

Financial Summary

For the First Quarter Ended June 30, 2011



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

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

Financial Highlights ⁽¹⁾

	<i>(Billions of yen, except percentages)</i>			
	1QFY2011 (3 months)	1QFY2010 (3 months)	Change % or Amount	FY2010 (12 months)
Selected income statement items (Consolidated)				
Net interest income	31.2	44.6	(29.9)%	156.6
Non-interest income	26.1	25.8	0.9%	135.4
Net fees and commissions	7.1	6.0	17.8%	26.0
Net trading income	3.5	3.8	(7.3)%	11.6
Net other business income	15.4	16.0	(3.5)%	97.7
Total revenue	57.4	70.4	(18.6)%	292.1
General and administrative expenses	31.1	36.4	(14.6)%	142.8
Ordinary business profit	26.2	34.0	(22.8)%	149.2
Net credit costs	2.1	13.8	(84.4)%	68.3
Ordinary business profit after net credit costs	24.0	20.1	19.3%	80.8
Amortization of goodwill and other intangible assets ⁽²⁾	3.1	3.4	(9.2)%	13.0
Other gains (losses)	(0.7)	(0.6)	(18.9)%	(10.0)
Income before income taxes and minority interests	20.2	16.1	25.4%	57.7
Current income tax	1.0	0.2	281.3%	1.9
Deferred income tax	0.0	(0.5)	112.3%	5.2
Minority interests in net income of subsidiaries	1.0	2.5	(59.9)%	7.9
Net income	18.1	13.8	30.9%	42.6
Cash basis net income ⁽³⁾	20.8	16.7	23.9%	53.8
Selected balance sheet items (Consolidated)				
Securities	2,703.3	2,832.9	(129.5)	3,286.3
Loans and bills discounted	4,214.0	4,772.5	(558.4)	4,291.4
Customers' liabilities for acceptances and guarantees	570.9	609.7	(38.8)	575.7
Reserve for credit losses	(192.5)	(197.7)	5.2	(199.2)
Total assets	9,473.9	10,947.0	(1,473.0)	10,231.5
Deposits and negotiable certificates of deposit	5,777.3	6,096.4	(319.0)	5,610.6
Debentures	329.7	457.8	(128.1)	348.2
Borrowed money	594.3	12,374.3	(639.9)	1,672.7
Reserve for losses on interest repayments	36.0	54.3	(18.3)	43.1
Total liabilities	8,844.2	10,307.5	(1,463.3)	9,620.3
Total equity	629.7	639.5	(9.7)	611.1
Financial ratios (%) (Consolidated)				
Net interest margin	2.00	2.33	//	2.19
Expense-to-revenue ratio	54.3	51.8	//	48.9
Return on assets	0.7 ⁽⁴⁾	0.5 ⁽⁴⁾	//	0.4
Return on equity (fully diluted)	13.2 ⁽⁴⁾	12.1 ⁽⁴⁾	//	8.5
Cash basis return on assets	0.9 ⁽⁴⁾	0.6 ⁽⁴⁾	//	0.5
Cash basis return on equity (fully diluted)	15.1 ⁽⁴⁾	14.6 ⁽⁴⁾	//	10.7
Capital adequacy data (Consolidated)				
Tier I	533.2	506.4	26.8	516.7
Total capital	651.7	653.0	(1.2)	649.9
Risk assets	6,559.5	7,276.3	(716.7)	6,653.7
Capital adequacy ratio	9.93%	8.97%	//	9.76%
Tier I capital ratio	8.12%	6.95%	//	7.76%

	<i>(Billions of yen, except percentages)</i>			
	1QFY2011 (3 months)	1QFY2010 (3 months)	Change % or Amount	FY2010 (12 months)
Per share data (Consolidated)				
Common equity	212.70	236.82	(10.2)%	205.83
Basic net income	6.84	7.06	(3.1)%	21.36
Cash basis basic net income	7.84	8.55	(8.3)%	26.96
Non-performing loans (Non-Consolidated)				
Claims classified under the Financial Revitalization Law	254.5	321.0	(66.4)	279.6
Ratio to total claims	6.04%	6.38%	—	6.78%
Reserve for credit losses	110.5	102.3	8.2	114.8
Coverage ratio for non-performing claims	96.6%	97.4%	—	96.8%
Selected income statement items (Non-Consolidated)				
Net interest income	12.4	15.8	(21.3)%	70.5
Non-interest income	1.5	8.2	(81.5)%	44.6
Net fees and commissions	3.7	4.5	(18.0)%	15.5
Net trading income	3.2	3.0	5.9%	10.6
Net other business income (loss)	(5.4)	0.5	(1,012.0)%	18.4
Total revenue	13.9	24.0	41.9%	115.1
General and administrative expenses	13.4	14.4	(7.1)%	60.5
Ordinary business profit	0.5	9.5	(94.6)%	54.6
Net credit costs	(0.4)	3.4	(113.6)%	40.3
Net income	6.6	4.7	42.4%	11.1

(1) Represents results based on management accounting basis.

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

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

(4) Annualized basis.

- The Shinsei Bank Group's results for the first quarter of fiscal year 2011 showed better performance compared to the results of the first quarter of fiscal year 2010. Although the results were partially impacted by the slow-down in the economy and financial markets in the wake of the Great East Japan Earthquake, the better performance reflects efforts continuing since last year to improve earnings power, intensive cost reduction measures and the efforts to reduce potential risks.
- The Bank recognized higher consolidated net income of ¥18.1 billion on a reported basis for the first quarter of fiscal year 2011, compared to ¥13.8 billion in the first quarter of fiscal year 2010. Consolidated cash basis net income for the first quarter of fiscal year 2011 also improved to ¥20.8 billion compared to ¥16.7 billion in the first quarter of fiscal year 2010.
- As of April 1, 2011, Shinsei Bank carried out certain organizational changes in its institutional banking business to better serve customers. The existing Institutional Group and Markets and Investment Banking Group were reorganized into a newly defined Institutional Group and a newly established Global Markets Group. The Institutional Group focuses primarily on corporate and public sector finance and advisory business, while the Global Markets Group concentrates on financial markets business and serves financial institution clients.
 - The Institutional Group's revenue for the first quarter of fiscal year 2011 increased while expenses and net credit costs decreased compared to the first quarter of fiscal year 2010, due to the progress made in rebuilding our client base and in stabilizing our profitability as set forth in our Medium-Term Management Plan.
 - The Global Markets Group's performance for the first quarter of fiscal year 2011 was lower compared to the first quarter of fiscal year 2010 due to the impact of the slow-down in financial markets following the Great East Japan Earthquake and because no gains on repurchases of subordinated debt were recorded in the first quarter of fiscal year 2011 unlike in the first quarter of fiscal year 2010.
- The Individual Group performed well compared to the first quarter of fiscal year 2010. Retail Banking continued to demonstrate a solid performance, while in the Consumer Finance business the pace of decline in operating assets due to implementation of the revised Money-Lending Business Control and Regulation Law gradually became less pronounced in the first quarter of fiscal year 2011. In addition, continued efforts to reduce expenses and net credit costs contributed to better results.
- Top line revenue was ¥57.4 billion, a decrease of ¥13.0 billion compared to the first quarter of fiscal year 2010 but an increase of ¥7.4 billion compared to the fourth quarter of fiscal year 2010. Non-interest income was solid and showed an increase from the fourth quarter of fiscal year 2010. Net interest income decreased due to continued efforts in reducing non-core assets and decreasing loan balance within Consumer Finance.
- Expenses of ¥31.1 billion were ¥5.3 billion lower compared to the first quarter of fiscal year 2010 due to continued rationalization and appropriate right-sizing of our businesses especially within the Individual Group including the consumer finance business.
- Net credit costs significantly decreased as a result of continued divestiture of non-core assets to mitigate potential risks. In addition, Showa Leasing Co., Ltd.

recorded reversals of reserves for credit losses due to strict credit management and other factors. Furthermore, in our consumer finance business, further improvements in credit quality as a result of the stricter credit management and strengthening of collection systems that Shinsei Financial Co., Ltd. has been implementing incrementally to date, as well as the income-linked borrowing limitation regulations implemented last year, coupled with the overall decrease in operating assets, has led to substantially reduced net credit costs.

From the first quarter of fiscal year 2011, recoveries of written off-claims are included in net credit costs according to the Revision of Accounting Practice Committee Statement No.14 "Practical Guidelines on Accounting Standards for Financial Instruments" released on March 29, 2011, while net credit costs stated in previous terms consist of reserve for credit losses, reversal of reserve for credit losses, losses on write-off of loans and losses on sale of loans. Net credit costs for the first quarter of fiscal year 2011 were ¥2.1 billion, while net credit costs excluding recoveries of written off-claims of ¥3.0 billion were ¥5.1 billion, showing a marked decrease compared to ¥13.8 billion in the first quarter of fiscal year 2010.

- Net interest margin declined to 2.00% mainly due to

loan balance reductions within our consumer finance subsidiaries.

- Balance of Loans and bills discounted declined from ¥4,291.4 billion at the end of March 2011 to ¥4,214.0 billion at the end of June 2011 due mainly to reduction of non-core assets and decrease of loan balance in the consumer finance business. However, the housing loan balance has increased steadily as planned and the rate of decrease of loan balance in consumer finance has gradually become less pronounced.
- Balance of non-performing loans under the Financial Revitalization Law, totaled ¥254.5 billion as of June 30, 2011 compared to ¥279.6 billion as of March 31, 2011. Even during the first quarter of fiscal year 2011 the balance of non-performing loans decreased by ¥25.0 billion. Non-performing loan ratio to total claims improved to 6.04%, a decrease of 74 basis points compared to the ratio as of March 31, 2011.
- In terms of capital ratios, Tier I capital and total capital increased due to strong financial results, which resulted in improvement of the Total capital adequacy ratio and Tier I capital ratio to 9.93% and 8.12%, at June 30, 2011 respectively, compared to 9.76% and 7.76% at March 31, 2011.

Financial and Economic Environment

- During the first three months of fiscal year 2011, the Japanese economy continued to suffer from the severe blow dealt by the Great East Japan Earthquake which occurred on March 11, 2011. Recently, production has shown overall improvement as factories located in the disaster area have gradually resumed operations and supply chains have been restored and reconstructed. Personal consumption is also recovering from a dramatic slump.
- However, the path to recovery from the earthquake and resolution of the nuclear accident in Fukushima remains uncertain. Moreover, restrictions on the power supply and concerns over increases in electricity costs, ongoing severe employment conditions and concerns regarding the outlook of the world economy centering on Europe and the U.S. may delay a full scale recovery of the Japanese economy.
- These challenging circumstances demand rapid formulation and execution of policies to facilitate the recovery, including a large-scale supplementary budget. However, the recent state of the political situation in Japan has led onlookers to regard political stagnation as one of the country's most serious risks.
- Against this backdrop, the U.S. dollar-Japanese Yen exchange rate trended between ¥80 and ¥85, and the euro-Japanese Yen exchange rate trended between ¥110 and ¥120 until the end of June 2011, after a coordinated international intervention in the currency markets in response to the rapid strengthening of the yen immediately after the earthquake. However, in July 2011, the Japanese Yen strengthened to below ¥80 yen to the dollar, owing to concerns regarding the economy in Europe and the U.S. The foreign exchange market has been showing a tendency toward a strong yen.
- The domestic long-term (10-year government bond yields) interest rate, which was 1.3% at the beginning of April 2011, declined to 1.1% in the second half of June 2011, due to the low pitch of the Japanese, European and U.S. economy. The short-term interest rate remained at a low level.
- The Nikkei 225 was at ¥9,816.09 at the end of the June 2011, which represents an increase of ¥1,210 compared to the level at March 15, 2011, the date immediately after the earthquake. However, this represented an increase of only ¥60 on the level at the end of March 2011, and a decrease of ¥620 compared to the level at March 10, 2011, the day immediately prior to the Earthquake.

Section 1. Consolidated Information

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

(Billions of yen, except percentages)

	1QFY2011 (3 months)	1QFY2010 (3 months)	% Change	FY2010 (12 months)
Net interest income	31.2	44.6	(29.9)	156.6
Non-interest income	26.1	25.8	0.9	135.4
Net fees and commissions	7.1	6.0	17.8	26.0
Net trading income	3.5	3.8	(7.3)	11.6
Net other business income	15.4	16.0	(3.5)	97.7
Total revenue	57.4	70.4	(18.6)	292.1
General and administrative expenses	31.1	36.4	(14.6)	142.8
Ordinary business profit	26.2	34.0	(22.8)	149.2
Net credit costs	2.1	13.8	(84.4)	68.3
Ordinary business profit after net credit costs	24.0	20.1	19.3	80.8
Amortization of goodwill and other intangible assets ⁽²⁾	3.1	3.4	(9.2)	13.0
Other gains (losses)	(0.7)	(0.6)	(18.9)	(10.0)
Income (loss) before income taxes and minority interests	20.2	16.1	25.4	57.7
Current income tax	1.0	0.2	281.3	1.9
Deferred income tax	0.0	(0.5)	112.3	5.2
Minority interests in net income of subsidiaries	1.0	2.5	(59.9)	7.9
Net income	18.1	13.8	30.9	42.6
Cash basis net income ⁽³⁾	20.8	16.7	23.9	53.8

(1) Represents results based on management accounting basis.

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

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

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

- Shinsei Bank reported total revenue for the first quarter of fiscal year 2011 of ¥57.4 billion. This was ¥13.0 billion lower than the ¥70.4 billion total revenue recorded in the first quarter of fiscal year 2010, and ¥7.4 billion higher than the ¥50.0 billion total revenue recorded in the fourth quarter of fiscal year 2010.
 - Net Interest income decreased due to the decrease in non-core assets and decreasing loan balance in Consumer Finance. However, the pace of decline in the consumer finance loan balance gradually became less pronounced in the first quarter of fiscal year 2011. In addition, a solid performance in non-interest income resulted in higher revenue compared to the fourth quarter of fiscal year 2010.
- Net interest income for the first quarter of fiscal year 2011 declined by ¥13.3 billion to ¥31.2 billion from ¥44.6 billion for the first quarter of fiscal year 2010.
- Non-interest income for the first quarter of fiscal year 2011 increased by ¥0.2 billion to ¥26.1 billion compared to ¥25.8 billion for the first quarter of fiscal year 2010, and by ¥9.9 billion compared to ¥16.1 billion for the fourth quarter of fiscal year 2010.
 - Net fees and commissions income increased by ¥1.0 billion to ¥7.1 billion during the first quarter of fiscal year 2011 from ¥6.0 billion during the first quarter of fiscal year 2010.
 - We generated net trading income of ¥3.5 billion in the first quarter of fiscal year 2011, a decrease of ¥0.2 billion compared to ¥3.8 billion generated in the first quarter of fiscal year 2010.
- Net other business income was ¥15.4 billion for the first quarter of fiscal year 2011 as compared to ¥16.0 billion in the first quarter of fiscal year 2010. Net other business income includes income on leased assets and installment receivables from Showa Leasing, APLUS FINANCIAL, Shinsei Financial etc., of ¥9.3 billion for the first quarter of fiscal year 2011, as compared to ¥9.8 billion for the first quarter of fiscal year 2010. Net other business income also includes ¥6.3 billion, net of withholding tax, of gain on sale of foreign equities that had been classified as non-core assets, impairment of ¥1.0 billion to bonds related to domestic real estate non-recourse finance, and impairment of ¥0.7 billion to private equity investments, for the first quarter of fiscal year 2011.
- General and administrative expenses were ¥31.1 billion for the first quarter of fiscal year 2011, a decrease of ¥5.3 billion compared to the first quarter of fiscal year 2010. This was mainly due to substantial expense reductions achieved through rationalization and efficiency improvements, especially within the consumer finance business where the business was appropriately scaled down in anticipation of a decrease in the loan balance due to the impact of the revised Money-Lending Business Control and Regulation Law.
- Net credit costs for the first quarter of fiscal year 2011 included additional provisions of ¥1.8 billion for domestic real estate non-recourse finance but this was a sharp decrease compared to the ¥5.1 billion recorded for this business in the first quarter of fiscal year 2010, while efforts to reduce non-core assets continued. In addition, Showa Leasing Co., Ltd. recorded net credit recoveries of ¥1.8 billion in the first quarter of fiscal year 2011, compared to net credit costs of ¥0.5 billion in the first

quarter of fiscal year 2010 due to strict credit management, a decline in operating assets and other factors. Furthermore, in our consumer finance business, further improvements in credit quality as a result of the stricter credit management and strengthening of collection systems that Shinsei Financial Co., Ltd. has been implementing incrementally to date, as well as the income-linked borrowing limitation regulations implemented last year, coupled with the overall decrease in operating assets, has led to substantially reduced net credit costs.

