

# **Financial Summary**

**For the First Half Ended September 30, 2009**



**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%.

## Section 1. Consolidated Information

**Results of Operations -Table 1- (Consolidated)**<sup>(1)</sup>

(Billions of yen, except percentages)

	1st Half FY2009 (6 months)	1st Half FY2008 (6 months)	% Change	FY2008 (12 months)
Net interest income	109.4	70.5	55.1	202.9
Non-interest income	56.4	31.8	77.6	55.2
Net fees and commissions	10.9	17.2	(36.8)	26.5
Net trading income	3.1	(0.9)	415.2	(4.6)
Net other business income	42.4	15.5	173.1	33.3
<b>Total revenue</b>	<b>165.8</b>	<b>102.3</b>	<b>62.1</b>	<b>258.2</b>
<b>General and administrative expenses</b>	<b>86.5</b>	<b>76.7</b>	<b>12.7</b>	<b>178.7</b>
<b>Ordinary business profit</b>	<b>79.3</b>	<b>25.5</b>	<b>210.2</b>	<b>79.4</b>
<b>Net credit costs</b>	<b>39.2</b>	<b>41.6</b>	<b>(5.9)</b>	<b>129.0</b>
<b>Amortization of goodwill and other intangible assets<sup>(2)</sup></b>	<b>10.8</b>	<b>5.7</b>	<b>88.7</b>	<b>17.5</b>
<b>Other gains (losses)</b>	<b>(9.1)</b>	<b>12.6</b>	<b>(172.5)</b>	<b>(51.8)</b>
<b>Income (loss) before income taxes and minority interests</b>	<b>20.1</b>	<b>(9.1)</b>	<b>319.2</b>	<b>(119.0)</b>
<b>Current income tax</b>	<b>0.5</b>	<b>2.4</b>	<b>(78.6)</b>	<b>3.4</b>
<b>Deferred income tax</b>	<b>3.3</b>	<b>(0.5)</b>	<b>666.7</b>	<b>7.0</b>
<b>Minority interests in net income of subsidiaries</b>	<b>5.1</b>	<b>8.2</b>	<b>(37.3)</b>	<b>13.5</b>
<b>Net income (loss)</b>	<b>11.0</b>	<b>(19.2)</b>	<b>157.4</b>	<b>(143.0)</b>
<b>Cash basis net income (loss)<sup>(3)</sup></b>	<b>20.2</b>	<b>(14.3)</b>	<b>241.5</b>	<b>(97.0)</b>

(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 2009 of ¥165.8 billion. This was ¥63.5 billion or 62.1% higher than the ¥102.3 billion total revenue recorded in the first half of fiscal year 2008.

**Net interest income** rose to ¥109.4 billion during the current period from ¥70.5 billion in the first half of fiscal year 2008. This increase was primarily driven by ¥51.0 billion in net interest income contribution from Shinsei Financial, which has been incorporated into our financial results from the third quarter of fiscal year 2008. We acquired Shinsei Financial from GE Japan Holdings Corporation on September 22, 2008, and hence it did not contribute to net interest income in the prior period.

**Non-interest income** increased to ¥56.4 billion in the current half versus ¥31.8 billion in the previous period. Our **net fees and commissions** income declined to ¥10.9 billion during the current half from ¥17.2 billion during the first half of fiscal year 2008 due to the inclusion of Shinsei Financial customer ATM usage and other customer related fees of ¥2.6 billion in the current half, as well as due to the lower level of economic activity. We generated **net trading income** of ¥3.1 billion in the first half of fiscal year 2009 compared to incurring a net trading loss of ¥0.9 billion in the prior period.

**Net other business income** for the first half of fiscal year 2009 increased to ¥42.4 billion from ¥15.5 billion in the first half of fiscal year 2008. During the current half, we benefited from the global tightening of credit spreads and improved pricing of financial instruments. Major items included in **net other business income** are a gain of ¥11.5 billion on the repurchase of our subordinated debt and gains of ¥11.7 billion on the sale of collateralized loan obligations (CLOs) and ¥1.4 billion on the sale of corporate bonds. These gains were partially offset by ¥3.8 billion of losses on our equity method affiliate Jih Sun Financial Holding Co., Ltd. (Jih Sun). We incurred a loss on Jih Sun of ¥4.6 billion in the first quarter of fiscal year 2009, followed by a gain of ¥0.8 billion during the second quarter of fiscal year 2009 as Jih Sun returned to profitability. We further incurred mark-downs and impairments of ¥5.8 billion on our legacy Japanese real estate principal investments and ¥2.5 billion on asset-backed investments, asset-backed securities and European investments. During the first half of fiscal year 2008, we incurred ¥8.4 billion in losses on bonds incurred upon the bankruptcy of Lehman Brothers Holdings, Inc. (Lehman Brothers), as well as ¥15.6 billion of losses related to our holdings of asset-backed investments, asset-backed

securities and European Investments in the [net trading loss](#) and [net other business income](#) accounts.

[General and administrative expenses](#) during the first half of fiscal year 2009 were ¥86.5 billion, an increase of ¥9.7 billion or 12.7% compared to the first half of fiscal year 2008. This increase occurred as a result of the inclusion of Shinsei Financial's expenses from October 1, 2008. Excluding Shinsei Financial's direct expenses for the first half of fiscal year 2009, our expenses declined to ¥64.8 billion from ¥76.7 billion in the prior period, a decrease of ¥11.8 billion or 15.5% from the first half of fiscal year 2008. Excluding both Shinsei Financial's and Shinki's direct expenses for the first half of fiscal year 2009 for direct comparison purposes to the first half of fiscal year 2007, our expenses declined to ¥60.5 billion from ¥77.3 billion in the first half of fiscal year 2007, a decrease of 21.8% over the two year period. The reduction in expenses on a normalized basis reflects the results of the restructuring that we undertook in fiscal year 2008, as well as ongoing expense reduction initiatives that we have implemented in the current period.

Our expense-to-revenue ratio was 52.2% for the first half of fiscal year 2009. This compares to an expense-to-revenue ratio of 75.0% in the first half of fiscal year 2008 and reflects the progress that we have made in reducing our expense base over the past twelve months. Prior period results were impacted by reduced revenues in fiscal year 2008 resulting from the bankruptcy of Lehman Brothers.

[Net credit costs](#) of ¥39.2 billion for the first half of fiscal year 2009 were ¥2.4 billion lower compared to the first half of the prior fiscal year, despite the inclusion of Shinsei Financial results for the current period. Current period results included net credit costs of ¥17.4 billion within Shinsei Financial, ¥11.7 billion within APLUS, ¥3.1 billion in net provisions associated with our holdings of domestic and overseas asset-backed investments, and ¥1.6 billion of net provisions for real estate non-recourse finance related loans. We also recorded ¥6.4 billion of credit recoveries within Shinki due to better collections within that business. First half fiscal year 2008 results were impacted by ¥18.6 billion of credit costs incurred for a loan to a subsidiary of Lehman Brothers.

[Amortization of goodwill and other intangible assets](#) associated with the acquisition of consumer and commercial finance companies was ¥10.8 billion for the first half of fiscal year 2009 as compared with ¥5.7 billion in the first half of fiscal year 2008. The higher amounts reflect the

[amortization of goodwill and other intangible assets](#) associated with our acquisition of Shinsei Financial, partially offset by a reduction in the amortization of goodwill and other intangible assets of APLUS as a result of APLUS' accelerated goodwill amortization taken at the end of fiscal year 2008.

[Other losses](#) of ¥9.1 billion largely included grey zone provisions of ¥8.4 billion at Shinki, ¥0.9 billion at Shinsei Financial and ¥0.5 billion at APLUS, which were partially offset by recoveries of written off claims within Shinsei Financial, Shinki and Shinsei Bank of ¥4.3 billion. The Shinsei Financial grey zone charges incurred during the first half of fiscal year 2009 were for the portion of the portfolio not covered by the GE indemnity included in the purchase of Shinsei Financial from GE. The first half of fiscal year 2008 results included a ¥7.2 billion gain on the sale of the Bank's Meguro Production Center, net of restoration and future relocation costs and a gain of ¥8.2 billion on the sale of Showa Auto Rental & Leasing.

[Current and deferred income taxes](#) reflected a net tax of ¥3.8 billion compared to a net tax of ¥1.8 billion in the first half of the prior fiscal year. First half fiscal year 2009 results include a Shinsei Bank ¥4.6 billion charge for a reversal of deferred tax assets, compared to charge for a deferred tax asset reversal of ¥0.8 billion in the first half of fiscal year 2008.

[Minority interests in net income of subsidiaries](#) for the first half of fiscal year 2009 amounting to ¥5.1 billion largely reflected dividends paid on perpetual preferred securities and minority interests relating to APLUS' preferred shareholders as well as minority interests in other subsidiaries.

The Bank recognized consolidated [net income](#) of ¥11.0 billion on a reported basis for the first half of fiscal year 2009, an increase of ¥30.3 billion as compared to the first half of fiscal year 2008, when we recorded a consolidated net loss of ¥19.2 billion.

Consolidated [cash basis net income](#) for the first half of fiscal year 2009 was ¥20.2 billion, an increase of ¥34.5 billion as compared to the first half fiscal year 2008 [cash basis net loss](#) of ¥14.3 billion. The [cash basis net income](#) is calculated by excluding amortization of goodwill and other intangible assets, net of tax benefit, from net income under Japanese generally accepted accounting principles (JGAAP).

Items included in Results of Operations<sup>(1)</sup> - Table 1-1- (Consolidated)

	<i>(Billions of yen)</i>		
	<b>1HFY2009</b> <b>(6 months)</b> <b>(a) + (b)</b>	<b>2QFY2009</b> <b>(3 months)</b> <b>(a)</b>	<b>1QFY2009</b> <b>(3 months)</b> <b>(b)</b>
<b>Mark-downs/impairments included in revenue</b>			
Losses on our equity method affiliate Jih Sun Financial Holding Co., Ltd.	(3.8)	0.7	(4.6)
Asset-backed securities, asset-backed investments and European investments	(2.5)	(0.2)	(2.2)
Japanese real estate principal investments	(5.8)	(3.9)	(1.8)
Others	0.0	0.4	(0.4)
Subtotal (i)	(12.1)	(2.9)	(9.2)
<b>Items included in net credit costs</b>			
Real estate non-recourse finance	(1.6)	1.6	(3.3)
Asset-backed investments	(3.1)	(1.9)	(1.1)
Credit recovery at Shinki	6.4	6.4	-
Others	0.0	3.7	(3.8)
Subtotal (ii)	1.5	9.8	(8.2)
<b>Other losses</b>			
Grey zone related provisions	(9.9)	(4.3)	(5.5)
Losses related to Jih Sun Financial Holding Co., Ltd.	(0.8)	-	(0.8)
Others	(4.7)	(3.1)	(1.5)
Subtotal (iii)	(15.4)	(7.5)	(7.9)
<b>Deferred income tax (Shinsei Bank non-consolidated basis) (iv)</b>	(4.6)	(4.6)	-
<b>Total (i) + (ii) + (iii) + (iv)</b>	<b>(30.8)</b>	<b>(5.3)</b>	<b>(25.5)</b>
<b>Breakdown by Category</b>			
Grey zone related provisions	(9.9)	(4.3)	(5.5)
Jih Sun Financial Holding Co., Ltd.	(4.6)	0.7	(5.4)
Asset-backed securities, asset-backed investments and European investments	(5.6)	(2.2)	(3.4)
Japanese real estate principal investments	(5.8)	(3.9)	(1.8)
Real estate non-recourse finance	(1.6)	1.6	(3.3)
Deferred income tax (Shinsei Bank non-consolidated basis)	(4.6)	(4.6)	-
Credit recovery at Shinki	6.4	6.4	-
Others	(4.8)	1.0	(5.8)
<b>Total</b>	<b>(30.8)</b>	<b>(5.3)</b>	<b>(25.5)</b>
<b>Gains included in revenue</b>			
Gain from buy back of subordinated debt	11.5	2.0	9.4
Gain from the sale of collateralized loan obligations (CLOs)	11.7	2.9	8.7
Gain from the sale of corporate bonds	1.4	0.3	1.1
Others	1.6	1.6	0.0
<b>Total</b>	<b>26.4</b>	<b>6.9</b>	<b>19.4</b>

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

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

	(Billions of yen, except percentages)								
	1st Half FY2009 (6 months)			1st Half FY2008 (6 months)			FY2008 (12 months)		
	Average balance	Interest	Yield/rate (%)	Average <sup>(6)</sup> balance	Interest	Yield/rate <sup>(6)</sup> (%)	Average <sup>(6)</sup> balance	Interest	Yield/rate <sup>(6)</sup> (%)
<b>Interest-earning assets<sup>(1)</sup> :</b>									
Loans and bills discounted	5,558.4	130.2	4.67	5,780.3	98.0	3.38	5,910.3	256.1	4.33
Leased assets and installment receivables <sup>(1)</sup>	640.9	22.2	6.93	718.4	24.3	6.76	689.0	49.2	7.15
Securities	3,197.3	16.8	1.05	2,481.9	20.9	1.68	2,388.7	37.9	1.59
Other interest-earning assets <sup>(2)(3)</sup>	724.7	4.3	n.m. <sup>(5)</sup>	1,074.0	5.4	n.m. <sup>(5)</sup>	963.0	9.2	n.m. <sup>(5)</sup>
<b>Total revenue on interest-earning assets<sup>(1)</sup></b>	<b>10,121.4</b>	<b>173.7</b>	<b>3.42</b>	<b>10,054.8</b>	<b>148.7</b>	<b>2.95</b>	<b>9,951.2</b>	<b>352.7</b>	<b>3.54</b>
<b>Interest-bearing liabilities:</b>									
Deposits, including negotiable certificates of deposit	6,842.2	28.7	0.84	6,117.2	25.1	0.82	6,195.6	52.2	0.84
Debentures	618.4	2.2	0.74	690.8	2.2	0.64	706.3	5.0	0.71
Borrowed money	932.9	6.0	1.29	1,132.9	8.6	1.52	1,135.9	17.0	1.50
Subordinated debt	102.0	0.5	1.17	108.0	0.7	1.41	107.9	1.4	1.33
Other borrowed money	830.9	5.4	1.30	1,024.9	7.8	1.54	1,028.0	15.5	1.51
Corporate bonds	252.1	3.7	2.94	409.0	7.3	3.57	351.6	11.5	3.27
Subordinated bonds	178.1	3.1	3.53	329.4	6.6	4.03	272.4	10.1	3.71
Other corporate bonds	74.0	0.5	1.53	79.6	0.6	1.65	79.2	1.3	1.76
Other interest-bearing liabilities <sup>(2)</sup>	822.6	1.2	n.m. <sup>(5)</sup>	1,267.2	10.5	n.m. <sup>(5)</sup>	914.0	14.5	n.m. <sup>(5)</sup>
<b>Total expense on interest-bearing liabilities</b>	<b>9,468.5</b>	<b>42.0</b>	<b>0.89</b>	<b>9,617.4</b>	<b>53.9</b>	<b>1.12</b>	<b>9,303.7</b>	<b>100.4</b>	<b>1.08</b>
<b>Non interest-bearing sources of funds:</b>									
Non interest-bearing (assets) liabilities, net	65.0	-	-	(253.7)	-	-	8.3	-	-
Total equity excluding minority interests in subsidiaries <sup>(4)</sup>	587.9	-	-	691.1	-	-	639.1	-	-
<b>Total interest-bearing liabilities and non interest-bearing sources of funds</b>	<b>10,121.4</b>	<b>-</b>	<b>-</b>	<b>10,054.8</b>	<b>-</b>	<b>-</b>	<b>9,951.2</b>	<b>-</b>	<b>-</b>
Net interest margin <sup>(1)</sup>	-	-	2.54	-	-	1.83	-	-	2.46
Impact of non interest-bearing sources	-	-	0.06	-	-	0.05	-	-	0.07
<b>Net revenue/yield on interest-earning assets<sup>(1)</sup></b>	<b>-</b>	<b>131.6</b>	<b>2.59</b>	<b>-</b>	<b>94.8</b>	<b>1.88</b>	<b>-</b>	<b>252.2</b>	<b>2.54</b>
<b>Reconciliation of total revenue on interest-earning assets to total interest income:</b>									
Total revenue on interest-earning assets	10,121.4	173.7	3.42	10,054.8	148.7	2.95	9,951.2	352.7	3.54
Less: Income on leased assets and installment receivables	640.9	22.2	6.93	718.4	24.3	6.76	689.0	49.2	7.15
<b>Total interest income</b>	<b>9,480.5</b>	<b>151.4</b>	<b>3.19</b>	<b>9,336.4</b>	<b>124.4</b>	<b>2.66</b>	<b>9,262.1</b>	<b>303.4</b>	<b>3.28</b>
Total interest expense	-	42.0	-	-	53.9	-	-	100.4	-
<b>Net interest income</b>	<b>-</b>	<b>109.4</b>	<b>-</b>	<b>-</b>	<b>70.5</b>	<b>-</b>	<b>-</b>	<b>202.9</b>	<b>-</b>

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

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

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

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

(5) n.m. is not meaningful.

(6) Previous period figures for average balance and yield are adjusted to conform to recalculation of the average balance of securities.

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 the average balance of leased assets and installment receivables. The Bank considers income on leased assets and installment receivables to be a component of interest income, but JGAAP does not include income on leased assets and installment receivables in net interest income. Under JGAAP, therefore, income on leased assets and installment receivables is reported in net other business income in our consolidated statements of operations.

Net revenue on interest-earning assets for the first half of fiscal year 2009 was ¥131.6 billion, an increase of ¥36.7 billion compared to the first half of the prior fiscal year. Total

revenue on interest-earning assets increased by ¥24.9 billion and total expense on interest-bearing liabilities decreased by ¥11.8 billion in the first half of fiscal year 2009 from the first half of the prior fiscal year. The net yield on interest-earning assets was 2.59% in the first half of fiscal year 2009, compared with 1.88% for the first half of fiscal year 2008, an increase of 0.71%. The higher net yield reflects the higher volume and rates on our consumer finance assets, as well as lower interest expense due to lower subordinated bond interest expense as well as lower expense for other borrowed money and other interest-bearing liabilities.

