



Financial Summary

For the First Quarter ended June 30, 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%.

Results of Operations ⁽¹⁾

	<i>(billions of yen, except percentages)</i>				
	1st Qtr FY2007	1st Qtr FY2006	% Change	4th Qtr FY2006	% Change
Net interest income	26.8	24.5	9.3	21.3	25.5
Net fees and commissions	12.8	11.2	14.4	10.9	17.2
Net trading income	5.2	7.0	(25.9)	3.1	65.6
Net other business income	31.6	25.3	24.9	17.1	84.8
Non-interest income	49.6	43.5	14.0	31.2	59.2
Total revenue	76.5	68.1	12.3	52.6	45.5
General and administrative expenses	37.3	37.3	0.2	37.4	(0.3)
Ordinary business profit	39.1	30.8	27.0	15.1	159.1
Net credit costs	9.5	3.7	153.3	32.2	(70.5)
Amortization of goodwill and intangible assets ⁽²⁾	3.0	6.2	(51.1)	5.3	(43.2)
Minority interests in net income of subsidiaries	4.8	4.2	15.9	4.0	19.0
Taxes and others	9.5	2.5	272.6	(81.5) ⁽³⁾	(111.7)
Net income (loss)	31.2	19.2	62.6	(108.1)	(128.9)
Cash basis net income (loss) ⁽⁴⁾	33.9	24.5	38.5	(24.8) ⁽⁵⁾	(236.9)

(1) Represents results based on management accounting basis.

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

(3) Includes, in addition to amortization of goodwill and intangible assets, impairment of goodwill and intangible assets related to APLUS of 95.1 billion yen at March 31, 2007.

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

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

Shinsei Bank reported consolidated net income of 31.2 billion yen for the first three months of fiscal year 2007, an increase of 12.0 billion yen, or 62.6%, as compared to the same period in the previous fiscal year. The consolidated net income reflects strong results in Institutional Banking businesses, good progress at APLUS Co., Ltd. (APLUS), steady results at Showa Leasing Co., Ltd. (Showa Leasing) and includes gains from the sale of Life Housing Loan Co., Ltd. (Life Housing Loan) of 10.4 billion yen, net of taxes.

Consolidated cash basis net income for the first three months of fiscal year 2007 was 33.9 billion yen, an increase of 9.4 billion yen 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).

Total revenue for the three months of fiscal year 2007 was 76.5 billion yen or 12.3% higher than in the first quarter of the previous fiscal year largely due to the growth in Institutional Banking businesses.

General and administrative expenses during the first quarter of fiscal year 2007 were 37.3 billion yen, almost flat when compared to the first quarter in the prior fiscal year. Continual expense rationalization helped maintain expense levels and facilitated an expense-to-revenue

ratio of 48.8% for the three months ended June 30, 2007, as compared to an expense-to-revenue ratio of 54.8% in the first quarter of fiscal year 2006.

Net credit costs of 9.5 billion yen for the first quarter of fiscal year 2007 largely included higher credit provisions in Consumer and Commercial Finance businesses amounting to 12.5 billion yen, an increase of 3.7 billion yen compared to the same period in the previous fiscal year. In addition, net credit recoveries in Shinsei Bank (non-consolidated) were lower than the same period last year as non-performing loans have been largely resolved. In the first quarter ended June 30, 2007, net credit recovery of 0.9 billion yen was recorded in Shinsei Bank (non-consolidated) as compared to the net credit recovery of 4.9 billion (non-consolidated) during 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 3.0 billion yen for the three months ended June 30, 2007 as compared with 6.2 billion yen in the first quarter of the previous fiscal year.

Minority interests in net income of subsidiaries for the first quarter of fiscal year 2007 amounting to 4.8 billion yen largely reflected dividends paid on perpetual preferred securities and minority interests relating to APLUS' preferred shareholders.

Interest-Earning Assets and Interest-Bearing Liabilities

(billions of yen, except percentages)

	1st Qtr FY2007			1st Qtr FY2006			FY2006		
	Average balance	Yield/rate Interest (%)		Average balance	Yield/rate Interest (%)		Average balance	Yield/rate Interest (%)	
Interest-earning assets⁽¹⁾ :									
Loans and bills discounted	5,213.6	38.9	3.00	4,146.0	27.8	2.69	4,613.4	126.8	2.75
Leased assets and installment receivables ⁽¹⁾	785.0	12.9	6.60	843.4	12.8	6.10	831.3	51.1	6.15
Securities	1,947.4	11.1	2.30	1,532.3	6.8	1.78	1,750.6	32.3	1.85
Other interest-earning assets ⁽²⁾⁽³⁾	681.6	3.2	n.m. ⁽⁵⁾	655.2	3.4	n.m. ⁽⁵⁾	721.4	13.6	n.m. ⁽⁵⁾
Total revenue on interest-earning assets⁽¹⁾	8,627.8	66.2	3.08	7,177.1	50.9	2.85	7,916.8	223.9	2.83
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	5,528.4	10.8	0.79	4,233.7	5.4	0.52	4,834.0	34.3	0.71
Debentures	696.7	0.7	0.44	925.8	0.8	0.35	795.6	3.0	0.38
Subordinated debt	481.0	4.2	3.53	349.3	1.8	2.08	399.5	9.8	2.47
Borrowed money and corporate bonds	1,092.0	3.5	1.30	1,104.7	2.5	0.93	1,118.1	11.8	1.06
Other interest-bearing liabilities ⁽²⁾	911.8	7.0	n.m. ⁽⁵⁾	279.4	2.8	n.m. ⁽⁵⁾	674.4	18.2	n.m. ⁽⁵⁾
Total expense on interest-bearing liabilities	8,710.0	26.5	1.22	6,893.1	13.5	0.79	7,821.8	77.3	0.99
Non interest-bearing sources of funds:									
Non interest-bearing (assets) liabilities, net	(734.8)	-	-	(823.9)	-	-	(654.3)	-	-
Total equity – Minority interests in subsidiaries ⁽⁴⁾	652.6	-	-	1,107.9	-	-	749.4	-	-
Total interest-bearing liabilities and non interest-bearing sources of funds	8,627.8	-	-	7,177.1	-	-	7,916.8	-	-
Net interest margin ⁽¹⁾	-	-	1.86	-	-	2.06	-	-	1.84
Impact of non interest-bearing sources	-	-	(0.01)	-	-	0.03	-	-	0.01
Net revenue/yield on interest-earning assets⁽¹⁾	-	39.7	1.85	-	37.4	2.09	-	146.6	1.85
Reconciliation of total revenue on interest-earning assets to total interest income									
Total revenue on interest-earning assets	8,627.8	66.2	3.08	7,177.1	50.9	2.85	7,916.8	223.9	2.83
Less: Income on leased assets and installment receivables	785.0	12.9	6.60	843.4	12.8	6.10	831.3	51.1	6.15
Total interest income	7,842.7	53.3	2.73	6,333.6	38.1	2.41	7,085.5	172.8	2.44
Total interest expense	-	26.5	-	-	13.5	-	-	77.3	-
Net interest income	-	26.8	-	-	24.5	-	-	95.4	-

(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.

Net revenue on interest-earning assets includes net interest income as well as revenue earned on 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 included in net other business income.

