



Financial and Business Results

Nine Months Ended December 31, 2007

Fiscal Year 2007

Investors' Meeting

Shinsei Bank, Limited

January 31, 2008



Forward Looking Statement

- ✓ The following materials contain 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.



Consolidated Financial Highlights and Topics

Thierry Porté, President and Chief Executive Officer



Financing and Asset Quality

Rahul Gupta, Senior Managing Executive Officer, Chief Financial Officer

- » **Funding Composition**
- » **Financial Stability and Asset Quality**
- » **Credit Ratings**



The Three Strategic Business Pillars

Rahul Gupta, Senior Managing Executive Officer, Chief Financial Officer

- » **Institutional Banking**
- » **Retail Banking**
- » **Consumer and Commercial Finance**

 SHINKI Co., Ltd.: Hitoshi Tsunemine, President

Consolidated Financial Summary:

Nine Months Ended December 31, 2007

➤ Strengthening business for future growth with firm balance sheet and solid capital ratios

| | JPY BN | | |
|------------------------------------|-----------|-----------|----------|
| | 2007.4-12 | 2006.4-12 | Change % |
| Total Revenue | 208.9 | 215.7 | -3.2% |
| Ordinary Business Profit | 91.3 | 103.2 | -11.6% |
| Net Income | 33.5 | 47.1 | -28.9% |
| Diluted Net Income Per Share (JPY) | 18.33 | 24.29 | -24.5% |
| ROA (Annualized) | 0.4% | 0.6% | - |
| ROE (Fully Diluted and Annualized) | 6.9% | 7.8% | - |
| | 2007.12 | 2007.3 | Change % |
| Total Assets | 11,848.1 | 10,837.6 | +9.3% |
| Diluted Equity Per Share (JPY) | 355.25 | 355.09 | 0.0% |
| Total Capital Adequacy Ratio | 12.10% | 13.13% | - |
| Tier I Capital Ratio | 7.45% | 8.11% | - |
| Non-Performing Loan Ratio* | 0.71% | 0.53% | - |

*Non-performing loan ratio under the Financial Revitalization Law on a non-consolidated basis

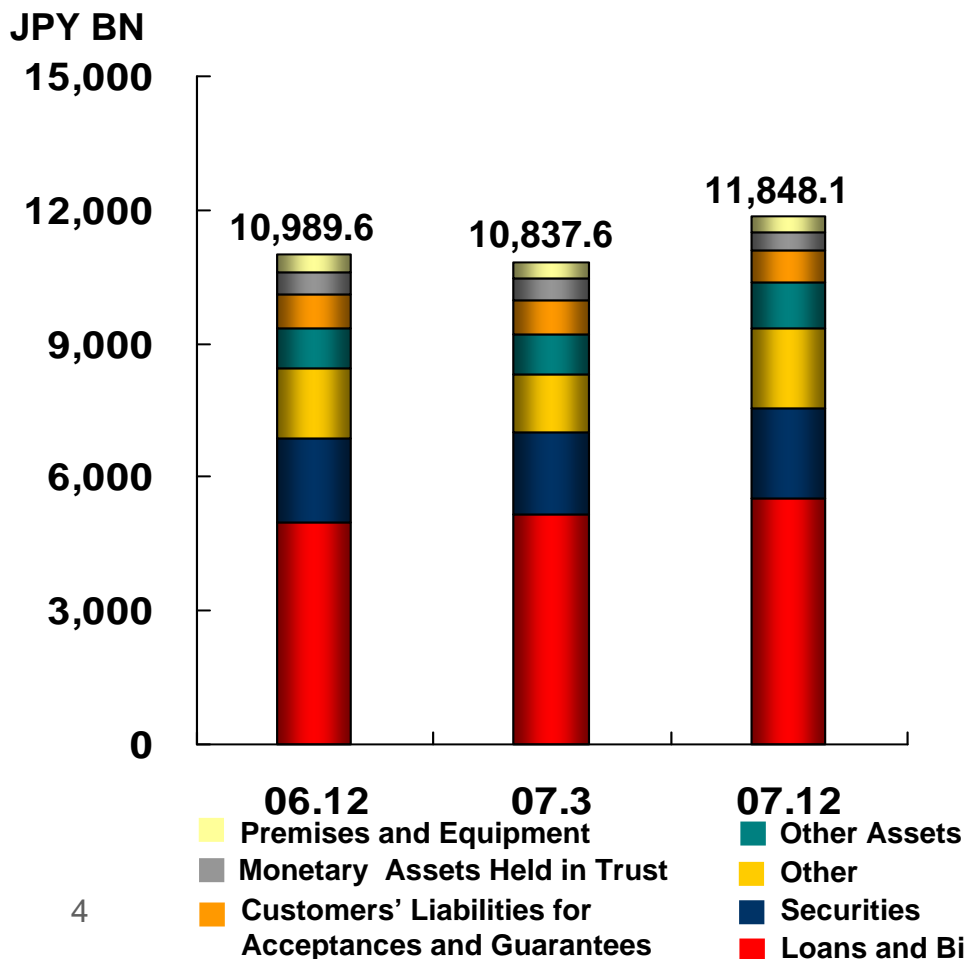


Total Assets: Growth and Diversification

➤ Total assets up 9.3% on March 31, 2007 due mainly to an increase in call loans, loans and securities

Total Assets

Main Points



Increase in call loans to leverage arbitrage opportunities in the money market

Growth in loans due in part to increase in demand for retail housing loans

Increase in securities on March 31, 2007, but down on September 30, 2007

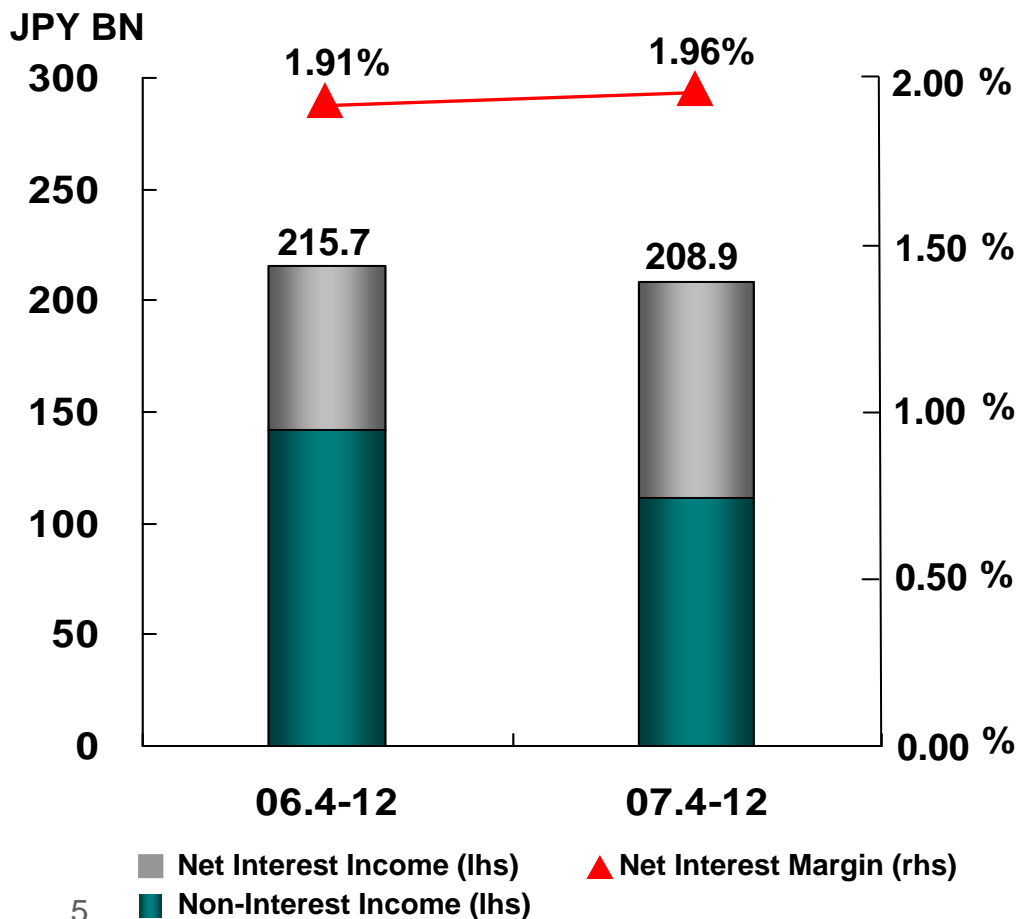


Total Revenues:

Net Interest Income, Non-Interest Income and Net Interest Margin

- Revenues down due to lower revenues in Institutional and Retail Banking businesses
- Net interest margin up reflecting higher loan spreads

Total Revenues & Net Interest Margin



Main Points

Net interest income up due mainly to higher interest on loans due to higher balance and rates

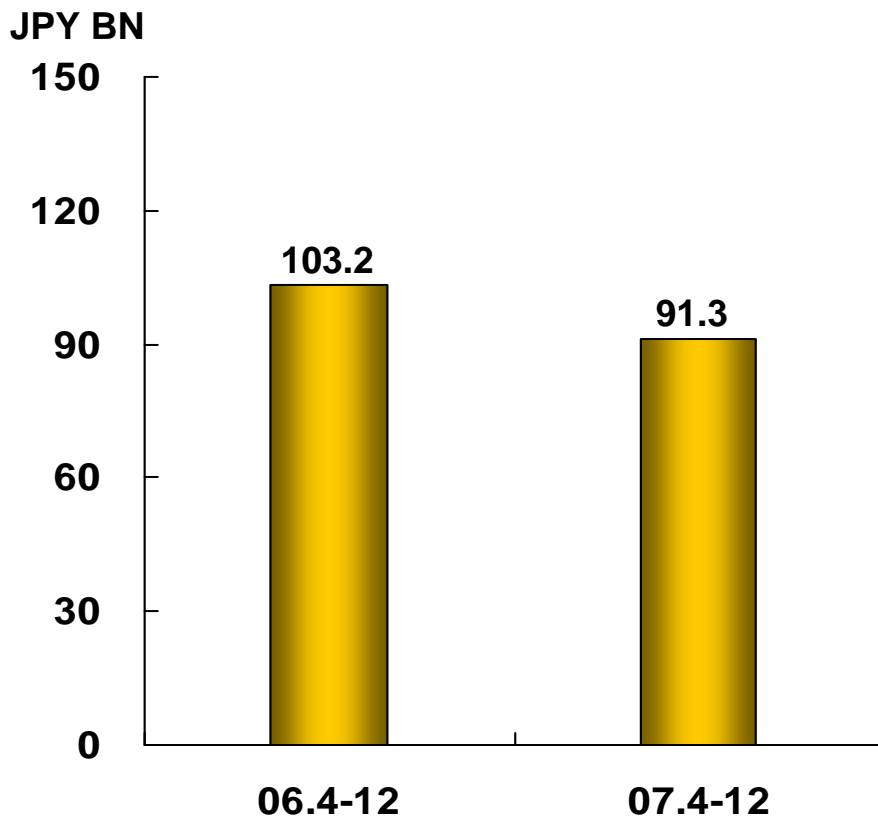
Non-interest income down due mainly to U.S. residential mortgage mark-downs and absence of large gains recognized in the same period of previous fiscal year

Net interest margin up 5 bps compared to December 31, 2006 due mainly to higher rates on loans

Ordinary Business Profits:

➤ Ordinary business profits down due to lower revenues and higher expenses

Ordinary Business Profit



Main Points

Rise in expenses related to customer-driven activities and inclusion of Shinki's expenses from 3Q FY07 led to higher expenses

Favorable results in Consumer and Commercial Finance business helped balance lower contribution from Institutional and Retail Banking operations

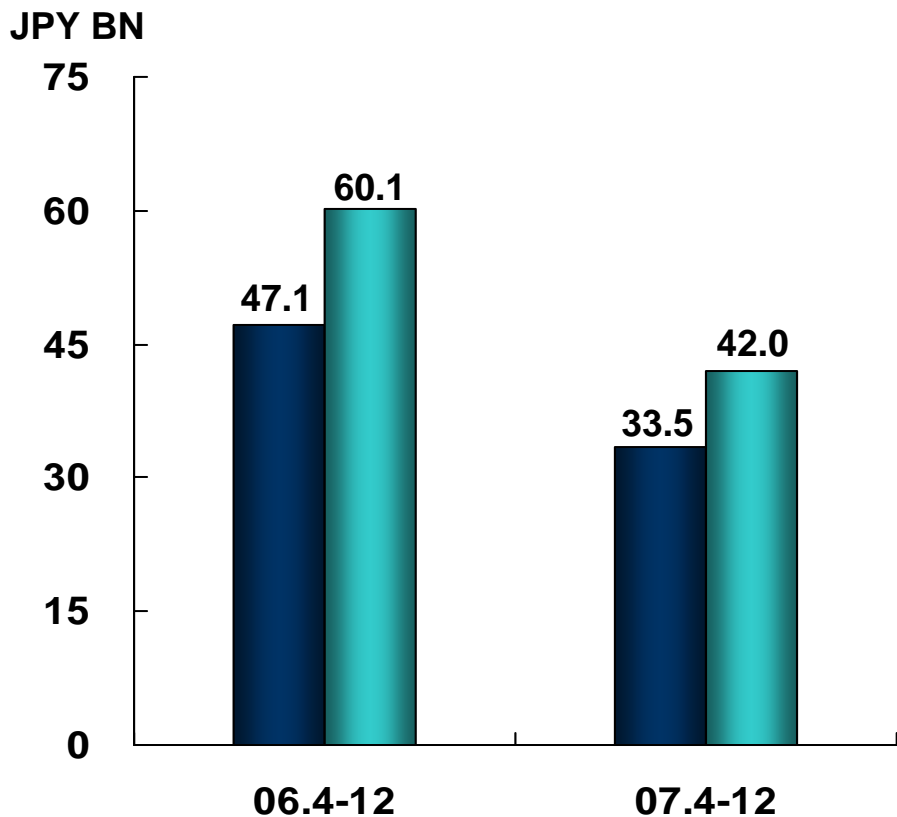


Net Income:

➤ Net income lower due mainly to mark-downs and reserves related to U.S. residential mortgage exposure

Net Income

Main Points



Mark-downs and reserves for U.S. residential mortgage exposure had negative impact on net income

Other gains and income tax increased due mainly to sale of Life Housing Loan

■ Net Income
■ Cash Basis Net Income

U.S. Residential Mortgage Market Exposure: Mark-Downs and Reserves

- Mark-downs and reserves of US\$202 million (JPY22.8 billion) in first nine months of fiscal year 2007
 - ✓ Net exposure, after mark-downs and provisions, to U.S. residential mortgage market aggregates to less than US\$300 million as at December 31, 2007