**Non-Interest Income -Table 3- (Consolidated)**

*(Billions of yen, except percentages)*

	<b>1st Half FY2009 (6 months)</b>	1st Half FY2008 (6 months)	%	FY2008 (12 months)
			Change	
Net fees and commissions	<b>10.9</b>	17.2	(36.8)	26.5
Net trading income (loss)	<b>3.1</b>	(0.9)	415.2	(4.6)
Net other business income	<b>42.4</b>	15.5	173.1	33.3
Income on leased assets and installment receivables	<b>22.2</b>	24.3	(8.6)	49.2
<b>Total non-interest income</b>	<b>56.4</b>	31.8	77.6	55.2

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

**Total non-interest income** for the first half of fiscal year 2009 amounted to ¥56.4 billion, an increase of ¥24.6 billion or 77.6% compared to the first half of the prior fiscal year. This includes revenue from fees and commissions, trading and other non-interest sources, including revenue from leased assets and installment receivables, gains on the repurchase of our subordinated debt and gains on the sale of available for sale securities.

**Net fees and commissions** mainly includes fees on non-recourse real estate finance, consumer finance related guarantees and other financing products and commissions on sales of asset management products. **Net fees and commissions** of ¥10.9 billion were earned in the first half of fiscal year 2009, a decrease of ¥6.3 billion or 36.8% compared to the first half of the prior fiscal year. The decline in net fees and commissions occurred due to the inclusion of Shinsei Financial customer ATM usage and other customer related fees of ¥2.6 billion in the current half, as well as lower fees, commissions and guarantee revenues earned due to the lower level of overall economic activity.

**Net trading income** reflects revenues from customer-driven transactions, such as option trading income, as well as transactions undertaken for trading purposes. During the first half of fiscal year 2009, **net trading income** showed a

gain of ¥3.1 billion, compared to a loss of ¥0.9 billion in the first half of the prior fiscal year. The prior period **net trading loss** includes ¥3.6 billion of losses on Lehman Brothers bonds and related swaps. In the current period, we booked a gain of ¥0.5 billion on the sale of these bonds.

**Net other business income** for the first half of fiscal year 2009 was ¥42.4 billion. This included income of ¥22.2 billion from the leased assets and installment receivables businesses of Showa Leasing, APLUS and Shinsei Financial. Excluding such income, **net other business income** for the first half of fiscal year 2009 showed a gain of ¥20.1 billion, an increase of ¥28.9 billion from the first half of the prior fiscal year. Major items included in **net other business income** are a gain of ¥11.5 billion on the repurchase of our subordinated debt, gains of ¥11.7 billion on the sale of collateralized loan obligations (CLOs) and ¥1.4 billion on the sale of corporate bonds. These gains were offset ¥3.8 billion of losses on our equity method affiliate Jih Sun Financial Holding Co., Ltd., mark-downs and impairments of ¥5.8 billion on our legacy Japanese real estate principal investments and ¥2.5 billion on asset-backed investments, asset-backed securities and European investments. The first half fiscal year 2008 **net other business loss** includes ¥4.7 billion of losses on Lehman Brothers bonds.



**General and Administrative Expenses -Table 4- (Consolidated)**

*(Billions of yen, except percentages)*

	<b>1st Half FY2009 (6 months)</b>	1st Half FY2008 (6 months)	% Change	FY2008 (12 months)
Personnel expenses	<b>32.8</b>	29.8	10.2	69.0
Non-personnel expenses	<b>53.7</b>	46.9	14.4	109.7
Premises expenses	<b>13.9</b>	11.2	23.9	27.4
Technology and data processing expenses	<b>12.3</b>	11.5	6.9	24.4
Advertising expenses	<b>6.1</b>	4.2	43.9	12.5
Consumption and property taxes	<b>4.7</b>	3.4	37.4	8.2
Deposit insurance premium	<b>2.1</b>	1.9	12.8	3.8
Other general and administrative expenses	<b>14.4</b>	14.5	(1.0)	33.2
<b>General and administrative expenses</b>	<b>86.5</b>	76.7	12.7	178.7

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

**General and administrative expenses** were ¥86.5 billion in the first half of fiscal year 2009, an increase of ¥9.7 billion or 12.7% compared to the first half of the prior fiscal year. Higher expenses were incurred as a result of our acquisition of Shinsei Financial from GE Japan Holdings Corporation on September 22, 2008 and the inclusion of Shinsei Financial's expenses from October 1, 2008.

We continue to maintain strict expense discipline across our businesses. Excluding Shinsei Financial's direct expenses for the first half of fiscal year 2009, our expenses declined to ¥64.8 billion from ¥76.7 billion in the prior period, a decrease of ¥11.8 billion or 15.5% from the first half of fiscal year 2008. Excluding both Shinsei Financial's and Shinki's direct expenses for the first half of fiscal year 2009 for direct comparison purposes to the first half of fiscal year 2007, our expenses declined to ¥60.5 billion from ¥77.3 billion in the first half of fiscal year 2007, a decrease of 21.8% over the two year period.

**Personnel expenses** of ¥32.8 billion increased by ¥3.0 billion or 10.2% from the first half of the prior fiscal year.

Despite the inclusion of Shinsei Financial's personnel expenses of ¥7.6 billion, we were able to largely limit our personnel expense increase though ongoing personnel expense reductions within other areas of our business, as group employees decreased from 7,273 at September 2008 to 6,254 at September 2009, a reduction of more than 1,000 employees.

**Non-personnel expenses** rose to ¥53.7 billion compared to ¥46.9 billion in the first half of the prior fiscal year mainly due to the inclusion of Shinsei Financial expenses. **Premises expenses and technology and data processing expenses** increased mainly due to Shinsei Financial **premises expenses and technology and data processing expenses**. **Advertising expenses** were ¥1.8 billion higher than the last fiscal year reflecting the inclusion of Shinsei Financial's expenses offset by continued optimization of advertising activities in other Individual Group businesses. **Consumption and property taxes** were ¥1.2 billion higher mainly due to the inclusion of consumption and property taxes incurred by Shinsei Financial.

**Net Credit Costs -Table 5- (Consolidated)**

*(Billions of yen, except percentages)*

	1st Half FY2009 (6 months)	1st Half FY2008 (6 months)	%	FY2008 (12 months)
			Change	
Losses on write-off of loans/Losses on sale of loans	4.6	2.9	59.3	3.1
Net provision (reversal) of reserve for loan losses:	35.4	40.6	(12.9)	129.7
Net provision (reversal) of general reserve for loan losses	12.2	18.4	(33.6)	56.1
Net provision (reversal) of specific reserve for loan losses	23.1	22.1	4.3	73.6
Net provision (reversal) of reserve for loan losses to restructuring countries	(0.0)	(0.0)	(14.7)	(0.0)
Net provision (reversal) of specific reserve for other credit losses	(0.1)	(2.2)	93.7	(4.7)
Other credit costs relating to leasing business	(0.7)	0.3	(325.6)	0.8
<b>Net credit costs</b>	<b>39.2</b>	<b>41.6</b>	<b>(5.9)</b>	<b>129.0</b>

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

Net credit costs of ¥39.2 billion for the first half of fiscal year 2009 were ¥2.4 billion lower compared to the first half of the prior fiscal year, despite the inclusion of Shinsei Financial results for the current period. The decrease resulted primarily from higher prior period credit costs driven by ¥18.6 billion of credit costs incurred for a loan to a subsidiary of

Lehman Brothers. In the current period, we incurred net credit costs of ¥17.4 billion within Shinsei Financial, ¥11.7 billion within APLUS, ¥3.1 billion in net credit costs associated with our holdings of asset-backed investments portfolio, and ¥1.6 billion of net credit costs for real estate non-recourse finance related loans.

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

*(Billions of yen, except percentages)*

	1st Half FY2009 (6 months)	1st Half FY2008 (6 months)	%	FY2008 (12 months)
			Change	
Shinsei Financial	5.6	-	-	5.6
APLUS	3.2	4.3	(24.3)	8.6
Shinki	0.3	0.4	(12.2)	0.8
Showa Leasing	1.4	1.4	6.3	2.9
Others	(0.0)	(0.4)	99.9	(0.4)
<b>Amortization of Goodwill and Other Intangible Assets</b>	<b>10.8</b>	<b>5.7</b>	<b>88.7</b>	<b>17.5</b>

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

Amortization of Goodwill and Other Intangible Assets totaled ¥10.8 billion in the current period, compared to ¥5.7 billion in the first half of the prior fiscal year. The ¥5.0 billion net increase in amortization of goodwill and other intangible assets reflects our acquisition of Shinsei Financial on September 22, 2008 and associated amortization of goodwill

and other intangible assets resulting from the acquisition, partially offset by a reduction in APLUS' amortization of goodwill and other intangible assets resulting from accelerated amortization of APLUS' goodwill at the end of fiscal year 2008.

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

*(Billions of yen, except percentages)*

	<b>1st Half FY2009 (6 months)</b>	1st Half FY2008 (6 months)	% Change	FY2008 (12 months)
Extraordinary income (loss)	<b>2.8</b>	15.8	(81.8)	(30.8)
Net gain on disposal of premises and equipment	<b>(1.5)</b>	9.7	(116.1)	8.7
Provision for loss on disposition of premises and equipment	<b>(0.0)</b>	(3.0)	99.0	(3.9)
Recoveries of written-off claims	<b>4.3</b>	0.9	338.0	5.7
Gain on sale of subsidiary's stock	<b>-</b>	8.2	(100.0)	8.2
Other extraordinary income (loss)	<b>0.1</b>	(0.0)	269.8	(49.7)
Provisions of reserve for losses on interest repayment	<b>(9.9)</b>	(2.7)	(257.1)	(15.0)
Shinsei Financial	<b>(0.9)</b>	-	-	-
APLUS	<b>(0.5)</b>	(2.7)	81.1	(8.7)
Shinki	<b>(8.4)</b>	-	-	(6.3)
Other	<b>0.0</b>	0.0	(58.5)	0.0
Other	<b>(2.1)</b>	(0.4)	(357.5)	(6.0)
<b>Other Gains (Losses)</b>	<b>(9.1)</b>	12.6	(172.5)	(51.8)

Other losses of ¥9.1 billion largely included recoveries of written off-claims of ¥4.3 billion at Shinsei Financial, Shinki and Shinsei Bank, offset by grey zone provisions of ¥8.4 billion at Shinki, ¥0.9 billion at Shinsei Financial and ¥0.5 billion at APLUS. The Shinsei Financial grey zone charges incurred during the first half of fiscal year 2009 were for the

portion of the portfolio not covered by the GE indemnity included in the purchase of Shinsei Financial from GE. The first half of fiscal year 2008 other gains include a ¥7.2 billion gain on the sale of the Bank's Meguro Production Center, net of restoration and future relocation costs and a gain of ¥8.2 billion on the sale of Showa Auto Rental & Leasing.

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

*(Billions of yen, except percentages)*

	<b>1st Half FY2009 (6 months)</b>	1st Half FY2008 (6 months)	% Change	FY2008 (12 months)
Dividends on perpetual preferred securities (hybrid Tier I capital) issued by foreign SPCs	<b>5.0</b>	5.2	(2.6)	9.8
Dividends on APLUS' preferred stock	<b>0.2</b>	1.6	(86.7)	3.2
Others	<b>0.0</b>	1.4	(106.6)	0.5
<b>Minority Interests in Net Income of Subsidiaries</b>	<b>5.1</b>	8.2	(37.3)	13.5

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 2009 amounting to ¥5.1 billion largely reflected dividends paid on perpetual preferred securities and minority interests relating to APLUS' preferred shareholders as well as minority interests in other

subsidiaries. Lower APLUS preferred stock dividends were paid in the first half of fiscal year 2009 as a result of the redemption of APLUS' preferred securities which occurred during the fourth quarter of fiscal year 2008.

## Major Balance Sheet Data -Table 9- (Consolidated)

*(Billions of yen, except percentages)*

	Sep 30 2009 (a)	Sep 30 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
Other monetary claims purchased	361.5	454.6	(93.1)	408.0	(46.5)
Monetary assets held in trust	329.1	377.2	(48.0)	348.8	(19.7)
Securities	3,282.2	1,994.3	1,287.8	2,174.1	1,108.0
Loans and bills discounted	5,469.9	6,579.7	(1,109.7)	5,876.9	(406.9)
Lease receivables and leased investment assets	224.0	252.6	(28.6)	232.5	(8.5)
Other assets	1,023.7	1,109.7	(86.0)	1,125.7	(102.0)
Installment receivables	376.7	420.6	(43.8)	404.7	(27.9)
Premises and equipment	55.8	53.7	2.1	50.9	4.8
Tangible leased assets	17.5	11.6	5.9	10.8	6.7
Intangible assets	197.4	228.5	(31.1)	209.1	(11.7)
Goodwill, net	125.3	146.5	(21.1)	132.9	(7.5)
Other intangible assets <sup>(1)</sup>	40.7	48.8	(8.0)	44.7	(4.0)
Intangible leased assets	0.3	1.5	(1.2)	0.7	(0.4)
Customers' liabilities for acceptances and guarantees	652.4	695.5	(43.0)	675.2	(22.7)
Reserve for credit losses	(198.6)	(135.1)	(63.5)	(192.5)	(6.1)
<b>Total assets</b>	<b>12,183.5</b>	<b>12,446.2</b>	<b>(262.7)</b>	<b>11,949.1</b>	<b>234.3</b>
Deposits and negotiable certificates of deposit	7,046.5	6,415.6	630.8	6,272.1	774.3
Debentures	527.5	748.2	(220.7)	675.5	(148.0)
Borrowed money	800.2	1,062.7	(262.4)	1,012.3	(212.0)
Corporate bonds	205.2	407.4	(202.1)	266.4	(61.2)
Other liabilities	745.8	669.3	76.5	819.9	(74.0)
Reserve for losses on interest repayments	119.5	256.2	(136.7)	193.8	(74.3)
Acceptances and guarantees	652.4	695.5	(43.0)	675.2	(22.7)
<b>Total liabilities</b>	<b>11,383.5</b>	<b>11,527.8</b>	<b>(144.3)</b>	<b>11,181.7</b>	<b>201.8</b>
<b>Total equity</b>	<b>799.9</b>	<b>918.4</b>	<b>(118.4)</b>	<b>767.4</b>	<b>32.4</b>

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

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

Shinsei Bank's [loans and bills discounted](#) balance was ¥5,469.9 billion as at September 30, 2009 as compared to ¥5,876.9 billion as at March 31, 2009. The decrease mainly occurred due to a decline of ¥275.1 billion in our Institutional Group loans outstanding as we worked to reduce our Institutional Group loan exposures and risk assets during the current period.

Corporate loans decreased 5.4% to ¥2,280.8 billion at September 30, 2009 compared to ¥2,409.8 billion at March 31, 2009, and the real estate finance balance decreased 9.8% to ¥745.1 billion at September 30, 2009 from ¥825.7 billion at March 31, 2009 as we have continued to work to optimize our loan exposures and risk weighted assets. Excluding non-recourse real estate loans, other real estate finance loans decreased from ¥180.9 billion to ¥134.7 billion, or approximately 25.6% during the half year period ended

September 30, 2009.

[Securities](#) balance as of September 30, 2009 amounted to ¥3,282.2 billion as compared to ¥2,174.1 billion as of March 31, 2009. This increase occurred largely due to purchases of Japanese government bonds, the balance of which increased to ¥2,339.0 billion at September 30, 2009 from ¥1,204.2 billion at March 31, 2009, for liquidity purposes.

Shinsei Bank continues to optimize its funding base through deposits from retail customers. Total [deposits and negotiable certificates of deposit](#) increased from ¥6,272.1 billion at March 31, 2009 to ¥7,046.5 billion at September 30, 2009. The retail deposits balance totaled ¥5,557.0 billion at September 30, 2009, an increase of ¥534.0 billion compared to March 31, 2009. Retail Banking represents 77.3% of the Bank's total funding through customer [deposits and debentures](#).

**Risk-Monitored Loans -Table 10- (Consolidated)**

*(Billions of yen, except percentages)*

	<b>Sep 30 2009</b>	Sep 30 2008	Change	Mar 31 2009	Change
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>	<b>(c)</b>	<b>(a)-(c)</b>
Loans to bankrupt obligors	33.7	26.4	7.2	39.5	(5.7)
Non-accrual delinquent loans	192.2	64.8	127.4	178.5	13.7
Loans past due for three months or more	26.4	1.5	24.8	5.9	20.4
Restructured loans	62.5	73.4	(10.8)	59.6	2.9
<b>Total (A)</b>	<b>315.0</b>	<b>166.2</b>	<b>148.7</b>	<b>283.6</b>	<b>31.3</b>
<b>Loans and bills discounted (B)</b>	<b>5,469.9</b>	<b>6,579.7</b>	<b>(1,109.7)</b>	<b>5,876.9</b>	<b>(406.9)</b>
Ratio to total loans and bills discounted (A / B)	5.76%	2.53%	3.23%	4.83%	0.93%
<b>Reserve for credit losses (C)</b>	<b>198.6</b>	<b>135.1</b>	<b>63.5</b>	<b>192.5</b>	<b>6.1</b>
Reserve ratio (C / A)	63.1%	81.3%	(18.2%)	67.9%	(4.8%)

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

As at September 30, 2009, risk monitored loans totaled ¥315.0 billion, and the ratio of risk monitored loans to total loans and bills discounted was 5.76%. For the period from June 30, 2009 to September 30, 2009, risk monitored loans decreased by ¥13.3 billion, and the ratio of risk monitored loans to total loans and bills discounted decreased by 0.39%, as risk monitored loans decreased across all businesses.

Compared to March 31, 2009, risk monitored loans and the ratio of risk monitored loans to total loans and bills discounted increased by ¥31.3 billion, and 0.93%, respectively. This increase was primarily due to an increase of ¥36.3 billion of risk monitored loans within Shinsei Bank.

For the period from September 30, 2008 to September 30,

2009, risk monitored loans increased by ¥148.7 billion, and the ratio of risk monitored loans to total loans and bills discounted increased by 3.23%. This increase occurred mainly due to an increase of ¥124.9 billion of risk monitored loans within Shinsei Bank. The ratio of risk monitored loans to total loans and bills discounted also increased in part due to the ¥1,109.7 billion decrease in total loans and bills discounted over the period.

