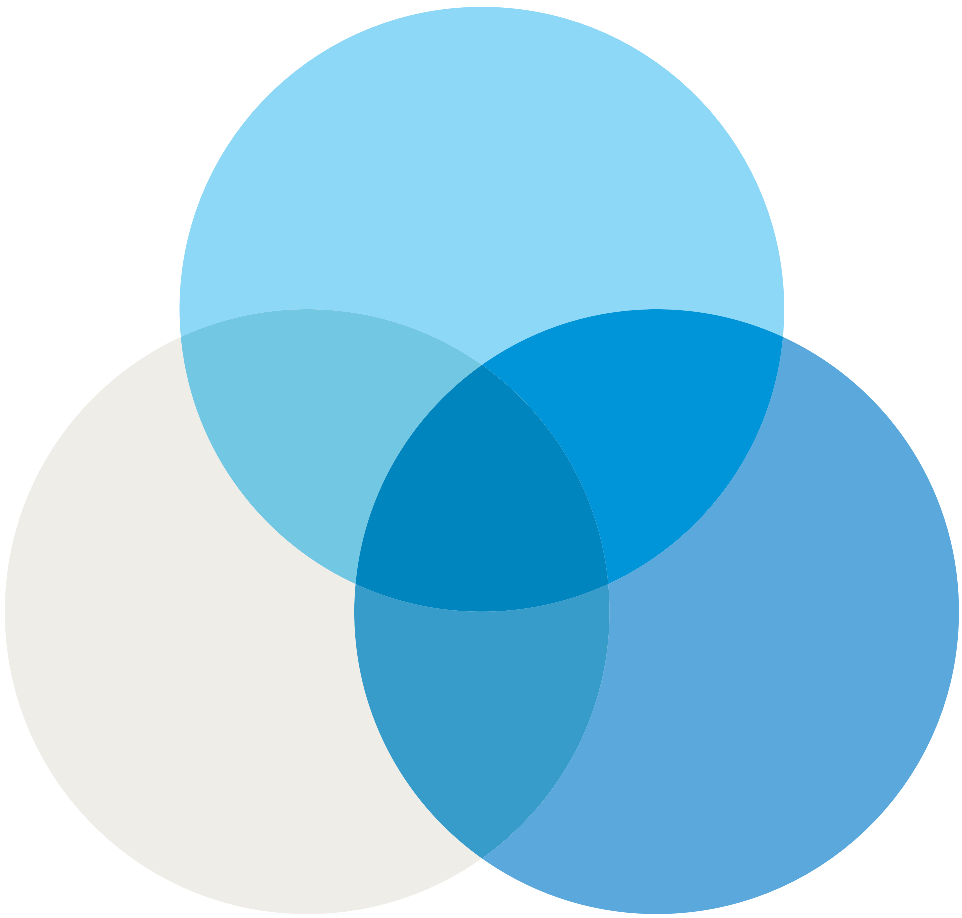
SHINSEI BANK

Interim Report 2007

Six Months Ended September 30, 2007

Better Together



Given the challenges that we faced in fiscal year 2006, it was imperative that we draw upon our collective strengths in fiscal year 2007. We have many–our proud heritage, our talented people, our specialized skills, our unwavering determination. We are pulling together in new ways with a shared goal of serving the needs of all our stakeholders. We have been confronted with a challenging market environment and have had to make difficult decisions to position ourselves for long-term growth. We continue to develop and deliver innovative products, services and solutions by focusing on our customers, working across our businesses and collaborating with our partners. The events and activities highlighted in this report exemplify Shinsei Bank's potential when we work together. They show how we can be "Better Together."

Businesses

We serve a broad range of customers through our three strategic business pillars: Institutional Banking, Consumer and Commercial Finance and Retail Banking. Though each business pillar retains specialist expertise tailored to specific customer and market segments, there is enormous added value to be gained by combining these areas of expertise to capitalize on new business opportunities that transcend a single market or to take advantage of first sales (cross-selling) opportunities among businesses. As a result, we are actively engaged in identifying such opportunities and generating new sources of revenue.

Customers

At Shinsei the customer experience is of paramount importance. Our value proposition is to understand our customers' needs so that we can provide them with the most appropriate solutions. In Institutional Banking this means that our relationship managers and product specialists must work together to obtain in-depth knowledge of our customers' business and market environment. In Consumer and Commercial Finance, we work closely with our merchant network to satisfy not only their own business needs but also the needs of their individual customers. Our Retail Banking business continues to lead the way with innovative products and services delivered through convenient channels to empower customers to choose how they want to do business with us.

Partners

We are a different kind of bank which primarily focuses on profitable and sustainable growth rather than size or market share. For this reason, partnerships play a fundamental role in the development of our business and are a key contributor to our success. We partner with regional banks and local financial institutions to expand our reach and deliver better products and services to customers. We actively partner with value-adding institutions that enable us to expand our business both in Japan and overseas. Of utmost importance, we partner with organizations which allow us to contribute to the communities in which we operate to promote a sustainable environment for all our stakeholders.

Profile (Consolidated)

(As of September 30, 2007)

Establishment	December 1952
Total Assets	¥12,423.4 billion
Loans and Bills Discounted	¥5,456.5 billion
Securities	¥2,368.5 billion
Deposits and Negotiable Certificates of Deposit	¥5,870.6 billion
Debentures	¥686.5 billion
Total Equity	¥934.6 billion
Total Capital Adequacy Ratio	12.4%
Tier I Capital Ratio	7.6%
Number of Employees:	
Shinsei Bank	2,358
Shinsei Bank and Consolidated Subsidiaries	4,750
Outlets and Branches:	
Domestic	43 outlets, including 36 Shinsei Financial Centers (30 Branches and 6 Annexes), 2 Platinum Centers (with Annexes) and 5 BankSpots (3 Annexes and 2 with other Annexes)
Overseas	1 Branch

Financial Highlights

Shinsei Bank, Limited, and Consolidated Subsidiaries
As of or for the six months ended September 30, 2007 and 2006

	Billions of yen		Millions of U.S. dollars[2]
	Sept. 30, 2006 (6 months)	**Sept. 30, 2007 (6 months)**	**Sept. 30, 2007 (6 months)**
For the period:			
Net interest income	¥ 51.7	**¥ 56.5**	**$ 490.2**
Net fees and commissions	22.2	**23.1**	**201.1**
Net trading income	11.2	**7.2**	**62.7**
Net other business income	53.1	**51.6**	**448.2**
Total revenue	138.3	**138.6**	**1,202.2**
Net income	38.8	**23.1**	**201.1**
Cash basis net income [3]	47.6	**28.7**	**249.3**
Balances at end of period:			
Loans and bills discounted	¥ 4,781.4	**¥ 5,456.5**	**$ 47,329.2**
Total assets	10,433.6	**12,423.4**	**107,758.2**
Deposits and negotiable certificates of deposit	4,945.7	**5,870.6**	**50,920.6**
Debentures	758.8	**686.5**	**5,955.3**
Total liabilities	9,422.9	**11,488.7**	**99,651.3**
Total equity [4]	1,010.7	**934.6**	**8,107.0**
Total liabilities and equity	¥10,433.6	**¥12,423.4**	**107,758.2**
Per share data:	Yen		U.S. dollars
Common equity [4]	¥ 383.20	**¥ 352.71**	**$ 3.06**
Fully diluted equity [4][5]	411.58	**354.04**	**3.07**
Basic net income	27.19	**15.72**	**0.14**
Diluted net income	19.54	**12.72**	**0.11**
Dividends paid per common share	1.66	**—**	**—**
Cash basis per share data:	Yen		U.S. dollars
Basic net income	¥ 33.55	**¥ 19.57**	**$ 0.16**
Diluted net income	23.96	**15.77**	**0.13**
Ratios:	%	%	
Return on assets [6]	0.8	**0.4**	
Return on equity (fully diluted) [4][7]	9.7	**7.2**	
Total capital adequacy ratio	13.5	**12.4**	
Tier I capital ratio	8.3	**7.6**	

Notes:
(1) Since all yen figures have been truncated rather than rounded, the totals do not necessarily equal the sum of the individual amounts. U.S. dollar figures and ratios have been rounded.
(2) Unless otherwise specified, dollar figures in this annual report refer to U.S. currency and are presented solely for the readers' convenience. U.S. dollar figures are translated at ¥115.29=U.S.$1.00, the rate of exchange prevailing on the Tokyo Foreign Exchange Market on September 30, 2007.
(3) Cash basis net income is calculated by excluding impairment and amortization of goodwill and intangible assets, net of tax benefit, from net income (loss) under Japanese Generally Accepted Accounting Principles.
(4) In December 2006, the Accounting Standards Board of Japan published a new accounting standard for the presentation of shareholders' equity which is effective for fiscal years ended on or after May 1, 2006. Under this accounting standard, certain items which were previously presented outside of shareholders' equity are now presented as components of equity.
(5) Fully diluted equity per share is calculated by dividing equity at the end of the periods presented by the number of common shares that would have been outstanding had all securities convertible into or exercisable for common shares been converted or exercised with an applicable conversion or exercise price within the predetermined range at the end of the period.
(6) Return on assets is calculated by dividing net income by the average of total assets at the beginning and end of the period presented.
(7) Return on equity (fully diluted) is calculated by dividing net income by the average of fully diluted equity at the beginning and end of the period presented.

Contents

Summary of Events

2007	April	Shinsei Servicing Company (Shinsei Servicer) received "Above Average" CMBS Servicer Ranking from S&P
		Achieved two million retail accounts
		Assigned business from UNICO Corporation (through Showa Leasing Co., Ltd.)
	May	Completed sales of all shares of Life Housing Loan Co., Ltd. to Sumitomo Trust & Banking Co., Ltd.
	July	Launched new "Shinsei Platinum Services"
		Determined the exchange price for the mandatory acquisition of Series 3 Class-B preferred shares
		Reached an agreement with Japan Asia Investment Co., Ltd. ("JAIC") to form a business partnership and subscribed to its private placement of new shares
	August	Acquired and canceled Series 3 Class-B preferred shares
		Established a joint venture engaged in investment management with UTI International Ltd.
	September	Launched securities brokerage services in partnership with Shinsei Securities Co., Ltd.
	October	Made strategic investment in Duff & Phelps Corporation and signed Referral Agreement
	November	Subscription to SHINKI Co., Ltd. ("Shinki") rights offering of new shares

Forward-Looking Statements

This interim report contains statements that constitute forward-looking statements. These statements appear in a number of places in this interim report and include statements regarding our intent, belief or current expectations, and/or the current belief or current expectations of our officers with respect to the results of our operations and the financial condition of the Bank and its subsidiaries. Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Our forward-looking statements are not a guarantee of future performance and involve risks and uncertainties. Actual results may differ from those in such forward-looking statements as a result of various factors.

Turning Challenges into Opportunities

Over the last couple of months we have experienced turbulent times in the banking industry, not just in Japan, but around the world. Shinsei Bank too faced its share of challenges in the first half of fiscal year 2007. Nonetheless, we have returned to profitability and the outlook for our core businesses remains positive. Our balance sheet and capital ratios reflect our continued financial strength. By quickly and decisively addressing the issues in the consumer finance industry, we are focusing on turning challenges into opportunities and have positioned the Bank to return to profitability for the full fiscal year 2007. We remain committed to growth going forward based on our three-pillar business strategy.

Fiscal Year 2007 Interim Results

Shinsei Bank reported consolidated net income of ¥23.1 billion in the first half period ended September 30, 2007, compared to ¥38.8 billion in the same period of the previous fiscal year. Total revenues were flat year on year as the steady performance of Institutional Banking balanced the lower revenues in the Consumer and

Commercial Finance and Retail Banking business lines. Higher net credit costs due mainly to higher credit provisions in Institutional Banking related to our exposure to the U.S. residential mortgage market and to a lesser extent due to higher credit costs in Consumer and Commercial Finance were partly offset by gains from the sale of Life Housing Loan Co., Ltd.

Three-Pillar Strategy Driving Diversified Growth

Shinsei Bank's business strategy is based on a three-pillar model comprising Institutional Banking, Consumer and Commercial Finance and Retail Banking. These pillars are supported by a strong risk-management capability, an advanced technological platform and world-class corporate governance and compliance practices. Each pillar is in a different growth phase and confronts contrasting challenges and opportunities. In Institutional Banking, currently the largest contributor to earnings, we are focusing on profitability by building a sustainable customer-driven earnings base. In Consumer and Commercial Finance, we are laying the groundwork for the emergence of a next-generation model for this industry in Japan. Still in the early stages of its life cycle, Retail Banking's contribution remains small. But we are now putting more resources into consultation services and working to increase product penetration and customer profitability.

Institutional Banking Business: Better Together

At Shinsei Bank, Institutional Banking has developed into a successful hybrid model that combines the functionality and broad customer network of a commercial bank with the innovation and agility typical of an investment bank. We are focusing on being "better together" as we build on the success we have achieved so far.

We are "better together" as we work with domestic and global customers to build loyalty and improve the quality and long-term reliability of earnings in this business. This makes us a partner when our customers craft their financial strategies, giving us a clear advantage over the competition. That in turn leads to increased product penetration and profitability.

We are differentiating ourselves from domestic competitors by working "better together" with partners in Japan, Europe, Southeast Asia and North America to provide superior products and services to our Japanese customers. This is one way we build our "value proposition."

Finally, our relationship managers are working "better together" with our customers, including corporations, financial institutions and the public sector, to more clearly understand their increasingly sophisticated needs. Shinsei Bank's product specialists are also collaborating closely with customers to provide them with the best possible solutions. This integrated approach is producing impressive results—products such as non-recourse lending, credit trading, securitization and asset management show strong potential for earnings growth.

Challenging Times in Consumer and Commercial Finance Business

Our Consumer and Commercial Finance business complements the Institutional Banking and Retail Banking strategic pillars by expanding our customer base and providing new outlets for our innovative products and services.

This business focuses on both individuals and companies in the consumer finance, commercial finance and specialty property finance markets. The Shinsei Bank Group includes APLUS, an installment sales credit company; Shinki, a consumer lender; Showa Leasing, a general and automobile leasing company, and Shinsei Property Finance, a real estate lender.

Certainly, these are difficult times for the consumer finance industry. But we believe we can turn these challenges into opportunities going forward as the industry rationalizes. Shinsei Bank's consumer finance strategy remains firmly focused on providing cutting-edge financial solutions for merchant partners through APLUS, using this platform to expand the consumer credit offerings of Shinsei Bank and other partner banks. Furthermore, efforts at APLUS to reduce expenses through such means as a voluntary retirement program initiated in fiscal 2006 have also started to bear fruit.

We believe this kind of partnership will be a winning combination. By working closely with our subsidiaries in Consumer and Commercial Finance, we intend to be the game changers in this industry.

Exceeding Expectations in Our Retail Banking Business

Our Retail Banking business faces increasing competition from traditional domestic players and new entrants from overseas. But we are well positioned to exploit the opportunities in this business going forward. The Shinsei brand is strong in retail—we are still ahead of the competition on the Internet, where the ease and innovativeness of our online banking services set the standard. We also benefit from important synergies with our consumer finance business. By leveraging our customer-friendly—and increasingly profitable—products and services, Shinsei Bank is turning retail into an important driver for future growth.

Shinsei Bank's Retail Banking franchise continues to attract new customers at an impressive rate and assets under management and housing loans have posted significant growth. As of September 30, 2007, we have more than two million accounts and we are adding more every day. The reason, we believe, is our intense focus on exceeding our customer's expectations over and over again. We've been No. 1 in customer satisfaction for three years in a row in a survey by the *Nihon Keizai Shimbun*, Japan's most read business daily. This July, we were ranked second, up from twentieth place last year, in a survey of "Retail Strength in Banking" in another widely watched survey by the same newspaper.

Of course, we continue to improve our retail banking operations. We are reducing our dependency on structured deposits by focusing on other segments of our product line-up, including housing loans, foreign mutual funds and insurance products to meet the increasingly sophisticated needs of our customers.

More recently, in October 2007, we launched an advertising campaign aimed at helping customers manage their money more effectively. The goal is to raise Shinsei Bank's profile as Japan's "best financial advisor." By focusing on our customers, we plan to continue to exceed their expectations.

Building a Great Brand

Over the past seven years, we have established Shinsei Bank as a very different kind of bank in Japan by creating a new "brand." The Shinsei "brand" is an icon for customers looking for a financial services partner, not just another bank. The Shinsei brand embodies the promise that we make to our customers: the promise of ease and convenience, the promise of innovative products and services, the promise of trust and integrity and the promise of partnership. This is what makes us unique amongst our competitors. It is why more and more customers choose us and it is why we consistently win awards for customer satisfaction. Customers recognize that we have "changed the game" in Japan's financial services industry.

In June 2006, the senior management team decided that we needed to do even more to strengthen the Shinsei brand and to apply the brand principles that have been so successful in the past to all member companies in the Shinsei Group, including APLUS and Showa Leasing. This decision led to the formation of a group-wide project team which was given a mandate to create a single "Brand Idea" that could be applied across the group and that would provide a common statement of purpose to all employees, no matter which part of the organization they work in. With all employees rallied behind this single Brand Idea, a single set of promises, our belief then and now is that Shinsei Bank can further differentiate itself and occupy a unique position on the competitive landscape.

A Different Kind of Bank Offering a Unique Value Proposition to Customers

The current turmoil in the banking industry may take some time to settle. A sound business model and a steady hand are critical in times like these. That’s why Shinsei Bank's experienced management team, its best-in-class corporate governance and compliance standards and its clear three-pillar business strategy are important assets as we work through this period. So is our solid balance sheet and our unique combination of expertise and innovative products and services. We are well positioned to look for ways to turn the current challenges into opportunities and that’s exactly what we are doing. Of course, our commitment to our customers will remain the foundation of our business. So will our commitment to changing the game in Japanese banking, in every one of our businesses. We would like to sincerely thank our customers for their continued business, our shareholders for their generous support and guidance and our employees for their important commitment.

December 12, 2007

Thierry Porté
President and CEO

Junji Sugiyama
Chairman

Shinsei Vision

We are Japan's preeminent financial services firm, delivering trusted solutions to grow sustainable value with our customers, our employees and our shareholders

Shinsei Values

Customer Focus

We provide unparalleled solutions with speed and agility based on our customers' evolving needs

Integrity

We demand uncompromising levels of integrity and transparency in all of our activities

Accountability

We are accountable for results, including the sound application of risk management, compliance, control and customer protection

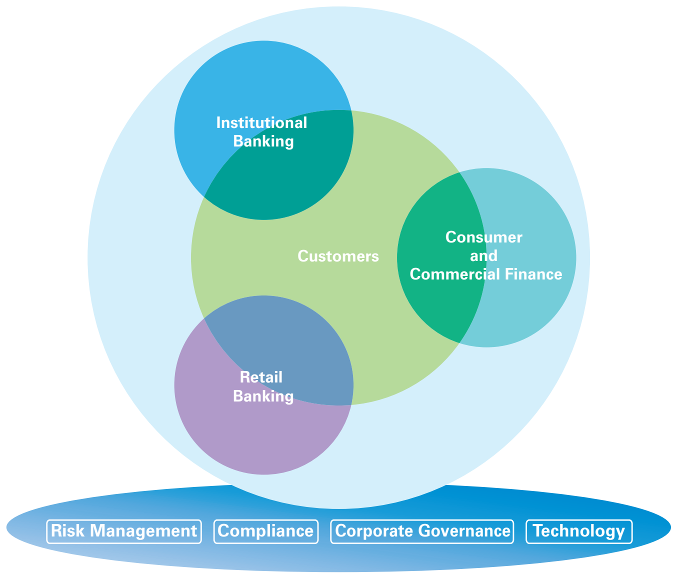
Teamwork

We connect people and resources to provide exceptional customer solutions and sustain a culture where employee ideas are respected and valued

Community

We are committed to the development of our employees, our customers, and our shareholders, and will serve the communities in which they live

Every action at Shinsei Bank is focused on strengthening a corporate culture that values and respects individual efforts and ideas, and connects people and resources to provide exceptional solutions to our customers. Speed and agility in execution are keys to our success—and must be matched by uncompromising integrity in everything we do. We continue to work to ensure that each employee understands Shinsei's Vision and Values—and is rewarded for actions that advance our efforts to better serve our customers. As our Vision and Values increasingly align with employee actions, we see employees reaching beyond narrower career concerns to embrace broader Bank and customer interests.



A Business Model Organized Around the Customer

Our business model is strategically organized around three pillars: Institutional Banking, Consumer and Commercial Finance and Retail Banking. These three business pillars cover a broad range of product and customer segments which provide the Bank with a diversified source of revenue streams. An advanced technological infrastructure, best in class corporate governance, compliance and risk management capabilities provide flexibility, scalability and speed to market, while close interaction across the different businesses generates both revenue-earning and cost-reducing synergies through referrals, joint customer solutions and resource sharing.

Institutional Banking

- Unique hybrid commercial and investment banking model
- Value-added products and services
- Integrated product specialist and relationship manager teams providing innovative solutions

Consumer and Commercial Finance

- Implementation of Shinsei's expertise
- Synergies with Institutional Banking and Retail Banking businesses
- Organic growth and opportunistic strategic acquisitions

Retail Banking

- Customer-friendly products and services
- Strong brand recognition
- Customer focused "bricks-and-clicks" distribution model

Institutional Banking

Better Together to Leverage Partnerships

Our Institutional Banking operations face a highly competitive business environment. To best compete, we strategically organize our business around the customer to promote loyalty and profitability. Our unique hybrid commercial and investment banking model brings together product specialists with global experience and customer relationship managers with strong, long-standing relationships. We are better together by working with key customers as long-term partners provides us the best way to improve the quality and recurrence of earnings in this business.

In the first half of fiscal year 2007, the Institutional Banking business earned revenue of ¥58.7 billion, which is a 6% growth or ¥3.4 billion higher than the same period a year ago. We continue to pursue profitable opportunities and working together within the Shinsei Bank Group and with our international partners, we are better together as one team to provide the best solutions for our customers.

Better Together with our Customers

Corporations

In addition to more traditional banking products and services, our corporate relationship management teams have been offering an increasingly diverse range of innovative and value-added financial solutions. Our focus on working closely with key customers enables us to understand their needs more comprehensively and positions us to offer the most appropriate solutions to meet their needs. Through everyday business activities, our relationship managers determine the various needs of customers and work across our various product groups to find the best solutions.

Financial Institutions

We successfully leverage our strong and long-standing relationships with regional banks and local financial institutions which have been cultivated since the days of The Long-Term Credit Bank of Japan by performing various businesses such as providing a wide range of financial and investment products and solutions for balance sheet restructuring. We collaborate with our partners on projects to provide financial products for retail business and corporate revitalization. These partnerships are a fairly unique approach in the Japanese market. Our partners provide us with an important channel to expand our distribution capability and customer relationships, enabling us to offer our products to a broader customer base.

Public Sector

With the on-going financial reforms taking place in the Japanese government, the public sector is diversifying its capital procurement methods. We have placed increasing importance on addressing the needs of our long-standing customers in the public sector, who require alternative sources of funding and new financing solutions. Our Public Sector Finance Sub-Group provides a wide range of solutions to nation-wide customers such as governmental agencies, municipalities and affiliated associations.

Better Together to Provide Innovative Solutions

To enhance customer loyalty, which leads to increased product penetration and profitability, we focus on leveraging our expertise to provide value-added solutions. Our various product specialists work closely together with relationship managers and Shinsei Bank Group partners, both domestic and overseas, to provide products and services such as non-recourse lending, credit trading, securitization, and asset management that offer strong earnings growth potential.

Loan Business

Loan demand from both new and existing corporate customers led to asset growth in Institutional Banking without compromising asset quality. Though there is market compression of lending margins, we continue to price loans based on adequate risk–return hurdle rates. We also are a leader in non-recourse lending including a full scale entry into the healthcare industry and we are active in syndicated lending, project finance and leveraged lending.

Securitization and Credit Trading

The quality and innovation of our securitization and credit trading operations have established the

Shinsei Bank Group as a leader in what have now become core businesses. As the securitization market has evolved in Japan and competition has intensified, we have increasingly focused on developing new asset classes to diversify revenue streams. We continue to provide premium service in a broad array of areas, ranging from servicing of non-performing loans (NPLs) to primary, back-up and special servicing for securitization schemes. Though this business continues to perform strongly during fiscal year 2007, growth prospects may be impacted as the Japanese economy recovers. The expansion of our NPL workout and credit trading business in markets outside Japan should more than compensate for this impact.

Capital Markets Distribution

To offer our customers a broader range of innovative solutions, we have been boosting our capital markets capability both at the Bank and at our subsidiary, Shinsei Securities Co., Ltd. Our capital markets activity, including foreign exchange, interest-rate and credit derivatives, equities and equity derivatives, continues to be largely customer driven. We are actively marketing to a wide variety of financial institutions, corporate, public sector and wealth management customers. Given the breadth of our customer relationships, we are very optimistic about the future potential of these markets businesses.

Corporate Advisory and Revitalization Business

As we seek to deepen our relationships with key customers, we are building our advisory service capability and gaining traction in the sector. By leveraging our hands-on experience and know-how, we help customers strengthen their financial fundamentals and improve asset efficiency by restructuring their businesses through such measures as divestitures and acquisitions.

Wealth Management

Our Wealth Management Division, a joint venture with Retail Banking, is focused on high net worth individuals and owners of small and medium-sized companies to provide innovative solutions for both their personal and business needs.

Asset Management

We believe that we can best serve the asset management needs of our customers by offering “best in class” asset management solutions. We leverage our global relationships with leading Asian, European and U.S. asset management companies to deliver advanced, unique investment products to both institutional and retail customers through the Bank’s own distribution channels and local partners such as regional banks.

Our investment trust and investment advisory subsidiary, Shinsei Investment Management Co., Ltd., carefully selects investment products through a rigorous process of identification, analysis and evaluation, from a wide range of global and domestic products based on customer demand. We also have a strategic partnership with India-based UTI Asset Management Company Pvt., Ltd. to distribute India-specific investment products to investors in Japan.

We expect to generate synergy between Shinsei Bank and Shinsei Securities by transferring the sales channel for corporate customers to Shinsei Securities and cooperating in its various product line-ups.

Better Together with International Partners

We set ourselves apart from the local competition by leveraging our global capabilities and forming alliances and partnerships with a number of distinguished regional and global financial institutions.

Shinsei International Limited, based in London, is geared primarily to the needs of Japanese customers. Leveraging the Euromarket, Shinsei International structures and arranges securitization and structured financial products, which are distributed through Shinsei Securities.

In August 2007, we joined hands with UTI International Ltd., this time to form a joint venture, UTI International (Singapore) Pte. Ltd., for the purpose of engaging in investment management distribution of financial products in the Southeast Asian region.

In September 2007, the Bank made a strategic investment in Duff & Phelps Corporation, a leading U.S. provider of independent financial advisory and investment banking services. We also entered into a referral agreement with Duff & Phelps to introduce their unique portfolio of products and services to our customers in Japan and overseas.

Consumer and Commercial Finance
Better Together to Build Efficient Platforms for Growth

Consumer and Commercial Finance (CCF) serves three markets: consumer finance, commercial finance and specialty property finance and caters to the needs of both consumers and businesses. This business complements our other two business pillars by expanding our range of products and services and broadening our customer base while providing opportunities for leveraging revenue and cost synergies within the Bank. We have developed this business by acquiring and incorporating a number of “non-bank” subsidiaries or affiliates which, as key partners, have become an integral part of the Shinsei Bank Group, rather than just a collection of associated companies. By working closely together with these subsidiaries, we are leveraging the same core competencies already proven effective in our Institutional Banking and Retail Banking businesses.

The business performance for the first half of fiscal year 2007 was largely in line with expectations. The “business as usual” results were on or ahead of budget for all CCF consolidated business units and the material one-time events were offsetting in nature—namely the gain on the sale from the disposition of Life Housing Loan Co., Ltd. (Life Housing Loan), in May 2007 and the additional provisioning recorded at SHINKI Co., Ltd. (Shinki), an equity-method affiliate, for the period ended September 2007.

The business environment for consumer lending remains uncertain as industry participants carefully monitor the trend of excess interest claims and await further regulatory clarity regarding the specific implementation of the recently approved legislation. Shinsei’s consumer finance strategy remains focused on delivering leading sales finance solutions for merchant partners through our subsidiary APLUS Co., Ltd. (APLUS) as well as leveraging the same APLUS platform to expand both Shinsei Retail Bank’s and other partner banks’ consumer credit offerings. Any other Shinsei activity in this market will be in support of this approach.

APLUS

APLUS provides installment sales credit, credit cards, consumer loans and guarantee/collection services to individuals either through merchant partners or directly. APLUS has established deep and long-standing relationships with many merchant partners and strives to work closely with them to grow the business together.

In response to the changes facing the consumer finance industry, APLUS accelerated its efforts to execute a fundamental business transformation and has successfully undertaken significant cost reduction measures in fiscal year 2006. APLUS is focused on a new, sustainable business model and the transformation of its earnings structure which is already in evidence during fiscal year 2007. The company is showing clear signs of a recovery in what continues to be a very difficult operating environment for consumer finance and shinpan companies. Key observations regarding the APLUS first half performance include:

- Revenues were in line with expectations, down 3% versus the first half of fiscal year 2006 due primarily to the accommodation with the Interest Limitation Law and the proactive reduction of business with the door-to-door sales merchant base (so called Tokushoho merchants).
- Expenses were down over 17% during the same period due to the business restructuring undertaken late in fiscal year 2006. This increased efficiency more than offset the lower revenues and produced ordinary business profit growth of over 17%.
- Credit costs were up in the first half period largely due to the lower level of collections in late fiscal year 2006 (connected in part with the restructuring program) which produced delinquent accounts that migrated to losses during the first half of this year. However the asset quality is improving and this is anticipated to produce a positive trend in credit costs for the balance of this fiscal year.
- Costs from excess interest or grey zone losses were up sharply early in the period, but have seen a flattening trend from the summer months through September end. Given this trend, the associated reserves for the first half roughly equal the amount of losses incurred during the period.
- Lastly, APLUS enjoyed a one-time gain on the sale of shares held in an affiliated company which helped to offset the higher credit costs.

Shinki

Shinki, a 36.4% owned equity-method affiliate, currently offers white zone consumer loans to individuals and small- and medium-sized enterprise owners. Like APLUS, Shinki has responded to the challenges facing the consumer finance industry by making significant provisions, enhancing efficiency and accelerating the transformation of its business model. Shinki's operating expenses were down over 30% versus the same period of the prior fiscal year. And despite the flattening trend for excess interest claims during the second quarter, Shinki has taken significant additional provisioning in the first half of this fiscal year in support of management's forecast that any impact of a consumer credit squeeze and all anticipated future grey zone claims are fully provisioned ensuring positive business profitability going forward.

In September 2007, Shinki announced that it was intending to raise additional capital through a rights offering to all shareholders. On November 27, Shinsei announced its application to subscribe to the rights offering to support Shinki's business through the raising of capital that is scheduled to be completed in December.

Showa Leasing

Showa Leasing Co., Ltd. (Showa Leasing), is a leading general and automobile leasing company with a strong heritage and significant customer base across Japan. Showa Leasing operates from an attractive small and medium-sized business platform delivering a growing number of financial products and services. Over 350 sales representatives provide leasing and installment sales to approximately 45,000 business customers and over 820 dealer partners.

Showa Leasing is focused on expanding its position in the domestic leasing market through its strong relationship with the Resona Group as well as expanding its relationships with other business origination partners including Shinsei Bank.

Working together, Shinsei Bank and Showa Leasing concluded a sponsorship agreement with UNICO Corporation (UNICO) to revitalize their business in February 2007. The business now operates as SS Solutions and has already been contributing to Showa Leasing and Shinsei during its initial five months. In July 2007, Showa Leasing acquired the remaining non-Shinsei shares of Shinsei Business Finance from the NIS Group Co., Ltd., and will look to realize both revenue and expense synergies through further integration of that business operation.

