

Financial Summary

For the First Half Ended September 30, 2012



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 have been truncated. All percentages have been rounded to the nearest 0.1%.

Financial and Economic Environment

- During the first half of fiscal year 2012, the Japanese economy showed a gradual recovery up to a point, despite the ongoing effects of the prolonged strong yen and deflation. However, thereafter, there was a decrease in production activity, exports and individual consumption due to the enduring European debt crisis and a worldwide economic slump that includes Europe, the United States and emerging nations. The Japanese economic outlook appears weak for the immediate future, given the uncertainty in the overseas economic environment, with the potential for a worsening world economy and unstable financial markets to exert a negative impact. Thereafter, however, the domestic economy is expected to return to a recovery trend on the back of continuing demand related to the post-earthquake recovery effort.
- Amidst these circumstances, the Japanese government faces many political issues including securing swift recovery from the Great East Japan Earthquake, pursuing comprehensive social security and tax reform, construction of a more effective economic growth strategy and solving several diplomatic problems. However, political confusion continues, characterized by the conflict between the governing party and the opposition, and the launch of a third major opposition party. The Bank of Japan has strengthened monetary easing policies following measures taken in Europe and the United States in April and September by, for example, increasing the size of its asset-buying scheme, in its aim to lift the country out of deflation and realize continuous and stable economic growth.
- Against this backdrop, the tendency for the yen to appreciate has strengthened due to the European debt crisis and worldwide economic slump. As at September 30, 2012, the euro-Japanese yen exchange rate was ¥100 (a strengthening of ¥10 from the end of March 2012) and the U.S. dollar-Japanese yen exchange rate was ¥78 (a strengthening of ¥5 from the end of March 2012).
- The domestic long-term (10 year government bond yields) interest rate was 1.0% at the beginning of the fiscal year, but declined to 0.7% at the end of September 2012, due to the severe domestic and international economic environment, and an inflow of capital to the Japanese bond market as investors searched for a safety haven. The short-term interest rate remained at a low level.
- The Nikkei 225 average was ¥8,870.16 at the end of September 2012 (a decline of approximately ¥1,210 from the end of March 2012), as investors' risk appetite declined amidst the European debt crisis and Japanese and world economic slowdown.

Financial Highlights⁽¹⁾

(Billions of yen, except percentages)

	1HFY2012 (6 months)	1HFY2011 (6 months)	Change % or Amount	FY2011
Selected income statement items (Consolidated)				
Net interest income	56.1	60.7	(7.5)%	116.9
Non-interest income	47.9	44.9	6.7%	86.0
Net fees and commissions	8.7	13.8	(37.0)%	25.2
Net trading income	9.5	6.5	46.3%	13.6
Net other business income	29.5	24.4	20.8%	47.2
Total revenue	104.1	105.6	(1.5)%	202.9
General and administrative expenses	63.7	63.3	0.7%	127.9
Ordinary business profit	40.3	42.3	(4.7)%	74.9
Net credit costs (recoveries)	6.2	8.8	(28.9)%	12.2
Ordinary business profit after net credit costs (recoveries)	34.0	33.5	1.7%	62.7
Amortization of goodwill and other intangible assets ⁽²⁾	5.6	6.2	(9.0)%	11.9
Other gains (losses)	(0.4)	(1.5)	68.5%	(35.4)
Income before income taxes and minority interests	27.9	25.7	8.4%	15.3
Current income tax	0.8	1.6	(51.2)%	2.9
Deferred income tax	(0.4)	1.7	(125.5)%	2.4
Minority interests in net income of subsidiaries	1.7	1.9	(6.3)%	3.5
Net income	25.7	20.3	26.6%	6.4
Cash basis net income ⁽³⁾	30.6	25.6	19.5%	16.0
Selected balance sheet items (Consolidated)				
Securities	2,003.4	2,220.1	(216.6)	1,873.4
Loans and bills discounted	4,281.9	4,125.5	156.3	4,136.8
Customers' liabilities for acceptances and guarantees	550.2	557.2	(6.9)	562.6
Reserve for credit losses	(171.9)	(184.3)	12.3	(180.6)
Total assets	8,882.5	8,940.5	(58.0)	8,609.6
Deposits and negotiable certificates of deposit	5,374.6	5,537.3	(162.7)	5,362.4
Debentures	277.6	313.1	(35.5)	294.1
Borrowed money	718.3	547.2	171.1	476.7
Reserve for losses on interest repayments	41.5	29.9	11.6	50.9
Total liabilities	8,235.2	8,310.4	(75.1)	7,982.0
Total equity	647.2	630.1	17.1	627.6
Financial ratios (%) (Consolidated)				
Net interest margin	2.08	2.00		2.04
Expense-to-revenue ratio	61.3	60.0		63.1
Return on assets	0.6 ⁽⁴⁾	0.4 ⁽⁴⁾		0.1
Return on equity (fully diluted)	8.9 ⁽⁴⁾	7.3 ⁽⁴⁾		1.2
Cash basis return on assets	0.7 ⁽⁴⁾	0.5 ⁽⁴⁾		0.2
Cash basis return on equity (fully diluted)	11.6 ⁽⁴⁾	10.3 ⁽⁴⁾		3.2
Capital adequacy data (Consolidated)				
Tier I	573.8	542.7	31.1	537.1
Total capital	687.8	648.8	38.9	626.9
Risk assets	5,869.2	6,203.3	(334.1)	6,102.5
Capital adequacy ratio	11.71%	10.46%		10.27%
Tier I capital ratio	9.77%	8.74%		8.80%

(Billions of yen, except percentages)

	1HFY2012 (6 months)	1HFY2011 (6 months)	Change % or Amount	FY2011
Per share data (Consolidated)				
Common equity	220.70	214.07	3.1%	212.67
Basic net income	9.70	7.66	26.6%	2.42
Cash basis basic net income	11.56	9.67	19.5%	6.05
Non-performing loans (Non-Consolidated)				
Claims classified under the Financial Revitalization Law	274.6	254.4	20.2	295.9
Ratio to total claims	6.16%	5.96%		6.66%
Reserve for credit losses	113.5	110.1	3.3	121.1
Coverage ratio for non-performing claims	97.2%	97.0%		96.7%
Selected income statement items (Non-Consolidated)				
Net interest income	34.8	29.3	18.6%	70.3
Non-interest income	17.3	8.9	93.6%	24.5
Net fees and commissions	7.5	9.4	(20.0)%	18.0
Net trading income	8.5	6.7	27.2%	13.4
Net other business income (loss)	1.2	(7.1)	117.4%	(6.9)
Total revenue	52.1	38.3	36.1%	94.8
General and administrative expenses	33.3	27.4	21.7%	62.6
Ordinary business profit	18.7	10.8	72.6%	32.1
Net credit costs (recoveries)	1.5	2.8	(47.4)%	10.9
Net income	15.6	4.5	242.5%	13.8

(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.

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

(4) Annualized basis.

- The Shinsei Bank Group recognized consolidated net income of ¥25.7 billion and consolidated cash basis net income of ¥30.6 billion for the first half of fiscal year 2012 (April 1, 2012 to September 30, 2012), an increase as compared to ¥20.3 billion and ¥25.6 billion for the first half of fiscal year 2011, respectively. The current fiscal year is the last of the Bank's current Medium-Term Management Plan. Continuous efforts were made until now to expand the customer base which resulted in steady performance, and to reduce potential losses, including reduction of non-core assets, which meant that the impact of non-recurring factors has been limited. Meanwhile, steady progress has been made towards the attainment of our full year earnings forecast of ¥51.0 billion in consolidated net income.
- Total revenue for the first half of fiscal year 2012 included net interest income of ¥56.1 billion, a decrease as compared to ¥60.7 billion for the first half of fiscal year 2011. This was due to an overall decrease in the loan balance in fiscal year 2011. However, the loan balance has increased over the past three quarters, including the fourth quarter of fiscal year 2011, and net interest income was almost at the same level of ¥56.1 billion recorded in the second half of fiscal year 2011 (October 1, 2011 to March 31, 2012). Non-interest income was ¥47.9 billion for the first half of fiscal year 2012, an increase as compared to ¥44.9 billion for the first half of fiscal year 2011. The income from transactions with our institutional customers increased, and income on sale of Japanese national government bonds as part of ALM operations also contributed to non-interest income.
- General and administrative expenses were ¥63.7 billion for the first half of fiscal year 2012, a slight increase as compared to ¥63.3 billion for the first half of fiscal year 2011, as we continued to expand our business base, while also promoting operational efficiency.
- Net credit costs amounted to ¥6.2 billion. The institutional loan balance and housing loan balance increased, and additional provisions were recorded for real estate finance. However, reversal of reserves from sales of non-performing loans and recoveries of written-off claims were also recorded, credit quality continued to improve, and the loan balance decreased at the consumer finance business. As a result, net credit costs improved as compared to ¥8.8 billion for the first half of fiscal year 2011.
- Regarding performance within respective business groups, ordinary business profit after net credit costs was recorded at all groups, as the bank's earnings continued to stabilize.
 - In the Institutional Group, reconstruction of the customer base and stabilization of earnings continue, as ordinary business profit after net credit costs of ¥16.1 billion was recorded for the first half of fiscal year 2012 and performance remained stable.
 - In the Global Markets Group, ordinary business profit after net credit costs of ¥4.7 billion was recorded in the first half of fiscal year 2012, an increase as compared to ¥2.8 billion for the first half of fiscal year 2011. Revenue accumulation was steady, due to efforts made towards expansion of the customer base, and development and provision of products tailored to the needs of our customers.
 - In the Individual Group, revenue decreased as compared to the first half of fiscal year 2011 due to the decrease in loan balance in the consumer finance business. However, as the pace of the decline in loan balance decreased, ordinary business profit after net credit costs of ¥12.1 billion was recorded for the first half of fiscal year 2012.

- Balance of loans and bills discounted increased from ¥4,136.8 billion as of March 31, 2012, to ¥4,281.9 billion as of September 30, 2012. This was mainly due to an increase in loans to institutional customers and housing loans, while the pace of decrease in the consumer finance loan balance slowed.
- Net interest margin of 2.08% was recorded for the first half of fiscal year 2012, an increase as compared to 2.00% for the first half of fiscal year 2011. This was mainly due to maturities of deposits bearing relatively high interest rates sold in previous years resulting in reduction in cost of deposits and negotiable certificates of deposit, and a decrease in the balance of relatively low-yield Japanese national government bonds.
- Regarding capital ratios, Tier I capital and total capital increased due to accumulation of consolidated net income and amortization of goodwill and other intangible assets over the first half of fiscal year 2012, which resulted in improvement of the total capital adequacy ratio and Tier I capital ratio on a consolidated basis, to 11.71% and 9.77%, respectively, as of September 30, 2012 compared to 10.27% and 8.80% as of March 31, 2012.
- Balance of non-performing loans under the Financial Revitalization Law totaled ¥274.6 billion as of September 30, 2012, a decrease of ¥21.2 billion during the first half of fiscal year 2012, mainly due to sales and collections of non-performing loans etc. In addition, the proportion of non-performing claims to the balance of total claims improved from 6.66% at the end of March 2012, to 6.16% as at September 30, 2012.

Items included in Results of Operations (Consolidated)⁽¹⁾

	<i>(Billions of yen)</i>				
	1HFY2012 (6 months) (a)+(b)	2QFY2012 (3 months) (a)	1QFY2012 (3 months) (b)	(Reference) 1HFY2011 (6 months)	(Reference) FY2011 (12 months)
Gains included in revenue					
Large gains from the sale of non-core assets / the redemption of non-core assets	-	-	-	6.3	6.3
Others	-	-	-	-	1.1
Subtotal (i)	-	-	-	6.3	7.4
Losses included in revenue					
Impairment of major listed shares	-	-	-	(5.2)	(5.2)
Domestic real estate non-recourse finance (bonds)	(0.9)	(0.9)	(0.0)	(2.2)	(3.3)
Others	-	-	-	(0.7)	(3.3)
Subtotal (ii)	(0.9)	(0.9)	(0.0)	(8.2)	(11.9)
Items included in net credit costs					
Reversal of major institutional credit reserve	-	-	-	-	17.2
Specialty finance	0.8	-	0.8	-	(18.8)
Domestic real estate non-recourse finance	(4.4)	(3.6)	(0.8)	(4.7)	(8.0)
Large net credit costs related to non-core assets	(1.2)	(0.8)	(0.4)	-	(2.2)
Others	1.1	0.4	0.6	1.6	1.6
Subtotal (iii)	(3.7)	(3.9)	0.2	(3.0)	(10.1)
Other gains (losses)					
Grey zone related provisions	-	-	-	(0.8)	(32.8)
Others	-	-	-	-	(0.2)
Subtotal (iv)	-	-	-	(0.8)	(33.1)
Corporate tax adjustment due to tax reform (v)	-	-	-	-	(1.3)
Total (i) + (ii) + (iii) + (iv) + (v)	(4.7)	(4.9)	0.2	(5.8)	(49.1)
Breakdown by Category					
Grey zone related provisions	-	-	-	(0.8)	(32.8)
Specialty finance	0.8	-	0.8	-	(18.8)
Domestic real estate non-recourse finance	(5.4)	(4.5)	(0.8)	(6.9)	(11.3)
Impairment of major listed shares	-	-	-	(5.2)	(5.2)
Corporate tax adjustment due to tax reform	-	-	-	-	(1.3)
Reversal of major institutional credit reserve	-	-	-	-	17.2
Non-core assets related	(1.2)	(0.8)	(0.4)	6.3	4.0
Others	1.1	0.4	0.6	0.8	(0.8)
Total	(4.7)	(4.9)	0.2	(5.8)	(49.1)

(1) This table shows items which are considered to be largely non-recurring.

Section 1. Consolidated Information

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

	(Billions of yen, except percentages)			
	1HFY2012 (6 months)	1HFY2011 (6 months)	% Change	FY2011 (12 months)
Net interest income	56.1	60.7	(7.5)	116.9
Non-interest income	47.9	44.9	6.7	86.0
Net fees and commissions	8.7	13.8	(37.0)	25.2
Net trading income	9.5	6.5	46.3	13.6
Net other business income	29.5	24.4	20.8	47.2
Total revenue	104.1	105.6	(1.5)	202.9
General and administrative expenses	63.7	63.3	0.7	127.9
Ordinary business profit	40.3	42.3	(4.7)	74.9
Net credit costs	6.2	8.8	(28.9)	12.2
Ordinary business profit after net credit costs	34.0	33.5	1.7	62.7
Amortization of goodwill and other intangible assets ⁽²⁾	5.6	6.2	(9.0)	11.9
Other gains (losses)	(0.4)	(1.5)	68.5	(35.4)
Income before income taxes and minority interests	27.9	25.7	8.4	15.3
Current income tax	0.8	1.6	(51.2)	2.9
Deferred income tax	(0.4)	1.7	(125.5)	2.4
Minority interests in net income of subsidiaries	1.7	1.9	(6.3)	3.5
Net income	25.7	20.3	26.6	6.4
Cash basis net income ⁽³⁾	30.6	25.6	19.5	16.0

(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.

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

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

- Shinsei Bank reported total revenue for the first half of fiscal year 2012 of ¥104.1 billion, which consists of revenue of ¥52.0 billion for both the first quarter and second quarter of fiscal year 2012. This represents a slight decrease as compared to ¥105.6 billion for the first half of fiscal year 2011. However, it is an increase as compared to the ¥97.3 billion for the second half of fiscal year 2011. Until the end of fiscal year 2011, revenue had fluctuated on a quarterly basis due to the impact of non-recurring factors. However, since the beginning of fiscal year 2012 a steady performance has been recorded for every quarter, due to continuous management of potential losses including reduction of non-core assets, alongside continuous expansion of the customer base, based on the Bank's current Medium-Term Management Plan.
- Net interest income of ¥56.1 billion recorded for the first half of fiscal year 2012 was at the same level as ¥56.1 billion recorded for the second half of fiscal year 2011. However, it was lower than the ¥60.7 billion recorded for the first half of fiscal year 2011. This was mainly due to a reduction in non-core assets, and the lower balance of Consumer Finance loans, although the pace of decrease in Consumer Finance loans has slowed. In addition, loans for institutional customers and housing loans increased during the first half of fiscal year 2012, and net interest income for the first half of fiscal year 2012 was recorded at almost the same level as net interest income for the second half of fiscal year 2011.

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

	(Billions of yen, except percentages)								
	1HFY2012 (6 months)			1HFY2011 (6 months)			FY2011 (12 months)		
	Average Balance	Interest	Yield/rate (%)	Average Balance	Interest	Yield/rate (%)	Average Balance	Interest	Yield/rate (%)
Interest-earning assets ⁽¹⁾ :									
Loans and bills discounted	4,185.6	64.7	3.08	4,220.3	72.5	3.43	4,159.8	140.3	3.37
Lease receivables and leased investment assets / installment receivables ⁽¹⁾	563.4	17.6	6.24	544.0	18.6	6.83	545.6	36.6	6.72
Securities	1,886.7	8.6	0.91	2,762.0	9.7	0.70	2,394.6	17.8	0.74
Other interest-earning assets ⁽²⁾⁽³⁾	376.5	0.8	n.m. ⁽⁵⁾	331.9	0.8	n.m. ⁽⁵⁾	351.3	1.5	n.m. ⁽⁵⁾
Total revenue on interest-earning assets (A) ⁽¹⁾	7,012.4	91.7	2.61	7,858.3	101.7	2.58	7,451.4	196.4	2.64
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	5,345.7	11.8	0.44	5,669.6	15.1	0.53	5,623.5	29.0	0.52
Debentures	289.2	0.5	0.38	333.4	0.8	0.50	320.5	1.4	0.46
Borrowed money	608.8	2.6	0.85	814.4	2.9	0.72	647.2	5.5	0.86
Subordinated debt	93.0	0.9	2.07	96.1	0.7	1.66	94.5	1.7	1.86
Other borrowed money	515.8	1.6	0.64	718.3	2.1	0.59	552.7	3.8	0.69
Corporate bonds	164.0	2.5	3.09	168.4	2.8	3.35	170.1	5.7	3.38
Subordinated bonds	140.2	2.3	3.40	141.9	2.6	3.68	145.6	5.3	3.67
Other corporate bonds	23.7	0.1	1.25	26.5	0.2	1.56	24.5	0.4	1.67
Other interest-bearing liabilities ⁽²⁾	383.6	0.4	n.m. ⁽⁵⁾	635.1	0.6	n.m. ⁽⁵⁾	476.0	0.9	n.m. ⁽⁵⁾
Total expense on interest-bearing liabilities (B)	6,791.5	17.9	0.53	7,621.1	22.3	0.59	7,237.5	42.8	0.59
Net interest margin (A)-(B) ⁽¹⁾	-	73.8	2.08	-	79.3	2.00	-	153.5	2.04
Non interest-bearing sources of funds:									
Non interest-bearing (assets) liabilities, net	(355.4)	-	-	(321.4)	-	-	(342.8)	-	-
Total equity excluding minority interests in subsidiaries ⁽⁴⁾	576.4	-	-	558.5	-	-	556.7	-	-
Total non interest-bearing sources of funds (C)	220.9	-	-	237.1	-	-	213.8	-	-
Sum of total expense on interest-bearing liabilities and non-interest-bearing sources of funds (D)=(B)+(C)	7,012.4	17.9	0.51	7,858.3	22.3	0.57	7,451.4	42.8	0.57
Net revenue/yield on interest-earning assets (A)-(D) ⁽¹⁾	-	73.8	2.10	-	79.3	2.01	-	153.5	2.06
Reconciliation of total revenue on interest-earning assets to total interest income:									
Total revenue on interest-earning assets	7,012.4	91.7	2.61	7,858.3	101.7	2.58	7,451.4	196.4	2.64
Less: Income on lease transactions and installment receivables	563.4	17.6	6.24	544.0	18.6	6.83	545.6	36.6	6.72
Total interest income	6,448.9	74.1	2.29	7,314.2	83.1	2.27	6,905.7	159.7	2.31
Total interest expense	-	17.9	-	-	22.3	-	-	42.8	-
Net interest income	-	56.1	-	-	60.7	-	-	116.9	-

(1) Includes lease transactions 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

- Net revenue on interest-earning assets includes net interest income as well as revenue earned on lease receivables and leased investment assets and installment receivables. The Bank considers income on lease transactions and installment receivables to be a component of interest income, but Japanese GAAP does not include income on lease transactions and installment receivables in net interest income. Under Japanese GAAP, therefore, income on lease transactions and installment receivables is reported in net other business income in our consolidated statements of operations.
- The net interest margin rose to 2.08% for the first half of fiscal year 2012, compared to 2.00% for the first half of fiscal year 2011.
 - The increase reflects the decrease in the rate on interest-bearing liabilities caused by a decrease in the rate on deposits including negotiable certificates of deposit, from 0.53% for the first half of fiscal year 2011 to 0.44% for the first half of fiscal year 2012. This reflects maturities of relatively high-yield time deposits and the prevailing lower interest rate market environment, as well as the increase in the yield on interest-earning assets caused by lower volume of securities, consisting mainly of low-yield Japanese national government bonds.
- At 2.08%, the net interest margin for the first half of fiscal year 2012 also showed improvement compared to the 2.04% recorded over the fiscal 2011 full year (April 2011 - March 2012).
- The revenue on interest-earning assets for the first half of fiscal year 2012 was ¥73.8 billion, decreasing from ¥79.3 billion for the first half of fiscal year 2011.
 - This decrease was because total revenue on interest-earning assets decreased by ¥9.9 billion, due to reduction of non-core assets such as loans and securities, and a decrease in the balance of consumer finance loans and Japanese national government bonds, which exceeded the ¥4.4 billion decrease in total expense on interest-bearing liabilities of ¥17.9 billion for the first half of fiscal year 2012 compared to ¥22.3 billion for the first half of fiscal year 2011.

