

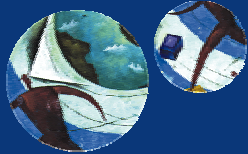


**SHINSEI BANK**

Investor Meeting 1HFY2005

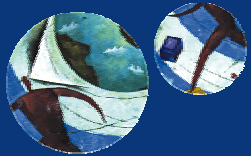
Financial and Business Results

**December 7, 2005**



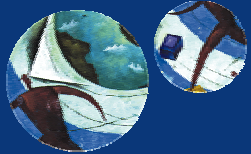
# Forward Looking Statement

- ✓ 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.



## GROWTH THROUGH DIFFERENTIATION

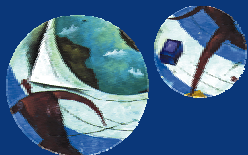
- ❑ Three pillar business strategy to develop diversified and growing quality earnings streams
- ❑ Effective management of capital to support growth
- ❑ Differentiation by focusing entirely on customer needs
- ❑ Leader in product and channel innovation
- ❑ Commitment to transparency, corporate governance
- ❑ Commitment to building shareholder value



# 1H FY2005 Highlights

## DIFFERENTIATION LEADING TO GREATER RECOGNITION...

- ❑ No.1 in customer satisfaction for second year running
- ❑ Launch of online securities service
- ❑ Significant profit contribution from consumer and commercial finance
  - ✓ APLUS: First dividend on preferred shares in 11 years
- ❑ Joint venture in Germany for non-performing loans
- ❑ Top financial institution in corporate governance ranking  
(The Japan Corporate Governance Research Institute, Inc)
- ❑ Inclusion in Nikkei 225



# 1H FY2005 Financial Highlights

## ... AND GROWTH

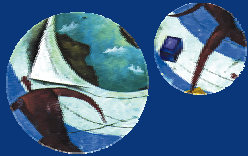
- ❑ Total revenue grew 79.2% to JPY 130.5 billion <sup>(1)</sup>
- ❑ Ordinary business profit increased 85.9% to JPY 63.8 billion <sup>(1)</sup>
- ❑ Net income was JPY 37.7 billion, 3.0 billion lower than last year
  - due to inclusion of JPY 12.8 billion (net) of amortized acquired goodwill and intangible assets
- ❑ Cash basis net income increased 24.0% to JPY 50.5 billion
- ❑ Earning assets<sup>(2)</sup> grew 34% to JPY 6,527.0 billion compared to 1HFY2004
- ❑ Non-performing loans decreased to JPY 46.1 billion, representing 1.16% of total claims outstanding
- ❑ 64% of total customer funding from retail customers

(1) Management accounting basis

(2) Average balance during 1HFY2005, mainly include loans, securities, lease and installment receivables

\*All figures, where applicable, compared to 1H FY2004

**Significant Progress in All Key Areas**

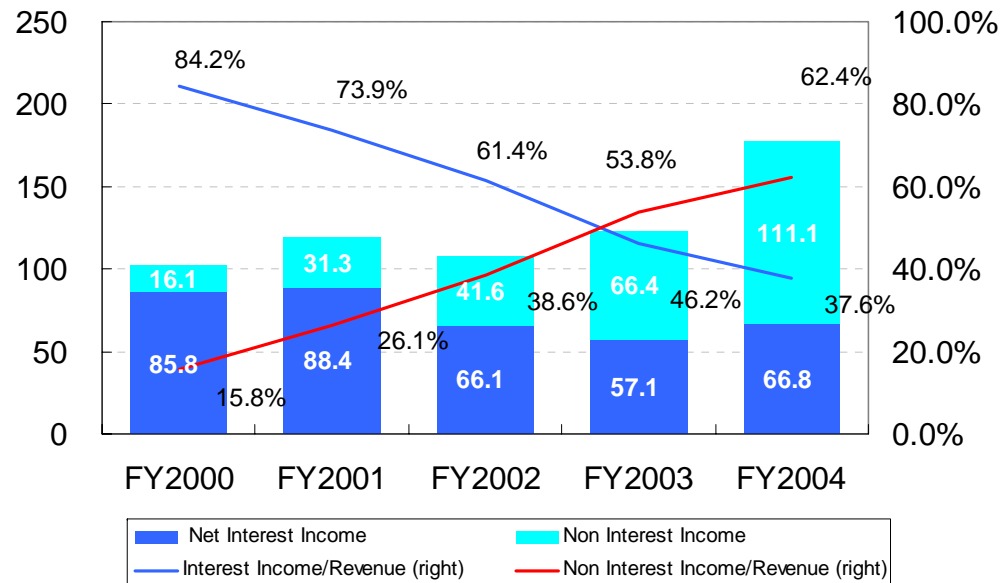


# Revenue Mix Continues to Diversify

- Further progress in revenue diversification
- Non-interest income grew significantly and interest income increased for the first time since FY2001, which was continued in 1HFY2005