Total Mark-Downs and Reserves Related to U.S. Residential Mortgages

US\$ Million

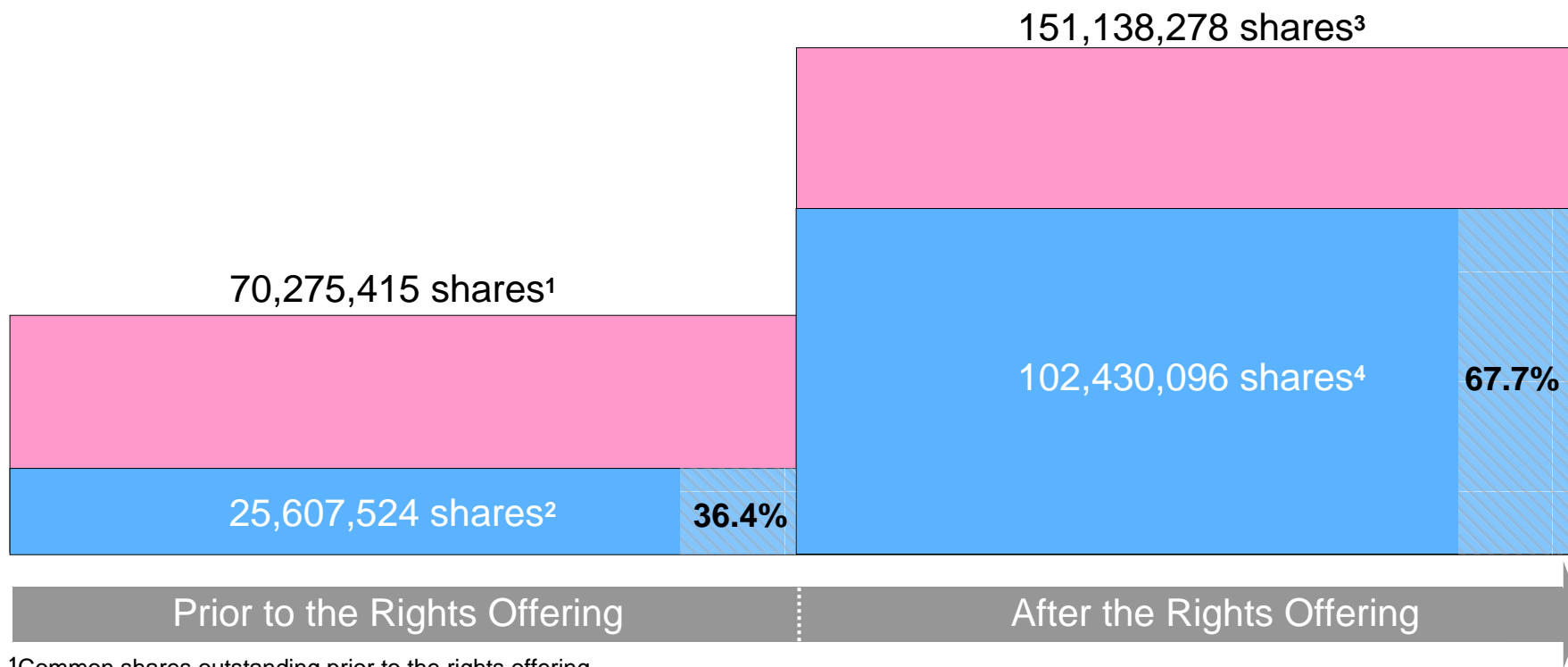
| | 2006 Fiscal Year | 2007 Fiscal Year | | |
|-------------------|-------------------------|-------------------------|--------------------------|-------------------------|
| | 4Q (Jan 1-Mar 31, 2007) | 1Q (Apr 1-Jun 30, 2007) | 2Q (July 1-Sep 30, 2007) | 3Q (Oct 1-Dec 31, 2007) |
| Mark-Downs | 12 | *17 | *48 | *40 |
| Reserves | 5 | **0 | **107 | ** -11 |
| Total | 17 | 17 | 155 | 29 |

* Total mark-downs of US\$106 million (JPY12.0 billion) in the nine months ended December 31, 2007

** Total reserves of US\$95 million (JPY10.8 billion) in the nine months ended December 31, 2007

Results of Shinki Rights Offering: Shinki Becomes Subsidiary

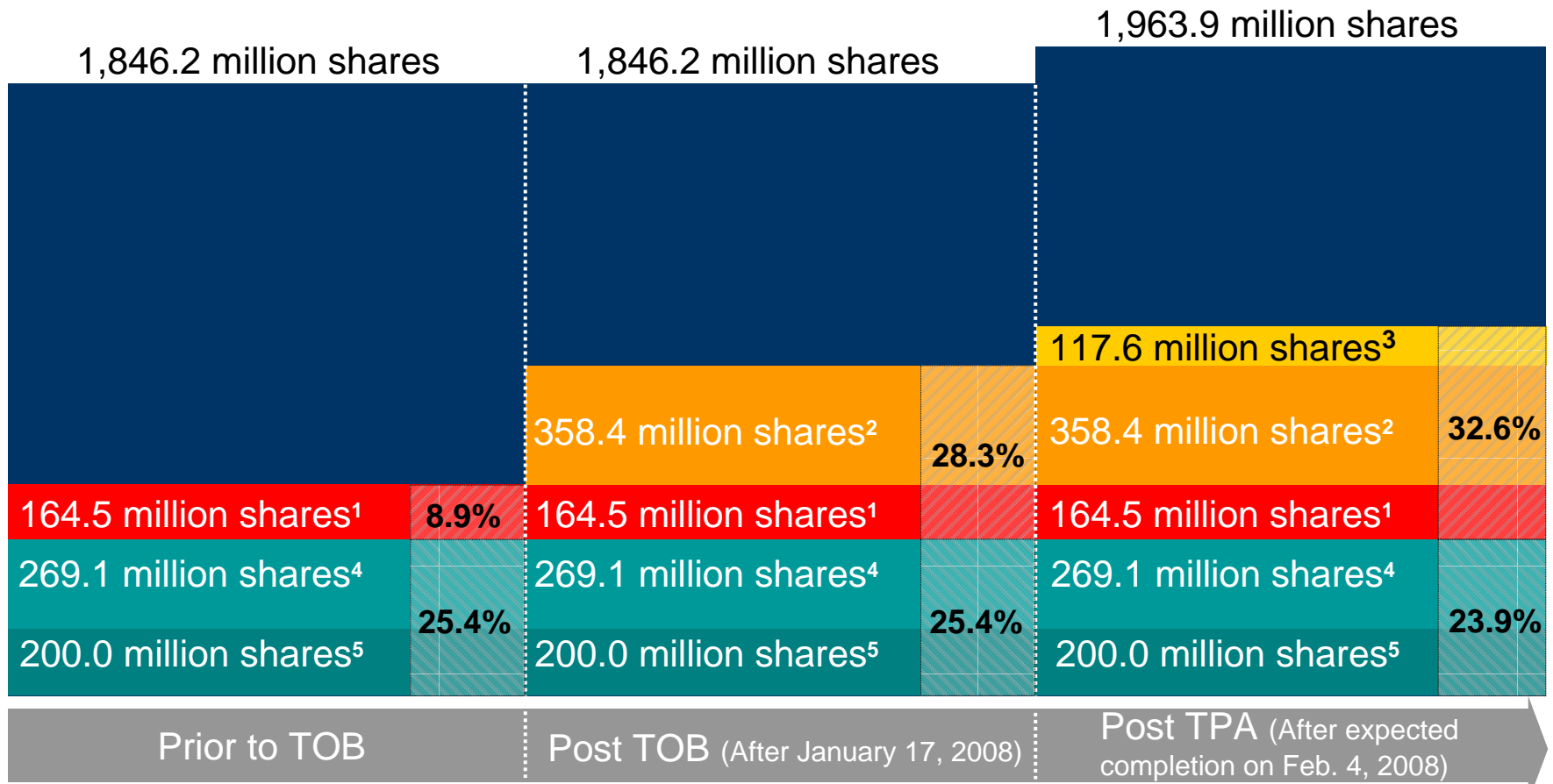
- Shinsei Bank's share in Shinki increased from 36.4% to 67.7% as a result of making a full subscription to the Shinki rights offering by subscribing to 76,822,572 shares for 7.6 billion yen in December 2007
 - ✓ Shinki has been accounted for as a consolidated subsidiary from the third quarter of fiscal year 2007



¹Common shares outstanding prior to the rights offering
²Common shares held by Shinsei Bank prior to the rights offering
³Common shares outstanding after the rights offering
⁴Common shares held by Shinsei Bank after the rights offering

Tender Offer Bid & Third Party Allotment: Completion of Tender Offer Bid

- J.C. Flowers & Co. and affiliates (Investors) completed tender offer bid (TOB) with third party allotment (TPA) of shares of Shinsei Bank at JPY425 per share (equivalent to JPY202.3 billion) expected to be completed by Feb 4.
 - ✓ Investors would hold up to 32.6% of Shinsei Bank shares on a fully diluted basis after TPA



■ ¹Common shares presently held by Investors
■ ²Common shares purchased through TOB by Investors
■ ³Common shares to be purchased through TPA by Investors
■ ⁴Common shares to be converted from Class A preferred shares upon request by Japanese government (DIC) by March 31, 2008
■ ⁵Common shares presently held by Japanese government (RCC)

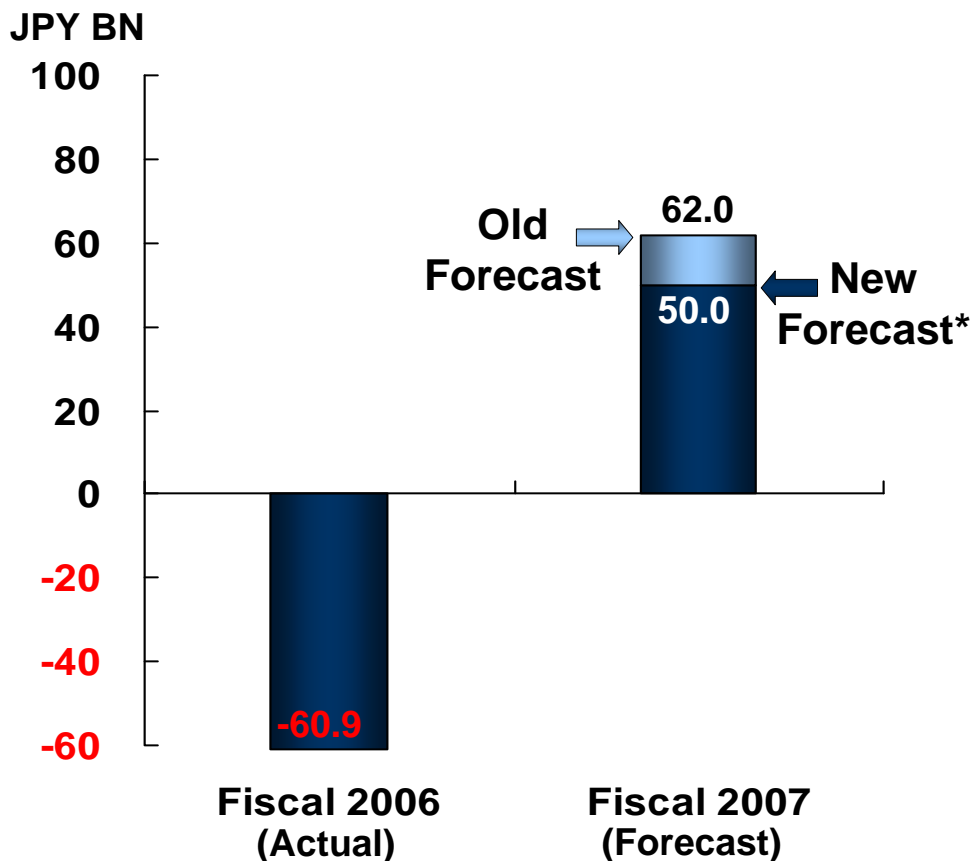


Net Income Forecast: Revision on Consolidated Basis

➤ Net income forecast revised down to 50.0 billion yen for fiscal year ending March 31, 2008

Net Income

Main Reason for Revision

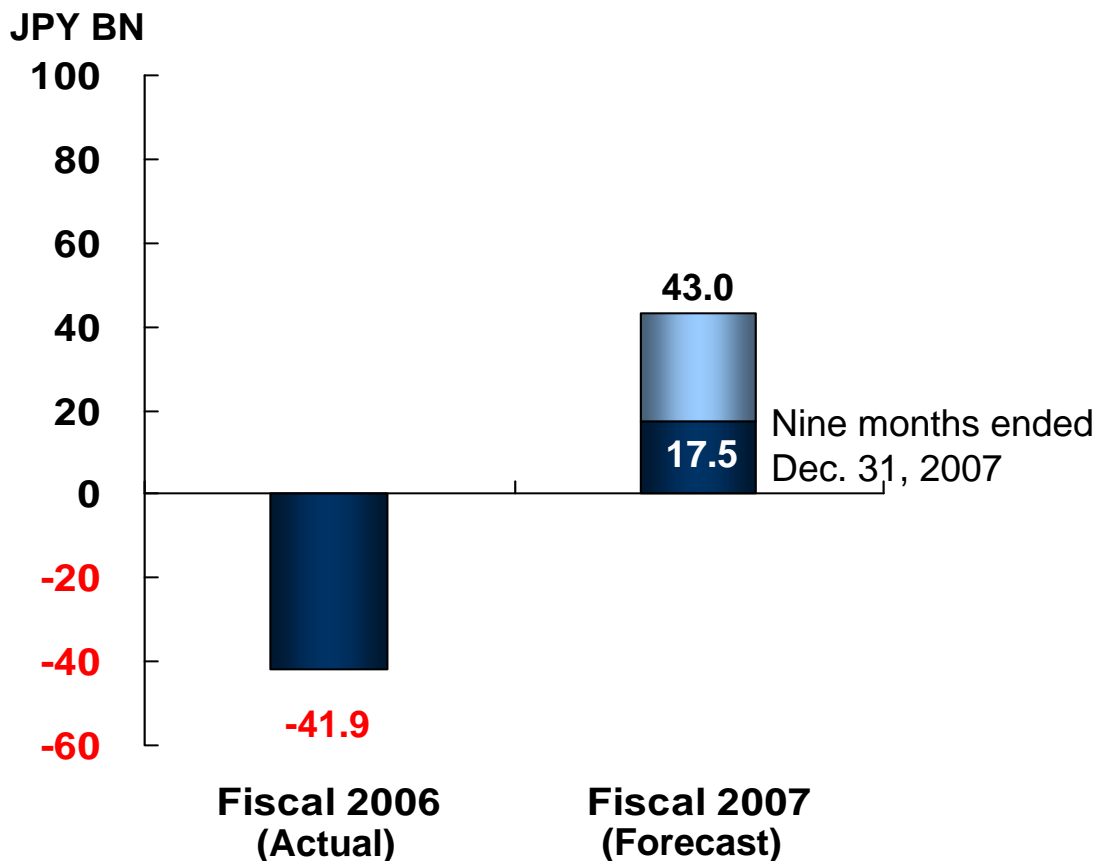


Additional impact recorded related to U.S. residential mortgage portfolio and lower than expected revenues in Retail Banking

Net Income Forecast: No Revision on Non-Consolidated Basis

- Impact from impairment of investments in APLUS and Shinki in 2Q FY07 and U.S. residential mortgage portfolio

Net Income



Highlights

Impact mainly from impairment of investments in APLUS and Shinki on a non-consolidated basis

Impact from mark-down and reserves related to U.S. residential mortgage portfolio

Dividends expected from subsidiaries



Consolidated Financial Highlights and Topics

Thierry Porté, President and Chief Executive Officer



Financing and Asset Quality

Rahul Gupta, Senior Managing Executive Officer, Chief Financial Officer

- » **Funding Composition**
- » **Financial Stability and Asset Quality**
- » **Credit Ratings**



The Three Strategic Business Pillars

Rahul Gupta, Senior Managing Executive Officer, Chief Financial Officer

- » **Institutional Banking**
- » **Retail Banking**
- » **Consumer and Commercial Finance**

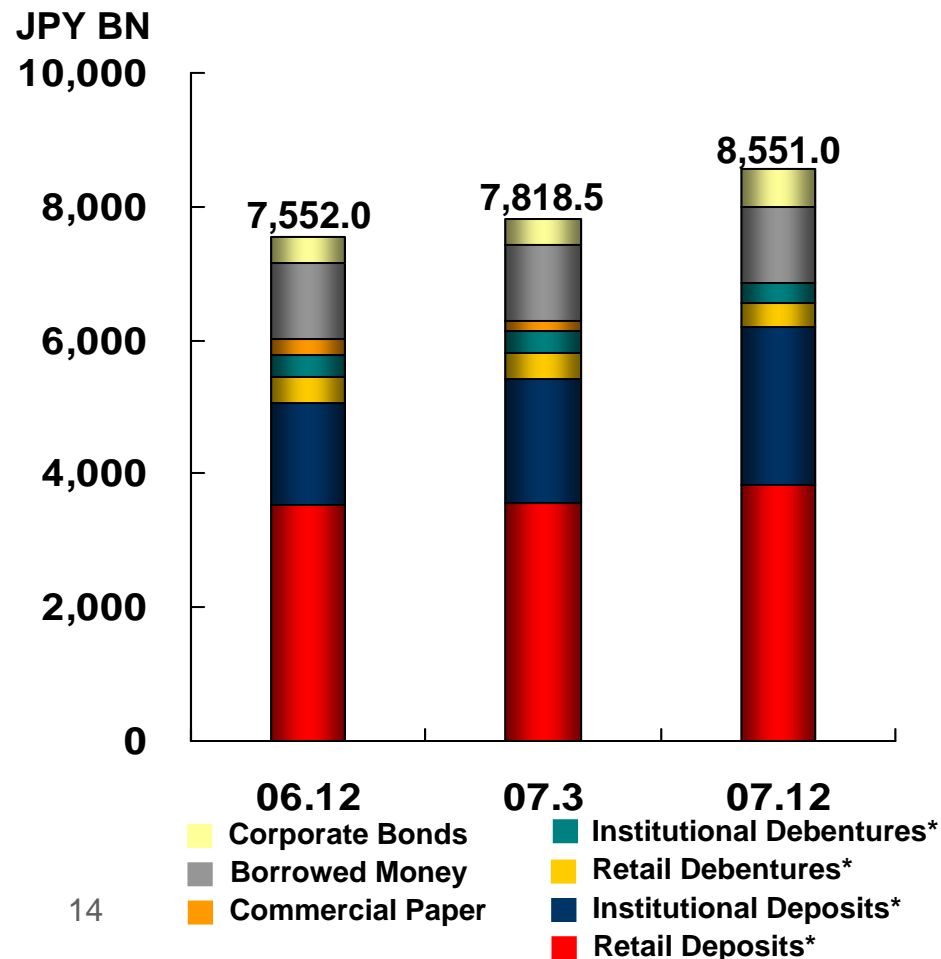
 SHINKI Co., Ltd.: Hitoshi Tsunemine, President

