

For Immediate Press Release

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

Shinsei Bank Announces First Quarter FY2005 Financial Results

Tokyo (Tuesday, July 26, 2005) – Shinsei Bank, Limited (“Shinsei Bank”) today announced its financial results for the first quarter of fiscal year 2005 ended June 30, 2005.

First Quarter FY2005 Financial Highlights

(all figures compared to first quarter of FY2004)

- Consolidated revenue increased 90.6% to 64.5 billion yen (management accounting basis).
- Consolidated net income for the quarter was 17.4 billion yen, 1.0 billion yen or 5.5% lower than last year’s figure – due to inclusion of 5.9 billion yen, net, in amortization of acquired goodwill and intangible assets. Consolidated cash basis net income grew 26.7% to 23.3 billion yen.
- Diluted net income per share was 8.65 yen. Cash basis diluted net income per share was 11.60 yen, up 21.2% or 2.03 yen.
- Expense to revenue ratio decreased to 53.5% from 56.6% (management accounting basis).
- Non-performing loans decreased 4.1 billion yen to 47.6 billion yen (non-consolidated) as of June 30, 2005.

First Quarter FY2005 Business Highlights

- Shinsei formed a joint venture with NORD/LB, WestLB AG, and JC Flowers & Co., focusing on the acquisition and work-out of bad debt portfolios of German public sector banks. This is the first public sector banking company in Germany to offer the purchase, restructuring, and liquidation of non-performing loans.
- Shinsei entered into an alliance with Rakuten Securities Inc., a Japanese broking firm which would allow Shinsei’s *PowerDirect* customers to buy and sell shares online through a Rakuten Securities account.
- Shinsei announced it began discussions with The Norinchukin Bank about forming an alliance in the field of general and auto leasing to increase business, marketing and operational opportunities at Showa Leasing and Kyodo Leasing.

- Successful launch of Shinsei's "Color your life" campaign, a retail banking marketing effort, which helped to spur new customer acquisition. The Bank gained 126,000 new *Powerflex* customers during the quarter, compared to about 107,000 over the same period last year, bringing the total number of retail accounts to 1.4 million.
- Many Shinsei Bank's ATMs now accept Cirrus, MasterCard, VISA, and Maestro cards issued overseas. In addition to cards issued by PLUS, VISA International, and VISA Electron, Shinsei International ATMs are now able to accept about two billion cards issued worldwide.
- THOMSON DealWatch, awarded Shinsei Bank and Shinsei Securities with "Commercial Mortgage-backed Securities Deal of the Year" for 2004. The award was for the securitization of the non-recourse loan extended to Mizuho Bank, Ltd., head office and Otemachi Financial Center.

1. Income Statement:

Shinsei Bank reported consolidated revenue of 64.5 billion yen for the first quarter of fiscal 2005, an increase of 30.6 billion yen or 90.6% over the first quarter of fiscal 2004. Revenue growth was achieved in all three core business lines. Consolidated net income for the period was 17.4 billion yen, as compared to 18.4 billion yen for the same period last year. The first quarter of this fiscal year included 5.9 billion yen in amortization of acquired goodwill and intangible assets, net of tax benefit. Diluted net income per share for the three-month ended June 30, 2005 was 8.65 yen.

The Bank also reports cash basis net income on a voluntary basis in order to provide greater transparency and understanding of our underlying performance. For the first quarter of fiscal 2005, consolidated cash basis net income was 23.3 billion yen, an increase of 26.7% as compared to the same period last year. Cash basis diluted net income per share for the first quarter of fiscal 2005 was 11.60 yen, an increase of 2.03 yen, or 21.2%, as compared to the same period last year. Cash basis net income is calculated by excluding amortization of acquired goodwill and intangible assets, net of tax benefit, from net income under Japanese GAAP.

General and administrative expenses increased by 15.3 billion yen to 34.4 billion yen in the first quarter of fiscal 2005 largely due to acquisition of APLUS and Showa Leasing and growth in retail banking distribution channels, and increased customer driven transaction activities. During the quarter, Shinsei's expense to revenue ratio improved to 53.5% - an improvement from 56.6% in the first quarter of FY2004.

Non-consolidated basis, Shinsei Bank's first quarter net business profit before general reserve for loan losses (*jisshitsu gyomu jun-eki*) grew 41.5% to 18.8 billion yen, and non-consolidated net income after tax grew 17.5% to 20.5 billion yen from first quarter FY2004.

2. Business Line Results:

During the quarter, Shinsei Bank continued to sharpen its focus on three distinct lines of business – Institutional Banking, Consumer and Commercial Finance, and Retail Banking. All three businesses grew revenue in the first quarter in line with Shinsei's customer-focused, solution driven business model.

Institutional Banking

The Institutional Banking business generated revenue of 25.5 billion yen in the first quarter – an increase of 2.0 billion yen or 8.8% from the same period the previous year. It benefited from strong performance in non-recourse loans, securitizations, and capital markets activities. Non-recourse loans balance grew by 9.2% to first quarter-end balance of 630.1 billion yen with 45 new transactions concluded during the quarter. The securitization business concluded four key deals during the quarter with total issuance amount of about 157 billion yen. In the first quarter, the total general and administrative expenses were 9.7 billion yen, marginally higher than the same period last year. This resulted in the expense to revenue ratio improvement from 40.5% in the first quarter FY2004 to 38.2% in the first quarter FY2005.

