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 interim consolidated 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% unless otherwise noted.

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, the Institutional Group, the Global Markets Group and the 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 the retail banking business and the consumer finance business. We continue to improve the quality of our retail banking services to meet customer needs. In the consumer finance business, Shinsei launched an unsecured personal loan service directly through 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, 2013

We recognized consolidated net income of ¥27.2 billion for the six months ended September 30, 2013, ¥1.4 billion higher than ¥25.7 billion for the six months ended September 30, 2012. The fiscal year ending March 31, 2014 is the first year of our Second Medium-Term Management Plan, which was disclosed in March 2013. Results were robust, representing a 57% progression rate toward the full-year target of ¥48.0 billion set for the fiscal year ending March 31, 2014.

Total revenue was ¥100.2 billion for the six months ended September 30, 2013. Net interest income included in total revenue was ¥55.0 billion for the six months ended September 30, 2013, a decrease as compared to ¥56.1 billion for the six months ended September 30, 2012. This was due to the continuation of progress made in the First Medium-Term Management Plan at reducing noncore assets and due to the declining balance of consumer finance loans compared to the six months ended September 30, 2012, on account of the ongoing effects of the revised Money-Lending Business Control and Regulation Law, etc. However, the consumer finance loan balance has shifted to a growth trend since the fourth quarter of the fiscal year ended March 31, 2013, and the balance has continued to increase for the six months ended September 30, 2013. Noninterest income for the six months ended September 30, 2013 was ¥45.2 billion.

Regarding general and administrative expenses, excluding amortization of goodwill and intangible assets acquired in business combinations, ¥67.0 billion was recorded for the six months ended September 30, 2013, an increase compared to ¥64.7 billion for the six months ended September 30, 2012. This spending was the result of proactive allocation of management resources in areas necessary to expand our business base such as human resources and advertising.

Regarding net credit costs, there were no major provisions necessary as were recorded in the past due to efforts made at reducing underlying risk through the reduction in noncore assets. In addition, due to factors such as the reversal of reserves for loan losses upon the sale of nonperforming loans and improvements in loan quality in the consumer finance business, total net credit costs remained low at ¥0.3 billion, an improvement versus ¥6.2 billion recorded for the six months ended September 30, 2012.

Regarding performance of each business group, all groups continue to post steady ordinary business profits after net credit costs on and after the fiscal year ended March 31, 2013.

- In the Institutional Group, the expansion of the customer base continued with progress made in further differentiation of strategic areas aimed at strengthening earnings. Ordinary business profit after net credit costs was strong, increasing from ¥16.1 billion for the six months ended September 30,

OVERVIEW (CONTINUED)

2012, to ¥26.6 billion recorded for the six months ended September 30, 2013.

- The Global Markets Group continues to work to expand the customer base and to develop and provide products that meet the needs of customers. Ordinary business profit after net credit costs for the six months ended September 30, 2013 was ¥0.8 billion, down from ¥4.7 billion for the six months ended September 30, 2012 due to the combined effect of the absence of major collections on written-off claims, unlike the material impact recorded for the six months ended September 30, 2012, and sluggish growth of the total volume of market related-transactions.
- In the Individual Group, revenue decreased slightly as compared to the six months ended September 30, 2012 due to the declining balance of consumer finance loans on account of the ongoing effects of the revised Money-Lending Business Control and Regulation Law. However, the consumer finance loan balance shifted to a growth trend in the fourth quarter of the fiscal year ended March 31, 2013 and the balance has continued to grow for the six months ended September 30, 2013. Also, sales of investment products continued to be strong in the Retail Banking Business, and ordinary business profit after net credit costs of ¥10.8 billion was recorded for the six months ended September 30, 2013.

Balance of loans and bills discounted decreased from ¥4,292.4 billion as of March 31, 2013, to ¥4,208.6 billion as of September 30, 2013. In loans to individuals, housing loans continued to be strong, and the loan balance of consumer finance shifted to a growth trend in the fourth quarter of the fiscal year ended March 31, 2013, and the balance continued to grow for the six months ended September 30, 2013. On the other hand, there continues to be stiff competition to meet demand for financing in loans to institutional customers, and the balance has decreased somewhat due to collections on nonperforming loans.

Net interest margin was 2.03% for the six months ended September 30, 2013, a decrease as compared to 2.08% for the six months ended September 30, 2012. This was mainly due to the decrease in the balance of relatively high interest rate consumer finance loans resulting in a decrease in the yield on interest-earning assets compared to the six months ended September 30, 2012. However, a portion of high interest rate time deposits made in previous years have reached maturity, lowering expenses associated with interest-bearing liabilities such as deposits and negotiable certificates of deposit, which mitigated the decrease in the net interest margin. It should be noted that net interest margin has improved from 2.02% recorded for the fiscal year ended March 31, 2013.

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, 2013, which resulted in improvement of the total capital adequacy ratio and Tier I capital ratio on a consolidated basis, to 14.1% and 12.0%, respectively, as of September 30, 2013, compared to 12.2% and 10.4% as of March 31, 2013.

Balance of nonperforming loans under the Financial Revitalization Law totaled ¥201.9 billion as of September 30, 2013, a decrease of ¥40.6 billion during the six months ended September 30, 2013, mainly due to sales and collections of nonperforming loans. The ratio of nonperforming loans to the balance of total claims improved from 5.3% as of March 31, 2013 to 4.8% as of September 30, 2013.

SIGNIFICANT EVENTS

ESTABLISHMENT OF THE SHINSEI PRINCIPAL INVESTMENTS GROUP

On July 1, 2013, the "Shinsei Principal Investments Group" was established through the integration of the consolidated subsidiaries Shinsei Principal Investments Ltd., Shinsei Corporate Investment Limited, Shinsei Investment & Finance Limited, and Shinsei Servicing & Consulting Limited, which come under the umbrella of Shinsei Principal Investments Ltd. In line with the fundamental strategy of the Second Medium-Term Management Plan commenced in April 2013, the Bank has decided to transfer the key functions of the credit trading and the private equity business from the Principal Transactions Sub-Group of the Bank to the Shinsei Principal Investments Group in order to further strengthen consolidated subsidiaries through restructuring with the aim of deploying a new financial solutions business. Through this restructuring, the Bank seeks to upgrade its ability to flexibly respond to the needs of customers, while at the same time maximizing the profit of our earnings.

ISSUANCE OF UNSECURED CALLABLE SUBORDINATED BONDS

On June 7, 2013, Shinsei issued unsecured callable subordinated bonds of ¥10.0 billion to retail investors in Japan. On December 6, 2013, Shinsei announced the issuance of unsecured callable subordinated bonds of ¥15.0 billion to retail investors in Japan.

SELECTED FINANCIAL DATA (CONSOLIDATED)

Shinsei Bank, Limited and its Consolidated Subsidiaries

As of and for the six months ended September 30, 2013 and 2012, and as of and for the fiscal year ended March 31, 2013

Billions of yen (except per share data and percentages)

	Sept. 30, 2013 (6 months)	Sept. 30, 2012 (6 months)	Mar. 31, 2013 (1 year)
Statements of income data:			
Net interest income	**¥ 55.0**	¥ 56.1	¥ 111.6
Net fees and commissions	**11.6**	8.7	19.1
Net trading income	**6.9**	9.5	20.0
Net other business income	**26.5**	29.5	48.1
Total revenue	**100.2**	104.1	199.0
General and administrative expenses	**67.0**	64.7	130.9
Amortization of goodwill and intangible assets acquired in business combinations	**5.1**	5.6	10.8
Total general and administrative expenses	**72.2**	70.4	141.7
Net credit costs	**0.3**	6.2	5.5
Other gains (losses), net	**(0.1)**	0.5	2.1
Income before income taxes and minority interests	**27.6**	27.9	53.8
Current income tax	**1.8**	0.8	0.5
Deferred income tax	**(3.1)**	(0.4)	(1.3)
Minority interests in net income of subsidiaries	**1.6**	1.7	3.5
Net income	**¥ 27.2**	¥ 25.7	¥ 51.0
Balance sheet data:			
Trading assets	**¥ 318.1**	¥ 217.9	¥ 287.9
Securities	**1,794.7**	2,003.4	1,842.3
Loans and bills discounted	**4,208.6**	4,281.9	4,292.4
Customers' liabilities for acceptances and guarantees	**453.0**	550.2	511.0
Reserve for credit losses	**(143.9)**	(171.9)	(161.8)
Total assets	**8,905.5**	8,882.5	9,029.3
Deposits, including negotiable certificates of deposit	**5,753.4**	5,374.6	5,457.5
Debentures	**45.8**	277.6	262.3
Trading liabilities	**273.5**	158.2	240.0
Borrowed money	**619.3**	718.3	719.2
Acceptances and guarantees	**453.0**	550.2	511.0
Total liabilities	**8,198.5**	8,235.2	8,345.6
Common stock	**512.2**	512.2	512.2
Total equity	**706.9**	647.2	683.6
Total liabilities and equity	**¥ 8,905.5**	¥ 8,882.5	¥ 9,029.3
Per share data:			
Common equity[(1)]	**¥ 242.90**	¥ 220.70	¥ 233.65
Basic net income	**10.26**	9.70	19.24
Diluted net Income	**10.26**	—	—
Capital adequacy data:			
Total capital adequacy ratio	**14.1%**	11.7%	12.2%
Tier I capital ratio	**12.0%**	9.8%	10.4%
Average balance data:			
Securities	**¥ 1,937.4**	¥ 1,886.7	¥ 2,014.3
Loans and bills discounted	**4,264.8**	4,185.6	4,246.2
Total assets	**8,967.4**	8,746.1	8,819.5
Interest-bearing liabilities	**7,367.6**	6,791.5	7,054.0
Total liabilities	**8,272.1**	8,108.6	8,163.8
Total equity	**695.3**	637.4	655.6
Other data:			
Return on assets	**0.6%**	0.6%	0.6%
Return on equity[(1)]	**8.6%**	8.9%	8.6%
Ratio of deposits, including negotiable certificates of deposit, to total liabilities	**70.2%**	65.3%	65.4%
Expense-to-revenue ratio[(2)]	**66.9%**	62.2%	65.8%
Nonperforming claims, non-consolidated	**¥ 201.9**	¥ 274.6	¥ 242.6
Ratio of nonperforming claims to total claims, non-consolidated	**4.8%**	6.2%	5.3%
Net deferred tax assets	**¥ 18.7**	¥ 15.5	¥ 16.3
Net deferred tax assets as a percentage of Tier I capital	**2.9%**	2.7%	2.7%

