



## **Financial Summary**

**For the First Quarter Ended June 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 Income (Consolidated)<sup>(1)</sup> -Table 1-**

	<i>(Billions of yen, except percentages)</i>			
	<b>1QFY2008</b>	1QFY2007	%	1QFY2007
	<b>(3 months)</b>	(3 months)	Change	(12 months)
Net interest income	<b>35.7</b>	26.8	33.0	137.7
Non-interest income	<b>25.2</b>	49.6	(49.1)	125.0
Net fees and commissions	<b>9.3</b>	12.8	(27.4)	40.8
Net trading income	<b>2.7</b>	5.2	(46.6)	9.0
Net other business income	<b>13.2</b>	31.6	(58.3)	75.0
<b>Total revenue</b>	<b>61.0</b>	76.5	(20.3)	262.7
<b>General and administrative expenses</b>	<b>40.9</b>	37.3	9.7	157.8
<b>Ordinary business profit</b>	<b>20.0</b>	39.1	(48.9)	104.9
<b>Net credit costs</b>	<b>8.3</b>	9.5	(12.1)	73.5
<b>Amortization of goodwill and other intangible assets<sup>(2)</sup></b>	<b>2.9</b>	3.0	(1.5)	12.5
<b>Other gains (losses)</b>	<b>6.2</b>	19.2	(67.7)	73.7
<b>Income before income taxes and minority interests</b>	<b>14.8</b>	45.8	(67.6)	92.5
<b>Income Taxes (benefit)</b>				
Current	<b>2.0</b>	3.5	(41.6)	4.9
Deferred	<b>(2.3)</b>	6.1	(137.8)	9.5
<b>Minority interests in net income of subsidiaries</b>	<b>4.2</b>	4.8	(12.1)	18.0
<b>Net income</b>	<b>10.8</b>	31.2	(65.2)	60.1
<b>Cash basis net income<sup>(3)</sup></b>	<b>13.4</b>	33.9	(60.4)	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

Shinsei Bank reported “total revenue” for the first three months of fiscal year 2008 of 61.0 billion yen or 20.3% lower than in the first quarter of the previous fiscal year. “Net interest income” revenues rose to 35.7 billion yen in the current quarter from 26.8 billion yen in the first quarter of fiscal year 2007. “Non-interest income” decreased to 25.2 billion yen versus 49.6 billion yen in the same period of the previous year. Our “non-interest income” was impacted by 5.9 billion yen of mark downs on asset-backed investments and asset-backed securities, as well as lower foreign exchange, derivatives and equity revenues due to adverse market conditions within the global credit markets. Principal investments revenues were also lower as a strong performance was recorded in the year earlier period.

“General and administrative expenses” during the first quarter of fiscal year 2008 were 40.9 billion yen, an increase of 3.6 billion yen compared to the first quarter in the prior fiscal year. This increase was largely due to the consolidation of Shinki Co., Ltd.’s (“Shinki”) results from the second half of fiscal year 2007. Higher expenses and lower revenues led to an expense-to-revenue ratio of 67.2% for the three months ended June 30, 2008, as

compared to an expense-to-revenue ratio of 48.8% in the first quarter of fiscal year 2007.

“Net credit costs” of 8.3 billion yen for the first quarter of fiscal year 2008 were 1.1 billion yen lower compared to the same period in the previous fiscal year. The decline was driven by higher credit recoveries on our domestic loan portfolio.

“Amortization of goodwill and other intangible assets” associated with the acquisition of consumer and commercial finance companies was 2.9 billion yen for the three months ended June 30, 2008 as compared with 3.0 billion yen in the first quarter of the previous fiscal year.

“Other gains” of 6.2 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, while the first quarter fiscal year 2007 results include gains 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)”.

“Minority interests in net income of subsidiaries” for the first quarter of fiscal year 2008 amounting to 4.2 billion yen largely reflected dividends paid on perpetual

preferred securities and minority interests relating to APLUS' preferred shareholders.

"Current and deferred income taxes" reflected a net benefit of 0.2 billion yen compared to net expense of 9.7 billion yen in the year earlier period. Current quarter deferred taxes include recognition of a 2.1 billion yen deferred tax asset by Showa Leasing.

The Bank generated consolidated "net income" of 10.8 billion yen for the first three months of fiscal year 2008, a

decrease of 20.3 billion yen, or 65.2%, as compared to the same period in the previous fiscal year.

Consolidated "cash basis net income" for the first three months of fiscal year 2008 was 13.4 billion yen, a decrease of 20.5 billion yen, or 60.4%, as compared to the first quarter in the previous fiscal year. The "cash basis net income" is calculated by excluding amortization of goodwill and intangible assets, net of tax benefit, from net income under Japanese generally accepted accounting principles (JGAAP).

## Interest-Earning Assets and Interest-Bearing Liabilities (Consolidated) -Table 2-

(Billions of yen, except percentages)

	1QFY2008 (3 months)			1QFY2007 (3 months)			FY2007 (12 months)		
	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)
<b>Interest-earning assets<sup>(1)</sup> :</b>									
Loans and bills discounted	5,714.7	47.3	3.32	5,213.6	38.9	3.00	5,390.3	186.7	3.46
Leased assets and installment receivables <sup>(1)</sup>	727.4	12.2	6.73	785.0	12.9	6.60	765.6	52.1	6.81
Securities	2,477.2	11.1	1.80	1,947.4	11.1	2.30	2,058.7	42.7	2.08
Other interest-earning assets <sup>(2)(3)</sup>	994.9	2.3	n.m. <sup>(5)</sup>	681.6	3.2	n.m. <sup>(5)</sup>	988.2	12.6	n.m. <sup>(5)</sup>
<b>Total revenue on interest-earning assets<sup>(1)</sup></b>	<b>9,914.4</b>	<b>72.9</b>	<b>2.95</b>	<b>8,627.8</b>	<b>66.2</b>	<b>3.08</b>	<b>9,202.9</b>	<b>294.3</b>	<b>3.20</b>
<b>Interest-bearing liabilities:</b>									
Deposits, including negotiable certificates of deposit	5,998.1	12.1	0.81	5,528.4	10.8	0.79	5,734.4	47.9	0.84
Debentures	665.7	0.9	0.60	696.7	0.7	0.44	679.5	3.3	0.50
Subordinated debt	463.8	4.1	3.63	481.0	4.2	3.53	451.4	15.3	3.39
Borrowed money and corporate bonds	1,065.3	4.1	1.57	1,092.0	3.5	1.30	1,105.8	15.2	1.38
Other interest-bearing liabilities <sup>(2)</sup>	1,185.7	3.5	n.m. <sup>(5)</sup>	911.8	7.0	n.m. <sup>(5)</sup>	1,094.5	22.5	n.m. <sup>(5)</sup>
<b>Total expense on interest-bearing liabilities</b>	<b>9,378.8</b>	<b>25.0</b>	<b>1.07</b>	<b>8,710.0</b>	<b>26.5</b>	<b>1.22</b>	<b>9,065.8</b>	<b>104.3</b>	<b>1.15</b>
<b>Non interest-bearing sources of funds:</b>									
Non interest-bearing (assets) liabilities, net	(180.1)	-	-	(734.8)	-	-	(543.1)	-	-
Total equity — Minority interests in subsidiaries <sup>(4)</sup>	715.7	-	-	652.6	-	-	680.2	-	-
<b>Total interest-bearing liabilities and non interest-bearing sources of funds</b>	<b>9,914.4</b>	<b>-</b>	<b>-</b>	<b>8,627.8</b>	<b>-</b>	<b>-</b>	<b>9,202.9</b>	<b>-</b>	<b>-</b>
Net interest margin <sup>(1)</sup>	-	-	1.88	-	-	1.86	-	-	2.05
Impact of non interest-bearing sources	-	-	0.06	-	-	(0.01)	-	-	0.02
<b>Net revenue/yield on interest-earning assets<sup>(1)</sup></b>	<b>-</b>	<b>47.9</b>	<b>1.94</b>	<b>-</b>	<b>39.7</b>	<b>1.85</b>	<b>-</b>	<b>189.9</b>	<b>2.06</b>
<b>Reconciliation of total revenue on interest-earning assets to total interest income:</b>									
Total revenue on interest-earning assets	9,914.4	72.9	2.95	8,627.8	66.2	3.08	9,202.9	294.3	3.20
Less: Income on leased assets and installment receivables	727.4	12.2	6.73	785.0	12.9	6.60	765.6	52.1	6.81
<b>Total interest income</b>	<b>9,186.9</b>	<b>60.7</b>	<b>2.65</b>	<b>7,842.7</b>	<b>53.3</b>	<b>2.73</b>	<b>8,437.3</b>	<b>242.1</b>	<b>2.87</b>
Total interest expense	-	25.0	-	-	26.5	-	-	104.3	-
<b>Net interest income</b>	<b>-</b>	<b>35.7</b>	<b>-</b>	<b>-</b>	<b>26.8</b>	<b>-</b>	<b>-</b>	<b>137.7</b>	<b>-</b>

(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.

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 three months ended June 30, 2008 was 47.9 billion yen, an increase of 8.1 billion yen compared to the first quarter of the prior fiscal year. “Total revenue on interest-earning assets” increased by 6.6 billion yen and “total interest expenses” decreased by 1.4 billion yen in the first three months of fiscal year 2008 from the first quarter of the previous fiscal year. The “net yield on interest-earning assets” was 1.94% in the first quarter of fiscal year 2008, compared with 1.85% for the same period in the prior fiscal year, an increase of 0.09%.

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

	(Billions of yen)		
	Due to change in <sup>(1)</sup>		Net Change
From the three months ended June 30, 2007 to the three months ended June 30, 2008	Volume	Rate	Change
<b>Increase (decrease) in interest revenue:</b>			
Loans and bills discounted	3.7	4.6	8.4
Leased assets and installment receivables	(0.9)	0.2	(0.7)
Securities	3.0	(3.1)	0.0
Other interest-earning assets	1.5	(2.4)	(0.9)
<b>Total revenue on interest-earning assets</b>			<b>6.6</b>
<b>Increase (decrease) in interest expenses:</b>			
Deposits, including negotiable certificates of deposit	0.9	0.3	1.2
Debentures	0.0	0.2	0.2
Subordinated debt	(0.1)	0.1	0.0
Borrowed money and corporate bonds	0.0	0.7	0.6
Other interest-bearing liabilities	2.1	(5.7)	(3.5)
<b>Total expense on interest-bearing liabilities</b>			<b>(1.4)</b>
<b>Net increase in net revenue on interest-earning assets</b>			<b>8.1</b>
<b>Reconciliation of total revenue on interest-earning assets to total interest income:</b>			
Total revenue on interest-earning assets			6.6
Less: Income on leased assets and installment receivables			(0.7)
Total interest income			7.3
Total interest expenses			(1.4)
<b>Net increase in net interest income</b>			<b>8.8</b>

(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.

The 6.6 billion yen increase in “total revenue on interest-earning assets” in the first quarter of fiscal year 2008 is attributable both to higher volume of and yield on loans and bills discounted. The increase in average balance of loans and bills discounted was primarily the result of growth in retail housing loans. 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 1.4 billion yen decrease in “total interest expense” 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 5,998.1 billion yen from 5,528.4 billion yen and, to a lesser extent, an increase in the average rates, which was at 0.81% for the first quarter of fiscal year 2008, compared to 0.79% for the same period of the previous fiscal year.

Shinki contributed 5.9 billion yen to the “net increase in net revenue on interest-earning assets” on a consolidated basis.

