of JPY 11bn from JPY 155.1bn at the end of September 2006 (non-consolidated basis)

[1] Provisions included extraordinary losses of 0.7 billion yen for non-consolidated and 0.9 billion for consolidated in March end 2006

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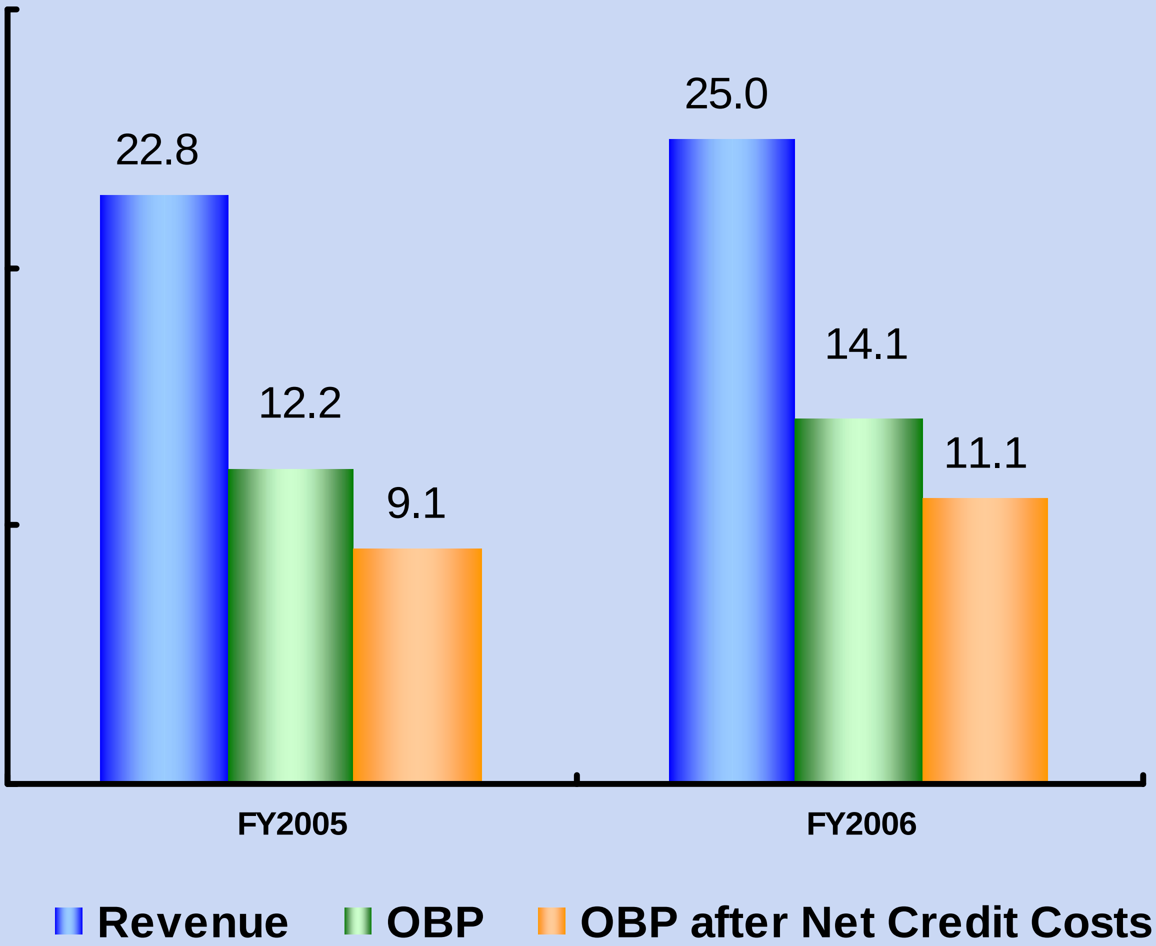
IBG RBG CCF

(JPY billion)