**Reserve for Credit Losses -Table 11- (Consolidated)**

*(Billions of yen)*

	<b>Sep 30 2009</b>	Sep 30 2008	Change	Mar 31 2009	Change
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>	<b>(c)</b>	<b>(a)-(c)</b>
General reserve for loan losses	120.4	82.0	38.3	105.6	14.8
Specific reserve for loan losses	78.2	53.0	25.1	86.8	(8.6)
Reserve for loans to restructuring countries	0.0	0.0	0.0	0.0	0.0
<b>Total reserve for credit losses</b>	<b>198.6</b>	<b>135.1</b>	<b>63.5</b>	<b>192.5</b>	<b>6.1</b>

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

**Loans by Borrower Industry -Table 12- (Consolidated)**

	<i>(Billions of yen)</i>				
	Sep 30 2009 (a)	Sep 30 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	257.2	224.0	33.1	243.1	14.0
Agriculture, forestry	0.0	0.0	(0.0)	0.0	(0.0)
Fishery	2.6	2.8	(0.2)	2.7	(0.1)
Mining, quarrying, gravel extraction	3.2	4.6	(1.3)	3.6	(0.3)
Construction	9.3	15.3	(5.9)	13.0	(3.7)
Electric power, gas, heat supply and water supply	39.6	66.8	(27.1)	45.4	(5.8)
Information and communications	20.1	47.5	(27.3)	48.1	(27.9)
Transportation, postal service	313.9	362.9	(49.0)	336.9	(23.0)
Wholesale and retail	126.0	129.0	(2.9)	132.1	(6.0)
Finance and insurance	1,107.8	1,179.9	(72.1)	1,152.7	(44.9)
Real estate	929.8	1,270.0	(340.2)	1,011.3	(81.4)
Services	266.6	373.2	(106.6)	332.7	(66.1)
Local government	168.3	301.1	(132.8)	156.5	11.8
Others	2,124.8	2,460.9	(336.1)	2,280.8	(156.0)
Loans to individual customers (retail banking, Shinsei Financial, APLUS and Shinki)	1,752.9	2,008.6	(255.6)	1,887.6	(134.6)
<b>Total domestic (A)</b>	<b>5,369.7</b>	<b>6,438.5</b>	<b>(1,068.7)</b>	<b>5,759.5</b>	<b>(389.7)</b>
Overseas offices (including Japan offshore market accounts):					
Governments	1.5	1.2	0.2	1.4	0.0
Financial institutions	-	-	-	-	-
Others	98.6	139.8	(41.2)	115.8	(17.2)
<b>Total overseas (B)</b>	<b>100.1</b>	<b>141.1</b>	<b>(40.9)</b>	<b>117.3</b>	<b>(17.1)</b>
<b>Total (A+B)</b>	<b>5,469.9</b>	<b>6,579.7</b>	<b>(1,109.7)</b>	<b>5,876.9</b>	<b>(406.9)</b>

Note: Presentation of some industries has changed with the revision of Japan Standard Industry Classification (November 2007).

The figures on or before March 31, 2009 were not adjusted as the impact from this change is negligible.

**Securities Being Held to Maturity with Readily Determinable Fair Value -Table 13- (Consolidated)**

	<i>(Billions of yen)</i>								
	September 30, 2009			September 30, 2008			March 31, 2009		
	Book Value	Fair Value	Difference	Book Value	Fair Value	Difference	Book Value	Fair Value	Difference
Japanese national government bonds	373.3	377.9	4.5	244.2	244.9	0.7	229.1	231.0	1.8
Japanese corporate bonds	70.3	71.9	1.5	75.2	75.8	0.6	75.2	76.6	1.3
Other	54.4	53.0	(1.4)	11.5	12.6	1.1	58.2	51.5	(6.6)
<b>Total</b>	<b>498.2</b>	<b>502.9</b>	<b>4.7</b>	<b>330.9</b>	<b>333.4</b>	<b>2.5</b>	<b>362.6</b>	<b>359.2</b>	<b>(3.4)</b>

Note: "Other" as of September 30, 2009 and March 31, 2009 include the foreign bonds with high credit ratings that were reclassified from available-for-sale to held-to-maturity on October 1, 2008, due to the extremely illiquid market condition.

Above securities reclassified from available-for-sale to held-to-maturity are as follows:

	<i>(Billions of yen)</i>								
	September 30, 2009			September 30, 2008			March 31, 2009		
	Book Value	Fair Value	Unrealized gain (loss) on available-for-sale securities	Book Value	Fair Value	Unrealized gain (loss) on available-for-sale securities	Book Value	Fair Value	Unrealized gain (loss) on available-for-sale securities
Other (foreign debt securities)	44.5	41.8	(7.5)	-	-	-	47.3	38.7	(8.4)

**Marketable Securities, at Fair Value -Table 14- (Consolidated)**

(Billions of yen)

	September 30, 2009				September 30, 2008				March 31, 2009			
	Net unrealized gain (loss) (a) - (b)				Net unrealized gain (loss) (a) - (b)				Net unrealized gain (loss) (a) - (b)			
	Fair value	Net	Gross unrealized gains (a)	Gross unrealized losses (b)	Fair value	Net	Gross unrealized gains (a)	Gross unrealized losses (b)	Fair value	Net	Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities	16.4	(1.7)	1.4	3.2	17.2	(4.8)	0.7	5.6	15.0	(3.4)	0.4	3.9
Bonds	1,984.8	6.4	7.4	0.9	668.9	(5.3)	0.4	5.7	1,011.9	(0.7)	1.2	1.9
Japanese national government bonds	1,965.6	7.2	7.2	0.0	553.0	(4.8)	0.2	5.1	975.0	0.3	1.0	0.7
Japanese local government bonds	1.7	0.0	0.0	-	1.7	0.0	0.0	-	1.7	0.0	0.0	-
Japanese corporate bonds	17.3	(0.8)	0.0	0.9	114.2	(0.4)	0.1	0.5	35.0	(1.1)	0.1	1.2
Other	299.5	7.0	15.3	8.3	414.5	(48.4)	5.8	54.3	273.1	(25.9)	1.9	27.8
Foreign securities	298.5	6.9	15.2	8.3	411.3	(48.3)	5.8	54.2	272.2	(25.9)	1.9	27.8
Foreign currency denominated foreign corporate and government bonds	158.4	8.7	12.0	3.2	258.1	(47.3)	0.1	47.5	136.3	(12.5)	0.3	12.9
Yen-denominated foreign corporate and government bonds	129.1	(4.9)	0.0	5.0	135.8	(6.6)	-	6.6	123.7	(14.6)	-	14.6
Foreign equity securities	7.9	2.8	2.8	-	11.6	5.4	5.4	-	6.6	0.9	1.2	0.3
Other securities	0.9	0.0	0.0	-	3.2	(0.1)	0.0	0.1	0.9	-	-	-
<b>Total</b>	<b>2,300.8</b>	<b>11.7</b>	<b>24.2</b>	<b>12.5</b>	<b>1,100.7</b>	<b>(58.6)</b>	<b>7.1</b>	<b>65.7</b>	<b>1,300.0</b>	<b>(30.1)</b>	<b>3.6</b>	<b>33.7</b>

Note: Certain foreign bonds with high credit ratings included in "Foreign currency denominated foreign corporate and government bonds" in "Foreign securities" under "Other", as of September 30, 2008, were reclassified from available-for-sale to held-to-maturity on October 1, 2008 at their fair values of ¥102.6 billion.

Subsequent to this date, an impairment of ¥50.7 billion was recognized for some of these reclassified securities, and the value of such securities after impairment (¥19.6 billion) was reclassified from held-to-maturity back to available-for-sale as of March 31, 2009.

As a result, as stated in the Note to Table 13, a certain portion of foreign bonds that were classified as available-for-sale as of September 30, 2008 are presented as held-to-maturity as of September 30, 2009 and March 31, 2009.

**Hedge-Accounting Derivative Transactions -Table 15- (Consolidated)**

(Billions of yen)

Notional Principal Amount (Consolidated)	Sep 30, 2009			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
Interest rate swaps:				
Receive fixed and pay floating	17.1	341.6	120.5	479.3
Receive floating and pay fixed	334.3	197.9	250.7	782.9
Receive floating and pay floating	-	-	-	-
<b>Total notional principal amount</b>	<b>351.5</b>	<b>539.5</b>	<b>371.2</b>	<b>1,262.3</b>
Currency swaps	348.4	143.7	246.8	739.0
<b>Total notional principal amount</b>	<b>699.9</b>	<b>683.2</b>	<b>618.1</b>	<b>2,001.3</b>

**Deposits, Including Negotiable Certificates of Deposit (NCDs) -Table 16- (Consolidated)**

(Billions of yen)

	Sep 30 2009	Sep 30 2008	Change	March 31 2009	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Deposits	6,667.8	5,671.1	996.7	6,012.4	655.4
Liquid (current, ordinary, note) deposits	1,376.4	1,375.7	0.6	1,315.0	61.3
Time deposits	5,028.0	4,054.9	973.1	4,435.7	592.2
Other	263.3	240.4	22.9	261.6	1.7
Negotiable certificates of deposits (NCDs)	378.6	744.4	(365.8)	259.6	118.9
<b>Total</b>	<b>7,046.5</b>	<b>6,415.6</b>	<b>630.8</b>	<b>6,272.1</b>	<b>774.3</b>

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

**Financial Ratios -Table 17- (Consolidated)**

	1st Half FY2009 (6 months)	1st Half FY2008 (6 months)	FY2008 (12 months)
Return on assets <sup>(1)</sup>	0.2% <sup>(4)</sup>	(0.3%) <sup>(4)</sup>	(1.2%)
Return on equity <sup>(2)</sup>	3.8% <sup>(4)</sup>	(5.6%) <sup>(4)</sup>	(22.4%)
Return on equity (fully diluted) <sup>(3)</sup>	3.8% <sup>(4)</sup>	(5.6%) <sup>(4)</sup>	(22.4%)
Cash basis return on assets <sup>(1)</sup>	0.3% <sup>(4)</sup>	(0.2%) <sup>(4)</sup>	(0.8%)
Cash basis return on equity <sup>(2)</sup>	6.9% <sup>(4)</sup>	(4.1%) <sup>(4)</sup>	(15.2%)
Cash basis return on equity (fully diluted) <sup>(3)</sup>	6.9% <sup>(4)</sup>	(4.1%) <sup>(4)</sup>	(15.2%)
Expense-to-revenue ratio <sup>(5) (6)</sup>	52.2%	75.0%	69.2%

(1) Return on assets:

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

BOP: beginning of period  
EOP: end of period

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

(2) Return on equity:

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

(3) Return on equity (fully diluted):

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

(4) Annualized basis.

(5) Management accounting basis.

(6) Expense denotes general and administrative expenses.

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

**Capital Adequacy Data -Table 18- (Consolidated)**

	<i>(Billions of yen, except percentages)</i>				
	Sep 30 2009 (a)	Sep 30 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
Basic items (Tier I)	591.5	613.6	(22.0)	580.0	11.5
Amount eligible for inclusion in capital (Tier II)	289.6	499.8	(210.1)	327.3	(37.6)
General reserve for loan losses	12.5	13.8	(1.3)	13.0	(0.5)
Perpetual/non-perpetual preferred stocks and Perpetual/non-perpetual subordinated debt and bonds	277.1	513.1	(236.0)	314.2	(37.1)
Deductions	—	(27.2)	27.2	-	-
Deduction	(89.6)	(110.8)	21.2	(103.9)	14.3
Total capital <sup>(2)</sup>	791.5	1,002.6	(211.1)	803.4	(11.9)
Risk assets	8,449.2	9,558.9	(1,109.6)	9,621.0	(1,171.7)
Capital adequacy ratio	9.36%	10.48%	-	8.35%	-
Tier I capital ratio	7.00%	6.41%	-	6.02%	-
Core Tier I capital ratio <sup>(3)</sup>	4.87%	4.62%	-	4.03%	-
TCE ratio <sup>(4)</sup>	3.47%	3.58%	-	3.00%	-

(1) Calculated by new standard (Basel II, F-IRB). Figures for March 31 2009 and September 30 2009 are calculated in accordance with FSA Notification Number 79 issued in December 2008 (special treatment of FSA Notification Number 19 issued in 2006). As a result, ¥38.8 billion of net unrealized losses on securities available-for-sale, net of taxes, as of March 31 2009 is not included in BIS capital. Net unrealized gain on securities available-for-sale, net of taxes, is recorded as of September 30, 2009.

(2) Consolidated total required capital is ¥609.5 billion as at September 30, 2009, ¥682.6 billion as at March 31, 2009 and ¥703.8 billion yen as at September 30, 2008.

(3) Core Tier I ratio: Tier I, excluding preferred securities and non-convertible preferred stock minus deferred tax assets (net) divided by risk weighted assets.

(4) TCE (Tangible Common Equity) ratio: Net assets minus preferred stock, intangible assets and minority and minority interests divided by total assets, excluding intangible assets.

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



**Per Share Data -Table 19- (Consolidated)**

(Yen, except percentages)

	<b>1st Half FY2009 (6 months)</b>	1st Half FY2008 (6 months)	% Change	FY2008 (12 months)	% Change
Common equity	<b>312.05</b>	338.12	(7.7)	284.95	9.5
Fully diluted equity	<b>312.05</b>	338.12	(7.7)	284.95	9.5
Basic net income (loss)	<b>5.63</b>	(9.81)	157.4	(72.85)	/
Diluted net income (loss)	<b>5.63</b>	(9.81)	157.4	(72.85)	/
Cash basis:					
Basic net income (loss)	<b>10.31</b>	(7.28)	241.5	(49.39)	/
Diluted net income (loss)	<b>10.31</b>	(7.28)	241.5	(49.39)	/
For calculation of per share data:					
Equity:	Number of common shares <sup>(1)</sup>				
	1,963,919,453	1,963,922,463		1,963,919,853	
	Fully diluted number of shares <sup>(1)</sup>				
	1,963,919,453	1,963,922,463		1,963,919,853	
Net income:	Number of common shares <sup>(2)</sup>				
	1,963,919,578	1,963,911,372		1,963,916,133	
	Fully diluted number of shares <sup>(2)</sup>				
	1,963,919,578	1,963,911,372		1,963,916,133	

(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

**Diluted net income per share** for the first half of fiscal year 2009 was ¥5.63. **Cash basis diluted net income per share** for the first half of fiscal year 2009 was ¥10.31, as compared to

a cash basis diluted net loss per share of ¥7.28 for the first half of fiscal year 2008.

**Business Lines Results -Table 20- (Consolidated)**

*(Billions of yen, except percentages)*

	1st Half FY2009 (6 months)	1st Half <sup>(2)</sup> FY2008 (6 months)	% Change	FY2008 <sup>(2)</sup> (12 months)
<b>Institutional Group:</b>				
Net interest income	20.1	23.5	(14.6)	44.6
Non-interest income	24.7	3.8	537.6	(74.0)
<b>Total revenue</b>	<b>44.9</b>	<b>27.4</b>	<b>63.5</b>	<b>(29.3)</b>
<b>General and administrative expenses</b>	<b>22.5</b>	<b>29.9</b>	<b>(24.9)</b>	<b>57.8</b>
<b>Ordinary business profit (loss)</b>	<b>22.3</b>	<b>(2.5)</b>	<b>989.1</b>	<b>(87.2)</b>
<b>Net credit costs</b>	<b>12.6</b>	<b>26.7</b>	<b>(52.6)</b>	<b>80.8</b>
<b>Ordinary business profit (loss) after net credit costs</b>	<b>9.7</b>	<b>(29.2)</b>	<b>133.3</b>	<b>(168.0)</b>
<b>Individual Group:</b>				
Net interest income	89.9	44.2	103.1	152.8
Non-interest income	21.4	27.0	(20.8)	50.7
<b>Total revenue</b>	<b>111.3</b>	<b>71.2</b>	<b>56.2</b>	<b>203.5</b>
<b>General and administrative expenses</b>	<b>63.9</b>	<b>47.1</b>	<b>35.6</b>	<b>120.1</b>
<b>Ordinary business profit</b>	<b>47.3</b>	<b>24.1</b>	<b>96.4</b>	<b>83.3</b>
<b>Net credit costs</b>	<b>26.1</b>	<b>16.6</b>	<b>56.7</b>	<b>49.5</b>
<b>Ordinary business profit after net credit costs</b>	<b>21.2</b>	<b>7.4</b>	<b>185.5</b>	<b>33.8</b>
<b>Corporate/Other <sup>(1)</sup>:</b>				
Net interest income	(0.6)	2.6	(125.1)	5.5
Non-interest income	10.3	0.9	1,033.3	78.5
<b>Total revenue</b>	<b>9.6</b>	<b>3.5</b>	<b>167.9</b>	<b>84.0</b>
<b>General and administrative expenses</b>	<b>0.0</b>	<b>(0.3)</b>	<b>120.4</b>	<b>0.7</b>
<b>Ordinary business profit</b>	<b>9.5</b>	<b>3.9</b>	<b>141.0</b>	<b>83.2</b>
<b>Net credit costs (recoveries)</b>	<b>0.4</b>	<b>(1.7)</b>	<b>123.1</b>	<b>(1.3)</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>9.1</b>	<b>5.7</b>	<b>60.4</b>	<b>84.6</b>
<b>Total:</b>				
Net interest income	109.4	70.5	55.1	202.9
Non-interest income	56.4	31.8	77.6	55.2
<b>Total revenue</b>	<b>165.8</b>	<b>102.3</b>	<b>62.1</b>	<b>258.2</b>
<b>General and administrative expenses</b>	<b>86.5</b>	<b>76.7</b>	<b>12.7</b>	<b>178.7</b>
<b>Ordinary business profit</b>	<b>79.3</b>	<b>25.5</b>	<b>210.2</b>	<b>79.4</b>
<b>Net credit costs</b>	<b>39.2</b>	<b>41.6</b>	<b>(5.9)</b>	<b>129.0</b>
<b>Ordinary business profit (loss) after net credit costs</b>	<b>40.1</b>	<b>(16.0)</b>	<b>349.4</b>	<b>(49.6)</b>

(1) Corporate/Other largely includes results of equity and subordinated debt finance activities, corporate level expenses and credit costs.

