



Strong Return to Profitable Growth

Financial and Business Highlights – First Quarter Fiscal Year 2007

Shinsei Bank, Limited

July 30, 2007



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

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¹ Generally Accepted Accounting Principles



Highlights – First Quarter Fiscal Year 2007



Strong return to profitable growth following decisive actions taken during fiscal year 2006

- First Quarter net income of 31.2 billion yen; 62.6% increase over 1QFY2006



First quarter net income driven by strong revenue growth and disciplined expense management

- Total revenue growth 12.3%
- Expense growth 0.2%



Credit and grey zone related costs largely within expectations but uncertainty remains

- APLUS' grey zone reserve balance of JPY9.7bn as at June 30, 2007



On track to meet forecast for fiscal year 2007

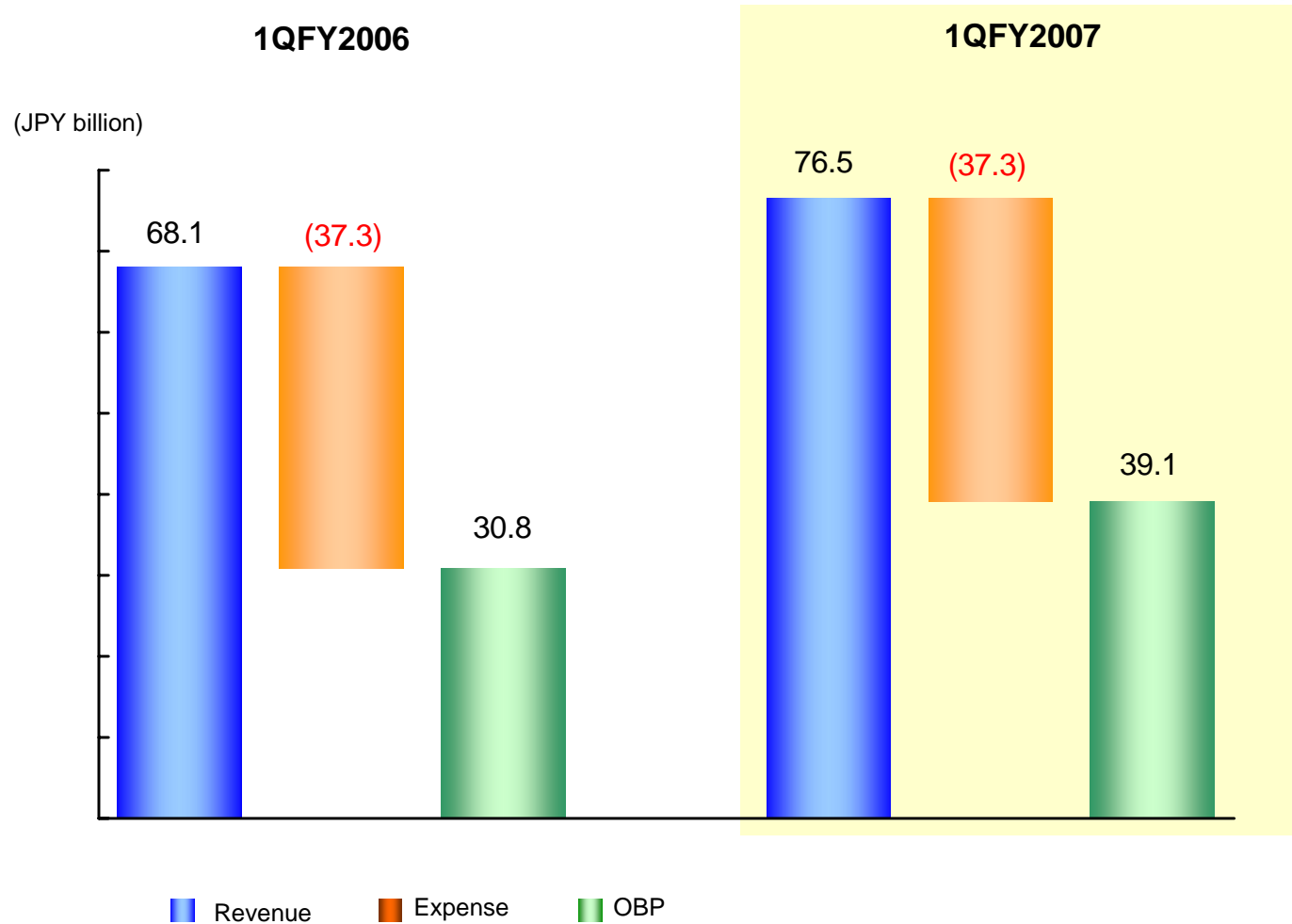
- Excluding one-off gains, first quarter net income represents 33.7% of full fiscal year 2007 forecast (consolidated basis)



Consolidated Financial Results for First Quarter of FY2007¹

Solid start to fiscal year 2007 driven by strong revenue growth and disciplined expense management

Revenue, Expense and OBP²



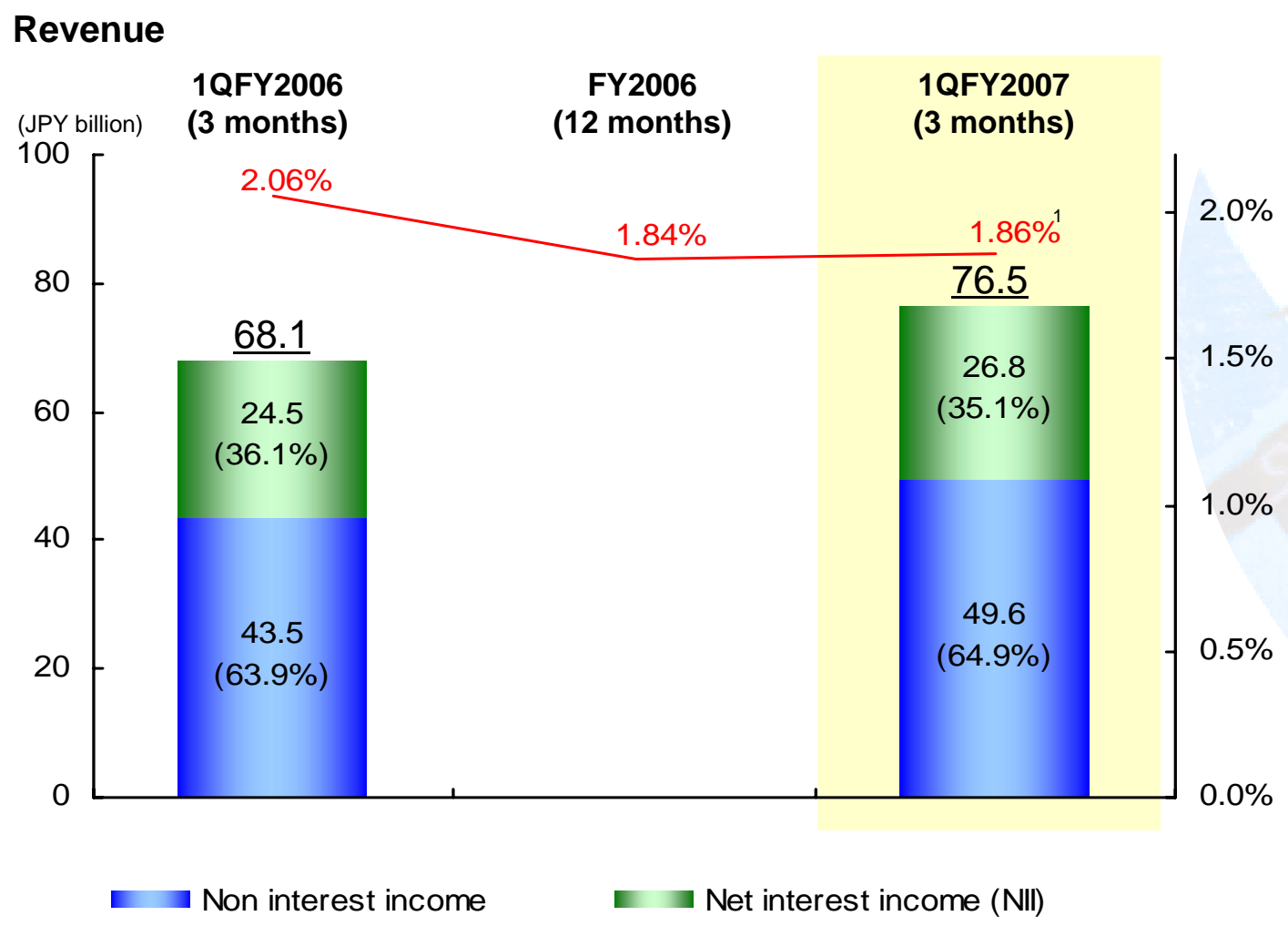
- ❑ Total revenue grew to JPY76.5bn (+12.3%) with strong performance in Institutional Banking business
- ❑ Strict expense discipline in the Retail Banking business and reductions at APLUS offset investments for growth in Institutional Banking business
- ❑ Significant improvement in expense-to-revenue ratio now at 48.8% from 54.8% in 1Q FY2006

