

Retail Banking Business: Empowering the Customer

Since the launch in June 2001 of Shinsei Bank's Retail Banking business, the Bank's retail customer base has expanded rapidly, reaching over 1.7 million accounts as of the end of March 2006.

Customers have been drawn to Shinsei Bank's unique customer-focused value proposition and efficient and convenient delivery channels and the Bank is now widely regarded as a trend setter in terms of products and services as well as branch and internet banking innovation. We are striving to deepen the relationships with our customers by continually working on understanding their needs in order to deliver the kind of experience that will lead to enhanced customer satisfaction, enduring customer loyalty and increased customer profitability.

The Retail Banking business has been a key value driver for Shinsei Bank in a number of ways. In addition to providing a growing platform of diverse revenue streams, it has established an increasingly strong connection with its customers and the community at large.

In June 2005, the Retail Banking business launched a new and unique branding concept

called "Color your life," which builds upon the theme of "empowering the customer." This has been very successful in providing a platform from which to communicate with Shinsei Bank's now 1.7 million retail customers about the accessibility and flexibility of Shinsei Bank's high quality financial products and services.

As the retail customer base continues its rapid

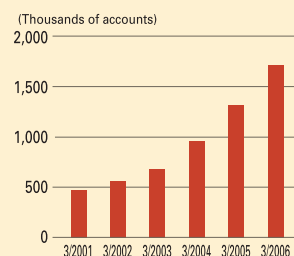
Comprehensive *PowerFlex* Account

The greatest advantage of the comprehensive *PowerFlex* account is that customers can manage various products and services from a single, easily accessible source and conduct transactions any time they wish by ATM, *PowerCall* (telephone banking) or *PowerDirect* (internet) 24 hours a day, seven days a week. Shinsei Bank customers also greatly appreciate the free ATM and international cash services that allow them to withdraw funds overseas in local currencies. As of the end of March 2006, the number of accounts with Shinsei Bank has surpassed 1.7 million, contributing to the *PowerFlex* account's robust growth.

PowerSmart Housing Loan

PowerSmart, an entirely new type of housing loan, meets our customers' needs with its flexible prepayment, reborrowing features and low interest rates. Customers can automatically prepay the loan without penalty for the excess amount over the preset balance in their ordinary deposit account. They can also reborrow, through ATMs, up to the original amortization schedule. With such unique features, *PowerSmart* reached a total balance of ¥430 billion in approximately four years since its launch.

Rapid Customer Acquisition





Remote Channels



Product Innovation



To help customers realize the “Color your life” concept, we have strived to develop high quality products and services that address our customers’ needs. We continue to be flexible and responsive to create new services, and we are creating a new type of bank—one that sees things from the customer’s perspective.

Satoru Katayama
Retail Banking Group



Customer Service

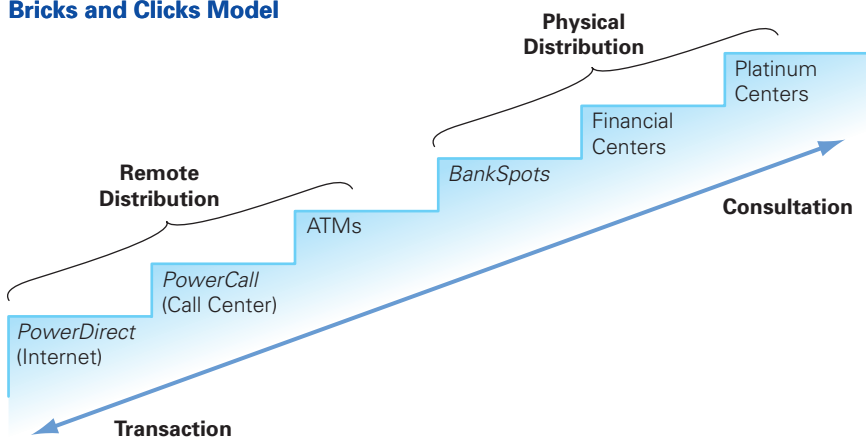
growth (30% year-on-year), Shinsei Bank is continuing to optimize its physical and remote channel mix more effectively and efficiently with its dynamic "Bricks and Clicks" strategy, which is captured in the following diagram. This strategy empowers the customer to choose the channel of

their preference given their needs at the time, whilst providing us with extremely efficient and effective reach.

Ultimately, success in Retail Banking is determined by the depth of customer relationships and the level of customer satisfaction and loyalty and on these fronts, Shinsei Bank continues to lead the way. The combination of Shinsei Bank's strong brand presence, its customer-centric product and service offering and best-in-class customer satisfaction allows the Bank to pursue rapid customer growth whilst delivering impressive revenue and profit growth.

Shinsei Bank's Retail Banking philosophy is encapsulated in four key values: SHARE, CARE, IDEA-FULL and WAKUWAKU.

Bricks and Clicks Model



BankCafé—Offering a Unique Banking Experience

The BankCafé (on level B3 at Omotesando Hills) offers a totally new banking experience in a comfortable and stylish atmosphere. Customers can open an account, bank online or use an ATM whilst enjoying a cup of authentic Italian espresso. For customers who want to take advantage of a personal consultation, Shinsei Bank has also opened a special consulting facility on level 3. Shinsei Bank is the only bank located in the prestigious Omotesando Hills complex as of June 2006.



