



Corporate Headquarters & Main Branch, Tokyo



Hiroo, SFC



Roppongi Hills, SFC



Virtual Call Center

Creating a Better Bank

Shinsei Bank, Limited

Shinsei Bank

- In 1998, LTCB failed and was nationalized
- Government tried to sell LTCB to primarily Japanese banks, but no serious Japanese bidders found
- New LTCB Partners, a fund by investors led by Ripplewood and J.C. Flowers won the bid
- The new bank started in March 2000 as Shinsei, the “newly-born” bank

Shinsei Bank Needed a Complete Overhaul

- **Business model outdated and had a limited future**
- **Shinsei Bank was saddled with huge NPL problems even after the government's bailout**
- **NPLs were JPY 1.9 trillion at the beginning of fiscal 2000, equal to 22% of the total loan assets**

Returning the Bank to Health: Action Plan

- **Clean-up balance sheet**
- **Initiate customer-centric business initiatives**
- **Institutional: Solution-oriented investment banking products**
- **Retail: New retail launch with emphasis on convenience, service and efficiency**
- **Leverage state-of-the-art information technology**

Institutional Banking: Shinsei's Approach

- **“Loan is one of many products”**
- **Customer-centric investment banking services**
 - Securitization
 - Credit trading
 - Non-recourse lending
 - M&A, asset management and more
- **Skilled bankers with wide knowledge and experience hired from outside**
- **Co-work with relationship management**

Retail Banking: Shinsei's Approach

- **“Customer convenience and service”**
- **Expansion of retail channels**
- **Modernize image and product line-up**
- **Introduce “PowerFlex” accounts**
 - **Management of retail banking from single source**
 - **Broader offering of financial management products**
- **Introduce “PowerSmart” Housing Loans**

IT: Shinsei's Approach

- **New CIO brought in**
- **IT as business process serving internal and external customers**
- **Time urgency and budget limit**
- **Heavy utilization of resources from India**
- **MIS implemented quickly**

Corporate Governance: Shinsei's Approach

- **Implemented global standard governance model**
- **Prominent business leaders appointed as independent board members and senior advisors**
- **Audit Committee, Nomination and Compensation Committee established**

Corporate Culture: Shinsei's Approach

- **Transparent management and reporting**
- **Accountability and speed in decisions**
- **Goals aligned throughout organization**
- **Higher motivation for success**

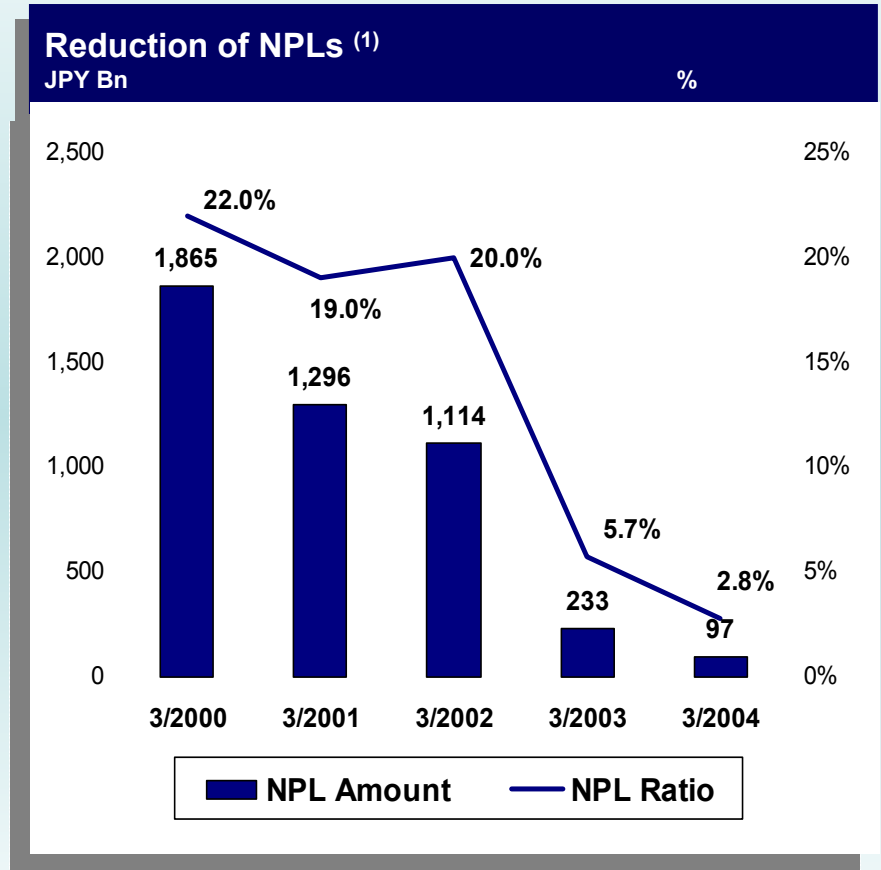
Human Resources: Shinsei's Approach

- **Seniority-system ended**
- **Mid-career hiring**
- **60% ex-LTCB employees, 30% mid-career hiring, 10% newly grads**
- **Culture mixed with various backgrounds**
- **Specialized skills and experiences emphasized**

