

Financial Summary

For the Nine Months Ended December 31, 2009



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

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

Financial and Economic Environment

During the first nine months of fiscal year 2009, global financial markets have started to regain their stability, and some developing countries have shown signs of recovery or realized economic expansion. In Europe and the U.S., there are glimpses, albeit still weak, of a cyclical upturn. However, the Japanese economy still faces severe conditions, and recessionary concerns remain. Although exports, mainly to Asia, are on an increasing trend and corporate earnings are starting to recover due to internal rationalization measures, employment conditions are still bleak and commodity prices are under deflationary pressure. Under such uncertain conditions, the government's economic policy and growth strategy, as well as the Bank of Japan's monetary policy, have been closely monitored.

Under these circumstances, the domestic long-term (10 year government bond yields) interest rate dropped below 1.3% at the end of December 2009, reaching approximately the same level as of the end of September 2009, after increasing to nearly 1.5% at one point due to concerns

regarding increased government bond issuance. On the other hand, the short-term interest rate continued to remain at a low level. The Nikkei 225 reached ¥10,546.44 as of the end of December 2009, increasing over ¥2,400 compared to the end of March 2009 and over ¥400 compared to the end of September 2009. After trending between the ¥90 and ¥100 range during the first half of fiscal year 2009, the U.S. dollar-Japanese yen exchange rate dropped below ¥90 in late-September 2009 and often traded below ¥90 during the third quarter of fiscal year 2009. The exchange rate moved back to above ¥90 in late-December 2009, fueled by hopes for economic recovery in the U.S. As the global economic outlook remains unclear and the possibility of yet further turmoil in financial markets remains, we are continuing to prudently monitor these financial indicators into the new year.

Amidst this business environment, the Shinsei Bank Group has performed its business as follows:

Section 1. Consolidated Information

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

(Billions of yen, except percentages)

	3QFY2009 (9 months)	3QFY2008 (9 months)	% Change	FY2008 (12 months)
Net interest income	162.3	137.4	18.2	202.9
Non-interest income	86.8	52.9	64.1	55.2
Net fees and commissions	17.2	21.9	(21.2)	26.5
Net trading income	5.4	(2.2)	338.7	(4.6)
Net other business income	64.1	33.2	92.9	33.3
Total revenue	249.2	190.3	31.0	258.2
General and administrative expenses	127.6	127.2	0.3	178.7
Ordinary business profit	121.6	63.1	92.7	79.4
Net credit costs	62.3	79.6	(21.8)	129.0
Amortization of goodwill and other intangible assets ⁽²⁾	15.9	10.3	53.3	17.5
Other gains (losses)	(9.1)	7.7	(219.0)	(51.8)
Income (loss) before income taxes and minority interests	34.2	(19.1)	278.4	(119.0)
Current income tax	0.9	2.8	(65.1)	3.4
Deferred income tax	2.8	(0.8)	453.2	7.0
Minority interests in net income of subsidiaries	8.1	10.9	(25.9)	13.5
Net income (loss)	22.2	(32.1)	169.2	(143.0)
Cash basis net income (loss) ⁽³⁾	35.7	(23.3)	253.3	(97.0)

(1) Represents results based on management accounting basis.

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

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

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

Shinsei Bank reported **total revenue** for the first nine months of fiscal year 2009 of ¥249.2 billion. This was ¥58.9 billion or 31.0% higher than the ¥190.3 billion total revenue recorded in the first nine months of fiscal year 2008.

Net interest income rose to ¥162.3 billion during the current period from ¥137.4 billion in the first nine months of fiscal year 2008. This increase was primarily driven by ¥72.4 billion in net interest income contribution from Shinsei Financial, which has been incorporated into our financial results from the third quarter of fiscal year 2008. We acquired Shinsei Financial from GE Japan Holdings Corporation on September 22, 2008, and it contributed ¥34.0 billion to net interest income for the third quarter of the prior period.

Non-interest income increased to ¥86.8 billion in the current nine months versus ¥52.9 billion in the previous period. Our **net fees and commissions** income declined to ¥17.2 billion during the current nine months from ¥21.9 billion during the first nine months of fiscal year 2008 due to the inclusion of Shinsei Financial customer ATM usage and other customer related fees of ¥3.8 billion in the current nine month period, as well as due to lower levels of economic activity. We generated **net trading income** of ¥5.4 billion in

the first nine months of fiscal year 2009 compared to incurring a net trading loss of ¥2.2 billion in the prior period.

Net other business income for the first nine months of fiscal year 2009 increased to ¥64.1 billion from ¥33.2 billion in the first nine months of fiscal year 2008. Major items included in **net other business income** are gains of ¥15.6 billion on the sale of collateralized loan obligations (CLOs), gains of ¥14.8 billion on the repurchase of our preferred securities and subordinated debt and gains of ¥3.8 billion on corporate bonds and equities. These gains were partially offset by mark-downs and impairments of ¥8.1 billion on our legacy Japanese real estate principal investments, ¥4.2 billion of losses on our equity method affiliate Jih Sun Financial Holding Co., Ltd. (Jih Sun) and mark-downs and impairments of ¥3.3 billion on asset-backed investments, asset-backed securities and European investments. During the first nine months of fiscal year 2008, in the **net trading loss** and **net other business income** accounts we incurred ¥24.5 billion of losses related to our holdings of European investments, asset-backed investments and asset-backed securities, ¥10.0 billion of impairments of Japanese equities, ¥8.2 billion in losses on bonds incurred upon the bankruptcy of Lehman Brothers Holdings, Inc. (Lehman Brothers), ¥7.1 billion of impairments within our capital markets area and

¥6.2 billion of losses on other asset backed investments. These losses were partially offset by a gain of ¥24.3 billion recorded on the repurchase of subordinated debt.

General and administrative expenses during the first nine months of fiscal year 2009 were ¥127.6 billion, an increase of ¥0.4 billion or 0.3% compared to the first nine months of fiscal year 2008. Expenses remained nearly flat from the first nine months of fiscal year 2008 despite the inclusion of Shinsei Financial's expenses from October 1, 2008, as we have worked to reduce expenses across all areas of our business. Excluding Shinsei Financial's direct expenses for the first nine months of fiscal year 2009, our expenses declined to ¥96.4 billion from ¥115.0 billion in the prior period, a decrease of ¥18.5 billion or 16.1% from the first nine months of fiscal year 2008. Excluding both Shinsei Financial's and Shinki's direct expenses for the first nine months of fiscal year 2009 for direct comparison purposes to the first nine months of fiscal year 2007, our expenses declined to ¥90.2 billion from ¥114.6 billion in the first nine months of fiscal year 2007, a decrease of 21.3% over the two year period. The reduction in expenses on a normalized basis reflects the results of the restructuring that we undertook in fiscal year 2008, as well as ongoing expense reduction initiatives that we have implemented in the current period.

Our expense-to-revenue ratio was 51.2% for the first nine months of fiscal year 2009. This compares to an expense-to-revenue ratio of 66.8% in the first nine months of fiscal year 2008 and reflects the progress that we have made in reducing our expense base over the past twelve months. Prior period results were impacted by reduced revenues in fiscal year 2008 resulting from the Lehman Brothers' bankruptcy and resulting financial market turmoil.

Net credit costs of ¥62.3 billion for the first nine months of fiscal year 2009 were ¥17.3 billion lower compared to the ¥79.6 billion net credit costs recorded in the first nine months of the prior fiscal year, despite the inclusion of Shinsei Financial results for the current period. Current period results included net credit costs of ¥23.9 billion within Shinsei Financial, ¥16.1 billion within APLUS, ¥8.1 billion in net provisions associated with our holdings of domestic and overseas asset-backed investments, and ¥4.8 billion of net provisions for domestic real estate non-recourse finance. We also recorded ¥6.4 billion of credit recoveries within Shinki. The results of the first nine months of fiscal year 2008 were impacted by ¥18.6 billion of credit costs incurred for a loan to a subsidiary of Lehman Brothers, ¥13.8 billion of reserves for real estate finance and ¥10.8 billion in credit costs associated with our holdings of European asset backed investments.

Amortization of goodwill and other intangible assets associated with the acquisition of consumer and commercial finance companies was ¥15.9 billion for the first nine months of fiscal year 2009 as compared with ¥10.3 billion in the first nine months of fiscal year 2008. The higher amounts reflect the **amortization of goodwill and other intangible assets** associated with our acquisition of Shinsei Financial, partially offset by reduced amortization of goodwill and other intangible assets of APLUS due to APLUS' accelerated goodwill amortization taken at the end of fiscal year 2008.

Other losses of ¥9.1 billion largely included grey zone provisions of ¥8.4 billion at Shinki, ¥1.0 billion at APLUS and ¥0.4 billion at Shinsei Financial, which were partially offset by recoveries of written off claims within Shinsei Financial of ¥5.1 billion, Shinki of ¥0.8 billion and Shinsei Bank of ¥0.6 billion. The Shinsei Financial grey zone charges incurred during the first nine months of fiscal year 2009 were for the portion of the portfolio not covered by the GE indemnity included in the purchase of Shinsei Financial from GE. The first nine months of fiscal year 2008 results included a ¥7.2 billion gain on the sale of the Bank's Meguro Production Center, net of restoration and future relocation costs and a gain of ¥8.2 billion on the sale of Showa Auto Rental & Leasing, and were offset by a ¥3.6 billion loss for litigation expenses taken in the third quarter of fiscal year 2008.

Current and deferred income taxes reflected a net tax of ¥3.8 billion compared to a net tax of ¥1.9 billion in the first nine months of the prior fiscal year. The first nine months of fiscal year 2009 results include a Shinsei Bank ¥4.6 billion charge for a reversal of deferred tax assets, while the first nine months of fiscal year 2008 include recognition of a deferred tax asset of ¥2.0 billion by Showa Leasing.

Minority interests in net income of subsidiaries for the first nine months of fiscal year 2009 amounting to ¥8.1 billion largely reflected dividends paid on perpetual preferred securities, minority interests relating to APLUS' preferred shareholders and minority interests in other subsidiaries.

The Bank recognized consolidated **net income** of ¥22.2 billion on a reported basis for the first nine months of fiscal year 2009, compared to a consolidated net loss of ¥32.1 billion for the first nine months of fiscal year 2008.

Consolidated **cash basis net income** for the first nine months of fiscal year 2009 was ¥35.7 billion, compared to a **cash basis net loss** of ¥23.3 billion for the first nine months of fiscal year 2008. The **cash basis net income** is calculated by excluding amortization of goodwill and other intangible assets, net of tax benefit, from net income under Japanese generally accepted accounting principles (JGAAP).

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

	(Billions of yen)		
	3QFY2009 (9 months) (a) + (b)	3QFY2009 (3 months) (a)	1HFY2009 ⁽²⁾ (6 months) (b)
Gains included in revenue			
Gain from the sale of collateralized loan obligations (CLOs)	15.6	3.9	11.7
Gain from buy back of preferred securities and subordinated debt	14.8	3.3	11.5
Gain from corporate bonds and equities	3.8	0.6	3.1
Total	34.3	7.9	26.4
Mark-downs/impairments included in revenue			
Japanese real estate principal investments	(8.1)	(2.3)	(5.8)
Losses on our equity method affiliate Jih Sun Financial Holding Co., Ltd.	(4.2)	(0.4)	(3.8)
Asset-backed securities, asset-backed investments and European investments	(3.3)	(0.8)	(2.5)
Subtotal (i)	(15.7)	(3.5)	(12.1)
Items included in net credit costs			
Asset-backed investments	(8.1)	(4.9)	(3.1)
Domestic real estate non-recourse finance	(4.8)	(3.1)	(1.6)
Credit recovery at Shinki	6.4	-	6.4
Subtotal (ii)	(6.5)	(8.1)	1.6
Other losses			
Grey zone related provisions	(9.9)	(0.0)	(9.9)
Losses related to Jih Sun Financial Holding Co., Ltd.	(0.8)	-	(0.8)
Others	(6.0)	(1.3)	(4.7)
Subtotal (iii)	(16.8)	(1.3)	(15.4)
Deferred income tax (Shinsei Bank non-consolidated basis) (iv)	(4.6)	-	(4.6)
Total (i) + (ii) + (iii) + (iv)	(43.7)	(13.0)	(30.7)
Breakdown by Category			
Asset-backed securities, asset-backed investments and European investments	(11.4)	(5.7)	(5.6)
Grey zone related provisions	(9.9)	(0.0)	(9.9)
Japanese real estate principal investments	(8.1)	(2.3)	(5.8)
Jih Sun Financial Holding Co., Ltd.	(5.0)	(0.4)	(4.6)
Domestic real estate non-recourse finance	(4.8)	(3.1)	(1.6)
Deferred income tax (Shinsei Bank non-consolidated basis)	(4.6)	-	(4.6)
Credit recovery at Shinki	6.4	-	6.4
Others	(6.0)	(1.3)	(4.7)
Total	(43.7)	(13.0)	(30.7)