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

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

<sup>(1)</sup>  
**Institutional Group -Table 21- (Consolidated)**

(Billions of yen, except percentages)

	1st Half FY2009 (6 months)	1st Half <sup>(3)</sup> FY2008 (6 months)	% Change	FY2008 <sup>(3)</sup> (12 months)
<b>Institutional Banking <sup>(2)</sup> :</b>				
Net interest income	22.4	26.0	(14.1)	49.7
Non-interest income	14.4	(9.7)	247.7	(100.1)
<b>Total revenue</b>	<b>36.8</b>	<b>16.3</b>	<b>126.1</b>	<b>(50.4)</b>
<b>General and administrative expenses</b>	<b>18.4</b>	<b>23.6</b>	<b>(21.8)</b>	<b>46.9</b>
<b>Ordinary business profit (loss)</b>	<b>18.3</b>	<b>(7.3)</b>	<b>351.2</b>	<b>(97.4)</b>
<b>Net credit costs</b>	<b>9.8</b>	<b>22.9</b>	<b>(56.9)</b>	<b>72.7</b>
<b>Ordinary business profit (loss) after net credit costs</b>	<b>8.5</b>	<b>(30.2)</b>	<b>128.1</b>	<b>(170.1)</b>
<b>Showa Leasing :</b>				
Net interest income	(2.2)	(2.5)	9.0	(5.0)
Non-interest income	10.3	13.6	(24.4)	26.1
<b>Total revenue</b>	<b>8.0</b>	<b>11.1</b>	<b>(27.9)</b>	<b>21.0</b>
<b>General and administrative expenses</b>	<b>4.0</b>	<b>6.3</b>	<b>(36.2)</b>	<b>10.8</b>
<b>Ordinary business profit</b>	<b>3.9</b>	<b>4.8</b>	<b>(16.9)</b>	<b>10.1</b>
<b>Net credit costs</b>	<b>2.7</b>	<b>3.8</b>	<b>(27.1)</b>	<b>8.1</b>
<b>Ordinary business profit after net credit costs</b>	<b>1.2</b>	<b>1.0</b>	<b>21.3</b>	<b>2.0</b>
<b>Institutional Group:</b>				
Net interest income	20.1	23.5	(14.6)	44.6
Non-interest income	24.7	3.8	537.6	(74.0)
<b>Total revenue</b>	<b>44.9</b>	<b>27.4</b>	<b>63.5</b>	<b>(29.3)</b>
<b>General and administrative expenses</b>	<b>22.5</b>	<b>29.9</b>	<b>(24.9)</b>	<b>57.8</b>
<b>Ordinary business profit (loss)</b>	<b>22.3</b>	<b>(2.5)</b>	<b>989.1</b>	<b>(87.2)</b>
<b>Net credit costs</b>	<b>12.6</b>	<b>26.7</b>	<b>(52.6)</b>	<b>80.8</b>
<b>Ordinary business profit (loss) after net credit costs</b>	<b>9.7</b>	<b>(29.2)</b>	<b>133.3</b>	<b>(168.0)</b>

(1) Net of consolidation adjustments, if applicable.

(2) Represents "Institutional Group excluding Showa Leasing."

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

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

**Institutional Group Revenue by Product -Table 22- (Consolidated)**

(Billions of yen, except percentages)

	1st Half FY2009 (6 months)	1st Half <sup>(1)</sup> FY2008 (6 months)	% Change	FY2008 <sup>(1)</sup> (12 months)
Basic banking	6.3	6.3	0.4	11.3
Real estate finance	10.4	12.0	(13.8)	24.1
Credit trading	1.5	9.8	(84.2)	11.5
Principal investments	(5.2)	0.6	(945.6)	(13.6)
Foreign exchange, derivatives, equity-related	6.6	(2.5)	358.4	(19.4)
Securitization	1.5	(7.0)	122.4	(11.9)
Other capital markets	13.7	(7.2)	291.1	(61.1)
ALM activities	(0.0)	2.6	(103.5)	5.1
Leasing (Showa Leasing)	8.0	11.1	(27.9)	21.0
Others	1.9	1.5	20.9	3.4
<b>Total revenue (loss)</b>	<b>44.9</b>	<b>27.4</b>	<b>63.5</b>	<b>(29.3)</b>

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

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

The Institutional Group consists of the Institutional Banking business and Showa Leasing.

The Institutional Group business recorded **total revenue** of ¥44.9 billion in the first half of fiscal year 2009. This is ¥17.4 billion, or 63.5%, higher than the first half of fiscal year 2008 as we have begun to see a growing contribution from our core businesses despite ongoing mark-downs and impairments that we have taken within some of our Institutional Group businesses.

Basic Banking continues to make a steady contribution to our results and generated total revenue of ¥6.3 billion in the first half of fiscal year 2009, in line with the ¥6.3 billion generated in the first half of fiscal year 2008 despite the lower average balance of loans outstanding in the current period. Our real estate finance business generated revenue of ¥10.4 billion, a decrease of ¥1.6 billion or 13.8% compared to the first half of fiscal year 2008, due mainly to a lower average balance of loans as we have worked with our clients to refinance and pay down certain loans on our books. Credit Trading generated ¥1.5 billion in total revenue in the first half of fiscal year 2009 due to mark-downs of certain international credit trading positions, mainly in Europe, a decrease of ¥8.2 billion from the first half of the prior fiscal year. Principal Investments generated a loss of ¥5.2 billion compared to a gain of ¥0.6 billion in the first half of fiscal year 2008, as we took mark-downs and impairments of ¥5.8 billion on our legacy Japanese real estate principal investments. In addition, Principal Investments recorded ¥3.8 billion of losses on our investment in Jih Sun. We incurred a loss on Jih Sun of ¥4.6 billion in the first quarter of fiscal year 2009, followed by a gain of ¥0.8 billion during the second quarter of fiscal year 2009 as Jih Sun returned to profitability. Foreign Exchange, Derivatives and Equity-Related Transactions showed a gain of ¥6.6 billion in the current half, up from a ¥2.5 billion loss recorded in the first half of the prior fiscal year. Positive foreign exchange, derivatives and equity-related transactions revenues reflects our de-emphasis of proprietary trading begun in fiscal year

2008 as well as a return of client driven business that has occurred with the recovery in the credit markets during the current period. Securitization recognized a gain of ¥1.5 billion during the first half of fiscal year 2009 as compared to a loss of ¥7.0 billion during the first half of fiscal year 2008. Our Other Capital Markets businesses generated revenue of ¥13.7 billion for the current period including ¥11.7 billion of gains from the sale of CLOs and ¥1.4 billion yen in gains from the sale of corporate bonds, compared to a loss of ¥7.2 billion in the first half of the prior fiscal year.

In the first half of fiscal year 2009, Institutional Banking **general and administrative expenses** were ¥18.4 billion, a ¥5.1 billion or 21.8% decrease from the first half of the prior fiscal year. The decrease was largely due to the restructuring that we carried out during fiscal year 2008, as well as stricter cost controls and cost reduction measures enacted during the current period.

**Net credit costs** decreased to ¥9.8 billion in the current period from ¥22.9 billion in the prior period. Current period net credit costs included ¥3.1 billion of net credit costs related to our asset backed investments portfolio and ¥1.6 billion of net credit costs related to our real estate non-recourse finance portfolio. During the first half of fiscal year 2008, we recorded net credit costs of ¥18.6 billion incurred for a loan to a subsidiary of Lehman Brothers.

As a result, Institutional Banking showed an **ordinary business profit after net credit costs** of ¥8.5 billion for the first half of fiscal year 2009, compared to an **ordinary business loss after net credit costs** of ¥30.2 billion in the first half of fiscal year 2008.

Showa Leasing's **ordinary business profit after net credit costs** increased to ¥1.2 billion for the first half of fiscal year 2009 from ¥1.0 billion in the first half of the prior fiscal year. While revenues have declined, in part due to our sale of Showa Auto Rental Leasing at the end of the second quarter of fiscal year 2008, we have successfully reduced our expenses and credit costs for the period in line with the reduced revenue in this business.

*Individual Group - Table 23- (Consolidated)**(Billions of yen, except percentages)*

	1st Half FY2009 (6 months)	1st Half FY2008 (6 months)	% Change	FY2008 <sup>(3)</sup> (12 months)
<b>Retail Banking:</b>				
Net interest income	16.0	12.7	26.1	28.4
Non-interest income	5.6	6.5	(14.2)	11.1
<b>Total revenue</b>	<b>21.7</b>	<b>19.3</b>	<b>12.4</b>	<b>39.6</b>
<b>General and administrative expenses</b>	<b>17.7</b>	<b>18.8</b>	<b>(5.9)</b>	<b>37.3</b>
<b>Ordinary business profit</b>	<b>3.9</b>	<b>0.4</b>	<b>747.6</b>	<b>2.3</b>
<b>Net credit costs (recoveries)</b>	<b>(0.0)</b>	<b>0.1</b>	<b>(129.7)</b>	<b>0.0</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>4.0</b>	<b>0.3</b>	<b>1,094.7</b>	<b>2.2</b>
<b>(Reference) Revenue from structured deposits</b>	<b>4.0</b>	<b>3.1</b>	<b>26.0</b>	<b>7.0</b>
<b>Shinsei Financial:</b>				
Net interest income	51.0			65.3
Non-interest income	(2.1)			(0.3)
<b>Total revenue</b>	<b>48.8</b>			<b>64.9</b>
<b>General and administrative expenses</b>	<b>22.3</b>			<b>26.6</b>
<b>Ordinary business profit</b>	<b>26.4</b>			<b>38.3</b>
<b>Net credit costs</b>	<b>17.4</b>			<b>14.9</b>
<b>Ordinary business profit after net credit costs</b>	<b>9.0</b>			<b>23.3</b>
<b>APLUS:</b>				
Net interest income	14.0	18.2	(23.1)	34.2
Non-interest income	18.3	20.6	(11.3)	40.6
<b>Total revenue</b>	<b>32.3</b>	<b>38.8</b>	<b>(16.9)</b>	<b>74.9</b>
<b>General and administrative expenses</b>	<b>19.1</b>	<b>21.6</b>	<b>(11.5)</b>	<b>43.3</b>
<b>Ordinary business profit</b>	<b>13.1</b>	<b>17.2</b>	<b>(23.6)</b>	<b>31.6</b>
<b>Net credit costs</b>	<b>11.7</b>	<b>12.1</b>	<b>(3.3)</b>	<b>24.3</b>
<b>Ordinary business profit after net credit costs</b>	<b>1.4</b>	<b>5.0</b>	<b>(72.2)</b>	<b>7.2</b>
<b>Shinki:</b>				
Net interest income	8.2	11.3	(27.3)	21.0
Non-interest income	(0.5)	(0.6)	22.7	(1.2)
<b>Total revenue</b>	<b>7.7</b>	<b>10.6</b>	<b>(27.6)</b>	<b>19.7</b>
<b>General and administrative expenses</b>	<b>4.4</b>	<b>5.5</b>	<b>(19.2)</b>	<b>10.8</b>
<b>Ordinary business profit</b>	<b>3.2</b>	<b>5.1</b>	<b>(36.7)</b>	<b>8.9</b>
<b>Net credit costs (recoveries)</b>	<b>(3.4)</b>	<b>2.9</b>	<b>(219.0)</b>	<b>3.9</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>6.7</b>	<b>2.2</b>	<b>202.5</b>	<b>4.9</b>
<b>Other Subsidiaries<sup>(2)</sup>:</b>				
Net interest income	0.5	1.9	(70.8)	3.6
Non-interest income	0.0	0.3	(80.4)	0.5
<b>Total revenue</b>	<b>0.6</b>	<b>2.3</b>	<b>(72.4)</b>	<b>4.1</b>
<b>General and administrative expenses</b>	<b>0.1</b>	<b>1.0</b>	<b>(83.0)</b>	<b>1.9</b>
<b>Ordinary business profit</b>	<b>0.4</b>	<b>1.2</b>	<b>(63.2)</b>	<b>2.1</b>
<b>Net credit costs</b>	<b>0.4</b>	<b>1.4</b>	<b>(69.1)</b>	<b>6.1</b>
<b>Ordinary business profit (loss) after net credit costs</b>	<b>0.0</b>	<b>(0.1)</b>	<b>107.1</b>	<b>(3.9)</b>
<b>Total Individual Group:</b>				
Net interest income	89.9	44.2	103.1	152.8
Non-interest income	21.4	27.0	(20.8)	50.7
<b>Total revenue</b>	<b>111.3</b>	<b>71.2</b>	<b>56.2</b>	<b>203.5</b>
<b>General and administrative expenses</b>	<b>63.9</b>	<b>47.1</b>	<b>35.6</b>	<b>120.1</b>
<b>Ordinary business profit</b>	<b>47.3</b>	<b>24.1</b>	<b>96.4</b>	<b>83.3</b>
<b>Net credit costs</b>	<b>26.1</b>	<b>16.6</b>	<b>56.7</b>	<b>49.5</b>
<b>Ordinary business profit after net credit costs</b>	<b>21.2</b>	<b>7.4</b>	<b>185.5</b>	<b>33.8</b>

(1) Net of consolidation adjustments, if applicable.

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

(3) Shinsei Financial is only for six months from October 2008 to March 2009.

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

## Individual Group Revenue by Product/Entity -Table 24- (Consolidated)

(Billions of yen, except percentages)

	1st Half FY2009 (6 months)	1st Half FY2008 (6 months)	% Change	FY2008 <sup>(1)</sup> (12 months)
Retail Banking:	21.7	19.3	12.4	39.6
Deposits and debentures net interest income	12.8	10.1	27.0	22.4
Deposits and debentures non-interest income	3.4	2.7	25.1	6.1
Asset management	2.5	3.0	(16.9)	4.7
Loans	2.8	3.4	(15.3)	6.3
(Reference) Revenue from structured deposits	4.0	3.1	26.0	7.0
Shinsei Financial	48.8			64.9
APLUS	32.3	38.8	(16.9)	74.9
Shinki	7.7	10.6	(27.6)	19.7
Other subsidiaries	0.6	2.3	(72.4)	4.1
<b>Total revenue</b>	<b>111.3</b>	<b>71.2</b>	<b>56.2</b>	<b>203.5</b>

(1) Shinsei Financial is only for six months from October 2008 to March 2009.

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

The Individual Group consists of the Retail Banking business as well as the subsidiaries Shinsei Financial, APLUS, Shinki and Shinsei Property Finance. Shinsei Financial was acquired on September 22, 2008 from GE Japan Holdings Corporation and Shinsei Financial's results have been incorporated in our Results of Operations from the third quarter of fiscal year 2008.

During the first half of fiscal year 2009, the Individual Group generated **ordinary business profit after net credit costs** of ¥21.2 billion compared to an **ordinary business profit after net credit costs** of ¥7.4 billion during the first half of the prior fiscal year. The improved **ordinary business profit after net credit costs** for the current half reflects the incorporation of Shinsei Financial within our Individual Group as well as higher **ordinary business profit after net credit costs** within our Retail Banking and Shinki businesses, offset by lower **ordinary business profit after net credit costs** within APLUS.

During the first half of fiscal year 2009, total Retail Banking **revenue** was ¥21.7 billion as compared to ¥19.3 billion during the first half of the prior fiscal year. The main sources of revenue were interest income from retail deposits, income from structured deposits and fees, net interest income from loan products, and fees from asset management products. During the current period, we generated **net interest income** of ¥16.0 billion compared to ¥12.7 billion during the first half of the prior fiscal year. The increase in **net interest income** comes primarily from increases in deposits and debentures net interest income and loans. **Non-interest income** declined slightly to ¥5.6 billion in the current period from ¥6.5 billion in the first half of the prior fiscal year as fees from asset management products decreased slightly with the lower level of investment activity in the marketplace.

Retail Banking incurred **general and administrative expenses** of ¥17.7 billion during the first half of fiscal year 2009, a decrease of 5.9% as compared to the first half of the prior fiscal year. The business generated **ordinary business profit after net credit costs** of ¥4.0 billion for the first half of fiscal year 2009, as compared to an **ordinary business profit after net credit costs** of ¥0.3 billion during the first half of the prior fiscal year. The significantly improved ordinary business profit after net credit costs within Retail Banking reflects the steps that we have made to restructure our business and focus upon providing profitable products and services to our customer base.

For the first half of fiscal year 2009, Shinsei Financial generated total revenue of ¥48.8 billion, incurred **general and administrative expenses** of ¥22.3 billion and incurred **net credit costs** of ¥17.4 billion. As a result, Shinsei Financial's **ordinary business profit after net credit costs** was ¥9.0 billion for the current half.

For the first half of fiscal year 2009, APLUS generated **total revenue** of ¥32.3 billion, compared to ¥38.8 billion in the first half of the prior fiscal year. The decline in revenue was largely due to the slowdown in economic activity. The revenue shortfall was partially offset by lower **general and administrative expenses** and **net credit costs**. **General and administrative expenses** declined to ¥19.1 billion from ¥21.6 billion in the first half of the prior fiscal year, while **net credit costs** declined to ¥11.7 billion from ¥12.1 billion in the previous period. As a result, the business generated **ordinary business profit after net credit costs** of ¥1.4 billion in the first half of fiscal year 2009, compared to ¥5.0 billion in the first half of the prior fiscal year.

For the first half of fiscal year 2009, Shinki recorded **total revenue** of ¥7.7 billion and **general and administrative expenses** of ¥4.4 billion. Shinki recorded **net credit recoveries** of ¥3.4 billion, including ¥6.4 billion of credit recoveries due to better than forecast collections within that business. As a result, Shinki recorded an **ordinary business profit after net credit costs** of ¥6.7 billion. This compares to an **ordinary business profit after net credit costs** of ¥2.2 billion in the first half of fiscal year 2008.

