Notes to Consolidated Interim Financial Statements (Unaudited)

1. Basis of Presentation

The accompanying consolidated interim financial statements of Shinsei Bank, Limited (the "Bank") and its consolidated subsidiaries (collectively, the "Group"), stated in Japanese yen, are prepared on the basis of accounting principles generally accepted in Japan and in conformity with the Banking Law of Japan, and compiled from the consolidated interim financial statements prepared under the provisions set forth in the Accounting Standards for Consolidated Interim Financial Statements (the Business Accounting Deliberation Council, March 13, 1998) and the standards of the Securities and Exchange Law of Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Certain reclassifications and rearrangements have been made to the consolidated interim financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, the accompanying notes include information that is not required under accounting principles generally accepted in Japan, but is presented herein for the convenience of readers.

The preparation of consolidated interim financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated interim financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

As permitted by the Securities and Exchange Law of Japan, yen amounts, except for per share amounts, are presented in millions of yen and are rounded down to the nearest million. As a result, the totals do not necessarily agree with the sum of the individual amounts.

The consolidated interim financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥113.21 to U.S.$1.00, the rate of exchange prevailing on the Tokyo Foreign Exchange Market on September 30, 2005. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

The Bank was placed under temporary nationalization by the prime minister of Japan on October 23, 1998, under Section 1 of Article 36 of the Financial Revitalization Law of Japan, and continued its operations in accordance with Articles 47 and 48 of the same law. The Bank's temporary nationalization status was terminated on March 1, 2000, when all common shares of the Bank held by the Deposit Insurance Corporation of Japan (the "DIC") were transferred to New LTCB Partners C.V. in accordance with the Share Purchase Agreement, dated February 9, 2000 (the "Share Purchase Agreement").

In the fiscal year ended March 31, 2004, the Bank completed an initial public offering of its shares and became listed on the First Section of the Tokyo Stock Exchange on February 19, 2004. The Bank's then controlling shareholder, New LTCB Partners C.V., offered the shares sold in the initial public offering. Following the initial public offering, the Bank also completed a secondary share offering on February 17, 2005. Prior to the secondary offering, the Bank's controlling shareholder, New LTCB Partners C.V., distributed most of its shareholdings to its investors. The investors, in turn, sold an aggregate of 36.9% of the Bank's outstanding common shares in the secondary offering.

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation

The Group applied its consolidation scope using the control and influence concept. Under the control and influence concept, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are to be fully consolidated and those companies in which the Bank, directly or indirectly, is able to exercise significant influence over operations are to be accounted for by the equity method.

The number of consolidated subsidiaries and affiliates as of September 30, 2005 and 2004 was as follows:

	As of September 30,	
	2005	2004
Consolidated subsidiaries	**77**	66
Affiliates accounted for using the equity method	**8**	5

Unconsolidated subsidiaries as of September 30, 2005: 78

Unconsolidated subsidiaries are mainly operating companies that undertake leasing business based on the Tokumei Kumiai system (Silent Partnership). These subsidiaries are excluded from consolidation because they are not material to the financial condition or result of operations of the Group.

Major consolidated subsidiaries as of September 30, 2005 were as listed below:

Name	Location	Percentage ownership
APLUS Co., Ltd.	Japan	64.0%
Showa Leasing Co., Ltd.	Japan	96.5%
Shinsei Trust & Banking Co., Ltd.	Japan	100.0%
Shinsei Securities Co., Ltd.	Japan	100.0%

All significant intercompany transactions, related account balances and unrealized profits and losses have been eliminated in consolidation. As of September 30, 2005, the six month period ending dates are September 30 for 57 subsidiaries, July 31 for 3 subsidiaries and June 30 for 17 subsidiaries, of which one subsidiary is consolidated using its September 30 interim financial statements and the other subsidiaries are consolidated using the July 31 and the June 30 interim financial statements with appropriate adjustments made for significant transactions during the period from the ending dates of the six month period to the date of the consolidated interim financial statements.

(b) Goodwill and Other Intangible Assets

The Bank recognized certain identifiable intangible assets in connection with the acquisition of APLUS and Showa Leasing because they arose from contractual or other legal rights, or were separable. The identified intangible assets with amortization method and period were as listed below:

APLUS Co., Ltd.

Identified intangible assets	Amortization method	Amortization period
Trade name and trade marks	Straight-line	10 years
Customer relationship	Sum-of-the-years digits	10 years
Merchant relationship	Sum-of-the-years digits	20 years

Showa Leasing Co., Ltd.

Identified intangible assets	Amortization method	Amortization period
Trade name	Straight-line	10 years
Customer relationship	Sum-of-the-years digits	20 years
Maintenance component contracts	Straight-line based on individual contract	Subject to the remaining contract years
Sublease contracts	Straight-line based on individual contract	Subject to the remaining contract years

The excess of the purchase price over the fair value of the net assets acquired, including identified intangible assets, was recorded as consolidation goodwill and will be amortized on a straight-line basis over 20 years. The amortization period is the maximum period allowed under accounting principles generally accepted in Japan and was determined based upon the Bank's business strategy. However, both APLUS and Showa Leasing had significant tax loss carryforwards and deductible temporary differences which were not recognized by the Bank at the time of the acquisition due to uncertainty concerning their ultimate realization. Had the Bank recognized the related deferred tax assets at the time of the acquisition, consolidation goodwill would have been reduced. Under Japanese GAAP, any future recognition of the benefits of the tax loss carryforwards or temporary differences (the carryforward period for tax loss carryforwards being generally limited to seven years) that existed at the acquisition would result in accelerated goodwill amortization in the period after acquisition. Any unamortized balances of identified intangible assets and consolidation goodwill are subject to impairment testing.

(c) Translation of Foreign Currency Financial Statements and Transactions

The interim financial statements of consolidated foreign subsidiaries are translated into Japanese yen at exchange rates as of their respective interim balance sheet dates, except for shareholders' equity, which is translated at the historical exchange rates. Differences arising from such translation are shown as "Foreign currency translation adjustments" in a separate component of shareholders' equity in the accompanying consolidated interim balance sheets.

(i) Foreign currency-denominated assets and liabilities and the accounts of overseas branches are translated into Japanese yen at the exchange rates prevailing at the interim balance sheet date, except for investments in unconsolidated subsidiaries and affiliates which are translated at the relevant historical exchange rates.

(ii) Foreign currency accounts held by consolidated foreign subsidiaries are translated into the currency of the subsidiary at the respective period-end exchange rates.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and non-interest-bearing deposits.

(e) Other Monetary Claims Purchased
The components of other monetary claims purchased are principally loans held for trading purposes. Other monetary claims purchased held for trading purposes are recorded at fair value and unrealized gains and losses are recorded in other business income (losses).

(f) Valuation of Trading Account Activities
Trading account positions entered into to generate gains arising from short-term changes in interest rates, currency exchange rates or market prices of securities and other market-related indices, or from price differences among markets, are included in trading assets and trading liabilities on a trade date basis.

Trading securities and monetary claims purchased for trading purposes are stated at market value and derivative financial instruments related to trading positions are stated at fair value based on estimated amounts that would be settled in cash if such positions were terminated at the end of the period, which reflects liquidation and credit risks.

Trading revenue and trading expenses include the interest received and paid during the period and the gains or losses resulting from the change in the value of securities, monetary claims purchased, and derivatives between the beginning and the end of the period.

(g) Monetary Assets Held in Trust
The components of trust assets are accounted for based on the standard appropriate for each asset type. Instruments held in trust for trading purposes are recorded at fair value and unrealized gains and losses are recorded in other business income (losses). Instruments held in trust classified as available-for-sale are recorded at fair value with the corresponding unrealized gains/losses recorded directly in a separate component of shareholders' equity.

Instruments held in trust classified as available-for-sale for which fair value is not readily determinable are carried at cost.

(h) Securities
Securities other than investments in unconsolidated subsidiaries and affiliates are classified into three categories, based principally on the Group's intent, as follows:

Trading securities are securities held in anticipation of gains arising from short-term changes in market value and/or held for resale to customers. Trading securities are carried at fair value with corresponding unrealized gains/losses recorded in income.

