

For Immediate Press Release

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

Shinsei Bank Announces First Half Fiscal 2004 Financial Results

Tokyo (Monday, December 20, 2004) – Shinsei Bank, Limited (“Shinsei Bank”) today announced its financial results for six months ended September 30, 2004.

First Half FY2004 Financial Highlights

(all figures compared to first half FY2003)

- Consolidated revenue grew 18% to 72.8 billion yen (operating basis)
- Consolidated net income grew 20% to 40.7 billion yen
- Non-interest income as a percentage of total revenue grew to 65% from 54% (operating basis)
- Expense Revenue Ratio decreased to 52.8% from 55.5% in FY2003
- Problem claims to total claims decreased to 2.0% (non-consolidated)

1. Income Statement:

Shinsei Bank reported consolidated net income of 40.7 billion yen for the first half of FY2004, an increase of 20 percent. Diluted earnings per share for the year were 21.2 yen, an increase of 26% from the same period last year.

For the period ended September 30, 2004, consolidated revenue increased 18% to 72.8 billion yen. Non-interest income increased to 47.5 billion yen from 33.8 billion yen in the first half FY2003. The Bank continued to diversify its revenue sources and lower its reliance on interest income for the fourth straight year. Non-interest income grew to 65% of total revenue. Shinsei took steps to build its non-bank finance business by acquiring a majority stake in Aplus, one of the leading Japanese consumer finance companies.

The Bank’s consolidated income statement does not include Aplus’s first half results because the transaction took place at the end of the reporting period.

In the first half of fiscal 2004, the expense to total revenue ratio improved to 52.8% - an improvement from 55.5% in FY 2003.

Asset quality improved further as the Bank recorded a credit recovery of 10.7 billion yen for the first half of FY2004.

On a non-consolidated basis, Shinsei Bank's total revenue grew 14% to 64.8 billion yen from the first half of FY2003. The increase in non-interest income more than offset the decrease in net interest income. Non-consolidated net business profit before general reserve for loan losses (*jisshitsu gyomu jun-eki*) grew 18% to 29.2 billion yen, and non-consolidated net income after tax grew 17% to 37.2 billion yen from the first half of FY2003.

2. Balance Sheet:

Shinsei Bank's loan balance was 3.1 trillion yen at the end of September 2004, marginally higher than 3.0 trillion yen as of the end of March 2004. The increase was the result of strong demand for retail housing loans partially offset by a bottoming out of corporate loans and a reduction in lending to less creditworthy customers. The retail housing loan balance grew 55% in last six-month to 219 billion yen as of September 2004. With its non-performing loan issue largely solved, the Bank is now focused on growing its asset portfolio in institutional and retail lending.

During the first half of FY2004, Shinsei's funding mix also improved, with total deposits increasing 19% to 3,168.7 billion yen while bank debentures and corporate bond decreased 1.9% to 1,362.7 billion yen. Notably, retail deposits increased 25% to 1.9 trillion yen, further strengthening and stabilizing the Bank's funding sources. Retail funding now comprises 57% of our total customer funding.

The Bank is shifting its major sources of funding towards deposits and away from debentures, although it retains the ability to access both markets. Despite the charter conversion to an ordinary bank completed in April 2004, Shinsei possesses the right to issue debentures through March 2014.

3. Non-performing Loans (non-consolidated):

Shinsei Bank reduced its non-performing loan balance further. As of September 30, 2004, total non-performing loans were at 73.7 billion yen – a decline of 23.6 billion yen or 24%. Non-performing loans currently represent 2% of total claims outstanding.

4. Reserve for Credit Losses (non-consolidated):

The total reserve for credit losses was 158.6 billion yen as of the end of September 2004, a decline of 19.3 billion yen from the end of March 2004. The Bank maintained a total reserve for credit losses to total claims ratio of 4.3%. The coverage ratio of reserves and collateral to non-performing loans was approximately 98% at the end of the period.

5. Capital Ratios:

Shinsei Bank is committed to deploy its excess capital in value-enhancing opportunities. In September 2004, Shinsei Bank acquired a majority interest in Aplus Co., Ltd (“Aplus”). The transaction resulted in the total capital ratio of 11.8%, down from 21.1% in March 2004, and the Tier 1 ratio of 8.0%, down from 16.2% in March 2004. Shinsei Bank’s capital predominantly consists of core capital. The net deferred tax asset portion remains at approximately 1.5% of total Tier 1 capital.

6. Aplus Transaction Summary and Update:

On September 28, 2004, Shinsei Bank acquired a majority stake in Aplus. The transaction involved purchasing 35 billion yen of newly issued common stock and 30 billion yen of outstanding preferred shares. The transaction fulfilled a strategic objective to leverage Shinsei Bank’s strong capital position by expanding the Bank’s non-bank finance operations.

On November 5, 2004 Shinsei Bank and Aplus announced a capital enhancement plan for Aplus. The plan will include an issuance of new preferred shares of approximately 241 billion yen. Shinsei intends to purchase approximately 143 billion yen of the issuance, with the balance sold to third party investors. The proceeds from preferred share issue will be used to restructure the Aplus balance sheet and position the business for growth.

