

For Immediate Press Release

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

Shinsei Bank Reports First Half Fiscal Year 2005 Financials

Tokyo (Tuesday, November 8, 2005) – Shinsei Bank, Limited (“Shinsei Bank”) today reported its financials for the first half of fiscal year (FY) 2005 ended September 30, 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.

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 46.1 billion yen – a decline of 27.7 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

The first half of fiscal 2005 financials and a proposal for Shinsei Bank to pay interim dividends to common shareholders of 1.48 yen per share, as compared to 1.29 yen per share a year ago, will be submitted to the Board of Directors on November 30, 2005.

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
Non-interest income	90.4	47.4	42.9	90.4%	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.

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	(459)	-	-	(829)	-	-	(659)	-	-
Shareholders' equity	794	-	-	747	-	-	758	-	-
Total interest-bearing liabilities and non interest-bearing sources of funds	6527	-	-	4857	-	-	5315	-	-
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:

Reclasses from total revenue on earning assets to total 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
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

(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

(billions of yen)

	1H-FY2005	1H-FY2004	Change		FY2004
	a	b	a-b	%	c
Interest on loans and bills	50.8	29.6	21.2	71.6%	77.3
Interest and dividends on securities	8.3	7.0	1.3	18.6%	15.8
Other interest income	2.1	31.5	(29.4)	(93.3)%	8.1
Interest income	61.3	41.5	19.8	47.7%	101.3
Fees and commissions income	34.2	13.9	20.3	146.0%	57.6
Trading profits	12.7	15.3	(2.6)	(17.0)%	23.9
Other business income	132.6	19.8	112.8	569.7%	38.2
Other operating income	12.5	13.0	(0.5)	(3.8)%	27.3
Operating income	253.6	103.7	149.9	144.6%	248.6
Interest on deposits, including negotiable certificates of deposit	8.0	7.2	0.8	11.1%	13.6
Interest and discounts on debentures	2.6	3.2	(0.6)	(18.8)%	6.1
Interest on other borrowings	8.4	5.1	3.3	64.7%	13.5
Other interest expenses	2.0	0.5	1.5	300.0%	1.0
Interest expenses	21.2	16.1	5.1	31.7%	34.4
Fees and commissions expenses	10.7	4.5	6.2	137.8%	15.3
Trading losses	0.0	0.0	0.0	0.0%	-
Other business expenses	90.1	6.9	83.2	1205.8%	15.4
General and administrative expenses	67.0	39.2	27.8	70.9%	97.3
Amortization of consolidation goodwill	10.1	-	10.1	100.0%	4.9
Amortization of identified intangible assets	4.5	-	4.5	100.0%	3.9
Losses on write-off of loans	10.5	0.9	9.6	1066.7%	10.0
All other	5.5	7.2	(1.7)	(23.6)%	12.6
Other operating expenses	30.7	8.2	22.5	274.4%	31.5
Operating expenses	219.9	75.1	144.8	192.8%	194.1
Net operating income	33.6	28.5	5.1	17.9%	54.4
Extraordinary gains	2.7	12.9	(10.2)	(79.1)%	11.8
Extraordinary losses	0.5	0.5	0.0	0.0%	0.7
Income before income taxes and minority interests	35.8	40.9	(5.1)	(12.5)%	65.5
Income tax (current)	1.7	0.6	1.1	183.3%	1.4
Income tax (deferred)	(4.8)	(0.5)	(4.3)	860.0%	(3.4)
Minority interests in net income (loss) of subsidiaries	1.2	0.0	1.2	0.0%	0.1
Net income	37.7	40.7	(3.0)	(7.4)%	67.4

(billions of yen)

(Ref.) Ordinary business profit (<i>jisshitsu gyomu jun-eki</i>) ⁽¹⁾	63.8	34.3	29.5	86.0%	81.9
	US\$ / yen	@113.21	@111.03		@107.39

(1) Management accounting basis

Consolidated Interim Balance Sheets

-- Assets

(billions of yen)

