



Financial Summary

For the First Half ended September 30, 2007

Shinsei Bank, Limited
(Code 8303, TSE First Section)

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The following discussion should be read in conjunction with the consolidated and non-consolidated financial statements prepared in accordance with generally accepted accounting principles in Japan for banks. Except as otherwise indicated, the financial information in the following discussion is based on the consolidated financial statements. Financial and operational data that are stated in multiples of 0.1 billion yen have been truncated. All percentages have been rounded to the nearest 0.1%.

Section 1. Consolidated Information

Results of Operations ⁽¹⁾

	<i>(billions of yen, except percentages)</i>			
	1st Half FY2007	1st Half FY2006	% Change	FY2006
Net interest income	56.5	51.7	9.3	95.4
Non-interest income	82.2	86.8	(5.3)	172.8
Net fees and commissions	23.2	22.2	4.2	46.4
Net trading income	7.2	11.2	(35.8)	17.8
Net other business income	51.7	53.2	(2.8)	108.5
Total revenue	138.7	138.5	0.2	268.3
General and administrative expenses	77.3	75.7	2.2	149.9
Ordinary business profit	61.3	62.8	(2.3)	118.3
Net credit costs	30.7	5.2	486.7	51.9
Amortization of goodwill and intangible assets⁽²⁾	6.1	10.5	(42.1)	20.8
Other gains (losses)	18.6	0.2	n.m.⁽⁶⁾	(111.3)⁽³⁾
Income taxes (benefit)	9.3	0.1	n.m.⁽⁶⁾	(21.3)
Minority interests in net income of subsidiaries	10.6	8.2	29.4	16.6
Net income (loss)	23.1	38.8	(40.3)	(60.9)
Cash basis net income⁽⁴⁾	28.7	47.6	(39.7)	35.3⁽⁵⁾

(1) Represents results based on management accounting basis.

(2) In our consolidated financial statements, amortization of goodwill and intangible assets is recorded in total general and administrative expenses from fiscal year 2006.

(3) Includes, in addition to amortization of goodwill and intangible assets, impairment of goodwill and intangible assets related to APLUS of 95.1 billion yen at March 31, 2007.

(4) Excludes amortization of goodwill and intangible assets, net of tax benefit, related to the acquisition of consumer and commercial finance companies.

(5) Excludes impairment of goodwill and intangible assets related to APLUS, net of tax benefit, of 78.8 billion yen.

(6) n.m. is not meaningful.

Note 1: Quarterly information is available in the Quarterly Data Book

Shinsei Bank reported consolidated "net income" of 23.1 billion yen for the first six months of fiscal year 2007, as compared to 38.8 billion yen during the same period in the previous fiscal year. The consolidated "net income" reflects steady revenue in Institutional Banking businesses, good performance at APLUS Co., Ltd. (APLUS) and includes gains from the sale of Life Housing Loan Co., Ltd. (Life Housing Loan) of 10.3 billion yen, net of taxes. However, Retail Banking generated lower than expected revenue and Shinki Co., Ltd. (Shinki), an equity-method affiliate, recorded net losses during the six months ended September 30, 2007.

Consolidated "cash basis net income" for the first six months of fiscal year 2007 was 28.7 billion yen. The "cash basis net income" is calculated by excluding amortization (and impairment) of goodwill and intangible assets, net of tax benefit, from net income under Japanese generally accepted accounting principles (JGAAP).

"Total revenue" for the first six months of fiscal year 2007 was 138.7 billion yen or 0.2% higher than in the first half of the previous fiscal year largely due to the growth in Institutional Banking revenues.

"General and administrative expenses" during the first half of fiscal year 2007 were 77.3 billion yen, 1.6 billion yen higher

than the first half of the prior fiscal year. This resulted in expense-to-revenue ratio of 55.8% for the six months ended September 30, 2007, as compared to an expense-to-revenue ratio of 54.7% in the first half of fiscal year 2006.

"Net credit costs" of 30.7 billion yen for the first half of fiscal year 2007 were 25.4 billion higher than the same period in the last fiscal year largely due to 12.3 billion yen of credit provisions for the U.S. residential mortgage portfolio and higher credit provisions in Consumer and Commercial Finance businesses amounting to 24.9 billion yen, an increase of 4.7 billion yen compared to the same period in the previous fiscal year.

"Amortization of goodwill and intangible assets" associated with the acquisition of consumer and commercial finance companies was 6.1 billion yen for the six months ended September 30, 2007 as compared with 10.5 billion yen in the first half of the previous fiscal year.

"Minority interests in net income of subsidiaries" for the first half of fiscal year 2007 amounting to 10.6 billion yen largely reflected dividends paid on perpetual preferred securities issued by two finance subsidiaries in February and March 2006 and minority interests relating to APLUS' preferred shareholders and subsidiaries of Shinseigin Finance Co., Ltd.

Interest-Earning Assets and Interest-Bearing Liabilities

(billions of yen, except percentages)

	1st Half FY2007			1st Half FY2006			FY2006		
	Average balance	Yield/rate Interest (%)		Average balance	Yield/rate Interest (%)		Average balance	Yield/rate Interest (%)	
Interest-earning assets ⁽¹⁾:									
Loans and bills discounted	5,235.4	84.3	3.22	4,304.8	59.2	2.74	4,613.4	126.8	2.75
Leased assets and installment receivables ⁽¹⁾	781.4	27.2	6.98	838.0	25.5	6.09	831.3	51.1	6.15
Securities	1,991.3	20.5	2.07	1,605.9	16.8	2.09	1,750.6	32.3	1.85
Other interest-earning assets ⁽²⁾⁽³⁾	821.8	6.5	n.m. ⁽⁵⁾	672.7	6.8	n.m. ⁽⁵⁾	721.4	13.6	n.m. ⁽⁵⁾
Total revenue on interest-earning assets ⁽¹⁾	8,830.0	138.7	3.14	7,421.6	108.5	2.92	7,916.8	223.9	2.83
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	5,549.7	22.9	0.83	4,472.7	13.6	0.61	4,834.0	34.3	0.71
Debentures	693.1	1.5	0.45	871.0	1.5	0.36	795.6	3.0	0.38
Subordinated debt	472.7	7.9	3.34	360.9	3.5	1.99	399.5	9.8	2.47
Borrowed money and corporate bonds	1,091.1	8.9	1.63	1,127.2	5.3	0.94	1,118.1	11.8	1.06
Other interest-bearing liabilities ⁽²⁾	1,060.1	13.6	n.m. ⁽⁵⁾	387.5	7.0	n.m. ⁽⁵⁾	674.4	18.2	n.m. ⁽⁵⁾
Total expense on interest-bearing liabilities	8,866.9	54.9	1.24	7,219.6	31.2	0.86	7,821.8	77.3	0.99
Non interest-bearing sources of funds:									
Non interest-bearing (assets) liabilities, net	(686.0)	-	-	(598.7)	-	-	(654.3)	-	-
Total equity – Minority interests in subsidiaries ⁽⁴⁾	649.0	-	-	800.7	-	-	749.4	-	-
Total interest-bearing liabilities and non interest-bearing sources of funds	8,830.0	-	-	7,421.6	-	-	7,916.8	-	-
Net interest margin ⁽¹⁾	-	-	1.90	-	-	2.05	-	-	1.84
Impact of non interest-bearing sources	-	-	(0.01)	-	-	0.02	-	-	0.01
Net revenue/yield on interest-earning assets ⁽¹⁾	-	83.7	1.90	-	77.3	2.08	-	146.6	1.85
Reconciliation of total revenue on interest-earning assets to total interest income:									
Total revenue on interest-earning assets	8,830.0	138.7	3.14	7,421.6	108.5	2.92	7,916.8	223.9	2.83
Less: Income on leased assets and installment receivables	781.4	27.2	6.98	838.0	25.5	6.09	831.3	51.1	6.15
Total interest income	8,048.5	111.4	2.77	6,583.5	82.9	2.51	7,085.5	172.8	2.44
Total interest expense	-	54.9	-	-	31.2	-	-	77.3	-
Net interest income	-	56.5	-	-	51.7	-	-	95.4	-

(1) Includes leased assets and installment receivables and related yields.

(2) Other interest-earning assets and other interest-bearing liabilities include interest swaps and funding swaps.

(3) Represents average balance of other interest-earning assets after deducting average balance of non interest-bearing deposits.

(4) Represents a simple average of the balance at the end of the current period and the balance at the end of the previous period.

(5) n.m. is not meaningful.

Note 1: Quarterly information is available in the Quarterly Data Book

“Net revenue on interest-earning assets” includes net interest income as well as revenue earned on average balance of leased assets and installment receivables. The Bank considers income on leased assets and installment receivables to be a component of interest income, but JGAAP does not include income on leased assets and installment receivables in “net interest income”. Under JGAAP, therefore, income on leased assets and installment receivables is included in “net other business income”.

