

# **Financial Summary**

**For the First Quarter Ended June 30, 2010**



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

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

Financial Highlights <sup>(1)</sup>

(Billions of yen, except percentages)

	1QFY2010	1QFY2009	Change % or Amount	FY2009
<b>Selected income statement items</b>				
Net interest income	44.6	57.4	(22.4)%	207.9
Non-interest income	25.8	30.0	(13.8)%	77.5
Net fees and commissions	6.0	4.9	22.2%	25.1
Net trading income	3.8	(0.3)	1059.3%	9.0
Net other business income	16.0	25.4	(37.1)%	43.3
Total revenue	70.4	87.5	(19.4)%	285.5
General and administrative expenses	36.4	44.5	(18.0)%	168.3
Ordinary business profit	34.0	43.0	(20.9)%	117.1
Net credit costs	13.8	26.0	(47.0)%	112.2
Ordinary business profit after net credit costs	20.1	16.9	19.2%	4.8
Amortization of goodwill and other intangible assets <sup>(2)</sup>	3.4	5.3	(36.5)%	20.9
Other gains (losses)	(0.6)	(4.1)	84.8%	(107.0)
Income (loss) before income taxes and minority interests	16.1	7.4	118.1%	(123.0)
Current income tax	0.2	0.3	(31.2)%	1.5
Deferred income tax	(0.5)	(0.8)	40.7%	6.7
Minority interests in net income of subsidiaries	2.5	2.7	(7.1)%	8.8
Net income (loss)	13.8	5.1	168.3%	(140.1)
Cash basis net income (loss) <sup>(3)</sup>	16.7	9.7	72.4%	(53.7)
<b>Selected balance sheet items</b>				
Securities	2,832.9	3,262.3	(429.4)	3,233.3
Loans and bills discounted	4,772.5	5,341.5	(569.0)	5,163.7
Customers' liabilities for acceptances and guarantees	609.7	666.0	(56.2)	623.7
Reserve for credit losses	(197.7)	(202.5)	4.8	(196.6)
Total assets	10,947.0	12,249.3	(1,302.2)	11,376.7
Deposits and negotiable certificates of deposit	6,096.4	6,994.6	(898.1)	6,475.3
Debentures	457.8	621.5	(163.6)	483.7
Borrowed money	1,234.3	879.5	354.7	1,186.8
Reserve for losses on interest repayments	54.3	157.9	(103.5)	70.0
Total liabilities	10,307.5	11,451.8	(1,144.3)	10,741.8
Total equity	639.5	797.4	(157.9)	634.9
<b>Financial ratios (%)</b>				
Net interest margin	2.33	2.65		2.47
Expense-to-revenue ratio	51.8	50.9		59.0
Return on assets	0.5 <sup>(6)</sup>	0.2 <sup>(6)</sup>		(1.2)
Return on equity (fully diluted)	12.1 <sup>(6)</sup>	3.6 <sup>(6)</sup>		(27.6)
Cash basis return on assets	0.6 <sup>(6)</sup>	0.3 <sup>(6)</sup>		(0.5)
Cash basis return on equity (fully diluted)	14.6 <sup>(6)</sup>	6.8 <sup>(6)</sup>		(10.6)
<b>Capital adequacy data</b>				
Tier I	506.4	581.3	(74.9)	490.7
Total capital	653.0	789.4	(136.4)	645.4
Risk assets	7,276.3	8,491.2	(1,214.9)	7,722.1
Capital adequacy ratio	8.97%	9.29%		8.35%
Tier I capital ratio	6.95%	6.84%		6.35%
Core Tier I capital ratio <sup>(4)</sup>	4.60%	4.58%		4.05%
TCE ratio <sup>(5)</sup>	3.32%	3.22%		3.09%

(Billions of yen, except percentages)

	1QFY2010	1QFY2009	Change % or Amount	FY2009
<b>Per share data</b>				
Common equity	236.82	300.62	(21.2)%	232.72
Fully diluted equity	236.82	300.62	(21.2)%	232.72
Basic net income (loss)	7.06	2.63	168.3%	(71.36)
Diluted net income (loss)	7.06	2.63	168.3%	(71.36)
Cash basis basic net income (loss)	8.55	4.96	72.4%	(27.37)
Cash basis diluted net income (loss)	8.55	4.96	72.4%	(27.37)
<b>Non-performing loans (Non-Consolidated)</b>				
Claims classified under the Financial Revitalization Law	321.0	187.8	133.1	333.0
Ratio to total claims	6.38%	3.65%		6.70%
Reserve for credit losses	102.3	113.9	(11.6)	102.2
Reserve ratio	31.9%	60.7%		30.6%
Coverage ratio for non-performing claims	97.4%	95.9%		97.6%

(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 or impairment of goodwill and other intangible assets, net of tax benefit, related to the acquisition of consumer and commercial finance companies.

(4) Core Tier I capital ratio: Tier I, excluding preferred securities and preferred stock minus deferred tax assets (net) divided by risk weighted assets.

(5) Tangible common equity ratio: Net assets minus preferred stock, intangible assets and minority interests divided by total assets, excluding intangible assets.

(6) Annualized basis.

- Consolidated **cash basis net income** for the first quarter of fiscal year 2010 totaled ¥16.7 billion, compared to **cash basis net income** of ¥9.7 billion for the first quarter of fiscal year 2009.
- The Bank recognized consolidated **net income** of ¥13.8 billion on a reported basis for the first quarter of fiscal year 2010, compared to consolidated net income of ¥5.1 billion for the first quarter of fiscal year 2009.
- Shinsei Bank Group's first quarter of fiscal year 2010 results benefited from significant expense reductions and lowered net credit and grey zone costs:
  - Expenses were reduced 18.0% year-over-year through past business right-sizing.
  - Credit costs declined by ¥12.2 billion, or 47.0%, due to improved performance both within our Institutional Banking and Consumer Finance businesses, although risks remain within both businesses.
  - Grey zone costs were negligible during the current quarter as a result of provisioning that was made at the end of fiscal year 2009.
- Funding costs declined to 0.62%, while net interest margin declined to 2.33% largely as a result of interest rate reductions within our consumer finance subsidiaries.
- We improved the level of our capital ratios in the first quarter of fiscal year 2010 mainly by reducing risk weighted assets:
  - Total capital adequacy ratio improved to 8.97% and Tier I capital ratio improved to 6.95% at June 30, 2010 from 8.35% and 6.35%, respectively, at March 31, 2010 as risk weighted assets declined from ¥7.7 trillion at March 31, 2010 to ¥7.2 trillion at June 30, 2010. The Core Tier I capital ratio improved to 4.60% and Tangible Common Equity ratio improved to 3.32% at June 30, 2010 from 4.05% and 3.09%, respectively, at March 31, 2010.
  - **Loans and bills discounted** balance reduced by ¥391.2 billion to ¥4,772.5 billion and **securities** balance declined by ¥400.3 billion to ¥2,832.9 billion as at June 30, 2010 due mainly to reductions in Institutional Group loans and a decrease in the balance of Japanese national government bond securities.

Other highlights include:

- Top line revenues decreased 19.4% as planned due mainly to interest rate reductions taken at the end of the first quarter fiscal year 2009 within Shinsei Financial as well as lower one time capital buy-back and asset sales gains.
- **Diluted net income per share** for the first quarter of fiscal year 2010 was ¥7.06, as compared to **diluted net income per share** of ¥2.63 for the first quarter of fiscal year 2009. **Cash basis diluted net income per share** for the first quarter of fiscal year 2010 was ¥8.55, as compared to **cash basis diluted net income per share** of ¥4.96 for the first quarter of fiscal year 2009.

## Financial and Economic Environment

- During the first three months of fiscal year 2010, the Japanese economy has generally been on a recovery course, as evidenced by signs of increasing consumer spending, a halt to the decline in capital investment, increasing exports mainly to Asia and improving corporate earnings.
- However, ongoing severe employment conditions, further deflationary pressures, heightened concerns surrounding the European economy and its financial system triggered by Greece's financial crisis, and the delay of the U.S. economic recovery remain as risks that may weigh down on the economy. As a result, concern for the outlook going forward has not been dispelled.
- Under these circumstances, the values of the euro and U.S. dollar have declined due to concerns about the outlook for the European economy, while the Japanese yen has been bought as a comparatively safer asset.
- As at the end of June 2010, the euro-Japanese yen exchange rate was at the ¥108 level (a decline of ¥17 from the end of March 2010) and the U.S. dollar-Japanese yen exchange rate was at the ¥88 level (a decline of ¥5 from the end of March 2010) as investors remained cautious of the possibility that the yen will strengthen again in the future.
- The domestic long-term (10 year government bond yields) interest rate moved between 1.3% and 1.4% at the beginning of the first quarter of the fiscal year. However, it subsequently dropped to approximately 1.1% in the second half of June 2010 due to an inflow of foreign capital to the Japanese bond market against the backdrop of a strong yen and slumping equity markets.
- On the other hand, the short-term interest rate remained at a low level. The Nikkei 225 was ¥9,382.64 at the end of June 2010, showing a decrease of approximately ¥1,700 compared to the end of March 2010, due to a downward trend in stock prices in European and U.S. markets and a decrease in exports caused by the strong yen.

## Section 1. Consolidated Information

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

*(Billions of yen, except percentages)*

	1QFY2010 (3 months)	1QFY2009 (3 months)	% Change	FY2009 (12 months)
Net interest income	44.6	57.4	(22.4)	207.9
Non-interest income	25.8	30.0	(13.8)	77.5
Net fees and commissions	6.0	4.9	22.2	25.1
Net trading income	3.8	(0.3)	1059.3	9.0
Net other business income	16.0	25.4	(37.1)	43.3
<b>Total revenue</b>	<b>70.4</b>	<b>87.5</b>	<b>(19.4)</b>	<b>285.5</b>
<b>General and administrative expenses</b>	<b>36.4</b>	<b>44.5</b>	<b>(18.0)</b>	<b>168.3</b>
<b>Ordinary business profit</b>	<b>34.0</b>	<b>43.0</b>	<b>(20.9)</b>	<b>117.1</b>
<b>Net credit costs</b>	<b>13.8</b>	<b>26.0</b>	<b>(47.0)</b>	<b>112.2</b>
<b>Ordinary business profit after net credit costs</b>	<b>20.1</b>	<b>16.9</b>	<b>19.2</b>	<b>4.8</b>
<b>Amortization of goodwill and other intangible assets</b> <sup>(2)</sup>	<b>3.4</b>	<b>5.3</b>	<b>(36.5)</b>	<b>20.9</b>
<b>Other gains (losses)</b>	<b>(0.6)</b>	<b>(4.1)</b>	<b>84.8</b>	<b>(107.0)</b>
<b>Income (loss) before income taxes and minority interests</b>	<b>16.1</b>	<b>7.4</b>	<b>118.1</b>	<b>(123.0)</b>
<b>Current income tax</b>	<b>0.2</b>	<b>0.3</b>	<b>(31.2)</b>	<b>1.5</b>
<b>Deferred income tax</b>	<b>(0.5)</b>	<b>(0.8)</b>	<b>40.7</b>	<b>6.7</b>
<b>Minority interests in net income of subsidiaries</b>	<b>2.5</b>	<b>2.7</b>	<b>(7.1)</b>	<b>8.8</b>
<b>Net income (loss)</b>	<b>13.8</b>	<b>5.1</b>	<b>168.3</b>	<b>(140.1)</b>
<b>Cash basis net income (loss)</b> <sup>(3)</sup>	<b>16.7</b>	<b>9.7</b>	<b>72.4</b>	<b>(53.7)</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 or impairment 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 quarter of fiscal year 2010 of ¥70.4 billion. This was ¥17.0 billion or 19.4% lower than the ¥87.5 billion total revenue recorded in the first quarter of fiscal year 2009.
- Net interest income** declined to ¥44.6 billion during the current period from ¥57.4 billion in the first quarter of fiscal year 2009.
  - This decrease was primarily driven by ¥12.3 billion decline in net interest income contribution from Shinsei Financial and APLUS FINANCIAL. The decrease in net interest income within our consumer finance subsidiaries has arisen as we have reset interest rates below the legal maximum rates to comply with the revised Money-Lending Business Control and Regulation Law.
- Non-interest income** declined to ¥25.8 billion in the current period versus ¥30.0 billion in the first quarter of fiscal year 2009 largely due to declines in gains from the repurchase of our subordinated securities, which totaled ¥1.2 billion in the first quarter of fiscal year 2010 compared to ¥9.4 billion in the first quarter of fiscal year 2009.
  - Our **net fees and commissions** income increased to ¥6.0 billion during the current period from ¥4.9 billion during the first quarter of fiscal year 2009.
  - We generated **net trading income** of ¥3.8 billion in the first quarter of fiscal year 2010 compared to incurring a net trading loss of ¥0.3 billion in the first quarter of fiscal year 2009.
- Net other business income** for the first quarter of fiscal year 2010 declined to ¥16.0 billion from ¥25.4 billion in the first quarter of fiscal year 2009 as gains from the repurchase of our subordinated securities declined.
  - Income of ¥9.8 billion from the lease transactions and installment receivables businesses of Showa Leasing, APLUS FINANCIAL, Shinsei Financial and others is included in first quarter fiscal year 2010 results compared to ¥11.4 billion of income in the first quarter of fiscal year 2009.
  - Major non-recurring items included in **net other business income** are gains of ¥1.2 billion on the repurchase of our subordinated debt versus first quarter fiscal year 2009 gains of ¥9.4 billion on the repurchase of our subordinated debt, ¥8.7 billion on the sale of collateralized loan obligations and ¥1.1 billion on the sale of corporate bonds, offset by ¥4.6 billion of losses on our equity method affiliate Jih Sun Financial Holding Co., Ltd, mark-downs and impairments of ¥2.2 billion on asset-backed investments, asset-backed securities and European investments and ¥1.8 billion on our real estate principal investments.
- General and administrative expenses** during the first quarter of fiscal year 2010 were ¥36.4 billion, a decrease of ¥8.0 billion or 18.0% compared to the first quarter of fiscal year 2009.
- Our expense-to-revenue ratio was 51.8% for the first quarter of fiscal year 2010 compared to an expense-to-revenue ratio of 50.9% for the first quarter of fiscal year 2009.
- Net credit costs** of ¥13.8 billion for the first quarter of fiscal year 2010 were ¥12.2 billion, or 47.0% lower compared to

the ¥26.0 billion net credit costs recorded in the first quarter of fiscal year 2009.

