

# Better Banking – Better Value



(TSE : 8303)

***BUILDING A JAPANESE BANKING LEADER***

Investors Meeting FY2003

June, 2004

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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.

# FY2003: Full Year Operational Highlights

- Net profit rose 25.2% to JPY 66.4 billion
- Non-interest revenue was JPY 66.3 billion
- NPL's fall to 2.8% of total claims or JPY 97.3 billion  
- an overall decline of JPY 135.9 billion during FY2003
- 56% of total customer funding from retail customers  
- up 6% over last year
- Credit rating upgrades

**Significant Progress in All Key Areas**

# FY2003 Full Year: Stronger Returns

## Financial Overview

JPY Bn

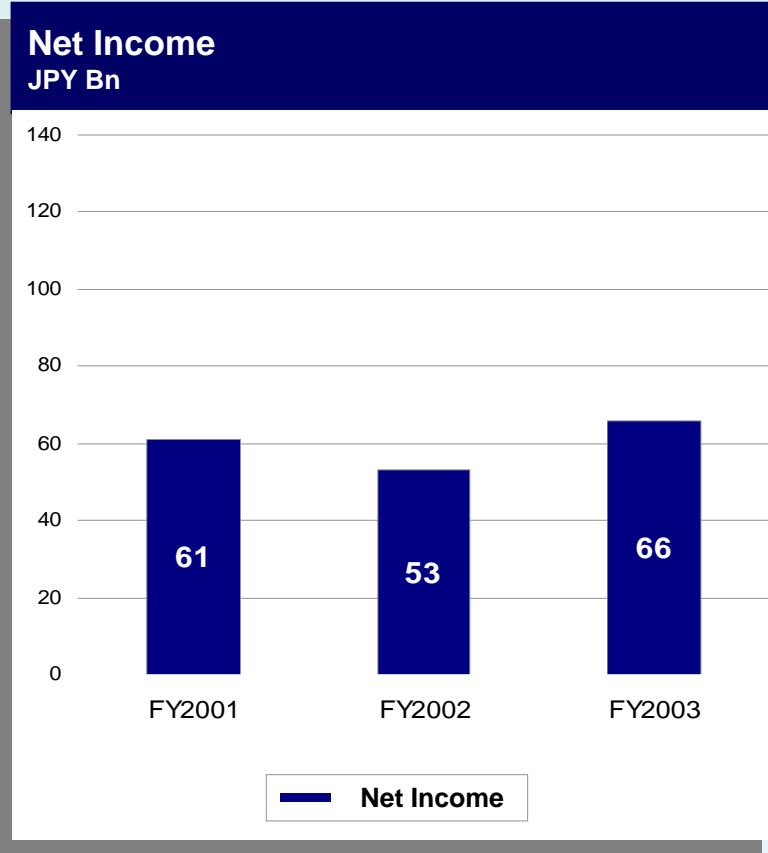
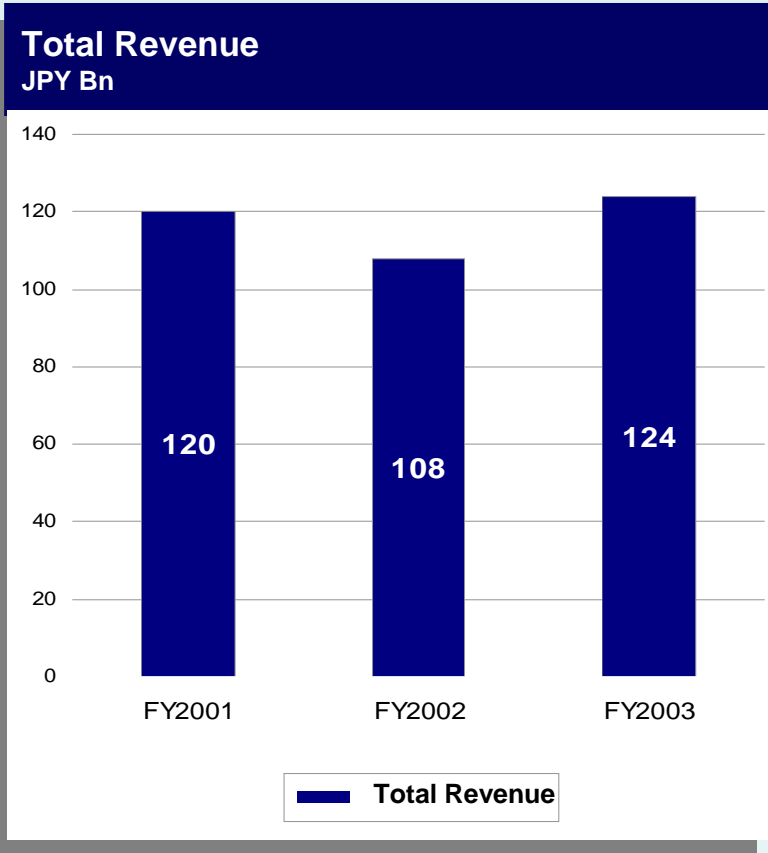
	FY'01	FY'02	FY'03
Total Revenue	120	108	124
Total Expenses	70	70	70
Net Income	61	53 <sup>(1)</sup>	66