Securities being held to maturity are debt securities for which the Group has both the positive intent and ability to hold until maturity. Securities being held to maturity are carried at amortized cost determined by the moving average method.

Securities available-for-sale are securities other than trading securities and securities being held to maturity. Securities available-for-sale are carried at fair value with the corresponding unrealized gains/losses recorded directly in a separate component of shareholders' equity. The cost of sales of these securities is determined by the moving average method. Securities available-for-sale for which fair value is not readily determinable are carried at moving average cost or amortized cost determined by the moving average method.

In addition, investments in unconsolidated subsidiaries that are not accounted for by the equity method are carried at cost determined by the moving average method.

Individual securities are written down when a decline in fair value below the cost of such securities is deemed to be other than temporary.

(i) Premises and Equipment
Premises and equipment are stated at cost less accumulated depreciation.

Depreciation of the Group's buildings and the Bank's computer equipment (including ATMs) other than personal computers is computed principally using the straight-line method, and depreciation of other equipment is computed principally using the declining-balance method. Principal estimated useful lives of buildings and equipment as of September 30, 2005 were as follows:

Buildings .... 3 years to 50 years
Equipment .... 2 years to 15 years

(j) Software
Capitalized software for internal use is depreciated using the straight-line method based on the Group's estimated useful lives (mainly five or eight years). Capitalized software for internal use is included in other assets.

(k) Impairment of Long-Lived Assets
Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. As a result of the impairment review, no impairment loss was recognized for the six month periods ended September 30, 2005 and 2004.

(l) Deferred Charges
Deferred charges are amortized as follows.

The Bank's deferred issuance expenses for corporate bonds are amortized by the straight-line method over the shorter of the terms of the corporate bonds or the maximum three-year period stipulated in the Japanese Commercial Code (the "Code") and its regulations.

Deferred discounts on debentures are amortized by the straight-line method over the terms of the debentures.

Deferred issuance expenses for debentures are amortized by the straight-line method over the shorter of the terms of the debentures or the maximum three-year period stipulated in the Code and its regulations.

Consolidated subsidiaries' deferred issuance expenses for corporate bonds are amortized by the straight-line method over the terms of the corporate bonds.

Formation costs and stock issuance costs of consolidated subsidiaries are charged to income in the period incurred.

(m) Reserve for Credit Losses
The reserve for loan losses of the Bank and the consolidated domestic trust and banking subsidiary has been established as detailed below based on the Bank's internal rules for establishing the reserve.

Under "Warranty of Loan-Related Assets" described in the Share Purchase Agreement, a precondition of exercise of the cancellation right was the existence of a defect and a 20% reduction in value. To estimate the reserve amount for the Bank up to September 30, 2004, the precondition of exercise of the cancellation right was taken into account. Where conclusions as to the exercise of the cancellation right were reached after the application deadline for exercising the cancellation right under the "Warranty" clause date of expiration, adjustments were made to reserve for credit losses in the period in which such events occurred. During the year ended March 31, 2005, all disputes with the DIC were settled and our cancellation right under the Share Purchase Agreement was entirely terminated.

For claims to obligors who are legally bankrupt (due to bankruptcy, special liquidation, etc.) or virtually bankrupt, a specific reserve is provided based on the amount of claims, after the charge-off stated below, net of amounts expected to be collected through the disposal of collateral or execution of guarantees.

For claims to obligors who are possibly bankrupt, a specific reserve is provided for the amount considered to be necessary based on an overall solvency assessment performed for the amount of claims net of amounts expected to be collected through the disposal of collateral or execution of guarantees.

The Bank applies the "discounted cash flow method" (hereinafter referred to as the "DCF method") in calculating the loan loss reserve amounts for most of the claims against obligors categorized as possibly bankrupt or substandard under the self-assessment guidelines. Under the DCF method, the loan loss reserve is determined as the difference between (a) relevant estimated cash flows discounted by the original contractual interest rate and (b) the book value of the claim. In cases where it is difficult to reasonably estimate future cash flow, the Bank sets aside as reserves the product of the estimated loss ratios on the claims and either (a) the balance of the claims, in the case of claims against substandard obligors, or (b) the unsecured, unguaranteed portion of the claims, in the case of claims against possibly bankrupt obligors.

For other claims, the Bank provides a general reserve based on historical loan loss experience.

For specific foreign claims, there is a reserve for loans to restructuring countries which has been established based on losses estimated by considering the political and economic conditions in those countries.

All claims are assessed by business divisions and branches based on the internal rules for the self-assessment of asset quality. The Credit Assessment Division, which is independent from business divisions and branches, conducts audits of these assessments, and additional reserves may be provided based on the audit results.

For collateralized or guaranteed claims to obligors who are legally bankrupt or virtually bankrupt, the amount of claims exceeding the estimated value of collateral or guarantees, which is deemed uncollectible, has been charged off and totaled ¥6,797 million (U.S.$60,045 thousand) and ¥11,313 million as of September 30, 2005 and 2004, respectively.

The reserve for other credit losses primarily consists of reserves on amounts, included in accounts receivable, that the Bank believes the DIC is obligated to reimburse to it but the return of which the DIC has not yet accepted, as well as a reserve taken on the Bank's contribution to an industry-wide fund set up to purchase and collect loans and certain litigation claims.

The consolidated subsidiaries other than the domestic trust and banking subsidiary calculate the general reserve for "normal" and "caution, including substandard" categories based on the specific actual historical loss ratio, and the specific reserve for the "possibly bankrupt," "virtually bankrupt" and "legally bankrupt" categories based on estimated losses, considering the recoverable value.

(n) Accrued Employees Bonuses
The accrued employees bonuses are provided in the amount of estimated bonuses, which are attributable to each period.

(o) Reserve for Retirement Benefits
The Bank, APLUS and Showa Leasing each have a non-contributory

defined benefit pension plan and certain of its consolidated domestic subsidiaries have unfunded severance indemnity plans, which cover substantially all of the Group's employees. The reserve for retirement benefits is provided for the payment of employees' retirement benefits based on the estimated amounts of the actuarial retirement benefit obligation net of the estimated value of pension assets. Net actuarial gain/loss and prior service costs are amortized using the straight-line method over the average remaining service period mainly from the period of occurrence.

Effective April 1, 2000, the Bank adopted a new accounting standard for employees' retirement benefits and accounts for the liabilities for retirement benefits based on the projected benefit obligations net of plan assets at the balance sheet date. The transitional unrecognized net retirement benefit obligation for the Bank of ¥9,081 million is being amortized using the straight-line method over 15 years.

(p) Reserve for Loss on Disposition of Premises and Equipment
The reserve for loss on disposition of premises and equipment includes the estimated amount of loss reasonably calculated based on quotations, etc. with respect to expenses for the move of branches and/or offices.

(q) Reserve for Loss on Sale of Bonds
The reserve for loss on sale of bonds is established when the Bank officially plans a sale of specific bonds, and is determined based on the estimated loss on the sale of bonds net of the gain or loss on the cancellation of derivatives designated as hedges for those bonds.

(r) Reserve under Special Law
The reserve under special law is provided for contingent liabilities from brokering of securities transactions in accordance with Article 51 of the Securities and Exchange Law of Japan.

(s) Accounting for Lease Transactions as Lessee
Under Japanese accounting standards for leases, finance leases where the ownership of the property is deemed to transfer to the lessee are capitalized, while other finance leases can be accounted for as operating leases if the required as if "capitalized" information is disclosed in the notes to the consolidated interim financial statements. All leases entered into by the Bank and its consolidated domestic subsidiaries as lessee have been accounted for as operating leases.

(t) Accounting for Lease Transactions as Lessor
Lease and rental income is recognized at the due date of each lease payment according to the lease contracts. Leased assets held by consolidated domestic subsidiaries as lessor are amortized using the straight-line method over the leasing periods.

(u) Installment Sales Finance and Credit Guarantees
Fees from customers of installment sales finance have principally been prorated by the respective number of installments, and the prorated amounts have been recognized as income either when they become due (the "sum-of-the-months digits method"), or otherwise have been recognized using the credit-balance method depending on the contract terms.