On November 26, 2004, Aplus revised its revenue and net income projections for the first half FY2004, reporting a net loss of 264.7 billion yen, largely comprised of extraordinary losses. The revision reflected a series of business and accounting actions Aplus took to keep consistent with the accounting policies of Shinsei Bank. The actions applied to disposition of non-core businesses, accounting changes in revenue recognition, increased credit reserves and re-evaluation of fixed assets. Proceeds from the 241 billion yen preferred share issue will recapitalize Aplus’ balance sheet and provide sufficient resources for future growth.

Shinsei Bank’s consolidated balance sheet as of September 30, 2004 reflects the impact of a fair value review of Aplus assets. As of September 30, 2004, Aplus’ net worth was negative 181 billion yen. As a result of Shinsei’s 65 billion yen investment, Shinsei will record approximately 246 billion yen of intangible assets, of which approximately 202 billion yen will be recorded as residual goodwill.

The consolidated balance sheet of Shinsei Bank as of September 30, 2004 does not reflect the planned new preferred share issue of 241 billion yen. The Bank’s consolidated income statement for the first half FY2004 does not include Aplus’ first half results because the acquisition took place at the end of the reporting period.

7. Earnings Forecast:

Shinsei Bank has provided an expected earnings level for fiscal year 2004 (ending March 31, 2005).

As previously stated, on September 28, 2004, Shinsei Bank acquired a majority interest in Aplus. On November 5, 2004, Shinsei Bank announced the details of its plan to restructure the Aplus balance sheet.

The Aplus capital enhancement will result in the creation of various intangible assets. Under Japanese accounting rules, these assets can be amortized. The amortization period for identifiable intangibles would depend on the nature of the underlying intangible assets and will range between 10 and 20 years. The residual goodwill will be amortized over 20 years. This will result in a non-cash charge against Shinsei Bank's consolidated net income. To increase transparency and understanding of the Bank's underlying performance, Shinsei will report both reportable net income and a supplemental cash net income with its FY2004 results. Shinsei has also provided below a projected cash net income figure for the FY2004. Cash net income results exclude the amortization of total intangibles.

<Net income and net operating income projections>

	FY2004 after revision (on December 20, 2004)	FY2004 before revision (announced on May 28, 2004)
Net Operating Income (Consolidated)	64.0	62.0
Net Income⁽¹⁾ (Consolidated)	65.0	66.0
Cash Basis Net Income (Consolidated)	74.0	-

Note: 1. Reported net income

At a press conference announcing these results, Masamoto Yashiro, the Chairman, President and CEO of Shinsei Bank, said the following:

“Our retail business, which entered the fourth year of operation since the launch in June 2001, continues to grow. New financial centers opened and the Bank continued to expand and improve our transaction channels, including Internet banking, the ATM network and call centers that are available 24x7 free of charge. We add 25,000 – 30,000 new *PowerFlex* accounts per month and now have over 1.18 million individual customers’ accounts, surpassing the 1 million account milestone in May 2004. Our retail business achieved profitability in the first half of fiscal 2004, driven by our new “*Powered One*” deposit product and housing loan. From its launch in April 2004 to November 2004, the “*Powered One*” deposit has attracted 80,000 customers with an approximate 390 billion yen balance. In 2005, we will continue to launch new innovative products and enhance our retail offering. Early next year we will launch a security brokerage service in conjunction with Rakuten Securities, allowing Shinsei Bank customers to purchase equities through the Shinsei *Powerdirect* Internet banking services. We will also continue to expand our ATM and branch network and improve the productivity of our branches.

“Shinsei’s institutional banking business continues to grow by providing valuable financial solutions to meet our customers’ needs in funding, investment, restructuring and improving operational efficiency. In the first half of fiscal 2004, revenues grew substantially. Non-interest income represented more than 60% of total revenue as securitization, credit trading, non-recourse financing and M&A advisory services continued to show good growth. Our securitization business remains one of our core strengths and has established a reputation for quality and excellence far in excess of our size. We continue to expand our corporate revitalization business and supported both Mitsui Norin and MatsuyaDenki on their restructuring efforts. We are optimistic on the future potential of this business.

“We have also taken steps to build our non-bank finance business operation as the third pillar of our growth strategy. In 2004, Shinsei Bank subsidized and integrated Apolo Finance and Equion, now Shinsei Property Finance; established a joint venture with Nissin; acquired the consumer installment credit business of Teijin Finance, which we renamed Shinsei Sales Finance; and increased our stake in Shinki to 39.11% from 4.95% by converting the first unsecured convertible bonds issued by Shinki. At the end of the reporting period, we took another step towards building our non-bank finance business by acquiring a majority stake in Aplus, one of the leading consumer finance companies in Japan. Aplus provides Shinsei Bank with a new growth platform and is an excellent fit for our existing banking business and technical skillset. Aplus brings to Shinsei over 4 million credit card

customers, installment finance expertise and an attractive cash loan business. Shinsei Bank will apply its best-in-class IT systems and retail banking expertise to help Aplus operate more efficiently and accelerate growth in the future.”

“Since the re-launch as Shinsei Bank in March 2000, we have restored the Bank’s asset quality and financial strength and established a new business model with investment and retail banking businesses. We introduced a new banking model to the Japanese market – a Better Banking model. During the first half of the year, we saw clear evidence that Better Banking creates Better Value and have acted to ensure that we will continue to create value in the future. In February 2004, Shinsei Bank listed its common shares on First Section of the Tokyo Stock Exchange. The listing raised Shinsei’s profile among our customer base and contributed to better financial performance during the period. The listing and charter conversion to an ordinary bank marked the launch of a new stage of the Bank’s development. We are proud of our achievements and excited about the opportunities that lie ahead. In 2005, management will continue to apply the principles of Better Banking and maintain its focus on delivering stable, long-term profits.”

