# DATA SECTION

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our consolidated and non-consolidated interim financial statements prepared in accordance with accounting principles generally accepted in Japan ("Japanese GAAP") for banks, including the notes to those interim financial statements, included elsewhere in this interim report. Except as otherwise indicated, the financial information in the following discussion is based on our consolidated interim financial statements.

In this section, except where the context indicates otherwise, "we" or "our" means Shinsei Bank, Limited, its subsidiaries and its affiliates accounted for by the equity method, and "Shinsei" or "the Bank" refers to Shinsei Bank on a non-consolidated basis.

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%.

## OVERVIEW

Shinsei Bank, Limited is a leading diversified Japanese financial institution providing a full range of financial products and services to both institutional and individual customers. Our business is organized around three business groups, an Institutional Group, a Global Markets Group and an Individual Group:

- To provide financial products and services that meet institutional customer needs by a strategic and systematic business promotion structure, 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 business promoted by the Bank and Showa Leasing Co., Ltd. (Showa Leasing).
- The Individual Group consists of retail banking business and consumer finance business. We continue to improve the quality of our retail banking services to meet customer needs. In consumer finance business, Shinsei launched an unsecured personal loan service directly from the Bank on October 1, 2011, in addition to providing installment sales credit, credit card and settlement services through APLUS FINANCIAL Co., Ltd. (APLUS FINANCIAL), and unsecured personal loans through Shinsei Financial Co., Ltd. (Shinsei Financial) and Shinki Co., Ltd (Shinki).

## FINANCIAL SUMMARY FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2012

We recognized consolidated net income of ¥25.7 billion and consolidated cash basis net income of ¥30.6 billion for the six months ended September 30, 2012, an increase as compared to ¥20.3 billion and ¥25.6 billion for the six months ended September 30, 2011, respectively. The current fiscal year is the last of our current Medium-Term Management Plan. Continuous efforts were made until now to expand the customer base which resulted in steady performance, and to reduce potential losses, including reduction of non-core assets, which meant that the impact of non-recurring factors has been limited. Meanwhile, steady progress has been made towards the attainment of our full year earnings forecast of ¥51.0 billion in consolidated net income.

Net interest income included in total revenue was ¥56.1 billion for the six months ended September 30, 2012, a decrease as compared to ¥60.7 billion for the six months ended September 30, 2011. This was due to an overall decrease in the loan balance in the fiscal year ended March 31, 2012. However, the loan balance has increased over the past three quarters, including the fourth quarter of the fiscal year ended March 31, 2012, and net interest income was almost at the same level of ¥56.1 billion recorded for the six months ended March 31, 2012. Non-interest income was ¥47.9 billion for the six months ended September 30, 2012, an increase as compared to ¥44.9 billion for the six months ended September 30, 2011. The income from transactions with our institutional customers increased, and income on sale of Japanese government bonds as part of ALM operations also contributed to non-interest income. General and administrative expenses, excluding amortization of goodwill and intangible assets acquired in business combinations, were ¥64.7 billion for the six months ended September 30, 2012, a slight increase as compared to ¥64.5 billion for the six months ended September 30, 2011, as we continued to expand our business base, while also promoting operational efficiency. Net credit costs decreased to ¥6.2 billion for the six months ended September 30, 2012 as compared to ¥8.8 billion for the six months ended September 30, 2011. The institutional loan balance and housing loan balance increased, and additional provisions of reserve for loan losses were recorded for real estate finance. However, reversal of the reserves from sales of non-performing loans and recoveries of written-off claims were also recorded. In consumer finance business, credit quality continued to improve and the loan balance decreased.

Ordinary business profit after net credit costs were positive for all business groups and contributed to the stability of our earnings. The Institutional Group recorded ordinary business profit after net credit costs of ¥16.1 billion for the six months ended September 30, 2012. By rebuilding the customer base and pursuing stabilization of earnings, the performance

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remained stable. The Global Markets Group recorded ordinary business profit after net credit costs of ¥4.7 billion for the six months ended September 30, 2012, an increase as compared to ¥2.8 billion for the six months ended September 30, 2011. Total revenue accumulated steadily, due to efforts made towards expansion of the customer base, and development and provision of products tailored to the needs of our customers. The Individual Group recorded ordinary business profit after net credit costs of ¥12.1 billion for the six months ended September 30, 2012. Total revenue decreased as compared to the six months ended September 30, 2011 due to the decrease in loan balance in consumer finance business. However, the pace of the decline in loan balance slowed down.

Balance of loans and bills discounted increased from ¥4,136.8 billion as of March 31, 2012, to ¥4,281.9 billion as of September 30, 2012. This was mainly due to an increase in loans to institutional customers and housing loans, while the pace of decrease in the consumer finance loan balance slowed.

Net interest margin was 2.08% for the six months ended September 30, 2012, an increase as compared to 2.00% for the six months ended September 30, 2011. This was mainly due to maturities of deposits bearing relatively high interest rates sold in previous years resulting in reduction in cost of deposits and negotiable certificates of deposit, and a decrease in the balance of relatively low-yield Japanese government bonds.

Tier I capital and total capital increased due to accumulation of consolidated net income and amortization of goodwill and intangible assets acquired in business combinations over the six months ended September 30, 2012, which resulted in improvement of the total capital adequacy ratio and Tier I capital ratio on a consolidated basis, to 11.7% and 9.8%, respectively, as of September 30, 2012, compared to 10.3% and 8.8% as of March 31, 2012.

Balance of non-performing loans under the Financial Revitalization Law totaled ¥274.6 billion as of September 30, 2012, a decrease of ¥21.2 billion during the six months ended September 30, 2012, mainly due to sales and collections of non-performing loans. The ratio of non-performing loans to the balance of total claims improved from 6.7% as of March 31, 2012 to 6.2% as of September 30, 2012.

## SIGNIFICANT EVENTS

### TAKE OVER OWNERSHIP OF A MAJORITY OF LLOYDS RETAIL BANKING SERVICES IN JAPAN

On June 12, 2012, Shinsei reached an agreement with Lloyds TSB Bank plc ("Lloyds TSB") in which Lloyds TSB will transfer ownership of its overseas remittance business, a significant part of Lloyds Banking Group's retail banking services in Japan, to Shinsei, subject to the approval of the Financial Services Agency of Japan (FSA). The agreement follows Lloyds Banking Group's decision to run down its retail banking services in Japan as part of initiatives to simplify its international presence. Through this business transfer, Shinsei will take over the customer base and outstanding service offering built up by Lloyds TSB, and aim to commence provision of a new overseas remittance service. Complementing Shinsei's already well-established, customer-friendly foreign currency deposit services, the business transfer will further enhance the suite of foreign currency services for individual customers that Shinsei has been developing.

## RECENT DEVELOPMENTS

### ISSUANCE OF UNSECURED CALLABLE SUBORDINATED BONDS

On October 26, 2012, Shinsei issued unsecured callable subordinated bonds of ¥6.4 billion through public offering in Japan.

## SELECTED FINANCIAL DATA (CONSOLIDATED)

Shinsei Bank, Limited and Consolidated Subsidiaries

As of and for the six months ended September 30, 2012 and 2011, and as of and for the fiscal year ended March 31, 2012

Billions of yen (except per share data and percentages)

| | Sept. 30, 2012 (6 months) | Sept. 30, 2011 (6 months) | Mar. 31, 2012 (1 year) |
|---|---|---|---|
| **Statements of income data:** | | | |
| Net interest income | **¥ 56.1** | ¥ 60.7 | ¥ 116.9 |
| Net fees and commissions | **8.7** | 13.8 | 25.1 |
| Net trading income | **9.5** | 6.5 | 13.6 |
| Net other business income | **29.5** | 24.4 | 47.2 |
| Total revenue | **104.1** | 105.6 | 202.9 |
| General and administrative expenses | **64.7** | 64.5 | 130.3 |
| Amortization of goodwill and intangible assets acquired in business combinations | **5.6** | 6.2 | 11.9 |
| Total general and administrative expenses | **70.4** | 70.7 | 142.3 |
| Net credit costs | **6.2** | 8.8 | 12.2 |
| Other gains (losses), net | **0.5** | (0.3) | (32.9) |
| Income before income taxes and minority interests | **27.9** | 25.7 | 15.3 |
| Current income tax | **0.8** | 1.6 | 2.9 |
| Deferred income tax | **(0.4)** | 1.7 | 2.4 |
| Minority interests in net income of subsidiaries | **1.7** | 1.9 | 3.5 |
| Net income | **¥ 25.7** | ¥ 20.3 | ¥ 6.4 |
| **Balance sheet data:** | | | |
| Trading assets | **¥ 217.9** | ¥ 239.1 | ¥ 202.6 |
| Securities | **2,003.4** | 2,220.1 | 1,873.4 |
| Loans and bills discounted | **4,281.9** | 4,125.5 | 4,136.8 |
| Customers' liabilities for acceptances and guarantees | **550.2** | 557.2 | 562.6 |
| Reserve for credit losses | **(171.9)** | (184.3) | (180.6) |
| Total assets | **8,882.5** | 8,940.5 | 8,609.6 |
| Deposits, including negotiable certificates of deposit | **5,374.6** | 5,537.3 | 5,362.4 |
| Debentures | **277.6** | 313.1 | 294.1 |
| Trading liabilities | **158.2** | 191.2 | 176.0 |
| Borrowed money | **718.3** | 547.2 | 476.7 |
| Acceptances and guarantees | **550.2** | 557.2 | 562.6 |
| Total liabilities | **8,235.2** | 8,310.4 | 7,982.0 |
| Common stock | **512.2** | 512.2 | 512.2 |
| Total equity | **647.2** | 630.1 | 627.6 |
| Total liabilities and equity | **¥ 8,882.5** | ¥ 8,940.5 | ¥ 8,609.6 |
| **Per share data:** | | | |
| Common equity[(1)] | **¥ 220.70** | ¥ 214.07 | ¥ 212.67 |
| Basic net income | **9.70** | 7.66 | 2.42 |
| **Capital adequacy data:** | | | |
| Total capital adequacy ratio | **11.7%** | 10.5% | 10.3% |
| Tier I capital ratio | **9.8%** | 8.7% | 8.8% |
| **Average balance data:** | | | |
| Securities | **¥ 1,886.7** | ¥ 2,762.0 | ¥ 2,394.6 |
| Loans and bills discounted | **4,185.6** | 4,220.3 | 4,159.8 |
| Total assets | **8,746.1** | 9,586.0 | 9,420.6 |
| Interest-bearing liabilities | **6,791.5** | 7,621.1 | 7,237.5 |
| Total liabilities | **8,108.6** | 8,965.4 | 8,801.2 |
| Total equity | **637.4** | 620.6 | 619.4 |
| **Other data:** | | | |
| Return on assets | **0.6%** | 0.4% | 0.1% |
| Return on equity[(1)] | **8.9%** | 7.3% | 1.2% |
| Ratio of deposits, including negotiable certificates of deposit, to total liabilities | **65.3%** | 66.6% | 67.2% |
| Expense-to-revenue ratio[(2)] | **62.2%** | 61.1% | 64.2% |
| Non-performing claims, non-consolidated | **¥ 274.6** | ¥ 254.4 | ¥ 295.9 |
| Ratio of non-performing claims to total claims, non-consolidated | **6.2%** | 6.0% | 6.7% |
| Net deferred tax assets | **¥ 15.5** | ¥ 15.6 | ¥ 15.2 |
| Net deferred tax assets as a percentage of Tier I capital | **2.7%** | 2.9% | 2.8% |

Notes: (1) Stock acquisition rights and minority interests are excluded from equity.
(2) The expense-to-revenue ratio is calculated by dividing general and administrative expenses by total revenue.

## RESULTS OF OPERATIONS (CONSOLIDATED)

### SUPPLEMENTAL FINANCIAL DATA AND RECONCILIATIONS TO JAPANESE GAAP MEASURES

Shinsei Bank, Limited and Consolidated Subsidiaries

For the six months ended September 30, 2012 — Billions of yen (except per share data and percentages)

| | |
|---|---|
| **Amortization of goodwill and intangible assets acquired in business combinations** | |
| Amortization of intangible assets acquired in business combinations | ¥ 1.9 |
| Associated deferred tax income | (0.7) |
| Amortization of goodwill | 3.6 |
| Total amortization of goodwill and intangible assets acquired in business combinations, net of tax benefit | ¥ 4.9 |
| **Reconciliation of net income to cash basis net income[1]** | |
| Net income | ¥ 25.7 |
| Amortization of goodwill and intangible assets acquired in business combinations, net of tax benefit | 4.9 |
| Cash basis net income | ¥ 30.6 |
| **Reconciliation of basic net income per share to cash basis basic net income per share** | |
| Basic net income per share | ¥ 9.70 |
| Effect of amortization of goodwill and intangible assets acquired in business combinations, net of tax benefit | 1.85 |
| Cash basis basic net income per share | ¥ 11.56 |
| **Reconciliation of return on assets to cash basis return on assets** | |
| Return on assets | 0.6% |
| Effect of amortization of goodwill and intangible assets acquired in business combinations, net of tax benefit | 0.1% |
| Cash basis return on assets | 0.7% |
| **Reconciliation of return on equity to cash basis return on equity** | |
| Return on equity | 8.9% |
| Effect of amortization of goodwill and intangible assets acquired in business combinations, net of tax benefit | 1.7% |
| Cash basis return on equity | 10.6% |
| **Reconciliation of return on equity to return on tangible equity** | |
| Return on equity | 8.9% |
| Effect of goodwill and intangible assets acquired in business combinations | 1.7% |
| Return on tangible equity[2] | 10.6% |

Notes: (1) The cash basis net income is calculated by excluding amortization and impairment of goodwill and intangible assets acquired in business combinations, net of tax benefit, from net income under Japanese GAAP.
(2) Net income excludes amortization of goodwill and intangible assets acquired in business combinations, net of tax benefit. Average equity excludes goodwill and intangible assets acquired in business combinations, net of associated deferred tax liability.

### TOTAL REVENUE

We reported total revenue of ¥104.1 billion for the six months ended September 30, 2012, which consists revenue of ¥52.0 billion for both the first quarter and the second quarter of the fiscal year commenced from April 1, 2012. This represents a slight decrease as compared to ¥105.6 billion for the six months ended September 30, 2011. However, it is an increase as compared to ¥97.3 billion for the six months ended March 31, 2012. Until March 31, 2012, revenue had fluctuated on a quarterly basis due to the impact of non-recurring factors. However, in the fiscal year commenced from April 1, 2012, a steady performance has been recorded for every quarter, due to continuous management of potential losses including reduction of non-core assets, alongside continuous expansion of the customer base, based on our current Medium-Term Management Plan.

### NET INTEREST INCOME

Net interest income of ¥56.1 billion recorded for the six months ended September 30, 2012 was at the same level as ¥56.1 billion for the six months ended March 31, 2012. However, it was lower than ¥60.7 billion recorded for the six months ended September 30, 2011. This was mainly due to a reduction in non-core assets, and the lower balance of consumer finance loans, although the pace of decrease in consumer finance loans has slowed down. In addition, loans for institutional customers and housing loans increased during the six months ended September 30, 2012.

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

## NET REVENUE ON INTEREST-EARNING ASSETS

The table below shows the principal components of net revenue on interest-earning assets.

### TABLE 1. INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES (CONSOLIDATED)

Billions of yen (except Yield/Rates)

| | Six months ended September 30, 2012 | | | Six months ended September 30, 2011 | | |
|---|---|---|---|---|---|---|
| | **Average Balance** | **Interest** | **Yield/Rate** | Average Balance | Interest | Yield/Rate |
| **Interest-earning assets:** | | | | | | |
| Loans and bills discounted | **¥ 4,185.6** | **¥ 64.7** | **3.08%** | ¥ 4,220.3 | ¥ 72.5 | 3.43% |
| Lease receivables and leased investment assets/ installment receivables | **563.4** | **17.6** | **6.24** | 544.0 | 18.6 | 6.83 |
| Securities | **1,886.7** | **8.6** | **0.91** | 2,762.0 | 9.7 | 0.70 |
| Other interest-earning assets[1] | **376.5** | **0.8** | **n.m.[3]** | 331.9 | 0.8 | n.m.[3] |
| **Total revenue on interest-earning assets (A)** | **¥ 7,012.4** | **¥ 91.7** | **2.61%** | ¥ 7,858.3 | ¥ 101.7 | 2.58% |
| **Interest-bearing liabilities:** | | | | | | |
| Deposits, including negotiable certificates of deposit | **¥ 5,345.7** | **¥ 11.8** | **0.44%** | ¥ 5,669.6 | ¥ 15.1 | 0.53% |
| Debentures | **289.2** | **0.5** | **0.38** | 333.4 | 0.8 | 0.50 |
| Borrowed money | **608.8** | **2.6** | **0.85** | 814.4 | 2.9 | 0.72 |
| Subordinated debt | **93.0** | **0.9** | **2.07** | 96.1 | 0.7 | 1.66 |
| Other borrowed money | **515.8** | **1.6** | **0.64** | 718.3 | 2.1 | 0.59 |
| Corporate bonds | **164.0** | **2.5** | **3.09** | 168.4 | 2.8 | 3.35 |
| Subordinated bonds | **140.2** | **2.3** | **3.40** | 141.9 | 2.6 | 3.68 |
| Other corporate bonds | **23.7** | **0.1** | **1.25** | 26.5 | 0.2 | 1.56 |
| Other interest-bearing liabilities[1] | **383.6** | **0.4** | **n.m.[3]** | 635.1 | 0.6 | n.m.[3] |
| **Total expense on interest-bearing liabilities (B)** | **¥ 6,791.5** | **¥ 17.9** | **0.53%** | ¥ 7,621.1 | ¥ 22.3 | 0.59% |
| **Net interest margin (A) - (B)** | **—** | **—** | **2.08%** | — | — | 2.00% |
| **Non-interest-bearing sources of funds:** | | | | | | |
| Non-interest-bearing (assets) liabilities, net | **¥ (355.4)** | **—** | **—** | ¥ (321.4) | — | — |
| Total equity excluding minority interest[2] | **576.4** | **—** | **—** | 558.5 | — | — |
| **Total non-interest-bearing sources of funds (C)** | **¥ 220.9** | **—** | **—** | ¥ 237.1 | — | — |
| **Total interest-bearing liabilities and non-interest-bearing sources of funds (D) = (B) + (C)** | **¥ 7,012.4** | **¥ 17.9** | **0.51%** | ¥ 7,858.3 | ¥ 22.3 | 0.57% |
| **Net revenue on interest-earning assets/ yield on interest-earning assets (A) - (D)** | **—** | **¥ 73.8** | **2.10%** | — | ¥ 79.3 | 2.01% |

Reconciliation of total revenue on interest-earning assets to total interest income

| | | | | | | |
|---|---|---|---|---|---|---|
| Total revenue on interest-earning assets | **¥ 7,012.4** | **¥ 91.7** | **2.61%** | ¥ 7,858.3 | ¥ 101.7 | 2.58% |
| Less: Income on lease transactions and installment receivables | **563.4** | **17.6** | **6.24** | 544.0 | 18.6 | 6.83 |
| Total interest income | **¥ 6,448.9** | **¥ 74.1** | **2.29%** | ¥ 7,314.2 | ¥ 83.1 | 2.27% |
| Total interest expenses | **—** | **17.9** | **—** | — | 22.3 | — |
| **Net interest income** | **—** | **¥ 56.1** | **—** | — | ¥ 60.7 | — |

Notes: (1) Other interest-earning assets and other interest-bearing liabilities include interest swaps and funding swaps.
(2) Represents a simple average of the balance as of the beginning and the end of the presented period.
(3) n.m. is not meaningful.

Net revenue on interest-earning assets includes net interest income as well as revenue earned on lease receivables, leased investment assets and installment receivables. We consider income on lease transactions and installment receivables to be a component of interest income, while Japanese GAAP does not include income on lease transactions and installment receivables in net interest income. In our interim consolidated statements of income, income on lease transactions and installment receivables is reported in net other business income under Japanese GAAP.

## RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

The net interest margin rose to 2.08% for the six months ended September 30, 2012, compared to 2.00% for the six months ended September 30, 2011. The rate on interest-bearing liabilities decreased mainly by a decrease in the rate on deposits including negotiable certificates of deposit, from 0.53% for the six months ended September 30, 2011 to 0.44% for the six months ended September 30, 2012. This reflects that relatively high-yield time deposits are maturing and prevailing interest rates are getting lower under the state of market. The yield on interest-earning assets increased by lower volume of securities, consisting mainly of low-yield Japanese government bonds. The net interest margin of 2.08% for the six months ended September 30, 2012 also showed improvement compared to the 2.04% recorded over the fiscal year ended March 31,2012.

Net revenue on interest-earning assets for the six months ended September 30, 2012 was ¥73.8 billion, decreasing from ¥79.3 billion for the six months ended September 30, 2011. This decrease was because total revenue on interest-earning assets decreased by ¥9.9 billion, due to reduction of non-core assets such as loans and securities, and a decrease in the balance of consumer finance loans and Japanese government bonds, which exceeded the ¥4.4 billion decrease in total expense on interest-bearing liabilities of ¥17.9 billion for the six months ended September 30, 2012 compared to ¥22.3 billion for the six months ended September 30, 2011.

### NET FEES AND COMMISSIONS

Net fees and commissions were mainly from non-recourse finance on domestic real estate, servicing fees in specialty finance and principal transactions, guarantee and other businesses operated by consumer finance subsidiaries, and sales of mutual funds and variable annuities. Net fees and commissions was ¥8.7 billion for the six months ended September 30, 2012, as compared to ¥13.8 billion for the six months ended September 30, 2011, mainly due to the decrease in mutual funds related fees in retail banking, and decrease in servicing fee income of subsidiaries against the backdrop of the European debt crisis and other factors.

### NET TRADING INCOME

The table below shows the principal components of net trading income.

**TABLE 2.** NET TRADING INCOME (CONSOLIDATED)

| | Billions of yen | | |
|---|---|---|---|
| | **Six months ended September 30, 2012** | Six months ended September 30, 2011 | % Change |
| Income from trading securities | **¥ 1.5** | ¥ 0.0 | 2,253.7 |
| Income (loss) from securities held to hedge trading transactions | **(1.7)** | (2.7) | 36.2 |
| Income from trading-related financial derivatives | **9.8** | 9.2 | 6.3 |
| Other, net | **(0.0)** | 0.0 | (186.8) |
| Net trading income | **¥ 9.5** | ¥ 6.5 | 46.3 |

Net trading income includes revenues from derivatives with customer-driven transactions and those from proprietary trading. Net trading income of ¥9.5 billion was recorded for the six months ended September 30, 2012, an increase of ¥3.0 billion compared to ¥6.5 billion for the six months ended September 30, 2011, mainly due to expansion of the customer base and an increase in customer-driven income.

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

## NET OTHER BUSINESS INCOME

The table below shows the principal components of net other business income.

### TABLE 3. NET OTHER BUSINESS INCOME (LOSS) (CONSOLIDATED)

Billions of yen

| | Six months ended September 30, 2012 | Six months ended September 30, 2011 | % Change |
|---|---|---|---|
| Net gain on monetary assets held in trust | **¥ 4.7** | ¥ 3.9 | 18.8 |
| Net gain on foreign exchanges | **1.1** | 1.7 | (34.6) |
| Net gain (loss) on securities | **2.0** | (0.7) | 388.2 |
| Net gain on other monetary claims purchased | **1.2** | 0.4 | 156.8 |
| Other, net: | | | |
| Income (loss) from derivatives for banking purposes, net | **(0.4)** | (1.6) | 74.5 |
| Equity in net income of affiliates | **1.2** | 1.0 | 20.8 |
| Gain on lease cancellation and other lease income (loss), net | **0.4** | (0.4) | 211.8 |
| Other, net | **1.4** | 1.3 | 10.8 |
| Net other business income before income on lease transactions and installment receivables, net | **11.9** | 5.8 | 104.3 |
| Income on lease transactions and installment receivables, net | **17.6** | 18.6 | (5.4) |
| Net other business income | **¥ 29.5** | ¥ 24.4 | 20.8 |

Net other business income increased to ¥29.5 billion for the six months ended September 30, 2012 from ¥24.4 billion for the six months ended September 30, 2011. Income on installment receivables were ¥12.2 billion, an increase as compared to ¥11.6 billion for the six months ended September 30, 2011, combining the amount at APLUS FINANCIAL which steadily increased, and the results at Showa Leasing. In the principal transactions business, income from monetary trust management were ¥4.7 billion, an increase as compared to ¥3.9 billion for the six months ended September 30, 2011. In ALM operations, net gains on sale of Japanese national government bonds were ¥2.5 billion for the six months ended September 30, 2012, an increase as compared to ¥0.8 billion for the six months ended September 30, 2011. On the other hand, income on leased assets were ¥5.4 billion, a decrease as compared to ¥6.9 billion for the six months ended September 30, 2011.

For the six months ended September 30, 2011, net other business income included gains of ¥6.3 billion, net of withholding tax, on sales of foreign equities that had been classified as non-core assets, ¥5.2 billion of impairment on major listed securities, ¥2.2 billion of impairment on bonds related to domestic real estate non-recourse finance, and ¥0.7 billion of impairment on private equity investments. For the six months ended September 30, 2012, no major gains on sales or impairments of securities were recorded, impairment of bonds related to domestic real estate non-recourse finance of ¥0.9 billion, and impairment on private equity investments of ¥0.6 billion, were limited.

## GENERAL AND ADMINISTRATIVE EXPENSES

The table below sets forth the principal components of our general and administrative expenses.

### TABLE 4. GENERAL AND ADMINISTRATIVE EXPENSES (CONSOLIDATED)

Billions of yen

| | Six months ended September 30, 2012 | Six months ended September 30, 2011 | % Change |
|---|---|---|---|
| Personnel expenses | **¥ 26.1** | ¥ 26.6 | (1.5) |
| Premises expenses | **9.9** | 10.2 | (3.3) |
| Technology and data processing expenses | **8.6** | 8.3 | 3.2 |
| Advertising expenses | **4.3** | 4.4 | (1.4) |
| Consumption and property taxes | **3.3** | 2.8 | 15.9 |
| Deposit insurance premium | **2.1** | 2.3 | (8.1) |
| Other general and administrative expenses | **10.0** | 9.5 | 5.5 |
| General and administrative expenses | **64.7** | 64.5 | 0.4 |
| Amortization of goodwill and intangible assets acquired in business combinations | **5.6** | 6.2 | (9.0) |
| Total general and administrative expenses | **¥ 70.4** | ¥ 70.7 | (0.4) |

## RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

General and administrative expenses of ¥64.7 billion, excluding amortization of goodwill and intangible assets acquired in business combinations, for the six months ended September 30, 2012 represented a slight increase from ¥64.5 billion for the six months ended September 30, 2011, although we continued to promote efficient expense management. With the aim of expanding our customer base and stabilizing our earnings, we prioritized allocation of management resources to relevant business areas while promoting business rationalization and streamlining. This slight increase from the six months ended September 30, 2011 was largely due to depreciation from capital expenditures related to system development, although we continued strict expense management for each expense category.

Personnel expenses of ¥26.1 billion for the six months ended September 30, 2012 decreased from ¥26.6 billion for the six months ended September 30, 2011. Although, we have allocated additional human resource to the relevant business areas, personnel expenses decreased as a result of ongoing streamlining across our businesses.

Non-personnel expenses of ¥38.5 billion for the six months ended September 30, 2012 increased from ¥37.8 billion for the six months ended September 30, 2011. We have worked to rationalize expenses across all of our business lines through strict expense control discipline, but non-personnel expenses increased largely due to enhancement of business infrastructure. Premises expenses decreased from ¥10.2 billion to ¥9.9 billion for the six months ended September 30, 2011 and 2012, respectively, reflecting continuous efforts at expense streamlining. Technology and data processing expenses increased from ¥8.3 billion to ¥8.6 billion for the six months ended September 30, 2011 and 2012, respectively, mainly due to additional depreciation from system development related capital expenditures. Advertising expenses decreased slightly from ¥4.4 billion to ¥4.3 billion for the six months ended September 30, 2011 and 2012, respectively, as we have promoted advertising activities with the aim to expand our customer base in concurrence with lowering of respective unit costs. Consumption and property taxes increased from ¥2.8 billion to ¥3.3 billion for the six months ended September 30, 2011 and 2012, respectively, due to the enhancement of business infrastructure including system development related capital expenditures. Other general and administrative expenses increased from ¥9.5 billion to ¥10.0 billion for the six months ended September 30, 2011 and 2012, respectively, including an increase in temporary staff expenses as we began operating a new system in parallel with the old system.

### AMORTIZATION OF GOODWILL AND INTANGIBLE ASSETS ACQUIRED IN BUSINESS COMBINATIONS

Amortization of goodwill and intangible assets acquired in business combinations associated with the acquisition of consumer and commercial finance companies totaled ¥5.6 billion and ¥6.2 billion for the six months ended September 30, 2012 and 2011, respectively. The difference is mainly attributable to the sum-of-the-years' digits method applied for amortization of goodwill and intangible assets acquired in business combinations related to Shinsei Financial. Amortization of goodwill and intangible assets acquired in business combinations for APLUS FINANCIAL was ¥0.4 billion for the six months ended September 30, 2012, which is related to the amortization of goodwill for Zen-Nichi Shinpan Co., Ltd., a subsidiary of APLUS FINANCIAL. Full impairment of goodwill and intangible assets for APLUS FINANCIAL was taken as of March 31, 2010.

### TABLE 5. AMORTIZATION OF GOODWILL AND INTANGIBLE ASSETS ACQUIRED IN BUSINESS COMBINATIONS (CONSOLIDATED)

| | Billions of yen | | |
|---|---|---|---|
| | **Six months ended September 30, 2012** | Six months ended September 30, 2011 | % Change |
| Shinsei Financial | **¥ 3.9** | ¥ 4.5 | (12.1) |
| Shinki | **(0.1)** | (0.1) | 0.0 |
| APLUS FINANCIAL | **0.4** | 0.4 | 0.0 |
| Showa Leasing | **1.4** | 1.4 | (1.2) |
| Others | **(0.0)** | (0.0) | 0.0 |
| Amortization of goodwill and intangible assets acquired in business combinations | **¥ 5.6** | ¥ 6.2 | (9.0) |

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

## NET CREDIT COSTS

The following table sets forth the principal components of net credit costs.

### TABLE 6. NET CREDIT COSTS (CONSOLIDATED)

| | Billions of yen | | |
|---|---|---|---|
| | **Six months ended September 30, 2012** | Six months ended September 30, 2011 | % Change |
| Losses on write-off or sales of loans | **¥ 3.2** | ¥ 4.1 | (21.4) |
| Net provision of reserve for loan losses: | | | |
| Net provision of general reserve for loan losses | **0.7** | 4.0 | (81.7) |
| Net provision of specific reserve for loan losses | **8.3** | 7.4 | 11.6 |
| Net provision (reversal) of reserve for loan losses to restructuring countries | **—** | (0.0) | 100.0 |
| Subtotal | **9.0** | 11.5 | (21.3) |
| Net provision (reversal) of specific reserve for other credit losses | **(0.0)** | — | — |
| Other credit costs (recoveries) relating to leasing business | **(0.4)** | (0.9) | 52.6 |
| Recoveries of written-off claims | **(5.6)** | (5.9) | 5.3 |
| Net credit costs | **¥ 6.2** | ¥ 8.8 | (28.9) |

The principal components of net credit costs are provisions or reversals of loan loss reserves. In accordance with Japanese regulatory requirements, Shinsei maintains general and specific reserves for loan losses, a reserve for loans to restructuring countries, as well as a specific reserve for other credit losses. Certain of our subsidiaries, particularly Shinsei Financial, APLUS FINANCIAL, Shinki and Showa Leasing, also maintain general and specific reserves for loan losses.

Net credit costs of ¥6.2 billion were recorded for the six months ended September 30, 2012, an improvement as compared to ¥8.8 billion for the six months ended September 30, 2011. The balance of loans and bills discounted increased, due to accumulation of institutional business loans and housing loans, and additional provisions of reserve for loan losses were recorded for real estate finance. However, reversal of the reserves from sales of non-performing loans, and recoveries of written-off claims were recorded. In consumer finance business, net provision of the reserve declined due to continuous improvement of credit quality and decrease in loan balance, while recoveries of written-off claims were also recorded, resulting in ¥4.4 billion of net credit costs for the six months ended September 30, 2012.

For the six months ended September 30, 2012, recoveries of written-off claims were ¥5.6 billion, compared to ¥5.9 billion for the six months ended September 30, 2011. Net credit costs excluding recoveries of written off claims for the six months ended September 30, 2012 has improved as compared to the six months ended September 30, 2011. Recoveries of written-off claims of ¥5.6 billion for the six months ended September 30, 2012 included ¥3.4 billion at Shinsei Financial, ¥1.6 billion at the Bank (non-consolidated) and ¥0.5 billion at Shinki.

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

## OTHER GAINS (LOSSES), NET

Other gains of ¥0.5 billion were recorded for the six months ended September 30, 2012, an improvement as compared to other losses of ¥0.3 billion for the six months ended September 30, 2011. Provisions of reserve for losses on interest repayment were recorded for ¥32.8 billion against future potential costs during the fiscal year ended March 31, 2012, and not recorded for the six months ended September 30, 2012.

### TABLE 7. OTHER GAINS (LOSSES), NET (CONSOLIDATED)

| | Billions of yen | | |
|---|---|---|---|
| | **Six months ended September 30, 2012** | Six months ended September 30, 2011 | % Change |
| Net gain (loss) on disposal of premises and equipment | **¥ 0.2** | ¥ (0.1) | 305.9 |
| Pension-related costs | **(0.0)** | (0.0) | (168.4) |
| Gain on write-off of unclaimed debentures | **0.2** | 0.7 | (65.6) |
| Impairment losses on long-lived assets | **(0.1)** | (0.9) | 81.1 |
| Provision of reserve for losses on interest repayments | **—** | (0.8) | 100.0 |
| Other, net | **0.2** | 0.7 | (69.3) |
| Total | **¥ 0.5** | ¥ (0.3) | 249.1 |

## INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS

As a result of the foregoing, income before income taxes and minority interests totaled ¥27.9 billion for the six months ended September 30, 2012, as compared to an income before income taxes and minority interests of ¥25.7 billion for the six months ended September 30, 2011.

## INCOME TAXES (BENEFIT)

Current and deferred income taxes reflected a net expense of ¥0.3 billion for the six months ended September 30, 2012, as compared to a net expense of ¥3.4 billion for the six months ended September 30, 2011.

## MINORITY INTERESTS IN NET INCOME OF SUBSIDIARIES

Minority interests in net income of subsidiaries were ¥1.7 billion for the six months ended September 30, 2012. Minority interests in net income of subsidiaries largely reflect dividends accrued on perpetual preferred securities issued by Shinsei's subsidiaries, and minority interests in the net income of other consolidated subsidiaries. Minority interests in net income of subsidiaries for the six months ended September 30, 2012 were almost the same as the ¥1.9 billion for the six months ended September 30, 2011.

### TABLE 8. MINORITY INTERESTS IN NET INCOME OF SUBSIDIARIES (CONSOLIDATED)

| | Billions of yen | | |
|---|---|---|---|
| | **Six months ended September 30, 2012** | Six months ended September 30, 2011 | % Change |
| Dividends on preferred securities (hybrid Tier I capital) issued by foreign SPCs | **¥ 1.5** | ¥ 1.5 | 0.0 |
| Others | **0.2** | 0.3 | (30.8) |
| Minority interests in net income of subsidiaries | **¥ 1.7** | ¥ 1.9 | (6.3) |

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## NET INCOME

We recognized consolidated net income of ¥25.7 billion on a reported basis for the six months ended September 30, 2012, compared to consolidated net income of ¥20.3 billion for the six months ended September 30, 2011.

Consolidated cash basis net income for the six months ended September 30, 2012 was ¥30.6 billion, compared to cash basis net income of ¥25.6 billion for the six months ended September 30, 2011. The cash basis net income is calculated by excluding amortization and impairment of goodwill and intangible assets acquired in business combinations, net of tax benefit, from net income under Japanese GAAP.

## RECONCILIATION FROM REPORTED-BASIS RESULTS TO OPERATING-BASIS RESULTS

In addition to analyzing our results of operations in the format used for our financial statements, which we refer to as the "reported-basis," our management also reviews our results on an "operating-basis" to assess each of our business lines and to measure our results against targeted goals. Operating-basis results are calculated by adjusting the reported-basis results principally for the amortization of goodwill and intangible assets acquired in business combinations, certain revenue items, amortization of net actuarial losses and lump-sum payments. In essence, the operating-basis results represent what we consider to be "core" business results and are in conformity with Japanese GAAP at the net income (loss) level. The following summary table provides a reconciliation between our results on a reported-basis and operating-basis.

### TABLE 9. RECONCILIATION FROM REPORTED-BASIS RESULTS TO OPERATING-BASIS RESULTS (CONSOLIDATED)

Billions of yen

| | **Six months ended September 30, 2012** | | | Six months ended September 30, 2011 | | |
|---|---|---|---|---|---|---|
| | **Reported-basis** | **Reclassifications** | **Operating-basis** | Reported-basis | Reclassifications | Operating-basis |
| Revenue: | | | | | | |
| Net interest income | **¥ 56.1** | **¥ —** | **¥ 56.1** | ¥ 60.7 | ¥ — | ¥ 60.7 |
| Non-interest income | **47.9** | **—** | **47.9** | 44.9 | — | 44.9 |
| Total revenue | **104.1** | **—** | **104.1** | 105.6 | — | 105.6 |
| General and administrative expenses[1] | **64.7** | **(0.9)** | **63.7** | 64.5 | (1.1) | 63.3 |
| Amortization of goodwill and intangible assets acquired in business combinations[2] | **5.6** | **(5.6)** | **—** | 6.2 | (6.2) | — |
| Total general and administrative expenses | **70.4** | **(6.6)** | **63.7** | 70.7 | (7.4) | 63.3 |
| Net business profit/Ordinary business profit[2] | **33.6** | **6.6** | **40.3** | 34.9 | 7.4 | 42.3 |
| Net credit costs | **6.2** | **—** | **6.2** | 8.8 | — | 8.8 |
| Amortization of goodwill and intangible assets acquired in business combinations[2] | **—** | **5.6** | **5.6** | — | 6.2 | 6.2 |
| Other gains (losses), net[1] | **0.5** | **(0.9)** | **(0.4)** | (0.3) | (1.1) | (1.5) |
| Income before income taxes and minority interests | **27.9** | **—** | **27.9** | 25.7 | — | 25.7 |
| Income taxes and minority interests | **2.1** | **—** | **2.1** | 5.4 | — | 5.4 |
| Net income | **¥ 25.7** | **¥ —** | **¥ 25.7** | ¥ 20.3 | ¥ — | ¥ 20.3 |

Notes: (1) Reclassifications consist principally of adjustments relating to lump-sum compensation and amortization of net actuarial gains or losses from general and administrative expenses to other gains (losses), net.
(2) Amortization of goodwill and intangible assets acquired in business combinations is reclassified under ordinary business profit after net credit costs.

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

## BUSINESS LINES RESULTS

Management monitors the performance of these business lines on an operating-basis. The business line discussion below covers the operating-basis ordinary business profit (loss) after net credit costs (recoveries).

### TABLE 10. OPERATING-BASIS ORDINARY BUSINESS PROFIT (LOSS) AFTER NET CREDIT COSTS (RECOVERIES) BY BUSINESS LINE (CONSOLIDATED)

| | Billions of yen | | |
|---|---|---|---|
| | **Six months ended September 30, 2012** | Six months ended September 30, 2011 | % Change |
| **Institutional Group:** | | | |
| Net interest income | **¥ 14.5** | ¥ 12.7 | 13.4 |
| Non-interest income | **16.9** | 19.7 | (14.1) |
| Total revenue | **31.4** | 32.5 | (3.3) |
| General and administrative expenses | **12.0** | 12.4 | (3.3) |
| Ordinary business profit | **19.4** | 20.0 | (3.3) |
| Net credit costs | **3.3** | 3.2 | 2.4 |
| Ordinary business profit after net credit costs | **¥ 16.1** | ¥ 16.8 | (4.4) |
| **Global Markets Group:** | | | |
| Net interest income | **¥ 1.5** | ¥ 1.5 | 2.3 |
| Non-interest income | **6.0** | 4.0 | 49.2 |
| Total revenue | **7.6** | 5.5 | 36.4 |
| General and administrative expenses | **4.5** | 4.8 | (6.3) |
| Ordinary business profit | **3.0** | 0.7 | 328.4 |
| Net credit costs (recoveries) | **(1.7)** | (2.1) | 20.0 |
| Ordinary business profit after net credit costs (recoveries) | **¥ 4.7** | ¥ 2.8 | 66.8 |
| **Individual Group:** | | | |
| Net interest income | **¥ 43.0** | ¥ 51.9 | (17.1) |
| Non-interest income | **20.3** | 19.5 | 4.0 |
| Total revenue | **63.4** | 71.5 | (11.3) |
| General and administrative expenses | **46.9** | 46.0 | 1.9 |
| Ordinary business profit | **16.5** | 25.5 | (35.2) |
| Net credit costs | **4.3** | 7.5 | (41.8) |
| Ordinary business profit after net credit costs | **¥ 12.1** | ¥ 17.9 | (32.5) |
| **Corporate/Other[(1)]:** | | | |
| Net interest income | **¥ (2.9)** | ¥ (5.5) | 46.8 |
| Non-interest income | **4.5** | 1.5 | 195.7 |
| Total revenue | **1.5** | (4.0) | 139.2 |
| General and administrative expenses | **0.2** | (0.0) | 4,510.7 |
| Ordinary business profit (loss) | **1.3** | (4.0) | 133.1 |
| Net credit costs | **0.2** | 0.1 | 57.7 |
| Ordinary business profit (loss) after net credit costs | **¥ 1.0** | ¥ (4.1) | 125.6 |
| **Total:** | | | |
| Net interest income | **¥ 56.1** | ¥ 60.7 | (7.5) |
| Non-interest income | **47.9** | 44.9 | 6.7 |
| Total revenue | **104.1** | 105.6 | (1.5) |
| General and administrative expenses | **63.7** | 63.3 | 0.7 |
| Ordinary business profit | **40.3** | 42.3 | (4.7) |
| Net credit costs | **6.2** | 8.8 | (28.9) |
| Ordinary business profit after net credit costs | **¥ 34.0** | ¥ 33.5 | 1.7 |

Note: (1) Includes company-wide accounts, allocation variance of indirect expense and elimination amount of inter-segment transactions.

**RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)**

## INSTITUTIONAL GROUP

The Institutional Group consists of: 1) Institutional Business Sub-Group which provides financial products and services for the corporate and public sectors, 2) Structured Finance Sub-Group which includes business such as real estate finance and specialty finance, 3) Principal Transactions Sub-Group which covers credit trading and private equity business, 4) Showa Leasing and 5) Others including asset-backed investment.

### TABLE 11. INSTITUTIONAL GROUP ORDINARY BUSINESS PROFIT (LOSS) AFTER NET CREDIT COSTS (RECOVERIES) BY BUSINESS (CONSOLIDATED)

| | Billions of yen | | |
|---|---|---|---|
| | **Six months ended September 30, 2012** | Six months ended September 30, 2011 | % Change |
| **Institutional Business Sub-Group[1]:** | | | |
| Net interest income | **¥ 5.2** | ¥ 4.3 | 20.2 |
| Non-interest income | **1.5** | (2.0) | 175.9 |
| Total revenue | **6.7** | 2.3 | 193.8 |
| General and administrative expenses | **3.2** | 3.4 | (7.0) |
| Ordinary business profit (loss) | **3.5** | (1.1) | 406.8 |
| Net credit costs (recoveries) | **(0.9)** | (3.1) | 69.2 |
| Ordinary business profit after net credit costs (recoveries) | **¥ 4.5** | ¥ 2.0 | 123.4 |
| **Structured Finance Sub-Group:** | | | |
| Net interest income | **¥ 8.8** | ¥ 8.5 | 3.0 |
| Non-interest income | **1.4** | 1.7 | (20.8) |
| Total revenue | **10.2** | 10.3 | (1.1) |
| General and administrative expenses | **2.3** | 2.4 | (3.9) |
| Ordinary business profit | **7.9** | 7.9 | (0.2) |
| Net credit costs | **3.2** | 7.7 | (58.2) |
| Ordinary business profit after net credit costs | **¥ 4.6** | ¥ 0.2 | 1,950.9 |
| **Principal Transactions Sub-Group:** | | | |
| Net interest income | **¥ 1.9** | ¥ 1.3 | 43.0 |
| Non-interest income | **5.6** | 4.7 | 20.5 |
| Total revenue | **7.6** | 6.1 | 25.6 |
| General and administrative expenses | **1.9** | 1.9 | (3.3) |
| Ordinary business profit | **5.7** | 4.1 | 39.4 |
| Net credit costs (recoveries) | **0.0** | (0.3) | 125.4 |
| Ordinary business profit after net credit costs (recoveries) | **¥ 5.6** | ¥ 4.5 | 26.1 |
| **Showa Leasing:** | | | |
| Net interest income | **¥ (1.4)** | ¥ (1.5) | 9.1 |
| Non-interest income | **7.7** | 8.7 | (10.4) |
| Total revenue | **6.3** | 7.1 | (10.7) |
| General and administrative expenses | **3.8** | 3.8 | (0.9) |
| Ordinary business profit | **2.5** | 3.2 | (22.3) |
| Net credit costs (recoveries) | **(0.3)** | (1.4) | 74.6 |
| Ordinary business profit after net credit costs (recoveries) | **¥ 2.9** | ¥ 4.6 | (38.0) |
| **Others[1]:** | | | |
| Net interest income | **¥ (0.1)** | ¥ 0.0 | (575.5) |
| Non-interest income | **0.5** | 6.6 | (92.0) |
| Total revenue | **0.3** | 6.6 | (94.0) |
| General and administrative expenses | **0.7** | 0.7 | 4.8 |
| Ordinary business profit (loss) | **(0.3)** | 5.8 | (106.3) |
| Net credit costs | **1.3** | 0.5 | 169.7 |
| Ordinary business profit (loss) after net credit costs | **¥ (1.7)** | ¥ 5.3 | (131.9) |
| **Institutional Group:** | | | |
| Net interest income | **¥ 14.5** | ¥ 12.7 | 13.4 |
| Non-interest income | **16.9** | 19.7 | (14.1) |
| Total revenue | **31.4** | 32.5 | (3.3) |
| General and administrative expenses | **12.0** | 12.4 | (3.3) |
| Ordinary business profit | **19.4** | 20.0 | (3.3) |
| Net credit costs | **3.3** | 3.2 | 2.4 |
| Ordinary business profit after net credit costs | **¥ 16.1** | ¥ 16.8 | (4.4) |

Note: (1) Results for Advisory business is included in the Institutional Business Sub-Group, formerly shown in Others, in line with the organizational change on April 27, 2012.

## RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

The Institutional Group business recorded net interest income of ¥14.5 billion for the six months ended September 30, 2012, an increase from ¥12.7 billion for the six months ended September 30, 2011, as the progress made in rebuilding our customer base led to an increase in the loan balance. Non-interest income was ¥16.9 billion for the six months ended September 30, 2012, a decline from ¥19.7 billion for the six months ended September 30, 2011. However, the amount recorded for the six months ended September 30, 2011 included gains of ¥6.3 billion, net of withholding tax from sales of foreign equities categorized as non-core assets.

The Institutional Business Sub-Group put efforts into identifying new outlets for corporate lending and increasing the loan balance to rebuild our customer base. As a result, net interest income grew steadily to ¥5.2 billion for the six months ended September 30, 2012 from ¥4.3 billion for the six months ended September 30, 2011. In addition, non-interest income improved to a positive income of ¥1.5 billion for the six months ended September 30, 2012 from ¥2.0 billion of losses for the six months ended September 30, 2011 which included ¥3.9 billion of impairment on listed shares.

The Structured Finance Sub-Group recorded total revenue of ¥10.2 billion for the six months ended September 30, 2012, almost the same as ¥10.3 billion for the six months ended September 30, 2011. Divestitures of non-performing loans and new loan disbursements in real estate finance and in specialty finance led to higher quality asset replacement. While there was ¥2.2 billion of impairment on bonds related to real estate non-recourse finance for the six months ended September 30, 2011, this amount decreased to ¥0.9 billion for the six months ended September 30, 2012.

The Principal Transactions Sub-Group recorded total revenue of ¥7.6 billion for the six months ended September 30, 2012, an increase from ¥6.1 billion for the six months ended September 30, 2011. This strong performance was a result of profits realized in the credit trading business during the six months ended September 30, 2012. In addition, ¥0.6 billion of impairment on private equity investment was recognized for the six months ended September 30, 2012, compared to ¥0.7 billion for the six months ended September 30, 2011.

Others recorded total revenue of ¥0.3 billion for the six months ended September 30, 2012, compared to ¥6.6 billion for the six months ended September 30, 2011 which included gains of ¥6.3 billion, net of withholding tax, from sales of foreign equities as non-core assets.

General and administrative expenses were ¥12.0 billion for the six months ended September 30, 2012, marking a slight decrease from ¥12.4 billion for the six months ended September 30, 2011. This small decrease was due to the scale-down and exit from non-core businesses and efficiency improvements in each business, while the group focused on areas where we can demonstrate its strengths to improve profitability.

Net credit costs were ¥3.3 billion for the six months ended September 30, 2012, almost the same as ¥3.2 billion for the six months ended September 30, 2011. Despite continued divestiture of non-core assets to mitigate potential risks and collection from non-performing loans, net credit costs were at the same level as the six months ended September 30, 2011 in the Institutional Group. This reflects an increase in the loan balance due to an expansion of new financing, while real estate finance made additional reserves as a result of the economic slow-down.

As a result, the Institutional Group recorded an ordinary business profit after net credit costs of ¥16.1 billion for the six months ended September 30, 2012, almost the same level as ¥16.8 billion for the six months ended September 30, 2011. This result was relatively stable and steady, as there was less impact from non-recurring factors for the six months ended September 30, 2012, while net interest income increased in line with the increase in the loan balance.

Showa Leasing recorded ¥6.3 billion of total revenue for the six months ended September 30, 2012, a decrease from ¥7.1 billion for the six months ended September 30, 2011. Net credit recoveries were ¥0.3 billion for the six months ended September 30, 2012, compared to significant recoveries of ¥1.4 billion for the six months ended September 30, 2011. As a result, Showa Leasing recorded ¥2.9 billion of ordinary business profit after net credit costs for the six months ended September 30, 2012, compared to ¥4.6 billion for the six months ended September 30, 2011.

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## 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 exchanges, derivatives and other capital markets business and 3) Others including asset management, wealth management and Shinsei Securities.

### TABLE 12. GLOBAL MARKETS GROUP ORDINARY BUSINESS PROFIT (LOSS) AFTER NET CREDIT COSTS (RECOVERIES) BY BUSINESS (CONSOLIDATED)

| | Billions of yen | | |
|---|---|---|---|
| | **Six months ended September 30, 2012** | Six months ended September 30, 2011 | % Change |
| **Financial Institutions Sub-Group:** | | | |
| Net interest income | **¥ 0.8** | ¥ 0.7 | 14.4 |
| Non-interest income | **1.6** | 0.8 | 97.5 |
| Total revenue | **2.4** | 1.5 | 58.2 |
| General and administrative expenses | **1.1** | 1.1 | 0.5 |
| Ordinary business profit | **1.2** | 0.3 | 236.8 |
| Net credit costs (recoveries) | **(1.3)** | (0.2) | (380.9) |
| Ordinary business profit after net credit costs (recoveries) | **¥ 2.6** | ¥ 0.6 | 298.5 |
| **Markets Sub-Group:** | | | |
| Net interest income | **¥ 0.6** | ¥ 0.4 | 36.9 |
| Non-interest income | **3.3** | 2.0 | 66.8 |
| Total revenue | **4.0** | 2.5 | 61.0 |
| General and administrative expenses | **1.6** | 1.6 | (0.6) |
| Ordinary business profit | **2.4** | 0.9 | 172.1 |
| Net credit costs (recoveries) | **(0.1)** | (1.3) | 90.0 |
| Ordinary business profit after net credit costs (recoveries) | **¥ 2.5** | ¥ 2.2 | 16.2 |
| **Others:** | | | |
| Net interest income | **¥ 0.0** | ¥ 0.2 | (85.2) |
| Non-interest income | **1.0** | 1.2 | (12.8) |
| Total revenue | **1.1** | 1.5 | (27.0) |
| General and administrative expenses | **1.7** | 2.0 | (14.6) |
| Ordinary business profit (loss) | **(0.6)** | (0.5) | (18.3) |
| Net credit costs (recoveries) | **(0.2)** | (0.5) | 57.7 |
| Ordinary business profit (loss) after net credit costs (recoveries) | **¥ (0.4)** | ¥ (0.0) | (1,862.9) |
| **Global Markets Group[1]:** | | | |
| Net interest income | **¥ 1.5** | ¥ 1.5 | 2.3 |
| Non-interest income | **6.0** | 4.0 | 49.2 |
| Total revenue | **7.6** | 5.5 | 36.4 |
| General and administrative expenses | **4.5** | 4.8 | (6.3) |
| Ordinary business profit | **3.0** | 0.7 | 328.4 |
| Net credit costs (recoveries) | **(1.7)** | (2.1) | 20.0 |
| Ordinary business profit after net credit costs (recoveries) | **¥ 4.7** | ¥ 2.8 | 66.8 |

Note: (1) Results for the Treasury Sub-Group is included in Corporate/Other, formerly shown in the Global Markets Group, in line with the organizational change on July 1, 2012.

## RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

The Global Markets Group generated total revenue of ¥7.6 billion for the six months ended September 30, 2012, an increase from ¥5.5 billion for the six months ended September 30, 2011, when the financial markets were stagnant due to the European debt crisis and the Great East Japan Earthquake and there was a lower volume of customer transactions. In the six months ended September 30, 2012, markets had still not stabilized. However, the total revenue improved because of continuous efforts to rebuild the customer base as well as development and provision of financial products which meet customers' needs.

The Financial Institutions Sub-Group's total revenue was ¥2.4 billion for the six months ended September 30, 2012, increasing from ¥1.5 billion for the six months ended September 30, 2011. The sub-group deepened cooperation with the Markets Sub-Group to reinforce its sales promotion efforts, and strived to provide various products and transactions in line with customers' needs. The strong performance reflects solid revenues from transactions with customers.

The Markets Sub-Group earned total revenue of ¥4.0 billion for the six months ended September 30, 2012, increasing from ¥2.5 billion for the six months ended September 30, 2011. Financial markets were stagnant and there was a lower volume of customer transactions for the six months ended September 30, 2011. By contrast, for the six months ended September 30, 2012, the volume of customer transactions increased and total revenue rose because the sub-group improved its business structure and enhanced its capabilities to meet customers' needs.

Others earned total revenue of ¥1.1 billion for the six months ended September 30, 2012, compared to ¥1.5 billion for the six months ended September 30, 2011.

The Global Markets Group recorded ¥4.5 billion of general and administrative expenses for the six months ended September 30, 2012, a slight decrease from ¥4.8 billion for the six months ended September 30, 2011. Continuous cost rationalization was implemented by the overall group, while it prioritized the allocation of resources to relevant business areas to rebuild the customer base. As a result, expenses decreased slightly from the six months ended September 30, 2011.

Net credit recoveries of ¥1.7 billion were recorded for the six months ended September 30, 2012, compared to net credit recoveries of ¥2.1 billion for the six months ended September 30, 2011. The Global Markets Group has continued to reduce non-core assets and recorded a reversal of reserve for these assets and recoveries of written-off claims for the six months ended September 30, 2011. The group proceeded to collect on written-off claims and recorded recoveries of written-off claims for the six months ended September 30, 2012 as well, thereby recording net credit recoveries.

As a result, the Global Markets Group recorded ¥4.7 billion of ordinary business profit after net credit costs for the six months ended September 30, 2012, an increase from ¥2.8 billion for the six months ended September 30, 2011. The Global Markets Group main source of earnings is derived from transactions with customers and continuous efforts to rebuild the customer base are now bearing results.

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

## INDIVIDUAL GROUP

The Individual Group consists of 1) Retail Banking, 2) Shinsei Financial and Shinsei Bank Card Loan Lake (Shinsei Bank Lake), 3) Shinki, 4) APLUS FINANCIAL and 5) Others including Shinsei Property Finance Co., Ltd and Consumer Finance Sub-Group.

### TABLE 13. INDIVIDUAL GROUP TOTAL REVENUE BY PRODUCT/ENTITY (CONSOLIDATED)

| | Billions of yen | | |
|---|---|---|---|
| | **Six months ended September 30, 2012** | Six months ended September 30, 2011 | % Change |
| Retail Banking: | **¥ 16.7** | ¥ 19.2 | (13.3) |
| Deposits and Debentures Net Interest Income | **9.1** | 11.3 | (18.9) |
| Deposits and Debentures Non-Interest Income(1) | **1.9** | 2.5 | (23.3) |
| Asset management | **2.0** | 2.3 | (10.1) |
| Loans | **3.4** | 3.1 | 12.9 |
| Shinsei Financial and Shinsei Bank Lake(2) | **19.0** | 22.8 | (16.4) |
| Shinki | **3.2** | 4.1 | (22.4) |
| APLUS FINANCIAL | **23.5** | 24.3 | (3.2) |
| Others(3) | **0.8** | 0.8 | (9.9) |
| Total revenue | **¥ 63.4** | ¥ 71.5 | (11.3) |

Notes: (1) Includes revenue from structured deposits of ¥1.9 billion and ¥2.8 billion for the six months ended September 30, 2012 and 2011, respectively.
(2) Results for the Shinsei Financial and "Shinsei Bank Card Loan-Lake" in the Lake business (started on October 1, 2011) are combined on a management accounting basis from October 1, 2011.
(3) Includes Shinsei Property Finance and unallocated Consumer Finance Sub-Group financials.

Individual Group's ordinary business profit after net credit costs was ¥12.1 billion for the six months ended September 30, 2012 compared to ¥17.9 billion for the six months ended September 30, 2011.

#### RETAIL BANKING

Total revenue of Retail Banking decreased to ¥16.7 billion for the six months ended September 30, 2012 from ¥19.2 billion for the six months ended September 30, 2011. Net interest income decreased to ¥13.1 billion for the six months ended September 30, 2012 from ¥15.3 billion for the six months ended September 30, 2011. This was mainly due to prevailing low interest rates resulting in a decrease in net interest income from deposits. Non-interest income also decreased to ¥3.5 billion for the six months ended September 30, 2012 from ¥3.9 billion for the six months ended September 30, 2011. The domestic and international markets were stagnant following the European debt crisis during the six months ended September 30, 2012. However, Retail Banking worked to minimize the decline in fee income from investment products by developing and offering products which meet customer's needs, such as products with a limited risk range.

Due to continued rationalization and efficient business processes, general and administrative expenses decreased slightly to ¥15.3 billion for the six months ended September 30, 2012 compared to ¥15.4 billion for the six months ended September 30, 2011.

Net credit recoveries totaled ¥31 million, which is less than ¥0.1 billion, for the six months ended September 30, 2012 compared to ¥1.2 billion for the six months ended September 30, 2011. As a result, ordinary business profit after net credit costs was ¥1.3 billion for the six months ended September 30, 2012 compared to ¥2.5 billion for the six months ended September 30, 2011.

## RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

### TABLE 14. INDIVIDUAL GROUP ORDINARY BUSINESS PROFIT (LOSS) AFTER NET CREDIT COSTS (RECOVERIES) BY BUSINESS/SUBSIDIARY (CONSOLIDATED)

Billions of yen

| | Six months ended September 30, 2012 | Six months ended September 30, 2011 | % Change |
|---|---|---|---|
| **Retail Banking:** | | | |
| Net interest income | ¥ 13.1 | ¥ 15.3 | (14.3) |
| Non-interest income | 3.5 | 3.9 | (9.4) |
| Total revenue | 16.7 | 19.2 | (13.3) |
| General and administrative expenses | 15.3 | 15.4 | (0.8) |
| Ordinary business profit | 1.3 | 3.7 | (64.7) |
| Net credit costs (recoveries) | (0.0) | 1.2 | (102.5) |
| Ordinary business profit after net credit costs (recoveries) | ¥ 1.3 | ¥ 2.5 | (45.7) |
| **Shinsei Financial and Shinsei Bank Lake[1]:** | | | |
| Net interest income | ¥ 20.7 | ¥ 24.5 | (15.7) |
| Non-interest income | (1.6) | (1.7) | 6.5 |
| Total revenue | 19.0 | 22.8 | (16.4) |
| General and administrative expenses | 12.6 | 13.3 | (5.4) |
| Ordinary business profit | 6.4 | 9.4 | (32.0) |
| Net credit costs (recoveries) | 0.9 | (0.2) | 568.9 |
| Ordinary business profit after net credit costs (recoveries) | ¥ 5.4 | ¥ 9.6 | (43.8) |
| **Shinki:** | | | |
| Net interest income | ¥ 3.5 | ¥ 4.5 | (21.2) |
| Non-interest income | (0.3) | (0.3) | 4.6 |
| Total revenue | 3.2 | 4.1 | (22.4) |
| General and administrative expenses | 1.9 | 1.8 | 1.7 |
| Ordinary business profit | 1.3 | 2.3 | (42.2) |
| Net credit costs | 0.0 | 0.1 | (65.1) |
| Ordinary business profit after net credit costs | ¥ 1.2 | ¥ 2.1 | (40.9) |
| **APLUS FINANCIAL:** | | | |
| Net interest income | ¥ 4.9 | ¥ 6.7 | (26.7) |
| Non-interest income | 18.6 | 17.6 | 5.7 |
| Total revenue | 23.5 | 24.3 | (3.2) |
| General and administrative expenses | 16.6 | 15.0 | 11.3 |
| Ordinary business profit | 6.8 | 9.3 | (26.4) |
| Net credit costs | 3.4 | 6.2 | (45.5) |
| Ordinary business profit after net credit costs | ¥ 3.4 | ¥ 3.0 | 12.3 |
| **Others[2]:** | | | |
| Net interest income | ¥ 0.6 | ¥ 0.8 | (13.1) |
| Non-interest income | 0.1 | 0.0 | 18.6 |
| Total revenue | 0.8 | 0.8 | (9.9) |
| General and administrative expenses | 0.2 | 0.2 | 0.2 |
| Ordinary business profit | 0.5 | 0.6 | (13.7) |
| Net credit costs (recoveries) | (0.0) | 0.1 | (121.4) |
| Ordinary business profit after net credit costs (recoveries) | ¥ 0.5 | ¥ 0.5 | 7.8 |
| **Individual Group:** | | | |
| Net interest income | ¥ 43.0 | ¥ 51.9 | (17.1) |
| Non-interest income | 20.3 | 19.5 | 4.0 |
| Total revenue | 63.4 | 71.5 | (11.3) |
| General and administrative expenses | 46.9 | 46.0 | 1.9 |
| Ordinary business profit | 16.5 | 25.5 | (35.2) |
| Net credit costs | 4.3 | 7.5 | (41.8) |
| Ordinary business profit after net credit costs | ¥ 12.1 | ¥ 17.9 | (32.5) |

Notes: (1) Results for Shinsei Financial and "Shinsei Bank Card Loan - Lake" in the Lake business (started on October 1, 2011) are combined on a management accounting basis from October 1, 2011.
(2) Includes Shinsei Property Finance and unallocated Consumer Finance Sub-Group financials.

## RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

### SHINSEI FINANCIAL AND SHINSEI BANK LAKE

The ordinary business profit after net credit costs of Shinsei Financial and Shinsei Bank Lake was ¥5.4 billion for the six months ended September 30, 2012 compared to ¥9.6 billion for the six months ended September 30, 2011. Total revenue was ¥19.0 billion for the six months ended September 30, 2012, compared to ¥22.8 billion for the six months ended September 30, 2011, as the loan balance continued to decrease due to the ongoing effects of the revised Money-Lending Business Control and Regulation Law. However, the pace of decrease in the combined loan balance at Shinsei Financial and Shinsei Bank Lake has slowed, due to the commencement of the Bank-based consumer finance business from October 2011. Specifically, although the combined loan balance decreased by ¥38.6 billion in the six months ended September 30, 2011, the decrease was limited to ¥14.1 billion for the six months ended September 30, 2012.

Consumer finance is expected to incur a certain amount of net credit costs due to the inherent nature of the business. However, we are implementing strict credit management and have established a strong structure for loan collections, while credit quality continues to improve due to the income-linked borrowing limitation regulation implemented in 2010. Combined with the large decline in loan balance, net credit recoveries of ¥0.2 billion were recorded for the six months ended September 30, 2011. However, the decrease in the loan balance was less pronounced in the six months ended September 30, 2012, and this resulted in net credit costs of ¥0.9 billion.

### SHINKI

The ordinary business profit after net credit costs of Shinki was ¥1.2 billion for the six months ended September 30, 2012 compared to ¥2.1 billion for the six months ended September 30, 2011. Similar to Shinsei Financial, Shinki's total revenue also decreased due to the revised Money-Lending Business Control and Regulation Law. However, the pace of decrease has slowed.

### APLUS FINANCIAL

The ordinary business profit after net credit costs of APLUS FINANCIAL increased to ¥3.4 billion for the six months ended September 30, 2012, compared to ¥3.0 billion for the six months ended September 30, 2011. Net interest income decreased to ¥4.9 billion for the six months ended September 30, 2012, compared to ¥6.7 billion for the six months ended September 30, 2011 due to the decrease in loan balance following implementation of the revised Money-Lending Business Control and Regulation Law. However, non-interest income increased to ¥18.6 billion for the six months ended September 30, 2012, compared to ¥17.6 billion for the six months ended September 30, 2011 due to the steady increase in volume in the installment sales credit and settlement business. Due to an increase in depreciation for system related assets, general and administrative expenses increased to ¥16.6 billion for the six months ended September 30, 2012 from ¥15.0 billion for the six months ended September 30, 2011 despite continued rationalization and efficient business processes. However, due to strict credit management, net credit costs decreased to ¥3.4 billion for the six months ended September 30, 2012 from ¥6.2 billion for the six months ended September 30, 2011.

### INTEREST REPAYMENT

Provisions of reserve for losses on interest repayment of ¥32.8 billion were recorded against future potential costs during the fiscal year ended March 31, 2012, and no additional provisions for the reserve were recorded for the six months ended September 30, 2012. The usage of reserve for losses on interest repayment for the six months ended September 30, 2012 decreased compared to the six months ended September 30, 2011 in Shinsei Financial, Shinki and APLUS FINANCIAL.

Shinsei Financial's usage of reserve for losses on interest repayment and others amounted to ¥2.6 billion for the six months ended September 30, 2012 from ¥4.7 billion for the six months ended September 30, 2011. No additional provision of reserves was recorded and the outstanding balance of the reserve was ¥23.6 billion as of September 30, 2012 compared to ¥26.2 billion as of March 31, 2012. When the consumer finance business was purchased from GE, the purchase agreement included an indemnity from GE that provides protection on the purchased assets of Shinsei Financial against potential losses beyond ¥203.9 billion from the majority of the legacy accounts with interest repayment risk exposure.

Shinki's usage of reserve for losses on interest repayment amounted to ¥3.6 billion for the six months ended September 30, 2012 from ¥5.8 billion for the six months ended September 30, 2011. No additional provision of the reserve was recorded and the outstanding balance of the reserve was ¥10.3 billion as of September 30, 2012 compared to ¥14.0 billion as of March 31, 2012.

APLUS FINANCIAL's usage of reserve for losses on interest repayment amounted to ¥3.0 billion for the six months ended September 30, 2012 from ¥3.4 billion for the six months ended September 30, 2011. No additional provision of the reserve was recorded and the outstanding balance of the reserve was ¥7.5 billion as of September 30, 2012 compared to ¥10.6 billion as of March 31, 2012.

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

## CORPORATE/OTHER

The Corporate/Other consists of 1) Treasury Sub-Group which undertakes ALM related transactions and capital funding and 2) Others including company-wide accounts, allocation variance of indirect expense and elimination amount of inter-segment transactions.

### TABLE 15. CORPORATE/OTHER ORDINARY BUSINESS PROFIT (LOSS) AFTER NET CREDIT COSTS (RECOVERIES) BY BUSINESS (CONSOLIDATED)

| | Billions of yen | | |
|---|---|---|---|
| | **Six months ended September 30, 2012** | Six months ended September 30, 2011 | % Change |
| **Treasury Sub-Group[1]:** | | | |
| Net interest income | **¥ (1.6)** | ¥ (3.9) | 57.7 |
| Non-interest income | **4.3** | 1.3 | 210.7 |
| Total revenue | **2.6** | (2.6) | 201.0 |
| General and administrative expenses | **0.6** | 0.5 | 14.9 |
| Ordinary business profit (loss) | **1.9** | (3.1) | 162.8 |
| Net credit costs | **—** | — | — |
| Ordinary business profit (loss) after net credit costs | **¥ 1.9** | ¥ (3.1) | 162.8 |
| **Others[2]:** | | | |
| Net interest income | **¥ (1.2)** | ¥ (1.5) | 18.7 |
| Non-interest income | **0.2** | 0.1 | 45.3 |
| Total revenue | **(1.0)** | (1.4) | 25.0 |
| General and administrative expenses | **(0.3)** | (0.5) | 30.1 |
| Ordinary business profit (loss) | **(0.6)** | (0.8) | 21.5 |
| Net credit costs | **0.2** | 0.1 | 57.7 |
| Ordinary business profit (loss) after net credit costs | **¥ (0.9)** | ¥ (1.0) | 8.6 |
| **Corporate/Other:** | | | |
| Net interest income | **¥ (2.9)** | ¥ (5.5) | 46.8 |
| Non-interest income | **4.5** | 1.5 | 195.7 |
| Total revenue | **1.5** | (4.0) | 139.2 |
| General and administrative expenses | **0.2** | 0.0 | 4,510.7 |
| Ordinary business profit (loss) | **1.3** | (4.0) | 133.1 |
| Net credit costs | **0.2** | 0.1 | 57.7 |
| Ordinary business profit (loss) after net credit costs | **¥ 1.0** | ¥ (4.1) | 125.6 |

Notes: (1) Results for the Treasury Sub-Group is included in Corporate/Other, formerly shown in the Global Markets Group, in line with the organizational change on July 1, 2012.
(2) Includes company-wide accounts, allocation variance of indirect expense and elimination amount of inter-segment transactions.

Treasury Sub-Group, which manages ALM for the Bank overall, was transferred to the Finance Group in organizational changes implemented on July 1, 2012, and its results are now included in the Corporate/Other. The Treasury Sub-Group's total revenue was a profit of ¥2.6 billion for the six months ended September 30, 2012, compared to a loss of ¥2.6 billion for the six months ended September 30, 2011. The sub-group holds liquidity reserves and Japanese government bonds for ALM purposes and during the six months ended September 30, 2012, the sub-group frequently traded Japanese government bonds to facilitate liquidity management and earned sales gains at the same time. The net sales gains increased from ¥0.8 billion for the six months ended September 30, 2011 to ¥2.5 billion for the six months ended September 30, 2012.

## FINANCIAL CONDITION

### TOTAL ASSETS

Consolidated total assets increased from ¥8,609.6 billon to 8,882.5 billion over the six months ended September 30, 2012.

Balance of our loans and bills discounted was ¥4,281.9 billion as of September 30, 2012, an increase of ¥145.0 billion from March 31, 2012. The Institutional Group and the Global Markets Group accumulated core business assets, due to the expansion of the customer base, while housing loans increased in the Individual Group. We saw continued reduction of our non-core assets, and a lower loan balance within our consumer finance business due to the impact of the revised Money-Lending Business Control and Regulation Law. However the pace of decrease in the consumer finance loan balance has gradually become less pronounced, mainly due to the commencement of the Bank-based consumer finance business from October 2011. This trend, together with the increase in core business loans and bills discounted offset the negative factors.

### TABLE 16. LOANS BY BORROWER INDUSTRY (CONSOLIDATED)

Billions of yen (except percentages)

| | As of September 30, 2012 | | As of September 30, 2011 | |
|---|---|---|---|---|
| Domestic offices (excluding Japan offshore market account): | | | | |
| Manufacturing | ¥ 234.6 | 5.6% | ¥ 246.9 | 6.1% |
| Agriculture and Forestry | 0.2 | 0.0 | 1.2 | 0.0 |
| Fishery | — | — | 1.0 | 0.0 |
| Mining, quarrying and gravel extraction | 0.2 | 0.0 | 0.4 | 0.0 |
| Construction | 16.8 | 0.4 | 16.1 | 0.4 |
| Electric power, gas, heat supply and water supply | 110.2 | 2.6 | 37.6 | 0.9 |
| Information and communications | 40.0 | 1.0 | 34.9 | 0.9 |
| Transportation, postal service | 232.4 | 5.5 | 276.0 | 6.8 |
| Wholesale and retail | 83.0 | 2.0 | 80.2 | 2.0 |
| Finance and insurance | 748.9 | 17.8 | 680.0 | 16.8 |
| Real estate | 614.8 | 14.7 | 610.8 | 15.1 |
| Services | 309.8 | 7.4 | 310.8 | 7.7 |
| Local government | 118.0 | 2.8 | 140.9 | 3.5 |
| Others | 1,687.2 | 40.2 | 1,603.9 | 39.7 |
| Total domestic (A) | ¥ 4,196.7 | 100.0% | ¥ 4,041.4 | 100.0% |
| Overseas offices (including Japan offshore market accounts): | | | | |
| Governments | ¥ 1.9 | 2.3% | ¥ 2.1 | 2.6% |
| Financial institutions | 0.8 | 1.0 | 1.1 | 1.4 |
| Others | 82.3 | 96.7 | 80.7 | 96.0 |
| Total overseas (B) | ¥ 85.1 | 100.0% | ¥ 84.0 | 100.0% |
| Total (A+B) | ¥ 4,281.9 | | ¥ 4,125.5 | |

### TABLE 17. OVERSEAS AND OFFSHORE LOANS BY REGION (NON-CONSOLIDATED)

Billions of yen

| | As of September 30, 2012 | As of September 30, 2011 |
|---|---|---|
| United States | ¥ 44.0 | ¥ 52.1 |
| Asset-backed investments in the U.S. | 5.3 | 4.6 |
| Europe | 43.9 | 33.5 |
| Asset-backed investments in Europe | 22.3 | 25.7 |
| Others | 130.8 | 101.5 |
| Total overseas and offshore loans | ¥ 218.8 | ¥ 187.2 |
| Total asset-backed investments | ¥ 27.6 | ¥ 30.4 |

Securities balance as of September 30, 2012 was ¥2,003.4 billion compared to ¥1,873.4 billion as of March 31, 2012. Over half of the investments in securities were consisted of Japanese government bonds for ALM purposes, including liquidity reserve. Increase in the balance of investments in securities during the six months ended September 30, 2012 was mainly due to the increase in the balance of Japanese national government bonds through portfolio management, resulting in a total balance of Japanese national government bonds of ¥1,476.1 billion as of September 30, 2012, as compared to ¥1,285.1 as of March 31, 2012.

FINANCIAL CONDITION (CONTINUED)

## FUNDING AND LIQUIDITY

The table below shows changes in the proportion of our overall funding represented by funds raised from deposits and debentures in our Retail and Institutional Banking businesses. Shinsei continues to optimize its funding base through deposits mainly from retail customers.

### TABLE 18. DIVERSIFICATION BY FUNDING TYPE (CONSOLIDATED)

Billions of yen

| | As of September 30, 2012 | As of September 30, 2011 |
|---|---|---|
| Retail deposits | **¥ 4,492.9** | ¥ 4,781.5 |
| Institutional deposits | **881.7** | 755.8 |
| Retail debentures[1] | **260.9** | 274.8 |
| Institutional debentures | **16.7** | 38.3 |
| Total | **¥ 5,652.2** | ¥ 5,850.5 |

Note: (1) Excludes unclaimed matured debentures.

## TOTAL EQUITY

Total equity as of September 30, 2012 was ¥647.2 billion and included minority interests of ¥60.1 billion.

## SUMMARY OF NON-CONSOLIDATED FINANCIAL RESULTS

We disclose non-consolidated financial information in addition to our consolidated financial statements. As a recipient of public funds, we are required by the FSA to update and report on non-consolidated performance in relation to targets set forth in our Revitalization Plan on a quarterly basis and to publicly disclose that information semi-annually. Shinsei recorded a net income of ¥15.6 billion on a non-consolidated basis for the six months ended September 30, 2012. Differences between the net income on a non-consolidated basis and consolidated basis are mainly because of the gains and losses from our consolidated subsidiaries, including Showa Leasing, Shinsei Financial, APLUS FINANCIAL and Shinki, the gains and losses on our investment in our equity method affiliate, Jih Sun Financial Holding Co., Ltd., and the dividends received from our major consolidated subsidiaries.

### TABLE 19. SUPPLEMENTAL MEASURES (NON-CONSOLIDATED)

Billions of yen

| | Six months ended September 30, 2012 | Six months ended September 30, 2011 |
|---|---|---|
| Gross business profit *(gyomu sorieki)* : | | |
| Net interest income | **¥ 34.8** | ¥ 29.3 |
| Net fees and commissions[1] | **7.5** | 9.4 |
| Net trading income | **8.5** | 6.7 |
| Net other business income | **1.2** | (7.1) |
| Total gross business profit | **52.1** | 38.3 |
| Expenses[2] | **33.3** | 27.4 |
| Net business profit *(jisshitsu gyomu jun-eki)* | **18.7** | 10.8 |
| Other, net[3] | **(3.1)** | (2.5) |
| Net operating income *(keijo rieki)* | **15.6** | 8.3 |
| Extraordinary income (loss) | **(0.5)** | (1.3) |
| Income before income taxes | **15.1** | 6.9 |
| Current income taxes (benefit) | **(0.1)** | 0.3 |
| Deferred income taxes (benefit) | **(0.4)** | 2.0 |
| Net income | **¥ 15.6** | ¥ 4.5 |

Notes: (1) Includes net gain (loss) on monetary assets held in trust of ¥5.1 billion and ¥6.4 billion for the six months ended September 30, 2012 and 2011, respectively.
(2) General and administrative expenses with certain adjustment.
(3) Excludes net gain (loss) on monetary assets held in trust.

## FINANCIAL CONDITION (CONTINUED)

### SUPPLEMENTAL NON-CONSOLIDATED MEASURES

In addition to the reporting items set forth in our non-consolidated financial statements, the Banking Act of Japan requires us to disclose gross business profit (*gyomu sorieki*) on a non-consolidated basis. Furthermore, in the Japanese banking industry, net business profit (*jisshitsu gyomu jun-eki*) has traditionally been used as a measure of the profitability of core banking operations. We review these non-Japanese GAAP performance measures in monitoring the results of our operations.

Gross business profit (*gyomu sorieki*) is the sum of:

- net interest income, which excludes interest expense related to investment in monetary assets held in trust;
- net fees and commissions, which includes net gain (loss) on monetary assets held in trust (in keeping with the definition of gross business profit in our revitalization plan);
- net trading income; and
- net other business income, which excludes net gain (loss) on monetary assets held in trust and on equity securities.

Net business profit (*jisshitsu gyomu jun-eki*) is gross business profit (*gyomu sorieki*) minus non-consolidated expenses, which corresponds to general and administrative expenses adjusted for certain items.

While these non-Japanese GAAP business profit measures should not be viewed as a substitute for net income, management believes that these measures provide a meaningful way of comparing a number of the important components of Shinsei's revenues and profitability from year to year. The table on the previous page sets forth these supplemental financial data and corresponding reconciliations to net income under Japanese GAAP for the presented period.

### ASSET QUALITY AND DISPOSAL OF NON-PERFORMING LOANS OF SHINSEI

At September 30, 2012, 72.2% of our consolidated non-performing loans as disclosed in accordance with the guidelines of the Japanese Bankers Association (JBA) were held by Shinsei and most of the rest were held by Shinsei Financial, APLUS FINANCIAL and Shinki. This discussion of our asset quality presents information of Shinsei on a non-consolidated basis unless specified otherwise. In particular, non-performing claims as defined in the Financial Revitalization Law are only disclosed on a non-consolidated basis, and therefore do not include non-performing claims held by Shinsei Financial, APLUS FINANCIAL, Showa Leasing and Shinki. For a discussion regarding the non-performing claims of Shinsei Financial, APLUS FINANCIAL, Showa Leasing and Shinki see Asset Quality of Shinsei Financial, APLUS FINANCIAL, Showa Leasing and Shinki.

We classify our obligors and assess our asset quality based on our self-assessment guidelines developed in accordance with guidelines published by the FSA. We generally perform our self-assessment quarterly. The self-assessment process involves classifying obligors based on their financial condition and then categorizing claims against obligors in order of collection risk. Based on these classifications, we establish reserves and disclose our non-performing loans and other claims using criteria specified in the Financial Revitalization Law. We also disclose our non-performing loans under a format devised by the JBA for the disclosure of risk-monitored loans.

### CLAIMS CLASSIFIED UNDER THE FINANCIAL REVITALIZATION LAW

Under the Financial Revitalization Law, Japanese banks categorize their non-consolidated total claims in four categories by reference to the nature of the relevant assets. In addition to loans and bills discounted, claims that are subject to disclosure under the Financial Revitalization Law include foreign exchange claims, securities lent, private placement bonds guaranteed by Shinsei, accrued income and suspense payments in other assets, as well as customers' liabilities for acceptances and guarantees.

### DISCLOSURE OF CLAIMS CLASSIFIED UNDER THE FINANCIAL REVITALIZATION LAW

Our current management team has consistently emphasized the monitoring of non-performing claims. Shinsei's total amount of non-performing claims as disclosed pursuant to the Financial Revitalization Law decreased ¥21.2 billion, or 7.2%, to ¥274.6 billion, between March 31, 2012 and September 30, 2012. During the six months ended September 30, 2012, claims against bankrupt and quasi-bankrupt obligors increased from ¥49.1 billion to ¥50.9 billion, and doubtful claims decreased from ¥245.2 billion to ¥220.9 billion, and substandard claims increased from ¥1.5 billion to ¥2.7 billion, as a result of our self assessment. The ratio of non-performing claims disclosed under the Financial Revitalization Law to total non-consolidated claims as of September 30, 2012 decreased to 6.2%, compared to 6.7% as of March 31, 2012.

Shinsei's claims against other need caution obligors, excluding substandard claims, totaled ¥255.3 billion as of September 30, 2012, a 13.1% decrease from ¥293.9 billion as of March 31, 2012, which included private placement bonds guaranteed by Shinsei classified as claims against other need caution obligors.

These claims represented 5.7% of total non-consolidated claims as of September 30, 2012, down from 6.6% as of March 31, 2012.

## FINANCIAL CONDITION (CONTINUED)

### COMPARISON OF CATEGORIES OF OBLIGORS, CLAIMS UNDER THE FINANCIAL REVITALIZATION LAW AND RISK-MONITORED LOANS (NON-CONSOLIDATED)

(Billions of yen)

| Obligor Classifications | | Internal Ratings | Reserve Ratios for Borrowers Type | Claims Classified under the Financial Revitalization Law[2][3]<br>Total loans and bills discounted: 4,264.1 | Other 193.6 | Risk-monitored Loans[2]<br>Total loans and bills discounted: 4,264.1 |
|---|---|---|---|---|---|---|
| Legally bankrupt | | 9E | 100.0%<br>for unsecured portion | Claims against bankrupt and quasi-bankrupt obligors 50.9<br>(Amount of coverage, coverage ratio) (50.9*, 100.0%)<br>*Amount of reserve for loan losses is 3.9, collateral and guarantees is 47.0 | | Loans to bankrupt obligors 5.3 |
| Virtually bankrupt | | 9D | 100.0%<br>for unsecured portion | | | Non-accrual delinquent loans 241.7 |
| Possibly bankrupt | | 9C | 97.7%<br>for unsecured portion | Doubtful claims 220.9<br>(Amount of coverage, coverage ratio) (213.7*, 96.7%)<br>*Amount of reserve for loan losses is 70.2, collateral and guarantees is 143.5 | | |
| Need caution | Substandard | 9B | 83.0%<br>for unsecured portion | Substandard claims (loan account only) 2.7<br>(Amount of coverage, coverage ratio) (2.1*, 78.3%)<br>*Amount of reserve for loan losses is 0.8, collateral and guarantees is 1.3 | | Loans past due for three months or more<br>Restructured loans 2.7 |
| | Other need caution | 9A | 5.9%<br>for total claims | Normal claims 4,183.1 | | Normal 4,014.2 |
| Normal | | 0A–6C | 0.4%<br>for total claims | | | |
| | | | | Total non-performing claims and ratio to total claims 274.6, 6.2%<br>(Total amount of coverage, coverage ratio) (266.8*, 97.2%)<br>*Total amount of reserve for loan losses is 74.9, collateral and guarantees is 191.8 | | Total risk-monitored loans and ratio to total loans and bills discounted 249.8, 5.9% |

Notes: (1) 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%.
(2) The Financial Revitalization Law requires us to classify and disclose "claims" which include, in addition to loans and bills discounted, foreign exchange claims, securities lent, private placement bonds guaranteed by Shinsei, accrued income and suspense payments in other assets, as well as customers' liabilities for acceptances and guarantees. By comparison, as for risk-monitored loans, the format devised by the JBA only classifies, and calls for disclosure of, certain loans and bills discounted.
(3) Shaded claims denoted claims that are considered to be non-performing under the Financial Revitalization Law.

## FINANCIAL CONDITION (CONTINUED)

### TABLE 20. CLAIMS CLASSIFIED UNDER THE FINANCIAL REVITALIZATION LAW (NON-CONSOLIDATED)

Billions of yen (except percentages)

| | **As of September 30, 2012** | As of September 30, 2011 | As of March 31, 2012 |
|---|---|---|---|
| Claims against bankrupt and quasi-bankrupt obligors | **¥ 50.9** | ¥ 53.3 | ¥ 49.1 |
| Doubtful claims | **220.9** | 196.7 | 245.2 |
| Substandard claims | **2.7** | 4.3 | 1.5 |
| Total claims disclosed under the Financial Revitalization Law(1) | **274.6** | 254.4 | 295.9 |
| Normal claims and claims against other need caution obligors excluding substandard claims | **4,183.1** | 4,013.7 | 4,149.8 |
| Total claims | **¥ 4,457.7** | ¥ 4,268.1 | ¥ 4,445.7 |
| Ratio of total claims disclosed under the Financial Revitalization Law to total claims | **6.2%** | 6.0% | 6.7% |

Note: (1) Total claims consists of loans and bills discounted, foreign exchange claims, securities lent, accrued interest income and suspense payments in other assets, as well as customers' liabilities for acceptances and guarantees.

## COVERAGE RATIOS

As of September 30, 2012, non-consolidated coverage ratios for claims classified under the Financial Revitalization Law, which for each category of claims is the total of collateral pledged against claims, guarantees for claims and reserve for loan losses, measured against total claims, were 100.0% for claims against bankrupt and quasi-bankrupt obligors, 96.7% for doubtful claims and 78.3% for substandard claims. For all claims classified under the Financial Revitalization Law, the coverage ratio was 97.2%.

Shinsei directly writes off, rather than reserves, the portion of claims against bankrupt and quasi-bankrupt obligors that are estimated to be uncollectible. As of September 30, 2012, ¥68.9 billion of such claims were written off on a non-consolidated basis.

### TABLE 21. COVERAGE RATIOS FOR NON-PERFORMING CLAIMS DISCLOSED UNDER THE FINANCIAL REVITALIZATION LAW (NON-CONSOLIDATED)

Billions of yen (except percentages)

| | Amount of claims | Amounts of coverage: Reserve for loan losses | Collateral and guarantees | Total | Coverage ratio |
|---|---|---|---|---|---|
| **As of September 30, 2012:** | | | | | |
| Claims against bankrupt and quasi-bankrupt obligors | **¥ 50.9** | **¥ 3.9** | **¥ 47.0** | **¥ 50.9** | **100.0%** |
| Doubtful claims | **220.9** | **70.2** | **143.5** | **213.7** | **96.7** |
| Substandard claims | **2.7** | **0.8** | **1.3** | **2.1** | **78.3** |
| Total | **¥ 274.6** | **¥ 74.9** | **¥ 191.8** | **¥ 266.8** | **97.2%** |
| As of September 30, 2011: | | | | | |
| Claims against bankrupt and quasi-bankrupt obligors | ¥ 53.3 | ¥ 3.6 | ¥ 49.7 | ¥ 53.3 | 100.0% |
| Doubtful claims | 196.7 | 38.9 | 151.8 | 190.7 | 97.0 |
| Substandard claims | 4.3 | 1.7 | 1.0 | 2.7 | 62.8 |
| Total | ¥ 254.4 | ¥ 44.3 | ¥ 202.5 | ¥ 246.8 | 97.0% |
| As of March 31, 2012: | | | | | |
| Claims against bankrupt and quasi-bankrupt obligors | ¥ 49.1 | ¥ 3.6 | ¥ 45.4 | ¥ 49.1 | 100.0% |
| Doubtful claims | 245.2 | 72.5 | 162.9 | 235.4 | 96.0 |
| Substandard claims | 1.5 | 0.4 | 1.1 | 1.5 | 99.0 |
| Total | ¥ 295.9 | ¥ 76.6 | ¥ 209.5 | ¥ 286.1 | 96.7% |

FINANCIAL CONDITION (CONTINUED)

## RESERVE FOR CREDIT LOSSES

The following table sets forth a breakdown of Shinsei's total reserve for credit losses on a non-consolidated basis as of the dates indicated:

### TABLE 22. RESERVE FOR CREDIT LOSSES (NON-CONSOLIDATED)

Billions of yen (except percentages)

| | As of September 30, 2012 | As of September 30, 2011 |
|---|---|---|
| General reserve for loan losses | ¥ 34.1 | ¥ 44.8 |
| Specific reserve for loan losses | 75.4 | 44.0 |
| Reserve for loans to restructuring countries | 0.0 | 0.0 |
| Subtotal reserve for loan losses | 109.6 | 88.9 |
| Specific reserve for other credit losses | 3.9 | 21.1 |
| Total reserve for credit losses | ¥ 113.5 | ¥ 110.1 |
| Total claims(1) | ¥ 4,457.7 | ¥ 4,268.1 |
| Ratio of total reserve for loan losses to total claims | 2.5% | 2.1% |
| Ratio of total reserve for credit losses to total claims | 2.5% | 2.6% |

Note: (1) Total claims consist loans and bills discounted, foreign exchange claims, securities lent, accrued interest income and suspense payments in other assets, as well as customers' liabilities for acceptances and guarantees.

As of September 30, 2012 and September 30, 2011, total reserve for credit losses on a non-consolidated basis was ¥113.5 billion and ¥110.1 billion, respectively, constituting 2.5% and 2.6%, respectively, of total claims.

### TABLE 23. RESERVE RATIOS BY BORROWERS' CATEGORY (NON-CONSOLIDATED)

Percentages

| | | As of September 30, 2012 | As of September 30, 2011 |
|---|---|---|---|
| Legally and virtually bankrupt | (unsecured portion) | 100.0% | 100.0% |
| Possibly bankrupt | (unsecured portion) | 97.7% | 97.5% |
| Substandard | (unsecured portion) | 83.0% | 52.0% |
| Need caution | (total claims) | 5.9% | 3.7% |
| | (unsecured portion) | 18.7% | 12.9% |
| Normal | (total claims) | 0.4% | 0.7% |

## RISK-MONITORED LOANS

Consolidated risk-monitored loans decreased by ¥25.8 billion during the six months ended September 30, 2012 to ¥346.0 billion.