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

² Ordinary Business Profit



Significant growth in both NII and Non-Interest Income revenue ...



- NII grew 9.3% to JPY26.8bn
 - ✓ Growth in loan demand
 - ✓ Net interest margin is marginally higher compared to fiscal year 2006

- Non-interest income increased 14.0% to JPY49.6bn
 - ✓ Strong results in Institutional Banking credit trading business contributing JPY4.7bn
 - ✓ Further growth in Retail Banking asset management business contributing JPY3.0bn

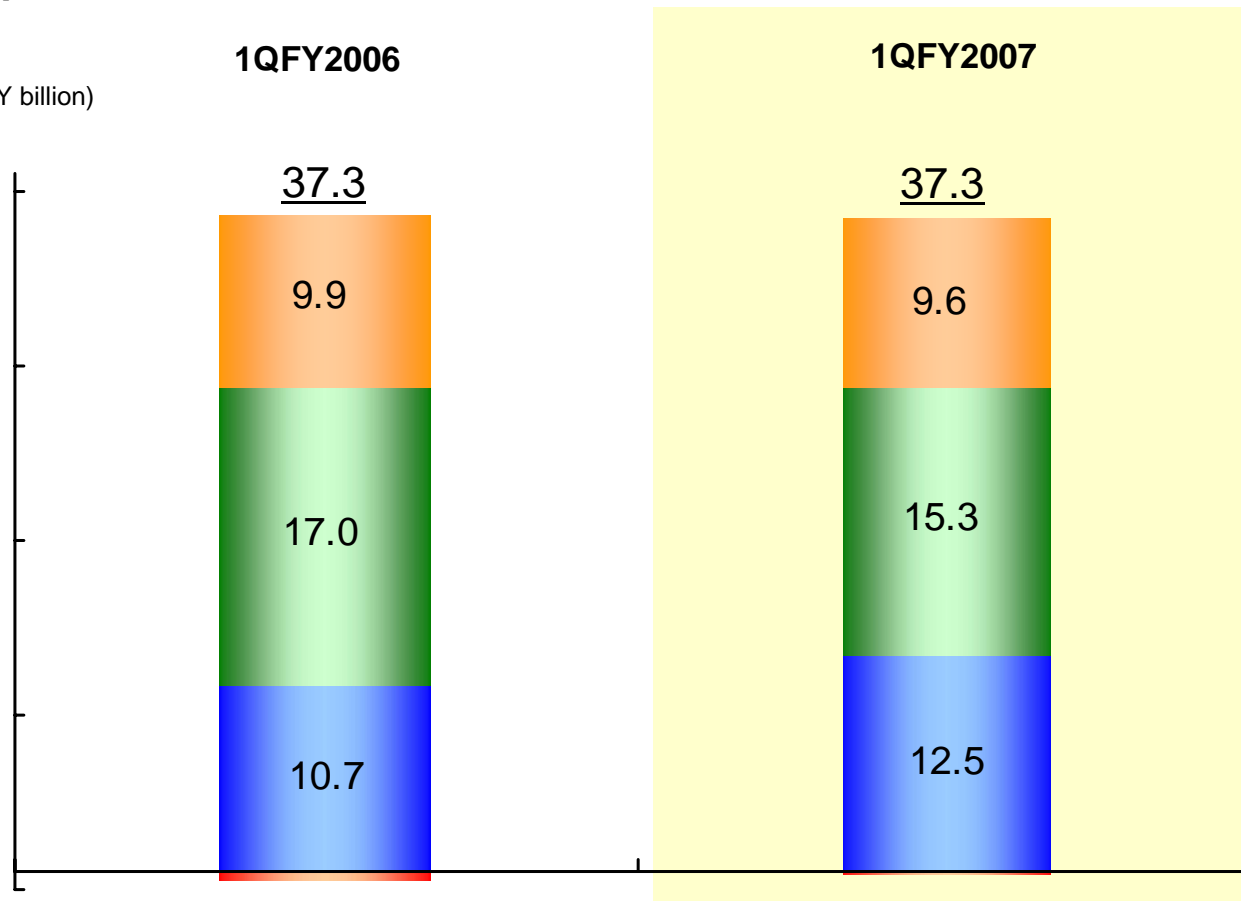
¹ Disclosure basis, including leased assets and installment receivables



...accompanied by disciplined expense management

Expense

(JPY billion)



