

For Immediate Release

Company Name: Shinsei Bank, Limited
Name of Representative: Thierry Porté
President and CEO
(Code: 8303, TSE First Section)

Shinsei Bank Reports Fiscal Year 2005 Financials

Tokyo (Tuesday, May 23, 2006) – Shinsei Bank, Limited (“Shinsei Bank”) today reported details of its financial results for Fiscal Year (FY) 2005, ended March 31, 2006.

“Fiscal 2005 was a year marked by strong growth in all of our strategic business lines” said Mr. Thierry Porté, President and CEO of Shinsei Bank, “we have demonstrated that we are able to perform successfully in a highly competitive market by providing an expanding range of customer acclaimed solutions to meet the needs of a growing customer base”.

Fiscal Year 2005 Financial Highlights (consolidated basis)

(all figures compared to FY2004)

- Revenue grew 95.6 billion yen or 53.7% to 273.7 billion yen
- Net income increased 12.8% to 76.0 billion yen
 - Cash basis net income increased 36.4% to 101.9 billion yen
 - Fully diluted cash basis net income per share was 50.55 yen
- Expense-to-revenue ratio improved from 54.0% to 49.7%
- Return on equity was 9.3%
 - Return on equity (cash basis) was 12.4%
- Return on tangible equity of 18.8%
- Return on assets was 0.8%
 - Return on assets (cash basis) was 1.2%
- Total capital ratio improved from 11.8% to 15.5%

Fiscal Year 2005 Business Highlights

- 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.

- In June 2005, Shinsei launched an online securities brokerage service via Shinsei's *PowerDirect* online banking through the alliance with Rakuten Securities, Inc.
- Shinsei retail bank's award winning "Color your life" campaign was successfully launched in June 2005.
- In August 2005, Shinsei Bank was ranked first in the Nihon Keizai Shimbun's customer satisfaction survey of Japanese financial institutions for the 2nd consecutive year.
- In September 2005, Shinsei formed a joint venture with NORD/LB, WestLB AG, and JC Flowers & Co., focusing on the acquisition and work-out of distressed assets portfolios of German public sector banks.
- In February 2006, Moody's upgraded Shinsei Bank's senior debt ratings from Baa1 to A3.
- In February and March of 2006, the Bank raised USD1,475 million of hybrid Tier I capital and EUR 1.0 billion of Tier 2 capital through successful debut offerings in the global debt markets of Preferred Securities and Subordinated Notes.
- On March 24, 2006, APLUS invested 10.5 billion yen to acquire 97.29% of Zen-Nichi Shinpan Co., Ltd, an installment sales company.

1. Income Statement:

Shinsei Bank's total revenue for the fiscal year ended March 31, 2006 was 273.7 billion yen, an increase of 95.6 billion yen or 53.7% compared with same period last fiscal year. The incorporation of Showa Leasing, full year impact of APLUS and strong performance of all businesses contributed to this significant increase in revenue. The revenue contribution from fees and commissions, trading and other non-interest revenue sources, including revenue from leased and installment receivables increased to 69.9% of total revenue in fiscal year 2005.

The Bank's general and administrative expenses for the fiscal year ended March 31, 2006 were 135.9 billion yen, an increase of 39.9 billion yen as compared to the previous fiscal year. The increase is largely due to the inclusion of Showa Leasing and full year impact of APLUS. This increase in expenses was partly offset by continued expense rationalization across all businesses. As a result, for the fiscal year ended March 31, 2006, the Bank's ratio of general and administrative expenses to total revenue improved from 54.0% to 49.7%.

Shinsei recorded net credit costs of 30.1 billion yen during fiscal year 2005, as compared to net credit recoveries of 0.9 billion yen for the same period last fiscal year. The increase in net credit costs in this fiscal year was largely attributable to full year impact of APLUS and inclusion of Showa Leasing. The net credit recoveries in last fiscal year were primarily attributable to a reduction in

Shinsei Bank's (non-consolidated) historical default ratio due to improvement in overall asset quality. This was partly offset by APLUS's credit costs in the second half of the last fiscal year.

Consolidated net income for the period was 76.0 billion yen, up 12.8% as compared to the same period last fiscal year. This included 25.8 billion yen of amortized consolidation (acquired) goodwill and intangible assets, net of tax benefit, related to the acquisition of APLUS and Showa Leasing. Diluted net income per share for this fiscal year ended March 31, 2006 was 50.55 yen.

Following the issuance of preferred securities and subordinated notes during the last quarter of the 2005 fiscal year, Shinsei Bank's Tier I ratio reached 10.3% and total capital adequacy ratio was 15.5% as of March 31, 2006. Net deferred tax assets constituted 2.2% of Tier I capital.

2. Business Line Results:

Shinsei Bank is a leading diversified financial institution in Japan, bringing innovative banking practices to the Japanese market with a business model based on three strategic business lines: Institutional Banking, Consumer and Commercial Finance and Retail Banking. These three business lines cover a broad range of businesses and customer segments which provide the Bank with diversified revenues.

Institutional Banking

The Institutional Banking business continued to benefit 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 Institutional Banking business generated total revenue of 116.6 billion yen in the fiscal year ended March 31, 2006, an increase of 19.5 billion yen, or 20.2%, from the same period in the previous fiscal year. Total Institutional Banking expenses increased marginally to 39.1 billion yen in the fiscal year ended March 31, 2006, or 1.2 billion yen higher than the previous fiscal year. The expense to revenue ratio of the Institutional Banking business improved to 33.5% in the fiscal year 2005 compared with 39.0% for the previous fiscal year.

The Institutional Banking business delivered strong results in foreign exchange, derivatives, equities, securitization, non-recourse real estate finance, corporate loans and credit trading activities. In fiscal year 2005, Foreign exchange, derivatives and equity-related revenue grew 14.6 billion yen to 31.4 billion yen. Non-recourse real estate finance business concluded 135 new transactions resulting in revenue growth of 7.0%, or 1.3 billion yen, to 20.2 billion yen for the fiscal year ended March 31, 2006.

Corporate loans increased by 16.3%, or 400.6 billion yen, to reach 2.8 trillion yen at March 31, 2006, as compared with March 31, 2005. As a result, revenue from corporate loans increased 3.3 billion yen or 22.6% to 17.9 billion yen for the fiscal year ended March 31, 2006, compared to the same period in the previous fiscal year. In fiscal year 2005, Shinsei completed 43 new credit trading transactions with an aggregate investment amount of 76.3 billion yen and the business earned total revenue of 15.2 billion yen. In the securitization business, the Bank closed 14 new transactions in fiscal year 2005 with a total issuance amount of 277.8 billion yen. Revenue generated from securitization business increased 16.7% to 14.7 billion yen in the fiscal year ended March 31, 2006.

Consumer and Commercial Finance

The acquisition of APLUS and Showa Leasing in FY2004 transformed Consumer and Commercial Finance 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 fiscal year ended March 31, 2006, the Consumer and Commercial Finance business generated revenue of 119.7 billion yen, or 43.8% of the Bank's total revenue. Continued expense rationalization coupled with revenue growth improved the expense to revenue ratio of this business to 50.5% in the fiscal year ended March 31, 2006 compared to 60.4% for the same period in the previous fiscal year.

For the fiscal year ended March 31, 2006, APLUS recorded total revenue of 85.1 billion yen on a consolidated basis from installment shopping credit, credit cards businesses and loan guarantees. This represents 71% of total Consumer and Commercial Finance business revenue. Showa Leasing recorded revenue of 22.8 billion yen on a consolidated basis in the fiscal year 2005, or over 19% of total Consumer and Commercial Finance business revenue.