From the first quarter of fiscal year 2011, recoveries of written-off claims are categorized into net credit costs according to Revision of Accounting Practice Committee Statement No.14 "Practical Guidelines on Accounting Standards for Financial Instruments" released on March 29, 2011, while net credit costs stated in previous periods consisted of reserves of credit losses, reversal of reserve for credit losses, losses on write-off of loans and losses on sale of loans. For the first quarter of fiscal year 2011, net credit costs were ¥2.1 billion, while net credit costs excluding recoveries of written-off claims of ¥3.0 billion were ¥5.1 billion, showing a marked decrease from ¥13.8 billion in the first quarter of fiscal year 2010.

Shinsei Financial recorded net recoveries of ¥0.3 billion for the first quarter of fiscal year 2011; excluding recoveries of written-off claims, credit costs were ¥1.6 billion, an improvement compared to net credit costs of ¥5.7 billion for the first quarter of fiscal year 2010.

- Amortization of goodwill and other intangible assets associated with the acquisition of consumer finance and commercial finance companies was ¥3.1 billion for the first quarter of fiscal year 2011 as compared to ¥3.4 billion for the first quarter of fiscal year 2010. The lower amount is attributable to factors including the sum-of-the-years' digits method for amortization of goodwill and intangible assets related to Shinsei Financial.
- Other losses were ¥0.7 billion for the first quarter of fiscal year 2011. From the first quarter of fiscal year 2011, recoveries of written-off claims are categorized into net credit costs and not included in other gains (losses), according to Revision of Accounting Practice Committee Statement No.14 "Practical Guidelines on Accounting Standards for Financial Instruments" released on March 29, 2011. Other losses of ¥0.6 billion for the first quarter of fiscal year 2010, were recorded due to costs related to asset retirement obligation costs of ¥3.5 billion at Shinsei Bank and its subsidiaries, partially offset by ¥2.5 billion of recoveries of written-off claims.
- Current and deferred income taxes reflected a net expense of ¥1.0 billion for the first quarter of fiscal year 2011, compared to a net gain of ¥0.2 billion for the first quarter of fiscal year 2010, mainly due to the inclusion of withholding tax of ¥0.6 billion on sale of foreign equities that had been classified as non-core assets.
- Minority interests in net income of subsidiaries largely reflect dividends accrued on perpetual preferred securities and minority interests in consolidated subsidiaries. Due to factors including the repurchase of preferred securities in the previous fiscal year, minority interests in net income of subsidiaries declined ¥1.5 billion from ¥2.5 billion in the first quarter of fiscal year 2010 to ¥1.0 billion in the first quarter of fiscal year 2011.
- The Bank realized consolidated net income of ¥18.1 billion on a reported basis for the first quarter of fiscal year 2011, improving from a consolidated net income of ¥13.8 billion for the first quarter of fiscal year 2010.
- Consolidated cash basis net income for the first quarter of fiscal year 2011 was ¥20.8 billion, improving from a cash basis net income of ¥16.7 billion for the first quarter of fiscal year 2010. The cash basis net income is calculated by excluding amortization and impairment of goodwill and other intangible assets, net of tax benefit, from net income under Japanese generally accepted accounting principles (JGAAP).

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

	<i>(Billions of yen)</i>	
	1QFY2011	1QFY2010
	(3 months)	(3 months)
Gains included in revenue		
Gain from the sale of foreign equity (net of withholding tax)	6.3	-
Gain from buy back of subordinated debt	-	1.2
Total	6.3	1.2
Losses included in revenue		
Domestic real estate non-recourse finance (bonds)	(1.0)	(0.0)
Subtotal (i)	(1.0)	(0.0)
Items included in net credit costs		
Domestic real estate non-recourse finance	(1.8)	(5.1)
Others	1.6	-
Subtotal (ii)	(0.2)	(5.1)
Other gains (losses)		
Grey zone related provisions	(0.8)	0.9
Losses on application of new accounting standard for asset retirement obligations	-	(3.5)
Subtotal (iii)	(0.8)	(2.5)
Total (i) + (ii) + (iii)	(2.1)	(7.8)
Breakdown by Category		
Domestic real estate non-recourse finance	(2.9)	(5.2)
Grey zone related provisions	(0.8)	0.9
Others	1.6	-
Losses on application of new accounting standard for asset retirement obligations	-	(3.5)
Total	(2.1)	(7.8)

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

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

	(Billions of yen, except percentages)								
	1QFY2011 (3 months)			1QFY2010 (3 months)			FY2010 (12 months)		
	Average Balance	Interest	Yield/rate (%)	Average Balance	Interest	Yield/rate (%)	Average Balance	Interest	Yield/rate (%)
Interest-earning assets ⁽¹⁾ :									
Loans and bills discounted	4,259.6	37.0	3.49	5,036.7	50.0	3.99	4,680.7	178.5	3.82
Lease receivables and leased investment assets / installment receivables ⁽¹⁾	547.9	9.3	6.82	591.4	9.8	6.71	566.7	38.7	6.83
Securities	3,019.1	5.1	0.69	3,139.7	6.6	0.86	3,056.4	23.8	0.78
Other interest-earning assets ⁽²⁾⁽³⁾	282.1	0.4	n.m. ⁽⁵⁾	513.7	1.6	n.m. ⁽⁵⁾	540.4	4.7	n.m. ⁽⁵⁾
Total revenue on interest-earning assets (A) ⁽¹⁾	8,108.8	51.9	2.57	9,281.5	68.2	2.95	8,844.4	245.8	2.78
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	5,686.5	7.5	0.53	6,329.7	9.8	0.63	5,946.6	34.5	0.58
Debentures	339.6	0.4	0.51	476.0	0.7	0.61	426.3	2.3	0.56
Borrowed money	1,003.1	1.4	0.58	1,238.9	1.8	0.58	1,422.1	7.0	0.50
Subordinated debt	98.4	0.3	1.29	102.0	0.2	0.92	101.9	0.8	0.88
Other borrowed money	904.6	1.1	0.50	1,136.9	1.5	0.56	1,320.1	6.2	0.47
Corporate bonds	178.1	1.4	3.23	196.0	1.1	2.26	190.8	5.5	2.88
Subordinated bonds	149.4	1.3	3.56	152.9	1.0	2.72	157.0	5.1	3.28
Other corporate bonds	28.7	0.1	1.52	43.0	0.0	0.62	33.7	0.3	1.03
Other interest-bearing liabilities ⁽²⁾	736.9	0.4	n.m. ⁽⁵⁾	699.7	0.2	n.m. ⁽⁵⁾	521.2	0.9	n.m. ⁽⁵⁾
Total expense on interest-bearing liabilities (B)	7,944.5	11.3	0.57	8,940.5	13.7	0.62	8,507.2	50.4	0.59
Net interest margin (A)-(B) ⁽¹⁾	-	40.5	2.00	-	54.4	2.33	-	195.3	2.19
Non interest-bearing sources of funds:									
Non interest-bearing (assets) liabilities, net	(392.4)	-	-	(121.6)	-	-	(166.0)	-	-
Total equity excluding minority interests in subsidiaries ⁽⁴⁾	556.7	-	-	462.7	-	-	503.2	-	-
Total non interest-bearing sources of funds (C)	164.3	-	-	341.0	-	-	337.1	-	-
Sum of total expense on interest-bearing liabilities and non-interest-bearing sources of funds (D)=(B)+(C)	8,108.8	11.3	0.56	9,281.5	13.7	0.59	8,844.4	50.4	0.57
Net revenue/yield on interest-earning assets (A)-(D) ⁽¹⁾	-	40.5	2.01	-	54.4	2.36	-	195.3	2.21
Reconciliation of total revenue on interest-earning assets to total interest income:									
Total revenue on interest-earning assets	8,108.8	51.9	2.57	9,281.5	68.2	2.95	8,844.4	245.8	2.78
Less: Income on lease transactions and installment receivables	547.9	9.3	6.82	591.4	9.8	6.71	566.7	38.7	6.83
Total interest income	7,560.9	42.6	2.26	8,690.1	58.3	2.69	8,277.6	207.1	2.50
Total interest expense	-	11.3	-	-	13.7	-	-	50.4	-
Net interest income	-	31.2	-	-	44.6	-	-	156.6	-

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

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

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

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

(5) n.m. is not meaningful.

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

- Net revenue on interest-earning assets includes net interest income as well as revenue earned on the average balance of lease receivables and leased investment assets and installment receivables. The Bank considers income on lease transactions and installment receivables to be a component of interest income, but JGAAP does not include income on lease transactions and installment receivables in net interest income. Under JGAAP, therefore, income on lease transactions and installment receivables is reported in net other business income in our consolidated statements of operations.
- Net revenue on interest-earning assets for the first quarter of fiscal year 2011 was ¥40.5 billion, a decrease of ¥13.8 billion compared to the first quarter of fiscal year 2010.
- Total revenue on interest-earning assets decreased by ¥16.3 billion and total expense on interest-bearing liabilities decreased by ¥2.4 billion in the first quarter of fiscal year 2011 compared to the first quarter of the fiscal year 2010.
- The net interest margin was 2.00% in the first quarter of fiscal year 2011, compared with 2.33% for the first quarter of fiscal year 2010.
 - The changes in net interest margin largely reflected the lower yield and lower volume of loans and bills discounted and securities, partly offset by higher yield of lease and installment receivables and lower interest expense for deposits and debentures.

Non-Interest Income -Table 3- (Consolidated)

	<i>(Billions of yen, except percentages)</i>			
	1QFY2011 (3 months)	1QFY2010 (3 months)	% Change	FY2010 (12 months)
Net fees and commissions	7.1	6.0	17.8	26.0
Net trading income	3.5	3.8	(7.3)	11.6
Net other business income	15.4	16.0	(3.5)	97.7
Income on leased assets and installment receivables	9.3	9.8	(5.8)	38.7
Total non-interest income	26.1	25.8	0.9	135.4

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

- Non-interest income consists of fees and commissions, trading income and other business income such as income from leased assets and installment receivables and gains and losses on sales of available-for-sale securities.

Total non-interest income amounted to ¥26.1 billion in the first quarter of fiscal year 2011, an increase of ¥0.2 billion compared to the first quarter of fiscal year 2010. It also increased by ¥9.9 billion compared with ¥16.1 billion in the fourth quarter of fiscal year 2010. In previous fiscal years, results were impacted significantly by substantial non-recurring investment-related losses, and gains realized from sales of non-core assets and repurchase of subordinated debt. However, as of the first quarter of fiscal year 2011, such non-recurring losses and gains have become relatively less significant and core businesses are now the main driver of financial performance. Profits from core businesses were leading the total revenue in the first quarter of fiscal year 2011.

- Net fees and commissions were mainly from non-recourse finance on domestic real estate, guarantee and other business by consumer finance subsidiaries, and sales of mutual funds and variable annuities. Net fees and commissions of ¥7.1 billion were earned in the first

quarter of fiscal year 2011, up by ¥1.0 billion from ¥6.0 billion in the first quarter of fiscal year 2010.

- Net trading income includes revenues from derivatives with customer-driven transactions and those from proprietary trading. ¥3.5 billion was recorded in the first quarter of fiscal year 2011, a decrease of ¥0.2 billion from ¥3.8 billion in the first quarter of fiscal year 2010.
- Net other business income was ¥15.4 billion in the first quarter of fiscal year 2011, compared to ¥16.0 billion in the first quarter of fiscal year 2010. This included income on leased assets and installment receivables of ¥9.3 billion by Showa Leasing, APLUS FINANCIAL, Shinsei Financial and others, compared to ¥9.8 billion in the first quarter of fiscal year 2010.

Net other business income also included gains, net of withholding tax of ¥6.3 billion realized from the sales of foreign equities that had been classified as non-core assets, ¥1.0 billion of impairment to bonds related to domestic real estate non-recourse finance, and impairment of ¥0.7 billion related to private equity investments.

General and Administrative Expenses -Table 4- (Consolidated)

	<i>(Billions of yen, except percentages)</i>			
	1QFY2011 (3 months)	1QFY2010 (3 months)	% Change	FY2010 (12 months)
Personnel expenses	12.5	13.4	(7.1)	55.0
Non-personnel expenses	18.6	22.9	(19.0)	87.7
Premises expenses	5.0	5.8	(13.4)	23.2
Technology and data processing expenses	4.1	5.1	(19.8)	19.2
Advertising expenses	2.1	2.5	(14.4)	9.2
Consumption and property taxes	1.4	2.3	(37.1)	7.7
Deposit insurance premium	1.1	1.3	(14.1)	5.4
Other general and administrative expenses	4.6	5.7	(19.9)	22.8
General and administrative expenses	31.1	36.4	(14.6)	142.8

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

- General and administrative expenses were ¥31.1 billion for the first quarter of fiscal year 2011, a decrease of ¥5.3 billion compared to the first quarter of fiscal year 2010.

- Personnel expenses of ¥12.5 billion decreased by ¥0.9 billion from the first quarter of fiscal year 2010.

➢ We have been able to reduce our personnel expenses through the integration of call centers and the termination of all manned branches at Shinsei Financial during fiscal year 2010, reflecting a forecast for further

decline in loan balance due to the revision of the Money-Lending Business Control and Regulation Law, and through ongoing personnel expense rationalization across our business.

- Non-personnel expenses declined by ¥4.3 billion to ¥18.6 billion, as we have worked to reduce expenses across all of our business lines through strict expense control discipline.

➢ Shinsei Bank relocated its head office from

Uchisaiwai-cho to Nihonbashi-muromachi and began operations from its new head office building on January 4, 2011. We have been able to reduce our office space significantly and enhanced energy conservation through the relocation.

- Premises expenses declined by ¥0.7 billion to ¥5.0 billion, mainly due to Shinsei Bank's head office relocation and consumer finance subsidiaries' branch

optimization. Technology and data processing expenses were ¥1.0 billion lower than the first quarter of fiscal year 2010 mainly due to automated contract machine sharing and optimization between Shinsei Financial and Shinki. Advertising expenses were ¥0.3 billion lower than the first quarter of fiscal year 2010 as a result of continued optimization of advertising activities in the Individual Group.

Net Credit Costs -Table 5- (Consolidated)

(Billions of yen, except percentages)

	1QFY2011 (3 months)	1QFY2010 (3 months)	% Change	FY2010 (12 months)
Losses on write-off of loans/Losses on sale of loans	1.3	3.0	(54.2)	7.5
Net provision of reserve for loan losses:	4.5	10.7	(57.9)	61.7
Net provision of general reserve for loan losses	(0.1)	3.2	(104.1)	30.4
Net provision of specific reserve for loan losses	4.6	7.5	(38.2)	31.2
Net provision (reversal) of reserve for loan losses to restructuring countries	-	-	-	(0.0)
Net provision (reversal) of specific reserve for other credit losses	-	0.0	(100.0)	0.0
Other credit costs (reversal) relating to leasing business	(0.7)	0.0	(2,232.4)	(0.9)
Recoveries of written-off claims ⁽¹⁾	(3.0)	-	-	-
Net credit costs	2.1	13.8	(84.4)	68.3

(1) Included in Net Credit Costs from 1QFY2011.

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

- Net credit costs decreased sharply despite additional provisions of ¥1.8 billion for non-recourse finance on domestic real estate, compared to ¥5.1 billion in the first quarter of fiscal year 2010.
 - Net credit costs significantly decreased as a result of continued divestiture of non-core assets to mitigate potential risks. In addition, Showa Leasing Co., Ltd. recorded net credit recoveries of ¥1.8 billion in the first quarter of fiscal year 2011, compared to net credit costs of ¥0.5 billion in the first quarter of fiscal year 2010 due to strict credit management, a decline in operating assets and other factors. In our consumer finance business, further improvements in credit quality as a result of the stricter credit management and strengthening of collection systems that Shinsei Financial Co., Ltd. has been implementing incrementally to date, as well as the income-linked borrowing limitation regulations implemented last year, coupled with the overall decrease in operating assets, has led to substantially reduced net credit costs.
 - From the first quarter of fiscal year 2011, recoveries of written off-claims are included in net credit costs according to the Revision of Accounting Practice

Committee Statement No.14 "Practical Guidelines on Accounting Standards for Financial Instruments" released on March 29, 2011, while net credit costs stated in previous terms consist of reserve for credit losses, reversal of reserve for credit losses, losses on write-off of loans and losses on sale of loans.

