



## **Financial Summary**

**For the Nine Months Ended December 31, 2007**

**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%.

Shinki Co., Ltd. (Shinki) accounted for as a 36.4% equity-method affiliate for the six months ended September 30, 2007 and its financials were recorded as a single line consolidation in total revenue under Shinsei Bank's management accounting. Resulting from the subscription to the rights offering of Shinki on December 13, 2007, Shinki and its two subsidiaries became 67.7% owned consolidated subsidiaries and those financial results for the third quarter of fiscal year 2007, beginning from October 1, 2007, are recorded as a subsidiary, net of minority interests.

## Section 1. Consolidated Information

Results of Operations <sup>(1)</sup>

*(billions of yen, except percentages)*

	3Q (9 Months) FY2007	3Q (9 Months) FY2006	% Change	FY2006
Net interest income	97.1	74.1	31.1	95.4
Non-interest income	111.7	141.6	(21.1)	172.8
Net fees and commissions	32.4	35.5	(8.8)	46.4
Net trading income	8.5	14.6	(41.8)	17.8
Net other business income	70.7	91.4	(22.6)	108.5
<b>Total revenue</b>	<b>208.9</b>	<b>215.7</b>	<b>(3.2)</b>	<b>268.3</b>
<b>General and administrative expenses</b>	<b>117.6</b>	<b>112.5</b>	<b>4.5</b>	<b>149.9</b>
<b>Ordinary business profit</b>	<b>91.3</b>	<b>103.2</b>	<b>(11.6)</b>	<b>118.3</b>
<b>Net credit costs</b>	<b>40.7</b>	<b>19.6</b>	<b>107.5</b>	<b>51.9</b>
<b>Amortization of goodwill and other intangible assets<sup>(2)</sup></b>	<b>9.4</b>	<b>15.4</b>	<b>(39.0)</b>	<b>20.8</b>
<b>Other gains (losses)</b>	<b>17.8</b>	<b>(8.4)</b>	-	<b>(111.3)</b> <sup>(3)</sup>
<b>Income taxes (benefit)</b>	<b>9.8</b>	<b>(0.0)</b>	-	<b>(21.3)</b>
<b>Minority interests in net income of subsidiaries</b>	<b>15.6</b>	<b>12.5</b>	<b>24.5</b>	<b>16.6</b>
<b>Net income (loss)</b>	<b>33.5</b>	<b>47.1</b>	<b>(28.9)</b>	<b>(60.9)</b>
<b>Cash basis net income<sup>(4)</sup></b>	<b>42.0</b>	<b>60.1</b>	<b>(30.1)</b>	<b>35.3</b> <sup>(5)</sup>

(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) Includes, in addition to amortization of goodwill and other intangible assets, impairment of goodwill and other intangible assets related to APLUS of 95.1 billion yen at March 31

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

(5) Excludes impairment of goodwill and other intangible assets related to APLUS, net of tax benefit, of 78.8 billion yen.

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

Shinsei Bank reported “total revenue” for the first nine months of fiscal year 2007 of 208.9 billion yen, 6.8 billion yen or 3.2% lower than in the first nine months of the previous fiscal year largely due to mark-downs relating to the U.S. residential mortgage portfolio, absence of gain on the sale of Shinsei’s investment in BlueBay Asset Management Limited (BlueBay) of 11.6 billion yen recorded during the nine months of the last fiscal year and net loss in Shinki Co., Ltd. (Shinki) during the first half of this fiscal year prior to it becoming a subsidiary. This was partly offset by inclusion of Shinki’s revenue of 7.0 billion yen for the three months ended December 31, 2007.

“General and administrative expenses” during the first nine months of fiscal year 2007 were 117.6 billion yen, 5.1 billion yen higher than the first nine months of the prior fiscal year. This resulted in an expense-to-revenue ratio of 56.3% for the nine months ended December 31, 2007, as compared to an expense-to-revenue ratio of 52.1% in the first nine months of fiscal year 2006.

“Net credit costs” of 40.7 billion yen for the first nine months of fiscal year 2007 were 21.1 billion higher than the same period in the last fiscal year largely due to additional reserves of approximately 10.8 billion yen (or approximately 95 million dollars) relating to the U.S. residential mortgage portfolio and higher credit provisions in Consumer and Commercial

Finance businesses amounting to 36.2 billion yen, an increase of 4.7 billion yen compared to the same period in the previous fiscal year.

“Amortization of goodwill and intangible assets” associated with the acquisition of consumer and commercial finance companies was 9.4 billion yen for the nine months ended December 31, 2007 as compared with 15.4 billion yen in the first nine months of the previous fiscal year. The decline largely relates to the significant write-down of goodwill and other intangible assets related to APLUS as of March 31, 2007.

During the first nine months of fiscal year 2007, gains from the sale of Life Housing Loan Co., Ltd. (Life Housing Loan) of 20.3 billion yen were recorded and impacted “other gains” and “income taxes”. The contribution net of taxes amounted to 10.3 billion yen.

“Minority interests in net income of subsidiaries” for the first nine months of fiscal year 2007 amounting to 15.6 billion yen largely reflected dividends paid on perpetual preferred securities, minority interests relating to APLUS’ preferred shareholders, subsidiaries of Shinseigin Finance Co., Ltd. and Shinki.

As a result, consolidated “net income” was 33.5 billion yen in the first nine months of fiscal year 2007, as compared to 47.1 billion yen during the same period in the previous fiscal year

and consolidated “cash basis net income” for the first nine months of fiscal year 2007 was 42.0 billion yen. 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

(billions of yen, except percentages)

	3Q (9 Months) FY2007			3Q (9 Months) FY2006			FY2006		
	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	5,414.5	136.6	3.36	4,474.6	92.5	2.75	4,613.4	126.8	2.75
Leased assets and installment receivables <sup>(1)</sup>	774.9	39.5	6.79	838.3	38.2	6.05	831.3	51.1	6.15
Securities	2,099.4	32.4	2.06	1,711.7	23.9	1.86	1,750.6	32.3	1.85
Other interest-earning assets <sup>(2)(3)</sup>	936.8	10.5	n.m. <sup>(5)</sup>	705.7	9.9	n.m. <sup>(5)</sup>	721.4	13.6	n.m. <sup>(5)</sup>
<b>Total revenue on interest-earning assets<sup>(1)</sup></b>	<b>9,225.7</b>	<b>219.2</b>	<b>3.16</b>	<b>7,730.4</b>	<b>164.7</b>	<b>2.83</b>	<b>7,916.8</b>	<b>223.9</b>	<b>2.83</b>
<b>Interest-bearing liabilities:</b>									
Deposits, including negotiable certificates of deposit	5,695.5	35.5	0.83	4,671.9	23.2	0.66	4,834.0	34.3	0.71
Debentures	683.1	2.4	0.47	824.5	2.2	0.37	795.6	3.0	0.38
Subordinated debt	470.8	11.6	3.29	377.7	6.0	2.14	399.5	9.8	2.47
Borrowed money and corporate bonds	1,151.4	13.4	1.56	1,125.1	8.2	0.97	1,118.1	11.8	1.06
Other interest-bearing liabilities <sup>(2)</sup>	1,135.1	19.4	n.m. <sup>(5)</sup>	582.5	12.5	n.m. <sup>(5)</sup>	674.4	18.2	n.m. <sup>(5)</sup>
<b>Total expense on interest-bearing liabilities</b>	<b>9,136.1</b>	<b>82.5</b>	<b>1.20</b>	<b>7,581.9</b>	<b>52.4</b>	<b>0.92</b>	<b>7,821.8</b>	<b>77.3</b>	<b>0.99</b>
<b>Non interest-bearing sources of funds:</b>									
Non interest-bearing (assets) liabilities, net	(560.6)	-	-	(656.6)	-	-	(654.3)	-	-
Total equity — Minority interests in subsidiaries <sup>(4)</sup>	650.2	-	-	805.1	-	-	749.4	-	-
<b>Total interest-bearing liabilities and non interest-bearing sources of funds</b>	<b>9,225.7</b>	<b>-</b>	<b>-</b>	<b>7,730.4</b>	<b>-</b>	<b>-</b>	<b>7,916.8</b>	<b>-</b>	<b>-</b>
Net interest margin <sup>(1)</sup>	-	-	1.96	-	-	1.91	-	-	1.84
Impact of non interest-bearing sources	-	-	0.01	-	-	0.02	-	-	0.01
<b>Net revenue/yield on interest-earning assets<sup>(1)</sup></b>	<b>-</b>	<b>136.7</b>	<b>1.97</b>	<b>-</b>	<b>112.3</b>	<b>1.93</b>	<b>-</b>	<b>146.6</b>	<b>1.85</b>
<b>Reconciliation of total revenue on interest-earning assets to total interest income:</b>									
Total revenue on interest-earning assets	9,225.7	219.2	3.16	7,730.4	164.7	2.83	7,916.8	223.9	2.83
Less: Income on leased assets and installment receivables	774.9	39.5	6.79	838.3	38.2	6.05	831.3	51.1	6.15
<b>Total interest income</b>	<b>8,450.8</b>	<b>179.7</b>	<b>2.83</b>	<b>6,892.1</b>	<b>126.5</b>	<b>2.44</b>	<b>7,085.5</b>	<b>172.8</b>	<b>2.44</b>
Total interest expense	-	82.5	-	-	52.4	-	-	77.3	-
<b>Net interest income</b>	<b>-</b>	<b>97.1</b>	<b>-</b>	<b>-</b>	<b>74.1</b>	<b>-</b>	<b>-</b>	<b>95.4</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) Represents average balance of other interest-earning assets after deducting average balance of non interest-bearing deposits.