Non-Interest Income -Table 3- (Consolidated)

(Billions of yen, except percentages)

	1HFY2012 (6 months)	1HFY2011 (6 months)	% Change	FY2011 (12 months)
Net fees and commissions	8.7	13.8	(37.0)	25.2
Net trading income	9.5	6.5	46.3	13.6
Net other business income	29.5	24.4	20.8	47.2
Income on lease transactions and installment receivables	17.6	18.6	(5.4)	36.6
Total non-interest income	47.9	44.9	6.7	86.0

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

- Non-interest income consists of fees and commissions, trading income and other business income such as income from leased assets and installment receivables and gains and losses on sales of available-for-sale securities.
- Total non-interest income amounted to ¥47.9 billion for the first half of fiscal year 2012, an increase of ¥3.0 billion compared to ¥44.9 billion for the first half of fiscal year 2011. In previous fiscal years, results were impacted significantly by substantial non-recurring investment-related losses, and gains realized from sales of non-core assets and repurchase of subordinated debt. However, during the first half of fiscal year 2012 the impact of such non-recurring factors was limited. On the other hand, in core businesses, the income from transactions with our institutional customers was steady, and income on sales of Japanese national government bonds as part of ALM operations also increased.
- Net fees and commissions were mainly from non-recourse finance on domestic real estate, servicing fees in specialty finance and principal transactions, guarantee and other businesses operated by consumer finance subsidiaries, and sales of mutual funds and variable annuities. Net fees and commissions of ¥8.7 billion were recorded for the first half of fiscal year 2012, as compared to ¥13.8 billion for the first half of fiscal year 2011, mainly due to the decrease in mutual funds related fees in retail banking, and decrease in servicing fee income from subsidiaries against the backdrop of the European debt crisis and other factors.
- Net trading income includes revenues from derivatives with customer-driven transactions and those from proprietary trading. Net trading income of ¥9.5 billion was recorded for the first half of fiscal year 2012, an increase of ¥3.0 billion compared to ¥6.5 billion for the first half of fiscal year 2011, mainly due to expansion of the customer base and an increase in customer-driven income.
- Net other business income increased to ¥29.5 billion for the first half of fiscal year 2012 from ¥24.4 billion for the first half of fiscal year 2011. Income on installment receivables of ¥12.2 billion were recorded, an increase as compared to ¥11.6 billion for the first half of fiscal year 2011, combining the amount at APLUS FINANCIAL which steadily increased, and the results at Showa Leasing. In the principal transactions business, income from monetary trust management was recorded at ¥4.7 billion, an increase as compared to ¥3.9 billion for the first half of fiscal year 2011. In ALM operations, net income from sales of Japanese national government bonds was recorded at ¥2.5 billion for the first half of fiscal year 2012, an increase as compared to ¥0.8 billion for the first half of fiscal year 2011. On the other hand, income from leased assets was recorded at ¥5.4 billion, a decrease as compared to ¥6.9 billion, due to the impact of changes in the lease accounting system.
In addition, the first half of fiscal year 2011 included gains of ¥6.3 billion, net of withholding tax, on sales of foreign equities that had been classified as non-core assets, ¥5.2 billion of impairment of major listed securities, ¥2.2 billion of impairment of bonds related to domestic real estate non-recourse finance, and ¥0.7 billion of impairment of private equity investments. However, during the first half of fiscal year 2012, no major gains on sales or impairments of securities were recorded; impairment of bonds related to domestic real estate non-recourse finance of ¥0.9 billion, and impairment of private equity investments of ¥0.6 billion, were limited.

General and Administrative Expenses -Table 4- (Consolidated)

	<i>(Billions of yen, except percentages)</i>			
	1HFY2012 (6 months)	1HFY2011 (6 months)	% Change	FY2011 (12 months)
Personnel expenses	25.2	25.4	(0.9)	51.0
Non-personnel expenses	38.5	37.8	1.8	76.9
Premises expenses	9.9	10.2	(3.3)	20.4
Technology and data processing expenses	8.6	8.3	3.2	17.2
Advertising expenses	4.3	4.4	(1.4)	9.1
Consumption and property taxes	3.3	2.8	15.9	6.3
Deposit insurance premium	2.1	2.3	(8.1)	4.6
Other general and administrative expenses	10.0	9.5	5.5	18.9
General and administrative expenses	63.7	63.3	0.7	127.9

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

- General and administrative expenses of ¥63.7 billion for the first half of fiscal year 2012 represented a slight increase from ¥63.3 billion for the first half of fiscal year 2011, although we continued to promote efficient expense management. With the aim of expanding our customer base and stabilizing our earnings, we prioritized allocation of management resources to relevant business areas while promoting business rationalization and streamlining. This slight increase from the first half of fiscal year 2011 was largely due to depreciation from capital expenditures related to system development, although we continued strict expense management for each expense category.
- Personnel expenses of ¥25.2 billion for the first half of fiscal year 2012 decreased slightly from ¥25.4 billion for the first half of fiscal year 2011. We have allocated additional personnel to relevant business areas, but our personnel expenses decreased as a result of ongoing personnel expense streamlining across our businesses.
- Non-personnel expenses of ¥38.5 billion for the first half of fiscal year 2012 increased from ¥37.8 billion for the first half of fiscal year 2011. We have worked to rationalize expenses across all of our business lines through strict expense control discipline, but non-personnel expenses increased largely due to enhancement of business infrastructure.
- Premises expenses of ¥9.9 billion for the first half of fiscal year 2012 decreased from ¥10.2 billion for the first half of fiscal year 2011, reflecting our continuous efforts at expense streamlining. Technology and data processing expenses of ¥8.6 billion for the first half of fiscal year 2012 increased from ¥8.3 billion for the first half of fiscal year 2011, mainly due to additional depreciation from capital expenditures related to system development. Advertising expenses of ¥4.3 billion for the first half of fiscal year 2012 decreased slightly from ¥4.4 billion for the first half of fiscal year 2011, as we have promoted advertising activities with the aim to expand our customer base in concurrence with lowering of respective unit costs. Consumption and property taxes of ¥3.3 billion for the first half of fiscal year 2012 increased from ¥2.8 billion for the first half of fiscal year 2011 due to the enhancement of business infrastructure including capital expenditures related to system development. Other general and administrative expenses of ¥10.0 billion for the first half of fiscal year 2012 increased from ¥9.5 billion for the first half of fiscal year 2011, including an increase in temporary staff expenses as we began operating a new system in parallel with the old system.

Net Credit Costs -Table 5- (Consolidated)

	<i>(Billions of yen, except percentages)</i>			
	1HFY2012 (6 months)	1HFY2011 (6 months)	% Change	FY2011 (12 months)
Losses on write-off of loans/Losses on sale of loans	3.2	4.1	(21.4)	5.7
Net provision of reserve for loan losses:	9.0	11.5	(21.3)	36.3
Net provision (reversal) of general reserve for loan losses	0.7	4.0	(81.7)	(5.9)
Net provision of specific reserve for loan losses	8.3	7.4	11.6	42.2
Net provision (reversal) of reserve for loan losses to restructuring countries	-	(0.0)	100.0	(0.0)
Net provision (reversal) of specific reserve for other credit losses	(0.0)	-	n.a.	(17.2)
Other credit costs (reversal) relating to leasing business	(0.4)	(0.9)	52.6	(1.6)
Recoveries of written-off claims	(5.6)	(5.9)	5.3	(10.8)
Net credit costs (recoveries)	6.2	8.8	(28.9)	12.2

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

- Net credit costs of ¥6.2 billion were recorded for the first half of fiscal year 2012, an improvement as compared to ¥8.8 billion for the first half of fiscal year 2011. The balance of loans and bills discounted increased, due to

accumulation of institutional business loans and housing loans, and additional reserves for credit losses were recorded at real estate finance and other businesses. However, reversal of reserves for credit losses from sales of non-performing loans, and recoveries of written-off claims were also recorded. Also, in the consumer finance business, net provision of reserve for loan losses declined due to continuous improvement of credit quality and decrease in loan balance, while recoveries of written-off claims were also recorded, resulting in ¥4.4 billion of net credit costs recorded at the consumer finance business.

- From fiscal year 2011, recoveries of written-off claims are categorized into net credit costs according to revised Report No.14 "Practical Guidelines on Accounting Standards for Financial Instruments" issued by the Accounting Practice Committee of the Japanese Institute of Certified Public Accountants (JICPA), on March 29, 2011, while net credit costs stated in previous periods

consisted of provision of reserve for loan losses, reversal of reserve for loan losses, losses on write-off of loans and losses on sale of loans.

- For the first half of fiscal year 2012, recoveries of written-off claims were ¥5.6 billion, compared to ¥5.9 billion of recoveries of written-off claims for the first half of fiscal year 2011. This shows that performance in the first half of fiscal year 2012 has improved as compared to the first half of fiscal year 2011, even when weighed against the fluctuation of net credit costs excluding recoveries of written-off claims.
- The recoveries of written-off claims for the first half of fiscal year 2012 of ¥5.6 billion included ¥3.4 billion at Shinsei Financial, ¥1.6 billion at Shinsei Bank (non-consolidated basis), and ¥0.5 billion at Shinki.

Amortization of Goodwill and Other Intangible Assets -Table 6- (Consolidated)

	<i>(Billions of yen, except percentages)</i>			
	1HFY2012 (6 months)	1HFY2011 (6 months)	% Change	FY2011 (12 months)
Shinsei Financial	3.9	4.5	(12.1)	8.5
Shinki	(0.1)	(0.1)	0.0	(0.3)
APLUS FINANCIAL	0.4	0.4	0.0	0.8
Showa Leasing	1.4	1.4	(1.2)	2.9
Others	(0.0)	(0.0)	0.0	(0.0)
Amortization of goodwill and other intangible assets	5.6	6.2	(9.0)	11.9

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

- Amortization of Goodwill and Other Intangible Assets associated with the acquisition of consumer and commercial finance companies totaled ¥5.6 billion for the first half of fiscal year 2012 compared to ¥6.2 billion for the first half of fiscal year 2011.
- The lower amount is attributable to factors including the sum-of-the-years' digits method for amortization of goodwill and intangible assets related to Shinsei Financial.

Amortization of goodwill and other intangible assets of APLUS FINANCIAL was ¥0.4 billion for the first half of fiscal year 2012 related to the amortization of goodwill for Zen-Nichi Shinpan, a subsidiary of APLUS FINANCIAL. Full impairment of goodwill and intangible assets for APLUS FINANCIAL was taken at the end of fiscal year 2009.

Other Gains (Losses) -Table 7- (Consolidated)

	<i>(Billions of yen, except percentages)</i>			
	1HFY2012 (6 months)	1HFY2011 (6 months)	% Change	FY2011 (12 months)
Extraordinary income (loss)	(0.2)	(1.1)	79.4	(1.4)
Net gain on disposal of premises and equipment	0.2	(0.1)	305.9	(0.5)
Other extraordinary income (loss)	(0.4)	(1.0)	54.7	(0.8)
Provisions of reserve for losses on interest repayment	-	(0.8)	100.0	(32.8)
Shinsei Financial	-	(0.8)	100.0	(15.9)
Shinki	-	-	//	(11.5)
APLUS FINANCIAL	-	-	//	(5.3)
Other	-	-	//	-
Other	(0.2)	0.4	(153.4)	(1.1)
Other gains (losses)	(0.4)	(1.5)	68.5	(35.4)

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

- Other losses of ¥0.4 billion were recorded for the first half of fiscal year 2012, an improvement as compared to ¥1.5 billion for the first half of fiscal year 2011. Provisions for losses on interest repayment of ¥32.8 billion, which were taken upfront as a measure to cover future costs, were

recorded during the fiscal year 2011, and no additional provisions for losses on interest repayment were recorded in the first half of fiscal year 2012. From fiscal year 2011, recoveries of written-off claims are categorized into net credit costs and not included in other gains (losses),

according to revised Report No.14 "Practical Guidelines on Accounting Standards for Financial Instruments" issued by the Accounting Practice Committee of the

Japanese Institute of Certified Public Accountants (JICPA), on March 29, 2011.

Minority Interests in Net Income of Subsidiaries -Table 8- (Consolidated)

(Billions of yen, except percentages)

	1HFY2012 (6 months)	1HFY2011 (6 months)	% Change	FY2011 (12 months)
Dividends on perpetual preferred securities (hybrid Tier I capital) issued by foreign SPCs	1.5	1.5	0.0	3.0
Others	0.2	0.3	(30.8)	0.4
Minority interests in net income of subsidiaries	1.7	1.9	(6.3)	3.5

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

Minority interests in net income of subsidiaries for the first half of fiscal year 2012 were ¥1.7 billion. Minority interests in net income of subsidiaries largely reflect dividends accrued on perpetual preferred securities issued by bank's subsidiaries, and minority interests in the net income of other consolidated subsidiaries for the first half

of fiscal year 2012. Minority interests in net income of subsidiaries for the first half of fiscal year 2012 were almost the same as the ¥1.9 billion recorded for the first half for fiscal year 2011.

Major Balance Sheet Data -Table 9- (Consolidated)

(Billions of yen)

	Sep 30 2012 (a)	Sep 30 2011 (b)	Change (a)-(b)	Mar 31 2012 (c)	Change (a)-(c)
Loans and bills discounted	4,281.9	4,125.5	156.3	4,136.8	145.0
Installment receivables	356.0	324.4	31.6	347.9	8.1
Leased assets, lease receivables and leased investment assets	216.6	212.2	4.3	214.7	1.9
Securities	2,003.4	2,220.1	(216.6)	1,873.4	129.9
Other monetary claims purchased	120.3	147.0	(26.6)	130.9	(10.6)
Other interest earning assets ⁽¹⁾	484.4	412.0	72.3	561.9	(77.5)
Trading assets	217.9	239.1	(21.2)	202.6	15.2
Monetary assets held in trust	260.1	276.4	(16.3)	267.6	(7.4)
Goodwill, net	38.2	45.5	(7.2)	41.9	(3.6)
Other intangible assets ⁽²⁾	14.2	18.2	(4.0)	16.2	(1.9)
Other assets	510.7	546.7	(35.9)	433.3	77.4
Customer's liabilities for acceptances and guarantees	550.2	557.2	(6.9)	562.6	(12.3)
Reserve for credit losses	(171.9)	(184.3)	12.3	(180.6)	8.6
Total assets	8,882.5	8,940.5	(58.0)	8,609.6	272.8
Deposits and negotiable certificates of deposit	5,374.6	5,537.3	(162.7)	5,362.4	12.2
Debentures	277.6	313.1	(35.5)	294.1	(16.5)
Borrowed money	718.3	547.2	171.1	476.7	241.6
Corporate bonds	163.5	163.6	(0.0)	168.7	(5.2)
Other interest bearing liabilities ⁽³⁾	432.8	406.9	25.9	409.4	23.4
Trading liabilities	158.2	191.2	(33.0)	176.0	(17.8)
Reserve for losses on interest repayments	41.5	29.9	11.6	50.9	(9.3)
Other liabilities	518.1	563.7	(45.5)	480.8	37.3
Acceptances and guarantees	550.2	557.2	(6.9)	562.6	(12.3)
Total liabilities	8,235.2	8,310.4	(75.1)	7,982.0	253.2
Total equity	647.2	630.1	17.1	627.6	19.5

(1) Includes cash and due from banks, call loans, receivables under resale agreements and collateral related to securities borrowing transactions

(2) Intangible assets recorded through consolidation of Shinsei Financial and Showa Leasing

(3) Includes call money, collateral related to securities lending transactions and short-term corporate bonds

Note: Quarterly information is available in the Quarterly Data Book

- Balance of Shinsei Bank's loans and bills discounted was ¥4,281.9 billion as of September 30, 2012, an increase of ¥145.0 billion from March 31, 2012.

➢ The Institutional Group and the Global Markets Group accumulated core business assets, due to the expansion of the customer base, while housing loans increased in the Individual Group. We saw continued reduction of our non-core assets, and a lower loan balance within our consumer finance business due to the impact of the revised Money-Lending Business Control and Regulation Law. However the pace of decrease in the consumer finance loan balance has gradually become less pronounced, mainly due to the commencement of the Bank-based Consumer Finance business from October 2011. This trend, together with the increase in core business loans and bills discounted offset the negative factors.

- Securities balance as of September 30, 2012 was ¥2,003.4 billion compared to ¥1,873.4 billion as of March 31, 2012.

➢ Over half of the investments in securities were made in

Japanese national government bonds for ALM purposes, including liquidity reserve. Increase in the balance of investments in securities during the first half of fiscal year 2012 was mainly due to the increase in the balance of Japanese national government bonds through portfolio management, resulting in a total balance of Japanese national government bonds of ¥1,476.1 billion as of September 30, 2012, as compared to ¥1,285.1 as of March 31, 2012.

- Total deposits and negotiable certificates of deposits increased from ¥5,362.4 billion as of March 31, 2012 to ¥5,374.6 billion as of September 30, 2012.

