

FINANCIAL CONDITION

TOTAL ASSETS

As of September 30, 2008, we had consolidated total assets of ¥12,446.2 billion, representing an 8.0% increase from March 31, 2008 and a 0.2% increase from September 30, 2007. Our loans and bills discounted balance was ¥6,579.7 billion as of September 30, 2008 as compared to ¥5,622.2 billion as of March 31, 2008. Loan growth in the first half of fiscal year 2008 was largely due to the acquisition of GECF on September 22, 2008. Loans at GECF totaled ¥743.6 billion at September 30, 2008. In addition to the increase in consumer finance loans, loans to retail customers, including lending to high net worth individuals, grew 11.2% or ¥101.7 billion to ¥1,009.1 billion. Corporate loans increased 2.0% to ¥2,913.9 billion and the non-recourse real estate finance balance increased 1.9% to

¥708.9 billion.

Most of our loan portfolio was originated by Shinsei and our domestic subsidiaries. Of loans we originated, loans to the finance and insurance industry and the real estate industry constituted close to 40% of total loans as of September 30, 2008. Loans to the real estate industry as of September 30, 2008 consisted, in part, of non-recourse and project finance loans. Loans to this industry decreased by 12.6%, to ¥1,270.0 billion.

Loans to others of ¥2,460.9 billion as of September 30, 2008 included loans extended to Shinsei's, GECF's, APLUS' and Shinki's individual customers amounting, in aggregate, to ¥2,008.6 billion.

The securities balance as of September 30, 2008 amounted to ¥1,994.3 billion as compared to ¥1,980.2 billion as of March 31, 2008.

TABLE 12. LOANS BY BORROWER INDUSTRY (CONSOLIDATED)

	Billions of yen (except percentages)			
	Six months ended September 30, 2008		Six months ended September 30, 2007	
Domestic offices (excluding Japan offshore market account):				
Manufacturing	¥ 224.0	3.5%	¥ 280.8	5.3%
Agriculture	0.0	0.0	0.0	0.0
Forestry	—	—	0.0	0.0
Fishery	2.8	0.0	0.8	0.0
Mining	4.6	0.1	5.6	0.1
Construction	15.3	0.2	16.1	0.3
Electric power, gas, heat supply and water supply	66.8	1.0	77.8	1.5
Information and communications	47.5	0.7	56.7	1.1
Transportation	362.9	5.6	381.3	7.2
Wholesale and retail	129.0	2.0	108.5	2.0
Finance and insurance	1,179.9	18.3	1,051.0	19.7
Real estate	1,270.0	19.7	1,453.3	27.3
Services	373.2	5.8	364.0	6.8
Local government	301.1	4.7	60.8	1.1
Others	2,460.9	38.2	1,469.0	27.6
Total domestic (A)	¥ 6,438.5	100.0%	¥ 5,326.3	100.0%
Overseas offices (including Japan offshore market accounts):				
Governments	¥ 1.2	0.9%	¥ 0.8	0.7%
Others	139.8	99.1	129.3	99.3
Total overseas (B)	¥ 141.1	100.0%	¥ 130.1	100.0%
Total (A+B)	¥ 6,579.7		¥ 5,456.5	

FUNDING AND LIQUIDITY

Shinsei Bank continues to diversify its funding base through deposits from retail customers. Total deposits increased ¥608.9 billion or 10.5% from March 31, 2008 to ¥6,415.6 billion in the first half ended September 30, 2008. The retail deposits balance, including high net worth customers, totaled ¥4,248.1 billion at September 30, 2008, an increase of ¥254.3 billion

compared to March 31, 2008. Retail Banking represents 63.8% of the Bank's total funding through customer deposits and debentures. The table below shows changes in the proportion of our overall funding represented by funds raised from debentures and deposits in our Retail and Institutional Banking businesses, as well as from our collateralized loan obligation program at the end of the periods indicated.

TABLE 13. DIVERSIFICATION BY FUNDING TYPE (CONSOLIDATED)

	Billions of yen			
	As of September 30, 2008	As of March 31, 2008	As of March 31, 2007	As of March 31, 2006
Retail deposits ⁽¹⁾⁽²⁾	¥ 4,248.1	¥ 3,993.7	¥ 3,573.8	¥ 3,103.4
Retail debentures	324.9	342.2	381.9	435.3
Institutional deposits	2,167.5	1,812.8	1,847.1	968.2
Institutional debentures	423.3	320.2	321.3	583.5
Collateralized loan obligation	—	—	155.0	255.0
Total	¥ 7,163.8	¥ 6,469.0	¥ 6,279.2	¥ 5,345.6

Notes: (1) Excludes unclaimed matured debentures.