- Net credit costs included net provisions of ¥5.7 billion net credit costs within Shinsei Financial, ¥5.1 billion of net credit costs for domestic real estate non-recourse finance, and ¥3.9 billion net credit costs within APLUS FINANCIAL.
- The results of the first quarter of fiscal year 2009 included ¥8.9 billion of credit costs incurred within Shinsei Financial, ¥6.2 billion net credit costs within APLUS FINANCIAL, ¥3.8 billion of reserves for overseas loans within our Basic Banking business, ¥3.3 billion of reserves for real estate non-recourse finance related loans, and ¥1.1 billion in net credit costs associated with our holdings of asset-backed investments.
- **Amortization of goodwill and other intangible assets** associated with the acquisition of consumer and commercial finance companies was ¥3.4 billion for the first quarter of fiscal year 2010 as compared with ¥5.3 billion in the first quarter of fiscal year 2009. The lower amounts reflect the impairment of goodwill and other intangible assets of APLUS FINANCIAL taken in fiscal year 2009.
- **Other losses** of ¥0.6 billion include asset retirement obligation costs of ¥3.5 billion, partially offset by recoveries of written-off claims of ¥2.5 billion.
- **Current and deferred income taxes** reflected a net benefit of ¥0.2 billion compared to a net benefit of ¥0.4 billion in the first quarter of fiscal year 2009.
- **Minority interests in net income of subsidiaries** for the first quarter of fiscal year 2010 amounting to ¥2.5 billion largely reflected dividends paid on perpetual preferred securities and minority interests in other subsidiaries.
- The Bank recognized consolidated **net income** of ¥13.8 billion on a reported basis for the first quarter of fiscal year 2010, compared to consolidated net income of ¥5.1 billion for the first quarter of fiscal year 2009.
- Consolidated **cash basis net income** for the first quarter of fiscal year 2010 was ¥16.7 billion, compared to **cash basis net income** of ¥9.7 billion for the first quarter of fiscal year 2009. The **cash basis net income** is calculated by excluding amortization and impairment 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)

(Billions of yen)

	1QFY2010 (3 months)	1QFY2009 <sup>(2)</sup> (3 months)
<b>Gains included in revenue</b>		
Gain from buy back of subordinated debt	1.2	9.4
Gain from the sale of collateralized loan obligations (CLOs)	-	8.7
Others (gain from the sale of corporate bonds)	-	1.1
<b>Total</b>	<b>1.2</b>	<b>19.4</b>
<b>Mark-downs/impairments included in revenue</b>		
Asset-backed securities, asset-backed investments and European investments	0.0	(2.2)
Japanese real estate principal investments	-	(1.8)
Losses on our equity method affiliate Jih Sun Financial Holding Co., Ltd.	0.4	(4.6)
Others	(0.3)	(0.5)
Subtotal (i)	0.0	(9.2)
<b>Items included in net credit costs</b>		
Real estate non-recourse finance	(5.1)	(3.3)
Asset-backed investments	1.0	(1.1)
Others (reserve for overseas loans within Basic Banking)	-	(3.8)
Subtotal (ii)	(4.0)	(8.2)
<b>Other gains (losses)</b>		
Grey zone related provisions	0.9	(5.5)
Losses related to Jih Sun Financial Holding Co., Ltd.	-	(0.8)
Asset retirement obligation costs	(3.5)	-
Others	-	(1.5)
Subtotal (iii)	(2.5)	(7.9)
<b>Total (i) + (ii) + (iii)</b>	<b>(6.6)</b>	<b>(25.5)</b>
<b>Breakdown by Category</b>		
Real estate non-recourse finance	(5.1)	(3.3)
Asset retirement obligation costs	(3.5)	-
Jih Sun Financial Holding Co., Ltd.	0.4	(5.4)
Grey zone related provisions	0.9	(5.5)
Asset-backed securities, asset-backed investments and European investments	1.1	(3.4)
Others	(0.3)	(7.7)
<b>Total</b>	<b>(6.6)</b>	<b>(25.5)</b>

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

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

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

(Billions of yen, except percentages)

	1QFY2010 (3 months)			1QFY2009 (3 months)			FY2009 (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	5,036.7	50.0	3.99	5,683.9	68.3	4.83	5,457.6	245.2	4.49
Lease receivables and leased investment assets / installment receivables <sup>(1)</sup>	591.4	9.8	6.71	649.1	11.4	7.10	619.0	43.0	6.95
Securities	3,139.7	6.6	0.86	3,116.9	8.8	1.14	3,212.6	30.5	0.95
Other interest-earning assets <sup>(2)(3)</sup>	513.7	1.6	n.m. <sup>(5)</sup>	702.0	2.1	n.m. <sup>(5)</sup>	664.6	7.7	n.m. <sup>(5)</sup>
<b>Total revenue on interest-earning assets<sup>(1)</sup></b>	<b>9,281.5</b>	<b>68.2</b>	<b>2.95</b>	<b>10,152.1</b>	<b>90.8</b>	<b>3.59</b>	<b>9,953.9</b>	<b>326.5</b>	<b>3.28</b>
<b>Interest-bearing liabilities:</b>									
Deposits, including negotiable certificates of deposit	6,329.7	9.8	0.63	6,690.5	14.4	0.87	6,803.0	52.9	0.78
Debentures	476.0	0.7	0.61	656.3	1.2	0.77	562.5	3.8	0.69
Borrowed money	1,238.9	1.8	0.58	982.0	3.2	1.34	933.6	10.2	1.09
Subordinated debt	102.0	0.2	0.92	102.0	0.3	1.30	102.0	1.1	1.09
Other borrowed money	1,136.9	1.5	0.56	880.0	2.9	1.34	831.6	9.0	1.09
Corporate bonds	196.0	1.1	2.26	261.8	2.0	3.15	229.3	6.5	2.84
Subordinated bonds	152.9	1.0	2.72	187.2	1.7	3.67	166.8	5.7	3.45
Other corporate bonds	43.0	0.0	0.62	74.6	0.3	1.85	62.4	0.7	1.21
Other interest-bearing liabilities <sup>(2)</sup>	699.7	0.2	n.m. <sup>(5)</sup>	715.9	0.8	n.m. <sup>(5)</sup>	825.9	2.0	n.m. <sup>(5)</sup>
<b>Total expense on interest-bearing liabilities</b>	<b>8,940.5</b>	<b>13.7</b>	<b>0.62</b>	<b>9,306.6</b>	<b>21.8</b>	<b>0.94</b>	<b>9,354.5</b>	<b>75.5</b>	<b>0.81</b>
<b>Non interest-bearing sources of funds:</b>									
Non interest-bearing (assets) liabilities, net	(121.6)	-	-	268.7	-	-	89.3	-	-
Total equity excluding minority interests in subsidiaries <sup>(4)</sup>	462.7	-	-	576.7	-	-	510.0	-	-
<b>Total interest-bearing liabilities and non interest-bearing sources of funds</b>	<b>9,281.5</b>	<b>-</b>	<b>-</b>	<b>10,152.1</b>	<b>-</b>	<b>-</b>	<b>9,953.9</b>	<b>-</b>	<b>-</b>
Net interest margin <sup>(1)</sup>	-	-	2.33	-	-	2.65	-	-	2.47
Impact of non interest-bearing sources	-	-	0.02	-	-	0.08	-	-	0.05
<b>Net revenue/yield on interest-earning assets<sup>(1)</sup></b>	<b>-</b>	<b>54.4</b>	<b>2.36</b>	<b>-</b>	<b>68.9</b>	<b>2.72</b>	<b>-</b>	<b>250.9</b>	<b>2.52</b>
<b>Reconciliation of total revenue on interest-earning assets to total interest income:</b>									
Total revenue on interest-earning assets	9,281.5	68.2	2.95	10,152.1	90.8	3.59	9,953.9	326.5	3.28
Less: Income on lease transactions and installment receivables	591.4	9.8	6.71	649.1	11.4	7.10	619.0	43.0	6.95
<b>Total interest income</b>	<b>8,690.1</b>	<b>58.3</b>	<b>2.69</b>	<b>9,502.9</b>	<b>79.3</b>	<b>3.35</b>	<b>9,334.9</b>	<b>283.5</b>	<b>3.04</b>
Total interest expense	-	13.7	-	-	21.8	-	-	75.5	-
<b>Net interest income</b>	<b>-</b>	<b>44.6</b>	<b>-</b>	<b>-</b>	<b>57.4</b>	<b>-</b>	<b>-</b>	<b>207.9</b>	<b>-</b>

(1) Includes lease transactions and installment receivables and related yields.

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

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

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

(5) n.m. is not meaningful.

(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 lease receivables and leased investment assets and installment receivables. The Bank considers income on lease transactions and installment receivables to be a component of interest income, but JGAAP does not include income on lease transactions and installment receivables in net interest income. Under JGAAP, therefore, income on lease transactions 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 quarter of fiscal year 2010 was ¥54.4 billion, a decrease of ¥14.4 billion compared to the first quarter of the prior fiscal year.
- **Total revenue on interest-earning assets** decreased by ¥22.5 billion and **total expense on interest-bearing liabilities** decreased by ¥8.1 billion in the first quarter of fiscal year 2010 from the first quarter of the prior fiscal year.
- The **net interest margin** and **net yield on interest-earning assets** were 2.33% and 2.36%, respectively, in the first quarter of fiscal year 2010, compared with 2.65% and 2.72%, respectively, for the first quarter of fiscal year 2009.
  - The changes in net interest margin and net yield largely reflect the lower yield and lower volume of loans and bills discounted, lease receivables and leased investment assets and installment receivables, and lower yields on securities that have been invested for liquidity purposes, offset by lower interest expense for deposits, borrowed money and corporate bonds.

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

*(Billions of yen, except percentages)*

	1QFY2010 (3 months)	1QFY2009 (3 months)	% Change	FY2009 (12 months)
Net fees and commissions	6.0	4.9	22.2	25.1
Net trading income (loss)	3.8	(0.3)	1,059.3	9.0
Net other business income	16.0	25.4	(37.1)	43.3
Income on leased assets and installment receivables	9.8	11.4	(13.9)	43.0
<b>Total non-interest income</b>	<b>25.8</b>	<b>30.0</b>	<b>(13.8)</b>	<b>77.5</b>

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

- **Total non-interest income** for the first quarter of fiscal year 2010 amounted to ¥25.8 billion, a decrease of ¥4.1 billion or 13.8% compared to the first quarter of fiscal year 2009, largely due to a decline in gains from the repurchase of our subordinated securities, which totaled ¥1.2 billion in the first quarter of fiscal year 2010 compared to ¥9.4 billion in the first quarter of fiscal year 2009.
  - **Non-interest income** includes revenue from fees and commissions, trading and other non-interest sources, including revenue from lease transactions 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 ¥6.0 billion were earned in the first quarter of fiscal year 2010, an increase of ¥1.1 billion or 22.2% compared to the first quarter of fiscal year 2009.
- **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 quarter of fiscal year 2010, **net trading income** showed a gain of ¥3.8 billion, compared to a loss of ¥0.3 billion in the first quarter of fiscal year 2009.
- **Net other business income** for the first quarter of fiscal year 2010 was ¥16.0 billion.
  - This included income of ¥9.8 billion from the lease transactions and installment receivables businesses of Showa Leasing, APLUS FINANCIAL, Shinsei Financial and others, compared to ¥11.4 billion of income on lease transactions and installment receivables received in the first quarter of fiscal year 2009.
  - Major items included in first quarter fiscal year 2010 **net other business income** are gains of ¥1.2 billion on the repurchase of our subordinated debt.
  - The first quarter of fiscal year 2009 **net other business income** includes a gain of ¥9.4 billion on the repurchase of our subordinated debt and gains of ¥8.7 billion on the sale of collateralized loan obligations (CLOs) and ¥1.1 billion on the sale of corporate bonds. These gains were partially offset by ¥4.6 billion of losses on our equity method affiliate Jih Sun Financial Holding Co., Ltd. We further incurred mark-downs and impairments of ¥2.2 billion on European investments, asset backed investments, and asset backed securities and ¥1.8 billion on our real estate principal investments.

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

*(Billions of yen, except percentages)*

	1QFY2010 (3 months)	1QFY2009 (3 months)	% Change	FY2009 (12 months)
Personnel expenses	13.4	17.0	(20.6)	62.3
Non-personnel expenses	22.9	27.4	(16.4)	105.9
Premises expenses	5.8	7.1	(17.9)	27.4
Technology and data processing expenses	5.1	6.1	(16.3)	23.9
Advertising expenses	2.5	3.0	(18.4)	12.2
Consumption and property taxes	2.3	2.3	(2.8)	9.0
Deposit insurance premium	1.3	1.0	24.3	4.3
Other general and administrative expenses	5.7	7.6	(24.2)	28.9
<b>General and administrative expenses</b>	<b>36.4</b>	<b>44.5</b>	<b>(18.0)</b>	<b>168.3</b>

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

- **General and administrative expenses** were ¥36.4 billion in the first quarter of fiscal year 2010, a decrease of ¥8.0 billion or 18.0% compared to the first quarter of the prior fiscal year.

**Personnel expenses** of ¥13.4 billion decreased by ¥3.5 billion or 20.6% from the first quarter of fiscal year 2009.

- We have been able to reduce our personnel expenses through ongoing personnel expense reductions across our business, as group employees decreased from 6,970 at June 2009 to 6,066 at June 2010, a net reduction of 904 employees.
- **Non-personnel expenses** declined to ¥22.9 billion

compared to ¥27.4 billion in the first quarter of the prior fiscal year as we have worked to reduce expenses across all of our business lines through strict expense control discipline.

- **Premises expenses** declined to ¥5.8 billion, mainly due to consumer finance subsidiaries' branch optimization. **Technology and data processing expenses** were lower than the first quarter of fiscal year 2009 mainly due to automated contract machine sharing and optimization between Shinsei Financial and Shinki. **Advertising expenses** were ¥0.5 billion lower than the first quarter of fiscal year 2009 through continued optimization of advertising activities in the Individual Group.

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

*(Billions of yen, except percentages)*

	1QFY2010 (3 months)	1QFY2009 (3 months)	% Change	FY2009 (12 months)
Losses on write-off of loans/Losses on sale of loans	3.0	1.4	110.1	18.5
Net provision of reserve for loan losses:	10.7	24.7	(56.6)	95.5
Net provision of general reserve for loan losses	3.2	2.6	22.6	40.0
Net provision of specific reserve for loan losses	7.5	22.1	(66.0)	55.5
Net provision (reversal) of reserve for loan losses to restructuring countries	-	-	-	(0.0)
Net provision (reversal) of specific reserve for other credit losses	0.0	(0.1)	110.8	(0.1)
Other credit costs relating to leasing business	0.0	0.0	95.1	(1.7)
<b>Net credit costs</b>	<b>13.8</b>	<b>26.0</b>	<b>(47.0)</b>	<b>112.2</b>

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

- **Net credit costs** of ¥13.8 billion for the first quarter of fiscal year 2010 were ¥12.2 billion or 47.0% lower compared to the first quarter of fiscal year 2009.
  - The first quarter of fiscal year 2010 net credit costs decreased from the first quarter of fiscal year 2009 primarily due to improved performance both within our Institutional Group and our consumer finance subsidiaries.
  - Net credit costs included net provisions of ¥5.7 billion of net credit costs within Shinsei Financial, ¥5.1 billion for domestic real estate non-recourse finance, and ¥3.9 billion net credit costs within APLUS FINANCIAL.

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

*(Billions of yen, except percentages)*

	1QFY2010 (3 months)	1QFY2009 (3 months)	% Change	FY2009 (12 months)
Shinsei Financial	2.5	2.8	(9.7)	10.7
Shinki	(0.0)	0.1	(147.5)	0.7
APLUS FINANCIAL	0.2	1.6	(85.2)	6.5
Showa Leasing	0.7	0.7	(1.1)	2.9
Others	(0.0)	(0.0)	(0.0)	(0.0)
<b>Amortization of goodwill and other intangible assets</b>	<b>3.4</b>	<b>5.3</b>	<b>(36.5)</b>	<b>20.9</b>

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

- **Amortization of Goodwill and Other Intangible Assets** totaled ¥3.4 billion in the current period, compared to ¥5.3 billion in the first quarter of fiscal year 2009.
  - The ¥1.9 billion net decrease in **amortization of goodwill and other intangible assets** primarily reflects the reduction in **amortization of goodwill and other intangible assets** related to APLUS FINANCIAL resulting from impairment of APLUS FINANCIAL's goodwill at the end of fiscal year 2009.

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

*(Billions of yen, except percentages)*

	1QFY2010 (3 months)	1QFY2009 (3 months)	% Change	FY2009 (12 months)
Extraordinary income (loss)	(1.2)	2.0	(160.4)	(71.6)
Net gain on disposal of premises and equipment	(0.1)	(0.1)	1.2	(1.9)
Provision for loss on disposition of premises and equipment	-	-	-	(0.2)
Recoveries of written-off claims	2.5	2.1	16.3	10.7
Other extraordinary income (loss)	(3.6)	0.0	(6,460.4)	(80.2)
Provisions of reserve for losses on interest repayment	0.9	(5.5)	117.0	(29.6)
Shinsei Financial	0.9	(1.0)	189.5	(0.9)
Shinki	-	(4.5)	100.0	(17.8)
APLUS FINANCIAL	-	-	-	(10.8)
Other	-	0.0	(100.0)	0.0
Other	(0.3)	(0.6)	52.4	(5.6)
<b>Other gains (Losses)</b>	<b>(0.6)</b>	<b>(4.1)</b>	<b>84.8</b>	<b>(107.0)</b>

- **Other losses** of ¥0.6 billion included asset retirement obligation costs of ¥3.5 billion, offset by recoveries of written off-claims of ¥2.5 billion at Shinsei Financial, Shinsei Bank, Shinki and APLUS FINANCIAL.
- The first quarter of fiscal year 2009 other losses include recoveries of written off-claims of ¥2.1 billion, offset by grey zone expenses of ¥4.5 billion at Shinki and ¥1.0 billion at Shinsei Financial.