➢ Shinsei Bank continues to optimize its funding base through focusing on deposits from retail customers. The total amount of deposits and debenture, and negotiable certificates of deposits raised included ¥4,753.8 billion at Retail Banking, as of September 30, 2012. Retail Banking constitutes 84.1% of the Bank's total funding through customer deposits and debentures.

Risk-Monitored Loans -Table 10- (Consolidated)

	(Billions of yen)				
	Sep 30 2012 (a)	Sep 30 2011 (b)	Change (a)-(b)	Mar 31 2012 (c)	Change (a)-(c)
Loans to bankrupt obligors	18.9	14.9	3.9	8.1	10.7
Non-accrual delinquent loans	284.6	274.1	10.4	316.7	(32.0)
Loans past due for three months or more	1.7	1.7	(0.0)	1.7	(0.0)
Restructured loans	40.8	54.9	(14.1)	45.3	(4.5)
Total (A)	346.0	345.9	0.1	371.9	(25.8)
Loans and bills discounted (B)	4,281.9	4,125.5	156.3	4,136.8	145.0
Ratio to total loans and bills discounted (A / B X 100) (%)	8.08%	8.39%	/	8.99%	/
Reserve for credit losses (C)	171.9	184.3	(12.3)	180.6	(8.6)
Reserve ratio (C / A X 100)	49.7%	53.3%	/	48.6%	/

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

- In accordance with the Bank's current Medium-Term Management Plan, we are working to decrease potential losses as a key priority, including the reduction of non-core assets. Risk monitored loans totaled ¥346.0 billion as of September 30, 2012, compared to ¥371.9 billion as of March 31, 2012, ¥395.0 billion as of March 31, 2011 and ¥432.3 billion as of March 31, 2010 at the start of the Bank's current Medium-Term Management Plan.

During the first half of fiscal year 2012, risk monitored loans decreased by ¥25.8 billion.

- The ratio of risk monitored loans to total loans and bills discounted was 8.08% as of September 30, 2012 and declined 91 basis points compared to March 31, 2012.

Reserve for Credit Losses -Table 11- (Consolidated)

	(Billions of yen)				
	Sep 30 2012 (a)	Sep 30 2011 (b)	Change (a)-(b)	Mar 31 2012 (c)	Change (a)-(c)
General reserve for loan losses	77.8	96.9	(19.1)	80.9	(3.1)
Specific reserve for loan losses	94.1	87.4	6.7	99.6	(5.5)
Reserve for loans to restructuring countries	0.0	0.0	-	0.0	-
Total reserve for credit losses	171.9	184.3	(12.3)	180.6	(8.6)

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

Loans by Borrower Industry -Table 12- (Consolidated)

(Billions of yen)

	Sep 30 2012 (a)	Sep 30 2011 (b)	Change (a)-(b)	Mar 31 2012 (c)	Change (a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	234.6	246.9	(12.3)	244.5	(9.9)
Agriculture and forestry	0.2	1.2	(0.9)	0.3	(0.0)
Fishery	-	1.0	(1.0)	-	-
Mining, quarrying and gravel extraction	0.2	0.4	(0.1)	0.2	(0.0)
Construction	16.8	16.1	0.7	15.9	0.9
Electric power, gas, heat supply and water supply	110.2	37.6	72.6	48.6	61.5
Information and communications	40.0	34.9	5.0	39.9	0.1
Transportation and postal service	232.4	276.0	(43.6)	245.0	(12.6)
Wholesale and retail	83.0	80.2	2.8	86.0	(2.9)
Finance and insurance	748.9	680.0	68.8	694.7	54.1
Real estate	614.8	610.8	4.0	598.3	16.5
Services	309.8	310.8	(1.0)	307.5	2.3
Local government	118.0	140.9	(22.9)	139.5	(21.5)
Others	1,687.2	1,603.9	83.3	1,622.4	64.7
Loans to individual customers (retail banking, Shinsei Bank Lake, Shinsei Financial, Shinki and APLUS FINANCIAL)	1,493.2	1,430.3	62.8	1,439.4	53.7
Total domestic (A)	4,196.7	4,041.4	155.2	4,043.4	153.2
Overseas offices (including Japan offshore market accounts):					
Governments	1.9	2.1	(0.1)	2.0	(0.0)
Financial institutions	0.8	1.1	(0.3)	1.0	(0.1)
Others	82.3	80.7	1.5	90.2	(7.9)
Total overseas (B)	85.1	84.0	1.1	93.3	(8.2)
Total (A+B)	4,281.9	4,125.5	156.3	4,136.8	145.0

Securities by Category -Table 13- (Consolidated)*(Billions of yen)*

	Sep 30 2012	Sep 30 2011	Mar 31 2012
Trading securities	0.5	0.7	0.6
Securities being held to maturity	653.9	669.1	658.5
Securities available for sale	1,312.2	1,516.3	1,175.6
Securities carried at fair value	1,249.1	1,428.5	1,092.3
Securities carried at cost whose fair value cannot be reliably determined	63.0	87.8	83.2
Equity securities of unconsolidated subsidiaries and affiliates	36.7	33.7	38.6
Securities	2,003.4	2,220.1	1,873.4

Securities Being Held to Maturity -Table 14- (Consolidated)*(Billions of yen)*

	September 30, 2012			September 30, 2011			March 31, 2012		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount									
Japanese national government bonds	585.2	590.4	5.2	554.6	559.7	5.1	585.6	590.9	5.3
Japanese corporate bonds	21.5	21.7	0.1	27.6	28.0	0.4	22.8	23.0	0.2
Other	40.9	44.9	3.9	37.4	40.7	3.3	40.2	44.2	4.0
Subtotal	647.8	657.1	9.3	619.7	628.6	8.8	648.7	658.2	9.5
Fair value does not exceed carrying amount									
Japanese national government bonds	-	-	-	40.1	40.0	(0.0)	-	-	-
Japanese corporate bonds	-	-	-	-	-	-	-	-	-
Other	6.1	5.7	(0.3)	9.3	8.7	(0.5)	9.8	9.2	(0.5)
Subtotal	6.1	5.7	(0.3)	49.4	48.8	(0.6)	9.8	9.2	(0.5)
Total	653.9	662.9	9.0	669.1	677.4	8.2	658.5	667.5	8.9

Securities Available for Sale -Table 15- (Consolidated)

	(Billions of yen)								
	September 30, 2012			September 30, 2011			March 31, 2012		
	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)
Carrying amount exceeds amortized/acquisition cost									
Equity securities	11.0	7.7	3.2	4.9	3.8	1.0	17.1	11.5	5.5
Domestic bonds	739.8	736.9	2.8	923.7	920.8	2.8	681.8	679.4	2.3
Japanese national government bonds	671.4	669.4	1.9	843.1	841.1	2.0	619.5	617.6	1.9
Japanese local government bonds	1.7	1.7	0.0	1.7	1.7	0.0	1.7	1.7	0.0
Japanese corporate bonds	66.6	65.7	0.8	78.7	78.0	0.6	60.4	60.0	0.3
Other	85.1	81.7	3.4	68.7	65.6	3.1	71.2	66.8	4.4
Foreign securities	71.3	68.2	3.1	49.6	46.7	2.9	55.7	51.5	4.1
Foreign currency denominated foreign corporate and government bonds	40.3	37.9	2.3	31.0	28.5	2.4	31.4	28.6	2.8
Yen-denominated foreign corporate and government bonds	29.4	28.9	0.4	16.6	16.5	0.0	19.6	19.4	0.2
Foreign equity securities and others	1.6	1.2	0.3	2.0	1.6	0.3	4.6	3.4	1.1
Other securities	1.1	0.9	0.2	1.0	0.9	0.1	1.1	0.9	0.1
Other monetary claims purchased	12.6	12.5	0.0	18.0	18.0	0.0	14.4	14.4	0.0
Subtotal	835.9	826.4	9.5	997.4	990.3	7.0	770.2	757.9	12.3
Carrying amount does not exceed amortized/acquisition cost									
Equity securities	4.9	6.2	(1.3)	8.8	9.7	(0.8)	2.1	2.7	(0.6)
Domestic bonds	368.5	371.4	(2.8)	331.1	334.6	(3.5)	247.7	251.7	(3.9)
Japanese national government bonds	219.5	220.1	(0.5)	166.5	167.4	(0.8)	79.9	80.7	(0.7)
Japanese local government bonds	-	-	-	-	-	-	-	-	-
Japanese corporate bonds	149.0	151.3	(2.3)	164.6	167.2	(2.6)	167.7	170.9	(3.2)
Other	52.2	54.4	(2.1)	109.4	114.5	(5.0)	88.1	91.3	(3.1)
Foreign securities	51.7	53.8	(2.1)	108.6	113.7	(5.0)	86.1	89.3	(3.1)
Foreign currency denominated foreign corporate and government bonds	38.2	39.7	(1.4)	38.5	42.4	(3.8)	38.0	40.6	(2.6)
Yen-denominated foreign corporate and government bonds	13.4	14.0	(0.6)	67.1	68.2	(1.1)	48.0	48.5	(0.4)
Foreign equity securities and others	0.0	0.0	-	2.9	2.9	(0.0)	0.0	0.0	-
Other securities	0.5	0.5	-	0.5	0.5	-	0.5	0.5	-
Other monetary claims purchased	-	-	-	0.2	0.2	(0.0)	1.4	1.4	(0.0)
Subtotal	425.8	432.1	(6.3)	449.5	458.9	(9.4)	338.0	345.7	(7.7)
Total⁽¹⁾⁽²⁾	1,261.8	1,258.5	3.2	1,446.9	1,449.3	(2.4)	1,108.3	1,103.7	4.6

(1) Includes a part of other monetary claims purchased in addition to securities available for sale. Total amounts of securities available for sale excluding such other monetary claims purchased as of September 30, 2012, September 30, 2011 and March 31, 2012 were ¥1,249.1 billion, ¥1,428.5 billion and ¥1,092.3 billion, respectively.

(2) Securities whose fair value cannot be reliably determined are not included.

Unrealized Gain (Loss) on Available-for-Sale Securities (Consolidated)

	(Billions of yen)		
	September 30, 2012	September 30, 2011	March 31, 2012
Unrealized gain (loss) before deferred tax on:			
Available-for-sale securities	3.2	(2.4)	4.6
The Bank's interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined and other adjustments	0.1	(0.0)	(0.0)
Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions	(4.5)	(5.1)	(5.1)
Deferred tax assets (liabilities)	(0.1)	0.0	(0.1)
Unrealized gain (loss) on available-for-sale securities before interest adjustments			
Minority interests	0.0	0.0	(0.0)
The Bank's interests in unrealized gain (loss) on available-for-sale securities held by affiliates to which the equity method is applied	0.2	0.0	0.0
Unrealized gain (loss) on available-for-sale securities	(1.0)	(7.4)	(0.6)

Hedge-Accounting Derivative Transactions -Table 16- (Consolidated)

(Billions of yen)

Notional Principal Amount (Consolidated)	September 30, 2012			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
Interest rate swaps:				
Receive fixed and pay floating	-	516.2	89.0	605.2
Receive floating and pay fixed	18.4	91.4	146.8	256.7
Receive floating and pay floating	-	-	-	-
Total notional principal amount	18.4	607.6	235.8	861.9
Currency swaps:				
Total notional principal amount	14.6	14.2	-	28.9

Deposits, Including Negotiable Certificates of Deposit (NCDs) -Table 17- (Consolidated)

(Billions of yen)

	Sep 30 2012	Sep 30 2011	Change	Mar 31 2012	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Deposits	5,058.2	5,384.3	(326.1)	5,184.3	(126.1)
Liquid (current, ordinary, note) deposits	1,563.0	1,428.4	134.5	1,513.3	49.6
Time deposits ⁽¹⁾	3,112.1	3,584.4	(472.3)	3,292.7	(180.6)
Other	383.0	371.4	11.6	378.1	4.9
Negotiable certificates of deposits (NCDs)	316.4	152.9	163.4	178.0	138.3
Total	5,374.6	5,537.3	(162.7)	5,362.4	12.2

(1) Includes two-week maturity deposits

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

Financial Ratios -Table 18- (Consolidated)

	1HFY2012 (6 months)	1HFY2011 (6 months)	FY2011 (12 months)
Return on assets ⁽¹⁾	0.6% ⁽⁵⁾	0.4% ⁽⁵⁾	0.1%
Return on equity ⁽²⁾	8.9% ⁽⁵⁾	7.3% ⁽⁵⁾	1.2%
Return on equity (fully diluted) ⁽³⁾	8.9% ⁽⁵⁾	7.3% ⁽⁵⁾	1.2%
Cash basis return on assets ⁽¹⁾	0.7% ⁽⁵⁾	0.5% ⁽⁵⁾	0.2%
Cash basis return on equity ⁽²⁾⁽⁴⁾	11.6% ⁽⁵⁾	10.3% ⁽⁵⁾	3.2%
Cash basis return on equity (fully diluted) ⁽³⁾⁽⁴⁾	11.6% ⁽⁵⁾	10.3% ⁽⁵⁾	3.2%
Expense-to-revenue ratio ⁽⁶⁾⁽⁷⁾	61.3%	60.0%	63.1%

(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:

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

(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) The denominator is calculated as:

((Total capital – goodwill – intangible assets acquired in business combinations (net of associated deferred tax liability) at the beginning of the period) + (the same values at the end of the period)) / 2.

(5) Annualized basis.

(6) Management accounting basis.

(7) Expense denotes general and administrative expenses.

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

Capital Adequacy Data -Table 19- (Consolidated)⁽¹⁾

	(Billions of yen, except percentages)				
	Sep 30 2012	Sep 30 2011	Change	Mar 31 2012	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Basic items (Tier I)	573.8	542.7	31.1	537.1	36.7
Amount eligible for inclusion in capital (Tier II)	186.4	211.2	(24.7)	197.0	(10.6)
General reserve for loan losses	8.7	8.6	0.1	9.1	(0.3)
Perpetual/non-perpetual preferred stocks and perpetual/non-perpetual subordinated debt and bonds	177.6	202.6	(24.9)	187.8	(10.2)
Deductions	-	-	-	-	-
Deduction	(72.4)	(105.0)	32.5	(107.2)	34.8
Total capital ⁽²⁾	687.8	648.8	38.9	626.9	60.9
Risk assets	5,869.2	6,203.3	(334.1)	6,102.5	(233.2)
Capital adequacy ratio	11.71%	10.46%		10.27%	
Tier I capital ratio	9.77%	8.74%		8.80%	

(1) Calculated according to Basel II, F-IRB. Figures are calculated in accordance with FSA Notification Number 79 issued in December 2008 and FSA Notification Number 56 issued in June 2012 (special treatment of FSA Notification Number 19 issued in 2006). As a result, ¥1.0 billion net unrealized losses on securities available-for-sale, net of taxes, as of September 30, 2012, ¥7.4 billion as of September 30, 2011 and ¥0.6 billion as of March 31, 2012 are not included in BIS capital.

(2) Consolidated total required capital is ¥383.9 billion as of September 30, 2012, ¥451.7 billion as at September 30, 2011 and ¥440.3 billion as at March 31, 2012.

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

Per Share Data -Table 20- (Consolidated)

	(Yen, except percentages)				
	1HFY2012 (6 months)	1HFY2011 (6 months)	% Change	FY2011 (12 months)	% Change
Common equity	220.70	214.07	3.1	212.67	3.8
Fully diluted equity	220.70	214.07	3.1	212.67	3.8
Basic net income	9.70	7.66	26.6	2.42	
Diluted net income	9.70	7.66	26.6	2.42	
Cash basis:					
Basic net income	11.56	9.67	19.5	6.05	
Diluted net income	11.56	9.67	19.5	6.05	
For calculation of per share data (Does not include treasury shares) :					
Equity:					
Number of common shares ⁽¹⁾	2,653,919,247	2,653,919,247		2,653,919,247	
Fully diluted number of shares ⁽¹⁾	2,653,919,247	2,653,919,247		2,653,919,247	
Net income:					
Number of common shares ⁽²⁾	2,653,919,247	2,653,919,247		2,653,919,247	
Fully diluted number of shares ⁽²⁾	2,653,919,247	2,653,919,247		2,653,919,247	

(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

We realized ¥25.7 billion in consolidated net income for the first half of fiscal year 2012 and the number of shares did not change from the first half of fiscal year 2011 to the first half of the fiscal year 2012. As a result, the diluted net income per share for the first half of fiscal year 2012 increased to

¥9.70 from ¥7.66 for the first half of fiscal year 2011. Cash basis diluted net income per share for the first half of fiscal year 2012 also increased to ¥11.56 from ¥9.67 for the first half of fiscal year 2011.

Business Lines Results -Table 21- (Consolidated)

	(Billions of yen, except percentages)			
	1HFY2012 (6 months)	1HFY2011 (6 months)	% Change	FY2011 (12 months)
Institutional Group:				
Net interest income	14.5	12.7	13.4	27.2
Non-interest income	16.9	19.7	(14.1)	35.0
Total revenue	31.4	32.5	(3.3)	62.3
General and administrative expenses	12.0	12.4	(3.3)	25.0
Ordinary business profit	19.4	20.0	(3.3)	37.3
Net credit costs	3.3	3.2	2.4	17.8
Ordinary business profit after net credit costs	16.1	16.8	(4.4)	19.4
Global Markets Group:				
Net interest income	1.5	1.5	2.3	3.0
Non-interest income	6.0	4.0	49.2	8.1
Total revenue	7.6	5.5	36.4	11.2
General and administrative expenses	4.5	4.8	(6.3)	9.7
Ordinary business profit	3.0	0.7	328.4	1.5
Net credit costs (recoveries)	(1.7)	(2.1)	20.0	(2.6)
Ordinary business profit after net credit costs (recoveries)	4.7	2.8	66.8	4.2
Individual Group:				
Net interest income	43.0	51.9	(17.1)	98.7
Non-interest income	20.3	19.5	4.0	39.3
Total revenue	63.4	71.5	(11.3)	138.1
General and administrative expenses	46.9	46.0	1.9	92.6
Ordinary business profit	16.5	25.5	(35.2)	45.4
Net credit costs (recoveries)	4.3	7.5	(41.8)	(1.7)
Ordinary business profit after net credit costs (recoveries)	12.1	17.9	(32.5)	47.2
Corporate/Other⁽¹⁾:				
Net interest income	(2.9)	(5.5)	46.8	(12.2)
Non-interest income	4.5	1.5	195.7	3.4
Total revenue	1.5	(4.0)	139.2	(8.8)
General and administrative expenses	0.2	(0.0)	4,510.7	0.5
Ordinary business profit (loss)	1.3	(4.0)	133.1	(9.3)
Net credit costs (recoveries)	0.2	0.1	57.7	(1.0)
Ordinary business profit (loss) after net credit costs (recoveries)	1.0	(4.1)	125.6	(8.2)
Total:				
Net interest income	56.1	60.7	(7.5)	116.9
Non-interest income	47.9	44.9	6.7	86.0
Total revenue	104.1	105.6	(1.5)	202.9
General and administrative expenses	63.7	63.3	0.7	127.9
Ordinary business profit	40.3	42.3	(4.7)	74.9
Net credit costs	6.2	8.8	(28.9)	12.2
Ordinary business profit after net credit costs	34.0	33.5	1.7	62.7

(1) Corporate/Other" includes company-wide accounts which are not included in our reportable segments, allocation variance of indirect expense and elimination amount of inter-segment transactions.