- Net credit costs for the first quarter of fiscal year 2011 were ¥2.1 billion, while net credit costs excluding recoveries of written off-claims of ¥3.0 billion were ¥5.1 billion, showing a marked decrease compared to ¥13.8 billion in the first quarter of fiscal year 2010.
- Shinsei Financial recorded net recoveries of ¥0.3 billion for the first quarter of fiscal year 2011; excluding recoveries of written-off claims, credit costs were ¥1.6 billion, an improvement compared to net credit costs of ¥5.7 billion for the first quarter of fiscal year 2010.
- Recoveries of written-off claims of ¥3.0 billion comprised ¥2.0 billion at Shinsei Financial, ¥0.6 billion at Shinsei Bank (non-consolidated) and ¥0.2 billion at Shinki.

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

(Billions of yen, except percentages)

	1QFY2011 (3 months)	1QFY2010 (3 months)	% Change	FY2010 (12 months)
Shinsei Financial	2.2	2.5	(10.8)	9.6
Shinki	(0.0)	(0.0)	0.0	(0.3)
APLUS FINANCIAL	0.2	0.2	(13.5)	0.8
Showa Leasing	0.7	0.7	(1.1)	2.9
Others	(0.0)	(0.0)	0.0	(0.0)
Amortization of goodwill and other intangible assets	3.1	3.4	(9.2)	13.0

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

- Amortization of Goodwill and Other Intangible Assets associated with the acquisition of consumer and commercial finance companies totaled ¥3.1 billion in the first quarter of fiscal year 2011 compared to ¥3.4 billion in the first quarter of fiscal year 2010.
- The lower amount is attributable to factors including the sum-of-the-years' digits method for amortization of goodwill and intangible assets related to Shinsei Financial.

Amortization of goodwill and other intangible assets of APLUS FINANCIAL was ¥0.2 billion in the first quarter of fiscal year 2011 mainly related to the amortization of goodwill for Zen-Nichi Shinpan, a subsidiary of APLUS FINANCIAL. Full impairment of goodwill and intangible assets for APLUS FINANCIAL was taken at the end of fiscal year 2009.

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

	<i>(Billions of yen, except percentages)</i>			
	1QFY2011 (3 months)	1QFY2010 (3 months)	% Change	FY2010 (12 months)
Extraordinary income (loss)	(0.0)	(1.2)	94.6	3.8
Net gain on disposal of premises and equipment	0.0	(0.1)	169.3	(0.5)
Provision for loss on disposition of premises and equipment	-	-	-	-
Recoveries of written-off claims	-	2.5	(100.0)	14.8
Losses on application of new accounting standard for asset retirement obligations	-	(3.5)	100.0	(3.6)
Other extraordinary income (loss)	(0.1)	(0.1)	(29.5)	(6.8)
Provisions of reserve for losses on interest repayment	(0.8)	0.9	(187.7)	(10.1)
Shinsei Financial	(0.8)	0.9	(187.7)	(4.7)
Shinki	-	-	-	(2.1)
APLUS FINANCIAL	-	-	-	(3.2)
Other	-	-	-	-
Other	0.1	(0.3)	147.0	(3.7)
Other gains (Losses)	(0.7)	(0.6)	(18.9)	(10.0)

- Other losses of ¥0.7 billion were recorded in the first quarter of fiscal year 2011, including additional provisions of reserve for losses on interest repayment of ¥0.8 billion in Shinsei Financial. From the first quarter of fiscal year 2011, recoveries of written off-claims have been included in net credit costs and not included in other gains (losses) according to Revision of

Accounting Practice Committee Statement No.14 "Practical Guidelines on Accounting Standards for Financial Instruments" released on March 29, 2011. In the first quarter of fiscal year 2010, other losses of ¥0.6 billion were recorded due to costs related to asset retirement obligation of ¥3.5 billion, partially offset by recoveries of written off-claims of ¥2.5 billion.

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

	<i>(Billions of yen, except percentages)</i>			
	1QFY2011 (3 months)	1QFY2010 (3 months)	% Change	FY2010 (12 months)
Dividends on perpetual preferred securities (hybrid Tier I capital) issued by foreign SPCs	0.7	2.4	(68.2)	7.5
Others	0.2	0.1	128.5	0.3
Minority interests in net income of subsidiaries	1.0	2.5	(59.9)	7.9

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

- Minority interests in net income of subsidiaries for the first quarter of fiscal year 2011 were ¥1.0 billion. Minority interests in net income of subsidiaries largely reflect dividends accrued on perpetual preferred securities and minority interests in the net income of other consolidated subsidiaries for the first quarter. Due to factors including the repurchase of preferred

securities in the previous fiscal year, minority interests in net income of subsidiaries declined ¥1.5 billion from ¥2.5 billion in the first quarter of fiscal year 2010 to ¥1.0 billion in the first quarter of fiscal year 2011.

Major Balance Sheet Data - Table 9- (Consolidated)

	(Billions of yen)				
	June 30 2011 (a)	June 30 2010 (b)	Change (a)-(b)	March 31 2011 (c)	Change (a)-(c)
Loans and bills discounted	4,214.0	4,772.5	(558.4)	4,291.4	(77.4)
Installment receivables	325.1	344.8	(19.7)	330.4	(5.3)
Leased assets, lease receivables and leased investment assets	213.8	226.3	(12.5)	219.9	(6.1)
Securities	2,703.3	2,832.9	(129.5)	3,286.3	(583.0)
Other monetary claims purchased	135.8	228.8	(92.9)	157.0	(21.1)
Other interest earning assets ⁽¹⁾	419.5	674.5	(254.9)	463.1	(43.5)
Trading assets	210.7	217.9	(7.2)	195.3	15.3
Monetary assets held in trust	241.4	281.9	(40.4)	253.6	(12.1)
Goodwill, net	47.5	55.6	(8.1)	49.5	(1.9)
Other intangible assets ⁽²⁾	19.4	24.0	(4.6)	20.5	(1.1)
Other assets	564.6	875.2	(310.6)	587.4	(22.8)
Customer's liabilities for acceptances and guarantees	570.9	609.7	(38.8)	575.7	(4.7)
Reserve for credit losses	(192.5)	(197.7)	5.2	(199.2)	6.6
Total assets	9,473.9	10,947.0	(1,473.0)	10,231.5	(757.5)
Deposits and negotiable certificates of deposit	5,777.3	6,096.4	(319.0)	5,610.6	166.6
Debentures	329.7	457.8	(128.1)	348.2	(18.5)
Borrowed money	594.3	1,234.3	(639.9)	1,672.7	(1,078.4)
Corporate bonds	177.1	163.4	13.7	179.6	(2.4)
Other interest bearing liabilities ⁽³⁾	648.0	605.9	42.0	452.8	195.1
Trading liabilities	160.4	180.2	(19.8)	147.7	12.6
Reserve for losses on interest repayments	36.0	54.3	(18.3)	43.1	(7.1)
Other liabilities	550.2	905.0	(354.8)	589.4	(39.2)
Acceptances and guarantees	570.9	609.7	(38.8)	575.7	(4.7)
Total liabilities	8,844.2	10,307.5	(1,463.3)	9,620.3	(776.1)
Total equity	629.7	639.5	(9.7)	611.1	18.6

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

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

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

Note: Quarterly information is available in the Quarterly Data Book

- Shinsei Bank's loans and bills discounted balance declined to ¥4,214.0 billion as of June 30, 2011 compared to ¥4,291.4 billion as of March 31, 2011.
 - The decrease was mainly due to continued reduction of risk assets including non-core assets by the Institutional Group and also a decrease in the loan balance within our consumer finance subsidiaries due to the impact of the revised Money-Lending Business Control and Regulation Law.
 - However, Retail Banking loans grew steadily to ¥924.3 billion as of June 30, 2011 compared to ¥882.3 billion as of March 31, 2010 and ¥905.7 billion as of March 31, 2011.
 - The pace of decline in the consumer finance loan balance has become less pronounced. Loans to Shinsei Financial's customers were ¥364.8 billion as of June 30, 2011, although they had previously decreased by ¥126.3 billion from ¥512.1 billion as of March 31, 2010 to ¥385.7 billion as of March 31, 2011.
- Securities balance as of June 30, 2011 was ¥2,703.3 billion compared to ¥3,286.3 billion as of March 31, 2011.
 - Investments were made in Japanese national government bonds for liquidity purposes. The total balance of Japanese national government bonds declined to ¥1,955.8 billion as of June 30, 2011 from ¥2,462.6 billion as of March 31, 2011.
- Shinsei Bank continues to optimize its funding base through deposits from retail customers. Total deposits and negotiable certificates of deposit increased from ¥5,610.6 billion as of March 31, 2011 to ¥5,777.3 billion as of June 30, 2011.
 - The retail deposits balance totaled ¥4,794.2 billion as of June 30, 2011, an increase of ¥41.9 billion compared to ¥4,752.2 billion as of March 31, 2011. Retail Banking constitutes 83.1% of the Bank's total funding through customer deposits and debentures.

Risk-Monitored Loans -Table 10- (Consolidated)

	(Billions of yen)				
	June 30 2011 (a)	June 30 2010 (b)	Change (a)-(b)	March 31 2011 (c)	Change (a)-(c)
Loans to bankrupt obligors	14.9	20.4	(5.5)	13.9	1.0
Non-accrual delinquent loans	295.6	334.4	(38.7)	317.9	(22.2)
Loans past due for three months or more	7.0	2.9	4.0	2.2	4.7
Restructured loans	58.7	61.0	(2.2)	60.9	(2.1)
Total (A)	376.4	418.9	(42.5)	395.0	(18.6)
Loans and bills discounted (B)	4,214.0	4,772.5	(558.4)	4,291.4	(77.4)
Ratio to total loans and bills discounted (A / B X 100) (%)	8.93%	8.78%	/	9.21%	/
Reserve for credit losses (C)	192.5	197.7	(5.2)	199.2	(6.6)
Reserve ratio (C / A X 100)	51.1%	47.2%	/	50.4%	/

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

- Risk monitored loans totaled ¥376.4 billion as of June 30, 2011 compared to ¥395.0 billion as of March 31, 2011 and ¥432.3 billion as of March 31, 2010. During the first quarter of fiscal year 2011, risk monitored loans decreased by ¥18.6 billion demonstrating a steady and continuing decline.
- The ratio of risk monitored loans to total loans and bills discounted improved to 8.93%, a decrease of 27 basis points compared to that of March 31, 2011.

Reserve for Credit Losses -Table 11- (Consolidated)

	(Billions of yen)				
	June 30 2011 (a)	June 30 2010 (b)	Change (a)-(b)	March 31 2011 (c)	Change (a)-(c)
General reserve for loan losses	98.4	109.4	(11.0)	102.7	(4.2)
Specific reserve for loan losses	94.0	88.2	5.8	96.4	(2.3)
Reserve for loans to restructuring countries	0.0	0.0	(0.0)	0.0	-
Total reserve for credit losses	192.5	197.7	(5.2)	199.2	(6.6)

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

Loans by Borrower Industry -Table 12- (Consolidated)

	(Billions of yen)				
	June 30 2011 (a)	June 30 2010 (b)	Change (a)-(b)	Mar 31 2011 (c)	Change (a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	235.2	248.7	(13.5)	231.5	3.6
Agriculture and forestry	0.0	0.0	0.0	0.0	0.0
Fishery	2.2	2.4	(0.2)	2.2	-
Mining, quarrying and gravel extraction	0.4	2.4	(2.0)	0.4	(0.0)
Construction	16.9	5.8	11.1	8.3	8.5
Electric power, gas, heat supply and water supply	27.1	30.1	(2.9)	27.1	0.0
Information and communications	15.0	11.1	3.8	12.6	2.4
Transportation and postal service	288.7	282.7	5.9	284.3	4.4
Wholesale and retail	84.8	97.6	(12.7)	101.4	(16.6)
Finance and insurance	704.7	922.7	(217.9)	722.6	(17.9)
Real estate	592.6	766.2	(173.5)	597.4	(4.8)
Services	314.6	261.4	53.2	330.4	(15.7)
Local government	157.5	166.7	(9.1)	158.8	(1.3)
Others	1,713.7	1,896.4	(182.6)	1,752.1	(38.3)
Loans to individual customers (retail banking, Shinsei Financial, Shinki and APLUS FINANCIAL)	1,521.0	1,630.3	(109.3)	1,527.8	(6.7)
Total domestic (A)	4,154.1	4,694.9	(540.7)	4,229.7	(75.6)
Overseas offices (including Japan offshore market accounts):					
Governments	2.2	2.2	0.0	2.2	-
Financial institutions	1.6	2.2	(0.6)	1.6	(0.0)
Others	56.0	73.1	(17.1)	57.7	(1.7)
Total overseas (B)	59.8	77.5	(17.7)	61.6	(1.8)
Total (A+B)	4,214.0	4,772.5	(558.4)	4,291.4	(77.4)

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

	(Billions of yen)								
	June 30, 2011			June 30, 2010			March 31, 2011		
	Book value	Fair value	Unrealized gain (loss)	Book value	Fair value	Unrealized gain (loss)	Book value	Fair value	Unrealized gain (loss)
Items with fair value exceeding book value									
Japanese national government bonds	544.5	549.1	4.6	313.2	318.9	5.6	393.6	397.7	4.0
Japanese corporate bonds	56.1	56.6	0.5	69.4	70.7	1.2	59.5	60.2	0.6
Other	39.1	43.0	3.9	42.5	45.9	3.3	40.1	43.7	3.6
Total	639.8	648.9	9.0	425.3	435.6	10.3	493.3	501.7	8.3
Items with fair value not exceeding book value									
Japanese national government bonds	-	-	-	-	-	-	50.1	50.0	(0.0)
Japanese corporate bonds	-	-	-	-	-	-	-	-	-
Other	10.4	10.1	(0.2)	9.6	8.6	(0.9)	10.4	9.9	(0.4)
Total	10.4	10.1	(0.2)	9.6	8.6	(0.9)	60.6	60.0	(0.5)
Total	650.3	659.0	8.7	434.9	444.3	9.3	553.9	561.7	7.7

Available-for-Sale Securities -Table 14- (Consolidated)

	(Billions of yen)								
	June 30, 2011			June 30, 2010			March 31, 2011		
	Book value (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Book value (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Book value (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)
Items with book value exceeding amortized/acquisition cost									
Equity securities	7.6	5.8	1.7	4.4	3.6	0.8	5.8	4.2	1.6
Domestic bonds	981.6	978.9	2.7	1,608.1	1,599.2	8.9	1,219.6	1,217.9	1.6
Japanese national government bonds	914.7	913.0	1.7	1,523.4	1,515.0	8.4	1,152.2	1,151.3	0.8
Japanese local government bonds	1.7	1.7	0.0	1.8	1.7	0.0	1.7	1.7	0.0
Japanese corporate bonds	65.0	64.1	0.9	82.9	82.4	0.4	65.5	64.8	0.7
Other	83.1	78.8	4.2	140.3	126.6	13.6	88.9	84.7	4.1
Foreign securities	70.1	66.1	4.0	117.8	104.6	13.1	73.0	69.1	3.9
Foreign currency denominated foreign corporate and government bonds	36.4	33.3	3.1	89.6	78.3	11.3	36.7	33.7	2.9
Yen-denominated foreign corporate and government bonds	31.6	31.1	0.5	24.5	24.3	0.2	34.2	33.7	0.5
Foreign equity securities and others	2.0	1.6	0.3	3.6	1.9	1.6	2.1	1.7	0.3
Other securities	1.0	0.9	0.1	1.1	0.9	0.2	1.0	0.9	0.1
Other monetary claims purchased	11.9	11.8	0.0	21.3	21.1	0.2	14.7	14.6	0.1
Total	1,072.4	1,063.6	8.7	1,752.9	1,729.5	23.4	1,314.4	1,306.9	7.5
Items with book value not exceeding amortized/acquisition cost									
Equity securities	7.5	11.7	(4.2)	9.7	14.3	(4.6)	8.9	13.4	(4.5)
Domestic bonds	706.6	712.2	(5.5)	390.9	397.1	(6.1)	1,085.3	1,093.2	(7.8)
Japanese national government bonds	496.5	497.4	(0.9)	153.0	155.0	(1.9)	866.4	869.0	(2.5)
Japanese local government bonds	-	-	-	-	-	-	-	-	-
Japanese corporate bonds	210.0	214.7	(4.6)	237.8	242.0	(4.1)	218.9	224.1	(5.2)
Other	151.6	155.9	(4.3)	156.1	161.6	(5.4)	219.5	223.7	(4.1)
Foreign securities	148.3	152.4	(4.1)	138.0	143.3	(5.3)	204.9	209.0	(4.1)
Foreign currency denominated foreign corporate and government bonds	89.8	92.5	(2.7)	49.2	51.7	(2.5)	145.5	148.9	(3.3)
Yen-denominated foreign corporate and government bonds	54.9	55.5	(0.5)	84.9	86.6	(1.7)	54.8	55.5	(0.6)
Foreign equity securities and others	3.5	4.4	(0.9)	3.8	4.9	(1.0)	4.5	4.5	(0.0)
Other securities	1.0	1.0	-	1.0	1.0	-	1.0	1.0	-
Other monetary claims purchased	2.2	2.4	(0.1)	17.0	17.1	(0.0)	13.6	13.6	(0.0)
Total	865.7	879.9	(14.1)	556.8	573.0	(16.1)	1,313.9	1,330.4	(16.5)
Total	1,938.2	1,943.6	(5.3)	2,309.8	2,302.5	7.2	2,628.3	2,637.4	(9.0)

