



Financial Summary

For the Fiscal Year Ended March 31, 2008

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%.

Shinki Co., Ltd. (Shinki) accounted for as a 36.4% equity-method affiliate for the six months ended September 30, 2007 and its financials were recorded as a single line consolidation in total revenue under Shinsei Bank's management accounting. Resulting from the subscription to the rights offering of Shinki on December 13, 2007, Shinki and its two subsidiaries became 67.7% owned consolidated subsidiaries and those financial results for the six months from October 1, 2007 to March 31, 2008, are recorded as a subsidiary, net of minority interests.

Section 1. Consolidated Information

Results of Operations (Consolidated) -Table 1-⁽¹⁾

(Billions of yen, except percentages)

	FY2007 (12 months)	FY2006 (12 months)	% Change
Net interest income	137.7	95.4	44.3
Non-interest income	125.0	172.8	(27.7)
Net fees and commissions	40.8	46.4	(12.1)
Net trading income	9.0	17.8	(49.0)
Net other business income	75.0	108.5	(30.9)
Total revenue	262.7	268.3	(2.1)
General and administrative expenses	157.8	149.9	5.2
Ordinary business profit	104.9	118.3	(11.4)
Net credit costs	73.5	51.9	41.7
Amortization of goodwill and other intangible assets ⁽²⁾	12.5	20.8	(39.7)
Other gains (losses)	73.7	(111.3) ⁽³⁾	166.2
Income (loss) before income taxes and minority interests	92.5	(65.7)	240.9
Income Taxes (benefit)			
Current	4.9	3.2	50.9
Deferred	9.5	(24.6)	138.6
Minority interests in net income of subsidiaries	18.0	16.6	8.4
Net income (loss)	60.1	(60.9)	198.6
Cash basis net income ⁽⁴⁾	71.3	35.3 ⁽⁵⁾	102.0

(1) Represents results based on management accounting basis.

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

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

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

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

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

Shinsei Bank reported “total revenue” of 262.7 billion yen for fiscal year 2007, 5.5 billion yen or 2.1% lower than the previous fiscal year. Fiscal year 2007 was marked by both successes and disappointments. Loan balances and net interest income continues to grow in all businesses. Consumer Finance businesses in APLUS and Shinki reaped benefits of business transformation and returned to profitability. However, dislocation in the credit markets resulted in recognition of mark-downs relating to the U.S. residential mortgage portfolio amounting to 15.6 billion yen (or 157.1 million dollars)

“General and administrative expenses” in fiscal year 2007 were 157.8 billion yen, 7.8 billion yen higher than the same period in the prior fiscal year. This is partly due to the consolidation of Shinki’s second half of fiscal year 2007 expenses of 5.5 billion yen, including allocated expenses. These factors resulted in an expense-to-revenue ratio of

60.1% for the year ended March 31, 2008, as compared to an expense-to-revenue ratio of 55.9% in fiscal year 2006.

“Net credit costs” of 73.5 billion yen for fiscal year 2007 were 21.6 billion yen higher than fiscal year 2006 largely due to additional reserves of 13.4 billion yen (or 134.6 million dollars) relating to the U.S. residential mortgage portfolio, higher credit provisions in Showa Leasing of 5.7 billion yen for less credit worthy customers and consolidation of Shinki’s second half of fiscal year 2007 credit provisions amounting to 4.6 billion yen. Higher credit provisions were necessitated in other credit portfolios in the Institutional Banking business, as well. The increase in net credit costs was partly offset by lower credit provisions in APLUS compared to the previous fiscal year.

“Amortization of goodwill and other intangible assets” associated with the acquisition of consumer and commercial finance companies were 12.5 billion yen for the twelve months ended March 31, 2008 as compared with 20.8 billion

yen in the previous fiscal year. The decline largely relates to the significant write-down of goodwill and other intangible assets related to APLUS as of March 31, 2007.

“Other gains” of 73.7 billion yen largely included (i) gain on sale of the headquarters building of 61.7 billion yen, after write-offs and restoration costs and (ii) gains from the sale of Life Housing Loan Co., Ltd. (Life Housing Loan) of 20.3 billion yen. In addition, the tax impact of these gains has been reflected in “income taxes.”

“Minority interests in net income of subsidiaries” for fiscal year 2007 amounting to 18.0 billion yen largely reflected

dividends paid on perpetual preferred securities, minority interests relating to APLUS’ preferred shareholders, subsidiaries of Shinseigin Finance Co., Ltd. and Shinki.

As a result, consolidated “net income” was 60.1 billion yen in fiscal year 2007, as compared to a “net loss” of 60.9 billion yen in fiscal year 2006 and consolidated “cash basis net income” for fiscal year 2007 was 71.3 billion yen. The “cash basis net income” is calculated by excluding amortization of goodwill and other intangible assets, net of tax benefit, from net income under Japanese generally accepted accounting principles (JGAAP).

Interest-Earning Assets and Interest-Bearing Liabilities (Consolidated) -Table 2-

	(Billions of yen, except percentages)								
	FY2007 (12 months)			FY2006 (12 months)			1st Half FY2007 (6 months)		
	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)
Interest-earning assets⁽¹⁾ :									
Loans and bills discounted	5,390.3	186.7	3.46	4,613.4	126.8	2.75	5,235.4	84.3	3.22
Leased assets and installment receivables ⁽¹⁾	765.6	52.1	6.81	831.3	51.1	6.15	781.4	27.2	6.98
Securities	2,058.7	42.7	2.08	1,750.6	32.3	1.85	1,991.3	20.5	2.07
Other interest-earning assets ⁽²⁾⁽³⁾	988.2	12.6	n.m. ⁽⁵⁾	721.4	13.6	n.m. ⁽⁵⁾	821.8	6.5	n.m. ⁽⁵⁾
Total revenue on interest-earning assets⁽¹⁾	9,202.9	294.3	3.20	7,916.8	223.9	2.83	8,830.0	138.7	3.14
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	5,734.4	47.9	0.84	4,834.0	34.3	0.71	5,549.7	22.9	0.83
Debentures	679.5	3.3	0.50	795.6	3.0	0.38	693.1	1.5	0.45
Subordinated debt	451.4	15.3	3.39	399.5	9.8	2.47	472.7	7.9	3.34
Borrowed money and corporate bonds	1,105.8	15.2	1.38	1,118.1	11.8	1.06	1,091.1	8.9	1.63
Other interest-bearing liabilities ⁽²⁾	1,094.5	22.5	n.m. ⁽⁵⁾	674.4	18.2	n.m. ⁽⁵⁾	1,060.1	13.6	n.m. ⁽⁵⁾
Total expense on interest-bearing liabilities	9,065.8	104.3	1.15	7,821.8	77.3	0.99	8,866.9	54.9	1.24
Non interest-bearing sources of funds:									
Non interest-bearing (assets) liabilities, net	(543.1)	-	-	(654.3)	-	-	(686.0)	-	-
Total equity — Minority interests in subsidiaries ⁽⁴⁾	680.2	-	-	749.4	-	-	649.0	-	-
Total interest-bearing liabilities and non interest-bearing sources of funds	9,202.9	-	-	7,916.8	-	-	8,830.0	-	-
Net interest margin ⁽¹⁾	-	-	2.05	-	-	1.84	-	-	1.90
Impact of non interest-bearing sources	-	-	0.02	-	-	0.01	-	-	(0.01)
Net revenue/yield on interest-earning assets⁽¹⁾	-	189.9	2.06	-	146.6	1.85	-	83.7	1.90
Reconciliation of total revenue on interest-earning assets to total interest income:									
Total revenue on interest-earning assets	9,202.9	294.3	3.20	7,916.8	223.9	2.83	8,830.0	138.7	3.14
Less: Income on leased assets and installment receivables	765.6	52.1	6.81	831.3	51.1	6.15	781.4	27.2	6.98
Total interest income	8,437.3	242.1	2.87	7,085.5	172.8	2.44	8,048.5	111.4	2.77
Total interest expense	-	104.3	-	-	77.3	-	-	54.9	-
Net interest income	-	137.7	-	-	95.4	-	-	56.5	-

(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) Excludes average balance of non interest-earning assets.

(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

Note 2: Reflects simple average value of December 31, 2007 and March 31, 2008 balances and interest income and expenses for six months ended March 31, 2008 for Shinki.

“Net revenue on interest-earning assets” includes net interest income as well as revenue earned on the average balance of leased assets and installment receivables. We consider income on leased assets and installment receivables to be a component of interest income, but Japanese GAAP does not include income on leased assets and installment receivables in net interest income. Under Japanese GAAP, therefore, income on leased assets and installment receivables is reported in “net other business income” in our consolidated statements of operations.

“Net revenue on interest-earning assets” for the twelve months ended March 31, 2008 was 189.9 billion yen, an

increase of 43.3 billion yen compared to the same period a year ago. This is partly attributable to the consolidation of Shinki’s net revenue on interest-earning assets totaling 13.8 billion yen. “Total revenue on interest-earning assets” increased by 70.4 billion yen and “total interest expense” increased by 27.0 billion yen in fiscal year 2007, respectively, from the same period in the previous fiscal year. The “net yield on interest-earning assets” was 2.06% in fiscal year 2007, increased from 1.85% in fiscal year 2006.

Analysis of Changes in Net Revenue on Interest-Earning Assets (Consolidated) -Table 3-

	(Billions of yen)		
	Due to change in ⁽¹⁾		Net Change
From the fiscal year ended March 31, 2007 to the fiscal year ended March 31, 2008	Volume	Rate	
Increase (decrease) in interest revenue:			
Loans and bills discounted	21.3	38.5	59.9
Leased assets and installment receivables	(4.0)	5.0	1.0
Securities	5.6	4.7	10.4
Other interest-earning assets	5.0	(6.1)	(1.0)
Total revenue on interest-earning assets			70.4
Increase (decrease) in interest expenses:			
Deposits, including negotiable certificates of deposit	6.3	7.1	13.5
Debentures	(0.4)	0.8	0.3
Subordinated debt	1.2	4.1	5.4
Borrowed money and corporate bonds	(0.1)	3.4	3.3
Other interest-bearing liabilities	11.3	(7.0)	4.2
Total expense on interest-bearing liabilities			27.0
Net increase in net revenue on interest-earning assets			43.3
Reconciliation of total revenue on interest-earning assets to total interest income:			
Total revenue on interest-earning assets			70.4
Less: Income on leased assets and installment receivables			1.0
Total interest income			69.3
Total interest expenses			27.0
Net increase in net interest income			42.2

(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 70.4 billion yen increase in "total revenue on interest-earning assets" in fiscal year 2007 is attributable primarily to higher volume of and yield on loans and bills discounted and securities and the inclusion of net interest income of Shinki for the second half of fiscal year 2007. The increase in the 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 as well as addition of Shinki's interest-earning assets.

The 27.0 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, interest-bearing liabilities of Shinki 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 rate to 0.84% for fiscal year 2007 from 0.71% for the same period in the previous fiscal year that reflected an

interest rate increase by the Bank of Japan and, to a lesser extent, an increase in the average balance to 5,734.4 billion yen from 4,834.0 billion yen.

The increase in subordinated debt interest expense was due to an increase in the average rate, which was 3.39% for the twelve months ended March 31, 2008 compared to 2.47% for the same period in the previous fiscal year and, to a lesser extent, an increase in the average balance outstanding to 451.4 billion yen for fiscal year 2007 compared to 399.5 billion yen for same period in the previous fiscal year. The increase in the average balance outstanding was primarily due to an increase in subordinated debt related to the issuance of ¥400 million of Upper Tier II Perpetual Subordinated Notes in December 2006. The interest expense increase of 4.2 billion yen in "other interest-bearing liabilities" primarily relates to funding through call money and interest and currency swap expenses associated with foreign currency-denominated and overseas transactions.

Non-Interest Income (Consolidated) -Table 4-

	<i>(Billions of yen, except percentages)</i>		
	FY2007 (12 months)	FY2006 (12 months)	% Change
Net fees and commissions	40.8	46.4	(12.1)
Net trading income	9.0	17.8	(49.0)
Net other business income	75.0	108.5	(30.9)
Income on leased assets and installment receivables	52.1	51.1	2.0
Total non-interest income	125.0	172.8	(27.7)

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

“Total non-interest income” for the twelve months ended March 31, 2008 was 125.0 billion yen, compared to 172.8 billion yen during the same period in the previous fiscal year. This included revenue (and losses) 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, securitization business, consumer finance related guarantees and other financing products and commissions on sales of asset management products. “Net fees and commissions” of 40.8 billion yen were earned in fiscal year 2007, a decrease of 5.6 billion yen compared to the same period in the previous fiscal year mainly reflecting absence of fees from securitization business and lower fees in APLUS from shopping credit and other financing products due to rationalization of its customer base. However, Retail Banking’s asset management business continues to grow with total fees of 9.6 billion yen during fiscal year 2007, an increase of 0.3 billion yen compared to fiscal year 2006.