Net revenue on interest-earning assets for three months ended June 30, 2007 was 39.7 billion yen, an increase of

2.3 billion yen compared to the first quarter of the prior fiscal year. Total revenue on interest-earning assets increased by 15.3 billion yen and total interest expenses increased by 12.9 billion yen in the first three months of fiscal year 2007, respectively, from the first quarter of the previous fiscal year. The net yield on interest-earning assets was 1.85% in the first quarter of fiscal year 2007, compared with 2.09% for the same period in the prior fiscal year but remained constant with net yield on interest-earning assets for fiscal year 2006.

Analysis of Changes in Net Revenue on Interest-Earning Assets

	(billions of yen)		
	Due to change in ⁽¹⁾		Net
From the first quarter fiscal year 2006 to the first quarter fiscal year 2007	Volume	Rate	Change
Increase (decrease) in interest revenue:			
Loans and bills discounted	7.1	3.9	11.0
Leased assets and installment receivables	(0.8)	0.9	0.0
Securities	1.8	2.5	4.3
Other interest-earning assets	0.1	(0.3)	(0.1)
Total revenue on interest-earning assets			15.3
Increase (decrease) in interest expenses:			
Deposits, including negotiable certificates of deposit	1.6	3.7	5.4
Debentures	(0.1)	0.1	(0.0)
Subordinated debt	0.6	1.7	2.4
Borrowed money and corporate bonds	(0.0)	1.0	0.9
Other interest-bearing liabilities	6.5	(2.3)	4.2
Total expense on interest-bearing liabilities			12.9
Net increase in net revenue on interest-earning assets			2.3
Reconciliation of total revenue on interest-earning assets to total interest income			
Total revenue on interest-earning assets			15.3
Less: Income on leased assets and installment receivables			0.0
Total interest income			15.2
Total interest expenses			12.9
Net increase in net interest income			2.2

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

The 12.9 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 rates, which was at 0.79% for the first quarter of fiscal year 2007 that factored an interest rate increase in Japan, compared to 0.52% for the same period previous fiscal year and, to a

lesser extent, an increase in the average balance to 5,528.4 billion yen from 4,233.7 billion yen. The increase in subordinated debt interest expense was due to an increase in the average rates which were at 3.53% for the three months ended June 30, 2007 compared to 2.08% for the same period in the previous fiscal year. In addition, to a lesser extent, increase in average balance outstanding to 481.0 billion yen for the three months ended June 30, 2007 compared to 349.3 billion yen for same period in the previous fiscal year partly due to increases in subordinated debt related to the issuance of Sterling 400 million (or approximately 98.9 billion yen) of Upper Tier 2 Perpetual Subordinated Notes in December 2006. The interest expense increase of 4.2 billion yen in other interest-bearing liabilities partly relates to funding through call money and interest and currency swap expenses associated with foreign currency-denominated and overseas transactions.

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

(billions of yen, except percentages)

	1st Qtr FY2007			1st Qtr FY2006			FY2006		
	Average balance	Yield/rate Interest (%)		Average balance	Yield/rate Interest (%)		Average balance	Yield/rate Interest (%)	
Interest-earning assets:									
Cash and due from banks	135.5	1.4	4.16	149.1	0.6	1.83	123.5	3.6	2.96
Call loans	48.3	0.0	0.54	113.7	0.0	0.05	70.8	0.2	0.29
Receivables under resale agreements	-	-	-	-	-	-	-	-	-
Collateral related to securities borrowing transactions	21.6	0.1	3.12	116.9	0.0	0.21	127.4	0.4	0.37
Securities	2,122.6	14.4	2.72	1,842.4	8.7	1.90	2,023.1	40.4	1.99
Loans and bills discounted	5,074.8	25.2	1.99	3,967.4	14.5	1.46	4,443.4	75.3	1.69
Other interest-earning assets	108.6	0.8	3.31	54.3	0.2	2.18	67.7	1.7	2.51
Interest rate and funding swaps	-	0.6	-	-	2.4	-	-	7.1	-
Total interest-earning assets	7,511.7	42.8	2.29	6,244.0	26.7	1.71	6,856.2	129.0	1.88
Interest-bearing liabilities:									
Deposits	5,017.2	10.1	0.80	4,099.7	5.4	0.53	4,561.5	33.2	0.72
Negotiable certificates of deposit	539.1	0.8	0.60	205.1	0.0	0.08	332.0	1.1	0.35
Debentures	696.8	0.7	0.43	927.8	0.8	0.34	797.0	3.0	0.37
Call money	690.5	4.0	2.35	67.9	0.1	0.80	403.5	5.6	1.40
Payable under repurchase agreements	-	-	-	-	-	-	-	-	-
Collateral related to securities lending transactions	18.1	0.0	1.87	58.4	0.0	0.09	84.0	0.2	0.29
Borrowed money	273.6	0.7	1.03	259.7	0.4	0.75	283.4	2.1	0.75
Corporate bonds	572.4	7.1	5.02	446.7	4.5	4.04	487.3	20.7	4.26
Other interest-bearing liabilities	0.3	2.5	n.m. ⁽¹⁾	0.3	2.5	n.m. ⁽¹⁾	0.3	11.2	n.m. ⁽¹⁾
Interest rate and funding swaps	-	-	-	-	-	-	-	-	-
Total interest-bearing liabilities	7,808.3	26.2	1.34	6,065.9	14.0	0.92	6,949.3	77.5	1.11
Net interest income/yield on interest-earning assets	7,511.7	16.6	0.88	6,244.0	12.6	0.81	6,856.2	51.5	0.75

(1) n.m. is not meaningful.

Non-Interest Income

(billions of yen, except percentages)

	1st Qtr FY2007	1st Qtr FY2006	% Change
Net fees and commissions	12.8	11.2	14.4
Net trading income	5.2	7.0	(25.9)
Net other business income	31.6	25.3	24.9
Total non-interest income	49.6	43.5	14.0
Net other business income	31.6	25.3	24.9
Less: Income on leased assets and installment receivables	12.9	12.8	0.7
Net other business income before income on leased assets and installment receivables, net	18.7	12.4	24.3

Non-interest income for the three months ended June 30, 2007 amounted to 49.6 billion yen, an increase of 6.1 billion yen or 14.0% 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. 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 and commercial finance loans and other financing products and commissions on sales of asset management products. Net fees and commissions of 12.8 billion were earned in the three months ended June 30, 2007, an increase of 1.6 billion yen compared to same period the previous year. Retail Banking's asset management business continues to grow with total fees of 3.0 billion yen during the first quarter of fiscal year 2007, an increase of 0.8 billion yen from the first quarter in the previous fiscal year.

Net trading income reflects revenues from customer-driven transactions as well as transactions

undertaken for trading purposes. During first quarter of fiscal year 2007, net trading income was 5.2 billion yen, a decline of 1.8 billion yen from the same period in the previous fiscal year. The decline in the net trading income resulted mainly from a decrease in option income from 2.5 billion yen to 0.6 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 quarter ended June 30, 2007 was 31.6 billion yen. This included income of 12.9 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 2007 was at 18.7 billion yen, an increase of 6.2 billion yen from the same period in the previous fiscal year. The increase is largely attributable to strong results in credit trading business and income from derivatives for banking purposes. During the quarter, credit trading business concluded 11 new transactions and generated total revenues of 4.7 billion yen, an increase of 0.6 billion compared to same period the previous year. This was partly offset by a decline in currency-linked structured deposits provided to retail customers from 1.6 billion yen to 0.7 billion yen.