Funding Composition: Liquidity and Diversification

- Focus on liquidity management and diversification to meet funding needs
 - ✓ Customer-based funding making up 80% of total funding

Funding Composition

Main Points



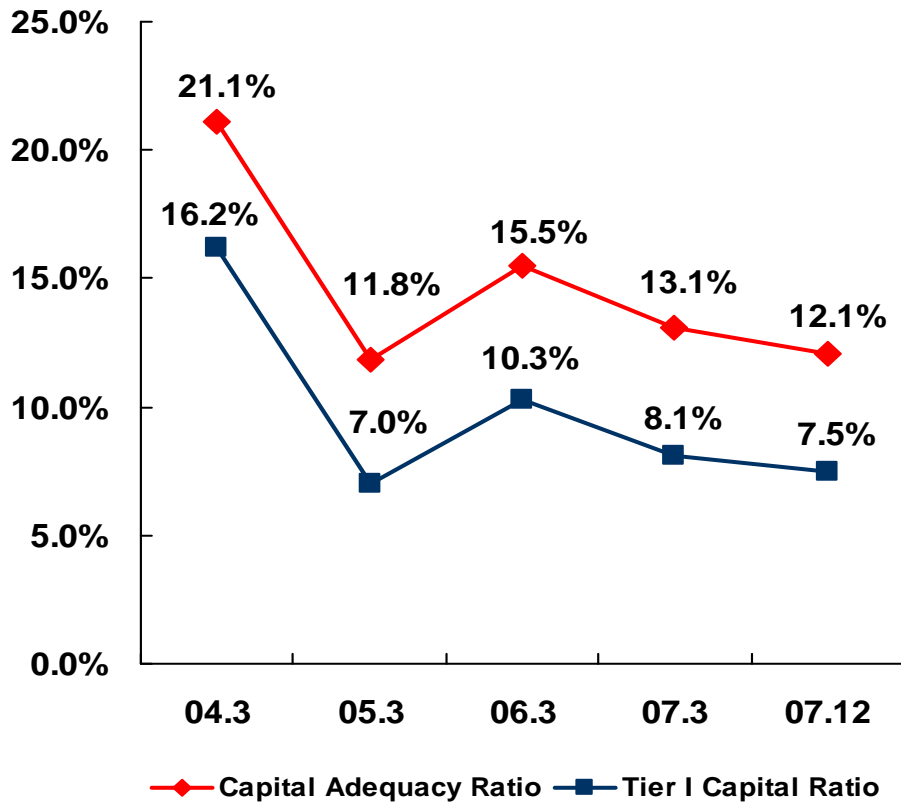
- Maintaining good balance between customer-based* and non-customer based funding
- Strong growth in institutional and retail deposits
- Increase in corporate bonds

* Customer-based funding

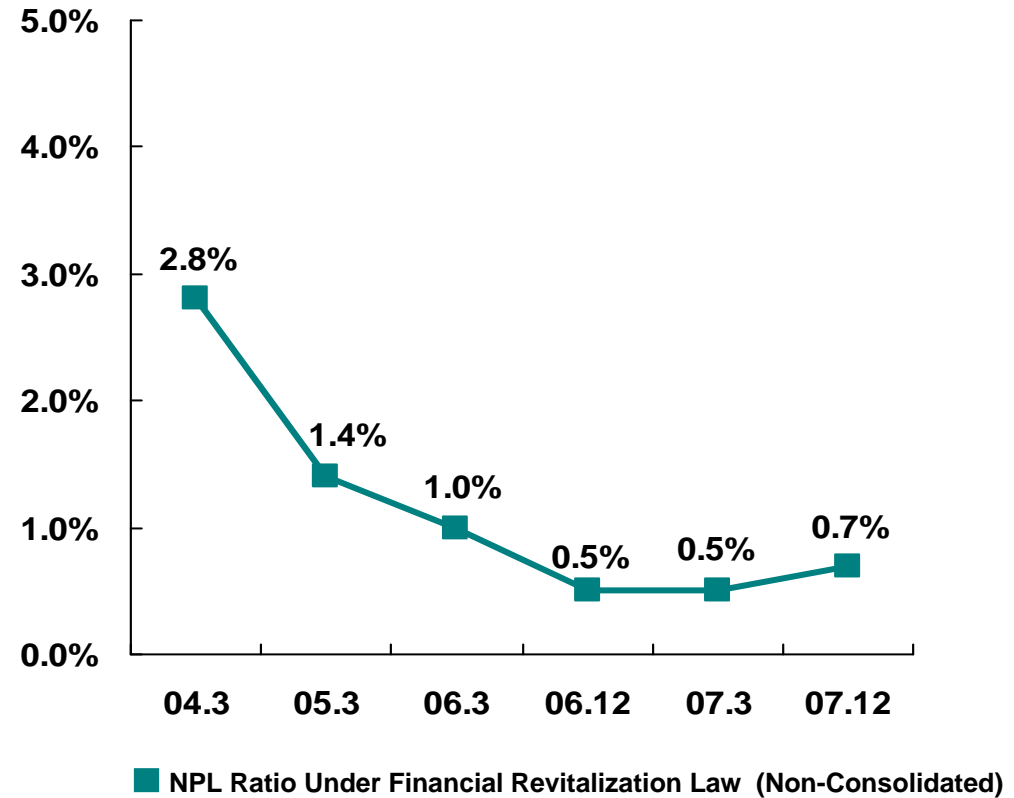
Financial Stability and Asset Quality:

➤ Maintaining solid financial stability and healthy asset quality

Financial Stability



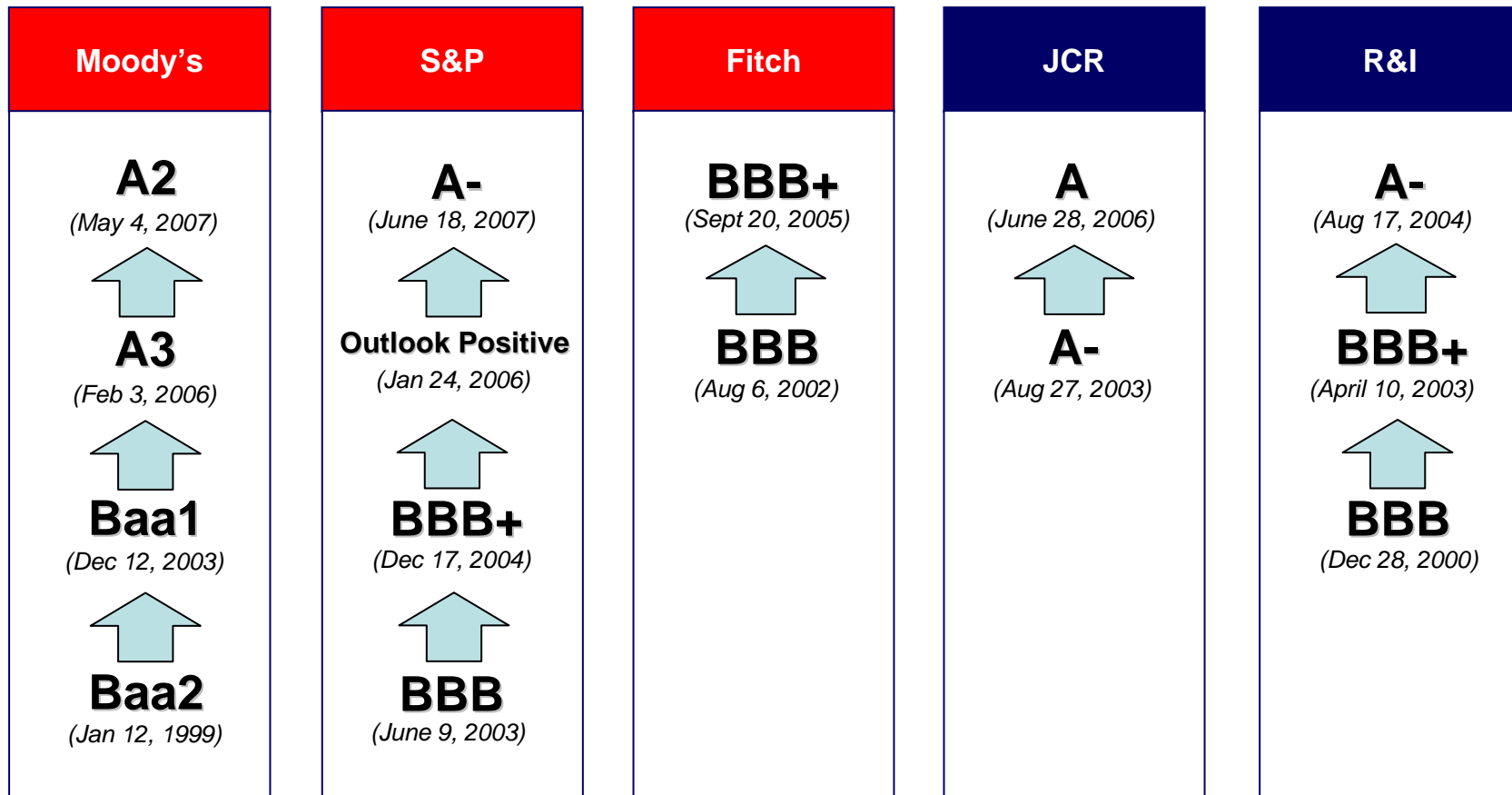
Asset Quality





Credit Ratings: Long-Term Senior Debt

- Concentration on developing relationships with both overseas and domestic rating agencies
- Achieved constant improvement in credit ratings since establishment of Shinsei Bank in 2000





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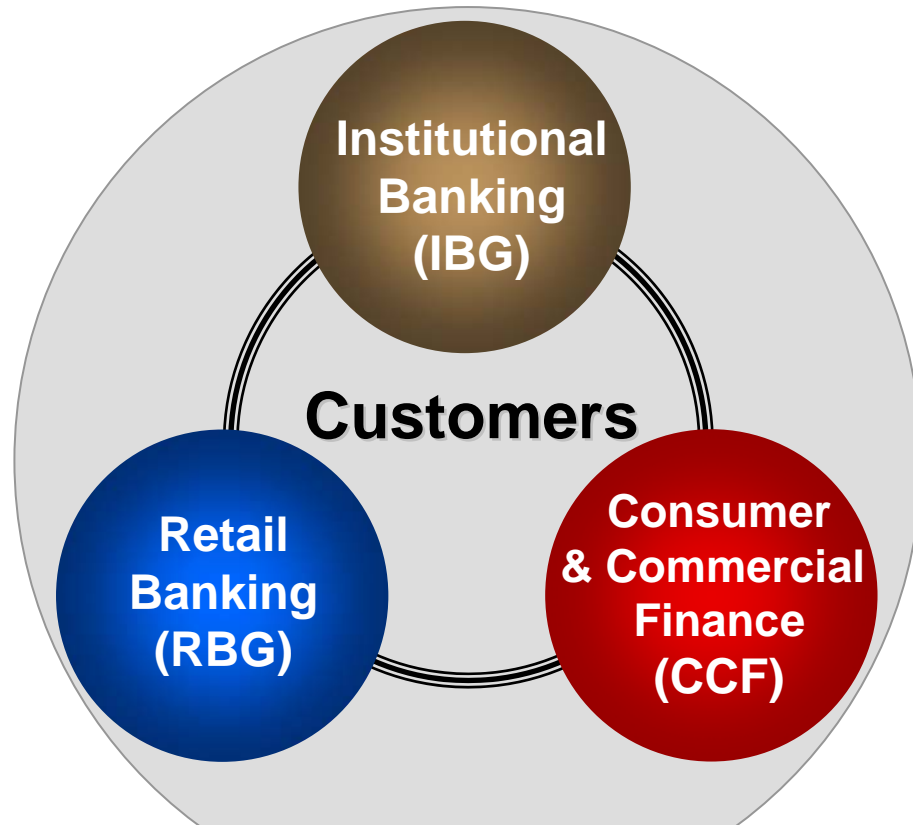
SHINKI Co., Ltd.: Hitoshi Tsunemine, President



Business Line Overview:

Institutional Banking, Retail Banking, Consumer and Commercial Finance

- Three-pillar business strategy focused on Institutional Banking, Retail Banking and Consumer & Commercial Finance



Institutional Banking focuses mainly on corporate customers providing lending, securitization, credit trading, capital market, advisory, wealth and asset management services

Retail Banking provides deposit services, mutual funds, annuity/insurance and mortgage loans

Consumer & Commercial Finance provides consumer finance, commercial finance, leasing, business finance and specialty property finance to retail and corporate customers





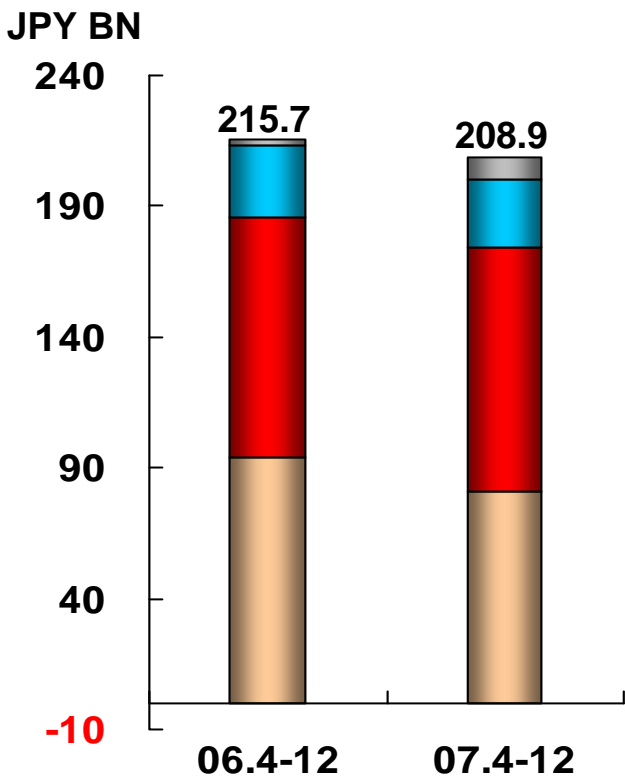
Business Line Overview:

Institutional Banking, Retail Banking and Consumer and Commercial Finance

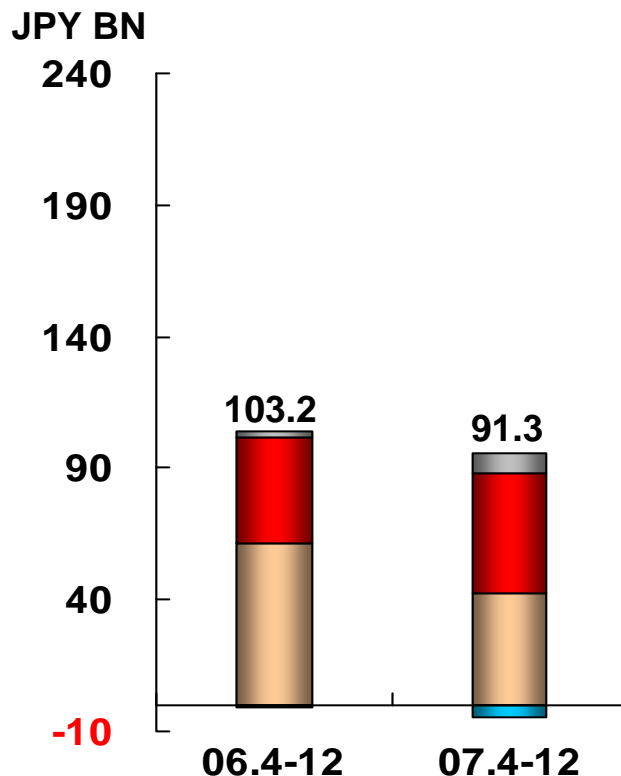


➤ Institutional Banking continues to account for majority of operating business profits (OBP) after net credit (recoveries) costs