“Net revenue on interest-earning assets” for six months ended September 30, 2007 was 83.7 billion yen, an increase

of 6.4 billion yen compared to the first half of the prior fiscal year. “Total revenue on interest-earning assets” increased by 30.2 billion yen and total interest expense increased by 23.7 billion yen in the first six months of fiscal year 2007, respectively, from the first half of the previous fiscal year. The “net yield on interest-earning assets” was 1.90% in the first half of fiscal year 2007, compared with 2.08% for the same period in the prior fiscal year but increased from “net yield on interest-earning assets” of 1.85% for fiscal year 2006.

Analysis of Changes in Net Revenue on Interest-Earning Assets

	(billions of yen)		
	Due to change in ⁽¹⁾		Net Change
From the first half fiscal year 2006 to the first half fiscal year 2007	Volume	Rate	Change
Increase (decrease) in interest revenue:			
Loans and bills discounted	12.8	12.3	25.1
Leased assets and installment receivables	(1.7)	3.4	1.6
Securities	4.0	(0.2)	3.7
Other interest-earning assets	1.5	(1.8)	(0.3)
Total revenue on interest-earning assets			30.2
Increase (decrease) in interest expenses:			
Deposits, including negotiable certificates of deposit	3.2	5.9	9.2
Debentures	(0.3)	0.3	0.0
Subordinated debt	1.1	3.1	4.3
Borrowed money and corporate bonds	(0.1)	3.7	3.5
Other interest-bearing liabilities	12.2	(5.6)	6.6
Total expense on interest-bearing liabilities			23.7
Net increase in net revenue on interest-earning assets			6.4
Reconciliation of total revenue on interest-earning assets to total interest income:			
Total revenue on interest-earning assets			30.2
Less: Income on leased assets and installment receivables			1.6
Total interest income			28.5
Total interest expenses			23.7
Net increase in net interest income			4.7

(1) The changes in interest income and expense for each category are divided into the portion of change attributable to the variance in volume or rate for that category. The attribution of the volume variance is calculated by multiplying the change in volume by the previous year's rate. The attribution of the rate variance is calculated by multiplying the change in rate by the current year's balance.

The 30.2 billion yen increase in “total revenue on interest-earning assets” in the first half of fiscal year 2007 is attributable primarily to higher volume of and yield on loans and bills discounted. The increase in average balance of loans and bills discounted was primarily the result of an increase in demand for institutional loans and growth in retail housing loans.

The 23.7 billion yen increase in “total interest expense” was primarily due to the increased average rates on and increased average balances of deposits, negotiable certificates of deposit (NCD) and subordinated debt and an increase in other interest-bearing liabilities. The increase in deposits and NCD interest expense was primarily due to an increase in the average rates, which was at 0.83% for the first half of fiscal year 2007 that factored an interest rate increase in Japan, compared to 0.61% for the same period previous fiscal year and, to a lesser extent, an increase in the

average balance to 5,549.7 billion yen from 4,472.7 billion yen. The increase in subordinated debt interest expense was due to an increase in the average rates which were at 3.34% for the six months ended September 30, 2007 compared to 1.99% for the same period in the previous fiscal year. In addition, to a lesser extent, increase in average balance outstanding to 472.7 billion yen for the six months ended September 30, 2007 compared to 360.9 billion yen for same period in the previous fiscal year partly due to increases in subordinated debt related to the issuance of Sterling 400 million of Upper Tier 2 Perpetual Subordinated Notes in December 2006. The interest expense increase of 6.6 billion yen in “other interest-bearing liabilities” partly relates to funding through call money and interest and currency swap expenses associated with foreign currency-denominated and overseas transactions.

Non-Interest Income

(billions of yen, except percentages)

	1st Half FY2007	1st Half FY2006	%
			Change
Net fees and commissions	23.2	22.2	4.2
Net trading income	7.2	11.2	(35.8)
Net other business income	51.7	53.2	(2.8)
Income on leased assets and installment receivables	27.2	25.5	6.6
Total non-interest income	82.2	86.8	(5.3)

“Total non-interest income” for the six months ended September 30, 2007 amounted to 82.2 billion yen, a decline of 4.5 billion yen or 5.3% compared to the first half of the previous fiscal year. This included revenue from fees and commissions, trading and other non-interest sources, including revenue from leased assets and installment receivables. For purposes of analysis of results of operations, “income on leased assets and installment receivables” is included in the discussion of “net revenue on interest-earning assets” because such income is considered to be similar in character to interest income.

“Net fees and commissions” mainly includes fees on non-recourse real estate finance, consumer and commercial finance loans and other financing products and commissions on sales of asset management products. “Net fees and commissions” of 23.2 billion yen were earned in the six months ended September 30, 2007, an increase of 0.9 billion yen compared to same period the previous year. Retail Banking’s asset management business continues to grow with total fees of 5.7 billion yen during the first half of fiscal year 2007, an increase of 1.8 billion yen from the first half in the previous fiscal year.

“Net trading income” reflects revenues from customer-driven transactions as well as transactions undertaken for trading purposes. During first half of fiscal year 2007, “net trading income” was 7.2 billion yen, a decline of 4.0 billion yen from the same period in the previous fiscal year. The decline in the “net trading income” resulted mainly

from a decrease in option income from 4.3 billion yen to 1.1 billion yen generated in connection with interest-linked structured deposits provided mainly to retail customers due to lower demand for the product.

“Net other business income” for the first half ended September 30, 2007 was 51.7 billion yen. This included income of 27.2 billion yen from the leased assets and installment receivables businesses of APLUS and Showa Leasing. Excluding such income, “net other business income” for the first half of fiscal year 2007 was at 24.5 billion yen, a decline of 3.1 billion yen from the same period in the previous fiscal year. The net other business includes, among other things, revenue associated with credit trading activities. During the six months ended September 30, 2007, this business generated total revenue of 12.7 billion yen, an increase of 2.5 billion yen compared to the same period in the prior fiscal year.

The decline in “net other business income” includes approximately 7.0 billion yen for mark-down related to the U.S. residential mortgage portfolio and Shinsei Bank’s equity in the non-consolidated net loss of Shinki, an equity-method affiliate, amounting to 6.8 billion yen, net of consolidation adjustments. The net loss of Shinki is 1.4 billion yen higher than the same period last fiscal year reflecting increased credit and grey zone reserves. In addition, upfront fees from currency-linked structured deposits provided to retail customers declined 1.2 billion yen from 3.6 billion yen to 2.4 billion yen.

General and Administrative Expenses

(billions of yen, except percentages)

	1st Half FY2007	1st Half FY2006	%
			Change
General and administrative expenses	77.3	75.7	2.2
Personnel expenses	32.4	31.8	1.6
Premises expenses	8.6	8.4	2.4
Technology and data processing expenses	10.1	10.0	0.6
Advertising expenses	5.0	5.5	(9.9)
Consumption and property taxes	4.2	3.8	8.8
Deposit insurance premium	1.7	1.4	21.0
Other general and administrative expenses	15.1	14.4	5.3
Amortization of goodwill and intangible assets	6.1	10.5	(42.1)
Total general and administrative expenses	83.4	86.2	(3.2)

Note 1: Quarterly information is available in the Quarterly Data Book

“General and administrative expenses” of 77.3 billion in the first six months of fiscal year 2007 were 1.6 billion yen higher compared to same period in the previous fiscal year. Expenses required in the Institutional and Retail Banking businesses to support business growth were partly offset by continual expense rationalization and restructuring activities in APLUS. As a result, for the six months ended September 30, 2007, expense-to-revenue ratio was 55.8% as compared to an expense-to-revenue ratio of 54.7% in the first half of fiscal year 2006.

“Personnel expenses” of 32.4 billion yen were 0.5 billion yen higher than in the first half of the previous fiscal year. The increase was largely due to new employees hired in the

Institutional Banking business to support its business expansion. This was partly offset by lower “personnel expense” in APLUS reflecting expense savings realized through a voluntary retirement program initiated in fiscal year 2006.

“Non-personnel expenses” were increased by 1.1 billion yen compared to the same period last year. The increase was largely related to customer-driven activities such as deposit insurance premium on retail deposits, consumption tax and other outsourcing expenses. The advertising expenses were 0.5 billion yen lower than the same period last fiscal year reflecting optimization of advertising activities in the Retail Banking business.

Major Balance Sheet Data

	<i>(billions of yen, except percentages)</i>				
	Sep 30 2007	Sep 30 2006	%	Mar 31 2007	%
			Change		Change
Monetary assets held in trust	417.6	506.5	(17.6)	502.3	(16.9)
Securities	2,368.5	1,771.7	33.7	1,854.6	27.7
Loans and bills discounted	5,456.5	4,781.4	14.1	5,146.3	6.0
Other assets	1,018.4	844.1	20.6	870.3	17.0
Installment receivables	438.5	483.9	(9.4)	440.8	(0.5)
Premises and equipment	372.2	398.1	(6.5)	382.4	(2.7)
Tangible leased assets	284.4	309.2	(8.0)	294.4	(3.4)
Intangible assets	238.8	351.0	(32.0)	244.1	(2.2)
Goodwill, net	154.1	219.4	(29.8)	158.0	(2.5)
Acquired intangible assets ⁽¹⁾	18.4	63.8	(71.2)	19.8	(7.1)
Intangible leased assets	41.2	42.2	(2.4)	41.9	(1.7)
Customers' liabilities for acceptances and guarantees	725.5	789.4	(8.1)	754.4	(3.8)
Total assets	12,423.4	10,433.6	19.1	10,837.6	14.6
Deposits and negotiable certificates of deposit	5,870.6	4,945.7	18.7	5,420.9	8.3
Debentures and corporate bonds	1,119.3	1,059.5	5.6	1,103.7	1.4
Borrowed money	1,092.7	1,213.9	(10.0)	1,122.6	(2.7)
Acceptances and guarantees	725.5	789.4	(8.1)	754.4	(3.8)
Total liabilities	11,488.7	9,422.9	21.9	9,904.4	16.0
Total equity	934.6	1,010.7	(7.5)	933.2	0.2

(1) Intangible assets recorded through APLUS and Showa Leasing acquisitions.