General and Administrative Expenses

(billions of yen, except percentages)

	1st Qtr FY2007	1st Qtr FY2006	%
			Change
Personnel expenses	16.1	15.6	3.3
Premises expenses	4.1	4.1	(0.2)
Technology and data processing expenses	4.9	5.0	(2.4)
Advertising expenses	2.3	2.8	(18.2)
Consumption and property taxes	2.0	1.9	0.9
Deposit insurance premium	0.8	0.7	21.0
Other general and administrative expenses	6.9	6.8	0.5
General and administrative expenses	37.3	37.3	0.2
Amortization of goodwill and intangible assets	3.0	6.2	(51.1)
Total general and administrative expenses	40.4	43.5	(7.1)

General and administrative expenses of 37.3 billion in the first three months of fiscal year 2007 were flat compared to same period in the previous fiscal year. Expenses required in the Institutional Banking business to support business growth were offset by continual expense rationalization across all businesses and restructuring activities in APLUS. As a result, for the three months ended June 30, 2007, expense-to-revenue ratio was 48.8% as compared to an expense-to-revenue ratio of 54.8% in the first quarter of fiscal year 2006.

Personnel expenses of 16.1 billion yen were 0.5 billion yen higher than in the first quarter of the previous fiscal year. The increase was largely due to new employees hired in the Institutional Banking business to support its business expansion. This was partly offset by lower

personnel expense in APLUS reflecting expense savings realized through a voluntary retirement program initiated in fiscal year 2006.

Non-personnel expenses were largely flat to the same period last year except advertising expenses. The advertising expenses were 0.5 billion yen lower than the same period last fiscal year reflecting optimization of advertising activities in the Retail Banking business.

Selected Balance Sheet Data

(billions of yen, except percentages)

	Jun 30 2007	Mar 31 2007	% Change	Jun 30 2006	% Change
Monetary assets held in trust	488.0	502.3	(2.8)	447.9	9.0
Securities	1,869.7	1,854.6	0.8	1,540.9	21.3
Loans and bills discounted	5,278.5	5,146.3	2.6	4,241.7	24.4
Leased assets and installment receivables ⁽¹⁾	784.0	777.2	0.9	829.9	(5.5)
Intangible assets ⁽²⁾	19.1	19.8	(3.5)	66.0	(71.1)
Goodwill, net	156.4	158.0	(1.0)	221.4	(29.4)
Customers' liabilities for acceptances and guarantees	745.1	754.4	(1.2)	808.2	(7.8)
Total assets	11,145.3	10,837.6	2.8	9,696.6	14.9
Deposits, including negotiable certificates of deposit	5,542.0	5,420.9	2.2	4,455.9	24.4
Debentures and corporate bonds	1,137.7	1,103.7	3.1	1,146.0	(0.7)
Borrowed money	1,099.4	1,122.6	(2.1)	1,142.0	(3.7)
Acceptances and guarantees	745.1	754.4	(1.2)	808.2	(7.8)
Total liabilities	10,181.2	9,904.4	2.8	8,586.2	18.6
Total equity	964.0	933.2	3.3	1,110.4	(13.2)

(1) Leased assets are included in "premises and equipment" and "intangible assets", and installment receivables are a part of "other assets" in the consolidated balance sheets.

(2) Intangible assets recorded through APLUS and Showa Leasing acquisitions.

Shinsei Bank's loans and bills discounted balance was 5,278.5 billion yen at the end of June 2007 as compared to 5,146.3 billion yen as at March 31, 2007. Loan growth, in the first quarter of fiscal year 2007, was largely achieved in corporate loans, non-recourse real estate finance and retail housing loans. Corporate loans increased 3.0% to 3,073.8 billion yen, non-recourse real estate finance balance increased 7.1% to 823.8 billion yen and loans to retail customers, including lending to high net worth individuals, grew 9.1% or 58.0 billion yen to 697.6 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.

Shinsei Bank has been diversifying its funding base through deposits from retail customers. Total deposits increased 121.0 billion yen or 2.2% to 5,542.0 billion yen in the first quarter ended June 30, 2007. The retail deposits balance, including high net worth customers, totaled 3,559.2 billion yen at June 30, 2007, a decline of 14.5 billion yen compared to March 31, 2007. During the quarter, 135.8 billion yen of yen-denominated fixed deposit matured which were issued 5 years ago. Retail Banking represents 63.1% of the Bank's total funding through customer deposits and debentures.

Financial Ratios

	1st Qtr FY2007	FY2006	1st Qtr FY2006
Return on assets	1.1% ⁽¹⁾	(0.6)%	0.8% ⁽¹⁾
Return on equity (fully diluted)	19.3% ⁽¹⁾	(8.1)%	9.0% ⁽¹⁾
Cash basis return on assets	1.3% ⁽¹⁾	0.4%	1.1% ⁽¹⁾
Cash basis return on equity (fully diluted)	21.0% ⁽¹⁾	4.7%	11.6% ⁽¹⁾
Expense-to-revenue ratio ^{(2) (3)}	48.8%	55.9%	54.8%

(1) Annualized basis.

(2) Management accounting basis.

(3) Expense denotes general and administrative expenses.

Capital Adequacy Data ⁽¹⁾

	Consolidated		Non-Consolidated	
	Jun 30	Mar 31	Jun 30	Mar 31
	2007	2007	2007	2007
Basic items (Tier I)	649.8	620.8	841.0	813.6
Supplementary items (Tier II)	547.4	522.0	482.3	466.8
Deduction	(124.5)	(137.7)	(70.6)	(86.8)
Total capital	1,072.7	1,005.0	1,252.7	1,193.7
Risk assets	8,230.3	7,652.0	7,083.6	6,351.0
Capital adequacy ratio	13.0%	13.1%	17.7%	18.8%
Tier I capital ratio	7.9%	8.1%	11.9%	12.8%

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

Note 1: Consolidated total required capital is 645.5 billion yen as at June 30, 2007, and 633.5 billion yen as at March 31, 2007.

Note 2: Non-Consolidated total required capital is 378.3 billion yen as at June 30, 2007, and 361.3 billion yen as at March 31, 2007.

A Tier I ratio of 7.9% and total capital adequacy ratio of 13.0% as of June 30, 2007, on a Basel II basis, exceeded

Shinsei's corporate targets for maintaining strong capital ratios.

Per Share Data

	1st Qtr FY2007	FY2006	<i>(yen, except percentages)</i>		
			% Change	1st Qtr FY2006	% Change
Common equity	322.44	308.60	4.5	378.37	(14.8)
Fully diluted equity	365.25	355.09	2.9	434.81	(16.0)
Basic net income (loss)	22.68	(45.92)	-	14.15	60.2
Diluted net income	17.26	Note ⁽¹⁾	-	9.46	82.4
Cash basis:					
Basic net income	24.68	23.82	-	18.08	36.5
Diluted net income	18.78	18.41	-	12.09	55.4

For calculation of per share data:

Equity:	Number of common shares ⁽²⁾	1,377,143,785	1,377,145,285	1,352,364,416
	Fully diluted number of shares ⁽²⁾	1,809,537,979	1,811,061,968	1,951,572,269
Net income:	Number of common shares ⁽³⁾	1,377,144,557	1,380,628,230	1,356,915,702
	Fully diluted number of shares ⁽³⁾	1,809,538,751	1,917,803,242	2,029,659,620

(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.