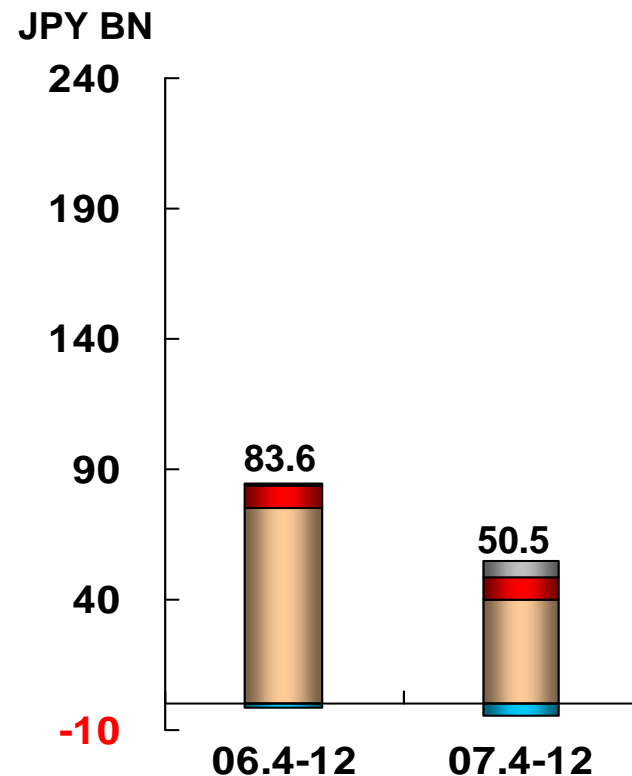
Revenues



OBP (Loss)



OBP (Loss) After Net Credit (Recoveries) Costs



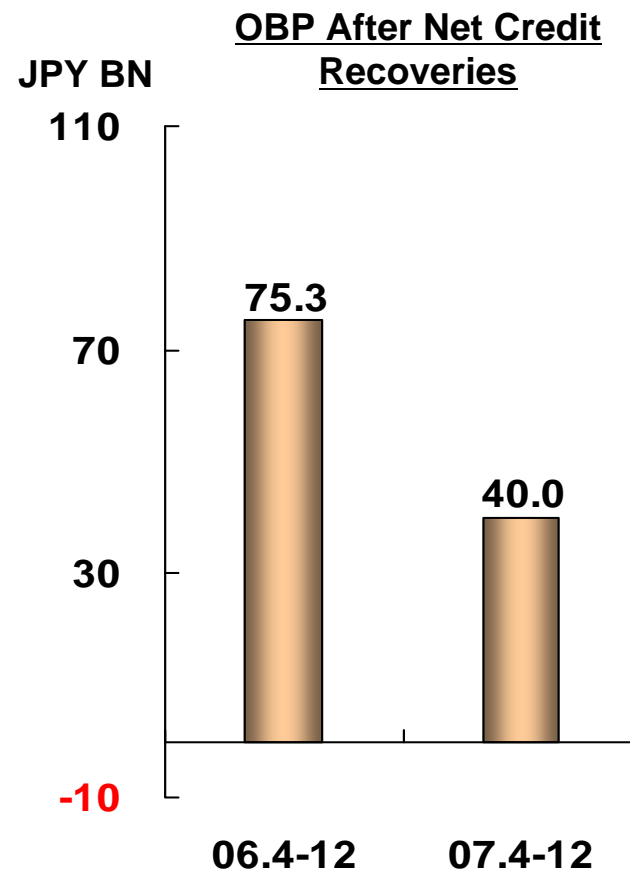
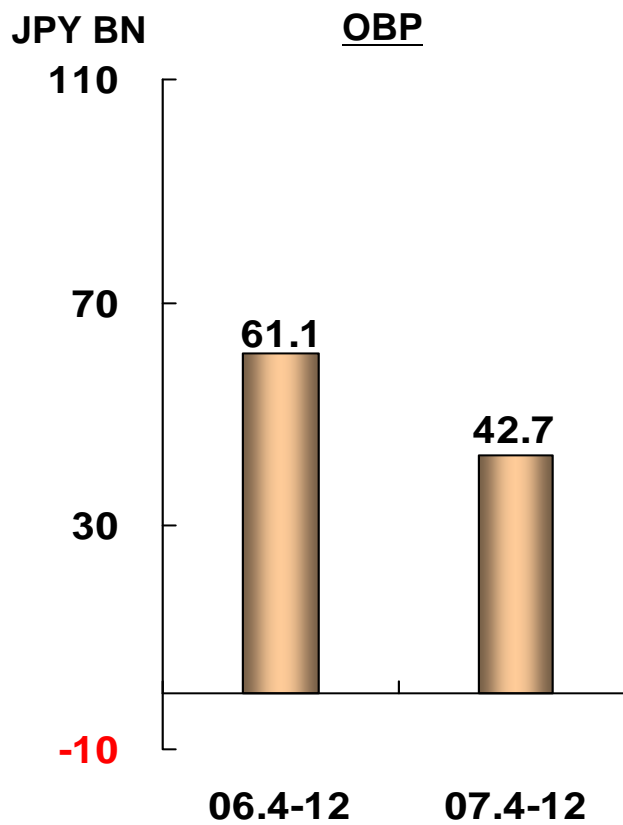
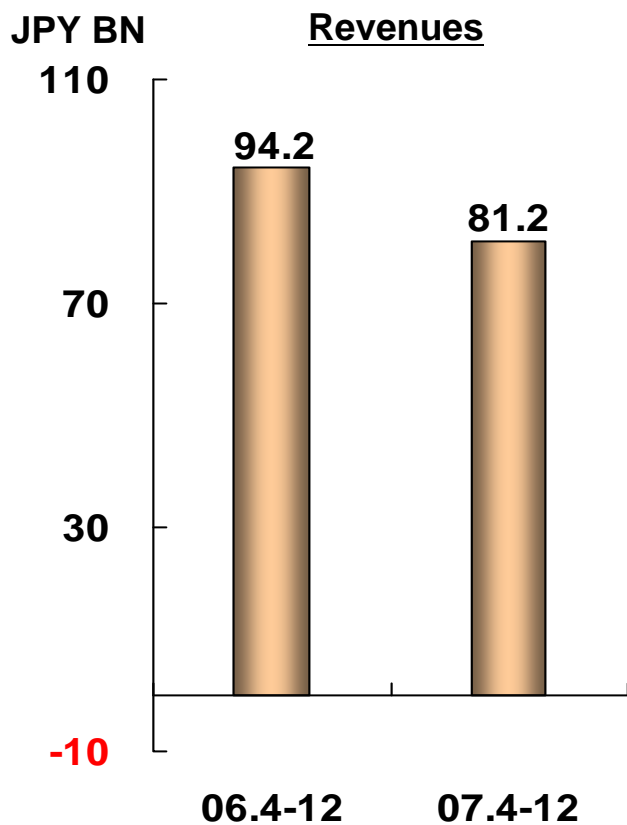
- ALM/Corporate/Other
- Retail Banking
- Consumer and Commercial Finance
- Institutional Banking



Institutional Banking: Financial Highlights



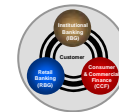
- Revenues down due to absence of large gains and mark-down on U.S. residential mortgage portfolio
- OBP was lower due to an increase in employees to support business expansion
- OBP after net credit recoveries lower as a result of reserves related to U.S. residential mortgage business



Institutional Banking



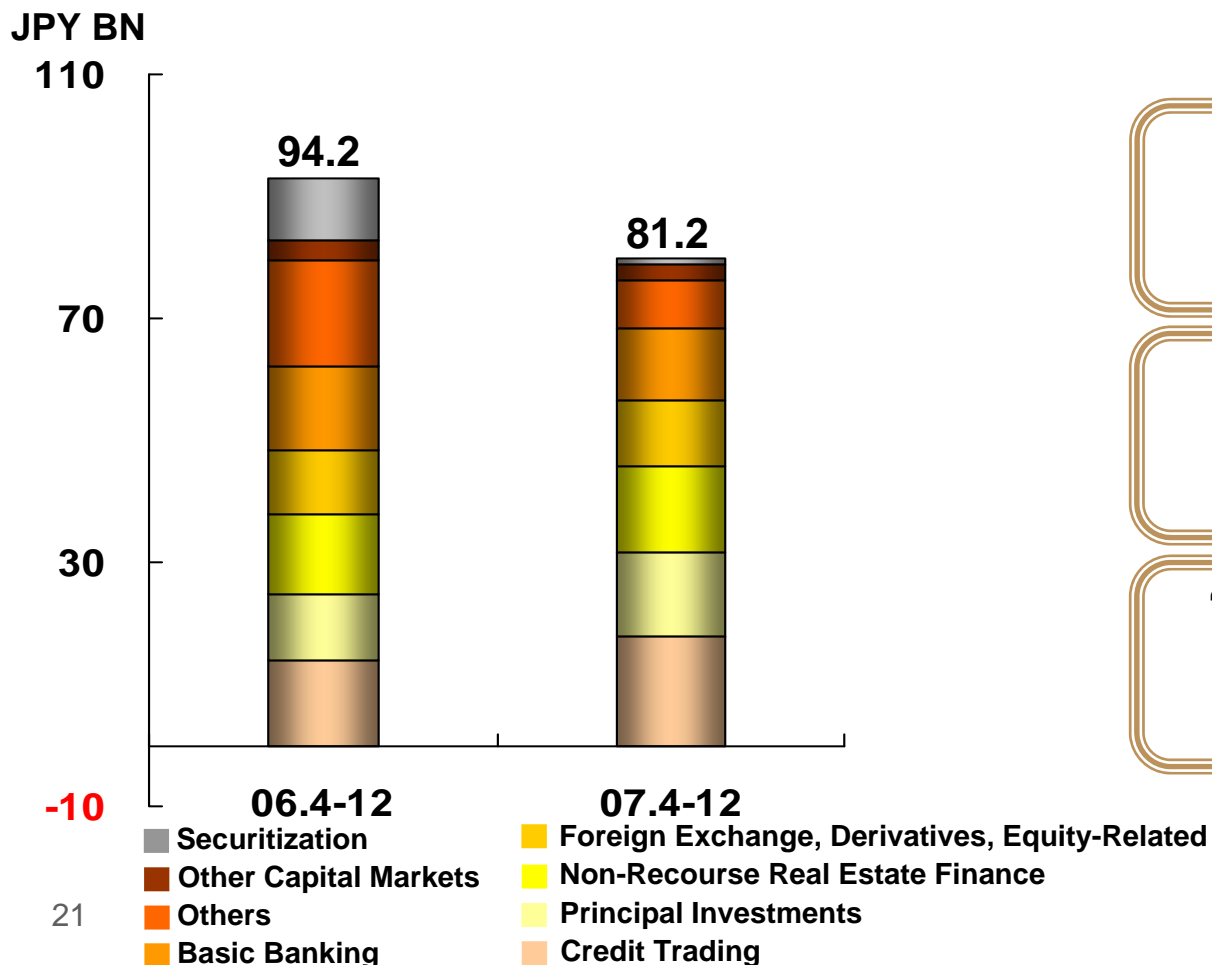
Institutional Banking: Revenue Breakdown



➤ Revenue diversification ensures earnings stability in Institutional Banking

Revenues

Main Points



Revenues from “Credit Trading”, “Principal Investments” and “Non-Recourse Real Estate Finance” up

“Others” down due absence of large gains that were recognized in the same period of previous fiscal year

“Securitization” down due to impact from mark-downs on U.S. residential mortgage portfolio

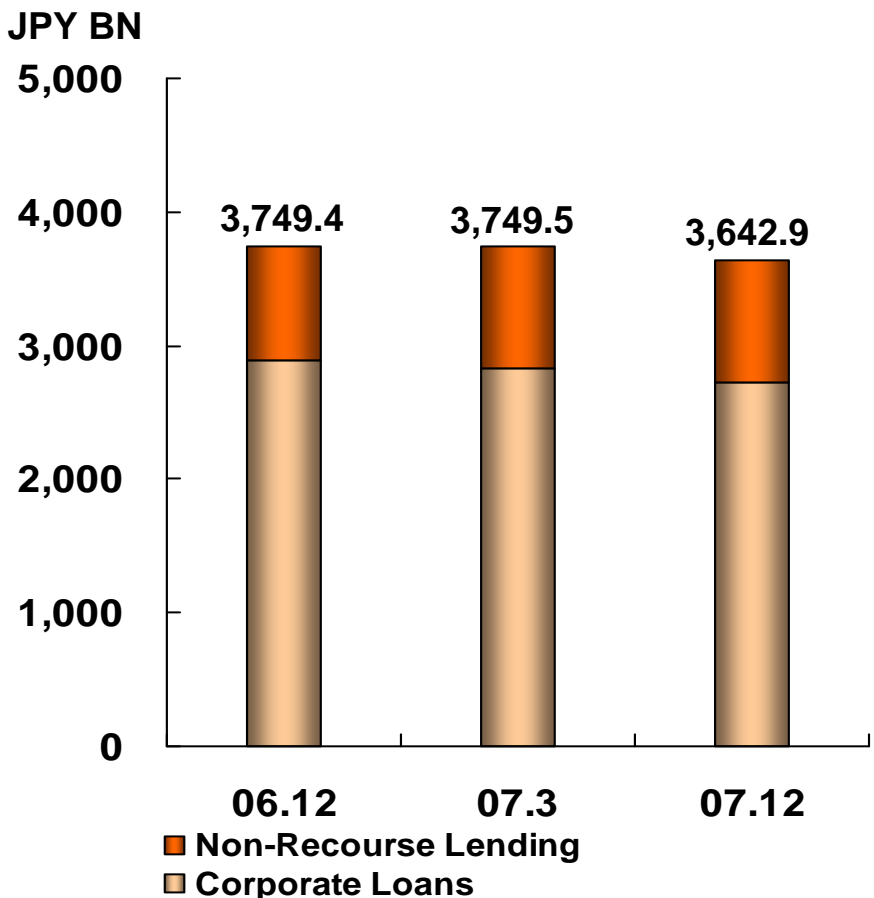


Institutional Banking: Loans, Deposits and Debentures

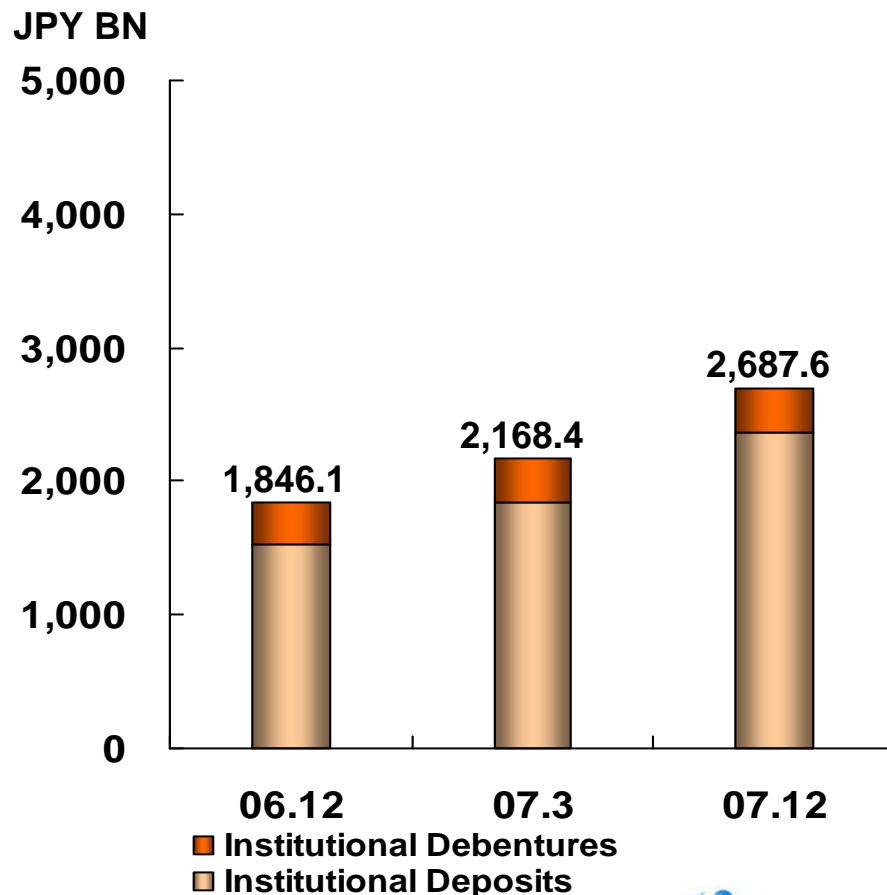


- Stable base of corporate loans and non-recourse lending
- Strong growth in institutional deposits

