

Basel II Pillar III (Market Discipline) Disclosure

This section describes the information consistent with FSA Notification Number 15, based on Article 19. 2. 1. 5. d of the Bank Law Enforcement Rule (Refer to Ministry of Finance Ordinance Number 10), herein referred to as Basel II Pillar III issued on March 23, 2007. The Accord in this section refers to FSA Notification Number 19, herein referred to as Basel II Pillar I, issued on March 27, 2006.

Quantitative Disclosure

1. Names of unconsolidated subsidiaries with lower level of capital than required level of adequacy capital and amount of shortage.

Most of the 95 unconsolidated subsidiaries are special purpose companies (SPCs) or Limited Partnerships (LPs) for leverage leasing. As the economic risk associated with leveraged leasing has been hedged in these subsidiaries, the amount of invested equity is equal to applicable loss limits.

2. Capital Structure

Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations"—"Capital Ratio" for capital calculation details. The Bank was not required to deduct any excess deferred tax assets which banks are prohibited from including in their Tier I capital. The Bank has no Tier III capital.

3. Capital Adequacy

Amount of required capital for credit risk (excluding equities exposure and regarded-method exposure)

(1) Portfolios under the Standardized Approach (SA)

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)
Shinsei Home Loans	19,418	19,418	15,363	15,363
APLUS Group	92,444	—	97,886	—
Subsidiaries of Showa Leasing	6,980	—	4,521	—
Other subsidiaries	11,702	—	12,613	—

(2) Portfolios under the Internal Ratings-Based Approach (IRB)

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)
Corporate	189,793	175,803	190,428	181,358
Sovereign	8,550	8,521	7,272	7,262
Bank	35,077	36,171	54,054	54,245
Residential mortgage	—	—	3,334	—
Other retails	15,636	6,780	10,227	—
Total	249,058	227,276	265,318	242,866
Securitization Exposure	29,481	29,481	17,880	16,982

Amount of required capital for equity exposure under IRB

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)
Market-Based Approach				
Simplified Method	15,053	33,603	19,499	23,508
PD/LGD Method	8,152	47,999	9,005	39,443
Total	23,205	81,603	28,504	62,951

Amount of required capital for regarded-method exposure under IRB

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)
Regarded Exposure	93,964	83,991	52,297	52,452

Amount of required capital for Market Risk

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)
The Standardized Approach (Specific Risk)				
Interest rate risk	13,037	13,512	9,445	11,790
Equity position risk	9,988	9,974	9,019	8,851
FX risk	577	—	210	—
	2,471	3,538	215	2,939
The Standardized Approach (General Market Risk)	—	—	341	—
The Internal Models Approach (IMA) (General Market Risk)	8,961	8,121	5,911	5,911

Amount of required capital for Operational Risk

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)
The Standardized Approach	35,852	19,322	32,944	19,068

Total Capital Adequacy Ratio and Tier I Capital Ratio

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Total Capital Adequacy Ratio	12.40%	16.11%	13.13%	18.79%
Tier I Capital Ratio	7.62%	10.94%	8.11%	12.81%

Total required capital (Domestic Criteria)

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Total required capital	652,458	405,743	633,519	361,377

4. Credit Risk Exposure (excluding Securitization and Regarded Exposure)

Amount of Credit Risk Exposure

Geographic, Industries or Maturity (Consolidated)

	Millions of yen							
	As of September 30, 2007				As of March 31, 2007			
	Total	Loans, etc. ⁽¹⁾	Securities ⁽²⁾	Derivatives ⁽³⁾	Total	Loans, etc. ⁽¹⁾	Securities ⁽²⁾	Derivatives ⁽³⁾
Manufacturing	477,154	474,594	200	2,359	391,226	389,016	201	2,008
Agriculture	1,530	1,530	—	—	1,426	1,426	—	—
Mining	7,527	7,527	—	—	8,800	8,800	—	—
Construction	58,411	53,585	4,780	46	57,619	52,778	4,772	69
Electric power, gas, water supply	102,142	100,988	1,114	39	110,261	110,148	36	76
Information and communication	69,733	69,716	—	17	38,816	38,216	—	600
Transportation	319,800	294,681	6,136	18,981	323,546	301,831	8,200	13,514
Wholesale and retail	214,173	213,599	—	574	213,784	213,019	50	714
Finance and insurance	1,671,055	1,351,569	234,542	84,943	1,378,891	1,104,822	154,310	119,757
Real estate	1,768,698	1,642,147	125,190	1,359	1,718,485	1,554,312	162,711	1,461
Services	709,107	575,355	122,887	10,864	678,207	590,730	82,951	4,526
Government	1,056,311	55,027	999,446	1,836	860,990	54,407	804,175	2,406
Individuals	2,011,675	2,011,675	—	—	2,333,663	2,333,663	—	—
Others	31,520	31,516	—	3	48,936	48,936	—	—
Domestic Total	8,498,843	6,883,515	1,494,300	121,027	8,164,658	6,802,110	1,217,411	145,135
Foreign	2,186,372	1,328,584	312,034	545,753	1,226,246	531,681	240,296	454,268
Total	10,685,216	8,212,100	1,806,334	666,780	9,390,904	7,333,792	1,457,708	599,403
To 1 year	3,857,914	2,951,387	802,929	103,597	2,670,089	1,964,821	514,546	190,721
1 to 3 years	3,266,425	2,583,981	452,292	230,151	2,827,687	2,295,444	412,822	119,421
3 to 5 years	1,597,384	1,147,489	275,763	174,131	1,762,843	1,318,043	281,902	162,897
Over 5 years	1,941,320	1,508,838	273,582	158,900	1,934,132	1,611,825	195,942	126,364
Undated	22,170	20,404	1,766	—	196,151	141,656	52,494	—
Consolidated Total	10,685,216	8,212,100	1,806,334	666,780	9,390,904	7,333,792	1,457,708	599,403