- Showa Leasing -
Key Financial Results



- Showa Leasing revenue increased JPY 2.2 billion to JPY 25.0 billion reflecting strong business momentum
- Improvement in operating efficiency
  - ✓ Expense-to-Revenue ratio: 43.5%
- Credit costs remain largely flat at JPY 3.0bn

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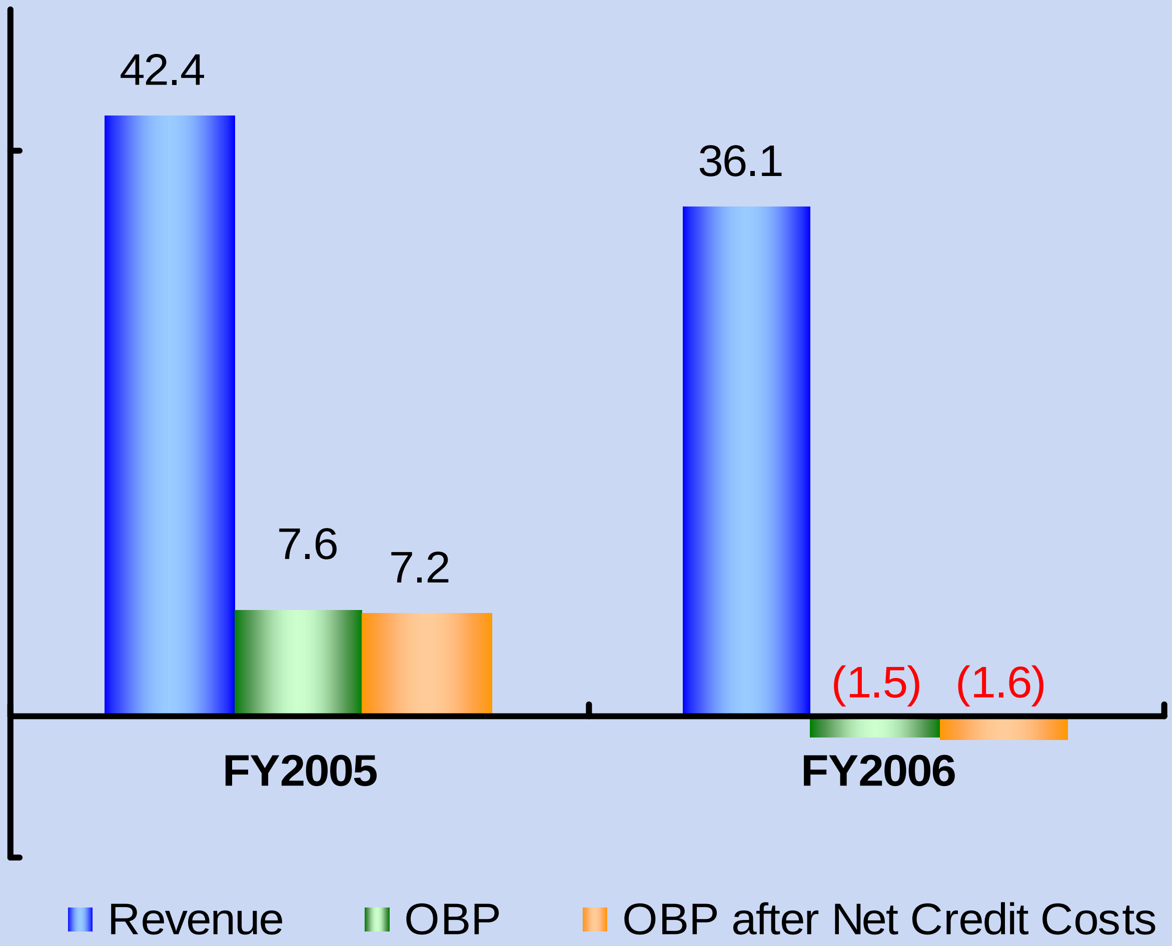
(JPY billion)

