

For Immediate Release

Company Name: Shinsei Bank, Limited
Name of Representative: Shigeki Toma
President and CEO
(Code: 8303, TSE First Section)**Shinsei Bank Announces Medium-Term Management Plan***-Striving to Rebuild Customer Franchise in Japan and Establishing a Stabilized Earnings Base-*

Tokyo (Wednesday, June 23, 2010) --Shinsei Bank has announced details of a Medium-Term Management Plan (the Plan) which sets the direction that the Bank will follow for the three years ending March 31, 2013. In light of its performance in the fiscal year ended March 31, 2010, the Bank announced the outline of this Plan together with plans to overhaul management and implement drastic rationalization measures on May 14, 2010. Following the inauguration of the new management structure today, the Bank has now laid out the details of the Plan which are as follows.

1. Background and Basic Concept

Shinsei Bank deeply regrets that it recorded consolidated net losses of 143.0 billion yen and 140.1 billion yen for the fiscal years ended March 31, 2009 and March 31, 2010 respectively. Following a review of the circumstances that led to two consecutive years of substantive losses, the new Medium-Term Management Plan sets out to strengthen and accelerate the series of reforms that have been carried out to date, with “rebuilding the customer franchise in Japan” and “establishing a stabilized earnings base” as basic concepts for the Bank under the leadership of our new president, Shigeki Toma. We are working to strengthen operational control through measures including expense reduction and renewal of the Bank’s corporate governance framework. Furthermore, as a bank in receipt of public funds, Shinsei Bank has drafted the following set of corporate principles and will work with a sense of urgency to faithfully fulfill its role as a Japanese bank going forward.

【Management Principles】

- A banking group that has stable earnings power, is truly depended upon by customers and that contributes to the development of both domestic and international industrial economies
- A banking group that has built on its past experiences and history, values diverse talents and cultures and continually takes on new challenges
- A banking group that strives for transparent management, valued and trusted by all stakeholders, including customers, investors and employees

2. Key Measures and Targets for the Period of the Plan

The key measures and targets for the term of the Medium-Term Management Plan are as follows.

(1) Goals for each Fiscal Year

The Plan’s three year term has been divided as follows:

| | |
|-------------------|---|
| Fiscal Year 2010: | Lay groundwork for stabilized earnings |
| Fiscal Year 2011: | Measures for diversification of revenues through new businesses |
| Fiscal Year 2012: | Record stable earnings at operating speed |

(2) Key Measures for Business Groups

The Institutional and Individual Groups will be focusing on the following key measures in fiscal year 2010.

| Institutional Group | Individual Group |
|---|---|
| <ul style="list-style-type: none"> • Focus on expanding customer franchise • Continued reduction of non-core business assets • Further enhance the provision of appropriate solutions for corporate, financial institutions and public sector customers by leveraging our product development capabilities • Group-wide efforts to provide capital, credit, consulting and staffing services to customers with restructuring needs and growth companies | <p>【Retail Banking】</p> <ul style="list-style-type: none"> • Stabilize funding base and promote lower funding costs • Strengthen asset management business • Further strengthen housing loan business • Expand branch network <p>【Consumer Finance】</p> <ul style="list-style-type: none"> • Appropriate response to revised Money Lending Business Control and Regulation Law (MLBL) • Appropriate management of expenses and credit costs |

(3) Targets and Performance Indicators

The Plan sets the following targets for the end of the three-year term in March 31, 2013.

- Achieve external credit ratings of A/A-
- Realize total capital adequacy ratio of 10%, Tier I capital ratio of 8%, and core Tier I capital ratio of 6%

3. Business Operation Policy

The Institutional Group and Individual Group will engage in the following businesses as we strive to rebuild our customer franchise in Japan and establish a stabilized earnings base for the mid- to long-term.

(1) Institutional Group

- Concentrate Resources in Core Businesses
 - Clearly divide operations into core customer-centric businesses, and non-core businesses centered on proprietary investments. Focus resources in core businesses such as corporate, financial institution and public sector customer businesses (loans and fee businesses), real estate finance, credit trading, specialty finance and capital markets
 - Build a customer-centric organization with appropriate understanding of customer needs, and quickly build a framework to develop and deliver necessary products and services
 - Rebuild domestic customer franchise by working to strengthen customer relationships and providing financial services with high added value, with the enhanced ability to provide solutions and effort for cross-selling
 - Reduce divestible non-core business assets by 50% during the period of the Plan, while carefully considering related risks and costs
 - Enhance abilities of relationship managers, promote appropriate reallocation of the workforce and upgrade risk assessment capability
- Strategy and Targets for Core Businesses
 - Corporate Customer Business: In addition to the existing franchise, explore and promote transactions in niche markets with proven track record and grow customer numbers in Institutional Group
 - Financial Institution Customer Business: Strengthen relationships and seek revenue opportunities by providing customers with the solutions to increase their top-line and bottom-line.
 - Public Sector Customer Business: Provide appropriate solutions to customers, including loan extensions, using our network and ability to structure products.
 - Real Estate Finance: Achieve appropriate level of portfolio risk, swiftly reduce balance of real estate non-recourse loans by 20% from end of fiscal year 2009 to approximately 800 billion yen
 - Credit Trading: Expand domestic business to meet restructuring needs of customers
 - Specialty Finance: Selective transactions with added value, centered around acquisition financing
 - Capital Markets: Expand corporate customer network, and enhance product offering for individual customers
 - Other businesses: Establish support for restructuring companies and growth companies as one

pillar of the business

- Showa Leasing: As a Shinsei Bank Group company, faithfully fulfill function as financial intermediary for small- and medium-sized enterprises, offering leasing as a main product

(2) Individual Group

- Enhance Core Businesses
 - Retail Banking: Stabilize funding base and promote lower funding costs, strengthen asset management business by expanding access points (Consulting Spots), and expand housing loan business
 - Consumer Finance: Draw up and implement strategy by taking into consideration industry trends and performance, while taking appropriate measures to comply with MLBL
- Strategy and Targets for Retail Banking
 - Customers: Add 100,000 new customers per year, while improving customer profile and strengthening profitability
 - Products: Increase housing loan disbursement by addressing refinancing needs and broaden asset management product offering through efficient use of Internet
 - Channels: Expand sales channels by adding 10 new Consulting Spots each year, further enhance Internet and mobile banking, and aim for optimal balance between “bricks and clicks”
- Strategy and Targets for Consumer Finance
 - Unsecured Personal Loans (Shinsei Financial and Shinki): Acquire quality customers, implement credit policy aligned with MLBL and reduce credit costs, aiming to achieve steady ROA of 2.0 – 3.0%
 - Installment sales credit, settlement, credit cards (APLUS FINANCIAL): Improve profitability of each business by expanding installment sales credit focusing on the auto loan business, developing new settlement products and expanding the offering through leveraging IT, and growing the profitability of the credit card business through expanding the revolving business, capturing fee income and improving transaction terms

4. Targets for Fiscal Year 2012 (Consolidated)

Fiscal year 2012 targets are as follows. In line with the basic concepts of the Medium-Term Management Plan – “rebuilding the customer base in Japan” and “establishing a stabilized earnings base” - the Bank will aim to improve its capital base through net income growth and earnings accumulation, based on implementation of various measures aimed at strengthening earnings and expense reduction. The figures below represent our base case scenario.