Specialty Property Finance

Until May 2007, Shinsei Bank was active in specialty property finance through two group companies, Shinsei Property Finance Co., Ltd., and Life Housing Loan. Shinsei Property Finance provides real estate secured loans for individuals and small property development loans to the micro-business market.

As there were few additional synergies that could be generated between Life Housing Loan and other areas of the Shinsei Bank Group going forward, we divested this subsidiary in May 2007.

Exclusive of the sizeable gain on the sale of Life Housing Loan, Shinsei Property Finance had a solid performance during the first half of the fiscal year 2007 with record revenues, operating business profit and net income.

Retail Banking

Better Together to Be the First Choice for Retail Banking Services

Shinsei Bank's Retail Banking business is recognized as a source of financial services that are one step ahead of everyone else. We have recently taken more actions that further enhance convenience for customers. We expanded the *Shinsei Platinum Services*, opened more offices and a new call center, enlarged the ATM network and made many other improvements. In addition, we are constantly upgrading our product lineup and consulting capabilities. Due to these initiatives, Shinsei Bank was ranked second overall in the *Nihon Keizai Shimbun*'s third survey of "Retail Strengths in Banking," up from twentieth place last year. Moreover, we were first overall in the Kansai region based on questionnaires returned by financial institution users in the region. In September 2007, we started a financial product through an alliance with Shinsei Securities. Through collaboration with Shinsei Bank Group companies in other fields, we are determined to become Japan's leading retail bank from the standpoint of customers.

In the first half of fiscal year 2007, sales of investment trusts and insurance policies were much higher compared to the same period of the previous fiscal year. In addition, we expanded our product selection. However, this growth was not enough to offset the impact on earnings from the drop in structured deposits. From a long-term perspective, we took actions aimed at becoming the "best financial advisor" for our customers. Most significantly, we expanded the lineup of *Shinsei Platinum Services* and forged an alliance with Shinsei Securities that allowed us to start selling structured bonds at our branches as an intermediary. Through these measures, we continued to strengthen our selection of exclusive asset management services. We remain committed to diversifying and reinforcing our profit structure while achieving even greater customer satisfaction.

Becoming the Best Bank for Asset Management Services

Five-Minute Asset Management Manual

We started an advertising campaign in October 2007 that targets the demand for asset management services among retirees who are making plans for their retirement years. "Please give Shinsei Bank five minutes" is the main message. This campaign stresses the need for wise asset management in order to lead a fulfilling life after retirement. The message encourages individuals to read a Shinsei Bank publication called "*Managing Your Own Money: A Five-Minute Reader*" that explains the need to manage assets wisely. Included are ideas for techniques to seek asset growth while limiting risk. Our objective was to create a manual that will make people start thinking about the importance of asset management.

"Managing Your Own Money: A Five-Minute Reader"

Shinsei Platinum Services

We started offering a new *Shinsei Platinum Services* in July 2007 to customers who meet certain requirements. Eligible customers receive a Shinsei Platinum Card, higher interest rates on six-month and one-year yen time deposits and many other benefits. For example, customers can make an overseas remittance once a month at no charge and pay nothing for the first visit to a financial planner.

Financial Product Brokerage Service through Shinsei Securities Alliance

Through an alliance with our wholly owned subsidiary Shinsei Securities, we started offering customers brokerage service in September 2007. At most Shinsei Bank branches, customers can use this service to purchase structured bonds and foreign bonds. We plan to enlarge the lineup of products to target an even broader spectrum of asset management requirements.

Furthermore, we will use this alliance to capture synergies with other members of the Shinsei Bank Group. The objective is to use all Group resources to add even more value to our products and services.

The Shinsei Fullerton VPIC Fund
Shinsei Bank began accepting investments in September 2007 in the newly established Shinsei Fullerton VPIC Fund. Established by wholly owned subsidiary Shinsei Investment Management Co., Ltd., the fund will maintain a balanced portfolio of equity investments in Vietnam, Pakistan, India and China. The objective is to generate earnings from a long-term perspective. This fund is one way to meet the needs of investors who want to diversify their portfolios by adding exposure to the rapidly growing economies of these four countries.

Offering Security and Convenience

Security Measures
We understand the importance of providing our customers with effective risk controls when delivering our services. Security concerns in Japan prompted the Bank to introduce *PowerYokin*. This is a yen deposit that allows customers the flexibility to make withdrawals in the same manner as they do with savings deposits but offers greater security against fraudulent ATM cash withdrawals.

From September 2005, we decreased the default withdrawal limit at domestic ATMs to ¥500,000 per day to promote customer account safety through stringent security measures. From October 2006, we also decreased the default withdrawal limit for overseas ATMs to ¥100,000 per day. Our website's "Shinsei Security Center" also provides easy-to-understand security information.

In addition, we introduced a Shinsei *PowerDirect* Security Code Card for Shinsei *PowerDirect* (Internet banking) in order to improve the safety of our customers' log-in procedures through a random number security code.

Kashiwa Financial Center Opens
Shinsei Bank opened a Financial Center in May 2007 in Kashiwa, Chiba prefecture, on the outskirts of Tokyo. Customers can visit the center from 11AM to 7PM every day except Sunday. In addition to opening accounts, individuals can use the center for asset management consulting. Financial consultants will prepare a personalized plan and selection of investments based on the individual's knowledge, experience, objectives and financial position.

New Call Center in Fukuoka
Shinsei Bank began operations at its second call center in June 2007. Located in Fukuoka, the largest city in Kyushu, the new facility shortens waiting times for customers by increasing capacity. Our other call center is in Tokyo.

ATM Agreement with Miura Fujisawa Shinkin Bank
Starting in September 2007, customers of Shinsei Bank and Miura Fujisawa Shinkin Bank can use the ATMs of both banks. Shinsei Bank customers who hold a *PowerFlex* cash card can use the ATMs of Miura Fujisawa Shinkin Bank to check balances and make withdrawals at no cost (fees are refunded afterward).

PlaNet Finance Japan

Since 2005, Shinsei Bank has supported the launch and development of PlaNet Finance Japan through financial and in-kind support. PlaNet Finance Japan's main objective is to mobilize Japan's human, technological and financial resources in support of the global microfinance movement. Its activities include raising awareness and education about microfinance to stakeholders in Japan and the development and implementation of microfinance projects in developing countries with the support of partners representing Japan's public and private sectors.

In July 2007, Thierry Porté, President and CEO of Shinsei Bank participated in a symposium hosted by *Nihon Keizai Shimbun* on the eradication of poverty and Japan's role in this effort. The panelists included the 2006 Nobel Laureate and Grameen Bank Managing Director Dr. Muhammad Yunus, President of JICA Sadako Ogata, President of JBIC Kyosuke Shinozawa and Mr. Porté, the only CEO representing the private sector. Mr. Porté commented on how microfinance is one of the most successful tools for fighting poverty and the role of the private sector in achieving the UN Millennium Development Goals through proactive engagement in multi-stakeholder partnerships.

2007 ACCJ Symposium on Women in Financial Services

As part of Shinsei Bank's ongoing commitment to fostering and promoting women in financial services and focus on the larger theme of diversity and inclusion, the Bank underwrote this event in October 2007 as a Gold Sponsor and sent delegates to participate in workshop sessions.

Shinsei Bank has one of the highest female manager ratios in the Japanese banking sector and is continually making strides to retain female employees; with a 90% post-maternity employee return-rate, giving Shinsei one of the highest retention rates in Japan.

"Alleviating Poverty and the Role of Japan," Nihon Keizai Shimbun symposium, July 9, 2007

Special Olympics Nippon

We have been a "Premium Sponsor" of Special Olympics Nippon ("SON") for the third year, which provides year-round sports training and athletic competition opportunities to those who are intellectually challenged. Shinsei Bank supports SON through sponsorship; sending employees to SON tournaments; in-kind donations through offering our venues for press conferences, meetings and hosting special events like their annual Christmas Party.

Hands on Tokyo

In September 2007, Shinsei Bank participated in a "Day of Service" project held by Hands on Tokyo (HOT), a bicultural, bilingual grassroots affiliate of U.S.-based Hands on Network, which creates and manages 50,000 projects a year. Through our collaboration with HOT, Shinsei employees participated in a total of three activities for NPOs that included Second Harvest Japan, where employees disseminated food collection information opportunities to the homeless; participated in a festival at the Sakuragawa Senior Home, a senior home for the elderly and disabled; and helped rebuild a playground for children coming from troubled families, who live at the Saiseikai Hospital Nursery.

Financial Section

The following discussion should be read in conjunction with our consolidated and non-consolidated financial statements prepared in accordance with generally accepted accounting principles in Japan ("Japanese GAAP") for banks, including the notes to those financial statements, included elsewhere in this interim report. Except as otherwise indicated, the financial information in the following discussion is based on our consolidated financial statements.

In this section, except where the context indicates otherwise, "we" or "our" means Shinsei Bank, Limited, and its subsidiaries and affiliates accounted for by the equity method, and "Shinsei" or "the Bank" refers to Shinsei Bank alone.

Financial and operational data that are stated in multiples of ¥0.1 billion have been truncated. All percentages have been rounded to the nearest 0.1%.

Contents

Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Shinsei Bank, Limited is a leading diversified financial institution in Japan. We are bringing innovative banking practices to the Japanese market with a business model based on three strategic pillars: Institutional Banking, Consumer and Commercial Finance and Retail Banking. These three pillars cover a broad range of products and customer segments which provide us with diversified revenues. We believe our unique history and business strategy have made us more global than local financial institutions in Japan and more local than foreign financial institutions having a presence in Japan.

Our focus is to grow sustainable revenues by offering innovative products and solutions to meet the needs of our customers. The scope and synergies of our innovative, customer-focused, three-pillar business model consist of:

- *Institutional Banking,* which is organized around product specialists and relationship managers working closely together to leverage our long-standing customer relationships and to increase the number of products per customer;
- *Consumer and Commercial Finance,* which provides consumer finance, commercial finance and specialty property finance to both consumers and small and medium-sized businesses; works closely to cross-sell products and services and leverages core competencies and intra-bank synergies; and
- *Retail Banking*, which continues to expand its product range and enhance consultative services for retail customers while working with Institutional Banking and Consumer and Commercial Finance businesses to better serve the needs of its customers, including high net worth individuals.

Financial Summary for the Six Months Ended September 30, 2007

We reported consolidated net income of ¥23.1 billion for the first six months of fiscal year 2007, as compared to ¥38.8 billion during the same period in the previous fiscal year. This reflects steady revenue in Institutional Banking businesses, strong performance at APLUS Co., Ltd. (APLUS) and includes gains from the sale of Life Housing Loan Co., Ltd. (Life Housing Loan) of ¥10.3 billion, net of taxes. However, our financial performance for the first six months of fiscal year 2007 was adversely impacted by reserves and mark-downs in our exposure to the U.S. residential mortgage market, lower than expected revenue in Retail Banking and net losses in Shinki Co., Ltd. (Shinki), an equity-method affiliate.

Consolidated cash basis net income for the first six months of fiscal year 2007 was ¥28.7 billion. Cash basis net income is calculated by excluding amortization (and impairment) of goodwill and other intangible assets, net of tax benefit, from net income under Japanese GAAP.

U.S. Residential Mortgage Portfolio

As of September 30, 2007, our gross exposure to the U.S. residential mortgage market amounted to less than US$500 million, or less than 0.5% of our total assets of US$107.7 billion as of September 30, 2007.

On October 17, 2007, S&P announced that it had made over 1,700 downgrades (including multi-notch downgrades) which immediately changed the status of a portion of our exposure to U.S. residential mortgages from investment grade to non-investment grade. The S&P downgrades necessitated a mark-down of US$34 million in the interim period ended September 30, 2007. Including the impact of these downgrades, total mark-downs of our U.S. residential mortgage investments were US$65 million.

In addition, total reserves related to U.S. residential mortgages recorded in the first half of fiscal year 2007 amounted to US$107 million. As a result, we recorded reserves and mark-downs related to U.S. residential mortgages of approximately US$172 million (¥19.8 billion) during the six months ended September 30, 2007, bringing cumulative reserves and mark-downs related to U.S. residential mortgages to approximately US$189 million (¥21.8 billion).

Grey Zone and Credit Reserves – APLUS and Shinki

During the first six months of fiscal year 2007, APLUS recorded additional grey zone reserves for losses on interest repayments of ¥1.7 billion in connection with grey zone refunds recorded during this period. As of September 30, 2007, APLUS' grey zone reserve balance amounted to ¥9.4 billion.

In the first six months of fiscal year 2007, Shinki, as part of its business transformation, reviewed its credit reserving policy for less creditworthy customers and recorded incremental credit reserves of ¥12.3 billion and increased its grey zone reserves by ¥8.1 billion, resulting in a total outstanding grey zone reserve balance of ¥37.8 billion as of September 30, 2007. As a result, Shinki reported a net loss for the six months ended September 30, 2007. Shinsei Bank's equity in the non-consolidated net loss of Shinki amounted to ¥6.8 billion, net of consolidation adjustments, during the first six months of fiscal year 2007.

Significant Events

Impairment of Investment in APLUS and Shinki Common Shares

Legislative changes relating to consumer loan interest rates approved by the Japanese Diet in December 2006 and other recent developments have had a significant impact on the consumer finance industry.

As a result of these changes, the common share price of APLUS and Shinki declined substantially in the six months ended September 30, 2007, adversely impacting our non-consolidated financial results for that period. This triggered an impairment of Shinsei's investment in APLUS' and Shinki's common shares. Shinsei owned 156,690,390 common shares of APLUS and 25,607,524 common shares of Shinki as of September 30, 2007.

As of September 30, 2007, APLUS' per share common stock price was ¥82 as compared to ¥184 as of March 31, 2007. As a result, an impairment of ¥15.9 billion was recorded in our non-consolidated financial results. This is in addition to a valuation allowance of ¥9.2 billion recorded as of March 31, 2007, which represented the decline in value of these shares between the time of our acquisition of APLUS and March 31, 2007.

As of September 30, 2007, Shinki's per share common stock price was ¥97 as compared to ¥333 as of March 31, 2007. As a result, an impairment of ¥6.0 billion was recorded in our non-consolidated financial results. This is in addition to a valuation allowance of ¥6.6 billion assessed at March 31, 2007, which represented the decline in value of these shares between the book value of these shares and the common shares price of Shinki on March 31, 2007.

Mandatory Acquisition and Cancellation of Series 3 Class B Preferred Shares

We continued to optimize our capital base during the six months ended September 30, 2007.

On August 1, 2007, pursuant to the provisions of Shinsei Bank's Articles of Incorporation concerning the mandatory acquisition of Series 3 Class B Preferred Shares issued by Shinsei Bank, owned entirely by the Resolution and Collection Corporation, we acquired all relevant preferred shares (300,000,000 shares) and issued common shares (200,000,000 shares) based on the exchange price of ¥600 in exchange for these preferred shares. We subsequently cancelled all the relevant preferred shares immediately after obtaining them.

Rights Offering of New Shares by Shinki

On September 13, 2007, Shinki announced that it will raise capital later this year through a rights offering to all shareholders registered as of October 17, 2007, consisting of three new shares of common stock, at ¥100 per share, for every existing share. We support Shinki's capital raising plan and subscribed to the rights offering.

As legislative and market changes have significantly impacted the consumer finance sector, including restrictions on lending rates, Shinki continues to actively restructure its business to ensure the viability of its new business model. As a result, Shinki increased reserves and provisions in the first six months of fiscal year 2007 for credit losses and grey zone claims, resulting in a reduction in equity and necessitating an increase in capital.

Regional Asset Management Joint Venture with UTI

On August 8, 2007, we signed a joint venture with UTI International Ltd. (based in Guernsey, a British crown dependency), a 100% subsidiary of UTI Asset Management Company Pvt. Ltd. of India, to set up UTI International (Singapore) Pte Limited (UTI Singapore).

UTI Singapore will engage in investment management and distribution of financial products in the Southeast Asian region. In addition to structuring investment products for customers in the region, it will also manage funds investing in other jurisdictions. It will also launch and manage structured investment products to cater to the Japan – Southeast Asia corridor.

UTI Singapore will apply to regulators in Singapore to obtain necessary licenses and will also approach other relevant regulators in other jurisdictions.

Strategic Investment in Duff & Phelps Corporation

On September 1, 2007, we entered into a stock purchase agreement with Duff & Phelps Corporation (D&P), a Delaware corporation, pursuant to which we purchased 3,375,000 shares of D&P's Class A common stock for approximately US$54.2 million, representing approximately 10% of the equity capital of the company on a fully-diluted basis.

Concurrently with the equity investment, D&P and we entered into a referral agreement through which we may refer our clients to each other for provision of relevant products and services in our respective areas of competency. We expect the partnership with D&P will assist new clients in other countries with respect to their investments in Japan. This transaction exemplifies our international expansion strategy of entering into alliances with excellent partners overseas to cross-leverage our experience and expertise with theirs and offer unique and innovative solutions to our expanding client base.

Business Improvement Order

On June 28, 2007, we received a Business Improvement Order (the Order) from the Financial Services Agency (FSA) based on the law concerning Emergency Measures for Strengthening of Financial Functions and the Banking Law.

The non-consolidated financial performance of Shinsei for fiscal year 2006 was substantially below the targets set in our Revitalization Plan agreed with the Japanese government due to significant charges arising from the impairment and valuation allowances relating to our investments in APLUS and Shinki. Consequently, we failed to meet the non-consolidated net income target set in our Revitalization Plan, and as a result, the FSA issued the Order.

The Order required the Bank to submit to the FSA a Business Improvement Plan that incorporates measures to strengthen its profitability, which was duly submitted on July 27, 2007.

We take this Order seriously and will further strive to strengthen our business franchise and profitability to enable us to complete our Revitalization Plan and repay all outstanding public funds.

Recent Developments

New Capital Raising and Tender Offer

On November 20, 2007, we announced plans to raise new capital, enhance financial stability and deepen ties with key new and existing shareholders. The plan centers on a tender offer from a series of investment vehicles (the Investors) whose investors include affiliates of J.C. Flowers & Co. LLC (JCF & Co.) and a third-party allotment to the Investors. With the support of senior management and the Investors, the initiative will allow us to deploy additional capital across our strategic pillars - Institutional Banking, Consumer and Commercial Finance and Retail Banking – and renew our commitment to setting the standard for banking in Japan.

The Investors made a tender offer bid of ¥425 per share for up to 22.7% of our outstanding common shares. Contingent upon the execution of the tender offer and its approval by Japan’s regulatory authorities, we will issue ¥50 billion of new common shares by third-party allotment to the Investors. The issue price of the allotment will be ¥425 per common share, the same as the price in the tender offer bid. As a result of these transactions, the Investors and affiliates of JCF & Co. will hold up to 32.6% of Shinsei’s common shares on a fully diluted basis.

These investors share a strong focus on deepening ties with us and enhancing our product and service offerings. The new capital will bolster our financial resources, improve our capital ratios and position our institutional banking arm to take advantage of investment and acquisition opportunities going forward.

Selected Financial Data (Consolidated)

Shinsei Bank, Limited and Consolidated Subsidiaries
As of or for the six months ended September 30, 2007 and 2006, and as of or for the fiscal year ended March 31, 2007

	Billions of yen (except per share data and percentages)		
	Sept. 30, 2007 (6 months)	Sept. 30, 2006 (6 months)	Mar. 31, 2007 (1 year)
Income statement data:			
Net interest income	**¥ 56.5**	¥ 51.7	¥ 95.4
Net fees and commissions	**23.1**	22.2	46.4
Net trading income	**7.2**	11.2	17.8
Net other business income	**51.6**	53.1	96.6
Total revenue	**138.6**	138.3	256.3
General and administrative expenses	**77.4**	75.9	150.2
Amortization of goodwill and other intangible assets	**6.1**	10.5	20.8
Total general and administrative expenses	**83.5**	86.4	171.0
Net credit costs	**30.7**	5.2	51.9
Other gains (losses), net	**18.9**	0.6	(99.1)
Income (loss) before income taxes and minority interests	**43.2**	47.2	(65.7)
Current income tax	**4.0**	1.3	3.2
Deferred income tax (benefit)	**5.3**	(1.2)	(24.6)
Minority interests in net income of subsidiaries	**10.6**	8.2	16.6
Net income (loss)	**¥ 23.1**	¥ 38.8	¥ (60.9)
Balance sheet data:			
Trading assets	**¥ 251.4**	¥ 423.4	¥ 303.3
Securities	**2,368.5**	1,771.7	1,854.6
Loans and bills discounted	**5,456.5**	4,781.4	5,146.3
Customers' liabilities for acceptances and guarantees	**725.5**	789.4	754.4
Reserve for credit losses	**(141.7)**	(133.8)	(147.2)
Total assets(1)	**12,423.4**	10,433.6	10,837.6
Deposits, including negotiable certificates of deposit	**5,870.6**	4,945.7	5,420.9
Debentures	**686.5**	758.8	703.2
Trading liabilities	**110.5**	106.6	99.2
Borrowed money	**1,092.7**	1,213.9	1,122.6
Acceptances and guarantees	**725.5**	789.4	754.4
Total liabilities	**11,488.7**	9,422.9	9,904.4
Capital stock	**451.2**	451.2	451.2
Total equity(1)	**934.6**	1,010.7	933.2
Total liabilities and equity	**¥12,423.4**	¥10,433.6	¥10,837.6
Per share data			
Common equity(1)(2)	**¥ 352.71**	¥ 383.20	¥ 308.60
Fully diluted equity(1)(2)(3)	**354.04**	411.58	355.09
Basic net income (loss)	**15.72**	27.19	(45.92)
Diluted net income	**12.72**	19.54	—
Capital adequacy data:			
Tier I capital ratio	**7.6%**	8.3%	8.1%
Total capital adequacy ratio	**12.4%**	13.5%	13.1%
Average balance data:			
Securities	**¥ 1,991.3**	¥ 1,605.9	¥ 1,750.5
Loans and bills discounted	**5,235.4**	4,304.8	4,613.4
Total assets	**11,630.5**	9,919.3	10,121.3
Interest-bearing liabilities	**8,866.9**	7,219.6	7,821.8
Total liabilities	**10,696.6**	8,855.3	9,096.1
Total equity	**933.9**	1,058.2	894.2

	Billions of yen (except percentages)		
	Sept. 30, 2007 (6 months)	Sept. 30, 2006 (6 months)	Mar. 31, 2007 (1 year)
Other data:			
Return on assets	**0.4%**	0.8%	(0.6)%
Return on equity (fully diluted)(1)(2)	**7.2%**	9.7%	(8.1)%
Ratio of deposits, including negotiable certificates of deposit, to total liabilities	**51.1%**	52.5%	54.7%
Expense-revenue ratio(4)	**55.9%**	54.9%	58.6%
Non-performing claims, non-consolidated	**¥45.9**	¥25.9	¥27.9
Ratio of non-performing claims to total claims, non-consolidated	**0.8%**	0.5%	0.5%
Net deferred tax assets	**¥34.1**	¥16.9	¥37.3
Net deferred tax assets as a percentage of Tier I capital	**5.3%**	2.6%	6.0%

Notes:
(1) As required by a new accounting standard published by the Accounting Standards Board of Japan (ASBJ), certain items which were previously presented outside of shareholders' equity are now presented as components of equity. Such items include stock acquisition rights, minority interests and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard is effective for fiscal years ended on or after May 1, 2006. Reclassification of the prior period amount is not permitted under Japanese GAAP.
(2) Stock acquisition rights and minority interests in subsidiaries are excluded from equity.
(3) Fully diluted equity per share is calculated by dividing equity at the end of the periods presented by the number of common shares that would have been outstanding had all securities convertible into or exercisable for common shares been converted or exercised with an applicable conversion or exercise price within the predetermined range at the end of the period.
(4) The expense-revenue ratio is calculated by dividing general and administrative expenses for the periods presented by the total revenue for such period.

Results of Operations

Six-Month Period Ended September 30, 2007 Compared with Six-Month Period Ended September 30, 2006

Consolidated financial results for the six months ended September 30, 2007 were adversely impacted by the reserves and mark-downs related to our exposure to the U.S. residential mortgage market and significant provision for grey zone interest refund payments and other credit costs at Shinki.

Total revenue for the first six months of fiscal year 2007 was ¥138.6 billion, or 0.2% higher than in the first six months of the previous fiscal year largely due to the growth in Institutional Banking revenues.

General and administrative expenses during the first six months of fiscal year 2007 were ¥77.4 billion, ¥1.5 billion higher than the first six months of the prior fiscal year. The increase was largely due to investments made to support future business growth in Institutional and Retail Banking businesses. This resulted in an expense-to-revenue ratio of 55.9% for the six months ended September 30, 2007, as compared to 54.9% in the first six months of fiscal year 2006.

Net credit costs of ¥30.7 billion for the first six months of fiscal year 2007 were ¥25.4 billion higher than for the same period in the last fiscal year largely due to provisions related to our exposure to the U.S. residential mortgage market of ¥12.3 billion in the Institutional Banking business and higher credit provisions in Consumer and Commercial Finance businesses of ¥24.9 billion, an increase of ¥4.7 billion compared to the same period in the previous fiscal year.

Amortization of goodwill and other intangible assets associated with the acquisition of consumer and commercial finance companies was ¥6.1 billion for the six months ended September 30, 2007 as compared with ¥10.5 billion in the first six months of the previous fiscal year. The decline largely relates to the significant write-down of goodwill and other intangible assets related to APLUS at March 31, 2007.

Minority interests in net income of subsidiaries for the first six months of fiscal year 2007 amounting to ¥10.6 billion largely reflected dividends paid on perpetual preferred securities issued by two financial subsidiaries and minority interests relating to APLUS' preferred shareholders and subsidiaries of Shinseigin Finance Co., Ltd.

As a result, consolidated net income for the six months ended September 30, 2007 was ¥23.1 billion compared to ¥38.8 billion in the same period of the previous fiscal year.

Shinsei's non-performing loans (NPLs) balance under the Financial Revitalization Law totaled ¥45.9 billion as of September 30, 2007. NPLs were 0.82% of total claims outstanding at September 30, 2007 on a non-consolidated basis.

Our Tier I capital ratio of 7.6% and total capital adequacy ratio of 12.4% as of September 30, 2007, on a Basel II basis, are in line with our corporate targets for maintaining strong capital ratios.

Supplemental Financial Data and Reconciliations to Japanese GAAP Measures

Shinsei Bank, Limited and Consolidated Subsidiaries

For the six months ended September 30, 2007	Billions of yen (except per share data and percentages)
Amortization of goodwill and other intangible assets	
Amortization of other intangible assets	**¥ 1.3**
Associated deferred tax liability	**(0.5)**
Amortization of goodwill	**4.7**
Total amortization of goodwill and other intangible assets, net of tax benefit	**¥ 5.5**
Reconciliation of net income to cash basis net income	
Net income	**¥23.1**
Amortization of goodwill and other intangible assets, net of tax benefit	**5.5**
Cash basis net income	**¥28.7**
Reconciliation of basic net income per share to cash basis basic net income per share	
Basic net income per share	**¥15.72**
Effect of amortization of goodwill and other intangible assets, net of tax benefit	**3.84**
Cash basis basic net income per share	**¥19.57**
Reconciliation of return on assets to cash basis return on assets	
Return on assets	**0.4%**
Effect of amortization of goodwill and other intangible assets, net of tax benefit	**0.1**
Cash basis return on assets	**0.5%**
Reconciliation of return on equity to cash basis return on equity	
Return on equity (fully diluted)	**7.2%**
Effect of amortization of goodwill and other intangible assets, net of tax benefit	**1.7**
Cash basis return on equity (fully diluted)	**8.9%**
Reconciliation of return on equity to return on tangible equity	
Return on equity (fully diluted)	**7.2%**
Effect of goodwill and other intangible assets(1)	**4.8**
Return on tangible equity (fully diluted)	**12.0%**

Note:
(1) Net income excludes amortization of goodwill and other intangible assets, net of tax benefit. Average equity excludes goodwill and other intangible assets, net of associated deferred tax liability.

Table 1. Interest-Earning Assets and Interest-Bearing Liabilities (Consolidated)

	Billions of yen (except percentages)					
	Six months ended September 30, 2007			Six months ended September 30, 2006		
	Average Balance	Interest	Yield/Rate	Average Balance	Interest	Yield/Rate
Interest-earning assets:						
Loans and bills discounted	¥5,235.4	¥ 84.3	3.22%	¥4,304.8	¥ 59.2	2.74%
Leased assets and installment receivables	781.4	27.2	6.98	838.0	25.5	6.09
Securities	1,991.3	20.5	2.07	1,605.9	16.8	2.09
Other interest-earning assets(1)	821.8	6.5	n.m.	672.7	6.8	n.m.
Total revenue on interest-earning assets	¥8,830.0	¥138.7	3.14%	¥7,421.6	¥108.5	2.92%
Interest-bearing liabilities:						
Deposits, including negotiable certificates of deposit	¥5,549.7	¥ 22.9	0.83%	¥4,472.7	¥ 13.6	0.61%
Debentures	693.1	1.5	0.45	871.0	1.5	0.36
Subordinated debt	472.7	7.9	3.34	360.9	3.5	1.99
Borrowed money and corporate bonds	1,091.1	8.9	1.63	1,127.2	5.3	0.94
Other interest-bearing liabilities(1)	1,060.1	13.6	n.m.	387.5	7.0	n.m.
Total expense on interest-bearing liabilities	¥8,866.9	¥ 54.9	1.24%	¥7,219.6	¥ 31.2	0.86%
Non-interest-bearing sources of funds:						
Non-interest-bearing (assets) liabilities, net	¥ (686.0)	—	—	¥ (598.7)	—	—
Total equity excluding minority interest in subsidiaries(2)	649.0	—	—	800.7	—	—
Total interest-bearing liabilities and non-interest-bearing sources of funds	¥8,830.0	—	—	¥7,421.6	—	—
Net interest margin	—	—	1.90%	—	—	2.05%
Impact of non-interest-bearing sources	—	—	(0.01)	—	—	0.02
Net revenue on interest-earning assets/yield on interest-earning assets	—	¥ 83.7	1.90%	—	¥ 77.3	2.08%

Reconciliation of total revenue on interest-earning assets to total interest income

Total revenue on interest-earning assets	¥8,830.0	¥138.7	3.14%	¥7,421.6	¥108.5	2.92%
Less: Income on leased assets and installment receivables	781.4	27.2	6.98	838.0	25.5	6.09
Total interest income	¥8,048.5	¥111.4	2.77%	¥6,583.5	¥ 82.9	2.51%
Total interest expenses	—	54.9	—	—	31.2	—
Net interest income	—	¥ 56.5	—	—	¥ 51.7	—

Notes:
(1) Other interest-earning assets and other interest-bearing liabilities include interest swaps and fund swaps.
(2) Represents a simple average of the balance at the end of the current period and the balance at the end of the previous period.

Net revenue on interest-earning assets includes net interest income as well as revenue earned on the average balance of leased assets and installment receivables. We consider income on leased assets and installment receivables to be a component of interest income, but Japanese GAAP does not include income on leased assets and installment receivables in net interest income. Under Japanese GAAP, therefore, income on leased assets and installment receivables is reported in net other business income in our consolidated statement of income.