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

⁽¹⁾
Institutional Group - Table 22- (Consolidated)

	(Billions of yen, except percentages)			
	1HFY2012 (6 months)	1HFY2011 (6 months)	% Change	FY2011 (12 months)
Institutional Business Sub-Group: ⁽²⁾				
Net interest income	5.2	4.3	20.2	9.2
Non-interest income	1.5	(2.0)	175.9	0.3
Total revenue	6.7	2.3	193.8	9.6
General and administrative expenses	3.2	3.4	(7.0)	6.9
Ordinary business profit (loss)	3.5	(1.1)	406.8	2.6
Net credit costs (recoveries)	(0.9)	(3.1)	69.2	1.4
Ordinary business profit (loss) after net credit costs (recoveries)	4.5	2.0	123.4	1.2
Structured Finance Sub-Group:				
Net interest income	8.8	8.5	3.0	16.9
Non-interest income	1.4	1.7	(20.8)	4.1
Total revenue	10.2	10.3	(1.1)	21.0
General and administrative expenses	2.3	2.4	(3.9)	4.8
Ordinary business profit	7.9	7.9	(0.2)	16.2
Net credit costs	3.2	7.7	(58.2)	14.1
Ordinary business profit after net credit costs	4.6	0.2	1,950.9	2.0
Principal Transactions Sub-Group:				
Net interest income	1.9	1.3	43.0	4.5
Non-interest income	5.6	4.7	20.5	6.6
Total revenue	7.6	6.1	25.6	11.2
General and administrative expenses	1.9	1.9	(3.3)	3.8
Ordinary business profit	5.7	4.1	39.4	7.3
Net credit costs (recoveries)	0.0	(0.3)	125.4	0.9
Ordinary business profit after net credit costs (recoveries)	5.6	4.5	26.1	6.4
Showa Leasing:				
Net interest income	(1.4)	(1.5)	9.1	(2.5)
Non-interest income	7.7	8.7	(10.4)	15.0
Total revenue	6.3	7.1	(10.7)	12.4
General and administrative expenses	3.8	3.8	(0.9)	7.8
Ordinary business profit	2.5	3.2	(22.3)	4.6
Net credit costs (recoveries)	(0.3)	(1.4)	74.6	(1.3)
Ordinary business profit after net credit costs (recoveries)	2.9	4.6	(38.0)	6.0
Others: ⁽²⁾				
Net interest income	(0.1)	0.0	(575.5)	(0.8)
Non-interest income	0.5	6.6	(92.0)	8.8
Total revenue	0.3	6.6	(94.0)	7.9
General and administrative expenses	0.7	0.7	4.8	1.5
Ordinary business profit (loss)	(0.3)	5.8	(106.3)	6.4
Net credit costs	1.3	0.5	169.7	2.7
Ordinary business profit (loss) after net credit costs	(1.7)	5.3	(131.9)	3.7
Institutional Group:				
Net interest income	14.5	12.7	13.4	27.2
Non-interest income	16.9	19.7	(14.1)	35.0
Total revenue	31.4	32.5	(3.3)	62.3
General and administrative expenses	12.0	12.4	(3.3)	25.0
Ordinary business profit	19.4	20.0	(3.3)	37.3
Net credit costs	3.3	3.2	2.4	17.8
Ordinary business profit after net credit costs	16.1	16.8	(4.4)	19.4

(1) Net of consolidation adjustments, if applicable.

(2) Results for Advisory business are included in the Institutional Business Sub-Group on a management accounting basis from 1Q FY2012.

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

Shinsei Bank Group provides various financial products and services to our institutional and individual customers through the Institutional Group, the Global Markets Group and the Individual Group. Concerning business for institutional customers, the Institutional Group primarily undertakes corporate and public sector finance and advisory business, and the Global Markets Group mainly undertakes financial markets business and serves financial institution clients.

Institutional Group:

- The Institutional Group reporting segments consist of: 1) Institutional Business Sub-Group which provides financial products and services for the corporate and public sectors, 2) Structured Finance Sub-Group which includes businesses such as real estate finance and specialty finance, 3) Principal Transactions Sub-Group which covers credit trading and private equity business, 4) Showa Leasing and 5) others including asset-backed investment.

Total revenue

- The Institutional Group business recorded net interest income of ¥14.5 billion for the first half of fiscal year 2012, an increase from ¥12.7 billion for the first half of the fiscal year 2011, as the progress made in rebuilding our customer franchise led to an increase in the loan balance. Non-interest income was ¥16.9 billion for the first half of fiscal year 2012, a decline from ¥19.7 billion for the first half of fiscal year 2011. However, the amount recorded in the first half of fiscal year 2011 included gains of ¥6.3 billion, net of withholding tax from sales of foreign equities categorized as non-core assets.
- Regarding sub-groups in the Institutional Group, the Institutional Business Sub-Group put efforts into identifying new outlets for corporate lending and increasing the loan balance to rebuild our client base. As a result, net interest income grew steadily to ¥5.2 billion for the first half of fiscal year 2012 from ¥4.3 billion for the first half of fiscal year 2011. In addition, non-interest income improved to a positive income of ¥1.5 billion for the first half of fiscal year 2012 from ¥2.0 billion of losses for the first half of fiscal year 2011 which included ¥3.9 billion of impairment on listed shares.
- The Structured Finance Sub-Group recorded total revenue of ¥10.2 billion for the first half of fiscal year 2012, almost the same as ¥10.3 billion for the first half of fiscal year 2011. Divestitures of non-performing loans and new loan disbursements in real estate finance and in specialty finance led to higher quality asset replacement. While there was ¥2.2 billion in impairment on bonds related to real estate non-recourse finance in the first half of fiscal year 2011, this amount decreased to ¥0.9 billion in the first half of fiscal year 2012.
- The Principal Transactions Sub-Group recorded total revenue of ¥7.6 billion for the first half of fiscal year 2012, an increase from ¥6.1 billion in the first half of

fiscal year 2011. This strong performance was a result of profits realized in the credit trading business during the first half of fiscal year 2012. In addition, ¥0.6 billion of impairment on private equity investment was recognized for the first half of fiscal year 2012, compared to ¥0.7 billion for the first half of fiscal year 2011.

- Others recorded total revenue of ¥0.3 billion for the first half of fiscal year 2012, compared to ¥6.6 billion for the first half of fiscal year 2011 which included gains of ¥6.3 billion, net of withholding tax, from sales of foreign equities as non-core assets.

Expenses

- General and administrative expenses were ¥12.0 billion for the first half of fiscal year 2012, marking a slight decrease from ¥12.4 billion for the first half of fiscal year 2011. This small decrease was due to the scale-down and exit from non-core businesses and efficiency improvements in each business, while the group focused on areas where the Bank can demonstrate its strengths to improve profitability.

Net credit costs

- Net credit costs were ¥3.3 for the first half of fiscal year 2012, almost the same as ¥3.2 billion for the first half of fiscal year 2011. Despite continued divestiture of non-core assets to mitigate potential risks and collection from non-performing loans, net credit costs were at the same level as the first half of fiscal year 2011 in the Institutional Group. This reflects an increase in the loan balance due to an expansion of new financing, while Real Estate Finance made additional reserves as a result of the economic slow-down.

Ordinary business profit after net credit costs

- As a result, the Institutional Group recorded an ordinary business profit after net credit costs of ¥16.1 billion for the first half of fiscal year 2012, almost the same level as ¥16.8 billion for the first half of fiscal year 2011. This result was relatively stable and steady, as there was less impact from non-recurring factors for the first half of the fiscal year, while net interest income increased in line with the increase in the loan balance.

Showa Leasing

- Showa Leasing recorded ¥6.3 billion of total revenue for the first half of fiscal year 2012, a decrease from ¥7.1 billion for the first half of fiscal year 2011, mainly due to a change in accounting standards for leases and the stagnant economy. Net credit recoveries were ¥0.3 billion for the first half of fiscal year 2012, compared to significant recoveries of ¥1.4 billion for the first half of fiscal year 2011. As a result, Showa Leasing recorded ¥2.9 billion of ordinary business profit after net credit costs including consolidation adjustments for the first half of fiscal year 2012, compared to ¥4.6 billion for the first half of fiscal year 2011.

Global Markets Group ⁽¹⁾ -Table 23- (Consolidated)

(Billions of yen, except percentages)

	1HFY2012 (6 months)	1HFY2011 (6 months)	% Change	FY2011 (12 months)
Financial Institutions Sub-Group:				
Net interest income	0.8	0.7	14.4	1.4
Non-interest income	1.6	0.8	97.5	1.9
Total revenue	2.4	1.5	58.2	3.3
General and administrative expenses	1.1	1.1	0.5	2.3
Ordinary business profit	1.2	0.3	236.8	1.0
Net credit costs (recoveries)	(1.3)	(0.2)	(380.9)	(0.4)
Ordinary business profit after net credit costs (recoveries)	2.6	0.6	298.5	1.5
Markets Sub-Group:				
Net interest income	0.6	0.4	36.9	1.1
Non-interest income	3.3	2.0	66.8	5.1
Total revenue	4.0	2.5	61.0	6.2
General and administrative expenses	1.6	1.6	(0.6)	3.2
Ordinary business profit	2.4	0.9	172.1	2.9
Net credit costs (recoveries)	(0.1)	(1.3)	90.0	(1.4)
Ordinary business profit after net credit costs (recoveries)	2.5	2.2	16.2	4.4
Others:				
Net interest income	0.0	0.2	(85.2)	0.5
Non-interest income	1.0	1.2	(12.8)	1.1
Total revenue	1.1	1.5	(27.0)	1.6
General and administrative expenses	1.7	2.0	(14.6)	4.1
Ordinary business profit (loss)	(0.6)	(0.5)	(18.3)	(2.4)
Net credit costs (recoveries)	(0.2)	(0.5)	57.7	(0.7)
Ordinary business profit (loss) after net credit costs (recoveries)	(0.4)	(0.0)	(1,862.9)	(1.7)
Global Markets Group: ⁽²⁾				
Net interest income	1.5	1.5	2.3	3.0
Non-interest income	6.0	4.0	49.2	8.1
Total revenue	7.6	5.5	36.4	11.2
General and administrative expenses	4.5	4.8	(6.3)	9.7
Ordinary business profit	3.0	0.7	328.4	1.5
Net credit costs (recoveries)	(1.7)	(2.1)	20.0	(2.6)
Ordinary business profit after net credit costs (recoveries)	4.7	2.8	66.8	4.2

(1) Net of consolidation adjustments, if applicable.

(2) From the FY2012 interim period, financial results for the Treasury Sub-Group have been transferred from the "Global Markets Group" to the "Corporate/Other" account.

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

Global Markets Group:

The Global Markets Group reporting segments consist of: 1) Financial Institutions Sub-Group which provides financial products and services for financial institutions, 2) Markets Sub-Group which deals with foreign exchange, derivatives and other capital markets business and 3) others which cover asset management, wealth management, and Shinsei Securities' businesses. The Treasury Sub-Group, which manages ALM for the Bank overall, was transferred to the Finance Group as part of organizational changes implemented on July 1, 2012, and its results are now included in the Corporate/Other segment.

Total revenue

- The Global Markets Group generated total revenue of ¥7.6 billion for the first half of fiscal year 2012, an increase from ¥5.5 billion for the first half of fiscal year 2011, when the financial markets were stagnant due to the European debt crisis and the Great East Japan Earthquake and there was a lower volume of customer transactions. In the first half of fiscal year 2012, markets had still not stabilized. However, the total revenue improved because of continuous efforts to rebuild the client base as well as development and provision of financial products which meet customers' needs.
- The Financial Institutions Sub-Group's total revenue was ¥2.4 billion for the first half of fiscal year 2012, increasing from ¥1.5 billion for the first half of fiscal year 2011. The sub-group deepened cooperation with the Markets Sub-Group to reinforce its sales promotion efforts, and strived to provide various products and transactions in line with customers' needs. The strong performance reflects solid revenues from transactions with customers.
- The Markets Sub-Group earned total revenue of ¥4.0 billion for the first half of fiscal year 2012, increasing from ¥2.5 billion for the first half of fiscal year 2011. Financial markets were stagnant and there was a lower volume of customer transactions in the first half of fiscal year 2011.

By contrast, for the first half of fiscal year 2012, the volume of customer transactions increased and total revenue rose because the sub-group improved its business structure and enhanced its capabilities to meet customers' needs.

- Others earned total revenue of ¥1.1 billion for the first half of fiscal year 2012, compared to ¥1.5 billion for the first half of fiscal year 2011.

Expenses

- The Global Markets Group recorded ¥4.5 billion of general and administrative expenses for the first half of fiscal year 2012, a slight decrease from ¥4.8 billion for the first half of fiscal year 2011. Continuous cost rationalization was implemented by the overall group, while it prioritized the allocation of resources to relevant business areas to rebuild the client base. As a result, expenses decreased slightly from the first half of fiscal year 2011.

Net credit costs

- Net credit recoveries of ¥1.7 billion were recorded for the first half of fiscal year 2012, compared to recoveries of ¥2.1 billion for the first half of fiscal year 2011. The Global Markets Group has continued to reduce non-core assets and recorded a reversal of reserve for these assets and recoveries of written-off claims for the first half of fiscal year 2011. The group proceeded to collect on written-off claims and recorded recoveries of written-off claims for the first half of fiscal year 2012 as well, thereby recording net credit recoveries

Ordinary business profit after net credit costs

- As a result, the Global Markets Group recorded ¥4.7 billion in ordinary business profit after net credit costs for the first half of fiscal year 2012, an increase from ¥2.8 billion of ordinary business profit after net credit costs for the first half of fiscal year 2011. The Global Markets Group main source of earnings is derived from transactions with customers and continuous efforts to rebuild the client base are now bearing results.

⁽¹⁾
Individual Group - Table 24- (Consolidated)

(Billions of yen, except percentages)

	1HFY2012 (6 months)	1HFY2011 (6 months)	% Change	FY2011 (12 months)
Retail banking:				
Net interest income	13.1	15.3	(14.3)	29.1
Non-interest income	3.5	3.9	(9.4)	6.9
Total revenue	16.7	19.2	(13.3)	36.0
General and administrative expenses	15.3	15.4	(0.8)	31.3
Ordinary business profit	1.3	3.7	(64.7)	4.7
Net credit costs	(0.0)	1.2	(102.5)	1.2
Ordinary business profit after net credit costs	1.3	2.5	(45.7)	3.5
Shinsei Financial and Shinsei Bank Lake ⁽²⁾ :				
Net interest income	20.7	24.5	(15.7)	47.0
Non-interest income	(1.6)	(1.7)	6.5	(3.0)
Total revenue	19.0	22.8	(16.4)	43.9
General and administrative expenses	12.6	13.3	(5.4)	27.2
Ordinary business profit	6.4	9.4	(32.0)	16.7
Net credit costs (recoveries)	0.9	(0.2)	568.9	(8.0)
Ordinary business profit after net credit costs (recoveries)	5.4	9.6	(43.8)	24.7
Shinki:				
Net interest income	3.5	4.5	(21.2)	8.4
Non-interest income	(0.3)	(0.3)	4.6	(0.6)
Total revenue	3.2	4.1	(22.4)	7.8
General and administrative expenses	1.9	1.8	1.7	3.4
Ordinary business profit	1.3	2.3	(42.2)	4.3
Net credit costs (recoveries)	0.0	0.1	(65.1)	(0.4)
Ordinary business profit after net credit costs (recoveries)	1.2	2.1	(40.9)	4.7
APLUS FINANCIAL:				
Net interest income	4.9	6.7	(26.7)	12.5
Non-interest income	18.6	17.6	5.7	35.9
Total revenue	23.5	24.3	(3.2)	48.5
General and administrative expenses	16.6	15.0	11.3	30.2
Ordinary business profit	6.8	9.3	(26.4)	18.2
Net credit costs	3.4	6.2	(45.5)	5.2
Ordinary business profit after net credit costs	3.4	3.0	12.3	13.0
Others ⁽³⁾ :				
Net interest income	0.6	0.8	(13.1)	1.5
Non-interest income	0.1	0.0	18.6	0.1
Total revenue	0.8	0.8	(9.9)	1.7
General and administrative expenses	0.2	0.2	0.2	0.3
Ordinary business profit	0.5	0.6	(13.7)	1.3
Net credit costs	(0.0)	0.1	(121.4)	0.2
Ordinary business profit after net credit costs	0.5	0.5	7.8	1.1
Individual Group:				
Net interest income	43.0	51.9	(17.1)	98.7
Non-interest income	20.3	19.5	4.0	39.3
Total revenue	63.4	71.5	(11.3)	138.1
General and administrative expenses	46.9	46.0	1.9	92.6
Ordinary business profit	16.5	25.5	(35.2)	45.4
Net credit costs (recoveries)	4.3	7.5	(41.8)	(1.7)
Ordinary business profit after net credit costs (recoveries)	12.1	17.9	(32.5)	47.2

(1) Net of consolidation adjustments, if applicable.

(2) Results for Shinsei Financial and "Shinsei Bank Card Loan – Lake" in the Lake business (started on October 1, 2011) are combined on a management accounting basis from 3Q FY2011.

(3) Includes Shinsei Property Finance and unallocated Consumer Finance Sub-Group financials.

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

Individual Group Revenue by Product/Entity - Table 25- (Consolidated)⁽¹⁾

(Billions of yen, except percentages)

	1HFY2012 (6 months)	1HFY2011 (6 months)	% Change	FY2011 (12 months)
Retail Banking:	16.7	19.2	(13.3)	36.0
Deposits and debentures net interest income	9.1	11.3	(18.9)	21.3
Deposits and debentures non-interest income	1.9	2.5	(23.3)	4.1
Asset management	2.0	2.3	(10.1)	4.3
Loans	3.4	3.1	12.9	6.3
Shinsei Financial and Shinsei Bank Lake ⁽²⁾	19.0	22.8	(16.4)	43.9
Shinki	3.2	4.1	(22.4)	7.8
APLUS FINANCIAL	23.5	24.3	(3.2)	48.5
Others ⁽³⁾	0.8	0.8	(9.9)	1.7
Total revenue	63.4	71.5	(11.3)	138.1

(1) Net of consolidation adjustments, if applicable.

(2) Results for Shinsei Financial and "Shinsei Bank Card Loan – Lake" in the Lake business (started on October 1, 2011) are combined on a management accounting basis from 3Q FY2011.

(3) Includes Shinsei Property Finance and unallocated Consumer Finance Sub-Group financials.

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

- The Individual Group consists of the Retail Banking business as well as Shinsei Bank Card Loan – Lake, and the subsidiaries Shinsei Financial, Shinki, APLUS FINANCIAL and Shinsei Property Finance.
- Individual Group's ordinary business profit after net credit costs was ¥12.1 billion for the first half of fiscal year 2012 compared to ¥17.9 billion for the first half of fiscal year 2011.