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

	(Billions of yen)		
	June 30, 2011	June 30, 2010	March 31, 2011
Unrealized gain (loss) before tax on:			
Available-for-sale securities	(5.3)	7.2	(9.0)
The Bank's interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined and other adjustments	(0.0)	0.2	(0.0)
Securities being held to maturity, reclassified from available-for sale in October 2008 under extremely illiquid market conditions	(5.6)	(6.6)	(5.9)
Deferred tax assets (liabilities)	(0.2)	0.0	(0.2)
Unrealized gain (loss) on available-for-sale securities before interest adjustments	(11.2)	0.8	(15.2)
Minority interests	(0.0)	0.0	(0.0)
The Bank's interests in unrealized gain (loss) on available-for-sale securities held by affiliates to which the equity method is applied	0.0	(0.0)	0.0
Unrealized gain (loss) on available-for-sale securities	(11.2)	0.8	(15.2)

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

	(Billions of yen)				
	June 30 2011 (a)	June 30 2010 (b)	Change (a)-(b)	March 31 2011 (c)	Change (a)-(c)
Deposits	5,469.2	5,812.3	(343.1)	5,436.6	32.5
Liquid (current, ordinary, note) deposits	1,468.2	1,555.5	(87.3)	1,476.3	(8.1)
Time deposits ⁽¹⁾	3,637.9	3,971.8	(333.8)	3,602.9	35.0
Other	363.0	284.9	78.0	357.2	5.7
Negotiable certificates of deposits (NCDs)	308.1	284.1	24.0	174.0	134.1
Total	5,777.3	6,096.4	(319.0)	5,610.6	166.6

(1) Includes the two-week maturity deposits

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

Financial Ratios -Table 16- (Consolidated)

	1QFY2011 (3 months)	1QFY2010 (3 months)	FY2010 (12 months)
Return on assets ⁽¹⁾	0.7% ⁽⁴⁾	0.5% ⁽⁴⁾	0.4%
Return on equity ⁽²⁾	13.2% ⁽⁴⁾	12.1% ⁽⁴⁾	8.5%
Return on equity (fully diluted) ⁽³⁾	13.2% ⁽⁴⁾	12.1% ⁽⁴⁾	8.5%
Cash basis return on assets ⁽¹⁾	0.9% ⁽⁴⁾	0.6% ⁽⁴⁾	0.5%
Cash basis return on equity ⁽²⁾	15.1% ⁽⁴⁾	14.6% ⁽⁴⁾	10.7%
Cash basis return on equity (fully diluted) ⁽³⁾	15.1% ⁽⁴⁾	14.6% ⁽⁴⁾	10.7%
Expense-to-revenue ratio ⁽⁵⁾⁽⁶⁾	54.3%	51.8%	48.9%

(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:

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

(3) Return on equity (fully diluted):

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

(4) Annualized basis.

(5) Management accounting basis.

(6) Expense denotes general and administrative expenses.

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

Capital Adequacy Data -Table 17- (Consolidated)⁽¹⁾

	(Billions of yen, except percentages)				
	June 30 2011	June 30 2010	Change	March 31 2011	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Basic items (Tier I)	533.2	506.4	26.8	516.7	16.5
Amount eligible for inclusion in capital (Tier II)	221.5	254.8	(33.2)	231.8	(10.3)
General reserve for loan losses	9.3	10.8	(1.4)	9.4	0.0
Perpetual/non-perpetual preferred stocks and perpetual/non-perpetual subordinated debt and bonds	212.1	243.9	(31.7)	222.4	(10.2)
Deductions	-	-	-	-	-
Deduction	(103.0)	(108.1)	5.1	(98.6)	(4.3)
Total capital ⁽²⁾	651.7	653.0	(1.2)	649.9	1.8
Risk assets	6,559.5	7,276.3	(716.7)	6,653.7	(94.1)
Capital adequacy ratio	9.93%	8.97%		9.76%	
Tier I capital ratio	8.12%	6.95%		7.76%	

(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, ¥11.2 billion net unrealized losses on securities available-for-sale, net of taxes, as of June 30, 2011 and ¥15.2 billion as of March 31, 2011 are not included in BIS capital. Net unrealized gain on securities available-for-sale, net of taxes is recorded as of June 30, 2010.

(2) Consolidated total required capital is ¥471.5 billion as at June 30, 2011, ¥517.5 billion as at June 30, 2010 and ¥469.7 billion as at March 31, 2011.

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

Per Share Data -Table 18- (Consolidated)

	(Yen, except percentages)				
	1QFY2011 (3 months)	1QFY2010 (3 months)	% Change	FY2010 (12 months)	% Change
Common equity	212.70	236.82	(10.2)	205.83	3.3
Fully diluted equity	212.70	236.82	(10.2)	205.83	3.3
Basic net income	6.84	7.06	(3.1)	21.36	
Diluted net income	6.84	7.06	(3.1)	21.36	
Cash basis:					
Basic net income	7.84	8.55	(8.3)	26.96	
Diluted net income	7.84	8.55	(8.3)	26.96	
For calculation of per share data (Does not include treasury shares) :					
Equity:					
Number of common shares ⁽¹⁾	2,653,919,247	1,963,919,247		2,653,919,247	
Fully diluted number of shares ⁽¹⁾	2,653,919,247	1,963,919,247		2,653,919,247	
Net income:					
Number of common shares ⁽²⁾	2,653,919,247	1,963,919,247		1,996,056,234	
Fully diluted number of shares ⁽²⁾	2,653,919,247	1,963,919,247		1,996,056,234	

(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

Consolidated net income improved from ¥13.8 billion in the first quarter of fiscal year 2010 to ¥18.1 billion in the first quarter of fiscal year 2011. However, Shinsei Bank issued 690 million new shares through an international offering in March 2011. As a result, the diluted net income per share for

the first quarter of fiscal year 2011 decreased to ¥6.84 from ¥7.06 in the first quarter of fiscal year 2010. Cash basis diluted net income per share for the first quarter of fiscal year 2011 fell to ¥7.84 from ¥8.55 in the first quarter of fiscal year 2010.

Business Lines Results -Table 19- (Consolidated)

	(Billions of yen, except percentages)			
	1QFY2011 (3 months)	1QFY2010 (3 months)	% Change	FY2010 (12 months)
Institutional Group:				
Net interest income	6.2	8.1	(23.4)	34.0
Non-interest income	14.0	9.7	44.8	39.5
Total revenue	20.3	17.8	13.7	73.5
General and administrative expenses	6.2	6.9	(10.4)	27.2
Ordinary business profit	14.1	10.9	29.0	46.3
Net credit (recoveries) costs	(0.4)	3.6	(111.6)	37.9
Ordinary business profit after net credit costs (recoveries)	14.5	7.3	98.6	8.3
Global Markets Group:				
Net interest income	(1.1)	2.1	(151.2)	9.2
Non-interest income	2.0	5.8	(64.9)	54.3
Total revenue	0.9	8.0	(88.2)	63.6
General and administrative expenses	2.7	3.2	(15.7)	12.1
Ordinary business profit	(1.7)	4.7	(137.1)	51.5
Net credit (recoveries) costs	(1.2)	(1.5)	20.5	1.4
Ordinary business profit (loss) after net credit costs (recoveries)	(0.5)	6.3	(108.9)	50.1
Individual Group:				
Net interest income	26.9	35.7	(24.6)	117.3
Non-interest income	10.0	9.9	1.0	39.8
Total revenue	36.9	45.6	(19.1)	157.1
General and administrative expenses	22.8	27.2	(15.9)	104.5
Ordinary business profit	14.0	18.4	(23.7)	52.6
Net credit costs	3.7	11.5	(68.0)	28.6
Ordinary business profit after net credit costs	10.3	6.8	51.4	24.0
Corporate/Other⁽¹⁾:				
Net interest income (loss)	(0.7)	(1.4)	46.2	(4.0)
Non-interest income	(0.0)	0.3	(107.0)	1.7
Total revenue	(0.7)	(1.0)	23.6	(2.2)
General and administrative expenses	(0.6)	(0.8)	26.8	(1.0)
Ordinary business profit	(0.1)	(0.1)	5.6	(1.2)
Net credit costs	0.0	0.1	(39.1)	0.4
Ordinary business profit (loss) after net credit costs	(0.2)	(0.2)	20.2	(1.6)
Total:				
Net interest income	31.2	44.6	(29.9)	156.6
Non-interest income	26.1	25.8	0.9	135.4
Total revenue	57.4	70.4	(18.6)	292.1
General and administrative expenses	31.1	36.4	(14.6)	142.8
Ordinary business profit	26.2	34.0	(22.8)	149.2
Net credit costs	2.1	13.8	(84.4)	68.3
Ordinary business profit after net credit costs	24.0	20.1	19.3	80.8

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

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

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

	(Billions of yen, except percentages)			
	1QFY2011 (3 months)	1QFY2010 (3 months)	% Change	FY2010 (12 months)
Institutional Business :				
Net interest income	2.3	2.2	3.9	9.3
Non-interest income	0.3	0.3	9.8	1.4
Total revenue	2.7	2.5	4.6	10.7
General and administrative expenses	1.4	1.6	(9.4)	6.2
Ordinary business profit	1.2	0.9	27.6	4.4
Net credit (recoveries) costs	(1.1)	(0.8)	(24.2)	(0.1)
Ordinary business profit after net credit costs (recoveries)	2.3	1.8	26.0	4.6
Structured Finance:				
Net interest income	4.1	5.8	(29.1)	21.4
Non-interest income	0.6	0.9	(33.6)	1.1
Total revenue	4.7	6.7	(29.7)	22.5
General and administrative expenses	1.2	1.5	(21.1)	5.8
Ordinary business profit	3.5	5.2	(32.2)	16.7
Net credit costs	2.0	5.7	(64.9)	39.0
Ordinary business profit after net credit costs	1.5	(0.4)	440.5	(22.2)
Principal Transactions:				
Net interest income (loss)	0.5	(0.2)	302.9	2.8
Non-interest income	1.0	1.8	(43.9)	5.7
Total revenue	1.6	1.5	2.5	8.5
General and administrative expenses	0.9	1.1	(15.4)	4.2
Ordinary business profit	0.6	0.4	49.5	4.3
Net credit costs	0.1	(0.2)	164.9	(0.6)
Ordinary business profit after net credit costs	0.5	0.6	(19.4)	4.9
Showa Leasing:				
Net interest income (loss)	(0.9)	(0.7)	(16.7)	(3.1)
Non-interest income	4.3	4.5	(4.7)	18.5
Total revenue	3.4	3.7	(9.1)	15.3
General and administrative expenses	1.8	2.0	(5.4)	8.0
Ordinary business profit	1.5	1.7	(13.3)	7.2
Net credit (recoveries) costs	(1.8)	0.5	(454.9)	3.4
Ordinary business profit after net credit costs (recoveries)	3.3	1.2	170.0	3.8
Others:				
Net interest income	0.0	1.0	(96.4)	3.6
Non-interest income	7.7	2.0	280.7	12.6
Total revenue	7.7	3.0	150.6	16.3
General and administrative expenses	0.6	0.6	7.3	2.8
Ordinary business profit	7.0	2.4	186.0	13.4
Net credit costs	0.3	(1.5)	126.3	(3.8)
Ordinary business profit after net credit costs	6.6	3.9	67.5	17.2
Institutional Group:				
Net interest income	6.2	8.1	(23.4)	34.0
Non-interest income	14.0	9.7	44.8	39.5
Total revenue	20.3	17.8	13.7	73.5
General and administrative expenses	6.2	6.9	(10.4)	27.2
Ordinary business profit	14.1	10.9	29.0	46.3
Net credit (recoveries) costs	(0.4)	3.6	(111.6)	37.9
Ordinary business profit after net credit costs (recoveries)	14.5	7.3	98.6	8.3

(1) Net of consolidation adjustments, if applicable.

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

Institutional Group:

- As of April 1, 2011, Shinsei Bank has implemented organizational changes as part of its efforts to achieve an even more appropriate provision of financial products and services that meet customer needs, by building a more strategic and systematic business promotion structure for growth businesses centered around institutional customers. To better serve our customers, the structure of the existing Institutional Group and Markets and Investment Banking Group has been reorganized into a newly defined Institutional Group and a newly established Global Markets Group. The Institutional Group focuses primarily on corporate and public sector finance and advisory business, while the Global Markets Group concentrates on financial markets business and serving financial institution clients.
- The Institutional Group consists of 1) Institutional Business Sub-Group which provides financial products and services for the corporate and public sector; 2) Structured Finance Sub-Group which covers real estate finance and specialty finance; 3) Principal Transactions Sub-Group which covers credit trading and private equity business and 4) other sub-groups including Showa Leasing, advisory business and asset-backed investment.

Revenue

- The Institutional Group business recorded total revenue of ¥20.3 billion in the first quarter of fiscal year 2011, an increase of ¥2.4 billion from ¥17.8 billion in the first quarter of fiscal year 2010.
- The Institutional Business Sub-Group generated total revenue of ¥2.7 billion in the first quarter of fiscal year 2011, compared to ¥2.5 billion in the first quarter of fiscal year 2010. In order to rebuild our client base, the Institutional Business Sub-Group focused on areas such as health care and corporate restructuring business where the Bank can demonstrate its strength and put efforts into identifying new outlets for corporate lending, and also promoted cross-selling with clients on the other hand. As a result, total revenue improved despite the stagnant economy after the Great East Japan Earthquake.
- The Structured Finance Sub-Group recorded total revenue of ¥4.7 billion in the first quarter of fiscal year 2011, compared to ¥6.7 billion in the first quarter of fiscal year 2010. The revenue declined because ¥1.0 billion of impairment was recognized for bonds related to real estate non-recourse finance and interest income declined as real estate finance had been scaled down in previous periods to optimize risk weighted assets. However, new loans were disbursed in Specialty Finance, contributing to asset replacement in the first quarter of fiscal year 2011.
- The Principal Transactions Sub-Group recorded total revenue of ¥1.6 billion in the first quarter of fiscal year 2011 from ¥1.5 billion in the first quarter of fiscal year 2010. Credit trading, one of our core businesses, helped contribute to total revenue.

- Other Institutional Group sub-groups recorded total revenue of ¥7.7 billion. This included gains of ¥6.3 billion, net of withholding tax from sales of foreign equities which had been classified as non-core assets.

Expenses

- Administrative expenses were ¥6.2 billion in the first quarter of fiscal year 2011, reduced by ¥0.6 billion from ¥6.9 billion in the first quarter of fiscal year 2010. The decrease was chiefly due to scale-downs and exits from non-core business and cost controls in each section. However, the Bank put financial resources into areas such as health care and corporate restructuring businesses where it can demonstrate its strength to rebuild the client base.

