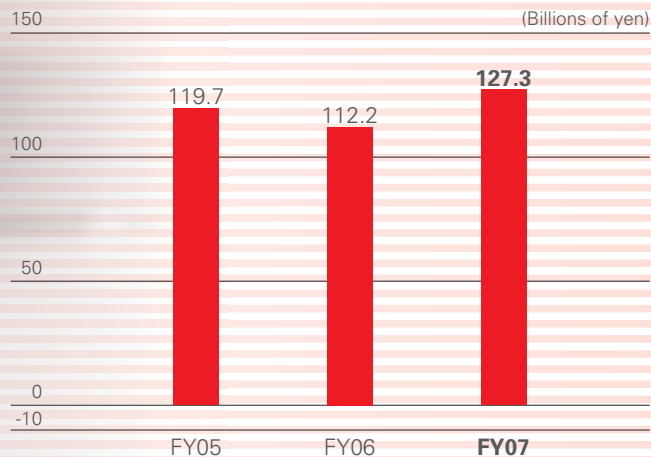
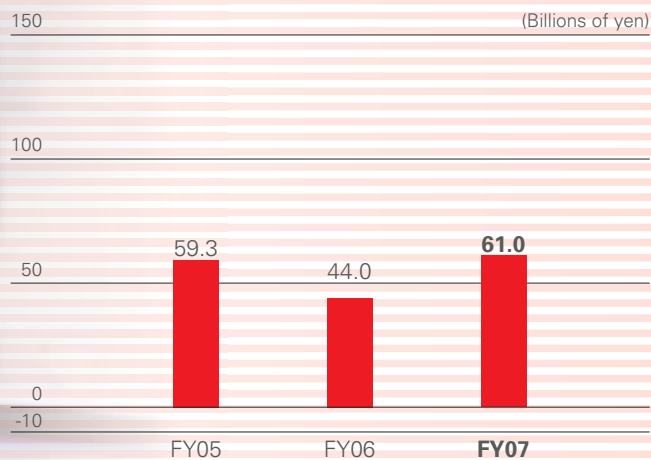


CONSUMER AND COMMERCIAL FINANCE

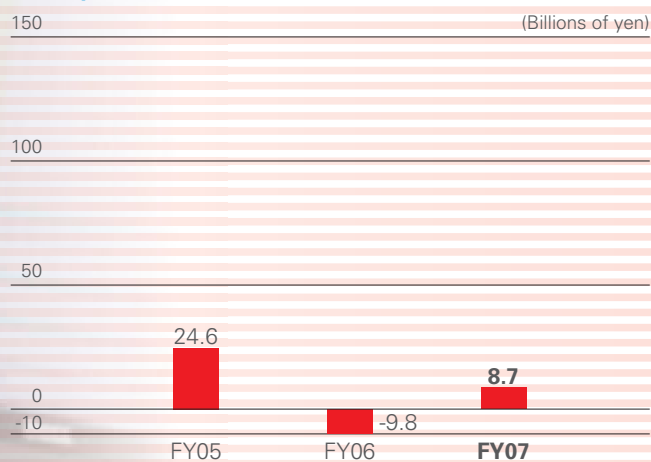
Revenues



Ordinary Business Profit



Ordinary Business Profit (Loss) After Net Credit Costs



Consumer and Commercial Finance serves three markets: consumer, commercial and specialty property finance. This business and the associated “non-bank” subsidiaries work closely with both the Retail Banking Group and the Institutional Banking Group to meet the needs of both consumers and small- and medium-sized enterprises.

Operating Results

In fiscal year 2007, the Consumer and Commercial Finance (CCF) business contributed total revenue of ¥127.3 billion, an increase of ¥15.1 billion, or 13.5%, on fiscal year 2006. This includes Shinki's revenue from the second half of fiscal year 2007, a consolidated subsidiary from October 1, 2007, of ¥13.2 billion. Ordinary business profit was ¥61.0 billion in fiscal year 2007, up ¥16.9 billion year on year. Offsetting Shinki and Showa Leasing Co., Ltd.'s (Showa Leasing) increased credit costs with APLUS' lower credit costs, due to stricter credit discipline, ordinary business profit after net credit costs was ¥8.7 billion in the fiscal year ended March 31, 2008, up ¥18.5 billion year on year.

Business Environment

The consumer finance sector witnessed further turbulence in fiscal year 2007. Excess interest claim reports were closely monitored and the failure of several consumer lenders, and potential market exits by significant global participants were widely reported. Incremental changes in both company and customer behavior are indicative of broader and more pronounced industry trends. For this sector's short-term outlook, we are confident that stable, low-cost funding will remain critical. However, long-term success will require both efficient new customer origination and a low-cost, highly-flexible operating platform.

Strategy

Our strategy is to capitalize on Shinsei's core strengths of customer focus, excellence in technology and the Shinsei brand to improve the long-term shareholder value of Shinsei Bank and its Group companies. This strategy was premised in part upon the eventual disappearance of the boundaries between “banks” and “non-banks.” This convergence continued in 2007, catalyzed by the second enforcement of the Money Lending Business Law as well as changes in lease accounting standards.

While the level of market dialogue regarding potential acquisitions is very high in general, at present we remain satisfied with the quality and progress of our consumer finance business and will continue to be very selective in considering acquisition opportunities for expansion.