(2) Includes wealth management customers' deposits.

TOTAL EQUITY

Total equity as of September 30, 2008 was ¥918.4 billion and included minority interests in subsidiaries of ¥252.8 billion.

SUMMARY OF NON-CONSOLIDATED FINANCIAL RESULTS

We disclose non-consolidated financial information of Shinsei in addition to our consolidated financial statements. As a recipient of public funds, we are required by the FSA to update and report on Shinsei's non-consolidated performance in relation to targets set forth in our Revitalization Plan on a quarterly basis, and to publicly disclose that information semi-annually.

Shinsei Bank recorded a net loss for the six months ended

September 30, 2008 of ¥36.3 billion on a non-consolidated basis. Current results on a non-consolidated basis differ from our consolidated results primarily because our non-consolidated results do not include the gain on the sale of the Meguro Production Center, which was booked within a subsidiary of the Bank and can not be recognized on a non-consolidated basis unless and until these funds have been received as a dividend by the Bank. On a non-consolidated basis, we recorded ¥3.0 billion in write-offs and disposal costs on the furniture and equipment which are owned by Shinsei Bank in the Meguro Production Center and a current income taxes benefit of ¥2.9 billion in accordance with the consolidated corporate tax system in the first half of fiscal year 2008. In addition, our non-consolidated results do not include the ¥8.2 billion gain on the sale of Showa Auto Rental & Leasing.

TABLE 14. OPERATING-BASIS RESULTS (NON-CONSOLIDATED)

	Billions of yen	
	Six months ended September 30, 2008	Six months ended September 30, 2007
Gross business profit (<i>gyomu sorieki</i>) ⁽¹⁾ :		
Net interest income	¥ 37.8	¥ 39.5
Net fees and commissions ⁽¹⁾	13.2	29.3
Net trading income (loss)	(3.3)	4.9
Net other business income (loss)	(16.9)	3.1
Total gross business profit ⁽¹⁾	30.7	76.9
Total expenses	38.9	42.4
Net business profit (loss) ⁽¹⁾⁽²⁾ (<i>jisshitsu gyomu jun-eki</i>)	(8.2)	34.5
Other operating expenses, net ⁽³⁾	27.8	11.0
Net operating income (loss) (<i>keijo rieki</i>)	(36.1)	23.5
Extraordinary income (loss)	(2.9)	(26.6)
Income (loss) before income taxes	(39.0)	(3.1)
Current income taxes (benefit)	(3.5)	(7.7)
Deferred income tax expense	0.8	6.7
Net income (loss)	¥ (36.3)	¥ (2.1)

Notes: (1) Includes income from monetary assets held in trust of 7.5 billion yen in the six months ended September 30, 2008 and 21.6 billion yen in the six months ended September 30, 2007.

(2) Excludes provisions for or reversals of general reserve for loan losses.

(3) Excludes income from monetary assets held in trust.

SUPPLEMENTAL NON-CONSOLIDATED MEASURES

In addition to the reporting items set forth in our non-consolidated financial statements, Japanese banking law requires us to disclose gross business profit (gyomu sorieki) on a non-consolidated basis. Furthermore, in the Japanese banking industry, net business profit before general reserve for loan losses (jishitsu gyomu jun-eki) has traditionally been used as a measure of the profitability of core banking operations. We review these non-Japanese GAAP performance measures in monitoring the results of our operations.

Gross business profit is the sum of:

- net interest income;
- net fees and commissions, which consist of:
 - fees on loans as well as on sales of asset management products,
 - other fee-based activities, and
 - income on monetary assets held in trust (in keeping with the definition of gross business profit in our Revitalization Plan);
- net trading income; and
- net other business income, which includes, among other things, gains or losses on securities and foreign exchange.

Net business profit before general reserve for loan losses is gross business profit minus non-consolidated total expenses, which corresponds to our consolidated general and administrative expenses.

