

For Immediate Press Release

Shinsei Bank, Limited

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Shinsei Bank Announces First Half Fiscal Year 2005 Financial Results

Tokyo (Wednesday, November 30, 2005) – Shinsei Bank, Limited (“Shinsei Bank”) today announced its full financial results for the first half of fiscal year (FY) 2005 ended September 30, 2005 and dividend payments as approved by the Board of Directors today. (Shinsei reported an advance of these results on November 8, 2005).

First Half FY2005 Financial Highlights ⁽¹⁾

(all figures compared to first half of FY2004)

- Consolidated revenue grew 79.2% to 130.5 billion yen ⁽¹⁾.
- Consolidated ordinary business profit increased 85.9% to 63.8 billion yen ⁽¹⁾.
- Consolidated net income totaled 37.7 billion yen, 3.0 billion yen lower than the same period last year due to inclusion of 12.8 billion yen (net) of amortized acquired goodwill and intangible assets.
- Diluted net income per share was 18.71 yen.
- Consolidated cash basis net income increased 24.0% to 50.5 billion yen.
- Cash basis diluted net income per share was 25.08 yen, up 18.6% or 3.92 yen.
- Expense to revenue ratio improved to 51.1% from 52.8% ⁽¹⁾.
- Non-performing loans decreased 27.7 billion yen to 46.1 billion yen (non-consolidated) as of September 30, 2005 representing 1.16% of total claims outstanding.
- Interim dividend of 1.48 yen per common share.

Note : ⁽¹⁾ Management Accounting basis

First Half FY2005 Business Highlights

- Shinsei Bank entered into a joint venture – Servicegesellschaft Kreditmanagement GmbH - with NORD/LB, WestLB AG and J.C.Flowers & Co.,LLC for the work-out of non-performing loans. This becomes the first public sector banking company in Germany to offer purchase, restructuring and liquidation of non-performing loans.
- Shinsei Bank, in an alliance with Rakuten Securities Inc., launched a new online securities brokerage agent service which allows Shinsei Bank’s retail banking customers to buy and sell shares in a Rakuten Securities account through Shinsei *PowerDirect*.

- Shinsei Bank and Credit Suisse Life concluded an agency agreement to launch a new variable annuity product via the internet.
- Growing number of 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 Bank's ATMs are now able to accept about two-billion cards issued worldwide.
- In May 2005, THOMSON DealWatch awarded Shinsei Bank and Shinsei Securities the "Commercial Mortgage-backed Securities Deal of the Year" for 2004 for the securitization of non-recourse loan extended to Mizuho Bank, Ltd., Head Office and Otemachi Financial Center.
- Shinsei Bank was ranked first in the Nihon Keizai Shimbun's customer satisfaction survey of Japanese financial institutions for the 2nd consecutive year.
- Fitch Ratings upgraded Shinsei Bank and Shinsei Trust to long-term BBB+ from BBB.
- Shinsei Bank became one of the component stocks of the "Nikkei 225" – Japan's most widely followed equity index.

1. Income Statement

Shinsei Bank reported consolidated revenue of 130.5 billion yen for the first half of fiscal 2005, an increase of 57.6 billion yen or 79.2% from the first half of fiscal 2004. Net yield on interest earning assets and fees and commissions grew in all key areas resulting in strong overall revenue growth.

Net revenue on interest earning assets, comprising net interest income, net margin on leases and installment receivables, increased by 37.2 billion yen to 63.7 billion yen for the first half of FY2005 as compared to the same period last year. Net yield on interest earning assets increased by 0.86% for the first half FY2005 to 1.95% from 1.09% during the same period in fiscal 2004. Total revenue from interest earning assets increased to 84.9 billion yen for the first half FY2005 from 42.6 billion a year ago. Higher yields on interest earning assets accounted for 65% of the increase in total revenue, with higher average balances accounting for the remainder. The increase in yields and average balances was primarily due to addition of APLUS and Showa Leasing to the consolidated totals and the inclusion of leases and installment receivables in interest earning assets. Interest expense for the first half of FY2005 increased by 5.0 billion yen to 21.2 billion yen. Higher interest bearing liability balances accounted for about 81% of the increase in interest expense while higher yields accounted for the remaining 19%. The increase in interest bearing liability balances primarily resulted from the inclusion of APLUS and Showa Leasing bank borrowings.

Non-interest income grew 42.9 billion yen to 90.4 billion yen. This significant rise is partly driven by fees on installment shopping credit, credit cards, guarantees and other financing from newly acquired APLUS customers, fees from institutional customers from non-recourse real estate

finance and securitizations and commissions on sales of asset management products to retail and high net worth customers.

General and administrative expenses increased by 28.1 billion yen to 66.6 billion yen in the first half of fiscal 2005 mainly due to the inclusion of APLUS and Showa Leasing. This expense increase was partly offset by continual expense rationalization across all businesses. During the first half, Shinsei Bank's expense to revenue ratio improved to 51.1% from 52.8% in the first half of FY2004.

Net credit costs for the first half were 14.5 billion yen, as compared to net credit recoveries of 10.6 billion yen for the same period a year ago. The net credit recoveries during the first half last year were primarily attributable to reduction in the historical default ratio due to improvement in overall asset quality. The net credit costs in the first half of this fiscal year mainly relate to net credit costs in APLUS and Showa leasing.

Consolidated net income for the period was 37.7 billion yen, as compared to 40.7 billion yen for the same period last year. The first half of this fiscal year included 12.8 billion yen of amortized acquired goodwill and intangible assets, net of tax benefit related to the acquisition of APLUS and Showa Leasing. Diluted net income per share for the six months ended September 30, 2005 was 18.71 yen.

Shinsei Bank also reports cash basis net income on a voluntary basis in order to provide greater transparency and understanding of its underlying performance. 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. For the first half of fiscal 2005, consolidated cash basis net income was 50.5 billion yen, an increase of 24.0% as compared to the same period last year. Cash basis diluted net income per share for the first half of fiscal 2005 was 25.08 yen, an increase of 3.92 yen or 18.6%, as compared to the same period last year.

On a non-consolidated basis, Shinsei Bank earned first half FY2005 net business profit before general reserve for loan losses (*jisshitsu gyomu jun-eki*) of 34.2 billion yen and non-consolidated net income after tax of 39.1 billion yen.

2. Business Line Results

Shinsei Bank continued to focus on its product offerings to its three business lines – Institutional Banking, Consumer and Commercial Finance and Retail Banking. All three businesses grew

revenue in the first half in line with Shinsei Bank's customer-focused, solution driven business model.

Institutional Banking

The Institutional Banking business is benefiting from carrying out its "solution banking" approach and bringing investment banking services and expertise to the target customer base quickly and efficiently through an integrated team of product specialists and relationship managers. This business is now positioned in Japan as a hybrid commercial and investment banking franchise. The business generated revenue of 52.6 billion yen in the first half of this fiscal year – an increase of 3.0 billion yen or 6.2% from the same period the previous year. It delivered strong results in non-recourse real estate finance, securitizations and capital markets activities. The non-recourse real estate finance balance grew 14.4% to 851.8 billion yen in the first half of this fiscal year, with 80 new transactions concluded during the six-month period. The securitization business continues to perform well, closing 10 transactions during the first half with a total issuance amount of about 235.6 billion yen. The continual success of this business earned Shinsei Bank and Shinsei Securities in May 2005 the "Commercial Mortgage-backed Securities Deal of the Year" for 2004. In the first half, general and administrative expenses were 19.5 billion yen, marginally higher than the same period last year. This resulted in an expense to revenue ratio improvement from 38.4% in the first half FY2004 to 37.1% in the first half FY2005.