Challenges

Regulations for “restrictions on total loan amount” and “lowering of the interest rate ceiling,” expected to come into effect in December 2009, are expected to have a material impact on all money lenders. Although restrictions on total loan amount may result in a contraction of the overall market, Shinki and APLUS have already started to lower the interest rates of their loans ahead of schedule to retain profitable customers. The revision of the Installment Sales Law will also affect sales finance companies and credit card companies. Ahead of its peers, APLUS has been reviewing its member merchants since December 2006 and has been achieving its earnings targets even under stricter regulatory controls.

Business and Progress

APLUS

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

Shinsei's own consumer finance businesses regained stability during the fiscal year with APLUS achieving its full-year forecast and returning to profitability. APLUS is not only prepared to face the changing environment ahead, but also is positioning its business to become the market's leading partner for merchants requiring high-level solutions. A critical infrastructure upgrade is underway, as well as continued augmentation of the APLUS senior leadership team. Both of these investments will enable customer and solution expansion going forward. A few of the synergies already being realized between APLUS and Shinsei include the utilization of technology leadership to enhance customer satisfaction at key accounts, continued financial support recently evidenced by our subscription to ¥50 billion in APLUS' preferred shares in March 2008, and continued direct and indirect management support.

Shinki

Shinki offers "white zone" consumer loans to individuals and small- and medium-sized enterprise owners. Shinki has responded to the challenges facing the consumer finance industry by making significant provisions, enhancing efficiency and accelerating the transformation of its business model. Shinki has made significant additional provisioning in the first half of this fiscal year in support of management's proactive approach to fully provision for the impact from a consumer credit squeeze and projected future "grey zone" claims to ensure profitability going forward. In December 2007, we participated in Shinki's rights offering which moved Shinki from a 36.4% equity method affiliate to a 67.7% consolidated subsidiary and lowered our average cost of ownership significantly. Shinki's business rationalization initiatives during fiscal year 2006 and in the first half of fiscal year 2007 resulted in a profitable second half of fiscal year 2007, recording net income of ¥2.7 billion, on a standalone basis, over the six-month period.

Showa Leasing

Showa Leasing is a leading general and automobile leasing company with a strong heritage and significant customer base across Japan. During the fiscal year 2007, our commercial finance businesses moved closer together as Showa Leasing acquired an 87.5% interest in Shinsei Business Finance Co., Ltd., with the remaining shares being held by Shinsei Bank. Showa Leasing worked closely with the Bank's Corporate Banking Business Sub-Group, as both sales forces face fierce price competition in their core markets and seek to differentiate their businesses by developing deeper customer relationships that span a range of product solutions. During fiscal year 2007, Shinsei's direct support of Showa Leasing's new business origination was up 65% year on year, compared to the record levels set in fiscal year 2006.

Shinsei Property Finance

Early in fiscal year 2007, Shinsei Property Finance Co., Ltd. (Shinsei Property Finance), a provider of real estate secured loans for individuals and small property development loans, sold its 100% interest in Life Housing Loan Co., Ltd (Life Housing Loan) to Sumitomo Trust & Banking Co., Ltd. This is just one example of how Shinsei's expertise and support have successfully enhanced the value of a franchise in the space of only a few years. Shinsei Property Finance has prepared its portfolio and business for the inevitable down cycle associated with its particular market niche. As a result, even when excluding the material gain on the sale of Life Housing Loan, Shinsei Property Finance had a very strong fiscal year 2007, generating record revenues, ordinary business profit and net income.

MERCHANT TESTIMONIALS — SHINSEI AS GAME CHANGER —

Since 2002, Amway Japan has had a business relationship with APLUS that has evolved to incorporate several credit products to support Amway's distributors. In particular, both installment sales credit and the APLUS/Amway Card have become core tools to ensure safe and efficient transactions for our members. APLUS has a clear focus on consumer safety and business style for promoting true partnerships with merchants that have the same business values. APLUS has taken the time to understand our strategy and values, and there is constant dialogue at all levels of the organization on how to improve and further differentiate the services provided. APLUS' entry into the Shinsei Bank Group in 2004 brought yet another level of engagement with Shinsei's management to utilize the strengths of both companies to support Amway's business in Japan. The cooperative partnership that APLUS and Shinsei have established in their approach to Amway is unique in Japan, and has created a win-win situation for all parties involved. Amway and the Shinsei Bank Group look to build on this relationship as they continue to grow going forward.

Mr. John Parker,
President and Representative Director, Amway Japan Limited



We, at Gulliver International Co., Ltd., have approximately 450 stores throughout Japan. Ever since our establishment, our company has been engaging in business aimed at sparking a "revolution in the distribution of vehicles."

While we have a track record of purchasing approximately 250,000 vehicles per year, we have also been enhancing our retail operations, offering and selling vehicles that meet the needs of our customers. In addition to our existing operations in Japan, as well as the U.S., we are planning to expand into China and India.

By maintaining a good partnership with APLUS, a consumer credit company that has strengths in the auto market and provides innovative financial services, we believe that we will be able to provide better services to our customers.

While customer needs are becoming increasingly diverse and sophisticated in our industry, we expect APLUS to contribute with a wealth of new ideas, proposals and advanced infrastructure.

We at Gulliver International, are determined to make our corporate philosophy, "Growing Together" a reality in all aspects of our business. By making active use of the relationship we have built up with APLUS, we are confident that we, together with APLUS, will be able to grow going forward.

Mr. Kenichi Hatori,
Chairman, Gulliver International Co., Ltd.



GAME CHANGER