**Non-Interest Income (Consolidated) -Table 4-**

*(Billions of yen, except percentages)*

	<b>1QFY2008</b> <b>(3 months)</b>	1QFY2007 (3 months)	%	FY2007 (12 months)
			Change	
Net fees and commissions	<b>9.3</b>	12.8	(27.4)	40.8
Net trading income	<b>2.7</b>	5.2	(46.6)	9.0
Net other business income	<b>13.2</b>	31.6	(58.3)	75.0
Income on leased assets and installment receivables	<b>12.2</b>	12.9	(5.5)	52.1
<b>Total non-interest income</b>	<b>25.2</b>	49.6	(49.1)	125.0

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

“Total non-interest income” for the three months ended June 30, 2008 amounted to 25.2 billion yen, a decrease of 24.3 billion yen or 49.1% compared to the first quarter in the previous fiscal year. This included 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 9.3 billion yen were earned in the three months ended June 30, 2008, a decrease of 3.5 billion yen compared to the same period of the previous year.

“Net trading income” reflects revenues from customer-driven transactions as well as transactions undertaken for trading purposes. During the first quarter of fiscal year 2008, “net trading income” was 2.7 billion yen, a decline of 2.4 billion yen from the same period in the previous fiscal year.

The decline in the “net trading income” resulted mainly from a decrease in foreign exchange, derivatives and equity revenues.

“Net other business income” for the first quarter ended June 30, 2008 was 13.2 billion yen. This included income of 12.2 billion yen from the leased assets and installment receivables businesses of APLUS and Showa Leasing. Excluding such income, “net other business income” for the first quarter of fiscal year 2008 was at 1.0 billion yen, a decrease of 17.7 billion yen from the same period in the previous fiscal year. The decrease includes 5.9 billion yen of mark-downs on European asset-backed investments and asset-backed securities, as well as lower principal investments revenues in our Institutional Group excluding Showa Leasing. During the quarter, non-interest income in the Institutional Group, excluding Showa Leasing, declined to 7.2 billion yen from 23.8 billion yen in the first quarter of fiscal year 2007.



**General and Administrative Expenses (Consolidated) -Table 5-**

	<i>(Billions of yen, except percentages)</i>			
	<b>1QFY2008</b>	1QFY2007	%	FY2007
	<b>(3 months)</b>	(3 months)	Change	(12 months)
Personnel expenses	17.0	16.1	5.4	63.6
Premises expenses	5.5	4.1	34.3	18.6
Technology and data processing expenses	5.8	4.9	18.8	21.8
Advertising expenses	2.1	2.3	(7.9)	9.9
Consumption and property taxes	1.8	2.0	(6.4)	8.4
Deposit insurance premium	0.9	0.8	13.3	3.4
Other general and administrative expenses	7.4	6.9	8.4	31.9
<b>General and administrative expenses</b>	<b>40.9</b>	<b>37.3</b>	<b>9.7</b>	<b>157.8</b>

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

“General and administrative expenses” were 40.9 billion in the first three months of fiscal year 2008, an increase of 3.6 billion yen compared to same period in the previous fiscal year. Higher expenses reflect the consolidation of Shinki Co., Ltd.’s (“Shinki”) financial results for the first three months of fiscal year 2008 while for the prior period Shinki was accounted for as an equity method affiliate.

“Personnel expenses” of 17.0 billion yen were 0.8 billion yen higher than in the first quarter of the previous fiscal year. The increase was largely due the inclusion of Shinki’s results.

“Non-personnel expenses” also rose compared to the same period in the prior fiscal year due to the inclusion of Shinki’s financial results, except advertising expenses. The advertising expenses were 0.1 billion yen lower than the same period last fiscal year reflecting continued optimization of advertising activities in Individual Group businesses.

**Net Credit Costs (Consolidated) -Table 6-**

	<i>(Billions of yen, except percentages)</i>			
	<b>1QFY2008</b>	1QFY2007	%	FY2007
	<b>(3 months)</b>	(3 months)	Change	(12 months)
Losses on write-off of loans	0.6	0.0	1,634.3	3.1
Net provision (reversal) of reserve for loan losses:	8.1	9.3	(13.4)	73.3
Net provision (reversal) of general reserve for loan losses	(0.5)	(1.9)	70.6	22.8
Net provision (reversal) of specific reserve for loan losses	8.6	11.3	(23.2)	50.4
Net provision (reversal) of reserve for loan losses to restructuring countries	-	-	-	0.0
Net provision (reversal) of specific reserve for other credit losses	(0.2)	0.0	(45,637.2)	(6.3)
Other credit costs relating to leasing business	(0.1)	0.1	(199.2)	3.4
<b>Net credit costs</b>	<b>8.3</b>	<b>9.5</b>	<b>(12.1)</b>	<b>73.5</b>

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

We recorded net credit costs of 8.3 billion yen for the quarter ended June 30, 2008 compared with net credit costs of 9.5 billion yen for the quarter ended June 30, 2007. The decrease in net credit costs was largely driven by lower “net provision of specific reserve for loan losses”, which totaled 8.6 billion yen for the current quarter, a

decrease of 2.6 billion yen or 23.2% compared to the first quarter of the prior year. The lower net provision resulted from higher recoveries within our domestic loan portfolio, partially offset by additional reserves taken against asset-backed investments in Europe.

## Major Balance Sheet Data (Consolidated) -Table 7-

	(Billions of yen, except percentages)				
	Jun 30 2008	Jun 30 2007	Change	Mar 31 2008	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Call loans	315.3	67.1	248.2	-	315.3
Other monetary claims purchased	468.3	469.7	(1.3)	468.8	(0.4)
Monetary assets held in trust	370.2	488.0	(117.7)	371.5	(1.2)
Securities	2,587.9	1,869.7	718.1	1,980.2	607.6
Loans and bills discounted	5,664.1	5,278.5	385.5	5,622.2	41.8
Lease receivables and leased investment assets	249.9	/	/	/	/
Other assets	1,064.1	914.0	150.1	1,100.1	(35.9)
Installment receivables	408.6	449.2	(40.5)	421.8	(13.1)
Premises and equipment	74.6	382.4	(307.7)	305.7	(231.1)
Tangible leased assets	43.1	294.2	(251.1)	264.9	(221.8)
Intangible assets	191.5	240.4	(48.8)	233.1	(41.6)
Goodwill, net	139.9	156.4	(16.4)	142.2	(2.2)
Other intangible assets <sup>(1)</sup>	22.7	19.1	3.6	23.6	(0.9)
Intangible leased assets	1.5	40.5	(38.9)	39.6	(38.0)
Customers' liabilities for acceptances and guarantees	705.5	745.1	(39.6)	701.7	3.8
<b>Total assets</b>	<b>12,532.6</b>	<b>11,145.3</b>	<b>1,387.3</b>	<b>11,525.7</b>	<b>1,006.9</b>
Deposits and negotiable certificates of deposit	6,109.1	5,542.0	567.0	5,806.6	302.4
Debentures and corporate bonds	1,116.0	1,137.7	(21.7)	1,088.7	27.2
Call money	773.8	698.0	75.8	632.1	141.7
Borrowed money	1,060.0	1,099.4	(39.4)	1,127.2	(67.1)
Other liabilities	611.0	548.5	62.5	708.7	(97.7)
Acceptances and guarantees	705.5	745.1	(39.6)	701.7	3.8
<b>Total liabilities</b>	<b>11,556.8</b>	<b>10,181.2</b>	<b>1,375.5</b>	<b>10,560.5</b>	<b>996.3</b>
<b>Total equity</b>	<b>975.8</b>	<b>964.0</b>	<b>11.7</b>	<b>965.2</b>	<b>10.5</b>

(1) Intangible assets recorded through consolidation of 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 5,664.1 billion yen as at June 30, 2008 as compared to 5,622.2 billion yen as at March 31, 2008. Loan growth in the first quarter of fiscal year 2008 was largely achieved in retail housing loans. Loans to retail customers, including lending to high net worth individuals, grew 7.4% or 67.2 billion yen to 974.6 billion yen. Corporate loans decreased 2.0% to 2,796.3 billion yen and the non-recourse real estate finance balance decreased 2.8% to 676.0 billion yen. "Securities" balance as of June 30, 2008 amounted to 2,587.9 billion yen as compared to 1,980.2 billion yen as of March 31, 2008.

The increase relates to higher balance of Japanese National Government bonds during this quarter.

Shinsei Bank continues to diversify its funding base through deposits from retail customers. Total "deposits" increased 302.4 billion yen or 5.2% on March 31, 2008 to 6,109.1 billion yen in the first quarter ended June 30, 2008. The retail deposits balance, including high net worth customers, totaled 4,448.8 billion yen at June 30, 2008, an increase of 112.9 billion yen compared to March 31, 2008. Retail Banking represents 65.5% of the Bank's total funding through customer deposits and "debentures".

**Loans (Consolidated)****Risk-Monitored Loans (Consolidated) -Table 8-**

*(Billions of yen, except percentages)*

	Jun 30 2008 (a)	Mar 31 2008 (b)	Change (a)-(b)
Loans to bankrupt obligors	2.7	2.1	0.5
Non-accrual delinquent loans	53.9	42.5	11.4
Loans past due for three months or more	5.1	4.7	0.3
Restructured loans	31.2	54.9	(23.7)
<b>Total (A)</b>	<b>93.0</b>	<b>104.4</b>	<b>(11.3)</b>
<b>Loans and bills discounted (B)</b>	<b>5,664.1</b>	<b>5,622.2</b>	<b>41.8</b>
Ratio to total loans and bills discounted (A / B X 100)(%)	<b>1.64%</b>	<b>1.86%</b>	<b>(0.22)%</b>
<b>Reserve for credit losses (C)</b>	<b>128.4</b>	<b>145.9</b>	<b>(17.5)</b>
Reserve ratio (C / A X 100)(%)	<b>138.0</b>	<b>139.7</b>	<b>(1.7)</b>

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

**Reserve for Credit Losses (Consolidated) -Table 9-**

*(Billions of yen)*

	Jun 30 2008 (a)	Mar 31 2008 (b)	Change (a)-(b)
General reserve for loan losses	82.1	96.6	(14.4)
Specific reserve for loan losses	46.2	49.3	(3.0)
Reserve for loans to restructuring countries	0.0	0.0	0.0
<b>Total reserve for credit losses</b>	<b>128.4</b>	<b>145.9</b>	<b>(17.5)</b>

**Loans by Borrower Industry (Consolidated) -Table 10-**

*(Billions of yen)*

	Jun 30 2008 (a)	Mar 31 2008 (b)	Change (a)-(b)
Domestic offices (excluding Japan offshore market account):			
Manufacturing	202.4	191.8	10.6
Agriculture	0.0	0.0	(0.0)
Forestry	-	-	-
Fishery	2.8	2.9	(0.1)
Mining	4.5	4.5	(0.0)
Construction	18.2	20.4	(2.2)
Electric power, gas, heat supply and water supply	75.7	74.6	1.1
Information and communications	48.9	50.0	(1.1)
Transportation	368.7	379.4	(10.7)
Wholesale and retail	134.1	138.0	(3.9)
Finance and insurance	1,040.9	1,248.0	(207.1)
Real estate	1,278.7	1,295.1	(16.4)
Services	359.9	374.0	(14.1)
Local government	283.2	118.1	165.1
Others	1,703.2	1,597.9	105.3
Loans to retail customers (retail banking, APLUS and Shinki)	1,239.7	1,174.7	65.0
<b>Total domestic (A)</b>	<b>5,521.8</b>	<b>5,495.3</b>	<b>26.5</b>
Overseas offices (including Japan offshore market accounts):			
Governments	1.3	1.1	0.2
Financial institutions	-	-	-
Others	140.9	125.6	15.3
<b>Total overseas (B)</b>	<b>142.2</b>	<b>126.8</b>	<b>15.4</b>
<b>Total (A+B)</b>	<b>5,664.1</b>	<b>5,622.2</b>	<b>41.9</b>

