

Consolidated Interim Balance Sheets (Unaudited)

Shinsei Bank, Limited, and Consolidated Subsidiaries
September 30, 2005 and 2004, and March 31, 2005

	Millions of yen			Thousands of U.S. dollars (Note 1)
	Sept. 30, 2005	Sept. 30, 2004	Mar. 31, 2005	Sept. 30, 2005
ASSETS				
Cash and due from banks (Notes 3 and 20)	¥ 352,584	¥ 468,901	¥ 277,593	\$ 3,114,425
Call loans	117,000	50,866	70,000	1,033,478
Collateral related to securities borrowing transactions	5,232	146,333	3,744	46,219
Other monetary claims purchased (Note 4)	244,387	233,881	320,379	2,158,712
Trading assets (Notes 5, 20 and 30)	119,876	443,634	168,501	1,058,884
Monetary assets held in trust (Notes 6 and 20)	393,694	429,588	372,224	3,477,558
Securities (Notes 7 and 20)	1,678,291	1,339,840	1,478,219	14,824,584
Loans and bills discounted (Notes 8, 20 and 29)	3,828,070	3,074,644	3,430,421	33,813,893
Foreign exchanges (Note 16)	12,881	12,361	8,550	113,788
Other assets (Notes 9, 20 and 30)	868,421	711,800	850,440	7,670,891
Premises and equipment (Notes 10, 20 and 27)	419,404	106,215	418,938	3,704,656
Deferred discounts on and issuance expenses for debentures	206	264	284	1,826
Deferred tax assets	26,639	26,019	24,623	235,307
Consolidation goodwill, net	229,614	200,841	244,042	2,028,219
Customers' liabilities for acceptances and guarantees (Note 19)	1,002,462	1,237,801	1,058,161	8,854,891
Reserve for credit losses (Note 11)	(155,980)	(157,597)	(149,799)	(1,377,796)
Total assets	¥9,142,786	¥8,325,396	¥8,576,328	\$80,759,535
LIABILITIES, MINORITY INTERESTS IN SUBSIDIARIES AND SHAREHOLDERS' EQUITY				
Liabilities:				
Deposits, including negotiable certificates of deposit (Notes 12 and 20)	¥3,964,390	¥3,168,831	¥3,452,813	\$35,018,024
Debentures (Note 13)	1,181,728	1,333,211	1,242,632	10,438,379
Call money	170,664	173,397	204,295	1,507,501
Payables under repurchase agreements (Note 20)	—	44,994	—	—
Collateral related to securities lending transactions (Note 20)	5,672	—	—	50,103
Commercial paper	77,800	11,086	13,300	687,218
Trading liabilities (Notes 14 and 30)	80,083	72,506	69,101	707,385
Borrowed money (Notes 15 and 20)	1,166,966	656,108	1,160,265	10,307,977
Foreign exchanges (Note 16)	170	12	20	1,507
Corporate bonds (Note 17)	82,016	29,528	88,344	724,464
Other liabilities (Notes 18, 20 and 30)	501,842	805,479	412,763	4,432,847
Accrued employees bonuses	7,026	5,791	10,276	62,070
Reserve for retirement benefits	3,237	1,589	3,376	28,598
Reserve for loss on disposition of premises and equipment	153	153	153	1,351
Reserve for loss on sale of bonds	—	1,529	—	—
Reserve under special law	2	0	2	18
Deferred tax liabilities	17,419	18,584	20,262	153,869
Acceptances and guarantees (Notes 19 and 20)	1,002,462	1,237,801	1,058,161	8,854,891
Total liabilities	8,261,635	7,560,605	7,735,769	72,976,202
Minority interests in subsidiaries	60,487	1,069	53,891	534,294
Shareholders' equity:				
Capital stock (Notes 21 and 22):				
Common stock	180,853	180,853	180,853	1,597,507
Preferred stock	270,443	270,443	270,443	2,388,863
Capital surplus	18,558	18,558	18,558	163,929
Retained earnings	345,056	288,082	311,039	3,047,934
Net unrealized gain on securities available-for-sale, net of taxes	2,794	3,452	3,043	24,682
Foreign currency translation adjustments	2,968	2,333	2,738	26,224
Treasury stock, at cost (Note 22)	(11)	(2)	(9)	(100)
Total shareholders' equity	820,663	763,721	786,667	7,249,039
Total liabilities, minority interests in subsidiaries and shareholders' equity	¥9,142,786	¥8,325,396	¥8,576,328	\$80,759,535

See accompanying "Notes to Consolidated Interim Financial Statements (Unaudited)," which are an integral part of these statements.

