

For Immediate Press Release

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

Shinsei Bank Announces the First Quarter Financial Results for Fiscal 2004

Tokyo (Tuesday, July 20, 2004) -- Shinsei Bank, Limited ("Shinsei Bank") today announced its results of operations and financial condition as of June 30, 2004 and three-month period then ended (1Q-FY2004). All figures are unaudited.

1Q-FY2004 Highlights

- Consolidated net income was 18.4 billion yen
- Consolidated net operating income was 14.0 billion yen
- Problem claims to total claims ratio at the end of the quarter was 2.9% (non-consolidated)

1. Results of Operations:

For 1Q-FY2004, Shinsei Bank's consolidated net income was 18.4 billion yen, representing 28.0% of the annual forecast of 66.0 billion yen. Diluted earnings per share for the period were 9.58 yen. Consolidated net operating income for the period was 14.0 billion yen, representing 22.6 % of the annual forecast of 62.0 billion yen. The Bank posted 4.7 billion yen net credit recoveries due mainly to decreases in problem claims and overall loan balance.

Please note that, since this is the first quarterly disclosure of results of operations, comparisons with the first quarter of the last fiscal year are not provided.

2. Financial Condition:

At the end of 1Q-FY2004, Shinsei Bank's loan balance stood at 2,818.6 billion yen, a decline of 228.4 billion yen from the end of FY2003, reflecting a weak demand for loans in general. Total assets increased by 322.8 billion yen to 6,666.5 billion yen, primarily in short-term assets, reflecting the Bank's increased liquidity. Total deposits increased by 137.3 billion yen

to 2,871.8 billion yen compared to the end of FY2003, primarily due to strong sales of the "Powered One" time deposit. Debentures decreased by 38.3 billion yen to 1,350.3 billion yen. Total shareholders' equity increased by 9.6 billion yen to 739.6 billion yen.

3. Asset Quality (non-consolidated):

At the end of 1Q-FY2004, total problem claims were 95.6 billion yen, a decline of 1.6 billion yen or 1.7% from the end of FY2003. This represents 2.9% of total claims outstanding at the end of 1Q-FY2004.

Shinsei Bank is a Japanese banking institution founded on global standards of governance and management. With over \$61 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.

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

Financial Highlights - Consolidated

Results of operations	<i>billions of yen</i>	
	June 30, 2004 (3 months) (Unaudited)	March 31, 2004 (1 year)
Operating income	47.8	172.3
General and administrative expenses	19.6	70.1
Net operating income	14.0	47.3
Net income	18.4	66.4

Balance Sheet data	<i>billions of yen</i>	
	As of June 30, 2004 (Unaudited)	As of March 31, 2004
Total assets	6,666.5	6,343.7
Cash and due from banks	328.6	312.7
Securities	1,232.0	1,483.2
Loans and bills discounted	2,818.6	3,047.0
Deposits (including NCDs)	2,871.8	2,734.4
Debentures	1,350.3	1,388.6
Total shareholders' equity	739.6	730.0

Per share data	<i>yen</i>	
	June 30, 2004 (Unaudited)	March 31, 2004
Common shareholder's equity	296.48	287.94
Basic net income	13.59	46.03
Diluted net income	9.58	32.75

Items pertaining to preparation of quarterly financial data

(1) Adoption of simplified accounting methods

- The reserve for credit losses is stated based on the self-assessment as of the base date, except for reserves for certain other assets and those set aside by subsidiaries, and the loss ratios on loans are calculated based on the actual loss ratios as of the end of the previous fiscal year.
- Corporate income taxes have been computed based on the statutory effective tax rate. The tax effects have, in principle, not been reviewed since the end of the previous fiscal year except for those related to unrealized gains or losses on securities available-for-sale securities.

(2) Change in accounting policies

- The depreciation method of computers (ATMs, etc.) other than personal computers has been changed from the declining-balance method to the straight-line method to ensure a reasonable correlation with profits. As a result, operating expenses decreased by 76 million yen for the three months ended June 30, 2004.