Net credit costs

- Net credit costs showed net recoveries of ¥0.4 billion in the first quarter of fiscal year 2011, an increase from costs of ¥3.6 billion in the first quarter of fiscal year 2010. The bank made reversals of provision for bad debts due to continued divestiture of non-core assets to mitigate potential risks, and strict credit management and collection from unprofitable obligors. In addition, the Structured Finance Sub-Group recognized ¥1.8 billion of additional costs in domestic real estate non-recourse finance in the first quarter of fiscal year 2011; however, the amount was considerably lower than the ¥5.1 billion recorded in the first quarter of fiscal year 2010.
- From the first quarter of fiscal year 2011, credit costs include recoveries of written-off claims. Excluding recoveries of written-off claims, credit costs were gains of ¥0.3 billion for the overall Institutional Group. For the domestic real estate non-recourse finance business, net credit costs were ¥1.9 billion.

Ordinary business profit after net credit costs

- As a result, the Institutional Group recorded an ordinary business profit after net credit costs of ¥14.5 billion in the first quarter of fiscal year 2011, an increase of ¥7.2 billion from ¥7.3 billion in the first quarter of fiscal year 2010.

Showa Leasing

- Showa Leasing recorded ¥3.3 billion of ordinary business profit after net credit costs including consolidation adjustments, improved from ¥1.2 billion in the first quarter of fiscal year 2010.
- Total revenue decreased to ¥3.4 billion in the first quarter of fiscal year 2011 from ¥3.7 billion in the first quarter of fiscal year 2010 as operating assets declined under the stagnant economy. On the other hand, a decrease in credit costs improved ordinary business profit after net credit costs as net credit costs showed ¥1.8 billion in recoveries in the first quarter of fiscal year 2011 from ¥0.5 billion of costs in the first quarter of fiscal year 2010 due to strict credit management and the decrease in operating assets.

Global Markets Group Revenue by Product -Table 21- (Consolidated)

(Billions of yen, except percentages)

	1QFY2011 (3 months)	1QFY2010 (3 months)	% Change	FY2010 (12 months)
Financial Institutions:				
Net interest income	0.3	0.3	17.5	1.2
Non-interest income	0.3	0.2	34.5	1.3
Total revenue	0.7	0.5	24.9	2.6
General and administrative expenses	0.5	0.6	(15.0)	2.5
Ordinary business profit (loss)	0.1	(0.1)	228.4	0.0
Net credit costs	0.2	(1.2)	119.9	(0.8)
Ordinary business profit (loss) after net credit costs	(0.1)	1.1	(109.9)	0.9
Markets:				
Net interest income	0.2	1.0	(72.0)	2.6
Non-interest income	0.6	1.7	(66.0)	9.8
Total revenue	0.9	2.8	(68.2)	12.5
General and administrative expenses	0.8	1.2	(36.0)	4.6
Ordinary business profit	0.0	1.5	(94.1)	7.8
Net credit (recoveries) costs	(1.2)	(0.3)	(242.8)	1.5
Ordinary business profit after net credit costs (recoveries)	1.3	1.9	(32.6)	6.3
Treasury:				
Net interest income (loss)	(1.8)	0.6	(378.7)	4.8
Non-interest income	0.5	3.5	(84.2)	40.9
Total revenue	(1.3)	4.1	(131.2)	45.8
General and administrative expenses	0.2	0.2	(8.1)	1.1
Ordinary business profit (loss)	(1.5)	3.8	(140.6)	44.6
Net credit costs	0.0	0.0	0.0	0.0
Ordinary business profit (loss) after net credit costs	(1.5)	3.8	(140.6)	44.6
Others:				
Net interest income	0.0	0.1	(43.0)	0.5
Non-interest income	0.5	0.3	81.1	2.1
Total revenue	0.6	0.4	44.7	2.7
General and administrative expenses	1.0	0.9	7.4	3.7
Ordinary business profit (loss)	(0.4)	(0.5)	21.7	(1.0)
Net credit (recoveries) costs	(0.2)	0.1	(359.2)	0.7
Ordinary business profit (loss) after net credit costs (recoveries)	(0.1)	(0.6)	73.8	(1.7)
Global Markets Group:				
Net interest income	(1.1)	2.1	(151.2)	9.2
Non-interest income	2.0	5.8	(64.9)	54.3
Total revenue	0.9	8.0	(88.2)	63.6
General and administrative expenses	2.7	3.2	(15.7)	12.1
Ordinary business profit (loss)	(1.7)	4.7	(137.1)	51.5
Net credit (recoveries) costs	(1.2)	(1.5)	20.5	1.4
Ordinary business profit (loss) after net credit costs (recoveries)	(0.5)	6.3	(108.9)	50.1

(1) Net of consolidation adjustments, if applicable.

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

Global Markets Group:

The Global Markets Group consists of 1) Financial Institutions Sub-Group which provides financial products and services for financial institutions, 2) Markets Sub-Group which deals with foreign exchange, derivatives and other capital markets business, 3) Treasury Sub-Group which provides ALM related transactions, and 4) other sub-groups which cover asset management and wealth management, and Shinsei Securities' businesses.

Revenue

- The Global Markets Group generated total revenue of ¥0.9 billion in the first quarter of fiscal year 2011, declining by ¥7.0 billion from ¥8.0 billion in the first quarter of fiscal year 2010.
- The Financial Institutions Sub-Group's total revenue was ¥0.7 billion in the first quarter of fiscal year 2011, improving from ¥0.5 billion in the first quarter of fiscal year 2010. Non-interest income from transactions with clients contributed to the total revenue positively.
- The Markets Sub-Group earned total revenue of ¥0.9 billion in the first quarter of fiscal year 2011, decreasing from ¥2.8 billion in the first quarter of fiscal year 2010. Total revenue decreased because net interest income fell from cutting non-core assets and the financial markets stagnated after the Great East Japan Earthquake.
- The Treasury Sub-Group recorded a loss of ¥1.3 billion in the first quarter of fiscal year 2011, compared to ¥4.1 billion in revenue in the first quarter of fiscal year 2010. In this quarter, there were no gains recorded through repurchase of subordinated debt, and only limited gains from JGB trading. By contrast, in the first quarter of fiscal year 2010, the Treasury Sub-Group traded Japanese government bonds frequently to facilitate liquidity management and earned gain on sales, and also recorded ¥1.2 billion of gains on repurchases of subordinated debt.

- Other Global Markets Sub-groups earned ¥0.6 billion in the first quarter of fiscal year 2011, compared to ¥0.4 billion in the first quarter of fiscal year 2010.

Expenses

- The Global Markets Group reduced general and administrative expenses by ¥0.5 billion from ¥3.2 billion in the first quarter of fiscal year 2010 to ¥2.7 billion in the first quarter of fiscal year 2011. The decrease was largely due to scale-down and withdrawals from non-core businesses and also continuous cost rationalization and efficiency improvements implemented by the overall group.

Net credit costs

- Net credit costs showed net reversals of ¥1.2 billion in the first quarter of fiscal year 2011, compared to gains of ¥1.5 billion in the first quarter of fiscal year 2010.
- In the first quarter of fiscal year 2010, the Global Markets Group earned ¥1.5 billion of reversals from cutting non-core assets to mitigate potential risks and recorded a reversal in provisions for these assets in the first quarter of fiscal year 2011 too. However, while the pace of non-core asset reduction in fiscal year 2010 was ahead of the Medium-Term Management Plan, the amount of the reversals recorded in the first quarter of fiscal year 2011 was lower than the same period of the previous fiscal year.
- Credit costs include recoveries of written-off claims from the first quarter of fiscal year 2011. Excluding recoveries of written-off claims, credit costs showed net reversal gains of ¥0.6 billion in the first quarter of fiscal year 2011.

Ordinary business profit after net credit costs

- As a result, the Global Markets Group recorded a ¥0.5 billion ordinary business loss after net credit costs in the first quarter of fiscal year 2011, compared with a ¥6.3 billion ordinary business profit after net credit costs in the first quarter of fiscal year 2010.

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

(Billions of yen, except percentages)

	1QFY2011 (3 months)	1QFY2010 (3 months)	% Change	FY2010 (12 months)
Retail banking:				
Net interest income	8.1	8.5	(5.4)	33.8
Non-interest income	2.2	2.4	(6.3)	9.5
Total revenue	10.3	11.0	(5.6)	43.3
General and administrative expenses	7.8	8.0	(2.2)	33.1
Ordinary business profit	2.5	2.9	(14.6)	10.1
Net credit costs (recoveries)	0.2	0.7	(71.9)	2.5
Ordinary business profit after net credit costs	2.3	2.1	6.5	7.5
(Reference) Revenue from structured deposits	1.3	1.5	(9.0)	6.2
Shinsei Financial:				
Net interest income	12.6	18.3	(31.2)	64.1
Non-interest income (loss)	(1.0)	(1.2)	15.8	(5.1)
Total revenue	11.5	17.1	(32.3)	58.9
General and administrative expenses	6.6	8.7	(23.7)	33.4
Ordinary business profit	4.8	8.3	(41.4)	25.4
Net credit costs	(0.3)	5.7	(106.6)	7.7
Ordinary business profit after net credit costs	5.2	2.5	105.2	17.7
Shinki:				
Net interest income	2.3	3.3	(30.8)	11.7
Non-interest income (loss)	(0.1)	(0.3)	48.1	(1.0)
Total revenue	2.1	3.0	(29.1)	10.7
General and administrative expenses	0.9	1.4	(30.4)	4.6
Ordinary business profit	1.1	1.6	(27.9)	6.1
Net credit costs (recoveries)	0.0	0.8	(94.0)	3.6
Ordinary business profit after net credit costs	1.1	0.7	48.4	2.4
APLUS FINANCIAL:				
Net interest income	3.4	5.0	(33.0)	14.4
Non-interest income	8.9	9.0	(1.0)	36.3
Total revenue	12.3	14.1	(12.6)	50.8
General and administrative expenses	7.2	8.9	(18.6)	32.8
Ordinary business profit	5.0	5.2	(2.3)	18.0
Net credit costs	3.7	3.9	(6.1)	13.8
Ordinary business profit after net credit costs	1.3	1.2	10.0	4.2
Others ⁽²⁾:				
Net interest income	0.4	0.3	38.4	(6.8)
Non-interest income	0.0	0.0	(12.0)	0.1
Total revenue	0.4	0.3	31.9	(6.7)
General and administrative expenses	0.0	0.0	8.8	0.4
Ordinary business profit	0.3	0.2	39.1	(7.1)
Net credit costs	0.0	0.1	(46.1)	0.8
Ordinary business profit after net credit costs	0.2	0.0	190.2	(7.9)
Total Individual Group:				
Net interest income	26.9	35.7	(24.6)	117.3
Non-interest income	10.0	9.9	1.0	39.8
Total revenue	36.9	45.6	(19.1)	157.1
General and administrative expenses	22.8	27.2	(15.9)	104.5
Ordinary business profit	14.0	18.4	(23.7)	52.6
Net credit costs	3.7	11.5	(68.0)	28.6
Ordinary business profit after net credit costs	10.3	6.8	51.4	24.0

(1) Net of consolidation adjustments, if applicable.

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

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

Individual Group Revenue by Product/Entity - Table 23- (Consolidated)⁽¹⁾*(Billions of yen, except percentages)*

	1QFY2011 (3 months)	1QFY2010 (3 months)	% Change	FY2010 (12 months)
Retail Banking:	10.3	11.0	(5.6)	43.3
Deposits and debentures net interest income	5.8	6.4	(9.6)	24.9
Deposits and debentures non-interest income	1.3	1.4	(2.1)	5.8
Asset management	1.2	1.2	(1.0)	4.5
Loans	1.9	1.9	2.2	7.9
(Reference) Revenue from structured deposits	1.3	1.5	(9.0)	6.2
Shinsei Financial	11.5	17.1	(32.3)	58.9
Shinki	2.1	3.0	(29.1)	10.7
APLUS FINANCIAL	12.3	14.1	(12.6)	50.8
Others ⁽²⁾	0.4	0.3	31.9	(6.7)
Total revenue	36.9	45.6	(19.1)	157.1

(1) Net of consolidation adjustments, if applicable.

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

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

- The Individual Group consists of the Retail Banking business as well as the subsidiaries Shinsei Financial, Shinki, APLUS FINANCIAL and Shinsei Property Finance.
- Individual Group's ordinary business profit after net credit costs increased to ¥10.3 billion in the first quarter of fiscal year 2011 compared to ¥6.8 billion in the first quarter of fiscal year 2010. The ordinary business profit after net credit costs of Retail Banking, Shinsei Financial, Shinki and APLUS FINANCIAL for the first quarter of fiscal year 2011 was at the same level or above their respective performance in the first quarter of fiscal year 2010.
- Revenue decreased due to the decrease in loan balance caused by the revised Money-Lending Business Control and Regulation Law. As this was anticipated earlier, business was appropriately scaled down to reduce expenses. Also, we were able to greatly reduce net credit costs by implementing strict credit management and establishing a strong structure for loan collections. This together with the income-linked borrowing limitation regulation implemented last year helped improve credit quality. In addition to the above, the decrease in loan balance also helped in reducing the net credit costs resulting in an increase in ordinary business profit after net credit costs.

Retail Banking

- Total revenue of Retail Banking decreased to ¥10.3 billion in the first quarter of fiscal year 2011 from ¥11.0 billion in the first quarter of fiscal year 2010. Net interest income decreased to ¥8.1 billion in the first quarter of fiscal year 2011 from ¥8.5 billion in the first quarter of fiscal year 2010. Although the housing loan balance increased resulting in an increase in net interest income from housing loans, due to prevailing low interest rates the net interest income from deposits decreased. Non-interest income decreased to ¥2.2 billion in the first quarter of fiscal year 2011 from ¥2.4 billion in the first quarter of fiscal year 2010. This decrease was due to lower fee income from investment products such as structured deposits caused by the stagnant market conditions following the Great East Japan Earthquake.
- Due to continued rationalization and efficient business processes, general and administrative expenses decreased to ¥7.8 billion in the first quarter of fiscal year 2011 compared to ¥8.0 billion in the first quarter of fiscal year 2010.
- Net credit costs decreased to ¥0.2 billion in the first quarter of fiscal year 2011 compared to ¥0.7 billion in the first quarter of fiscal year 2010. As a result, the ordinary business profit after net credit costs was ¥2.3 billion in the first quarter of fiscal year 2011 compared to an ordinary business profit after net credit costs of ¥2.1 billion in the first quarter of fiscal year 2010.
- Net credit costs for the first quarter of fiscal year 2011 included ¥2.0 billion from recoveries of written off-claims. Excluding recoveries of written off-claims, the ordinary business profit after net credit costs for the first quarter of fiscal year 2011 was ¥3.2 billion which was still higher than ¥2.5 billion in the first quarter of fiscal year 2010.
- Although the loan balance of Shinsei Financial decreased by ¥126.3 billion from ¥512.1 billion as of March 31, 2010 to ¥385.7 billion as of March 31, 2011, the loan balance as of June 30, 2011 was ¥364.8 billion, showing that the rate of decrease has become gradually less pronounced.

Shinki

- The ordinary business profit after net credit costs of Shinki after related consolidation adjustments was ¥1.1 billion in the first quarter of fiscal year 2011 compared to ¥0.7 billion in the first quarter of fiscal year 2010. Revenue of Shinki similar to Shinsei Financial decreased due to the decrease in loan balance caused by the revised Money-Lending Business Control and Regulation Law. However the decrease in revenue was offset by the decrease in expense and credit costs.
- Net credit costs for the first quarter of fiscal year 2011 included ¥0.2 billion from recoveries of written off-claims. Excluding recoveries of written off-claims, the ordinary business profit after net credit costs for the first quarter of fiscal year 2011 was ¥0.8 billion which was still higher than ¥0.7 billion in the first quarter of fiscal year 2010.

Shinsei Financial

- The ordinary business profit after net credit costs of Shinsei Financial after related consolidation adjustments was ¥5.2 billion in the first quarter of fiscal year 2011 compared to ¥2.5 billion in the first quarter of fiscal year 2010.