The following tables set forth information concerning our consolidated and non-consolidated risk-monitored loans as of the dates indicated:

### TABLE 24. RISK-MONITORED LOANS (CONSOLIDATED)

Billions of yen (except percentages)

| | As of September 30, 2012 | As of September 30, 2011 |
|---|---|---|
| Total loans and bills discounted | ¥ 4,281.9 | ¥ 4,125.5 |
| Loans to bankrupt obligors (A) | 18.9 | 14.9 |
| Non-accrual delinquent loans (B) | 284.6 | 274.1 |
| Subtotal (A)+(B) | ¥ 303.5 | ¥ 289.1 |
| Ratio to total loans and bills discounted | 7.1% | 7.0% |
| Loans past due for three months or more (C) | ¥ 1.7 | ¥ 1.7 |
| Restructured loans (D) | 40.8 | 54.9 |
| Total risk-monitored loans (A)+(B)+(C)+(D) | ¥ 346.0 | ¥ 345.9 |
| Ratio to total loans and bills discounted | 8.1% | 8.4% |
| Reserve for credit losses | ¥ 171.9 | ¥ 184.3 |

## FINANCIAL CONDITION (CONTINUED)

### TABLE 25. RISK-MONITORED LOANS (NON-CONSOLIDATED)

Billions of yen (except percentages)

| | As of September 30, 2012 | As of September 30, 2011 |
|---|---|---|
| Total loans and bills discounted | **¥ 4,264.1** | ¥ 4,060.8 |
| Loans to bankrupt obligors (A) | **5.3** | 6.5 |
| Non-accrual delinquent loans (B) | **241.7** | 216.2 |
| Subtotal (A)+(B) | **¥ 247.1** | ¥ 222.8 |
| Ratio to total loans and bills discounted | **5.8%** | 5.5% |
| Loans past due for three months or more (C) | **¥ 0.7** | ¥ 0.7 |
| Restructured loans (D) | **1.9** | 3.5 |
| Total risk-monitored loans (A)+(B)+(C)+(D) | **¥ 249.8** | ¥ 227.1 |
| Ratio to total loans and bills discounted | **5.9%** | 5.6% |
| Reserve for credit losses | **¥ 113.5** | ¥ 110.1 |

### TABLE 26. RISK-MONITORED LOANS BY BORROWER INDUSTRY (NON-CONSOLIDATED)

Billions of yen

| | As of September 30, 2012 | As of September 30, 2011 |
|---|---|---|
| Domestic offices (excluding Japan offshore market account): | | |
| Manufacturing | **¥ 7.4** | ¥ 3.2 |
| Agriculture and Forestry | **—** | — |
| Fishery | **—** | — |
| Mining, quarrying and gravel extraction | **—** | — |
| Construction | **0.0** | — |
| Electric power, gas, heat supply and water supply | **—** | — |
| Information and communications | **—** | 0.5 |
| Transportation, postal service | **2.9** | — |
| Wholesale and retail | **—** | 0.0 |
| Finance and insurance | **43.3** | 23.8 |
| Real estate | **151.6** | 183.0 |
| Services | **26.2** | 0.1 |
| Local government | **—** | — |
| Individual | **3.5** | 4.2 |
| Overseas yen loan and overseas loans booked domestically | **14.6** | 11.9 |
| Total domestic (A) | **¥ 249.8** | ¥ 227.1 |
| Overseas offices (including Japan offshore market accounts): | | |
| Governments | **¥ —** | ¥ — |
| Financial institutions | **—** | — |
| Others | **—** | — |
| Total overseas (B) | **¥ —** | ¥ — |
| Total (A+B) | **¥ 249.8** | ¥ 227.1 |

### TABLE 27. RISK-MONITORED OVERSEAS AND OFFSHORE LOANS BY REGION (NON-CONSOLIDATED)

Billions of yen

| | As of September 30, 2012 | As of September 30, 2011 |
|---|---|---|
| United States | **¥ —** | ¥ — |
| Asset-backed investments in the U.S. | **—** | — |
| Europe | **11.2** | 11.9 |
| Asset-backed investments in Europe | **11.2** | 11.6 |
| Others | **3.3** | 0.0 |
| Total overseas and offshore loans | **¥ 14.6** | ¥ 11.9 |
| Total asset-backed investments[1] | **¥ 11.2** | ¥ 11.6 |

Notes: (1) As of September 30, 2012, reserve for loan losses and collateral/guarantees for risk monitored loans related to asset-backed investments were ¥4.2 billion and ¥6.4 billion, respectively, and the coverage ratio was 95.7%.

FINANCIAL CONDITION (CONTINUED)

## ASSET QUALITY OF SHINSEI FINANCIAL, APLUS FINANCIAL, SHOWA LEASING AND SHINKI

Shinsei Financial, APLUS FINANCIAL, Showa Leasing and Shinki classify their obligors and assess their asset quality based on self-assessment guidelines developed in accordance with guidelines published by the FSA. They generally perform their self-assessment quarterly and at least semi-annually. Shinsei Financial, APLUS FINANCIAL, Showa Leasing and Shinki's assessments, where applicable, include, among other things, an assessment of credit extended to credit card customers as well as lease obligors, unsecured personal loans and customer guarantees.

The following tables set forth information concerning consolidated risk-monitored loans and risk-monitored installment receivables held by Shinsei, Shinsei Financial, APLUS FINANCIAL, Showa Leasing, Shinki and other subsidiaries as of the dates indicated:

### TABLE 28. RISK-MONITORED LOANS BREAKDOWN FOR LARGE ENTITIES (CONSOLIDATED)

| | Billions of yen | | | | | |
|---|---|---|---|---|---|---|
| | Shinsei | Shinsei Financial | APLUS FINANCIAL | Shinki | Other subsidiaries | Total |
| **As of September 30, 2012:** | | | | | | |
| Loans to bankrupt obligors | **¥ 5.3** | **¥ 1.1** | **¥ 0.2** | **¥ 0.0** | **¥ 12.1** | **¥ 18.9** |
| Non-accrual delinquent loans | **241.7** | **6.6** | **15.1** | **0.9** | **20.0** | **284.6** |
| Loans past due for three months or more | **0.7** | **0.0** | **0.0** | **—** | **0.9** | **1.7** |
| Restructured loans | **1.9** | **25.4** | **10.6** | **2.4** | **0.2** | **40.8** |
| Total | **¥ 249.8** | **¥ 33.2** | **¥ 26.1** | **¥ 3.4** | **¥ 33.3** | **¥ 346.0** |
| As of September 30, 2011: | | | | | | |
| Loans to bankrupt obligors | ¥ 6.5 | ¥ 1.4 | ¥ 0.6 | ¥ 0.0 | ¥ 6.3 | ¥ 14.9 |
| Non-accrual delinquent loans | 216.2 | 10.3 | 10.3 | 1.8 | 35.2 | 274.1 |
| Loans past due for three months or more | 0.7 | 0.0 | 0.0 | — | 0.9 | 1.7 |
| Restructured loans | 3.5 | 34.8 | 12.6 | 3.9 | 0.0 | 54.9 |
| Total | ¥ 227.1 | ¥ 46.5 | ¥ 23.8 | ¥ 5.7 | ¥ 42.6 | ¥ 345.9 |
| As of March 31, 2012: | | | | | | |
| Loans to bankrupt obligors | ¥ 3.5 | ¥ 1.1 | ¥ 0.1 | ¥ 0.0 | ¥ 3.3 | ¥ 8.1 |
| Non-accrual delinquent loans | 263.3 | 7.8 | 15.8 | 1.1 | 28.5 | 316.7 |
| Loans past due for three months or more | 0.7 | 0.0 | 0.0 | — | 0.9 | 1.7 |
| Restructured loans | 0.8 | 29.6 | 11.4 | 3.2 | 0.2 | 45.3 |
| Total | ¥ 268.4 | ¥ 38.6 | ¥ 27.4 | ¥ 4.3 | ¥ 33.0 | ¥ 371.9 |

### TABLE 29. RISK-MONITORED INSTALLMENT RECEIVABLES INCLUDED IN OTHER ASSETS BREAKDOWN FOR LARGE ENTITIES (CONSOLIDATED)(1)

| | Billions of yen | | | | |
|---|---|---|---|---|---|
| | Shinsei Financial | APLUS FINANCIAL | Showa Leasing | Other subsidiaries | Total |
| **As of September 30, 2012:** | | | | | |
| Credits to bankrupt obligors | **¥ 0.0** | **¥ 0.0** | **¥ 0.0** | **¥ 0.1** | **¥ 0.2** |
| Non-accrual delinquent credits | **0.0** | **4.6** | **5.0** | **0.3** | **10.0** |
| Credits past due for three months or more | **—** | **0.2** | **0.0** | **—** | **0.2** |
| Restructured credits | **0.0** | **1.1** | **0.0** | **—** | **1.2** |
| Total | **¥ 0.0** | **¥ 6.1** | **¥ 5.2** | **¥ 0.4** | **¥ 11.8** |
| As of September 30, 2011: | | | | | |
| Credits to bankrupt obligors | ¥ 0.0 | ¥ — | ¥ 0.0 | ¥ 0.1 | ¥ 0.2 |
| Non-accrual delinquent credits | 0.0 | 0.5 | 3.2 | 0.5 | 4.3 |
| Credits past due for three months or more | — | 0.2 | 0.1 | — | 0.3 |
| Restructured credits | 0.0 | 2.1 | 0.2 | — | 2.4 |
| Total | ¥ 0.0 | ¥ 2.8 | ¥ 3.7 | ¥ 0.7 | ¥ 7.4 |
| As of March 31, 2012: | | | | | |
| Credits to bankrupt obligors | ¥ 0.0 | ¥ 0.0 | ¥ 0.1 | ¥ 0.1 | ¥ 0.3 |
| Non-accrual delinquent credits | 0.0 | 4.4 | 5.2 | 0.5 | 10.2 |
| Credits past due for three months or more | — | 0.2 | 0.0 | — | 0.3 |
| Restructured credits | 0.0 | 1.3 | 0.2 | — | 1.5 |
| Total | ¥ 0.0 | ¥ 6.0 | ¥ 5.6 | ¥ 0.7 | ¥ 12.5 |

Note: (1) Neither Shinsei nor Shinki had any such installment receivables.

FINANCIAL CONDITION (CONTINUED)

## CAPITAL RATIOS

From the fiscal year ended March 31, 2007, the Basel II methodology has been adopted to calculate capital ratios. For credit risk, the Foundation Internal Ratings Based Approach (FIRB) has been applied. For operational risk, the Standardized Approach (TSA) has been adopted and the Internal Model Method has been used for market risk.

Our total capital adequacy ratio as of September 30, 2012 was 11.7%, compared with 10.5% as of September 30, 2011.

The main factors of reduction in risk assets are change of risk parameter of corporate and retail assets and upward credit rating changes of corporate loan assets, which resulted in further improvement of the Total capital adequacy ratio and Tier I capital ratio to 11.7% and 9.8%, as of September 30, 2012, respectively, compared to 10.5% and 8.7% as of September 30, 2011.

### TABLE 30. CAPITAL RATIOS (CONSOLIDATED)

Billions of yen (except percentages)

| | **As of September 30, 2012** | As of September 30, 2011 |
|---|---|---|
| Basic items (Tier I): | | |
| Common stock | **¥ 512.2** | ¥ 512.2 |
| Capital surplus | **79.4** | 79.4 |
| Retained earnings | **81.9** | 72.7 |
| Treasury stock, at cost | **(72.5)** | (72.5) |
| Expected income distribution | **—** | — |
| Unrealized loss on available-for-sale securities(1) | **—** | — |
| Foreign currency translation adjustments | **(2.5)** | (3.4) |
| Stock acquisition rights | **1.3** | 1.3 |
| Minority interests in consolidated subsidiaries | **59.6** | 60.0 |
| Preferred securities issued by foreign SPC | **56.5** | 56.4 |
| Goodwill | **(38.2)** | (45.5) |
| Intangible assets acquired in business combinations | **(14.2)** | (18.2) |
| Gain on sale of securitization | **(9.7)** | (9.6) |
| 50% of expected loss provision shortfall | **(23.3)** | (33.7) |
| Total Tier I (A) | **573.8** | 542.7 |
| Step-up preferred securities | **23.4** | 23.4 |
| Supplementary items (Tier II): | | |
| General reserve for loan losses | **8.7** | 8.6 |
| Perpetual preferred stocks | **—** | — |
| Perpetual subordinated debt and bonds | **28.4** | 28.1 |
| Non-perpetual preferred stocks | **—** | — |
| Non-perpetual subordinated debt and bonds | **149.1** | 174.4 |
| Total | **¥ 186.4** | ¥ 211.2 |
| Amount eligible for inclusion in capital (B) | **186.4** | 211.2 |
| Deduction (C) | **¥ 72.4** | ¥ 105.0 |
| Intentional capital investment to other financial institutions | **6.1** | 6.0 |
| Capital investment to affiliated companies | **36.7** | 33.8 |
| 50% of expected loss provision shortfall | **23.3** | 33.7 |
| Expected losses on exposures under PD/LGD measures such as equities | **0.8** | 0.9 |
| Unrated securitization exposure | **5.2** | 30.4 |
| Exclusion from deductions | **—** | — |
| Total capital (D) [(A)+(B)-(C)] | **¥ 687.8** | ¥ 648.8 |
| Risk assets: | | |
| On-balance sheet items | **¥ 4,458.7** | ¥ 4,758.8 |
| Off-balance sheet items | **820.0** | 880.7 |
| Market Risk(2) | **221.3** | 145.8 |
| Operational Risk(2) | **369.1** | 417.8 |
| Total (E) | **¥ 5,869.2** | ¥ 6,203.3 |
| Consolidated capital adequacy ratio (D) / (E) | **11.7%** | 10.5% |
| Consolidated Tier I capital ratio (A) / (E) | **9.8%** | 8.7% |

Notes: (1) In accordance with the FSA Notification Number 79 (issued in 2008 as a special treatment of the FSA Notification Number 19 issued in 2006), unrealized losses on available-for-sale securities were not included in the Tier I capital of Japanese banks that use a domestic standard for calculating capital adequacy ratios.
(2) Derived by multiplying the capital requirement by 12.5 (i.e., the reciprocal of the minimum capital ratio of 8%).

## EXPOSURE TO SECURITIZED PRODUCTS AND RELATED INVESTMENTS

EXPOSURE TO SECURITIZED PRODUCTS AND RELATED INVESTMENTS

Tables 31 through 34 below set forth certain information regarding our exposure to securitized products and related investments as of March 31, 2012, and as of and for six months ended September 30, 2012. Table 35 provides definitions for the defined terms used in Tables 31 through 34.

### TABLE 31. BALANCE OF SECURITIZED PRODUCTS (BREAKDOWN BY REGION AND TYPE OF SECURITIES)(1) (NON-CONSOLIDATED)

Billions of yen

| | Credit Ratings of Securities(2) (September 30, 2012) | | | | As of Sep. 30, 2012 (a) | As of Mar. 31, 2012 (b) | Change (a)-(b) |
|---|---|---|---|---|---|---|---|
| | AAA | AA | A or lower | N/A | | | |
| **RMBS** | 15% | 0% | 2% | 83% | **¥ 34.8** | ¥ 36.3 | ¥ (1.5) |
| Japan | 15% | 0% | 2% | 83% | **34.8** | 36.3 | (1.5) |
| U.S. | — | — | — | — | **0.0(4)** | 0.0 | 0.0 |
| Europe | — | — | — | — | **—** | — | — |
| Other | — | — | — | — | **—** | — | — |
| **CMBS** | — | — | — | — | **¥ 0.0(4)** | ¥ 0.0 | ¥ 0.0 |
| Japan | — | — | — | — | **0.0** | 0.0 | 0.0 |
| U.S. | — | — | — | — | **—** | — | — |
| Europe | — | — | — | — | **—** | — | — |
| Other | — | — | — | — | **—** | — | — |
| **CLO** | 13% | 86% | 0% | 1% | **¥ 38.9** | ¥ 41.6 | ¥ (2.6) |
| Japan | — | — | — | — | **—** | — | — |
| U.S. | 17% | 82% | 0% | 1% | **30.1** | 31.7 | (1.6) |
| Europe | 0% | 100% | 0% | 0% | **8.8** | 9.8 | (0.9) |
| Other | — | — | — | — | **—** | — | — |
| **ABS CDO (Resecuritized Products)** | — | — | — | — | **¥ —** | ¥ — | ¥ — |
| Japan | — | — | — | — | **—** | — | — |
| U.S. | — | — | — | — | **—** | — | — |
| Europe | — | — | — | — | **—** | — | — |
| Other | — | — | — | — | **—** | — | — |
| **Total** | 14% | 45% | 1% | 40% | **¥ 73.7** | ¥ 77.9 | ¥ (4.2) |
| Japan | 15% | 0% | 2% | 83% | **¥ 34.8** | ¥ 36.3 | ¥ (1.5) |
| U.S. | 17% | 82% | 0% | 1% | **30.1** | 31.7 | (1.6) |
| Europe | 0% | 100% | 0% | 0% | **8.8** | 9.8 | (0.9) |
| Other | — | — | — | — | **—** | — | — |
| **Securities** | | | | | **¥ 38.9** | ¥ 41.6 | ¥ (2.6) |
| RMBS | | | | | **0.0(4)** | 0.0 | 0.0 |
| CMBS | | | | | **—** | — | — |
| CLO | | | | | **38.9** | 41.6 | (2.6) |
| ABS CDO | | | | | **—** | — | — |
| **Other monetary claims purchased(3)** | | | | | **34.8** | 36.3 | (1.5) |
| RMBS (Japan) | | | | | **34.8** | 36.3 | (1.5) |
| CMBS (Japan) | | | | | **0.0(4)** | 0.0 | 0.0 |
| CLO (Japan) | | | | | **—** | — | — |
| ABS CDO (Japan) | | | | | **—** | — | — |
| **Total** | | | | | **¥ 73.7** | ¥ 77.9 | ¥ (4.2) |

Notes: (1) The amount is the outstanding balance, after mark-downs and other comprehensive income (OCI) adjustments, at the end of each period. This table excludes securitized products backed by consumer loans, credit card loans, and other similar exposure to individuals.
(2) Based on ratings by S&P or ratings equivalent to S&P ratings matrix as of September 30, 2012. The "N/A" rating for Japanese RMBS represents senior portions of other monetary claims purchased for the purpose of warehousing for future securitization.
(3) Includes Japanese RMBS recorded as monetary assets held in trust of ¥5.1 billion as at September 30, 2012.
(4) Residual value

## EXPOSURE TO SECURITIZED PRODUCTS AND RELATED INVESTMENTS (CONTINUED)

## TABLE 32. SECURITIZED PRODUCTS RECORDED UNDER "SECURITIES" AND "OTHER MONETARY CLAIMS PURCHASED" AND OCI[1] [NON-CONSOLIDATED]

### SECURITIES

Billions of yen, %

| | As of September 30, 2012 | | | |
|---|---|---|---|---|
| | Balance before Mark-to-Market Evaluation | **Market Value or Balance** | Unrealized Gains/Losses (OCI) | Price Increase (Decrease) Ratio (%) |
| Trading Securities | | **¥ 0.4** | | |
| RMBS (U.S.) | | **0.0**[3] | | |
| CLO (U.S.) | | **0.4** | | |
| Securities Being Held to Maturity with Readily Determinable Fair Value | | **¥ 38.5** | | |
| CLO (U.S.) | | **29.6** | | |
| CLO (Europe) | | **8.8** | | |
| Securities Available for Sale | ¥ 0.0 | **¥ 0.0**[3] | ¥ 0.0 | 0.0 |
| Other | 0.0 | **0.0** | 0.0 | 0.0 |
| Foreign Securities | 0.0 | **0.0** | 0.0 | 0.0 |
| 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 |
| **Securities** | | **¥ 38.9** | | |
| RMBS | | **0.0**[3] | | |
| CLO | | **38.9** | | |

### OTHER MONETARY CLAIMS PURCHASED[2]

Billions of yen, %

| | As of September 30, 2012 | | | |
|---|---|---|---|---|
| | Balance before Mark-to-Market Evaluation | **Market Value or Balance** | Unrealized Gains/Losses (OCI) | Price Decline Ratio (%) |
| Trading Purposes | | **¥ 7.9** | | |
| RMBS (Japan)[2] | | **7.9** | | |
| Others | ¥ 26.8 | **¥ 26.9** | ¥ 0.0 | 0.0 |
| RMBS (Japan) | 26.8 | **26.9** | 0.0 | 0.0 |
| CMBS (Japan) | 0.0 | **0.0**[3] | 0.0 | 0.0 |
| **Other Monetary Claims Purchased** | | **¥ 34.8** | | |
| RMBS (Japan) | | **34.8** | | |
| CMBS (Japan) | | **0.0**[3] | | |

| | | | | |
|---|---|---|---|---|
| **Total** | | **¥ 73.7** | | |
| Securities | | **38.9** | | |
| Other Monetary Claims Purchased | | **34.8** | | |

Notes: (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 ¥5.1 billion as at September 30, 2012.
(3) Residual value

## EXPOSURE TO SECURITIZED PRODUCTS AND RELATED INVESTMENTS (CONTINUED)

### TABLE 33. LBO, MONOLINE, SIV, ABCP (NON-CONSOLIDATED)

Billions of yen

| | Sep. 30, 2012 (a) | Mar. 31, 2012 (b) | Change (a)-(b) |
|---|---|---|---|
| **LBO**[1][3] | **¥ 183.9** | ¥ 198.1 | ¥(14.2) |
| Japan | **182.0**[2] | 195.8 | (13.8) |
| U.S. | **1.5** | 1.7 | (0.2) |
| Europe | **—** | — | — |
| Other | **0.5** | 0.4 | 0.1 |
| | | | |
| **(Breakdown by Industry Sector as of September 30, 2012)** | | | |
| Manufacturing | **10.9%** | | |
| Information and communications | **1.1%** | | |
| Wholesale and retail | **8.2%** | | |
| Finance and insurance | **18.4%** | | |
| Services | **61.4%** | | |
| **Total** | **100.0%** | | |

Notes: (1) The amount includes unfunded commitment line.
(2) As of September 30, 2012, unfunded commitment line (only domestic) is ¥3.8 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.

### TABLE 34. CREDIT DEFAULT SWAPS (CDS) (NON-CONSOLIDATED)[1]

Billions of yen

| | As of September 30, 2012 | | | | | | | Six months ended September 30, 2011 |
|---|---|---|---|---|---|---|---|---|
| | Nominal Amount | | Fair Value | | Netted Nominal Amount and Fair Value[2] | | | Realized profits (losses) |
| | | | | | Notional Value | Fair Value | | |
| | Protection (buy) | Protection (sell) | Protection (buy) | Protection (sell) | | Protection (buy) | Protection (sell) | |
| **Total** | **¥ 554.3** | **¥ 584.9** | **¥ 4.2** | **¥ (4.4)** | **¥ 504.4** | **¥ 3.7** | **¥ (3.7)** | **¥ 1.1** |
| Japan | **474.7** | **503.9** | **4.9** | **(4.9)** | **431.7** | **4.5** | **(4.2)** | **1.2** |
| U.S. | **33.9** | **33.5** | **(0.2)** | **0.1** | **31.4** | **(0.2)** | **0.1** | **(0.0)** |
| Europe | **25.0** | **23.8** | **(0.1)** | **(0.0)** | **22.4** | **(0.1)** | **0.1** | **(0.0)** |
| Other | **20.6** | **23.5** | **(0.2)** | **0.2** | **18.6** | **(0.2)** | **0.2** | **0.0** |

Notes: (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.

## EXPOSURE TO SECURITIZED PRODUCTS AND RELATED INVESTMENTS (CONTINUED)

### TABLE 35. DEFINED TERMS FOR TABLES 31-34

| Names | Definitions |
|---|---|
| **RMBS** | Residential mortgage-backed securities and other related assets, including beneficial interests backed by mortgage loans.<br>Recorded in "trading securities," "securities available-for-sale" and "other monetary claims purchased." |
| **CMBS** | Commercial mortgage-backed securities.<br>Recorded in "securities available-for-sale" and "other monetary claims purchased." We have no U.S. CMBS exposure. |
| **CLO** | Collateralized loan obligations (CLO) mainly backed by LBO debt, corporate loans and high-yield securities.<br>Recorded in "trading securities," "securities being held to maturity" and "securities available-for-sale." |
| **ABS CDO**<br>(Re-securitized Products) | CDO backed by asset-backed securities (ABS) such as RMBS.<br>Recorded in "securities available-for-sale" and "other monetary claims purchased."<br>We have no exposure to ABS CDO. |
| **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.<br>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. |

# INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Shinsei Bank, Limited, and Consolidated Subsidiaries
As of September 30, 2012 and March 31, 2012

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| **ASSETS** | | | |
| Cash and due from banks (Notes 3, 21 and 32) | **¥ 414,089** | ¥ 413,721 | **$ 5,346,541** |
| Call loans (Note 32) | **—** | 15,745 | **—** |
| Receivables under resale agreements (Note 32) | **38,387** | 18,362 | **495,636** |
| Receivables under securities borrowing transactions (Note 32) | **31,927** | 114,080 | **412,239** |
| Other monetary claims purchased (Notes 4 and 32) | **120,321** | 130,943 | **1,553,532** |
| Trading assets (Notes 5, 21, 32 and 33) | **217,941** | 202,675 | **2,813,964** |
| Monetary assets held in trust (Notes 6, 21 and 32) | **260,167** | 267,628 | **3,359,169** |
| Securities (Notes 7, 21 and 32) | **2,003,441** | 1,873,493 | **25,867,543** |
| Loans and bills discounted (Notes 8, 21 and 32) | **4,281,926** | 4,136,827 | **55,286,330** |
| Foreign exchanges (Note 9) | **22,729** | 18,896 | **293,468** |
| Lease receivables and leased investment assets (Notes 21, 30 and 32) | **196,966** | 197,432 | **2,543,147** |
| Other assets (Notes 10, 21, 32 and 33) | **771,535** | 686,716 | **9,961,718** |
| Premises and equipment (Notes 11, 21 and 30) | **55,023** | 54,131 | **710,437** |
| Intangible assets (Notes 12 and 30) | **73,907** | 81,053 | **954,255** |
| Deferred issuance expenses for debentures | **113** | 135 | **1,465** |
| Deferred tax assets | **15,789** | 15,834 | **203,861** |
| Customers' liabilities for acceptances and guarantees (Note 20) | **550,232** | 562,624 | **7,104,364** |
| Reserve for credit losses (Note 13) | **(171,964)** | (180,633) | **(2,220,333)** |
| **Total assets** | **¥ 8,882,534** | ¥ 8,609,672 | **$ 114,687,336** |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities:** | | | |
| Deposits, including negotiable certificates of deposit (Notes 14, 21 and 32) | **¥ 5,374,656** | ¥ 5,362,411 | **$ 69,395,177** |
| Debentures (Notes 15 and 32) | **277,624** | 294,139 | **3,584,568** |
| Call money (Notes 21 and 32) | **230,077** | 210,163 | **2,970,658** |
| Payables under securities lending transactions (Notes 21 and 32) | **139,404** | 148,590 | **1,799,932** |
| Trading liabilities (Notes 16, 32 and 33) | **158,216** | 176,044 | **2,042,823** |
| Borrowed money (Notes 17, 21 and 32) | **718,377** | 476,731 | **9,275,368** |
| Foreign exchanges (Note 9) | **16** | 11 | **216** |
| Short-term corporate bonds (Note 32) | **63,400** | 50,700 | **818,593** |
| Corporate bonds (Notes 18, 21 and 32) | **163,525** | 168,797 | **2,111,364** |
| Other liabilities (Notes 19, 21, 32 and 33) | **506,399** | 465,698 | **6,538,410** |
| Accrued employees' bonuses | **4,103** | 7,262 | **52,988** |
| Accrued directors' bonuses | **23** | 40 | **305** |
| Reserve for employees' retirement benefits | **7,179** | 7,027 | **92,704** |
| Reserve for directors' retirement benefits | **211** | 231 | **2,726** |
| Reserve for losses on interest repayments | **41,568** | 50,913 | **536,712** |
| Reserve under special law | **1** | 1 | **16** |
| Deferred tax liabilities | **275** | 626 | **3,559** |
| Acceptances and guarantees (Notes 20, 21 and 32) | **550,232** | 562,624 | **7,104,364** |
| **Total liabilities** | **8,235,295** | 7,982,014 | **106,330,483** |
| **Equity:** | | | |
| Common stock (Note 23) | **512,204** | 512,204 | **6,613,358** |
| Capital surplus | **79,461** | 79,461 | **1,025,977** |
| Stock acquisition rights (Note 24) | **1,301** | 1,354 | **16,801** |
| Retained earnings | **81,972** | 58,863 | **1,058,394** |
| Treasury stock, at cost (Note 23) | **(72,558)** | (72,558) | **(936,847)** |
| Accumulated other comprehensive income: | | | |
| Unrealized gain (loss) on available-for-sale securities (Note 7) | **(1,073)** | (674) | **(13,866)** |
| Deferred gain (loss) on derivatives under hedge accounting | **(11,694)** | (11,754) | **(150,998)** |
| Foreign currency translation adjustments | **(2,569)** | (1,117) | **(33,179)** |
| Total | **587,043** | 565,779 | **7,579,640** |
| Minority interests (Note 22) | **60,195** | 61,877 | **777,213** |
| **Total equity** | **647,238** | 627,657 | **8,356,853** |
| **Total liabilities and equity** | **¥ 8,882,534** | ¥ 8,609,672 | **$ 114,687,336** |

See accompanying "Notes to Interim Consolidated Financial Statements (Unaudited)," which are an integral part of these statements.

# INTERIM CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Shinsei Bank, Limited, and Consolidated Subsidiaries
For the six months ended September 30, 2012 and 2011

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | **Sept. 30, 2012 (6 months)** | Sept. 30, 2011 (6 months) | **Sept. 30, 2012 (6 months)** |
| Interest income: | | | |
| Interest on loans and bills discounted | **¥ 64,738** | ¥ 72,603 | **$ 835,875** |
| Interest and dividends on securities | **8,618** | 9,715 | **111,277** |
| Interest on deposits with banks | **154** | 219 | **1,989** |
| Other interest income | **644** | 584 | **8,321** |
| **Total interest income** | **74,155** | 83,123 | **957,462** |
| Interest expenses: | | | |
| Interest on deposits, including negotiable certificates of deposit | **11,823** | 15,180 | **152,656** |
| Interest and discounts on debentures | **548** | 829 | **7,086** |
| Interest on other borrowings | **2,680** | 3,009 | **34,615** |
| Interest on corporate bonds | **2,542** | 2,828 | **32,830** |
| Other interest expenses | **365** | 525 | **4,719** |
| **Total interest expenses** | **17,961** | 22,374 | **231,906** |
| **Net interest income** | **56,194** | 60,749 | **725,557** |
| Fees and commissions income | **19,519** | 25,146 | **252,022** |
| Fees and commissions expenses | **10,771** | 11,269 | **139,077** |
| **Net fees and commissions** | **8,747** | 13,876 | **112,945** |
| **Net trading income (loss) (Note 25)** | **9,573** | 6,542 | **123,605** |
| Other business income (loss), net: | | | |
| Income on lease transactions and installment receivables, net | **17,626** | 18,633 | **227,584** |
| Net gain (loss) on monetary assets held in trust | **4,711** | 3,965 | **60,833** |
| Net gain (loss) on foreign exchanges | **1,164** | 1,781 | **15,034** |
| Net gain (loss) on securities | **2,032** | (705) | **26,238** |
| Net gain (loss) on other monetary claims purchased | **1,253** | 488 | **16,183** |
| Other, net (Note 26) | **2,804** | 327 | **36,213** |
| **Net other business income (loss)** | **29,592** | 24,490 | **382,085** |
| **Total revenue** | **104,107** | 105,659 | **1,344,192** |
| General and administrative expenses: | | | |
| Personnel expenses | **26,199** | 26,607 | **338,271** |
| Premises expenses | **9,942** | 10,277 | **128,368** |
| Technology and data processing expenses | **8,651** | 8,383 | **111,705** |
| Advertising expenses | **4,383** | 4,444 | **56,596** |
| Consumption and property taxes | **3,355** | 2,894 | **43,321** |
| Deposit insurance premium | **2,151** | 2,342 | **27,782** |
| Other general and administrative expenses | **10,078** | 9,556 | **130,130** |
| **General and administrative expenses** | **64,761** | 64,506 | **836,173** |
| **Amortization of goodwill and intangible assets acquired in business combinations** | **5,679** | 6,244 | **73,333** |
| **Total general and administrative expenses** | **70,441** | 70,751 | **909,506** |
| **Net business profit (loss)** | **33,666** | 34,908 | **434,686** |
| Net credit costs (Note 27) | **6,253** | 8,801 | **80,743** |
| Other gains (losses), net (Note 28) | **514** | (344) | **6,638** |
| **Income (loss) before income taxes and minority interests** | **27,926** | 25,762 | **360,581** |
| Income taxes (benefit): | | | |
| Current | **829** | 1,699 | **10,712** |
| Deferred | **(458)** | 1,799 | **(5,922)** |
| **Net income (loss) before minority interests** | **27,555** | 22,262 | **355,791** |
| Minority interests in net income of subsidiaries | **1,791** | 1,911 | **23,137** |
| **Net income (loss)** | **¥ 25,764** | ¥ 20,350 | **$ 332,654** |
| | Yen | | U.S. dollars (Note 1) |
| **Basic net income (loss) per common share (Note 29)** | **¥ 9.70** | ¥ 7.66 | **$ 0.13** |

See accompanying "Notes to Interim Consolidated Financial Statements (Unaudited)," which are an integral part of these statements.

Financial Highlights
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# INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

Shinsei Bank, Limited, and Consolidated Subsidiaries
For the six months ended September 30, 2012 and 2011

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | **Sept. 30, 2012 (6 months)** | Sept. 30, 2011 (6 months) | **Sept. 30, 2012 (6 months)** |
| **Net income (loss) before minority interests** | **¥ 27,555** | ¥ 22,262 | **$ 355,791** |
| | | | |
| **Other comprehensive income:** | | | |
| Unrealized gain (loss) on available-for-sale securities | **(534)** | 7,714 | **(6,900)** |
| Deferred gain (loss) on derivatives under hedge accounting | **59** | (2,672) | **765** |
| Foreign currency translation adjustments | **(1,342)** | (1,421) | **(17,337)** |
| Share of other comprehensive income in affiliates | **(271)** | (577) | **(3,499)** |
| **Total other comprehensive income** | **(2,088)** | 3,042 | **(26,971)** |
| **Comprehensive income** | **¥ 25,467** | ¥ 25,305 | **$ 328,820** |
| **Total comprehensive income attributable to:** | | | |
| Owners of the parent | **¥ 23,971** | ¥ 24,519 | **$ 309,506** |
| Minority interests | **1,495** | 785 | **19,314** |

See accompanying "Notes to Interim Consolidated Financial Statements (Unaudited)," which are an integral part of these statements.

# INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

Shinsei Bank, Limited, and Consolidated Subsidiaries
For the six months ended September 30, 2012 and 2011

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | **Sept. 30, 2012 (6 months)** | Sept. 30, 2011 (6 months) | **Sept. 30, 2012 (6 months)** |
| **Common stock:** | | | |
| Balance at beginning of the period | **¥ 512,204** | ¥ 512,204 | **$ 6,613,358** |
| Balance at end of the period | **512,204** | 512,204 | **6,613,358** |
| **Capital surplus:** | | | |
| Balance at beginning of the period | **79,461** | 79,461 | **1,025,977** |
| Balance at end of the period | **79,461** | 79,461 | **1,025,977** |
| **Stock acquisition rights:** | | | |
| Balance at beginning of the period | **1,354** | 1,413 | **17,491** |
| Net change during the period | **(53)** | (55) | **(690)** |
| Balance at end of the period | **1,301** | 1,357 | **16,801** |
| **Retained earnings:** | | | |
| Balance at beginning of the period | **58,863** | 55,087 | **760,015** |
| Dividends | **(2,653)** | (2,653) | **(34,266)** |
| Net income (loss) | **25,764** | 20,350 | **332,654** |
| Changes by inclusion of subsidiaries (former non-consolidated subsidiaries) | **(0)** | (0) | **(9)** |
| Changes by exclusion of consolidated subsidiaries | **—** | (0) | **—** |
| Balance at end of the period | **81,972** | 72,783 | **1,058,394** |
| **Treasury stock, at cost:** | | | |
| Balance at beginning of the period | **(72,558)** | (72,558) | **(936,847)** |
| Balance at end of the period | **(72,558)** | (72,558) | **(936,847)** |
| **Accumulated other comprehensive income:** | | | |
| **Unrealized gain (loss) on available-for-sale securities:** | | | |
| Balance at beginning of the period | **(674)** | (15,225) | **(8,706)** |
| Net change during the period | **(399)** | 7,736 | **(5,160)** |
| Balance at end of the period | **(1,073)** | (7,489) | **(13,866)** |
| **Deferred gain (loss) on derivatives under hedge accounting:** | | | |
| Balance at beginning of the period | **(11,754)** | (10,197) | **(151,764)** |
| Net change during the period | **59** | (2,672) | **766** |
| Balance at end of the period | **(11,694)** | (12,870) | **(150,998)** |
| **Foreign currency translation adjustments:** | | | |
| Balance at beginning of the period | **(1,117)** | (2,511) | **(14,425)** |
| Net change during the period | **(1,452)** | (895) | **(18,754)** |
| Balance at end of the period | **(2,569)** | (3,406) | **(33,179)** |
| **Minority interests:** | | | |
| Balance at beginning of the period | **61,877** | 63,481 | **798,934** |
| Net change during the period | **(1,682)** | (2,847) | **(21,721)** |
| Balance at end of the period | **60,195** | 60,633 | **777,213** |
| **Total equity:** | | | |
| Balance at beginning of the period | **627,657** | 611,154 | **8,104,033** |
| Net change in stock acquisition rights during the period | **(53)** | (55) | **(690)** |
| Dividends | **(2,653)** | (2,653) | **(34,266)** |
| Net income (loss) | **25,764** | 20,350 | **332,654** |
| Changes by inclusion of subsidiaries (former non-consolidated subsidiaries) | **(0)** | (0) | **(9)** |
| Changes by exclusion of consolidated subsidiaries | **—** | (0) | **—** |
| Net change in accumulated other comprehensive income during the period | **(1,792)** | 4,168 | **(23,148)** |
| Net change in minority interests during the period | **(1,682)** | (2,847) | **(21,721)** |
| Balance at end of the period | **¥ 647,238** | ¥ 630,116 | **$ 8,356,853** |

See accompanying "Notes to Interim Consolidated Financial Statements (Unaudited)," which are an integral part of these statements.

# INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

Shinsei Bank, Limited, and Consolidated Subsidiaries
For the six months ended September 30, 2012 and 2011

| | Millions of yen | | Thousands of U.S. dollars (Note 1) |
|---|---|---|---|
| | **Sept. 30, 2012 (6 months)** | Sept. 30, 2011 (6 months) | **Sept. 30, 2012 (6 months)** |
| **Cash flows from operating activities:** | | | |
| Income (loss) before income taxes and minority interests | **¥ 27,926** | ¥ 25,762 | **$ 360,581** |
| Adjustments for: | | | |
| Income taxes paid | **(572)** | (1,873) | **(7,392)** |
| Depreciation (other than leased assets as lessor) | **5,228** | 4,968 | **67,509** |
| Amortization of goodwill and intangible assets acquired in business combinations | **5,679** | 6,244 | **73,333** |
| Impairment losses on long-lived assets | **171** | 906 | **2,215** |
| Net change in reserve for credit losses | **(8,567)** | (8,201) | **(110,624)** |
| Net change in reserve for losses on interest repayments | **(9,345)** | (13,264) | **(120,661)** |
| Net change in other reserves | **(3,035)** | (7,783) | **(39,195)** |
| Interest income | **(74,155)** | (83,123) | **(957,462)** |
| Interest expenses | **17,961** | 22,374 | **231,906** |
| Investment (gains) losses | **(4,955)** | (3,473) | **(63,977)** |
| Net exchange (gain) loss | **9,269** | 18,126 | **119,690** |
| Net change in trading assets | **(15,265)** | (43,798) | **(197,102)** |
| Net change in trading liabilities | **(17,827)** | 43,459 | **(230,184)** |
| Net change in loans and bills discounted | **(146,516)** | 137,941 | **(1,891,756)** |
| Net change in deposits, including negotiable certificates of deposit | **12,245** | (73,326) | **158,103** |
| Net change in debentures | **(16,514)** | (35,079) | **(213,227)** |
| Net change in borrowed money (other than subordinated debt) | **241,880** | (1,116,278) | **3,123,053** |
| Net change in corporate bonds (other than subordinated corporate bonds) | **110** | (8,064) | **1,421** |
| Net change in interest-bearing deposits with banks | **7,505** | 67,609 | **96,909** |
| Net change in call loans, receivables under resale agreements, receivables under securities borrowing transactions and other monetary claims purchased | **86,781** | (66,344) | **1,120,485** |
| Net change in call money, payables under securities lending transactions, and short-term corporate bonds (liabilities) | **23,427** | (45,928) | **302,484** |
| Net change in foreign exchange assets and liabilities | **(3,827)** | 19,844 | **(49,414)** |
| Interest received | **74,000** | 86,652 | **955,466** |
| Interest paid | **(14,658)** | (14,313) | **(189,264)** |
| Net change in securities for trading purposes | **89** | 269 | **1,157** |
| Net change in monetary assets held in trust for trading purposes | **18,121** | 18,261 | **233,978** |
| Net change in lease receivables and leased investment assets | **465** | 8,692 | **6,008** |
| Other, net | **(28,965)** | 822 | **(373,991)** |
| Total adjustments | **158,731** | (1,084,682) | **2,049,468** |
| Net cash provided by (used in) operating activities | **186,658** | (1,058,920) | **2,410,049** |
| **Cash flows from investing activities:** | | | |
| Purchase of investments | **(1,469,509)** | (583,988) | **(18,973,657)** |
| Proceeds from sales of investments | **1,034,918** | 960,587 | **13,362,414** |
| Proceeds from maturity of investments | **251,941** | 645,786 | **3,252,962** |
| Purchase of premises and equipment (other than leased assets as lessor) | **(1,906)** | (2,307) | **(24,617)** |
| Purchase of intangible assets (other than leased assets as lessor) | **(1,961)** | (3,758) | **(25,320)** |
| Proceeds from sale of subsidiary’s stocks | **14,264** | — | **184,171** |
| Other, net | **600** | 1,507 | **7,749** |
| Net cash provided by (used in) investing activities | **(171,652)** | 1,017,826 | **(2,216,298)** |
| **Cash flows from financing activities:** | | | |
| Proceeds from issuance of subordinated debt | **—** | 38,600 | **—** |
| Repayment of subordinated debt | **—** | (47,000) | **—** |
| Proceeds from minority shareholders of subsidiaries | **133** | 4 | **1,722** |
| Payment for capital returned to minority shareholders of subsidiaries | **(235)** | (482) | **(3,037)** |
| Dividends paid | **(2,653)** | (2,653) | **(34,266)** |
| Dividends paid to minority shareholders of subsidiaries | **(3,076)** | (3,157) | **(39,720)** |
| Net cash provided by (used in) financing activities | **(5,832)** | (14,689) | **(75,301)** |
| **Foreign currency translation adjustments on cash and cash equivalents** | **(27)** | (52) | **(352)** |
| **Net change in cash and cash equivalents** | **9,146** | (55,835) | **118,098** |
| Cash and cash equivalents at beginning of the period | **332,798** | 300,474 | **4,296,948** |
| **Cash and cash equivalents at end of the period (Note 3)** | **¥ 341,945** | ¥ 244,638 | **$ 4,415,046** |

Note: Investments consist of securities and monetary assets held in trust for other than trading purposes.
See accompanying “Notes to Interim Consolidated Financial Statements (Unaudited),” which are an integral part of these statements.

# NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Shinsei Bank, Limited, and Consolidated Subsidiaries
For the six months ended September 30, 2012

## 1. BASIS OF PRESENTATION OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS — CONSOLIDATED

The accompanying interim consolidated financial statements of Shinsei Bank, Limited (the "Bank") and its consolidated subsidiaries (collectively, the "Group"), stated in Japanese yen, have been prepared on the basis of generally accepted accounting principles in Japan ("Japanese GAAP") and in conformity with the Banking Act of Japan (the "Banking Act"), and compiled from the interim consolidated financial statements prepared under the provisions set forth in the Accounting Standards for Interim Consolidated Financial Statements (the Business Accounting Council, March 13, 1998) and the Financial Instruments and Exchange Act of Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Certain reclassifications and rearrangements have been made to the interim consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, the accompanying notes include information that is not required under Japanese GAAP, but is presented herein for the convenience of readers.

The preparation of interim consolidated financial statements in conformity with Japanese GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

As permitted by the Financial Instruments and Exchange Act of Japan, yen amounts, except for per share amounts, are presented in millions of yen and are rounded down to the nearest million. As a result, the totals do not necessarily agree with the sum of the individual amounts.

The interim consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥77.45 to U.S.$1.00, the rate of exchange prevailing on the Tokyo foreign exchange market on September 30, 2012. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONSOLIDATED

### (A) PRINCIPLES OF CONSOLIDATION

The Group applies its consolidation scope using the control and influence concept. Under the control and influence concept, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are fully consolidated and those companies in which the Bank, directly or indirectly, is able to exercise significant influence over operations are accounted for by the equity method.

The numbers of subsidiaries and affiliates as of September 30, 2012 and March 31, 2012 were as follows:

| | September 30, 2012 | March 31, 2012 |
|---|---|---|
| Consolidated subsidiaries | **164** | 133 |
| Unconsolidated subsidiaries | **79** | 80 |
| Affiliates accounted for by the equity method | **14** | 15 |
| Affiliates accounted for not applying the equity method | **0** | 1 |

Unconsolidated subsidiaries are primarily operating companies that undertake leasing business based on the Tokumei Kumiai system (silent partnerships). Tokumei Kumiai's assets, profit and loss virtually belong to each silent partner but not to the operation companies, and the Group does not have any material transactions with these subsidiaries. Therefore, these subsidiaries are excluded from consolidation in order to avoid any material misunderstanding by the Bank's stakeholders.

