

Financial Summary

For the First Half Period Ended September 30, 2008



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

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The following discussion should be read in conjunction with the consolidated and non-consolidated financial statements prepared in accordance with generally accepted accounting principles in Japan for banks. Except as otherwise indicated, the financial information in the following discussion is based on the consolidated financial statements. Financial and operational data that are stated in multiples of 0.1 billion yen have been truncated. All percentages have been rounded to the nearest 0.1%.

Section 1. Consolidated Information

Results of Operations ⁽¹⁾ -Table 1- (Consolidated)

(Billions of yen, except percentages)

	1st Half FY2008 (6 months)	1st Half FY2007 (6 months)	% Change	FY2007 (12 months)
Net interest income	70.5	56.5	24.8	137.7
Non-interest income	31.8	82.2	(61.3)	125.0
Net fees and commissions	17.2	23.2	(25.6)	40.8
Net trading income	(0.9)	7.2	(113.7)	9.0
Net other business income	15.5	51.7	(70.0)	75.0
Total revenue	102.3	138.7	(26.2)	262.7
General and administrative expenses	76.7	77.3	(0.7)	157.8
Ordinary business profit	25.5	61.3	(58.3)	104.9
Net credit costs	41.6	30.7	35.6	73.5
Amortization of goodwill and other intangible assets⁽²⁾	5.7	6.1	(6.1)	12.5
Other gains (losses)	12.6	18.6	(32.5)	73.7
Income (loss) before income taxes and minority interests	(9.1)	43.2	(121.3)	92.5
Income taxes (benefit)				
Current	2.4	4.0	(40.5)	4.9
Deferred	(0.5)	5.3	(111.2)	9.5
Minority interests in net income of subsidiaries	8.2	10.6	(22.6)	18.0
Net income (loss)	(19.2)	23.1	(183.2)	60.1
Cash basis net income (loss)⁽³⁾	(14.3)	28.7	(149.8)	71.3

(1) Represents results based on management accounting basis.

(2) In our consolidated financial statements, amortization of goodwill and other intangible assets is recorded in total general and administrative expenses from fiscal year 2006.

(3) Excludes amortization of goodwill and other intangible assets, net of tax benefit, related to the acquisition of consumer and commercial finance companies.

Note 1: Quarterly information is available in the Quarterly Data Book

Note: On September 22, 2008, we acquired GE Consumer Finance Co Ltd. ("GE Consumer Finance") from GE Japan Holdings Corporation. GE Consumer Finance's results will be incorporated in our Results of Operations from the third quarter of fiscal year 2008. For the current period, only Balance Sheet data is contained within this Financial Summary.

Shinsei Bank reported "total revenue" for the first half of fiscal year 2008 of 102.3 billion yen or 26.2% lower than in the first half of the previous fiscal year.

"Net interest income" revenues rose to 70.5 billion yen in the current half from 56.5 billion yen in the first half of fiscal year 2007. This increase was primarily driven by the 11.3 billion yen in net interest income from Shinki Co., Ltd. ("Shinki") which became a consolidated subsidiary from the second half of fiscal year 2007.

"Non-interest income" decreased to 31.8 billion yen versus 82.2 billion yen in the same period of the previous year. Our "non-interest income" was impacted by a decline of 5.9

billion yen of fee and commission revenues. In addition, we incurred a trading loss of 0.9 billion yen and a decline in other business income to 15.5 billion yen from 51.7 billion yen. Included in the trading loss and other business income are 8.4 billion yen in losses on bonds incurred upon the bankruptcy of Lehman Brothers Holdings, Inc. (Lehman Brothers), as well as 15.6 billion yen of losses related to our holdings of European investments, asset-backed investments and asset-backed securities as well as lower capital markets and principal investments activity due to adverse global market conditions.

"General and administrative expenses" during the first half of fiscal year 2008 were 76.7 billion yen, a decrease of 0.5 billion yen compared to the first half of the prior fiscal year. This decrease occurred despite the consolidation of expenses of Shinki from the second half of fiscal year 2007. Excluding the 5.5 billion yen of Shinki's expenses for the first half of fiscal year 2008, expenses declined to 71.2 billion yen, a decrease of 6.1 billion yen from the prior period. Our

expense-to-revenue ratio of 75.0% for the six months ended September 30, 2008 is primarily as a result of the drop in “total revenue,” and compares to an expense-to-revenue ratio of 55.8% in the first half of fiscal year 2007.

“Net credit costs” of 41.6 billion yen for the first half of fiscal year 2008 were 10.9 billion yen higher compared to the same period in the previous fiscal year. The increase was driven primarily by 18.6 billion yen in credit costs related to a loan to a Lehman Brothers subsidiary, and 6.5 billion yen in credit costs associated with our holdings of European asset backed investments, partially offset by approximately 5.3 billion yen improvement of credit costs within our consumer finance subsidiaries.

“Amortization of goodwill and other intangible assets” associated with the acquisition of consumer and commercial finance companies was 5.7 billion yen for the six months ended September 30, 2008 as compared with 6.1 billion yen in the first half of the previous fiscal year.

“Other gains” of 12.6 billion yen largely included a 7.2 billion yen gain on the sale of the Bank’s Meguro Production Center, net of relocation and future relocation costs and a gain of 8.2 billion yen on the sale of Showa Auto Rental & Leasing, while the first half fiscal year 2007 results include a gain from the sale of Life Housing Loan Co, Ltd. of 20.3 billion yen, net of consolidation adjustments. In addition, the

tax impact of these gains has been reflected in “income taxes (benefit).”

“Current and deferred income taxes” reflected a net expense of 1.8 billion yen compared to a net expense of 9.3 billion yen in the first half of the previous fiscal year. Deferred taxes for the current first half include the recognition of a 2.0 billion yen deferred tax asset by Showa Leasing.

“Minority interests in net income of subsidiaries” for the first half of fiscal year 2008 amounting to 8.2 billion yen largely reflected dividends paid on perpetual preferred securities and minority interests relating to APLUS’ preferred shareholders.

The Bank recognized a consolidated “net loss” of 19.2 billion yen for the first six months of fiscal year 2008, a decrease of 42.4 billion yen, or 183.2%, as compared to the same period in the previous fiscal year.

Consolidated “cash basis net loss” for the first six months of fiscal year 2008 was 14.3 billion yen, a decrease of 43.0 billion yen, or 149.8%, as compared to the first half of the previous fiscal year. The “cash basis net income” is calculated by excluding amortization of goodwill and other intangible assets, net of tax benefit, from net income under Japanese generally accepted accounting principles (JGAAP).

Interest-Earning Assets and Interest-Bearing Liabilities -Table 2- (Consolidated)*(Billions of yen, except percentages)*

	1st Half FY2008 (6 months)			1st Half FY2007 (6 months)			FY2007 (12 months)		
	Average balance	Yield/rate Interest	(%)	Average balance	Yield/rate Interest	(%)	Average balance	Yield/rate Interest	(%)
Interest-earning assets ⁽¹⁾ :									
Loans and bills discounted	5,780.3	98.0	3.38	5,235.4	84.3	3.22	5,390.3	186.7	3.46
Leased assets and installment receivables ⁽¹⁾	718.4	24.3	6.76	781.4	27.2	6.98	765.6	52.1	6.81
Securities	2,531.9	20.9	1.65	1,991.3	20.5	2.07	2,058.7	42.7	2.08
Other interest-earning assets ⁽²⁾⁽³⁾	1,074.0	5.4	n.m. ⁽⁵⁾	821.8	6.5	n.m. ⁽⁵⁾	988.2	12.6	n.m. ⁽⁵⁾
Total revenue on interest-earning assets ⁽¹⁾	10,104.8	148.7	2.94	8,830.0	138.7	3.14	9,202.9	294.3	3.20
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	6,117.2	25.1	0.82	5,549.7	22.9	0.83	5,734.4	47.9	0.84
Debentures	690.8	2.2	0.64	693.1	1.5	0.45	679.5	3.3	0.50
Borrowed money ⁽⁶⁾	1,132.9	8.6	1.52	1,122.6	8.9	1.59	1,131.7	15.2	1.35
Subordinated debt	108.0	0.7	1.41	108.0	0.5	1.10	108.0	1.3	1.24
Other borrowed money	1,024.9	7.8	1.54	1,014.6	8.3	1.64	1,023.7	13.9	1.36
Corporate bonds ⁽⁶⁾	409.0	7.3	3.57	441.3	7.8	3.57	425.6	15.2	3.59
Subordinated bonds	329.4	6.6	4.03	364.7	7.3	4.01	343.4	13.9	4.07
Other corporate bonds	79.6	0.6	1.65	76.5	0.5	1.50	82.1	1.3	1.59
Other interest-bearing liabilities ⁽²⁾	1,267.2	10.5	n.m. ⁽⁵⁾	1,060.1	13.6	n.m. ⁽⁵⁾	1,094.5	22.5	n.m. ⁽⁵⁾
Total expense on interest-bearing liabilities	9,617.4	53.9	1.12	8,866.9	54.9	1.24	9,065.8	104.3	1.15
Non interest-bearing sources of funds:									
Non interest-bearing (assets) liabilities, net	(203.7)	-	-	(686.0)	-	-	(543.1)	-	-
Total equity — Minority interests in subsidiaries ⁽⁴⁾	691.1	-	-	649.0	-	-	680.2	-	-
Total interest-bearing liabilities and non interest-bearing sources of funds	10,104.8	-	-	8,830.0	-	-	9,202.9	-	-
Net interest margin ⁽¹⁾	-	-	1.82	-	-	1.90	-	-	2.05
Impact of non interest-bearing sources	-	-	0.05	-	-	(0.01)	-	-	0.02
Net revenue/yield on interest-earning assets ⁽¹⁾	-	94.8	1.87	-	83.7	1.90	-	189.9	2.06
Reconciliation of total revenue on interest-earning assets to total interest income:									
Total revenue on interest-earning assets	10,104.8	148.7	2.94	8,830.0	138.7	3.14	9,202.9	294.3	3.20
Less: Income on leased assets and installment receivables	718.4	24.3	6.76	781.4	27.2	6.98	765.6	52.1	6.81
Total interest income	9,386.4	124.4	2.64	8,048.5	111.4	2.77	8,437.3	242.1	2.87
Total interest expense	-	53.9	-	-	54.9	-	-	104.3	-
Net interest income	-	70.5	-	-	56.5	-	-	137.7	-

(1) Includes leased assets and installment receivables and related yields.

(2) Other interest-earning assets and other interest-bearing liabilities include interest swaps and funding swaps.

(3) Excludes average balance of non interest-earning assets.

(4) Represents a simple average of the balance at the end of the current period and the balance at the end of the previous period.

(5) n.m. is not meaningful.

(6) Prior period has been adjusted to conform to current period presentation.

Note 1: Quarterly information is available in the Quarterly Data Book

“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. The Bank considers income on leased assets and installment receivables to be a component of interest income, but JGAAP does not include income on leased assets and installment receivables in net interest income. Under JGAAP, therefore, income on leased assets and installment receivables is reported in “net other business income” in our consolidated statements of operations.

“Net revenue on interest-earning assets” for the six months ended September 30, 2008 was 94.8 billion yen, an increase of 11.1 billion yen compared to the first half of the prior fiscal year. “Total revenue on interest-earning assets” increased by 10.0 billion yen and “total expense on interest-bearing liabilities” decreased by 1.0 billion yen in the first six months of fiscal year 2008 from the first half of the previous fiscal year. The “net yield on interest-earning assets” was 1.87% in the first half of fiscal year 2008, compared with 1.90% for the same period in the prior fiscal year, a decrease of 0.03%.

Analysis of Changes in Net Revenue on Interest-Earning Assets -Table 3- (Consolidated)

	(Billions of yen)		
	Due to change in ⁽¹⁾		Net Change
From the first half fiscal year 2007 to the first half fiscal year 2008	Volume	Rate	
Increase (decrease) in interest revenue:			
Loans and bills discounted	8.7	4.9	13.7
Leased assets and installment receivables	(2.1)	(0.7)	(2.9)
Securities	5.5	(5.2)	0.3
Other interest-earning assets	2.0	(3.1)	(1.0)
Total revenue on interest-earning assets			10.0
Increase (decrease) in interest expenses:			
Deposits, including negotiable certificates of deposit	2.3	0.0	2.2
Debentures	0.0	0.6	0.6
Borrowed money ⁽²⁾	0.0	(0.3)	(0.2)
Subordinated debt	0.0	0.1	0.1
Other borrowed money	0.0	(0.5)	(0.4)
Corporate bonds ⁽²⁾	(0.5)	0.0	(0.5)
Subordinated bonds	(0.7)	0.0	(0.6)
Other corporate bonds	0.0	0.0	0.0
Other interest-bearing liabilities	2.6	(5.8)	(3.1)
Total expense on interest-bearing liabilities			(1.0)
Net increase in net revenue on interest-earning assets			11.1
Reconciliation of total revenue on interest-earning assets to total interest income:			
Total revenue on interest-earning assets			10.0
Less: Income on leased assets and installment receivables			(2.9)
Total interest income			12.9
Total interest expenses			(1.0)
Net increase in net interest income			14.0

(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.

(2) Prior period has been adjusted to conform to current period presentation.

The 10.0 billion yen increase in “total revenue on interest-earning assets” in the first half of fiscal year 2008 is primarily attributable to both a higher volume and rate on loans and bills discounted. The increase in average balance of loans and bills discounted was primarily the result of inclusion of consumer loans by Shinki and growth in retail housing loans, which also benefited from increasing yields on those loans. Shinki contributed 11.3 billion yen to the net increase in “net revenue on interest-earning assets” on a consolidated basis. The rise in securities interest revenue, due primarily to the increase of Japanese National Government bonds, was offset by lower yields on these assets.

The 1.0 billion yen decrease in “total expense on interest-bearing liabilities” was primarily due to the decreased rates on “other interest-bearing liabilities.” The increase in deposits and NCD interest expense was primarily due to an increase in the average balance to 6,117.2 billion yen from 5,549.7 billion yen. This expense was offset by a decline in “other interest bearing liabilities” expense of 3.1 billion yen.

