

Notes from the Q&A Session of
Shinsei Bank's Annual General Meeting of Shareholders for the 11th Term

(Shareholder #1) (1) You refer to yourself (Shinsei Bank) as *kikou* (honorific term in Japanese) in the Japanese Form for Exercising Voting Rights. Don't you think this is inappropriate?

(Answer) (1) Thank you for your valuable comment.

(Shareholder #2) (1) Director candidates should own Shinsei shares. How come the substitute statutory auditor candidate does not hold any shares of Shinsei?

(Answer) (1) While it is ideal for directors to hold shares, it is not an obligation. We selected the substitute statutory auditor candidate based on character. We encourage executives to hold shares through the stock purchase plan.

(Shareholder #3) (1) Your call center handles calls poorly. You should emphasize employee training.

(2) You should provide shareholders something other than dividends. Also, I would like a specific explanation of how Shinsei is differentiating itself at the next AGM

(Answer) (1) We would like to further emphasize our employee training to improve customer service.

(2) Thank you for your valuable comment.

(Shareholder #4) (1) Shinsei is not a megabank. Can it really beat the competition by offering a full lineup of one-stop services and increase its share price?

(Answer) (1) We will strive to provide services unmatched by other banks.

(Shareholder #5) (1) I hope you can improve your earnings and increase your share price.

(Answer) (1) We will try our best.

(Shareholder #6) (1) What was the reason for your IT system troubles in April 2011, and what countermeasures have you taken?

(2) Please improve the login process for your Internet banking. It is too long.

(Answer) (1) There was a database failure in the accounting system of our Retail operations. As it is important to deal with system failure swiftly, we are considering delegating authority to those on-site.

(2) While it is difficult for a bank to reduce the login process as we must safeguard transactions, we will work to shorten the amount of time it takes for the security check.

(Shareholder #7) (1) Dissatisfied with the significant decline in share price since the Earthquake. Are you hiding any bad news?

(2) Is there anyone that can improve earnings and increase share price? Are you nurturing such talent?

(Answer) (1) While we are not in a position to comment on the market, we are not satisfied with our current share price. We will try our best, and hope that the market and society will value our actions as a result.

(2) We will continue to focus and further emphasize our training programs.

(Shareholder #8) (1) Disappointed in the share price. Please try to improve your earnings.

(2) Where does Shinsei rank among banks in terms of employee remuneration?

(Answer) (1) Yes. Understood.

(2) We felt it was irrational to give our employees a high salary when the Bank was not performing well. We therefore drastically overhauled our compensation levels, and look to continue to establish a compensation system that is commensurate with the Bank's performance.

(Shareholder #9) (1) Do you have an internal system in place where an employee can point out certain issues/problems, such as IT? Are you earnestly conducting the updating of manuals and employee training?

(Answer) (1) If there are issues, the team in charge of customers' comments considers them. We will continue to strive to provide the best for our customers.

(Shareholder #10) (1) Is the dividend yield for the Deposit Insurance Corporation of Japan and The Resolution and Collection Corporation the same as that for individual customers?

(2) Do you have a year-by-year plan for repaying public funds?

(Answer) (1) Yes, it is.

(2) The only way of repaying public funds is to increase our share price. I cannot say for certain how many years this will take, but I hope that we can increase our value by focusing on main businesses and increasing our earnings.

(Shareholder #11) (1) Will you be able to meet your earnings forecast for fiscal year 2011? Why will the consolidated net income drop to half, and the non-consolidated income increase?

(Answer) (1) We saw one-off items in both our consolidated and non-consolidated earnings in fiscal year 2010. We are confident that we will meet our forecasts for this fiscal year.

(Shareholder #12) (1) What responsibilities and roles do you expect as a director from Mr. Flowers?

(2) Perhaps you can learn some customer service tips and other improvements from companies that the outside auditors serve as concurrent posts.

(Answer) (1) Mr. Flowers has been a director since the establishment of Shinsei Bank and has a wealth of experience. His contribution to support management is invaluable, and he provides advice from a perspective that is not available within the Bank.

(2) We would like to absorb what we can.

(Shareholder #13) (1) In terms of consumer finance, how much longer will we see grey zone claims? What does that mean financially?

(Answer) (1) It is hard to state the exact number of years or financial amount, but we have been seeing a downward trend. The Shinsei Bank Group has not experienced a large loss, and do not expect any going forward.

(Shareholder #14) (1) Please improve the AGM by not just focusing on the good news, but also lending an ear to tough comments.

(Answer) (1) Thank you for your valuable comment.

(Shareholder #15) (1) What do you believe is the fair share price for Shinsei Bank?

(2) What is a financially sound share price for Shinsei Bank?

(3) Is there a merger on the horizon?

(Answer) (1) This is difficult to state as there are many ways to calculate a fair share price including PBR and PER. While these are not necessarily always correct, our share price can be estimated to be at least double the current value, if calculated using PBR or PER.

(2) We will try our best so that the market values the quality of our financial services and can believe in our future growth. We would like to aim for a share price in the higher three digits, and into the thousand yen-range.

(3) There are no specific mergers planned at least for the duration of the Medium-Term Management Plan.

End