Other unconsolidated subsidiaries are excluded from consolidation because they are immaterial to the financial condition or results of operations of the Group.

Major consolidated subsidiaries as of September 30, 2012 were as listed below:

| Name | Location | Percentage ownership |
|---|---|---|
| APLUS FINANCIAL Co., Ltd. | Japan | 95.0% |
| Showa Leasing Co., Ltd. | Japan | 97.0% |
| Shinsei Financial Co., Ltd. | Japan | 100.0% |
| Shinki Co., Ltd. | Japan | 100.0% |
| Shinsei Trust & Banking Co., Ltd. | Japan | 100.0% |
| Shinsei Securities Co., Ltd. | Japan | 100.0% |

All significant inter-company transactions, related account balances and unrealized gains have been eliminated in consolidation. As of September 30, 2012, the six month period ending dates are September 30 for 122 subsidiaries, January 31 for 3 subsidiaries, February 28 for 1 subsidiary, March 31 for 1 subsidiary, May 31 for 1 subsidiary, June 30 for 32 subsidiaries, July 31 for 1 subsidiary, and August 31 for 3 subsidiaries. Except for 9 subsidiaries which are consolidated as of September 30 rather than their interim period ends, those consolidated subsidiaries whose six month periods end at dates other than September 30 are consolidated using their six month period-end interim financial statements with appropriate adjustments made for significant transactions during the period from the ending dates of their six month periods to the date of the Group's interim consolidated financial statements.

Major affiliates accounted for by the equity method as of September 30, 2012 were as listed below:

| Name | Location | Percentage ownership |
|---|---|---|
| Comox Holdings Ltd. | Bermuda | 49.9% |
| Jih Sun Financial Holding Co., Ltd. | Taiwan | 30.3% |

### (B) BUSINESS COMBINATIONS

In October 2003, the Business Accounting Council (the "BAC") issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No.7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No.10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No.21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (i) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (ii) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

Under the previous standard, the Group accounted for the acquisitions of APLUS FINANCIAL Co., Ltd. ("APLUS FINANCIAL"), Showa Leasing Co., Ltd. ("Showa Leasing"), Shinki Co., Ltd. ("Shinki"), Shinsei Financial Co., Ltd. ("Shinsei Financial") and their consolidated subsidiaries by the purchase method of accounting, and accounted for negative goodwill, if any, to be systematically amortized to income over 20 years.

### (C) GOODWILL AND INTANGIBLE ASSETS ACQUIRED IN BUSINESS COMBINATIONS

The Bank recognized certain identifiable intangible assets in connection with the acquisition of Showa Leasing, Shinsei Financial and their consolidated subsidiaries, because they were separable such as contractual or other legal rights.

The identified intangible assets with amortization method and period are as listed below:

#### Showa Leasing

| Identified intangible assets | Amortization method | Amortization period |
|---|---|---|
| Trade name and trademark | Straight-line | 10 years |
| Customer relationship | Sum-of-the-years digits | 20 years |
| Sublease contracts | Straight-line | Subject to the remaining contract years |

#### Shinsei Financial

| Identified intangible assets | Amortization method | Amortization period |
|---|---|---|
| Trade names and trademarks | Straight-line | 10 years |
| Customer relationship | Sum-of-the-years digits | 10 years |

The excess of the purchase price over the fair value of the net assets acquired, including identified intangible assets, was recorded as goodwill and is being amortized on a consistent basis primarily over 20 years. The amortization period of 20 years is the maximum period allowed under Japanese GAAP and was determined based upon the Bank's business strategy.

With regard to the acquisitions undertaken before April 1, 2010, accounted for under the previous accounting standard, when the purchase price was lower than the fair value of the net assets acquired, including identified intangible assets, the difference is recorded as negative goodwill and primarily amortized on a straight-line basis over 20 years, which is the maximum period allowed under the previous accounting standard.

### (D) IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS ACQUIRED IN BUSINESS COMBINATIONS

The Bank conducts impairment testing for goodwill and intangible assets acquired in business combinations as a result of certain triggering events including:

- An expectation of an operating loss or negative cash flow for two consecutive years;
- Impairment of underlying investment securities is recognized;

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONSOLIDATED

- A significant adverse change in the environment surrounding the business operations of the subsidiary, such as a change in law which significantly impacts the business in a negative way;
- Management decisions that could have an adverse effect on the value of goodwill and intangible assets acquired in business combinations.

As the first step of the impairment test, we estimate the undiscounted future cash flows of the business. If the value of the undiscounted future cash flows is less than the book value of the net assets, including goodwill and intangible assets acquired in business combinations, of the business, it is determined that impairment exists and the next step of the impairment test is performed to measure the amount of the impairment loss.

The next step of the impairment test compares the "value in use," which is calculated as the discounted value of future cash flows of the business, and the net asset book value which includes unamortized balances of goodwill and intangible assets acquired in business combinations. (i) Impairment loss for the total of goodwill and intangible assets acquired in business combinations, is recognized as an amount by which the net asset book value exceeds the "value in use." The fair value of intangible assets acquired in business combinations is determined in the same manner used to apply purchase accounting at the time of the initial acquisition, and (ii) the impairment loss of intangible assets acquired in business combinations, is determined as the difference between the fair value and book value. Finally, the impairment loss on goodwill is calculated as the residual calculated as (i) less (ii) above.

### (E) TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS AND TRANSACTIONS

(a) The interim financial statements of consolidated foreign subsidiaries are translated into Japanese yen at exchange rates as of their respective interim balance sheet dates, except for equity, which is translated at historical exchange rates. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity in the accompanying interim consolidated balance sheets.

(b) Foreign currency accounts held by consolidated foreign subsidiaries are translated into the currency of the subsidiary at exchange rates as of their respective interim balance sheet dates.

(c) Foreign currency-denominated assets and liabilities of the Bank and consolidated domestic subsidiaries are translated into Japanese yen at exchange rates as of their respective interim balance sheet dates, except for investments in unconsolidated subsidiaries and affiliates which are translated at the relevant historical exchange rates.

### (F) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and non-interest-bearing deposits.

### (G) OTHER MONETARY CLAIMS PURCHASED

The components of other monetary claims purchased are principally loans held for trading purposes. Other monetary claims purchased held for trading purposes are recorded at fair value and unrealized gains and losses are recorded in other business income (loss), net.

### (H) VALUATION OF TRADING ACCOUNT ACTIVITIES

Trading account positions entered into to generate gains arising from short-term changes in interest rates, currency exchange rates or market prices of financial instruments and other market-related indices, or from price differences among markets, are included in trading assets and trading liabilities on a trade date basis.

Trading securities and monetary claims purchased for trading purposes are stated at market value and derivative financial instruments related to trading positions are stated at fair value based on estimated amounts that would be settled in cash if such positions were terminated at the end of the period, which reflects liquidity and credit risks.

Trading income and trading loss include interest received and paid during the period and unrealized gains and losses resulting from the change in the value of securities, monetary claims purchased, and derivatives between the beginning and end of the period.

### (I) MONETARY ASSETS HELD IN TRUST

The components of trust assets are accounted for based on the accounting standards appropriate for each asset type. Instruments held in trust for trading purposes are recorded at fair value and unrealized gains and losses are recorded in other business income (loss), net. Instruments held in trust classified as available-for-sale are recorded at fair value with the corresponding unrealized gains and losses recorded directly in a separate component of equity.

Instruments held in trust classified as available-for-sale for which fair value cannot be reliably determined are carried at cost.

### (J) SECURITIES

Securities other than investments in unconsolidated subsidiaries and affiliates are classified into three categories, based principally on the Group's intent, as follows:

Trading securities are securities held in anticipation of gains arising from short-term changes in market value and/or held for resale to customers. Trading securities are carried at fair value with corresponding unrealized gains and losses recorded in income (loss).

Securities being held to maturity are debt securities for which the Group has both the positive intent and ability to hold until maturity. Securities being held to maturity are carried at amortized cost determined by the moving average method.

Securities available for sale are securities other than trading securities and securities being held to maturity. Securities available for sale are carried at fair value with the corresponding unrealized gains and losses, net of applicable taxes, recorded directly in a separate component of equity. The cost of these securities upon sale is determined by the moving average method. Securities available for sale for which fair value cannot be reliably determined are carried at cost determined by the moving average method.

In addition, investments in unconsolidated subsidiaries and affiliates that are not accounted for by the equity method are carried at cost determined by the moving average method.

Individual securities, other than trading securities, are written down when a decline in fair value below the cost of such securities is deemed to be other than temporary.

### (K) PREMISES AND EQUIPMENT

Premises and equipment are stated at cost less accumulated depreciation.

Depreciation of the Group's buildings and the Bank's computer equipment (including ATMs) other than personal computers is computed principally using the straight-line method, and depreciation of other equipment is computed principally using the declining-balance method. The depreciation cost for the interim period is calculated by proportionally allocating the estimated annual cost to the interim period. Principal estimated useful lives of buildings and equipment as of September 30, 2012 were as follows:

Buildings ........ 3 years to 50 years
Equipment ..... 2 years to 20 years

Effective April 1, 2012, the Group applied the depreciation method based on the revised Corporation Tax Act to premises and equipment acquired on or after April 1, 2012 in accordance with the amendment of the Corporation Tax Act. The effect of this application on the interim consolidated statement of income for the six-month period ended September 30, 2012 was immaterial.

### (L) SOFTWARE

Capitalized software for internal use is depreciated using the straight-line method based on the Group's estimated useful lives (primarily 5 years).

### (M) IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of an asset or asset group. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

### (N) DEFERRED CHARGES

Deferred issuance expenses for debentures and corporate bonds are amortized using the straight-line method over the term of the debentures and corporate bonds.

### (O) RESERVE FOR CREDIT LOSSES

The reserve for loan losses of the Bank and the consolidated domestic trust and banking subsidiary has been established as described below based on the Bank's internal rules for establishing the reserve.

For claims to obligors who are legally bankrupt due to bankruptcy, special liquidation proceedings or similar legal proceedings ("legally bankrupt obligors") or to obligors who are effectively in similar conditions ("virtually bankrupt obligors"), a specific reserve is provided based on the amount of claims, after the charge-off stated below, net of amounts expected to be collected through the disposal of collateral or execution of guarantees.

For claims to obligors who are not yet bankrupt but are in financial difficulties and are very likely to go bankrupt in the future ("possibly bankrupt obligors"), except claims to obligors with larger claims than a predetermined amount, a specific reserve is provided for the amount considered to be necessary based on an overall solvency assessment performed for the amount of claims net of amounts expected to be collected through the disposal of collateral or execution of guarantees.

With regard to claims to possibly bankrupt obligors, restructured loans and certain claims for which the reserve has been provided based on the discounted cash flow method (as mentioned below) in previous fiscal years, provided that obligors' cash flows for debt service are reasonably estimable and the balance of claims to such obligors are at or larger than a predetermined amount, the reserve for credit losses is determined as the difference between (i) relevant estimated cash flows discounted by the original contractual interest rate and (ii) the book value of the claim (discounted cash flow method). In case where it is difficult to reasonably estimate future cash flows, the reserve is provided based on expected loss amount for the remaining term of respective claims.

For other claims, a general reserve is provided based on historical loan loss experience.

For specific foreign claims, there is a reserve for loans to restructuring countries which has been provided based on losses estimated by considering the political and economic conditions in those countries.

All claims are assessed by business divisions based on the predetermined internal rules for self-assessment of asset quality. The Credit Assessment Division, which is independent from business divisions, conducts verifications of these assessments, and additional reserves may be provided based on the verification results.

The consolidated subsidiaries other than the domestic trust and banking subsidiary calculate the general reserve for general claims based on the actual historical loss ratio, and the specific reserve for claims to possibly bankrupt obligors, virtually bankrupt obligors and legally bankrupt obligors based on estimated losses, considering the recoverable value.

For collateralized or guaranteed claims of the Bank and certain consolidated subsidiaries to legally bankrupt obligors or virtually bankrupt obligors, the amount of claims exceeding the estimated value of collateral or guarantees, which is deemed uncollectible, has been charged off and totaled ¥162,556 million (U.S.$2,098,856 thousand) and ¥165,992 million as of September 30, 2012 and March 31, 2012, respectively.

### (P) ACCRUED BONUSES FOR EMPLOYEES AND DIRECTORS

Accrued bonuses for employees and directors are provided in the amount of the estimated bonuses which are attributable to each period.

### (Q) RESERVE FOR EMPLOYEES' RETIREMENT BENEFITS

The Bank, APLUS FINANCIAL and Showa Leasing each have a non-contributory defined benefit pension plan, and Shinsei Financial and certain of the other consolidated domestic subsidiaries have unfunded severance indemnity plans, which cover substantially all of the Group's employees. The reserve for employees' retirement benefits is provided for the payment of employees' retirement benefits based on the estimated amounts of the projected benefit obligation and the estimated value of pension plan assets at the end of period. Net actuarial gains and losses and prior service costs are amortized using the straight-line method over the average remaining service period primarily from the period of occurrence.

Effective April 1, 2000, the Bank adopted a new accounting standard for employees' retirement benefits and accounts for the liabilities for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The transitional unrecognized net retirement benefit obligation for the Bank of ¥9,081 million is being amortized using the straight-line method over 15 years.

### (R) RESERVE FOR DIRECTORS' RETIREMENT BENEFITS

Retirement allowances for directors and statutory auditors are recorded to state the liability at the amount that would be required if all directors and statutory auditors retired at each balance sheet date.

### (S) RESERVE FOR LOSSES ON INTEREST REPAYMENTS

The reserve for losses on interest repayments is provided for estimated losses on reimbursements of excess interest payments and loan losses related to consumer finance loans extended at interest rates in excess of the maximum interest rate prescribed in the Interest Rate Restriction Act of Japan. The reserve is established in the amount of the estimated future reimbursement requests based on past experience.

In addition, a reserve for losses on interest repayments of Shinsei Financial is calculated considering the terms stipulated in the share transfer agreement entered into by and between the Bank and the seller, GE Japan Holdings Co., Ltd. ("GE"), for the acquisition of Shinsei Financial, under which the sharing of interest repayment costs between the Bank and GE is determined.

### (T) RESERVE UNDER SPECIAL LAW

The reserve under special law is provided for contingent liabilities from brokering of securities transactions in accordance with Paragraph 1 of Article 46-5 of the Financial Instruments and Exchange Act of Japan.

### (U) ASSET RETIREMENT OBLIGATIONS

In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations."

Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability.

The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

This standard was effective for fiscal years beginning on or after April 1, 2010. The Group applied this accounting standard effective April 1, 2010.

### (V) STOCK OPTIONS

In December 2005, the ASBJ issued ASBJ Statement No. 8, "Accounting Standard for Stock Options" and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised.

### (W) LEASE TRANSACTIONS

In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993.

Effective April 1, 2008, the Bank and its consolidated subsidiaries applied the revised accounting standard for lease transactions.

*(As lessee)*

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the consolidated balance sheets.

Depreciation of lease assets from finance lease transactions that do not deem to transfer ownership of the leased property to the lessee is computed using the straight-line method over the leasing period. Residual values of lease assets are the guaranteed value determined in the lease contracts or zero for assets without such guaranteed value.

With regard to finance lease transactions entered into prior to April 1, 2008, that do not deem to transfer ownership of the leased property to the lessee, lease assets are recognized at the amount of lease obligations as of March 31, 2008.

*(As lessor)*

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information was disclosed in the note to the lessor's financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee be recognized as lease receivables, and that all finance leases that are not deemed to transfer ownership of the leased property to the lessee be recognized as leased investment assets.

In addition, depreciation of tangible leased assets as lessor for operating lease transactions is computed using the straight-line method over the leasing period assuming that residual values are the disposal price estimable at the end of the estimated leasing period.

Net income on each finance lease transaction is calculated on the basis of the internal rate of return of each transaction.

With regard to finance lease transactions entered into prior to April 1, 2008, that do not deem to transfer ownership of the leased property to the lessee, leased investment assets are recognized at the amount of book values of those leased properties as of March 31, 2008.

As a result of this transitional treatment, income before income taxes and minority interests increased by ¥600 million (U.S.$7,757 thousand) and ¥1,118 million for the six months ended September 30, 2012 and 2011, respectively, as compared to what would have been reported if the revised accounting standard was applied retroactively to all finance lease transactions as lessor.

### (X) INSTALLMENT SALES FINANCE AND CREDIT GUARANTEES

Fees from installment sales finance have principally been prorated over the respective installment periods by using the sum-of-the-months digits method, or by using the credit-balance method.

Fees from credit guarantees have been recognized either by the sum-of-the-months digits method, the straight-line method or the credit-balance method over the contract terms.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONSOLIDATED

### (Y) REVENUE RECOGNITION FOR INTEREST ON CONSUMER LENDING BUSINESS

Consolidated subsidiaries specialized in the consumer lending business accrued interest income at the interim balance sheet date at the lower of the amount determined using a rate permissible under the Interest Rate Restriction Act of Japan or the amount determined using rates on contracts with customers.

### (Z) INCOME TAXES

Deferred income taxes relating to temporary differences between financial reporting and tax bases of assets and liabilities and tax loss carryforwards have been recognized. The asset and liability approach is used to recognize deferred income taxes.

The Bank files its corporate income tax return under the consolidated corporate tax system, which allows companies to base tax payments on the combined profits and losses of the Bank and its wholly-owned domestic subsidiaries.

A valuation allowance is recognized for any portion of the deferred tax assets where it is considered more likely than not that it will not be realized.

### (AA) DERIVATIVES AND HEDGE ACCOUNTING

Derivatives are stated at fair value. Derivative transactions that meet the hedge accounting criteria are primarily accounted for using the deferral method whereby unrealized gains and losses are deferred in a separate component of equity until the gains and losses on the hedged items are realized.

(a) Hedge of interest rate risks

Derivative transactions that meet the hedge accounting criteria for mitigating interest rate risks of the Bank's financial assets and liabilities are accounted for using the deferral method. The Bank adopted portfolio hedging to determine the effectiveness of its hedging instruments in accordance with Industry Audit Committee Report No.24 of the Japanese Institute of Certified Public Accountants (JICPA). Under portfolio hedging activities to mitigate the change in fair value, a portfolio of hedged items with common maturities such as deposits or loans is designated and matched with a group of hedging instruments such as interest rate swaps, which offset the effect of fair value fluctuations of the hedged items by identified maturities. The effectiveness of the portfolio hedging is assessed by each group.

As for portfolio hedging activities to fix cash flows, the effectiveness is assessed based on the correlation between the base interest rate index of the hedged cash flow and that of the hedging instrument.

The interest rate swaps of certain consolidated subsidiaries which qualify for hedge accounting and meet specific matching criteria are not measured at fair value, but the net payments or receipts under the swap agreements are recognized and included in interest expenses or income.

(b) Hedge of foreign exchange fluctuation risks

The Bank applies either deferral hedge accounting or fair value hedge accounting in accordance with Industry Audit Committee Report No.25 of the JICPA to the derivative transactions that meet the hedge accounting criteria for mitigating foreign currency fluctuation risks of the Bank's financial assets and liabilities.

Fund swap transactions are foreign exchange swaps, and consist of spot foreign exchange contracts bought or sold and forward foreign exchange contracts sold or bought. Such transactions are contracted for the purpose of lending or borrowing in a different currency and converting the corresponding principal equivalents and foreign currency equivalents to pay and receive, whose amounts and due dates are predetermined at the time of the transactions, into forward foreign exchange contracts sold or bought.

Under deferral hedge accounting, hedged items are identified by grouping the foreign currency-denominated financial assets and liabilities by currencies and designating derivative transactions such as currency swap transactions, fund swap transactions and forward exchange contracts as hedging instruments. Hedge effectiveness is reviewed by comparing the total foreign currency position of the hedged items and hedging instruments by currency.

The Bank also applies deferral hedge accounting and fair value hedge accounting to translation gains or losses from foreign currency assets of net investments in foreign unconsolidated subsidiaries, affiliates and securities available for sale (other than bonds denominated in foreign currencies) when such foreign currency exposures recorded as assets are hedged with offsetting foreign currency liabilities and the liabilities equal or exceed the acquisition cost of such foreign currency assets.

(c) Inter-company and intra-company derivative transactions

Gains and losses on inter-company and intra-company derivative hedging transactions between the trading book and the banking book are not eliminated since offsetting transactions with third parties are appropriately entered into in conformity with the non-arbitrary and strict hedging policy in accordance with Industry Audit Committee Reports No.24 and No.25 of the JICPA. As a result, in the banking book, realized gains and losses on such inter-company and intra-company transactions are reported in current earnings and valuation gains and losses which meet the hedge accounting criteria are deferred. On the other hand, in the trading book, realized gains and losses and valuation gains and losses on such inter-company and intra-company transactions are substantially offset with covering contracts entered into with third parties.

### (AB) PER SHARE INFORMATION

Basic net income (loss) per common share calculations represent net income (loss) available to common shareholders, divided by the weighted average number of outstanding shares of common stock during the respective period, retroactively adjusted for stock splits and reverse stock splits.

Diluted net income per common share calculations consider the dilutive effect of common stock equivalents, which include stock acquisition rights, assuming that stock acquisition rights were fully exercised at the time of issuance for those issued during the period and at the beginning of the period for those previously issued and outstanding at the beginning of the period.

### (AC) ACCOUNTING CHANGES AND ERROR CORRECTIONS

In December 2009, ASBJ issued ASBJ Statement No.24 "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No.24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:

(a) Changes in accounting policies

When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(b) Changes in presentations

When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

(c) Changes in accounting estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(d) Corrections of prior-period errors

When an error in prior-period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior- period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

### (AD) NEW ACCOUNTING PRONOUNCEMENTS

*Accounting Standard for Retirement Benefits*

In May 2012, ASBJ issued ASBJ Statement No.26 "Accounting Standard for Retirement Benefits" and ASBJ Guidance No.25 "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by BAC in 1998 with effective date of April 1, 2000 and the other related practical guidances, being followed by partial amendments from time to time through 2009. Major changes are as follows:

(a) Treatment in the balance sheet

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, are recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized under accumulated other comprehensive income in a separate component of equity, after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) Treatment in the statement of income and the statement of comprehensive income

The revised accounting standard would not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and yet to be recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

This accounting standard and the guidance are effective at the end of the fiscal year beginning on or after April 1, 2013 with earlier application being permitted from the beginning of fiscal year beginning on or after April 1, 2013. However no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Bank expects to apply the revised accounting standard from the end of the fiscal year beginning on April 1, 2013 and is in the process of measuring the effects of applying the revised accounting standard for the year ending March 31, 2014.

## 3. CASH AND CASH EQUIVALENTS

CONSOLIDATED

The reconciliation of cash and cash equivalents and cash and due from banks in the interim consolidated balance sheets as of September 30, 2012 and 2011 was as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| As of September 30, | **2012** | 2011 | **2012** |
| Cash and due from banks | **¥ 414,089** | ¥ 329,447 | **$ 5,346,541** |
| Interest-bearing deposits included in due from banks | **(72,144)** | (84,809) | **(931,495)** |
| Cash and cash equivalents | **¥ 341,945** | ¥ 244,638 | **$ 4,415,046** |

## 4. OTHER MONETARY CLAIMS PURCHASED

CONSOLIDATED

(a) Other monetary claims purchased as of September 30, 2012 and March 31, 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Trading purposes | **¥ 60,641** | ¥ 67,226 | **$ 782,982** |
| Other | **59,679** | 63,717 | **770,550** |
| **Total** | **¥ 120,321** | ¥ 130,943 | **$ 1,553,532** |

(b) The fair value and the unrealized loss which is included in net gain (loss) on other monetary claims purchased for trading purposes as of September 30, 2012 and March 31, 2012 were as follows:

| | Millions of yen | | | | Thousands of U.S. dollars | |
|---|---|---|---|---|---|---|
| | **Sept. 30, 2012** | | Mar. 31, 2012 | | **Sept. 30, 2012** | |
| | **Fair value** | **Unrealized loss** | Fair value | Unrealized loss | **Fair value** | **Unrealized loss** |
| Trading purposes | **¥ 60,641** | **¥ 22,634** | ¥ 67,226 | ¥ 20,052 | **$ 782,982** | **$ 292,247** |

## 5. TRADING ASSETS

CONSOLIDATED

Trading assets as of September 30, 2012 and March 31, 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Trading securities | **¥ 33,087** | ¥ 45,542 | **$ 427,206** |
| Derivatives for trading securities | **1,940** | 2,247 | **25,055** |
| Securities held to hedge trading transactions | **26,274** | 12,901 | **339,245** |
| Derivatives for securities held to hedge trading transactions | **25,468** | 33,845 | **328,833** |
| Trading-related financial derivatives | **119,663** | 108,138 | **1,545,046** |
| Other | **11,507** | — | **148,579** |
| **Total** | **¥ 217,941** | ¥ 202,675 | **$ 2,813,964** |

## 6. MONETARY ASSETS HELD IN TRUST

CONSOLIDATED

(a) Monetary assets held in trust as of September 30, 2012 and March 31, 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Trading purposes | **¥ 113,904** | ¥ 132,025 | **$ 1,470,679** |
| Other | **146,263** | 135,602 | **1,888,490** |
| Total | **¥ 260,167** | ¥ 267,628 | **$ 3,359,169** |

(b) The fair value and the unrealized loss which is included in net gain (loss) on monetary assets held in trust for trading purposes as of September 30, 2012 and March 31, 2012 were as follows:

| | Millions of yen | | | | Thousands of U.S. dollars | |
|---|---|---|---|---|---|---|
| | **Sept. 30, 2012** | | Mar. 31, 2012 | | **Sept. 30, 2012** | |
| | **Fair value** | **Unrealized loss** | Fair value | Unrealized loss | **Fair value** | **Unrealized loss** |
| Trading purposes | **¥ 113,904** | **¥ 6,901** | ¥ 132,025 | ¥ 6,637 | **$ 1,470,679** | **$ 89,104** |

(c) The carrying amount of monetary assets held in trust for other than trading purposes is the same as the acquisition cost as of September 30, 2012 and March 31, 2012.

## 7. SECURITIES

CONSOLIDATED

(a) Securities as of September 30, 2012 and March 31, 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Trading securities | **¥ 523** | ¥ 613 | **$ 6,759** |
| Securities being held to maturity | **653,915** | 658,558 | **8,443,064** |
| Securities available for sale: | | | |
| Securities carried at fair value | **1,249,188** | 1,092,393 | **16,128,968** |
| Securities carried at cost whose fair value cannot be reliably determined | **60,534** | 80,207 | **781,599** |
| Investments in unconsolidated subsidiaries and affiliates | **39,279** | 41,720 | **507,153** |
| Total | **¥ 2,003,441** | ¥ 1,873,493 | **$ 25,867,543** |

The above balances do not include securities held in connection with securities borrowing transactions with or without cash collateral, securities purchased under resale agreements or securities accepted as collateral for derivative transactions, where the Group has the right to sell or pledge such securities without restrictions. The balances of those securities as of September 30, 2012 and March 31, 2012 were ¥28,671 million (U.S.$370,200 thousand) and ¥87,441 million, respectively. In addition, ¥22,274 million (U.S.$287,597 thousand) and ¥11,066 million of those securities were further pledged as of September 30, 2012 and March 31, 2012, respectively.

The amount of guarantee obligations for privately-placed bonds (Paragraph 3 of Article 2 of the Financial Instruments and Exchange Act) included in securities as of September 30, 2012 and March 31, 2012 were ¥45,601 million (U.S.$588,789 thousand) and ¥45,008 million, respectively.

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## 7. SECURITIES (CONTINUED) CONSOLIDATED

(b) The amortized/acquisition cost and the fair values of securities (other than trading securities) as of September 30, 2012 and March 31, 2012 were as follows:

| | Millions of yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Sept. 30, 2012** | | | | Mar. 31, 2012 | | | |
| | **Amortized/ Acquisition cost** | **Gross unrealized gain** | **Gross unrealized loss** | **Fair value** | Amortized/ Acquisition cost | Gross unrealized gain | Gross unrealized loss | Fair value |
| Securities being held to maturity: | | | | | | | | |
| Japanese national government bonds | **¥ 585,232** | **¥ 5,247** | **¥ —** | **¥ 590,479** | ¥ 585,601 | ¥ 5,302 | ¥ — | ¥ 590,903 |
| Japanese corporate bonds | **21,597** | **116** | **—** | **21,714** | 22,834 | 259 | — | 23,094 |
| Other | **47,085** | **3,986** | **342** | **50,729** | 50,122 | 4,006 | 574 | 53,555 |
| **Total** | **¥ 653,915** | **¥ 9,350** | **¥ 342** | **¥ 662,923** | ¥ 658,558 | ¥ 9,568 | ¥ 574 | ¥ 667,553 |
| Securities available for sale: | | | | | | | | |
| Equity securities | **¥ 13,984** | **¥ 3,283** | **¥ 1,302** | **¥ 15,965** | ¥ 14,313 | ¥ 5,547 | ¥ 602 | ¥ 19,258 |
| Japanese national government bonds | **889,591** | **1,948** | **589** | **890,951** | 698,357 | 1,973 | 769 | 699,562 |
| Japanese local government bonds | **1,733** | **38** | **—** | **1,772** | 1,738 | 46 | — | 1,785 |
| Japanese corporate bonds | **217,098** | **885** | **2,305** | **215,677** | 231,061 | 378 | 3,212 | 228,227 |
| Other, primarily foreign debt securities | **136,146** | **3,419** | **2,119** | **137,445** | 158,236 | 4,411 | 3,160 | 159,488 |
| **Total** | **¥ 1,258,555** | **¥ 9,574** | **¥ 6,317** | **¥ 1,261,812** | ¥ 1,103,707 | ¥ 12,358 | ¥ 7,744 | ¥ 1,108,321 |

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| | **Sept. 30, 2012** | | | |
| | **Amortized/ Acquisition cost** | **Gross unrealized gain** | **Gross unrealized loss** | **Fair value** |
| Securities being held to maturity: | | | | |
| Japanese national government bonds | **$ 7,556,261** | **$ 67,753** | **$ —** | **$ 7,624,014** |
| Japanese corporate bonds | **278,856** | **1,509** | **—** | **280,365** |
| Other | **607,947** | **51,471** | **4,425** | **654,993** |
| **Total** | **$ 8,443,064** | **$ 120,733** | **$ 4,425** | **$ 8,559,372** |
| Securities available for sale: | | | | |
| Equity securities | **$ 180,566** | **$ 42,391** | **$ 16,817** | **$ 206,140** |
| Japanese national government bonds | **11,486,015** | **25,162** | **7,606** | **11,503,571** |
| Japanese local government bonds | **22,386** | **497** | **—** | **22,883** |
| Japanese corporate bonds | **2,803,083** | **11,427** | **29,774** | **2,784,736** |
| Other, primarily foreign debt securities | **1,757,860** | **44,150** | **27,371** | **1,774,639** |
| **Total** | **$ 16,249,910** | **$ 123,627** | **$ 81,568** | **$ 16,291,969** |

Note: "Other, primarily foreign debt securities" includes other monetary claims purchased whose fair value can be reliably determined.

## 7. SECURITIES (CONTINUED)

CONSOLIDATED

Individual securities (except those whose fair value cannot be reliably determined), other than trading securities, are written down when a decline in fair value below the cost of such securities is deemed to be other than temporary. The amount written down is accounted for as an impairment loss. Impairment loss on such securities for the six months ended September 30, 2012 was ¥1,210 million (U.S.$15,634 thousand), which consisted of ¥211 million (U.S.$2,726 thousand) for equity securities, ¥971 million (U.S.$12,543 thousand) for Japanese corporate bonds and ¥28 million (U.S.$365 thousand) for other securities.

Impairment loss on such securities for the fiscal year ended March 31, 2012 was ¥8,761 million, which consisted of ¥4,094 million for equity securities, ¥3,351 million for Japanese corporate bonds and ¥1,315 million for other securities.

To determine whether an other-than-temporary impairment has occurred, the Group applies the following rule, by the obligor classification of the security issuer based on the Group's self-assessment guidelines:

| | |
|---|---|
| Securities issued by "legally bankrupt," "virtually bankrupt" and "possibly bankrupt" obligors | The fair value of securities is lower than the amortized/acquisition cost |
| Securities issued by "need caution" obligors | The fair value of securities is 30% or more lower than the amortized/acquisition cost |
| Securities issued by "normal" obligors | The fair value of securities is 50% or more lower than the amortized/acquisition cost |

"Legally bankrupt" obligors are those who have already gone bankrupt from a legal and/or formal perspective.

"Virtually bankrupt" obligors are those who have not yet gone legally or formally bankrupt but who are substantially bankrupt because they are in serious financial difficulties and are not deemed to be capable of restructuring.

"Possibly bankrupt" obligors are those who are not yet bankrupt but are in financial difficulties and are very likely to go bankrupt in the future.

"Need caution" obligors are those who require close attention because there are problems with their borrowings.

"Normal" obligors are those whose business conditions are favorable and who are deemed not to have any particular problems in terms of their financial position.

(c) Unrealized gain (loss) on available-for-sale securities as of September 30, 2012 and March 31, 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Unrealized gain (loss) before deferred tax on: | | | |
| Available-for-sale securities | **¥ 3,257** | ¥ 4,614 | **$ 42,059** |
| The Group's interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined and other adjustments | **109** | (10) | **1,416** |
| Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions | **(4,562)** | (5,186) | **(58,909)** |
| Deferred tax liabilities | **(100)** | (177) | **(1,298)** |
| Unrealized gain (loss) on available-for-sale securities before interest adjustments | **(1,295)** | (761) | **(16,732)** |
| Minority interests | **0** | (6) | **3** |
| The Group's interests in unrealized gain (loss) on available-for-sale securities held by affiliates to which the equity method is applied | **221** | 93 | **2,863** |
| Unrealized gain (loss) on available-for-sale securities | **¥ (1,073)** | ¥ (674) | **$ (13,866)** |

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## 8. LOANS AND BILLS DISCOUNTED

CONSOLIDATED

Loans and bills discounted as of September 30, 2012 and March 31, 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Loans on deeds | **¥ 3,647,271** | ¥ 3,481,830 | **$ 47,091,949** |
| Loans on bills | **26,482** | 26,192 | **341,931** |
| Bills discounted | **7,415** | 11,054 | **95,748** |
| Overdrafts | **600,756** | 617,750 | **7,756,702** |
| Total | **¥ 4,281,926** | ¥ 4,136,827 | **$ 55,286,330** |

(a) Risk-monitored loans

Loans and bills discounted include loans to bankrupt obligors of ¥18,918 million (U.S.$244,265 thousand) and ¥8,145 million as of September 30, 2012 and March 31, 2012, respectively, as well as non-accrual delinquent loans of ¥284,634 million (U.S.$3,675,076 thousand) and ¥316,727 million as of September 30, 2012 and March 31, 2012, respectively.

Non-accrual delinquent loans include loans classified as "possibly bankrupt" and "virtually bankrupt" under the Group's self-assessment guidelines.

In addition to non-accrual delinquent loans as defined, certain other loans classified as "substandard" under the Bank's self-assessment guidelines include loans past due for three months or more.

Loans past due for three months or more consist of loans for which the principal and/or interest is three months or more past due but exclude loans to bankrupt obligors and non-accrual delinquent loans. The balances of loans past due for three months or more as of September 30, 2012 and March 31, 2012 were ¥1,740 million (U.S.$22,468 thousand) and ¥1,754 million, respectively.

Restructured loans are loans where the Group relaxes lending conditions, such as by reducing the original interest rate, or by forbearing interest payments or principal repayments to support the borrower's reorganization, but exclude loans to bankrupt obligors, non-accrual delinquent loans or loans past due for three months or more. The outstanding balances of restructured loans as of September 30, 2012 and March 31, 2012 were ¥40,800 million (U.S.$526,803 thousand) and ¥45,321 million, respectively.

(b) Loan participations

The total outstanding amounts deducted from the loan account for loan participations as of September 30, 2012 and March 31, 2012 were ¥17,423 million (U.S.$224,964 thousand) and ¥18,441 million, respectively. This "off-balance sheet" treatment is in accordance with guidelines issued by the JICPA. The total amount of such loans in which the Bank participated were ¥5,194 million (U.S.$67,073 thousand) and ¥7,891 million as of September 30, 2012 and March 31, 2012, respectively.

(c) Bills discounted

Bills discounted, such as bank acceptances bought, commercial bills discounted, documentary bills and foreign exchange contracts bought, are accounted for as financing transactions in accordance with the Industry Audit Committee Report No. 24 issued by the JICPA, although the Group has the right to sell or pledge them without restrictions. The face amounts of such bills discounted held as of September 30, 2012 and March 31, 2012 were ¥7,858 million (U.S.$101,459 thousand) and ¥11,169 million, respectively.

(d) Loan commitments

The Bank and certain of its consolidated subsidiaries issue commitments to extend credit and establish credit lines for overdrafts to meet the financing needs of customers. The unfunded amounts of these commitments were ¥3,707,375 million (U.S.$47,867,982 thousand) and ¥4,026,211 million as of September 30, 2012 and March 31, 2012, out of which the amounts with original agreement terms of less than one year or which were cancelable were ¥3,561,648 million (U.S.$45,986,425 thousand) and ¥3,806,561 million as of September 30, 2012 and March 31, 2012, respectively. Since a large majority of these commitments expire without being drawn upon, the unfunded amounts do not necessarily represent future cash requirements. Many such agreements include conditions granting the Bank and consolidated subsidiaries the right to reject the drawdown or to reduce the amount on the basis of changes in the financial circumstances of the borrower or other reasonable grounds.

In addition, the Bank obtains collateral when necessary to reduce credit risk related to these commitments.

## 9. FOREIGN EXCHANGES

CONSOLIDATED

Foreign exchange assets and liabilities as of September 30, 2012 and March 31, 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Foreign exchange assets: | | | |
| Foreign bills bought | **¥ 442** | ¥ 114 | **$ 5,711** |
| Foreign bills receivable | **7,054** | 8,133 | **91,089** |
| Due from foreign banks | **15,231** | 10,648 | **196,668** |
| **Total** | **¥ 22,729** | ¥ 18,896 | **$ 293,468** |
| Foreign exchange liabilities: | | | |
| Foreign bills payable | **¥ 14** | ¥ 9 | **$ 185** |
| Due to foreign banks | **2** | 2 | **31** |
| **Total** | **¥ 16** | ¥ 11 | **$ 216** |

## 10. OTHER ASSETS

CONSOLIDATED

Other assets as of September 30, 2012 and March 31, 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Accrued income | **¥ 15,779** | ¥ 16,300 | **$ 203,739** |
| Prepaid expenses | **3,323** | 2,888 | **42,907** |
| Fair value of derivatives | **65,392** | 81,914 | **844,314** |
| Financial stabilization fund contribution | **—** | 41,500 | **—** |
| Accounts receivable | **189,944** | 42,543 | **2,452,474** |
| Installment receivables | **356,082** | 347,935 | **4,597,575** |
| Security deposits | **12,704** | 13,269 | **164,041** |
| Suspense payments | **20,418** | 26,341 | **263,631** |
| Margin deposits for future transactions | **4,666** | 5,383 | **60,255** |
| Cash collateral pledged for derivative transactions | **25,442** | 23,935 | **328,501** |
| Other | **77,781** | 84,702 | **1,004,281** |
| **Total** | **¥ 771,535** | ¥ 686,716 | **$ 9,961,718** |

Installment receivables as of September 30, 2012 and March 31, 2012 include credits to bankrupt obligors of ¥261 million (U.S.$3,371 thousand) and ¥368 million, non-accrual delinquent credits of ¥10,076 million (U.S.$130,098 thousand) and ¥10,259 million, credits past due for three months or more of ¥280 million (U.S.$3,618 thousand) and ¥320 million, and restructured credits of ¥1,281 million (U.S.$16,543 thousand) and ¥1,564 million, respectively.

## 11. PREMISES AND EQUIPMENT

CONSOLIDATED

Premises and equipment as of September 30, 2012 and March 31, 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Buildings | **¥ 30,846** | ¥ 30,693 | **$ 398,277** |
| Land | **7,356** | 7,634 | **94,982** |
| Tangible leased assets as lessor | **49,507** | 48,047 | **639,218** |
| Other | **19,991** | 19,851 | **258,123** |
| Subtotal | **107,701** | 106,227 | **1,390,600** |
| Accumulated depreciation | **(52,678)** | (52,096) | **(680,163)** |
| **Net book value** | **¥ 55,023** | ¥ 54,131 | **$ 710,437** |

## 12. INTANGIBLE ASSETS — CONSOLIDATED

Intangible assets as of September 30, 2012 and March 31, 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Software | **¥ 21,306** | ¥ 22,766 | **$ 275,097** |
| Goodwill, net: | | | |
| Goodwill | **43,713** | 47,574 | **564,408** |
| Negative goodwill | **(5,441)** | (5,623) | **(70,264)** |
| Intangible assets acquired in business combinations | **14,263** | 16,262 | **184,161** |
| Intangible leased assets as lessor | **6** | 7 | **81** |
| Other | **59** | 65 | **772** |
| Total | **¥ 73,907** | ¥ 81,053 | **$ 954,255** |

## 13. RESERVE FOR CREDIT LOSSES — CONSOLIDATED

Reserve for credit losses as of September 30, 2012 and March 31, 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Reserve for loan losses: | | | |
| General reserve for loan losses | **¥ 77,820** | ¥ 80,949 | **$ 1,004,782** |
| Specific reserve for loan losses | **90,236** | 95,768 | **1,165,097** |
| Reserve for loan losses to restructuring countries | **0** | 0 | **11** |
| Subtotal | **168,057** | 176,718 | **2,169,890** |
| Specific reserve for other credit losses | **3,906** | 3,915 | **50,443** |
| Total | **¥ 171,964** | ¥ 180,633 | **$ 2,220,333** |

## 14. DEPOSITS, INCLUDING NEGOTIABLE CERTIFICATES OF DEPOSIT — CONSOLIDATED

Deposits, including negotiable certificates of deposit, as of September 30, 2012 and March 31, 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Current | **¥ 42,240** | ¥ 14,995 | **$ 545,390** |
| Ordinary | **1,510,083** | 1,485,682 | **19,497,524** |
| Notice | **10,693** | 12,711 | **138,072** |
| Time | **3,112,139** | 3,292,790 | **40,182,569** |
| Negotiable certificates of deposit | **316,436** | 178,084 | **4,085,693** |
| Other | **383,062** | 378,147 | **4,945,929** |
| Total | **¥ 5,374,656** | ¥ 5,362,411 | **$ 69,395,177** |

## 15. DEBENTURES

CONSOLIDATED

(a) Debentures as of September 30, 2012 and March 31, 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Coupon debentures | **¥ 277,624** | ¥ 294,139 | **$ 3,584,568** |

(b) Annual maturities of debentures as of September 30, 2012 were as follows:

| Year ending September 30, | Millions of yen | Thousands of U.S. dollars |
|---|---|---|
| 2013 | **¥ 57,478** | **$ 742,133** |
| 2014 | **43,247** | **558,386** |
| 2015 | **53,398** | **689,455** |
| 2016 | **62,068** | **801,404** |
| 2017 and thereafter | **61,432** | **793,190** |
| **Total** | **¥ 277,624** | **$ 3,584,568** |

## 16. TRADING LIABILITIES

CONSOLIDATED

Trading liabilities as of September 30, 2012 and March 31, 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Derivatives for trading securities | **¥ 1,318** | ¥ 1,589 | **$ 17,029** |
| Derivatives for securities held to hedge trading transactions | **32,141** | 39,649 | **414,999** |
| Trading-related financial derivatives | **94,318** | 86,746 | **1,217,795** |
| Trading securities sold for short sales | **30,437** | 48,058 | **393,000** |
| **Total** | **¥ 158,216** | ¥ 176,044 | **$ 2,042,823** |

## 17. BORROWED MONEY

CONSOLIDATED

(a) Borrowed money as of September 30, 2012 and March 31, 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Subordinated debt | **¥ 93,000** | ¥ 93,000 | **$ 1,200,775** |
| Other | **625,377** | 383,731 | **8,074,593** |
| **Total** | **¥ 718,377** | ¥ 476,731 | **$ 9,275,368** |

(b) Annual maturities of borrowed money as of September 30, 2012 were as follows:

| Year ending September 30, | Millions of yen | Thousands of U.S. dollars |
|---|---|---|
| 2013 | **¥ 430,350** | **$ 5,556,492** |
| 2014 | **42,445** | **548,033** |
| 2015 | **56,696** | **732,037** |
| 2016 | **40,711** | **525,650** |
| 2017 and thereafter | **148,173** | **1,913,156** |
| **Total** | **¥ 718,377** | **$ 9,275,368** |

## 18. CORPORATE BONDS

CONSOLIDATED

(a) Corporate bonds as of September 30, 2012 and March 31, 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Subordinated bonds | **¥ 140,294** | ¥ 145,676 | **$ 1,811,416** |
| Other corporate bonds | **23,231** | 23,120 | **299,948** |
| **Total** | **¥ 163,525** | ¥ 168,797 | **$ 2,111,364** |

(b) Subordinated bonds as of September 30, 2012 and March 31, 2012 consisted of the following:

| Issuer | Description | Issue | Maturity | Interest Rate (%) | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|---|---|---|---|
| | | | | | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Shinsei Bank, Limited | Unsecured subordinated bonds, payable in Yen[1] | Mar. 2005 to Dec. 2009 | Mar. 2015 to Dec. 2017 | 1.96 to 3.40 | **¥ 74,000** | ¥ 74,000 | **$ 955,455** |
| | Unsecured subordinated notes, payable in Euro[2] | Feb. 2006 and Sept. 2010 | Feb. 2016 and Sept. 2020 | 2.268 and 7.375 | **54,789** | 59,909 | **707,412** |
| | Unsecured perpetual subordinated notes, payable in Euroyen[3] | Oct. 2005 | — | 2.35 and 2.435 | **4,500** | 4,500 | **58,102** |
| | Unsecured perpetual subordinated note, payable in Pounds Sterling | Dec. 2006 | — | 5.625 | **6,505** | 6,767 | **83,991** |
| Shinsei Bank Finance N.V. | Unsecured perpetual subordinated bond, payable in Yen | Dec. 1996 | — | 1.88443 | **500** | 500 | **6,456** |
| | **Total** | | | | **¥ 140,294** | ¥ 145,676 | **$ 1,811,416** |

Notes: (1) This includes a series of subordinated bonds, payable in Yen.
(2) This includes a series of subordinated notes, payable in Euro.
(3) This includes a series of perpetual subordinated notes issued under Euro Note Programme.