Diluted net income per share for the three-month ended June 30, 2006 was 17.26 yen. Cash basis diluted net income per share for the three-month period of fiscal year

2007 was 18.78 yen, an increase of 55.4%, as compared to the same period last year.

Business Lines Results*(billions of yen)*

<i>For the three months ended June 30, 2007</i>	Institutional Banking	Consumer and Commercial Finance	Retail Banking	ALM/ Corporate/ Other ⁽¹⁾	Total
Net interest income	9.8	11.0	4.7	1.1	26.8
Non-interest income	23.8	20.3	4.3	1.1	49.6
Total revenue	33.6	31.3	9.1	2.3	76.5
General and administrative expenses	12.5	15.3	9.6	(0.1)	37.3
Ordinary business profit (loss)	21.1	16.0	(0.5)	2.4	39.1
Net credit (recoveries) costs	(3.0)	12.5	0.0	(0.1)	9.5
Ordinary business profit (loss) after net credit (recoveries) costs	24.1	3.4	(0.5)	2.5	29.6

(billions of yen)

<i>For the three months ended June 30, 2006</i>	Institutional Banking	Consumer and Commercial Finance	Retail Banking	ALM/ Corporate/ Other ⁽¹⁾	Total
Net interest income	8.3	10.9	4.3	0.9	24.5
Non-interest income	16.1	20.8	6.1	0.3	43.5
Total revenue	24.5	31.8	10.5	1.2	68.1
General and administrative expenses	10.7	17.0	9.9	(0.4)	37.3
Ordinary business profit	13.7	14.7	0.5	1.7	30.8
Net credit (recoveries) costs	(5.1)	8.8	0.0	0.0	3.7
Ordinary business profit after net credit (recoveries) costs	18.9	5.9	0.5	1.6	27.0

(1) ALM/Corporate/Other largely includes results of corporate treasury activities, income from proprietary investments, corporate level expenses and credit costs.

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 quarter ended June 30, 2007, ordinary business profit after net credit costs was 29.6 billion yen, 9.4% or 2.5 billion yen higher than the same period in the

previous fiscal year. Institutional Banking business posted strong results and APLUS and Showa Leasing made good progress during the first quarter of fiscal year 2007. Retail Banking business experienced lower revenues mainly attributable to a decline in option income from structured deposits. Shinki's profitability continues to be weak due to the legislative and market changes in the consumer finance industry in the last fiscal year.

Institutional Banking

(billions of yen, except percentages)

	1st Qtr FY2007	1st Qtr FY2006	% Change
Net interest income	9.8	8.3	18.5
Non-interest income	23.8	16.1	47.1
Total revenue	33.6	24.5	37.4
General and administrative expenses	12.5	10.7	17.0
Ordinary business profit	21.1	13.7	53.2
Net credit recoveries	(3.0)	(5.1)	(41.9)
Ordinary business profit after net credit recoveries	24.1	18.9	27.3

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 revenue of 33.6 billion yen in the first three months of this fiscal year. This is, 37.4% or 9.1 billion yen higher than the same period last year due to strong revenues across most Institutional Banking products. The business continued to see an increase in demand for corporate and non-recourse loans and ongoing growth in asset prices contributed to strong performance in credit trading business. The non-recourse real estate finance balance, both loans and bond structures, grew 94.2 billion yen to 1,016.4 billion yen in the three month period ended June 30, 2007. As a result, the business generated revenue of 4.8 billion yen, an increase of 0.9 billion compared to

same period last fiscal year. The business momentum in the credit trading business resulted in concluding 11 new transactions with aggregate investment amount of 33.8 billion yen and generating total revenues of 4.7 billion yen in the three months of fiscal year 2007, an increase of 0.6 billion compared to same period the previous year.

In the first quarter of this fiscal year, the general and administrative expenses were 12.5 billion yen, a 1.8 billion yen increase from the first quarter in the previous fiscal year. The increase was largely due to new employees hired in the business to support its business expansion. As a result, ordinary business profit for the first quarter of fiscal year 2007 was 21.1 billion yen, an increase of 7.3 billion yen, or 53.2%, as compared to the same period in the previous fiscal year. The expense-to-revenue ratio of this business was 37.2% for the three months ended June 30, 2007.

Consumer and Commercial Finance ⁽¹⁾

				<i>(billions of yen)</i>
<i>For the three months ended June 30, 2007</i>	APLUS	Showa Leasing	Other Subsidiaries ⁽²⁾	Consumer and Commercial Finance
Total revenue	22.5	7.2	1.5	31.3
General and administrative expenses	11.3	3.2	0.7	15.3
Ordinary business profit	11.2	4.0	0.7	16.0
Net credit costs	9.8	0.6	2.1	12.5
Ordinary business profit (loss) after net credit costs	1.3	3.4	(1.3)	3.4

				<i>(billions of yen)</i>
<i>For the three months ended June 30, 2006</i>	APLUS	Showa Leasing	Other Subsidiaries ⁽²⁾	Consumer and Commercial Finance
Total revenue	23.6	5.7	2.4	31.8
General and administrative expenses	13.3	2.6	0.9	17.0
Ordinary business profit	10.2	3.0	1.4	14.7
Net credit (recoveries) costs	8.3	(0.1)	0.6	8.8
Ordinary business profit after net credit (recoveries) costs	1.9	3.2	0.7	5.9

(1) Net of consolidation adjustments, if applicable.

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

APLUS' business transformation initiatives in fiscal year 2006 have allowed it to return to profitability in the first quarter of this fiscal year. The overall financial performance of Showa Leasing business remains strong while Shinki Co., Ltd.'s (Shinki) financial results, though positive, were subdued.

In the three months ended June 30, 2007, the CCF business contributed revenue of 31.3 billion yen, a decline of 0.4 billion yen, or 1.3%, as compared to first quarter in fiscal year 2006 and largely reflect a slow down in the momentum of consumer finance business due to the significant legislative and market changes in the industry in the last fiscal year. The revenue shortfall was fully offset by lower expenses in APLUS. As a result, the business generated ordinary business profit of 16.0 billion yen in the first quarter of fiscal year 2007, an increase of 1.3 billion yen from the same period in the previous fiscal year. In the first quarter of fiscal year 2007, higher credit costs were necessitated due to the impact of the legislative and market changes in the consumer finance industry in December 2006. As a result, ordinary business profit after credit costs was 3.4 billion yen in the first three months ended June 30, 2007, a decline of 2.4 billion yen compared to the first quarter of fiscal year 2006.

APLUS' business transformation initiatives which began in January 2007 facilitated strong financial results in the first quarter of fiscal year 2007. The business generated net income of 1.5 billion yen, on a standalone basis, including Zen-Nichi Shinpan Co., Ltd. (Zen-Nichi Shinpan) for the three months ended June 30, 2007. This represents 25% of the full fiscal year 2007 net income forecast of 6.0 billion yen.

Showa Leasing's business momentum remains steady. As a result, the business earned ordinary business profit after credit costs, net of consolidation adjustments, of 3.4 billion yen during the first three months of fiscal year 2007. This is 0.2 billion higher than the first quarter in the previous fiscal year.

Other subsidiaries revenue includes Shinsei's equity in net income of Shinsei Bank's affiliate, Shinki, net of consolidation adjustments and revenues of this commercial finance subsidiary, Shinsei Property Finance Co., Ltd.