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

*(Billions of yen, except percentages)*

	1QFY2010 (3 months)	1QFY2009 (3 months)	% Change	FY2009 (12 months)
Dividends on perpetual preferred securities (hybrid Tier I capital) issued by foreign SPCs	2.4	2.6	(9.6)	10.3
Dividends on APLUS FINANCIAL's preferred stock	-	0.1	(100.0)	0.4
Others	0.1	(0.1)	193.8	(1.9)
<b>Minority interests in net income of subsidiaries</b>	<b>2.5</b>	<b>2.7</b>	<b>(7.1)</b>	<b>8.8</b>

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

- **Minority interests in net income of subsidiaries** for the first quarter of fiscal year 2010 amounting to ¥2.5 billion largely reflected dividends paid on perpetual preferred securities and minority interests in other subsidiaries. No APLUS FINANCIAL preferred stock dividends were paid in the first quarter of fiscal year 2010 as a result of the redemption of APLUS FINANCIAL's preferred securities which occurred during the fourth quarter of fiscal year 2009.

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

(Billions of yen)

	June 30 2010 (a)	June 30 2009 (b)	Change (a)-(b)	March 31 2010 (c)	Change (a)-(c)
Other monetary claims purchased	228.8	415.3	(186.4)	252.7	(23.9)
Monetary assets held in trust	281.9	339.4	(57.4)	292.2	(10.2)
Securities	2,832.9	3,262.3	(429.4)	3,233.3	(400.3)
Loans and bills discounted	4,772.5	5,341.5	(569.0)	5,163.7	(391.2)
Lease receivables and leased investment assets	208.8	228.1	(19.2)	213.7	(4.8)
Other assets	1,124.9	1,070.5	54.4	863.2	261.6
Installment receivables	344.8	393.3	(48.4)	347.8	(2.9)
Premises and equipment	51.5	49.6	1.9	52.1	(0.6)
Tangible leased assets	17.3	9.6	7.7	15.4	1.8
Intangible assets	106.0	203.5	(97.5)	109.9	(3.9)
Goodwill, net	55.6	129.5	(73.8)	57.8	(2.1)
Other intangible assets <sup>(1)</sup>	24.0	42.7	(18.7)	25.2	(1.2)
Customers' liabilities for acceptances and guarantees	609.7	666.0	(56.2)	623.7	(14.0)
Reserve for credit losses	(197.7)	(202.5)	4.8	(196.6)	(1.0)
<b>Total assets</b>	<b>10,947.0</b>	<b>12,249.3</b>	<b>(1,302.2)</b>	<b>11,376.7</b>	<b>(429.6)</b>
Deposits and negotiable certificates of deposit	6,096.4	6,994.6	(898.1)	6,475.3	(378.9)
Debentures	457.8	621.5	(163.6)	483.7	(25.8)
Borrowed money	1,234.3	879.5	354.7	1,186.8	47.4
Corporate bonds	163.4	236.4	(73.0)	188.2	(24.8)
Other liabilities	894.0	805.0	89.0	619.2	274.8
Reserve for losses on interest repayments	54.3	157.9	(103.5)	70.0	(15.7)
Acceptances and guarantees	609.7	666.0	(56.2)	623.7	(14.0)
<b>Total liabilities</b>	<b>10,307.5</b>	<b>11,451.8</b>	<b>(1,144.3)</b>	<b>10,741.8</b>	<b>(434.2)</b>
<b>Total equity</b>	<b>639.5</b>	<b>797.4</b>	<b>(157.9)</b>	<b>634.9</b>	<b>4.5</b>

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

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

- Shinsei Bank's **loans and bills discounted** balance was ¥4,772.5 billion as at June 30, 2010 as compared to ¥5,163.7 billion as at March 31, 2010.
  - The decrease mainly occurred due to a decline of ¥351.5 billion in our Institutional Group loans outstanding as we worked to optimize our Institutional Group risk assets during the current period.
  - Corporate loans decreased 11.2% to ¥1,901.6 billion at June 30, 2010 compared to ¥2,141.1 billion at March 31, 2010, and the real estate finance balance decreased 10.6% to ¥937.6 billion at June 30, 2010 from ¥1,048.9 billion at March 31, 2010 as we have continued to work to optimize our loan exposures and risk assets.
  - Excluding non-recourse real estate loans, other real estate finance loans decreased from ¥98.9 billion to ¥94.2 billion during the three month period ended June 30, 2010.
  - Loans to individual customers, which include loans in retail banking and loans at Shinsei Financial, Shinki and APLUS FINANCIAL decreased 2.3% to ¥1,673.3 billion at June 30, 2010 from ¥1,713.0 billion at March 31, 2010. Retail housing loans grew slightly to ¥883.3 billion at June 30, 2010 compared to ¥882.3 billion at March 31, 2010.
  - Loans to Shinsei Financial customers decreased by 5.3% to ¥485.1 billion at June 30, 2010 from ¥512.1 billion at March 31, 2010. Loans to APLUS FINANCIAL customers decreased by 4.4% to ¥159.2 billion at June 30, 2010 from ¥166.6 billion at March 31, 2010, and loans to Shinki customers decreased by 5.8% to ¥74.9 billion at June 30, 2010 from ¥79.5 billion at March 31, 2010.
- **Securities** balance as of June 30, 2010 amounted to ¥2,832.9 billion as compared to ¥3,233.3 billion as of March 31, 2010.
  - This decrease occurred largely due to sales of short-term Japanese national government bonds. The total balance of Japanese national government bonds decreased to ¥1,989.8 billion at June 30, 2010 from ¥2,361.6 billion at March 31, 2010.
- Shinsei Bank continues to optimize its funding base through deposits from retail customers. Total **deposits and negotiable certificates of deposit** decreased from ¥6,475.3 billion at March 31, 2010 to ¥6,096.4 billion at June 30, 2010 as we have reduced our excess liquidity during the first quarter of fiscal year 2010.
  - The retail deposits balance totaled ¥5,062.6 billion at June 30, 2010, a decrease of ¥242.3 billion compared to March 31, 2010. Retail Banking represents 81.7% of the Bank's total funding through customer **deposits and debentures**.

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

	(Billions of yen)				
	June 30 2010 (a)	June 30 2009 (b)	Change (a)-(b)	March 31 2010 (c)	Change (a)-(c)
Loans to bankrupt obligors	20.4	39.5	(19.0)	21.5	(1.0)
Non-accrual delinquent loans	334.4	213.2	121.1	346.7	(12.2)
Loans past due for three months or more	2.9	13.8	(10.8)	2.7	0.2
Restructured loans	61.0	61.6	(0.6)	61.3	(0.3)
<b>Total (A)</b>	<b>418.9</b>	<b>328.3</b>	<b>90.5</b>	<b>432.3</b>	<b>(13.3)</b>
<b>Loans and bills discounted (B)</b>	<b>4,772.5</b>	<b>5,341.5</b>	<b>(569.0)</b>	<b>5,163.7</b>	<b>(391.2)</b>
Ratio to total loans and bills discounted (A / B X 100) (%)	8.78%	6.15%	/	8.37%	/
<b>Reserve for credit losses (C)</b>	<b>197.7</b>	<b>202.5</b>	<b>(4.8)</b>	<b>196.6</b>	<b>1.0</b>
Reserve ratio (C / A X 100)	47.2%	61.7%	/	45.5%	/

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

- As at June 30, 2010, risk monitored loans totaled ¥418.9 billion, and the ratio of risk monitored loans to total loans and bills discounted was 8.78%.
  - Compared to March 31, 2010, risk monitored loans decreased by ¥13.3 billion and the ratio of risk monitored loans to total loans and bills discounted

increased by 0.41%, respectively.

- The increase in the ratio of risk monitored loans to total loans and bills discounted occurred mainly due to the ¥391.2 billion decrease in total loans and bills discounted compared to March 31, 2010.

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

	(Billions of yen)				
	June 30 2010 (a)	June 30 2009 (b)	Change (a)-(b)	March 31 2010 (c)	Change (a)-(c)
General reserve for loan losses	109.4	109.8	(0.3)	110.0	(0.5)
Specific reserve for loan losses	88.2	92.6	(4.4)	86.5	1.6
Reserve for loans to restructuring countries	0.0	0.0	(0.0)	0.0	-
<b>Total reserve for credit losses</b>	<b>197.7</b>	<b>202.5</b>	<b>(4.8)</b>	<b>196.6</b>	<b>1.0</b>

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



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

	(Billions of yen)				
	June 30 2010 (a)	June 30 2009 (b)	Change (a)-(b)	March 31 2010 (c)	Change (a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	248.7	252.0	(3.2)	249.0	(0.2)
Agriculture and forestry	0.0	0.0	(0.0)	0.0	(0.0)
Fishery	2.4	2.6	(0.2)	2.5	(0.1)
Mining, quarrying and gravel extraction	2.4	3.5	(1.0)	2.7	(0.2)
Construction	5.8	8.7	(2.9)	8.7	(2.9)
Electric power, gas, heat supply and water supply	30.1	43.7	(13.5)	32.3	(2.1)
Information and communications	11.1	30.2	(19.0)	17.0	(5.8)
Transportation and postal service	282.7	324.7	(41.9)	293.6	(10.8)
Wholesale and retail	97.6	127.7	(30.1)	109.6	(11.9)
Finance and insurance	922.7	782.9	139.7	1,095.9	(173.1)
Real estate	766.2	992.3	(226.0)	875.6	(109.4)
Services	261.4	301.3	(39.9)	262.7	(1.2)
Local government	166.7	172.4	(5.6)	171.3	(4.6)
Others	1,896.4	2,191.0	(294.5)	1,956.2	(59.7)
Loans to individual customers (retail banking, Shinsei Financial, Shinki and APLUS FINANCIAL)	1,630.3	1,808.8	(178.4)	1,667.0	(36.6)
<b>Total domestic (A)</b>	<b>4,694.9</b>	<b>5,233.4</b>	<b>(538.5)</b>	<b>5,077.6</b>	<b>(382.7)</b>
Overseas offices (including Japan offshore market accounts):					
Governments	2.2	1.6	0.5	1.9	0.2
Financial institutions	2.2	-	2.2	1.8	0.3
Others	73.1	106.4	(33.2)	82.2	(9.0)
<b>Total overseas (B)</b>	<b>77.5</b>	<b>108.0</b>	<b>(30.5)</b>	<b>86.0</b>	<b>(8.4)</b>
<b>Total (A+B)</b>	<b>4,772.5</b>	<b>5,341.5</b>	<b>(569.0)</b>	<b>5,163.7</b>	<b>(391.2)</b>

**Securities Being Held to Maturity<sup>(1)</sup> - Table 13- (Consolidated)**

(Billions of yen)

	June 30, 2010			March 31, 2010		
	Book Value	Fair Value	Difference	Book Value	Fair Value	Difference
<b>Items with fair value exceeding book value</b>						
Japanese national government bonds	313.2	318.9	5.6	353.3	357.9	4.6
Japanese corporate bonds	69.4	70.7	1.2	70.4	71.8	1.3
Other <sup>(2)</sup>	42.5	45.9	3.3	44.6	47.8	3.2
<b>Total</b>	<b>425.3</b>	<b>435.6</b>	<b>10.3</b>	<b>468.4</b>	<b>477.7</b>	<b>9.2</b>
<b>Items with fair value not exceeding book value</b>						
Japanese national government bonds	-	-	-	-	-	-
Japanese corporate bonds	-	-	-	-	-	-
Other <sup>(2)</sup>	9.6	8.6	(0.9)	11.1	10.0	(1.1)
<b>Total</b>	<b>9.6</b>	<b>8.6</b>	<b>(0.9)</b>	<b>11.1</b>	<b>10.0</b>	<b>(1.1)</b>
<b>Total</b>	<b>434.9</b>	<b>444.3</b>	<b>9.3</b>	<b>479.5</b>	<b>487.7</b>	<b>8.1</b>

	June 30, 2009		
	Book Value	Fair Value	Difference
Japanese national government bonds	427.3	430.7	3.3
Japanese corporate bonds	75.3	76.8	1.5
Other <sup>(2)</sup>	57.6	52.0	(5.5)
<b>Total</b>	<b>560.3</b>	<b>559.7</b>	<b>(0.6)</b>

(1) The presentation format has been changed from March 2010 with the application of "Accounting Standards for Financial Instruments" (revised on March 10, 2008). The format for June 30, 2009 has not been changed.

(2) "Other" includes 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 conditions. The book value and the fair value of the securities reclassified from available-for-sale to held-to-maturity as of March 31, 2010 are ¥42.4 billion and ¥43.3 billion, respectively.

**Available for Sale Securities, at Fair Value<sup>(1)</sup> - Table 14- (Consolidated)**

	(Billions of yen)					
	June 30, 2010			March 31, 2010		
	Book value (Fair value)	Amortized Cost	Difference	Book value (Fair value)	Amortized Cost	Difference
<b>Items with book value exceeding amortized cost<sup>(2)</sup></b>						
Equity securities	4.4	3.6	0.8	6.8	5.7	1.1
Bonds	1,608.1	1,599.2	8.9	1,585.0	1,578.5	6.4
Japanese national government bonds	1,523.4	1,515.0	8.4	1,543.7	1,537.6	6.0
Japanese local government bonds	1.8	1.7	0.0	1.7	1.7	0.0
Japanese corporate bonds	82.9	82.4	0.4	39.5	39.2	0.3
Other <sup>(3)</sup>	140.3	126.6	13.6	127.0	110.7	16.2
Foreign securities	117.8	104.6	13.1	101.9	86.1	15.8
Foreign currency denominated foreign corporate and government bonds	89.6	78.3	11.3	73.1	60.5	12.6
Yen-denominated foreign corporate and government bonds	24.5	24.3	0.2	18.5	18.3	0.2
Foreign equity securities and others	3.6	1.9	1.6	10.1	7.2	2.9
Other securities	1.1	0.9	0.2	1.1	0.9	0.2
Other monetary claims purchased	21.3	21.1	0.2	23.9	23.7	0.2
<b>Total</b>	<b>1,752.9</b>	<b>1,729.5</b>	<b>23.4</b>	<b>1,718.9</b>	<b>1,695.0</b>	<b>23.9</b>
<b>Items with book value not exceeding amortized cost<sup>(2)</sup></b>						
Equity securities	9.7	14.3	(4.6)	8.8	12.0	(3.2)
Bonds	390.9	397.1	(6.1)	746.9	754.5	(7.6)
Japanese national government bonds	153.0	155.0	(1.9)	464.5	467.2	(2.6)
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	237.8	242.0	(4.1)	282.3	287.3	(4.9)
Other <sup>(3)</sup>	156.1	161.6	(5.4)	170.8	175.1	(4.2)
Foreign securities	138.0	143.3	(5.3)	165.6	169.8	(4.2)
Foreign currency denominated foreign corporate and government bonds	49.2	51.7	(2.5)	72.2	74.5	(2.2)
Yen-denominated foreign corporate and government bonds	84.9	86.6	(1.7)	93.2	95.1	(1.8)
Foreign equity securities and others	3.8	4.9	(1.0)	0.1	0.1	(0.0)
Other securities	1.0	1.0	-	1.1	1.1	(0.0)
Other monetary claims purchased	17.0	17.1	(0.0)	19.7	19.8	(0.0)
<b>Total</b>	<b>556.8</b>	<b>573.0</b>	<b>(16.1)</b>	<b>942.3</b>	<b>957.4</b>	<b>(15.1)</b>
<b>Total</b>	<b>2,309.8</b>	<b>2,302.5</b>	<b>7.2</b>	<b>2,661.3</b>	<b>2,652.5</b>	<b>8.7</b>

	June 30, 2009			
	Fair value	Net unrealized gain (loss) (a) - (b)		
		Net	Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities	16.0	(2.3)	1.7	4.0
Bonds	1,890.7	3.5	4.5	0.9
Japanese national government bonds	1,872.0	4.3	4.3	-
Japanese local government bonds	1.7	0.0	0.0	-
Japanese corporate bonds	16.8	(0.8)	0.0	0.9
Other	296.5	(5.6)	11.5	17.1
Foreign securities	295.6	(5.6)	11.4	17.1
Foreign currency denominated foreign corporate and government bonds	161.3	0.1	7.5	7.4
Yen-denominated foreign corporate and government bonds	121.1	(9.6)	0.0	9.7
Foreign equity securities	9.1	3.4	3.4	-
Other securities	0.9	0.0	0.0	-
<b>Total</b>	<b>2,203.3</b>	<b>(4.4)</b>	<b>17.7</b>	<b>22.1</b>

(1) The presentation format has been changed from March 2010 with the application of "Accounting Standards for Financial Instruments" (revised on March 10, 2008). The format for June 30, 2009 has not been changed.