(All figures are on a consolidated basis)

(Billions of yen/%)

| | | FY2009 | FY2012 | Change |
|----------------|--|--------|--------|----------------------------|
| Earnings | Total Revenue | 285.5 | 265.0 | -20.5 |
| | General and Administrative Expenses | 168.3 | 152.0 | -16.3 |
| | Ordinary Business Profit | 117.1 | 113.0 | -4.1 |
| | Net Credit Costs | 112.2 | 63.0 | -49.2 |
| | Net Income (Loss) | -140.1 | 32.0 | 172.1 |
| | Cash Basis Net Income (Loss) | -53.7 | 41.0 | 94.7 |
| Balance Sheet | Total Assets | 11,377 | 10,700 | -677 |
| | Risk-Weighted Assets | 7,722 | 8,050 | 328 |
| Financial Base | Total Capital Adequacy Ratio | 8.35% | 10.2% | More than 180 basis points |
| | Tier I Capital Ratio | 6.35% | 8.2% | |
| | Core Tier I Capital Ratio ¹ | 4.05% | 6.2% | |

¹ Core Tier I capital ratio = (Tier I capital – preferred securities – preferred stock – deferred tax assets (net)) / Risk weighted assets

(1) Profitability

- Revenue for the fiscal year ending March 2013 is projected to be 20.0 billion yen lower than for the fiscal year ended March 2010, due to the impact of the revised MLBL which is expected to decrease Individual Group revenue by 33.0 billion yen. However, excluding the Individual Group, we project an increase of over 10.0 billion yen in total revenues.

- We aim to cut costs by 16.3 billion yen while quickly devising and executing additional cost reduction strategies including further reductions to personnel expenses and a radical review of property-related expenses
- We aim to achieve a minimum of 32.0 billion yen of net income in fiscal year 2012, and will strive to improve on this through expense reduction

(2) Cost Reduction Plans

- In addition to the planned 16.3 billion yen in cost reductions, we will aim to achieve an additional 10 billion yen of reductions during the period of the Plan
- The additional cost reductions will be realized through realignment of personnel, efficiency improvements and a radical review of property-related expenses

(3) Capital Policy

- In addition to measures to boost earnings and recording profits, we will take other capital strengthening measures and reduce risk weighted assets and capital deductions that will result in our total capital adequacy ratio improving to 10%, our Tier I capital ratio to 8% and our Core Tier I capital ratio to 6% by March 31, 2013 at the latest

5. Strengthening Management Framework

Following the conclusion of today's Annual General Meeting of Shareholders for the tenth term, the Bank has revised its Articles of Incorporation and moved from a "Company with Committees" board model to a "Company with Board of Statutory Auditors" board model. By converting to a "Company with Board of Statutory Auditors" board model, Shinsei Bank will achieve (1) the consolidation of business execution authority and responsibility to the Board of Directors, the highest decision-making body, and (2) enhancement of the auditing and monitoring of the Board of Directors, by assigning responsibility for auditing duties to Statutory Auditors that are independent of business execution and the Board of Directors. Through these measures, we will strive to establish a corporate governance framework that enhances checks-and-balances to facilitate appropriate business execution while maintaining flexibility of management judgment.

Going forward, each of the business groups, the Finance Group and the Risk Management Group will draw up individual and specific measures in line with the basic policy set forth in the Medium-Term Management Plan. These will be decided upon after due consideration by the Board of Directors and executed by the Executive Officers. The Medium-Term Management Plan will be reviewed annually, and at the same time as creating a plan for the year following the final year of the current plan and onwards, we will link budget proposals to the Medium-Term Management Plan.

6. New Management/Organizational Framework

Following approval at a Board of Directors meeting held after the Annual General Meeting of Shareholders that took place earlier today, Shigeki Toma has been appointed as the new president of Shinsei Bank. Under the new management framework, the Board of Directors will consist of two executive directors and four outside directors. Shigeki Toma and Yukio Nakamura, who is also a senior managing executive officer, have been appointed executive directors. Shigeki Toma not only possesses deep knowledge and experience of the finance industry, but is also well-versed in the manufacturing industry through his experience as executive vice president of Isuzu Motors Limited. Under Toma's leadership, we will strive to rebuild our domestic customer base centering on corporate customers. Yukio Nakamura, who is well versed both in risk management and corporate customer business and will be assigned the role of the Head of Risk Management Group, will support Shigeki Toma and properly lead our efforts to "rebuild the customer franchise in Japan" and "establish a stabilized earnings base" from the risk management standpoint.

J. Christopher Flowers, Shigeru Kani, Oki Matsumoto and Hiroyuki Takahashi have been appointed as outside directors. All four of these individuals served as directors of Shinsei Bank in the past, and each possesses highly developed specialties, such as experience in the financial industry or knowledge of risk management and auditing duties, which makes them appropriate as members of the Board of Directors, which undertakes the Bank's important decisions.

Akira Watanabe, Kozue Shiga (Outside Statutory Auditor), and Tatsuya Tamura (Outside Statutory Auditor) have been appointed as statutory auditors. The Board of Auditors, comprised of a full-time auditor with a background in and business experiences at Shinsei, and highly specialized outside auditors shall supervise business execution as a completely independent body from the Board of Directors.

In parallel with the move to a “Company with Board of Statutory Auditors” board model, the Bank has, as of June 23, 2010, established an Executive Committee with the approval of the Board of Directors, the legally designated and highest management decision-making body. While the scope of decision-making by the Board of Directors will widen, we will achieve swift and efficient business operations by establishing the Executive Committee, comprised of executive directors and executive officers at the Group head level. We also plan to establish a Compensation Advisory Committee by the end of August 2010 to opine on officer/employee compensation policies from an objective standpoint.

While we will maintain the current business execution framework for the foreseeable future, we will make the following organizational changes by the end of August 2010 in order to ensure steady implementation of the Medium-Term Business Management Plan.