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	for the six months ended		<i>(billions of yen)</i>	
	Sep. 2004	Sep. 2003	change	
	a	b	a-b	%
Total Revenue *	72.8	61.7	11.1	18.0%
Expenses *	38.5	33.6	4.9	14.6%
Net Business Profit	34.3	28.0	6.3	22.5%
Reference: (Credit Recoveries)	10.6	7.2	3.4	47.2%
Net Income	40.7	34.0	6.7	19.8%
Diluted Net Income per Common Share	21.16	16.79	4.37	26.0%

* based on the management accounting basis

Balance Sheet Data	as of the end of		<i>(billions of yen)</i>	
	Sep. 2004	Mar. 2004	change	
	a	b	a-b	%
Total Assets	8,325.3	6,343.7	1,981.6	31.2%
Loans and Bills Discounted	3,074.6	3,047.0	27.6	0.9%
Securities	1,339.8	1,483.2	(143.3)	(9.7)%
Cash and Due from Banks	468.9	312.7	156.1	49.9%
Debentures	1,333.2	1,388.6	(55.4)	(4.0)%
Deposits (including NCDs)	3,168.8	2,734.4	434.3	15.9%
Total Shareholders' Equity	763.7	730.0	33.7	4.6%

Capital Adequacy Ratio	as of the end of		<i>(billions of yen)</i>	
	Sep. 2004	Mar. 2004	Change	
	a	b	a-b	%
Capital Adequacy Ratio	11.79%	21.13%	(9.34)%	
Tier I Ratio	7.99%	16.15%	(8.16)%	
Tier I Capital	486.5	720.3	(233.8)	(32.5)%
Tier II Capital	236.5	226.8	9.7	4.3%
Risk Assets	6,085.5	4,458.7	1,626.8	36.5%

References	as of the end of		
	Sep. 2004	Mar. 2004	Sep.2003
Exchange Rate (¥/\$)	111.03	105.70	111.25
Nikkei Average	10,823.57	11,715.39	10,219.05

Financial Data - Consolidated

1. Risk Monitored Loans

(billions of yen)

	Sep.30, 04		Mar.31, 04	Sep.30, 03
		Change from Mar.31, 04		
Loans to bankrupt obligors	7.8	(0.1)	7.9	10.4
Non-accrual delinquent loans	61.3	(8.2)	69.5	96.6
Loans past due for 3 months or more	4.8	(3.3)	8.2	21.6
Restructured loans	22.9	13.6	9.2	23.5
Total risk monitored loans	96.9	2.0	94.9	152.4

Loans and bills discounted	3,074.6	27.6	3,047.0	3,277.4
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(% to total loans)

Loans to bankrupt obligors	0.3%	0.0%	0.3%	0.3%
Non-accrual delinquent loans	2.0%	(0.3)%	2.3%	3.0%
Loans past due for 3 months or more	0.2%	(0.1)%	0.3%	0.7%
Restructured loans	0.7%	0.4%	0.3%	0.7%
Total risk monitored loans	3.2%	0.1%	3.1%	4.7%

2. Reserve Ratio to Risk Monitored Loans

	Sep.30, 04		Mar.31, 04	Sep.30, 03
		Change from Mar.31, 04		
% on risk monitored loans	162.6%	(24.8)%	187.4%	126.2%

3. Subsidiaries and Affiliates

	Sep.30, '04	Sep.30, '03
Subsidiaries	66	40
Affiliates accounted for using the equity method	5	4

Consolidated Balance Sheets

(See Note A)

-- Assets

(millions of yen)

	Sep. 30, 2004	Mar. 31, 2004	Change	
	a	b	a-b	%
<<Assets>>				
Cash and due from banks	468,901	312,709	156,192	49.9%
Call loans and bills bought	50,866	-	50,866	100.0%
Collateral related to securities borrowing transactions	146,333	18,121	128,212	707.5%
Other monetary claims purchased	233,881	246,987	(13,106)	(5.3)%
Trading assets	443,634	635,096	(191,462)	(30.1)%
Monetary assets held in trust	429,588	242,750	186,838	77.0%
Securities	1,339,840	1,483,234	(143,394)	(9.7)%
Loans and bills discounted	3,074,644	3,047,042	27,602	0.9%
Foreign exchanges	12,361	9,490	2,871	30.3%
Other assets	711,793	375,075	336,718	89.8%
Premises and equipment	106,215	89,703	16,512	18.4%
Deferred discounts on and issuance expenses for debentures	264	179	85	47.5%
Deferred discounts on and issuance expenses for corporate bonds	6	-	6	100.0%
Deferred tax assets	26,019	22,941	3,078	13.4%
Consolidation goodwill	200,841	-	200,841	100.0%
Customers' liabilities for acceptances and guarantees	1,237,801	38,339	1,199,462	3128.6%
Reserve for credit losses	(157,597)	(177,916)	20,319	(11.4)%
Total assets	8,325,396	6,343,755	1,981,641	31.2%

US\$ / yen

@111.03

@105.70

Consolidated Balance Sheets

(See Note A)

-- Liabilities, minority interests in subsidiaries and shareholders' equity

(millions of yen)