While these business profit measures should not be viewed as a substitute for net income, management believes that these non-Japanese GAAP measures provide a meaningful way of comparing a number of the important components of Shinsei's revenues and profitability from year to year. The table below sets forth these supplemental financial data and corresponding reconciliations to net income under Japanese GAAP for the six months ended September 30, 2008 and 2007.

ASSET QUALITY AND DISPOSAL OF PROBLEM LOANS OF SHINSEI

At September 30, 2008, 31.5% of our consolidated problem loans as disclosed in accordance with the guidelines of the Japanese Bankers' Association (JBA) were held by Shinsei and most of the rest were held by APLUS, Shinki and GECF. This discussion of our asset quality presents information of Shinsei on a non-consolidated basis unless specified otherwise. In particular, problem claims as defined in the Financial Revitalization

Law are only disclosed on a non-consolidated basis, and therefore do not include problem loans held by APLUS, Shinki and GECF. For a discussion of the problem claims of APLUS, Showa Leasing, Shinki and GECF see "—Asset Quality of APLUS and Showa Leasing, Shinki and GECF."

We classify our obligors and assess our asset quality based on our self-assessment manual developed in accordance with guidelines published by the FSA. We generally perform our self-assessment quarterly. The self-assessment process involves classifying obligors based on their financial condition and then categorizing claims against obligors in order of collection risk. Based on these classifications, we establish reserves and disclose our problem loans and other claims using criteria specified in the Financial Revitalization Law. We also disclose our problem loans under a format devised by the JBA for the disclosure of risk-monitored loans.

CLAIMS CLASSIFIED UNDER THE FINANCIAL REVITALIZATION LAW

Under the Financial Revitalization Law, Japanese banks categorize their total claims in four categories by reference to the nature of the relevant assets. In addition to loans and bills discounted, claims that are subject to disclosure under the Financial Revitalization Law include foreign exchange claims, securities lent, private placement bonds guaranteed by Shinsei, accrued income and suspense payments in other assets, as well as customers' liabilities for acceptances and guarantees.

DISCLOSURE OF CLAIMS CLASSIFIED UNDER THE FINANCIAL REVITALIZATION LAW

Our current management team has consistently emphasized the monitoring of problem loans. Shinsei's total amount of problem claims as disclosed pursuant to the Financial Revitalization Law decreased ¥0.6 billion, or 1.3%, to ¥52.4 billion, between March 31, 2008 and September 30, 2008. During the six months ended September 30, 2008, claims against bankrupt and quasi-bankrupt obligors increased from ¥8.0 to ¥26.4 billion, and doubtful claims decreased from ¥15.5 to ¥8.2 billion, and substandard claims decreased from ¥29.5 billion to ¥17.8 billion, as a result of our self assessment. The ratio of non-performing claims disclosed under the Financial Revitalization Law to total non-consolidated claims as of September 30, 2008 decreased to 0.9%, compared to 1.0% as of March 31, 2008.

FINANCIAL CONDITION (continued)

Shinsei's other claims against need caution obligors, excluding substandard claims, totaled ¥132.7 billion as of September 30, 2008, an 24.9% increase from ¥106.2 billion as of March 31, 2008, which included private placement bonds guaranteed

by Shinsei classified as other claims against need caution obligors. These claims represented 2.3% of total non-consolidated claims as of September 30, 2008, up from 1.9% as of March 31, 2008.

TABLE 15. CLAIMS CLASSIFIED UNDER THE FINANCIAL REVITALIZATION LAW (NON-CONSOLIDATED)

	Billions of yen (except percentages)		
	As of September 30, 2008	As of September 30, 2007	As of March 31, 2008
Claims against bankrupt and quasi-bankrupt obligors	¥ 26.4	¥ 9.8	¥ 8.0
Doubtful claims	8.2	23.4	15.5
Substandard claims	17.8	12.5	29.5
Total claims disclosed under the Financial Revitalization Law ⁽¹⁾	52.4	45.9	53.1
Normal claims and claims against need caution obligors excluding substandard claims	5,787.6	5,584.1	5,512.8
Total claims	¥ 5,840.1	¥ 5,630.0	¥ 5,566.0
Ratio of total claims disclosed under the Financial Revitalization Law to total claims	0.9%	0.8%	1.0%

Note: (1) Total claims disclosed under the Financial Revitalization Law include loans and bills discounted, customers' liabilities for acceptances and guarantees and other exposures to or in respect of bankrupt and quasi-bankrupt obligors and doubtful claims, as well as loans and bills discounted classified as substandard claims.