Fees from credit guarantees have been recognized either by the sum-of-the-months digits method, by the straight-line method, or by the credit-balance method depending on the contract terms.

(v) Income Taxes
Deferred income taxes relating to temporary differences between financial reporting and tax bases of assets and liabilities and tax loss carryforwards have been recognized. The asset and liability approach is used to recognize deferred income taxes.

The Bank files its corporate income tax return under the consolidated corporation tax system, which allows companies to base tax payments on the combined profits and losses of the Bank and its wholly owned domestic subsidiaries.

A valuation allowance is recognized for any portion of the deferred tax assets where it is considered more likely than not that it will not be realized.

(w) Appropriation of Retained Earnings
Cash dividends and transfers to legal reserve are recorded in the period that the relevant proposed appropriation of retained earnings is approved by the Board of Directors and noticed at the general meeting of shareholders.

(x) Derivatives and Hedge Accounting
Derivatives are stated at fair value. Derivative transactions that meet the hedge accounting criteria are primarily accounted for under a deferral method whereby unrealized gains and losses are deferred as assets or liabilities until the profits and losses on the hedged items are realized.

The gross amounts of deferred hedge losses and deferred hedge gains recorded as a result of deferral hedge accounting were ¥1,914 million (U.S.$16,914 thousand) and ¥4,396 million (U.S.$38,831 thousand) as of September 30, 2005 and ¥6,978 million and ¥4,328 million as of September 30, 2004, respectively. The net amounts were included in either other assets or other liabilities.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the net payments or receipts under the swap agreements are recognized and included in interest expense or income.

(i) Hedge of interest rate risks
Prior to April 1, 2003, the Bank principally applied a "macro hedge" approach for interest rate derivatives used to manage interest rate risks, and its ALM activities based on the transitional treatment prescribed in Industry Audit Committee Report No. 24 issued by the Japanese Institute of Certified Public Accountants (the "JICPA"). Effective April 1, 2003, the Bank adopted portfolio hedging in accordance with Report No. 24. Under portfolio hedging, a portfolio of hedged items such as deposits or loans with common maturities is matched with a group of hedging instruments such as interest rate swaps, which offset the effect of fair value fluctuations of the hedged items by identified maturities, and are designated as a hedge of the portfolio. The effectiveness of the portfolio hedge is accessed by each group.

Deferred hedge losses and deferred hedge gains previously recorded on the consolidated balance sheet as a result of macro hedge accounting are being amortized as expenses or income over the remaining lives of the hedging instruments. The unamortized balances of deferred hedge losses and deferred hedge gains attributable to macro hedge accounting were ¥124 million (U.S.$1,104 thousand) and ¥70 million (U.S.$621 thousand) as of September 30, 2005 and ¥1,199 million and ¥717 million as of September 30, 2004, respectively. The net amounts were included in deferred losses on derivatives for hedging purposes in other assets.

The consolidated domestic leasing subsidiaries partly apply deferral hedge accounting in accordance with Industry Audit Committee Report No. 19 of the JICPA.

(ii) Hedge of foreign exchange fluctuation risks
Fund swap and certain currency swap transactions are accounted for using either deferral hedge accounting or fair value hedge accounting in accordance with Industry Audit Committee Report No. 25 of the JICPA. Fund swap transactions are foreign exchange swaps, and consist of spot foreign exchange contracts bought or sold and forward foreign exchange contracts sold or bought. Such transactions are contracted for the purpose of lending or borrowing in a different currency. Fund swap transactions are used to convert the principal equivalent amount into spot foreign exchange contracts bought or sold with regard to the corresponding fund borrowing or lending. Such transactions convert the corresponding principal equivalents and foreign currency equivalents to pay and receive, whose amounts and due dates are predetermined at the time of the transactions, into forward foreign exchange contracts bought or sold.

Under deferral hedge accounting, hedged items are identified by grouping the foreign currency-denominated financial assets and liabilities by currencies and designating derivative transactions such as currency swap transactions and forward exchange contracts as hedging instruments. Hedge effectiveness is reviewed by comparing the total foreign currency position of the hedged items and hedging instruments by currency.

The Bank also applies deferral hedge accounting and fair value hedge accounting to translation gains or losses from foreign currency assets of net investments in foreign affiliates and securities available-for-sale (other than bonds denominated in foreign currencies) when such foreign currency exposures recorded as assets are hedged with offsetting foreign currency liabilities and the liabilities exceed the acquisition cost of such foreign currency assets.

(iii) Inter-company and intra-company derivative transactions
Gains/losses on inter-company and intra-company derivative hedging transactions between the trading book and the banking book are not eliminated since offsetting transactions with third parties are appropriately entered into in conformity with the non-arbitrary and strict hedging policy in accordance with Industry Audit Committee Reports No. 24 and No. 25. As a result, in the banking book, realized gains/losses on such inter-company and intra-company transactions are reported in current earnings and valuation gains/losses are deferred as assets/liabilities. On the other hand, in the trading book, realized gains/losses and valuation gains/losses on such inter-company and intra-company transactions are substantially offset with covering contracts entered into with third parties.

(y) Per Share Information
Basic net income per common share calculations represent net income available to common shareholders, divided by the weighted average number of outstanding shares of common stock during the respective period, retroactively adjusted for stock splits and/or reverse stock splits.

Diluted net income per common share calculations consider the dilutive effect of common stock equivalents, which include preferred shares and stock acquisition rights, assuming that all preferred shares were converted into common stock at the beginning of the period with an applicable adjustment for related dividends on preferred stock, and that stock acquisition rights were fully exercised at the time of the beginning of the period.

Cash dividends per common share and per Class A and Class B preferred shares presented in the accompanying consolidated interim statements of income are interim dividends applicable to the respective periods to be paid after the end of the periods, which are retroactively adjusted for stock splits and/or reverse stock splits.

(z) Reclassifications
Certain reclassifications have been made to the consolidated interim financial statements for the six months ended September 30, 2004 to conform to the presentation for the six months ended September 30, 2005.

3. Cash and Cash Equivalents

The reconciliation of cash and cash equivalents at end of period and cash and due from banks in the consolidated interim balance sheets as of September 30, 2005 and 2004 was as follows:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	**2005**
Cash and due from banks	**¥352,584**	¥ 468,901	**$3,114,425**
Interest-bearing deposits included in due from banks	**(86,518)**	(273,951)	**(764,231)**
Cash and cash equivalents at end of period	**¥266,065**	¥ 194,950	**$2,350,194**

4. Other Monetary Claims Purchased

(a) Other monetary claims purchased as of September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	**2005**
Trading purposes	**¥151,471**	¥151,674	**$1,337,967**
Other	**92,916**	82,207	**820,745**
Total	**¥244,387**	¥233,881	**$2,158,712**

(b) The fair value and unrealized gain or loss of other monetary claims purchased for trading purposes as of September 30, 2005 and 2004 were as follows:

	Millions of yen				Thousands of U.S. dollars	
	As of September 30,					
	2005		2004		**2005**	
	Fair value	Unrealized loss	Fair value	Unrealized gain	Fair value	Unrealized loss
Trading purposes	**¥151,471**	**¥(805)**	¥151,674	¥1,464	**$1,337,968**	**$(7,114)**

5. Trading Assets

Trading assets as of September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	**2005**
Trading securities	**¥ 4,656**	¥269,369	**$ 41,132**
Derivatives for trading securities	**8,261**	1,287	**72,976**
Securities held to hedge trading transactions	**41,833**	101,045	**369,521**
Derivatives for securities held to hedge trading transactions	**854**	—	**7,549**
Trading-related financial derivatives	**64,269**	71,931	**567,706**
Total	**¥119,876**	¥443,634	**$1,058,884**

6. Monetary Assets Held in Trust

(a) Monetary assets held in trust as of September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	**2005**
Trading purposes	**¥223,233**	¥353,431	**$1,971,854**
Other	**170,460**	76,157	**1,505,704**
Total	**¥393,694**	¥429,588	**$3,477,558**

(b) The fair value and unrealized loss of monetary assets held in trust for trading purposes as of September 30, 2005 and 2004 were as follows:

	Millions of yen				Thousands of U.S. dollars	
	As of September 30,					
	2005		2004		**2005**	
	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Trading purposes	**¥223,233**	**¥(6,071)**	¥353,431	¥(3,428)	**$1,971,854**	**$(53,630)**

(c) The acquisition cost and the book value of monetary assets held in trust for other than trading purposes as of September 30, 2005 and 2004 were as follows:

	Millions of yen							
	As of September 30, 2005				As of September 30, 2004			
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Book value	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Book value
Other	**¥170,460**	**¥ —**	**¥ —**	**¥170,460**	¥76,157	¥ —	¥ —	¥76,157

	Thousands of U.S. dollars			
	As of September 30, 2005			
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Book value
Other	**$1,505,704**	**$ —**	**$ —**	**$1,505,704**

7. Securities

(a) Securities as of September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	**2005**
Trading securities	**¥ 76,341**	¥ 54,611	**$ 674,337**
Securities being held to maturity	**160,534**	1,520	**1,418,027**
Securities available-for-sale:			
Marketable securities, at fair value	**1,163,046**	1,167,023	**10,273,351**
Securities whose fair value is not readily determinable, at amortized cost	**253,653**	111,210	**2,240,561**
Equity securities of unconsolidated subsidiaries, at cost and affiliates using the equity method	**24,714**	5,475	**218,308**
Total	**¥1,678,291**	¥1,339,840	**$14,824,584**

The above balances do not include securities held in relation to securities borrowing transactions with or without cash collateral, securities purchased under resale agreements or securities accepted as collateral based on derivative transactions, where the Group has the right to sell or pledge such securities without restrictions. The balances of those securities as of September 30, 2005 and 2004 were ¥25,479 million (U.S.$225,065 thousand) and ¥145,169 million, respectively.

(b) The amortized cost and the fair value of marketable securities (other than trading securities) as of September 30, 2005 and 2004 were as follows:

	Millions of yen							
	As of September 30, 2005				As of September 30, 2004			
	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value
Securities being held to maturity:								
Japanese national government bonds	**¥ 160,534**	**¥ 0**	**¥ 793**	**¥ 159,741**	¥ 20	¥ 0	¥ —	¥ 21
Japanese corporate bonds	**—**	**—**	**—**	**—**	1,499	—	—	1,499
Total	**¥ 160,534**	**¥ 0**	**¥ 793**	**¥ 159,741**	¥ 1,520	¥ 0	¥ —	¥ 1,520
Securities available-for-sale:								
Equity securities	**¥ 16,604**	**¥4,502**	**¥ 223**	**¥ 20,883**	¥ 7,011	¥1,165	¥ 5	¥ 8,172
Japanese national government bonds	**469,996**	**8**	**2,474**	**467,531**	863,385	628	614	863,414
Japanese local government bonds	**166,163**	**0**	**80**	**166,083**	76,903	5	42	76,867
Japanese corporate bonds	**367,908**	**109**	**102**	**367,915**	97,438	166	90	97,514
Other, mainly foreign debt securities	**137,424**	**4,143**	**743**	**140,632**	116,468	5,500	893	121,055
Total	**¥1,158,097**	**¥8,763**	**¥3,623**	**¥1,163,046**	¥1,161,208	¥7,466	¥1,645	¥1,167,023

	Thousands of U.S. dollars			
	As of September 30, 2005			
	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value
Securities being held to maturity:				
Japanese national government bonds	**$ 1,418,027**	**$ 3**	**$ 7,010**	**$ 1,411,020**
Japanese corporate bonds	**—**	**—**	**—**	**—**
Total	**$ 1,418,027**	**$ 3**	**$ 7,010**	**$ 1,411,020**
Securities available-for-sale:				
Equity securities	**$ 146,671**	**$39,771**	**$ 1,976**	**$ 184,466**
Japanese national government bonds	**4,151,549**	**79**	**21,857**	**4,129,771**
Japanese local government bonds	**1,467,747**	**2**	**709**	**1,467,041**
Japanese corporate bonds	**3,249,786**	**964**	**903**	**3,249,846**
Other, mainly foreign debt securities	**1,213,888**	**36,597**	**6,566**	**1,242,227**
Total	**$10,229,641**	**$77,413**	**$32,011**	**$10,273,351**

Individual securities are written down when a decline in fair value below the cost of such securities is deemed to be other than temporary. Impaired loss for the six months ended September 30, 2004 was ¥1,099 million.

Gross unrealized gains and losses as of September 30, 2005 and 2004, as presented above, do not include the valuation gains or losses related to certain securities with embedded derivatives, which are carried at ¥191 million (loss) (U.S.$1,691 thousand) and ¥6 million (loss), respectively, and for which the gains or losses have been recorded in other business income (losses).

(c) Securities available-for-sale sold during the six months ended September 30, 2005 and 2004 were as follows:

	Millions of yen					
	Six months ended September 30, 2005			Six months ended September 30, 2004		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Securities available-for-sale	**¥361,094**	**¥2,685**	**¥2,228**	¥291,923	¥1,883	¥1,977

	Thousands of U.S. dollars		
	Six months ended September 30, 2005		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Securities available-for-sale	**$3,189,602**	**$23,722**	**$19,685**

(d) In addition to the above, profit and loss resulting from the cancellation of derivative instruments executed to hedge these investments was recorded in other business income (losses) for the six months ended September 30, 2004.

The amortized cost of securities available-for-sale whose fair value is not readily determinable as of September 30, 2005 and 2004 was as follows:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	**2005**
Equity securities	**¥ 5,376**	¥ 5,525	**$ 47,494**
Japanese local government bonds	**105**	—	**932**
Japanese corporate bonds	**215,327**	75,438	**1,902,014**
Foreign securities	**23,846**	30,175	**210,636**
Other	**8,998**	71	**79,484**
Total	**¥253,653**	¥111,210	**$2,240,560**

(e) Redemption schedules for held-to-maturity and available-for-sale securities with maturity as of September 30, 2005 and 2004 were as follows:

	Millions of yen							
	As of September 30, 2005				As of September 30, 2004			
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Bonds:								
Japanese national government bonds	**¥289,842**	**¥203,190**	**¥ 80,520**	**¥54,513**	¥423,558	¥386,139	¥22,270	¥31,465
Japanese local government bonds	**165,066**	**1,113**	**9**	**—**	76,857	4	9	—
Japanese corporate bonds	**352,558**	**228,745**	**1,937**	**—**	63,134	94,079	17,224	13
Subtotal	**807,467**	**433,049**	**82,466**	**54,513**	563,550	480,223	39,504	31,478
Other	**5,623**	**98,680**	**42,323**	**17,708**	6,301	73,466	57,309	4,673
Total	**¥813,091**	**¥531,730**	**¥124,789**	**¥72,221**	¥569,852	¥553,690	¥96,814	¥36,152

	Thousands of U.S. dollars			
	As of September 30, 2005			
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Bonds:				
Japanese national government bonds	**$2,560,222**	**$1,794,808**	**$ 711,245**	**$481,523**
Japanese local government bonds	**1,458,052**	**9,838**	**82**	**—**
Japanese corporate bonds	**3,114,204**	**2,020,542**	**17,115**	**—**
Subtotal	**7,132,478**	**3,825,188**	**728,442**	**481,523**
Other	**49,675**	**871,662**	**373,845**	**156,421**
Total	**$7,182,153**	**$4,696,850**	**$1,102,287**	**$637,944**

8. Loans and Bills Discounted

Loans and bills discounted as of September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	**2005**
Loans on deeds	**¥3,184,555**	¥2,425,559	**$28,129,629**
Loans on bills	**137,248**	268,421	**1,212,338**
Bills discounted	**70**	188	**619**
Overdrafts	**506,196**	380,474	**4,471,307**
Total	**¥3,828,070**	¥3,074,644	**$33,813,893**

(a) Loans and bills discounted include loans to bankrupt obligors totaling ¥3,348 million (U.S.$29,581 thousand) and ¥7,806 million as of September 30, 2005 and 2004, respectively, as well as non-accrual delinquent loans totaling ¥48,209 million (U.S.$425,842 thousand) and ¥61,326 million as of September 30, 2005 and 2004, respectively.