Shinsei Financial's grey zone payments and write-offs amounted to ¥72.0 billion in the first half of fiscal year 2009. The Shinsei Financial purchase agreement from GE includes an indemnity from GE that provides protection for potential losses beyond ¥203.9 billion from the majority of the legacy accounts with grey zone interest exposure. The business made new grey zone related provisions of ¥0.9 billion for the non-indemnified portion, and as a result, the total balance of Shinsei Financial's grey zone reserves was ¥89.9 billion as of September 30, 2009, as compared to ¥161.0 billion as of March 31, 2009.

APLUS' grey zone payments and write-offs amounted to ¥3.2 billion in the first half of fiscal year 2009. The business made ¥0.5 billion in grey zone related provisions and the total balance of the grey zone reserve was ¥8.3 billion as of September 30, 2009, as compared to ¥11.0 billion as of March 31, 2009. APLUS made ¥2.7 billion of grey zone related provisions and made ¥3.6 billion in grey zone payments and write-offs in the first half of fiscal year 2008.

Shinki's grey zone payments and write-offs amounted to ¥9.0 billion in the first half of fiscal year 2009. The business made new grey zone related provisions of ¥8.4 billion. The total balance of the grey zone reserve was ¥21.2 billion as of September 30, 2009, as compared to ¥21.7 billion as of March 31, 2009. Shinki made no grey zone related provisions and made ¥7.6 billion in grey zone payments and write-offs in the first half of fiscal year 2008.

Other subsidiaries' financials mainly include the financial results of Shinsei Property Finance Co., Ltd.

## Interim Consolidated Balance Sheets (Consolidated)

## Assets

	<i>(millions of yen)</i>				
	Sep 30 2009 a	Sep 30 2008 b	Change a-b Amount	Mar 31 2009 c	Change a-c Amount
<b>&lt;&lt;Assets&gt;&gt;</b>					
Cash and due from banks	476,047	278,461	197,586	605,089	(129,042)
Call loans	19,569	199,000	(179,431)	-	19,569
Collateral related to securities borrowing transactions	4,402	19,057	(14,655)	280	4,122
Other monetary claims purchased	361,501	454,635	(93,134)	408,035	(46,534)
Trading assets	253,000	285,162	(32,162)	375,107	(122,107)
Monetary assets held in trust	329,130	377,205	(48,075)	348,840	(19,710)
Securities	3,282,207	1,994,372	1,287,835	2,174,198	1,108,009
Loans and bills discounted	5,469,978	6,579,707	(1,109,729)	5,876,910	(406,932)
Foreign exchanges	12,775	22,449	(9,674)	37,138	(24,363)
Lease receivables and leased investment assets	224,025	252,628	(28,603)	232,554	(8,529)
Other assets	1,023,735	1,109,799	(86,064)	1,125,768	(102,033)
Premises and equipment	55,838	53,727	2,111	50,964	4,874
Intangible assets	197,468	228,587	(31,119)	209,175	(11,707)
Goodwill, net	125,377	146,511	(21,134)	132,952	(7,575)
Deferred issuance expenses for debentures	166	153	13	161	5
Deferred tax assets	19,887	30,941	(11,054)	22,254	(2,367)
Customers' liabilities for acceptances and guarantees	652,445	695,538	(43,093)	675,225	(22,780)
Reserve for credit losses	(198,659)	(135,150)	(63,509)	(192,511)	(6,148)
<b>Total assets</b>	<b>12,183,520</b>	<b>12,446,276</b>	<b>(262,756)</b>	<b>11,949,196</b>	<b>234,324</b>



## Liabilities and Equity

	<i>(millions of yen)</i>				
	Sep 30 2009 a	Sep 30 2008 b	Change a-b Amount	Mar 31 2009 c	Change a-c Amount
<b>&lt;&lt;Liabilities&gt;&gt;</b>					
Deposits	6,667,868	5,671,149	996,719	6,012,455	655,413
Negotiable certificates of deposit	378,641	744,479	(365,838)	259,659	118,982
Debentures	527,560	748,262	(220,702)	675,567	(148,007)
Call money	100,469	480,870	(380,401)	281,513	(181,044)
Payables under repurchase agreements	156,382	-	156,382	53,805	102,577
Collateral related to securities lending transactions	764,367	485,292	279,075	569,566	194,801
Commercial paper	99	-	99	198	(99)
Trading liabilities	194,280	178,912	15,368	307,562	(113,282)
Borrowed money	800,239	1,062,712	(262,473)	1,012,324	(212,085)
Foreign exchanges	9	20	(11)	4	5
Short-term corporate bonds	42,300	90,100	(47,800)	11,500	30,800
Corporate bonds	205,222	407,416	(202,194)	266,489	(61,267)
Other liabilities	745,833	669,301	76,532	819,900	(74,067)
Accrued employees' bonuses	6,141	7,191	(1,050)	10,425	(4,284)
Accrued directors' bonuses	72	201	(129)	318	(246)
Reserve for employees' retirement benefits	9,903	9,521	382	18,219	(8,316)
Reserve for directors' retirement benefits	180	228	(48)	234	(54)
Reserve for losses on interest repayments	119,512	256,298	(136,786)	193,850	(74,338)
Reserve for losses on disposal of premises and equipment	6,933	7,291	(358)	7,559	(626)
Reserve for losses on litigation	3,662	-	3,662	3,662	-
Reserve under special law	4	4	0	4	-
Deferred tax liabilities	1,426	13,074	(11,648)	1,665	(239)
Acceptances and guarantees	652,445	695,538	(43,093)	675,225	(22,780)
<b>Total liabilities</b>	<b>11,383,559</b>	<b>11,527,868</b>	<b>(144,309)</b>	<b>11,181,714</b>	<b>201,845</b>
<b>&lt;&lt;Equity&gt;&gt;</b>					
<b>Shareholders' equity:</b>					
Capital stock	476,296	476,296	-	476,296	-
Capital surplus	43,554	43,554	-	43,554	-
Retained earnings	163,651	277,311	(113,660)	152,855	10,796
Treasury stock, at cost	(72,558)	(72,558)	(0)	(72,558)	(0)
Total shareholders' equity	610,944	724,604	(113,660)	600,147	10,797
<b>Net unrealized gain (loss) and translation adjustments:</b>					
Unrealized gain (loss) on available-for-sale securities	3,128	(58,600)	61,728	(38,813)	41,941
Deferred gain (loss) on derivatives under hedge accounting	(2,081)	(2,779)	698	(2,996)	915
Foreign currency translation adjustments	861	832	29	1,297	(436)
Total net unrealized gain (loss) and translation adjustments	1,908	(60,547)	62,455	(40,511)	42,419
Stock acquisition rights	1,580	1,507	73	1,808	(228)
Minority interests in subsidiaries	185,528	252,842	(67,314)	206,037	(20,509)
<b>Total equity</b>	<b>799,960</b>	<b>918,407</b>	<b>(118,447)</b>	<b>767,481</b>	<b>32,479</b>
<b>Total liabilities and equity</b>	<b>12,183,520</b>	<b>12,446,276</b>	<b>(262,756)</b>	<b>11,949,196</b>	<b>234,324</b>

## Interim Consolidated Statements of Operations (Consolidated)

(millions of yen, except percentages)

	1st Half FY2009	1st Half FY2008	Change		FY2008
			Amount	%	
Total interest income	151,455	124,451	27,004	21.7	303,421
Interest on loans and bills discounted	130,214	98,053	32,161	32.8	256,180
Interest and dividends on securities	16,840	20,937	(4,097)	(19.6)	37,997
Other interest income	4,399	5,461	(1,062)	(19.4)	9,243
Fees and commissions income	24,941	28,888	(3,947)	(13.7)	52,676
Trading profits	4,121	5,227	(1,106)	(21.2)	11,918
Other business income	108,262	112,470	(4,208)	(3.7)	211,588
Other ordinary income	9,006	12,297	(3,291)	(26.8)	22,071
<b>Ordinary income</b>	<b>297,787</b>	<b>283,335</b>	<b>14,452</b>	<b>5.1</b>	<b>601,677</b>
Total interest expenses	42,051	53,900	(11,849)	(22.0)	100,425
Interest on deposits	27,931	22,463	5,468	24.3	47,426
Interest on borrowings	6,023	8,658	(2,635)	(30.4)	17,001
Interest on corporate bonds	3,716	7,318	(3,602)	(49.2)	11,509
Other interest expenses	4,379	15,460	(11,081)	(71.7)	24,488
Fees and commissions expenses	14,040	11,646	2,394	20.6	26,162
Trading losses	996	6,219	(5,223)	(84.0)	16,582
Other business expenses	72,935	100,487	(27,552)	(27.4)	244,914
Total general and administrative expenses	98,835	83,281	15,554	18.7	199,597
General and administrative expenses	88,013	77,547	10,466	13.5	182,043
Amortization of goodwill	6,798	3,872	2,926	75.6	11,673
Amortization of intangible assets	4,022	1,861	2,161	116.1	5,880
Other ordinary expenses	63,538	52,864	10,674	20.2	177,311
Provision of reserve for loan losses	35,274	38,378	(3,104)	(8.1)	124,973
Others	28,263	14,486	13,777	95.1	52,338
<b>Ordinary expenses</b>	<b>292,397</b>	<b>308,399</b>	<b>(16,002)</b>	<b>(5.2)</b>	<b>764,993</b>
<b>Net ordinary income (loss)</b>	<b>5,390</b>	<b>(25,063)</b>	<b>30,453</b>	<b>(121.5)</b>	<b>(163,316)</b>
Special gains	17,699	20,271	(2,572)	(12.7)	100,947
Special losses	2,938	4,402	(1,464)	(33.3)	56,684
<b>Income (loss) before income taxes and minority interests:</b>	<b>20,151</b>	<b>(9,194)</b>	<b>29,345</b>	<b>(319.2)</b>	<b>(119,054)</b>
Income taxes (benefit)					
Current	515	2,412	(1,897)	(78.6)	3,466
Deferred	3,381	(596)	3,977	(667.3)	7,004
Total income taxes (benefit)	3,897	1,815	2,082	114.7	10,471
Minority interests in net income of subsidiaries	5,190	8,274	(3,084)	(37.3)	13,558
<b>Net income (loss)</b>	<b>11,062</b>	<b>(19,284)</b>	<b>30,346</b>	<b>(157.4)</b>	<b>(143,084)</b>

## Interim Consolidated Statements of Changes in Equity (Consolidated)

(millions of yen)

	1st Half FY2009 (6 months)	1st Half FY2008 (6 months)	FY2008 (12 months)
<b>Shareholders' Equity</b>			
Capital stock			
Balance at beginning of the period	476,296	476,296	476,296
Changes in amounts during the period			
Total changes in amounts during the period	-	-	-
Balance at the end of the period	476,296	476,296	476,296
Capital surplus			
Balance at beginning of the period	43,554	43,558	43,558
Changes in amounts during the period			
Disposal of treasury stock		(4)	(4)
Total changes in amounts during the period	-	(4)	(4)
Balance at the end of the period	43,554	43,554	43,554
Retained earnings			
Balance at beginning of the period	152,855	302,535	302,535
Changes in amounts during the period			
Dividends from surplus		(5,773)	(5,773)
Net income (loss)	11,062	(19,284)	(143,084)
Decrease by increase of consolidated subsidiary	(0)		
Decrease by decrease of consolidated subsidiary	(266)	(165)	(822)
Total changes in amounts during the period	10,796	(25,223)	(149,680)
Balance at the end of the period	163,651	277,311	152,855
Treasury stock			
Balance at beginning of the period	(72,558)	(72,566)	(72,566)
Changes in amounts during the period			
Acquisition of treasury stock	(0)	(0)	(0)
Disposal of treasury stock		9	9
Total changes in amounts during the period	(0)	8	8
Balance at the end of the period	(72,558)	(72,558)	(72,558)
Shareholders' Equity			
Balance at beginning of the period	600,147	749,823	749,823
Changes in amounts during the period			
Dividends from surplus		(5,773)	(5,773)
Net income (loss)	11,062	(19,284)	(143,084)
Acquisition of treasury stock	(0)	(0)	(0)
Disposal of treasury stock		5	5
Decrease by increase of consolidated subsidiary	(0)		
Decrease by decrease of consolidated subsidiary	(266)	(165)	(822)
Total changes in amounts during the period	10,796	(25,218)	(149,676)
Balance at the end of the period	610,944	724,604	600,147

(millions of yen)

	1st Half FY2009 (6 months)	1st Half FY2008 (6 months)	FY2008 (12 months)
<b>Net unrealized gain (loss) and translation adjustments</b>			
Unrealized gain (loss) on available-for-sale securities			
Balance at beginning of the period	(38,813)	(35,073)	(35,073)
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	41,941	(23,526)	(3,739)
Total changes in amounts during the period	41,941	(23,526)	(3,739)
Balance at the end of the period	3,128	(58,600)	(38,813)
Deferred gain (loss) on derivatives under hedge accounting			
Balance at beginning of the period	(2,996)	(1,057)	(1,057)
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	914	(1,722)	(1,938)
Total changes in amounts during the period	914	(1,722)	(1,938)
Balance at the end of the period	(2,081)	(2,779)	(2,996)
Foreign currency translation adjustments			
Balance at beginning of the period	1,297	1,872	1,872
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	(435)	(1,040)	(575)
Total changes in amounts during the period	(435)	(1,040)	(575)
Balance at the end of the period	861	832	1,297
Total net unrealized gain (loss) and translation adjustments			
Balance at beginning of the period	(40,511)	(34,258)	(34,258)
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	42,420	(26,289)	(6,253)
Total changes in amounts during the period	42,420	(26,289)	(6,253)
Balance at the end of the period	1,908	(60,547)	(40,511)
<b>Stock acquisition rights</b>			
Balance at beginning of the period	1,808	1,257	1,257
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	(227)	250	550
Total changes in amounts during the period	(227)	250	550
Balance at the end of the period	1,580	1,507	1,808
<b>Minority interests in subsidiaries</b>			
Balance at beginning of the period	206,037	248,437	248,437
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	(20,509)	4,404	(42,399)
Total changes in amounts during the period	(20,509)	4,404	(42,399)
Balance at the end of the period	185,528	252,842	206,037
<b>Total equity</b>			
Balance at beginning of the period	767,481	965,261	965,261
Changes in amounts during the period			
Dividends from surplus		(5,773)	(5,773)
Net income (loss)	11,062	(19,284)	(143,084)
Acquisition of treasury stock	(0)	(0)	(0)
Disposal of treasury stock		5	5
Decrease by increase of consolidated subsidiary	(0)		
Decrease by decrease of consolidated subsidiary	(266)	(165)	(822)
Total changes in amounts during the period excluding capital stock (net)	21,682	(21,634)	(48,103)
Total changes in amounts during the period	32,479	(46,853)	(197,779)
Balance at the end of the period	799,960	918,407	767,481

## Section 2. Non-Consolidated Information

## Results of Operations -Table 25- (Non-Consolidated)

	(Billions of yen, except percentages)			
	1st Half FY2009 (6 months)	1st Half FY2008 (6 months)	%	FY2008 (12 months)
			Change	
Net interest income	29.0	37.8	(23.3)	93.9
Non-interest income	24.1	(7.0)	(441.7)	(80.8)
Net fees and commissions <sup>(1)</sup>	5.5	13.2	(57.9)	11.3
Net trading income	3.5	(3.3)	(205.9)	(5.6)
Net other business income	15.0	(16.9)	(188.4)	(86.5)
<b>Total revenue <sup>(1)</sup></b>	<b>53.1</b>	<b>30.7</b>	<b>72.7</b>	<b>13.0</b>
Personnel expenses	12.4	14.2	(12.6)	29.8
Non-personnel expenses	20.3	22.9	(11.4)	45.1
Taxes	1.7	1.7	1.9	3.4
<b>General and administrative expenses</b>	<b>34.6</b>	<b>38.9</b>	<b>(11.2)</b>	<b>78.4</b>
<b>Net business profit <sup>(1)</sup></b>	<b>18.5</b>	<b>(8.2)</b>	<b>(325.5)</b>	<b>(65.3)</b>
<b>Other gains (losses)</b>				
Gains (losses) on the sales of equities	(0.5)	0.3	(268.0)	(7.6)
Provision of reserve for loan losses	4.8	20.6	(76.7)	75.8
Losses on write-off of loans	3.6	2.0	82.1	1.8
Expenses for employees' retirement benefits	1.6	0.6	156.7	5.2
Other losses, expenses	4.5	4.8	(7.0)	8.8
<b>Net ordinary income (loss)</b>	<b>3.3</b>	<b>(36.1)</b>	<b>(109.3)</b>	<b>(164.8)</b>
<b>Special gains (losses)</b>				
Gains (losses) from sales of fixed assets	(0.1)	(0.5)	(63.9)	(1.0)
Gains on bad debt recovered	0.3	0.3	(3.8)	1.1
Reversal of reserve for loan losses	-	-	-	-
Other special gains (losses)	10.0	(2.8)	(457.2)	13.3
<b>Income (loss) before income taxes</b>	<b>13.5</b>	<b>(39.0)</b>	<b>(134.7)</b>	<b>(151.3)</b>
<b>Income taxes (benefit)</b>				
Current	0.2	(3.5)	(107.2)	(4.1)
Deferred	4.6	0.8	424.7	9.8
<b>Net income (loss)</b>	<b>8.6</b>	<b>(36.3)</b>	<b>(123.7)</b>	<b>(157.0)</b>

(1) Includes income from monetary assets held in trust of ¥2.5 billion in the first half FY2009, ¥7.5 billion in the first half FY2008, ¥5.7 billion in FY2008.

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

Shinsei Bank recorded net income for the first half of fiscal year 2009 of ¥8.6 billion on a non-consolidated basis. Current results on a non-consolidated basis differ from our consolidated results primarily because our non-consolidated results do not include the net income or loss from our consolidated subsidiaries, including Showa Leasing, Shinsei Financial, APLUS and Shinki, nor does it include the loss from our share in the net loss of our equity method affiliate,

Jih Sun Financial Holding Co., Ltd. During the current period, we recorded gains of ¥13.0 billion on the repurchase of our subordinated debt on a non-consolidated basis. As a recipient of public funds, Shinsei Bank is required to update and report its achievement of non-consolidated performance targets set forth in its revitalization plan on a quarterly basis.