Corporate Loans & Non-Recourse Lending

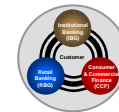


Deposits & Debentures



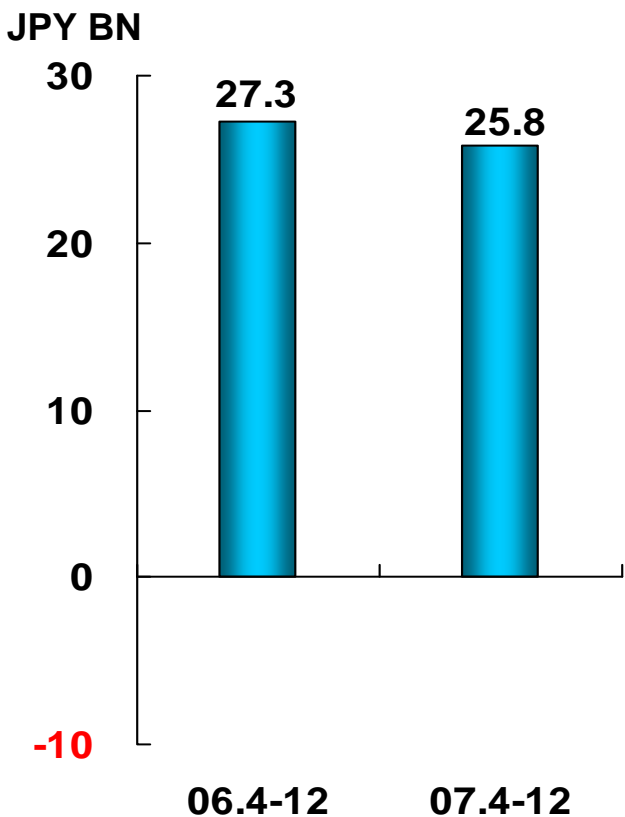


Retail Banking: Financial Highlights

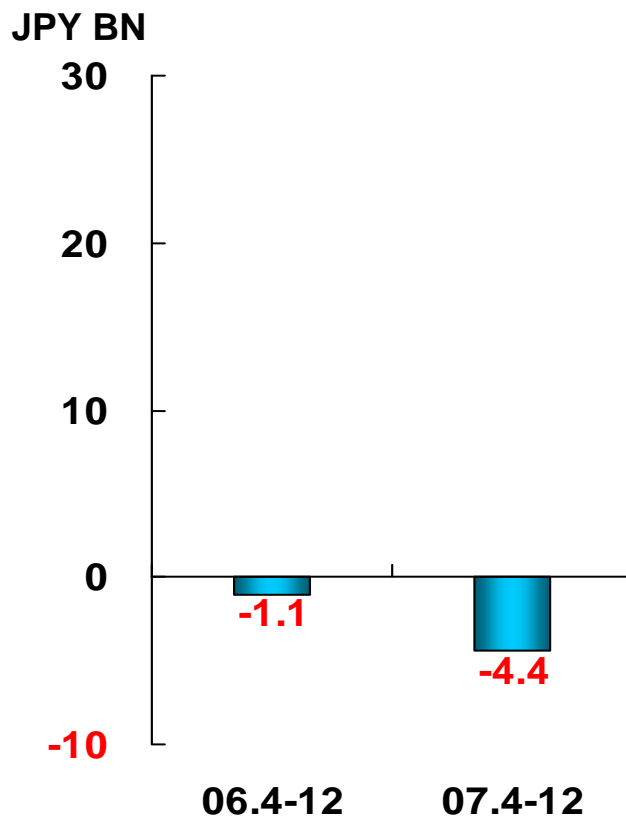


➤ Challenges continue to face the Retail Banking business as revenue, Ordinary Business Loss (OBL) and OBL after net credit costs was down year on year

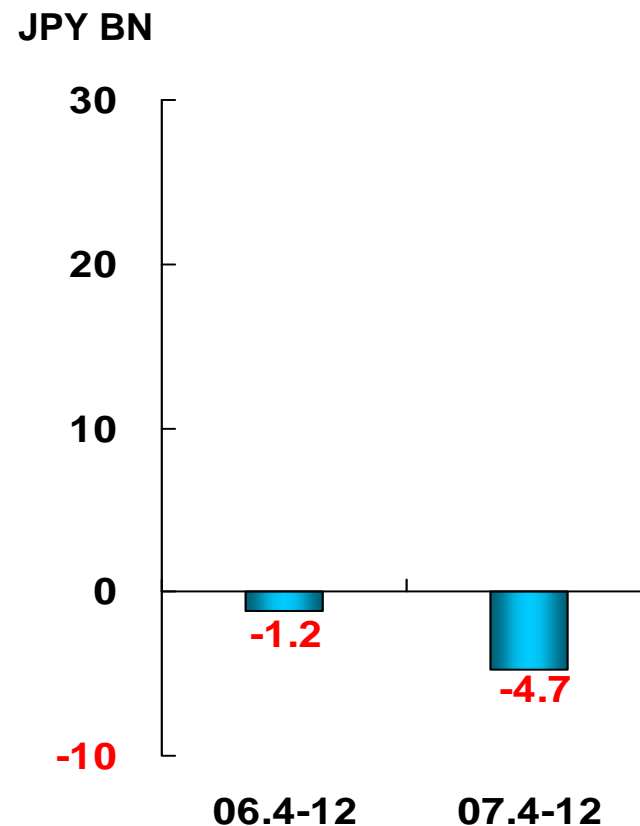
Revenues



OBL



OBL After Net Credit Costs

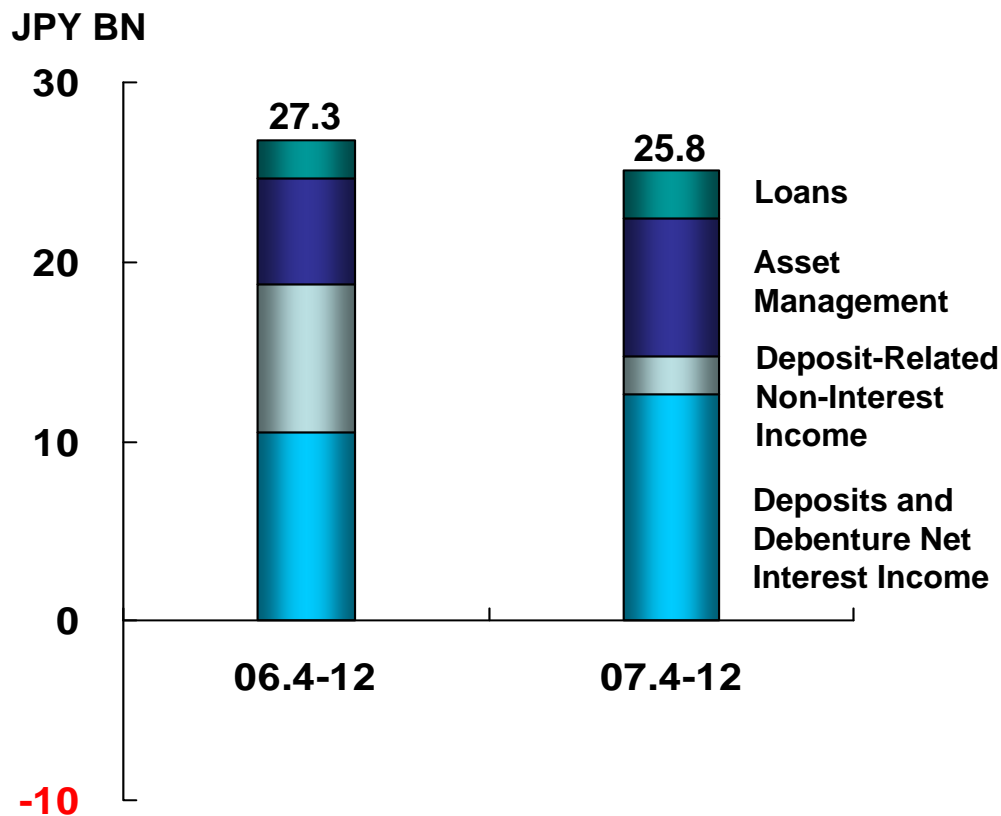


Retail Banking: Revenue Breakdown



➤ Good growth in all areas except deposit-related non-interest income

Revenues



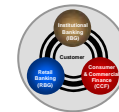
Main Points

- Net interest income increased while non-interest declined
- Strong rise in “Asset Management” revenues and “Deposit and Debenture Net-Interest Income”
- Lower “Deposit-Related Non-Interest Income (option income)” related to structured deposits



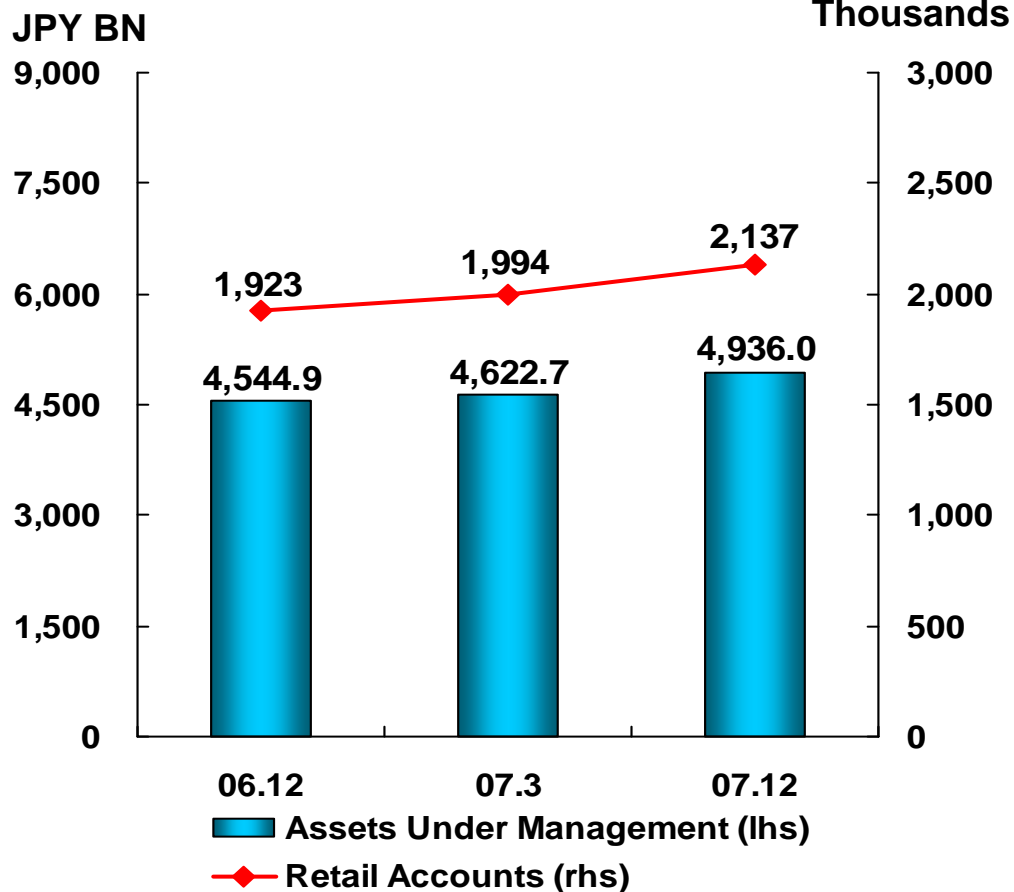
Retail Banking:

Assets Under Management (AUM), Retail Accounts and Housing Loans

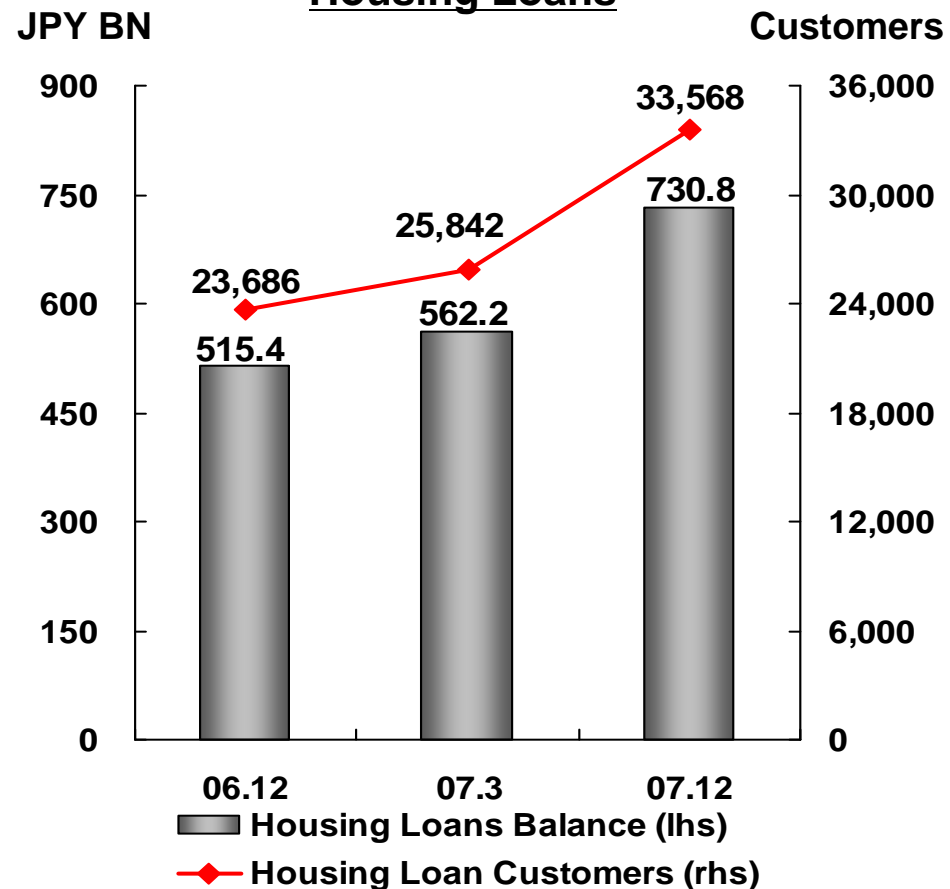


- Steady balance of AUM centered on retail deposits, mutual funds and variable annuities
- Strong increase in housing loan customers leading to solid growth of housing loans