Non-Interest Income -Table 4- (Consolidated)

(Billions of yen, except percentages)

	1st Half FY2008 (6 months)	1st Half FY2007 (6 months)	%	FY2007 (12 months)
			Change	
Net fees and commissions	17.2	23.2	(25.6)	40.8
Net trading income (loss)	(0.9)	7.2	(113.7)	9.0
Net other business income	15.5	51.7	(70.0)	75.0
Income on leased assets and installment receivables	24.3	27.2	(10.8)	52.1
Total non-interest income	31.8	82.2	(61.3)	125.0

Note 1: Quarterly information is available in the Quarterly Data Book

“Total non-interest income” for the six months ended September 30, 2008 amounted to 31.8 billion yen, a decrease of 50.4 billion yen or 61.3% compared to the first half of the previous fiscal year. This includes revenue from fees and commissions, trading and other non-interest sources, including revenue from leased assets and installment receivables.

“Net fees and commissions” mainly includes fees on non-recourse real estate finance, consumer finance related guarantees and other financing products and commissions on sales of asset management products. “Net fees and commissions” of 17.2 billion yen were earned in the six months ended September 30, 2008, a decrease of 5.9 billion yen compared to the same period of the previous year, primarily as a result of the ongoing turmoil in the global financial markets.

“Net trading income” reflects revenues from customer-driven transactions as well as transactions undertaken for trading purposes. During the first half of fiscal year 2008, “Net trading income” showed a loss of 0.9 billion yen, a

decline of 8.2 billion yen from the same period in the previous fiscal year. The decline in the “Net trading income” includes 3.6 billion yen in losses on positions related to Lehman Brothers.

“Net other business income” for the first half ended September 30, 2008 was 15.5 billion yen. This included income of 24.3 billion yen from the leased assets and installment receivables businesses of Showa Leasing and APLUS. Excluding such income, “Net other business income” for the first half of fiscal year 2008 showed a loss of 8.7 billion yen, a decrease of 33.3 billion yen from the same period in the previous fiscal year. The decrease includes 15.6 billion yen of mark-downs on European investments, asset-backed investments and asset-backed securities, as well as 4.7 billion yen of additional losses on Lehman bonds.

General and Administrative Expenses -Table 5- (Consolidated)

(Billions of yen, except percentages)

	1st Half FY2008 (6 months)	1st Half FY2007 (6 months)	% Change	FY2007 (12 months)
Personnel expenses	29.8	32.4	(8.0)	63.6
Premises expenses	11.2	8.6	29.5	18.6
Technology and data processing expenses	11.5	10.1	13.8	21.8
Advertising expenses	4.2	5.0	(14.7)	9.9
Consumption and property taxes	3.4	4.2	(18.4)	8.4
Deposit insurance premium	1.9	1.7	13.3	3.4
Other general and administrative expenses	14.5	15.1	(4.1)	31.9
General and administrative expenses	76.7	77.3	(0.7)	157.8

Note 1: Quarterly information is available in the Quarterly Data Book

“General and administrative expenses” were 76.7 billion yen in the first six months of fiscal year 2008, a decrease of 0.5 billion yen compared to same period in the previous fiscal year.

Lower expenses were incurred despite the consolidation of Shinki Co., Ltd.’s (“Shinki”) financial results for the first six months of fiscal year 2008, which for the prior period was accounted for as an equity method affiliate. Excluding 5.5 billion yen of Shinki expenses, including allocated expenses, expenses declined to 71.2 billion yen in the current period, a decrease of 6.1 billion yen from the year earlier period.

“Personnel expenses” of 29.8 billion yen were 2.6 billion yen lower than in the first half of the previous fiscal year. The

decrease was largely due to ongoing expense reductions.

“Non-personnel expenses” rose compared to the same period in the prior fiscal year mainly due to the inclusion of Shinki’s financial results. Premises expenses increased mainly due to Shinki’s “Premises expenses” and office rent for the Shinsei Bank headquarters building. Advertising expenses were 0.7 billion yen lower than the same period last fiscal year reflecting continued optimization of advertising activities in Individual Group businesses. Consumption and property taxes were 0.7 billion yen lower mainly due to the absence of property taxes caused by the sale of the Shinsei Bank headquarters building in March 2008.

Net Credit Costs -Table 6- (Consolidated)

(Billions of yen, except percentages)

	1st Half FY2008 (6 months)	1st Half FY2007 (6 months)	% Change	FY2007 (12 months)
Losses on write-off of loans/Losses on sale of loans	2.9	0.0	2880.9	3.1
Net provision (reversal) of reserve for loan losses:	40.6	28.2	43.9	73.3
Net provision (reversal) of general reserve for loan losses	18.4	(5.4)	440.3	22.8
Net provision (reversal) of specific reserve for loan losses	22.1	33.6	(34.2)	50.4
Net provision (reversal) of reserve for loan losses to restructuring countries	(0.0)	(0.0)	(42.9)	0.0
Net provision (reversal) of specific reserve for other credit losses	(2.2)	1.0	(324.0)	(6.3)
Other credit costs relating to leasing business	0.3	1.3	(74.9)	3.4
Net credit costs	41.6	30.7	35.6	73.5

Note 1: Quarterly information is available in the Quarterly Data Book

We recorded “net credit costs” of 41.6 billion yen for the half year ended September 30, 2008 compared with “net credit costs” of 30.7 billion yen for the half year ended September 30, 2007. The increase in “net credit costs” was driven by

higher credit costs for a loan to a subsidiary of Lehman Brothers of 18.6 billion yen, and an increase in our provisions for European asset-backed investments which totaled 6.5 billion yen for the half year.

Major Balance Sheet Data -Table 7- (Consolidated)

	(Billions of yen, except percentages)				
	Sep 30 2008	Sep 30 2007	Change	Mar 31 2008	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Call loans	199.0	736.1	(537.1)	-	199.0
Other monetary claims purchased	454.6	445.1	9.5	468.8	(14.2)
Monetary assets held in trust	377.2	417.6	(40.4)	371.5	5.7
Securities	1,994.3	2,368.5	(374.2)	1,980.2	14.1
Loans and bills discounted	6,579.7	5,456.5	1,123.2	5,622.2	957.5
Lease receivables and leased investment assets	252.6	/	/	/	/
Other assets	1,109.7	1,018.4	91.3	1,100.1	9.6
Installment receivables	420.6	438.5	(17.9)	421.8	(1.2)
Premises and equipment	53.7	372.2	(318.5)	305.7	(252.0)
Tangible leased assets	11.6	284.4	(272.8)	264.9	(253.3)
Intangible assets	228.5	238.8	(10.3)	233.1	(4.6)
Goodwill, net	146.5	154.1	(7.6)	142.2	4.3
Other intangible assets ⁽¹⁾	48.8	18.4	30.4	23.6	25.2
Intangible leased assets	1.5	41.2	(39.7)	39.6	(38.1)
Customers' liabilities for acceptances and guarantees	695.5	725.5	(30.0)	701.7	(6.2)
Total assets	12,446.2	12,423.4	22.8	11,525.7	920.5
Deposits and negotiable certificates of deposit	6,415.6	5,870.6	545.0	5,806.6	609.0
Debentures and corporate bonds	1,155.6	1,119.3	36.3	1,088.7	66.9
Call money	480.8	1,377.4	(896.6)	632.1	(151.3)
Borrowed money	1,062.7	1,092.7	(30.0)	1,127.2	(64.5)
Other liabilities	669.3	766.1	(96.8)	708.7	(39.4)
Acceptances and guarantees	695.5	725.5	(30.0)	701.7	(6.2)
Total liabilities	11,527.8	11,488.7	39.1	10,560.5	967.3
Total equity	918.4	934.6	(16.2)	965.2	(46.8)

(1) Intangible assets recorded through consolidation of GE Consumer Finance, APLUS, Showa Leasing and Shinki.

Note 1: Quarterly information is available in the Quarterly Data Book

Shinsei Bank's "loans and bills discounted" balance was 6,579.7 billion yen as at September 30, 2008 as compared to 5,622.2 billion yen as at March 31, 2008. Loan growth in the first half of fiscal year 2008 was largely due to the acquisition of GE Consumer Finance on September 22, 2008. Loans at GE Consumer Finance totaled 743.6 billion yen at September 30, 2008. In addition to the increase in consumer finance loans, loans to retail customers, including lending to high net worth individuals, grew 11.2% or 101.7 billion yen to 1,009.1 billion yen. Corporate loans increased 2.0% to 2,913.9 billion yen and the non-recourse real estate finance balance increased 1.9% to 708.9 billion yen.

"Securities" balance as of September 30, 2008 amounted to 1,994.3 billion yen as compared to 1,980.2 billion yen as of March 31, 2008.

Shinsei Bank continues to diversify its funding base through deposits from retail customers. Total "deposits" increased 609.0 billion yen or 10.5% from March 31, 2008 to 6,415.6 billion yen in the first half ended September 30, 2008. The retail deposits balance, including high net worth customers, totaled 4,248.1 billion yen at September 30, 2008, an increase of 254.3 billion yen compared to March 31, 2008. Retail Banking represents 63.8% of the Bank's total funding through customer deposits and "debentures".

Risk-Monitored Loans -Table 8- (Consolidated)

(Billions of yen, except percentages)

	Sep 30 2008	Sep 30 2007	Change	Mar 31 2008	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Loans to bankrupt obligors	26.4	0.8	25.6	2.1	24.3
Non-accrual delinquent loans	64.8	41.6	23.1	42.5	22.3
Loans past due for three months or more	1.5	9.9	(8.4)	4.7	(3.2)
Restructured loans	73.4	25.5	47.8	54.9	18.4
Total (A)	166.2	77.9	88.2	104.4	61.8
Loans and bills discounted (B)	6,579.7	5,456.5	1,123.1	5,622.2	957.4
Ratio to total loans and bills discounted (A / B X 100)(%)	2.53%	1.43%	1.10%	1.86%	0.67%
Reserve for credit losses (C)	135.1	141.7	(6.5)	145.9	(10.8)
Reserve ratio (C / A X 100)(%)	81.3%	181.7%	(100.4)%	139.7%	(58.4)%

Note 1: Quarterly information is available in the Quarterly Data Book

Reserve for Credit Losses -Table 9- (Consolidated)

(Billions of yen)

	Sep 30 2008	Sep 30 2007	Change	Mar 31 2008	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
General reserve for loan losses	82.0	83.1	(1.1)	96.6	(14.5)
Specific reserve for loan losses	53.0	58.5	(5.4)	49.3	3.7
Reserve for loans to restructuring countries	0.0	0.0	0.0	0.0	(0.0)
Total reserve for credit losses	135.1	141.7	(6.5)	145.9	(10.8)

Loans by Borrower Industry -Table 10- (Consolidated)

(Billions of yen)

	Sep 30 2008	Sep 30 2007	Change	Mar 31 2008	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	224.0	280.8	(56.8)	191.8	32.2
Agriculture	0.0	0.0	(0.0)	0.0	(0.0)
Forestry	-	0.0	(0.0)	-	-
Fishery	2.8	0.8	2.0	2.9	(0.1)
Mining	4.6	5.6	(1.0)	4.5	0.1
Construction	15.3	16.1	(0.8)	20.4	(5.1)
Electric power, gas, heat supply and water supply	66.8	77.8	(11.0)	74.6	(7.8)
Information and communications	47.5	56.7	(9.2)	50.0	(2.5)
Transportation	362.9	381.3	(18.4)	379.4	(16.5)
Wholesale and retail	129.0	108.5	20.5	138.0	(9.0)
Finance and insurance	1,179.9	1,051.0	128.9	1,248.0	(68.1)
Real estate	1,270.0	1,453.3	(183.3)	1,295.1	(25.1)
Services	373.2	364.0	9.2	374.0	(0.8)
Local government	301.1	60.8	240.3	118.1	183.0
Others	2,460.9	1,469.0	991.9	1,597.9	863.0
Loans to individual customers (retail banking, GE Consumer Finance, APLUS and Shinki)	2,008.6	972.4	1,036.2	1,174.7	833.9
Total domestic (A)	6,438.5	5,326.3	1,112.2	5,495.3	943.2
Overseas offices (including Japan offshore market accounts):					
Governments	1.2	0.8	0.4	1.1	0.1
Financial institutions	-	-	-	-	-
Others	139.8	129.3	10.5	125.6	14.2
Total overseas (B)	141.1	130.1	11.0	126.8	14.3
Total (A+B)	6,579.7	5,456.5	1,123.2	5,622.2	957.5

Marketable Securities, at Fair Value -Table 11- (Consolidated)

(Billions of yen)

	Sep 30, 2008				Sep 30, 2007				Mar 31, 2008			
	Net unrealized gain (loss) (a) - (b)				Net unrealized gain (loss) (a) - (b)				Net unrealized gain (loss) (a) - (b)			
	Fair value	Gross unrealized gains (a)	Gross unrealized losses (b)		Fair value	Gross unrealized gains (a)	Gross unrealized losses (b)		Fair value	Gross unrealized gains (a)	Gross unrealized losses (b)	
Equity securities (domestic)	17.2	(4.8)	0.7	5.6	23.5	(0.1)	2.1	2.2	19.1	(3.1)	1.0	4.2
Bonds (domestic)	668.9	(5.3)	0.4	5.7	880.6	(3.5)	0.3	3.8	544.9	(3.4)	1.0	4.4
Other ⁽¹⁾	414.5	(48.4)	5.8	54.3	528.8	(0.2)	11.8	12.1	491.5	(28.6)	8.4	37.1
Other Securities	1,100.7	(58.6)	7.1	65.7	1,433.0	(3.9)	14.3	18.3	1,055.6	(35.2)	10.6	45.8

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

Hedge-Accounting Derivative Transactions -Table 12- (Consolidated)

(Billions of yen)

Notional Principal Amount (Consolidated)	Sep 30, 2008			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
Interest rate swaps:				
Receive fixed and pay floating	4.9	378.4	237.8	621.2
Receive floating and pay fixed	66.6	377.8	190.3	634.8
Receive floating and pay floating	-	-	-	-
Total notional principal amount	71.6	756.3	428.1	1,256.0
Currency swaps	180.9	282.5	381.7	845.2
Total notional principal amount	180.9	282.5	381.7	845.2

Deposits -Table 13- (Consolidated)

(Billions of yen)

	Sep 30, 2008 (a)	Sep 30, 2007 (b)	Change (a)-(b)	Mar 31, 2008 (c)	Change (a)-(c)
Deposits	5,671.1	5,151.3	519.8	5,229.4	441.7
Liquid (current, ordinary, note) deposits	1,375.7	1,537.9	(162.2)	1,421.3	(45.6)
Time deposits	4,054.9	3,153.3	901.6	3,523.7	531.2
Other	240.4	459.9	(219.5)	284.3	(43.9)
Negotiable Certificates of Deposits (NCDs)	744.4	719.3	25.1	577.1	167.3
Total	6,415.6	5,870.6	545.0	5,806.6	609.0

Financial Ratios -Table 14- (Consolidated)

	1st Half FY2008 (6 months)	1st Half FY2007 (6 months)	FY2007 (12 months)
Return on assets ⁽¹⁾	(0.3)% ⁽⁴⁾	0.4% ⁽⁴⁾	0.5%
Return on equity ⁽²⁾	(5.6)% ⁽⁴⁾	9.2% ⁽⁴⁾	10.4%
Return on equity (fully diluted) ⁽³⁾	(5.6)% ⁽⁴⁾	7.2% ⁽⁴⁾	8.8%
Cash basis return on assets ⁽¹⁾	(0.2)% ⁽⁴⁾	0.5% ⁽⁴⁾	0.6%
Cash basis return on equity ⁽²⁾	(4.1)% ⁽⁴⁾	11.5% ⁽⁴⁾	12.4%
Cash basis return on equity (fully diluted) ⁽³⁾	(4.1)% ⁽⁴⁾	8.9% ⁽⁴⁾	10.5%
Expense-to-revenue ratio ^{(5) (6)}	75.0%	55.8%	60.1%

(1) Return on assets:

$$\frac{\text{Net income}}{(\text{Total assets at the BOP} + \text{Total assets at the EOP}) / 2}$$

BOP: beginning of period
EOP: end of period

For the calculation of cash basis return on assets, goodwill and other intangibles are excluded from the amount of total assets.