Note 1: Quarterly information is available in the Quarterly Data Book

Shinsei Bank's "loans and bills discounted" balance was 5,456.5 billion yen at the end of September 2007 as compared to 5,146.3 billion yen as at March 31, 2007. Loan growth, in the first half of fiscal year 2007, was largely achieved in corporate loans, non-recourse real estate finance and retail housing loans. Corporate loans increased 3.4% to 3,086.9 billion yen, non-recourse real estate finance balance increased 13.5% to 873.4 billion yen and loans to retail customers, including lending to high net worth individuals, grew 21.7% or 138.7 billion yen to 778.3 billion yen. The loan growth was partly offset by the absence of lending to Life Housing Loan's customers, following the sale of this subsidiary in fiscal year 2007, which amounted to 99.9 billion yen at March 31, 2007.

Shinsei Bank has been diversifying its funding base through deposits from retail customers. Total "deposits" increased 449.7 billion yen or 8.3% to 5,870.6 billion yen in the first half ended September 30, 2007. The retail deposits balance, including high net worth customers, totaled 3,563.9 billion yen at September 30, 2007, a decline of 9.8 billion yen compared to March 31, 2007. During the first half, 273.4 billion yen of yen-denominated fixed deposit matured which were issued 5 years ago and a portion of the matured deposit balances were reinvested in asset management products. Retail Banking represents 59.9% of the Bank's total funding through customer "deposits" and "debentures".

Risk Monitored Loans, Securities, Derivatives**Risk-Monitored Loans (Consolidated)***(billions of yen, except percentages)*

	Sep 30 2007 (a)	Sep 30 2006 (b)	Change (a) - (b)	Mar 31 2007 (c)	Change (a) - (c)
Loans to bankrupt obligors	0.6	2.0	(1.4)	1.7	(1.1)
Non-accrual delinquent loans	39.0	19.4	19.6	21.8	17.2
Loans past due three months or more	9.9	4.1	5.8	4.7	5.2
Restructured loans	25.5	38.2	(12.7)	36.4	(10.9)
Total (A)	75.2	63.8	11.4	64.8	10.4
Loans and bills discounted (B)	5,456.5	4,781.4	675.1	5,146.3	310.2
(A) / (B) x 100 (%)	1.38	1.34	0.04	1.26	0.12
Reserve for credit losses (C)	141.7	133.8	7.9	147.2	(5.5)
Reserve ratios (C) / (A) x 100 (%)	188.43	209.60	(21.17)	227.23	(38.80)

Securities (Consolidated)*As of September 30, 2007 (Unaudited)**(billions of yen)*

	Net unrealized gain (loss) (a) - (b)	Net unrealized gain (loss) (a) - (b)	
		Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities (domestic)	(0.1)	2.1	2.2
Bonds (domestic)	(3.5)	0.3	3.8
Other ⁽¹⁾	(0.2)	11.8	12.1
Total	(3.9)	14.3	18.3

*As of September 30, 2006**(billions of yen)*

	Net unrealized gain (loss) (a) - (b)	Net unrealized gain (loss) (a) - (b)	
		Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities (domestic)	1.4	2.3	0.8
Bonds (domestic)	(3.0)	0.3	3.3
Other ⁽¹⁾	1.2	1.6	0.4
Total	(0.3)	4.3	4.6

(1) "Other" mainly consists of foreign securities.

Derivative Transactions Based on Hedge Accounting (Consolidated)*As of September 30, 2007**(billions of yen)*

	Within 1 year	Over 1 year and within 5 years	Over 5 years	Total
Interest rate swap:				
Receive fixed and pay floating	2.5	409.9	273.3	685.7
Receive floating and pay fixed	13.6	305.7	138.8	458.1
Receive floating and pay floating	0.5	-	-	0.5
Total notional principal amount	16.6	715.6	412.1	1,144.4
Currency swap:				
Total notional principal amount	225.5	374.6	433.3	1,033.6

Financial Ratios

	1st Half FY2007	1st Half FY2006	FY2006
Return on assets	0.4% ⁽¹⁾	0.8% ⁽¹⁾	(0.6)%
Return on equity (fully diluted)	7.2% ⁽¹⁾	9.7% ⁽¹⁾	(8.1)%
Cash basis return on assets	0.5% ⁽¹⁾	1.0% ⁽¹⁾	0.4%
Cash basis return on equity (fully diluted)	8.9% ⁽¹⁾	11.9% ⁽¹⁾	4.7%
Expense-to-revenue ratio ^{(2) (3)}	55.8%	54.7%	55.9%

(1) Annualized basis.

(2) Management accounting basis.

(3) Expense denotes general and administrative expenses.

Note 1: Quarterly information is available in the Quarterly Data Book

Capital Adequacy Data ⁽¹⁾

	Sep 30 2007	Sep 30 2006	Mar 31 2007
Basic items (Tier I)	647.6	646.8	620.8
Supplementary items (Tier II)	537.0	475.6	522.0
Deduction	(131.0)	(73.4)	(137.7)
Total capital	1,053.5	1,049.0	1,005.0
Risk assets	8,494.1	7,782.7	7,652.0
Capital adequacy ratio	12.4%	13.5%	13.1%
Tier I capital ratio	7.6%	8.3%	8.1%

(1) Calculated by new standard (Basel II, F-IRB) except Sep 30, 2006

Note 1: Consolidated total required capital is 652.4 billion yen as at September 30, 2007, and 633.5 billion yen as at March 31, 2007.

Note 2: Quarterly information is available in the Quarterly Data Book

A "Tier I capital ratio" of 7.6% and "capital adequacy ratio" of 12.4% as of September 30, 2007, on a Basel II

basis, in line with Shinsei's corporate targets for maintaining strong capital ratios.

Per Share Data

(yen, except percentages)					
	1st Half FY2007	1st Half FY2006	% Change	FY2006	% Change
Common equity	352.71	383.20	(8.0%)	308.60	14.3%
Fully diluted equity	354.04	411.58	(14.0%)	355.09	(0.3%)
Basic net income (loss)	15.72	27.19	(42.2%)	(45.92)	-
Diluted net income	12.72	19.54	(34.9%)	Note ⁽¹⁾	-
Cash basis:					
Basic net income	19.57	33.55	(41.7%)	23.82	-
Diluted net income	15.77	23.96	(34.2%)	18.41	-
For calculation of per share data:					
Equity:	Number of common shares ⁽²⁾			1,377,145,285	
	1,577,143,785	1,377,120,055			
	Fully diluted number of shares ⁽²⁾			1,811,061,968	
	1,846,272,673	1,812,055,676			
Net income:	Number of common shares ⁽³⁾			1,380,628,230	
	1,443,810,836	1,384,101,579			
	Fully diluted number of shares ⁽³⁾			1,917,803,242	
	1,821,783,261	1,988,114,411			

(1) Reference information: Diluted net income (loss) for the fiscal year 2006 was (31.79) yen per share.

(2) Outstanding shares at the end of the respective periods.

(3) Weighted average number of outstanding shares during the respective period.

Note 1: Quarterly information is available in the Quarterly Data Book

"Diluted net income per share" for the six months ended September 30, 2006 was 12.72 yen. "Cash basis diluted net income per share" for the six months period of fiscal

year 2007 was 15.77 yen, a decrease of 34.2%, as compared to the same period last year.

Business Lines Results

(billions of yen)

<i>For the six months ended September 30, 2007</i>	Institutional Banking	Consumer and Commercial Finance	Retail Banking	ALM/ Corporate/ Other ⁽¹⁾	Total
Net interest income	19.9	20.1	9.8	6.5	56.5
Non-interest income	38.7	36.3	8.2	(1.1)	82.2
Total revenue	58.7	56.4	18.0	5.4	138.7
General and administrative expenses	25.9	31.0	20.3	0.1	77.3
Ordinary business profit (loss)	32.8	25.4	(2.2)	5.3	61.3
Net credit costs	4.1	24.9	0.1	1.5	30.7
Ordinary business profit (loss) after net credit (recoveries) costs	28.6	0.5	(2.3)	3.8	30.6

(billions of yen)

<i>For the six months ended September 30, 2006</i>	Institutional Banking	Consumer and Commercial Finance	Retail Banking	ALM/ Corporate/ Other ⁽¹⁾	Total
Net interest income	16.6	23.2	8.7	3.1	51.7
Non-interest income	38.6	37.4	10.8	(0.1)	86.8
Total revenue	55.2	60.7	19.5	2.9	138.5
General and administrative expenses	21.9	35.0	19.4	(0.7)	75.7
Ordinary business profit	33.3	25.7	0.1	3.6	62.8
Net credit (recoveries) costs	(17.2)	20.1	0.0	2.1	5.2
Ordinary business profit after net credit (recoveries) costs	50.5	5.5	0.0	1.4	57.5

(1) ALM/Corporate/Other largely includes results of corporate treasury activities, income from proprietary investments, corporate level expenses and credit costs.