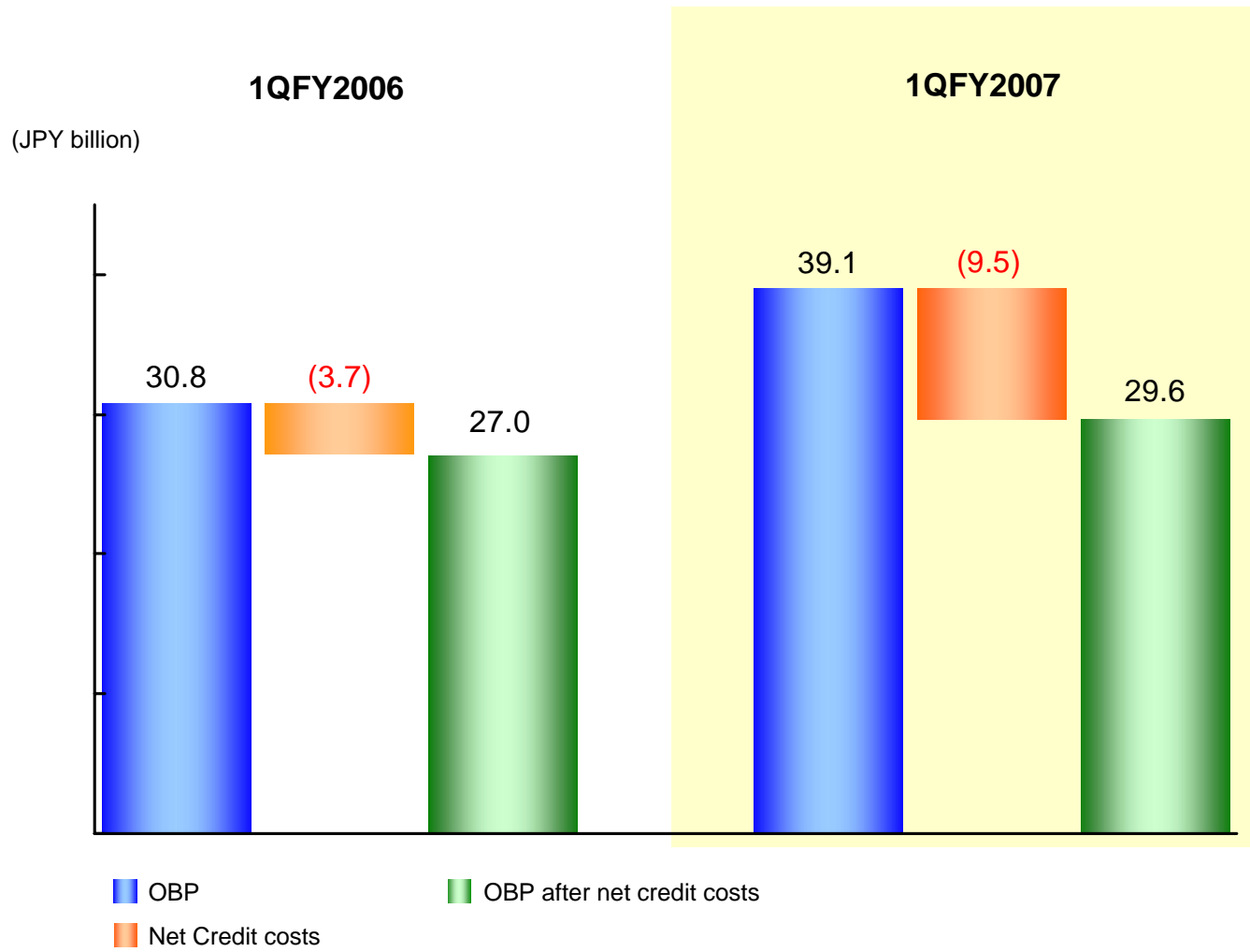
- Retail Banking (RBG)
- Consumer and Commercial Finance (CCF)
- Institutional Banking (IBG)
- ALM/Corporate/Other

- Increased expenses to strategically expand Institutional Banking business
 - ✓ Mainly related to new staff hires (JPY +1.8bn)
- Largely offset by reduction in expenses:
 - ✓ APLUS (JPY -2bn) resulting from restructuring measures
 - ✓ Strict expense discipline in Retail Banking business (JPY -0.2bn)



Net credit costs includes CCF's provisions, lower credit recoveries - in line with expectations

Net Credit Costs and OBP After Credit Costs

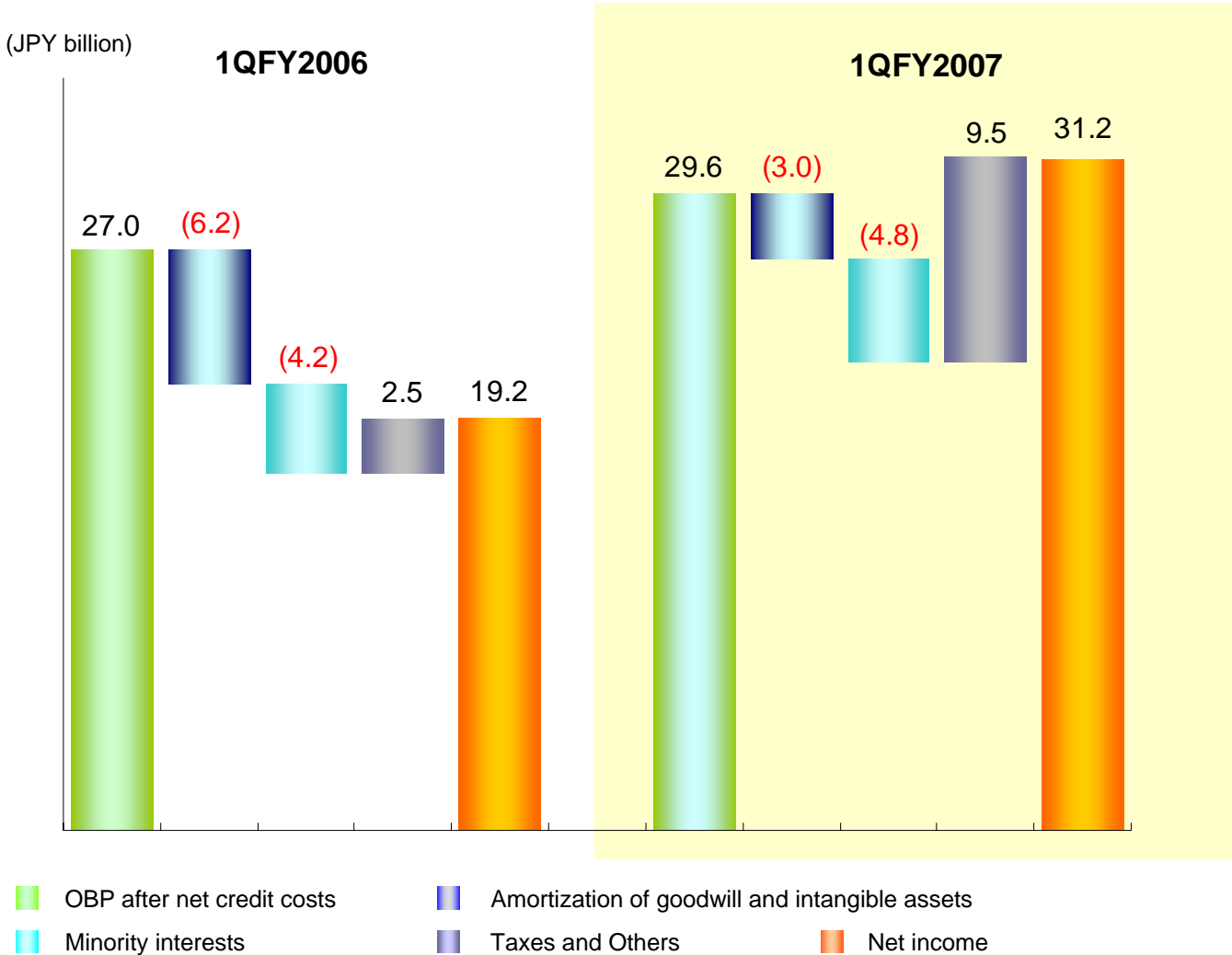


- ❑ Credit costs increase of 3.7 billion yen to 12.5 billion yen at Consumer and Commercial Finance businesses mainly due to legislative and market changes in consumer finance
- ❑ Net credit recoveries at Shinsei Bank were 0.9 bn compared to 4.9 bn in 1QFY2006



1QFY2007 results enhanced by gains from sale of Life Housing Loan (LHL)