(c) Annual maturities of corporate bonds as of September 30, 2012 were as follows:

| Year ending September 30, | Millions of yen | Thousands of U.S. dollars |
|---|---|---|
| 2013 | **¥ 1,746** | **$ 22,549** |
| 2014 | **1,555** | **20,082** |
| 2015 | **34,565** | **446,293** |
| 2016 | **57,139** | **737,757** |
| 2017 and thereafter | **68,518** | **884,683** |
| **Total** | **¥ 163,525** | **$ 2,111,364** |

## 19. OTHER LIABILITIES

CONSOLIDATED

Other liabilities as of September 30, 2012 and March 31, 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Accrued expenses | **¥ 63,218** | ¥ 61,258 | **$ 816,253** |
| Unearned income | **3,745** | 3,788 | **48,356** |
| Income taxes payable | **2,252** | 2,130 | **29,077** |
| Fair value of derivatives | **116,499** | 142,223 | **1,504,192** |
| Matured debentures, including interest | **13,112** | 14,097 | **169,298** |
| Trust account | **349** | 7,526 | **4,513** |
| Accounts payable | **127,637** | 70,348 | **1,647,995** |
| Deferred gains on installment receivables and credit guarantees | **27,056** | 26,751 | **349,335** |
| Asset retirement obligations | **7,890** | 7,663 | **101,873** |
| Deposits payable | **100,573** | 91,595 | **1,298,556** |
| Other | **44,066** | 38,315 | **568,962** |
| **Total** | **¥ 506,399** | ¥ 465,698 | **$ 6,538,410** |

## 20. ACCEPTANCES AND GUARANTEES CONSOLIDATED

Acceptances and guarantees as of September 30, 2012 and March 31, 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Guarantees | **¥ 550,232** | ¥ 562,624 | **$ 7,104,364** |

## 21. ASSETS PLEDGED AS COLLATERAL CONSOLIDATED

Assets pledged as collateral and liabilities collateralized as of September 30, 2012 and March 31, 2012 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Assets pledged as collateral: | | | |
| Cash and due from banks | **¥ 198** | ¥ 203 | **$ 2,567** |
| Trading assets | **50,085** | 33,915 | **646,684** |
| Monetary assets held in trust | **1,767** | 1,767 | **22,820** |
| Securities | **1,023,930** | 625,163 | **13,220,531** |
| Loans and bills discounted | **146,455** | 191,990 | **1,890,965** |
| Lease receivables and leased investment assets | **84,295** | 85,050 | **1,088,389** |
| Other assets | **41,321** | 32,278 | **533,531** |
| Premises and equipment | **2,695** | — | **34,808** |
| Liabilities collateralized: | | | |
| Deposits, including negotiable certificates of deposit | **¥ 494** | ¥ 568 | **$ 6,380** |
| Call money | **210,000** | 210,000 | **2,711,427** |
| Payable under securities lending transactions | **114,236** | 136,006 | **1,474,976** |
| Borrowed money | **460,008** | 172,673 | **5,939,421** |
| Corporate bonds | **12,280** | 14,069 | **158,554** |
| Other liabilities | **42** | 33 | **547** |
| Acceptances and guarantees | **917** | 920 | **11,846** |

In addition, ¥208,540 million (U.S.$2,692,587 thousand) and ¥364,798 million of securities as of September 30, 2012 and March 31, 2012, were pledged as collateral for transactions, including exchange settlements, swap transactions and replacement of margin for futures transactions.

Also, ¥4,666 million (U.S.$60,254 thousand) and ¥5,383 million of margin deposits for futures transactions outstanding, ¥12,704 million (U.S.$164,041 thousand) and ¥13,269 millions of security deposits, ¥25,442 million (U.S.$328,501 thousand) and ¥23,935 million of cash collateral pledged for derivative transactions were included in other assets as of September 30, 2012 and March 31, 2012, respectively.

## 22. PREFERRED SECURITIES ISSUED BY SUBSIDIARIES OUTSIDE JAPAN — CONSOLIDATED

The non-cumulative perpetual preferred securities issued by the Bank's wholly owned subsidiaries outside Japan as of September 30, 2012 and March 31, 2012 were as follows:

| Issuer | Issued date | Issue amount (in millions) | Dividend rate[1] | Floating dividend start date | Type | Redemption date at the issuer's option | Millions of yen Sept. 30, 2012 | Millions of yen Mar. 31, 2012 | Thousands of U.S. dollars Sept. 30, 2012 |
|---|---|---|---|---|---|---|---|---|---|
| Shinsei Finance (Cayman) Limited | Feb. 2006 | U.S.$775 | 6.418% | Jul. 2016 | step-up | Jul. 2016[2] | **¥ 2,342** | ¥ 2,478 | **$ 30,250** |
| Shinsei Finance II (Cayman) Limited | Mar. 2006 | U.S.$700 | 7.16% | Jul. 2016 | non step-up | Jul. 2016[3] | **1,331** | 1,408 | **17,187** |
| Shinsei Finance III (Cayman) Limited | Mar. 2009 | ¥19,000 | 5.5% | Jul. 2014 | non step-up | Jul. 2014[2] | **15,600** | 15,600 | **201,420** |
| | Mar. 2009 | ¥20,100 | 5.0% | Jul. 2019 | step-up | Jul. 2014[2] | **18,000** | 18,000 | **232,408** |
| Shinsei Finance IV (Cayman) Limited | Mar. 2009 | ¥2,500 | 5.0% | Jul. 2019 | step-up | Jul. 2014[2] | **2,500** | 2,500 | **32,279** |
| | Mar. 2009 | ¥6,600 | 5.5% | Jul. 2014 | non step-up | Jul. 2014[2] | **6,600** | 6,600 | **85,216** |
| Shinsei Finance V (Cayman) Limited | Oct. 2009 | ¥4,000 | 5.5% | Jul. 2015 | non step-up | Jul. 2015[2] | **4,000** | 4,000 | **51,646** |
| | Oct. 2009 | ¥5,000 | floating | — | non step-up | Jul. 2015[2] | **5,000** | 5,000 | **64,558** |
| **Total** | | | | | | | **¥ 55,373** | ¥ 55,586 | **$ 714,964** |

Notes: (1) Fixed dividend rates shown in this column are to be changed to floating dividend rates on the dividend payment date shown in "Floating dividend start date" column.
(2) These preferred securities are redeemable on any dividend payment date shown in this column or thereafter, at a price equal to the liquidation preference together with any dividends otherwise payable, subject to the prior approval of the Financial Services Agency of Japan ("FSA").
(3) The preferred securities issued by Shinsei Finance II (Cayman) Limited are redeemable on dividend payment date shown in this column or on each dividend payment date falling at ten year intervals thereafter, at a price equal to the liquidation preference together with any dividends otherwise payable, subject to the prior approval of the FSA.

These preferred securities are accounted for as minority interests in the interim consolidated balance sheets.

## 23. EQUITY CONSOLIDATED

The authorized number of shares of common stock as of September 30, 2012 was 4,000,000 thousand shares.

The following table shows changes in the number of shares of common stock.

| | Thousands | |
|---|---|---|
| | Issued number of shares | Number of treasury stock |
| **Six months ended September 30, 2012:** | | |
| Beginning of period | **2,750,346** | **96,427** |
| Increase | **—** | **—** |
| Decrease | **—** | **—** |
| End of period | **2,750,346** | **96,427** |
| Six months ended September 30, 2011: | | |
| Beginning of period | 2,750,346 | 96,427 |
| Increase | — | — |
| Decrease | — | — |
| End of period | 2,750,346 | 96,427 |

## 24. STOCK ACQUISITION RIGHTS CONSOLIDATED

The Bank issues stock acquisition rights as a stock option plan to directors, executive officers and employees of the Bank and its subsidiaries.

Stock acquisition rights provide eligible individuals (the "holders") with the right to purchase common stock of the Bank without any cash consideration at an exchange rate of one thousand common shares to one stock acquisition right. The amount of money to be paid upon exercising stock acquisition rights is the amount calculated by multiplying the payment amount per share (the "exercise price") by the number of common shares that can be purchased through the exercise of one stock acquisition right. Conditions are stipulated in the "Agreement on the Grant of Stock Acquisition Rights" entered into between the Bank and the holders to whom stock acquisition rights were allotted based on the resolution of the annual general meeting of shareholders and the meetings of the Board of Directors which resolves the issuance of stock acquisition rights subsequent to the shareholders' meeting.

In December 2005, the ASBJ issued "Accounting Standard for Stock Options" and related guidance, which requires companies to recognize compensation expense for stock acquisition rights based on the fair value at the date of grant and over the vesting periods for stock acquisition rights newly granted on and after May 1, 2006.

Income of ¥10 million (U.S.$131 thousand) was recognized for the six months ended September 30, 2012, due to reversal of expenses associated with rights that were cancelled before vesting dates which exceeded compensation expense during the period. Net stock-based compensation expense was ¥4 million for the six months ended September 30, 2011. Gains on unexercised and forfeited stock acquisition rights included in other gains (losses), net were ¥43 million (U.S.$559 thousand) and ¥59 million for the six months ended September 30, 2012 and 2011, respectively. There were no stock acquisition rights issued during the six months ended September 30, 2012 and 2011.

## 25. NET TRADING INCOME (LOSS) CONSOLIDATED

Net trading income (loss) for the six months ended September 30, 2012 and 2011 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| Six months ended September 30, | **2012** | 2011 | **2012** |
| Income (loss) from trading securities | **¥ 1,549** | ¥ 65 | **$ 20,008** |
| Income (loss) from securities held to hedge trading transactions | **(1,785)** | (2,798) | **(23,055)** |
| Income (loss) from trading-related financial derivatives | **9,832** | 9,248 | **126,950** |
| Other, net | **(23)** | 26 | **(298)** |
| Total | **¥ 9,573** | ¥ 6,542 | **$ 123,605** |

## 26. OTHER BUSINESS INCOME (LOSS), NET CONSOLIDATED

"Other, net" in other business income (loss), net, for the six months ended September 30, 2012 and 2011 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| Six months ended September 30, | **2012** | 2011 | **2012** |
| Income (loss) from derivatives entered into for banking purposes, net | **¥ (421)** | ¥ (1,656) | **$ (5,444)** |
| Equity in net income (loss) of affiliates | **1,268** | 1,049 | **16,377** |
| Gain on lease cancellation and other lease income (loss), net | **463** | (414) | **5,990** |
| Other, net | **1,493** | 1,348 | **19,290** |
| Total | **¥ 2,804** | ¥ 327 | **$ 36,213** |

## 27. NET CREDIT COSTS CONSOLIDATED

Net credit costs for the six months ended September 30, 2012 and 2011 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| Six months ended September 30, | **2012** | 2011 | **2012** |
| Losses on write-off or sales of loans | **¥ 3,290** | ¥ 4,185 | **$ 42,489** |
| Net provision (reversal) of reserve for loan losses: | | | |
| Net provision (reversal) of general reserve for loan losses | **746** | 4,081 | **9,640** |
| Net provision (reversal) of specific reserve for loan losses | **8,337** | 7,470 | **107,656** |
| Net provision (reversal) of reserve for loan losses to restructuring countries | **—** | (11) | **—** |
| Subtotal | **9,084** | 11,540 | **117,296** |
| Net provision (reversal) of specific reserve for other credit losses | **(8)** | — | **(107)** |
| Other credit costs (recoveries) relating to leasing business | **(444)** | (937) | **(5,738)** |
| Recoveries of written-off claims | **(5,669)** | (5,986) | **(73,197)** |
| Total | **¥ 6,253** | ¥ 8,801 | **$ 80,743** |

## 28. OTHER GAINS (LOSSES), NET — CONSOLIDATED

Other gains (losses), net for the six months ended September 30, 2012 and 2011 consisted of the following:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| Six months ended September 30, | **2012** | 2011 | **2012** |
| Net gain (loss) on disposal of premises and equipment | **¥ 227** | ¥ (110) | **$ 2,940** |
| Pension-related costs | **(37)** | (13) | **(478)** |
| Gain on write-off of unclaimed debentures | **264** | 767 | **3,412** |
| Impairment losses on long-lived assets | **(171)** | (906) | **(2,215)** |
| Provision of reserve for losses on interest repayments | **—** | (832) | **—** |
| Other, net | **230** | 752 | **2,979** |
| **Total** | **¥ 514** | ¥ (344) | **$ 6,638** |

Impairment losses on long-lived assets

For the six months ended September 30, 2012, impairment losses on long-lived assets of ¥171 million (U.S.$2,215 thousand) were recognized by the Bank on the properties of some unstaffed branches which were decided to be closed, assuming their recoverable amount to be zero.

For the six months ended September 30, 2011, impairment losses on long-lived assets of ¥767 million were recognized by the Bank on the properties of the branches which were decided to be closed and the software assets that were segregated as idle assets in consequence of IT integration, assuming their recoverable amount to be zero.

## 29. NET INCOME (LOSS) PER COMMON SHARE — CONSOLIDATED

Diluted net income per share for the six months ended September 30, 2012 and 2011 are not disclosed because there is no effect from dilutive securities.

Basic net income (loss) per common share ("EPS") for the six months ended September 30, 2012 and 2011 were as follows:

| | Net income (loss) (Millions of yen) | Weighted average shares (Thousands) | EPS (Yen) | EPS (U.S. dollars) |
|---|---|---|---|---|
| **For the six months ended September 30, 2012:** | | | | |
| Basic EPS | | | | |
| Net income (loss) available to common shareholders | **¥ 25,764** | **2,653,919** | **¥ 9.70** | **$ 0.13** |
| For the six months ended September 30, 2011: | | | | |
| Basic EPS | | | | |
| Net income (loss) available to common shareholders | ¥ 20,350 | 2,653,919 | ¥ 7.66 | |

## 30. LEASE TRANSACTIONS
CONSOLIDATED

### (A) FINANCE LEASE TRANSACTIONS

#### AS LESSEE

For finance lease transactions, where the ownership of the property is not deemed to transfer to the lessee.

(a) Lease assets are primarily buildings, tools, equipment and fixtures included in "Premises and equipment," and software included in "Intangible assets."

(b) Depreciation method is described in "(W) LEASE TRANSACTIONS" in Note 2 "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

#### AS LESSOR

(a) Breakdown of "Lease receivables and leased investment assets" as of September 30, 2012 and March 31, 2012 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Lease receivables | **¥ 36,467** | ¥ 31,759 | **$ 470,847** |
| Leased investment assets: | | | |
| Lease payment receivables | **173,218** | 179,777 | **2,236,524** |
| Estimated residual value | **7,503** | 7,676 | **96,876** |
| Interest equivalent | **(20,438)** | (21,988) | **(263,899)** |
| Other | **216** | 206 | **2,799** |
| Subtotal | **160,499** | 165,672 | **2,072,300** |
| Total | **¥ 196,966** | ¥ 197,432 | **$ 2,543,147** |

(b) Lease payment receivables for "Lease receivables and leased investment assets" as of September 30, 2012 were as follows:

| | Lease receivables | | Leased investment assets | |
|---|---|---|---|---|
| | Millions of yen | Thousands of U.S. dollars | Millions of yen | Thousands of U.S. dollars |
| Due within one year | **¥ 10,821** | **$ 139,726** | **¥ 58,453** | **$ 754,728** |
| Due after one year within two years | **9,299** | **120,070** | **42,579** | **549,762** |
| Due after two years within three years | **7,293** | **94,176** | **29,769** | **384,366** |
| Due after three years within four years | **5,059** | **65,322** | **18,318** | **236,523** |
| Due after four years within five years | **3,397** | **43,869** | **9,774** | **126,208** |
| Due after five years | **2,950** | **38,095** | **14,323** | **184,937** |
| Total | **¥ 38,822** | **$ 501,258** | **¥ 173,218** | **$ 2,236,524** |

### (B) OPERATING LEASE TRANSACTIONS

Non-cancelable operating lease obligations as lessee and lease payment receivables as lessor as of September 30, 2012 and March 31, 2012 were as follows.

#### AS LESSEE

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Lease obligations: | | | |
| Due within one year | **¥ 4,165** | ¥ 4,046 | **$ 53,789** |
| Due after one year | **19,352** | 21,021 | **249,872** |
| Total | **¥ 23,518** | ¥ 25,068 | **$ 303,661** |

#### AS LESSOR

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Lease payment receivables: | | | |
| Due within one year | **¥ 4,424** | ¥ 3,832 | **$ 57,127** |
| Due after one year | **18,760** | 17,101 | **242,230** |
| Total | **¥ 23,185** | ¥ 20,934 | **$ 299,357** |

## 31. SEGMENT INFORMATION

CONSOLIDATED

### (A) SEGMENT INFORMATION

#### (a) DESCRIPTION OF REPORTABLE SEGMENTS

Our reportable segments are components of the Group about which separate financial information is available and such information is evaluated regularly by the Executive Committee in deciding how to allocate resources and in assessing performance.

The Group provides a wide variety of financial products and services to institutional and individual customers through our Institutional Group, Global Markets Group and Individual Group, respectively. These groups consist of operating segments which provide their respective financial products and services. The Institutional Group consists of the "Institutional Business Sub-Group," "Structured Finance Sub-Group," "Principal Transactions Sub-Group," "Showa Leasing" and "Other Institutional Group," and the Global Markets Group consists of the "Financial Institutions Sub-Group," "Markets Sub-Group," and "Other Global Markets Group" as reportable segments. The Individual Group consists of "Retail Banking Sub-Group," "Shinsei Financial" and "APLUS FINANCIAL." Also, the business and operations excluding any of the Institutional Group, the Global Markets Group, and the Individual Group are classified as the Corporate / Other. The "Treasury Sub-Group" in the Corporate / Other is a reportable segment.

In the Institutional Group, the "Institutional Business Sub-Group" provides financial products, financial services and advisory services for corporate banking business and public sector finance. The "Structured Finance Sub-Group" provides real estate finance, such as non-recourse loans, financial products and services for the real estate and construction industries, specialty finance such as M&A finance, and trust business. The "Principal Transactions Sub-Group" provides financial products and services related to credit trading. The "Showa Leasing" primarily provides leasing related financial products and services. The "Other Institutional Group" consists of asset-backed investment and other products and services in the Institutional Group.

In the Global Markets Group, the "Financial Institutions Sub-Group" provides financial products and services for financial institutions business. The "Markets Sub-Group" is engaged in foreign exchanges, derivatives, equity-related transactions and other capital markets transactions. The "Other Global Markets Group" consists of Shinsei Securities' businesses, asset management, wealth management, and other products and services in the Global Markets Group.

In the Individual Group, the "Retail Banking Sub-Group" provides financial products and services for retail customers, the "Shinsei Financial" provides consumer finance, and the "APLUS FINANCIAL" provides installment sales credit, credit cards, guarantees and settlement services. The "Other" consists of profit and loss attributable to the Consumer Finance Sub-Group and other subsidiaries. The unsecured personal card loan business, "Shinsei Bank Card Loan - Lake," transferred from Shinsei Financial to the Bank from October 1, 2011, is included in the "Shinsei Financial" segment.

In the Corporate / Other, the "Treasury Sub-Group" is engaged in operations ALM and capital fund raising.

On April 27, 2012, we implemented organizational changes. In the institutional Group, the Advisory Sub-Group was abolished and the three divisions within it - the Corporate Advisory Division, Solution Advisory Division and Asset Solution Division - were integrated into a Corporate Advisory Division, newly established in the Institutional Business Sub-Group. Also, the organizational changes on July 1, 2012, the "Treasury Sub-Group" in the Global Markets Group was transferred to the Corporate / Other. As a result of these organizational changes, classification of reportable segments was changed, and "REVENUE, PROFIT (LOSS), ASSETS, LIABILITIES AND OTHER ITEMS BY REPORTABLE SEGMENTS" for the six months ended September 30, 2011 is presented based on the new classification of reportable segments.

#### (b) METHODS OF MEASUREMENT FOR THE AMOUNTS OF REVENUE, PROFIT (LOSS), ASSETS, LIABILITIES AND OTHER ITEMS BY REPORTABLE SEGMENTS

The accounting policies of each reportable segment are consistent to those disclosed in Note2, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES," except for interest on inter-segment transactions and indirect expense.

Interest on inter-segment transactions is calculated using an inter-office rate. Indirect expense is allocated, based on the predetermined internal rule, to each reportable segment according to the budget which is set at the beginning of the fiscal year.

## 31. SEGMENT INFORMATION (CONTINUED)

CONSOLIDATED

### (c) REVENUE, PROFIT (LOSS), ASSETS, LIABILITIES AND OTHER ITEMS BY REPORTABLE SEGMENTS

| | Millions of yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Institutional Group | | | | | Global Markets Group | | |
| Six months ended September 30, 2012 | Institutional Business Sub-Group | Structured Finance Sub-Group | Principal Transactions Sub-Group | Showa Leasing | Other Institutional Group | Financial Institutions Sub-Group | Markets Sub-Group | Other Global Markets Group |
| Revenue: | ¥ 6,788 | ¥ 10,231 | ¥ 7,678 | ¥ 6,377 | ¥ 398 | ¥ 2,443 | ¥ 4,066 | ¥ 1,102 |
| Net Interest Income | 5,236 | 8,827 | 1,989 | (1,419) | (131) | 835 | 672 | 43 |
| Non-interest Income[1] | 1,552 | 1,404 | 5,689 | 7,797 | 529 | 1,607 | 3,394 | 1,058 |
| Expenses | 3,227 | 2,318 | 1,901 | 3,833 | 767 | 1,173 | 1,614 | 1,771 |
| Net Credit Costs (Recoveries) | (984) | 3,219 | 92 | (355) | 1,350 | (1,357) | (132) | (229) |
| Segment Profit (loss) | ¥ 4,546 | ¥ 4,693 | ¥ 5,684 | ¥ 2,900 | ¥ (1,719) | ¥ 2,627 | ¥ 2,585 | ¥ (439) |
| Segment Assets[2] | ¥ 1,653,695 | ¥ 1,007,158 | ¥ 330,588 | ¥ 395,871 | ¥ 87,357 | ¥ 151,680 | ¥ 352,773 | ¥ 77,040 |
| Segment Liabilities | ¥ 514,661 | ¥ 63,446 | ¥ 6,040 | ¥ — | ¥ 2,198 | ¥ 275,125 | ¥ 124,608 | ¥ 63,375 |
| Includes: | | | | | | | | |
| 1. Equity in net income (loss) of affiliates | ¥ — | ¥ — | ¥ 836 | ¥ — | ¥ 429 | ¥ (10) | ¥ 12 | ¥ — |
| 2. Investment in affiliates | — | — | 37,454 | — | — | — | 1,681 | — |
| Other: | | | | | | | | |
| Goodwill (Negative Goodwill): | | | | | | | | |
| Amortization | ¥ — | ¥ — | ¥ — | ¥ 1,132 | ¥ — | ¥ — | ¥ — | ¥ — |
| Unamortized balance | — | — | — | 26,919 | — | — | — | — |
| Intangible assets acquired in business combinations: | | | | | | | | |
| Amortization | ¥ — | ¥ — | ¥ — | ¥ 315 | ¥ — | ¥ — | ¥ — | ¥ — |
| Unamortized balance | — | — | — | 3,304 | — | — | — | — |
| Impairment losses on long-lived assets | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — |

| | Millions of yen | | | | | | |
|---|---|---|---|---|---|---|---|
| | Individual Group | | | | Corporate/Other | | |
| | | Consumer Finance Sub-Group | | | | | |
| Six months ended September 30, 2012 | Retail Banking Sub-Group | Shinsei Financial | APLUS FINANCIAL | Other | Treasury Sub-Group | Other | Total |
| Revenue: | ¥ 16,709 | ¥ 22,344 | ¥ 23,589 | ¥ 802 | ¥ 2,632 | ¥ (1,057) | ¥ 104,107 |
| Net Interest Income | 13,169 | 24,302 | 4,924 | 695 | (1,692) | (1,259) | 56,194 |
| Non-interest Income[1] | 3,539 | (1,958) | 18,665 | 106 | 4,325 | 201 | 47,913 |
| Expenses | 15,376 | 14,597 | 16,699 | 243 | 644 | (395) | 63,773 |
| Net Credit Costs (Recoveries) | (31) | 1,033 | 3,413 | (23) | — | 258 | 6,253 |
| Segment Profit (loss) | ¥ 1,364 | ¥ 6,712 | ¥ 3,475 | ¥ 581 | ¥ 1,988 | ¥ (920) | ¥ 34,080 |
| Segment Assets[2] | ¥ 1,026,505 | ¥ 354,115 | ¥ 993,941 | ¥ 46,305 | ¥ 1,529,736 | ¥ — | ¥ 8,006,770 |
| Segment Liabilities | ¥ 4,753,858 | ¥ 3,695 | ¥ 536,261 | ¥ 40 | ¥ 17,416 | ¥ — | ¥ 6,360,730 |
| Includes: | | | | | | | |
| 1. Equity in net income (loss) of affiliates | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — | ¥ 1,268 |
| 2. Investment in affiliates | — | — | — | — | — | — | 39,136 |
| Other: | | | | | | | |
| Goodwill (Negative Goodwill): | | | | | | | |
| Amortization | ¥ — | ¥ 2,127 | ¥ 420 | ¥ (0) | ¥ — | ¥ — | ¥ 3,680 |
| Unamortized balance | — | 8,414 | 2,943 | (5) | — | — | 38,271 |
| Intangible assets acquired in business combinations: | | | | | | | |
| Amortization | ¥ — | ¥ 1,684 | ¥ — | ¥ — | ¥ — | ¥ — | ¥ 1,999 |
| Unamortized balance | — | 10,958 | — | — | — | — | 14,263 |
| Impairment losses on long-lived assets | ¥ 169 | ¥ 1 | ¥ — | ¥ — | ¥ — | ¥ 0 | ¥ 171 |

## 31. SEGMENT INFORMATION (CONTINUED)

CONSOLIDATED

| Six months ended September 30, 2011 | Millions of yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Institutional Group | | | | | Global Markets Group | | |
| | Institutional Business Sub-Group | Structured Finance Sub-Group | Principal Transactions Sub-Group | Showa Leasing | Other Institutional Group | Financial Institutions Sub-Group | Markets Sub-Group | Other Global Markets Group |
| Revenue: | ¥ 2,310 | ¥ 10,343 | ¥ 6,112 | ¥ 7,143 | ¥ 6,631 | ¥ 1,544 | ¥ 2,525 | ¥ 1,509 |
| Net Interest Income | 4,357 | 8,571 | 1,390 | (1,560) | 27 | 730 | 491 | 295 |
| Non-interest Income[1] | (2,046) | 1,772 | 4,721 | 8,704 | 6,603 | 814 | 2,034 | 1,213 |
| Expenses | 3,471 | 2,413 | 1,966 | 3,869 | 732 | 1,167 | 1,624 | 2,075 |
| Net Credit Costs (Recoveries) | (3,196) | 7,701 | (363) | (1,400) | 500 | (282) | (1,324) | (543) |
| Segment Profit (loss) | ¥ 2,035 | ¥ 228 | ¥ 4,508 | ¥ 4,674 | ¥ 5,397 | ¥ 659 | ¥ 2,225 | ¥ (22) |
| Segment Assets[2] | ¥1,656,477 | ¥ 983,707 | ¥ 341,567 | ¥ 370,743 | ¥ 139,097 | ¥ 106,328 | ¥ 407,614 | ¥ 81,282 |
| Segment Liabilities | ¥ 335,638 | ¥ 59,494 | ¥ 4,711 | ¥ — | ¥ 2,208 | ¥ 329,219 | ¥ 155,149 | ¥ 66,668 |
| Includes: | | | | | | | | |
| 1. Equity in net income (loss) of affiliates | ¥ — | ¥ — | ¥ (9) | ¥ — | ¥ 1,057 | ¥ — | ¥ — | ¥ 2 |
| 2. Investment in affiliates | — | — | 3,849 | — | 31,446 | — | — | 1,828 |
| Other: | | | | | | | | |
| Goodwill (Negative Goodwill): | | | | | | | | |
| Amortization | ¥ — | ¥ — | ¥ — | ¥ 1,132 | ¥ — | ¥ — | ¥ — | ¥ — |
| Unamortized balance | — | — | — | 29,184 | — | — | — | — |
| Intangible assets acquired in business combinations: | | | | | | | | — |
| Amortization | ¥ — | ¥ — | ¥ — | ¥ 332 | ¥ — | ¥ — | ¥ — | ¥ — |
| Unamortized balance | — | — | — | 3,951 | — | — | — | — |
| Impairment losses on long-lived assets | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — | ¥ 1 | ¥ 3 |

| Six months ended September 30, 2011 | Millions of yen | | | | | | |
|---|---|---|---|---|---|---|---|
| | Individual Group | | | | Corporate/Other | | |
| | | Consumer Finance Sub-Group | | | | | |
| | Retail Banking Sub-Group | Shinsei Financial | APLUS FINANCIAL | Other | Treasury Sub-Group | Other | Total |
| Revenue: | ¥ 19,272 | ¥ 27,024 | ¥ 24,368 | ¥ 890 | ¥ (2,606) | ¥ (1,409) | ¥ 105,659 |
| Net Interest Income | 15,365 | 29,111 | 6,715 | 800 | (3,999) | (1,548) | 60,749 |
| Non-interest Income[1] | 3,907 | (2,087) | 17,652 | 89 | 1,392 | 138 | 44,910 |
| Expenses | 15,496 | 15,282 | 15,008 | 243 | 561 | (566) | 63,345 |
| Net Credit Costs (Recoveries) | 1,263 | (89) | 6,263 | 107 | — | 164 | 8,801 |
| Segment Profit (loss) | ¥ 2,513 | ¥ 11,831 | ¥ 3,095 | ¥ 539 | ¥ (3,167) | ¥ (1,007) | ¥ 33,512 |
| Segment Assets[2] | ¥ 899,953 | ¥ 403,724 | ¥ 995,188 | ¥ 51,912 | ¥1,664,664 | ¥ — | ¥8,102,262 |
| Segment Liabilities | ¥5,056,413 | ¥ 4,781 | ¥ 545,596 | ¥ 42 | ¥ 39,099 | ¥ — | ¥6,599,023 |
| Includes: | | | | | | | |
| 1. Equity in net income (loss) of affiliates | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — | ¥ — | ¥ 1,049 |
| 2. Investment in affiliates | — | — | — | — | — | — | 37,124 |
| Other: | | | | | | | |
| Goodwill (Negative Goodwill): | | | | | | | |
| Amortization | ¥ — | ¥ 2,448 | ¥ 420 | ¥ (0) | ¥ — | ¥ — | ¥ 4,001 |
| Unamortized balance | — | 12,562 | 3,784 | (6) | — | — | 45,524 |
| Intangible assets acquired in business combinations: | | | | | — | | |
| Amortization | ¥ — | ¥ 1,909 | ¥ — | ¥ — | ¥ — | ¥ — | ¥ 2,242 |
| Unamortized balance | — | 14,327 | — | — | — | — | 18,278 |
| Impairment losses on long-lived assets | ¥ 46 | ¥ 139 | ¥ — | ¥ — | ¥ — | ¥ 716 | ¥ 906 |

## 31. SEGMENT INFORMATION (CONTINUED)

CONSOLIDATED

| | Thousands of U.S. dollars | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Institutional Group | | | | | Global Markets Group | | |
| Six months ended September 30, 2012 | Institutional Business Sub-Group | Structured Finance Sub-Group | Principal Transactions Sub-Group | Showa Leasing | Other Institutional Group | Financial Institutions Sub-Group | Markets Sub-Group | Other Global Markets Group |
| Revenue: | $ 87,655 | $ 132,104 | $ 99,142 | $ 82,350 | $ 5,141 | $ 31,545 | $ 52,505 | $ 14,232 |
| Net Interest Income | 67,606 | 113,973 | 25,683 | (18,323) | (1,693) | 10,789 | 8,680 | 566 |
| Non-interest Income[1] | 20,049 | 18,131 | 73,459 | 100,673 | 6,834 | 20,756 | 43,825 | 13,666 |
| Expenses | 41,672 | 29,937 | 24,549 | 49,497 | 9,909 | 15,146 | 20,843 | 22,871 |
| Net Credit Costs (Recoveries) | (12,716) | 41,569 | 1,192 | (4,592) | 17,433 | (17,521) | (1,717) | (2,969) |
| Segment Profit (loss) | $ 58,699 | $ 60,598 | $ 73,401 | $ 37,445 | $ (22,201) | $ 33,920 | $ 33,379 | $ (5,670) |
| Segment Assets[2] | $21,351,776 | $13,003,983 | $4,268,407 | $5,111,316 | $1,127,925 | $1,958,433 | $4,554,856 | $ 994,715 |
| Segment Liabilities | $ 6,645,080 | $ 819,195 | $ 77,998 | $ — | $ 28,391 | $3,552,296 | $1,608,895 | $ 818,282 |
| Includes: | | | | | | | | |
| 1. Equity in net income (loss) of affiliates | $ — | $ — | $ 10,797 | $ — | $ 5,551 | $ (135) | $ 164 | $ — |
| 2. Investment in affiliates | — | — | 483,598 | — | — | — | 21,713 | — |
| Other: | | | | | | | | |
| Goodwill (Negative Goodwill): | | | | | | | | |
| Amortization | $ — | $ — | $ — | $ 14,624 | $ — | $ — | $ — | $ — |
| Unamortized balance | — | — | — | 347,574 | — | — | — | — |
| Intangible assets acquired in business combinations: | | | | | | | | |
| Amortization | $ — | $ — | $ — | $ 4,070 | $ — | $ — | $ — | $ — |
| Unamortized balance | — | — | — | 42,668 | — | — | — | — |
| Impairment losses on long-lived assets | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |

| | Thousands of U.S. dollars | | | | | | |
|---|---|---|---|---|---|---|---|
| | Individual Group | | | | Corporate/Other | | |
| | | Consumer Finance Sub-Group | | | | | |
| Six months ended September 30, 2012 | Retail Banking Sub-Group | Shinsei Financial | APLUS FINANCIAL | Other | Treasury Sub-Group | Other | Total |
| Revenue: | $ 215,740 | $ 288,503 | $ 304,577 | $ 10,363 | $ 33,995 | $ (13,660) | $ 1,344,193 |
| Net Interest Income | 170,040 | 313,784 | 63,582 | 8,985 | (21,849) | (16,266) | 725,557 |
| Non-interest Income[1] | 45,700 | (25,281) | 240,995 | 1,378 | 55,844 | 2,606 | 618,636 |
| Expenses | 198,535 | 188,479 | 215,620 | 3,148 | 8,323 | (5,111) | 823,418 |
| Net Credit Costs (Recoveries) | (408) | 13,350 | 44,079 | (298) | — | 3,341 | 80,743 |
| Segment Profit (loss) | $ 17,613 | $ 86,674 | $ 44,878 | $ 7,513 | $ 25,672 | $ (11,890) | $ 440,031 |
| Segment Assets[2] | $13,253,783 | $4,572,185 | $12,833,331 | $ 597,875 | $19,751,273 | $ — | $103,379,858 |
| Segment Liabilities | $61,379,715 | $ 47,719 | $ 6,923,973 | $ 518 | $ 224,870 | $ — | $ 82,126,932 |
| Includes: | | | | | | | |
| 1. Equity in net income (loss) of affiliates | $ — | $ — | $ — | $ — | $ — | $ — | $ 16,377 |
| 2. Investment in affiliates | — | — | — | — | — | — | 505,311 |
| Other: | | | | | | | |
| Goodwill (Negative Goodwill): | | | | | | | |
| Amortization | $ — | $ 27,466 | $ 5,429 | $ (4) | $ — | $ — | $ 47,515 |
| Unamortized balance | — | 108,645 | 38,000 | (76) | — | — | 494,143 |
| Intangible assets acquired in business combinations: | | | | | | | |
| Amortization | $ — | $ 21,748 | $ — | $ — | $ — | $ — | $ 25,818 |
| Unamortized balance | — | 141,493 | — | — | — | — | 184,161 |
| Impairment losses on long-lived assets | $ 2,194 | $ 20 | $ — | $ — | $ — | $ 1 | $ 2,215 |

Notes: (1) "Revenue", which represents gross operating profit under our management reporting, is presented as a substitute for sales in other industries. "Revenue" is defined as the total of net interest income, net fees and commissions, net trading income and net other business income on the management reporting basis. "Revenue" represents income and related cost attributable to our core business.

(2) "Expenses" are general and administrative expenses deducting amortization of goodwill and intangible assets acquired in business combinations, amortization of net actuarial gains or losses of retirement benefit cost and lump-sum payments.

(3) "Net Credit Costs (Recoveries)" consists of provision/reversal of reserve for credit losses, losses on write-off/sales of loans and recoveries of written-off claims.

(4) "Segment Assets" consists of other monetary claims purchased, trading assets, monetary assets held in trust, securities, loans and bills discounted, lease receivables and leased investment assets, installment receivables, tangible leased assets, intangible leased assets and customer's liabilities for acceptances and guarantees.

(5) "Segment Liabilities" consists of deposits, including negotiable certificates of deposit, debentures, trading liabilities and acceptances and guarantees.

(6) Regarding assets and liabilities not allocated to each business segment, there are related revenue and expense items which are allocated to each business segment based on rational allocation method. For example, interest on other borrowings is considered a part of "Revenue" and included in segment income, although borrowed money is not allocated to each segment liabilities. In addition, depreciation is considered a part of "Expenses" and included in segment income, although premises and equipment excluding tangible leased assets and intangible assets excluding intangible leased assets are not allocated to each segment assets.

(7) Regarding our investment assets portfolio management view, we have transferred a part of affiliates accounted by the equity method in the six months ended September 30, 2012. Jih Sun Financial Holding Co., Ltd. under the "Other Institutional Group" segment was transferred to the "Principal Transactions Sub-Group" segment in the Institutional Business Group, and also Comox Holdings Ltd. under the "Other Global Markets Group" segment was transferred to the "Markets Sub-Group" segment in the Global Markets Group.

(8) "Other" under the Corporate/Other includes company-wide accounts which are not included in our reportable segments, allocation variance of indirect expense and elimination amount of inter-segment transactions.

## 31. SEGMENT INFORMATION (CONTINUED) CONSOLIDATED

### (d) RECONCILIATION BETWEEN THE SEGMENT INFORMATION AND THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(i) A reconciliation between total segment profit and income (loss) before income taxes and minority interests on the interim consolidated statements of income for the six months ended September 30, 2012 and 2011 was as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| Six months ended September 30, | **2012** | 2011 | **2012** |
| Total segment profit | **¥ 34,080** | ¥ 33,512 | **$ 440,031** |
| Lump-sum payments | **(987)** | (1,161) | **(12,755)** |
| Amortization of goodwill and intangible assets acquired in business combinations | **(5,679)** | (6,244) | **(73,333)** |
| Other gains (losses), net | **514** | (344) | **6,638** |
| Income (loss) before income taxes and minority interests | **¥ 27,926** | ¥ 25,762 | **$ 360,581** |

(ii) A reconciliation between total segment assets and total assets on the interim consolidated balance sheets as of September 30, 2012 and 2011 was as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| As of September 30, | **2012** | 2011 | **2012** |
| Total segment assets | **¥ 8,006,770** | ¥ 8,102,262 | **$ 103,379,858** |
| Cash and due from banks | **414,089** | 329,447 | **5,346,541** |
| Call loans | **—** | 30,187 | **—** |
| Receivables under resale agreements | **38,387** | — | **495,636** |
| Receivables under securities borrowing transactions | **31,927** | 52,412 | **412,239** |
| Foreign exchanges | **22,729** | 22,201 | **293,468** |
| Other assets excluding installment receivables | **415,452** | 447,956 | **5,364,142** |
| Premises and equipment excluding tangible leased assets | **35,339** | 34,774 | **456,284** |
| Intangible assets excluding intangible leased assets | **73,900** | 89,480 | **954,175** |
| Deferred issuance expense for debentures | **113** | 159 | **1,465** |
| Deferred tax assets | **15,789** | 16,017 | **203,861** |
| Reserve for credit losses | **(171,964)** | (184,330) | **(2,220,333)** |
| Total assets | **¥ 8,882,534** | ¥ 8,940,569 | **$ 114,687,336** |

(iii) A reconciliation between total segment liabilities and total liabilities on the interim consolidated balance sheets as of September 30, 2012 and 2011 was as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| As of September 30, | **2012** | 2011 | **2012** |
| Total segment liabilities | **¥ 6,360,730** | ¥ 6,599,023 | **$ 82,126,932** |
| Call money | **230,077** | 140,229 | **2,970,658** |
| Payables under securities lending transactions | **139,404** | 223,069 | **1,799,932** |
| Borrowed money | **718,377** | 547,252 | **9,275,368** |
| Foreign exchanges | **16** | 16 | **216** |
| Short-term corporate bonds | **63,400** | 43,600 | **818,593** |
| Corporate bonds | **163,525** | 163,603 | **2,111,364** |
| Other liabilities | **506,399** | 551,702 | **6,538,410** |
| Accrued employees' bonuses | **4,103** | 4,335 | **52,988** |
| Accrued directors' bonuses | **23** | 22 | **305** |
| Reserve for employees' retirement benefits | **7,179** | 7,085 | **92,704** |
| Reserve for directors' retirement benefits | **211** | 195 | **2,726** |
| Reserve for losses on interest repayments | **41,568** | 29,934 | **536,712** |
| Reserve under special law | **1** | 1 | **16** |
| Deferred tax liabilities | **275** | 381 | **3,559** |
| Total liabilities | **¥ 8,235,295** | ¥ 8,310,453 | **$ 106,330,483** |

## 31. SEGMENT INFORMATION (CONTINUED)

CONSOLIDATED

### (B) RELATED INFORMATION

#### (a) INFORMATION BY SERVICES

Income regarding major services for the six months ended September 30, 2012 and 2011 were as follows:

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| Six months ended September 30, | **2012** | 2011 | **2012** |
| Loan Businesses | **¥ 70,407** | ¥ 78,590 | **$ 909,073** |
| Lease Businesses | **5,427** | 7,047 | **70,080** |
| Securities Investment Businesses | **10,650** | 9,010 | **137,515** |

#### (b) GEOGRAPHICAL INFORMATION

*(i) REVENUE*

Revenue from external domestic customers exceeded 90% of total revenue on the interim consolidated statements of income for the six months ended September 30, 2012 and 2011, therefore geographical revenue information is not presented.

*(ii) PREMISES AND EQUIPMENT*

The balance of domestic premises and equipment exceeded 90% of total balance of premises and equipment on the interim consolidated balance sheets as of September 30, 2012 and 2011, therefore geographical premises and equipment information is not presented.

#### (c) MAJOR CUSTOMER INFORMATION

Revenue to a specific customer did not reach 10% of total revenue on the interim consolidated statements of income for the six months ended September 30, 2012 and 2011, therefore major customer information is not presented.