Table 2. Analysis of Changes in Net Revenue on Interest-Earning Assets (Consolidated)

	Billions of yen		
	Due to change in[1]		
From the six months ended September 30, 2006 to the six months ended September 30, 2007	Volume	Rate	Net Change
Increase (decrease) in interest revenue:			
Loans and bills discounted	¥12.8	¥12.3	¥25.1
Leased assets and installment receivables	(1.7)	3.4	1.6
Securities	4.0	(0.2)	3.7
Other interest-earning assets	1.5	(1.8)	(0.3)
Total revenue on interest-earning assets			**¥30.2**
Increase (decrease) in interest expenses:			
Deposits, including negotiable certificates of deposit	¥ 3.2	¥ 5.9	¥ 9.2
Debentures	(0.3)	0.3	0.0
Subordinated debt	1.1	3.1	4.3
Borrowed money and corporate bonds	(0.1)	3.7	3.5
Other interest-bearing liabilities	12.2	(5.6)	6.6
Total expense on interest-bearing liabilities			**¥23.7**
Net increase in net revenue on interest-earning assets			**¥ 6.4**

Reconciliation of total revenue on interest-earning assets to total interest income	
Total revenue on interest-earning assets	¥30.2
Less: Income on leased assets and installment receivables	1.6
Total interest income	¥28.5
Total interest expenses	23.7
Net increase in net interest income	**¥ 4.7**

Note:
(1) The changes in interest income and expense for each category are divided into the portion of change attributable to the variance in volume or rate for that category. The attribution of the volume variance is calculated by multiplying the change in volume by the previous year's rate. The attribution of the rate variance is calculated by multiplying the change in rate by the current year's balance.

Net Revenue on Interest-Earning Assets

Net revenue on interest-earning assets for the six months ended September 30, 2007 was ¥83.7 billion, an increase of ¥6.4 billion compared to the first six months of the prior fiscal year. Total revenue on interest-earning assets increased by ¥30.2 billion and total interest expense increased by ¥23.7 billion in the first six months of fiscal year 2007, respectively, from the first six months of the previous fiscal year. The net yield on interest-earning assets was 1.90% in the first six months of fiscal year 2007, compared with 2.08% for the same period in the prior fiscal year but increased from a net yield on interest-earning assets of 1.85% for fiscal year 2006.

The ¥30.2 billion increase in total revenue on interest-earning assets in the first six months of fiscal year 2007 is attributable primarily to higher volume of and yield on loans and bills discounted. The increase in average balance of loans and bills discounted was primarily the result of an increase in demand for institutional loans and growth in retail housing loans.

The ¥23.7 billion increase in total interest expense was primarily due to the increased average rates on and increased average balances of deposits, negotiable certificates of deposit (NCD) and subordinated debt and an increase in other interest-bearing liabilities. The increase in deposits and NCD interest expense was primarily due to an increase in the average rate to 0.83% for the first six months of fiscal year 2007 from 0.61% for the same period in the previous fiscal year that reflected an interest rate increase by the Bank of Japan and, to a lesser extent, an increase in the average balance to ¥5,549.7 billion from ¥4,472.7 billion.

The increase in subordinated debt interest expense was due to an increase in the average rate, which was 3.34% for the six months ended September 30, 2007 compared to 1.99% for the same period in the previous fiscal year and, to a lesser extent, an increase in the average balance outstanding to ¥472.7 billion for the six months ended

September 30, 2007 compared to ¥360.9 billion for same period in the previous fiscal year. The increase in the average balance outstanding was primarily due to an increase in subordinated debt related to the issuance of £400 million of Upper Tier 2 Perpetual Subordinated Notes in December 2006. The interest expense increase of ¥6.6 billion in other interest-bearing liabilities primarily relates to funding through call money and interest and currency swap expenses associated with foreign currency-denominated and overseas transactions.

Net Fees and Commissions

Net fees and commissions mainly includes fees from non-recourse real estate finance, consumer and commercial finance loans and other financing products and commissions on sales of asset management products. Net fees and commissions of ¥23.1 billion were earned in the six months ended September 30, 2007, an increase of ¥0.9 billion compared to same period in the previous year. Retail Banking's asset management business continues to grow with total fees of ¥5.7 billion during the first six months of fiscal year 2007, an increase of ¥1.8 billion from the first six months of the previous fiscal year.

Net Trading Income

The table below shows the principal components of net trading income.

Table 3. Net Trading Income (Consolidated)

	Billions of yen	
	Six months ended September 30, 2007	Six months ended September 30, 2006
Income from trading securities	**¥ 2.2**	¥ 1.2
Income from securities held to hedge trading transactions	**0.7**	3.9
Income from trading-related financial derivatives	**4.2**	6.3
Other, net	**(0.0)**	(0.1)
Net trading income	**¥ 7.2**	¥11.2

Net trading income reflects revenues from customer-driven transactions as well as transactions undertaken for trading purposes. In addition to investments in securities, it encompasses income we receive from providing derivative products, including structured deposits, to retail and institutional customers.

During the first six months of fiscal year 2007, net trading income was ¥7.2 billion, a decline of ¥4.0 billion from the same period in the previous fiscal year. The decline in income from trading-related financial derivatives resulted mainly from a decrease in option income from ¥4.3 billion to ¥1.1 billion generated in connection with interest-linked structured deposits provided mainly to retail customers due to lower demand for the product. The decline in income from securities held to hedge trading transactions to ¥0.7 billion in the first six months of fiscal year 2007, primarily relates to lower arbitrage activity. These decreases were partly offset by an increase in income from trading securities from ¥1.2 billion to ¥2.2 billion in the first six months of fiscal year 2007 largely attributable to trading of Japanese government bonds.

Net Other Business Income

The table below shows the principal components of net other business income.

Table 4. Net Other Business Income (Consolidated)

	Billions of yen	
	Six months ended September 30, 2007	Six months ended September 30, 2006
Income on monetary assets held in trust, net	**¥12.0**	¥ 6.2
Net (losses) gain on securities	**(0.1)**	11.0
Net gain on foreign exchange	**5.1**	6.8
Net gain on other monetary claims purchased	**11.6**	10.3
Other business income (losses), net		
Income (losses) from derivatives for banking purposes, net	**0.0**	(6.1)
Equity in net (losses) income of affiliates	**(6.4)**	(3.5)
Gain on lease cancellation and other lease income, net	**1.1**	1.2
Other, net	**1.0**	1.4
Net other business income before income on leased assets and installment receivables, net	**24.3**	27.5
Income on leased assets and installment receivables, net	**27.2**	25.5
Net other business income	**¥51.6**	¥53.1

Net other business income for the six months ended September 30, 2007 was ¥51.6 billion. This included income of ¥27.2 billion from the leased assets and installment receivables businesses of APLUS and Showa Leasing Co., Ltd. (Showa Leasing). For purposes of our analysis of results of operations, we include income on leased assets and installment receivables in our discussion of net revenue on interest-earning assets because we consider such income to be similar in character to our interest income.

Excluding such income, net other business income for the first six months of fiscal year 2007 was ¥24.3 billion, a decline of ¥3.1 billion from the same period in the previous fiscal year. Income on monetary assets held in trust, net should be considered together with net gain on other monetary claims purchased for trading purposes as both of these income categories mainly include credit trading, securitization and real estate principal investment income. During the six months ended September 30, 2007, the credit trading business generated total revenue of ¥12.7 billion, an increase of ¥2.5 billion compared to the same period in the prior fiscal year.

The ¥0.1 billion of net loss on securities relates in part to mark-downs relating to our exposure to the U.S. residential mortgage market amounting to approximately ¥7 billion. This category also includes net gain on the securities portfolio held in our capital markets business. The capital markets business-related activities should be considered together with corresponding equity derivatives included in income (losses) from derivatives for banking purposes, net.

Net gain on foreign exchange of ¥5.1 billion includes option income in connection with currency-linked structured deposits provided to retail customers of ¥2.4 billion, which declined by ¥1.2 billion from the same period in the last fiscal year.

Equity in net (losses) income of affiliates is largely attributable to Shinsei Bank's equity in the non-consolidated net loss of Shinki, an equity-method affiliate, amounting to ¥6.8 billion, net of consolidation adjustments. The net loss attributable to Shinki is ¥1.4 billion higher than the same period in the last fiscal year, reflecting increased credit and grey zone reserves.

Total Revenue

Due to the factors described above, total revenue in the six months ended September 30, 2007 was ¥138.6 billion, as compared with ¥138.3 billion in the six months ended September 30, 2006.

General and Administrative Expenses

The table below sets forth the principal components of our general and administrative expenses.

Table 5. General and Administrative Expenses (Consolidated)

	Billions of yen	
	Six months ended September 30, 2007	Six months ended September 30, 2006
Personnel expenses	**¥ 32.5**	¥ 32.1
Premises expenses	**8.6**	8.4
Technology and data processing expenses	**10.1**	10.0
Advertising expenses	**5.0**	5.5
Consumption and property taxes	**4.2**	3.8
Deposit insurance premium	**1.7**	1.4
Other general and administrative expenses	**15.1**	14.4
General and administrative expenses	**77.4**	75.9
Amortization of goodwill and other intangible assets	**6.1**	10.5
Total general and administrative expenses	**¥ 83.5**	¥ 86.4

From the fiscal year which commenced on April 1, 2006, amortization of goodwill and other intangible assets is recorded in total general and administrative expenses.

General and administrative expenses (excluding amortization of goodwill and other intangible assets) of ¥77.4 billion in the first six months of fiscal year 2007 were ¥1.5 billion higher compared to the same period in the previous fiscal year. Expenses required in the Institutional and Retail Banking businesses to support business growth were partly offset by continual expense rationalization and restructuring activities in APLUS. As a result, for the six months ended September 30, 2007, the expense-to-revenue ratio was 55.9% as compared to 54.9% in the first six months of fiscal year 2006.

Personnel expenses of ¥32.5 billion were ¥0.4 billion higher than in the first six months of the previous fiscal year. The increase was largely due to new employees hired in the Institutional Banking business to support its business expansion. This was partly offset by lower personnel expense in APLUS reflecting expense savings realized through a voluntary retirement program conducted in fiscal year 2006.

The increase in non-personnel expenses was largely related to customer-driven activities such as deposit insurance premium on retail deposits, consumption tax and other outsourcing expenses. Advertising expenses were ¥0.5 billion lower than the same period in last fiscal year, reflecting optimization of advertising activities in the Retail Banking business.

Amortization of Goodwill and Other Intangible Assets

The amortization of goodwill and other intangible assets was ¥6.1 billion for the six months ended September 30, 2007 as compared with ¥10.5 billion in the first six months of the previous fiscal year. This mainly includes amortization of goodwill and other intangible assets attributable to APLUS (including Zen-Nichi Shinpan) and Showa Leasing in the amount of ¥4.4 billion and ¥1.6 billion, respectively. The decline largely relates to the significant write-down of goodwill and other intangible assets related to APLUS as of March 31, 2007.

Net Credit Costs

The following table sets forth our net credit costs on a consolidated basis for the six months ended September 30, 2007 and 2006.

Table 6. Net Credit Costs (Consolidated)

	Billions of yen	
	Six months ended September 30, 2007	Six months ended September 30, 2006
Losses on write-off of loans	**¥ 0.0**	¥ 0.4
Net provision (reversal) of reserve for loan losses:		
Net (reversal) provision of general reserve for loan losses	**(5.4)**	24.7
Net provision (reversal) of specific reserve for loan losses	**33.6**	(20.7)
Net (reversal) provision of reserve for loan losses to restructuring countries	**(0.0)**	0.0
Subtotal	**28.2**	4.0
Net provision of specific reserve for other credit losses	**1.0**	0.0
Other credit costs relating to leasing business	**1.3**	0.7
Net credit costs	**¥30.7**	¥ 5.2

The principal components of net credit costs are provisions or reversals of loan loss reserves. In accordance with Japanese regulatory requirements, Shinsei maintains general and specific reserves for loan losses, a reserve for loans to restructuring countries, as well as a specific reserve for other credit losses. Certain of our subsidiaries, particularly APLUS and Showa Leasing, also maintain general and specific reserves for loan losses.

We recorded net credit costs of ¥30.7 billion for the six months ended September 30, 2007 compared with net credit costs of ¥5.2 billion during the same period in the previous fiscal year. The increase in net credit costs was largely due to the absence of credit recoveries in Institutional Banking, credit provisions related to our exposure to the U.S. residential mortgage market amounting to ¥12.3 billion and higher credit provisions in APLUS. APLUS recorded net credit costs of ¥19.8 billion, an increase of ¥2.2 billion from the same period in the previous fiscal year, relating primarily to delays in collections and a stricter credit reserving policy necessitated by a change in the Money Lending Business Law.

Other Gains, Net

Other gains, net were ¥18.9 billion for the six months ended September 30, 2007, as compared to ¥0.6 billion during the same period in the previous fiscal year. Other gains, net in the first six months of fiscal year 2007 mainly includes a gain on the sale of Life Housing Loan of ¥20.3 billion.

Income Before Income Taxes and Minority Interests

As a result of the foregoing, income before income taxes and minority interests totaled ¥43.2 billion for the six months ended September 30, 2007, as compared to ¥47.2 billion in the same period in the previous fiscal year.

Income Taxes (Benefit)

For the six months ended September 30, 2007, we recorded ¥4.0 billion in current income tax, ¥2.6 billion higher than for the previous year, mainly related to local income tax paid by our subsidiaries. We also recorded a deferred income tax expense of ¥5.3 billion, largely reflecting a reversal of deferred tax assets amounting to ¥7.1 billion related to the sale of Life Housing Loan. This was partly offset by the tax benefit on the amortization of fair value adjustments to net assets and other intangible assets of ¥0.5 billion.

Minority Interests in Net Income of Subsidiaries

Minority interests in net income of subsidiaries of ¥10.6 billion for the six months ended September 30, 2007 largely reflects interest payments of ¥5.7 billion relating to our issuance of hybrid Tier I capital in the international market in February and March 2006 and minority interests relating to APLUS's preferred shareholders of ¥1.6 billion and subsidiaries of Shinseigin Finance Co., Ltd. amounting to ¥2.5 billion.

Net Income

Our net income for the six months ended September 30, 2007 of ¥23.1 billion, compared to net income of ¥38.8 billion during the same period in the prior fiscal year, reflects charges arising from legislative and market changes in the consumer finance industry and reserves and mark-downs related to our exposure to the U.S. residential mortgage market.

We report both Japanese GAAP net income and cash basis net income in order to provide greater transparency and understanding of our underlying performance. For the six months ended September 30, 2007, consolidated cash basis net income was ¥28.7 billion, as compared to ¥47.6 billion during the same period in the previous fiscal year. Cash basis net income is defined as Japanese GAAP net income adjusted to exclude the impairment and amortization of goodwill and other intangible assets, net of tax benefit, attributable to our consumer and commercial finance companies.

Reconciliation from Reported-Basis Results to Operating-Basis Results

In addition to analyzing our results of operations in the format used for our financial statements, which we refer to as the reported-basis, our management also reviews our results on an operating-basis to assess each of our business lines and to measure our results against targeted goals. Operating-basis results are calculated by adjusting the reported-basis results principally for the amortization of goodwill and other intangible assets, certain revenue items, amortization of net actuarial losses and lump-sum payments. In essence, the operating-basis results represent what we consider to be core business results and are in conformity with Japanese GAAP at the net income level. The following summary table provides a reconciliation between our results on a reported and operating basis.

Table 7. Reconciliation from Reported-Basis Results to Operating-Basis Results (Consolidated)

	Billions of yen					
	Six months ended September 30, 2007			Six months ended September 30, 2006		
	Reported-basis	Reclassifications	Operating-basis	Reported-basis	Reclassifications	Operating-basis
Revenue:						
Net interest income	**¥ 56.5**	**¥ —**	**¥ 56.5**	¥ 51.7	¥ —	¥ 51.7
Non-interest income[1]	**82.0**	**0.1**	**82.2**	86.6	0.1	86.8
Total revenue	**138.6**	**0.1**	**138.7**	138.3	0.1	138.5
General and administrative expenses[2]	**77.4**	**(0.1)**	**77.3**	75.9	(0.2)	75.7
Amortization of goodwill and other intangible assets	**6.1**	**(6.1)**	**—**	10.5	(10.5)	—
Total general and administrative expenses	**83.5**	**(6.2)**	**77.3**	86.4	(10.7)	75.7
Net business profit/Ordinary business profit[3]	**55.0**	**6.3**	**61.3**	51.9	10.8	62.8
Net credit costs	**30.7**	**—**	**30.7**	5.2	—	5.2
Amortization of goodwill and other intangible assets	**—**	**6.1**	**6.1**	—	10.5	10.5
Other gains, net[1][2]	**18.9**	**(0.2)**	**18.6**	0.6	(0.3)	0.2
Income before income taxes and minority interests	**43.2**	**—**	**43.2**	47.2	—	47.2
Income taxes (benefit) and minority interests	**20.0**	**—**	**20.0**	8.4	—	8.4
Net income	**¥ 23.1**	**¥ —**	**¥ 23.1**	¥ 38.8	¥ —	¥ 38.8

Notes:
(1) Reclassifications consist principally of adjustments relating to other business income between other gains, net and non-interest income.
(2) Reclassifications consist principally of adjustments relating to lump-sum compensation and amortization of net actuarial gains or losses from general and administrative expenses to other gains, net.
(3) Ordinary business profit is derived after reclassifying certain items from net business profit.

Business Lines Results

Our business model is based on three strategic pillars: Institutional Banking, Consumer and Commercial Finance (CCF) and Retail Banking. These three pillars cover a broad range of businesses and customer segments which provide us with diversified revenues.

In the six months ended September 30, 2007, ordinary business profit after net credit costs was ¥30.6 billion, as compared to ¥57.5 billion during the same period in the previous fiscal year, largely due to mark-downs and credit provisions related to our exposure to the U.S. residential mortgage market and the absence of significant net credit recoveries in the Institutional Banking and higher net credit costs in CCF businesses.

The Institutional Banking business posted steady revenues and APLUS made strong progress during the first six months of fiscal year 2007. The Retail Banking business experienced lower revenues mainly attributable to a decline in option income from structured deposits. Shinki recorded net losses as a result of higher credit provisions and grey zone reserves.

We continue to expand our product offerings and broaden our customer base through these three strategic business lines. We continue to promote interaction between various businesses within each of the pillars, leading to a significant increase in synergies in terms of business enhancing cross-sales and referrals, joint business ventures and cost-saving opportunities.

Management monitors the performance of these business lines on an operating basis. The business line discussion below covers the operating-basis ordinary business profit (loss) after net credit costs (recoveries) of the three business lines and a fourth category of ALM/Corporate/Other.

Table 8. Operating-Basis Ordinary Business Profit (Loss) after Net Credit Costs (Recoveries) by Business Line (Consolidated)

	Billions of yen				
	Six months ended September 30, 2007				
	Institutional Banking	Consumer and Commercial Finance	Retail Banking	ALM/ Corporate/ Other[1]	Total
Net interest income	**¥ 19.9**	**¥20.1**	**¥ 9.8**	**¥ 6.5**	**¥ 56.5**
Non-interest income (expense)	**38.7**	**36.3**	**8.2**	**(1.1)**	**82.2**
Total revenue	**58.7**	**56.4**	**18.0**	**5.4**	**138.7**
General and administrative expenses	**25.9**	**31.0**	**20.3**	**0.1**	**77.3**
Ordinary business profit (loss)	**32.8**	**25.4**	**(2.2)**	**5.3**	**61.3**
Net credit costs	**4.1**	**24.9**	**0.1**	**1.5**	**30.7**
Ordinary business profit (loss) after net credit costs	**¥ 28.6**	**¥ 0.5**	**¥ (2.3)**	**¥ 3.8**	**¥ 30.6**

	Billions of yen				
	Six months ended September 30, 2006				
	Institutional Banking	Consumer and Commercial Finance	Retail Banking	ALM/ Corporate/ Other[1]	Total
Net interest income	¥ 16.6	¥23.2	¥ 8.7	¥ 3.1	¥ 51.7
Non-interest income (expense)	38.6	37.4	10.8	(0.1)	86.8
Total revenue	55.2	60.7	19.5	2.9	138.5
General and administrative expenses	21.9	35.0	19.4	(0.7)	75.7
Ordinary business profit	33.3	25.7	0.1	3.6	62.8
Net credit (recoveries) costs	(17.2)	20.1	0.0	2.1	5.2
Ordinary business profit after net credit (recoveries) costs	¥ 50.5	¥ 5.5	¥ 0.0	¥ 1.4	¥ 57.5

Note:
(1) ALM/Corporate/Other largely includes results of corporate treasury activities and corporate level expenses.

Institutional Banking

The Institutional Banking business positions itself as a hybrid commercial and investment bank that provides innovative solutions to institutional customers through an integrated team of relationship managers and product specialists. Revenue diversification ensures earnings stability in this business line.

The business generated total revenue of ¥58.7 billion in the first six months of this fiscal year. This is ¥3.4 billion higher than in the same period last year due to steady revenues across most Institutional Banking products. The business continued to see a steady demand for corporate loans and an increase in demand for non-recourse loans, and ongoing growth in asset prices contributed to strong performance in the credit trading business.

In the first six months of this fiscal year, general and administrative expenses were ¥25.9 billion, a ¥3.9 billion increase from the first six months in the previous fiscal year. The increase was largely due to new employees hired in the business to support its business expansion. As a result, ordinary business profit for the first six months of fiscal year 2007 was ¥32.8 billion, a decline of ¥0.4 billion, or 1.5%, as compared to the same period in the previous fiscal year. The expense-to-revenue ratio of this business was 44.1% for the six months ended September 30, 2007.

Table 9. Institutional Banking Revenue by Product (Consolidated)

	Billions of yen	
	Six months ended September 30, 2007	Six months ended September 30, 2006(1)
Institutional Banking:		
Credit trading	**¥12.7**	¥10.2
Principal investments	**12.2**	8.5
Non-recourse real estate finance	**9.5**	8.6
Foreign exchange, derivatives, equity-related	**8.3**	7.0
Basic Banking(2)	**8.1**	9.2
Other capital markets	**1.1**	4.4
Securitization	**0.0**	3.7
Other products	**6.4**	3.2
Total revenue	**¥58.7**	¥55.2

Note:
(1) Prior period has been adjusted to conform to current period presentation.
(2) Basic Banking mainly consists of balance sheet loans, deposits and debentures revenue.

Revenue diversification is essential to ensure earnings stability in this business line. The Institutional Banking business delivered strong revenues from most of its products.

In credit trading, we invest in various kinds of credit – primarily distressed assets, non-performing loans and sub-performing loans – in both the domestic and international markets. The business momentum in the credit trading business resulted in concluding 19 new transactions with an aggregate investment amount of ¥41.1 billion and total revenues of ¥12.7 billion in the six months of fiscal year 2007, an increase of ¥2.5 billion compared to same period in the previous fiscal year.

Principal investments revenue increased by ¥3.7 billion to ¥12.2 billion in the first six months of fiscal year 2007, reflecting increased revenues mainly from specialty finance and real estate principal investment activities.

The non-recourse real estate finance balance, both loans and bond structures, grew by ¥140.3 billion to ¥1,062.5 billion in the six month period ended September 30, 2007. As a result, the business generated revenue of ¥9.5 billion as compared to ¥8.6 billion during the same period in the last fiscal year.

The Institutional Banking's exposure to the U.S. residential mortgage market aggregates to less than $500 million. As of September 30, 2007, the business recorded additional reserves of approximately $107 million and mark-downs of approximately $65 million, aggregating to approximately $172 million (or approximately ¥19.8 billion) and total cumulative reserves and mark-downs relating to these exposures aggregate to approximately $189 million. As a result of the mark-downs, securitization revenue declined from ¥3.7 billion to nil in the first six months of fiscal year 2007.

Revenue of ¥6.4 billion from other products was largely generated from strategic investments, asset management and revenues in our subsidiary Shinsei Trust & Banking Co., Ltd.

Consumer and Commercial Finance

APLUS' business transformation initiatives in fiscal year 2006 have enabled it to return to profitability in the first six months of this fiscal year. The overall financial performance of Showa Leasing business remains in line with expectations while Shinki incurred net losses due to the continued adverse impact of the legislative and market changes in the consumer finance industry.

In the six months ended September 30, 2007, the CCF business contributed total revenue of ¥56.4 billion, a decline of ¥4.2 billion, or 7.0%, as compared to the first six months in fiscal year 2006, largely reflecting a slowdown in the consumer finance business due to significant legislative and market changes in the industry. The revenue decrease was largely offset by lower expenses in APLUS. As a result, the CCF business generated ordinary business profit of ¥25.4 billion in the first six months of fiscal year 2007, a decline of ¥0.2 billion from the same period in the previous fiscal year. In the first six months of fiscal year 2007, higher credit costs were necessitated due to the impact of the legislative and market changes in the consumer finance industry. As a result, ordinary business profit after credit costs was ¥0.5 billion in the six months ended September 30, 2007, a decline of ¥4.9 billion compared to the first six months of fiscal year 2006.

Table 10. Consumer and Commercial Finance Ordinary Business Profit (Loss) after Net Credit Costs by Subsidiary[1]

	Billions of yen			
	Six months ended September 30, 2007			
	APLUS	Showa Leasing	Other Subsidiaries[2]	Consumer and Commercial Finance
Total revenue	**¥46.9**	**¥14.0**	**¥(4.5)**	**¥56.4**
General and administrative expenses	**22.9**	**6.7**	**1.3**	**31.0**
Ordinary business profit (loss)	**24.0**	**7.3**	**(5.9)**	**25.4**
Net credit costs	**19.8**	**2.9**	**2.0**	**24.9**
Ordinary business profit (loss) after net credit costs	**¥ 4.2**	**¥ 4.3**	**¥(8.0)**	**¥ 0.5**

	Billions of yen			
	Six months ended September 30, 2006 [3]			
	APLUS	Showa Leasing	Other Subsidiaries[2]	Consumer and Commercial Finance
Total revenue	¥48.2	¥13.4	¥(0.9)	¥60.7
General and administrative expenses	27.6	5.5	1.8	35.0
Ordinary business profit (loss)	20.6	7.9	(2.8)	25.7
Net credit costs	17.5	1.4	1.2	20.1
Ordinary business profit (loss) after net credit costs	¥ 3.0	¥ 6.4	¥(4.0)	¥ 5.5

Notes:
(1) Net of consolidation adjustments, if applicable.
(2) Includes (loss) profits of Shinki, an affiliate, and unallocated CCF sub-group expenses.
(3) Prior period has been adjusted to conform to current period presentation.

APLUS' business transformation initiatives, which began in January 2007, facilitated strong financial results in the first six months of fiscal year 2007, with ordinary business profit after net credit costs of ¥4.2 billion. The business generated net income of ¥3.7 billion, including Zen-Nichi Shinpan, for the six months ended September 30, 2007.

Showa Leasing's business results were in line with expectations. Net credit costs for the six months ended September 30, 2007 were ¥2.9 billion. As a result, the business earned ordinary business profit after net credit costs of ¥4.3 billion during the first six months of fiscal year 2007.

The results for other subsidiaries mainly include Shinsei's equity in net income (loss) of Shinsei Bank's affiliate, Shinki, and its commercial finance subsidiary, Shinsei Property Finance Co., Ltd.

During the first six months of fiscal year 2007, Shinsei Bank's equity in the non-consolidated net loss of Shinki amounted to ¥6.8 billion, net of consolidation adjustments. The net loss attributable to Shinki is ¥1.4 billion higher than in the same period last fiscal year, reflecting higher credit provisions and grey zone reserves in Shinki.

Retail Banking

The Retail Banking business continues to diversify its revenue mix and increase its customer base. Reliance on upfront option income from structured deposits has declined substantially and only 19.9% of total revenue is earned from upfront fees from structured deposits as compared to 40.9% during the same period a year ago. In the six months ended September 30, 2007, the Retail Banking business added more than 107,000 new *PowerFlex* retail accounts and now has over two million retail accounts. Shinsei Bank improved its ranking significantly and reached second overall in the Nihon Keizai Shimbun's third survey of Banks' Retail Strength in July 2007 from twentieth position in last year's survey.

During the first six months of this fiscal year, total revenue was ¥18.0 billion as compared to ¥19.5 billion during the first six months of the previous fiscal year. The main sources of revenue were interest income from retail deposits, fees from asset management products, income from structured deposits and fees and net interest income from loan products. The ability to successfully sell an increasingly wide range of products such as mutual funds and variable annuities is contributing to more balanced and recurrent revenue growth. The decline in revenue resulted mainly from a decrease in structured deposits-related option income of ¥4.5 billion from ¥8.0 billion to ¥3.5 billion due to lower demand for structured deposit products. This was partly offset by a ¥1.8 billion increase in revenue from asset management products from ¥3.8 billion to ¥5.7 billion for the six months ended September 30, 2007.

Retail Banking incurred general and administrative expenses of ¥20.3 billion during the six month period, an increase of ¥0.8 billion, as compared to the first six months in the previous fiscal year. Strict expense discipline in the business mitigated the increase in expenses necessary to expand distribution channels and due to the growth of customer driven transactions. The business generated an ordinary business loss of ¥2.2 billion for the first six months of fiscal year 2007, as compared to an ordinary business profit of ¥0.1 billion during the first six months of the previous fiscal year.

The Retail Banking business continues to expand its product range and enhance consulting services for retail customers while working closely with Institutional Banking to better serve the needs of its customers, including high net worth individuals. Furthermore, the Retail Bank and APLUS are working together to offer new products and services such as the Shinsei VISA Card launched in March 2007.

Table 11. Retail Banking Revenue by Product (Consolidated)

	Billions of yen	
	Six months ended September 30, 2007	Six months ended September 30, 2006
Retail Banking:		
Deposits and debentures net interest income	**¥ 8.1**	¥ 6.9
Asset management	**5.7**	3.8
Deposits and debentures non-interest income	**2.1**	6.9
Loans	**2.0**	1.8
Total revenue	**¥18.0**	¥19.5

Retail Banking deposits balance amounted to ¥3.5 trillion as of September 30, 2007. Deposits and debentures net interest income relates to the internal interest spread we credit to our retail banking business on customer deposits and debentures. Deposits and debentures net interest income grew by ¥1.2 billion to ¥8.1 billion in the six months ended September 30, 2007 as a result of maintaining a steady balance in retail deposits.

Fees from asset management products increased by 49.6% to ¥5.7 billion for the six months ended September 30, 2007, compared to the previous fiscal year. Loans to retail customers grew by 23.1% to ¥697.7 billion as of September 30, 2007. This resulted in Retail Banking recording ¥2.0 billion in revenue from housing loans and other lending products during the first six months of fiscal year 2007.

Deposits and debentures non-interest income mainly includes revenue from structured deposits and commissions on foreign exchange transactions. This is partly offset by fees we incur in connection with ATMs and funds transfers. In the first six months of fiscal year 2007, we recorded revenue of ¥2.1 billion from deposits and debentures non-interest income, a decline of ¥4.8 billion compared to the same period in the previous fiscal year, mainly reflecting a decline in option income generated in connection with structured deposits from ¥8.0 billion to ¥3.5 billion.

ALM/Corporate/Other

ALM, Corporate and Other primarily includes results of corporate treasury activities, inter-company adjustments, and corporate level expenses. For the six months ended September 30, 2007, ordinary business profit after net credit costs was ¥3.8 billion.

Financial Condition

Total Assets

As of September 30, 2007, we had consolidated total assets of ¥12,423.4 billion, representing a 14.6% increase from March 31, 2007 and a 19.1% increase from September 30, 2006.

Our loans and bills discounted balance was ¥5,456.5 billion as of September 30, 2007 as compared to ¥4,781.4 billion as of September 30, 2006. This represented 43.9% of total consolidated assets. Installment receivables of APLUS, Showa Leasing and our other CCF subsidiaries are classified in our consolidated balance sheet as other assets, and are not reflected in our data on loans and bills discounted.

Most of our loan portfolio was originated by Shinsei and our domestic subsidiaries. Of loans we originated, loans to the finance and insurance industry and the real estate industry constituted close to one-half of total loans as of September 30, 2007. Loans to the real estate industry as of September 30, 2007 consisted, in part, of non-recourse and project finance loans. Loans to this industry increased by 13.7%, to ¥1,453.3 billion, or 27.3% of total domestic loans, primarily because of an increase in non-recourse real estate finance loans by 13.5% to ¥873.4 billion.

Loans to others of ¥1,469.0 billion as of September 30, 2007 included loans extended to Shinsei's and APLUS' individual customers amounting, in aggregate, to ¥972.4 billion.