Retail Banking

The Retail Banking business continued to focus throughout the year on understanding customers' needs, expanding its range of customer-acclaimed products and enhancing distribution channels to provide customers with greater value and convenience.

Total revenue of Retail Banking increased 13.0% to 42.4 billion yen in the fiscal year 2005. Retail Banking expenses reached 34.8 billion yen in the fiscal year ended March 31, 2006, an increase of 3.1 billion yen compared to the same period in the previous fiscal year due primarily to the expansion of distribution channels and increase in customer and product support as a result of the growth in

retail banking activities.

Deposits of retail customers increased by 33.2% in the fiscal year ended March 31, 2006 due in part to the growth in structured deposits, to reach over 3.0 trillion yen as of March 31, 2006. In fiscal year 2005, the Retail Banking recorded revenue of 18.3 billion yen from deposits-related and foreign exchange fees, an increase of 1.8 billion yen compared to the same period in the previous fiscal year reflecting strong income from structured deposits. Net funds transfer revenue, which refers to the interest spread on customer deposits and debentures, grew 0.3 billion yen to 13.3 billion yen in the fiscal year ended March 31, 2006 as a result of growth in retail deposits. Fees from asset management products increased 22.6% to 7.4 billion yen for the fiscal year ended March 31, 2006 compared to the same period in the previous fiscal year.

Housing loans to retail customers grew 57.1%, or 165.3 billion yen, to 454.5 billion yen as of March 31, 2006. This resulted in Retail Banking recording 3.2 billion yen in revenue from housing loans and other lending products during fiscal year 2005.

During the fiscal year 2005, following the successful launch of Shinsei's brand strategy "Color your life", Retail Banking business acquired more than 437,000 new *PowerFlex* account customers, compared to 390,000 over the same period in the previous fiscal year. As of March 31, 2006, the Retail Banking business had more than 1.7 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 activities. These activities resulted in an ordinary business loss of 6.7 billion yen for the fiscal year ended March 31, 2006.

3. Balance Sheet:

Shinsei Bank's loan and bills discounted balance grew 657.1 billion yen or 19.2% to 4,087.5 billion yen during the fiscal year ended March 31, 2006. Loans to retail customers, including lending to high net worth customers, grew 60.2% or 185.6 billion yen to 493.7 billion yen. Corporate loans increased 16.3% or 400.6 billion yen to 2,851.7 billion yen. Lending to Consumer and Commercial Finance customers increased 100.7 billion yen or 36.9% to 373.3 billion yen during the fiscal year ended March 31, 2006.

Shinsei Bank continues to diversify its funding base through continuing growth in its retail deposits. Total deposits, including negotiable certificates of deposit, increased 618.9 billion yen or 17.9% to 4,071.7 billion yen during the fiscal year ended March 31, 2006. The retail deposits balance,

including high net worth customers, grew 803.0 billion yen or 34.9% during the fiscal year and has now reached 3.1 trillion yen. As a result, retail funding now represents close to 70% of total customer funding.

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

The Bank further reduced its non-performing loans (NPLs) balance under the Financial Revitalization Law and as of March 31, 2006, total NPLs of Shinsei were 42.5 billion yen, a decline of 9.2 billion yen or 17.9% as compared to the same period last year. NPLs were 1.0% of total claims outstanding at March 31, 2006 on a non-consolidated basis.

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

The total reserve for credit losses was 111.4 billion yen as of the end of March 2006, a decline of 13.0 billion yen from the end of March 2005.

6. Dividends

As approved by the Board of Directors on May 23, 2006, Shinsei Bank will pay a dividend to common shareholders of 1.48 yen per share, as compared to 1.29 yen per share a year ago.

Shinsei Bank is a Japanese financial institution providing a full range of financial products and services to both institutional and retail customers based on a three pillar business model comprising Institutional Banking, Consumer and Commercial Finance and Retail Banking. The Bank has total assets of US\$ 80 billion on a consolidated basis and a network of 29 Shinsei Bank branches in Japan (as of March 2006). Shinsei Bank demands uncompromising levels of integrity and transparency in all its activities to earn the trust of customers, staff and shareholders. The Bank is committed to delivering long-term profit growth and increasing value for all its stakeholders.

News and other information about Shinsei Bank are available at <http://www.shinseibank.com/english/index.html>.

Financial Highlights - Consolidated

Results of Operations ⁽¹⁾

(billions of yen)

(Full year comparison)	Fiscal year ended	Fiscal year ended ⁽¹⁾	Change
	Mar. 31, 2006 (FY2005)	Mar. 31, 2005 (FY2004)	
Net interest income	82.2	66.8	23%
Fees and commissions	45.5	32.5	40%
Net trading income	27.5	23.9	15%
Other business income	118.3	54.6	117%
Non-interest income	191.4	111.1	72%
Total revenue ⁽²⁾	273.7	178.0	54%
General and administrative expenses ⁽²⁾	135.9	96.0	(42)%
Ordinary business profit (<i>jisshitsu gyomu jun-eki</i>) ⁽²⁾	137.7	81.9	68%
Net credit recoveries (costs)	(30.1)	0.9	n.m. ⁽⁴⁾
Amortization of acquired goodwill and intangible assets	(29.4)	(8.8)	(233)%
Taxes and others	(2.0)	(6.6)	70%
Net income	76.0	67.4	13%
Cash basis net income ⁽³⁾	101.9	74.7	36%

(billions of yen)

(Three months comparison)	Three months ended	Three months ended ⁽¹⁾	Change	Three months ended	Change
	Mar. 31, 2006 (4Q-FY2005) a	Mar. 31, 2005 (4Q-FY2004) b		a - b (%)	
Net interest income	21.7	23.5	(8)%	20.3	7%
Fees and commissions	9.3	12.5	(26)%	12.7	(27)%
Net trading income	6.3	4.2	49%	8.3	(24)%
Other business income	32.7	16.5	98%	31.5	4%
Non-interest income	48.4	33.3	45%	52.6	(8)%
Total revenue ⁽²⁾	70.2	56.9	23%	72.9	(4)%
General and administrative expenses ⁽²⁾	34.5	28.6	(21)%	34.7	1%
Ordinary business profit (<i>jisshitsu gyomu jun-eki</i>) ⁽²⁾	35.6	28.3	26%	38.2	(7)%
Net credit recoveries (costs)	(7.3)	(6.2)	(18)%	(8.2)	11%
Amortization of consolidation (acquired) goodwill and intangible assets	(8.4)	(4.4)	(93)%	(6.2)	(35)%
Taxes and others	(3.4)	(3.4)	(0)%	(1.7)	(96)%
Net income	16.4	14.2	15%	21.9	(25)%
Cash basis net income ⁽³⁾	23.9	17.8	34%	27.3	(12)%

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

(2) Represents results based on management accounting basis

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

(4) n.m. is not meaningful.