APLUS FINANCIAL

- The ordinary business profit after net credit costs of APLUS FINANCIAL after the related consolidation adjustments was ¥1.3 billion in the first quarter of fiscal year 2011, compared to ¥1.2 billion in the first quarter of

fiscal year 2010. Revenue decreased to ¥12.3 billion in the first quarter of fiscal year 2011, compared to ¥14.1 billion in the first quarter of fiscal year 2010 due to the decrease in loan balance caused by the revised Money-Lending Business Control and Regulation Law. However, due to continued rationalization and efficient business processes, general and administrative expenses decreased to ¥7.2 billion in the first quarter of fiscal year 2011 from ¥8.9 billion in the first quarter of fiscal year 2010. Also, due to strict credit management, net credit costs decreased to ¥3.7 billion in the first quarter of fiscal year 2011 from ¥3.9 billion in the first quarter of fiscal year 2010.

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

Grey Zone Payments and Write-offs

- Shinsei Financial's usage of reserves for grey zone payments and write-offs, and reversal of grey zone reserves amounted to ¥2.7 billion and ¥0.1 billion, respectively, in the first quarter of fiscal year 2011. The business made an additional reserve of ¥0.8 billion for

grey zone payments resulting in a total balance of ¥15.9 billion for grey zone reserves as of June 30, 2011 compared to ¥18.0 billion as of March 31, 2011. The Shinsei Financial purchase agreement from GE includes an indemnity from GE that provides protection for potential losses beyond ¥203.9 billion from the majority of the legacy accounts with grey zone interest exposure.

- Shinki's usage of reserve for grey zone payments and write-offs amounted to ¥3.2 billion in the first quarter of fiscal year 2011. The business made no additional reserves for grey zone related payments resulting in a total balance of ¥10.2 billion for grey zone reserves as of June 30, 2011 compared to ¥13.4 billion as of March 31, 2011.
- APLUS FINANCIAL's usage of reserve for grey zone payments and write-offs amounted to ¥1.8 billion in the first quarter of fiscal year 2011. The business made no additional reserves for grey zone related payments resulting in a total balance of ¥9.8 billion for grey zone reserves as of June 30, 2011 compared to ¥11.7 billion as of March 31, 2011.

Segment Information

Names	Major businesses
Institutional Group:	
Institutional Business	"Institutional Business" provides financial products and services for corporations and the public sector.
Structured Finance	The "Structured Finance Sub-Group" provides real estate finance business, financial products and services to corporations including construction and real estate companies, specialty finance and trust businesses.
Principal Transactions	The "Principal Transactions Sub-Group" provides credit trading business.
Showa Leasing	"Showa Leasing" primarily provides leasing related financial products and services.
Other Institutional Group	The "Other Institutional Group" consists of the asset-backed investment business and advisory business.
Global Markets Group:	
Financial Institutions	"Financial Institutions" provides financial products and services for financial institutions.
Markets	The "Markets Sub-Group" is engaged in foreign exchange, derivatives, equity related, and other capital markets transactions.
Treasury	The "Treasury Sub-Group" provides ALM related transactions.
Other Global Markets Group	The "Other Global Markets Group" consists of the profit and loss attributable to Shinsei Securities, alternative investment, asset management business wealth management, and other products and services in the Global Markets Group.
Individual Group:	
Retail Banking	The "Retail Banking Sub-Group" provides financial products and services for retail customers.
Shinsei Financial	"Shinsei Financial" provides consumer finance products and services and guarantee business.
APLUS FINANCIAL	"APLUS FINANCIAL" provides installment sales credit, credit cards, guarantees, financing and settlement services.
Other Individual Group	The "Other Individual Group" consists of profit and loss attributable to the Consumer Finance Sub-Group and other subsidiaries and affiliates.

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

	June 30 2011 a	June 30 2010 b	Change a-b	March 31 2011 c	Change a-c
<<Assets>>					
Cash and due from banks	371,416	655,481	(284,064)	452,751	(81,335)
Call loans	12,066	13,928	(1,862)	-	12,066
Collateral related to securities borrowing transactions	36,086	5,152	30,933	10,388	25,697
Other monetary claims purchased	135,857	228,849	(92,991)	157,006	(21,149)
Trading assets	210,703	217,954	(7,250)	195,396	15,306
Monetary assets held in trust	241,499	281,950	(40,451)	253,688	(12,188)
Securities	2,703,335	2,832,927	(129,591)	3,286,382	(583,046)
Loans and bills discounted	4,214,022	4,772,520	(558,498)	4,291,462	(77,440)
Foreign exchanges	29,792	17,412	12,380	42,069	(12,277)
Lease receivables and leased investment assets	199,569	208,861	(9,291)	206,216	(6,647)
Other assets	779,518	1,124,933	(345,415)	794,798	(15,279)
Premises and equipment	50,584	51,537	(953)	50,099	485
Intangible fixed assets	92,836	106,045	(13,208)	96,013	(3,176)
Goodwill, net	47,532	55,687	(8,154)	49,526	(1,993)
Deferred issuance expenses for debentures	172	179	(7)	182	(10)
Deferred tax assets	18,099	17,299	800	18,603	(503)
Customers' liabilities for acceptances and guarantees	570,959	609,780	(38,820)	575,700	(4,741)
Reserve for credit losses	(192,527)	(197,728)	5,200	(199,211)	6,683
Total assets	9,473,992	10,947,087	(1,473,094)	10,231,548	(757,556)

Liabilities and Equity

(Millions of yen)

	June 30 2011 a	June 30 2010 b	Change a-b	March 31 2011 c	Change a-c
<<Liabilities>>					
Deposits	5,469,222	5,812,349	(343,126)	5,436,640	32,581
Negotiable certificates of deposit	308,152	284,103	24,048	174,046	134,105
Debentures	329,720	457,889	(128,169)	348,270	(18,550)
Call money	140,321	180,463	(40,141)	160,330	(20,008)
Collateral related to securities lending transactions	468,068	399,850	68,217	269,697	198,370
Trading liabilities	160,419	180,245	(19,826)	147,787	12,632
Borrowed money	594,338	1,234,327	(639,989)	1,672,790	(1,078,451)
Foreign exchanges	13	185	(171)	39	(26)
Short-term corporate bonds	39,600	25,500	14,100	22,800	16,800
Corporate bonds	177,125	163,417	13,707	179,611	(2,485)
Other liabilities	538,796	894,087	(355,291)	569,362	(30,566)
Accrued employees' bonuses	2,354	3,051	(697)	8,084	(5,730)
Accrued directors' bonuses	12	42	(29)	38	(25)
Reserve for employees' retirement benefits	8,279	7,048	1,230	11,016	(2,737)
Reserve for directors' retirement benefits	212	241	(29)	285	(72)
Reserve for losses on interest repayments	36,028	54,366	(18,338)	43,199	(7,170)
Reserve for losses on disposal of premises and equipment	-	66	(66)	-	-
Reserve under special law	1	3	(2)	1	-
Deferred tax liabilities	609	540	68	690	(81)
Acceptances and guarantees	570,959	609,780	(38,820)	575,700	(4,741)
Total liabilities	8,844,236	10,307,562	(1,463,326)	9,620,394	(776,157)
<<Equity>>					
Shareholders' equity:					
Capital stock	512,204	476,296	35,907	512,204	-
Capital surplus	79,461	43,554	35,907	79,461	-
Retained earnings	70,598	26,315	44,283	55,087	15,511
Treasury stock, at cost	(72,558)	(72,558)	-	(72,558)	-
Total shareholders' equity	589,706	473,607	116,098	574,195	15,511
Accumulated other comprehensive income:					
Unrealized gain (loss) on available-for-sale securities	(11,224)	869	(12,093)	(15,225)	4,001
Deferred gain (loss) on derivatives under hedge accounting	(11,387)	(6,420)	(4,966)	(10,197)	(1,189)
Foreign currency translation adjustments	(2,582)	(2,960)	377	(2,511)	(71)
Total accumulated other comprehensive income	(25,194)	(8,512)	(16,682)	(27,935)	2,740
Stock acquisition rights	1,364	1,598	(233)	1,413	(48)
Minority interests in subsidiaries	63,879	172,830	(108,950)	63,481	398
Total equity	629,756	639,524	(9,768)	611,154	18,601
Total liabilities and equity	9,473,992	10,947,087	(1,473,094)	10,231,548	(757,556)

Consolidated Statements of Income (Unaudited) (Consolidated)*(millions of yen, except percentages)*

	1QFY2011 (3 months)	1QFY2010 (3 months)	Change		FY2010 (12 months)
			Amount	%	
Total interest income	42,635	58,365	(15,730)	(27.0)	207,137
Interest on loans and bills discounted	37,018	50,063	(13,045)	(26.1)	178,579
Interest and dividends on securities	5,179	6,696	(1,517)	(22.7)	23,857
Other interest income	437	1,604	(1,167)	(72.8)	4,701
Fees and commissions income	12,744	12,389	355	2.9	49,112
Trading profits	4,963	8,036	(3,072)	(38.2)	14,506
Other business income	45,027	40,796	4,230	10.4	180,209
Other ordinary income	13,009	3,524	9,484	269.1	14,856
Ordinary income	118,381	123,113	(4,732)	(3.8)	465,823
Total interest expenses	11,356	13,763	(2,407)	(17.5)	50,475
Interest on deposits	7,464	9,719	(2,254)	(23.2)	33,950
Interest on borrowings	1,438	1,807	(368)	(20.4)	7,098
Interest on corporate bonds	1,436	1,103	332	30.1	5,504
Other interest expenses	1,016	1,133	(116)	(10.2)	3,920
Fees and commissions expenses	5,620	6,339	(718)	(11.3)	23,080
Trading losses	1,426	4,221	(2,795)	(66)	2,857
Other business expenses	37,478	26,792	10,686	39.9	118,612
Total general and administrative expenses	34,845	40,524	(5,679)	(14.0)	158,459
General and administrative expenses	31,736	37,101	(5,364)	(14.5)	145,360
Amortization of goodwill	1,993	2,189	(196)	(9.0)	8,371
Amortization of intangible assets	1,115	1,233	(118)	(9.6)	4,728
Other ordinary expenses	7,346	15,324	(7,978)	(52.1)	87,895
Provision of reserve for loan losses	4,517	10,741	(6,223)	(57.9)	61,718
Others	2,828	4,583	(1,755)	(38.3)	26,176
Ordinary expenses	98,073	106,966	(8,892)	(8.3)	441,381
Net ordinary income	20,307	16,147	4,160	25.8	24,441
Special gains	197	4,013	(3,816)	(95.1)	45,847
Special losses	265	4,017	(3,751)	(93.4)	12,507
Income before income taxes and minority interests	20,238	16,142	4,095	25.4	57,782
Income taxes (benefit):					
Current	1,003	263	740	281.4	1,993
Deferred	62	(509)	571	112.2	5,229
Total income taxes (benefit)	1,066	(245)	1,312	535.5	7,223
Income before minority interests	19,172	16,388	2,783	17	50,558
Minority interests in net income of subsidiaries	1,006	2,511	(1,504)	(59.9)	7,908
Net income	18,165	13,877	4,288	30.9	42,650

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

	1QFY2011 (3 months)	1QFY2010 (3 months)	Change	
			Amount	%
Income before minority interests	19,172	16,388	2,783	17.0
Other comprehensive income				
Unrealized gain (loss) on available-for-sale securities	3,983	(592)	4,576	773.0
Deferred gain (loss) on derivatives under hedge accounting	(1,189)	(3,093)	1,903	61.5
Foreign currency translation adjustments	(42)	(7,439)	7,396	99.4
Share of other comprehensive income in affiliates	(31)	(377)	345	91.5
Other comprehensive income	2,719	(11,503)	14,222	123.6
Comprehensive income	21,891	4,885	17,006	348.1
(Breakdown)				
Attributable to:				
Owners of the parent	20,905	8,034	12,871	160.2
Minority interests	985	(3,149)	4,135	131.3

Section 2. Non-Consolidated Information

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

(Billions of yen, except percentages)

	1QFY2011 (3 months)	1QFY2010 (3 months)	% Change	FY2010 (12 months)
Net interest income	12.4	15.8	(21.3)	70.5
Non-interest income	1.5	8.2	(81.5)	44.6
Net fees and commissions ⁽¹⁾	3.7	4.5	(18.0)	15.5
Net trading income	3.2	3.0	5.9	10.6
Net other business income	(5.4)	0.5	(1,012.0)	18.4
Total revenue ⁽¹⁾	13.9	24.0	(41.9)	115.1
Personnel expenses	4.8	4.6	4.1	19.9
Non-personnel expenses	7.9	9.1	(12.5)	37.4
Taxes	0.6	0.7	(9.9)	3.1
General and administrative expenses	13.4	14.4	(7.1)	60.5
Net business profit ⁽¹⁾	0.5	9.5	(94.6)	54.6
Other gains (losses)				
Gains (losses) on the sales of equities	7.1	(0.0)	10,211.4	1.5
Provision of reserve for loan losses	0.1	1.1	(84.0)	35.1
Losses on write-off of loans	0.0	2.2	(98.6)	5.1
Recoveries of written-off claims ⁽²⁾	0.6	-	-	-
Expenses for employees' retirement benefits	0.5	1.0	(45.3)	3.4
Other losses, expenses	0.2	0.6	(59.7)	4.6
Net ordinary income	7.2	4.2	70.2	7.9
Special gains (losses)				
Gains (losses) from sales of fixed assets	(0.0)	(0.3)	(93.9)	(1.1)
Recoveries of written-off claims ⁽²⁾	-	0.4	-	5.6
Reversal of reserve for loan losses	-	-	-	-
Other special gains (losses)	(0.0)	0.1	(149.5)	(0.3)
Income before income taxes	7.1	4.4	60.9	12.1
Income taxes (benefit)				
Current	0.4	(0.2)	300.9	(0.5)
Deferred	(0.0)	-	-	1.5
Net income	6.6	4.7	42.4	11.1

(1) Includes income from monetary assets held in trust of ¥1.9 billion in 1QFY2011, ¥3.6 billion in 1QFY2010 and ¥11.5 billion in FY2010.

(2) Included in Other gains (losses) from 1QFY2011.

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

- Shinsei Bank recorded a non-consolidated quarterly net income of ¥6.6 billion in the first quarter of fiscal year 2011 compared to ¥4.7 billion in the first quarter of fiscal year 2010.
- Differences between the quarterly net incomes on a non-consolidated basis and consolidated basis in the first quarter of fiscal year 2011 comes from the fact that the non-consolidated results do not include the gains and losses from our consolidated subsidiaries including Showa Leasing, Shinsei Financial, APLUS FINANCIAL and Shinki, gains and losses on our investment in our equity method affiliate, Jih Sun Financial Holding Co., Ltd., and dividends received from our major consolidated subsidiaries.
- The gain on sale of non-core assets such as foreign equities was recorded as other business income in the consolidated financial statement reflecting on the nature of the transaction. However, in the above non-consolidated statement, the same was recorded as other gains (losses) in accordance with the reporting requirements on a Revitalization Plan basis.
- Previously, net credit costs included reserves for credit losses, reversal of reserves for credit losses, losses on loan write-offs and losses on sale of loans. However, from the first quarter of fiscal year 2011, recoveries of written off-claims are also included in net credit costs in accordance with the Revision of Accounting Practice Committee Statement No.14 "Practical Guidelines on Accounting Standards for Financial Instruments" released on March 29, 2011. The net credit costs for the first quarter of fiscal year 2011 includes ¥0.6 billion from recoveries of written off-claims.

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

	(Billions of yen, except percentages)			
	1QFY2011 (3 months)	1QFY2010 (3 months)	% Change	FY2010 (12 months)
Losses on write-off of loans	0.0	2.2	(98.6)	5.2
Net provision of reserve for loan losses	0.1	1.1	(84.0)	35.1
Net provision of general reserve for loan losses	(0.5)	(1.4)	(61.4)	17.3
Net provision of specific reserve for loan losses	0.7	2.6	(71.6)	17.7
Net provision (reversal) of reserve for loan losses to restructuring countries	-	-	-	(0.0)
Recoveries of written-off claims ⁽¹⁾	(0.6)	-	-	-
Net credit costs	(0.4)	3.4	(113.6)	40.3

(1) Included in Net Credit Costs from 1QFY2011.