(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. We consider income on leased assets and installment receivables to be a component of interest income, but Japanese GAAP does not include income on leased assets and installment receivables in net interest income. Under Japanese GAAP, therefore, income on leased assets and installment receivables is reported in “net other business income” in our consolidated statement of income.

“Net revenue on interest-earning assets” for the nine months ended December 31, 2007 was 136.7 billion yen, an increase of 24.4 billion yen compared to the first nine months of the prior fiscal year. “Total revenue on interest-earning

assets” increased by 54.5 billion yen and “total interest expense” increased by 30.1 billion yen in the first nine months of fiscal year 2007, respectively, from the first nine months of the previous fiscal year. The “net yield on interest-earning assets” was 1.97% in the first nine months of fiscal year 2007, compared with 1.93% for the same period in the prior fiscal year, and increased from a “net yield on interest-earning assets” of 1.85% for fiscal year 2006.

**Analysis of Changes in Net Revenue on Interest-Earning Assets**

	(billions of yen)		
	Due to change in <sup>(1)</sup>		Net Change
From the nine months ended December 31, 2006 to the nine months ended December 31, 2007	Volume	Rate	
<b>Increase (decrease) in interest revenue:</b>			
Loans and bills discounted	19.4	24.6	44.1
Leased assets and installment receivables	(2.8)	4.2	1.3
Securities	5.4	3.0	8.5
Other interest-earning assets	3.2	(2.6)	0.5
<b>Total revenue on interest-earning assets</b>			<b>54.5</b>
<b>Increase (decrease) in interest expenses:</b>			
Deposits, including negotiable certificates of deposit	5.0	7.2	12.3
Debentures	(0.3)	0.5	0.1
Subordinated debt	1.5	4.0	5.5
Borrowed money and corporate bonds	0.1	5.0	5.2
Other interest-bearing liabilities	11.9	(5.0)	6.8
<b>Total expense on interest-bearing liabilities</b>			<b>30.1</b>
<b>Net increase in net revenue on interest-earning assets</b>			<b>24.4</b>
<b>Reconciliation of total revenue on interest-earning assets to total interest income:</b>			
Total revenue on interest-earning assets			54.5
Less: Income on leased assets and installment receivables			1.3
Total interest income			53.2
Total interest expenses			30.1
<b>Net increase in net interest income</b>			<b>23.0</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 54.5 billion yen increase in "total revenue on interest-earning assets" in the first nine months of fiscal year 2007 is attributable primarily to higher volume of and yield on loans and bills discounted. The increase in the average balance of loans and bills discounted was primarily the result of an increase in demand for institutional loans and growth in retail housing loans.

The 30.1 billion yen increase in "total interest expense" was primarily due to the increased average rates on and increased average balances of deposits, negotiable certificates of deposit (NCD) and subordinated debt and an increase in "other interest-bearing liabilities". The increase in deposits and NCD interest expense was primarily due to an increase in the average rate to 0.83% for the first nine months of fiscal year 2007 from 0.66% for the same period in the previous fiscal year that reflected an interest rate increase by the Bank of Japan and, to a lesser extent, an increase in the average balance to 5,695.5 billion yen from

4,671.9 billion yen.

The increase in subordinated debt interest expense was due to an increase in the average rate, which was 3.29% for the nine months ended December 31, 2007 compared to 2.14% for the same period in the previous fiscal year and, to a lesser extent, an increase in the average balance outstanding to 470.8 billion yen for the nine months ended December 31, 2007 compared to 377.7 billion yen for same period in the previous fiscal year. The increase in the average balance outstanding was primarily due to an increase in subordinated debt related to the issuance of £400 million of Upper Tier 2 Perpetual Subordinated Notes in December 2006. The interest expense increase of 6.8 billion yen in "other interest-bearing liabilities" primarily relates to funding through call money and interest and currency swap expenses associated with foreign currency-denominated and overseas transactions.

**Non-Interest Income**

*(billions of yen, except percentages)*

	<b>3Q (9 Months) FY2007</b>	3Q (9 Months) FY2006	%
			Change
Net fees and commissions	<b>32.4</b>	35.5	(8.8)
Net trading income	<b>8.5</b>	14.6	(41.8)
Net other business income	<b>70.7</b>	91.4	(22.6)
Income on leased assets and installment receivables	<b>39.5</b>	38.2	3.5
<b>Total non-interest income</b>	<b>111.7</b>	141.6	(21.1)

“Total non-interest income” for the nine months ended December 31, 2007 amounted to 111.7 billion yen, a decline of 29.9 billion yen or 21.1 % compared to the first nine months of 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. For purposes of analysis of results of operations, “income on leased assets and installment receivables” is included in the discussion of “net revenue on interest-earning assets” because such income is considered to be similar in character to interest income.

“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 32.4 billion yen were earned in the nine months ended December 31, 2007, a decrease of 3.1 billion yen compared to the same period the previous year. However Retail Banking’s asset management business continues to grow with total fees of 7.9 billion yen during the first nine months of fiscal year 2007, an increase of 1.7 billion yen from the first nine months in the previous fiscal year.

“Net trading income” reflects revenues from customer-driven transactions as well as transactions undertaken for trading purposes. During the first nine months of fiscal year 2007, “net trading income” was 8.5 billion yen, a decline of 6.1 billion yen from the same period in the previous fiscal year. The decline in the “net trading income” resulted partly from a decrease in option income from 5.0

billion yen to 1.2 billion yen generated in connection with interest-linked structured deposits provided mainly to retail customers due to lower demand for the product.

“Net other business income” for the first nine months ended December 31, 2007 was 70.7 billion yen. This included income of 39.5 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 nine months of fiscal year 2007 was 31.2 billion yen, a decline of 21.9 billion yen from the same period in the previous fiscal year. The “net other business income” includes, among other things, revenue associated with credit trading activities. During the nine months ended December 31, 2007, this business completed 29 new credit trading transactions with an aggregate investment amount of 74.3 billion yen and generated total revenue of 18.1 billion yen.

The decline of “net other business income” is partly attributable to Shinsei Bank’s equity in the non-consolidated net loss of Shinki, an equity-method affiliate until the first half of this fiscal year, amounting to 6.8 billion yen, net of consolidation adjustments. The net loss of Shinki was 1.4 billion yen higher than the same period last fiscal year. From October 1, 2007, Shinki became a 67.7% owned consolidated subsidiary and its financial results for the third quarter of fiscal year 2007 are recorded as a subsidiary, net of minority interests.

In addition, upfront fees from currency-linked structured deposits provided to retail customers declined 1.6 billion yen from 4.7 billion yen to 3.1 billion yen.

**General and Administrative Expenses**

	<i>(billions of yen, except percentages)</i>		
	3Q (9 Months) FY2007	3Q (9 Months) FY2006	% Change
Personnel expenses	48.9	48.1	1.6
Premises expenses	13.8	12.8	8.1
Technology and data processing expenses	15.9	14.8	7.4
Advertising expenses	7.4	7.8	(5.0)
Consumption and property taxes	5.9	5.5	6.2
Deposit insurance premium	2.5	2.1	20.8
Other general and administrative expenses	22.9	21.1	8.6
<b>General and administrative expenses</b>	<b>117.6</b>	<b>112.5</b>	<b>4.5</b>

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

“General and administrative expenses” of 117.6 billion yen in the first nine months of fiscal year 2007 were 5.1 billion yen higher compared to same period in the previous fiscal year. Expenses required in the Institutional and Retail Banking businesses to support business growth and inclusion of Shinki’s expenses for the third quarter of this fiscal year amounted to 2.9 billion yen. The expense increase was partly offset by continual expense rationalization and restructuring activities in APLUS. As a result, for the nine months ended December 31, 2007, the expense-to-revenue ratio was 56.3% as compared to an expense-to-revenue ratio of 52.1% in the first nine months of fiscal year 2006.

“Personnel expenses” of 48.9 billion yen were 0.7 billion yen higher than in the first nine months of the previous fiscal year. The increase was largely due to new employees hired

in the Institutional Banking business to support its business expansion and the inclusion of Shinki’s personnel expenses for the three months ended December 31, 2007. This was partly offset by a lower “personnel expense” in APLUS reflecting expense savings realized through a voluntary retirement program initiated during fiscal year 2006.

“Non-personnel expenses” increased by 4.3 billion yen compared to the same period last year. The increase was largely related to customer-driven activities such as the deposit insurance premium on retail deposits, consumption tax and other outsourcing expenses and inclusion of Shinki’s non-personnel expenses for the three months ended December 31, 2007. The advertising expenses were 0.3 billion yen lower than the same period last fiscal year reflecting optimization of advertising activities in the Retail Banking business.