Selected Balance Sheet Data

(billions of yen)

	As of	As of	Change		As of	Change	
	Mar. 31, 2006	Sep. 30, 2005	Amount	%	Mar. 31, 2005	Amount	%
Securities	1,494.4	1,678.2	(183.8)	(11.0)%	1,478.2	16.2	1.1%
Loans and bills discounted	4,087.5	3,828.0	259.4	6.8%	3,430.4	657.1	19.2%
Lease and installment receivables ⁽⁵⁾	825.0	769.1	55.9	7.3%	735.8	89.2	12.1%
Intangible assets ⁽⁶⁾	68.1	72.6	(4.4)	(6.1)%	77.2	(9.0)	(11.7)%
Consolidation (acquired) goodwill, net	226.6	229.6	(2.9)	(1.3)%	244.0	(17.3)	(7.1)%
Customers' liabilities for acceptances and guarantees	813.4	1,002.4	(188.9)	(18.8)%	1,058.1	(244.6)	(23.1)%
Total assets	9,405.0	9,142.7	262.3	2.9%	8,576.3	828.6	9.7%
Deposits (including Negotiable Certificates of Deposit)	4,071.7	3,964.3	107.3	2.7%	3,452.8	618.9	17.9%
Debentures and corporate bonds	1,316.9	1,263.7	53.1	4.2%	1,330.9	(14.0)	(1.1)%
Borrowed money	1,205.7	1,166.9	38.7	3.3%	1,160.2	45.5	3.9%
Acceptances and guarantees	813.4	1,002.4	(188.9)	(18.8)%	1,058.1	(244.6)	(23.1)%
Total liabilities	8,287.8	8,261.6	26.1	0.3%	7,735.7	552.0	7.1%
Minority interests in subsidiaries	261.8	60.4	201.3	332.9%	53.8	207.9	385.9%
Total shareholders' equity	855.3	820.6	34.6	4.2%	786.6	68.6	8.7%

(5) 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.

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

Capital Adequacy Ratio

(%, billions of yen)

	As of	As of	As of
	Mar. 31, 2006	Mar. 31, 2005	Sep. 30, 2005
Capital adequacy ratio	15.53%	11.78%	12.16%
Tier I ratio	10.27%	7.00%	7.47%
Tier I capital	738.1	463.0	517.6
Tier II capital	419.5	338.6	353.0
Risk assets	7,180.4	6,610.9	6,920.7

References

as of the end of

	Mar. 2006	Mar. 2005
Exchange rate (¥/\$)	117.47	107.39
Nikkei average	17,059.66	11,565.88

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

	Fiscal year ended Mar. 31, 2006 (FY2005)			Six months ended Sep. 30, 2005 (1H-FY2005)			Fiscal year ended Mar. 31, 2005 (FY2004)		
	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)
Interest-earning assets ⁽²⁾:									
Loans and bills discounted	3,730.7	104.4	2.80	3,576.5	50.8	2.83	3,099.9	77.3	2.50
Lease and installment receivables ⁽²⁾	793.7	46.0	5.80	781.4	23.6	6.04	152.2	10.1	6.64
Securities	1,721.4	16.8	0.98	1,698.5	8.3	0.98	1,509.4	15.8	1.05
Other interest-earning assets ⁽³⁾⁽⁴⁾	503.7	3.7	0.74	356.8	2.1	1.19	553.4	8.1	1.48
Total interest-earning assets ⁽²⁾	6,749.7	171.0	2.53	6,413.3	84.9	2.64	5,315.0	111.4	2.10
Interest-bearing liabilities:									
Deposits and negotiable certificates of deposit	3,776.8	16.9	0.45	3,548.5	8.0	0.45	3,096.2	13.6	0.44
Debentures	1,152.9	4.7	0.41	1,198.9	2.6	0.44	1,311.4	6.1	0.47
Subordinated debt	259.7	5.5	2.13	251.6	3.0	2.41	210.5	6.9	3.32
Borrowed money and corporate bonds	999.3	12.2	1.22	967.3	6.5	1.36	338.0	6.6	1.96
Other interest-bearing liabilities ⁽⁴⁾	229.4	3.3	1.45	225.8	0.8	0.79	259.7	1.0	0.40
Total interest-bearing liabilities	6,418.3	42.7	0.67	6,192.4	21.2	0.68	5,216.0	34.4	0.66
Non interest-bearing sources of funds:									
Non interest-bearing (assets) liabilities, net	(489.6)	-	-	(582.7)	-	-	(659.2)	-	-
Shareholders' equity	821.0	-	-	803.6	-	-	758.3	-	-
Total interest-bearing liabilities and non interest-bearing sources of funds	6,749.7	-	-	6,413.3	-	-	5,315.0	-	-
Net interest margin ⁽²⁾	-	-	1.87	-	-	1.96	-	-	1.44
Impact of non interest-bearing sources	-	-	0.03	-	-	0.02	-	-	0.01
Net revenue/yield on interest-earning assets ⁽²⁾	-	128.3	1.90	-	63.7	1.98	-	77.0	1.45

Note:
Reclass from total revenue on interest-earning assets to total interest income.

	Fiscal year ended Mar. 31, 2006 (FY2005)	Six months ended Sep. 30, 2005 (1H-FY2005)	Fiscal year ended Mar. 31, 2005 (FY2004)
Total revenue on interest-earning assets	6,749.7	6,413.3	5,315.0
Less: Income on lease and installment receivables	793.7	781.4	152.2
Total interest income	5,955.9	5,631.9	5,162.8
Total interest expense	-	-	-
Net interest income	-	-	-

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

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

(3) Interest earning deposits have been restated, by excluding cash deposits, to be consistent with prior period reporting.

(4) Other interest-earning assets and other interest-bearing liabilities include interest swaps and fund swaps.

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

	Fiscal year ended Mar. 31, 2006 (FY2005)			Six months ended Sep. 30, 2005 (1H-FY2005)			Fiscal year ended Mar. 31, 2005 (FY2004)		
	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)
Interest-earning assets:									
Cash and due from banks	86.3	2.0	2.33	72.3	1.0	2.92	134.7	2.7	2.06
Call loans	100.9	0.0	0.02	44.9	0.0	0.03	134.1	0.0	0.01
Receivables under resale agreements	-	-	-	-	-	-	1.7	0.0	0.00
Collateral related to securities borrowing transactions	10.2	0.0	0.29	6.4	0.0	0.49	49.5	0.0	0.01
Securities	1,997.4	21.0	1.05	1,977.4	11.8	1.19	1,526.0	15.5	1.01
Loans and bills discounted	3,612.3	57.8	1.60	3,483.9	28.8	1.65	3,186.9	58.5	1.83
Other interest-earning assets	65.4	0.9	1.40	82.6	0.3	0.93	93.9	0.6	0.66
Interest rate and fund swaps	-	0.6	-	-	0.5	-	-	4.2	-
Total interest-earning assets	5,872.8	82.6	1.40	5,667.7	42.7	1.50	5,127.0	81.8	1.59
Interest-bearing liabilities:									
Deposits	3,746.5	16.9	0.45	3,421.1	8.0	0.47	2,828.8	13.5	0.47
Negotiable certificates of deposit	199.7	0.0	0.03	199.6	0.0	0.02	410.1	0.1	0.03
Debentures	1,158.6	4.7	0.40	1,206.3	2.6	0.43	1,319.2	6.2	0.47
Call money	127.3	0.0	0.07	139.1	0.0	0.07	117.8	0.6	0.53
Payable under repurchase agreements	0.6	0.0	0.00	1.2	0.0	0.00	121.3	0.0	0.00
Collateral related to securities lending transactions	4.9	0.0	0.55	6.6	0.0	0.20	13.2	0.0	0.03
Borrowed money	308.4	5.8	1.88	324.4	3.5	2.20	326.6	8.2	2.53
Corporate bonds	105.3	1.7	1.64	50.0	0.1	0.42	0.9	0.0	0.39
Other interest-bearing liabilities	0.3	3.0	860.31	0.3	0.7	487.94	0.2	0.3	106.10
Interest rate and fund swaps	-	-	-	-	-	-	-	-	-
Total interest-bearing liabilities	5,652.1	32.3	0.57	5,348.8	15.2	0.56	5,138.7	29.1	0.56
Net interest income/yield on interest-earning assets	5,872.8	50.2	0.85	5,667.7	27.4	0.96	5,127.0	52.6	1.02

Per share data

(yen)