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 its Consolidated Subsidiaries

For the six months ended September 30, 2013	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	¥ 1.7
Associated deferred tax income	(0.6)
Amortization of goodwill	3.4
Total amortization of goodwill and intangible assets acquired in business combinations, net of tax benefit	¥ 4.5
Reconciliation of net income to cash basis net income[1]	
Net income	¥ 27.2
Amortization of goodwill and intangible assets acquired in business combinations, net of tax benefit	4.5
Cash basis net income	¥ 31.7
Reconciliation of basic net income per share to cash basis basic net income per share	
Basic net income per share	¥ 10.26
Effect of amortization of goodwill and intangible assets acquired in business combinations, net of tax benefit	1.69
Cash basis basic net income per share	¥ 11.96
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	8.6%
Effect of amortization of goodwill and intangible assets acquired in business combinations, net of tax benefit	1.4%
Cash basis return on equity	10.0%
Reconciliation of return on equity to return on tangible equity	
Return on equity	8.6%
Effect of goodwill and intangible assets acquired in business combinations	2.1%
Return on tangible equity[2]	10.7%

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 ¥100.2 billion for the six months ended September 30, 2013, consisting of net interest income of ¥55.0 billion and non-interest income of ¥45.2 billion. This represented a decrease as compared to total revenue of ¥104.1 billion for the six months ended September 30, 2012. However, it was an increase as compared to ¥94.9 billion for the six months ended March 31, 2013, and represents a progression of approximately 47% to the target of ¥215.0 billion for the fiscal year ending March 31, 2014 established in the Second Medium-Term Management Plan. This was mainly due to the creation of fundamental frameworks from a financial and operational aspect being mostly complete, which resulted in almost no impact from non recurring losses such as impairments.

NET INTEREST INCOME

Net interest income of ¥55.0 billion was recorded for the six months ended September 30, 2013, which represents a progression of approximately 48% to the target of ¥115.0 billion for the fiscal year ending March 31, 2014 established in the Second Medium-Term Management Plan. This was a decrease as compared to ¥56.1 billion for the six months ended September 30, 2012, mainly due to the reduction in noncore assets, and the lower balance of consumer finance loans. However, the consumer finance loan balance shifted to a growth trend in the fourth quarter of the fiscal year ended March 31, 2013 and continued to grow for the six months ended September 30, 2013, and the housing loan balance continued to grow. Net interest income for the Institutional Group was almost at the same level as that of the six months ended September 30, 2012.

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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, 2013			Six months ended September 30, 2012		
	Average Balance	**Interest**	**Yield/Rate[4]**	Average Balance	Interest	Yield/Rate[4]
Interest-earning assets:						
Loans and bills discounted	**¥ 4,264.8**	**¥ 62.7**	**2.94%**	¥ 4,185.6	¥ 64.7	3.08%
Lease receivables and leased investment assets/ installment receivables	**591.1**	**17.8**	**6.03**	563.4	17.6	6.24
Securities	**1,937.4**	**8.2**	**0.85**	1,886.7	8.6	0.91
Other interest-earning assets[1]	**421.4**	**1.5**	**n.m.[3]**	376.5	0.8	n.m.[3]
Total revenue on interest-earning assets (A)	**¥ 7,214.8**	**¥ 90.4**	**2.50%**	¥ 7,012.4	¥ 91.7	2.61%
Interest-bearing liabilities:						
Deposits, including negotiable certificates of deposit	**¥ 5,725.5**	**¥ 11.3**	**0.39%**	¥ 5,345.7	¥ 11.8	0.44%
Debentures	**85.2**	**0.1**	**0.28**	289.2	0.5	0.38
Borrowed money	**634.0**	**2.5**	**0.79**	608.8	2.6	0.85
Subordinated debt	**90.6**	**1.0**	**2.23**	93.0	0.9	2.07
Other borrowed money	**543.3**	**1.4**	**0.55**	515.8	1.6	0.64
Corporate bonds	**186.9**	**2.9**	**3.19**	164.0	2.5	3.09
Subordinated bonds	**166.9**	**2.8**	**3.43**	140.2	2.3	3.40
Other corporate bonds	**19.9**	**0.1**	**1.19**	23.7	0.1	1.25
Other interest-bearing liabilities[1]	**735.8**	**0.5**	**n.m.[3]**	383.6	0.4	n.m.[3]
Total expense on interest-bearing liabilities (B)	**¥ 7,367.6**	**¥ 17.5**	**0.47%**	¥ 6,791.5	¥ 17.9	0.53%
Net interest margin (A) - (B)	**—**	**—**	**2.03%**	—	—	2.08%
Non-interest-bearing sources of funds:						
Non-interest-bearing (assets) liabilities, net	**¥ (786.3)**	**—**	**—**	¥ (355.4)	—	—
Total equity excluding minority interest[2]	**633.6**	**—**	**—**	576.4	—	—
Total non-interest-bearing sources of funds (C)	**¥ (152.7)**	**—**	**—**	¥ 220.9	—	—
Total interest-bearing liabilities and non-interest-bearing sources of funds (D) = (B) + (C)	**¥ 7,214.8**	**¥ 17.5**	**0.48%**	¥ 7,012.4	¥ 17.9	0.51%
Net revenue on interest-earning assets/ yield on interest-earning assets (A) - (D)	**—**	**¥ 72.9**	**2.02%**	—	¥ 73.8	2.10%
Reconciliation of total revenue on interest-earning assets to total interest income						
Total revenue on interest-earning assets	**¥ 7,214.8**	**¥ 90.4**	**2.50%**	¥ 7,012.4	¥ 91.7	2.61%
Less: Income on lease transactions and installment receivables	**591.1**	**17.8**	**6.03**	563.4	17.6	6.24
Total interest income	**¥ 6,623.7**	**¥ 72.5**	**2.18%**	¥ 6,448.9	¥ 74.1	2.29%
Total interest expenses	**—**	**17.5**	**—**	—	17.9	—
Net interest income	**—**	**¥ 55.0**	**—**	—	¥ 56.1	—

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.
(4) Percentages have been rounded from the third decimal place.

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

Net interest margin of 2.03% was recorded for the six months ended September 30, 2013, compared to 2.08% for the six months ended September 30, 2012. This decrease was mainly due to factors such as the lower balance of relatively high-yield consumer finance loans compared to the six months ended September 30, 2012 resulting in a decrease in the yield on interest-earning assets. At the same time, rates on deposits including negotiable certificates of deposit have fallen from

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

0.44% for the six months ended September 30, 2012 to 0.39% for the six months ended September 30, 2013, due in part to the maturation of high-yield time deposits made in previous years. This, together with a reduction of interest rates on interest bearing liabilities, such as bonds due to declines in market interest rates, has softened the decrease in the net interest margin.

The revenue on interest-earning assets including leasing and installment accounts receivable for the six months ended September 30, 2013 was ¥72.9 billion, decreasing from ¥73.8 billion for the six months ended September 30, 2012. While the total expense on interest-bearing liabilities decreased by ¥0.4 billion from ¥17.9 billion for the six months ended September 30, 2012 to ¥17.5 billion for the six months ended September 30, 2013, this was offset by an even larger decrease in total revenue on interest-earning assets of ¥1.3 billion.

NET FEES AND COMMISSIONS

Net fees and commissions consisted mainly of revenues 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 insurance products. Partly due to an increase in fees from mutual funds and structured bonds in retail banking, net fees and commissions was ¥11.6 billion for the six months ended September 30, 2013, increasing from ¥8.7 billion for the six months ended September 30, 2012.

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, 2013	Six months ended September 30, 2012	% Change
Income from trading securities	**¥ 3.1**	¥ 1.5	103.1
Income (loss) from securities held to hedge trading transactions	**(0.8)**	(1.7)	49.7
Income from trading-related financial derivatives	**4.9**	9.8	(50.1)
Other, net	**(0.1)**	(0.0)	(588.5)
Net trading income	**¥ 6.9**	¥ 9.5	(27.0)

Net trading income includes revenues from derivatives associated with customer transactions, as well as those from proprietary trading. Net trading income of ¥6.9 billion was recorded for the six months ended September 30, 2013, a decline from ¥9.5 billion for the six months ended September 30, 2012.

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, 2013	Six months ended September 30, 2012	% Change
Net gain on monetary assets held in trust	**¥ 3.7**	¥ 4.7	(19.6)
Net gain on foreign exchanges	**2.2**	1.1	96.9
Net gain on securities	**0.0**	2.0	(97.6)
Net gain on other monetary claims purchased	**0.9**	1.2	(20.9)
Other, net:	**1.6**	2.8	(42.7)
Income (loss) from derivative transactions for banking purpose, net	**0.2**	(0.4)	166.4
Equity in net income of affiliates	**0.9**	1.2	(23.2)
Gain on lease cancellation and other lease income (loss), net	**0.9**	0.4	114.8
Other, net	**(0.6)**	1.4	(143.1)
Net other business income before income on lease transactions and installment receivables, net	**8.7**	11.9	(27.0)
Income on lease transactions and installment receivables, net	**17.8**	17.6	1.3
Net other business income	**¥ 26.5**	¥ 29.5	(10.1)

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

Net other business income of ¥26.5 billion was recorded for the six months ended September 30, 2013 as compared to ¥29.5 billion for the six months ended September 30, 2012. This was largely due to a loss of ¥1.4 billion incurred in the ALM business in the first quarter of the fiscal year ending March 31, 2014 on the sales of Japanese national government bonds made in order to avoid interest rate risk resulting from volatility in the market. However, income on lease transactions and installment receivables of ¥17.8 billion was recorded for the six months ended September 30, 2013, a slight increase compared to the six months ended September 30, 2012, as well as profits of ¥1.7 billion were recorded with regard to equity securities, including the gain on sale of private equities, for the six months ended September 30, 2013, compared to a loss of ¥0.1 billion for the six months ended September 30, 2012, somewhat softening the impact of losses related to the sale of Japanese national government bonds.

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, 2013	Six months ended September 30, 2012	% Change
Personnel expenses	**¥ 27.4**	¥ 26.1	4.9
Premises expenses	**9.7**	9.9	(1.8)
Technology and data processing expenses	**8.8**	8.6	2.3
Advertising expenses	**5.0**	4.3	14.4
Consumption and property taxes	**3.2**	3.3	(3.3)
Deposit insurance premium	**2.0**	2.1	(3.8)
Other general and administrative expenses	**10.6**	10.0	5.5
General and administrative expenses	**67.0**	64.7	3.5
Amortization of goodwill and intangible assets acquired in business combinations	**5.1**	5.6	(8.9)
Total general and administrative expenses	**¥ 72.2**	¥ 70.4	2.5

General and administrative expenses of ¥67.0 billion, excluding amortization of goodwill and intangible assets acquired in business combinations, for the six months ended September 30, 2013 represented a slight increase from ¥64.7 billion for the six months ended September 30, 2012. This was a result of prioritized allocation of management resources in relevant business areas in order to be able to smoothy expand our customer base further and to enhance our profitability, both of which are major strategic targets established in the Second Medium-Term Management Plan.