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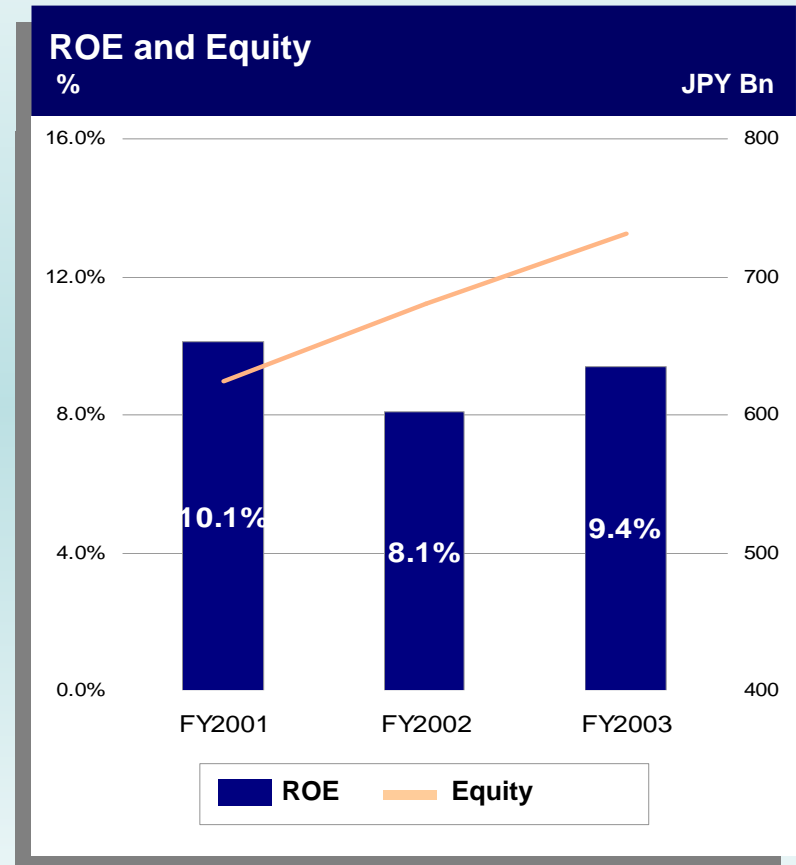
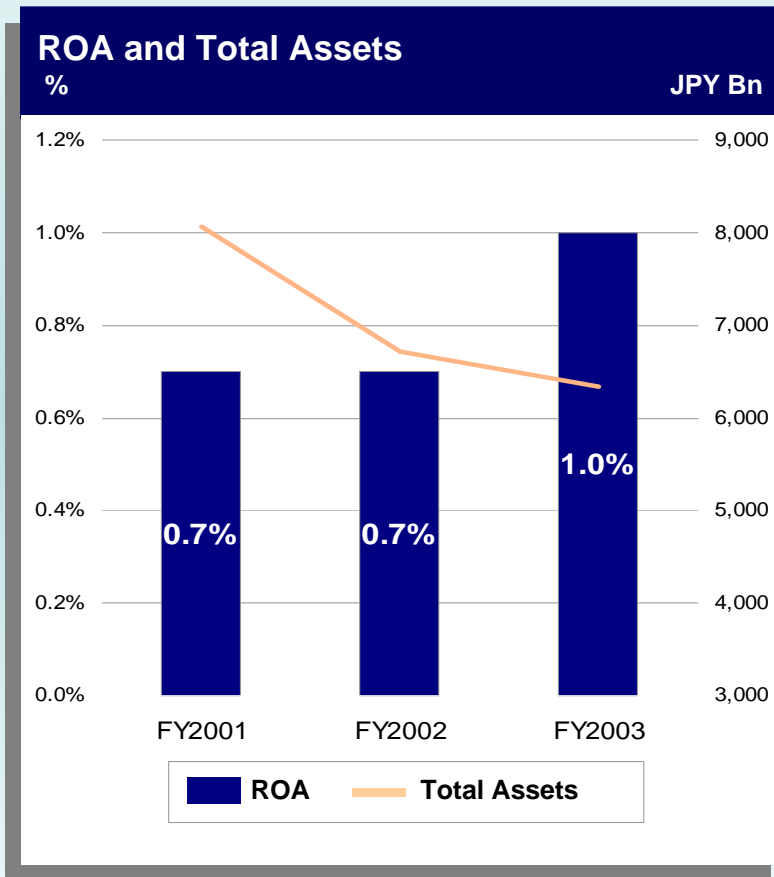
ROA	0.7%	0.7%	1.0%
ROE <sup>(2)</sup>	10.1%	8.1%	9.4%
Adjusted ROE <sup>(3)</sup>	9.9%	10.2%	14.6%