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

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

	1QFY2011 (3 months)			1QFY2010 (3 months)			FY2010 (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	33.2	0.0	1.15	15.0	0.0	1.03	21.4	0.1	0.82
Call loans	26.7	0.0	0.15	47.7	0.0	0.16	63.4	0.1	0.16
Receivables under resale agreements	-	-	-	-	-	-	-	-	-
Collateral related to securities borrowing transactions	9.0	0.0	0.08	101.8	0.0	0.12	124.1	0.1	0.11
Securities	3,430.5	5.6	0.66	3,581.1	7.0	0.78	3,472.9	39.3	1.13
Loans and bills discounted	4,014.4	16.2	1.62	4,571.7	19.4	1.70	4,288.9	70.7	1.65
Other interest-earning assets	322.0	0.9	1.15	486.7	1.6	1.35	460.7	6.1	1.34
Interest rate and funding swaps	-	0.0	-	-	1.3	-	-	3.1	-
Total interest-earning assets	7,836.0	22.9	1.18	8,804.2	29.5	1.34	8,431.7	119.9	1.42
Interest-bearing liabilities:									
Deposits	5,520.3	7.4	0.54	6,311.4	9.7	0.61	5,922.8	33.9	0.57
Negotiable certificates of deposit	248.0	0.1	0.17	313.9	0.1	0.19	294.2	0.5	0.20
Debentures	340.4	0.4	0.50	476.7	0.7	0.60	427.0	2.3	0.56
Call money	155.8	0.0	0.11	198.2	0.0	0.11	177.0	0.2	0.11
Payable under repurchase agreements	-	-	-	5.4	0.0	0.10	2.6	0.0	0.10
Collateral related to securities lending transactions	535.2	0.2	0.16	476.1	0.1	0.11	304.3	0.4	0.14
Borrowed money	775.4	0.5	0.29	836.8	0.4	0.23	1,084.0	2.1	0.20
Corporate bonds	222.7	2.1	3.95	338.4	3.2	3.89	295.8	12.6	4.28
Other interest-bearing liabilities	0.1	0.1	n.m. ⁽¹⁾	0.3	0.0	n.m. ⁽¹⁾	0.2	0.0	n.m. ⁽¹⁾
Interest rate and funding swaps	-	-	-	-	-	-	-	-	-
Total interest-bearing liabilities	7,798.2	11.1	0.57	8,957.8	14.5	0.65	8,508.4	52.5	0.61
Net interest income/yield on interest-earning assets	7,836.0	11.8	0.60	8,804.2	14.9	0.68	8,431.7	67.3	0.79

(1) n.m. is not meaningful.

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

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

	(Billions of yen)				
	June 30 2011	June 30 2010	Change	March 31 2011	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Loans to bankrupt obligors	7.3	10.2	(2.8)	7.2	0.1
Non-accrual delinquent loans	208.7	281.3	(72.6)	237.7	(28.9)
Loans past due for three months or more	6.0	2.3	3.6	1.6	4.4
Restructured loans	4.4	3.0	1.4	4.7	(0.3)
Total (A)	226.5	296.9	(70.3)	251.3	(24.8)
Loans and bills discounted (B)	4,066.8	4,473.7	(406.8)	3,973.2	93.6
Ratio to total loans and bills discounted (A / B) (%)	5.57%	6.64%		6.33%	
Reserve for credit losses (C)	110.5	102.3	8.2	114.8	(4.3)
Reserve ratio (C / A) (%)	48.8%	34.5%		45.7%	

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

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

	(Billions of yen)				
	June 30 2011	June 30 2010	Change	March 31 2011	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	233.5	246.7	(13.1)	230.1	3.4
Agriculture and forestry	-	-	-	-	-
Fishery	2.2	2.4	(0.2)	2.2	0.0
Mining, quarrying and gravel extraction	0.4	2.4	(2.0)	0.4	(0.0)
Construction	13.5	4.0	9.4	6.7	6.7
Electric power, gas, heat supply and water supply	27.1	30.1	(2.9)	27.1	0.0
Information and communications	14.6	10.6	4.0	12.1	2.4
Transportation and postal service	282.8	278.3	4.5	279.6	3.2
Wholesale and retail	82.4	95.5	(13.0)	99.3	(16.8)
Finance and insurance	1,203.0	1,397.3	(194.2)	1,077.8	125.2
Real estate	541.0	737.5	(196.4)	544.5	(3.4)
Services	371.0	316.4	54.5	387.3	(16.3)
Local government	157.5	166.7	(9.1)	158.8	(1.3)
Individual	963.9	912.2	51.7	937.3	26.6
Overseas yen loan and overseas loans booked domestically	138.4	229.0	(90.6)	172.9	(34.4)
Total domestic	4,031.9	4,429.7	(397.7)	3,936.5	95.3
Overseas offices (including Japan offshore market accounts):					
Governments	2.2	2.2	0.0	2.2	0.0
Financial institutions	1.6	2.2	(0.6)	1.6	(0.0)
Commerce and industry	31.1	39.6	(8.4)	32.7	(1.6)
Others	-	-	-	-	-
Total overseas	34.9	44.0	(9.0)	36.6	(1.6)
Total	4,066.8	4,473.7	(406.8)	3,973.2	93.6

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

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

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

	(Billions of yen)				
	June 30 2011 (a)	June 30 2010 (b)	Change (a)-(b)	March 31 2011 (c)	Change (a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	3.2	1.5	1.7	3.5	(0.3)
Agriculture and forestry	-	-	-	-	-
Fishery	-	-	-	-	-
Mining, quarrying and gravel extraction	-	-	-	-	-
Construction	-	-	-	-	-
Electric power, gas, heat supply and water supply	-	-	-	-	-
Information and communications	0.5	0.5	(0.0)	0.5	(0.0)
Transportation and postal service	-	13.8	(13.8)	-	-
Wholesale and retail	0.0	0.0	-	0.0	-
Finance and insurance	25.6	34.4	(8.7)	22.7	2.9
Real estate	173.5	224.5	(51.0)	172.3	1.1
Services	2.0	3.1	(1.1)	2.0	(0.0)
Local government	-	-	-	-	-
Individual	8.0	5.8	2.1	6.8	1.2
Overseas yen loan and overseas loans booked domestically	13.4	13.0	0.4	43.3	(29.8)
Total domestic	226.5	296.9	(70.3)	251.3	(24.8)
Overseas offices (including Japan offshore market accounts):					
Governments	-	-	-	-	-
Financial institutions	-	-	-	-	-
Commerce and industry	-	-	-	-	-
Others	-	-	-	-	-
Total overseas	-	-	-	-	-
Total	226.5	296.9	(70.3)	251.3	(24.8)

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

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

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

	(Billions of yen)				
	June 30 2011 (a)	June 30 2010 (b)	Change (a)-(b)	March 31 2011 (c)	Change (a)-(c)
US	26.9	37.9	(10.9)	35.1	(8.1)
Asset-backed investments ⁽¹⁾ in US	3.9	3.7	0.1	4.1	(0.2)
Europe	40.7	126.1	(85.4)	66.2	(25.5)
Asset-backed investments ⁽¹⁾ in Europe	28.3	86.8	(58.4)	30.9	(2.6)
Others	105.6	109.0	(3.3)	108.1	(2.4)
Total overseas and offshore loans	173.3	273.1	(99.7)	209.5	(36.1)
Total asset-backed investments⁽¹⁾	32.2	90.6	(58.3)	35.1	(2.8)

(1) "Asset-backed investments" is another term for the Asset-Backed Investments Program, one of our old product programs. Under this program, loans backed mainly by collateral (including infrastructure related assets or equipment, real estate, business and operating assets) are referred to as "asset-backed investments" for disclosure purposes. For the asset-backed securities which we disclose as securitized products, please see table 39 Balance of Securitized Products (Breakdown by Region and Type of Securities) on page 43.

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

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

	(Billions of yen)				
	June 30 2011 (a)	June 30 2010 (b)	Change (a)-(b)	March 31 2011 (c)	Change (a)-(c)
US	-	-	-	6.7	(6.7)
Asset-backed investments ⁽¹⁾ in US	-	-	-	-	-
Europe	13.4	12.9	0.4	36.4	(23.0)
Asset-backed investments ⁽¹⁾ in Europe	13.0	12.1	0.9	13.1	(0.1)
Others	0.0	0.0	(0.0)	0.0	(0.0)
Total overseas and offshore loans	13.4	13.0	0.4	43.3	(29.8)
Total asset-backed investments ⁽¹⁾	13.0	12.1	0.9	13.1	(0.1)

(1) "Asset-backed investments" is another term for the Asset-Backed Investments Program, one of our old product programs. Under this program, loans backed mainly by collateral (including infrastructure related assets or equipment, real estate, business and operating assets) are referred to as "asset-backed investments" for disclosure purposes. For the asset-backed securities which we disclose as securitized products, please see table 39 Balance of Securitized Products (Breakdown by Region and Type of Securities) on page 43.

(2) As of June 30, 2011, reserve for loan losses and collateral/guarantees for risk monitored loans related to asset-backed investments were ¥3.6 billion and ¥9.4 billion, respectively, and the coverage ratio was 100.0%.

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

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

	(Billions of yen)				
	June 30 2011 (a)	June 30 2010 (b)	Change (a)-(b)	March 31 2011 (c)	Change (a)-(c)
Claims against bankrupt and quasi-bankrupt obligors	60.8	103.5	△ 42.6	62.5	(1.6)
Doubtful claims	183.2	212.1	△ 28.9	210.7	(27.5)
Substandard claims	10.5	5.3	5.1	6.4	4.0
Total (A)	254.5	321.0	△ 66.4	279.6	(25.0)
Coverage ratio	96.6%	97.4%		96.8%	
Total claims (B)	4,209.9	5,031.2	(821.3)	4,120.4	89.5
Loans and bills discounted	4,066.8	4,473.7	(406.8)	3,973.2	93.6
Others	143.0	557.5	(414.5)	147.1	(4.1)
Ratio to total claims (A / B) X 100 (%)	6.04%	6.38%		6.78%	
(Ref. 1) Amount of write-off	88.5	96.5	(8.0)	90.3	(1.8)
(Ref. 2) Below need caution level	667.0	776.5	(109.4)	730.4	(63.4)

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

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

	(Billions of yen, except percentages)				
	June 30, 2011				
	Amounts of coverage				
	Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees	Coverage ratio
Claims against bankrupt and quasi-bankrupt obligors	60.8	60.8	3.7	57.1	100.0%
Doubtful claims	183.2	176.4	37.4	139.0	96.3%
Substandard claims	10.5	8.5	2.7	5.9	81.6%
Total	254.5	245.8	43.8	202.0	96.6%

	(Billions of yen, except percentages)									
	June 30, 2010					March 31, 2011				
	Amounts of coverage					Amounts of coverage				
	Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees	Coverage ratio	Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees	Coverage ratio
Claims against bankrupt and quasi-bankrupt obligors	103.5	103.5	5.0	98.5	100.0%	62.5	62.5	3.7	58.7	100.0%
Doubtful claims	212.1	204.4	24.9	179.5	96.4%	210.7	203.7	39.1	164.7	96.7%
Substandard claims	5.3	4.7	1.9	2.8	88.8%	6.4	4.4	2.5	2.0	69.1%
Total	321.0	312.6	31.8	280.8	97.4%	279.6	270.6	45.2	225.3	96.8%

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

	(Billions of yen)				
	June 30 2011	June 30 2010	Change	March 31 2011	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Reserve for credit losses	89.3	81.1	8.2	93.6	(4.3)
General reserve for loan losses	47.0	48.9	(1.8)	48.3	(1.3)
Specific reserve for loan losses	42.3	32.2	10.0	45.2	(2.9)
Reserve for loans to restructuring countries	0.0	0.0	(0.0)	0.0	-
Specific reserve for other credit losses	21.1	21.1	-	21.1	-
Total reserve for credit losses	110.5	102.3	8.2	114.8	(4.3)

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

Securities Being Held to Maturity -Table 35- (Non-Consolidated)

	(Billions of yen)								
	June 30, 2011			June 30, 2010			March 31, 2011		
	Book value	Fair value	Unrealized gain (loss)	Book value	Fair value	Unrealized gain (loss)	Book value	Fair value	Unrealized gain (loss)
Items with fair value exceeding book value									
Japanese national government bonds	544.5	549.1	4.6	313.2	318.9	5.6	393.6	397.7	4.0
Japanese corporate bonds	56.1	56.6	0.5	69.4	70.7	1.2	59.5	60.2	0.6
Other	39.1	43.0	3.9	42.5	45.9	3.3	40.1	43.7	3.6
Total	639.8	648.9	9.0	425.3	435.6	10.3	493.3	501.7	8.3
Items with fair value not exceeding book value									
Japanese national government bonds	-	-	-	-	-	-	50.1	50.0	(0.0)
Japanese corporate bonds	-	-	-	-	-	-	-	-	-
Other	10.4	10.1	(0.2)	9.6	8.6	(0.9)	10.4	9.9	(0.4)
Total	10.4	10.1	(0.2)	9.6	8.6	(0.9)	60.6	60.0	(0.5)
Total	650.3	659.0	8.7	434.9	444.3	9.3	553.9	561.7	7.7

Available-for-Sale Securities -Table 36- (Non-Consolidated)

	(Billions of yen)								
	June 30, 2011			June 30, 2010			March 31, 2011		
	Book value (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Book value (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Book value (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)
Items with book value exceeding amortized/acquisition cost									
Equity securities	4.2	3.5	0.7	2.9	2.5	0.3	2.4	1.7	0.6
Domestic bonds	981.6	978.9	2.7	1,608.1	1,599.1	8.9	1,229.6	1,227.9	1.6
Japanese national government bonds	914.7	913.0	1.7	1,523.4	1,514.9	8.4	1,152.2	1,151.3	0.8
Japanese local government bonds	1.7	1.7	0.0	1.8	1.7	0.0	1.7	1.7	0.0
Short-term corporate bonds	-	-	-	-	-	-	9.9	9.9	0.0
Japanese corporate bonds	65.0	64.1	0.9	82.9	82.4	0.4	65.5	64.8	0.7
Other	74.5	70.0	4.5	123.6	110.0	13.6	85.7	81.3	4.3
Foreign securities	71.4	67.1	4.3	117.8	104.6	13.1	82.5	78.3	4.1
Foreign currency denominated foreign corporate and government bonds	37.7	34.3	3.4	89.6	78.3	11.3	46.1	42.9	3.2
Yen-denominated foreign corporate and government bonds	31.6	31.1	0.5	24.5	24.3	0.2	34.2	33.7	0.5
Foreign equity securities and others	2.0	1.6	0.3	3.6	1.9	1.6	2.1	1.7	0.3
Other securities	1.0	0.9	0.1	1.1	0.9	0.2	1.0	0.9	0.1
Other monetary claims purchased	2.0	1.9	0.0	4.6	4.4	0.2	2.1	2.0	0.0
Total	1,060.4	1,052.4	7.9	1,734.7	1,711.8	22.9	1,317.7	1,311.0	6.7
Items with book value not exceeding amortized/acquisition cost									
Equity securities	5.8	9.7	(3.8)	6.7	10.8	(4.1)	7.3	11.3	(4.0)
Domestic bonds	709.8	715.5	(5.6)	394.7	400.9	(6.1)	1,089.9	1,097.8	(7.9)
Japanese national government bonds	496.4	497.4	(0.9)	153.0	155.0	(1.9)	866.4	869.0	(2.5)
Japanese local government bonds	-	-	-	-	-	-	-	-	-
Short-term corporate bonds	-	-	-	-	-	-	-	-	-
Japanese corporate bonds	213.3	218.0	(4.6)	241.6	245.8	(4.1)	223.4	228.8	(5.3)
Other	155.3	159.6	(4.2)	156.7	163.9	(7.2)	206.8	210.9	(4.0)
Foreign securities	152.5	156.5	(4.0)	152.4	159.6	(7.1)	203.7	207.7	(4.0)
Foreign currency denominated foreign corporate and government bonds	94.0	96.6	(2.6)	63.6	68.0	(4.3)	144.4	147.7	(3.2)
Yen-denominated foreign corporate and government bonds	54.9	55.5	(0.5)	84.9	86.6	(1.7)	54.8	55.5	(0.6)
Foreign equity securities and others	3.5	4.4	(0.9)	3.8	4.9	(1.0)	4.4	4.5	(0.0)
Other securities	1.0	1.0	-	1.0	1.0	-	1.0	1.0	-
Other monetary claims purchased	1.8	1.9	(0.1)	3.2	3.3	(0.0)	2.0	2.0	(0.0)
Total	871.1	884.8	(13.7)	558.2	575.7	(17.5)	1,304.0	1,320.1	(16.0)
Total	1,931.6	1,937.3	(5.7)	2,293.0	2,287.6	5.3	2,621.8	2,631.2	(9.3)

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

	(Billions of yen)		
	June 30, 2011	June 30, 2010	March 31, 2011
Unrealized gain (loss) before tax on:			
Available-for-sale securities	(5.7)	5.3	(9.3)
The Bank's interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined	0.0	0.2	(0.0)
Securities being held to maturity, reclassified from available-for sale in October 2008 under extremely illiquid market conditions	(5.6)	(6.6)	(5.9)
Deferred tax assets (liabilities)	-	-	-
Unrealized gain (loss) on available-for-sale securities	(11.3)	(1.0)	(15.3)

Capital Adequacy Data-Table 37- (Non-Consolidated)

(Billions of yen, except percentages)

	June 30 2011 (a)	June 30 2010 (b)	Change (a)-(b)	March 31 2011 (c)	Change (a)-(c)
Basic items (Tier I)	651.0	661.2	(10.2)	642.5	8.5
Supplementary items (Tier II)	216.5	247.5	(30.9)	226.8	(10.2)
Deduction	(70.9)	(79.3)	8.3	(73.6)	2.7
Total capital ⁽²⁾	796.6	829.4	(32.8)	795.6	0.9
Risk assets	6,293.7	6,811.0	(517.3)	6,338.7	(45.0)
Capital adequacy ratio	12.65%	12.17%	0.48%	12.55%	0.10%
Tier I capital ratio	10.34%	9.70%	0.64%	10.13%	0.21%

(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, ¥11.3 billion of net unrealized losses on securities available-for-sale, net of taxes, as of June 30, 2011, ¥15.3 billion as of March 31, 2011 and ¥1.0 billion as of June 30, 2010 are not included in BIS capital.

