



Better Banking – Better Value



Financials and Business Results FY2004



Shinsei Bank, Limited



 **SHINSEI BANK**

Updated June 15, 2005



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.



FY2004 Financial Highlights

- Total revenue¹⁾ grew 44% to JPY 178.0 billion
- Ordinary business profit¹⁾ up 49% to 81.9 billion
- Net profit rose 2% to JPY 67.4 billion
- Cash basis net income was up 13% to JPY 74.7 billion
- Earning assets²⁾ grew 9.2% to JPY 5,580.3 billion
- NPL's fell to 1.4% of total claims or JPY 51.8 billion
- an overall decline of JPY 45.6 billion during FY2004
- 60% of total customer funding from retail customers

(1) JPY 2.9 billion amortization relating to fair value adjustments for Aplus' assets and liabilities has been reclassified, from the press release dated May 24, 2005, from total intangibles amortization to respective revenue and expense categories. There is no impact on the reported net income and the cash basis net income. However, ordinary business profit declined by JPY 2.9 billion and correspondingly, total intangibles amortization decreased by the same amount.

(2) Mainly include loans, securities, cash and due from banks, and other monetary claims purchased

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Significant Progress in All Key Areas



FY2004 Earnings Results

Financial Overview (JPY Bn)

	FY 2003	FY2004	Variance vs FY2003	
	Actual	Actual	Amount	%
Revenue	123.8	178.0 ¹⁾	54.2	44%
Expenses	(68.7)	(96.0)	(27.2)	(40%)
Ordinary Business Profit	55.0	81.9 ¹⁾	26.9	49%
Credit Recovery	15.4	0.9	(14.5)	n.m
Total Intangibles amortization	(0.0)	(8.8) ¹⁾	(8.8)	n.m
Taxes & Others	(4.0)	(6.6)	(2.6)	n.m
Reported Net Income	66.4	67.4	1.0	2%
Cash Basis Net Income	66.4	74.7	8.3	13%
Fully Diluted EPS - Reported Basis	32.75	34.98		
- Cash Basis	32.75	38.76		
ROA	1.0%	0.9%		
ROE	9.4%	8.9%		
Cash Basis ROA	1.0%	1.0%		
Cash Basis ROE	9.4%	9.8%		

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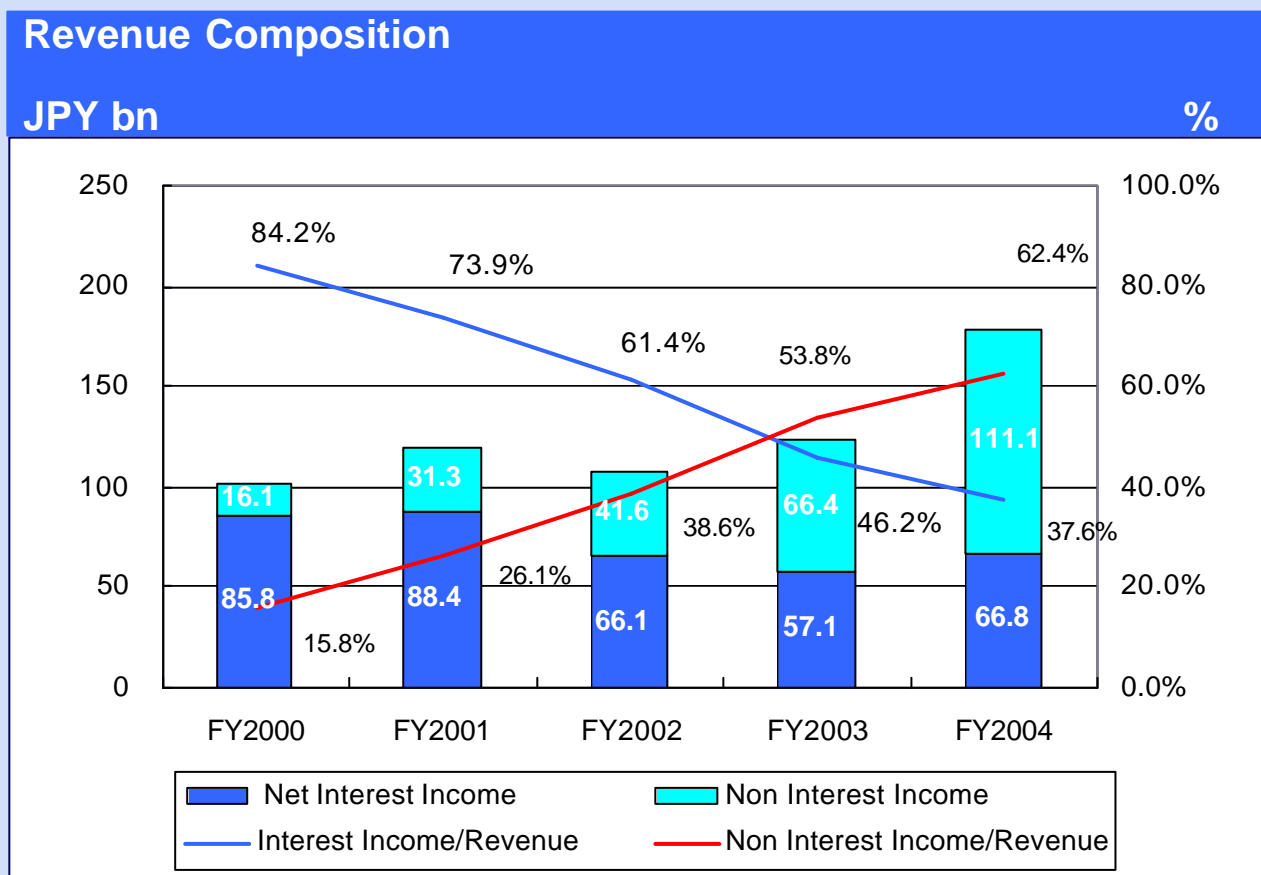
Note: Management accounting basis

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Revenue Mix Continues to Diversify

- Further progress in revenue diversification
- Non-interest income grew significantly and interest income increased for the first time since FY2001



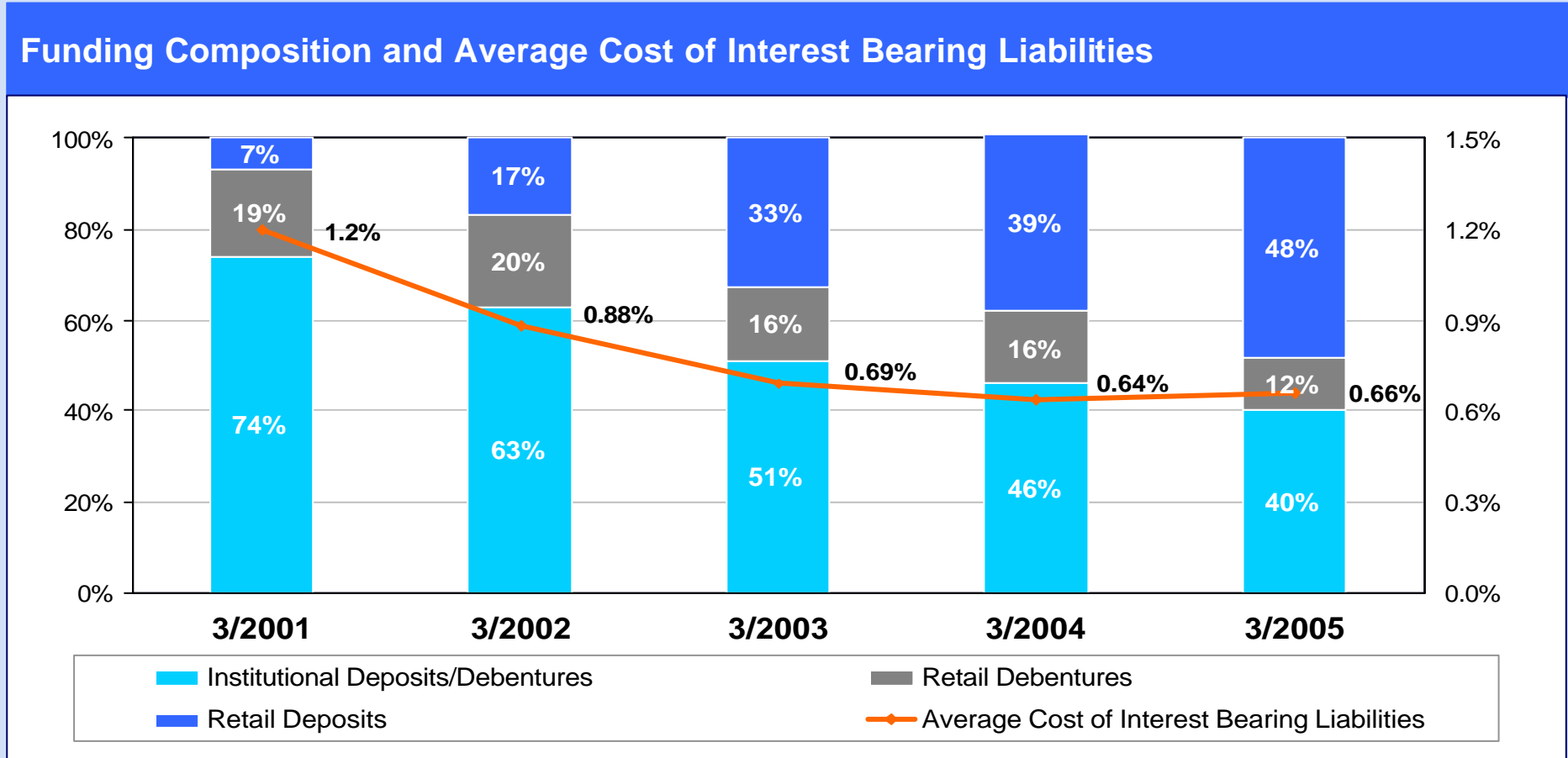
Note: FY2004 figure is management accounting basis