Geographic, Industries or Maturity (Non-consolidated)

	Millions of yen							
	As of September 30, 2007				As of March 31, 2007			
	Total	Amount of Credit Risk Exposure			Total	Amount of Credit Risk Exposure		
	Loans, etc. ⁽¹⁾	Securities ⁽²⁾	Derivatives ⁽³⁾		Loans, etc. ⁽¹⁾	Securities ⁽²⁾	Derivatives ⁽³⁾	
Manufacturing	362,826	360,266	200	2,359	275,969	273,758	201	2,008
Agriculture	800	800	—	—	900	900	—	—
Mining	6,850	6,850	—	—	8,116	8,116	—	—
Construction	34,465	29,638	4,780	46	39,520	34,678	4,772	69
Electric power, gas, water supply	100,767	99,613	1,114	39	109,363	109,249	36	76
Information and communication	62,368	62,351	—	17	32,268	31,668	—	600
Transportation	297,481	272,363	6,136	18,981	303,926	282,212	8,200	13,514
Wholesale and retail	115,592	115,017	—	574	123,143	122,377	50	714
Finance and insurance	1,598,563	1,277,665	234,542	86,355	1,516,344	1,240,889	154,315	121,138
Real estate	1,782,802	1,656,251	125,190	1,359	1,737,065	1,572,892	162,711	1,461
Services	495,261	361,374	122,887	10,998	490,049	402,314	82,999	4,735
Government	1,049,204	48,955	998,412	1,836	852,613	49,161	801,045	2,406
Individuals	746,348	746,348	—	—	589,335	589,335	—	—
Others	3	—	—	3	184	184	—	—
Domestic Total	6,653,336	5,037,496	1,493,266	122,574	6,078,801	4,717,741	1,214,334	146,725
Foreign	2,210,075	1,337,426	326,289	546,359	1,288,641	580,372	253,589	454,679
Bank Total	8,863,412	6,374,922	1,819,555	668,933	7,367,442	5,298,113	1,467,924	601,405
To 1 year	3,699,696	2,793,558	801,930	104,207	2,671,660	1,965,580	514,867	191,153
1 to 3 years	2,527,978	1,845,657	452,257	230,063	2,082,340	1,550,186	412,755	119,398
3 to 5 years	1,131,459	681,853	275,663	173,942	1,277,886	836,688	278,382	162,815
Over 5 years	1,483,322	1,034,664	287,937	160,721	1,201,523	864,113	209,371	128,039
Undated	20,955	19,188	1,766	—	134,092	81,544	52,547	—
Bank Total	8,863,412	6,374,922	1,819,555	668,933	7,367,442	5,298,113	1,467,924	601,405

Notes:

⁽¹⁾ Including total exposure, operating assets and securitized original assets originated from these exposures, excluding purchased receivables

⁽²⁾ Excluding Equity exposures

⁽³⁾ Credit equivalent amount basis

Amount of default exposure before partial write-off

Geographic, Industries

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Default Exposure		Default Exposure	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Manufacturing	4,222	3,512	4,896	4,439
Agriculture	0	—	0	—
Mining	52	—	71	—
Construction	3,718	3,500	6,110	6,023
Electric power, gas, water supply	—	—	—	—
Information and communication	377	—	443	—
Transportation	8,733	8,260	9,031	8,911
Wholesale and retail	1,311	594	10,659	10,133
Finance and insurance	1,483	1,399	593	1,536
Real estate	10,278	8,091	4,235	2,135
Services	24,913	19,190	6,532	3,959
Government	—	—	—	—
Individuals	57,785	1,669	86,731	3,038
Others	926	—	866	—
Domestic Total	113,805	46,216	130,173	40,177
Foreign	19,089	19,089	3,384	3,384
Total	132,895	65,306	133,557	43,561