During the quarter, grey zone related payments were made amounting to 1.1 billion yen. Total grey zone provisions declined to 9.7 billion yen as at June 30, 2007 as compared to 10.3 billion yen at March 31, 2007.

Retail Banking

	<i>(billions of yen, except percentages)</i>		
	1st Qtr FY2007	1st Qtr FY2006	% Change
Net interest income	4.7	4.3	10.2
Non-interest income	4.3	6.1	(29.4)
Total revenue	9.1	10.5	(13.1)
General and administrative expenses	9.6	9.9	(2.8)
Ordinary business (loss) profit	(0.5)	0.5	(190.5)
Net credit costs	0.0	0.0	126.3
Ordinary business (loss) profit after net credit costs	(0.5)	0.5	(210.6)

The Retail Banking business continues to diversify its revenue mix and increase its customer base. Reliance on upfront option income from structured deposits has reduced substantially and only 15.7% of total revenue is earned from structured deposits' upfront fees as compared to 39.5% during the same period a year ago. In the three months ended June 30, 2007, the Retail Banking business added more than 59,000 new *PowerFlex* retail accounts and now has over two 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 three months of this fiscal year, total revenue was 9.1 billion yen as compared to 10.5 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. 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 2.7 billion yen from 4.1 billion yen to 1.4 billion yen due to lower demand for structured deposits products.

Retail Banking incurred general and administrative expenses of 9.6 billion yen during the three month period, a decline of 0.2 billion yen, or 2.8% as compared to the first quarter in the previous fiscal year. Strict expense discipline in the business fully offset the expense increase incurred to expand distribution channels and due to the growth of customer driven transactions. The business generated ordinary business loss of 0.5 billion yen for the three months of fiscal year 2007, as compared to net business profit of 0.5 billion yen during the first quarter of the previous fiscal year.

Results of Operations (Non-Consolidated)

	<i>(billions of yen, except percentages)</i>				
	1st Qtr FY2007	1st Qtr FY2006	% Change	4th Qtr FY2006	% Change
Gross business profit (<i>gyomu sorieki</i>) ⁽¹⁾ :					
Net interest income	19.0	13.6	39.3	14.6	30.6
Net fees and commissions ⁽¹⁾	15.6	9.1	71.2	10.3	50.8
Net trading income	3.0	5.1	(40.1)	2.7	6.9
Net other business income	4.4	3.1	39.8	3.4	28.9
Total gross business profit ⁽¹⁾	42.2	31.1	35.7	31.1	35.6
Total expenses	20.3	20.1	1.3	18.7	8.9
Net business profit ⁽¹⁾ (<i>jisshitsu gyomu jun-eki</i>)	21.8	10.9	98.8	12.4	75.8
Other operating expenses, net	(1.1)	(0.9)	14.3	(4.5)	(74.8)
Net operating income (<i>keijo rieki</i>)	20.7	9.9	107.2	7.8	162.2
Extraordinary income (loss) ⁽²⁾⁽³⁾	1.1	4.8	(77.1)	(123.3)	(100.9)
Income (loss) before income taxes	21.8	14.8	46.5	(115.4)	(118.9)
Current income taxes benefit	(8.5)	(1.2)	587.0	(0.5)	1,468.1
Deferred income tax expense (benefit)	6.5	—	—	(9.1)	(171.6)
Net income (loss) ⁽³⁾	23.8	16.1	47.7	(105.8)	(122.5)

(1) Includes income from monetary assets held in trust of 10.1 billion yen in the first quarter fiscal year 2007 and 5.9 billion yen in the first quarter fiscal year 2006.

(2) Reversals of general reserve for loan losses is included in extraordinary income (0.9 billion yen in the first quarter fiscal year 2007 and 4.9 billion yen in the first quarter fiscal year 2006).

(3) Preferred shares investment impairment of 98.0 billion yen and valuation allowances for APLUS' and Shinki's common shares of 9.2 billion yen and 6.6 billion yen, respectively, is included in fiscal year 2006.

The net income for the three months ended June 30, 2007 of 23.8 billion yen represented 34% of the fiscal year 2007 net income (non-consolidated) forecast of 70.0 billion yen. Shinsei Bank (non-consolidated) net income accounted for 76.2% of the consolidated net income. 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. Thus, Shinsei Bank is currently in the process of updating its biennial revitalization plan financial targets on a non-consolidated basis.

Supplemental Financial Data and Reconciliation to Japanese GAAP Measures ⁽¹⁾

For the first quarter fiscal year 2007 ended June 30, 2007

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

Amortization of goodwill and intangible assets	
Amortization of intangible assets	0.6
Associated deferred tax liability	(0.2)
Amortization of goodwill	2.3
Total amortization of goodwill and intangible assets, net of tax benefit	2.7
Reconciliation of net income to cash basis net income	
Net income	31.2
Amortization of goodwill and intangible assets, net of tax benefit	2.7
Cash basis net income	33.9
Reconciliation of basic net income per share to cash basis basic net income per share	
Basic net income per share	22.68
Effect of amortization of goodwill and intangible assets, net of tax benefit	2.00
Cash basis basic net income per share	24.68
Reconciliation of fully diluted net income per share to cash basis fully diluted net income per share	
Fully diluted net income per share	17.26
Effect of amortization of goodwill and intangible assets, net of tax benefit	1.52
Cash basis fully diluted net income per share	18.78
Reconciliation of return on assets to cash basis return on assets	
Return on assets	1.1 ⁽³⁾
Effect of amortization of goodwill and intangible assets, net of tax benefit	0.1 ⁽³⁾
Cash basis return on assets	1.3 ⁽³⁾
Reconciliation of return on equity to cash basis return on equity	
Return on equity (fully diluted)	19.3 ⁽³⁾
Effect of amortization of goodwill and intangible assets, net of tax benefit	1.7 ⁽³⁾
Cash basis return on equity (fully diluted)	21.0 ⁽³⁾
Reconciliation of return on equity to return on tangible equity	
Return on equity (fully diluted)	19.3 ⁽³⁾
Effect of goodwill and intangible assets ⁽²⁾	9.0 ⁽³⁾
Return on tangible equity (fully diluted)	28.3 ⁽³⁾

(1) Reflects adjustments of goodwill and intangible assets associated with the acquisition of consumer and commercial finance companies.

(2) Net income excludes amortization of goodwill and intangible assets, net of tax benefit. Average shareholders' equity excludes goodwill and intangible assets, net of associated deferred tax liability.

(3) Annualized basis.