(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)								
	3QFY2009 (9 months)			3QFY2008 (9 months)			FY2008 (12 months)		
	Average Balance	Interest	Yield/rate (%)	Average ⁽⁶⁾ Balance	Interest	Yield/rate ⁽⁶⁾ (%)	Average ⁽⁶⁾ Balance	Interest	Yield/rate ⁽⁶⁾ (%)
Interest-earning assets⁽¹⁾ :									
Loans and bills discounted	5,509.0	190.7	4.60	5,900.8	179.5	4.04	5,910.3	256.1	4.33
Leased assets and installment receivables ⁽¹⁾	631.6	32.9	6.92	708.4	36.2	6.80	689.0	49.2	7.15
Securities	3,210.1	25.2	1.04	2,366.6	30.0	1.69	2,388.7	37.9	1.59
Other interest-earning assets ⁽²⁾⁽³⁾	714.8	6.6	n.m. ⁽⁵⁾	973.3	7.9	n.m. ⁽⁵⁾	963.0	9.2	n.m. ⁽⁵⁾
Total revenue on interest-earning assets⁽¹⁾	10,065.7	255.5	3.37	9,949.3	253.8	3.39	9,951.2	352.7	3.54
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	6,820.2	41.8	0.82	6,140.6	38.8	0.84	6,195.6	52.2	0.84
Debentures	584.1	3.1	0.71	705.7	3.6	0.69	706.3	5.0	0.71
Borrowed money	906.1	8.2	1.21	1,129.2	12.8	1.51	1,135.9	17.0	1.50
Subordinated debt	102.0	0.8	1.13	108.0	1.1	1.42	107.9	1.4	1.33
Other borrowed money	804.1	7.3	1.22	1,021.2	11.6	1.52	1,028.0	15.5	1.51
Corporate bonds	236.4	5.2	2.93	359.2	9.5	3.54	351.6	11.5	3.27
Subordinated bonds	169.4	4.5	3.55	279.5	8.5	4.08	272.4	10.1	3.71
Other corporate bonds	66.9	0.6	1.35	79.7	0.9	1.65	79.2	1.3	1.76
Other interest-bearing liabilities ⁽²⁾	837.5	1.6	n.m. ⁽⁵⁾	1,079.1	15.1	n.m. ⁽⁵⁾	914.0	14.5	n.m. ⁽⁵⁾
Total expense on interest-bearing liabilities	9,384.4	60.1	0.85	9,414.0	80.1	1.13	9,303.7	100.4	1.08
Non interest-bearing sources of funds:									
Non interest-bearing (assets) liabilities, net	89.1	-	-	(154.8)	-	-	8.3	-	-
Total equity excluding minority interests in subsidiaries ⁽⁴⁾	592.0	-	-	690.2	-	-	639.1	-	-
Total interest-bearing liabilities and non interest-bearing sources of funds	10,065.7	-	-	9,949.3	-	-	9,951.2	-	-
Net interest margin ⁽¹⁾	-	-	2.52	-	-	2.26	-	-	2.46
Impact of non interest-bearing sources	-	-	0.06	-	-	0.06	-	-	0.07
Net revenue/yield on interest-earning assets⁽¹⁾	-	195.3	2.58	-	173.7	2.32	-	252.2	2.54
Reconciliation of total revenue on interest-earning assets to total interest income:									
Total revenue on interest-earning assets	10,065.7	255.5	3.37	9,949.3	253.8	3.39	9,951.2	352.7	3.54
Less: Income on leased assets and installment receivables	631.6	32.9	6.92	708.4	36.2	6.80	689.0	49.2	7.15
Total interest income	9,434.0	222.5	3.13	9,240.8	217.5	3.12	9,262.1	303.4	3.28
Total interest expense	-	60.1	-	-	80.1	-	-	100.4	-
Net interest income	-	162.3	-	-	137.4	-	-	202.9	-

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

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

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

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

(5) n.m. is not meaningful.

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

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

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

Net revenue on interest-earning assets for the first nine months of fiscal year 2009 was ¥195.3 billion, an increase of ¥21.6 billion compared to the first nine months of the prior fiscal year. Total revenue on interest-earning assets increased by ¥1.6 billion and total expense on

interest-bearing liabilities decreased by ¥19.9 billion in the first nine months of fiscal year 2009 from the first nine months of the prior fiscal year. The net yield on interest-earning assets was 2.58% in the first nine months of fiscal year 2009, compared with 2.32% for the first nine months of fiscal year 2008, an increase of 0.26%. The higher net yield reflects the higher volume and rates on our consumer finance assets, as well as lower interest expense due to lower subordinated bond interest expense as well as lower expense for other borrowed money and other interest-bearing liabilities, despite lower yields on securities that have been invested for liquidity purposes.

Non-Interest Income -Table 3- (Consolidated)

(Billions of yen, except percentages)

	3QFY2009 (9 months)	3QFY2008 (9 months)	% Change	FY2008 (12 months)
Net fees and commissions	17.2	21.9	(21.2)	26.5
Net trading income (loss)	5.4	(2.2)	338.7	(4.6)
Net other business income	64.1	33.2	92.9	33.3
Income on leased assets and installment receivables	32.9	36.2	(9.2)	49.2
Total non-interest income	86.8	52.9	64.1	55.2

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

Total non-interest income for the first nine months of fiscal year 2009 amounted to ¥86.8 billion, an increase of ¥33.9 billion or 64.1% compared to the first nine months of the prior fiscal year. This includes revenue from fees and commissions, trading and other non-interest sources, including revenue from leased assets and installment receivables, gains on the repurchase of our subordinated debt and gains on the sale of available for sale securities.

Net fees and commissions mainly includes fees on non-recourse real estate finance, consumer finance related guarantees and other financing products and commissions on sales of asset management products. **Net fees and commissions** of ¥17.2 billion were earned in the first nine months of fiscal year 2009, a decrease of ¥4.6 billion or 21.2% compared to the first nine months of the prior fiscal year. The decline in net fees and commissions occurred due to the inclusion of Shinsei Financial customer ATM usage and other customer related fees of ¥3.8 billion in the current nine months, as well as lower fees, commissions and guarantee revenues earned due to the lower level of overall economic activity.

Net trading income reflects revenues from customer-driven transactions, such as option trading income, as well as transactions undertaken for trading purposes. During the first nine months of fiscal year 2009, **net trading income** showed a gain of ¥5.4 billion, compared to a loss of ¥2.2 billion in the first nine months of the prior fiscal year. The prior period **net trading loss** includes ¥3.6 billion of losses on Lehman Brothers bonds and related swaps. In the current period, we booked a gain of ¥0.5 billion on the sale of the Lehman bonds.

Net other business income for the first nine months of fiscal year 2009 was ¥64.1 billion. This included income of ¥32.9 billion from the leased assets and installment receivables businesses of Showa Leasing, APLUS and Shinsei Financial. Excluding such income, **net other business income** for the first nine months of fiscal year 2009 showed a gain of ¥31.2 billion, an increase of ¥34.2 billion from the first nine months of the prior fiscal year. Major items included in **net other business income** are gains of ¥15.6 billion on the sale of collateralized loan obligations (CLOs), gains of ¥14.8 billion on the repurchase of our preferred securities and subordinated debt and gains of ¥3.8 billion on corporate bonds and equities. These gains were partially offset by mark-downs and impairments of ¥8.1 billion on our legacy Japanese real estate principal investments, ¥4.2 billion of losses on our equity method affiliate Jih Sun Financial Holding Co., Ltd. (Jih Sun) and mark-downs and impairments of ¥3.3 billion on asset-backed investments, asset-backed securities and European investments. The first nine months fiscal year 2008 **net other business loss** includes ¥24.5 billion of losses related to our holdings of European investments, asset-backed investments and asset-backed securities, ¥10.0 billion of impairments of Japanese equities, ¥7.1 billion of impairments within our capital markets area, ¥6.2 billion of losses on other asset backed investments and ¥4.9 billion in losses on bonds incurred upon the bankruptcy of Lehman Brothers. These losses were partially offset by a gain of ¥24.3 billion recorded on the repurchase of subordinated debt.

General and Administrative Expenses -Table 4- (Consolidated)

(Billions of yen, except percentages)

	3QFY2009 (9 months)	3QFY2008 (9 months)	%	FY2008 (12 months)
			Change	
Personnel expenses	48.7	50.3	(3.2)	69.0
Non-personnel expenses	78.8	76.8	2.6	109.7
Premises expenses	20.4	19.0	7.5	27.4
Technology and data processing expenses	18.0	17.9	0.3	24.4
Advertising expenses	9.3	7.9	16.4	12.5
Consumption and property taxes	6.7	5.7	16.0	8.2
Deposit insurance premium	3.3	2.9	12.8	3.8
Other general and administrative expenses	21.0	23.1	(9.1)	33.2
General and administrative expenses	127.6	127.2	0.3	178.7

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

General and administrative expenses were ¥127.6 billion in the first nine months of fiscal year 2009, an increase of ¥0.4 billion or 0.3% compared to the first nine months of the prior fiscal year. Expenses remained nearly flat despite our acquisition of Shinsei Financial from GE Japan Holdings Corporation on September 22, 2008 and the inclusion of Shinsei Financial's expenses from October 1, 2008, as we have worked to reduce expenses across all of our business lines.

We continue to maintain strict expense discipline across our businesses. Excluding Shinsei Financial's direct expenses for the first nine months of fiscal year 2009, our expenses declined to ¥96.4 billion from ¥115.0 billion in the prior period, a decrease of ¥18.5 billion or 16.1% from the first nine months of fiscal year 2008. Excluding both Shinsei Financial's and Shinki's direct expenses for the first nine months of fiscal year 2009 for direct comparison purposes to the first nine months of fiscal year 2007, our expenses declined to ¥90.2 billion from ¥114.6 billion in the first nine months of fiscal year 2007, a decrease of 21.3% over the two year period.

Personnel expenses of ¥48.7 billion decreased by ¥1.5 billion or 3.2% from the first nine months of the prior fiscal year. Despite the inclusion of Shinsei Financial's personnel

expenses of ¥10.7 billion for the current period versus ¥4.5 billion for the prior period, we were able to reduce our personnel expense through ongoing personnel expense reductions across our business, as group employees decreased from 7,209 at December 2008 to 6,118 at December 2009, a reduction of 1,091 employees.

Non-personnel expenses rose to ¥78.8 billion compared to ¥76.8 billion in the first nine months of the prior fiscal year mainly due to the inclusion of Shinsei Financial expenses.

Premises expenses and technology and data processing expenses increased mainly due to Shinsei Financial **premises expenses and technology and data processing expenses**. **Advertising expenses** were ¥1.3 billion higher than the first nine months of the prior fiscal year reflecting the inclusion of Shinsei Financial's expenses offset by continued optimization of advertising activities in other Individual Group businesses. **Consumption and property taxes** were ¥0.9 billion higher mainly due to the inclusion of consumption and property taxes incurred by Shinsei Financial.

Net Credit Costs -Table 5- (Consolidated)

(Billions of yen, except percentages)

	3QFY2009 (9 months)	3QFY2008 (9 months)	%	FY2008 (12 months)
			Change	
Losses on write-off of loans/Losses on sale of loans	8.8	2.8	210.1	3.1
Net provision of reserve for loan losses:	54.8	79.2	(30.8)	129.7
Net provision of general reserve for loan losses	30.3	30.4	(0.4)	56.1
Net provision of specific reserve for loan losses	24.4	48.8	(49.8)	73.6
Net provision (reversal) of reserve for loan losses to restructuring countries	(0.0)	(0.0)	(14.7)	(0.0)
Net provision (reversal) of specific reserve for other credit losses	(0.1)	(2.2)	95.0	(4.7)
Other credit costs relating to leasing business	(1.2)	(0.1)	(595.5)	0.8
Net credit costs	62.3	79.6	(21.8)	129.0

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

Net credit costs of ¥62.3 billion for the first nine months of fiscal year 2009 were ¥17.3 billion lower compared to the first nine months of the prior fiscal year, despite the inclusion of Shinsei Financial results for the current period. The decrease resulted primarily from higher prior period credit costs driven by ¥18.6 billion of credit costs incurred for a loan to a subsidiary of Lehman Brothers, ¥13.8 billion of reserves for real estate finance and ¥10.8 billion in credit costs associated with our holdings of European asset

backed investments. In the current period, we incurred net credit costs of ¥23.9 billion within Shinsei Financial, ¥16.1 billion within APLUS, ¥8.1 billion in net provisions associated with our holdings of domestic and overseas asset-backed investments, and ¥4.8 billion of net provisions for domestic real estate non-recourse finance. We also recorded ¥6.4 billion of credit recoveries within Shinki due to better collections within that business.