SHINSEI BANK DÉLONGHI CAFÉ

Largest ATM Network in Tokyo Metro

To provide wide, convenient access for customers and leveraging its alliance with Tokyo Metro from March 2005, Shinsei Bank provides ATM services 365 days a year during station business hours, from the first to the last train. Shinsei *PowerFlex* cash cards can be used at these ATMs free of charge.

Shinsei Bank has completed the second stage plan of installing ATMs, launched last December, at major Tokyo Metro stations, and now has a total of 55 ATMs at 30 stations. These ATMs represent the largest ATM network in Tokyo Metro (as of May 2006).



Tokyo Metro ATM

SHARE: Getting Closer to Our Customers

Shinsei Bank offers reliable, professional and personalized consultation services that customers can trust. The Bank not only wants to understand its customers' financial needs, but also share in the development of their financial plans for the future. Shinsei continues to expand its physical channel network in innovative ways not only to improve customer convenience, but also to enable more customers to share and enjoy the Shinsei banking experience.

CARE: Integrity and Accountability to Respond to Customer Needs

For customers who live outside of the Shinsei Bank branch network, the Bank offers an efficient remote channel network via *PowerDirect* (internet banking) and *PowerCall* (telephone banking). Eighty percent of the Bank's retail customers now access Shinsei Bank through *PowerDirect*, and in response the Bank continues to further enhance the capabilities of the *PowerDirect* site, well beyond that of other retail banks.

Online Securities Brokerage Agent Service: Shinsei Bank offers Rakuten Securities' online brokerage service through the *PowerDirect* portal, allowing customers to trade stocks seamlessly from *PowerDirect* and transfer money to a brokerage account online.

Online Annuity Product Service:

In a joint venture with Winterthur Swiss Life Insurance Co., Ltd, the Bank also launched Shinsei *PowerDirect* Nenkin, a variable annuity product via the internet, the first time such a product has been offered on-line.

PowerYokin:

Shinsei Bank understands the importance of responding to its customers' safety needs with effective and efficient solutions. Security concerns in Japan prompted the Bank to introduce *PowerYokin*. This is a new type of yen deposit that

allows customers the flexibility to make withdrawals in the same manner as they do with savings deposits but offers greater security against fraudulent ATM cash withdrawals, while earning a better interest rate. From September, Shinsei Bank decreased the default limit withdrawal to ¥500,000 per day to enhance customer account safety.

IDEA-FULL: Teamwork to Develop and Offer Innovative, Convenient and Useful Products and Services

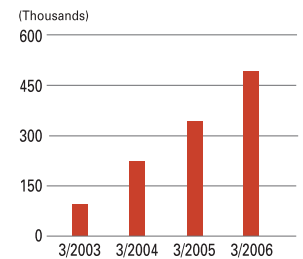
Powered One Plus:

This product addresses two major needs of Japanese customers: capital preservation and yield enhancement. *Powered One Plus*, a yen denominated five-year deposit (with a five-year extension at the Bank's option), offers a higher competitive rate of 1.5% per annum (1.6% per annum when extended).

PowerBuilder:

Customers can invest in this foreign currency deposit with a monthly minimum installment of ¥10,000 through Shinsei *PowerDirect* internet banking and it gives consumers the opportunity to earn higher yields than traditional Japanese yen deposits.

Number of Transactions on the Internet



Commenced offering first Japanese online annuity developed by Winterthur Swiss Life Insurance

No. 1 in the Nikkei Financial Institutions Ranking by Nihon Keizai Shimbun for the Second Consecutive Year (August 2005)

Shinsei Bank has been ranked No. 1 in customer satisfaction for the second year in a row, based on the results of a Nihon Keizai Shimbun survey conducted in August 2005. In the survey, Shinsei Bank was ranked No. 1 in "customer treatment, over-the-counter service, operation hours" and "products and services offering"; No. 2 in "future usage"; and No. 3 in "soundness, reliability."

WAKUWAKU: Community to Make Our Customers' Lives Colorful

WAKUWAKU ("Exhilarating!") is a key ingredient of the "Color your life" concept and in order to bring it to life Shinsei Bank now offers customers a choice of 32 color cash cards. Launched in June 2005, this example of customer focused innovation was the winner of a prestigious design award—the first such award given to a financial institution.

At Omotesando Hills SFC, opened in May 2006, under the branding concept "Color your life," Shinsei Bank displays a series of art exhibitions of young artists from Japan and overseas next to the financial consultation area, in order to provide our customers with an enjoyable,

relaxing and exhilarating experience. The first in this series was an exhibition of the works of an Australian artist.

Becoming Our Customers' Bank of Choice

We work hard to become our customers' bank of choice by listening to them, understanding their needs, and delivering value and convenience to meet these needs.

We remain committed to delivering a new and unique kind of bank, which is entirely customer focused. Our goal is to become the model for retail banking in Japan and to differentiate our services so that we are able to maintain our clear leadership in innovation, customer satisfaction and value.

"32 Color Cash Cards" Received Good Design Award 2005

Shinsei Bank's initiative to offer customers the choice of 32 colors for their cash card received the Good Design Award 2005 (Communication Design Category) on October 3, 2005. This innovative approach to designing a communication tool between bank and customers was highly acclaimed and created a vehicle by which the Bank is able to communicate the brand concept "Color your life" directly to customers. This is the first time a financial institution has received a Communication Design Category Award since the category was created in 2001.

Good Design
GOOD DESIGN AWARD 2005