

Financial Summary

For the First Half Ended September 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 ⁽¹⁾

(Billions of yen, except percentages)

	1HFY2010	1HFY2009	Change % or Amount	FY2009
Selected income statement items				
Net interest income	86.1	109.4	(21.2)%	207.9
Non-interest income	69.4	56.4	23.0%	77.5
Net fees and commissions	12.3	10.9	12.8%	25.1
Net trading income	7.1	3.1	129.7%	9.0
Net other business income	50.0	42.4	17.8%	43.3
Total revenue	155.6	165.8	(6.2)%	285.5
General and administrative expenses	72.8	86.5	(15.9)%	168.3
Ordinary business profit	82.8	79.3	4.4%	117.1
Net credit costs	52.3	39.2	33.6%	112.2
Ordinary business profit after net credit costs	30.4	40.1	(24.0)%	4.8
Amortization of goodwill and other intangible assets ⁽²⁾	6.8	10.8	(36.6)%	20.9
Other gains (losses)	1.0	(9.1)	112.0%	(107.0)
Income (loss) before income taxes and minority interests	24.7	20.1	22.6%	(123.0)
Current income tax	1.1	0.5	128.3%	1.5
Deferred income tax	1.7	3.3	(47.2)%	6.7
Minority interests in net income of subsidiaries	4.8	5.1	(6.3)%	8.8
Net income (loss)	16.8	11.0	52.6%	(140.1)
Cash basis net income (loss) ⁽³⁾	22.7	20.2	12.3%	(53.7)
Selected balance sheet items				
Securities	2,639.9	3,282.2	(642.2)	3,233.3
Loans and bills discounted	4,604.4	5,469.9	(865.4)	5,163.7
Customers' liabilities for acceptances and guarantees	606.1	652.4	(46.3)	623.7
Reserve for credit losses	(218.1)	(198.6)	(19.4)	(196.6)
Total assets	10,464.0	12,183.5	(1,719.4)	11,376.7
Deposits and negotiable certificates of deposit	5,890.1	7,046.5	(1,156.3)	6,475.3
Debentures	425.2	527.5	(102.3)	483.7
Borrowed money	1,336.1	800.2	535.9	1,186.8
Reserve for losses on interest repayments	46.7	119.5	(72.7)	70.0
Total liabilities	9,849.8	11,383.5	(1,533.6)	10,741.8
Total equity	614.1	799.9	(185.7)	634.9
Financial ratios (%)				
Net interest margin	2.31	2.54		2.47
Expense-to-revenue ratio	46.8	52.2		59.0
Return on assets	0.3 ⁽⁴⁾	0.2 ⁽⁴⁾		(1.2)
Return on equity (fully diluted)	7.4 ⁽⁴⁾	3.8 ⁽⁴⁾		(27.6)
Cash basis return on assets	0.4 ⁽⁴⁾	0.3 ⁽⁴⁾		(0.5)
Cash basis return on equity (fully diluted)	9.9 ⁽⁴⁾	6.9 ⁽⁴⁾		(10.6)
Capital adequacy data				
Tier I	500.5	591.5	(90.9)	490.7
Total capital	642.1	791.5	(149.3)	645.4
Risk assets	7,180.8	8,449.2	(1,268.4)	7,722.1
Capital adequacy ratio	8.94%	9.36%		8.35%
Tier I capital ratio	6.97%	7.00%		6.35%

(Billions of yen, except percentages)

	1HFY2010	1HFY2009	Change % or Amount	FY2009
Per share data				
Common equity	232.54	312.05	(25.5)%	232.72
Fully diluted equity	232.54	312.05	(25.5)%	232.72
Basic net income (loss)	8.59	5.63	50.6%	(71.36)
Diluted net income (loss)	8.59	5.63	50.6%	(71.36)
Cash basis basic net income (loss)	11.57	10.31	12.3%	(27.37)
Cash basis diluted net income (loss)	11.57	10.31	12.3%	(27.37)
Non-performing loans (Non-Consolidated)				
Claims classified under the Financial Revitalization Law	316.6	181.6	134.9	333.0
Ratio to total claims	6.52%	3.41%		6.70%
Reserve for credit losses	121.9	107.5	14.3	102.2
Coverage ratio for non-performing claims	96.3%	97.1%		97.6%
Selected income statement items (Non-Consolidated)				
Net interest income	38.3	29.0	32.3	80.5
Non-interest income	31.9	24.1	32.2	7.7
Net fees and commissions	10.5	5.5	89.7	(8.8)
Net trading income	5.4	3.5	54.8	7.7
Net other business income	15.8	15.0	5.5	8.8
Total revenue	70.2	53.1	32.3	88.2
General and administrative expenses	30.0	34.6	(13.3)	67.3
Ordinary business profit	40.2	18.5	117.2	20.9
Net credit costs	31.3	8.4	270.2	52.6
Net income (loss)	9.3	8.6	8.3	(47.6)

(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) Annualized basis.

- As of October 1, 2010, the previous Institutional Group has been divided into a new Institutional Group (incorporating Institutional Banking and Showa Leasing), and the Markets and Investment Banking Group.
 - Expenses were reduced ¥13.7 billion year-over-year through past business right-sizing.
 - There were no provisions of reserve for losses on interest repayment recorded in the first half of fiscal year 2010 as a result of provisioning that was made at the end of fiscal year 2009.
 - Consolidated **cash basis net income** for the first half of fiscal year 2010 totaled ¥22.7 billion, compared to **cash basis net income** of ¥20.2 billion for the first half of fiscal year 2009.
 - The Bank recognized consolidated **net income** of ¥16.8 billion on a reported basis for the first half of fiscal year 2010, compared to consolidated **net income** of ¥11.0 billion for the first half of fiscal year 2009.
 - Shinsei Bank Group's first half of fiscal year 2010 results benefited from strong Institutional Group and Markets and Investment Banking Group total revenue, significant expense reductions and no provisions for losses on interest repayment:
 - The Institutional Group and Markets and Investment Banking Group generated strong total revenue as core businesses performed well and gains were recorded on the divestiture of non-core business assets such as overseas asset-backed securities and asset-backed investments, while factors responsible for substantial investment-related losses in the past receded.
- Other highlights include:
- Top line revenues decreased by ¥10.2 billion as planned due mainly to interest rate reductions taken at the end of the first quarter of fiscal year 2009 in response to the revised Money-Lending Business Control and Regulation Law.
 - Extensive restructuring and significant credit cost improvements within the Individual Group resulted in ordinary business profit after net credit costs largely in line with plans.
 - The Bank also took more thorough measures towards securing stabilized earnings through posting additional conservative and prudent reserves against potential risks in domestic real estate non-recourse finance and specialty finance.
 - Funding costs declined to 0.62%, while the net interest margin declined to 2.31% largely as a result of interest rate reductions within our consumer finance subsidiaries.

- We improved the level of our capital ratios in the first half of fiscal year 2010 mainly by reducing risk weighted assets:
 - Total capital adequacy ratio improved to 8.94% and Tier I capital ratio improved to 6.97% at September 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 ¥7.1 trillion at September 30, 2010.
 - **Loans and bills discounted** balance reduced by ¥559.2 billion to ¥4,604.4 billion and **Securities** balance declined by ¥593.3 billion to ¥2,639.9 billion in the period from March 31, 2010 to September 30, 2010 due mainly to reductions in Institutional Group and Markets and Investment Banking Group non core business assets, loans and a decrease in the balance of Japanese national government bond securities.
- **Diluted net income per share** for the first half of fiscal year 2010 was ¥8.59, as compared to **diluted net income per share** of ¥5.63 for the first half of fiscal year 2009. **Cash basis diluted net income per share** for the first half of fiscal year 2010 was ¥11.57, as compared to **cash basis diluted net income per share** of ¥10.31 for the first half of fiscal year 2009.

Financial and Economic Environment

- During the first half of fiscal year 2010 (April 1, 2010 to September 30, 2010), the Japanese economy has generally been on a recovery course, as evidenced by improving consumer spending, corporate earnings and capital investment. However, the recent severe environment surrounding the Japanese economy, concern about the outlook for the world economy, the strengthening of the yen, slowdown of export growth and ongoing severe employment conditions, heighten risks that may weigh down on the economy. The view that the Japanese economy is stalling has become widespread of late.
- Against this backdrop, the Japanese government ("the government") and the Bank of Japan (BOJ) intervened in the foreign exchange market to prevent the sharp rise in the value of the yen in the middle of September 2010. At its Monetary Policy Meeting held on October 5, 2010, the BOJ decided to set its key interest rate to between 0 and 0.1% (practical zero-interest-rate policy) and continue this policy until prices stabilize, and to establish funds for the purpose of asset purchases including exchange traded funds and real estate investment trusts. The necessity is mounting for the government to plan and implement urgent measures to improve the economy and promote growth.
- Amid these circumstances, the government's intervention in foreign currency markets had only a temporary impact, as the yen continued to appreciate. As at the end of September 2010, the U.S. dollar-Japanese yen exchange rate was ¥83 (a strengthening of ¥10 from the end of March 2010) and the euro-Japanese yen exchange rate was ¥113 (a strengthening of ¥12 from the end of March 2010).
- The yen's appreciation continued throughout October 2010. The domestic long-term (10 year government bond yield) interest rate was 0.9% (a decline of 0.5% from the end of March 2010) as at the end of September 2010 due to an inflow of foreign capital to the Japanese bond market against the backdrop of a strong yen and slumping stock markets.
- The short-term interest rate remained at a low level. These low levels of domestic interest rates are showing signs of continuing for a prolonged period. The Nikkei 225 fell to ¥9,369.35 at the end of September 2010, showing a decrease of more than ¥1,700 compared to the end of March 2010, due to concerns about the outlook for the economy.

Section 1. Consolidated Information

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

	(Billions of yen, except percentages)			
	1HFY2010 (6 months)	1HFY2009 (6 months)	% Change	FY2009 (12 months)
Net interest income	86.1	109.4	(21.2)	207.9
Non-interest income	69.4	56.4	23.0	77.5
Net fees and commissions	12.3	10.9	12.8	25.1
Net trading income	7.1	3.1	129.7	9.0
Net other business income	50.0	42.4	17.8	43.3
Total revenue	155.6	165.8	(6.2)	285.5
General and administrative expenses	72.8	86.5	(15.9)	168.3
Ordinary business profit	82.8	79.3	4.4	117.1
Net credit costs	52.3	39.2	33.6	112.2
Ordinary business profit after net credit costs	30.4	40.1	(24.0)	4.8
Amortization of goodwill and other intangible assets ⁽²⁾	6.8	10.8	(36.6)	20.9
Other gains (losses)	1.0	(9.1)	112.0	(107.0)
Income (loss) before income taxes and minority interests	24.7	20.1	22.6	(123.0)
Current income tax	1.1	0.5	128.3	1.5
Deferred income tax	1.7	3.3	(47.2)	6.7
Minority interests in net income of subsidiaries	4.8	5.1	(6.3)	8.8
Net income (loss)	16.8	11.0	52.6	(140.1)
Cash basis net income (loss) ⁽³⁾	22.7	20.2	12.3	(53.7)

(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 half of fiscal year 2010 of ¥155.6 billion. This was ¥10.2 billion lower than the ¥165.8 billion total revenue recorded in the first half of fiscal year 2009.
- **Net interest income** declined by ¥23.2 billion to ¥86.1 billion during the current period from ¥109.4 billion in the first half of fiscal year 2009.
 - This decrease was primarily driven by a ¥21.2 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** increased by ¥13.0 billion to ¥69.4 billion in the current period versus ¥56.4 billion in the first half of fiscal year 2009.
 - Our **net fees and commissions** income increased by ¥1.3 billion to ¥12.3 billion during the current period from ¥10.9 billion during the first half of fiscal year 2009.
 - We generated **net trading income** of ¥7.1 billion in the first half of fiscal year 2010, an increase of ¥4.0 billion from the net trading income of ¥3.1 billion generated in the first half of fiscal year 2009.
- **Net other business income** for the first half of fiscal year 2010 increased to ¥50.0 billion from ¥42.4 billion in the first half of fiscal year 2009.
 - Income of ¥19.7 billion from the lease transactions and installment receivables businesses of Showa Leasing, APLUS FINANCIAL, Shinsei Financial and others is included in first half fiscal year 2010 results compared to ¥22.2 billion of income in the first half of fiscal year 2009.
 - Major non-recurring items included in first half fiscal year 2010 **net other business income** are gains of ¥4.3 billion on the sale of collateralized loan obligations (CLOs), gains of ¥4.3 billion on the repurchase of our subordinated debt and gains of ¥4.1 billion on the sale of asset-backed investments and asset backed securities. These gains were partially offset by impairments of ¥1.8 billion on domestic non-recourse real estate bonds and mark-downs and impairments of ¥0.5 billion on our real estate principal investments and ¥0.3 billion on our principal investments portfolios.
 - The first half of fiscal year 2009 **net other business income** includes gains of ¥11.7 billion on the sale of CLOs, a gain of ¥11.5 billion on the repurchase of our subordinated debt and a gain of ¥1.4 billion on the sale of corporate bonds. These gains were partially offset by mark-downs and impairments of ¥5.8 billion on our real estate principal investments and ¥2.5 billion on European investments, asset backed investments, and asset backed securities.
- **General and administrative expenses** during the first half of fiscal year 2010 were ¥72.8 billion, a decrease of ¥13.7 billion compared to the first half of fiscal year 2009.
- Our expense-to-revenue ratio was 46.8% for the first half of fiscal year 2010 compared to an expense-to-revenue ratio of 52.2% for the first half of fiscal year 2009.
- **Net credit costs** of ¥52.3 billion for the first half of fiscal year 2010 were ¥13.1 billion higher compared to the

- ¥39.2 billion net credit costs recorded in the first half of fiscal year 2009.
- **Net credit costs** included net provisions of ¥17.9 billion within specialty finance, ¥14.5 billion of net credit costs for domestic real estate non-recourse finance, ¥10.3 billion net credit costs within Shinsei Financial and ¥7.9 billion net credit costs within APLUS FINANCIAL.
 - The results of the first half of fiscal year 2009 included ¥17.4 billion of credit costs incurred within Shinsei Financial, ¥11.7 billion of net credit costs within APLUS FINANCIAL, ¥3.1 billion in net credit costs associated with our holdings of asset-backed investments, and ¥1.6 billion of credit costs for domestic real estate non-recourse finance related loans. We also recorded ¥6.4 billion of credit recoveries within Shinki.
 - **Amortization of goodwill and other intangible assets** associated with the acquisition of consumer and commercial finance companies was ¥6.8 billion for the first half of fiscal year 2010 as compared with ¥10.8 billion in the first half of fiscal year 2009. The lower amounts primarily reflect the impairment of goodwill and other intangible assets of APLUS FINANCIAL taken in fiscal year 2009.
 - **Other gains** of ¥1.0 billion included recoveries of written off-claims of ¥7.0 billion at Shinsei Financial, Shinsei Bank, Shinki and APLUS FINANCIAL, offset by asset retirement obligation costs of ¥3.5 billion.
 - **Current and deferred income taxes** reflected a net expense of ¥2.9 billion compared to a net expense of ¥3.8 billion in the first half of fiscal year 2009.
 - **Minority interests in net income of subsidiaries** for the first half of fiscal year 2010 amounting to ¥4.8 billion largely reflected dividends accrued on perpetual preferred securities and minority interests in other subsidiaries.
 - The Bank recognized consolidated **net income** of ¥16.8 billion on a reported basis for the first half of fiscal year 2010, compared to consolidated **net income** of ¥11.0 billion for the first half of fiscal year 2009.
 - Consolidated **cash basis net income** for the first half of fiscal year 2010 was ¥22.7 billion, compared to **cash basis net income** of ¥20.2 billion for the first half 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⁽¹⁾ -Table 1-1- (Consolidated)

(Billions of yen)