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

(Billions of yen, except percentages)

	3QFY2009 (9 months)	3QFY2008 (9 months)	%	FY2008 (12 months)
			Change	
Shinsei Financial	8.1	1.5	431.3	5.6
APLUS	4.9	6.5	(24.5)	8.6
Shinki	0.5	0.6	(13.1)	0.8
Showa Leasing	2.2	2.1	4.4	2.9
Others	(0.0)	(0.4)	99.9	(0.4)
Amortization of goodwill and other intangible assets	15.9	10.3	53.3	17.5

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

Amortization of Goodwill and Other Intangible Assets totaled ¥15.9 billion in the current period, compared to ¥10.3 billion in the first nine months of the prior fiscal year. The ¥5.5 billion net increase in **amortization of goodwill and other intangible assets** reflects our acquisition of Shinsei Financial on September 22, 2008 and associated **amortization of**

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

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

	<i>(Billions of yen, except percentages)</i>			
	3QFY2009 (9 months)	3QFY2008 (9 months)	%	FY2008 (12 months)
			Change	
Extraordinary income (loss)	3.3	13.5	(75.2)	(30.8)
Net gain on disposal of premises and equipment	(1.8)	9.4	(119.6)	8.7
Provision for loss on disposition of premises and equipment	(0.0)	(3.9)	99.2	(3.9)
Recoveries of written-off claims	6.6	3.9	68.2	5.7
Gain on sale of subsidiary's stock	-	8.2	(100.0)	8.2
Other extraordinary income (loss)	(1.3)	(4.1)	66.9	(49.7)
Provisions of reserve for losses on interest repayment	(9.9)	(5.5)	(80.0)	(15.0)
Shinsei Financial	(0.4)	-	-	-
APLUS	(1.0)	(3.6)	71.7	(8.7)
Shinki	(8.4)	(1.9)	(344.3)	(6.3)
Other	0.0	0.0	47.8	0.0
Other	(2.6)	(0.3)	(682.5)	(6.0)
Other gains (Losses)	(9.1)	7.7	(219.0)	(51.8)

Other losses of ¥9.1 billion largely included grey zone provisions of ¥8.4 billion at Shinki, ¥1.0 billion at APLUS and ¥0.4 billion at Shinsei Financial offset by recoveries of written off-claims of ¥5.1 billion at Shinsei Financial, ¥0.8 billion at Shinki and ¥0.6 billion at Shinsei Bank. The Shinsei Financial grey zone charges incurred during the first nine months of fiscal year 2009 were for the portion of the portfolio not covered by the GE indemnity included in the

purchase of Shinsei Financial from GE. The first nine months of fiscal year 2008 other gains include a ¥7.2 billion gain on the sale of the Bank's Meguro Production Center, net of restoration and future relocation costs and a gain of ¥8.2 billion on the sale of Showa Auto Rental & Leasing, offset by a ¥3.6 billion loss for litigation expenses taken in the third quarter of fiscal year 2008.

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

	<i>(Billions of yen, except percentages)</i>			
	3QFY2009 (9 months)	3QFY2008 (9 months)	%	FY2008 (12 months)
			Change	
Dividends on perpetual preferred securities (hybrid Tier I capital) issued by foreign SPCs	7.7	6.7	13.9	9.8
Dividends on APLUS' preferred stock	0.3	2.4	(86.5)	3.2
Others	0.0	1.7	(96.0)	0.5
Minority interests in net income of subsidiaries	8.1	10.9	(25.9)	13.5

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

Minority interests in net income of subsidiaries for the first nine months of fiscal year 2009 amounting to ¥8.1 billion largely reflected dividends paid on perpetual preferred securities and minority interests relating to APLUS' preferred shareholders as well as minority interests in other

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

Major Balance Sheet Data -Table 9- (Consolidated)

	(Billions of yen)				
	Dec 31 2009 (a)	Dec 31 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
Other monetary claims purchased	320.6	439.7	(119.1)	408.0	(87.4)
Monetary assets held in trust	317.8	360.4	(42.6)	348.8	(31.0)
Securities	3,147.8	1,932.9	1,214.8	2,174.1	973.6
Loans and bills discounted	5,134.6	5,930.6	(795.9)	5,876.9	(742.2)
Lease receivables and leased investment assets	217.2	241.7	(24.5)	232.5	(15.3)
Other assets	936.4	1,417.2	(480.8)	1,125.7	(189.3)
Installment receivables	362.7	420.3	(57.5)	404.7	(41.9)
Premises and equipment	53.9	57.0	(3.1)	50.9	2.9
Tangible leased assets	16.2	11.8	4.4	10.8	5.4
Intangible assets	186.8	219.3	(32.4)	209.1	(22.2)
Goodwill, net	117.0	140.8	(23.8)	132.9	(15.9)
Other intangible assets ⁽¹⁾	38.9	46.7	(7.8)	44.7	(5.8)
Customers' liabilities for acceptances and guarantees	650.4	685.0	(34.5)	675.2	(24.7)
Reserve for credit losses	(194.8)	(170.4)	(24.3)	(192.5)	(2.3)
Total assets	11,506.3	12,231.0	(724.7)	11,949.1	(442.8)
Deposits and negotiable certificates of deposit	6,704.0	6,061.0	642.9	6,272.1	431.9
Debentures	503.1	721.4	(218.2)	675.5	(172.4)
Borrowed money	783.0	1,469.5	(686.5)	1,012.3	(229.2)
Corporate bonds	194.8	324.4	(129.6)	266.4	(71.6)
Other liabilities	707.4	999.8	(292.3)	819.9	(112.4)
Reserve for losses on interest repayments	81.7	220.6	(138.8)	193.8	(112.0)
Acceptances and guarantees	650.4	685.0	(34.5)	675.2	(24.7)
Total liabilities	10,695.3	11,329.9	(634.6)	11,181.7	(486.3)
Total equity	811.0	901.1	(90.1)	767.4	43.5

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

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

Shinsei Bank's **loans and bills discounted** balance was ¥5,134.6 billion as at December 31, 2009 as compared to ¥5,876.9 billion as at March 31, 2009. The decrease mainly occurred due to a decline of ¥563.3 billion in our Institutional Group loans outstanding as we worked to reduce our Institutional Group loan exposures and risk assets during the current period.

Corporate loans decreased 17.5% to ¥1,988.8 billion at December 31, 2009 compared to ¥2,409.8 billion at March 31, 2009, and the real estate finance balance decreased 7.1% to ¥767.1 billion at December 31, 2009 from ¥825.7 billion at March 31, 2009 as we have continued to work to optimize our loan exposures and risk assets. Excluding non-recourse real estate loans, other real estate finance loans decreased from ¥180.9 billion to ¥113.6 billion, or approximately 37.2% during the nine month period ended December 31, 2009.

Loans to individual customers, which include loans in retail

banking, loans at Shinsei Financial, APLUS and Shinki, decreased 9.4% to ¥1,728.9 billion at December 31, 2009 from ¥1,907.8 billion at March 31, 2009. Retail housing loans decreased by 7.8% to ¥813.4 billion at December 31, 2009 from ¥882.6 billion at March 31, 2009. Loans to Shinsei Financial customers decreased by 9.9% to ¥607.1 billion at December 31, 2009 from ¥673.6 billion at March 31, 2009. Loans to APLUS customers decreased by 12.0% to ¥174.2 billion at December 31, 2009 from ¥198.1 billion at March 31, 2009, and loans to Shinki customers decreased by 7.3% to ¥82.7 billion at December 31, 2009 from ¥89.3 billion at March 31, 2009.

Securities balance as of December 31, 2009 amounted to ¥3,147.8 billion as compared to ¥2,174.1 billion as of March 31, 2009. This increase occurred largely due to purchases of Japanese government bonds, the balance of which increased to ¥2,195.4 billion at December 31, 2009 from ¥1,204.2 billion at March 31, 2009, for liquidity purposes.

Shinsei Bank continues to optimize its funding base through deposits from retail customers. Total [deposits and negotiable certificates of deposit](#) increased from ¥6,272.1 billion at March 31, 2009 to ¥6,704.0 billion at December 31, 2009. The retail deposits balance totaled ¥5,506.2 billion at

December 31, 2009, an increase of ¥483.2 billion compared to March 31, 2009. Retail Banking represents 80.5% of the Bank's total funding through customer [deposits and debentures](#).

Risk-Monitored Loans -Table 10- (Consolidated)

(Billions of yen, except percentages)

	Dec 31 2009 (a)	Dec 31 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
Loans to bankrupt obligors	32.1	35.1	(2.9)	39.5	(7.3)
Non-accrual delinquent loans	196.2	115.3	80.9	178.5	17.6
Loans past due for three months or more	15.6	12.3	3.2	5.9	9.7
Restructured loans	61.9	61.2	0.7	59.6	2.3
Total (A)	306.0	223.9	82.0	283.6	22.3
Loans and bills discounted (B)	5,134.6	5,930.6	(795.9)	5,876.9	(742.2)
Ratio to total loans and bills discounted (A / B) (%)	5.96%	3.78%	2.18%	4.83%	1.13%
Reserve for credit losses (C)	194.8	170.4	24.3	192.5	2.3
Reserve ratio (C / A)	63.7%	76.1%	(12.4)%	67.9%	(4.2)%

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

As at December 31, 2009, risk monitored loans totaled ¥306.0 billion, and the ratio of risk monitored loans to total loans and bills discounted was 5.96%. For the period from September 30, 2009 to December 31, 2009, although risk monitored loans decreased by ¥9.0 billion, the ratio of risk monitored loans to total loans and bills discounted increased by 0.20%, as total loans and bills discounted decreased by ¥335.3 billion.

Compared to March 31, 2009, risk monitored loans and the ratio of risk monitored loans to total loans and bills discounted increased by ¥22.3 billion, and 1.13%, respectively. This increase was primarily due to an

increase of ¥ 31.3 billion of risk monitored loans within Shinsei Bank.

For the period from December 31, 2008 to December 31, 2009, risk monitored loans increased by ¥82.0 billion, and the ratio of risk monitored loans to total loans and bills discounted increased by 2.18%. This increase occurred mainly due to an increase of ¥74.9 billion of risk monitored loans within Shinsei Bank. The ratio of risk monitored loans to total loans and bills discounted also increased in part due to the ¥795.9 billion decrease in total loans and bills discounted compared to December 31, 2008.

Reserve for Credit Losses -Table 11- (Consolidated)

(Billions of yen)

	Dec 31 2009 (a)	Dec 31 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
General reserve for loan losses	127.2	95.2	31.9	105.6	21.5
Specific reserve for loan losses	67.6	75.2	(7.6)	86.8	(19.2)
Reserve for loans to restructuring countries	0.0	0.0	0.0	0.0	0.0
Total reserve for credit losses	194.8	170.4	24.3	192.5	2.3

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

Loans by Borrower Industry -Table 12- (Consolidated)

	(Billions of yen)				
	Dec 31 2009 (a)	Dec 31 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	262.7	247.2	15.5	243.1	19.5
Agriculture, forestry	0.0	0.0	(0.0)	0.0	(0.0)
Fishery	2.5	2.7	(0.2)	2.7	(0.2)
Mining, quarrying, gravel extraction	2.9	4.6	(1.7)	3.6	(0.6)
Construction	9.8	19.9	(10.1)	13.0	(3.2)
Electric power, gas, heat supply and water supply	39.2	53.2	(13.9)	45.4	(6.2)
Information and communications	19.1	49.0	(29.9)	48.1	(29.0)
Transportation, postal service	298.5	352.8	(54.3)	336.9	(38.3)
Wholesale and retail	115.9	134.2	(18.2)	132.1	(16.2)
Finance and insurance	836.4	946.9	(110.5)	1,152.7	(316.3)
Real estate	946.0	1,103.5	(157.5)	1,011.3	(65.2)
Services	273.9	362.9	(89.0)	332.7	(58.8)
Local government	170.8	182.7	(11.8)	156.5	14.2
Others	2,063.5	2,354.4	(290.8)	2,280.8	(217.3)
Loans to individual customers (retail banking, Shinsei Financial, APLUS and Shinki)	1,707.7	1,972.4	(264.7)	1,887.6	(179.8)
Total domestic (A)	5,041.7	5,814.6	(772.9)	5,759.5	(717.8)
Overseas offices (including Japan offshore market accounts):					
Governments	1.7	1.3	0.4	1.4	0.2
Financial institutions	-	-	-	-	-
Others	91.2	114.6	(23.4)	115.8	(24.6)
Total overseas (B)	92.9	115.9	(23.0)	117.3	(24.4)
Total (A+B)	5,134.6	5,930.6	(795.9)	5,876.9	(742.2)

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

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

	(Billions of yen)								
	Dec 31, 2009			Dec 31, 2008			Mar 31, 2009		
	Book Value	Fair Value	Difference	Book Value	Fair Value	Difference	Book Value	Fair Value	Difference
Japanese national government bonds	373.3	378.7	5.4	244.2	246.4	2.2	229.1	231.0	1.8
Japanese corporate bonds	70.4	71.9	1.5	75.2	76.7	1.4	75.2	76.6	1.3
Other	55.7	56.4	0.7	99.0	102.6	3.6	58.2	51.5	(6.6)
Total	499.4	507.1	7.7	418.4	425.9	7.4	362.6	359.2	(3.4)

Note: "Other" includes the foreign bonds with high credit ratings that were reclassified from available-for-sale to held-to-maturity on October 1, 2008, due to the extremely illiquid market condition.