Consolidated Statements of Operations (Unaudited)

(millions of yen, except percentages)

	1st Qtr FY2007	1st Qtr FY2006	Change		FY2006
			Amount	%	
Interest on loans and bills discounted	38,931	27,845	11,086	39.8	126,815
Interest and dividends on securities	11,177	6,816	4,361	64.0	32,309
Other interest income	3,268	3,461	(193)	(5.6)	13,693
Total interest income	53,377	38,123	15,254	40.0	172,818
Fees and commissions income	18,129	16,354	1,775	10.9	70,858
Trading profits	5,232	7,082	(1,850)	(26.1)	18,128
Other business income	68,365	67,061	1,304	1.9	271,274
Other ordinary income	7,915	6,319	1,596	25.3	26,935
Ordinary income	153,019	134,941	18,078	13.4	560,016
Interest on deposits	10,078	5,453	4,625	84.8	33,164
Interest on debentures	763	806	(43)	(5.3)	3,006
Interest on borrowings	3,601	2,268	1,333	58.8	11,312
Other interest expenses	12,078	5,020	7,058	140.6	29,838
Total interest expenses	26,521	13,549	12,972	95.7	77,322
Fees and commissions expenses	5,311	5,152	159	3.1	24,409
Trading losses	28	57	(29)	(50.9)	319
Other business expenses	44,017	44,616	(599)	(1.3)	183,117
General and administrative expenses	37,422	37,336	86	0.2	150,233
Amortization of goodwill	2,355	4,061	(1,706)	(42.0)	12,507
Amortization of intangible assets	678	2,141	(1,463)	(68.3)	8,293
Total general and administrative expenses	40,456	43,539	(3,083)	(7.1)	171,034
Other ordinary expenses	11,409	7,382	4,027	54.6	80,641
Ordinary expenses	127,746	114,298	13,448	11.8	536,843
Net ordinary income	25,273	20,643	4,630	22.4	23,172
Special gains	20,599	2,647	17,952	678.2	15,278
Special losses	48	51	(3)	(5.9)	104,159
Income (loss) before income taxes and minority interests	45,823	23,238	22,585	97.2	(65,708)
Income tax (benefit)					
Current	3,530	960	2,570	267.7	3,249
Deferred	6,184	(1,135)	7,319	(644.8)	(24,615)
Minority interests in net income of subsidiaries	4,869	4,200	669	15.9	16,643
Net income (loss)	31,239	19,212	12,027	62.6	(60,984)

(billions of yen)

(Ref.) Ordinary business profit (<i>jisshitsu gyomu jun-eki</i>) ⁽¹⁾	39.1	30.8	8.3	27.0	118.3
	yen / US\$	@123.43	@115.24		@117.78

(1) Management accounting basis

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

	<i>(millions of yen)</i>				
	June 30 2007 a	June 30 2006 b	Change a-b Amount	Mar 31 2007 c	Change a-c Amount
<<Assets>>					
Cash and due from banks	412,266	250,091	162,175	448,554	(36,288)
Call loans	67,140	175,762	(108,622)	43,100	24,040
Collateral related to securities borrowing transactions	47,690	80,261	(32,571)	11,050	36,640
Other monetary claims purchased	469,719	287,416	182,303	366,505	103,214
Trading assets	310,074	366,753	(56,679)	303,389	6,685
Monetary assets held in trust	488,026	447,944	40,082	502,332	(14,306)
Securities	1,869,706	1,540,990	328,716	1,854,682	15,024
Loans and bills discounted	5,278,505	4,241,744	1,036,761	5,146,306	132,199
Foreign exchanges	30,515	9,600	20,915	15,047	15,468
Other assets	914,062	848,133	65,929	870,375	43,687
Premises and equipment	382,420	396,049	(13,629)	382,460	(40)
Intangible assets	240,405	354,735	(114,330)	244,155	(3,750)
Goodwill, net	156,473	221,407	(64,934)	158,066	(1,593)
Deferred issuance expenses for debentures	107	124	(17)	103	4
Deferred tax assets	35,543	30,912	4,631	42,474	(6,931)
Customers' liabilities for acceptances and guarantees	745,190	808,256	(63,066)	754,420	(9,230)
Reserve for credit losses	(146,048)	(142,137)	(3,911)	(147,275)	1,227
Total assets	11,145,325	9,696,639	1,448,686	10,837,683	307,642
	yen / US\$	@123.43	@115.24	@117.78	

Liabilities and Equity (Consolidated)

	(millions of yen)				
	June 30 2007 a	June 30 2006 b	Change a-b Amount	Mar 31 2007 c	Change a-c Amount
<<Liabilities>>					
Deposits	5,067,030	4,217,930	849,100	4,940,730	126,300
Negotiable certificates of deposit	474,998	237,982	237,016	480,199	(5,201)
Debentures	693,727	847,091	(153,364)	703,298	(9,571)
Call money	698,022	129,285	568,737	692,792	5,230
Collateral related to securities lending transactions	77,505	76,053	1,452	8,333	69,172
Commercial paper	—	165,000	(165,000)	171,300	(171,300)
Trading liabilities	127,898	150,511	(22,613)	99,255	28,643
Borrowed money	1,099,440	1,142,003	(42,563)	1,122,688	(23,248)
Foreign exchanges	14	7	7	118	(104)
Short-term corporate bonds	181,300	/	/	/	/
Corporate bonds	444,057	298,996	145,061	400,485	43,572
Other liabilities	548,533	493,112	55,421	498,358	50,175
Accrued employees' bonuses	5,055	5,017	38	13,134	(8,079)
Accrued directors' bonuses	247	62	185	359	(112)
Reserve for retirement benefits	3,356	3,090	266	3,521	(165)
Reserve for losses on interest repayments	9,719	/	/	10,353	(634)
Reserve under special law	3	2	1	3	—
Deferred tax liabilities	5,194	11,835	(6,641)	5,075	119
Acceptances and guarantees	745,190	808,256	(63,066)	754,420	(9,230)
Total liabilities	10,181,295	8,586,239	1,595,056	9,904,430	276,865
<<Equity>>					
Shareholders' equity:					
Capital stock	451,296	451,296	—	451,296	—
Capital surplus	18,558	18,558	—	18,558	—
Retained earnings	273,997	394,767	(120,770)	245,499	28,498
Treasury stock, at cost	(72,561)	(4,557)	(68,004)	(72,560)	(1)
Total shareholders' equity	671,290	860,065	(188,775)	642,794	28,496
Unrealized gain (loss) and translation adjustments:					
Unrealized gain (loss) on available-for-sale securities	6,098	(288)	6,386	5,091	1,007
Deferred loss on derivatives under hedge accounting	(20,303)	(14,510)	(5,793)	(7,744)	(12,559)
Foreign currency translation adjustments	3,860	3,315	545	2,952	908
Total unrealized gain (loss) and translation adjustments	(10,344)	(11,483)	1,139	299	(10,643)
Stock acquisition rights	674	55	619	517	157
Minority interests in subsidiaries	302,410	261,762	40,648	289,642	12,768
Total equity	964,030	1,110,400	(146,370)	933,253	30,777
Total liabilities and equity	11,145,325	9,696,639	1,448,686	10,837,683	307,642
	yen / US\$	@123.43	@115.24	@117.78	

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

	1st Qtr FY2007	1st Qtr FY2006	Change		FY2006
			Amount	%	
Interest on loans and bills discounted	25,280	14,531	10,749	74.0	75,357
Interest and dividends on securities	14,404	8,753	5,651	64.6	40,427
Other interest income	3,207	3,457	(250)	(7.2)	13,262
Total interest income	42,892	26,742	16,150	60.4	129,046
Fees and commissions income	8,265	5,487	2,778	50.6	28,198
Trading profits	3,089	5,191	(2,102)	(40.5)	15,339
Other business income	5,037	4,601	436	9.5	18,661
Other ordinary income	11,938	9,300	2,638	28.4	40,787
Ordinary income	71,223	51,323	19,900	38.8	232,034
Interest on deposits	10,103	5,466	4,637	84.8	33,276
Interest on debentures	763	807	(44)	(5.5)	3,009
Other interest expenses	15,399	7,769	7,630	98.2	41,247
Total interest expenses	26,266	14,044	12,222	87.0	77,534
Fees and commissions expenses	2,780	2,284	496	21.7	13,164
Trading losses	36	89	(53)	(59.6)	436
Other business expenses	598	1,425	(827)	(58.0)	6,561
General and administrative expenses	20,436	20,163	273	1.4	77,865
Other ordinary expenses	403	3,326	(2,923)	(87.9)	9,325
Ordinary expenses	50,522	41,332	9,190	22.2	184,888
Net ordinary income	20,701	9,991	10,710	107.2	47,146
Special gains	1,123	4,915	(3,792)	(77.2)	14,385
Special losses	21	24	(3)	(12.5)	116,546
Income (loss) before income taxes	21,803	14,882	6,921	46.5	(55,015)
Income tax (benefit)					
Current	(8,546)	(1,244)	(7,302)	587.0	(2,779)
Deferred	6,533	—	6,533	n.m.	(10,276)
Net income (loss)	23,817	16,127	7,690	47.7	(41,960)
	yen / US\$	@123.43	@115.24		@117.78

