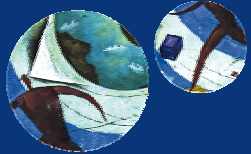




Financial and Business Results
First Half Fiscal Year 2006
Investors Meeting

Thierry Porté
President and Chief Executive Officer

November 22, 2006



Financial Highlights

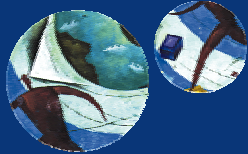


The Three Strategic Business Pillars

- » **Institutional Banking**
- » **Consumer and Commercial Finance**
- » **Retail Banking**



Forecast and Conclusion



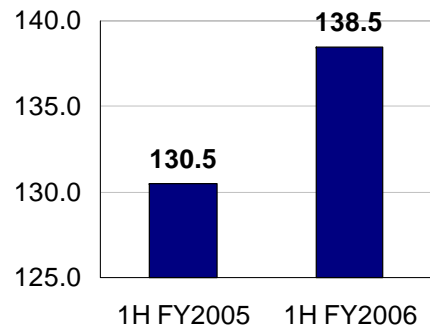
Financial Highlights

First Six Months of Fiscal Year 2006 – Financial Overview¹

Despite a particularly challenging market environment we improved our consolidated reported net income to JPY 38.8BN in the first half of fiscal year 2006

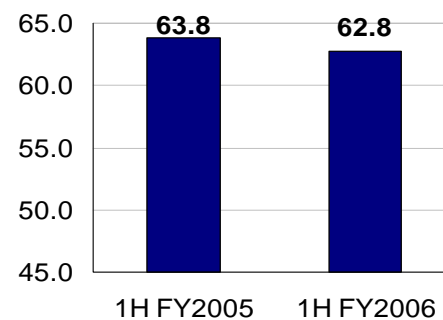
Revenue Growth², +6.1%

JPY BN



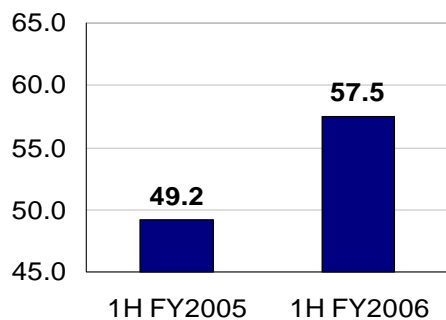
Ordinary Business Profit (OBP)²

JPY BN



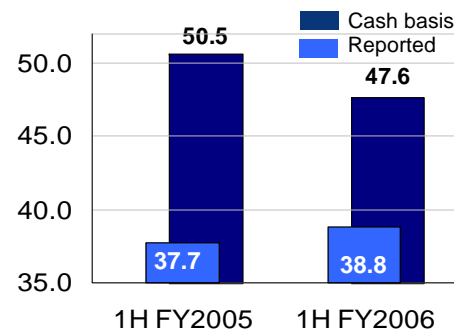
Ordinary Business Profit after Net Credit Costs²

JPY BN



Reported Net Income³, +3.1%

JPY BN

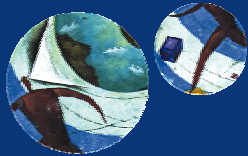


- Increase in ordinary business profit after credit costs reflects credit recovery in the Bank resulting from improvement in obligors' credit ratings

¹ All figures where applicable, compared to first half fiscal year 2005 (1HFY2005)

² Management Accounting Basis

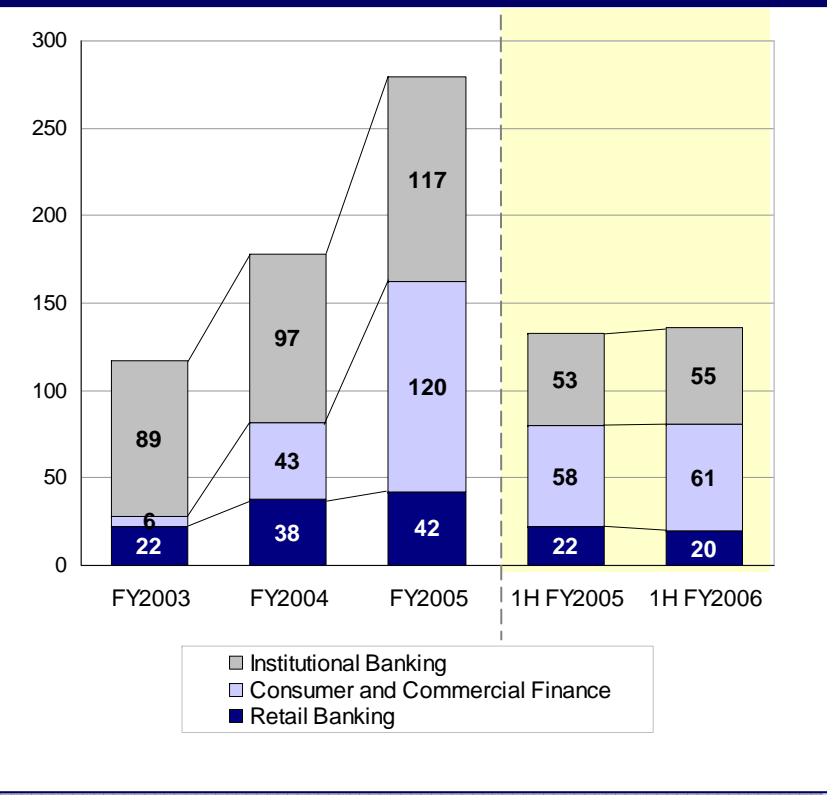
³ Cash basis excludes amortization of total intangibles



Diversified revenue sources from all three business pillars. Expense/revenue ratio increase reflects lower than expected revenues in Consumer Finance and Retail Banking

Revenue Breakdown by Business Group^{1,2}

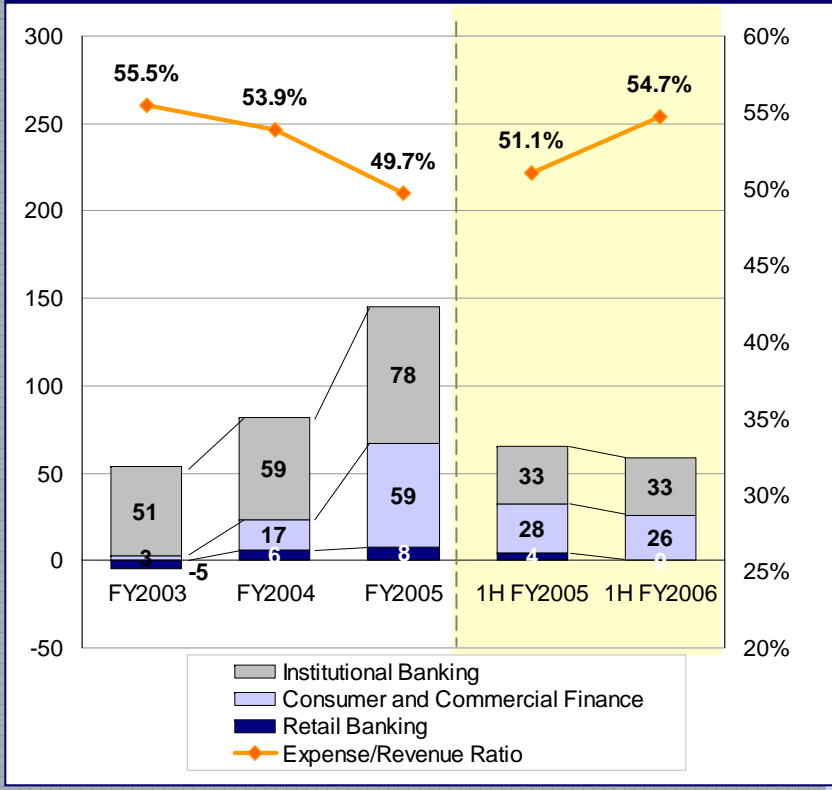
JPY BN



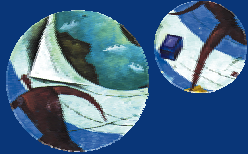
Ordinary Business Profit Breakdown by Business Group^{1,2}