Key Financial Results



- ❑ Revenue adversely impacted by lower demand for structured deposits
  - ✓ Structured deposits upfront fees declined JPY 8.3bn to JPY 11.3bn
- ❑ However, revenue diversification steadily increasing
  - ✓ Strong growth of mutual funds revenue: Revenue increased JPY 2.0bn (+43%) to JPY 6.9bn in FY2006
- ❑ Expenses increased by JPY 2.9bn due to additional investment in new technology and growth in customer-driven transaction activity
  - ✓ Expense-to-Revenue ratio: 104.4%

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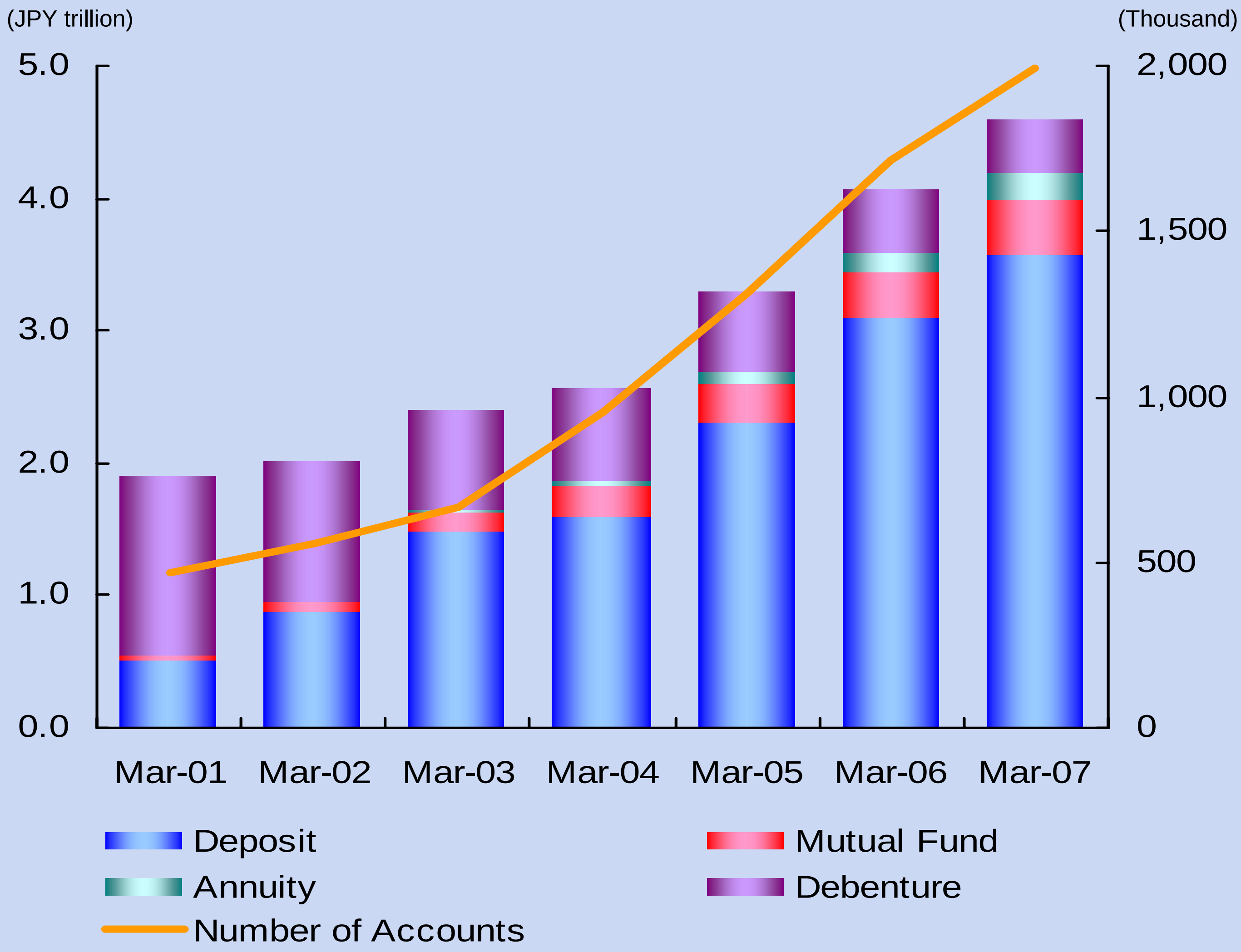
Growth in AUM[1] and Number of Accounts