Amounts of loan loss reserves (general, specific, country risk)**before partial write-off**

Consolidated

	Millions of yen					
	As of September 30, 2007			As of March 31, 2007		
	Start Amount	Change Amount	End Amount	Start Amount	Change Amount	End Amount
General	101,268	(18,097)	83,171	89,043	12,225	101,268
Specific	85,756	39,592	125,348	83,926	1,829	85,756
Country	9	(0)	8	5	3	9
Total	187,033	21,495	208,529	172,975	14,058	187,033

Non-consolidated

	Millions of yen					
	As of September 30, 2007			As of March 31, 2007		
	Start Amount	Change Amount	End Amount	Start Amount	Change Amount	End Amount
General	65,434	(17,431)	48,002	60,220	5,214	65,434
Specific	47,912	20,459	68,372	53,637	(5,724)	47,912
Country	9	(0)	8	5	3	9
Total	113,356	3,027	116,384	113,863	(506)	113,356

Geographic (Consolidated)

	Millions of yen							
	As of September 30, 2007				As of March 31, 2007			
	Total	Reserve Amount		Country	Total	Reserve Amount		Country
General		Specific	General			Specific		
Domestic	182,638	70,503	112,135	—	167,650	85,274	82,377	—
Foreign	25,890	12,667	13,213	8	19,383	15,994	3,379	9
Total	208,529	83,171	125,348	8	187,033	101,268	85,756	9

Geographic (Non-consolidated)

	Millions of yen							
	As of September 30, 2007				As of March 31, 2007			
	Total	Reserve Amount		Country	Total	Reserve Amount		Country
General		Specific	General			Specific		
Domestic	89,551	34,392	55,158	—	92,350	47,817	44,533	—
Foreign	26,832	13,610	13,213	8	21,005	17,616	3,379	9
Total	116,384	48,002	68,372	8	113,356	65,434	47,912	9

Industries

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Reserve Amount		Reserve Amount	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Manufacturing	3,438	3,063	3,497	3,441
Agriculture	5	4	6	6
Mining	34	23	43	28
Construction	1,873	1,795	2,389	2,368
Electric power, gas, water supply	285	285	346	346
Information and communication	466	440	216	216
Transportation	8,704	8,638	10,905	10,900
Wholesale and retail	1,630	1,278	5,993	5,868
Finance and insurance	7,926	9,208	14,838	16,497
Real estate	15,683	15,228	13,924	14,158
Services	14,020	13,154	3,510	3,254
Government	—	—	—	—
Individuals	90,850	2,881	74,903	2,761
Others	34,672	33,548	32,510	32,503
Foreign	25,890	26,832	19,383	21,005
Non-classified	3,045	—	4,564	—
Total	208,529	116,384	187,033	113,356

Amount of write-offs

Industries

	Millions of yen			
	Six months ended September 30, 2007		FY 2006	
	Amount of write-off		Amount of write-off	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Manufacturing	1	—	234	—
Agriculture	—	—	2	2
Mining	—	—	—	—
Construction	5	—	277	238
Electric power, gas, water supply	—	—	—	—
Information and communication	—	—	—	—
Transportation	—	—	15	0
Wholesale and retail	1	—	115	—
Finance and insurance	—	—	—	—
Real estate	7	7	—	—
Services	82	—	100	—
Government	—	—	—	—
Individuals	0	0	1	1
Others	—	—	—	—
Non-classified	0	—	7	—
Total	98	7	754	242

Amount of Exposures under SA (after credit risk mitigation)

	Millions of yen							
	As of September 30, 2007				As of March 31, 2007			
	Consolidated		Non-consolidated		Consolidated		Non-consolidated	
	Rated	Unrated	Rated	Unrated	Rated	Unrated	Rated	Unrated
0%	654	1,502	—	—	700	5,649	—	—
10%	—	15,598	—	—	—	2,304	—	—
20%	243,208	214	—	—	244,038	38,050	—	—
35%	—	693,242	—	693,242	—	548,707	—	548,707
50%	2,733	13,325	—	—	259	16,419	—	—
75%	—	1,131,345	—	123	—	1,171,061	—	—
100%	3,928	471,472	—	—	47	492,354	—	—
150%	—	4,669	—	—	—	1,394	—	—
350%	—	—	—	—	—	—	—	—
Capital Deduction	—	—	—	—	—	—	—	—
Total	250,525	2,331,372	—	693,366	245,046	2,275,943	—	548,707

Specialized Lending Exposure under slotting criteria and Equity Exposure under Market-Based Simplified Method

(1) Specialized Lending excluding high-volatility commercial real estate

Risk weight ratio	Millions of yen	
	As of September 30, 2007 Amount of Exposure	As of March 31, 2007 Amount of Exposure
50%	205,333	54,012
70%	311,217	396,314
90%	135,438	36,646
115%	122,439	121,412
250%	38,214	21,283
0% (Default)	6,000	—
Total	818,642	629,668