## Revenue Composition (Fiscal year)

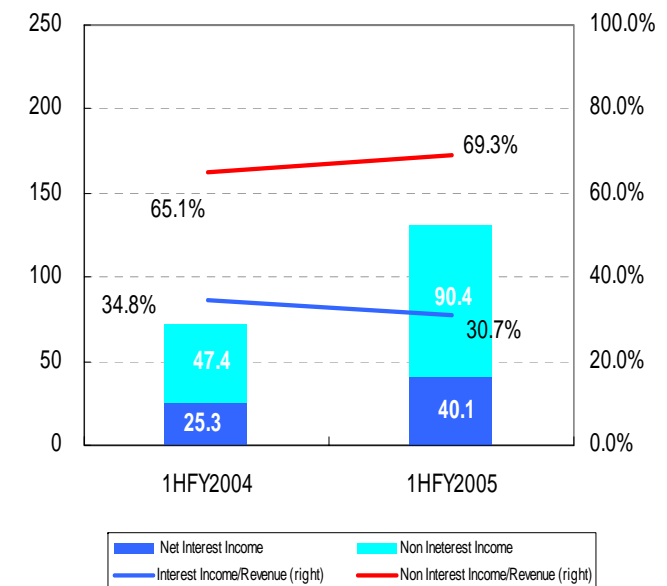
JPY bn %

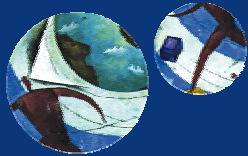


Note: Management accounting basis

## Revenue Composition (Half year)

JPY bn %

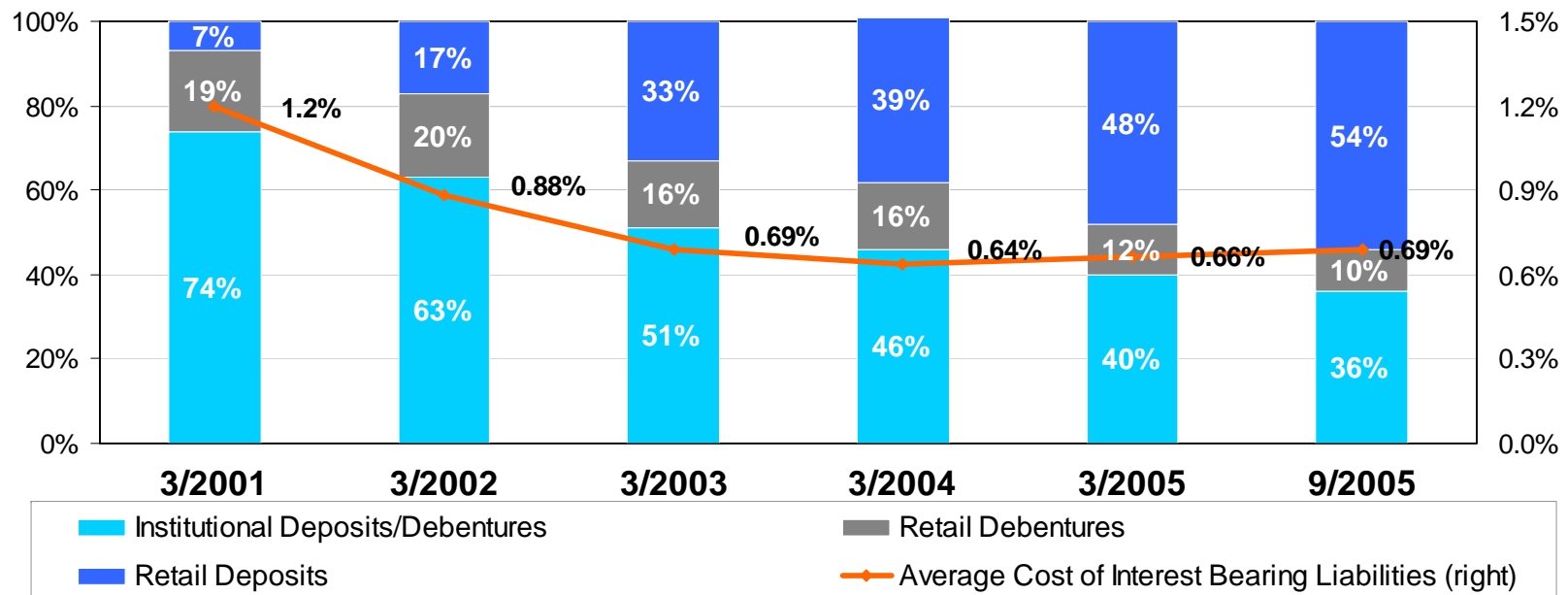




# Enhanced Funding Mix

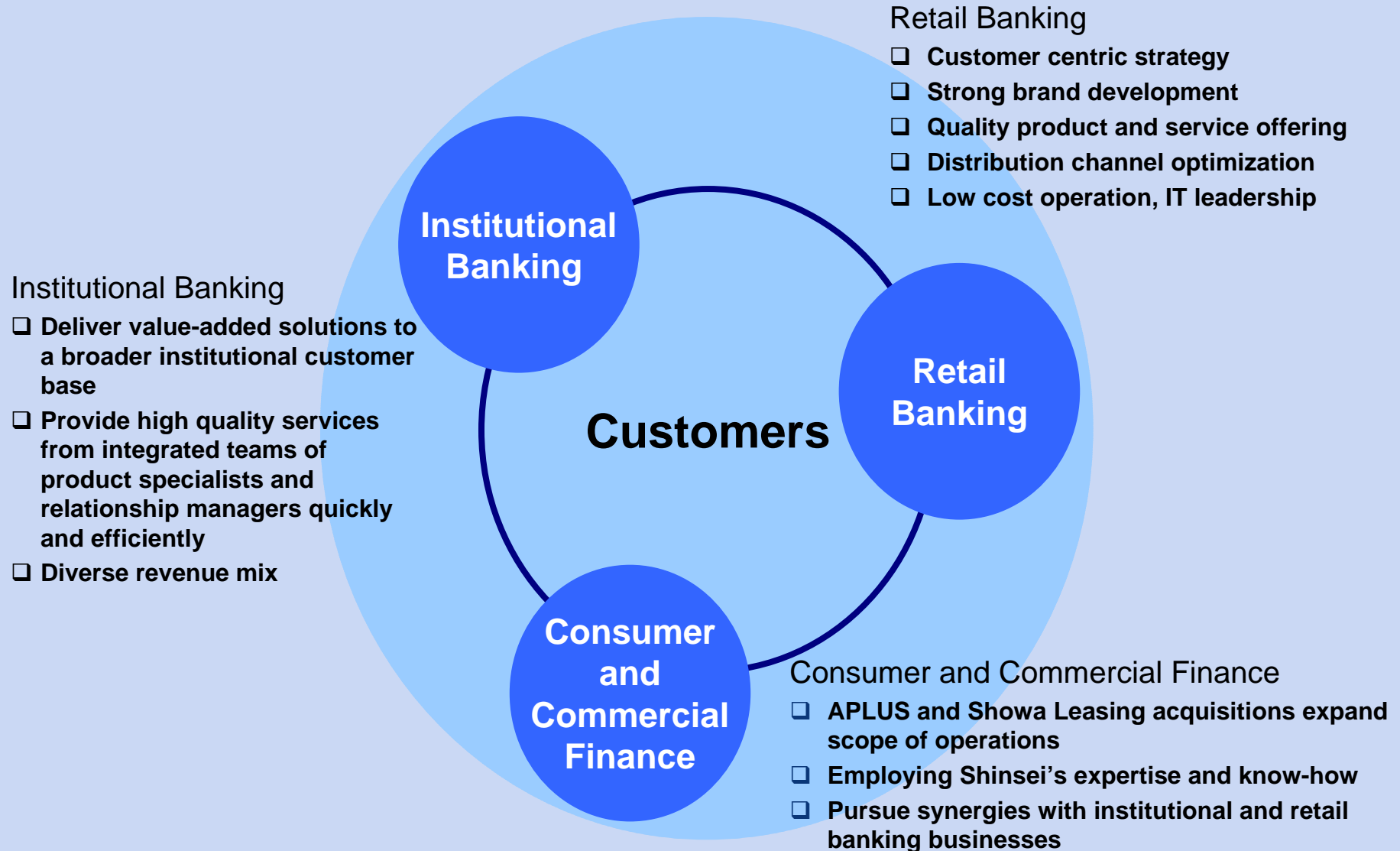
- ❑ Low-cost and diverse sources of funding
- ❑ Greater contribution from retail deposits

## Funding Composition and Average Cost of Interest Bearing Liabilities

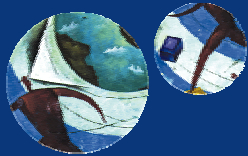




# Shinsei Business Mix: Three Pillar Strategy

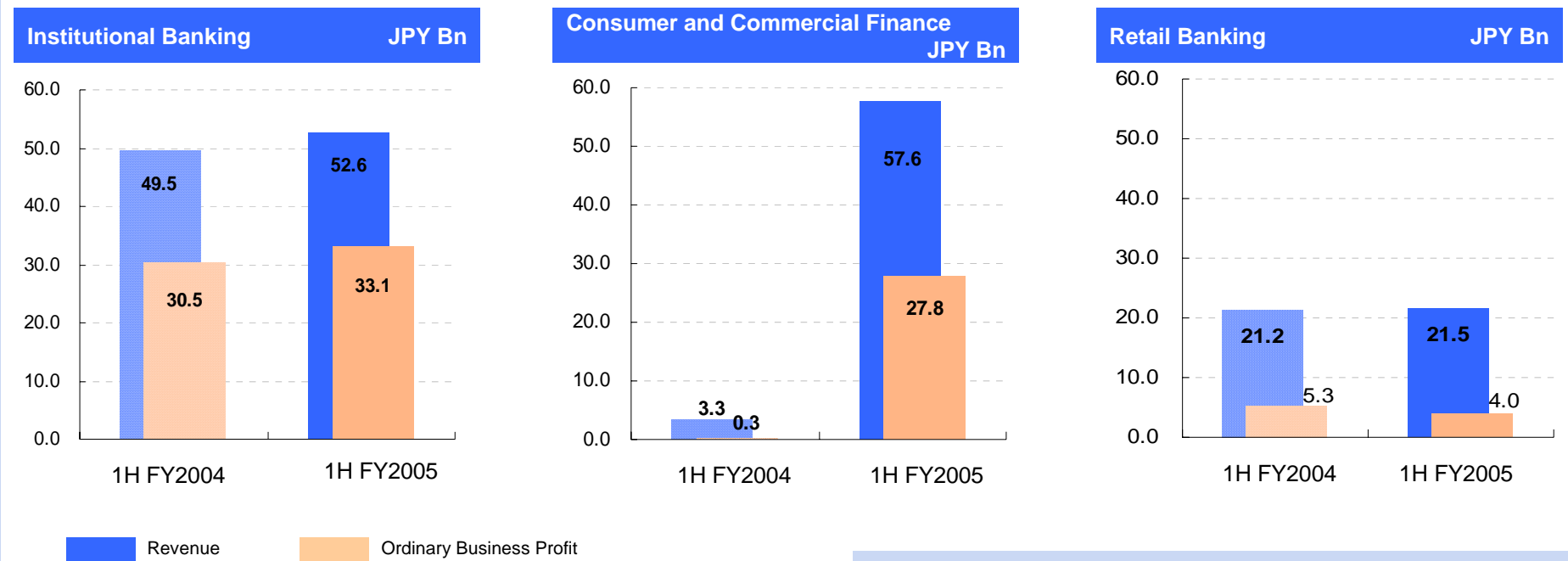




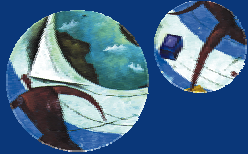


# Balancing Contribution by Business Line

- ❑ Institutional Banking represents 40% of total revenue and more than 50% of OBP
- ❑ Consumer and Commercial Finance represents 44% of total revenue and 44% of OBP
- ❑ Retail Banking represents 17% of total revenue and 6% of OBP



Note: Management accounting basis



# Strong Contribution from Each Business in 1HFY2005

## ❑ Institutional Banking:

- ✓ Revenues grew 6.2% to JPY 52.6 billion
- ✓ Revenue to expense ratio improved to 37.1% from 38.4%
- ✓ Non-recourse loans balance grew 14.4% to JPY 852 billion
  - 80 new transactions during 1H
- ✓ Completed 10 key securitization deals with total issuance amount of JPY 235.6 billion

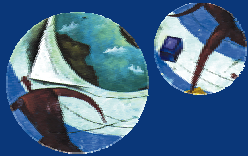
## ❑ Consumer and Commercial Finance (CCF):

- ✓ CCF business contributed JPY 57.6 billion in revenue— or 44% of total
- ✓ APLUS and Showa Leasing has transformed this business group into a core pillar of Shinsei
- ✓ Loans balance increased JPY 42.3 billion to JPY315.0 billion during 1H
- ✓ Overall expense to revenue ratio improved to 52% from 60% in FY2004

## ❑ Retail Banking:

- ✓ 'Color your life' campaign spur customer acquisition of 247,000 in 1H
  - bringing total retail accounts to 1.5 million
- ✓ Generated total revenue of JPY 21.5 billion, up 1.3%
- ✓ Revenue diversification: structured deposits, mutual funds, annuities, housing loans
- ✓ Deposits at JPY 2.8 trillion and retail funding now 64% of total customer funding

