

Summary of the Q&A Session of Shinsei Bank's Annual General Meeting of Shareholders for the 12th Term

June 20, 2012

Shareholder #1

Question (1) How come the Statutory Auditor candidate does not hold any shares in Shinsei? Which criterion did the Bank adopt for selecting the candidate for the Statutory Auditor?

Answer We judged that Mr. Nagata is eligible for the Statutory Auditor, regardless of whether he holds the shares or not. He has a profound vision and is well versed in the Bank's organization as he has been working for the Bank for many years. Shareholding is an issue relating to personal assets, but he has joined the stock purchase plan since this spring.

Shareholder #2

Question (1) Why does the Bank's expenses-to-revenue ratio stay high despite its cost reduction efforts?

Answer We will make continuing efforts to further reduce costs, but the high expenses-to-revenue ratio is attributable to a decrease in income. We are planning to reduce the ratio through growing our main businesses.

Shareholder #3

Question (1) Is it appropriate to appoint an employee as the Statutory Auditor?

Answer We have two Outside Statutory Auditors as well as the Statutory Auditor. Moreover, four of the six members of the Board of Directors are the Outside Directors. We believe that Mr. Nagata's former position as an employee will have no direct impact on audit operations. The Statutory Auditor's duty is extremely important in light of governance and we are asking him to frankly express his opinions.

Question (2) Please tell us about the Bank's overseas business policy.

Answer We will focus on the Asia-Pacific area as our core markets. We will actively support Japanese companies which are planning to enter into these markets, through business tie-ups with local banks, and will support their strong funding needs in these areas.

Shareholder #4

Question (1) Please tell us about the Bank's policy on repurchasing its shares held by the Deposit Insurance Corporation of Japan (DIC) and the Resolution and Collection Corporation.

Answer We believe that the only way to repay the injected public funds is to make efforts to raise our share price to a level which maintains the original principal value.

Question (2) Please give us information on the status of dividend payouts to the above large shareholders.

Answer All the relevant shares have already been converted to common shares, and we have paid out 1 yen per share to these shareholders at each term end in the same way as to ordinary shareholders.

Shareholder #5

Question (1) Please provide the Bank's shareholders with complimentary services.

Answer Thank you for your valuable comment. However, it may be difficult to provide such services immediately because banks have limited complimentary services for their shareholders.

Question (2) Are you planning to expand your branch network?

Answer We are planning to gradually expand it, but it is difficult to open a lot of branches from the viewpoint of cost effectiveness.

Shareholder #6

Question (1) Please provide a report on causes, responsibilities and internal punishments in relation to the January 10, 2012 IT system failure.

Answer The failure was attributable to a processing speed slow-down resulting from a problem with IT system connections which occurred when our Data Center was relocated from Tokyo to Osaka. Disciplinary action was taken against the members of the IT Committee, while a compensation cut was made against the officer supervising IT systems and I as the Chairman of the Committee. At present, we are thoroughly checking the current computer systems, and have just started to examine our ideal systems for the future based on the medium- and long-term requirements.

Question (2) What do you think about the Bank's complicated Call Center and Internet-banking reception services?

Answer Due to security issues, it has been difficult to improve the user-friendliness of the services alone. However, we are determined to make continuous efforts to improve them, taking into account costs and referring to our peers. We apologize for causing inconvenience to you.

Shareholder #7

Question (1) You should respond to the question submitted in advance about the DIC in further detail, such as using slides, rather than reading a prepared response in a monotone.

Answer I'm sorry for reading the response which is difficult to understand in a monotonous voice. We will study improvement approaches, including the use of slides, for future meetings.

Question (2) In relation to the expansion of the Bank's manned branch network, please explain the type and location of relevant branches.

Answer We are planning to enhance the network by relocating existing branches to areas convenient to customers, rather than opening a lot of small branches.

Question (3) The Bank should implement measures for differentiating itself from its peers more speedily.

Answer I believe that speedy actions are one of our strengths. However, if you think that our actions are slow, we will make further efforts to improve our operational stance.

Question (4) Please clarify the Bank's policy on adopting complimentary services for its shareholders by the next general meeting of shareholders.

Answer We will spend time in studying this valuable comment, including whether to adopt such services or not.

Shareholder #8

Question (1) The Bank should dedicate itself to raising its share price and dividend amount, rather than providing the shareholders with complimentary services, so that all shareholders are treated fairly.

Answer Thank you for your valuable comment.

Shareholder #9

Question (1) What is the most promising business in the financial sector?

Answer Our mission is to support business sectors which are growing at social requests, through meeting their needs.

Shareholder #10

Question (1) Please study measures for increasing the number of retail deposit customers.

Answer We are planning to study the development via the Internet banking, rather than the branch network.

Question (2) In the case of adopting complimentary services for shareholders, please present the option of such services, such as contributions related to the Great East Japan Earthquake.

Answer We will first study whether to adopt such services, but thank you for proposing a good plan.

Question (3) Please give us the Bank's future vision and measures which are worth supporting.

Answer We are aiming to become a bank which speedily meets the various funding needs of customers through improving our risk judgment ability.

Shareholder #11

Question (1) Will the Bank forgo increasing the dividend amount even if it achieves the 51 billion yen net income target? Did the Bank set the expected dividend amount at 1 yen per share because it is not confident of the achievement of the net income target?

Answer We are sure of the achievement of the net income target as we resolved financial downward factors in the past two years. Nevertheless, it is difficult to pay out large dividends partly because we need to enhance our shareholders' equity for our future

business expansion.

Shareholder #12

Question (1) I want each Director to express his resolution about their internal improvement efforts and goals.

Answer I am providing responses based on the consensus among all Directors.

End