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

	<i>(millions of yen)</i>				
	June 30	June 30	Change	Mar 31	Change
	2007	2006	a-b	2007	a-c
	a	b	Amount	c	Amount
<<Assets>>					
Cash and due from banks	193,169	135,346	57,823	190,003	3,166
Call loans	67,140	175,762	(108,622)	43,100	24,040
Collateral related to securities borrowing transactions	47,690	80,261	(32,571)	11,050	36,640
Other monetary claims purchased	161,631	52,416	109,215	69,856	91,775
Trading assets	284,084	350,981	(66,897)	284,137	(53)
Monetary assets held in trust	674,693	547,142	127,551	687,346	(12,653)
Securities	2,063,219	1,849,671	213,548	2,062,064	1,155
Valuation allowance for investments	(15,908)	—	(15,908)	(15,908)	—
Loans and bills discounted	5,178,765	4,099,476	1,079,289	5,075,281	103,484
Foreign exchanges	30,515	9,600	20,915	15,047	15,468
Other assets	373,699	257,583	116,116	325,654	48,045
Premises and equipment	21,304	21,306	(2)	20,768	536
Intangible assets	13,552	14,440	(888)	13,475	77
Deferred issuance expenses for debentures	107	124	(17)	103	4
Deferred tax assets	28,812	29,040	(228)	35,559	(6,747)
Customers' liabilities for acceptances and guarantees	19,455	30,372	(10,917)	18,357	1,098
Reserve for credit losses	(105,995)	(106,460)	465	(106,977)	982
Total assets	9,035,938	7,547,065	1,488,873	8,728,921	307,017
	yen / US\$	@123.43	@115.24	@117.78	

Liabilities and Equity (Non-Consolidated)

(millions of yen)

	June 30 2007 a	June 30 2006 b	Change a-b Amount	Mar 31 2007 c	Change a-c Amount
<<Liabilities>>					
Deposits	5,101,596	4,283,403	818,193	4,991,263	110,333
Negotiable certificates of deposit	474,998	237,982	237,016	480,199	(5,201)
Debentures	694,337	848,401	(154,064)	703,908	(9,571)
Call money	698,022	79,285	618,737	692,792	5,230
Collateral related to securities lending transactions	78,425	76,053	2,372	8,333	70,092
Bills sold	—	50,000	(50,000)	—	—
Trading liabilities	117,568	144,202	(26,634)	87,361	30,207
Borrowed money	295,947	279,570	16,377	276,760	19,187
Foreign exchanges	303	281	22	397	(94)
Corporate bonds	589,038	451,685	137,353	562,457	26,581
Other liabilities	295,747	218,400	77,347	237,614	58,133
Accrued employees' bonuses	3,475	3,466	9	9,850	(6,375)
Reserve for retirement benefits	662	171	491	756	(94)
Acceptances and guarantees	19,455	30,372	(10,917)	18,357	1,098
Total liabilities	8,369,581	6,703,276	1,666,305	8,070,054	299,527
<<Equity>>					
Shareholders' equity					
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	288,374	392,707	(104,333)	267,144	21,230
Legal reserve	9,784	8,567	1,217	9,266	518
Other retained earnings	278,590	384,139	(105,549)	257,878	20,712
Unappropriated retained earnings	278,590	384,139	(105,549)	257,878	20,712
Treasury stock, at cost	(72,556)	(4,552)	(68,004)	(72,555)	(1)
Total shareholders' equity	685,672	858,010	(172,338)	664,444	21,228
Unrealized gain (loss) and translation adjustments:					
Unrealized gain on available-for-sale securities	5,058	1,104	3,954	4,181	877
Deferred loss on derivatives under hedge accounting	(25,048)	(15,381)	(9,667)	(10,275)	(14,773)
Total unrealized gain (loss) and translation adjustments	(19,989)	(14,276)	(5,713)	(6,094)	(13,895)
Stock acquisition rights	674	55	619	517	157
Total equity	666,356	843,789	(177,433)	658,866	7,490
Total liabilities and equity	9,035,938	7,547,065	1,488,873	8,728,921	307,017
	yen / US\$	@123.43	@115.24	@117.78	

Other Non-Consolidated Financial Data (Problem Claims, Securities, Deposits)
Problem Claims (Non-Consolidated)

(i) Claims Classified Under the Financial Revitalization Law

	<i>(billions of yen, except percentages)</i>				
	June 30	Mar 31	Change	June 30	Change
	2007 (a)	2007 (b)	(a) - (b)	2006 (c)	(a) - (c)
Claims against bankrupt and quasi-bankrupt obligors	0.6	0.9	(0.4)	0.5	0.1
Doubtful claims	10.7	10.8	(0.0)	20.2	(9.5)
Substandard claims	15.9	16.2	(0.3)	21.1	(5.2)
Total (A)	27.2	27.9	(0.7)	41.9	(14.7)
Total claims (B)	5,469.9	5,294.6	175.3	4,253.8	1,216.1
(A) / (B) x 100 (%)	0.50	0.53	(0.03)	0.98	(0.48)
(ref.) Amount of partial write-off	6.5	6.4		2.4	

(ii) Risk Monitored Loans (Non-Consolidated)

	<i>(billions of yen, except percentages)</i>				
	June 30	Mar 31	Change	June 30	Change
	2007 (a)	2007 (b)	(a) - (b)	2006 (c)	(a) - (c)
Loans to bankrupt obligors	0.3	0.6	(0.3)	0.3	0.0
Non-accrual delinquent loans	10.5	10.6	(0.1)	20.0	(9.5)
Loans past due three months or more	0.0	0.0	0.0	0.0	(0.0)
Restructured loans	15.8	16.1	(0.3)	21.0	(5.2)
Total (A)	26.7	27.4	(0.7)	41.4	(14.7)
Loans and bills discounted (B)	5,178.7	5,075.2	103.5	4,099.4	1,079.3
(A) / (B) x 100 (%)	0.52	0.54	(0.02)	1.01	(0.49)
Reserve for credit losses (C)	105.9	106.9	(1.0)	106.4	(0.5)
Reserve ratios (C) / (A) x 100 (%)	395.97	389.21	6.76	256.74	139.23

Securities (Non-Consolidated)
As of June 30, 2007 (Unaudited)
(billions of yen)

	Fair value	Net unrealized gain (loss) (a) - (b)	
		Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities (domestic)	17.6	1.3	0.2
Bonds (domestic)	450.3	(3.9)	4.1
Other ⁽¹⁾	456.7	10.1	2.9
Total	924.7	7.5	7.3