(3) Changes in scope of consolidation and equity-method affiliates

Consolidated subsidiaries	(Addition) 5	(Exclusion) 0
Equity-method affiliates	(Addition) 0	(Exclusion) 0

Projections for Fiscal Year 2004 Results

(Consolidated)

	<i>billions of yen</i>	
	September 30, 2004	March 31, 2005
	(6 months)	(1 year)
Operating income	95.0	190.0
Net operating income	30.0	62.0
Net income	32.0	66.0

(Non-consolidated)

	<i>billions of yen (other than dividends)</i>	
	September 30, 2004	March 31, 2005
	(6 months)	(1 year)
Operating income	90.0	180.0
Net operating income	29.0	60.0
Net income	32.0	66.0
Dividends (in yen)		
Common stock	1.29	2.58
Class A preferred share	6.50	13.00
Class B preferred share	2.42	4.84

Above projections are based on information, which is available at this moment, and assumptions of uncertain factors, which may have an influence on future operating results. Actual results may differ materially from these projections, depending on future events.

Reference Material

(The tables below represent translations of the original disclosure in the Japanese language.)

1. Non-Consolidated Financial Results and Projections

(in millions of yen)

	June 30, 2004 (3 months) (Unaudited)	March 31, 2004 (1 year)	September 30, 2004 (6 months) (Projection)	March 31, 2005 (1 year) (Projection)
Gross business profit (<i>gyomu sorieki</i>)(*)	31,461	111,572	-	-
Net interest income	13,166	57,778	-	-
General & administrative expenses	18,164	64,078	-	-
Net business profit (*) (<i>jishitsu gyomu jyun-eki</i>)	13,297	47,494	29,000	60,000
Net operating income (<i>keijou rieki</i>)	11,981	44,806	29,000	60,000
Net income	17,455	65,320	32,000	66,000
Net credit recoveries	(5,168)	(16,722)		

(*) Includes income from monetary assets held in trust of 7,061 million yen for the three-month period ended June 30, 2004 and 25,819 million yen for the year ended March 31, 2004, respectively.

2. Problem Claims

(i) Risk Monitored Loans

(Consolidated)

(in millions of yen, %)

	As of June 30, 2004 (Unaudited) a	As of March 31, 2004 b	Change a-b
Loans to bankrupt obligors	7,674	7,960	(286)
Non-accrual delinquent loans	72,293	69,531	2,762
Loans past due three months or more	6,801	8,202	(1,401)
Restructured loans	6,602	9,232	(2,630)
Total (A)	93,371	94,927	(1,556)
Loans and bills discounted (B)	2,818,608	3,047,042	(228,434)
(A) / (B)	3.3	3.1	0
Reserve for credit losses (C)	169,109	177,916	(8,807)
Coverage ratios (C) / (A)	181.1	187.4	(6)

(Non-consolidated)

(in millions of yen, %)

	As of June 30, 2004 (Unaudited) a	As of March 31, 2004 b	Change a-b
Loans to bankrupt obligors	7,264	7,545	(281)
Non-accrual delinquent loans	71,589	68,610	2,979
Loans past due three months or more	6,777	8,202	(1,425)
Restructured loans	6,483	9,083	(2,600)
Total (A)	92,114	93,441	(1,327)
Loans and bills discounted (B)	2,952,351	3,217,804	(265,453)
(A) / (B)	3.1	2.9	0
Reserve for credit losses (C)	168,687	177,960	(9,273)
Coverage ratios (C) / (A)	183.1	190.5	(7)

(ii) Claims Classified Under the Financial Revitalization Law (Non-Consolidated)

(in millions of yen , %)

	As of June 30, 2004 (Unaudited) a	As of March 31, 2004 b	Change a-b
Claims against bankrupt and quasi-bankrupt obligors(*)	10,455	11,149	(694)
Doubtful claims	71,936	68,891	3,045
Substandard claims	13,260	17,286	(4,026)
Total (A)	95,652	97,327	(1,675)
Total claims (B)	3,258,907	3,501,185	(242,278)
(A) / (B)	2.9	2.8	0.1

(*) The amount of claims exceeding the estimated value of collateral or guarantees, which is deemed uncollectible, has been charged off and totals 9,318 million yen and 9,344 million yen as of June 30, 2004 and March 31, 2004, respectively.