## 32. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

CONSOLIDATED

Fair values of financial instruments as of September 30, 2012 and March 31, 2012 were as follows:

| | Millions of yen | | | | | |
|---|---|---|---|---|---|---|
| | **Sept. 30, 2012** | | | Mar. 31, 2012 | | |
| | **Carrying amount** | **Fair value** | **Unrealized gain (loss)** | Carrying amount | Fair value | Unrealized gain (loss) |
| Assets: | | | | | | |
| (1) Cash and due from banks | **¥ 414,089** | **¥ 414,089** | **¥ —** | ¥ 413,721 | ¥ 413,721 | ¥ — |
| (2) Call loans | **—** | **—** | **—** | 15,745 | 15,745 | — |
| (3) Receivables under resale agreements | **38,387** | **38,686** | **299** | 18,362 | 18,510 | 147 |
| (4) Receivables under securities borrowing transactions | **31,927** | **31,927** | **—** | 114,080 | 114,080 | — |
| (5) Other monetary claims purchased | | | | | | |
| Trading purposes | **60,641** | **60,641** | **—** | 67,226 | 67,226 | — |
| Other[1] | **58,404** | **58,741** | **336** | 62,521 | 62,600 | 79 |
| (6) Trading assets | | | | | | |
| Securities held for trading purposes | **70,869** | **70,869** | **—** | 58,444 | 58,444 | — |
| (7) Monetary assets held in trust[1] | **259,869** | **263,477** | **3,607** | 267,040 | 268,932 | 1,892 |
| (8) Securities | | | | | | |
| Trading securities | **523** | **523** | **—** | 613 | 613 | — |
| Securities being held to maturity | **653,915** | **662,923** | **9,008** | 658,558 | 667,553 | 8,994 |
| Securities available for sale | **1,249,188** | **1,249,188** | **—** | 1,092,393 | 1,092,393 | — |
| Equity securities of affiliates | **21,326** | **18,315** | **(3,010)** | 21,745 | 19,785 | (1,960) |
| (9) Loans and bills discounted[2] | **4,281,926** | | | 4,136,827 | | |
| Reserve for credit losses | **(131,206)** | | | (140,609) | | |
| Net | **4,150,719** | **4,264,674** | **113,955** | 3,996,218 | 4,106,373 | 110,155 |
| (10) Lease receivables and leased investment assets[1] | **192,289** | **193,219** | **929** | 192,093 | 193,838 | 1,744 |
| (11) Other assets | | | | | | |
| Installment receivables | **356,082** | | | 347,935 | | |
| Deferred gains on installment receivables | **(11,992)** | | | (11,840) | | |
| Reserve for credit losses | **(11,142)** | | | (11,408) | | |
| Net | **332,947** | **346,425** | **13,478** | 324,686 | 340,682 | 15,996 |
| **Total** | **¥ 7,535,100** | **¥ 7,673,705** | **¥ 138,605** | ¥ 7,303,453 | ¥ 7,440,502 | ¥ 137,049 |
| Liabilities: | | | | | | |
| (1) Deposits, including negotiable certificates of deposit | **¥ 5,374,656** | **¥ 5,397,417** | **¥ (22,760)** | ¥ 5,362,411 | ¥ 5,391,690 | ¥ (29,279) |
| (2) Debentures | **277,624** | **278,323** | **(698)** | 294,139 | 295,192 | (1,053) |
| (3) Call money | **230,077** | **230,077** | **—** | 210,163 | 210,163 | — |
| (4) Payables under securities lending transactions | **139,404** | **139,404** | **—** | 148,590 | 148,590 | — |
| (5) Trading liabilities | | | | | | |
| Trading securities sold for short sales | **30,437** | **30,437** | **—** | 48,058 | 48,058 | — |
| (6) Borrowed money | **718,377** | **716,169** | **2,207** | 476,731 | 475,280 | 1,450 |
| (7) Short-term corporate bonds | **63,400** | **63,400** | **—** | 50,700 | 50,700 | — |
| (8) Corporate bonds | **163,525** | **154,830** | **8,695** | 168,797 | 154,623 | 14,173 |
| **Total** | **¥ 6,997,503** | **¥ 7,010,060** | **¥ (12,556)** | ¥ 6,759,592 | ¥ 6,774,301 | ¥ (14,708) |
| Derivative instruments[3]: | | | | | | |
| Hedge accounting is not applied | **¥ (15,558)** | **¥ (15,558)** | **¥ —** | ¥ (25,567) | ¥ (25,567) | ¥ — |
| Hedge accounting is applied | **(16,255)** | **(16,255)** | **—** | (18,494) | (18,494) | — |
| **Total** | **¥ (31,813)** | **¥ (31,813)** | **¥ —** | ¥ (44,062) | ¥ (44,062) | ¥ — |

| | **Contract amount** | **Fair value** | Contract amount | Fair value |
|---|---|---|---|---|
| Other: | | | | |
| Guarantee contracts[4] | **¥ 550,232** | **¥ (4,483)** | ¥ 562,624 | ¥ (4,101) |

## 32. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

CONSOLIDATED

| | Thousands of U.S. dollars | | |
|---|---|---|---|
| | Sept. 30, 2012 | | |
| | Carrying amount | Fair value | Unrealized gain (loss) |
| Assets: | | | |
| (1) Cash and due from banks | $ 5,346,541 | $ 5,346,541 | $ — |
| (2) Call loans | — | — | — |
| (3) Receivables under resale agreements | 495,636 | 499,509 | 3,873 |
| (4) Receivables under securities borrowing transactions | 412,239 | 412,239 | — |
| (5) Other monetary claims purchased | | | |
| Trading purposes | 782,982 | 782,982 | — |
| Other[1] | 754,097 | 758,444 | 4,347 |
| (6) Trading assets | | | |
| Securities held for trading purposes | 915,030 | 915,030 | — |
| (7) Monetary assets held in trust[1] | 3,355,324 | 3,401,908 | 46,584 |
| (8) Securities | | | |
| Trading securities | 6,759 | 6,759 | — |
| Securities being held to maturity | 8,443,064 | 8,559,372 | 116,308 |
| Securities available for sale | 16,128,968 | 16,128,968 | — |
| Equity securities of affiliates | 275,358 | 236,481 | (38,877) |
| (9) Loans and bills discounted[2] | 55,286,330 | | |
| Reserve for credit losses | (1,694,080) | | |
| Net | 53,592,250 | 55,063,587 | 1,471,337 |
| (10) Lease receivables and leased investment assets[1] | 2,482,762 | 2,494,769 | 12,007 |
| (11) Other assets | | | |
| Installment receivables | 4,597,575 | | |
| Deferred gains on installment receivables | (154,844) | | |
| Reserve for credit losses | (143,866) | | |
| Net | 4,298,865 | 4,472,893 | 174,028 |
| **Total** | $ 97,289,875 | $ 99,079,482 | $ 1,789,607 |
| Liabilities: | | | |
| (1) Deposits, including negotiable certificates of deposit | $ 69,395,177 | $ 69,689,054 | $ (293,877) |
| (2) Debentures | 3,584,568 | 3,593,583 | (9,015) |
| (3) Call money | 2,970,658 | 2,970,658 | — |
| (4) Payables under securities lending transactions | 1,799,932 | 1,799,932 | — |
| (5) Trading liabilities | | | |
| Trading securities sold for short sales | 393,000 | 393,000 | — |
| (6) Borrowed money | 9,275,368 | 9,246,864 | 28,504 |
| (7) Short-term corporate bonds | 818,593 | 818,593 | — |
| (8) Corporate bonds | 2,111,364 | 1,999,098 | 112,266 |
| **Total** | $ 90,348,660 | $ 90,510,782 | $ (162,122) |
| Derivative instruments[3]: | | | |
| Hedge accounting is not applied | $ (200,886) | $ (200,886) | $ — |
| Hedge accounting is applied | (209,882) | (209,882) | — |
| **Total** | $ (410,768) | $ (410,768) | $ — |

| | Contract amount | Fair value |
|---|---|---|
| Other: | | |
| Guarantee contracts[4] | $ 7,104,364 | $ (57,885) |

Notes: (1) Carrying amount of Other monetary claims purchased, Monetary assets held in trust and Lease receivables and leased investment assets are presented as the amount net of reserve for credit losses because they are immaterial.

(2) For consumer loans of ¥419,829 million (U.S.$5,420,648 thousand) and ¥463,248 million held by consolidated subsidiaries included in Loans and bills discounted, reserve for losses on interest repayments of ¥41,568 million (U.S.$536,712 thousand) and ¥50,913 million was recognized for estimated losses on reimbursements of excess interest payments as of September 30, 2012 and March 31, 2012, respectively.

(3) Derivative instruments include derivative transactions both in trading assets and liabilities, and in other assets and liabilities. Derivative instruments are presented as net of assets and liabilities and presented with ( ) when a liability stands on net basis.

(4) Contract amount for guarantee contracts presents the amount of "Acceptances and guarantees" on the interim consolidated balance sheets.

## 32. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

CONSOLIDATED

(Note 1) Valuation methodologies for financial instruments

*Assets:*

(1) Cash and due from banks

The fair values of due from banks with no maturities approximate carrying amounts. For due from banks with maturities, the fair values approximate carrying amounts because most of them are with short maturities of six months or less.

(2) Call loans and (4) Receivables under securities borrowing transactions

The fair values approximate carrying amounts because most of them are with short maturities of three months or less.

(3) Receivables under resale agreements

The fair values of the receivables under resale agreements with maturity of three months or less approximate carrying amounts because of their short term maturity. The fair values of the receivables under resale agreements with maturity of more than three months are determined by discounting contractual cash flows in case of the transactions with fixed interest rates, or expected cash flows based on the forward rates in case of the transactions with floating interest rates, using the risk free rate adjusted to account for credit risk (after consideration of collateral) with credit default swap (CDS) spreads etc. corresponding to internal credit rating of each borrower.

(5) Other monetary claims purchased

The fair values are measured at quoted prices from third parties, or determined using the discounted cash flow method.

(6) Trading assets

The fair values are measured at market prices or quoted prices from third parties, or determined using the discounted cash flow method.

(7) Monetary assets held in trust

The fair values are primarily determined using the discounted cash flow method based on the characteristics of the components of the entrusted assets.

(8) Securities

The fair values of marketable equity securities are measured at closing prices on exchanges. The fair values of bonds are measured at market prices or quoted prices from third parties, or determined using the discounted cash flow method.

(9) Loans and bills discounted

The fair values of loans and bills discounted with fixed interest rates are determined by discounting contractual cash flows, and the fair values of loans and bills discounted with floating interest rates are determined by discounting expected cash flows based on the forward rates, using the risk free rate adjusted to account for credit risk (after consideration of collateral) with CDS spreads etc. corresponding to internal credit rating of each borrower. The fair values of housing loans are determined by discounting expected cash flows at the rates that would be applied for the new housing loans with the same terms at the interim consolidated balance sheet date. The fair values of consumer loans are determined by discounting expected cash flows that reflect expected loss at the rates that consist of the risk free rate and certain costs, by group of similar product types and customer segments.

For loans to obligors "legally bankrupt," "virtually bankrupt" and "possibly bankrupt," a reserve is provided based on the discounted cash flow method, or based on amounts expected to be collected through the disposal of collateral or execution of guarantees, so that the carrying amount net of the reserve is a reasonable estimate of the fair values of those loans.

(10) Lease receivables and leased investment assets

The fair values are primarily determined by discounting contractual cash flows at the rates that consist of the risk free rate, credit risk and certain costs, by group of major product categories.

(11) Installment receivables

The fair values are primarily determined by discounting expected cash flows that reflect the probability of prepayment at the rates that consist of the risk free rate, credit risk and certain costs, by group of major product categories.

*Liabilities:*

(1) Deposits, including negotiable certificates of deposit

The fair values of demand deposits, such as current deposits and ordinary deposits are recognized as the payment amount at the interim consolidated balance sheet date. The fair values of the deposits with maturity of six months or less approximate carrying amounts because of their short term maturity. The fair values of time deposits are determined by discounting the contractual cash flows at the rates that would be applied for the new contracts with the same terms at the interim consolidated balance sheet date.

## 32. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED) CONSOLIDATED

(2) Debentures and (8) Corporate bonds
The fair values of marketable debentures and corporate bonds are measured at market prices. The fair values of non-marketable corporate debentures and corporate bonds under the Medium Term Note program are determined by discounting expected cash flows at the actual average funding rates of corporate time deposits and debentures funded in the past three months of the interim consolidated balance sheet date.

The fair values of retail debentures are determined by discounting contractual cash flows at the actual funding rate of the latest issuance.

The fair values of step-up callable subordinated bonds are determined by discounting expected cash flows which reflect the probability of early redemption at the rates that consist of the risk free rate and the CDS spread of the Bank.

(3) Call money and (4) Payable under securities lending transactions
The fair values approximate carrying amounts because most of them with short maturities of three months or less.

(5) Trading liabilities
The fair values are measured at market prices.

(6) Borrowed money
The fair values of borrowed money with fixed interest rates are primarily determined by discounting contractual cash flows (for borrowed money hedged by interest rate swaps which meets specific matching criteria, the contractual cash flows include the cash flows of the interest rate swaps), and the fair values of borrowed money with floating interest rates are determined by discounting expected cash flows based on forward rates, at the rates that reflect the credit risk of the borrower.

The fair values of step-up callable subordinated borrowings are determined by discounting expected cash flows which reflect the probability of early redemption at the rates that consist of the risk free rate and the CDS spread of the Bank.

(7) Short-term corporate bonds
The fair values of short-term corporate bonds approximate carrying amounts because most of them are with short maturities of six months or less.

*Derivative instruments:*
The fair values are primarily measured at closing prices on exchanges or determined using the discounted cash flow method or option pricing models.

*Other:*
Guarantee contracts
The fair values are determined by discounting the amount of difference between the original contractual cash flows and the expected cash flows that would be applied for the new contracts with the same terms at the risk free rate.

(Note 2) Carrying amount of the financial instruments whose fair value cannot be reliably determined

| | Millions of yen | | Thousands of U.S. dollars |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| Equity securities without readily available market price(1)(2) | **¥ 25,307** | ¥ 27,762 | **$ 326,759** |
| Investments in partnerships and others(1)(2) | **53,179** | 72,420 | **686,635** |
| **Total** | **¥ 78,487** | ¥ 100,182 | **$ 1,013,394** |

Notes: (1) Equity securities without readily available market price are out of the scope of fair values disclosure because their fair values cannot be reliably determined. Investments in partnerships and others, the assets of which comprise equity securities without readily available market price, are out of the scope of fair values disclosure because fair values of those investments cannot be reliably determined.
(2) For the six months ended September 30, 2012 and for the fiscal year ended March 31, 2012, impairment losses on equity securities without readily available market price of ¥806 million (U.S.$10,418 thousand) and ¥3,172 million, and on investments in partnerships and others of ¥108 million (U.S.$1,404 thousand) and ¥1,524 million were recognized, respectively.

## 33. DERIVATIVE FINANCIAL INSTRUMENTS
CONSOLIDATED

### (A) DERIVATIVES TRANSACTIONS TO WHICH HEDGE ACCOUNTING WAS NOT APPLIED

The fair values of derivatives on the interim consolidated balance sheets as of September 30, 2012 and March 31, 2012 are adjusted for credit risk by a reduction of ¥786 million (U.S.$10,150 thousand) and ¥784 million, respectively, and also adjusted for liquidity risk by a reduction of ¥2,481 million (U.S.$32,045 thousand) and ¥2,655 million, respectively.

Regardless of this accounting treatment, the reduction of those risks is not reflected in the fair values shown in the following tables.

#### (a) INTEREST RATE-RELATED TRANSACTIONS

Interest rate-related transactions as of September 30, 2012 and March 31, 2012 were as follows:

| | Millions of yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Sept. 30, 2012** | | | | Mar. 31, 2012 | | | |
| | **Contract/Notional principal** | | | | Contract/Notional principal | | | |
| | **Total** | **Maturity over 1 year** | **Fair value** | **Unrealized gain (loss)** | Total | Maturity over 1 year | Fair value | Unrealized gain (loss) |
| Futures contracts (listed): | | | | | | | | |
| Sold | **¥ 11,562** | **¥ —** | **¥ (53)** | **¥ (53)** | ¥ 19,509 | ¥ 2,036 | ¥ (124) | ¥ (124) |
| Bought | **15,577** | **—** | **7** | **7** | 12,763 | — | 58 | 58 |
| Interest rate options (listed): | | | | | | | | |
| Sold | **—** | **—** | **—** | **—** | 25,446 | — | 3 | (2) |
| Interest rate swaps (over-the-counter): | | | | | | | | |
| Receive fixed and pay floating | **4,112,352** | **3,154,945** | **91,184** | **91,184** | 4,075,297 | 2,825,508 | 76,703 | 76,703 |
| Receive floating and pay fixed | **3,770,135** | **2,819,407** | **(60,704)** | **(60,704)** | 3,290,090 | 2,305,448 | (49,855) | (49,855) |
| Receive floating and pay floating | **761,390** | **609,290** | **1,874** | **1,874** | 713,713 | 611,966 | 147 | 147 |
| Interest rate swaptions (over-the-counter): | | | | | | | | |
| Sold | **861,776** | **403,034** | **(14,494)** | **1,639** | 1,115,182 | 543,124 | (32,234) | 22 |
| Bought | **1,242,485** | **789,404** | **9,114** | **4,386** | 1,548,115 | 946,771 | 23,234 | 3,262 |
| Interest rate options (over-the-counter): | | | | | | | | |
| Sold | **131,817** | **115,347** | **(354)** | **423** | 140,678 | 116,208 | (447) | 394 |
| Bought | **109,011** | **92,541** | **177** | **(359)** | 104,056 | 92,586 | 232 | (273) |
| **Total** | | | **¥ 26,751** | **¥ 38,398** | | | ¥ 17,718 | ¥ 30,333 |

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| | **Sept. 30, 2012** | | | |
| | **Contract/Notional principal** | | | |
| | **Total** | **Maturity over 1 year** | **Fair value** | **Unrealized gain (loss)** |
| Futures contracts (listed): | | | | |
| Sold | **$ 149,293** | **$ —** | **$ (692)** | **$ (692)** |
| Bought | **201,129** | **—** | **101** | **101** |
| Interest rate options (listed): | | | | |
| Sold | **—** | **—** | **—** | **—** |
| Interest rate swaps (over-the-counter): | | | | |
| Receive fixed and pay floating | **53,096,864** | **40,735,251** | **1,177,337** | **1,177,337** |
| Receive floating and pay fixed | **48,678,318** | **36,402,942** | **(783,788)** | **(783,788)** |
| Receive floating and pay floating | **9,830,739** | **7,866,890** | **24,199** | **24,199** |
| Interest rate swaptions (over-the-counter): | | | | |
| Sold | **11,126,879** | **5,203,808** | **(187,141)** | **21,168** |
| Bought | **16,042,420** | **10,192,439** | **117,679** | **56,631** |
| Interest rate options (over-the-counter): | | | | |
| Sold | **1,701,970** | **1,489,316** | **(4,580)** | **5,466** |
| Bought | **1,407,508** | **1,194,854** | **2,287** | **(4,636)** |
| **Total** | | | **$ 345,402** | **$ 495,786** |

Notes:

(1) Derivatives included in the tables above were measured at fair value and the unrealized gains and losses were recognized in income.

(2) The fair values of listed transactions represent the closing price on the Tokyo Financial Exchange and other exchanges. The fair values of over-the-counter transactions are calculated primarily by using the discounted cash flow method or option pricing models.

## 33. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

CONSOLIDATED

### (b) CURRENCY-RELATED TRANSACTIONS

Currency-related transactions as of September 30, 2012 and March 31, 2012 were as follows:

| | Millions of yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Sept. 30, 2012** | | | | Mar. 31, 2012 | | | |
| | **Contract/Notional principal** | | | | Contract/Notional principal | | | |
| | **Total** | **Maturity over 1 year** | **Fair value** | **Unrealized gain (loss)** | Total | Maturity over 1 year | Fair value | Unrealized gain (loss) |
| Currency swaps (over-the-counter) | **¥ 677,341** | **¥ 601,389** | **¥ (32,353)** | **¥ (32,353)** | ¥ 737,964 | ¥ 674,022 | ¥ (28,363) | ¥ (28,363) |
| Forward foreign exchange contracts (over-the-counter): | | | | | | | | |
| Sold | **697,697** | **95,002** | **26,459** | **26,459** | 829,500 | 154,411 | 14,721 | 14,721 |
| Bought | **627,432** | **152,931** | **(17,204)** | **(17,204)** | 786,629 | 218,088 | (3,489) | (3,489) |
| Currency options (over-the-counter): | | | | | | | | |
| Sold | **2,201,834** | **1,015,166** | **(2,119)** | **39,140** | 2,958,406 | 1,497,101 | (24,106) | 32,210 |
| Bought | **2,234,742** | **1,057,314** | **(5,497)** | **(38,836)** | 2,989,080 | 1,546,585 | 8,786 | (36,377) |
| **Total** | | | **¥ (30,715)** | **¥ (22,794)** | | | ¥ (32,451) | ¥ (21,297) |

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| | **Sept. 30, 2012** | | | |
| | **Contract/Notional principal** | | | |
| | **Total** | **Maturity over 1 year** | **Fair value** | **Unrealized gain (loss)** |
| Currency swaps (over-the-counter) | **$ 8,745,535** | **$ 7,764,870** | **$ (417,734)** | **$ (417,734)** |
| Forward foreign exchange contracts (over-the-counter): | | | | |
| Sold | **9,008,362** | **1,226,635** | **341,637** | **341,637** |
| Bought | **8,101,124** | **1,974,579** | **(222,136)** | **(222,136)** |
| Currency options (over-the-counter): | | | | |
| Sold | **28,429,109** | **13,107,380** | **(27,372)** | **505,363** |
| Bought | **28,854,006** | **13,651,580** | **(70,976)** | **(501,445)** |
| **Total** | | | **$ (396,581)** | **$ (294,315)** |

Notes:

(1) Derivatives included in the table above were measured at fair value and the unrealized gains and losses were recognized in income.

(2) The fair values are calculated primarily by using the discounted cash flow method or option pricing models.

## 33. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

CONSOLIDATED

### (c) EQUITY-RELATED TRANSACTIONS

Equity-related transactions as of September 30, 2012 and March 31, 2012 were as follows:

Millions of yen

| | Sept. 30, 2012 | | | | Mar. 31, 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | Contract/Notional principal | | | | Contract/Notional principal | | | |
| | Total | Maturity over 1 year | Fair value | Unrealized gain (loss) | Total | Maturity over 1 year | Fair value | Unrealized gain (loss) |
| Equity index futures (listed): | | | | | | | | |
| Sold | ¥ 269 | ¥ — | ¥ 3 | ¥ 3 | ¥ 381 | ¥ — | ¥ (1) | ¥ (1) |
| Bought | 13,160 | — | 78 | 78 | 8,316 | — | 446 | 446 |
| Equity index options (listed): | | | | | | | | |
| Sold | 296,835 | 53,700 | (8,160) | 1,916 | 309,961 | 56,550 | (9,769) | 397 |
| Bought | 216,123 | 73,175 | 4,676 | (3,762) | 216,569 | 70,075 | 6,016 | (1,644) |
| Equity options (over-the-counter): | | | | | | | | |
| Sold | 302,738 | 155,559 | (21,435) | 5,696 | 345,501 | 162,548 | (27,912) | 617 |
| Bought | 325,361 | 170,851 | 15,846 | (6,711) | 386,420 | 179,440 | 22,101 | (2,194) |
| Other (over-the-counter): | | | | | | | | |
| Sold | 26,399 | 16,400 | (3,315) | (3,315) | 26,397 | 16,400 | (3,049) | (3,049) |
| Bought | 124,291 | 122,201 | 6,893 | 6,893 | 123,906 | 122,456 | 7,647 | 7,647 |
| **Total** | | | ¥ (5,412) | ¥ 798 | | | ¥ (4,521) | ¥ 2,218 |

Thousands of U.S. dollars

| | Sept. 30, 2012 | | | |
|---|---|---|---|---|
| | Contract/Notional principal | | | |
| | Total | Maturity over 1 year | Fair value | Unrealized gain (loss) |
| Equity index futures (listed): | | | | |
| Sold | $ 3,478 | $ — | $ 40 | $ 40 |
| Bought | 169,928 | — | 1,011 | 1,011 |
| Equity index options (listed): | | | | |
| Sold | 3,832,608 | 693,351 | (105,362) | 24,740 |
| Bought | 2,790,484 | 944,803 | 60,379 | (48,580) |
| Equity options (over-the-counter): | | | | |
| Sold | 3,908,831 | 2,008,514 | (276,770) | 73,554 |
| Bought | 4,200,918 | 2,205,953 | 204,609 | (86,657) |
| Other (over-the-counter): | | | | |
| Sold | 340,852 | 211,750 | (42,805) | (42,805) |
| Bought | 1,604,797 | 1,577,812 | 89,010 | 89,010 |
| **Total** | | | $ (69,888) | $ 10,313 |

Notes:

(1) Derivatives included in the table above were measured at fair value and the unrealized gains and losses were recognized in income.

(2) The fair values of listed transactions represent the closing price on the Tokyo Stock Exchange and other exchanges. The fair values of over-the-counter transactions are calculated primarily by using the discounted cash flow method or option pricing model.

## 33. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

CONSOLIDATED

### (d) BOND-RELATED TRANSACTIONS

Bond-related transactions as of September 30, 2012 and March 31, 2012 were as follows:

| | Millions of yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Sept. 30, 2012** | | | | Mar. 31, 2012 | | | |
| | **Contract/Notional principal** | | | | Contract/Notional principal | | | |
| | **Total** | **Maturity over 1 year** | **Fair value** | **Unrealized gain (loss)** | Total | Maturity over 1 year | Fair value | Unrealized gain (loss) |
| Bond futures (listed): | | | | | | | | |
| Sold | **¥ 57,858** | **¥ —** | **¥ (48)** | **¥ (48)** | ¥ 54,190 | ¥ — | ¥ (57) | ¥ (57) |
| Bought | **31,572** | **—** | **14** | **14** | 43,301 | — | 15 | 15 |
| Bond futures options (listed): | | | | | | | | |
| Sold | **35,948** | **—** | **(35)** | **4** | 70,725 | — | (130) | 1 |
| Bought | **44,979** | **—** | **26** | **(33)** | 42,375 | — | 49 | (7) |
| **Total** | | | **¥ (42)** | **¥ (63)** | | | ¥ (122) | ¥ (46) |

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| | **Sept. 30, 2012** | | | |
| | **Contract/Notional principal** | | | |
| | **Total** | **Maturity over 1 year** | **Fair value** | **Unrealized gain (loss)** |
| Bond futures (listed): | | | | |
| Sold | **$ 747,047** | **$ —** | **$ (627)** | **$ (627)** |
| Bought | **407,646** | **—** | **188** | **188** |
| Bond futures options (listed): | | | | |
| Sold | **464,157** | **—** | **(464)** | **63** |
| Bought | **580,751** | **—** | **348** | **(438)** |
| **Total** | | | **$ (555)** | **$ (814)** |

Notes:

(1) Derivatives included in the table above were measured at fair value and the unrealized gains and losses were recognized in income.

(2) The fair values of listed transactions represent the closing price on the Tokyo Stock Exchange and other exchanges.

## 33. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

CONSOLIDATED

### (e) CREDIT DERIVATIVE TRANSACTIONS

Credit derivative transactions as of September 30, 2012 and March 31, 2012 were as follows:

| | Millions of yen | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Sept. 30, 2012 | | | | Mar. 31, 2012 | | | |
| | Contract/Notional principal | | | | Contract/Notional principal | | | |
| | Total | Maturity over 1 year | Fair value | Unrealized gain (loss) | Total | Maturity over 1 year | Fair value | Unrealized gain (loss) |
| Credit default option (over-the-counter): | | | | | | | | |
| Sold | ¥ 584,455 | ¥ 259,743 | ¥ (4,475) | ¥ (4,475) | ¥ 691,161 | ¥ 359,011 | ¥ 29 | ¥ 29 |
| Bought | 553,828 | 270,992 | 4,194 | 4,194 | 613,664 | 345,929 | (81) | (81) |
| Other (over-the-counter): | | | | | | | | |
| Bought | 1,600 | 1,600 | (2,589) | (989) | 1,600 | 1,600 | (2,699) | (1,099) |
| **Total** | | | ¥ (2,870) | ¥ (1,270) | | | ¥ (2,751) | ¥ (1,151) |

| | Thousands of U.S. dollars | | | |
|---|---|---|---|---|
| | Sept. 30, 2012 | | | |
| | Contract/Notional principal | | | |
| | Total | Maturity over 1 year | Fair value | Unrealized gain (loss) |
| Credit default option (over-the-counter): | | | | |
| Sold | $ 7,546,227 | $ 3,353,698 | $ (57,788) | $ (57,788) |
| Bought | 7,150,786 | 3,498,938 | 54,156 | 54,156 |
| Other (over-the-counter): | | | | |
| Bought | 20,658 | 20,658 | (33,436) | (12,777) |
| **Total** | | | $ (37,068) | $ (16,409) |

Notes:

(1) Derivatives included in the table above were measured at fair value and the unrealized gains and losses were recognized in income.

(2) The fair values are calculated primarily by using the discounted cash flow method.

(3) "Sold" stands for accepting credit risk and "Bought" stands for transferring credit risk.

## 33. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED) CONSOLIDATED

### (B) DERIVATIVES TRANSACTIONS TO WHICH HEDGE ACCOUNTING WAS APPLIED

#### (a) INTEREST RATE-RELATED TRANSACTIONS

Interest rate swaps which are accounted for using the deferral method as of September 30, 2012 and March 31, 2012 were as follows:

| | Millions of yen | | | | | |
|---|---|---|---|---|---|---|
| | **Sept. 30, 2012** | | | Mar. 31, 2012 | | |
| | **Contract/Notional principal** | | | Contract/Notional principal | | |
| | **Total** | **Maturity over 1 year** | **Fair value** | Total | Maturity over 1 year | Fair value |
| Interest rate swaps : | | | | | | |
| Receive fixed and pay floating | **¥ 605,245** | **¥ 605,245** | **¥ 5,193** | ¥ 633,265 | ¥ 605,865 | ¥ 4,525 |
| Receive floating and pay fixed | **256,753** | **237,804** | **(14,752)** | 290,968 | 268,023 | (14,248) |
| **Total** | | | **¥ (9,558)** | | | ¥ (9,722) |

| | Thousands of U.S. dollars | | |
|---|---|---|---|
| | **Sept. 30, 2012** | | |
| | **Contract/Notional principal** | | |
| | **Total** | **Maturity over 1 year** | **Fair value** |
| Interest rate swaps : | | | |
| Receive fixed and pay floating | **$ 7,814,656** | **$ 7,814,656** | **$ 67,061** |
| Receive floating and pay fixed | **3,315,083** | **3,070,423** | **(190,473)** |
| **Total** | | | **$ (123,412)** |

Notes:

(1) Most of the hedged items are interest-bearing assets and liabilities such as loans and bills discounted, securities available for sale (bonds) and deposits, including negotiable certificates of deposit.

(2) Interest rate swaps are primarily accounted for using the deferral method in accordance with Industry Audit Committee Report No. 24 of the JICPA.

(3) The fair values are calculated primarily by using the discounted cash flow method.

## 33. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED) CONSOLIDATED

Interest rate swaps which meet specific matching criteria as of September 30, 2012 and March 31, 2012 were as follows:

| | Millions of yen | | | | | |
|---|---|---|---|---|---|---|
| | **Sept. 30, 2012** | | | Mar. 31, 2012 | | |
| | **Contract/Notional principal** | | | Contract/Notional principal | | |
| | **Total** | **Maturity over 1 year** | **Fair value** | Total | Maturity over 1 year | Fair value |
| Interest rate swaps : | | | | | | |
| Receive floating and pay fixed | **¥ 3,450** | **¥ 300** | **¥ —** | ¥ 7,750 | ¥ 1,450 | ¥ — |

| | Thousands of U.S. dollars | | |
|---|---|---|---|
| | **Sept. 30, 2012** | | |
| | **Contract/Notional principal** | | |
| | **Total** | **Maturity over 1 year** | **Fair value** |
| Interest rate swaps : | | | |
| Receive floating and pay fixed | **$ 44,545** | **$ 3,873** | **$ —** |

Notes:

(1) The hedged item is borrowed money.

(2) Interest rate swaps which meet specific matching criteria are accounted for as a component of hedged borrowed money. Therefore, the fair value of those interest rate swaps is included in the fair value of borrowed money in fair value information shown in Note 32 "FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES."

### (b) CURRENCY-RELATED TRANSACTIONS

Currency-related transactions as of September 30, 2012 and March 31, 2012 were as follows:

| | Millions of yen | | | | | |
|---|---|---|---|---|---|---|
| | **Sept. 30, 2012** | | | Mar. 31, 2012 | | |
| | **Contract/Notional principal** | | | Contract/Notional principal | | |
| | **Total** | **Maturity over 1 year** | **Fair value** | Total | Maturity over 1 year | Fair value |
| Currency swaps | **¥ 28,956** | **¥ 14,289** | **¥ (6,697)** | ¥ 51,981 | ¥ 20,477 | ¥ (8,772) |

| | Thousands of U.S. dollars | | |
|---|---|---|---|
| | **Sept. 30, 2012** | | |
| | **Contract/Notional principal** | | |
| | **Total** | **Maturity over 1 year** | **Fair value** |
| Currency swaps | **$ 373,873** | **$ 184,499** | **$ (86,470)** |

Notes:

(1) Most of the hedged items are foreign currency denominated loans and bills discounted, securities, deposits, including negotiable certificates of deposits and foreign exchanges.

(2) Currency swap transactions are primarily accounted for using the deferral method in accordance with Industry Audit Committee Report No. 25 of the JICPA.

(3) The fair values are calculated primarily by using the discounted cash flow method.

## 33. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

CONSOLIDATED

Forward foreign exchange contracts which meet specific matching criteria as of September 30, 2012 and March 31, 2012 were as follows:

| | Millions of yen | | | | | |
|---|---|---|---|---|---|---|
| | **Sept. 30, 2012** | | | Mar. 31, 2012 | | |
| | **Contract/Notional principal** | | | Contract/Notional principal | | |
| | **Total** | **Maturity over 1 year** | **Fair value** | Total | Maturity over 1 year | Fair value |
| Forward foreign exchange contracts | **¥ 29** | **¥ —** | **¥ (0)** | ¥ 62 | ¥ — | ¥ (3) |

| | Thousands of U.S. dollars | | |
|---|---|---|---|
| | **Sept. 30, 2012** | | |
| | **Contract/Notional principal** | | |
| | **Total** | **Maturity over 1 year** | **Fair value** |
| Forward foreign exchange contracts | **$ 384** | **$ —** | **$ (2)** |

Notes:

(1) The hedged item is other assets.

(2) Forward foreign exchange contracts which meet specific matching criteria are accounted for as component of the hedged items.

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# INTERIM NON-CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Shinsei Bank, Limited
As of September 30, 2012 and March 31, 2012

| | Millions of yen | | Thousands of U.S. dollars (Note) |
|---|---|---|---|
| | **Sept. 30, 2012** | Mar. 31, 2012 | **Sept. 30, 2012** |
| **ASSETS** | | | |
| Cash and due from banks | **¥ 301,181** | ¥ 330,047 | **$ 3,888,719** |
| Call loans | **—** | 15,745 | **—** |
| Receivables under resale agreements | **38,387** | 18,362 | **495,636** |
| Receivables under securities borrowing transactions | **—** | 57,647 | **—** |
| Other monetary claims purchased | **217,996** | 210,693 | **2,814,677** |
| Trading assets | **175,263** | 156,661 | **2,262,922** |
| Monetary assets held in trust | **282,258** | 307,526 | **3,644,402** |
| Securities | **2,425,348** | 2,286,669 | **31,315,018** |
| Valuation allowance for investments | **(3,370)** | (3,370) | **(43,521)** |
| Loans and bills discounted | **4,264,126** | 4,102,638 | **55,056,509** |
| Foreign exchanges | **22,729** | 18,896 | **293,468** |
| Other assets | **255,656** | 450,254 | **3,300,923** |
| Premises and equipment | **20,605** | 21,471 | **266,055** |
| Intangible assets | **9,453** | 10,650 | **122,058** |
| Deferred issuance expenses for debentures | **113** | 135 | **1,465** |
| Customers' liabilities for acceptances and guarantees | **10,923** | 11,600 | **141,042** |
| Reserve for credit losses | **(113,513)** | (121,193) | **(1,465,639)** |
| **Total assets** | **¥ 7,907,159** | ¥ 7,874,437 | **$102,093,734** |
| | | | |
| **LIABILITIES AND EQUITY** | | | |
| **Liabilities:** | | | |
| Deposits, including negotiable certificates of deposit | **¥ 5,509,341** | ¥ 5,788,219 | **$ 71,134,174** |
| Debentures | **280,324** | 296,839 | **3,619,430** |
| Call money and bills sold | **230,077** | 210,163 | **2,970,658** |
| Payables under securities lending transactions | **106,803** | 91,805 | **1,378,995** |
| Trading liabilities | **128,633** | 127,697 | **1,660,862** |
| Borrowed money | **489,978** | 245,728 | **6,326,381** |
| Foreign exchanges | **178** | 184 | **2,300** |
| Corporate bonds | **206,352** | 212,235 | **2,664,335** |
| Other liabilities | **281,510** | 240,790 | **3,634,734** |
| Accrued employees' bonuses | **1,745** | 3,728 | **22,538** |
| Deferred tax liabilities | **2,227** | 1,265 | **28,766** |
| Acceptances and guarantees | **10,923** | 11,600 | **141,042** |
| **Total liabilities** | **7,248,097** | 7,230,258 | **93,584,215** |
| **Equity:** | | | |
| Common stock | **512,204** | 512,204 | **6,613,358** |
| Capital surplus | **79,465** | 79,465 | **1,026,029** |
| Stock acquisition rights | **1,301** | 1,354 | **16,801** |
| Retained earnings: | | | |
| Legal reserve | **12,097** | 11,566 | **156,195** |
| Unappropriated retained earnings | **130,169** | 117,654 | **1,680,693** |
| Unrealized gain (loss) on available-for-sale securities | **(1,324)** | (1,031) | **(17,098)** |
| Deferred gain (loss) on derivatives under hedge accounting | **(2,293)** | (4,476) | **(29,612)** |
| Treasury stock, at cost | **(72,558)** | (72,558) | **(936,847)** |
| **Total equity** | **659,062** | 644,178 | **8,509,519** |
| **Total liabilities and equity** | **¥ 7,907,159** | ¥ 7,874,437 | **$102,093,734** |

Note: U.S. dollar amounts, presented solely for the readers' convenience, are translated at ¥77.45=U.S.$1.00, the rate of exchange prevailing on the Tokyo foreign exchange market on September 30, 2012.

# INTERIM NON-CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Shinsei Bank, Limited
For the six months ended September 30, 2012 and 2011

| | Millions of yen | | Thousands of U.S. dollars (Note) |
|---|---|---|---|
| | **Sept. 30, 2012 (6 months)** | Sept. 30, 2011 (6 months) | **Sept. 30, 2012 (6 months)** |
| Interest income: | | | |
| Interest on loans and bills discounted | **¥ 32,752** | ¥ 32,116 | **$ 422,889** |
| Interest and dividends on securities | **17,634** | 16,056 | **227,691** |
| Interest on deposits with banks | **115** | 155 | **1,487** |
| Other interest income | **1,178** | 1,650 | **15,215** |
| **Total interest income** | **51,680** | 49,978 | **667,282** |
| Interest expenses: | | | |
| Interest on deposits, including negotiable certificates of deposit | **11,832** | 15,189 | **152,781** |
| Interest and discounts on debentures | **548** | 829 | **7,086** |
| Interest on other borrowings | **1,366** | 1,245 | **17,645** |
| Interest on corporate bonds | **4,011** | 4,247 | **51,795** |
| Other interest expenses | **84** | 354 | **1,094** |
| **Total interest expenses** | **17,844** | 21,868 | **230,401** |
| **Net interest income** | **33,836** | 28,110 | **436,881** |
| Fees and commissions income | **7,756** | 7,830 | **100,153** |
| Fees and commissions expenses | **5,363** | 4,863 | **69,255** |
| **Net fees and commissions** | **2,393** | 2,967 | **30,898** |
| **Net trading income (loss)** | **8,526** | 6,702 | **110,095** |
| Other business income (loss), net: | | | |
| Net gain (loss) on monetary assets held in trust | **5,139** | 6,444 | **66,361** |
| Net gain (loss) on foreign exchanges | **(1,240)** | (1,554) | **(16,022)** |
| Net gain (loss) on securities | **2,474** | (2,780) | **31,953** |
| Net gain (loss) on other monetary claims purchased | **(105)** | 120 | **(1,366)** |
| Other, net | **284** | (1,065) | **3,679** |
| **Net other business income (loss)** | **6,552** | 1,163 | **84,605** |
| **Total revenue** | **51,309** | 38,943 | **662,479** |
| General and administrative expenses: | | | |
| Personnel expenses | **11,151** | 10,873 | **143,981** |
| Premises expenses | **5,980** | 4,163 | **77,221** |
| Technology and data processing expenses | **3,844** | 3,776 | **49,642** |
| Advertising expenses | **2,647** | 471 | **34,187** |
| Consumption and property taxes | **1,640** | 1,352 | **21,181** |
| Deposit insurance premium | **2,151** | 2,342 | **27,782** |
| Other general and administrative expenses | **6,922** | 5,592 | **89,385** |
| **Total general and administrative expenses** | **34,339** | 28,572 | **443,379** |
| **Net business profit (loss)** | **16,969** | 10,370 | **219,100** |
| Net credit costs | **1,505** | 2,862 | **19,438** |
| Other gains (losses), net | **(341)** | (524) | **(4,410)** |
| **Income (loss) before income taxes** | **15,122** | 6,983 | **195,252** |
| Income taxes (benefit): | | | |
| Current | **(120)** | 379 | **(1,561)** |
| Deferred | **(456)** | 2,019 | **(5,895)** |
| **Net income (loss)** | **¥ 15,699** | ¥ 4,584 | **$ 202,708** |

Note: U.S. dollar amounts, presented solely for the readers' convenience, are translated at ¥77.45=U.S.$1.00, the rate of exchange prevailing on the Tokyo foreign exchange market on September 30, 2012.

# INTERIM NON-CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

Shinsei Bank, Limited
For the six months ended September 30, 2012 and 2011

| | Millions of yen | | Thousands of U.S. dollars (Note) |
|---|---|---|---|
| | **Sept. 30, 2012 (6 months)** | Sept. 30, 2011 (6 months) | **Sept. 30, 2012 (6 months)** |
| **Common stock:** | | | |
| Balance at beginning of the period | **¥ 512,204** | ¥ 512,204 | **$ 6,613,358** |
| Balance at end of the period | **512,204** | 512,204 | **6,613,358** |
| **Capital surplus:** | | | |
| Balance at beginning of the period | **79,465** | 79,465 | **1,026,029** |
| Balance at end of the period | **79,465** | 79,465 | **1,026,029** |
| **Stock acquisition rights:** | | | |
| Balance at beginning of the period | **1,354** | 1,413 | **17,491** |
| Net change during the period | **(53)** | (55) | **(690)** |
| Balance at end of the period | **1,301** | 1,357 | **16,801** |
| **Retained earnings:** | | | |
| **Legal reserve:** | | | |
| Balance at beginning of the period | **11,566** | 11,035 | **149,342** |
| Dividends | **530** | 530 | **6,853** |
| Balance at end of the period | **12,097** | 11,566 | **156,195** |
| **Unappropriated retained earnings:** | | | |
| Balance at beginning of the period | **117,654** | 106,944 | **1,519,104** |
| Dividends | **(3,184)** | (3,184) | **(41,119)** |
| Net income (loss) | **15,699** | 4,584 | **202,708** |
| Balance at end of the period | **130,169** | 108,344 | **1,680,693** |
| **Unrealized gain (loss) on available-for-sale securities:** | | | |
| Balance at beginning of the period | **(1,031)** | (15,346) | **(13,319)** |
| Net change during the period | **(292)** | 8,410 | **(3,779)** |
| Balance at end of the period | **(1,324)** | (6,935) | **(17,098)** |
| **Deferred gain (loss) on derivatives under hedge accounting:** | | | |
| Balance at beginning of the period | **(4,476)** | (4,452) | **(57,805)** |
| Net change during the period | **2,183** | 59 | **28,193** |
| Balance at end of the period | **(2,293)** | (4,393) | **(29,612)** |
| **Treasury stock, at cost:** | | | |
| Balance at beginning of the period | **(72,558)** | (72,558) | **(936,847)** |
| Balance at end of the period | **(72,558)** | (72,558) | **(936,847)** |
| **Total equity:** | | | |
| Balance at beginning of the period | **644,178** | 618,705 | **8,317,353** |
| Net change in stock acquisition rights during the period | **(53)** | (55) | **(690)** |
| Dividends | **(2,653)** | (2,653) | **(34,266)** |
| Net income (loss) | **15,699** | 4,584 | **202,708** |
| Net change in unrealized gain (loss) on available-for-sale securities during the period | **(292)** | 8,410 | **(3,779)** |
| Net change in deferred gain (loss) on derivatives under hedge accounting during the period | **2,183** | 59 | **28,193** |
| Balance at end of the period | **¥ 659,062** | ¥ 629,051 | **$ 8,509,519** |

Note: U.S. dollar amounts, presented solely for the readers' convenience, are translated at ¥77.45=U.S.$1.00, the rate of exchange prevailing on the Tokyo foreign exchange market on September 30, 2012.

# BASEL II PILLAR III (MARKET DISCIPLINE) DISCLOSURE

This section describes the information consistent with the Japanese FSA Notification Number 15, based on Article 19.2.1.5.d of the Bank Law Enforcement Rule (Refer to Ministry of Finance Ordinance Number 10), herein referred to as Basel II Pillar III, issued on March 23, 2007. The Accord in this section refers to the Japanese FSA Notification Number 19, herein referred to as Basel II Pillar I, issued on March 27, 2006.

## QUANTITATIVE DISCLOSURE

### 1. NAMES OF UNCONSOLIDATED SUBSIDIARIES WITH LOWER LEVEL OF CAPITAL THAN REQUIRED LEVEL OF ADEQUACY CAPITAL AND AMOUNT OF SHORTAGE

Most of the 79 non-consolidated subsidiaries are special purpose companies (SPCs) or Limited Partnerships (LPs) for leverage leasing. As the economic risk associated with leveraged leasing has been hedged in these subsidiaries, the amount of invested equity is equal to applicable loss limits.

### 2. CAPITAL STRUCTURE

Please see "Management's Discussion and Analysis of Financial Condition and Results of Operations" "Capital Ratios" on page 50 for capital calculation details. The Bank was not required to deduct any excess deferred tax assets which banks are prohibited from including in their Tier I capital. The Bank has no Tier III capital.

### 3. CAPITAL ADEQUACY

AMOUNT OF REQUIRED CAPITAL FOR CREDIT RISK

(1) Portfolios under the Standardized Approach (SA)

Millions of yen

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| | **Required capital amount (Consolidated)** | **Required capital amount (Non-consolidated)** | Required capital amount (Consolidated) | Required capital amount (Non-consolidated) |
| Shinsei housing loans | **¥ 31,899** | **¥ 31,899** | ¥ 29,861 | ¥ 29,861 |
| Shinsei bank card loans Lake | **2,287** | **2,287** | 1,060 | 1,060 |
| Subsidiaries of Showa Leasing | **1,049** | **—** | 1,926 | — |
| Shinsei Financial Group[1] | **22,993** | **—** | 25,475 | — |
| Other subsidiaries | **4,106** | **—** | 4,456 | — |

Note: (1) APLUS FINANCIAL, APLUS, APLUS PERSONAL LOAN and Zen-Nichi Shinpan which are subsidiaries of Shinsei Financial Group adopt FIRB.