(2) Return on equity:

$$\frac{\text{Net income} - \text{dividends on preferred shares}}{(\text{Total equity eligible for common shareholders at the BOP} + \text{Total equity eligible for common shareholders at the EOP}) / 2}$$

(3) Return on equity (fully diluted):

$$\frac{\text{Net income}}{((\text{Total equity at the BOP} - \text{Share warrants at the BOP} - \text{Minority interests at the BOP}) + (\text{Total equity at the EOP} - \text{Share warrants at the EOP} - \text{Minority interests at the EOP})) / 2}$$

(4) Annualized basis.

(5) Management accounting basis.

(6) Expense denotes general and administrative expenses.

Note 1: Quarterly information is available in the Quarterly Data Book

Capital Adequacy Data -Table 15- (Consolidated)

	<i>(Billions of yen, except percentages)</i>				
	Sep 30 2008 (a)	Sep 30 2007 (b)	Change (a)-(b)	Mar 31 2008 (c)	Change (a)-(c)
Basic items (Tier I)	613.6	647.6	(34.0)	679.7	(66.1)
Supplementary items (Tier II)	499.8	537.0	(37.1)	530.2	(30.4)
General reserve for loan losses	13.8	14.7	(0.8)	5.7	8.0
Perpetual/non-perpetual preferred stocks and Perpetual/non-perpetual subordinated debt and bonds	513.1	567.6	(54.4)	529.2	(16.0)
Deductions	(27.2)	(45.3)	18.1	(4.7)	(22.4)
Deduction	(110.8)	(131.0)	20.2	(128.0)	17.2
Total capital ⁽²⁾	1,002.6	1,053.5	(50.9)	1,081.9	(79.3)
Risk assets	9,558.9	8,494.1	1,064.7	9,212.5	346.3
Capital adequacy ratio	10.48%	12.40%	-	11.74%	-
Tier I capital ratio	6.41%	7.62%	-	7.37%	-

(1) Calculated by new standard (Basel II, F-IRB)

(2) Consolidated total required capital is 703.8 billion yen as at September 30, 2008, 683.6 billion yen as at March 31, 2008, and 652.4 billion yen as at September 30, 2007.

Note 1: Quarterly information is available in the Quarterly Data Book

Per Share Data -Table 16- (Consolidated)

(Yen, except percentages)

	1st Half FY2008 (6 months)	1st Half FY2007 (6 months)	% Change	FY2007 (12 months)	% Change
Common equity	338.12	352.71	(4.1)	364.35	(7.2)
Fully diluted equity	338.12	354.04	(4.5)	364.35	(7.2)
Basic net income (loss)	(9.81)	15.72	(162.5)	38.98	(125.2)
Diluted net income (loss)	(9.81)	12.72	(177.2)	32.44	(130.3)
Cash basis:					
Basic net income (loss)	(7.28)	19.57	(137.2)	46.31	(115.7)
Diluted net income (loss)	(7.28)	15.77	(146.2)	38.50	(118.9)
For calculation of per share data:					
Equity:	Number of common shares ⁽¹⁾		1,963,922,463	1,577,143,785	1,963,910,456
	Fully diluted number of shares ⁽¹⁾		1,963,922,463	1,846,272,673	1,963,910,456
Net income:	Number of common shares ⁽²⁾		1,963,911,372	1,443,810,834	1,529,530,977
	Fully diluted number of shares ⁽²⁾		1,963,911,372	1,821,783,259	1,852,346,309

(1) Outstanding shares at the end of the respective periods.

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

Note 1: Quarterly information is available in the Quarterly Data Book

“Diluted net loss per share” for the six-month period ended September 30, 2008 was 9.81 yen. “Cash basis diluted net loss per share” for the six-month period ended September

2008 was 7.28 yen, a decline of 146.2%, as compared to the same period last year.

Business Lines Results -Table 17- (Consolidated)

(Billions of yen, except percentages)

	1st Half FY2008 (6 months)	1st Half FY2007 ⁽²⁾ (6 months)	% Change	FY2007 ⁽²⁾ (12 months)
Institutional Group:				
Net interest income	23.5	18.6	26.5	49.5
Non-interest income	3.8	53.7	(92.8)	68.2
Total revenue	27.4	72.3	(62.0)	117.7
General and administrative expenses	29.9	33.0	(9.2)	63.3
Ordinary business (loss) profit	(2.5)	39.3	(106.4)	54.4
Net credit costs	26.7	7.1	275.1	28.3
Ordinary business (loss) profit after net credit costs	(29.2)	32.1	(190.8)	26.1
Individual Group:				
Net interest income	44.2	33.1	33.7	80.8
Non-interest income	27.0	27.4	(1.5)	54.6
Total revenue	71.2	60.5	17.8	135.5
General and administrative expenses	47.1	44.4	6.2	93.1
Ordinary business profit	24.1	16.1	49.8	42.3
Net credit costs	16.6	22.0	(24.4)	43.9
Ordinary business profit (loss) after net credit costs	7.4	(5.9)	224.5	(1.5)
Corporate/Other⁽¹⁾:				
Net interest income	2.6	4.7	(43.5)	7.3
Non-interest income	0.9	1.1	(17.8)	2.0
Total revenue	3.5	5.8	(38.6)	9.4
General and administrative expenses	(0.3)	(0.1)	(236.8)	1.3
Ordinary business profit	3.9	5.9	(33.6)	8.1
Net credit (recoveries) costs	(1.7)	1.5	(215.1)	1.3
Ordinary business profit after net credit (recoveries) costs	5.7	4.4	28.1	6.7
Total:				
Net interest income	70.5	56.5	24.8	137.7
Non-interest income	31.8	82.2	(61.3)	125.0
Total revenue	102.3	138.7	(26.2)	262.7
General and administrative expenses	76.7	77.3	(0.7)	157.8
Ordinary business profit	25.5	61.3	(58.3)	104.9
Net credit costs	41.6	30.7	35.6	73.5
Ordinary business (loss) profit after net credit costs	(16.0)	30.6	(152.5)	31.3

(1) Corporate/Other largely includes results of equity and sub-debt finance activities, corporate level expenses and credit costs.

(2) Prior period has been adjusted to conform to current period presentation.

Note 1: Quarterly information is available in the Quarterly Data Book

⁽¹⁾
Institutional Group -Table 18- (Consolidated)

(Billions of yen, except percentages)

	1st Half FY2008 (6 months)	1st Half FY2007 ⁽³⁾ (6 months)	% Change	FY2007 ⁽³⁾ (12 months)
Institutional Banking⁽²⁾ :				
Net interest income	26.0	21.7	19.8	55.8
Non-interest income	(10.0)	36.5	(127.4)	36.1
Total revenue	16.0	58.2	(72.4)	91.9
General and administrative expenses	23.7	26.3	(9.8)	50.0
Ordinary business (loss) profit	(7.6)	31.9	(124.0)	41.4
Net credit costs	22.9	4.1	455.8	19.6
Ordinary business (loss) profit after net credit costs	(30.5)	27.8	(209.9)	21.8
Showa Leasing :				
Net interest income	(2.5)	(3.1)	20.0	(6.2)
Non-interest income	13.9	17.1	(19.1)	32.1
Total revenue	11.4	14.0	(18.8)	25.8
General and administrative expenses	6.2	6.7	(6.7)	12.8
Ordinary business profit	5.1	7.3	(29.9)	13.0
Net credit costs	3.8	2.9	26.7	8.7
Ordinary business profit after net credit costs	1.3	4.3	(69.0)	4.3
Institutional Group:				
Net interest income	23.5	18.6	26.5	49.5
Non-interest income	3.8	53.7	(92.8)	68.2
Total revenue	27.4	72.3	(62.0)	117.7
General and administrative expenses	29.9	33.0	(9.2)	63.3
Ordinary business (loss) profit	(2.5)	39.3	(106.4)	54.4
Net credit costs	26.7	7.1	275.1	28.3
Ordinary business (loss) profit after net credit costs	(29.2)	32.1	(190.8)	26.1

(1) Net of consolidation adjustments, if applicable.

(2) Represents "Institutional Group excluding Showa Leasing."

(3) Prior period has been adjusted to conform to current period presentation.

Note 1: Quarterly information is available in the Quarterly Data Book

The Institutional Group consists of the Institutional Banking business and Showa Leasing. The Institutional Banking business generated "total revenue" of 16.0 billion yen in the first six months of this fiscal year. This is 42.2 billion yen, or 72.4%, lower than the same period last fiscal year. Our non-recourse real estate finance business generated revenue of 10.9 billion yen, an increase of 1.4 billion yen compared to same period in the last fiscal year. Basic Banking and Credit Trading generated total revenues of 7.5 billion yen and 11.1 billion yen respectively in the first half of fiscal year 2008, slightly below the 8.1 billion yen and 12.7 billion yen generated in the same period of the previous year. Foreign exchange, derivatives and equity-related transactions showed a loss of 2.5 billion yen from the 8.3 billion yen revenue recorded in the first half of the previous fiscal year. This includes 3.0 billion yen of losses on our Lehman holdings. Our principal investments business generated revenues of 0.5 billion yen, or 11.7 billion yen lower than in the prior year. Principal investments revenue

for the first half of fiscal year 2008 includes 5.1 billion yen of mark downs on European investments. Securitization recognized a loss of 8.3 billion yen during the first half of fiscal year 2008. This includes mark-downs of 10.5 billion yen on European asset-backed investments and asset-backed securities. Our "Other Capital Markets" businesses generated a loss of 7.2 billion yen for the current period, compared to revenue of 1.1 billion yen in the prior period. This includes a loss of 4.7 billion yen related to Lehman Brothers.

In the first half of this fiscal year, Institutional Banking "general and administrative expenses" were 23.7 billion yen, a 2.5 billion yen decrease from the first half in the previous fiscal year. The decrease was largely due to stricter cost controls and cost reduction measures put in place across the business.

"Ordinary business loss" for the first half of fiscal year 2008 was 7.6 billion yen, compared to an "ordinary business profit" of 31.9 billion yen in the prior period. The increase in

“net credit costs” to 22.9 billion yen from 4.1 billion yen in the prior period was primarily driven by 18.6 billion yen of credit costs related to a loan to a subsidiary of Lehman Brothers. As a result, Institutional Banking showed an “ordinary business loss after net credit costs” of 30.5 billion yen for the first half of fiscal year 2008, compared to an “ordinary

business profit after net credit costs” of 27.8 billion yen in the prior period.

Showa Leasing’s “ordinary business profit after net credit costs” declined to 1.3 billion yen for the first half of fiscal year 2008 from 4.3 billion yen in the same period of the prior fiscal year.

Individual Group ⁽¹⁾-Table 19- (Consolidated)

(Billions of yen, except percentages)

	1st Half FY2008 (6 months)	1st Half FY2007 ⁽³⁾ (6 months)	% Change	FY2007 ⁽³⁾ (12 months)
Retail Banking:				
Net interest income	12.7	9.8	30.2	21.0
Non-interest income	6.5	8.2	(20.6)	13.0
Total revenue	19.3	18.0	6.9	34.0
General and administrative expenses	18.8	20.3	(7.0)	40.1
Ordinary business profit (loss)	0.4	(2.2)	121.3	(6.0)
Net credit costs	0.1	0.1	(24.7)	0.3
Ordinary business profit (loss) after net credit costs	0.3	(2.3)	114.1	(6.3)
(Reference) Revenue from structured deposits	3.1	3.5	(11.6)	5.7
GE Consumer Finance:				
Net interest income				
Non-interest income				
Total revenue				
General and administrative expenses				
Ordinary business profit				
Net credit costs				
Ordinary business profit (loss) after net credit costs				
APLUS:				
Net interest income	18.2	21.3	(14.5)	41.8
Non-interest income	20.6	25.6	(19.5)	48.2
Total revenue	38.8	46.9	(17.2)	90.0
General and administrative expenses	21.6	22.9	(5.7)	45.1
Ordinary business profit	17.2	24.0	(28.2)	44.8
Net credit costs	12.1	19.8	(38.5)	38.2
Ordinary business profit after net credit costs	5.0	4.2	20.0	6.6
Shinki:				
Net interest income	11.3	(0.0)	16,282.9	13.7
Non-interest income	(0.6)	(6.8)	90.5	(7.4)
Total revenue	10.6	(6.9)	254.7	6.3
General and administrative expenses	5.5	0.0	6,521.7	5.6
Ordinary business profit (loss)	5.1	(6.9)	173.5	0.7
Net credit costs	2.9	1.9	46.9	4.5
Ordinary business profit (loss) after net credit costs	2.2	(8.9)	124.8	(3.8)
Other Subsidiaries ⁽²⁾:				
Net interest income	1.9	2.0	(5.8)	4.2
Non-interest income	0.3	0.2	38.2	0.8
Total revenue	2.3	2.3	(0.6)	5.0
General and administrative expenses	1.0	1.0	(0.1)	2.2
Ordinary business profit	1.2	1.2	(1.1)	2.8
Net credit costs	1.4	0.1	1,199.4	0.8
Ordinary business (loss) profit after net credit costs	(0.1)	1.1	(116.8)	2.0
Total Individual Group:				
Net interest income	44.2	33.1	33.7	80.8
Non-interest income	27.0	27.4	(1.5)	54.6
Total revenue	71.2	60.5	17.8	135.5
General and administrative expenses	47.1	44.4	6.2	93.1
Ordinary business profit	24.1	16.1	49.8	42.3
Net credit costs	16.6	22.0	(24.4)	43.9
Ordinary business profit (loss) after net credit costs	7.4	(5.9)	224.5	(1.5)

(1) Net of consolidation adjustments, if applicable.