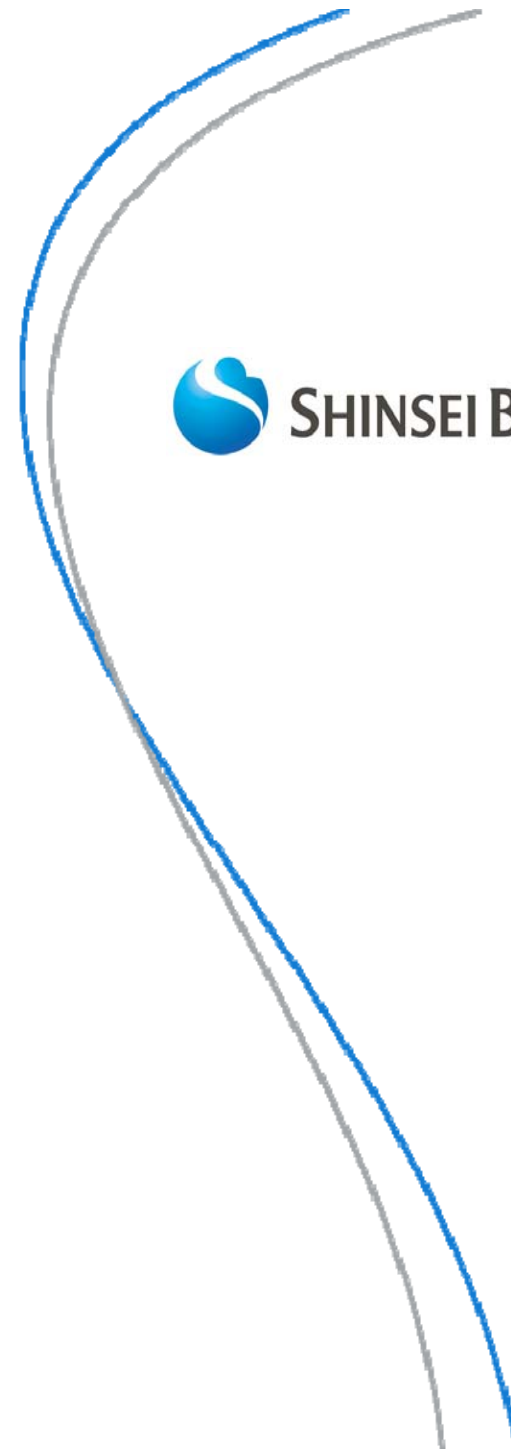
- Establishment of Corporate Staff Division
 - We will consolidate corporate planning and corporate service functions under this division, and strengthen operational management on the business execution side
- Splitting the Institutional Group into the Institutional Group and the Financial Products Group
 - This will clarify responsibilities as we work towards rebuilding our customer franchise in Japan - one of the basic concepts of our Medium-Term Management Plan
 - The Institutional Group will propose and promote customer transaction strategies, while the Financial Products Group will expand the lineup of financial products to meet customer needs

After the organizational reform, individual areas of business execution will be led by the following Group heads.

| Group | Group Heads | |
|------------------------------|---|-------------------|
| Institutional Group | Representative Director, Chief Executive Officer | Shigeki Toma (*1) |
| Financial Products Group | Senior Managing Executive Officer | Izumi Ogura (*1) |
| Individual Group | Senior Managing Executive Officer | Sanjeev Gupta |
| Risk Management Group | Representative Director, Senior Managing Executive Officer | Yukio Nakamura |
| Finance Group | Senior Managing Executive Officer | Shigeru Tsukamoto |
| Banking Infrastructure Group | Senior Managing Executive Officer | Michiyuki Okano |
| Corporate Staff Group | Senior Managing Executive Officer | Akira Kagiichi |

(*1) Shigeki Toma and Izumi Ogura will act as joint head for both Groups within the Institutional Group, until the new Institutional Group and Financial Products Group are established.

Shinsei Bank is a leading diversified Japanese financial institution providing a full range of financial products and services to both institutional and individual customers. The Bank has total assets of 11.3 trillion yen (US\$122.0 billion) on a consolidated basis (as of March 2010) and a network of 40 outlets that includes 31 Shinsei Financial Centers and 9 Consulting Spots in Japan. Shinsei Bank demands uncompromising levels of integrity and transparency in all its activities to earn the trust of customers, staff and shareholders. The Bank is committed to delivering long-term profit growth and increasing value for all its stakeholders. News and other information about Shinsei Bank is available at <http://www.shinseibank.com/english/index.html>



Shinsei Bank
Medium-Term Management Plan
(Fiscal Year 2010- Fiscal Year 2012)

Shinsei Bank, Limited
June 23, 2010



Table of Contents

| | |
|---|----|
| 1. Shinsei Bank Medium-Term Management Plan (Fiscal Year 2010 - Fiscal Year 2012) | |
| ■ Summary 1: Management Principles, Basic Concept | 3 |
| ■ Summary 2: Business Operation Policy | 4 |
| ■ Focus on Core Businesses | 5 |
| ■ Institutional Group Core Businesses | 6 |
| ■ Individual Group Core Businesses: Retail Banking | 7 |
| ■ Individual Group Core Businesses: Consumer Finance | 8 |
| ■ Direction Going Forward (Positioning) | 10 |
| ■ Capital Policy | 11 |
| ■ Cost Reduction Plans | 12 |
| ■ Fiscal Year 2012 Financial Targets | 13 |
| ■ Fiscal Year 2010 Areas of Focus | 14 |
| 2. New Management Framework | 15 |
| 3. New Management Team | 16 |

Medium-Term Management Plan (Fiscal year 2010 - Fiscal year 2012)

Summary 1: Management Principles, Basic Concept

Management Principles

- A banking group that has stable earnings power, is truly depended upon by customers and that contributes to the development of both domestic and international industrial economies
- A banking group that has built on its past experiences and history, values diverse talents and cultures and continually takes on new challenges
- A banking group that strives for transparent management, valued and trusted by all stakeholders, including customers, investors and employees

Basic Concept of Medium-Term Management Plan

- Period: Three years from fiscal year 2010 to fiscal year 2012
- Focus on rebuilding customer franchise, stabilizing earnings and cost reductions, having reflected on lessons learned and past events
- Targets at the end of management plan
 - ✓ Achieve external credit ratings of A/A-
 - ✓ Realize total capital adequacy ratio of 10%, Tier I capital ratio of 8%, core Tier I capital ratio of 6%
- Goals for each fiscal year
 - ✓ Fiscal year 2010: lay groundwork for stabilized earnings
 - ✓ Fiscal year 2011: Measures for diversification of revenues through new businesses
 - ✓ Fiscal year 2012: Record stable earnings at operating speed
- Enhance management control (including renewal of corporate governance structure)
- Establish an organizational framework to devise detailed plans for the repayment of public funds
 - ✓ Speedy and stringent execution to ensure the achievement of the targets set in the financial projection
 - ✓ Foster healthy organizational culture with emphasis on the importance of compliance

Medium-Term Management Plan (Fiscal year 2010 - Fiscal year 2012)

Summary 2: Business Operation Policy

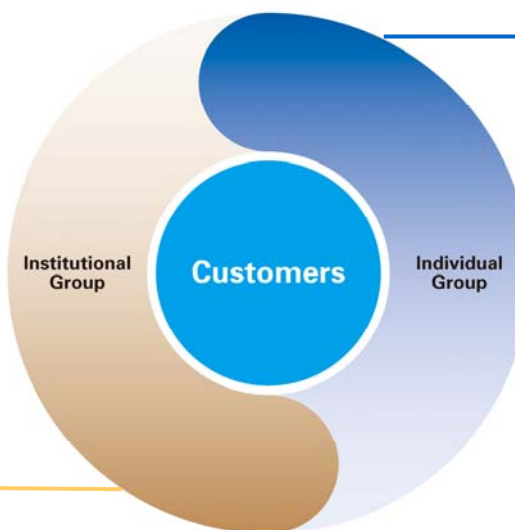
Medium-Term Goals

Rebuilding the Customer Franchise and Establishing a Stabilized Earnings Base for the Mid- to Long-Term