Consolidated Interim Statements of Income (Unaudited)

Shinsei Bank, Limited, and Consolidated Subsidiaries
For the six months ended September 30, 2005 and 2004, and the fiscal year ended March 31, 2005

	Millions of yen			Thousands of U.S. dollars (Note 1)
	Sept. 30, 2005 (6 months)	Sept. 30, 2004 (6 months)	Mar. 31, 2005 (1 year)	Sept. 30, 2005 (6 months)
Interest income:				
Interest on loans and bills	¥50,816	¥29,639	¥ 77,379	\$448,867
Interest and dividends on securities	8,370	7,092	15,862	73,941
Interest on deposits with banks	1,176	1,650	2,834	10,391
Other interest income	946	3,154	5,320	8,360
Total interest income	61,309	41,536	101,396	541,559
Interest expenses:				
Interest on deposits, including negotiable certificates of deposit	8,074	7,283	13,671	71,321
Interest and discounts on debentures	2,621	3,203	6,184	23,153
Interest on other borrowings	8,484	5,173	13,550	74,941
Other interest expenses	2,022	504	1,090	17,865
Total interest expenses	21,201	16,165	34,497	187,280
Net interest income	40,107	25,371	66,899	354,279
Fees and commissions income	34,239	12,802	47,366	302,445
Fees and commissions expenses	10,740	4,481	14,951	94,875
Net fees and commissions	23,498	8,320	32,414	207,570
Net trading income (Note 23)	12,743	15,325	23,992	112,566
Other business income, net:				
Income on monetary assets held in trust, net	6,669	8,351	16,879	58,911
Net gain on securities and foreign exchanges	14,014	3,193	7,030	123,793
Other, net (Note 24)	33,379	12,073	30,603	294,848
Net other business income	54,063	23,618	54,512	477,552
Total revenue	130,414	72,635	177,819	1,151,967
General and administrative expenses:				
Personnel expenses	28,813	18,277	42,979	254,511
Premises expenses	9,905	4,737	14,648	87,500
Technology and data processing expenses	8,186	4,386	11,522	72,308
Advertising expenses	4,158	2,005	6,074	36,736
Consumption and property taxes	3,991	2,640	5,840	35,260
Deposit insurance premium	1,153	1,057	2,115	10,192
Other general and administrative expenses	10,794	6,135	14,136	95,346
Total general and administrative expenses	67,003	39,241	97,317	591,853
Net business profit	63,410	33,394	80,502	560,114
Net credit costs (recoveries) (Note 25)	14,562	(10,650)	(989)	128,632
Amortization of consolidation goodwill and other intangibles	14,689	—	8,837	129,754
Other gains (losses), net (Note 26)	1,654	(3,112)	(7,057)	14,612
Income before income taxes and minority interests	35,812	40,932	65,597	316,340
Income tax (benefit):				
Current	1,733	630	1,438	15,312
Deferred	(4,885)	(539)	(3,444)	(43,154)
Minority interests in net income of subsidiaries	1,258	52	168	11,115
Net income	¥37,706	¥40,789	¥ 67,435	\$333,067
		Yen		U.S. dollars (Note 1)
Basic net income per common share (Note 31)	¥26.33	¥28.60	¥46.78	\$0.23
Diluted net income per common share (Note 31)	18.71	21.16	34.98	0.17

See accompanying "Notes to Consolidated Interim Financial Statements (Unaudited)," which are an integral part of these statements.

Consolidated Interim Statements of Shareholders' Equity (Unaudited)

Shinsei Bank, Limited, and Consolidated Subsidiaries
For the six months ended September 30, 2005 and 2004, and the fiscal year ended March 31, 2005

	Millions of yen			Thousands of U.S. dollars (Note 1)
	Sept. 30, 2005 (6 months)	Sept. 30, 2004 (6 months)	Mar. 31, 2005 (1 year)	Sept. 30, 2005 (6 months)
Common stock:				
Balance at beginning of period	¥180,853	¥180,853	¥180,853	\$1,597,507
Balance at end of period	180,853	180,853	180,853	1,597,507
Preferred stock:				
Balance at beginning of period	270,443	270,443	270,443	2,388,863
Balance at end of period	270,443	270,443	270,443	2,388,863
Capital surplus:				
Balance at beginning of period	18,558	18,558	18,558	163,929
Balance at end of period	18,558	18,558	18,558	163,929
Retained earnings:				
Balance at beginning of period	311,039	250,737	250,737	2,747,455
Dividends paid	(3,688)	(3,444)	(7,133)	(32,585)
Bonuses to directors of consolidated subsidiaries	(0)	—	—	(3)
Net income	37,706	40,789	67,435	333,067
Balance at end of period	345,056	288,082	311,039	3,047,934
Net unrealized gain on securities available-for-sale, net of taxes:				
Balance at beginning of period	3,043	7,154	7,154	26,884
Net change during the period	(249)	(3,701)	(4,110)	(2,202)
Balance at end of period	2,794	3,452	3,043	24,682
Foreign currency translation adjustments:				
Balance at beginning of period	2,738	2,255	2,255	24,185
Net change during the period	230	78	482	2,039
Balance at end of period	2,968	2,333	2,738	26,224
Treasury stock, at cost:				
Balance at beginning of period	(9)	(1)	(1)	(82)
Purchase of treasury stock	(2)	(1)	(8)	(18)
Balance at end of period	(11)	(2)	(9)	(100)
Total shareholders' equity	¥820,663	¥763,721	¥786,667	\$7,249,039

See accompanying "Notes to Consolidated Interim Financial Statements (Unaudited)," which are an integral part of these statements.