(2) Portfolios under the Internal Ratings-Based Approach (IRB)

Millions of yen

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| | **Required capital amount (Consolidated)** | **Required capital amount (Non-consolidated)** | Required capital amount (Consolidated) | Required capital amount (Non-consolidated) |
| Corporate (Excluding Specialized Lending)[1] | **¥ 193,963** | **¥ 185,262** | ¥ 202,681 | ¥ 197,072 |
| Specialized Lending[2] | **174,336** | **173,227** | 193,899 | 192,271 |
| Sovereign | **4,776** | **4,681** | 5,906 | 5,874 |
| Bank | **19,934** | **19,376** | 20,799 | 19,854 |
| Residential mortgages | **2,163** | **—** | 2,507 | — |
| Qualified revolving retails | **50,072** | **—** | 50,604 | — |
| Other retails | **142,773** | **—** | 149,821 | — |
| Equity | **10,749** | **134,304** | 12,600 | 137,855 |
| Regarded (Fund) | **25,769** | **20,079** | 25,253 | 19,040 |
| Securitization[3] | **37,494** | **44,973** | 58,548 | 65,879 |
| (Unrated securitization exposure) | **(15,007)** | **(15,007)** | (40,592) | (40,592) |
| Purchase receivables | **51,080** | **51,080** | 56,956 | 56,956 |
| Other assets | **6,530** | **2,537** | 6,946 | 2,889 |
| Total | **¥ 719,645** | **¥ 635,523** | ¥ 786,525 | ¥ 697,695 |

Notes: (1) "Corporate" includes "Small and Medium-sized Entities"
(2) "Specialized Lending" refers to a claim whose source of recovery is solely dependent on the cash flow generated from a transaction such as a real estate non-recourse loan.
(3) "Securitization" includes a part of amounts based on the Standardized Approach.

## QUANTITATIVE DISCLOSURE (CONTINUED)

### AMOUNT OF REQUIRED CAPITAL FOR EQUITY EXPOSURE UNDER IRB

Millions of yen

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| | **Required capital amount (Consolidated)** | **Required capital amount (Non-consolidated)** | Required capital amount (Consolidated) | Required capital amount (Non-consolidated) |
| Market-Based Approach | | | | |
| Simplified Method | **¥ 1,379** | **¥ 4,403** | ¥ 3,384 | ¥ 6,437 |
| PD/LGD Method | **8,893** | **128,488** | 8,690 | 130,004 |
| Grandfathering Rule | **476** | **1,412** | 525 | 1,413 |
| Total | **¥ 10,749** | **¥ 134,304** | ¥ 12,600 | ¥ 137,855 |

### AMOUNT OF REQUIRED CAPITAL FOR REGARDED-METHOD EXPOSURE UNDER IRB

Millions of yen

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| | **Required capital amount (Consolidated)** | **Required capital amount (Non-consolidated)** | Required capital amount (Consolidated) | Required capital amount (Non-consolidated) |
| Look Through | **¥ 1,982** | **¥ 1,982** | ¥ 2,006 | ¥ 2,006 |
| Revised Naivete Majority | **15,193** | **8,514** | 17,891 | 10,550 |
| Simplified [400%] | **792** | **1,792** | 840 | 1,982 |
| Simplified [1,250%] | **7,802** | **7,790** | 4,513 | 4,501 |
| Total | **¥ 25,769** | **¥ 20,079** | ¥ 25,253 | ¥ 19,040 |

### AMOUNT OF REQUIRED CAPITAL FOR MARKET RISK

Millions of yen

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| | **Required capital amount (Consolidated)** | **Required capital amount (Non-consolidated)** | Required capital amount (Consolidated) | Required capital amount (Non-consolidated) |
| The Standardized Approach | | | | |
| (Specific Risk) | **¥ 1,709** | **¥ 1,682** | ¥ 3,317 | ¥ 2,941 |
| Interest rate risk | **1,347** | **1,343** | 2,083 | 1,796 |
| Equity position risk | **113** | **113** | 61 | 61 |
| FX risk | **248** | **224** | 1,172 | 1,083 |
| Securitization risk | **215** | **—** | 84 | — |
| The Standardized Approach | | | | |
| (General Market Risk) | **—** | **—** | — | — |
| The Internal Models Approach | | | | |
| (IMA) (General Market Risk) | **15,778** | **15,426** | 18,108 | 17,699 |

### AMOUNT OF REQUIRED CAPITAL FOR OPERATIONAL RISK

Millions of yen

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| | **Required capital amount (Consolidated)** | **Required capital amount (Non-consolidated)** | Required capital amount (Consolidated) | Required capital amount (Non-consolidated) |
| The Standardized Approach | **¥ 29,528** | **¥ 13,004** | ¥ 31,001 | ¥ 12,202 |

### TOTAL CAPITAL ADEQUACY RATIO AND TIER I CAPITAL RATIO

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| | **Consolidated** | **Non-consolidated** | Consolidated | Non-consolidated |
| Total capital adequacy ratio | **11.71%** | **14.08%** | 10.27% | 13.10% |
| Tier I capital ratio | **9.77%** | **11.74%** | 8.80% | 11.18% |

### TOTAL REQUIRED CAPITAL (DOMESTIC CRITERIA)

Millions of yen

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| | **Consolidated** | **Non-consolidated** | Consolidated | Non-consolidated |
| Total required capital | **¥ 383,985** | **¥ 313,162** | ¥ 440,381 | ¥ 352,517 |
| Total risk assets x 4% | **¥ 234,770** | **¥ 231,471** | ¥ 244,100 | ¥ 236,945 |

QUANTITATIVE DISCLOSURE (CONTINUED)

## 4. CREDIT RISK EXPOSURE (EXCLUDING SECURITIZATION AND REGARDED EXPOSURE)

### AMOUNT OF CREDIT RISK EXPOSURE

Geographic, Industries or Maturity (Consolidated)

Millions of yen

| | **As of September 30, 2012** | | | | As of March 31, 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Total** | **Amount of Credit Risk Exposure** | | | Total | Amount of Credit Risk Exposure | | |
| | | **Loans,etc.[1]** | **Securities[2]** | **Derivatives[3]** | | Loans,etc.[1] | Securities[2] | Derivatives[3] |
| Manufacturing | **¥ 359,988** | **¥ 354,794** | **¥ 0** | **¥ 5,194** | ¥ 381,040 | ¥ 377,123 | ¥ 0 | ¥ 3,916 |
| Agriculture | **972** | **972** | **—** | **—** | 896 | 896 | — | — |
| Mining | **955** | **955** | **—** | **—** | 867 | 867 | — | — |
| Construction | **40,050** | **40,011** | **36** | **2** | 39,290 | 39,251 | 36 | 2 |
| Electric power, gas, water supply | **118,109** | **117,975** | **32** | **102** | 56,635 | 56,508 | 32 | 93 |
| Information and communication | **44,926** | **44,897** | **—** | **29** | 44,332 | 44,313 | — | 18 |
| Transportation | **255,114** | **235,738** | **2,423** | **16,953** | 265,951 | 245,798 | 3,201 | 16,951 |
| Wholesale and retail | **154,813** | **154,091** | **399** | **322** | 154,523 | 153,393 | 636 | 492 |
| Finance and insurance | **1,069,019** | **985,560** | **32,021** | **51,437** | 1,168,231 | 1,083,199 | 31,651 | 53,381 |
| Real estate | **819,019** | **598,263** | **219,603** | **1,153** | 824,828 | 592,350 | 231,583 | 894 |
| Services | **451,228** | **444,102** | **5,274** | **1,850** | 447,765 | 438,989 | 6,825 | 1,950 |
| Government | **1,572,737** | **94,781** | **1,477,956** | **—** | 1,405,929 | 118,978 | 1,286,948 | 1 |
| Individuals | **2,445,435** | **2,445,101** | **—** | **334** | 2,396,210 | 2,395,842 | — | 368 |
| Others | **8,987** | **8,986** | **0** | **—** | 14,053 | 9,125 | 4,927 | — |
| Domestic Total | **7,341,360** | **5,526,232** | **1,737,747** | **77,380** | 7,200,556 | 5,556,638 | 1,565,844 | 78,072 |
| Foreign | **661,256** | **362,070** | **113,662** | **185,523** | 676,910 | 334,497 | 135,915 | 206,497 |
| Consolidated Total | **¥ 8,002,616** | **¥ 5,888,303** | **¥ 1,851,409** | **¥ 262,903** | ¥ 7,877,466 | ¥ 5,891,136 | ¥ 1,701,760 | ¥ 284,569 |
| To 1 year | **1,519,554** | **1,112,814** | **336,378** | **70,362** | 1,945,261 | 1,300,580 | 575,599 | 69,081 |
| 1 to 3 years | **2,289,951** | **1,487,485** | **723,138** | **79,328** | 2,102,315 | 1,397,602 | 595,452 | 109,259 |
| 3 to 5 years | **1,902,180** | **1,314,407** | **542,004** | **45,767** | 1,634,789 | 1,254,768 | 330,965 | 49,055 |
| Over 5 years | **1,776,671** | **1,460,541** | **248,685** | **67,445** | 1,637,460 | 1,381,687 | 198,599 | 57,173 |
| Undated | **514,257** | **513,054** | **1,202** | **—** | 557,640 | 556,497 | 1,143 | — |
| Consolidated Total | **¥ 8,002,616** | **¥ 5,888,303** | **¥ 1,851,409** | **¥ 262,903** | ¥ 7,877,466 | ¥ 5,891,136 | ¥ 1,701,760 | ¥ 284,569 |

Geographic, Industries or Maturity (Non-consolidated)

Millions of yen

| | **As of September 30, 2012** | | | | As of March 31, 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Total** | **Amount of Credit Risk Exposure** | | | Total | Amount of Credit Risk Exposure | | |
| | | **Loans,etc.[1]** | **Securities[2]** | **Derivatives[3]** | | Loans,etc.[1] | Securities[2] | Derivatives[3] |
| Manufacturing | **¥ 295,058** | **¥ 289,864** | **¥ 0** | **¥ 5,194** | ¥ 315,388 | ¥ 311,471 | ¥ 0 | ¥ 3,916 |
| Agriculture | **267** | **267** | **—** | **—** | 298 | 298 | — | — |
| Mining | **432** | **432** | **—** | **—** | 488 | 488 | — | — |
| Construction | **15,104** | **15,101** | **—** | **2** | 12,423 | 12,420 | — | 2 |
| Electric power, gas, water supply | **117,955** | **117,820** | **32** | **102** | 56,465 | 56,338 | 32 | 93 |
| Information and communication | **29,491** | **29,461** | **—** | **29** | 27,988 | 27,969 | — | 18 |
| Transportation | **234,632** | **215,255** | **2,423** | **16,953** | 249,689 | 229,536 | 3,201 | 16,951 |
| Wholesale and retail | **88,852** | **88,130** | **399** | **322** | 90,827 | 89,698 | 636 | 492 |
| Finance and insurance | **1,355,961** | **1,267,957** | **50,089** | **37,915** | 1,451,940 | 1,366,006 | 51,573 | 34,360 |
| Real estate | **835,012** | **614,256** | **219,603** | **1,153** | 839,211 | 606,733 | 231,583 | 894 |
| Services | **390,627** | **383,004** | **5,158** | **2,464** | 391,030 | 382,139 | 6,932 | 1,958 |
| Government | **1,561,400** | **83,479** | **1,477,921** | **—** | 1,393,381 | 106,466 | 1,286,913 | 1 |
| Individuals | **924,359** | **924,025** | **—** | **334** | 835,246 | 834,878 | — | 368 |
| Others | **—** | **—** | **—** | **—** | — | — | — | — |
| Domestic Total | **5,849,154** | **4,029,056** | **1,755,626** | **64,471** | 5,664,378 | 4,024,444 | 1,580,874 | 59,059 |
| Foreign | **650,233** | **337,602** | **126,887** | **185,744** | 664,919 | 307,872 | 150,308 | 206,739 |
| Bank Total | **¥ 6,499,388** | **¥ 4,366,658** | **¥ 1,882,514** | **¥ 250,215** | ¥ 6,329,298 | ¥ 4,332,316 | ¥ 1,731,182 | ¥ 265,798 |
| To 1 year | **1,608,324** | **1,208,878** | **336,343** | **63,102** | 2,027,823 | 1,388,838 | 575,835 | 63,149 |
| 1 to 3 years | **1,828,017** | **1,029,678** | **723,138** | **75,200** | 1,611,605 | 917,059 | 595,417 | 99,129 |
| 3 to 5 years | **1,498,712** | **911,417** | **541,887** | **45,407** | 1,265,482 | 892,215 | 325,908 | 47,358 |
| Over 5 years | **1,466,169** | **1,137,753** | **261,910** | **66,505** | 1,333,098 | 1,063,944 | 212,992 | 56,162 |
| Undated | **98,165** | **78,930** | **19,234** | **—** | 91,288 | 70,259 | 21,029 | — |
| Bank Total | **¥ 6,499,388** | **¥ 4,366,658** | **¥ 1,882,514** | **¥ 250,215** | ¥ 6,329,298 | ¥ 4,332,316 | ¥ 1,731,182 | ¥ 265,798 |

Notes: (1) Excluding purchased receivables
(2) Excluding equity exposures
(3) Credit equivalent amount basis

## QUANTITATIVE DISCLOSURE (CONTINUED)

### AMOUNT OF DEFAULT EXPOSURE BEFORE PARTIAL WRITE-OFF

Geographic, Industries

Millions of yen

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| | **Default Exposure** | | Default Exposure | |
| | **Consolidated** | **Non-consolidated** | Consolidated | Non-consolidated |
| Manufacturing | **¥ 21,136** | **¥ 16,473** | ¥ 17,784 | ¥ 12,524 |
| Agriculture | **37** | **—** | 38 | — |
| Mining | **—** | **—** | — | — |
| Construction | **2,256** | **141** | 2,144 | 11 |
| Electric power, gas, water supply | **6** | **—** | — | — |
| Information and communication | **51** | **—** | 33 | — |
| Transportation | **5,517** | **3,592** | 7,681 | 5,532 |
| Wholesale and retail | **815** | **232** | 851 | — |
| Finance and insurance | **75,207** | **75,144** | 77,641 | 77,566 |
| Real estate | **209,888** | **204,937** | 223,661 | 218,702 |
| Services | **29,704** | **27,722** | 30,788 | 28,336 |
| Government | **—** | **—** | — | — |
| Individuals | **147,667** | **5,845** | 149,550 | 5,744 |
| Others | **8,286** | **—** | 8,875 | — |
| Domestic Total | **500,575** | **334,089** | 519,051 | 348,419 |
| Foreign | **35,326** | **35,326** | 40,830 | 40,830 |
| Total | **¥ 535,901** | **¥ 369,416** | ¥ 559,882 | ¥ 389,250 |

### AMOUNT OF LOAN LOSS RESERVES (GENERAL, SPECIFIC AND COUNTRY RISK) BEFORE PARTIAL WRITE-OFF

Consolidated

Millions of yen

| | **As of September 30, 2012** | | | As of March 31, 2012 | | | As of September 30, 2011 | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Start Amount** | **Change Amount** | **End Amount** | Start Amount | Change Amount | End Amount | Start Amount | Change Amount | End Amount |
| General | **¥ 80,949** | **¥ (3,129)** | **¥ 77,820** | ¥ 102,752 | ¥(21,803) | ¥ 80,949 | ¥ 102,752 | ¥ (5,830) | ¥ 96,922 |
| Specific | **265,675** | **(8,451)** | **257,224** | 287,323 | (21,648) | 265,675 | 287,323 | (15,719) | 271,604 |
| Country | **0** | **—** | **0** | 12 | (12) | 0 | 12 | (12) | 0 |
| Total | **¥ 346,625** | **¥ (11,580)** | **¥ 335,045** | ¥ 390,087 | ¥(43,462) | ¥ 346,625 | ¥ 390,087 | ¥(21,560) | ¥ 368,527 |

Non-consolidated

Millions of yen

| | **As of September 30, 2012** | | | As of March 31, 2012 | | | As of September 30, 2011 | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Start Amount** | **Change Amount** | **End Amount** | Start Amount | Change Amount | End Amount | Start Amount | Change Amount | End Amount |
| General | **¥ 39,627** | **¥ (5,497)** | **¥ 34,130** | ¥ 48,379 | ¥ (8,752) | ¥ 39,627 | ¥ 48,379 | ¥ (3,485) | ¥ 44,894 |
| Specific | **156,555** | **(8,212)** | **148,343** | 156,764 | (209) | 156,555 | 156,764 | (8,374) | 148,390 |
| Country | **0** | **—** | **0** | 12 | (12) | 0 | 12 | (12) | 0 |
| Total | **¥ 196,183** | **¥ (13,709)** | **¥ 182,474** | ¥ 205,156 | ¥ (8,973) | ¥ 196,183 | ¥ 205,156 | ¥(11,870) | ¥ 193,286 |

Geographic (Consolidated)

Millions of yen

| | **As of September 30, 2012** | | | | As of March 31, 2012 | | | | As of September 30, 2011 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Total** | **Reserve Amount** | | | Total | Reserve Amount | | | Total | Reserve Amount | | |
| | | **General** | **Specific** | **Country** | | General | Specific | Country | | General | Specific | Country |
| Domestic | **¥ 303,303** | **¥ 71,913** | **¥ 231,389** | **¥ —** | ¥ 313,108 | ¥ 75,880 | ¥ 237,228 | ¥ — | ¥ 333,568 | ¥ 93,016 | ¥ 240,551 | ¥ — |
| Foreign | **31,741** | **5,906** | **25,834** | **0** | 33,516 | 5,069 | 28,447 | 0 | 34,959 | 3,906 | 31,052 | 0 |
| Total | **¥ 335,045** | **¥ 77,820** | **¥ 257,224** | **¥ 0** | ¥ 346,625 | ¥ 80,949 | ¥ 265,675 | ¥ 0 | ¥ 368,527 | ¥ 96,922 | ¥ 271,604 | ¥ 0 |

## QUANTITATIVE DISCLOSURE (CONTINUED)

Geographic (Non-consolidated)

Millions of yen

| | As of September 30, 2012 | | | | As of March 31, 2012 | | | | As of September 30, 2011 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Reserve Amount | | | Total | Reserve Amount | | | Total | Reserve Amount | | |
| | | General | Specific | Country | | General | Specific | Country | | General | Specific | Country |
| Domestic | **¥ 153,325** | **¥ 29,834** | **¥ 123,490** | **¥ —** | ¥ 163,748 | ¥ 35,289 | ¥ 128,458 | ¥ — | ¥ 159,332 | ¥ 41,456 | ¥ 117,876 | ¥ — |
| Foreign | **29,149** | **4,295** | **24,853** | **0** | 32,434 | 4,337 | 28,096 | 0 | 33,953 | 3,438 | 30,514 | 0 |
| Total | **¥ 182,474** | **¥ 34,130** | **¥ 148,343** | **¥ 0** | ¥ 196,183 | ¥ 39,627 | ¥ 156,555 | ¥ 0 | ¥ 193,286 | ¥ 44,894 | ¥ 148,390 | ¥ 0 |

Industries

Millions of yen

| | As of September 30, 2012 | | As of March 31, 2012 | | As of September 30, 2011 | |
|---|---|---|---|---|---|---|
| | Reserve Amount | | Reserve Amount | | Reserve Amount | |
| | Consolidated | Non-consolidated | Consolidated | Non-consolidated | Consolidated | Non-consolidated |
| Manufacturing | **¥ 14,794** | **¥ 9,862** | ¥ 19,937 | ¥ 14,320 | ¥ 14,799 | ¥ 9,230 |
| Agriculture | **30** | **—** | 41 | — | 69 | 2 |
| Mining | **23** | **13** | 23 | 14 | 81 | 10 |
| Construction | **1,930** | **185** | 1,925 | 41 | 1,771 | 94 |
| Electric power, gas, water supply | **187** | **187** | 107 | 106 | 144 | 143 |
| Information and communication | **1,271** | **213** | 1,543 | 285 | 1,751 | 311 |
| Transportation | **2,790** | **1,939** | 1,912 | 1,548 | 2,723 | 2,020 |
| Wholesale and retail | **2,579** | **773** | 2,780 | 839 | 3,304 | 748 |
| Finance and insurance | **25,908** | **28,177** | 29,325 | 32,487 | 23,353 | 26,891 |
| Real estate | **81,507** | **84,273** | 83,072 | 85,875 | 83,378 | 85,639 |
| Services | **23,587** | **18,670** | 26,286 | 19,326 | 13,788 | 6,651 |
| Government | **77** | **—** | 95 | — | 100 | — |
| Individuals | **139,344** | **4,902** | 134,961 | 4,975 | 162,279 | 6,351 |
| Others | **4,715** | **4,126** | 4,511 | 3,927 | 21,805 | 21,235 |
| Foreign | **31,741** | **29,149** | 33,516 | 32,434 | 34,959 | 33,953 |
| Non-classified | **4,555** | **—** | 6,585 | — | 4,214 | — |
| Total | **¥ 335,045** | **¥ 182,474** | ¥ 346,625 | ¥ 196,183 | ¥ 368,527 | ¥ 193,286 |

## AMOUNT OF WRITE-OFFS

Industries

Millions of yen

| | Six months ended September 30, 2012 | | Fiscal year ended March 31, 2012 | | Six months ended September 30, 2011 | |
|---|---|---|---|---|---|---|
| | Amount of write-off | | Amount of write-off | | Amount of write-off | |
| | Consolidated | Non-consolidated | Consolidated | Non-consolidated | Consolidated | Non-consolidated |
| Manufacturing | **¥ 86** | **¥ —** | ¥ 570 | ¥ — | ¥ 149 | ¥ — |
| Agriculture | **—** | **—** | 17 | — | 0 | — |
| Mining | **—** | **—** | — | — | — | — |
| Construction | **135** | **80** | 135 | — | 106 | — |
| Electric power, gas, water supply | **—** | **—** | — | — | — | — |
| Information and communication | **40** | **—** | 81 | — | 13 | — |
| Transportation | **520** | **509** | 143 | — | 100 | — |
| Wholesale and retail | **126** | **—** | 621 | 28 | 301 | — |
| Finance and insurance | **371** | **371** | 3,950 | 3,950 | 3,950 | 3,950 |
| Real estate | **6,296** | **6,264** | 4,726 | 4,645 | 1,790 | 1,715 |
| Services | **127** | **—** | 722 | — | 346 | — |
| Government | **—** | **—** | — | — | — | — |
| Individuals | **14,474** | **13** | 54,481 | 58 | 27,313 | 13 |
| Others | **—** | **—** | 0 | — | — | — |
| Foreign | **3,682** | **3,681** | 5,275 | 5,275 | 0 | 0 |
| Non-classified | **—** | **—** | — | — | — | — |
| Total | **¥ 25,861** | **¥10,920** | ¥ 70,726 | ¥ 13,958 | ¥ 34,072 | ¥ 5,679 |

## QUANTITATIVE DISCLOSURE (CONTINUED)

### AMOUNT OF EXPOSURES UNDER SA (AFTER CREDIT RISK MITIGATION)

Millions of yen

| | **As of September 30, 2012** | | | | As of March 31, 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Consolidated** | | **Non-consolidated** | | Consolidated | | Non-consolidated | |
| | **Rated** | **Unrated** | **Rated** | **Unrated** | Rated | Unrated | Rated | Unrated |
| 0% | **¥ 224** | **¥ 1,109** | **¥ —** | **¥ —** | ¥ 69 | ¥ 2,027 | ¥ — | ¥ — |
| 10% | **—** | **—** | **—** | **—** | — | — | — | — |
| 20% | **97,958** | **0** | **—** | **—** | 127,445 | 0 | — | — |
| 35% | **—** | **738,068** | **—** | **738,068** | — | 634,533 | — | 634,533 |
| 50% | **407** | **8,556** | **—** | **1,355** | 464 | 8,331 | — | 1,214 |
| 75% | **—** | **564,275** | **—** | **221,069** | — | 593,394 | — | 215,055 |
| 100% | **201** | **69,896** | **—** | **1,810** | 210 | 84,195 | — | 1,750 |
| 150% | **—** | **2,338** | **—** | **483** | 0 | 2,218 | — | 526 |
| 350% | **—** | **—** | **—** | **—** | — | — | — | — |
| Capital Deduction | **—** | **—** | **—** | **—** | — | — | — | — |
| Total | **¥ 98,792** | **¥ 1,384,244** | **¥ —** | **¥ 962,787** | ¥128,190 | ¥ 1,324,700 | ¥ — | ¥ 853,080 |

### SPECIALIZED LENDING EXPOSURE UNDER SLOTTING CRITERIA AND EQUITY EXPOSURE UNDER MARKET-BASED SIMPLIFIED METHOD

(1) Specialized lending excluding high-volatility commercial real estate

Millions of yen

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| | **Amount of Exposure** | | Amount of Exposure | |
| Risk weight ratio | **Consolidated** | **Non-consolidated** | Consolidated | Non-consolidated |
| 50% | **¥ 31,674** | **¥ 31,674** | ¥ 20,921 | ¥ 20,921 |
| 70% | **80,888** | **76,289** | 55,596 | 53,525 |
| 90% | **67,284** | **67,284** | 49,703 | 49,703 |
| 115% | **76,984** | **76,984** | 81,629 | 81,629 |
| 250% | **108,116** | **105,315** | 148,516 | 145,219 |
| 0% (Default) | **136,307** | **136,307** | 153,493 | 152,425 |
| Total | **¥ 501,254** | **¥ 493,855** | ¥ 509,860 | ¥ 503,424 |

(2) Specialized lending for high-volatility commercial real estate

Millions of yen

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| | **Amount of Exposure** | | Amount of Exposure | |
| Risk weight ratio | **Consolidated** | **Non-consolidated** | Consolidated | Non-consolidated |
| 70% | **¥ 3,595** | **¥ 3,595** | ¥ 3,657 | ¥ 3,657 |
| 95% | **10,806** | **10,806** | 13,520 | 13,520 |
| 120% | **2,650** | **2,650** | — | — |
| 140% | **—** | **—** | — | — |
| 250% | **63,037** | **63,037** | 62,845 | 62,845 |
| 0% (Default) | **65,959** | **65,959** | 70,425 | 70,425 |
| Total | **¥ 146,049** | **¥ 146,049** | ¥ 150,449 | ¥ 150,449 |

(3) Equity exposure under Market-Based Simplified Method

Millions of yen

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| Risk weight ratio | **Amount Consolidated** | **Amount Non-consolidated** | Amount Consolidated | Amount Non-consolidated |
| 300% | **¥ 381** | **¥ 336** | ¥ 6,973 | ¥ 6,919 |
| 400% | **3,780** | **12,728** | 4,746 | 13,789 |
| Total | **¥ 4,161** | **¥ 13,064** | ¥ 11,720 | ¥ 20,708 |

Financial Highlights
Message from the Management
Our Business Model
Review of Operations
Management Structure
Data Section
Basel II Pillar III (Market Discipline) Disclosure

## QUANTITATIVE DISCLOSURE (CONTINUED)

### PORTFOLIOS UNDER IRB EXCLUDING THE AMOUNT OF EXPOSURES UNDER SA (AFTER CREDIT RISK MITIGATION)

(1) Estimated average PD, LGD, Risk Weight Ratio and Exposure at Default (EAD) (on-balance and off-balance) for Corporate, Sovereign and Bank exposure

Corporate (Consolidated)

Millions of yen (except percentages)

| | **As of September 30, 2012** | | | | | As of March 31, 2012 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Credit rating | **PD** | **LGD** | **Risk Weight** | **EAD (on-balance)** | **EAD (off-balance)** | PD | LGD | Risk Weight | EAD (on-balance) | EAD (off-balance) |
| 0 | **—** | **—** | **—** | **¥ —** | **¥ —** | 0.03% | 45.00% | 21.69% | ¥ 14,155 | ¥ — |
| 1 | **0.03%** | **45.00%** | **12.61%** | **13,013** | **—** | 0.03% | 45.00% | 11.81% | 35,742 | 34,800 |
| 2 | **0.07%** | **44.03%** | **28.65%** | **161,967** | **14,232** | 0.06% | 44.53% | 23.48% | 94,959 | 42,059 |
| 3 | **0.12%** | **44.97%** | **31.37%** | **535,047** | **64,637** | 0.12% | 44.97% | 32.15% | 533,944 | 88,246 |
| 4 | **0.33%** | **44.86%** | **51.94%** | **537,591** | **71,954** | 0.36% | 44.88% | 54.58% | 472,451 | 54,894 |
| 5 | **1.00%** | **44.30%** | **81.67%** | **289,686** | **19,133** | 1.09% | 44.39% | 86.19% | 265,476 | 21,562 |
| 6 | **3.22%** | **43.86%** | **118.04%** | **157,832** | **11,738** | 3.11% | 43.87% | 116.58% | 169,693 | 22,537 |
| 9A | **10.50%** | **45.17%** | **199.79%** | **223,809** | **22,883** | 10.77% | 45.24% | 199.96% | 243,103 | 31,596 |
| Default | **100.00%** | **45.08%** | **—** | **110,271** | **305** | 100.00% | 46.07% | — | 113,021 | 753 |

Sovereign (Consolidated)

Millions of yen (except percentages)

| | **As of September 30, 2012** | | | | | As of March 31, 2012 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Credit rating | **PD** | **LGD** | **Risk Weight** | **EAD (on-balance)** | **EAD (off-balance)** | PD | LGD | Risk Weight | EAD (on-balance) | EAD (off-balance) |
| 0 | **0.00%** | **45.00%** | **—** | **¥ 1,959,186** | **¥ 276** | 0.00% | 45.00% | — | ¥ 1,717,876 | ¥ 16 |
| 1 | **0.01%** | **43.79%** | **4.47%** | **34** | **30** | 0.01% | 45.00% | 3.80% | — | 32 |
| 2 | **0.05%** | **45.00%** | **20.73%** | **154,517** | **997** | 0.07% | 45.00% | 23.67% | 163,380 | 4,459 |
| 3 | **0.09%** | **44.94%** | **37.20%** | **55,543** | **1,022** | 0.10% | 44.95% | 36.91% | 69,735 | 1,212 |
| 4 | **0.29%** | **53.48%** | **76.92%** | **2,695** | **31** | 0.32% | 52.98% | 82.68% | 2,939 | 34 |
| 5 | **0.71%** | **45.00%** | **85.86%** | **—** | **110** | 0.76% | 45.00% | 84.81% | — | 178 |
| 6 | **3.89%** | **45.00%** | **138.41%** | **7,875** | **—** | 3.84% | 45.00% | 119.62% | 0 | — |
| 9A | **—** | **—** | **—** | **—** | **—** | 10.77% | 45.00% | 227.11% | 0 | — |
| Default | **100.00%** | **45.00%** | **—** | **15** | **—** | 100.00% | 45.00% | — | 15 | — |

Bank (Consolidated)

Millions of yen (except percentages)

| | **As of September 30, 2012** | | | | | As of March 31, 2012 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Credit rating | **PD** | **LGD** | **Risk Weight** | **EAD (on-balance)** | **EAD (off-balance)** | PD | LGD | Risk Weight | EAD (on-balance) | EAD (off-balance) |
| 0 | **0.03%** | **45.00%** | **11.65%** | **¥ 13,700** | **¥ —** | 0.03% | 45.00% | 11.78% | ¥ 13,106 | ¥ — |
| 1 | **0.03%** | **45.00%** | **25.88%** | **15** | **—** | 0.03% | 45.00% | 25.88% | 18 | — |
| 2 | **0.06%** | **45.78%** | **25.37%** | **43,267** | **78,652** | 0.07% | 45.48% | 23.48% | 68,146 | 120,227 |
| 3 | **0.11%** | **45.23%** | **31.22%** | **307,178** | **123,267** | 0.12% | 45.41% | 29.86% | 305,035 | 100,451 |
| 4 | **0.39%** | **45.00%** | **66.47%** | **25,585** | **20,008** | 0.44% | 45.00% | 66.08% | 9,588 | 22,720 |
| 5 | **1.06%** | **45.00%** | **90.19%** | **10,576** | **1,419** | 0.87% | 45.00% | 74.11% | 33,461 | 1,427 |
| 6 | **3.73%** | **45.00%** | **161.84%** | **9,447** | **250** | 3.69% | 45.00% | 165.20% | 10,090 | 574 |
| 9A | **10.50%** | **45.03%** | **189.87%** | **1,790** | **30** | 10.77% | 45.02% | 186.51% | 1,979 | 232 |
| Default | **100.00%** | **45.00%** | **—** | **71** | **—** | 100.00% | 45.00% | — | 83 | — |

Corporate (Non-consolidated)

Millions of yen (except percentages)

| | **As of September 30, 2012** | | | | | As of March 31, 2012 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Credit rating | **PD** | **LGD** | **Risk Weight** | **EAD (on-balance)** | **EAD (off-balance)** | PD | LGD | Risk Weight | EAD (on-balance) | EAD (off-balance) |
| 0 | **—** | **—** | **—** | **¥ —** | **¥ —** | 0.03% | 45.00% | 21.69% | ¥ 14,155 | ¥ — |
| 1 | **0.03%** | **45.00%** | **12.63%** | **12,980** | **—** | 0.03% | 45.00% | 11.82% | 35,692 | 34,800 |
| 2 | **0.06%** | **44.01%** | **28.86%** | **158,262** | **14,232** | 0.06% | 44.57% | 24.83% | 108,121 | 42,059 |
| 3 | **0.12%** | **44.97%** | **31.37%** | **518,588** | **64,637** | 0.12% | 44.97% | 32.08% | 515,590 | 88,246 |
| 4 | **0.35%** | **44.89%** | **50.64%** | **717,150** | **73,542** | 0.38% | 44.92% | 53.43% | 671,473 | 55,570 |
| 5 | **0.98%** | **44.13%** | **80.31%** | **228,625** | **19,133** | 1.09% | 44.21% | 85.75% | 202,390 | 21,412 |
| 6 | **2.76%** | **44.10%** | **107.72%** | **203,893** | **11,134** | 2.87% | 44.09% | 108.37% | 218,182 | 22,432 |
| 9A | **10.50%** | **45.21%** | **200.20%** | **180,438** | **22,883** | 10.77% | 45.28% | 201.31% | 204,790 | 31,618 |
| Default | **100.00%** | **45.09%** | **—** | **100,276** | **620** | 100.00% | 46.18% | — | 101,696 | 1,353 |

## QUANTITATIVE DISCLOSURE (CONTINUED)

Sovereign (Non-consolidated)

Millions of yen (except percentages)

| | As of September 30, 2012 | | | | | As of March 31, 2012 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Credit rating | **PD** | **LGD** | **Risk Weight** | **EAD (on-balance)** | **EAD (off-balance)** | PD | LGD | Risk Weight | EAD (on-balance) | EAD (off-balance) |
| 0 | **0.00%** | **45.00%** | **—** | **¥ 1,891,260** | **¥ 276** | 0.00% | 45.00% | — | ¥ 1,706,167 | ¥ 16 |
| 1 | **0.01%** | **43.79%** | **4.47%** | **34** | **30** | 0.01% | 45.00% | 3.80% | — | 32 |
| 2 | **0.06%** | **45.00%** | **21.45%** | **144,191** | **997** | 0.07% | 45.00% | 23.91% | 160,180 | 4,459 |
| 3 | **0.09%** | **44.94%** | **37.20%** | **55,543** | **1,022** | 0.10% | 44.95% | 36.91% | 69,733 | 1,212 |
| 4 | **0.29%** | **53.48%** | **76.92%** | **2,695** | **31** | 0.32% | 52.98% | 82.68% | 2,939 | 34 |
| 5 | **0.71%** | **45.00%** | **85.86%** | **—** | **110** | 0.76% | 45.00% | 84.81% | — | 178 |
| 6 | **—** | **—** | **—** | **—** | **—** | — | — | — | — | — |
| 9A | **—** | **—** | **—** | **—** | **—** | 10.77% | 45.00% | 227.11% | 0 | — |
| Default | **100.00%** | **45.00%** | **—** | **15** | **—** | 100.00% | 45.00% | — | 15 | — |

Bank (Non-consolidated)

Millions of yen (except percentages)

| | As of September 30, 2012 | | | | | As of March 31, 2012 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Credit rating | **PD** | **LGD** | **Risk Weight** | **EAD (on-balance)** | **EAD (off-balance)** | PD | LGD | Risk Weight | EAD (on-balance) | EAD (off-balance) |
| 0 | **0.03%** | **45.00%** | **14.02%** | **¥ 8,659** | **¥ —** | 0.03% | 45.00% | 13.98% | ¥ 8,596 | ¥ — |
| 1 | **0.03%** | **45.00%** | **25.88%** | **15** | **—** | 0.03% | 45.00% | 25.88% | 18 | — |
| 2 | **0.06%** | **45.67%** | **25.54%** | **62,699** | **78,652** | 0.07% | 45.48% | 23.53% | 66,416 | 120,227 |
| 3 | **0.11%** | **45.27%** | **33.41%** | **243,705** | **123,267** | 0.12% | 45.46% | 31.03% | 260,755 | 100,432 |
| 4 | **0.37%** | **45.00%** | **59.17%** | **32,758** | **33,667** | 0.41% | 45.00% | 59.96% | 14,293 | 30,604 |
| 5 | **1.00%** | **45.00%** | **99.93%** | **5,678** | **1,419** | 0.85% | 45.00% | 74.03% | 30,954 | 1,427 |
| 6 | **3.84%** | **45.00%** | **167.68%** | **8,507** | **250** | 3.71% | 45.00% | 166.70% | 9,797 | 574 |
| 9A | **10.50%** | **45.12%** | **218.75%** | **355** | **30** | 10.77% | 45.17% | 221.40% | 59 | 232 |
| Default | **100.00%** | **45.00%** | **—** | **71** | **—** | 100.00% | 45.00% | — | 83 | — |

Note: LGD after credit risk mitigation

(2) Estimated average PD, risk weight ratio and amount of exposure for equity exposure under PD/LGD method

(Consolidated)

Millions of yen (except percentages)

| | As of September 30, 2012 | | | | As of March 31, 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| Credit rating | **PD** | **LGD** | **Risk Weight** | **Amount** | PD | LGD | Risk Weight | Amount |
| 0 | **—** | **—** | **—** | **¥ —** | 0.00% | 90.00% | — | ¥ 1 |
| 1 | **—** | **—** | **—** | **—** | — | — | — | — |
| 2 | **0.06%** | **90.00%** | **200.02%** | **4,391** | 0.07% | 90.00% | 200.02% | 4,781 |
| 3 | **0.11%** | **90.00%** | **200.00%** | **1,751** | 0.15% | 90.00% | 200.52% | 2,290 |
| 4 | **0.33%** | **90.00%** | **243.89%** | **2,437** | 0.41% | 90.00% | 263.64% | 2,564 |
| 5 | **1.27%** | **90.00%** | **369.54%** | **5,233** | 0.94% | 90.00% | 294.61% | 2,448 |
| 6 | **3.47%** | **90.00%** | **395.46%** | **306** | 2.85% | 90.00% | 343.90% | 665 |
| 9A | **10.50%** | **90.00%** | **657.05%** | **8,472** | 10.77% | 90.00% | 651.78% | 8,457 |
| Default | **100.00%** | **90.00%** | **—** | **19** | 100.00% | 90.00% | — | 701 |

(Non-consolidated)

Millions of yen (except percentages)

| | As of September 30, 2012 | | | | As of March 31, 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| Credit rating | **PD** | **LGD** | **Risk Weight** | **Amount** | PD | LGD | Risk Weight | Amount |
| 0 | **—** | **—** | **—** | **¥ —** | 0.00% | 90.00% | — | ¥ 1 |
| 1 | **—** | **—** | **—** | **—** | — | — | — | — |
| 2 | **0.06%** | **90.00%** | **200.02%** | **4,391** | 0.07% | 90.00% | 200.02% | 4,781 |
| 3 | **0.11%** | **90.00%** | **200.00%** | **1,736** | 0.15% | 90.00% | 200.00% | 2,279 |
| 4 | **0.35%** | **90.00%** | **299.66%** | **382,463** | 0.38% | 90.00% | 299.76% | 382,645 |
| 5 | **1.29%** | **90.00%** | **372.44%** | **5,059** | 0.95% | 90.00% | 294.08% | 2,227 |
| 6 | **2.21%** | **90.00%** | **302.99%** | **5,455** | 3.73% | 90.00% | 337.47% | 5,814 |
| 9A | **10.50%** | **90.00%** | **673.39%** | **38,167** | 10.77% | 90.00% | 678.72% | 38,151 |
| Default | **100.00%** | **90.00%** | **—** | **1,884** | 100.00% | 90.00% | — | 3,827 |

## QUANTITATIVE DISCLOSURE (CONTINUED)

(3) Estimated average PD, LGD, risk weight ratio, Exposure at Default (EAD) (on- and off-balance), amount of undrawn commitments and estimated average Credit Conversion Factors (CCF) of undrawn commitments for residential mortgage exposure, qualified revolving retail exposure and other retail exposure

(Consolidated)

Residential mortgage exposure

Millions of yen (except percentages)

| | As of September 30, 2012 | | | | | | | As of March 31, 2012 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Undrawn Commitments | | | | | | | Undrawn Commitments | |
| Pool | PD | LGD | Risk Weight | EAD (on-balance) | EAD (off-balance) | Amount | CCF | PD | LGD | Risk Weight | EAD (on-balance) | EAD (off-balance) | Amount | CCF |
| Normal | 1.37% | 68.29% | 94.38% | ¥ 9,775 | ¥ 8,750 | ¥ — | — | 1.57% | 69.29% | 104.68% | ¥ 10,723 | ¥ 9,393 | ¥ — | — |
| Need caution | 78.45% | 49.10% | 122.64% | 4 | 231 | — | — | 78.59% | 52.40% | 130.09% | 3 | 168 | — | — |
| Default | 100.00% | 65.12% | — | 519 | 112 | — | — | 100.00% | 67.49% | — | 500 | 145 | — | — |

Qualified revolving retail exposure

Millions of yen (except percentages)

| | As of September 30, 2012 | | | | | | | As of March 31, 2012 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Undrawn Commitments | | | | | | | Undrawn Commitments | |
| Pool | PD | LGD | Risk Weight | EAD (on-balance) | EAD (off-balance) | Amount | CCF | PD | LGD | Risk Weight | EAD (on-balance) | EAD (off-balance) | Amount | CCF |
| Normal | 3.13% | 74.18% | 58.16% | ¥ 103,526 | ¥ 89,263 | ¥ 2,312,043 | 3.86% | 4.21% | 85.61% | 83.17% | ¥ 108,451 | ¥ 20,193 | ¥ 2,192,205 | 0.92% |
| Need caution | 70.25% | 84.20% | 181.03% | 919 | — | — | — | 71.48% | 84.95% | 182.68% | 2,151 | — | — | — |
| Default | 100.00% | 84.14% | — | 41,255 | — | — | — | 100.00% | 84.68% | — | 41,706 | — | — | — |

Other retail exposure

Millions of yen (except percentages)

| | As of September 30, 2012 | | | | | | | As of March 31, 2012 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Undrawn Commitments | | | | | | | Undrawn Commitments | |
| Pool | PD | LGD | Risk Weight | EAD (on-balance) | EAD (off-balance) | Amount | CCF | PD | LGD | Risk Weight | EAD (on-balance) | EAD (off-balance) | Amount | CCF |
| Normal | 2.49% | 58.38% | 71.23% | ¥ 326,239 | ¥ 706,012 | ¥ 159,505 | 1.19% | 2.56% | 61.70% | 75.98% | ¥ 320,388 | ¥ 705,974 | ¥ 179,702 | 1.26% |
| Need caution | 77.65% | 54.79% | 87.89% | 5,784 | 3,069 | — | — | 79.87% | 60.03% | 88.85% | 7,222 | 2,785 | — | — |
| Default | 100.00% | 57.86% | — | 103,320 | 823 | — | — | 100.00% | 59.42% | — | 102,848 | 590 | — | — |

Note: LGD is shown after credit risk mitigation

## COMPARATIVE RESULTS OF ACTUAL LOSSES AND EXPECTED LOSSES FOR THE LAST THREE YEARS UNDER F-IRB APPROACH

Corporate, Sovereign & Bank (Non-consolidated)

Millions of yen

| | As of September 30, 2012 | As of September 30, 2011 | As of September 30, 2010 |
|---|---|---|---|
| Results of actual losses (a) | ¥ 23,399 | ¥ 2,371 | ¥ 33,525 |
| Expected losses (b) | 18,268 | 19,247 | 13,838 |
| Differences ((b) - (a)) | (5,130) | 16,876 | (19,686) |

The above matrix shows the results of default (downgrade below substandard) losses (increase of reserve, write-offs and loss on sale) for the twelve-month period ended September 30, 2009, 2010 and 2011 for the Bank's non-default corporate, sovereign and bank exposures at the start of the twelve-month period, with expected losses calculated using estimated PD at the end of September 2012.

In the first half of fiscal year 2010, the actual losses greatly exceeded from the expected losses due to the additional credit cost with regard to the specialty finance.