Minority Interests, Tax and Others, and Net income

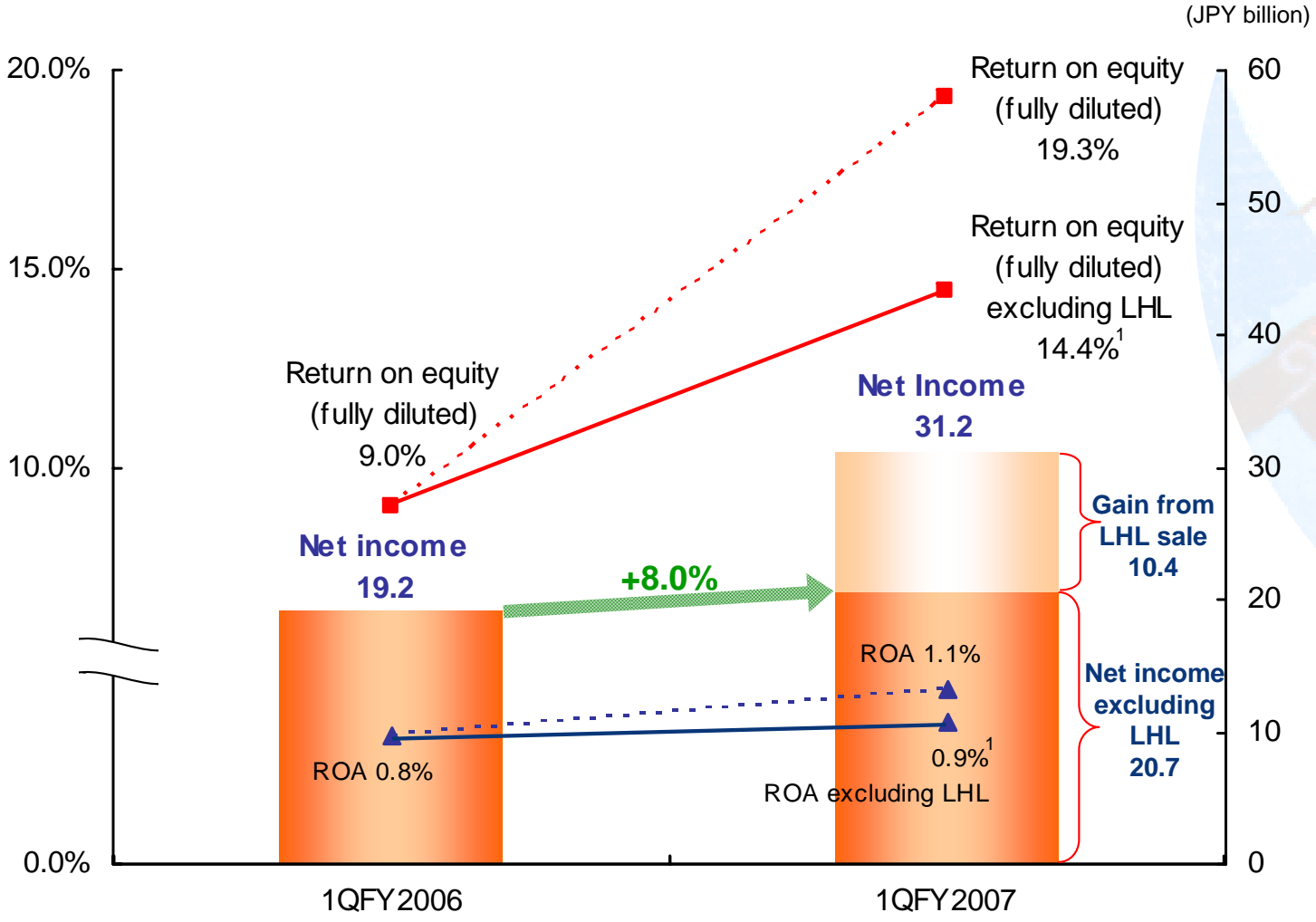


- ☐ Net gains on sale of LHL: JPY10.4bn
- ☐ Positive recurring impact on net income through reduction in amortization of goodwill and intangible assets arising mainly from write-down of goodwill and intangibles in fiscal year 2006
 - ✓ 3.0 bn yen vs. 6.2 bn in 1QFY2006



Strong underlying performance ratios even if gains from LHL sale are excluded

Return on assets, Return on equity (fully diluted) and Net income



- Increase in ROE reflects both income improvement and lower shareholders' equity
 - ✓ ROE: 19.3% (disclosure basis)
 - : 14.4% (without LHL)

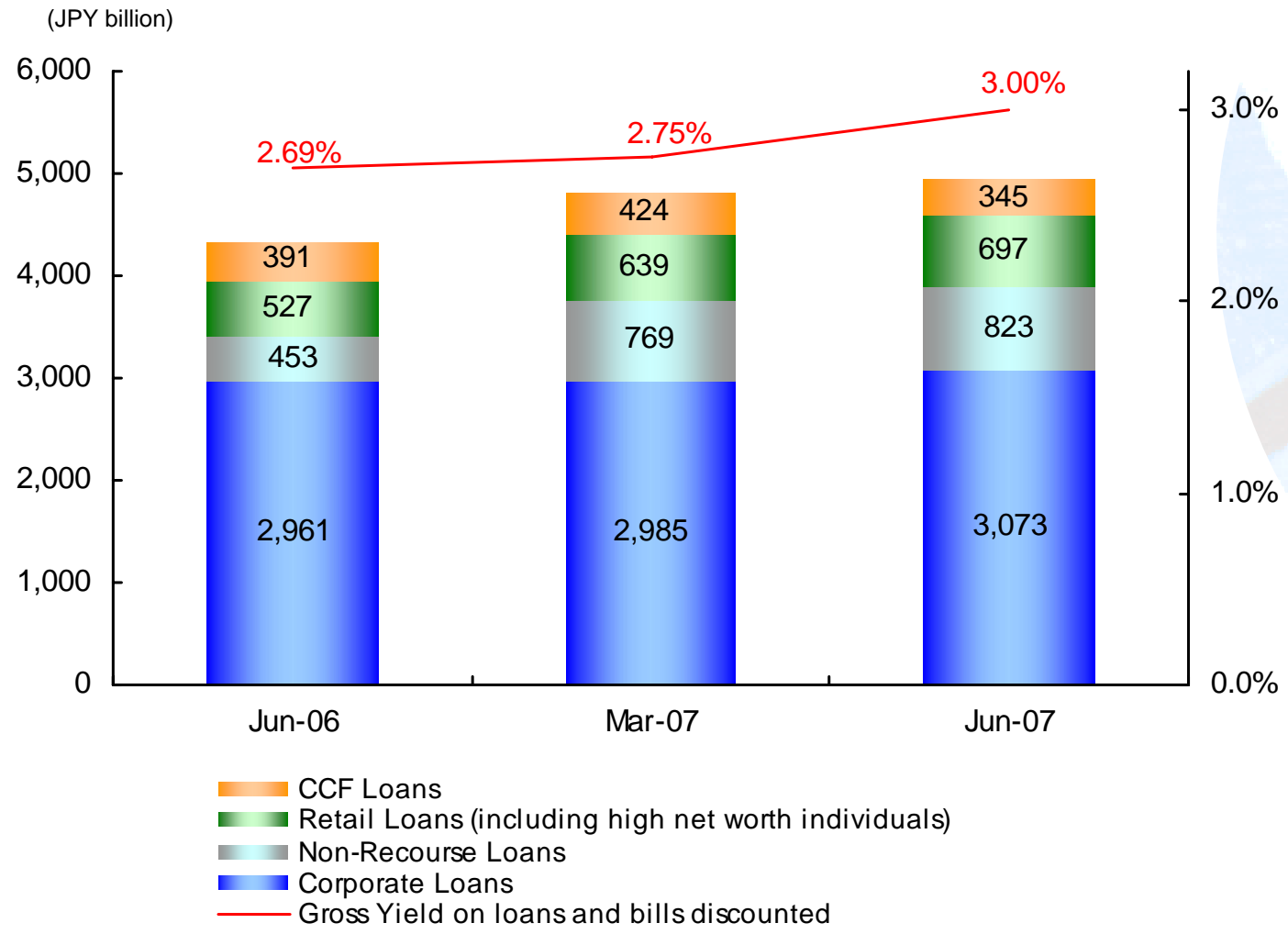
- ROA reflects improvement in profitability
 - ✓ ROA: 1.1% (disclosure basis)
 - : 0.9% (without LHL)