1. Reflects JPY 20Bn of realized losses from Shinsei's US bond portfolio
2. Based on total shareholders' equity
3. Adjusted ROE=Net income / Average adjusted total shareholders' equity  
(Adjusted total shareholders' equity=Risk weighted assets x 10% (assuming 10% Tier 1 ratio))

# Total Revenue and Net Income



# ROA and ROE



(Total Assets and Equity are as at March 31 of each fiscal year)

# Driving Profitability and Returns

## Institutional Banking

- Integrated teams of product specialists and relationship managers
- Deliver solutions and grow quality assets
- Cross selling of diversified services to broaden customer relationships

## Retail Banking

- Low cost direct banking model to build customer base
- Provide innovative products and customer centric services
- Segmentation and initiative aimed at affluent customers

**Strong Balance Sheet / Better Funding**

# Institutional Banking: Distinctive Features and Focus

- Traditional Products:
  - Loans
  - Debentures
  - Forex / Derivative
  
- New Products, Services:
  - Credit Trading
  - Securitization (ABS, MBS)
  - Non Recourse Financing
  - Corporate Revitalization, Private Equity
  - M&A Advisory
  - Non-Bank
    - Real Estate Secured Loans
    - Unsecured Loans
    - Housing Loans
    - Installment Loans

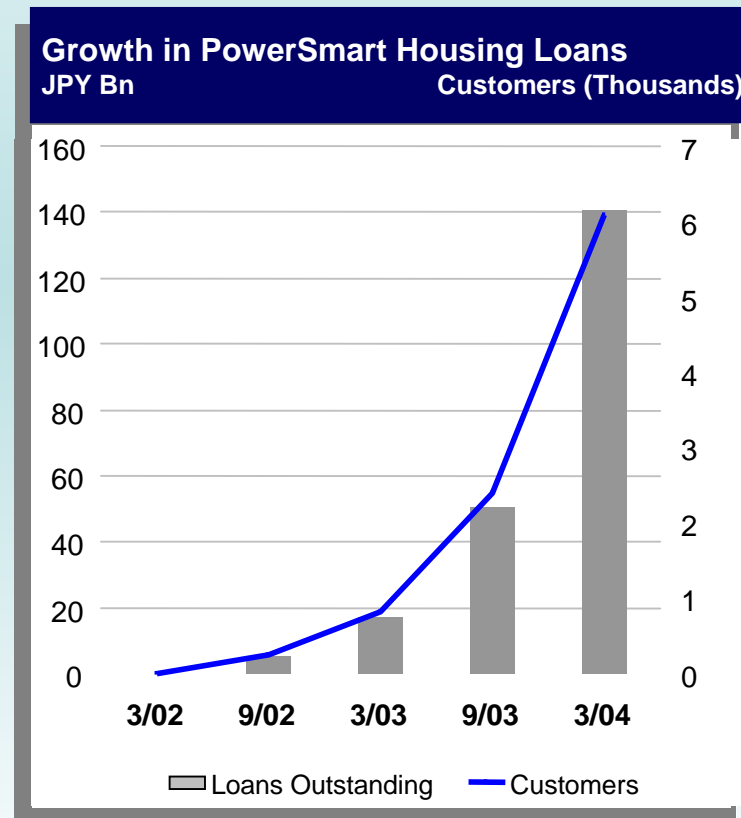
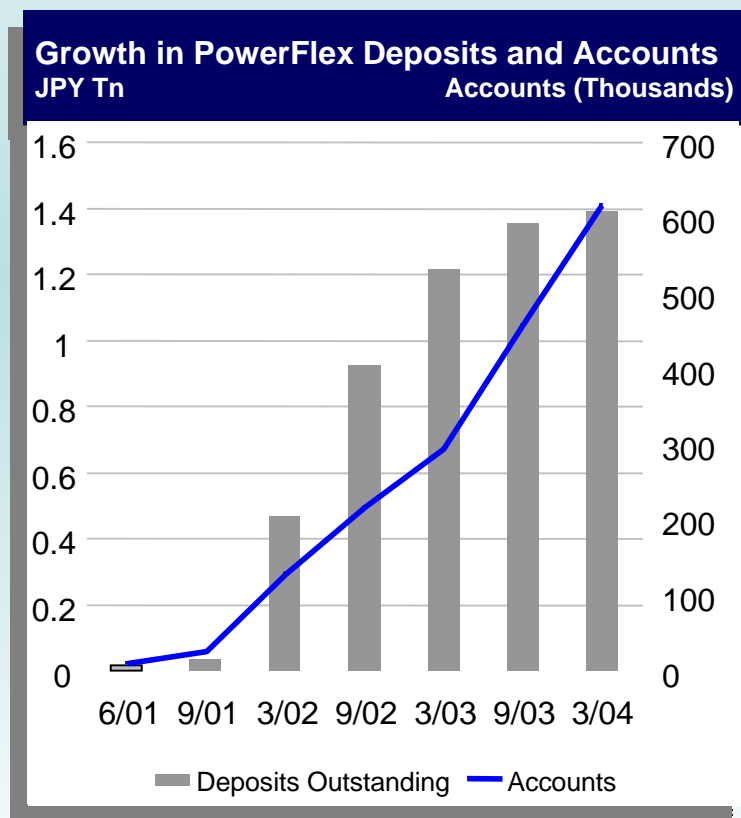