## QUANTITATIVE DISCLOSURE (CONTINUED)

The consolidated based comparative results of actual losses and expected losses as of September 30, 2012 are as below;

Corporate, Sovereign & Bank (Consolidated)

| | Millions of yen |
|---|---|
| | **As of September 30, 2012** |
| Results of actual losses (a) | **¥ 24,541** |
| Expected losses (b) | **17,213** |
| Differences ((b) - (a)) | **(7,327)** |

Retail (Consolidated)

| | Millions of yen |
|---|---|
| | **As of September 30, 2012** |
| Results of actual losses (a) | **¥ 9,475** |
| Expected losses (b) | **24,615** |
| Differences ((b) - (a)) | **15,139** |

## 5. CREDIT RISK MITIGATION (CRM)

### COVERED AMOUNT OF CRM BY COLLATERAL

FIRB

| | Millions of yen | | | |
|---|---|---|---|---|
| | **As of September 30, 2012** | | As of March 31, 2012 | |
| | **Eligible financial collateral** | **Other eligible FIRB collateral** | Eligible financial collateral | Other eligible FIRB collateral |
| Corporate | **¥ 6,719** | **¥ 169,440** | ¥ 7,253 | ¥ 153,196 |
| Sovereign | **—** | **—** | — | — |
| Bank | **—** | **—** | — | — |
| Total | **¥ 6,719** | **¥ 169,440** | ¥ 7,253 | ¥ 153,196 |

### COVERED AMOUNT OF CRM BY GUARANTEE OR CREDIT DERIVATIVES

| | Millions of yen | | | |
|---|---|---|---|---|
| | **As of September 30, 2012** | | As of March 31, 2012 | |
| | **Consolidated** | **Non-consolidated** | Consolidated | Non-consolidated |
| SA Exposures | **¥ —** | **¥ —** | ¥ — | ¥ — |
| IRB Exposures | **140,050** | **140,050** | 148,890 | 148,890 |
| Corporate | **11,195** | **11,195** | 9,339 | 9,339 |
| Sovereign | **73,854** | **73,854** | 80,833 | 80,833 |
| Bank | **55,000** | **55,000** | 58,717 | 58,717 |
| Residential mortgages | **—** | **—** | — | — |
| Qualified revolving retail | **—** | **—** | — | — |
| Other retail | **—** | **—** | — | — |

QUANTITATIVE DISCLOSURE (CONTINUED)

## 6. COUNTERPARTY CREDIT RISK OF DERIVATIVES

(1) Measurement of EAD
Current Exposure Method
(2) Total amount of gross positive fair value
Refer to below table
(3) EAD before CRM
Refer to below table
(4) Net of: (2) + amount of gross add-on - (3)
Refer to below table
(5) Amount covered collateral
Zero
(6) EAD after CRM
Refer to below table

Millions of yen

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| | **Consolidated** | **Non-consolidated** | Consolidated | Non-consolidated |
| Total amount of gross positive fair value | **¥ 509,197** | **¥ 529,912** | ¥ 583,383 | ¥ 594,860 |
| Amount of gross add-on | **222,240** | **213,107** | 253,278 | 239,097 |
| EAD before CRM | **731,437** | **743,019** | 836,661 | 833,958 |
| FX-related | **218,187** | **219,045** | 277,499 | 277,727 |
| Interest-related | **277,107** | **277,508** | 248,152 | 248,658 |
| Equity-related | **59,317** | **57,839** | 64,684 | 62,423 |
| Commodity-related | **—** | **—** | — | — |
| Credit derivatives | **176,807** | **188,609** | 246,247 | 245,070 |
| Others | **18** | **18** | 78 | 78 |
| Amount of net | **468,516** | **492,785** | 544,609 | 560,677 |
| EAD after net | **262,921** | **250,233** | 292,051 | 273,280 |
| Amount covered collateral | **—** | **—** | — | — |
| EAD after CRM | **262,921** | **250,233** | 292,051 | 273,280 |

(7) Notional amount of credit derivatives which have counterparty risk

Consolidated

Millions of yen

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| Notional amount | **Protection-buy** | **Protection-sell** | Protection-buy | Protection-sell |
| Single name | **¥ 568,274** | **¥ 311,204** | ¥ 587,696 | ¥ 401,199 |
| Multi name | **174,797** | **84,008** | 208,511 | 107,419 |

Non-consolidated

Millions of yen

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| Notional amount | **Protection-buy** | **Protection-sell** | Protection-buy | Protection-sell |
| Single name | **¥ 414,651** | **¥ 465,827** | ¥ 341,955 | ¥ 467,131 |
| Multi name | **139,677** | **119,128** | 146,071 | 112,219 |

(8) Notional amount of credit derivatives which cover exposures by CRM

Millions of yen

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| | **Consolidated** | **Non-consolidated** | Consolidated | Non-consolidated |
| Notional amount | **¥ —** | **¥ —** | ¥ 3,717 | ¥ 3,717 |

QUANTITATIVE DISCLOSURE (CONTINUED)

## 7. SECURITIZATION

### SECURITIZATION EXPOSURE ORIGINATED BY THE BANK GROUP (CREDIT RISK)

(1) Amount of original assets

Securitization by transfer of assets

Consolidated

Millions of yen

| | As of September 30, 2012 | As of March 31, 2012 |
|---|---|---|
| Type of original assets | **Amount of original asset** | Amount of original asset |
| Residential mortgages | **¥ 239,721** | ¥ 276,110 |
| Consumer loans | **—** | 3,754 |
| Commercial real estate loans | **6,649** | 13,524 |
| Corporate loans | **34,003** | 34,009 |
| Others | **—** | — |
| Total | **¥ 280,374** | ¥ 327,397 |

Non-consolidated

Millions of yen

| | As of September 30, 2012 | As of March 31, 2012 |
|---|---|---|
| Type of original assets | **Amount of original asset** | Amount of original asset |
| Residential mortgages | **¥ 239,721** | ¥ 276,110 |
| Consumer loans | **258,955** | 292,768 |
| Commercial real estate loans | **6,649** | 13,524 |
| Corporate loans | **34,003** | 34,009 |
| Others | **191,413** | 184,353 |
| Total | **¥ 730,743** | ¥ 800,765 |

Note: Includes originally securitized assets originated by the Bank Group, even though the Bank Group had no exposure to these particular assets.

(2) Amount of default exposure including original assets

Securitization by transfer of assets

Consolidated

Millions of yen

| | As of September 30, 2012 | As of March 31, 2012 |
|---|---|---|
| Type of original assets | **Amount of Default** | Amount of Default |
| Residential mortgages | **¥ 4,895** | ¥ 5,118 |
| Consumer loans | **—** | 135 |
| Commercial real estate loans | **6,499** | 13,374 |
| Corporate loans | **26,903** | 26,909 |
| Others | **—** | — |
| Total | **¥ 38,298** | ¥ 45,536 |

Non-consolidated

Millions of yen

| | As of September 30, 2012 | As of March 31, 2012 |
|---|---|---|
| Type of original assets | **Amount of Default** | Amount of Default |
| Residential mortgages | **¥ 4,895** | ¥ 5,118 |
| Consumer loans | **—** | — |
| Commercial real estate loans | **6,499** | 13,374 |
| Corporate loans | **26,903** | 26,909 |
| Others | **—** | — |
| Total | **¥ 38,298** | ¥ 45,401 |

Note: Includes originally securitized assets originated by the Bank Group, even though the Bank Group had no exposure to these particular assets.

## QUANTITATIVE DISCLOSURE (CONTINUED)

(3) Amount of assets held for securitization trade

None.

(4) Summary of current six months' securitization activities

None.

(5) Amount of recognized gain/loss by original asset type during the first six months of FY2012.

None.

(6) Amount of securitization exposure the Bank Group has by type of original assets

Securitization by transfer of assets

Consolidated

Excluding Resecuritization

Millions of yen

| | As of September 30, 2012 | As of March 31, 2012 |
|---|---|---|
| Type of original assets | Amount of Exposure | Amount of Exposure |
| Residential mortgages | **¥ 89,549** | ¥ 88,038 |
| Consumer loans | **—** | 3,754 |
| Commercial real estate loans | **—** | — |
| Corporate loans | **25,087** | 25,185 |
| Others | **—** | — |
| Total | **¥ 114,636** | ¥ 116,977 |

Resecuritization

Millions of yen

| | As of September 30, 2012 | As of March 31, 2012 |
|---|---|---|
| Type of original assets | Amount of Exposure | Amount of Exposure |
| Residential mortgages | **¥ 898** | ¥ 919 |
| Consumer loans | **—** | — |
| Commercial real estate loans | **—** | — |
| Corporate loans | **—** | — |
| Others | **—** | — |
| Total | **¥ 898** | ¥ 919 |

Non-consolidated

Excluding Resecuritization

Millions of yen

| | As of September 30, 2012 | As of March 31, 2012 |
|---|---|---|
| Type of original assets | Amount of Exposure | Amount of Exposure |
| Residential mortgages | **¥ 89,549** | ¥ 88,038 |
| Consumer loans | **173,900** | 199,800 |
| Commercial real estate loans | **—** | — |
| Corporate loans | **25,087** | 25,185 |
| Others | **159,757** | 149,860 |
| Total | **¥ 448,294** | ¥ 462,884 |

Resecuritization

Millions of yen

| | As of September 30, 2012 | As of March 31, 2012 |
|---|---|---|
| Type of original assets | Amount of Exposure | Amount of Exposure |
| Residential mortgages | **¥ 898** | ¥ 919 |
| Consumer loans | **—** | — |
| Commercial real estate loans | **—** | — |
| Corporate loans | **—** | — |
| Others | **—** | — |
| Total | **¥ 898** | ¥ 919 |

## QUANTITATIVE DISCLOSURE (CONTINUED)

(7) Amount of securitization exposure and required capital the Bank Group has by risk weight ratio

Securitization by transfer of assets

Consolidated

Excluding Resecuritization

| | Millions of yen | | | |
|---|---|---|---|---|
| | **As of September 30, 2012** | | As of March 31, 2012 | |
| Band of risk weight ratio | **Amount** | **Required Capital amount** | Amount | Required Capital amount |
| To 12% | **¥ 19,568** | **¥ 116** | ¥ 19,667 | ¥ 116 |
| Over 12% to 20% | **66,678** | **1,066** | 76,228 | 1,219 |
| Over 20% to 50% | **—** | **—** | — | — |
| Over 50% to 75% | **—** | **—** | — | — |
| Over 75% to 100% | **22,862** | **1,828** | 12,987 | 1,037 |
| Over 100% to 250% | **5,527** | **476** | 7,943 | 1,103 |
| Over 250% to 425% | **—** | **—** | — | — |
| Over 425% | **—** | **—** | 151 | 99 |
| Total | **¥ 114,636** | **¥ 3,488** | ¥ 116,977 | ¥ 3,577 |

Resecuritization

| | Millions of yen | | | |
|---|---|---|---|---|
| | **As of September 30, 2012** | | As of March 31, 2012 | |
| Band of risk weight ratio | **Amount** | **Required Capital amount** | Amount | Required Capital amount |
| To 30% | **¥ —** | **¥ —** | ¥ 526 | ¥ 13 |
| Over 30% to 50% | **514** | **17** | — | — |
| Over 50% to 100% | **383** | **21** | 392 | 21 |
| Over 100% to 225% | **—** | **—** | — | — |
| Over 225% to 500% | **—** | **—** | — | — |
| Over 500% | **—** | **—** | — | — |
| Total | **¥ 898** | **¥ 38** | ¥ 919 | ¥ 35 |

Non-consolidated

Excluding Resecuritization

| | Millions of yen | | | |
|---|---|---|---|---|
| | **As of September 30, 2012** | | As of March 31, 2012 | |
| Band of risk weight ratio | **Amount** | **Required Capital amount** | Amount | Required Capital amount |
| To 12% | **¥ 216,126** | **¥ 1,960** | ¥ 212,728 | ¥ 1,912 |
| Over 12% to 20% | **114,678** | **1,880** | 143,728 | 2,364 |
| Over 20% to 50% | **46,600** | **1,917** | 46,600 | 1,917 |
| Over 50% to 75% | **32,500** | **2,067** | 32,500 | 2,067 |
| Over 75% to 100% | **32,862** | **2,676** | 21,800 | 1,792 |
| Over 100% to 250% | **5,527** | **476** | 5,526 | 884 |
| Over 250% to 425% | **—** | **—** | — | — |
| Over 425% | **—** | **—** | — | — |
| Total | **¥ 448,294** | **¥10,979** | ¥ 462,884 | ¥10,937 |

Resecuritization

| | Millions of yen | | | |
|---|---|---|---|---|
| | **As of September 30, 2012** | | As of March 31, 2012 | |
| Band of risk weight ratio | **Amount** | **Required Capital amount** | Amount | Required Capital amount |
| To 30% | **¥ —** | **¥ —** | ¥ 526 | ¥ 13 |
| Over 30% to 50% | **514** | **17** | — | — |
| Over 50% to 100% | **383** | **21** | 392 | 21 |
| Over 100% to 225% | **—** | **—** | — | — |
| Over 225% to 500% | **—** | **—** | — | — |
| Over 500% | **—** | **—** | — | — |
| Total | **¥ 898** | **¥ 38** | ¥ 919 | ¥ 35 |

## QUANTITATIVE DISCLOSURE (CONTINUED)

(8) Amount of increase of capital by securitization (to be deducted from Tier I capital)

Millions of yen

| | As of September 30, 2012 | | As of March 31, 2012 | |
|---|---|---|---|---|
| Type of original assets | **Consolidated** | **Non-consolidated** | Consolidated | Non-consolidated |
| Residential mortgages | **¥ 9,715** | **¥ 9,715** | ¥ 9,740 | ¥ 9,740 |
| Consumer loans, installment receivables | **—** | **—** | — | — |
| Commercial real estate loans | **0** | **0** | 0 | 0 |
| Others | **—** | **—** | — | — |
| Total | **¥ 9,715** | **¥ 9,715** | ¥ 9,740 | ¥ 9,740 |

(9) Amount of securitization exposure which should be deducted from capital under the Accord Article 247

Millions of yen

| | As of September 30, 2012 | | As of March 31, 2012 | |
|---|---|---|---|---|
| Type of original assets | **Consolidated** | **Non-consolidated** | Consolidated | Non-consolidated |
| Residential mortgages | **¥ 4,570** | **¥ 4,570** | ¥ 15,279 | ¥ 15,279 |
| Consumer loans, installment receivables | **—** | **—** | — | — |
| Commercial real estate loans | **150** | **150** | 150 | 150 |
| Others | **—** | **—** | — | — |
| Total | **¥ 4,720** | **¥ 4,720** | ¥ 15,429 | ¥ 15,429 |

(10) Securitization exposure subject to early amortization
None.

(11) Credit risk mitigation for resecuritization exposure
None.

(12) Amount of credit risk asset of securitization under SA subject to the Accord Supplementary Provision 15
None.

### SECURITIZATION EXPOSURE IN WHICH THE BANK GROUP INVESTS

(1) Amount of securitization exposure the Bank Group has by type of original asset
Consolidated
Excluding Resecuritization

Millions of yen

| | As of September 30, 2012 | As of March 31, 2012 |
|---|---|---|
| Type of original assets | **Amount of Exposure** | Amount of Exposure |
| Residential mortgages | **¥ 3,774** | ¥ 4,225 |
| Consumer loans | **—** | — |
| Commercial real estate loans | **82,826** | 85,210 |
| Corporate loans | **22,418** | 21,482 |
| Others | **50,633** | 63,699 |
| Total | **¥ 159,652** | ¥ 174,617 |

Resecuritization

Millions of yen

| | As of September 30, 2012 | As of March 31, 2012 |
|---|---|---|
| Type of original assets | **Amount of Exposure** | Amount of Exposure |
| Residential mortgages | **¥ —** | ¥ — |
| Consumer loans | **—** | — |
| Commercial real estate loans | **—** | — |
| Corporate loans | **16,944** | 17,792 |
| Others | **—** | — |
| Total | **¥ 16,944** | ¥ 17,792 |

## QUANTITATIVE DISCLOSURE (CONTINUED)

Non-consolidated

Excluding Resecuritization

| | Millions of yen | |
|---|---|---|
| | **As of September 30, 2012** | As of March 31, 2012 |
| Type of original assets | **Amount of Exposure** | Amount of Exposure |
| Residential mortgages | **¥ 3,774** | ¥ 4,225 |
| Consumer loans | **—** | — |
| Commercial real estate loans | **82,826** | 85,210 |
| Corporate loans | **22,418** | 21,482 |
| Others | **48,497** | 58,793 |
| Total | **¥ 157,516** | ¥ 169,711 |

Resecuritization

| | Millions of yen | |
|---|---|---|
| | **As of September 30, 2012** | As of March 31, 2012 |
| Type of original assets | **Amount of Exposure** | Amount of Exposure |
| Residential mortgages | **¥ —** | ¥ — |
| Consumer loans | **—** | — |
| Commercial real estate loans | **—** | — |
| Corporate loans | **16,944** | 17,792 |
| Others | **—** | — |
| Total | **¥ 16,944** | ¥ 17,792 |

(2) Amount of securitization exposure and required capital for the Bank Group by risk weight ratio

Consolidated

Excluding Resecuritization

| | Millions of yen | | | |
|---|---|---|---|---|
| | **As of September 30, 2012** | | As of March 31, 2012 | |
| Band of risk weight ratio | **Amount** | **Required Capital amount** | Amount | Required Capital amount |
| To 12% | **¥ 76,972** | **¥ 468** | ¥ 101,419 | ¥ 614 |
| Over 12% to 20% | **6,108** | **77** | 6,643 | 84 |
| Over 20% to 50% | **—** | **—** | — | — |
| Over 50% to 75% | **1,966** | **125** | 2,006 | 127 |
| Over 75% to 100% | **—** | **—** | — | — |
| Over 100% to 250% | **65,104** | **13,281** | 28,048 | 5,109 |
| Over 250% to 425% | **—** | **—** | 36,500 | 8,043 |
| Over 425% | **9,500** | **4,660** | — | — |
| Total | **¥ 159,652** | **¥ 18,612** | ¥ 174,617 | ¥ 13,978 |

Resecuritization

| | Millions of yen | | | |
|---|---|---|---|---|
| | **As of September 30, 2012** | | As of March 31, 2012 | |
| Band of risk weight ratio | **Amount** | **Required Capital amount** | Amount | Required Capital amount |
| To 30% | **¥ 16,944** | **¥ 347** | ¥ 17,792 | ¥ 364 |
| Over 30% to 50% | **—** | **—** | — | — |
| Over 50% to 100% | **—** | **—** | — | — |
| Over 100% to 225% | **—** | **—** | — | — |
| Over 225% to 500% | **—** | **—** | — | — |
| Over 500% | **—** | **—** | — | — |
| Total | **¥ 16,944** | **¥ 347** | ¥ 17,792 | ¥ 364 |

## QUANTITATIVE DISCLOSURE (CONTINUED)

Non-consolidated

Excluding Resecuritization

Millions of yen

| Band of risk weight ratio | As of September 30, 2012 Amount | As of September 30, 2012 Required Capital amount | As of March 31, 2012 Amount | As of March 31, 2012 Required Capital amount |
|---|---|---|---|---|
| To 12% | **¥ 74,837** | **¥ 455** | ¥ 96,513 | ¥ 584 |
| Over 12% to 20% | **6,108** | **77** | 6,643 | 84 |
| Over 20% to 50% | **—** | **—** | — | — |
| Over 50% to 75% | **1,966** | **125** | 2,006 | 127 |
| Over 75% to 100% | **—** | **—** | — | — |
| Over 100% to 250% | **65,104** | **13,281** | 28,048 | 5,109 |
| Over 250% to 425% | **—** | **—** | 36,500 | 8,043 |
| Over 425% | **9,500** | **4,660** | — | — |
| Total | **¥ 157,516** | **¥ 18,600** | ¥ 169,711 | ¥ 13,949 |

Resecuritization

Millions of yen

| Band of risk weight ratio | As of September 30, 2012 Amount | As of September 30, 2012 Required Capital amount | As of March 31, 2012 Amount | As of March 31, 2012 Required Capital amount |
|---|---|---|---|---|
| To 30% | **¥ 16,944** | **¥ 347** | ¥ 17,792 | ¥ 364 |
| Over 30% to 50% | **—** | **—** | — | — |
| Over 50% to 100% | **—** | **—** | — | — |
| Over 100% to 225% | **—** | **—** | — | — |
| Over 225% to 500% | **—** | **—** | — | — |
| Over 500% | **—** | **—** | — | — |
| Total | **¥ 16,944** | **¥ 347** | ¥ 17,792 | ¥ 364 |

(3) Amount of securitization exposure which should be deducted from capital under the Accord Article 247

Millions of yen

| Type of original assets | As of September 30, 2012 Consolidated | As of September 30, 2012 Non-consolidated | As of March 31, 2012 Consolidated | As of March 31, 2012 Non-consolidated |
|---|---|---|---|---|
| Residential mortgages | **¥ 147** | **¥ 147** | ¥ 263 | ¥ 263 |
| Consumer loans, installment receivables | **—** | **—** | — | — |
| Commercial real estate loans | **—** | **—** | — | — |
| Corporate loans | **425** | **425** | 15,159 | 15,159 |
| Others | **—** | **—** | — | — |
| Total | **¥ 572** | **¥ 572** | ¥ 15,422 | ¥ 15,422 |

(5) Credit risk mitigation for resecuritization exposure

None.

(6) Amount of credit risk asset of securitization under SA subject to the Accord Supplementary Provision 15

None.

## QUANTITATIVE DISCLOSURE (CONTINUED)

### SECURITIZATION EXPOSURE IN WHICH THE BANK GROUP INVESTS (MARKET RISK)

(1) Amount of securitization exposure the Bank Group has by type of original asset

Consolidated

Excluding Resecuritization

| | Millions of yen | |
|---|---|---|
| | **As of September 30, 2012** | As of March 31, 2012 |
| Type of original assets | **Amount of original asset** | Amount of original asset |
| Residential mortgages | **¥ 11,966** | ¥ 3,530 |
| Consumer loans | **—** | — |
| Commercial real estate loans | **—** | — |
| Corporate loans | **—** | — |
| Others | **—** | — |
| Total | **¥ 11,966** | ¥ 3,530 |

Resecuritization

| | Millions of yen | |
|---|---|---|
| | **As of September 30, 2012** | As of March 31, 2012 |
| Type of original assets | **Amount of original asset** | Amount of original asset |
| Residential mortgages | **¥ 766** | ¥ 888 |
| Consumer loans | **—** | — |
| Commercial real estate loans | **—** | — |
| Corporate loans | **—** | — |
| Others | **—** | — |
| Total | **¥ 766** | ¥ 888 |

(2) Amount of securitization exposure and required capital for the Bank Group by risk weight ratio

Consolidated

Excluding Resecuritization

| | Millions of yen | | | |
|---|---|---|---|---|
| | **As of September 30, 2012** | | As of March 31, 2012 | |
| Band of risk weight ratio | **Amount** | **Required Capital amount** | Amount | Required Capital amount |
| 1.6% | **¥ 11,966** | **¥ 191** | ¥ 3,530 | ¥ 56 |
| 4% | **—** | **—** | — | — |
| 8% | **—** | **—** | — | — |
| 28% | **—** | **—** | — | — |
| Total | **¥ 11,966** | **¥ 191** | ¥ 3,530 | ¥ 56 |

Resecuritization

| | Millions of yen | | | |
|---|---|---|---|---|
| | **As of September 30, 2012** | | As of March 31, 2012 | |
| Band of risk weight ratio | **Amount** | **Required Capital amount** | Amount | Required Capital amount |
| 3.2% | **¥ 766** | **¥ 24** | ¥ 888 | ¥ 28 |
| 8% | **—** | **—** | — | — |
| 18% | **—** | **—** | — | — |
| 52% | **—** | **—** | — | — |
| Total | **¥ 766** | **¥ 24** | ¥ 888 | ¥ 28 |

(3) Amount of securitization exposure targeted for comprehensive risk

None.

(4) Amount of securitization exposure which should be deducted from capital under the Accord Article 302.5.2

None.

QUANTITATIVE DISCLOSURE (CONTINUED)

## 8. MARKET RISK (UNDER INTERNAL MODEL APPROACH)

### VAR AT THE END OF SEPTEMBER 2012 AND MARCH 2012 AND THE HIGH, MEAN AND LOW VAR

Millions of yen

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| | **Consolidated** | **Non-consolidated** | Consolidated | Non-consolidated |
| VaR at term end | **¥ 1,458** | **¥ 1,446** | ¥ 1,230 | ¥ 1,180 |
| VaR through this term | | | | |
| High | **1,833** | **1,819** | 3,961 | 3,869 |
| Mean | **1,381** | **1,338** | 2,395 | 2,266 |
| Low | **1,054** | **988** | 1,052 | 1,019 |

### STRESSED VAR AT THE END OF SEPTEMBER 2012 AND MARCH 2012 AND THE HIGH, MEAN AND LOW VAR

Millions of yen

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| | **Consolidated** | **Non-consolidated** | Consolidated | Non-consolidated |
| VaR at term end | **¥ 3,944** | **¥ 3,895** | ¥ 3,764 | ¥ 3,620 |
| VaR through this term | | | | |
| High | **4,664** | **4,629** | 5,476 | 5,359 |
| Mean | **3,201** | **3,093** | 4,376 | 4,281 |
| Low | **2,241** | **2,117** | 3,764 | 3,620 |

There are no additional and comprehensive risks calculated.
The trading portfolio experienced no losses that exceeded the specified VaR threshold.

## 9. EQUITY EXPOSURE IN BANKING BOOK

### BOOK VALUE AND FAIR VALUE

Millions of yen

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| | **Consolidated** | **Non-consolidated** | Consolidated | Non-consolidated |
| Market-based approach | | | | |
| Listed equity exposure | **¥ 381** | **¥ 336** | ¥ 6,973 | ¥ 6,919 |
| Unlisted equity exposure | **3,780** | **12,728** | 4,746 | 13,789 |
| PD/LGD method | | | | |
| Listed equity exposure | **11,541** | **11,439** | 10,129 | 10,129 |
| Unlisted equity exposure | **11,070** | **427,719** | 11,780 | 429,596 |

### GAIN OR LOSS ON SALE OR DEPRECIATION OF EQUITY EXPOSURE

Millions of yen

| | **Six months ended September 30, 2012** | | Fiscal year ended March 31, 2012 | |
|---|---|---|---|---|
| | **Consolidated** | **Non-consolidated** | Consolidated | Non-consolidated |
| Gain (loss) on sale | **¥ 917** | **¥ 915** | ¥ 8,617 | ¥ 8,602 |
| Loss of depreciation | **1,044** | **755** | 9,034 | 502 |

### UNREALIZED GAIN OR LOSS WHICH IS RECOGNIZED ON BALANCE SHEET AND NOT RECOGNIZED ON PROFIT AND LOSS STATEMENT

Millions of yen

| | **As of September 30, 2012** | | As of March 31, 2012 | |
|---|---|---|---|---|
| | **Consolidated** | **Non-consolidated** | Consolidated | Non-consolidated |
| Unrealized gain (loss) | **¥ 1,992** | **¥ 1,697** | ¥ 5,332 | ¥ 5,101 |

## QUANTITATIVE DISCLOSURE (CONTINUED)

UNREALIZED GAIN OR LOSS WHICH IS NOT RECOGNIZED BOTH ON BALANCE SHEET AND ON PROFIT AND LOSS STATEMENT

None.

AMOUNT OF EQUITY EXPOSURE UNDER GRANDFATHERING RULE SUBJECT TO THE ACCORD SUPPLEMENTARY PROVISION 13

| | Millions of yen | | | |
|---|---|---|---|---|
| | **As of September 30, 2012** | | As of March 31, 2012 | |
| | **Consolidated** | **Non-consolidated** | Consolidated | Non-consolidated |
| Grandfathering rule (100% risk weight apply) | **¥ 5,621** | **¥ 16,657** | ¥ 6,196 | ¥ 16,665 |

## 10. AMOUNT OF REGARDED EXPOSURE UNDER THE ACCORD ARTICLE 167

| | Millions of yen | | | |
|---|---|---|---|---|
| | **As of September 30, 2012** | | As of March 31, 2012 | |
| | **Consolidated** | **Non-consolidated** | Consolidated | Non-consolidated |
| Regarded exposure (fund) | **¥ 59,761** | **¥ 43,010** | ¥ 61,299 | ¥ 43,010 |

## 11. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB) - THE INCREASE/DECREASE IN ECONOMIC VALUE FOR UPWARD/DOWNWARD RATE SHOCKS ACCORDING TO MANAGEMENT'S METHOD FOR IRRBB

Change in economic values from a 2% interest-rate shock on the banking book:

| | Billions of yen | | | |
|---|---|---|---|---|
| | **As of September 30, 2012** | | As of March 31, 2012 | |
| | **Consolidated** | **Non-consolidated** | Consolidated | Non-consolidated |
| JPY | **¥ (72.5)** | **¥ (47.1)** | ¥ (1.1) | ¥ (1.3) |
| USD | **(0.0)** | **(0.0)** | (2.8) | (2.8) |
| Others | **(2.9)** | **(2.9)** | (2.6) | (2.6) |
| Total | **¥ (75.4)** | **¥ (50.0)** | ¥ (16.6) | ¥ (6.8) |

# CORPORATE INFORMATION

## SHINSEI BANK GROUP

AS OF SEPTEMBER 30, 2012

As of September 30, 2012, the Shinsei Bank Group consisted of Shinsei Bank, Limited, 243 subsidiaries (comprising 164 consolidated companies including APLUS FINANCIAL Co., Ltd., Showa Leasing Co., Ltd. and Shinsei Financial Co., Ltd. and 79 unconsolidated subsidiaries) and 14 affiliated companies (14 affiliated companies accounted for using the equity method, such as Jih Sun Financial Holding Co., Ltd.). The Shinsei Bank Group provides a wide variety of financial products and services to domestic institutional and individual customers through the "Institutional Group," "Global Markets Group" and "Individual Group."

Shinsei Bank, Limited

- Institutional Group
  - Head Office and domestic branch offices
  - Major subsidiary: •Showa Leasing Co., Ltd. •Shinsei Trust & Banking Co., Ltd. •Shinsei Servicing Company
- Global Markets Group
  - Head Office and domestic branch offices
  - Major subsidiaries: •Shinsei Securities Co., Ltd. •Shinsei Investment Management Co., Ltd.
- Individual Group
  - Head Office and domestic branches
  - Major subsidiaries: •Shinsei Financial Co., Ltd. •SHINKI Co., Ltd. •APLUS FINANCIAL Co., Ltd.

## MAJOR SUBSIDIARIES AND AFFILIATES

| Name | Location | Main business |
|---|---|---|
| **Major Domestic Subsidiaries** | | |
| Showa Leasing Co., Ltd. | Tokyo, Japan | Leasing*1 |
| Shinsei Trust & Banking Co., Ltd. | Tokyo, Japan | Trust banking*1 |
| Shinsei Securities Co., Ltd. | Tokyo, Japan | Securities*2 |
| Shinsei Investment Management Co., Ltd. | Tokyo, Japan | Investment trust and discretionary investment advisory*2 |
| Shinseigin Finance Co., Ltd. | Tokyo, Japan | Finance*1 |
| Shinsei Servicing Company | Tokyo, Japan | Servicing business*1 |
| Shinsei Property Finance Co., Ltd. | Tokyo, Japan | Real estate collateral finance*3 |
| APLUS FINANCIAL Co., Ltd. | Osaka, Japan | Holding company*3 |
| APLUS Co., Ltd. | Osaka, Japan | Installment credit*3 |
| APLUS Personal Loan Co., Ltd. | Osaka, Japan | Finance*3 |
| Zen-Nichi Shinpan Co., Ltd. | Okayama, Japan | Installment credit*3 |
| Shinsei Financial Co., Ltd. | Tokyo, Japan | Finance*3 |
| SHINKI Co., Ltd. | Tokyo, Japan | Finance*3 |
| Shinsei Information Technology Co., Ltd. | Tokyo, Japan | Information technology*4 |
| **Major Overseas Subsidiaries** | | |
| Shinsei International Limited | London, UK | Securities*1 |
| Shinsei Bank Finance N.V. | Curaçao, Netherlands Antilles | Finance*4 |
| Shinsei Finance (Cayman), Limited | Grand Cayman, Cayman Islands | Finance*4 |
| Shinsei Finance II (Cayman), Limited | Grand Cayman, Cayman Islands | Finance*4 |
| Shinsei Finance III (Cayman), Limited | Grand Cayman, Cayman Islands | Finance*4 |
| Shinsei Finance IV (Cayman), Limited | Grand Cayman, Cayman Islands | Finance*4 |
| Shinsei Finance V (Cayman), Limited | Grand Cayman, Cayman Islands | Finance*4 |
| **Major Affiliates Accounted for Using the Equity Method** | | |
| Comox Holdings Ltd. | Hamilton, Bermuda | Holding company*2 |
| Jih Sun Financial Holding Co., Ltd. | Taipei, Taiwan | Finance*1 |

*1 Institutional Group *2 Global Markets Group *3 Individual Group *4 Corporate/Other

Financial Highlights
Message from the Management
Special Feature
Review of Operations
Management Structure
Data Section
Corporate Information

## EMPLOYEES

| | Six months ended September 30, 2011 | FY2012 | **Six months ended September 30, 2012** |
|---|---|---|---|
| **Consolidated** | | | |
| Number of Employees | 5,476 | 4,830 | **4,848** |
| **Non-Consolidated** | | | |
| Number of Employees | 1,916 | 1,895 | **1,903** |
| Male | 1,059 | 1,044 | **1,047** |
| Female | 857 | 851 | **856** |
| Average age | 40 years 2 months | 40 years 6 months | **39 years 11 months** |
| Average years of service | 11 years 10 months | 12 years 1 months | **11 years 7 months** |
| Average monthly salary | ¥487 thousand | ¥489 thousand | **¥481 thousand** |

"Average monthly salary" includes overtime wages but excludes annual bonus.

AS OF SEPTEMBER 30, 2012

| | | | Equity stake held by Shinsei Bank and consolidated subsidiaries (%) | | |
|---|---|---|---|---|---|
| Capital (in millions) | Established | Acquired | | Equity stake held by Shinsei Bank | Equity stake held by consolidated subsidiaries of Shinsei Bank |
| | | | | | |
| ¥ 29,360 | 1969.4 | 2005.3 | 97.0% | 97.0% | —% |
| 5,000 | 1996.11 | — | 100.0 | 100.0 | — |
| 8,750 | 1997.8 | — | 100.0 | 100.0 | — |
| 495 | 2001.12 | — | 100.0 | 100.0 | — |
| 50 | 1993.1 | 2000.9 | 100.0 | 100.0 | — |
| 500 | 2001.10 | — | 100.0 | — | 100.0 |
| 2,750 | 1959.5 | 2002.3 | 100.0 | 100.0 | — |
| 15,000 | 1956.10 | 2004.9 | 95.0 | 3.0 | 91.9 |
| 15,000 | 2009.4 | 2009.4 | 100.0 | — | 100.0 |
| 1,000 | 2009.4 | 2009.4 | 100.0 | — | 100.0 |
| 1,000 | 1957.4 | 2006.3 | 100.0 | — | 100.0 |
| 91.518 | 1991.6 | 2008.9 | 100.0 | 100.0 | — |
| 28,619 | 1954.12 | 2007.12 | 100.0 | — | 100.0 |
| 100 | 1983.8 | — | 100.0 | 100.0 | — |
| | | | | | |
| £ 3 | 2004.9 | — | 100.0% | 100.0% | —% |
| $ 2 | 1976.3 | — | 100.0 | 100.0 | — |
| $ 58 | 2006.2 | — | 100.0 | 100.0 | — |
| $ 39 | 2006.3 | — | 100.0 | 100.0 | — |
| ¥ 33,613 | 2009.3 | — | 100.0 | 100.0 | — |
| 9,107 | 2009.3 | — | 100.0 | 100.0 | — |
| 9,008 | 2009.9 | — | 100.0 | 100.0 | — |
| | | | | | |
| $ 16 | 2007.6 | 2010.8 | 49.9% | 49.9% | —% |
| NT$ 27,748 | 2002.2 | 2006.7 | 30.3 | — | 30.3 |

## NETWORK

**DOMESTIC OUTLETS:** AS OF DECEMBER 1, 2012

43 outlets (29 branches including head office, 14 annexes), 28 Shinsei Financial Centers (branches including head office), 12 Shinsei Consulting Spots (annexes and sub-branch), 9 Housing Loan Centers (head office/branches 8, annex 1) for the retail banking business

### HOKURIKU

**Kanazawa Branch**

### KINKI

**Kyoto Branch**
**Osaka Branch** (for Institutional business only)
**Umeda Branch—Osaka Shiten nai Annex**
**Umeda Branch**
**Umeda Branch—Hankyu Umeda Annex**
**Umeda Branch—Senri Chuo Annex**
**Umeda Branch—Takatsuki Annex**
**Umeda Branch—Nishinomiya Kitaguchi Annex**
**Namba Branch**
**Namba Branch—Sakai Higashi Annex**
**Kobe Branch**
**Kobe Branch—Ashiya Annex**

### CHUGOKU

**Hiroshima Branch**

### SHIKOKU

**Takamatsu Branch**

### KYUSHU

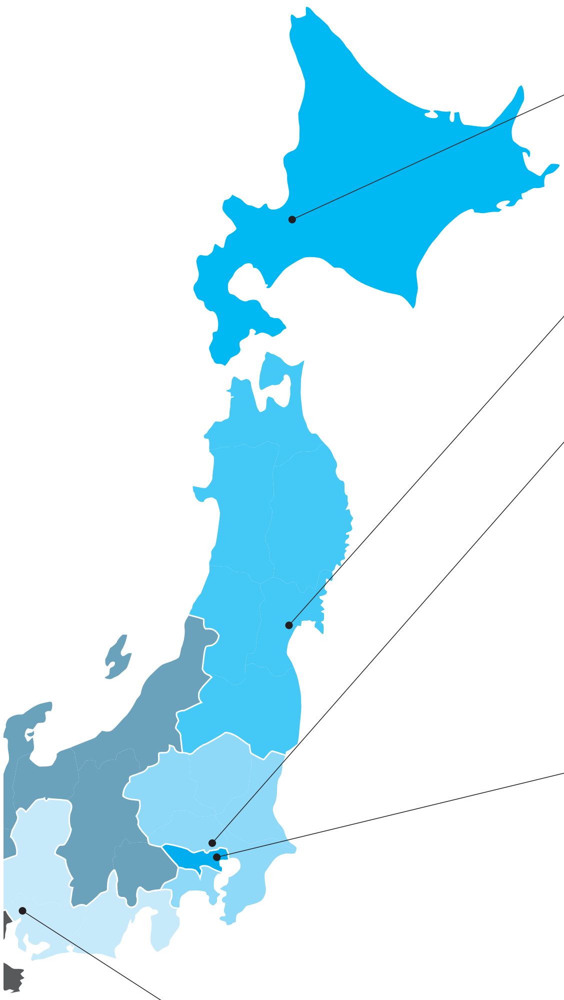
**Fukuoka Branch**

| DOMESTIC SUB-BRANCHES (ATM ONLY): | AS OF DECEMBER 1, 2012 |
|---|---|
| Tokyo Metro stations | 41 locations |
| Other train stations | 11 locations |
| Other | 52 locations |

| SHINSEI BANK CARD LOAN—LAKE UNSTAFFED BRANCHES | AS OF DECEMBER 1, 2012 |
|---|---|
| Shinsei Bank Card Loan—Lake unstaffed branches | 784 locations |

| ACCESS TO SEVEN BANK, LTD. ATMS | AS OF DECEMBER 1, 2012 |
|---|---|
| Access to Seven Bank, Ltd. ATMs | 16,022 locations |

AS OF DECEMBER 1, 2012



## HOKKAIDO

Sapporo Branch

## TOHOKU

Sendai Branch

## KANTO (EXCEPT TOKYO)

Head Office—Urawa Annex
Omiya Branch
Ikebukuro Branch—Kawaguchi Annex
Head Office—Chiba Annex
Kashiwa Branch
Tsudanuma Branch
Yokohama Branch
Yokohama Branch—Kawasaki Annex
Fujisawa Branch
Fujisawa Branch—Kamakura Annex

## TOKYO

Head Office
Tokyo Branch
Ginza Branch
Ikebukuro Branch
Ueno Branch
Kichijoji Branch
Shinjuku Branch
Roppongi Hills Branch
Roppongi Branch—Omotesando Hills Annex
Hiroo Branch
Futakotamagawa Branch
Futakotamagawa Branch—Jiyugaoka Annex
Hachioji Branch
Machida Branch

## TOKAI

Nagoya Branch

## STOCK INFORMATION

AS OF SEPTEMBER 30, 2012

### Shares Outstanding and Capital

1,000 shares, millions of yen

| Date | Shares outstanding: Change | Shares outstanding: Balance | Capital: Change | Capital: Balance | Capital surplus: Change | Capital surplus: Balance | Notes |
|---|---|---|---|---|---|---|---|
| July 29, 2003 | (1,358,537) | 2,033,065* | — | 451,296 | — | 18,558 | 2-for-1 reverse share split for common shares<br>Post reverse split common shares outstanding<br>1,358,537 thousand shares |
| July 31, 2006 | (99,966) | 1,933,098* | — | 451,296 | — | 18,558 | Use of call feature for<br>Series 3 Class-B preferred shares<br>Issuance of 200,033 thousand common shares<br>Retirement of Series 3 Class-B preferred shares<br>-300,000 thousand shares |
| November 16, 2006 | (85,000) | 1,848,098* | — | 451,296 | — | 18,558 | Cancellation of treasury shares (common)<br>-85,000 thousand shares |
| August 1, 2007 | (100,000) | 1,748,098* | — | 451,296 | — | 18,558 | Mandatory acquisition of<br>Series 3 Class-B preferred shares<br>Issuance of 200,000 thousand common shares<br>Retirement of Series 3 Class-B preferred shares<br>-300,000 thousand shares |
| February 4, 2008 | 117,647 | 1,865,746* | 25,000 | 476,296 | 25,000 | 43,558 | Third party allocation of shares (common shares)<br>Subscription price ¥425, par value ¥212.5 |
| March 31, 2008 | 194,600 | 2,060,346 | — | 476,296 | — | 43,558 | Use of call feature for<br>Series 2 Class-A preferred shares<br>Issuance of 269,128 thousand common shares<br>Retirement of Series 2 Class-A preferred shares<br>-74,528 thousand shares |
| March 15, 2011 | 690,000 | 2,750,346 | 35,907 | 512,204 | 35,907 | 79,465 | New shares issued through International Offering (common shares)<br>Subscription price ¥108, par value ¥52.04 |

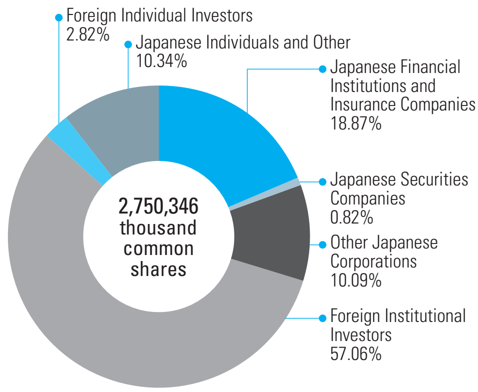
* Figure includes number of preferred shares outstanding

### Largest Shareholders(1)(2)

| Rank | Shareholders | Thousands of Common Shares | % |
|---|---|---|---|
| 1 | SATURN IV SUB LP (JPMCB 380111) | 342,840 | 12.46 |
| 2 | Deposit Insurance Corporation of Japan | 269,128 | 9.78 |
| 3 | THE RESOLUTION AND COLLECTION CORPORATION | 200,000 | 7.27 |
| 4 | GOLDMAN, SACHS & CO.REG | 145,852 | 5.30 |
| 5 | SATURN JAPAN III SUB C.V. (JPMCB 380113) | 110,449 | 4.01 |
| 6 | THE MASTER TRUST BANK OF JAPAN,LTD. (TRUST ACCOUNT) | 97,849 | 3.55 |
| 7 | SHINSEI BANK,LIMITED | 96,427 | 3.50 |
| 8 | J.CHRISTOPHER FLOWERS | 76,753 | 2.79 |
| 9 | UBS SECURITIES LLC–HFS CUSTOMER SEGREGATED ACCOUNT | 70,777 | 2.57 |
| 10 | JAPAN TRUSTEE SERVICE BANK,LTD. (TRUST ACCOUNT) | 67,198 | 2.44 |
| 11 | SSBT OD05 OMNIBUS ACCOUNT–TREATY CLIENTS | 62,603 | 2.27 |
| | Total (includes treasury shares) | 2,750,346 | 100.00 |

(1) As of September 30, 2012, a group of investors, including affiliates of J.C. Flowers & Co. LLC., holds 575,355,807 common shares or 21.67% of Shinsei's outstanding common shares, excluding treasury shares.
(2) As of September 30, 2012,in total, the Deposit Insurance Corporation and the Resolution and Collection Corporation hold 469,128,888 common shares or 17.67% of Shinsei's outstanding common shares, excluding treasury shares.

### Largest Shareholders(1)(2)

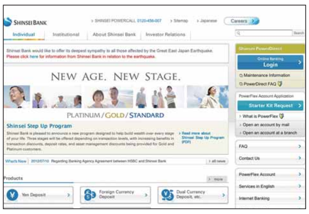



(1) "Japanese Financial Institutions and Insurance Companies" includes the Resolution and Collection Corporation.
(2) "Other Japanese Corporations" includes the Deposit Insurance Corporation.
(3) "Japanese Individuals and Other" includes treasury shares.

# WEBSITE

Our English and Japanese websites provide a wide range of corporate data as well as information for individual and institutional customers, and investors.

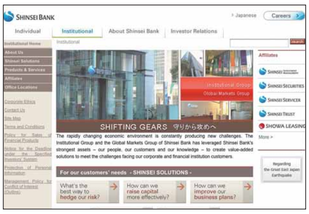
## INDIVIDUAL



http://www.shinseibank.com/english/

The website for individual customers provides information on our comprehensive retail account, *PowerFlex*. Customers can log on to our Internet banking service, Shinsei *PowerDirect*, submit requests for information on *PowerFlex* and apply to open an account. Product offerings, campaigns, branch and ATM information, and detailed explanations on foreign currency deposits and investment trusts are covered here.

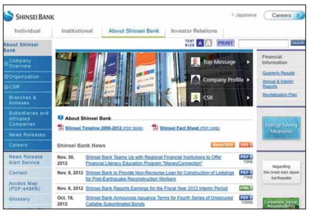
## INSTITUTIONAL



http://www.shinseibank.com/institutional/en/

This website provides information on our products, services and solutions for institutional customers. It also contains details of our branches and affiliates.

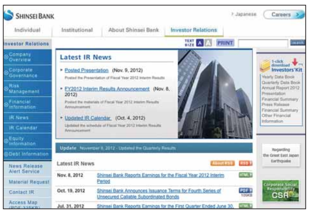
## ABOUT SHINSEI BANK



http://www.shinseibank.com/investors/en/about/

This website provides information on our corporate and management profiles, history, subsidiaries as well as CSR initiatives. It also contains news releases.

## INVESTOR RELATIONS



http://www.shinseibank.com/investors/en/ir/

The Investor Relations website contains a company and management overview, information on corporate governance, shareholders, financial information, IR news and an IR calendar. It also provides equity- and debt-related information.

For further information, please contact:

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URL: http://www.shinseibank.com  E-mail: Shinsei_IR@shinseibank.com