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)	0.8
Bonds (domestic)	571.1	(3.3)	3.7
Other ⁽¹⁾	413.8	10.5	0.7
Total	999.1	6.9	5.4

As of June 30, 2006

(billions of yen)

	Fair value	Net unrealized gain (loss) (a) - (b)	
		Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities (domestic)	12.2	0.7	0.3
Bonds (domestic)	679.1	(4.7)	4.9
Other ⁽¹⁾	218.6	0.9	1.2
Total	910.0	(3.1)	6.5

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

Balance of Deposits (Non-Consolidated)
(billions of yen)

	June 30	Mar 31	Change	June 30	Change
	2007 (a)	2007 (b)	(a) - (b)	2006 (c)	(a) - (c)
Balance of deposits (including NCDs)	5,576.5	5,471.4	105.1	4,521.3	1,055.2
Balance of deposits from individuals	3,530.5	3,545.8	(15.3)	3,209.2	321.3

APLUS Key Data

	(billions of yen)		
Summary of Income Statement (Consolidated) ⁽¹⁾	1st Qtr FY2007	1st Qtr FY2006	FY2006
Credit card shopping (Sogo)	2.3	2.0	8.9
Installment shopping credit (Kohin)	3.9	5.2	20.5
Credit guarantee	5.7	7.1	26.4
Cashing by credit card	5.5	4.6	20.3
Loan card	6.2	5.5	20.9
Other consumer loan	0.8	0.8	3.4
Consumer loan	12.6	11.0	44.6
Other loan	0.0	0.0	0.2
Total Loan	12.7	11.1	44.9
Financial income	0.6	0.5	2.3
Others	2.0	2.0	8.2
Operating Revenue	27.5	28.1	111.4
Net provision of allowance for bad debts	9.8	8.3	47.8
Others	14.4	16.2	72.8
Total SG&A	24.3	24.5	120.6
Financial expenses	1.7	1.2	5.6
Operating Expenses	26.0	25.7	126.3
Operating Income	1.4	2.3	(14.9)
Ordinary Income	1.5	2.2	(14.9)
Net Extraordinary Profit (Loss)	0.0	0.0	(8.7)
Net Income Before Tax	1.5	2.2	(23.7)
Net Income	1.5	2.2	(29.3)
Summary of Financials and Other Major Business Information (Consolidated) ⁽¹⁾	June 30 2007	June 30 2006	Mar 31 2007
Total Assets	1,515.8	1,575.6	1,550.7
Total Liabilities	1,456.5	1,499.6	1,491.2
Total Net Assets	59.2	75.9	59.5
Credit card shopping (Sogo)	43.8	39.7	42.1
Installment shopping credit (Kohin)	228.4	299.3	233.8
Cashing by credit card	67.1	69.8	63.8
Loan card	114.4	128.6	123.1
Other consumer loan	54.7	47.6	54.8
Consumer loan	236.2	246.2	241.8
Other loan	12.1	15.1	12.1
Total Loan	248.3	261.4	253.9
Others	0.1	0.1	0.1
Total installment receivables	520.8	600.6	530.1
Credit guarantee receivables	687.2	738.4	694.2
Total Account Receivables	1,208.0	1,339.0	1,224.4
Number of Merchants (thousands)	-	-	832
Total Available Cardholders (non-consolidated) (thousands)	7,740	7,121	7,612
Number of New Card Issuance (non-consolidated) (thousands)	383	464	1,624
Loan Receivables Outstanding by Interest Rate Zone (non-consolidated) ⁽²⁾	190.3	-	191.1
~15.0%	1.0	-	0.9
~18.0%	30.5	-	30.6
~20.0%	15.1	-	15.2
~25.0%	51.1	-	50.6
~29.2%	92.4	-	93.5
Cashing by credit card	71.8	-	71.2
Loan card	118.4	-	119.9
Credit Outstanding Per Account (thousand yen)	357	-	367
Cashing by credit card	227	-	233
Loan card	545	-	555

(1) All figures presented in the tables are based on APLUS' disclosed financials and before consolidation to Shinsei's financials.

(2) This is a total of cashing by credit card / loan card outstanding (156.4 billion yen, non-consolidated, as of the end of Jun. 2007) based on managed assets basis, which include securitized receivables and uncollectible estimated amounts, etc.

■ Grey zone related:

The amount of refund for grey zone claims, in the three months ended June 30, 2007, was 1.1 billion yen.

As of the end of June 2007, reserve for losses on interest repayments stood at 9.7 billion yen.

(as of the end of March 2007: 10.3 billion yen)

During the first three months of fiscal year 2007, APLUS recorded grey zone related costs of 0.5 billion yen.

Shinki Key Data

(billions of yen)

Summary of Income Statement (non-consolidated) ⁽¹⁾	1st Qtr FY2007	1st Qtr FY2006	FY2006
Interest income	5.2	6.4	23.7
Interest on subordinated investor certificate	4.1	5.0	19.4
Others	0.3	0.4	1.3
Operating Income	9.6	11.8	44.4
Financial expenses	0.3	0.4	1.6
Allowance for bad debts and write offs	5.0	5.8	46.9
Others	3.6	4.6	17.5
Other operating expenses	8.6	10.4	64.5
Operating Expenses	9.0	10.9	66.1
Operating Profit	0.5	0.8	(21.7)
Ordinary Profit	0.6	0.9	(21.5)
Net Extraordinary Profit (Loss)	0.0	0.2	(13.6)
Net Income Before Tax	0.7	1.1	(35.2)
Net Income	0.0	0.6	(39.9)

Summary of Financials and Other Major Business Information (non-consolidated) ⁽¹⁾	June 30 2007	June 30 2006	Mar 31 2007
Total Assets	154.7	181.4	151.9
Total Liabilities	127.5	113.3	124.9
Total Net Assets	27.1	68.1	27.0
Unsecured loans	117.3	132.8	125.0
Secured loans	0.6	0.4	0.7
Total consumer loans	117.9	133.2	125.7
Loans on deeds	0.3	0.5	0.3
Noloan business	46.0	59.3	50.1
Secured loans	0.0	0.0	0.0
Total business loans	46.3	59.8	50.4
Loan Receivables Outstanding ⁽²⁾	164.2	193.0	176.1
Number of Branch Offices	539	580	544
Weighted Average Rate of Loan Interest Rate (%)	26.25	27.18	27.11
Unsecured loans	26.75	27.64	27.58
Secured loans	14.15	11.28	13.96
Consumer loans	26.68	27.58	27.50
Loans on deeds	21.87	21.22	21.66
Noloan business	25.21	26.36	26.19
Secured loans	11.29	11.54	11.32
Business loans	25.17	26.29	26.14
Weighted Average Rate of Funding Rate (%)			
During the fiscal year	1.68	1.62	1.66
As of the end of the fiscal year	1.70	1.64	1.69

(1) All figures presented in the tables are based on Shinki' disclosed financials.

(2) Includes off-balance sheet loans through securitization program.

■ Grey zone related:

In the three months ended June 30, 2007, Shinki (non-consolidated basis) made no additional provisions for grey zone. As of the end of June 2007, the reserve amount stood at 33.1 billion yen.

(Reference)

In the three months ended June 30, 2007, there has been a decline in Shinki's common share price. If the share price does not improve significantly by September 30, 2007, a partial impairment of Shinsei's investment in Shinki's common shares is envisaged.