# Retail Banking: Innovative Products and Quality Services

- Traditional Products:
  - Savings
  - Time Deposits
  - Debentures
  
- New Products:
  - PowerFlex – Integrated Account
  - Foreign Currency Savings / Deposits
  - Mutual Funds
  - Variable Annuity Insurance
  - High Net-Worth Special Products
  - PowerSmart Housing Loan
  
- New Services:
  - 24x7  
(ATM, Call center, Internet Banking)
  - ATM networks
  - International Cash Card

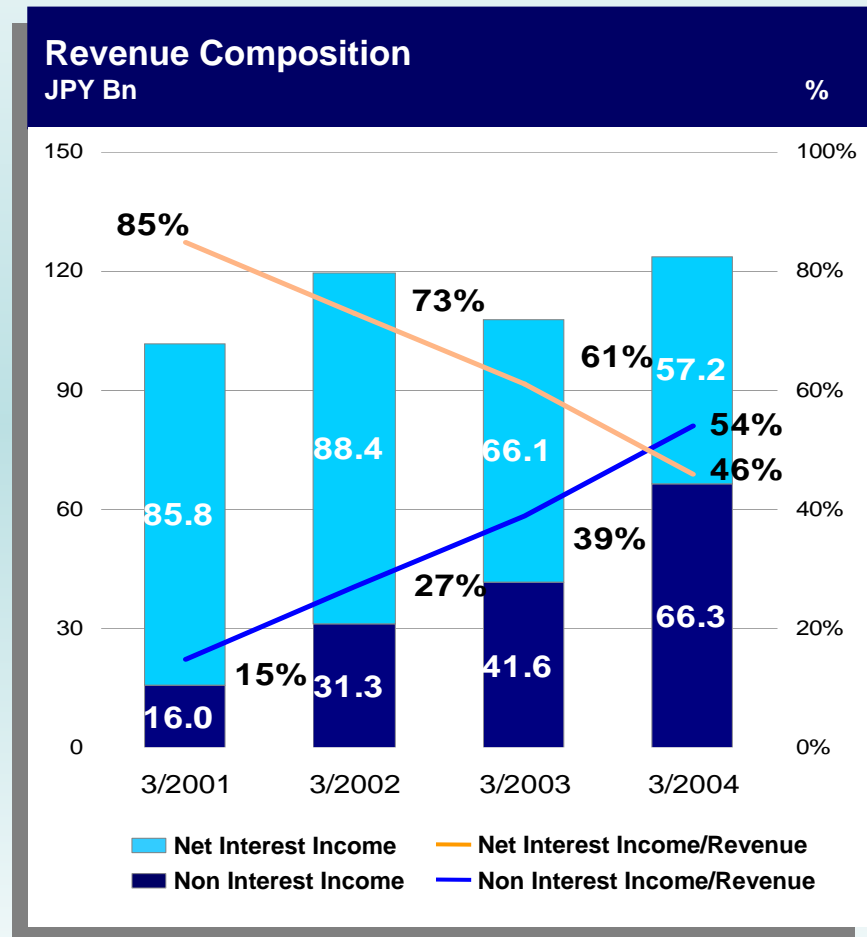
# Retail Banking: Rapid Retail Deposit and Loan Growth