Retail Banking

- Total revenue of Retail Banking decreased to ¥16.7 billion for the first half of fiscal year 2012 from ¥19.2 billion for the first half of fiscal year 2011. Net interest income decreased to ¥13.1 billion for the first half of fiscal year 2012 from ¥15.3 billion for the first half of fiscal year 2011. This was mainly due to prevailing low interest rates resulting in a decrease in net interest income from deposits. Non-interest income also decreased to ¥3.5 billion for the first half of fiscal year 2012 from ¥3.9 billion for the first half of fiscal year 2011. The domestic and international markets were stagnant following the European debt crisis during the first half of fiscal year 2012. However, Retail Banking worked to minimize the decline in fee income from investment products by developing and offering products which meet customer's needs, such as products with a limited risk range.
- Due to continued rationalization and efficient business processes, general and administrative expenses decreased slightly to ¥15.3 billion for the first half of fiscal year 2012 compared to ¥15.4 billion for the first half of fiscal year 2011.
- Net credit recoveries totaled ¥0.0 billion (¥31 million) for the first half of fiscal year 2012 compared to ¥1.2 billion for the first half of fiscal year 2011. As a result, ordinary business profit after net credit costs was ¥1.3 billion for the first half of fiscal year 2012 compared to an ordinary business profit after net credit costs of ¥2.5 billion for the first half of fiscal year 2011.

Shinsei Financial and Shinsei Bank Card Loan - Lake

- The ordinary business profit after net credit costs of Shinsei Financial and Shinsei Bank Card Loan - Lake after related consolidation adjustments was ¥5.4 billion for

the first half of fiscal year 2012 compared to ¥9.6 billion for the first half of fiscal year 2011.

- Total revenue was ¥19.0 billion for the first half of fiscal year 2012, compared to ¥22.8 billion for the first half of fiscal year 2011, as the loan balance continued to decrease due to the ongoing effects of the revised Money-Lending Business Control and Regulation Law. However, the pace of decrease in the combined loan balance at Shinsei Financial and Shinsei Bank Card Loan – Lake has slowed, due to the commencement of the Bank-based Consumer Finance business from October 2011. Specifically, although the loan balance decreased by ¥38.6 billion in the first half of fiscal year 2011, the decrease was limited to ¥14.1 billion for the first half of fiscal year 2012 (after including the loan balance of the Bank's Consumer Finance business).
- Consumer Finance is expected to incur a certain amount of net credit costs due to the inherent nature of the business. However, we are implementing strict credit management and have established a strong structure for loan collections, while credit quality continues to improve due to the income-linked borrowing limitation regulation implemented in 2010. Combined with the large decline in loan balance, net credit recoveries of ¥0.2 billion were recorded for the first half of fiscal year 2011. However, the decrease in the loan balance was less pronounced in the first half of fiscal year 2012, and this resulted in net credit recoveries of ¥0.9 billion.

Shinki

- The ordinary business profit after net credit costs of Shinki after related consolidation adjustments was ¥1.2 billion for the first half of fiscal year 2012 compared to ¥2.1 billion for the first half of fiscal year 2011. Similar to Shinsei Financial, Shinki's total revenue also decreased due to the revised Money-Lending Business Control and Regulation Law. However, the pace of decrease has slowed.

APLUS FINANCIAL

- The ordinary business profit after net credit costs of APLUS FINANCIAL after the related consolidation adjustments increased to ¥3.4 billion for the first half of fiscal year 2012, compared to ¥3.0 billion for the first half of fiscal year 2011. Net interest income decreased to ¥4.9

billion for the first half of fiscal year 2012, compared to ¥6.7 billion for the first half of fiscal year 2011 due to the decrease in loan balance following implementation of the revised Money-Lending Business Control and Regulation Law. However, non-interest income increased to ¥18.6 billion for the first half of fiscal year 2012, compared to ¥17.6 billion for the first half of fiscal year 2011 due to the steady increase in volume in the installment sales credit and settlement business. Due to an increase in depreciation for technology, general and administrative expenses increased to ¥16.6 billion for the first half of fiscal year 2012 from ¥15.0 billion for the first half of fiscal year 2011 despite continued rationalization and efficient business processes. However, due to strict credit management, net credit costs decreased to ¥3.4 billion for the first half of fiscal year 2012 from ¥6.2 billion for the first half of fiscal year 2011.

- Others include the financial results of Shinsei Property Finance Co., Ltd and the Consumer Finance Sub-Group.

Interest Repayment

- With regard to reserve for losses on interest repayment, following provision of additional reserves of ¥32.8 billion in fiscal year 2011, no additional reserves were made in the first half of fiscal year 2012. The usage of reserve for losses on interest repayment for the first half of fiscal year

2012 decreased compared to the first half of fiscal year 2011 in Shinsei Financial, Shinki and APLUS FINANCIAL.

- Shinsei Financial's usage of reserve for losses on interest repayment and others amounted to ¥2.6 billion for the first half of fiscal year 2012 from ¥4.7 billion for the first half of fiscal year 2011. Additional reserves were not made resulting in a total balance of ¥23.6 billion in reserves for losses on interest repayment as of September 30, 2012 compared to ¥26.2 billion as of March 31, 2012. Losses on interest repayment at Shinsei Financial have been recorded for the portion of the portfolio not covered by the GE indemnity included in the purchase agreement of Shinsei Financial from GE.
- Shinki's usage of reserve for losses on interest repayment amounted to ¥3.6 billion for the first half of fiscal year 2012 from ¥5.8 billion for the first half of fiscal year 2011. Additional reserves were not made resulting in a total balance of ¥10.3 billion in reserves for losses on interest repayment as of September 30, 2012 compared to ¥14.0 billion as of March 31, 2012.
- APLUS FINANCIAL and its consolidated subsidiaries' usage of reserve for losses on interest repayment amounted to ¥3.0 billion for the first half of fiscal year 2012 from ¥3.4 billion for the first half of fiscal year 2011. Additional reserves were not made resulting in a total balance of ¥7.5 billion in reserves for losses on interest repayment as of September 30, 2012 compared to ¥10.6 billion as of March 31, 2012.

Corporate/Other -Table 26- (Consolidated)

	(Billions of yen, except percentages)			
	1HFY2012 (6 months)	1HFY2011 (6 months)	% Change	FY2011 (12 months)
Treasury Sub-Group⁽²⁾ :				
Net interest income	(1.6)	(3.9)	57.7	(9.2)
Non-interest income	4.3	1.3	210.7	3.1
Total revenue	2.6	(2.6)	201.0	(6.1)
General and administrative expenses	0.6	0.5	14.9	1.0
Ordinary business profit (loss)	1.9	(3.1)	162.8	(7.2)
Net credit costs	-	-	-	-
Ordinary business profit (loss) after net credit costs	1.9	(3.1)	162.8	(7.2)
Corporate/Other (excluding Treasury Sub-Group):⁽¹⁾				
Net interest income	(1.2)	(1.5)	18.7	(2.9)
Non-interest income	0.2	0.1	45.3	0.2
Total revenue	(1.0)	(1.4)	25.0	(2.6)
General and administrative expenses	(0.3)	(0.5)	30.1	(0.5)
Ordinary business profit (loss)	(0.6)	(0.8)	21.5	(2.1)
Net credit costs	0.2	0.1	57.7	(1.0)
Ordinary business profit (loss) after net credit costs	(0.9)	(1.0)	8.6	(1.0)
Corporate/Other:⁽¹⁾				
Net interest income	(2.9)	(5.5)	46.8	(12.2)
Non-interest income	4.5	1.5	195.7	3.4
Total revenue	1.5	(4.0)	139.2	(8.8)
General and administrative expenses	0.2	0.0	4,510.7	0.5
Ordinary business profit (loss)	1.3	(4.0)	133.1	(9.3)
Net credit costs	0.2	0.1	57.7	(1.0)
Ordinary business profit (loss) after net credit costs	1.0	(4.1)	125.6	(8.2)

(1) Corporate/Other" includes company-wide accounts which are not included in our reportable segments, allocation variance of indirect expense and elimination amount of inter-segment transactions.

(2) From the FY2012 interim period, financial results for the Treasury Sub-Group have been transferred from the "Global Markets Group" to the "Corporate/Other" account.

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

Treasury Sub-Group, which manages ALM for the Bank overall, was transferred to the Finance Group in organizational changes implemented on July 1, 2012, and its results are now included in the Corporate/Other segment. The Treasury Sub-Group's total revenue was a profit of ¥2.6 billion for the first half of fiscal year 2012, compared to a loss of ¥2.6 billion for the first half of fiscal year 2011. The sub-group holds liquidity reserves and Japanese national

government bonds for ALM purposes and during the first half of fiscal year 2012, the sub-group traded Japanese national government bonds frequently to facilitate liquidity management and earned sales gains at the same time. The net sales gains increased from ¥0.8 billion for the first half of fiscal year 2011 to ¥2.5 billion for the first half of fiscal year 2012.

Segment Information

Institutional Group:	Focuses primarily on corporate and public sector finance and advisory business.
Institutional Business	The "Institutional Business Sub-Group" provides financial products and services, including healthcare finance for corporations and the public sector, and advisory business.
Structured Finance	The "Structured Finance Sub-Group" comprises real estate-related non-recourse and corporate finance, M&A and other specialty finance, corporate restructuring, and trust businesses.
Principal Transactions	The "Principal Transactions Sub-Group" comprises the credit trading and private equity businesses.
Showa Leasing	"Showa Leasing" primarily provides leasing related financial products and services.
Other Institutional Group	The "Other Institutional Group" consists of the asset-backed investment business and other businesses.
Global Markets Group:	Focuses primarily on financial markets business and serving financial institution clients.
Financial Institutions	The "Financial Institutions Sub-Group" provides financial products and services for financial institutions.
Markets	The "Markets Sub-Group" is engaged in foreign exchange, derivatives, equity related, alternative investment and other capital markets transactions.
Other Global Markets Group	The "Other Global Markets Group" consists of the profit and loss attributable to Shinsei Securities, asset management, wealth management, and other products and services in the Global Markets Group.
Individual Group:	Focuses on retail financial products and services.
Retail Banking	The "Retail Banking Sub-Group" provides financial products and services for retail customers such as yen/foreign currency/structured deposit services, investment trusts, brokerage services (through a partner institution), life and non-life insurance (through partner institutions) and home mortgages.
Shinsei Financial	"Shinsei Financial" provides consumer finance products and services and guarantee services (Shinsei Financial, Shinsei Bank Lake, Shinki).
APLUS FINANCIAL	"APLUS FINANCIAL" provides installment sales credit, credit cards, guarantees, financing and settlement services.
Other Individual Group	The "Other Individual Group" consists of profit and loss attributable to the Consumer Finance Sub-Group and other subsidiaries.
Corporate/Other:	"Corporate/Other" includes company-wide accounts which are not included in our reportable segments, allocation variance of indirect expense and elimination amount of inter-segment transactions.
Treasury	The "Treasury Sub-Group" undertakes ALM related operations and includes gains and losses from equity and subordinated debt financing activities.

Interim Consolidated Balance Sheets (Consolidated)

Assets

	(Millions of yen)				
	Sep 30 2012	Sep 30 2011	Change	Mar 31 2012	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
<<Assets>>					
Cash and due from banks	414,089	329,447	84,641	413,721	367
Call loans and bills bought	-	30,187	(30,187)	15,745	(15,745)
Receivables under resale agreements	38,387	-	38,387	18,362	20,024
Receivables under securities borrowing transactions	31,927	52,412	(20,484)	114,080	(82,153)
Other monetary claims purchased	120,321	147,015	(26,694)	130,943	(10,622)
Trading assets	217,941	239,195	(21,253)	202,675	15,265
Monetary assets held in trust	260,167	276,498	(16,331)	267,628	(7,460)
Securities	2,003,441	2,220,124	(216,683)	1,873,493	129,947
Loans and bills discounted	4,281,926	4,125,538	156,387	4,136,827	145,098
Foreign exchanges	22,729	22,201	527	18,896	3,832
Lease receivables and leased investment assets	196,966	198,368	(1,401)	197,432	(465)
Other assets	771,535	772,359	(824)	686,716	84,818
Premises and equipment	55,023	48,647	6,376	54,131	891
Intangible assets	73,907	89,499	(15,592)	81,053	(7,146)
Goodwill	38,271	45,524	(7,253)	41,951	(3,680)
Deferred issuance expenses for debentures	113	159	(45)	135	(21)
Deferred tax assets	15,789	16,017	(228)	15,834	(45)
Customers' liabilities for acceptances and guarantees	550,232	557,226	(6,993)	562,624	(12,391)
Reserve for credit losses	(171,964)	(184,330)	12,365	(180,633)	8,668
Total assets	8,882,534	8,940,569	(58,035)	8,609,672	272,862

Liabilities and Equity

(Millions of yen)

	Sep 30 2012 (a)	Sep 30 2011 (b)	Change (a)-(b)	Mar 31 2012 (c)	Change (a)-(c)
<<Liabilities>>					
Deposits	5,058,219	5,384,373	(326,153)	5,184,326	(126,107)
Negotiable certificates of deposit	316,436	152,986	163,450	178,084	138,352
Debentures	277,624	313,190	(35,565)	294,139	(16,514)
Call money and bills sold	230,077	140,229	89,847	210,163	19,913
Payables under securities lending transactions	139,404	223,069	(83,664)	148,590	(9,186)
Trading liabilities	158,216	191,246	(33,030)	176,044	(17,827)
Borrowed money	718,377	547,252	171,124	476,731	241,646
Foreign exchanges	16	16	0	11	5
Short-term corporate bonds	63,400	43,600	19,800	50,700	12,700
Corporate bonds	163,525	163,603	(78)	168,797	(5,272)
Other liabilities	506,399	551,702	(45,302)	465,698	40,701
Accrued employees' bonuses	4,103	4,335	(231)	7,262	(3,158)
Accrued directors' bonuses	23	22	1	40	(16)
Reserve for employees' retirement benefits	7,179	7,085	94	7,027	152
Reserve for directors' retirement benefits	211	195	15	231	(20)
Reserve for losses on interest repayments	41,568	29,934	11,633	50,913	(9,345)
Reserve under special law	1	1	(0)	1	-
Deferred tax liabilities	275	381	(105)	626	(350)
Acceptances and guarantees	550,232	557,226	(6,993)	562,624	(12,391)
Total liabilities	8,235,295	8,310,453	(75,157)	7,982,014	253,281
<<Equity>>					
Shareholders' equity:					
Common stock	512,204	512,204	-	512,204	-
Capital surplus	79,461	79,461	-	79,461	-
Retained earnings	81,972	72,783	9,188	58,863	23,109
Treasury stock, at cost	(72,558)	(72,558)	-	(72,558)	-
Total shareholders' equity	601,080	591,891	9,188	577,970	23,109
Accumulated other comprehensive income:					
Unrealized gain (loss) on available-for-sale securities	(1,073)	(7,489)	6,415	(674)	(399)
Deferred gain (loss) on derivatives under hedge accounting	(11,694)	(12,870)	1,175	(11,754)	59
Foreign currency translation adjustments	(2,569)	(3,406)	837	(1,117)	(1,452)
Total accumulated other comprehensive income	(15,338)	(23,766)	8,428	(13,545)	(1,792)
Stock acquisition rights	1,301	1,357	(56)	1,354	(53)
Minority interests	60,195	60,633	(438)	61,877	(1,682)
Total equity	647,238	630,116	17,122	627,657	19,580
Total liabilities and equity	8,882,534	8,940,569	(58,035)	8,609,672	272,862

Interim Consolidated Statements of Income (Consolidated)

(Millions of yen, except percentages)

	1HFY2012 (6 months)	1HFY2011 (6 months)	Change		FY2011 (12 months)
			Amount	%	
Ordinary income	191,464	223,770	(32,305)	(14.4)	413,232
Interest income	74,155	83,123	(8,968)	(10.8)	159,722
Interest on loans and bills discounted	64,707	72,580	(7,873)	(10.8)	140,336
Interest and dividends on securities	8,618	9,715	(1,097)	(11.3)	17,811
Other interest income	829	827	2	0.2	1,573
Fees and commissions income	19,519	25,146	(5,627)	(22.4)	46,915
Trading income	11,381	9,340	2,041	21.9	16,730
Other business income	71,315	85,400	(14,084)	(16.5)	150,212
Other ordinary income	15,092	20,758	(5,666)	(27.3)	39,652
Ordinary expenses	163,305	196,882	(33,576)	(17.1)	396,481
Interest expenses	17,961	22,374	(4,413)	(19.7)	42,821
Interest on deposits	11,650	14,966	(3,316)	(22.2)	28,664
Interest on borrowings	2,608	2,924	(315)	(10.8)	5,582
Interest on corporate bonds	2,542	2,828	(285)	(10.1)	5,749
Other interest expenses	1,158	1,654	(495)	(29.9)	2,825
Fees and commissions expenses	10,771	11,269	(498)	(4.4)	21,723
Trading losses	1,808	2,798	(989)	(35.3)	3,094
Other business expenses	47,130	66,756	(19,626)	(29.4)	112,336
General and administrative expenses	70,441	70,751	(309)	(0.4)	142,354
Amortization of goodwill	3,680	4,001	(321)	(8.0)	7,697
Amortization of intangible assets acquired in business combinations	1,999	2,242	(243)	(10.8)	4,258
Other general and administrative expenses	64,761	64,506	254	0.4	130,399
Other ordinary expenses	15,192	22,932	(7,739)	(33.7)	74,150
Provision of reserve for credit losses	9,076	11,540	(2,464)	(21.4)	19,020
Other	6,116	11,391	(5,274)	(46.3)	55,130
Ordinary profit	28,158	26,888	1,270	4.7	16,750
Extraordinary gains	439	509	(70)	(13.8)	3,014
Extraordinary losses	671	1,635	(964)	(59.0)	4,419
Income before income taxes and minority interests	27,926	25,762	2,164	8.4	15,345
Income taxes (benefit):					
Income taxes (benefit) - current	829	1,699	(870)	(51.2)	2,925
Income taxes (benefit) - deferred	(458)	1,799	(2,258)	(125.5)	2,433
Total income taxes (benefit)	370	3,499	(3,128)	(89.4)	5,359
Income before minority interests	27,555	22,262	5,293	23.8	9,986
Minority interests in net income of subsidiaries	1,791	1,911	(119)	(6.2)	3,555
Net income	25,764	20,350	5,413	26.6	6,430

Interim Consolidated Statements of Comprehensive Income (Consolidated)*(Millions of yen, except percentages)*

	1HFY2012 (6 months)	1HFY2011 (6 months)	Change		FY2011 (12 months)
			Amount	%	
Income before minority interests	27,555	22,262	5,293	23.8	9,986
Other comprehensive income					
Unrealized gain (loss) on available-for-sale securities	(534)	7,714	(8,248)	(106.9)	14,516
Deferred gain (loss) on derivatives under hedge accounting	59	(2,672)	2,731	102.2	(1,556)
Foreign currency translation adjustments	(1,342)	(1,421)	79	5.6	1,027
Share of other comprehensive income in affiliates	(271)	(577)	305	53.0	32
Other comprehensive income	(2,088)	3,042	(5,131)	(168.7)	14,019
Comprehensive income	25,467	25,305	161	0.6	24,006
(Breakdown)					
Attributable to:					
Owners of the parent	23,971	24,519	(548)	(2.2)	20,820
Minority interests	1,495	785	709	90.3	3,185

Interim Consolidated Statements of Changes in Equity (Consolidated)

(Millions of yen)