	1HFY2010 (6 months) (a) + (b)	2QFY2010 (3 months) (a)	1QFY2010 ⁽²⁾ (3 months) (b)	(Reference) 1HFY2009 ⁽²⁾ (6 months)
Gains included in revenue				
Gain from the sale of collateralized loan obligations (CLOs)	4.3	4.3	-	11.7
Gain from buy back of subordinated debt	4.3	3.0	1.2	11.5
Gain from the sale of asset-backed securities and asset-backed investments	4.1	4.1	-	-
Gain from the sale of corporate bonds	-	-	-	1.4
Others	-	-	-	1.6
Total	12.8	11.6	1.2	26.4
Mark-downs/impairments included in revenue				
Domestic real estate non-recourse finance (bonds)	(1.8)	(1.8)	-	-
Japanese real estate principal investments	(0.5)	(0.5)	-	(5.8)
Asset-backed securities, asset-backed investments and European investments	-	0.0	0.0	(2.5)
Others	(0.3)	0.0	(0.3)	0.0
Subtotal (i)	(2.7)	(2.4)	(0.3)	(8.3)
Items included in net credit costs				
Specialty finance	(17.9)	(17.9)	-	-
Domestic real estate non-recourse finance	(14.5)	(9.3)	(5.1)	(1.6)
Asset-backed investments	0.6	(0.4)	1.0	(3.1)
Credit recovery at Shinki	-	-	-	6.4
Others	-	-	-	0.0
Subtotal (ii)	(31.7)	(27.6)	(4.0)	1.5
Other gains (losses)				
Asset retirement obligation costs	(3.5)	-	(3.5)	-
Grey zone related provisions	-	(0.9)	0.9	(9.9)
Others	-	-	-	(4.7)
Subtotal (iii)	(3.5)	(0.9)	(2.5)	(14.6)
Deferred income tax (Shinsei Bank non-consolidated basis) (iv)	-	-	-	(4.6)
Total (i) + (ii) + (iii) + (iv)	(38.1)	(31.0)	(7.0)	(26.1)
Breakdown by Category				
Specialty finance	(17.9)	(17.9)	-	-
Domestic real estate non-recourse finance	(16.4)	(11.2)	(5.1)	(1.6)
Asset retirement obligation costs	(3.5)	-	(3.5)	-
Japan real estate principal investments	(0.5)	(0.5)	-	(5.8)
Grey zone related provisions	-	(0.9)	0.9	(9.9)
Asset-backed securities, asset-backed investments and European investments	0.6	(0.4)	1.1	(5.6)
Deferred income tax (Shinsei Bank non-consolidated basis)	-	-	-	(4.6)
Credit recovery at Shinki	-	-	-	6.4
Others	(0.3)	0.0	(0.3)	(4.8)
Total	(38.1)	(31.0)	(7.0)	(26.1)

(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)

	1HFY2010 (6 months)			1HFY2009 (6 months)			FY2009 (12 months)		
	Average Balance	Interest	Yield/rate (%)	Average Balance	Interest	Yield/rate (%)	Average Balance	Interest	Yield/rate (%)
Interest-earning assets ⁽¹⁾ :									
Loans and bills discounted	4,870.9	96.5	3.96	5,558.4	130.2	4.67	5,457.6	245.2	4.49
Lease receivables and leased investment assets / installment receivables ⁽¹⁾	575.6	19.7	6.84	640.9	22.2	6.93	619.0	43.0	6.95
Securities	2,941.8	12.7	0.87	3,197.3	16.8	1.05	3,212.6	30.5	0.95
Other interest-earning assets ⁽²⁾⁽³⁾	637.3	3.4	n.m. ⁽⁵⁾	724.7	4.3	n.m. ⁽⁵⁾	664.6	7.7	n.m. ⁽⁵⁾
Total revenue on interest-earning assets ⁽¹⁾	9,025.7	132.5	2.93	10,121.4	173.7	3.42	9,953.9	326.5	3.28
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	6,127.4	18.5	0.61	6,842.2	28.7	0.84	6,803.0	52.9	0.78
Debentures	460.1	1.3	0.59	618.4	2.2	0.74	562.5	3.8	0.69
Borrowed money	1,301.5	3.7	0.58	932.9	6.0	1.29	933.6	10.2	1.09
Subordinated debt	102.0	0.4	0.91	102.0	0.5	1.17	102.0	1.1	1.09
Other borrowed money	1,199.5	3.2	0.55	830.9	5.4	1.30	831.6	9.0	1.09
Corporate bonds	187.1	2.4	2.65	252.1	3.7	2.94	229.3	6.5	2.84
Subordinated bonds	155.6	2.3	3.05	178.1	3.1	3.53	166.8	5.7	3.45
Other corporate bonds	31.5	0.1	0.65	74.0	0.5	1.53	62.4	0.7	1.21
Other interest-bearing liabilities ⁽²⁾	543.1	0.4	n.m. ⁽⁵⁾	822.6	1.2	n.m. ⁽⁵⁾	825.9	2.0	n.m. ⁽⁵⁾
Total expense on interest-bearing liabilities	8,619.4	26.6	0.62	9,468.5	42.0	0.89	9,354.5	75.5	0.81
Non interest-bearing sources of funds:									
Non interest-bearing (assets) liabilities, net	(52.2)	-	-	65.0	-	-	89.3	-	-
Total equity excluding minority interests in subsidiaries ⁽⁴⁾	458.5	-	-	587.9	-	-	510.0	-	-
Total interest-bearing liabilities and non interest-bearing sources of funds	9,025.7	-	-	10,121.4	-	-	9,953.9	-	-
Net interest margin ⁽¹⁾	-	-	2.31	-	-	2.54	-	-	2.47
Impact of non interest-bearing sources	-	-	0.03	-	-	0.06	-	-	0.05
Net revenue/yield on interest-earning assets ⁽¹⁾	-	105.9	2.34	-	131.6	2.59	-	250.9	2.52
Reconciliation of total revenue on interest-earning assets to total interest income:									
Total revenue on interest-earning assets	9,025.7	132.5	2.93	10,121.4	173.7	3.42	9,953.9	326.5	3.28
Less: Income on lease transactions and installment receivables	575.6	19.7	6.84	640.9	22.2	6.93	619.0	43.0	6.95
Total interest income	8,450.1	112.8	2.66	9,480.5	151.4	3.19	9,334.9	283.5	3.04
Total interest expense	-	26.6	-	-	42.0	-	-	75.5	-
Net interest income	-	86.1	-	-	109.4	-	-	207.9	-

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

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

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

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

(5) n.m. is not meaningful.

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

- **Net revenue on interest-earning assets** includes net interest income as well as revenue earned on 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 half of fiscal year 2010 was ¥105.9 billion, a decrease of ¥25.7 billion compared to the first half of the prior fiscal year.
- **Total revenue on interest-earning assets** decreased by

¥41.1 billion and **total expense on interest-bearing liabilities** decreased by ¥15.3 billion in the first half of fiscal year 2010 from the first half of the prior fiscal year.

- The **net interest margin** and **net yield on interest-earning assets** were 2.31% and 2.34%, respectively, in the first half of fiscal year 2010, compared with 2.54% and 2.59%, respectively, for the first half 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)			
	1HFY2010 (6 months)	1HFY2009 (6 months)	% Change	FY2009 (12 months)
Net fees and commissions	12.3	10.9	12.8	25.1
Net trading income	7.1	3.1	129.7	9.0
Net other business income	50.0	42.4	17.8	43.3
Income on leased assets and installment receivables	19.7	22.2	(11.4)	43.0
Total non-interest income	69.4	56.4	23.0	77.5

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

- **Total non-interest income** for the first half of fiscal year 2010 amounted to ¥69.4 billion, an increase of ¥13.0 billion compared to the first half of fiscal year 2009, as core businesses performed well and gains were recorded on sales of overseas asset-backed securities, asset-backed investments and other previously impaired non-core business assets for which values had recovered, while factors responsible for investment-related losses in the past were reduced.
 - 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 domestic 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 ¥12.3 billion were earned in the first half of fiscal year 2010, an increase of ¥1.3 billion compared to the first half 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 half of fiscal year 2010, **net trading income** showed a gain of ¥7.1 billion, an increase of ¥4.0 billion compared to the first half of fiscal year 2009, as performance improved within the credit default swap market.
- **Net other business income** for the first half of fiscal year 2010 was ¥50.0 billion.
 - This included income of ¥19.7 billion from the lease transactions and installment receivables businesses of Showa Leasing, APLUS FINANCIAL, Shinsei Financial and others, compared to ¥22.2 billion of income on lease transactions and installment receivables received in the first half of fiscal year 2009.
 - Major non-recurring items included in first half fiscal year 2010 **net other business income** are gains of ¥4.3 billion on the sale of collateralized loan obligations (CLOs), gains of ¥4.3 billion on the repurchase of our subordinated debt and gains of ¥4.1 billion on the sale of asset-backed investments and asset backed securities. These gains were partially offset by losses of ¥1.8 billion on our real estate finance portfolio and mark-downs and impairments of ¥0.5 billion on our real estate principal investments and ¥0.3 billion on our principal investments portfolios.
 - The first half of fiscal year 2009 **net other business income** included gains of ¥11.7 billion on the sale of CLOs, a gain of ¥11.5 billion on the repurchase of our subordinated debt and ¥1.4 billion on the sale of corporate bonds. These gains were partially offset by mark-downs and impairments of ¥5.8 billion on our real estate principal investments and ¥2.5 billion on European investments, asset backed investments, and asset backed securities.

General and Administrative Expenses -Table 4- (Consolidated)

(Billions of yen, except percentages)

	1HFY2010 (6 months)	1HFY2009 (6 months)	% Change	FY2009 (12 months)
Personnel expenses	27.7	32.8	(15.5)	62.3
Non-personnel expenses	45.0	53.7	(16.1)	105.9
Premises expenses	11.6	13.9	(16.4)	27.4
Technology and data processing expenses	9.9	12.3	(19.1)	23.9
Advertising expenses	5.1	6.1	(16.2)	12.2
Consumption and property taxes	4.1	4.7	(12.3)	9.0
Deposit insurance premium	2.7	2.1	24.3	4.3
Other general and administrative expenses	11.4	14.4	(20.5)	28.9
General and administrative expenses	72.8	86.5	(15.9)	168.3

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

- **General and administrative expenses** were ¥72.8 billion in the first half of fiscal year 2010, a decrease of ¥13.7 billion compared to the first half of the prior fiscal year.

Personnel expenses of ¥27.7 billion decreased by ¥5.0 billion from the first half 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 6,254 at September 2009 to 5,969 at September 2010, a net reduction of 285 employees.
- **Non-personnel expenses** declined by ¥8.6 billion to ¥45.0 billion as we have worked to reduce expenses across all of our business lines through strict expense control discipline.

- **Premises expenses** declined by ¥2.2 billion to ¥11.6 billion, mainly due to consumer finance subsidiaries' branch optimization. **Technology and data processing expenses** were ¥2.3 billion lower than the first half of fiscal year 2009 mainly due to increased technology rationalization within our consumer finance subsidiaries and automated contract machine sharing and optimization between Shinsei Financial and Shinki. **Advertising expenses** were ¥1.0 billion lower than the first half of fiscal year 2009 through continued optimization of advertising activities in the Individual Group. **Other general and administrative expenses** declined by ¥2.9 billion to ¥11.4 billion due to continued expense reductions and strict cost controls across all areas of our business.

Net Credit Costs -Table 5- (Consolidated)

	(Billions of yen, except percentages)			
	1HFY2010 (6 months)	1HFY2009 (6 months)	% Change	FY2009 (12 months)
Losses on write-off of loans/Losses on sale of loans	7.4	4.6	59.4	18.5
Net provision of reserve for loan losses:	45.2	35.4	27.6	95.5
Net provision of general reserve for loan losses	28.0	12.2	128.0	40.0
Net provision of specific reserve for loan losses	17.2	23.1	(25.6)	55.5
Net provision (reversal) of reserve for loan losses to restructuring countries	(0.0)	(0.0)	10.8	(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	(0.3)	(0.7)	55.3	(1.7)
Net credit costs	52.3	39.2	33.6	112.2

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

- **Net credit costs** of ¥52.3 billion for the first half of fiscal year 2010 were ¥13.1 billion higher compared to the first half of fiscal year 2009.
 - The first half of fiscal year 2010 **net credit costs** increased from the first half of fiscal year 2009 primarily as we took additional reserves against potential risks in our domestic real estate non-recourse finance and specialty finance businesses.
 - **Net credit costs** included net provisions of ¥17.9 billion within specialty finance, ¥14.5 billion of net credit costs for domestic real estate non-recourse finance, ¥10.3 billion net credit costs within Shinsei Financial and ¥7.9 billion net credit costs within APLUS FINANCIAL.
 - The results of the first half of fiscal year 2009 included ¥17.4 billion of credit costs incurred within Shinsei Financial, ¥11.7 billion of net credit costs within APLUS FINANCIAL, ¥3.1 billion in net credit costs associated with our holdings of asset-backed investments, and ¥1.6 billion of credit costs for domestic real estate non-recourse finance related loans. We also recorded ¥6.4 billion of credit recoveries within Shinki.

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

	(Billions of yen, except percentages)			
	1HFY2010 (6 months)	1HFY2009 (6 months)	% Change	FY2009 (12 months)
Shinsei Financial	5.0	5.6	(9.7)	10.7
Shinki	(0.1)	0.3	(146.4)	0.7
APLUS FINANCIAL	0.4	3.2	(85.6)	6.5
Showa Leasing	1.4	1.4	(1.1)	2.9
Others	(0.0)	(0.0)	0.0	(0.0)
Amortization of goodwill and other intangible assets	6.8	10.8	(36.6)	20.9

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

- **Amortization of Goodwill and Other Intangible Assets** totaled ¥6.8 billion in the current period, compared to ¥10.8 billion in the first half of fiscal year 2009.
 - The ¥3.9 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. The ¥0.4 billion of APLUS FINANCIAL **amortization of goodwill and other intangible assets** for the first half of fiscal year 2010 reflects the amortization of goodwill associated with APLUS FINANCIAL's subsidiary, Zen-Nichi Shinpan Co., Ltd.