[1] Asset Under Management

- Customer base and assets under management growing significantly
  - ✓ Total customer accounts close to 2 million
  - ✓ Deposit balance: +15.1% to over JPY 3.5 trillion
  - ✓ Mutual funds balance: +24.4% to JPY 437bn
  - ✓ Shinsei Bank remains #1 in terms of customer satisfaction

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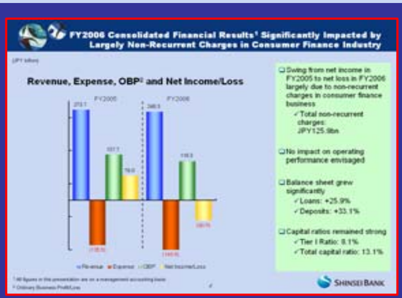
Key Takeaways



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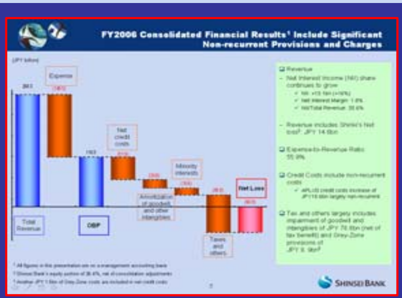

No impact on operating performance envisaged

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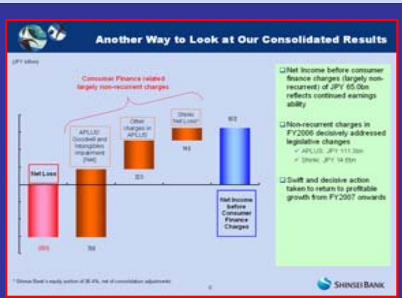

Return to profitable growth from FY2007

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ADDRESSING LEGISLATIVE AND MARKET CHANGES AFFECTING THE CONSUMER FINANCE BUSINESS

Addressing Legislative and Market Changes with Timely and Decisive Action

Prudent Provisioning and Charges For Consumer Finance Business

- ❑ Prudent provisioning for grey zone interest claim refunds
- ❑ Increased reserves for possible credit crunch resulting from legislative changes
- ❑ Restructuring expenses relating to voluntary retirement program
- ❑ Disposal of non-performing loans portfolio

Acceleration of Business Transformation at APLUS

- ❑ Fundamental change in cost structure
- ❑ Improved risk science
- ❑ Structural reform of core business
- ❑ Expand product and service offerings
- ❑ Establish new partnerships
- ❑ Capital increase of 20 billion yen
- ❑ Deployment of key senior management from Shinsei to APLUS

Bold Action on Impairment and Valuation Allowances

Consolidated Impact

❑ **Impairment**

- ✓ Goodwill impairment of 55.0 billion yen
- ✓ Intangible assets impairment of 40.0 billion yen
- ✓ Partially offset by Reversal of Deferred Tax Liabilities of 16.2 billion yen associated with intangible assets impairment

Non-Consolidated Impact

❑ **Impairment**

- ✓ Preferred shares investment impairment of 98.0 billion yen

❑ **Valuation allowances**

- ✓ Valuation allowance for APLUS common shares of 9.2 billion yen
- ✓ Valuation allowance for Shinki[1] common shares of 6.6 billion yen