	1HFY2012 (6 months)	1HFY2011 (6 months)	FY2011 (12 months)
Shareholders' equity			
Common stock :			
Balance at beginning of the period	512,204	512,204	512,204
Changes during the period			
Total changes during the period	-	-	-
Balance at end of the period	512,204	512,204	512,204
Capital surplus :			
Balance at beginning of the period	79,461	79,461	79,461
Changes during the period			
Total changes during the period	-	-	-
Balance at end of the period	79,461	79,461	79,461
Retained earnings :			
Balance at beginning of the period	58,863	55,087	55,087
Changes during the period			
Dividends from surplus	(2,653)	(2,653)	(2,653)
Net income	25,764	20,350	6,430
Decrease by inclusion of consolidated subsidiaries	(0)	(0)	(0)
Decrease by exclusion of consolidated subsidiaries	-	(0)	(0)
Total changes during the period	23,109	17,696	3,775
Balance at end of the period	81,972	72,783	58,863
Treasury stock at cost :			
Balance at beginning of the period	(72,558)	(72,558)	(72,558)
Changes during the period			
Total changes during the period	-	-	-
Balance at end of the period	(72,558)	(72,558)	(72,558)
Total shareholders' equity :			
Balance at beginning of the period	577,970	574,195	574,195
Changes during the period			
Dividends from surplus	(2,653)	(2,653)	(2,653)
Net income	25,764	20,350	6,430
Decrease by inclusion of consolidated subsidiaries	(0)	(0)	(0)
Decrease by exclusion of consolidated subsidiaries	-	(0)	(0)
Total changes during the period	23,109	17,696	3,775
Balance at end of the period	601,080	591,891	577,970

(Millions of yen)

	1HFY2012 (6 months)	1HFY2011 (6 months)	FY2011 (12 months)
Accumulated other comprehensive income			
Unrealized gain (loss) on available-for-sale securities :			
Balance at beginning of the period	(674)	(15,225)	(15,225)
Changes during the period			
Net changes during the period excluding shareholders' equity	(399)	7,736	14,551
Total changes during the period	(399)	7,736	14,551
Balance at end of the period	(1,073)	(7,489)	(674)
Deferred gain (loss) on derivatives under hedge accounting :			
Balance at beginning of the period	(11,754)	(10,197)	(10,197)
Changes during the period			
Net changes during the period excluding shareholders' equity	59	(2,672)	(1,556)
Total changes during the period	59	(2,672)	(1,556)
Balance at end of the period	(11,694)	(12,870)	(11,754)
Foreign currency translation adjustments :			
Balance at beginning of the period	(1,117)	(2,511)	(2,511)
Changes during the period			
Net changes during the period excluding shareholders' equity	(1,452)	(895)	1,394
Total changes during the period	(1,452)	(895)	1,394
Balance at end of the period	(2,569)	(3,406)	(1,117)
Total accumulated other comprehensive income :			
Balance at beginning of the period	(13,545)	(27,935)	(27,935)
Changes during the period			
Net changes during the period excluding shareholders' equity	(1,792)	4,168	14,389
Total changes during the period	(1,792)	4,168	14,389
Balance at end of the period	(15,338)	(23,766)	(13,545)
Stock acquisition rights			
Balance at beginning of the period	1,354	1,413	1,413
Changes during the period			
Net changes during the period excluding shareholders' equity	(53)	(55)	(58)
Total changes during the period	(53)	(55)	(58)
Balance at end of the period	1,301	1,357	1,354
Minority interests			
Balance at beginning of the period	61,877	63,481	63,481
Changes during the period			
Net changes during the period excluding shareholders' equity	(1,682)	(2,847)	(1,603)
Total changes during the period	(1,682)	(2,847)	(1,603)
Balance at end of the period	60,195	60,633	61,877
Total equity			
Balance at beginning of the period	627,657	611,154	611,154
Changes during the period			
Dividends from surplus	(2,653)	(2,653)	(2,653)
Net income	25,764	20,350	6,430
Decrease by inclusion of consolidated subsidiaries	(0)	(0)	(0)
Decrease by exclusion of consolidated subsidiaries	-	(0)	(0)
Net changes during the period excluding shareholders' equity	(3,528)	1,265	12,727
Total changes during the period	19,580	18,961	16,502
Balance at end of the period	647,238	630,116	627,657

Section 2. Non-Consolidated Information

Results of Operations -Table 27- (Non-Consolidated)

	<i>(Billions of yen, except percentages)</i>			
	1HFY2012 (6 months)	1HFY2011 (6 months)	%	FY2011 (12 months)
			Change	
Net interest income	34.8	29.3	18.6	70.3
Non-interest income	17.3	8.9	93.6	24.5
Net fees and commissions ⁽¹⁾	7.5	9.4	(20.0)	18.0
Net trading income	8.5	6.7	27.2	13.4
Net other business income	1.2	(7.1)	117.4	(6.9)
Total revenue ⁽¹⁾	52.1	38.3	36.1	94.8
Personnel expenses	10.1	9.7	4.6	19.9
Non-personnel expenses	21.5	16.3	31.8	39.2
Taxes	1.6	1.3	21.3	3.5
General and administrative expenses	33.3	27.4	21.7	62.6
Net business profit ⁽¹⁾	18.7	10.8	72.6	32.1
Other gains (losses)				
Gains (losses) on the sales of equities	0.1	1.8	(91.5)	1.5
Net reversal of reserve for credit losses (Provision of reserve for loan losses)	(0.6)	(2.2)	73.2	(14.0)
Losses on write-off of loans	(2.5)	(2.0)	(26.9)	(2.1)
Recoveries of written-off claims	1.6	1.4	14.3	5.2
Expenses for employees' retirement benefits	(0.9)	(1.1)	14.8	(2.7)
Other losses, expenses	(0.7)	(0.4)	(92.8)	(1.9)
Net ordinary income	15.6	8.3	87.5	18.1
Special gains (losses)				
Gains (losses) from sales of fixed assets	(0.2)	(1.2)	83.8	(1.7)
Other special gains (losses)	(0.3)	(0.1)	(217.0)	(0.1)
Income before income taxes	15.1	6.9	116.5	16.2
Income taxes (benefit)				
Current	(0.1)	0.3	(131.8)	0.1
Deferred	(0.4)	2.0	(122.6)	2.1
Net income	15.6	4.5	242.5	13.8

(1) Includes income from monetary assets held in trust of ¥5.1 billion in 1HFY2012, ¥6.4 billion in 1HFY2011 and ¥12.2 billion in FY2011.

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

- The gap between net income on a non-consolidated basis and consolidated basis derives from the profits or losses at our consolidated subsidiaries including Showa Leasing, Shinsei Financial, APLUS FINANCIAL and Shinki, gains or losses on our investment in our equity method affiliate, Jih Sun Financial Holding Co., Ltd., and whether or not dividends are received from our major consolidated subsidiaries.
- In addition, gains (losses) on the sale of equities and impairments are recorded as other business income in the consolidated financial statement, reflecting the nature of the transaction. However, in the above non-consolidated statement, the same transactions are recorded as other gains (losses) in accordance with the reporting requirements on a Revitalization Plan basis.
- Total revenue of Shinsei Bank increased by ¥13.8 billion to ¥52.1 billion for the first half of fiscal year 2012 from ¥38.3 billion for the first half of fiscal year 2011. Net interest income has grown steadily, reflecting efforts to expand the customer base in institutional business and the commencement of Consumer Finance business at the Bank. In addition, dividends from subsidiaries for the first half of fiscal year 2012 were ¥4.4 billion from Shinsei Financial and ¥1.7 billion from APLUS FINANCIAL and ¥0.8 billion from Showa Leasing. Dividends from subsidiaries for the first half of fiscal year 2011 were ¥3.9 billion from Shinsei Financial and ¥1.2 billion from Shinsei Trust & Banking. In the first half of fiscal year 2011, net other business income included an impairment on asset-backed securities.
- Despite continued rationalization and efficient business processes across business groups, general and administrative expenses were ¥33.3 billion on a non-consolidated basis for the first half of fiscal year 2012 compared to ¥27.4 billion for the first half of fiscal year 2011 due to expenses related to the Bank's Consumer Finance business that have been included from October 2011. As a result of the above, the total net business profit increased significantly to ¥18.7 billion for the first half of fiscal year 2012 from ¥10.8 billion from the first half of fiscal year 2011.
- Shinsei Bank recorded a non-consolidated net income of ¥15.6 billion for the first half of fiscal year 2012, representing a considerable increase from ¥4.5 billion for the first half of fiscal year 2011.

Net Credit Costs -Table 28- (Non-Consolidated)

(Billions of yen, except percentages)

	1HFY2012 (6 months)	1HFY2011 (6 months)	% Change	FY2011 (12 months)
Losses on write-off of loans	2.5	2.0	25.3	2.1
Net provision (reversal) of reserve for loan losses	0.6	2.2	(73.2)	14.0
Net provision (reversal) of general reserve for loan losses	(5.0)	(0.6)	(661.5)	(5.3)
Net provision of specific reserve for loan losses	5.6	2.9	90.9	19.3
Net provision (reversal) of reserve for loan losses to restructuring countries	-	(0.0)	-	(0.0)
Recoveries of written-off claims	(1.6)	(1.4)	(14.3)	(5.2)
Net credit costs (recoveries)	1.5	2.8	(47.4)	10.9

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

Interest-Earning Assets and Interest-Bearing Liabilities -Table 29- (Non-Consolidated)

	<i>(Billions of yen, except percentages)</i>								
	1HFY2012 (6 months)			1HFY2011 (6 months)			FY2011 (12 months)		
	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)
Interest-earning assets:									
Cash and due from banks	21.2	0.1	1.08	25.6	0.1	1.21	24.6	0.2	1.05
Call loans	44.9	0.0	0.13	24.7	0.0	0.18	38.4	0.0	0.22
Receivables under resale agreements	30.1	0.0	0.39	-	-	-	6.2	0.0	0.38
Collateral related to securities borrowing transactions	16.2	0.0	0.11	8.7	0.0	0.08	9.7	0.0	0.10
Securities	2,303.3	17.6	1.52	3,169.3	16.0	1.01	2,790.5	42.8	1.53
Loans and bills discounted	4,123.9	32.7	1.58	4,029.8	32.0	1.59	4,022.2	63.9	1.59
Other interest-earning assets	242.6	1.0	0.86	287.7	1.4	1.03	269.2	2.7	1.01
Interest rate and funding swaps	-	0.0	-	-	0.1	-	-	0.0	-
Total interest-earning assets	6,782.6	51.6	1.51	7,546.1	49.9	1.32	7,161.0	109.9	1.53
Interest-bearing liabilities:									
Deposits	5,431.0	11.6	0.42	5,531.5	14.9	0.54	5,576.6	28.6	0.51
Negotiable certificates of deposit	236.8	0.1	0.14	251.7	0.2	0.16	229.2	0.3	0.16
Debentures	289.7	0.5	0.37	334.1	0.8	0.49	321.2	1.4	0.46
Call money	130.9	0.0	0.10	150.7	0.0	0.11	147.8	0.1	0.11
Payable under repurchase agreements	0.5	0.0	0.23	-	-	-	-	-	-
Collateral related to securities lending transactions	144.8	0.0	0.11	429.1	0.3	0.16	252.3	0.3	0.15
Borrowed money	350.0	1.2	0.73	529.5	1.1	0.43	390.0	2.3	0.60
Corporate bonds	207.1	4.0	3.86	219.2	4.2	3.87	214.0	8.6	4.02
Other interest-bearing liabilities	0.1	0.0	n.m. ⁽¹⁾	0.1	0.0	n.m. ⁽¹⁾	0.1	0.0	n.m. ⁽¹⁾
Interest rate and funding swaps	-	-	-	-	-	-	-	-	-
Total interest-bearing liabilities	6,791.3	17.8	0.52	7,446.2	21.8	0.58	7,131.5	42.0	0.59
Net interest income/yield on interest-earning assets	6,782.6	33.8	0.99	7,546.1	28.1	0.74	7,161.0	67.8	0.94

(1) n.m. is not meaningful.

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

Risk-Monitored Loans -Table 30- (Non-Consolidated)

	<i>(Billions of yen)</i>				
	Sep 30 2012	Sep 30 2011	Change	Mar 31 2012	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Loans to bankrupt obligors	5.3	6.5	(1.1)	3.5	1.7
Non-accrual delinquent loans	241.7	216.2	25.4	263.3	(21.5)
Loans past due for three months or more	0.7	0.7	0.0	0.7	0.0
Restructured loans	1.9	3.5	(1.6)	0.8	1.1
Total (A)	249.8	227.1	22.7	268.4	(18.6)
Loans and bills discounted (B)	4,264.1	4,060.8	203.2	4,102.6	161.4
Ratio to total loans and bills discounted (A / B) (%)	5.86%	5.59%		6.54%	
Reserve for credit losses (C)	113.5	110.1	3.3	121.1	(7.6)
Reserve ratio (C / A) (%)	45.4%	48.5%		45.1%	

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

Loans by Borrower Industry -Table 31- (Non-Consolidated)

(Billions of yen)

	Sep 30 2012 (a)	Sep 30 2011 (b)	Change (a)-(b)	Mar 31 2012 (c)	Change (a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	222.5	245.3	(22.8)	241.4	(18.8)
Agriculture and forestry	0.2	1.2	(0.9)	0.2	(0.0)
Fishery	-	1.0	(1.0)	-	-
Mining, quarrying and gravel extraction	0.2	0.4	(0.1)	0.2	(0.0)
Construction	13.7	12.5	1.2	10.5	3.2
Electric power, gas, heat supply and water supply	110.2	37.6	72.6	48.6	61.5
Information and communications	38.6	34.1	4.4	38.4	0.1
Transportation and postal service	222.7	269.5	(46.7)	236.7	(13.9)
Wholesale and retail	80.1	77.6	2.5	82.6	(2.5)
Finance and insurance	1,205.6	1,200.8	4.8	1,178.4	27.2
Real estate	594.7	580.1	14.5	578.8	15.8
Services	372.7	371.3	1.4	371.0	1.6
Local government	118.0	140.9	(22.9)	139.5	(21.5)
Individual	1,065.5	900.7	164.7	966.8	98.6
Overseas yen loan and overseas loans booked domestically	145.3	125.3	19.9	131.9	13.3
Total domestic	4,190.6	3,998.9	191.6	4,025.8	164.7
Overseas offices (including Japan offshore market accounts):					
Governments	1.9	2.1	(0.1)	2.0	(0.0)
Financial institutions	0.8	1.1	(0.3)	1.0	(0.1)
Commerce and industry	70.6	58.5	12.1	73.6	(3.0)
Others	-	-	-	-	-
Total overseas	73.5	61.9	11.6	76.8	(3.2)
Total	4,264.1	4,060.8	203.2	4,102.6	161.4

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

Risk Monitored Loans by Borrower Industry -Table 32 - (Non-Consolidated)

	(Billions of yen)				
	Sep 30 2012	Sep 30 2011	Change	Mar 31 2012	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	7.4	3.2	4.1	10.8	(3.4)
Agriculture and forestry	-	-	-	-	-
Fishery	-	-	-	-	-
Mining, quarrying and gravel extraction	-	-	-	-	-
Construction	0.0	-	0.0	-	0.0
Electric power, gas, heat supply and water supply	-	-	-	-	-
Information and communications	-	0.5	(0.5)	-	-
Transportation and postal service	2.9	-	2.9	5.5	(2.6)
Wholesale and retail	-	0.0	(0.0)	-	-
Finance and insurance	43.3	23.8	19.4	43.7	(0.3)
Real estate	151.6	183.0	(31.4)	158.5	(6.8)
Services	26.2	0.1	26.0	26.2	(0.0)
Local government	-	-	-	-	-
Individual	3.5	4.2	(0.7)	3.6	(0.0)
Overseas yen loan and overseas loans booked domestically	14.6	11.9	2.6	19.9	(5.3)
Total domestic	249.8	227.1	22.7	268.4	(18.6)
Overseas offices (including Japan offshore market accounts):					
Governments	-	-	-	-	-
Financial institutions	-	-	-	-	-
Commerce and industry	-	-	-	-	-
Others	-	-	-	-	-
Total overseas	-	-	-	-	-
Total	249.8	227.1	22.7	268.4	(18.6)

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

Overseas and Offshore Loans by Region -Table 33- (Non-Consolidated)

	(Billions of yen)				
	Sep 30 2012	Sep 30 2011	Change	Mar 31 2012	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
US	44.0	52.1	(8.1)	40.2	3.8
Asset-backed investments ⁽¹⁾ in US	5.3	4.6	0.6	5.2	0.0
Europe	43.9	33.5	10.4	50.3	(6.4)
Asset-backed investments ⁽¹⁾ in Europe	22.3	25.7	(3.3)	27.6	(5.3)
Others	130.8	101.5	29.2	118.1	12.6
Total overseas and offshore loans	218.8	187.2	31.5	208.7	10.0
Total asset-backed investments⁽¹⁾	27.6	30.4	(2.7)	32.9	(5.2)

(1) "Asset-backed investments" is another term for the Asset-Backed Investments Program, one of our old product programs. Under this program, loans backed mainly by collateral (including infrastructure related assets or equipment, real estate, business and operating assets) are referred to as "asset-backed investments" for disclosure purposes.

Risk-Monitored Overseas and Offshore Loans by Region -Table 34- (Non-Consolidated)

	(Billions of yen)				
	Sep 30 2012 (a)	Sep 30 2011 (b)	Change (a)-(b)	Mar 31 2012 (c)	Change (a)-(c)
US	-	-	-	-	-
Asset-backed investments ⁽¹⁾ in US	-	-	-	-	-
Europe	11.2	11.9	(0.6)	16.1	(4.8)
Asset-backed investments ⁽¹⁾ in Europe	11.2	11.6	(0.4)	15.9	(4.7)
Others	3.3	0.0	3.3	3.7	(0.4)
Total overseas and offshore loans	14.6	11.9	2.6	19.9	(5.3)
Total asset-backed investments ⁽¹⁾⁽²⁾	11.2	11.6	(0.4)	15.9	(4.7)

(1) "Asset-backed investments" is another term for the Asset-Backed Investments Program, one of our old product programs. Under this program, loans backed mainly by collateral (including infrastructure related assets or equipment, real estate, business and operating assets) are referred to as "asset-backed investments" for disclosure purposes.

(2) As of September 30, 2012, reserve for loan losses and collateral/guarantees for risk monitored loans related to asset-backed investments were ¥4.2 billion and ¥6.4 billion, respectively, and the coverage ratio was 95.7%.