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

	(Billions of yen)								
	Dec 31, 2009			Dec 31, 2008			Mar 31, 2009		
	Book Value	Fair Value	Unrealized gain (loss) on available-for-sale securities	Book Value	Fair Value	Unrealized gain (loss) on available-for-sale securities	Book Value	Fair Value	Unrealized gain (loss) on available-for-sale securities
Other (foreign debt securities)	45.5	45.2	(7.4)	89.0	90.5	(28.4)	47.3	38.7	(8.4)

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

(Billions of yen)

	Dec 31, 2009				Dec. 31, 2008				Mar 31, 2009			
	Fair value	Net unrealized gain (loss) (a) - (b)			Fair value	Net unrealized gain (loss) (a) - (b)			Fair value	Net unrealized gain (loss) (a) - (b)		
		Net	Gross unrealized gains (a)	Gross unrealized losses (b)		Net	Gross unrealized gains (a)	Gross unrealized losses (b)		Net	Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities	16.0	(2.7)	1.0	3.8	13.8	(3.8)	0.7	4.6	15.0	(3.4)	0.4	3.9
Bonds	1,841.5	8.3	9.0	0.7	702.2	1.0	2.8	1.8	1,011.9	(0.7)	1.2	1.9
Japanese national government bonds	1,822.1	8.8	8.8	-	648.8	1.9	2.6	0.6	975.0	0.3	1.0	0.7
Japanese local government bonds	1.7	0.0	0.0	-	1.7	0.0	0.0	-	1.7	0.0	0.0	-
Japanese corporate bonds	17.6	(0.6)	0.1	0.7	51.6	(0.9)	0.1	1.1	35.0	(1.1)	0.1	1.2
Other	320.6	7.9	14.6	6.7	264.1	(20.4)	1.6	22.0	273.1	(25.9)	1.9	27.8
Foreign securities	319.4	7.6	14.4	6.7	261.9	(20.1)	1.6	21.8	272.2	(25.9)	1.9	27.8
Foreign currency denominated foreign corporate and government bonds	187.5	8.4	11.5	3.0	119.8	(11.4)	0.4	11.8	136.3	(12.5)	0.3	12.9
Yen-denominated foreign corporate and government bonds	121.8	(3.0)	0.1	3.1	130.6	(9.8)	0.0	9.8	123.7	(14.6)	-	14.6
Foreign equity securities	7.4	2.1	2.1	0.0	6.3	1.0	1.0	-	6.6	0.9	1.2	0.3
Other securities	1.1	0.2	0.2	-	2.2	(0.2)	-	0.2	0.9	-	-	-
Total	2,178.2	13.5	24.8	11.3	980.2	(23.2)	5.2	28.5	1,300.0	(30.1)	3.6	33.7

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

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

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

(Billions of yen)

	Dec 31 2009	Dec 31 2008	Change	Mar 31 2009	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Deposits	6,463.5	5,599.6	863.8	6,012.4	451.1
Liquid (current, ordinary, note) deposits	1,446.9	1,374.4	72.5	1,315.0	131.9
Time deposits	4,747.2	3,977.4	769.7	4,435.7	311.4
Other	269.3	247.7	21.6	261.6	7.7
Negotiable certificates of deposits (NCDs)	240.4	461.3	(220.9)	259.6	(19.2)
Total	6,704.0	6,061.0	642.9	6,272.1	431.9

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

Financial Ratios -Table 16- (Consolidated)

	3QFY2009 (9 months)	3QFY2008 (9 months)	FY2008 (12 months)
Return on assets ⁽¹⁾	0.3% ⁽⁴⁾	(0.4)% ⁽⁴⁾	(1.2)%
Return on equity ⁽²⁾	5.0% ⁽⁴⁾	(6.2)% ⁽⁴⁾	(22.4)%
Return on equity (fully diluted) ⁽³⁾	5.0% ⁽⁴⁾	(6.2)% ⁽⁴⁾	(22.4)%
Cash basis return on assets ⁽¹⁾	0.4% ⁽⁴⁾	(0.3)% ⁽⁴⁾	(0.8)%
Cash basis return on equity ⁽²⁾	8.0% ⁽⁴⁾	(4.5)% ⁽⁴⁾	(15.2)%
Cash basis return on equity (fully diluted) ⁽³⁾	8.0% ⁽⁴⁾	(4.5)% ⁽⁴⁾	(15.2)%
Expense-to-revenue ratio ⁽⁵⁾⁽⁶⁾	51.2%	66.8%	69.2%

(1) Return on assets:

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

BOP: beginning of period
EOP: end of period

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

(2) Return on equity:

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

(3) Return on equity (fully diluted):

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

(4) Annualized basis.

(5) Management accounting basis.

(6) Expense denotes general and administrative expenses.

Capital Adequacy Data -Table 17- (Consolidated)

(Billions of yen, except percentages)

	Dec 31 2009 (a)	Dec 31 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
Basic items (Tier I)	619.4	642.1	(22.6)	580.0	39.4
Amount eligible for inclusion in capital (Tier II)	291.3	441.3	(150.0)	327.3	(35.9)
General reserve for loan losses	11.5	13.8	(2.2)	13.0	(1.4)
Perpetual/non-perpetual preferred stocks and Perpetual/non-perpetual subordinated debt and bonds	279.7	427.5	(147.7)	314.2	(34.4)
Deductions	-	-	-	-	-
Deduction	(82.9)	(115.4)	32.5	(103.9)	20.9
Total capital ⁽²⁾	827.8	968.0	(140.1)	803.4	24.4
Risk assets	7,911.5	9,670.0	(1,758.5)	9,621.0	(1,709.5)
Capital adequacy ratio	10.46%	10.01%	-	8.35%	-
Tier I capital ratio	7.83%	6.64%	-	6.02%	-

(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, ¥51.7 billion of net unrealized losses on securities available-for-sale, net of taxes, as of December 31, 2008 and ¥38.8 billion as of March 31, 2009 are not included in BIS capital. Net unrealized gain on securities available-for-sale, net of taxes, is recorded as of December 31, 2009.

(2) Consolidated total required capital is ¥563.5 billion as at December 31, 2009, ¥682.6 billion as at March 31, 2009 and ¥712.6 billion yen as at December 31, 2008.

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

Per Share Data -Table 18- (Consolidated)

		(Yen, except percentages)				
		3QFY2009 (9 months)	3QFY2008 (9 months)	% Change	FY2008 (12 months)	% Change
Common equity		316.20	337.02	(6.2)	284.95	11.0
Fully diluted equity		316.20	337.02	(6.2)	284.95	11.0
Basic net income (loss)		11.32	(16.36)	169.2	(72.85)	
Diluted net income (loss)		11.32	(16.36)	169.2	(72.85)	
Cash basis:						
Basic net income (loss)		18.21	(11.88)	253.3	(49.39)	
Diluted net income (loss)		18.21	(11.88)	253.3	(49.39)	
For calculation of per share data:						
Equity:	Number of common shares ⁽¹⁾	1,963,919,247	1,963,920,673		1,963,919,853	
	Fully diluted number of shares ⁽¹⁾	1,963,919,247	1,963,920,673		1,963,919,853	
Net income:	Number of common shares ⁽²⁾	1,963,919,535	1,963,914,775		1,963,916,133	
	Fully diluted number of shares ⁽²⁾	1,963,919,535	1,963,914,775		1,963,916,133	

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

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

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

Diluted net income per share for the first nine months of fiscal year 2009 was ¥11.32. Cash basis diluted net income per share for the first nine months of fiscal year 2009 was ¥18.21, as compared to a cash basis diluted net loss per share of ¥11.88 for the first nine months of fiscal year 2008.

Business Lines Results -Table 19- (Consolidated)

(Billions of yen, except percentages)

	3QFY2009 (9 months)	3QFY2008 ⁽²⁾ (9 months)	% Change	FY2008 ⁽²⁾ (12 months)
Institutional Group:				
Net interest income	34.5	33.0	4.5	44.6
Non-interest income	41.2	(13.6)	401.6	(74.0)
Total revenue	75.7	19.3	291.6	(29.3)
General and administrative expenses	33.3	44.5	(25.2)	57.8
Ordinary business profit (loss)	42.3	(25.2)	268.0	(87.2)
Net credit costs	23.6	46.8	(49.5)	80.8
Ordinary business profit (loss) after net credit costs	18.6	(72.1)	125.9	(168.0)
Individual Group:				
Net interest income	130.1	100.5	29.4	152.8
Non-interest income	32.1	39.1	(17.7)	50.7
Total revenue	162.3	139.6	16.2	203.5
General and administrative expenses	93.8	82.4	13.9	120.1
Ordinary business profit	68.4	57.2	19.7	83.3
Net credit costs	38.1	34.5	10.5	49.5
Ordinary business profit after net credit costs	30.3	22.6	33.7	33.8
Corporate/Other ⁽¹⁾:				
Net interest income	(2.2)	3.8	(158.5)	5.5
Non-interest income	13.4	27.4	(51.1)	78.5
Total revenue	11.1	31.3	(64.3)	84.0
General and administrative expenses	0.3	0.2	91.0	0.7
Ordinary business profit	10.8	31.1	(65.3)	83.2
Net credit costs (recoveries)	0.4	(1.7)	127.4	(1.3)
Ordinary business profit after net credit costs (recoveries)	10.3	32.9	(68.6)	84.6
Total:				
Net interest income	162.3	137.4	18.2	202.9
Non-interest income	86.8	52.9	64.1	55.2
Total revenue	249.2	190.3	31.0	258.2
General and administrative expenses	127.6	127.2	0.3	178.7
Ordinary business profit	121.6	63.1	92.7	79.4
Net credit costs	62.3	79.6	(21.8)	129.0
Ordinary business profit (loss) after net credit costs	59.3	(16.5)	459.0	(49.6)

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

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

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

⁽¹⁾
Institutional Group -Table 20- (Consolidated)

(Billions of yen, except percentages)

	3QFY2009 (9 months)	3QFY2008 ⁽³⁾ (9 months)	% Change	FY2008 ⁽³⁾ (12 months)
Institutional Banking⁽²⁾:				
Net interest income	37.8	36.8	2.9	49.7
Non-interest income	26.0	(32.8)	179.4	(100.1)
Total revenue	63.9	3.9	1,508.0	(50.4)
General and administrative expenses	27.2	35.9	(24.1)	46.9
Ordinary business profit (loss)	36.6	(31.9)	214.7	(97.4)
Net credit costs	20.6	43.9	(53.0)	72.7
Ordinary business profit (loss) after net credit costs	16.0	(75.9)	121.1	(170.1)
Showa Leasing:				
Net interest income	(3.3)	(3.8)	11.4	(5.0)
Non-interest income	15.1	19.1	(20.8)	26.1
Total revenue	11.7	15.3	(23.2)	21.0
General and administrative expenses	6.0	8.6	(29.5)	10.8
Ordinary business profit	5.7	6.7	(15.0)	10.1
Net credit costs	3.0	2.9	4.7	8.1
Ordinary business profit after net credit costs	2.6	3.8	(30.0)	2.0
Institutional Group:				
Net interest income	34.5	33.0	4.5	44.6
Non-interest income	41.2	(13.6)	401.6	(74.0)
Total revenue	75.7	19.3	291.6	(29.3)
General and administrative expenses	33.3	44.5	(25.2)	57.8
Ordinary business profit (loss)	42.3	(25.2)	268.0	(87.2)
Net credit costs	23.6	46.8	(49.5)	80.8
Ordinary business profit (loss) after net credit costs	18.6	(72.1)	125.9	(168.0)

(1) Net of consolidation adjustments, if applicable.

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

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

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

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

(Billions of yen, except percentages)

	3QFY2009 (9 months)	3QFY2008 ⁽¹⁾ (9 months)	% Change	FY2008 ⁽¹⁾ (12 months)
Basic banking	9.3	8.2	13.0	11.3
Real estate finance	18.8	17.8	5.8	24.1
Credit trading	3.4	14.6	(76.3)	11.5
Principal investments	(2.5)	(6.8)	63.0	(13.6)
Foreign exchange, derivatives, equity-related	9.5	(13.9)	168.4	(19.4)
Securitization	3.2	(13.7)	123.8	(11.9)
Other capital markets	17.5	(8.7)	301.3	(61.1)
ALM activities	1.2	4.8	(73.7)	5.1
Leasing (Showa Leasing)	11.7	15.3	(23.2)	21.0
Others	3.0	1.6	90.5	3.4
Total revenue (loss)	75.7	19.3	291.6	(29.3)

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

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

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

The Institutional Group business recorded **total revenue** of ¥75.7 billion in the first nine months of fiscal year 2009, compared to total revenue of ¥19.3 billion in the first nine months of fiscal year 2008.

Basic Banking generated total revenue of ¥9.3 billion in the first nine months of fiscal year 2009, an increase of ¥1.0 billion compared to the ¥8.2 billion generated in the first nine months of fiscal year 2008. Our real estate finance business generated revenue of ¥18.8 billion, an increase of ¥1.0 billion or 5.8% compared to the first nine months of fiscal year 2008. Credit Trading generated ¥3.4 billion in total revenue in the first nine months of fiscal year 2009, a decrease of ¥11.1 billion from the first nine months of the prior fiscal year due to mark-downs of certain international credit trading positions, mainly in Europe. Principal Investments recorded a loss of ¥2.5 billion compared to a loss of ¥6.8 billion in the first nine months of fiscal year 2008, as we took mark-downs and impairments of ¥8.1 billion on our legacy Japanese real estate principal investments. In addition, Principal Investments recorded ¥4.2 billion of losses on our investment in Jih Sun. Foreign Exchange, Derivatives and Equity-Related Transactions recorded a gain of ¥9.5 billion in the current nine months, up from a ¥13.9 billion loss recorded in the first nine months of the prior fiscal year. Positive foreign exchange, derivatives and equity-related transactions revenues reflect our efforts to de-emphasize proprietary trading starting in fiscal year 2008 as well as a return of client driven business that has coincided with the recovery in the credit markets during the current period. Securitization recognized a gain of ¥3.2 billion during the first nine months of fiscal year 2009 as compared to a loss of ¥13.7 billion during the first nine months of fiscal year 2008. Our Other Capital Markets

businesses generated revenue of ¥17.5 billion for the current period including ¥15.6 billion of gains from the sale of CLOs, compared to a loss of ¥8.7 billion in the first nine months of the prior fiscal year.

In the first nine months of fiscal year 2009, Institutional Banking **general and administrative expenses** were ¥27.2 billion, a ¥8.6 billion or 24.1% decrease from the first nine months of the prior fiscal year. The decrease was largely due to the restructuring that we carried out during fiscal year 2008, as well as stricter cost controls and cost reduction measures enacted during the current period.