	Fiscal year ended		Six months ended Sep. 30, 2005 (1H-FY2005)
	Mar. 31, 2006 (FY2005)	Mar. 31, 2005 (FY2004)	
Common shareholder's equity	380.20	329.65	354.68
Fully diluted shareholders' equity	421.62	390.06	404.66
Basic net income	53.16	46.78	26.33
Diluted net income	37.75	34.98	18.71

Note:

For calculation of per share data

(shareholders' equity)	Number of common shares ⁽¹⁾	1,358,520,547	1,358,523,191	1,358,521,003
	Fully diluted number of shares ⁽¹⁾	2,028,676,851	2,016,758,396	2,028,002,412
(net income)	Number of common shares ⁽²⁾	1,358,521,302	1,358,529,854	1,358,521,647
	Fully diluted number of shares ⁽²⁾	2,015,832,613	1,927,660,001	2,015,158,063

(1) Outstanding shares at the end of the respective period

(2) Weighted average number of outstanding shares during the respective period

Cash basis per share data

(yen)

	Fiscal Year ended		Six months ended Sep. 30, 2005 (1H-FY2005)
	Mar. 31, 2006 (FY2005)	Mar. 31, 2005 (FY2004)	
Basic net income	72.16	52.15	35.79
Diluted net income	50.55	38.76	25.08

Performance Ratios

(%)

	Fiscal Year ended		Six months ended Sep. 30, 2005 (1H-FY2005)
	Mar. 31, 2006 (FY2005)	Mar. 31, 2005 (FY2004)	
Return on assets	0.8%	0.9%	0.8%
Return on equity (fully diluted)	9.3%	8.9%	9.4%
Cash basis return on assets	1.2%	1.0%	1.2%
Cash basis return on equity (fully diluted)	12.4%	9.8%	12.5%
Expense to revenue (overhead) ratio ⁽¹⁾	49.7%	54.0%	51.1%

(1) Management accounting basis

Supplemental Financial Data and Reconciliation to Japanese GAAP Measures ⁽¹⁾
For the fiscal year 2005 ended March 31, 2006

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

Amortization of consolidation goodwill and other intangibles

Amortization of intangible assets	9.0
Associated deferred tax liability	(3.6)
Amortization of consolidation (acquired) goodwill	20.4
Total amortization of consolidation goodwill and other intangibles, net of tax benefit	25.8

Reconciliation of net income to cash basis net income

Net income	76.0
Amortization of consolidated goodwill and other intangibles, net of tax benefit	25.8
Cash basis net income	101.9

Reconciliation of basic net income per share to cash basis basic net income per share

Basic net income per share	53.16
Effect of amortization of consolidation goodwill and other intangibles, net of tax benefit	19.00
Cash basis basic net income per share	72.16

Reconciliation of fully diluted net income per share to cash basis fully diluted net income per share

Fully diluted net income per share	37.75
Effect of amortization of consolidation goodwill and other intangibles, net of tax benefit	12.80
Cash basis fully diluted net income per share	50.55

Reconciliation of return on assets to cash basis return on assets

Return on assets	0.8
Effect of amortization of consolidation goodwill and other intangibles, net of tax benefit	0.3
Cash basis return on assets	1.2

Reconciliation of return on equity to cash basis return on equity

Return on equity (fully diluted)	9.3
Effect of amortization of consolidation goodwill and other intangibles, net of tax benefit	3.1
Cash basis return on equity (fully diluted)	12.4

Reconciliation of return on equity to return on tangible equity

Return on equity (fully diluted)	9.3
Effect of consolidation goodwill and other intangibles ⁽²⁾	9.5
Return on tangible equity (fully diluted)	18.8

(1) Reflects adjustments of consolidation (acquired) goodwill and other intangibles associated with the acquisition of APLUS and Showa Leasing.

(2) Net income excludes amortization of consolidation (acquired) goodwill and other intangibles, net of tax benefit. Average shareholders' equity excludes consolidation (acquired) goodwill and other intangibles.

Business Line Ordinary Business Profit^{(1) (2)}
(billions of yen)
For Fiscal Year 2005 ended March 31, 2006

	Institutional Banking	Consumer and Commercial Finance⁽¹⁾	Retail Banking	ALM/ Corporate/ Other⁽³⁾	Total
Total revenue	116.6	119.7	42.4	(5.1)	273.7
General and administrative expenses	39.1	60.4	34.8	1.6	135.9
Ordinary business profit (loss)	77.5	59.3	7.6	(6.7)	137.7

(※) breakdown of Consumer and Commercial Finance

	APLUS	Showa Leasing	Other⁽⁴⁾	Consumer and Commercial Finance
Total revenue	85.1	22.8	11.7	119.7
General and administrative expenses	43.0	10.5	6.8	60.4
Ordinary business profit	42.0	12.2	4.9	59.3

For Fiscal Year 2004 ended March 31, 2005

	Institutional Banking	Consumer and Commercial Finance⁽¹⁾	Retail Banking	ALM/ Corporate/ Other⁽³⁾	Total
Total revenue	97.0	43.2	37.5	0.1	178.0
General and administrative expenses	37.8	26.1	31.6	0.4	96.0
Ordinary business profit (loss)	59.1	17.1	5.9	(0.2)	81.9

(1) breakdown of Consumer and Commercial Finance

	APLUS	Showa Leasing	Other⁽⁴⁾	Consumer and Commercial Finance
Total revenue	36.2	-	7.0	43.2
General and administrative expenses	20.3	-	5.7	26.1
Ordinary business profit	15.8	-	1.2	17.1

(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 2006

(Consolidated)

(billions of yen)

	<i>Fiscal year ended</i>	
	Mar. 31, 2007 (FY2006) Forecast	Mar. 31, 2006 (FY2005) Actual
Net income	84.0	76.0
Cash basis net income ⁽⁵⁾	107.0	101.9

(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))

	<i>Fiscal year ended</i>	
	Mar. 31, 2007 (FY2006) Forecast	Mar. 31, 2006 (FY2005) Actual
Net business profit	77.0	69.1
Net income	75.0	74.8
Dividends (in yen)		
Common stock	3.32	2.96
Class A preferred share	13.00	13.00
Class B preferred share	4.84	4.84

(6) Revitalization plan basis

Above forecasts are based on current assumptions of future events and trends, which may be incorrect. Actual results may differ materially from those in the statements as a results of various factors.

Consolidated Statements of Income

(millions of yen)

	Fiscal year ended	Fiscal year ended	Change	
	Mar. 31, 2006 (FY2005)	Mar. 31, 2005 (FY2004)	a-b	%
	a	b		
Interest on loans	104,438	77,353	27,085	35.0%
Interest and dividends on securities	16,879	15,862	1,017	6.4%
Other interest income	3,711	8,181	(4,470)	(54.6)%
Interest income	125,029	101,396	23,633	23.3%
Fees and commissions income	68,263	57,690	10,573	18.3%
Trading profits	27,665	23,992	3,673	15.3%
Other business income	268,611	38,231	230,380	602.6%
Other ordinary income	39,487	27,330	12,157	44.5%
Ordinary income	529,057	248,641	280,416	112.8%
Interest on deposits, including negotiable certificates of deposit	16,934	13,671	3,263	23.9%
Interest and discounts on debentures	4,709	6,184	(1,475)	(23.9)%
Interest on borrowings	14,598	12,924	1,674	13.0%
Other interest expenses	6,486	1,716	4,770	278.0%
Interest expenses	42,729	34,497	8,232	23.9%
Fees and commissions expenses	22,767	15,308	7,459	48.7%
Trading losses	152	—	152	100.0%
Other business expenses	186,283	15,475	170,808	1103.8%
General and administrative expenses	136,596	97,317	39,279	40.4%
Provision of reserve for loan losses	25,962	—	25,962	100.0%
Amortization of consolidation goodwill	20,397	4,918	15,479	314.7%
Amortization of identified intangible assets	9,047	3,919	5,128	130.8%
All other	13,649	22,751	(9,102)	(40.0)%
Other ordinary expenses	69,057	31,588	37,469	118.6%
Ordinary expenses	457,586	194,186	263,400	135.6%
Net ordinary income	71,471	54,454	17,017	31.3%
Special gains	3,703	11,845	(8,142)	(68.7)%
Special losses	1,463	702	761	108.4%
Income before income taxes and minority interests	73,711	65,597	8,114	12.4%
Income tax (current)	3,733	1,438	2,295	159.6%
Income tax (deferred)	(11,414)	(3,444)	(7,970)	231.4%
Minority interests in net income of subsidiaries	5,293	168	5,125	3050.6%
Net income	76,099	67,435	8,664	12.8%