AUM & Retail Accounts



Housing Loans

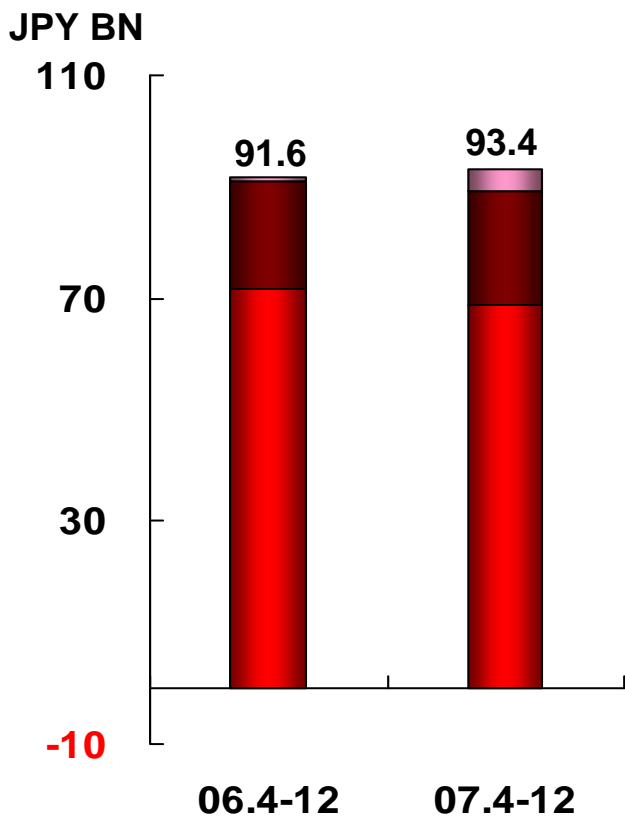


Consumer and Commercial Finance: Financial Highlights

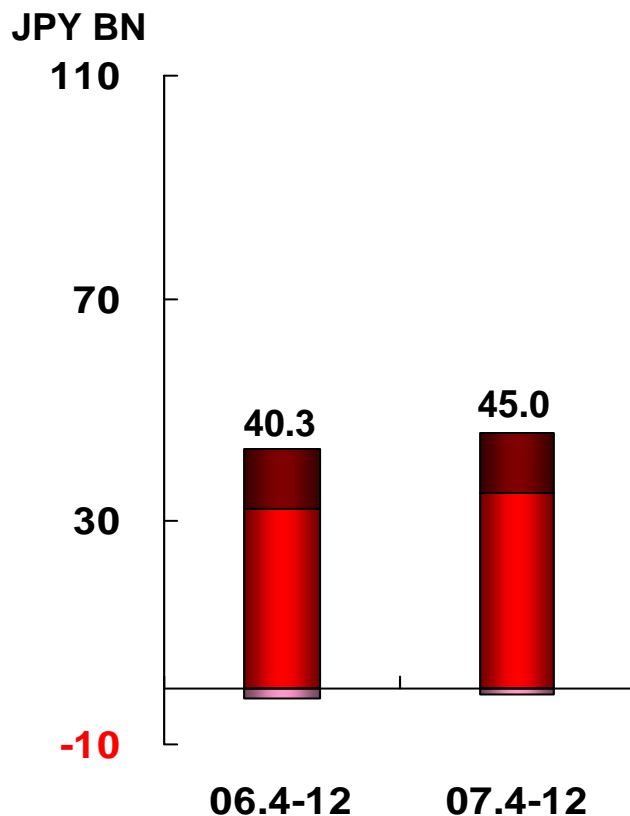


➤ Maintaining OBP after net credit costs due mainly to larger contribution from APLUS

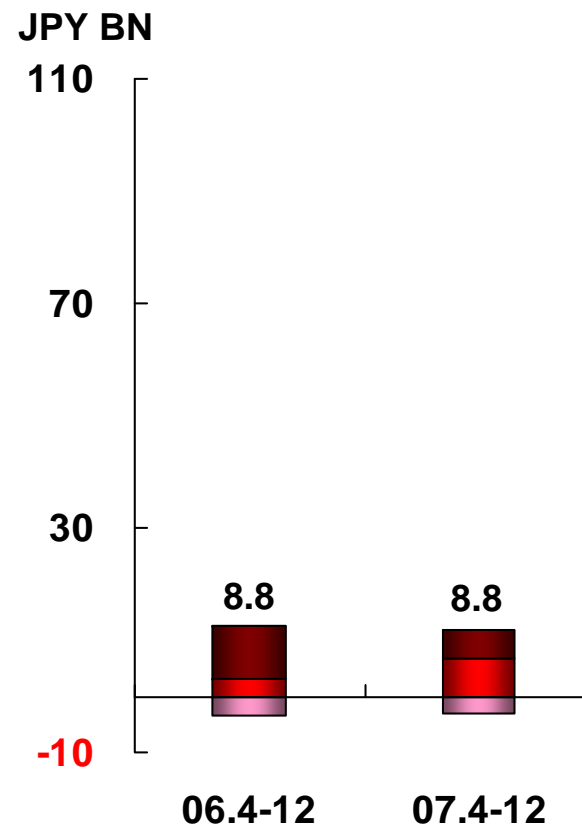
Revenues



OBP (Loss)



OBP (Loss) After Net
Credit Costs



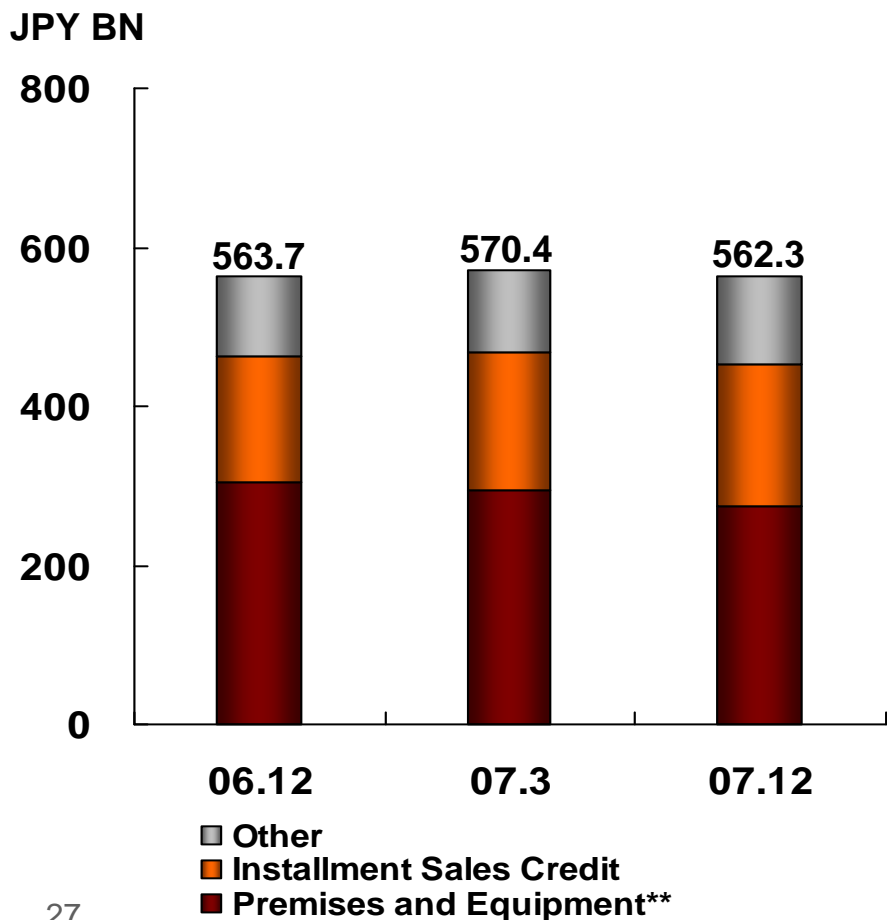
■ Showa Leasing
■ APLUS
■ Other

Consumer and Commercial Finance: Showa Leasing Balance Sheet



➤ Steady balance of assets at Showa Leasing

Total Assets*



Main Points

Lower asset balance due to slight decline in “Premises and Equipment” balance despite higher “Other” and “Installment Sales Credit” balances

*Showa Leasing consolidated data after reclassification to conform to bank's financial statements, before consolidating to Shinsei Bank

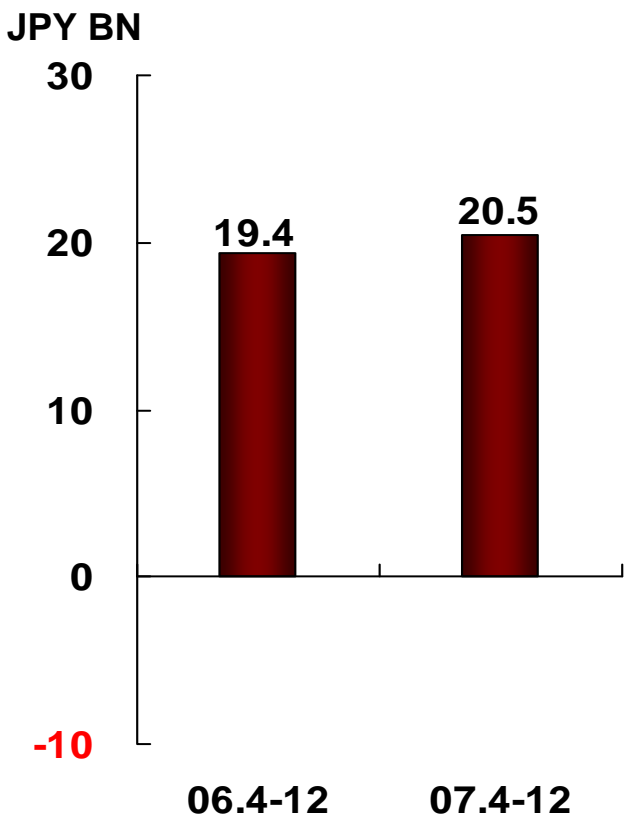
**Leasing assets are included in premises and equipment

Consumer and Commercial Finance: Showa Leasing Financial Highlights

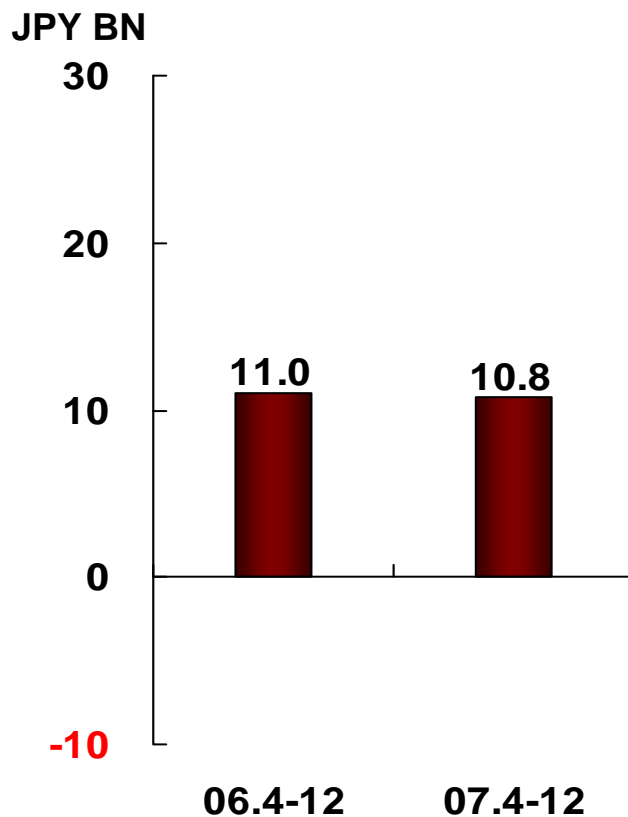


➤ Lower OBP after net credit costs

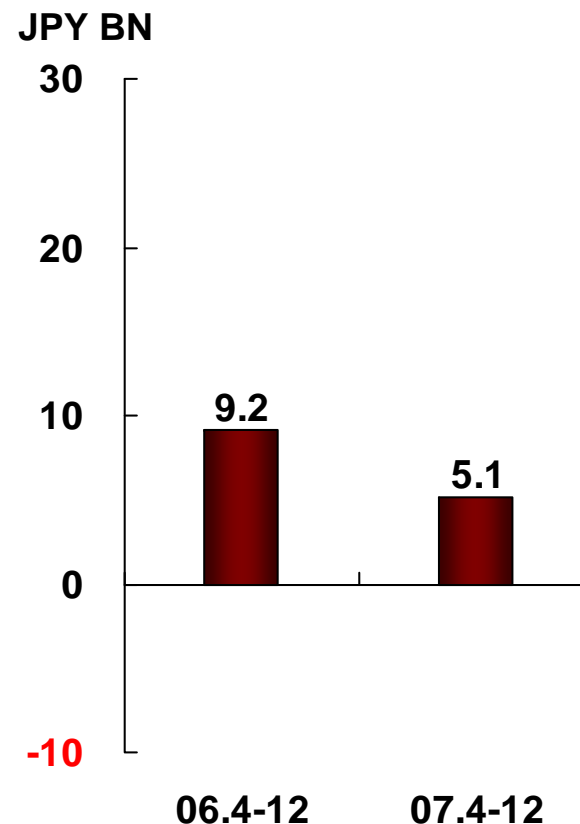
Revenues



OBP



OBP After Net Credit Costs



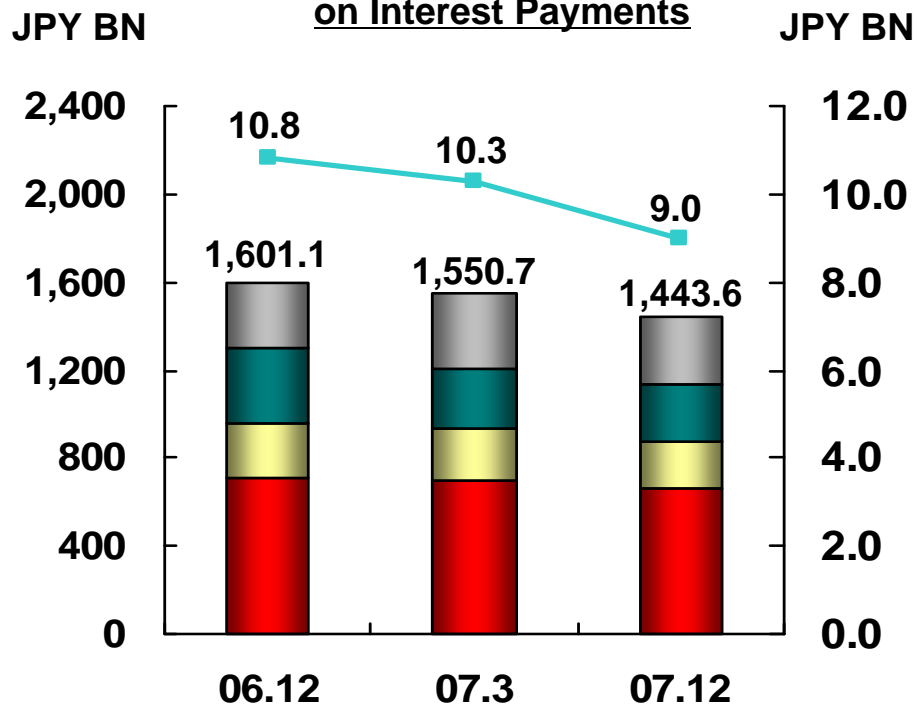
■ Showa Leasing

Consumer and Commercial Finance: APLUS Balance Sheet



- Total assets were down at APLUS as a result of tighter credit standards
- Maintaining capital efficient reserve policy

**Total Assets & Reserve for Losses
on Interest Payments**

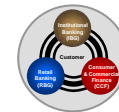


- Other (lhs)
- Installment Sales Credit (lhs)
- Loans and Bills Discounted (lhs)
- Customers' Liabilities for Acceptances and Guarantees (lhs)
- Reserve for Losses on Interest Payments (rhs)

Main Points

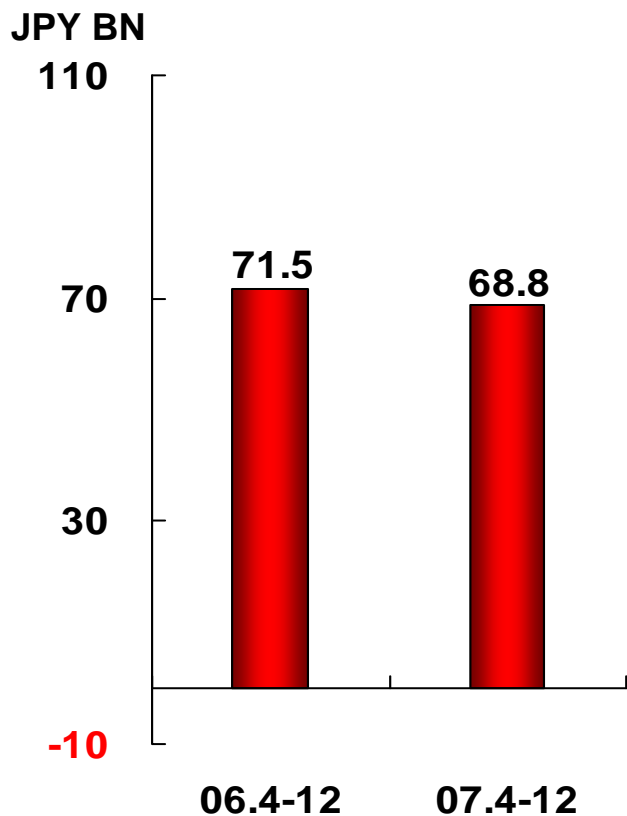
- Lower balance of all asset classes as APLUS has tightened its credit standards
- Reserve for losses on interest payments were depleted as a result of payments related to interest repayments