COVERAGE RATIOS

As of September 30, 2008, Shinsei's non-consolidated coverage ratios for claims classified under the Financial Revitalization Law, which for each category of claims is the total of collateral pledged against claims, guarantees for claims and reserve for loan losses, measured against total claims, were 100.0% for claims against bankrupt and quasi-bankrupt obligors, 77.5% for doubtful claims and 42.7% for substandard claims. For all

claims classified under the Law, the coverage ratio was 77.0%, an increase from 62.2% as of March 31, 2008.

Shinsei directly writes off, rather than reserves, the portion of claims against virtually and legally bankrupt obligors that are estimated to be uncollectible. In the six months ended September 30, 2008, ¥58.4 billion of such claims were written off on a non-consolidated basis.

TABLE 16. COVERAGE RATIOS FOR NON-PERFORMING CLAIMS DISCLOSED UNDER THE FINANCIAL REVITALIZATION LAW (NON-CONSOLIDATED)

	Billions of yen (except percentages)				Coverage ratio
	Amount of claims	Amounts of coverage			
		Reserve for loan losses	Collateral and guarantees	Total	
As of September 30, 2008:					
Claims against bankrupt and quasi-bankrupt obligors	¥ 26.4	¥ —	¥ 26.4	¥ 26.4	100.0%
Doubtful claims	8.2	5.5	0.7	6.3	77.5
Substandard claims	17.8	5.5	2.0	7.6	42.7
Total	¥ 52.4	¥ 11.1	¥ 29.2	¥ 40.3	77.0%
As of September 30, 2007:					
Claims against bankrupt and quasi-bankrupt obligors	¥ 9.8	¥ —	¥ 9.8	¥ 9.8	100.0%
Doubtful claims	23.4	16.8	0.9	17.8	76.0
Substandard claims	12.5	3.0	8.1	11.1	89.2
Total	¥ 45.9	¥ 19.9	¥ 18.9	¥ 38.9	84.8%
As of March 31, 2008:					
Claims against bankrupt and quasi-bankrupt obligors	¥ 8.0	¥ —	¥ 8.0	¥ 8.0	100.0%
Doubtful claims	15.5	7.6	5.8	13.5	87.1
Substandard claims	29.5	9.2	2.2	11.5	38.9
Total	¥ 53.1	¥ 16.8	¥ 16.1	¥ 33.0	62.2%

FINANCIAL CONDITION (continued)
RESERVE FOR CREDIT LOSSES

The following table sets forth a breakdown of Shinsei's total reserve for credit losses on a non-consolidated basis as of the dates indicated:

TABLE 17. RESERVE FOR CREDIT LOSSES (NON-CONSOLIDATED)

	Billions of yen (except percentages)	
	As of September 30, 2008	As of March 31, 2008
General reserve for loan losses	¥ 51.1	¥ 57.9
Specific reserve for loan losses	8.2	9.6
Reserve for loans to restructuring countries	0.0	0.0
Subtotal reserve for loan losses	59.4	67.5
Specific reserve for other credit losses	23.7	26.0
Total reserve for credit losses	¥ 83.2	¥ 93.6
Total claims ⁽¹⁾	¥ 5,840.1	¥ 5,566.0
Ratio of total reserve for loan losses to total claims	1.0%	1.2%
Ratio of total reserves for credit losses to total claims	1.4%	1.7%

Note: (1) Total claims include loans and bills discounted, foreign exchange claims, securities lent, accrued interest income and suspense payments in other assets, as well as customers' liabilities for acceptances and guarantees.

As of September 30, 2008 and March 31, 2008, Shinsei's total reserve for credit losses on a non-consolidated basis was ¥83.2 billion and ¥93.6 billion, respectively, constituting 1.4% and 1.7%, respectively, of total claims as of each such date.

RISK-MONITORED LOANS

Consolidated risk-monitored loans increased by 59.2% during the six months ended September 30, 2008 to ¥166.2 billion.

The ¥24.3 billion in loans to bankrupt obligors, the ¥22.3 billion in non-accrual delinquent loans and the ¥18.4 billion in restructured loans added during the period were primarily attributable to GECF and downgrading of other consolidated loans.