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Enhanced Funding Mix

- Low-cost and diverse sources of funding
- Greater contribution from retail deposits

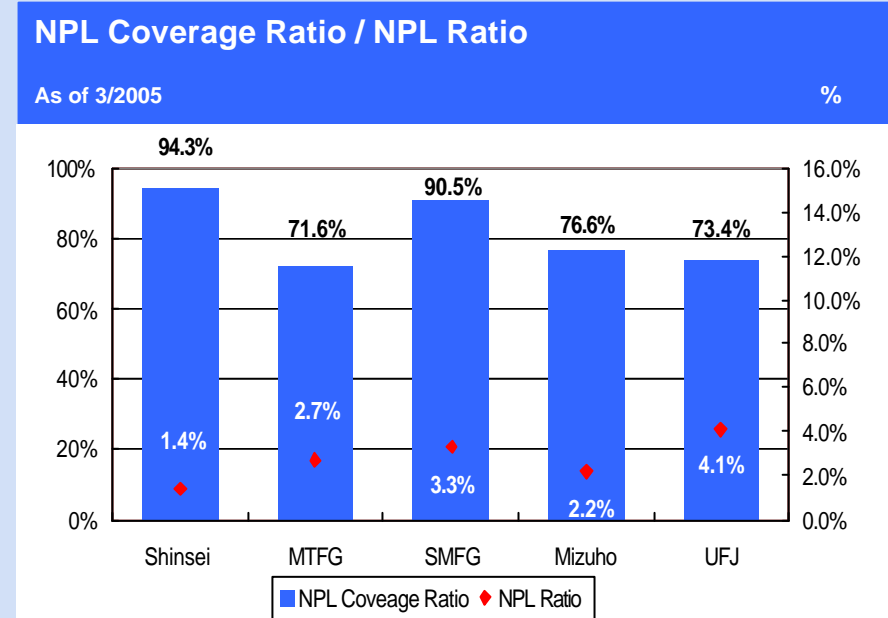
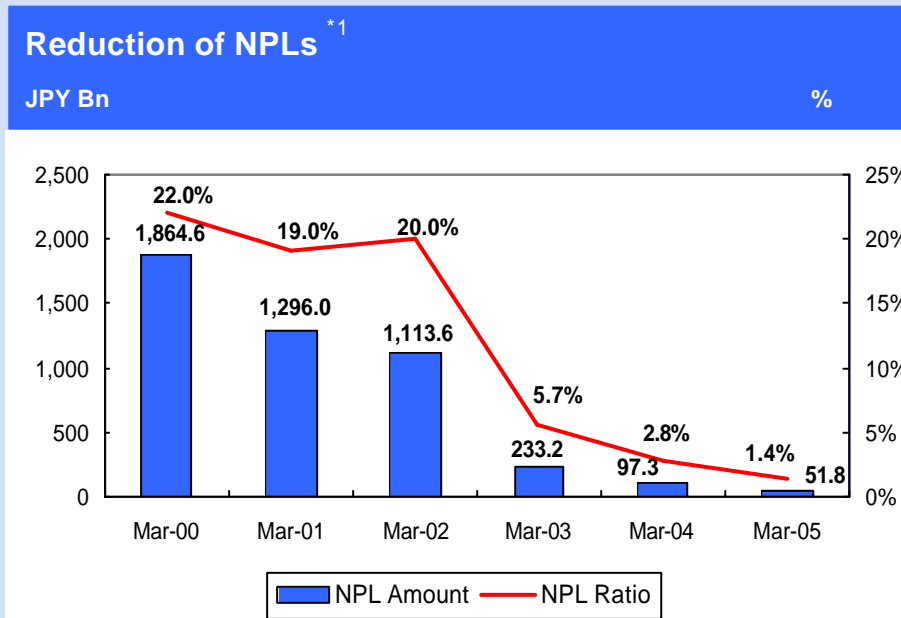


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Strong Balance Sheet

- Decreased NPLs by JPY 1.8 trillion (or 97%) over 5 years
- Industry leading coverage ratio
- Remain conservatively reserved



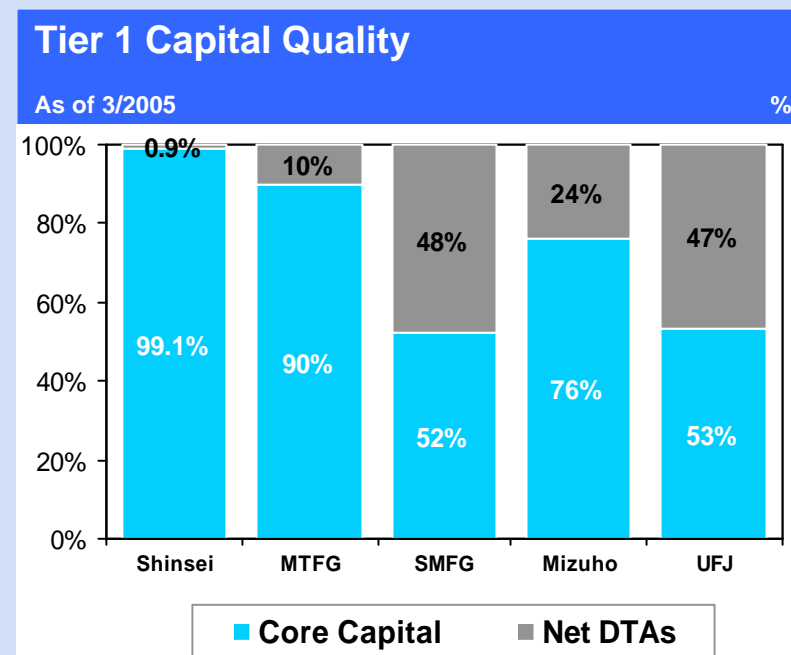
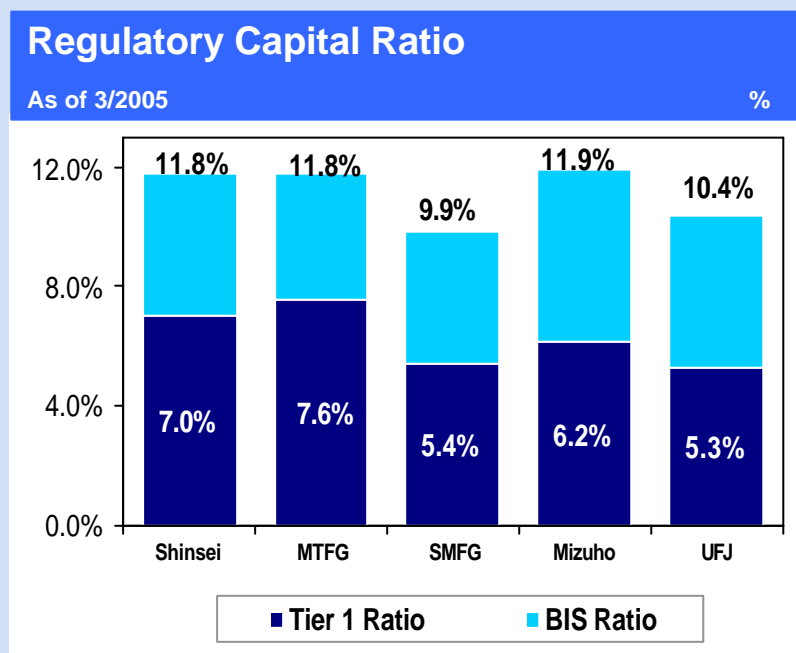
*1 Non-consolidated basis

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High Quality Capital Base

- Tier1 ratio after APLUS and Showa Leasing acquisition: 7.0%
- Capital quality supports growth strategy
 - ✓ Net deferred tax asset portion remain at approximately 0.9% of Tier 1



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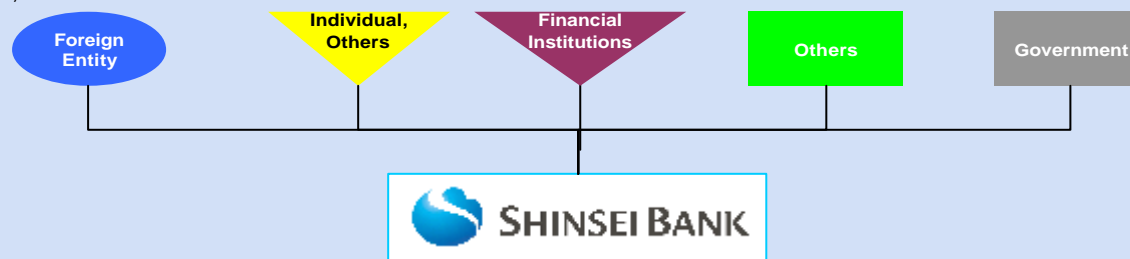
Breakdown of Shareholders

Ordinary Shares

- After the secondary offering, ownership of top 10 shareholders declined from 72.4% to 42.9%
- Ownership of Foreign Entity declined from 74.0% to 57.2%
- Ownership of Individual and others increased from 14.3% to 24.0%