Consumer and Commercial Finance: APLUS Financial Highlights

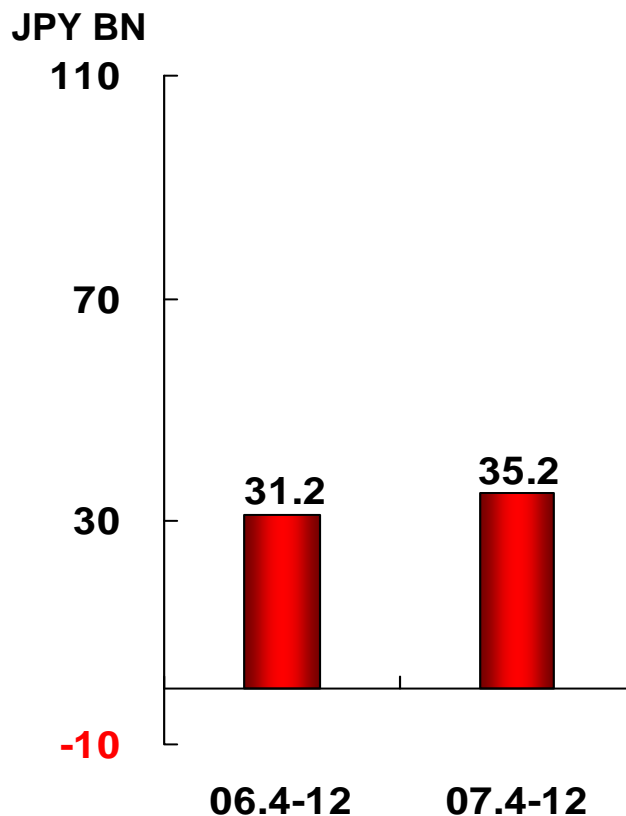


➤ Increase in OBP and OBP after net credit costs despite lower revenues

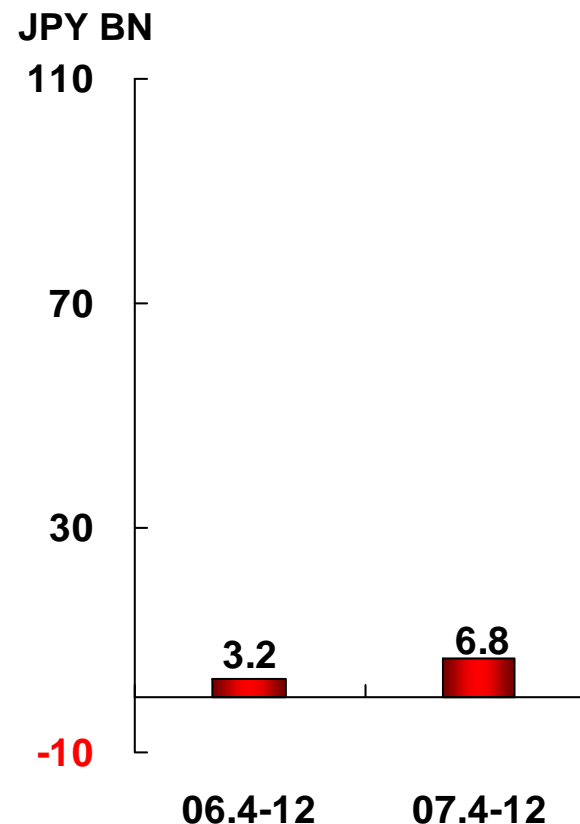
Revenues



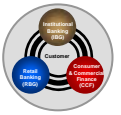
OBP



OBP After Net Credit Costs

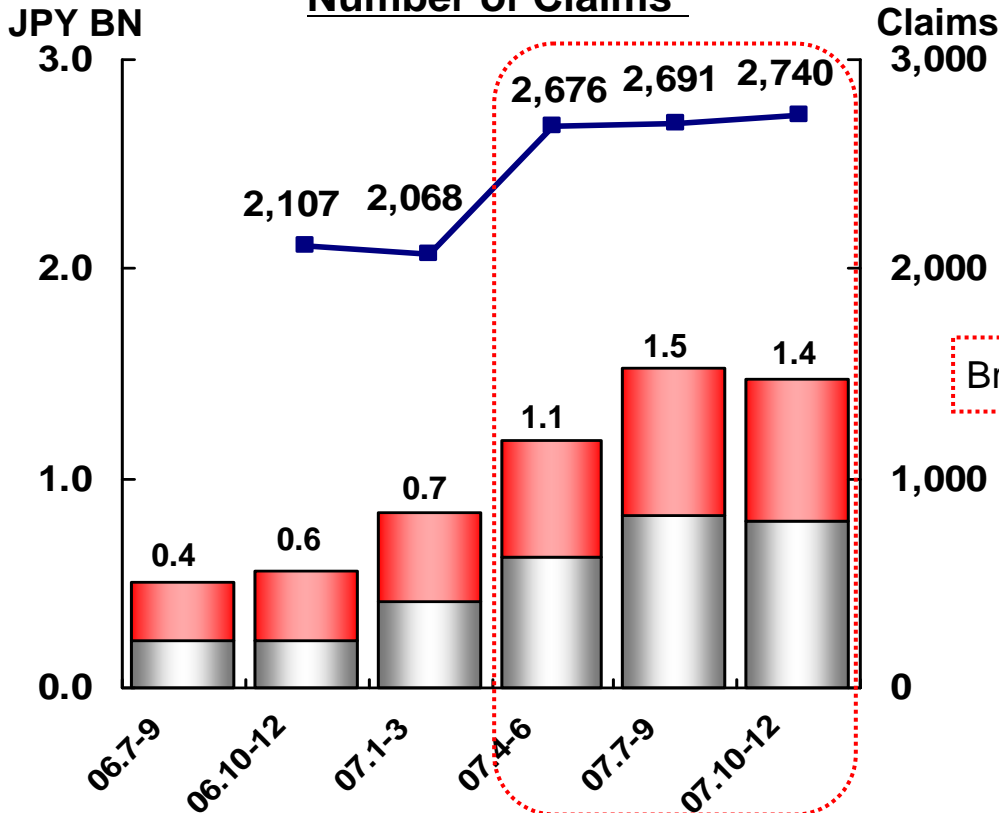


Consumer and Commercial Finance: APLUS Grey Zone Trend

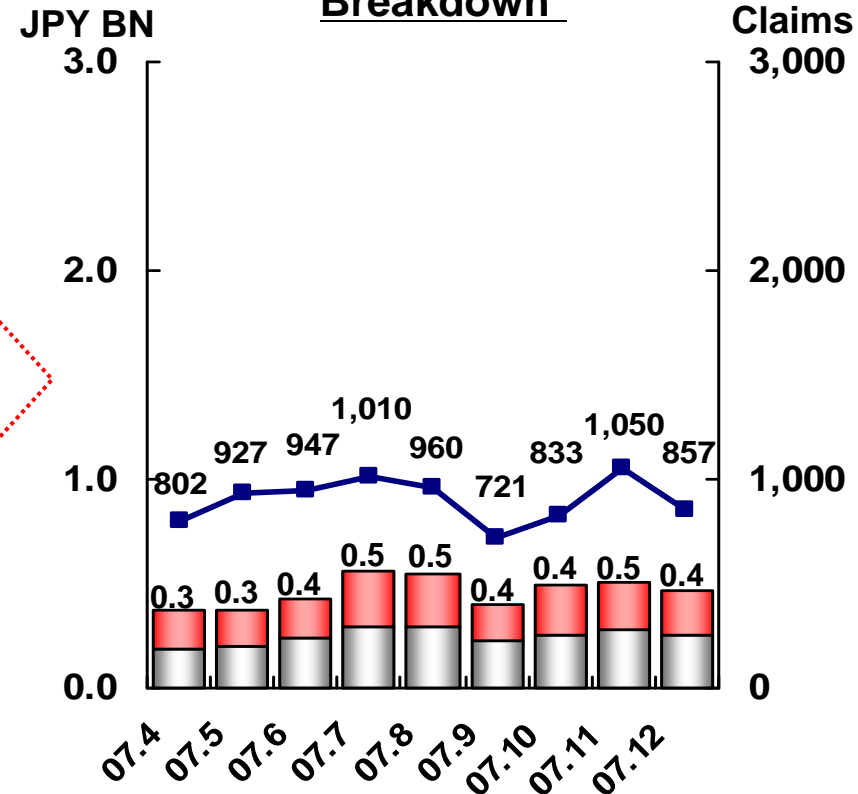


- Number of claims for grey zone refunds increased in 1Q, but has started flattening out from 2Q
 - ✓ Continuing to monitor the trend and apply the appropriate level of provisions

Grey Zone Claim Refunds & Number of Claims*



FY07 Apr-Dec 07 Breakdown*



■ Debt Write-off Amount (lhs)

■ Interest Repayment Amount (lhs)

■ # of Claims (rhs)



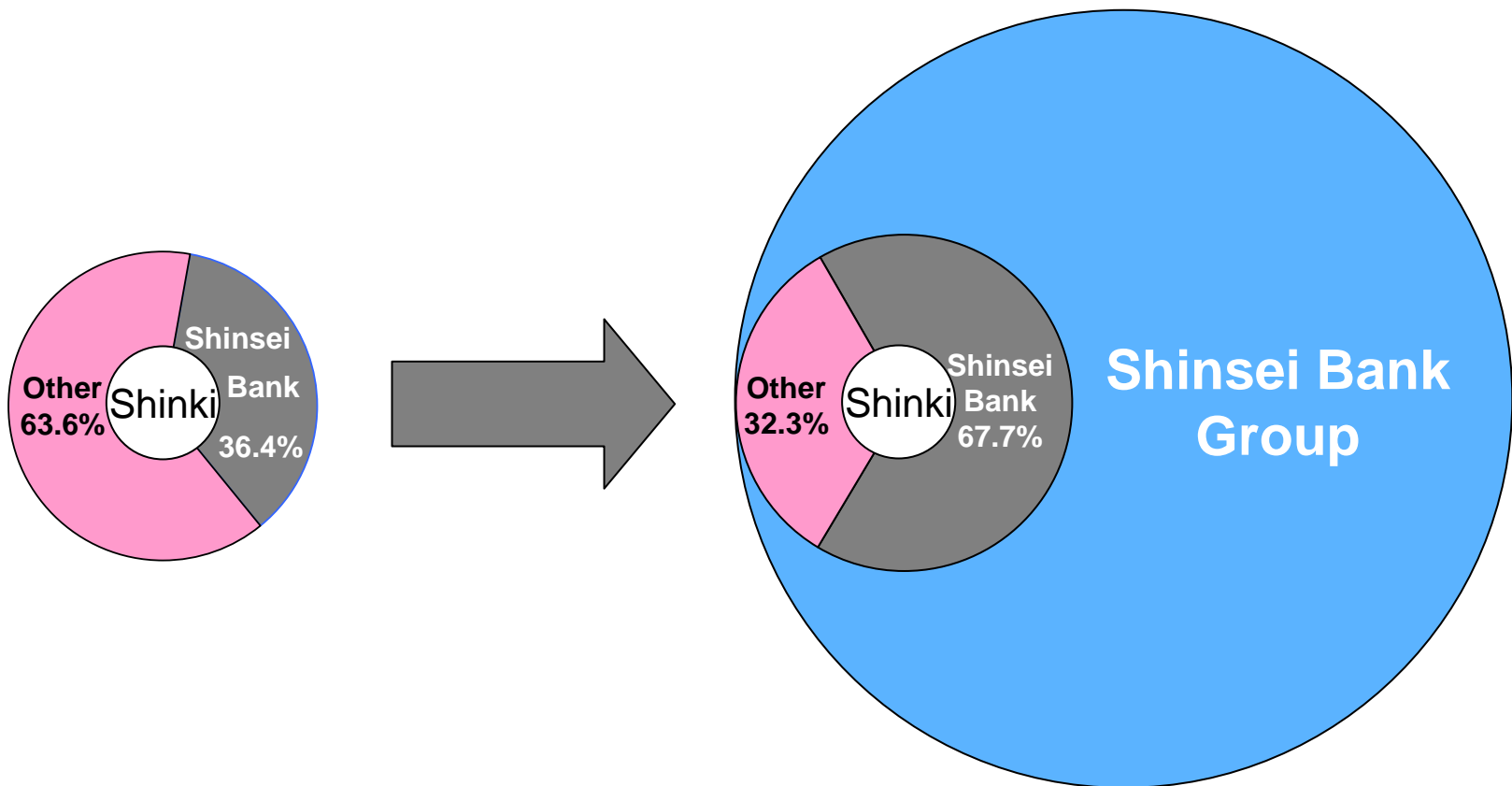
Consumer and Commercial Finance: Shinki Becomes Consolidated Subsidiary of Shinsei Bank



- Shinsei Bank's share in Shinki increased from 36.4% to 67.7%
- ✓ Shinki has been accounted for as a consolidated subsidiary from the third quarter of fiscal year 2007

Shinki Before: Equity Method Affiliate

Shinki After: Consolidated Subsidiary



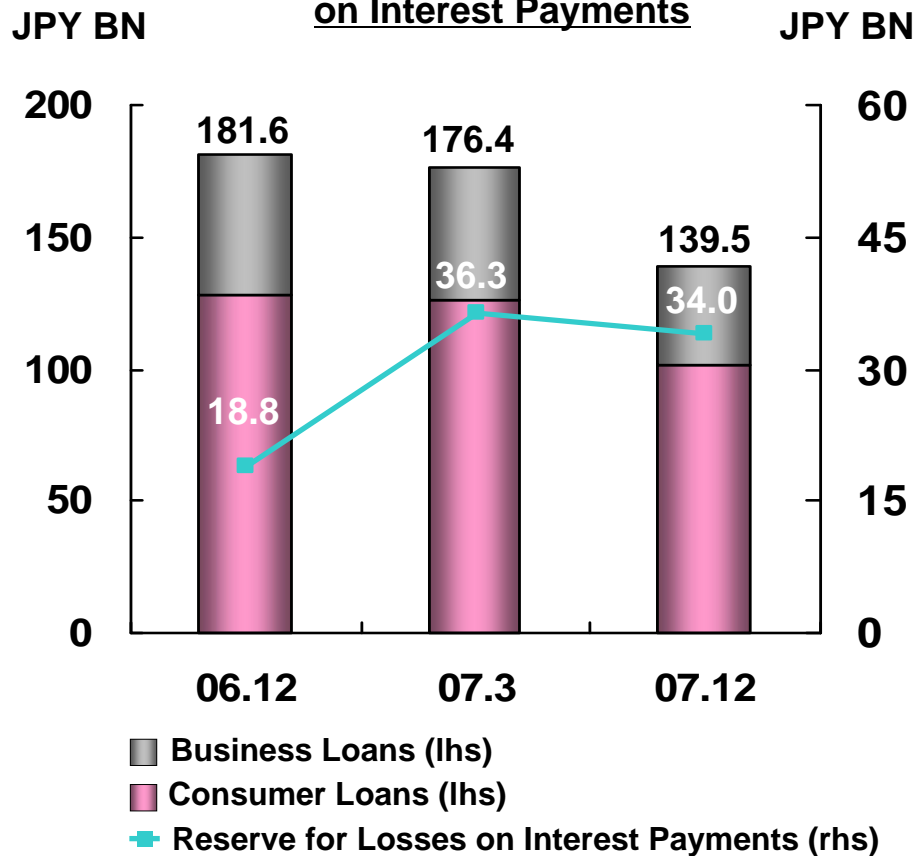


Consumer and Commercial Finance: Shinki Loan Balance Breakdown by Customer Type



➤ Shinki's focus on quality white-zone lending to both consumers and businesses resulted in a lower balance of loans

**Total Loans & Reserve for Losses
on Interest Payments**



Main Points

All new loans are being made in the white-zone and existing quality customers are being migrated into the white-zone