	Sep. 30, 2004	Mar. 31, 2004	Change	
	a	b	a-b	%
<<Liabilities>>				
Deposits	2,692,494	2,263,421	429,073	19.0%
Negotiable certificates of deposit	476,336	471,068	5,268	1.1%
Debentures	1,333,211	1,388,696	(55,485)	(4.0)%
Call money and bills sold	173,397	112,559	60,838	54.0%
Payables under repurchase agreements	44,994	445,634	(400,640)	(89.9)%
Collateral related to securities lending transactions	-	29,275	(29,275)	(100.0)%
Commercial paper	11,086	-	11,086	100.0%
Trading liabilities	72,506	92,231	(19,725)	(21.4)%
Borrowed money	656,108	334,416	321,692	96.2%
Foreign exchanges	12	4	8	200.0%
Corporate bonds	29,528	-	29,528	100.0%
Other liabilities	805,479	424,899	380,580	89.6%
Reserve for bonuses payable	5,791	8,722	(2,931)	(33.6)%
Reserve for retirement benefits	1,589	629	960	152.6%
Reserve for loss on disposition of premises and equipment	153	-	153	100.0%
Reserve for loss on sale of bonds	1,529	1,918	(389)	(20.3)%
Reserve under special law	0	0	0	0.0%
Deferred tax liabilities	18,584	42	18,542	44147.6%
Consolidation goodwill	-	915	(915)	(100.0)%
Acceptances and guarantees	1,237,801	38,339	1,199,462	3128.6%
Total liabilities	7,560,605	5,612,776	1,947,829	34.7%
Minority interests in subsidiaries	1,069	977	92	9.4%
<<Shareholders' equity>>				
Capital stock	451,296	451,296	-	-
Capital surplus	18,558	18,558	-	-
Retained earnings	288,082	250,737	37,345	14.9%
Net unrealized gains on securities available-for-sale, net of taxes	3,452	7,154	(3,702)	(51.7)%
Foreign currency transaction adjustments	2,333	2,255	78	3.5%
Treasury stock, at cost	(2)	(1)	(1)	100.0%
Total shareholders' equity	763,721	730,000	33,721	4.6%
Total liabilities, minority interest in subsidiaries and shareholders' equity	8,325,396	6,343,755	1,981,641	31.2%

US\$ / yen

@111.03

@105.70

Consolidated Statements of Income

(See Note B)

(millions of yen)

	IH/FY'04	IH/FY'03	Change	
	a	b	a-b	%
Operating income	103,722	87,407	16,315	18.7%
Interest income	41,536	44,962	(3,426)	(7.6)%
Interest on loans and discounts	29,630	33,712	(4,082)	(12.1)%
Interest and dividends on securities	7,092	6,975	117	1.7%
Fees and commissions (income)	13,935	10,797	3,138	29.1%
Trading revenue	15,325	448	14,877	3320.8%
Other business income	19,855	13,799	6,056	43.9%
Other operating income	13,069	17,400	(4,331)	(24.9)%
Operating expenses	75,150	62,923	12,227	19.4%
Interest expenses	16,165	16,716	(551)	(3.3)%
Interest on deposits	7,210	5,651	1,559	27.6%
Interest on debentures	3,203	5,308	(2,105)	(39.7)%
Fees and commissions (expense)	4,510	3,195	1,315	41.2%
Trading expenses	-	692	(692)	(100.0)%
Other business expenses	6,963	2,367	4,596	194.2%
General and administrative expenses	39,241	34,164	5,077	14.9%
Other operating expenses	8,269	5,786	2,483	42.9%
Net operating income	28,572	24,484	4,088	16.7%
Extraordinary income	12,903	12,723	180	1.4%
Extraordinary expenses	543	1,473	(930)	(63.1)%
Income before income taxes and minority interests	40,932	35,734	5,198	14.5%
Income taxes (current)	630	562	68	12.1%
Income taxes (deferred)	(539)	1,155	(1,694)	(146.7)%
Minority interests in net income (loss) of subsidiaries	52	(21)	73	(347.6)%
Net income	40,789	34,038	6,751	19.8%

(billions of yen)

(Ref.) Net business profit (<i>jisshitsu gyomu jun-eki</i>) *	34	28	6	21.2%
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US\$ / yen

@111.03

@111.25

* Management accounting basis, including income from investment in monetary assets held in trust

Consolidated Statements of Cash Flows

(See Note C)

(millions of yen)