(2) Specialized Lending for high-volatility commercial real estate

Risk weight ratio	Millions of yen	
	As of September 30, 2007 Amount of Exposure	As of March 31, 2007 Amount of Exposure
70%	3,054	1,049
95%	102,095	67,435
120%	45,887	13,267
140%	92,927	83,076
250%	80,158	54,735
0% (Default)	—	—
Total	324,122	219,564

(3) Equity Exposure under Market-Based Simplified Method

Risk weight ratio	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Amount Consolidated	Amount Non-consolidated	Amount Consolidated	Amount Non-consolidated
300%	2,927	2,798	386	208
400%	42,182	96,968	57,195	93,841
Total	45,110	99,766	57,582	94,050

Portfolios under IRB excluding the amount of exposures under SA (after credit risk mitigation)

(1) Estimated average PD, LGD, Risk Weight Ratio, and Exposure at Default (EAD) (on-balance and off-balance) for Corporate, Sovereign, and Bank exposure

Corporate (Consolidated)

Credit rating	As of September 30, 2007					As of March 31, 2007				
	PD	LGD ⁽¹⁾	Risk Weight	EAD (on-balance)	EAD (off-balance)	PD	LGD ⁽¹⁾	Risk Weight	EAD (on-balance)	EAD (off-balance)
0	0.03%	45.00%	19.96%	22,483	7,596	0.03%	45.00%	24.09%	24,608	81
1	0.03%	45.00%	20.30%	31,528	40,760	0.03%	45.00%	20.70%	26,262	56
2	0.07%	46.94%	24.55%	326,971	47,331	0.05%	44.94%	19.35%	270,886	39,223
3	0.12%	44.83%	30.33%	930,009	82,357	0.11%	45.02%	29.51%	743,525	103,768
4	0.29%	45.19%	49.02%	607,953	175,410	0.25%	45.14%	45.00%	639,749	112,133
5	0.87%	47.75%	84.14%	411,761	44,801	0.81%	44.68%	75.86%	329,223	75,589
6	2.34%	37.94%	97.36%	212,461	6,059	2.33%	39.78%	100.05%	212,436	7,957
9A	13.90%	44.49%	223.45%	179,938	6,443	15.42%	45.10%	236.97%	304,190	10,070
Default	100.00%	43.97%	—	40,454	1,944	100.00%	43.43%	—	38,352	727

Sovereign (Consolidated)

Credit rating	As of September 30, 2007					As of March 31, 2007				
	PD	LGD ⁽¹⁾	Risk Weight	EAD (on-balance)	EAD (off-balance)	PD	LGD ⁽¹⁾	Risk Weight	EAD (on-balance)	EAD (off-balance)
0	0.00%	45.00%	0.00%	1,853,821	22,801	0.00%	45.00%	0.00%	1,523,646	22,849
1	0.03%	45.00%	13.62%	38,698	—	0.03%	45.00%	9.58%	14,629	—
2	0.06%	45.00%	20.64%	206,182	3,642	0.05%	45.00%	20.06%	128,112	33,129
3	0.09%	44.95%	26.47%	136,266	4,076	0.08%	44.93%	29.29%	86,670	4,926
4	0.20%	45.00%	50.36%	4,109	121	0.37%	45.00%	54.27%	1,167	—
5	1.31%	45.00%	133.26%	2	—	1.29%	45.00%	132.75%	2	—
6	2.89%	45.00%	118.68%	14	647	3.04%	45.00%	111.23%	12	662
9A	13.90%	45.00%	227.52%	3,394	8	15.41%	45.00%	243.11%	6,913	8
Default	100.00%	45.00%	—	58	—	100.00%	45.00%	—	59	—

Bank (Consolidated)

Credit rating	Millions of yen (except percentages)									
	As of September 30, 2007					As of March 31, 2007				
	PD	LGD ⁽¹⁾	Risk Weight	EAD (on-balance)	EAD (off-balance)	PD	LGD ⁽¹⁾	Risk Weight	EAD (on-balance)	EAD (off-balance)
0	0.03%	45.00%	25.88%	2,478	—	0.03%	45.00%	7.58%	0	—
1	0.03%	48.78%	12.28%	2,780	254	0.03%	45.00%	13.12%	8,544	115
2	0.06%	45.13%	16.77%	901,181	518,391	0.05%	45.23%	20.97%	279,684	317,781
3	0.10%	45.72%	23.09%	191,618	86,301	0.09%	42.92%	24.62%	80,532	49,360
4	0.21%	45.00%	27.83%	2,839	46,051	0.29%	45.00%	61.12%	6,042	12,617
5	0.91%	45.00%	110.93%	—	9,217	0.91%	45.00%	112.35%	—	10,304
6	1.78%	45.00%	140.67%	—	2,112	1.91%	45.00%	144.21%	2,625	6,863
9A	13.90%	45.00%	231.09%	10,047	15,032	15.09%	44.37%	221.70%	19,382	124,827
Default	—	—	—	—	—	—	—	—	—	—