\*All figures, where applicable, compared to 1Q FY2004



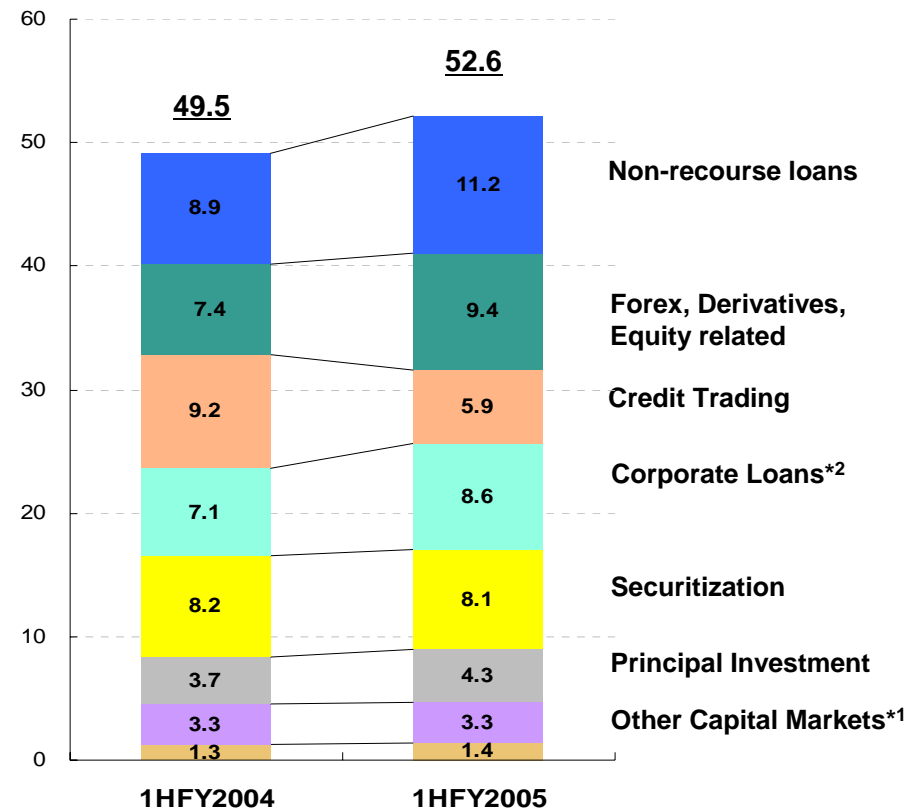
# Institutional Banking: Strong Growth with Varied Revenue Mix

## Highlights during 1HFY2005

- ✓ **Non-recourse Real Estate Finance:**
  - Revenue increase of 26.1%
  - Balance up 14.4% to JPY 851.8 billion
  - 80 new deals closed
- ✓ **Corporate Lending:**
  - Revenue increase of 21.4%
  - Loan balance grew 6.8% to over JPY 2.6 trillion
- ✓ **Securitization:**
  - Concluded 10 new deals with JPY 235.6 billion total issuance
- ✓ **Other:**
  - Foreign exchange, derivatives and equity related capital markets revenue increase of 28.3%

**Revenue Breakdown by Products**  
1HFY2004 vs 1HFY2005

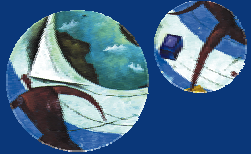
JPY Bn



\*1: Significant portion of this income relates to business activities in Shinsei Securities and Shinsei Trust

\*2: Includes balance sheet and specialty finance loans

Note: Management accounting basis



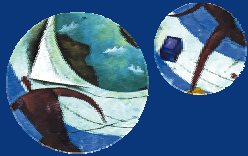
**Developing our hybrid model by expanding our businesses to provide solutions to our target customers**

## **□ Business expansion**

- ✓ Capital Markets Solutions
- ✓ New Securitization Asset Classes
- ✓ Leveraged Finance
- ✓ Advisory Services
- ✓ Loan Syndication
- ✓ Public Finance
- ✓ Asset Management/Wealth Management

## **□ Customer targeting**

- ✓ CRM implementation
- ✓ Focus on cross-sales to improve relationships and profitability



# Consumer and Commercial Finance: Significant Growth Contributor

## APLUS and Showa Leasing acquisitions have transformed CCF composition

### □ APLUS

- ✓ APLUS revenue of JPY 40.4 billion and OBP of JPY19.2 billion represented 70.1% and 69.1% of total CCF business revenue and OBP respectively
- ✓ APLUS declared first dividend for 11 years

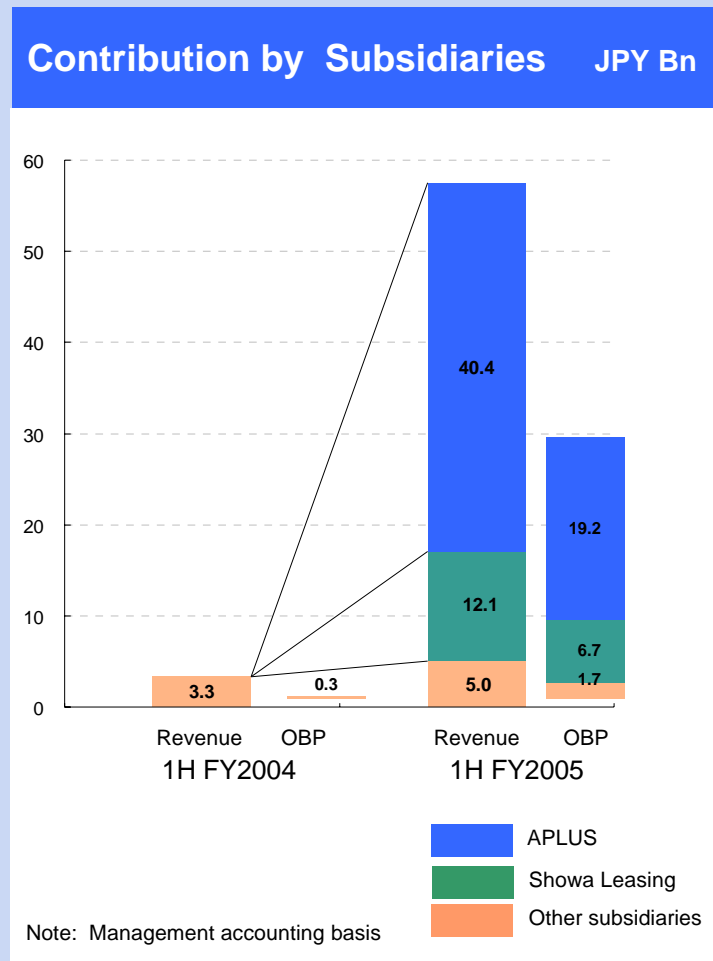
### □ Showa Leasing

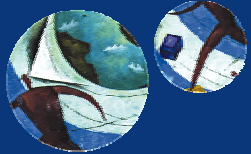
- ✓ Showa Leasing revenue of JPY 12.1 billion and OBP of 6.7 billion represented 21% and 24.1% of total CCF business revenue and OBP respectively

### □ Other

- ✓ Good performance at other CCF subsidiaries during the 1<sup>st</sup> half of FY2005

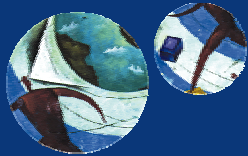
Note: Management accounting basis





## Reaping the benefits of operating our acquisitions as Divisions

- ❑ Growth from enhanced marketing, diversified channels and sales force effectiveness
- ❑ Further penetration into existing customer base through cross-selling within Shinsei Group
  - ✓ Consumer
    - Core Shinpan business complemented by cross-sell
  - ✓ Commercial
    - Diversifying Showa's product offerings
  - ✓ Special Property
    - Leveraging intra-bank synergies
- ❑ Expertise gained from successfully operating our acquisitions can be applied to any future targeted M&A



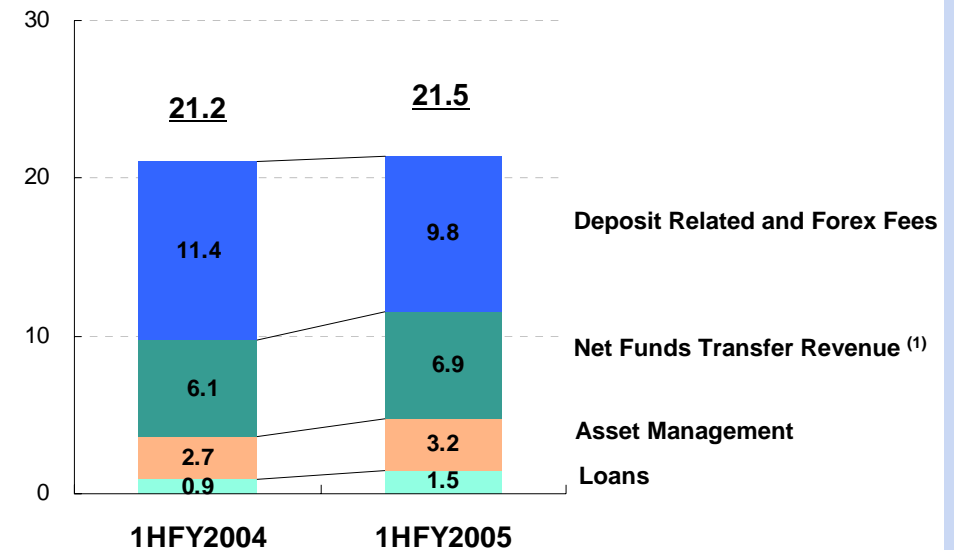
# Retail Banking: Continued Success

## Stable and increasingly diversified revenue growth during 1HFY2005

- ✓ Deposit related and forex related fees including structured deposit fees revenue decreased JPY1.5 billion to JPY 9.8 billion due mainly to favorable market conditions for structured products last year
- ✓ Net fund transfer revenue increased 13.1% due to continued growth in retail deposits and better spreads on USD balances
- ✓ Loan revenue increased significantly due to a 36.4% growth in loan balances to reach JPY 420.3 billion by period end.
- ✓ Fee revenue from mutual funds and variable annuities increased 16.6% to JPY 3.2 billion
- ✓ Over 247,000 new retail customer accounts were acquired during the first half of the year, 65% through remote channels
- ✓ Retail accounts exceeded 1.5 million

Revenue Breakdown by Products  
1HFY2004 vs 1HFY2005

JPY Bn



(1) Related to customer deposits and debentures

Note: Management accounting basis



# Retail business update

**Strong growth expected as we strive to become the bank of choice for a rapidly growing retail customer base**

**❑ Customer focus**

- ✓ Analytics and customer insights
- ✓ Customer satisfaction/ performance measurement and process improvement
- ✓ Safety and security