Consumer and Commercial Finance

The acquisition of APLUS and Showa Leasing in FY2004 transformed Consumer and Commercial Finance ("CCF") business into a core Shinsei Bank business that is now contributing significantly to the Bank's financial performance while adding new customers, experienced personnel, technical capabilities and employing Shinsei Bank's expertise and know-how. In the first half of fiscal 2005, CCF business contributed revenue of 57.6 billion yen, or over 44% of total Shinsei Bank's revenue. Continual expense rationalization coupled with revenue growth improved the expense to revenue ratio to 51.8% in the first half of this fiscal year from 88.5% a year ago. The business generated ordinary business profit of 27.8 billion yen, an increase of 27.4 billion yen from the same period last year primarily due to the addition of newly acquired subsidiaries – APLUS and Showa Leasing.

Shinsei Bank has appointed several senior officers in the consumer and commercial finance business. Teruaki Yamamoto, a director of Shinsei Bank, was appointed as APLUS President in June 2005. Hitoshi Tsunemine of Shinsei Bank was appointed President of Shinki, a 39% owned

affiliate, in June 2005.

Retail Banking

The Retail Banking business continued to expand its range of innovative products and focus on empowering the customer. During the first half of this fiscal year, total revenue increased 1.3% to 21.5 billion yen from the same period last year. As compared to the same period a year ago, net interest income grew 1.2 billion yen or 17.8% to 8.4 billion yen reflecting robust growth in housing loans and deposits. Fees from asset management products increased 16.7% to 3.2 billion yen from the same period last year while option income from structured deposits declined marginally by 1.5 billion yen to 10.4 billion due to particularly favorable market conditions for these products a year ago. Retail Banking had total expenses of 17.5 billion yen, an increase of 1.5 billion yen, during the six months period. The expense increase relates to expansion of distribution channels and the growth of customer driven transactions. Ordinary business profit was 4.0 billion yen for the first half of fiscal 2005.

During the first half of fiscal 2005, following the successful launch of Shinsei Bank's "Color your life" campaign, Shinsei Bank added more than 247,000 new *PowerFlex* retail and high net worth customers, compared to about 194,000 over the same period last year. The retail business now has over 1.5 million retail accounts.

ALM/Corporate/Other

ALM, Corporate and Other primarily includes results of corporate treasury activities, income from proprietary investments, inter-company eliminations, and corporate level expenses. The first half ordinary business loss of 1.0 billion yen is better by 0.8 billion yen as compared to the same period last year largely due to lower expenses.

3. Balance Sheet

Shinsei Bank's loan balance was 3,828.0 billion yen at the end of September 2005, 397.6 billion yen or 11.6% higher than the March 2005 level. In the first half, strong loan growth was achieved in several key areas such as corporate loans, retail housing loans, non-recourse real estate finance and lending to CCF customers. Corporate loans increased 6.8% or 167.4 billion yen to over 2.6 trillion yen and loans to retail customers, including lending to high net worth individuals, grew 36.4% or 112.2 billion yen to 420.3 billion yen. Lending to CCF customers increased 42.3 billion yen to 315.0 billion yen in the six-month period ended September 30, 2005.

Debentures and corporate bond balances, as a component of the banks funding, continue to decrease in line with the strategy to emphasize funding through retail deposits. As of September 30, 2005, total debentures and corporate bonds stood at 1,263.7 billion yen, a decline of 67.2 billion yen during the six-month period. Total deposits increased 14.8% to 3,964.3 billion yen mainly due to an increase in retail deposits. The retail deposits balance, including high net worth customers, grew over 23% in the first half and has now reached over 2.8 trillion yen. As a result, retail funding now represents close to 64% of total customer funding, an increase from 60% as of March 2005.

4. Non-performing Loans (non-consolidated)

Shinsei Bank made further progress in bringing down its non-performing loan balances. As of September 30, 2005, total non-performing loans were at 46.0 billion yen – a decline of 27.6 billion yen or 37.5% as compared to the same period a year ago and a reduction of 5.7 billion yen from March 31, 2005. Non-performing loans currently represent 1.16% of total claims outstanding.

5. Reserve for Credit Losses (non-consolidated)

The total reserve for credit losses was 114.5 billion yen as of the end of September 2005, a decline of 9.9 billion yen from the end of March 2005.

6. Dividends

As approved by the Board of Directors on November 30, 2005, Shinsei Bank will pay an interim dividend to common shareholders of 1.48 yen per share, as compared to 1.29 yen per share a year ago.

Shinsei Bank is a Japanese banking institution founded on global standards of governance and management. With over \$61 billion in assets and 30 Shinsei Financial Centers throughout Japan (non-consolidated, as of September 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 ⁽¹⁾

(billions of yen)

(reference)

for the fiscal year ended

	for the first half ended				March 2005 (FY2004)
	Sep. 2005 (1H-FY2005)	Sep. 2004 (1H-FY2004)	Change		
	a	b	a-b	%	
Net interest income	40.1	25.3	14.7	58.1%	66.8
Fees and commissions	23.5	9.3	14.2	152.7%	44.8
Net trading income	12.7	15.3	(2.6)	(17.0)%	23.9
Other business income	54.1	22.7	31.4	138.3%	45.2
Non-interest income	90.4	47.4	42.9	73.9%	111.1
Total revenue ⁽²⁾	130.5	72.8	57.6	79.2%	178.0
General and administrative expenses ⁽²⁾	66.6	38.5	28.1	73.2%	96.0
Ordinary business profit (<i>jisshitsu gyomu jun-eki</i>) ⁽²⁾	63.8	34.3	29.4	85.9%	81.9
Net credit recoveries (costs)	(14.5)	10.6	(25.0)	n.m. ⁽⁵⁾	0.9
Amortization of acquired goodwill and intangible assets	(14.6)	0.0	(14.6)	n.m.	(8.8)
Taxes and others	3.1	(4.2)	7.3	n.m.	(6.6)
Net income	37.7	40.7	(3.0)	(7.6)%	67.4
Cash basis net income ⁽³⁾	50.5	40.7 ⁽⁴⁾	9.7	24.0%	74.7

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

(2) Management accounting basis

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

(4) Assuming cash basis net income is equal to net income (Japanese GAAP basis) for the first half ended September 2004.

(5) n.m. is not meaningful.