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

(Billions of yen)

	Jun 30, 2008				Jun 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)	20.8	(1.4)	1.4	2.8	26.3	3.1	3.8	0.6	19.1	(3.1)	1.0	4.2
Bonds (domestic)	1,126.1	(4.8)	0.5	5.4	453.4	(3.9)	0.1	4.1	544.9	(3.4)	1.0	4.4
Other <sup>(1)</sup>	483.3	(29.7)	6.1	35.8	462.7	10.2	13.2	2.9	491.5	(28.6)	8.4	37.1
Other Securities	1,630.3	(36.0)	8.1	44.1	942.5	9.4	17.2	7.8	1,055.6	(35.2)	10.6	45.8

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

**Financial Ratios (Consolidated) -Table 12-**

	1QFY2007 (3 months)	1QFY2007 (3 months)	FY2007 (12 months)
Return on assets <sup>(1)</sup>	0.4% <sup>(4)</sup>	1.1% <sup>(4)</sup>	0.5%
Return on equity <sup>(2)</sup>	6.1% <sup>(4)</sup>	28.9% <sup>(4)</sup>	10.4%
Return on equity (fully diluted) <sup>(3)</sup>	6.1% <sup>(4)</sup>	19.3% <sup>(4)</sup>	8.8%
Cash basis return on assets <sup>(1)</sup>	0.5% <sup>(4)</sup>	1.3% <sup>(4)</sup>	0.6%
Cash basis return on equity <sup>(2)</sup>	7.6% <sup>(4)</sup>	31.4% <sup>(4)</sup>	12.4%
Cash basis return on equity (fully diluted) <sup>(3)</sup>	7.6% <sup>(4)</sup>	21.0% <sup>(4)</sup>	10.5%
Expense-to-revenue ratio <sup>(5) (6)</sup>	67.2%	48.8%	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 (Consolidated)<sup>(1)</sup> -Table 13-**

*(Billions of yen, except percentages)*

	Jun 30 2008 (a)	Jun 30 2007 (b)	Change (a)-(b)	Mar 31 2008 (c)	Change (a)-(c)
Basic items (Tier I)	699.9	649.8	50.0	679.7	20.1
Supplementary items (Tier II)	544.5	547.4	(2.8)	530.2	14.3
General reserve for loan losses	6.1	14.1	(7.9)	5.7	0.3
Perpetual/non-perpetual preferred stocks and Perpetual/non-perpetual subordinated debt and bonds	538.7	586.0	(47.2)	529.2	9.5
Deductions	(0.3)	(52.6)	52.3	(4.7)	4.4
Deduction	(135.3)	(124.5)	(10.8)	(128.0)	(7.2)
Total capital <sup>(2)</sup>	1,109.1	1,072.7	36.3	1,081.9	27.1
Risk assets	9,231.9	8,230.3	1,001.6	9,212.5	19.4
Capital adequacy ratio	12.01%	13.03%	—	11.74%	—
Tier I capital ratio	7.58%	7.89%	—	7.37%	—

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

(2) Consolidated total required capital is 691.8 billion yen as at June 30, 2008, 683.6 billion yen as at March 31, 2008, and 645.5 billion yen as at June 30, 2007.

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

A “tier I capital ratio” of 7.58% and “total capital adequacy ratio” of 12.01% as of June 30, 2008, on a Basel II basis, met or exceeded Shinsei’s corporate targets for maintaining strong capital ratio.

**Per Share Data (Consolidated) -Table 14-**

*(Yen, except percentages)*

	1QFY2008 (3 months)	1QFY2007 (3 months)	% Change	FY2007 (12 months)	% Change
Common equity	363.15	322.44	9.2	364.35	(0.3)
Fully diluted equity	363.15	365.25	(0.6)	364.35	(0.3)
Basic net income (loss)	5.53	22.68	(75.6)	38.98	(85.8)
Diluted net income	5.53	17.26	(68.0)	32.44	(83.0)
Cash basis:					
Basic net income	6.86	24.68	(72.2)	46.31	(85.2)
Diluted net income	6.86	18.78	(63.5)	38.50	(82.2)
For calculation of per share data:					
Equity: Number of common shares <sup>(1)</sup>	1,963,909,876	1,377,143,785		1,963,910,456	
Fully diluted number of shares <sup>(1)</sup>	1,963,909,876	1,809,537,979		1,963,910,456	
Net income: Number of common shares <sup>(2)</sup>	1,963,909,970	1,377,144,555		1,529,530,977	
Fully diluted number of shares <sup>(2)</sup>	1,963,909,970	1,809,538,749		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 income per share” for the three-month period ended June 30, 2008 was 5.53 yen. “Cash basis diluted net income per share” for the three-month period ended June 2008 was 6.86 yen, a decline of 63.5%, as compared to the same period last year.

## Business Lines Results (Consolidated) -Table 15-

	(Billions of yen, except percentages)			
	1QFY2008 (3 months)	1QFY2007 <sup>(2)</sup> (3 months)	% Change	FY2007 <sup>(2)</sup> (12 months)
<b>Institutional Group:</b>				
Net interest income	8.1	9.1	(11.2)	40.1
Non-interest income	14.5	31.7	(54.1)	76.9
<b>Total revenue</b>	<b>22.7</b>	<b>40.9</b>	<b>(44.5)</b>	<b>117.0</b>
<b>General and administrative expenses</b>	<b>16.6</b>	<b>15.8</b>	<b>4.8</b>	<b>62.8</b>
<b>Ordinary business profit</b>	<b>6.1</b>	<b>25.1</b>	<b>(75.6)</b>	<b>54.2</b>
<b>Net credit costs (recoveries)</b>	<b>(0.6)</b>	<b>(2.3)</b>	<b>(71.4)</b>	<b>28.3</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>6.8</b>	<b>27.5</b>	<b>(75.2)</b>	<b>25.8</b>
<b>Individual Group:</b>				
Net interest income	22.0	16.5	33.5	80.8
Non-interest income	14.0	16.7	(16.3)	54.6
<b>Total revenue</b>	<b>36.0</b>	<b>33.2</b>	<b>8.4</b>	<b>135.5</b>
<b>General and administrative expenses</b>	<b>23.8</b>	<b>21.6</b>	<b>9.9</b>	<b>93.1</b>
<b>Ordinary business profit</b>	<b>12.2</b>	<b>11.5</b>	<b>5.6</b>	<b>42.3</b>
<b>Net credit costs</b>	<b>9.0</b>	<b>12.0</b>	<b>(25.2)</b>	<b>43.9</b>
<b>Ordinary business profit after net credit costs</b>	<b>3.2</b>	<b>(0.4)</b>	<b>752.2</b>	<b>(1.5)</b>
<b>ALM/Corporate/Other<sup>(1)</sup>:</b>				
Net interest income	5.5	1.1	367.9	16.7
Non-interest income	(3.3)	1.1	(390.1)	(6.5)
<b>Total revenue</b>	<b>2.2</b>	<b>2.3</b>	<b>(4.2)</b>	<b>10.1</b>
<b>General and administrative expenses</b>	<b>0.5</b>	<b>(0.1)</b>	<b>(536.0)</b>	<b>1.7</b>
<b>Ordinary business profit</b>	<b>1.6</b>	<b>2.4</b>	<b>(32.6)</b>	<b>8.3</b>
<b>Net credit costs</b>	<b>0.0</b>	<b>(0.1)</b>	<b>(123.9)</b>	<b>1.3</b>
<b>Ordinary business profit after net credit costs</b>	<b>1.6</b>	<b>2.5</b>	<b>(37.6)</b>	<b>7.0</b>
<b>Total:</b>				
Net interest income	35.7	26.8	33.0	137.7
Non-interest income	25.2	49.6	(49.1)	125.0
<b>Total revenue</b>	<b>61.0</b>	<b>76.5</b>	<b>(20.3)</b>	<b>262.7</b>
<b>General and administrative expenses</b>	<b>40.9</b>	<b>37.3</b>	<b>9.7</b>	<b>157.8</b>
<b>Ordinary business profit</b>	<b>20.0</b>	<b>39.1</b>	<b>(48.9)</b>	<b>104.9</b>
<b>Net credit costs</b>	<b>8.3</b>	<b>9.5</b>	<b>(12.1)</b>	<b>73.5</b>
<b>Ordinary business profit after net credit costs</b>	<b>11.6</b>	<b>29.6</b>	<b>(60.7)</b>	<b>31.3</b>

(1) ALM/Corporate/Other largely includes results of corporate treasury activities, income from proprietary investments, 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

In the first quarter of fiscal year 2008, Shinsei Bank realigned its business into two groups, an Institutional Group and an Individual Group. For the quarter, "ordinary business profit after net credit costs" was 11.6 billion yen, 60.7% or 17.9 billion yen lower than the same period in the

previous fiscal year. Our Institutional Group in particular was impacted by the global turmoil in the capital markets. Our Individual Group revenues rose 2.7 billion yen, or 8.4%, primarily due to the inclusion of Shinki within our business results.

**Institutional Group** <sup>(1)</sup> -Table 16-

(Billions of yen, except percentages)

	1QFY2008 (3 months)	1QFY2007 <sup>(3)</sup> (3 months)	% Change	FY2007 <sup>(3)</sup> (12 months)
<b>Institutional Banking</b> <sup>(2)</sup> :				
Net interest income	9.5	9.8	(2.7)	46.4
Non-interest income	7.2	23.8	(69.7)	44.7
<b>Total revenue</b>	<b>16.8</b>	<b>33.6</b>	<b>(50.1)</b>	<b>91.2</b>
<b>General and administrative expenses</b>	<b>13.4</b>	<b>12.6</b>	<b>6.9</b>	<b>50.0</b>
<b>Ordinary business profit</b>	<b>3.3</b>	<b>21.0</b>	<b>(84.3)</b>	<b>41.1</b>
<b>Net credit costs (recoveries)</b>	<b>(2.0)</b>	<b>(3.0)</b>	<b>(32.0)</b>	<b>19.6</b>
<b>Ordinary business profit (loss) after net credit costs</b>	<b>5.3</b>	<b>24.0</b>	<b>(77.8)</b>	<b>21.5</b>
<b>Showa Leasing</b> :				
Net interest income	(1.4)	(0.6)	111.1	(6.2)
Non-interest income	7.3	7.9	(7.3)	32.1
<b>Total revenue</b>	<b>5.9</b>	<b>7.2</b>	<b>(18.4)</b>	<b>25.8</b>
<b>General and administrative expenses</b>	<b>3.1</b>	<b>3.2</b>	<b>(3.1)</b>	<b>12.8</b>
<b>Ordinary business profit</b>	<b>2.8</b>	<b>4.0</b>	<b>(30.4)</b>	<b>13.0</b>
<b>Net credit costs</b>	<b>1.3</b>	<b>0.6</b>	<b>125.0</b>	<b>8.7</b>
<b>Ordinary business profit after net credit costs</b>	<b>1.4</b>	<b>3.4</b>	<b>(57.5)</b>	<b>4.3</b>
<b>Institutional Group</b> :				
Net interest income	8.1	9.1	(11.2)	40.1
Non-interest income	14.5	31.7	(54.1)	76.9
<b>Total revenue</b>	<b>22.7</b>	<b>40.9</b>	<b>(44.5)</b>	<b>117.0</b>
<b>General and administrative expenses</b>	<b>16.6</b>	<b>15.8</b>	<b>4.8</b>	<b>62.8</b>
<b>Ordinary business profit</b>	<b>6.1</b>	<b>25.1</b>	<b>(75.6)</b>	<b>54.2</b>
<b>Net credit costs (recoveries)</b>	<b>(0.6)</b>	<b>(2.3)</b>	<b>(71.4)</b>	<b>28.3</b>
<b>Ordinary business profit after net credit costs</b>	<b>6.8</b>	<b>27.5</b>	<b>(75.2)</b>	<b>25.8</b>

(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 16.8 billion yen in the first three months of this fiscal year. This is 16.8 billion yen, or 50.0%, lower than the same period last fiscal year primarily due to lower revenues across Capital Markets products. Our non-recourse real estate finance business generated revenue of 5.2 billion yen, an increase of 0.3 billion yen compared to same period last fiscal year. Credit trading generated total revenues of 4.6 billion yen in the three months of fiscal year 2008, roughly flat compared to the 4.7 billion yen generated in the same period of the previous year. Revenues from foreign exchange, derivatives and equity-related transactions declined to 1.5 billion yen from 5.1 billion yen in the first quarter of the previous fiscal year. Our principal investments business generated revenues of 4.5 billion yen, or 2.8 billion yen lower than in the

prior year as a strong performance was recorded in the first quarter of fiscal year 2007. Securitization recognized a loss of 3.7 billion yen, compared to a 1.5 billion yen gain during the first quarter of fiscal year 2007. This includes mark-downs of 5.9 billion yen on European asset-backed investments and asset-backed securities.