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

(Billions of yen, except percentages)

	1HFY2010 (6 months)	1HFY2009 (6 months)	% Change	FY2009 (12 months)
Extraordinary income (loss)	2.1	2.8	(25.3)	(71.6)
Net gain on disposal of premises and equipment	(0.2)	(1.5)	86.5	(1.9)
Provision for loss on disposition of premises and equipment	-	(0.0)	100.0	(0.2)
Recoveries of written-off claims	7.0	4.3	61.2	10.7
Other extraordinary income (loss)	(4.6)	0.1	(3,401.8)	(80.2)
Provisions of reserve for losses on interest repayment	-	(9.9)	100.0	(29.6)
Shinsei Financial	-	(0.9)	100.0	(0.9)
Shinki	-	(8.4)	100.0	(17.8)
APLUS FINANCIAL	-	(0.5)	100.0	(10.8)
Other	-	0.0	(100.0)	0.0
Other	(1.0)	(2.1)	50.1	(5.6)
Other gains (Losses)	1.0	(9.1)	112.0	(107.0)

- **Other gains** of ¥1.0 billion included **recoveries of written off-claims** of ¥7.0 billion at Shinsei Financial, Shinsei Bank, Shinki and APLUS FINANCIAL, offset by asset retirement obligation costs of ¥3.5 billion.
 - recoveries of written off-claims of ¥4.3 billion, offset by **provision of reserve for losses on interest repayment** of ¥8.4 billion at Shinki, ¥0.9 billion at Shinsei Financial and ¥0.5 billion at APLUS FINANCIAL.
- The first half of fiscal year 2009 **other losses** include

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

(Billions of yen, except percentages)

	1HFY2010 (6 months)	1HFY2009 (6 months)	% Change	FY2009 (12 months)
Dividends on perpetual preferred securities (hybrid Tier I capital) issued by foreign SPCs	4.6	5.0	(9.1)	10.3
Dividends on APLUS FINANCIAL's preferred stock	-	0.2	(100.0)	0.4
Others	0.2	(0.0)	783.7	(1.9)
Minority interests in net income of subsidiaries	4.8	5.1	(6.3)	8.8

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

- **Minority interests in net income of subsidiaries** for the first half of fiscal year 2010 amounting to ¥4.8 billion largely reflected dividends accrued on perpetual preferred securities and minority interests in other subsidiaries. No APLUS FINANCIAL preferred stock dividends were paid in the first half 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)

	Sep 30 2010 (a)	Sep 30 2009 (b)	Change (a)-(b)	Mar 31 2010 (c)	Change (a)-(c)
Loans and bills discounted	4,604.4	5,469.9	(865.4)	5,163.7	(559.2)
Installment receivables	347.7	376.7	(28.9)	347.8	0.0
Leased assets, Lease receivables and leased investment assets	222.1	242.2	(20.0)	229.5	(7.3)
Securities	2,639.9	3,282.2	(642.2)	3,233.3	(593.3)
Other monetary claims purchased	178.4	361.5	(183.0)	252.7	(74.3)
Other interest earning assets ⁽¹⁾	534.7	500.0	34.7	515.0	19.6
Trading Assets	246.9	253.0	(6.0)	223.2	23.6
Monetary assets held in trust	278.6	329.1	(50.4)	292.2	(13.5)
Goodwill, net	53.5	125.3	(71.8)	57.8	(4.3)
Other intangible assets	22.7	40.7	(18.0)	25.2	(2.4)
Other assets	946.5	748.7	197.8	608.7	337.8
Customer's liabilities for acceptances and guarantees	606.1	652.4	(46.3)	623.7	(17.6)
Reserve for credit losses	(218.1)	(198.6)	(19.4)	(196.6)	(21.5)
Total assets	10,464.0	12,183.5	(1,719.4)	11,376.7	(912.6)
Deposits and negotiable certificates of deposit	5,890.1	7,046.5	(1,156.3)	6,475.3	(585.2)
Debentures	425.2	527.5	(102.3)	483.7	(58.4)
Borrowed money	1,336.1	800.2	535.9	1,186.8	149.3
Corporate bonds	180.8	205.2	(24.3)	188.2	(7.3)
Other interest bearing liabilities ⁽²⁾	321.7	1,063.6	(741.8)	885.1	(563.3)
Trading Liabilities	196.9	194.2	2.7	177.8	19.1
Reserve for losses on interest repayments	46.7	119.5	(72.7)	70.0	(23.3)
Other liabilities	845.7	774.1	71.6	650.7	195.0
Acceptances and guarantees	606.1	652.4	(46.3)	623.7	(17.6)
Total liabilities	9,849.8	11,383.5	(1,533.6)	10,741.8	(891.9)
Total equity	614.1	799.9	(185.7)	634.9	(20.7)

¹ Includes cash and due from banks, call loans and collateral related to securities borrowing transactions

² Intangible assets recorded through consolidation of Shinsei Financial, Shinki, APLUS FINANCIAL and Showa Leasing

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

Note: Quarterly information is available in the Quarterly Data Book

- Shinsei Bank's **loans and bills discounted** balance was ¥4,604.4 billion as at September 30, 2010 as compared to ¥5,163.7 billion as at March 31, 2010.
 - The decrease primarily occurred due to a decline of ¥465.3 billion in our Institutional Group loans outstanding as we worked to optimize our Institutional Group and Markets and Investment Banking Group risk assets during the current period.
 - Corporate loans decreased by ¥270.8 billion to ¥1,870.2 billion at September 30, 2010 compared to ¥2,141.1 billion at March 31, 2010, and the real estate finance balance decreased by ¥157.9 billion to ¥890.9 billion at September 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.
 - Loans to individual customers, which include loans in retail banking and loans at Shinsei Financial, Shinki and APLUS FINANCIAL, decreased by ¥93.8 billion to ¥1,619.1 billion at September 30, 2010 from ¥1,713.0 billion at March 31, 2010. Retail housing loans remained constant at ¥881.3 billion at September 30, 2010 compared to ¥882.3 billion at March 31, 2010.
 - Loans to Shinsei Financial customers decreased by ¥64.2 billion to ¥447.8 billion at September 30, 2010 from ¥512.1 billion at March 31, 2010. Loans to APLUS FINANCIAL customers decreased by ¥14.0 billion to ¥152.5 billion at September 30, 2010 from ¥166.6 billion at March 31, 2010, and loans to Shinki customers decreased by ¥9.9 billion to ¥69.6 billion at September 30, 2010 from ¥79.5 billion at March 31, 2010.
- **Securities** balance as of September 30, 2010 amounted to ¥2,639.9 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 ¥1,778.0 billion at September 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 ¥5,890.1 billion at September 30, 2010.
 - The retail deposits balance totaled ¥4,806.6 billion at September 30, 2010, a decrease of ¥498.3 billion compared to March 31, 2010. Retail Banking represents 80.7% of the Bank's total funding through customer deposits and debentures.

Risk-Monitored Loans -Table 10- (Consolidated)

	(Billions of yen)				
	Sep 30 2010 (a)	Sep 30 2009 (b)	Change (a)-(b)	Mar 31 2010 (c)	Change (a)-(c)
Loans to bankrupt obligors	18.5	33.7	(15.1)	21.5	(2.9)
Non-accrual delinquent loans	357.2	192.2	164.9	346.7	10.5
Loans past due for three months or more	2.2	26.4	(24.1)	2.7	(0.5)
Restructured loans	61.5	62.5	(1.0)	61.3	0.1
Total (A)	439.5	315.0	124.5	432.3	7.2
Loans and bills discounted (B)	4,604.4	5,469.9	(865.4)	5,163.7	(559.2)
Ratio to total loans and bills discounted (A / B X 100) (%)	9.55%	5.76%	/	8.37%	/
Reserve for credit losses (C)	218.1	198.6	19.4	196.6	21.5
Reserve ratio (C / A X 100)	49.6%	63.1%	/	45.5%	/

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

- As at September 30, 2010, risk monitored loans totaled ¥439.5 billion, and the ratio of risk monitored loans to total loans and bills discounted was 9.55%.
 - Compared to March 31, 2010, risk monitored loans increased by ¥7.2 billion and the ratio of risk monitored loans to total loans and bills discounted increased by 1.17%.
- The increase in the ratio of risk monitored loans to total loans and bills discounted occurred mainly due to the ¥559.2 billion decrease in total loans and bills discounted compared to March 31, 2010.

Reserve for Credit Losses -Table 11- (Consolidated)

	(Billions of yen)				
	Sep 30 2010 (a)	Sep 30 2009 (b)	Change (a)-(b)	Mar 31 2010 (c)	Change (a)-(c)
General reserve for loan losses	124.3	120.4	3.8	110.0	14.2
Specific reserve for loan losses	93.8	78.2	15.6	86.5	7.2
Reserve for loans to restructuring countries	0.0	0.0	(0.0)	0.0	(0.0)
Total reserve for credit losses	218.1	198.6	19.4	196.6	21.5

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

Loans by Borrower Industry -Table 12- (Consolidated)

(Billions of yen)

	Sep 30 2010 (a)	Sep 30 2009 (b)	Change (a)-(b)	Mar 31 2010 (c)	Change (a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	252.0	257.2	(5.1)	249.0	2.9
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	2.2	3.2	(0.9)	2.7	(0.4)
Construction	5.6	9.3	(3.7)	8.7	(3.1)
Electric power, gas, heat supply and water supply	25.9	39.6	(13.7)	32.3	(6.3)
Information and communications	16.1	20.1	(4.0)	17.0	(0.9)
Transportation and postal service	272.7	313.9	(41.1)	293.6	(20.8)
Wholesale and retail	99.0	126.0	(27.0)	109.6	(10.5)
Finance and insurance	892.6	1,107.8	(215.2)	1,095.9	(203.2)
Real estate	722.2	929.8	(207.6)	875.6	(153.4)
Services	255.5	266.6	(11.0)	262.7	(7.1)
Local government	164.1	168.3	(4.2)	171.3	(7.1)
Others	1,820.8	2,124.8	(303.9)	1,956.2	(135.3)
Loans to individual customers (retail banking, Shinsei Financial, Shinki and APLUS FINANCIAL)	1,577.5	1,752.9	(175.4)	1,667.0	(89.4)
Total domestic (A)	4,531.7	5,369.7	(838.0)	5,077.6	(545.9)
Overseas offices (including Japan offshore market accounts):					
Governments	2.2	1.5	0.6	1.9	0.2
Financial institutions	2.1	-	2.1	1.8	0.2
Others	68.4	98.6	(30.2)	82.2	(13.8)
Total overseas (B)	72.7	100.1	(27.4)	86.0	(13.2)
Total (A+B)	4,604.4	5,469.9	(865.4)	5,163.7	(559.2)

⁽¹⁾
Securities Being Held to Maturity -Table 13- (Consolidated)

(Billions of yen)

	September 30, 2010			March 31, 2010		
	Book Value	Fair Value	Net unrealized gain (loss)	Book Value	Fair Value	Net unrealized gain (loss)
Items with fair value exceeding book value						
Japanese national government bonds	293.2	298.7	5.5	353.3	357.9	4.6
Japanese corporate bonds	-	-	-	70.4	71.8	1.3
Other	40.2	43.6	3.4	44.6	47.8	3.2
Total	402.9	412.9	10.0	468.4	477.7	9.2
Items with fair value not exceeding book value						
Japanese national government bonds	-	-	-	-	-	-
Japanese corporate bonds	-	-	-	-	-	-
Other	10.0	9.2	(0.7)	11.1	10.0	(1.1)
Total	10.0	9.2	(0.7)	11.1	10.0	(1.1)
Total	413.0	422.2	9.2	479.5	487.7	8.1

	September 30, 2009		
	Book Value	Fair Value	Difference
Japanese national government bonds	373.3	377.9	4.5
Japanese corporate bonds	70.3	71.9	1.5
Other	54.4	53.0	(1.4)
Total	498.2	502.9	4.7

(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 September 30, 2009 has not been changed.

(1)
Available for Sale Securities, at Fair Value -Table 14- (Consolidated)

(Billions of yen)

	September 30, 2010			March 31, 2010		
	Book value (Fair value)	Amortized/ Acquisition Cost	Net unrealized gain (loss)	Book value (Fair value)	Amortized/ Acquisition Cost	Net unrealized gain (loss)
Items with book value exceeding amortized/acquisition cost ⁽²⁾						
Equity securities	2.0	1.4	0.6	6.8	5.7	1.1
Bonds	1,050.9	1,047.1	3.7	1,585.0	1,578.5	6.4
Japanese national government bonds	981.3	978.7	2.6	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	67.7	66.6	1.1	39.5	39.2	0.3
Other ⁽³⁾	146.1	138.3	7.7	127.0	110.7	16.2
Foreign securities	127.4	120.0	7.3	101.9	86.1	15.8
Foreign currency denominated foreign corporate and government bonds	74.9	70.1	4.7	73.1	60.5	12.6
Yen-denominated foreign corporate and government bonds	48.6	48.0	0.5	18.5	18.3	0.2
Foreign equity securities and others	3.8	1.8	2.0	10.1	7.2	2.9
Other securities	1.1	0.9	0.2	1.1	0.9	0.2
Other monetary claims purchased	17.5	17.3	0.1	23.9	23.7	0.2
Total	1,199.1	1,186.9	12.2	1,718.9	1,695.0	23.9
Items with book value not exceeding amortized/acquisition cost ⁽²⁾						
Equity securities	11.6	16.7	(5.1)	8.8	12.0	(3.2)
Bonds	754.9	760.0	(5.0)	746.9	754.5	(7.6)
Japanese national government bonds	503.4	505.3	(1.8)	464.5	467.2	(2.6)
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	251.4	254.6	(3.2)	282.3	287.3	(4.9)
Other ⁽³⁾	167.1	171.4	(4.2)	170.8	175.1	(4.2)
Foreign securities	149.9	154.0	(4.0)	165.6	169.8	(4.2)
Foreign currency denominated foreign corporate and government bonds	86.7	89.2	(2.4)	72.2	74.5	(2.2)
Yen-denominated foreign corporate and government bonds	59.2	60.1	(0.8)	93.2	95.1	(1.8)
Foreign equity securities and others	3.8	4.6	(0.7)	0.1	0.1	(0.0)
Other securities	1.0	1.0	-	1.1	1.1	(0.0)
Other monetary claims purchased	16.2	16.3	(0.1)	19.7	19.8	(0.0)
Total	933.7	948.2	(14.4)	942.3	957.4	(15.1)
Total	2,132.8	2,135.1	(2.2)	2,661.3	2,652.5	8.7

	September 30, 2009			
	Fair value	Net unrealized gain (loss) (a) - (b)		
		Net	Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities	16.4	(1.7)	1.4	3.2
Bonds	1,984.8	6.4	7.4	0.9
Japanese national government bonds	1,965.6	7.2	7.2	0.0
Japanese local government bonds	1.7	0.0	0.0	-
Japanese corporate bonds	17.3	(0.8)	0.0	0.9
Other	299.5	7.0	15.3	8.3
Foreign securities	298.5	6.9	15.2	8.3
Foreign currency denominated foreign corporate and government bonds	158.4	8.7	12.0	3.2
Yen-denominated foreign corporate and government bonds	129.1	(4.9)	0.0	5.0
Foreign equity securities	7.9	2.8	2.8	-
Other securities	0.9	0.0	0.0	-
Total	2,300.8	11.7	24.2	12.5

(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 September 30, 2009 has not been changed.

(2) "Japanese corporate bonds" and "Foreign securities," which were previously carried at cost are measured at fair value since March 2010. Above tables do not include securities whose fair value cannot be reliably determined.

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

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

(Billions of yen)

Notional Principal Amount (Consolidated)	Sep 30, 2010			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
Interest rate swaps:				
Receive fixed and pay floating	146.2	125.2	141.6	413.1
Receive floating and pay fixed	61.3	130.4	214.6	406.5
Receive floating and pay floating	-	-	-	-
Total notional principal amount	207.5	255.7	356.3	819.6
Currency swaps:				
Total notional principal amount	337.6	49.2	225.7	612.6

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

(Billions of yen)

	Sep 30 2010	Sep 30 2009	Change	Mar 31 2010	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Deposits	5,570.5	6,667.8	(1,097.3)	6,190.4	(619.9)
Liquid (current, ordinary, note) deposits	1,496.5	1,376.4	120.1	1,490.1	6.4
Time deposits	3,743.2	5,028.0	(1,284.8)	4,420.7	(677.5)
Other	330.7	263.3	67.3	279.5	51.1
Negotiable certificates of deposits (NCDs)	319.6	378.6	(58.9)	284.9	34.7
Total	5,890.1	7,046.5	(1,156.3)	6,475.3	(585.2)

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

Financial Ratios -Table 17- (Consolidated)

	1HFY2010 (6 months)	1HFY2009 (6 months)	FY2009 (12 months)
Return on assets ⁽¹⁾	0.3% ⁽⁴⁾	0.2% ⁽⁴⁾	(1.2)%
Return on equity ⁽²⁾	7.4% ⁽⁴⁾	3.8% ⁽⁴⁾	(27.6)%
Return on equity (fully diluted) ⁽³⁾	7.4% ⁽⁴⁾	3.8% ⁽⁴⁾	(27.6)%
Cash basis return on assets ⁽¹⁾	0.4% ⁽⁴⁾	0.3% ⁽⁴⁾	(0.5)%
Cash basis return on equity ⁽²⁾	9.9% ⁽⁴⁾	6.9% ⁽⁴⁾	(10.6)%
Cash basis return on equity (fully diluted) ⁽³⁾	9.9% ⁽⁴⁾	6.9% ⁽⁴⁾	(10.6)%
Expense-to-revenue ratio ⁽⁵⁾⁽⁶⁾	46.8%	52.2%	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

(1)
Capital Adequacy Data -Table 18- (Consolidated)

(Billions of yen, except percentages)

	Sep 30 2010 (a)	Sep 30 2009 (b)	Change (a)-(b)	Mar 31 2010 (c)	Change (a)-(c)
Basic items (Tier I)	500.5	591.5	(90.9)	490.7	9.8
Amount eligible for inclusion in capital (Tier II)	251.2	289.6	(38.4)	268.7	(17.5)
General reserve for loan losses	10.2	12.5	(2.2)	10.9	(0.7)
Perpetual/non-perpetual preferred stocks and Perpetual/non-perpetual subordinated debt and bonds	240.9	277.1	(36.1)	257.7	(16.7)
Deductions	-	-	-	-	-
Deduction	(109.6)	(89.6)	(19.9)	(114.0)	4.4
Total capital ⁽²⁾	642.1	791.5	(149.3)	645.4	(3.2)
Risk assets	7,180.8	8,449.2	(1,268.4)	7,722.1	(541.2)
Capital adequacy ratio	8.94%	9.36%		8.35%	
Tier I capital ratio	6.97%	7.00%		6.35%	

(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, ¥8.2 billion net unrealized losses on securities available-for-sale, net of taxes, as of September 30, 2010 are not included in BIS capital.