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

Claims Classified under the Financial Revitalization Law -Table 35- (Non-Consolidated)

	(Billions of yen)				
	Sep 30 2012 (a)	Sep 30 2011 (b)	Change (a)-(b)	Mar 31 2012 (c)	Change (a)-(c)
Claims against bankrupt and quasi-bankrupt obligors	51.0	53.4	(2.4)	49.1	1.8
Doubtful claims	221.0	196.7	24.2	245.2	(24.2)
Substandard claims	2.7	4.3	(1.5)	1.6	1.1
Total (A)	274.6	254.4	20.2	295.9	(21.2)
Coverage ratio	97.2%	97.0%	/	96.7%	/
Total claims (B)	4,457.8	4,268.2	189.5	4,445.8	11.9
Loans and bills discounted	4,264.1	4,060.8	203.2	4,102.6	161.4
Others	193.7	207.3	(13.6)	343.2	(149.5)
Ratio to total claims (A / B) X 100 (%)	6.16%	5.96%	/	6.66%	/
(Ref. 1) Amount of write-off	69.0	83.1	(14.1)	75.0	(6.0)
(Ref. 2) Below need caution level	529.9	641.4	(111.4)	589.8	(59.9)

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

Coverage Ratios for Non-Performing Claims Classified under the Financial Revitalization Law -Table 36- (Non-Consolidated)

(Billions of yen, except percentages)

September 30, 2012					
Amounts of coverage					
Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees	Coverage ratio	
Claims against bankrupt and quasi-bankrupt obligors	51.0	51.0	3.9	47.0	100.0%
Doubtful claims	221.0	213.8	70.2	143.5	96.7%
Substandard claims	2.7	2.1	0.8	1.3	78.3%
Total	274.6	266.8	75.0	191.9	97.2%

(Billions of yen, except percentages)

September 30, 2011					March 31, 2012					
Amounts of coverage					Amounts of coverage					
Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees	Coverage ratio	Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees	Coverage ratio	
Claims against bankrupt and quasi-bankrupt obligors	53.4	53.4	3.7	49.7	100.0%	49.1	49.1	3.6	45.5	100.0%
Doubtful claims	196.7	190.8	39.0	151.8	97.0%	245.2	235.4	72.5	162.9	96.0%
Substandard claims	4.3	2.7	1.7	1.0	62.8%	1.6	1.6	0.5	1.1	99.0%
Total	254.4	246.9	44.4	202.5	97.0%	295.9	286.1	76.6	209.5	96.7%

Reserve for Credit Losses -Table 37- (Non-Consolidated)

(Billions of yen)

	Sep 30 2012	Sep 30 2011	Change	Mar 31 2012	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Reserve for credit losses	109.6	88.9	20.6	117.2	(7.6)
General reserve for loan losses	34.1	44.8	(10.7)	39.6	(5.4)
Specific reserve for loan losses	75.4	44.0	31.4	77.6	(2.1)
Reserve for loans to restructuring countries	0.0	0.0	-	0.0	-
Specific reserve for other credit losses	3.9	21.1	(17.2)	3.9	(0.0)
Total reserve for credit losses	113.5	110.1	3.3	121.1	(7.6)

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

Reserve Ratios for Borrowers' Category -Table 38- (Non-Consolidated)

(Percentages)

		Sep 30 2012	Sep 30 2011	Change	Mar 31 2012	Change
		(a)	(b)	(a)-(b)	(c)	(a)-(c)
Legally and virtually bankrupt	(unsecured portion)	100.00	100.00	-	100.00	-
Possibly bankrupt	(unsecured portion)	97.72	97.48	0.24	95.42	2.30
Substandard	(unsecured portion)	82.98	51.99	30.99	240.86	(157.88)
Need caution	(total claims)	5.86	3.74	2.12	5.76	0.10
	(unsecured portion)	18.65	12.86	5.79	15.08	3.57
Normal	(total claims)	0.45	0.66	(0.21)	0.55	(0.10)

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

Housing Loans -Table 39- (Non-Consolidated)

(Billions of yen)

	Sep 30 2012 (a)	Sep 30 2011 (b)	Change (a)-(b)	Mar 31 2012 (c)	Change (a)-(c)
Housing loans	1,011.2	879.5	131.7	931.0	80.1

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

Loans to Small- and Medium Sized Entities -Table 40- (Non-Consolidated)

(Billions of yen)

	Sep 30 2012 (a)	Sep 30 2011 (b)	Change (a)-(b)	Mar 31 2012 (c)	Change (a)-(c)
Loans to small- and medium-sized entities (SMEs)	2,706.3	2,514.3	192.0	2,624.9	81.3
% of loans to small- and medium-sized entities	64.6%	62.9%		65.2%	

Note: Small- and medium-sized enterprises in this table refer to companies with ¥300 million or fewer in capital (¥100 million for wholesale and ¥50 million for retail and services) as well as companies or individuals with 300 employees or less (100 for wholesale and services and 50 for retail).

Securities Being Held to Maturity -Table 41- (Non-Consolidated)

(Billions of yen)

	September 30, 2012			September 30, 2011			March 31, 2012		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount									
Japanese national government bonds	585.2	590.4	5.2	554.6	559.7	5.1	585.6	590.9	5.3
Japanese corporate bonds	21.5	21.7	0.1	27.6	28.0	0.4	22.8	23.0	0.2
Other	40.9	44.9	3.9	37.4	40.7	3.3	40.2	44.2	4.0
Subtotal	647.8	657.1	9.3	619.7	628.6	8.8	648.7	658.2	9.5
Fair value does not exceed carrying amount									
Japanese national government bonds	-	-	-	40.1	40.0	(0.0)	-	-	-
Japanese corporate bonds	-	-	-	-	-	-	-	-	-
Other	6.1	5.7	(0.3)	9.3	8.7	(0.5)	9.8	9.2	(0.5)
Subtotal	6.1	5.7	(0.3)	49.4	48.8	(0.6)	9.8	9.2	(0.5)
Total	653.9	662.9	9.0	669.1	677.4	8.2	658.5	667.5	8.9

Securities Available for Sale -Table 42- (Non-Consolidated)

	(Billions of yen)								
	September 30, 2012			September 30, 2011			March 31, 2012		
	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)
Carrying amount exceeds amortized/acquisition cost									
Equity securities	8.0	5.2	2.7	3.5	2.9	0.6	13.4	8.7	4.6
Domestic bonds	739.7	736.8	2.8	923.7	920.8	2.8	681.8	679.4	2.3
Japanese national government bonds	671.3	669.4	1.9	843.1	841.1	2.0	619.5	617.5	1.9
Japanese local government bonds	1.7	1.7	0.0	1.7	1.7	0.0	1.7	1.7	0.0
Japanese corporate bonds	66.6	65.7	0.8	78.7	78.0	0.6	60.4	60.0	0.3
Other	83.6	80.1	3.4	62.1	58.5	3.5	66.4	62.0	4.4
Foreign securities	71.9	68.7	3.1	51.0	47.6	3.3	55.7	51.5	4.1
Foreign currency denominated foreign corporate and government bonds	40.9	38.5	2.3	32.3	29.4	2.8	31.4	28.6	2.8
Yen-denominated foreign corporate and government bonds	29.4	28.9	0.4	16.6	16.5	0.0	19.6	19.4	0.2
Foreign equity securities and others	1.6	1.2	0.3	2.0	1.6	0.3	4.6	3.4	1.1
Other securities	1.1	0.9	0.2	1.0	0.9	0.1	1.1	0.9	0.1
Other monetary claims purchased	10.4	10.4	0.0	10.0	9.9	0.0	9.6	9.6	0.0
Subtotal	831.4	822.2	9.1	989.3	982.3	7.0	761.7	750.2	11.4
Carrying amount does not exceed amortized/acquisition cost									
Equity securities	3.8	4.9	(1.0)	5.9	6.3	(0.3)	1.2	1.5	(0.3)
Domestic bonds	371.3	374.2	(2.9)	333.8	337.3	(3.5)	250.4	254.4	(4.0)
Japanese national government bonds	219.5	220.1	(0.5)	166.4	167.3	(0.8)	79.9	80.7	(0.7)
Japanese local government bonds	-	-	-	-	-	-	-	-	-
Japanese corporate bonds	151.7	154.1	(2.3)	167.3	169.9	(2.6)	170.4	173.7	(3.2)
Other	50.3	52.3	(2.0)	113.3	118.2	(4.9)	92.9	95.9	(3.0)
Foreign securities	49.8	51.8	(2.0)	112.7	117.7	(4.9)	91.0	94.0	(3.0)
Foreign currency denominated foreign corporate and government bonds	36.3	37.7	(1.3)	42.7	46.4	(3.7)	42.8	45.4	(2.5)
Yen-denominated foreign corporate and government bonds	13.4	14.0	(0.6)	67.1	68.2	(1.1)	48.0	48.5	(0.4)
Foreign equity securities and others	0.0	0.0	-	2.9	2.9	(0.0)	0.0	0.0	-
Other securities	0.5	0.5	-	0.5	0.5	-	0.5	0.5	-
Other monetary claims purchased	-	-	-	-	-	-	1.3	1.3	(0.0)
Subtotal	425.5	431.5	(6.0)	453.1	461.9	(8.8)	344.6	351.9	(7.3)
Total⁽¹⁾⁽²⁾	1,256.9	1,253.8	3.1	1,442.5	1,444.2	(1.7)	1,106.3	1,102.1	4.1

(1) Includes a part of other monetary claims purchased in addition to securities available for sale.

(2) Securities whose fair value cannot be reliably determined are not included.

Unrealized Gain (Loss) on Available-for-Sale Securities (Non-Consolidated)

	(Billions of yen)		
	September 30, 2012	September 30, 2011	March 31, 2012
Unrealized gain (loss) before deferred tax on:			
Available-for-sale securities	3.1	(1.7)	4.1
Interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined	0.1	0.0	0.0
Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions	(4.5)	(5.1)	(5.1)
Deferred tax assets (liabilities)	-	-	-
Unrealized gain (loss) on available-for-sale securities	(1.3)	(6.9)	(1.0)

Hedge-Accounting Derivative Transactions -Table 43- (Non-Consolidated)

(Billions of yen)

Notional Principal Amount	September 30, 2012			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
Interest rate swaps:				
Receive fixed and pay floating	—	516.2	89.0	605.2
Receive floating and pay fixed	18.4	91.4	146.8	256.7
Receive floating and pay floating	—	—	—	—
Total notional principal amount	18.4	607.6	235.8	861.9
Currency swaps				
Total notional principal amount	14.6	14.2	—	28.9

Employees' Retirement Benefit -Table 44- (Non-Consolidated)

(Billions of yen)

		Sep 30, 2012
Projected benefit obligation	(A)	52.2
Discount rate		2.2%
Fair value of plan assets	(B)	47.0
Prepaid pension cost	(C)	(1.8)
Unrecognized prior service cost	(D)	(1.5)
Unrecognized net actuarial losses	(E)	7.0
Other (Unrecognized obligation at transition, etc.)	(F)	1.5
Reserve for retirement benefits	(A-B-C-D-E-F)	0.0

Pension Expenses (Non-Consolidated)

(Billions of yen)

		1HFY2012 (6 months)
Service cost		1.0
Interest		0.5
Expected return on plan assets		(0.5)
Amortization of prior service cost		(0.1)
Amortization of net actuarial losses		0.7
Amortization of unrecognized obligation at transition		0.3
Other (extraordinary severance benefit expense, etc.)		0.0
Net periodic retirement benefit cost		2.0

Capital Adequacy Data-Table 45- (Non-Consolidated)

(Billions of yen, except percentages)

	Sep 30 2012 (a)	Sep 30 2011 (b)	Change (a)-(b)	Mar 31 2012 (c)	Change (a)-(c)
Basic items (Tier I)	679.5	652.1	27.4	662.3	17.2
Supplementary items (Tier II)	179.8	205.9	(26.0)	189.9	(10.0)
Deduction	(44.2)	(77.1)	32.9	(76.1)	31.8
Total capital ⁽²⁾	815.1	780.8	34.2	776.1	39.0
Risk assets	5,786.7	6,023.6	(236.8)	5,923.6	(136.8)
Capital adequacy ratio	14.08%	12.96%	1.12%	13.10%	0.98%
Tier I capital ratio	11.74%	10.82%	0.92%	11.18%	0.56%

(1) Calculated according to Basel II, F-IRB. Figures are calculated in accordance with FSA Notification Number 79 issued in December 2008 and FSA Notification Number 56 issued in June 2012 (special treatment of FSA Notification Number 19 issued in 2006). As a result, ¥1.3 billion of net unrealized losses on securities available-for-sale, net of taxes, as of September 30, 2012, ¥6.9 billion as of September 30, 2011 and ¥1.0 billion as of March 31, 2012 are not included in BIS capital.

(2) Non-Consolidated total required capital is ¥313.1 billion as at September 30, 2012, ¥359.5 billion as at September 30, 2011 and ¥352.5 billion as at March 31, 2012.

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

Interim Non-Consolidated Balance Sheets (Non-Consolidated)

Assets

(Millions of yen)

	Sep 30 2012 (a)	Sep 30 2011 (b)	Change (a)-(b)	Mar 31 2012 (c)	Change (a)-(c)
<<Assets>>					
Cash and due from banks	301,181	223,180	78,000	330,047	(28,866)
Call loans	-	30,187	(30,187)	15,745	(15,745)
Receivables under resale agreements	38,387	-	38,387	18,362	20,024
Receivables under securities borrowing transactions	-	13,784	(13,784)	57,647	(57,647)
Other monetary claims purchased	217,996	237,564	(19,567)	210,693	7,302
Trading assets	175,263	193,654	(18,390)	156,661	18,601
Monetary assets held in trust	282,258	343,854	(61,595)	307,526	(25,267)
Securities	2,425,348	2,636,008	(210,660)	2,286,669	138,679
Valuation allowance for investments	(3,370)	(3,370)	-	(3,370)	-
Loans and bills discounted	4,264,126	4,060,852	203,274	4,102,638	161,488
Foreign exchanges	22,729	22,201	527	18,896	3,832
Other assets	255,656	397,683	(142,026)	450,254	(194,597)
Other	255,656	397,683	(142,026)	450,254	(194,597)
Premises and equipment	20,605	17,956	2,649	21,471	(865)
Intangible assets	9,453	8,306	1,146	10,650	(1,196)
Deferred issuance expenses for debentures	113	159	(45)	135	(21)
Customers' liabilities for acceptances and guarantees	10,923	9,104	1,819	11,600	(676)
Reserve for credit losses	(113,513)	(110,152)	(3,361)	(121,193)	7,679
Total assets	7,907,159	8,080,974	(173,814)	7,874,437	32,722

Liabilities and Equity

(Millions of yen)

	Sep 30 2012 (a)	Sep 30 2011 (b)	Change (a)-(b)	Mar 31 2012 (c)	Change (a)-(c)
<<Liabilities>>					
Deposits	5,192,904	5,641,687	(448,782)	5,610,134	(417,229)
Negotiable certificates of deposit	316,436	152,986	163,450	178,084	138,352
Debentures	280,324	315,890	(35,565)	296,839	(16,514)
Call money	230,077	140,229	89,847	210,163	19,913
Payables under securities lending transactions	106,803	178,987	(72,184)	91,805	14,997
Trading liabilities	128,633	155,221	(26,587)	127,697	936
Borrowed money	489,978	315,428	174,549	245,728	244,249
Foreign exchanges	178	179	(1)	184	(6)
Corporate bonds	206,352	208,185	(1,833)	212,235	(5,882)
Other liabilities	281,510	329,798	(48,288)	240,790	40,719
Income taxes payable	311	307	3	369	(58)
Lease obligations	1	2	(1)	2	(0)
Asset retirement obligations	6,955	4,109	2,845	6,751	203
Other	274,242	325,379	(51,136)	233,666	40,576
Accrued employees' bonuses	1,745	1,922	(176)	3,728	(1,982)
Deferred tax liabilities	2,227	2,299	(71)	1,265	962
Acceptances and guarantees	10,923	9,104	1,819	11,600	(676)
Total liabilities	7,248,097	7,451,922	(203,825)	7,230,258	17,839
<<Equity>>					
Shareholders' equity:					
Common stock	512,204	512,204	-	512,204	-
Capital surplus	79,465	79,465	-	79,465	-
Additional paid-in capital	79,465	79,465	-	79,465	-
Retained earnings	142,266	119,910	22,356	129,221	13,045
Legal reserve	12,097	11,566	530	11,566	530
Other retained earnings	130,169	108,344	21,825	117,654	12,515
Unappropriated retained earnings	130,169	108,344	21,825	117,654	12,515
Treasury stock, at cost	(72,558)	(72,558)	-	(72,558)	-
Total shareholders' equity	661,378	639,022	22,356	648,332	13,045
Net unrealized gain (loss) and translation adjustments					
Unrealized gain (loss) on available-for-sale securities	(1,324)	(6,935)	5,611	(1,031)	(292)
Deferred gain (loss) on derivatives under hedge accounting	(2,293)	(4,393)	2,099	(4,476)	2,183
Total net unrealized gain (loss) and translation adjustments	(3,617)	(11,328)	7,711	(5,508)	1,890
Stock acquisition rights	1,301	1,357	(56)	1,354	(53)
Total equity	659,062	629,051	30,010	644,178	14,883
Total liabilities and equity	7,907,159	8,080,974	(173,814)	7,874,437	32,722

Interim Non-Consolidated Statements of Operations (Non-Consolidated)

(Millions of yen, except percentages)

	1HFY2012 (6 months)	1HFY2011 (6 months)	Change		FY2011 (12 months)
			Amount	%	
Ordinary income	82,823	86,376	(3,552)	(4.1)	175,252
Interest income	51,680	49,978	1,702	3.4	109,976
Interest on loans and bills discounted	32,721	32,092	628	2.0	63,986
Interest and dividends on securities	17,634	16,056	1,578	9.8	42,800
Other interest income	1,325	1,829	(504)	(27.6)	3,189
Fees and commissions income	7,756	7,830	(73)	(0.9)	15,447
Trading income	10,373	9,617	755	7.9	16,697
Other business income	4,581	2,768	1,813	65.5	4,521
Other ordinary income	8,430	16,181	(7,751)	(47.9)	28,610
Ordinary expenses	67,161	78,024	(10,862)	(13.9)	157,132
Interest expenses	17,844	21,868	(4,023)	(18.4)	42,078
Interest on deposits	11,660	14,976	(3,315)	(22.1)	28,682
Interest on corporate bonds	4,011	4,247	(236)	(5.6)	8,613
Other interest expenses	2,172	2,643	(471)	(17.8)	4,783
Fees and commissions expenses	5,363	4,863	500	10.3	9,673
Trading losses	1,846	2,915	(1,068)	(36.6)	3,209
Other business expenses	3,326	9,939	(6,613)	(66.5)	11,447
General and administrative expenses	34,339	28,572	5,767	20.2	65,101
Other ordinary expenses	4,441	9,865	(5,424)	(55.0)	25,621
Ordinary profit	15,661	8,351	7,310	87.5	18,119
Extraordinary gains	43	59	(16)	(27.1)	72
Extraordinary losses	583	1,427	(844)	(59.1)	1,949
Income before income taxes	15,122	6,983	8,138	116.5	16,243
Income taxes (benefit):					
Income taxes (benefit) - current	(120)	379	(500)	(131.9)	163
Income taxes (benefit) - deferred	(456)	2,019	(2,476)	(122.6)	2,185
Total income taxes (benefit)	(577)	2,399	(2,977)	(124.1)	2,348
Net income	15,699	4,584	11,115	242.5	13,894

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

(Millions of yen)