	Sep. 30,2004	Sep. 30,2003	Change
I. Cash flows from operating activities:			
Income before income taxes and minority interests	40,932	35,734	5,198
Depreciation	1,724	1,568	156
Amortization of goodwill	(24)	(24)	0
Equity in gains of affiliates	(141)	(99)	(42)
Net change in reserve for credit losses	(20,322)	(24,427)	4,105
Net change in reserve for bonuses payable	(4,159)	(4,330)	171
Net change in reserve for retirement benefits	959	(829)	1,788
Net change in reserve for loss on disposition of premises and	153	(373)	526
Net change in provision of reserve for loss on sale of bonds	(389)	773	(1,162)
Interest income	(41,536)	(44,962)	3,426
Interest expenses	16,165	16,716	(551)
Gain on securities sold	(7,039)	(10,212)	3,173
Gain on monetary assets held in trust	(1,312)	(707)	(605)
Net exchange losses	(7,297)	15,884	(23,181)
Net change on sale of premises and equipment	308	583	(275)
Net change in trading assets	169,918	(236,779)	406,697
Net change in trading liabilities	126,791	(404)	127,195
Net change in loans and bills discounted	(149,834)	220,782	(370,616)
Net change in deposits	429,074	16,500	412,574
Net change in negotiable certificates of deposit	5,267	64,303	(59,036)
Net change in debentures	(26,406)	(476,732)	450,326
Net change in borrowed money (other than subordinated debt)	(9,538)	(249)	(9,289)
Net change in due from banks (other than deposit with the bank of	(24,522)	20,514	(45,036)
Net change in call loans, commercial paper	(50,866)	536	(51,402)
Net change in other monetary claims purchased	14,484	19,432	(4,948)
Net change in collateral related to securities borrowing transactions	(128,212)	(14,006)	(114,206)
Net change in payables under repurchase agreements	(400,639)	266,593	(677,232)
Net change in call money	60,837	109,100	(48,263)
Net change in commercial paper	38,864	-	38,864
Net change in collateral related to securities lending transactions	(29,275)	(139,187)	109,912
Net change in foreign exchange assets	(2,870)	(409)	(2,461)
Net change in foreign exchange liabilities	7	(10)	17
Net Decrease in net trust account	36,690	97,426	(60,736)
Interest received	50,085	52,864	(2,779)
Interest paid	(15,218)	(19,492)	4,274
Net change in trading securities	18,320	(17,171)	35,491
Net change in monetary assets held in trust	(122,718)	(132,058)	9,340
Others, net	18,370	(50,092)	68,462
Subtotal	(13,368)	(233,246)	219,878
Income taxes paid	(737)	(823)	86
Net cash used in operating activities	(14,106)	(234,070)	219,964
II. Cash flows from investing activities:			
Purchases of securities	(1,751,751)	(967,823)	(783,928)
Proceeds from sale of securities	290,474	373,582	(83,108)
Proceeds from redemption of securities	1,510,667	841,245	669,422
Investment in monetary assets held in trust	(6,791)	(3,013)	(3,778)
Proceeds from disposition of monetary assets held in trust	8,089	632	7,457
Purchases of premises and equipment	(4,102)	(3,254)	(848)
Proceeds from sale of premises and equipment	26	763	(737)
Proceeds from acquisition of new subsidiaries and affiliates	10,020	-	10,020
Payment for acquisition of new subsidiaries and affiliates	-	(22)	22
Others, net	244	-	244
Net cash provided by investing activities	56,877	242,110	(185,233)
III. Cash flows from financing activities:			
Repayment of subordinated debt	-	(38,000)	38,000
Payment for redemption of subordinated bonds	(1,570)	(50)	(1,520)
Dividends paid	(3,444)	(6,888)	3,445
Payment related to treasury stock	(1)	-	(1)
Net cash used in financing activities	(5,015)	(44,938)	39,923
IV. Effect of exchange rate changes on cash and cash equivalents	16	-	16
V. Net increase in cash and cash equivalents	37,771	(36,899)	74,670
VI. Cash and cash equivalents at beginning of period	157,178	138,991	18,817
VII. Cash and cash equivalents at end of period	194,950	102,092	92,858

Financial Highlights - Non-Consolidated

Results of Operations	for the six months ended		(billions of yen)	
	Sep. 2004	Sep. 2003	change	
	a	b	a-b	%
Total Revenue*	64.8	56.9	7.9	13.9%
Net Business Profit (jishitsu gyomu jun-eki)*	29.2	24.7	4.5	18.2%
Net Operating Income (keijou rieki)	24.6	22.3	2.3	10.1%
Reference: (Stock Gains - net)	0.1	2.2	(2.1)	(95.5)%
(Credit Recoveries)**	0.0	0.6	(0.6)	(100.0)%
Net Income	37.2	31.8	5.4	17.1%
Diluted Net Income per Common Share (yen)	19.35	15.70	-3.65	-23.2%
Dividend per Share (yen) Common	1.29	1.11	-0.18	-16.2%
Class A preferred	6.50	6.50	-	
Class B preferred	2.42	2.42	-	

* based on management accounting basis

**The Bank posted total net credit recoveries, 11.5 billion yen for Sep. 2004 and 8.2 billion yen for September 2003.

Balance Sheet Data	as of the end of		(billions of yen)	
	Sep. 2004	Mar. 2004	change	
	a	b	a-b	%
Total Assets	6,534.1	6,406.3	127.8	2.0%
Loans and Bills Discounted	3,372.5	3,217.8	154.7	4.8%
Securities	1,396.9	1,508.2	(111.2)	(7.4)%
Cash and Due from Banks	288.7	305.5	(16.8)	(5.5)%
Debentures	1,337.4	1,362.2	(24.8)	(1.8)%
Deposits (including NCDs)	3,238.2	2,778.4	459.8	16.5%
Total Shareholders' Equity	759.4	729.2	30.1	4.1%

References	as of the end of		
	Sep. 2004	Mar. 2004	Sep.2003
Exchange Rate (¥/\$)	111.03	105.70	111.25
Nikkei Average	10,823.57	11,715.39	10,219.05

Problem Claims (Based on Financial Revitalization Law)

(billions of yen)