**Net Credit Costs**

	<i>(billions of yen, except percentages)</i>		
	<b>3Q (9 Months) FY2007</b>	3Q (9 Months) FY2006	% Change
Losses on write-off of loans	<b>0.2</b>	0.4	(43.6)
Net provision (reversal) of reserve for loan losses:	<b>37.3</b>	18.1	105.4
Net (reversal) provision of general reserve for loan losses	<b>(8.3)</b>	29.5	-
Net (reversal) provision of specific reserve for loan losses	<b>45.6</b>	(11.3)	-
Net (reversal) provision of reserve for loan losses to restructuring countries	<b>(0.0)</b>	0.0	-
Net provision of specific reserve for other credit losses	<b>1.0</b>	0.0	2,939.3
Other credit costs relating to leasing business	<b>2.1</b>	0.9	120.5
<b>Net credit costs</b>	<b>40.7</b>	19.6	107.5

## Major Balance Sheet Data

	<i>(billions of yen, except percentages)</i>				
	Dec 31 2007	Dec 31 2006	% Change	Mar 31 2007	% Change
Call loans	544.7	71.0	667.2	43.1	1,163.8
Other monetary claims purchased	467.0	383.1	21.9	366.5	27.4
Monetary assets held in trust	400.4	494.6	(19.0)	502.3	(20.3)
Securities	2,047.8	1,880.0	8.9	1,854.6	10.4
Loans and bills discounted	5,503.6	4,977.0	10.6	5,146.3	6.9
Other assets	1,007.2	884.0	13.9	870.3	15.7
Installment receivables	435.8	482.9	(9.8)	440.8	(1.1)
Premises and equipment	367.0	392.7	(6.5)	382.4	(4.0)
Tangible leased assets	273.8	304.2	(10.0)	294.4	(7.0)
Intangible assets	236.8	344.0	(31.2)	244.1	(3.0)
Goodwill, net	144.5	216.2	(33.2)	158.0	(8.5)
Other intangible assets <sup>(1)</sup>	24.6	62.0	(60.3)	19.8	24.2
Intangible leased assets	40.5	41.0	(1.2)	41.9	(3.3)
Customers' liabilities for acceptances and guarantees	713.0	773.8	(7.9)	754.4	(5.5)
<b>Total assets</b>	<b>11,848.1</b>	<b>10,989.6</b>	<b>7.8</b>	<b>10,837.6</b>	<b>9.3</b>
Deposits and negotiable certificates of deposit	6,198.3	5,059.2	22.5	5,420.9	14.3
Debentures and corporate bonds	1,114.1	1,112.6	0.1	1,103.7	0.9
Call money	751.3	808.1	(7.0)	692.7	8.5
Borrowed money	1,111.9	1,139.2	(2.4)	1,122.6	(1.0)
Other liabilities	549.3	504.7	8.8	498.3	10.2
Acceptances and guarantees	713.0	773.8	(7.9)	754.4	(5.5)
<b>Total liabilities</b>	<b>10,912.0</b>	<b>9,965.8</b>	<b>9.5</b>	<b>9,904.4</b>	<b>10.2</b>
<b>Total equity</b>	<b>936.0</b>	<b>1,023.8</b>	<b>(8.6)</b>	<b>933.2</b>	<b>0.3</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 5,503.6 billion yen at the end of December 31, 2007 as compared to 5,146.3 billion yen as at March 31, 2007. Corporate loans decreased 3.7 % to 2,723.1 billion yen; non-recourse real estate finance balance decreased 7.3% to 713.4 billion yen and loans to retail customers, including lending to high net worth individuals, grew 28.4% or 181.6 billion yen to 821.2 billion yen. The loan growth was partly offset by the absence of lending to Life Housing Loan's customers, following the sale of this subsidiary in fiscal year 2007, which amounted to 99.9 billion yen at March 31, 2007. "Securities" balance as of December 31, 2007 amounted to 2,047.8 billion yen as compared to 1,854.6 billion yen as of March 31, 2007. The increase, in part, relates to investment in foreign bonds to diversify the portfolio.

Shinsei Bank maintains a diversified funding base. Total "deposits and negotiable certificate of deposit" increased 777.4 billion yen or 14.3% to 6,198.3 billion yen in the first nine months ended December 31, 2007. The retail deposits balance, including high net worth customers, totaled 3,826.6 billion yen at December 31, 2007 an increase of 252.8 billion yen compared to March 31, 2007. Although, during the first nine months, 273.4 billion yen of yen-denominated fixed deposits matured which were issued five years ago and a part of the matured deposit balances were reinvested in asset management products. Retail Banking's customer funding represents 60.9% of the Bank's total funding through customer "deposits and negotiable certificate of deposit" and "debentures".

**Securities Related Data****Marketable Securities, at Fair Value (Consolidated)****As of December 31, 2007 (Unaudited)** *(billions of yen)*

	Fair value	Net unrealized gain (loss) (a) - (b)		
			Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities (domestic)	22.3	(1.6)	1.3	2.9
Bonds (domestic)	564.7	(2.5)	0.6	3.2
Other <sup>(1)</sup>	542.4	(9.6)	9.6	19.2
<b>Total</b>	<b>1,129.5</b>	<b>(13.8)</b>	<b>11.5</b>	<b>25.4</b>

As of December 31, 2006 *(billions of yen)*

	Fair value	Net unrealized gain (loss) (a) - (b)		
			Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities (domestic)	13.7	1.3	2.6	1.3
Bonds (domestic)	623.0	(3.5)	0.2	3.8
Other <sup>(1)</sup>	403.3	9.4	10.4	0.9
<b>Total</b>	<b>1,040.1</b>	<b>7.3</b>	<b>13.4</b>	<b>6.1</b>

As of March 31, 2007 *(billions of yen)*

	Fair value	Net unrealized gain (loss) (a) - (b)		
			Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities (domestic)	22.4	1.0	2.3	1.3
Bonds (domestic)	574.3	(3.3)	0.4	3.7
Other <sup>(1)</sup>	419.6	10.5	11.3	0.8
<b>Total</b>	<b>1,016.3</b>	<b>8.2</b>	<b>14.1</b>	<b>5.9</b>

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

**Financial Ratios**

	3Q (9 Months) FY2007	3Q (9 Months) FY2006	FY2006
Return on assets <sup>(1)</sup>	<b>0.4%</b> <sup>(4)</sup>	0.6% <sup>(4)</sup>	(0.6)%
Return on equity <sup>(2)</sup>	<b>8.9%</b> <sup>(4)</sup>	11.5% <sup>(4)</sup>	(13.4)%
Return on equity (fully diluted) <sup>(3)</sup>	<b>6.9%</b> <sup>(4)</sup>	7.8% <sup>(4)</sup>	(8.1)%
Cash basis return on assets <sup>(1)</sup>	<b>0.5%</b> <sup>(4)</sup>	0.8% <sup>(4)</sup>	0.4%
Cash basis return on equity <sup>(2)</sup>	<b>11.2%</b> <sup>(4)</sup>	14.8% <sup>(4)</sup>	7.0%
Cash basis return on equity (fully diluted) <sup>(3)</sup>	<b>8.6%</b> <sup>(4)</sup>	9.9% <sup>(4)</sup>	4.7%
Expense-to-revenue ratio <sup>(5)(6)</sup>	<b>56.3%</b>	52.1%	55.9%

(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 <sup>(1)</sup>**

(billions of yen, except percentages)

	Dec 31 2007	Mar 31 2007
Basic items (Tier I)	<b>651.3</b>	620.8
Supplementary items (Tier II)	<b>536.7</b>	522.0
Deduction	<b>(130.3)</b>	(137.7)
Total capital	<b>1,057.6</b>	1,005.0
Risk assets	<b>8,738.5</b>	7,652.0
Capital adequacy ratio	<b>12.10%</b>	13.13%
Tier I capital ratio	<b>7.45%</b>	8.11%

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

Note 1: Consolidated total required capital is 657.9 billion yen as at December 31, 2007, and 633.5 billion yen as at March 31, 2007.

Note 2: Quarterly information is available in the Quarterly Data Book

A "tier I capital ratio" of 7.45% and "capital adequacy ratio" of 12.10% as of December 31, 2007, on a Basel II

basis, exceeded Shinsei's corporate targets for maintaining strong capital ratios

**Per Share Data**

*(yen, except percentages)*

	<b>3Q (9 Months) FY2007</b>	3Q (9 Months) FY2006	% Change	FY2006	% Change
Common equity	<b>354.44</b>	390.37	(9.2)	308.60	14.9
Fully diluted equity	<b>355.25</b>	416.47	(14.7)	355.09	0.0
Basic net income (loss)	<b>22.21</b>	33.24	(33.2)	(45.92)	-
Diluted net income	<b>18.33</b>	24.29	(24.5)	Note <sup>(1)</sup>	-
Cash basis:					
Basic net income	<b>27.91</b>	42.64	(34.5)	23.82	-
Diluted net income	<b>22.97</b>	30.98	(25.9)	18.41	-
For calculation of per share data:					
Equity:	Number of common shares <sup>(2)</sup>	1,577,136,497	1,377,140,253	1,377,145,285	
	Fully diluted number of shares <sup>(2)</sup>	1,846,265,385	1,811,582,326	1,811,061,968	
Net income:	Number of common shares <sup>(3)</sup>	1,488,414,487	1,381,768,242	1,380,628,230	
	Fully diluted number of shares <sup>(3)</sup>	1,829,973,801	1,941,080,746	1,917,803,242	

(1) Reference information: Diluted net income (loss) for the fiscal year 2006 was (31.79) yen per share.