“Net trading income” reflects revenues from customer-driven transactions as well as transactions

undertaken for trading purposes. During fiscal year 2007, “net trading income” was 9.0 billion yen, a decline of 8.7 billion yen from a year ago. The decline in the “net trading income” resulted partly from a decrease in option income from 5.7 billion yen to 1.3 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 fiscal year 2007 was 75.0 billion yen. This included income of 52.1 billion yen from the leased assets and installment receivables businesses of Showa Leasing and APLUS. Excluding such income, “net other business income” for fiscal year 2007 was 22.8 billion yen, a decline of 34.5 billion yen from the same period in the previous fiscal year. The “net other business income” includes, among other things, revenue associated with credit trading activities. During the twelve months ended March 31, 2008, this business completed 53 new credit trading transactions with an aggregate investment amount of 101.7 billion yen and generated total revenue of 22.0 billion yen.

The decline of “net other business income” is partly attributable to mark-downs relating to the U.S. residential mortgage portfolio amounting to 15.6 billion yen and absence of gain from sale of Shinsei’s investment in BlueBay Asset Management Limited (BlueBay) of 11.6 billion yen.

In addition, upfront fees from currency-linked structured deposits provided to retail customers declined 1.2 billion yen from 5.6 billion yen to 4.4 billion yen.

General and Administrative Expenses (Consolidated) -Table 5-

(Billions of yen, except percentages)

	FY2007 (12 months)	FY2006 (12 months)	% Change
Personnel expenses	63.6	62.4	1.9
Premises expenses	18.6	17.3	7.6
Technology and data processing expenses	21.8	20.1	8.4
Advertising expenses	9.9	10.9	(9.2)
Consumption and property taxes	8.4	7.3	14.5
Deposit insurance premium	3.4	2.8	21.0
Other general and administrative expenses	31.9	28.8	10.5
General and administrative expenses	157.8	149.9	5.2

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

“General and administrative expenses” of 157.8 billion yen in fiscal year 2007 were 7.8 billion yen higher compared to the same period in the previous fiscal year. Expenses required in Institutional Banking to support business growth amounted to 6.1 billion yen and inclusion of Shinki’s expenses for the second half of this fiscal year amounted to 5.5 billion yen, including allocated expenses. The expense increase was partly offset by continual expense rationalization and restructuring activities in APLUS. As a result, in fiscal year 2007, the expense-to-revenue ratio was 60.1% as compared to an expense-to-revenue ratio of 55.9% in fiscal year 2006.

“Personnel expenses” of 63.6 billion yen were 1.1 billion yen higher than the same period in the previous fiscal year. The increase was largely due to new employees hired in the Institutional Banking business to support its business expansion and the inclusion of Shinki’s personnel expenses for the six months ended March 31, 2008. This was partly

offset by a lower “personnel expense” in APLUS reflecting expense savings realized through a voluntary retirement program initiated during fiscal year 2006.

“Non-personnel expenses” increased by 6.7 billion yen compared to the same period last fiscal year. The increase was largely related to customer-driven activities such as the deposit insurance premium on retail deposits, consumption tax and other outsourcing expenses and inclusion of Shinki’s non-personnel expenses for the six months ended March 31, 2008 of 4.0 billion yen. The advertising expenses were 1.0 billion yen lower than the last fiscal year reflecting optimization of advertising activities in the Retail Banking business. Other general and administrative expenses, consisting of outsourcing and temporary staff expenses, professional fees, printing and stationery expenses, were 31.9 billion yen compared to 28.8 billion yen. The increase of 3.0 billion yen is partly attributable to higher outsourcing expenses and professional fees.

Net Credit Costs (Consolidated) -Table 6-

	<i>(Billions of yen, except percentages)</i>		
	FY2007	FY2006	%
	(12 months)	(12 months)	Change
Losses on write-off of loans	3.1	1.5	99.8
Net provision of reserve for loan losses:	73.3	49.2	48.9
Net provision of general reserve for loan losses	22.8	33.5	(32.0)
Net provision of specific reserve for loan losses	50.4	15.6	222.7
Net provision of reserve for loan losses to restructuring countries	0.0	0.0	69.4
Net (reversal) provision of specific reserve for other credit losses	(6.3)	(0.8)	(683.2)
Other credit costs relating to leasing business	3.4	1.9	79.8
Net credit costs	73.5	51.9	41.7

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

We recorded net credit costs of 73.5 billion yen for the fiscal year ended March 31, 2008 compared with net credit costs of 51.9 billion yen for the fiscal year ended March 31, 2007. The increase in net credit costs was partly due to

credit reserves necessitated for the U.S. residential mortgage portfolio amounting to 13.4 billion yen. In addition, inclusions of Shinki's second half of fiscal year 2007 credit provisions amounted to 4.6 billion yen.

Major Balance Sheet Data (Consolidated) -Table 7-

	<i>(Billions of yen, except percentages)</i>		
	Mar 31 2008	Mar 31 2007	% Change
Call loans	—	43.1	—
Other monetary claims purchased	468.8	366.5	27.9
Monetary assets held in trust	371.5	502.3	(26.0)
Securities	1,980.2	1,854.6	6.8
Loans and bills discounted	5,622.2	5,146.3	9.2
Other assets	1,100.1	870.3	26.4
Installment receivables	421.8	440.8	(4.3)
Premises and equipment	305.7	382.4	(20.1)
Tangible leased assets	264.9	294.4	(10.0)
Intangible fixed assets	233.1	244.1	(4.5)
Goodwill, net	142.2	158.0	(10.0)
Other intangible assets ⁽¹⁾	23.6	19.8	19.2
Intangible leased assets	39.6	41.9	(5.5)
Customers' liabilities for acceptances and guarantees	701.7	754.4	(7.0)
Total assets	11,525.7	10,837.6	6.3
Deposits and negotiable certificates of deposit	5,806.6	5,420.9	7.1
Debentures and corporate bonds	1,088.7	1,103.7	(1.4)
Call money	632.1	692.7	(8.7)
Borrowed money	1,127.2	1,122.6	0.4
Other liabilities	708.7	498.3	42.2
Acceptances and guarantees	701.7	754.4	(7.0)
Total liabilities	10,560.5	9,904.4	6.6
Total equity	965.2	933.2	3.4

(1) Intangible assets recorded through consolidation of APLUS, Showa Leasing and Shinki.

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

Shinsei Bank's "loans and bills discounted" balance was 5,622.2 billion yen at the end of March 31, 2008 as compared to 5,146.3 billion yen as at March 31, 2007. Corporate loans increased 1.0% to 2,856.1 billion yen, the non-recourse real estate finance balance decreased 9.6% to 695.6 billion yen as more non-recourse financing was done as bond structures, other institutional loans increased 21.8% to 736.7 billion yen, loans to retail customers, including lending to high net worth individuals, grew 41.9% to 907.4 billion yen due mainly to an increase in housing loans and loan balance of 95.5 billion related to Shinki has been added. 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.

"Securities" balance as of March 31, 2008 amounted to 1,980.2 billion yen as compared to 1,854.6 billion yen as of March 31, 2007. The increase, in part, relates to non-recourse real estate bonds.

Shinsei Bank maintains a diversified funding base. Total "deposits and negotiable certificates of deposit" increased 385.7 billion yen or 7.1% to 5,806.6 billion yen in the twelve months ended March 31, 2008. The retail deposits balance, including high net worth customers, totaled 3,993.7 billion yen at March 31, 2008, an increase of 419.9 billion yen compared to March 31, 2007. Retail Banking's customer funding represents 67.0% of the Bank's total funding through customer "deposits and negotiable certificates of deposit" and "debentures."

Loans (Consolidated)**Risk-Monitored Loans (Consolidated) -Table 8-**

(Billions of yen)

	Mar 31 2008 (a)	Mar 31 2007 (b)	Change (a)-(b)	Sep 30 2007 (c)	Change (a)-(c)
Loans to bankrupt obligors	2.1	1.7	0.4	0.8	1.3
Non-accrual delinquent loans	42.5	21.8	20.7	41.6	0.9
Loans past due for three months or more	4.7	4.7	0.0	9.9	(5.2)
Restructured loans	54.9	36.4	18.5	25.5	29.4
Total (A)	104.4	64.8	39.6	77.9	26.5
Loans and bills discounted (B)	5,622.2	5,146.3	475.9	5,456.5	165.7
Ratio to total loans and bills discounted (A / B X 100)(%)	1.86	1.26	0.60	1.43	0.43
Reserve for credit losses (C)	145.9	147.2	(1.3)	141.7	4.2
Reserve ratio (C / A X 100) (%)	139.7	227.2	(87.5)	181.7	(42.0)

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

Reserve for Credit Losses (Consolidated) -Table 9-

(Billions of yen)

	Mar 31 2008 (a)	Mar 31 2007 (b)	Change (a)-(b)	Sep 30 2007 (c)	Change (a)-(c)
General reserve for loan losses	96.6	101.2	(4.6)	83.1	13.5
Specific reserve for loan losses	49.3	45.9	3.4	58.5	(9.2)
Reserve for loans to restructuring countries	0.0	0.0	0.0	0.0	0.0
Total reserve for credit losses	145.9	147.2	(1.3)	141.7	4.2

Loans by Borrower Industry (Consolidated) -Table 10-

(Billions of yen, except percentages)

	Mar 31 2008	Mar 31 2007	% Change
Domestic offices (excluding Japan offshore market account):			
Manufacturing	191.8	189.4	1.3
Agriculture	0.0	0.0	(82.5)
Forestry	-	0.0	(100.0)
Fishery	2.9	0.9	222.2
Mining	4.5	6.6	(31.8)
Construction	20.4	19.9	2.5
Electric power, gas, heat supply and water supply	74.6	80.1	(6.9)
Information and communications	50.0	27.5	81.8
Transportation	379.4	391.9	(3.2)
Wholesale and retail	138.0	117.5	17.4
Finance and insurance	1,248.0	1,091.6	14.3
Real estate	1,295.1	1,390.4	(6.9)
Services	374.0	369.9	1.1
Local government	118.1	63.8	85.1
Others	1,597.9	1,302.1	22.7
Loans to retail customers (retail banking, APLUS and Shinki)	1,174.7	844.5	39.1
Total domestic (A)	5,495.3	5,052.2	8.8
Overseas offices (including Japan offshore market accounts):			
Governments	1.1	0.9	22.2
Financial institutions	-	-	-
Others	125.6	93.1	34.9
Total overseas (B)	126.8	94.0	34.9
Total (A+B)	5,622.2	5,146.3	9.2

Securities, Derivatives (Consolidated)**Marketable Securities, at Fair Value (Consolidated) -Table 11-***(Billions of yen)*

	Mar 31, 2008				Mar 31, 2007			
	Fair value	Net unrealized gain (loss) (a) - (b)			Fair value	Net unrealized gain (loss) (a) - (b)		
		Gross unrealized gains (a)	Gross unrealized losses (b)			Gross unrealized gains (a)	Gross unrealized losses (b)	
Equity securities (domestic)	19.1	(3.1)	1.0	4.2	22.4	1.0	2.3	1.3
Bonds (domestic)	544.9	(3.4)	1.0	4.4	574.3	(3.3)	0.4	3.7
Other ⁽¹⁾	491.5	(28.6)	8.4	37.1	419.6	10.5	11.3	0.8
Other Securities	1,055.6	(35.2)	10.6	45.8	1,016.3	8.2	14.1	5.9

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

Hedge-Accounting Derivative Transactions (Consolidated) -Table 12-*(Billions of yen)*

Notional Principal Amount (Consolidated)	Mar 31, 2008			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
Interest rate swaps:				
Receive fixed and pay floating	0.9	389.4	236.4	626.8
Receive floating and pay fixed	54.9	399.0	174.0	627.9
Receive floating and pay floating	-	-	-	-
Total notional principal amount	55.8	788.4	410.4	1,254.7
Currency swaps	268.6	296.3	373.5	938.5
Total notional principal amount	268.6	296.3	373.5	938.5

Financial Ratios (Consolidated) -Table 13-

	FY2007 (12 months)	FY2006 (12 months)	1st Half FY2007 (6 months)
Return on assets ⁽¹⁾	0.5%	(0.6)%	0.4% ⁽⁴⁾
Return on equity ⁽²⁾	10.4%	(13.4)%	9.2% ⁽⁴⁾
Return on equity (fully diluted) ⁽³⁾	8.8%	(8.1)%	7.2% ⁽⁴⁾
Cash basis return on assets ⁽¹⁾	0.6%	0.4%	0.5% ⁽⁴⁾
Cash basis return on equity ⁽²⁾	12.4%	7.0%	11.5% ⁽⁴⁾
Cash basis return on equity (fully diluted) ⁽³⁾	10.5%	4.7%	8.9% ⁽⁴⁾
Expense-to-revenue ratio ^{(5) (6)}	60.1%	55.9%	55.8%

(1) Return on assets:

$$\frac{\text{Net income}}{(\text{Total assets at the BOP} + \text{Total assets at the EOP}) / 2}$$

BOP: beginning of period
EOP: end of period

For the calculation of cash basis return on assets, goodwill and other intangibles are excluded from the amount of total assets.