¹ Estimate

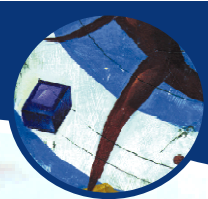


Strong loan demand and improvement in yields

Loan Outstanding

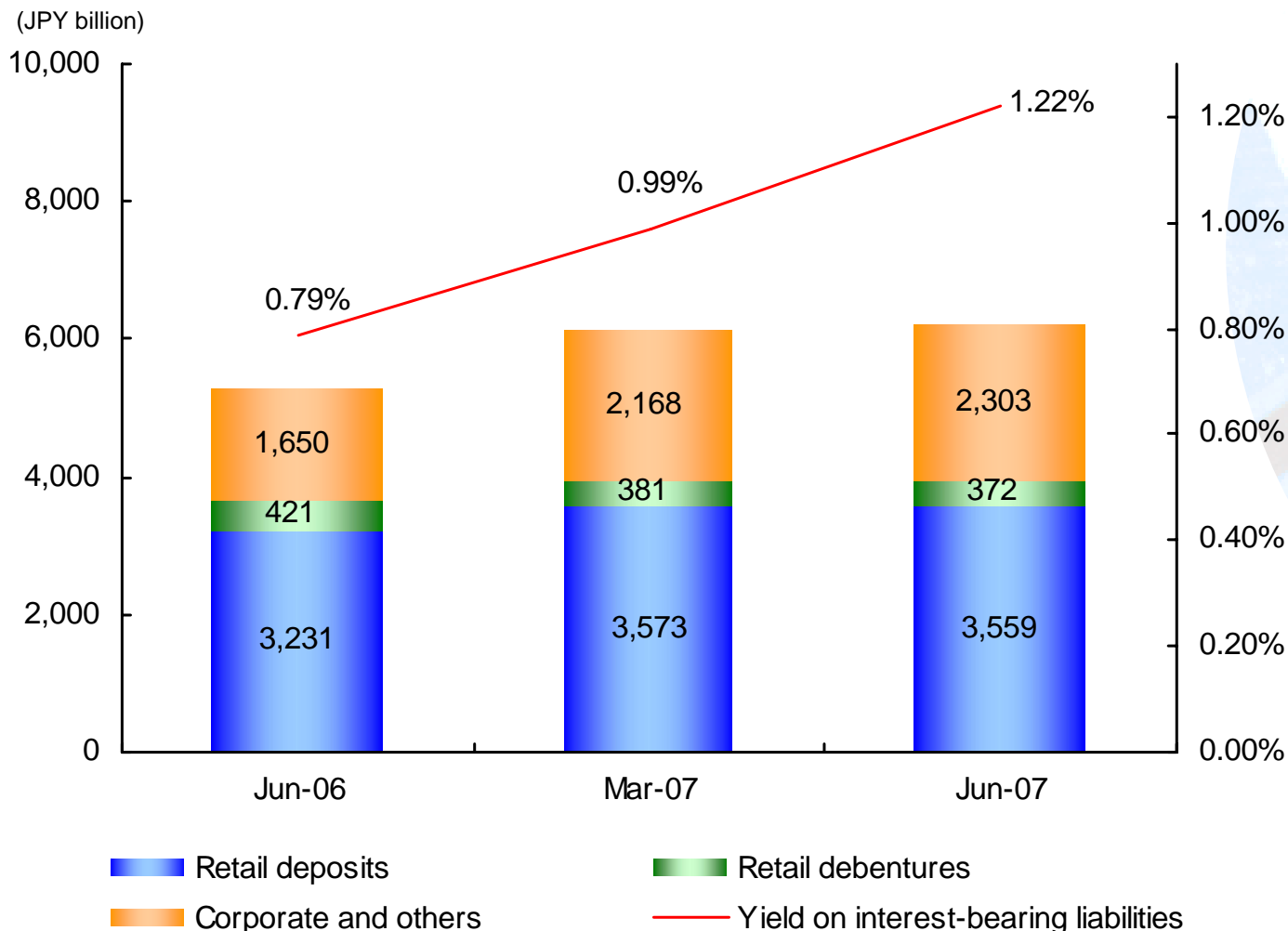


- Shinsei Bank's loan balance grew 2.6% to JPY5,278.5bn
 - ✓ Corporate loans increased 3.0% to JPY3,073.8bn
 - ✓ Non-recourse real estate finance balance increased 7.1% to JPY823.8bn
 - ✓ Retail customers, including lending to high net worth individuals, grew 9.1% to JPY697.6bn
 - ✓ Reduced consumer finance lending due to absence of LHL (JPY -99.9bn)
- Gross yield on loans and bills discounted rose to 3.00%