Personnel expenses of ¥27.4 billion for the six months ended September 30, 2013 increased from ¥26.1 billion for the six months ended September 30, 2012. We are looking to allocate additional personnel to each business area in order to expand our customer base and enhance our profitability.

Non personnel expenses of ¥39.5 billion for the six months ended September 30, 2013 increased from ¥38.5 billion for the six months ended September 30, 2012, as we have worked to rationalize expenses across all of our business lines through strict expense controls, while also investing in enhancing in our business infrastructure. Premises expenses of ¥9.7 billion were recorded for the six months ended September 30, 2013, more or less flat as compared to the six months ended September 30, 2012, reflecting our continuing efforts to streamline expenses. Technology and data processing expenses of ¥8.8 billion were recorded for the six months ended September 30, 2013 almost at the same level of those for the six months ended September 30, 2012, and investments to stabilize our information technology infrastructure are becoming fully realized. Advertising expenses of ¥5.0 billion were recorded for the six months ended September 30, 2013, an increase from ¥4.3 billion for the six months ended September 30, 2012, as we have actively expanded advertising activities with the aim of expanding our customer base. While, consumption tax costs arising from capital expenditures related to stabilization of our information technology infrastructure are expected in the future, consumption and property taxes for the six months ended September 30, 2013 were ¥3.2 billion, almost the same level as compared to the six months ended September 30, 2012. Deposit insurance premium expenses of ¥2.0 billion were recorded for the six months ended September 30, 2013, almost at the same level for the six months ended September 30, 2012. This was due to the average balance of deposits, etc. that form the basis for calculating our deposit insurance premium, which did not fluctuate drastically and the insurance premium rate which did not change.

Other general and administrative expenses of ¥10.6 billion

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

were recorded for the six months ended September 30, 2013, an increase from ¥10.0 billion for the six months ended September 30, 2012, due in part to temporary staff expenses in order to stabilize operation of our information technology systems.

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 finance and commercial finance companies totaled ¥5.1 billion for the six months ended September 30, 2013, down from ¥5.6 billion for the six months ended September 30, 2012. This reduction 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, 2013, 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, 2013	Six months ended September 30, 2012	% Change
Shinsei Financial	**¥ 3.4**	¥ 3.9	(13.5)
SHINKI	**(0.1)**	(0.1)	0.0
APLUS FINANCIAL	**0.4**	0.4	2.2
Showa Leasing	**1.4**	1.4	(3.1)
Others	**0.0**	(0.0)	25,117.0
Amortization of goodwill and intangible assets acquired in business combinations	**¥ 5.1**	¥ 5.6	(8.9)

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, 2013	Six months ended September 30, 2012	% Change
Losses on write-off or sales of loans	**¥ 1.7**	¥ 3.2	(46.6)
Net provision of reserve for loan losses:			
Net provision of general reserve for loan losses	**2.2**	0.7	199.8
Net provision of specific reserve for loan losses	**0.4**	8.3	(94.9)
Net provision of reserve for loan losses to restructuring countries	**—**	—	—
Subtotal	**2.6**	9.0	(70.7)
Net provision of specific reserve for other credit losses	**—**	(0.0)	100.0
Other credit costs (recoveries) relating to leasing business	**(0.0)**	(0.4)	84.0
Recoveries of written-off claims	**(3.9)**	(5.6)	29.6
Net credit costs	**¥ 0.3**	¥ 6.2	(94.3)

The principal components of net credit costs are provision or reversal of reserve for loan losses. 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 ¥0.3 billion were recorded for the six months ended September 30, 2013, as compared to net credit costs of ¥6.2 billion for the six months ended September 30, 2012. We were able to see an improvement in this area as large amount of provision of reserve for loan losses, as previous years, were not recorded due to the reduction in noncore assets aimed at limiting underlying risks, reversal of the reserve, and improvements in the credit quality of loans in our consumer finance operations.

For the six months ended September 30, 2013, recoveries of

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

written-off claims were ¥3.9 billion, compared to ¥5.6 billion for the six months ended September 30, 2012. Excluding recoveries of written-off claims, net credit costs have improved with ¥4.3 billion recorded for the six months ended September 30, 2013, an improvement compared to ¥11.9 billion recorded for the six months ended September 30, 2012.

Additionally, recoveries of written-off claims of ¥3.9 billion for the six months ended September 30, 2013 included ¥2.7 billion from Shinsei Financial, ¥0.5 billion from SHINKI, and ¥0.6 billion from Shinsei Bank (non-consolidated basis).

OTHER GAINS (LOSSES), NET

Other losses of ¥0.1 billion were recorded for the six months ended September 30, 2013, as compared to gains of ¥0.5 billion for the six months ended September 30, 2012. This was mainly due to ¥1.0 billion in impairment losses on fixed assets being recorded for the six months ended September 30, 2013, which were incurred due to the optimization of our branches and equipment to smoothly carry out the Second Medium-Term Management Plan.

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

	Billions of yen		
	Six months ended September 30, 2013	Six months ended September 30, 2012	% Change
Net gain (loss) on disposal of premises and equipment	**¥ (0.1)**	¥ 0.2	(160.6)
Pension-related costs	**—**	(0.0)	100.0
Gain on write-off of unclaimed debentures	**0.5**	0.2	95.7
Impairment losses on long-lived assets	**(1.0)**	(0.1)	(525.5)
Other, net	**0.5**	0.2	155.8
Total	**¥ (0.1)**	¥ 0.5	(120.2)

INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS

As a result of the foregoing, income before income taxes and minority interests totaled ¥27.6 billion for the six months ended September 30, 2013, as compared to ¥27.9 billion for the six months ended September 30, 2012.

INCOME TAXES (BENEFIT)

Current and deferred income taxes recorded a net benefit of ¥1.2 billion for the six months ended September 30, 2013, as compared to a net expense of ¥0.3 billion for the six months ended September 30, 2012.

MINORITY INTERESTS IN NET INCOME OF SUBSIDIARIES

Minority interests in net income of subsidiaries were ¥1.6 billion for the six months ended September 30, 2013. 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, 2013 were ¥1.7 billion, almost the same as the six months ended September 30, 2012.

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

	Billions of yen		
	Six months ended September 30, 2013	Six months ended September 30, 2012	% Change
Dividends on preferred securities (hybrid Tier I capital) issued by foreign SPCs	**¥ 1.5**	¥ 1.5	2.7
Others	**0.0**	0.2	(80.0)
Minority interests in net income of subsidiaries	**¥ 1.6**	¥ 1.7	(9.7)

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

NET INCOME

We recognized consolidated net income of ¥27.2 billion for the six months ended September 30, 2013, compared to consolidated net income of ¥25.7 billion for the six months ended September 30, 2012.

Consolidated cash basis net income for the six months ended September 30, 2013 was ¥31.7 billion, compared to ¥30.6 billion for the six months ended September 30, 2012. 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 accordance 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, 2013			Six months ended September 30, 2012		
	Reported-basis	**Reclassifications**	**Operating-basis**	Reported-basis	Reclassifications	Operating-basis
Revenue:						
Net interest income	**¥ 55.0**	**¥ —**	**¥ 55.0**	¥ 56.1	¥ —	¥ 56.1
Non-interest income	**45.2**	**—**	**45.2**	47.9	—	47.9
Total revenue	**100.2**	**—**	**100.2**	104.1	—	104.1
General and administrative expenses[1]	**67.0**	**(1.2)**	**65.8**	64.7	(0.9)	63.7
Amortization of goodwill and intangible assets acquired in business combinations[2]	**5.1**	**(5.1)**	**—**	5.6	(5.6)	—
Total general and administrative expenses	**72.2**	**(6.3)**	**65.8**	70.4	(6.6)	63.7
Net business profit/Ordinary business profit[2]	**28.0**	**6.3**	**34.4**	33.6	6.6	40.3
Net credit costs	**0.3**	**—**	**0.3**	6.2	—	6.2
Amortization of goodwill and intangible assets acquired in business combinations[2]	**—**	**5.1**	**5.1**	—	5.6	5.6
Other gains (losses), net[1]	**(0.1)**	**(1.2)**	**(1.3)**	0.5	(0.9)	(0.4)
Income before income taxes and minority interests	**27.6**	**—**	**27.6**	27.9	—	27.9
Income taxes and minority interests	**0.3**	**—**	**0.3**	2.1	—	2.1
Net income	**¥ 27.2**	**¥ —**	**¥ 27.2**	¥ 25.7	¥ —	¥ 25.7

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 our 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, 2013	Six months ended September 30, 2012	% Change
Institutional Group:			
Net interest income	**¥ 14.8**	¥ 14.5	2.6
Non-interest income	**21.0**	16.9	24.3
Total revenue	**35.9**	31.4	14.3
General and administrative expenses	**12.1**	12.0	0.9
Ordinary business profit	**23.8**	19.4	22.6
Net credit costs (recoveries)	**(2.8)**	3.3	(186.1)
Ordinary business profit after net credit costs (recoveries)	**¥ 26.6**	¥ 16.1	65.6
Global Markets Group:			
Net interest income	**¥ 1.9**	¥ 1.5	26.9
Non-interest income	**3.2**	6.0	(46.0)
Total revenue	**5.2**	7.6	(31.1)
General and administrative expenses	**4.4**	4.5	(3.5)
Ordinary business profit	**0.8**	3.0	(72.4)
Net credit costs (recoveries)	**(0.0)**	(1.7)	97.3
Ordinary business profit after net credit costs (recoveries)	**¥ 0.8**	¥ 4.7	(81.4)
Individual Group:			
Net interest income	**¥ 41.5**	¥ 43.0	(3.6)
Non-interest income	**21.4**	20.3	5.4
Total revenue	**63.0**	63.4	(0.7)
General and administrative expenses	**48.9**	46.9	4.3
Ordinary business profit	**14.0**	16.5	(14.7)
Net credit costs	**3.2**	4.3	(25.8)
Ordinary business profit after net credit costs	**¥ 10.8**	¥ 12.1	(10.7)
Corporate/Other[1]:			
Net interest income	**¥ (3.3)**	¥ (2.9)	(13.5)
Non-interest income	**(0.5)**	4.5	(112.9)
Total revenue	**(3.9)**	1.5	(349.8)
General and administrative expenses	**0.3**	0.2	45.8
Ordinary business profit (loss)	**(4.2)**	1.3	(424.1)
Net credit costs	**0.0**	0.2	(99.8)
Ordinary business profit (loss) after net credit costs	**¥ (4.2)**	¥ 1.0	(502.7)
Total:			
Net interest income	**¥ 55.0**	¥ 56.1	(2.0)
Non-interest income	**45.2**	47.9	(5.6)
Total revenue	**100.2**	104.1	(3.7)
General and administrative expenses	**65.8**	63.7	3.2
Ordinary business profit	**34.4**	40.3	(14.6)
Net credit costs	**0.3**	6.2	(94.3)
Ordinary business profit after net credit costs	**¥ 34.0**	¥ 34.0	0.1

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

INSTITUTIONAL GROUP

The Institutional Group consists of: 1) Institutional Business Sub-Group which provides financial products and services to corporate and public entities, and also provides structured finance businesses such as real estate finance and project finance, 2) Principal Transactions Sub-Group which covers credit trading and private equity business, 3) Showa Leasing and 4) Others including asset-backed investments.