- “PowerFlex” growth in 2003: 15%
- “PowerSmart” reached JPY 140 billion



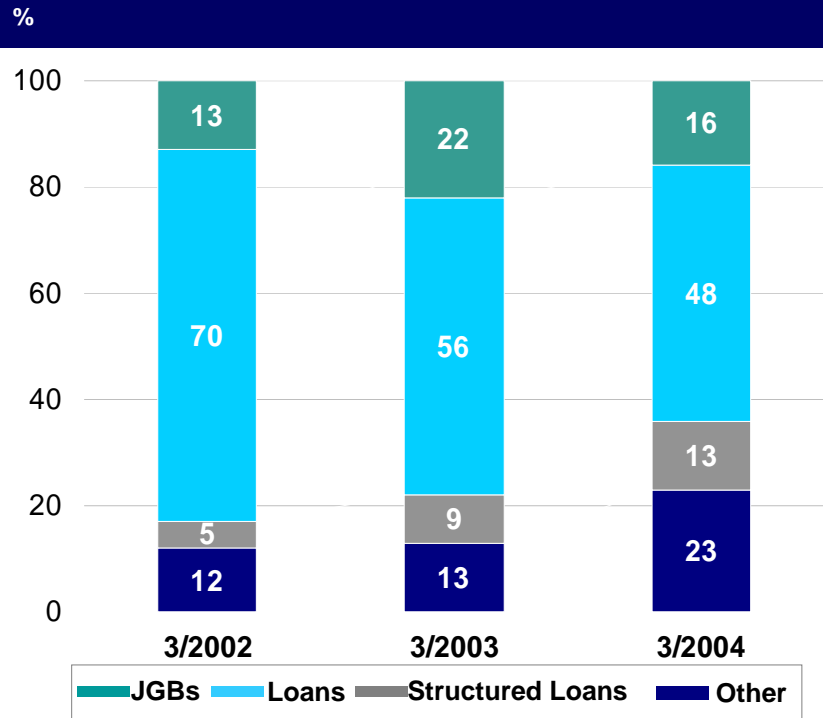
# Revenue Mix Continues to Diversify

- Further progress in revenue diversification
- Non-interest income growth more than offsetting interest income decrease



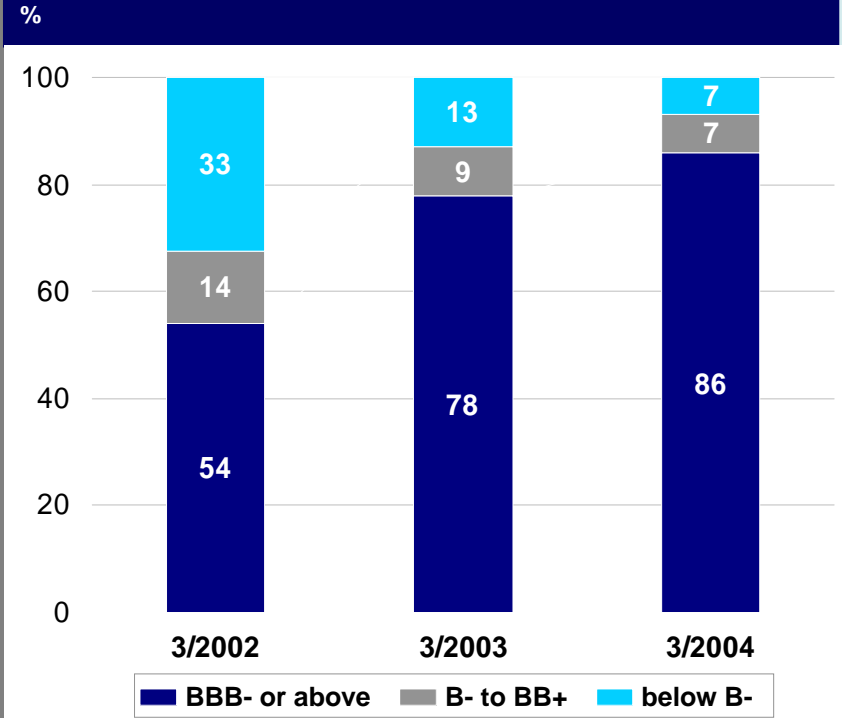
# Better Asset / Loan Composition in FY2003