[1] Shinsei owns 36.4% of Shinki Co., Ltd., an equity-method affiliate

Transparent, Best-practice Approach to Write-down Book Values

Impairment

- PwC Advisory Co. , Ltd. was retained to provide independent valuation services to enable Shinsei Bank to carry out an assessment of the potential impairment of goodwill, intangible assets and investments. The impairment methodology and results have been fully audited by independent external auditors
- Discounted Cash Flow ("DCF") methodology was used to determine equity value of APLUS
- Key Variables:
  - APLUS ten year cash flow projection
  - Discount rate of 9.5%
  - Terminal value based on a perpetual growth rate of 2%
- No impairment of common share investment in APLUS as of March 31, 2007
- No impairment of common share investment in Shinki as of March 31, 2007
- No impairment of investments and goodwill relating to Zen-Nichi Shinpan Co. Ltd. (97.3% ownership) as of March 31, 2007

Type of Impairment	Subsidiary	P&L Impact to Shinsei	Capital Ratios Impact to Shinsei
Investment	APLUS	Non-Consolidated basis only	Non-Consolidated basis only (No impact on Consolidated basis)
Goodwill and Intangibles	APLUS	Consolidated basis only	Some Positive Impact

Goodwill / Intangible Assets Impairment Testing

Computation of Equity Value

Comparison with Book Value

Impairment Determination

Valuation of Intangible Assets

Amount of Impairment of Goodwill and Intangibles

Goodwill and Intangible Assets Analysis

- Goodwill impairment testing is triggered by events such as expectation of an operating loss in two consecutive years or a significant adverse change in the business environment
- Impairment is recognized if the sum of un-discounted future cash flows is less than net asset book value
- To measure the amount of impairment, the “value in use” or “equity value” of the company is calculated using discounted cash flow method
- The difference between value in use and net asset book value (shareholders’ equity plus goodwill and intangible assets) is the amount of impairment for goodwill and intangibles
- Compare book value of intangible assets with fair value of intangible assets to specify impairment amount

Comprehensive Assessment of Impairment of Investments

Investment Impairment Testing

Computation of Equity Value

Allocation of Equity Value to Different Classes of Equity

Fair Value of Each Class of Equity Measured

Comparison with Book Value of Each Equity Investment

Amount of Impairment of Investment

Investment Analysis

- For securities of subsidiaries or affiliated companies without a readily available market price, such as preferred shares, impairment must be taken if the value of the security declines by more than 50% of the book value
- No impairment must be taken if the decline in value is less than 30% of the book value
- If the decline in value is in the range of 30% to 50% of the book value, impairment must be taken unless recoverability within approximately 5 years can be demonstrated

Taking a Prudent Approach to Common Share Investments

Decision on Valuation Allowance

Valuation Allowances Considered Based on APLUS' and Shinki's Closing Share Prices on Friday, March 30, 2007

Comparison with Book Value

Valuation Allowance Determination

Amount of Valuation Allowance for Common Shares

Valuation Allowance

- For securities of subsidiaries with readily available market price, such as listed common shares, impairment must be taken if the price declines by more than 50% of the book value
- No impairment is required if the decline in market price is less than 50% of the book value
- Valuation allowance for investments in subsidiaries and affiliates can be recognized without recording an impairment in certain cases
- Valuation Allowances assessed for common share investments in APLUS and Shinki