(2) "Japanese corporate bonds" and "Foreign securities," which were previously carried at cost are measured at fair value from March 2010.

Above tables do not include securities whose fair value is hardly determinable.

(3) "Other" as of March 2010 includes "Foreign securities," "Other securities" and "Other monetary claims purchased."

**Deposits, Including Negotiable Certificates of Deposit (NCDs) -Table 15- (Consolidated)**

(Billions of yen)

	June 30 2010 (a)	June 30 2009 (b)	Change (a)-(b)	March 31 2009 (c)	Change (a)-(c)
Deposits	5,812.3	6,599.2	(786.8)	6,190.4	(378.1)
Liquid (current, ordinary, note) deposits	1,555.5	1,304.9	250.6	1,490.1	65.3
Time deposits	3,971.8	5,043.2	(1,071.3)	4,420.7	(448.9)
Other	284.9	251.0	33.8	279.5	5.4
Negotiable certificates of deposits (NCDs)	284.1	395.4	(111.3)	284.9	(0.8)
Total	6,096.4	6,994.6	(898.1)	6,475.3	(378.9)

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

**Financial Ratios -Table 16- (Consolidated)**

	1QFY2010 (3 months)	1QFY2009 (3 months)	FY2009 (12 months)
Return on assets <sup>(1)</sup>	0.5% <sup>(4)</sup>	0.2% <sup>(4)</sup>	(1.2)%
Return on equity <sup>(2)</sup>	12.1% <sup>(4)</sup>	3.6% <sup>(4)</sup>	(27.6)%
Return on equity (fully diluted) <sup>(3)</sup>	12.1% <sup>(4)</sup>	3.6% <sup>(4)</sup>	(27.6)%
Cash basis return on assets <sup>(1)</sup>	0.6% <sup>(4)</sup>	0.3% <sup>(4)</sup>	(0.5)%
Cash basis return on equity <sup>(2)</sup>	14.6% <sup>(4)</sup>	6.8% <sup>(4)</sup>	(10.6)%
Cash basis return on equity (fully diluted) <sup>(3)</sup>	14.6% <sup>(4)</sup>	6.8% <sup>(4)</sup>	(10.6)%
Expense-to-revenue ratio <sup>(5)(6)</sup>	51.8%	50.9%	59.0%

(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 17- (Consolidated)**

(Billions of yen, except percentages)

	June 30 2010 (a)	June 30 2009 (b)	Change (a)-(b)	March 31 2010 (c)	Change (a)-(c)
Basic items (Tier I)	506.4	581.3	(74.9)	490.7	15.6
Amount eligible for inclusion in capital (Tier II)	254.8	310.5	(55.7)	268.7	(13.9)
General reserve for loan losses	10.8	12.5	(1.6)	10.9	(0.1)
Perpetual/non-perpetual preferred stocks and Perpetual/non-perpetual subordinated debt and bonds	243.9	297.9	(54.0)	257.7	(13.7)
Deductions	-	-	-	-	-
Deduction	(108.1)	(102.4)	(5.7)	(114.0)	5.9
<b>Total capital</b> <sup>(2)</sup>	<b>653.0</b>	<b>789.4</b>	<b>(136.4)</b>	<b>645.4</b>	<b>7.6</b>
<b>Risk assets</b>	<b>7,276.3</b>	<b>8,491.2</b>	<b>(1,214.9)</b>	<b>7,722.1</b>	<b>(445.7)</b>
Capital adequacy ratio	8.97%	9.29%		8.35%	
Tier I capital ratio	6.95%	6.84%		6.35%	
Core Tier I capital ratio <sup>(3)</sup>	4.60%	4.58%		4.05%	
TCE ratio <sup>(4)</sup>	3.32%	3.22%		3.09%	

(1) Calculated according to Basel II, F-IRB. Figures 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, ¥12.8 billion net unrealized losses on securities available-for-sale, net of taxes, as of June 30, 2009 are not included in BIS capital.

Net unrealized gain on securities available-for-sale, net of taxes, is recorded as of March 31 and June 30, 2010.

(2) Consolidated total required capital is ¥517.5 billion as at June 30, 2010, ¥550.8 billion as at March 31, 2010 and ¥637.0 billion as at June 30, 2009.

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

(4) Tangible common equity ratio: Net assets minus preferred stock, intangible assets 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 18- (Consolidated)**

(Yen, except percentages)

	1QFY2010 (3 months)	1QFY2009 (3 months)	% Change	FY2009 (12 months)	% Change
Common equity	236.82	300.62	(21.2)	232.72	1.8
Fully diluted equity	236.82	300.62	(21.2)	232.72	1.8
Basic net income (loss)	7.06	2.63	168.3	(71.36)	
Diluted net income (loss)	7.06	2.63	168.3	(71.36)	
Cash basis:					
Basic net income (loss)	8.55	4.96	72.4	(27.37)	
Diluted net income (loss)	8.55	4.96	72.4	(27.37)	
For calculation of per share data:					
Equity:					
Number of common shares <sup>(1)</sup>	1,963,919,247	1,963,919,453		1,963,919,247	
Fully diluted number of shares <sup>(1)</sup>	1,963,919,247	1,963,919,453		1,963,919,247	
Net income:					
Number of common shares <sup>(2)</sup>	1,963,919,247	1,963,919,704		1,963,919,464	
Fully diluted number of shares <sup>(2)</sup>	1,963,919,247	1,963,919,704		1,963,919,464	

(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 quarter of fiscal year 2010 was ¥7.06 compared to a diluted net income per share of ¥2.63 for the first quarter of fiscal year 2009. Cash basis diluted net income per share for the first

quarter of fiscal year 2010 was ¥8.55, as compared to a cash basis diluted net income per share of ¥4.96 for the first quarter of fiscal year 2009.

## Business Lines Results -Table 19- (Consolidated)

(Billions of yen, except percentages)

	1QFY2010 (3 months)	1QFY2009 (3 months)	% Change	FY2009 (12 months)
<b>Institutional Group:</b>				
Net interest income	8.5	8.7	(1.8)	43.3
Non-interest income	14.2	12.0	18.2	16.3
<b>Total revenue</b>	<b>22.8</b>	<b>20.7</b>	<b>9.8</b>	<b>59.7</b>
<b>General and administrative expenses</b>	<b>10.0</b>	<b>11.5</b>	<b>(13.0)</b>	<b>43.7</b>
<b>Ordinary business profit</b>	<b>12.7</b>	<b>9.2</b>	<b>38.6</b>	<b>16.0</b>
<b>Net credit costs</b>	<b>2.0</b>	<b>9.0</b>	<b>(77.0)</b>	<b>66.0</b>
<b>Ordinary business profit (loss) after net credit costs</b>	<b>10.6</b>	<b>0.1</b>	<b>8,020.9</b>	<b>(50.0)</b>
<b>Individual Group:</b>				
Net interest income	35.7	48.4	(26.2)	167.1
Non-interest income	9.9	10.4	(5.4)	41.0
<b>Total revenue</b>	<b>45.6</b>	<b>58.9</b>	<b>(22.5)</b>	<b>208.2</b>
<b>General and administrative expenses</b>	<b>27.2</b>	<b>33.3</b>	<b>(18.3)</b>	<b>124.2</b>
<b>Ordinary business profit</b>	<b>18.4</b>	<b>25.6</b>	<b>(28.0)</b>	<b>84.0</b>
<b>Net credit costs</b>	<b>11.5</b>	<b>17.0</b>	<b>(31.8)</b>	<b>46.2</b>
<b>Ordinary business profit after net credit costs</b>	<b>6.8</b>	<b>8.6</b>	<b>(20.6)</b>	<b>37.7</b>
<b>Corporate/Other<sup>(1)</sup>:</b>				
Net interest income (loss)	0.3	0.3	(2.5)	(2.5)
Non-interest income	1.7	7.4	(77.3)	20.1
<b>Total revenue</b>	<b>2.0</b>	<b>7.8</b>	<b>(74.2)</b>	<b>17.5</b>
<b>General and administrative expenses</b>	<b>(0.7)</b>	<b>(0.3)</b>	<b>(114.3)</b>	<b>0.4</b>
<b>Ordinary business profit</b>	<b>2.8</b>	<b>8.1</b>	<b>(65.7)</b>	<b>17.1</b>
<b>Net credit costs (recoveries)</b>	<b>0.1</b>	<b>(0.0)</b>	<b>481.8</b>	<b>(0.0)</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>2.6</b>	<b>8.2</b>	<b>(67.4)</b>	<b>17.1</b>
<b>Total:</b>				
Net interest income	44.6	57.4	(22.4)	207.9
Non-interest income	25.8	30.0	(13.8)	77.5
<b>Total revenue</b>	<b>70.4</b>	<b>87.5</b>	<b>(19.4)</b>	<b>285.5</b>
<b>General and administrative expenses</b>	<b>36.4</b>	<b>44.5</b>	<b>(18.0)</b>	<b>168.3</b>
<b>Ordinary business profit</b>	<b>34.0</b>	<b>43.0</b>	<b>(20.9)</b>	<b>117.1</b>
<b>Net credit costs</b>	<b>13.8</b>	<b>26.0</b>	<b>(47.0)</b>	<b>112.2</b>
<b>Ordinary business profit after net credit costs</b>	<b>20.1</b>	<b>16.9</b>	<b>19.2</b>	<b>4.8</b>

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

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

<sup>(1)</sup>  
**Institutional Group -Table 20- (Consolidated)**

(Billions of yen, except percentages)

	1QFY2010 (3 months)	1QFY2009 (3 months)	% Change	FY2009 (12 months)
<b>Institutional Banking <sup>(2)</sup> :</b>				
Net interest income	9.3	9.8	(5.3)	47.4
Non-interest income (loss)	9.7	6.3	52.6	(3.5)
<b>Total revenue</b>	<b>19.0</b>	<b>16.2</b>	<b>17.5</b>	<b>43.9</b>
<b>General and administrative expenses</b>	<b>8.0</b>	<b>9.5</b>	<b>(15.8)</b>	<b>35.5</b>
<b>Ordinary business profit</b>	<b>10.9</b>	<b>6.6</b>	<b>65.6</b>	<b>8.3</b>
<b>Net credit costs</b>	<b>1.5</b>	<b>6.9</b>	<b>(77.6)</b>	<b>60.9</b>
<b>Ordinary business profit (loss) after net credit costs</b>	<b>9.4</b>	<b>(0.3)</b>	<b>2,814.6</b>	<b>(52.5)</b>
<b>Showa Leasing:</b>				
Net interest income (loss)	(0.7)	(1.1)	31.6	(4.0)
Non-interest income	4.5	5.7	(20.1)	19.8
<b>Total revenue</b>	<b>3.7</b>	<b>4.5</b>	<b>(17.3)</b>	<b>15.8</b>
<b>General and administrative expenses</b>	<b>2.0</b>	<b>1.9</b>	<b>0.5</b>	<b>8.1</b>
<b>Ordinary business profit</b>	<b>1.7</b>	<b>2.5</b>	<b>(31.0)</b>	<b>7.6</b>
<b>Net credit costs</b>	<b>0.5</b>	<b>2.0</b>	<b>(75.2)</b>	<b>5.1</b>
<b>Ordinary business profit after net credit costs</b>	<b>1.2</b>	<b>0.4</b>	<b>162.7</b>	<b>2.4</b>
<b>Institutional Group:</b>				
Net interest income	8.5	8.7	(1.8)	43.3
Non-interest income	14.2	12.0	18.2	16.3
<b>Total revenue</b>	<b>22.8</b>	<b>20.7</b>	<b>9.8</b>	<b>59.7</b>
<b>General and administrative expenses</b>	<b>10.0</b>	<b>11.5</b>	<b>(13.0)</b>	<b>43.7</b>
<b>Ordinary business profit</b>	<b>12.7</b>	<b>9.2</b>	<b>38.6</b>	<b>16.0</b>
<b>Net credit costs</b>	<b>2.0</b>	<b>9.0</b>	<b>(77.0)</b>	<b>66.0</b>
<b>Ordinary business profit (loss) after net credit costs</b>	<b>10.6</b>	<b>0.1</b>	<b>8,020.9</b>	<b>(50.0)</b>

(1) Net of consolidation adjustments, if applicable.

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

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

**Institutional Group Revenue by Product -Table 21- (Consolidated)**

(Billions of yen, except percentages)

	1QFY2010 (3 months)	1QFY2009 (3 months)	% Change	FY2009 (12 months)
Basic banking	2.7	3.3	(18.6)	12.5
Real estate finance	4.9	4.9	(1.5)	23.9
Credit trading	2.7	1.3	102.2	(10.0)
Principal investments	1.5	(5.2)	129.2	(25.6)
Foreign exchange, derivatives, equity-related	2.1	2.8	(23.0)	11.4
Securitization	1.8	(0.9)	287.8	5.2
Other capital markets	1.0	9.3	(88.7)	20.4
ALM activities	1.1	(0.6)	267.8	1.2
Leasing (Showa Leasing)	3.7	4.5	(17.3)	15.8
Others	0.9	1.1	(18.7)	4.7
<b>Total revenue</b>	<b>22.8</b>	<b>20.7</b>	<b>9.8</b>	<b>59.7</b>

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 ¥22.8 billion in the first quarter of fiscal year 2010, compared to total revenue of ¥20.7 billion in the first quarter of fiscal year 2009.
- Basic Banking generated total revenue of ¥2.7 billion in the first quarter of fiscal year 2010, compared to the ¥3.3 billion generated in the first quarter of fiscal year 2009, primarily due to lower loan balances within our Basic Banking business.
- Our real estate finance business generated revenue of ¥4.9 billion, compared with the ¥4.9 billion in revenue recorded in the first quarter of fiscal year 2009. While

our total real estate exposure declined in the first quarter of fiscal year 2010, we were able to maintain our revenues through higher fees and net interest income on our non-recourse loans.

- Credit Trading generated revenue of ¥2.7 billion in the first quarter of fiscal year 2010, an increase of ¥1.4 billion from the first quarter of fiscal year 2009 when mark-downs of certain international credit trading positions, mainly in Europe, were taken.
- Principal Investments recorded a gain of ¥1.5 billion compared to a loss of ¥5.2 billion in the first quarter of fiscal year 2009. First quarter fiscal year 2010 results include ¥0.4 billion in gains in Jih Sun Financial Holding Co., Ltd., while first quarter of fiscal year 2009 results include ¥4.6 billion of losses in Jih Sun Financial Holding Co., Ltd.
- Foreign Exchange, Derivatives and Equity-Related Transactions recorded a gain of ¥2.1 billion in the current period, compared to a ¥2.8 billion gain recorded in the first quarter of fiscal year 2009.
- Securitization recognized a gain of ¥1.8 billion during the first quarter of fiscal year 2010 as compared to a loss of ¥0.9 billion during the first quarter of fiscal year 2009.
- Our Other Capital Markets businesses generated revenue of ¥1.0 billion for the current period, compared to a gain of ¥9.3 billion in the first quarter of fiscal year 2009. The first quarter of fiscal year 2009 results included ¥8.7 billion of gains from the sale of CLOs.
- In the first quarter of fiscal year 2010, Institutional Banking **general and administrative expenses** were ¥8.0 billion, a ¥1.5 billion or 15.8% decrease from the first quarter of fiscal year 2009. The decrease was largely due to stricter cost controls and cost reduction measures enacted during the current and prior periods.
- **Net credit costs** were ¥1.5 billion in the current period as compared to ¥6.9 billion in the first quarter of fiscal year 2009.
  - First quarter fiscal year 2010 net credit costs included ¥5.1 billion of net credit costs related to our domestic real estate non-recourse finance portfolio, largely offset by credit recoveries and credit reserve releases as we have worked to reduce risk weighted assets within our Institutional Banking business.
  - During the first quarter of fiscal year 2009, we recorded net credit costs of ¥3.8 billion on overseas credit costs related to loans made within our Basic Banking business and ¥3.3 billion of credit costs related to our real estate non-recourse finance portfolio.
- As a result, Institutional Banking showed an **ordinary business profit after net credit costs** of ¥9.4 billion for the first quarter of fiscal year 2010, compared to an **ordinary business loss after net credit costs** of ¥0.3 billion in the first quarter of fiscal year 2009.
- Showa Leasing's **ordinary business profit after net credit costs** improved to ¥1.2 billion for the first quarter of fiscal year 2010 compared to ¥0.4 billion in the first quarter of fiscal year 2009. Net credit costs for the first quarter of fiscal year 2010 declined to ¥0.5 billion compared to ¥2.0 billion in the first quarter of fiscal year 2009.