The following tables set forth information concerning our consolidated and non-consolidated risk-monitored loans as of the dates indicated:

TABLE 18. RISK-MONITORED LOANS (CONSOLIDATED)

	Billions of yen (except percentages)	
	As of September 30, 2008	As of March 31, 2008
Loans and bills discounted	¥ 6,579.7	¥ 5,622.2
Loans to bankrupt obligors (A)	26.4	2.1
Non-accrual delinquent loans (B)	64.8	42.5
Total loans (A)+(B)	¥ 91.3	¥ 44.7
Ratio to total loans and bills discounted	1.4%	0.8%
Loans past due for three months or more (C)	¥ 1.5	¥ 4.7
Restructured loans (D)	73.4	54.9
Total risk-monitored loans (A)+(B)+(C)+(D)	¥ 166.2	¥ 104.4
Ratio to total loans and bills discounted	2.5%	1.9%
Reserve for credit losses	¥ 135.1	¥ 145.9

TABLE 19. RISK-MONITORED LOANS (NON-CONSOLIDATED)

	Billions of yen (except percentages)	
	As of September 30, 2008	As of March 31, 2008
Loans and bills discounted	¥ 5,660.1	¥ 5,356.3
Loans to bankrupt obligors (A)	18.4	0.5
Non-accrual delinquent loans (B)	16.1	22.8
Total loans (A)+(B)	¥ 34.5	¥ 23.4
Ratio to total loans and bills discounted	0.6%	0.4%
Loans past due for three months or more (C)	¥ 0.0	¥ 0.1
Restructured loans (D)	17.7	29.4
Total risk-monitored loans (A)+(B)+(C)+(D)	¥ 52.4	¥ 53.0
Ratio to total loans and bills discounted	0.9%	1.0%
Reserve for credit losses	¥ 83.2	¥ 93.6

FINANCIAL CONDITION (continued)
ASSET QUALITY OF APLUS, SHOWA LEASING, SHINKI AND GECF

APLUS, Showa Leasing, Shinki and GECF classify their obligors and assess their asset quality on a quarterly basis based on self-assessment manuals developed in accordance with guidelines published by the FSA. APLUS, Showa Leasing, Shinki and GECF's assessments, where applicable, include, among other

things, an assessment of credit extended to credit card customers as well as lease obligors, unsecured personal loans and customer guarantees.

The following tables set forth information concerning consolidated risk-monitored loans and risk-monitored installment receivables held by Shinsei, APLUS, Showa Leasing, Shinki, GECF and other subsidiaries as of the dates indicated:

TABLE 20. RISK-MONITORED LOANS BREAKDOWN FOR LARGE ENTITIES (CONSOLIDATED)

	Billions of yen					
	Shinsei	GECF	APLUS	Shinki	Other subsidiaries	Total
As of September 30, 2008:						
Loans to bankrupt obligors	¥ 18.4	¥ 1.4	¥ —	¥ 0.1	¥ 6.5	¥ 26.4
Non-accrual delinquent loans	16.1	14.9	11.0	4.7	17.9	64.8
Loans past due for three months or more	0.0	0.5	0.9	—	0.0	1.5
Restructured loans	17.7	31.6	17.3	6.2	0.2	73.4
Total	¥ 52.4	¥ 48.5	¥ 29.3	¥ 11.2	¥ 24.7	¥ 166.2
As of March 31, 2008:						
Loans to bankrupt obligors	¥ 0.5	¥ —	¥ —	¥ 0.1	¥ 1.3	¥ 2.1
Non-accrual delinquent loans	22.8	—	3.2	5.1	11.2	42.5
Loans past due for three months or more	0.1	—	4.5	—	0.0	4.7
Restructured loans	29.4	—	18.6	6.8	0.0	54.9
Total	¥ 53.0	¥ —	¥ 26.3	¥ 12.2	¥ 12.7	¥ 104.4