**❑ Customer experience**

- ✓ No 1 Customer Satisfaction
- ✓ No fees

**❑ Product range and sales process**

- ✓ Unique product range
- ✓ Excellent range of asset management and annuity products
- ✓ Emphasis on solution sales and post sales service

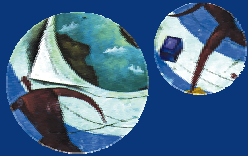
**❑ Technology**

- ✓ Ability to offer a wide range of products and speed to market
- ✓ Scalability
- ✓ Customer view across the relationship
- ✓ Cross channel capability

**❑ People**

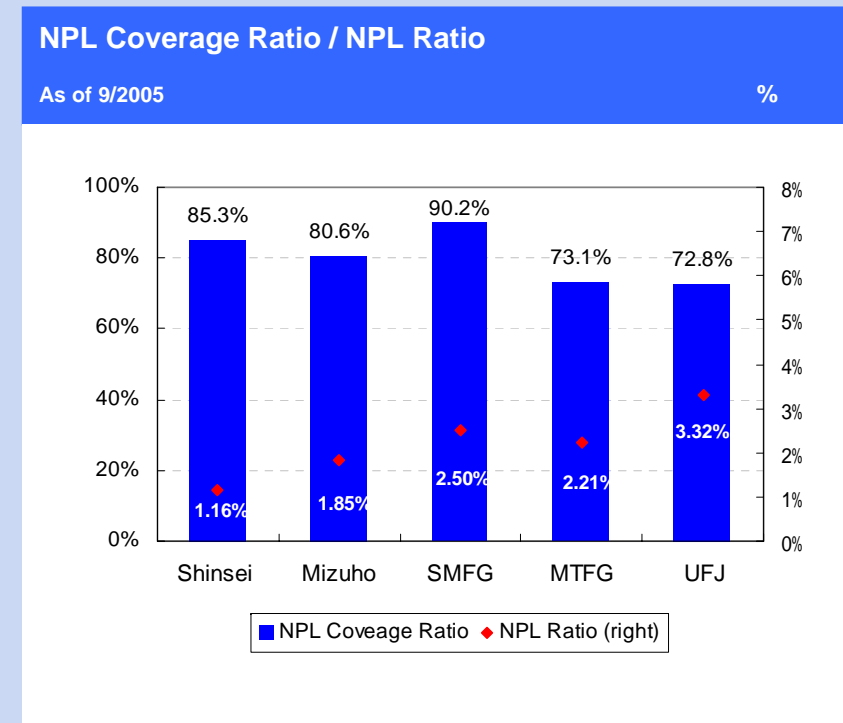
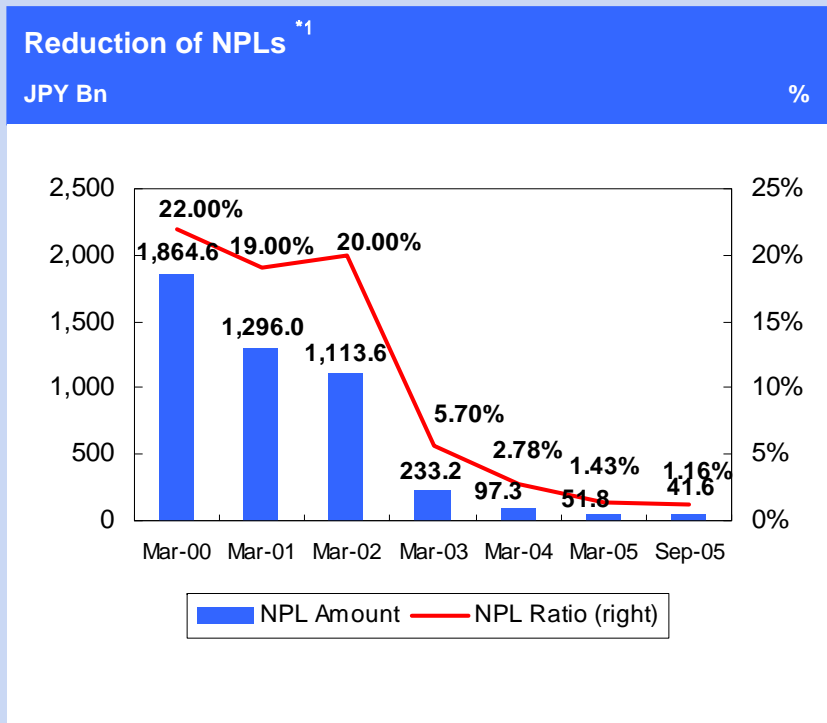
- ✓ Sales Productivity
- ✓ Targeted selection, training process, reward and recognition



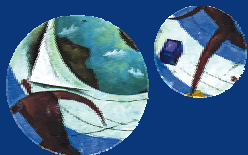


# Strong Balance Sheet

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



\*1 Non-consolidated basis



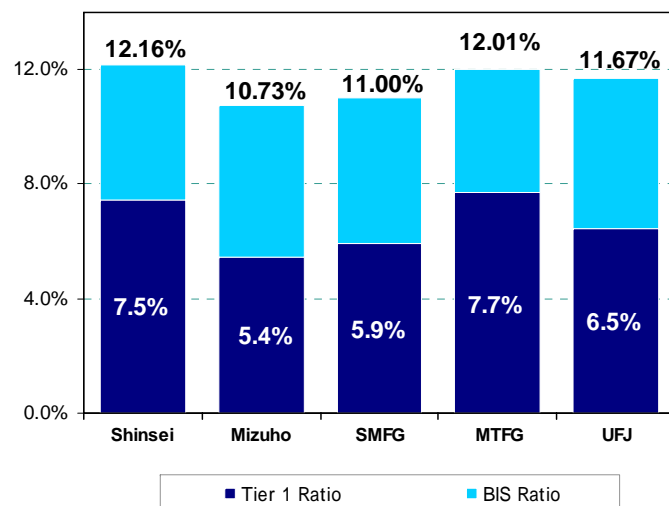
# High Quality Capital Base

- ❑ Tier I ratio after APLUS and Showa Leasing acquisition: 7.47%
- ❑ Capital quality supports growth strategy
  - ✓ Net deferred tax asset portion remain at 1.8% of Tier I

## Regulatory Capital Ratio

As of 9/2005

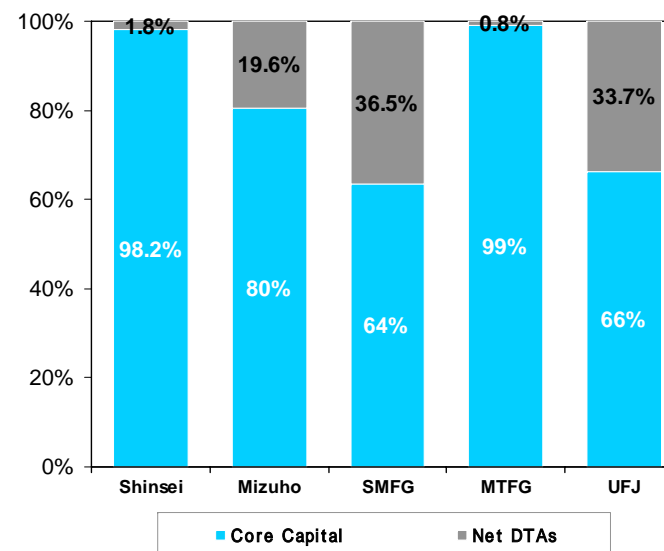
%

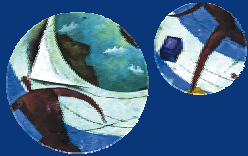


## Tier I Capital Quality

As of 9/2005

%





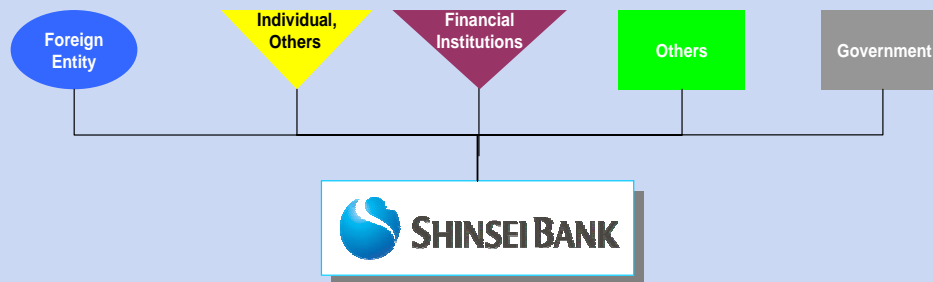
# Breakdown of Shareholders

## Ordinary Shares

- Foreign Entity holdings increased (57.2% 65.9%)
- Individuals and others decreased (24.0% 17.4%)