Net unrealized gain on securities available-for-sale, net taxes is recorded as of March 31, 2010 and September 30, 2009.

(2) Consolidated total required capital is ¥514.0 billion as at September 30, 2010, ¥609.5 billion as at September 30, 2009 and ¥550.8 billion as at March 31, 2010.

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

Per Share Data -Table 19- (Consolidated)

(Yen, except percentages)

	1HFY2010 (6 months)	1HFY2009 (6 months)	% Change	FY2009 (12 months)	% Change
Common equity	232.54	312.05	(25.5)	232.72	(0.1)
Fully diluted equity	232.54	312.05	(25.5)	232.72	(0.1)
Basic net income (loss)	8.59	5.63	52.6	(71.36)	
Diluted net income (loss)	8.59	5.63	52.6	(71.36)	
Cash basis:					
Basic net income (loss)	11.57	10.31	12.3	(27.37)	
Diluted net income (loss)	11.57	10.31	12.3	(27.37)	
For calculation of per share data:					
Equity:					
Number of common shares ⁽¹⁾	1,963,919,247	1,963,919,453		1,963,919,247	
Fully diluted number of shares ⁽¹⁾	1,963,919,247	1,963,919,453		1,963,919,247	
Net income:					
Number of common shares ⁽²⁾	1,963,919,247	1,963,919,578		1,963,919,464	
Fully diluted number of shares ⁽²⁾	1,963,919,247	1,963,919,578		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 half of fiscal year 2010 was ¥8.59 compared to a diluted net income per share of ¥5.63 for the first half of fiscal year 2009. Cash basis diluted net income per share for the first half of fiscal

year 2010 was ¥11.57, as compared to a cash basis diluted net income per share of ¥10.31 for the first half of fiscal year 2009.

Business Lines Results -Table 20- (Consolidated)

(Billions of yen, except percentages)

	1HFY2010 (6 months)	1HFY2009 (6 months)	% Change	FY2009 (12 months)
Institutional Group/Markets and Investment Banking Group:				
Net interest income	18.1	20.1	(9.7)	43.3
Non-interest income	44.1	24.7	78.3	16.3
Total revenue	62.3	44.9	38.9	59.7
General and administrative expenses	19.9	22.5	(11.5)	43.7
Ordinary business profit	42.4	22.3	89.5	16.0
Net credit costs	30.3	12.6	140.1	66.0
Ordinary business profit (loss) after net credit costs	12.0	9.7	23.7	(50.0)
Individual Group:				
Net interest income	68.2	89.9	(24.1)	167.1
Non-interest income	19.9	21.4	(6.6)	41.0
Total revenue	88.2	111.3	(20.7)	208.2
General and administrative expenses	53.2	63.9	(16.7)	124.2
Ordinary business profit	34.9	47.3	(26.2)	84.0
Net credit costs	21.8	26.1	(16.4)	46.2
Ordinary business profit after net credit costs	13.1	21.2	(38.2)	37.7
Corporate/Other⁽¹⁾:				
Net interest income (loss)	(0.2)	(0.6)	56.0	(2.5)
Non-interest income	5.3	10.3	(48.3)	20.1
Total revenue	5.0	9.6	(47.8)	17.5
General and administrative expenses	(0.4)	0.0	(629.7)	0.4
Ordinary business profit	5.4	9.5	(43.2)	17.1
Net credit costs (recoveries)	0.1	0.4	(73.1)	(0.0)
Ordinary business profit after net credit costs (recoveries)	5.3	9.1	(41.9)	17.1
Total:				
Net interest income	86.1	109.4	(21.2)	207.9
Non-interest income	69.4	56.4	23.0	77.5
Total revenue	155.6	165.8	(6.2)	285.5
General and administrative expenses	72.8	86.5	(15.9)	168.3
Ordinary business profit	82.8	79.3	4.4	117.1
Net credit costs	52.3	39.2	33.6	112.2
Ordinary business profit after net credit costs	30.4	40.1	(24.0)	4.8

(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

Institutional Group/Markets and Investment Banking Group ⁽¹⁾ -Table 21- (Consolidated)

(Billions of yen, except percentages)

	1HFY2010 (6 months)	1HFY2009 (6 months)	% Change	FY2009 (12 months)
Institutional Banking business/Markets and Investment Banking Group ⁽²⁾ :				
Net interest income	19.9	22.4	(11.0)	47.4
Non-interest income	34.9	14.4	141.6	(3.5)
Total revenue	54.8	36.8	48.8	43.9
General and administrative expenses	15.9	18.4	(13.6)	35.5
Ordinary business profit	38.9	18.3	111.5	8.3
Net credit costs	28.8	9.8	192.1	60.9
Ordinary business profit after net credit costs	10.0	8.5	17.9	(52.5)
Showa Leasing:				
Net interest income (loss)	(1.7)	(2.2)	22.6	(4.0)
Non-interest income	9.2	10.3	(10.2)	19.8
Total revenue	7.5	8.0	(6.7)	15.8
General and administrative expenses	3.9	4.0	(1.6)	8.1
Ordinary business profit	3.5	3.9	(11.8)	7.6
Net credit costs	1.5	2.7	(45.1)	5.1
Ordinary business profit after net credit costs	1.9	1.2	63.8	2.4
Institutional Group/Markets and Investment Banking Group:				
Net interest income	18.1	20.1	(9.7)	43.3
Non-interest income	44.1	24.7	78.3	16.3
Total revenue	62.3	44.9	38.9	59.7
General and administrative expenses	19.9	22.5	(11.5)	43.7
Ordinary business profit	42.4	22.3	89.5	16.0
Net credit costs	30.3	12.6	140.1	66.0
Ordinary business profit after net credit costs	12.0	9.7	23.7	(50.0)

(1) Net of consolidation adjustments, if applicable.

(2) Represents "Institutional Group/Markets and Investment Banking Group excluding Showa Leasing."

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

Institutional Group/Markets and Investment Banking Group Revenue by Product -Table 22- (Consolidated)

(Billions of yen, except percentages)

	1HFY2010 (6 months)	1HFY2009 (6 months)	% Change	FY2009 (12 months)
Basic banking	5.7	6.3	(10.0)	12.5
Real estate finance	7.6	10.4	(26.1)	23.9
Credit trading	8.2	1.5	428.0	(10.0)
Principal investments	3.9	(5.2)	175.9	(25.6)
Foreign exchange, derivatives, equity-related	4.7	6.6	(27.7)	11.4
Securitization	8.8	1.5	458.7	5.2
Other capital markets	6.2	13.7	(54.8)	20.4
ALM activities	7.4	0.0	8,078.3	1.2
Leasing (Showa Leasing)	7.5	8.0	(6.7)	15.8
Others	2.0	1.9	3.9	4.7
Total revenue	62.3	44.9	38.9	59.7

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

- The Institutional Group/Markets and Investment Banking Group business recorded **total revenue** of ¥62.3 billion in the first half of fiscal year 2010, an increase of ¥17.4 billion compared to total revenue of ¥44.9 billion recorded in the first half of fiscal year 2009.
 - Basic Banking generated total revenue of ¥5.7 billion in the first half of fiscal year 2010, compared to the ¥6.3 billion generated in the first half of fiscal year 2009, primarily due to lower loan balances within our Basic Banking business.
 - Our real estate finance business generated revenue of ¥7.6 billion, compared with the ¥10.4 billion in revenue recorded in the first half of fiscal year 2009, largely as a result of ¥1.8 billion of impairments taken on non-recourse bonds in the first half of fiscal year 2010.
 - Credit Trading generated revenue of ¥8.2 billion in the first half of fiscal year 2010, an increase of ¥6.6 billion from the first half of fiscal year 2009 when mark-downs of certain international credit trading positions, mainly in Europe, were taken.

- Principal Investments recorded a gain of ¥3.9 billion compared to a loss of ¥5.2 billion recorded in the first half of fiscal year 2009. First half fiscal year 2010 results include ¥1.2 billion in gains in Jih Sun Financial Holding Co., Ltd., while first half of fiscal year 2009 results include ¥5.8 billion of real estate principal investment impairments and ¥3.8 billion of losses in Jih Sun.
- Foreign Exchange, Derivatives and Equity-Related Transactions recorded a gain of ¥4.7 billion in the current period, compared to a ¥6.6 billion gain recorded in the first half of fiscal year 2009.
- Securitization recognized a gain of ¥8.8 billion during the first half of fiscal year 2010 as compared to a gain of ¥1.5 billion during the first half of fiscal year 2009. Included within first half fiscal year 2010 securitization revenues are ¥4.1 billion of gains on our asset-backed securities and asset backed investments, while first half fiscal year 2009 results were impacted by ¥1.7 billion of mark-downs on this portfolio.
- Our Other Capital Markets businesses generated revenue of ¥6.2 billion for the current period, compared to a gain of ¥13.7 billion in the first half of fiscal year 2009. The first half of fiscal year 2010 results included ¥4.3 billion of gains from the sale of CLOs while 2009 results included ¥11.7 billion of gains from the sale of CLOs and ¥1.4 billion of gains from the sale of corporate bonds.
- In the first half of fiscal year 2010, Institutional Banking business/Markets and Investment Banking Group **general and administrative expenses** were ¥15.9 billion, a ¥2.5 billion decrease from the first half 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 ¥28.8 billion in the current period, an increase of ¥18.9 billion as compared to ¥9.8 billion of credit costs recorded in the first half of fiscal year 2009.
 - The first half of fiscal year 2010 **net credit costs** increased from the first half of fiscal year 2009 primarily as we took additional reserves against potential risks in our domestic real estate non-recourse finance and specialty finance businesses. **Net credit costs** included net provisions of ¥17.9 billion within specialty finance and ¥14.5 billion of net credit costs for domestic real estate non-recourse finance.
 - During the first half of fiscal year 2009, we recorded net credit costs of ¥3.1 billion related to our asset backed investments portfolio and ¥1.6 billion of credit costs related to our domestic real estate non-recourse finance portfolio.
- As a result, Institutional Banking business/Markets and Investment Banking Group showed an **ordinary business profit after net credit costs** of ¥10.0 billion for the first half of fiscal year 2010, an increase of ¥1.5 billion compared to an **ordinary business profit after net credit costs** of ¥8.5 billion recorded in the first half of fiscal year 2009.
- Showa Leasing's **ordinary business profit after net credit costs** improved to ¥1.9 billion for the first half of fiscal year 2010 compared to ¥1.2 billion in the first half of fiscal year 2009. **Net credit costs** for the first half of fiscal year 2010 declined to ¥1.5 billion compared to ¥2.7 billion net credit costs recorded in the first half of fiscal year 2009.

(1)
Individual Group - Table 23- (Consolidated)

(Billions of yen, except percentages)

	1HFY2010 (6 months)	1HFY2009 (6 months)	% Change	FY2009 (12 months)
Retail Banking:				
Net interest income	17.3	16.0	7.5	32.0
Non-interest income	4.8	5.6	(13.9)	9.4
Total revenue	22.1	21.7	1.9	41.5
General and administrative expenses	16.1	17.7	(8.8)	35.2
Ordinary business profit	5.9	3.9	50.0	6.3
Net credit costs (recoveries)	1.2	(0.0)	3,365.6	(0.0)
Ordinary business profit after net credit costs	4.6	4.0	16.4	6.3
(Reference) Revenue from structured deposits	2.9	4.0	(25.1)	6.2
Shinsei Financial:				
Net interest income	34.9	51.0	(31.4)	92.5
Non-interest income (loss)	(2.5)	(2.1)	(19.7)	(3.9)
Total revenue	32.3	48.8	(33.7)	88.5
General and administrative expenses	17.3	22.3	(22.3)	42.6
Ordinary business profit	15.0	26.4	(43.3)	45.9
Net credit costs	10.3	17.4	(40.4)	25.3
Ordinary business profit after net credit costs	4.6	9.0	(48.8)	20.6
Shinki:				
Net interest income	6.5	8.2	(21.1)	15.2
Non-interest income (loss)	(0.5)	(0.5)	(13.1)	(1.1)
Total revenue	5.9	7.7	(23.3)	14.0
General and administrative expenses	2.6	4.4	(41.2)	8.0
Ordinary business profit	3.3	3.2	1.4	6.0
Net credit costs (recoveries)	1.9	(3.4)	155.3	(0.8)
Ordinary business profit after net credit costs (recoveries)	1.3	6.7	(79.5)	6.9
APLUS FINANCIAL:				
Net interest income	8.8	14.0	(37.1)	25.9
Non-interest income	18.1	18.3	(0.8)	36.6
Total revenue	26.9	32.3	(16.5)	62.6
General and administrative expenses	16.9	19.1	(11.6)	37.9
Ordinary business profit	10.0	13.1	(23.6)	24.6
Net credit costs	7.9	11.7	(32.5)	21.0
Ordinary business profit after net credit costs	2.1	1.4	50.6	3.5
Other Subsidiaries⁽²⁾:				
Net interest income	0.6	0.5	20.7	1.2
Non-interest income	0.0	0.0	4.8	0.1
Total revenue	0.7	0.6	18.8	1.4
General and administrative expenses	0.1	0.1	(14.3)	0.3
Ordinary business profit	0.6	0.4	32.0	1.0
Net credit costs	0.3	0.4	(31.4)	0.7
Ordinary business profit after net credit costs	0.3	0.0	2,098.9	0.3
Total Individual Group:				
Net interest income	68.2	89.9	(24.1)	167.1
Non-interest income	19.9	21.4	(6.6)	41.0
Total revenue	88.2	111.3	(20.7)	208.2
General and administrative expenses	53.2	63.9	(16.7)	124.2
Ordinary business profit	34.9	47.3	(26.2)	84.0
Net credit costs	21.8	26.1	(16.4)	46.2
Ordinary business profit after net credit costs	13.1	21.2	(38.2)	37.7

(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 24- (Consolidated)
(Billions of yen, except percentages)

	1HFY2010 (6 months)	1HFY2009 (6 months)	% Change	FY2009 (12 months)
Retail Banking:	22.1	21.7	1.9	41.5
Deposits and debentures net interest income	12.9	12.8	0.8	25.3
Deposits and debentures non-interest income	2.8	3.4	(17.4)	5.2
Asset management	2.4	2.5	(3.9)	4.9
Loans	3.9	2.8	35.5	6.0
(Reference) Revenue from structured deposits	2.9	4.0	(25.1)	6.2
Shinsei Financial	32.3	48.8	(33.7)	88.5
Shinki	5.9	7.7	(23.3)	14.0
APLUS FINANCIAL	26.9	32.3	(16.5)	62.6
Other subsidiaries	0.7	0.6	18.8	1.4
Total revenue	88.2	111.3	(20.7)	208.2

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.
- Interest rates have been reset below the legal maximum rates in compliance with the revised Money-Lending Business Control and Regulation Law.
- The Individual Group generated **ordinary business profit after net credit costs** of ¥13.1 billion compared to ¥21.2 billion during the first half 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 and APLUS FINANCIAL businesses, offset by lower **ordinary business profit after net credit costs** within Shinsei Financial and Shinki.
- During the first half of fiscal year 2010, total Retail Banking **revenue** was ¥22.1 billion as compared to ¥21.7 billion during the first half 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 half of fiscal year 2010, we generated **net interest income** of ¥17.3 billion compared to ¥16.0 billion during the first half of fiscal year 2009. The increase in **net interest income** comes primarily from the increase in housing loans acquired from Shinsei Financial in March 2010 and increases in Shinsei Bank's housing loans.
- **Non-interest income** declined slightly to ¥4.8 billion in the current period from ¥5.6 billion in the first half of fiscal year 2009 largely due to decreased revenue from structured deposits.
- Retail Banking incurred **general and administrative expenses** of ¥16.1 billion during the first half of fiscal year 2010, a decrease of ¥1.5 billion as compared to the first half of fiscal year 2009.
- Retail Banking generated **ordinary business profit after net credit costs** of ¥4.6 billion for the first half of fiscal year 2010, as compared to an **ordinary business profit after net credit costs** of ¥4.0 billion during the first half of fiscal year 2009.
- For the first half of fiscal year 2010, Shinsei Financial generated total revenue of ¥32.3 billion, incurred **general and administrative expenses** of ¥17.3 billion and incurred **net credit costs** of ¥10.3 billion. As a result, Shinsei Financial's **ordinary business profit after net credit costs** was ¥4.6 billion for the current period.
- For the first half of fiscal year 2010, Shinki recorded **total revenue** of ¥5.9 billion and **general and administrative expenses** of ¥2.6 billion. Shinki recorded **net credit costs** of ¥1.9 billion, and as a result, Shinki recorded an **ordinary business profit after net credit costs** of ¥1.3 billion for the current period.
- For the first half of fiscal year 2010, APLUS FINANCIAL generated **total revenue** of ¥26.9 billion, compared to ¥32.3 billion in the first half of fiscal year 2009. **General and administrative expenses** declined to ¥16.9 billion from ¥19.1 billion in the first half of fiscal year 2009, while **net credit costs** declined to ¥7.9 billion from ¥11.7 billion in the first half of fiscal year 2009. As a result, the business generated **ordinary business profit after net credit costs** of ¥2.1 billion in the first half of fiscal year 2010, compared to ¥1.4 billion in the first half of fiscal year 2009.
- Shinsei Financial's usage of reserve for grey zone payments and write-offs and reversal of grey zone reserves amounted to ¥11.2 billion and ¥1.7 billion, respectively, in the first half of fiscal year 2010.
 - The total balance of Shinsei Financial's grey zone reserves was ¥18.2 billion as of September 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 ¥7.0 billion in the first half of fiscal year 2010.
 - The business made no new grey zone related provisions. The total balance of the grey zone reserve was ¥16.6 billion as of September 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 ¥3.2 billion in the first half of fiscal year 2010.
 - The business made no grey zone related provisions and the total balance of the grey zone reserve was ¥11.8 billion as of September 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.