(2) Non-Consolidated total required capital is ¥375.2 billion as at June 30, 2011, ¥401.9 billion as at June 30, 2010 and ¥372.9 billion as at March 31, 2011.

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

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

	June 30 2011 a	June 30 2010 b	Change a-b	March 31 2011 c	Change a-c
<<Assets>>					
Cash and due from banks	263,218	503,298	(240,080)	313,424	(50,206)
Call loans	12,066	13,928	(1,862)	-	12,066
Collateral related to securities borrowing transactions	4,877	5,152	(274)	3,050	1,827
Other monetary claims purchased	231,986	424,640	(192,654)	408,701	(176,715)
Trading assets	178,026	201,404	(23,378)	182,828	(4,802)
Monetary assets held in trust	341,506	425,743	(84,237)	360,976	(19,469)
Securities	3,111,425	3,274,805	(163,379)	3,701,794	(590,369)
Valuation allowance for investments	(3,370)	(3,370)	-	(3,370)	-
Loans and bills discounted	4,066,896	4,473,759	(406,863)	3,973,251	93,645
Foreign exchanges	29,792	17,412	12,380	42,069	(12,277)
Other assets	322,759	876,466	(553,706)	350,248	(27,489)
Premises and equipment	18,449	14,705	3,744	18,236	213
Intangible assets	9,561	11,181	(1,620)	9,987	(426)
Deferred issuance expenses for debentures	172	179	(7)	182	(10)
Deferred tax assets	1,514	-	1,514	1,894	(380)
Customers' liabilities for acceptances and guarantees	13,001	11,591	1,409	9,603	3,398
Reserve for credit losses	(110,558)	(102,324)	(8,234)	(114,877)	4,319
Total assets	8,491,325	10,148,576	(1,657,250)	9,258,002	(766,676)

Liabilities and Equity

(Millions of yen)

	June 30 2011 a	June 30 2010 b	Change a-b	March 31 2011 c	Change a-c
<<Liabilities>>					
Deposits	5,613,988	6,163,235	(549,246)	5,565,258	48,729
Negotiable certificates of deposit	308,152	284,103	24,048	174,046	134,105
Debentures	333,020	461,689	(128,669)	352,570	(19,550)
Call money	140,321	180,463	(40,141)	160,330	(20,008)
Collateral related to securities lending transactions	434,879	399,850	35,029	265,028	169,851
Trading liabilities	137,346	179,765	(42,419)	144,375	(7,028)
Borrowed money	349,138	901,300	(552,161)	1,405,648	(1,056,510)
Foreign exchanges	185	377	(192)	218	(33)
Corporate bonds	221,179	321,452	(100,273)	222,268	(1,089)
Other liabilities	313,064	680,435	(367,371)	335,798	(22,734)
Income taxes payable	115	125	(9)	314	(199)
Lease debt	3	4	(1)	3	(0)
Asset retirement obligations	4,044	2,074	1,970	4,003	40
Other liabilities	308,901	678,231	(369,330)	331,476	(22,575)
Accrued employees' bonuses	1,040	1,647	(606)	4,149	(3,108)
Deferred tax liability	-	3,848	(3,848)	-	-
Acceptances and guarantees	13,001	11,591	1,409	9,603	3,398
Total liabilities	7,865,317	9,589,760	(1,724,442)	8,639,296	(773,978)
<<Equity>>					
Shareholders' equity:					
Capital stock	512,204	476,296	35,907	512,204	-
Capital surplus	79,465	43,558	35,907	79,465	-
Additional paid-in capital	79,465	43,558	35,907	79,465	-
Retained earnings	122,025	111,514	10,511	117,980	4,045
Legal reserve	11,566	11,035	530	11,035	530
Other retained earnings	110,458	100,478	9,980	106,944	3,514
Unappropriated retained earnings	110,458	100,478	9,980	106,944	3,514
Treasury stock, at cost	(72,558)	(72,558)	-	(72,558)	-
Total shareholders' equity	641,137	558,810	82,326	637,091	4,045
Net unrealized gain (loss):					
Unrealized gain (loss) on available-for-sale securities	(11,354)	(1,018)	(10,335)	(15,346)	3,991
Deferred gain (loss) on derivatives under hedge accounting	(5,139)	(574)	(4,564)	(4,452)	(686)
Total net unrealized gain (loss)	(16,493)	(1,593)	(14,900)	(19,799)	3,305
Stock acquisition rights	1,364	1,598	(233)	1,413	(48)
Total equity	626,007	558,815	67,191	618,705	7,301
Total liabilities and equity	8,491,325	10,148,576	(1,657,250)	9,258,002	(766,676)

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

(Millions of yen, except percentages)

	1QFY2011 (3 months)	1QFY2010 (3 months)	Change		FY2010 (12 months)
			Amount	%	
Total interest income	22,996	29,526	(6,529)	(22.1)	119,908
Interest on loans and bills discounted	16,247	19,430	(3,182)	(16.4)	70,796
Interest and dividends on securities	5,634	7,039	(1,405)	(20.0)	39,337
Other interest income	1,114	3,056	(1,941)	(63.5)	9,774
Fees and commissions income	4,091	3,590	501	14.0	13,846
Trading profits	4,728	7,307	(2,579)	(35.3)	13,543
Other business income	454	2,500	(2,046)	(81.8)	27,612
Other ordinary income	10,348	4,499	5,848	130.0	16,949
Ordinary income	42,619	47,424	(4,805)	(10.1)	191,860
Total interest expenses	11,166	14,594	(3,428)	(23.5)	52,528
Interest on deposits	7,469	9,728	(2,258)	(23.2)	33,986
Interest on corporate bonds	2,190	3,290	(1,099)	(33.4)	12,676
Other interest expenses	1,506	1,576	(70)	(4.4)	5,865
Fees and commissions expenses	2,323	2,708	(384)	(14.2)	9,841
Trading losses	1,473	4,234	(2,760)	(65.2)	2,926
Other business expenses	5,904	1,899	4,004	210.8	9,156
General and administrative expenses	14,043	15,111	(1,067)	(7.1)	63,011
Other ordinary expenses	450	4,613	(4,163)	(90.2)	46,428
Ordinary expenses	35,362	43,162	(7,799)	(18.1)	183,892
Net ordinary income	7,256	4,262	2,994	70.2	7,968
Special gains	49	1,831	(1,782)	(97.3)	38,497
Special losses	124	1,630	(1,506)	(92.4)	34,341
Income before income taxes	7,181	4,463	2,717	60.9	12,124
Income taxes (benefit)					
Current	484	(241)	725	300.8	(597)
Deferred	(2)	-	(2)	-	1,551
Total income taxes (benefit)	482	(241)	723	300.0	954
Net income	6,698	4,704	1,994	42.4	11,170

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

(Consolidated)	<i>(Billions of yen)</i>	
	Fiscal year ending March 2012	Fiscal year ended March 2011
	(FY2011)	(FY2010)
	Forecast	Actual
Net income	22.0	42.6
Cash basis net income *	32.0	53.8

(Non-Consolidated)	<i>(Billions of yen)</i>	
	Fiscal year ending March 2012	Fiscal year ended March 2011
	(FY2010)	(FY2009)
	Forecast	Actual
Net Business Profit	28.0	54.6
Net income	15.0	11.1
Dividends (per share in yen):		
Common stock	1.00	1.00

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

- While we made good progress towards our full year forecasts, we have decided not to revise our full year consolidated reported net income forecast of ¥22.0 billion, consolidated cash basis net income of ¥32.0 billion or non-consolidated net income forecast of ¥15.0 billion at this time, due to the impact of the Great East Japan Earthquake and the uncertainty in the domestic and overseas economy. The dividend forecast is also the same as that stated in the Revitalization Plan, namely an annual dividend payment of ¥1 per share.

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

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

Balance of Securitized Products (Breakdown by Region and Type of Securities)⁽¹⁾ -Table 39 (Non-Consolidated)

(Billions of yen)

	Credit Ratings of Securities ⁽²⁾ (June 30, 2011)				Jun 30 2011 (a)	Jun 30 2010 (b)	Change (a)-(b)	Mar 31 2011 (c)	Change (a)-(c)
	AAA	AA	A or lower	N/A					
RMBS	18%	1%	6%	75%	41.9	52.1	(10.1)	44.8	(2.9)
Japan	18%	1%	6%	75%	41.9	48.5	(6.6)	44.8	(2.9)
U.S.	-	-	-	-	0.0	0.0	0.0	0.0	0.0
Europe	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
CMBS⁽³⁾	0%	0%	100%	0%	2.4	16.8	(14.3)	7.9	(5.5)
Japan	0%	0%	100%	0%	2.4	10.0	(7.6)	5.5	(3.0)
U.S.	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	4.2	(4.2)	-	-
Other	-	-	-	-	-	2.5	(2.5)	2.4	(2.4)
CLO	6%	93%	0%	1%	41.2	52.3	(11.1)	42.0	(0.8)
Japan	-	-	-	-	-	-	-	-	-
U.S.	8%	91%	0%	2%	30.8	39.6	(8.8)	31.6	(0.8)
Europe	0%	100%	0%	0%	10.4	11.2	(0.8)	10.4	0.0
Other	-	-	-	-	-	1.3	(1.3)	-	-
ABS CDO (Resecuritized Products)	-	-	-	-	-	-	-	-	-
Japan	-	-	-	-	-	-	-	-	-
U.S.	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	12%	45%	6%	37%	85.6	121.3	(35.6)	94.9	(9.2)
Japan	17%	1%	11%	71%	44.4	58.6	(14.2)	50.3	(5.9)
U.S.	8%	91%	0%	2%	30.8	39.6	(8.8)	31.6	(0.8)
Europe	0%	100%	0%	0%	10.4	19.0	(8.6)	10.4	0.0
Other	-	-	-	-	-	3.9	(3.9)	2.4	(2.4)
Securities					44.6	68.0	(23.3)	48.3	(3.7)
RMBS					1.7	5.5	(3.8)	1.8	0.0
CMBS					1.6	10.0	(8.3)	4.4	(2.8)
CLO					41.2	52.3	(11.1)	42.0	(0.8)
ABS CDO					-	-	-	-	-
Other monetary claims purchased⁽⁴⁾					41.0	53.3	(12.3)	46.5	(5.5)
RMBS (Japan)					40.2	46.5	(6.3)	43.0	(2.8)
CMBS (Japan)					0.8	6.8	(6.0)	3.4	(2.6)
CLO (Japan)					-	-	-	-	-
ABS CDO (Japan)					-	-	-	-	-
Total					85.6	121.3	(35.6)	94.9	(9.2)

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

(2) Based on ratings by S&P or ratings equivalent to S&P ratings matrix as of June 30, 2011. 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 (89.4%), hotel and others (5.8%), multi-family (3.8%), retail and shops (1.0%)

(4) Includes Japanese RMBS recorded as monetary assets held in trust of ¥4.8 billion as at June 30, 2011.

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

Securities	(Billions of yen, except percentages)			
	As of June 30, 2011			
	Balance before Mark-to-Market Evaluation	Market Value or Balance	Unrealized Gains/Losses (OCI)	Price Increase (Decrease) Ratio (%)
Trading Securities		0.5		
RMBS (U.S.)		0.0		
CLO (U.S.)		0.5		
Securities Being Held to Maturity with Readily Determinable Fair Value		40.7		
CLO (U.S.)		30.2		
CLO (Europe)		10.4		
Securities Available for Sale	3.3	3.3	0.0	0.3
Other	3.3	3.3	0.0	0.3
Foreign Securities	3.3	3.3	0.0	0.3
Foreign Currency Denominated Foreign Corporate and Government Bonds	0.0	0.0	0.0	0.0
CLO	0.0	0.0	0.0	0.0
U.S.	0.0	0.0	0.0	0.0
Yen-Denominated Foreign Corporate and Government Bonds	3.3	3.3	0.0	0.3
RMBS (Japan)	1.7	1.7	0.0	0.5
CMBS (Japan)	1.6	1.6	0.0	0.0
Securities		44.6		
RMBS		1.7		
CMBS		1.6		
CLO		41.2		
Other Monetary Claims Purchased⁽²⁾				
Trading Purposes		9.4		
RMBS (Japan) ⁽²⁾		9.4		
Others	31.5	31.5	0.0	(0.1)
RMBS (Japan)	30.6	30.7	0.0	0.2
CMBS (Japan)	0.8	0.8	0.0	(9.7)
Total		41.0		
RMBS (Japan)		40.2		
CMBS (Japan)		0.8		
RMBS, CMBS, CLO, ABS CDO Total		85.6		
Securities		44.6		
Other Monetary Claims Purchased		41.0		

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

(2) Includes Japanese RMBS recorded as monetary assets held in trust of ¥4.8 billion as at June 30, 2011.

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

(Billions of yen)

	Jun 30 2011 (a)	Jun 30 2010 (b)	Change (a)-(b)	Mar 31 2011 (c)	Change (a)-(c)
LBO⁽¹⁾⁽³⁾	201.4	217.0	(15.6)	203.3	(1.9)
Japan	198.0⁽²⁾	212.8	(14.8)	199.7	(1.7)
U.S.	2.0	2.5	(0.5)	2.1	(0.1)
Europe	-	-	-	-	-
Other	1.4	1.6	(0.2)	1.4	0.0
(Breakdown by Industry Sector)					
Manufacturing	12.4%				
Information and communications	1.2%				
Wholesale and retail	6.8%				
Finance and Insurance	23.5%				
Services	56.1%				
Others	-				
Total	100.0%				

(1) The amount includes unfunded commitment line.

(2) As of June 30, 2011, unfunded commitment line (only domestic) is ¥3.0 billion.

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

Monoline, SIV, ABCP

We have no exposure to Monoline, SIV, ABCP.

Credit Default Swaps (CDS)⁽¹⁾

(Billions of yen)

	As of June 30, 2011							1QFY2011
	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	576.9	676.2	(0.4)	(0.0)	484.8	(0.5)	(0.3)	(0.1)
Japan	476.8	579.6	0.8	(1.0)	396.4	0.7	(1.3)	(0.1)
U.S.	46.1	44.9	(0.5)	0.3	40.2	(0.5)	0.3	(0.0)
Europe	22.0	21.8	(0.2)	0.2	21.4	(0.2)	0.2	(0.0)
Other	31.9	29.7	(0.5)	0.3	26.7	(0.5)	0.3	(0.0)

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

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

Definitions -Table 42-

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