Consumer and Commercial Finance

The acquisition of APLUS and Showa Leasing in FY2004 transformed the Consumer and Commercial Finance ("CCF") business which is now contributing significantly to the Bank's financial performance while adding new customers, experienced personnel, technical capabilities, and numerous growth opportunities. In the first quarter of fiscal 2005, this business contributed revenue of 27.1 billion yen, or over 42% of total Shinsei's revenues. The total expenses in the first quarter were 15.4 billion yen. Continual expense rationalization coupled with revenue growth improved the expense to revenue ratio from 60.4% in fiscal 2004 to 57.0% in the first quarter of this fiscal year. The ordinary business profit of the sub-group improved 11.6 billion yen from the same period last year primarily due to the inclusion of newly acquired subsidiaries – namely APLUS and Showa Leasing.

Retail Banking

The Retail Banking business continued to build on the progress made in the last four years. During the first quarter, total revenue increased 2.8% to 9.7 billion yen from the same period the previous fiscal year. The main sources of revenue were interest income from retail deposits and loans, option income from structured deposits, fees from asset management products and foreign exchange fees from the sale of foreign currency deposits. First quarter FY2005 income from the *PoweredOne* yen-denominated structured deposits was 1.8 billion yen, which benefited from favorable market conditions last year, declined by 3.0 billion yen from the same period a year ago. The decline was more than offset by an increase in revenue from various other products including mutual funds, annuities, housing loans, foreign exchange and option income from other structured deposits. Our ability to successfully sell an increasingly wide range of products is contributing to a more balanced and recurrent revenue growth. During the quarter, following the successful launch of Shinsei's "Color your life" campaign, Shinsei added more than 126,000 new *Powerflex* customers, compared to about 107,000 over the same period last year and now has over 1.4 million retail accounts.

Retail Banking had total expenses of 9.2 billion yen, an increase of 1.5 billion yen, during the quarter. The expense increase relates to expansion of distribution channels, product offerings and customer driven transactional activities. Ordinary business profit was 0.4 billion yen for the quarter.

ALM, Corporate and Other

ALM, Corporate and Other primarily include results of corporate treasury activities, income from proprietary investments, and corporate level expenses. The first quarter ordinary business profit of 2.1 billion yen is better by 3.1 billion yen from the same period last year due to strong corporate treasury revenues and lower expenses.

3. Balance Sheet:

Shinsei's loan balance was 3,407.5 billion yen at the end of June 2005, 22.9 billion yen or 0.7% lower than the March 2005 level. The growth in retail housing loans, non-recourse loans, and CCF lending was offset by the decline in corporate loans due to scheduled loan payments. Loans to retail customers grew 17.0% or 52.4 billion yen to 360.5 billion yen and lending to CCF customers increased 24.3 billion yen to 296.9 billion yen as of June 30, 2005.

With regards to the composition of our funding, debentures and corporate bonds balance continue to decrease in line with our strategy to emphasize funding through retail deposits. As of June 30, 2005, total debentures and corporate bonds stood at 1,279.7 billion yen, a decline of 51.2 billion yen

during the quarter. While total deposits decreased 1.5% to 3,399.9 billion yen due to a decline in institutional deposits, the retail deposits grew over 12% in the first quarter, and therefore, total retail deposit balance is now approaching 2.6 trillion yen. As a result, retail funding now represents 66.4% of our total customer funding, an increase from 59.8% as of March 2005.

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

Shinsei Bank made further progress to bring down its non-performing loan balance. As of June 30, 2005, total non-performing loans were at 47.6 billion yen – a decline of 4.1 billion yen or 8.0% for the three-month ended June 30, 2005. Non-performing loans currently represent 1.32% of total claims outstanding.

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

The total reserve for credit losses was 118.2 billion yen as of the end of June 2005, a decline of 6.2 billion yen from the end of March 2005. The Bank maintained a total reserve for credit losses to total claims ratio of 3.3%.

Shinsei Bank is a Japanese banking institution founded on global standards of governance and management. With over \$56 billion in assets and 29 branches throughout Japan (non-consolidated, as of June 2005), 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 is available at <http://www.shinseibank.com/english/index.html>.

Financial Highlights - Consolidated

Results of Operations

(billions of yen)
(reference)

	for the first quarter ended				for the fiscal year ended	
	June 2005	June 2004	Change			March 2005
	(1Q-FY2005)	(1Q-FY2004)	a-b	%		(FY2004)
	a	b				
Net interest income	19.3	12.9	6.4	50.1%	66.8	
Non-interest income	45.1	20.9	24.2	115.7%	111.1	
Total revenue ⁽¹⁾	64.5	33.8	30.6	90.6%	178.0	
General and administrative expenses ⁽¹⁾	34.4	19.1	15.3	80.0%	96.0	
Ordinary business profit (<i>jisshitsu gyomu jun-eki</i>) ⁽¹⁾	30.0	14.6	15.3	104.6%	81.9	
Net credit recoveries (costs)	(5.1)	4.6	(9.8)	n.m	0.9	
Amortization of acquired goodwill and intangible assets	(6.8)	-	(6.8)	n.m	(8.8)	
Taxes and others	(0.5)	(0.9)	0.3	(33.9)%	(6.6)	
Net income	17.4	18.4	(1.0)	(5.5)%	67.4	
Cash basis net income ⁽²⁾	23.3	18.4 ⁽³⁾	4.9	26.7%	74.7	

(1) Management accounting basis

(2) Excludes amortization of APLUS and Showa Leasing's acquired (consolidation) goodwill and intangible assets, net of tax benefit.