## Fully Diluted <sup>(1)</sup>

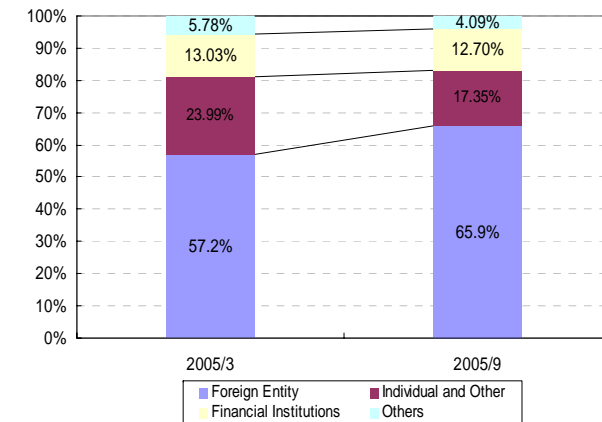
	Foreign Entity <sup>(2)</sup>			Individual and Other			Financial Institution <sup>(3)</sup>			Other			Government owned Preferred shares <sup>(4)</sup>		
	9/2004	3/2005	9/2005	9/2004	3/2005	9/2005	9/2004	3/2005	9/2005	9/2004	3/2005	9/2005	9/2004	3/2005	9/2005
Ordinary Shares (1,358 million)	74.0%	57.2%	65.9%	14.3%	24.0%	17.4%	9.0%	13.0%	12.7%	2.7%	5.8%	4.1%	-	-	-
Fully Diluted (2,027 million)	49.6%	38.3%	44.1%	9.6%	16.1%	11.6%	6.0%	8.7%	8.5%	1.8%	3.9%	2.7%	33.0%	33.0%	33.0%



- (1) Assumed conversion price of Series B Preferred as JPY 599.9 based on conversion price effective as of August 1, 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

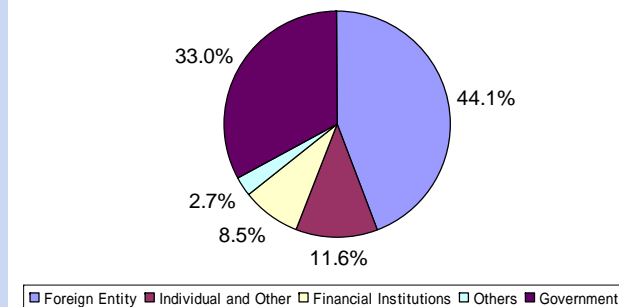
## Breakdown of Ordinary Shareholders

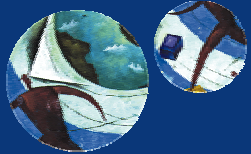
3/2005 vs 9/2005



## Breakdown of Shareholders on a fully diluted basis

9/2005



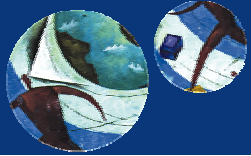


# Shinsei: Better Banking Realized

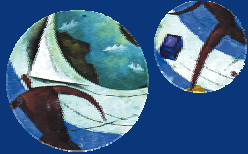
## GROWTH THROUGH DIFFERENTIATION

- Three pillar business strategy to develop diversified and growing quality earning streams.
- Effective management of capital to support growth
- Differentiation by focusing entirely on customer needs
- Leader in product and channel innovation
- Commitment to transparency
- Commitment to building shareholder value

We are recognized and appreciated as a New Type of Bank



# Appendix



# Summary of Performance (Consolidated)

Income Statement (Management Accounting basis)	As of or for the fiscal year ended March 31,			As of or for the fiscal year ended Sept. 30,	
	2003	2004	2005	2004	2005
Net Interest Income	66.1	56.3	66.8	25.3	40.1
Non-Interest Income	41.4	67.5	111.1	47.4	90.4
Total Revenue	107.6	123.8	178.0	72.8	130.5
G&A Expense	67.3	68.7	96.0	38.5	66.6
Ordinary Business Profit	40.2	55.0	81.9	34.3	63.8
Credit (recoveries) costs	(8.7)	(15.4)	(0.9)	(10.6)	14.5
Income taxes and Other	4.0	(4.0)	(15.4)	(4.2)	(11.5)
Net Income	53.0	66.4	67.4	40.7	37.7
				Cash Basis	Cash Basis
				74.7	50.5

Per Share Data	2003	2004	2005	2004	2005
Fully diluted shareholders' equity	335.3	378.7	390.06	393.68	404.66
Diluted net income	26.2	32.7	34.98	38.76	25.08

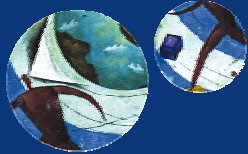
Financial Ratios	2003	2004	2005	2004	2005
Tier 1 capital ratio	14.3%	16.2%	7.0%	8.0%	7.5%
Capital adequacy ratio	20.1%	21.1%	11.8%	11.8%	12.2%
Return on equity (fully diluted)	8.1%	9.4%	8.9%	9.8%	10.9%
Return on assets	0.7%	1.0%	0.9%	1.0%	0.8%
Ratio of non-interest income/ Total Revenue	38.5%	54.5%	62.4%	62.4%	69.3%
Overhead Ratio	62.6%	55.5%	53.9%	53.9%	51.1%

Problem Claims	<Non-Consolidated ~ Financial Revitalization Law>				
	2003	2004	2005	2004	2005
Ratio of non-performing claims to total claim	5.7%	2.8%	1.4%	2.01%	1.16%
Coverage ratio for non-performing claims	95.5%	99.0%	94.3%	98.3%	85.3%

Balance Sheet Data	As of March 31,			As of September 30,	
	2003	2004	2005	2004	2005
Loan and bills discounted	3,502.3	3,047.0	3,430.4	3,074.6	3,828.0
Reserve for credit losses	▲ 216.5	▲ 177.9	▲ 149.7	▲ 157.5	▲ 155.9
Securities	1,770.9	1,483.2	1,478.2	1,339.8	1,678.2
Trading assets	361.1	635.0	168.5	443.6	119.8
Deferred tax assets (DTA)	18.4	22.8	4.3	7.4	9.2
Other	1,270.7	1,333.6	3,644.6	3,617.4	3,663.4
Total Assets	6,706.9	6,343.7	8,576.3	8,325.3	9,142.7
Debentures	1,913.5	1,388.6	1,330.9	1,362.7	1,263.7
Deposits including negotiable	2,576.9	2,734.4	3,452.8	3,168.7	3,964.3
Other	1,536.5	1,489.7	2,952.0	3,029.2	3,033.6
Total Liabilities	6,026.9	5,612.7	7,735.7	7,560.6	8,261.6
Minority interests in subsidiaries	0.1	0.9	53.8	1.0	60.4
Shareholders' equity	679.8	730.0	786.6	763.7	820.6

<Non-consolidated-Financial Revitalization Law>						
		2003	2004	2005	2004	2005
Total claims		4,088.2	3,501.2	3,621.1	3,672.3	3,967.0
Non-performing Claims		233.2	97.3	51.8	73.7	46.1
Amounts of coverage for non-performing claims	Reserve for loan losses	(98.7)	(57.4)	(33.0)	(51.0)	(27.0)
	Collateral and guarantees	(124.0)	(38.8)	(15.7)	(21.4)	(12.2)

(billions of yen, except per share data and percentages)



# Business Line Results Summary (1)

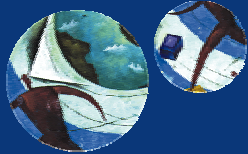
## Revenue / Ordinary Business Profit by Business Line <sup>(1)</sup> <sup>(2)</sup>

Six months ended September 30, 2005	billions of yen									
	Institutional Banking		Consumer & Commercial Finance		Retail Banking		ALM/Corporate/Other		Total	
	Amount	Composition ( )	Amount	Composition ( )	Amount	Composition ( )	Amount	Composition ( )	Amount	Composition ( )
Net interest income	17.6	( 44% )	17.8	( 44% )	8.4	( 21% )	(3.8)	( -10% )	40.1	( 100% )
Non-interest income	35.0	( 39% )	39.8	( 44% )	13.0	( 14% )	2.5	( 3% )	90.4	( 100% )
Total revenue	52.6	( 40% )	57.6	( 44% )	21.5	( 17% )	(1.3)	( -1% )	130.5	( 100% )
General and administrative expenses	(19.5)	( 29% )	(29.8)	( 45% )	(17.5)	( 26% )	0.2	( 0% )	(66.6)	( 100% )
Ordinary business profit (loss)	33.1	( 52% )	27.8	( 44% )	4.0	( 6% )	(1.0)	( -2% )	63.8	( 100% )

Six months ended September 30, 2004	billions of yen									
	Institutional Banking		Consumer & Commercial Finance		Retail Banking		ALM/Corporate/Other		Total	
	Amount	Composition ( )	Amount	Composition ( )	Amount	Composition ( )	Amount	Composition ( )	Amount	Composition ( )
Net interest income	17.2	( 68% )	1.9	( 8% )	7.1	( 28% )	(1.0)	( -4% )	25.3	( 100% )
Non-interest income	32.3	( 68% )	1.3	( 3% )	14.0	( 30% )	(0.3)	( -1% )	47.4	( 100% )
Total revenue	49.5	( 68% )	3.3	( 5% )	21.2	( 29% )	(1.3)	( -2% )	72.8	( 100% )
General and administrative expenses	(19.0)	( 49% )	(2.9)	( 8% )	(15.9)	( 41% )	(0.5)	( 1% )	(38.5)	( 100% )
Ordinary business profit (loss)	30.5	( 89% )	0.3	( 1% )	5.3	( 16% )	(1.8)	( -6% )	34.3	( 100% )

(1) Certain period amounts have been reclassified to conform to current period presentation.

(2) Represents results based on management accounting basis and judgments have been applied in determining business lines revenue breakdown by income-type.