Increase in interest expenses due to higher yen interest rates

Deposits, Debentures and Yield on Interest-Bearing Liabilities

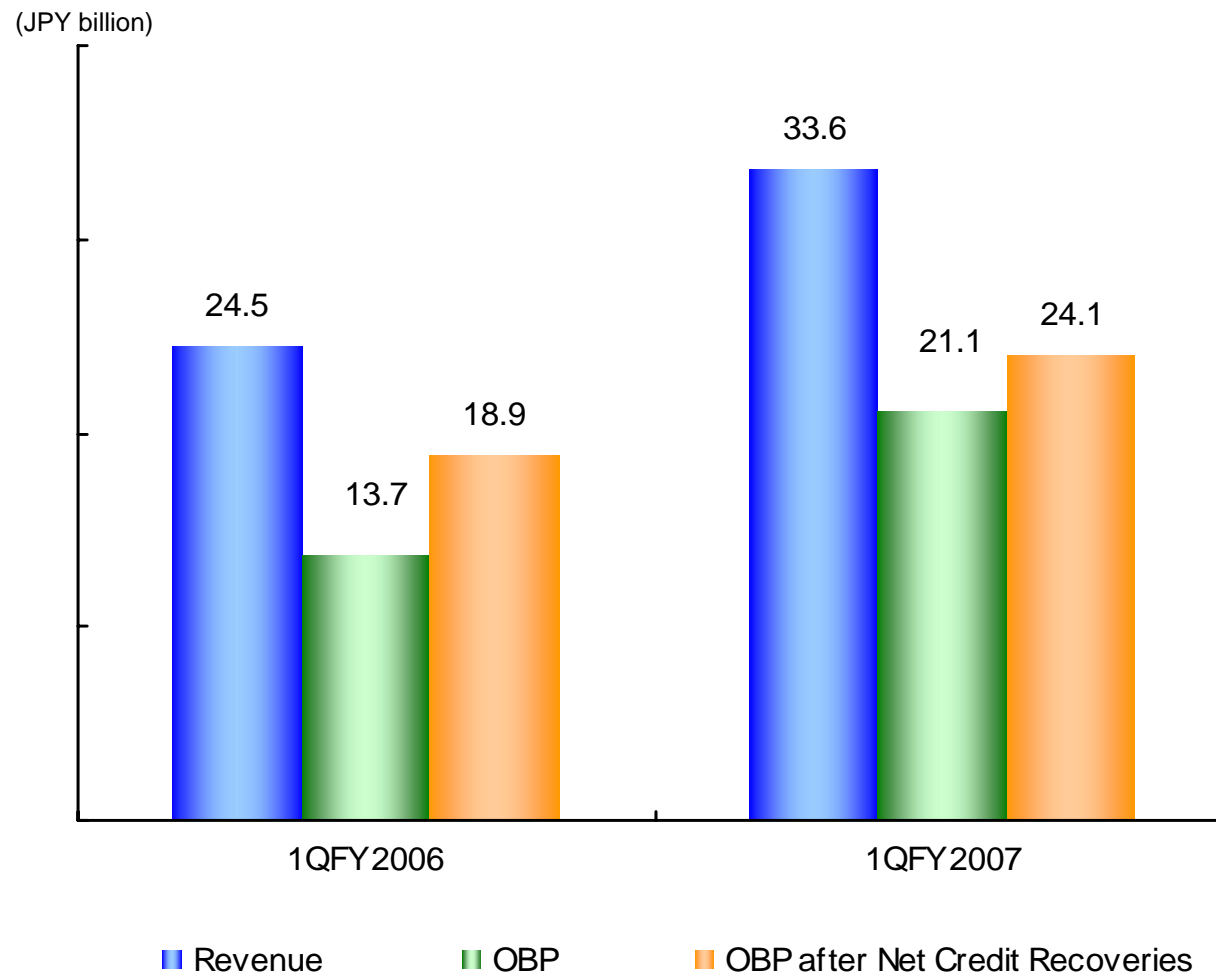


- Japanese interest rates increased 50bps since June 2006
 - ✓ Most funding sources correlated to short term yen interest rates

- Increase in foreign currency interest bearing liabilities to support assets in Europe
 - ✓ EURIBOR interest rates increased by 1% in last one year

Rising loan demand and asset prices help drive strong performance

Key Financial Results



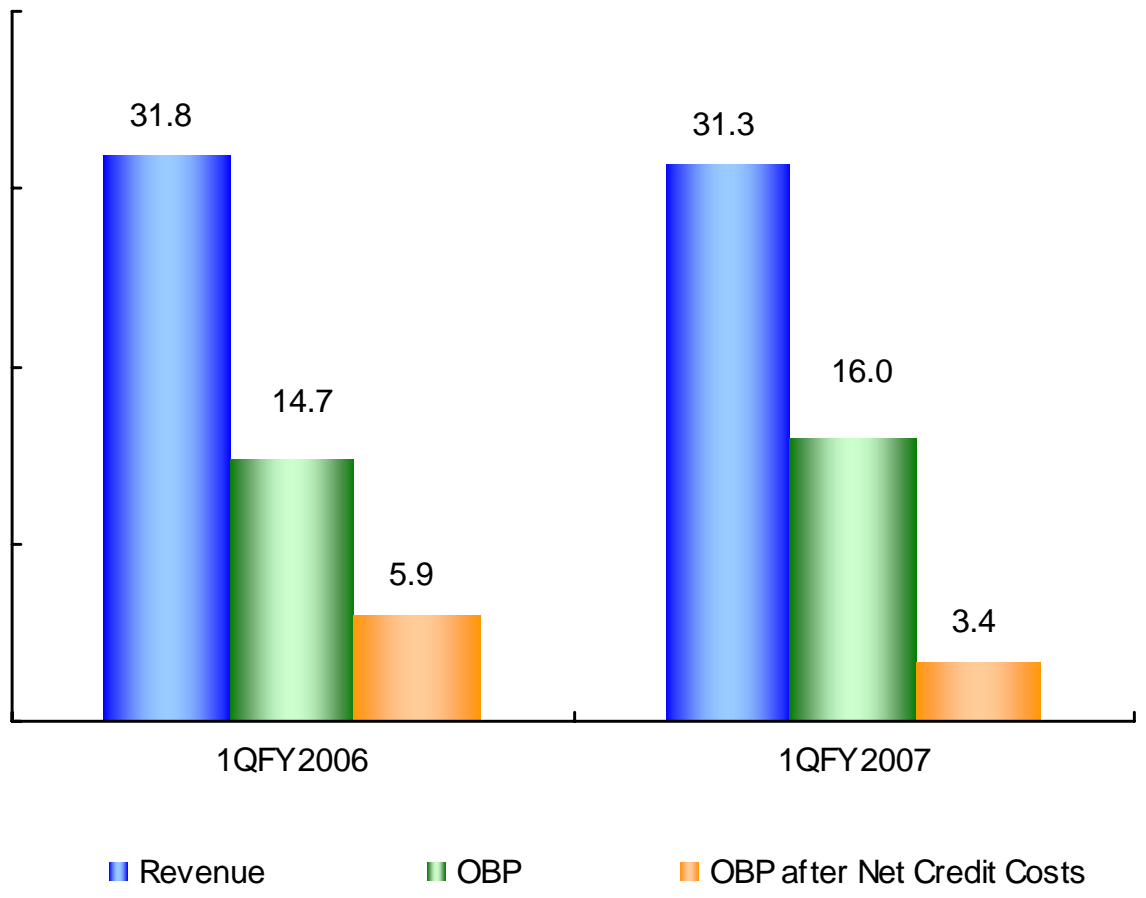
- Strong results in IBG:
Revenue grew 37.4% to JPY33.6bn
 - ✓ Non-recourse real estate finance balance grew JPY94.2bn to JPY1,016.4bn
 - ✓ Credit trading business:
11 new transactions
Revenue of JPY4.7bn
- OBP increased JPY7.3bn to JPY21.1bn
- Expense-to-revenue ratio: 37.2%



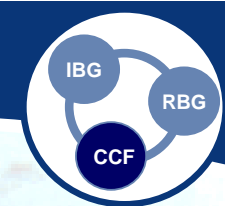
Gaining momentum following decisive actions to address industry changes

Key Financial Results

(JPY billion)



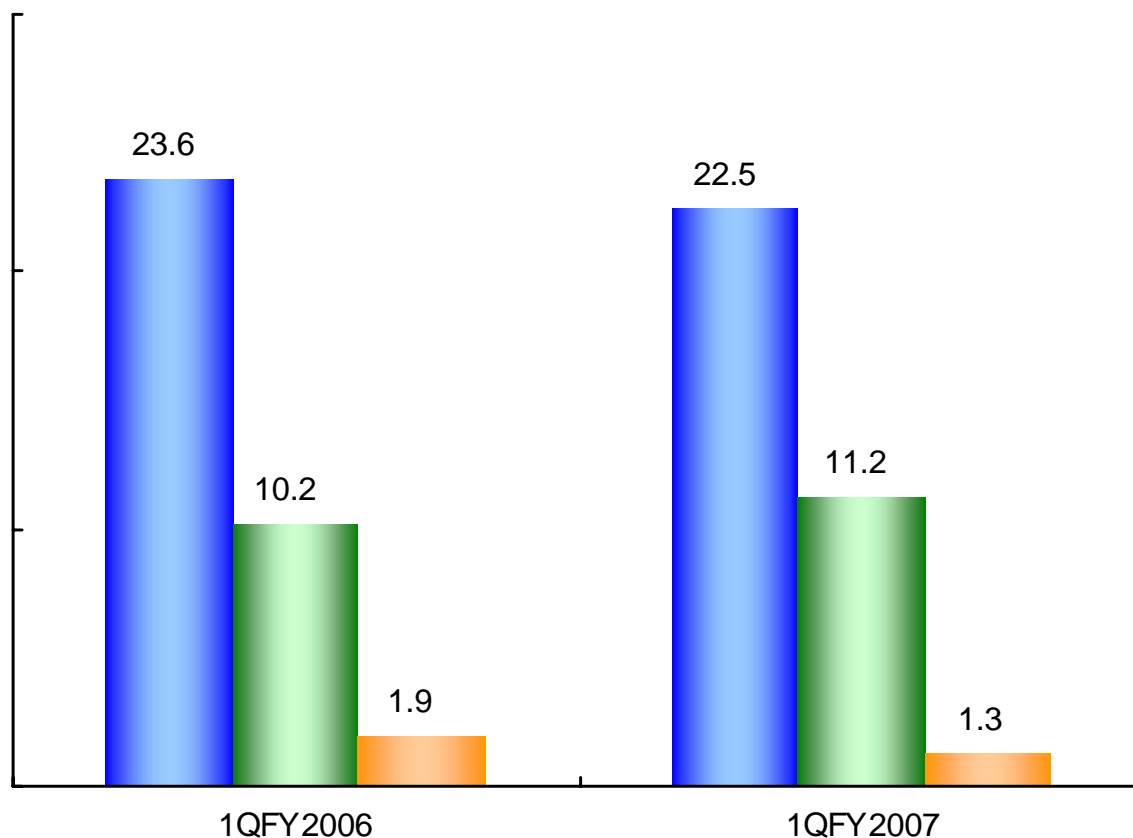
- ❑ Despite legislative and market changes, CCF revenue declined only JPY0.4bn to JPY31.3bn
- ❑ APLUS' business transformation initiatives result in return to profitability
 - ✓ OBP after net credit costs, net of consolidation adjustments, of JPY1.3bn (JPY -0.6bn)
- ❑ Showa Leasing's business momentum remains steady
 - ✓ OBP after net credit costs, net of consolidation adjustments, of JPY3.4bn (JPY +0.2bn)