Selected Balance Sheet Data

(billions of yen)

	as of the end of			
	Sep. 2005	Mar. 2005	Change	
	a	b	a-b	%
Securities	1,678.2	1,478.2	200.0	13.5%
Loans and bills discounted	3,828.0	3,430.4	397.6	11.6%
Lease and installment receivables ⁽⁶⁾	769.1	735.8	33.3	4.5%
Intangible assets ⁽⁷⁾	72.6	77.2	(4.6)	(6.0)%
Consolidation goodwill, net	229.6	244.0	(14.4)	(5.9)%
Customers' liabilities for acceptances and guarantees	1,002.4	1,058.1	(55.7)	(5.3)%
Total assets	9,142.7	8,576.3	566.4	6.6%
Deposits (including NCDs)	3,964.3	3,452.8	511.5	14.8%
Debentures and corporate bonds	1,263.7	1,330.9	(67.2)	(5.1)%
Borrowed money	1,166.9	1,160.2	6.7	0.6%
Acceptances and guarantees	1,002.4	1,058.1	(55.7)	(5.3)%
Total liabilities	8,261.6	7,735.7	525.9	6.8%
Minority interests in subsidiaries	60.4	53.8	6.6	12.1%
Total shareholders' equity	820.6	786.6	34.0	4.3%

(6) Lease assets are included in premises and equipment or other assets and installment receivables are a part of other assets in the consolidated balance sheet.

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

Capital Adequacy Ratio

(billions of yen)

	as of the end of			
	Sep. 2005	Mar. 2005	Change	
	a	b	a-b	%
Capital adequacy ratio	12.16%	11.78%	0.38%	3.2%
Tier I ratio	7.47%	7.00%	0.47%	6.7%
Tier I capital	517.6	463.0	54.6	11.8%
Tier II capital	353.0	338.6	14.4	4.3%
Risk assets	6,920.7	6,610.9	309.8	4.7%

References

as of the end of

	Sep. 2005	Mar. 2005
Exchange rate (¥/\$)	113.21	107.39
Nikkei average	13,574.30	11,668.95

Interest-Earning Assets and Interest-Bearing Liabilities (Consolidated) ⁽¹⁾
(billions of yen (except percentages))

	<i>for the first half ended</i>						<i>(Reference)</i> <i>for the fiscal year ended</i>		
	Sep. 2005 (1H-FY2005)			Sep. 2004 (1H-FY2004)			Mar. 2005 (FY2004)		
	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)
<i>For the first half fiscal year ended September 30</i>									
Interest-earning assets ⁽²⁾:									
Loans and bills discounted	3,576.5	50.8	2.83	2,967.9	29.6	1.99	3,099.9	77.3	2.50
Lease and installment receivables ⁽²⁾	781.4	23.6	6.04	31.3	1.1	7.03	152.2	10.3	6.78
Securities	1,698.5	8.3	0.98	1,310.8	7.0	1.08	1,509.4	15.8	1.05
Other earning assets	470.4	2.1	0.90	547.0	4.8	1.76	553.4	8.1	1.48
Total interest-earning assets ⁽²⁾	6,527.0	84.9	2.60	4,857.1	42.6	1.75	5,315.0	111.7	2.10
Interest-bearing liabilities:									
Deposits and negotiable certificates of deposit	3,548.5	8.0	0.45	2,910.1	7.2	0.50	3,096.2	13.6	0.44
Debentures	1,198.9	2.6	0.44	1,325.2	3.2	0.48	1,311.4	6.1	0.47
Subordinated debt	251.6	3.0	2.41	219.3	3.6	3.35	210.5	6.9	3.32
Borrowed money and corporate bonds	967.3	6.5	1.36	141.2	1.5	2.15	338.0	6.6	1.96
Other interest-bearing liabilities	225.8	0.8	0.79	343.1	0.4	0.28	259.7	1.0	0.40
Total interest-bearing liabilities	6,192.4	21.2	0.68	4,939.2	16.1	0.65	5,216.0	34.4	0.66
Non interest-bearing sources of funds:									
Non interest-bearing (assets) liabilities, net	(469.0)	-	-	(828.9)	-	-	(659.2)	-	-
Shareholders' equity	803.6	-	-	746.8	-	-	758.3	-	-
Total interest-bearing liabilities and non interest-bearing sources of funds	6,527.0	-	-	4,857.1	-	-	5,315.0	-	-
Net interest margin ⁽²⁾	-	-	1.91	-	-	1.10	-	-	1.44
Impact of non interest-bearing sources	-	-	0.04	-	-	(0.01)	-	-	0.01
Net yield on interest-earning assets ⁽²⁾	-	63.7	1.95	-	26.4	1.09	-	77.2	1.45
Note:									
Reclass from total revenue on earning assets to net interest income.									
Total revenue on earning assets	6,527.0	84.9	2.60	4,857.1	42.6	1.75	5,315.0	111.7	2.10
Less: Lease and installment receivables	781.4	23.6	6.04	31.3	1.1	7.03	152.2	10.3	6.78
Total interest income	5,745.5	61.3	2.13	4,825.8	41.5	1.72	5,162.8	101.3	1.96
Total interest expense	-	21.2	-	-	16.1	-	-	34.4	-
Net interest income	-	40.1	-	-	25.3	-	-	66.8	-

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

(2) Includes lease and installment receivables assets and related yields.

Interest-Earning Assets and Interest-Bearing Liabilities (Non-consolidated)
(billions of yen (except percentages))

	<i>for the first half ended</i>						<i>(Reference)</i> <i>for the fiscal year ended</i>		
	Sep. 2005 (1H-FY2005)			Sep. 2004 (1H-FY2004)			Mar. 2005 (FY2004)		
	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)
<i>For the first half fiscal year ended September 30</i>									
Interest-earning assets:									
Cash and due from banks	72.3	1.0	2.92	146.7	1.6	2.22	134.7	2.7	2.06
Call loans	44.9	0.0	0.03	141.4	0.0	0.01	134.1	0.0	0.01
Receivables under resale agreements	-	-	-	0.9	0.0	0.00	1.7	0.0	0.00
Collateral related to securities borrowing transactions	6.4	0.0	0.49	49.2	0.0	0.01	49.5	0.0	0.01
Securities	1,977.4	11.8	1.19	1,314.8	6.8	1.03	1,526.0	15.5	1.01
Loans and bills discounted	3,483.9	28.8	1.65	3,070.2	28.7	1.86	3,186.9	58.5	1.83
Other interest-earning assets	82.6	0.3	0.93	95.7	0.2	0.51	93.9	0.6	0.66
Interest rate and fund swaps	-	0.5	-	-	2.5	-	-	4.2	-
Total interest-earning assets	5,667.7	42.7	1.50	4,819.1	40.0	1.65	5,127.0	81.8	1.59
Interest-bearing liabilities:									
Deposits	3,421.1	8.0	0.47	2,604.9	7.2	0.55	2,828.8	13.5	0.47
Negotiable certificates of deposit	199.6	0.0	0.02	412.9	0.0	0.03	410.1	0.1	0.03
Debentures	1,206.3	2.6	0.43	1,332.3	3.2	0.48	1,319.2	6.2	0.47
Call money	139.1	0.0	0.07	102.9	0.3	0.58	117.8	0.6	0.53
Payable under repurchase agreements	1.2	0.0	0.00	227.1	0.0	0.00	121.3	0.0	0.00
Collateral related to securities lending transactions	6.6	0.0	0.20	12.0	0.0	0.04	13.2	0.0	0.03
Borrowed money	324.4	3.5	2.20	338.2	4.6	2.76	326.6	8.2	2.53
Corporate bonds	50.0	0.1	0.42	-	-	-	0.9	0.0	0.39
Other interest-bearing liabilities	1.7	0.7	88.25	0.2	0.1	109.81	0.2	0.3	106.10
Interest rate and fund swaps	-	-	-	-	-	-	-	-	-
Total interest-bearing liabilities	5,350.2	15.2	0.56	5,030.9	15.6	0.62	5,138.7	29.1	0.56
Net interest income/yield on interest-earning assets	5,667.7	27.4	0.96	4,819.1	24.3	1.00	5,127.0	52.6	1.02