	Sep.30, 04		Mar.31, 04	Sep.30, 03
		Change from Mar.31, 04		
Bankrupt, quasi bankrupt	9.9	-1.1	-4.6	11.1
Doubtful	57.0	-11.8	-37.4	68.8
Sub standard	6.6	-10.6	-38.4	17.2
Total (A)	73.7	-23.6	-80.5	97.3
Loan loss reserves (B)	158.6	-19.3	-34.3	177.9
Reserve ratio (B)/(A)	215.2%	32.4%	90.1%	182.8%
(Ref.) At or below "need caution" level	167.4	-57.1	-134.5	224.5

5. Reserve Ratio to Risk Monitored Loans

	Sep.30, 04		Mar.31, 04	Sep.30, 03
		Change from Mar.31, 04		
% on risk monitored loans	221.2%	30.7%	93.0%	190.5%

Non-Consolidated Balance Sheets -- Assets

(See Note D)

(millions of yen)

	Sep. 30, 2004	Mar. 31, 2004	Change	
	a	b	a-b	%
<<Assets>>				
Cash and due from banks	288,759	305,563	(16,804)	(5.5)%
Call loans	50,866	-	50,866	100.0%
Collateral related to securities borrowing transactions	146,333	18,121	128,212	707.5%
Other monetary claims purchased	67,987	91,286	(23,299)	(25.5)%
Trading assets	436,893	633,488	(196,595)	(31.0)%
Monetary assets held in trust	464,325	355,327	108,998	30.7%
Securities	1,396,928	1,508,204	(111,276)	(7.4)%
Loans and bills discounted	3,372,519	3,217,804	154,715	4.8%
Foreign exchanges	12,361	9,490	2,871	30.3%
Other assets	342,755	334,547	8,208	2.5%
Premises and equipment	26,170	24,123	2,047	8.5%
Deferred discounts on and issuance expenses for debentures	264	166	98	59.0%
Deferred tax assets	24,942	21,790	3,152	14.5%
Customers' liabilities for acceptances and guarantees	61,723	64,358	(2,635)	(4.1)%
Reserve for credit losses	(158,652)	(177,960)	19,308	(10.8)%
Total assets	6,534,178	6,406,313	127,865	2.0%

US\$ / yen

@111.03

@105.70

Non-Consolidated Balance Sheets

(See Note D)

-- Liabilities and shareholders' equity

(millions of yen)

	Sep. 30, 2004	Mar. 31, 2004	Change	
	a	b	a-b	%
<<Liabilities>>				
Deposits	2,761,893	2,307,413	454,480	19.7%
Negotiable certificates of deposits	476,336	471,068	5,268	1.1%
Debentures	1,337,451	1,362,261	(24,810)	(1.8)%
Call money	173,397	112,559	60,838	54.0%
Payable under repurchase agreements	44,994	445,634	(400,640)	(89.9)%
Collateral related to securities lending transactions	-	29,275	(29,275)	(100.0)%
Trading liabilities	71,471	90,336	(18,865)	(20.9)%
Borrowed money	338,010	335,311	2,699	0.8%
Foreign exchanges	289	280	9	3.2%
Other liabilities	502,298	449,169	53,129	11.8%
Reserve for bonuses payable	3,774	6,971	(3,197)	(45.9)%
Reserve for retirement benefits	1,421	473	948	200.4%
Reserve for loss on disposition of premises and equipment	153	-	153	100.0%
Reserve for loss on sale of bonds	1,529	1,918	(389)	(20.3)%
Acceptances and guarantees	61,723	64,358	(2,635)	(4.1)%
Total liabilities	5,774,746	5,677,033	97,713	1.7%
<<Shareholders' equity>>				
Capital stock	451,296	451,296	-	-
Capital surplus	18,558	18,558	-	-
Additional paid-in capital	18,558	18,558	-	-
Retained earnings	286,160	252,308	33,852	13.4%
Legal reserve	5,512	4,823	689	14.3%
Undivided profit at term end	280,647	247,485	33,162	13.4%
Net income	37,296	65,320	(28,024)	(42.9)%
Net unrealized gains on securities available-for-sale, net of taxes	3,419	7,118	(3,699)	(52.0)%
Treasury stock, at cost	(2)	(1)	(1)	(100.0)%
Total shareholders' equity	759,431	729,280	30,151	4.1%
Total liabilities and shareholders' equity	6,534,178	6,406,313	127,865	2.0%

US\$ / yen

@111.03

@105.70

Non-Consolidated Statements of Income

(See Note E)

(millions of yen)

	IH/FY'04	IH/FY'03	Change	
	a	b	a-b	%
Operating income	90,907	82,945	7,962	9.6%
Interest income	40,049	43,714	(3,665)	(8.4)%
Interest on loans and discounts	28,766	33,545	(4,779)	(14.2)%
Interest and dividends on securities	6,832	6,786	46	0.7%
Fees and commissions (income)	8,731	8,489	242	2.9%
Trading revenue	14,555	65	14,490	22292.3%
Other business income	7,745	10,316	(2,571)	(24.9)%
Other operating income	19,825	20,359	(534)	(2.6)%
Operating expenses	66,286	60,572	5,714	9.4%
Interest expenses	15,682	16,638	(956)	(5.7)%
Interest on deposits	7,231	5,689	1,542	27.1%
Interest on coupon debentures	3,214	4,895	(1,681)	(34.3)%
Fees and commissions (expense)	4,661	2,914	1,747	60.0%
Trading expenses	71	786	(715)	(91.0)%
Other business expenses	2,564	1,838	726	39.5%
General and administrative expenses	36,325	32,625	3,700	11.3%
Other operating expenses	6,980	5,769	1,211	21.0%
Net operating income	24,621	22,372	2,249	10.1%
Extraordinary income	11,587	11,678	(91)	(0.8)%
Extraordinary expenses	520	1,273	(753)	(59.2)%
Income before income taxes	35,688	32,777	2,911	8.9%
Income taxes (current)	(993)	(164)	(829)	505.5%
Income taxes (deferred)	(614)	1,099	(1,713)	(155.9)%
Net income	37,296	31,843	5,453	17.1%
Earned surplus brought forward from previous term	243,351	186,297	57,054	30.6%
Unappropriated earned surplus	280,647	218,140	62,507	28.7%