**Net Credit Costs -Table 26- (Non-Consolidated)**

*(Billions of yen, except percentages)*

	<b>1st Half FY2009 (6 months)</b>	1st Half FY2008 (6 months)	% Change	FY2008 (12 months)
Losses on write-off of loans	<b>3.6</b>	2.2	61.6	2.1
Net provision of reserve for loan losses	<b>4.8</b>	20.6	(76.7)	75.8
Net provision (reversal) of general reserve for loan losses	<b>1.5</b>	23.2	(93.5)	53.6
Net provision (reversal) of specific reserve for loan losses	<b>3.2</b>	(2.5)	(227.5)	22.2
Net provision (reversal) of reserve for loan losses to restructuring countries	<b>(0.0)</b>	(0.0)	14.7	(0.0)
<b>Net credit costs</b>	<b>8.4</b>	22.9	(63.1)	77.9

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

**Interest-Earning Assets and Interest-Bearing Liabilities -Table 27- (Non-Consolidated)**

	<i>(Billions of yen, except percentages)</i>								
	1st Half FY2009 (6 months)			1st Half FY2008 (6 months)			FY2008 (12 months)		
	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)
<b>Interest-earning assets:</b>									
Cash and due from banks	6.5	0.0	0.82	93.7	1.2	2.68	57.7	1.4	2.57
Call loans	77.0	0.0	0.14	214.2	0.7	0.71	135.6	0.8	0.65
Receivables under resale agreements	-	-	-	0.8	0.0	1.67	0.4	0.0	1.67
Collateral related to securities borrowing transactions	46.6	0.0	0.13	159.6	0.4	0.60	142.3	0.7	0.51
Securities	3,652.1	16.7	0.91	2,743.0	22.9	1.66	2,665.9	59.4	2.23
Loans and bills discounted	4,794.0	42.7	1.77	5,476.5	56.9	2.07	5,345.5	109.8	2.05
Other interest-earning assets	666.5	6.2	1.87	191.8	2.7	2.88	398.8	10.2	2.57
Interest rate and funding swaps	-	2.3	-	-	-	-	-	-	-
<b>Total interest-earning assets</b>	<b>9,242.9</b>	<b>68.1</b>	<b>1.47</b>	<b>8,880.0</b>	<b>85.1</b>	<b>1.91</b>	<b>8,746.6</b>	<b>182.7</b>	<b>2.08</b>
<b>Interest-bearing liabilities:</b>									
Deposits	6,986.5	27.9	0.79	5,478.3	22.5	0.82	5,731.9	47.5	0.82
Negotiable certificates of deposit	396.4	0.8	0.41	706.0	2.7	0.76	616.5	4.8	0.79
Debentures	619.0	2.2	0.73	689.5	2.2	0.64	705.9	5.0	0.71
Call money	239.2	0.1	0.12	727.4	3.8	1.06	496.3	4.8	0.98
Payable under repurchase agreements	53.6	0.0	0.12	0.3	0.0	2.29	0.9	0.0	0.58
Collateral related to securities lending transactions	504.5	0.3	0.13	441.7	2.0	0.92	354.9	2.6	0.74
Borrowed money	334.8	1.8	1.09	302.5	2.3	1.55	403.6	5.2	1.30
Corporate bonds	376.8	8.2	4.35	535.5	12.0	4.49	484.4	20.2	4.18
Other interest-bearing liabilities	0.2	0.5	n.m. <sup>(1)</sup>	0.2	2.8	n.m. <sup>(1)</sup>	0.2	4.7	n.m. <sup>(1)</sup>
Interest rate and funding swaps	-	-	-	-	1.0	-	-	1.0	-
<b>Total interest-bearing liabilities</b>	<b>9,511.4</b>	<b>42.2</b>	<b>0.88</b>	<b>8,881.8</b>	<b>51.6</b>	<b>1.16</b>	<b>8,795.1</b>	<b>96.3</b>	<b>1.09</b>
<b>Net interest income/yield on interest-earning assets</b>	<b>9,242.9</b>	<b>25.9</b>	<b>0.56</b>	<b>8,880.0</b>	<b>33.5</b>	<b>0.75</b>	<b>8,746.6</b>	<b>86.3</b>	<b>0.98</b>

(1) n.m. is not meaningful.

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

**Risk-Monitored Loans -Table 28- (Non-Consolidated)**

	<i>(Billions of yen, except percentages)</i>				
	Sep 30 2009 (a)	Sep 30 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
Loans to bankrupt obligors	20.1	18.4	1.7	23.9	(3.7)
Non-accrual delinquent loans	129.4	16.1	113.2	110.2	19.1
Loans past due for three months or more	24.6	0.0	24.5	3.7	20.8
Restructured loans	3.1	17.7	(14.6)	3.1	0.0
<b>Total (A)</b>	<b>177.3</b>	<b>52.4</b>	<b>124.9</b>	<b>141.0</b>	<b>36.3</b>
<b>Loans and bills discounted (B)</b>	<b>4,922.8</b>	<b>5,660.1</b>	<b>(737.2)</b>	<b>5,168.0</b>	<b>(245.1)</b>
Ratio to total loans and bills discounted (A / B)	3.60%	0.93%	2.68%	2.73%	0.87%
<b>Reserve for credit losses (C)</b>	<b>107.5</b>	<b>83.2</b>	<b>24.3</b>	<b>118.9</b>	<b>(11.3)</b>
Reserve ratio (C / A)	60.7%	158.8%	(98.1%)	84.3%	(23.7%)

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

**Loans by Borrower Industry -Table 29- (Non-Consolidated)**

	<i>(Billions of yen)</i>				
	Sep 30 2009 (a)	Sep 30 2008 (b)	Change (a)-(b)	March 31 2009 (c)	Change (a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	254.6	219.9	34.7	239.3	15.3
Agriculture, forestry	-	-	-	-	-
Fishery	2.6	2.8	(0.2)	2.7	(0.1)
Mining, quarrying, gravel extraction	3.2	4.6	(1.3)	3.6	(0.3)
Construction	8.2	14.3	(6.0)	12.2	(3.9)
Electric power, gas, heat supply and water supply	39.6	66.8	(27.1)	45.4	(5.8)
Information and communications	19.4	46.5	(27.1)	47.3	(27.8)
Transportation, postal service	308.9	359.2	(50.3)	331.6	(22.7)
Wholesale and retail	116.7	119.5	(2.7)	123.0	(6.3)
Finance and insurance	1,515.2	1,470.1	45.0	1,521.2	(5.9)
Real estate	892.6	1,211.2	(318.6)	966.4	(73.8)
Services	321.2	340.5	(19.2)	352.0	(30.8)
Local government	168.3	301.1	(132.8)	156.5	11.8
Individual	851.0	962.6	(111.5)	905.3	(54.2)
Overseas yen loan and overseas loans booked domestically	366.1	450.4	(84.3)	389.7	(23.5)
<b>Total domestic</b>	<b>4,868.3</b>	<b>5,570.1</b>	<b>(701.8)</b>	<b>5,096.7</b>	<b>(228.3)</b>
Overseas offices (including Japan offshore market accounts):					
Governments	1.5	1.2	0.2	1.4	0.0
Financial institutions	-	-	-	-	-
Commerce and industry	52.9	88.6	(35.6)	69.7	(16.7)
Others	-	-	-	-	-
<b>Total overseas</b>	<b>54.5</b>	<b>89.9</b>	<b>(35.3)</b>	<b>71.2</b>	<b>(16.7)</b>
<b>Total</b>	<b>4,922.8</b>	<b>5,660.1</b>	<b>(737.2)</b>	<b>5,168.0</b>	<b>(245.1)</b>

(1) Presentation of some industries has changed with the revision of Japan Standard Industry Classification (November 2007).

The figures on or before March 31, 2009 were not adjusted as the impact from this change is negligible.

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



**Risk Monitored Loans by Borrower Industry<sup>(1)</sup> -Table 30- (Non-Consolidated)**

	<i>(Billions of yen)</i>				
	<b>Sep 30 2009</b>	Sep 30 2008	Change	March 31 2009	Change
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>	<b>(c)</b>	<b>(a)-(c)</b>
Domestic offices (excluding Japan offshore market account):					
Manufacturing	1.6	1.8	(0.2)	1.6	0.0
Agriculture, forestry	-	-	-	-	-
Fishery	-	-	-	-	-
Mining, quarrying, gravel extraction	-	-	-	-	-
Construction	-	3.0	(3.0)	1.0	(1.0)
Electric power, gas, heat supply and water supply	-	-	-	-	-
Information and communications	0.5	0.6	0.0	0.5	0.0
Transportation, postal service	5.3	6.6	(1.2)	6.0	(0.6)
Wholesale and retail	0.0	0.0	-	0.0	-
Finance and insurance	46.5	6.7	39.7	51.1	(4.5)
Real estate	93.3	1.9	91.3	32.0	61.2
Services	1.1	4.0	(2.9)	3.4	(2.3)
Local government	-	-	-	-	-
Individual	2.6	4.2	(1.5)	5.3	(2.7)
Overseas yen loan and overseas loans booked domestically	24.3	23.2	1.0	39.8	(15.5)
<b>Total domestic</b>	<b>175.5</b>	<b>52.4</b>	<b>123.1</b>	<b>141.0</b>	<b>34.5</b>
Overseas offices (including Japan offshore market accounts):					
Governments	-	-	-	-	-
Financial institutions	-	-	-	-	-
Commerce and industry	1.7	-	1.7	-	1.7
Others	-	-	-	-	-
<b>Total overseas</b>	<b>1.7</b>	<b>-</b>	<b>1.7</b>	<b>-</b>	<b>1.7</b>
<b>Total</b>	<b>177.3</b>	<b>52.4</b>	<b>124.9</b>	<b>141.0</b>	<b>36.3</b>

(1) Presentation of some industries has changed with the revision of Japan Standard Industry Classification (November 2007).  
The figures on or before March 31, 2009 were not adjusted as the impact from this change is negligible.

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

**Overseas and Offshore Loans by Region -Table 31- (Non-Consolidated)**

	<i>(Billions of yen)</i>				
	<b>Sep 30 2009</b>	Sep 30 2008	Change	March 31 2009	Change
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>	<b>(c)</b>	<b>(a)-(c)</b>
US	86.1	103.0	(16.9)	103.1	(17.0)
Asset-backed investments <sup>(1)</sup> in US	3.4	5.3	(1.8)	5.4	(1.9)
Europe	148.5	235.9	(87.4)	166.1	(17.5)
Asset-backed investments <sup>(1)</sup> in Europe	106.0	175.4	(69.4)	122.2	(16.1)
Others	185.9	201.3	(15.3)	191.7	(5.7)
<b>Total overseas and offshore loans</b>	<b>420.6</b>	<b>540.4</b>	<b>(119.7)</b>	<b>460.9</b>	<b>(40.2)</b>
<b>Total asset-backed investments<sup>(1)</sup></b>	<b>109.5</b>	<b>180.8</b>	<b>(71.2)</b>	<b>127.7</b>	<b>(18.1)</b>

(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. For the asset-backed securities which we disclose as securitized products, please see table 45 "Balance of Securitized Products (Breakdown by Region and Type of Securities)" on page 41.

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

**Risk Monitored Loans of Overseas and Offshore Loans by Region -Table 32- (Non-Consolidated)**

	(Billions of yen)				
	Sep 30 2009	Sep 30 2008	Change	March 31 2009	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
US	7.2	-	7.2	0.7	6.4
Asset-backed investments <sup>(1)</sup> in US	0.4	-	0.4	0.7	(0.3)
Europe	18.7	23.1	(4.4)	38.9	(20.2)
Asset-backed investments <sup>(1)</sup> in Europe	17.2	23.1	(5.9)	37.0	(19.8)
Others	0.0	0.0	0.0	0.0	0.0
<b>Total overseas and offshore loans</b>	<b>26.1</b>	<b>23.2</b>	<b>2.8</b>	<b>39.8</b>	<b>(13.7)</b>
<b>Total asset-backed investments<sup>(1)(2)</sup></b>	<b>17.7</b>	<b>23.1</b>	<b>(5.4)</b>	<b>37.8</b>	<b>(20.1)</b>

(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. For the asset-backed securities which we disclose as securitized products, please see table 45 "Balance of Securitized Products (Breakdown by Region and Type of Securities)" on page 41.

(2) As of September 30, 2009, reserve for loan losses and collateral/guarantees for risk monitored loans related to asset-backed investments were ¥2.9 billion and ¥11.9 billion, respectively, and the coverage ratio was 83.8%.

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

**Claims Classified under the Financial Revitalization Law -Table 33- (Non-Consolidated)**

	(Billions of yen, except percentages)				
	Sep 30 2009	Sep 30 2008	Change	March 31 2009	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Claims against bankrupt and quasi-bankrupt obligors	116.2	26.4	89.7	83.3	32.9
Doubtful claims	37.6	8.2	29.4	55.7	(18.0)
Substandard claims	27.8	17.8	9.9	6.9	20.9
<b>Total (A)</b>	<b>181.6</b>	<b>52.5</b>	<b>129.1</b>	<b>145.8</b>	<b>35.7</b>
<b>Total claims (B)</b>	<b>5,325.7</b>	<b>5,840.2</b>	<b>(514.4)</b>	<b>5,815.6</b>	<b>(489.9)</b>
Ratio to total claims (A / B) X 100	3.41%	0.90%	2.51%	2.51%	0.90%
<b>Reserve for credit losses (C)</b>	<b>107.5</b>	<b>83.2</b>	<b>24.3</b>	<b>118.9</b>	<b>(11.3)</b>
Reserve ratio (C / A) X 100	59.2%	158.6%	(99.4%)	81.6%	(22.3%)
(Ref. 1) Amount of write-off	64.7	58.4	6.2	71.3	(6.6)
(Ref. 2) Below need caution level	471.9	185.2	286.7	485.3	(13.4)

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

**Coverage Ratios for Non-Performing Claims Disclosed under the Financial Revitalization Law -Table 34- (Non-Consolidated)**

	Sep 30, 2009					Sep 30, 2008					Mar 31, 2009				
	Amounts of coverage				Coverage ratio	Amounts of coverage				Coverage ratio	Amounts of coverage				Coverage ratio
	Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees		Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees		Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees	
Claims against bankrupt and quasi-bankrupt obligors	116.2	116.2	4.8	111.4	100.0%	26.4	26.4	-	26.4	100.0%	83.3	83.3	-	83.3	100.0%
Doubtful claims	37.6	33.3	10.5	22.8	88.5%	8.2	6.4	5.6	0.8	77.5%	55.7	50.6	23.3	27.2	90.7%
Substandard claims	27.8	26.8	2.2	24.6	96.5%	17.8	7.6	5.5	2.1	42.7%	6.9	6.2	1.7	4.5	90.0%
<b>Total</b>	<b>181.6</b>	<b>176.3</b>	<b>17.4</b>	<b>158.9</b>	<b>97.1%</b>	<b>52.5</b>	<b>40.4</b>	<b>11.1</b>	<b>29.3</b>	<b>77.0%</b>	<b>145.8</b>	<b>140.0</b>	<b>25.0</b>	<b>115.0</b>	<b>96.0%</b>

**Reserve for Credit Losses -Table 35- (Non-Consolidated)**

	<i>(Billions of yen)</i>				
	Sep 30 2009 (a)	Sep 30 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
Reserve for credit losses	86.4	59.4	26.9	97.6	(11.2)
General reserve for loan losses	63.7	51.1	12.5	65.5	(1.8)
Specific reserve for loan losses	22.6	8.2	14.4	32.1	(9.4)
Reserve for loans to restructuring countries	0.0	0.0	0.0	0.0	0.0
Specific reserve for other credit losses	21.1	23.7	(2.6)	21.2	(0.1)
<b>Total reserve for credit losses</b>	<b>107.5</b>	<b>83.2</b>	<b>24.3</b>	<b>118.9</b>	<b>(11.3)</b>

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

**Reserve Ratios for Borrowers' Category -Table 36- (Non-Consolidated)**

	<i>(%)</i>				
	Sep 30 2009 (a)	Sep 30 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
Legally and virtually bankrupt (unsecured portion)	100.00	100.00	-	100.00	-
Possibly bankrupt (unsecured portion)	75.54	75.16	0.38	81.89	(6.35)
Substandard (unsecured portion)	85.38	34.99	50.39	83.41	1.97
Need caution (total claims)	5.63	7.14	(1.51)	6.85	(1.22)
(unsecured portion)	74.28	34.04	40.24	46.26	28.02
Normal (total claims)	0.41	0.33	0.08	0.37	0.04

**Housing Loans -Table 37- (Non-Consolidated)**

	<i>(Billions of yen)</i>				
	Sep 30 2009 (a)	Sep 30 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
Housing loans	816.7	909.2	(92.5)	860.0	(43.2)

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

**Loans to Small- and Medium-Sized Entities (SMEs) -Table 38- (Non-Consolidated)**

	<i>(Billions of yen, except percentages)</i>				
	Sep 30 2009 (a)	Sep 30 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
Loans to small- and medium-sized entities (SMEs)	2,694.2	3,107.2	(412.9)	2,937.8	(243.6)
% of loans to small- and medium-sized entities	55.3%	55.8%	(0.4)%	57.6%	(2.3)%

Note Small- and medium-sized enterprises in this table refer to companies with 300 million yen or less in capital (100 million yen for wholesale and 50 million yen 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 with Readily Determinable Fair Value -Table 39- (Non-Consolidated)**

	September 30, 2009			September 30, 2008			March 31, 2009		
	Book Value	Fair Value	Difference	Book Value	Fair Value	Difference	Book Value	Fair Value	Difference
Japanese national government bonds	373.3	377.9	4.5	244.2	244.9	0.7	229.1	231.0	1.8
Japanese corporate bonds	70.3	71.9	1.5	75.2	75.8	0.6	75.2	76.6	1.3
Other	54.4	53.0	(1.4)	11.5	12.6	1.1	58.2	51.5	(6.6)
<b>Total</b>	<b>498.2</b>	<b>502.9</b>	<b>4.7</b>	<b>330.9</b>	<b>333.4</b>	<b>2.5</b>	<b>362.6</b>	<b>359.2</b>	<b>(3.4)</b>

Note: "Other" as of September 30, 2009 and March 31, 2009 include the foreign bonds with high credit ratings that were reclassified from available-for-sale to held-to-maturity on October 1, 2008, due to the extremely illiquid market condition.