## Major Risk Asset Categories (1)



1. Internal category, differ from financial balance sheet

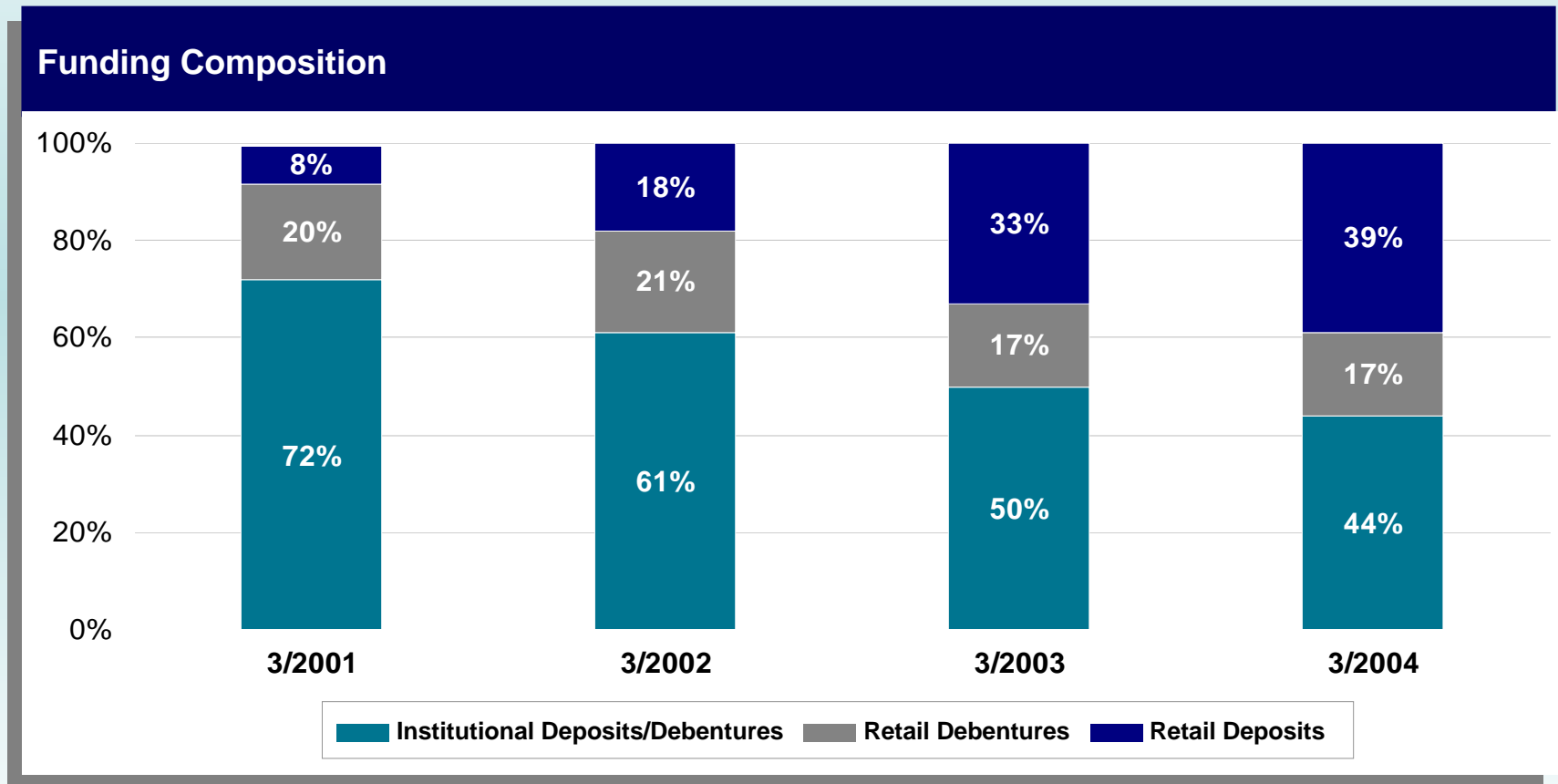
## Improving Loan Portfolio Quality (1)