PERFORMANCE

Balance Sheet – Results

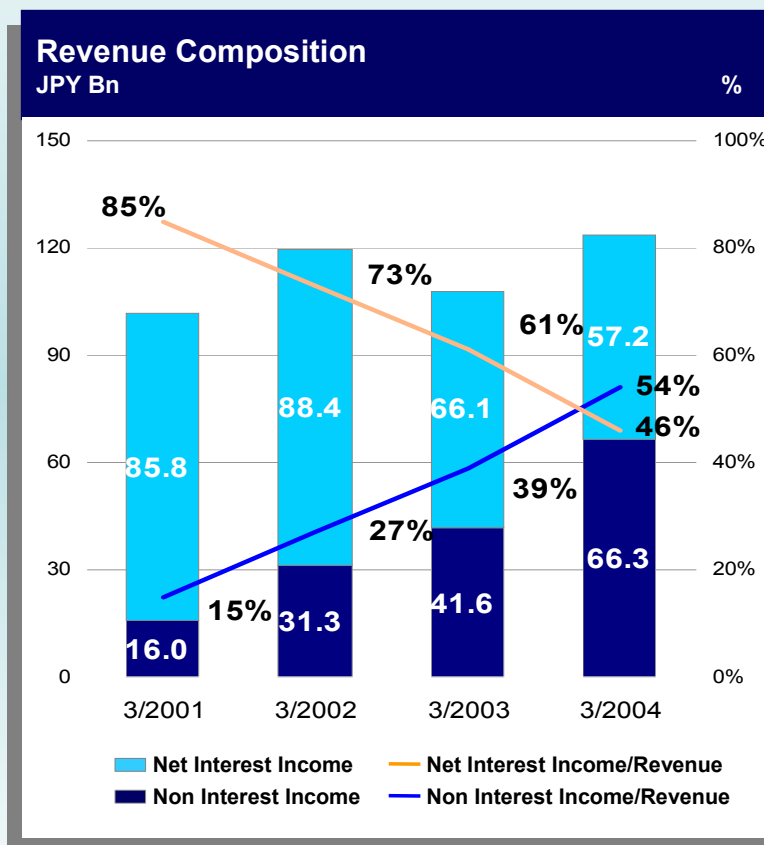
- **Dramatic reduction of non-performing loans**



1. Non-consolidated basis

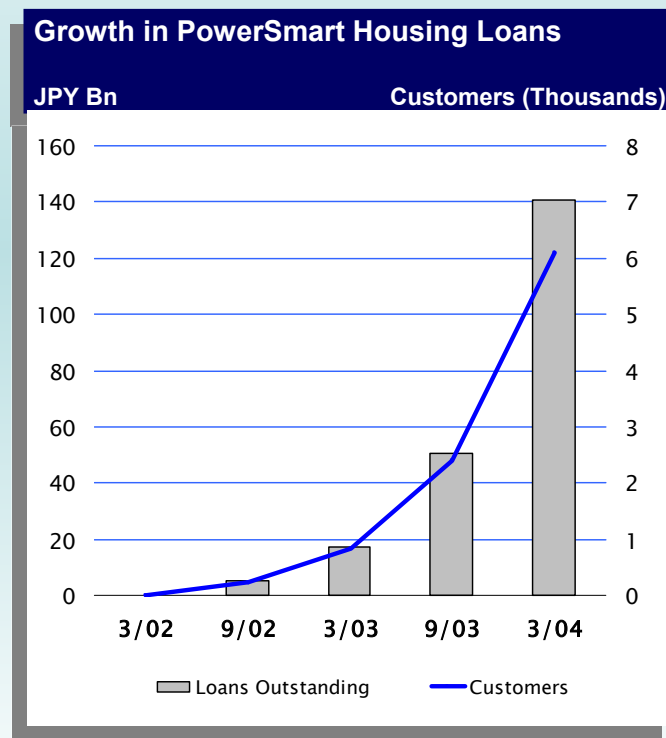
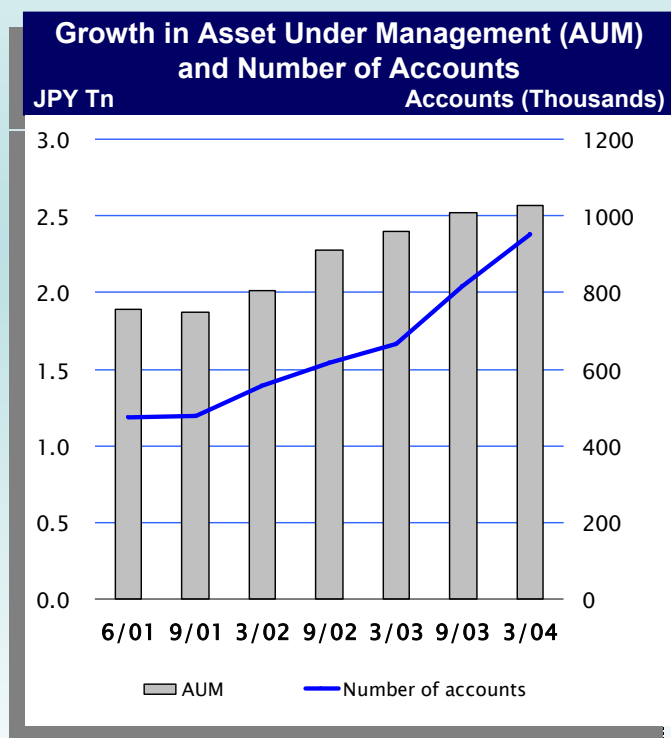
Institutional Banking – Results