	1HFY2012 (6 months)	1HFY2011 (6 months)	FY2011 (12 months)
Shareholders' equity			
Common stock:			
Balance at beginning of the period	512,204	512,204	512,204
Changes during the period			
Total changes during the period	-	-	-
Balance at end of the period	512,204	512,204	512,204
Capital surplus:			
Additional paid-in capital:			
Balance at beginning of the period	79,465	79,465	79,465
Changes during the period			
Total changes during the period	-	-	-
Balance at end of the period	79,465	79,465	79,465
Total capital surplus:			
Balance at beginning of the period	79,465	79,465	79,465
Changes during the period			
Total changes during the period	-	-	-
Balance at end of the period	79,465	79,465	79,465
Retained earnings:			
Legal reserve:			
Balance at beginning of the period	11,566	11,035	11,035
Changes during the period			
Dividends from surplus	530	530	530
Total changes during the period	530	530	530
Balance at end of the period	12,097	11,566	11,566
Other retained earnings:			
Unappropriated retained earnings:			
Balance at beginning of the period	117,654	106,944	106,944
Changes during the period			
Dividends from surplus	(3,184)	(3,184)	(3,184)
Net income	15,699	4,584	13,894
Total changes during the period	12,515	1,399	10,710
Balance at end of the period	130,169	108,344	117,654
Total retained earnings:			
Balance at beginning of the period	129,221	117,980	117,980
Changes during the period			
Dividends from surplus	(2,653)	(2,653)	(2,653)
Net income	15,699	4,584	13,894
Total changes during the period	13,045	1,930	11,240
Balance at end of the period	142,266	119,910	129,221

(Millions of yen)

	1HFY2012 (6 months)	1HFY2011 (6 months)	FY2011 (12 months)
Treasury stock, at cost:			
Balance at beginning of the period	(72,558)	(72,558)	(72,558)
Changes during the period			
Total changes during the period	-	-	-
Balance at end of the period	(72,558)	(72,558)	(72,558)
Total shareholders' equity:			
Balance at beginning of the period	648,332	637,091	637,091
Changes during the period			
Dividends from surplus	(2,653)	(2,653)	(2,653)
Net income	15,699	4,584	13,894
Total changes during the period	13,045	1,930	11,240
Balance at end of the period	661,378	639,022	648,332
Net unrealized gain (loss) and translation adjustments			
Unrealized gain (loss) on available-for-sale securities:			
Balance at beginning of the period	(1,031)	(15,346)	(15,346)
Changes during the period			
Net changes during the period excluding shareholders' equity	(292)	8,410	14,314
Total changes during the period	(292)	8,410	14,314
Balance at end of the period	(1,324)	(6,935)	(1,031)
Deferred gain (loss) on derivatives under hedge accounting:			
Balance at beginning of the period	(4,476)	(4,452)	(4,452)
Changes during the period			
Net changes during the period excluding shareholders' equity	2,183	59	(24)
Total changes during the period	2,183	59	(24)
Balance at end of the period	(2,293)	(4,393)	(4,476)
Total net unrealized gain (loss) and translation adjustments:			
Balance at beginning of the period	(5,508)	(19,799)	(19,799)
Changes during the period			
Net changes during the period excluding shareholders' equity	1,890	8,470	14,290
Total changes during the period	1,890	8,470	14,290
Balance at end of the period	(3,617)	(11,328)	(5,508)
Stock acquisition rights			
Balance at beginning of the period	1,354	1,413	1,413
Changes during the period			
Net changes during the period excluding shareholders' equity	(53)	(55)	(58)
Total changes during the period	(53)	(55)	(58)
Balance at end of the period	1,301	1,357	1,354
Total equity			
Balance at beginning of the period	644,178	618,705	618,705
Changes during the period			
Dividends from surplus	(2,653)	(2,653)	(2,653)
Net income	15,699	4,584	13,894
Net changes during the period excluding shareholders' equity	1,837	8,415	14,232
Total changes during the period	14,883	10,345	25,473
Balance at end of the period	659,062	629,051	644,178

Section 3. Earnings Forecast -Table 46- (Consolidated and Non-Consolidated)

(Consolidated)	<i>Fiscal year ending</i>		<i>(Billions of yen)</i>
	<u>March 2013</u>	<u>March 2012</u>	<i>Fiscal year ended</i>
	(FY2012)	(FY2011)	<i>March 2012</i>
	Forecast		Actual
Ordinary profit	56.0		16.7
Net income	51.0		6.4
Cash basis net income *	60.0		16.0

(Non-Consolidated)	<i>Fiscal year ending</i>		<i>Fiscal year ended</i>
	<u>March 2013</u>	<u>March 2012</u>	<i>March 2012</i>
	(FY2012)	(FY2011)	(FY2011)
	Forecast		Actual
Net Business Profit	35.0		32.1
Net income	22.0		13.8
Dividends (per share in yen):			
Common stock	1.00		1.00

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.

In consideration of interim period financial results and the outlook going forward, the full-year forecast has been maintained at ¥51.0 billion for consolidated reported basis net income, ¥22.0 billion for non-consolidated net income and an annual dividend payment of ¥1 per share of common stock, unchanged from the forecast originally announced on May 8, 2012. In addition, consolidated ordinary profit for the full-year is forecast at ¥56.0 billion.

*Cash-basis figures are calculated by excluding amortization of goodwill and other intangible assets, net of tax benefit

Section 4. Exposure to Securitized Products and Related Investments (Non-Consolidated)

Balance of Securitized Products (Breakdown by Region and Type of Securities)⁽¹⁾ -Table 47- (Non-Consolidated)

(Billions of yen)

	Credit Ratings of Securities ⁽²⁾ (September 30, 2012)				Sept 30 2012 (a)	Sept 30 2011 (b)	Change (a)-(b)	March 31 2012 (c)	Change (a)-(c)
	AAA	AA	A or lower	N/A					
	RMBS	15%	0%	2%					
Japan	15%	0%	2%	83%	34.8	38.9	(4.1)	36.3	(1.5)
U.S.	-	-	-	-	0.0 ⁽⁴⁾	0.0	0.0	0.0	0.0
Europe	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
CMBS	-	-	-	-	0.0 ⁽⁴⁾	0.0	0.0	0.0	0.0
Japan	-	-	-	-	0.0	0.0	0.0	0.0	0.0
U.S.	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	0.0	(0.0)	-	-
Other	-	-	-	-	-	0.0	(0.0)	0.0	0.0
CLO	13%	86%	0%	1%	38.9	38.6	0.2	41.6	(2.6)
Japan	-	-	-	-	-	-	-	-	-
U.S.	17%	82%	0%	1%	30.1	29.3	0.7	31.7	(1.6)
Europe	0%	100%	0%	0%	8.8	9.3	(0.4)	9.8	(0.9)
Other	-	-	-	-	-	0.0	(0.0)	-	-
ABS CDO (Resecuritized Products)	-	-	-	-	-	-	-	-	-
Japan	-	-	-	-	-	-	-	-	-
U.S.	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	14%	45%	1%	40%	73.7	77.6	(3.8)	77.9	(4.2)
Japan	15%	0%	2%	83%	34.8	38.9	(4.1)	36.3	(1.5)
U.S.	17%	82%	0%	1%	30.1	29.3	0.7	31.7	(1.6)
Europe	0%	100%	0%	0%	8.8	9.3	(0.4)	9.8	(0.9)
Other	-	-	-	-	-	0.0	(0.0)	-	0.0
Securities					38.9	39.7	(0.8)	41.6	(2.6)
RMBS					0.0 ⁽⁴⁾	1.0	(1.0)	0.0	0.0
CMBS					-	0.0	(0.0)	0.0	0.0
CLO					38.9	38.6	0.2	41.6	(2.6)
ABS CDO					-	-	-	-	-
Other monetary claims purchased⁽³⁾					34.8	37.8	(3.0)	36.3	(1.5)
RMBS (Japan)					34.8	37.8	(3.0)	36.3	(1.5)
CMBS (Japan)					0.0 ⁽⁴⁾	0.0	0.0	0.0	0.0
CLO (Japan)					-	-	-	-	-
ABS CDO (Japan)					-	-	-	-	-
Total					73.7	77.6	(3.8)	77.9	(4.2)

(1) The amount is the outstanding balance, after mark-downs and other comprehensive income (OCI) adjustments, at the end of each period. This table excludes securitized products backed by consumer loans, credit card loans, and other similar exposure to individuals.

(2) Based on ratings by S&P or ratings equivalent to S&P ratings matrix as of September 30, 2012. The "N/A" rating for Japanese RMBS represents senior portions of other monetary claims purchased for the purpose of warehousing for future securitization.

(3) Includes Japanese RMBS recorded as monetary assets held in trust of ¥5.1 billion as at September 30, 2012.

(4) Residual value

**Securitized Products, Recorded under "Securities" and "Other Monetary Claims Purchased" and OCI ⁽¹⁾-Table 48-
(Non-Consolidated)**

(Billions of yen, except percentages)

Securities	As of September 30, 2012			
	Balance before Mark-to-Market Evaluation	Market Value or Balance	Unrealized Gains/Losses (OCI)	Price Increase (Decrease) Ratio (%)
Trading Securities		0.4		
RMBS (U.S.)		0.0 ⁽³⁾		
CLO (U.S.)		0.4		
Securities Being Held to Maturity with Readily Determinable Fair Value		38.5		
CLO (U.S.)		29.6		
CLO (Europe)		8.8		
Securities Available for Sale	0.0	0.0 ⁽³⁾	0.0	0.0
Other	0.0	0.0	0.0	0.0
Foreign Securities	0.0	0.0	0.0	0.0
Foreign Currency Denominated Foreign Corporate and Government Bonds	0.0	0.0	0.0	0.0
CLO	0.0	0.0	0.0	0.0
U.S.	0.0	0.0	0.0	0.0
Securities		38.9		
RMBS		0.0 ⁽³⁾		
CLO		38.9		

(Billions of yen, except percentages)

Other Monetary Claims Purchased ⁽²⁾	As of September 30, 2012			
	Balance before Mark-to-Market Evaluation	Market Value or Balance	Unrealized Gains/Losses (OCI)	Price Increase (Decrease) Ratio (%)
Trading Purposes		7.9		
RMBS (Japan) ⁽²⁾		7.9		
Others	26.8	26.9	0.0	0.2
RMBS (Japan)	26.8	26.9	0.0	0.2
CMBS (Japan)	0.0	0.0 ⁽³⁾	0.0	0.0
Total		34.8		
RMBS (Japan)		34.8		
CMBS (Japan)		0.0 ⁽³⁾		

RMBS, CMBS, CLO, ABS CDO Total		73.7		
Securities		38.9		
Other Monetary Claims Purchased		34.8		

(1) This table excludes securitized products backed by consumer loans, credit card loans, and other similar exposure to individuals.

(2) Includes Japanese RMBS recorded as monetary assets held in trust of ¥5.1 billion as at September 30, 2012.

(3) Residual value

LBO, Monoline, SIV, ABCP, CDS -Table 49- (Non-Consolidated)

(Billions of yen)

	Sept 30 2012 (a)	Sept 30 2011 (b)	Change (a)-(b)	March 31 2012 (c)	Change (a)-(c)
LBO⁽¹⁾⁽³⁾	183.9	199.0	(15.1)	198.1	(14.2)
Japan	182.0⁽²⁾	195.9	(13.9)	195.8	(13.8)
U.S.	1.5	1.8	(0.3)	1.7	(0.2)
Europe	-	-	-	-	-
Other	0.5	1.2	(0.7)	0.4	0.1
(Breakdown by Industry Sector)					
Manufacturing	10.9%				
Information and communications	1.1%				
Wholesale and retail	8.2%				
Finance and Insurance	18.4%				
Services	61.4%				
Total	100.0%				

(1) The amount includes unfunded commitment line.

(2) As of September 30, 2012, unfunded commitment line (only domestic) is ¥3.8 billion.

(3) This table includes deals made through foreign SPCs, but classification is by risk location.

Monoline, SIV, ABCP

We have no exposure to Monoline, SIV, ABCP.

Credit Default Swaps (CDS)⁽¹⁾

(Billions of yen)

	As of September 30, 2012							1HFY2012 (6 months)
	Nominal Amount		Fair Value		Netted Nominal Amount and Fair Value ⁽²⁾			Realized Profits (Losses)
	Protection (buy)	Protection (sell)	Protection (buy)	Protection (sell)	Nominal Amount	Fair Value		
						Protection (buy)	Protection (sell)	
Total	554.3	584.9	4.2	(4.4)	504.4	3.7	(3.7)	1.1
Japan	474.7	503.9	4.9	(4.9)	431.7	4.5	(4.2)	1.2
U.S.	33.9	33.5	(0.2)	0.1	31.4	(0.2)	0.1	(0.0)
Europe	25.0	23.8	(0.1)	(0.0)	22.4	(0.1)	0.1	(0.0)
Other	20.6	23.5	(0.2)	0.2	18.6	(0.2)	0.2	0.0

(1) Represents transactions under both banking book and trading book. The above table is based on provisional financial and operational data at the time of the financial results announcement and may differ slightly from the final data.

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

Definitions -Table 50-

Names	Definitions
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.
CLO	Collateralized loan obligations (CLO) mainly backed by LBO debt, corporate loans and high-yield securities. Recorded in "trading securities," "securities being held to maturity with readily determinable fair value," and "securities available-for-sale."
ABS CDO (Re-securitized Products)	CDO backed by asset-backed securities (ABS) such as RMBS. Recorded in "securities available-for-sale" and "other monetary claims." We have no exposure to Monoline.
LBO	Loans for leveraged buyout for acquisition finance including refinancing of past acquisitions.
Monoline	Monolines are insurance companies that insure against the risk of a bond or other security defaulting. We have no exposure to Monoline.
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 is a type of derivative in which the buyer receives credit protection by making periodic payments to a counterparty and the seller provides credit protection by giving the promise of a payoff if a third-party defaults.

(Reference 1) BOJ Press Club Format

1. Ratio of non-performing claims classified under the Financial Revitalization Law

(%)

	Mar 31, 2007	Sep 30, 2007	Mar 31, 2008	Sep 30, 2008	Mar 31, 2009	Sep 30, 2009
Non-consolidated	0.53	0.82	0.95	0.90	2.51	3.41
Consolidated	1.08	1.23	1.69	2.36	4.43	5.33
	Mar 31, 2010	Sep 30, 2010	Mar 31, 2011	Sep 30, 2011	Mar 31, 2012	Sep 30, 2012
Non-consolidated	6.70	6.52	6.78	5.96	6.66	6.16
Consolidated	7.99	8.50	8.73	8.10	8.45	7.44

2. Equity holdings

(1) Equity held (Non-consolidated)

(Billions of yen)

	Book value		Net unrealized gain (loss)
		Subsidiaries' shares	
1HFY2011	391.7	375.5	0.2
FY2011	396.3	375.7	4.3
1HFY2012	392.6	375.7	1.6

(2) Impairment (Non-consolidated)

(Billions of yen)

	Equity related profits and losses (net of three accounts)	
		Impairment amount
1HFY2011	1.8	5.2
FY2011	1.5	7.0
1HFY2012	0.1	0.7

* Other extraordinary losses for 1HFY2011 contains ¥0.1 billion in mark-down of subsidiaries' equity.

** Other extraordinary losses for FY2011 contains ¥0.1 billion in mark-down of subsidiaries' equity.

*** Other extraordinary losses for 1HFY2012 do not contain mark-down of subsidiaries' equity.

(3) Break-even level of profit and loss of equities held (domestic) (theoretical figure) (Non-consolidated)

Nikkei Stock Average	approximately ¥7,500
TOPIX	approximately 600

3. Loans to SMEs (% shows changes from the previous period)

(Billions of yen)

	Results	% Change	Ratio to total loan balance
Sep 30, 2011	2,514.3	5.10%	62.87%
Mar 31, 2012	2,624.9	4.40%	65.20%
Sep 30, 2012	2,706.3	3.10%	64.58%

* Small- and medium-sized enterprises in this table refer to companies with ¥300 million or less in capital (¥100 million for wholesale and ¥50 million for retail and services) as well as companies or individuals with 300 employees or fewer (100 for wholesale and services and 50 for retail).

** Revitalization Law (actual net increase/decrease excluding impact loan)

Achieved actual results of + ¥25.2 billion for FY2011 compared to the plan of + ¥1.0 billion.

4. Sales performance of investment trusts and insurance

a. Investment trust sales performance and commission (Billions of yen)

	Handling commission for sales of investment trusts	Revenue from sales during the period	Amount of sales during the period
1HFY2011	2.0	0.9	36.4
FY2011	3.5	1.4	56.9
1HFY2012	1.4	0.5	22.8

b. Insurance sales performance and commission (Billions of yen)

	Handling commission for sales of insurance	Revenue from sales during the period	Amount of sales during the period
1HFY2011	0.2	0.2	5.1
FY2011	0.7	0.7	28.2
1HFY2012	0.5	0.5	25.7

5. Measures in Response to the Act concerning Temporary Measures to Facilitate Financing for SMEs, etc.

(Accumulated data from December 4, 2009 to September 30, 2012)

(Number, Millions of yen)

	Total		SME		Mortgage	
	#	Amount	#	Amount	#	Amount
Request	752	274,546	175	259,364	577	15,182
Execution	554	259,132	156	248,197	398	10,934
Refusal	82	9,550	10	7,874	72	1,675
Under Exam	34	663	0	0	34	663
Withdrawal	82	5,201	9	3,293	73	1,907
	Amount					
Balance of claims related to execution of above requests as of September 30, 2012		143,601				

* SME loans are not guaranteed by the Credit Guarantee Association or other organizations.

** "Refusal" as at September 30, 2012 includes four loans for a total of ¥2,916 million which were at one point counted as "Deemed Refusal" but executed by September-end. (Execution amount was ¥2,888 million due to the partial principal reduction.) "Refusal" of the Mortgage as at September 30, 2012 includes 53 loans for a total of ¥1,222 million which were counted as "Deemed Refusal" as we could not contact the obligor within three months after the request was filed. "Deemed Refusal" includes 27 loans for a total of ¥686 million which were executed with changes to terms and conditions by September-end.

*** The "Under Evaluation" of the Mortgage as at September 30, 2012 includes 26 loans for a total of ¥410 million on which changes to terms and conditions have been agreed and which are scheduled for execution.

6. Great East Japan Earthquake related (% shows changes from the previous period) (Non-consolidated)

(Billions of yen)

	Amount	% Change v. Mar 2011
Loans to the companies located in Miyagi, Iwate and Fukushima Prefecture as of September 30, 2012	2.7	(19.62)%

* Companies whose head office is located in any of the three prefectures above.

** Aside from the above, real estate non-recourse loans for properties located in the three prefectures total ¥11.5 billion as of September 30, 2012

(Reference 2) Calculation Grounds of Deferred Tax Assets

Shinsei Bank has, due to losses recognized on securities, ¥160.0 billion (Non-consolidated) of tax loss carryforwards and the unrealized temporary differences of ¥407.0 billion as of September 30, 2012.

We continue to recognized 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 for the next year before adjustment (under the consolidated tax system) is estimated to be ¥12.0 billion.

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

<i>(Billions of yen)</i>				
FY2008	FY2009	FY2010	FY2011	FY2012
(151.2)	(39.2)	(0.3)	(2.7)	10.5

2. Net deferred tax liabilities (As of September 30, 2012 [Non-consolidated])

(Billions of yen)

Deferred tax assets corresponding to "total taxable income before adjustment"

(*) 6.6

Deferred tax liabilities

8.8

Net deferred tax liabilities on balance sheet

2.2

(*)Breakdown	{	Reserve for credit losses	65.2
		Tax loss carryforwards	63.0
		Securities	46.2
		Net deferred loss on hedge	5.3
		Other	36.1
		Sub total	216.0
		Valuation allowance	(209.3)
		Total	6.6

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

(Billions of yen)

	1H-FY2011	FY2011	1H-FY2012
Deferred tax assets (Except deferred tax liabilities)	15.6	15.2	15.5
Tier I	542.7	537.1	573.8
Deferred tax assets to Tier I ratio	2.9%	2.8%	2.7%