Fully Diluted ^{*1}

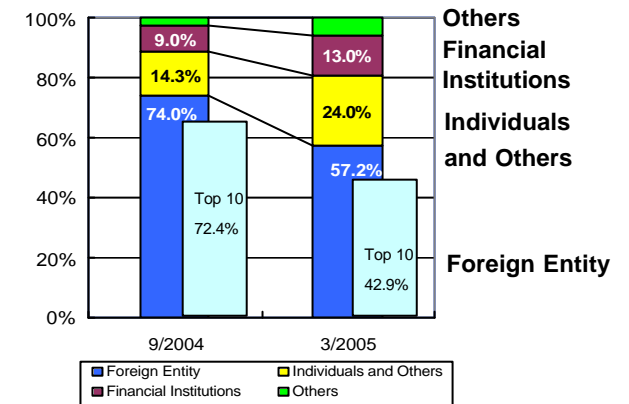
	Foreign Entity ^{*2}		Individual and Other		Financial Institution		Others ^{*3}		Government owned Preferred Shares ^{*4}	
	9/2004	3/2005	9/2004	3/2005	9/2004	3/2005	9/2004	3/2005	9/2004	3/2005
Ordinary Shares (1,358 million shares)	74.0%	57.2%	14.3%	24.0%	9.0%	13.0%	2.7%	5.8%	-	-
Fully Diluted (2,021 million shares)	49.8%	38.4%	9.6%	16.1%	6.0%	8.8%	1.8%	3.9%	32.8%	32.8%



- (1) Assumed conversion price of Series B Preferred as ¥ 610 based on stock price as of March 31st, 2005
- (2) Foreign Entity includes New LTCB Partners and GGR Cayman
- (3) Others include securities firm and other institutions
- (4) Government represents Deposit Insurance Corporation and Resolution and Collection Corporation

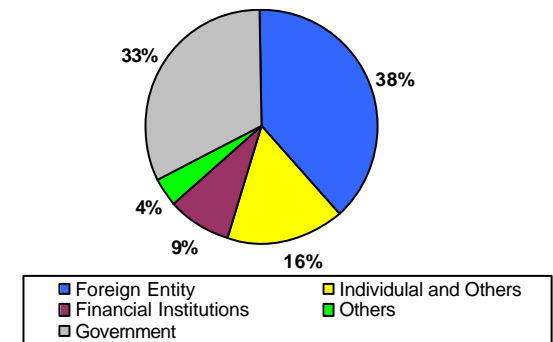
Breakdown of Ordinary Shareholders

9/2004 vs 3/2005



Breakdown of Shareholders on a fully diluted basis

3/2005





Shinsei Business Mix: Three Pillar Strategy

Institutional Banking

- Deliver value-added solutions to a broader institutional customer base
- Provide high quality services from integrated teams of product specialists and relationship managers quickly and efficiently
- Diverse revenue mix

**Institutional
Banking**

Customers

**Consumer
and
Commercial
Finance**

Retail Banking

- Customer centric strategy
- Strong brand development
- Quality product and service offering
- Distribution channel optimization
- Low cost operation, IT leadership

**Retail
Banking**

Consumer and Commercial Finance

- APLUS and Showa Leasing acquisitions expand scope of operations
- Employing Shinsei's expertise and know-how
- Pursue synergies with institutional and retail banking businesses

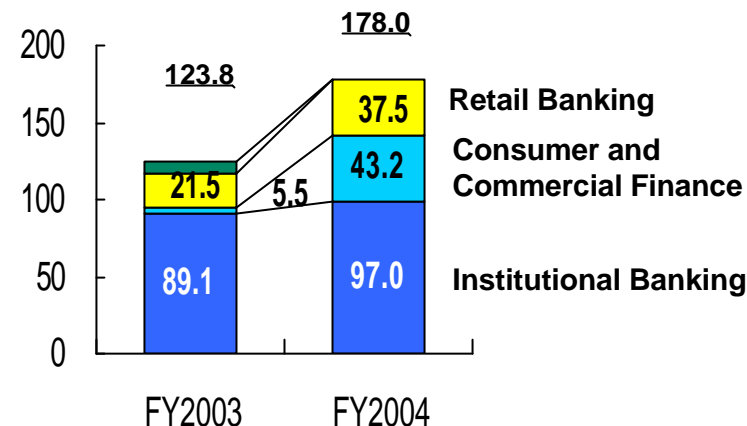


Growing Each Business Line Results

Revenue Breakdown FY2003 vs FY2004

JPY Bn

	FY 2003		FY2004		(Variance vs FY2003)	
	Actual	%	Actual	%	Amount	%
Institutional Banking	89.1	(72.0%)	97.0	(54.5%)	7.9	9%
Consumer and Commercial Finance	5.5	(4.5%)	43.2	(24.3%)	37.6	n.m
Retail Banking	21.5	(17.4%)	37.5	(21.1%)	15.9	74%
ALM / Corporate / Other *1	7.5	(6.1%)	0.1	(0.1%)	(7.3)	n.m
Total	123.8	(100%)	178.0	(100%)	54.2	44%



*1 ALM/ Corporate / Other largely includes net corporate treasury results and certain income from proprietary investments.

Note: Management accounting basis

- Strong business momentum in all three business lines
- Institutional Banking earned good revenues in all key product areas
- Retail Banking structured deposits, mutual funds and housing loan activities produced excellent results
- Retail Banking now have more than 1.3 million accounts (Over 1 million PowerFlex accounts since its launch 4 years ago)
- APLUS has become a major revenue contributor. Total Consumer and Commercial Finance sector contributed approximately 24% of total revenue in fiscal 2004

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Institutional Banking: Strong Growth with Varied Revenue Mix

Strong Revenue in FY2004:

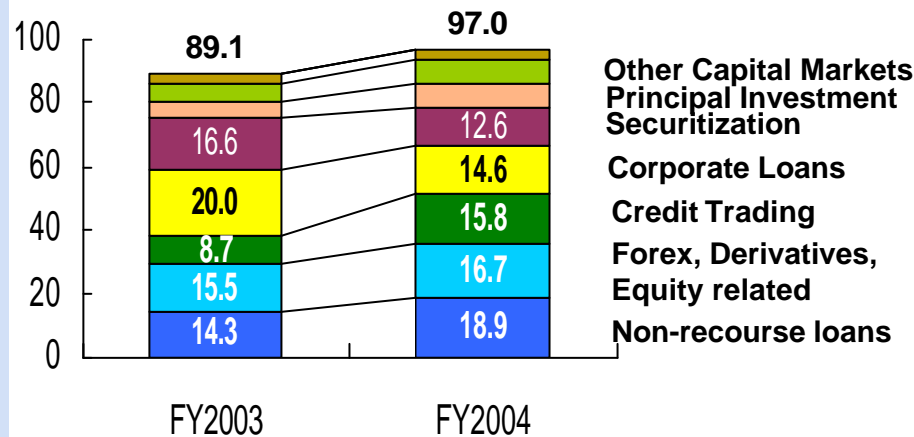
- Non-recourse loans: **JPY 18.9 billion**
 - ✓ balance grew to JPY 577 billion
 - ✓ 143 new deals were closed in FY2004
- Credit trading: **JPY 15.8 billion**
 - ✓ Healthy results both for domestic and international businesses
- Securitization: **JPY 12.6 billion**
 - ✓ Major player in the securitization market
 - ✓ Concluded 14 new deals with JPY 440 billion total issuance
 - ▣ Securitization of Mizuho Bank HQ(August)
 - ▣ IFR Japanese Securitisation of the Year 2004 (First CDO repackage securitization of CMBS arranged by a Japanese Bank)
 - ▣ Deal of the Year 2004 Thomson DealWatch
 - ▣ #3 in ABS League table (Nikkei Bonds and Financial Weekly, Bloomberg)
- Forex, derivatives and equity related businesses in capital market: **JPY 16.7 billion**

Revenue Breakdown FY2003 vs FY2004

	JPY Bn	
	FY2003	FY2004
Non recourse loans	14.3	18.9
Forex, Derivatives, Equity related	15.5	16.7
Credit Trading	8.7	15.8
Corporate Loans *1	20.0	14.6
Securitization	16.6	12.6
Principal Investment	5.2	7.8
Other Capital Markets *2	5.5	7.7
Others	3.0	2.6
Total Revenue	89.1	97.0

*1: Include balance sheet loans and specialty finance

*2: Significant portion of this growth relates to business activities in Shinsei Securities and Shinsei Trust