Interim Consolidated Balance Sheets (Consolidated)

Assets

	<i>(millions of yen)</i>				
	Sep 30 2010 a	Sep 30 2009 b	Change a-b	Mar 31 2010 c	Change a-c
<<Assets>>					
Cash and due from banks	469,875	476,047	(6,172)	493,141	(23,266)
Call loans	31,526	19,569	11,957	19,129	12,397
Collateral related to securities borrowing transactions	33,352	4,402	28,950	2,801	30,551
Other monetary claims purchased	178,448	361,501	(183,053)	252,761	(74,313)
Trading assets	246,955	253,000	(6,045)	223,279	23,676
Monetary assets held in trust	278,681	329,130	(50,449)	292,227	(13,546)
Securities	2,639,967	3,282,207	(642,240)	3,233,312	(593,345)
Loans and bills discounted	4,604,494	5,469,978	(865,484)	5,163,763	(559,269)
Foreign exchanges	12,327	12,775	(448)	10,976	1,351
Lease receivables and leased investment assets	204,766	224,025	(19,259)	213,702	(8,936)
Other assets	1,204,899	1,023,735	181,164	863,272	341,627
Premises and equipment	51,216	55,838	(4,622)	52,154	(938)
Intangible assets	102,959	197,468	(94,509)	109,953	(6,994)
Goodwill, net	53,513	125,377	(71,864)	57,844	(4,331)
Deferred issuance expenses for debentures	181	166	15	176	5
Deferred tax assets	16,496	19,887	(3,391)	18,969	(2,473)
Customers' liabilities for acceptances and guarantees	606,101	652,445	(46,344)	623,786	(17,685)
Reserve for credit losses	(218,155)	(198,659)	(19,496)	(196,642)	(21,513)
Total assets	10,464,094	12,183,520	(1,719,426)	11,376,767	(912,673)

Liabilities and Equity

(millions of yen)

	Sep 30 2010 a	Sep 30 2009 b	Change a-b	Mar 31 2010 c	Change a-c
<<Liabilities>>					
Deposits	5,570,500	6,667,868	(1,097,368)	6,190,477	(619,977)
Negotiable certificates of deposit	319,674	378,641	(58,967)	284,909	34,765
Debentures	425,248	527,560	(102,312)	483,713	(58,465)
Call money	160,494	100,469	60,025	310,487	(149,993)
Payables under repurchase agreements	-	156,382	(156,382)	8,430	(8,430)
Collateral related to securities lending transactions	140,806	764,367	(623,561)	548,479	(407,673)
Commercial paper	-	99	(99)	-	-
Trading liabilities	196,999	194,280	2,719	177,835	19,164
Borrowed money	1,336,159	800,239	535,920	1,186,837	149,322
Foreign exchanges	46	9	37	17	29
Short-term corporate bonds	20,400	42,300	(21,900)	17,700	2,700
Corporate bonds	180,897	205,222	(24,325)	188,278	(7,381)
Other liabilities	830,551	745,833	84,718	619,201	211,350
Accrued employees' bonuses	4,921	6,141	(1,220)	8,842	(3,921)
Accrued directors' bonuses	29	72	(43)	126	(97)
Reserve for employees' retirement benefits	7,423	9,903	(2,480)	7,718	(295)
Reserve for directors' retirement benefits	252	180	72	244	8
Reserve for losses on interest repayments	46,777	119,512	(72,735)	70,088	(23,311)
Reserve for losses on disposal of premises and equipment	-	6,933	(6,933)	7,212	(7,212)
Reserve for losses on litigation	-	3,662	(3,662)	5,873	(5,873)
Reserve under special law	3	4	(1)	3	-
Deferred tax liabilities	2,606	1,426	1,180	1,547	1,059
Acceptances and guarantees	606,101	652,445	(46,344)	623,786	(17,685)
Total liabilities	9,849,897	11,383,559	(1,533,662)	10,741,812	(891,915)
<<Equity>>					
Shareholders' equity:					
Capital stock	476,296	476,296	-	476,296	-
Capital surplus	43,554	43,554	-	43,554	-
Retained earnings	29,321	163,651	(134,330)	12,438	16,883
Treasury stock, at cost	(72,558)	(72,558)	(0)	(72,558)	-
Total shareholders' equity	476,614	610,944	(134,330)	459,730	16,884
Net unrealized gain (loss) and translation adjustments:					
Unrealized gain (loss) on available-for-sale securities	(8,274)	3,128	(11,402)	1,398	(9,672)
Deferred gain (loss) on derivatives under hedge accounting	(7,959)	(2,081)	(5,878)	(3,327)	(4,632)
Foreign currency translation adjustments	(3,680)	861	(4,541)	(741)	(2,939)
Total net unrealized gain (loss) and translation adjustments	(19,914)	1,908	(21,822)	(2,669)	(17,245)
Stock acquisition rights	1,611	1,580	31	1,672	(61)
Minority interests in subsidiaries	155,886	185,528	(29,642)	176,221	(20,335)
Total equity	614,197	799,960	(185,763)	634,954	(20,757)
Total liabilities and equity	10,464,094	12,183,520	(1,719,426)	11,376,767	(912,673)

Interim Consolidated Statements of Operations (Consolidated)

(millions of yen, except percentages)

	1HFY2010 (6 months)	1HFY2009 (6 months)	Change		FY2009 (12 months)
			Amount	%	
Total interest income	112,837	151,455	(38,618)	(25.5)	283,581
Interest on loans and bills discounted	96,596	130,214	(33,618)	(25.8)	245,289
Interest and dividends on securities	12,763	16,840	(4,077)	(24.2)	30,560
Other interest income	3,476	4,399	(923)	(21.0)	7,731
Fees and commissions income	24,426	24,941	(515)	(2.1)	51,190
Trading profits	12,624	4,121	8,503	206.3	9,014
Other business income	97,122	108,262	(11,140)	(10.3)	208,085
Other ordinary income	7,774	9,006	(1,232)	(13.7)	14,471
Ordinary income	254,785	297,787	(43,002)	(14.4)	566,343
Total interest expenses	26,660	42,051	(15,391)	(36.6)	75,595
Interest on deposits	18,275	27,931	(9,656)	(34.6)	51,659
Interest on borrowings	3,762	6,023	(2,261)	(37.5)	10,208
Interest on corporate bonds	2,483	3,716	(1,233)	(33.2)	6,517
Other interest expenses	2,139	4,379	(2,240)	(51.2)	7,210
Fees and commissions expenses	12,131	14,040	(1,909)	(13.6)	26,060
Trading losses	5,443	996	4,447	446.5	-
Other business expenses	55,841	72,935	(17,094)	(23.4)	170,405
Total general and administrative expenses	80,935	98,835	(17,900)	(18.1)	191,772
General and administrative expenses	74,070	88,013	(13,943)	(15.8)	170,845
Amortization of goodwill	4,384	6,798	(2,414)	(35.5)	13,242
Amortization of intangible assets	2,480	4,022	(1,542)	(38.3)	7,685
Other ordinary expenses	55,560	63,538	(7,978)	(12.6)	175,168
Provision of reserve for loan losses	45,221	35,274	9,947	28.2	95,433
Others	10,339	28,263	(17,924)	(63.4)	79,734
Ordinary expenses	236,571	292,397	(55,826)	(19.1)	639,002
Net ordinary income (loss)	18,214	5,390	12,824	237.9	(72,659)
Special gains	11,821	17,699	(5,878)	(33.2)	34,711
Special losses	5,323	2,938	2,385	81.2	85,140
Income (loss) before income taxes and minority interests	24,711	20,151	4,560	22.6	(123,089)
Income taxes (benefit):					
Current	1,177	515	662	128.5	1,540
Deferred	1,785	3,381	(1,596)	(47.2)	6,713
Total income taxes (benefit)	2,962	3,897	(935)	(24.0)	8,254
Income before minority interests	21,748	-	/	-	-
Minority interests in net income of subsidiaries	4,865	5,190	(325)	(6.3)	8,807
Net income (loss)	16,883	11,062	5,821	52.6	(140,150)

Interim Consolidated Statements of Changes in Equity (Consolidated)

(millions of yen)

	1HFY2010 (6 months)	1HFY2009 (6 months)	FY2009 (12 months)
Shareholders' Equity			
Capital stock			
Balance at beginning of the period	476,296	476,296	476,296
Changes in amounts during the period			
Total changes in amounts during the period	-	-	-
Balance at the end of the period	476,296	476,296	476,296
Capital surplus			
Balance at beginning of the period	43,554	43,554	43,554
Changes in amounts during the period			
Total changes in amounts during the period	-	-	-
Balance at the end of the period	43,554	43,554	43,554
Retained earnings			
Balance at beginning of the period	12,438	152,855	152,855
Changes in amounts during the period			
Net income (loss)	16,883	11,062	(140,150)
Decrease by increase of consolidated subsidiary	-	(0)	(0)
Decrease by decrease of consolidated subsidiary	-	(266)	(266)
Total changes in amounts during the period	16,883	10,796	(140,416)
Balance at the end of the period	29,321	163,651	12,438
Treasury stock			
Balance at beginning of the period	(72,558)	(72,558)	(72,558)
Changes in amounts during the period			
Acquisition of treasury stock	-	(0)	(0)
Total changes in amounts during the period	-	(0)	(0)
Balance at the end of the period	(72,558)	(72,558)	(72,558)
Shareholders' Equity			
Balance at beginning of the period	459,730	600,147	600,147
Changes in amounts during the period			
Net income (loss)	16,883	11,062	(140,150)
Decrease by increase of consolidated subsidiary	-	(0)	(0)
Decrease by decrease of consolidated subsidiary	-	(266)	(266)
Acquisition of treasury stock	-	(0)	(0)
Total changes in amounts during the period	16,883	10,796	(140,416)
Balance at the end of the period	476,614	610,944	459,730

(millions of yen)

	1HFY2010 (6 months)	1HFY2009 (6 months)	FY2009 (12 months)
Net unrealized gain (loss) and translation adjustments			
Unrealized gain (loss) on available-for-sale securities			
Balance at beginning of the period	1,398	(38,813)	(38,813)
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	(9,673)	41,941	40,211
Total changes in amounts during the period	(9,673)	41,941	40,211
Balance at the end of the period	(8,274)	3,128	1,398
Deferred gain (loss) on derivatives under hedge accounting			
Balance at beginning of the period	(3,327)	(2,996)	(2,996)
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	(4,632)	914	(330)
Total changes in amounts during the period	(4,632)	914	(330)
Balance at the end of the period	(7,959)	(2,081)	(3,327)
Foreign currency translation adjustments			
Balance at beginning of the period	(741)	1,297	1,297
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	(2,939)	(435)	(2,038)
Total changes in amounts during the period	(2,939)	(435)	(2,038)
Balance at the end of the period	(3,680)	861	(741)
Total net unrealized gain (loss) and translation adjustments			
Balance at beginning of the period	(2,669)	(40,511)	(40,511)
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	(17,244)	42,420	37,842
Total changes in amounts during the period	(17,244)	42,420	37,842
Balance at the end of the period	(19,914)	1,908	(2,669)
Stock acquisition rights			
Balance at beginning of the period	1,672	1,808	1,808
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	(60)	(227)	(135)
Total changes in amounts during the period	(60)	(227)	(135)
Balance at the end of the period	1,611	1,580	1,672
Minority interests in subsidiaries			
Balance at beginning of the period	176,221	206,037	206,037
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	(20,334)	(20,509)	(29,816)
Total changes in amounts during the period	(20,334)	(20,509)	(29,816)
Balance at the end of the period	155,886	185,528	176,221
Total equity			
Balance at beginning of the period	634,954	767,481	767,481
Changes in amounts during the period			
Net income (loss)	16,883	11,062	(140,150)
Decrease by increase of consolidated subsidiary	-	(0)	(0)
Decrease by decrease of consolidated subsidiary	-	(266)	(266)
Acquisition of treasury stock	-	(0)	(0)
Total changes in amounts during the period excluding capital stock (net)	(37,640)	21,682	7,889
Total changes in amounts during the period	(20,756)	32,479	(132,527)
Balance at the end of the period	614,197	799,960	634,954

Section 2. Non-Consolidated Information

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

(Billions of yen, except percentages)

	1HFY2010 (6 months)	1HFY2009 (6 months)	% Change	FY2009 (12 months)
Net interest income	38.3	29.0	32.3	80.5
Non-interest income	31.9	24.1	32.2	7.7
Net fees and commissions ⁽¹⁾	10.5	5.5	89.7	(8.8)
Net trading income	5.4	3.5	54.8	7.7
Net other business income	15.8	15.0	5.5	8.8
Total revenue ⁽¹⁾	70.2	53.1	32.3	88.2
Personnel expenses	9.9	12.4	(20.5)	23.0
Non-personnel expenses	18.6	20.3	(8.7)	40.8
Taxes	1.4	1.7	(15.4)	3.4
General and administrative expenses	30.0	34.6	(13.3)	67.3
Net business profit ⁽¹⁾	40.2	18.5	117.2	20.9
Other gains (losses)				
Gains (losses) on the sales of equities	0.1	(0.5)	132.8	(2.1)
Provision of reserve for loan losses	25.2	4.8	424.7	36.1
Losses on write-off of loans	6.1	3.6	67.8	16.3
Expenses for employees' retirement benefits	1.6	1.6	(1.5)	2.7
Other losses, expenses	1.3	4.5	(71.3)	7.7
Net ordinary income (loss)	6.1	3.3	83.5	(44.2)
Special gains (losses)				
Gains (losses) from sales of fixed assets	(0.6)	(0.1)	247.2	(0.6)
Gains on bad debt recovered	2.1	0.3	507.1	2.7
Reversal of reserve for loan losses	-	-	-	-
Other special gains (losses)	3.0	10.0	(69.3)	2.8
Income (loss) before income taxes	10.7	13.5	(20.5)	(39.3)
Income taxes (benefit)				
Current	(0.3)	0.2	(241.6)	(0.0)
Deferred	1.8	4.6	(61.2)	8.3
Net income (loss)	9.3	8.6	8.3	(47.6)

(1) Includes income from monetary assets held in trust of ¥8.8 billion in 1HFY2010, ¥-15.9 billion in FY2009 and ¥2.5 billion in 1HFY2009.