Corporate (Non-consolidated)

Credit rating	Millions of yen (except percentages)									
	As of September 30, 2007					As of March 31, 2007				
	PD	LGD ⁽¹⁾	Risk Weight	EAD (on-balance)	EAD (off-balance)	PD	LGD ⁽¹⁾	Risk Weight	EAD (on-balance)	EAD (off-balance)
0	0.03%	45.00%	19.96%	22,483	7,596	0.03%	45.00%	24.08%	24,588	81
1	0.03%	45.00%	20.30%	31,528	40,760	0.03%	45.00%	20.67%	25,623	56
2	0.07%	47.00%	24.70%	315,988	47,331	0.05%	44.94%	19.38%	266,251	39,223
3	0.12%	44.82%	30.35%	895,805	82,357	0.11%	45.02%	29.60%	718,895	103,768
4	0.27%	45.17%	46.07%	694,501	177,651	0.23%	45.11%	41.54%	820,824	118,040
5	0.85%	48.45%	85.78%	318,787	44,801	0.79%	44.59%	75.84%	237,729	75,589
6	2.39%	35.06%	95.01%	149,208	6,059	2.31%	38.30%	97.38%	163,797	7,957
9A	13.90%	44.46%	225.05%	169,610	6,443	15.42%	45.10%	236.78%	305,312	10,070
Default	100.00%	44.00%	—	36,496	7,132	100.00%	43.35%	—	36,305	727

Sovereign (Non-consolidated)

Credit rating	Millions of yen (except percentages)									
	As of September 30, 2007					As of March 31, 2007				
	PD	LGD ⁽¹⁾	Risk Weight	EAD (on-balance)	EAD (off-balance)	PD	LGD ⁽¹⁾	Risk Weight	EAD (on-balance)	EAD (off-balance)
0	0.00%	45.00%	0.00%	1,848,470	22,801	0.00%	45.00%	0.00%	1,519,762	22,849
1	0.03%	45.00%	13.62%	38,698	—	0.03%	45.00%	9.58%	14,620	—
2	0.06%	45.00%	20.65%	205,321	3,642	0.05%	45.00%	20.07%	127,903	33,129
3	0.09%	44.95%	26.47%	136,037	4,076	0.08%	44.93%	29.29%	86,435	4,926
4	0.20%	45.00%	50.43%	4,069	121	0.37%	45.00%	54.27%	1,167	—
5	1.31%	45.00%	133.26%	2	—	1.29%	45.00%	132.75%	2	—
6	2.89%	45.00%	118.68%	14	647	3.04%	45.00%	111.23%	12	662
9A	13.90%	45.00%	227.65%	3,378	8	15.40%	45.00%	243.11%	6,913	8
Default	100.00%	45.00%	—	58	—	100.00%	45.00%	—	59	—

Bank (Non-consolidated)

Credit rating	Millions of yen (except percentages)									
	As of September 30, 2007					As of March 31, 2007				
	PD	LGD ⁽¹⁾	Risk Weight	EAD (on-balance)	EAD (off-balance)	PD	LGD ⁽¹⁾	Risk Weight	EAD (on-balance)	EAD (off-balance)
0	0.03%	45.00%	25.88%	2,478	—	—	—	—	—	—
1	0.03%	48.78%	12.28%	2,780	254	0.03%	45.00%	13.12%	8,544	115
2	0.06%	45.13%	16.75%	900,054	518,391	0.05%	45.23%	20.95%	279,153	317,781
3	0.10%	45.73%	23.07%	188,042	85,687	0.10%	45.78%	25.13%	76,452	40,855
4	0.21%	45.00%	29.60%	37,459	55,404	0.25%	45.00%	49.61%	15,682	15,621
5	0.91%	45.00%	110.93%	—	9,217	0.91%	45.00%	112.35%	—	10,304
6	1.78%	45.00%	140.67%	—	2,112	1.91%	45.00%	144.21%	2,625	6,863
9A	13.90%	45.00%	231.09%	10,047	15,032	15.41%	45.32%	221.09%	19,381	121,801
Default	—	—	—	—	—	—	—	—	—	—

Note:

⁽¹⁾ LGD after credit risk mitigation

(2) Estimated average PD, Risk Weight Ratio, and amount of exposure under Equity Exposure under PD/LGD method (Consolidated)