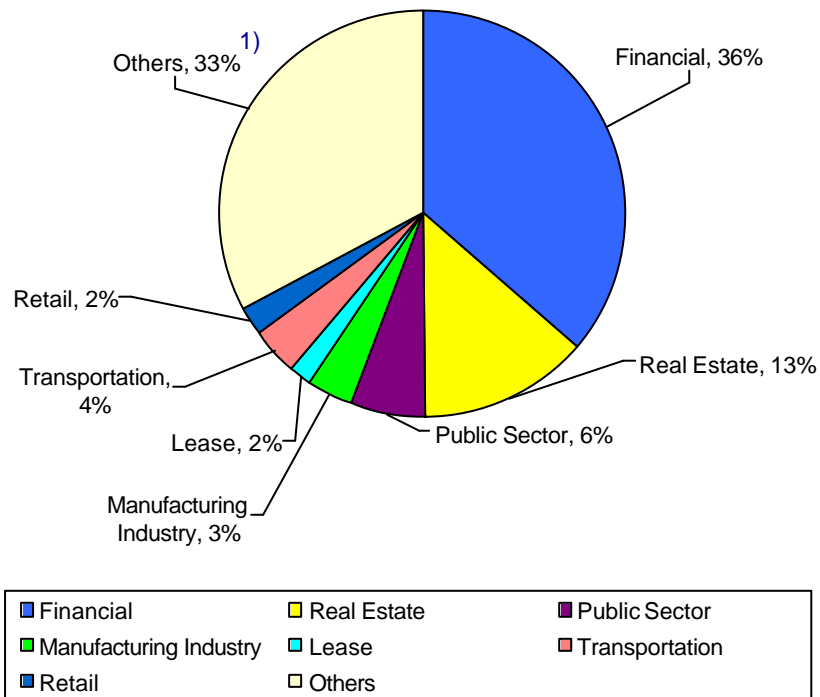
Note: Management accounting basis

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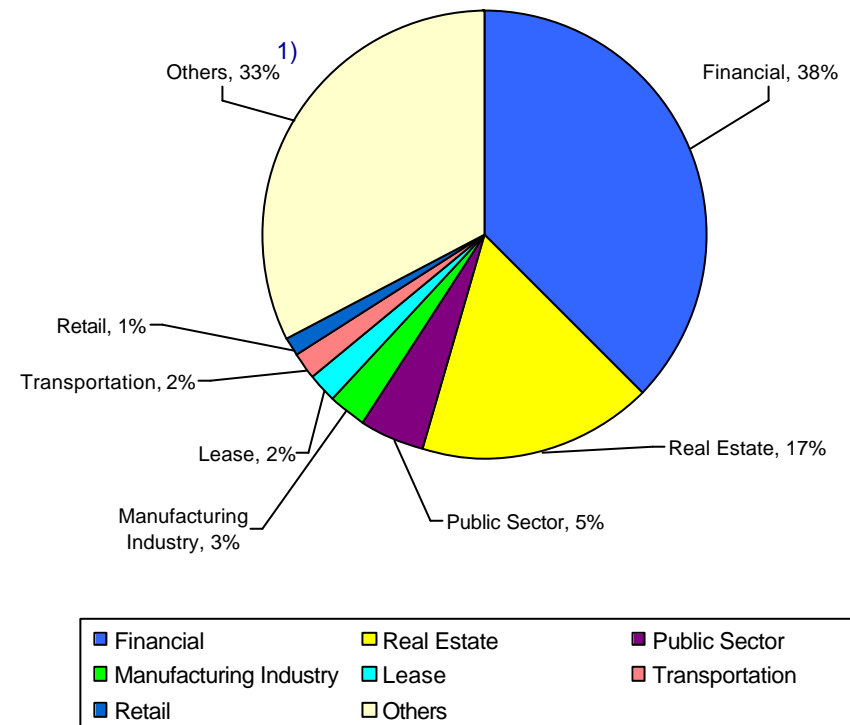


Institutional Banking: Revenue Composition by Customers

Revenue Composition FY2003



Revenue Composition FY2004



1) Include revenue from petrochemical industry, wholesale, construction, hotel, automobile, movie, metal industry, energy and others



Institutional Banking: Customer-Centric Solutions

- Deliver customer-centric best products, services, solutions to diversified institutional customers

Customers Needs

Products

Business Reorganization

- M&A Advisory
- Leveraged Finance
- Corporate Revitalization
- Private Equity

Services

Asset Management

- Investment Trust
- Structured Deposits
- Debentures

Solutions

Cost Effective Funding

- Loans
- Securitization (receivables, loans, etc)
- Leasing
- Non-Recourse Loans
- Loan Syndication

Balance Sheet Improvement

- Credit Trading

External Environment Accommodation

- Derivatives (Interest rate, Forex)
- Credit Derivatives
- Foreign Exchange



Institutional Banking: Initiatives (1)

Enhancing Client Relationships

- Further understanding customers' needs
 - ✓ Complete re-segmentation of client base and coverage bankers
- Strengthening specialized area
 - ✓ Establishment of Real Estate and Public Sector client groups
- Focus on cross-sales
 - ✓ Intense focus on increasing cross-sales and products/customer
- Tracking information
 - ✓ New CRM in place and all Relationship Managers trained



Institutional Banking: Initiatives (2)

Further Diversifying Products for Stable Revenue Sources

- Structured Notes
 - ✓ Shinsei Securities⁽¹⁾, Shinsei International Limited⁽²⁾, building out product offering to include Credit/Equity linked and international products for domestic client base
- Structured Deposits
 - ✓ White Label business through our financial institution clients
- Securitization
 - ✓ Focusing on new asset classes - hotels and hospital receivables are very promising
- Services to High Net Worth (HNW)
 - ✓ Seamless service between retail and corporate for HNW clients
- Real estate finance
 - ✓ Origination and profit taking opportunities continue to increase

(1) #3 in Japan ABS League Table (Bloomberg, Nikkei Bonds and Financial Weekly)

(2) In May, 2005, Shinsei International Limited received an official approval to operate securities business from the Financial Services Authority in U.K. Shinsei International will commence Securitization Business, Structured Finance Business and Investment Advisory Business.



Consumer and Commercial Finance: Significant Growth Contributor Already

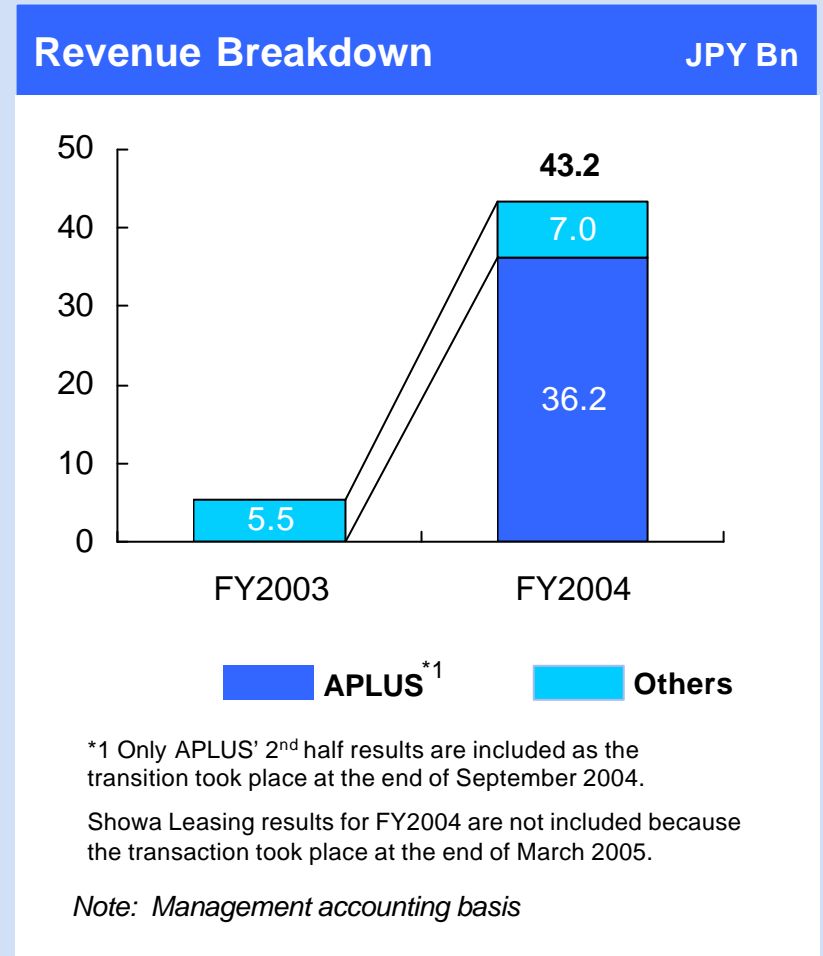
APLUS acquisition positions Consumer and Commercial Finance as a significant revenue contributor

2004 Results

- Consumer and Commercial Finance represents 24% of Shinsei total revenue
- APLUS contributed JPY 36.2 billion, 84% of total consumer and commercial finance revenue (2nd Half results only)
- Others also showed improvements
 - ✓ Life Housing loan: 34% increase to JPY 2.1 billion
 - ✓ Shinsei Sales Finance: 31% increase to JPY 1.6 billion