(2) Return on equity:

$$\frac{\text{Net income} - \text{dividends on preferred shares}}{(\text{Total equity eligible for common shareholders at the BOP} + \text{Total equity eligible for common shareholders at the EOP}) / 2}$$

(3) Return on equity (fully diluted):

$$\frac{\text{Net income}}{((\text{Total equity at the BOP} - \text{Share warrants at the BOP} - \text{Minority interests at the BOP}) + (\text{Total equity at the EOP} - \text{Share warrants at the EOP} - \text{Minority interests at the EOP})) / 2}$$

(4) Annualized basis.

(5) Management accounting basis.

(6) Expense denotes general and administrative expenses.

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

Capital Adequacy Data (Consolidated) ⁽¹⁾ -Table 14-

	(Billions of yen, except percentages)		
	Mar 31 2008	Mar 31 2007	Sep 30 2007
Basic items (Tier I)	679.7	620.8	647.6
Supplementary items (Tier II)	530.2	522.0	537.0
General reserve for loan losses	5.7	13.9	14.7
Perpetual/non-perpetual preferred stocks and Perpetual/non-perpetual subordinated debt and bonds	529.2	565.7	567.6
Deductions	4.7	57.6	45.3
Deduction	(128.0)	(137.7)	(131.0)
Total capital ⁽²⁾	1,081.9	1,005.0	1,053.5
Risk assets	9,212.5	7,652.0	8,494.1
Capital adequacy ratio	11.74%	13.13%	12.40%
Tier I capital ratio	7.37%	8.11%	7.62%

(1) Calculated by new standard (Basel II, F-IRB)

(2) Consolidated total required capital is 683.6 billion yen as at March 31, 2008, and 633.5 billion yen as at March 31, 2007.

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

A "tier I capital ratio" of 7.37% and "capital adequacy ratio" of 11.74% as of March 31, 2008, on a Basel II basis, are largely in line with Shinsei's corporate targets for maintaining strong capital ratios.

Per Share Data (Consolidated) -Table 15-*(Yen, except percentages)*

	FY2007 (12 months)	FY2006 (12 months)	% Change	1st Half FY2007 (6 months)	% Change
Common equity	364.35	308.60	18.1	352.71	3.3
Fully diluted equity	364.35	355.09	2.6	354.04	2.9
Basic net income (loss)	38.98	(45.92)	184.9	15.72	148.0
Diluted net income	32.44	(31.79)	202.0	12.72	155.0
Cash basis:					
Basic net income	46.31	23.82	94.4	19.57	136.6
Diluted net income	38.50	18.41	109.1	15.77	144.1
For calculation of per share data:					
Equity:					
Number of common shares ⁽¹⁾	1,963,910,456	1,377,145,285		1,577,143,785	
Fully diluted number of shares ⁽¹⁾	1,963,910,456	1,811,061,968		1,846,272,673	
Net income:					
Number of common shares ⁽²⁾	1,529,530,977	1,380,628,230		1,443,810,836	
Fully diluted number of shares ⁽²⁾	1,852,346,309	1,917,803,242		1,821,783,261	

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

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

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

Business Lines Results (Consolidated) -Table 16-

	(Billions of yen, except percentages)		
	FY2007 (12 months)	FY2006 (12 months)	% Change
Institutional Banking:			
Net interest income	46.4	29.3	58.3
Non-interest income	44.7	87.9	(49.1)
Total revenue	91.2	117.3	(22.2)
General and administrative expenses	49.6	43.4	14.2
Ordinary business profit	41.5	73.8	(43.7)
Net credit costs (recoveries)	19.6	(4.0)	583.6
Ordinary business profit after net credit costs (recoveries)	21.9	77.8	(71.8)
Consumer and Commercial Finance:			
Net interest income	53.5	43.0	24.4
Non-interest income	73.7	69.1	6.7
Total revenue	127.3	112.2	13.5
General and administrative expenses	66.2	68.1	(2.8)
Ordinary business profit	61.0	44.0	38.6
Net credit costs	52.3	53.8	(2.9)
Ordinary business profit (loss) after net credit costs	8.7	(9.8)	189.0
Retail Banking:			
Net interest income	21.0	17.5	19.4
Non-interest income	13.0	18.5	(29.7)
Total revenue	34.0	36.1	(5.8)
General and administrative expenses	40.1	37.7	6.4
Ordinary business loss	(6.0)	(1.5)	(294.4)
Net credit costs	0.3	0.1	123.7
Ordinary business loss after net credit costs	(6.3)	(1.6)	(279.1)
(Reference) Revenue from structured deposits	5.7	11.3	(49.4)
ALM/Corporate/Other⁽¹⁾:			
Net interest income	16.7	5.4	204.7
Non-interest income	(6.5)	(2.8)	(131.0)
Total revenue	10.1	2.6	284.1
General and administrative expenses	1.7	0.6	192.2
Ordinary business profit	8.3	2.0	311.6
Net credit costs	1.3	1.9	(33.1)
Ordinary business profit after net credit costs	7.0	0.0	11,339.9
Total:			
Net interest income	137.7	95.4	44.3
Non-interest income	125.0	172.8	(27.7)
Total revenue	262.7	268.3	(2.1)
General and administrative expenses	157.8	149.9	5.2
Ordinary business profit	104.9	118.3	(11.4)
Net credit costs	73.5	51.9	41.7
Ordinary business profit after net credit costs	31.3	66.4	(52.8)

(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 pillars cover a broad range of businesses and customer segments which provide the Bank with diversified revenues.

In fiscal year 2007, "ordinary business profit after net credit costs" was 31.3 billion yen, 35.0 billion yen lower than the same period in the previous fiscal year largely due to mark-downs and reserves for exposure to the U.S.

residential mortgage market totaling 29.1 billion yen, absence of gain from sale of Shinsei's investment in BlueBay of 11.6 billion yen, higher credit costs in Showa Leasing and lower revenues in Retail Banking. This was partly offset by improvement in APLUS' and Shinki's ordinary business profit (loss) as compared to the same period a year ago.

Institutional Banking

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 91.2 billion yen in this fiscal year. This is 26.0 billion yen lower than the same period last fiscal year. The business' generally steady performance was negatively impacted by mark-downs of 15.6 billion yen for exposure to the U.S. residential mortgages and absence of gain from investment in BlueBay of 11.6 billion yen.

The business continued to see an increase in demand for institutional loans and ongoing growth in asset prices contributed to strong performance in the credit trading business. The non-recourse real estate finance business concluded 159 transactions. Non-recourse real estate balance, both loans and bond structures, increased 52.6 billion yen to 974.8 billion yen in the twelve month period ended March 31, 2008. This business generated revenue of 19.2 billion yen as compared to 17.8 billion yen during the same period last fiscal year.

The business momentum in the credit trading business resulted in the conclusion of 53 new transactions with an aggregate investment amount of 101.7 billion yen and generated total revenues of 22.0 billion yen in fiscal year 2007, an increase of 4.9 billion yen compared to the same period the previous fiscal year.

The Institutional Banking business net exposure, after mark-downs and reserves, to the U.S. residential mortgage market aggregates to 280.8 million dollars at the end of March 31, 2008. In fiscal year 2007, the business recorded additional mark-downs and reserves amounting to 291.8 million dollars (or 29.1 billion yen).

In this fiscal year, the "general and administrative expenses" were 49.6 billion yen, a 6.1 billion yen increase compared to the previous fiscal year. The increase was largely due to new employees hired in the business to support its expansion. As a result, "ordinary business profit" for fiscal year 2007 was 41.5 billion yen, a decline of 32.2 billion yen, or 43.7%, as compared to the previous fiscal year. The expense-to-revenue ratio of this business was 54.4% for the twelve months ended March 31, 2008.

Consumer and Commercial Finance ⁽¹⁾-Table 17-

(Billions of yen, except percentages)

	FY2007 (12 months)	FY2006 ⁽³⁾ (12 months)	% Change
APLUS:			
Net interest income	41.8	39.4	6.1
Non-interest income	48.2	53.8	(10.4)
Total revenue	90.0	93.2	(3.4)
General and administrative expenses	45.1	53.3	(15.4)
Ordinary business profit	44.8	39.8	12.5
Net credit costs	38.2	49.1	(22.3)
Ordinary business profit (loss) after net credit costs	6.6	(9.2)	171.9
Showa Leasing:			
Net interest income	(6.2)	(3.5)	(77.8)
Non-interest income	32.1	28.6	12.3
Total revenue	25.8	25.0	3.1
General and administrative expenses	12.8	11.2	13.5
Ordinary business profit	13.0	13.7	(5.4)
Net credit costs	8.7	3.0	190.0
Ordinary business profit after net credit costs	4.3	10.7	(59.8)
Shinki:			
Net interest income	13.7	-	-
Non-interest income	(7.4)	(14.6)	49.3
Total revenue	6.3	(14.6)	143.5
General and administrative expenses	5.6	-	-
Ordinary business profit (loss)	0.7	(14.6)	104.9
Net credit costs	4.6	-	-
Ordinary business profit (loss) after net credit costs	(3.9)	(14.6)	72.9
Other Subsidiaries⁽²⁾:			
Net interest income	4.2	7.1	(40.4)
Non-interest income	0.8	1.3	(38.6)
Total revenue	5.0	8.5	(40.2)
General and administrative expenses	2.6	3.5	(24.1)
Ordinary business profit	2.4	4.9	(51.5)
Net credit costs	0.7	1.7	(57.3)
Ordinary business profit after net credit costs	1.6	3.2	(48.5)
Consumer and Commercial Finance:			
Net interest income	53.5	43.0	24.4
Non-interest income	73.7	69.1	6.7
Total revenue	127.3	112.2	13.5
General and administrative expenses	66.2	68.1	(2.8)
Ordinary business profit	61.0	44.0	38.6
Net credit costs	52.3	53.8	(2.9)
Ordinary business profit (loss) after net credit costs	8.7	(9.8)	189.0

(1) Net of consolidation adjustments, if applicable.

(2) Includes Shinsei Property Finance and unallocated CCF sub-group financials.

(3) Prior period has been adjusted to conform to current period presentation.

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 fiscal year 2007. Shinki's business rationalization initiatives during fiscal year 2006 and in the first half of this fiscal year resulted in a profitable second half of fiscal year 2007. The overall financial performance of Showa Leasing's business was impacted by higher credit reserves related to less credit worthy customers.

In fiscal year 2007, the Consumer and Commercial Finance (CCF) business contributed "total revenue" of 127.3 billion yen, an increase of 15.1 billion yen, or 13.5%, as compared to fiscal year 2006. This includes Shinki's second half of fiscal year 2007 revenue, a consolidated subsidiary from October 1, 2007, of 13.2 billion yen, net of consolidation adjustments. The expense increase was largely due to inclusion of Shinki's second half of fiscal year 2007 expenses of 5.5 billion yen, including allocated expenses. As a result, the business generated "ordinary business profit" of 61.0 billion yen in fiscal year 2007, an increase of 16.9 billion yen from the same period in the previous fiscal year. Fiscal year 2007 credit costs reflect inclusion of Shinki's credit costs of 4.6 billion yen for the six months ended March 31, 2008 and higher credit provisions in Showa Leasing relating to less credit worthy customers. The increases in credit costs of Shinki and Showa Leasing were offset by the decline in APLUS' credit costs due to rationalization of its customer base. As a result, "ordinary business profit after net credit costs" was 8.7 billion yen in the twelve month period ended March 31, 2008, an increase of 18.5 billion yen compared to fiscal year 2006.

APLUS' business transformation initiatives which began in January 2007 facilitated strong financial results in fiscal year

2007. The business generated net income of 6.1 billion yen, on a standalone basis, including Zen-Nichi Shinpan Co., Ltd. (Zen-Nichi Shinpan) in fiscal year 2007.

APLUS' related grey zone payments and write-offs amounted to 5.4 billion yen in fiscal year 2007. The business made new grey zone related provisions of 3.7 billion yen and as a result total grey zone provisions were at 8.6 billion yen as at March 31, 2008 as compared to 10.3 billion yen at March 31, 2007.

Showa Leasing's business momentum and core revenue growth remains strong. In fiscal year 2007, the business earned "ordinary business profit after net credit costs," net of consolidation adjustments, of 4.3 billion yen, 6.4 billion yen lower than the same period a year ago largely due to higher credit provisions.