(3) Assuming cash basis net income is equal to net income (Japanese GAAP basis) for the first quarter ended June 2004.

Balance Sheet Data

(billions of yen)

	as of the end of			
	June 2005	March 2005	Change	
	a	b	a-b	%
Trading assets	92.0	168.5	(76.4)	(45.4)%
Securities	1,548.2	1,478.2	70.0	4.7%
Loans and bills discounted	3,407.5	3,430.4	(22.9)	(0.7)%
Intangible assets ⁽⁴⁾	74.9	77.2	(2.2)	(3.0)%
Consolidation goodwill, net	237.9	244.0	(6.0)	(2.5)%
Customers' liabilities for acceptances and guarantees	1,053.3	1,058.1	(4.8)	(0.5)%
Total assets	8,412.2	8,576.3	(164.0)	(1.9)%
Deposits (including NCDs)	3,399.9	3,452.8	(52.8)	(1.5)%
Debentures and corporate bonds	1,279.7	1,330.9	(51.2)	(3.9)%
Trading liabilities	78.5	69.1	9.4	13.7%
Borrowed money	1,126.4	1,160.2	(33.8)	(2.9)%
Acceptances and guarantees	1,053.3	1,058.1	(4.8)	(0.5)%
Total liabilities	7,556.2	7,735.7	(179.4)	(2.3)%
Minority interests in subsidiaries	55.5	53.8	1.6	3.1%
Total shareholders' equity	800.4	786.6	13.7	1.8%

(4) Identified intangible assets recorded through APLUS and Showa Leasing acquisitions.

Per share data

	<i>for the first quarter ended</i>		(yen) (reference) for the fiscal year ended
	June 2005	June 2004	March 2005
	(1Q-FY2005)	(1Q-FY2004)	FY2004
Common shareholder's equity	341.22	296.48	329.65
Fully diluted shareholders' equity	394.75	374.63	390.06
Basic net income	12.83	13.59	46.78
Diluted net income	8.65	9.58	34.98

Cash basis per share data

	<i>for the first quarter ended</i>		(yen) (reference) for the fiscal year ended
	June 2005	June 2004	March 2005
	(1Q-FY2005)	(1Q-FY2004)	FY2004
Basic net income	17.21	13.59	52.15
Diluted net income	11.60	9.58	38.76

Performance Ratios

	<i>for the first quarter ended</i>		(%) (reference) for the fiscal year ended
	June 2005	June 2004	March 2005
	(1Q-FY2005)	(1Q-FY2004)	FY2004
Return on assets	0.8% ⁽²⁾	1.1% ⁽²⁾	0.9%
Return on equity (fully diluted)	8.8% ⁽²⁾	10.1% ⁽²⁾	8.9%
Cash basis return on assets	1.1% ⁽²⁾	1.1% ⁽²⁾	1.0%
Cash basis return on equity (fully diluted)	11.8% ⁽²⁾	10.1% ⁽²⁾	9.8%
Expense to revenue (overhead) ratio ⁽¹⁾	53.5%	56.6%	54.0%

(1) Management accounting basis

Supplemental Financial Data and Reconciliation to Japanese GAAP Measures*For the first quarter FY2005 ended June 30, 2005*

(billions of yen, except per share data and percentages)

Amortization of acquired goodwill and intangible assets		
Amortization of intangible assets		2.2
Associated deferred tax liability		(0.9)
Amortization of acquired goodwill		4.5
Total amortization of acquired goodwill and intangible assets, net of tax benefit		5.9
Reconciliation of net income to cash basis net income		
Net income		17.4
Total amortization of acquired goodwill and intangible assets, net of tax benefit		5.9
Cash basis net income		23.3
Reconciliation of basic net income per share to cash basis basic net income per share		
Basic net income per share		12.8
Effect of amortization of acquired goodwill and intangible assets, net of tax benefit		4.3
Cash basis basic net income per share		17.2
Reconciliation of diluted net income per share to cash basis diluted net income per share		
Diluted net income per share		8.6
Effect of amortization of acquired goodwill and intangible assets, net of tax benefit		2.9
Cash basis diluted net income per share		11.6
Reconciliation of return on assets to cash basis return on assets		
Return on assets		0.8% ⁽²⁾
Effect of amortization of acquired goodwill and intangible assets, net of tax benefit		0.3% ⁽²⁾
Cash basis return on assets		1.1% ⁽²⁾
Reconciliation of return on equity to cash basis return on equity		
Return on equity (fully diluted)		8.8% ⁽²⁾
Effect of amortization of acquired goodwill and intangible assets, net of tax benefit		3.0% ⁽²⁾
Cash basis return on equity (fully diluted)		11.8% ⁽²⁾

(2) Annualized basis

Business Line Revenue^{(1) (2)}
(billions of yen)
For the first quarter of Fiscal Year 2005 ended June 30, 2005

	Institutional Banking	Consumer and Commercial Finance ()	Retail Banking	ALM/ Corporate/ Other ⁽³⁾	Total
Total revenue	25.5	27.1	9.7	2.1	64.5
General and administrative expenses	9.7	15.4	9.2	0.0	34.4
Ordinary business profit	15.7	11.6	0.4	2.1	30.0

 () breakdown of Consumer and
Commercial Finance

	APLUS	Showa Leasing	Other	Consumer and Commercial Finance
Total revenue	19.4	5.8	1.9	27.1
General and administrative expenses	11.1	2.6	1.7 ⁽⁴⁾	15.4
Ordinary business profit	8.3	3.2	0.1	11.6

For the first quarter Fiscal Year 2004 ended June 30, 2004

	Institutional Banking	Consumer and Commercial Finance	Retail Banking	ALM/ Corporate/ Other	Total
Total revenue	23.4	1.4	9.4	(0.5)	33.8
General and administrative expenses	9.5	1.4	7.7	0.4	19.1
Ordinary business profit (loss)	13.9	0.0	1.7	(0.9)	14.6

(1) Certain prior period amounts have been reclassified to conform to current period presentation.