1. Internal Facility Rating Basis (Transformed to corresponding ratings of R&I)

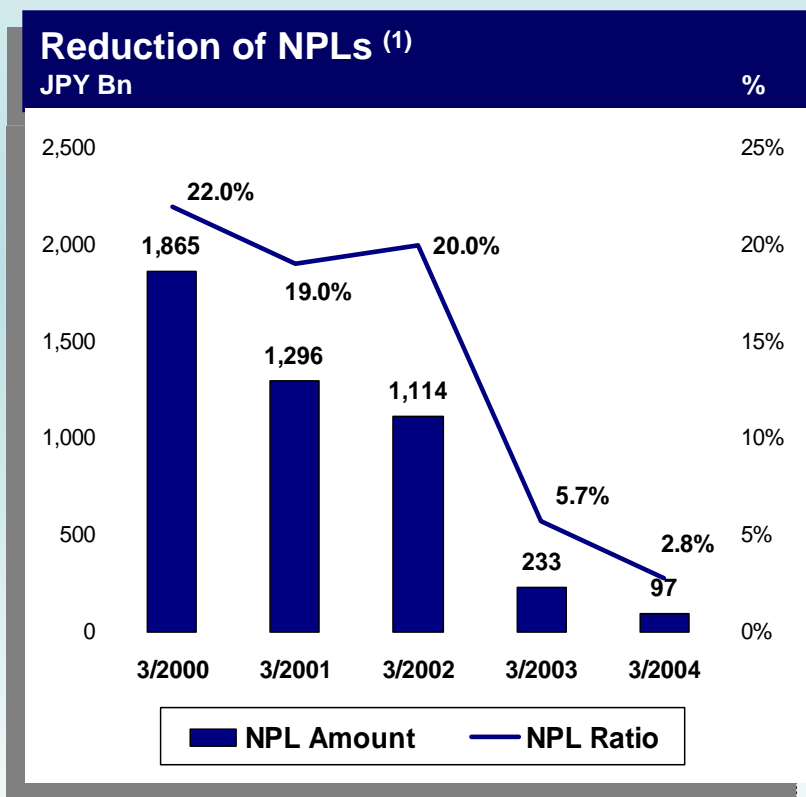
# Better Mix of Funding

- Dramatic change in liability composition: low-cost and varied sources of funding

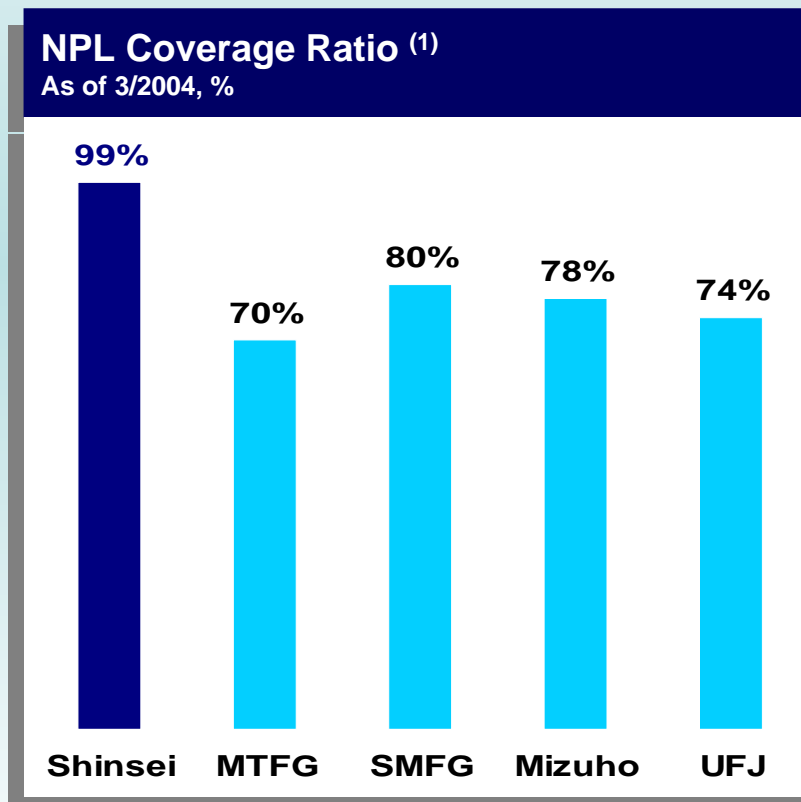


# Balance Sheet Gets Even Stronger

- Decreased NPLs by JPY 1.8 trillion (or 94%) over 4 years
- The best NPL coverage ratio compared to the Japanese mega banks
- Remains conservatively reserved



