

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

(Shareholder #1) (1) It seems that the Bank's weak performance is more a reflection of poor management than the result of economic conditions.

(2) I had high hopes for Mr. Yashiro when he returned as president, and am disappointed that he will be resigning. Please give a reason why you will be resigning.

(Answer) (1) We drastically shifted our business model from fiscal years 2006 to 2008 and made excessive proprietary investments overseas and had a high concentration of real estate exposures. We understand that this was a mistake. I said upon my return that I would like to clean up in 5 to 6 months, but my understanding of our real estate portfolio was insufficient. As a result, we recorded a net loss once again in fiscal year 2009, but I feel that we have nearly completed the clean up of our legacy portfolios due to the measures taken to date.

(2) Under FSA rules, the president must take responsibility and step down for recording a net loss for two consecutive terms.

(Shareholder #2) (1) How do you feel about the lack of success in turning the company around? You should apologize to your shareholders.

(2) Executive compensation is extremely high for a company in the red.

(Answer) (1) I feel responsible for our performance, and sincerely apologize to our shareholders.

(2) The aggregate executive compensation amount has been cut by almost half compared to last fiscal year, and we are not paying bonuses. My salary is 8.5 million yen.

(Shareholder #3) (1) If you are going to be specializing in basic banking operations, how will you differentiate yourself and make profits?

(Answer) (1) Going forward, it will be important to provide products and services that meet the needs of our customers. Shinsei Bank's strengths lie in retail banking and consumer finance. We will apply our low cost IT platform to our consumer finance subsidiaries and provide products unique to Shinsei Bank to our institutional customers. Through such measures, we believe it will be possible to increase profits.

(Shareholder #4) (1) In order to become a good financial institution, you must strengthen your sales team. Shouldn't top management seriously consider strengthening its sales force?

(Answer) (1) I also believe that we must emphasize our sales force, or our Relationship Managers, and I have explained my thoughts to my successor, Mr. Toma.

(Shareholder #5) (1)How come Shinsei doesn't provide passbooks for its savings account?

(Answer) (1) Customers can access their accounts through the Internet to see their current balance and transaction log. Customers can also contact our call centers. Passbooks may be lost or go missing, and do not provide the latest balance/transactions unless updated through an ATM. We mail out a statement each month that lists transactions for the past month.

(Shareholder #6) (1) There are certain outside directors who have been on the board for over 10 years. I would like to hear their thoughts on the cancellation of a dividend payment and decline in performance.

(Answer) (1) I will answer this question. It was difficult for outside directors to receive sufficient information from top management. As the Bank moves to a "Company with Board of Statutory Auditors," the Board of Statutory Auditors, which includes a standing statutory auditor, will be monitoring management, and I therefore believe this problem will be resolved.

(Shareholder #7) (1) How come none of the directors owns Shinsei shares? How can you be serious about your job as president if you do not own company shares? I feel that other directors should own shares of the bank to share their responsibilities.

(Answer) (1) I have made a certain amount of investment in Shinsei Bank through a fund, and I am currently a holder. When there was a tender offer in 2007, all the SEOs at the time, excluding one member, made an investment. Although we cannot disclose individual names, we have been making investments.

(Shareholder #8) (1) How come Shinsei Bank does not offer compound interest products like other banks?

(Answer) (1) We offer a compound interest product with a maturity of 5 years. The interest rate is currently 0.4%

(Shareholder #9) (1) There was a previous question regarding passbooks. I believe with the ageing nation, there may be an increase in needs for passbooks.

(Answer) (1) All of our customers' comments and feedback are recorded and reported to me. It is the Bank's policy to not issue passbooks. The Bank's decision is based on the understanding that there are risks such as losing a passbook or the labor of actually having to record data, and thus we believe it is far more convenient for our customers if we send out a monthly statement.

(Shareholder #10) (1) I would like to hear the director who has been on the board for 10 years speak in his own words.

(Answer) (1) (Director Minoru Makihara) I sincerely apologize for the substantial losses for the past two years. While I believe that we would have been in a worse situation had Mr. Yashiro not returned, my largest responsibility is that I was not able to fully support Mr. Yashiro. For that I feel sorry and disappointed. Shinsei Bank is a Japanese bank, but I feel it could have achieved something as a Japanese bank with a global perspective.

(Shareholder #11) (1) I want Shinsei Bank to be a company where we feel proud to own its shares, and make us feel that we made the right decision by investing in this company.

(Answer) (1) I want Mr. Toma to take this comment to heart.