Consolidated Interim Statements of Cash Flows (Unaudited)

Shinsei Bank, Limited, and Consolidated Subsidiaries
For the six months ended September 30, 2005 and 2004, and the fiscal year ended March 31, 2005

	Millions of yen			Thousands of U.S. dollars (Note 1)
	Sept. 30, 2005 (6 months)	Sept. 30, 2004 (6 months)	Mar. 31, 2005 (1 year)	Sept. 30, 2005 (6 months)
Cash flows from operating activities:				
Income before income taxes and minority interests	¥ 35,812	¥ 40,932	¥ 65,597	\$ 316,340
Adjustments for:				
Income tax paid	(1,822)	(737)	(1,397)	(16,101)
Depreciation	70,729	1,724	3,706	624,764
Amortization of consolidation goodwill and other intangibles	14,689	—	8,837	129,754
Net change in reserve for credit losses	6,177	(20,322)	(28,083)	54,565
Net change in other reserves	(3,388)	(3,436)	(869)	(29,931)
Interest income	(61,309)	(41,536)	(101,396)	(541,559)
Interest expenses	21,201	16,165	34,497	187,280
Investment gains	(3,598)	(8,352)	(14,183)	(31,788)
Net exchange gain	(53)	(7,297)	(4,850)	(476)
Net change in trading assets	48,625	169,918	466,594	429,518
Net change in trading liabilities	10,981	126,791	(23,130)	97,004
Net change in loans and bills discounted	(396,993)	(149,834)	(506,571)	(3,506,702)
Net change in deposits, including negotiable certificates of deposit	511,576	434,341	718,324	4,518,829
Net change in debentures	(60,903)	(26,406)	(115,388)	(537,973)
Net change in borrowed money (other than subordinated debt)	(3,299)	(9,538)	56,030	(29,147)
Net change in corporate bonds (other than subordinated corporate bonds)	(4,333)	—	9,357	(38,278)
Net change in deposits with banks	29,438	(24,522)	136,664	260,036
Net change in call loans, collateral related to securities borrowing transactions and other monetary claims purchased	29,518	(164,593)	(128,397)	260,744
Net change in call money, payables under repurchase agreements, collateral related to securities lending transactions and commercial paper	36,540	(330,212)	(386,959)	322,769
Net change in foreign exchange assets	(4,331)	(2,870)	939	(38,257)
Net change in foreign exchange liabilities	149	7	16	1,325
Interest received	67,968	50,085	122,569	600,377
Interest paid	(19,903)	(15,218)	(33,534)	(175,812)
Net change in securities for trading purposes	(27,790)	18,320	24,381	(245,480)
Net change in monetary assets held in trust for trading purposes	(4,975)	(122,718)	12,454	(43,945)
Net change in leased assets	(68,499)	—	—	(605,065)
Other, net	(2,880)	55,203	(83,158)	(25,440)
Total adjustments	183,514	(55,038)	166,451	1,621,011
Net cash provided by (used in) operating activities	219,327	(14,106)	232,048	1,937,351
Cash flows from investing activities:				
Purchase of investments	(1,887,545)	(1,758,542)	(4,471,140)	(16,672,960)
Proceeds from sales of investments	368,956	298,563	652,188	3,259,046
Proceeds from maturity of investments	1,392,514	1,510,667	3,589,334	12,300,279
Purchase of premises and equipment other than leased assets	(2,797)	(4,102)	(7,301)	(24,708)
Proceeds from sales of premises and equipment other than leased assets	954	26	595	8,433
Net payment for acquisition of new subsidiaries	—	—	(75,875)	—
Net proceeds from acquisition of new subsidiaries	—	10,020	10,020	—
Proceeds from sale of subsidiary's stock	9,116	—	—	80,526
Other, net	—	244	1,380	—
Net cash (used in) provided by investing activities	(118,800)	56,877	(300,798)	(1,049,384)
Cash flows from financing activities:				
Repayment of subordinated debt	10,000	—	(19,000)	88,331
Proceeds from issuance of subordinated corporate bonds	—	—	50,000	—
Payment for redemption of subordinated corporate bonds	(3,000)	(1,570)	(2,570)	(26,500)
Proceeds from issuance of preferred shares to minority shareholders of subsidiaries	—	—	52,500	—
Dividends paid	(3,688)	(3,444)	(7,133)	(32,583)
Purchase of treasury stock	(2)	(1)	(3)	(18)
Net cash provided by (used in) financing activities	3,309	(5,015)	73,793	29,230
Foreign currency translation adjustments on cash and cash equivalents	3	16	3	31
Net change in cash and cash equivalents	103,839	37,771	5,047	917,228
Cash and cash equivalents at beginning of period	162,226	157,178	157,178	1,432,966
Cash and cash equivalents at end of period (Note 3)	¥ 266,065	¥ 194,950	¥ 162,226	\$ 2,350,194

See accompanying "Notes to Consolidated Interim Financial Statements (Unaudited)," which are an integral part of these statements.
Note: Investments consist of securities and monetary assets held in trust for other than trading purposes.