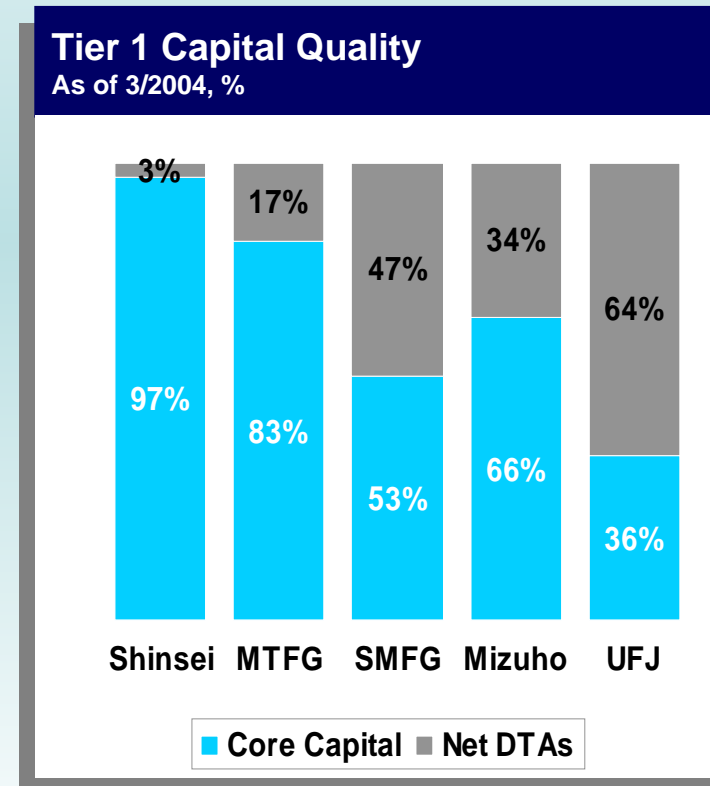
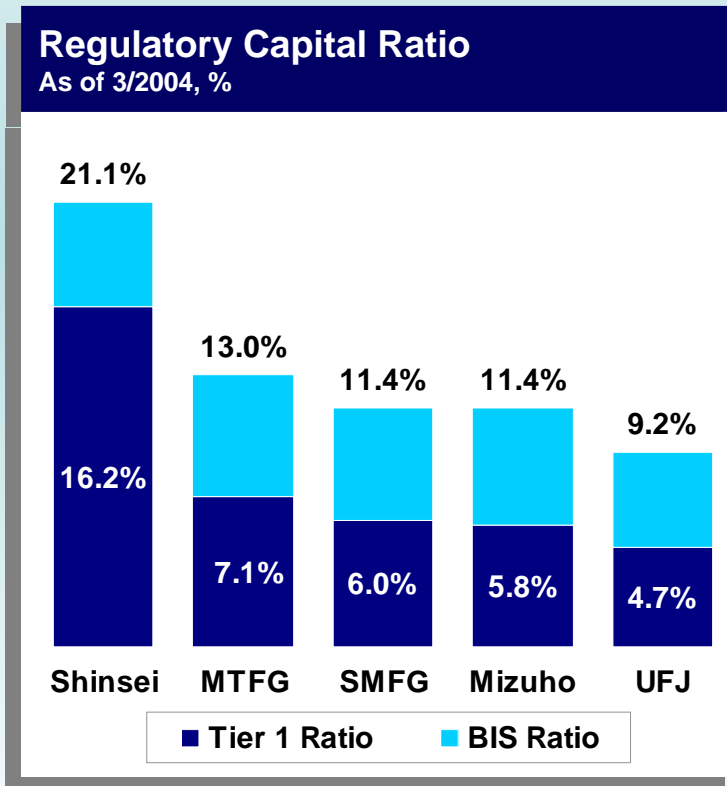
1. Non-consolidated basis



1. Non-consolidated basis

# Further Capital Base Improvement

- Industry leading regulatory capital levels
- High quality of capital



# Significant Accomplishments in FY2003

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- Achieved financial targets
- Proof of strength of Shinsei business model
- Successful IPO / Tokyo Stock Exchange Listing
- Change of charter to “ordinary” bank



# Shinsei Bank: Clear Priorities

- Uniquely positioned to leverage product expertise and customer knowledge in institutional banking
- Innovative, customer centric approach to retail banking in Japan
- Strength in asset quality, funding mix and capital
- Management focused on long-term growth of corporate value
  - Strategy
  - Action Plan
  - Budget

**Generating Value and Superior Returns**

- **Shinsei Bank is a Japanese banking institution founded on global standards of governance and management. With over \$60 billion in assets and 29 branches throughout Japan, Shinsei provides a broad range of value-added financial solutions to institutional and individual customers under the banner of “Better Banking.” Our PowerFlex account, free ATM network and internet banking service, and customer friendly financial centers have redefined the Japanese retail banking experience. Shinsei is committed to long-term growth and profitability by expanding its customer-focused business model.**