TABLE 21. RISK-MONITORED INSTALLMENT RECEIVABLES INCLUDED IN OTHER ASSETS (CONSOLIDATED)⁽¹⁾

	Billions of yen				
	APLUS	Showa Leasing	GECF	Other subsidiaries	Total
As of September 30, 2008:					
Credits to bankrupt obligors	¥ —	¥ 0.5	¥ 0.0	¥ 0.0	¥ 0.6
Non-accrual delinquent credits	0.5	2.5	0.1	—	3.2
Credits past due for three months or more	0.5	1.1	—	—	1.6
Restructured credits	5.0	4.3	0.0	—	9.4
Total	¥ 6.1	¥ 8.6	¥ 0.1	¥ 0.0	¥ 15.0
As of March 31, 2008:					
Credits to bankrupt obligors	¥ 0.0	¥ 2.5	¥ —	¥ 0.0	¥ 2.6
Non-accrual delinquent credits	1.9	2.9	—	—	4.9
Credits past due for three months or more	1.2	0.0	—	—	1.3
Restructured credits	6.6	0.1	—	—	6.7
Total	¥ 9.8	¥ 5.7	¥ —	¥ 0.0	¥ 15.6

Note: (1) Shinsei and Shinki have no such installment receivables.

FINANCIAL CONDITION (continued)
CAPITAL RATIOS

From the fiscal year ended March 31, 2007, the Basel II methodology has been adopted to calculate capital ratios. For credit risk, the Foundation Internal Ratings Based Approach (F-IRB) has been applied. For operational risk, the Standardized Approach (TSA) has been adopted and the Internal Model Method has been used for market risk.

Our total capital adequacy ratio as of September 30, 2008 was 10.48%, compared with 11.74% as of March 31, 2008. Our Tier I capital ratio, or the ratio of Tier I capital to risk assets, decreased from 7.37% as of March 31, 2008 to 6.41% as of September 30, 2008. The decreases in the capital ratios at September 30, 2008 reflect partly an inclusion of GEFC.

TABLE 22. CAPITAL RATIOS (CONSOLIDATED)⁽¹⁾

	Billions of yen (except percentages)	
	As of September 30, 2008	As of March 31, 2008
Basic items (Tier I):		
Capital stock	¥ 476.2	¥ 476.2
Common stock	476.2	476.2
Preferred stock	—	—
Capital surplus	43.5	43.5
Retained earnings	277.3	302.5
Treasury stock, at cost	(72.5)	(72.5)
Expected income distribution	—	(5.7)
Net unrealized losses on securities available-for-sale, net of taxes	(58.6)	(35.0)
Foreign currency translation adjustments	0.8	1.8
Share warrant	1.5	1.2
Minority interests in consolidated subsidiaries	169.8	160.5
Preferred securities issued by foreign SPC	153.9	147.1
Consolidation goodwill	(146.5)	(142.2)
Other intangibles	(48.8)	(23.6)
Gain on sale of securitization	(14.6)	(15.3)
50% of expected loss provision shortfall	(14.6)	(11.6)
Total Tier I (A)	613.6	679.7
Step-up preferred securities	80.8	77.2
Supplementary items (Tier II):		
General reserve for loan losses	13.8	5.7
Perpetual preferred stocks	81.0	81.0
Perpetual subordinated debt and bonds	98.1	103.5
Non-perpetual preferred stocks	—	—
Non-perpetual subordinated debt and bonds	334.0	344.6
Total	¥ 527.0	¥ 535.0
Amount eligible for inclusion in capital (B)	¥ 499.8	¥ 530.2
Deduction (C)	110.8	128.0
Intentional capital investment to other financial institutions	14.9	15.9
Capital investment to affiliated companies	42.0	42.1
50% of expected loss provision shortfall	14.6	11.6
Expected losses on exposures under PD/LCD measures such as equities	0.3	1.2
Unrated securitization exposure	43.3	61.6
Exclusion from deductions	4.4	4.6
Total capital (D) [(A)+(B)-(C)]	¥ 1,002.6	¥ 1,081.9
Risk assets:		
On-balance sheet items	¥ 7,066.6	¥ 6,629.6
Off-balance sheet items	1,666.0	1,868.0
Market Risk ⁽¹⁾	369.3	251.3
Operational Risk ⁽¹⁾	456.8	463.4
Total (E)	¥ 9,558.9	¥ 9,212.5
Consolidated capital adequacy ratio (D) / (E)	10.48%	11.74%
Consolidated Tier I capital ratio (A) / (E)	6.41%	7.37%

Note: (1) Derived by multiplying the capital requirement by 12.5 (i.e., the reciprocal of the minimum capital ratio of 8%).