Net credit costs were ¥20.6 billion in the current period as compared to ¥43.9 billion in the prior period. Current period net credit costs included ¥8.1 billion of net credit costs related to our asset backed investments portfolio and ¥4.8 billion of net credit costs related to our domestic real estate non-recourse finance portfolio. During the first nine months of fiscal year 2008, we recorded net credit costs of ¥18.6 billion incurred for a loan to a subsidiary of Lehman Brothers, ¥13.8 billion of reserves for real estate finance and ¥10.8 billion in net credit costs associated with our holdings of European asset backed investments.

As a result, Institutional Banking showed an **ordinary business profit after net credit costs** of ¥16.0 billion for the first nine months of fiscal year 2009, compared to an **ordinary business loss after net credit costs** of ¥75.9 billion in the first nine months of fiscal year 2008.

Showa Leasing's **ordinary business profit after net credit costs** was ¥2.6 billion for the first nine months of fiscal year 2009 compared to ¥3.8 billion in the first nine months of the prior fiscal year. While revenues have declined, in part due to our sale of Showa Auto Rental & Leasing at the end of the second quarter of fiscal year 2008, we have largely reduced our expenses for the period in line with the reduced revenue in this business.

Individual Group - Table 22- (Consolidated)

(Billions of yen, except percentages)

	3QFY2009 (9 months)	3QFY2008 ⁽³⁾ (9 months)	% Change	FY2008 ⁽⁴⁾ (12 months)
Retail Banking:				
Net interest income	24.1	20.4	18.4	28.4
Non-interest income	7.8	8.7	(10.5)	11.1
Total revenue	32.0	29.1	9.7	39.6
General and administrative expenses	26.5	28.1	(5.5)	37.3
Ordinary business profit	5.4	1.0	416.7	2.3
Net credit costs (recoveries)	(0.0)	0.1	(133.2)	0.0
Ordinary business profit after net credit costs (recoveries)	5.4	0.9	492.5	2.2
(Reference) Revenue from structured deposits	5.2	4.9	5.8	7.0
Shinsei Financial:				
Net interest income	72.4	34.0	112.5	65.3
Non-interest income	(2.7)	0.5	(579.9)	(0.3)
Total revenue	69.6	34.6	101.1	64.9
General and administrative expenses	32.1	12.1	164.3	26.6
Ordinary business profit	37.4	22.4	66.9	38.3
Net credit costs	23.9	10.6	124.7	14.9
Ordinary business profit after net credit costs	13.5	11.8	14.7	23.3
APLUS:				
Net interest income	20.6	26.6	(22.3)	34.2
Non-interest income	27.7	30.4	(8.8)	40.6
Total revenue	48.4	57.0	(15.1)	74.9
General and administrative expenses	28.3	32.3	(12.3)	43.3
Ordinary business profit	20.0	24.7	(18.8)	31.6
Net credit costs	16.1	18.2	(11.3)	24.3
Ordinary business profit after net credit costs	3.9	6.4	(39.9)	7.2
Shinki:				
Net interest income	11.9	16.4	(27.6)	21.0
Non-interest income	(0.8)	(0.9)	18.3	(1.2)
Total revenue	11.1	15.4	(28.2)	19.7
General and administrative expenses	6.4	8.2	(21.7)	10.8
Ordinary business profit	4.7	7.2	(35.5)	8.9
Net credit costs (recoveries)	(2.1)	2.4	(185.6)	3.9
Ordinary business profit after net credit costs (recoveries)	6.8	4.8	41.6	4.9
Other Subsidiaries⁽²⁾:				
Net interest income	0.9	2.9	(67.8)	3.6
Non-interest income	0.1	0.3	(57.6)	0.5
Total revenue	1.0	3.2	(66.8)	4.1
General and administrative expenses	0.3	1.6	(79.5)	1.9
Ordinary business profit	0.7	1.6	(54.4)	2.1
Net credit costs	0.1	3.0	(93.6)	6.1
Ordinary business profit (loss) after net credit costs	0.5	(1.3)	140.9	(3.9)
Total Individual Group:				
Net interest income	130.1	100.5	29.4	152.8
Non-interest income	32.1	39.1	(17.7)	50.7
Total revenue	162.3	139.6	16.2	203.5
General and administrative expenses	93.8	82.4	13.9	120.1
Ordinary business profit	68.4	57.2	19.7	83.3
Net credit costs	38.1	34.5	10.5	49.5
Ordinary business profit after net credit costs	30.3	22.6	33.7	33.8

(1) Net of consolidation adjustments, if applicable.

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

(3) Shinsei Financial is only for three months from October 2008 to December 2008.

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

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

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

(Billions of yen, except percentages)

	3QFY2009 (9 months)	3QFY2008 ⁽¹⁾ (9 months)	% Change	FY2008 ⁽²⁾ (12 months)
Retail Banking:	32.0	29.1	9.7	39.6
Deposits and debentures net interest income	19.1	16.1	19.1	22.4
Deposits and debentures non-interest income	4.5	4.3	3.6	6.1
Asset management	3.8	3.8	0.1	4.7
Loans	4.4	4.8	(8.4)	6.3
(Reference) Revenue from structured deposits	5.2	4.9	5.8	7.0
Shinsei Financial	69.6	34.6	101.1	64.9
APLUS	48.4	57.0	(15.1)	74.9
Shinki	11.1	15.4	(28.2)	19.7
Other subsidiaries	1.0	3.2	(66.8)	4.1
Total revenue	162.3	139.6	16.2	203.5

(1) Shinsei Financial is only for three months from October 2008 to December 2008.

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

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

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

During the first nine months of fiscal year 2009, the Individual Group generated **ordinary business profit after net credit costs** of ¥30.3 billion compared to an **ordinary business profit after net credit costs** of ¥22.6 billion during the first nine months of the prior fiscal year. The improved **ordinary business profit after net credit costs** for the current nine months reflects the incorporation of Shinsei Financial within our Individual Group as well as higher **ordinary business profit after net credit costs** within our Retail Banking and Shinki businesses, offset by lower **ordinary business profit after net credit costs** within APLUS.

During the first nine months of fiscal year 2009, total Retail Banking **revenue** was ¥32.0 billion as compared to ¥29.1 billion during the first nine months of the prior fiscal year. The main sources of revenue were interest income from retail deposits, income from structured deposits, net interest income from loan products, and fees from asset management products. During the current period, we generated **net interest income** of ¥24.1 billion compared to ¥20.4 billion during the first nine months of the prior fiscal year. The increase in **net interest income** comes primarily from increases in deposits and debentures net interest income. **Non-interest income** declined slightly to ¥7.8 billion in the current period from ¥8.7 billion in the first nine months of the prior fiscal year as fees from asset

management products decreased slightly with the lower level of investment activity in the marketplace.

Retail Banking incurred **general and administrative expenses** of ¥26.5 billion during the first nine months of fiscal year 2009, a decrease of 5.5% as compared to the first nine months of the prior fiscal year. The business generated **ordinary business profit after net credit costs** of ¥5.4 billion for the first nine months of fiscal year 2009, as compared to an **ordinary business profit after net credit costs** of ¥0.9 billion during the first nine months of the prior fiscal year. The current period **ordinary business profit after net credit costs** within Retail Banking reflects the steps that we have made to restructure our business and focus upon providing profitable products and services to our customer base.

For the first nine months of fiscal year 2009, Shinsei Financial generated total revenue of ¥69.6 billion, incurred **general and administrative expenses** of ¥32.1 billion and incurred **net credit costs** of ¥23.9 billion. As a result, Shinsei Financial's **ordinary business profit after net credit costs** was ¥13.5 billion for the current nine month period.

For the first nine months of fiscal year 2009, APLUS generated **total revenue** of ¥48.4 billion, compared to ¥57.0 billion in the first nine months of the prior fiscal year. The decline in revenue was largely due to the slowdown in economic activity. The revenue shortfall was partially offset by lower **general and administrative expenses** and **net credit costs**. **General and administrative expenses** declined to ¥28.3 billion from ¥32.3 billion in the first nine months of the prior fiscal year, while **net credit costs** declined to ¥16.1 billion from ¥18.2 billion in the previous period. As a result, the business generated **ordinary business profit after net credit costs** of ¥3.9 billion in the first nine months of fiscal

year 2009, compared to ¥6.4 billion in the first nine months of the prior fiscal year.

For the first nine months of fiscal year 2009, Shinki recorded **total revenue** of ¥11.1 billion and **general and administrative expenses** of ¥6.4 billion. Shinki recorded **net credit recoveries** of ¥2.1 billion, including ¥6.4 billion of credit recoveries due to better than forecast collections within that business. As a result, Shinki recorded an **ordinary business profit after net credit costs** of ¥6.8 billion. This compares to an **ordinary business profit after net credit costs** of ¥4.8 billion in the first nine months of fiscal year 2008.

Shinsei Financial's usage of reserve for grey zone payments and write-offs amounted to ¥104.1 billion in the first nine months of fiscal year 2009. The Shinsei Financial purchase agreement from GE includes an indemnity from GE that provides protection for potential losses beyond ¥203.9 billion from the majority of the legacy accounts with grey zone interest exposure. The business made new grey zone related provisions of ¥0.4 billion for the non-indemnified portion, and as a result, the total balance of Shinsei Financial's grey zone reserves was ¥57.3 billion as of December 31, 2009, as compared to ¥161.0 billion as of March 31, 2009.

APLUS' usage of reserve for grey zone payments and write-offs amounted to ¥5.1 billion in the first nine months of fiscal year 2009. The business made ¥1.0 billion in grey zone related provisions and the total balance of the grey zone reserve was ¥6.8 billion as of December 31, 2009, as compared to ¥11.0 billion as of March 31, 2009. APLUS made ¥3.6 billion of grey zone related provisions and made ¥5.1 billion in usage of reserve for grey zone payments and write-offs in the first nine months of fiscal year 2008.

Shinki's usage of reserve for grey zone payments and write-offs amounted to ¥12.6 billion in the first nine months of fiscal year 2009. The business made new grey zone related provisions of ¥8.4 billion. The total balance of the grey zone reserve was ¥17.5 billion as of December 31, 2009, as compared to ¥21.7 billion as of March 31, 2009. Shinki made ¥1.9 billion of grey zone related provisions and made ¥11.2 billion in usage of reserve for grey zone payments and write-offs in the first nine months of fiscal year 2008.

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

Consolidated Balance Sheets (Unaudited) (Consolidated)**Assets***(millions of yen)*

	Dec 31 2009 a	Dec 31 2008 b	Change a-b Amount	Mar 31 2009 c	Change a-c Amount
<<Assets>>					
Cash and due from banks	430,458	397,777	32,681	605,089	(174,631)
Call loans	25,966	49,041	(23,075)	-	25,966
Collateral related to securities borrowing transactions	4,935	240,616	(235,681)	280	4,655
Other monetary claims purchased	320,624	439,794	(119,170)	408,035	(87,411)
Trading assets	239,291	385,357	(146,066)	375,107	(135,816)
Monetary assets held in trust	317,829	360,483	(42,654)	348,840	(31,011)
Securities	3,147,851	1,932,979	1,214,872	2,174,198	973,653
Loans and bills discounted	5,134,653	5,930,607	(795,954)	5,876,910	(742,257)
Foreign exchanges	13,109	22,293	(9,184)	37,138	(24,029)
Lease receivables and leased investment assets	217,236	241,775	(24,539)	232,554	(15,318)
Other assets	936,431	1,417,282	(480,851)	1,125,768	(189,337)
Premises and equipment	53,938	57,063	(3,125)	50,964	2,974
Intangible assets	186,885	219,333	(32,448)	209,175	(22,290)
Goodwill, net	117,005	140,870	(23,865)	132,952	(15,947)
Deferred issuance expenses for debentures	172	156	16	161	11
Deferred tax assets	21,357	22,003	(646)	22,254	(897)
Customers' liabilities for acceptances and guarantees	650,462	685,009	(34,547)	675,225	(24,763)
Reserve for credit losses	(194,863)	(170,485)	(24,378)	(192,511)	(2,352)
Total assets	11,506,341	12,231,090	(724,749)	11,949,196	(442,855)

Liabilities and Equity

(millions of yen)