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

- Shinsei Bank recorded **net income** for the first half of fiscal year 2010 of ¥9.3 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 gain or loss from our share in the net gain or loss of our equity method affiliate, Jih Sun Financial Holding Co., Ltd. We received dividends of ¥7.4 billion from our major consolidated subsidiaries in the first half of fiscal year 2010.
 - During the current period, we recorded gains of ¥4.3 billion on the repurchase of our subordinated debt on a non-consolidated basis.
 - As a recipient of public funds, Shinsei Bank is required to update and report its achievement of non-consolidated performance targets set forth in its revitalization plan on a quarterly basis.

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

	(Billions of yen, except percentages)			
	1HFY2010 (6 months)	1HFY2009 (6 months)	% Change	FY2009 (12 months)
Losses on write-off of loans	6.1	3.6	67.2	16.4
Net provision of reserve for loan losses	25.2	4.8	424.7	36.1
Net provision (reversal) of general reserve for loan losses	16.0	1.5	958.6	11.5
Net provision (reversal) of specific reserve for loan losses	9.1	3.2	178.7	24.6
Net provision (reversal) of reserve for loan losses to restructuring countries	(0.0)	(0.0)	(10.8)	(0.0)
Net credit costs	31.3	8.4	270.2	52.6

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

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

	1HFY2010 (6 months)			1HFY2009 (6 months)			FY2009 (12 months)		
	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)	Average balance	Interest	Yield/rate (%)
Interest-earning assets:									
Cash and due from banks	23.9	0.0	0.69	6.5	0.0	0.82	10.3	0.0	0.64
Call loans	55.2	0.0	0.16	77.0	0.0	0.14	79.6	0.1	0.14
Receivables under resale agreements	-	-	-	-	-	-	-	-	-
Collateral related to securities borrowing transactions	151.3	0.0	0.12	46.6	0.0	0.13	60.0	0.0	0.12
Securities	3,378.7	20.5	1.21	3,652.1	16.7	0.91	3,662.2	51.2	1.39
Loans and bills discounted	4,461.6	38.1	1.70	4,794.0	42.7	1.77	4,750.0	86.4	1.82
Other interest-earning assets	477.6	3.2	1.36	666.5	6.2	1.87	574.5	10.1	1.75
Interest rate and funding swaps	-	2.6	-	-	2.3	-	-	4.9	-
Total interest-earning assets	8,548.5	64.8	1.51	9,242.9	68.1	1.47	9,136.8	153.0	1.67
Interest-bearing liabilities:									
Deposits	6,131.8	18.2	0.59	6,986.5	27.9	0.79	6,844.7	51.7	0.75
Negotiable certificates of deposit	309.4	0.3	0.20	396.4	0.8	0.41	380.0	1.3	0.34
Debentures	460.7	1.3	0.58	619.0	2.2	0.73	563.1	3.8	0.68
Call money	189.7	0.1	0.11	239.2	0.1	0.12	247.8	0.2	0.12
Payable under repurchase agreements	5.2	0.0	0.10	53.6	0.0	0.12	44.9	0.0	0.12
Collateral related to securities lending transactions	317.4	0.1	0.11	504.5	0.3	0.13	502.6	0.6	0.12
Borrowed money	944.9	1.0	0.22	334.8	1.8	1.09	396.0	2.9	0.74
Corporate bonds	330.2	6.8	4.15	376.8	8.2	4.35	369.2	16.4	4.46
Other interest-bearing liabilities	0.3	0.0	n.m. ⁽¹⁾	0.2	0.5	n.m. ⁽¹⁾	0.2	0.5	n.m. ⁽¹⁾
Interest rate and funding swaps	-	-	-	-	-	-	-	-	-
Total interest-bearing liabilities	8,690.0	28.2	0.64	9,511.4	42.2	0.88	9,348.8	77.9	0.83
Net interest income/yield on interest-earning assets	8,548.5	36.6	0.85	9,242.9	25.9	0.56	9,136.8	75.1	0.82

(1) n.m. is not meaningful.

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

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

	(Billions of yen)				
	Sep 30 2010	Sep 30 2009	Change	Mar 31 2010	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Loans to bankrupt obligors	10.1	20.1	(9.9)	11.1	(0.9)
Non-accrual delinquent loans	273.0	129.4	143.6	290.0	(16.9)
Loans past due for three months or more	1.7	24.6	(22.8)	2.0	(0.2)
Restructured loans	4.5	3.1	1.3	3.0	1.4
Total (A)	289.6	177.3	112.2	306.2	(16.6)
Loans and bills discounted (B)	4,176.9	4,922.8	(745.9)	4,732.8	(555.9)
Ratio to total loans and bills discounted (A / B) (%)	6.93%	3.60%		6.47%	
Reserve for credit losses (C)	121.9	107.5	14.3	102.2	19.7
Reserve ratio (C / A) (%)	42.1%	60.7%		33.4%	

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

Loans by Borrower Industry⁽¹⁾ -Table 29- (Non-Consolidated)

	(Billions of yen)				
	Sep 30 2010	Sep 30 2009	Change	Mar 31 2010	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	250.6	254.6	(4.0)	246.8	3.8
Agriculture and forestry	-	-	-	-	-
Fishery	2.4	2.6	(0.2)	2.5	(0.1)
Mining, quarrying and gravel extraction	2.2	3.2	(0.9)	2.7	(0.4)
Construction	3.7	8.2	(4.5)	5.6	(1.9)
Electric power, gas, heat supply and water supply	25.9	39.6	(13.7)	32.3	(6.3)
Information and communications	15.6	19.4	(3.8)	16.4	(0.8)
Transportation and postal service	268.5	308.9	(40.4)	288.4	(19.9)
Wholesale and retail	97.2	116.7	(19.5)	107.0	(9.8)
Finance and insurance	1,239.0	1,515.2	(276.1)	1,486.1	(247.0)
Real estate	663.5	892.6	(229.1)	845.2	(181.7)
Services	311.4	321.2	(9.8)	318.1	(6.6)
Local government	164.1	168.3	(4.2)	171.3	(7.1)
Individual	891.1	851.0	40.0	913.2	(22.1)
Overseas yen loan and overseas loans booked domestically	201.4	366.1	(164.6)	248.6	(47.1)
Total domestic	4,137.1	4,868.3	(731.1)	4,684.9	(547.7)
Overseas offices (including Japan offshore market accounts):					
Governments	2.2	1.5	0.6	1.9	0.2
Financial institutions	2.1	-	2.1	1.8	0.2
Commerce and industry	35.3	52.9	(17.6)	44.1	(8.7)
Others	-	-	-	-	-
Total overseas	39.7	54.5	(14.8)	47.9	(8.2)
Total	4,176.9	4,922.8	(745.9)	4,732.8	(555.9)

(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⁽¹⁾ -Table 30- (Non-Consolidated)

(Billions of yen)

	Sep 30 2010 (a)	Sep 30 2009 (b)	Change (a)-(b)	Mar 31 2010 (c)	Change (a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	3.3	1.6	1.6	1.5	1.7
Agriculture and forestry	-	-	-	-	-
Fishery	-	-	-	-	-
Mining, quarrying and 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 and postal service	13.2	5.3	7.8	14.2	(0.9)
Wholesale and retail	0.0	0.0	-	0.0	-
Finance and insurance	26.5	46.5	(20.0)	34.4	(7.9)
Real estate	218.3	93.3	125.0	231.6	(13.2)
Services	2.9	1.1	1.8	3.7	(0.8)
Local government	-	-	-	-	-
Individual	6.1	2.6	3.5	4.8	1.2
Overseas yen loan and overseas loans booked domestically	18.4	24.3	(5.8)	15.2	3.2
Total domestic	289.6	175.5	114.0	306.2	(16.6)
Overseas offices (including Japan offshore market accounts):					
Governments	-	-	-	-	-
Financial institutions	-	-	-	-	-
Commerce and industry	-	1.7	(1.7)	-	-
Others	-	-	-	-	-
Total overseas	-	1.7	(1.7)	-	-
Total	289.6	177.3	112.2	306.2	(16.6)

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

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

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

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

(Billions of yen)

	Sep 30 2010 (a)	Sep 30 2009 (b)	Change (a)-(b)	Mar 31 2010 (c)	Change (a)-(c)
US	35.7	86.1	(50.3)	39.8	(4.1)
Asset-backed investments ⁽¹⁾ in US	3.7	3.4	0.2	3.7	(0.0)
Europe	94.2	148.5	(54.3)	135.7	(41.5)
Asset-backed investments ⁽¹⁾ in Europe	56.9	106.0	(49.1)	95.6	(38.7)
Others	111.2	185.9	(74.7)	120.9	(9.6)
Total overseas and offshore loans	241.2	420.6	(179.4)	296.5	(55.3)
Total asset-backed investments⁽¹⁾	60.6	109.5	(48.9)	99.4	(38.8)

(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 45 Balance of Securitized Products (Breakdown by Region and Type of Securities) on page 46.

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

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

(Billions of yen)

	Sep 30 2010 (a)	Sep 30 2009 (b)	Change (a)-(b)	Mar 31 2010 (c)	Change (a)-(c)
US	-	7.2	(7.2)	-	-
Asset-backed investments ⁽¹⁾ in US	-	0.4	(0.4)	-	-
Europe	18.4	18.7	(0.3)	15.1	3.2
Asset-backed investments ⁽¹⁾ in Europe	17.7	17.2	0.4	14.0	3.6
Others	0.0	0.0	(0.0)	0.0	(0.0)
Total overseas and offshore loans	18.4	26.1	(7.6)	15.2	3.2
Total asset-backed investments ⁽¹⁾⁽²⁾	17.7	17.7	(0.0)	14.0	3.6

(1) "Asset-backed investments" is another term for the Asset-Backed Investments Program, one of our old product programs. Under this program, loans backed mainly by collateral (including infrastructure related assets or equipment, real estate, business and operating assets) are referred to as "asset-backed investments" for disclosure purposes. For the asset-backed securities which we disclose as securitized products, please see table 45 Balance of Securitized Products (Breakdown by Region and Type of Securities) on page 46.

(2) As of September 30, 2010, reserve for loan losses and collateral/guarantees for risk monitored loans related to asset-backed investments were ¥9.1 billion and ¥8.5 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 33- (Non-Consolidated)

(Billions of yen)

	Sep 30 2010 (a)	Sep 30 2009 (b)	Change (a)-(b)	Mar 31 2010 (c)	Change (a)-(c)
Claims against bankrupt and quasi-bankrupt obligors	92.1	116.2	△ 24.0	112.2	(20.0)
Doubtful claims	218.2	37.6	180.5	215.7	2.4
Substandard claims	6.3	27.8	△ 21.4	5.1	1.2
Total (A)	316.6	181.6	134.9	333.0	(16.3)
Coverage ratio	96.3%	97.1%		97.6%	
Total claims (B)	4,858.4	5,325.7	(467.3)	4,970.1	(111.7)
Loans and bills discounted	4,176.9	4,922.8	(745.9)	4,732.8	(555.9)
Others	681.5	402.8	278.6	237.3	444.1
Ratio to total claims (A / B) X 100 (%)	6.52%	3.41%		6.70%	
(Ref. 1) Amount of write-off	97.3	64.7	32.6	96.8	0.5
(Ref. 2) Below need caution level	852.8	471.9	380.8	739.6	113.1

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

Coverage Ratio for Non-Performing Claims Classified under the Financial Revitalization Law -Table 34- (Non-Consolidated)

(Billions of yen, except percentages)

September 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	92.1	92.1	5.4	86.7	100.0%
Doubtful claims	218.2	208.0	31.1	176.9	95.3%
Substandard claims	6.3	4.7	3.1	1.7	74.8%
Total	316.6	304.9	39.6	265.2	96.3%

(Billions of yen, except percentages)

September 30, 2009

Amounts of coverage

March 31, 2010

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	4.8	111.4	100.0%	112.2	112.2	5.7	106.5	100.0%
Doubtful claims	37.6	33.3	10.5	22.8	88.5%	215.7	208.9	22.3	186.5	96.8%
Substandard claims	27.8	26.8	2.2	24.6	96.5%	5.1	4.0	1.6	2.4	79.0%
Total	181.6	176.3	17.4	158.9	97.1%	333.0	325.1	29.7	295.5	97.6%

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

	<i>(Billions of yen)</i>				
	Sep 30 2010	Sep 30 2009	Change	Mar 31 2010	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Reserve for credit losses	100.7	86.4	14.3	81.0	19.7
General reserve for loan losses	62.2	63.7	(1.5)	50.6	11.5
Specific reserve for loan losses	38.5	22.6	15.8	30.3	8.1
Reserve for loans to restructuring countries	0.0	0.0	(0.0)	0.0	(0.0)
Specific reserve for other credit losses	21.1	21.1	0.0	21.1	0.0
Total reserve for credit losses	121.9	107.5	14.3	102.2	19.7

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

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

		<i>(Percentages)</i>				
		Sep 30 2010	Sep 30 2009	Change	Mar 31 2010	Change
		(a)	(b)	(a)-(b)	(c)	(a)-(c)
Legally and virtually bankrupt	(unsecured portion)	100.00	100.00	-	100.00	-
Possibly bankrupt	(unsecured portion)	78.44	75.54	2.90	78.75	(0.31)
Substandard	(unsecured portion)	66.50	85.38	(18.88)	70.44	(3.94)
Need caution	(total claims)	6.50	5.63	0.87	6.60	(0.10)
	(unsecured portion)	23.47	74.28	(50.81)	17.24	6.23
Normal	(total claims)	0.50	0.41	0.09	0.45	0.05

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

Housing Loans -Table 37- (Non-Consolidated)

	<i>(Billions of yen)</i>				
	Sep 30 2010	Sep 30 2009	Change	Mar 31 2010	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Housing loans	864.1	816.7	47.3	882.3	(18.2)

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

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

	<i>(Billions of yen)</i>				
	Sep 30 2010	Sep 30 2009	Change	Mar 31 2010	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Loans to small- and medium-sized entities (SMEs)	2,557.8	2,694.2	(136.4)	2,822.2	(264.4)
% of loans to small- and medium-sized entities	61.8%	55.3%	6.5%	60.2%	5.6%

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

(1)
Securities Being Held to Maturity -Table 39- (Non-Consolidated)

(Billions of yen)

	September 30, 2010			March 31, 2010		
	Book Value	Fair Value	Net unrealized gain (loss)	Book Value	Fair Value	Net unrealized gain (loss)
Items with fair value exceeding book value						
Japanese national government bonds	293.2	298.7	5.5	353.3	357.9	4.6
Japanese corporate bonds	-	-	-	70.4	71.8	1.3
Other	40.2	43.6	3.4	44.6	47.8	3.2
Total	402.9	412.9	10.0	468.4	477.7	9.2
Items with fair value not exceeding book value						
Japanese national government bonds	-	-	-	-	-	-
Japanese corporate bonds	-	-	-	-	-	-
Other ⁽²⁾	10.0	9.2	(0.7)	11.1	10.0	(1.1)
Total	10.0	9.2	(0.7)	11.1	10.0	(1.1)
Total	413.0	422.2	9.2	479.5	487.7	8.1

	September 30, 2009		
	Book Value	Fair Value	Difference
Japanese national government bonds	373.3	377.9	4.5
Japanese corporate bonds	70.3	71.9	1.5
Other ⁽²⁾	54.4	53.0	(1.4)
Total	498.2	502.9	4.7

(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 September 30, 2009 has not been changed.