Future Prospects

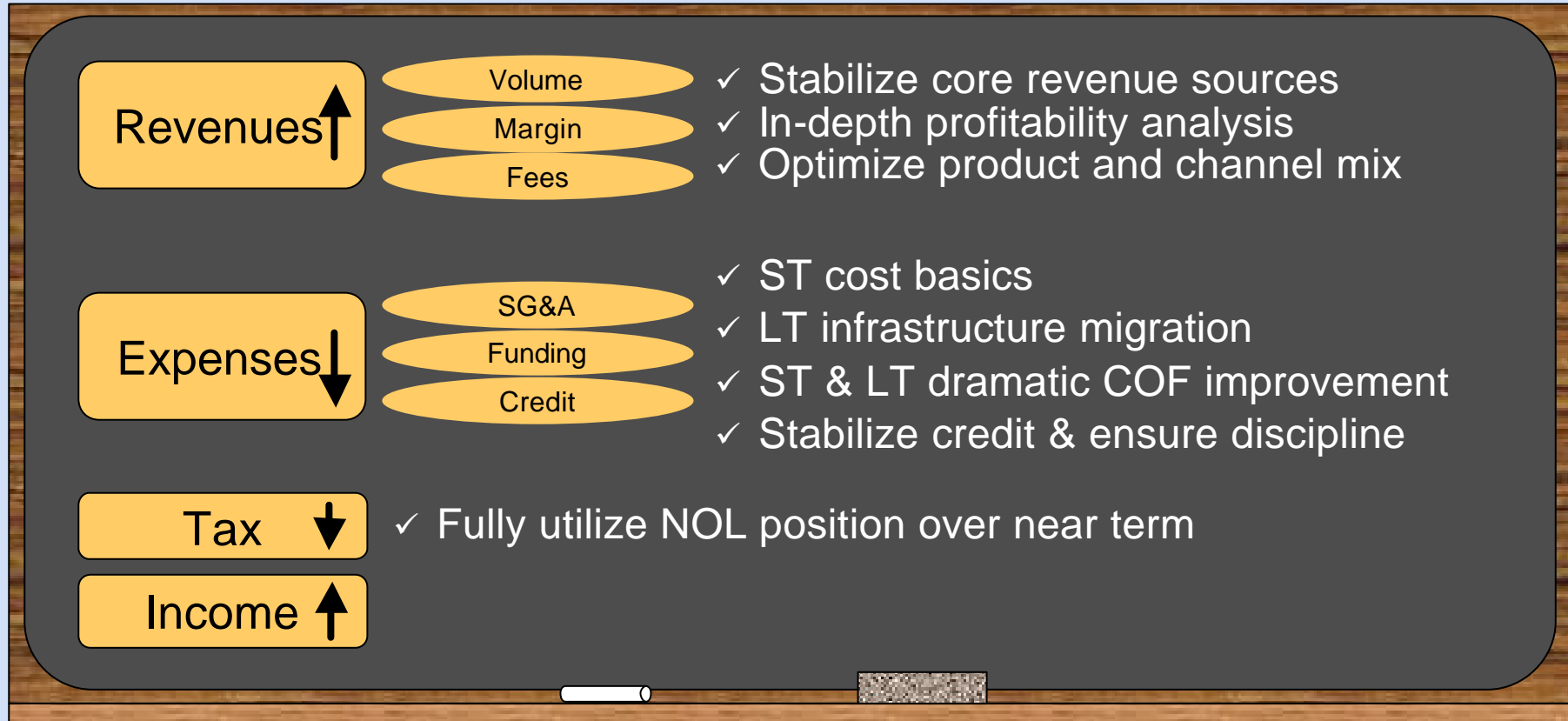
- Growth from enhanced marketing, diversified channels and sales force effectiveness
- Further penetration into existing customer base through cross-selling within Shinsei Group
- Targeted M&A where necessary



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Earnings Growth to Come from Execution on the “Basics”



Strategy to Deliver Sustained Earnings Growth by Stabilizing Revenues Over an Increasingly Lower Cost Business Model



Why Consumer and Commercial Finance?



All of These Markets Stand to Benefit from the Same Core Competencies Already Proven Effective at Shinsei's Retail & Institutional Banking Businesses



Shinsei Delivers Value Through a Dedicated Team Aligned by Functional Expertise



CONSUMER & COMMERCIAL FINANCE

FINANCE

Funding Expertise

Expense Control

MARKETING

Sales Force Mgmt

Brand / PR

RISK

Underwriting

Risk Data Analytics

IT/OPERS

LT Migration To Flexible And Open Architecture

HR

People Development

Career Mobility

M&A

Platform Expansion

Major Alliances

Consumer Solutions

リアル全額サービス総代理店
株式会社 **アプラス** (APLUS)

東証一部上場企業
株式会社 **シinkin** (Shinki)

新生セールスファイナンス (Shinsei Sales Finance)

Small & Medium Business Solutions

昭和リース株式会社 (Showa Leasing)

新生ビジネスファイナンス (Shinsei Business Finance)

Specialty Property Solutions

新生プロパティファイナンス (Shinsei Property Finance)

ライフ住宅ローン株式会社 (Life Housing Loan)



What is the APLUS Vision ?

APLUS is a market-leading merchant-based consumer finance company with high-margin direct cross sell where possible

- Build upon strong customer and business franchise
 - ✓ More than 4.2 million card holders
 - ✓ Over 700 co-branded card partnerships, including TSUTAYA

- Significant growth potential

Near-term growth

- Expand & enhance sales force effectiveness via training, measurement & reward systems
- Cross-sell existing customer base with direct consumer solutions
- Revisit low/no profit merchant relationships for revision/termination

Long-term growth

- Renegotiate key merchant tie-ups for long-term profitability
- Tie-up with Shinsei retail banking for delivery of card & credit line solutions
- Examine consumer auto lease market together with Showa Leasing



Leveraged Growth Opportunity...Large Payoff from Small Improvements in Key Performance Measures (e.g. merchant activation, card cashing ratios)



Under Shinsei, APLUS will Deliver Sustainable Earnings

Revenues ↑

- ✓ Key sales leadership hire (10+ Yrs)
- ✓ In depth profitability analysis underway
- ✓ Renegotiating key merchant alliances with view to long-term profitability
- ✓ Focused effort to improve sales force training & effectiveness

Expenses ↓

Cost of Funding

- ✓ Credit rating upgrade (BBB+)
- ✓ ST/LT borrowing rates down (114 bp)
- ✓ Successful fixed dividend preferred offering
- ✓ Commercial paper program being launched

SG&A

- ✓ New mindset by Shinsei to use scale & leverage for lower costs
- ✓ Long-term planning to migrate IT-intensive back office to flexible, low-cost, open systems

Cost of Credit

- ✓ Leverage fresh start after non-core asset disposition
- ✓ Apply better science to underwriting
- ✓ Remain disciplined – particularly regarding diversification

APLUS is Well Positioned to Deliver Sustained Earnings Growth for the Near Term Built Upon an Increasingly Lower Cost Base



What is the Showa Leasing Vision?

Showa Leasing is Shinsei's commercial finance platform providing leasing, lending and other solutions to small and mid-size companies

- Build upon existing origination partners
 - ✓ Preserve & expand Resona relationship where possible
 - ✓ Add Shinsei relationship banker referral network
 - ✓ New alliance partners (e.g. Norin Chukin / Kyodo Leasing)



The Norinchukin Bank



Near-term growth

- Renewed management focus on domestic commercial customers after non-core disposition
- Introduction of Shinsei relationships as customers and origination partners

Long-term growth

- Introduce new products and solutions to expanding customer base
- Develop long-term origination partnerships and alliances

Revenue Sources Diversified and Stabilized...Breakout Revenue Growth Only from Significant Alliance or Acquisition



Keys to Showa Leasing's Earnings Outlook

Revenues↑

- ✓ Key sales leadership Hire (25+ Yrs)
- ✓ Preserve existing Resona relationship
- ✓ Introduce Shinsei referral network
- ✓ In depth profitability analysis underway
- ✓ Explore new alliances for growth (e.g. Norin Chukin discussions)

Expenses↓

Cost of Funding

- ✓ Credit rating upgrade (A-, J1)
- ✓ ST/LT borrowing rates down (40 bp)
- ✓ Commercial paper program being launched

SG&A

- ✓ Mostly stable SG&A other than basic cost management
- ✓ Key to SG&A will be leverage/scale

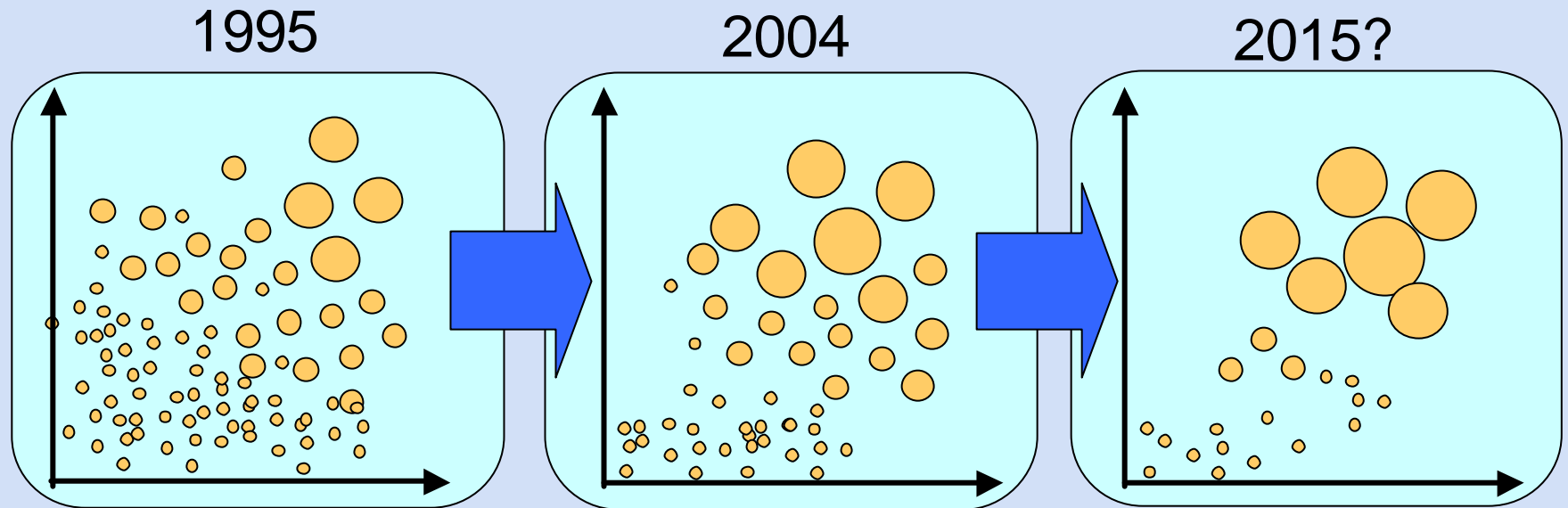
Cost of Credit

- ✓ New Shinsei-experience CRO
- ✓ Leverage fresh start after non-core asset disposition
- ✓ Monitor risk closely
- ✓ Use capital markets where needed