During the first six months of fiscal year 2007 Shinsei Bank's equity in the non-consolidated net loss of Shinki, under equity-method, amounted to 6.8 billion yen, net of consolidation adjustments. This was partly offset by Shinki's "ordinary business profit after net credit costs" of 3.0 billion yen for the six months ended March 31, 2008. During the second half of fiscal year 2007, Shinki recorded net income of 2.7 billion yen, on a standalone basis.

On a consolidated basis, Shinki's grey zone payments and write-offs amounted to 14.1 billion yen. The business made new grey zone related provisions of 8.4 billion yen and as a result total grey zone provisions were at 30.6 billion yen as at March 31, 2008 as compared to 36.4 billion yen at March 31, 2007.

Other subsidiaries' financials mainly includes financial results of the commercial finance subsidiary, Shinsei Property Finance Co., Ltd.

Retail Banking

The Retail Banking business continues to increase its customer base, deposits, loan volume and assets under management. In the twelve months ended March 31, 2008, the Retail Banking business added more than 202,000 new retail accounts and now has close to 2.2 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 fiscal year 2007, "total revenue" was 34.0 billion yen as compared to 36.1 billion yen during the same period in 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 revenue resulted mainly from a decrease in structured

deposits related option income by 5.6 billion yen from 11.3 billion yen to 5.7 billion yen due to lower demand for structured deposits. This was partly offset by a 3.4 billion yen increase in net interest income associated with the growth in deposits and loan balances. Revenue from asset management products increased from 9.3 billion yen to 9.6 billion yen for the twelve months ended March 31, 2008

Retail Banking incurred "general and administrative expenses" of 40.1 billion yen during the twelve-month period, an increase of 2.4 billion yen, as compared to the same period in the previous fiscal year. Strict expense discipline in the business mitigated the expense increase necessary to expand distribution channels and due to the growth of customer driven transactions. The business generated an "ordinary business loss after net credit costs" of 6.3 billion yen for fiscal year 2007, as compared to an "ordinary business loss after net credit costs" of 1.6 billion yen in fiscal year 2006.

Supplemental Cash Basis Financial Data and Reconciliation to Japanese GAAP Measures (Consolidated)⁽¹⁾ -Table 18-

For the fiscal year ended March 31, 2008

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

Amortization of goodwill and other intangible assets	
Amortization of other intangible assets	3.2
Associated deferred tax liability	(1.3)
Amortization of goodwill	9.2
Total amortization of goodwill and other intangible assets, net of tax benefit	11.2
Reconciliation of net income to cash basis net income	
Net income	60.1
Amortization of goodwill and other intangible assets, net of tax benefit	11.2
Cash basis net income	71.3
Reconciliation of basic net income per share to cash basis basic net income per share	
Basic net income per share	38.9
Effect of amortization of goodwill and other intangible assets, net of tax benefit	7.3
Cash basis basic net income per share	46.3
Reconciliation of fully diluted net income per share to cash basis fully diluted net income per share	
Fully diluted net income per share	32.4
Effect of amortization of goodwill and other intangible assets, net of tax benefit	6.0
Cash basis fully diluted net income per share	38.5
Reconciliation of return on assets to cash basis return on assets	
Return on assets	0.5
Effect of amortization of goodwill and other intangible assets, net of tax benefit	0.1
Cash basis return on assets	0.6
Reconciliation of return on equity to cash basis return on equity	
Return on equity (fully diluted)	8.8
Effect of amortization of goodwill and other intangible assets, net of tax benefit	1.7
Cash basis return on equity (fully diluted)	10.5
Reconciliation of return on equity to return on tangible equity	
Return on equity (fully diluted)	8.8
Effect of goodwill and other intangible assets ⁽¹⁾	5.0
Return on tangible equity (fully diluted)	13.8

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

Consolidated Statements of Operations (Unaudited)*(Millions of yen, except percentages)*

	FY2007	FY2006	Change	
			Amount	%
Total interest income	242,171	172,818	69,353	40.1
Interest on loans and bills discounted	186,747	126,815	59,932	47.3
Interest and dividends on securities	42,768	32,309	10,459	32.4
Other interest income	12,654	13,693	(1,039)	(7.6)
Fees and commissions income	65,977	70,858	(4,881)	(6.9)
Trading profits	9,719	18,128	(8,409)	(46.4)
Other business income	246,601	271,274	(24,673)	(9.1)
Other ordinary income	29,032	26,935	2,097	7.8
Ordinary income	593,503	560,016	33,487	6.0
Total interest expenses	104,395	77,322	27,073	35.0
Interest on deposits	43,467	33,164	10,303	31.1
Interest on debentures	3,398	3,006	392	13.0
Interest on borrowings	15,256	11,312	3,944	34.9
Other interest expenses	42,274	29,838	12,436	41.7
Fees and commissions expenses	25,141	24,409	732	3.0
Trading losses	629	319	310	97.2
Other business expenses	187,320	183,117	4,203	2.3
Total general and administrative expenses	171,295	171,034	261	0.2
General and administrative expenses	158,761	150,233	8,528	5.7
Amortization of goodwill	9,277	12,507	(3,230)	(25.8)
Amortization of intangible assets	3,257	8,293	(5,036)	(60.7)
Other ordinary expenses	93,498	80,641	12,857	15.9
Provision of reserve for loan losses	66,966	48,427	18,539	38.3
Others	26,531	32,213	(5,682)	(17.6)
Ordinary expenses	582,281	536,843	45,438	8.5
Net ordinary income	11,222	23,172	(11,950)	(51.6)
Special gains	88,916	15,278	73,638	482.0
Special losses	7,582	104,159	(96,577)	(92.7)
Income (loss) before income taxes and minority interests:	92,556	(65,708)	158,264	—
Income taxes (benefit)				
Current	4,902	3,249	1,653	50.9
Deferred	9,500	(24,615)	34,115	—
Minority interests in net income of subsidiaries	18,044	16,643	1,401	8.4
Net income (loss)	60,108	(60,984)	121,092	—

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

	<i>(Millions of yen)</i>		
	Mar 31 2008	Mar 31 2007	Change a-b
	a	b	Amount
<<Assets>>			
Cash and due from banks	505,630	448,554	57,076
Call loans	—	43,100	(43,100)
Receivables under resale agreements	2,014	—	2,014
Collateral related to securities borrowing transactions	18,753	11,050	7,703
Other monetary claims purchased	468,880	366,505	102,375
Trading assets	315,287	303,389	11,898
Monetary assets held in trust	371,572	502,332	(130,760)
Securities	1,980,292	1,854,682	125,610
Loans and bills discounted	5,622,266	5,146,306	475,960
Foreign exchanges	17,852	15,047	2,805
Other assets	1,100,151	870,375	229,776
Premises and equipment	305,771	382,460	(76,689)
Intangible fixed assets	233,174	244,155	(10,981)
Goodwill, net	142,239	158,066	(15,827)
Deferred issuance expenses for debentures	125	103	22
Deferred tax assets	28,238	42,474	(14,236)
Customers' liabilities for acceptances and guarantees	701,717	754,420	(52,703)
Reserve for credit losses	(145,966)	(147,275)	1,309
Total assets	11,525,762	10,837,683	688,079

Liabilities and Equity (Consolidated)

	<i>(Millions of yen)</i>		
	Mar 31 2008	Mar 31 2007	Change a-b
	a	b	Amount
<<Liabilities>>			
Deposits	5,229,444	4,940,730	288,714
Negotiable certificates of deposit	577,189	480,199	96,990
Debentures	662,434	703,298	(40,864)
Call money	632,117	692,792	(60,675)
Collateral related to securities lending transactions	148,421	8,333	140,088
Commercial paper	—	171,300	(171,300)
Trading liabilities	205,011	99,255	105,756
Borrowed money	1,127,227	1,122,688	4,539
Foreign exchanges	39	118	(79)
Short-term corporate bonds	73,600	/	/
Corporate bonds	426,286	400,485	25,801
Other liabilities	708,749	498,358	210,391
Accrued employees' bonuses	14,572	13,134	1,438
Accrued directors' bonuses	249	359	(110)
Reserve for employees' retirement benefits	4,660	3,521	1,139
Reserve for directors' retirement benefits	132	/	/
Reserve for losses on interest repayments	39,333	10,353	28,980
Reserve for losses on disposal of premises and equipment	5,025	—	5,025
Reserve under special law	4	3	1
Deferred tax liabilities	4,283	5,075	(792)
Acceptances and guarantees	701,717	754,420	(52,703)
Total liabilities	10,560,501	9,904,430	656,071
<<Equity>>			
Shareholders' equity:			
Capital stock	476,296	451,296	25,000
Capital surplus	43,558	18,558	25,000
Retained earnings	302,535	245,499	57,036
Treasury stock, at cost	(72,566)	(72,560)	(6)
Total shareholders' equity	749,823	642,794	107,029
Net unrealized gain (loss) and translation adjustments:			
Unrealized gain (loss) on available-for-sale securities	(35,073)	5,091	(40,164)
Deferred gain (loss) on derivatives under hedge accounting	(1,057)	(7,744)	6,687
Foreign currency translation adjustments	1,872	2,952	(1,080)
Total net unrealized gain (loss) and translation adjustments	(34,258)	299	(34,557)
Stock acquisition rights	1,257	517	740
Minority interests in subsidiaries	248,437	289,642	(41,205)
Total equity	965,261	933,253	32,008
Total liabilities and equity	11,525,762	10,837,683	688,079

Consolidated Statements of Changes in Equity (Unaudited)

For the twelve months ended March 31, 2008

(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					
Shares issued in the year	25,000	25,000			50,000
Dividends from surplus			(3,072)		(3,072)
Net income			60,108		60,108
Acquisition of treasury stock				(1)	(1)
Increase by increase of consolidated subsidiaries			0	(4)	(4)
Decrease by increase of consolidated subsidiaries			(0)		(0)
Net change of items other than shareholders' equity					
Total changes during the period	25,000	25,000	57,035	(6)	107,029
Balance at end of period	476,296	43,558	302,535	(72,566)	749,823

	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							
Shares issued in the year							50,000
Dividends from surplus							(3,072)
Net income							60,108
Acquisition of treasury stock							(1)
Increase by increase of consolidated subsidiaries							(4)
Decrease by increase of consolidated subsidiaries							(0)
Net change of items other than shareholders' equity	(40,165)	6,686	(1,079)	(34,558)	740	(41,204)	(75,022)
Total changes during the period	(40,165)	6,686	(1,079)	(34,558)	740	(41,204)	32,007
Balance at end of period	(35,073)	(1,057)	1,872	(34,258)	1,257	248,437	965,261

Consolidated Statements of Cash Flows (Unaudited)

(Millions of yen)