Making progress in business transformation

APLUS Key Financial Results¹

(JPY billion)



■ Revenue

■ OBP

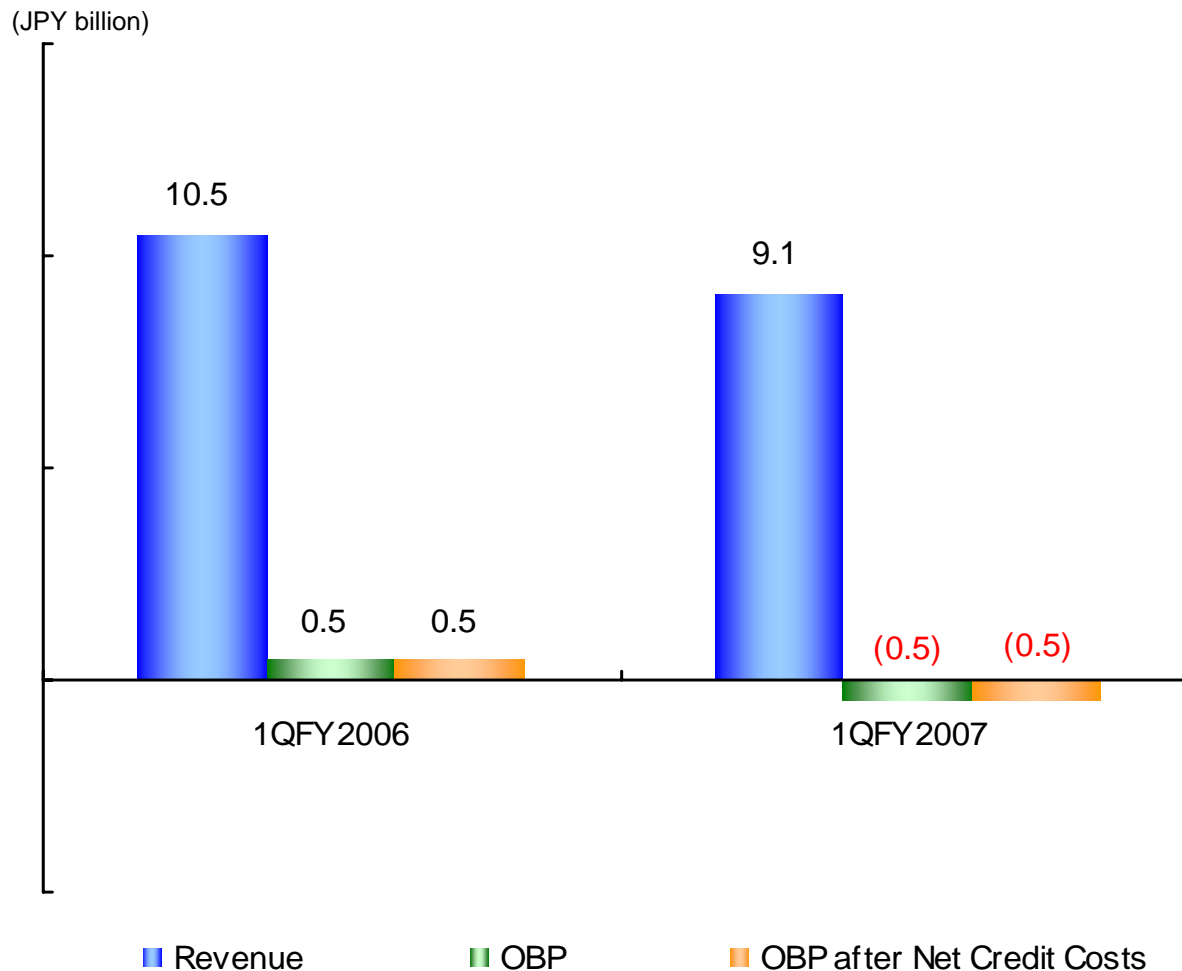
■ OBP after Net Credit Costs

- APLUS OBP improves to 11.2 billion yen (net of consolidation adjustments)
 - ✓ Reduction in expenses following rationalization measures fully offset lower revenues
- On a stand-alone basis, APLUS generated net income of 1.5 billion yen, in line with its fiscal year 2007 forecast of 6 billion yen
- Grey zone related payments during the first quarter amounted to 1.1 billion yen.
- Grey zone provisions at 9.7 billion yen as at June 30, 2007