Individual Group - Table 22- (Consolidated)<sup>(1)</sup>

(Billions of yen, except percentages)

	1QFY2010 (3 months)	1QFY2009 (3 months)	% Change	FY2009 (12 months)
<b>Retail Banking:</b>				
Net interest income	8.5	7.9	7.7	32.0
Non-interest income	2.4	2.7	(11.5)	9.4
<b>Total revenue</b>	<b>11.0</b>	<b>10.7</b>	<b>2.8</b>	<b>41.5</b>
<b>General and administrative expenses</b>	<b>8.0</b>	<b>8.9</b>	<b>(10.0)</b>	<b>35.2</b>
<b>Ordinary business profit</b>	<b>2.9</b>	<b>1.7</b>	<b>67.3</b>	<b>6.3</b>
<b>Net credit costs (recoveries)</b>	<b>0.7</b>	<b>(0.0)</b>	<b>3,298.9</b>	<b>(0.0)</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>2.1</b>	<b>1.7</b>	<b>20.5</b>	<b>6.3</b>
<b>(Reference) Revenue from structured deposits</b>	<b>1.5</b>	<b>2.3</b>	<b>(34.8)</b>	<b>6.2</b>
<b>Shinsei Financial:</b>				
Net interest income	18.3	28.4	(35.3)	92.5
Non-interest income	(1.2)	(0.8)	(50.8)	(3.9)
<b>Total revenue</b>	<b>17.1</b>	<b>27.5</b>	<b>(37.9)</b>	<b>88.5</b>
<b>General and administrative expenses</b>	<b>8.7</b>	<b>12.0</b>	<b>(27.4)</b>	<b>42.6</b>
<b>Ordinary business profit</b>	<b>8.3</b>	<b>15.4</b>	<b>(46.1)</b>	<b>45.9</b>
<b>Net credit costs</b>	<b>5.7</b>	<b>8.9</b>	<b>(35.8)</b>	<b>25.3</b>
<b>Ordinary business profit after net credit costs</b>	<b>2.5</b>	<b>6.4</b>	<b>(60.4)</b>	<b>20.6</b>
<b>Shinki:</b>				
Net interest income	3.3	4.3	(21.8)	15.2
Non-interest income	(0.3)	(0.2)	(43.3)	(1.1)
<b>Total revenue</b>	<b>3.0</b>	<b>4.1</b>	<b>(25.2)</b>	<b>14.0</b>
<b>General and administrative expenses</b>	<b>1.4</b>	<b>2.3</b>	<b>(39.4)</b>	<b>8.0</b>
<b>Ordinary business profit</b>	<b>1.6</b>	<b>1.7</b>	<b>(6.6)</b>	<b>6.0</b>
<b>Net credit costs (recoveries)</b>	<b>0.8</b>	<b>1.6</b>	<b>(45.2)</b>	<b>(0.8)</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>0.7</b>	<b>0.1</b>	<b>405.8</b>	<b>6.9</b>
<b>APLUS FINANCIAL:</b>				
Net interest income	5.0	7.4	(31.7)	25.9
Non-interest income	9.0	8.7	3.1	36.6
<b>Total revenue</b>	<b>14.1</b>	<b>16.2</b>	<b>(13.0)</b>	<b>62.6</b>
<b>General and administrative expenses</b>	<b>8.9</b>	<b>9.9</b>	<b>(9.9)</b>	<b>37.9</b>
<b>Ordinary business profit</b>	<b>5.2</b>	<b>6.3</b>	<b>(17.7)</b>	<b>24.6</b>
<b>Net credit costs</b>	<b>3.9</b>	<b>6.2</b>	<b>(36.4)</b>	<b>21.0</b>
<b>Ordinary business profit after net credit costs</b>	<b>1.2</b>	<b>0.0</b>	<b>1,195.2</b>	<b>3.5</b>
<b>Other Subsidiaries<sup>(2)</sup>:</b>				
Net interest income	0.3	0.2	5.2	1.2
Non-interest income	0.0	0.0	11.6	0.1
<b>Total revenue</b>	<b>0.3</b>	<b>0.3</b>	<b>6.0</b>	<b>1.4</b>
<b>General and administrative expenses</b>	<b>0.0</b>	<b>0.0</b>	<b>17.1</b>	<b>0.3</b>
<b>Ordinary business profit</b>	<b>0.2</b>	<b>0.2</b>	<b>3.0</b>	<b>1.0</b>
<b>Net credit costs</b>	<b>0.1</b>	<b>0.1</b>	<b>(2.3)</b>	<b>0.7</b>
<b>Ordinary business profit after net credit costs</b>	<b>0.0</b>	<b>0.0</b>	<b>14.0</b>	<b>0.3</b>
<b>Total Individual Group:</b>				
Net interest income	35.7	48.4	(26.2)	167.1
Non-interest income	9.9	10.4	(5.4)	41.0
<b>Total revenue</b>	<b>45.6</b>	<b>58.9</b>	<b>(22.5)</b>	<b>208.2</b>
<b>General and administrative expenses</b>	<b>27.2</b>	<b>33.3</b>	<b>(18.3)</b>	<b>124.2</b>
<b>Ordinary business profit</b>	<b>18.4</b>	<b>25.6</b>	<b>(28.0)</b>	<b>84.0</b>
<b>Net credit costs</b>	<b>11.5</b>	<b>17.0</b>	<b>(31.8)</b>	<b>46.2</b>
<b>Ordinary business profit after net credit costs</b>	<b>6.8</b>	<b>8.6</b>	<b>(20.6)</b>	<b>37.7</b>

(1) Net of consolidation adjustments, if applicable.

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

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

## Individual Group Revenue by Product/Entity -Table 23- (Consolidated)

(Billions of yen, except percentages)

	1QFY2010 (3 months)	1QFY2009 (3 months)	% Change	FY2009 (12 months)
Retail Banking:	11.0	10.7	2.8	41.5
Deposits and debentures net interest income	6.4	6.3	1.5	25.3
Deposits and debentures non-interest income	1.4	1.8	(21.9)	5.2
Asset management	1.2	1.1	3.9	4.9
Loans	1.9	1.3	39.7	6.0
(Reference) Revenue from structured deposits	1.5	2.3	(34.8)	6.2
Shinsei Financial	17.1	27.5	(37.9)	88.5
Shinki	3.0	4.1	(25.2)	14.0
APLUS FINANCIAL	14.1	16.2	(13.0)	62.6
Other subsidiaries	0.3	0.3	6.0	1.4
<b>Total revenue</b>	<b>45.6</b>	<b>58.9</b>	<b>(22.5)</b>	<b>208.2</b>

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, Shinki, APLUS FINANCIAL and Shinsei Property Finance.
- During the current quarter ended June 30, 2010, interest rates have been reset below the legal maximum rates as stipulated in the revised Money-Lending Business Control and Regulation Law.
- The Individual Group generated **ordinary business profit after net credit costs** of ¥6.8 billion compared to ¥8.6 billion during the first quarter of fiscal year 2009.
  - The **ordinary business profit after net credit costs** for the current period reflects higher **ordinary business profit after net credit costs** within our Retail Banking, Shinki and APLUS FINANCIAL businesses, offset by lower **ordinary business profit after net credit costs** within Shinsei Financial.
- During the first quarter of fiscal year 2010, total Retail Banking **revenue** was ¥11.0 billion as compared to ¥10.7 billion during the first quarter of fiscal year 2009.
  - The main sources of revenue were interest income from retail deposits, net interest income from loan products, income from structured deposits, and fees from asset management products.
- During the first quarter of fiscal year 2010, we generated **net interest income** of ¥8.5 billion compared to ¥7.9 billion during the first quarter of fiscal year 2009. The increase in **net interest income** comes primarily from increases of housing loans acquired from Shinsei Financial in March 2010 and increases in Shinsei Bank's housing loans.
- **Non-interest income** declined slightly to ¥2.4 billion in the current period from ¥2.7 billion in the first quarter of fiscal year 2009 largely due to decreased revenue from structured deposits.
- Retail Banking incurred **general and administrative expenses** of ¥8.0 billion during the first quarter of fiscal year 2010, a decrease of 10.0% as compared to the first quarter of fiscal year 2009.
- Retail Banking generated **ordinary business profit after net credit costs** of ¥2.1 billion for the first quarter of fiscal year 2010, as compared to an **ordinary business profit after net credit costs** of ¥1.7 billion during the first quarter of fiscal year 2009.
  - For the first quarter of fiscal year 2010, Shinsei Financial generated total revenue of ¥17.1 billion, incurred **general and administrative expenses** of ¥8.7 billion and incurred **net credit costs** of ¥5.7 billion. As a result, Shinsei Financial's **ordinary business profit after net credit costs** was ¥2.5 billion for the current period.
  - For the first quarter of fiscal year 2010, Shinki recorded **total revenue** of ¥3.0 billion and **general and administrative expenses** of ¥1.4 billion. Shinki recorded **net credit costs** of ¥0.8 billion, and as a result, Shinki recorded an **ordinary business profit after net credit costs** of ¥0.7 billion. This compares to an **ordinary business profit after net credit costs** of ¥0.1 billion in the first quarter of fiscal year 2009.
  - For the first quarter of fiscal year 2010, APLUS FINANCIAL generated **total revenue** of ¥14.1 billion, compared to ¥16.2 billion in the first quarter of fiscal year 2009.
    - **General and administrative expenses** declined to ¥8.9 billion from ¥9.9 billion in the first quarter of fiscal year 2009, while **net credit costs** declined to ¥3.9 billion from ¥6.2 billion in the first quarter of fiscal year 2009.
    - As a result, the business generated **ordinary business profit after net credit costs** of ¥1.2 billion in the first quarter of fiscal year 2010, compared to ¥0.0 billion in the first quarter of fiscal year 2009.
  - Shinsei Financial's usage of reserve for grey zone payments and reversals of grey zone reserves amounted to ¥9.0 billion and ¥0.9 billion, respectively, in the first quarter of fiscal year 2010.
    - The total balance of Shinsei Financial's grey zone reserves was ¥21.1 billion as of June 30, 2010, as compared to ¥31.1 billion as of March 31, 2010.
  - 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.
  - Shinki's usage of reserve for grey zone payments and write-offs amounted to ¥4.0 billion in the first quarter of fiscal year 2010.
    - The business made no new grey zone related provisions. The total balance of the grey zone reserve was ¥19.6 billion as of June 30, 2010, as compared to ¥23.7 billion as of March 31, 2010.

- APLUS FINANCIAL's usage of reserve for grey zone payments and write-offs amounted to ¥1.5 billion in the first quarter of fiscal year 2010.
  - The business made no grey zone related provisions and the total balance of the grey zone reserve was ¥13.5 billion as of June 30, 2010, as compared to ¥15.1 billion as of March 31, 2010.
- Other subsidiaries' financials mainly include the financial results of Shinsei Property Finance Co., Ltd.

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

	<i>(millions of yen)</i>				
	June 30 2010 a	June 30 2009 b	Change a-b Amount	March 31 2010 c	Change a-c Amount
<b>&lt;&lt;Assets&gt;&gt;</b>					
Cash and due from banks	655,481	294,984	360,497	493,141	162,340
Call loans	13,928	19,690	(5,762)	19,129	(5,201)
Collateral related to securities borrowing transactions	5,152	235,393	(230,241)	2,801	2,351
Other monetary claims purchased	228,849	415,311	(186,462)	252,761	(23,912)
Trading assets	217,954	287,815	(69,861)	223,279	(5,325)
Monetary assets held in trust	281,950	339,432	(57,482)	292,227	(10,277)
Securities	2,832,927	3,262,378	(429,451)	3,233,312	(400,385)
Loans and bills discounted	4,772,520	5,341,527	(569,007)	5,163,763	(391,243)
Foreign exchanges	17,412	11,949	5,463	10,976	6,436
Lease receivables and leased investment assets	208,861	228,103	(19,242)	213,702	(4,841)
Other assets	1,124,933	1,070,520	54,413	863,272	261,661
Premises and equipment	51,537	49,632	1,905	52,154	(617)
Intangible assets	106,045	203,572	(97,527)	109,953	(3,908)
Goodwill, net	55,687	129,545	(73,858)	57,844	(2,157)
Deferred issuance expenses for debentures	179	161	18	176	3
Deferred tax assets	17,299	25,353	(8,054)	18,969	(1,670)
Customers' liabilities for acceptances and guarantees	609,780	666,069	(56,289)	623,786	(14,006)
Reserve for credit losses	(197,728)	(202,572)	4,844	(196,642)	(1,086)
<b>Total assets</b>	<b>10,947,087</b>	<b>12,249,324</b>	<b>(1,302,237)</b>	<b>11,376,767</b>	<b>(429,680)</b>

## Liabilities and Equity

	<i>(millions of yen)</i>				
	June 30 2010 a	June 30 2009 b	Change a-b Amount	March 31 2010 c	Change a-c Amount
<b>&lt;&lt;Liabilities&gt;&gt;</b>					
Deposits	5,812,349	6,599,201	(786,852)	6,190,477	(378,128)
Negotiable certificates of deposit	284,103	395,414	(111,311)	284,909	(806)
Debentures	457,889	621,579	(163,690)	483,713	(25,824)
Call money	180,463	155,500	24,963	310,487	(130,024)
Payables under repurchase agreements	-	60,975	(60,975)	8,430	(8,430)
Collateral related to securities lending transactions	399,850	598,892	(199,042)	548,479	(148,629)
Commercial paper	-	99	(99)	-	-
Trading liabilities	180,245	217,085	(36,840)	177,835	2,410
Borrowed money	1,234,327	879,550	354,777	1,186,837	47,490
Foreign exchanges	185	10	175	17	168
Short-term corporate bonds	25,500	23,500	2,000	17,700	7,800
Corporate bonds	163,417	236,425	(73,008)	188,278	(24,861)
Other liabilities	894,087	805,018	89,069	619,201	274,886
Accrued employees' bonuses	3,051	3,865	(814)	8,842	(5,791)
Accrued directors' bonuses	42	40	2	126	(84)
Reserve for employees' retirement benefits	7,048	17,980	(10,932)	7,718	(670)
Reserve for directors' retirement benefits	241	237	4	244	(3)
Reserve for losses on interest repayments	54,366	157,958	(103,592)	70,088	(15,722)
Reserve for losses on disposal of premises and equipment	66	7,308	(7,242)	7,212	(7,146)
Reserve for losses on litigation	-	3,662	(3,662)	5,873	(5,873)
Reserve under special law	3	4	(1)	3	-
Deferred tax liabilities	540	1,487	(947)	1,547	(1,007)
Acceptances and guarantees	609,780	666,069	(56,289)	623,786	(14,006)
<b>Total liabilities</b>	<b>10,307,562</b>	<b>11,451,867</b>	<b>(1,144,305)</b>	<b>10,741,812</b>	<b>(434,250)</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	26,315	157,761	(131,446)	12,438	13,877
Treasury stock, at cost	(72,558)	(72,558)	(0)	(72,558)	-
Total shareholders' equity	473,607	605,053	(131,446)	459,730	13,877
<b>Net unrealized gain (loss) and translation adjustments:</b>					
Unrealized gain (loss) on available-for-sale securities	869	(12,808)	13,677	1,398	(529)
Deferred gain (loss) on derivatives under hedge accounting	(6,420)	(3,568)	(2,852)	(3,327)	(3,093)
Foreign currency translation adjustments	(2,960)	1,728	(4,688)	(741)	(2,219)
Total net unrealized gain (loss) and translation adjustments	(8,512)	(14,648)	6,136	(2,669)	(5,843)
Stock acquisition rights	1,598	1,624	(26)	1,672	(74)
Minority interests in subsidiaries	172,830	205,428	(32,598)	176,221	(3,391)
<b>Total equity</b>	<b>639,524</b>	<b>797,457</b>	<b>(157,933)</b>	<b>634,954</b>	<b>4,570</b>
<b>Total liabilities and equity</b>	<b>10,947,087</b>	<b>12,249,324</b>	<b>(1,302,237)</b>	<b>11,376,767</b>	<b>(429,680)</b>