US\$ / yen

@111.03

@111.25

Financial Data - Non-Consolidated

1. Yield (Domestic Business)

	1H/FY04	1F/FY03	Change
Average Yield on Earning Assets (a)	1.32%	1.45%	(0.13)
Loans	1.74%	1.85%	(0.11)
Securities	0.54%	0.49%	0.05
Average Funding Cost (b) *	2.04%	1.85%	0.19
Average Yield on Funding Cost (c)	0.51%	0.59%	(0.08)
Deposits and Negotiable Certificates of Deposit	0.32%	0.38%	(0.06)
Debentures	0.48%	0.60%	(0.12)
Spread (a-b)	(0.72)%	(0.40)%	(0.32)
Spread (a-c)	0.81%	0.86%	(0.05)

* (b) includes expenses as a part of funding cost.

2. Risk Monitored Loans

	Sep.30, 04			Mar.31, 04	Sep.30, 03
		Change from Mar.31, 04	Change from Sep.30, 03		
Loans to bankrupt obligors	7.2	(0.2)	(2.8)	7.5	10.0
Non-accrual delinquent loans	57.7	(10.8)	(37.5)	68.6	95.3
Loans past due for 3 months or more	3.2	(4.9)	(18.4)	8.2	21.6
Restructured loans	3.3	(5.6)	(20.0)	9.0	23.4
Total risk monitored loans	71.7	(21.7)	(78.8)	93.4	150.5
Loans and bills discounted	3,372.5	154.7	(93.9)	3,217.8	3,466.4

(% to total loans)

Loans to bankrupt obligors	0.2%	0.0%	(0.1)%	0.2%	0.3%
Non-accrual delinquent loans	1.7%	(0.4)%	(1.0)%	2.1%	2.7%
Loans past due for 3 months or more	0.1%	(0.2)%	(0.5)%	0.3%	0.6%
Restructured loans	0.1%	(0.2)%	(0.6)%	0.3%	0.7%
Total risk monitored loans	2.1%	(0.8)%	(2.2)%	2.9%	4.3%

3. Reserve for Credit Losses

	Sep.30, 04			Mar.31, 04	Sep.30, 03
		Change from Mar.31, 04	Change from Sep.30, 03		
Reserve for credit losses	158.6	(19.3)	(34.3)	177.9	192.9
General	51.7	(9.9)	(27.4)	61.7	79.2
Specific	106.8	(9.3)	(6.8)	116.1	113.7
Restructuring countries	0.0	0.0	(0.0)	0.0	0.0

4. Reserve Ratio to Risk-Monitored Loans

	Sep.30, 04			Mar.31, 04	Sep.30, 03
		Change from Mar.31, 04	Change from Sep.30, 03		
% on risk monitored loans	221.2%	30.7%	93.0%	190.5%	128.2%

5. Problem Claims (Under Financial Revitalization Law)

(billions of yen)

	Sep.30, 04		Mar.31, 04	Sep.30, 03	
		Change from Mar.31, 04			Change from Sep.30, 03
Bankrupt, quasi bankrupt	9.9	(1.1)	(4.6)	11.1	14.6
Doubtful	57.0	(11.8)	(37.4)	68.8	94.4
Sub standard	6.6	(10.6)	(38.4)	17.2	45.1
Total (A)	73.7	(23.6)	(80.5)	97.3	154.2
Loan loss reserves (B)	158.6	(19.3)	(34.3)	177.9	192.9
Reserve ratio (B)/(A)	215.2%	32.4%	90.1%	182.8%	125.1%
(Ref.) At or below "need caution" level	167.4	(57.1)	(134.5)	224.5	301.9

6. Average Balance of Assets and Liabilities

(billions of yen)

	Sep.30, 04	Mar.31, 04	Change	
	a	b	a-b	%
Deposits including NCDs	3,017.8	2,681.0	336.8	12.6%
Debentures	1,332.3	1,492.9	(160.6)	(10.8)%
Loans & Bills Discounted	3,070.2	3,269.7	(199.4)	(6.1)%

7. Balance of Deposits from Individuals

(billions of yen)

	Sep.30, '04	Mar.31, '04	Change	
	a	b	a-b	%
Balance of Deposits from individuals	1,972.5	1,578.5	393.9	25.0%

8. Balance of Housing Loans

(billions of yen)

	Sep.30, 04		Mar.31, 04	Sep.30, 03
		Change from Mar.31, 04		
Balance of housing loans	245.0	76.5	164.7	80.3

9. Unrealized Gains on Available-for-Sale Securities

(Consolidated)

(millions of yen)

	unrealized gains (net)	Sep. 30, 04	
		gains	losses
Equities	1,160	1,165	5
Bonds	53	800	747
Other	4,607	5,500	893
Total	5,821	7,466	1,645