Table 12. Loans by Borrower Industry (Consolidated)

	Billions of yen (except percentages)			
	Six months ended September 30, 2007		Six months ended September 30, 2006	
Domestic offices (excluding Japan offshore market account):				
Manufacturing	¥ 280.8	5.3%	¥ 212.5	4.5%
Agriculture	0.0	0.0	0.0	0.0
Forestry	0.0	0.0	—	—
Fishers	0.8	0.0	0.9	0.0
Mining	5.6	0.1	6.7	0.1
Construction	16.1	0.3	20.9	0.4
Electric power, gas, heat supply and water supply	77.8	1.5	99.6	2.1
Information and communications	56.7	1.1	28.6	0.6
Transportation	381.3	7.2	469.6	10.0
Wholesale and retail	108.5	2.0	111.7	2.4
Finance and insurance	1,051.0	19.7	957.4	20.5
Real estate	1,453.3	27.3	1,278.5	27.3
Services	364.0	6.8	259.4	5.5
Local government	60.8	1.1	124.2	2.7
Others	1,469.0	27.6	1,111.1	23.7
Total domestic (A)	¥5,326.3	100.0%	¥4,681.7	100.0%
Overseas offices (including Japan offshore market accounts):				
Governments	¥ 0.8	0.7%	¥ —	—%
Others	129.3	99.3	99.6	100.0
Total overseas (B)	¥ 130.1	100.0%	¥ 99.6	100.0%
Total (A+B)	¥5,456.5		¥4,781.4	

Funding and Liquidity

Shinsei has been diversifying its funding base through deposits from retail customers. Funds from retail deposits have become an increasingly important source of funding. Total deposits increased by ¥449.7 billion, or 8.3%, to ¥5,870.6 billion as of September 30, 2007 compared to March 31, 2007. The retail deposits balance, including high net worth customers, totaled ¥3,563.9 billion as of September 30, 2007, a decline of ¥9.8 billion compared to March 31, 2007. During the six months ended September 30, 2007, ¥273.4 billion of yen-denominated fixed deposits which were issued five years ago matured and a portion of the matured deposit balances was reinvested in asset management products. Retail Banking represents 59.9% of the Bank's total funding through customer deposits and debentures. The table below shows changes in the proportion of our overall funding represented by funds raised from debentures and deposits in our Retail and Institutional Banking businesses, as well as from our collateralized loan obligation program at the end of the periods indicated.

Table 13. Diversification by Funding Type (Consolidated)

	Billions of yen			
	As of September 30, 2007	**As of March 31, 2007**	**As of March 31, 2006**	**As of March 31, 2005**
Retail deposits(1)(2)	**¥3,563.9**	¥3,573.8	¥3,103.4	¥2,300.4
Retail debentures	**362.2**	381.9	435.3	559.3
Institutional funding	**2,631.0**	2,168.5	1,551.8	1,835.7
Collateralized loan obligation	**75.0**	155.0	255.0	255.0

Notes:
(1) Excludes unclaimed matured debentures.
(2) Includes wealth management customers' deposits.

Total Equity

Total equity as of September 30, 2007 was ¥934.6 billion and included minority interests in subsidiaries of ¥280.1 billion.

Summary of Non-Consolidated Financial Results

We disclose non-consolidated financial information of Shinsei in addition to our consolidated financial statements. As a recipient of public funds, we are required by the FSA to update and report on Shinsei's non-consolidated performance in relation to targets set forth in our Revitalization Plan on a quarterly basis, and to publicly disclose that information semi-annually.

For the first six months of fiscal year 2007, Shinsei recorded a net loss of ¥2.1 billion. We achieved the revenue, expenses and ordinary business profit Revitalization Plan targets for the first six months of fiscal year 2007. However, net income was significantly adversely impacted by (i) the reserves and mark-downs related to our exposure to the U.S. residential mortgage market and (ii) a charge of ¥22.0 billion for the impairment of our investment in APLUS' and Shinki's common shares.

Impairment of Investment in APLUS' Common Shares

As of September 30, 2007, APLUS' common share price was ¥82 as compared to ¥184 as of March 31, 2007. As a result, an impairment of APLUS' common shares amounting to ¥15.9 billion was recorded in the first six months of fiscal year 2007. This is in addition to the valuation allowance of ¥9.2 billion recorded at March 31, 2007 which represented the decline in value of these shares between the time of our acquisition of APLUS (¥243.2 per share) and March 31, 2007 (¥184.0 per share).

Impairment of Shinki's Common Shares

At the end of September 2007, Shinki's common share price was ¥97 as compared to ¥333 as of March 31, 2007. As a result, an impairment of Shinki's common shares of ¥6.0 billion was recorded. This is in addition to the valuation allowance of ¥6.6 billion assessed at March 31, 2007, which represented the decline in value of these shares between the book value (¥591.6 per share) and the price on March 31, 2007 (¥333.0 per share).

Supplemental Non-Consolidated Measures

In addition to the reporting items set forth in our non-consolidated financial statements, Japanese banking law requires us to disclose gross business profit (*gyomu sorieki*) on a non-consolidated basis. Furthermore, in the Japanese banking industry, net business profit before general reserve for loan losses (*jisshitsu gyomu jun-eki*) has traditionally been used as a measure of the profitability of core banking operations. We review these non-Japanese GAAP performance measures in monitoring the results of our operations.

Gross business profit is the sum of:

- net interest income;
- net fees and commissions, which consist of:
  - fees on loans as well as on sales of asset management products,
  - other fee-based activities, and
  - income on monetary assets held in trust (in keeping with the definition of gross business profit in our Revitalization Plan);
- net trading income; and
- net other business income, which includes, among other things, gains or losses on securities and foreign exchange.

Net business profit before general reserve for loan losses is gross business profit minus non-consolidated total expenses, which corresponds to our consolidated general and administrative expenses.

While these business profit measures should not be viewed as a substitute for net income, management believes that these non-Japanese GAAP measures provide a meaningful way of comparing a number of the important components of Shinsei's revenues and profitability from year to year. The table below sets forth these supplemental financial data and corresponding reconciliations to net income under Japanese GAAP for the six months ended September 30, 2007 and 2006.

Table 14. Supplemental Measures (Non-Consolidated)

	Billions of yen	
	Six months ended September 30, 2007	Six months ended September 30, 2006
Gross business profit (*gyomu sorieki*)[1] :		
Net interest income	**¥ 39.5**	¥ 30.4
Net fees and commissions[1]	**29.3**	21.6
Net trading income	**4.9**	9.0
Net other business income	**3.1**	6.1
Total gross business profit[1]	**76.9**	67.3
Total expenses	**42.4**	39.6
Net business profit[1][2] (*jisshitsu gyomu jun-eki*)	**34.5**	27.6
Other operating expenses, net[3]	**(11.0)**	(1.3)
Net operating income (*keijo rieki*)	**23.5**	26.3
Extraordinary (loss) income	**(26.6)**	12.4
(Loss) income before income taxes	**(3.1)**	38.8
Current income taxes (benefit)	**(7.7)**	(1.6)
Deferred income tax expense (benefit)	**6.7**	(1.1)
Net (loss) income	**¥ (2.1)**	¥ 41.5

Notes:
(1) Includes income from monetary assets held in trust of ¥21.6 billion in the six months ended September 30, 2007 and ¥15.4 billion in the six months ended September 30, 2006.
(2) Excludes provisions for or reversals of general reserve for loan losses.
(3) Excludes income from monetary assets held in trust.

Asset Quality and Disposal of Problem Loans of Shinsei

As of September 30, 2007, 60.7% of our consolidated problem loans as disclosed in accordance with the guidelines of the Japanese Bankers' Association (JBA) were held by Shinsei and most of the rest were held by APLUS. This discussion of our asset quality presents information of Shinsei on a non-consolidated basis unless otherwise specified. In particular, problem claims as defined in the Financial Revitalization Law are only disclosed on a non-consolidated basis, and therefore do not include problem loans held by APLUS. For a discussion of the problem claims of APLUS and Showa Leasing see "—Asset Quality of APLUS and Showa Leasing".

We classify our obligors and assess our asset quality based on our self-assessment manual developed in accordance with guidelines published by the FSA. We generally perform our self-assessment quarterly and at least semi-annually. The self-assessment process involves classifying obligors based on their financial condition and then categorizing claims against obligors in order of collection risk. Based on these classifications, we establish reserves and disclose our problem loans and other claims using criteria specified in the Financial Revitalization Law. We also disclose our problem loans under a format devised by the JBA for the disclosure of risk-monitored loans.

Claims Classified Under the Financial Revitalization Law

Under the Financial Revitalization Law, Japanese banks categorize their total claims in four categories by reference to the nature of the relevant assets. In addition to loans and bills discounted, claims that are subject to disclosure under the Financial Revitalization Law include foreign exchange claims, securities lent, private placement bonds guaranteed by Shinsei, accrued income and suspense payments in other assets, as well as customers' liabilities for acceptances and guarantees.

Disclosure of Claims Classified Under the Financial Revitalization Law

Our current management team has consistently emphasized the monitoring and reduction of problem loans. Shinsei's total amount of problem claims as disclosed pursuant to the Financial Revitalization Law as of September 30, 2007 stood at ¥45.9 billion, as compared to ¥27.9 billion at March 31, 2007. During the six months ended September 30, 2007, doubtful claims increased from ¥10.7 to ¥23.4 billion due to downgrades of corporate obligations from U.S. entities whose primary business related to residential mortgage finance and related services and substandard claims decreased by 22.6% to ¥12.5 billion. Claims against bankrupt and quasi-bankrupt obligors increased during the six months ended September 30, 2007, from ¥0.9 billion to ¥9.8 billion, as a result of stricter self-assessment. The ratio of non-performing claims disclosed under the Financial Revitalization Law to total non-consolidated claims as of September 30, 2007 increased to 0.8%, compared to 0.5% as of March 31, 2007.

Shinsei's other claims against need caution obligors, excluding substandard claims, totaled ¥102.5 billion as of September 30, 2007, a 17.1% decrease from ¥123.6 billion as of March 31, 2007, and included private placement bonds guaranteed by Shinsei and classified as other claims against need caution obligors. These claims represented 1.8% of total non-consolidated claims as of September 30, 2007, down from 2.3% as of March 31, 2007.

Table 15. Claims Classified Under the Financial Revitalization Law (Non-Consolidated)

	Billions of yen (except percentages)		
	As of September 30, 2007	As of September 30, 2006	As of March 31, 2007
Claims against bankrupt and quasi-bankrupt obligors	**¥ 9.8**	¥ 0.3	¥ 0.9
Doubtful claims	**23.4**	8.3	10.7
Substandard claims	**12.5**	17.2	16.2
Total claims disclosed under the Financial Revitalization Law(1)	**45.9**	25.9	27.9
Normal claims and claims against need caution obligors excluding substandard claims	**5,584.1**	4,780.5	5,266.7
Total claims	**¥5,630.0**	¥4,806.4	¥5,294.6
Ratio of total claims disclosed under the Financial Revitalization Law to total claims	**0.8%**	0.5%	0.5%

Note:
(1) Total claims disclosed under the Financial Revitalization Law include loans and bills discounted, customers' liabilities for acceptances and guarantees and other exposure to or in respect of bankrupt and quasi-bankrupt obligors and doubtful claims, as well as loans and bills discounted classified as substandard claims.

Coverage Ratios

As of September 30, 2007, Shinsei's non-consolidated coverage ratios for claims classified under the Financial Revitalization Law, which for each category of claims is the total of collateral pledged against claims, guarantees for claims and reserve for loan losses, measured against total claims, were 100.0% for claims against bankrupt and quasi-bankrupt obligors, 76.0% for doubtful claims and 89.2% for substandard claims. For all claims classified under the Law, the coverage ratio was 84.8%, an increase from 79.3% as of March 31, 2007.

Shinsei directly writes off, rather than reserves, the portion of claims against virtually and legally bankrupt obligors that are estimated to be uncollectible. In the six months ended September 30, 2007, ¥15.8 billion of such claims were written off on a non-consolidated basis.

Table 16. Coverage Ratios for Non-Performing Claims Disclosed Under the Financial Revitalization Law (Non-Consolidated)

	Billions of yen (except percentages)				
		Amounts of coverage			
	Amount of claims	Reserve for loan losses	Collateral and guarantees	Total	Coverage ratio
As of September 30, 2007:					
Claims against bankrupt and quasi-bankrupt obligors	**¥ 9.8**	**¥ —**	**¥ 9.8**	**¥ 9.8**	**100.0%**
Doubtful claims	**23.4**	**16.8**	**0.9**	**17.8**	**76.0**
Substandard claims	**12.5**	**3.0**	**8.1**	**11.1**	**89.2**
Total	**¥45.9**	**¥19.9**	**¥18.9**	**¥38.9**	**84.8%**
As of September 30, 2006:					
Claims against bankrupt and quasi-bankrupt obligors	¥ 0.3	¥ —	¥0.3	¥ 0.3	100.0%
Doubtful claims	8.3	3.8	3.0	6.9	82.9
Substandard claims	17.2	7.3	5.0	12.4	71.8
Total	¥25.9	¥11.2	¥8.4	¥19.6	75.7%
As of March 31, 2007:					
Claims against bankrupt and quasi-bankrupt obligors	¥ 0.9	¥ —	¥0.9	¥ 0.9	100.0%
Doubtful claims	10.7	8.0	0.9	9.0	84.1
Substandard claims	16.2	6.5	5.6	12.1	75.0
Total	¥27.9	¥14.6	¥7.5	¥22.1	79.3%

Reserve for Credit Losses

The following table sets forth a breakdown of Shinsei's total reserve for credit losses on a non-consolidated basis as of the dates indicated:

Table 17. Reserve for Credit Losses (Non-Consolidated)

	Billions of yen (except percentages)	
	As of September 30, 2007	As of March 31, 2007
General reserve for loan losses	**¥ 48.0**	¥ 65.4
Specific reserve for loan losses	**19.0**	9.1
Reserve for loans to restructuring countries	**0.0**	0.0
Subtotal reserve for loan losses	**67.1**	74.5
Specific reserve for other credit losses	**33.4**	32.4
Total reserve for credit losses	**¥ 100.5**	¥ 106.9
Total claims[1]	**¥5,630.0**	¥5,294.6
Ratio of total reserve for loan losses to total claims	**1.2%**	1.4%
Ratio of total reserves for credit losses to total claims	**1.8%**	2.0%

Note:
(1) Total claims include loans and bills discounted, foreign exchange claims, securities lent, accrued interest income and suspense payment in other assets, as well as customers' liabilities for acceptances and guarantees.

As of September 30, 2007 and March 31, 2007, Shinsei's total reserve for credit losses on a non-consolidated basis was ¥100.5 billion and ¥106.9 billion, respectively, constituting 1.8% and 2.0%, respectively, of total claims as of each such date.

In the six months ended September 30, 2007, Shinsei applied the discounted cash flow method to 37.3% of its claims against possibly bankrupt obligors and 94.6% of its claims against substandard obligors, in each case by principal amount.

Risk-Monitored Loans

Consolidated risk-monitored loans increased by 16.0% during the six months ended September 30, 2007 to ¥75.2 billion. Non-consolidated non-accrual delinquent loans increased during the six months ended September 30, 2007, from ¥10.6 billion to ¥32.7 billion. The increase was primarily attributable to the downgrading of certain loans during the six month period.

The following tables set forth information concerning our consolidated and non-consolidated risk-monitored loans as of the dates indicated:

Table 18. Risk-Monitored Loans (Consolidated)

	Billions of yen (except percentages)	
	As of September 30, 2007	As of March 31, 2007
Loans and bills discounted	**¥5,456.5**	¥5,146.3
Loans to bankrupt obligors (A)	**0.6**	1.7
Non-accrual delinquent loans (B)	**39.0**	21.8
Total loans (A)+(B)	**¥ 39.7**	¥ 23.5
Ratio to total loans and bills discounted	**0.7%**	0.5%
Loans past due for three months or more (C)	**¥ 9.9**	¥ 4.7
Restructured loans (D)	**25.5**	36.4
Total risk-monitored loans (A)+(B)+(C)+(D)	**¥ 75.2**	¥ 64.8
Ratio to total loans and bills discounted	**1.4%**	1.3%
Reserve for credit losses	**¥ 141.7**	¥ 147.2

Table 19. Risk-Monitored Loans (Non-Consolidated)

	Billions of yen (except percentages)	
	As of September 30, 2007	As of March 31, 2007
Loans and bills discounted	**¥5,335.1**	¥5,075.2
Loans to bankrupt obligors (A)	**0.3**	0.6
Non-accrual delinquent loans (B)	**32.7**	10.6
Total loans (A)+(B)	**¥ 33.0**	¥ 11.2
Ratio to total loans and bills discounted	**0.6%**	0.2%
Loans past due for three months or more (C)	**¥ 6.0**	¥ 0.0
Restructured loans (D)	**6.4**	16.1
Total risk-monitored loans (A)+(B)+(C)+(D)	**¥ 45.6**	¥ 27.4
Ratio to total loans and bills discounted	**0.9%**	0.5%
Reserve for credit losses	**¥ 100.5**	¥ 106.9

Asset Quality of APLUS and Showa Leasing

APLUS and Showa Leasing classify their obligors and assess their asset quality on a semi-annual basis based on self-assessment manuals developed in accordance with guidelines published by the FSA. APLUS and Showa Leasing's assessments, where applicable, include, among other things, an assessment of credit extended to credit card customers as well as lease obligors, unsecured personal loans and customer guarantees.

The following tables set forth information concerning consolidated risk-monitored loans and risk-monitored installment receivables held by Shinsei, APLUS, Showa Leasing and other subsidiaries as of the dates indicated:

Table 20. Risk-Monitored Loans Breakdown for Large Entities (Consolidated)[(1)]

	Billions of yen			
	Shinsei	APLUS	Other subsidiaries	Total
As of September 30, 2007:				
Loans to bankrupt obligors	**¥ 0.3**	**¥ —**	**¥ 0.3**	**¥ 0.6**
Non-accrual delinquent loans	**32.7**	**3.3**	**2.9**	**39.0**
Loans past due for three months or more	**6.0**	**3.7**	**0.1**	**9.9**
Restructured loans	**6.4**	**19.0**	—	**25.5**
Total	**¥45.6**	**¥26.1**	**¥ 3.4**	**¥75.2**
As of March 31, 2007:				
Loans to bankrupt obligors	¥ 0.6	¥ —	¥ 1.0	¥ 1.7
Non-accrual delinquent loans	10.6	3.5	7.7	21.8
Loans past due for three months or more	0.0	4.6	0.1	4.7
Restructured loans	16.1	19.7	0.4	36.4
Total	¥27.4	¥27.8	¥ 9.4	¥64.8

Note:
(1) Showa Leasing has no such loans.

Table 21. Risk-Monitored Installment Receivables Included in Other Assets (Consolidated)[(1)]

	Billions of yen		
	APLUS	Showa Leasing	Total
As of September 30, 2007:			
Credits to bankrupt obligors	**¥ 0.0**	**¥1.0**	**¥ 1.0**
Non-accrual delinquent credits	**1.8**	**1.1**	**2.9**
Credits past due for three months or more	**1.4**	**0.2**	**1.6**
Restructured credits	**8.0**	**0.1**	**8.1**
Total	**¥11.3**	**¥2.4**	**¥13.7**
As of March 31, 2007:			
Credits to bankrupt obligors	¥ 0.0	¥0.2	¥ 0.2
Non-accrual delinquent credits	2.1	1.0	3.1
Credits past due for three months or more	1.6	0.0	1.7
Restructured credits	10.0	0.1	10.2
Total	¥13.8	¥1.5	¥15.4

Note:
(1) Shinsei has no such installment receivables.

Capital Ratios

From the fiscal year ended March 31, 2007, the Basel II methodology has been adopted to calculate capital ratios. For credit risk, the Foundation Internal Ratings Based Approach (F-IRB) has been applied. For operational risk, the Standardized Approach (TSA) has been adopted and the Internal Model Method has been used for market risk.

Our total capital adequacy ratio as of September 30, 2007 was 12.40%, compared with 13.13% as of March 31, 2007. Our Tier I capital ratio, or the ratio of Tier I capital to risk assets, decreased from 8.11% as of March 31, 2007 to 7.62% as of September 30, 2007. The decreases in the capital ratios at September 30, 2007 reflect mainly an increase in risk assets.

Table 22. Consolidated Capital Ratios[1]

	Billions of yen (except percentages)	
	As of September 30, 2007	As of March 31, 2007
Basic items (Tier I):		
Capital stock	**¥ 451.2**	¥ 451.2
Minority interests in consolidated subsidiaries	**179.8**	180.7
Consolidation goodwill and other intangible assets	**(172.5)**	(177.8)
Gain on sale of securitization	**(13.9)**	(16.5)
50% of expected loss provision shortfall	**(9.8)**	(9.1)
Total Tier I (A)	**647.6**	620.8
Supplementary items (Tier II):		
General reserve for loan losses	**14.7**	13.9
Perpetual preferred stocks	**81.0**	81.0
Perpetual subordinated debt and bonds	**117.4**	116.6
Non-perpetual preferred stocks	**17.0**	19.7
Non-perpetual subordinated debt and bonds	**352.1**	348.3
Total	**¥ 582.3**	¥ 579.7
Amount eligible for inclusion in capital (B)	**¥ 537.0**	¥ 522.0
Deduction (C)	**131.0**	137.7
Capital investment to affiliated companies	**53.7**	54.4
Unrated securitization exposure	**52.2**	68.7
50% of expected loss provision shortfall	**9.8**	9.1
Total capital (D) [(A)+(B)-(C)]	**¥1,053.5**	¥1,005.0
Risk assets:		
On-balance sheet items	**¥6,392.9**	¥5,585.8
Off-balance sheet items	**1,378.0**	1,458.1
Market Risk[2]	**274.9**	196.2
Operational Risk[2]	**448.1**	411.8
Total (E)	**¥8,494.1**	¥7,652.0
Consolidated capital adequacy ratio (D) / (E)	**12.40%**	13.13%
Consolidated Tier I capital ratio (A) / (E)	**7.62**	8.11

Notes:

(1) Basel II basis.
(2) Derived by multiplying the capital requirement by 12.5 (i.e., the reciprocal of the minimum capital ratio of 8%).

Interim Consolidated Balance Sheets (Unaudited)

Shinsei Bank, Limited, and Consolidated Subsidiaries
As of September 30, 2007 and 2006, and March 31, 2007

	Millions of yen			Thousands of U.S. dollars (Note 1)
	Sept. 30, 2007	Sept. 30, 2006	Mar. 31, 2007	**Sept. 30, 2007**
ASSETS				
Cash and due from banks (Notes 3 and 21)	**¥ 394,179**	¥ 312,406	¥ 448,554	**$ 3,419,028**
Call loans	**736,100**	20,000	43,100	**6,384,769**
Collateral related to securities borrowing transactions	**74,763**	27,215	11,050	**648,481**
Other monetary claims purchased (Note 4)	**445,108**	296,955	366,505	**3,860,777**
Trading assets (Notes 5, 21 and 32)	**251,485**	423,423	303,389	**2,181,334**
Monetary assets held in trust (Note 6)	**417,655**	506,563	502,332	**3,622,648**
Securities (Notes 7 and 21)	**2,368,558**	1,771,793	1,854,682	**20,544,353**
Loans and bills discounted (Notes 8, 21 and 31)	**5,456,582**	4,781,419	5,146,306	**47,329,190**
Foreign exchanges (Note 17)	**26,798**	13,908	15,047	**232,447**
Other assets (Notes 9, 21 and 32)	**1,018,463**	844,194	870,375	**8,833,926**
Premises and equipment (Notes 10 and 29)	**372,222**	398,152	382,460	**3,228,574**
Intangible assets (Note 11)	**238,816**	351,079	244,155	**2,071,440**
Deferred issuance expenses for debentures	**111**	115	103	**964**
Deferred tax assets	**38,767**	30,805	42,474	**336,257**
Customers' liabilities for acceptances and guarantees (Notes 20 and 21)	**725,545**	789,451	754,420	**6,293,225**
Reserve for credit losses (Note 12)	**(141,710)**	(133,820)	(147,275)	**(1,229,166)**
Total assets	**¥12,423,448**	¥10,433,666	¥10,837,683	**$107,758,247**
LIABILITIES AND EQUITY				
Liabilities:				
Deposits, including negotiable certificates of deposit (Notes 13 and 21)	**¥ 5,870,638**	¥ 4,945,741	¥ 5,420,930	**$ 50,920,621**
Debentures (Note 14)	**686,588**	758,891	703,298	**5,955,317**
Call money (Note 21)	**1,377,475**	449,989	692,792	**11,947,919**
Collateral related to securities lending transactions (Note 21)	**285,107**	41,407	8,333	**2,472,956**
Trading liabilities (Notes 15 and 32)	**110,599**	106,634	99,255	**959,315**
Borrowed money (Notes 16 and 21)	**1,092,738**	1,213,998	1,122,688	**9,478,170**
Foreign exchanges (Note 17)	**19**	4	118	**170**
Short-term corporate bonds	**115,000**	168,700	171,300	**997,485**
Corporate bonds (Note 18)	**432,780**	300,627	400,485	**3,753,840**
Other liabilities (Notes 19 and 32)	**766,199**	619,725	498,358	**6,645,849**
Accrued employees' bonuses	**8,447**	8,059	13,134	**73,270**
Accrued directors' bonuses	**293**	103	359	**2,545**
Reserve for employees' retirement benefits	**3,204**	3,190	3,521	**27,799**
Reserve for directors' retirement benefits	**47**	—	—	**412**
Reserve for losses on interest repayments	**9,496**	2,485	10,353	**82,370**
Reserve under special law	**3**	2	3	**31**
Deferred tax liabilities	**4,611**	13,903	5,075	**40,003**
Acceptances and guarantees (Notes 20 and 21)	**725,545**	789,451	754,420	**6,293,225**
Total liabilities	**11,488,798**	9,422,915	9,904,430	**99,651,297**
Equity:				
Capital stock (Notes 23 and 24):				
Common stock	**402,853**	291,853	291,853	**3,494,265**
Preferred stock	**48,443**	159,443	159,443	**420,186**
Capital surplus	**18,558**	18,558	18,558	**160,971**
Stock acquisition rights (Note 24)	**877**	260	517	**7,609**
Retained earnings	**266,097**	414,399	245,499	**2,308,070**
Unrealized gain (loss) on available-for-sale securities	**(3,802)**	(556)	5,091	**(32,979)**
Deferred gain (loss) on derivatives under hedge accounting	**(9,537)**	(3,944)	(7,744)	**(82,725)**
Foreign currency translation adjustments	**3,605**	2,604	2,952	**31,276**
Treasury stock, at cost (Note 23)	**(72,561)**	(136,543)	(72,560)	**(629,383)**
Total	**654,534**	746,075	643,611	**5,677,290**
Minority interests in subsidiaries (Note 22)	**280,115**	264,675	289,642	**2,429,660**
Total equity	**934,650**	1,010,750	933,253	**8,106,950**
Total liabilities and equity	**¥12,423,448**	¥10,433,666	¥10,837,683	**$107,758,247**

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

Interim Consolidated Statements of Operations (Unaudited)

Shinsei Bank, Limited, and Consolidated Subsidiaries
For the six months ended September 30, 2007 and 2006, and the fiscal year ended March 31, 2007

	Millions of yen			Thousands of U.S. dollars (Note 1)
	Sept. 30, 2007 (6 months)	Sept. 30, 2006 (6 months)	Mar. 31, 2007 (1 year)	**Sept. 30, 2007 (6 months)**
Interest income:				
Interest on loans and bills	**¥84,612**	¥59,341	¥127,026	**$733,908**
Interest and dividends on securities	**20,597**	16,811	32,309	**178,657**
Interest on deposits with banks	**3,292**	1,514	4,284	**28,556**
Other interest income	**2,992**	5,278	9,198	**25,960**
Total interest income	**111,494**	82,946	172,818	**967,081**
Interest expenses:				
Interest on deposits, including negotiable certificates of deposit	**22,901**	13,692	34,341	**198,643**
Interest and discounts on debentures	**1,569**	1,556	3,006	**13,613**
Interest on other borrowings	**17,250**	5,864	16,964	**149,629**
Other interest expenses	**13,259**	10,115	23,009	**115,011**
Total interest expenses	**54,981**	31,228	77,322	**476,896**
Net interest income	**56,513**	51,717	95,496	**490,185**
Fees and commissions income	**35,164**	34,075	70,858	**305,010**
Fees and commissions expenses	**11,974**	11,808	24,409	**103,868**
Net fees and commissions	**23,189**	22,266	46,449	**201,142**
Net trading income (Note 25)	**7,234**	11,272	17,809	**62,749**
Other business income, net:				
Income on leased assets and installment receivables, net	**27,270**	25,592	51,123	**236,542**
Income on monetary assets held in trust, net	**12,019**	6,271	14,725	**104,251**
Net gain on foreign exchanges	**5,178**	6,886	10,423	**44,916**
Net gain (loss) on securities	**(163)**	11,048	15,144	**(1,417)**
Net gain on other monetary claims purchased	**11,620**	10,351	19,978	**100,793**
Other, net (Note 26)	**(4,256)**	(7,038)	(14,772)	**(36,922)**
Net other business income	**51,668**	53,111	96,622	**448,163**
Total revenue	**138,606**	138,367	256,378	**1,202,239**
General and administrative expenses:				
Personnel expenses	**32,530**	32,100	62,701	**282,160**
Premises expenses	**8,672**	8,466	17,359	**75,222**
Technology and data processing expenses	**10,120**	10,055	20,116	**87,780**
Advertising expenses	**5,033**	5,585	10,971	**43,658**
Consumption and property taxes	**4,206**	3,865	7,386	**36,488**
Deposit insurance premium	**1,715**	1,417	2,835	**14,882**
Other general and administrative expenses	**15,189**	14,423	28,862	**131,750**
General and administrative expenses	**77,468**	75,913	150,233	**671,940**
Amortization of goodwill and other intangible assets	**6,107**	10,541	20,800	**52,979**
Total general and administrative expenses	**83,576**	86,454	171,034	**724,919**
Net business profit	**55,030**	51,913	85,343	**477,320**
Net credit costs (Note 27)	**30,715**	5,235	51,934	**266,422**
Other gains (losses), net (Note 28)	**18,940**	606	(99,117)	**164,287**
Income (loss) before income taxes and minority interests	**43,254**	47,284	(65,708)	**375,185**
Income taxes (benefit):				
Current	**4,053**	1,367	3,249	**35,155**
Deferred	**5,319**	(1,209)	(24,615)	**46,137**
Minority interests in net income of subsidiaries	**10,696**	8,269	16,643	**92,782**
Net income (loss)	**¥23,186**	¥38,857	¥ (60,984)	**$201,111**
	Yen			U.S. dollars (Note 1)
Basic net income (loss) per common share (Note 33)	**¥15.72**	¥27.19	¥(45.92)	**$0.14**
Diluted net income per common share (Note 33)	**12.72**	19.54		**0.11**

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

Interim Consolidated Statements of Changes in Equity (Unaudited)

Shinsei Bank, Limited, and Consolidated Subsidiaries
For the six months ended September 30, 2007 and 2006, and the fiscal year ended March 31, 2007