(2) Includes Shinsei Property Finance and unallocated Consumer Finance Sub-Group financials.

(3) Prior period has been adjusted to conform to current period presentation.

Note 1: Quarterly information is available in the Quarterly Data Book

The Individual Group consists of the Retail Banking business as well as the subsidiaries APLUS, Shinki and Shinsei Property Finance. In addition, on September 22, 2008, we acquired GE Consumer Finance from GE Japan Holdings Corporation. GE Consumer Finance's results will be incorporated in our Results of Operations from the third quarter of fiscal year 2008. For the current period, only Balance Sheet data is contained within this Financial Summary.

During the first six months of this fiscal year, the Individual Group generated "ordinary business profit after net credit costs" of 7.4 billion yen compared to an "ordinary business loss after net credit costs" of 5.9 billion yen during the first half of the previous fiscal year. The improved "ordinary business profit after net credit costs" reflects the progress that we have made in our Retail Banking, APLUS and Shinki businesses.

During the first six months of this fiscal year, total Retail Banking revenue was 19.3 billion yen as compared to 18.0 billion yen during the first half 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. During the half, we generated "net interest income" of 12.7 billion yen compared to 9.8 billion yen during the prior fiscal year. The increase in "net interest income" comes primarily from increases in "deposits and debentures net interest income" as well as from loans. Non-interest income declined to 6.5 billion yen from 8.2 billion yen in the prior fiscal year period as fees from asset management products declined.

Retail Banking incurred general and administrative expenses of 18.8 billion yen during the six-month period, a decrease of 7.0% as compared to the first half in the previous fiscal year. The business generated "ordinary business profit" of 0.4 billion yen for the first six months of fiscal year 2008, as compared to an "ordinary business loss" of 2.2 billion yen during the first half of the previous fiscal year. The net profit within Retail Banking reflects the steps that we have made to restructure our business and focus upon providing profitable products and services to our customer base.

In the six months ended September 30, 2008, APLUS generated "total revenue" of 38.8 billion yen, compared to

46.9 billion yen in the same period of the prior fiscal year. The decline in revenue was largely due to tighter credit controls that we enacted earlier in this fiscal year. The revenue shortfall was more than fully offset by lower expenses and "net credit costs." "General and administrative expenses" declined to 21.6 billion yen from 22.9 billion yen in the previous fiscal year, while "net credit costs" were 12.1 billion yen and 19.8 billion yen for the respective periods. As a result, the business generated "ordinary business profit after net credit costs" of 5.0 billion yen in the first half of fiscal year 2008, an increase of 0.8 billion yen from the same period in the previous fiscal year.

During the first six months of fiscal year 2007, Shinsei Bank accounted for its interest in Shinki under the equity-method of accounting. Accordingly, results for Shinki in the first half of fiscal year 2007 reflect our equity interest in the company and credit provision for loans from Shinsei Bank to Shinki. For the first half of fiscal year 2008, Shinki recorded "total revenue" of 10.6 billion yen, "general and administrative expenses" of 5.5 billion yen and "net credit costs" of 2.9 billion yen, for an "ordinary business profit after net credit costs" of 2.2 billion yen. This compares to an "ordinary business loss after net credit costs" of 8.9 billion yen in the first half of fiscal year 2007.

APLUS' grey zone payments and write-offs amounted to 3.6 billion yen in the first half of fiscal year 2008. The business made new grey zone related provisions of 2.7 billion yen and, as a result, the total balance of the grey zone reserve was 7.7 billion yen as of September 30, 2008, as compared to 8.6 billion yen as of March 31, 2008.

Shinki's grey zone payments and write-offs amounted to 7.6 billion yen in the first half of fiscal year 2008. The total balance of the grey zone reserve was 23.0 billion yen as of September 30, 2008, as compared to 30.6 billion yen as of March 31, 2008.

Other subsidiaries' financials mainly includes the financial results of Shinsei Property Finance Co., Ltd.

Supplemental Cash Basis Financial Data and Reconciliation to Japanese GAAP Measures -Table 20- (Consolidated)

For the first half fiscal year 2008

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

Amortization of goodwill and other intangible assets	
Amortization of other intangible assets	1.8
Associated deferred tax liability	(0.7)
Amortization of goodwill	3.8
Total amortization of goodwill and other intangible assets, net of tax benefit	4.9
Reconciliation of net income to cash basis net income	
Net income	(19.2)
Amortization of goodwill and other intangible assets, net of tax benefit	4.9
Cash basis net income	(14.3)
Reconciliation of basic net income per share to cash basis basic net income per share	
Basic net income per share	(9.8)
Effect of amortization of goodwill and other intangible assets, net of tax benefit	2.5
Cash basis basic net income per share	(7.2)
Reconciliation of fully diluted net income per share to cash basis fully diluted net income per share	
Fully diluted net income per share	(9.8)
Effect of amortization of goodwill and other intangible assets, net of tax benefit	2.5
Cash basis fully diluted net income per share	(7.2)
Reconciliation of return on assets to cash basis return on assets	
Return on assets	(0.3)
Effect of amortization of goodwill and other intangible assets, net of tax benefit	0.1
Cash basis return on assets	(0.2)
Reconciliation of return on equity to cash basis return on equity	
Return on equity (fully diluted)	(5.6)
Effect of amortization of goodwill and other intangible assets, net of tax benefit	1.4
Cash basis return on equity (fully diluted)	(4.1)
Reconciliation of return on equity to return on tangible equity	
Return on equity (fully diluted)	(5.6)
Effect of goodwill and other intangible assets	0.1
Return on tangible equity (fully diluted) ⁽¹⁾	(5.4)

(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.

Interim Consolidated Statements of Operations (Unaudited) (Consolidated)

(millions of yen, except percentages)

	1st Half FY2008	1st Half FY2007	Change		FY2007
			Amount	%	
Total interest income	124,451	111,494	12,957	11.6	242,171
Interest on loans and bills discounted	98,053	84,345	13,708	16.3	186,747
Interest and dividends on securities	20,937	20,597	340	1.7	42,768
Other interest income	5,461	6,551	(1,090)	(16.6)	12,654
Fees and commissions income	28,888	35,164	(6,276)	(17.8)	65,977
Trading profits	5,227	7,271	(2,044)	(28.1)	9,719
Other business income	112,470	133,748	(21,278)	(15.9)	246,601
Other ordinary income	12,297	18,013	(5,716)	(31.7)	29,032
Ordinary income	283,335	305,692	(22,357)	(7.3)	593,503
Total interest expenses	53,900	54,981	(1,081)	(2.0)	104,395
Interest on deposits	22,463	21,156	1,307	6.2	43,467
Interest on borrowings	8,658	8,929	(271)	(3.0)	15,256
Interest on corporate bonds	7,318	7,882	(564)	(7.2)	15,278
Other interest expenses	15,460	17,013	(1,553)	(9.1)	30,394
Fees and commissions expenses	11,646	11,974	(328)	(2.7)	25,141
Trading losses	6,219	37	6,182	16,708.1	629
Other business expenses	100,487	91,311	9,176	10.0	187,320
Total general and administrative expenses	83,281	83,576	(295)	(0.4)	171,295
General and administrative expenses	77,547	77,468	79	0.1	158,761
Amortization of goodwill	3,872	4,748	(876)	(18.4)	9,277
Amortization of intangible assets	1,861	1,358	503	37.0	3,257
Other ordinary expenses	52,864	40,896	11,968	29.3	93,498
Provision of reserve for loan losses	38,378	29,272	9,106	31.1	66,966
Others	14,486	11,623	2,863	24.6	26,531
Ordinary expenses	308,399	282,777	25,622	9.1	582,281
Net ordinary income (loss)	(25,063)	22,914	(47,977)	(209.4)	11,222
Special gains	20,271	21,622	(1,351)	(6.2)	88,916
Special losses	4,402	1,282	3,120	243.4	7,582
Income (loss) before income taxes and minority interests:	(9,194)	43,254	(52,448)	(121.3)	92,556
Income taxes (benefit)					
Current	2,412	4,053	(1,641)	(40.5)	4,902
Deferred	(596)	5,319	(5,915)	(111.2)	9,500
Minority interests in net income of subsidiaries	8,274	10,696	(2,422)	(22.6)	18,044
Net income (loss)	(19,284)	23,186	(42,470)	(183.2)	60,108

Interim Consolidated Balance Sheets (Unaudited) (Consolidated)

Assets

(millions of yen)

	Sep 30 2008 a	Sep 30 2007 b	Change a-b Amount	Mar 31 2008 c	Change a-c Amount
<<Assets>>					
Cash and due from banks	278,461	394,179	(115,718)	505,630	(227,169)
Call loans	199,000	736,100	(537,100)	-	199,000
Receivables under resale agreements	-	-	-	2,014	(2,014)
Collateral related to securities borrowing transactions	19,057	74,763	(55,706)	18,753	304
Other monetary claims purchased	454,635	445,108	9,527	468,880	(14,245)
Trading assets	285,162	251,485	33,677	315,287	(30,125)
Monetary assets held in trust	377,205	417,655	(40,450)	371,572	5,633
Securities	1,994,372	2,368,558	(374,186)	1,980,292	14,080
Loans and bills discounted	6,579,707	5,456,582	1,123,125	5,622,266	957,441
Foreign exchanges	22,449	26,798	(4,349)	17,852	4,597
Lease receivables and leased investment assets	252,628	/	/	/	/
Other assets	1,109,799	1,018,463	91,336	1,100,151	9,648
Premises and equipment	53,727	372,222	(318,495)	305,771	(252,044)
Intangible assets	228,587	238,816	(10,229)	233,174	(4,587)
Goodwill, net	146,511	154,119	(7,608)	142,239	4,272
Deferred issuance expenses for debentures	153	111	42	125	28
Deferred tax assets	30,941	38,767	(7,826)	28,238	2,703
Customers' liabilities for acceptances and guarantees	695,538	725,545	(30,007)	701,717	(6,179)
Reserve for credit losses	(135,150)	(141,710)	6,560	(145,966)	10,816
Total assets	12,446,276	12,423,448	22,828	11,525,762	920,514

Liabilities and Equity

(millions of yen)

	Sep 30 2008 a	Sep 30 2007 b	Change a-b Amount	Mar 31 2008 c	Change a-c Amount
<<Liabilities>>					
Deposits	5,671,149	5,151,328	519,821	5,229,444	441,705
Negotiable certificates of deposit	744,479	719,310	25,169	577,189	167,290
Debentures	748,262	686,588	61,674	662,434	85,828
Call money	480,870	1,377,475	(896,605)	632,117	(151,247)
Collateral related to securities lending transactions	485,292	285,107	200,185	148,421	336,871
Trading liabilities	178,912	110,599	68,313	205,011	(26,099)
Borrowed money	1,062,712	1,092,738	(30,026)	1,127,227	(64,515)
Foreign exchanges	20	19	1	39	(19)
Short-term corporate bonds	90,100	115,000	(24,900)	73,600	16,500
Corporate bonds	407,416	432,780	(25,364)	426,286	(18,870)
Other liabilities	669,301	766,199	(96,898)	708,749	(39,448)
Accrued employees' bonuses	7,191	8,447	(1,256)	14,572	(7,381)
Accrued directors' bonuses	201	293	(92)	249	(48)
Reserve for employees' retirement benefits	9,521	3,204	6,317	4,660	4,861
Reserve for directors' retirement benefits	228	47	181	132	96
Reserve for losses on interest repayments	256,298	9,496	246,802	39,333	216,965
Reserve for losses on disposal of premises and equipment	7,291	-	7,291	5,025	2,266
Reserve under special law	4	3	1	4	-
Deferred tax liabilities	13,074	4,611	8,463	4,283	8,791
Acceptances and guarantees	695,538	725,545	(30,007)	701,717	(6,179)
Total liabilities	11,527,868	11,488,798	39,070	10,560,501	967,367
<<Equity>>					
Shareholders' equity:					
Capital stock	476,296	451,296	25,000	476,296	-
Capital surplus	43,554	18,558	24,996	43,558	(4)
Retained earnings	277,311	266,097	11,214	302,535	(25,224)
Treasury stock, at cost	(72,558)	(72,561)	3	(72,566)	8
Total shareholders' equity	724,604	663,391	61,213	749,823	(25,219)
Net unrealized gain (loss) and translation adjustments:					
Unrealized gain (loss) on available-for-sale securities	(58,600)	(3,802)	(54,798)	(35,073)	(23,527)
Deferred gain (loss) on derivatives under hedge accounting	(2,779)	(9,537)	6,758	(1,057)	(1,722)
Foreign currency translation adjustments	832	3,605	(2,773)	1,872	(1,040)
Total net unrealized gain (loss) and translation adjustments	(60,547)	(9,733)	(50,814)	(34,258)	(26,289)
Stock acquisition rights	1,507	877	630	1,257	250
Minority interests in subsidiaries	252,842	280,115	(27,273)	248,437	4,405
Total equity	918,407	934,650	(16,243)	965,261	(46,854)
Total liabilities and equity	12,446,276	12,423,448	22,828	11,525,762	920,514

Interim Consolidated Statement of Changes in Equity (Unaudited) (Consolidated)

For the six months ended September 30, 2008

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at beginning of period	¥476,296	¥43,558	¥302,535	(¥72,566)	¥749,823
Changes in amounts during the period					
Dividends from surplus			(5,773)		(5,773)
Net loss			(19,284)		(19,284)
Acquisition of treasury stock				(0)	(0)
Disposal of treasury stock		(4)		9	5
Decrease by exclusion of consolidated subsidiaries			(165)		(165)
Net change of items other than shareholders' equity					
Total changes during the period	—	(4)	(25,223)	8	(25,218)
Balance at end of period	¥476,296	¥43,554	¥277,311	(¥72,558)	¥724,604