(billions of yen)

(Ref.) Ordinary business profit (<i>jisshitsu gyomu jun-eki</i>) ⁽¹⁾	137.7	81.9	55.8	68.1%
	yen / US\$	@117.47	@107.39	

(1) Management accounting basis

Consolidated Balance Sheets

-- Assets

(millions of yen)

	As of	As of	Change	
	Mar. 31, 2006	Mar. 31, 2005	a-b	%
	a	b		
<<Assets>>				
Cash and due from banks	488,601	277,593	211,008	76.0%
Call loans	50,000	70,000	(20,000)	(28.6)%
Collateral related to securities borrowing transactions	33,107	3,744	29,363	784.3%
Other monetary claims purchased	273,937	320,379	(46,442)	(14.5)%
Trading assets	193,581	168,501	25,080	14.9%
Monetary assets held in trust	456,167	372,224	83,943	22.6%
Securities	1,494,489	1,478,219	16,270	1.1%
Loans and bills discounted	4,087,561	3,430,421	657,140	19.2%
Foreign exchanges	12,140	8,550	3,590	42.0%
Other assets	974,398	850,440	123,958	14.6%
Premises and equipment	415,522	418,938	(3,416)	(0.8)%
Deferred discounts on and issuance expenses for debentures	177	284	(107)	(37.7)%
Deferred tax assets	30,022	24,623	5,399	21.9%
Consolidation goodwill, net	226,692	244,042	(17,350)	(7.1)%
Customers' liabilities for acceptances and guarantees	813,480	1,058,161	(244,681)	(23.1)%
Reserve for credit losses	(144,868)	(149,799)	4,931	(3.3)%
Total assets	9,405,013	8,576,328	828,685	9.7%

yen / US\$

@117.47

@107.39

Consolidated Balance Sheets

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

(millions of yen)

	As of	As of	Change	
	Mar. 31, 2006	Mar. 31, 2005	a-b	%
	a	b		
<<Liabilities>>				
Deposits, including negotiable certificates of deposit	4,071,758	3,452,813	618,945	17.9%
Debentures	1,018,909	1,242,632	(223,723)	(18.0)%
Call money	30,000	204,295	(174,295)	(85.3)%
Commercial paper	133,200	13,300	119,900	901.5%
Trading liabilities	149,990	69,101	80,889	117.1%
Borrowed money	1,205,765	1,160,265	45,500	3.9%
Foreign exchanges	39	20	19	95.0%
Corporate bonds	298,002	88,344	209,658	237.3%
Other liabilities	535,753	412,763	122,990	29.8%
Accrued employees bonuses	13,886	10,276	3,610	35.1%
Reserve for bonuses to directors	13	-	13	100.0%
Reserve for retirement benefits	3,309	3,376	(67)	(2.0)%
Reserve for loss on disposition of premises and equipment	-	153	(153)	(100.0)%
Reserve under special law	2	2	0	0.0%
Deferred tax liabilities	13,718	20,262	(6,544)	(32.3)%
Acceptances and guarantees	813,480	1,058,161	(244,681)	(23.1)%
Total liabilities	8,287,832	7,735,769	552,063	7.1%
Minority interests in subsidiaries	261,845	53,891	207,954	385.9%
<<Shareholders' equity>>				
Capital stock	451,296	451,296	-	-
Capital surplus	18,558	18,558	-	-
Retained earnings	379,502	311,039	68,463	22.0%
Net unrealized gain on securities available-for-sale, net of taxes	2,208	3,043	(835)	(27.4)%
Foreign currency transaction adjustments	3,781	2,738	1,043	38.1%
Treasury stock, at cost	(12)	(9)	(3)	33.3%
Total shareholders' equity	855,335	786,667	68,668	8.7%
Total liabilities, minority interest in subsidiaries and shareholders' equity	9,405,013	8,576,328	828,685	9.7%

yen / US\$

@117.47

@107.39

Consolidated Statements of Capital Surplus and Retained Earnings

(millions of yen)

	As of	As of	Change	
	Mar. 31, 2006 a	Mar. 31, 2005 b	a-b	%
[Capital surplus]				
Balance at beginning of year	18,558	18,558	-	-
Balance at end of year	18,558	18,558	-	-
[Retained earnings]				
Balance at beginning of year	311,039	250,737	60,302	24.0%
Increase	76,099	67,435	8,664	12.8%
Net income	76,099	67,435	8,664	12.8%
Decrease	7,636	7,133	503	7.1%
Dividends paid	7,635	7,133	502	7.0%
Bonuses to directors of consolidated subsidiaries	0	-	0	100.0%
Balance at end of year	379,502	311,039	68,463	22.0%

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

Consolidated Statements of Cash Flows
(millions of yen)