	Dec 31 2009 a	Dec 31 2008 b	Change a-b Amount	Mar 31 2009 c	Change a-c Amount
<<Liabilities>>					
Deposits	6,463,565	5,599,666	863,899	6,012,455	451,110
Negotiable certificates of deposit	240,457	461,387	(220,930)	259,659	(19,202)
Debentures	503,142	721,400	(218,258)	675,567	(172,425)
Call money	310,481	159,170	151,311	281,513	28,968
Payables under repurchase agreements	-	-	-	53,805	(53,805)
Collateral related to securities lending transactions	504,897	303,132	201,765	569,566	(64,669)
Commercial paper	99	99	0	198	(99)
Trading liabilities	195,384	315,153	(119,769)	307,562	(112,178)
Borrowed money	783,074	1,469,580	(686,506)	1,012,324	(229,250)
Foreign exchanges	27	7	20	4	23
Short-term corporate bonds	30,500	26,600	3,900	11,500	19,000
Corporate bonds	194,814	324,485	(129,671)	266,489	(71,675)
Other liabilities	707,487	999,837	(292,350)	819,900	(112,413)
Accrued employees' bonuses	7,491	10,202	(2,711)	10,425	(2,934)
Accrued directors' bonuses	139	262	(123)	318	(179)
Reserve for employees' retirement benefits	7,692	9,295	(1,603)	18,219	(10,527)
Reserve for directors' retirement benefits	196	247	(51)	234	(38)
Reserve for losses on interest repayments	81,789	220,631	(138,842)	193,850	(112,061)
Reserve for losses on disposal of premises and equipment	6,948	7,820	(872)	7,559	(611)
Reserve for losses on litigation	5,409	3,662	1,747	3,662	1,747
Reserve under special law	4	4	0	4	-
Deferred tax liabilities	1,265	12,306	(11,041)	1,665	(400)
Acceptances and guarantees	650,462	685,009	(34,547)	675,225	(24,763)
Total liabilities	10,695,332	11,329,966	(634,634)	11,181,714	(486,382)
<<Equity>>					
Shareholders' equity:					
Capital stock	476,296	476,296	-	476,296	-
Capital surplus	43,554	43,554	-	43,554	-
Retained earnings	174,839	264,463	(89,624)	152,855	21,984
Treasury stock, at cost	(72,558)	(72,558)	(0)	(72,558)	(0)
Total shareholders' equity	622,132	711,756	(89,624)	600,147	21,985
Net unrealized gain (loss) and translation adjustments:					
Unrealized gain (loss) on available-for-sale securities	4,934	(51,762)	56,696	(38,813)	43,747
Deferred gain (loss) on derivatives under hedge accounting	(4,965)	1,532	(6,497)	(2,996)	(1,969)
Foreign currency translation adjustments	(1,091)	354	(1,445)	1,297	(2,388)
Total net unrealized gain (loss) and translation adjustments	(1,121)	(49,875)	48,754	(40,511)	39,390
Stock acquisition rights	1,631	1,730	(99)	1,808	(177)
Minority interests in subsidiaries	188,366	237,511	(49,145)	206,037	(17,671)
Total equity	811,008	901,123	(90,115)	767,481	43,527
Total liabilities and equity	11,506,341	12,231,090	(724,749)	11,949,196	(442,855)

Consolidated Statements of Operations (Unaudited) (Consolidated)

	3QFY2009 (9 months)	3QFY2008 (9months)	Change		FY2008 (12 months)
			Amount	%	
<i>(millions of yen, except percentages)</i>					
Total interest income	222,565	217,568	4,997	2.3	303,421
Interest on loans and bills discounted	190,752	179,509	11,243	6.3	256,180
Interest and dividends on securities	25,205	30,059	(4,854)	(16.1)	37,997
Other interest income	6,607	7,999	(1,392)	(17.4)	9,243
Fees and commissions income	37,283	40,586	(3,303)	(8.1)	52,676
Trading profits	7,986	15,743	(7,757)	(49.3)	11,918
Other business income	160,891	164,756	(3,865)	(2.3)	211,588
Other ordinary income	12,902	44,548	(31,646)	(71.0)	22,071
Ordinary income	441,629	483,204	(41,575)	(8.6)	601,677
Total interest expenses	60,177	80,147	(19,970)	(24.9)	100,425
Interest on deposits	40,801	34,727	6,074	17.5	47,426
Interest on borrowings	8,258	12,848	(4,590)	(35.7)	17,001
Interest on corporate bonds	5,219	9,580	(4,361)	(45.5)	11,509
Other interest expenses	5,897	22,990	(17,093)	(74.3)	24,488
Fees and commissions expenses	20,039	18,683	1,356	7.3	26,162
Trading losses	2,560	18,016	(15,456)	(85.8)	16,582
Other business expenses	107,522	152,065	(44,543)	(29.3)	244,914
Total general and administrative expenses	145,660	139,012	6,648	4.8	199,597
General and administrative expenses	129,753	128,634	1,119	0.9	182,043
Amortization of goodwill	10,033	6,486	3,547	54.7	11,673
Amortization of intangible assets	5,873	3,892	1,981	50.9	5,880
Other ordinary expenses	90,019	108,032	(18,013)	(16.7)	177,311
Provision of reserve for loan losses	54,702	76,981	(22,279)	(28.9)	124,973
Others	35,317	31,051	4,266	13.7	52,338
Ordinary expenses	425,980	515,958	(89,978)	(17.4)	764,993
Net ordinary income (loss)	15,648	(32,754)	48,402	147.8	(163,316)
Special gains	24,124	23,349	775	3.3	100,947
Special losses	5,549	9,779	(4,230)	(43.3)	56,684
Income (loss) before income taxes and minority interests:	34,223	(19,184)	53,407	278.4	(119,054)
Income taxes (benefit)					
Current	981	2,812	(1,831)	(65.1)	3,466
Deferred	2,881	(815)	3,696	453.5	7,004
Total income taxes (benefit)	3,862	1,996	1,866	93.5	10,471
Minority interests in net income of subsidiaries	8,110	10,951	(2,841)	(25.9)	13,558
Net income (loss)	22,250	(32,132)	54,382	169.2	(143,084)

Section 2. Non-Consolidated Information

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

	(Billions of yen, except percentages)			
	3QFY2009 (9 months)	3QFY2008 (9 months)	% Change	FY2008 (12 months)
Net interest income	47.3	57.1	(17.1)	93.9
Non-interest income	34.9	(21.9)	259.1	(80.8)
Net fees and commissions ⁽¹⁾	8.9	13.7	(34.6)	11.3
Net trading income	4.7	(2.2)	314.2	(5.6)
Net other business income	21.2	(33.5)	163.4	(86.5)
Total revenue ⁽¹⁾	82.2	35.1	134.2	13.0
Personnel expenses	18.7	23.5	(20.7)	29.8
Non-personnel expenses	30.5	33.7	(9.5)	45.1
Taxes	2.5	2.5	1.0	3.4
General and administrative expenses	51.8	59.8	(13.5)	78.4
Net business profit ⁽¹⁾	30.4	(24.7)	223.2	(65.3)
Other gains (losses)				
Gains (losses) on the sales of equities	(0.8)	(6.0)	(85.4)	(7.6)
Provision of reserve for loan losses	12.0	46.0	(73.9)	75.8
Losses on write-off of loans	7.3	1.8	302.2	1.8
Expenses for employees' retirement benefits	2.4	0.9	153.6	5.2
Other losses, expenses	6.2	(18.5)	133.5	8.8
Net ordinary income (loss)	1.5	(61.0)	102.6	(164.8)
Special gains (losses)				
Gains (losses) from sales of fixed assets	(0.3)	(0.6)	(49.9)	(1.0)
Gains on bad debt recovered	0.6	1.2	(51.5)	1.1
Reversal of reserve for loan losses	-	-	-	-
Other special gains (losses)	8.9	(28.9)	131.1	13.3
Income (loss) before income taxes	10.8	(89.3)	112.1	(151.3)
Income taxes (benefit)				
Current	(0.0)	(3.0)	(97.5)	(4.1)
Deferred	4.6	0.8	424.7	9.8
Net income (loss)	6.2	(87.2)	107.1	(157.0)

(1) Includes income from monetary assets held in trust of ¥4.6 billion in 3QFY2009, ¥8.6 billion in 3QFY2008, ¥5.7 billion in FY2008.

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

Shinsei Bank recorded net income for the first nine months of fiscal year 2009 of ¥6.2 billion on a non-consolidated basis. Current results on a non-consolidated basis differ from our consolidated results primarily because our non-consolidated results do not include the net income or loss from our consolidated subsidiaries, including Showa Leasing, Shinsei Financial, APLUS and Shinki, nor do they include the loss from our share in the net loss of our equity

method affiliate, Jih Sun Financial Holding Co., Ltd. During the current period, we recorded gains of ¥14.7 billion on the repurchase of our subordinated debt on a non-consolidated basis. As a recipient of public funds, Shinsei Bank is required to update and report its achievement of non-consolidated performance targets set forth in its revitalization plan on a quarterly basis.

Net Credit Costs -Table 25- (Non-Consolidated)

(Billions of yen, except percentages)

	3QFY2009 (9 months)	3QFY2008 (9 months)	% Change	FY2008 (12 months)
Losses on write-off of loans	7.3	2.0	252.3	2.1
Net provision of reserve for loan losses	12.0	46.0	(73.9)	75.8
Net provision (reversal) of general reserve for loan losses	11.1	36.2	(69.1)	53.6
Net provision (reversal) of specific reserve for loan losses	0.8	9.8	(91.4)	22.2
Net provision (reversal) of reserve for loan losses to restructuring countries	(0.0)	(0.0)	14.7	(0.0)
Net credit costs	19.3	48.1	(59.8)	77.9

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

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

(Billions of yen, except percentages)

	3QFY2009 (9 months)			3QFY2008 (9 months)			FY2008 (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	7.7	0.0	0.66	72.9	1.4	2.62	57.7	1.4	2.57
Call loans	88.0	0.0	0.14	162.3	0.8	0.69	135.6	0.8	0.65
Receivables under resale agreements	-	-	-	0.5	0.0	1.67	0.4	0.0	1.67
Collateral related to securities borrowing transactions	55.6	0.0	0.13	156.9	0.6	0.57	142.3	0.7	0.51
Securities	3,662.4	25.4	0.92	2,687.6	32.7	1.61	2,665.9	59.4	2.23
Loans and bills discounted	4,774.8	66.5	1.84	5,434.4	84.3	2.06	5,345.5	109.8	2.05
Other interest-earning assets	615.9	8.4	1.81	324.4	7.0	2.88	398.8	10.2	2.57
Interest rate and funding swaps	-	3.7	-	-	-	-	-	-	-
Total interest-earning assets	9,204.7	104.3	1.50	8,839.3	127.1	1.90	8,746.6	182.7	2.08
Interest-bearing liabilities:									
Deposits	6,961.5	40.8	0.77	5,564.0	34.8	0.83	5,731.9	47.5	0.82
Negotiable certificates of deposit	392.5	1.0	0.37	686.5	4.1	0.80	616.5	4.8	0.79
Debentures	583.6	3.1	0.70	704.2	3.6	0.68	705.9	5.0	0.71
Call money	254.8	0.2	0.12	610.8	4.7	1.04	496.3	4.8	0.98
Payable under repurchase agreements	53.1	0.0	0.12	0.2	0.0	2.11	0.9	0.0	0.58
Collateral related to securities lending transactions	501.2	0.5	0.13	401.5	2.9	0.98	354.9	2.6	0.74
Borrowed money	342.2	2.5	0.97	355.0	3.9	1.47	403.6	5.2	1.30
Corporate bonds	371.7	12.4	4.45	513.0	15.6	4.04	484.4	20.2	4.18
Other interest-bearing liabilities	0.2	0.5	n.m. ⁽¹⁾	0.2	4.3	n.m. ⁽¹⁾	0.2	4.7	n.m. ⁽¹⁾
Interest rate and funding swaps	-	-	-	-	2.0	-	-	1.0	-
Total interest-bearing liabilities	9,461.1	61.4	0.86	8,835.8	76.3	1.14	8,795.1	96.3	1.09
Net interest income/yield on interest-earning assets	9,204.7	42.8	0.61	8,839.3	50.7	0.76	8,746.6	86.3	0.98

(1) n.m. is not meaningful.

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

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

(Billions of yen, except percentages)

	Dec 31 2009	Dec 31 2008	Change	Mar 31 2009	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Loans to bankrupt obligors	19.7	22.4	(2.6)	23.9	(4.1)
Non-accrual delinquent loans	136.1	57.4	78.6	110.2	25.9
Loans past due for three months or more	13.4	10.3	3.0	3.7	9.7
Restructured loans	2.9	7.1	(4.1)	3.1	(0.1)
Total (A)	172.3	97.4	74.9	141.0	31.3
Loans and bills discounted (B)	4,661.5	5,122.2	(460.6)	5,168.0	(506.4)
Ratio to total loans and bills discounted (A / B) (%)	3.70	1.90	1.80	2.73	0.97
Reserve for credit losses (C)	101.9	107.5	(5.5)	118.9	(16.9)
Reserve ratio (C / A) (%)	59.2	110.4	(51.2)	84.3	(25.2)

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

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

(Billions of yen)

	Dec 31 2009	Dec 31 2008	Change	Mar 31 2009	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	260.2	242.9	17.2	239.3	20.8
Agriculture, forestry	-	-	-	-	-
Fishery	2.5	2.7	(0.2)	2.7	(0.2)
Mining, quarrying, gravel extraction	2.9	4.6	(1.7)	3.6	(0.6)
Construction	8.7	19.0	(10.3)	12.2	(3.5)
Electric power, gas, heat supply and water supply	39.2	53.2	(13.9)	45.4	(6.2)
Information and communications	18.4	48.1	(29.7)	47.3	(28.8)
Transportation, postal service	293.7	346.3	(52.6)	331.6	(37.8)
Wholesale and retail	113.6	124.7	(11.1)	123.0	(9.3)
Finance and insurance	1,268.2	1,288.2	(20.0)	1,521.2	(253.0)
Real estate	912.0	1,052.6	(140.5)	966.4	(54.3)
Services	329.1	346.3	(17.1)	352.0	(22.8)
Local government	170.8	182.7	(11.8)	156.5	14.2
Individual	844.8	943.4	(98.5)	905.3	(60.4)
Overseas yen loan and overseas loans booked domestically	350.2	395.0	(44.7)	389.7	(39.4)
Total domestic	4,614.9	5,050.3	(435.4)	5,096.7	(481.7)
Overseas offices (including Japan offshore market accounts):					
Governments	1.7	1.3	0.4	1.4	0.2
Financial institutions	-	-	-	-	-
Commerce and industry	44.8	70.5	(25.6)	69.7	(24.9)
Others	-	-	-	-	-
Total overseas	46.5	71.8	(25.2)	71.2	(24.6)
Total	4,661.5	5,122.2	(460.6)	5,168.0	(506.4)

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

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

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

Risk Monitored Loans by Borrower Industry -Table 29- (Non-Consolidated)