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

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

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

**Business Lines Results**

	<i>(billions of yen, except percentages)</i>		
	3Q (9 Months) FY2007	3Q (9 Months) FY2006	%
			Change
<b>Institutional Banking:</b>			
Net interest income	29.7	21.8	36.4
Non-interest income	51.4	72.4	(29.0)
<b>Total revenue</b>	<b>81.2</b>	<b>94.2</b>	<b>(13.8)</b>
<b>General and administrative expenses</b>	<b>38.5</b>	<b>33.1</b>	<b>16.2</b>
<b>Ordinary business profit (loss)</b>	<b>42.7</b>	<b>61.1</b>	<b>(30.1)</b>
<b>Net credit costs</b>	<b>2.6</b>	<b>(14.2)</b>	<b>-</b>
<b>Ordinary business profit (loss) after net credit (recoveries) costs</b>	<b>40.0</b>	<b>75.3</b>	<b>(46.9)</b>
<b>Consumer and Commercial Finance:</b>			
Net interest income	37.7	33.8	11.5
Non-interest income	55.6	57.7	(3.5)
<b>Total revenue</b>	<b>93.4</b>	<b>91.6</b>	<b>2.0</b>
<b>General and administrative expenses</b>	<b>48.3</b>	<b>51.2</b>	<b>(5.6)</b>
<b>Ordinary business profit (loss)</b>	<b>45.0</b>	<b>40.3</b>	<b>11.7</b>
<b>Net credit costs</b>	<b>36.2</b>	<b>31.5</b>	<b>15.0</b>
<b>Ordinary business profit (loss) after net credit (recoveries) costs</b>	<b>8.8</b>	<b>8.8</b>	<b>(0.2)</b>
<b>Retail Banking:</b>			
Net interest income	15.3	13.0	17.9
Non-interest income	10.5	14.3	(26.8)
<b>Total revenue</b>	<b>25.8</b>	<b>27.3</b>	<b>(5.5)</b>
<b>General and administrative expenses</b>	<b>30.3</b>	<b>28.5</b>	<b>6.4</b>
<b>Ordinary business profit (loss)</b>	<b>(4.4)</b>	<b>(1.1)</b>	<b>292.4</b>
<b>Net credit costs</b>	<b>0.2</b>	<b>0.0</b>	<b>161.0</b>
<b>Ordinary business profit (loss) after net credit (recoveries) costs</b>	<b>(4.7)</b>	<b>(1.2)</b>	<b>283.1</b>
<b>(Reference) Revenue from structured deposits</b>	<b>4.4</b>	<b>9.7</b>	<b>(54.9)</b>
<b>ALM/Corporate/Other<sup>(1)</sup>:</b>			
Net interest income	14.2	5.3	166.0
Non-interest income	(5.8)	(2.8)	106.6
<b>Total revenue</b>	<b>8.3</b>	<b>2.5</b>	<b>233.1</b>
<b>General and administrative expenses</b>	<b>0.3</b>	<b>(0.3)</b>	<b>-</b>
<b>Ordinary business profit (loss)</b>	<b>8.0</b>	<b>2.9</b>	<b>174.8</b>
<b>Net credit costs</b>	<b>1.6</b>	<b>2.3</b>	<b>(28.6)</b>
<b>Ordinary business profit (loss) after net credit (recoveries) costs</b>	<b>6.3</b>	<b>0.5</b>	<b>963.5</b>
<b>Total:</b>			
Net interest income	97.1	74.1	31.1
Non-interest income	111.7	141.6	(21.1)
<b>Total revenue</b>	<b>208.9</b>	<b>215.7</b>	<b>(3.2)</b>
<b>General and administrative expenses</b>	<b>117.6</b>	<b>112.5</b>	<b>4.5</b>
<b>Ordinary business profit (loss)</b>	<b>91.3</b>	<b>103.2</b>	<b>(11.6)</b>
<b>Net credit costs</b>	<b>40.7</b>	<b>19.6</b>	<b>107.5</b>
<b>Ordinary business profit (loss) after net credit (recoveries) costs</b>	<b>50.5</b>	<b>83.6</b>	<b>(39.6)</b>

(1) ALM/Corporate/Other largely includes results of corporate treasury activities, income from proprietary investments, corporate level expenses and credit costs.  
Note 1: Quarterly information is available in the Quarterly Data Book

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

In the first nine months ended December 31, 2007, "ordinary business profit after net credit costs" was 50.5 billion yen, 33.0 billion yen lower than the same period in the previous fiscal year largely due to reserves and mark-downs for exposure to the U.S. residential mortgage market,

absence of gain from sale of Shinsei's investment in BlueBay, and lower revenues in Retail Banking.

The Institutional Banking business' steady performance was negatively impacted by mark-downs and reserves for exposure to the U.S. residential mortgage market. The Retail Banking business experienced lower revenues mainly attributable to a decline in option income from structured deposits. Shinki recorded net losses in the first half of this fiscal year to account for higher credit provisions and the so-called 'grey-zone' reserves when it was accounted for as an equity method affiliate.

### ***Institutional Banking***

The Institutional Banking business positions itself as a hybrid commercial and investment bank that provides innovative solutions to institutional customers through an integrated team of relationship managers and product specialists. Revenue diversification ensures earnings stability in this business line. The business generated “total revenue” of 81.2 billion yen in the first nine months of this fiscal year. This is 13.0 billion yen lower than the same period last year mainly due to the absence of gain from investment in BlueBay and mark-downs related to exposure in the U.S. residential mortgage market. The business continued to see an increase in demand for institutional loans and ongoing growth in asset prices contributed to strong performance in the credit trading business. The non-recourse real estate finance business concluded 122 transactions. Non-recourse real estate balance, both loans and bond structures, decreased 2.3 billion yen to 919.8 billion yen in the nine month period ended December 31, 2007. The decrease in the non-recourse real estate balance was due to the securitization of non-recourse loans into commercial mortgage-backed securities in the amount of 165.2 billion yen in the first nine months of this fiscal year. The business generated revenue of 14.2 billion yen as compared to 13.3 billion yen during the same period last fiscal year.

The business momentum in the credit trading business resulted in the conclusion of 29 new transactions with an aggregate investment amount of 74.3 billion yen and generated total revenues of 18.1 billion yen in the first nine

months of fiscal year 2007, an increase of 4.0 billion compared to the same period the previous year.

The Institutional Banking business net exposure, after mark-downs and provisions, to the U.S. residential mortgage market aggregates to less than \$300 million at the end of December 31, 2007. In the first nine months of fiscal year 2007, the business recorded additional reserves and mark-downs amounting to approximately \$202 million (or approximately 22.8 billion yen) and now total cumulative reserves and mark-downs relating to this portfolio aggregate to approximately \$219 million.

In the first nine months of this fiscal year, the “general and administrative expenses” were 38.5 billion yen, a 5.3 billion yen increase compared to the first nine months of the previous fiscal year. The increase was largely due to new employees hired in the business to support its business expansion. As a result, “ordinary business profit” for the first nine months of fiscal year 2007 was 42.7 billion yen, a decline of 18.4 billion yen, or 30.1%, as compared to the same period in the previous fiscal year. The expense-to-revenue ratio of this business was 47.4% for the nine months ended December 31, 2007.



**Consumer and Commercial Finance** <sup>(1)</sup>

*(billions of yen, except percentages)*

	3Q (9 Months) FY2007	3Q (9 Months) FY2006	% Change
<b>APLUS:</b>			
Net interest income	31.8	31.1	2.3
Non-interest income	37.0	40.3	(8.2)
<b>Total revenue</b>	<b>68.8</b>	<b>71.5</b>	<b>(3.6)</b>
<b>General and administrative expenses</b>	<b>33.6</b>	<b>40.2</b>	<b>(16.4)</b>
<b>Ordinary business profit (loss)</b>	<b>35.2</b>	<b>31.2</b>	<b>12.8</b>
<b>Net credit costs</b>	<b>28.3</b>	<b>28.0</b>	<b>1.3</b>
<b>Ordinary business profit (loss) after net credit (recoveries) costs</b>	<b>6.8</b>	<b>3.2</b>	<b>112.1</b>
<b>Showa Leasing:</b>			
Net interest income	(4.5)	(2.7)	68.0
Non-interest income	25.1	22.1	13.6
<b>Total revenue</b>	<b>20.5</b>	<b>19.4</b>	<b>6.0</b>
<b>General and administrative expenses</b>	<b>9.7</b>	<b>8.4</b>	<b>15.9</b>
<b>Ordinary business profit (loss)</b>	<b>10.8</b>	<b>11.0</b>	<b>(1.4)</b>
<b>Net credit costs</b>	<b>5.7</b>	<b>1.8</b>	<b>217.1</b>
<b>Ordinary business profit (loss) after net credit (recoveries) costs</b>	<b>5.1</b>	<b>9.2</b>	<b>(44.4)</b>
<b>Other Subsidiaries<sup>(2)</sup>:</b>			
Net interest income	10.4	5.4	92.5
Non-interest income	(6.4)	(4.7)	36.9
<b>Total revenue</b>	<b>3.9</b>	<b>0.7</b>	<b>467.2</b>
<b>General and administrative expenses</b>	<b>5.0</b>	<b>2.6</b>	<b>92.3</b>
<b>Ordinary business profit (loss)</b>	<b>(1.0)</b>	<b>(1.9)</b>	<b>(45.0)</b>
<b>Net credit costs</b>	<b>2.1</b>	<b>1.6</b>	<b>25.8</b>
<b>Ordinary business profit (loss) after net credit (recoveries) costs</b>	<b>(3.1)</b>	<b>(3.6)</b>	<b>(11.8)</b>
<b>Consumer and Commercial Finance:</b>			
Net interest income	37.7	33.8	11.5
Non-interest income	55.6	57.7	(3.5)
<b>Total revenue</b>	<b>93.4</b>	<b>91.6</b>	<b>2.0</b>
<b>General and administrative expenses</b>	<b>48.3</b>	<b>51.2</b>	<b>(5.6)</b>
<b>Ordinary business profit (loss)</b>	<b>45.0</b>	<b>40.3</b>	<b>11.7</b>
<b>Net credit costs</b>	<b>36.2</b>	<b>31.5</b>	<b>15.0</b>
<b>Ordinary business profit (loss) after net credit (recoveries) costs</b>	<b>8.8</b>	<b>8.8</b>	<b>(0.2)</b>