Per share data

	<i>for the first half ended</i>		(yen)
	Sep. 2005	Sep. 2004	(reference)
	(1H-FY2005)	(1H-FY2004)	for the fiscal year ended March 2005 FY2004
Common shareholder's equity	354.68	312.76	329.65
Fully diluted shareholders' equity	404.66	381.95	390.06
Basic net income	26.33	28.60	46.78
Diluted net income	18.71	21.16	34.98

Cash basis per share data

	<i>for the first half ended</i>		(yen)
	Sep. 2005	Sep. 2004	(reference)
	(1H-FY2005)	(1H-FY2004)	for the fiscal year ended March 2005 FY2004
Basic net income	35.79	28.60	52.15
Diluted net income	25.08	21.16	38.76

Performance Ratios

	<i>for the first half ended</i>		(%)
	Sep. 2005	Sep. 2004	(reference)
	(1H-FY2005)	(1H-FY2004)	for the fiscal year ended March 2005 FY2004
Return on assets	0.8% ⁽²⁾	1.3% ⁽²⁾	0.9%
Return on equity (fully diluted)	9.4% ⁽²⁾	10.9% ⁽²⁾	8.9%
Cash basis return on assets	1.2% ⁽²⁾	1.3% ⁽²⁾	1.0%
Cash basis return on equity (fully diluted)	12.5% ⁽²⁾	10.9% ⁽²⁾	9.8%
Expense to revenue (overhead) ratio ⁽¹⁾	51.1%	52.8%	54.0%

(1) Management accounting basis

Supplemental Financial Data and Reconciliation to Japanese GAAP Measures*For the first half FY2005 ended September 30, 2005* (billions of yen, except per share data and percentages)

Amortization of acquired goodwill and intangible assets ⁽³⁾	
Amortization of intangible assets	4.5
Associated deferred tax liability	(1.8)
Amortization of acquired goodwill	10.1
Total amortization of acquired goodwill and intangible assets, net of tax benefit	12.8
Reconciliation of net income to cash basis net income	
Net income	37.7
Total amortization of acquired goodwill and intangible assets, net of tax benefit	12.8
Cash basis net income	50.5
Reconciliation of basic net income per share to cash basis basic net income per share	
Basic net income per share	26.33
Effect of amortization of acquired goodwill and intangible assets, net of tax benefit	9.46
Cash basis basic net income per share	35.79
Reconciliation of diluted net income per share to cash basis diluted net income per share	
Diluted net income per share	18.71
Effect of amortization of acquired goodwill and intangible assets, net of tax benefit	6.37
Cash basis diluted net income per share	25.08
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	1.2 ⁽²⁾
Reconciliation of return on equity to cash basis return on equity	
Return on equity (fully diluted)	9.4 ⁽²⁾
Effect of amortization of acquired goodwill and intangible assets, net of tax benefit	3.2 ⁽²⁾
Cash basis return on equity (fully diluted)	12.5 ⁽²⁾

(2) Annualized basis

(3) Acquired goodwill and intangible assets are referred to as consolidation goodwill and other intangibles in our financial statements.

Business Line Ordinary Business Profit ^{(1) (2)}
(billions of yen)
For the first half Fiscal Year 2005 ended September 30, 2005

	Institutional Banking	Consumer and Commercial Finance (※)	Retail Banking	ALM/ Corporate/ Other ⁽³⁾	Total
Total revenue	52.6	57.6	21.5	(1.3)	130.5
General and administrative expenses	19.5	29.8	17.5	(0.2)	66.6
Ordinary business profit (loss)	33.1	27.8	4.0	(1.0)	63.8

 (※) breakdown of Consumer and
Commercial Finance

	APLUS	Showa Leasing	Other ⁽⁴⁾	Consumer and Commercial Finance
Total revenue	40.4	12.1	5.0	57.6
General and administrative expenses	21.1	5.3	3.3	29.8
Ordinary business profit	19.2	6.7	1.7	27.8

For the first half Fiscal Year 2004 ended September 30, 2004

	Institutional Banking	Consumer and Commercial Finance	Retail Banking	ALM/ Corporate/ Other	Total
Total revenue	49.5	3.3	21.2	(1.3)	72.8
General and administrative expenses	19.0	2.9	15.9	0.5	38.5
Ordinary business profit (loss)	30.5	0.3	5.3	(1.8)	34.3

(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 Interim Statements of Income

(millions of yen)

	1H-FY2005	1H-FY2004	Change	
	a	b	a-b	%
Interest on loans and bills	50,809	29,630	21,179	71.5%
Interest and dividends on securities	8,370	7,092	1,278	18.0%
Other interest income	2,129	4,813	(2,684)	(55.8)%
Interest income	61,309	41,536	19,773	47.6%
Fees and commissions income	34,239	13,935	20,304	145.7%
Trading profits	12,791	15,325	(2,534)	(16.5)%
Other business income	132,693	19,855	112,838	568.3%
Other operating income	12,571	13,069	(498)	(3.8)%
Operating income	253,606	103,722	149,884	144.5%
Interest on deposits, including negotiable certificates of deposit	8,074	7,283	791	10.9%
Interest and discounts on debentures	2,621	3,203	(582)	(18.2)%
Interest on other borrowings	8,431	4,870	3,561	73.1%
Other interest expenses	2,074	807	1,267	157.0%
Interest expenses	21,201	16,165	5,036	31.2%
Fees and commissions expenses	10,740	4,510	6,230	138.1%
Trading losses	47	-	47	n.m.
Other business expenses	90,177	6,963	83,214	1195.1%
General and administrative expenses	67,003	39,241	27,762	70.7%
Amortization of consolidation goodwill	10,113	-	10,113	100.0%
Amortization of identified intangible assets	4,575	-	4,575	100.0%
Losses on write-off of loans	10,511	972	9,539	981.4%
All other	5,538	7,296	(1,758)	(24.1)%
Other operating expenses	30,739	8,269	22,470	271.7%
Operating expenses	219,911	75,150	144,761	192.6%
Net operating income	33,695	28,572	5,123	17.9%
Extraordinary gains	2,713	12,903	(10,190)	(79.0)%
Extraordinary losses	596	543	53	9.8%
Income before income taxes and minority interests	35,812	40,932	(5,120)	(12.5)%
Income tax (current)	1,733	630	1,103	175.1%
Income tax (deferred)	(4,885)	(539)	(4,346)	806.3%
Minority interests in net income of subsidiaries	1,258	52	1,206	2319.2%
Net income	37,706	40,789	(3,083)	(7.6)%

(billions of yen)

(Ref.) Ordinary business profit (<i>jisshitsu gyomu jun-eki</i>) ⁽¹⁾	63.8	34.3	29.5	86.0%
	US\$ / yen	@113.21	@111.03	