Institutional Group

Concentrate Resources in Core Businesses

- Build customer-centric organization
- Provide financial services with added value and rebuilding domestic customer franchise by strengthening relationships
- Improve ability to provide solutions and cross-selling
- Reduce divestible non-core business assets by 50%
- Enhance abilities of relationship managers, promote appropriate reallocation of the workforce and upgrade risk assessment capability



Individual Group

Enhance Core Businesses

- Retail Banking
 - ✓ Stabilize funding base and promote lower funding costs
 - ✓ Strengthen asset management business by expanding access points (Consulting Spots)
 - ✓ Expand housing loan business
- Consumer Finance
 - ✓ Appropriate measures to comply with Money Lending Business Control and Regulation Law (MLBL)
 - ✓ Draw up and implement strategy by taking into consideration industry trends and performance
- Explore synergy between retail banking and consumer finance operations

Strengths

- Diversity
- Tailor made solutions
- High customer satisfaction
- Swift decision making, agile execution

Opportunities

- New customers
- "Responsible consumer lending"
- Niche businesses
- Ever-changing lending and investment needs of customers

Weaknesses

- Volatility of earnings
- Smaller customer base

Threats

- Fierce competition
- Political, legislative and economic uncertainties

Medium-Term Management Plan (Fiscal year 2010 - Fiscal year 2012)

Expand Core Business and Customer Franchise, Exit Non-Core Business

Non-Core Business

- Volatile business
- Comparatively at a disadvantageous position to acquire proprietary knowledge or information

**Current
Shinsei
Business**

Core Business

- Customer oriented
- Niche businesses with proven track record

Non-Core Businesses:

- Real Estate Equity Investment
- Private Equity
- Housing Loans Warehousing
- CLO / ACPM / CFI ¹
- Asset-backed Investment
- Alternative Investment
- Wealth Management

Core Businesses:

Institutional

- Customer Business: Corporate, Financial Institutions, and Public Sector
- Real Estate Finance
- Credit Trading
- Specialty Finance
- Capital Markets
- Other Businesses (Advisory, Showa Leasing)

Individual

- Retail Banking
- Consumer Finance (Unsecured personal loans, installment sales credit, credit cards)

Reduce divestible non-core assets by approximately 50%

Exit or Run-off

***Expand business base
Strengthen profitability***

Expand and strengthen customer franchise

¹ CLO (Collateralized Loan Obligation), ACPM (Active Credit Portfolio Management), CFI (Corporate Floater Investment)

FY2010

FY2011

FY2012

Medium-Term Management Plan (Fiscal year 2010 - Fiscal year 2012)

Institutional Group Core Businesses

| | Core Product and Service Offering | Strategy | |
|-------------------------------|--|--|--------|
| Corporate Customers | <ul style="list-style-type: none"> • Corporate, Financial Institutions, and Public Sector Customer Business <ul style="list-style-type: none"> ✓ Loan, Deposit, Debenture ✓ Products & Solutions to meet customer needs | <ul style="list-style-type: none"> • Corporate, Financial Institutions and Public Sector Customer Business <ul style="list-style-type: none"> ✓ Corporate: Explore and promote transactions in niche markets with proven track record and expand customer franchise ✓ Financial Institutions: Provide the customers with the solutions mainly to enhance their top-line and bottom-line figures ✓ Public Sector: Provide the customers with appropriate solutions, including loans, using our network and ability to structure products | |
| Financial Institutions | <ul style="list-style-type: none"> • Real Estate Finance <ul style="list-style-type: none"> ✓ Non-recourse loans ✓ Loans to real estate companies • Credit Trading <ul style="list-style-type: none"> ✓ Purchase and servicing of non-performing loans | <ul style="list-style-type: none"> • Real Estate Finance <ul style="list-style-type: none"> ✓ Focus on senior loans ✓ Increase net interest income through advisory services ✓ Optimize portfolio risk. Swiftly reduce balance of real estate non-recourse loans by approximately 20% from end of FY2009 to 800 billion yen • Credit Trading <ul style="list-style-type: none"> ✓ Expand domestic business to meet restructuring needs of customers. Limited overseas businesses | |
| Public Sector | <ul style="list-style-type: none"> • Specialty Finance <ul style="list-style-type: none"> ✓ Structured Finance centered around acquisition financing • Capital Markets <ul style="list-style-type: none"> ✓ Forex and derivatives ✓ Credit-related products | <ul style="list-style-type: none"> • Specialty Finance <ul style="list-style-type: none"> ✓ Selective transactions with added value, centered around acquisition financing • Capital Markets <ul style="list-style-type: none"> ✓ Expand corporate customer network, and enhance product offering towards individual customers ✓ Strengthen sales of credit-related products | |
| New Corporate Customers | <ul style="list-style-type: none"> • Other businesses <ul style="list-style-type: none"> ✓ Advisory ✓ Support for corporate restructuring and growth companies | <ul style="list-style-type: none"> • Other businesses <ul style="list-style-type: none"> ✓ Expand and strengthen advisory service to corporate customers ✓ Focus on corporate restructuring business and providing support to growth companies | |
| Financial Sponsors and Others | <ul style="list-style-type: none"> • Showa Leasing <ul style="list-style-type: none"> ✓ Lease, Loan | <ul style="list-style-type: none"> • Showa Leasing <ul style="list-style-type: none"> ✓ Provide financial intermediary services, mainly leases, to SMEs | |
| | FY2010 | FY2011 | FY2012 |

Medium-Term Management Plan (Fiscal year 2010 - Fiscal year 2012)

Individual Group Core Businesses: Retail Banking

| | Core Product and Service Offering | Strategy | |
|---------------|--|---|--------|
| Platinum | <ul style="list-style-type: none"> Highly convenient financial infrastructure (24/7, 365 days) <ul style="list-style-type: none"> ✓ ATM network ✓ Internet banking ✓ Mobile banking | <ul style="list-style-type: none"> Customers <ul style="list-style-type: none"> ✓ Add 100,000 new customers per year ✓ Improve customer profitability and customer mix ✓ Increase Platinum and Gold customer base ✓ Address asset management needs of retiring baby-boomers Products <ul style="list-style-type: none"> ✓ Increase housing loan disbursement by addressing refinancing needs ✓ Broaden asset management product offering through efficient use of Internet ✓ Strengthen bank-based personal loan business ✓ Stabilize funding base and promote lower funding costs Channels <ul style="list-style-type: none"> ✓ Aim to add 10 new Consulting Spots each year ✓ Strengthen face-to-face sales ✓ Further enhance Internet and mobile banking Staff <ul style="list-style-type: none"> ✓ Continue sales training to improve customer protection, sales and efficiency Explore synergy with consumer finance business | |
| Gold | <ul style="list-style-type: none"> Deposit-related Products <ul style="list-style-type: none"> ✓ Saving deposits ✓ Time deposits (includes two week maturity deposits) ✓ Structured deposits ✓ Foreign currency deposits | | |
| Standard | <ul style="list-style-type: none"> Housing loans | | |
| New Customers | <ul style="list-style-type: none"> Asset management <ul style="list-style-type: none"> ✓ Consultation ✓ Mutual funds ✓ Annuity products | | |
| | FY2010 | FY2011 | FY2012 |