Showa Leasing Joins Shinsei Group with a Much Stronger Asset Base and Funding Cost Outlook – As an industry leader, Showa Leasing is Well Positioned for Growth-Focused Alliances



Both Consumer & Commercial Finance Sectors Are In a Period of Consolidation



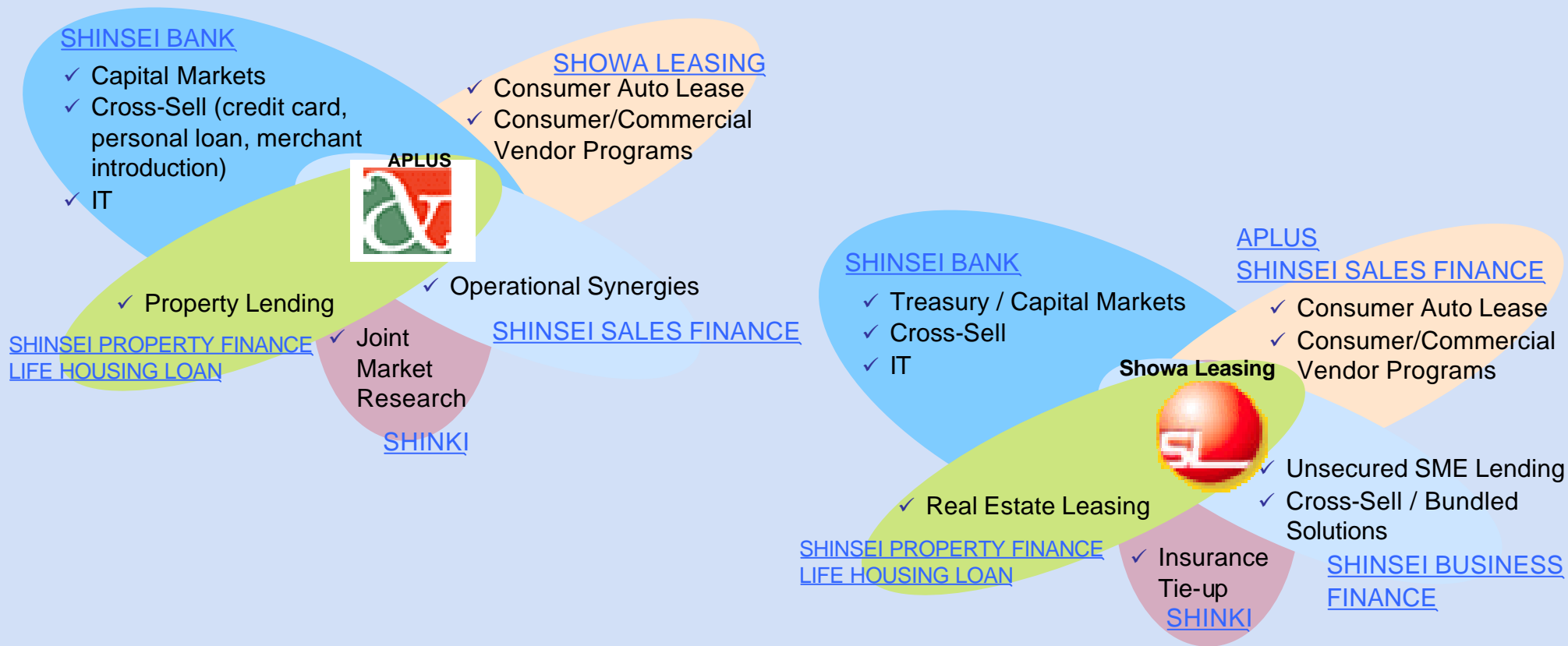
# Cons Fin Co's	6,798	6,060	<5,000?
# Shinpan Co's	139	105	<75?
# Leasing Co's	218	158	<100?
# Shoko Co's	4,839	3,003	<2,000?

Source: Tapals Website

Shinsei's Consumer & Commercial Platforms / Management Well Positioned within their Industries to Participate in Industry Consolidation



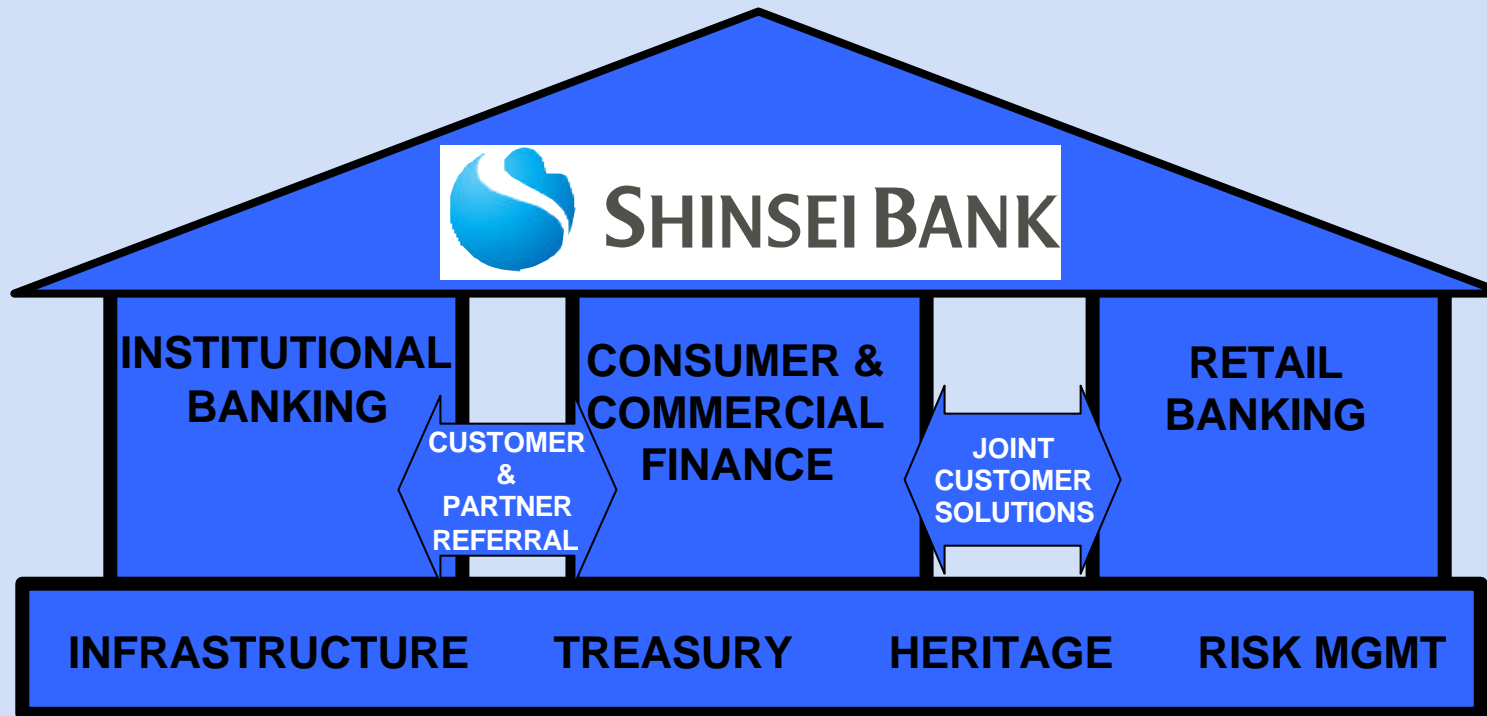
Potential Synergies Within Consumer & Commercial Finance Business



Many Potential Revenue & Operating Synergies Identified within CCF...Systematic Execution Only after Ensuring Customer Continuity



Shinsei Group Revenue & Operating Synergies



Three Complementary Businesses Built Upon a Foundation Including Flexible Technology, Customer Focus, and Common Values



Retail Banking: Continued Success

Color your life

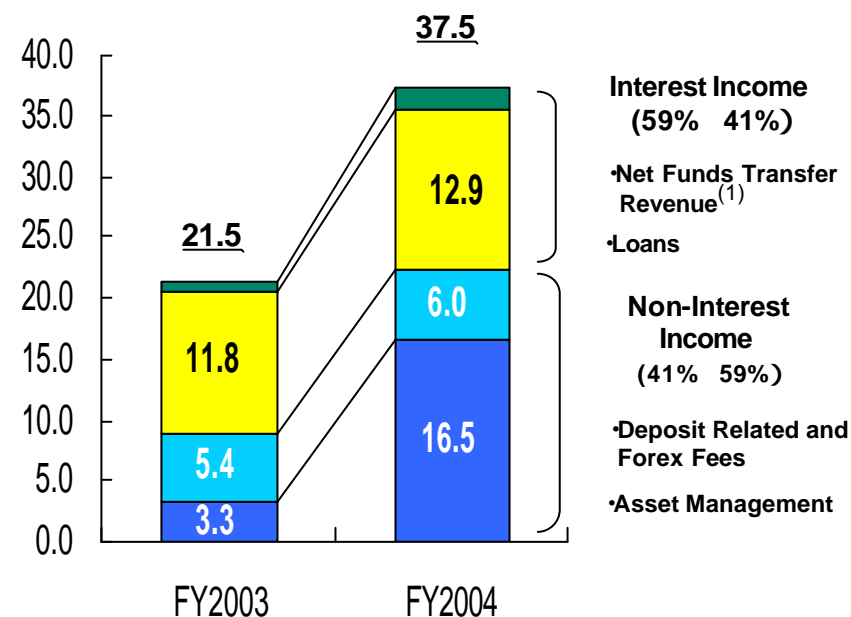
Strong growth in revenues, new customers, deposits, housing loans and AUM volume

- Total deposits volume grew by JPY 700 billion
 - ✓ 2/3 of balance: time or structured deposits
 - ✓ 1/3 of balance: savings deposits.
- Retail's non-interest income represents 59% of total retail revenue
 - ✓ 18% increase from the previous year
- AUM for mutual funds and variable annuity are reaching close to JPY 400 billion
 - ✓ 41% increase from the previous year.
- Total loan balance increased by 75% reaching JPY 308 billion
- Retail banking revenue: JPY 37.5 billion – an increase of JPY 15.9 billion or 74%.