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RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

The Structured Finance Sub-Group was integrated into the Institutional Business Sub-Group in a reorganization on April 1, 2013. Also, on July 1, 2013, the Shinsei Principal Investments Group was formed through the restructuring of Shinsei Corporate Investment Limited, Shinsei Investment & Finance Limited, and Shinsei Servicing & Consulting Limited, which come under the umbrella of Shinsei Principal Investments Ltd. and the Bank has transferred the front office operations of the key functions of the Principal Transactions Sub-Group of the credit trading and the private equity businesses to its subsidiaries.

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

	Billions of yen		
	Six months ended September 30, 2013	Six months ended September 30, 2012	% Change
Institutional Business Sub-Group—Institutional Business[1]:			
Net interest income	**¥ 4.8**	¥ 4.9	(1.3)
Non-interest income	**1.9**	1.5	24.7
Total revenue	**6.8**	6.4	4.9
General and administrative expenses	**3.1**	3.1	(0.3)
Ordinary business profit	**3.7**	3.3	9.9
Net credit costs (recoveries)	**0.7**	(1.7)	142.3
Ordinary business profit after net credit costs (recoveries)	**¥ 2.9**	¥ 5.1	(42.4)
Institutional Business Sub-Group—Structured Finance[1]:			
Net interest income	**¥ 8.8**	¥ 9.1	(2.4)
Non-interest income	**3.9**	1.4	181.1
Total revenue	**12.8**	10.5	22.0
General and administrative expenses	**2.4**	2.4	(0.1)
Ordinary business profit	**10.4**	8.1	28.6
Net credit costs (recoveries)	**(3.4)**	3.9	(186.3)
Ordinary business profit after net credit costs (recoveries)	**¥ 13.8**	¥ 4.1	237.7
Principal Transactions Sub-Group:			
Net interest income	**¥ 2.2**	¥ 1.9	14.0
Non-interest income	**7.3**	5.6	29.4
Total revenue	**9.6**	7.6	25.4
General and administrative expenses	**2.1**	1.9	13.6
Ordinary business profit	**7.4**	5.7	29.3
Net credit costs	**0.0**	0.0	(45.9)
Ordinary business profit after net credit costs	**¥ 7.4**	¥ 5.6	30.6
Showa Leasing:			
Net interest income	**¥ (1.3)**	¥ (1.4)	5.0
Non-interest income	**8.1**	7.7	4.3
Total revenue	**6.7**	6.3	6.4
General and administrative expenses	**3.8**	3.8	0.4
Ordinary business profit	**2.9**	2.5	15.4
Net credit costs (recoveries)	**(1.8)**	(0.3)	(425.6)
Ordinary business profit after net credit costs (recoveries)	**¥ 4.8**	¥ 2.9	65.7
Others:			
Net interest income	**¥ 0.1**	¥ (0.1)	236.0
Non-interest income	**(0.2)**	0.5	(152.1)
Total revenue	**(0.0)**	0.3	(124.5)
General and administrative expenses	**0.6**	0.7	(19.5)
Ordinary business profit (loss)	**(0.7)**	(0.3)	(93.7)
Net credit costs	**1.6**	1.3	23.3
Ordinary business profit (loss) after net credit costs	**¥ (2.3)**	¥ (1.7)	(38.4)
Institutional Group:			
Net interest income	**¥ 14.8**	¥ 14.5	2.6
Non-interest income	**21.0**	16.9	24.3
Total revenue	**35.9**	31.4	14.3
General and administrative expenses	**12.1**	12.0	0.9
Ordinary business profit	**23.8**	19.4	22.6
Net credit costs (recoveries)	**(2.8)**	3.3	(186.1)
Ordinary business profit after net credit costs (recoveries)	**¥ 26.6**	¥ 16.1	65.6

Note: (1) Results for Shipping finance is included in "Institutional Business Sub-Group—Structured Finance," formerly shown in "Institutional Business Sub-Group—Institutional Business," in line with the organizational change on April 1, 2013.

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

The Institutional Group business recorded total revenue of ¥35.9 billion for the six months ended September 30, 2013, an increase compared to ¥31.4 billion for the six months ended September 30, 2012, as the progress made during the First Medium-Term Management Plan towards rebuilding our customer base and stabilizing our profitability steadily began yielding results and led to a stronger performance. Net interest income was ¥14.8 billion for the six months ended September 30, 2013, an increase from ¥14.5 billion for the six months ended September 30, 2012. Non-interest income was ¥21.0 billion for the six months ended September 30, 2013, an increase from ¥16.9 billion for the six months ended September 30, 2012.

In the Institutional Business Sub-Group, a sub-group under the Institutional Group, total revenue was ¥6.8 billion for the six months ended September 30, 2013, versus ¥6.4 billion for the six months ended September 30, 2012. Efforts continue to be made to identify new outlets for corporate lending and increasing the loan balance, with continuous cross selling, focusing on the development and provision of financial products and services tailored to the needs of our customers in order to further expand our client base. Structured Finance recorded total revenue of ¥12.8 billion for the six months ended September 30, 2013, as compared to ¥10.5 billion for the six months ended September 30, 2012. The increase was mainly due to fee income earned related to institutional real estate such as REITs and the undertaking of new credit in specialty finance.

The Principal Transactions Sub-Group recorded total revenue of ¥9.6 billion for the six months ended September 30, 2013, an increase from ¥7.6 billion for the six months ended September 30, 2012. The performance continued to be stable mainly due to continued domestic credit trading operations efforts, and ¥0.9 billion of capital gains on sales of private equity investments was also recorded. In addition, impairment on private equity investment was less than ¥0.1 billion for the six months ended September 30, 2013, which was ¥0.6 billion for the six months ended September 30, 2012.

Total revenue at Others of the Institutional Group was a loss less than ¥0.1 billion for the six months ended September 30, 2013, compared to again of ¥0.3 billion in total revenue for the six months ended September 30, 2012. The impact on the profit and loss is becoming limited due to continuous reduction of noncore assets.

General and administrative expenses were ¥12.1 billion for the six months ended September 30, 2013, an increase from ¥12.0 billion for the six months ended September 30, 2012. While the Group continued efforts to improve efficiency, expenses were up very slightly due to investment of management resources in strategic focus areas to increase headcount and to expand the business base in order to strengthen profitability.

Net credit recoveries of ¥2.8 billion were recorded for the six months ended September 30, 2013, as compared to net credit costs of ¥3.3 billion for the six months ended September 30, 2012. Net credit costs remained improved at the Institutional Group, as a large amount of provision of reserve for loan losses were not recorded due to reduction of noncore assets aimed at limiting potential risks in our First Medium-Term Management Plan. In addition, the creditworthiness of some accounts improved, and there were some reversals of reserve for loan losses due to the sale of nonperforming loans, resulting in an overall improvement in net credit costs of the Institutional Group.

As a result, the Institutional Group recorded an ordinary business profit after net credit costs of ¥26.6 billion for the six months ended September 30, 2013, an increase from ¥16.1 billion for the six months ended September 30, 2012.

Showa Leasing recorded ¥4.8 billion of ordinary business profit after net credit costs for the six months ended September 30, 2013, an increase as compared to ¥2.9 billion for the six months ended September 30, 2012. Total revenue was ¥6.7 billion for the six months ended September 30, 2013, steady as compared to ¥6.3 billion for the six months ended September 30, 2012. Net credit recoveries were ¥1.8 billion for the six months ended September 30, 2013, compared to ¥0.3 billion for the six months ended September 30, 2012, due to improvements in credit quality of loans and the progression of collections.

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

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 which covers asset management, wealth management, and Shinsei Securities' businesses.

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, 2013	Six months ended September 30, 2012	% Change
Financial Institutions Sub-Group:			
Net interest income	**¥ 0.8**	¥ 0.8	(2.6)
Non-interest income	**0.8**	1.6	(44.3)
Total revenue	**1.7**	2.4	(30.0)
General and administrative expenses	**1.0**	1.1	(10.9)
Ordinary business profit	**0.6**	1.2	(47.7)
Net credit costs (recoveries)	**0.0**	(1.3)	104.1
Ordinary business profit after net credit costs (recoveries)	**¥ 0.6**	¥ 2.6	(76.8)
Markets Sub-Group:			
Net interest income	**¥ 1.1**	¥ 0.6	71.0
Non-interest income	**0.9**	3.3	(72.3)
Total revenue	**2.0**	4.0	(48.6)
General and administrative expenses	**1.6**	1.6	(0.1)
Ordinary business profit	**0.4**	2.4	(80.5)
Net credit costs (recoveries)	**(0.0)**	(0.1)	61.5
Ordinary business profit after net credit costs (recoveries)	**¥ 0.5**	¥ 2.5	(79.6)
Others:			
Net interest income	**¥ 0.0**	¥ 0.0	(88.1)
Non-interest income	**1.4**	1.0	36.0
Total revenue	**1.4**	1.1	31.1
General and administrative expenses	**1.7**	1.7	(1.6)
Ordinary business profit (loss)	**(0.2)**	(0.6)	55.5
Net credit costs (recoveries)	**(0.0)**	(0.2)	78.1
Ordinary business profit (loss) after net credit costs (recoveries)	**¥ (0.2)**	¥ (0.4)	43.6
Global Markets Group:			
Net interest income	**¥ 1.9**	¥ 1.5	26.9
Non-interest income	**3.2**	6.0	(46.0)
Total revenue	**5.2**	7.6	(31.1)
General and administrative expenses	**4.4**	4.5	(3.5)
Ordinary business profit	**0.8**	3.0	(72.4)
Net credit costs (recoveries)	**(0.0)**	(1.7)	97.3
Ordinary business profit after net credit costs (recoveries)	**¥ 0.8**	¥ 4.7	(81.4)

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

The Global Markets Group generated total revenue of ¥5.2 billion for the six months ended September 30, 2013, compared to ¥7.6 billion for the six months ended September 30, 2012. The Group continued efforts to expand its customer base, as well as developing and providing financial products which meet customers' needs, however total revenue decreased due to sluggish growth in the total volume of customer transactions and market related-transactions.