	Fiscal year ended Mar.31, 2006	Fiscal year ended Mar. 31, 2005	Change
I. Cash flows from operating activities:			
Income before income taxes and minority interests	73,711	65,597	8,114
Depreciation (other than leased assets)	4,198	3,706	492
Depreciation of leased assets	138,104	-	138,104
Amortization of consolidation goodwill	20,397	4,918	15,479
Amortization of identified intangible assets	9,047	3,919	5,128
Equity in net income of affiliates	(4,114)	(1,762)	(2,352)
Net change in reserve for credit losses	(4,940)	(28,083)	23,143
Net change in accrued employees bonuses	3,483	319	3,164
Net change in reserve for retirement benefits	(654)	576	(1,230)
Net change in reserve for loss on disposition of premises and equipment	(153)	153	(306)
Net change in provision of reserve for loss on sale of bonds	-	(1,918)	1,918
Interest income	(125,029)	(101,396)	(23,633)
Interest expenses	42,729	34,497	8,232
Gain on securities sold	(5,788)	(11,752)	5,964
Gain on monetary assets held in trust	(6,648)	(2,431)	(4,217)
Net exchange gain	(779)	(4,850)	4,071
Net loss on sale of premises and equipment	203	517	(314)
Net gain on sale of leased assets	(1,761)	-	(1,761)
Net change in trading assets	(25,079)	466,594	(491,673)
Net change in trading liabilities	80,889	(23,130)	104,019
Net change in loans and bills discounted	(698,761)	(506,571)	(192,190)
Net change in deposits	834,179	816,785	17,394
Net change in negotiable certificates of deposit	(215,234)	(98,461)	(116,773)
Net change in debentures	(223,723)	(115,388)	(108,335)
Net change in borrowed money (other than subordinated debt)	76,499	56,030	20,469
Net change in corporate bonds (other than subordinated bonds)	18,001	9,357	8,644
Net change in deposits (other than non-interest-bearing deposits)	(28,707)	136,664	(165,371)
Net change in call loans	20,000	(70,000)	90,000
Net change in other monetary claims purchased	48,179	(72,774)	120,953
Net change in collateral related to securities borrowing transactions	(29,363)	14,377	(43,740)
Net change in payables under repurchase agreements	-	(445,634)	445,634
Net change in call money	(174,295)	91,735	(266,030)
Net change in commercial paper	119,900	(3,786)	123,686
Net change in collateral related to securities lending transactions	-	(29,275)	29,275
Net change in foreign exchange assets	(3,589)	939	(4,528)
Net change in foreign exchange liabilities	18	16	2
Net change in net trust account	936	24,422	(23,486)
Interest received	142,198	122,569	19,629
Interest paid	(41,464)	(33,534)	(7,930)
Net change in trading securities	(114,114)	24,381	(138,495)
Net change in monetary assets held in trust	(59,176)	12,454	(71,630)
Net change in leased assets	(125,396)	-	(125,396)
Others, net	(22,844)	(106,335)	83,491
Subtotal	(278,941)	233,446	(512,387)
Income taxes paid	(2,056)	(1,397)	(659)
Net cash (used in) provided by operating activities	(280,998)	232,048	(513,046)
II. Cash flows from investing activities:			
Purchase of securities	(3,380,505)	(4,378,272)	997,767
Proceeds from sale of securities	688,041	634,712	53,329
Proceeds from maturity of securities	2,825,196	3,589,334	(764,138)
Investment in monetary assets held in trust	(38,803)	(92,867)	54,064
Proceeds from disposition of monetary assets held in trust	20,685	17,475	3,210
Purchase of premises and equipment (other than leased assets)	(6,488)	(7,301)	813
Proceeds from sale of premises and equipment (other than leased assets)	2,136	595	1,541
Payment for acquisition of new subsidiaries	(10,239)	(75,875)	65,636
Proceeds from acquisition of new subsidiaries	-	10,020	(10,020)
Proceeds from sale of subsidiary's stocks	32,616	-	32,616
Others, net	3,103	1,380	1,723
Net cash provided by (used in) investing activities	135,741	(300,798)	436,539
III. Cash flows from financing activities:			
Proceeds from issuance of subordinated debt	46,000	-	46,000
Repayment of subordinated debt	(77,000)	(19,000)	(58,000)
Proceeds from issuance of subordinated corporate bonds	199,870	50,000	149,870
Payment for redemption of subordinated bonds	(11,166)	(2,570)	(8,596)
Proceeds from issuance of preferred shares to minority shareholders of subsidiaries	174,958	52,500	122,458
Dividends paid	(7,635)	(7,133)	(502)
Dividends paid to minority shareholders of subsidiaries	(1,310)	-	(1,310)
Purchase of treasury stock	(1)	(3)	2
Net cash provided by financing activities	323,713	73,793	249,920
IV. Foreign currency translation adjustments on cash and cash equivalents	31	3	28
V. Net change in cash and cash equivalents	178,487	5,047	173,440
VI. Cash and cash equivalents at beginning of year	162,226	157,178	5,048
VII. Cash and cash equivalents at end of year	340,713	162,226	178,487

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 fiscal year ended Mar. 31, 2006 (FY2005)	For the fiscal year ended Mar. 31, 2005 (FY2004)	Change	For the fiscal year ended Mar. 31, 2007 (FY2006) Forecast
Gross business profit (<i>gyomu sorieki</i>) ⁽¹⁾	142.4	123.8	18.6	
Net interest income	53.1	54.8	(1.6)	
Net fees and commissions ⁽¹⁾	50.9	41.0	9.9	
Net trading income	20.2	22.1	(1.9)	
Net other business income	18.0	5.7	12.2	
General & administrative expenses	73.2	68.8	4.3	
Net business profit (<i>jisshitsu gyomu jun-eki</i>) ⁽¹⁾	69.1	54.9	14.2	77.0
Net income	74.8	68.0	6.7	75.0

Credit recoveries (costs)	4.9	16.3	(11.4)	
Reversal (provision) of reserve for credit losses	5.4	17.8	(12.3)	

(1) Includes income from monetary assets held in trust of 39.5 billion yen for the fiscal year ended Mar. 31, 2006 and 29.3 billion yen for the fiscal year ended Mar. 31, 2005.

2. Non-performing Loans

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

(billions of yen, %)

	As of Mar. 31, 2006 a	As of Mar. 31, 2005 b	Change a-b	As of Sep. 30, 2005 c	Change a-c
Claims against bankrupt and quasi-bankrupt obligors	0.7	3.1	(2.4)	2.4	(1.7)
Doubtful claims	20.7	42.1	(21.4)	28.3	(7.6)
Substandard claims	21.1	6.5	14.6	15.4	5.7
Total non-performing loans (A)	42.5	51.8	(9.2)	46.1	(3.6)
Total claims (B)	4,129.0	3,621.1	507.9	3,967.0	162.0
% of total claims outstanding (A) / (B)	1.03%	1.43%	0.40%	1.16	(0.13)%
(ref.) At or below "need caution" level	119.3	123.7	(4.4)	190.1	(70.8)

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

(millions of yen, %)

	Amount of claims			Amount of coverage	Coverage ratio
		Reserve for loan losses	Collateral and guarantees		
Claims against bankrupt and quasi-bankrupt obligors	713	-	713	713	100.0
Doubtful claims	20,715	17,734	1,021	18,755	90.5
Substandard claims	21,093	7,713	5,749	13,462	63.8
Total	42,522	25,447	7,483	32,931	77.4

4. Risk Monitored Loans

(Consolidated)

(millions of yen)

	Mar. 31, 2006		Mar. 31, 2005	Sep. 30, 2005	
		Change from Mar. 31, 2005			Change from Sep. 30, 2005
Loans to bankrupt obligors	1,889	(733)	(1,459)	2,622	3,348
Non-accrual delinquent loans	36,347	(11,834)	(11,862)	48,181	48,209
Loans past due for 3 months or more	3,125	(2,474)	595	5,599	2,530
Restructured loans	42,832	19,218	6,764	23,614	36,068
Total risk monitored loans	84,195	4,177	(5,962)	80,018	90,157
Loans and bills discounted	4,087,561	657,140	259,491	3,430,421	3,828,070

(% to total loans)

Loans to bankrupt obligors	0.0%	(0.1)%	(0.1)%	0.1%	0.1%
Non-accrual delinquent loans	0.9%	(0.5)%	(0.4)%	1.4%	1.3%
Loans past due for 3 months or more	0.1%	(0.1)%	0.0%	0.2%	0.1%
Restructured loans	1.0%	0.3%	0.1%	0.7%	0.9%
Total risk monitored loans	2.1%	(0.2)%	(0.3)%	2.3%	2.4%

(Non-Consolidated)

(millions of yen)

	Mar. 31, 2006		Mar. 31, 2005	Sep. 30, 2005	
		Change from Mar. 31, 2005			Change from Sep. 30, 2005
Loans to bankrupt obligors	586	(1,744)	(986)	2,330	1,572
Non-accrual delinquent loans	20,443	(20,810)	(7,105)	41,253	27,548
Loans past due for 3 months or more	24	(3,146)	(81)	3,170	105
Restructured loans	21,069	17,750	5,771	3,319	15,298
Total risk monitored loans	42,123	(7,950)	(2,401)	50,073	44,524
Loans and bills discounted	3,961,246	517,525	173,229	3,443,721	3,788,017

(% to total loans)