Medium-Term Management Plan (Fiscal year 2010 - Fiscal year 2012)

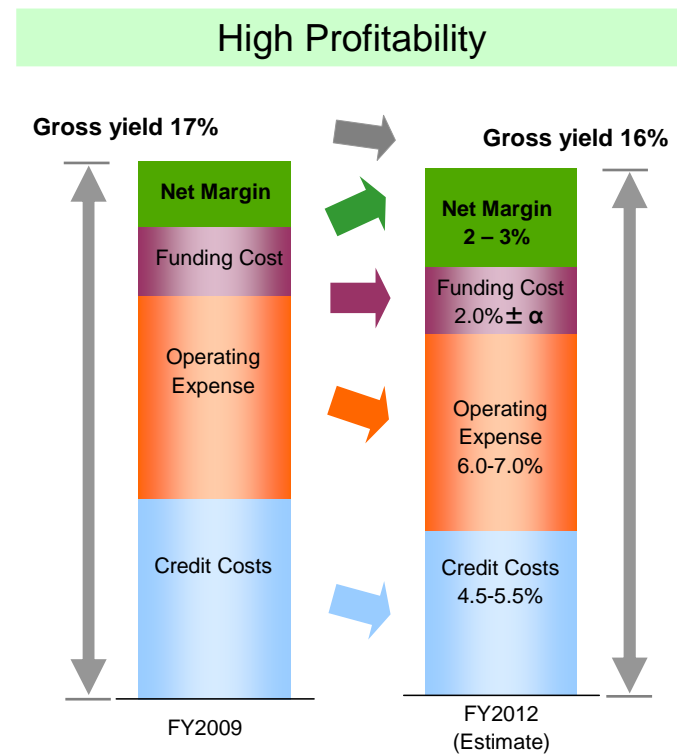
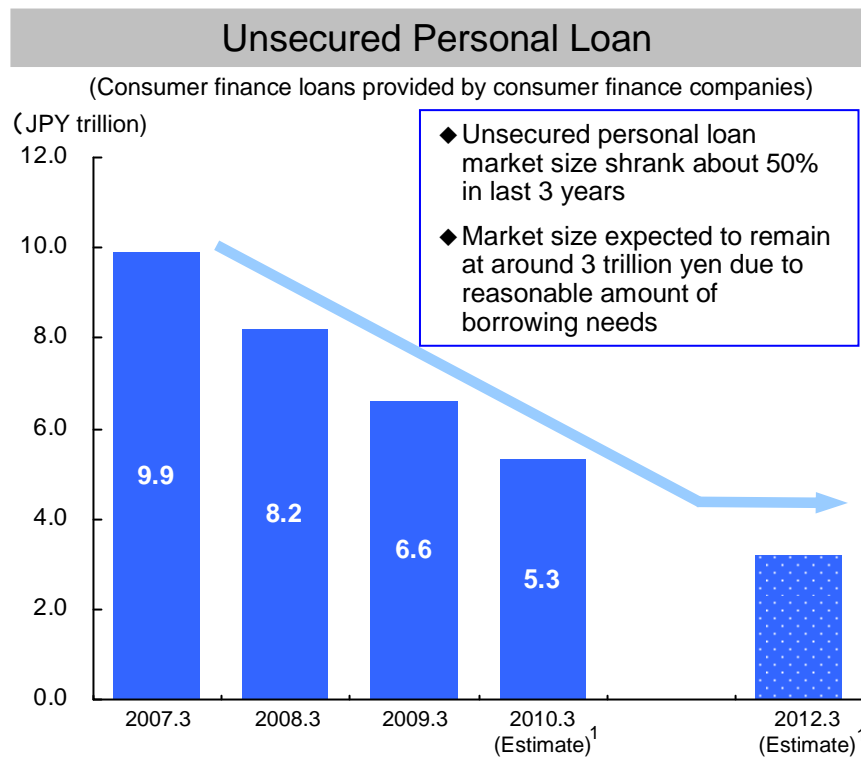
Individual Group Core Businesses: Consumer Finance

| | | Core Product and Service Offering | Strategy |
|----------------------|---------------------------|--|--|
| Individual Customers | Shinsei Financial, Shinki | <ul style="list-style-type: none"> • Unsecured Personal Loans <ul style="list-style-type: none"> ✓ Develop “responsible consumer lending” • Installment sales <ul style="list-style-type: none"> ✓ Installment sales credit centered around auto loans • Settlements <ul style="list-style-type: none"> ✓ New products utilizing IT • Credit Cards <ul style="list-style-type: none"> ✓ Highly convenient revolving payments | <ul style="list-style-type: none"> • Unsecured Personal Loans (Shinsei Financial, Shinki) <ul style="list-style-type: none"> ✓ Achieve steady ROA of 2.0 – 3.0% (details on next slide) ✓ Strong marketing to add and retain quality customers ✓ Implement credit policy aligned with MLBL and reduce credit costs and less creditworthy personal loan portfolios ✓ Business operation and financial literacy promotion as “responsible lender” ✓ Expand guarantee business with regional financial institutions • Installment sales credit, settlement, credit cards (APLUS FINANCIAL) <ul style="list-style-type: none"> ✓ Installment sales credit: expand installment sales credit, focusing on auto loan business ✓ Settlement: develop new products and expand product offering by leveraging IT ✓ Credit cards: expand revolving business, capture fee income, maximize profitability by improving transaction terms • Reduce costs with IT and Web-based sales strategies • Explore synergies with retail banking business |
| | APLUS FINANCIAL | | |
| | | FY2010 | FY2011 |
| | | | FY2012 |

Medium-Term Management Plan (Fiscal year 2010 - Fiscal year 2012)