	Fiscal year ended Mar.31, 2008	Fiscal year ended Mar.31, 2007	Change
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	92,556	(65,708)	158,264
Depreciation (other than leased assets)	12,541	11,805	736
Depreciation of leased assets	125,988	131,762	(5,774)
Amortization of goodwill	9,277	12,507	(3,230)
Amortization of intangible assets	3,257	8,293	(5,036)
Impairment losses on goodwill	-	55,085	(55,085)
Impairment losses on intangible assets	-	40,061	(40,061)
Impairment losses	919	544	375
Equity in net (income) loss of affiliates	8,350	12,779	(4,429)
Net change in reserve for credit losses	(688)	2,406	(3,094)
Net change in accrued employees' bonuses	1,344	(764)	2,108
Net change in reserve for employees' retirement benefits	1,187	211	976
Net change in reserve for losses on interest repayments	(9,244)	10,353	(19,597)
Net change in reserve for losses on disposal of premises and equipment	5,025	-	5,025
Net change in reserve under special law	0	1	(1)
Interest income	(242,171)	(172,818)	(69,353)
Interest expenses	104,395	77,322	27,073
(Gain) loss on securities sold	10,510	(19,563)	30,073
(Gain) loss on monetary assets held in trust	(6,591)	(9,019)	2,428
Net exchange (gain) loss	25,522	3,811	21,711
Net (gain) loss on disposal of premises and equipment	(66,161)	(1,439)	(64,722)
Net (gain) loss on disposal of leased assets	(1,216)	(6,056)	4,840
Net change in trading assets	(11,897)	(109,808)	97,911
Net change in trading liabilities	105,764	(50,735)	156,499
Net change in loans and bills discounted	(385,175)	(1,058,658)	673,483
Net change in deposits	292,121	1,026,345	(734,224)
Net change in negotiable certificates of deposit	96,990	322,826	(225,836)
Net change in debentures	(40,863)	(315,610)	274,747
Net change in borrowed money (other than subordinated debt)	(36,765)	(47,062)	10,297
Net change in corporate bonds (other than subordinated bonds)	22,595	7,141	15,454
Net change in deposits (other than non-interest-bearing deposits)	80,196	(28,630)	108,826
Net change in call loans	41,085	6,900	34,185
Net change in other monetary claims purchased	(95,202)	(88,459)	(6,743)
Net change in collateral related to securities borrowing transactions	(7,703)	22,057	(29,760)
Net change in call money	(60,675)	662,792	(723,467)
Net change in collateral related to securities lending transactions	(179,300)	38,100	(217,400)
Net change in collateral related to securities lending transactions	140,088	8,333	131,755
Net change in foreign exchange assets	(2,805)	(2,907)	102
Net change in foreign exchange liabilities	(79)	79	(158)
Net change in short-term corporate bonds (liabilities)	73,600	-	73,600
Net change in net trust account	(10,594)	(25,265)	14,671
Interest received	246,447	166,959	79,488
Interest paid	(120,275)	(78,506)	(41,769)
Net change in trading securities	53,470	46,072	7,398
Net change in monetary assets held in trust	90,344	(61,663)	152,007
Net change in leased assets	(88,665)	(121,645)	32,980
Others, net	40,630	12,304	28,326
Subtotal	318,135	422,532	(104,397)
Income taxes paid	(995)	(5,684)	4,689
Net cash provided by (used in) operating activities	317,139	416,847	(99,708)
Cash flows from investing activities:			
Purchase of securities	(2,764,575)	(2,539,598)	(224,977)
Proceeds from sale of securities	533,480	220,364	313,116
Proceeds from maturity of securities	1,902,928	1,911,506	(8,578)
Investment in monetary assets held in trust	(29,059)	(16,130)	(12,929)
Proceeds from disposal of monetary assets held in trust	63,852	40,566	23,286
Purchase of premises and equipment (other than leased assets)	(6,498)	(3,734)	(2,764)
Proceeds from sale of premises and equipment (other than leased assets)	119,795	6,616	113,179
Proceeds from acquisition of new subsidiaries	4,509	-	4,509
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)
Payment for acquisition of business	(31,302)	-	(31,302)
Others, net	(9,335)	(17,832)	8,497
Net cash provided by (used in) investing activities	(191,205)	(395,165)	203,960
Cash flows from financing activities:			
Proceeds from subordinated debt	-	62,000	(62,000)
Repayment of subordinated debt	-	(98,000)	98,000
Proceeds from issuance of subordinated corporate bonds	-	92,161	(92,161)
Payment for redemption of subordinated corporate bonds	(3,308)	(10,945)	7,637
Proceeds from minority shareholders of subsidiaries	1,223	20,253	(19,030)
Payment for capital returned to minority shareholders of subsidiaries	(18,622)	(1,227)	(17,395)
Proceeds from issuance of stock	49,777	-	49,777
Dividends paid	(3,072)	(7,443)	4,371
Dividends paid to minority shareholders of subsidiaries	(17,407)	(11,175)	(6,232)
Purchase of treasury stock	(1)	(136,672)	136,671
Proceeds from sale of treasury stock	-	145	(145)
Net cash provided by (used in) financing activities	8,588	(90,903)	99,491
Foreign currency translation adjustments on cash and cash equivalents	(89)	1	(90)
Net change in cash and cash equivalents	134,433	(69,220)	203,653
Cash and cash equivalents at beginning of year	271,493	340,713	(69,220)
Cash and cash equivalents at end of year	405,926	271,493	134,433

Section 2. Non-Consolidated Information

Results of Operations (Non-Consolidated) -Table 19-

	<i>(Billions of yen, except percentages)</i>		
	FY2007 (12 months)	FY2006 (12 months)	% Change
Net interest income	107.5	59.7	79.9
Non-interest income	44.4	72.7	(38.9)
Net fees and commissions	48.8	45.8	6.6
Net trading income	6.9	14.9	(53.1)
Net other business income	(11.4)	12.0	(194.6)
Total revenue ⁽¹⁾	152.0	132.5	14.7
Personnel expenses	33.1	30.4	8.9
Non-personnel expenses	47.3	43.6	8.6
Taxes	4.2	3.5	18.9
General and administrative expenses	84.7	77.6	9.2
Net business profit ⁽¹⁾	67.2	54.9	22.4
Other gains/losses			
Gains/losses on the sales of equities	(0.5)	5.5	(109.7)
Provision of reserve for loan losses	19.2	-	-
Losses on write-off of loans	1.2	1.8	(31.2)
Expenses for employees' retirement benefits	2.5	1.4	71.8
Other losses, expenses	11.1	9.9	11.6
Net ordinary income	32.5	47.1	(31.0)
Special gains/losses ⁽²⁾			
Gain/losses from sales of fixed assets	0.2	(0.8)	132.2
Gains on bad debt recovered	0.3	0.0	420.6
Reversal of reserve for loan losses	-	2.0	-
Other special gains/losses ⁽³⁾	25.1	(103.4)	124.4
Income (loss) before income taxes	58.3	(55.0)	206.0
Income taxes (benefit)			
Current	(7.6)	(2.7)	175.9
Deferred	12.7	(10.2)	224.4
Net income (loss)	53.2	(41.9)	226.8

(1) Includes income from monetary assets held in trust of 37.3 billion yen in FY2007 and 30.7 billion yen in FY2006.

(2) Reversal of general reserve for loan losses of 2.0 billion yen is included in other special gains in FY2006.

In FY2007, provision of reserve for loan losses was 19.2 billion yen.

(3) Includes (i) income from investment in Tokumei Kumiai (silent partnership) of 66.0 billion yen from the sale of the Bank's headquarters building, which was included in the earnings distributed by Dolphin Japan Investment Y.K., the Bank's consolidated subsidiary, (ii) impairment charges on investments in APLUS' and Shinki's common shares of 15.9 billion yen and 6.0 billion yen, respectively, and (iii) losses on exposure to U.S. residential mortgage market of 8.9 billion yen.

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

The "net income" for fiscal year 2007 of 53.2 billion yen represented 88.7% of the fiscal year 2007 revitalization plan net income (non-consolidated) target of 60.0 billion yen. As a recipient of public funds, Shinsei Bank is required to update

and report its achievement of non-consolidated performance targets as set forth in its revitalization plan on a quarterly basis.

Net Credit Costs (Non-Consolidated) -Table 20-

(Billions of yen, except percentages)

	FY2007 (12 months)	FY2006 (12 months)	%
			Change
Losses on write-off of loans	1.2	1.8	(31.2)
Net provision (reversal) of reserve for loan losses	19.2	(2.0)	1,022.7
Net (reversal) provision of general reserve for loan losses	23.8	5.2	357.5
Net (reversal) provision of specific reserve for loan losses	(4.6)	(7.3)	36.6
Net (reversal) provision of reserve for loan losses to restructuring countries	0.0	0.0	69.4
Net credit costs	20.5	(0.1)	10,424.8

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

Interest-Earning Assets and Interest-Bearing Liabilities (Non-Consolidated) -Table 21-

	(Billions of yen, except percentages)								
	FY2007 (12 months)			FY2006 (12 months)			1st Half FY2007 (6 months)		
	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)
Interest-earning assets:									
Cash and due from banks	158.4	4.6	2.96	123.5	3.6	2.96	173.0	2.9	3.45
Call loans	166.7	1.0	0.62	70.8	0.2	0.29	83.3	0.2	0.63
Receivables under resale agreements	0.7	0.0	3.27	-	-	-	0.0	0.0	5.21
Collateral related to securities borrowing transactions	129.4	0.9	0.75	127.4	0.4	0.37	65.8	0.3	1.16
Securities	2,316.6	76.9	3.32	2,023.1	40.4	1.99	2,195.8	27.6	2.51
Loans and bills discounted	5,183.5	110.5	2.13	4,443.4	75.3	1.69	5,121.2	53.1	2.07
Other interest-earning assets	161.8	5.2	3.23	67.7	1.7	2.51	140.5	2.1	3.02
Interest rate and funding swaps	-	0.3	-	-	7.1	-	-	0.6	-
Total interest-earning assets	8,117.4	199.8	2.46	6,856.2	129.0	1.88	7,779.9	87.2	2.24
Interest-bearing liabilities:									
Deposits	5,178.7	43.5	0.84	4,561.5	33.2	0.72	5,047.2	21.2	0.84
Negotiable certificates of deposit	634.2	4.4	0.70	332.0	1.1	0.35	552.3	1.7	0.63
Debentures	680.4	3.3	0.49	797.0	3.0	0.37	694.1	1.5	0.45
Call money	862.2	14.9	1.73	403.5	5.6	1.40	796.3	8.3	2.08
Payable under repurchase agreements	0.1	0.0	3.67	-	-	-	-	-	-
Collateral related to securities lending transactions	111.2	1.1	1.06	84.0	0.2	0.29	98.2	0.5	1.11
Borrowed money	286.5	3.7	1.32	283.4	2.1	0.75	284.8	1.6	1.12
Corporate bonds	564.0	24.5	4.35	487.3	20.7	4.26	575.0	13.3	4.65
Other interest-bearing liabilities	0.3	5.0	***	0.3	11.2	n.m. ⁽¹⁾	0.3	4.1	n.m. ⁽¹⁾
Interest rate and funding swaps	-	-	-	-	-	-	-	-	-
Total interest-bearing liabilities	8,317.9	100.9	1.21	6,949.3	77.5	1.11	8,048.5	52.4	1.30
Net interest income/yield on interest-earning assets	8,117.4	98.8	1.21	6,856.2	51.5	0.75	7,779.9	34.7	0.89

(1) n.m. is not meaningful.

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

Loans (Non-Consolidated)
Risk-Monitored Loans (Non-Consolidated) -Table 22-

	(Billions of yen)				
	Mar 31 2008 (a)	Mar 31 2007 (b)	Change (a)-(b)	Sep 30 2007 (c)	Change (a)-(c)
Loans to bankrupt obligors	0.5	0.6	(0.1)	0.3	0.2
Non-accrual delinquent loans	22.8	10.6	12.2	32.7	(9.9)
Loans past due for three months or more	0.1	0.0	0.1	6.0	(5.9)
Restructured loans	29.4	16.1	13.3	6.4	23.0
Total (A)	53.0	27.4	25.6	45.6	7.4
Loans and bills discounted (B)	5,356.3	5,075.2	281.1	5,335.1	21.2
Ratio to total loans and bills discounted (A / B X 100)(%)	0.99	0.54	0.45	0.86	0.13
Reserve for credit losses (C)	93.6	106.9	(13.3)	100.5	(6.9)
Reserve ratio (C / A X 100)(%)	176.5	389.2	(212.7)	220.4	(43.9)

Claims Classified under the Financial Revitalization Law (Non-Consolidated) -Table 23-

	(Billions of yen)				
	Mar 31 2008 (a)	Mar 31 2007 (b)	Change (a)-(b)	Sep 30 2007 (c)	Change (a)-(c)
Claims against bankrupt and quasi-bankrupt obligors	8.0	0.9	7.1	9.9	(1.9)
Doubtful claims	15.5	10.8	4.8	23.5	(7.9)
Substandard claims	29.6	16.2	13.4	12.6	17.0
Total (A)	53.1	27.9	25.2	45.9	7.2
Total loans and bills discounted (B)	5,566.0	5,294.6	271.4	5,630.1	(64.1)
Ratio to total loans and bills discounted (A / B X 100)(%)	0.95	0.53	0.42	0.82	0.13
Reserve for credit losses (C)	93.6	106.9	(13.3)	100.5	(6.9)
Reserve ratio (C / A X 100)(%)	176.3	383.2	(206.9)	219.1	(42.8)
(Ref. 1) Amount of write-off	34.6	6.4	28.2	15.8	18.7
(Ref. 2) Below need caution level	159.3	151.5	7.8	148.4	10.9

Coverage Ratios for Non-Performing Claims Disclosed under the Financial Revitalization Law (Non-Consolidated) -Table 24-

	Mar 31, 2008					Mar 31, 2007				
	Amounts of coverage					Amounts of coverage				
	Amounts of claims	Reserve for loan losses	Collateral and guarantees	Coverage ratio		Amounts of claims	Reserve for loan losses	Collateral and guarantees	Coverage ratio	
Claims against bankrupt and quasi-bankrupt obligors	8.0	8.0	-	8.0	100.0	0.9	0.9	-	0.9	100.0
Doubtful claims	15.5	13.5	7.7	5.9	87.1	10.8	9.1	8.1	1.0	84.1
Substandard claims	29.6	11.5	9.2	2.3	38.9	16.2	12.2	6.5	5.6	75.0
Total	53.1	33.0	16.9	16.2	62.2	27.9	22.1	14.6	7.5	79.3