Non-accrual delinquent loans include loans classified as "possibly bankrupt" and "virtually bankrupt" under the Bank's self-assessment guidelines.

In addition to non-accrual delinquent loans as defined, certain other loans classified as "substandard" under the Bank's self-assessment guidelines include past due loans (three months or more).

Past due loans (three months or more) consist of loans for which the principal and/or interest is three months or more past due but exclude loans to bankrupt obligors and non-accrual delinquent loans. The balances of past due loans (three months or more) as of September 30, 2005 and 2004 were ¥2,530 million (U.S.$22,352 thousand) and ¥4,895 million, respectively.

Restructured loans are loans where the Group relaxes lending conditions, such as by reducing the original interest rate, or by forbearing interest payments or principal repayments to support the borrower's reorganization, but exclude loans to bankrupt obligors, non-accrual delinquent loans or past due loans (three months or more). The outstanding balances of restructured loans as of September 30, 2005 and 2004 were ¥36,068 million (U.S.$318,596 thousand) and ¥22,912 million, respectively.

(b) The total outstanding amounts deducted from the loan account for loan participations as of September 30, 2005 and 2004 were ¥127,911 million (U.S.$1,129,862 thousand) and ¥157,386 million, respectively. This "off-balance sheet" treatment was in accordance with guidelines issued by the JICPA.

(c) The amount of loans sold through senior certificates under a collateralized loan obligation ("CLO") securitization totaled ¥252,812 million (U.S.$2,233,130 thousand) and ¥327,289 million as of September 30, 2005 and 2004, respectively, with the subordinated certificates retained by the Bank totaling ¥97,856 million (U.S.$864,382 thousand) and ¥121,564 million as of September 30, 2005 and 2004, respectively, recorded as loans.

A reserve for credit losses was established based on the aggregate amount of the senior and subordinated certificate portions described above, taking into consideration all credit risks to be absorbed by the subordinated certificates.

(d) Bills discounted, such as bank acceptances bought, commercial bills discounted, documentary bills and foreign exchange contracts bought, are accounted for as financing transactions in accordance with Industry Audit Committee Report No. 24 of the JICPA, although the Bank has the right to sell or pledge them without restrictions. The face values of such bills discounted held as of September 30, 2005 and 2004 were ¥75 million (U.S.$671 thousand) and ¥199 million, respectively.

9. Other Assets

Other assets as of September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	**2005**
Accrued income	**¥ 36,423**	¥ 33,285	**$ 321,735**
Prepaid expenses	**6,227**	2,197	**55,004**
Fair value of derivatives	**21,589**	22,689	**190,701**
Deferred losses on derivatives for hedging purposes	**—**	2,649	**—**
Financial stabilization fund contribution	**70,239**	70,239	**620,431**
Accounts receivable	**70,506**	167,260	**622,797**
Installment receivables	**415,677**	216,354	**3,671,740**
Intangible assets	**72,654**	70,222	**641,763**
Intangible leased assets	**42,792**	—	**377,993**
Other	**132,311**	126,902	**1,168,727**
Total	**¥868,421**	¥711,800	**$7,670,891**

As of September 30, 2004, shares of investment limited liability associations were included in "other" in "other assets." As of September 30, 2005, they are included in "securities" since the investment shares have been defined as securities under "The Law which Revises the Parts of the Securities Exchange Act, etc." (June 9, 2004, Law No. 97). Such investments were ¥16,426 million (U.S.$152,964 thousand) as of September 30, 2005.

Installment receivables in other assets include credits to bankrupt obligors totaling ¥1,860 million (U.S.$16,437 thousand), non-accrual delinquent credit totaling ¥5,373 million (U.S.$47,460 thousand), past due credits (three months or more) of ¥1,068 million (U.S.$9,435 thousand), and restructured credit of ¥17,634 million (U.S.$155,769 thousand) as of September 30, 2005 and credits to bankrupt obligors totaling ¥156 million and non-accrual delinquent credits totaling ¥2,281 million as of September 30, 2004.

10. Premises and Equipment

Premises and equipment as of September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	**2005**
Land	**¥ 43,597**	¥ 41,344	**$ 385,104**
Buildings	**49,000**	46,021	**432,828**
Equipment	**15,204**	13,443	**134,299**
Security deposits	**16,006**	17,409	**141,387**
Tangible leased assets	**367,521**	—	**3,246,368**
Other	**1,054**	703	**9,317**
Subtotal	**492,384**	118,921	**4,349,303**
Accumulated depreciation	**(72,980)**	(12,706)	**(644,647)**
Net book value	**¥419,404**	¥106,215	**$3,704,656**

11. Reserve for Credit Losses

Reserve for credit losses as of September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	**2005**
Reserve for loan losses:			
General reserve	**¥ 76,074**	¥ 50,070	**$ 671,979**
Specific reserve	**46,322**	52,743	**409,174**
Reserve for loans to restructuring countries	**16**	10	**144**
Subtotal	**122,413**	102,824	**1,081,297**
Specific reserve for other credit losses	**33,566**	54,773	**296,499**
Total	**¥155,980**	¥157,597	**$1,377,796**

12. Deposits, including Negotiable Certificates of Deposit

Deposits, including negotiable certificates of deposit, as of September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	**2005**
Current	**¥ 46,541**	¥ 13,367	**$ 411,106**
Ordinary	**1,083,890**	781,697	**9,574,160**
Notice	**19,491**	21,202	**172,173**
Time	**2,148,625**	1,592,457	**18,979,115**
Negotiable certificates of deposit	**319,292**	476,336	**2,820,358**
Other	**346,548**	283,769	**3,061,112**
Total	**¥3,964,390**	¥3,168,831	**$35,018,024**

13. Debentures

Debentures as of September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	**2005**
Coupon debentures	**¥1,176,827**	¥1,273,525	**$10,395,085**
Discount debentures	**4,901**	59,685	**43,294**
Total	**¥1,181,728**	¥1,333,211	**$10,438,379**

Annual maturities of debentures as of September 30, 2005 were as follows:

	Millions of yen	Thousands of U.S. dollars
	As of September 30, 2005	
Through the year ending September 30,		
2006	¥ 513,716	$ 4,537,734
2007	136,619	1,206,778
2008	183,636	1,622,090
2009	167,368	1,478,388
2010 and thereafter	180,387	1,593,389
Total	¥1,181,728	$10,438,379

14. Trading Liabilities

Trading liabilities as of September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	**2005**
Derivatives for trading securities	**¥ 3,921**	¥ —	**$ 34,642**
Securities related to trading transactions sold for short sales	**217**	—	**1,919**
Derivatives for securities held to hedge trading transactions	**952**	2	**8,416**
Trading-related financial derivatives	**74,402**	72,298	**657,208**
Other	**588**	205	**5,200**
Total	**¥80,083**	¥72,506	**$707,385**

15. Borrowed Money

Borrowed money as of September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	**2005**
Subordinated debt	**¥ 185,000**	¥194,000	**$ 1,634,131**
Borrowings from the Bank of Japan and other financial institutions	**981,966**	462,108	**8,673,846**
Total	**¥1,166,966**	¥656,108	**$10,307,977**

Annual maturities of borrowed money as of September 30, 2005 were as follows:

	Millions of yen	Thousands of U.S. dollars
	As of September 30, 2005	
Through the year ending September 30,		
2006	¥ 506,720	$ 4,475,933
2007	154,812	1,367,478
2008	88,429	781,112
2009	26,277	232,110
2010 and thereafter	390,726	3,451,344
Total	¥1,166,966	$10,307,977

16. Foreign Exchanges

The assets and liabilities related to foreign currency trade financing activities of the Bank as of September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	2005
Foreign exchange assets:			
Foreign bills bought	¥ 5	¥ 10	$ 52
Foreign bills receivable	4,526	2,249	39,983
Due from foreign banks	8,349	10,101	73,753
Total	¥12,881	¥12,361	$113,788
Foreign exchange liabilities:			
Foreign bills payable	¥168	¥10	$1,490
Due to foreign banks	1	1	17
Total	¥170	¥12	$1,507