JPY BN

%

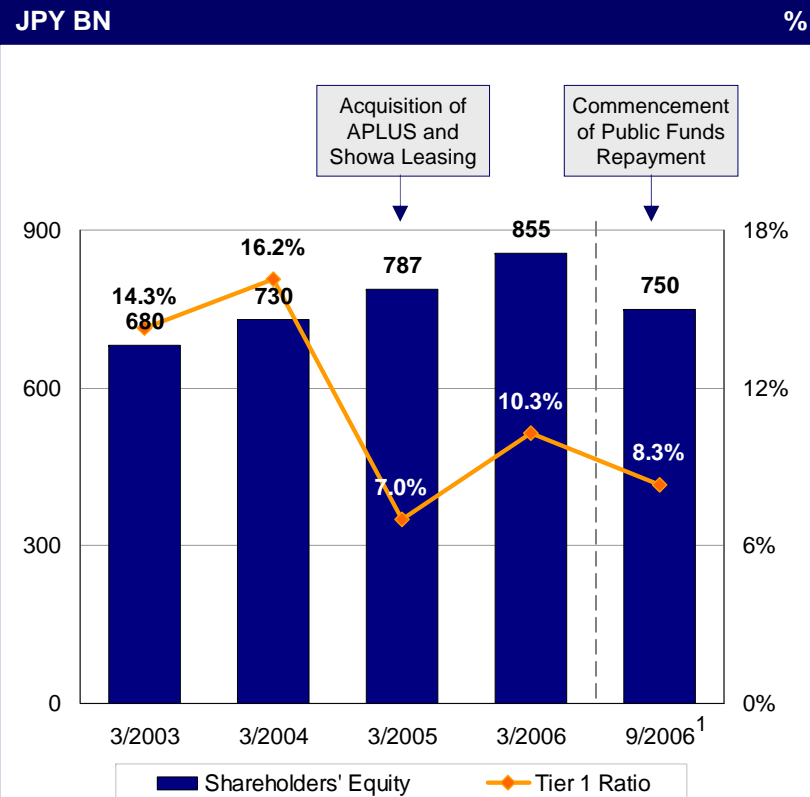


¹ Management accounting basis
² Excludes ALM / Corporate / Other



Cancellation of 85 million common shares further reduces share count by 4.2%

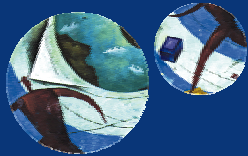
Trend of Shareholders' Equity and Tier 1 Ratio



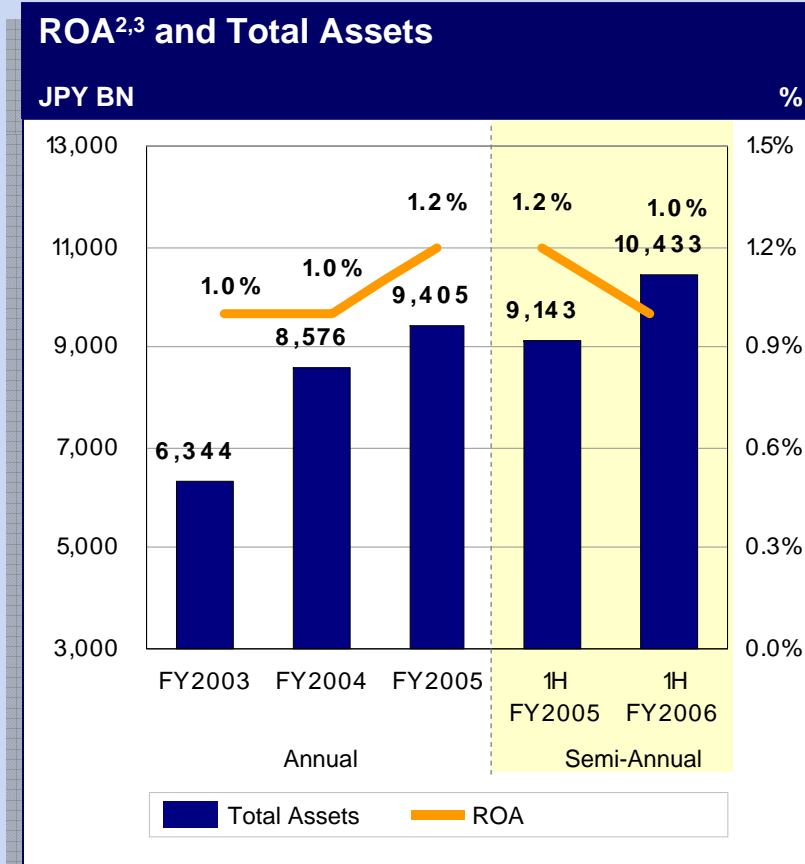
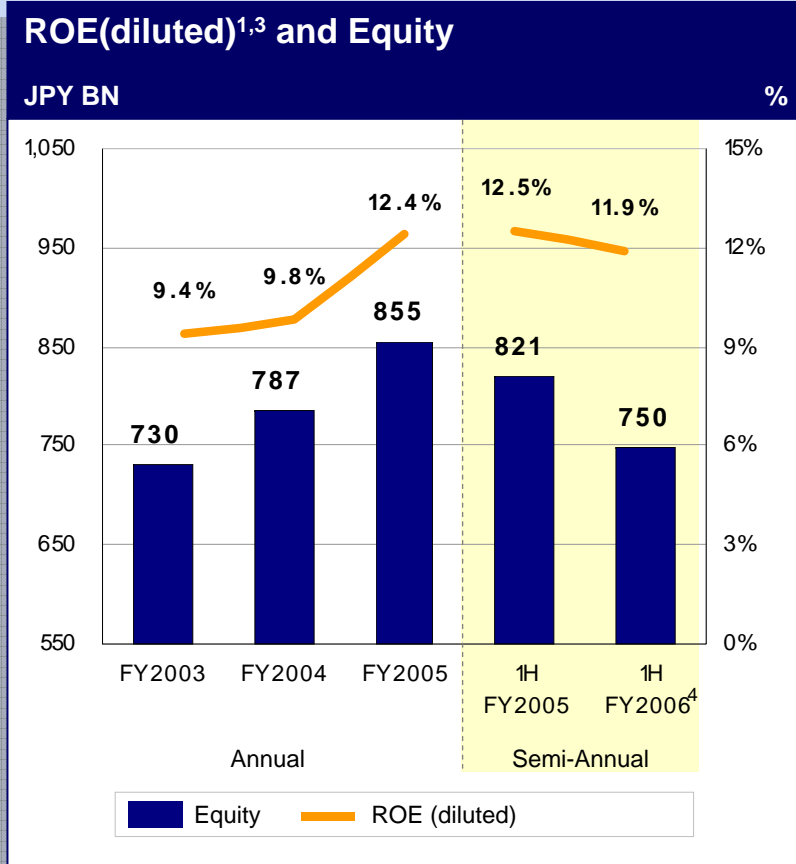
Share Count Reduction

- The reset of 50% of Series 3 Class B preferred shares issued by Shinsei Bank from JPY 599.9 to JPY 735.0 per share on August 1, 2006 reduced share count by 1.8% on a fully diluted basis
- Canceling 85 million common shares on November 16, 2006 further reduced share count by 4.2% on a fully diluted basis
- The net share count reduction is 6% in total
- Cancellation of Treasury Stock will be offset by a corresponding reduction in the retained surplus so there will be no impact to Tier 1 or Total Capital Ratios

¹ Total net assets – Minority interest in subsidiaries + deferred loss on derivatives accounted for under hedge accounting



Decline in ROE and ROA reflects challenging business environment in consumer finance and retail banking

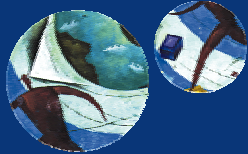


¹ Equity includes preferred shares. Cash basis ROE (diluted) for FY2004, FY2005, 1HFY2005 and 1HFY2006