Available for Sale Securities, at Fair Value -Table 40- (Non-Consolidated)

(Billions of yen)

	September 30, 2010			March 31, 2010		
	Book value (Fair value)	Amortized/ Acquisition Cost	Net unrealized gain (loss)	Book value (Fair value)	Amortized/ Acquisition Cost	Net unrealized gain (loss)
Items with book value exceeding amortized/acquisition cost⁽²⁾						
Equity securities	0.4	0.3	0.1	3.4	2.9	0.4
Bonds	1,050.8	1,047.0	3.7	1,584.9	1,578.5	6.4
Japanese national government bonds	981.3	978.7	2.6	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	67.7	66.6	1.1	39.5	39.2	0.3
Other ⁽³⁾	131.7	123.9	7.7	107.4	91.2	16.2
Foreign securities	127.4	120.0	7.3	101.9	86.1	15.8
Foreign currency denominated foreign corporate and government bonds	74.9	70.1	4.7	73.1	60.5	12.6
Yen-denominated foreign corporate and government bonds	48.6	48.0	0.5	18.5	18.3	0.2
Foreign equity securities and others	3.8	1.8	2.0	10.1	7.2	2.9
Other securities	1.1	0.9	0.2	1.1	0.9	0.2
Other monetary claims purchase	3.1	2.9	0.1	4.3	4.2	0.1
Total	1,183.0	1,171.3	11.6	1,695.9	1,672.7	23.1
Items with book value not exceeding amortized/acquisition cost⁽²⁾						
Equity securities	8.8	13.3	(4.5)	7.4	10.3	(2.8)
Bonds	758.7	763.8	(5.1)	750.7	758.3	(7.6)
Japanese national government bonds	503.4	505.3	(1.8)	464.5	467.2	(2.6)
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	255.2	258.5	(3.2)	286.1	291.1	(5.0)
Other ⁽³⁾	169.0	174.4	(5.3)	188.4	193.4	(5.0)
Foreign securities	164.8	170.0	(5.1)	183.3	188.2	(4.9)
Foreign currency denominated foreign corporate and government bonds	101.7	105.2	(3.5)	89.9	93.0	(3.0)
Yen-denominated foreign corporate and government bonds	59.2	60.1	(0.8)	93.2	95.1	(1.8)
Foreign equity securities and others	3.8	4.6	(0.7)	0.1	0.1	(0.0)
Other securities	1.0	1.0	-	1.0	1.0	-
Other monetary claims purchase	3.1	3.3	(0.1)	4.0	4.1	(0.0)
Total	936.6	951.6	(15.0)	946.6	962.2	(15.5)
Total	2,119.7	2,123.0	(3.3)	2,642.5	2,634.9	7.5

	September 30, 2009			
	Fair value	Net	Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities	11.9	(1.7)	0.9	2.7
Bonds	1,986.1	6.5	7.5	0.9
Japanese national government bonds	1,965.6	7.2	7.2	0.0
Japanese local government bonds	1.7	0.0	0.0	-
Japanese corporate bonds	18.6	(0.7)	0.1	0.9
Other	295.9	7.0	15.3	8.3
Foreign securities	294.9	6.9	15.2	8.3
Foreign currency denominated foreign corporate and government bonds	155.7	8.7	12.0	3.2
Yen-denominated foreign corporate and government bonds	129.1	(4.9)	0.0	5.0
Foreign equity securities	7.9	2.8	2.8	-
Other securities	0.9	0.0	0.0	-
Total	2,293.9	11.8	23.8	12.0

(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 September 30, 2009 has not been changed.

(2) "Japanese corporate bonds" and "Foreign securities," which were previously carried at cost are measured at fair value since March 2010. Above tables do not include securities whose fair value cannot be reliably determined.

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

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

(Billions of yen)

Notional Principal Amount	Sep 30, 2010			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
Interest rate swaps:				
Receive fixed and pay floating	146.2	125.2	141.6	413.1
Receive floating and pay fixed	61.3	130.4	214.6	406.5
Receive floating and pay floating	-	-	-	-
Total notional principal amount	207.5	255.7	356.3	819.6
Currency swaps				
Total notional principal amount	337.6	49.2	225.7	612.6

Employees' Retirement Benefit –Table 42- (Non-Consolidated)

Projected Benefit Obligation (Non-Consolidated)

(Billions of yen)

Sep 30, 2010

Projected benefit obligation	(A)	52.5
Discount rate		2.2%
Fair value of plan assets	(B)	44.2
Prepaid pension cost	(C)	(1.8)
Unrecognized prior service cost	(D)	(2.1)
Unrecognized net actuarial losses	(E)	9.6
Other (Unrecognized obligation at transition, etc.)	(F)	2.7
Reserve for retirement benefits	(A-B-C-D-E-F)	0.0

Pension Expenses (Non-Consolidated)

(Billions of yen)

1HFY2010
(6 months)

Service cost	1.1
Interest	0.5
Expected return on plan assets	(0.4)
Amortization of prior service cost	(0.1)
Amortization of net actuarial losses	1.0
Amortization of unrecognized obligation at transition	0.3
Other (extraordinary severance benefit expense, etc.)	0.0
Net periodic retirement benefit cost	2.4

⁽¹⁾
Capital Adequacy Data –Table 43- (Non-Consolidated)

(Billions of yen, except percentages)

	Sep 30 2010 (a)	Sep 30 2009 (b)	Change (a)-(b)	Mar 31 2010 (c)	Change (a)-(c)
Basic items (Tier I)	656.4	740.8	(84.4)	655.0	1.3
Supplementary items (Tier II)	244.5	269.6	(25.0)	260.6	(16.1)
Deduction	(83.2)	(60.6)	(22.6)	(86.6)	3.4
Total capital ⁽²⁾	817.6	949.8	(132.1)	829.0	(11.3)
Risk assets	6,828.2	7,813.3	(985.0)	7,241.8	(413.5)
Capital adequacy ratio	11.97%	12.15%	/	11.44%	/
Tier I capital ratio	9.61%	9.48%	/	9.04%	/

(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, ¥9.4 billion of net unrealized losses on securities available-for-sale, net of taxes, as of September 30, 2010 are not included in BIS capital.

Net unrealized gain on securities available-for-sale, net taxes is recorded as of March 31, 2010 and September 30, 2009.

(2) Non-Consolidated total required capital is ¥410.2 billion as at of September 30, 2010, ¥434.0 billion as at March 31, 2010, and ¥401.5 billion as at September 30, 2009.

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

Interim Non-Consolidated Balance Sheets (Non-Consolidated)

Assets

(millions of yen)

	Sep 30 2010	Sep 30 2009	Change	Mar 31 2010	Change
	a	b	a-b	c	a-c
<<Assets>>					
Cash and due from banks	343,621	307,591	36,030	310,022	33,599
Call loans	31,526	19,569	11,957	19,129	12,397
Collateral related to securities borrowing transactions	5,854	4,125	1,729	2,801	3,053
Other monetary claims purchased	495,599	528,645	(33,046)	621,271	(125,672)
Trading assets	213,588	232,365	(18,777)	211,020	2,568
Monetary assets held in trust	412,830	544,966	(132,136)	463,467	(50,637)
Securities	3,089,106	3,729,688	(640,582)	3,674,523	(585,417)
Valuation allowance for investments	(3,370)	(3,370)	-	(3,370)	-
Loans and bills discounted	4,176,902	4,922,887	(745,985)	4,732,858	(555,956)
Foreign exchanges	12,327	12,775	(448)	10,976	1,351
Accounts receivable	578,549	-	/	-	/
Other assets	408,706	792,171	(383,465)	506,855	(98,149)
Premises and equipment	14,874	18,059	(3,185)	17,890	(3,016)
Intangible assets	10,654	12,753	(2,099)	11,891	(1,237)
Deferred issuance expenses for debentures	181	166	15	176	5
Deferred tax assets	-	413	(413)	-	-
Customers' liabilities for acceptances and guarantees	13,828	8,497	5,331	11,266	2,562
Reserve for credit losses	(121,934)	(107,569)	(14,365)	(102,213)	(19,721)
Total assets	9,682,847	11,023,737	(1,340,890)	10,488,567	(805,720)

Liabilities and Equity

(millions of yen)

	Sep 30 2010 a	Sep 30 2009 b	Change a-b	Mar 31 2010 c	Change a-c
<<Liabilities>>					
Deposits	5,940,337	7,080,519	(1,140,182)	6,533,555	(593,218)
Negotiable certificates of deposit	319,674	378,641	(58,967)	290,909	28,765
Debentures	429,048	528,260	(99,212)	487,513	(58,465)
Call money	160,494	100,469	60,025	310,487	(149,993)
Payables under repurchase agreements	-	156,382	(156,382)	8,430	(8,430)
Collateral related to securities lending transactions	112,204	764,367	(652,163)	548,479	(436,275)
Trading liabilities	174,084	188,817	(14,733)	176,668	(2,584)
Borrowed money	1,065,979	336,148	729,831	811,100	254,879
Foreign exchanges	227	207	20	222	5
Corporate bonds	313,026	354,650	(41,624)	342,518	(29,492)
Other liabilities	591,274	496,047	95,227	392,414	198,860
Income taxes payable	267	369	(102)	484	(217)
Lease debt	3	8	(5)	4	(1)
Asset retirement obligations	2,042	-	2,042	-	2,042
Other liabilities	588,961	495,669	93,292	391,925	197,036
Accrued employees' bonuses	2,389	3,743	(1,354)	5,423	(3,034)
Reserve for retirement benefits	-	1	(1)	-	-
Reserve for losses on disposal of premises and equipment	-	6,829	(6,829)	7,011	(7,011)
Reserve for losses on litigation	-	3,662	(3,662)	5,873	(5,873)
Deferred tax liability	6,417	-	6,417	745	5,672
Acceptances and guarantees	13,828	8,497	5,331	11,266	2,562
Total liabilities	9,128,987	10,407,246	(1,278,259)	9,932,620	(803,633)
<<Equity>>					
Shareholders' equity:					
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	116,124	163,057	(46,933)	106,809	9,315
Legal reserve	11,035	11,035	-	11,035	-
Other retained earnings	105,088	152,021	(46,933)	95,773	9,315
Unappropriated retained earnings	105,088	152,021	(46,933)	95,773	9,315
Treasury stock, at cost	(72,558)	(72,558)	(0)	(72,558)	-
Total shareholders' equity	563,420	610,354	(46,934)	554,105	9,315
Net unrealized gain (loss):					
Unrealized gain (loss) on available-for-sale securities	(9,402)	3,337	(12,739)	361	(9,763)
Deferred gain (loss) on derivatives under hedge accounting	(1,769)	1,219	(2,988)	(192)	(1,577)
Total net unrealized gain (loss)	(11,172)	4,556	(15,728)	168	(11,340)
Stock acquisition rights	1,611	1,580	31	1,672	(61)
Total equity	553,859	616,491	(62,632)	555,947	(2,088)
Total liabilities and equity	9,682,847	11,023,737	(1,340,890)	10,488,567	(805,720)

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

(millions of yen, except percentages)

	1HFY2010 (6 months)	1HFY2009 (6 months)	Change		FY2009 (12 months)
			Amount	%	
Total interest income	64,840	68,184	(3,344)	(4.9)	153,051
Interest on loans and bills discounted	38,181	42,714	(4,533)	(10.6)	86,463
Interest and dividends on securities	20,513	16,767	3,746	22.3	51,251
Other interest income	6,145	8,702	(2,557)	(29.4)	15,335
Fees and commissions income	7,092	7,948	(856)	(10.8)	16,937
Trading profits	10,960	3,609	7,351	203.7	7,892
Other business income	20,118	20,238	(120)	(0.6)	31,442
Other ordinary income	10,552	9,068	1,484	16.4	8,545
Ordinary income	113,563	109,049	4,514	4.1	217,868
Total interest expenses	28,232	42,208	(13,976)	(33.1)	77,918
Interest on deposits	18,297	27,962	(9,665)	(34.6)	51,714
Interest on corporate bonds	6,871	8,222	(1,351)	(16.4)	16,472
Other interest expenses	3,063	6,023	(2,960)	(49.1)	9,732
Fees and commissions expenses	5,402	4,945	457	9.2	9,843
Trading losses	5,479	68	5,411	7,957.4	186
Other business expenses	4,278	5,222	(944)	(18.1)	22,531
General and administrative expenses	31,263	36,063	(4,800)	(13.3)	69,780
Other ordinary expenses	32,772	17,198	15,574	90.6	81,814
Ordinary expenses	107,429	105,706	1,723	1.6	262,074
Net ordinary income (loss)	6,134	3,342	2,792	83.5	(44,205)
Special gains	6,679	13,669	(6,990)	(51.1)	25,851
Special losses	2,044	3,460	(1,416)	(40.9)	20,955
Income (loss) before income taxes	10,769	13,551	(2,782)	(20.5)	(39,309)
Income taxes (benefit)					
Current	(365)	257	(622)	(242.0)	(34)
Deferred	1,820	4,691	(2,871)	(61.2)	8,369
Total income taxes (benefit)	1,454	4,948	(3,494)	(70.6)	8,334
Net income (loss)	9,314	8,603	711	8.3	(47,644)

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

(millions of yen)

	1HFY2010 (6 months)	1HFY2009 (6 months)	FY2009 (12 months)
Shareholders' Equity			
Capital stock			
Balance at beginning of the period	476,296	476,296	476,296
Changes in amounts during the period			
Total changes in amounts during the period	-	-	-
Balance at the end of the period	476,296	476,296	476,296
Capital surplus			
Capital reserve			
Balance at beginning of the period	43,558	43,558	43,558
Changes in amounts during the period			
Total changes in amounts during the period	-	-	-
Balance at the end of the period	43,558	43,558	43,558
Total capital surplus			
Balance at beginning of the period	43,558	43,558	43,558
Changes in amounts during the period			
Total changes in amounts during the period	-	-	-
Balance at the end of the period	43,558	43,558	43,558
Retained earnings			
Legal reserve for retained earnings			
Balance at beginning of the period	11,035	11,035	11,035
Changes in amounts during the period			
Total changes in amounts during the period	-	-	-
Balance at the end of the period	11,035	11,035	11,035
Other retained earnings			
Retained earnings carried forward			
Balance at beginning of the period	95,773	143,418	143,418
Changes in amounts during the period			
Net income (loss)	9,314	8,603	(47,644)
Total changes in amounts during the period	9,314	8,603	(47,644)
Balance at the end of the period	105,088	152,021	95,773
Total retained earnings			
Balance at beginning of the period	106,809	154,454	154,454
Changes in amounts during the period			
Net income (loss)	9,314	8,603	(47,644)
Total changes in amounts during the period	9,314	8,603	(47,644)
Balance at the end of the period	116,124	163,057	106,809

(millions of yen)

	1HFY2010 (6 months)	1HFY2009 (6 months)	FY2009 (12 months)
Treasury stock			
Balance at beginning of the period	(72,558)	(72,558)	(72,558)
Changes in amounts during the period			
Purchase of treasury stock	-	(0)	(0)
Total changes in amounts during the period	-	(0)	(0)
Balance at the end of the period	(72,558)	(72,558)	(72,558)
Shareholders' Equity			
Balance at beginning of the period	554,105	601,750	601,750
Changes in amounts during the period			
Net income (loss)	9,314	8,603	(47,644)
Purchase of treasury stock	-	(0)	(0)
Total changes in amounts during the period	9,314	8,603	(47,644)
Balance at the end of the period	563,420	610,354	554,105
Net unrealized gain (loss) and translation adjustments			
Unrealized gain (loss) on available-for-sale securities			
Balance at beginning of the period	361	(38,049)	(38,049)
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	(9,764)	41,387	38,411
Total changes in amounts during the period	(9,764)	41,387	38,411
Balance at the end of the period	(9,402)	3,337	361
Deferred gain (loss) on derivatives under hedge accounting			
Balance at beginning of the period	(192)	(672)	(672)
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	(1,576)	1,892	479
Total changes in amounts during the period	(1,576)	1,892	479
Balance at the end of the period	(1,769)	1,219	(192)
Total net unrealized gain (loss) and translation adjustments			
Balance at beginning of the period	168	(38,722)	(38,722)
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	(11,341)	43,279	38,890
Total changes in amounts during the period	(11,341)	43,279	38,890
Balance at the end of the period	(11,172)	4,556	168
Stock acquisition rights			
Balance at beginning of the period	1,672	1,808	1,808
Changes in amounts during the period			
Total changes in amounts during the period excluding capital stock (net)	(60)	(227)	(135)
Total changes in amounts during the period	(60)	(227)	(135)
Balance at the end of the period	1,611	1,580	1,672
Total equity			
Balance at beginning of the period	555,947	564,836	564,836
Changes in amounts during the period			
Net income (loss)	9,314	8,603	(47,644)
Purchase of treasury stock	-	(0)	(0)
Total changes in amounts during the period excluding capital stock (net)	(11,402)	43,051	38,755
Total changes in amounts during the period	(2,087)	51,654	(8,889)
Balance at the end of the period	553,859	616,491	555,947

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

(Consolidated)	<i>(Billions of yen)</i>	
	<i>Fiscal year ending</i>	<i>Fiscal year ended</i>
	March 2011	March 2010
	(FY2010)	(FY2009)
	Forecast	Actual
Net income	12.5	(140.1)
Cash basis net income *	23.6	(53.7)

(Non-Consolidated)	<i>Fiscal year ending</i>		<i>Fiscal year ended</i>	
	March 2011		March 2010	
	(FY2010)		(FY2009)	
	Forecast		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		

(Note) The above forecasts are the same as disclosed on May 14, 2010.