In the first quarter of this fiscal year, the "general and administrative expenses" were 16.6 billion yen, a 0.7 billion yen increase from the first quarter in the previous fiscal year. The increase was largely due to hiring to support our investments in the business. As a result, "ordinary business profit" for the first quarter of fiscal year 2008 was 6.1 billion yen, a decrease of 18.9 billion yen, or 75.6%, as compared to the same period in the previous fiscal year. The expense-to-revenue ratio of this business was 73.0% for the three months ended June 30, 2008.

**Individual Group -Table 17-**<sup>(1)</sup>

(Billions of yen, except percentages)

	1QFY2008 (3 months)	1QFY2007 <sup>(3)</sup> (3 months)	% Change	FY2007 <sup>(3)</sup> (12 months)
<b>Retail Banking:</b>				
Net interest income	5.7	4.7	20.9	21.0
Non-interest income	3.6	4.3	(16.4)	13.0
<b>Total revenue</b>	<b>9.4</b>	<b>9.1</b>	<b>3.1</b>	<b>34.0</b>
<b>General and administrative expenses</b>	<b>9.7</b>	<b>9.6</b>	<b>1.0</b>	<b>40.1</b>
<b>Ordinary business profit</b>	<b>(0.3)</b>	<b>(0.5)</b>	<b>35.0</b>	<b>(6.0)</b>
<b>Net credit costs</b>	<b>0.0</b>	<b>0.0</b>	<b>14.9</b>	<b>0.3</b>
<b>Ordinary business profit (loss) after net credit costs</b>	<b>(0.4)</b>	<b>(0.5)</b>	<b>28.5</b>	<b>(6.3)</b>
<b>(Reference) Revenue from structured deposits</b>	<b>1.3</b>	<b>1.4</b>	<b>(3.7)</b>	<b>5.7</b>
<b>APLUS:</b>				
Net interest income	9.2	10.7	(13.5)	41.8
Non-interest income	10.3	11.8	(12.5)	48.2
<b>Total revenue</b>	<b>19.6</b>	<b>22.5</b>	<b>(13.0)</b>	<b>90.0</b>
<b>General and administrative expenses</b>	<b>10.7</b>	<b>11.3</b>	<b>(5.6)</b>	<b>45.1</b>
<b>Ordinary business profit</b>	<b>8.9</b>	<b>11.2</b>	<b>(20.5)</b>	<b>44.8</b>
<b>Net credit costs</b>	<b>7.3</b>	<b>9.8</b>	<b>(25.4)</b>	<b>38.2</b>
<b>Ordinary business profit (loss) after net credit costs</b>	<b>1.5</b>	<b>1.3</b>	<b>13.8</b>	<b>6.6</b>
<b>Shinki:</b>				
Net interest income	5.9	(0.0)	15,555.6	13.7
Non-interest income	(0.2)	0.5	(147.2)	(7.4)
<b>Total revenue</b>	<b>5.6</b>	<b>0.4</b>	<b>1,126.1</b>	<b>6.3</b>
<b>General and administrative expenses</b>	<b>2.8</b>	<b>0.0</b>	<b>6,634.2</b>	<b>5.6</b>
<b>Ordinary business profit (loss)</b>	<b>2.8</b>	<b>0.4</b>	<b>579.3</b>	<b>0.7</b>
<b>Net credit costs</b>	<b>1.0</b>	<b>2.1</b>	<b>(48.3)</b>	<b>4.5</b>
<b>Ordinary business profit (loss) after net credit costs</b>	<b>1.7</b>	<b>(1.6)</b>	<b>206.1</b>	<b>(3.8)</b>
<b>Other Subsidiaries<sup>(2)</sup>:</b>				
Net interest income	1.0	1.0	2.2	4.2
Non-interest income	0.2	0.0	740.9	0.8
<b>Total revenue</b>	<b>1.2</b>	<b>1.0</b>	<b>21.2</b>	<b>5.0</b>
<b>General and administrative expenses</b>	<b>0.5</b>	<b>0.6</b>	<b>(16.9)</b>	<b>2.2</b>
<b>Ordinary business profit</b>	<b>0.7</b>	<b>0.4</b>	<b>74.2</b>	<b>2.8</b>
<b>Net credit costs</b>	<b>0.5</b>	<b>0.0</b>	<b>862.5</b>	<b>0.8</b>
<b>Ordinary business profit after net credit costs</b>	<b>0.2</b>	<b>0.3</b>	<b>(33.6)</b>	<b>2.0</b>
<b>Total Individual Group:</b>				
Net interest income	22.0	16.5	33.5	80.8
Non-interest income	14.0	16.7	(16.3)	54.6
<b>Total revenue</b>	<b>36.0</b>	<b>33.2</b>	<b>8.4</b>	<b>135.5</b>
<b>General and administrative expenses</b>	<b>23.8</b>	<b>21.6</b>	<b>9.9</b>	<b>93.1</b>
<b>Ordinary business profit</b>	<b>12.2</b>	<b>11.5</b>	<b>5.6</b>	<b>42.3</b>
<b>Net credit costs</b>	<b>9.0</b>	<b>12.0</b>	<b>(25.2)</b>	<b>43.9</b>
<b>Ordinary business profit (loss) after net credit costs</b>	<b>3.2</b>	<b>(0.4)</b>	<b>752.2</b>	<b>-1.5</b>

(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. During the first three months of this fiscal year, the Individual Group generated “ordinary business profit after net credit costs” of 3.2 billion yen, compared to an “ordinary business loss after net credit costs” of 0.4 billion yen during the first quarter 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 three months of this fiscal year, total Retail Banking revenue was 9.4 billion yen as compared to 9.1 billion yen during the first quarter 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 quarter, we generated increased net interest income of 5.7 billion yen compared to 4.7 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 3.6 billion yen from 4.3 billion yen in the prior fiscal year period as fees from asset management products declined.

Retail Banking incurred general and administrative expenses of 9.7 billion yen during the three-month period, an increase of 1.0% as compared to the first quarter in the previous fiscal year. The business generated ordinary business loss of 0.4 billion yen for the first three months of fiscal year 2008, as compared to an ordinary business loss of 0.5 billion yen during the first quarter of the previous fiscal year.

In the three months ended June 30, 2008, APLUS generated “total revenue” of 19.6 billion yen, compared to 22.5 billion yen for the same period of the prior fiscal year. The decline in revenue was largely due to tighter credit control. The revenue shortfall was fully offset by lower expenses and “net credit costs”. “General and administrative expenses” declined to 10.7 billion yen from 11.3 billion yen in the previous fiscal year, while “net credit costs” were 7.3 billion yen and 9.8 billion yen for the respective periods. As a result, the business generated “ordinary business profit after net credit costs” of 1.5 billion yen in the first quarter of fiscal year 2008, an increase of 0.1 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 quarter of fiscal year 2007 reflect our equity interest in the company and credit provision for loans from Shinsei Bank to Shinki. For the first quarter of fiscal year 2008, Shinki generated “total revenues” of 5.6 billion yen, “general and administrative expenses” of 2.8 billion yen and “net credit costs” of 1.0 billion yen, for an “ordinary business profit after net credit costs” of 1.7 billion yen. This compares to an “ordinary business loss after net credit costs” of 1.6 billion yen in the first quarter of fiscal year 2007.

APLUS’ grey zone payments and write-offs amounted to 1.6 billion yen in the first quarter of fiscal year 2008. The business made new grey zone related provisions of 0.6 billion yen and, as a result, the total balance of the grey zone reserve was 7.5 billion yen as of June 30, 2008, as compared to 8.6 billion yen as of March 31, 2008.

Shinki’s grey zone payments and write-offs amounted to 3.8 billion yen in the first quarter of fiscal year 2008. The total balance of the grey zone reserve was 26.8 billion yen as of June 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 (Consolidated)<sup>(1)</sup> -Table 18-**

For the three months ended June 30, 2008

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

<b>Amortization of goodwill and other intangible assets</b>	
Amortization of other intangible assets	0.9
Associated deferred tax liability	(0.3)
Amortization of goodwill	2.0
Total amortization of goodwill and other intangible assets, net of tax benefit	2.6
<b>Reconciliation of net income to cash basis net income</b>	
Net income	10.8
Amortization of goodwill and other intangible assets, net of tax benefit	2.6
Cash basis net income	13.4
<b>Reconciliation of basic net income per share to cash basis basic net income per share</b>	
Basic net income per share	5.5
Effect of amortization of goodwill and other intangible assets, net of tax benefit	1.3
Cash basis basic net income per share	6.8
<b>Reconciliation of fully diluted net income per share to cash basis fully diluted net income per share</b>	
Fully diluted net income per share	5.5
Effect of amortization of goodwill and other intangible assets, net of tax benefit	1.3
Cash basis fully diluted net income per share	6.8
<b>Reconciliation of return on assets to cash basis return on assets</b>	
Return on assets	0.4
Effect of amortization of goodwill and other intangible assets, net of tax benefit	0.1
Cash basis return on assets	0.5
<b>Reconciliation of return on equity to cash basis return on equity</b>	
Return on equity (fully diluted)	6.1
Effect of amortization of goodwill and other intangible assets, net of tax benefit	1.5
Cash basis return on equity (fully diluted)	7.6
<b>Reconciliation of return on equity to return on tangible equity</b>	
Return on equity (fully diluted)	6.1
Effect of goodwill and other intangible assets <sup>(1)</sup>	3.6
Return on tangible equity (fully diluted)	9.7

(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.