# Business Line Results Summary (2)

## Institutional Banking and Retail Banking - Revenue by Products

billions of yen

	Six months ended Sep.30		(Reference) Fiscal year ended Mar.30	
	2005	2004	2005	2004
<b>Institutional Banking:</b>				
Non-Recourse Loans	11.2	8.9	18.9	14.3
Forex, Derivatives, Equity	9.4	7.4	16.7	15.5
Credit Trading	5.9	9.2	15.8	8.7
Corporate Loans	8.6	7.1	14.6	20.0
Securitization	8.1	8.2	12.6	16.6
Principal Investments	4.3	3.7	7.8	5.2
Other Capital Markets	3.3	3.3	7.7	5.5
Others	1.4	1.3	2.6	3.0
<b>Total Revenue</b>	<b>52.6</b>	<b>49.5</b>	<b>97.0</b>	<b>89.1</b>
<b>Retail Banking:</b>				
Deposit related and FX Fees	9.8	11.4	16.5	3.3
Net Fund Transfer Revenue	6.8	6.1	12.9	11.8
Asset Management	3.2	2.7	6.0	5.4
Loans	1.5	0.9	1.9	0.9
<b>Total Revenue</b>	<b>21.5</b>	<b>21.2</b>	<b>37.5</b>	<b>21.5</b>

## Consumer and Commercial Finance - Ordinary Business Profit by Subsidiary <sup>(1)</sup>

billions of yen

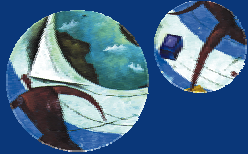
Six months ended September 30, 2005	APLUS	Showa Leasing	Other Subsidiaries <sup>(2)</sup>	Total
Total revenue	40.4	12.1	5.0	57.6
General and administrative expenses	(21.1)	(5.3)	(3.3)	(29.8)
<b>Ordinary business profit</b>	<b>19.2</b>	<b>6.7</b>	<b>1.7</b>	<b>27.8</b>

(1) Net of consolidation adjustments, if applicable.

(2) Includes unallocated consumer and commercial finance sub-group expense.

Note: Management accounting basis





# Balance Sheet Impact by APLUS and Showa Leasing

## Major Items of Consolidated Balance Sheet

(billions of yen)

	September 30, 2005			March 31, 2005		
	Consolidated	APLUS	Showa Leasing	Consolidated	APLUS	Showa Leasing
Cash and due from banks	352.5	118.9	3.6	277.5	97.6	1.9
Other monetary claims purchased	244.3	-	-	320.3	-	-
Monetary assets held in trust	393.6	95.3	-	372.2	84.0	-
Securities	1,678.2	9.1	11.4	1,478.2	9.7	11.5
Loans and bills discounted	3,828.0	189.0	0.5	3,430.4	160.2	0.7
Installment sales credit	415.6	241.3	131.6	377.3	204.9	132.1
Premises and equipment	419.4	18.5	309.1	418.9	14.0	313.4
Consolidation goodwill, net	229.6	182.9	47.4	244.0	193.6	51.2
Intangible assets	72.6	63.1	9.5	77.2	67.0	10.1
Customers' liabilities for acceptances and guarantees	1,002.4	973.7	-	1,058.1	1,032.4	-
Reserve for credit losses	(155.9)	(39.0)	(1.2)	(149.7)	(24.0)	-
Deposit (including NCD)	3,964.3	-	-	3,452.8	-	-
Debentures	1,181.7	-	-	1,242.6	-	-
Commercial paper	77.8	20.0	57.8	13.3	7.3	6.0
Borrowed money	1,166.9	433.0	395.1	1,160.2	385.7	458.8
Acceptances and guarantees	1,002.4	973.7	-	1,058.1	1,032.4	-
Minority interests in subsidiaries	60.4	56.2	1.1	53.8	49.9	0.9

[APLUS]

Installment sales credit and guarantees for installment sales credit represent most of APLUS's total assets.

(1) In the Bank's consolidated balance sheet, most of recorded "Loans and bills discounted" and "Installment sales credit" associated with APLUS balance sheet are, in APLUS's balance sheet, recorded as "Installment sales credit"

(2) The amounts that are included in "Customers' liabilities for acceptances and guarantees" in the Bank's consolidated balance sheet associated with APLUS's assets recorded as "Guarantees for installment sales credit" is JPY 816.7 billion

[Showa Leasing]

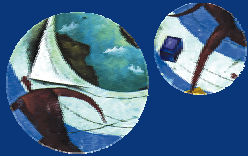
Installment sales credit and leasing assets represent most of Showa Leasing's total assets.

(1) In the Bank's consolidated balance sheet, most of recorded "Installment sales credit" associated with Showa Leasing's balance sheet are, in Showa Leasing's balance sheet, recorded as "Installment sales credit"

(2) In the Bank's consolidated balance sheet, most of recorded "Premises and equipment" associated with Showa Leasing's balance sheet are, in Showa Leasing's balance sheet, recorded as "Tangible leasing assets"

Note:

- Numbers for APLUS and Showa Leasing shown in this table are different from those companies' own financial statement because the numbers shown here represent management accounting basis after the consolidation adjustment and market value adjustment.
- Consolidation goodwill (net) is recorded during consolidating process and is not "assets" of APLUS or Showa Leasing itself.
- Minority interests in subsidiaries are recorded during consolidating process and are not "liabilities" of APLUS or Showa Leasing itself.



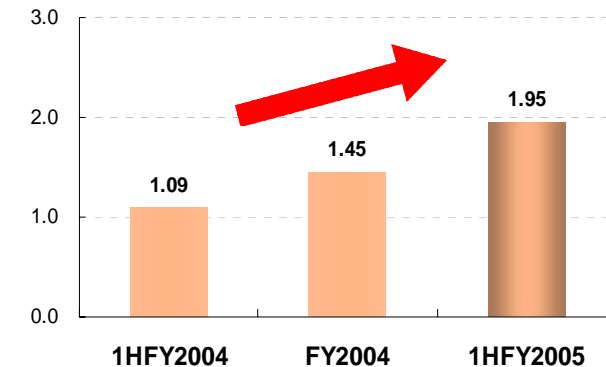
# Improved Net Yield with Acquisitions

- Net yield on interest-earning assets improved to 1.95% from 1.09% mainly due to the higher yield generated by APLUS and Showa Leasing
- Total earning assets grew 34% to JPY 6,527.0 billion compared to 1HFY2004

## Net Yield on Interest-Earning Assets

1HFY2004 vs. FY2004 vs. 1HFY2005

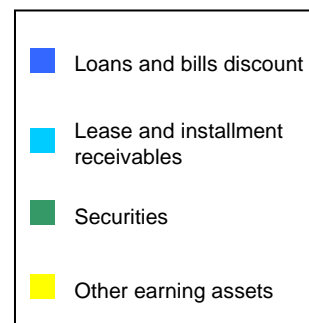
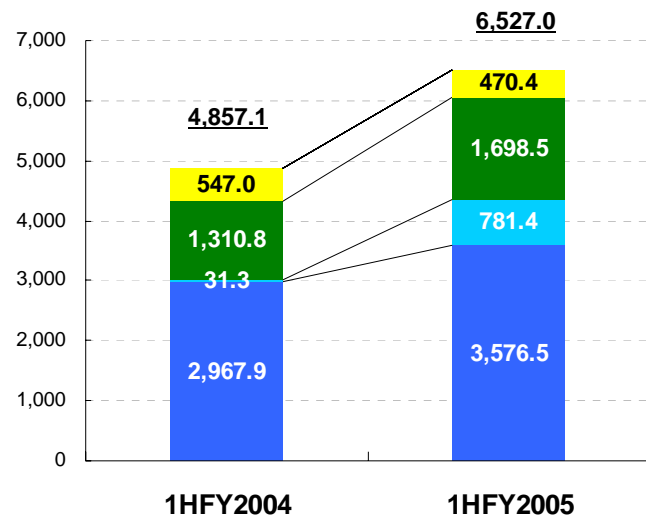
%



## Average Balance of Earning Assets

1HFY2004 vs. 1HFY2005

JPY Bn

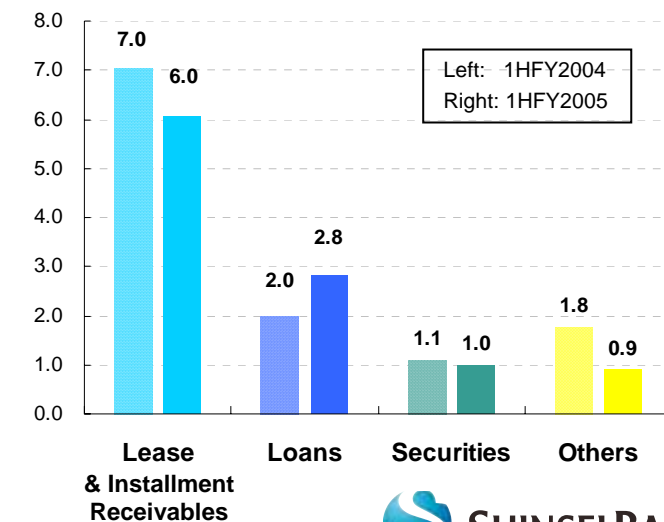


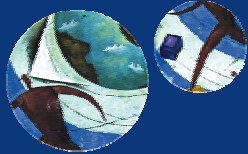
Note: Management accounting basis

## Yield/rate of Each Interest-Earning Assets

1HFY2004 vs. 1HFY2005

%





# Interest Earning Assets and Interest Bearing Liabilities (consolidated)

(billions of yen (except percentages))