² Cash basis ROA for FY2004, FY2005, 1HFY2005 and 1HFY2006

³ Annualized basis for 1HFY2005 and 1HFY2006

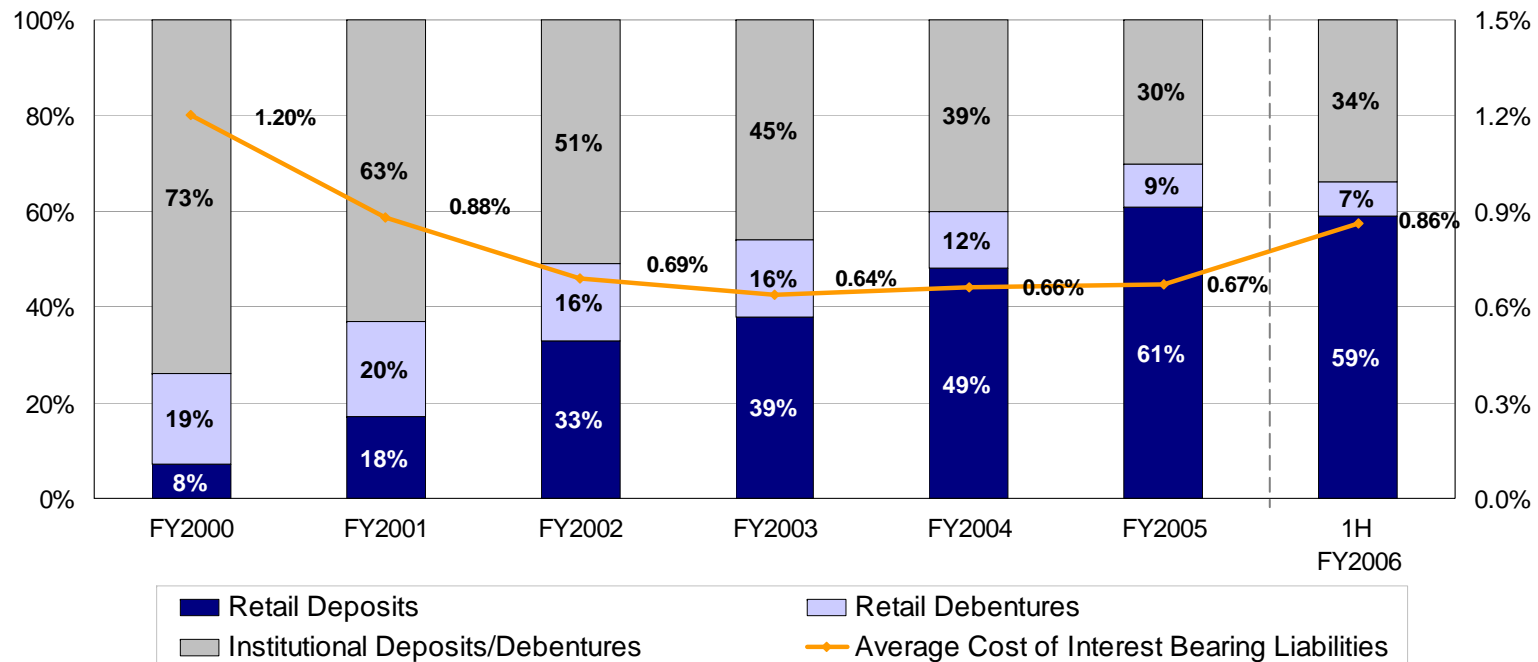
⁴ Total net assets – Minority interest in subsidiaries + deferred loss on derivatives accounted for under hedge accounting

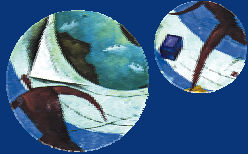


Financial Highlights

Stable funding from retail customer base – 66% of total. Increase in average cost of interest bearing liabilities due to cost of funding swaps related to foreign currency denominated portfolio and the recent rise in interest rates in Japan. First half fiscal year 2006 net interest margin improved 18bp to 2.08% as compared to fiscal year 2005

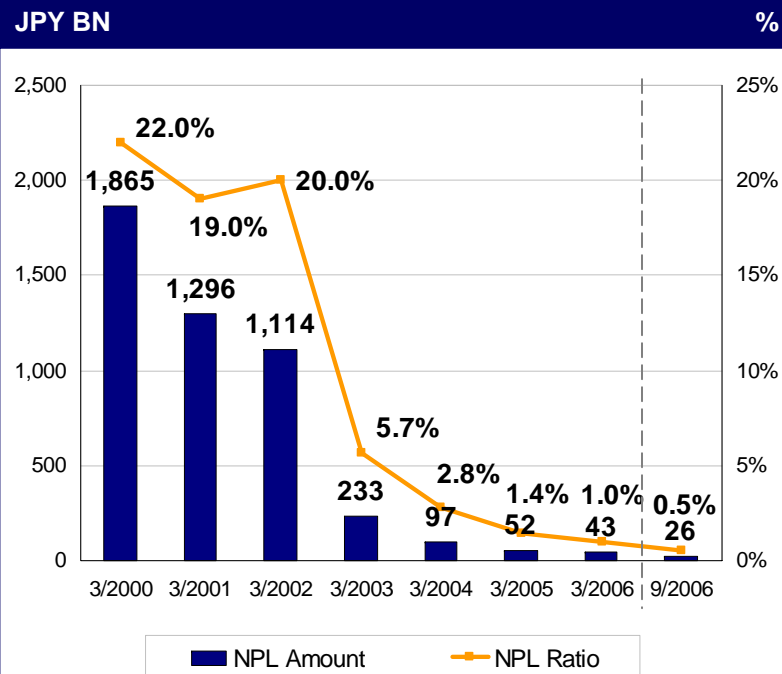
Funding Composition and Average Cost of Interest Bearing Liabilities



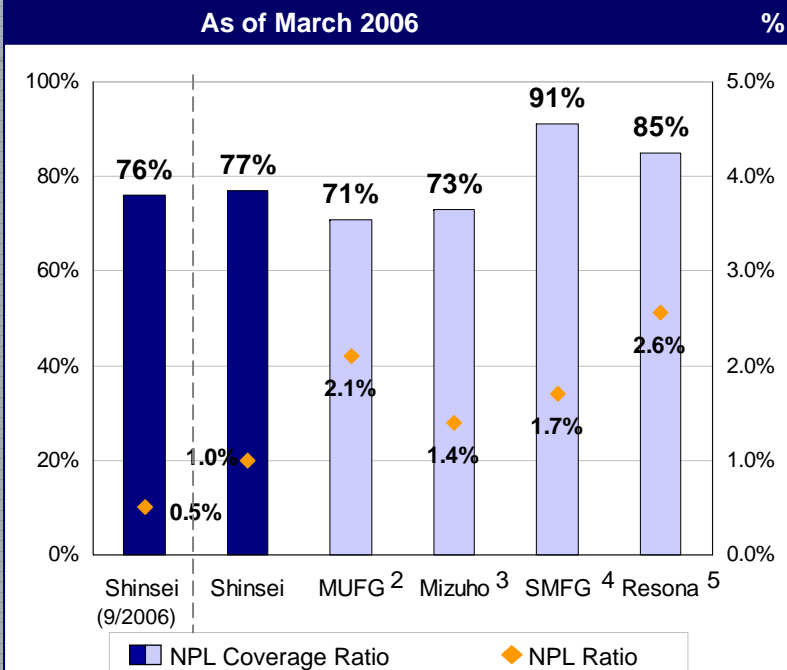


Significant decrease in NPLs leading to increase of asset quality

Reduction of NPLs¹



NPL Coverage Ratio / NPL Ratio



Source: Company disclosure

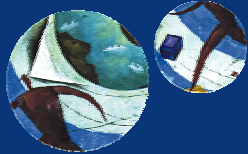
¹ Based on Financial Revitalization Law (Non-consolidated)

² Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust & Banking, "MUSP" and "UFJTE"

³ Mizuho Bank, Mizuho Corporate Bank, Mizuho Trust & Banking and Revitalization subsidiaries