Credit rating	Millions of yen (except percentages)							
	As of September 30, 2007				As of March 31, 2007			
	PD	LGD	Risk Weight	Amount	PD	LGD	Risk Weight	Amount
0	0.03%	90.00%	300.00%	9	0.03%	90.00%	300.00%	9
1	—	—	—	—	—	—	—	—
2	0.06%	90.00%	213.87%	9,218	0.05%	90.00%	219.25%	8,904
3	0.15%	90.00%	200.06%	1,779	0.12%	90.00%	200.03%	3,125
4	0.36%	90.00%	273.92%	7,617	0.34%	90.00%	261.28%	8,686
5	0.92%	90.00%	301.03%	2,792	1.17%	90.00%	272.17%	17,756
6	—	—	—	—	1.76%	90.00%	428.14%	18
9A	13.90%	90.00%	488.43%	3,050	15.53%	90.00%	508.73%	1,077
Default	100.00%	90.00%	—	2,261	—	—	—	—

(Non-consolidated)

Credit rating	Millions of yen (except percentages)							
	As of September 30, 2007				As of March 31, 2007			
	PD	LGD	Risk Weight	Amount	PD	LGD	Risk Weight	Amount
0	0.03%	90.00%	300.00%	9	0.03%	90.00%	300.00%	9
1	—	—	—	—	—	—	—	—
2	0.06%	90.00%	213.87%	9,218	0.05%	90.00%	219.25%	8,904
3	0.15%	90.00%	200.06%	1,769	0.12%	90.00%	200.03%	3,125
4	0.21%	90.00%	298.84%	171,194	0.19%	90.00%	297.38%	128,331
5	0.92%	90.00%	303.99%	2,917	1.17%	90.00%	272.17%	17,756
6	—	—	—	—	1.76%	90.00%	428.14%	18
9A	13.90%	90.00%	488.43%	3,050	15.53%	90.00%	508.73%	1,077
Default	100.00%	90.00%	—	255	—	—	—	—

(3) Estimated average PD, LGD, Risk Weight Ratio, and Exposure at Default (EAD) (on- and off-balance) for Residential Mortgage Exposure and Other Retail Exposure

Residential Mortgage Exposure

Pool	Millions of yen (except percentages)									
	As of September 30, 2007				As of March 31, 2007					
	Entity (*1)	PD	LGD (*2)	Risk Weight	EAD (on-balance)	Entity (*1)	PD	LGD (*2)	Risk Weight	EAD (on-balance)
1-a (*1)						LHL	0.49%	36.70%	28.20%	10,764
1-b (*1)						LHL	0.51%	37.20%	29.41%	25,665
2-a (*1)						LHL	0.50%	36.70%	28.61%	7,230
2-b (*1)						LHL	0.84%	37.20%	41.48%	35,353
Need Caution						LHL	59.53%	37.13%	160.27%	296
Default						LHL	100.00%	37.15%	0.00%	1,939

There is no exposure as of September 30, 2007 because of sell out of Life Housing Loan, LTD which had target exposure as of March 31, 2007.

Notes:

(*1) "1" or "2" means obligor attribute and "a" or "b" means transaction attribute

Other Retail Exposure

Pool	Millions of yen (except percentages)									
	As of September 30, 2007				As of March 31, 2007					
	Entity (*1)	PD	LGD (*2)	Risk Weight	EAD (on-balance)	Entity (*1)	PD	LGD (*2)	Risk Weight	EAD (on-balance)
CR1(*3)	SL	0.33%	47.69%	26.78%	14,568	SL	0.31%	48.52%	26.20%	18,078
CR2(*3)	SL	0.73%	48.05%	42.25%	70,020	SL	0.71%	48.71%	42.24%	77,426
CR3(*3)	SL	1.37%	47.92%	55.11%	17,547	SL	1.42%	48.58%	56.58%	19,441
CR4(*3)	SL	1.94%	48.18%	61.61%	51,308	SL	1.89%	48.79%	61.96%	53,954
CR5(*3)	SL	7.01%	56.80%	87.44%	6,362	SL	7.18%	56.30%	87.03%	7,954
Need Caution	SL	82.48%	47.57%	63.80%	616	SL	80.25%	46.39%	68.31%	891
Default	SL	100.00%	49.91%	—	1,308	SL	100.00%	50.02%	—	1,364
1-a (*4)						LHL	0.49%	36.70%	26.09%	1,747
1-b (*4)						LHL	0.51%	37.20%	27.05%	7,114
2-a (*4)						LHL	0.50%	36.70%	26.39%	748
2-b (*4)						LHL	0.84%	37.20%	35.00%	4,342
Need Caution						LHL	59.53%	36.70%	86.91%	16

There is no exposure as of September 30, 2007 because of sell out of Life Housing Loan, LTD which had target exposure as of March 31, 2007.