The Financial Institutions Sub-Group's total revenue was ¥1.7 billion for the six months ended September 30, 2013, compared to ¥2.4 billion for the six months ended September 30, 2012. For the six months ended September 30, 2013, the Sub-Group promoted business alliances utilizing their well developed network with financial institutions, while striving to promote sales providing various products and transactions in line with customers' needs. However, growth in revenue from transactions with customers was sluggish, and total revenue decreased compared to the six months ended September 30, 2012.

The Markets Sub-Group similarly experienced sluggish growth in revenue from transactions with customers and market related transactions, and total revenue decreased to ¥2.0 billion for the six months ended September 30, 2013, a decline from ¥4.0 billion for the six months ended September 30, 2012.

Total revenue at Others of the Global Markets Group was ¥1.4 billion for the six months ended September 30, 2013, an increase as compared to ¥1.1 billion for the six months ended September 30, 2012.

The Global Markets Group recorded ¥4.4 billion of general and administrative expenses for the six months ended September 30, 2013, compared to ¥4.5 billion for the six months ended September 30, 2012. While the allocation of resources to relevant business areas for rebuilding the client base was prioritized, continuous cost rationalization was implemented across the Group. As a result, expenses decreased slightly as compared to the six months ended September 30, 2012.

Net credit recoveries were less than ¥0.1 billion for the six months ended September 30, 2013, compared to net credit recoveries of ¥1.7 billion for the six months ended September 30, 2012. The Group's performance in this area in the six months ended September 30, 2012 was due to the collection of written-off claims and the recording of major credit recoveries.

As a result, the Global Markets Group recorded ¥0.8 billion of ordinary business profit after net credit costs for the six months ended September 30, 2013, compared to ¥4.7 billion for the six months ended September 30, 2012.

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. In addition, the foreign remittance service "GoRemit Shinsei Overseas Remittance Service" which was acquired from Lloyds TSB Bank on March 1, 2013, is included in Retail Banking.

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

	Billions of yen		
	Six months ended September 30, 2013	Six months ended September 30, 2012	% Change
Retail Banking:	**¥ 16.8**	¥ 16.7	0.7
Deposits and Debentures Net Interest Income	**8.0**	9.1	(12.9)
Deposits and Debentures Non-Interest Income	**1.5**	1.9	(20.8)
Asset management	**2.7**	2.0	32.7
Loans	**4.5**	3.4	29.5
Shinsei Financial and Shinsei Bank Lake[1]	**18.8**	19.0	(1.1)
SHINKI	**3.0**	3.2	(6.9)
APLUS FINANCIAL	**23.4**	23.5	(0.8)
Others[2]	**0.8**	0.8	7.1
Total revenue	**¥ 63.0**	¥ 63.4	(0.7)

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

Individual Group's ordinary business profit after net credit costs was ¥10.8 billion for the six months ended September 30, 2013, compared to ¥12.1 billion for the six months ended September 30, 2012.

RETAIL BANKING

Total revenue of Retail Banking went from ¥16.7 billion for the six months ended September 30, 2012, to ¥16.8 billion for the six months ended September 30, 2013. Net interest income totaled ¥12.7 billion for the six months ended September 30, 2013, compared to ¥13.1 billion for the six months ended September 30, 2012. The disbursement of new housing loans remained strong, resulting in a net increase of the loan balance, and revenue also increased. However, net interest income from deposits including liquid deposits decreased due to a decline in market interest rates. As a result, overall net interest income decreased compared to the six months ended September 30, 2012. Non-interest income increased to ¥4.0 billion for the six months ended September 30, 2013, as compared to ¥3.5 billion for the six months ended September 30, 2012. As a result of offering new products that meet the needs of customers in a timely manner, sales of investment products are progressing steadily and are continuing to grow from the six months ended March 31, 2013.

General and administrative expenses were ¥16.1 billion for the six months ended September 30, 2013, an increase as compared to ¥15.3 billion for the six months ended September 30, 2012, due to measures taken to smoothly carry out the Second Medium-Term Management Plan. However, we have implemented various rationalization and efficiency measures, such as reconsidering the unit price for advertising.

Net credit costs were ¥0.1 billion for the six months ended September 30, 2013. Net credit recoveries were less than ¥0.1 billion for the six months ended September 30, 2012. As a result, ordinary business profit after net credit costs was ¥0.5 billion for the six months ended September 30, 2013, compared to ¥1.3 billion for the six months ended September 30, 2012.

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, 2013	Six months ended September 30, 2012	% Change
Retail Banking:			
Net interest income	**¥ 12.7**	¥ 13.1	(3.1)
Non-interest income	**4.0**	3.5	14.9
Total revenue	**16.8**	16.7	0.7
General and administrative expenses	**16.1**	15.3	5.0
Ordinary business profit	**0.6**	1.3	(48.5)
Net credit costs (recoveries)	**0.1**	(0.0)	591.6
Ordinary business profit after net credit costs (recoveries)	**¥ 0.5**	¥ 1.3	(61.1)
Shinsei Financial and Shinsei Bank Lake[1]:			
Net interest income	**¥ 20.8**	¥ 20.7	0.4
Non-interest income	**(1.9)**	(1.6)	(18.3)
Total revenue	**18.8**	19.0	(1.1)
General and administrative expenses	**13.1**	12.6	3.5
Ordinary business profit	**5.7**	6.4	(10.2)
Net credit costs (recoveries)	**(0.4)**	0.9	(143.1)
Ordinary business profit after net credit costs (recoveries)	**¥ 6.1**	¥ 5.4	14.1
SHINKI:			
Net interest income	**¥ 3.3**	¥ 3.5	(6.7)
Non-interest income	**(0.2)**	(0.3)	4.6
Total revenue	**3.0**	3.2	(6.9)
General and administrative expenses	**2.0**	1.9	8.0
Ordinary business profit	**0.9**	1.3	(28.3)
Net credit costs	**0.1**	0.0	362.5
Ordinary business profit after net credit costs	**¥ 0.7**	¥ 1.2	(41.1)
APLUS FINANCIAL:			
Net interest income	**¥ 3.9**	¥ 4.9	(20.6)
Non-interest income	**19.4**	18.6	4.5
Total revenue	**23.4**	23.5	(0.8)
General and administrative expenses	**17.2**	16.6	3.4
Ordinary business profit	**6.1**	6.8	(10.8)
Net credit costs	**3.3**	3.4	(0.6)
Ordinary business profit after net credit costs	**¥ 2.7**	¥ 3.4	(20.9)
Others[2]:			
Net interest income	**¥ 0.7**	¥ 0.6	4.5
Non-interest income	**0.1**	0.1	24.4
Total revenue	**0.8**	0.8	7.1
General and administrative expenses	**0.3**	0.2	28.1
Ordinary business profit	**0.5**	0.5	(2.0)
Net credit costs (recoveries)	**(0.0)**	(0.0)	(155.3)
Ordinary business profit after net credit costs (recoveries)	**¥ 0.6**	¥ 0.5	4.3
Individual Group:			
Net interest income	**¥ 41.5**	¥ 43.0	(3.6)
Non-interest income	**21.4**	20.3	5.4
Total revenue	**63.0**	63.4	(0.7)
General and administrative expenses	**48.9**	46.9	4.3
Ordinary business profit	**14.0**	16.5	(14.7)
Net credit costs	**3.2**	4.3	(25.8)
Ordinary business profit after net credit costs	**¥ 10.8**	¥ 12.1	(10.7)

Notes: (1) Results for Shinsei Financial and Shinsei Bank Lake in the Lake business (started on October 1, 2011) are combined on a management accounting basis.
(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 ¥6.1 billion for the six months ended September 30, 2013, compared to ¥5.4 billion for the six months ended September 30, 2012.

Total revenue was ¥18.8 billion for the six months ended September 30, 2013, compared to ¥19.0 billion for the six months ended September 30, 2012, as the loan balance continued to decrease due to the ongoing effects of the revised Money-Lending Business Control and Regulation Law. However, total revenue is up from ¥18.5 billion for the six months ended March 31, 2013. The combined loan balances at Shinsei Financial and Shinsei Bank Lake have grown since the fourth quarter of the fiscal year ended March 31, 2013, and the balance (total balance including consumer finance operations conducted within the Bank) has grown by ¥8.8 billion from March 31, 2013 to September 30, 2013.

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, and credit quality continues to improve due to the income-linked borrowing limitation regulation implemented in 2010. When including recoveries of written-off claims, net credit recoveries of ¥0.4 billion were recorded for the six months ended September 30, 2013, as compared to net credit costs of ¥0.9 billion recorded for the six months ended September 30, 2012.

SHINKI

The ordinary business profit after net credit costs of SHINKI was ¥0.7 billion for the six months ended September 30, 2013, compared to ¥1.2 billion for the six months ended September 30, 2012. Similar to Shinsei Financial, SHINKI's total revenue also decreased due to the revised Money-Lending Business Control and Regulation Law. However, the rate of decline has slowed.

APLUS FINANCIAL

The ordinary business profit after net credit costs of APLUS FINANCIAL amounted to ¥2.7 billion for the six months ended September 30, 2013, compared to ¥3.4 billion for the six months ended September 30, 2012. Net interest income as a part of total revenue decreased to ¥3.9 billion for the six months ended September 30, 2013, compared to ¥4.9 billion for the six months ended September 30, 2012 due to the decrease in the disbursement of loans following the implementation of the revised Money-Lending Business Control and Regulation Law. Non-interest income increased to ¥19.4 billion for the six months ended September 30, 2013, compared to ¥18.6 billion for the six months ended September 30, 2012, as a result of a steady increase in volume in the installment sales credit and settlement business. While continuing to pursue rationalization and efficient business processes, general and administrative expenses increased to ¥17.2 billion for the six months ended September 30, 2013, from ¥16.6 billion for the six months ended September 30, 2012, due to an increase in temporary staff expenses to ensure the stable operation of the IT system. Net credit costs were ¥3.3 billion for the six months ended September 30, 2013 compared to ¥3.4 billion for the six months ended September 30, 2012.