Unsecured Personal Loan Market and Profitability Model

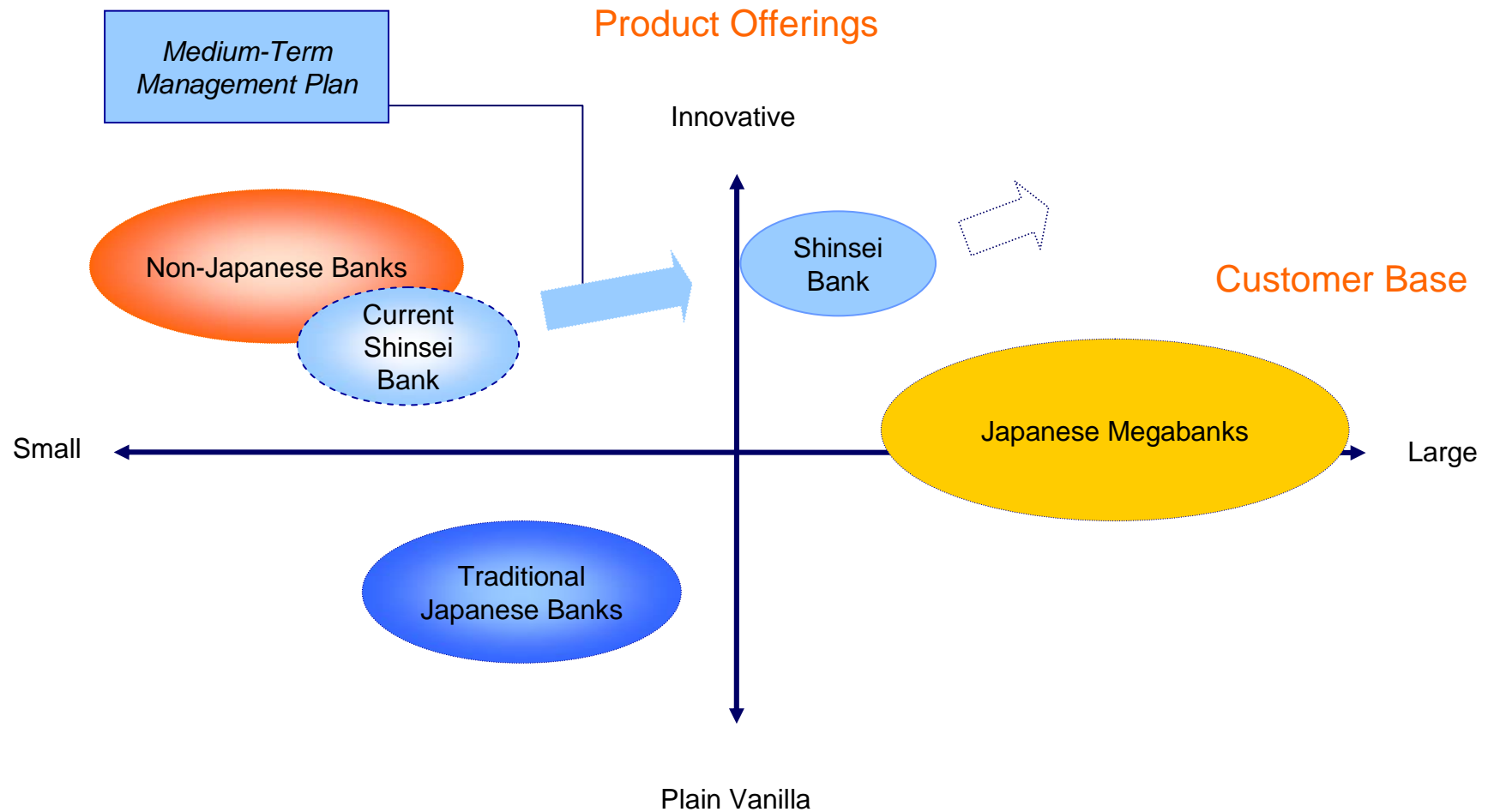
- Increase market share in 3 trillion yen market and achieve stable earnings base with higher margin of 2-3%
- Maintain and strengthen competitive edge in market as a responsible bank-affiliated lender



(Source) FSA report based on data provided by Japan Financial Services Association
¹ Market size estimates for March 2010 and March 2012 provided by Shinsei Financial

Medium-Term Management Plan (Fiscal year 2010 - Fiscal year 2012)

Further Enhance Strengths to Capture Unique Positioning Within Industry

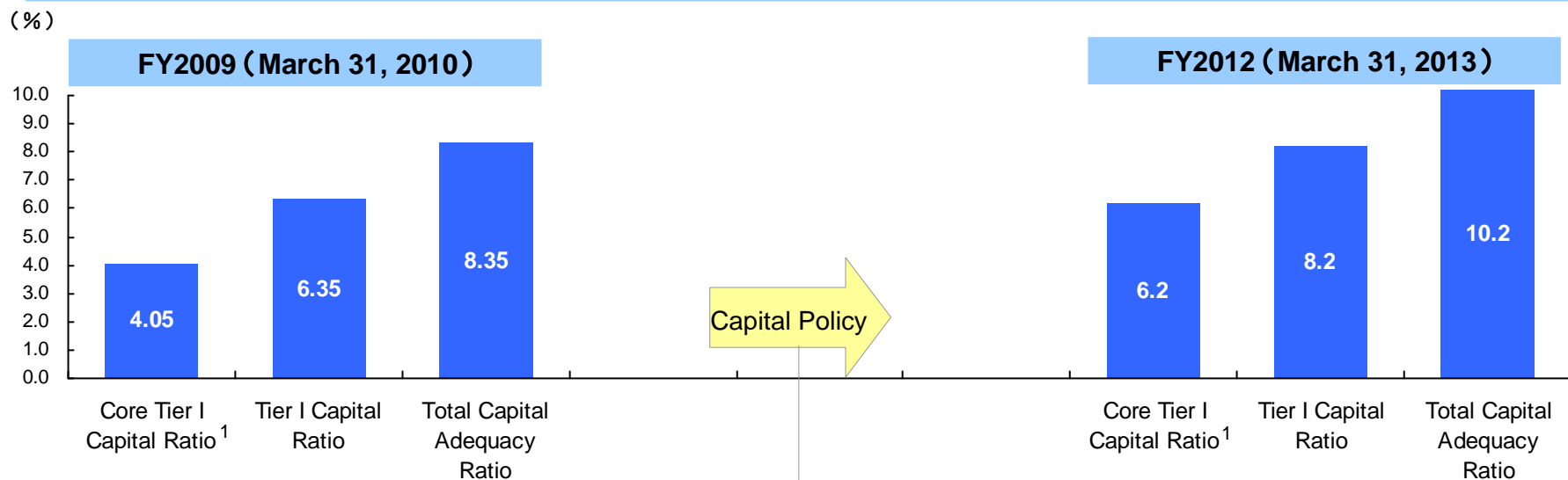


Medium-Term Management Plan (Fiscal year 2010 - Fiscal year 2012)

Capital Policy

Medium-Term Goal

Achieve total capital adequacy ratio of 10%, Tier I capital ratio of 8% and Core Tier I capital ratio of 6% by end of fiscal year 2012