Revenue Breakdown

JPY Bn

	FY2003	FY2004
Deposit Related and Forex Fees	3.3	16.5
Net Funds Transfer Revenue ⁽¹⁾	11.8	12.9
Asset Management	5.4	6.0
Loans	0.9	1.9
Total Revenue	21.5	37.5



(1) Related to customer deposits and debentures

Note: Management accounting basis

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Retail Banking: FY2004 Business Highlight

Color your life

- Exceeded 1.3 million retail accounts
- Strong customer demand for products, especially Yen deposits, Housing Loans and Annuities.
- Continued product range expansion (Agreement with Rakuten Securities to offer Securities Brokerage Services)⁽¹⁾
- Successful launch of “Shinsei *BankSpot*”
- Ranked #1 Financial Services Website 2004⁽²⁾
- Ranked #1 in customer satisfaction of the Nikkei survey of financial institutions⁽³⁾
- Best Retail Bank in Japan 2004⁽⁴⁾

(1) Launched on June 15, 2005

(2) Research by Japan Brand Strategy

(3) Survey by The Nihon Keizai Shimbun, October 2004

(4) The Asian Banker, May 2005

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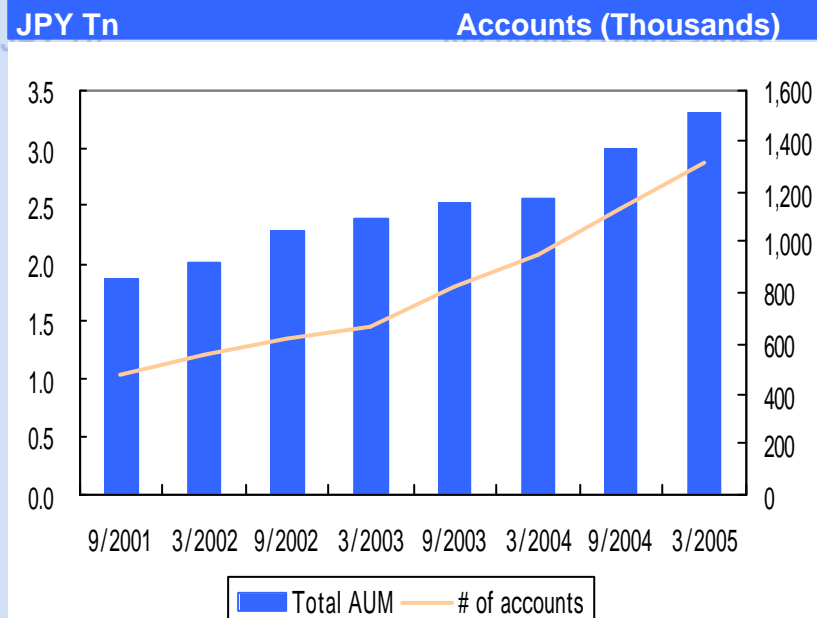


Retail Banking: Growth in AUM and Housing Loans

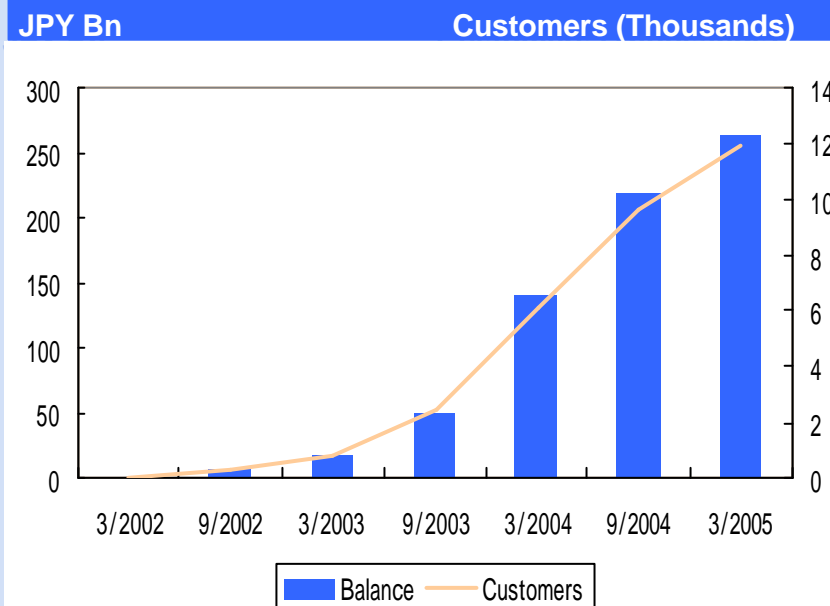
Color your life

- Total assets under management exceeded JPY 3.2 trillion
- “Powered One” deposit volume reached JPY 530 billion^{*1}
- “PowerSmart” loan balance reached JPY 260 billion^{*1}

Growth in AUM and # of Accounts



Growth in PowerSmart Housing Loans



*1 As of March 2005



Retail Banking: Enhanced Channel Network

Color your life

Successful launch of Shinsei BankSpot reinforces our strategy to develop a highly efficient multiple channel network while enhancing our physical presence and visibility

Remote Channels (24x7 coverage)

PowerDirect
(Internet Banking)



- Uninterrupted access to financial transactions (structured deposits, Forex, Mutual Fund, etc)
- Ranked #1 Financial Services Website 2004 (Japan Brand Strategy)
- Over 3.5 million visitors per month
- Stock trading tie-up with Rakuten Securities

PowerCall
(Telephone Banking)



- Broad product and service offering supported by a highly skilled and trained operator team
- Convenient access to various financial transactions

ATMs



- Access to over 60,000 ATMs throughout Japan
- Over 250 own ATMs installed in Tokyo Metro, Keikyu Railway, Kintetsu Railway, Roppongi Hills, Government Offices, etc
- Available for foreign issued bank cards and credit cards

Physical Channels

BankSpot



- New type of mini-branch launched in Dec 2004
- High-traffic areas: Ginza, Kyobashi, Tokyo, Ashiya, Kobe Chikusa, Nagoya
- 30-50 m², 2-3 staff (If the BankSpot is the type with staffs)

(as of May 2005)

**Financial Center
Housing Loan Center**



- 30 Shinsei Financial Center and 4 Housing Loan Center
- Present in major Japanese cities
- Appeal to mass affluent

**Platinum
Center**



- Two centers: Tokyo, Osaka,
- Relaxed and personal environment
- Focused on providing specialized advisory and consulting services



Retail Banking: Initiative

Color your life

- Approach to customer based on customer segmentation
 - ✓ Asset status and investment experience
 - ✓ Efficient sales utilizing calls, e-mails and mini-leaflets
 - ✓ Active transactions, increasing AUM and increasing profitability
- Expanding products / businesses focused on customer needs :
 - ✓ Constant launch of new products
 - ▣ *PowerYokin* (March 2005)
 - ▣ *Powered One Plus* (May 2005)
 - ✓ Enhance services to High Net Worth
 - ▣ Deliver seamless services between retail and corporate for HNW clients
 - ✓ Consider offering consumer loans and credit cards
- Expansion of Bankspot and ATMs at selective areas
- Brand Building: *Color your life*



FY2005 Projection

【Consolidated】

(billions of yen)

	Forecast of FY2005		Actual of FY2004	
	1H FY2005		1H FY2004	
Ordinary business profit (jisshitsu gyomu jun-eki) *	55.0	120.0	34.3	81.9
Net operating income	28.0	62.0	28.5	54.4
Net income	28.0	63.0	40.7	67.4

Cash basis Net Income**	43.0	93.0	74.7
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* Management accounting basis

**Excludes amortization of Aplus and Showa Leasing's identified intangibles, net of deferred tax liabilities and amortization of consolidation goodwill. (FY2004 actual, 7.2 billion yen, FY2005 forecast, 30 billion yen)

【Non-Consolidated】

(billions of yen)

	Forecast of FY2005		Actual of FY2004	
	1H FY2005		1H FY2004	
Net business profit (jisshitsu gyomu jun-eki) ***	30.0	62.0	29.2	54.9
Net operating income	30.0	62.0	24.6	46.6
Net income	32.0	68.0	37.2	68.0