Note 1: Quarterly information is available in the Quarterly Data Book

Shinsei Bank's business model is based on three strategic pillars: Institutional Banking, Consumer and Commercial Finance (CCF) and Retail Banking. These three pillars cover a broad range of businesses and customer segments which provide the Bank with diversified revenues.

In the first six months ended September 30, 2007, "ordinary business profit after net credit costs" was 30.6 billion yen, 26.9 billion yen lower than the same period in the previous fiscal year largely due to 12.3 billion yen of credit reserves for the U.S. residential mortgage portfolio, absence of

significant net credit recoveries in the Institutional Banking and higher net credit costs in CCF businesses.

Institutional Banking business posted steady revenues and APLUS made good progress during the first six months of fiscal year 2007. Retail Banking business experienced lower revenues mainly attributable to a decline in option income from structured deposits. Shinki recorded net losses to account for higher credit provisions and the so-called 'grey-zone' reserves.

Institutional Banking

(billions of yen, except percentages)

	1st Half FY2007	1st Half FY2006	% Change
Net interest income	19.9	16.6	20.0
Non-interest income	38.7	38.6	0.4
Total revenue	58.7	55.2	6.3
General and administrative expenses	25.9	21.9	18.0
Ordinary business profit	32.8	33.3	(1.5)
Net credit costs (recoveries)	4.1	(17.2)	(124.0)
Ordinary business profit after net credit costs (recoveries)	28.6	50.5	(43.2)

Note 1: Quarterly information is available in the Quarterly Data Book

The Institutional Banking business positions itself as a hybrid commercial and investment bank that provides innovative solutions to institutional customers through an integrated team of relationship managers and product specialists. Revenue diversification ensures earnings stability in this business line. The business generated “total revenue” of 58.7 billion yen in the first six months of this fiscal year. This is 3.4 billion yen higher than the same period last year due to steady revenues across most Institutional Banking products. The business continued to see steady demand for corporate loans and increase in demand for non-recourse loans and ongoing growth in asset prices contributed to strong performance in credit trading business. The non-recourse real estate finance balance, both loans and bond structures, grew 140.3 billion yen to 1,062.5 billion yen in the six month period ended September 30, 2007. As a result, the business generated revenue of 9.5 billion yen as compared to 8.6 billion yen during the same period last fiscal year.

The business momentum in the credit trading business resulted in concluding 19 new transactions with aggregate

investment amount of 41.1 billion yen and generating total revenues of 12.7 billion yen in the six months of fiscal year 2007, an increase of 2.5 billion compared to same period the previous year.

Institutional Banking business exposure to the U.S. residential mortgage aggregates to less than \$500 million. In the first half of fiscal year 2007, the business recorded additional mark-down/reserves amounting to approximately \$172 million (or approximately 19.8 billion yen) and now total cumulative mark-down/reserves relating to this portfolio aggregate to approximately \$189 million.

In the first half of this fiscal year, the “general and administrative expenses” were 25.9 billion yen, a 3.9 billion yen increase from the first half in the previous fiscal year. The increase was largely due to new employees hired in the business to support its business expansion. As a result, “ordinary business profit” for the first half of fiscal year 2007 was 32.8 billion yen, a decline of 0.4 billion yen, or 1.5%, as compared to the same period in the previous fiscal year. The expense-to-revenue ratio of this business was 44.1% for the six months ended September 30, 2007.

Consumer and Commercial Finance ⁽¹⁾

	<i>(billions of yen)</i>			
		Showa Leasing	Other Subsidiaries ⁽²⁾	Consumer and Commercial Finance
<i>For the six months ended September 30, 2007</i>				
	APLUS			
Net interest income	21.3	(3.1)	2.0	20.1
Non-interest income	25.6	17.1	(6.5)	36.3
Total revenue	46.9	14.0	(4.5)	56.4
General and administrative expenses	22.9	6.7	1.3	31.0
Ordinary business profit (loss)	24.0	7.3	(5.9)	25.4
Net credit costs	19.8	2.9	2.0	24.9
Ordinary business profit (loss) after net credit costs	4.2	4.3	(8.0)	0.5
<i>(billions of yen)</i>				
		Showa Leasing	Other Subsidiaries ⁽²⁾	Consumer and Commercial Finance
<i>For the six months ended September 30, 2006</i>				
	APLUS			
Net interest income	21.4	(1.9)	3.8	23.2
Non-interest income	26.8	15.4	(4.7)	37.4
Total revenue	48.2	13.4	(0.9)	60.7
General and administrative expenses	27.6	5.5	1.8	35.0
Ordinary business profit (loss)	20.6	7.9	(2.8)	25.7
Net credit costs	17.5	1.4	1.2	20.1
Ordinary business profit (loss) after net credit (recoveries) costs	3.0	6.4	(4.0)	5.5

(1) Net of consolidation adjustments, if applicable.

(2) Includes Shinki, an affiliate, and unallocated CCF sub-group financials.

Note 1: Quarterly information is available in the Quarterly Data Book

APLUS' business transformation initiatives in fiscal year 2006 have allowed it to return to profitability in the first half of this fiscal year. The overall financial performance of Showa Leasing Co., Ltd. (Showa Leasing) business remains in line with expectations while Shinki Co., Ltd.'s (Shinki) incurred net losses due to the continual impact of the legislative and market changes in the consumer finance industry in the last fiscal year.

In the six months ended September 30, 2007, the CCF business contributed "total revenue" of 56.4 billion yen, a decline of 4.2 billion yen, or 7.0%, as compared to first half in fiscal year 2006 and largely reflect a slow down in the momentum of consumer finance business due to the significant legislative and market changes in the industry in the last fiscal year. The revenue shortfall was largely offset by lower expenses in APLUS. As a result, the business generated ordinary business profit of 25.4 billion yen in the first half of fiscal year 2007, a marginal decline of 0.2 billion yen from the same period in the previous fiscal year. In the first half of fiscal year 2007, higher credit costs were necessitated due to the impact of the legislative and market changes in the consumer finance industry in December 2006.

As a result, "ordinary business profit after credit costs" was 0.5 billion yen in the first six months ended September 30, 2007, a decline of 4.9 billion yen compared to the first half of fiscal year 2006.

APLUS' business transformation initiatives which began in January 2007 facilitated strong financial results in the first half of fiscal year 2007 with ordinary business profit after net credit costs of 4.2 billion yen. The business generated net income of 3.7 billion yen, on a standalone basis, including Zen-Nichi Shinpan Co., Ltd. (Zen-Nichi Shinpan) for the six months ended September 30, 2007. This represents 63.1% of the full fiscal year 2007 net income forecast of 6.0 billion yen.

Showa Leasing's business results were in line with expectations. The increase in "net credit costs" to 2.9 billion yen for the six months ended September 30, 2007 partly reflects harmonization of its credit reserving policy with that of the Bank. As a result, the business earned "ordinary business profit after credit costs", net of consolidation adjustments, of 4.3 billion yen during the first six months of fiscal year 2007.

Other subsidiaries financials mainly include Shinsei's equity in net income (loss) of Shinsei Bank's affiliate, Shinki, net of consolidation adjustments and its commercial finance subsidiary, Shinsei Property Finance Co., Ltd.

During the first half of fiscal year 2007 Shinsei Bank's equity in the non-consolidated net loss of Shinki, an equity-method affiliate, amounted to 6.8 billion yen, net of consolidation adjustments. The net loss of Shinki is 1.4

billion yen higher than the same period last fiscal year reflecting higher credit provisions and grey zone reserves in Shinki.

APLUS related grey zone payments and write-off amounted to 2.5 billion yen. The business made new grey zone related provisions of 1.7 billion yen and as a result total grey zone provisions were at 9.4 billion yen as at September 30, 2007 as compared to 10.3 billion yen at March 31, 2007.

Retail Banking

(billions of yen, except percentages)

	1st Half FY2007	1st Half FY2006	% Change
Net interest income	9.8	8.7	12.4
Non-interest income	8.2	10.8	(23.7)
Total revenue	18.0	19.5	(7.6)
General and administrative expenses	20.3	19.4	4.3
Ordinary business profit (loss)	(2.2)	0.1	n.m. ⁽¹⁾
Net credit costs	0.1	0.0	197.7
Ordinary business profit (loss) after net credit costs	(2.3)	0.0	n.m. ⁽¹⁾

(1) n.m. is not meaningful.