Reserve for Credit Losses (Non-Consolidated) -Table 25-

	<i>(Billions of yen)</i>				
	Mar 31 2008 (a)	Mar 31 2007 (b)	Change (a)-(b)	Sep 30 2007 (c)	Change (a)-(c)
Reserve for credit losses	67.6	74.5	(6.9)	67.1	0.5
General reserve for loan losses	57.9	65.4	(7.5)	48.0	9.9
Specific reserve for loan losses	9.6	9.1	0.5	19.0	(9.4)
Reserve for loans to restructuring countries	0.0	0.0	0.0	0.0	0.0
Specific reserve for other credit losses	26.0	32.4	(6.4)	33.4	(7.4)
Total reserve for credit losses	93.6	106.9	(13.3)	100.5	(6.9)

Housing Loans (Non-Consolidated) -Table 26-

	<i>(Billions of yen)</i>				
	Mar 31 2008 (a)	Mar 31 2007 (b)	Change (a)-(b)	Sep 30 2007 (c)	Change (a)-(c)
Housing loans	811.1	562.2	248.9	692.4	118.7

Loans to Small- and Medium-Sized Entities (SMEs) (Non-Consolidated) -Table 27-

	<i>(Billions of yen, except percentages)</i>				
	Mar 31 2008 (a)	Mar 31 2007 (b)	Change (a)-(b)	Sep 30 2007 (c)	Change (a)-(c)
Loans to small- and medium-sized entities (SMEs)	3,001.6	2,881.2	120.4	3,046.6	(45.0)
% of loans to small- and medium-sized entities	56.9	57.8	(0.9)	58.2	(1.3)

Securities, Derivatives, Employees' Retirement Benefit (Non-Consolidated)
Marketable Securities, at Fair Value (Non-Consolidated) -Table 28-

(Billions of yen)

	Mar 31, 2008				Mar 31, 2007			
	Fair value	Net unrealized gain (loss) (a) - (b)			Fair value	Net unrealized gain (loss) (a) - (b)		
		Gross unrealized gains (a)	Gross unrealized losses (b)			Gross unrealized gains (a)	Gross unrealized losses (b)	
Equity securities (domestic)	13.0	(3.1)	0.3	3.4	14.1	(0.2)	0.5	0.8
Bonds (domestic)	545.5	(3.4)	1.0	4.4	571.1	(3.3)	0.4	3.7
Other ⁽¹⁾	487.6	(28.6)	8.4	37.1	413.8	10.5	11.3	0.7
Other Securities	1,046.2	(35.1)	9.9	45.1	999.1	6.9	12.3	5.4

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

Hedge-Accounting Derivative Transactions (Non-Consolidated) -Table 29-

(Billions of yen)

Notional Principal Amount	Mar 31, 2008			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
Interest rate swaps:				
Receive fixed and pay floating	0.9	389.4	236.4	626.8
Receive floating and pay fixed	54.9	399.0	169.0	622.9
Receive floating and pay floating	-	-	-	-
Total notional principal amount	55.8	788.4	405.4	1,249.7
Currency swaps	268.6	296.3	373.5	938.5
Total notional principal amount	268.6	296.3	373.5	938.5

Employees' Retirement Benefit (Non-Consolidated) -Table 30-
Projected benefit obligation

(Billions of yen)

	Mar 31, 2008
Projected benefit obligation (A)	53.1
(Discount rate)	(2.2%)
Fair value of plan assets (B)	47.4
Prepaid pension cost (C)	(4.2)
Unrecognized prior service cost (D)	(3.0)
Unrecognized net actuarial losses (E)	7.1
Other (Unrecognized obligation at transition, etc.) (F)	4.2
Reserve for retirement benefits (A-B-C-D-E-F)	1.5

Pension Expenses

(Billions of yen)

	FY2007 (12 months)
Service cost	2.2
Interest	1.1
Expected return on plan assets	(1.1)
Amortization of prior service cost	(0.3)
Amortization of net actuarial losses	0.9
Amortization of unrecognized obligation at transition	0.6
Other (extraordinary severance benefit expense, etc.)	1.2
Net periodic retirement benefit cost	4.6

Capital Adequacy Data (Non-Consolidated)⁽¹⁾ -Table 31-

(Billions of yen, except percentages)

	Mar 31 2008	Mar 31 2007	Sep 30 2007
Basic items (Tier I)	845.7	813.6	804.0
Supplementary items (Tier II)	450.8	466.8	471.7
Deduction	(92.7)	(86.8)	(91.7)
Total capital	1,203.8	1,193.7	1,184.1
Risk assets	7,893.4	6,351.0	7,349.6
Capital adequacy ratio	15.25%	18.79%	16.11%
Tier I capital ratio	10.71%	12.81%	10.94%

(1) Calculated by new standard (Basel II, F-IRB)

(2) Consolidated total required capital is 432.2 billion yen as at March 31, 2008, and 361.3 billion yen as at March 31, 2007.

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

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

	FY2007	FY2006	Change	
			Amount	%
Total interest income	199,803	129,046	70,757	54.8
Interest on loans and bills discounted	110,567	75,357	35,210	46.7
Interest and dividends on securities	76,969	40,427	36,542	90.4
Other interest income	12,266	13,262	(996)	(7.5)
Fees and commissions income	27,459	28,198	(739)	(2.6)
Trading profits	7,133	15,339	(8,206)	(53.5)
Other business income	3,845	18,661	(14,816)	(79.4)
Other ordinary income	41,442	40,787	655	1.6
Ordinary income	279,684	232,034	47,650	20.5
Total interest expenses	100,993	77,534	23,459	30.3
Interest on deposits	43,560	33,276	10,284	30.9
Interest on debentures	3,398	3,009	389	12.9
Other interest expenses	54,034	41,247	12,787	31.0
Fees and commissions expenses	15,960	13,164	2,796	21.2
Trading losses	142	436	(294)	(67.4)
Other business expenses	15,202	6,561	8,641	131.7
General and administrative expenses	85,681	77,865	7,816	10.0
Other ordinary expenses	29,174	9,325	19,849	212.9
Ordinary expenses	247,155	184,888	62,267	33.7
Net ordinary income	32,528	47,146	(14,618)	(31.0)
Special gains	67,699	14,385	53,314	370.6
Special losses	41,910	116,546	(74,636)	(64.0)
Income (loss) before income taxes	58,317	(55,015)	113,332	—
Income taxes (benefit)				
Current	(7,666)	(2,779)	(4,887)	175.9
Deferred	12,780	(10,276)	23,056	—
Net income (loss)	53,203	(41,960)	95,163	—

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

(Millions of yen)

	Mar 31 2008	Mar 31 2007	Change a-b
	a	b	Amount
<<Assets>>			
Cash and due from banks	272,940	190,003	82,937
Call loans	—	43,100	(43,100)
Receivables under resale agreements	2,014	—	2,014
Collateral related to securities borrowing transactions	13,850	11,050	2,800
Other monetary claims purchased	161,344	69,856	91,488
Trading assets	275,136	284,137	(9,001)
Monetary assets held in trust	606,018	687,346	(81,328)
Securities	2,300,303	2,062,064	238,239
Valuation allowance for investments	(3,370)	(15,908)	12,538
Loans and bills discounted	5,356,363	5,075,281	281,082
Foreign exchanges	17,852	15,047	2,805
Other assets	577,856	325,654	252,202
Premises and equipment	20,895	20,768	127
Intangible fixed assets	14,560	13,475	1,085
Deferred issuance expenses for debentures	125	103	22
Deferred tax assets	14,697	35,559	(20,862)
Customers' liabilities for acceptances and guarantees	11,746	18,357	(6,611)
Reserve for credit losses	(93,662)	(106,977)	13,315
Total assets	9,548,673	8,728,921	819,752

Liabilities and Equity (Non-Consolidated)

	Mar 31 2008 a	Mar 31 2007 b	Change a-b Amount
<i>(Millions of yen)</i>			
<<Liabilities>>			
Deposits	5,287,941	4,991,263	296,678
Negotiable certificates of deposit	577,189	480,199	96,990
Debentures	663,134	703,908	(40,774)
Call money	632,117	692,792	(60,675)
Collateral related to securities lending transactions	148,421	8,333	140,088
Trading liabilities	203,716	87,361	116,355
Borrowed money	304,078	276,760	27,318
Foreign exchanges	269	397	(128)
Corporate bonds	519,902	562,457	(42,555)
Other liabilities	450,643	237,614	213,029
Accrued employees' bonuses	10,341	9,850	491
Reserve for retirement benefits	1,554	756	798
Reserve for losses on disposal of premises and equipment	4,913	—	4,913
Acceptances and guarantees	11,746	18,357	(6,611)
Total liabilities	8,815,970	8,070,054	745,916
<<Equity>>			
Shareholders' equity:			
Capital stock	476,296	451,296	25,000
Capital surplus	43,558	18,558	25,000
Additional paid-in capital	43,558	18,558	25,000
Retained earnings	317,276	267,144	50,132
Legal reserve	9,880	9,266	614
Other retained earnings	307,395	257,878	49,517
Unappropriated retained earnings	307,395	257,878	49,517
Treasury stock, at cost	(72,557)	(72,555)	(2)
Total shareholders' equity	764,573	664,444	100,129
Net unrealized gain (loss):			
Unrealized gain (loss) on available-for-sale securities	(35,024)	4,181	(39,205)
Deferred gain (loss) on derivatives under hedge accounting	1,896	(10,275)	12,171
Total net unrealized gain (loss)	(33,128)	(6,094)	(27,034)
Stock acquisition rights	1,257	517	740
Total equity	732,703	658,866	73,837
Total liabilities and equity	9,548,673	8,728,921	819,752

Non-Consolidated Statements of Changes in Equity (Non-Consolidated)

For the fiscal years ended March 31, 2008

(Millions of yen)

	Shareholders' equity							Treasury stock, at cost	Total of shareholders' equity
	Capital stock	Capital surplus		Appropriated for regal reserve	Retained earnings				
		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									
Shares issued in the year	25,000	25,000	25,000					50,000	
Dividends from surplus				614	(3,686)	(3,072)		(3,072)	
Net income					53,203	53,203		53,203	
Acquisition of treasury stock							(1)	(1)	
Net change of items other than shareholders' equity									
Total changes during the period	25,000	25,000	25,000	614	49,517	50,131	(1)	100,129	
Balance at end of period	476,296	43,558	43,558	9,880	307,395	317,276	(72,557)	764,573	

	Net unrealized gain/loss and translation adjustments			Stock acquisition rights	Total net assets
	Net unrealized gain/loss on securities available-for-sale, net of taxes	Net deferred gain/loss on hedge, net of taxes	Total net unrealized gain/loss and translation adjustments		
Balance at beginning of period	4,181	(10,275)	(6,094)	517	658,866
Changes in amounts during the period					
Shares issued in the year					50,000
Dividends from surplus					(3,072)
Net income					53,203
Acquisition of treasury stock					(1)
Net change of items other than shareholders' equity	(39,206)	12,172	(27,034)	740	(26,293)
Total changes during the period	(39,206)	12,172	(27,034)	740	73,836
Balance at end of period	(35,024)	1,896	(33,128)	1,257	732,703

Section 3. Earnings Forecast (Consolidated and Non-Consolidated) –Table 32-

(Consolidated)	<i>(Billions of yen)</i>	
	<i>Fiscal year ending</i>	<i>Fiscal year ended</i>
	Mar. 2009	Mar. 2008
	(FY2008)	(FY2007)
	Forecast	Actual
Net income	62.0	60.1
<hr/>		
(Non-Consolidated)	<i>Fiscal year ending</i>	
	<i>Mar. 2009</i>	<i>Mar. 2008</i>
	(FY2008)	(FY2007)
	Forecast	Actual
Net business profit ⁽¹⁾	70.0	67.2
Net income	60.0	53.2
<hr/>		
Dividends (in yen)		
Common stock	⁽²⁾	2.94 yen
Class-A preferred share ^{(3) (4)}	- yen	6.50 yen

(1) Revitalization plan basis

(2) The amount of dividend for common shares for the period ending March 31, 2009 has yet to be determined.

(3) Class-A preferred shares were converted into common shares on March 31, 2008.

(4) There are no longer any preferred shares outstanding.

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 result of various factors.

Section 4. U.S. Residential Mortgage Related Exposure, Securitized Products, Others

Mark-Downs and Credit Reserves for U.S. Residential Mortgage Exposure (Consolidated) -Table 33-

(Millions of dollars) (Billions of yen)

	FY2006	FY2007				Total	Total ⁽¹⁾
	4Q (Jan 1 - Mar 31, 2007)	1Q (Apr 1 - Jun 30, 2007)	2Q (Jul 1 - Sep 30, 2007)	3Q (Oct 1 - Dec 31, 2007)	4Q (Jan 1 - Mar 31, 2008)		
Mark-downs	11	17	48	40	52	157.1	15.6
Credit reserves (recoveries) ⁽²⁾	8	0	107	(11)	38	134.6	13.4
Total	19	17	155	29	90	291.8	29.1

(1) The amount of credit reserves during fiscal year 2007 reflects adjustments due to different exchange rates (March 31, 2007: 117.78 yen per US dollar, March 31, 2008: 99.73 yen/dollar).