	Net unrealized gain (loss) and translation adjustments				Stock acquisition rights	Minority interests in subsidiaries	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Total net unrealized gain (loss) and translation adjustments			
Balance at beginning of period	(¥35,073)	(¥1,057)	¥1,872	(¥34,258)	¥1,257	¥248,437	¥965,261
Changes in amounts during the period							
Dividends from surplus							(5,773)
Net loss							(19,284)
Acquisition of treasury stock							(0)
Disposal of treasury stock							5
Decrease by exclusion of consolidated subsidiaries							(165)
Net change of items other than shareholders' equity	(23,526)	(1,722)	(1,040)	(26,289)	250	4,404	(21,634)
Total changes during the period	(23,526)	(1,722)	(1,040)	(26,289)	250	4,404	(46,853)
Balance at end of period	(¥58,600)	(¥2,779)	¥832	(¥60,547)	¥1,507	¥252,842	¥918,407

Section 2. Non-Consolidated Information

Results of Operations -Table 21- (Non-Consolidated)

(Billions of yen, except percentages)

	1st Half FY2008 (6 months)	1st Half FY2007 (6 months)	% Change	FY2007 (12 months)
Net interest income	37.8	39.5	(4.4)	107.5
Non-interest income	(7.0)	37.3	(118.9)	44.4
Net fees and commissions ⁽¹⁾	13.2	29.3	(54.8)	48.8
Net trading income	(3.3)	4.9	(168.2)	6.9
Net other business income	(16.9)	3.1	(639.6)	(11.4)
Total revenue ⁽¹⁾	30.7	76.9	(60.0)	152.0
Personnel expenses	14.2	17.4	(18.2)	33.1
Non-personnel expenses	22.9	22.9	0.3	47.3
Taxes	1.7	2.0	(16.2)	4.2
General and administrative expenses	38.9	42.4	(8.1)	84.7
Net business profit ⁽¹⁾	(8.2)	34.5	(123.8)	67.2
Other gains (losses)				
Gains (losses) on the sales of equities	0.3	1.3	(77.1)	(0.5)
Provision of reserve for loan losses	20.6	5.9	244.7	19.2
Losses on write-off of loans	2.0	0.0	27,598.5	1.2
Expenses for employees' retirement benefits	0.6	0.3	85.5	2.5
Other losses, expenses	4.8	5.9	(18.3)	11.1
Net ordinary income (loss)	(36.1)	23.5	(253.6)	32.5
Special gains (losses) ⁽²⁾				
Gains (losses) from sales of fixed assets	(0.5)	0.3	(234.0)	0.2
Gains on bad debt recovered	0.3	0.0	452.9	0.3
Reversal of reserve for loan losses	-	-	-	-
Other special gains (losses) ⁽³⁾	(2.8)	(27.0)	(89.6)	25.1
Income (loss) before income taxes	(39.0)	(3.1)	1,153.0	58.3
Income taxes (benefit)				
Current	(3.5)	(7.7)	(53.7)	(7.6)
Deferred	0.8	6.7	(86.8)	12.7
Net income (loss)	(36.3)	(2.1)	1,586.8	53.2

(1) Includes income from monetary assets held in trust of 7.5 billion yen in the first half FY2008, 21.6 billion yen in the first half FY2007, and 37.3 billion yen in FY2007.

(2) In FY 2007, includes (i) income from investment in Tokumei Kumiai (silent partnership) of 66.0 billion yen from the sale of the Bank's headquarters building,

which was included in the earnings distributed by Dolphin Japan Investment Y.K., the Bank's consolidated subsidiary, (ii) impairment charges on investments in APLUS' and Shinki's common shares of 15.9 billion yen and 6.0 billion yen, respectively, and (iii) losses on exposure to U.S. residential mortgage market of 8.9 billion yen.

Note 1: Quarterly information is available in the Quarterly Data Book

Shinsei Bank recorded a "net loss" for the six months ended September 30, 2008 of 36.3 billion yen on a non-consolidated basis. Current results on a non-consolidated basis differ from our consolidated results primarily because our non-consolidated results do not include the gain on the sale of the Meguro Production Center, which was booked within a subsidiary of the Bank and can not be recognized on a non-consolidated basis unless and until these funds have been received as a dividend by the Bank. On a non-consolidated basis, we recorded 3.0 billion

yen in write-offs and disposal costs on the furniture and equipment which are owned by Shinsei Bank in the Meguro Production Center and a current income taxes benefit of 3.0 billion yen in accordance with the consolidated corporate tax system in the first half of fiscal year 2008. In addition, our non-consolidated results do not include the 8.2 billion yen gain on the sale of Showa Auto Rental & Leasing. As a recipient of public funds, Shinsei Bank is required to update and report its achievement of non-consolidated performance targets set forth in its revitalization plan on a quarterly basis.

Net Credit Costs -Table 22- (Non-Consolidated)

(Billions of yen, except percentages)

	1st Half FY2008 (6 months)	1st Half FY2007 (6 months)	%	FY2007 (12 months)
			Change	
Losses on write-off of loans	2.2	0.0	27,598.5	1.2
Net provision of reserve for loan losses	20.6	5.9	244.7	19.2
Net provision (reversal) of general reserve for loan losses	23.2	(5.0)	(561.5)	23.8
Net provision (reversal) of specific reserve for loan losses	(2.5)	11.0	(123.4)	(4.6)
Net provision (reversal) of reserve for loan losses to restructuring countries	(0.0)	(0.0)	42.9	0.0
Net credit costs	22.9	5.9	277.7	20.5

Note 1: Quarterly information is available in the Quarterly Data Book

Interest-Earning Assets and Interest-Bearing Liabilities -Table 23- (Non-Consolidated)

	(Billions of yen, except percentages)								
	1st Half FY2008 (6 months)			1st Half FY2007 (6 months)			FY2007 (12 months)		
	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)
Interest-earning assets:									
Cash and due from banks	93.7	1.2	2.68	173.0	2.9	3.45	158.4	4.6	2.96
Call loans	214.2	0.7	0.71	83.3	0.2	0.63	166.7	1.0	0.62
Receivables under resale agreements	0.8	0.0	1.67	0.0	0.0	5.21	0.7	0.0	3.27
Collateral related to securities borrowing transactions	159.6	0.4	0.60	65.8	0.3	1.16	129.4	0.9	0.75
Securities	2,743.0	22.9	1.66	2,195.8	27.6	2.51	2,316.6	76.9	3.32
Loans and bills discounted	5,476.5	56.9	2.07	5,121.2	53.1	2.07	5,183.5	110.5	2.13
Other interest-earning assets	191.8	2.7	2.88	140.5	2.1	3.02	161.8	5.2	3.23
Interest rate and funding swaps	-	-	-	-	0.6	-	-	0.3	-
Total interest-earning assets	8,880.0	85.1	1.91	7,779.9	87.2	2.24	8,117.4	199.8	2.46
Interest-bearing liabilities:									
Deposits	5,478.3	22.5	0.82	5,047.2	21.2	0.84	5,178.7	43.5	0.84
Negotiable certificates of deposit	706.0	2.7	0.76	552.3	1.7	0.63	634.2	4.4	0.70
Debentures	689.5	2.2	0.64	694.1	1.5	0.45	680.4	3.3	0.49
Call money	727.4	3.8	1.06	796.3	8.3	2.08	862.2	14.9	1.73
Payable under repurchase agreements	0.3	0.0	2.29	-	-	-	0.1	0.0	3.67
Collateral related to securities lending transactions	441.7	2.0	0.92	98.2	0.5	1.11	111.2	1.1	1.06
Borrowed money	302.5	2.3	1.55	284.8	1.6	1.12	286.5	3.7	1.32
Corporate bonds	535.5	12.0	4.49	575.0	13.3	4.65	564.0	24.5	4.35
Other interest-bearing liabilities	0.2	2.8	n.m. (1)	0.3	4.1	n.m. (1)	0.3	5.0	n.m. (1)
Interest rate and funding swaps	-	1.0	-	-	-	-	-	-	-
Total interest-bearing liabilities	8,881.8	51.6	1.16	8,048.5	52.4	1.30	8,317.9	100.9	1.21
Net interest income/yield on interest-earning assets	8,880.0	33.5	0.75	7,779.9	34.7	0.89	8,117.4	98.8	1.21

(1) n.m. is not meaningful.

Note 1: Quarterly information is available in the Quarterly Data Book

Risk-Monitored Loans -Table 24- (Non-Consolidated)

(Billions of yen, except percentages)

	Sep 30 2008 (a)	Sep 30 2007 (b)	Change (a)-(b)	Mar 31 2008 (c)	Change (a)-(c)
Loans to bankrupt obligors	18.4	0.3	18.1	0.5	17.8
Non-accrual delinquent loans	16.1	32.7	(16.5)	22.8	(6.7)
Loans past due for three months or more	0.0	6.0	(6.0)	0.1	(0.1)
Restructured loans	17.7	6.4	11.3	29.4	(11.6)
Total (A)	52.4	45.6	6.7	53.0	(0.6)
Loans and bills discounted (B)	5,660.1	5,335.1	324.9	5,356.3	303.7
Ratio to total loans and bills discounted (A / B X 100)(%)	0.93%	0.86%	0.07%	0.99%	(0.06)%
Reserve for credit losses (C)	83.2	100.5	(17.3)	93.6	(10.4)
Reserve ratio (C / A X 100)(%)	158.8%	220.4%	(61.7)%	176.5%	(17.7)%

Note 1: Quarterly information is available in the Quarterly Data Book

Risk Monitored Loans by Borrower Industry -Table 25- (Non-Consolidated)

(Billions of yen)

	Sep 30, 2008		Mar 31, 2008		Change	
	Total loans (a)	Risk monitored loans (b)	Total loans (c)	Risk monitored loans (d)	Total loans (a) - (c)	Risk monitored loans (b) - (d)
Domestic offices (excluding Japan offshore market account):						
Manufacturing	219.9	1.8	187.9	3.0	32.0	(1.2)
Agriculture	-	-	-	-	-	-
Forestry	-	-	-	-	-	-
Fishery	2.8	-	2.9	-	(0.1)	-
Mining	4.6	-	4.5	-	0.0	-
Construction	14.3	3.0	18.5	3.1	(4.1)	0.0
Electric power, gas, heat supply and water supply	66.8	-	74.6	-	(7.8)	-
Information and communications	46.5	0.6	49.1	-	(2.5)	0.6
Transportation	359.2	6.6	377.6	7.6	(18.3)	(0.9)
Wholesale and retail	119.5	0.0	127.6	3.5	(8.1)	(3.5)
Finance and insurance	1,470.1	6.7	1,446.5	0.4	23.6	6.3
Real estate	1,211.2	1.9	1,234.8	1.0	(23.6)	0.9
Services	340.5	4.0	357.4	6.5	(16.8)	(2.4)
Local government	301.1	-	118.1	-	183.0	-
Individual	962.6	4.2	865.8	1.2	96.8	2.9
Overseas yen loan and overseas loans booked domestically	450.4	23.2	408.6	26.4	41.8	(3.1)
Total domestic	5,570.1	52.4	5,274.3	53.0	295.8	(0.6)
Overseas offices (including Japan offshore market accounts):						
Governments	1.2	-	1.1	-	0.0	-
Financial institutions	-	-	-	-	-	-
Commerce and industry	88.6	-	80.7	-	7.8	-
Others	-	-	-	-	-	-
Total overseas	89.9	-	81.9	-	7.9	-
Total	5,660.1	52.4	5,356.3	53.0	303.7	(0.6)

Overseas and Offshore Loans by Region and Risk Monitored Loans -Table 26- (Non-Consolidated)

(Billions of yen)

	Sep 30, 2008		Mar 31, 2008		Change	
	Total loans (a)	Risk monitored loans (b)	Total loans (c)	Risk monitored loans (d)	Total loans (a) - (c)	Risk monitored loans (b) - (d)
US	103.0	-	76.8	6.0	26.1	(6.0)
Asset backed investments ⁽¹⁾ in US	5.3	-	6.0	6.0	(0.6)	(6.0)
Europe	235.9	23.1	235.5	20.3	0.4	2.8
Asset backed investments ⁽¹⁾ in Europe	175.4	23.1	187.2	20.3	(11.7)	2.8
Others	201.3	0.0	178.2	0.0	23.1	0.0
Total overseas and offshore loans	540.4	23.2	490.6	26.4	49.7	(3.1)

(1) One of our product programs

Claims Classified under the Financial Revitalization Law -Table 27- (Non-Consolidated)

(Billions of yen, except percentages)

	Sep 30 2008 (a)	Sep 30 2007 (b)	Change (a)-(b)	Mar 31 2008 (c)	Change (a)-(c)
Claims against bankrupt and quasi-bankrupt obligors	26.4	9.9	16.5	8.0	18.4
Doubtful claims	8.2	23.5	(15.2)	15.5	(7.3)
Substandard claims	17.8	12.6	5.2	29.6	(11.7)
Total (A)	52.5	45.9	6.5	53.1	(0.6)
Total claims (B)	5,840.2	5,630.1	210.0	5,566.0	274.1
Ratio to total claims (A / B X 100) (%)	0.90%	0.82%	0.08%	0.95%	(0.06)%
Reserve for credit losses (C)	83.2	100.5	(17.3)	93.6	(10.4)
Reserve ratio (C / A X 100) (%)	158.6%	219.1%	(60.4)%	176.3%	(17.7)%
(Ref. 1) Amount of write-off	58.4	15.8	42.6	34.6	23.8
(Ref. 2) Below need caution level	185.2	148.4	36.8	159.3	25.8

Note 1: Quarterly information is available in the Quarterly Data Book

Coverage Ratios for Non-Performing Claims Disclosed under the Financial Revitalization Law -Table 28- (Non-Consolidated)

(Billions of yen, except percentages)

	Sep 30, 2008					Sep 30, 2007					Mar 31, 2008				
	Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees	Coverage ratio	Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees	Coverage ratio	Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees	Coverage ratio
Claims against bankrupt and quasi-bankrupt obligors	26.4	26.4	-	26.4	100.0%	9.9	9.9	-	9.9	100.0%	8.0	8.0	-	8.0	100.0%
Doubtful claims	8.2	6.4	5.6	0.8	77.5%	23.5	17.8	16.9	1.0	76.0%	15.5	13.5	7.7	5.9	87.1%
Substandard claims	17.8	7.6	5.5	2.1	42.7%	12.6	11.2	3.1	8.6	89.2%	29.6	11.5	9.2	2.3	38.9%
Total	52.5	40.4	11.1	29.3	77.0%	45.9	38.9	20.0	19.4	84.8%	53.1	33.0	16.9	16.2	62.2%

Reserve for Credit Losses -Table 29- (Non-Consolidated)

(Billions of yen)