(2) Represents results based on management accounting basis.

(3) ALM/Corporate/Other largely includes results of corporate treasury activities, income from proprietary investments, and corporate level expenses.

(4) Includes unallocated consumer and commercial finance sub-group expenses.

Earnings Forecast for Fiscal Year 2005 Results (as announced previously)

(Consolidated)

(billions of yen)
for the fiscal year ended

	March 2006 (FY2005) Forecast	March 2005 (FY2004) Actual
Ordinary business profit (<i>jisshitsu gyomu jun-eki</i>)	120.0	81.9
Net operating income	62.0	54.4
Net income	63.0	67.4
Cash basis net income ⁽⁵⁾	93.0	74.7

(5) Excludes amortization of APLUS and Showa Leasing's acquired (consolidation) goodwill and intangible assets, net of tax benefit.

 (Non-consolidated)⁽⁶⁾
(billions of yen (other than dividends))
for the fiscal year ended

	March 2006 (FY2005) Forecast	March 2005 (FY2004) Actual
Net business profit	62.0	54.9
Net operating income	62.0	46.6
Net income	68.0	68.0
Dividends (in yen)		
Common stock	2.96	2.58
Class A preferred share	13.00	13.00
Class B preferred share	4.84	4.84

(6) Revitalization plan basis

Above forecasts 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 results of various factors.

Consolidated Statements of Income

(millions of yen)

	1Q-FY2005	1Q-FY2004	Change		FY2004
	a	b	a-b	%	c
Interest on loans and bills	24,424	15,067	9,357	62.1%	77,353
Interest and dividends on securities	4,136	3,517	619	17.6%	15,862
Other interest income	1,325	2,326	(1,001)	(43.0)%	8,181
Interest income	29,886	20,911	8,975	42.9%	101,396
Fees and commissions (income)	17,750	6,643	11,107	167.2%	57,690
Trading revenue	4,856	6,886	(2,030)	(29.5)%	23,992
Other business income	65,397	8,149	57,248	702.5%	38,231
Other operating income	5,296	5,247	49	0.9%	27,330
Operating income	123,186	47,837	75,349	157.5%	248,641
Interest on deposits, including negotiable certificates of deposit	3,851	3,335	516	15.5%	13,671
Interest and discounts on debentures	1,349	1,805	(456)	(25.3)%	6,184
Interest on other borrowings	4,729	2,686	2,043	76.1%	13,550
Other interest expenses	591	128	463	361.2%	1,090
Interest expenses	10,522	7,955	2,567	32.3%	34,497
Fees and commissions (expense)	4,898	2,207	2,691	121.9%	15,308
Trading expenses	59	78	(19)	(24.4)%	-
Other business expenses	42,756	1,645	41,111	2499.1%	15,475
General and administrative expenses	34,605	19,689	14,916	75.8%	97,317
Amortization of consolidation goodwill	4,587	-	4,587	100.0%	4,918
Amortization of identified intangible assets	2,283	-	2,283	100.0%	3,919
Losses on write-off of loans	6,619	83	6,536	7874.7%	10,076
All other	960	2,169	(1,209)	(55.7)%	12,674
Other operating expenses	14,450	2,252	12,198	541.7%	31,588
Operating expenses	107,292	33,829	73,463	217.2%	194,186
Net operating income	15,893	14,009	1,884	13.4%	54,454
Extraordinary income	1,640	4,800	(3,160)	(65.8)%	11,845
Extraordinary expenses	33	76	(43)	(56.6)%	702
Income before income taxes and minority interests	17,500	18,733	(1,233)	(6.6)%	65,597
Income taxes (current)	844	305	539	176.7%	1,438
Income taxes (deferred)	(1,367)	12	(1,379)	(11491.7)%	(3,444)
Minority interests in net income (loss) of subsidiaries	586	(46)	632	(1373.9)%	168
Net income	17,437	18,460	(1,023)	(5.5)%	67,435

(billions of yen)

(Ref.) Ordinary business profit (<i>jisshitsu gyomu jun-eki</i>) ⁽¹⁾	30.0	14.6	15.3	104.6%	81.9
	US\$ / yen	@110.62	@108.42		@107.39

(1) Management accounting basis

Consolidated Balance Sheets

-- Assets

(millions of yen)