(1) Management accounting basis

n.m.: not meaningful

Consolidated Interim Balance Sheets

-- Assets

(millions of yen)

	Sep. 30, 2005	Mar. 31, 2005	Change	
	a	b	a-b	%
<<Assets>>				
Cash and due from banks	352,584	277,593	74,991	27.0%
Call loans	117,000	70,000	47,000	67.1%
Collateral related to securities borrowing transactions	5,232	3,744	1,488	39.7%
Other monetary claims purchased	244,387	320,379	(75,992)	(23.7)%
Trading assets	119,876	168,501	(48,625)	(28.9)%
Monetary assets held in trust	393,694	372,224	21,470	5.8%
Securities	1,678,291	1,478,219	200,072	13.5%
Loans and bills discounted	3,828,070	3,430,421	397,649	11.6%
Foreign exchanges	12,881	8,550	4,331	50.7%
Other assets	868,421	850,440	17,981	2.1%
Premises and equipment	419,404	418,938	466	0.1%
Deferred discounts on and issuance expenses for debentures	206	284	(78)	(27.5)%
Deferred tax assets	26,639	24,623	2,016	8.2%
Consolidation goodwill, net	229,614	244,042	(14,428)	(5.9)%
Customers' liabilities for acceptances and guarantees	1,002,462	1,058,161	(55,699)	(5.3)%
Reserve for credit losses	(155,980)	(149,799)	(6,181)	4.1%
Total assets	9,142,786	8,576,328	566,458	6.6%

yen / US\$

@113.21

@107.39

Consolidated Interim Balance Sheets

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

(millions of yen)

	Sep. 30, 2005	Mar. 31, 2005	Change	
	a	b	a-b	%
<<Liabilities>>				
Deposits, including negotiable certificates of deposit	3,964,390	3,452,813	511,577	14.8%
Debentures	1,181,728	1,242,632	(60,904)	(4.9)%
Call money	170,664	204,295	(33,631)	(16.5)%
Collateral related to securities lending transactions	5,672	-	5,672	n.m.
Commercial paper	77,800	13,300	64,500	485.0%
Trading liabilities	80,083	69,101	10,982	15.9%
Borrowed money	1,166,966	1,160,265	6,701	0.6%
Foreign exchanges	170	20	150	750.0%
Corporate bonds	82,016	88,344	(6,328)	(7.2)%
Other liabilities	501,842	412,763	89,079	21.6%
Accrued employees bonuses	7,026	10,276	(3,250)	(31.6)%
Reserve for retirement benefits	3,237	3,376	(139)	(4.1)%
Reserve for loss on disposition of premises and equipment	153	153	-	-
Reserve under special law	2	2	-	-
Deferred tax liabilities	17,419	20,262	(2,843)	(14.0)%
Acceptances and guarantees	1,002,462	1,058,161	(55,699)	(5.3)%
Total liabilities	8,261,635	7,735,769	525,866	6.8%
Minority interests in subsidiaries	60,487	53,891	6,596	12.2%
<<Shareholders' equity>>				
Capital stock	451,296	451,296	-	-
Capital surplus	18,558	18,558	-	-
Retained earnings	345,056	311,039	34,017	10.9%
Net unrealized gains on securities available-for-sale, net of taxes	2,794	3,043	(249)	(8.2)%
Foreign currency transaction adjustments	2,968	2,738	230	8.4%
Treasury stock, at cost	(11)	(9)	(2)	22.2%
Total shareholders' equity	820,663	786,667	33,996	4.3%
Total liabilities, minority interest in subsidiaries and shareholders' equity	9,142,786	8,576,328	566,458	6.6%

US\$ / yen

@113.21

@107.39

n.m.: not meaningful

Consolidated Interim Statements of Capital Surplus and Retained Earnings

(millions of yen)

	IH/FY'05	IH/FY'04	Change		FY'04
	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	37,706	40,789	(3,083)	(7.6)%	67,435
Net income	37,706	40,789	(3,083)	(7.6)%	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	345,056	288,082	56,974	19.8%	311,039

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

n.m.: not meaningful

Consolidated Interim Statements of Cash Flows
(millions of yen)

	Sep. 30,2005	Sep. 30,2004	Change
I. Cash flows from operating activities:			
Income before income taxes and minority interests	35,812	40,932	(5,120)
Depreciation (other than leased assets)	2,045	1,724	321
Depreciation of leased assets	68,684	-	68,684
Amortization of consolidation goodwill	10,113	(24)	10,137
Amortization of identified intangible assets	4,575	-	4,575
Equity in gains of affiliates	(2,056)	(141)	(1,915)
Net change in reserve for credit losses	6,177	(20,322)	26,499
Net change in reserve for bonuses payable	(3,249)	(4,159)	910
Net change in reserve for retirement benefits	(139)	959	(1,098)
Net change in reserve for loss on disposition of premises and equipment	-	153	(153)
Net change in provision of reserve for loss on sale of bonds	-	(389)	389
Interest income	(61,309)	(41,536)	(19,773)
Interest expenses	21,201	16,165	5,036
Gain on securities sold	(34)	(7,039)	7,005
Gain on monetary assets held in trust	(3,563)	(1,312)	(2,251)
Net exchange gain	(53)	(7,297)	7,244
Net loss on sale of premises and equipment	63	308	(245)
Net loss on sale of leased assets	5,493	-	5,493
Net change in trading assets	48,625	169,918	(121,293)
Net change in trading liabilities	10,981	126,791	(115,810)
Net change in loans and bills discounted	(396,993)	(149,834)	(247,159)
Net change in deposits	564,891	429,074	135,817
Net change in negotiable certificates of deposit	(53,315)	5,267	(58,582)
Net change in debentures	(60,903)	(26,406)	(34,497)
Net change in borrowed money (other than subordinated debt)	(3,299)	(9,538)	6,239
Net change in corporate bonds (other than subordinated bonds)	(4,333)	-	(4,333)
Net change in deposits (non-interest-bearing deposits)	29,438	(24,522)	53,960
Net change in call loans	(47,000)	(50,866)	3,866
Net change in other monetary claims purchased	78,007	14,484	63,523
Net change in collateral related to securities borrowing transactions	(1,488)	(128,212)	126,724
Net change in payables under repurchase agreements	-	(400,639)	400,639
Net change in call money	(33,631)	60,837	(94,468)
Net change in commercial paper	64,500	38,864	25,636
Net change in collateral related to securities lending transactions	5,672	(29,275)	34,947
Net change in foreign exchange assets	(4,331)	(2,870)	(1,461)
Net change in foreign exchange liabilities	149	7	142
Net change in net trust account	6,532	36,690	(30,158)
Interest received	67,968	50,085	17,883
Interest paid	(19,903)	(15,218)	(4,685)
Net change in trading securities	(27,790)	18,320	(46,110)
Net change in monetary assets held in trust	(4,975)	(122,718)	117,743
Net change in leased assets	(68,499)	-	(68,499)
Others, net	(12,912)	18,370	(31,282)
Subtotal	221,150	(13,368)	234,518
Income taxes paid	(1,822)	(737)	(1,085)
Net cash provided by operating activities	219,327	(14,106)	233,433
II. Cash flows from investing activities:			
Purchase of securities	(1,866,752)	(1,751,751)	(115,001)
Proceeds from sale of securities	361,094	290,474	70,620
Proceeds from maturity of securities	1,392,514	1,510,667	(118,153)
Investment in monetary assets held in trust	(20,793)	(6,791)	(14,002)
Proceeds from disposition of monetary assets held in trust	7,861	8,089	(228)
Purchase of premises and equipment (other than leased assets)	(2,797)	(4,102)	1,305
Proceeds from sale of premises and equipment (other than leased assets)	954	26	928
Proceeds from sales of subsidiaries	-	10,020	(10,020)
Proceeds from sale of subsidiary's stocks	9,116	-	9,116
Others, net	-	244	(244)
Net cash used in investing activities	(118,800)	56,877	(175,677)
III. Cash flows from financing activities:			
Repayment of subordinated debt	10,000	-	10,000
Payment for redemption of subordinated bonds	(3,000)	(1,570)	(1,430)
Dividends Paid	(3,688)	(3,444)	(244)
Purchase of treasury stock	(2)	(1)	(1)
Net cash provided by financing activities	3,309	(5,015)	8,324
IV. Foreign currency translation adjustments	3	16	(13)
V. Net change in cash and cash equivalents	103,839	37,771	66,068
VI. Cash and cash equivalents at beginning of period	162,226	157,178	5,048
VII. Cash and cash equivalents at end of period	266,065	194,950	71,115