Carry out measures to boost earnings and return to profitability

Capital strengthening measures

Reduce risk weighted assets and capital deductions by reducing non-core assets

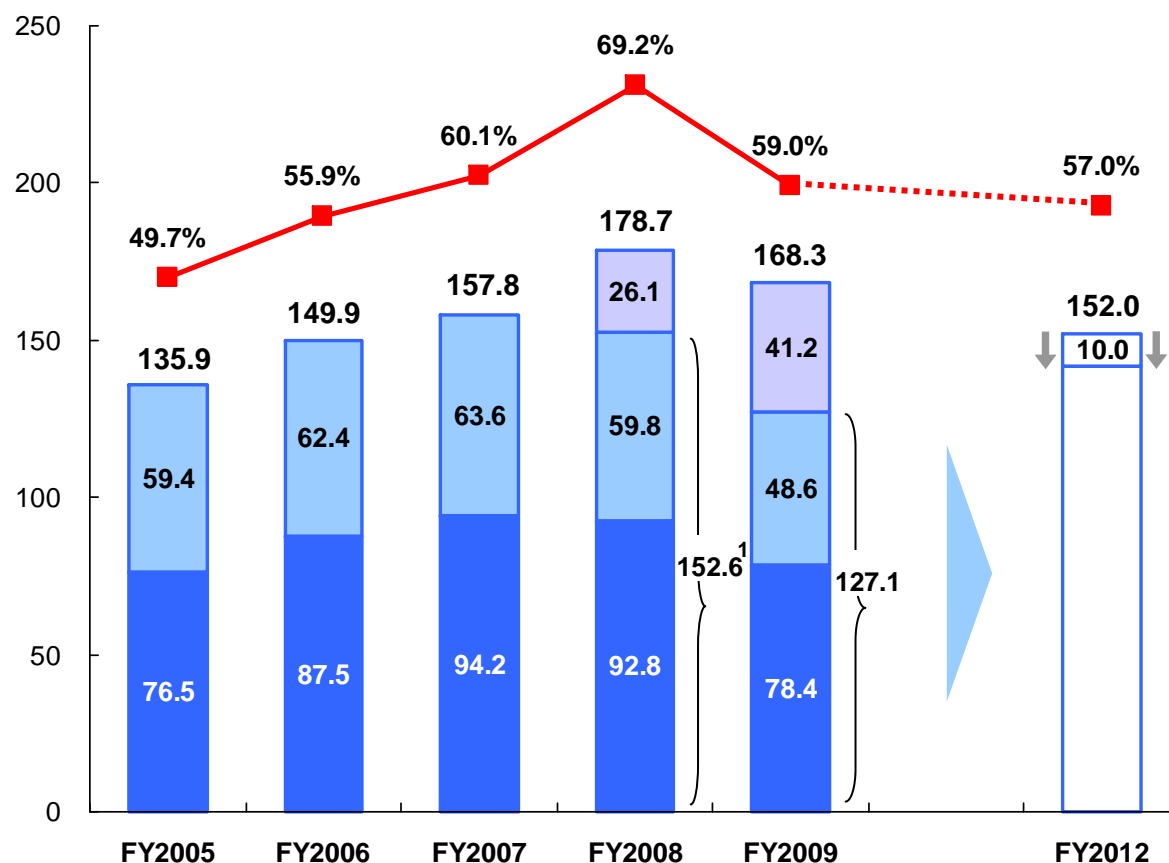
¹ (Tier I capital – preferred securities – preferred stock – deferred tax assets (net)) / Risk weighted assets

Medium-Term Management Plan (Fiscal year 2010 - Fiscal year 2012)

Further Cost Reduction Plans

(JPY billion)

General and Administrative Expenses



- Direct expenses of Shinsei Financial
- Personnel expenses (including Shinsei Financial)
- Property expenses (including Shinsei Financial)
- Expense-to-revenue ratio (including Shinsei Financial)

Cost Reduction Plans

- 16.3 billion yen cost reduction already incorporated to Medium-Term Management Plan (FY2010-FY2012)
- Aim to cut expenses by additional 10 billion yen during same period through:
 - Realignment of personnel
 - Efficiency improvements
 - Thorough review of non-personnel expenses

¹Shinsei Financial's expenses were only included for six months of fiscal year 2008

Medium-Term Management Plan (Fiscal year 2010 - Fiscal year 2012)

Fiscal Year 2012 Financial Targets

(JPY billion)

FY2009 (March 31, 2010)

| | |
|--|----------------|
| Total Revenue | 285.5 |
| General and Administrative Expenses | 168.3 |
| Ordinary Business Profit | 117.1 |
| Net Credit Costs | 112.2 |
| Net Income (Loss) | - 140.1 |
| Cash Basis Net Income (Loss) | - 53.7 |
| Total Assets | 11,377 |
| Risk-Weighted Assets | 7,722 |
| Total Capital Adequacy Ratio | 8.35% |
| Tier I Capital Ratio | 6.35% |
| Core Tier I Capital Ratio¹ | 4.05% |



FY2012 (March 31, 2013)

| | |
|--|---------------|
| Total Revenue | 265.0 |
| General and Administrative Expenses | 152.0 |
| Ordinary Business Profit | 113.0 |
| Net Credit Costs | 63.0 |
| Net Income | 32.0 |
| Cash Basis Net Income | 41.0 |
| Total Assets | 10,700 |
| Risk-Weighted Assets | 8,050 |
| Total Capital Adequacy Ratio | 10.2% |
| Tier I Capital Ratio | 8.2% |
| Core Tier I Capital Ratio¹ | 6.2% |

¹ Core Tier I capital ratio =(Tier I capital – preferred securities – preferred stock – deferred tax assets (net)) / Risk weighted assets

Medium-Term Management Plan (Fiscal year 2010 - Fiscal year 2012)

Fiscal Year 2010 Areas of Focus

(JPY billion)

Institutional Group

- Focus on expanding customer franchise
- Continued reduction of non-core business assets
- Further enhance the provision of appropriate solutions for corporate, financial institutions and the public sector customers, by leveraging our product development capabilities
- Group-wide efforts to provide capital, credit, consulting and staffing services to customers with restructuring needs and growth companies

Individual Group

- Retail Banking
 - ✓ Stabilize funding base and promote lower funding costs
 - ✓ Strengthen asset management business
 - ✓ Further strengthen housing loan business
 - ✓ Expand branch network
- Consumer Finance
 - ✓ Appropriate response to MLBL
 - ✓ Appropriate management of expenses and credit costs

FY2010 (March 31, 2011)

| | |
|--|---------------|
| Total Revenue | 260.0 |
| General and Administrative Expenses | 160.0 |
| Ordinary Business Profit | 100.0 |
| Net Credit Costs | 66.0 |
| Net Income | 12.5 |
| Cash Basis Net Income | 23.6 |
| Total Assets | 10,600 |