	Sep 30, 2005	Sep 30, 2004	Change	March 31, 2005	Change	
	a	b	a-b	c	a-c	%
<<Assets>>						
Cash and due from banks	352.5	468.9	(116.4)	277.5	75.0	27.0%
Call loans	117.0	50.8	66.2	70.0	47.0	67.1%
Collateral related to securities borrowing transactions	5.2	146.3	(141.1)	3.7	1.5	40.5%
Other monetary claims purchased	244.3	233.8	10.5	320.3	(76.0)	(23.7)%
Trading assets	119.8	443.6	(323.8)	168.5	(48.7)	(28.9)%
Monetary assets held in trust	393.6	429.5	(35.9)	372.2	21.4	5.7%
Securities	1,678.2	1,339.8	338.4	1,478.2	200.0	13.5%
Loans and bills discounted	3,828.0	3,074.6	753.4	3,430.4	397.6	11.6%
Foreign exchanges	12.8	12.3	0.5	8.5	4.3	50.6%
Other assets	868.4	711.8	156.7	850.4	18.0	2.1%
Premises and equipment	419.4	106.2	313.2	418.9	0.5	0.1%
Deferred discounts on and issuance expenses for debentures	0.2	0.2	(0.0)	0.2	(0.0)	(0.0)%
Deferred tax assets	26.6	26.0	0.6	24.6	2.0	8.1%
Consolidation goodwill, net	229.6	200.8	28.8	244.0	(14.4)	(5.9)%
Customers' liabilities for acceptances and guarantees	1,002.4	1,237.8	(235.4)	1,058.1	(55.7)	(5.3)%
Reserve for credit losses	(155.9)	(157.5)	1.6	(149.7)	(6.2)	4.1%
Total assets	9,142.7	8,325.3	817.4	8,576.3	566.4	6.6%
	US\$ / yen	@113.21	@111.03	@107.39		

Consolidated Interim Balance Sheets

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

(billions of yen)

	Sep 30, 2005	Sep 30, 2004	Change	March 31, 2005	Change	
	a	b	a-b	c	a-c	%
<<Liabilities>>						
Deposits, including negotiable certificates of deposit	3,964.3	3,168.8	795.5	3,452.8	511.5	14.8%
Debentures	1,181.7	1,333.2	(151.5)	1,242.6	(60.9)	(4.9)%
Call money	170.6	173.3	(2.7)	204.2	(33.6)	(16.5)%
Payables under repurchase agreements	-	44.9	(44.9)	-	-	-
Collateral related to securities lending transactions	5.6	-	5.6	-	5.6	-
Commercial paper	77.8	11.0	66.8	13.3	64.5	485.0%
Trading liabilities	80.0	72.5	7.5	69.1	10.9	15.8%
Borrowed money	1,166.9	656.1	510.8	1,160.2	6.7	0.6%
Foreign exchanges	0.1	0.0	0.1	0.0	0.1	0.0%
Corporate bonds	82.0	29.5	52.5	88.3	(6.3)	(7.1)%
Other liabilities	501.8	805.4	(303.6)	412.7	89.1	21.6%
Accrued employees bonuses	7.0	5.7	1.3	10.2	(3.2)	(31.4)%
Reserve for retirement benefits	3.2	1.5	1.7	3.3	(0.1)	(3.0)%
Reserve for loss on disposition of premises and equipment	0.1	0.1	-	0.1	-	-
Reserve for loss on sale of bonds	-	1.5	(1.5)	-	-	-
Reserve under special law	0.0	0.0	0.0	0.0	-	-
Deferred tax liabilities	17.4	18.5	(1.1)	20.2	(2.8)	(13.9)%
Acceptances and guarantees	1,002.4	1,237.8	(235.4)	1,058.1	(55.7)	(5.3)%
Total liabilities	8,261.6	7,560.6	701.0	7,735.7	525.9	6.8%
Minority interests in subsidiaries	60.4	1.0	59.4	53.8	6.6	12.3%
<<Shareholders' equity>>						
Capital stock	451.2	451.2	-	451.2	-	-
Capital surplus	18.5	18.5	-	18.5	-	-
Retained earnings	345.0	288.0	57.0	311.0	34.0	10.9%
Net unrealized gain on securities available-for-sale, net of taxes	2.7	3.4	(0.7)	3.0	(0.3)	(10.0)%
Foreign currency transaction adjustments	2.9	2.3	0.6	2.7	0.2	7.4%
Treasury stock, at cost	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0%
Total shareholders' equity	820.6	763.7	56.9	786.6	34.0	4.3%
Total liabilities, minority interests in subsidiaries and shareholders' equity	9,142.7	8,325.3	817.4	8,576.3	566.4	6.6%

US\$ / yen

@113.21

@111.03

@107.39

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)	March 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	As of March 31, 2005	Change	As of Sep. 30, 2004	Change
	a	b	a-b	c	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.) Amount of partial write-off	6.8	6.0		9.4	

3. Securities

(Non-consolidated)

As of September 30, 2005

(billions of yen)