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

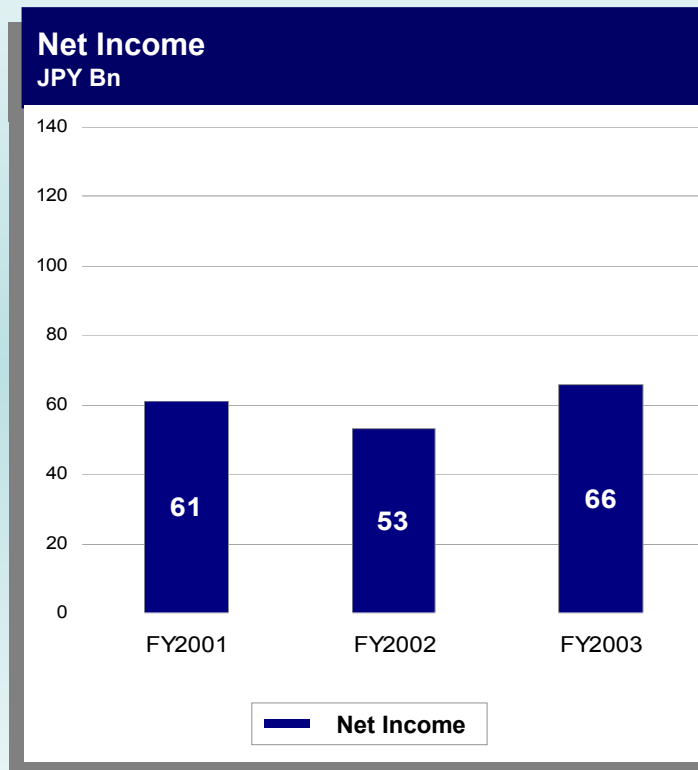
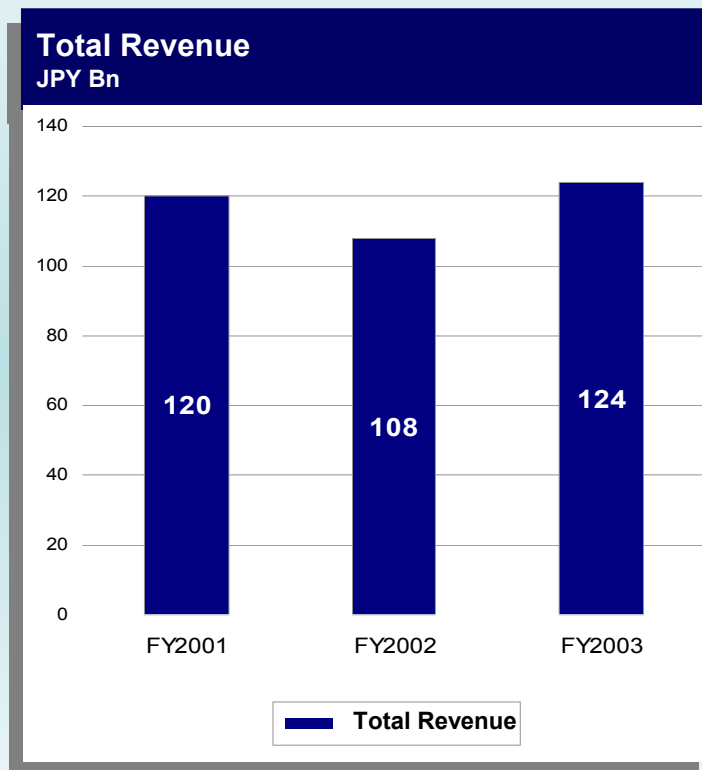