INTEREST REPAYMENT

While no provision of reserve for losses on interest repayments was recorded for the six months ended September 30, 2013 and 2012, respectively, the usage of the reserve for the six months ended September 30, 2013 has decreased compared to the six months ended September 30, 2012 at Shinsei Financial, SHINKI, and APLUS FINANCIAL.

Shinsei Financial's usage of reserve for losses on interest repayments and reversal of the reserve amounted to ¥2.2 billion for the six months ended September 30, 2013, compared to ¥2.6 billion for the six months ended September 30, 2012. No provision of the reserve was recorded for the six months ended September 30, 2013 and the outstanding balance of the reserve was ¥19.1 billion as of September 30, 2013, compared to ¥21.3 billion as of March 31, 2013. Losses on interest repayments at Shinsei Financial have been recorded for the portion of the portfolio not covered by the indemnity from GE Japan Holdings Co., Ltd. ("GE") included in the purchase agreement of Shinsei Financial.

SHINKI's usage of reserve for losses on interest repayments amounted to ¥2.4 billion for the six months ended September 30, 2013, compared to ¥3.6 billion for the six months ended September 30, 2012. No provision of the reserve was recorded for the six months ended September 30, 2013 and the outstanding balance of the reserve was ¥5.3 billion as of September 30, 2013, compared to ¥7.8 billion as of March 31, 2013.

APLUS FINANCIAL's and its consolidated subsidiaries' usage of reserve for losses on interest repayments amounted to ¥1.6 billion for the six months ended September 30, 2013, compared to ¥3.0 billion for the six months ended September 30, 2012. No provision of the reserve was recorded for the six months ended September 30, 2013 and the outstanding balance of the reserve was ¥4.1 billion as of September 30, 2013, compared to ¥5.7 billion as of March 31, 2013.

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, 2013	Six months ended September 30, 2012	% Change
Treasury Sub-Group:			
Net interest income	**¥ (1.7)**	¥ (1.6)	(2.9)
Non-interest income	**(0.7)**	4.3	(117.6)
Total revenue	**(2.5)**	2.6	(195.0)
General and administrative expenses	**0.7**	0.6	20.8
Ordinary business profit (loss)	**(3.2)**	1.9	(265.0)
Net credit costs	**—**	—	—
Ordinary business profit (loss) after net credit costs	**¥ (3.2)**	¥ 1.9	(265.0)
Others[(1)]:			
Net interest income	**¥ (1.6)**	¥ (1.2)	(27.8)
Non-interest income	**0.1**	0.2	(12.5)
Total revenue	**(1.4)**	(1.0)	(35.5)
General and administrative expenses	**(0.4)**	(0.3)	(5.0)
Ordinary business profit (loss)	**(1.0)**	(0.6)	(53.8)
Net credit costs	**0.0**	0.2	(99.8)
Ordinary business profit (loss) after net credit costs	**¥ (1.0)**	¥ (0.9)	(10.6)
Corporate/Other:			
Net interest income	**¥ (3.3)**	¥ (2.9)	(13.5)
Non-interest income	**(0.5)**	4.5	(112.9)
Total revenue	**(3.9)**	1.5	(349.8)
General and administrative expenses	**0.3**	0.2	45.8
Ordinary business profit (loss)	**(4.2)**	1.3	(424.1)
Net credit costs	**0.0**	0.2	(99.8)
Ordinary business profit (loss) after net credit costs	**¥ (4.2)**	¥ 1.0	(502.7)

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

The Treasury Sub-Group's total revenue was a loss of ¥2.5 billion for the six months ended September 30, 2013, compared to a profit of ¥2.6 billion for the six months ended September 30, 2012. While the Treasury Sub-Group holds liquidity reserves and Japanese national government bonds for ALM purposes, a loss of ¥1.4 billion was incurred on the sale of Japanese national government bonds which was conducted in order to avoid interest rate risk resulting from major fluctuations in the market in the first quarter of the fiscal year ending March 31, 2014.

RESULTS OF OPERATIONS (NON-CONSOLIDATED)

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 Financial Services Agency of Japan ("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 ¥15.5 billion on a non-consolidated basis for the six months ended September 30, 2013. 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 16. SUPPLEMENTAL MEASURES (NON-CONSOLIDATED)

	Billions of yen	
	Six months ended September 30, 2013	Six months ended September 30, 2012
Gross business profit *(gyomu sorieki)* :		
Net interest income	**¥ 37.5**	¥ 34.8
Net fees and commissions[(1)]	**6.0**	7.5
Net trading income	**2.5**	8.5
Net other business income	**1.7**	1.2
Total gross business profit	**47.8**	52.1
Expenses[(2)]	**34.3**	33.3
Net business profit *(jisshitsu gyomu jun-eki)*	**13.5**	18.7
Other, net[(3)]	**1.2**	(3.1)
Net operating income *(keijo rieki)*	**14.7**	15.6
Extraordinary income (loss)	**(1.0)**	(0.5)
Income before income taxes	**13.6**	15.1
Current income taxes (benefit)	**(0.1)**	(0.1)
Deferred income taxes (benefit)	**(1.8)**	(0.4)
Net income	**¥ 15.5**	¥ 15.6

Notes: (1) Includes net gain (loss) on monetary assets held in trust of ¥2.3 billion and ¥5.1 billion for the six months ended September 30, 2013 and 2012, respectively.
(2) General and administrative expenses with certain adjustment.
(3) Excludes net gain (loss) on monetary assets held in trust.

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 above sets forth these supplemental financial data and corresponding reconciliations to net income under Japanese GAAP for the presented period.

FINANCIAL CONDITION

TOTAL ASSETS

Consolidated total assets decreased from ¥9,029.3 billon to ¥8,905.5 billion over the six months ended September 30, 2013.

Balance of our loans and bills discounted was ¥4,208.6 billion as of September 30, 2013, compared to ¥4,292.4 billion as of March 31, 2013. Regarding the Institutional Group balance of loans and bills discounted, competition remains fierce in satisfying demand for capital, and the overall balance has declined as there were some recoveries of bad debts. However, in the Individual Group balance of loans and bills discounted, the balance of housing loans has continued to steadily increase. The loan balance of our consumer finance business began growing from the fourth quarter of the fiscal year ended March 31, 2013 and the balance continued to increase in the six months ended September 30, 2013. In the Institutional Group, the customer base and the balance of corporate loans have begun to grow in the fiscal year ending March 31, 2014 due to newly established frameworks implemented as a part of the reorganization of the Group, and loans at the corporate banking business excluding healthcare finance has grown from ¥1,024.0 billion as of June 30, 2013, to ¥1,040.9 billion as of September 30, 2013.

TABLE 17. LOANS BY BORROWER INDUSTRY (CONSOLIDATED)

Billions of yen (except percentages)

	As of September 30, 2013		As of September 30, 2012	
Domestic offices (excluding Japan offshore market account):				
Manufacturing	¥ 206.5	5.0%	¥ 234.6	5.6%
Agriculture and Forestry	0.2	0.0	0.2	0.0
Fishery	—	—	—	—
Mining, quarrying and gravel extraction	0.1	0.0	0.2	0.0
Construction	13.9	0.3	16.8	0.4
Electric power, gas, heat supply and water supply	139.3	3.4	110.2	2.6
Information and communications	35.5	0.9	40.0	1.0
Transportation, postal service	214.2	5.2	232.4	5.5
Wholesale and retail	75.4	1.8	83.0	2.0
Finance and insurance	698.6	16.8	748.9	17.8
Real estate	561.7	13.5	614.8	14.7
Services	286.7	6.9	309.8	7.4
Local government	108.4	2.6	118.0	2.8
Others	1,816.1	43.7	1,687.2	40.2
Total domestic (A)	¥ 4,157.1	100.0%	¥ 4,196.7	100.0%
Overseas offices (including Japan offshore market accounts):				
Governments	¥ 1.6	3.3%	¥ 1.9	2.3%
Financial institutions	0.6	1.3	0.8	1.0
Others	49.0	95.4	82.3	96.7
Total overseas (B)	¥ 51.4	100.0%	¥ 85.1	100.0%
Total (A+B)	¥ 4,208.6		¥ 4,281.9	

TABLE 18. LBO (NON-CONSOLIDATED)

Billions of yen

	September 30, 2013 (a)	March 31, 2013 (b)	Change (a)-(b)
LBO[(1)(3)]	¥ 134.7	¥ 169.7	¥ (35.0)
Japan	133.3[(2)]	167.7	(34.4)
U.S.	1.4	1.4	0.0
Europe	—	—	—
Other	—	0.5	(0.5)
(Breakdown by Industry Sector)			
Manufacturing	9.0%		
Information and communications	1.7%		
Wholesale and retail	5.9%		
Finance and insurance	16.3%		
Services	67.1%		
Total	100.0%		

Notes: (1) The amount includes unfunded commitment line.
(2) As of September 30, 2013, unfunded commitment line (only domestic) is ¥2.4 billion.
(3) This table includes deals made through foreign SPCs, but classification is by risk location.

FINANCIAL CONDITION (CONTINUED)

TABLE 19. OVERSEAS AND OFFSHORE LOANS BY REGION (NON-CONSOLIDATED)

Billions of yen

	As of September 30, 2013	As of September 30, 2012
United States	**¥ 7.8**	¥ 44.0
Asset-backed investments in the U.S.	**—**	5.3
Europe	**26.0**	43.9
Asset-backed investments in Europe	**12.9**	22.3
Others	**152.3**	130.8
Total overseas and offshore loans	**¥ 186.2**	¥ 218.8
Total asset-backed investments	**¥ 12.9**	¥ 27.6

Securities balance as of September 30, 2013 had declined to ¥1,794.7 billion, compared to ¥1,842.3 billion as of March 31, 2013, primarily due to the redemption of bonds associated with the disposal of nonperforming loans. However, holdings of U.S. treasuries have been increased in order to diversify securities held for ALM purposes to ¥56.5 billion as of September 30, 2013 compared to ¥38.5 billion as of March 31, 2013. Securities held include REITs, private equity investments and structured bonds that are invested in will continue to be assessed with ample consideration of the credit risks.