	Sep 30 2008 (a)	Sep 30 2007 (b)	Change (a)-(b)	Mar 31 2008 (c)	Change (a)-(c)
Reserve for credit losses	59.4	67.1	(7.6)	67.6	(8.1)
General reserve for loan losses	51.1	48.0	3.1	57.9	(6.7)
Specific reserve for loan losses	8.2	19.0	(10.8)	9.6	(1.4)
Reserve for loans to restructuring countries	0.0	0.0	0.0	0.0	(0.0)
Specific reserve for other credit losses	23.7	33.4	(9.6)	26.0	(2.2)
Total reserve for credit losses	83.2	100.5	(17.3)	93.6	(10.4)

Reserve Ratios for Borrowers' Category -Table 30- (Non-Consolidated)

(Billions of yen)

	Sep 30 2008 (a)	Sep 30 2007 (b)	Change (a)-(b)	Mar 31 2008 (c)	Change (a)-(c)
Legally and virtually bankrupt (unsecured portion)	100.00%	100.00%	-	100.00%	-
Possibly bankrupt (unsecured portion)	75.16%	74.97%	0.19%	79.25%	(4.09)%
Substandard (unsecured portion)	34.99%	73.23%	(38.24)%	34.17%	0.82%
Need caution (total claims)	7.14%	7.31%	(0.17)%	8.95%	(1.81)%
(unsecured portion)	34.04%	27.93%	6.11%	26.70%	7.34%
Normal (total claims)	0.33%	0.31%	0.02%	0.31%	0.02%

Housing Loans -Table 31- (Non-Consolidated)

(Billions of yen)

	Sep 30 2008 (a)	Sep 30 2007 (b)	Change (a)-(b)	Mar 31 2008 (c)	Change (a)-(c)
Housing loans	909.2	692.4	216.8	811.1	98.1

Loans to Small- and Medium-Sized Entities (SMEs) -Table 32- (Non-Consolidated)

(Billions of yen, except percentages)

	Sep 30 2008 (a)	Sep 30 2007 (b)	Change (a)-(b)	Mar 31 2008 (c)	Change (a)-(c)
Loans to small- and medium-sized entities (SMEs)	3,107.2	3,046.6	60.6	3,001.6	105.6
% of loans to small- and medium-sized entities	55.8	58.2	(2.4)	56.9	(1.1)

Marketable Securities, at Fair Value -Table 33- (Non-Consolidated)

(Billions of yen)

	Sep 30, 2008				Sep 30, 2007				Mar 31, 2008			
	Fair value	Net unrealized gain (loss) (a) - (b)			Fair value	Net unrealized gain (loss) (a) - (b)			Fair value	Net unrealized gain (loss) (a) - (b)		
		Gross unrealized gains (a)	Gross unrealized losses (b)			Gross unrealized gains (a)	Gross unrealized losses (b)			Gross unrealized gains (a)	Gross unrealized losses (b)	
Equity securities (domestic)	12.0	(4.6)	0.4	5.0	15.8	(1.1)	0.4	1.6	13.0	(3.1)	0.3	3.4
Bonds (domestic)	669.6	(5.3)	0.4	5.7	880.3	(3.5)	0.3	3.8	545.5	(3.4)	1.0	4.4
Other ⁽¹⁾	408.3	(48.4)	5.8	54.3	524.1	(0.2)	11.8	12.1	487.6	(28.6)	8.4	37.1
Other Securities	1,090.0	(58.4)	6.7	65.2	1,420.3	(4.9)	12.6	17.6	1,046.2	(35.1)	9.9	45.1

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

Hedge-Accounting Derivative Transactions -Table 34- (Non-Consolidated)

(Billions of yen)

Notional Principal Amount	Sep 30, 2008			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
Interest rate swaps:				
Receive fixed and pay floating	4.9	378.4	237.8	621.2
Receive floating and pay fixed	66.6	377.8	190.3	634.8
Receive floating and pay floating	-	-	-	-
Total notional principal amount	71.6	756.3	428.1	1,256.0
Currency swaps	180.9	282.5	381.7	845.2
Total notional principal amount	180.9	282.5	381.7	845.2

Employees' Retirement Benefit -Table 35- (Non-Consolidated)

Projected Benefit Obligation (Non-Consolidated)

						<i>(Billions of yen)</i>
		Sep 30, 2008 (a)	Sep 30, 2007 (b)	Change (a)-(b)	Mar 31, 2008 (c)	Change (a)-(c)
Projected benefit obligation	(A)	52.3	51.7	0.6	53.1	(0.8)
(Discount rate)		(2.2%)	(2.2%)	0.0	(2.2%)	0.0
Fair value of plan assets	(B)	47.5	54.4	(6.9)	47.4	0.1
Prepaid pension cost	(C)	(3.9)	(4.7)	0.8	(4.2)	0.3
Unrecognized prior service cost	(D)	(2.8)	(3.1)	0.3	(3.0)	0.2
Unrecognized net actuarial losses	(E)	6.6	0.2	6.4	7.1	(0.5)
Other (Unrecognized obligation at transition, etc.)	(F)	3.9	4.5	(0.6)	4.2	(0.3)
Reserve for retirement benefits (A-B-C-D-E-F)		1.0	0.4	0.6	1.6	(0.6)

Pension Expenses (Non-Consolidated)

						<i>(Billions of yen)</i>
		1st Half FY2008 (6 months) (a)	1st Half FY2007 (6 months) (b)	Change (a)-(b)	FY2007 (12 months) (c)	Change (a)-(c)
Service cost		1.2	1.1	0.1	2.2	(1.0)
Interest		0.5	0.5	0.0	1.1	(0.6)
Expected return on plan assets		(0.5)	(0.5)	0.0	(1.1)	0.6
Amortization of prior service cost		(0.1)	(0.1)	0.0	(0.3)	0.2
Amortization of net actuarial losses		0.4	0.1	0.3	0.9	(0.5)
Amortization of unrecognized obligation at transition		0.3	0.3	0.0	0.6	(0.3)
Other (extraordinary severance benefit expense, etc.)		-	-	-	1.2	(1.2)
Net periodic retirement benefit cost		1.8	1.4	0.4	4.6	(2.8)

Capital Adequacy Data -Table 36- (Non-Consolidated)

						<i>(Billions of yen, except percentages)</i>
		Sep 30 2008 (a)	Sep 30 2007 (b)	Change (a)-(b)	Mar 31 2008 (c)	Change (a)-(c)
Basic items (Tier I)		784.4	804.0	(19.5)	845.7	(61.3)
Supplementary items (Tier II)		435.3	471.7	(36.4)	450.8	(15.5)
Deduction		(80.8)	(91.7)	10.8	(92.7)	11.8
Total capital		1,138.9	1,184.1	(45.2)	1,203.8	(64.9)
Risk assets		8,308.4	7,349.6	958.8	7,893.4	415.0
Capital adequacy ratio		13.70%	16.11%	-	15.25%	-
Tier I capital ratio		9.44%	10.94%	-	10.71%	-

(1) Calculated by new standard (Basel II, F-IRB)

(2) Non-Consolidated total required capital is 444.9 billion yen as at September 30, 2008, 432.2 billion yen as at March 31, 2008, and 405.7 billion yen as at September 30, 2007.

Note 1: Quarterly information is available in the Quarterly Data Book

Interim Non-Consolidated Statements of Operations (Unaudited) (Non-Consolidated)

(millions of yen, except percentages)

	1st Half FY2008	1st Half FY2007	Change		FY2007
			Amount	%	
Total interest income	85,179	87,218	(2,039)	(2.3)	199,803
Interest on loans and bills discounted	56,927	53,165	3,762	7.1	110,567
Interest and dividends on securities	22,958	27,641	(4,683)	(16.9)	76,969
Other interest income	5,293	6,411	(1,118)	(17.4)	12,266
Fees and commissions income	11,807	15,158	(3,351)	(22.1)	27,459
Trading profits	2,982	4,962	(1,980)	(39.9)	7,133
Other business income	5,086	7,630	(2,544)	(33.3)	3,845
Other ordinary income	14,972	24,527	(9,555)	(39.0)	41,442
Ordinary income	120,028	139,497	(19,469)	(14.0)	279,684
Total interest expenses	51,668	52,498	(830)	(1.6)	100,993
Interest on deposits	22,529	21,204	1,325	6.2	43,560
Interest on corporate bonds	12,055	13,382	(1,327)	(9.9)	24,564
Other interest expenses	17,083	17,911	(828)	(4.6)	32,868
Fees and commissions expenses	6,147	7,440	(1,293)	(17.4)	15,960
Trading losses	6,325	60	6,265	10441.7	142
Other business expenses	22,060	4,471	17,589	393.4	15,202
General and administrative expenses	39,760	42,550	(2,790)	(6.6)	85,681
Other ordinary expenses	30,183	8,959	21,224	236.9	29,174
Ordinary expenses	156,147	115,981	40,166	34.6	247,155
Net ordinary income (loss)	(36,118)	23,515	(59,633)	(253.6)	32,528
Special gains	1,030	1,146	(116)	(10.1)	67,699
Special losses	3,968	27,779	(23,811)	(85.7)	41,910
Income (loss) before income taxes	(39,056)	(3,116)	(35,940)	1153.4	58,317
Income taxes (benefit)					
Current	(3,574)	(7,722)	4,148	(53.7)	(7,666)
Deferred	894	6,762	(5,868)	(86.8)	12,780
Net income (loss)	(36,375)	(2,156)	(34,219)	1587.2	53,203

Interim Non-Consolidated Balance Sheets (Unaudited) (Non-Consolidated)**Assets***(millions of yen)*

	Sep 30 2008	Sep 30 2007	Change a-b	Mar 31 2008	Change a-c
	a	b	Amount	c	Amount
<<Assets>>					
Cash and due from banks	94,918	238,023	(143,105)	272,940	(178,022)
Call loans	199,000	736,100	(537,100)	—	199,000
Receivables under resale agreements	—	—	—	2,014	(2,014)
Collateral related to securities borrowing transactions	16,986	73,466	(56,480)	13,850	3,136
Other monetary claims purchased	559,155	171,131	388,024	161,344	397,811
Trading assets	240,326	207,349	32,977	275,136	(34,810)
Monetary assets held in trust	621,336	603,549	17,787	606,018	15,318
Securities	2,426,111	2,590,905	(164,794)	2,300,303	125,808
Valuation allowance for investments	(3,370)	—	(3,370)	(3,370)	—
Loans and bills discounted	5,660,152	5,335,172	324,980	5,356,363	303,789
Foreign exchanges	22,449	26,798	(4,349)	17,852	4,597
Other assets	514,072	437,712	76,360	577,856	(63,784)
Premises and equipment	19,707	21,026	(1,319)	20,895	(1,188)
Intangible assets	14,165	14,151	14	14,560	(395)
Deferred issuance expenses for debentures	153	111	42	125	28
Deferred tax assets	18,168	30,984	(12,816)	14,697	3,471
Customers' liabilities for acceptances and guarantees	11,321	19,411	(8,090)	11,746	(425)
Reserve for credit losses	(83,225)	(100,555)	17,330	(93,662)	10,437
Total assets	10,331,429	10,405,340	(73,911)	9,548,673	782,756

Liabilities and Equity

(millions of yen)

	Sep 30 2008 a	Sep 30 2007 b	Change a-b Amount	Mar 31 2008 c	Change a-c Amount
<<Liabilities>>					
Deposits	5,764,965	5,192,831	572,134	5,287,941	477,024
Negotiable certificates of deposit	744,479	719,310	25,169	577,189	167,290
Debentures	748,962	687,898	61,064	663,134	85,828
Call money	480,870	1,377,475	(896,605)	632,117	(151,247)
Collateral related to securities lending transactions	485,292	287,643	197,649	148,421	336,871
Trading liabilities	181,926	99,590	82,336	203,716	(21,790)
Borrowed money	317,537	293,275	24,262	304,078	13,459
Foreign exchanges	257	289	(32)	269	(12)
Corporate bonds	513,351	566,501	(53,150)	519,902	(6,551)
Other liabilities	406,012	510,306	(104,294)	450,643	(44,631)
Income taxes payable	405	—	/	767	(362)
Lease debt	15	—	/	—	/
Other liabilities	405,592	—	/	—	/
Accrued employees' bonuses	2,913	5,817	(2,904)	10,341	(7,428)
Reserve for retirement benefits	1,059	465	594	1,554	(495)
Reserve for losses on disposal of premises and equipment	7,190	—	7,190	4,913	2,277
Acceptances and guarantees	11,321	19,411	(8,090)	11,746	(425)
Total liabilities	9,666,140	9,760,817	(94,677)	8,815,970	850,170
<<Equity>>					
Shareholders' equity:					
Capital stock	476,296	451,296	25,000	476,296	—
Capital surplus	43,558	18,558	25,000	43,558	—
Additional paid-in capital	43,558	18,558	25,000	43,558	—
Retained earnings	275,127	262,400	12,727	317,276	(42,149)
Legal reserve	11,035	9,784	1,251	9,880	1,155
Other retained earnings	264,091	252,616	11,475	307,395	(43,304)
Unappropriated retained earnings	264,091	252,616	11,475	307,395	(43,304)
Treasury stock, at cost	(72,558)	(72,556)	(2)	(72,557)	(1)
Total shareholders' equity	722,424	659,699	62,725	764,573	(42,149)
Net unrealized gain (loss):					
Unrealized gain (loss) on available-for-sale securities	(58,471)	(4,405)	(54,066)	(35,024)	(23,447)
Deferred gain (loss) on derivatives under hedge accounting	(171)	(11,647)	11,476	1,896	(2,067)
Total net unrealized gain (loss)	(58,642)	(16,052)	(42,590)	(33,128)	(25,514)
Stock acquisition rights	1,507	877	630	1,257	250
Total equity	665,289	644,523	20,766	732,703	(67,414)
Total liabilities and equity	10,331,429	10,405,340	(73,911)	9,548,673	782,756

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

For the six months ended September 30, 2008

(millions of yen)

	Shareholders' equity							Total shareholders' equity
	Capital stock	Capital surplus		Legal reserve	Retained earnings		Treasury stock, at cost	
		Additional paid-in capital	Total capital surplus		Other retained earnings	Total retained earnings		
Balance at beginning of period	476,296	43,558	43,558	9,880	307,395	317,276	(72,557)	764,573
Changes in amounts during the period								
Dividends from surplus				1,154	(6,928)	(5,773)		(5,773)
Net loss					(36,375)	(36,375)		(36,375)
Acquisition of treasury stock							(0)	(0)
Net change of items other than shareholders' equity								
Total changes during the period				1,154	(43,303)	(42,149)	(0)	(42,149)
Balance at end of period	476,296	43,558	43,558	11,035	264,091	275,127	(72,558)	722,424

	Net unrealized gain (loss)			Stock acquisition rights	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Total net unrealized gain (loss)		
Balance at beginning of period	(35,024)	1,896	(33,128)	1,257	732,703
Changes in amounts during the period					
Dividends from surplus					(5,773)
Net loss					(36,375)
Acquisition of treasury stock					(0)
Net change of items other than shareholders' equity	(23,447)	(2,067)	(25,514)	250	(25,264)
Total changes during the period	(23,447)	(2,067)	(25,514)	250	(67,413)
Balance at end of period	(58,471)	(171)	(58,642)	1,507	665,289

Section 3. Earnings Forecast -Table 37- (Consolidated and Non-Consolidated)

(Consolidated)	<i>(Billions of yen)</i>		
	<i>Fiscal year ending</i>	<i>Fiscal year ended</i>	
	<u>Mar. 2009</u>	<u>Mar. 2008</u>	
	(FY2008)	(FY2007)	
	Forecast ⁽¹⁾	Actual	
Net income	12.0	60.1	
<hr/>			
(Non-Consolidated)	<i>Fiscal year ending</i>		<i>Fiscal year ended</i>
	<u>Mar. 2009</u>		<u>Mar. 2008</u>
	(FY2008)		(FY2007)
	Forecast ⁽¹⁾		Actual
Net business profit ⁽²⁾	57.0	67.2	
Net income	12.0	53.2	
<hr/>			
Dividends (in yen)			
Common stock	⁽³⁾	2.94 yen	
Class-A preferred share ^{(4) (5)}	- yen	6.50 yen	

(1) Figures announced on September 22, 2008.