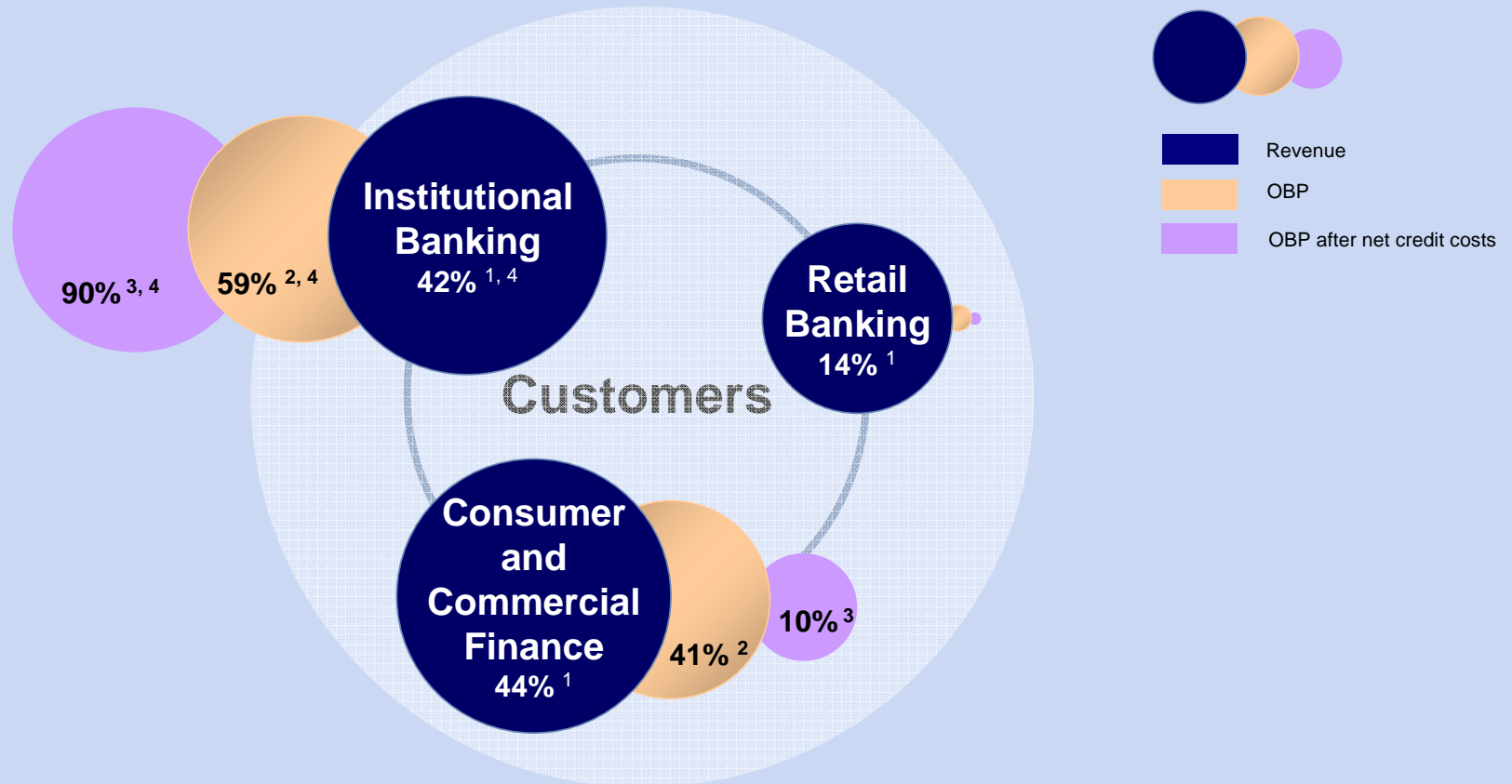
⁴ Sumitomo Mitsui Banking Corporation (Non-consolidated)

⁵ Resona Bank, Saitama Resona Bank and Kinki Osaka Bank for NPL coverage ratio, and Resona Bank, Saitama Resona Bank, Kinki Osaka Bank and Resona Trust & Banking for NPL Ratio



The Three Strategic Business Pillars

Timely execution of strategy is key for growth
in three business pillars

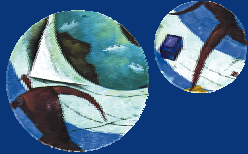


¹ Percentage of total revenue contribution for the first half fiscal year 2006, management accounting basis

² Percentage of OBP contribution for the first half fiscal year 2006, management accounting basis

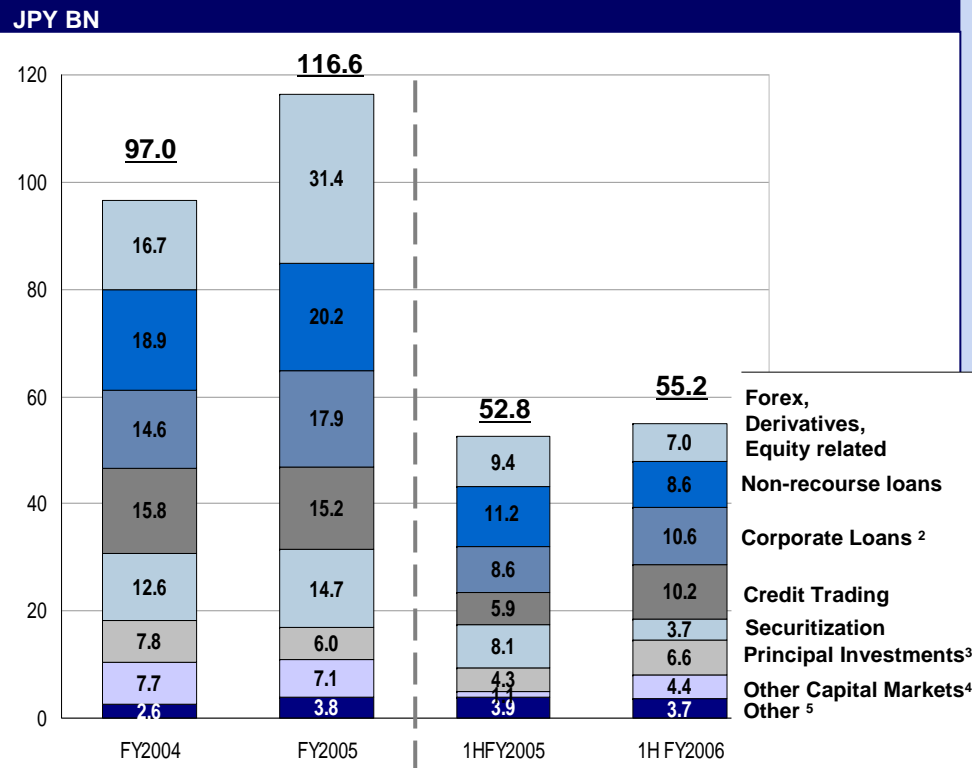
³ Percentage of OBP after net credit costs for the first half fiscal year 2006, management accounting basis

⁴ Includes revenue (losses) of ALM/Corporate/Other

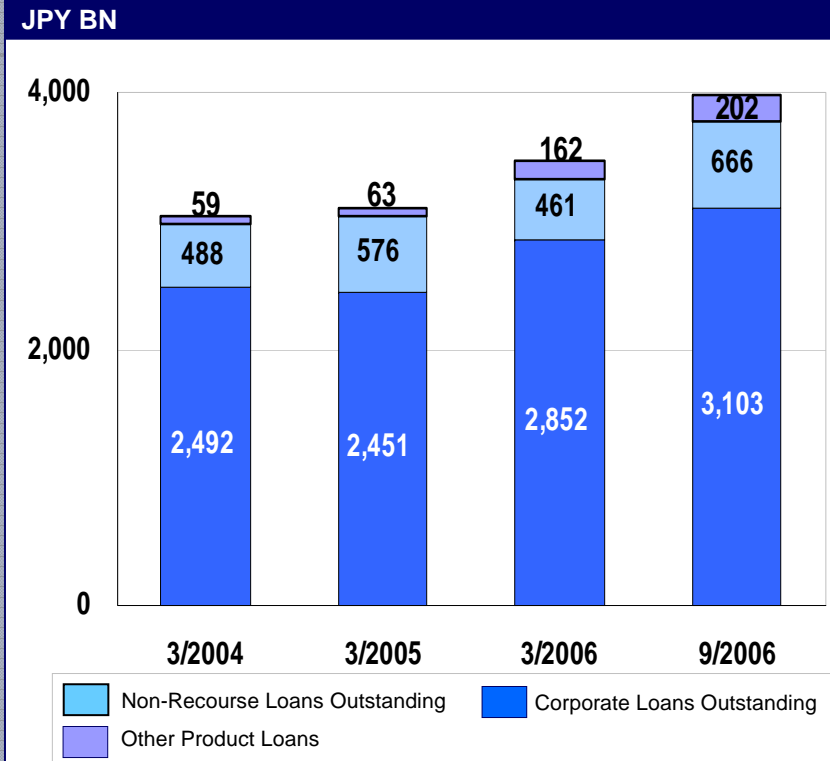


A hybrid banking model with diversified revenue streams
Continued rating upgrades and demand for funds contributed to loan growth

Revenue Breakdown by Products¹



Corporate Loans Outstanding¹



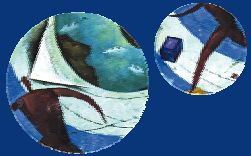
¹ Management accounting basis

² Includes balance sheet and specialty finance loans

³ Includes revenue of private equity, real estate principal investment and corporate revitalization activities