**Consolidated Statements of Income (Unaudited)***(millions of yen, except percentages)*

	1Q (3 Months) FY2008	1Q (3 Months) FY2007	Change		FY2007
			Amount	%	
Total interest income	60,773	53,377	7,396	13.9	242,171
Interest on loans and bills discounted	47,362	38,931	8,431	21.7	186,747
Interest and dividends on securities	11,106	11,177	(71)	(0.6)	42,768
Other interest income	2,304	3,268	(964)	(29.5)	12,654
Fees and commissions income	14,929	18,129	(3,200)	(17.7)	65,977
Trading profits	4,696	5,232	(536)	(10.2)	9,719
Other business income	56,856	68,365	(11,509)	(16.8)	246,601
Other ordinary income	4,764	7,915	(3,151)	(39.8)	29,032
<b>Ordinary income</b>	<b>142,020</b>	<b>153,019</b>	<b>(10,999)</b>	<b>(7.2)</b>	<b>593,503</b>
Total interest expenses	25,066	26,521	(1,455)	(5.5)	104,395
Interest on deposits	10,886	10,078	808	8.0	43,467
Interest on borrowings	4,238	3,601	637	17.7	15,256
Interest on corporate bonds	4,137	4,167	(30)	(0.7)	15,278
Other interest expenses	5,803	8,674	(2,871)	(33.1)	30,394
Fees and commissions expenses	5,622	5,311	311	5.9	25,141
Trading losses	1,918	28	1,890	6,750.0	629
Other business expenses	46,510	44,017	2,493	5.7	187,320
Total general and administrative expenses	44,215	40,456	3,759	9.3	171,295
General and administrative expenses	41,266	37,422	3,844	10.3	158,761
Amortization of goodwill	2,060	2,355	(295)	(12.5)	9,277
Amortization of intangible assets	928	678	250	36.9	3,257
Other ordinary expenses	10,888	11,409	(521)	(4.6)	93,498
Provision of reserve for loan losses	7,888	9,377	(1,489)	(15.9)	66,966
Others	2,999	2,032	967	47.6	26,531
<b>Ordinary expenses</b>	<b>134,221</b>	<b>127,746</b>	<b>6,475</b>	<b>5.1</b>	<b>582,281</b>
<b>Net ordinary income</b>	<b>7,798</b>	<b>25,273</b>	<b>(17,475)</b>	<b>(69.1)</b>	<b>11,222</b>
Special gains	11,049	20,599	(9,550)	(46.4)	88,916
Special losses	3,984	48	3,936	8,200.0	7,582
<b>Income before income taxes and minority interests</b>	<b>14,863</b>	<b>45,823</b>	<b>(30,960)</b>	<b>(67.6)</b>	<b>92,556</b>
Income taxes (benefit)					
Current	2,061	3,530	(1,469)	(41.6)	4,902
Deferred	(2,339)	6,184	(8,523)	(137.8)	9,500
Minority interests in net income of subsidiaries	4,279	4,869	(590)	(12.1)	18,044
<b>Net income</b>	<b>10,863</b>	<b>31,239</b>	<b>(20,376)</b>	<b>(65.2)</b>	<b>60,108</b>

**Consolidated Balance Sheets (Unaudited)****Assets (Consolidated)**

*(millions of yen)*

	<b>Jun 30 2008</b>	Jun 30 2007	Change a-b	Mar 31 2008	Change a-c
	<b>a</b>	b	Amount	c	Amount
<b>&lt;&lt;Assets&gt;&gt;</b>					
Cash and due from banks	<b>544,913</b>	412,266	132,647	505,630	39,283
Call loans	<b>315,356</b>	67,140	248,216	-	315,356
Receivables under resale agreements	-	-	-	2,014	(2,014)
Collateral related to securities borrowing transactions	<b>104,111</b>	47,690	56,421	18,753	85,358
Other monetary claims purchased	<b>468,392</b>	469,719	(1,327)	468,880	(488)
Trading assets	<b>270,961</b>	310,074	(39,113)	315,287	(44,326)
Monetary assets held in trust	<b>370,278</b>	488,026	(117,748)	371,572	(1,294)
Securities	<b>2,587,902</b>	1,869,706	718,196	1,980,292	607,610
Loans and bills discounted	<b>5,664,102</b>	5,278,505	385,597	5,622,266	41,836
Foreign exchanges	<b>13,541</b>	30,515	(16,974)	17,852	(4,311)
Lease receivables and leased investment assets	<b>249,903</b>	/	/	/	/
Other assets	<b>1,064,183</b>	914,062	150,121	1,100,151	(35,968)
Premises and equipment	<b>74,660</b>	382,420	(307,760)	305,771	(231,111)
Intangible assets	<b>191,530</b>	240,405	(48,875)	233,174	(41,644)
Goodwill, net	<b>139,975</b>	156,473	(16,498)	142,239	(2,264)
Deferred issuance expenses for debentures	<b>138</b>	107	31	125	13
Deferred tax assets	<b>35,620</b>	35,543	77	28,238	7,382
Customers' liabilities for acceptances and guarantees	<b>705,545</b>	745,190	(39,645)	701,717	3,828
Reserve for credit losses	<b>(128,459)</b>	(146,048)	17,589	(145,966)	17,507
<b>Total assets</b>	<b>12,532,682</b>	11,145,325	1,387,357	11,525,762	1,006,920

## Liabilities and Equity (Consolidated)

	(millions of yen)				
	Jun 30 2008 a	Jun 30 2007 b	Change a-b Amount	Mar 31 2008 c	Change a-c Amount
<b>&lt;&lt;Liabilities&gt;&gt;</b>					
Deposits	5,424,081	5,067,030	357,051	5,229,444	194,637
Negotiable certificates of deposit	685,042	474,998	210,044	577,189	107,853
Debentures	684,602	693,727	(9,125)	662,434	22,168
Call money	773,835	698,022	75,813	632,117	141,718
Collateral related to securities lending transactions	863,543	77,505	786,038	148,421	715,122
Trading liabilities	158,949	127,898	31,051	205,011	(46,062)
Borrowed money	1,060,038	1,099,440	(39,402)	1,127,227	(67,189)
Foreign exchanges	19	14	5	39	(20)
Short-term corporate bonds	101,300	181,300	(80,000)	73,600	27,700
Corporate bonds	431,411	444,057	(12,646)	426,286	5,125
Other liabilities	611,040	548,533	62,507	708,749	(97,709)
Accrued employees' bonuses	6,195	5,055	1,140	14,572	(8,377)
Accrued directors' bonuses	99	247	(148)	249	(150)
Reserve for employees' retirement benefits	4,540	3,356	1,184	4,660	(120)
Reserve for directors' retirement benefits	187	/	/	132	55
Reserve for losses on interest repayments	34,427	9,719	24,708	39,333	(4,906)
Reserve for losses on disposal of premises and equipment	8,008	-	8,008	5,025	2,983
Reserve under special law	4	3	1	4	-
Deferred tax liabilities	3,993	5,194	(1,201)	4,283	(290)
Acceptances and guarantees	705,545	745,190	(39,645)	701,717	3,828
<b>Total liabilities</b>	<b>11,556,868</b>	<b>10,181,295</b>	<b>1,375,573</b>	<b>10,560,501</b>	<b>996,367</b>
<b>&lt;&lt;Equity&gt;&gt;</b>					
<b>Shareholders' equity:</b>					
Capital stock	476,296	451,296	25,000	476,296	-
Capital surplus	43,558	18,558	25,000	43,558	-
Retained earnings	307,459	273,997	33,462	302,535	4,924
Treasury stock, at cost	(72,567)	(72,561)	(6)	(72,566)	(1)
Total shareholders' equity	754,748	671,290	83,458	749,823	4,925
<b>Net unrealized gain (loss) and translation adjustments:</b>					
Unrealized gain (loss) on available-for-sale securities	(36,136)	6,098	(42,234)	(35,073)	(1,063)
Deferred gain (loss) on derivatives under hedge accounting	(9,030)	(20,303)	11,273	(1,057)	(7,973)
Foreign currency translation adjustments	3,613	3,860	(247)	1,872	1,741
Total net unrealized gain (loss) and translation adjustments	(41,553)	(10,344)	(31,209)	(34,258)	(7,295)
Stock acquisition rights	1,444	674	770	1,257	187
Minority interests in subsidiaries	261,175	302,410	(41,235)	248,437	12,738
<b>Total equity</b>	<b>975,813</b>	<b>964,030</b>	<b>11,783</b>	<b>965,261</b>	<b>10,552</b>
<b>Total liabilities and equity</b>	<b>12,532,682</b>	<b>11,145,325</b>	<b>1,387,357</b>	<b>11,525,762</b>	<b>1,006,920</b>

## Section 2. Non-Consolidated Information

## Results of Operations (Non-Consolidated) -Table 19-

(Billions of yen, except percentages)

	1QFY2008 (3 months)	1QFY2007 (3 months)	% Change	FY2007 (12 months)
Net interest income	20.1	19.0	5.6	107.5
Non-interest income	4.0	23.1	(82.4)	44.4
Net fees and commissions <sup>(1)</sup>	11.4	15.6	(26.8)	48.8
Net trading income	0.9	3.0	(69.1)	6.9
Net other business income	(8.3)	4.4	(288.2)	(11.4)
<b>Total revenue <sup>(1)</sup></b>	<b>24.2</b>	<b>42.2</b>	<b>(42.7)</b>	<b>152.0</b>
Personnel expenses	9.1	8.5	7.2	33.1
Non-personnel expenses	11.9	10.8	9.7	47.3
Taxes	1.0	0.9	1.4	4.2
<b>General and administrative expenses</b>	<b>22.0</b>	<b>20.3</b>	<b>8.3</b>	<b>84.7</b>
<b>Net business profit <sup>(1)</sup></b>	<b>2.1</b>	<b>21.8</b>	<b>(90.2)</b>	<b>67.2</b>
<b>Other gains (losses)</b>				
Gains (losses) on the sales of equities	(0.0)	1.5	(101.1)	(0.5)
Provision of reserve for loan losses	-	-	-	19.2
Losses on write-off of loans	0.1	-	-	1.2
Expenses for employees' retirement benefits	0.3	0.1	100.3	2.5
Other losses, expenses	2.3	2.4	(4.5)	11.1
<b>Net ordinary income (loss)</b>	<b>(0.7)</b>	<b>20.7</b>	<b>(103.6)</b>	<b>32.5</b>
<b>Special gains (losses) <sup>(2)</sup></b>				
Gains (losses) from sales of fixed assets	(0.1)	(0.0)	522.5	0.2
Gains on bad debt recovered	0.2	0.0	13,776.3	0.3
Reversal of reserve for loan losses	2.1	0.9	120.9	-
Other special gains (losses) <sup>(3)</sup>	(2.8)	0.1	(2,164.5)	25.1
<b>Income (loss) before income taxes</b>	<b>(1.3)</b>	<b>21.8</b>	<b>(106.2)</b>	<b>58.3</b>
<b>Income taxes (benefit)</b>				
Current	(3.1)	(8.5)	(62.6)	(7.6)
Deferred	-	6.5	-	12.7
<b>Net income</b>	<b>1.8</b>	<b>23.8</b>	<b>(92.2)</b>	<b>53.2</b>

(1) Includes income from monetary assets held in trust of 8.1 billion yen in 1QFY2008, 10.1 billion yen in 1QFY2007, and 37.3 billion yen in FY2007.

(2) Reversals of general reserve for loan losses is included in extraordinary income 2.1 billion yen in the first quarter fiscal year 2008, and 0.9 billion yen in the first quarter fiscal year 2007.

In FY2007, provision of reserve for loan losses was 19.2 billion yen.