(2) Revitalization plan basis

(3) No dividend will be paid for the first half of fiscal year 2008. The amount of dividend for the period ending March 31, 2009 has yet to be determined.

(4) Class-A preferred shares were converted into common shares on March 31, 2008.

(5) There are no longer any preferred shares outstanding.

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

No dividend will be paid for the first half of fiscal year 2008.

Section 4. Exposure to U.S. Residential Mortgage, Securitized Products and Related Investments
Mark-Downs and Credit Costs for U.S. Residential Mortgage Exposure -Table 38- (Consolidated)

(Millions of dollars or Billions of yen)

	FY2007				Total US Dollar	Total JPY ⁽¹⁾	1HFY2008			
	1Q (Apr 1 - Jun 30, 2007) US Dollar	2Q (Jul 1 - Sep 30, 2007) US Dollar	3Q (Oct 1 - Dec 31, 2007) US Dollar	4Q (Jan 1 - Mar 31, 2008) US Dollar			1Q (Apr 1 - Jun 30, 2008) US Dollar	2Q (July 1 - Sep 30, 2008) US Dollar	Total US Dollar (a)	JPY ⁽¹⁾ (a) x 104.36
Mark-downs	17	48	40	52	157	15.6	4	11	15	1.6
Credit costs (recoveries) ⁽²⁾	0	107	(11)	38	134	13.4	0	(0)	(0)	(0.0)
Total	17	155	29	90	291	29.1	4	11	15	1.6

(1) The amount of credit costs during fiscal year 2007 and 1QFY2008 reflects adjustments due to different exchange rates (yen per US dollar: 117.78 (March 31, 2007), 99.73 (March 31, 2008), 104.36 (September 30, 2008)).

(2) Includes 2.1 billion yen of losses on a sale of security in fiscal year 2007 and other substantive losses.

U.S. Residential Mortgage Exposure (Securities and Loans) -Table 39- (Consolidated)

(Millions of dollars, %) (Billions of yen)

	Balance Before Evaluation ⁽¹⁾ (a)	Mark-Down During 1HFY2008 or Credit Reserve as of Sep 30, 2008 (b)	% Decline (c)	Net Exposure Sep 30, 2008 (c) = (a) - (b)	Net Exposure Sep 30, 2008 (c) x 104.36 yen
Mark-to-Market Exposure	28.4	15.9 ⁽²⁾	(56.1)	12.5	1.3
Securities ⁽³⁾	28.4	15.9	(56.1)	12.5	1.3
AAA ⁽⁴⁾	14.7	2.8	(19.0)	11.9	1.2
Other ⁽⁴⁾	13.7	13.1	(95.9)	0.5	0.0
Exposure Recorded Unrealized Losses	51.8	7.9	(15.3)	43.9	4.5
Securities ⁽³⁾	51.8	7.9	(15.3)	43.9	4.5
BB ⁽⁴⁾	51.8	7.9	(15.3)	43.9	4.5
Loans and Other Credit Exposure	254.0	59.4 ⁽⁵⁾	/	194.5	20.3
Loans ⁽⁶⁾	170.7	57.7	/	113.0	11.7
Securities Whose Fair Value is Not Readily Determinable ⁽³⁾⁽⁷⁾	83.3	1.7	/	81.5	8.5
Total	334.4	83.3		251.0	26.1

(1) Figures are balances as of September 30, 2008 before mark-to-market adjustments or credit reserves.

(2) Mark-downs of U.S. residential mortgage exposure during 1HFY2008 totaled 1.6 billion yen (15.9 million dollars, using exchange rate of 104.36 yen/dollar for September 30, 2008).

(3) Comprised of 2007-vintage securities except for one AAA-rated security of 2006-vintage amounting to 14.7 million dollars (1.5 billion yen) as of September 30, 2008. Of the total 14.5 billion yen of securities exposure, subprime-related exposure is 1.8 billion yen, including the security of Note 7, as of September 30, 2008.

(4) Based on ratings as of September 30, 2008.

(5) Net credit costs and others for U.S. residential mortgage exposure during 1HFY2008 totaled 0.0 billion yen.

(6) Includes undrawn portion of commitment lines.

(7) At inception, 82% of the fair value of original investment could be attributed to a U.S. Treasury Note-based security (rated AAA) in the underlying assets; balance was comprised of various other securities including U.S. RMBS. As of September 30, 2008, the U.S. Treasury Note-based security accounted for nearly all of the underlying asset value (please see the definition of subprime-related in the table 43).

Balance of Securitized Products (Breakdown by Region and Type of Securities)⁽¹⁾ -Table 40- (Non-Consolidated)

(Billions of yen)

	Credit Ratings of Securities ⁽²⁾ (Sep 30, 2008)				Sep 30 2008 (a)	Jun 30 2008 (b)	Change (a)-(b)	Mar 31 2008 (c)	Change (a)-(c)
	AAA	AA	A or lower	N/A					
RMBS	30%	9%	9%	51%	73.3	77.3	(3.9)	76.2	(2.9)
Japan	31%	5%	4%	60%	48.7	48.5	0.2	45.6	3.1
U.S. ⁽³⁾	9%	0%	32%	60%	14.5	16.2	(1.6)	15.9	(1.3)
Europe	0%	100%	0%	0%	4.0	5.5	(1.4)	7.3	(3.2)
Other ⁽⁴⁾	100%	0%	0%	0%	5.8	6.9	(1.0)	7.2	(1.3)
CMBS⁽⁵⁾	0%	15%	85%	0%	24.9	29.8	(4.9)	30.3	(5.4)
Japan	0%	7%	93%	0%	14.2	16.4	(2.1)	17.6	(3.3)
U.S.	-	-	-	-	-	-	-	-	-
Europe	0%	0%	100%	0%	7.9	10.5	(2.5)	10.0	(2.0)
Other	0%	100%	0%	0%	2.6	2.8	(0.1)	2.6	0.0
CLO	55%	43%	0%	2%	107.5	125.2	(17.7)	149.5	(41.9)
Japan	-	-	-	-	-	-	-	-	-
U.S.	52%	46%	0%	2%	81.2	93.9	(12.6)	87.6	(6.3)
Europe	60%	40%	0%	0%	23.4	28.3	(4.9)	59.1	(35.7)
Other	100%	0%	0%	0%	2.8	3.0	(0.1)	2.7	0.0
ABS CDO (Resecuritized Products)	0%	0%	23%	77%	8.0	8.6	(0.6)	8.9	(0.9)
Japan ⁽⁶⁾	0%	0%	23%	77%	8.0	8.0	(0.0)	8.0	(0.0)
U.S. ⁽³⁾	0%	0%	100%	0%	0.0	0.5	(0.5)	0.8	(0.8)
Europe	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	38%	27%	14%	21%	213.9	241.0	(27.1)	265.1	(51.2)
Japan	21%	5%	24%	50%	71.1	73.0	(1.9)	71.4	(0.3)
U.S.	45%	39%	5%	11%	95.8	110.7	(14.8)	104.4	(8.5)
Europe	39%	38%	22%	0%	35.4	44.3	(8.9)	76.5	(41.0)
Other	76%	24%	0%	0%	11.4	12.9	(1.4)	12.7	(1.2)
Securities					146.0	173.3	(27.2)	199.1	(53.0)
RMBS					24.5	28.7	(4.1)	30.6	(6.0)
CMBS					13.9	18.7	(4.7)	18.1	(4.1)
CLO					107.5	125.2	(17.7)	149.5	(41.9)
ABS CDO					0.0	0.5	(0.5)	0.8	(0.8)
Other monetary claims purchased⁽⁷⁾					67.8	67.7	0.0	66.0	1.7
RMBS					48.7	48.5	0.2	45.6	3.1
CMBS					10.9	11.1	(0.1)	12.2	(1.2)
CLO					-	-	-	-	-
ABS CDO					8.0	8.0	(0.0)	8.0	(0.0)
Total					213.9	241.0	(27.1)	265.1	(51.2)

(1) The amount is the outstanding balance, after mark-downs and other comprehensive income (OCI) adjustments, at the end of each period. This table excludes securitized products backed by consumer loans, credit card loans, and other similar exposure to individuals.

(2) Based on ratings by S&P or ratings equivalent to S&P ratings matrix as of September 30, 2008. The "N/A" rating for Japanese RMBS represents senior portions of other monetary claims purchased for the purpose of warehousing for future securitization. The "N/A" rating for U.S. RMBS is for a security where U.S. Treasury Note-based security represents 82% of the value and various other securities including U.S. RMBS represent the remaining 18% at inception.

(3) Securities related to U.S. residential mortgage market. Of the 14.5 billion yen in U.S. RMBS outstanding as of September 30, 2008, subprime-related exposure is 1.8 billion yen.

(4) Includes exposures guaranteed by a monoline insurer (1.1 billion yen as of September 30, 2008, 1.3 billion yen as of June 30, 2008 and 1.4 billion yen as of March 31, 2008).

(5) Breakdown of collateral: office building (41%), multi-family (43%), retail and shops (8%), hotel and others (7%)

(6) Backed by Japanese RMBS and CMBS and does not include subprime-related exposure.

(7) Includes Japanese RMBS recorded as monetary assets held in trust of 3.7 billion yen as at September 30, 2008.

**Securitized Products, Recorded under "Securities" and "Other Monetary Claims Purchased" and OCI⁽¹⁾ -Table 41-
(Non-Consolidated)**

Securities	(Billions of yen, %)			
	As of September 30, 2008			
	Balance before Mark-to-Market Evaluation	Market Value or Balance	Unrealized Gains/Losses (OCI)	Price Decline Ratio (%)
Trading Securities		11.2		
RMBS (Japan)		-		
RMBS (U.S.) ⁽²⁾		1.3		
RMBS (Other foreign countries)		5.4		
CLO (U.S.)		1.6		
CLO (Other foreign countries)		2.8		
Securities Available for Sale	161.0	126.1	(34.9)	(21.7)
Other	161.0	126.1	(34.9)	(21.7)
Foreign Securities	161.0	126.1	(34.9)	(21.7)
Foreign Currency Denominated Foreign Corporate and Government Bonds	157.7	122.8	(34.9)	(22.1)
RMBS	10.0	9.1	(0.8)	(8.3)
U.S. ⁽²⁾	5.4	4.5	(0.8)	-
Europe	4.0	4.0	0.0	0.0
Other foreign countries	0.4	0.4	0.0	(0.2)
CMBS	11.0	10.6	(0.4)	(3.9)
U.S.	-	-	-	-
Europe	7.9	7.9	0.0	0.0
Other foreign countries	3.1	2.6	(0.4)	(13.8)
CLO	136.6	103.0	(33.6)	(24.6)
U.S.	107.8	79.6	(28.2)	(26.2)
Europe	28.7	23.4	(5.3)	(18.7)
Other foreign countries	-	-	-	-
ABS CDO	0.0	0.0	0.0	-
U.S. ⁽²⁾	0.0	0.0	0.0	-
Europe	-	-	-	-
Other foreign countries	-	-	-	-
Yen-Denominated Foreign Corporate and Government Bonds	3.2	3.2	0.0	-
RMBS (Japan)	-	-	-	-
CMBS (Japan)	3.2	3.2	0.0	(0.1)
ABS CDO (Japan)	-	-	-	-
Book Value of Securities Whose Fair Value is Not Readily Determinable	8.6	8.6	0.0	-
Foreign Securities	8.6	8.6	0.0	-
RMBS (U.S.) ⁽²⁾	8.6	8.6	0.0	-
Securities		146.0		
RMBS		24.5		
CMBS		13.9		
CLO		107.5		
ABS CDO		0.0		
Other Monetary Claims Purchased⁽³⁾				
Trading Purposes		20.2		
RMBS (Japan) ⁽³⁾		16.4		
CMBS (Japan)		3.8		
Others	47.5	47.5	0.0	-
RMBS (Japan)	32.3	32.3	0.0	-
CMBS (Japan)	7.1	7.1	0.0	-
ABS CDO (Japan)	8.0	8.0	0.0	-
Total		67.8		
RMBS (Japan)		48.7		
CMBS (Japan)		10.9		
ABS CDO (Japan)		8.0		
RMBS, CMBS, CLO, ABS CDO Total		213.9		
Securities		146.0		
Other Monetary Claims Purchased		67.8		

(1) This table excludes securitized products backed by consumer loans, credit card loans, and other similar exposure to individuals.

(2) Securities with exposure to U.S. residential mortgage market.

(3) Includes Japanese RMBS recorded as monetary assets held in trust of 3.8 billion yen as at September 30, 2008.