## Consolidated Statements of Operations (Unaudited) (Consolidated)

(millions of yen, except percentages)

	1QFY2010 (3 months)	1QFY2009 (3 months)	Change		FY2009 (12 months)
			Amount	%	
Total interest income	58,365	79,344	(20,979)	(26.4)	283,581
Interest on loans and bills discounted	50,063	68,382	(18,319)	(26.8)	245,289
Interest and dividends on securities	6,696	8,856	(2,160)	(24.4)	30,560
Other interest income	1,604	2,105	(501)	(23.8)	7,731
Fees and commissions income	12,389	12,475	(86)	(0.7)	51,190
Trading profits	8,036	4,304	3,732	86.7	9,014
Other business income	40,796	56,134	(15,338)	(27.3)	208,085
Other ordinary income	3,524	3,385	139	4.1	14,471
<b>Ordinary income</b>	<b>123,113</b>	<b>155,644</b>	<b>(32,531)</b>	<b>(20.9)</b>	<b>566,343</b>
Total interest expenses	13,763	21,874	(8,111)	(37.1)	75,595
Interest on deposits	9,719	13,998	(4,279)	(30.6)	51,659
Interest on borrowings	1,807	3,281	(1,474)	(44.9)	10,208
Interest on corporate bonds	1,103	2,059	(956)	(46.4)	6,517
Other interest expenses	1,133	2,535	(1,402)	(55.3)	7,210
Fees and commissions expenses	6,339	7,528	(1,189)	(15.8)	26,060
Trading losses	4,221	4,702	(481)	(10.2)	-
Other business expenses	26,792	35,280	(8,488)	(24.1)	170,405
Total general and administrative expenses	40,524	50,584	(10,060)	(19.9)	191,772
General and administrative expenses	37,101	45,196	(8,095)	(17.9)	170,845
Amortization of goodwill	2,189	3,387	(1,198)	(35.4)	13,242
Amortization of intangible assets	1,233	2,000	(767)	(38.4)	7,685
Other ordinary expenses	15,324	39,813	(24,489)	(61.5)	175,168
Provision of reserve for loan losses	10,741	24,592	(13,851)	(56.3)	95,433
Others	4,583	15,221	(10,638)	(69.9)	79,734
<b>Ordinary expenses</b>	<b>106,966</b>	<b>159,784</b>	<b>(52,818)</b>	<b>(33.1)</b>	<b>639,002</b>
<b>Net ordinary income (loss)</b>	<b>16,147</b>	<b>(4,140)</b>	<b>20,287</b>	<b>490.0</b>	<b>(72,659)</b>
Special gains	4,013	12,608	(8,595)	(68.2)	34,711
Special losses	4,017	1,067	2,950	276.5	85,140
<b>Income (loss) before income taxes and minority interests</b>	<b>16,142</b>	<b>7,400</b>	<b>8,742</b>	<b>118.1</b>	<b>(123,089)</b>
Income taxes (benefit):					
Current	263	382	(119)	(31.2)	1,540
Deferred	(509)	(858)	349	40.7	6,713
Total income taxes (benefit)	(245)	(475)	230	48.4	8,254
<b>Income before minority interests</b>	<b>16,388</b>	<b>-</b>	<b>/</b>	<b>-</b>	<b>-</b>
Minority interests in net income of subsidiaries	2,511	2,703	(192)	(7.1)	8,807
<b>Net income (loss)</b>	<b>13,877</b>	<b>5,172</b>	<b>8,705</b>	<b>168.3</b>	<b>(140,150)</b>

## Section 2. Non-Consolidated Information

## Results of Operations -Table 24- (Non-Consolidated)

(Billions of yen, except percentages)

	1QFY2010 (3 months)	1QFY2009 (3 months)	% Change	FY2009 (12 months)
Net interest income	15.8	14.6	8.2	80.5
Non-interest income	8.2	13.2	(37.9)	7.7
Net fees and commissions <sup>(1)</sup>	4.5	3.2	37.9	(8.8)
Net trading income	3.0	0.4	568.6	7.7
Net other business income	0.5	9.4	(93.7)	8.8
<b>Total revenue <sup>(1)</sup></b>	<b>24.0</b>	<b>27.8</b>	<b>(13.6)</b>	<b>88.2</b>
Personnel expenses	4.6	6.4	(27.9)	23.0
Non-personnel expenses	9.1	10.2	(11.2)	40.8
Taxes	0.7	0.7	(3.8)	3.4
<b>General and administrative expenses</b>	<b>14.4</b>	<b>17.4</b>	<b>(17.0)</b>	<b>67.3</b>
<b>Net business profit <sup>(1)</sup></b>	<b>9.5</b>	<b>10.3</b>	<b>(8.0)</b>	<b>20.9</b>
<b>Other gains (losses)</b>				
Gains (losses) on the sales of equities	(0.0)	(0.1)	(49.0)	(2.1)
Provision of reserve for loan losses	1.1	4.5	(73.8)	36.1
Losses on write-off of loans	2.2	0.8	163.6	16.3
Expenses for employees' retirement benefits	1.0	0.9	6.5	2.7
Other losses, expenses	0.6	2.0	(66.4)	7.7
<b>Net ordinary income (loss)</b>	<b>4.2</b>	<b>1.7</b>	<b>136.8</b>	<b>(44.2)</b>
<b>Special gains (losses)</b>				
Gains (losses) from sales of fixed assets	(0.3)	(0.1)	170.7	(0.6)
Gains on bad debt recovered	0.4	0.1	117.4	2.7
Reversal of reserve for loan losses	-	-	-	-
Other special gains (losses)	0.1	8.5	(98.7)	2.8
<b>Income (loss) before income taxes</b>	<b>4.4</b>	<b>10.4</b>	<b>(57.2)</b>	<b>(39.3)</b>
<b>Income taxes (benefit)</b>				
Current	(0.2)	(0.0)	339.7	(0.0)
Deferred	-	-	-	8.3
<b>Net income (loss)</b>	<b>4.7</b>	<b>10.4</b>	<b>(55.1)</b>	<b>(47.6)</b>

(1) Includes income from monetary assets held in trust of ¥3.6 billion in 1QFY2010, ¥-15.9 billion in FY2009 and ¥2.1 billion in 1QFY2009.

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

- Shinsei Bank recorded net income for the first quarter of fiscal year 2010 of ¥4.7 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 FINANCIAL and Shinki, nor do they include any loss from our share in the net gain or loss of our equity method affiliate, Jih Sun Financial Holding Co., Ltd. We received no dividends from our major consolidated subsidiaries in the first quarter of fiscal year 2010.
  - During the current period, we recorded gains of ¥1.2 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 25- (Non-Consolidated)**

*(Billions of yen, except percentages)*

	1QFY2010 (3 months)	1QFY2009 (3 months)	% Change	FY2009 (12 months)
Losses on write-off of loans	2.2	0.8	159.4	16.4
Net provision of reserve for loan losses	1.1	4.5	(73.8)	36.1
Net provision (reversal) of general reserve for loan losses	(1.4)	(4.6)	(68.6)	11.5
Net provision (reversal) of specific reserve for loan losses	2.6	9.1	(71.2)	24.6
Net provision (reversal) of reserve for loan losses to restructuring countries	-	-	-	(0.0)
<b>Net credit costs</b>	<b>3.4</b>	<b>5.4</b>	<b>(35.8)</b>	<b>52.6</b>

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

**Interest-Earning Assets and Interest-Bearing Liabilities -Table 26- (Non-Consolidated)**

*(Billions of yen, except percentages)*

	1QFY2010 (3 months)			1QFY2009 (3 months)			FY2009 (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	15.0	0.0	1.03	7.6	0.0	1.16	10.3	0.0	0.64
Call loans	47.7	0.0	0.16	44.8	0.0	0.18	79.6	0.1	0.14
Receivables under resale agreements	-	-	-	-	-	-	-	-	-
Collateral related to securities borrowing transactions	101.8	0.0	0.12	45.1	0.0	0.14	60.0	0.0	0.12
Securities	3,581.1	7.0	0.78	3,413.5	8.2	0.96	3,662.2	51.2	1.39
Loans and bills discounted	4,571.7	19.4	1.70	4,850.4	21.9	1.81	4,750.0	86.4	1.82
Other interest-earning assets	486.7	1.6	1.35	716.1	3.4	1.91	574.5	10.1	1.75
Interest rate and funding swaps	-	1.3	-	-	0.9	-	-	4.9	-
<b>Total interest-earning assets</b>	<b>8,804.2</b>	<b>29.5</b>	<b>1.34</b>	<b>9,077.8</b>	<b>34.5</b>	<b>1.52</b>	<b>9,136.8</b>	<b>153.0</b>	<b>1.67</b>
<b>Interest-bearing liabilities:</b>									
Deposits	6,311.4	9.7	0.61	6,994.6	14.0	0.80	6,844.7	51.7	0.75
Negotiable certificates of deposit	313.9	0.1	0.19	378.4	0.4	0.47	380.0	1.3	0.34
Debentures	476.7	0.7	0.60	655.7	1.2	0.77	563.1	3.8	0.68
Call money	198.2	0.0	0.11	221.8	0.0	0.15	247.8	0.2	0.12
Payable under repurchase agreements	5.4	0.0	0.10	24.7	0.0	0.13	44.9	0.0	0.12
Collateral related to securities lending transactions	476.1	0.1	0.11	454.2	0.1	0.14	502.6	0.6	0.12
Borrowed money	836.8	0.4	0.23	363.2	0.9	1.10	396.0	2.9	0.74
Corporate bonds	338.4	3.2	3.89	383.0	4.2	4.45	369.2	16.4	4.46
Other interest-bearing liabilities	0.3	0.0	n.m. <sup>(1)</sup>	0.2	0.3	n.m. <sup>(1)</sup>	0.2	0.5	n.m. <sup>(1)</sup>
Interest rate and funding swaps	-	-	-	-	-	-	-	-	-
<b>Total interest-bearing liabilities</b>	<b>8,957.8</b>	<b>14.5</b>	<b>0.65</b>	<b>9,476.2</b>	<b>21.6</b>	<b>0.91</b>	<b>9,348.8</b>	<b>77.9</b>	<b>0.83</b>
<b>Net interest income/yield on interest-earning assets</b>	<b>8,804.2</b>	<b>14.9</b>	<b>0.68</b>	<b>9,077.8</b>	<b>12.9</b>	<b>0.57</b>	<b>9,136.8</b>	<b>75.1</b>	<b>0.82</b>

(1) n.m. is not meaningful.

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



**Risk-Monitored Loans -Table 27- (Non-Consolidated)**

(Billions of yen)

	June 30 2010 (a)	June 30 2009 (b)	Change (a)-(b)	March 31 2010 (c)	Change (a)-(c)
Loans to bankrupt obligors	10.2	23.0	(12.7)	11.1	(0.9)
Non-accrual delinquent loans	281.3	146.9	134.3	290.0	(8.6)
Loans past due for three months or more	2.3	10.7	(8.4)	2.0	0.2
Restructured loans	3.0	2.6	0.3	3.0	(0.0)
<b>Total (A)</b>	<b>296.9</b>	<b>183.4</b>	<b>113.5</b>	<b>306.2</b>	<b>(9.3)</b>
<b>Loans and bills discounted (B)</b>	<b>4,473.7</b>	<b>4,737.3</b>	<b>(263.6)</b>	<b>4,732.8</b>	<b>(259.0)</b>
Ratio to total loans and bills discounted (A / B) (%)	6.64%	3.87%		6.47%	
<b>Reserve for credit losses (C)</b>	<b>102.3</b>	<b>113.9</b>	<b>(11.6)</b>	<b>102.2</b>	<b>0.1</b>
Reserve ratio (C / A) (%)	34.5%	62.1%		33.4%	

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

**Loans by Borrower Industry -Table 28- (Non-Consolidated)**

(Billions of yen)

	June 30 2010 (a)	June 30 2009 (b)	Change (a)-(b)	March 31 2010 (c)	Change (a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	246.7	248.9	(2.1)	246.8	(0.0)
Agriculture and forestry	-	-	-	-	-
Fishery	2.4	2.6	(0.2)	2.5	(0.1)
Mining, quarrying and gravel extraction	2.4	3.5	(1.0)	2.7	(0.2)
Construction	4.0	7.9	(3.8)	5.6	(1.6)
Electric power, gas, heat supply and water supply	30.1	43.6	(13.5)	32.3	(2.1)
Information and communications	10.6	29.4	(18.8)	16.4	(5.8)
Transportation and postal service	278.3	319.5	(41.2)	288.4	(10.1)
Wholesale and retail	95.5	118.3	(22.8)	107.0	(11.5)
Finance and insurance	1,397.3	1,203.9	193.3	1,486.1	(88.8)
Real estate	737.5	950.3	(212.8)	845.2	(107.7)
Services	316.4	321.4	(4.9)	318.1	(1.6)
Local government	166.7	172.4	(5.6)	171.3	(4.6)
Individual	912.2	876.8	35.4	913.2	(1.0)
Overseas yen loan and overseas loans booked domestically	229.0	377.4	(148.3)	248.6	(19.5)
<b>Total domestic</b>	<b>4,429.7</b>	<b>4,676.5</b>	<b>(246.8)</b>	<b>4,684.9</b>	<b>(255.2)</b>
Overseas offices (including Japan offshore market accounts):					
Governments	2.2	1.6	0.5	1.9	0.2
Financial institutions	2.2	-	2.2	1.8	0.3
Commerce and industry	39.6	59.1	(19.5)	44.1	(4.5)
Others	-	-	-	-	-
<b>Total overseas</b>	<b>44.0</b>	<b>60.7</b>	<b>(16.7)</b>	<b>47.9</b>	<b>(3.8)</b>
<b>Total</b>	<b>4,473.7</b>	<b>4,737.3</b>	<b>(263.6)</b>	<b>4,732.8</b>	<b>(259.0)</b>

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

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

**Risk Monitored Loans by Borrower Industry -Table 29- (Non-Consolidated)**<sup>(1)</sup>

	(Billions of yen)				
	June 30 2010 (a)	June 30 2009 (b)	Change (a)-(b)	March 31 2010 (c)	Change (a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	1.5	1.6	(0.1)	1.5	(0.0)
Agriculture, forestry	-	-	-	-	-
Fishery	-	-	-	-	-
Mining, quarrying, gravel extraction	-	-	-	-	-
Construction	-	-	-	-	-
Electric power, gas, heat supply and water supply	-	-	-	-	-
Information and communications	0.5	0.5	(0.0)	0.5	(0.0)
Transportation, postal service	13.8	5.8	7.9	14.2	(0.3)
Wholesale and retail	0.0	0.0	-	0.0	-
Finance and insurance	34.4	53.8	(19.4)	34.4	(0.0)
Real estate	224.5	85.9	138.5	231.6	(7.0)
Services	3.1	1.1	2.0	3.7	(0.5)
Local government	-	-	-	-	-
Individual	5.8	5.4	0.4	4.8	0.9
Overseas yen loan and overseas loans booked domestically	13.0	25.3	(12.3)	15.2	(2.1)
<b>Total domestic</b>	<b>296.9</b>	<b>179.8</b>	<b>117.0</b>	<b>306.2</b>	<b>(9.3)</b>
Overseas offices (including Japan offshore market accounts):					
Governments	-	-	-	-	-
Financial institutions	-	-	-	-	-
Commerce and industry	-	3.5	(3.5)	-	-
Others	-	-	-	-	-
<b>Total overseas</b>	<b>-</b>	<b>3.5</b>	<b>(3.5)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>296.9</b>	<b>183.4</b>	<b>113.5</b>	<b>306.2</b>	<b>(9.3)</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 30- (Non-Consolidated)**

	(Billions of yen)				
	June 30 2010 (a)	June 30 2009 (b)	Change (a)-(b)	March 31 2010 (c)	Change (a)-(c)
US	37.9	92.5	(54.6)	39.8	(1.9)
Asset-backed investments <sup>(1)</sup> in US	3.7	4.4	(0.6)	3.7	0.0
Europe	126.1	156.9	(30.7)	135.7	(9.5)
Asset-backed investments <sup>(1)</sup> in Europe	86.8	113.4	(26.6)	95.6	(8.8)
Others	109.0	188.7	(79.7)	120.9	(11.8)
<b>Total overseas and offshore loans</b>	<b>273.1</b>	<b>438.2</b>	<b>(165.1)</b>	<b>296.5</b>	<b>(23.4)</b>
<b>Total asset-backed investments<sup>(1)</sup></b>	<b>90.6</b>	<b>117.9</b>	<b>(27.3)</b>	<b>99.4</b>	<b>(8.8)</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 39 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 Overseas and Offshore Loans by Region -Table 31- (Non-Consolidated)**

	(Billions of yen)				
	June 30 2010 (a)	June 30 2009 (b)	Change (a)-(b)	March 31 2010 (c)	Change (a)-(c)
US	-	9.2	(9.2)	-	-
Asset-backed investments <sup>(1)</sup> in US	-	0.6	(0.6)	-	-
Europe	12.9	19.6	(6.6)	15.1	(2.1)
Asset-backed investments <sup>(1)</sup> in Europe	12.1	17.8	(5.6)	14.0	(1.8)
Others	0.0	0.0	(0.0)	0.0	(0.0)
Total overseas and offshore loans	13.0	28.9	(15.8)	15.2	(2.1)
Total asset-backed investments <sup>(1)(2)</sup>	12.1	18.4	(6.2)	14.0	(1.8)

(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 39 Balance of Securitized Products (Breakdown by Region and Type of Securities) on page 41.