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 20. DIVERSIFICATION BY FUNDING TYPE (CONSOLIDATED)

Billions of yen

	As of September 30, 2013	As of September 30, 2012
Retail deposits(1)	**¥ 4,987.7**	¥ 4,492.9
Institutional deposits	**765.6**	881.7
Retail debentures(1)(2)	**44.0**	260.9
Institutional debentures	**1.8**	16.7
Total	**¥ 5,799.3**	¥ 5,652.2

Notes: (1) In accordance with migration from Zaikei debentures to Zaikei deposits in April 2013, the amount of debentures as part of Retail debentures has been moved into Retail deposits.
(2) Excludes unclaimed matured debentures.

TOTAL EQUITY

Total equity as of September 30, 2013 was ¥706.9 billion and included minority interests of ¥61.1 billion.

ASSET QUALITY AND DISPOSAL OF NONPERFORMING LOANS OF SHINSEI

At September 30, 2013, 71.1% of our consolidated nonperforming 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, nonperforming claims as defined in the Financial Revitalization Law are only disclosed on a non-consolidated basis, and therefore do not include nonperforming claims held by Shinsei Financial, APLUS FINANCIAL, Showa Leasing and SHINKI. For a discussion regarding the nonperforming 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 nonperforming loans and other claims using criteria specified in the Financial Revitalization Law. We also disclose our nonperforming loans under a format devised by the JBA for the disclosure of risk-monitored loans.

FINANCIAL CONDITION (CONTINUED)

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 nonperforming claims. Shinsei's total amount of nonperforming claims as disclosed pursuant to the Financial Revitalization Law decreased ¥40.6 billion, or 16.8%, to ¥201.9 billion, between March 31, 2013 and September 30, 2013. During the six months ended September 30, 2013, claims against bankrupt and quasi-bankrupt obligors decreased from ¥38.6 billion to ¥33.6 billion, and doubtful claims decreased from ¥198.3 billion to ¥161.5 billion, and substandard claims increased from ¥5.6 billion to ¥6.7 billion, as a result of our self assessment. The ratio of nonperforming claims disclosed under the Financial Revitalization Law to total non-consolidated claims as of September 30, 2013 decreased to 4.8%, compared to 5.3% as of March 31, 2013.

Shinsei's claims against other need caution obligors, excluding substandard claims, totaled ¥157.0 billion as of September 30, 2013, a 19.9% decrease from ¥196.0 billion as of March 31, 2013, which included private placement bonds guaranteed by Shinsei classified as claims against other need caution obligors.

These claims represented 3.7% of total non-consolidated claims as of September 30, 2013, down from 4.3% as of March 31, 2013.

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]		Risk-monitored Loans[2]
				Total loans and bills discounted: 4,139.9	Other 106.0	Total loans and bills discounted: 4,139.9
Legally bankrupt		9E	100.0% for unsecured portion	Claims against bankrupt and quasi-bankrupt obligors 33.6 (Amount of coverage, coverage ratio) (33.6*, 100.0%) *Amount of reserve for loan losses is —, collateral and guarantees is 33.6		Loans to bankrupt obligors 8.2
Virtually bankrupt		9D	100.0% for unsecured portion			Non-accrual delinquent loans 171.5
Possibly bankrupt		9C	95.3% for unsecured portion	Doubtful claims 161.5 (Amount of coverage, coverage ratio) (155.0*, 96.0%) *Amount of reserve for loan losses is 57.2, collateral and guarantees is 97.8		
Need caution	Substandard	9B	51.3% for unsecured portion	Substandard claims (loan account only) 6.7 (Amount of coverage, coverage ratio) (4.2*, 62.9%) *Amount of reserve for loan losses is 1.9, collateral and guarantees is 2.3		Loans past due for three months or more Restructured loans 6.7
	Other need caution	9A	6.0% for total claims	Normal claims 4,044.0		Normal 3,953.4
Normal		0A–6C	0.4% for total claims			
				Total nonperforming claims and ratio to total claims 201.9, 4.8% (Total amount of coverage, coverage ratio) (192.9*, 95.5%) *Total amount of reserve for loan losses is 59.1, collateral and guarantees is 133.8		Total risk-monitored loans and ratio to total loans and bills discounted 186.5, 4.5%

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 nonperforming under the Financial Revitalization Law.

FINANCIAL CONDITION (CONTINUED)

TABLE 21. CLAIMS CLASSIFIED UNDER THE FINANCIAL REVITALIZATION LAW (NON-CONSOLIDATED)

Billions of yen (except percentages)

	As of September 30, 2013	As of September 30, 2012	As of March 31, 2013
Claims against bankrupt and quasi-bankrupt obligors	**¥ 33.6**	¥ 50.9	¥ 38.6
Doubtful claims	**161.5**	220.9	198.3
Substandard claims	**6.7**	2.7	5.6
Total claims disclosed under the Financial Revitalization Law[1]	**201.9**	274.6	242.6
Normal claims and claims against other need caution obligors excluding substandard claims	**4,044.0**	4,183.1	4,317.8
Total claims	**¥ 4,245.9**	¥ 4,457.7	¥ 4,560.4
Ratio of total claims disclosed under the Financial Revitalization Law to total claims	**4.8%**	6.2%	5.3%

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, 2013, 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, 96.0% for doubtful claims and 62.9% for substandard claims. For all claims classified under the Financial Revitalization Law, the coverage ratio was 95.5%.

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, 2013, ¥63.0 billion of such claims were written off on a non-consolidated basis.

TABLE 22. COVERAGE RATIOS FOR NONPERFORMING CLAIMS DISCLOSED UNDER THE FINANCIAL REVITALIZATION LAW (NON-CONSOLIDATED)

Billions of yen (except percentages)

		Amounts of coverage			
	Amount of claims	Reserve for loan losses	Collateral and guarantees	Total	Coverage ratio
As of September 30, 2013:					
Claims against bankrupt and quasi-bankrupt obligors	**¥ 33.6**	**¥ —**	**¥ 33.6**	**¥ 33.6**	**100.0%**
Doubtful claims	**161.5**	**57.2**	**97.8**	**155.0**	**96.0**
Substandard claims	**6.7**	**1.9**	**2.3**	**4.2**	**62.9**
Total	**¥ 201.9**	**¥ 59.1**	**¥ 133.8**	**¥ 192.9**	**95.5%**
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 March 31, 2013:					
Claims against bankrupt and quasi-bankrupt obligors	¥ 38.6	¥ —	¥ 38.6	¥ 38.6	100.0%
Doubtful claims	198.3	72.9	118.0	190.9	96.3
Substandard claims	5.6	1.1	2.0	3.1	55.1
Total	¥ 242.6	¥ 74.0	¥ 158.6	¥ 232.7	95.9%

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 23. RESERVE FOR CREDIT LOSSES (NON-CONSOLIDATED)

Billions of yen (except percentages)

	As of September 30, 2013	As of September 30, 2012
General reserve for loan losses	**¥ 28.0**	¥ 34.1
Specific reserve for loan losses	**58.4**	75.4
Reserve for loans to restructuring countries	**0.0**	0.0
Subtotal reserve for loan losses	**86.5**	109.6
Specific reserve for other credit losses	**3.9**	3.9
Total reserve for credit losses	**¥ 90.4**	¥ 113.5
Total claims[1]	**¥ 4,245.9**	¥ 4,457.7
Ratio of total reserve for loan losses to total claims	**2.0%**	2.5%
Ratio of total reserve for credit losses to total claims	**2.1%**	2.5%

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, 2013 and September 30, 2012, total reserve for credit losses on a non-consolidated basis was ¥90.4 billion and ¥113.5 billion, respectively, constituting 2.1% and 2.5%, respectively, of total claims.

TABLE 24. RESERVE RATIOS BY BORROWERS' CATEGORY (NON-CONSOLIDATED)

Percentages

		As of September 30, 2013	As of September 30, 2012
Legally and virtually bankrupt	(unsecured portion)	**100.0%**	100.0%
Possibly bankrupt	(unsecured portion)	**95.3%**	97.7%
Substandard	(unsecured portion)	**51.3%**	83.0%
Need caution	(total claims)	**6.0%**	5.9%
	(unsecured portion)	**25.7%**	18.7%
Normal	(total claims)	**0.4%**	0.4%

RISK-MONITORED LOANS

Consolidated risk-monitored loans decreased by ¥50.6 billion during the six months ended September 30, 2013 to ¥262.2 billion.

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

TABLE 25. RISK-MONITORED LOANS (CONSOLIDATED)

Billions of yen (except percentages)

	As of September 30, 2013	As of September 30, 2012
Total loans and bills discounted	**¥ 4,208.6**	¥ 4,281.9
Loans to bankrupt obligors (A)	**12.5**	18.9
Non-accrual delinquent loans (B)	**212.5**	284.6
Subtotal (A)+(B)	**¥ 225.0**	¥ 303.5
Ratio to total loans and bills discounted	**5.3%**	7.1%
Loans past due for three months or more (C)	**¥ 1.4**	¥ 1.7
Restructured loans (D)	**35.7**	40.8
Total risk-monitored loans (A)+(B)+(C)+(D)	**¥ 262.2**	¥ 346.0
Ratio to total loans and bills discounted	**6.2%**	8.1%
Reserve for credit losses	**¥ 143.9**	¥ 171.9

FINANCIAL CONDITION (CONTINUED)

TABLE 26. RISK-MONITORED LOANS (NON-CONSOLIDATED)

Billions of yen (except percentages)

	As of September 30, 2013	As of September 30, 2012
Total loans and bills discounted	¥ 4,139.9	¥ 4,264.1
Loans to bankrupt obligors (A)	8.2	5.3
Non-accrual delinquent loans (B)	171.5	241.7
Subtotal (A)+(B)	¥ 179.8	¥ 247.1
Ratio to total loans and bills discounted	4.3%	5.8%
Loans past due for three months or more (C)	¥ 1.2	¥ 0.7
Restructured loans (D)	5.4	1.9
Total risk-monitored loans (A)+(B)+(C)+(D)	¥ 186.5	¥ 249.8
Ratio to total loans and bills discounted	4.5%	5.9%
Reserve for credit losses	¥ 90.4	¥ 113.5

TABLE 27. RISK-MONITORED LOANS BY BORROWER INDUSTRY (NON-CONSOLIDATED)

Billions of yen

	As of September 30, 2013	As of September 30, 2012
Domestic offices (excluding Japan offshore market account):		
Manufacturing	¥ 6.2	¥ 7.4
Agriculture and Forestry	—	—
Fishery	—	—
Mining, quarrying and gravel extraction	—	—
Construction	—	0.0
Electric power, gas, heat supply and water supply	—	—
Information and communications	1.9	—
Transportation, postal service	2.9	2.9
Wholesale and retail	0.2	—
Finance and insurance	41.6	43.3
Real estate	84.7	151.6
Services	28.2	26.2
Local government	—	—
Individual	4.4	3.5
Overseas yen loan and overseas loans booked domestically	16.0	14.6
Total domestic (A)	¥ 186.5	¥ 249.8
Overseas offices (including Japan offshore market accounts):		
Governments	¥ —	¥ —
Financial institutions	—	—
Others	—	—
Total overseas (B)	¥ —	¥ —
Total (A+B)	¥ 186.5	¥ 249.8