Above securities reclassified from available-for-sale to held-to-maturity are as follows:

	September 30, 2009			September 30, 2008			March 31, 2009		
	Book Value	Fair Value	Unrealized gain (loss) on available-for-sale securities	Book Value	Fair Value	Unrealized gain (loss) on available-for-sale securities	Book Value	Fair Value	Unrealized gain (loss) on available-for-sale securities
Other (foreign debt securities)	44.5	41.8	(7.5)	-	-	-	47.3	38.7	(8.4)

**Marketable Securities, at Fair Value -Table 40- (Non-Consolidated)**

	September 30, 2009				September 30, 2008				March 31, 2009			
	Fair value	Net unrealized gain (loss) (a) - (b)			Fair value	Net unrealized gain (loss) (a) - (b)			Fair value	Net unrealized gain (loss) (a) - (b)		
		Net	Gross unrealized gains (a)	Gross unrealized losses (b)		Net	Gross unrealized gains (a)	Gross unrealized losses (b)		Net	Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities	11.9	(1.7)	0.9	2.7	12.0	(4.6)	0.4	5.0	10.8	(2.8)	0.3	3.1
Bonds	1,986.1	6.5	7.5	0.9	669.6	(5.3)	0.4	5.7	1,014.5	(0.6)	1.3	1.9
Japanese national government bonds	1,965.6	7.2	7.2	0.0	552.9	(4.8)	0.2	5.1	975.0	0.3	1.0	0.7
Japanese local government bonds	1.7	0.0	0.0	-	1.7	0.0	0.0	-	1.7	0.0	0.0	-
Japanese corporate bonds	18.6	(0.7)	0.1	0.9	114.9	(0.4)	0.1	0.5	37.7	(1.0)	0.2	1.2
Other	295.9	7.0	15.3	8.3	408.3	(48.4)	5.8	54.3	267.6	(25.9)	1.9	27.8
Foreign securities	294.9	6.9	15.2	8.3	405.1	(48.3)	5.8	54.2	266.7	(25.9)	1.9	27.8
Foreign currency denominated foreign corporate and government bonds	155.7	8.7	12.0	3.2	255.1	(47.2)	0.1	47.4	133.7	(12.5)	0.3	12.9
Yen-denominated foreign corporate and government bonds	129.1	(4.9)	0.0	5.0	135.8	(6.6)	-	6.6	123.7	(14.6)	-	14.6
Foreign equity securities	7.9	2.8	2.8	-	11.6	5.4	5.4	-	6.6	0.9	1.2	0.3
Other securities	0.9	0.0	0.0	-	3.2	(0.1)	0.0	0.1	0.9	-	-	-
<b>Total</b>	<b>2,293.9</b>	<b>11.8</b>	<b>23.8</b>	<b>12.0</b>	<b>1,090.0</b>	<b>(58.4)</b>	<b>6.7</b>	<b>65.2</b>	<b>1,293.1</b>	<b>(29.4)</b>	<b>3.5</b>	<b>33.0</b>

Note: Certain foreign bonds with high credit ratings included in "Foreign currency denominated foreign corporate and government bonds" in "Foreign securities" under "Other", as of September 30, 2008, were reclassified from available-for-sale to held-to-maturity on October 1, 2008 at their fair values of ¥102.6 billion.

Subsequent to this date, an impairment of ¥50.7 billion was recognized for some of these reclassified securities, and the value of such securities after impairment (¥19.6 billion) was reclassified from held-to-maturity back to available-for-sale as of March 31, 2009.

As a result, as stated in the Note to Table 39, a certain portion of foreign bonds that were classified as available-for-sale as of September 30, 2008 are presented as held-to-maturity as of September 30, 2009 and March 31, 2009.

**Hedge-Accounting Derivative Transactions -Table 41- (Non-Consolidated)**

	September 30, 2009			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
<b>Notional Principal Amount</b>				
Interest rate swaps:				
Receive fixed and pay floating	17.1	341.6	120.5	479.3
Receive floating and pay fixed	334.3	197.9	250.7	782.9
Receive floating and pay floating	-	-	-	-
<b>Total notional principal amount</b>	<b>351.5</b>	<b>539.5</b>	<b>371.2</b>	<b>1,262.3</b>
Currency swaps				
<b>Total notional principal amount</b>	<b>348.4</b>	<b>143.7</b>	<b>246.8</b>	<b>739.0</b>
<b>Total notional principal amount</b>	<b>699.9</b>	<b>683.2</b>	<b>618.1</b>	<b>2,001.3</b>

**Employees' Retirement Benefit -Table 42- (Non-Consolidated)**
**Projected Benefit Obligation (Non-Consolidated)**

(Billions of yen)

		September 30, 2009
Projected benefit obligation	(A)	54.6
(Discount rate)		(2.2%)
Fair value of plan assets	(B)	41.0
Prepaid pension cost	(C)	(1.8)
Unrecognized prior service cost	(D)	(2.5)
Unrecognized net actuarial losses	(E)	14.5
Other (Unrecognized obligation at transition, etc.)	(F)	3.3
Reserve for retirement benefits	(A-B-C-D-E-F)	0.0

**Pension Expenses (Non-Consolidated)**

(Billions of yen)

		1st Half FY2009 (6 months)
Service cost		1.2
Interest		0.5
Expected return on plan assets		(0.4)
Amortization of prior service cost		(0.1)
Amortization of net actuarial losses		1.2
Amortization of unrecognized obligation at transition		0.3
Other (extraordinary severance benefit expense, etc.)		0.0
Net periodic retirement benefit cost		2.7

**Capital Adequacy Data -Table 43- (Non-Consolidated)**

(Billions of yen, except percentages)

	Sep 30 2009 (a)	Sep 30 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
Basic items (Tier I)	740.8	784.4	(43.5)	745.7	(4.9)
Supplementary items (Tier II)	269.6	435.3	(165.7)	301.2	(31.5)
Deduction	(60.6)	(80.8)	20.2	(75.0)	14.3
Total capital <sup>(2)</sup>	949.8	1,138.9	(189.0)	971.9	(22.1)
Risk assets	7,813.3	8,308.4	(495.1)	8,875.5	(1,062.1)
Capital adequacy ratio	12.15%	13.70%	-	10.95%	-
Tier I capital ratio	9.48%	9.44%	-	8.40%	-

(1) Calculated by new standard (Basel II, F-IRB). Figures for March 31 2009 and September 30 2009 are calculated in accordance with FSA Notification Number 79 issued in December 2008 (special treatment of FSA Notification Number 19 issued in 2006). As a result, ¥38.0 billion of net unrealized losses on securities available-for-sale, net taxes as of March 31 2009 is not included in BIS capital. Net unrealized gain on securities available-for-sale, net taxes is recorded as of September 30, 2009.

(2) Non-Consolidated total required capital is ¥401.5 billion as at September 30, 2009, ¥455.7 billion as at March 31, 2009 and ¥444.9 billion as at September 30, 2008.

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

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

	<i>(millions of yen)</i>				
	<b>Sep 30 2009</b>	Sep 30 2008	Change a-b	Mar 31 2009	Change a-c
	<b>a</b>	b	Amount	c	Amount
<b>&lt;&lt;Assets&gt;&gt;</b>					
Cash and due from banks	<b>307,591</b>	94,918	212,673	411,999	(104,408)
Call loans	<b>19,569</b>	199,000	(179,431)	-	19,569
Collateral related to securities borrowing transactions	<b>4,125</b>	16,986	(12,861)	131	3,994
Other monetary claims purchased	<b>528,645</b>	559,155	(30,510)	666,126	(137,481)
Trading assets	<b>232,365</b>	240,326	(7,961)	326,038	(93,673)
Monetary assets held in trust	<b>544,966</b>	621,336	(76,370)	573,032	(28,066)
Securities	<b>3,729,688</b>	2,426,111	1,303,577	2,626,047	1,103,641
Valuation allowance for investments	<b>(3,370)</b>	(3,370)	-	(3,370)	-
Loans and bills discounted	<b>4,922,887</b>	5,660,152	(737,265)	5,168,004	(245,117)
Foreign exchanges	<b>12,775</b>	22,449	(9,674)	37,138	(24,363)
Other assets	<b>792,171</b>	514,072	278,099	977,924	(185,753)
Premises and equipment	<b>18,059</b>	19,707	(1,648)	18,856	(797)
Intangible assets	<b>12,753</b>	14,165	(1,412)	13,477	(724)
Deferred issuance expenses for debentures	<b>166</b>	153	13	161	5
Deferred tax assets	<b>413</b>	18,168	(17,755)	4,329	(3,916)
Customers' liabilities for acceptances and guarantees	<b>8,497</b>	11,321	(2,824)	12,556	(4,059)
Reserve for credit losses	<b>(107,569)</b>	(83,225)	(24,344)	(118,960)	11,391
<b>Total assets</b>	<b>11,023,737</b>	10,331,429	692,308	10,713,494	310,243

**Liabilities and Equity**

	<i>(millions of yen)</i>				
	Sep 30 2009 a	Sep 30 2008 b	Change a-b Amount	Mar 31 2009 c	Change a-c Amount
<b>&lt;&lt;Liabilities&gt;&gt;</b>					
Deposits	7,080,519	5,764,965	1,315,554	6,637,831	442,688
Negotiable certificates of deposit	378,641	744,479	(365,838)	259,659	118,982
Debentures	528,260	748,962	(220,702)	676,767	(148,507)
Call money	100,469	480,870	(380,401)	281,513	(181,044)
Payables under repurchase agreements	156,382	-	156,382	53,805	102,577
Collateral related to securities lending transactions	764,367	485,292	279,075	569,566	194,801
Trading liabilities	188,817	181,926	6,891	316,068	(127,251)
Borrowed money	336,148	317,537	18,611	425,371	(89,223)
Foreign exchanges	207	257	(50)	226	(19)
Corporate bonds	354,650	513,351	(158,701)	402,453	(47,803)
Other liabilities	496,047	406,012	90,035	495,016	1,031
Income taxes payable	369	405	(36)	34	335
Lease debt	8	15	(7)	11	(3)
Other liabilities	495,669	405,592	90,077	494,970	699
Accrued employees' bonuses	3,743	2,913	830	7,191	(3,448)
Reserve for retirement benefits	1	1,059	(1,058)	55	(54)
Reserve for losses on disposal of premises and equipment	6,829	7,190	(361)	6,911	(82)
Reserve for losses on litigation	3,662	-	3,662	3,662	-
Acceptances and guarantees	8,497	11,321	(2,824)	12,556	(4,059)
<b>Total liabilities</b>	<b>10,407,246</b>	<b>9,666,140</b>	<b>741,106</b>	<b>10,148,658</b>	<b>258,588</b>
<b>&lt;&lt;Equity&gt;&gt;</b>					
<b>Shareholders' equity:</b>					
Capital stock	476,296	476,296	-	476,296	-
Capital surplus	43,558	43,558	-	43,558	-
Additional paid-in capital	43,558	43,558	-	43,558	-
Retained earnings	163,057	275,127	(112,070)	154,454	8,603
Legal reserve	11,035	11,035	-	11,035	-
Other retained earnings	152,021	264,091	(112,070)	143,418	8,603
Unappropriated retained earnings	152,021	264,091	(112,070)	143,418	8,603
Treasury stock, at cost	(72,558)	(72,558)	Δ0	(72,558)	Δ0
Total shareholders' equity	610,354	722,424	(112,070)	601,750	8,604
<b>Net unrealized gain (loss):</b>					
Unrealized gain (loss) on available-for-sale securities	3,337	(58,471)	61,808	(38,049)	41,386
Deferred gain (loss) on derivatives under hedge accounting	1,219	(171)	1,390	(672)	1,891
Total net unrealized gain (loss)	4,556	(58,642)	63,198	(38,722)	43,278
Stock acquisition rights	1,580	1,507	73	1,808	(228)
<b>Total equity</b>	<b>616,491</b>	<b>665,289</b>	<b>(48,798)</b>	<b>564,836</b>	<b>51,655</b>
<b>Total liabilities and equity</b>	<b>11,023,737</b>	<b>10,331,429</b>	<b>692,308</b>	<b>10,713,494</b>	<b>310,243</b>

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

(millions of yen, except percentages)

	1st Half FY2009	1st Half FY2008	Change		FY2008
			Amount	%	
Total interest income	68,184	85,179	(16,995)	(20.0)	182,737
Interest on loans and bills discounted	42,714	56,927	(14,213)	(25.0)	109,886
Interest and dividends on securities	16,767	22,958	(6,191)	(27.0)	59,458
Other interest income	8,702	5,293	3,409	64.4	13,391
Fees and commissions income	7,948	11,807	(3,859)	(32.7)	18,963
Trading profits	3,609	2,982	627	21.0	5,277
Other business income	20,238	5,086	15,152	297.9	16,956
Other ordinary income	9,068	14,972	(5,904)	(39.4)	22,389
<b>Ordinary income</b>	<b>109,049</b>	<b>120,028</b>	<b>(10,979)</b>	<b>(9.1)</b>	<b>246,323</b>
Total interest expenses	42,208	51,668	(9,460)	(18.3)	96,368
Interest on deposits	27,962	22,529	5,433	24.1	47,548
Interest on corporate bonds	8,222	12,055	(3,833)	(31.8)	20,266
Other interest expenses	6,023	17,083	(11,060)	(64.7)	28,553
Fees and commissions expenses	4,945	6,147	(1,202)	(19.6)	13,415
Trading losses	68	6,325	(6,257)	(98.9)	10,968
Other business expenses	5,222	22,060	(16,838)	(76.3)	103,456
General and administrative expenses	36,063	39,760	(3,697)	(9.3)	81,741
Other ordinary expenses	17,198	30,183	(12,985)	(43.0)	105,234
<b>Ordinary expenses</b>	<b>105,706</b>	<b>156,147</b>	<b>(50,441)</b>	<b>(32.3)</b>	<b>411,184</b>
<b>Net ordinary income (loss)</b>	<b>3,342</b>	<b>(36,118)</b>	<b>39,460</b>	<b>(109.3)</b>	<b>(164,860)</b>
Special gains	13,669	1,030	12,639	1227.1	76,948
Special losses	3,460	3,968	(508)	(12.8)	63,487
<b>Income (loss) before income taxes</b>	<b>13,551</b>	<b>(39,056)</b>	<b>52,607</b>	<b>(134.7)</b>	<b>(151,399)</b>
Income taxes (benefit)					
Current	257	(3,574)	3,831	(107.2)	(4,184)
Deferred	4,691	894	3,797	424.7	9,833
Total income taxes (benefit)	4,948	(2,680)	7,628	(284.6)	5,648
<b>Net income (loss)</b>	<b>8,603</b>	<b>(36,375)</b>	<b>44,978</b>	<b>(123.7)</b>	<b>(157,048)</b>



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

(millions of yen)

	1st Half FY2009 (6 months)	1st Half FY2008 (6 months)	FY2008 (12 months)
<b>Shareholders' Equity</b>			
Capital stock			
Balance at beginning of the period	476,296	476,296	476,296
Changes in amounts during the period			
Issuance of new stock			
Total changes in amounts during the period	-	-	-
Balance at the end of the period	476,296	476,296	476,296
Capital surplus			
Capital reserve			
Balance at beginning of the period	43,558	43,558	43,558
Changes in amounts during the period			
Issuance of new stock			
Total changes in amounts during the period	-	-	-
Balance at the end of the period	43,558	43,558	43,558
Total capital surplus			
Balance at beginning of the period	43,558	43,558	43,558
Changes in amounts during the period			
Issuance of new stock			
Total changes in amounts during the period	-	-	-
Balance at the end of the period	43,558	43,558	43,558
Retained earnings			
Legal reserve for retained earnings			
Balance at beginning of the period	11,035	9,880	9,880
Changes in amounts during the period			
Dividends of retained earnings		1,154	1,154
Total changes in amounts during the period	-	1,154	1,154
Balance at the end of the period	11,035	11,035	11,035
Other retained earnings			
Retained earnings carried forward			
Balance at beginning of the period	143,418	307,395	307,395
Changes in amounts during the period			
Dividends of retained earnings		(6,928)	(6,928)
Net income	8,603	(36,375)	(157,048)
Total changes in amounts during the period	8,603	(43,303)	(163,976)
Balance at the end of the period	152,021	264,091	143,418
Total retained earnings			
Balance at beginning of the period	154,454	317,276	317,276
Changes in amounts during the period			
Dividends of retained earnings		(5,773)	(5,773)
Net income	8,603	(36,375)	(157,048)
Total changes in amounts during the period	8,603	(42,149)	(162,822)
Balance at the end of the period	163,057	275,127	154,454

(millions of yen)

	1st Half FY2009 (6 months)	1st Half FY2008 (6 months)	FY2008 (12 months)
<b>Treasury stock</b>			
Balance at beginning of the period	(72,558)	(72,557)	(72,557)
Changes in amounts during the period			
Purchase of treasury stock	(0)	(0)	(0)
Total changes in amounts during the period	(0)	(0)	(0)
Balance at the end of the period	(72,558)	(72,558)	(72,558)
<b>Shareholders' Equity</b>			
Balance at beginning of the period	601,750	764,573	764,573
Changes in amounts during the period			
Issuance of new stock			
Dividends of retained earnings		(5,773)	(5,773)
Net income	8,603	(36,375)	(157,048)
Purchase of treasury stock	(0)	(0)	(0)
Total changes in amounts during the period	8,603	(42,149)	(162,823)
Balance at the end of the period	610,354	722,424	601,750
<b>Net unrealized gain (loss) and translation adjustments</b>			
Unrealized gain (loss) on available-for-sale securities			
Balance at beginning of the period	(38,049)	(35,024)	(35,024)
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	41,387	(23,447)	(3,025)
Total changes in amounts during the period	41,387	(23,447)	(3,025)
Balance at the end of the period	3,337	(58,471)	(38,049)
Deferred gain (loss) on derivatives under hedge accounting			
Balance at beginning of the period	(672)	1,896	1,896
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	1,892	(2,067)	(2,568)
Total changes in amounts during the period	1,892	(2,067)	(2,568)
Balance at the end of the period	1,219	(171)	(672)
Total net unrealized gain (loss) and translation adjustments			
Balance at beginning of the period	(38,722)	(33,128)	(33,128)
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	43,279	(25,514)	(5,593)
Total changes in amounts during the period	43,279	(25,514)	(5,593)
Balance at the end of the period	4,556	(58,642)	(38,722)
<b>Stock acquisition rights</b>			
Balance at beginning of the period	1,808	1,257	1,257
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	(227)	250	550
Total changes in amounts during the period	(227)	250	550
Balance at the end of the period	1,580	1,507	1,808
<b>Total equity</b>			
Balance at beginning of the period	564,836	732,703	732,703
Changes in amounts during the period			
Issuance of new stock			
Dividends of retained earnings		(5,773)	(5,773)
Net income	8,603	(36,375)	(157,048)
Purchase of treasury stock	(0)	(0)	(0)
Total changes in amounts during the period excluding capital stock (net)	43,051	(25,264)	(5,043)
Total changes in amounts during the period	51,654	(67,413)	(167,866)
Balance at the end of the period	616,491	665,289	564,836

**Section 3. Earnings Forecast -Table 44- (Consolidated and Non-Consolidated)**

(Consolidated)	<i>(Billions of yen)</i>	
	<i>Fiscal year ending</i> <b>March 2010</b> <b>(FY2009)</b> <b>Forecast</b>	<i>Fiscal year ended</i> <b>March 2009</b> <b>(FY2008)</b> <b>Actual</b>
Cash Basis Net income	<b>28.0</b>	(97.0)
Net income	<b>10.0</b>	(143.0)
<hr/>		
(Non-Consolidated)	<i>Fiscal year ending</i>	
	<b>March 2010</b> <b>(FY2009)</b> <b>Forecast</b>	<i>Fiscal year ended</i> <b>March 2009</b> <b>(FY2008)</b> <b>Actual</b>
Net income	<b>10.0</b>	(157.0)
Dividends (per share in yen)		
Common stock	<b>1.00</b>	0.00

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.