Loans to bankrupt obligors	0.0%	(0.1)%	0.0%	0.1%	0.0%
Non-accrual delinquent loans	0.5%	(0.7)%	(0.2)%	1.2%	0.7%
Loans past due for 3 months or more	0.0%	(0.1)%	0.0%	0.1%	0.0%
Restructured loans	0.5%	0.4%	0.1%	0.1%	0.4%
Total risk monitored loans	1.1%	(0.4)%	(0.1)%	1.5%	1.2%

5. Reserve for Credit Losses

(Consolidated)

(millions of yen)

	Mar. 31, 2006		Mar. 31, 2005	Sep. 30, 2005	
		Change from Mar. 31, 2005			Change from Sep. 30, 2005
Reserve for credit losses	144,868	(4,931)	(11,112)	149,799	155,980
General	89,043	23,633	12,969	65,410	76,074
Specific	55,819	(28,564)	(24,070)	84,383	79,889
Restructuring countries	5	0	(11)	5	16

(Non-Consolidated)

(millions of yen)

	Mar. 31, 2006		Mar. 31, 2005	Sep. 30, 2005	
		Change from Mar. 31, 2005			Change from Sep. 30, 2005
Reserve for credit losses	111,421	(13,078)	(3,177)	124,499	114,598
General	60,220	4,057	869	56,163	59,351
Specific	51,196	(17,134)	(4,035)	68,330	55,231
Restructuring countries	5	0	(11)	5	16

6. Reserve Ratio to Risk Monitored Loans

(Consolidated)

	Mar. 31, 2006		Mar. 31, 2005	Sep. 30, 2005	
		Change from Mar. 31, 2005			Change from Sep. 30, 2005
% on risk monitored loans	172.1%	(15.1)%	(0.9)%	187.2%	173.0%

(Non-Consolidated)

	Mar. 31, 2006		Mar. 31, 2005	Sep. 30, 2005	
		Change from Mar. 31, 2005			Change from Sep. 30, 2005
% on risk monitored loans	264.5%	15.9%	7.1%	248.6%	257.4%

7. Unrealized Gains on Available-for Sale Securities

(Consolidated)

As of March 31, 2006

(millions of yen)

	Unrealized gains		
		Gains	Losses
Equities	5,564	5,678	114
Bonds	(4,693)	66	4,760
Other	2,675	3,390	715
Total	3,546	9,136	5,590

As of March 31, 2005

(millions of yen)

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

(Non-consolidated)

As of March 31, 2006

(millions of yen)

	Unrealized gains		
		Gains	Losses
Equities	1,569	1,580	11
Bonds	(4,714)	31	4,746
Other	2,685	3,390	705
Total	(460)	5,002	5,462

As of March 31, 2005

(millions of yen)

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

8. Balance of Housing Loans (Non-Consolidated)

(millions of yen)

	Mar. 31, 2006		Mar. 31, 2005	Sep. 30, 2005
		Change from Mar. 31, 2005		
Balance of housing loans	454,561	165,299	68,589	289,262

9. Balance of Deposits (Non-Consolidated)

(millions of yen)

	Mar. 31, 2006		Mar. 31, 2005	Sep. 30, 2005
		Change from Mar. 31, 2005		
Balance of deposits (including NCDs)	4,158,192	629,313	111,256	3,528,879
Balance of deposits from individuals	3,081,691	803,946	267,746	2,277,745

10. Subsidiaries and Affiliates

	Mar. 31, 2006	Mar. 31, 2005
Consolidated subsidiaries	82	76
Affiliates accounted for using the equity method	13	9

11. Expense for Retirement Benefit (Consolidated)

(millions of yen)

	Mar. 31, 2006
Expense for retirement benefit	4,344

12. Derivative Transactions Based on Hedge Accounting

(Consolidated)

(billions of yen)

	As of March 31, 2006			
	Within 1 year	Over 1 year and within 5 years	Over 5 years	Total
Interest rate swap				
Receive fixed and pay floating	6.2	282.7	281.2	570.2
Receive floating and pay fixed	10.1	37.5	10.8	58.5
Receive floating and pay floating	-	0.5	-	0.5
Total notional principal amount	16.3	320.8	292.1	629.3
Currency swap				
Total notional principal amount	242.9	166.9	173.2	583.1

(Non-Consolidated)

(billions of yen)

	As of March 31, 2006			
	Within 1 year	Over 1 year and within 5 years	Over 5 years	Total
Interest rate swap				
Receive fixed and pay floating	6.2	282.7	281.2	570.2
Receive floating and pay fixed	0.1	37.5	10.8	48.5
Receive floating and pay floating	-	0.5	-	0.5
Total notional principal amount	6.3	320.8	292.1	619.3
Currency swap				
Total notional principal amount	242.9	166.9	173.2	583.1

13. Problem Claims

A. Losses on Disposals

(Consolidated)

(billions of yen)

	Net provision of general reserve for loan losses	Disposal of problem claims (Banking account)	Disposal of problem claims (Trust account)	Total credit costs
FY2005	30.0	0.1	-	30.1
1H-FY2005	27.6	(13.0)	-	14.5
FY2004	(2.7)	1.7	-	(0.9)

(Non-Consolidated)

(billions of yen)

	Net provision of general reserve for loan losses	Disposal of problem claims (Banking account)	Disposal of problem claims (Trust account)	Total credit costs
FY2005	4.1	(9.0)	-	(4.9)
1H-FY2005	3.1	(5.5)	-	(2.3)
FY2004	(5.2)	(11.0)	-	(16.3)

B. Outstanding of Non-Performing Loans

(billions of yen)

	Self assessment				
	Bankruptcy and virtually bankrupt obligors (a)	Possibly bankrupt obligors (b)	Below possibly bankrupt obligors (a)+(b)	Need caution obligors	Total (a)+(b)+(c)
Mar. 31, 2006	0.7	20.7	21.4	97.9	119.3
Sep. 30, 2005	2.3	28.2	30.6	159.4	190.1
Mar. 31, 2005	3.1	42.1	45.2	78.4	123.7

	Claims under the Financial Revitalization Law	
	Substandard claims (d)	Total (a)+(b)+(d)
Mar. 31, 2006	21.1	42.5
Sep. 30, 2005	15.4	46.1
Mar. 31, 2005	6.5	51.8

C. Final Disposal of Claims and New Claims

Balance of Claims

(full year comparison)

(billions of yen)

	Claims against bankrupt and quasi-bankrupt obligors (a)	Doubtful claims (b)	Total (a)+(b)
Newly added from March 31, 2005 to March 31, 2006	0.7	3.3	3.9
Off balanced from March 31, 2005 to March 31, 2006	(4.5)	(23.3)	(27.8)
Increase (decrease) from March 31, 2005 to March 31, 2006	(2.4)	(21.4)	(23.9)
Mar. 31, 2006	0.7	20.7	21.4
Mar. 31, 2005	3.1	42.1	45.3

Note:

* The balance of claims against bankrupt and quasi-bankrupt obligors as of March 31, 2006 includes 0.2 billion yen of claims not appearing on the balance sheet as a result of off-balance arrangements.

* The balance of claims against bankrupt and quasi-bankrupt obligors as of March 31, 2005 includes 2.2 billion yen of claims not appearing on the balance sheet as a result of off-balance arrangements.