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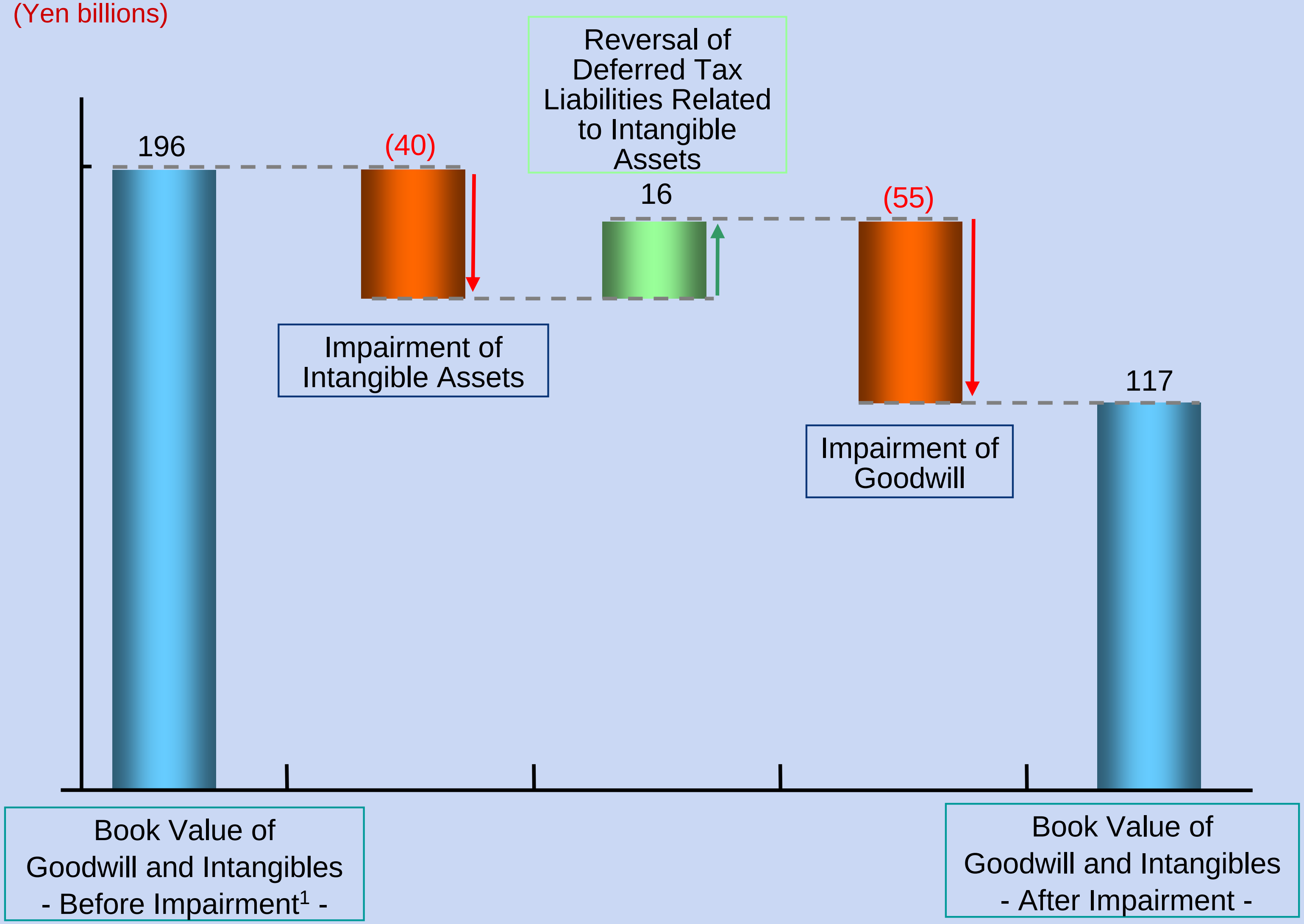
Book Value of Goodwill and Intangibles of APLUS After Impairment (Consolidated Basis Impact)

(Yen billions)