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.

- We have not revised our forecast for the fiscal year ending March 31, 2011 as uncertainty remains surrounding financial markets, 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)⁽¹⁾ -Table 45- (Non-Consolidated)

(Billions of yen)

	Credit Ratings of Securities ⁽²⁾ (September 30, 2010)				Sep 30 2010 (a)	Sep 30 2009 (b)	Change (a)-(b)	Mar 31 2010 (c)	Change (a)-(c)
	AAA	AA	A or lower	N/A					
RMBS	16%	8%	6%	70%	47.2	48.9	(1.5)	53.7	(6.4)
Japan	16%	8%	6%	70%	47.2	47.9	(0.3)	49.9	(2.7)
U.S.	-	-	-	-	0.0	0.0	0.0	0.0	0.0
Europe	-	-	-	-	-	0.9	(1.1)	3.7	(3.7)
Other	-	-	-	-	-	-	-	-	-
CMBS⁽³⁾	0%	19%	81%	0%	12.8	19.2	(6.5)	19.0	(6.2)
Japan	0%	0%	100%	0%	8.1	12.9	(5.0)	10.9	(2.8)
U.S.	-	-	-	-	-	-	-	-	-
Europe	0%	0%	100%	0%	2.3	4.0	(1.6)	5.5	(3.2)
Other	0%	100%	0%	0%	2.4	2.2	0.1	2.5	(0.1)
CLO	0%	95%	3%	2%	43.1	64.5	(19.6)	56.7	(13.6)
Japan	-	-	-	-	-	-	-	-	-
U.S.	0%	98%	0%	2%	31.7	49.1	(15.7)	42.3	(10.6)
Europe	0%	100%	0%	0%	10.0	14.1	(3.8)	12.9	(2.8)
Other	0%	0%	100%	0%	1.3	1.2	0.0	1.4	(0.1)
ABS CDO (Resecuritized Products)	-	-	-	-	-	7.9	(4.9)	-	-
Japan	-	-	-	-	-	7.9	(4.9)	-	-
U.S.	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	7%	46%	14%	33%	103.2	140.6	(32.6)	129.5	(26.3)
Japan	14%	6%	20%	60%	55.3	68.8	(10.3)	60.8	(5.5)
U.S.	0%	98%	0%	2%	31.7	49.1	(15.7)	42.3	(10.6)
Europe	0%	81%	19%	0%	12.4	19.1	(6.7)	22.2	(9.8)
Other	0%	65%	35%	0%	3.7	3.4	0.2	4.0	(0.2)
Securities					53.1	75.0	(20.6)	74.3	(21.1)
RMBS					1.9	0.9	0.7	5.8	(3.9)
CMBS					8.0	9.5	(1.7)	11.6	(3.6)
CLO					43.1	64.5	(19.6)	56.7	(13.6)
ABS CDO					-	0.0	0.0	-	-
Other monetary claims purchased⁽⁴⁾					50.1	65.6	(11.9)	55.2	(5.1)
RMBS (Japan)					45.2	47.9	(2.3)	47.8	(2.5)
CMBS (Japan)					4.8	9.6	(4.7)	7.3	(2.5)
CLO (Japan)					-	-	-	-	-
ABS CDO (Japan)					-	7.9	(4.9)	-	-
Total					103.2	140.6	(32.6)	129.5	(26.3)

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

(2) Based on ratings by S&P or ratings equivalent to S&P ratings matrix as of September 30, 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 (57.1%), multi-family (20.1%), retail and shops (11.2%), hotel and others (11.6%)

(4) Includes Japanese RMBS recorded as monetary assets held in trust of ¥4.1 billion as at September 30, 2010.

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

Securities	(Billions of yen, except percentages)			
	As of September 30, 2010			
	Balance before Mark-to-Market Evaluation	Market Value or Balance	Unrealized Gains/Losses (OCI)	Price Increase (Decrease) Ratio (%)
Trading Securities		1.9		
RMBS (U.S.)		0.0		
CLO (U.S.)		0.6		
CLO (Other foreign countries)		1.3		
Securities Being Held to Maturity with Readily Determinable Fair Value		41.0		
CLO (U.S.)		31.0		
CLO (Europe)		10.0		
Securities Available for Sale	9.2	10.0	0.8	9.6
Other	9.2	10.0	0.8	9.6
Foreign Securities	9.2	10.0	0.8	9.6
Foreign Currency Denominated Foreign Corporate and Government Bonds	3.9	4.8	0.9	24.3
CMBS	3.9	4.7	0.8	21.7
Europe	1.4	2.3	0.9	65.5
Other foreign countries	2.5	2.4	(0.0)	(3.0)
CLO	0.0	0.1	0.1	n.m. ⁽³⁾
U.S.	0.0	0.1	0.1	n.m. ⁽³⁾
Yen-Denominated Foreign Corporate and	5.2	5.2	0.0	(1.3)
RMBS (Japan)	1.9	1.9	0.0	0.0
CMBS (Japan)	3.3	3.2	(0.0)	(2.2)
Securities		53.1		
RMBS		1.9		
CMBS		8.0		
CLO		43.1		
Other Monetary Claims Purchased⁽²⁾				
	As of September 30, 2010			
	Balance before Mark-to-Market Evaluation	Market Value or Balance	Unrealized Gains/Losses (OCI)	Price Increase (Decrease) Ratio (%)
Trading Purposes		14.5		
RMBS (Japan) ⁽²⁾		11.9		
CMBS (Japan)		2.5		
Others	35.5	35.5	0.1	0.4
RMBS (Japan)	33.1	33.3	0.0	(4.2)
CMBS (Japan)	2.3	2.2	0.0	0.0
Total		50.1		
RMBS (Japan)		45.2		
CMBS (Japan)		4.8		
RMBS, CMBS, CLO, ABS CDO Total		103.2		
Securities		53.1		
Other Monetary Claims Purchased		50.1		

(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 ¥4.1 billion as at September 30, 2010.

(3) n.m. is not meaningful.

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

(Billions of yen)

	Sep 30 2010 (a)	Sep 30 2009 (b)	Change (a)-(b)	Mar 31 2010 (c)	Change (a)-(c)
LBO⁽¹⁾	215.1	266.0	(50.9)	194.4	20.7
Japan	211.2 ⁽²⁾	252.2	(41.0)	189.8	21.4
U.S.	2.3	2.8	(0.5)	2.8	(0.5)
Europe	-	-	-	-	-
Other	1.5	10.8	(9.3)	1.7	(0.2)
(Breakdown by Industry Sector)					
Manufacturing	14.7%	13.0%			
Information and communications	0.0%	5.3%			
Wholesale and retail	10.6%	9.3%			
Finance and Insurance	61.4%	54.2%			
Services	9.9%	9.0%			
Others	3.4%	9.3%			
Total	100.0%	100.0%			

(1) The amount includes unfunded commitment line.

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

(Billions of yen)

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

Credit Default Swaps (CDS)⁽¹⁾

(Billions of yen)

	As of September 30, 2010							1HFY2010
	Nominal Amount		Fair Value		Netted Nominal Amount and Fair Value ⁽²⁾			Realized Profits (Losses)
	Protection (buy)	Protection (sell)	Protection (buy)	Protection (sell)	Nominal Amount	Fair Value		
						Protection (buy)	Protection (sell)	
Total	746.2	769.6	6.0	(5.9)	631.5	3.8	(5.3)	0.4
Japan	644.7	669.9	7.5	(6.9)	539.9	5.2	(6.3)	0.3
U.S.	48.8	47.6	(0.3)	0.1	43.0	(0.4)	0.0	0.0
Europe	21.4	21.2	(0.2)	0.3	20.8	(0.2)	0.3	0.0
Other	31.1	30.8	(0.8)	0.5	27.6	(0.7)	0.5	(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 48-

Names	Definitions
RMBS	Residential mortgage-backed securities and other related assets, including beneficial interests backed by mortgage loans. Recorded in "trading securities," "securities available-for-sale" and "other monetary claims."
CMBS	Commercial mortgage-backed securities. Recorded in "securities available-for-sale" and "other monetary claims." We have no U.S. CMBS exposure.
CLO	Collateralized loan obligations (CLO) mainly backed by LBO debt, corporate loans and high-yield securities. Recorded in "trading securities," "securities being held to maturity with readily determinable fair value," and "securities available-for-sale."
ABS CDO (Re-securitized Products)	CDO backed by asset-backed securities (ABS) such as RMBS. Recorded in "securities available-for-sale" and "other monetary claims." We have no exposure to ABS CDO as at September 30, 2010.
Subprime-Related	Subprime-related exposure refers to the total book value of securities whose underlying assets include U.S. subprime, Alt-A and/or second-lien loans. We have no subprime-related exposure as at September 30, 2010.
LBO	Loans for leveraged buyout for acquisition finance including refinancing of past acquisitions.
Monoline	Monolines are insurance companies that insure against the risk of a bond or other security defaulting. We have no exposure to Monoline as at September 30, 2010.
SIV	A structured investment vehicle (SIV) is a fund which borrows money by issuing short-term securities at low interest rates, then lends that money by buying long-term securities (such as securitization products) at higher interest rates, making a profit for investors from the difference. We have no exposure to SIVs.
ABCP	An asset-backed commercial paper (ABCP) conduit is a limited-purpose entity that issues CP to finance the purchase of assets or to make loans. Some asset types include receivables generated from trade, credit card, auto loan, auto, and equipment leasing obligors, as well as collateralized loan obligations (CLOs) and collateralized bond obligations (CBOs). We have no exposure to ABCP.
CDS	Credit default swap is a type of derivative in which the buyer receives credit protection by making periodic payments to a counterparty and the seller provides credit protection by giving the promise of a payoff if a third-party defaults.

(Reference 1) BOJ Press Club Format

[English translation of Japanese original prepared using the format required by Bank of Japan Press Club]

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

(%)

	Mar 31, 2005	Sep 30, 2005	Mar 31, 2006	Sep 30, 2006	Mar 31, 2007	Sep 30, 2007
Non-consolidated	1.43	1.16	1.03	0.54	0.53	0.82
Consolidated	1.83	2.06	1.76	1.18	1.08	1.23
	Mar 31, 2008	Sep 30, 2008	Mar 31, 2009	Sep 30, 2009	Mar 31, 2010	Sep 30, 2010
Non-consolidated	0.95	0.90	2.51	3.41	6.70	6.52
Consolidated	1.69	2.36	4.43	5.33	7.99	8.50

2. Equity holdings

(1) Equity held (Non-consolidated)

(Billions of yen)

	Book value		Net unrealized gain (loss)
		Subsidiaries' shares	
FY2008	449.9	432.1	(2.8)
1HFY2009	448.0	429.1	(1.7)
FY2009	441.0	423.3	(2.3)
1HFY2010	439.4	423.3	(4.3)

(2) Impairment (Non-consolidated)

(Billions of yen)

	Equity related profits and losses (net of three accounts)	
		Impairment amount
1HFY2009	(0.5)	2.0
FY2009	(2.1)	4.5
1HFY2010	0.1	0.0

- * Other extraordinary losses for 1HFY2009 contains ¥3.2 billion in mark-down of subsidiaries' equity.
 ** Other extraordinary losses for FY2009 contains ¥34.5 billion in mark-down of subsidiaries' equity.
 *** Other extraordinary losses for 1HFY2010 contains ¥0.1 billion in mark-down of subsidiaries' equity.

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

Nikkei Stock Average	approximately ¥14,000
TOPIX	approximately ¥1,200

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

(Billions of yen)

	Results	% Change	Ratio to total loan balance
Sep 30, 2009	2,694.2	(8.29)%	55.34%
Mar 31, 2010	2,822.2	4.75%	60.24%
Sep 31, 2010	2,557.8	(9.37)%	61.83%

- * Small- and medium-sized enterprises in this table refer to companies with ¥300 million or less in capital (¥100 million for wholesale and ¥50 million for retail and services) as well as companies or individuals with 300 employees or fewer (100 for wholesale and services and 50 for retail).
 ** Revitalization Law (actual net increase/decrease excluding impact loan)
 Achieved actual results of + ¥23.6 billion for FY2009 compared to the plan of + ¥0.1 billion.

4. Sales performance of investment trusts and insurance

a. Investment trust sales performance and commission

(Billions of yen)

	Handling commission for sales of investment	Revenue from sales during the period	Amount of sales during the period
1HFY2009	2.3	1.1	43.6
FY2009	4.6	2.1	84.2
1HFY2010	2.1	0.9	37.9

b. Insurance sales performance and commission

(Billions of yen)

	Handling commission for sales of insurance	Revenue from sales during the period	Amount of sales during the period
1HFY2009	0.2	0.1	5.5
FY2009	0.3	0.2	9.3
1HFY2010	0.2	0.2	6.0

5. Securitization products

Please refer to tables 45, 46 and 47 of Financial Summary for the first half fiscal year 2009.

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

(Accumulated data from Dec 4, 2009 to Sep 30, 2010)

(Unit: Number, Millions of yen)

	Total					
			SME Borrowers		Mortgage Borrowers	
	#	Amount	#	Amount	#	Amount
Request	303	80,776	58	73,141	245	7,635
Execution	133	64,199	42	60,505	91	3,694
Refusal	67	7,570	7	6,191	60	1,379
Under evaluation	78	6,126	7	4,414	71	1,711
Withdrawal	25	2,880	2	2,030	23	850

* SME loans are not guaranteed by the Credit Guarantee Association, etc.

** "Refusal" as at Sep 30, 2010 includes four loans for a total of ¥2,916 million which were at one point counted as "Deemed Refusal" but executed by September-end. (Execution amount was ¥2,888 million due to the partial principal reduction.) "Refusal" of the Mortgage as at Sep 30, 2010 includes 32 loans for a total of ¥765 million which were counted as "Deemed Refusal" as we could not receive information on the obligors' current income etc. within three months after the request was filed. Includes 11 loans for a total of ¥232 million for those counted as "Deemed Refusal" as three months had passed during the negotiation process, but which changes to terms and conditions have been agreed and executed (or is scheduled to be executed).

*** The "Under Evaluation" of the Mortgage as at Sep 30, 2010 includes 30 loans for a total of ¥757 million on which changes to terms and conditions have been agreed and which are scheduled for execution.

(Reference 2) Calculation Grounds of Deferred Tax Assets

Shinsei Bank has, due to losses recognized on securities, ¥120.0 billion of tax loss carryforwards and unrealized temporary differences of ¥450.0 billion as of September 30, 2010.

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

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

1. Future year taxable income estimate before adjustment

Taxable income for the next year before adjustment (under the consolidated tax system) is estimated to be ¥18.7 billion.

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

(Billions of yen)

FY2006	FY2007	FY2008	FY2009	FY2010
63.9	58.5	(151.2)	(39.2)	4.4

2. Net deferred tax liabilities (As of September 30, 2010 [Non-consolidated])

(Billions of yen)

Deferred tax assets corresponding to "total taxable income before adjustment"	7.4
Deferred tax liabilities	13.8
Net deferred tax liabilities on balance sheet	6.4

(*)Breakdown	Reserve for credit losses	89.5
	Securities	52.9
	Tax loss carryforwards	49.3
	Net deferred loss on hedge	9.0
	Other	45.0
	Sub total	245.9
	Valuation allowance	(238.4)
Total	7.4	

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

(Billions of yen)

	1HFY2010	1HFY2009	FY2009
Deferred tax assets (Except deferred tax liabilities)	13.8	18.4	17.4
Tier I	500.5	591.5	490.7
Deferred tax assets to Tier I capital ratio	2.8%	3.1%	3.5%