Note 1: Quarterly information is available in the Quarterly Data Book

The Retail Banking business continues to diversify its revenue mix and increase its customer base. Reliance on upfront option income from structured deposits has reduced substantially and only 19.9% of total revenue is earned from structured deposits' upfront fees as compared to 40.9% during the same period a year ago. In the six months ended September 30, 2007, the Retail Banking business added more than 107,000 new *PowerFlex* retail accounts and now has over two million retail accounts. Shinsei Bank considerably improved its ranking and reached second overall in the Nihon Keizai Shimbun's third survey of "Bank's Retail Strength" in July 2007 from twentieth position in last year's survey.

During the first six months of this fiscal year, "total revenue" was 18.0 billion yen as compared to 19.5 billion yen during the first half of the previous fiscal year. The main sources of revenue were interest income from retail deposits, fees from asset management products, income from structured deposits and fees and net interest income from loan products. The ability to successfully sell an increasingly wide range of products such as mutual funds and variable

annuities is contributing to more balanced and recurrent revenue growth. The decline in the revenue resulted mainly from a decrease in structured deposits related option income by 4.4 billion yen from 8.0 billion yen to 3.5 billion yen due to lower demand for structured deposits products. This was partly offset by 1.8 billion yen increase in revenue from asset management products from 3.8 billion yen to 5.7 billion yen for the six months ended September 30, 2007

Retail Banking incurred "general and administrative expenses" of 20.3 billion yen during the six month period, an increase of 0.8 billion yen, as compared to the first half in the previous fiscal year. Strict expense discipline in the business mitigated expense increase necessary to expand distribution channels and due to the growth of customer driven transactions. The business generated "ordinary business loss" of 2.2 billion yen for the six months of fiscal year 2007, as compared to "ordinary business profit" of 0.1 billion yen during the first half of the previous fiscal year.

(1)

Supplemental Cash Basis Financial Data and Reconciliation to Japanese GAAP Measures

For the first half fiscal year 2007 ended September 30, 2007

(billions of yen, except per share data and percentages)

Amortization of goodwill and intangible assets:	
Amortization of goodwill	4.7
Amortization of intangible assets	1.3
Associated deferred tax liability	(0.5)
Total amortization of goodwill and intangible assets, net of tax benefit	5.5
Reconciliation of net income to cash basis net income:	
Net income	23.1
Amortization of goodwill and intangible assets, net of tax benefit	5.5
Cash basis net income	28.7
Reconciliation of basic net income per share to cash basis basic net income per share:	
Basic net income per share	15.72
Effect of amortization of goodwill and intangible assets, net of tax benefit	3.84
Cash basis basic net income per share	19.57
Reconciliation of fully diluted net income per share to cash basis fully diluted net income per share:	
Fully diluted net income per share	12.72
Effect of amortization of goodwill and intangible assets, net of tax benefit	3.04
Cash basis fully diluted net income per share	15.77
Reconciliation of return on assets to cash basis return on assets:	
Return on assets	0.4 ⁽³⁾
Effect of amortization of goodwill and intangible assets, net of tax benefit	0.1 ⁽³⁾
Cash basis return on assets	0.5 ⁽³⁾
Reconciliation of return on equity to cash basis return on equity:	
Return on equity (fully diluted)	7.2 ⁽³⁾
Effect of amortization of goodwill and intangible assets, net of tax benefit	1.7 ⁽³⁾
Cash basis return on equity (fully diluted)	8.9 ⁽³⁾
Reconciliation of return on equity to return on tangible equity:	
Return on equity (fully diluted)	7.2 ⁽³⁾
Effect of goodwill and intangible assets ⁽²⁾	4.8 ⁽³⁾
Return on tangible equity (fully diluted)	12.0 ⁽³⁾

(1) Reflects adjustments of goodwill and intangible assets associated with the acquisition of consumer and commercial finance companies.

(2) Net income excludes amortization of goodwill and intangible assets, net of tax benefit. Average shareholders' equity excludes goodwill and intangible assets, net of associated deferred tax liability.

(3) Annualized basis.

Consolidated Earnings Forecast

	(billions of yen)	
	Fiscal year ending Mar. 2008 (FY2007) Forecast	Fiscal year ended Mar. 2007 (FY2006) Actual
Net income (loss)	62.0	(60.9)

Note 1: Dividend information is stated in *Non-Consolidated Earnings Forecast*

Above forecasts are based on current assumptions of future events and trends, which may be incorrect. Actual results may differ materially from those in the statements as a results of various factors.

Interim Consolidated Statements of Operations (Unaudited)

(millions of yen, except percentages)

	1st Half FY2007	1st Half FY2006	Change		FY2006
			Amount	%	
Total interest income	111,494	82,946	28,548	34.4	172,818
Interest on loans and bills discounted	84,345	59,240	25,105	42.4	126,815
Interest and dividends on securities	20,597	16,811	3,786	22.5	32,309
Other interest income	6,551	6,894	(343)	(5.0)	13,693
Fees and commissions income	35,164	34,075	1,089	3.2	70,858
Trading profits	7,271	11,429	(4,158)	(36.4)	18,128
Other business income	133,748	138,202	(4,454)	(3.2)	271,274
Other ordinary income	18,013	16,461	1,552	9.4	26,935
Ordinary income	305,692	283,113	22,579	8.0	560,016
Total interest expenses	54,981	31,228	23,753	76.1	77,322
Interest on deposits	21,156	13,417	7,739	57.7	33,164
Interest on debentures	1,569	1,556	13	0.8	3,006
Interest on borrowings	8,929	4,862	4,067	83.6	11,312
Other interest expenses	23,326	11,392	11,934	104.8	29,838
Fees and commissions expenses	11,974	11,808	166	1.4	24,409
Trading losses	37	156	(119)	(76.3)	319
Other business expenses	91,311	93,370	(2,059)	(2.2)	183,117
Total general and administrative expenses	83,576	86,454	(2,878)	(3.3)	171,034
General and administrative expenses	77,468	75,913	1,555	2.0	150,233
Amortization of goodwill	4,748	6,246	(1,498)	(24.0)	12,507
Amortization of intangible assets	1,358	4,294	(2,936)	(68.4)	8,293
Other ordinary expenses	40,896	14,192	26,704	188.2	80,641
Provision of reserve for loan losses	29,272	4,034	25,238	625.6	48,427
Others	11,623	10,158	1,465	14.4	32,213
Ordinary expenses	282,777	237,212	45,565	19.2	536,843
Net ordinary income	22,914	45,901	(22,987)	(50.1)	23,172
Special gains	21,622	2,776	18,846	678.9	15,278
Special losses	1,282	1,394	(112)	(8.0)	104,159
Income (loss) before income taxes and minority interests:	43,254	47,284	(4,030)	(8.5)	(65,708)
Income taxes (benefit)					
Current	4,053	1,367	2,686	196.5	3,249
Deferred	5,319	(1,209)	6,528	(540.0)	(24,615)
Minority interests in net income of subsidiaries	10,696	8,269	2,427	29.4	16,643
Net income (loss)	23,186	38,857	(15,671)	(40.3)	(60,984)

(billions of yen)

(Ref.) Ordinary business profit (jissuitsu gyomu jun-eki) ⁽¹⁾ 61.3 62.8 (1.5) 27.0 118.3

(1) Management accounting basis

Interim Consolidated Balance Sheets (Unaudited)**Assets (Consolidated)**

	<i>(millions of yen)</i>				
	Sep 30 2007 a	Sep 30 2006 b	Change a-b Amount	Mar 31 2007 c	Change a-c Amount
<<Assets>>					
Cash and due from banks	394,179	312,406	81,773	448,554	(54,375)
Call loans	736,100	20,000	716,100	43,100	693,000
Collateral related to securities borrowing transactions	74,763	27,215	47,548	11,050	63,713
Other monetary claims purchased	445,108	296,955	148,153	366,505	78,603
Trading assets	251,485	423,423	(171,938)	303,389	(51,904)
Monetary assets held in trust	417,655	506,563	(88,908)	502,332	(84,677)
Securities	2,368,558	1,771,793	596,765	1,854,682	513,876
Loans and bills discounted	5,456,582	4,781,419	675,163	5,146,306	310,276
Foreign exchanges	26,798	13,908	12,890	15,047	11,751
Other assets	1,018,463	844,194	174,269	870,375	148,088
Premises and equipment	372,222	398,152	(25,930)	382,460	(10,238)
Intangible assets	238,816	351,079	(112,263)	244,155	(5,339)
Goodwill, net	154,119	219,411	(65,292)	158,066	(3,947)
Deferred issuance expenses for debentures	111	115	(4)	103	8
Deferred tax assets	38,767	30,805	7,962	42,474	(3,707)
Customers' liabilities for acceptances and guarantees	725,545	789,451	(63,906)	754,420	(28,875)
Reserve for credit losses	(141,710)	(133,820)	(7,890)	(147,275)	5,565
Total assets	12,423,448	10,433,666	1,989,782	10,837,683	1,585,765