(3) 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 "net income" for the three months ended June 30, 2008 of 1.8 billion yen on a non-consolidated basis. Current results do not include a 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 2.9 billion yen in accordance with the consolidated corporate tax system in the first quarter of fiscal year 2008. 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 (Non-Consolidated) -Table 20-**

*(Billions of yen, except percentages)*

	<b>1QFY2008</b> <b>(3 months)</b>	1QFY2007 (3 months)	% Change	FY2007 (12 months)
Losses on write-off of loans	<b>0.1</b>	-	-	1.2
Net provision (reversal) of reserve for loan losses	<b>(2.1)</b>	(0.9)	120.9	19.2
Net provision (reversal) of general reserve for loan losses	<b>(1.5)</b>	(0.8)	72.9	23.8
Net provision (reversal) of specific reserve for loan losses	<b>(0.6)</b>	(0.0)	637.1	(4.6)
Net provision (reversal) of reserve for loan losses to restructuring countries	-	-	-	0.0
<b>Net credit costs</b>	<b>(1.9)</b>	(0.9)	102.4	20.5

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

## Interest-Earning Assets and Interest-Bearing Liabilities (Non-Consolidated) -Table 21-

	(Billions of yen, except percentages)								
	1QFY2008 (3 months)			1QFY2007 (3 months)			FY2007 (12 months)		
	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)
<b>Interest-earning assets:</b>									
Cash and due from banks	79.0	0.4	2.45	135.5	1.4	4.16	158.4	4.6	2.96
Call loans	221.7	0.4	0.73	48.3	0.0	0.54	166.7	1.0	0.62
Receivables under resale agreements	1.7	0.0	1.67	-	-	-	0.7	0.0	3.27
Collateral related to securities borrowing transactions	95.9	0.1	0.64	21.6	0.1	3.12	129.4	0.9	0.75
Securities	2,661.1	12.1	1.83	2,122.6	14.4	2.72	2,316.6	76.9	3.32
Loans and bills discounted	5,424.3	27.8	2.05	5,074.8	25.2	1.99	5,183.5	110.5	2.13
Other interest-earning assets	168.1	1.0	2.62	108.6	0.8	3.31	161.8	5.2	3.23
Interest rate and funding swaps	-	-	-	-	0.6	-	-	0.3	-
<b>Total interest-earning assets</b>	<b>8,652.1</b>	<b>42.1</b>	<b>1.95</b>	<b>7,511.7</b>	<b>42.8</b>	<b>2.29</b>	<b>8,117.4</b>	<b>199.8</b>	<b>2.46</b>
<b>Interest-bearing liabilities:</b>									
Deposits	5,336.1	10.9	0.82	5,017.2	10.1	0.80	5,178.7	43.5	0.84
Negotiable certificates of deposit	708.9	1.2	0.73	539.1	0.8	0.60	634.2	4.4	0.70
Debentures	664.3	0.9	0.59	696.8	0.7	0.43	680.4	3.3	0.49
Call money	789.3	1.9	0.98	690.5	4.0	2.35	862.2	14.9	1.73
Payable under repurchase agreements	0.6	0.0	2.29	-	-	-	0.1	0.0	3.67
Collateral related to securities lending transactions	293.9	0.6	0.85	18.1	0.0	1.87	111.2	1.1	1.06
Borrowed money	301.4	1.1	1.55	273.6	0.7	1.03	286.5	3.7	1.32
Corporate bonds	529.8	6.5	4.95	572.4	7.1	5.02	564.0	24.5	4.35
Other interest-bearing liabilities	0.2	0.3	n.m. <sup>(1)</sup>	0.3	2.5	n.m. <sup>(1)</sup>	0.3	5.0	n.m. <sup>(1)</sup>
Interest rate and funding swaps	-	0.2	-	-	-	-	-	-	-
<b>Total interest-bearing liabilities</b>	<b>8,625.0</b>	<b>24.1</b>	<b>1.12</b>	<b>7,808.3</b>	<b>26.2</b>	<b>1.34</b>	<b>8,317.9</b>	<b>100.9</b>	<b>1.21</b>
<b>Net interest income/yield on interest-earning assets</b>	<b>8,652.1</b>	<b>18.0</b>	<b>0.83</b>	<b>7,511.7</b>	<b>16.6</b>	<b>0.88</b>	<b>8,117.4</b>	<b>98.8</b>	<b>1.21</b>

(1) n.m. is not meaningful.

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



**Loans (Non-Consolidated)**
**Risk-Monitored Loans (Non-Consolidated) -Table 22-**

*(Billions of yen, except percentages)*

	Jun 30 2008 (a)	Jun 30 2007 (b)	Change (a)-(b)	Mar 31 2008 (c)	Change (a)-(c)
Loans to bankrupt obligors	0.0	0.3	(0.2)	0.5	(0.5)
Non-accrual delinquent loans	30.7	10.5	20.1	22.8	7.8
Loans past due for three months or more	0.0	0.0	0.0	0.1	(0.1)
Restructured loans	5.2	15.8	(10.5)	29.4	(24.1)
<b>Total (A)</b>	<b>36.0</b>	<b>26.7</b>	<b>9.2</b>	<b>53.0</b>	<b>(17.0)</b>
<b>Loans and bills discounted (B)</b>	<b>5,447.1</b>	<b>5,178.7</b>	<b>268.3</b>	<b>5,356.3</b>	<b>90.7</b>
Ratio to total loans and bills discounted (A / B X 100)(%)	0.66%	0.52%	0.14%	0.99%	(0.33)%
<b>Reserve for credit losses (C)</b>	<b>81.0</b>	<b>105.9</b>	<b>(24.9)</b>	<b>93.6</b>	<b>(12.6)</b>
Reserve ratio (C / A X 100)(%)	225.0%	396.0%	(171.0)%	176.5%	48.5%

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

**Risk Monitored Loans by Borrower Industry (Non-Consolidated) -Table 23-**

*(Billions of yen)*

	Jun 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	199.2	2.0	187.9	3.0	11.3	(1.0)
Agriculture	-	-	-	-	-	-
Forestry	-	-	-	-	-	-
Fishery	2.8	-	2.9	-	(0.1)	-
Mining	4.5	-	4.5	-	(0.0)	-
Construction	16.8	3.0	18.5	3.1	(1.6)	(0.1)
Electric power, gas, heat supply and water supply	75.7	-	74.6	-	1.0	-
Information and communications	48.0	-	49.1	-	(1.0)	-
Transportation	366.3	7.2	377.6	7.6	(11.2)	(0.3)
Wholesale and retail	124.1	0.0	127.6	3.5	(3.4)	(3.5)
Finance and insurance	1,293.8	0.4	1,446.5	0.4	(152.6)	-
Real estate	1,210.5	1.0	1,234.8	1.0	(24.3)	0.0
Services	344.2	3.9	357.4	6.5	(13.1)	(2.6)
Local government	283.2	-	118.1	-	165.0	-
Individual	931.0	1.1	865.8	1.2	65.2	0.0
Overseas yen loan and overseas loans booked domestically	459.5	17.1	408.6	26.4	50.8	(9.2)
<b>Total domestic</b>	<b>5,360.2</b>	<b>36.0</b>	<b>5,274.3</b>	<b>53.0</b>	<b>85.8</b>	<b>(17.0)</b>
Overseas offices (including Japan offshore market accounts):						
Governments	1.3	-	1.1	-	0.1	-
Financial institutions	-	-	-	-	-	-
Commerce and industry	85.5	-	80.7	-	4.7	-
Others	-	-	-	-	-	-
<b>Total overseas</b>	<b>86.8</b>	<b>-</b>	<b>81.9</b>	<b>-</b>	<b>4.8</b>	<b>-</b>
<b>Total</b>	<b>5,447.1</b>	<b>36.0</b>	<b>5,356.3</b>	<b>53.0</b>	<b>90.7</b>	<b>(17.0)</b>

**Claims Classified under the Financial Revitalization Law (Non-Consolidated) -Table 24-**

*(Billions of yen, except percentages)*

	Jun 30 2008 (a)	Jun 30 2007 (b)	Change (a)-(b)	Mar 31 2008 (c)	Change (a)-(c)
Claims against bankrupt and quasi-bankrupt obligors	17.1	0.6	16.5	8.0	9.1
Doubtful claims	13.7	10.7	2.9	15.5	(1.9)
Substandard claims	5.3	15.9	(10.6)	29.6	(24.3)
<b>Total (A)</b>	<b>36.1</b>	<b>27.2</b>	<b>8.9</b>	<b>53.1</b>	<b>(17.1)</b>
<b>Total claims (B)</b>	<b>5,677.2</b>	<b>5,469.9</b>	<b>207.3</b>	<b>5,566.0</b>	<b>111.2</b>
Ratio to total claims (A / B X 100)(%)	0.64%	0.50%	0.14%	0.95%	(0.32)%
<b>Reserve for credit losses (C)</b>	<b>81.0</b>	<b>105.9</b>	<b>(24.9)</b>	<b>93.6</b>	<b>(12.6)</b>
Reserve ratio (C / A X 100)(%)	224.7%	389.7%	(165.0)%	176.3%	48.3%
(Ref. 1) Amount of write-off	45.4	6.5	38.8	34.6	10.8
(Ref. 2) Below need caution level	145.7	-	-	159.3	(13.6)

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

## Securities (Non-Consolidated)

## Marketable Securities, at Fair Value (Non-Consolidated) - Table 25-

(Billions of yen)

	Jun 30, 2008				Jun 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)	14.4	(1.8)	0.5	2.4	17.6	1.3	1.6	0.2	13.0	(3.1)	0.3	3.4
Bonds (domestic)	1,127.5	(4.8)	0.5	5.4	450.3	(3.9)	0.1	4.1	545.5	(3.4)	1.0	4.4
Other <sup>(1)</sup>	479.2	(29.7)	6.1	35.8	456.7	10.1	13.1	2.9	487.6	(28.6)	8.4	37.1
Other Securities	1,621.2	(36.4)	7.3	43.7	924.7	7.5	14.9	7.3	1,046.2	(35.1)	9.9	45.1

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

Capital Adequacy Data (Non-Consolidated) <sup>(1)</sup> - Table 26-

(Billions of yen, except percentages)

	Jun 30 2008 (a)	Jun 30 2007 (b)	Change (a)-(b)	Mar 31 2008 (c)	Change (a)-(c)
Basic items (Tier I)	850.9	841.0	9.8	845.7	5.1
Supplementary items (Tier II)	460.5	482.3	(21.8)	450.8	9.6
Deduction	(90.9)	(70.6)	(20.2)	(92.7)	1.7
Total capital	1,220.5	1,252.7	(32.2)	1,203.8	16.6
Risk assets	7,911.5	7,083.6	827.9	7,893.4	18.1
Capital adequacy ratio	15.42%	17.68%	—	15.25%	—
Tier I capital ratio	10.75%	11.87%	—	10.71%	—

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

(2) Consolidated total required capital is 434.5 billion yen as at June 30, 2008, 432.2 billion yen as at March 31, 2008, and 378.3 billion yen as at June 30, 2007.