(2) As of June 30, 2010, reserve for loan losses and collateral/guarantees for risk monitored loans related to asset-backed investments were ¥4.7 billion and ¥7.4 billion, respectively, and the coverage ratio was 100.0%.

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

**Claims Classified under the Financial Revitalization Law -Table 32- (Non-Consolidated)**

	(Billions of yen)				
	June 30 2010 (a)	June 30 2009 (b)	Change (a)-(b)	March 31 2010 (c)	Change (a)-(c)
Claims against bankrupt and quasi-bankrupt obligors	103.5	116.2	(12.7)	112.2	(8.7)
Doubtful claims	212.1	58.1	153.9	215.7	(3.5)
Substandard claims	5.3	13.4	(8.0)	5.1	0.2
<b>Total (A)</b>	<b>321.0</b>	<b>187.8</b>	<b>133.1</b>	<b>333.0</b>	<b>(12.0)</b>
<b>Total claims (B)</b>	<b>5,031.2</b>	<b>5,145.8</b>	<b>(114.5)</b>	<b>4,970.1</b>	<b>61.1</b>
Loans and bills discounted	4,473.7	4,737.3	(263.6)	4,732.8	(259.0)
Others	557.5	408.4	149.0	237.3	320.2
Ratio to total claims (A / B) X 100 (%)	6.38%	3.65%	/	6.70%	/
<b>Reserve for credit losses (C)</b>	<b>102.3</b>	<b>113.9</b>	<b>(11.6)</b>	<b>102.2</b>	<b>0.1</b>
Reserve ratio (C / A) X 100 (%)	31.9%	60.7%	/	30.6%	/
(Ref. 1) Amount of write-off	96.5	65.8	30.6	96.8	(0.3)
(Ref. 2) Below need caution level	776.5	474.1	302.3	739.6	36.8

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

**Coverage Ratio for Non-Performing Claims Classified under the Financial Revitalization Law -Table 33- (Non-Consolidated)**

(Billions of yen, except percentages)

June 30, 2010					
Amounts of coverage					
Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees	Coverage ratio	
Claims against bankrupt and quasi-bankrupt obligors	103.5	103.5	5.0	98.5	100.0%
Doubtful claims	212.1	204.4	24.9	179.5	96.4%
Substandard claims	5.3	4.7	1.9	2.8	88.8%
<b>Total</b>	<b>321.0</b>	<b>312.6</b>	<b>31.8</b>	<b>280.8</b>	<b>97.4%</b>

(Billions of yen, except percentages)

June 30, 2009					March 31, 2010				
Amounts of coverage					Amounts of coverage				
Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees	Coverage ratio	Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees	Coverage ratio
Claims against bankrupt and quasi-bankrupt obligors	116.2	116.2	-	116.2	112.2	112.2	5.7	106.5	100.0%
Doubtful claims	58.1	51.2	27.0	24.3	215.7	208.9	22.3	186.5	96.8%
Substandard claims	13.4	12.6	2.1	10.5	5.1	4.0	1.6	2.4	79.0%
<b>Total</b>	<b>187.8</b>	<b>180.1</b>	<b>29.1</b>	<b>151.0</b>	<b>333.0</b>	<b>325.1</b>	<b>29.7</b>	<b>295.5</b>	<b>97.6%</b>

**Reserve for Credit Losses -Table 34- (Non-Consolidated)**

(Billions of yen)

	June 30 2010 (a)	June 30 2009 (b)	Change (a)-(b)	March 31 2010 (c)	Change (a)-(c)
Reserve for credit losses	81.1	92.8	(11.7)	81.0	0.0
General reserve for loan losses	48.9	56.2	(7.3)	50.6	(1.7)
Specific reserve for loan losses	32.2	36.5	(4.3)	30.3	1.8
Reserve for loans to restructuring countries	0.0	0.0	(0.0)	0.0	-
Specific reserve for other credit losses	21.1	21.1	0.0	21.1	0.0
<b>Total reserve for credit losses</b>	<b>102.3</b>	<b>113.9</b>	<b>(11.6)</b>	<b>102.2</b>	<b>0.1</b>

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

**Securities Being Held to Maturity<sup>(1)</sup> - Table 35- (Non-Consolidated)**

(Billions of yen)

	June 30, 2010			March 31, 2010		
	Book Value	Fair Value	Difference	Book Value	Fair Value	Difference
Items with fair value exceeding book value						
Japanese national government bonds	313.2	318.9	5.6	353.3	357.9	4.6
Japanese corporate bonds	69.4	70.7	1.2	70.4	71.8	1.3
Other <sup>(2)</sup>	42.5	45.9	3.3	44.6	47.8	3.2
<b>Total</b>	<b>425.3</b>	<b>435.6</b>	<b>10.3</b>	<b>468.4</b>	<b>477.7</b>	<b>9.2</b>
Items with fair value not exceeding book value						
Japanese national government bonds	-	-	-	-	-	-
Japanese corporate bonds	-	-	-	-	-	-
Other <sup>(2)</sup>	9.6	8.6	(0.9)	11.1	10.0	(1.1)
<b>Total</b>	<b>9.6</b>	<b>8.6</b>	<b>(0.9)</b>	<b>11.1</b>	<b>10.0</b>	<b>(1.1)</b>
<b>Total</b>	<b>434.9</b>	<b>444.3</b>	<b>9.3</b>	<b>479.5</b>	<b>487.7</b>	<b>8.1</b>

	June 30, 2009		
	Book Value	Fair Value	Difference
Japanese national government bonds	427.3	430.7	3.3
Japanese corporate bonds	75.3	76.8	1.5
Other <sup>(2)</sup>	57.6	52.0	(5.5)
<b>Total</b>	<b>560.3</b>	<b>559.7</b>	<b>(0.6)</b>

(1) The presentation format has been changed from March 2010 with the application of "Accounting Standards for Financial Instruments" (revised on March 10, 2008). The format for June 30, 2009 has not been changed.

(2) "Other" includes 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 conditions. The book value and the fair value of the securities reclassified from available-for-sale to held-to-maturity as of March 31, 2010 are ¥42.4 billion and ¥43.3 billion, respectively.

Available for Sale Securities, at Fair Value - Table 36- (Non-Consolidated) <sup>(1)</sup>

(Billions of yen)

	June 30, 2010			March 31, 2010		
	Book value (Fair value)	Amortized Cost	Difference	Book value (Fair value)	Amortized Cost	Difference
<b>Items with book value exceeding amortized cost<sup>(2)</sup></b>						
Equity securities	2.9	2.5	0.3	3.4	2.9	0.4
Bonds	1,608.1	1,599.1	8.9	1,584.9	1,578.5	6.4
Japanese national government bonds	1,523.4	1,514.9	8.4	1,543.6	1,537.6	6.0
Japanese local government bonds	1.8	1.7	0.0	1.7	1.7	0.0
Japanese corporate bonds	82.9	82.4	0.4	39.5	39.2	0.3
Other <sup>(3)</sup>	123.6	110.0	13.6	107.4	91.2	16.2
Foreign securities	117.8	104.6	13.1	101.9	86.1	15.8
Foreign currency denominated foreign corporate and government bonds	89.6	78.3	11.3	73.1	60.5	12.6
Yen-denominated foreign corporate and government bonds	24.5	24.3	0.2	18.5	18.3	0.2
Foreign equity securities and others	3.6	1.9	1.6	10.1	7.2	2.9
Other securities	1.1	0.9	0.2	1.1	0.9	0.2
Other monetary claims purchase	4.6	4.4	0.2	4.3	4.2	0.1
<b>Total</b>	<b>1,734.7</b>	<b>1,711.8</b>	<b>22.9</b>	<b>1,695.9</b>	<b>1,672.7</b>	<b>23.1</b>
<b>Items with book value not exceeding amortized cost<sup>(2)</sup></b>						
Equity securities	6.7	10.8	(4.1)	7.4	10.3	(2.8)
Bonds	394.7	400.9	(6.1)	750.7	758.3	(7.6)
Japanese national government bonds	153.0	155.0	(1.9)	464.5	467.2	(2.6)
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	241.6	245.8	(4.1)	286.1	291.1	(5.0)
Other <sup>(3)</sup>	156.7	163.9	(7.2)	188.4	193.4	(5.0)
Foreign securities	152.4	159.6	(7.1)	183.3	188.2	(4.9)
Foreign currency denominated foreign corporate and government bonds	63.6	68.0	(4.3)	89.9	93.0	(3.0)
Yen-denominated foreign corporate and government bonds	84.9	86.6	(1.7)	93.2	95.1	(1.8)
Foreign equity securities and others	3.8	4.9	(1.0)	0.1	0.1	(0.0)
Other securities	1.0	1.0	-	1.0	1.0	-
Other monetary claims purchase	3.2	3.3	(0.0)	4.0	4.1	(0.0)
<b>Total</b>	<b>558.2</b>	<b>575.7</b>	<b>(17.5)</b>	<b>946.6</b>	<b>962.2</b>	<b>(15.5)</b>
<b>Total</b>	<b>2,293.0</b>	<b>2,287.6</b>	<b>5.3</b>	<b>2,642.5</b>	<b>2,634.9</b>	<b>7.5</b>

	June 30, 2009			
	Fair value	Net unrealized gain (loss) (a) - (b)		
		Net	Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities	11.3	(2.3)	1.1	3.5
Bonds	1,891.6	3.6	4.5	0.9
Japanese national government bonds	1,872.0	4.3	4.3	-
Japanese local government bonds	1.7	0.0	0.0	-
Japanese corporate bonds	17.8	(0.8)	0.1	0.9
Other	292.5	(5.6)	11.5	17.1
Foreign securities	291.5	(5.6)	11.4	17.1
Foreign currency denominated foreign corporate and government bonds	158.6	0.1	7.5	7.4
Yen-denominated foreign corporate and government bonds	121.1	(9.6)	0.0	9.7
Foreign equity securities	9.1	3.4	3.4	-
Other securities	0.9	0.0	0.0	-
<b>Total</b>	<b>2,195.4</b>	<b>(4.3)</b>	<b>17.2</b>	<b>21.6</b>

(1) The presentation format has been changed from March 2010 with the application of "Accounting Standards for Financial Instruments" (revised on March 10, 2008). The format for June 30, 2009 has not been changed.

(2) "Japanese corporate bonds" and "Foreign securities," which were previously carried at cost are measured at fair value from March 2010.

Above tables do not include securities whose fair value is hardly determinable.

(3) "Other" as of March 31, 2010 includes "Foreign securities," "Other securities" and "Other monetary claims purchased."

**Capital Adequacy Data -Table 37- (Non-Consolidated)**<sup>(1)</sup>

*(Billions of yen, except percentages)*

	<b>June 30 2010 (a)</b>	June 30 2009 (b)	Change (a)-(b)	March 31 2010 (c)	Change (a)-(c)
Basic items (Tier I)	661.2	744.8	(83.5)	655.0	6.1
Supplementary items (Tier II)	247.5	284.8	(37.2)	260.6	(13.0)
Deduction	<b>(79.3)</b>	(70.5)	(8.7)	(86.6)	7.3
Total capital <sup>(2)</sup>	<b>829.4</b>	959.0	(129.5)	829.0	0.4
Risk assets	<b>6,811.0</b>	8,140.2	(1,329.2)	7,241.8	(430.7)
Capital adequacy ratio	<b>12.17%</b>	11.78%	0.39%	11.44%	0.73%
Tier I capital ratio	<b>9.70%</b>	9.14%	0.56%	9.04%	0.66%

(1) Calculated according to Basel II, F-IRB. Figures 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, ¥12.5 billion of net unrealized losses on securities available-for-sale, net of taxes, as of June 30, 2009 and ¥1.0 billion of them as of June 30, 2010 are not included in BIS capital.

Unrealized gain on securities available-for-sale, net of taxes, is recorded as of March 31, 2010.

(2) Non-Consolidated total required capital is ¥401.9 billion as at June 30, 2010, ¥434.0 billion as at March 31, 2010, and ¥430.1 billion as at June 30, 2009.