Liabilities and Equity (Consolidated)

	<i>(millions of yen)</i>				
	Sep 30 2007 a	Sep 30 2006 b	Change a-b Amount	Mar 31 2007 c	Change a-c Amount
<<Liabilities>>					
Deposits	5,151,328	4,597,352	553,976	4,940,730	210,598
Negotiable certificates of deposit	719,310	348,388	370,922	480,199	239,111
Debentures	686,588	758,891	(72,303)	703,298	(16,710)
Call money	1,377,475	449,989	927,486	692,792	684,683
Collateral related to securities lending transactions	285,107	41,407	243,700	8,333	276,774
Commercial paper	—	168,700	(168,700)	171,300	(171,300)
Trading liabilities	110,599	106,634	3,965	99,255	11,344
Borrowed money	1,092,738	1,213,998	(121,260)	1,122,688	(29,950)
Foreign exchanges	19	4	15	118	(99)
Short-term corporate bonds	115,000	/	/	/	/
Corporate bonds	432,780	300,627	132,153	400,485	32,295
Other liabilities	766,199	619,725	146,474	498,358	267,841
Accrued employees' bonuses	8,447	8,059	388	13,134	(4,687)
Accrued directors' bonuses	293	103	190	359	(66)
Reserve for employees' retirement benefits	3,204	3,190	14	3,521	(317)
Reserve for directors' retirement benefits	47	/	/	/	/
Reserve for losses on interest repayments	9,496	2,485	7,011	10,353	(857)
Reserve under special law	3	2	1	3	—
Deferred tax liabilities	4,611	13,903	(9,292)	5,075	(464)
Acceptances and guarantees	725,545	789,451	(63,906)	754,420	(28,875)
Total liabilities	11,488,798	9,422,915	2,065,883	9,904,430	1,584,368
<<Equity>>					
Shareholders' equity:					
Capital stock	451,296	451,296	—	451,296	—
Capital surplus	18,558	18,558	—	18,558	—
Retained earnings	266,097	414,399	(148,302)	245,499	20,598
Treasury stock, at cost	(72,561)	(136,543)	63,982	(72,560)	(1)
Total shareholders' equity	663,391	747,711	(84,320)	642,794	20,597
Net unrealized gain (loss) and translation adjustments:					
Unrealized gain (loss) on available-for-sale securities	(3,802)	(556)	(3,246)	5,091	(8,893)
Deferred gain (loss) on derivatives under hedge accounting	(9,537)	(3,944)	(5,593)	(7,744)	(1,793)
Foreign currency translation adjustments	3,605	2,604	1,001	2,952	653
Total net unrealized gain (loss) and translation adjustments	(9,733)	(1,895)	(7,838)	299	(10,032)
Stock acquisition rights	877	260	617	517	360
Minority interests in subsidiaries	280,115	264,675	15,440	289,642	(9,527)
Total equity	934,650	1,010,750	(76,100)	933,253	1,397
Total liabilities and equity	12,423,448	10,433,666	1,989,782	10,837,683	1,585,765

Interim Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended September 30, 2007

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at beginning of period	451,296	18,558	245,499	(72,560)	642,794
Changes in amounts during the period					
Dividends from surplus			(2,587)		(2,587)
Net income			23,186		23,186
Acquisition of treasury stock				(0)	(0)
Increase by increase of consolidated subsidiaries			0		0
Decrease by increase of consolidated subsidiaries			(0)		(0)
Net change of items other than shareholders' equity					
Total changes during the period	—	—	20,597	(0)	20,597
Balance at end of period	451,296	18,558	266,097	(72,561)	663,391

	Net unrealized gain (loss) and translation adjustments				Stock acquisition rights	Minority interests in subsidiaries	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Total net unrealized gain (loss) and translation adjustments			
Balance at beginning of period	5,091	(7,744)	2,952	299	517	289,642	933,253
Changes in amounts during the period							
Dividends from surplus							(2,587)
Net income							23,186
Acquisition of treasury stock							(0)
Increase by increase of consolidated subsidiaries							0
Decrease by increase of consolidated subsidiaries							(0)
Net change of items other than shareholders' equity	(8,893)	(1,792)	653	(10,033)	359	(9,526)	(19,200)
Total changes during the period	(8,893)	(1,792)	653	(10,033)	359	(9,526)	1,396
Balance at end of period	(3,802)	(9,537)	3,605	(9,733)	877	280,115	934,650

Interim Consolidated Statements of Cash Flows (Unaudited)

(millions of yen)

	Sept. 30,2007 (6 months)	Sept. 30,2006 (6 months)	Change
I. Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	43,254	47,284	(4,030)
Depreciation (other than leased assets)	5,911	5,776	135
Depreciation of leased assets	64,111	66,723	(2,612)
Amortization of goodwill	4,748	6,246	(1,498)
Amortization of intangible assets	1,358	4,294	(2,936)
Equity in net (income) loss of affiliates	6,443	3,547	2,896
Net change in reserve for credit losses	(4,944)	(11,048)	6,104
Net change in accrued employees' bonuses	(4,634)	(5,834)	1,200
Net change in reserve for employees' retirement benefits	(242)	(119)	(123)
Net change in reserve for losses on interest repayments	(857)	2,485	(3,342)
Interest income	(111,494)	(82,946)	(28,548)
Interest expenses	54,981	31,228	23,753
(Gain) loss on securities sold	1,826	(6,615)	8,441
(Gain) loss on monetary assets held in trust	(6,003)	(4,140)	(1,863)
Net exchange (gain) loss	11,956	1,481	10,475
Net (gain) loss on sale of fixed assets	(379)	(2,073)	1,694
Net (gain) loss on sale of leased assets	(1,167)	(1,004)	(163)
Net change in trading assets	51,903	(229,842)	281,745
Net change in trading liabilities	11,345	(43,356)	54,701
Net change in loans and bills discounted	(307,691)	(693,734)	386,043
Net change in deposits	209,591	682,967	(473,376)
Net change in negotiable certificates of deposit	239,110	191,015	48,095
Net change in debentures	(16,709)	(260,017)	243,308
Net change in borrowed money (other than subordinated debt)	(30,150)	46,243	(76,393)
Net change in corporate bonds (other than subordinated bonds)	27,565	6,845	20,720
Net change in deposits (other than non-interest-bearing deposits)	(43,779)	(26,217)	(17,562)
Net change in call loans	(693,000)	30,000	(723,000)
Net change in other monetary claims purchased	(73,045)	(20,305)	(52,740)
Net change in collateral related to securities borrowing transactions	(63,713)	5,891	(69,604)
Net change in call money	684,682	419,989	264,693
Net change in commercial paper	(171,300)	35,500	(206,800)
Net change in collateral related to securities lending transactions	276,773	41,407	235,366
Net change in foreign exchange assets	(11,751)	(1,768)	(9,983)
Net change in foreign exchange liabilities	(99)	(34)	(65)
Net change in short-term corporate bonds (liabilities)	115,000	/	/
Net change in net trust account	(10,211)	(10,302)	91
Interest received	102,723	72,521	30,202
Interest paid	(61,662)	(24,086)	(37,576)
Net change in trading securities	437	(37,471)	37,908
Net change in monetary assets held in trust	70,477	(59,235)	129,712
Net change in leased assets	(46,686)	(77,836)	31,150
Others, net	(53,919)	162,179	(216,098)
Subtotal	270,758	265,637	5,121
Income taxes paid	(1,324)	(3,986)	2,662
Net cash provided by (used in) operating activities	269,434	261,651	7,783
II. Cash flows from investing activities:			
Purchase of securities	(1,493,208)	(1,210,621)	(282,587)
Proceeds from sale of securities	286,759	64,414	222,345
Proceeds from maturity of securities	854,063	861,947	(7,884)
Investment in monetary assets held in trust	(17,234)	(5,508)	(11,726)
Proceeds from disposition of monetary assets held in trust	36,537	18,476	18,061
Purchase of premises and equipment (other than leased assets)	(2,733)	(2,094)	(639)
Proceeds from sale of premises and equipment (other than leased assets)	1,508	6,525	(5,017)
Proceeds from sale of subsidiary's stocks resulting exclusion from consolidation	24,999	-	24,999
Proceeds from sale of subsidiary's stocks	-	3,077	(3,077)
Payments for business transfer	(31,302)	-	(31,302)
Others, net	(4,670)	(2,272)	(2,398)
Net cash provided by (used in) investing activities	(345,280)	(266,054)	(79,226)
III. Cash flows from financing activities:			
Proceeds from issuance of subordinated debt	-	60,000	(60,000)
Repayment of subordinated debt	-	(98,000)	98,000
Payment for redemption of subordinated bonds	(2,308)	(10,945)	8,637
Proceeds from minority shareholders of subsidiaries	1,200	0	1,200
Payment for capital refundment to minority shareholders of subsidiaries	(4,227)	(628)	(3,599)
Dividends paid	(2,587)	(3,947)	1,360
Dividends paid to minority shareholders of subsidiaries	(13,803)	(8,422)	(5,381)
Purchase of treasury stock	(0)	(136,671)	136,671
Proceeds from sale of treasury stock	-	126	(126)
Net cash provided by (used in) financing activities	(21,728)	(198,486)	176,758
IV. Foreign currency translation adjustments on cash and cash equivalents	7	2	5
V. Net change in cash and cash equivalents	(97,567)	(202,887)	105,320
VI. Cash and cash equivalents at beginning of period	271,493	340,713	(69,220)
VII. Cash and cash equivalents at end of period	173,925	137,826	36,099