	June 30, 2005	June 30, 2004	Change	March 31, 2005	Change	
	a	b	a-b	c	a-c	%
<<Assets>>						
Cash and due from banks	264,104	328,674	(64,570)	277,593	(13,489)	(4.9)%
Call loans	21,507	346,545	(325,038)	70,000	(48,493)	100.0%
Collateral related to securities borrowing transactions	4,240	17,073	(12,833)	3,744	496	13.2%
Other monetary claims purchased	269,473	214,507	54,966	320,379	(50,906)	(15.9)%
Trading assets	92,008	1,002,548	(910,540)	168,501	(76,493)	(45.4)%
Monetary assets held in trust	313,961	309,280	4,681	372,224	(58,263)	(15.7)%
Securities	1,548,234	1,232,056	316,178	1,478,219	70,015	4.7%
Loans and bills discounted	3,407,506	2,818,608	588,898	3,430,421	(22,915)	(0.7)%
Foreign exchanges	8,409	10,908	(2,499)	8,550	(141)	(1.6)%
Other assets	901,930	400,167	501,763	850,440	51,490	6.1%
Premises and equipment	412,493	91,454	321,039	418,938	(6,445)	(1.5)%
Deferred discounts on and issuance expenses for debentures	235	235	(0)	284	(49)	(17.3)%
Deferred tax assets	24,908	26,634	(1,726)	24,623	285	1.2%
Consolidation goodwill, net	237,985	-	237,985	244,042	(6,057)	100.0%
Customers' liabilities for acceptances and guarantees	1,053,349	36,989	1,016,360	1,058,161	(4,812)	(0.5)%
Reserve for credit losses	(148,061)	(169,109)	21,048	(149,799)	1,738	(1.2)%
Total assets	8,412,289	6,666,575	1,745,714	8,576,328	(164,039)	(1.9)%

US\$ / yen

@110.62

@108.42

@107.39

Consolidated Balance Sheets

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

(millions of yen)

	June 30, 2005	June 30, 2004	Change	March 31, 2005	Change	
	a	b	a-b	c	a-c	%
<<Liabilities>>						
Deposits	3,319,736	2,514,814	804,922	3,080,206	239,530	7.8%
Negotiable certificates of deposit	80,212	357,052	(276,840)	372,607	(292,395)	(78.5)%
Debentures	1,192,097	1,350,334	(158,237)	1,242,632	(50,535)	(4.1)%
Call money	1,106	15,596	(14,490)	204,295	(203,189)	(99.5)%
Payables under repurchase agreements	-	507,416	(507,416)	-	-	-
Commercial paper	96,300	-	96,300	13,300	83,000	624.1%
Trading liabilities	78,591	93,440	(14,849)	69,101	9,490	13.7%
Borrowed money	1,126,432	331,313	795,119	1,160,265	(33,833)	(2.9)%
Foreign exchanges	6	4	2	20	(14)	(70.0)%
Corporate bonds	87,637	-	87,637	88,344	(707)	(0.8)%
Other liabilities	494,257	714,201	(219,944)	412,763	81,494	19.7%
Accrued employees bonuses	3,930	2,471	1,459	10,276	(6,346)	(61.8)%
Reserve for retirement benefits	3,247	919	2,328	3,376	(129)	(3.8)%
Reserve for loss on disposition of premises and equipment	153	-	153	153	-	-
Reserve for loss on sale of bonds	-	403	(403)	-	-	-
Reserve under special law	2	0	2	2	-	-
Deferred tax liabilities	19,220	75	19,145	20,262	(1,042)	(5.1)%
Consolidation negative goodwill	-	903	(903)	-	-	-
Acceptances and guarantees	1,053,349	36,989	1,016,360	1,058,161	(4,812)	(0.5)%
Total liabilities	7,556,283	5,925,938	1,630,345	7,735,769	(179,486)	(2.3)%
Minority interests in subsidiaries	55,561	967	54,594	53,891	1,670	3.1%
<<Shareholders' equity>>						
Capital stock	451,296	451,296	-	451,296	-	-
Capital surplus	18,558	18,558	-	18,558	-	-
Retained earnings	324,787	265,753	59,034	311,039	13,748	4.4%
Net unrealized gain on securities available-for-sale, net of taxes	2,948	1,750	1,198	3,043	(95)	(3.1)%
Foreign currency transaction adjustments	2,863	2,311	552	2,738	125	4.6%
Treasury stock, at cost	(10)	(2)	(8)	(9)	(1)	11.1%
Total shareholders' equity	800,444	739,669	60,775	786,667	13,777	1.8%
Total liabilities, minority interests in subsidiaries and shareholders' equity	8,412,289	6,666,575	1,745,714	8,576,328	(164,039)	(1.9)%

US\$ / yen

@110.62

@108.42

@107.39

Consolidated Statements of Capital Surplus and Retained Earnings

(billions of yen)

	1Q-FY2005	1Q-FY2004	Change		FY2004
	a	b	a-b	%	c
[Capital surplus]					
Balance at beginning of period/year	18,558	18,558	-	-	18,558
Balance at end of period/year	18,558	18,558	-	-	18,558
[Retained earnings]					
Balance at beginning of period/year	311,039	250,737	60,302	24.0%	250,737
Increase	17,437	18,460	(1,023)	(5.5)%	67,435
Net income	17,437	18,460	(1,023)	(5.5)%	67,435
Decrease	3,689	3,444	245	7.1%	7,133
Dividends paid	3,688	3,444	244	7.1%	7,133
Bonuses to directors of consolidated subsidiaries	0	-	0	100.0%	-
Balance at end of period/year	324,787	265,753	59,034	22.2%	311,039

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.