(Non-Consolidated)

(millions of yen)

	unrealized gains (net)	Sep. 30, 04	
		gains	losses
Equities	1,160	1,165	5
Bonds	(2)	744	746
Other	4,607	5,500	893
Total	5,765	7,410	1,645

11. Problem Claims

A. Losses on Disposals

(Consolidated)

(billions of yen)

As of	Net provision of general reserve for loan losses	Disposal of problem claims	Total credit costs
September 30, 2004	(10.4)	(0.1)	(10.6)
March 31, 2004	(19.7)	4.3	(15.4)
September 30, 2003	(6.6)	(0.6)	(7.2)

(Non-Consolidated)

(billions of yen)

As of	Net provision of general reserve for loan losses	Disposal of problem claims	Total credit costs
September 30, 2004	(9.6)	(0.6)	(10.3)
March 31, 2004	(19.8)	3.1	(16.7)
September 30, 2003	(6.1)	(0.4)	(6.5)

B. Final Disposal of Claims and New Claims

(1) Outline

(billions of yen)

As of	Balance of newly added problem claims (claims against possibly bankrupt obligors or worse, disclosure-basis)
September 30, 2004	5.5
March 31, 2004	15.2
September 30, 2003	20.8

(billions of yen)

As of	Final disposal of problem claims			
	Write-off (A)	Sale, etc. (B)	Forgiveness (C)	Total (A)+(B)+(C)
September 30, 2004	0.1	7.2	-	7.3
March 31, 2004	8.2	90.6	5.6	104.5
September 30, 2003	6.6	60.6	5.6	72.8

(2) Balance of Claims

(billions of yen)

As of	Claims against bankrupt and quasi- bankrupt obligors (A)	Doubtful claims (B)	Total (A)+(B)
September 30, 2004	9.9	57.0	67.0
Claims newly added from March 2004 to September 2004	0.3	5.2	5.5
Claims removed from March 2004 to September 2004	(1.4)	(17.1)	(18.5)
Net change from March 2004 to September 30, 2004	(1.1)	(11.8)	(13.0)
March 31, 2004	11.1	68.8	80.0
September 30, 2003	14.6	94.4	109.0

Note:

* The balance of claims against bankrupt and quasi-bankrupt obligors as of September 30, 2004 includes JPY8.5 billion of claims not appearing on the balance sheet as a result of off-balance arrangements.

The balance of claims against bankrupt and quasi-bankrupt obligors as of March 31, 2004 includes JPY11.1 billion of claims not appearing on the balance sheet as a result of off-balance arrangements.

The balance of claims against bankrupt and quasi-bankrupt obligors and doubtful claims as of September 30, 2003 includes JPY10.9 billion and JPY 1.1 billion of claims not appearing on the balance sheet as a result of off-balance arrangements respectively.

D. Details of Arrangements to Remove Claims from the Balance Sheet

(billions of yen)

	Disposal by liquidation (A)	Disposal by obligor revitalization (B)	Disposal by improvement in conditions accompanying obligor revitalization (C)	Securitization	
				Total (D)	Sale to RCC
Results of the six months ended September 30, 2004	-	-	-	(13.2)	-
Results of the fiscal year ended March 31, 2004	(0.6)	(0.2)	-	(49.6)	-
Plan of the fiscal year ended March 31, 2005	(0.0)	-	-	(1.5)	-

(billions of yen)

	Write-off (E)	Other total (F)	Collection & repayment (G)	Business improvement (H)	Total (sum of A through F)
Results of the six months ended September 30, 2004	(0.1)	(5.2)	(3.5)	(1.6)	(18.5)
Results of the fiscal year ended March 31, 2004	(2.5)	(16.8)	(16.8)	-	(69.9)
Plan of the fiscal year ended March 31, 2005	-	(3.7)	(3.7)	-	(5.2)

E. Financial Support for Borrowers

For the interim period ended September 30, 2004, the Bank had one case of the purchase of Aplus's newly issued common shares for JPY 35 billion.

F. Reserve Ratio

	As of Sep. 30, 2004	As of March 31, 2004	As of Sep. 30, 2003
(i) Legally or Virtually Bankrupt Obligors (out of unsecured portion of claims)	100.00%	100.00%	100.00%
(ii) Possibly Bankrupt Obligors (out of unsecured portion of claims)	97.04%	99.56%	99.07%
(iii) Substandard Obligors (out of unsecured portion of claims)	93.04%	94.25%	86.85%
(iv) Caution Obligors (except for Substandard Obligors) (out of unsecured portion of claims)	27.17%	25.72%	25.68%
(out of total claims)	10.93%	11.91%	12.34%
(v) Normal Obligors (out of total claims)	0.78%	0.98%	1.02%

G. Reserve by Discounted Cash Flow Method

Since fiscal year 2002, we have established reserves for loan losses using the DCF method to more than 90% of claims, by balance, against substandard obligors and possibly bankrupt obligors.

(Note A)

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

(Note B)

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.

(Note C)

The table represents a translation of the original consolidated statements of cash flows prepared in the Japanese language in accordance with regulations of consolidated financial statements.

(Note D)

The table represents a translation of the original non-consolidated balance sheets prepared in the Japanese language in accordance with commercial code of Japan.

(Note E)

The table represents a translation of the original non-consolidated statements of income prepared in the Japanese language in accordance with commercial code of Japan.