Section 2. Non-Consolidated Information

Results of Operations (Non-Consolidated)

	(billions of yen, except percentages)			
	1st Half FY2007	1st Half FY2006	% Change	FY2006
Gross business profit (<i>gyomu sorieki</i>) ⁽¹⁾ :				
Net interest income	39.5	30.4	29.8%	59.7
Net fees and commissions ⁽¹⁾	29.3	21.6	35.6%	45.8
Net trading income	4.9	9.0	(46.0%)	14.9
Net other business income	3.1	6.1	(48.6%)	12.0
Total gross business profit⁽¹⁾	76.9	67.3	14.3%	132.5
Total expenses	42.4	39.6	7.0%	77.6
Net business profit⁽¹⁾ (<i>jisshitsu gyomu jun-eki</i>)	34.5	27.6	24.8%	54.9
Other operating expenses, net ⁽²⁾	(11.0)	(1.3)	743.5%	(7.8)
Net operating income (<i>keijo rieki</i>)	23.5	26.3	(10.8%)	47.1
Extraordinary income (loss) ⁽²⁾⁽³⁾	(26.6)	12.4	(313.9%)	(102.1)
Income (loss) before income taxes:	(3.1)	38.8	(108.0%)	(55.0)
Current income taxes benefit	(7.7)	(1.6)	375.2%	(2.7)
Deferred income taxes expense (benefit)	6.7	(1.1)	(688.0%)	(10.2)
Net income (loss)⁽³⁾	(2.1)	41.5	(313.9%)	(41.9)

(1) Includes income from monetary assets held in trust of 21.6 billion yen in the first half fiscal year 2007 and 15.4 billion yen in the first half fiscal year 2006.

(2) Reversals of general reserve for loan losses is included in extraordinary income in 1H-FY2006 (12.8 billion yen). Provision of reserve for credit losses in 1H-FY2007 (5.9 billion yen).

(3) Impairment of Aplus' and Shinki's common shares was assessed at 15.9 billion yen and 6.0 billion yen and TAKU Investments Ltd. (Exposure to the U.S. Residential Mortgage Market) was 3.7 billion yen.

Note 1: Quarterly information is available in the Quarterly Data Book

The "net loss" for the six months ended September 30, 2007 of 2.1 billion yen largely reflecting reserves and mark-down on the U.S. residential mortgage portfolio and impairment of Shinsei's investment in APLUS' and Shinki's common shares amounting to 15.9 billion yen and 6.0 billion

yen, respectively. As a recipient of public funds, Shinsei Bank is required to update and report its achievement of non-consolidated performance targets set forth in its revitalization plan on a quarterly basis.

Interest-Earning Assets and Interest-Bearing Liabilities (Non-Consolidated)

(billions of yen, except percentages)

	1st Half FY2007			1st Half FY2006			FY2006		
	Average balance	Yield/rate Interest (%)		Average balance	Yield/rate Interest (%)		Average balance	Yield/rate Interest (%)	
Interest-earning assets:									
Cash and due from banks	173.0	2.9	3.45	92.2	1.2	2.77	123.5	3.6	2.96
Call loans	83.3	0.2	0.63	87.1	0.1	0.23	70.8	0.2	0.29
Receivables under resale agreements	0.0	0.0	5.21	-	-	-	-	-	-
Collateral related to securities borrowing transactions	65.8	0.3	1.16	149.7	0.2	0.27	127.4	0.4	0.37
Securities	2,195.8	27.6	2.51	1,900.3	20.7	2.17	2,023.1	40.4	1.99
Loans and bills discounted	5,121.2	53.1	2.07	4,124.7	31.7	1.53	4,443.4	75.3	1.69
Other interest-earning assets	140.5	2.1	3.02	58.4	0.6	2.31	67.7	1.7	2.51
Interest rate and funding swaps	-	0.6	-	-	4.5	-	-	7.1	-
Total interest-earning assets	7,779.9	87.2	2.24	6,412.6	59.2	1.84	6,856.2	129.0	1.88
Interest-bearing liabilities:									
Deposits	5,047.2	21.2	0.84	4,278.0	13.4	0.62	4,561.5	33.2	0.72
Negotiable certificates of deposit	552.3	1.7	0.63	256.0	0.2	0.21	332.0	1.1	0.35
Debentures	694.1	1.5	0.45	872.9	1.5	0.35	797.0	3.0	0.37
Call money	796.3	8.3	2.08	157.1	1.0	1.27	403.5	5.6	1.40
Payable under repurchase agreements	-	-	-	-	-	-	-	-	-
Collateral related to securities lending transactions	98.2	0.5	1.11	70.1	0.0	0.20	84.0	0.2	0.29
Borrowed money	284.8	1.6	1.12	279.6	0.9	0.67	283.4	2.1	0.75
Corporate bonds	575.0	13.3	4.65	450.1	9.2	4.08	487.3	20.7	4.26
Other interest-bearing liabilities	0.3	4.1	n.m. ⁽¹⁾	0.3	5.6	n.m. ⁽¹⁾	0.3	11.2	n.m. ⁽¹⁾
Interest rate and funding swaps	-	-	-	-	-	-	-	-	-
Total interest-bearing liabilities	8,048.5	52.4	1.30	6,364.5	32.1	1.00	6,949.3	77.5	1.11
Net interest income/yield on interest-earning assets	7,779.9	34.7	0.89	6,412.6	27.1	0.84	6,856.2	51.5	0.75

(1) n.m. is not meaningful.

Note 1: Quarterly information is available in the Quarterly Data Book

(1)

Non-Consolidated Earnings Forecast

(billions of yen)

	Fiscal year ending	Fiscal year ended
	Mar. 2008 (FY2007) Forecast	Mar. 2007 (FY2006) Actual
Net business profit	70.0	54.9
Net income (loss)	43.0	(41.9)
Dividends (in yen)		
Common stock	Note ⁽²⁾	2.66 yen
Class A preferred share ⁽³⁾	13.00 yen	13.00 yen

(1) Revitalization plan basis

(2) There is no dividend payment on common shares for the interim period ended September 30, 2007.

(3) Class A preferred shares are mandatorily convertible to common stocks on April 1, 2008.

Above forecasts are based on current assumptions of future events and trends, which may be incorrect. Actual results may differ materially from those in the statements as a results of various factors.

Other Non-Consolidated Financial Data
Claims Classified Under the Financial Revitalization Law

(billions of yen, except percentages)

	Sep 30 2007 (a)	Sep 30 2006 (b)	Change (a) - (b)	Mar 31 2007 (c)	Change (a) - (c)
Claims against bankrupt and quasi-bankrupt obligors	9.9	0.3	9.5	0.9	8.9
Doubtful claims	23.5	8.3	15.1	10.8	12.7
Substandard claims	12.6	17.3	(4.7)	16.2	(3.7)
Total (A)	45.9	26.0	19.9	27.9	18.0
Total claims (B)	5,630.1	4,806.5	823.6	5,294.6	335.5
(A) / (B) x 100 (%)	0.82	0.54	0.28	0.53	0.29
(ref.) Amount of write-off	15.8	3.4	12.5	6.4	9.4

Coverage Ratios for Non-Performing Claims Disclosed Under The Financial Revitalization Law

(billions of yen, except percentages)

	Amount of Claims	Amount of coverage			Coverage ratio
		Reserve for loan losses	Collateral / guarantees	Total	
Claims against bankrupt and quasi-bankrupt obligors	9.9	-	9.9	9.9	100.0%
Doubtful claims	23.5	16.9	1.0	17.8	76.0%
Substandard claims	12.6	3.1	8.1	11.2	89.2%
Total (A)	45.9	20.0	18.9	38.9	84.8%

Risk Monitored Loans (Non-Consolidated)

(billions of yen, except percentages)

	Sep 30 2007 (a)	Sep 30 2006 (b)	Change (a) - (b)	Mar 31 2007 (c)	Change (a) - (c)
Loans to bankrupt obligors	0.3	0.2	0.1	0.6	(0.3)
Non-accrual delinquent loans	32.7	8.1	24.6	10.6	22.1
Loans past due three months or more	6.0	0.0	6.0	0.0	6.0
Restructured loans	6.4	17.2	(10.8)	16.1	(9.7)
Total (A)	45.6	25.6	20.0	27.4	18.2
Loans and bills discounted (B)	5,335.1	4,683.7	651.4	5,075.2	259.9
(A) / (B) x 100 (%)	0.86	0.55	0.31	0.54	0.32
Reserve for credit losses (C)	100.5	98.4	2.1	106.9	(6.4)
Reserve ratios (C) / (A) x 100 (%)	220.41	384.16	(163.75)	389.21	(168.80)

Securities (Non-Consolidated)

(billions of yen)

As of September 30, 2007 (Unaudited)	Net unrealized gain (loss) (a) - (b)	
	Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities (domestic)	(1.1)	0.4
Bonds (domestic)	(3.5)	0.3
Other ⁽¹⁾	(0.2)	11.8
Total	(4.9)	12.6

(billions of yen)

As of September 30, 2006	Net unrealized gain (loss) (a) - (b)	
	Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities (domestic)	0.2	0.6
Bonds (domestic)	(3.0)	0.3
Other ⁽¹⁾	1.2	1.6
Total	(1.6)	2.6

(1) "Other" mainly consists of foreign securities.