Reference Material

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

1. Non-Consolidated Financial Results [and Projections]

(billions of yen)

	for the first half ended		for the fiscal year ended	for the fiscal year ended
	Sep. 30, 2005 (1H-FY2005)	Sep. 30, 2004 (1H-FY2004)	Mar. 31, 2005 (FY2004) (Reference)	March 31, 2006 (FY2005) (Projection)
Gross business profit (<i>gyomu sorieki</i>) ⁽¹⁾	70.4	64.8	123.8	-
Net interest income	28.7	25.5	54.8	-
Net fees and commissions	17.6	19.6	41.0	-
Net trading income	10.0	14.4	22.1	-
Net other business income	13.9	5.1	5.7	-
General & administrative expenses	36.1	35.5	68.8	-
Net business profit (<i>jisshitsu gyomu jun-eki</i>) ⁽¹⁾	34.2	29.2	54.9	62.0
Net operating income (<i>keijou rieki</i>)	32.8	24.6	46.6	62.0
Net income	39.1	37.2	68.0	68.0
Net credit recoveries	(2.3)	(10.3)	(16.3)	
Reversal of reserve for credit losses	(2.8)	(11.5)	(17.8)	

(1) Includes income from monetary assets held in trust of 12.1 billion yen for the six months period ended September 30, 2005, 15.5 billion yen for the six months ended September 30, 2004 and 29.3 billion yen for the fiscal year ended March 31, 2005.

2. Non-performing Loans

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

(billions of yen, %)

	As of Sep. 30, 2005 a	As of Mar. 31, 2005 b	Change a-b	As of Sep. 30, 2004 c	Change a-c
Claims against bankrupt and quasi-bankrupt obligors	2.4	3.1	(0.8)	10.0	(7.6)
Doubtful claims	28.3	42.1	(13.9)	57.0	(28.8)
Substandard claims	15.4	6.5	8.9	6.7	8.7
Total non-performing loans (A)	46.1	51.8	(5.7)	73.7	(27.7)
Total claims (B)	3,967.0	3,621.1	345.9	3,672.3	294.7
% of total claims outstanding (A) / (B)	1.16	1.43	(0.27)%	2.01	(0.85)%
(ref.) At or below "need caution" level	190.1	123.7	66.4	167.4	22.7

(millions of yen, %)

	Sep. 30, 2005		Mar. 31, 2005	Sep. 30, 2004
		Change from Mar. 31, 2005		
Claims against bankrupt and quasi-bankrupt obligors	2,396	(751)	3,147	9,994
Doubtful claims	28,255	(13,878)	42,133	57,045
Substandard claims	15,403	8,914	6,489	6,670
Total non-performing loans (A)	46,055	(5,715)	51,770	73,711
Loan loss reserves (B)	114,598	(9,901)	124,499	158,652
Reserve ratio (B/A *100)	248.8	8.3	240.5	215.2
(ref.) Amount of partial write-off	6,797		5,965	9,399

3. Coverage Ratios for Non-Performing Claims Disclosed Under the Financial Revitalization Law (Non-Consolidated)

(millions of yen, %)

	Amount of claims	Amount of coverage		Coverage ratio
		Reserve for loan losses	Collateral and guarantees	
Claims against bankrupt and quasi-bankrupt obligors	2,396	-	2,396	100.0
Doubtful claims	28,255	21,500	4,046	90.4
Substandard claims	15,403	5,511	5,822	73.6
Total	46,055	27,012	12,266	85.3

4. Risk Monitored Loans

(Consolidated)

(millions of yen)

	Sep. 30, 2005		Mar. 31, 2005	Sep. 30, 2004	
		Change from Mar. 31, 2005			Change from Sep. 30, 2004
Loans to bankrupt obligors	3,348	726	(4,458)	2,622	7,806
Non-accrual delinquent loans	48,209	28	(13,117)	48,181	61,326
Loans past due for 3 months or more	2,530	(3,069)	(2,365)	5,599	4,895
Restructured loans	36,068	12,454	13,156	23,614	22,912
Total risk monitored loans	90,157	10,139	(6,784)	80,018	96,941
Loans and bills discounted	3,828,070	397,649	753,426	3,430,421	3,074,644

(% to total loans)

Loans to bankrupt obligors	0.1%	0.0%	(0.2)%	0.1%	0.3%
Non-accrual delinquent loans	1.3%	(0.1)%	(0.7)%	1.4%	2.0%
Loans past due for 3 months or more	0.1%	(0.1)%	(0.1)%	0.2%	0.2%
Restructured loans	0.9%	0.2%	0.2%	0.7%	0.7%
Total risk monitored loans	2.4%	0.1%	(0.8)%	2.3%	3.2%

(Non-Consolidated)

(millions of yen)

	Sep. 30, 2005		Mar. 31, 2005	Sep. 30, 2004	
		Change from Mar. 31, 2005			Change from Sep. 30, 2004
Loans to bankrupt obligors	1,572	(758)	(5,674)	2,330	7,246
Non-accrual delinquent loans	27,548	(13,705)	(30,249)	41,253	57,797
Loans past due for 3 months or more	105	(3,065)	(3,166)	3,170	3,271
Restructured loans	15,298	11,979	11,899	3,319	3,399
Total risk monitored loans	44,524	(5,549)	(27,191)	50,073	71,715
Loans and bills discounted	3,788,017	344,296	415,498	3,443,721	3,372,519

(% to total loans)

Loans to bankrupt obligors	0.0%	(0.1)%	(0.2)%	0.1%	0.2%
Non-accrual delinquent loans	0.7%	(0.5)%	(1.0)%	1.2%	1.7%
Loans past due for 3 months or more	0.0%	(0.1)%	(0.1)%	0.1%	0.1%
Restructured loans	0.4%	0.3%	0.3%	0.1%	0.1%
Total risk monitored loans	1.2%	(0.3)%	(0.9)%	1.5%	2.1%