(1) Net of consolidation adjustments, if applicable.

(2) Includes Shinki and unallocated CCF sub-group financials.

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

APLUS' business transformation initiatives in fiscal year 2006 have allowed it to return to profitability in the first nine months of this fiscal year. The overall financial performance of Showa Leasing business remains in line with expectations while Shinki Co., Ltd.'s (Shinki) incurred net losses in the first half of this fiscal year due to the continual impact of the

legislative and market changes in the consumer finance industry in the last fiscal year.

In the nine months ended December 31, 2007, the CCF business contributed "total revenue" of 93.4 billion yen, an increase of 1.8 billion yen, or 2.0%, as compared to the first nine months in fiscal year 2006. This includes Shinki's third quarter of fiscal year 2007 revenue, a consolidated

subsidiary from October 1, 2007, of 7.0 billion yen. The expense increase in other subsidiaries was largely due to inclusion of Shinki's third quarter of fiscal year 2007 expenses of 2.9 billion yen. As a result, the business generated "ordinary business profit" of 45.0 billion yen in the first nine months of fiscal year 2007, an increase of 4.7 billion yen from the same period in the previous fiscal year. In the first nine months of fiscal year 2007, higher credit costs partly reflect inclusion of Shinki's credit costs of 2.0 billion yen for the three months ended December 31, 2007. As a result, "ordinary business profit after credit costs" was 8.8 billion yen in the first nine months ended December 31, 2007, a marginal decline compared to the first nine months of fiscal year 2006.

APLUS' business transformation initiatives which began in January 2007 facilitated strong financial results in the first nine months of fiscal year 2007. The business generated net income of 6.1 billion yen, on a standalone basis, including Zen-Nichi Shinpan Co., Ltd. (Zen-Nichi Shinpan) for the nine months ended December 31, 2007.

Showa Leasing's business results were in line with expectations. As a result, the business earned "ordinary business profit after credit costs", net of consolidation adjustments, of 5.1 billion yen during the first nine months of fiscal year 2007.

Other subsidiaries' financials includes Shinsei's equity in net income (loss) of Shinki, net of consolidation adjustments for the first half of fiscal year 2007 when it was accounted for as an affiliate and revenues for the three months ended December 31, 2007 after Shinki was made a subsidiary and revenues of the commercial finance subsidiary, Shinsei Property Finance Co., Ltd.

During the first six months of fiscal year 2007 Shinsei Bank's equity in the non-consolidated net loss of Shinki, under equity-method, amounted to 6.8 billion yen, net of consolidation adjustments. This was partly offset by "ordinary business profit after credit costs" of 2.0 billion yen for the three months ended December 31, 2007.

APLUS' related grey zone payments and write-offs amounted to 4.0 billion yen in the first nine months of fiscal year 2007. The business made new grey zone related provisions of 2.7 billion yen and as a result total grey zone provisions were at 9.0 billion yen as at December 31, 2007 as compared to 10.3 billion yen at March 31, 2007. On a non-consolidated basis, Shinki's grey zone payments and write-offs amounted to 10.3 billion yen. The business made new grey zone related provisions of 8.1 billion yen and as a result total grey zone provisions were at 34.0 billion yen as at December 31, 2007 as compared to 36.2 billion yen at March 31, 2007.

## Retail Banking

The Retail Banking business continues to diversify its revenue sources, increase its customer base and deposits and loan volume. In the nine months ended December 31, 2007, the Retail Banking business added more than 160,000 new *PowerFlex* retail accounts and now has over 2.1 million retail accounts. Shinsei Bank considerably improved its ranking and reached second overall in the Nihon Keizai Shimbun's third survey of "Bank's Retail Strength" in July 2007 from twentieth position in last year's survey.

During the first nine months of this fiscal year, "total revenue" was 25.8 billion yen as compared to 27.3 billion yen during the first nine months of the previous fiscal year. The main sources of revenue were interest income from retail deposits, fees from asset management products, income from structured deposits and fees and net interest income from loan products. The ability to successfully sell an increasingly wide range of products such as mutual funds and variable annuities is contributing to more balanced and

recurrent revenue growth. The decline in the revenue resulted mainly from a decrease in structured deposits related option income by 5.3 billion yen from 9.7 billion yen to 4.4 billion yen due to lower demand for structured deposits. This was partly offset by a 1.7 billion yen increase in revenue from asset management products from 6.1 billion yen to 7.9 billion yen for the nine months ended December 31, 2007

Retail Banking incurred "general and administrative expenses" of 30.3 billion yen during the nine-month period, an increase of 1.8 billion yen, as compared to the first nine months in the previous fiscal year. Strict expense discipline in the business mitigated the expense increase necessary to expand distribution channels and due to the growth of customer driven transactions. The business generated an "ordinary business loss" of 4.4 billion yen for the nine months of fiscal year 2007, as compared to an "ordinary business loss" of 1.1 billion yen during the first nine months of the previous fiscal year

(1)

**Supplemental Cash Basis Financial Data and Reconciliation to Japanese GAAP Measures**

**Table 14. Supplemental Cash Basis Financial Data and Reconciliation to Japanese GAAP Measures**

For the nine months ended December 31, 2007

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

<b>Amortization of goodwill and other intangible assets</b>	
Amortization of other intangible assets	2.3
Associated deferred tax liability	0.9
Amortization of goodwill	7.1
<b>Total amortization of goodwill and other intangible assets, net of tax benefit</b>	<b>8.4</b>
<b>Reconciliation of net income to cash basis net income</b>	
Net income	33.5
Amortization of goodwill and other intangible assets, net of tax benefit	8.4
<b>Cash basis net income</b>	<b>42.0</b>
<b>Reconciliation of basic net income per share to cash basis basic net income per share</b>	
Basic net income per share	22.2
Effect of amortization of goodwill and other intangible assets, net of tax benefit	5.7
<b>Cash basis basic net income per share</b>	<b>27.9</b>
<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	18.3
Effect of amortization of goodwill and other intangible assets, net of tax benefit	4.6
<b>Cash basis fully diluted net income per share</b>	<b>22.9</b>
<b>Reconciliation of return on assets to cash basis return on assets</b>	
Return on assets	0.4 (2)
Effect of amortization of goodwill and other intangible assets, net of tax benefit	0.1 (2)
<b>Cash basis return on assets</b>	<b>0.5 (2)</b>
<b>Reconciliation of return on equity to cash basis return on equity</b>	
Return on equity (fully diluted)	6.9 (2)
Effect of amortization of goodwill and other intangible assets, net of tax benefit	1.7 (2)
<b>Cash basis return on equity (fully diluted)</b>	<b>8.6 (2)</b>
<b>Reconciliation of return on equity to return on tangible equity</b>	
Return on equity (fully diluted)	6.9 (2)
Effect of goodwill and other intangible assets (1)	4.6 (2)
<b>Return on tangible equity (fully diluted)</b>	<b>11.5 (2)</b>

(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.

(2) Annualized basis.