	for the first half ended						(Reference) for the fiscal year ended		
	Sep. 2005 (1H-FY2005)			Sep. 2004 (1H-FY2004)			Mar. 2005 (FY2004)		
	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)
<i>For the first half fiscal year ended September 30</i>									
<b>Interest-earning assets <sup>(2)</sup>:</b>									
Loans and bills discounted	3,576.5	50.8	2.83	2,967.9	29.6	1.99	3,099.9	77.3	2.50
Lease and installment receivables <sup>(2)</sup>	781.4	23.6	6.04	31.3	1.1	7.03	152.2	10.3	6.78
Securities	1,698.5	8.3	0.98	1,310.8	7.0	1.08	1,509.4	15.8	1.05
Other earning assets	470.4	2.1	0.90	547.0	4.8	1.76	553.4	8.1	1.48
<b>Total interest-earning assets <sup>(2)</sup></b>	<b>6,527.0</b>	<b>84.9</b>	<b>2.60</b>	<b>4,857.1</b>	<b>42.6</b>	<b>1.75</b>	<b>5,315.0</b>	<b>111.7</b>	<b>2.10</b>
<b>Interest-bearing liabilities:</b>									
Deposits and negotiable certificates of deposit	3,548.5	8.0	0.45	2,910.1	7.2	0.50	3,096.2	13.6	0.44
Debentures	1,198.9	2.6	0.44	1,325.2	3.2	0.48	1,311.4	6.1	0.47
Subordinated debt	251.6	3.0	2.41	219.3	3.6	3.35	210.5	6.9	3.32
Borrowed money and corporate bonds	967.3	6.5	1.36	141.2	1.5	2.15	338.0	6.6	1.96
Other interest-bearing liabilities	225.8	0.8	0.79	343.1	0.4	0.28	259.7	1.0	0.40
<b>Total interest-bearing liabilities</b>	<b>6,192.4</b>	<b>21.2</b>	<b>0.68</b>	<b>4,939.2</b>	<b>16.1</b>	<b>0.65</b>	<b>5,216.0</b>	<b>34.4</b>	<b>0.66</b>
<b>Non interest-bearing sources of funds:</b>									
Non interest-bearing (assets) liabilities, net	(469.0)	-	-	(828.9)	-	-	(659.2)	-	-
Shareholders' equity	803.6	-	-	746.8	-	-	758.3	-	-
Total interest-bearing liabilities and non interest-bearing sources of funds	6,527.0	-	-	4,857.1	-	-	5,315.0	-	-
Net interest margin <sup>(2)</sup>	-	-	1.91	-	-	1.10	-	-	1.44
Impact of non interest-bearing sources	-	-	0.04	-	-	(0.01)	-	-	0.01
<b>Net yield on interest-earning assets <sup>(2)</sup></b>	<b>-</b>	<b>63.7</b>	<b>1.95</b>	<b>-</b>	<b>26.4</b>	<b>1.09</b>	<b>-</b>	<b>77.2</b>	<b>1.45</b>

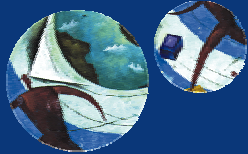
Note:

Reclass from total revenue on earning assets to net interest income.

Total revenue on earning assets	6,527.0	84.9	2.60	4,857.1	42.6	1.75	5,315.0	111.7	2.10
Less: Lease and installment receivables	781.4	23.6	6.04	31.3	1.1	7.03	152.2	10.3	6.78
<b>Total interest income</b>	<b>5,745.5</b>	<b>61.3</b>	<b>2.13</b>	<b>4,825.8</b>	<b>41.5</b>	<b>1.72</b>	<b>5,162.8</b>	<b>101.3</b>	<b>1.96</b>
Total interest expense	-	21.2	-	-	16.1	-	-	34.4	-
Net interest income	-	40.1	-	-	25.3	-	-	66.8	-

(1) Certain prior period numbers have been reclassified to conform to current period presentation.

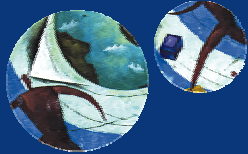
(2) Includes lease and installment receivables assets and related yields.



# Interest Earning Assets and Interest Bearing Liabilities (non-consolidated)

(billions of yen (except percentages))

	for the first half ended						(Reference) for the fiscal year ended		
	Sep. 2005 (1H-FY2005)			Sep. 2004 (1H-FY2004)			Mar. 2005 (FY2004)		
	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)
<i>For the first half fiscal year ended September 30</i>									
<b>Interest-earning assets:</b>									
Cash and due from banks	72.3	1.0	2.92	146.7	1.6	2.22	134.7	2.7	2.06
Call loans	44.9	0.0	0.03	141.4	0.0	0.01	134.1	0.0	0.01
Receivables under resale agreements	-	-	-	0.9	0.0	0.00	1.7	0.0	0.00
Collateral related to securities borrowing transactions	6.4	0.0	0.49	49.2	0.0	0.01	49.5	0.0	0.01
Securities	1,977.4	11.8	1.19	1,314.8	6.8	1.03	1,526.0	15.5	1.01
Loans and bills discounted	3,483.9	28.8	1.65	3,070.2	28.7	1.86	3,186.9	58.5	1.83
Other interest-earning assets	82.6	0.3	0.93	95.7	0.2	0.51	93.9	0.6	0.66
Interest rate and fund swaps	-	0.5	-	-	2.5	-	-	4.2	-
<b>Total interest-earning assets</b>	<b>5,667.7</b>	<b>42.7</b>	<b>1.50</b>	<b>4,819.1</b>	<b>40.0</b>	<b>1.65</b>	<b>5,127.0</b>	<b>81.8</b>	<b>1.59</b>
<b>Interest-bearing liabilities:</b>									
Deposits	3,421.1	8.0	0.47	2,604.9	7.2	0.55	2,828.8	13.5	0.47
Negotiable certificates of deposit	199.6	0.0	0.02	412.9	0.0	0.03	410.1	0.1	0.03
Debentures	1,206.3	2.6	0.43	1,332.3	3.2	0.48	1,319.2	6.2	0.47
Call money	139.1	0.0	0.07	102.9	0.3	0.58	117.8	0.6	0.53
Payable under repurchase agreements	1.2	0.0	0.00	227.1	0.0	0.00	121.3	0.0	0.00
Collateral related to securities lending transactions	6.6	0.0	0.20	12.0	0.0	0.04	13.2	0.0	0.03
Borrowed money	324.4	3.5	2.20	338.2	4.6	2.76	326.6	8.2	2.53
Corporate bonds	50.0	0.1	0.42	-	-	-	0.9	0.0	0.39
Other interest-bearing liabilities	1.7	0.7	88.25	0.2	0.1	109.81	0.2	0.3	106.10
Interest rate and fund swaps	-	-	-	-	-	-	-	-	-
<b>Total interest-bearing liabilities</b>	<b>5,350.2</b>	<b>15.2</b>	<b>0.56</b>	<b>5,030.9</b>	<b>15.6</b>	<b>0.62</b>	<b>5,138.7</b>	<b>29.1</b>	<b>0.56</b>
<b>Net interest income/yield on interest-earning assets</b>	<b>5,667.7</b>	<b>27.4</b>	<b>0.96</b>	<b>4,819.1</b>	<b>24.3</b>	<b>1.00</b>	<b>5,127.0</b>	<b>52.6</b>	<b>1.02</b>



# Tax Loss Carryforwards

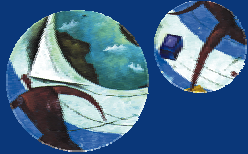
- The bank had JPY 423.4 billion of tax loss carryforwards related to corporation tax as of March 31, 2005.

Fiscal year ended March 31,	Amount (billions of yen)	Date of expiry
2001	205.2	March 31, 2006
2002	63.0	March 31, 2009
2003	155.1	March 31, 2010
Total	423.4	

- In addition, other important tax loss carryforwards of major subsidiaries are as follows. The Bank cannot add the tax loss carryforwards of APLUS and Showa Leasing to its own tax loss carryforwards because, as less than wholly owned subsidiaries, they are not included in the Bank's consolidated corporate tax system.

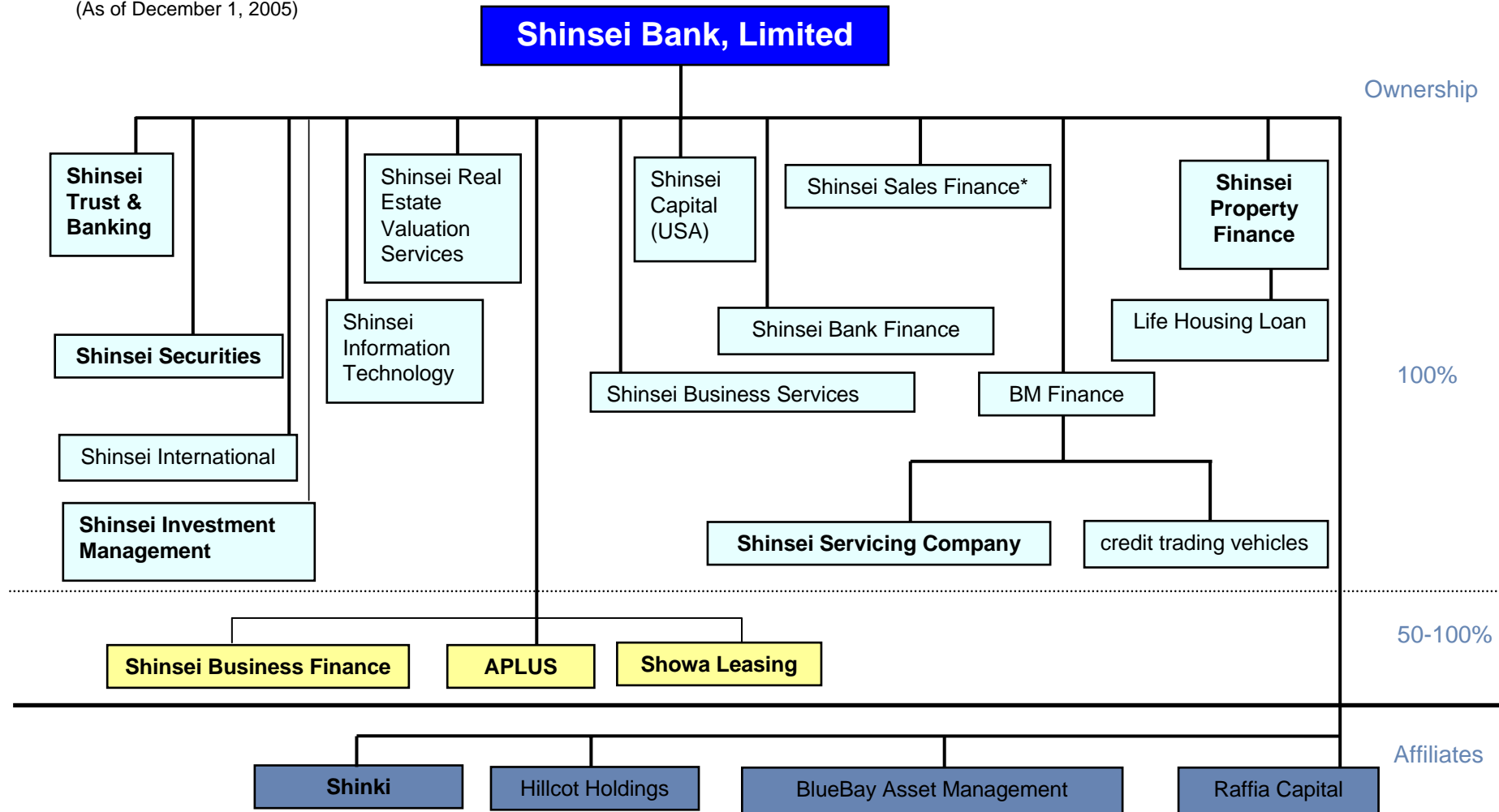
	(billions of yen)	Date of expiry
APLUS	157.7	March 31, 2012
Showa Leasing	42.5	March 31, 2012