	Millions of yen			Thousands of U.S. dollars (Note 1)
	Sept. 30, 2007 (6 months)	Sept. 30, 2006 (6 months)	Mar. 31, 2007 (1 year)	**Sept. 30, 2007 (6 months)**
Common stock:				
Balance at beginning of period	**¥ 291,853**	¥180,853	¥180,853	**$2,531,476**
Conversion from preferred stock	**111,000**	111,000	111,000	**962,789**
Balance at end of period	**402,853**	291,853	291,853	**3,494,265**
Preferred stock:				
Balance at beginning of period	**159,443**	270,443	270,443	**1,382,975**
Conversion into common stock	**(111,000)**	(111,000)	(111,000)	**(962,789)**
Balance at end of period	**48,443**	159,443	159,443	**420,186**
Capital surplus:				
Balance at beginning of period	**18,558**	18,558	18,558	**160,971**
Balance at end of period	**18,558**	18,558	18,558	**160,971**
Stock acquisition rights:				
Balance at beginning of period	**517**			**4,488**
Net change during the period	**359**	260	517	**3,121**
Balance at end of period	**877**	260	517	**7,609**
Retained earnings:				
Balance at beginning of period	**245,499**	379,502	379,502	**2,129,409**
Dividends paid	**(2,587)**	(3,947)	(7,443)	**(22,444)**
Net income (loss)	**23,186**	38,857	(60,984)	**201,111**
Disposal of treasury stock	**—**	(13)	(15)	**—**
Retirement of treasury stock	**—**	—	(63,963)	**—**
Other changes by exclusion of affiliates	**—**	—	(1,595)	**—**
Changes by inclusion of subsidiaries (former non-consolidated subsidiaries)	**(0)**	—	—	**(6)**
Balance at end of period	**266,097**	414,399	245,499	**2,308,070**
Unrealized gain (loss) on available-for-sale securities:				
Balance at beginning of period	**5,091**	2,208	2,208	**44,164**
Net change during the period	**(8,893)**	(2,765)	2,882	**(77,143)**
Balance at end of period	**(3,802)**	(556)	5,091	**(32,979)**
Deferred gain (loss) on derivatives under hedge accounting:				
Balance at beginning of period	**(7,744)**			**(67,173)**
Net change during the period	**(1,792)**	(3,944)	(7,744)	**(15,552)**
Balance at end of period	**(9,537)**	(3,944)	(7,744)	**(82,725)**
Foreign currency translation adjustments:				
Balance at beginning of period	**2,952**	3,781	3,781	**25,610**
Net change during the period	**653**	(1,177)	(829)	**5,666**
Balance at end of period	**3,605**	2,604	2,952	**31,276**
Treasury stock, at cost:				
Balance at beginning of period	**(72,560)**	(12)	(12)	**(629,376)**
Purchase of treasury stock	**(0)**	(136,671)	(136,672)	**(7)**
Disposal of treasury stock	**—**	140	160	**—**
Retirement of treasury stock	**—**	—	63,963	**—**
Balance at end of period	**(72,561)**	(136,543)	(72,560)	**(629,383)**
Minority interests in subsidiaries:				
Balance at beginning of period	**289,642**			**2,512,293**
Net change during the period	**(9,526)**	264,675	289,642	**(82,633)**
Balance at end of period	**280,115**	264,675	289,642	**2,429,660**
Total equity	**¥ 934,650**	¥1,010,750	¥933,253	**$8,106,950**

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

Interim Consolidated Statements of Cash Flows (Unaudited)

Shinsei Bank, Limited, and Consolidated Subsidiaries
For the six months ended September 30, 2007 and 2006, and the fiscal year ended March 31, 2007

	Millions of yen			Thousands of U.S. dollars (Note 1)
	Sept. 30, 2007 (6 months)	Sept. 30, 2006 (6 months)	Mar. 31, 2007 (1 year)	**Sept. 30, 2007 (6 months)**
Cash flows from operating activities:				
Income (loss) before income taxes and minority interests	**¥ 43,254**	¥ 47,284	¥ (65,708)	**$ 375,185**
Adjustments for:				
Income taxes paid	**(1,324)**	(3,986)	(5,684)	**(11,485)**
Depreciation	**70,022**	72,499	143,567	**607,362**
Amortization of goodwill and other intangible assets	**6,107**	10,541	20,800	**52,979**
Impairment losses on goodwill, other intangible assets and other	**—**	—	95,691	**—**
Net change in reserve for credit losses	**(4,944)**	(11,048)	2,406	**(42,890)**
Net change in other reserves	**(5,734)**	(3,468)	9,801	**(49,742)**
Interest income	**(111,494)**	(82,946)	(172,818)	**(967,081)**
Interest expenses	**54,981**	31,228	77,322	**476,897**
Investment (gains) losses	**(4,177)**	(10,755)	(28,583)	**(36,234)**
Net exchange (gain) loss	**11,956**	1,481	3,811	**103,704**
Net change in trading assets	**51,903**	(229,842)	(109,808)	**450,200**
Net change in trading liabilities	**11,345**	(43,356)	(50,735)	**98,407**
Net change in loans and bills discounted	**(307,691)**	(693,734)	(1,058,658)	**(2,668,847)**
Net change in deposits, including negotiable certificates of deposit	**448,702**	873,982	1,349,171	**3,891,946**
Net change in debentures	**(16,709)**	(260,017)	(315,610)	**(144,936)**
Net change in borrowed money (other than subordinated debt)	**(30,150)**	46,243	(47,062)	**(261,519)**
Net change in corporate bonds (other than subordinated corporate bonds)	**27,565**	6,845	7,141	**239,094**
Net change in interest-bearing deposits with banks	**(43,779)**	(26,217)	(28,630)	**(379,735)**
Net change in call loans, collateral related to securities borrowing transactions and other monetary claims purchased	**(829,759)**	15,585	(59,502)	**(7,197,148)**
Net change in call money, collateral related to securities lending transactions, commercial paper and short-term corporate bonds (liabilities)	**905,156**	496,896	709,226	**7,851,127**
Net change in foreign exchange assets	**(11,751)**	(1,768)	(2,907)	**(101,928)**
Net change in foreign exchange liabilities	**(99)**	(34)	79	**(862)**
Interest received	**102,723**	72,521	166,959	**891,003**
Interest paid	**(61,662)**	(24,086)	(78,506)	**(534,847)**
Net change in securities for trading purposes	**437**	(37,471)	46,072	**3,792**
Net change in monetary assets held in trust for trading purposes	**70,477**	(59,235)	(61,663)	**611,310**
Net change in leased assets	**(46,686)**	(77,836)	(121,645)	**(404,948)**
Other, net	**(59,234)**	152,347	(7,677)	**(513,791)**
Total adjustments	**226,179**	214,367	482,555	**1,961,828**
Net cash provided by (used in) operating activities	**269,434**	261,651	416,847	**2,337,013**
Cash flows from investing activities:				
Purchase of investments	**(1,510,443)**	(1,216,129)	(2,555,729)	**(13,101,250)**
Proceeds from sales of investments	**323,297**	82,890	260,930	**2,804,208**
Proceeds from maturity of investments	**854,063**	861,947	1,911,506	**7,407,960**
Purchase of premises and equipment (other than leased assets)	**(2,733)**	(2,094)	(3,734)	**(23,708)**
Proceeds from sales of premises and equipment (other than leased assets)	**1,508**	6,525	6,616	**13,087**
Proceeds from sale of subsidiary's stocks	**24,999**	3,077	3,077	**216,838**
Payment for acquisition of business	**(31,302)**	—	—	**(271,513)**
Other, net	**(4,670)**	(2,272)	(17,832)	**(40,510)**
Net cash provided by (used in) investing activities	**(345,280)**	(266,054)	(395,165)	**(2,994,888)**
Cash flows from financing activities:				
Proceeds from subordinated debt	**—**	60,000	62,000	**—**
Repayment of subordinated debt	**—**	(98,000)	(98,000)	**—**
Proceeds from issuance of subordinated corporate bonds	**—**	—	92,161	**—**
Payment for redemption of subordinated corporate bonds	**(2,308)**	(10,945)	(10,945)	**(20,026)**
Proceeds from minority shareholders of subsidiaries	**1,200**	0	20,253	**10,412**
Payment for capital returned to minority shareholders of subsidiaries	**(4,227)**	(628)	(1,227)	**(36,668)**
Dividends paid	**(2,587)**	(3,947)	(7,443)	**(22,444)**
Dividends paid to minority shareholders of subsidiaries	**(13,803)**	(8,422)	(11,175)	**(119,732)**
Purchase of treasury stock	**(0)**	(136,671)	(136,672)	**(7)**
Proceeds from sale of treasury stock	**—**	126	145	**—**
Net cash provided by (used in) financing activities	**(21,728)**	(198,486)	(90,903)	**(188,465)**
Foreign currency translation adjustments on cash and cash equivalents	**7**	2	1	**62**
Net change in cash and cash equivalents	**(97,567)**	(202,887)	(69,220)	**(846,278)**
Cash and cash equivalents at beginning of period	**271,493**	340,713	340,713	**2,354,873**
Cash and cash equivalents at end of period (Note 3)	**¥ 173,925**	¥ 137,826	¥ 271,493	**$ 1,508,595**

See accompanying "Notes to Interim Consolidated 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.

Notes to Interim Consolidated Financial Statements (Unaudited)

1. Basis of Presentation

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

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

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

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

The interim consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥115.29 to U.S.$1.00, the rate of exchange prevailing on the Tokyo Foreign Exchange Market on September 30, 2007. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

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

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

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation

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

The number of consolidated subsidiaries and affiliates as of September 30, 2007 and 2006 was as follows:

	As of September 30,	
	2007	2006
Consolidated subsidiaries	**98**	89
Unconsolidated subsidiaries	**95**	88
Affiliates accounted for by the equity method	**29**	27

Unconsolidated subsidiaries are mainly operating companies that undertake leasing business based on the *Tokumei Kumiai* system (silent partnerships). *Tokumei Kumiai*'s assets, liabilities, profit and loss virtually belong to each silent partner, and the Group does not have any material transactions with these subsidiaries. Therefore, these subsidiaries are excluded from consolidation in order to avoid any material misunderstanding by the Bank's stakeholders.

Other unconsolidated subsidiaries are excluded from consolidation because they are not material to the financial condition or results of operations of the Group.

Major consolidated subsidiaries as of September 30, 2007 were as listed below:

Name	Location	Percentage ownership
APLUS Co., Ltd.	Japan	68.9%
Showa Leasing Co., Ltd.	Japan	96.4%
Shinsei Trust & Banking Co., Ltd.	Japan	100.0%
Shinsei Securities Co., Ltd.	Japan	100.0%

All significant inter-company transactions, related account balances and unrealized gains and losses have been eliminated in consolidation. As of September 30, 2007, the six month period ending dates are September 30 for 64 subsidiaries and June 30 for 34 subsidiaries. Those consolidated subsidiaries whose six month periods end at dates other than September 30 are consolidated using their six month period-end financial statements with appropriate adjustments made for significant transactions during the period from the ending dates of their six month periods to the date of the Group's interim consolidated financial statements, except that 6 subsidiaries whose six month periods end at June 30 are consolidated using their September 30 interim financial statements.

Major affiliates accounted for by the equity method as of September 30, 2007 were as listed below:

Name	Location	Percentage ownership
Shinki Co., Ltd.	Japan	36.4%
Hillcot Holdings Limited	Bermuda	33.7%
Jih Sun Financial Holding Company Limited	Taiwan	32.9%

(b) Goodwill and Other Intangible Assets

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

APLUS Co., Ltd.

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

Showa Leasing Co., Ltd.

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

The excess of the purchase price over the fair value of the net assets acquired, including identified intangible assets, was recorded as goodwill and is amortized on a straight-line basis over 20 years. The amortization period is the maximum period allowed under Japanese GAAP and was determined based upon the Bank's business strategy. The unamortized balances of identified intangible assets and goodwill are subject to impairment testing.

The Bank includes amortization of goodwill and other intangible assets in total general and administrative expenses.

(c) Impairment of Goodwill and Other Intangible Assets

The Bank conducts impairment testing for goodwill and other intangible assets semiannually as a result of certain triggering events such as:

- An expectation of an operating loss or negative cash flow in two consecutive years
- Impairment of underlying investment securities is recognized
- A significant adverse change in the environment surrounding the business operations of the subsidiary, such as a change in law which significantly impacts the business in a negative way, the suspension of business due to sanction or adverse changes in the interest rate laws

As the first step of the impairment test, we estimate the non-discounted future cash flow value of the business as a grouping unit. If the value of the non-discounted future cash flows is less than the book value of the net assets, including goodwill and other intangible assets, of the business, it is determined that impairment exists and the next step of the impairment test is performed to measure the amount of impairment loss, if any.

The next step of the impairment test compares the "value in use," which is calculated as the discounted value of future cash flows of the business, and the net asset book value which includes unamortized balances of goodwill and other intangible assets. Impairment loss for the total of goodwill and other intangible assets (A) is recognized as an amount by which the net asset book value exceeds the "value in use." The fair value of other intangible assets (and any other assets) will be determined in the same manner used to apply purchase accounting at the time of the initial acquisition, and the impairment loss of other intangible assets (B) is determined as the difference between the fair value and book value. Finally, the impairment loss of goodwill is calculated as the residual calculated as (A) less (B) above.

(d) Translation of Foreign Currency Financial Statements and Transactions

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

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

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

(e) Cash and Cash Equivalents

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

(f) Other Monetary Claims Purchased

The components of other monetary claims purchased are principally loans held for trading purposes. Other monetary claims purchased held for trading purposes are recorded at fair value and unrealized gains and losses are recorded in other business income, net.

(g) Valuation of Trading Account Activities

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

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

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

(h) Monetary Assets Held in Trust

The components of trust assets are accounted for based on the standard appropriate for each asset type. Instruments held in trust for trading purposes are recorded at fair value and unrealized gains and losses are recorded in other business income, net. Instruments held in trust classified as available-for-sale are recorded at fair value with the corresponding unrealized gains and losses recorded directly in a separate component of equity.

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

(i) Securities

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

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

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

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

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

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

(j) Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation.

Depreciation of the Group's buildings and the Bank's computer equipment (including ATMs) other than personal computers is computed principally using the straight-line method, and depreciation of other equipment is computed principally using the declining-balance method. Principal estimated useful lives of buildings and equipment as of September 30, 2007 were as follows:

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

(k) Software

Capitalized software for internal use is depreciated using the straight-line method based on the Group's estimated useful lives (mainly 5 or 8 years).

(l) Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. An impairment loss would be recognized if the carrying amount of assets exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of assets. The impairment loss would be measured as the amount by which the carrying amount of an asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition. No significant impairment loss was recognized for the six month periods ended September 30, 2007 and 2006.

(m) Deferred Charges

Deferred issuance expenses for debentures and the Bank's corporate bonds issued after April 1, 2006 are amortized using the straight-line method over the term of the debentures and corporate bonds.

Deferred issuance expenses for debentures and the Bank's corporate bonds issued before March 31, 2006 are amortized using the straight-line method over the shorter of the terms of the debentures and corporate bonds or the maximum three-year period stipulated in the former Japanese Commercial Code and its regulations.

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

Formation costs and stock issuance costs of consolidated subsidiaries are charged to income as incurred.

(n) Reserve for Credit Losses

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

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

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

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

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

The historial loan loss ratio had previously been calculated by taking the greater result from the following two calculation methods: (1) the average of three consecutive calculation periods defined to be past one year as from each fiscal year-end (0.5 year for the interim closing), or (2) the average of three consecutive calculation periods defined to be past three years as from each fiscal year-end (2.5 years for the interim closing). However, the recent actual loan loss ratio has rapidly declined, resulting in a poorer basis for loan loss calculation., Starting from the fiscal year ending March 31, 2007, the calculation methodology has been changed to taking the greater result of the following two methods: (A) the existing methodology mentioned above, or (B) the average of all calculation periods since 1998 when the actual track records for loan losses have been maintained. As a result, the reserve for credit losses as of September 30, 2006 was ¥20,822 million higher and income before income taxes and minority interests for the six months ended September 30, 2006 was lower by the same amount than would have been the case using the previous calculation method.

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

All claims are assessed by business divisions and branches based on the predetermined internal rules for the self-assessment of asset quality. The Asset-Assessment management division, which is independent from business divisions and branches, conducts verifications of these assessments, and additional reserves may be provided based on the verification results.

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

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

For collateralized or guaranteed claims of the Bank and a certain consolidated subsidiary to obligors who are legally bankrupt or virtually bankrupt, the amount of claims exceeding the estimated value of collateral or guarantees, which is deemed uncollectible, has been charged off and totaled ¥66,818 million (U.S.$579,569 thousand) and ¥37,347 million as of September 30, 2007 and 2006, respectively.

(o) Accrued Bonuses for Employees and Directors

Accrued bonuses for employees and directors are provided in the amount of the estimated bonuses which are attributable to each period.

(p) Reserve for Employees' Retirement Benefits

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

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

(q) Reserve for Directors' Retirement Benefits

On April 13, 2007, the Japanese Institute of Certified Public Accountants (the "JICPA") issued "Auditing Treatment for Reserves under Special Taxation Measures Law, Allowances or Reserves under Special Law and Reserves for Directors' Retirement Benefits" effective from the fiscal year starting on or after April 1, 2007. In accordance with this standard, the reserve for directors' retirement benefits is provided for the payment of directors' retirement benefits for certain subsidiaries based on estimated amounts of future payments attributed to each period. Previously, retirement benefits for directors in some of consolidated subsidiaries had been expensed when paid. As a result, general and administrative expenses increased by ¥47 million (U.S.$412 thousand), and income before income taxes and minority interests decreased by ¥47 million (U.S.$412 thousand) for the six months ended September 30, 2007.

(r) Reserve for Losses on Interest Repayments

On October 13, 2006, the Japanese Institute of Certified Public Accountants (the "JICPA") issued "Audit Guidelines on Consumer Finance Companies' Provisions for Possible Losses on Reimbursements of Excess Interest Payments" (the "Audit Guidelines"). These guidelines stipulate that consumer and commercial finance companies must make certain provisions for possible losses on reimbursements of excess interest payments and loan losses related to consumer finance loans extended at interest rates in excess of the maximum interest rate prescribed in the Interest Rate Restriction Law. The amount of such reserve is calculated using the average period to maturity of the affected loans, an estimate of the percentage of such loan transactions that will be subject to a future reimbursement request based on past experience and an estimate of the average amount to be reimbursed based on past experience. The cumulative effect of the adoption of the Audit Guidelines, ¥909 million, was recorded in other gains (losses), net, for the six months ended September 30, 2006.

(s) Reserve under Special Law

The reserve under special law is provided for contingent liabilities from brokering of securities transactions in accordance with section 1 of Article 46-5 of the Financial Instruments and Exchange Law of Japan as of September 30, 2007 and with Article 51 of the Securities and Exchange Law of Japan as of September 30, 2006.

(t) Presentation of Equity

On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented outside of shareholders' equity are now presented as components of equity. Such items include stock acquisition rights, minority interests, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard is effective for fiscal years ended on or after May 1, 2006. Reclassification of prior years is not permitted.

(u) Accounting for Stock Options

On December 27, 2005, the ASBJ issued "Accounting Standard for Stock Options" and related guidance which are applicable to stock options newly granted on and after May 1, 2006. Based on this standard and guidance, the Bank recognizes compensation expense for stock options based on the fair value at the date of grant over the vesting period as consideration for receiving services. In the balance sheets, stock options are presented as stock acquisition rights as a separate component of equity until exercised.

(v) Accounting for Lease Transactions

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

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

(w) Installment Sales Finance and Credit Guarantees

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

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

(x) Income Taxes

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

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

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

(y) Derivatives and Hedge Accounting

Derivatives are stated at fair value. Derivative transactions that meet the hedge accounting criteria are primarily accounted for using a deferral method whereby unrealized gains and losses are deferred until the gains and losses on the hedged items are realized.

(i) Hedge of interest rate risks
Derivative transactions that meet the hedge accounting criteria for mitigating interest risks of the Bank's financial assets and liabilities are accounted for using the deferral method. Prior to April 1, 2003, the Bank principally applied a "macro hedge" approach for interest rate derivatives used to manage interest rate risks, and its ALM activities based on the transitional treatment prescribed in Industry Audit Committee Report No. 24 issued by the JICPA. Effective April 1, 2003, the Bank adopted portfolio hedging to determine the effectiveness of its hedging instruments in accordance with Report No. 24. Under portfolio hedging, a portfolio of hedged items with common maturities such as deposits or loans is designated and matched with a group of hedging instruments such as interest rate swaps, which offset the effect of fair value fluctuations of the hedged items by identified maturities. The effectiveness of the portfolio hedging is assessed by each group.

Deferred hedge losses and deferred hedge gains previously recorded on the consolidated balance sheets as a result of macro hedge accounting before implementation of portfolio hedging are being amortized as interest expense or income over the remaining lives of the hedging instruments. The unamortized balances of deferred hedge losses attributable to macro hedge accounting, before deduction of tax benefit, as of September 30, 2007 and 2006 were ¥17 million (U.S.$150 thousand) and ¥28 million, respectively.

The interest rate swaps of certain consolidated subsidiaries which qualify for hedge accounting and meet specific matching criteria are not remeasured at fair value, but the net payments or receipts under the swap agreements are recognized and included in interest expenses or income.

(ii) Hedge of foreign exchange fluctuation risks
Fund swap and certain currency swap transactions are accounted for using either deferral hedge accounting or fair value hedge accounting in accordance with Industry Audit Committee Report No. 25 of the JICPA.

Fund swap transactions are foreign exchange swaps, and consist of spot foreign exchange contracts bought or sold and forward foreign exchange contracts sold or bought. Such transactions are contracted for the purpose of lending or borrowing in a different currency and converting the corresponding principal equivalents and foreign currency equivalents to pay and receive, whose amounts and due dates are predetermined at the time of the transactions, into forward foreign exchange contracts bought or sold.

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

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

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

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

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

(aa) Reclassifications
Certain reclassifications have been made to the interim consolidated financial statements for the six months ended September 30, 2006 to conform to the presentation for the six months ended September 30, 2007.

3. Cash and Cash Equivalents

The reconciliation of cash and cash equivalents at end of period and cash and due from banks in the interim consolidated balance sheets as of September 30, 2007 and 2006 was as follows:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Cash and due from banks	**¥ 394,179**	¥ 312,406	**$ 3,419,028**
Interest-bearing deposits included in due from banks	**(220,253)**	(174,579)	**(1,910,433)**
Cash and cash equivalents at end of period	**¥ 173,925**	¥ 137,826	**$ 1,508,595**

4. Other Monetary Claims Purchased

(a) Other monetary claims purchased as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Trading purposes	**¥252,625**	¥209,715	**$2,191,219**
Other	**192,483**	87,240	**1,669,558**
Total	**¥445,108**	¥296,955	**$3,860,777**

(b) The fair value and the unrealized loss of other monetary claims purchased for trading purposes as of September 30, 2007 and 2006 were as follows:

	Millions of yen				Thousands of U.S. dollars	
	As of September 30,					
	2007		2006		**2007**	
	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Trading purposes	**¥252,625**	**¥(7,917)**	¥209,715	¥(8,536)	**$2,191,219**	**$(68,678)**

5. Trading Assets

Trading assets as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Trading securities	**¥ 31,536**	¥ 23,039	**$ 273,540**
Derivatives for trading securities	**14,640**	8,944	**126,986**
Securities held to hedge trading transactions	**102,083**	284,890	**885,454**
Derivatives for securities held to hedge trading transactions	**4,836**	6,789	**41,950**
Trading-related financial derivatives	**97,744**	99,760	**847,810**
Other trading assets	**644**	—	**5,594**
Total	**¥251,485**	¥423,423	**$2,181,334**

6. Monetary Assets Held in Trust

(a) Monetary assets held in trust as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Trading purposes	**¥268,619**	¥336,670	**$2,329,950**
Other	**149,035**	169,893	**1,292,698**
Total	**¥417,655**	¥506,563	**$3,622,648**

(b) The fair value and the unrealized loss of monetary assets held in trust for trading purposes as of September 30, 2007 and 2006 were as follows:

	Millions of yen				Thousands of U.S. dollars	
	As of September 30,					
	2007		2006		**2007**	
	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Trading purposes	**¥268,619**	**¥(5,903)**	¥336,670	¥(6,473)	**$2,329,950**	**$(51,210)**

(c) The acquisition cost, which is the same as the book value, of monetary assets held in trust for other than trading purposes as of September 30, 2007 and 2006 was ¥149,035 million (U.S.$1,292,698 thousand) and ¥169,893 million, respectively.

7. Securities

(a) Securities as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Trading securities	**¥ 116,156**	¥ 200,137	**$ 1,007,515**
Securities being held to maturity	**438,835**	346,909	**3,806,364**
Securities available-for-sale:			
Marketable securities, at fair value	**1,433,099**	945,780	**12,430,389**
Book value of securities whose fair value is not readily determinable	**320,532**	205,026	**2,780,224**
Investments in unconsolidated subsidiaries, at cost and affiliates using the equity method	**59,934**	73,939	**519,861**
Total	**¥2,368,558**	¥1,771,793	**$20,544,353**

The above balances do not include securities held in relation to securities borrowing transactions with or without cash collateral, securities purchased under resale agreements or securities accepted as collateral based on derivative transactions, where the Group has the right to sell or pledge such securities without restrictions. The balances of those securities as of September 30, 2007 and 2006 were ¥128,928 million (U.S.$1,118,299 thousand) and ¥72,565 million, respectively.

The amount of guarantee obligation for privately-placed bonds (Item 3 of Article 2 of the Financial Instruments and Exchange Law), out of bonds included in securities as of September 30, 2007, was ¥103,763 million (U.S.$900,025 thousand).

(b) The amortized cost and the fair value of marketable securities (other than trading securities) as of September 30, 2007 and 2006 were as follows:

	Millions of yen							
	As of September 30, 2007				As of September 30, 2006			
	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value
Securities being held to maturity:								
Japanese national government bonds	**¥ 324,431**	**¥ 324**	**¥ 915**	**¥ 323,840**	¥314,437	¥ 94	¥1,419	¥313,112
Japanese corporate bonds	**101,656**	**153**	**19**	**101,790**	32,472	9	5	32,476
Foreign debt securities	**12,747**	**343**	**—**	**13,091**	—	—	—	—
Total	**¥ 438,835**	**¥ 821**	**¥ 935**	**¥ 438,721**	¥346,909	¥ 103	¥1,424	¥345,589
Securities available-for-sale:								
Equity securities	**¥ 23,674**	**¥ 2,142**	**¥ 2,261**	**¥ 23,555**	¥ 11,984	¥2,332	¥ 885	¥ 13,432
Japanese national government bonds	**563,094**	**97**	**3,611**	**559,580**	396,134	67	3,265	392,936
Japanese local government bonds	**114,974**	**13**	**66**	**114,921**	71,796	0	31	71,764
Japanese corporate bonds	**206,174**	**203**	**219**	**206,157**	185,996	270	90	186,175
Other, mainly foreign debt securities	**529,178**	**11,863**	**12,155**	**528,885**	280,215	1,633	405	281,470
Total	**¥1,437,095**	**¥14,319**	**¥18,314**	**¥1,433,099**	¥946,127	¥4,304	¥4,678	¥945,780

	Thousands of U.S. dollars			
	As of September 30, 2007			
	Amortized cost	Gross unrealized gain	Gross unrealized loss	Fair value
Securities being held to maturity:				
Japanese national government bonds	**$ 2,814,045**	**$ 2,816**	**$ 7,945**	**$ 2,808,917**
Japanese corporate bonds	**881,747**	**1,331**	**169**	**882,909**
Foreign debt securities	**110,571**	**2,980**	**—**	**113,551**
Total	**$ 3,806,363**	**$ 7,127**	**$ 8,114**	**$ 3,805,377**
Securities available-for-sale:				
Equity securities	**$ 205,346**	**$ 18,581**	**$ 19,614**	**$ 204,313**
Japanese national government bonds	**4,884,156**	**843**	**31,324**	**4,853,675**
Japanese local government bonds	**997,261**	**118**	**579**	**996,801**
Japanese corporate bonds	**1,788,309**	**1,762**	**1,908**	**1,788,163**
Other, mainly foreign debt securities	**4,589,974**	**102,898**	**105,434**	**4,587,437**
Total	**$12,465,046**	**$124,202**	**$158,859**	**$12,430,389**

Gross unrealized gain and loss as of September 30, 2006, as presented above, do not include the valuation gains or losses related to certain securities with embedded derivatives, which are carried at ¥27 million (gain), and for which the gains or losses have been recorded in other business income, net.

Individual securities are written down when a decline in fair value below the cost of such securities is deemed to be other than temporary. The amount written down is accounted for as impaired loss. Impaired loss of marketable securities available-for-sale for the six months ended September 30, 2006 was ¥323 million.

(c) Securities available-for-sale sold during the six months ended September 30, 2007 and 2006 were as follows:

	Millions of yen					
	Six months ended September 30, 2007			Six months ended September 30, 2006		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Securities available-for-sale sold	**¥289,734**	**¥4,902**	**¥731**	¥99,025	¥8,218	¥1,934

	Thousands of U.S. dollars		
	Six months ended September 30, 2007		
	Proceeds from sales	Total amount of gains on sales	Total amount of losses on sales
Securities available-for-sale sold	**$2,513,090**	**$42,520**	**$6,345**

(d) The book value of securities available-for-sale whose fair value is not readily determinable as of September 30, 2007 and 2006 was as follows:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Equity securities	**¥ 15,280**	¥ 6,754	**$ 132,537**
Japanese local government bonds	**4**	4	**34**
Japanese corporate bonds	**193,690**	131,421	**1,680,024**
Foreign securities	**79,845**	58,739	**692,565**
Other	**31,712**	8,106	**275,064**
Total	**¥320,532**	¥205,026	**$2,780,224**

(e) Redemption schedules for securities being held to maturity and available-for-sale as of September 30, 2007 and 2006 were as follows:

	Millions of yen							
	As of September 30, 2007				As of September 30, 2006			
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Bonds:								
Japanese national government bonds	**¥530,632**	**¥306,448**	**¥ —**	**¥46,930**	¥202,392	¥455,164	¥ 2,459	¥ 47,357
Japanese local government bonds	**112,707**	**516**	**1,701**	**—**	71,754	4	9	—
Japanese corporate bonds	**172,219**	**269,304**	**59,979**	**—**	162,714	176,021	13,057	41,800
Subtotal	**815,559**	**576,269**	**61,681**	**46,930**	436,861	631,191	15,525	89,158
Other	**19,518**	**170,919**	**202,385**	**202,022**	6,355	101,573	130,984	138,360
Total	**¥835,077**	**¥747,189**	**¥264,066**	**¥248,952**	¥443,217	¥732,764	¥146,509	¥227,519

	Thousands of U.S. dollars			
	As of September 30, 2007			
	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Bonds:				
Japanese national government bonds	**$4,602,592**	**$2,658,068**	**$ —**	**$ 407,060**
Japanese local government bonds	**977,598**	**4,478**	**14,760**	**—**
Japanese corporate bonds	**1,493,794**	**2,335,890**	**520,250**	**—**
Subtotal	**7,073,984**	**4,998,436**	**535,010**	**407,060**
Other	**169,295**	**1,482,519**	**1,755,447**	**1,752,296**
Total	**$7,243,279**	**$6,480,955**	**$2,290,457**	**$2,159,356**

8. Loans and Bills Discounted

Loans and bills discounted as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Loans on deeds	**¥4,712,138**	¥3,931,343	**$40,872,052**
Loans on bills	**109,723**	117,647	**951,715**
Bills discounted	**662**	356	**5,743**
Overdrafts	**634,058**	732,072	**5,499,680**
Total	**¥5,456,582**	¥4,781,419	**$47,329,190**

(a) Loans and bills discounted include loans to bankrupt obligors totaling ¥623 million (U.S.$5,405 thousand) and ¥2,077 million as of September 30, 2007 and 2006, respectively, as well as non-accrual delinquent loans totaling ¥39,076 million (U.S.$338,945 thousand) and ¥19,401 million as of September 30, 2007 and 2006, respectively.

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

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

Loans past due for three months or more consist of loans for which the principal and/or interest is three months or more past due but exclude loans to bankrupt obligors and non-accrual delinquent loans. The balances of loans past due for three months or more as of September 30, 2007 and 2006 were ¥9,961 million (U.S.$86,404 thousand) and ¥4,125 million, respectively.