(Billions of yen)

	Dec 31 2009 (a)	Dec 31 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	1.4	1.8	(0.4)	1.6	(0.1)
Agriculture, forestry	-	-	-	-	-
Fishery	-	-	-	-	-
Mining, quarrying, gravel extraction	-	-	-	-	-
Construction	-	4.0	(4.0)	1.0	(1.0)
Electric power, gas, heat supply and water supply	-	-	-	-	-
Information and communications	0.5	0.7	(0.2)	0.5	0.0
Transportation, postal service	14.7	6.4	8.2	6.0	8.7
Wholesale and retail	0.0	0.0	-	0.0	-
Finance and insurance	46.5	6.8	39.6	51.1	(4.5)
Real estate	85.9	23.4	62.4	32.0	53.8
Services	6.9	4.9	2.0	3.4	3.5
Local government	-	-	-	-	-
Individual	2.5	4.3	(1.7)	5.3	(2.7)
Overseas yen loan and overseas loans booked domestically	13.5	44.6	(31.1)	39.8	(26.3)
Total domestic	172.3	97.4	74.9	141.0	31.3
Overseas offices (including Japan offshore market accounts):					
Governments	-	-	-	-	-
Financial institutions	-	-	-	-	-
Commerce and industry	-	-	-	-	-
Others	-	-	-	-	-
Total overseas	-	-	-	-	-
Total	172.3	97.4	74.9	141.0	31.3

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

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

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

Overseas and Offshore Loans by Region -Table 30- (Non-Consolidated)

(Billions of yen)

	Dec 31 2009 (a)	Dec 31 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
US	73.4	106.8	(33.3)	103.1	(29.6)
Asset-backed investments ⁽¹⁾ in US	3.8	5.9	(2.0)	5.4	(1.5)
Europe	138.9	174.3	(35.4)	166.1	(27.1)
Asset-backed investments ⁽¹⁾ in Europe	98.0	127.1	(29.1)	122.2	(24.2)
Others	184.4	185.7	(1.2)	191.7	(7.2)
Total overseas and offshore loans	396.8	466.8	(70.0)	460.9	(64.1)
Total asset-backed investments⁽¹⁾	101.9	133.1	(31.2)	127.7	(25.8)

(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 38 Balance of Securitized Products (Breakdown by Region and Type of Securities) on page 37.

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

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

	(Billions of yen)				
	Dec 31 2009 (a)	Dec 31 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
US	0.4	1.2	(0.7)	0.7	(0.3)
Asset-backed investments ⁽¹⁾ in US	0.4	1.2	(0.7)	0.7	(0.3)
Europe	12.9	43.3	(30.3)	38.9	(26.0)
Asset-backed investments ⁽¹⁾ in Europe	11.6	39.0	(27.3)	37.0	(25.4)
Others	0.0	0.0	0.0	0.0	0.0
Total overseas and offshore loans	13.5	44.6	(31.1)	39.8	(26.3)
Total asset-backed investments ⁽¹⁾⁽²⁾	12.1	40.2	(28.1)	37.8	(25.7)

(1) "Asset-backed investments" is another term for the Asset-Backed Investments Program, one of our old product programs. Under this program, loans backed mainly by collateral (including infrastructure related assets or equipment, real estate, business and operating assets) are referred to as "asset-backed investments" for disclosure purposes. For the asset-backed securities which we disclose as securitized products, please see table 38 Balance of Securitized Products (Breakdown by Region and Type of Securities) on page 37.

(2) As of December 31, 2009, reserve for loan losses and collateral/guarantees for risk monitored loans related to asset-backed investments were ¥0.1billion and ¥12.0 billion, respectively, and the coverage ratio was 100.0%.

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

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

	(Billions of yen, except percentages)				
	Dec 31 2009 (a)	Dec 31 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
Claims against bankrupt and quasi-bankrupt obligors	133.3	31.9	101.3	83.3	50.0
Doubtful claims	26.9	48.0	(21.1)	55.7	(28.8)
Substandard claims	16.4	17.5	(1.0)	6.9	9.5
Total (A)	176.6	97.5	79.1	145.8	30.7
Total claims (B)	5,105.7	5,453.0	(347.2)	5,815.6	(709.8)
Loans and bills discounted	4,661.5	5,122.2	(460.6)	5,168.0	(506.4)
Others	444.2	330.8	113.4	647.6	(203.3)
Ratio to total claims (A / B) X 100 (%)	3.46	1.79	1.67	2.51	0.95
Reserve for credit losses (C)	101.9	107.5	(5.5)	118.9	(16.9)
Reserve ratio (C / A) X 100 (%)	57.8	110.3	(52.6)	81.6	(23.8)
(Ref. 1) Amount of write-off	77.2	54.6	22.5	71.3	5.8
(Ref. 2) Below need caution level	536.9	448.9	87.9	485.3	51.5

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

Reserve for Credit Losses -Table 33- (Non-Consolidated)

	(Billions of yen)				
	Dec 31 2009 (a)	Dec 31 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
Reserve for credit losses	80.8	83.7	(2.9)	97.6	(16.8)
General reserve for loan losses	67.6	64.4	3.1	65.5	2.0
Specific reserve for loan losses	13.1	19.3	(6.1)	32.1	(18.9)
Reserve for loans to restructuring countries	0.0	0.0	0.0	0.0	0.0
Specific reserve for other credit losses	21.1	23.7	(2.5)	21.2	(0.1)
Total reserve for credit losses	101.9	107.5	(5.5)	118.9	(16.9)

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

Securities Being Held to Maturity with Readily Determinable Fair Value -Table 34- (Non-Consolidated)

	Dec 31, 2009			Dec 31, 2008			Mar 31, 2009		
	Book Value	Fair Value	Difference	Book Value	Fair Value	Difference	Book Value	Fair Value	Difference
Japanese national government bonds	373.3	378.7	5.4	244.2	246.4	2.2	229.1	231.0	1.8
Japanese corporate bonds	70.4	71.9	1.5	75.2	76.7	1.4	75.2	76.6	1.3
Other	55.7	56.4	0.7	99.0	102.6	3.6	58.2	51.5	(6.6)
Total	499.4	507.1	7.7	418.4	425.9	7.4	362.6	359.2	(3.4)

Note: "Other" includes the foreign bonds with high credit ratings that were reclassified from available-for-sale to held-to-maturity on October 1, 2008, due to the extremely illiquid market condition.

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

	Dec 31, 2009			Dec 31, 2008			Mar 31, 2009		
	Book Value	Fair Value	Unrealized gain (loss) on available-for-sale securities	Book Value	Fair Value	Unrealized gain (loss) on available-for-sale securities	Book Value	Fair Value	Unrealized gain (loss) on available-for-sale securities
Other (foreign debt securities)	45.5	45.2	(7.4)	89.0	90.5	(28.4)	47.3	38.7	(8.4)

Marketable Securities, at Fair Value -Table 35- (Non-Consolidated)

	Dec 31, 2009				Dec 31, 2008				Mar 31, 2009			
	Fair value	Net unrealized gain (loss) (a) - (b)			Fair value	Net unrealized gain (loss) (a) - (b)			Fair value	Net unrealized gain (loss) (a) - (b)		
		Net	Gross unrealized gains (a)	Gross unrealized losses (b)		Net	Gross unrealized gains (a)	Gross unrealized losses (b)		Net	Gross unrealized gains (a)	Gross unrealized losses (b)
Equity securities	11.7	(2.5)	0.5	3.1	9.5	(3.2)	0.5	3.8	10.8	(2.8)	0.3	3.1
Bonds	1,847.1	8.4	9.1	0.7	703.9	0.9	2.8	1.8	1,014.5	(0.6)	1.3	1.9
Japanese national government bonds	1,822.0	8.8	8.8	-	648.8	1.9	2.6	0.6	975.0	0.3	1.0	0.7
Japanese local government bonds	1.7	0.0	0.0	-	1.7	0.0	0.0	-	1.7	0.0	0.0	-
Japanese corporate bonds	23.3	(0.5)	0.1	0.7	53.3	(0.9)	0.2	1.1	37.7	(1.0)	0.2	1.2
Other	323.9	8.6	14.9	6.3	258.8	(20.4)	1.6	22.0	267.6	(25.9)	1.9	27.8
Foreign securities	322.8	8.3	14.7	6.3	256.6	(20.1)	1.6	21.8	266.7	(25.9)	1.9	27.8
Foreign currency denominated foreign corporate and government bonds	191.2	8.7	11.8	3.1	117.3	(11.4)	0.4	11.8	133.7	(12.5)	0.3	12.9
Yen-denominated foreign corporate and government bonds	121.8	(3.0)	0.1	3.1	130.6	(9.8)	0.0	9.8	123.7	(14.6)	-	14.6
Foreign equity securities	7.4	2.1	2.1	0.0	6.3	1.0	1.0	-	6.6	0.9	1.2	0.3
Other securities	1.1	0.2	0.2	-	2.2	(0.2)	-	0.2	0.9	-	-	-
Total	2,182.8	14.4	24.6	10.2	972.4	(22.6)	5.1	27.8	1,293.1	(29.4)	3.5	33.0

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

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

Capital Adequacy Data -Table 36- (Non-Consolidated)⁽¹⁾*(Billions of yen, except percentages)*

	Dec 31 2009 (a)	Dec 31 2008 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
Basic items (Tier I)	744.9	770.2	(25.2)	745.7	(0.8)
Supplementary items (Tier II)	272.2	349.5	(77.2)	301.2	(28.9)
Deduction	(55.8)	(85.1)	29.3	(75.0)	19.1
Total capital (2)	961.3	1,034.5	(73.1)	971.9	(10.5)
Risk assets	7,492.9	8,592.5	(1,099.5)	8,875.5	(1,382.5)
Capital adequacy ratio	12.83%	12.04%	-	10.95%	-
Tier I capital ratio	9.94%	8.96%	-	8.40%	-

(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, ¥51.2 billion of net unrealized losses on securities available-for-sale, net of taxes, as of December 31, 2008 and ¥38.0 billion as of March 31, 2009 are not included in BIS capital.

Net unrealized gain on securities available-for-sale, net taxes is recorded as of December 31, 2009.

(2) Non-Consolidated total required capital is ¥377.3 billion as at December 31, 2009, ¥455.7 billion as at March 31, 2009 and ¥462.2 billion as at December 31, 2008.

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

Non-Consolidated Balance Sheets (Unaudited) (Non-Consolidated)**Assets***(millions of yen)*

	Dec 31 2009 a	Dec 31 2008 b	Change a-b Amount	Mar 31 2009 c	Change a-c Amount
<<Assets>>					
Cash and due from banks	257,199	157,081	100,118	411,999	(154,800)
Call loans	25,966	49,041	(23,075)	-	25,966
Collateral related to securities borrowing transactions	4,617	240,616	(235,999)	131	4,486
Other monetary claims purchased	433,722	599,449	(165,727)	666,126	(232,404)
Trading assets	227,301	342,117	(114,816)	326,038	(98,737)
Monetary assets held in trust	522,545	593,664	(71,119)	573,032	(50,487)
Securities	3,606,034	2,346,627	1,259,407	2,626,047	979,987
Valuation allowance for investments	(3,370)	(3,370)	-	(3,370)	-
Loans and bills discounted	4,661,513	5,122,211	(460,698)	5,168,004	(506,491)
Foreign exchanges	13,109	22,293	(9,184)	37,138	(24,029)
Other assets	758,768	940,442	(181,674)	977,924	(219,156)
Premises and equipment	17,751	19,809	(2,058)	18,856	(1,105)
Intangible assets	12,281	14,122	(1,841)	13,477	(1,196)
Deferred issuance expenses for debentures	172	156	16	161	11
Deferred tax assets	1,692	9,785	(8,093)	4,329	(2,637)
Customers' liabilities for acceptances and guarantees	14,124	15,863	(1,739)	12,556	1,568
Reserve for credit losses	(101,988)	(107,553)	5,565	(118,960)	16,972
Total assets	10,451,441	10,362,358	89,083	10,713,494	(262,053)

Liabilities and Equity

	(millions of yen)				
	Dec 31 2009 a	Dec 31 2008 b	Change a-b Amount	Mar 31 2009 c	Change a-c Amount
<<Liabilities>>					
Deposits	6,890,357	5,807,855	1,082,502	6,637,831	252,526
Negotiable certificates of deposit	240,457	461,387	(220,930)	259,659	(19,202)
Debentures	503,142	722,600	(219,458)	676,767	(173,625)
Call money	310,481	159,170	151,311	281,513	28,968
Payables under repurchase agreements	-	-	-	53,805	(53,805)
Collateral related to securities lending transactions	504,897	303,132	201,765	569,566	(64,669)
Trading liabilities	192,493	328,912	(136,419)	316,068	(123,575)
Borrowed money	330,460	772,357	(441,897)	425,371	(94,911)
Foreign exchanges	230	213	17	226	4
Corporate bonds	369,038	406,670	(37,632)	402,453	(33,415)
Other liabilities	465,534	739,833	(274,299)	495,016	(29,482)
Income taxes payable	303	35	268	34	269
Lease debt	6	13	(7)	11	(5)
Other liabilities	465,224	739,784	(274,560)	494,970	(29,746)
Accrued employees' bonuses	5,216	6,285	(1,069)	7,191	(1,975)
Reserve for retirement benefits	-	652	(652)	55	(55)
Reserve for losses on disposal of premises and equipment	6,828	7,086	(258)	6,911	(83)
Reserve for losses on litigation	5,409	3,662	1,747	3,662	1,747
Acceptances and guarantees	14,124	15,863	(1,739)	12,556	1,568
Total liabilities	9,838,670	9,735,683	102,987	10,148,658	(309,988)
<<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	160,687	224,215	(63,528)	154,454	6,233
Legal reserve	11,035	11,035	-	11,035	-
Other retained earnings	149,652	213,179	(63,527)	143,418	6,234
Unappropriated retained earnings	149,652	213,179	(63,527)	143,418	6,234
Treasury stock, at cost	(72,558)	(72,558)	(0)	(72,558)	(0)
Total shareholders' equity	607,984	671,511	(63,527)	601,750	6,234
Net unrealized gain (loss):					
Unrealized gain (loss) on available-for-sale securities	5,303	(51,268)	56,571	(38,049)	43,352
Deferred gain (loss) on derivatives under hedge accounting	(2,148)	4,700	(6,848)	(672)	(1,476)
Total net unrealized gain (loss)	3,154	(46,567)	49,721	(38,722)	41,876
Stock acquisition rights	1,631	1,730	(99)	1,808	(177)
Total equity	612,770	626,675	(13,905)	564,836	47,934
Total liabilities and equity	10,451,441	10,362,358	89,083	10,713,494	(262,053)