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

## Non-Consolidated Statements of Operations (Unaudited)

(millions of yen, except percentages)

	1Q (3 Months) FY2008	1Q (3 Months) FY2007	Change		FY2007
			Amount	%	
Total interest income	42,154	42,892	(738)	(1.7)	199,803
Interest on loans and bills discounted	27,857	25,280	2,577	10.2	110,567
Interest and dividends on securities	12,145	14,404	(2,259)	(15.7)	76,969
Other interest income	2,151	3,207	(1,056)	(32.9)	12,266
Fees and commissions income	5,842	8,265	(2,423)	(29.3)	27,459
Trading profits	2,954	3,089	(135)	(4.4)	7,133
Other business income	365	5,037	(4,672)	(92.8)	3,845
Other ordinary income	8,519	11,938	(3,419)	(28.6)	41,442
<b>Ordinary income</b>	<b>59,836</b>	<b>71,223</b>	<b>(11,387)</b>	<b>(16.0)</b>	<b>279,684</b>
Total interest expenses	24,117	26,266	(2,149)	(8.2)	100,993
Interest on deposits	10,915	10,103	812	8.0	43,560
Interest on debentures	989	763	226	29.6	3,398
Other interest expenses	12,212	15,399	(3,187)	(20.7)	54,034
Fees and commissions expenses	2,510	2,780	(270)	(9.7)	15,960
Trading losses	2,012	36	1,976	5488.9	142
Other business expenses	8,698	598	8,100	1354.5	15,202
General and administrative expenses	22,313	20,436	1,877	9.2	85,681
Other ordinary expenses	925	403	522	129.5	29,174
<b>Ordinary expenses</b>	<b>60,577</b>	<b>50,522</b>	<b>10,055</b>	<b>19.9</b>	<b>247,155</b>
<b>Net ordinary income (loss)</b>	<b>(741)</b>	<b>20,701</b>	<b>(21,442)</b>	<b>(103.6)</b>	<b>32,528</b>
Special gains	2,556	1,123	1,433	127.6	67,699
Special losses	3,164	21	3,143	14966.7	41,910
<b>Income (loss) before income taxes</b>	<b>(1,348)</b>	<b>21,803</b>	<b>(23,151)</b>	<b>(106.2)</b>	<b>58,317</b>
Income taxes (benefit)					
Current	(3,196)	(8,546)	5,350	(62.6)	(7,666)
Deferred	-	6,533	(6,533)	(100.0)	12,780
<b>Net income</b>	<b>1,847</b>	<b>23,817</b>	<b>(21,970)</b>	<b>(92.2)</b>	<b>53,203</b>

**Non-Consolidated Balance Sheets (Unaudited)****Assets (Non-Consolidated)**

*(millions of yen)*

	<b>Jun 30 2008</b>	Jun 30 2007	Change a-b	Mar 31 2008	Change a-c
	<b>a</b>	b	Amount	c	Amount
<b>&lt;&lt;Assets&gt;&gt;</b>					
Cash and due from banks	<b>353,289</b>	193,169	160,120	272,940	80,349
Call loans	<b>315,356</b>	67,140	248,216	-	315,356
Receivables under resale agreements	-	-	-	2,014	(2,014)
Collateral related to securities borrowing transactions	<b>99,695</b>	47,690	52,005	13,850	85,845
Other monetary claims purchased	<b>159,232</b>	161,631	(2,399)	161,344	(2,112)
Trading assets	<b>215,080</b>	284,084	(69,004)	275,136	(60,056)
Monetary assets held in trust	<b>630,638</b>	674,693	(44,055)	606,018	24,620
Securities	<b>2,897,710</b>	2,063,219	834,491	2,300,303	597,407
Valuation allowance for investments	<b>(3,370)</b>	(15,908)	12,538	(3,370)	-
Loans and bills discounted	<b>5,447,134</b>	5,178,765	268,369	5,356,363	90,771
Foreign exchanges	<b>13,541</b>	30,515	(16,974)	17,852	(4,311)
Other assets	<b>516,904</b>	373,699	143,205	577,856	(60,952)
Premises and equipment	<b>20,339</b>	21,304	(965)	20,895	(556)
Intangible assets	<b>14,247</b>	13,552	695	14,560	(313)
Deferred issuance expenses for debentures	<b>138</b>	107	31	125	13
Deferred tax assets	<b>20,904</b>	28,812	(7,908)	14,697	6,207
Customers' liabilities for acceptances and guarantees	<b>18,109</b>	19,455	(1,346)	11,746	6,363
Reserve for credit losses	<b>(81,059)</b>	(105,995)	24,936	(93,662)	12,603
<b>Total assets</b>	<b>10,637,893</b>	9,035,938	1,601,955	9,548,673	1,089,220

## Liabilities and Equity (Non-Consolidated)

	<i>(millions of yen)</i>				
	Jun 30 2008	Jun 30 2007	Change a-b	Mar 31 2008	Change a-c
	a	b	Amount	c	Amount
<b>&lt;&lt;Liabilities&gt;&gt;</b>					
Deposits	5,479,813	5,101,596	378,217	5,287,941	191,872
Negotiable certificates of deposit	685,042	474,998	210,044	577,189	107,853
Debentures	685,302	694,337	(9,035)	663,134	22,168
Call money	773,835	698,022	75,813	632,117	141,718
Collateral related to securities lending transactions	863,543	78,425	785,118	148,421	715,122
Trading liabilities	161,909	117,568	44,341	203,716	(41,807)
Borrowed money	302,108	295,947	6,161	304,078	(1,970)
Foreign exchanges	259	303	(44)	269	(10)
Corporate bonds	543,816	589,038	(45,222)	519,902	23,914
Other liabilities	394,221	295,747	98,474	450,643	(56,422)
Accrued employees' bonuses	4,200	3,475	725	10,341	(6,141)
Reserve for retirement benefits	1,458	662	796	1,554	(96)
Reserve for losses on disposal of premises and equipment	7,896	-	7,896	4,913	2,983
Acceptances and guarantees	18,109	19,455	(1,346)	11,746	6,363
<b>Total liabilities</b>	<b>9,921,517</b>	<b>8,369,581</b>	<b>1,551,936</b>	<b>8,815,970</b>	<b>1,105,547</b>
<b>&lt;&lt;Equity&gt;&gt;</b>					
<b>Shareholders' equity:</b>					
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	313,350	288,374	24,976	317,276	(3,926)
Legal reserve	11,035	9,784	1,251	9,880	1,155
Other retained earnings	302,314	278,590	23,724	307,395	(5,081)
Unappropriated retained earnings	302,314	278,590	23,724	307,395	(5,081)
Treasury stock, at cost	(72,557)	(72,556)	(1)	(72,557)	0
Total shareholders' equity	760,647	685,672	74,975	764,573	(3,926)
<b>Net unrealized gain (loss):</b>					
Unrealized gain (loss) on available-for-sale securities	(36,432)	5,058	(41,490)	(35,024)	(1,408)
Deferred gain (loss) on derivatives under hedge accounting	(9,284)	(25,048)	15,764	1,896	(11,180)
Total net unrealized gain (loss)	(45,716)	(19,989)	(25,727)	(33,128)	(12,588)
Stock acquisition rights	1,444	674	770	1,257	187
<b>Total equity</b>	<b>716,375</b>	<b>666,356</b>	<b>50,019</b>	<b>732,703</b>	<b>(16,328)</b>
<b>Total liabilities and equity</b>	<b>10,637,893</b>	<b>9,035,938</b>	<b>1,601,955</b>	<b>9,548,673</b>	<b>1,089,220</b>

## Section 3. Earnings Forecast (Consolidated and Non-Consolidated) -Table 27-

(Consolidated)	<i>(Billions of yen)</i>		
	<i>Fiscal year ending</i>	<i>Fiscal year ended</i>	
	<u>Mar. 2009</u>	<u>Mar. 2008</u>	
	<b>(FY2008)</b>	<b>(FY2007)</b>	
	Forecast <sup>(1)</sup>	Actual	
Net income	<b>62.0</b>	60.1	
<hr/>			
(Non-Consolidated)	<i>Fiscal year ending</i>		<i>Fiscal year ended</i>
	<u>Mar. 2009</u>		<u>Mar. 2008</u>
	<b>(FY2008)</b>		<b>(FY2007)</b>
	Forecast <sup>(1)</sup>		Actual
Net business profit <sup>(2)</sup>	<b>70.0</b>	67.2	
Net income	<b>60.0</b>	53.2	
<hr/>			
Dividends (in yen)			
Common stock	<sup>(3)</sup>	2.94 yen	
Class-A preferred share <sup>(4) (5)</sup>	- yen	6.50 yen	

(1) Figures announced on May 14, 2008.

(2) Revitalization plan basis

(3) The amount of dividend for common shares 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.

## Section 4. Exposure to U.S. Residential Mortgage, Securitized Products and Related Investments

## Mark-Downs and Credit Costs for U.S. Residential Mortgage Exposure (Consolidated) -Table 28-

(Millions of dollars or Billions of yen)

FY2006	FY2007					Total US Dollar	Total JPY <sup>(1)</sup>	FY2008	
	4Q (Jan 1 - Mar 31, 2007) US Dollar	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 (a)	JPY <sup>(1)</sup> (a) x 105.68
Mark-downs	11	17	48	40	52	157	15.6	4	0.4
Credit costs (recoveries) <sup>(2)</sup>	8	0	107	(11)	38	134	13.4	0	0.0
Total	19	17	155	29	90	291	29.1	4	0.5

(1) The amount of credit costs during fiscal year 2007 and 1QFY2008 reflects adjustments due to different exchange rates (March 31, 2007: 117.78 yen per US dollar, March 31, 2008: 99.73 yen/dollar, June 30, 2008: 105.68 yen/dollar).

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

## U.S. Residential Mortgage Exposure (Securities and Loans) (Consolidated) -Table 29-

(Millions of dollars, %)

(Billions of yen)

	Balance Before Evaluation <sup>(1)</sup> (a)	Mark-Down During 1QFY2008 or Credit Reserve as of Jun 30, 2008		Net Exposure Jun 30, 2008 (c) = (a) - (b)	Net Exposure Jun 30, 2008 (c) x 105.68 yen
		(b)	% Decline		
<b>Mark-to-Market Exposure</b>	28.2	4.5 <sup>(2)</sup>	(16.0)	<b>23.7</b>	<b>2.5</b>
Securities <sup>(3)</sup>	28.2	4.5	(16.0)	23.7	2.5
AAA <sup>(4)</sup>	17.3	0.1	(0.9)	17.1	1.8
AA <sup>(4)</sup>	-	-	-	-	-
Other (A or lower) <sup>(4)</sup>	10.9	4.3	(39.6)	6.6	0.7
<b>Exposure Recorded Unrealized Losses</b>	52.5	0.2	(0.5)	<b>52.3</b>	<b>5.5</b>
Securities <sup>(3)</sup>	52.5	0.2	(0.5)	52.3	5.5
AAA <sup>(4)</sup>	52.5	0.2	(0.5)	52.3	5.5
<b>Loans and Other Credit Exposure</b>	316.3	122.3 <sup>(5)</sup>		<b>193.9</b>	<b>20.5</b>
Loans <sup>(6)</sup>	233.0	120.5		112.5	11.8
Securities Whose Fair Value is Not Readily Determinable <sup>(3)(7)</sup>	83.3	1.8		81.4	8.6
Total	397.1	127.1		<b>270.0</b>	<b>28.5</b>

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

(2) Mark-downs of U.S. residential mortgage exposure during 1QFY2008 totaled 0.4 billion yen (4.5 million dollars, using exchange rate of 105.68 yen/dollar for June 30, 2008).

(3) Comprised of 2007-vintage securities except for one AAA-rated security of 2006-vintage amounting to 17.1 million dollars (1.8 billion yen) as of June 30, 2008. Of the total 16.7 billion yen of securities exposure, subprime-related exposure is 3.2 billion yen, including the security of Note 7, as of June 30, 2008.

(4) Based on ratings as of March 31, 2008.

(5) Net credit costs and others for U.S. residential mortgage exposure during 1QFY2008 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 June 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 33).