## Consolidated Statements of Operations (Unaudited)

	<i>(millions of yen, except percentages)</i>				
	3Q	3Q	Change		FY2006
	(9 Months) FY2007	(9 Months) FY2006	Amount	%	
Total interest income	179,754	126,525	53,229	42.1	172,818
Interest on loans and bills discounted	136,678	92,550	44,128	47.7	126,815
Interest and dividends on securities	32,499	23,980	8,519	35.5	32,309
Other interest income	10,576	9,994	582	5.8	13,693
Fees and commissions income	50,719	53,215	(2,496)	(4.7)	70,858
Trading profits	8,572	14,972	(6,400)	(42.7)	18,128
Other business income	190,158	201,978	(11,820)	(5.9)	271,274
Other ordinary income	24,164	21,395	2,769	12.9	26,935
<b>Ordinary income</b>	<b>453,370</b>	<b>418,087</b>	<b>35,283</b>	<b>8.4</b>	<b>560,016</b>
Total interest expenses	82,576	52,423	30,153	57.5	77,322
Interest on deposits	32,293	22,568	9,725	43.1	33,164
Interest on debentures	2,429	2,280	149	6.5	3,006
Interest on borrowings	13,461	7,820	5,641	72.1	11,312
Other interest expenses	34,392	19,755	14,637	74.1	29,838
Fees and commissions expenses	18,323	17,692	631	3.6	24,409
Trading losses	29	304	(275)	(90.5)	319
Other business expenses	133,838	135,528	(1,690)	(1.2)	183,117
Total general and administrative expenses	127,229	128,264	(1,035)	(0.8)	171,034
General and administrative expenses	117,794	112,804	4,990	4.4	150,233
Amortization of goodwill	7,116	9,377	(2,261)	(24.1)	12,507
Amortization of intangible assets	2,318	6,082	(3,764)	(61.9)	8,293
Other ordinary expenses	53,009	37,188	15,821	42.5	80,641
Provision of reserve for loan losses	38,382	18,225	20,157	110.6	48,427
Others	14,626	18,962	(4,336)	(22.9)	32,213
<b>Ordinary expenses</b>	<b>415,007</b>	<b>371,402</b>	<b>43,605</b>	<b>11.7</b>	<b>536,843</b>
<b>Net ordinary income</b>	<b>38,363</b>	<b>46,685</b>	<b>(8,322)</b>	<b>(17.8)</b>	<b>23,172</b>
Special gains	21,957	14,520	7,437	51.2	15,278
Special losses	1,334	1,541	(207)	(13.4)	104,159
<b>Income (loss) before income taxes and minority interests:</b>	<b>58,986</b>	<b>59,664</b>	<b>(678)</b>	<b>(1.1)</b>	<b>(65,708)</b>
Income taxes (benefit)					
Current	4,632	2,056	2,576	125.3	3,249
Deferred	5,178	(2,092)	7,270	-	(24,615)
Minority interests in net income of subsidiaries	15,630	12,549	3,081	24.6	16,643
<b>Net income (loss)</b>	<b>33,544</b>	<b>47,150</b>	<b>(13,606)</b>	<b>(28.9)</b>	<b>(60,984)</b>
					<i>(billions of yen)</i>
<b>(Ref.) Ordinary business profit (jissuitsu gyomu jun-eki) <sup>(1)</sup></b>	<b>91.3</b>	<b>103.2</b>	<b>(11.9)</b>	<b>(11.6)</b>	<b>118.3</b>

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

	<i>(millions of yen)</i>				
	<b>Dec 31 2007</b>	Dec 31 2006	Change a-b	Mar 31 2007	Change a-c
	<b>a</b>	b	Amount	c	Amount
<b>&lt;&lt;Assets&gt;&gt;</b>					
Cash and due from banks	<b>316,137</b>	417,294	(101,157)	448,554	(132,417)
Call loans	<b>544,700</b>	71,000	473,700	43,100	501,600
Receivables under resale agreements	<b>3,500</b>	—	3,500	—	3,500
Collateral related to securities borrowing transactions	<b>93,342</b>	103,950	(10,608)	11,050	82,292
Other monetary claims purchased	<b>467,025</b>	383,153	83,872	366,505	100,520
Trading assets	<b>232,334</b>	368,809	(136,475)	303,389	(71,055)
Monetary assets held in trust	<b>400,402</b>	494,686	(94,284)	502,332	(101,930)
Securities	<b>2,047,864</b>	1,880,095	167,769	1,854,682	193,182
Loans and bills discounted	<b>5,503,656</b>	4,977,032	526,624	5,146,306	357,350
Foreign exchanges	<b>18,813</b>	10,735	8,078	15,047	3,766
Other assets	<b>1,007,275</b>	884,068	123,207	870,375	136,900
Premises and equipment	<b>367,033</b>	392,781	(25,748)	382,460	(15,427)
Intangible assets	<b>236,868</b>	344,081	(107,213)	244,155	(7,287)
Goodwill, net	<b>144,503</b>	216,281	(71,778)	158,066	(13,563)
Deferred issuance expenses for debentures	<b>116</b>	107	9	103	13
Deferred tax assets	<b>37,740</b>	27,969	9,771	42,474	(4,734)
Customers' liabilities for acceptances and guarantees	<b>713,007</b>	773,800	(60,793)	754,420	(41,413)
Reserve for credit losses	<b>(141,671)</b>	(139,890)	(1,781)	(147,275)	5,604
<b>Total assets</b>	<b>11,848,148</b>	10,989,676	858,472	10,837,683	1,010,465

## Liabilities and Equity (Consolidated)

	<i>(millions of yen)</i>				
	Dec 31 2007	Dec 31 2006	Change a-b	Mar 31 2007	Change a-c
	a	b	Amount	c	Amount
<b>&lt;&lt;Liabilities&gt;&gt;</b>					
Deposits	5,262,597	4,744,046	518,551	4,940,730	321,867
Negotiable certificates of deposit	935,749	315,177	620,572	480,199	455,550
Debentures	670,396	712,597	(42,201)	703,298	(32,902)
Call money	751,392	808,124	(56,732)	692,792	58,600
Collateral related to securities lending transactions	156,986	180,818	(23,832)	8,333	148,653
Commercial paper	—	241,000	(241,000)	171,300	(171,300)
Trading liabilities	127,949	107,832	20,117	99,255	28,694
Borrowed money	1,111,987	1,139,281	(27,294)	1,122,688	(10,701)
Foreign exchanges	40	380	(340)	118	(78)
Short-term corporate bonds	126,300	/	/	/	/
Corporate bonds	443,772	400,061	43,711	400,485	43,287
Other liabilities	549,319	504,729	44,590	498,358	50,961
Accrued employees' bonuses	11,366	10,394	972	13,134	(1,768)
Accrued directors' bonuses	440	296	144	359	81
Reserve for employees' retirement benefits	3,171	3,341	(170)	3,521	(350)
Reserve for directors' retirement benefits	118	/	/	/	/
Reserve for losses on interest repayments	43,337	10,875	32,462	10,353	32,984
Reserve under special law	3	2	1	3	—
Deferred tax liabilities	4,126	13,072	(8,946)	5,075	(949)
Acceptances and guarantees	713,007	773,800	(60,793)	754,420	(41,413)
<b>Total liabilities</b>	<b>10,912,064</b>	<b>9,965,834</b>	<b>946,230</b>	<b>9,904,430</b>	<b>1,007,634</b>
<b>&lt;&lt;Equity&gt;&gt;</b>					
<b>Shareholders' equity:</b>					
Capital stock	451,296	451,296	—	451,296	—
Capital surplus	18,558	18,558	—	18,558	—
Retained earnings	275,971	355,297	(79,326)	245,499	30,472
Treasury stock, at cost	(72,566)	(72,564)	(2)	(72,560)	(6)
Total shareholders' equity	673,260	752,587	(79,327)	642,794	30,466
<b>Net unrealized gain (loss) and translation adjustments:</b>					
Unrealized gain (loss) on available-for-sale securities	(13,428)	4,515	(17,943)	5,091	(18,519)
Deferred gain (loss) on derivatives under hedge accounting	(7,238)	(6,677)	(561)	(7,744)	506
Foreign currency translation adjustments	3,300	4,059	(759)	2,952	348
Total net unrealized gain (loss) and translation adjustments	(17,366)	1,898	(19,264)	299	(17,665)
Stock acquisition rights	1,060	417	643	517	543
Minority interests in subsidiaries	279,129	268,939	10,190	289,642	(10,513)
<b>Total equity</b>	<b>936,084</b>	<b>1,023,842</b>	<b>(87,758)</b>	<b>933,253</b>	<b>2,831</b>
<b>Total liabilities and equity</b>	<b>11,848,148</b>	<b>10,989,676</b>	<b>858,472</b>	<b>10,837,683</b>	<b>1,010,465</b>

## Section 2. Non-Consolidated Information

## Results of Operations (Non-Consolidated)

	<i>(billions of yen, except percentages)</i>			
	3Q (9 Months) FY2007	3Q (9 Months) FY2006	% Change	FY2006
Gross business profit ( <i>gyomu sorieki</i> ) <sup>(1)</sup> :				
Net interest income	70.5	45.1	56.2	59.7
Net fees and commissions <sup>(1)</sup>	39.4	35.4	11.3	45.8
Net trading income	6.1	12.2	(49.9)	14.9
Net other business income	1.2	8.6	(85.3)	12.0
<b>Total gross business profit<sup>(1)</sup></b>	<b>117.4</b>	<b>101.4</b>	<b>15.7</b>	<b>132.5</b>
Total expenses	63.4	58.9	7.7	77.6
<b>Net business profit<sup>(1)</sup> (<i>jisshitsu gyomu jun-eki</i>)</b>	<b>53.9</b>	<b>42.5</b>	<b>26.9</b>	<b>54.9</b>
Other operating expenses, net <sup>(2)</sup>	(11.2)	(3.3)	239.4	(7.8)
<b>Net operating income (<i>keijo rieki</i>)</b>	<b>42.7</b>	<b>39.2</b>	<b>9.0</b>	<b>47.1</b>
Extraordinary income (loss) <sup>(2)(3)</sup>	(26.6)	21.2	-	(102.1)
<b>Income (loss) before income taxes:</b>	<b>16.1</b>	<b>60.4</b>	<b>(73.3)</b>	<b>(55.0)</b>
Current income taxes benefit	(8.1)	(2.2)	268.2	(2.7)
Deferred income taxes expense (benefit)	6.7	(1.1)	-	(10.2)
<b>Net income (loss)<sup>(3)</sup></b>	<b>17.5</b>	<b>63.8</b>	<b>(72.5)</b>	<b>(41.9)</b>

(1) Includes income from monetary assets held in trust of 30.5 billion yen in the nine months ended December 31, 2007 and 23.5 billion yen in the nine months ended December 31, 2006.