Restructured loans are loans where the Group relaxes lending conditions, such as by reducing the original interest rate, or by forbearing interest payments or principal repayments to support the borrower's reorganization, but exclude loans to bankrupt obligors, non-accrual delinquent loans or loans past due for three months or more. The outstanding balances of restructured loans as of September 30, 2007 and 2006 were ¥25,543 million (U.S.$221,562 thousand) and ¥38,241 million, respectively.

(b) The total outstanding amounts deducted from the loan account for loan participations as of September 30, 2007 and 2006 were ¥68,270 million (U.S.$592,161 thousand) and ¥125,737 million, respectively. This "off-balance sheet" treatment was in accordance with guidelines issued by the JICPA. The total amount of such loans in which the Bank participated was ¥238,958 million (U.S.$2,072,673 thousand) as of September 30, 2007.

(c) The amount of loans sold through senior certificates under a collateralized loan obligation ("CLO") securitization totaled ¥74,688 million (U.S.$647,830 thousand) and ¥183,646 million as of September 30, 2007 and 2006, respectively, with the subordinated certificates retained by the Bank totaling ¥19,971 million (U.S.$173,224 thousand) and ¥67,373 million as of September 30, 2007 and 2006, respectively, recorded as loans.

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

(d) Bills discounted, such as bank acceptances bought, commercial bills discounted, documentary bills and foreign exchange contracts bought, are accounted for as financing transactions in accordance with Industry Audit Committee Report No. 24 issued by the JICPA, although the Group has the right to sell or pledge them without restrictions. The face values of such bills discounted held as of September 30, 2007 and 2006 were ¥725 million (U.S.$6,297 thousand) and ¥199 million, respectively.

9. Other Assets

Other assets as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Accrued income	**¥ 50,095**	¥ 44,053	**$ 434,515**
Prepaid expenses	**7,298**	7,356	**63,304**
Fair value of derivatives	**209,704**	68,051	**1,818,931**
Financial stabilization fund contribution	**70,239**	70,239	**609,238**
Accounts receivable	**124,567**	53,678	**1,080,470**
Installment receivables	**438,550**	483,950	**3,803,887**
Security deposits	**15,063**	16,178	**130,656**
Suspense payables	**48,200**	30,715	**418,084**
Other	**54,744**	69,971	**474,841**
Total	**¥1,018,463**	¥844,194	**$8,833,926**

Installment receivables in other assets as of September 30, 2007 and 2006 include credits to bankrupt obligors totaling ¥1,041 million (U.S.$9,033 thousand) and ¥1,252 million, non-accrual delinquent credits totaling ¥2,936 million (U.S.$25,474 thousand) and ¥3,575 million, credits past due for three months or more of ¥1,651 million (U.S.$14,326 thousand) and ¥2,066 million, and restructured credits of ¥8,143 million (U.S.$70,631 thousand) and ¥13,985 million, respectively.

10. Premises and Equipment

Premises and equipment as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Buildings	**¥ 50,269**	¥ 50,062	**$ 436,028**
Land	**41,548**	41,756	**360,379**
Tangible leased assets	**533,083**	475,546	**4,623,852**
Other	**18,993**	16,862	**164,747**
Subtotal	**643,895**	584,227	**5,585,006**
Accumulated depreciation	**(271,673)**	(186,075)	**(2,356,432)**
Net book value	**¥372,222**	¥398,152	**$ 3,228,574**

11. Intangible Assets

Intangible assets as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Software	**¥ 24,909**	25,432	**$ 216,063**
Goodwill, net	**154,119**	219,411	**1,336,795**
Intangibles acquired through acquisitions	**18,467**	¥ 63,887	**160,187**
Intangible leased assets	**41,201**	42,214	**357,375**
Other	**117**	134	**1,020**
Total	**¥238,816**	¥351,079	**$2,071,440**

12. Reserve for Credit Losses

Reserve for credit losses as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Reserve for loan losses:			
General reserve	**¥ 83,171**	¥ 50,893	**$ 721,409**
Specific reserve	**25,077**	49,642	**217,519**
Reserve for loans to restructuring countries	**8**	6	**77**
Subtotal	**108,257**	100,541	**939,005**
Specific reserve for other credit losses	**33,452**	33,278	**290,161**
Total	**¥141,710**	¥133,820	**$1,229,166**

13. Deposits, including Negotiable Certificates of Deposit

Deposits, including negotiable certificates of deposit, as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Current	**¥ 21,227**	¥ 28,729	**$ 184,121**
Ordinary	**1,492,880**	1,305,638	**12,948,920**
Notice	**23,884**	25,364	**207,173**
Time	**3,153,377**	2,836,302	**27,351,698**
Negotiable certificates of deposit	**719,310**	348,388	**6,239,138**
Other	**459,957**	401,317	**3,989,571**
Total	**¥5,870,638**	¥4,945,741	**$50,920,621**

14. Debentures

Debentures as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Coupon debentures	**¥686,588**	¥758,891	**$5,955,317**

Annual maturities of debentures as of September 30, 2007 were as follows:

Year ending September 30	Millions of yen	Thousands of U.S. dollars
2008	¥160,550	$1,392,576
2009	147,978	1,283,531
2010	129,408	1,122,458
2011	130,284	1,130,062
2012 and thereafter	118,367	1,026,690
Total	¥686,588	$5,955,317

15. Trading Liabilities

Trading liabilities as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Trading securities sold for short sales	**¥ 4,518**	¥ —	**$ 39,189**
Derivatives for trading securities	**13,262**	15,756	**115,037**
Derivatives for securities held to hedge trading transactions	**1,228**	1,073	**10,655**
Trading-related financial derivatives	**91,527**	89,487	**793,892**
Other	**62**	316	**542**
Total	**¥110,599**	¥106,634	**$959,315**

16. Borrowed Money

Borrowed money as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Subordinated debt	**¥ 108,000**	¥ 106,000	**$ 936,768**
Borrowings from other financial institutions	**984,738**	1,107,998	**8,541,402**
Total	**¥1,092,738**	¥1,213,998	**$9,478,170**

Annual maturities of borrowed money as of September 30, 2007 were as follows:

Year ending September 30	Millions of yen	Thousands of U.S. dollars
2008	¥ 407,691	$3,536,227
2009	214,382	1,859,509
2010	163,014	1,413,953
2011	49,457	428,987
2012 and thereafter	258,191	2,239,494
Total	¥1,092,738	$9,478,170

17. Foreign Exchanges

The assets and liabilities related to foreign currency trade financing activities of the Bank as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Foreign exchange assets:			
Foreign bills bought	**¥ 63**	¥ 7	**$ 554**
Foreign bills receivable	**1,383**	589	**12,000**
Due from foreign banks	**25,351**	13,311	**219,893**
Total	**¥26,798**	¥13,908	**$232,447**
Foreign exchange liabilities:			
Foreign bills payable	**¥17**	¥3	**$149**
Due to foreign banks	**2**	1	**21**
Total	**¥19**	¥4	**$170**

18. Corporate Bonds

Corporate bonds as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	2007
Corporate bonds	**¥ 70,906**	¥ 42,984	**$ 615,024**
Subordinated bonds	**361,874**	257,642	**3,138,816**
Total	**¥432,780**	¥300,627	**$3,753,840**

In February 2006, the Bank issued €1.0 billion of step-up callable subordinated notes. The issue price was 99.486% of the principal amount. The notes bear interests at the fixed rate per annum of 3.75% through February 23, 2011, and at the floating rate per annum equal to three-month EURIBOR plus 1.95% thereafter. The notes are redeemable at the Bank's option in whole but not in part on any interest payment date on or after February 23, 2011, subject to the prior approval of the Financial Services Agency of Japan.

In December 2006, the Bank issued £400 million of step-up callable perpetual subordinated notes. The issue price was 99.669% of the principal amount. The notes bear interests at the fixed rate per annum of 5.625% through December 6, 2013, and at the floating rate per annum equal to the London inter-bank offered rate for six-month deposits in British pounds plus 2.12% thereafter. The notes are redeemable at the Bank's option in whole but not in part on any interest payment date on or after December 6, 2013, subject to the prior approval of the Financial Services Agency of Japan.

Annual maturities of corporate bonds as of September 30, 2007 were as follows:

Year ending September 30	Millions of yen	Thousands of U.S. dollars
2008	¥ 2,778	$ 24,103
2009	13,315	115,494
2010	28,460	246,856
2011	9,233	80,089
2012 and thereafter	378,992	3,287,298
Total	¥432,780	$3,753,840

19. Other Liabilities

Other liabilities as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	2007
Accrued expenses	**¥ 39,961**	¥ 54,295	**$ 346,621**
Unearned income	**2,014**	2,354	**17,473**
Income taxes payable	**4,311**	1,615	**37,400**
Fair value of derivatives	**160,569**	63,270	**1,392,743**
Matured debentures, including interest	**30,049**	34,589	**260,641**
Trust account	**4,971**	30,145	**43,120**
Accounts payable	**261,281**	138,262	**2,266,295**
Deferred gains on installment receivables	**46,392**	62,854	**402,402**
Deposits payable	**121,671**	114,391	**1,055,349**
Other	**94,976**	117,946	**823,805**
Total	**¥766,199**	¥619,725	**$6,645,849**

20. Acceptances and Guarantees

Acceptances and guarantees as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	2007
Guarantees	**¥725,402**	¥789,451	**$6,291,985**
Letters of credit	**142**	—	**1,240**
Total	**¥725,545**	¥789,451	**$6,293,225**

21. Assets Pledged as Collateral

Assets pledged as collateral and debts collateralized as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	2007
Assets:			
Cash and due from banks	**¥ 70**	¥ 70	**$ 607**
Trading assets	**—**	41,415	**—**
Securities	**553,352**	274,190	**4,799,662**
Loans and bills discounted	**27,868**	95,000	**241,724**
Debts:			
Deposits, including negotiable certificates of deposit	**¥ 805**	¥ 598	**$ 6,988**
Call money	**85,000**	—	**737,271**
Collateral related to securities lending transactions	**285,107**	41,407	**2,472,956**
Borrowed money	**40,532**	84,593	**351,573**
Acceptances and guarantees	**903**	908	**7,839**

A total of ¥16,669 million (U.S.$144,584 thousand) and ¥44,737 million of unearned lease claims were pledged as collateral for the above-mentioned borrowed money as of September 30, 2007 and 2006, respectively.

In addition, ¥143,619 million (U.S.$1,245,726 thousand) of securities as of September 30, 2007, and ¥175,001 million of securities as of September 30, 2006 were pledged as collateral for transactions, including exchange settlements, swap transactions and replacement of margin for future trading.

Also, ¥711 million (U.S.$6,171 thousand) and ¥10,203 million of margin deposits for futures transactions outstanding were included in other assets as of September 30, 2007 and 2006, respectively.

22. Preferred Securities Issued by Subsidiaries Outside Japan

In February 2006, Shinsei Finance (Cayman) Limited, the Bank's wholly owned subsidiary, issued U.S.$775 million of step-up non-cumulative perpetual preferred securities. Dividends on the securities are payable on a non-cumulative basis annually in arrears at a rate of 6.418% until July 2016. After July 2016, dividends on the securities will be calculated at a floating rate of LIBOR plus 2.22%. On July 20, 2016 or any dividend payment date thereafter, Shinsei Finance (Cayman) Limited may redeem the securities at a price equal to the liquidation preference together with any dividends otherwise payable.

In March 2006, Shinsei Finance II (Cayman) Limited, the Bank's wholly owned subsidiary, issued U.S.$700 million of non-cumulative perpetual preferred securities. Dividends on the securities are payable on a non-cumulative basis annually in arrears at a rate of 7.160% until July 2016. After July 2016, dividends on the securities will be calculated at a floating rate of LIBOR plus 1.87%. On July 25, 2016 and on each dividend payment date falling at ten year intervals thereafter, Shinsei Finance II (Cayman) Limited may redeem the securities at a price equal to the liquidation preference together with any dividends otherwise payable.

These preferred securities are accounted for as minority interests in the interim consolidated financial statements of the Bank.

23. Equity

The authorized number of shares of capital stock (common stock and preferred stock) as of September 30, 2007 was as follows:

(a) 2,500,000 thousand common shares.

(b) 74,528 thousand preferred shares, non-voting and ranking prior to common shares with respect to payment of dividends and distribution on liquidation or winding-up of the Bank. The dividend rate and redemption and conversion rights, if any, are to be determined by the Board of Directors of the Bank prior to issuance.

The following table shows changes in the number of shares of common stock, preferred stock and treasury stock.

	Common stock	Preferred stock Class A	Preferred stock Class B	Treasury stock
	Issued number of shares (thousands)	Shares (thousands)	Shares (thousands)	Shares (thousands)
Six months ended September 30, 2007:				
Beginning of period	1,473,570	74,528	300,000	96,425
Increase	200,000	—	—	1
Decrease	—	—	(300,000)	—
End of period	1,673,570	74,528	—	96,427

On August 1, 2007, pursuant to the provisions of Shinsei Bank's Articles of Incorporation concerning the mandatory acquisition of 300,000 thousand Series 3 Class B Preferred Shares issued by the Bank, owned entirely by the Resolution and Collection Corporation (the "RCC"), the Bank acquired all relevant preferred shares and issued the Bank's 200,000 thousand common shares in exchange for these preferred shares. The Bank subsequently cancelled all the relevant preferred shares immediately after it obtain these shares, pursuant to Article 178 of the Corporate Act.

	Common stock	Preferred stock Class A	Preferred stock Class B	Treasury stock
	Issued number of shares (thousands)	Shares (thousands)	Shares (thousands)	Shares (thousands)
Six months ended September 30, 2006:				
Beginning of period	1,358,537	74,528	600,000	17
Increase	200,033	—	—	181,622
Decrease	—	—	(300,000)	(189)
End of period	1,558,570	74,528	300,000	181,450

On July 31, 2006, the DIC accepted the Bank's proposal for the RCC to dispose of its holdings of the Bank's common shares through a market transaction, following the conversion of 300,000 thousand out of the 600,000 thousand Class B preferred shares issued by the Bank into 200,033,338 of the Bank's common shares. The conversion price of the preferred shares was ¥599.90. In order to respond to a subsequent sale by the RCC, the Bank's Board of Directors approved the purchase of up to 201,000 thousand common shares for a maximum amount of ¥154 billion as treasury stock. Effective August 1, 2006, the conversion price of the remaining 300,000 thousand Class B preferred shares was revised from ¥599.90 to ¥735.

On August 16, 2006, the Bank proposed and obtained approval from the DIC for the RCC's sale of the Bank's common shares through a market transaction. In order to purchase the common shares in response to such a sale by the RCC, the Bank determined to place a purchase order at the closing price of ¥753 on the Tokyo Stock Exchange as of August 16, 2006 through ToSTNeT-2, the system of the Tokyo Stock Exchange for transactions at closing price, to be effected at 8:45 a.m. on August 17, 2006.

On August 17, 2006, following the RCC's sale of its holdings of the Bank's common shares (200,033 thousand shares) through ToSTNeT-2, the Bank placed a purchase order for the 200,033 thousand shares through ToSTNeT-2. Due to additional orders by others, the Bank's order resulted in the purchase of 175,466 thousand shares for the aggregate amount of ¥132,125 million.

The Bank purchased an additional 338 shares, the shares representing any fraction of the one unit of shares (*tangen-kabu*), following the request by the RCC pursuant to Article 192 of the Corporate Law.

24. Stock Acquisition Rights

The Bank issues stock acquisition rights as a stock option plan to directors, statutory executive officers and employees of the Bank and its subsidiaries as well as its senior advisors.

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

On December 27, 2005, the ASBJ issued "Accounting Standard for Stock Options" and related guidance, which requires companies to recognize compensation expense for stock acquisition rights based on the fair value at the date of grant and over the vesting periods for stock acquisition rights newly granted on and after May 1, 2006.

Stock-based compensation expense was ¥359 million (U.S.$3,121 thousand) for the six months ended September 30, 2007. The following table shows the details of the stock acquisition rights issued during the six months ended September 30, 2007:

Date of issuance	Total number of stock acquisition rights issued	Total number of holders	Exercise period	Exercise price	Fair value of the grant date
May 25, 2007	3,306	135	June 1, 2009–May 8, 2017	¥555	131 or 143
May 25, 2007	1,480	26	June 1, 2009–May 8, 2017	¥555	131 or 143
July 2, 2007	140	32	July 1, 2009–June 19, 2017	¥527	121 or 132

25. Net Trading Income

Net trading income for the six months ended September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30,		
	2007	2006	**2007**
Income from trading securities	**¥2,279**	¥ 1,200	**$19,772**
Income from securities held to hedge trading transactions	**768**	3,903	**6,664**
Income from trading-related financial derivatives	**4,224**	6,324	**36,638**
Other, net	**(37)**	(156)	**(325)**
Total	**¥7,234**	¥11,272	**$62,749**

26. Other Business Income, Net

"Other, net" in other business income, net, for the six months ended September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30,		
	2007	2006	**2007**
Incomes (Losses) from derivatives for banking purposes, net	**¥ 8**	¥(6,189)	**$ 71**
Equity in net income (loss) of affiliates	**(6,443)**	(3,547)	**(55,889)**
Gain on lease cancellation and other lease income, net	**1,112**	1,289	**9,652**
Other, net	**1,065**	1,409	**9,244**
Total	**¥(4,256)**	¥(7,038)	**$(36,922)**

27. Net Credit Costs

Net credit costs for the six months ended September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30,		
	2007	2006	**2007**
Losses on write-off of loans	**¥ 98**	¥ 403	**$ 857**
Net provision (reversal) of reserve for loan losses:			
Net provision (reversal) of general reserve for loan losses	**(5,432)**	24,752	**(47,123)**
Net provision (reversal) of specific reserve for loan losses	**33,685**	(20,752)	**292,177**
Net provision (reversal) of reserve for loan losses to restructuring countries	**(0)**	0	**(3)**
Subtotal	**28,251**	4,001	**245,051**
Net provision (reversal) of specific reserve for other credit losses	**1,020**	32	**8,851**
Other credit costs relating to leasing business	**1,344**	798	**11,663**
Total	**¥30,715**	¥ 5,235	**$266,422**

28. Other Gains (Losses), Net

Other gains (losses), net, for the six months ended September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Six months ended September 30,		
	2007	2006	**2007**
Net gain (loss) on disposal of premises and equipment	**¥ 379**	¥ 2,073	**$ 3,295**
Pension-related costs	**(302)**	(302)	**(2,626)**
Gain on prescription of debentures	**299**	108	**2,594**
Recoveries of written-off claims	**119**	117	**1,040**
Gain on sale of subsidiary's stock	**20,368**	—	**176,671**
Provision of reserve for losses on interest repayments	**(1,707)**	(320)	**(14,814)**
Other, net	**(215)**	(1,071)	**(1,873)**
Total	**¥18,940**	¥ 606	**$164,287**

29. Lease Transactions

(a) Finance lease transactions, under which the ownership of the property is not deemed to transfer to the lessee as of September 30, 2007 and 2006 consisted of the following:

As Lessee

The assumed amounts of acquisition cost, accumulated depreciation and net balance of leased assets as of September 30, 2007 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
Leased assets	**2007**	2006	**2007**
Acquisition cost:			
Equipment	**¥2,905**	¥3,147	**$25,200**
Other	**140**	221	**1,221**
Total	**¥3,046**	¥3,369	**$26,421**
Accumulated depreciation:			
Equipment	**¥2,014**	¥1,489	**$17,477**
Other	**88**	101	**768**
Total	**¥2,103**	¥1,590	**$18,245**
Net balance:			
Equipment	**¥ 890**	¥1,658	**$ 7,723**
Other	**52**	120	**453**
Total	**¥ 942**	¥1,779	**$ 8,176**

Lease obligations as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Obligations:			
Due within one year	**¥667**	¥ 829	**$5,792**
Due after one year	**325**	1,027	**2,827**
Total	**¥993**	¥1,857	**$8,619**

For the six months ended September 30, 2007 and 2006, total lease payments were ¥418 million (U.S.$3,633 thousand) and ¥464 million, assumed depreciation expenses were ¥386 million (U.S.$3,351 thousand) and ¥428 million, and assumed interest expenses were ¥19 million (U.S.$166 thousand) and ¥32 million, respectively.

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

As Lessor

Acquisition cost, accumulated depreciation and net balance of leased assets as of September 30, 2007 and 2006 were as follows:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
Leased assets	**2007**	2006	**2007**
Acquisition cost:			
Equipment	**¥451,484**	¥421,604	**$3,916,076**
Other	**80,513**	72,528	**698,357**
Total	**¥531,998**	¥494,133	**$4,614,433**
Accumulated depreciation:			
Equipment	**¥193,189**	¥148,424	**$1,675,681**
Other	**33,077**	25,190	**286,911**
Total	**¥226,267**	¥173,614	**$1,962,592**
Net balance:			
Equipment	**¥258,295**	¥273,180	**$2,240,395**
Other	**47,435**	47,337	**411,446**
Total	**¥305,730**	¥320,518	**$2,651,841**

Future lease payment receivables as of September 30, 2007 and 2006 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Future lease payment receivables:			
Due within one year	**¥109,349**	¥112,918	**$ 948,476**
Due after one year	**214,975**	338,423	**1,864,648**
Total	**¥324,325**	¥451,342	**$2,813,124**

For the six months ended September 30, 2007 and 2006, total lease revenues were ¥67,411 million (U.S.$584,713 thousand) and ¥69,147 million, depreciation expenses were ¥55,612 million (U.S.$482,372 thousand) and ¥61,438 million, and assumed interest income was ¥9,551 million (U.S.$82,847 thousand) and ¥8,169 million, respectively.

Depreciation expense is calculated using the straight-line method over the leasing period. The difference between total lease revenues and acquisition cost of leased assets is credited to assumed interest income and is allocated to each period using the interest method.

(b) Non-cancelable operating lease obligations as lessee and future lease payment receivables as lessor as of September 30, 2007 and 2006 consisted of the following:

As Lessee

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Obligations:			
Due within one year	**¥1,375**	¥1,410	**$11,928**
Due after one year	**3,041**	4,435	**26,379**
Total	**¥4,416**	¥5,845	**$38,307**

As Lessor

	Millions of yen		Thousands of U.S. dollars
	As of September 30,		
	2007	2006	**2007**
Future lease payment receivables:			
Due within one year	**¥ 8,427**	¥ 8,168	**$ 73,102**
Due after one year	**8,802**	8,138	**76,352**
Total	**¥17,230**	¥16,307	**$149,454**

30. Segment Information

(a) Business Segment Information

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

(b) Geographic Segment Information

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

(c) Foreign Operating Income

Foreign operating income is comprised of income from transactions at overseas branches and consolidated overseas subsidiaries. The composition of this volume of such transactions for the Group did not reach 10% of its operating income, therefore foreign operating income information is not presented.

31. Off-Balance Sheet Lending-Related Financial Instruments

The Bank and certain of its consolidated subsidiaries issue commitments to extend credit and establish credit lines for overdrafts to meet the financing needs of their customers. The unfunded amounts of these commitments were ¥4,327,480 million (U.S.$37,535,610 thousand) and ¥4,443,476 million as of September 30, 2007 and 2006, out of which the amounts with original agreement terms of less than one year or which were cancelable were ¥3,925,254 million (U.S.$34,046,792 thousand) and ¥4,203,890 million as of September 30, 2007 and 2006, respectively. Since a large majority of these commitments expire without being drawn upon, the unfunded amounts do not necessarily represent future cash requirements. Many of such agreements include conditions granting the Bank and consolidated subsidiaries the right to reject the drawdown or to reduce the amount on the basis of changes in the financial circumstances of the borrower or other reasonable grounds.

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

32. Derivative Financial Instruments

(a) Interest Rate-Related Transactions

Interest rate-related transactions as of September 30, 2007 and 2006 were as follows:

	Millions of yen					
	As of September 30, 2007			As of September 30, 2006		
	Contract/ Notional principal	Fair value	Unrealized gain (loss)	Contract/ Notional principal	Fair value	Unrealized gain (loss)
Futures contracts (listed)	**¥ 17,568**	**¥ (1)**	**¥ (1)**	¥ 364,429	¥ (149)	¥ (149)
Interest rate options (listed)	**—**	**—**	**—**	110,892	(4)	(8)
Interest rate swaps (over-the-counter)	**10,446,413**	**(4,296)**	**(4,296)**	9,371,067	(3,201)	(3,201)
Interest rate swaptions (over-the-counter)	**4,897,463**	**14,723**	**27,867**	4,250,987	28,468	40,188
Interest rate options (over-the-counter)	**362,337**	**(204)**	**675**	510,726	24	2,062
Total		**¥10,220**	**¥24,245**		¥25,137	¥38,891

	Thousands of U.S. dollars		
	As of September 30, 2007		
	Contract/ Notional principal	Fair value	Unrealized gain (loss)
Futures contracts (listed)	**$ 152,381**	**$ (9)**	**$ (9)**
Interest rate options (listed)	**—**	**—**	**—**
Interest rate swaps (over-the-counter)	**90,609,881**	**(37,266)**	**(37,266)**
Interest rate swaptions (over-the-counter)	**42,479,516**	**127,705**	**241,719**
Interest rate options (over-the-counter)	**3,142,836**	**(1,777)**	**5,855**
Total		**$ 88,653**	**$210,299**

(1) Derivatives included in the table above were measured at fair value and the unrealized gains and losses were recognized in income in the period of change. Derivatives for which hedge accounting was adopted were excluded from the table above.

(2) The fair value estimates for derivatives as of September 30, 2007 and 2006 are adjusted for credit risk by reducing ¥1,383 million (U.S.$12,003 thousand) and ¥1,062 million, respectively, and also adjusted for liquidity risk by reducing ¥3,258 million (U.S.$28,265 thousand) and ¥4,197 million, respectively, although the amounts of those risks are not reflected in the fair value shown in the tables.

(b) Currency-Related Transactions

Currency-related transactions as of September 30, 2007 and 2006 were as follows:

	Millions of yen					
	As of September 30, 2007			As of September 30, 2006		
	Contract/ Notional principal	Fair value	Unrealized gain	Contract/ Notional principal	Fair value	Unrealized gain
Currency swaps (over-the-counter)	**¥ 1,540,338**	**¥20,322**	**¥20,322**	¥ 623,506	¥10,107	¥10,107
Forward foreign exchange contracts (over-the-counter)	**2,650,192**	**8,440**	**8,440**	1,040,988	3,787	3,787
Currency options (over-the-counter)	**11,220,960**	**(3,948)**	**12,014**	1,467,704	(753)	8,354
Total		**¥24,814**	**¥40,778**		¥13,141	¥22,249

	Thousands of U.S. dollars		
	As of September 30, 2007		
	Contract/ Notional principal	Fair value	Unrealized gain
Currency swaps (over-the-counter)	**$13,360,559**	**$176,276**	**$176,276**
Forward foreign exchange contracts (over-the-counter)	**22,987,186**	**73,210**	**73,210**
Currency options (over-the-counter)	**97,328,136**	**(34,247)**	**104,214**
Total		**$215,239**	**$353,700**

Derivatives included in the table above were measured at fair value and the unrealized gains and losses were recognized in income fund swap transactions and currency swap transactions for which hedge accounting was adopted in accordance with Industry Audit Committee Report No. 25 of the JICPA were excluded from the table above.

(c) Equity-Related Transactions

Equity-related transactions as of September 30, 2007 and 2006 were as follows:

	Millions of yen					
	As of September 30, 2007			As of September 30, 2006		
	Contract/ Notional principal	Fair value	Unrealized gain (loss)	Contract/ Notional principal	Fair value	Unrealized gain (loss)
Equity index futures (listed)	**¥ 45,948**	**¥1,808**	**¥1,808**	¥ 47,053	¥ 287	¥ 287
Equity index options (listed)	**1,939**	**44**	**(5)**	2,949	25	(57)
Equity options (over-the-counter)	**552,075**	**(165)**	**2,903**	436,921	(4,803)	917
Equity index swaps (over-the-counter)	**1,000**	**65**	**65**	—	—	—
Other (over-the-counter)	**178,783**	**5,143**	**5,120**	207,848	6,492	6,391
Total		**¥6,897**	**¥9,893**		¥2,002	¥7,539

	Thousands of U.S. dollars		
	As of September 30, 2007		
	Contract/ Notional principal	Fair value	Unrealized gain (loss)
Equity index futures (listed)	$ 398,544	$15,691	$15,691
Equity index options (listed)	16,826	389	(45)
Equity options (over-the-counter)	4,788,580	(1,435)	25,181
Equity index swap (over-the-counter)	8,674	572	572
Other (over-the-counter)	1,550,732	44,613	44,418
Total		$59,830	$85,817

Derivatives included in the table above were measured at fair value and the unrealized gains and losses were recognized in income. Derivatives for which hedge accounting was adopted were excluded from the table above.

(d) Bond-Related Transactions
Bond-related transactions as of September 30, 2007 and 2006 were as follows:

	Millions of yen					
	As of September 30, 2007			As of September 30, 2006		
	Contract/ Notional principal	Fair value	Unrealized gain	Contract/ Notional principal	Fair value	Unrealized gain
Bond futures (listed)	¥15,941	¥25	¥25	¥29,712	¥51	¥51

	Thousands of U.S. dollars		
	As of September 30, 2007		
	Contract/ Notional principal	Fair value	Unrealized gain
Bond futures (listed)	$138,277	$223	$223

Derivatives included in the table above were measured at fair value and the unrealized gains and losses were recognized in income. Derivatives for which hedge accounting was adopted were excluded from the table above.

(e) Credit Derivatives Transactions
Credit derivatives transactions as of September 30, 2007 and 2006 were as follows:

	Millions of yen					
	As of September 30, 2007			As of September 30, 2006		
	Contract/ Notional principal	Fair value	Unrealized gain	Contract/ Notional principal	Fair value	Unrealized loss
Credit default options (over-the-counter)	¥2,618,860	¥41,638	¥985	¥1,858,774	¥(373)	¥(373)

	Thousands of U.S. dollars		
	As of September 30, 2007		
	Contract/ Notional principal	Fair value	Unrealized loss
Credit default options (over-the-counter)	$22,715,414	$361,167	$8,550

Derivatives included in the table above were measured at fair value and the unrealized gains and losses were recognized in income. Derivatives for which hedge accounting was adopted were excluded from the table above.

33. Net Income per Common Share

A reconciliation of the differences between basic and diluted net income per common share (“EPS”) for the six months ended September 30, 2007 and 2006 is as follows:

	Net income (Millions of yen)	Weighted average shares (Thousands)	EPS (Yen)	EPS (U.S. dollars)
For the six months ended September 30, 2007:				
Basic EPS				
Net income available to common shareholders	**¥22,701**	**1,443,810**	**¥15.72**	**$0.14**
Effect of dilutive securities				
Preferred stock	**484**	**377,972**		
Diluted EPS				
Net income for computation	**¥23,186**	**1,821,783**	**¥12.72**	**$0.11**
For the six months ended September 30, 2006:				
Basic EPS				
Net income available to common shareholders	¥37,646	1,384,101	¥27.19	
Effect of dilutive securities				
Preferred stock	1,210	601,424		
Stock acquisition rights	—	2,588		
Diluted EPS				
Net income for computation	¥38,857	1,988,114	¥19.54	

34. Subsequent Events

(a) Support for Tender Offer and Issuance of New Shares by Third Party Allotment

The Bank’s Board of Directors, at a meeting held on November 20, 2007, passed a resolution to express its support for the tender offer for up to 358,455 thousand common shares (representing 22.7% of the currently outstanding common shares excluding treasury shares) of the Bank and passed a resolution to issue new shares of common stock by third party allotment.

The Tender Offerors are newly formed investment vehicles whose investors include affiliates of J.C. Flowers & Co. LLC. The Tender Offerors expect to set the tender offer period for 30 business days from November 22, 2007 to January 10, 2008.