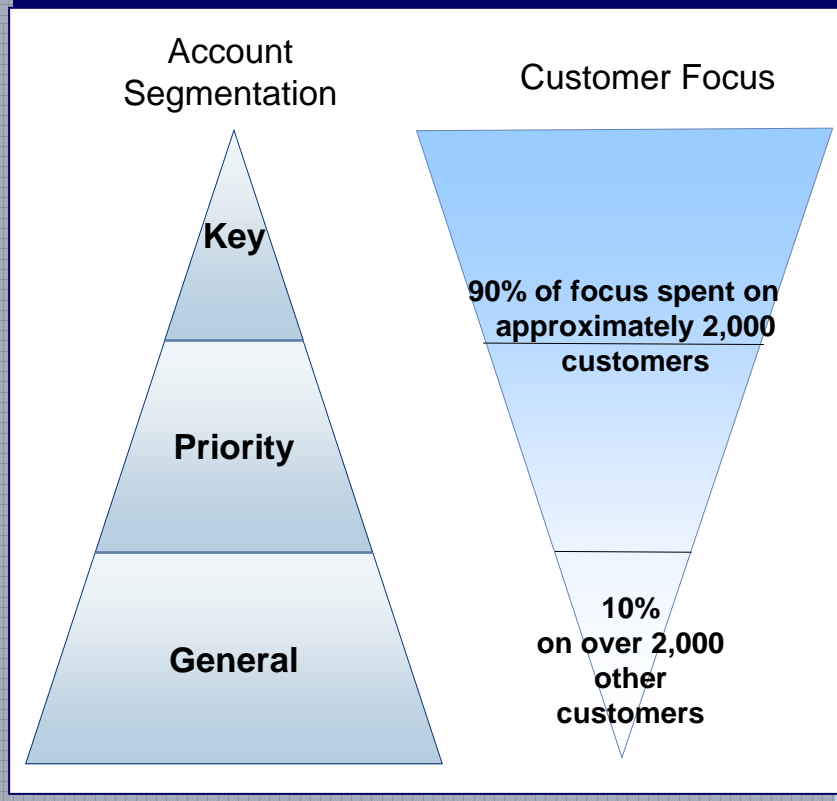
⁴ Largely includes income on CDO investments

⁵ Mainly includes revenue of Shinsei Trust, corporate advisory and asset management

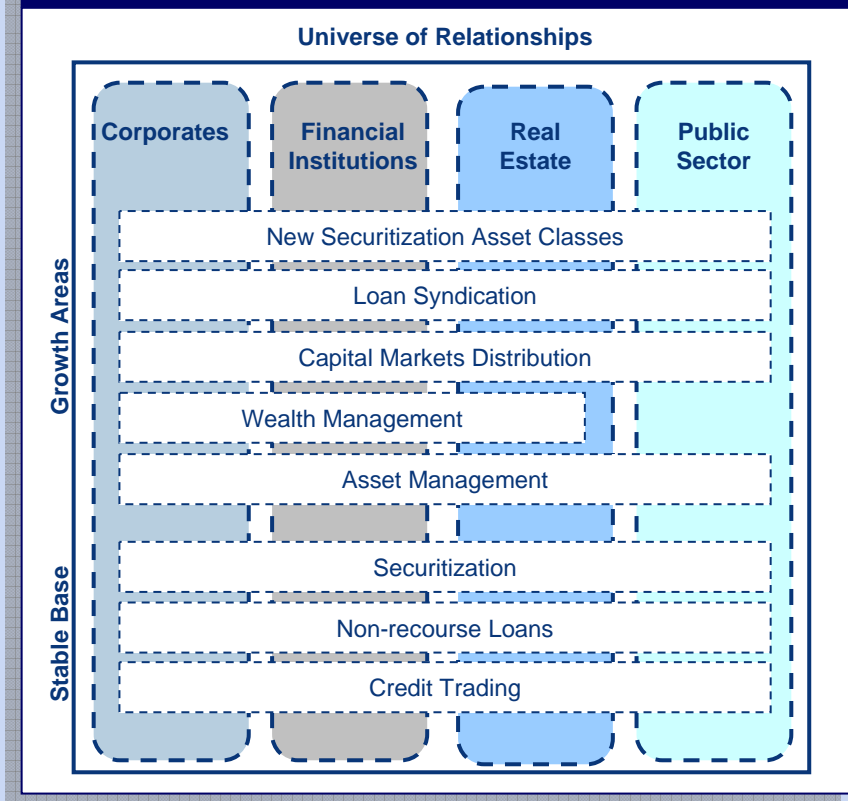


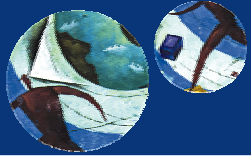
Focus on building strong customer relationships while continuously innovating products and solutions

Client Coverage Strategy – Adding higher Value



Divisional Cross-selling of Products





Institutional Banking - International Strategies

Our international strategy of leveraging-off proven competencies in Japan and working with local partners is showing results

Germany

Measurable steps forward made with our partners with regard to our servicing platform SGK- which is now operational. A significant new transaction disclosed with Aareal Bank (approximately EUR 1.4 BN)

Taiwan

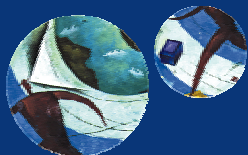
Continue to make progress with our investment in Jih Sun Financial Holdings. Shinsei is providing restructuring, credit, and product support

London

The hub of our international Asset Backed Investment (ABI) activity- this portfolio continues to grow in Europe. Also have established a small but growing franchise to originate MTNs from European issuers and place with our client base in Japan

India

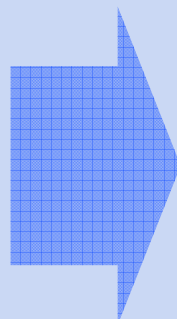
A new asset management partnership with UTI Asset Management Company, the largest and oldest mutual fund manager in India. Shinsei will offer Japanese investors UTI's investment products through Shinsei Investment Management



Focusing on growth businesses and customer relationships

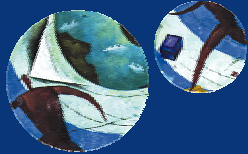
Key Issues

- Products per relationship is still low
- Corporate lending margins still very tight
- Slow than expected revenue growth from new fee based franchises (Asset/Wealth Management, Healthcare, M&A)
- Limited product offering in the capital markets



Actions

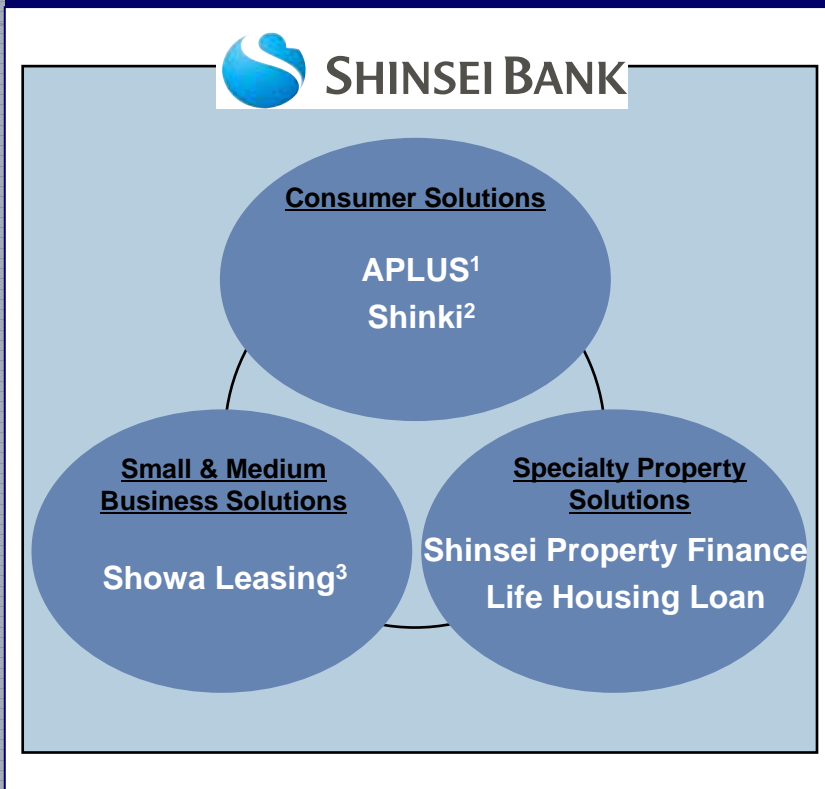
- Continue intensive focus on client profitability, product per relationship, and client segmentation
- Made more senior resources available to cover key relationships
- Created new business development group to win new clients and improve overall relationship mix
- Strengthening securities firm as primary provider of capital markets solutions
- Created management structure to increase co-work between Financial Institutions and Public Sector
- Completing IT projects in a timely manner