¹ Net of consolidation adjustments

Continued growth in customer base and diversification of revenue mix

Key Financial Results

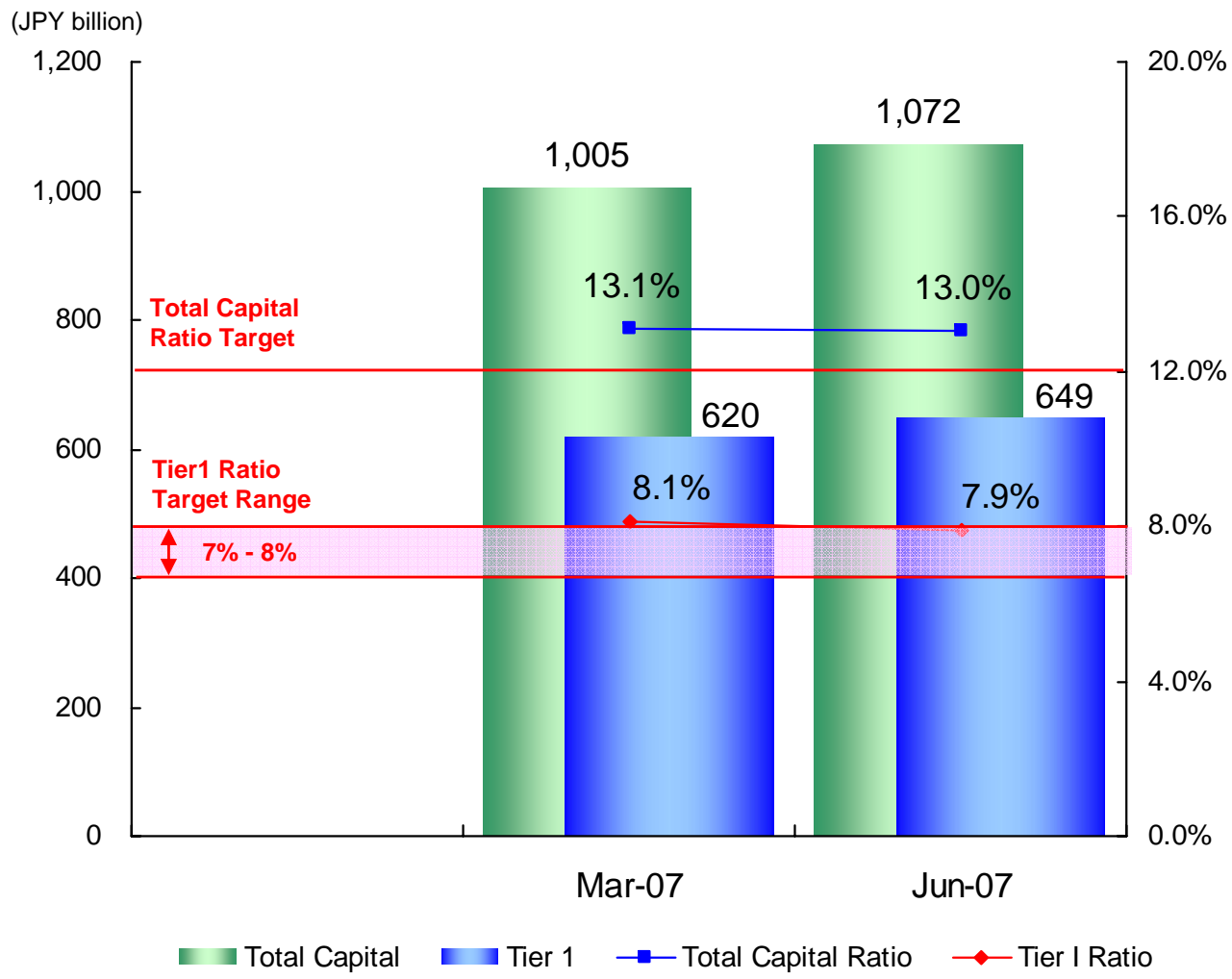


- Revenue declines to JPY9.1bn (JPY -1.3bn) mainly due to lower upfront fees from structured deposits
- Revenue diversification continues to improve
 - ✓ Reliance on structure deposits reduced substantially (39.5% to 15.7% of total revenues)
 - ✓ Asset Management AUM and upfront fees continue to grow
 - Total fees: JPY3.0bn
- Strict expense discipline in Retail Banking business (JPY -0.2bn)
- Retail PowerFlex accounts increased more than 59,000 during the quarter
 - ✓ Total accounts: over 2 million



Capital ratios remain strong

Capital Adequacy Ratio and Tier 1 Ratio (consolidated)



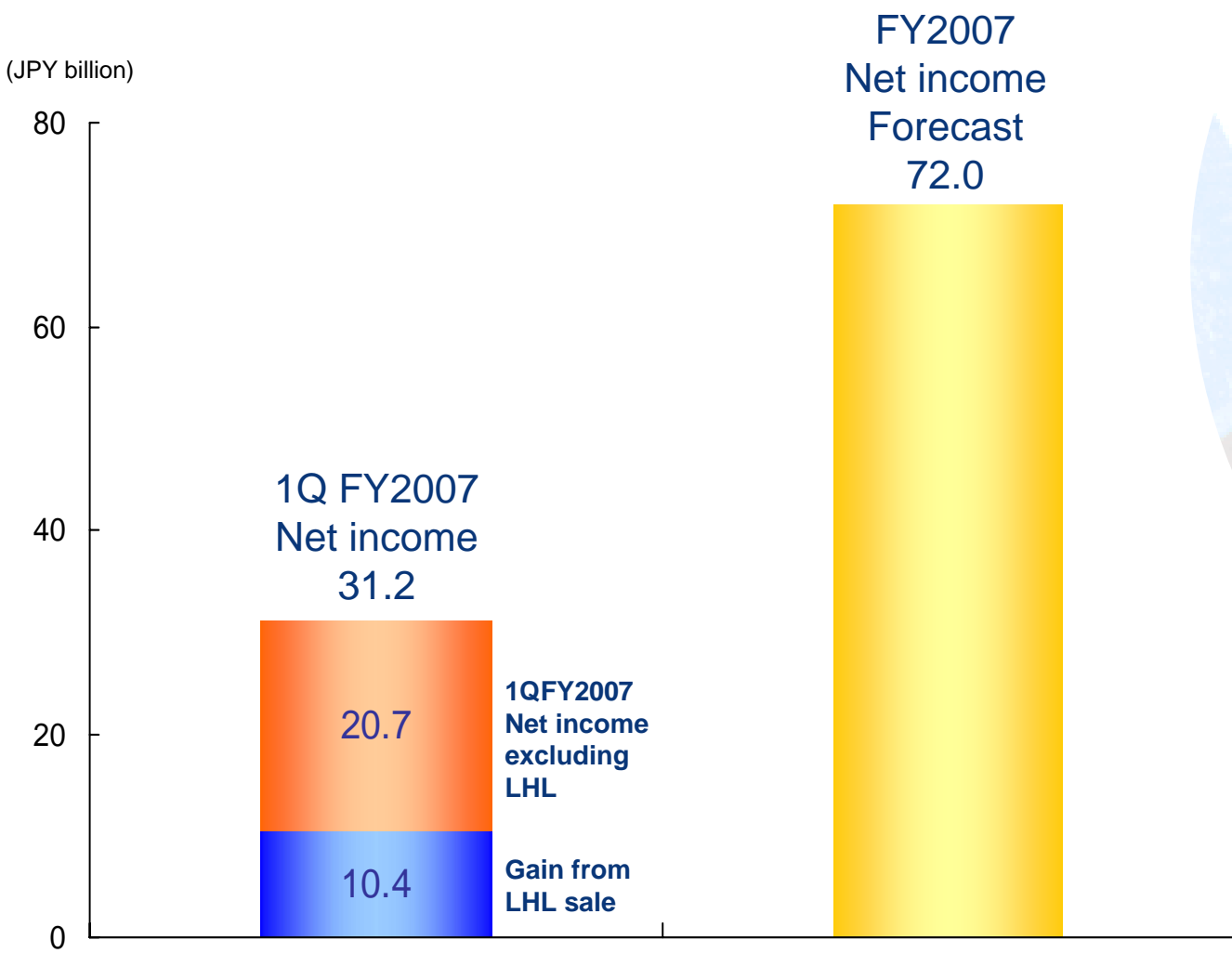
☐ Capital ratios, under Basel II, remain above Shinsei Bank target levels:

- ✓ Tier 1 ratio: 7.9%
- ✓ Total capital ratio: 13.0%



Financial results are on track to meet full fiscal year 2007 forecast

FY2007 Forecast and progress year-to-date



- ❑ Excluding one-off gains from the sale of LHL from both the first quarter results and forecast for fiscal year 2007, 33.7% of full year forecast already achieved
- ❑ Though risks remain, especially in consumer finance, we remain on track to meet financial year 2007 forecast



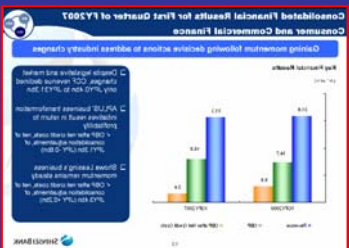
Key Takeaways



Solid return to profitable growth following decisive actions taken during fiscal year 2006; on track to meet fiscal year 2007 consolidated net income forecast



Institutional Banking
Rising loan demand and asset prices help drive strong performance



Consumer and Commercial Finance
Gaining momentum following decisive actions to address industry changes



Retail Banking
Continued growth in customer base and diversification of revenue mix