	Fair value	Net unrealized gain (loss)		
			Gross unrealized	Gross unrealized
Equity securities (domestic)	4.8	1.0	1.0	0.0
Bonds (domestic)	999.6	(2.5)	0.0	2.6
Other ⁽¹⁾	134.6	3.3	4.1	0.7
Total	1,139.2	1.8	5.2	3.4

As of March 31, 2005 ⁽²⁾

(billions of yen)

	Fair value	Net unrealized gain (loss)		
			Gross unrealized	Gross unrealized
Equity securities (domestic)	5.3	1.2	1.2	-
Bonds (domestic)	1,076.9	0.7	0.9	0.2
Other ⁽¹⁾	83.0	2.6	3.4	0.8
Total	1,165.3	4.6	5.6	1.0

As of September 30, 2004

(billions of yen)

	Fair value	Net unrealized gain (loss)		
			Gross unrealized	Gross unrealized
Equity securities (domestic)	2.6	1.1	1.1	0.0
Bonds (domestic)	1,036.7	(0.0)	0.7	0.7
Other ⁽¹⁾	117.7	4.6	5.5	0.8
Total	1,157.1	5.7	7.4	1.6

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

(2) SHINKI's securities (stocks and convertible bonds), 21.1 billion yen, category was changed from "Securities available-for-sale" to "Equity if unconsolidated subsidiaries, at cost and affiliates," according to the exercise of convertible right of the bond in the fiscal year ended March 31, 2005.

4. Balance of deposits (Non-consolidated)

(billions of yen)

	As of Sep. 30, 2005	As of March 31, 2005	Change	As of Sep. 30, 2004	Change
	a	b	a-b	c	a-c
Balance of deposits (including NCDs)	4,046.9	3,528.8	518.1	3,238.2	808.7
Balance of deposits from individuals	2,813.9	2,277.7	536.2	1,972.5	841.4

Non-Consolidated Interim Statements of Income

(billions of yen)

	(1H-FY2005)	(1H-FY2004)	Change		FY2004
	a	b	a-b	%	c
Interest on loans and bills	28.8	28.7	0.1	0.3%	58.5
Interest and dividends on securities	11.8	6.8	5.0	73.5%	15.5
Other interest income	2.0	4.4	(2.4)	(54.5)%	7.7
Interest income	42.7	40.0	2.7	6.8%	81.8
Fees and commissions income	10.3	8.7	1.6	18.4%	20.5
Trading profits	10.2	14.5	(4.3)	(29.7)%	22.3
Other business income	16.3	7.7	8.6	111.7%	10.7
Other operating income	15.4	19.8	(4.4)	(22.2)%	37.6
Operating income	95.0	90.9	4.1	4.5%	173.0
Interest on deposits, including negotiable certificates of deposit	8.1	7.3	0.8	11.0%	13.7
Interest and discounts on debentures	2.6	3.2	(0.6)	(18.8)%	6.2
Interest on other borrowings	3.6	4.9	(1.3)	(26.5)%	8.8
Other interest expenses	0.8	0.1	0.7	700.0%	0.3
Interest expenses	15.2	15.6	(0.4)	(2.6)%	29.1
Fees and commissions expenses	4.7	4.6	0.1	2.2%	8.8
Trading losses	0.1	0.0	0.1	0.0%	0.1
Other business expenses	2.4	2.5	(0.1)	(4.0)%	4.9
General and administrative expenses	36.4	36.3	0.1	0.3%	70.0
Other operating expenses	3.0	6.9	(3.9)	(56.5)%	13.2
Operating expenses	62.1	66.2	(4.1)	(6.2)%	126.3
Net operating income	32.8	24.6	8.2	33.3%	46.6
Extraordinary gains	3.0	11.5	(8.5)	(73.9)%	18.7
Extraordinary losses	0.0	0.5	(0.5)	(100.0)%	0.5
Income before income taxes	35.9	35.6	0.3	0.8%	64.8
Income tax (current)	(2.9)	(0.9)	(2.0)	222.2%	(2.3)
Income tax (deferred)	(0.3)	(0.6)	0.3	(50.0)%	(0.8)
Net income	39.1	37.2	1.9	5.1%	68.0
Unappropriated retained earnings brought forward	302.5	243.3	59.2	24.3%	243.3
Interim dividends paid	-	-	-	-	3.6
Transfer to legal reserve	-	-	-	-	0.7
Unappropriated retained earnings	341.7	280.6	61.1	21.8%	307.0

US\$ / yen

@113.21

@111.03

@107.39

Non-Consolidated Interim Balance Sheets -- Assets

(billions of yen)