- For the first half fiscal year 2005, Shinsei Bank recorded JPY 30.7 billion of consolidated taxable income.

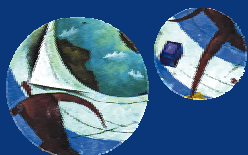


# Shinsei Group Chart

(As of December 1, 2005)



\* On November 29, 2005, Shinsei Bank signed a letter of understanding with APLUS to assign entire shares of Shinsei Sales Finance. Shinsei Bank shall determine detailed conditions with APLUS and plans to complete the assignment in March 2006.



# Earnings Forecast

[Consolidated] (billions of yen)

	FY2005		FY2004	
	1H-FY2005	(Forecast)	1H-FY2004	
Ordinary business profit *	63.8	120.0	34.3	84.9
Net operating Income	33.6	62.0	28.5	54.4
Net income	37.7	63.0	40.7	67.4
Cash basis net income **	50.5	93.0		74.7

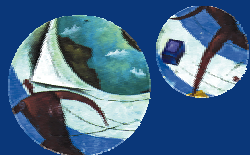
\* Management accounting basis. Basically, it is calculated under the same standard as non-consolidated (based on the Bank's "revitalization plan") terms.

\*\* Excludes amortization of Aplus and Showa Leasing's acquired (consolidation) goodwill and intangible assets, net of tax benefit. (FY2005 Forecast: JPY 30.0bn, 1H-FY2005: JPY 12.8bn, FY2004: JPY 7.2bn)

[Non-consolidated] (billions of yen)

	FY2005		FY2004	
	1H-FY2005	(Forecast)	1H-FY2004	
Net business profit *	34.2	62.0	29.2	54.9
Net operating Income	32.8	62.0	24.6	46.6
Net income	39.1	68.0	37.2	68.0

\* Based on the Bank's "revitalization plan"



# 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 JPY 30 billion 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	(30.4)
Net asset fair value before capital injection	<u>(136.4)</u>
Capital injection	241.0
Net asset fair value after capital injection	<u>104.5</u>
Minority interest (Class D and E Preferred Shares)	(49.6)
Net asset attributable to Shinsei	<u>54.8</u>
Shinsei's investment	<u>253.5</u>
Consolidation goodwill <sup>1)</sup>	<u>198.6</u>
Consolidation goodwill amortization (2004/10 - 2005/3)	(4.9)
<b>Consolidation goodwill outstanding (as of Mar-05)</b>	<b><u>193.6</u></b>

### ◆ 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
<b>Total identified intangible assets</b>	<b><u>70.9</u></b>		

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	(5.4)
Net asset fair value	<u>25.6</u>
Minority interest	(0.9)
Net asset fair value attributable to Shinsei	<u>24.7</u>
Shinsei's investment <sup>1)</sup>	<u>75.9</u>
<b>Consolidation goodwill (as of Mar-05)</b>	<b><u>51.2</u></b>

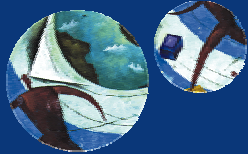
### ◆ Amortization Method

	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	} (remaining life of each contract)	Straight Line
Sublease contract	0.8		
<b>Total identified intangible assets</b>	<b><u>10.1</u></b>		

### Budgeted Total Intangible Amortization in FY2005 JPY Bn

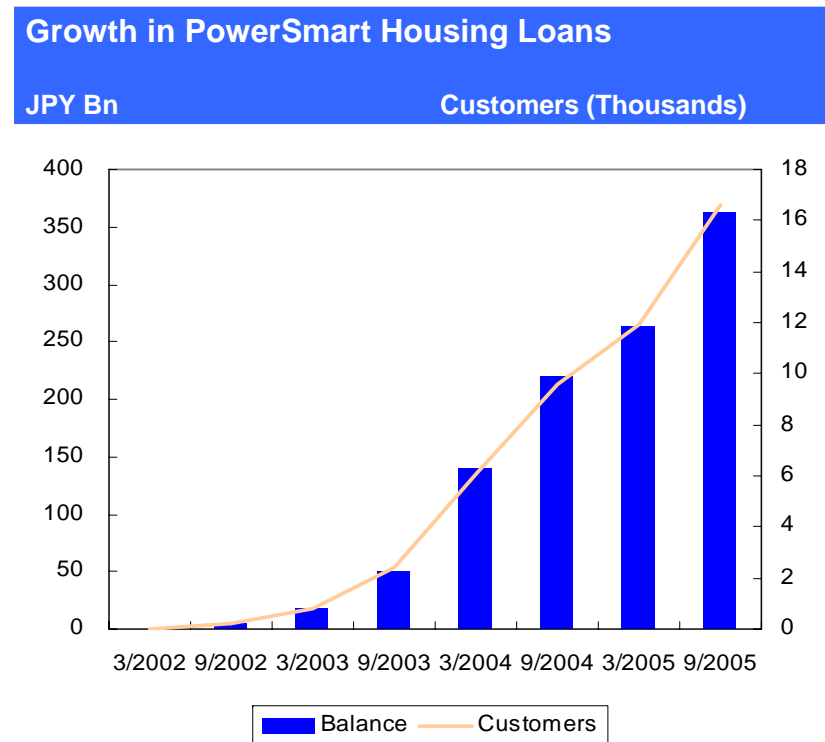
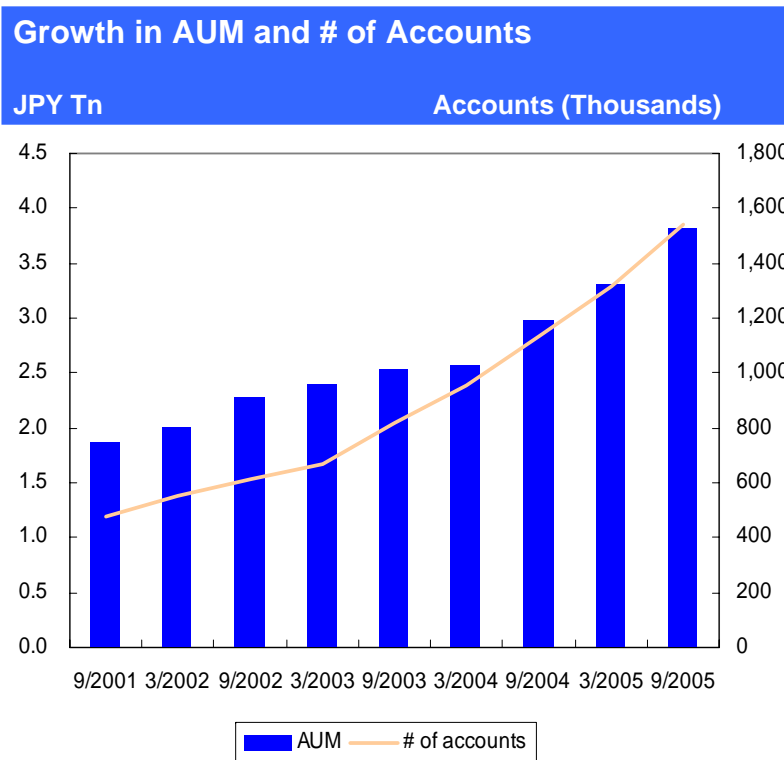
	APLUS	Showa Leasing	Total
Identified intangibles	8	1	9
Related tax benefit	(3)	(1)	(4)
Consolidation goodwill	20	5	25
<b>Total intangible amortization</b>	<b>24</b>	<b>6</b>	<b>30</b>



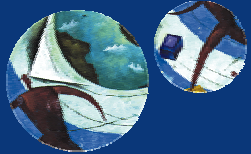


# Growth in AUM and Housing Loans

- ❑ 1.6 million retail accounts as of November 2005
- ❑ Total assets under management reached approximately JPY 3.8 trillion<sup>(1)</sup>
- ❑ “PowerSmart” loan balance reached JPY 362.2 billion<sup>(1)</sup>



(1) As of September 2005



# Investor Relations

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