Reference Material

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

1. Non-Consolidated Financial Results [and Projections]

(millions of yen)

	for the first quarter ended		for the fiscal year ended	for the fiscal year ended
	June 30, 2005 (1Q-FY2005) (Unaudited)	June 30, 2005 (1Q-FY2004) (Unaudited)	March 31, 2005 (FY2004) (Reference)	March 31, 2006 (FY2005) (Projection)
Gross business profit (<i>gyomu sorieki</i>) ⁽¹⁾	37,849	31,461	123,840	-
Net interest income	16,627	13,166	54,803	-
Other income	21,221	18,295	69,036	-
General & administrative expenses	19,039	18,164	68,858	-
Net business profit (<i>jisshitsu gyomu jun-eki</i>) ⁽²⁾	18,809	13,297	54,981	62,000
Net operating income (<i>keijou rieki</i>)	18,394	11,981	46,697	62,000
Net income	20,510	17,455	68,097	68,000
Net credit recoveries	(960)	(5,168)	(16,364)	
Reversal of reserve for credit losses	(969)	(4,860)	(17,804)	

(1) Includes income from monetary assets held in trust of 6,936 million yen for the three months period ended June 30, 2005, 7,061 million yen for the three months ended June 30, 2004 and 29,361 million yen for the fiscal year ended March 31, 2005.

2. Problem Claims

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

(millions of yen, %)

	As of June 30, 2005 (Unaudited) a	As of March 31, 2005 b	Change a-b	As of June 30, 2004 (Unaudited) c	Change a-c
Claims against bankrupt and quasi-bankrupt obligors	3,258	3,147	111	10,455	(7,197)
Doubtful claims	37,981	42,133	(4,152)	71,936	(33,955)
Substandard claims	6,387	6,489	(102)	13,260	(6,873)
Total (A)	47,627	51,770	(4,143)	95,652	(48,025)
Total claims (B)	3,595,764	3,621,084	(25,320)	3,258,907	336,857
(A) / (B)	1.32	1.43	(0.11)	2.94	(1.62)
(ref.) Amount of partial write-off	5,973	5,965		9,318	

(ii) Risk Monitored Loans

(Consolidated)

(millions of yen, %)

	As of June 30, 2005 (Unaudited) a	As of March 31, 2005 b	Change a-b	As of June 30, 2004 (Unaudited) c	Change a-c
Loans to bankrupt obligors	3,109	2,622	487	7,674	(4,565)
Non-accrual delinquent loans	50,881	48,181	2,700	72,293	(21,412)
Loans past due three months or more	5,090	5,599	(509)	6,801	(1,711)
Restructured loans	23,468	23,614	(146)	6,602	16,866
Total (A)	82,550	80,018	2,532	93,371	(10,821)
Loans and bills discounted (B)	3,407,506	3,430,421	(22,915)	2,818,608	588,898
(A) / (B)	2.42	2.33	0.09	3.31	(0.89)
Reserve for credit losses (C)	148,061	149,799	(1,738)	169,109	(21,048)
Reserve ratios (C) / (A)	179.36	187.21	(7.85)	181.11	(1.75)

(Non-consolidated)

(millions of yen, %)

	As of June 30, 2005 (Unaudited) a	As of March 31, 2005 b	Change a-b	As of June 30, 2004 (Unaudited) c	Change a-c
Loans to bankrupt obligors	2,471	2,330	141	7,264	(4,793)
Non-accrual delinquent loans	37,168	41,253	(4,085)	71,589	(34,421)
Loans past due three months or more	3,076	3,170	(94)	6,777	(3,701)
Restructured loans	3,311	3,319	(8)	6,483	(3,172)
Total (A)	46,027	50,073	(4,046)	92,114	(46,087)

Loans and bills discounted (B)	3,394,026	3,443,721	(49,695)	2,952,351	441,675
(A) / (B)	1.36	1.45	(0.10)	3.12	(1.76)

Reserve for credit losses (C)	118,216	124,499	(6,283)	168,687	(50,471)
Reserve ratios (C) / (A)	256.84	248.63	8.21	183.13	73.71

3. Securities

(Consolidated)

As of June 30, 2005 (Unaudited)

(millions of yen)

	Fair value	Net unrealized gain (loss)	Gross unrealized	
			Gross unrealized	Gross unrealized
Equity securities (domestic)	18,667	2,126	2,584	457
Bonds (domestic)	1,107,850	(12)	388	401
Other ⁽¹⁾	111,147	3,054	4,041	986
Total	1,237,666	5,168	7,014	1,845

As of March 31, 2005 ⁽²⁾

(millions of yen)

	Fair value	Net unrealized gain (loss)	Gross unrealized	
			Gross unrealized	Gross unrealized
Equity securities (domestic)	18,695	1,784	1,788	3
Bonds (domestic)	1,076,759	791	1,031	240
Other ⁽¹⁾	87,089	2,682	3,494	812
Total	1,182,543	5,257	6,314	1,056

As of June 30, 2004 (Unaudited)

(millions of yen)

	Fair value	Net unrealized gain (loss)	Gross unrealized	
			Gross unrealized	Gross unrealized
Equity securities (domestic)	2,523	1,149	1,150	1
Bonds (domestic)	868,814	(2,273)	528	2,802
Other ⁽¹⁾	158,907	4,042	6,114	2,071
Total	1,030,245	2,918	7,793	4,875

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

(2) SHINKI's securities (stocks and convertible bonds), 21,145 million yen, category was changed from "Securities available-for-sale" to "Equity if unconsolidated subsidiaries, at cost and affiliates," according to the exercise of convertible right of the bond in the fiscal year ended March 31, 2005.