*** ~ based on the Bank's "revitalization plan"

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Shinsei: Better Banking Realized

Innovative Business Model

- ✓ Three pillars:
Institutional Banking, Consumer and Commercial Finance and Retail Banking
- ✓ Exceptional asset quality, financial strength, flexibility and discipline
- ✓ Customer-first, solutions driven

Performance Driven

- ✓ Expanding strength of **Institutional Banking** activities
- ✓ Leveraging competitive advantages in **Consumer and Commercial Finance**
- ✓ Becoming the “Bank of Choice” for **Retail Banking** customers
- ✓ Winning market share

Building Sustainable Growth in Shareholder Value



Better Banking – Better Value

Appendix



Summary of Performance (Consolidated)

As of or for the fiscal year ended
March 31,

Income Statement (Management Accounting basis)		2003	2004	2005
Net Interest Income		66.1	56.3	66.8
Non-Interest Income		41.4	67.5	111.1
Total Revenue		107.6	123.8	178.0¹⁾
G&A Expense		67.3	68.7	96.0
Ordinary business profit		40.2	55.0	81.9 ¹⁾
Credit (recoveries) costs		(8.7)	(15.4)	(0.9)
Income taxes & Other		4.0	(4.0)	(15.4)
Net Income		53.0	66.4	67.4

Cash
Basis
74.7

Per Share Data

Fully diluted shareholders' equity	335.3	378.7	390.06	393.68
Diluted net income	26.2	32.7	34.98	38.76

Financial Ratios

Tier Capital Ratio	14.3%	16.2%	7.0%	
Total capital adequacy ratio	20.1%	21.1%	11.8%	
Return on equity (fully diluted)	8.1%	9.4%	8.9%	9.8%
Return on Assets	0.7%	1.0%	0.9%	1.0%
Ratio of non-interest income to total revenues	38.5%	54.5%	62.4%	62.4%
Overhead Ratio	62.6%	55.5%	53.9%	53.9%

Problem Claims

<Non-Consolidated-Financial Revitalization Law>

Ratio of non-performing claims to total claims	5.7%	2.8%	1.4%
Coverage Ratio for Non-Performing Claims	95.5%	99.0%	94.3%

As of March 31,

Balance Sheet	2003	2004	2005
Loan & Bills Discounted	3,502.3	3,047.0	3,430.4
Reserve for Credit Losses	(216.5)	(177.9)	(149.7)
Securities	1,770.9	1,483.2	1,478.2
Trading Assets	361.1	635.0	168.5
Net deferred tax assets	18.4	22.8	4.3
Other	1,270.7	1,333.6	3,644.6
Total Assets	6,706.9	6,343.7	8,576.3
Debentures, Bonds	1,913.5	1,388.6	1,330.9
Deposits	2,576.9	2,734.4	3,452.8
Other	1,536.5	1,489.7	2,952.0
Total Liabilities	6,026.9	5,612.7	7,735.7
Minority interests in subsidiaries	0.1	0.9	53.8
Shareholders' Equity	679.8	730.0	786.6

<Non-Consolidated-Financial Revitalization Law>

Total Claims	4,088.2	3,501.2	3,621.1
Non-Performing Claims	233.2	97.3	51.8
Amounts of coverage for non-performing claims			
Reserve for loan losses provided for non-performing claims	(98.7)	(57.4)	(33.0)
Collateral and Guarantees	(124.0)	(38.8)	(15.7)

(billions of yen, except per share and percentages)

1) JPY 2.9 billion amortization relating to fair value adjustments for Aplus' assets and liabilities has been reclassified, from the press release dated May 24, 2005, from total intangibles amortization to respective revenue and expense categories. There is no impact on the reported net income and the cash basis net income. However, ordinary business profit declined by JPY 2.9 billion and correspondingly, total intangibles amortization decreased by the same amount.

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Ordinary Business Profit for Each Business Line

(JPY Bn)

	FY2003 Actual		FY2004 Actual		Variance vs FY2003	
	Amount	% of total	Amount	% of total	Amount	%
Institutional Banking						
Revenue	89.1	72%	97.0	55%	7.9	9%
Expense	(37.7)	55%	(37.8)	39%	(0.1)	0%
Ordinary Business Profit	51.4	93%	59.1	72%	7.7	15%
Consumer and Commercial Finance						
Revenue	5.5	4%	43.2	24%	37.6	n.m
Expense	(2.9)	4%	(26.1)	27%	(23.1)	n.m
Ordinary Business Profit	2.5	5%	17.1	21%	14.5	n.m
Retail Banking						
Revenue	21.5	17%	37.5	21%	15.9	74%
Expense	(26.6)	39%	(31.6)	33%	(5.0)	(19%)
Ordinary Business Profit (Loss)	(5.0)	(9%)	5.9	7%	10.9	n.m
ALM / Corporate / Other						
Revenue	7.5	6%	0.1	0%	(7.3)	n.m
Expense	(1.4)	2%	(0.4)	0%	1.0	n.m
Ordinary Business Profit (Loss)	6.0	11%	(0.2)	0%	(6.3)	n.m
Total						
Revenue	123.8	100%	178.0	100%	54.2	44%
Expense	(68.7)	100%	(96.0)	100%	(27.2)	(40%)
Ordinary Business Profit	55.0	100%	81.9	100%	26.9	49%

Note: Management accounting basis

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Consumer and Commercial Finance: APLUS and Showa Leasing's Summary of Financials

- APLUS' forecast of net income is 19 billion yen
- Showa Leasing's net income budget is 7 billion yen

APLUS JPY Bn

◆ Income Statement and Balance Sheet ¹⁾

	FY2004 2nd Half	FY2004 (Actual)	FY2005 (Forecast)
Revenue from Operations	51	99	101
Operating Income	4	6	15
Net Income	4	(260)	19

	Mar-05 (Actual)
Cash and Equivalents	98
Finance Receivables	485
Loan Guarantees	1,020
Others	64
Total Assets	1,667
Debt	385
Loan Guarantees Liability	1,020
Others	197
Total Liabilities	1,602
Shareholders' Equity	65
Total Liabilities and Equity	1,667

¹⁾ Based on APLUS' disclosed financials

Showa Leasing JPY Bn

◆ Income Statement and Balance Sheet

	FY2004 (Actual)	FY2005 ¹⁾ (Budget)
Revenue from Operations	197	n.a
Operating Income	6	7
Net Income	(62)	7

	Mar-05 (Actual)
Cash and Equivalents	2
Lease Assets	306
Other Lease Assets	43
Installment Receivables	140
Others	52
Total Assets	543
Debt	406
Others	114
Total Liabilities	520
Shareholders' Equity	23
Total Liabilities and Equity	543

¹⁾ Represents Shinsei's internal budget



Consumer and Commercial Finance: Acquisition Related Intangibles

- Amortization of APLUS and Showa Leasing's identified intangibles, net of deferred tax liabilities and amortization of consolidation goodwill is budgeted as 30 billion yen in FY2005
- 50% of total intangibles are expected to be amortized in the first 5 years

APLUS		JPY Bn	
◆ Identified Intangibles & Consolidation Goodwill Calculation			
Net asset book value		(180.9)	
Fair value adjustments to assets and liabilities		3.9	
Identified intangible assets		70.9	
Associated deferred tax liability		<u>(30.4)</u>	
Net asset fair value before capital injection		(136.4)	
Capital injection		<u>241.0</u>	
Net asset fair value after capital injection		104.5	
Minority interest (Class D and E Preferred Shares)		<u>(49.6)</u>	
Net asset attributable to Shinsei		54.8	
Shinsei's investment		<u>253.5</u>	
Consolidation goodwill ¹⁾		198.6	
Consolidation goodwill amortization (2004/10 - 2005/3)		<u>(4.9)</u>	
Consolidation goodwill outstanding (as of Mar-05)		<u>193.6</u>	
◆ Amortization Method			
	Fair Value	Useful Life	Amortization Method
Trade name and trademarks	6.7	10 Years	Straight Line
Customer relationships	12.3	10 Years	Sum of Year's Digits
Merchant relationships	51.8	20 Years	Sum of Year's Digits
Total identified intangible assets	<u>70.9</u>		

1) Consolidation goodwill is amortized over 20 years using straight line depreciation

Showa Leasing		JPY Bn	
◆ Identified Intangibles & Consolidation Goodwill Calculation			
Net asset book value		22.6	
Fair value adjustments to assets and liabilities		(1.6)	
Identified intangible assets		10.1	
Associated deferred tax assets		<u>(5.4)</u>	
Net asset fair value		25.6	
Minority interest		<u>(0.9)</u>	
Net asset fair value attributable to Shinsei		24.7	
Shinsei's investment		<u>75.9</u>	
Consolidation goodwill (as of Mar-05)¹⁾		<u>51.2</u>	
◆ Amortization Method			
	Fair Value	Useful Life	Amortization Method
Trade name	1.9	10 Years	Straight Line
Existing customer relationship	6.1	20 Years	Sum of Year's Digits
Maintenance component contract	1.1	}	Straight Line (remaining life of each contract)
Sublease contract	0.8		
Total identified intangible assets	<u>10.1</u>		

Budgeted Total Intangible Amortization in FY2005		JPY Bn	
	APLUS	Showa Leasing	Total
Identified intangibles	8	1	9
Related tax benefit	(3)	(1)	(4)
Consolidation goodwill	20	5	25
Total intangible amortization	24	6	30

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