(2) Includes 2.1 billion yen of losses on a sale of security.

U.S. Residential Mortgage Exposure (Securities, Equities and Warrants and Loans) (Consolidated) -Table 34-

	(Millions of dollars, %)			(Billions of yen)	
	Balance Before Evaluation ⁽¹⁾	Mark-Down During FY2007 or Credit Reserve as of Mar 31, 2008		Net Exposure Mar 31, 2008	Net Exposure Mar 31, 2008
	(a)	(b)	% Decline	(c) = (a) - (b)	(c) x 99.73 yen
Mark-to-Market Exposure	242.6	157.1 ⁽²⁾	(64.8)	85.4	8.5
Securities ⁽³⁾	167.0	81.6	(48.9)	85.4	8.5
AAA ⁽⁴⁾	98.5	24.0	(24.4)	74.4	7.4
AA ⁽⁴⁾	24.0	14.6	(60.9)	9.4	0.9
Other (A or lower) ⁽⁴⁾	44.5	42.9	(96.4)	1.5	0.1
Equities and Warrants	75.5	75.5	(100.0)	0.0	0.0
Loans and Other Credit Exposure	342.6	122.1 ⁽⁵⁾	/	195.4 ⁽¹⁰⁾	19.4
Loans	234.3	119.8	/	114.4	11.4
Loans Funded Prior to 4QFY2007	112.3	112.3	/	-	-
New Loans Funded in 4QFY2007 ⁽⁶⁾	122.0	7.5	/	114.4	11.4
Securities Whose Fair Value is Not Readily Determinable ⁽⁷⁾	83.3	2.3	/	80.9	8.0
Securities Sold during FY2007 ⁽⁸⁾	25.0	-	/	-	-
Total	585.2	279.3 ⁽⁹⁾	/	280.8 ⁽¹⁰⁾	28.0

(1) Except for one security sold during FY2007 (please see Note 8), figures are balances as of March 31, 2008 (end of fiscal year 2007) before mark-to-market adjustments or credit reserves.

(2) Mark-downs of U.S. residential mortgage exposure during FY2007 totaled 15.6 billion yen (157.1 million dollars, using exchange rate of 99.73 yen/dollar for March 31, 2008).

(3) Comprised of 2007-vintage securities except for one AAA-rated security of 2006-vintage amounting to 21.3 million dollars (2.1 billion yen).

Of the total 16.8 billion yen of securities exposure, subprime-related exposure is 3.7 billion yen, including the security of Note 7, as of March 31, 2008.

(4) Based on ratings as of March 31, 2008.

(5) Net credit reserves and others for U.S. residential mortgage exposure during FY2007 totaled 13.4 billion yen (122.1 million dollars minus credit reserves as of March 31, 2007 plus 20.5 million dollars of loss on the sale of a security, using an exchange rate of 99.73 yen/dollar).

(6) Includes undrawn portion of commitment lines.

(7) At inception, 82% of the fair value of original investment could be attributed to a U.S. Treasury Note-based security (rated AAA) in the underlying assets; balance was comprised of various other securities including U.S. RMBS. As of March 31, 2008, the U.S. Treasury Note-based security accounted for nearly all of the underlying asset value (please see the definition of subprime-related in the table 38).

(8) No remaining exposure at the end of FY2007 due to the sale of the security.

(9) Mark-downs and credit reserves for U.S residential mortgage exposure during FY2007 totaled 29.1 billion yen (also see Notes 2 and 5).

(10) The security sold during FY2007 (please see Note 8) is excluded from the net exposure calculation.

Balance of Securitized Products (Breakdown by Region and Type of Securities) (Non-Consolidated) - Table 35-

(Billions of yen)

	Credit Ratings of Securities ⁽²⁾ (Mar 31, 2008)				Mar 31 2008	Sep 30 2007	Change (a)-(b)	Dec 31 2007	Change (a)-(c)
	AAA	AA	A or lower	N/A	(a)	(b)	(c)	(a)-(c)	
RMBS	26%	13%	2%	59%	76.2	98.7	(22.4)	93.8	(17.5)
Japan	12%	5%	3%	81%	45.6	55.4	(9.7)	54.7	(9.1)
U.S. ⁽³⁾	46%	1%	1%	52%	15.9	23.5	(7.6)	21.0	(5.1)
Europe	0%	100%	0%	0%	7.3	9.4	(2.1)	8.8	(1.4)
Other ⁽⁴⁾	100%	0%	0%	0%	7.2	10.2	(2.9)	9.1	(1.8)
CMBS⁽⁵⁾	0%	12%	87%	0%	30.3	35.2	(4.9)	33.9	(3.6)
Japan	0%	6%	94%	1%	17.6	18.5	(0.8)	18.1	(0.5)
U.S.	-	-	-	-	-	-	-	-	-
Europe	0%	0%	100%	0%	10.0	13.3	(3.3)	12.4	(2.4)
Other	0%	100%	0%	0%	2.6	3.4	(0.7)	3.3	(0.6)
CDO	54%	39%	6%	2%	149.5	183.8	(34.3)	179.5	(30.0)
Japan	-	-	-	-	-	-	-	-	-
U.S. ⁽⁶⁾	50%	47%	0%	3%	87.6	116.8	(29.2)	112.3	(24.7)
Europe	57%	28%	15%	0%	59.1	63.6	(4.4)	63.9	(4.7)
Other	100%	0%	0%	0%	2.7	3.4	(0.6)	3.3	(0.5)
ABS CDO (Resecuritized Products)	0%	10%	20%	70%	8.9	10.0	(1.0)	9.4	(0.4)
Japan ⁽⁷⁾	0%	0%	23%	77%	8.0	8.1	(0.0)	8.1	(0.0)
U.S. ⁽³⁾	0%	100%	0%	0%	0.8	1.8	(0.9)	1.2	(0.4)
Europe	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	38%	27%	15%	20%	265.1	327.9	(62.7)	316.7	(51.6)
Japan	8%	4%	27%	61%	71.4	82.1	(10.7)	81.1	(9.6)
U.S.	49%	41%	0%	10%	104.4	142.2	(37.8)	134.7	(30.2)
Europe	44%	31%	25%	0%	76.5	86.4	(9.9)	85.2	(8.6)
Other	79%	21%	0%	0%	12.7	17.0	(4.3)	15.7	(2.9)
Securities					199.1	260.4	(61.2)	250.0	(50.9)
RMBS					30.6	52.3	(21.7)	47.9	(17.3)
CMBS					18.1	22.3	(4.2)	21.1	(3.0)
CDO					149.5	183.8	(34.3)	179.5	(30.0)
ABS CDO					0.8	1.8	(0.9)	1.2	(0.4)
Other monetary claims purchased					66.0	67.5	(1.4)	66.7	(0.7)
RMBS					45.6	46.4	(0.7)	45.8	(0.1)
CMBS					12.2	12.9	(0.6)	12.7	(0.5)
CDO					-	-	-	-	-
ABS CDO					8.0	8.1	(0.0)	8.1	(0.0)
Total					265.1	327.9	(62.7)	316.7	(51.6)

(1) The amount is outstanding balance, after mark-downs and other comprehensive income (OCI) adjustments, at the end of each period.

(2) Based on ratings as of March 31, 2008. The "N/A" rating for Japanese RMBS represents senior portions of other monetary claims purchased for the purpose of warehousing for future securitization. The "N/A" rating for U.S. RMBS is for a security where U.S. Treasury Note-based security represents 82% of the value and various other securities including U.S. RMBS represents 18% at inception.

(3) Securities related to U.S. residential mortgage market. Of the 15.9 billion yen in U.S. RMBS outstanding as of March 31, 2008, subprime-related exposure is 2.9 billion yen. In addition, subprime-related exposure includes ABS CDO (1 security) of 0.8 billion yen.

(4) Includes exposures guaranteed by a monoline insurer (1.4 billion yen as of March 31, 2008, 1.8 billion yen as of December 31, 2007 and 2.0 billion yen as of September 30, 2007).

(5) Breakdown of collateral: office building (42%), multifamily (44%), retail and shops (8%), hotel and others (6%)

(6) One security amounting to 2.2 billion yen is hedged using a credit default swap index in the amount of approximately 2.0 billion yen; counterparty is a European investment bank (AA-rated).

(7) Backed by domestic RMBS and CMBS and does not include subprime-related exposure.

Securitized Products, Recorded under "Securities" and "Other Monetary Claims Purchased" and OCI

(Non-Consolidated) - Table 36-

Securities	(Billions of yen, %)			
	As of March 31, 2008			
	Balance before Mark-to-Market Evaluation	Market Value or Balance	Unrealized Gains/Losses (OCI)	Price Decline Ratio (%)
Trading Securities	19.7	12.7	/	/
RMBS (Japan)	-	-	/	/
RMBS (U.S.) ⁽¹⁾	7.3	2.3	/	/
RMBS (Other foreign countries)	5.6	5.4	/	/
CDO (U.S.)	3.7	2.1	/	/
CDO (Other foreign countries)	2.9	2.7	/	/
Securities Available for Sale	202.8	178.0	(24.8)	(12.2)
Other	202.8	178.0	(24.8)	(12.2)
Foreign Securities	202.8	178.0	(24.8)	(12.2)
Foreign Currency Denominated Foreign Corporate and Government Bonds	197.4	172.6	(24.8)	(12.6)
RMBS	15.2	14.4	(0.7)	(4.9)
U.S. ⁽¹⁾	5.2	5.2	0.0	-
Europe	8.1	7.3	(0.7)	(9.3)
Other foreign countries	1.8	1.8	0.0	(0.2)
CMBS	15.7	12.7	(3.0)	(19.5)
U.S.	-	-	-	-
Europe	12.7	10.0	(2.7)	(21.6)
Other foreign countries	2.9	2.6	(0.3)	(10.7)
CDO	165.5	144.5	(20.9)	(12.7)
U.S.	103.0	85.4	(17.6)	(17.1)
Europe	62.4	59.1	(3.3)	(5.3)
Other foreign countries	-	-	-	-
ABS CDO	0.8	0.8	0.0	-
U.S. ⁽¹⁾	0.8	0.8	0.0	-
Europe	-	-	-	-
Other foreign countries	-	-	-	-
Yen-Denominated Foreign Corporate and Government Bonds	5.4	5.4	0.0	-
RMBS (Japan)	-	-	-	-
CMBS (Japan)	5.4	5.4	0.0	(0.1)
ABS CDO (Japan)	-	-	-	-
Book Value of Securities Whose Fair Value is Not Readily Determinable	8.3	8.3	0.0	-
Foreign Securities	8.3	8.3	0.0	-
RBMS (U.S.) ⁽¹⁾	8.3	8.3	0.0	-
Securities	230.8	199.1	/	/
RMBS	36.5	30.6	/	/
CMBS	21.1	18.1	/	/
CDO	172.2	149.5	/	/
ABS CDO	0.8	0.8	/	/
Other Monetary Claims Purchased	As of March 31, 2008			
	Balance before Mark-to-Market Evaluation	Market Value or Balance	Unrealized Gains/Losses (OCI)	Price Decline Ratio (%)
Trading Purposes	18.3	18.3	/	/
RMBS (Japan)	13.5	13.7	/	/
CMBS (Japan)	4.7	4.5	/	/
Others	47.6	47.6	0.0	-
RMBS (Japan)	31.8	31.8	0.0	-
CMBS (Japan)	7.7	7.7	0.0	-
ABS CDO (Japan)	8.0	8.0	0.0	-
Total	65.9	66.0	/	/
RMBS (Japan)	45.4	45.6	/	/
CMBS (Japan)	12.4	12.2	/	/
ABS CDO (Japan)	8.0	8.0	/	/
RMBS, CMBS, CDO, ABS CDO Total	296.8	265.1	/	/
Securities	230.8	199.1	/	/
Other Monetary Claims Purchased	65.9	66.0	/	/

(1) Securities related to the exposure to U.S. residential mortgage market

LBO, Monoline, SIV, ABCP, CDS (Non-Consolidated) -Table 37-

	<i>(Billions of yen)</i>				
	Mar 31 2008 (a)	Sep 30 2007 (b)	Change (a)-(b)	Dec 31 2007 (c)	Change (a)-(c)
LBO⁽¹⁾	277.1	309.7	(32.6)	287.8	(10.7)
Japan	258.6⁽²⁾	288.8	(30.2)	267.9	(9.3)
U.S.	3.6	4.4	(0.8)	4.1	(0.5)
Europe	-	-	-	-	-
Other	14.8	16.5	(1.7)	15.8	(1.0)
(Breakdown by Industry Sector as of March 31, 2008)					
Manufacturing	8.6%				
Information and communications	16.3%				
Wholesale and retail	10.8%				
Finance and Insurance	26.0%				
Services	38.4%				
Others	0.0%				
Total	100.0%				

(1) The amount includes unfunded commitment line.