(Non-consolidated)

As of June 30, 2005 (Unaudited)

(millions of yen)

	Fair value	Net unrealized gain (loss)	Gross unrealized	
			Gross unrealized	Gross unrealized
Equity securities (domestic)	5,628	1,829	1,887	58
Bonds (domestic)	1,108,035	(58)	342	401
Other ⁽¹⁾	105,455	3,040	4,021	980
Total	1,219,119	4,811	6,250	1,439

As of March 31, 2005 ⁽²⁾

(millions of yen)

	Fair value	Net unrealized gain (loss)	Gross unrealized	
			Gross unrealized	Gross unrealized
Equity securities (domestic)	5,378	1,208	1,208	-
Bonds (domestic)	1,076,962	740	981	240
Other ⁽¹⁾	83,022	2,657	3,470	812
Total	1,165,362	4,607	5,660	1,053

As of June 30, 2004 (Unaudited)

(millions of yen)

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

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

(2) SHINKI's securities (stocks and convertible bonds), 21,145 million yen, category was changed from "Securities available-for-sale" to "Equity if unconsolidated subsidiaries, at cost and affiliates," according to the exercise of convertible right of the bond in the fiscal year ended March 31, 2005.

4. Notional principal amount with derivatives qualifying hedge accounting

(Consolidated)

(billions of yen)

	As of June 30, 2005 (Unaudited)			
	within 1 year	1 year to 5 years	over 5 years	Total
Interest rate swaps				
Receive fixed and pay floating	12.2	54.2	50.0	116.4
Receive floating and pay fixed	119.6	34.3	52.1	206.1
Receive floating and pay floating	-	0.5	-	0.5
Total contract amount	131.9	89.0	102.1	323.1
Currency swaps				
Total contract amount	195.0	23.0	-	218.0

(billions of yen)

	As of March 31, 2005			
	within 1 year	1 year to 5 years	over 5 years	Total
Interest rate swaps				
Receive fixed and pay floating	41.0	48.4	50.5	140.0
Receive floating and pay fixed	14.9	6.6	-	21.6
Receive floating and pay floating	-	0.5	-	0.5
Total contract amount	56.0	55.6	50.5	162.1
Currency swaps				
Total contract amount	141.5	22.4	-	163.9

(Non-consolidated)

(billions of yen)

	As of June 30, 2005 (Unaudited)			
	within 1 year	1 year to 5 years	over 5 years	Total
Interest rate swaps				
Receive fixed and pay floating	12.2	54.2	50.0	116.4
Receive floating and pay fixed	10.0	1.1	50.0	61.1
Receive floating and pay floating	-	0.5	-	0.5
Total contract amount	22.3	55.8	100.0	178.1
Currency swaps				
Total contract amount	195.0	23.0	-	218.0

(billions of yen)

	As of March 31, 2005			
	within 1 year	1 year to 5 years	over 5 years	Total
Interest rate swaps				
Receive fixed and pay floating	41.0	48.4	50.5	140.0
Receive floating and pay fixed	10.5	0.2	-	10.7
Receive floating and pay floating	-	0.5	-	0.5
Total contract amount	51.5	49.2	50.5	151.2
Currency swaps				
Total contract amount	141.5	22.4	-	163.9

5. Balance of deposits (Non-consolidated)

(millions of yen)

	As of June 30, 2005 (Unaudited) a	As of March 31, 2005 b	Change a-b	As of June 30, 2004 (Unaudited) c	Change a-c
Balance of deposits (including NCDs)	3,492,271	3,528,879	(36,608)	3,022,006	470,265
Balance of deposits from individuals	2,562,793	2,277,745	285,048	1,809,809	752,984

Non-Consolidated Statements of Income

(millions of yen)

	1Q-FY2005	1Q-FY2004	Change		FY2004
	a	b	a-b	%	c
Interest on loans and bills	14,583	14,561	22	0.2%	58,569
Interest and dividends on securities	7,625	3,542	4,083	115.3%	15,551
Other interest income	1,192	2,156	(964)	(44.7)%	7,705
Interest income	23,401	20,261	3,140	15.5%	81,826
Fees and commissions (income)	4,732	4,157	575	13.8%	20,516
Trading revenue	3,826	6,730	(2,904)	(43.2)%	22,305
Other business income	9,291	3,518	5,773	164.1%	10,765
Other operating income	8,128	8,632	(504)	(5.8)%	37,654
Operating income	49,380	43,299	6,081	14.0%	173,068
Interest on deposits, including negotiable certificates of deposit	3,864	3,346	518	15.5%	13,713
Interest and discounts on debentures	1,352	1,649	(297)	(18.0)%	6,201
Interest on other borrowings	1,809	2,553	(744)	(29.1)%	8,896
Other interest expenses	357	128	229	178.9%	316
Interest expenses	7,383	7,677	(294)	(3.8)%	29,127
Fees and commissions (expense)	2,126	1,920	206	10.7%	8,859
Trading expenses	82	99	(17)	(17.2)%	113
Other business expenses	1,355	1,152	203	17.6%	4,939
General and administrative expenses	19,154	18,626	528	2.8%	70,088
Other operating expenses	882	1,841	(959)	(52.1)%	13,242
Operating expenses	30,985	31,318	(333)	(1.1)%	126,370
Net operating income	18,394	11,981	6,413	53.5%	46,697
Extraordinary income	975	5,232	(4,257)	(81.4)%	18,737
Extraordinary expenses	16	74	(58)	(78.4)%	575
Income before income taxes	19,353	17,139	2,214	12.9%	64,859
Income taxes (current)	(1,156)	(315)	(841)	267.0%	(2,374)
Income taxes (deferred)	-	-	-	-	(864)
Net income	20,510	17,455	3,055	17.5%	68,097
Earned surplus brought forward from previous term	302,595	243,351	59,244	24.3%	243,351
Interim dividends paid	-	-	-	-	3,688
Transfer to legal reserve	-	-	-	-	737
Unappropriated earned surplus	323,105	260,807	62,298	23.9%	307,022