(2) Reversals of general reserve for loan losses of 10.1 billion yen is included in extraordinary income in the first nine months ended December 31, 2006.  
(In the nine months ended December 31, 2007, provision of reserve for credit losses was 4.6 billion yen.)

(3) Includes impairment charges on investments in APLUS' and Shinki's common shares of 15.9 billion yen and 6.0 billion yen, respectively,  
and in TAKU Investments Ltd. (exposure to U.S. residential mortgage market) of 3.7 billion yen.

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

The "net income" for the nine months ended December 31, 2007 of 17.5 billion yen represented 40.8% of the fiscal year 2007 net income (non-consolidated) forecast of 43.0 billion yen. As a recipient of public funds, Shinsei Bank is required

to update and report its achievement of non-consolidated performance targets as set forth in its revitalization plan on a quarterly basis.



**Interest-Earning Assets and Interest-Bearing Liabilities (Non-Consolidated)**

(billions of yen, except percentages)

	3Q (9 Months) FY2007			3Q (9 Months) FY2006			FY2006		
	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	178.1	4.1	3.10	104.0	2.1	2.79	123.5	3.6	2.96
Call loans	128.8	0.6	0.62	68.4	0.1	0.23	70.8	0.2	0.29
Receivables under resale agreements	0.7	0.0	3.63	-	-	-	-	-	-
Collateral related to securities borrowing transactions	93.9	0.6	0.86	141.9	0.3	0.30	127.4	0.4	0.37
Securities	2,297.0	49.5	2.87	1,979.4	30.9	2.07	2,023.1	40.4	1.99
Loans and bills discounted	5,169.0	82.2	2.11	4,295.3	52.3	1.61	4,443.4	75.3	1.69
Other interest-earning assets	159.7	4.0	3.39	64.2	1.1	2.45	67.7	1.7	2.51
Interest rate and funding swaps	-	0.8	-	-	5.9	-	-	7.1	-
<b>Total interest-earning assets</b>	<b>8,027.4</b>	<b>142.1</b>	<b>2.35</b>	<b>6,653.4</b>	<b>93.1</b>	<b>1.85</b>	<b>6,856.2</b>	<b>129.0</b>	<b>1.88</b>
<b>Interest-bearing liabilities:</b>									
Deposits	5,097.0	32.3	0.84	4,424.4	22.6	0.67	4,561.5	33.2	0.72
Negotiable certificates of deposit	648.7	3.3	0.67	301.3	0.6	0.28	332.0	1.1	0.35
Debentures	683.2	2.4	0.47	826.0	2.2	0.36	797.0	3.0	0.37
Call money	869.7	12.4	1.89	309.8	3.1	1.33	403.5	5.6	1.40
Payable under repurchase agreements	0.0	0.0	3.73	-	-	-	-	-	-
Collateral related to securities lending transactions	113.4	0.9	1.12	91.2	0.1	0.26	84.0	0.2	0.29
Borrowed money	282.0	2.6	1.22	285.8	1.5	0.70	283.4	2.1	0.75
Corporate bonds	571.0	19.6	4.57	462.7	14.5	4.18	487.3	20.7	4.26
Other interest-bearing liabilities	0.3	5.0	n.m. <sup>(1)</sup>	0.3	8.5	n.m. <sup>(1)</sup>	0.3	11.2	n.m. <sup>(1)</sup>
Interest rate and funding swaps	-	-	-	-	-	-	-	-	-
<b>Total interest-bearing liabilities</b>	<b>8,265.6</b>	<b>78.7</b>	<b>1.26</b>	<b>6,701.9</b>	<b>53.5</b>	<b>1.06</b>	<b>6,949.3</b>	<b>77.5</b>	<b>1.11</b>
<b>Net interest income/yield on interest-earning assets</b>	<b>8,027.4</b>	<b>63.3</b>	<b>1.05</b>	<b>6,653.4</b>	<b>39.5</b>	<b>0.78</b>	<b>6,856.2</b>	<b>51.5</b>	<b>0.75</b>

(1) n.m. is not meaningful.

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

**Other Non-Consolidated Financial Data**
**Claims Classified Under the Financial Revitalization Law**
*(billions of yen, except percentages)*

	Dec 31 2007 (a)	Dec 31 2006 (b)	Change (a) - (b)	Mar 31 2007 (c)	Change (a) - (c)
Claims against bankrupt and quasi-bankrupt obligors	9.9	0.9	9.0	0.9	9.0
Doubtful claims	23.2	6.0	17.2	10.8	12.4
Substandard claims	6.2	15.8	(9.6)	16.2	(10.0)
<b>Total (A)</b>	<b>39.3</b>	<b>22.7</b>	<b>16.6</b>	<b>27.9</b>	<b>11.4</b>
<b>Total claims (B)</b>	<b>5,546.1</b>	<b>4,974.4</b>	<b>571.7</b>	<b>5,294.6</b>	<b>251.5</b>
(A) / (B) x 100 (%)	0.71	0.46	0.25	0.53	0.18
(ref.) Amount of write-off	15.7	3.4	12.3	6.4	9.3

**Risk Monitored Loans (Non-Consolidated)**
*(billions of yen, except percentages)*

	Dec 31 2007 (a)	Dec 31 2006 (b)	Change (a) - (b)	Mar 31 2007 (c)	Change (a) - (c)
Loans to bankrupt obligors	0.3	0.8	(0.5)	0.6	(0.3)
Non-accrual delinquent loans	32.4	5.7	26.7	10.6	21.8
Loans past due three months or more	0.0	0.0	0.0	0.0	0.0
Restructured loans	6.0	15.7	(9.7)	16.1	(10.1)
<b>Total (A)</b>	<b>38.8</b>	<b>22.3</b>	<b>16.5</b>	<b>27.4</b>	<b>11.4</b>
<b>Loans and bills discounted (B)</b>	<b>5,273.4</b>	<b>4,847.0</b>	<b>426.4</b>	<b>5,075.2</b>	<b>198.2</b>
(A) / (B) x 100 (%)	0.74	0.46	0.28	0.54	0.20
<b>Reserve for credit losses (C)</b>	<b>99.6</b>	<b>101.1</b>	<b>(1.5)</b>	<b>106.9</b>	<b>(7.3)</b>
Reserve ratios (C) / (A) x 100 (%)	256.36	452.20	(195.84)	389.20	(132.84)

**Marketable Securities, at Fair Value (Non-Consolidated)**
**As of December 31, 2007 (Unaudited)**
*(billions of yen)*

	Fair value	Net unrealized gain (loss) (a) - (b)		
			Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities (domestic)	15.3	(1.5)	0.2	1.8
Bonds (domestic)	564.8	(2.5)	0.6	3.2
Other <sup>(1)</sup>	537.9	(9.6)	9.6	19.2
<b>Total</b>	<b>1,118.2</b>	<b>(13.7)</b>	<b>10.5</b>	<b>24.3</b>

**As of December 31, 2006**
*(billions of yen)*

	Fair value	Net unrealized gain (loss) (a) - (b)		
			Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities (domestic)	4.8	0.0	0.7	0.7
Bonds (domestic)	618.9	(3.5)	0.2	3.8
Other <sup>(1)</sup>	397.4	9.4	10.4	0.9
<b>Total</b>	<b>1,021.1</b>	<b>5.9</b>	<b>11.5</b>	<b>5.5</b>

**As of March 31, 2007**
*(billions of yen)*

	Fair value	Net unrealized gain (loss) (a) - (b)		
			Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities (domestic)	14.1	(0.2)	0.5	0.8
Bonds (domestic)	571.1	(3.3)	0.4	3.7
Other <sup>(1)</sup>	413.8	10.5	11.3	0.7
<b>Total</b>	<b>999.1</b>	<b>6.9</b>	<b>12.3</b>	<b>5.4</b>

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

**Capital Adequacy Data (Non-Consolidated)**<sup>(1)</sup>*(billions of yen, except percentages)*

	<b>Dec 31</b>	Mar 31
	<b>2007</b>	2007
Basic items (Tier I)	<b>811.8</b>	813.6
Supplementary items (Tier II)	<b>469.8</b>	466.8
Deduction	<b>(84.0)</b>	(86.8)
Total capital	<b>1,197.6</b>	1,193.7
Risk assets	<b>7,593.7</b>	6,351.0
Capital adequacy ratio	<b>15.77%</b>	18.79%
Tier I capital ratio	<b>10.69%</b>	12.81%

<sup>(1)</sup> Calculated by new standard (Basel II, F-IRB)

Note 1: Non-consolidated total required capital is 406.8 billion yen as at December 31, 2007, and 361.3 billion yen as at March 31, 2007.