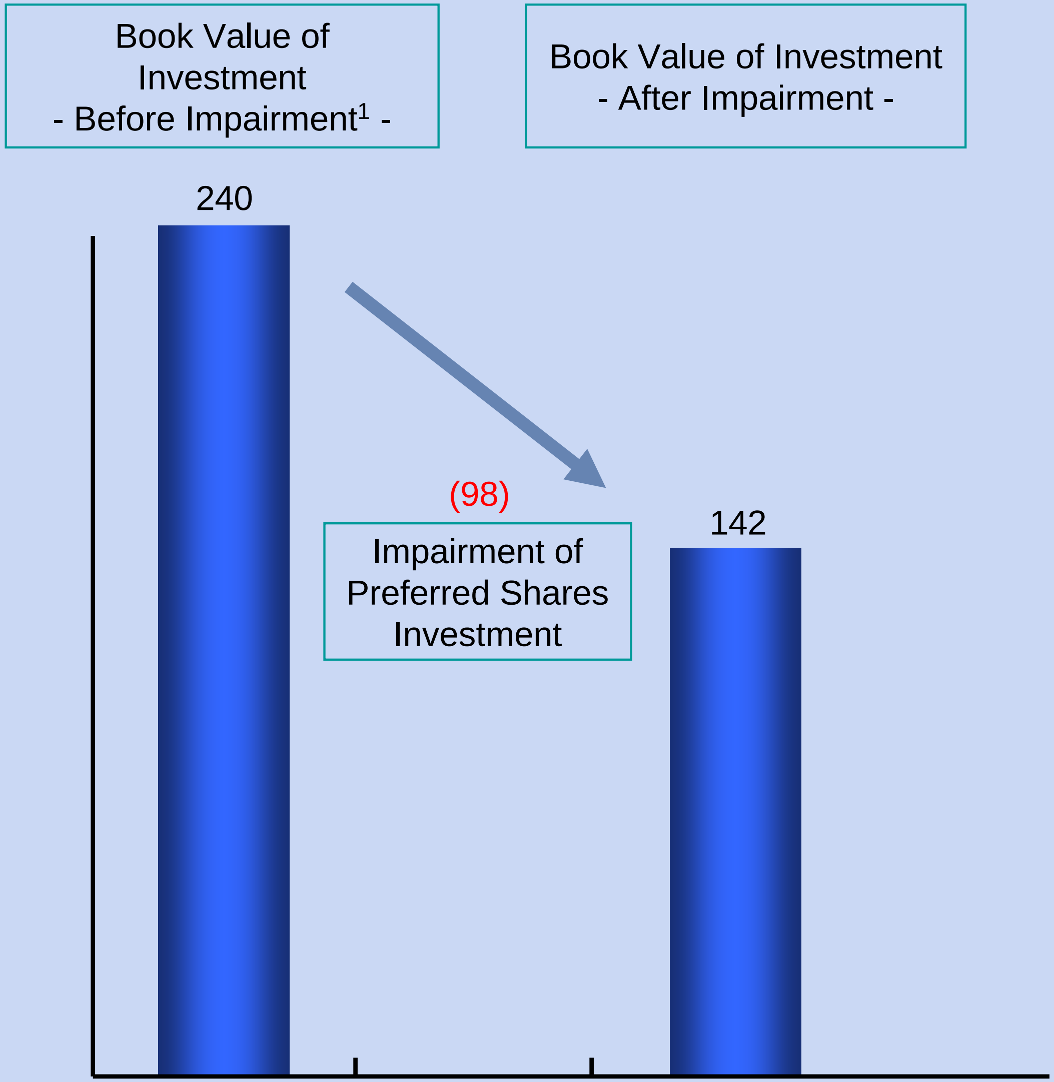


- **No impact on cash basis net income**
- **Reduction in future annual amortization of goodwill and intangible assets**
- **Positive impact on consolidated capital ratios due to reversal of deferred tax liabilities**
  - ✓ Tier I Ratio: 8.1%
  - ✓ Total Capital Ratio: approximately 13.1%
- **No impact on non-consolidated financials**

[1] 196 billion yen is aggregate of 165 billion yen of goodwill, 52 billion yen of intangibles net of 21 billion yen of deferred tax liabilities as of March 31, 2007

Book Value of Shinsei Investment in APLUS After Impairment (Non-consolidated Basis Impact)

(Yen billions)



- DCF methodology to calculate equity value
- Total equity applied across each tranche of equity
- No impact on consolidated financials and consolidated capital ratios

[1] 240 billion yen is the aggregate of 202 billion yen of preferred shares and 38 billion yen of common shares

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