17. Corporate Bonds

Corporate bonds as of September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	2005
Subordinated bonds	¥70,270	¥24,107	$620,711
Corporate bonds	11,745	5,420	103,753
Total	¥82,016	¥29,528	$724,464

Annual maturities of corporate bonds as of September 30, 2005 were as follows:

	Millions of yen	Thousands of U.S. dollars
	As of September 30, 2005	
Through the year ending September 30,		
2006	¥ —	$ —
2007	566	5,000
2008	2,172	19,188
2009	4,755	42,004
2010 and thereafter	74,522	658,272
Total	¥82,016	$724,464

18. Other Liabilities

Other liabilities as of September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	2005
Accrued expenses	¥ 47,350	¥ 45,126	$ 418,249
Unearned income	2,295	8,478	20,276
Income taxes payable	2,452	1,187	21,661
Fair value of derivatives	16,586	20,238	146,515
Matured debentures, including interest	38,733	49,043	342,140
Deferred gains on derivatives for hedging purposes	2,481	—	21,916
Suspense receipts	46,044	84,872	406,718
Due to trust account	85,938	51,780	759,111
Accounts payable	251,814	357,661	2,224,312
Other	8,145	187,089	71,949
Total	¥501,842	¥805,479	$4,432,847

19. Acceptances and Guarantees

Acceptances and guarantees as of September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	2005
Guarantees	¥1,002,414	¥1,237,714	$8,854,467
Letters of credit	47	87	424
Total	¥1,002,462	¥1,237,801	$8,854,891

20. Assets Pledged as Collateral

Assets pledged as collateral and debts collateralized as of September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	2005
Assets:			
Cash and due from banks	¥ 10	¥ 2,102	$ 88
Trading assets	—	44,942	—
Monetary assets held in trust	—	21,268	—
Securities	325,269	594,422	2,873,148
Loans and bills discounted	102	3,670	901
Other assets	1,329	74,202	11,740
Premises and equipment	321	—	2,840
Debts:			
Deposits, including negotiable certificates of deposit	¥ 5,457	¥ 6,045	$ 48,211
Payables under repurchase agreements	—	44,994	—
Collateral related to securities lending transactions	5,672	—	50,103
Borrowed money	3,276	85,347	28,937
Other liabilities	1,225	2,056	10,827
Acceptances and guarantees	—	2,092	—

A total of ¥1,962 million (U.S.$17,335 thousand) of unearned lease claims are pledged as collateral for the above-mentioned borrowed money as of September 30, 2005.

In addition, ¥125,870 million (U.S.$1,111,834 thousand) of securities as of September 30, 2005, and ¥141,141 million of securities as of September 30, 2004 were pledged as collateral for transactions, including exchange settlements, swap transactions and the replacement of margin for futures trading.

Also, ¥7,899 million (U.S.$69,778 thousand) and ¥3,263 million of margin deposits for futures transactions outstanding were included in other assets as of September 30, 2005 and 2004, respectively.

21. Change in Conversion Price

The Bank's common shareholders approved a 1-for-2 reverse common stock split at the general meeting of shareholders held on June 25, 2003. Consequently, as of July 29, 2003, the capital stock of the Bank consisted of 1,358,537 thousand shares of common stock, 74,528 thousand shares of Class A preferred stock and 600,000 thousand shares of Class B preferred stock.

The Bank's common shareholders approved the amendment of the conversion conditions of preferred stock simultaneously at the general meeting of shareholders held on June 25, 2003. Consequently, as of July 29, 2003, the conversion conditions of preferred stock were amended as follows:

- For Class A preferred shares, the conversion price is changed to ¥360 from ¥180, and the maximum number of shares of common stock to one share of preferred stock is changed to two shares from four shares at the time of simultaneous conversion to common stock.
- For Class B preferred shares, the minimum conversion price is changed to ¥600 from ¥300, and the maximum number of shares of common stock to one share of preferred stock at the time of simultaneous conversion to common stock is changed to 2/3 shares from 4/3 shares, and the minimum is changed to 1/2 share from one share.

In addition, due to the issuance of stock options as of July 1, 2004, the minimum conversion price is changed to ¥599.90 from ¥600, and the maximum conversion price is changed to ¥799.90 from ¥800 for Class B preferred shares as per the market price methodology in the terms and conditions.

22. Stock Acquisition Rights and Acquisitions of Treasury Stock

(a) Stock Acquisition Rights

The Bank issues stock acquisition rights as a stock option plan to directors (except for outside directors), statutory executive officers and employees of the Bank as well as directors (except for outside directors) and employees of its wholly owned subsidiaries.

Stock acquisition rights provide eligible individuals (the "holders") the right to purchase common stock of the Bank without any considerations at an exchange rate of one thousand common shares to one stock acquisition right. The amount of money to be paid upon exercising stock acquisition rights is the amount calculated by multiplying the payment amount per share (the "exercise price") and the number of common shares that can be purchased through the exercise of one stock acquisition right. Conditions are stipulated in the "Agreement on the Grant of Stock Acquisition Rights" entered into between the Bank and the holders to whom stock acquisition rights were allotted based on the resolution of the general meeting of shareholders and the meetings of the Board of Directors which resolves the issuance of stock acquisition rights.

Based on the resolution of the annual general meeting of shareholders on June 24, 2004, the Bank issued 9,891 stock acquisition rights, which are exchangeable for up to 9,891,000 common shares, between July 1, 2004 and June 1, 2005. The exercise period is from July 1, 2006 to June 23, 2014 and the exercise prices vary from ¥551 to ¥697.

At the annual general meeting of shareholders on June 24, 2005, the Bank obtained approval for the issuance of up to a total of 24,000 acquisition rights. Based on this approval, the Bank has already issued 9,836 stock acquisition rights, which are exchangeable for up to 9,836,000 common shares, as shown in the following schedule. Under this approval, the remaining 14,164 stock acquisition rights, which are exchangeable for up to 14,164,000 common shares, may be issued by the closing of the next annual general meeting of shareholders scheduled to be held in June 2006.

Date of issuance	Total number of stock acquisition rights issued	Total number of directors and employees	Exercise period	Exercise price
June 27, 2005	4,922	462	July 1, 2007–June 23, 2015	¥601
June 27, 2005	2,856	40	July 1, 2005–June 23, 2015	¥601
June 27, 2005	1,287	135	July 1, 2007–June 23, 2015	¥601
June 27, 2005	561	35	July 1, 2005–June 23, 2015	¥601
September 28, 2005	157	2	July 1, 2007–June 23, 2015	¥697
September 28, 2005	53	2	July 1, 2007–June 23, 2015	¥697

(b) Acquisitions of Treasury Stock

At the annual general meeting of shareholders on June 24, 2005, the Bank obtained approval to acquire up to 25 million common shares of the Bank at an aggregate acquisition price of ¥17.5 billion as treasury stock in order to implement the stock option plan, and in order to conduct flexible capital management in response to changes in the business environment. The acquisitions can be made during the period from the closing of the annual general meeting of shareholders on June 24, 2005, to the closing of the immediately following annual general meeting of shareholders.