3. Unrealized Gains or Losses on Available-for-Sale Securities with Market Value (Non-Consolidated)

As of June 30, 2004 (Unaudited)*(in millions of yen)*

	Fair value	Net unrealized gain (loss)	Gross unrealized gains	Gross unrealized losses
Equity securities (domestic)	2,523	1,149	1,150	1
Bonds (domestic)	867,818	(2,330)	469	2,800
Other (*)	157,863	4,074	6,114	2,040
Total	1,028,205	2,893	7,734	4,841

As of March 31, 2004

(in millions of yen)

	Fair value	Net unrealized gain (loss)	Gross unrealized gains	Gross unrealized losses
Equity securities (domestic)	2,189	738	749	11
Bonds (domestic)	1,143,923	(743)	1,328	2,071
Other (*)	157,667	12,005	13,259	1,253
Total	1,303,781	12,001	15,337	3,335

(*) "Other" mainly consists of foreign securities.

4. Extraordinary gains/losses

Extraordinary gains

(in millions of yen)

	June 30, 2004 (3 months) (Unaudited)	March 31, 2004 (1 year)
Recoveries of written-off claims	59	1,514
Reversal of reserve for credit losses	4,396	19,026
Refund of Tokyo regional bank tax	-	2,699
Other	345	80
Total	4,800	23,320

Extraordinary losses

(in millions of yen)

	June 30, 2004 (3 months) (Unaudited)	March 31, 2004 (1 year)
Loss on disposal of premises and equipment	75	1,674
Provision of reserve under special law	-	0
Other	0	129
Total	76	1,804

Consolidated Statements of Income

For the three-month period ended June 30, 2004 and for the year ended March 31, 2004

(in millions of yen)

	#	For the three-month period ended June 30, 2004 (Unaudited)	For the year ended March 31, 2004
Operating income	1	47,837	172,359
Interest income	2	20,911	89,192
Interest on loans and bills discounted	3	15,067	64,312
Interest and dividends on securities	4	3,517	15,917
Fee and commission income	5	6,643	26,193
Trading income	6	6,886	3,080
Other business income	7	8,149	23,743
Other operating income	8	5,247	30,149
Operating expenses	9	33,829	124,967
Interest expenses	10	7,955	32,009
Interest on deposits	11	3,299	12,038
Interest on debentures	12	1,805	9,135
Fee and commission expenses	13	2,207	7,249
Trading losses	14	78	365
Other business expenses	15	1,645	2,482
General and administrative expenses	16	19,689	70,178
Other operating expenses	17	2,252	12,683
Net operating income	18	14,009	47,391
Extraordinary gains	19	4,800	23,320
Extraordinary losses	20	76	1,804
Income before income taxes and minority interests	21	18,733	68,907
Income tax - current	22	305	1,463
Income tax - deferred	23	12	1,111
Minority interests in net loss of subsidiaries	24	(46)	(71)
Net income	25	18,460	66,404

Note: The table represents a translation of the original consolidated statements of income prepared in the Japanese language in accordance with regulations of consolidated financial statements.