	Sep. 30, 2005	Sep. 30, 2004	Change	March 31, 2005	Change	
	a	b	a-b	c	a-c	%
<<Assets>>						
Cash and due from banks	206.6	288.7	(82.1)	162.2	44.4	27.4%
Call loans	117.0	50.8	66.2	70.0	47.0	67.1%
Collateral related to securities borrowing transactions	5.2	146.3	(141.1)	3.7	1.5	40.5%
Other monetary claims purchased	40.3	67.9	(27.6)	108.4	(68.1)	(62.8)%
Trading assets	111.5	436.8	(325.3)	166.8	(55.3)	(33.2)%
Monetary assets held in trust	440.6	464.3	(23.7)	415.3	25.3	6.1%
Securities	2,016.4	1,396.9	619.5	1,820.7	195.7	10.7%
Loans and bills discounted	3,788.0	3,372.5	415.5	3,443.7	344.3	10.0%
Foreign exchanges	12.8	12.3	0.5	8.5	4.3	50.6%
Other assets	215.1	342.7	(127.6)	220.9	(5.8)	(2.6)%
Premises and equipment	27.2	26.1	1.1	26.4	0.8	3.0%
Deferred discounts on and issuance expenses for debentures	0.2	0.2	(0.0)	0.2	(0.0)	(0.0)%
Deferred tax assets	24.9	24.9	0.0	23.5	1.4	6.0%
Customers' liabilities for acceptances and guarantees	51.4	61.7	(10.3)	49.8	1.6	3.2%
Reserve for credit losses	(114.5)	(158.6)	44.1	(124.4)	9.9	(8.0)%
Total assets	6,943.1	6,534.1	409.0	6,396.3	546.8	8.5%
	US\$ / yen	@113.21	@111.03	@107.39		

Non-Consolidated Interim Balance Sheets

-- Liabilities and shareholders' equity

(billions of yen)

	Sep. 30, 2005	Sep. 30, 2004	Change	March 31, 2005	Change	
	a	b	a-b	c	a-c	%
<<Liabilities>>						
Deposits, including negotiable certificates of deposit	4,046.9	3,238.2	808.7	3,528.8	518.1	14.7%
Debentures	1,185.5	1,337.4	(151.9)	1,246.8	(61.3)	(4.9)%
Call money	170.6	173.3	(2.7)	204.2	(33.6)	(16.5)%
Payables under repurchase agreements	-	44.9	(44.9)	-	-	-
Collateral related to securities lending transactions	5.6	-	5.6	-	5.6	-
Trading liabilities	68.9	71.4	(2.5)	64.2	4.7	7.3%
Borrowed money	339.9	338.0	1.9	325.3	14.6	4.5%
Foreign exchanges	0.4	0.2	0.2	0.2	0.2	100.0%
Corporate bonds	50.0	-	50.0	50.0	-	-
Other liabilities	194.9	502.2	(307.3)	128.6	66.3	51.6%
Accrued employees bonuses	4.8	3.7	1.1	7.6	(2.8)	(36.8)%
Reserve for retirement benefits	0.8	1.4	(0.6)	1.0	(0.2)	(20.0)%
Reserve for loss on disposition of premises and equipment	0.1	0.1	-	0.1	-	-
Reserve for loss on sale of bonds	-	1.5	(1.5)	-	-	-
Acceptances and guarantees	51.4	61.7	(10.3)	49.8	1.6	3.2%
Total liabilities	6,120.3	5,774.7	345.6	5,607.3	513.0	9.1%
<<Shareholders' equity>>						
Capital stock	451.2	451.2	-	451.2	-	-
Capital surplus	18.5	18.5	-	18.5	-	-
Additional paid-in capital	18.5	18.5	-	18.5	-	-
Retained earnings	348.7	286.1	62.6	313.2	35.5	11.3%
Legal reserve	6.9	5.5	1.4	6.2	0.7	11.3%
Unappropriated retained earnings	341.7	280.6	61.1	307.0	34.7	11.3%
Net income	39.1	37.2	1.9	68.0	(28.9)	(42.5)%
Net unrealized gain on securities available-for-sale, net of taxes	4.1	3.4	0.7	5.8	(1.7)	(29.3)%
Treasury stock, at cost	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0%
Total shareholders' equity	822.7	759.4	63.3	788.9	33.8	4.3%
Total liabilities and shareholders' equity	6,943.1	6,534.1	409.0	6,396.3	546.8	8.5%

US\$/yen

@113.21

@111.03

@107.39