Notes:

(*1) "LHL" means Life Housing Loan and "SL" means Showa Leasing

(*2) LGD is shown after Credit Risk Mitigation

(*3) Summarization of multiple pools. CR stands for credit rating

(*4) "1" or "2" means obligor attribute and "a" or "b" means transaction attribute

Comparative results of actual losses and expected losses for the last two years under F-IRB Approach

	Millions of yen	
	As of September 30, 2007	As of September 30, 2006
Results of Actual Losses (a)	6,960	3,226
Expected Losses (b)	8,324	6,721
Differences (b) – (a)	1,364	3,495

The above matrix shows the results of default (downgrade below substandard) losses (reserve, write-offs, and loss on sale) for the twelve-month period ended September 30, 2006 and 2007 for the Bank's non-default corporate exposure (except for Specialized Lending and Securitization) at the start of the twelve-month period, with expected losses calculated using estimated PD at the end of September 2007. Several companies contributed to the losses in the two periods. Results of losses were less than or equal to expected loss each period.

5. Credit Risk Mitigation (CRM)

Covered amount of CRM by collateral

IRB

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Eligible financial collateral	Other eligible IRB collateral	Eligible financial collateral	Other eligible IRB collateral
Corporate	52,005	175,668	45,285	155,325
Sovereign	—	241	—	268
Bank	—	127	—	—
Total	52,005	176,037	45,285	155,593

Covered amount of CRM by guarantee

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
SA Exposures	—	—	—	—
IRB Exposures	254,846	254,846	161,243	161,243
Corporate	88,572	88,572	45,026	45,026
Sovereign	148,774	148,774	98,717	98,717
Bank	17,500	17,500	17,500	17,500
Residential mortgage	—	—	—	—
Other retail	—	—	—	—

6. Counterparty Credit Risk of Derivatives

(1) Measurement of EAD
Current Exposure Method

(2) Total amount of gross positive fair value
Consolidated ¥167,848 million
Non-consolidated ¥167,051 million

(3) EAD before CRM

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
FX related	401,738	402,348	204,817	205,246
Interest related	107,550	108,323	107,768	109,171
Equity related	50,800	1,134	57,105	19,380
Commodity related	—	—	—	—
Credit derivatives	157,059	157,127	127,179	127,254
Others	29,856	29,856	140,352	140,352
Total	747,005	698,790	637,223	601,405

(4) Net of: (2) + amount of gross add-on – (3)
Zero.

(5) Amount covered collateral
Zero.

(6) EAD after CRM
Refer to (3) (No change from EAD before CRM)

(7) Nominal amount of credit derivatives which have counterparty risk

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Protection-buy	Protection-sell	Protection-buy	Protection-sell
Nominal amount				
Single Name	846,195	860,130	1,031,826	1,018,677
Multi Name	446,405	420,063	43,600	6,800

(8) Nominal amount of credit derivatives which cover exposures by CRM
Zero.

7. Securitization**Securitization exposure originated by the Bank group**

(1) Amount of original assets
Securitization by transfer of assets

Type of original assets	Millions of yen	
	As of September 30, 2007	As of March 31, 2007
	Amount of original asset	Amount of original asset
Residential mortgage	538,121	645,173
Consumer loan	126,119	144,089
Commercial real estate loan	—	—
Corporate loan	274,194	353,967
Others	—	—
Total	938,435	1,143,230

Note 1: Includes originally securitized assets originated by the Bank group, even though the Bank group had no exposure to these particular assets as of September 30, 2007

Note 2: There is no transaction like Synthetic securitizations or Sponser of Asset-backed commercial paper (ABCP) programme.

(2) Amount of default exposure including original assets
Securitization by transfer of assets

Type of original assets	Millions of yen	
	As of September 30, 2007	As of March 31, 2007
	Amount of Default	Amount of Default
Residential mortgage	8,063	11,379
Consumer loan	—	305
Commercial real estate loan	—	—
Corporate loan	32,661	34,039
Others	—	—
Total	40,724	45,724

(3) Amount of Securitization exposure the Bank group has by type of original assets
Securitization by transfer of assets

Type of original assets	Millions of yen	
	As of September 30, 2007	As of March 31, 2007
	Amount of Exposure	Amount of Exposure
Residential mortgage	11,021	71,648
Consumer loan	75,310	77,330
Corporate loan	52,632	77,156
Others	—	1,786
Total	138,964	227,922

(4) Amount of Securitization exposure and required capital, the Bank group has by risk weight ratio
Securitization by transfer of assets

Band of risk weight ratio	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Amount	Required Capital amount	Amount	Required Capital amount
To 12%	32,669	193	52,287	292
Over 12% to 20%	—	—	—	—
Over 20% to 50%	—	—	—	—
Over 50% to 75%	—	—	—	—
Over 75% to 100%	—	—	—	—
Over 100% to 250%	95,281	7,181	—	—
Over 250% to 425%	—	—	—	—
Over 425%	—	—	—	—
Total	127,951	7,375	52,287	292

