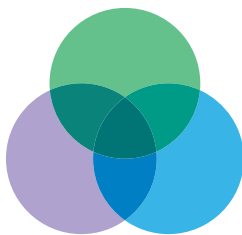


Institutional Banking

Better Together to Leverage Partnerships



Our Institutional Banking operations face a highly competitive business environment. To best compete, we strategically organize our business around the customer to promote loyalty and profitability. Our unique hybrid commercial and investment banking model brings together product specialists with global experience and customer relationship managers with strong, long-standing relationships. We are better together by working with key customers as long-term partners provides us the best way to improve the quality and recurrence of earnings in this business.

In the first half of fiscal year 2007, the Institutional Banking business earned revenue of ¥58.7 billion, which is a 6% growth or ¥3.4 billion higher than the same period a year ago. We continue to pursue profitable opportunities and working together within the Shinsei Bank Group and with our international partners, we are better together as one team to provide the best solutions for our customers.

Better Together with our Customers

Corporations

In addition to more traditional banking products and services, our corporate relationship management teams have been offering an increasingly diverse range of innovative and value-added financial solutions. Our focus on working closely with key customers enables us to understand their needs more comprehensively and positions us to offer the most appropriate solutions to meet their needs. Through everyday business activities, our relationship managers determine the various needs of customers and work across our various product groups to find the best solutions.

Financial Institutions

We successfully leverage our strong and long-standing relationships with regional banks and local financial institutions which have been cultivated since the days of The Long-Term Credit Bank of Japan by performing various businesses such as providing a wide range of financial and investment products and solutions for balance sheet restructuring. We collaborate with our partners on projects to provide financial products for retail business and corporate revitalization. These partnerships are a fairly unique approach in the Japanese market. Our partners provide us with an important channel to expand our distribution capability and customer relationships, enabling us to offer our products to a broader customer base.

Public Sector

With the on-going financial reforms taking place in the Japanese government, the public sector is diversifying its capital procurement methods. We

have placed increasing importance on addressing the needs of our long-standing customers in the public sector, who require alternative sources of funding and new financing solutions. Our Public Sector Finance Sub-Group provides a wide range of solutions to nation-wide customers such as governmental agencies, municipalities and affiliated associations.

Better Together to Provide Innovative Solutions

To enhance customer loyalty, which leads to increased product penetration and profitability, we focus on leveraging our expertise to provide value-added solutions. Our various product specialists work closely together with relationship managers and Shinsei Bank Group partners, both domestic and overseas, to provide products and services such as non-recourse lending, credit trading, securitization, and asset management that offer strong earnings growth potential.

Loan Business

Loan demand from both new and existing corporate customers led to asset growth in Institutional Banking without compromising asset quality. Though there is market compression of lending margins, we continue to price loans based on adequate risk-return hurdle rates. We also are a leader in non-recourse lending including a full scale entry into the healthcare industry and we are active in syndicated lending, project finance and leveraged lending.

Securitization and Credit Trading

The quality and innovation of our securitization and credit trading operations have established the

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Shinsei Bank Group as a leader in what have now become core businesses. As the securitization market has evolved in Japan and competition has intensified, we have increasingly focused on developing new asset classes to diversify revenue streams. We continue to provide premium service in a broad array of areas, ranging from servicing of non-performing loans (NPLs) to primary, back-up and special servicing for securitization schemes. Though this business continues to perform strongly during fiscal year 2007, growth prospects may be impacted as the Japanese economy recovers. The expansion of our NPL workout and credit trading business in markets outside Japan should more than compensate for this impact.

Capital Markets Distribution

To offer our customers a broader range of innovative solutions, we have been boosting our capital markets capability both at the Bank and at our subsidiary, Shinsei Securities Co., Ltd. Our capital markets activity, including foreign exchange, interest-rate and credit derivatives, equities and equity derivatives, continues to be largely customer driven. We are actively marketing to a wide variety of financial institutions, corporate, public sector and wealth management customers. Given the breadth of our customer relationships, we are very optimistic about the future potential of these markets businesses.

Corporate Advisory and Revitalization Business

As we seek to deepen our relationships with key customers, we are building our advisory service capability and gaining traction in the sector. By leveraging our hands-on experience and know-how, we help customers strengthen their financial fundamentals and improve asset efficiency by restructuring their businesses through such measures as divestitures and acquisitions.

Wealth Management

Our Wealth Management Division, a joint venture with Retail Banking, is focused on high net worth individuals and owners of small and medium-sized companies to provide innovative solutions for both their personal and business needs.

Asset Management

We believe that we can best serve the asset

management needs of our customers by offering "best in class" asset management solutions. We leverage our global relationships with leading Asian, European and U.S. asset management companies to deliver advanced, unique investment products to both institutional and retail customers through the Bank's own distribution channels and local partners such as regional banks.

Our investment trust and investment advisory subsidiary, Shinsei Investment Management Co., Ltd., carefully selects investment products through a rigorous process of identification, analysis and evaluation, from a wide range of global and domestic products based on customer demand. We also have a strategic partnership with India-based UTI Asset Management Company Pvt., Ltd. to distribute India-specific investment products to investors in Japan.

We expect to generate synergy between Shinsei Bank and Shinsei Securities by transferring the sales channel for corporate customers to Shinsei Securities and cooperating in its various product line-ups.

Better Together with International Partners

We set ourselves apart from the local competition by leveraging our global capabilities and forming alliances and partnerships with a number of distinguished regional and global financial institutions.

Shinsei International Limited, based in London, is geared primarily to the needs of Japanese customers. Leveraging the Euromarket, Shinsei International structures and arranges securitization and structured financial products, which are distributed through Shinsei Securities.

In August 2007, we joined hands with UTI International Ltd., this time to form a joint venture, UTI International (Singapore) Pte. Ltd., for the purpose of engaging in investment management distribution of financial products in the Southeast Asian region.

In September 2007, the Bank made a strategic investment in Duff & Phelps Corporation, a leading U.S. provider of independent financial advisory and investment banking services. We also entered into a referral agreement with Duff & Phelps to introduce their unique portfolio of products and services to our customers in Japan and overseas.