The Bank has entered into a transaction agreement with the Tender Offerors. Pursuant to the transaction agreement, the Bank agreed to issue ¥50 billion (117,647 thousand shares) of new shares by a third party allotment for the purpose of strengthening its capital base. The third party allotment is conditioned upon commencement and completion of the Tender Offer and the issue price of the Third Party Allotment is ¥425, the same as the Tender Offer price for the Tender Offer. The offering period ends March 18, 2008, subject to acceleration based on the Tender Offer schedule.

(b) Increase of Subsidiary

On November 27, 2007, Shinsei Bank made a full subscription to the rights offering of new shares proposed by Shinki. The number of shares to be received through this subscription is 76,822 thousand shares and the subscription amount is ¥7,682 million. As a result, including the 25,607 thousand shares held in Shinki before the subscription to Shinki’s rights offering, the Bank will hold 102,430 thousand shares, representing approximately 67.7% of Shinki’s common shares and Shinki will become a subsidiary of the Bank.

(c) Interim Dividends

The following interim dividends were paid on December 7, 2007 upon resolution of the Board of Directors adopted at a meeting held on November 14, 2007:

		Millions of yen	Thousands of U.S. dollars
Class A preferred share	(¥6.50 per share)	**¥484**	**$4,202**
Common share	(¥— per share)	**—**	**—**
Total		**¥484**	**$4,202**

Interim Non-Consolidated Balance Sheets (Unaudited)

Shinsei Bank, Limited
As of September 30, 2007 and 2006, and March 31, 2007

	Millions of yen			Thousands of U.S. dollars (Note)
	Sept. 30, 2007	Sept. 30, 2006	Mar. 31, 2007	**Sept. 30, 2007**
ASSETS				
Cash and due from banks	**¥ 238,023**	¥ 137,839	¥ 190,003	**$ 2,064,561**
Call loans	**736,100**	20,000	43,100	**6,384,769**
Collateral related to securities borrowing transactions	**73,466**	27,215	11,050	**637,234**
Other monetary claims purchased	**171,131**	63,778	69,856	**1,484,354**
Trading assets	**207,349**	393,601	284,137	**1,798,502**
Monetary assets held in trust	**603,549**	628,396	687,346	**5,235,057**
Securities	**2,590,905**	2,049,116	2,062,064	**22,472,946**
Valuation allowance for investments	**—**	—	(15,908)	**—**
Loans and bills discounted	**5,335,172**	4,683,764	5,075,281	**46,276,110**
Foreign exchanges	**26,798**	13,908	15,047	**232,447**
Other assets	**437,712**	238,584	325,654	**3,796,620**
Premises and equipment	**21,026**	21,337	20,768	**182,383**
Intangible assets	**14,151**	13,694	13,475	**122,748**
Deferred discounts on and issuance expenses for debentures	**111**	115	103	**964**
Deferred tax assets	**30,984**	29,537	35,559	**268,752**
Customers' liabilities for acceptances and guarantees	**19,411**	21,544	18,357	**168,374**
Reserve for credit losses	**(100,555)**	(98,492)	(106,977)	**(872,193)**
Total assets	**¥10,405,340**	¥8,243,944	¥8,728,921	**$90,253,628**
LIABILITIES AND EQUITY				
Liabilities:				
Deposits, including negotiable certificates of deposit	**¥ 5,912,142**	¥5,014,085	¥5,471,462	**$51,280,615**
Debentures	**687,898**	759,501	703,908	**5,966,680**
Call money	**1,377,475**	449,989	692,792	**11,947,918**
Collateral related to securities lending transactions	**287,643**	41,407	8,333	**2,494,954**
Trading liabilities	**99,590**	98,099	87,361	**863,828**
Borrowed money	**293,275**	320,850	276,760	**2,543,805**
Foreign exchanges	**289**	286	397	**2,510**
Corporate bonds	**566,501**	459,492	562,457	**4,913,710**
Other liabilities	**510,306**	328,503	237,614	**4,426,283**
Accrued employees' bonuses	**5,817**	5,379	9,850	**50,457**
Reserve for retirement benefits	**465**	161	756	**4,039**
Acceptances and guarantees	**19,411**	21,544	18,357	**168,374**
Total liabilities	**9,760,817**	7,499,300	8,070,054	**84,663,173**
Equity:				
Capital stock:				
Common stock	**402,853**	291,853	291,853	**3,494,265**
Preferred stock	**48,443**	159,443	159,443	**420,186**
Capital surplus	**18,558**	18,558	18,558	**160,971**
Stock acquisition rights	**877**	260	517	**7,609**
Retained earnings:				
Legal reserve	**9,784**	8,567	9,266	**84,864**
Unappropriated retained earnings	**252,616**	409,583	257,878	**2,191,139**
Unrealized gain (loss) on available-for-sale securities	**(4,405)**	(1,397)	4,181	**(38,215)**
Deferred gain (loss) on derivatives under hedge accounting	**(11,647)**	(5,687)	(10,275)	**(101,024)**
Treasury stock, at cost	**(72,556)**	(136,538)	(72,555)	**(629,340)**
Total equity	**644,523**	744,643	658,866	**5,590,455**
Total liabilities and equity	**¥10,405,340**	¥8,243,944	¥8,728,921	**$90,253,628**

Note: U.S. dollar amounts, presented solely for the readers' convenience, are translated at ¥115.29=U.S.$1.00, the rate of exchange prevailing on the Tokyo Foreign Exchange Market on September 30, 2007.

Interim Non-Consolidated Statements of Operations (Unaudited)

Shinsei Bank, Limited
For the six months ended September 30, 2007 and 2006, and the fiscal year ended March 31, 2007

	Millions of yen			Thousands of U.S. dollars (Note)
	Sept. 30, 2007 (6 months)	Sept. 30, 2006 (6 months)	Mar. 31, 2007 (1 year)	**Sept. 30, 2007 (6 months)**
Interest income:				
Interest on loans and bills	**¥53,432**	¥31,826	¥ 75,567	**$463,458**
Interest and dividends on securities	**27,641**	20,731	40,427	**239,755**
Interest on deposits with banks	**2,987**	1,284	3,668	**25,910**
Other interest income	**3,157**	5,439	9,382	**27,390**
Total interest income	**87,218**	59,282	129,046	**756,513**
Interest expenses:				
Interest on deposits, including negotiable certificates of deposit	**22,949**	13,732	34,453	**199,060**
Interest and discounts on debentures	**1,570**	1,558	3,009	**13,624**
Interest on other borrowings	**9,925**	1,954	7,790	**86,096**
Other interest expenses	**18,052**	14,898	32,280	**156,581**
Total interest expenses	**52,498**	32,144	77,534	**455,361**
Net interest income	**34,719**	27,137	51,512	**301,152**
Fees and commissions income	**15,158**	12,010	28,198	**131,486**
Fees and commissions expenses	**7,440**	5,774	13,164	**64,536**
Net fees and commissions	**7,718**	6,235	15,033	**66,950**
Net trading income	**4,901**	9,071	14,903	**42,516**
Other business income, net:				
Income on monetary assets held in trust, net	**21,614**	15,403	30,767	**187,476**
Net gain on foreign exchanges	**4,581**	5,936	9,171	**39,735**
Net gain (loss) on securities	**(1,988)**	9,551	13,274	**(17,252)**
Net gain on other monetary claims purchased	**219**	277	575	**1,904**
Other, net	**198**	(6,366)	(7,152)	**1,723**
Net other business income	**24,624**	24,802	46,636	**213,586**
Total revenue	**71,964**	67,247	128,085	**624,204**
General and administrative expenses:				
Personnel expenses	**17,549**	15,883	30,644	**152,222**
Premises expenses	**5,855**	5,622	11,281	**50,786**
Technology and data processing expenses	**5,203**	4,993	10,006	**45,137**
Advertising expenses	**1,296**	1,668	3,130	**11,241**
Consumption and property taxes	**2,074**	1,998	3,594	**17,991**
Deposit insurance premium	**1,715**	1,417	2,835	**14,882**
Other general and administrative expenses	**8,855**	8,262	16,373	**76,814**
Total general and administrative expenses	**42,550**	39,846	77,865	**369,073**
Net business profit	**29,414**	27,400	50,220	**255,131**
Net credit costs (recoveries)	**5,998**	(11,979)	(199)	**52,030**
Other gains (losses), net	**(26,532)**	(571)	(105,434)	**(230,137)**
Income (loss) before income taxes	**(3,116)**	38,808	(55,015)	**(27,036)**
Income taxes (benefit):				
Current	**(7,722)**	(1,625)	(2,779)	**(66,983)**
Deferred	**6,762**	(1,150)	(10,276)	**58,652**
Net income (loss)	**¥ (2,156)**	¥41,584	¥ (41,960)	**$ (18,705)**

Note: U.S. dollar amounts, presented solely for the readers' convenience, are translated at ¥115.29=U.S.$1.00, the rate of exchange prevailing on the Tokyo Foreign Exchange Market on September 30, 2007.

Interim Non-Consolidated Statements of Changes in Equity (Unaudited)

Shinsei Bank, Limited
For the six months ended September 30, 2007 and 2006, and the fiscal year ended March 31, 2007

	Millions of yen			Thousands of U.S. dollars (Note)
	Sept. 30, 2007 (6 months)	Sept. 30, 2006 (6 months)	Mar. 31, 2007 (1 year)	**Sept. 30, 2007 (6 months)**
Common stock:				
Balance at beginning of year	**¥291,853**	¥180,853	¥180,853	**$2,531,476**
Conversion from preferred stock	**111,000**	111,000	111,000	**962,789**
Balance at end of year	**402,853**	291,853	291,853	**3,494,265**
Preferred stock:				
Balance at beginning of year	**159,443**	270,443	270,443	**1,382,975**
Conversion into common stock	**(111,000)**	(111,000)	(111,000)	**(962,789)**
Balance at end of year	**48,443**	159,443	159,443	**420,186**
Capital surplus:				
Balance at beginning of year	**18,558**	18,558	18,558	**160,971**
Balance at end of year	**18,558**	18,558	18,558	**160,971**
Stock acquisition rights:				
Balance at beginning of year	**517**			**4,488**
Net change during the year	**359**	260	517	**3,121**
Balance at end of year	**877**	260	517	**7,609**
Retained earnings:				
Legal reserve:				
Balance at beginning of year	**9,266**	7,777	7,777	**80,376**
Transfer from unappropriated retained earnings	**517**	790	1,489	**4,488**
Balance at end of year	**9,784**	8,567	9,266	**84,864**
Unappropriated retained earnings:				
Balance at beginning of year	**257,878**	372,749	372,749	**2,236,777**
Appropriation:				
Transfer to legal reserve	**(517)**	(790)	(1,489)	**(4,489)**
Dividends paid	**(2,587)**	(3,947)	(7,443)	**(22,444)**
Net income (loss)	**(2,156)**	41,584	(41,960)	**(18,705)**
Disposal of treasury stock	**—**	(13)	(15)	**—**
Retirement of treasury stock	**—**	—	(63,963)	**—**
Balance at end of year	**252,616**	409,583	257,878	**2,191,139**
Unrealized gain (loss) on available-for-sale securities:				
Balance at beginning of year	**4,181**	2,670	2,670	**36,268**
Net change during the year	**(8,587)**	(4,068)	1,510	**(74,483)**
Balance at end of year	**(4,405)**	(1,397)	4,181	**(38,215)**
Deferred gain (loss) on derivatives under hedge accounting:				
Balance at beginning of year	**(10,275)**			**(89,131)**
Net change during the year	**(1,371)**	(5,687)	(10,275)	**(11,893)**
Balance at end of year	**(11,647)**	(5,687)	(10,275)	**(101,024)**
Treasury stock, at cost:				
Balance at beginning of year	**(72,555)**	(6)	(6)	**(629,333)**
Purchase of treasury stock	**(0)**	(136,672)	(136,673)	**(7)**
Disposal of treasury stock	**—**	140	160	**—**
Retirement of treasury stock	**—**	—	63,963	**—**
Balance at end of year	**(72,556)**	(136,538)	(72,555)	**(629,340)**
Total equity	**¥644,523**	¥744,643	¥658,866	**$5,590,455**

Note: U.S. dollar amounts, presented solely for the readers' convenience, are translated at ¥115.29=U.S.$1.00, the rate of exchange prevailing on the Tokyo Foreign Exchange Market on September 30, 2007.

Basel II Pillar III (Market Discipline) Disclosure

This section describes the information consistent with FSA Notification Number 15, based on Article 19. 2. 1. 5. d of the Bank Law Enforcement Rule (Refer to Ministry of Finance Ordinance Number 10), herein referred to as Basel II Pillar III issued on March 23, 2007. The Accord in this sectionn refers to FSA Notification Number 19, herein referred as Basel II Pillar I, issued on March 27, 2006.

Quantitative Disclosure

1. Names of unconsolidated subsidiaries with lower level of capital than required level of adequacy capital and amount of shortage.

Most of the 95 unconsolidated subsidiaries are special purpose companies (SPCs) or Limited Partnerships (LPs) for leverage leasing. As the economic risk associated with leveraged leasing has been hedged in these subsidiaries, the amount of invested equity is equal to applicable loss limits.

2. Capital Structure

Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations"–"Capital Ratio" for capital calculation details. The Bank was not required to deduct any excess deferred tax assets which banks are prohibited from including in their Tier I capital. The Bank has no Tier III capital.

3. Capital Adequacy

Amount of required capital for credit risk (excluding equities exposure and regarded-method exposure)

(1) Portfolios under the Standardized Approach (SA)

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)
Shinsei Home Loans	**19,418**	**19,418**	15,363	15,363
APLUS Group	**92,444**	**—**	97,886	—
Subsidiaries of Showa Leasing	**6,980**	**—**	4,521	—
Other subsidiaries	**11,702**	**—**	12,613	—

(2) Portfolios under the Internal Ratings-Based Approach (IRB)

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)
Corporate	**189,793**	**175,803**	190,428	181,358
Sovereign	**8,550**	**8,521**	7,272	7,262
Bank	**35,077**	**36,171**	54,054	54,245
Residential mortgage	**—**	**—**	3,334	—
Other retails	**15,636**	**6,780**	10,227	—
Total	**249,058**	**227,276**	265,318	242,866
Securitization Exposure	**29,481**	**29,481**	17,880	16,982

Amount of required capital for equity exposure under IRB

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)
Market-Based Approach				
Simplified Method	**15,053**	**33,603**	19,499	23,508
PD/LGD Method	**8,152**	**47,999**	9,005	39,443
Total	**23,205**	**81,603**	28,504	62,951

Amount of required capital for regarded-method exposure under IRB

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)
Regarded Exposure	**93,964**	**83,991**	52,297	52,452

Amount of required capital for Market Risk

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)
The Standardized Approach (Specific Risk)	13,037	13,512	9,445	11,790
Interest rate risk	9,988	9,974	9,019	8,851
Equity position risk	577	—	210	—
FX risk	2,471	3,538	215	2,939
The Standardized Approach (General Market Risk)	—	—	341	—
The Internal Models Approach (IMA) (General Market Risk)	8,961	8,121	5,911	5,911

Amount of required capital for Operational Risk

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)
The Standardized Approach	35,852	19,322	32,944	19,068

Total Capital Adequacy Ratio and Tier I Capital Ratio

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Total Capital Adequacy Ratio	12.40%	16.11%	13.13%	18.79%
Tier I Capital Ratio	7.62%	10.94%	8.11%	12.81%

Total required capital (Domestic Criteria)

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Total required capital	652,458	405,743	633,519	361,377

4. Credit Risk Exposure (excluding Securitization and Regarded Exposure)

Amount of Credit Risk Exposure

Geographic, Industries or Maturity (Consolidated)

	Millions of yen							
	As of September 30, 2007				As of March 31, 2007			
		Amount of Credit Risk Exposure				Amount of Credit Risk Exposure		
	Total	Loans, etc.(*1)	Securities(*2)	Derivatives(*3)	Total	Loans, etc.(*1)	Securities(*2)	Derivatives(*3)
Manufacturing	477,154	474,594	200	2,359	391,226	389,016	201	2,008
Agriculture	1,530	1,530	—	—	1,426	1,426	—	—
Mining	7,527	7,527	—	—	8,800	8,800	—	—
Construction	58,411	53,585	4,780	46	57,619	52,778	4,772	69
Electric power, gas, water supply	102,142	100,988	1,114	39	110,261	110,148	36	76
Information and communication	69,733	69,716	—	17	38,816	38,216	—	600
Transportation	319,800	294,681	6,136	18,981	323,546	301,831	8,200	13,514
Wholesale and retail	214,173	213,599	—	574	213,784	213,019	50	714
Finance and insurance	1,671,055	1,351,569	234,542	84,943	1,378,891	1,104,822	154,310	119,757
Real estate	1,768,698	1,642,147	125,190	1,359	1,718,485	1,554,312	162,711	1,461
Services	709,107	575,355	122,887	10,864	678,207	590,730	82,951	4,526
Government	1,056,311	55,027	999,446	1,836	860,990	54,407	804,175	2,406
Individuals	2,011,675	2,011,675	—	—	2,333,663	2,333,663	—	—
Others	31,520	31,516	—	3	48,936	48,936	—	—
Domestic Total	8,498,843	6,883,515	1,494,300	121,027	8,164,658	6,802,110	1,217,411	145,135
Foreign	2,186,372	1,328,584	312,034	545,753	1,226,246	531,681	240,296	454,268
Total	10,685,216	8,212,100	1,806,334	666,780	9,390,904	7,333,792	1,457,708	599,403
To 1 year	3,857,914	2,951,387	802,929	103,597	2,670,089	1,964,821	514,546	190,721
1 to 3 years	3,266,425	2,583,981	452,292	230,151	2,827,687	2,295,444	412,822	119,421
3 to 5 years	1,597,384	1,147,489	275,763	174,131	1,762,843	1,318,043	281,902	162,897
Over 5 years	1,941,320	1,508,838	273,582	158,900	1,934,132	1,611,825	195,942	126,364
Undated	22,170	20,404	1,766	—	196,151	141,656	52,494	—
Consolidated Total	10,685,216	8,212,100	1,806,334	666,780	9,390,904	7,333,792	1,457,708	599,403

Geographic, Industries or Maturity (Non-consolidated)

	Millions of yen							
	As of September 30, 2007				As of March 31, 2007			
		Amount of Credit Risk Exposure				Amount of Credit Risk Exposure		
	Total	Loans, etc.(*1)	Securities(*2)	Derivatives(*3)	Total	Loans, etc.(*1)	Securities(*2)	Derivatives(*3)
Manufacturing	**362,826**	**360,266**	**200**	**2,359**	275,969	273,758	201	2,008
Agriculture	**800**	**800**	**—**	**—**	900	900	—	—
Mining	**6,850**	**6,850**	**—**	**—**	8,116	8,116	—	—
Construction	**34,465**	**29,638**	**4,780**	**46**	39,520	34,678	4,772	69
Electric power, gas, water supply	**100,767**	**99,613**	**1,114**	**39**	109,363	109,249	36	76
Information and communication	**62,368**	**62,351**	**—**	**17**	32,268	31,668	—	600
Transportation	**297,481**	**272,363**	**6,136**	**18,981**	303,926	282,212	8,200	13,514
Wholesale and retail	**115,592**	**115,017**	**—**	**574**	123,143	122,377	50	714
Finance and insurance	**1,598,563**	**1,277,665**	**234,542**	**86,355**	1,516,344	1,240,889	154,315	121,138
Real estate	**1,782,802**	**1,656,251**	**125,190**	**1,359**	1,737,065	1,572,892	162,711	1,461
Services	**495,261**	**361,374**	**122,887**	**10,998**	490,049	402,314	82,999	4,735
Government	**1,049,204**	**48,955**	**998,412**	**1,836**	852,613	49,161	801,045	2,406
Individuals	**746,348**	**746,348**	**—**	**—**	589,335	589,335	—	—
Others	**3**	**—**	**—**	**3**	184	184		—
Domestic Total	**6,653,336**	**5,037,496**	**1,493,266**	**122,574**	6,078,801	4,717,741	1,214,334	146,725
Foreign	**2,210,075**	**1,337,426**	**326,289**	**546,359**	1,288,641	580,372	253,589	454,679
Bank Total	**8,863,412**	**6,374,922**	**1,819,555**	**668,933**	7,367,442	5,298,113	1,467,924	601,405
To 1 year	**3,699,696**	**2,793,558**	**801,930**	**104,207**	2,671,660	1,965,580	514,867	191,153
1 to 3 years	**2,527,978**	**1,845,657**	**452,257**	**230,063**	2,082,340	1,550,186	412,755	119,398
3 to 5 years	**1,131,459**	**681,853**	**275,663**	**173,942**	1,277,886	836,688	278,382	162,815
Over 5 years	**1,483,322**	**1,034,664**	**287,937**	**160,721**	1,201,523	864,113	209,371	128,039
Undated	**20,955**	**19,188**	**1,766**	**—**	134,092	81,544	52,547	—
Bank Total	**8,863,412**	**6,374,922**	**1,819,555**	**668,933**	7,367,442	5,298,113	1,467,924	601,405

Notes:
(*1) Including total exposure, operating assets and securitized original assets originated from these exposures, excluding purchased receivables
(*2) Excluding Equity exposures
(*3) Credit equivalent amount basis

Amount of default exposure before partial write-off
Geographic, Industries

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Default Exposure		Default Exposure	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Manufacturing	**4,222**	**3,512**	4,896	4,439
Agriculture	**0**	**—**	0	—
Mining	**52**	**—**	71	—
Construction	**3,718**	**3,500**	6,110	6,023
Electric power, gas, water supply	**—**	**—**	—	—
Information and communication	**377**	**—**	443	—
Transportation	**8,733**	**8,260**	9,031	8,911
Wholesale and retail	**1,311**	**594**	10,659	10,133
Finance and insurance	**1,483**	**1,399**	593	1,536
Real estate	**10,278**	**8,091**	4,235	2,135
Services	**24,913**	**19,190**	6,532	3,959
Government	**—**	**—**	—	—
Individuals	**57,785**	**1,669**	86,731	3,038
Others	**926**	**—**	866	—
Domestic Total	**113,805**	**46,216**	130,173	40,177
Foreign	**19,089**	**19,089**	3,384	3,384
Total	**132,895**	**65,306**	133,557	43,561

Amounts of loan loss reserves (general, specific, country risk) before partial write-off
Consolidated

	Millions of yen					
	As of September 30, 2007			As of March 31, 2007		
	Start Amount	Change Amount	End Amount	Start Amount	Change Amount	End Amount
General	**101,268**	**(18,097)**	**83,171**	89,043	12,225	101,268
Specific	**85,756**	**39,592**	**125,348**	83,926	1,829	85,756
Country	**9**	**(0)**	**8**	5	3	9
Total	**187,033**	**21,495**	**208,529**	172,975	14,058	187,033

Non-consolidated

	Millions of yen					
	As of September 30, 2007			As of March 31, 2007		
	Start Amount	Change Amount	End Amount	Start Amount	Change Amount	End Amount
General	**65,434**	**(17,431)**	**48,002**	60,220	5,214	65,434
Specific	**47,912**	**20,459**	**68,372**	53,637	(5,724)	47,912
Country	**9**	**(0)**	**8**	5	3	9
Total	**113,356**	**3,027**	**116,384**	113,863	(506)	113,356

Geographic (Consolidated)

Millions of yen

	As of September 30, 2007				As of March 31, 2007			
		Reserve Amount				Reserve Amount		
	Total	General	Specific	Country	Total	General	Specific	Country
Domestic	**182,638**	**70,503**	**112,135**	**—**	167,650	85,274	82,377	—
Foreign	**25,890**	**12,667**	**13,213**	**8**	19,383	15,994	3,379	9
Total	**208,529**	**83,171**	**125,348**	**8**	187,033	101,268	85,756	9

Geographic (Non-consolidated)

Millions of yen

	As of September 30, 2007				As of March 31, 2007			
		Reserve Amount				Reserve Amount		
	Total	General	Specific	Country	Total	General	Specific	Country
Domestic	**89,551**	**34,392**	**55,158**	**—**	92,350	47,817	44,533	—
Foreign	**26,832**	**13,610**	**13,213**	**8**	21,005	17,616	3,379	9
Total	**116,384**	**48,002**	**68,372**	**8**	113,356	65,434	47,912	9

Industries

Millions of yen

	As of September 30, 2007		As of March 31, 2007	
	Reserve Amount		Reserve Amount	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Manufacturing	**3,438**	**3,063**	3,497	3,441
Agriculture	**5**	**4**	6	6
Mining	**34**	**23**	43	28
Construction	**1,873**	**1,795**	2,389	2,368
Electric power, gas, water supply	**285**	**285**	346	346
Information and communication	**466**	**440**	216	216
Transportation	**8,704**	**8,638**	10,905	10,900
Wholesale and retail	**1,630**	**1,278**	5,993	5,868
Finance and insurance	**7,926**	**9,208**	14,838	16,497
Real estate	**15,683**	**15,228**	13,924	14,158
Services	**14,020**	**13,154**	3,510	3,254
Government	**—**	**—**	—	—
Individuals	**90,850**	**2,881**	74,903	2,761
Others	**34,672**	**33,548**	32,510	32,503
Foreign	**25,890**	**26,832**	19,383	21,005
Non-classified	**3,045**	**—**	4,564	—
Total	**208,529**	**116,384**	187,033	113,356

Amount of write-offs

Industries

Millions of yen

	Six months ended September 30, 2007		FY 2006	
	Amount of write-off		Amount of write-off	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Manufacturing	**1**	**—**	234	—
Agriculture	**—**	**—**	2	2
Mining	**—**	**—**	—	—
Construction	**5**	**—**	277	238
Electric power, gas, water supply	**—**	**—**	—	—
Information and communication	**—**	**—**	—	—
Transportation	**—**	**—**	15	0
Wholesale and retail	**1**	**—**	115	—
Finance and insurance	**—**	**—**	—	—
Real estate	**7**	**7**	—	—
Services	**82**	**—**	100	—
Government	**—**	**—**	—	—
Individuals	**0**	**0**	1	1
Others	**—**	**—**	—	—
Non-classified	**0**	**—**	7	—
Total	**98**	**7**	754	242

Amount of Exposures under SA (after credit risk mitigation)

Millions of yen

	As of September 30, 2007				As of March 31, 2007			
	Consolidated		Non-consolidated		Consolidated		Non-consolidated	
	Rated	Unrated	Rated	Unrated	Rated	Unrated	Rated	Unrated
0%	**654**	**1,502**	**—**	**—**	700	5,649	—	—
10%	**—**	**15,598**	**—**	**—**	—	2,304	—	—
20%	**243,208**	**214**	**—**	**—**	244,038	38,050	—	—
35%	**—**	**693,242**	**—**	**693,242**	—	548,707	—	548,707
50%	**2,733**	**13,325**	**—**	**—**	259	16,419	—	—
75%	**—**	**1,131,345**	**—**	**123**	—	1,171,061	—	—
100%	**3,928**	**471,472**	**—**	**—**	47	492,354	—	—
150%	**—**	**4,669**	**—**	**—**	—	1,394	—	—
350%	**—**	**—**	**—**	**—**	—	—	—	—
Capital Deduction	**—**	**—**	**—**	**—**	—	—	—	—
Total	**250,525**	**2,331,372**	**—**	**693,366**	245,046	2,275,943	—	548,707

Specialized Lending Exposure under slotting criteria and Equity Exposure under Market-Based Simplified Method

(1) Specialized Lending excluding high-volatility commercial real estate

	Millions of yen	
	As of September 30, 2007	As of March 31, 2007
Risk weight ratio	Amount of Exposure	Amount of Exposure
50%	**205,333**	54,012
70%	**311,217**	396,314
90%	**135,438**	36,646
115%	**122,439**	121,412
250%	**38,214**	21,283
0% (Default)	**6,000**	—
Total	**818,642**	629,668

(2) Specialized Lending for high-volatility commercial real estate

	Millions of yen	
	As of September 30, 2007	As of March 31, 2007
Risk weight ratio	Amount of Exposure	Amount of Exposure
70%	**3,054**	1,049
95%	**102,095**	67,435
120%	**45,887**	13,267
140%	**92,927**	83,076
250%	**80,158**	54,735
0% (Default)	**—**	—
Total	**324,122**	219,564

(3) Equity Exposure under Market-Based Simplified Method

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Amount Consolidated	Amount Non-consolidated	Amount Consolidated	Amount Non-consolidated
300%	**2,927**	**2,798**	386	208
400%	**42,182**	**96,968**	57,195	93,841
Total	**45,110**	**99,766**	57,582	94,050

Portfolios under IRB excluding the amount of exposures under SA (after credit risk mitigation)

(1) Estimated average PD, LGD, Risk Weight Ratio, and Exposure at Default (EAD) (on-balance and off-balance) for Corporate, Sovereign, and Bank exposure

Corporate (Consolidated)

	Millions of yen (except percentages)									
	As of September 30, 2007					As of March 31, 2007				
Credit rating	PD	LGD(*1)	Risk Weight	EAD (on-balance)	EAD (off-balance)	PD	LGD(*1)	Risk Weight	EAD (on-balance)	EAD (off-balance)
0	**0.03%**	**45.00%**	**19.96%**	**22,483**	**7,596**	0.03%	45.00%	24.09%	24,608	81
1	**0.03%**	**45.00%**	**20.30%**	**31,528**	**40,760**	0.03%	45.00%	20.70%	26,262	56
2	**0.07%**	**46.94%**	**24.55%**	**326,971**	**47,331**	0.05%	44.94%	19.35%	270,886	39,223
3	**0.12%**	**44.83%**	**30.33%**	**930,009**	**82,357**	0.11%	45.02%	29.51%	743,525	103,768
4	**0.29%**	**45.19%**	**49.02%**	**607,953**	**175,410**	0.25%	45.14%	45.00%	639,749	112,133
5	**0.87%**	**47.75%**	**84.14%**	**411,761**	**44,801**	0.81%	44.68%	75.86%	329,223	75,589
6	**2.34%**	**37.94%**	**97.36%**	**212,461**	**6,059**	2.33%	39.78%	100.05%	212,436	7,957
9A	**13.90%**	**44.49%**	**223.45%**	**179,938**	**6,443**	15.42%	45.10%	236.97%	304,190	10,070
Default	**100.00%**	**43.97%**	**—**	**40,454**	**1,944**	100.00%	43.43%	—	38,352	727

Sovereign (Consolidated)

	Millions of yen (except percentages)									
	As of September 30, 2007					As of March 31, 2007				
Credit rating	PD	LGD(*1)	Risk Weight	EAD (on-balance)	EAD (off-balance)	PD	LGD(*1)	Risk Weight	EAD (on-balance)	EAD (off-balance)
0	**0.00%**	**45.00%**	**0.00%**	**1,853,821**	**22,801**	0.00%	45.00%	0.00%	1,523,646	22,849
1	**0.03%**	**45.00%**	**13.62%**	**38,698**	**—**	0.03%	45.00%	9.58%	14,629	—
2	**0.06%**	**45.00%**	**20.64%**	**206,182**	**3,642**	0.05%	45.00%	20.06%	128,112	33,129
3	**0.09%**	**44.95%**	**26.47%**	**136,266**	**4,076**	0.08%	44.93%	29.29%	86,670	4,926
4	**0.20%**	**45.00%**	**50.36%**	**4,109**	**121**	0.37%	45.00%	54.27%	1,167	—
5	**1.31%**	**45.00%**	**133.26%**	**2**	**—**	1.29%	45.00%	132.75%	2	—
6	**2.89%**	**45.00%**	**118.68%**	**14**	**647**	3.04%	45.00%	111.23%	12	662
9A	**13.90%**	**45.00%**	**227.52%**	**3,394**	**8**	15.41%	45.00%	243.11%	6,913	8
Default	**100.00%**	**45.00%**	**—**	**58**	**—**	100.00%	45.00%	—	59	—

Bank (Consolidated)

