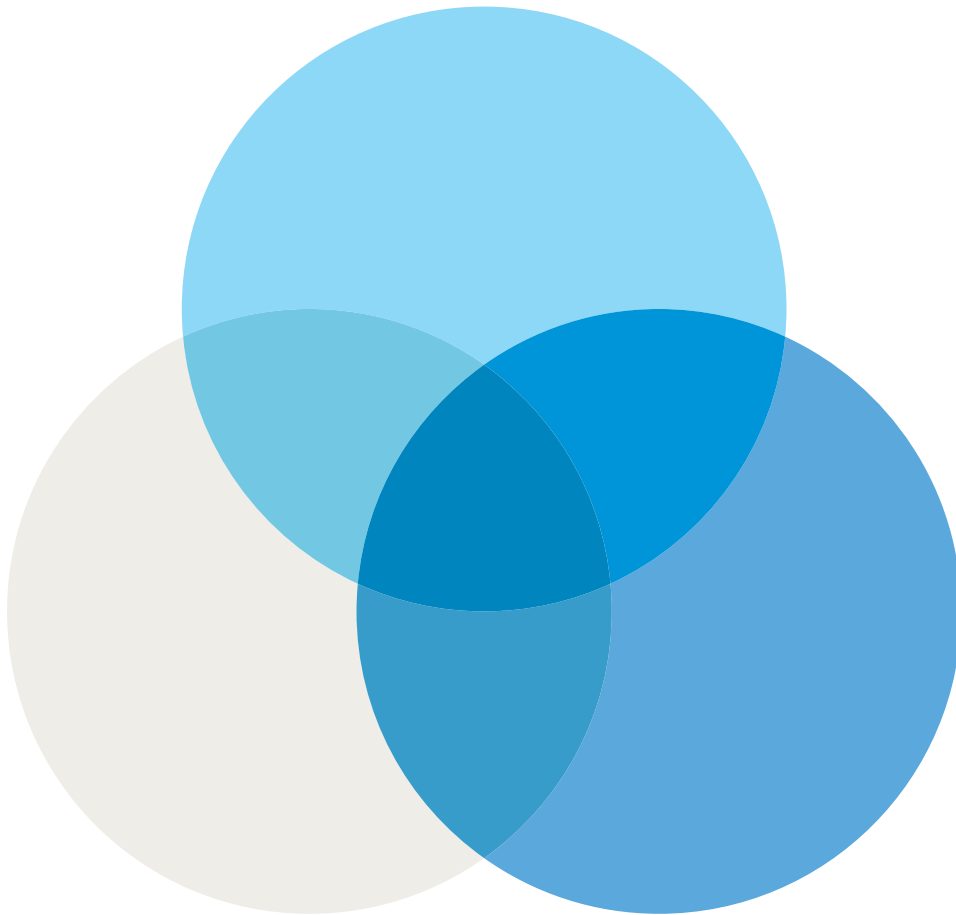


# Better Together



Given the challenges that we faced in fiscal year 2006, it was imperative that we draw upon our collective strengths in fiscal year 2007. We have many—our proud heritage, our talented people, our specialized skills, our unwavering determination. We are pulling together in new ways with a shared goal of serving the needs of all our stakeholders. We have been confronted with a challenging market environment and have had to make difficult decisions to position ourselves for long-term growth. We continue to develop and deliver innovative products, services and solutions by focusing on our customers, working across our businesses and collaborating with our partners. The events and activities highlighted in this report exemplify Shinsei Bank's potential when we work together. They show how we can be "Better Together."



## Businesses

We serve a broad range of customers through our three strategic business pillars: Institutional Banking, Consumer and Commercial Finance and Retail Banking. Though each business pillar retains specialist expertise tailored to specific customer and market segments, there is enormous added value to be gained by combining these areas of expertise to capitalize on new business opportunities that transcend a single market or to take advantage of first sales (cross-selling) opportunities among businesses. As a result, we are actively engaged in identifying such opportunities and generating new sources of revenue.



## Customers

At Shinsei the customer experience is of paramount importance. Our value proposition is to understand our customers' needs so that we can provide them with the most appropriate solutions. In Institutional Banking this means that our relationship managers and product specialists must work together to obtain in-depth knowledge of our customers' business and market environment. In Consumer and Commercial Finance, we work closely with our merchant network to satisfy not only their own business needs but also the needs of their individual customers. Our Retail Banking business continues to lead the way with innovative products and services delivered through convenient channels to empower customers to choose how they want to do business with us.



## Partners

We are a different kind of bank which primarily focuses on profitable and sustainable growth rather than size or market share. For this reason, partnerships play a fundamental role in the development of our business and are a key contributor to our success. We partner with regional banks and local financial institutions to expand our reach and deliver better products and services to customers. We actively partner with value-adding institutions that enable us to expand our business both in Japan and overseas. Of utmost importance, we partner with organizations which allow us to contribute to the communities in which we operate to promote a sustainable environment for all our stakeholders.