US\$ / yen

@110.62

@108.42

@107.39

Non-Consolidated Balance Sheets -- Assets

(millions of yen)

	June 30, 2005	June 30, 2004	Change	March 31, 2005	Change	
	a	b	a-b	c	a-c	%
<<Assets>>						
Cash and due from banks	122,054	318,947	(196,893)	162,208	(40,154)	(24.8)%
Call loans	21,507	101,845	(80,338)	70,000	(48,493)	(69.3)%
Collateral related to securities borrowing transactions	4,240	17,073	(12,833)	3,744	496	13.2%
Bills Bought	-	244,700	(244,700)	-	-	-
Other monetary claims purchased	60,401	79,712	(19,311)	108,410	(48,009)	(44.3)%
Trading assets	91,279	999,787	(908,508)	166,817	(75,538)	(45.3)%
Monetary assets held in trust	369,127	407,863	(38,736)	415,395	(46,268)	(11.1)%
Securities	1,892,514	1,237,111	655,403	1,820,753	71,761	3.9%
Loans and bills discounted	3,394,026	2,952,351	441,675	3,443,721	(49,695)	(1.4)%
Foreign exchanges	8,409	10,908	(2,499)	8,550	(141)	(1.6)%
Other assets	251,320	351,260	(99,940)	220,972	30,348	13.7%
Premises and equipment	26,715	25,817	898	26,499	216	0.8%
Deferred discounts on and issuance expenses for debentures	235	224	11	285	(50)	(17.5)%
Deferred tax assets	23,462	25,496	(2,034)	23,543	(81)	(0.3)%
Customers' liabilities for acceptances and guarantees	53,139	62,528	(9,389)	49,896	3,243	6.5%
Reserve for credit losses	(118,216)	(168,687)	50,471	(124,499)	6,283	(5.0)%
Total assets	6,200,218	6,666,941	(466,723)	6,396,302	(196,084)	(3.1)%
	US\$ / yen	@110.62	@108.42	@107.39		

Non-Consolidated Balance Sheets

-- Liabilities and shareholders' equity

(millions of yen)

	June 30, 2005	June 30, 2004	Change	March 31, 2005	Change	
	a	b	a-b	c	a-c	%
<<Liabilities>>						
Deposits	3,412,058	2,664,954	747,104	3,156,271	255,787	8.1%
Negotiable certificates of deposit	80,212	357,052	(276,840)	372,607	(292,395)	(78.5)%
Debentures	1,196,107	1,324,036	(127,929)	1,246,862	(50,755)	(4.1)%
Call money	1,106	15,596	(14,490)	204,295	(203,189)	(99.5)%
Payables under repurchase agreements	-	507,416	(507,416)	-	-	-
Trading liabilities	74,590	92,510	(17,920)	64,296	10,294	16.0%
Borrowed money	318,548	338,574	(20,026)	325,394	(6,846)	(2.1)%
Foreign exchanges	283	273	10	289	(6)	(2.1)%
Corporate bonds	50,000	-	50,000	50,000	-	-
Other liabilities	204,338	562,933	(358,595)	128,663	75,675	58.8%
Accrued employees bonuses	2,892	2,012	880	7,616	(4,724)	(62.0)%
Reserve for retirement benefits	903	760	143	1,010	(107)	(10.6)%
Reserve for loss on disposition of premises and equipment	153	-	153	153	-	-
Reserve for loss on sale of bonds	-	403	(403)	-	-	-
Acceptances and guarantees	53,139	62,528	(9,389)	49,896	3,243	6.5%
Total liabilities	5,394,334	5,929,052	(534,718)	5,607,357	(213,023)	(3.8)%
<<Shareholders' equity>>						
Capital stock	451,296	451,296	-	451,296	-	-
Capital surplus	18,558	18,558	-	18,558	-	-
Additional paid-in capital	18,558	18,558	-	18,558	-	-
Retained earnings	330,093	266,319	63,774	313,272	16,821	5.4%
Legal reserve	6,987	5,512	1,475	6,249	738	11.8%
Undivided profit at term end	323,105	260,807	62,298	307,022	16,083	5.2%
Net income	20,510	17,455	3,055	68,097	n.m	n.m
Net unrealized gain on securities available-for-sale, net of tax	5,940	1,715	4,225	5,822	118	2.0%
Treasury stock, at cost	(5)	(2)	(3)	(4)	(1)	25.0%
Total shareholders' equity	805,883	737,888	67,995	788,945	16,938	2.1%
Total liabilities and shareholders' equity	6,200,218	6,666,941	(466,723)	6,396,302	(196,084)	(3.1)%

US\$ / yen

@110.62

@108.42

@107.39