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

## Non-Consolidated Balance Sheets (Unaudited) (Non-Consolidated)

## Assets

	(millions of yen)				
	June 30 2010 a	June 30 2009 b	Change a-b Amount	March 31 2010 b	Change a-b Amount
<b>&lt;&lt;Assets&gt;&gt;</b>					
Cash and due from banks	503,298	97,487	405,811	310,022	193,276
Call loans	13,928	19,690	(5,762)	19,129	(5,201)
Collateral related to securities borrowing transactions	5,152	235,064	(229,912)	2,801	2,351
Other monetary claims purchased	424,640	766,831	(342,191)	621,271	(196,631)
Trading assets	201,404	253,641	(52,237)	211,020	(9,616)
Monetary assets held in trust	425,743	579,688	(153,945)	463,467	(37,724)
Securities	3,274,805	3,711,727	(436,922)	3,674,523	(399,718)
Valuation allowance for investments	(3,370)	(3,370)	-	(3,370)	-
Loans and bills discounted	4,473,759	4,737,371	(263,612)	4,732,858	(259,099)
Foreign exchanges	17,412	11,949	5,463	10,976	6,436
Other assets	876,466	745,077	131,389	506,855	369,611
Premises and equipment	14,705	18,358	(3,653)	17,890	(3,185)
Intangible assets	11,181	13,259	(2,078)	11,891	(710)
Deferred issuance expenses for debentures	179	161	18	176	3
Deferred tax assets	-	7,165	(7,165)	-	-
Customers' liabilities for acceptances and guarantees	11,591	10,705	886	11,266	325
Reserve for credit losses	(102,324)	(113,989)	11,665	(102,213)	(111)
<b>Total assets</b>	<b>10,148,576</b>	<b>11,090,818</b>	<b>(942,242)</b>	<b>10,488,567</b>	<b>(339,991)</b>



## Liabilities and Equity

	<i>(millions of yen)</i>				
	June 30 2010 a	June 30 2009 b	Change a-b Amount	March 31 2010 b	Change a-b Amount
<b>&lt;&lt;Liabilities&gt;&gt;</b>					
Deposits	6,163,235	7,123,837	(960,602)	6,533,555	(370,320)
Negotiable certificates of deposit	284,103	395,414	(111,311)	290,909	(6,806)
Debentures	461,689	622,279	(160,590)	487,513	(25,824)
Call money	180,463	155,500	24,963	310,487	(130,024)
Payables under repurchase agreements	-	60,975	(60,975)	8,430	(8,430)
Collateral related to securities lending transactions	399,850	598,892	(199,042)	548,479	(148,629)
Trading liabilities	179,765	237,098	(57,333)	176,668	3,097
Borrowed money	901,300	328,958	572,342	811,100	90,200
Foreign exchanges	377	222	155	222	155
Corporate bonds	321,452	376,350	(54,898)	342,518	(21,066)
Other liabilities	680,435	567,999	112,436	392,414	288,021
Income taxes payable	125	134	(9)	484	(359)
Lease debt	4	9	(5)	4	(0)
Other liabilities	680,306	567,854	112,452	391,925	288,381
Accrued employees' bonuses	1,647	2,287	(640)	5,423	(3,776)
Reserve for retirement benefits	-	19	(19)	-	-
Reserve for losses on disposal of premises and equipment	-	6,825	(6,825)	7,011	(7,011)
Reserve for losses on litigation	-	3,662	(3,662)	5,873	(5,873)
Deferred tax liability	3,848	-	3,848	745	3,103
Acceptances and guarantees	11,591	10,705	886	11,266	325
<b>Total liabilities</b>	<b>9,589,760</b>	<b>10,491,030</b>	<b>(901,270)</b>	<b>9,932,620</b>	<b>(342,860)</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	111,514	164,929	(53,415)	106,809	4,705
Legal reserve	11,035	11,035	-	11,035	-
Other retained earnings	100,478	153,893	(53,415)	95,773	4,705
Unappropriated retained earnings	100,478	153,893	(53,415)	95,773	4,705
Treasury stock, at cost	(72,558)	(72,558)	(0)	(72,558)	-
Total shareholders' equity	558,810	612,226	(53,416)	554,105	4,705
<b>Net unrealized gain (loss):</b>					
Unrealized gain (loss) on available-for-sale securities	(1,018)	(12,532)	11,514	361	(1,379)
Deferred gain (loss) on derivatives under hedge accounting	(574)	(1,529)	955	(192)	(382)
Total net unrealized gain (loss)	(1,593)	(14,061)	12,468	168	(1,761)
Stock acquisition rights	1,598	1,624	(26)	1,672	(74)
<b>Total equity</b>	<b>558,815</b>	<b>599,788</b>	<b>(40,973)</b>	<b>555,947</b>	<b>2,868</b>
<b>Total liabilities and equity</b>	<b>10,148,576</b>	<b>11,090,818</b>	<b>(942,242)</b>	<b>10,488,567</b>	<b>(339,991)</b>

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

(millions of yen, except percentages)

	1QFY2010 (3 months)	1QFY2009 (3 months)	Change		FY2009 (12 months)
			Amount	%	
Total interest income	29,526	34,553	(5,027)	(14.5)	153,051
Interest on loans and bills discounted	19,430	21,936	(2,506)	(11.4)	86,463
Interest and dividends on securities	7,039	8,206	(1,167)	(14.2)	51,251
Other interest income	3,056	4,410	(1,354)	(30.7)	15,335
Fees and commissions income	3,590	3,765	(175)	(4.6)	16,937
Trading profits	7,307	3,611	3,696	102.4	7,892
Other business income	2,500	12,818	(10,318)	(80.5)	31,442
Other ordinary income	4,499	4,147	352	8.5	8,545
<b>Ordinary income</b>	<b>47,424</b>	<b>58,897</b>	<b>(11,473)</b>	<b>(19.5)</b>	<b>217,868</b>
Total interest expenses	14,594	21,622	(7,028)	(32.5)	77,918
Interest on deposits	9,728	14,016	(4,288)	(30.6)	51,714
Interest on corporate bonds	3,290	4,255	(965)	(22.7)	16,472
Other interest expenses	1,576	3,351	(1,775)	(53.0)	9,732
Fees and commissions expenses	2,708	2,670	38	1.4	9,843
Trading losses	4,234	3,151	1,083	34.4	186
Other business expenses	1,899	3,354	(1,455)	(43.4)	22,531
General and administrative expenses	15,111	18,166	(3,055)	(16.8)	69,780
Other ordinary expenses	4,613	8,131	(3,518)	(43.3)	81,814
<b>Ordinary expenses</b>	<b>43,162</b>	<b>57,097</b>	<b>(13,935)</b>	<b>(24.4)</b>	<b>262,074</b>
<b>Net ordinary income (loss)</b>	<b>4,262</b>	<b>1,799</b>	<b>2,463</b>	<b>136.9</b>	<b>(44,205)</b>
Special gains	1,831	11,244	(9,413)	(83.7)	25,851
Special losses	1,630	2,624	(994)	(37.9)	20,955
<b>Income (loss) before income taxes</b>	<b>4,463</b>	<b>10,420</b>	<b>(5,957)</b>	<b>(57.2)</b>	<b>(39,309)</b>
Income taxes (benefit)					
Current	(241)	(54)	(187)	(346.3)	(34)
Deferred	-	-	-	-	8,369
Total income taxes (benefit)	(241)	(54)	(187)	(346.3)	8,334
<b>Net income (loss)</b>	<b>4,704</b>	<b>10,475</b>	<b>(5,771)</b>	<b>(55.1)</b>	<b>(47,644)</b>

## Section 3. Earnings Forecast -Table 38- (Consolidated and Non-Consolidated)

(Consolidated)	<i>(Billions of yen)</i>	
	<i>Fiscal year ending</i> <b>March 2011</b> <i>(FY2010)</i> Forecast	<i>Fiscal year ended</i> March 2010 <i>(FY2009)</i> Actual
Net income	12.5	(140.1)
Cash basis net income	23.6	(53.7)
(Non-Consolidated)	<i>Fiscal year ending</i> <b>March 2011</b> <i>(FY2010)</i> Forecast	
	<i>Fiscal year ended</i> March 2010 <i>(FY2009)</i> Actual	
Net Business Profit	32.0	20.9
Net income	10.0	(47.6)
Dividends (per share in yen):		
Common stock	1.00	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 ¥23.6 billion (consolidated reported basis net income of ¥12.5 billion) for the fiscal year ending March 31, 2011.
- Shinsei Bank forecasts a non-consolidated net income for the fiscal year ending March 31, 2011 of ¥10.0 billion.
- We have not revised our forecast as uncertainty remains surrounding the macroeconomic environment and the impact of the revised Money-Lending Business Control and Regulation Law.
- Shinsei Bank forecasts a dividend payment to common shareholders of ¥1.00 per common share for the fiscal year 2010 ending March 31, 2011.

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

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

**Balance of Securitized Products (Breakdown by Region and Type of Securities)<sup>(1)</sup> -Table 39- (Non-Consolidated)**

(Billions of yen)

	Credit Ratings of Securities <sup>(2)</sup> (June 30, 2010)				Jun 30 2010 (a)	Jun 30 2009 (b)	Change (a)-(b)	Mar 31 2010 (c)	Change (a)-(c)
	AAA	AA	A or lower	N/A					
<b>RMBS</b>	16%	13%	7%	65%	<b>52.1</b>	48.9	3.1	53.7	(1.5)
Japan	17%	6%	8%	69%	<b>48.5</b>	47.9	0.5	49.9	(1.3)
U.S.	-	-	-	-	<b>0.0</b>	0.0	0.0	0.0	0.0
Europe	0%	100%	0%	0%	<b>3.5</b>	0.9	2.5	3.7	(0.1)
Other	-	-	-	-	-	-	-	-	-
<b>CMBS<sup>(3)</sup></b>	0%	15%	85%	0%	<b>16.8</b>	19.2	(2.3)	19.0	(2.2)
Japan	0%	0%	100%	0%	<b>10.0</b>	12.9	(2.8)	10.9	(0.8)
U.S.	-	-	-	-	-	-	-	-	-
Europe	0%	0%	100%	0%	<b>4.2</b>	4.0	0.2	5.5	(1.3)
Other	0%	100%	0%	0%	<b>2.5</b>	2.2	0.2	2.5	0.0
<b>CLO</b>	2%	92%	5%	2%	<b>52.3</b>	64.5	(12.1)	56.7	(4.3)
Japan	-	-	-	-	-	-	-	-	-
U.S.	3%	95%	0%	2%	<b>39.6</b>	49.1	(9.4)	42.3	(2.6)
Europe	0%	91%	9%	0%	<b>11.2</b>	14.1	(2.8)	12.9	(1.6)
Other	0%	0%	100%	0%	<b>1.3</b>	1.2	0.1	1.4	0.0
<b>ABS CDO (Resecuritized Products)</b>	-	-	-	-	-	7.9	(7.9)	-	-
Japan	-	-	-	-	-	7.9	(7.9)	-	-
U.S.	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	7%	47%	17%	28%	<b>121.3</b>	140.6	(19.3)	129.5	(8.2)
Japan	14%	5%	24%	57%	<b>58.6</b>	68.8	(10.2)	60.8	(2.2)
U.S.	3%	95%	0%	2%	<b>39.6</b>	49.1	(9.4)	42.3	(2.6)
Europe	0%	72%	28%	0%	<b>19.0</b>	19.1	0.0	22.2	(3.1)
Other	0%	64%	36%	0%	<b>3.9</b>	3.4	0.4	4.0	(0.1)
<b>Securities</b>					<b>68.0</b>	75.0	(7.0)	74.3	(6.2)
RMBS					<b>5.5</b>	0.9	4.5	5.8	(0.2)
CMBS					<b>10.0</b>	9.5	0.5	11.6	(1.6)
CLO					<b>52.3</b>	64.5	(12.1)	56.7	(4.3)
ABS CDO					-	0.0	0.0	-	0.0
<b>Other monetary claims purchased<sup>(4)</sup></b>					<b>53.3</b>	65.6	(12.2)	55.2	(1.9)
RMBS (Japan)					<b>46.5</b>	47.9	(1.4)	47.8	(1.3)
CMBS (Japan)					<b>6.8</b>	9.6	(2.8)	7.3	(0.5)
CLO (Japan)					-	-	-	-	-
ABS CDO (Japan)					-	7.9	(7.9)	-	-
<b>Total</b>					<b>121.3</b>	140.6	(19.3)	129.5	(8.2)

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

(2) Based on ratings by S&P or ratings equivalent to S&P ratings matrix as of June 30, 2010. 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 (51.6%), multi-family (27.6%), retail and shops (11.5%), hotel and others (9.3%)

(4) Includes Japanese RMBS recorded as monetary assets held in trust of ¥4.3 billion as at June 30, 2010.

**Securitized Products, Recorded under "Securities" and "Other Monetary Claims Purchased" and OCI <sup>(1)</sup>-Table 40-  
(Non-Consolidated)**

Securities	(Billions of yen, except percentages)			
	As of June 30, 2010			
	Balance before Mark-to-Market Evaluation	Market Value or Balance	Unrealized Gains/Losses (OCI)	Price Increase (Decrease) Ratio (%)
<b>Trading Securities</b>		<b>2.2</b>		
RMBS (U.S.)		<b>0.0</b>		
CLO (U.S.)		<b>0.8</b>		
CLO (Other foreign countries)		<b>1.3</b>		
<b>Securities Being Held to Maturity with Readily Determinable Fair Value</b>		<b>42.4</b>		
CLO (U.S.)		<b>32.8</b>		
CLO (Europe)		<b>9.6</b>		
<b>Securities Available for Sale</b>	15.7	<b>23.3</b>	7.5	48.2
Other	15.7	<b>23.3</b>	7.5	48.2
Foreign Securities	15.7	<b>23.3</b>	7.5	48.2
Foreign Currency Denominated Foreign Corporate and Government Bonds	10.3	<b>17.9</b>	7.6	74.0
RMBS	1.0	<b>3.5</b>	2.4	225.0
Europe	1.0	<b>3.5</b>	2.4	225.0
CMBS	5.7	<b>6.7</b>	1.0	17.7
Europe	3.0	<b>4.2</b>	1.1	37.5
Other foreign countries	2.6	<b>2.5</b>	(0.1)	(5.3)
CLO	3.4	<b>7.6</b>	4.1	119.4
U.S.	2.6	<b>6.0</b>	3.3	124.2
Europe	0.8	<b>1.6</b>	0.8	103.4
Yen-Denominated Foreign Corporate and RMBS (Japan)	5.3	<b>5.3</b>	0.0	(1.4)
CMBS (Japan)	2.0	<b>2.0</b>	0.0	0.0
CMBS (Japan)	3.3	<b>3.2</b>	0.0	(2.3)
<b>Securities</b>		<b>68.0</b>		
RMBS		<b>5.5</b>		
CMBS		<b>10.0</b>		
CLO		<b>52.3</b>		
<b>Other Monetary Claims Purchased <sup>(2)</sup></b>				
	As of June 30, 2010			
	Balance before Mark-to-Market Evaluation	Market Value or Balance	Unrealized Gains/Losses (OCI)	Price Increase (Decrease) Ratio (%)
<b>Trading Purposes</b>		<b>15.5</b>		
RMBS (Japan) <sup>(2)</sup>		<b>12.6</b>		
CMBS (Japan)		<b>2.9</b>		
<b>Others</b>	37.5	<b>37.7</b>	0.1	0.3
RMBS (Japan)	33.7	<b>33.8</b>	0.0	1.9
CMBS (Japan)	3.8	<b>3.8</b>	0.0	0.0
<b>Total</b>		<b>53.3</b>		
RMBS (Japan)		<b>46.5</b>		
CMBS (Japan)		<b>6.8</b>		
<b>RMBS, CMBS, CLO, ABS CDO Total</b>		<b>121.3</b>		
Securities		<b>68.0</b>		
Other Monetary Claims Purchased		<b>53.3</b>		

(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 ¥4.3 billion as at June 30, 2010.

**LBO, Monoline, SIV, ABCP, CDS -Table 41- (Non-Consolidated)**

(Billions of yen)

	Jun 30 2010 (a)	Jun 30 2009 (b)	Change (a)-(b)	Mar 31 2010 (c)	Change (a)-(c)
<b>LBO<sup>(1)</sup></b>	<b>217.0</b>	278.6	(61.6)	194.4	22.6
Japan	<b>212.8<sup>(2)</sup></b>	264.6	(51.8)	189.8	23.0
U.S.	<b>2.5</b>	3.1	(0.6)	2.8	(0.3)
Europe	-	-	-	-	-
Other	<b>1.6</b>	10.8	(9.2)	1.7	(0.1)
<b>(Breakdown by Industry Sector)</b>					
Manufacturing	<b>14.8%</b>	12.7%			
Information and communications	<b>0.0%</b>	8.6%			
Wholesale and retail	<b>10.6%</b>	9.1%			
Finance and Insurance	<b>61.0%</b>	51.7%			
Services	<b>10.2%</b>	8.9%			
Others	<b>3.4%</b>	8.9%			
Total	<b>100.0%</b>	100.0%			

(1) The amount includes unfunded commitment line.

(2) As of June 30, 2010, unfunded commitment line (only domestic) is ¥4.6 billion.

(Billions of yen)

	Jun 30 2010 (a)	Jun 30 2009 (b)	Change (a)-(b)	Mar 31 2010 (c)	Change (a)-(c)
<b>Monoline</b>	-	-	-	-	-
Japan	-	-	-	-	-
U.S.	-	-	-	-	-
Europe	-	-	-	-	-
Other	-	-	-	-	-
<b>SIV</b>	-	-	-	-	-
<b>ABCP</b>	-	-	-	-	-

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

(Billions of yen)

	As of June 30, 2010								1QFY2010
	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 (buy)	Protection (sell)		
Total	793.6	827.5	9.8	(9.7)	684.1	6.8	(8.6)	0.3	
Japan	685.5	720.7	10.4	(9.8)	586.0	7.6	(8.9)	0.4	
U.S.	52.3	53.1	0.0	(0.3)	48.2	(0.1)	(0.2)	0.0	
Europe	20.5	20.3	(0.0)	0.0	19.9	(0.0)	0.0	(0.0)	
Other	35.2	33.2	(0.6)	0.4	29.8	(0.6)	0.4	(0.0)	

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

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

**Definitions -Table 42-**

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." We have no exposure to ABS CDO as at June 30, 2010.
<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 June 30, 2010.
<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 June 30, 2010.
<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.