Consolidated Balance Sheets

- Assets

As of June 30, 2004 and March 31, 2004

(in millions of yen)

	#	June 30, 2004 (Unaudited)	March 31, 2004
Cash and due from banks	1	328,674	312,709
Call loans	2	346,545	-
Collateral related to securities borrowing transactions	3	17,073	18,121
Other monetary claims purchased	4	214,507	246,987
Trading assets	5	1,002,548	635,096
Monetary assets held in trust	6	309,280	242,750
Securities	7	1,232,056	1,483,234
Loans and bills discounted	8	2,818,608	3,047,042
Foreign exchanges	9	10,908	9,490
Other assets	10	400,167	375,075
Premises and equipment	11	91,454	89,703
Deferred discounts on and issuance expenses for debentures	12	235	179
Deferred tax assets	13	26,634	22,941
Customers' liabilities for acceptances and guarantees	14	36,989	38,339
Reserve for credit losses	15	(169,109)	(177,916)
Total assets	16	6,666,575	6,343,755

Note: The table represents a translation of the original consolidated balance sheets prepared in the Japanese language in accordance with regulations of consolidated financial statements.

Consolidated Balance Sheets

-Liabilities, Minority Interests in Subsidiaries and Shareholders' Equity

As of June 30, 2004 and March 31, 2004

(in millions of yen)

	#	June 30, 2004 (Unaudited)	March 31, 2004
Deposits	1	2,514,814	2,263,421
Negotiable certificates of deposit	2	357,052	471,068
Debentures	3	1,350,334	1,388,696
Call money	4	15,596	112,559
Payables under repurchase agreements	5	507,416	445,634
Collateral related to securities lending transactions	6	-	29,275
Trading liabilities	7	93,440	92,231
Borrowed money	8	331,313	334,416
Foreign exchanges	9	4	4
Other liabilities	10	714,201	424,899
Accrued employees' bonuses	11	2,471	8,722
Reserve for retirement benefits	12	919	629
Reserve for loss on sale of bonds	13	403	1,918
Reserve under special law	14	0	0
Deferred tax liabilities	15	75	42
Consolidation negative goodwill	16	903	915
Acceptances and guarantees	17	36,989	38,339
Total liabilities	18	5,925,938	5,612,776
Minority interests in subsidiaries	19	967	977
Capital stock	20	451,296	451,296
Capital surplus	21	18,558	18,558
Retained earnings	22	265,753	250,737
Net unrealized gain on securities available-for-sale, net of taxes	23	1,750	7,154
Foreign currency translation adjustments	24	2,311	2,255
Treasury stock, at cost	25	(2)	(1)
Total shareholders' equity	26	739,669	730,000
Total liabilities, minority interests in subsidiaries and shareholders' equity	27	6,666,575	6,343,755

Note: The table represents a translation of the original consolidated balance sheets prepared in the Japanese language in accordance with regulations of consolidated financial statements.

Consolidated Statements of Capital Surplus and Retained Earnings

For the three-month period ended June 30, 2004 and for the year ended March 31, 2004

(in millions of yen)

	For the three-month period ended June 30, 2004 (Unaudited)	For the year ended March 31, 2004
[Capital surplus]		
Balance at beginning of period/year	18,558	18,558
Balance at end of period/year	18,558	18,558
[Retained earnings]		
Balance at beginning of period/year	250,737	194,666
Increase	18,460	66,404
Net income	18,460	66,404
Decrease	3,444	10,333
Dividends paid	3,444	10,333
Balance at end of period/year	265,753	250,737

Note: The table represents a translation of the original consolidated statements of capital surplus and retained earnings prepared in the Japanese language in accordance with regulations of consolidated financial statements.