23. Net Trading Income

Net trading income for the six months ended September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30,		
	2005	2004	**2005**
Income from trading securities	**¥ 2,828**	¥ 1,307	**$ 24,985**
Income from securities held to hedge trading transactions	**1,527**	797	**13,493**
Income from trading-related financial derivatives	**8,435**	13,136	**74,511**
Other, net	**(47)**	83	**(423)**
Total	**¥12,743**	¥15,325	**$112,566**

24. Other Business Income, Net

"Other, net" in other business income, net, for the six months ended September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30,		
	2005	2004	**2005**
Net gain on other monetary claims purchased for trading purposes	**¥ 7,255**	¥ 9,544	**$ 64,088**
Losses from derivatives for banking purposes, net	**(1,413)**	(794)	**(12,486)**
Equity in net income of affiliates	**2,056**	141	**18,163**
Income from equity-related derivatives	**145**	212	**1,283**
Amortization of deferred issuance cost for debentures	**(177)**	(120)	**(1,568)**
Income on leased assets and installment receivables	**23,656**	1,104	**208,966**
Other, net	**1,856**	1,984	**16,402**
Total	**¥33,379**	¥12,073	**$294,848**

25. Net Credit Costs (Recoveries)

Net credit costs (recoveries) for the six months ended September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30,		
	2005	2004	**2005**
Losses on write-off of loans	**¥ 10,511**	¥ 972	**$ 92,850**
Net provision (reversal) of reserve for loan losses:			
Net provision (reversal) of general reserve for loan losses	**27,644**	(10,480)	**244,189**
Net (reversal) provision of specific reserve for loan losses	**(26,296)**	234	**(232,285)**
Net provision of reserve for loans to restructuring countries	**10**	4	**95**
Subtotal	**1,358**	(10,241)	**11,999**
Net provision (reversal) of specific reserve for other credit losses	**1,105**	(2,539)	**9,766**
Losses on write-off of bonds	**169**	—	**1,500**
Provision of reserve for loss on sale of bonds	**—**	1,157	**—**
Other, net	**1,417**	—	**12,517**
Total	**¥ 14,562**	¥(10,650)	**$ 128,632**

26. Other Gains (Losses), Net

Other gains (losses), net, for the six months ended September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30,		
	2005	2004	**2005**
Net loss on disposal of premises and equipment	**¥ (62)**	¥ (367)	**$ (550)**
Pension-related costs	**(620)**	(2,225)	**(5,478)**
Gain on prescription of debentures	**112**	70	**992**
Recoveries of written-off claims	**303**	86	**2,684**
Provision for loss on disposition of premises and equipment	**—**	(153)	**—**
Gain on sale of subsidiary's stock	**2,371**	—	**20,944**
Other, net	**(450)**	(523)	**(3,980)**
Total	**¥1,654**	¥(3,112)	**$14,612**

27. Lease Transactions

(a) Finance lease transactions, under which the ownership of the property is not deemed to transfer to the lessee, as of September 30, 2005 and 2004 consisted of the following:

As Lessee

The assumed amounts of acquisition cost, accumulated depreciation and net balance of leased assets as of September 30, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
Leased assets	**2005**	2004	**2005**
Acquisition cost:			
Equipment	**¥2,871**	¥2,355	**$25,360**
Other	**219**	243	**1,942**
Total	**¥3,090**	¥2,599	**$27,302**
Accumulated depreciation:			
Equipment	**¥ 700**	¥ 104	**$ 6,190**
Other	**123**	116	**1,092**
Total	**¥ 824**	¥ 221	**$ 7,282**
Net balance:			
Equipment	**¥2,170**	¥2,251	**$19,170**
Other	**96**	126	**850**
Total	**¥2,266**	¥2,378	**$20,020**

Lease obligations as of September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	**2005**
Obligations:			
Due within one year	**¥ 746**	¥ 655	**$ 6,598**
Due after one year	**1,592**	1,804	**14,065**
Total	**¥2,339**	¥2,459	**$20,663**

For the six months ended September 30, 2005 and 2004, total lease payments were ¥418 million (U.S.$3,697 thousand) and ¥39 million, assumed depreciation expenses were ¥382 million (U.S.$3,375 thousand) and ¥39 million and assumed interest expenses were ¥40 million (U.S.$362 thousand) and ¥1 million, respectively.

Assumed depreciation expense is calculated using the straight-line method over the useful life of the respective leased assets with zero residual value. The difference between total lease payments and the assumed acquisition cost of leased assets is charged to assumed interest expense, and is allocated to each period using the interest method.

As Lessor

Acquisition cost, accumulated depreciation and net balance of leased assets as of September 30, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
Leased assets	**2005**	2004	**2005**
Acquisition cost:			
Equipment	**¥332,676**	¥5,118	**$2,938,576**
Other	**59,069**	530	**521,773**
Total	**¥391,746**	¥5,649	**$3,460,349**
Accumulated depreciation:			
Equipment	**¥ 53,965**	¥ —	**$ 476,685**
Other	**9,376**	—	**82,824**
Total	**¥ 63,342**	¥ —	**$ 559,509**
Net balance:			
Equipment	**¥278,710**	¥5,118	**$2,461,891**
Other	**49,693**	530	**438,949**
Total	**¥328,404**	¥5,649	**$2,900,840**

Future lease payment receivables as of September 30, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	**2005**
Future lease payment receivables:			
Due within one year	**¥116,976**	¥2,066	**$1,033,268**
Due after one year	**227,282**	4,196	**2,007,620**
Total	**¥344,258**	¥6,262	**$3,040,888**

Total lease revenues were ¥72,765 million (U.S.$642,749 thousand), depreciation expenses were ¥62,151 million (U.S.$548,992 thousand), and assumed interest income was ¥7,508 million (U.S.$66,320 thousand) for the six months ended September 30, 2005.

Depreciation expense is calculated using the straight-line method over the lease term. The differences between total lease revenues and acquisition cost of leased assets were charged to assumed interest income, and were allocated to each period using the interest method.

(b) Non-cancelable operating lease obligations as lessee and future lease payment receivables as lessor as of September 30, 2005 and 2004 consisted of the following:

As Lessee

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	**2005**
Obligations:			
Due within one year	**¥1,298**	¥1,243	**$11,467**
Due after one year	**5,066**	6,192	**44,757**
Total	**¥6,365**	¥7,436	**$56,224**

As Lessor

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2005	2004	**2005**
Future lease payment receivables:			
Due within one year	**¥ 9,418**	¥ 183	**$ 83,193**
Due after one year	**11,447**	1,290	**101,119**
Total	**¥20,865**	¥1,473	**$184,312**

28. Segment Information

(a) Business Segment Information

The Group is engaged in banking and other related activities such as securities, trust and other businesses. Business segment information, however, has not been presented as the percentage of the other activities is not material to the banking business.

(b) Geographic Segment Information

Since the proportion of business that the Group conducts in Japan exceeds 90% of operating income, geographic segment information is not presented.

(c) Foreign Operating Income

Foreign operating income, comprised of transactions at the Bank's overseas branch and income from its consolidated foreign subsidiaries, did not reach 10% of operating income; therefore foreign operating income segment information is not presented.

29. Off-Balance Sheet Lending-Related Financial Instruments

The Bank and certain of its consolidated subsidiaries issue commitments to extend credit and establish credit lines for overdrafts to meet the financing needs of its customers. The unfunded amounts of these commitments were ¥3,579,203 million (U.S.$31,615,616 thousand) and ¥2,662,311 million, as of September 30, 2005 and 2004, out of which the amounts with original agreement terms of less than one year or which were cancelable were ¥3,360,162 million (U.S.$29,680,796 thousand) and ¥2,544,262 million as of September 30, 2005 and 2004, respectively. Since a large majority of these commitments expire without being drawn upon, the unfunded amounts do not necessarily represent future cash requirements. Many of such agreements include conditions granting the Bank and consolidated subsidiaries the right to reject the drawdown or to reduce the amount on the basis of changes in the financial circumstances of the borrower or other reasonable grounds.

In addition, the Bank obtains collateral when necessary to reduce credit risk related to these commitments.

30. Derivative Financial Instruments

(a) Interest Rate-Related Transactions

Interest rate-related transactions as of September 30, 2005 and 2004 were as follows:

	Millions of yen					
	As of September 30, 2005			As of September 30, 2004		
	Contract/ notional principal	Market value	Unrealized gain (loss)	Contract/ notional principal	Market value	Unrealized gain (loss)
Future contracts (listed)	**¥ 22,825**	**¥ 2**	**¥ 2**	¥ 71,784	¥ (24)	¥ (24)
Interest rate options (listed)	**92,363**	**23**	**5**	35,175	11	(17)
Interest rate swaps (over-the-counter)	**6,150,479**	**282**	**282**	6,006,915	10,591	10,591
Interest rate swaptions (over-the-counter)	**3,115,789**	**12,503**	**(9,345)**	1,490,644	10,782	14,602
Interest rate options (over-the-counter)	**745,607**	**(571)**	**(6,181)**	875,423	(723)	2,958
Total		**¥12,241**	**¥(15,236)**		¥20,638	¥28,109

	Thousands of U.S. dollars		
	As of September 30, 2005		
	Contract/ notional principal	Market value	Unrealized gain (loss)
Future contracts (listed)	**$ 201,622**	**$ 24**	**$ 24**
Interest rate options (listed)	**815,860**	**210**	**48**
Interest rate swaps (over-the-counter)	**54,328,055**	**2,496**	**2,496**
Interest rate swaptions (over-the-counter)	**27,522,215**	**110,448**	**(82,550)**
Interest rate options (over-the-counter)	**6,586,059**	**(5,049)**	**(54,603)**
Total		**$108,129**	**$(134,585)**

(1) Derivatives included in the table above were marked to market and the unrealized gains and losses were recorded in income. Derivatives for which hedge accounting was adopted were excluded from the table above.
(2) Reserve for credit risks and liquidity risk of ¥625 million (U.S.$5,521 thousand) and ¥3,849 million (U.S.$34,000 thousand), respectively, which were recorded as of September 30, 2005, are not reflected in the market value shown in the tables in this note.