(2) As of March 31, 2008, unfunded commitment line (only domestic) is 23.0 billion yen.

	<i>(Billions of yen)</i>				
	Mar 31 2008 (a)	Sep 30 2007 (b)	Change (a)-(b)	Dec 31 2007 (c)	Change (a)-(c)
Monoline	1.4	2.0	(0.6)	1.8	(0.4)
Japan	-	-	-	-	-
U.S.	-	-	-	-	-
Europe	-	-	-	-	-
Other	1.4	2.0	(0.6)	1.8	(0.4)
SIV	-	-	-	-	-
ABCP	-	-	-	-	-

Credit Default Swaps (CDS)

	<i>(Billions of yen)</i>							
	As of March 31, 2008							FY2007
	Nominal Amount		Fair Value		Netted Nominal Amount and Fair Value ⁽¹⁾			Realized Profits (Losses)
	Protection (buy)	Protection (sell)	Protection (buy)	Protection (sell)	Notional Value	Fair Value		
						Protection (buy)	Protection (sell)	
Total	1,387.3	1,454.9	53.0	(46.9)	1,160.1	39.8	(36.0)	5.1
Japan	1252.6	1325.6	46.8	(41.2)	1071	35.9	(33.2)	6.1
U.S.	75.2	83.2	3.8	(4.2)	47.6	2.2	(1.5)	(1.5)
Europe	28.4	19.8	1.3	(0.4)	16.2	0.6	(0.3)	0.4
Other	30.9	26.2	1.0	(0.9)	25.2	1.0	(0.9)	0.0

(1) Transactions which are netted with buy and sell.

Definitions -Table 38-

Names	Definition
RMBS	Residential mortgage-backed securities and other related assets, including beneficial interests backed by mortgage loans. Recorded in "trading securities," "securities available-for-sale" and "other monetary claims."
CMBS	Commercial mortgage backed securities. Recorded in "securities available-for-sale" and "other monetary claims." We have no U.S. CMBS exposure.
CDO	Collateralized loan obligations (CLO) mainly backed by LBO debt, corporate loans and high-yield securities. Recorded in "trading securities" and "securities available-for-sale."
ABS CDO (Resecuritized Products)	CDO backed by asset-backed securities (ABS) such as RMBS. Recorded in "securities available-for-sale" and "other monetary claims." We are holding one foreign currency-denominated ABS CDO backed by U.S. RMBS.
LBO	Loans for leveraged buyout for acquisition finance including refinancing of past acquisitions.
Subprime-Related	Subprime-Related exposure is the total book value of securities whose underlying assets include U.S. subprime, Alt-A and/or second-lien loans, with the exception of one security whose underlying assets are comprised of a AAA-rated U.S. Treasury Note-based security and U.S. RMBS ("STRIPS-RMBS"). In the case of STRIPS-RMBS, which had a book value of 83.3 million dollars (or 8.3 billion yen) as of March 31, 2008, the fair value of the U.S. Treasury Note-based security (78.1 million dollars as of March 31, 2008) is excluded from the calculation of subprime-related exposure (related footnotes can be found in Note 3 and Note 7 of Tables 34 and Note 2 and Note 3 of Table 35). As of March 31, 2008, total subprime-related exposure stood at 3.7 billion yen.
Monoline	Monolines are insurance companies that insure against the risk of a bond or other security defaulting. As of March 31, 2008, the exposure guaranteed by monoline insurer is 1.4 billion yen in Asia.
SIV	A structured investment vehicle (SIV) is a fund which borrows money by issuing short-term securities at low interest rates, then lends that money by buying long-term securities (such as securitization products) at higher interest rates, making a profit for investors from the difference. We have no exposure to SIVs.
ABCP	An asset-backed commercial paper (ABCP) conduit is a limited-purpose entity that issues CP to finance the purchase of assets or to make loans. Some asset types include receivables generated from trade, credit card, auto loan, auto, and equipment leasing obligors, as well as collateralized loan obligations (CLOs) and collateralized bond obligations (CBOs). We have no exposure to ABCP.
CDS	Credit default swap, a type of derivative in which, as the "buyer," receives credit protection by making periodic payments to a counterparty or, as the "seller," provides credit protection by giving the promise of a payoff if a third-party defaults.

(Reference) BOJ Press Club Format -Appendix 1 and 2-

(Appendix 1) [English translation originally prepared in Japanese using the format required by Bank of Japan Press Club]

 1. Consolidated capital ratio (Billion of yen, except percentages)

	Risk assets	Total capital		Deferred tax assets in total capital		Capital adequacy ratio
		Tier I	Tier II			
Mar 31, 2007	7,652.0	1,005.0	620.8	522.0	37.3	13.13%
Sep 30, 2007	8,494.1	1,053.5	647.6	537.0	34.1	12.40%
Mar 31, 2008	9,212.5	1,081.9	679.7	530.2	23.9	11.74%

*Based on new standard (Basel II, F-IRB)

 2. Net business profit (Non-Consolidated) (Billions of yen)

	Before net provision of general reserve*	
		Except bonds related profits and losses
FY2006	54.9	49.8
1H-FY2007	34.5	32.8
FY2007	67.2	73.7
FY2008 forecast	70.0	70.0
1H-FY2008 forecast	31.0	31.0

*Revitalization Plan basis

3. Problem claims

(1) Credit costs

a. Non-consolidated

	(Billions of yen)		
	①Net provision of general reserve	②Other credit costs (banking account)	Total credit costs ①+②
FY2006	5.2	(5.4)	(0.1)
1H-FY2007	(5.0)	11.0	5.9
FY2007	23.8	(3.3)	20.5

②=Total of temporary profit and loss level (specific reserve for credit losses, losses on write-off of loans, provision of reserve for loan losses on sale of bonds).

b. Consolidated

	(Billions of yen)		
	①Net provision of general reserve	②Other credit costs (banking account)	Total credit costs ①+②
FY2006	33.5	18.3	51.9
1H-FY2007	(5.4)	36.1	30.7
FY2007	22.8	50.7	73.5

 (2) Outstanding balance (Billions of yen)

	Self assessment				Total ①+②+③
	①Bankrupt and virtually bankrupt obligors	②Possibly bankrupt	Below possibly bankrupt ①+②	③Need caution*	
Mar 31, 2007	0.9	10.7	11.6	139.8	151.5
Sep 30, 2007	9.8	23.4	33.3	115.0	148.4
Mar 31, 2008	8.0	15.5	23.5	135.8	159.3

(Billions of yen)

	Claims under the Financial Revitalization Law	
	④Substandard claims	Total ①+②+④
Mar 31, 2007	16.2	27.9
Sep 30, 2007	12.5	45.9
Mar 31, 2008	29.5	53.1

* Need caution claims include private placement bonds guaranteed by Shinsei as at Mar 31, 2008, Sep 30, 2007 and Mar 31, 2007.

 (3) Ratio of problem claims classified under the Financial Revitalization Law (%)

	Sep 30, 2004	Mar 31, 2005	Sep 30, 2005	Mar 31, 2006	Sep 30, 2006
	Non-consolidated	2.01	1.43	1.16	1.03
Consolidated	2.19	1.83	2.06	1.76	1.18

	Mar 31, 2007	Sep 30, 2007	Mar 31, 2008
	Non-consolidated	0.53	0.82
Consolidated	1.08	1.23	1.69

4. Equity holdings

(1) Equity (Non-consolidated)

(Billions of yen)

	Book value		Net unrealized gain (loss)	Tier I
		Subsidiaries' shares		
Mar. 31, 2007	273.6	253.7	(0.2)	813.6
Sep. 30, 2007	247.6	218.3	(1.1)	804.0
Mar. 31, 2008	301.9	275.8	(3.1)	845.7

(2) Disposal of transaction loss (Non-consolidated)

(Billions of yen)

	Equity related profits and losses (net of three accounts)	
		Disposal of transaction loss
1H-FY2007*	1.3	0.0
FY2007**	(0.5)	2.2

*1H-FY2007: Other extraordinary losses include impairment of subsidiaries and affiliates' shares of 27.2 billion yen, net of recovery of valuation allowance for investments of 15.9 billion yen (gross amount of impairment was 43.1 billion yen).

**FY2007: Other extraordinary losses include impairment of subsidiaries and affiliates' shares of 29.1 billion yen, net of recovery of valuation allowance for investments of 15.9 billion yen (gross amount of impairment was 45.0 billion yen).

5. Bonds [Non-consolidated]

(Billions of yen)

	Bond related realized profits and losses	OCI*
FY2006	5.1	(3.3)
1H-FY2007	1.6	(3.5)
FY2007	(6.4)	(3.4)

*Other comprehensive income (OCI) is the appraisal of debentures included in other securities.

6. Loans

(1) Loans for SMEs (% shows changes from the previous period)

(Billions of yen)

	Results*	
Mar. 31, 2007	2,881.2	11.35%
Sep. 30, 2007	3,046.6	5.74%
Mar. 31, 2008	3,001.6	(1.48)%

Revitalization Plan (change in actual basis, except foreign currency loans)
In FY2006, the Plan was +1.0 billion yen and the results was +275.1 billion yen

*Different from the amount of actual basis for Revitalization Plan.

(2) Amount of real estate non-recourse loans

(Billions of yen)

Mar 31, 2007	769.5
Sep 30, 2007	873.4
Mar 31, 2008	695.6

7. Source of dividends for public funds

(Billions of yen)

Inappropriated retained earnings as of Mar 31, 2008	307.3
Net unrealized gain on securities available-for-sale, net of taxes, as of Mar 31, 2008	(35.0)
Annual dividends required for full year for preferred shares injected by public funds ⁽¹⁾	

(1) There are no outstanding preferred shares as of March 31, 2008.

8. Results and forecast of payout ratio (Non-consolidated)

	Dividend per share (full year)	Payout ratio ⁽¹⁾
FY2006	2.66 yen	5.66%
FY2007	2.94 yen	8.53%

(1) After the repayment of public funds, the bank plans to improve the targeted payout ratio based on global standard levels (approximately 20% to 30% level).

9. Sales performance and commission of investment trusts and insurance

a. Sales performance and commission of investment trusts

(Billions of yen)

	Handling commission for sales of investment trusts	Revenue from sales during the period	Amount of sales during the period
FY2006	7.2	3.7	226.5
1H-FY2007	5.6	3.0	133.4
FY2007	7.9	3.8	187.9

b. Sales performance and commission of insurance

(Billions of yen)

	Handling commission for sales of insurance	Revenue from sales during the period	Amount of sales during the period
FY2006	2.3	2.2	43.1
1H-FY2007	1.2	1.2	25.6
FY2007	2.2	2.1	43.6

10. U.S. subprime related exposure

Please refer to table 34, 35 and 38 of Financial Summary for the fiscal year ended March 31, 2008.

(Appendix 2)

Calculation grounds of deferred tax assets
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Shinsei Bank has, due to the recognition of non-performing loans under temporary nationalization, 42.0 billion yen of tax loss carryforwards and the unrealized temporary differences of 390.0 billion yen as of March 31, 2008.

We continue to recognize deferred tax assets based on our ability to reasonably estimate future taxable income for the next year.

Taxable income is calculated under the consolidated tax system, which was adopted in FY2003.

1. Future year taxable income estimate before adjustment

• Taxable income calculation based on one year revenue forecast

Ordinary business profit	70.0 billion yen
Income before income tax	64.5 billion yen
Total taxable income before adjustment (under consolidated tax system) (A)	78.6 billion yen

(Reference) Total taxable income before adjustment for the past five years [Non-consolidated]

(Billions of yen)

FY2003	FY2004	FY2005	FY2006	FY2007
66.1	64.8	66.8	63.9	58.5

2. Net deferred tax assets (FY2007 [Non-consolidated])

Deferred tax assets corresponding to "total taxable income before adjustment" in (A) as mentioned above (*) 27.3 billion yen

Deferred tax liabilities 12.6 billion yen

Net deferred tax assets on balance sheet 35.5 billion yen

(*) Breakdown	Securities	76.8 billion yen
	Reserve for credit losses	52.1 billion yen
	Tax loss carryforwards	21.9 billion yen
	Net unrealized loss on securities available-for-sale	14.3 billion yen
	Net deferred loss on hedge	6.7 billion yen
	Other	29.7 billion yen
	Sub-total	201.9 billion yen
	Valuation allowance	(174.6) billion yen
	Total	27.3 billion yen

3. Deferred tax assets to Tier I ratio [Consolidated]

(Billions of yen)

	FY2006	1H-FY2007	FY2007
Deferred tax assets (excluding deferred tax liabilities)	37.3	34.1	23.9
Tier I	620.8	647.6	679.7
Deferred tax assets to Tier I ratio	6.0%	5.3%	3.5%