Consumer and Commercial Finance

Commercial and Consumer Finance companies grouped into three key business lines

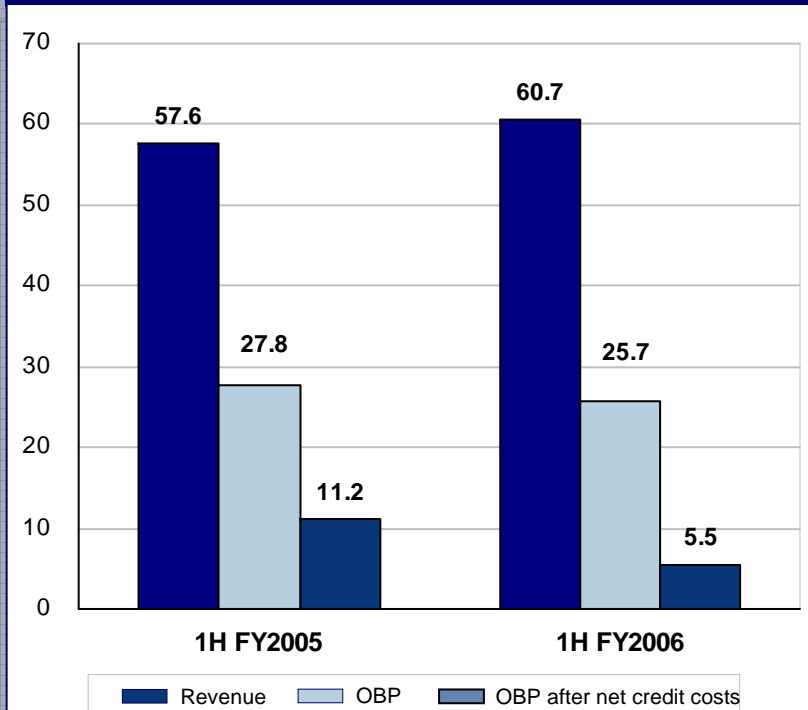
Overview of Commercial and Consumer Finance Subsidiaries

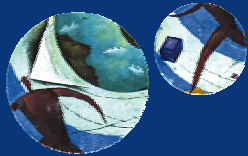


- ¹ APLUS was consolidated in September 2004, contributing to Shinsei since 2HFY2004
- ² Shinki is an equity-method affiliate, Shinsei portion 36.4%
- ³ Showa Leasing was consolidated in March 2005, contributing to Shinsei since FY2005
- ⁴ Management accounting basis

Total Consumer and Commercial Finance⁴

JPY BN



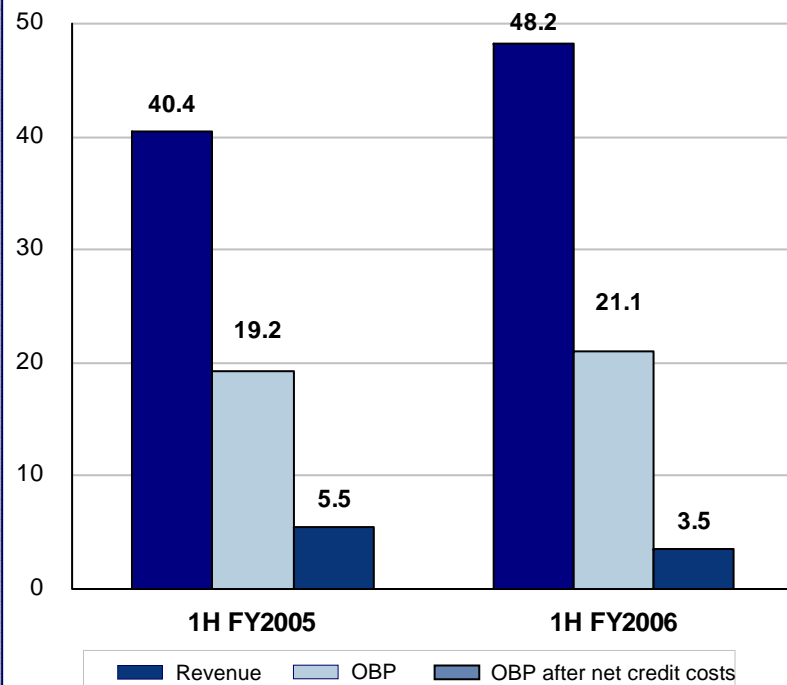


Consumer Finance Financial Highlights

Higher credit costs and grey zone provisions led to decline in OBP after credit costs in the first half of fiscal year 2006

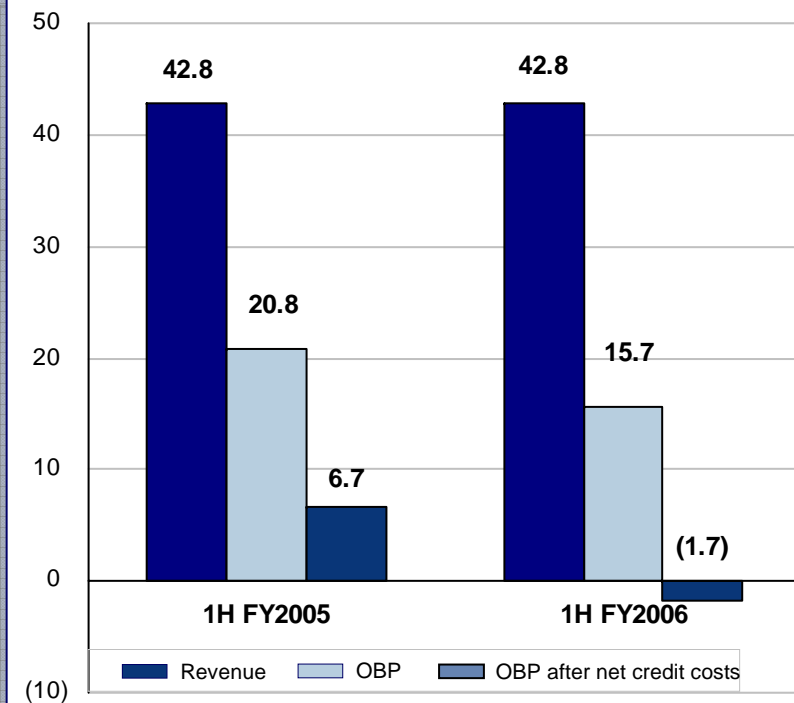
APLUS^{1,3}

JPY BN



Total Consumer Finance^{2,3}

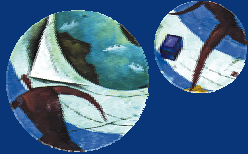
JPY BN



¹ APLUS's incurred additional grey zone provision and related costs of JPY 2.3bn in 1st half FY2006 (total outstanding reserve JPY 2.4bn); JPY 0.7bn is included in credit costs and remainder in other losses

² Includes APLUS and Shinki. Shinki's results reflect net loss (Shinsei's portion) of JPY 5.3bn. Shinki incurred grey-zone related costs of JPY 14.8bn in 1st half FY2006 (total outstanding reserve JPY 17.2bn)

³ Management accounting basis

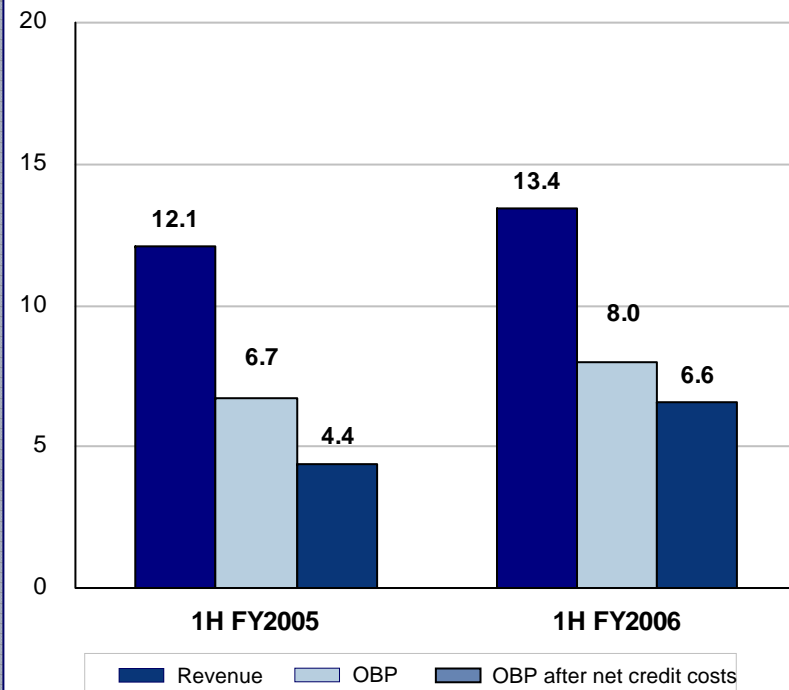


Commercial Finance Financial Highlights

Commercial Finance business posted strong results in the first half of fiscal year 2006