Shinsei Bank forecasts a consolidated cash basis\* net income of ¥28.0 billion (consolidated reported basis net income of ¥10.0 billion) for the fiscal year ending March 31, 2010.

Shinsei Bank forecasts a non-consolidated net income for the fiscal year ending March 31, 2010 of ¥10.0 billion.

Shinsei Bank forecasts a dividend payment to common shareholders of 1.00 yen per common share for the fiscal year ending March 31, 2010.

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

## Section 4. Exposure to Securitized Products and Related Investments

**Balance of Securitized Products (Breakdown by Region and Type of Securities)<sup>(1)</sup> -Table 45- (Non-Consolidated)**

(Billions of yen)

	Credit Ratings of Securities <sup>(2)</sup> (September 30, 2009)				Sep 30 2009 (a)	Sep 30 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
	AAA	AA	A or lower	N/A					
<b>RMBS</b>	21%	7%	4%	67%	<b>48.7</b>	73.3	(24.6)	52.2	(3.5)
Japan	22%	5%	4%	69%	<b>47.5</b>	48.7	(1.2)	49.3	(1.7)
U.S.	-	-	-	-	<b>0.0</b>	14.5	(14.5)	0.9	(0.9)
Europe	0%	100%	0%	0%	<b>1.1</b>	4.0	(2.9)	1.1	0.0
Other	-	-	-	-	-	5.8	(5.8)	0.8	(0.8)
<b>CMBS<sup>(3)</sup></b>	0%	17%	83%	0%	<b>19.4</b>	24.9	(5.5)	19.4	0.0
Japan	0%	8%	92%	0%	<b>13.1</b>	14.2	(1.1)	13.1	0.0
U.S.	-	-	-	-	-	-	-	-	-
Europe	0%	0%	100%	0%	<b>4.0</b>	7.9	(3.9)	3.9	0.1
Other	0%	100%	0%	0%	<b>2.2</b>	2.6	(0.4)	2.3	(0.1)
<b>CLO</b>	31%	55%	12%	2%	<b>62.7</b>	107.5	(44.7)	69.1	(6.3)
Japan	-	-	-	-	-	-	-	-	-
U.S.	19%	65%	13%	3%	<b>47.5</b>	81.2	(33.7)	53.2	(5.7)
Europe	73%	27%	0%	0%	<b>13.9</b>	23.4	(9.4)	14.5	(0.5)
Other	0%	0%	100%	0%	<b>1.3</b>	2.8	(1.5)	1.3	0.0
<b>ABS CDO (Resecuritized Products)</b>	0%	0%	37%	63%	<b>4.9</b>	8.0	(3.1)	7.9	(3.0)
Japan <sup>(4)</sup>	0%	0%	37%	63%	<b>4.9</b>	8.0	(3.1)	7.9	(0.0)
U.S.	-	-	-	-	-	0.0	0.0	-	-
Europe	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	22%	30%	20%	27%	<b>135.8</b>	213.9	(78.0)	148.9	(13.0)
Japan	16%	5%	24%	55%	<b>65.6</b>	71.1	(5.4)	70.4	(4.8)
U.S.	19%	65%	13%	3%	<b>47.5</b>	95.8	(48.3)	54.2	(6.7)
Europe	53%	26%	21%	0%	<b>19.1</b>	35.4	(16.2)	19.6	(0.4)
Other	0%	63%	37%	0%	<b>3.5</b>	11.4	(7.9)	4.5	(1.0)
<b>Securities</b>					<b>73.7</b>	146.0	(72.2)	81.7	(7.9)
RMBS					<b>1.1</b>	24.5	(23.3)	2.9	(1.7)
CMBS					<b>9.8</b>	13.9	(4.1)	9.5	0.2
CLO					<b>62.7</b>	107.5	(44.7)	69.1	(6.3)
ABS CDO					<b>0.0</b>	0.0	0.0	0.0	0.0
<b>Other monetary claims purchased<sup>(5)</sup></b>					<b>62.0</b>	67.8	(5.7)	67.2	(5.1)
RMBS (Japan)					<b>47.5</b>	48.7	(1.2)	49.3	(1.7)
CMBS (Japan)					<b>9.6</b>	10.9	(1.3)	9.8	(0.2)
CLO (Japan)					-	-	-	-	-
ABS CDO (Japan)					<b>4.9</b>	8.0	(3.1)	7.9	(0.0)
<b>Total</b>					<b>135.8</b>	213.9	(78.0)	148.9	(13.0)

(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, 2009. The "N/A" rating for Japanese RMBS represents senior portions of other monetary claims purchased for the purpose of warehousing for future securitization.

(3) Breakdown of collateral: office building (48%), multi-family (34%), retail and shops (10%), hotel and others (8%)

(4) Backed by Japanese RMBS and CMBS and does not include subprime-related exposure.

(5) Includes Japanese RMBS recorded as monetary assets held in trust of ¥3.8 billion as at September 30, 2009.

**Securitized Products, Recorded under "Securities" and "Other Monetary Claims Purchased" and OCI<sup>(1)</sup> -Table 46-  
(Non-Consolidated)**

Securities	(Billions of yen, except percentages)			
	As of September 30, 2009			
	Balance before Mark-to-Market Evaluation	Market Value or Balance	Unrealized Gains/Losses (OCI)	Price Decline Ratio (%)
Trading Securities		2.3		
RMBS (U.S.)		0.0		
CLO (U.S.)		0.9		
CLO (Other foreign countries)		1.3		
Securities Being Held to Maturity with Readily Determinable Fair Value		44.5		
CLO (U.S.)		32.8		
CLO (Europe)		11.6		
Securities Available for Sale	18.7	26.9	8.1	43.5
Other	18.7	26.9	8.1	43.5
Foreign Securities	18.7	26.9	8.1	43.5
Foreign Currency Denominated Foreign Corporate and Government Bonds	15.0	23.3	8.2	54.7
RMBS	1.1	1.1	0.0	0.0
Europe	1.1	1.1	0.0	0.0
CMBS	6.5	6.2	(0.3)	(4.6)
Europe	3.8	4.0	0.1	4.0
Other foreign countries	2.6	2.2	(0.4)	(17.0)
CLO	7.3	15.9	8.5	116.6
U.S.	6.0	13.6	7.5	125.8
Europe	1.3	2.2	0.9	74.5
Yen-Denominated Foreign Corporate and Government Bonds	3.6	3.5	(0.1)	(2.9)
CMBS (Japan)	3.6	3.5	(0.1)	(2.9)
Securities		73.7		
RMBS		1.1		
CMBS		9.8		
CLO		62.7		
<b>Other Monetary Claims Purchased<sup>(2)</sup></b>	As of September 30, 2009			
	Balance before Mark-to-Market Evaluation	Market Value or Balance	Unrealized Gains/Losses (OCI)	Price Decline Ratio (%)
Trading Purposes		17.3		
RMBS (Japan) <sup>(2)</sup>		14.2		
CMBS (Japan)		3.1		
Others	44.7	44.7	-	-
RMBS (Japan)	33.2	33.2	-	-
CMBS (Japan)	6.4	6.4	-	-
ABS CDO (Japan)	4.9	4.9	-	-
Total		62.0		
RMBS (Japan)		47.5		
CMBS (Japan)		9.6		
ABS CDO (Japan)		4.9		
<b>RMBS, CMBS, CLO, ABS CDO Total</b>		<b>135.8</b>		
Securities		73.7		
Other Monetary Claims Purchased		62.0		

(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 ¥3.8 billion as at September 30, 2009.

**LBO, Monoline, SIV, ABCP, CDS -Table 47- (Non-Consolidated)**

<i>(Billions of yen)</i>					
	Sep 30 2009 (a)	Sep 30 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
<b>LBO<sup>(1)</sup></b>	<b>266.0</b>	313.8	(47.8)	291.7	(25.7)
Japan	<b>252.2<sup>(2)</sup></b>	297.8	(45.6)	278.6	(26.4)
U.S.	<b>2.8</b>	3.6	(0.8)	3.2	(0.4)
Europe	-	-	-	-	-
Other	<b>10.8</b>	12.3	(1.5)	9.8	1.0
<b>(Breakdown by Industry Sector as of September 30, 2009)</b>					
Manufacturing	<b>13.0%</b>				
Information and communications	<b>5.3%</b>				
Wholesale and retail	<b>9.3%</b>				
Finance and Insurance	<b>54.2%</b>				
Services	<b>9.0%</b>				
Others	<b>9.3%</b>				
Total	<b>100.0%</b>				

(1) The amount includes unfunded commitment line.

(2) As of September 30, 2009, unfunded commitment line (only domestic) is ¥5.6 billion.

<i>(Billions of yen)</i>					
	Sep 30 2009 (a)	Sep 30 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
<b>Monoline</b>	-	1.1	(1.3)	0.8	(0.8)
Japan	-	-	-	-	-
U.S.	-	-	-	-	-
Europe	-	-	-	-	-
Other	-	1.1	(1.3)	0.8	(8.0)
<b>SIV</b>	-	-	-	-	-
<b>ABCP</b>	-	-	-	-	-

**Credit Default Swaps (CDS)<sup>(1)</sup>**

<i>(Billions of yen)</i>								
	As of September 30, 2009							1HFY2009
	Nominal Amount		Fair Value		Netted Nominal Amount and Fair Value <sup>(2)</sup>			Realized Profits (Losses)
	Protection (buy)	Protection (sell)	Protection (buy)	Protection (sell)	Nominal Amount	Fair Value	Protection (sell)	
Total	1,012.4	1,011.4	42.1	(32.4)	860.4	25.6	(28.4)	(10.3)
Japan	888.6	899.0	42.1	(33.6)	753.6	27.5	(29.7)	(9.9)
U.S.	56.4	50.9	1.2	(0.1)	46.9	(0.3)	0.0	0.3
Europe	31.2	26.8	(0.4)	0.6	26.4	(0.5)	0.6	(0.2)
Other	36.1	34.5	(0.8)	0.7	33.3	(0.9)	0.7	(0.5)

(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 48-**

Names	Definitions
<b>RMBS</b>	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."
<b>CMBS</b>	Commercial mortgage-backed securities. Recorded in "securities available-for-sale" and "other monetary claims." We have no U.S. CMBS exposure.
<b>CLO</b>	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."
<b>ABS CDO</b> (Re-securitized Products)	CDO backed by asset-backed securities (ABS) such as RMBS. Recorded in "securities available-for-sale" and "other monetary claims."
<b>Subprime-Related</b>	Subprime-related exposure refers to the total book value of securities whose underlying assets include U.S. subprime, Alt-A and/or second-lien loans. We have no subprime-related exposure as at September 30, 2009.
<b>LBO</b>	Loans for leveraged buyout for acquisition finance including refinancing of past acquisitions.
<b>Monoline</b>	Monolines are insurance companies that insure against the risk of a bond or other security defaulting. We have no exposure to Monoline as at September 30, 2009.
<b>SIV</b>	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.
<b>ABCP</b>	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.
<b>CDS</b>	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, 2005	Sep 30, 2005	Mar 31, 2006	Sep 30, 2006	Mar 31, 2007
Non-consolidated	1.43	1.16	1.03	0.54	0.53
Consolidated	1.83	2.06	1.76	1.18	1.08
	Sep 30, 2007	Mar 31, 2008	Sep 30, 2008	Mar 31, 2009	Sep 30, 2009
Non-consolidated	0.82	0.95	0.90	2.51	3.41
Consolidated	1.23	1.69	2.36	4.43	5.33

## 2. Equity holdings

## (1) Equity held (Non-consolidated)

*(Billions of yen)*

	Book value		Net unrealized gain (loss)
		Subsidiaries' shares	
1HFY2008	422.6	399.3	(4.6)
FY2008	449.9	432.1	(2.8)
1HFY2009	448.0	429.1	(1.7)

## (2) Impairment (Non-consolidated)

*(Billions of yen)*

	Equity related profits and losses (net of three accounts)	
		Impairment amount
1HFY2008	0.3	2.1
FY2008*	(7.6)	11.5
1HFY2009	(0.5)	2.0

\* Other extraordinary losses for FY2008 contains ¥53.4 billion in mark-down of subsidiaries' equity.

\* Other extraordinary losses for 1HFY2009 contains ¥3.2 billion in 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 11,000 yen
TOPIX	approximately 1,000

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

## a. Loan balance and the number of transactions

*(Billions of yen)*

	Results	% Change	Ratio to total loan balance	Number of transactions
Sep 30, 2008	3,107.2	3.52%	55.78%	70,257
Mar 31, 2009	2,937.8	(5.45%)	57.64%	70,589
Sep 30, 2009	2,694.2	(8.29%)	55.34%	69,259

\* 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 + ¥20.6 billion for FY2008 compared to the plan of + ¥0.1 billion

\* No loan balance with guarantee of National Federation of Credit Guarantee Corporations after October 2008.



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
1HFY2008	2.2	0.5	30.3
FY2008	3.6	0.9	58.7
1HFY2009	2.3	1.1	43.6

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
1HFY2008	0.9	0.8	16.3
FY2008	1.1	1.0	19.6
1HFY2009	0.2	0.1	5.5

5. Capital adequacy ratio (Core Tier I)

Core Tier I capital ratio	4.87%	Tier I, excluding preferred securities and non-convertible preferred stock minus deferred tax assets (net) divided by risk weighted assets.
(Reference) USA stress test standard: Tier I common capital ratio	4.95%	Tier I, excluding preferred securities and non-convertible preferred stock minus minority interest in consolidated subsidiaries divided by risk weighted assets.
(Reference) Tier I common capital ratio after DTA	4.73%	Tier I, excluding preferred securities and non-convertible preferred stock minus minority interest in consolidated subsidiaries and deferred tax assets divided by risk weighted assets.

6. Restructured claims (FSA reported basis)

a. SME *(Billions of yen)*

	Restructured claims	
	Number of borrowers	Amount
Oct - Dec 2008	0	0.0
Jan - Mar 2009	0	0.0
Apr - Jun 2009	1	0.1
Jul - Sep 2009	4	0.3

b. Housing loans *(Billions of yen)*

	Restructured claims	
	Number of borrowers	Amount
Oct - Dec 2008	0	0.0
Jan - Mar 2009	0	0.0
Apr - Jun 2009	0	0.0
Jul - Sep 2009	0	0.0

7. Securitization products

Please refer to tables 45 and 46 of Financial Summary for the 1st half of fiscal year 2009.

**(Reference 2) Calculation Grounds of Deferred Tax Assets**

## Calculation grounds of deferred tax assets

Shinsei Bank has, due to losses recognized on securities resulting from recent instability in the financial markets, ¥140.0 billion of tax loss carryforwards and unrealized temporary differences of ¥420.0 billion as of September 30, 2009.

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

Taxable income is calculated under the consolidated tax system, which we 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 ¥32.4 billion.

(Reference) Total taxable income before adjustment, five past years 【Non-consolidated】

(Billions of yen)				
FY2005	FY2006	FY2007	FY2008	FY2009
66.8	63.9	58.5	(151.2)	13.5

## 2. Net deferred tax assets (As of September 30, 2009 【Non-consolidated】)

Deferred tax assets corresponding to "total taxable income before adjustment" (\*) ¥13.0 billion

Deferred tax liabilities ¥12.6 billion

Net deferred tax assets on balance sheet ¥0.4 billion

(*)Breakdown	{	Reserve for credit losses	¥70.3 billion
		Securities	¥67.0 billion
		Tax loss carryforwards	¥60.1 billion
		Net deferred loss on hedge	¥6.5 billion
		Other	¥36.3 billion
		Sub total	¥240.3 billion
		Valuation allowance	¥(227.3) billion
		Total	¥13.0 billion

## 3. Deferred tax assets to Tier I ratio 【Consolidated】

(Billions of yen)			
	1HFY2008	FY2008	1HFY2009
Deferred tax assets (except deferred tax liabilities)	17.8	20.5	18.4
Tier I capital	613.6	580.0	591.5
Deferred tax assets to Tier I ratio	2.9%	3.5%	3.1%