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

(millions of yen, except percentages)

	3QFY2009 (9 months)	3QFY2008 (9months)	Change		FY2008 (12 months)
			Amount	%	
Total interest income	104,300	127,155	(22,855)	(18.0)	182,737
Interest on loans and bills discounted	66,546	84,353	(17,807)	(21.1)	109,886
Interest and dividends on securities	25,409	32,770	(7,361)	(22.5)	59,458
Other interest income	12,344	10,031	2,313	23.1	13,391
Fees and commissions income	11,744	15,104	(3,360)	(22.2)	18,963
Trading profits	4,847	8,018	(3,171)	(39.5)	5,277
Other business income	27,886	8,360	19,526	233.6	16,956
Other ordinary income	12,374	46,993	(34,619)	(73.7)	22,389
Ordinary income	161,153	205,633	(44,480)	(21.6)	246,323
Total interest expenses	61,409	76,385	(14,976)	(19.6)	96,368
Interest on deposits	40,844	34,828	6,016	17.3	47,548
Interest on corporate bonds	12,476	15,627	(3,151)	(20.2)	20,266
Other interest expenses	8,089	25,930	(17,841)	(68.8)	28,553
Fees and commissions expenses	7,454	10,043	(2,589)	(25.8)	13,415
Trading losses	123	10,224	(10,101)	(98.8)	10,968
Other business expenses	6,613	41,846	(35,233)	(84.2)	103,456
General and administrative expenses	53,956	61,027	(7,071)	(11.6)	81,741
Other ordinary expenses	30,026	67,162	(37,136)	(55.3)	105,234
Ordinary expenses	159,584	266,689	(107,105)	(40.2)	411,184
Net ordinary income (loss)	1,569	(61,055)	62,624	102.6	(164,860)
Special gains	15,598	1,948	13,650	700.7	76,948
Special losses	6,318	30,291	(23,973)	(79.1)	63,487
Income (loss) before income taxes	10,849	(89,398)	100,247	112.1	(151,399)
Income taxes (benefit)					
Current	(75)	(3,005)	2,930	97.5	(4,184)
Deferred	4,691	894	3,797	424.7	9,833
Total income taxes (benefit)	4,615	(2,111)	6,726	318.6	5,648
Net income (loss)	6,233	(87,287)	93,520	107.1	(157,048)

Section 3. Earnings Forecast -Table 37- (Consolidated and Non-Consolidated)

(Consolidated)	<i>(Billions of yen)</i>	
	<i>Fiscal year ending</i> March 2010 <hr/> <i>(FY2009)</i> Forecast	<i>Fiscal year ended</i> March 2009 <hr/> <i>(FY2008)</i> Actual
Cash Basis Net income	28.0	(97.0)
Net income	10.0	(143.0)

(Non-Consolidated)	<i>Fiscal year ending</i> March 2010 <hr/> <i>(FY2009)</i> Forecast		<i>Fiscal year ended</i> March 2009 <hr/> <i>(FY2008)</i> Actual
	Net income	10.0	(157.0)
Dividends (per share in yen):			
Common stock	1.00	0.00	

Above forecasts are based on current assumptions of future events and trends, which may be incorrect. Actual results may differ materially from those in the statements as a result of various factors.

While Shinsei Bank had planned to provide earnings guidance for the full fiscal year 2009 upon the announcement of our results for the first nine months of fiscal year 2009, we have decided to defer this guidance. The major reason for this is the ongoing review of our legacy portfolio including domestic real estate in our Institutional Group, as well as our consumer finance subsidiaries with reference to the adequacy of grey zone reserves and impairments. Upon the completion of this review, we will evaluate and record additional reserves, mark-downs and impairments, as necessary, on a prudent basis, which may have an impact on our full fiscal year financial performance.

Therefore, Shinsei Bank has not revised its forecasts of consolidated cash basis* net income of ¥28.0 billion (consolidated reported basis net income of ¥10.0 billion) for the fiscal year ending March 31, 2010.

Nor has Shinsei Bank revised its forecast of non-consolidated net income of ¥10.0 billion for the fiscal year ending March 31, 2010.

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

Section 4. Exposure to Securitized Products and Related Investments

 Balance of Securitized Products (Breakdown by Region and Type of Securities)⁽¹⁾ -Table 38- (Non-Consolidated)

(Billions of yen)

	Credit Ratings of Securities ⁽²⁾ (December 31, 2009)				Dec 31 2009 (a)	Sep 30 2009 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
	AAA	AA	A or lower	N/A					
RMBS	18%	10%	8%	64%	53.5	48.7	4.7	52.2	1.2
Japan	19%	6%	8%	67%	51.1	47.5	3.5	49.3	1.8
U.S.	-	-	-	-	0.0	0.0	0.0	0.9	(0.9)
Europe	0%	100%	0%	0%	2.3	1.1	1.2	1.1	1.2
Other	-	-	-	-	-	-	0.0	0.8	(0.8)
CMBS⁽³⁾	0%	10%	90%	0%	23.5	19.4	4.1	19.4	4.1
Japan	0%	0%	100%	0%	16.2	13.1	3.1	13.1	3.1
U.S.	-	-	-	-	-	-	-	-	-
Europe	0%	0%	100%	0%	4.8	4.0	0.8	3.9	0.9
Other	0%	100%	0%	0%	2.4	2.2	0.2	2.3	0.0
CLO	36%	59%	2%	2%	59.3	62.7	(3.4)	69.1	(9.8)
Japan	-	-	-	-	-	-	-	-	-
U.S.	21%	76%	0%	3%	43.2	47.5	(4.2)	53.2	(10.0)
Europe	85%	15%	0%	0%	14.6	13.9	0.6	14.5	0.0
Other	0%	0%	100%	0%	1.4	1.3	0.1	1.3	0.0
ABS CDO (Resecuritized Products)	0%	0%	0%	100%	0.0	4.9	(4.9)	7.9	(7.9)
Japan ⁽⁴⁾	0%	0%	0%	100%	0.0	4.9	(4.9)	7.9	(7.9)
U.S.	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	23%	31%	19%	26%	136.4	135.8	0.5	148.9	(12.4)
Japan	15%	5%	30%	51%	67.4	65.6	1.7	70.4	(3.0)
U.S.	21%	76%	0%	3%	43.2	47.5	(4.2)	54.2	(10.9)
Europe	57%	21%	22%	0%	21.8	19.1	2.6	19.6	2.2
Other	0%	63%	37%	0%	3.8	3.5	0.3	4.5	(0.6)
Securities					74.7	73.7	0.9	81.7	(6.9)
RMBS					4.6	1.1	3.4	2.9	1.6
CMBS					10.8	9.8	1.0	9.5	1.2
CLO					59.3	62.7	(3.4)	69.1	(9.8)
ABS CDO					0.0	0.0	0.0	0.0	0.0
Other monetary claims purchased⁽⁵⁾					61.6	62.0	(0.4)	67.2	(5.5)
RMBS (Japan)					48.9	47.5	1.3	49.3	(0.3)
CMBS (Japan)					12.7	9.6	3.1	9.8	2.8
CLO (Japan)					-	-	-	-	-
ABS CDO (Japan)					-	4.9	(4.9)	7.9	(7.9)
Total					136.4	135.8	0.5	148.9	(12.4)

(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 December 31, 2009. The "N/A" rating for Japanese RMBS represents senior portions of other monetary claims purchased for the purpose of warehousing for future securitization.

(3) Breakdown of collateral: office building (47%), multi-family (33%), retail and shops (12%), hotel and others (8%)

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

(5) Includes Japanese RMBS recorded as monetary assets held in trust of ¥4.4 billion as at December 31, 2009.

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

Securities	(Billions of yen, except percentages)			
	As of December 31, 2009			
	Balance before Mark-to-Market Evaluation	Market Value or Balance	Unrealized Gains/Losses (OCI)	Price Increase (Decrease) Ratio (%)
Trading Securities		2.3		
RMBS (U.S.)		0.0		
CLO (U.S.)		0.9		
CLO (Other foreign countries)		1.4		
Securities Being Held to Maturity with Readily Determinable Fair Value		45.5		
CLO (U.S.)		33.8		
CLO (Europe)		11.7		
Securities Available for Sale	18.5	26.8	8.2	44.6
Other	18.5	26.8	8.2	44.6
Foreign Securities	18.5	26.8	8.2	44.6
Foreign Currency Denominated Foreign Corporate and Government Bonds	12.7	21.1	8.3	65.7
RMBS	1.1	2.3	1.1	100.0
Europe	1.1	2.3	1.1	100.0
CMBS	6.6	7.3	0.7	10.7
Europe	3.8	4.8	1.0	26.2
Other foreign countries	2.7	2.4	(0.3)	(10.9)
CLO	4.9	11.3	6.4	131.1
U.S.	3.6	8.5	4.9	137.1
Europe	1.3	2.8	1.5	114.9
Yen-Denominated Foreign Corporate and	5.8	5.7	0.0	(1.5)
RMBS (Japan)	2.2	2.2	0.0	0.0
CMBS (Japan)	3.6	3.5	0.0	(2.4)
Securities		74.7		
RMBS		4.6		
CMBS		10.8		
CLO		59.3		
Other Monetary Claims Purchased ⁽²⁾	As of December 31, 2009			
	Balance before Mark-to-Market Evaluation	Market Value or Balance	Unrealized Gains/Losses (OCI)	Price Increase (Decrease) Ratio (%)
Trading Purposes		17.6		
RMBS (Japan) ⁽²⁾		14.4		
CMBS (Japan)		3.1		
Others	44.0	44.0	-	-
RMBS (Japan)	34.4	34.4	-	-
CMBS (Japan)	9.5	9.5	-	-
Total		61.6		
RMBS (Japan)		48.9		
CMBS (Japan)		12.7		
RMBS, CMBS, CLO, ABS CDO Total		136.4		
Securities		74.7		
Other Monetary Claims Purchased		61.6		

(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 ¥4.4 billion as at December 31, 2009.

LBO, Monoline, SIV, ABCP, CDS -Table 40- (Non-Consolidated)

	(Billions of yen)				
	Dec 31 2009 (a)	Sep 30 2009 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
LBO⁽¹⁾	265.9	266.0	(0.1)	291.7	(25.8)
Japan	251.7 ⁽²⁾	252.2	(0.5)	278.6	(26.9)
U.S.	2.8	2.8	0.0	3.2	(0.4)
Europe	-	-	-	-	-
Other	11.2	10.8	0.4	9.8	1.4
(Breakdown by Industry Sector as of December 31, 2009)					
Manufacturing	12.8%				
Information and communications	5.4%				
Wholesale and retail	9.3%				
Finance and Insurance	54.2%				
Services	9.0%				
Others	9.3%				
Total	100.0%				

(1) The amount includes unfunded commitment line.

(2) As of December 31, 2009, unfunded commitment line (only domestic) is ¥5.0 billion.

	(Billions of yen)				
	Dec 31 2009 (a)	Sep 30 2009 (b)	Change (a)-(b)	Mar 31 2009 (c)	Change (a)-(c)
Monoline	-	-	-	0.8	(0.8)
Japan	-	-	-	-	-
U.S.	-	-	-	-	-
Europe	-	-	-	-	-
Other	-	-	-	0.8	(0.8)
SIV	-	-	-	-	-
ABCP	-	-	-	-	-

Credit Default Swaps (CDS)⁽¹⁾

	(Billions of yen)							
	As of December 31, 2009							3QFY2009 (9 months)
	Nominal Amount		Fair Value		Netted Nominal Amount and Fair Value ⁽²⁾			Realized Profits (Losses)
	Protection (buy)	Protection (sell)	Protection (buy)	Protection (sell)	Nominal Amount	Fair Value		
					Protection (buy)	Protection (sell)		
Total	967.4	974.9	24.2	(20.9)	830.0	15.7	(18.1)	(7.7)
Japan	849.1	861.2	26.3	(22.7)	723.0	18.2	(19.9)	(7.4)
U.S.	52.6	53.5	(0.4)	0.1	48.4	(0.6)	0.1	0.5
Europe	29.5	25.6	(0.7)	0.8	25.2	(0.7)	0.8	(0.3)
Other	36.1	34.5	(1.0)	0.8	33.3	(1.0)	0.8	(0.5)

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

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

Definitions -Table 41-

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."
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 December 31, 2009.
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 December 31, 2009.
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.