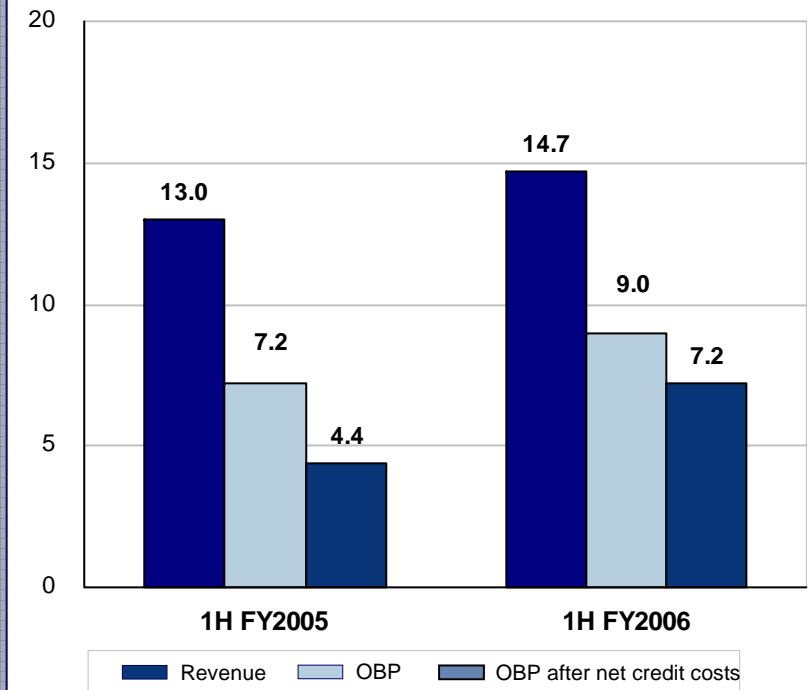
Showa Leasing ²

JPY BN



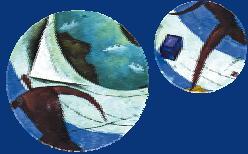
Total Commercial Finance ^{1,2}

JPY BN



¹ Includes Showa leasing and Shinsei Business Finance

² Management accounting basis

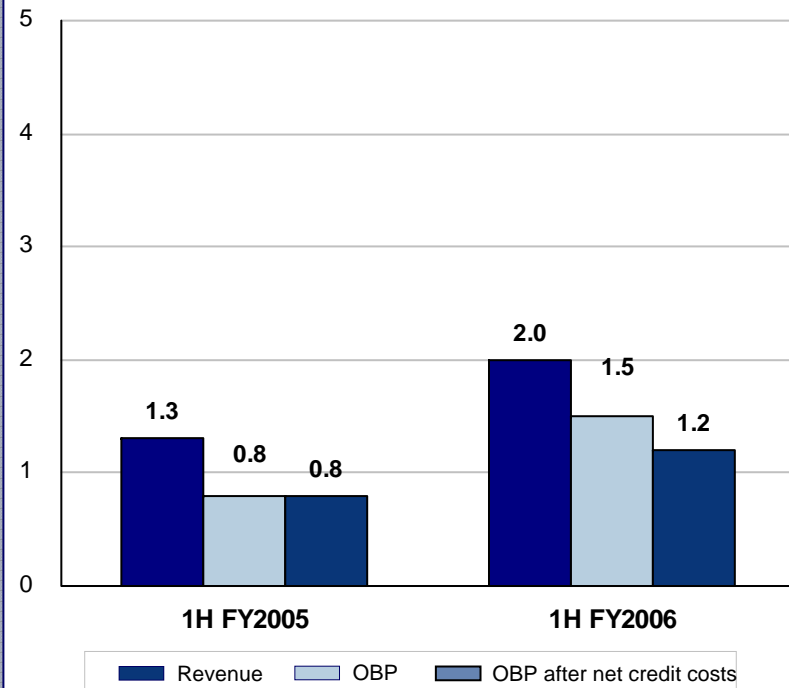


Property Finance Financial Highlights

Property Finance business was on the rise in the first half of fiscal year 2006

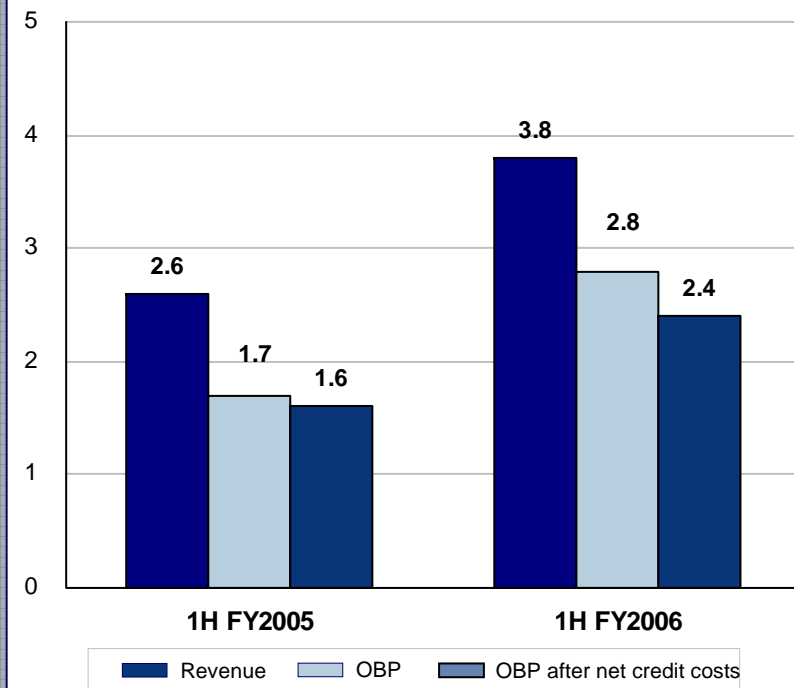
Shinsei Property Finance ²

JPY BN



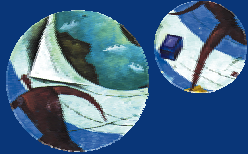
Total Property Finance ^{1,2}

JPY BN



¹ Includes Shinsei Property Finance and Life Housing Loan

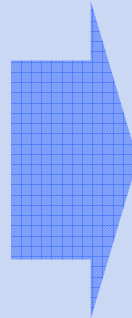
² Management accounting basis



Transformation towards new business model

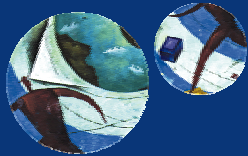
Key Issues

- **Consumer (JPY 1.8 Trillion of total assets)**
 - Changing Money Lending Law and increased industry scrutiny
- **Commercial (JPY 0.5 Trillion of total assets)**
 - Anticipated lease accounting changes
- **Property (JPY 0.15 Trillion of total assets)**
 - Mega banks recovery and new market entrants



Actions

- Increasing Shinsei management support
 - Accelerating APLUS transformation to become leading Shinpan partner
 - Significantly reducing both operating and credit costs at APLUS and Shinki
 - Focusing development resources on long-term mutually beneficial partnerships
-
- SME concentration should minimize impact
 - Growth via product line expansion
 - Further industry consolidation possible
-
- Consistent execution has led to strong growth
 - Projecting to exceed FY06 target by 25%-30%
 - Future growth from product expansion (no M&A anticipated)



A strong brand based on innovation and quality customer service

Nationwide Retail Banking Recognition

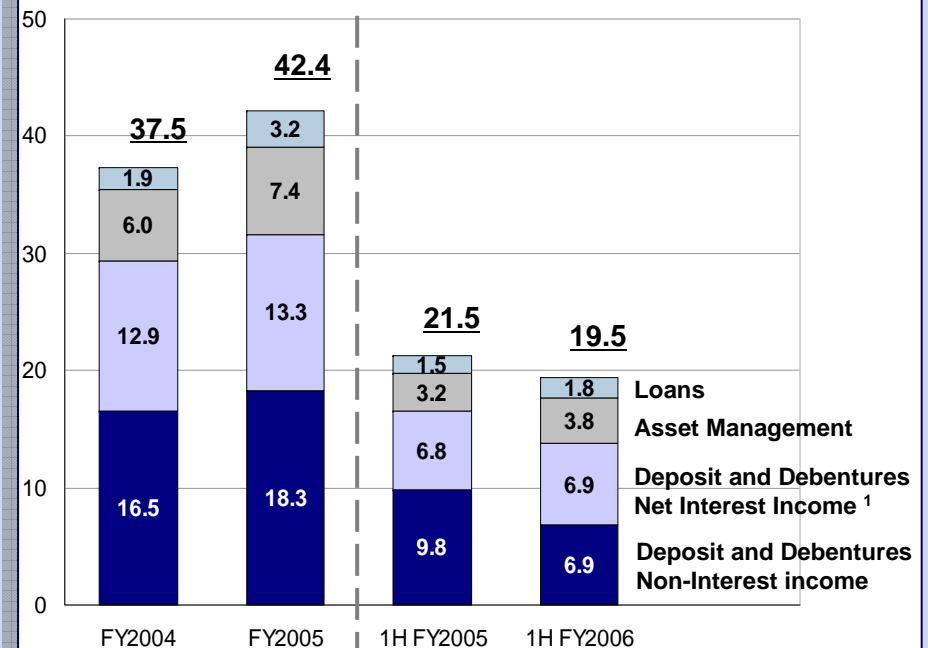
- #1 in Customer Satisfaction Ranking 2004, 2005 and 2006 (Nihon Keizai Shimbun)
- Best Retail Bank, Japan, 2004, 2005 and Excellence in Internet Banking Awards 2005 (The Asian Banker)
- Good Design Award 2005 for “32 Color Cash Cards”