5. Reserve for Credit Losses

(Consolidated)

(millions of yen)

	Sep. 30, 2005		Mar. 31, 2005	Sep. 30, 2004	
		Change from Mar. 31, 2005			Change from Sep. 30, 2004
Reserve for credit losses	155,979	6,180	(1,618)	149,799	157,597
General	76,074	10,664	26,004	65,410	50,070
Specific	79,889	(4,494)	(27,627)	84,383	107,516
Restructuring countries	16	11	6	5	10

(Non-Consolidated)

(millions of yen)

	Sep. 30, 2005		Mar. 31, 2005	Sep. 30, 2004	
		Change from Mar. 31, 2005			Change from Sep. 30, 2004
Reserve for credit losses	114,598	(9,901)	(44,054)	124,499	158,652
General	59,351	3,188	7,560	56,163	51,791
Specific	55,231	(13,099)	(51,619)	68,330	106,850
Restructuring countries	16	11	6	5	10

6. Reserve Ratio to Risk Monitored Loans

(Consolidated)

	Sep. 30, 2005		Mar. 31, 2005	Sep. 30, 2004
		Change from Mar. 31, 2005		
% on risk monitored loans	173.0%	(14.2)%	187.2%	162.6%

(Non-Consolidated)

	Sep. 30, 2005		Mar. 31, 2005	Sep. 30, 2004
		Change from Mar. 31, 2005		
% on risk monitored loans	257.4%	8.8%	248.6%	221.2%

7. Unrealized Gains on Available-for Sale Securities

(Consolidated)

As of September 30, 2005

(millions of yen)

	Unrealized gains		
		Gains	Losses
Equities	4,278	4,502	223
Bonds	(2,538)	118	2,656
Other	3,399	4,143	743
Total	5,139	8,763	3,623

As of March 31, 2005

(millions of yen)

	Unrealized gains		
		Gains	Losses
Equities	1,784	1,788	3
Bonds	791	1,031	240
Other	2,682	3,494	812
Total	5,257	6,314	1,056

(Non-consolidated)

As of September 30, 2005

(millions of yen)

	Unrealized gains		
		Gains	Losses
Equities	1,035	1,052	16
Bonds	(2,578)	76	2,654
Other	3,385	4,119	734
Total	1,843	5,248	3,404

As of March 31, 2005

(millions of yen)

	Unrealized gains		
		Gains	Losses
Equities	1,208	1,208	-
Bonds	740	981	240
Other	2,657	3,470	812
Total	4,607	5,660	1,053

8. Balance of Housing Loans (Non-Consolidated)

(millions of yen)

	Sep. 30, 2005		Mar. 31, 2005	Sep. 30, 2004
		Change from Mar. 31, 2005		
Balance of housing loans	385,972	96,710	140,886	289,262

9. Balance of Deposits (Non-Consolidated)

(millions of yen)

	Sep. 30, 2005		Mar. 31, 2005	Sep. 30, 2004
		Change from Mar. 31, 2005		
Balance of deposits (including NCDs)	4,046,936	518,057	808,707	3,528,879
Balance of deposits from individuals	2,813,945	536,200	841,380	2,277,745

10. Subsidiaries and Affiliates

	Sep. 30, 2005	Sep. 30, 2004
Consolidated subsidiaries	77	66
Affiliates accounted for using the equity method	8	5

11. Expense for Retirement Benefit (Consolidated)

(millions of yen)

	Sep. 30, 2005
Expense for retirement benefit	2,385

12. Derivative Transactions Based on Hedge Accounting

(Consolidated)

(billions of yen)

	As of September 30, 2005			
	Within 1 year	Over 1 year and within 5 years	Over 5 years	Total
Interest rate swap				
Receive fixed and pay floating	22.7	64.1	50.0	136.8
Receive floating and pay fixed	0.5	1.0	86.3	87.9
Receive floating and pay floating	-	0.5	-	0.5
Total notional principal amount	23.2	65.7	136.3	225.3
Currency swap				
Total notional principal amount	137.3	22.4	-	159.7

(Non-Consolidated)

(billions of yen)

	As of September 30, 2005			
	Within 1 year	Over 1 year and within 5 years	Over 5 years	Total
Interest rate swap				
Receive fixed and pay floating	12.4	64.1	50.0	126.5
Receive floating and pay fixed	0.5	1.0	86.3	87.9
Receive floating and pay floating	-	0.5	-	0.5
Total notional principal amount	12.9	65.7	136.3	215.0
Currency swap				
Total notional principal amount	137.3	22.4	-	159.7

13. Problem Claims

A. Losses on Disposals

(Consolidated)

(billions of yen)

	Net provision of general reserve for loan losses	Disposal of problem claims (Banking account)	Disposal of problem claims (Trust account)	Total credit costs
1H-FY2005	27.6	(13.0)	-	14.5
FY2004	(2.7)	1.7	-	(0.9)
1H-FY2004	(10.4)	(0.1)	-	(10.6)

(Non-Consolidated)

(billions of yen)

	Net provision of general reserve for loan losses	Disposal of problem claims (Banking account)	Disposal of problem claims (Trust account)	Total credit costs
1H-FY2005	3.1	(5.5)	-	(2.3)
FY2004	(5.2)	(11.0)	-	(16.3)
1H-FY2004	(9.6)	(0.6)	-	(10.3)

B. Outstanding of Non-Performing Loans

(billions of yen)

	Self assesment				
	Bankruptcy and virtually bankrupt obligors (a)	Possibly bankrupt obligors (b)	Below possibly bankrupt obligors (a)+(b)	Need caution obligors	Total (a)+(b)+(c)
Sep. 30, 2005	2.3	28.2	30.6	159.4	190.1
Mar. 31, 2005	3.1	42.1	45.2	78.4	123.7
Sep. 30, 2004	9.9	57.0	67.0	100.4	167.4

	Claims under the Financial Revitalization Law	
	Substandard claims (d)	Total (a)+(b)+(d)
Sep. 30, 2005	15.4	46.1
Mar. 31, 2005	6.5	51.8
Sep. 30, 2004	6.7	73.7

C. Final Disposal of Claims and New Claims

Balance of Claims

(billions of yen)

	Claims against bankrupt and quasi-bankrupt obligors (a)	Doubtful claims (b)	Total (a)+(b)
Newly added from March 31, 2005 to September 30, 2005	0.2	6.1	6.4
Off balanced from March 31, 2005 to September 30, 2005	(2.8)	(18.1)	(21.0)
Increase (decrease) from March 31, 2005 to September 30, 2005	(0.7)	(13.8)	(14.6)
Sep. 30, 2005	2.4	28.3	30.7
Mar. 31, 2005	3.1	42.1	45.3
Sep. 30, 2004	10.0	57.0	67.0

Note:

* The balance of claims against bankrupt and quasi-bankrupt obligors as of September 30, 2005 includes 2.2 billion yen 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, 2005 includes 2.2 billion yen 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 September 30, 2004 includes 8.5 billion yen of claims not appearing on the balance sheet as a result of off-balance arrangements.