Loan balance decreased after introduction of a stricter white-zone credit evaluation standard in April 2007 where additional loans to higher risk customers have been discontinued

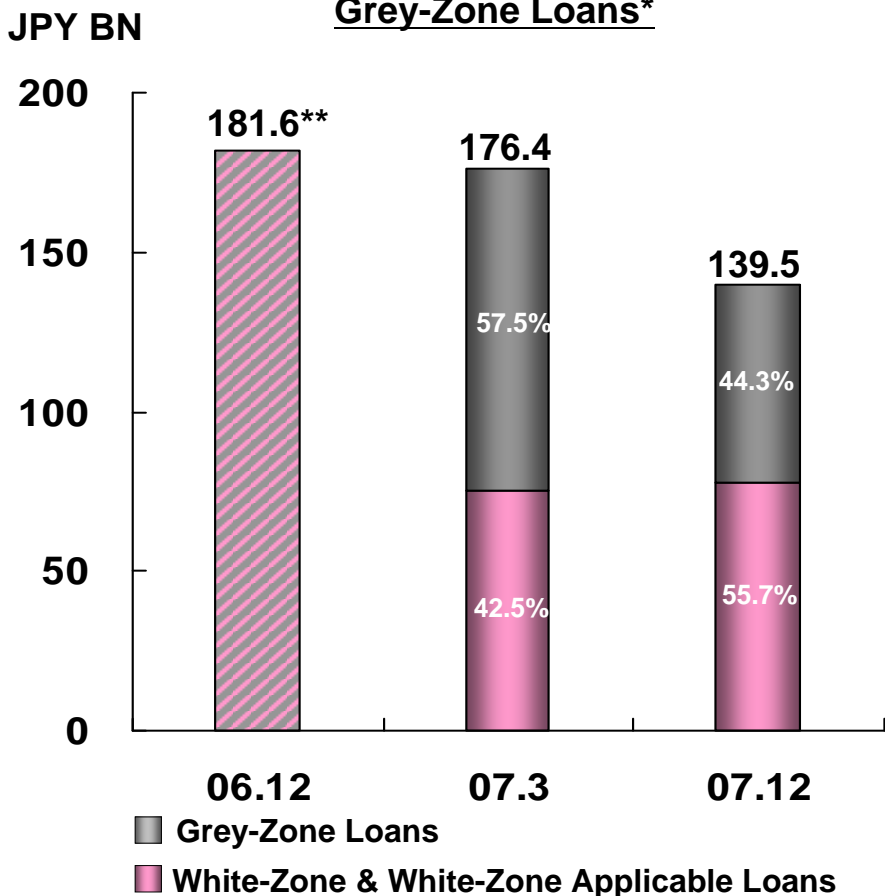
Consumer and Commercial Finance: Shinki Loan Balance Breakdown by Loan Type



➤ Decrease in grey-zone and increase in white-zone loans over the last nine months

White-Zone & White-Zone
Applicable Loans and
Grey-Zone Loans*

Main Points



Attempting to reconfigure portfolio by increasing white-zone loans and shrinking grey-zone loans

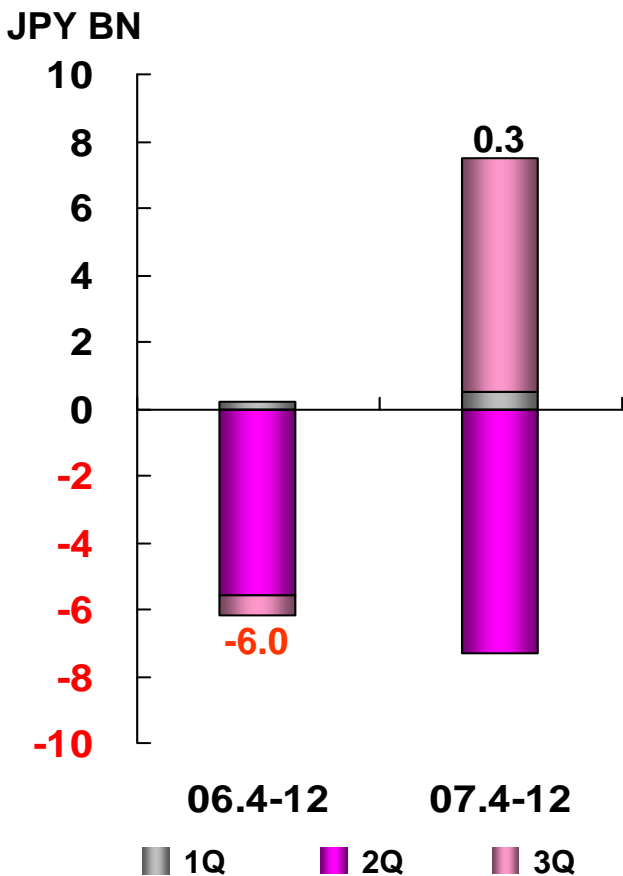
Balance of white-zone loans increased from 0.1% of total loans at March 31, 2007 to 20.3% at December 31, 2007

Consumer and Commercial Finance: Shinki Financial Highlights

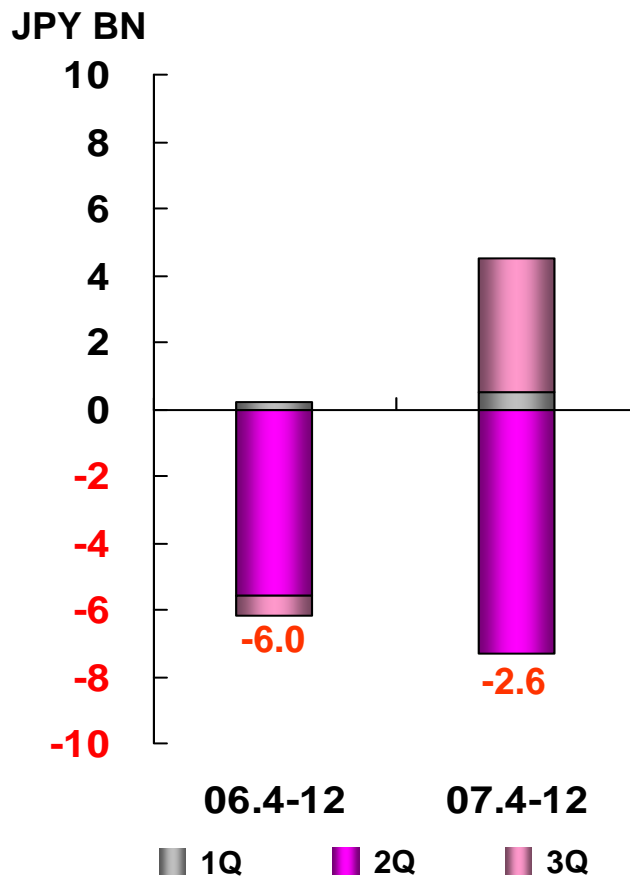


➤ Shinki had a relatively solid 3Q in FY07 after becoming a consolidated subsidiary

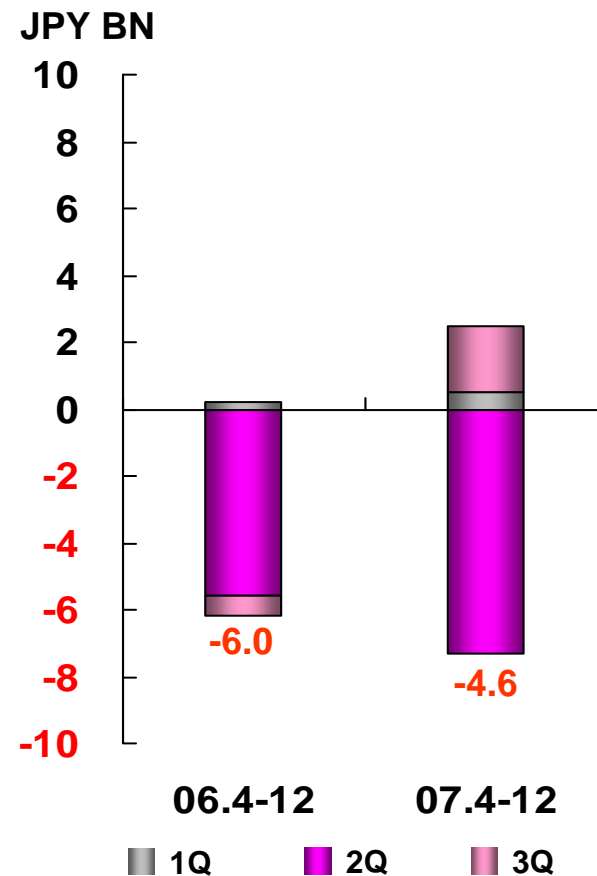
Revenues*



OBP (Loss)*



OBP (Loss) After Net
Credit Costs*

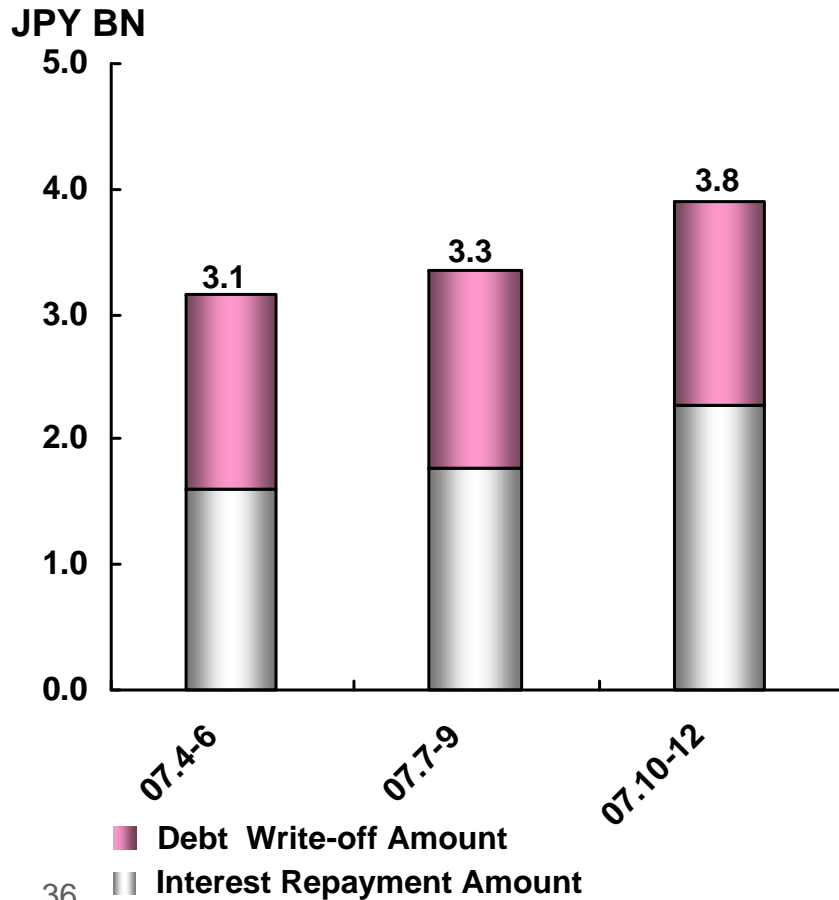


Consumer and Commercial Finance: Shinki Grey Zone Trend



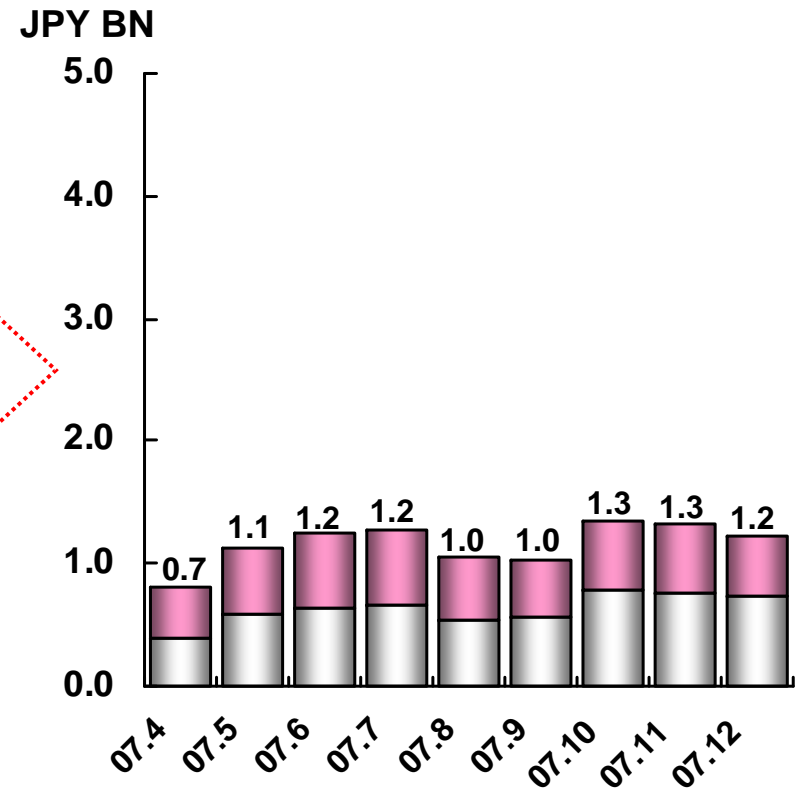
➤ Grey zone refunds trend appears to have flattened out in the 3Q of FY2007

Grey Zone Claim Refunds*



FY07 Apr.-Dec 07 Breakdown*

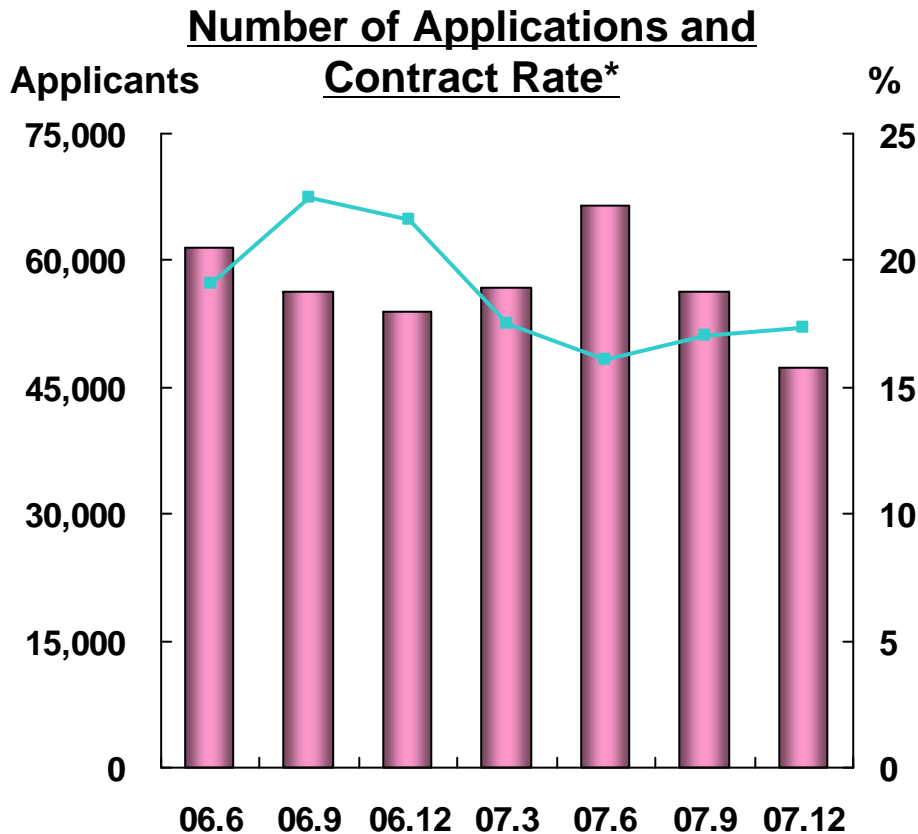
Breakdown



Consumer and Commercial Finance: Shinki New Customer Acquisition



➤ Steady trend in applications and contract rate as well as rise in quality of applicants



Main Points

Highest level of applicants for half-year period in April-Sep 2007 period as a result of lower interest rates in line with white-zone

Although number of applicants was lower in 3Q FY07 due to period of less demand and change in advertising focus, quality and contract rate of customers up

■ Number of Applicants (lhs)
■ Contract Rate (rhs)

*Shinki non-consolidated data



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