Non-Consolidated Statements of Income

For the three-month period ended June 30, 2004 and for the year ended March 31, 2004

(in millions of yen)

	#	For the three-month period ended June 30, 2004 (Unaudited)	For the year ended March 31, 2004
Operating income	1	43,299	162,890
Interest income	2	20,261	87,833
Interest on loans and bills discounted	3	14,561	63,578
Interest and dividends on securities	4	3,542	16,467
Fee and commission income	5	4,157	18,883
Trading income	6	6,730	2,590
Other business income	7	3,518	16,464
Other operating income	8	8,632	37,117
Operating expenses	9	31,318	118,083
Interest expenses	10	7,677	31,715
Interest on deposits	11	3,310	12,082
Interest on debentures	12	1,649	8,397
Fee and commission expenses	13	1,920	7,138
Trading losses	14	99	435
Other business expenses	15	1,152	2,388
General and administrative expenses	16	18,626	65,462
Other operating expenses	17	1,841	10,942
Net operating income	18	11,981	44,806
Extraordinary gains	19	5,232	23,002
Extraordinary losses	20	74	1,614
Income before income taxes	21	17,139	66,193
Income taxes - current	22	(315)	(1,095)
Income taxes - deferred	23	-	1,968
Net income	24	17,455	65,320
Unappropriated retained earnings brought forward	25	243,351	186,297
Interim cash dividends	26	-	3,444
Appropriation to legal reserve	27	-	688
Unappropriated retained earnings as of the end of period/year	28	260,807	247,485

Note: The table represents a translation of the original non-consolidated statements of income prepared in the Japanese language in accordance with regulations of consolidated financial statements.

Non-Consolidated Balance Sheets

- Assets

As of June 30, 2004 and March 31, 2004

(in millions of yen)

	#	June 30, 2004 (Unaudited)	March 31, 2004
Cash and due from banks	1	318,947	305,563
Call loans	2	101,845	-
Collateral related to securities borrowing transactions	3	17,073	18,121
Bills bought	4	244,700	-
Other monetary claims purchased	5	79,712	91,286
Trading assets	6	999,787	633,488
Monetary assets held in trust	5	407,863	355,327
Securities	6	1,237,111	1,508,204
Loans and bills discounted	7	2,952,351	3,217,804
Foreign exchanges	8	10,908	9,490
Other assets	9	351,260	334,547
Premises and equipment	10	25,817	24,123
Deferred discounts on and issuance expenses for debentures	11	224	166
Deferred tax assets	12	25,496	21,790
Customers' liabilities for acceptances and guarantees	13	62,528	64,358
Reserve for credit losses	14	(168,687)	(177,960)
Total assets	15	6,666,941	6,406,313

Note: The table represents a translation of the original non-consolidated balance sheets prepared in the Japanese language in accordance with regulations of consolidated financial statements.

Non-Consolidated Balance Sheets - Liabilities and Shareholders' Equity

As of June 30, 2004 and March 31, 2004

(in millions of yen)

	#	June 30,2004 (Unaudited)	March 31,2004
Deposits	1	2,664,954	2,307,413
Negotiable certificates of deposit	2	357,052	471,068
Debentures	3	1,324,036	1,362,261
Call Money	4	15,596	112,559
Payables under repurchase agreements	5	507,416	445,634
Collateral related to securities lending transactions	6	-	29,275
Trading liabilities	7	92,510	90,336
Borrowed money	8	338,574	335,311
Foreign exchanges	9	273	280
Other liabilities	10	562,933	449,169
Accrued employees' bonuses	11	2,012	6,971
Reserve for retirement benefit	12	760	473
Reserve for loss on sale of bonds	13	403	1,918
Acceptances and guarantees	14	62,528	64,358
Total liabilities	15	5,929,052	5,677,033
Capital stock	16	451,296	451,296
Capital surplus	17	18,558	18,558
Additional paid-in capital	18	18,558	18,558
Retained earnings	19	266,319	252,308
Appropriated for legal reserve	20	5,512	4,823
Unappropriated	21	260,807	247,485
Net income	22	17,455	65,320
Net unrealized gain on securities available-for-sale, net of taxes	23	1,715	7,118
Treasury stock, at cost	24	(2)	(1)
Total shareholders' equity	25	737,888	729,280
Total liabilities and shareholders' equity	26	6,666,941	6,406,313

Note: The table represents a translation of the original non-consolidated balance sheets prepared in the Japanese language in accordance with regulations of consolidated financial statements.