LBO, Monoline, SIV, ABCP, CDS -Table 42- (Non-Consolidated)

(Billions of yen)

	Sep 30 2008 (a)	Jun 30 2008 (b)	Change (a)-(b)	Mar 31 2008 (c)	Change (a)-(c)
LBO⁽¹⁾	313.8	311.6	2.2	277.1	36.7
Japan	297.8⁽²⁾	293.2	4.6	258.6	39.2
U.S.	3.6	3.7	(0.1)	3.6	0.0
Europe	-	-	-	-	-
Other	12.3	14.5	(2.2)	14.8	(2.5)
(Breakdown by Industry Sector as of September 30, 2008)					
Manufacturing	12.8%				
Information and communications	12.6%				
Wholesale and retail	9.3%				
Finance and Insurance	32.2%				
Services	33.1%				
Others	0.0%				
Total	100.0%				

(1) The amount includes unfunded commitment line.

(2) As of September 30, 2008, unfunded commitment line (only domestic) is 12.0 billion yen.

(Billions of yen)

	Sep 30 2008 (a)	Jun 30 2008 (b)	Change (a)-(b)	Mar 31 2008 (c)	Change (a)-(c)
Monoline	1.1	1.3	(0.2)	1.4	(0.3)
Japan	-	-	-	-	-
U.S.	-	-	-	-	-
Europe	-	-	-	-	-
Other	1.1	1.3	(0.2)	1.4	(0.3)
SIV	-	-	-	-	-
ABCP	-	-	-	-	-

Credit Default Swaps (CDS)⁽¹⁾

(Billions of yen)

	As of September 30, 2008							1HFY2008
	Nominal Amount		Fair Value		Netted Nominal Amount and Fair Value ⁽²⁾			Realized Profits (Losses)
	Protection (buy)	Protection (sell)	Protection (buy)	Protection (sell)	Nominal Amount	Protection (buy)	Protection (sell)	
Total	1,433.1	1,561.1	51.6	(40.9)	1,218.4	35.2	(32.9)	2.6
Japan	1,268.1	1,403.6	43.8	(33.8)	1,094.8	30.5	(28.3)	0.5
U.S.	82.0	73.6	5.9	(5.3)	56.0	3.2	(3.3)	2.2
Europe	44.0	37.3	0.5	(0.4)	31.0	0.3	(0.1)	0.0
Other	38.8	46.4	1.3	(1.4)	36.4	1.0	(1.0)	0.0

(1) Represents transactions under both banking book and trading book.

(2) Transactions which are netted with buy and sell.

Definitions -Table 43-

Names	Definitions
RMBS	Residential mortgage-backed securities and other related assets, including beneficial interests backed by mortgage loans. Recorded in "trading securities," "securities available-for-sale" and "other monetary claims."
CMBS	Commercial mortgage-backed securities. Recorded in "securities available-for-sale" and "other monetary claims." We have no U.S. CMBS exposure.
CLO	Collateralized loan obligations (CLO) mainly backed by LBO debt, corporate loans and high-yield securities. From this disclosure as at June 30, 2008, this category has been changed from CDO to CLO as approximately 98% of the exposure in this category is products mainly backed by loans (CLO). Recorded in "trading securities" and "securities available-for-sale."
ABS CDO (Re-securitized Products)	CDO backed by asset-backed securities (ABS) such as RMBS. Recorded in "securities available-for-sale" and "other monetary claims."
Subprime-Related	<p>Subprime-related exposure is the total book value of securities whose underlying assets include U.S. subprime, Alt-A and/or second-lien loans, with the exception of one security whose underlying assets are comprised of a AAA-rated U.S. Treasury Note-based security and U.S. RMBS ("STRIPS-RMBS").</p> <p>In the case of STRIPS-RMBS, which had a book value of 83.3 million dollars (or 8.6 billion yen) as of September 30, 2008, the fair value of the U.S. Treasury Note-based security (78.4 million dollars as of September 30, 2008) is excluded from the calculation of subprime-related exposure (related footnotes can be found in Note 3 and Note 7 of Table 39 and Note 2 and Note 3 of Table 40). As of September 30, 2008, total subprime-related exposure stood at 1.8 billion yen.</p>
LBO	Loans for leveraged buyout for acquisition finance including refinancing of past acquisitions.
Monoline	Monolines are insurance companies that insure against the risk of a bond or other security defaulting. As of September 30, 2008, the exposure guaranteed by monoline insurers is 1.1 billion yen in Asia.
SIV	A structured investment vehicle (SIV) is a fund which borrows money by issuing short-term securities at low interest rates, then lends that money by buying long-term securities (such as securitization products) at higher interest rates, making a profit for investors from the difference. We have no exposure to SIVs.
ABCP	An asset-backed commercial paper (ABCP) conduit is a limited-purpose entity that issues CP to finance the purchase of assets or to make loans. Some asset types include receivables generated from trade, credit card, auto loan, auto, and equipment leasing obligors, as well as collateralized loan obligations (CLOs) and collateralized bond obligations (CBOs). We have no exposure to ABCP.
CDS	Credit default swap is a type of derivative in which the buyer receives credit protection by making periodic payments to a counterparty and the seller provides credit protection by giving the promise of a payoff if a third-party defaults.

(Reference 1) BOJ Press Club Format

[English translation originally prepared in Japanese using the format required by Bank of Japan Press Club]

1. Consolidated capital ratio

(Billion of yen, except percentages)

	Risk assets	Total capital	Tier		Deferred tax assets in total capital	Capital adequacy ratio
			Tier I	Tier II		
Sep 30, 2007	8,494.1	1,053.5	647.6	537.0	34.1	12.40%
Mar 31, 2008	9,212.5	1,081.9	679.7	530.2	23.9	11.74%
Sep 30, 2008	9,558.9	1,002.6	613.6	499.8	17.8	10.48%

*Based on new standard (Basel II, F-IRB)

2. Net business profit (Non-Consolidated)

(Billions of yen)

	Before net provision of general reserve*	
		Except bonds related profits and losses
1H-FY2007	34.5	32.8
FY2007	67.2	73.7
1H-FY2008 forecast	(8.2)	6.8
FY2008	57.0	77.0

*Revitalization Plan basis

3. Problem claims

(1) Credit costs

a. Non-consolidated

(Billions of yen)

	①Net provision of general reserve	②Other credit costs (banking account)	Total credit costs ①+②
1H-FY2007	(5.0)	11.0	5.9
FY2007	23.8	(3.3)	20.5
1H-FY2008	23.2	(0.3)	22.9

②=Total of temporary profit and loss level (specific reserve for credit losses, losses on write-off of loans, provision of reserve for loan losses on sale of bonds).

b. Consolidated

(Billions of yen)

	①Net provision of general reserve	②Other credit costs (banking account)	Total credit costs ①+②
1H-FY2007	(5.4)	36.1	30.7
FY2007	22.8	50.7	73.5
1H-FY2008	18.4	23.1	41.6

(2) Outstanding balance (Non-consolidated)

(Billions of yen)

	Self assessment				Total ①+②+③
	①Bankrupt and virtually bankrupt obligors	②Possibly bankrupt	Below possibly bankrupt ①+②	③Need caution*	
Sep 30, 2007	9.8	23.4	33.3	115.0	148.4
Mar 31, 2008	8.0	15.5	23.5	135.8	159.3
Sep 30, 2008	26.4	8.2	34.6	150.5	185.2

(Billions of yen)

	Claims under the Financial Revitalization Law	
	④Substandard claims	Total ①+②+④
Sep 30, 2007	12.5	45.9
Mar 31, 2008	29.5	53.1
Sep 30, 2008	17.8	52.5

* Need caution claims include private placement bonds guaranteed by Shinsei as at Sep 30, 2007, Mar 31, 2008 and Sep 30, 2008.

(3) Ratio of problem claims classified under the Financial Revitalization Law

(%)

	Mar 31, 2005	Sep 30, 2005	Mar 31, 2006	Sep 30, 2006	Mar 31, 2007
Non-consolidated	1.43	1.16	1.03	0.54	0.53
Consolidated	1.83	2.06	1.76	1.18	1.08

	Sep 30, 2007	Mar 31, 2008	September 30, 2008
Non-consolidated	0.82	0.95	0.90
Consolidated	1.23	1.69	2.36

4. Equity holdings

(1) Equity (Non-consolidated)

(Billions of yen)

	Book value		Net unrealized gain (loss)	Tier I
		Subsidiaries' shares		
Sep 30, 2007	247.6	218.3	(1.1)	804.0
Mar 31, 2008	301.9	275.8	(3.1)	845.7
Sep 30, 2008	422.6	399.3	(4.6)	784.4

(2) Disposal of transaction loss (Non-consolidated)

(Billions of yen)

	Equity related profits and losses (net of three accounts)	
		Disposal of transaction loss
1H-FY2007*	1.3	0.0
FY2007**	(0.5)	2.2
1H-FY2008	0.3	2.1

*1H-FY2007: Other extraordinary losses include impairment of subsidiaries and affiliates' shares of 27.2 billion yen, net of recovery of valuation allowance for investments of 15.9 billion yen (gross amount of impairment was 43.1 billion yen).

**FY2007: Other extraordinary losses include impairment of subsidiaries and affiliates' shares of 29.1 billion yen, net of recovery of valuation allowance for investments of 15.9 billion yen (gross amount of impairment was 45.0 billion yen).

5. Bonds (Non-consolidated)

(Billions of yen)

	Bond related realized profits and losses	OCI*
1H-FY2007	1.6	(3.5)
FY2007	(6.4)	(3.4)
1H-FY2008	(15.0)	(5.3)

*Other comprehensive income (OCI) is the appraisal of debentures included in other securities.

6. Loans

(1) Loans for SMEs (% shows changes from the previous period)

(Billions of yen)

	Results*	% Change
Sep 30, 2007	3,046.6	5.74%
Mar 31, 2008	3,001.6	(1.48)%
Sep 30, 2008	3,107.2	3.52%

Revitalization Plan (change in actual basis, except foreign currency loans)

In FY2007, the Plan was +0.1 billion yen and the results was +29.6 billion yen

*Different from the amount of actual basis for Revitalization Plan.

(2) Amount of real estate non-recourse loans

(Billions of yen)

Sep 30, 2007	873.4
Mar 31, 2008	695.6
Sep 30, 2008	708.9

7. Source of dividends for public funds (Non-consolidated)

(Billions of yen)

Inappropriated retained earnings as of Sep 30, 2008	264.0
Net unrealized gain on securities available-for-sale, net of taxes, as of Sep 30, 2008	(58.4)
Annual dividends required for full year for preferred shares injected by public funds ⁽¹⁾	

(1) There are no outstanding preferred shares as of March 31, 2008.

8. Results and forecast of payout ratio (Non-consolidated)

	Dividend per share (full year)	Payout ratio ⁽¹⁾
FY2006	2.66 yen	5.66%
FY2007	2.94 yen	8.53%
FY2008 Forecast	To be determined	To be determined

(1) After the repayment of public funds, the bank plans to improve the targeted payout ratio based on global standard levels (approximately 20% to 30% level).

9. Sales performance and commission of investment trusts and insurance

a. Sales performance and commission of investment trusts

(Billions of yen)

	Handling commission for sales of investment trusts	Revenue from sales during the period	Amount of sales during the period
FY2006	7.2	3.7	226.5
1H-FY2007	5.6	3.0	133.4
FY2007	7.9	3.8	187.9
1H-FY2008	2.2	0.5	33.0

b. Sales performance and commission of insurance

(Billions of yen)

	Handling commission for sales of insurance	Revenue from sales during the period	Amount of sales during the period
FY2006	2.3	2.2	43.1
1H-FY2007	1.2	1.2	25.6
FY2007	2.2	2.1	43.6
1H-FY2008	0.9	0.8	16.6

10. U.S. subprime related exposure

Please refer to table 39, 40 and 43 of Financial Summary for the first half of fiscal year ended September 30, 2008.

11. Theoretical breakeven level of the holding of equities (Non-consolidated)

Nikkei 225	Approximately 15,000 yen
TOPIX	Approximately 1,500

 12. Loans outstanding to non-Japanese companies (a non-Japanese company is defined as a company whose head office is located outside Japan)
(Non-consolidated)

(Billions of yen)

	①Bankrupt and virtually bankrupt obligors	②Possibly bankrupt	③Substandard claims	Total ①+②+③
1H-FY2007	-	13.3	0.0	13.3
FY2007	-	6.0	20.4	26.4
1H-FY2008	11.0	0.0	12.1	23.2

Please refer to table 26 of Financial Summary for the first half of fiscal year ended September 30, 2008.

13. CDS (Consolidated)

(Billions of yen)

	Fair value	Unrealized profits (losses)	Realized profits (losses)
1H-FY2007	41.6	0.9	1.4
FY2007	24.1	8.2	(1.5)
1H-FY2008	10.9	10.9	0.9

(Reference 2) Calculation Grounds of Deferred Tax Assets

Calculation grounds of deferred tax assets

Shinsei Bank has, due to the recognition of non-performing loans under temporary nationalization, approximately 23.7 billion yen of tax loss carryforwards and the unrealized temporary differences of approximately 430.0 billion yen as of September 30, 2008.

We continue to recognized deferred tax assets based on our ability to reasonably estimate future taxable income for the next year.

Taxable income is calculated under the consolidated tax system, which was adopted in fiscal year 2003.

1. Future year taxable income estimate before adjustment

•Taxable income calculation based on one future year revenue forecast

Ordinary business profit	75.0 billion yen
Income before tax	70.0 billion yen
Total taxable income before adjustment (under consolidated tax system) (A)	66.2 billion yen

(Reference) Total taxable income before adjustment, five past years 【Non-consolidated】
(billions of yen)

FY2003	FY2004	FY2005	FY2006	FY2007
66.1	64.8	66.8	63.9	58.5

2. Net deferred tax assets (As of September 30, 2008 【Non-consolidated】)

Deferred tax assets corresponding to "total taxable income before adjustment" in the above-mentioned (A) (*) 26.4 billion yen

Deferred tax liabilities 8.2 billion yen

Net deferred tax assets on balance sheet 18.1 billion yen

(*)Breakdown	Securities	87.9 billion yen
	Reserve for credit losses	58.0 billion yen
	Net unrealized loss on securities available-for-sale	23.7 billion yen
	Tax loss carryforwards	17.5 billion yen
	Net deferred loss on hedge	4.9 billion yen
	Other	31.3 billion yen
	Sub total	223.5 billion yen
	Valuation allowance	△ 197.1 billion yen
	Total	26.4 billion yen

3. Deferred tax assets to Tier I ratio 【Consolidated】

(billions of yen)

	1H-FY2007	FY2007	1H-FY2008
Deferred tax assets (Except deferred tax liabilities)	34.1	23.9	17.8
Tier I	647.6	679.7	613.7
Deferred tax assets to Tier I ratio	5.3%	3.5%	2.9%