(second half comparison)

(billions of yen)

	Claims against bankrupt and quasi-bankrupt obligors (a)	Doubtful claims (b)	Total (a)+(b)
Newly added from September 30, 2005 to March 31, 2006	0.5	0.1	0.6
Off balanced from September 30, 2005 to March 31, 2006	(2.1)	(7.7)	(9.8)
Increase (decrease) from September 30, 2005 to March 31, 2006	(1.7)	(7.5)	(9.2)
Sep. 30, 2005	2.4	28.3	30.7

Note:

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

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

(billions of yen)

	Disposal by liquidation (A)	Disposal by obligor revitalization (B)	Disposal by improvement in conditions accompanying obligor revitalization (C)	Securitization	
				Total (D)	Sale to RCC
FY2005	(0.1)	(1.2)	-	(5.6)	-
1H-FY2005	-	(0.9)	-	(0.0)	-
FY2006 forecast	-	-	-	-	-

(billions of yen)

	Write-off (E)	Other total (F)	Collection & repayment (G)	Business improvement (H)	Total (sum of A through F)
FY2005	2.8	(23.7)	(12.9)	(10.7)	(27.8)
1H-FY2005	(0.8)	(19.3)	(8.8)	(10.4)	(21.0)
FY2006 forecast	-	-	-	-	-

E. Financial Support for Borrowers

(billions of yen, number)

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

F. Reserve Ratio by Obligor

	As of Mar. 31, 2006	As of Sep. 30, 2005	As of Mar. 31, 2005
(i) Legally or virtually bankrupt obligors (out of unsecured portion of claims)	100.00%	100.00%	100.00%
(ii) Possibly bankrupt obligors (out of unsecured portion of claims)	89.91%	88.55%	92.98%
(iii) Substandard obligors (out of unsecured portion of claims)	51.32%	61.67%	83.92%
(iv) Caution obligors (except for substandard obligors) (out of unsecured portion of claims)	29.99%	47.69%	30.29%
(out of total claims)	9.43%	9.19%	11.37%
(v) Normal obligors (out of total claims)	0.40%	0.43%	0.73%

G. Reserve by Discounted Cash Flow Method

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

14. Distributable Surplus for Public Funds

(billions of yen)

	Shinsei Bank
Unappropriated retained earnings on Mar. 31, 2006	372.7 (retained earnings except for legal reserve)
Net unrealized gain on securities available-for-sale, net of taxes on Mar. 31, 2006	2.6
Dividends necessary in full year for preferred shares injected by public funds	3.8

Non-Consolidated Statements of Income

(millions of yen)

	Fiscal year ended	Fiscal year ended	Change	
	Mar. 31, 2006 (FY2005)	Mar. 31, 2005 (FY2004)	a-b	%
	a	b		
Interest on Loans	57,895	58,569	(674)	(1.2)%
Interest and dividends on securities	21,036	15,551	5,485	35.3%
Other interest income	3,689	7,705	(4,016)	(52.1)%
Interest income	82,620	81,826	794	1.0%
Fees and commissions income	22,065	20,516	1,549	7.6%
Trading profits	20,740	22,305	(1,565)	(7.0)%
Other business income	23,523	10,765	12,758	118.5%
Other Ordinary Income	48,334	37,654	10,680	28.4%
Ordinary Income	197,284	173,068	24,216	14.0%
Interest on deposits, including negotiable certificates of deposit	16,994	13,713	3,281	23.9%
Interest on debentures	4,720	6,201	(1,481)	(23.9)%
Interest on other borrowings	5,895	8,896	(3,001)	(33.7)%
Other interest expenses	4,787	316	4,471	1,414.9%
Interest expenses	32,398	29,127	3,271	11.2%
Fees and commissions expenses	10,659	8,859	1,800	20.3%
Trading losses	463	113	350	309.7%
Other business expenses	5,415	4,939	476	9.6%
General and administrative expenses	73,860	70,088	3,772	5.4%
Other operating expenses	13,990	13,242	748	5.6%
Ordinary expenses	136,787	126,370	10,417	8.2%
Net ordinary income	60,497	46,697	13,800	29.6%
Special gains	6,261	18,737	(12,476)	(66.6)%
Special losses	119	575	(456)	(79.3)%
Income before income taxes	66,639	64,859	1,780	2.7%
Income tax (current)	(5,991)	(2,374)	(3,617)	(152.4)%
Income tax (deferred)	(2,260)	(864)	(1,396)	(161.6)%
Net income	74,890	68,097	6,793	10.0%
Unappropriated retained earnings brought forward	302,595	243,351	59,244	24.3%
Interim cash dividends	3,947	3,688	259	7.0%
Appropriation to legal reserve	789	737	52	7.1%
Unappropriated retained earnings at the end of fiscal year	372,749	307,022	65,727	21.4%

yen / US\$

@117.47

@107.39

Non-Consolidated Balance Sheets -- Assets

(millions of yen)

	As of	As of	Change	
	Mar. 31, 2006	Mar. 31, 2005	a-b	%
	a	b		
<<Assets>>				
Cash and due from banks	315,282	162,208	153,074	94.4%
Call loans	50,000	70,000	(20,000)	(28.6)%
Collateral related to securities borrowing transactions	33,107	3,744	29,363	784.3%
Other monetary claims purchased	40,233	108,410	(68,177)	(62.9)%
Trading assets	173,315	166,817	6,498	3.9%
Monetary assets held in trust	556,448	415,395	141,053	34.0%
Securities	1,809,798	1,820,753	(10,955)	(0.6)%
Loans and bills discounted	3,961,246	3,443,721	517,525	15.0%
Foreign exchanges	12,140	8,550	3,590	42.0%
Other assets	282,669	220,972	61,697	27.9%
Premises and equipment	26,701	26,499	202	0.8%
Deferred discounts on and issuance expenses for debentures	177	285	(108)	(37.9)%
Deferred tax assets	27,965	23,543	4,422	18.8%
Customers' liabilities for acceptances and guarantees	30,985	49,896	(18,911)	(37.9)%
Reserve for credit losses	(111,421)	(124,499)	13,078	10.5%
Total assets	7,208,651	6,396,302	812,349	12.7%

yen / US\$

@117.47

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Non-Consolidated-Balance Sheets

-- Liabilities and shareholders' equity

(millions of yen)

	As of	As of	Change	
	Mar. 31, 2006	Mar. 31, 2005	a-b	%
	a	b		
<<Liabilities>>				
Deposits, including negotiable certificates of deposit	4,158,192	3,528,879	629,313	17.8%
Debentures	1,021,419	1,246,862	(225,443)	(18.1)%
Call money	30,000	204,295	(174,295)	(85.3)%
Trading liabilities	129,059	64,296	64,763	100.7%
Borrowed money	314,789	325,394	(10,605)	(3.3)%
Foreign exchanges	325	289	36	12.5%
Corporate Bonds	447,024	50,000	397,024	794.0%
Other liabilities	213,567	128,663	84,904	66.0%
Accrued employees bonuses	10,040	7,616	2,424	31.8%
Reserve for retirement benefits	200	1,010	(810)	(80.2)%
Reserve for loss on disposition of premises and equipment	-	153	(153)	(100.0)%
Acceptances and guarantees	30,985	49,896	(18,911)	(37.9)%
Total liabilities	6,355,605	5,607,357	748,248	13.3%
<<Shareholders' equity>>				
Capital stock	451,296	451,296	—	—
Capital surplus	18,558	18,558	—	—
Additional paid-in capital	18,558	18,558	—	—
Retained earnings	380,526	313,272	67,254	21.5%
Appropriated for Legal Reserve	7,777	6,249	1,528	24.5%
Unappropriated retained earnings	372,749	307,022	65,727	21.4%
Net income	74,890	68,097	6,793	10.0%
Net unrealized gain on securities available-for-sale, net of taxes	2,670	5,822	(3,152)	(54.1)%
Treasury stock, at cost	(6)	(4)	(2)	(50.0)%
Total shareholders' equity	853,046	788,945	64,101	8.1%
Total liabilities and shareholders' equity	7,208,651	6,396,302	812,349	12.7%

yen / US\$

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