(5) Amount of increase of capital by securitization (to be deducted from Tier I capital)

Type of original assets	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Residential mortgage	8,831	8,831	10,242	10,242
Consumer loan, Installment receivables	1,329	84	2,547	370
Commercial real estate loan	—	—	—	—
Others	3,770	3,770	3,770	3,770
Total	13,931	12,686	16,561	14,384

(6) Amount of Securitization exposure which should be deducted from capital by the Accord Article 247

Type of original assets	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Residential mortgage	2,181	11,012	15,348	15,348
Consumer loan, Installment receivables	—	—	—	—
Commercial real estate loan	—	—	—	—
Others	—	—	1,786	1,786
Total	2,181	11,012	17,135	17,135

(7) Securitization Exposure subject to early amortization
None.(8) Summary of current year's securitization activities including amount of exposure securitized, and recognized gain/loss by original asset type.
None.(9) Amount of credit risk asset of securitization under SA subject to the Accord Supplementary Provision 15
¥50.8 billion of credit risk asset of Securitization exposure comprised primarily of APLUS's card and installment receivables.

Securitization exposure in which the Bank group invests

(1) Amount of securitization exposure the Bank group has by type of original asset

Type of original assets	Millions of yen	
	As of September 30, 2007	As of March 31, 2007
	Amount of Exposure	Amount of Exposure
Residential mortgage	74,011	75,155
Consumer loan	30,207	19,114
Commercial real estate loan	86,206	20,506
Corporate loan	183,868	172,075
Others	219,296	263,877
Total	593,590	550,728

(2) Amount of Securitization exposure and required capital for the Bank group by risk weight ratio

Band of risk weight ratio	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Amount	Required Capital amount	Amount	Required Capital amount
To 12%	225,895	1,552	191,941	1,211
Over 12% to 20%	106,525	1,410	104,137	1,311
Over 20% to 50%	125,033	3,846	170,032	4,925
Over 50% to 75%	22,674	1,442	23,716	1,423
Over 75% to 100%	799	67	1,668	133
Over 100% to 250%	4,865	1,031	5,775	1,155
Over 250% to 425%	53,050	16,628	1,831	622
Over 425%	791	436	—	—
Total	539,635	26,414	499,104	10,782

(3) Amount of Securitization exposure which should be deducted from capital (under accord Article 247)

Type of original assets	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Residential mortgage	20,154	20,154	11,162	11,162
Consumer loan, Installment receivables	3,427	3,511	2,459	3,041
Commercial real estate loan	3,530	3,530	3,392	3,392
Corporate loan	4,537	4,537	8,760	8,760
Others	18,449	22,220	25,848	25,848
Total	50,099	53,954	51,624	52,206

(4) Amount of credit risk asset of securitization under SA subject to the Accord Supplementary Provision 15.
None.**8. Market Risk (under Internal Model Approach)****VaR at the end of September 2007, and March 2007 and the high, mean, and low VaR**

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
VaR at term end	2,786	2,676	1,980	1,847
VaR through this term				
High	5,131	4,392	2,339	2,076
Mean	2,485	2,241	1,665	1,427
Low	1,735	1,576	909	770

Based on VaR back-testing for six months ended September 30, 2007, the trading portfolio experienced no losses that exceeded the specified VaR threshold**9. Equity Exposure in Banking Book****Book Value and Fair value**

- (1) Listed Equity Exposure ¥2,927 million
(2) Unlisted Equity Exposure ¥42,182 million

Gain or loss on sale or depreciation of equity exposure

	Millions of yen			
	Six months ended September 30, 2007		FY2006	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Gain/Loss on sale	3,845	1,384	7,257	6,337
Loss of depreciation	61	60	909	824

Unrealized gain or loss which is recognized on Balance Sheet and not recognized on Profit and Loss Statement.

Consolidated	¥(119) million
Non-consolidated	¥(1,120) million

Unrealized gain or loss which is not recognized on Balance Sheet and not recognized on Profit and Loss Statement.

	Millions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Equity to subsidiaries and affiliates	—	—	—	6,622

Amount of equity exposure under grandfathering rule subject to the Accord Supplementary Provision 13

The amount was ¥25,309 million.

10. Amount of regarded exposure under the Accord Article 167

The amount was ¥163,594 million.

11. Interest Rate Risk in the Banking Book (IRRBB) – the increase/decrease in economic value for upward/downward rate shocks according to management's method for IRRBB.

The gain (loss) from an upward interest rate shock of 2% in the banking book as of September 30, 2007 is shown below:

	Billions of yen			
	As of September 30, 2007		As of March 31, 2007	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
JPY	(34.9)	(17.2)	(31.8)	(11.4)
USD	(0.1)	(0.1)	+1.8	+1.8
Others	(0.5)	(0.5)	+0.4	+0.4
Total	(35.6)	(17.9)	(29.5)	(9.1)