	Millions of yen (except percentages)									
	As of September 30, 2007					As of March 31, 2007				
Credit rating	PD	LGD[*1]	Risk Weight	EAD (on-balance)	EAD (off-balance)	PD	LGD[*1]	Risk Weight	EAD (on-balance)	EAD (off-balance)
0	**0.03%**	**45.00%**	**25.88%**	**2,478**	**—**	0.03%	45.00%	7.58%	0	—
1	**0.03%**	**48.78%**	**12.28%**	**2,780**	**254**	0.03%	45.00%	13.12%	8,544	115
2	**0.06%**	**45.13%**	**16.77%**	**901,181**	**518,391**	0.05%	45.23%	20.97%	279,684	317,781
3	**0.10%**	**45.72%**	**23.09%**	**191,618**	**86,301**	0.09%	42.92%	24.62%	80,532	49,360
4	**0.21%**	**45.00%**	**27.83%**	**2,839**	**46,051**	0.29%	45.00%	61.12%	6,042	12,617
5	**0.91%**	**45.00%**	**110.93%**	**—**	**9,217**	0.91%	45.00%	112.35%	—	10,304
6	**1.78%**	**45.00%**	**140.67%**	**—**	**2,112**	1.91%	45.00%	144.21%	2,625	6,863
9A	**13.90%**	**45.00%**	**231.09%**	**10,047**	**15,032**	15.09%	44.37%	221.70%	19,382	124,827
Default	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—

Corporate (Non-consolidated)

	Millions of yen (except percentages)									
	As of September 30, 2007					As of March 31, 2007				
Credit rating	PD	LGD[*1]	Risk Weight	EAD (on-balance)	EAD (off-balance)	PD	LGD[*1]	Risk Weight	EAD (on-balance)	EAD (off-balance)
0	**0.03%**	**45.00%**	**19.96%**	**22,483**	**7,596**	0.03%	45.00%	24.08%	24,588	81
1	**0.03%**	**45.00%**	**20.30%**	**31,528**	**40,760**	0.03%	45.00%	20.67%	25,623	56
2	**0.07%**	**47.00%**	**24.70%**	**315,988**	**47,331**	0.05%	44.94%	19.38%	266,251	39,223
3	**0.12%**	**44.82%**	**30.35%**	**895,805**	**82,357**	0.11%	45.02%	29.60%	718,895	103,768
4	**0.27%**	**45.17%**	**46.07%**	**694,501**	**177,651**	0.23%	45.11%	41.54%	820,824	118,040
5	**0.85%**	**48.45%**	**85.78%**	**318,787**	**44,801**	0.79%	44.59%	75.84%	237,729	75,589
6	**2.39%**	**35.06%**	**95.01%**	**149,208**	**6,059**	2.31%	38.30%	97.38%	163,797	7,957
9A	**13.90%**	**44.46%**	**225.05%**	**169,610**	**6,443**	15.42%	45.10%	236.78%	305,312	10,070
Default	**100.00%**	**44.00%**	**—**	**36,496**	**7,132**	100.00%	43.35%	—	36,305	727

Sovereign (Non-consolidated)

	Millions of yen (except percentages)									
	As of September 30, 2007					As of March 31, 2007				
Credit rating	PD	LGD[*1]	Risk Weight	EAD (on-balance)	EAD (off-balance)	PD	LGD[*1]	Risk Weight	EAD (on-balance)	EAD (off-balance)
0	**0.00%**	**45.00%**	**0.00%**	**1,848,470**	**22,801**	0.00%	45.00%	0.00%	1,519,762	22,849
1	**0.03%**	**45.00%**	**13.62%**	**38,698**	**—**	0.03%	45.00%	9.58%	14,620	—
2	**0.06%**	**45.00%**	**20.65%**	**205,321**	**3,642**	0.05%	45.00%	20.07%	127,903	33,129
3	**0.09%**	**44.95%**	**26.47%**	**136,037**	**4,076**	0.08%	44.93%	29.29%	86,435	4,926
4	**0.20%**	**45.00%**	**50.43%**	**4,069**	**121**	0.37%	45.00%	54.27%	1,167	—
5	**1.31%**	**45.00%**	**133.26%**	**2**	**—**	1.29%	45.00%	132.75%	2	—
6	**2.89%**	**45.00%**	**118.68%**	**14**	**647**	3.04%	45.00%	111.23%	12	662
9A	**13.90%**	**45.00%**	**227.65%**	**3,378**	**8**	15.40%	45.00%	243.11%	6,913	8
Default	**100.00%**	**45.00%**	**—**	**58**	**—**	100.00%	45.00%	—	59	—

Bank (Non-consolidated)

	Millions of yen (except percentages)									
	As of September 30, 2007					As of March 31, 2007				
Credit rating	PD	LGD[*1]	Risk Weight	EAD (on-balance)	EAD (off-balance)	PD	LGD[*1]	Risk Weight	EAD (on-balance)	EAD (off-balance)
0	**0.03%**	**45.00%**	**25.88%**	**2,478**	**—**	—	—	—	—	—
1	**0.03%**	**48.78%**	**12.28%**	**2,780**	**254**	0.03%	45.00%	13.12%	8,544	115
2	**0.06%**	**45.13%**	**16.75%**	**900,054**	**518,391**	0.05%	45.23%	20.95%	279,153	317,781
3	**0.10%**	**45.73%**	**23.07%**	**188,042**	**85,687**	0.10%	45.78%	25.13%	76,452	40,855
4	**0.21%**	**45.00%**	**29.60%**	**37,459**	**55,404**	0.25%	45.00%	49.61%	15,682	15,621
5	**0.91%**	**45.00%**	**110.93%**	**—**	**9,217**	0.91%	45.00%	112.35%	—	10,304
6	**1.78%**	**45.00%**	**140.67%**	**—**	**2,112**	1.91%	45.00%	144.21%	2,625	6,863
9A	**13.90%**	**45.00%**	**231.09%**	**10,047**	**15,032**	15.41%	45.32%	221.09%	19,381	121,801
Default	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—

Note:
[*1] LGD after credit risk mitigation

(2) Estimated average PD, Risk Weight Ratio, and amount of exposure under Equity Exposure under PD/LGD method
(Consolidated)

	Millions of yen (except percentages)							
	As of September 30, 2007				As of March 31, 2007			
Credit rating	PD	LGD	Risk Weight	Amount	PD	LGD	Risk Weight	Amount
0	**0.03%**	**90.00%**	**300.00%**	**9**	0.03%	90.00%	300.00%	9
1	**—**	**—**	**—**	**—**	—	—	—	—
2	**0.06%**	**90.00%**	**213.87%**	**9,218**	0.05%	90.00%	219.25%	8,904
3	**0.15%**	**90.00%**	**200.06%**	**1,779**	0.12%	90.00%	200.03%	3,125
4	**0.36%**	**90.00%**	**273.92%**	**7,617**	0.34%	90.00%	261.28%	8,686
5	**0.92%**	**90.00%**	**301.03%**	**2,792**	1.17%	90.00%	272.17%	17,756
6	**—**	**—**	**—**	**—**	1.76%	90.00%	428.14%	18
9A	**13.90%**	**90.00%**	**488.43%**	**3,050**	15.53%	90.00%	508.73%	1,077
Default	**100.00%**	**90.00%**	**—**	**2,261**	—	—	—	—

(Non-consolidated)

Millions of yen (except percentages)

Credit rating	PD (As of September 30, 2007)	LGD (As of September 30, 2007)	Risk Weight (As of September 30, 2007)	Amount (As of September 30, 2007)	PD (As of March 31, 2007)	LGD (As of March 31, 2007)	Risk Weight (As of March 31, 2007)	Amount (As of March 31, 2007)
0	0.03%	90.00%	300.00%	9	0.03%	90.00%	300.00%	9
1	—	—	—	—	—	—	—	—
2	0.06%	90.00%	213.87%	9,218	0.05%	90.00%	219.25%	8,904
3	0.15%	90.00%	200.06%	1,769	0.12%	90.00%	200.03%	3,125
4	0.21%	90.00%	298.84%	171,194	0.19%	90.00%	297.38%	128,331
5	0.92%	90.00%	303.99%	2,917	1.17%	90.00%	272.17%	17,756
6	—	—	—	—	1.76%	90.00%	428.14%	18
9A	13.90%	90.00%	488.43%	3,050	15.53%	90.00%	508.73%	1,077
Default	100.00%	90.00%	—	255	—	—	—	—

(3) Estimated average PD, LGD, Risk Weight Ratio, and Exposure at Default (EAD) (on- and off-balance) for Residential Mortgage Exposure and Other Retail Exposure

Residential Mortgage Exposure

Millions of yen (except percentages)

Pool	Entity (*1) (As of September 30, 2007)	PD (As of September 30, 2007)	LGD (*2) (As of September 30, 2007)	Risk Weight (As of September 30, 2007)	EAD (on-balance) (As of September 30, 2007)	Entity (*1) (As of March 31, 2007)	PD (As of March 31, 2007)	LGD (*2) (As of March 31, 2007)	Risk Weight (As of March 31, 2007)	EAD (on-balance) (As of March 31, 2007)
1-a (*1)	There is no exposure as of September 30, 2007 because of sell out of Life Housing Loan, LTD which had target exposure as of March 31, 2007.					LHL	0.49%	36.70%	28.20%	10,764
1-b (*1)						LHL	0.51%	37.20%	29.41%	25,665
2-a (*1)						LHL	0.50%	36.70%	28.61%	7,230
2-b (*1)						LHL	0.84%	37.20%	41.48%	35,353
Need Caution						LHL	59.53%	37.13%	160.27%	296
Default						LHL	100.00%	37.15%	0.00%	1,939

Notes:
(*1) "1" or "2" means obligor attribute and "a" or "b" means transaction attribute

Other Retail Exposure

Millions of yen (except percentages)

Pool	Entity (*1) (As of September 30, 2007)	PD (As of September 30, 2007)	LGD (*2) (As of September 30, 2007)	Risk Weight (As of September 30, 2007)	EAD (on-balance) (As of September 30, 2007)	Entity (*1) (As of March 31, 2007)	PD (As of March 31, 2007)	LGD (*2) (As of March 31, 2007)	Risk Weight (As of March 31, 2007)	EAD (on-balance) (As of March 31, 2007)
CR1(*3)	SL	0.33%	47.69%	26.78%	14,568	SL	0.31%	48.52%	26.20%	18,078
CR2(*3)	SL	0.73%	48.05%	42.25%	70,020	SL	0.71%	48.71%	42.24%	77,426
CR3(*3)	SL	1.37%	47.92%	55.11%	17,547	SL	1.42%	48.58%	56.58%	19,441
CR4(*3)	SL	1.94%	48.18%	61.61%	51,308	SL	1.89%	48.79%	61.96%	53,954
CR5(*3)	SL	7.01%	56.80%	87.44%	6,362	SL	7.18%	56.30%	87.03%	7,954
Need Caution	SL	82.48%	47.57%	63.80%	616	SL	80.25%	46.39%	68.31%	891
Default	SL	100.00%	49.91%	—	1,308	SL	100.00%	50.02%	—	1,364
1-a (*4)	There is no exposure as of September 30, 2007 because of sell out of Life Housing Loan, LTD which had target exposure as of March 31, 2007.					LHL	0.49%	36.70%	26.09%	1,747
1-b (*4)						LHL	0.51%	37.20%	27.05%	7,114
2-a (*4)						LHL	0.50%	36.70%	26.39%	748
2-b (*4)						LHL	0.84%	37.20%	35.00%	4,342
Need Caution						LHL	59.53%	36.70%	86.91%	16

Notes:
(*1) "LHL" means Life Housing Loan and "SL" means Showa Leasing
(*2) LGD is shown after Credit Risk Mitigation
(*3) Summarization of multiple pools. CR stands for credit rating
(*4) "1" or "2" means obligor attribute and "a" or "b" means transaction attribute

Comparative results of actual losses and expected losses for the last two years under F-IRB Approach

Millions of yen

	As of September 30, 2007	As of September 30, 2006
Results of Actual Losses (a)	6,960	3,226
Expected Losses (b)	8,324	6,721
Differences ((b) – (a))	1,364	3,495

The above matrix shows the results of default (downgrade below substandard) losses (reserve, write-offs, and loss on sale) for the twelve-month period ended September 30, 2006 and 2007 for the Bank's non-default corporate exposure (except for Specialized Lending and Securitization) at the start of the twelve-month period, with expected losses calculated using estimated PD at the end of September 2007.
Several companies contributed to the losses in the two periods. Results of losses were less than or equal to expected loss each period.

5. Credit Risk Mitigation (CRM)

Covered amount of CRM by collateral

IRB

Millions of yen

	Eligible financial collateral (As of September 30, 2007)	Other eligible IRB collateral (As of September 30, 2007)	Eligible financial collateral (As of March 31, 2007)	Other eligible IRB collateral (As of March 31, 2007)
Corporate	52,005	175,668	45,285	155,325
Sovereign	—	241	—	268
Bank	—	127	—	—
Total	52,005	176,037	45,285	155,593

Covered amount of CRM by guarantee

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
SA Exposures	**—**	**—**	—	—
IRB Exposures	**254,846**	**254,846**	161,243	161,243
Corporate	**88,572**	**88,572**	45,026	45,026
Sovereign	**148,774**	**148,774**	98,717	98,717
Bank	**17,500**	**17,500**	17,500	17,500
Residential mortgage	**—**	**—**	—	—
Other retail	**—**	**—**	—	—

6. Counterparty Credit Risk of Derivatives

(1) Measurement of EAD
Current Exposure Method

(2) Total amount of gross positive fair value
Consolidated ¥167,848 million
Non-consolidated ¥167,051 million

(3) EAD before CRM

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
FX related	**401,738**	**402,348**	204,817	205,246
Interest related	**107,550**	**108,323**	107,768	109,171
Equity related	**50,800**	**1,134**	57,105	19,380
Commodity related	**—**	**—**	—	—
Credit derivatives	**157,059**	**157,127**	127,179	127,254
Others	**29,856**	**29,856**	140,352	140,352
Total	**747,005**	**698,790**	637,223	601,405

(4) Net of: (2) + amount of gross add-on – (3)
Zero.

(5) Amount covered collateral
Zero.

(6) EAD after CRM
Refer to (3) (No change from EAD before CRM)

(7) Nominal amount of credit derivatives which have counterparty risk

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
Nominal amount	Protection-buy	Protection-sell	Protection-buy	Protection-sell
Single Name	**846,195**	**860,130**	1,031,826	1,018,677
Multi Name	**446,405**	**420,063**	43,600	6,800

(8) Nominal amount of credit derivatives which cover exposures by CRM
Zero.

7. Securitization

Securitization exposure originated by the Bank group

(1) Amount of original assets
Securitization by transfer of assets

	Millions of yen	
	As of September 30, 2007	As of March 31, 2007
Type of original assets	Amount of original asset	Amount of original asset
Residential mortgage	**538,121**	645,173
Consumer loan	**126,119**	144,089
Commercial real estate loan	**—**	—
Corporate loan	**274,194**	353,967
Others	**—**	—
Total	**938,435**	1,143,230

Note 1: Includes originally securitized assets originated by the Bank group, even though the Bank group had no exposure to these particular assets as of September 30, 2007
Note 2: There is no transaction like Synthetic securitizations or Sponser of Asset-backed commercial paper (ABCP) programme.

(2) Amount of default exposure including original assets
Securitization by transfer of assets

	Millions of yen	
	As of September 30, 2007	As of March 31, 2007
Type of original assets	Amount of Default	Amount of Default
Residential mortgage	**8,063**	11,379
Consumer loan	**—**	305
Commercial real estate loan	**—**	—
Corporate loan	**32,661**	34,039
Others	**—**	—
Total	**40,724**	45,724

(3) Amount of Securitization exposure the Bank group has by type pf original assets
Securitization by transfer of assets

	Millions of yen	
	As of September 30, 2007	As of March 31, 2007
Type of original assets	Amount of Exposure	Amount of Exposure
Residential mortgage	**11,021**	71,648
Consumer loan	**75,310**	77,330
Corporate loan	**52,632**	77,156
Others	**—**	1,786
Total	**138,964**	227,922

(4) Amount of Securitization exposure and required capital, the Bank group has by risk weight ratio
Securitization by transfer of assets

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
Band of risk weight ratio	Amount	Required Capital amount	Amount	Required Capital amount
To 12%	**32,669**	**193**	52,287	292
Over 12% to 20%	**—**	**—**	—	—
Over 20% to 50%	**—**	**—**	—	—
Over 50% to 75%	**—**	**—**	—	—
Over 75% to 100%	**—**	**—**	—	—
Over 100% to 250%	**95,281**	**7,181**	—	—
Over 250% to 425%	**—**	**—**	—	—
Over 425%	**—**	**—**	—	—
Total	**127,951**	**7,375**	52,287	292

(5) Amount of increase of capital by securitization (to be deducted from Tier I capital)

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
Type of original assets	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Residential mortgage	**8,831**	**8,831**	10,242	10,242
Consumer loan, Installment receivables	**1,329**	**84**	2,547	370
Commercial real estate loan	**—**	**—**	—	—
Others	**3,770**	**3,770**	3,770	3,770
Total	**13,931**	**12,686**	16,561	14,384

(6) Amount of Securitization exposure which should be deducted from capital by the Accord Article 247

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
Type of original assets	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Residential mortgage	**2,181**	**11,012**	15,348	15,348
Consumer loan, Installment receivables	**—**	**—**	—	—
Commercial real estate loan	**—**	**—**	—	—
Others	**—**	**—**	1,786	1,786
Total	**2,181**	**11,012**	17,135	17,135

(7) Securitization Exposure subject to early amortization
None.

(8) Summary of current year's securitization activities including amount of exposure securitized, and recognized gain/loss by original asset type.
None.

(9) Amount of credit risk asset of securitization under SA subject to the Accord Supplementary Provision 15
¥50.8 billion of credit risk asset of Securitization exposure comprised primarily of APLUS's card and installment receivables.

Securitization exposure in which the Bank group invests

(1) Amount of securitization exposure the Bank group has by type of original asset

	Millions of yen	
	As of September 30, 2007	As of March 31, 2007
Type of original assets	Amount of Exposure	Amount of Exposure
Residential mortgage	**74,011**	75,155
Consumer loan	**30,207**	19,114
Commercial real estate loan	**86,206**	20,506
Corporate loan	**183,868**	172,075
Others	**219,296**	263,877
Total	**593,590**	550,728

(2) Amount of Securitization exposure and required capital for the Bank group by risk weight ratio

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
Band of risk weight ratio	Amount	Required Capital amount	Amount	Required Capital amount
To 12%	**225,895**	**1,552**	191,941	1,211
Over 12% to 20%	**106,525**	**1,410**	104,137	1,311
Over 20% to 50%	**125,033**	**3,846**	170,032	4,925
Over 50% to 75%	**22,674**	**1,442**	23,716	1,423
Over 75% to 100%	**799**	**67**	1,668	133
Over 100% to 250%	**4,865**	**1,031**	5,775	1,155
Over 250% to 425%	**53,050**	**16,628**	1,831	622
Over 425%	**791**	**436**	—	—
Total	**539,635**	**26,414**	499,104	10,782

(3) Amount of Securitization exposure which should be deducted from capital (under accord Article 247)

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
Type of original assets	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Residential mortgage	**20,154**	**20,154**	11,162	11,162
Consumer loan, Installment receivables	**3,427**	**3,511**	2,459	3,041
Commercial real estate loan	**3,530**	**3,530**	3,392	3,392
Corporate loan	**4,537**	**4,537**	8,760	8,760
Others	**18,449**	**22,220**	25,848	25,848
Total	**50,099**	**53,954**	51,624	52,206

(4) Amount of credit risk asset of securitization under SA subject to the Accord Supplementary Provision 15.
None.

8. Market Risk (under Internal Model Approach)

VaR at the end of September 2007, and March 2007 and the high, mean, and low VaR

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
VaR at term end	**2,786**	**2,676**	1,980	1,847
VaR through this term				
High	**5,131**	**4,392**	2,339	2,076
Mean	**2,485**	**2,241**	1,665	1,427
Low	**1,735**	**1,576**	909	770

Based on VaR back-testing for six months ended September 30, 2007, the trading portfolio experienced no losses that exceeded the specified VaR threshold

9. Equity Exposure in Banking Book

Book Value and Fair value

(1) Listed Equity Exposure ¥2,927 million
(2) Unlisted Equity Exposure ¥42,182 million

Gain or loss on sale or depreciation of equity exposure

	Millions of yen			
	Six months ended September 30, 2007		FY2006	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Gain/Loss on sale	**3,845**	**1,384**	7,257	6,337
Loss of depreciation	**61**	**60**	909	824

Unrealized gain or loss which is recognized on Balance Sheet and not recognized on Profit and Loss Statement.

Consolidated	¥(119) million
Non-consolidated	¥(1,120) million

Unrealized gain or loss which is not recognized on Balance Sheet and not recognized on Profit and Loss Statement.

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Equity to subsidiaries and affiliates	**—**	**—**	—	6,622

Amount of equity exposure under grandfathering rule subject to the Accord Supplementary Provision 13

The amount was ¥25,309 million.

10. Amount of regarded exposure under the Accord Article 167

The amount was ¥163,594 million.

11. Interest Rate Risk in the Banking Book (IRRBB) – the increase/decrease in economic value for upward/downward rate shocks according to management's method for IRRBB.

The gain (loss) from an upward interest rate shock of 2% in the banking book as of September 30, 2007 is shown below:

	Billions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
JPY	**(34.9)**	**(17.2)**	(31.8)	(11.4)
USD	**(0.1)**	**(0.1)**	+1.8	+1.8
Others	**(0.5)**	**(0.5)**	+0.4	+0.4
Total	**(35.6)**	**(17.9)**	(29.5)	(9.1)

Directors and Executives

As of November 19, 2007

Board of Directors

Thierry Porté	President, CEO, Shinsei Bank, Limited
Junji Sugiyama	Chairman, Shinsei Bank, Limited
Michael J. Boskin*	Professor, Stanford University
Emilio Botín*	Chairman, Grupo Santander
J. Christopher Flowers	Chairman, J. C. Flowers & Co. LLC
Yukinori Ito*	President and CEO, Centennial Economic Advisors (Japan), Inc., Former Professor, Teikyo University
Shigeru Kani*	Former Director, Administration Department, The Bank of Japan, Professor, Yokohama College of Commerce
Fred H. Langhammer*	Chairman, Global Affairs, The Estée Lauder Companies, Inc.
Minoru Makihara*	Senior Corporate Advisor, Mitsubishi Corporation
Yasuharu Nagashima*	Lawyer
Lucio A. Noto*	Former Vice Chairman, Exxon Mobil Corporation
Nobuaki Ogawa*	Lawyer
Hiroyuki Takahashi*	Former Director, Japan Corporate Auditors Association
John S. Wadsworth, Jr.*	Advisory Director, Morgan Stanley

Notes: 1. * Outside Directors
2. Committee memberships:
Nomination Committee: Minoru Makihara (Chairman); Michael J. Boskin, J. Christopher Flowers, Lucio A. Noto, Thierry Porté
Audit Committee: Hiroyuki Takahashi (Chairman); Yukinori Ito, Shigeru Kani, Yasuharu Nagashima, Nobuaki Ogawa
Compensation Committee: John S. Wadsworth, Jr. (Chairman); Emilio Botín, J. Christopher Flowers, Fred H. Langhammer, Minoru Makihara

Senior Advisors

Takashi Imai	Senior Advisor, Honorary Chairman, Nippon Steel Corporation
Paul A. Volcker	Former Chairman, Board of Governors of the Federal Reserve System
Masamoto Yashiro	Former Chairman and CEO, Shinsei Bank, Limited

Statutory Executive Officers

Representative Statutory Executive Officer, President, Chief Executive Officer	Thierry Porté
Representative Statutory Executive Officer, Chairman	Junji Sugiyama
Senior Managing Executive Officer, Group Chief Information Officer, Head of Banking Infrastructure Group	Dhananjaya Dvivedi
Senior Managing Executive Officer, Chief Financial Officer	Rahul Gupta
Senior Managing Executive Officer, Head of Institutional Banking Group, Head of Financial Institutions Business Sub-Group	Masazumi Kato
Senior Managing Executive Officer, Head and Chief Executive of Institutional Banking Group	Sang-Ho Sohn
Senior Managing Executive Officer, Head and Chief Operating Officer of Retail Banking Group	Hirotaka Terai
Senior Managing Executive Officer, Head of Institutional Banking Group	Junzo Tomii
Managing Executive Officer, Head of Corporate Affairs Group	Kazumi Kojima
Statutory Executive Officer, Head of Public Sector Finance Sub-Group	Kazuya Fujimoto
Statutory Executive Officer, General Manager of Office of Strategy Management	Norio Funayama
Statutory Executive Officer, General Manager of Financial Institutions Business and Public Sector Finance Division	Michimasa Honda
Statutory Executive Officer, Head of Operations Sub-Group, Head of Retail Services Sub-Group	Michiyuki Okano
Statutory Executive Officer, Head of Technology Sub-Group	Yoshikazu Sato
Statutory Executive Officer, General Manager of Osaka Branch	Takashi Tsuchiya

Employees

	Sept. 30, 2007	Mar. 31, 2007	Sept. 30, 2006
Number of employees (Consolidated)	**4,750**	5,364	5,281
Number of employees (Non-consolidated)	**2,358**	2,248	2,196
Male	**1,266**	1,210	1,188
Female	**1,092**	1,038	1,008

Note: Excluding part-time employees

Corporate Information

Established
1952

Fiscal Year
From April 1 to March 31

Paid-in Capital
¥451,296 million

Number of Shares Authorized
Common Shares(*1):
2,500,000,000
Preferred Shares:
674,528,000

Number of Shares Issued
Common Shares(*2, 3, 4, 5):
1,673,570,944
Preferred Shares:
Class A 74,528,000

Major Shareholders(*6)

Rank	Shareholders	Thousands of Common Shares	%
1	The Resolution and Collection Corporation	200,000	11.95
2	The Chase Manhattan Bank, N.A. London	131,487	7.85
3	Shinsei Bank, Limited	96,419	5.76
4	J. Christopher Flowers	92,670	5.53
5	State Street Bank and Trust Company	84,330	5.03
6	Santander Investment SA, C. Central Valores	65,184	3.89
7	The Master Trust Bank of Japan, Ltd. (Trust Account)	41,663	2.48
8	Morgan Stanley & Co., Inc.	37,588	2.24
9	Japan Trustee Services Bank, Ltd. (Trust Account)	35,123	2.09
10	State Street Bank and Trust Company 505103	29,950	1.78
11	CMBL S.A. Re Mutual Funds	21,124	1.26

(As of September 30, 2007)

(*1) Reduced from 5,000,000,000 to 2,500,000,000 on July 29, 2003.
(*2) There was a 1-for-2 reverse stock split on July 29, 2003.
(*3) Since February 19, 2004, the Bank's common share has been listed on the First Section of the Tokyo Stock Exchange.
(*4) On November 16, 2006, the Bank cancelled 85 million of its common shares, reducing the number of common shares issued to 1,473,570,944 shares.
(*5) On August 1, 2007, issued the Bank's common shares (200,000,000 shares) in exchange for the acquisition of Series 3 Class-B preferred shares (300,000,000 shares) owned entirely by the Resolution and Collection Corporation.
(*6) 1. Based on the number of shares held in which such shareholder has the beneficiary interest and to the full extent to which the Bank is aware.
2. Mr. J. Christopher Flowers is a director of the Bank.

Network
Overseas Branch:

Grand Cayman Branch

Domestic Outlets:

43 outlets,
including 36 Shinsei Financial Centers (30 Branches and 6 Annexes),
2 Platinum Centers (with Annexes) and
5 BankSpots (3 Annexes and 2 with other Annexes)

Name of 30 Branches and 9 Annexes

Head Office (Tokyo)
  Ginza Annex
  Ginza Corridor Street Annex
  Kyobashi Annex
  Nihombashi Annex
Sapporo Branch
Sendai Branch
Kanazawa Branch
Omiya Branch
Kashiwa Branch
LaLaport Branch
Tokyo Branch
Ikebukuro Branch
Ueno Branch
Kichijoji Branch
Shinjuku Branch
  Shinjuku South Annex
Shiodome SIO-SITE Branch
Roppongi Hills Branch
  Keyakizakadori Annex
Shibuya Branch
  Omotesando Hills Annex
Hiroo Branch
Meguro Branch
Futakotamagawa Branch
Hachioji Branch
Yokohama Branch
Fujisawa Branch
Nagoya Branch
Kyoto Branch
Osaka Branch
Umeda Branch
  Hankyu-Umeda Annex
Namba Branch
  Shinsaibashi Annex
Kobe Branch
Hiroshima Branch
Takamatsu Branch
Fukuoka Branch

(As of November 16, 2007)

Domestic Sub-Branches (ATM only):
Tokyo Metro stations
  49 locations
Keikyu Station Bank
  36 locations
Other train stations
  9 locations
Other
  91 locations

(As of November 16, 2007)

Access to Seven Bank, Ltd. ATMs
  12,180 locations

(As of October 31, 2007)

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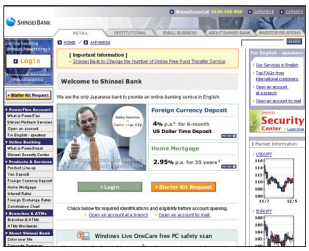
Web Site

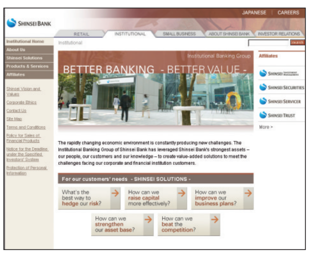
Our bilingual web site provides a wide range of information covering our retail and institutional businesses, corporate data and investor relations.



Retail

http://www.shinseibank.com/english/

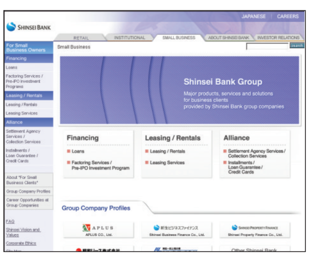
The Retail web site provides information on our comprehensive retail account, *PowerFlex*. Customers can log on to our internet banking service, Shinsei *PowerDirect*, submit requests for information on *PowerFlex* and apply to open an account. Product offerings, campaigns, branch and ATM information, and detailed explanations on foreign currency deposits and investment trusts are covered in the Retail site.



Institutional

http://www.shinseibank.com/institutional/en/

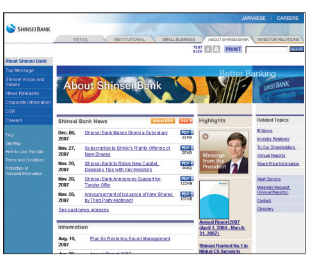
Our Institutional web site provides information for our institutional customers on our solutions, products and services. It also contains details of our branches and affiliates.



Small Business

http://www.shinseibank.com/nonbank/en/

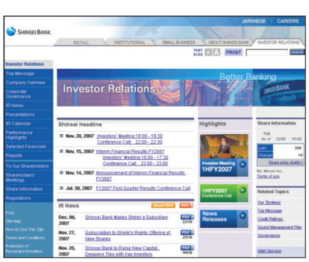
The Small Business web site provides information on unsecured and secured loans for small business owners. It also contains introductions to our consumer and commercial finance subsidiaries.



About Shinsei Bank

http://www.shinseibank.com/investors/en/about/

This web site provides information on our strategy and corporate profile, and lists our board members and management. It also contains news releases and ratings information.



Investor Relations

http://www.shinseibank.com/investors/en/ir/

The Investor Relations web site covers performance highlights and selected financial information, share price information, disclosure materials (annual reports, interim reports) and share administration information. It also provides webcasts of investors' meetings on financial results.

For further information, please contact:

Group Investor Relations Division
Shinsei Bank, Limited
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