

For Immediate Release

Shinsei Bank, Limited  
(Code: 8303, TSE First Section)

## **Shinsei Bank Enters into Sponsorship Agreement with Showa Leasing**

Tokyo (Friday, January 14, 2005) --- Shinsei Bank, Limited (“Shinsei Bank”) today announced that it has entered into an agreement concerning a capital alliance (“Sponsorship Agreement”) with Showa Leasing Co., Ltd. (“Showa Leasing”) to acquire a majority interest of Showa Leasing. Shinsei Bank also announced that it has entered into a Business Alliance Agreement with Showa Leasing and Resona Bank, Limited (“Resona Bank”).

### **1. Purpose of the Sponsorship Agreement**

Shinsei Bank Group has recently taken steps to expand its non-bank finance business that offers corporate loans to small to medium-sized enterprises through Shinsei Business Finance Co., Ltd.; real estate-secured loans including housing loans through Shinsei Property Finance Co., Ltd.; and consumer installment credit products through Shinsei Sales Finance Co., Ltd. In September 2004, Shinsei Bank Group acquired Aplus Co., Ltd. and established a framework to offer various financial services including installment credit, credit card and consumer finance services.

Showa Leasing, a major leasing company in Japan, possesses a solid nationwide business network focused particularly in the Tokyo metropolitan area including a strong branch system and experienced, knowledgeable personnel. Shinsei Bank obtained an exclusive right of preferential negotiation to acquire a majority interest of Showa Leasing in September 2004, and, as a result of further negotiation, entered into the Sponsorship Agreement. Shinsei Bank is now ready to acquire a majority interest of Showa Leasing pursuant to the Sponsorship Agreement, and is ready to offer leasing services to its broad customer base. A stronger non-bank finance business line is expected to enhance Shinsei Bank’s profitability by providing new opportunities for growth, and improve overall business stability by diversification.

Based on the Sponsorship Agreement, Shinsei Bank will determine details of the subscription for new shares of Showa Leasing by way of a third-party allotment.

### **2. Purpose of the Business Alliance Agreement**

Shinsei Bank entered into the Business Alliance Agreement with Resona Bank, currently the main bank of Showa Leasing, to maintain and expand the broad customer base of Showa Leasing. Shinsei Bank considers that it is important to keep its cooperative relationship with Resona Bank for potential cross-selling opportunities.

### 3. Profile of Showa Leasing

See the Appendix for details.

### 4. Summary of the Sponsorship Agreement

#### (1) Subscription for New Shares

A summary of the subscription for new shares ("Subscription") is as follows (Shinsei Bank will determine the details of the subscription at a later time):

- Party to subscribe for shares: consolidated subsidiaries or affiliates of Shinsei Bank
- Type of shares: common shares
- Issue price: 300 yen per share
- Total amount of issue: approximately 65-70billion yen
- Date of payment: the end of March 2005

Shinsei Bank Group intends to bring Showa Leasing into its consolidated group holding over 90% of equity stake of Showa Leasing through the Subscription and the purchase of outstanding shares as described in 4. (2) below.

#### (2) Purchase of Outstanding Shares

In addition to the Subscription, Shinsei Bank Group intends to purchase a majority of outstanding shares of Showa Leasing from certain existing shareholders.

#### (3) Timetable for Completion

- The General Meeting of Shareholders of Showa Leasing regarding the Subscription  
: the middle of March 2005
- Implementation of the Subscription  
: the end of March 2005

### 5. Effect on Future Performance Projections

Because the implementation of the Subscription is scheduled at the end of March 2005, assets and liabilities of Showa Leasing will be reported on Shinsei Bank's balance sheet from the end of March 2005. Shinsei Bank, therefore, does not expect that there will be any effect upon its projections for fiscal year 2004 financial results.

(Reference) Shinsei Bank Projections for Fiscal Year 2004 Results (previously announced on December 20, 2004)

**【Consolidated】**

	Operating income	Net operating income	Net income(※)
FY2004 full year	250 billion yen	64 billion yen	65 billion yen

(※) Projection of cash basis net income deducting 9 billion yen of intangible amortization from Aplus transaction: 74 billion yen

**【Non-consolidated】**

	Operating income	Net operating income	Net income
FY2004 full year	180 billion yen	52 billion yen	66 billion yen

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*Shinsei Bank is a Japanese banking institution founded on global standards of governance and management. With over \$58 billion in assets and 29 branches throughout Japan (non-consolidated, as of September 2004), 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.*

News and other information about Shinsei Bank are available at <http://www.shinseibank.com/english/index.html>.

**Profile of Showa Leasing Co., Ltd.**

Company name	Showa Leasing Co., Ltd.	
President	Representative Director and President: Masami Matsushita	
Address	12 Yotsuya 3-chome, Shinjuku-ku, Tokyo	
Established	April 2, 1969	
Paid-in Capital	7.199 billion yen	
Number of shares issued	Common shares: 30,000,000 shares	
Total shareholders' equity	17.752 billion yen (as of March 2004)	
Total assets	613.091 billion yen (as of March 2004)	
Operating income	172.46 billion yen (as of March 2004)	
Net operating income	5.986 billion yen (as of March 2004)	
Major shareholders	Showa Leasing Co., Ltd. employee stock ownership (8.59%), Resona Bank, Limited. (5.0%), ITOCHU Corporation (4.79%), Aozora Bank, Ltd. (4.79%), The Bank of Tokyo-Mitsubishi, Ltd. (3.89%), Resona Kessai Service Co., Ltd. (3.52%) (as of March 2004)	
Fiscal year ended	March	
Number of employees	407 (as of March 2004)	
Number of offices	19 in major cities in Japan	
Major businesses	<ul style="list-style-type: none"> <li>• Leasing business</li> <li>• Installment sales business</li> <li>• Other financial business</li> </ul>	
Major operational results	Fiscal year ended March 2003	Fiscal year ended March 2004
Operating income	266.8 billion yen	172.4 billion yen
Operating profits	9.3 billion yen	7 billion yen
Net operating income	10.5 billion yen	5.9 billion yen
Net income	2 billion yen	2 billion yen
Total assets	662.2 billion yen	613 billion yen
Total shareholders' equity	13.4 billion yen	17.7 billion yen
Dividend per share	-	2 yen