Derivative Transactions Based on Hedge Accounting (Non-Consolidated)
As of September 30, 2007

(billions of yen)

	Within 1 year	Over 1 year / within 5 years	Over 5 years	Total
Interest rate swap:				
Receive fixed and pay floating	2.5	409.9	273.3	685.7
Receive floating and pay fixed	13.6	305.7	138.8	458.1
Receive floating and pay floating	0.5	-	-	0.5
Total notional principal amount	16.6	715.6	412.1	1,144.4
Currency swap:				
Total notional principal amount	225.5	374.6	433.3	1,033.6

Interim Non-Consolidated Statements of Operations (Unaudited)*(millions of yen, except percentages)*

	1st Half FY2007	1st Half FY2006	Change		FY2006
			Amount	%	
Total interest income	87,218	59,282	27,936	47.1%	129,046
Interest on loans and bills discounted	53,165	31,725	21,440	67.6%	75,357
Interest and dividends on securities	27,641	20,731	6,910	33.3%	40,427
Other interest income	6,411	6,824	(413)	(6.1)%	13,262
Fees and commissions income	15,158	12,010	3,148	26.2%	28,198
Trading profits	4,962	9,296	(4,334)	(46.6)%	15,339
Other business income	7,630	10,608	(2,978)	(28.1)%	18,661
Other ordinary income	24,527	24,199	328	1.4%	40,787
Ordinary income	139,497	115,397	24,100	20.9%	232,034
Total interest expenses	52,498	32,144	20,354	63.3%	77,534
Interest on deposits	21,204	13,458	7,746	57.6%	33,276
Interest on debentures	1,570	1,558	12	0.8%	3,009
Other interest expenses	29,723	17,127	12,596	73.5%	41,247
Fees and commissions expenses	7,440	5,774	1,666	28.9%	13,164
Trading losses	60	224	(164)	(73.2)%	436
Other business expenses	4,471	4,480	(9)	(0.2)%	6,561
General and administrative expenses	42,550	39,846	2,704	6.8%	77,865
Other ordinary expenses	8,959	6,567	2,392	36.4%	9,325
Ordinary expenses	115,981	89,038	26,943	30.3%	184,888
Net ordinary income	23,515	26,358	(2,843)	(10.8)%	47,146
Special gains	1,146	12,828	(11,682)	(91.1)%	14,385
Special losses	27,779	378	27,401	7,248.9%	116,546
Income (loss) before income taxes	(3,116)	38,808	(41,924)	(108.0)%	(55,015)
Income taxes (benefit)					
Current	(7,722)	(1,625)	(6,097)	375.2%	(2,779)
Deferred	6,762	(1,150)	7,912	(688.0)%	(10,276)
Net income (loss)	(2,156)	41,584	(43,740)	(105.2)%	(41,960)

Interim Non-Consolidated Balance Sheets (Unaudited)**Assets (Non-Consolidated)**

(millions of yen)

	Sep 30 2007 a	Sep 30 2006 b	Change a-b Amount	Mar 31 2007 c	Change a-c Amount
<<Assets>>					
Cash and due from banks	238,023	137,839	100,184	190,003	48,020
Call loans	736,100	20,000	716,100	43,100	693,000
Collateral related to securities borrowing transactions	73,466	27,215	46,251	11,050	62,416
Other monetary claims purchased	171,131	63,778	107,353	69,856	101,275
Trading assets	207,349	393,601	(186,252)	284,137	(76,788)
Monetary assets held in trust	603,549	628,396	(24,847)	687,346	(83,797)
Securities	2,590,905	2,049,116	541,789	2,062,064	528,841
Valuation allowance for investments	—	—	—	(15,908)	15,908
Loans and bills discounted	5,335,172	4,683,764	651,408	5,075,281	259,891
Foreign exchanges	26,798	13,908	12,890	15,047	11,751
Other assets	437,712	238,584	199,128	325,654	112,058
Premises and equipment	21,026	21,337	(311)	20,768	258
Intangible assets	14,151	13,694	457	13,475	676
Deferred issuance expenses for debentures	111	115	(4)	103	8
Deferred tax assets	30,984	29,537	1,447	35,559	(4,575)
Customers' liabilities for acceptances and guarantees	19,411	21,544	(2,133)	18,357	1,054
Reserve for credit losses	(100,555)	(98,492)	(2,063)	(106,977)	6,422
Total assets	10,405,340	8,243,944	2,161,396	8,728,921	1,676,419

Liabilities and Equity (Non-Consolidated)

(millions of yen)

	Sep 30 2007 a	Sep 30 2006 b	Change a-b Amount	Mar 31 2007 c	Change a-c Amount
<<Liabilities>>					
Deposits	5,192,831	4,665,697	527,134	4,991,263	201,568
Negotiable certificates of deposit	719,310	348,388	370,922	480,199	239,111
Debentures	687,898	759,501	(71,603)	703,908	(16,010)
Call money	1,377,475	449,989	927,486	692,792	684,683
Collateral related to securities lending transactions	287,643	41,407	246,236	8,333	279,310
Trading liabilities	99,590	98,099	1,491	87,361	12,229
Borrowed money	293,275	320,850	(27,575)	276,760	16,515
Foreign exchanges	289	286	3	397	(108)
Corporate bonds	566,501	459,492	107,009	562,457	4,044
Other liabilities	510,306	328,503	181,803	237,614	272,692
Accrued employees' bonuses	5,817	5,379	438	9,850	(4,033)
Reserve for retirement benefits	465	161	304	756	(291)
Acceptances and guarantees	19,411	21,544	(2,133)	18,357	1,054
Total liabilities	9,760,817	7,499,300	2,261,517	8,070,054	1,690,763
<<Equity>>					
Shareholders' equity:					
Capital stock	451,296	451,296	—	451,296	—
Capital surplus	18,558	18,558	—	18,558	—
Additional paid-in capital	18,558	18,558	—	18,558	—
Retained earnings	262,400	418,150	(155,750)	267,144	(4,744)
Legal reserve	9,784	8,567	1,217	9,266	518
Other retained earnings	252,616	409,583	(156,967)	257,878	(5,262)
Unappropriated retained earnings	252,616	409,583	(156,967)	257,878	(5,262)
Treasury stock, at cost	(72,556)	(136,538)	63,982	(72,555)	(1)
Total shareholders' equity	659,699	751,467	(91,768)	664,444	(4,745)
Net unrealized gain (loss):					
Unrealized gain (loss) on available-for-sale securities	(4,405)	(1,397)	(3,008)	4,181	(8,586)
Deferred gain (loss) on derivatives under hedge accounting	(11,647)	(5,687)	(5,960)	(10,275)	(1,372)
Total net unrealized gain (loss)	(16,052)	(7,084)	(8,968)	(6,094)	(9,958)
Stock acquisition rights	877	260	617	517	360
Total equity	644,523	744,643	(100,120)	658,866	(14,343)
Total liabilities and equity	10,405,340	8,243,944	2,161,396	8,728,921	1,676,419

Interim Non-Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended September 30, 2007

(millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Legal reserve	Retained earnings		Treasury stock, at cost	Total shareholders' equity
		Additional paid-in capital	Total capital surplus		Other retained earnings	Total retained earnings		
Balance at beginning of period	451,296	18,558	18,558	9,266	257,878	267,144	(72,555)	664,444
Changes in amounts during the period								
Dividends from surplus				517	(3,105)	(2,587)		(2,587)
Net loss					(2,156)	(2,156)		(2,156)
Acquisition of treasury stock							(0)	(0)
Net change of items other than shareholders' equity								
Total changes during the period	—	—	—	517	(5,261)	(4,744)	(0)	(4,744)
Balance at end of period	451,296	18,558	18,558	9,784	252,616	262,400	(72,556)	659,699

	Net unrealized gain (loss)			Stock acquisition rights	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Total net unrealized gain (loss)		
Balance at beginning of period	4,181	(10,275)	(6,094)	517	658,866
Changes in amounts during the period					
Dividends from surplus					(2,587)
Net loss					(2,156)
Acquisition of treasury stock					(0)
Net change of items other than shareholders' equity	(8,587)	(1,371)	(9,958)	359	(9,598)
Total changes during the period	(8,587)	(1,371)	(9,958)	359	(14,343)
Balance at end of period	(4,405)	(11,647)	(16,052)	877	644,523