(b) Currency-Related Transactions

Currency-related transactions as of September 30, 2005 and 2004 were as follows:

	Millions of yen					
	As of September 30, 2005			As of September 30, 2004		
	Contract/ notional principal	Market value	Unrealized gain (loss)	Contract/ notional principal	Market value	Unrealized gain (loss)
Currency swaps (over-the-counter)	**¥154,548**	**¥ (615)**	**¥ (615)**	¥234,389	¥(3,245)	¥(3,245)
Forward foreign exchange contracts (over-the-counter)	**468,529**	**3,589**	**3,589**	269,275	456	456
Currency options (over-the-counter)	**410,431**	**1,718**	**2,957**	128,894	1,942	70
Total		**¥4,691**	**¥5,930**		¥ (846)	¥(2,718)

	Thousands of U.S. dollars		
	As of September 30, 2005		
	Contract/ notional principal	Market value	Unrealized gain (loss)
Currency swaps (over-the-counter)	**$1,365,148**	**$ (5,439)**	**$ (5,439)**
Forward foreign exchange contracts (over-the-counter)	**4,138,586**	**31,707**	**31,707**
Currency options (over-the-counter)	**3,625,398**	**15,176**	**26,121**
Total		**$41,444**	**$52,389**

(1) Derivatives included in the table above were marked to market and the unrealized gains and losses were recorded in income. Derivatives for which hedge accounting was adopted were excluded from the table above.
(2) Fund swap transactions and currency swap transactions for which hedge accounting was adopted in accordance with Industry Audit Committee Report No. 25 of the JICPA were excluded from the table above.

(c) Equity-Related Transactions
Equity-related transactions as of September 30, 2005 and 2004 were as follows:

	Millions of yen					
	As of September 30, 2005			As of September 30, 2004		
	Contract/ notional principal	Market value	Unrealized gain (loss)	Contract/ notional principal	Market value	Unrealized gain (loss)
Equity index futures (listed)	**¥24,760**	**¥1,970**	**¥1,970**	¥ —	¥ —	¥ —
Equity index options (listed)	**14,245**	**1,032**	**1,059**	1,119	753	(94)
Equity options (over-the-counter)	**150,178**	**(3,302)**	**34**	782	9	2
Other (over-the-counter)	**171,999**	**417**	**(686)**	36,695	1,621	1,269
Total		**¥ 118**	**¥2,378**		¥2,384	¥1,177

	Thousands of U.S. dollars		
	As of September 30, 2005		
	Contract/ notional principal	Market value	Unrealized gain (loss)
Equity index futures (listed)	**$ 218,715**	**$17,407**	**$17,407**
Equity index options (listed)	**125,833**	**9,123**	**9,359**
Equity options (over-the-counter)	**1,326,552**	**(29,173)**	**304**
Other (over-the-counter)	**1,519,293**	**3,691**	**(6,063)**
Total		**$ 1,048**	**$21,007**

Derivatives included in the table above were marked to market and the unrealized gains and losses were recorded in income. Derivatives for which hedge accounting was adopted were excluded from the table above.

(d) Bond-Related Transactions
Bond-related transactions as of September 30, 2005 and 2004 were as follows:

	Millions of yen					
	As of September 30, 2005			As of September 30, 2004		
	Contract/ notional principal	Market value	Unrealized gain (loss)	Contract/ notional principal	Market value	Unrealized loss
Bond futures (listed)	**¥25,760**	**¥88**	**¥88**	¥2,895	¥(6)	¥(6)
Bond futures options (listed)	**1,262**	**1**	**(1)**	—	—	—
Total		**¥90**	**¥87**		¥(6)	¥(6)

	Thousands of U.S. dollars		
	As of September 30, 2005		
	Contract/ notional principal	Market value	Unrealized gain (loss)
Bond futures (listed)	**$227,542**	**$785**	**$785**
Bond futures options (listed)	**11,150**	**14**	**(14)**
Total		**$799**	**$771**

Derivatives included in the table above were marked to market and the unrealized gains and losses were recorded in income. Derivatives for which hedge accounting was adopted were excluded from the table above.

(e) Commodity Derivatives Transactions
Commodity derivatives transactions as of September 30, 2005 and 2004 were as follows:

	Millions of yen					
	As of September 30, 2005			As of September 30, 2004		
	Contract/ notional principal	Market value	Unrealized gain	Contract/ notional principal	Market value	Unrealized gain
Commodity swaps (over-the-counter)	**¥—**	**¥—**	**¥—**	¥0	¥0	¥0

	Thousands of U.S. dollars		
	As of September 30, 2005		
	Contract/ notional principal	Market value	Unrealized gain
Commodity swaps (over-the-counter)	**$—**	**$—**	**$—**

Derivatives included in the table above were marked to market and the unrealized gains and losses were recorded in income. Derivatives for which hedge accounting was adopted were excluded from the table above.

(f) Credit Derivatives Transactions

Credit derivatives transactions as of September 30, 2005 and 2004 were as follows:

	Millions of yen					
	As of September 30, 2005			As of September 30, 2004		
	Contract/ notional principal	Market value	Unrealized loss	Contract/ notional principal	Market value	Unrealized loss
Credit default options (over-the-counter)	**¥1,204,300**	**¥(277)**	**¥(277)**	¥543,099	¥(134)	¥(134)

	Thousands of U.S. dollars		
	As of September 30, 2005		
	Contract/ notional principal	Market value	Unrealized loss
Credit default options (over-the-counter)	**$10,637,760**	**$(2,448)**	**$(2,448)**

Derivatives included in the table above were marked to market and the unrealized gains and losses were recorded in income. Derivatives for which hedge accounting was adopted were excluded from the table above.

31. Net Income per Common Share

A reconciliation of the differences between basic and diluted net income per common share ("EPS") for the six months ended September 30, 2005 and 2004 is as follows:

	Net income (Millions of yen)	Weighted average shares (Thousands)	EPS (Yen)	EPS (U.S. dollars)
For the six months ended September 30, 2005:				
Basic EPS				
Net income available to common shareholders	**¥35,770**	**1,358,521**	**¥26.33**	**$0.23**
Effect of dilutive securities				
Preferred stock	**1,936**	**656,350**		
Stock acquisition rights	**—**	**285**		
Diluted EPS				
Net income for computation	**¥37,706**	**2,015,158**	**¥18.71**	**$0.17**
For the six months ended September 30, 2004:				
Basic EPS				
Net income available to common shareholders	¥38,853	1,358,535	¥28.60	
Effect of dilutive securities				
Preferred stock	1,936	569,129		
Diluted EPS				
Net income for computation	¥40,789	1,927,664	¥21.16	

32. Subsequent Events

The following interim dividends were paid on December 9, 2005 upon resolution of the Board of Directors adopted at a meeting held on November 30, 2005:

		Millions of yen	Thousands of U.S. dollars
Class A preferred share	(¥6.50 per share)	**¥ 484**	**$ 4,279**
Class B preferred share	(¥2.42 per share)	**1,452**	**12,826**
Common share	(¥1.48 per share)	**2,011**	**17,760**
Total		**¥3,947**	**$34,865**