Retail Banking - Results

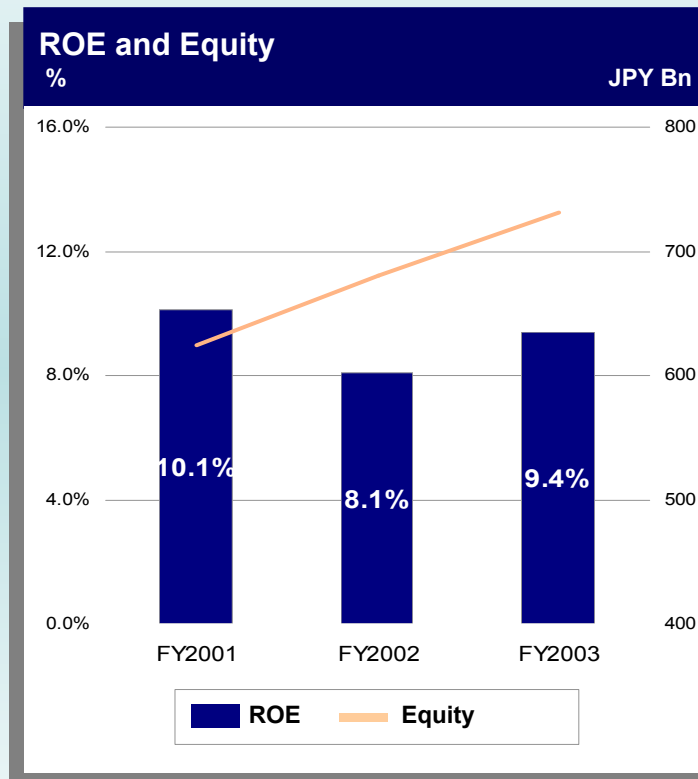
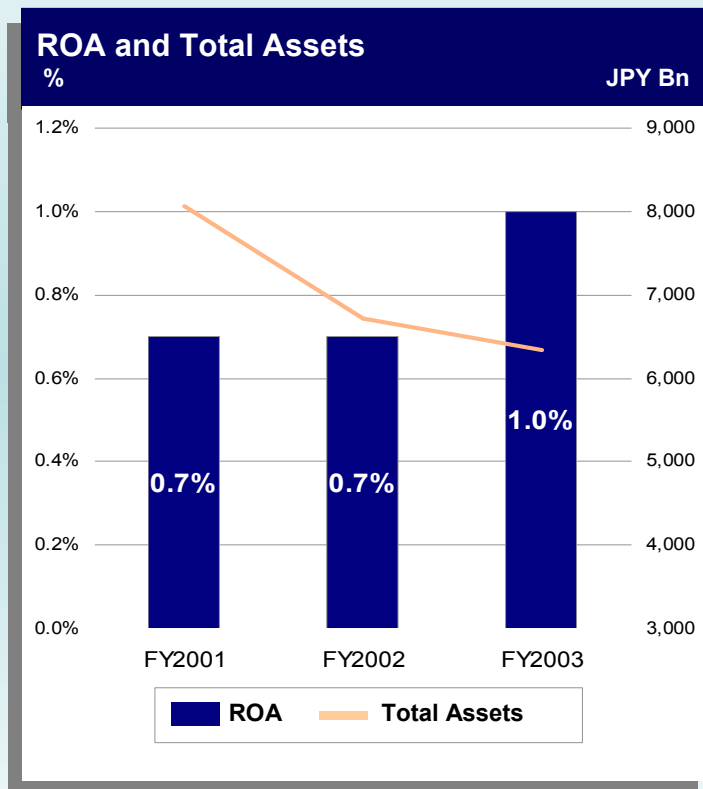
- Number of accounts reached 1,000,000 thus far
- “PowerSmart” reached JPY 140 billion in March 2004



Total Revenue and Net Income



ROA and ROE



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

Our Goals

- **Bank of choice for institutional / retail customers**
- **Sustainable long-term growth of profitability**
- **Increasing shareholders' value**