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
1H-FY2005	-	(0.9)	-	-	-
FY2004	(4.8)	0.0	(0.7)	(22.0)	-
1H-FY2004	-	-	-	(13.2)	-

(billions of yen)

	Write-off (E)	Other total (F)	Collection & repayment (G)	Business improvement (H)	Total (sum of A through F)
1H-FY2005	(0.8)	(19.2)	(8.8)	(10.4)	(21.0)
FY2004	(2.7)	(13.0)	(11.6)	(1.4)	(43.6)
1H-FY2004	(0.1)	(5.2)	(3.5)	(1.6)	(18.5)

E. Financial Support for Borrowers

(billions of yen, number)

	Amount	Number of cases	Company
Debt forgiveness	-	-	
Based on private liquidation guideline	-	-	
Debt equity swap	-	-	
Underwriting of preferred shares	-	-	
Total	-	-	

F. Reserve Ratio by Obligor

	As of Sep. 30, 2005	As of March 31, 2005	As of Sep. 30, 2004
(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)	88.55%	92.98%	97.04%
(iii) Substandard obligors (out of unsecured portion of claims)	61.67%	83.92%	93.04%
(iv) Caution obligors (except for substandard obligors) (out of unsecured portion of claims)	47.69%	30.29%	27.17%
(out of total claims)	9.19%	11.37%	10.93%
(v) Normal obligors (out of total claims)	0.43%	0.73%	0.78%

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.

14. Dividends to Original Capital Available for Public Funds

(billions of yen)

Bank Name	Shinsei Bank
Unappropriated retained earnings on Sep. 30, 2005	341.7 (except for retained earnings)
Net unrealized gain on securities available-for-sale, net of taxes on Sep. 30, 2005	4.1
Dividends necessary in full year for preferred shares injected by public funds	3.8

Non-Consolidated Interim Statements of Income

(millions of yen)

	(1H-FY2005)	(1H-FY2004)	Change	
	a	b	a-b	%
Interest on loans and bills	28,830	28,766	64	0.2%
Interest and dividends on securities	11,823	6,832	4,991	73.1%
Other interest income	2,051	4,450	(2,399)	(53.9)%
Interest income	42,705	40,049	2,656	6.6%
Fees and commissions income	10,308	8,731	1,577	18.1%
Trading profits	10,252	14,555	(4,303)	(29.6)%
Other business income	16,351	7,745	8,606	111.1%
Other operating income	15,441	19,825	(4,384)	(22.1)%
Operating income	95,058	90,907	4,151	4.6%
Interest on deposits, including negotiable certificates of deposit	8,102	7,304	798	10.9%
Interest and discounts on debentures	2,626	3,214	(588)	(18.3)%
Interest on other borrowings	3,637	4,992	(1,355)	(27.1)%
Other interest expenses	867	171	696	407.0%
Interest expenses	15,234	15,682	(448)	(2.9)%
Fees and commissions expenses	4,766	4,661	105	2.3%
Trading losses	170	71	99	139.4%
Other business expenses	2,408	2,564	(156)	(6.1)%
General and administrative expenses	36,491	36,325	166	0.5%
Other operating expenses	3,093	6,980	(3,887)	(55.7)%
Operating expenses	62,165	66,286	(4,121)	(6.2)%
Net operating income	32,892	24,621	8,271	33.6%
Extraordinary gains	3,075	11,587	(8,512)	(73.5)%
Extraordinary losses	33	520	(487)	(93.7)%
Income before income taxes	35,934	35,688	246	0.7%
Income tax (current)	(2,908)	(993)	(1,915)	192.8%
Income tax (deferred)	(310)	(614)	304	(49.5)%
Net income	39,153	37,296	1,857	5.0%
Unappropriated retained earnings brought forward	302,595	243,351	59,244	24.3%
Unappropriated retained earnings	341,749	280,647	61,102	21.8%

yen / US\$

@113.21

@111.03

Non-Consolidated Interim Balance Sheets -- Assets

(millions of yen)

	Sep. 30, 2005	March 31, 2005	Change	
	a	b	a-b	%
<<Assets>>				
Cash and due from banks	206,602	162,208	44,394	27.4%
Call loans	117,000	70,000	47,000	67.1%
Collateral related to securities borrowing transactions	5,232	3,744	1,488	39.7%
Other monetary claims purchased	40,365	108,410	(68,045)	(62.8)%
Trading assets	111,506	166,817	(55,311)	(33.2)%
Monetary assets held in trust	440,625	415,395	25,230	6.1%
Securities	2,016,488	1,820,753	195,735	10.8%
Loans and bills discounted	3,788,017	3,443,721	344,296	10.0%
Foreign exchanges	12,881	8,550	4,331	50.7%
Other assets	215,141	220,972	(5,831)	(2.6)%
Premises and equipment	27,204	26,499	705	2.7%
Deferred discounts on and issuance expenses for debentures	206	285	(79)	(27.7)%
Deferred tax assets	24,979	23,543	1,436	6.1%
Customers' liabilities for acceptances and guarantees	51,456	49,896	1,560	3.1%
Reserve for credit losses	(114,598)	(124,499)	9,901	(8.0)%
Total assets	6,943,109	6,396,302	546,807	8.5%

yen / US\$

@113.21

@107.39

Non-Consolidated Interim Balance Sheets

-- Liabilities and shareholders' equity

(millions of yen)

	Sep. 30, 2005	March 31, 2005	Change	
	a	b	a-b	%
<<Liabilities>>				
Deposits, including negotiable certificates of deposit	4,046,936	3,528,879	518,057	14.7%
Debentures	1,185,538	1,246,862	(61,324)	(4.9)%
Call money	170,664	204,295	(33,631)	(16.5)%
Collateral related to securities lending transactions	5,672	—	5,672	n.m.
Trading liabilities	68,963	64,296	4,667	7.3%
Borrowed money	339,962	325,394	14,568	4.5%
Foreign exchanges	447	289	158	54.7%
Corporate bonds	50,000	50,000	—	—
Other liabilities	194,904	128,663	66,241	51.5%
Accrued employees bonuses	4,830	7,616	(2,786)	(36.6)%
Reserve for retirement benefits	811	1,010	(199)	(19.7)%
Reserve for loss on disposition of premises and equipment	153	153	—	—
Acceptances and guarantees	51,456	49,896	1,560	3.1%
Total liabilities	6,120,341	5,607,357	512,984	9.1%
<<Shareholders' equity>>				
Capital stock	451,296	451,296	—	—
Capital surplus	18,558	18,558	—	—
Additional paid-in capital	18,558	18,558	—	—
Retained earnings	348,736	313,272	35,464	11.3%
Legal reserve	6,987	6,249	738	11.8%
Unappropriated retained earnings	341,749	307,022	34,727	11.3%
Net income	39,153	68,097	(28,944)	(42.5)%
Net unrealized gain on securities available-for-sale, net of taxes	4,181	5,822	(1,641)	(28.2)%
Treasury stock, at cost	(5)	(4)	(1)	25.0%
Total shareholders' equity	822,768	788,945	33,823	4.3%
Total liabilities and shareholders' equity	6,943,109	6,396,302	546,807	8.5%

yen / US\$

@113.21

@107.39