**Balance of Securitized Products (Breakdown by Region and Type of Securities) (Non-Consolidated) -Table 30-**

(Billions of yen)

	Credit Ratings of Securities <sup>(2)</sup> (Jun 30, 2008)				Jun 30 2008 (a)	Mar 31 2008 (b)	Change (a)-(b)	Dec 31 2007 (c)	Change (a)-(c)
	AAA	AA	A or lower	N/A					
<b>RMBS</b>	25%	10%	2%	63%	<b>77.3</b>	76.2	1.0	93.8	(16.5)
Japan	10%	5%	2%	83%	<b>48.5</b>	45.6	2.8	54.7	(6.2)
U.S. <sup>(3)</sup>	45%	0%	1%	54%	<b>16.2</b>	15.9	0.2	21.0	(4.8)
Europe	0%	100%	0%	0%	<b>5.5</b>	7.3	(1.8)	8.8	(3.3)
Other <sup>(4)</sup>	100%	0%	0%	0%	<b>6.9</b>	7.2	(0.3)	9.1	(2.1)
<b>CMBS<sup>(5)</sup></b>	0%	13%	87%	0%	<b>29.8</b>	30.3	(0.4)	33.9	(4.1)
Japan	0%	6%	94%	0%	<b>16.4</b>	17.6	(1.2)	18.1	(1.7)
U.S.	-	-	-	-	-	-	-	-	-
Europe	0%	0%	100%	0%	<b>10.5</b>	10.0	0.4	12.4	(1.9)
Other	0%	100%	0%	0%	<b>2.8</b>	2.6	0.2	3.3	(0.4)
<b>CLO<sup>(6)</sup></b>	53%	45%	0%	2%	<b>125.2</b>	149.5	(24.2)	179.5	(54.3)
Japan	-	-	-	-	-	-	-	-	-
U.S. <sup>(7)</sup>	50%	48%	0%	3%	<b>93.9</b>	87.6	6.3	112.3	(18.4)
Europe	58%	42%	0%	0%	<b>28.3</b>	59.1	(30.8)	63.9	(35.5)
Other	100%	0%	0%	0%	<b>3.0</b>	2.7	0.2	3.3	(0.2)
<b>ABS CDO (Resecuritized Products)</b>	0%	0%	28%	72%	<b>8.6</b>	8.9	(0.2)	9.4	(0.7)
Japan <sup>(8)</sup>	0%	0%	23%	77%	<b>8.0</b>	8.0	(0.0)	8.1	(0.0)
U.S. <sup>(3)</sup>	0%	0%	100%	0%	<b>0.5</b>	0.8	(0.2)	1.2	(0.6)
Europe	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>35%</b>	<b>28%</b>	<b>12%</b>	<b>24%</b>	<b>241.0</b>	<b>265.1</b>	<b>(24.0)</b>	<b>316.7</b>	<b>(75.7)</b>
Japan	7%	5%	25%	64%	<b>73.0</b>	71.4	1.6	81.1	(8.0)
U.S.	49%	41%	1%	10%	<b>110.7</b>	104.4	6.3	134.7	(23.9)
Europe	37%	39%	24%	0%	<b>44.3</b>	76.5	(32.1)	85.2	(40.8)
Other	78%	22%	0%	0%	<b>12.9</b>	12.7	0.1	15.7	(2.8)
<b>Securities</b>					<b>173.3</b>	199.1	(25.7)	250.0	(76.6)
RMBS					<b>28.7</b>	30.6	(1.8)	47.9	(19.2)
CMBS					<b>18.7</b>	18.1	0.6	21.1	(2.4)
CLO					<b>125.2</b>	149.5	(24.2)	179.5	(54.3)
ABS CDO					<b>0.5</b>	0.8	(0.2)	1.2	(0.6)
<b>Other monetary claims purchased<sup>(9)</sup></b>					<b>67.7</b>	66.0	1.7	66.7	0.9
RMBS					<b>48.5</b>	45.6	2.8	45.8	2.6
CMBS					<b>11.1</b>	12.2	(1.1)	12.7	(1.6)
CLO					-	-	-	-	-
ABS CDO					<b>8.0</b>	8.0	(0.0)	8.1	(0.0)
<b>Total</b>					<b>241.0</b>	<b>265.1</b>	<b>(24.0)</b>	<b>316.7</b>	<b>(75.7)</b>

(1) The amount is the outstanding balance, after mark-downs and other comprehensive income (OCI) adjustments, at the end of each period.

(2) Based on ratings by S&P or ratings equivalent to S&P ratings matrix as of June 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 16.2 billion yen in U.S. RMBS outstanding as of June 30, 2008, subprime-related exposure is 2.6 billion yen. In addition, subprime-related exposure includes ABS CDO (one security) of 0.5 billion yen.

(4) Includes exposures guaranteed by a monoline insurer (1.3 billion yen as of June 30, 2008, 1.4 billion yen as of March 31, 2008 and 1.8 billion yen as of December 31, 2007).

(5) Breakdown of collateral: office building (41%), multi-family (45%), retail and shops (8%), hotel and others (6%)

(6) 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).

(7) One security amounting to 2.0 billion yen is hedged using a credit default swap index in the amount of approximately 1.0 billion yen; counterparty is a European investment bank (AA-rated).

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

(9) Includes Japanese RMBS recorded as monetary assets held in trust of 3.4 billion yen as at June 30, 2008.



## Securitized Products, Recorded under "Securities" and "Other Monetary Claims Purchased" and OCI

## (Non-Consolidated) -Table 31-

Securities	(Billions of yen, %)			
	As of June 30, 2008			
	Balance before Mark-to-Market Evaluation	Market Value or Balance	Unrealized Gains/Losses (OCI)	Price Decline Ratio (%)
Trading Securities		12.7		
RMBS (Japan)		-		
RMBS (U.S.) <sup>(1)</sup>		1.9		
RMBS (Other foreign countries)		5.6		
CLO (U.S.) <sup>(2)</sup>		2.0		
CLO (Other foreign countries) <sup>(2)</sup>		3.0		
Securities Available for Sale	176.1	151.8	(24.2)	(13.8)
Other	176.1	151.8	(24.2)	(13.8)
Foreign Securities	176.1	151.8	(24.2)	(13.8)
Foreign Currency Denominated Foreign Corporate and Government Bonds	170.8	146.5	(24.2)	(14.2)
RMBS	12.3	12.3	0.0	(0.2)
U.S. <sup>(1)</sup>	5.5	5.5	0.0	-
Europe	5.5	5.5	0.0	0.0
Other foreign countries	1.2	1.2	0.0	(0.4)
CMBS	16.6	13.4	(3.2)	(19.3)
U.S.	-	-	-	-
Europe	13.4	10.5	(2.9)	(21.8)
Other foreign countries	3.1	2.8	(0.2)	(8.9)
CLO <sup>(2)</sup>	141.2	120.1	(21.0)	(14.9)
U.S.	109.2	91.8	(17.3)	(15.9)
Europe	32.0	28.3	(3.6)	(11.5)
Other foreign countries	-	-	-	-
ABS CDO	0.5	0.5	0.0	-
U.S. <sup>(1)</sup>	0.5	0.5	0.0	-
Europe	-	-	-	-
Other foreign countries	-	-	-	-
Yen-Denominated Foreign Corporate and Government Bonds	5.3	5.3	0.0	-
RMBS (Japan)	-	-	-	-
CMBS (Japan)	5.3	5.3	0.0	(0.1)
ABS CDO (Japan)	-	-	-	-
Book Value of Securities Whose Fair Value is Not Readily Determinable	8.8	8.8	0.0	-
Foreign Securities	8.8	8.8	0.0	-
RBMS (U.S.) <sup>(1)</sup>	8.8	8.8	0.0	-
Securities		173.3		
RMBS		28.7		
CMBS		18.7		
CLO <sup>(2)</sup>		125.2		
ABS CDO		0.5		
Other Monetary Claims Purchased <sup>(3)</sup>	As of June 30, 2008			
	Balance before Mark-to-Market Evaluation	Market Value or Balance	Unrealized Gains/Losses (OCI)	Price Decline Ratio (%)
Trading Purposes		20.5		
RMBS (Japan) <sup>(3)</sup>		16.6		
CMBS (Japan)		3.9		
Others	47.1	47.1	0.0	-
RMBS (Japan)	31.8	31.8	0.0	-
CMBS (Japan)	7.2	7.2	0.0	-
ABS CDO (Japan)	8.0	8.0	0.0	-
Total		67.7		
RMBS (Japan)		48.5		
CMBS (Japan)		11.1		
ABS CDO (Japan)		8.0		
<b>RMBS, CMBS, CLO, ABS CDO Total</b>		<b>241.0</b>		
Securities		173.3		
Other Monetary Claims Purchased		67.7		

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

(2) 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).

(3) Includes Japanese RMBS recorded as monetary assets held in trust of 3.4 billion yen as at June 30, 2008.

**LBO, Monoline, SIV, ABCP, CDS (Non-Consolidated) -Table 32-**

	(Billions of yen)				
	Jun 30 2008 (a)	Mar 31 2008 (b)	Change (a)-(b)	Dec 31 2007 (c)	Change (a)-(c)
<b>LBO<sup>(1)</sup></b>	<b>311.6</b>	277.1	34.5	287.8	23.8
Japan	<b>293.2</b> <sup>(2)</sup>	258.6	34.6	267.9	25.3
U.S.	<b>3.7</b>	3.6	0.1	4.1	(0.4)
Europe	-	-	-	-	-
Other	<b>14.5</b>	14.8	(0.3)	15.8	(1.3)
<b>(Breakdown by Industry Sector as of June 30, 2008)</b>					
Manufacturing	<b>9.8%</b>				
Information and communications	<b>13.6%</b>				
Wholesale and retail	<b>10.2%</b>				
Finance and Insurance	<b>32.8%</b>				
Services	<b>33.7%</b>				
Others	<b>0.0%</b>				
<b>Total</b>	<b>100.0%</b>				

(1) The amount includes unfunded commitment line.

(2) As of June 30, 2008, unfunded commitment line (only domestic) is 8.2 billion yen.

	(Billions of yen)				
	Jun 30 2008 (a)	Mar 31 2008 (b)	Change (a)-(b)	Dec 31 2007 (c)	Change (a)-(c)
<b>Monoline</b>	<b>1.3</b>	1.4	(0.1)	1.8	(0.5)
Japan	-	-	-	-	-
U.S.	-	-	-	-	-
Europe	-	-	-	-	-
Other	<b>1.3</b>	1.4	(0.1)	1.8	(0.5)
<b>SIV</b>	-	-	-	-	-
<b>ABCP</b>	-	-	-	-	-

**Credit Default Swaps (CDS)<sup>(1)</sup>**

	(Billions of yen)							
	As of June 30, 2008							1QFY2008
	Nominal Amount		Fair Value		Netted Nominal Amount and Fair Value <sup>(2)</sup>			Realized Profits (Losses)
	Protection (buy)	Protection (sell)	Protection (buy)	Protection (sell)	Nominal Amount	Protection (buy)	Protection (sell)	
<b>Total</b>	1,548.5	1,628.4	43.1	(35.2)	1,093.1	22.4	(1.1)	(1.1)
Japan	1,326.4	1,433.6	38.4	(29.7)	984.8	20.3	(0.1)	(1.1)
U.S.	94.8	98.9	3.8	(5.5)	51.6	2.2	(0.6)	(0.1)
Europe	72.0	58.3	0.1	0.5	27.6	(0.5)	(0.2)	0.2
Other	55.2	37.5	0.7	(0.5)	29.0	0.3	(0.1)	0.0

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

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

**Definitions - Table 33-**

Names	Definitions
<b>RMBS</b>	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."
<b>CMBS</b>	Commercial mortgage-backed securities. Recorded in "securities available-for-sale" and "other monetary claims." We have no U.S. CMBS exposure.
<b>CLO</b>	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."
<b>ABS CDO</b> (Re-securitized Products)	CDO backed by asset-backed securities (ABS) such as RMBS. Recorded in "securities available-for-sale" and "other monetary claims." We are holding one foreign currency-denominated ABS CDO backed by U.S. RMBS.
<b>Subprime-Related</b>	<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 8.8 billion yen) as of June 30, 2008, the fair value of the U.S. Treasury Note-based security (76.1 million dollars as of June 30, 2008) is excluded from the calculation of subprime-related exposure (related footnotes can be found in Note 3 and Note 7 of Table 29 and Note 2 and Note 3 of Table 30). As of June 30, 2008, total subprime-related exposure stood at 3.2 billion yen.</p>
<b>LBO</b>	Loans for leveraged buyout for acquisition finance including refinancing of past acquisitions.
<b>Monoline</b>	Monolines are insurance companies that insure against the risk of a bond or other security defaulting. As of June 30, 2008, the exposure guaranteed by monoline insurers is 1.3 billion yen in Asia.
<b>SIV</b>	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.
<b>ABCP</b>	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.
<b>CDS</b>	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.