# Profile (Consolidated)

(As of September 30, 2007)

Establishment	December 1952
Total Assets	¥12,423.4 billion
Loans and Bills Discounted	¥5,456.5 billion
Securities	¥2,368.5 billion
Deposits and Negotiable Certificates of Deposit	¥5,870.6 billion
Debentures	¥686.5 billion
Total Equity	¥934.6 billion
Total Capital Adequacy Ratio	12.4%
Tier I Capital Ratio	7.6%
Number of Employees:	
Shinsei Bank	2,358
Shinsei Bank and Consolidated Subsidiaries	4,750
Outlets and Branches:	
Domestic	43 outlets, including 36 Shinsei Financial Centers (30 Branches and 6 Annexes), 2 Platinum Centers (with Annexes) and 5 BankSpots (3 Annexes and 2 with other Annexes)
Overseas	1 Branch

## Financial Highlights

Shinsei Bank, Limited, and Consolidated Subsidiaries  
As of or for the six months ended September 30, 2007 and 2006

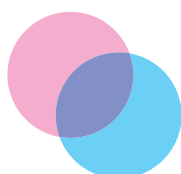
	Billions of yen		Millions of
	Sept. 30, 2006 (6 months)	Sept. 30, 2007 (6 months)	U.S. dollars <sup>(2)</sup> (6 months)
<b>For the period:</b>			
Net interest income	¥ 51.7	¥ 56.5	\$ 490.2
Net fees and commissions	22.2	23.1	201.1
Net trading income	11.2	7.2	62.7
Net other business income	53.1	51.6	448.2
Total revenue	138.3	138.6	1,202.2
Net income	38.8	23.1	201.1
Cash basis net income <sup>(3)</sup>	47.6	28.7	249.3
<b>Balances at end of period:</b>			
Loans and bills discounted	¥ 4,781.4	¥ 5,456.5	\$ 47,329.2
Total assets	10,433.6	12,423.4	107,758.2
Deposits and negotiable certificates of deposit	4,945.7	5,870.6	50,920.6
Debentures	758.8	686.5	5,955.3
Total liabilities	9,422.9	11,488.7	99,651.3
Total equity <sup>(4)</sup>	1,010.7	934.6	8,107.0
Total liabilities and equity	¥10,433.6	¥12,423.4	107,758.2
<b>Per share data:</b>			
	Yen	Yen	U.S. dollars
Common equity <sup>(4)</sup>	¥ 383.20	¥ 352.71	\$ 3.06
Fully diluted equity <sup>(4)(5)</sup>	411.58	354.04	3.07
Basic net income	27.19	15.72	0.14
Diluted net income	19.54	12.72	0.11
Dividends paid per common share	1.66	—	—
<b>Cash basis per share data:</b>			
	Yen	Yen	U.S. dollars
Basic net income	¥ 33.55	¥ 19.57	\$ 0.16
Diluted net income	23.96	15.77	0.13
<b>Ratios:</b>			
	%	%	
Return on assets <sup>(6)</sup>	0.8	0.4	
Return on equity (fully diluted) <sup>(4)(7)</sup>	9.7	7.2	
Total capital adequacy ratio	13.5	12.4	
Tier I capital ratio	8.3	7.6	

### Notes:

- (1) Since all yen figures have been truncated rather than rounded, the totals do not necessarily equal the sum of the individual amounts. U.S. dollar figures and ratios have been rounded.
- (2) Unless otherwise specified, dollar figures in this annual report refer to U.S. currency and are presented solely for the readers' convenience. U.S. dollar figures are translated at ¥115.29=U.S.\$1.00, the rate of exchange prevailing on the Tokyo Foreign Exchange Market on September 30, 2007.
- (3) Cash basis net income is calculated by excluding impairment and amortization of goodwill and intangible assets, net of tax benefit, from net income (loss) under Japanese Generally Accepted Accounting Principles.
- (4) In December 2006, the Accounting Standards Board of Japan published a new accounting standard for the presentation of shareholders' equity which is effective for fiscal years ended on or after May 1, 2006. Under this accounting standard, certain items which were previously presented outside of shareholders' equity are now presented as components of equity.
- (5) Fully diluted equity per share is calculated by dividing equity at the end of the periods presented by the number of common shares that would have been outstanding had all securities convertible into or exercisable for common shares been converted or exercised with an applicable conversion or exercise price within the predetermined range at the end of the period.
- (6) Return on assets is calculated by dividing net income by the average of total assets at the beginning and end of the period presented.
- (7) Return on equity (fully diluted) is calculated by dividing net income by the average of fully diluted equity at the beginning and end of the period presented.

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## Summary of Events

2007	April	Shinsei Servicing Company (Shinsei Servicer) received "Above Average" CMBS Servicer Ranking from S&P Achieved two million retail accounts Assigned business from UNICO Corporation (through Showa Leasing Co., Ltd.)
	May	Completed sales of all shares of Life Housing Loan Co., Ltd. to Sumitomo Trust & Banking Co., Ltd.
	July	Launched new "Shinsei Platinum Services" Determined the exchange price for the mandatory acquisition of Series 3 Class-B preferred shares Reached an agreement with Japan Asia Investment Co., Ltd. ("JAIC") to form a business partnership and subscribed to its private placement of new shares
	August	Acquired and canceled Series 3 Class-B preferred shares Established a joint venture engaged in investment management with UTI International Ltd.
	September	Launched securities brokerage services in partnership with Shinsei Securities Co., Ltd.
	October	Made strategic investment in Duff & Phelps Corporation and signed Referral Agreement
	November	Subscription to SHINKI Co., Ltd. ("Shinki") rights offering of new shares

### Forward-Looking Statements

This interim report contains statements that constitute forward-looking statements. These statements appear in a number of places in this interim report and include statements regarding our intent, belief or current expectations, and/or the current belief or current expectations of our officers with respect to the results of our operations and the financial condition of the Bank and its subsidiaries. Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Our forward-looking statements are not a guarantee of future performance and involve risks and uncertainties. Actual results may differ from those in such forward-looking statements as a result of various factors.