Note 2: Quarterly information is available in the Quarterly Data Book

**Non-Consolidated Statements of Operations (Unaudited)***(millions of yen, except percentages)*

	3Q (9 Months) FY2007	3Q (9 Months) FY2006	Change		FY2006
			Amount	%	
Total interest income	<b>142,132</b>	93,151	48,981	52.6	129,046
Interest on loans and bills discounted	<b>82,254</b>	52,386	29,868	57.0	75,357
Interest and dividends on securities	<b>49,590</b>	30,971	18,619	60.1	40,427
Other interest income	<b>10,288</b>	9,792	496	5.1	13,262
Fees and commissions income	<b>20,921</b>	21,054	(133)	(0.6)	28,198
Trading profits	<b>6,185</b>	12,584	(6,399)	(50.9)	15,339
Other business income	<b>6,801</b>	14,588	(7,787)	(53.4)	18,661
Other ordinary income	<b>34,064</b>	33,449	615	1.8	40,787
<b>Ordinary income</b>	<b>210,106</b>	174,827	35,279	20.2	232,034
Total interest expenses	<b>78,755</b>	53,562	25,193	47.0	77,534
Interest on deposits	<b>32,363</b>	22,645	9,718	42.9	33,276
Interest on debentures	<b>2,431</b>	2,283	148	6.5	3,009
Other interest expenses	<b>43,961</b>	28,634	15,327	53.5	41,247
Fees and commissions expenses	<b>12,049</b>	9,231	2,818	30.5	13,164
Trading losses	<b>76</b>	382	(306)	(80.1)	436
Other business expenses	<b>5,510</b>	5,938	(428)	(7.2)	6,561
General and administrative expenses	<b>63,590</b>	59,210	4,380	7.4	77,865
Other ordinary expenses	<b>7,337</b>	7,250	87	1.2	9,325
<b>Ordinary expenses</b>	<b>167,320</b>	135,576	31,744	23.4	184,888
<b>Net ordinary income</b>	<b>42,786</b>	39,250	3,536	9.0	47,146
Special gains	<b>1,149</b>	21,719	(20,570)	(94.7)	14,385
Special losses	<b>27,817</b>	505	27,312	5408.3	116,546
<b>Income (loss) before income taxes</b>	<b>16,118</b>	60,465	(44,347)	(73.3)	(55,015)
Income taxes (benefit)					
Current	<b>(8,189)</b>	(2,234)	(5,955)	266.6	(2,779)
Deferred	<b>6,762</b>	(1,150)	7,912	-	(10,276)
<b>Net income (loss)</b>	<b>17,546</b>	63,849	(46,303)	(72.5)	(41,960)

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

	<i>(millions of yen)</i>				
	<b>Dec 31</b>	Dec 31	Change	Mar 31	Change
	<b>2007</b>	2006	a-b	2007	a-c
	<b>a</b>	b	Amount	c	Amount
<b>&lt;&lt;Assets&gt;&gt;</b>					
Cash and due from banks	<b>161,933</b>	235,033	(73,100)	190,003	(28,070)
Call loans	<b>544,700</b>	71,000	473,700	43,100	501,600
Receivables under resale agreements	<b>3,500</b>	—	3,500	—	3,500
Collateral related to securities borrowing transactions	<b>92,591</b>	103,950	(11,359)	11,050	81,541
Other monetary claims purchased	<b>151,073</b>	68,052	83,021	69,856	81,217
Trading assets	<b>199,573</b>	348,405	(148,832)	284,137	(84,564)
Monetary assets held in trust	<b>625,394</b>	690,641	(65,247)	687,346	(61,952)
Securities	<b>2,300,430</b>	2,150,077	150,353	2,062,064	238,366
Valuation allowance for investments	—	—	—	(15,908)	15,908
Loans and bills discounted	<b>5,273,457</b>	4,847,065	426,392	5,075,281	198,176
Foreign exchanges	<b>18,813</b>	10,735	8,078	15,047	3,766
Other assets	<b>429,738</b>	284,173	145,565	325,654	104,084
Premises and equipment	<b>21,996</b>	21,172	824	20,768	1,228
Intangible assets	<b>14,736</b>	13,080	1,656	13,475	1,261
Deferred issuance expenses for debentures	<b>116</b>	107	9	103	13
Deferred tax assets	<b>28,630</b>	26,715	1,915	35,559	(6,929)
Customers' liabilities for acceptances and guarantees	<b>16,552</b>	19,575	(3,023)	18,357	(1,805)
Reserve for credit losses	<b>(99,660)</b>	(101,146)	1,486	(106,977)	7,317
<b>Total assets</b>	<b>9,783,578</b>	8,788,639	994,939	8,728,921	1,054,657

## Liabilities and Equity (Non-Consolidated)

	<i>(millions of yen)</i>				
	Dec 31 2007 a	Dec 31 2006 b	Change a-b Amount	Mar 31 2007 c	Change a-c Amount
<b>&lt;&lt;Liabilities&gt;&gt;</b>					
Deposits	5,300,862	4,807,982	492,880	4,991,263	309,599
Negotiable certificates of deposit	935,749	315,177	620,572	480,199	455,550
Debentures	671,696	713,207	(41,511)	703,908	(32,212)
Call money	751,392	808,124	(56,732)	692,792	58,600
Collateral related to securities lending transactions	157,671	180,818	(23,147)	8,333	149,338
Trading liabilities	124,621	94,759	29,862	87,361	37,260
Borrowed money	294,017	287,398	6,619	276,760	17,257
Foreign exchanges	302	664	(362)	397	(95)
Corporate bonds	561,083	561,238	(155)	562,457	(1,374)
Other liabilities	303,495	226,558	76,937	237,614	65,881
Accrued employees' bonuses	8,506	8,027	479	9,850	(1,344)
Reserve for retirement benefits	348	154	194	756	(408)
Acceptances and guarantees	16,552	19,575	(3,023)	18,357	(1,805)
<b>Total liabilities</b>	<b>9,126,301</b>	<b>8,023,690</b>	<b>1,102,611</b>	<b>8,070,054</b>	<b>1,056,247</b>
<b>&lt;&lt;Equity&gt;&gt;</b>					
<b>Shareholders' equity:</b>					
Capital stock	451,296	451,296	—	451,296	—
Capital surplus	18,558	18,558	—	18,558	—
Additional paid-in capital	18,558	18,558	—	18,558	—
Retained earnings	281,618	372,954	(91,336)	267,144	14,474
Legal reserve	9,880	9,266	614	9,266	614
Other retained earnings	271,737	363,688	(91,951)	257,878	13,859
Unappropriated retained earnings	271,737	363,688	(91,951)	257,878	13,859
Treasury stock, at cost	(72,556)	(72,559)	3	(72,555)	(1)
Total shareholders' equity	678,917	770,250	(91,333)	664,444	14,473
<b>Net unrealized gain (loss):</b>					
Unrealized gain (loss) on available-for-sale securities	(13,421)	3,699	(17,120)	4,181	(17,602)
Deferred gain (loss) on derivatives under hedge accounting	(9,278)	(9,418)	140	(10,275)	997
Total net unrealized gain (loss)	(22,699)	(5,718)	(16,981)	(6,094)	(16,605)
Stock acquisition rights	1,060	417	643	517	543
<b>Total equity</b>	<b>657,277</b>	<b>764,948</b>	<b>(107,671)</b>	<b>658,866</b>	<b>(1,589)</b>
<b>Total liabilities and equity</b>	<b>9,783,578</b>	<b>8,788,639</b>	<b>994,939</b>	<b>8,728,921</b>	<b>1,054,657</b>

**Earnings Forecast (Consolidated and Non-Consolidated)**

(Consolidated)	<i>(billions of yen)</i>	
	<i>Fiscal year ending</i>	<i>Fiscal year ended</i>
	<b>Mar. 2008</b>	Mar. 2007
	<b>(FY2007)</b>	(FY2006)
	<b>Forecast</b>	Actual
Net income (loss)	<b>50.0</b>	(60.9)
<hr/>		
(Non-consolidated) <sup>(1)</sup>	<i>Fiscal year ending</i>	
	<i>Fiscal year ended</i>	<i>Fiscal year ended</i>
	<b>Mar. 2008</b>	Mar. 2007
	<b>(FY2007)</b>	(FY2006)
	<b>Forecast</b>	Actual
Net business profit	<b>70.0</b>	54.9
Net income (loss)	<b>43.0</b>	(41.9)
<hr/>		
Dividends (in yen)		
Common stock	Note <sup>(2)</sup>	2.66 yen
Class A preferred share <sup>(3)</sup>	<b>13.00</b> yen	13.00 yen

(1) Revitalization plan basis

(2) There was no dividend payment on common shares for the interim period ended September 30, 2007.

(3) Class A preferred shares are mandatorily convertible to common stocks on April 1, 2008.

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