THE ASIAN BANKER
STRATEGIC BUSINESS INTELLIGENCE FOR THE FINANCIAL SERVICES COMMUNITY



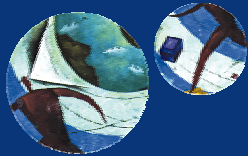
Revenue Breakdown by Products²

JPY BN



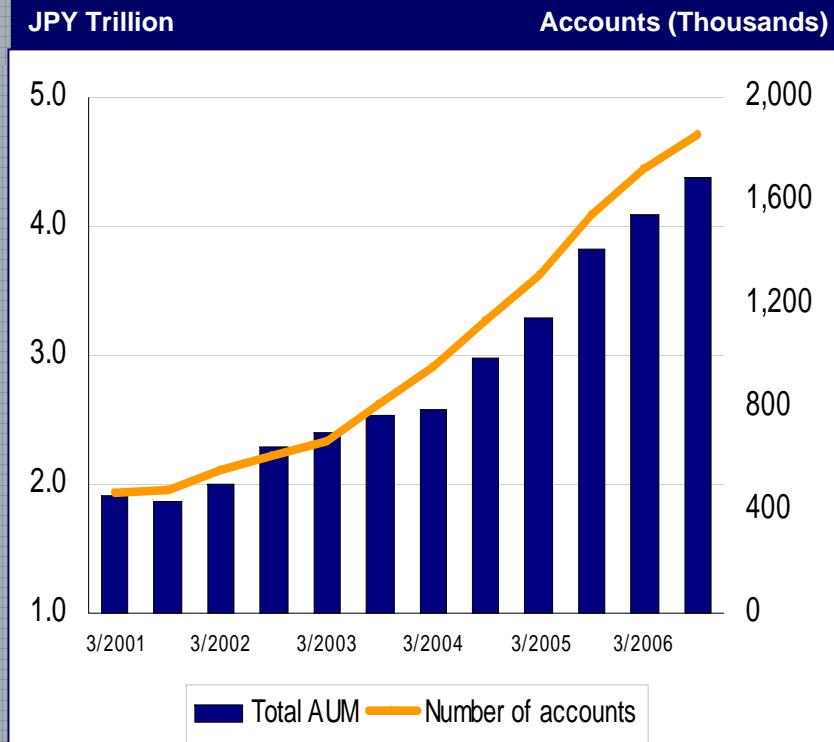
¹ Related to both customer deposits and debentures

² Management accounting basis

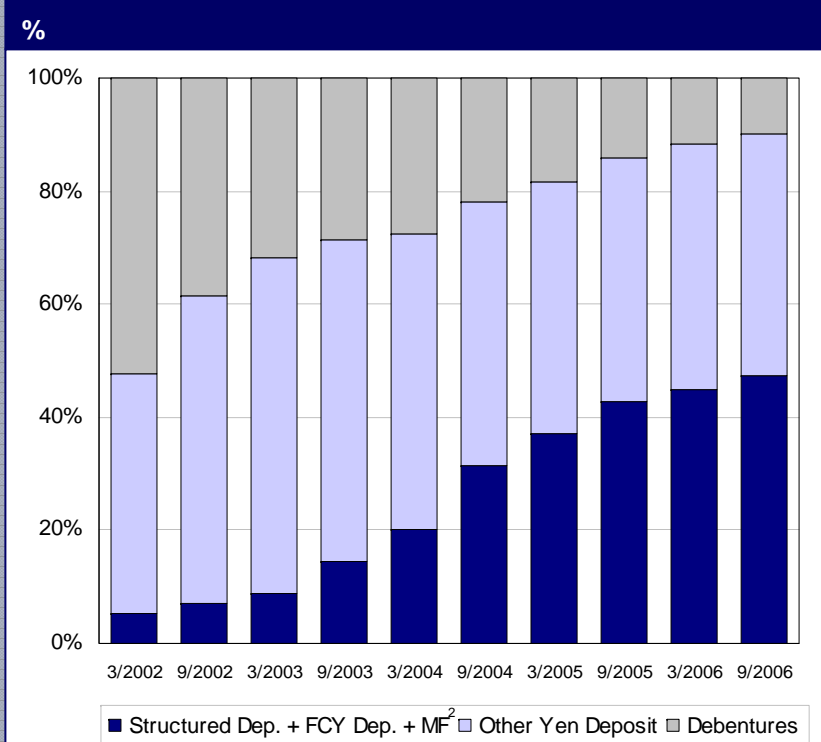


Revenue growth through customer acquisition and cross-selling

Growth in AUM¹ and Number of "PowerFlex" Accounts

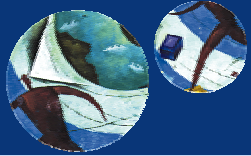


AUM Composition²



¹ Assets under management

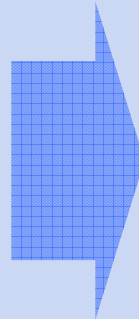
² Structured deposits, foreign currency deposits and mutual funds



Focus on enhancing customer base profitability

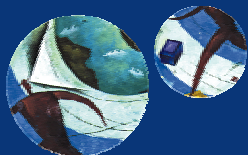
Key Issues

- **Market uncertainty post zero-interest period leading to reduced customer traffic**
- **Increased competition**
- **Increasing commoditization of Mortgages**
- **Absence of Credit and Loan products to service younger customers**
- **Customer preference shift away from Structured Deposits, traditionally our leading product category**



Actions

- **Continue to build Brand Differentiation through superior customer service delivery**
- **Focus on high value customer segments (e.g., Baby Boomers/Working Women)**
- **Achieve deeper Customer Engagement through needs-based cross-sell**
- **Improve SFC consultation skills to facilitate growth of Investment products (eg Mutual Funds/Annuities)**
- **Co-work with other business units to strengthen and expand the Mortgage portfolio and introduce Credit/Loan products**
- **Use the outcomes of completed cost analysis to significantly reduce revenue/expense ratio whilst reallocating some expense saves to revenue producing activities**



Earnings Forecast – Fiscal Year 2006

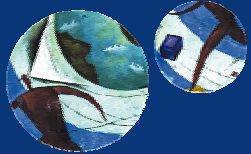
Earnings Forecast

(Consolidated)	Fiscal year ended	JPY BN
	March 31, 2007	March 31, 2006
	Forecast - FY2006	Actual - FY2005
Net income (previous forecast)	84.0	-
Net income (current forecast)	76.0	76.0
(Non-consolidated) ⁽¹⁾		
Net business profit (previous forecast)	77.0	-
Net income (previous forecast)	75.0	-
Net business profit (current forecast)	59.0	69.1
Net income (current forecast)	75.0	74.8
Dividends (in yen)		
Common stock	3.3	3.0
Class A preferred share	13.0	13.0
Class B preferred share	4.8	4.8

(1) Revitalization plan basis

Above forecasts are based on current assumptions of future events and trends, which may be incorrect.

Actual results may differ materially from those in the statements as a results of various factors.

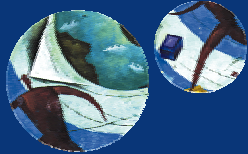


Strategic transformation into a leading Japanese bank

- ❑ **Establishment of three strategic business pillars**
- ❑ **Diversification of revenue sources**
- ❑ **Strong risk management and advanced technology infrastructure**

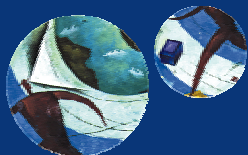
Three business pillar challenges

- ❑ **Institutional Banking:**
Hybrid banking model focused on providing solutions to meet specific target customer needs - lending margins remain tight
- ❑ **Consumer and Commercial Finance:**
Focusing on transformation towards new business model development, operational efficiency and risk science
- ❑ **Retail Banking:**
Increased competition and market uncertainty (post zero-interest period) leading to reduced customer traffic



Forward Looking Statement

- ✓ 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. Actual results may differ materially from those in the statements as a result of various factors.
- ✓ Unless otherwise noted, the financial data contained in these materials are presented under Japanese GAAP. 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 financials are 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.



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SHINSEI BANK