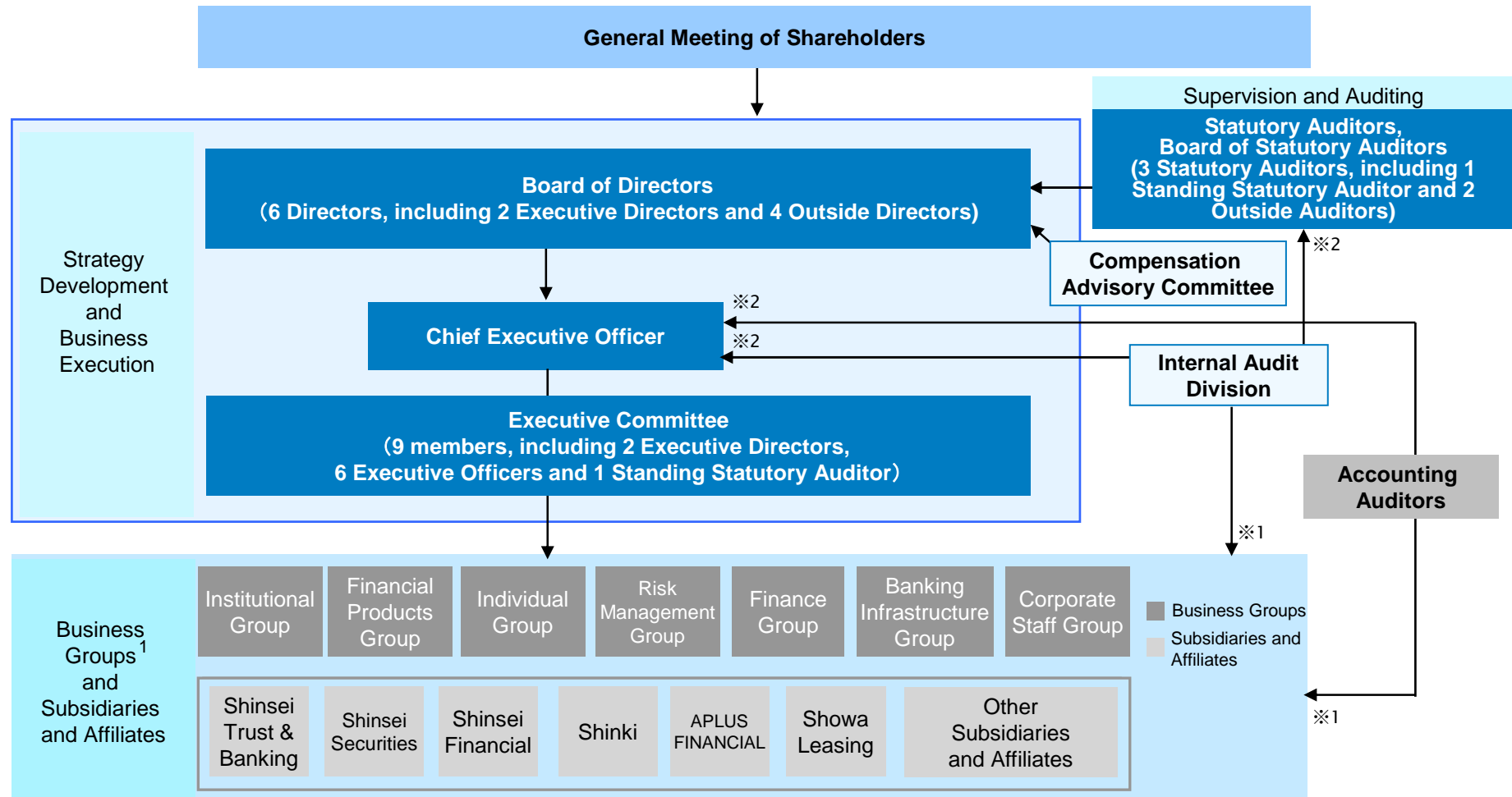
| | |
|--|-------------|
| (Non-consolidated) Ordinary Business Profit | 32.0 |
| (Non-consolidated) Net Income | 10.0 |

New Management Framework

Moving to a “Company with Board of Statutory Auditors” Board Model

”Company with Board of Statutory Auditors” Board Model

Renewing Corporate Governance Framework – moving from “Company with Committees” Board Model to “Company with Board of Statutory Auditors” Board Model

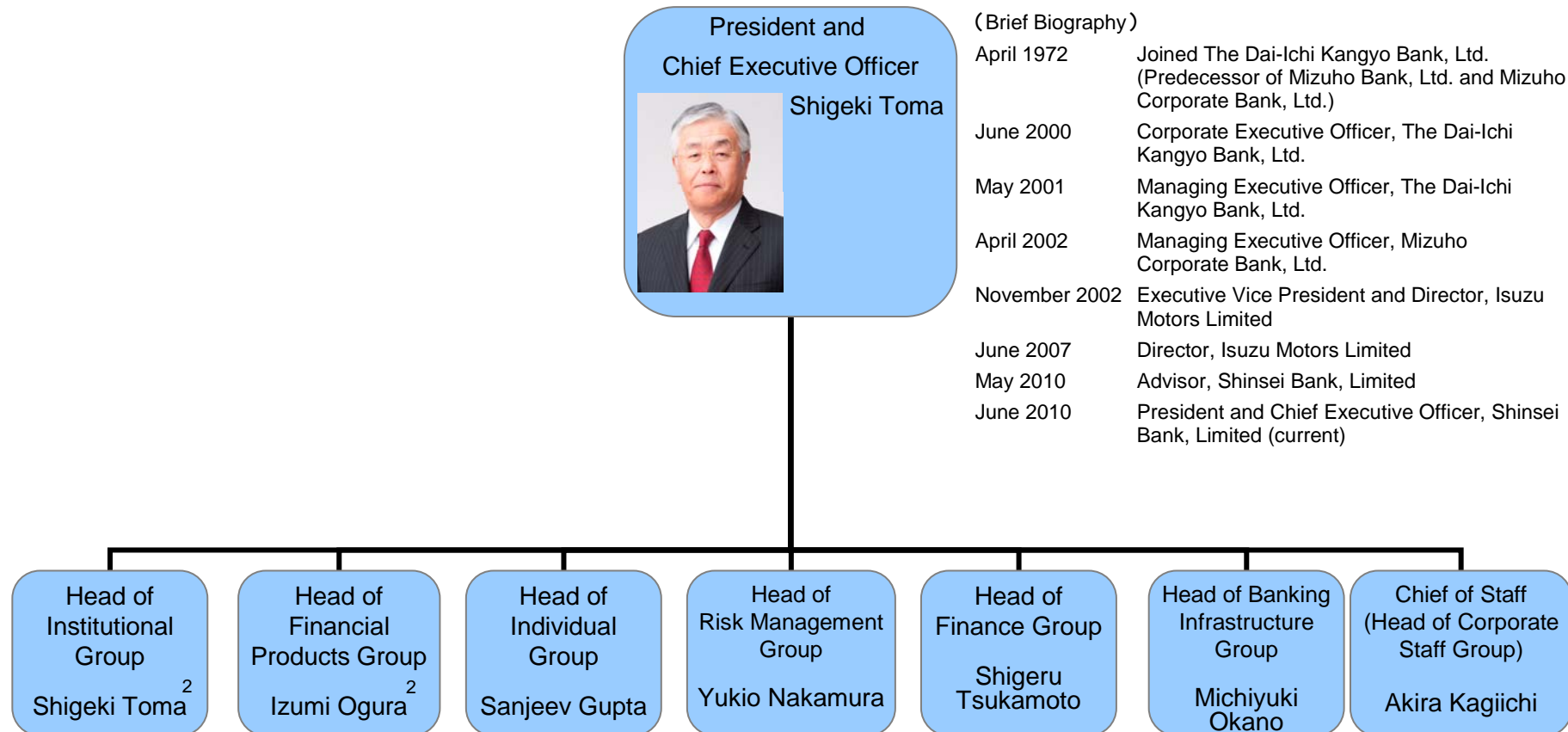


¹ Organizational chart after the completion of the reform scheduled at the end of August 2010

New Management Framework

New Management Team

New Management Team¹



¹ Organizational chart after the completion of the reform scheduled at the end of August 2010

² Shigeki Toma and Izumi Ogura will act as joint head for both Groups within the Institutional Group, until the new Institutional Group and Financial Products Group are established.



Disclaimer

- This document contains 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.