TABLE 28. RISK-MONITORED OVERSEAS AND OFFSHORE LOANS BY REGION (NON-CONSOLIDATED)

Billions of yen

	As of September 30, 2013	As of September 30, 2012
United States	¥ —	¥ —
Asset-backed investments in the U.S.	—	—
Europe	12.9	11.2
Asset-backed investments in Europe	12.9	11.2
Others	3.0	3.3
Total overseas and offshore loans	¥ 16.0	¥ 14.6
Total asset-backed investments[1]	¥ 12.9	¥ 11.2

Note: (1) As of September 30, 2013, reserve for loan losses and collateral/guarantees for risk monitored loans related to asset-backed investments were ¥1.9 billion and ¥9.8 billion, respectively, and the coverage ratio was 90.6%

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 29. RISK-MONITORED LOANS BREAKDOWN FOR LARGE ENTITIES (CONSOLIDATED)

	Billions of yen					
	Shinsei	Shinsei Financial	APLUS FINANCIAL	SHINKI	Other subsidiaries	Total
As of September 30, 2013:						
Loans to bankrupt obligors	**¥ 8.2**	**¥ 1.2**	**¥ 0.1**	**¥ 0.0**	**¥ 2.8**	**¥ 12.5**
Non-accrual delinquent loans	**171.5**	**6.5**	**14.5**	**0.8**	**19.0**	**212.5**
Loans past due for three months or more	**1.2**	**0.0**	**0.0**	**—**	**0.1**	**1.4**
Restructured loans	**5.4**	**18.9**	**9.6**	**1.6**	**—**	**35.7**
Total	**¥ 186.5**	**¥ 26.7**	**¥ 24.3**	**¥ 2.4**	**¥ 22.1**	**¥ 262.2**
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 March 31, 2013:						
Loans to bankrupt obligors	¥ 8.1	¥ 1.1	¥ 0.0	¥ 0.0	¥ 11.1	¥ 20.5
Non-accrual delinquent loans	211.2	6.4	15.1	0.7	19.3	252.9
Loans past due for three months or more	1.1	0.0	0.0	—	0.0	1.2
Restructured loans	4.5	21.6	9.9	1.9	—	38.1
Total	¥ 225.0	¥ 29.2	¥ 25.1	¥ 2.7	¥ 30.5	¥ 312.8

TABLE 30. 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, 2013:					
Credits to bankrupt obligors	**¥ 0.0**	**¥ 0.1**	**¥ 0.2**	**¥ 0.1**	**¥ 0.5**
Non-accrual delinquent credits	**0.0**	**4.9**	**4.0**	**0.1**	**9.1**
Credits past due for three months or more	**—**	**0.2**	**0.0**	**—**	**0.2**
Restructured credits	**0.0**	**0.8**	**0.0**	**—**	**0.9**
Total	**¥ 0.0**	**¥ 6.2**	**¥ 4.3**	**¥ 0.2**	**¥ 10.8**
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 March 31, 2013:					
Credits to bankrupt obligors	¥ 0.0	¥ 0.1	¥ 0.0	¥ 0.1	¥ 0.2
Non-accrual delinquent credits	0.0	4.8	4.3	0.2	9.3
Credits past due for three months or more	—	0.2	0.0	—	0.2
Restructured credits	0.0	1.0	0.0	—	1.1
Total	¥ 0.0	¥ 6.2	¥ 4.4	¥ 0.3	¥ 11.0

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, 2013 was 14.1%, compared with 11.7% as of September 30, 2012.

The main factors of reduction in risk assets are change of the 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 14.1% and 12.0%, as of September 30, 2013, respectively, compared to 11.7% and 9.8% as of September 30, 2012.

TABLE 31. CAPITAL RATIOS (CONSOLIDATED)

Billions of yen (except percentages)

	As of September 30, 2013	As of September 30, 2012
Basic items (Tier I):		
Common stock	¥ 512.2	¥ 512.2
Capital surplus	79.4	79.4
Retained earnings	131.8	81.9
Treasury stock, at cost	(72.5)	(72.5)
Expected income distribution	—	—
Unrealized loss on available-for-sale securities(1)	—	—
Foreign currency translation adjustments	0.8	(2.5)
Stock acquisition rights	1.2	1.3
Minority interests in consolidated subsidiaries	60.5	59.6
Preferred securities issued by foreign SPC	57.7	56.5
Goodwill	(31.9)	(38.2)
Intangible assets acquired in business combinations	(10.7)	(14.2)
Gain on sale of securitization	(9.5)	(9.7)
50% of expected loss provision shortfall	(8.8)	(23.3)
Total Tier I (A)	652.5	573.8
Step-up preferred securities	24.2	23.4
Supplementary items (Tier II):		
General reserve for loan losses	8.9	8.7
Perpetual preferred stocks	—	—
Perpetual subordinated debt and bonds	27.6	28.4
Non-perpetual preferred stocks	—	—
Non-perpetual subordinated debt and bonds	141.8	149.1
Total	¥ 178.4	¥ 186.4
Amount eligible for inclusion in capital (B)	178.4	186.4
Deduction (C)	¥ 62.3	¥ 72.4
Intentional capital investment to other financial institutions	4.8	6.1
Capital investment to affiliated companies	41.7	36.7
50% of expected loss provision shortfall	8.8	23.3
Expected losses on exposures under PD/LGD measures such as equities	1.0	0.8
Unrated securitization exposure	5.7	5.2
Exclusion from deductions	—	—
Total capital (D) [(A)+(B)-(C)]	¥ 768.6	¥ 687.8
Risk assets:		
On-balance sheet items	¥ 4,098.0	¥ 4,458.7
Off-balance sheet items	776.1	820.0
Market Risk(2)	219.8	221.3
Operational Risk(2)	349.5	369.1
Total (E)	¥ 5,443.5	¥ 5,869.2
Consolidated capital adequacy ratio (D) / (E)	14.1%	11.7%
Consolidated Tier I capital ratio (A) / (E)	12.0%	9.8%

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%).

INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Shinsei Bank, Limited, and its Consolidated Subsidiaries
As of September 30, 2013 and March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
ASSETS			
Cash and due from banks (Notes 3, 21, 22 and 33)	**¥ 724,563**	¥ 648,897	**$ 7,396,520**
Call loans (Note 33)	**—**	18,806	**—**
Receivables under resale agreements (Note 33)	**53,216**	78,507	**543,250**
Receivables under securities borrowing transactions (Note 33)	**51,557**	19,083	**526,313**
Other monetary claims purchased (Notes 4, 21, 22 and 33)	**99,839**	112,318	**1,019,187**
Trading assets (Notes 5, 21, 33 and 34)	**318,177**	287,907	**3,248,036**
Monetary assets held in trust (Notes 6, 21 and 33)	**211,031**	233,847	**2,154,261**
Securities (Notes 7, 21, 22 and 33)	**1,794,747**	1,842,344	**18,321,225**
Loans and bills discounted (Notes 8, 21, 22 and 33)	**4,208,627**	4,292,464	**42,962,716**
Foreign exchanges (Note 9)	**37,746**	33,857	**385,328**
Lease receivables and leased investment assets (Notes 21, 31 and 33)	**211,622**	203,590	**2,160,297**
Other assets (Notes 10, 21, 22, 33 and 34)	**754,598**	770,905	**7,703,127**
Premises and equipment (Notes 11, 21 and 31)	**49,956**	52,716	**509,966**
Intangible assets (Notes 12 and 31)	**61,870**	68,429	**631,590**
Deferred issuance expenses for debentures	**47**	95	**480**
Deferred tax assets	**18,800**	16,339	**191,923**
Customers' liabilities for acceptances and guarantees (Note 20)	**453,036**	511,032	**4,624,707**
Reserve for credit losses (Note 13)	**(143,925)**	(161,810)	**(1,469,231)**
Total assets	**¥ 8,905,513**	¥ 9,029,335	**$ 90,909,695**
LIABILITIES AND EQUITY			
Liabilities:			
Deposits, including negotiable certificates of deposit (Notes 14, 21 and 33)	**¥ 5,753,456**	¥ 5,457,535	**$ 58,732,707**
Debentures (Notes 15 and 33)	**45,867**	262,342	**468,223**
Call money (Notes 21 and 33)	**120,000**	170,094	**1,224,990**
Payables under securities lending transactions (Notes 21 and 33)	**60,216**	47,069	**614,709**
Trading liabilities (Notes 16, 33 and 34)	**273,508**	240,099	**2,792,048**
Borrowed money (Notes 17, 21, 22 and 33)	**619,344**	719,292	**6,322,417**
Foreign exchanges (Note 9)	**25**	174	**261**
Short-term corporate bonds (Note 33)	**107,900**	82,800	**1,101,470**
Corporate bonds (Notes 18, 21, 22 and 33)	**189,142**	174,286	**1,930,813**
Other liabilities (Notes 19, 21, 33 and 34)	**535,057**	630,759	**5,462,000**
Accrued employees' bonuses	**4,628**	7,604	**47,245**
Accrued directors' bonuses	**31**	54	**321**
Reserve for employees' retirement benefits	**7,521**	7,309	**76,785**
Reserve for directors' retirement benefits	**114**	245	**1,173**
Reserve for losses on interest repayments	**28,630**	34,983	**292,267**
Deferred tax liabilities	**56**	7	**575**
Acceptances and guarantees (Notes 20, 21 and 33)	**453,036**	511,032	**4,624,707**
Total liabilities	**8,198,537**	8,345,690	**83,692,711**
Equity:			
Common stock (Note 24)	**512,204**	512,204	**5,228,711**
Capital surplus	**79,461**	79,461	**811,167**
Stock acquisition rights (Note 25)	**1,222**	1,238	**12,481**
Retained earnings	**131,873**	107,288	**1,346,197**
Treasury stock, at cost (Note 24)	**(72,558)**	(72,558)	**(740,698)**
Accumulated other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities (Note 7)	**1,842**	3,825	**18,810**
Deferred gain (loss) on derivatives under hedge accounting	**(9,065)**	(11,605)	**(92,543)**
Foreign currency translation adjustments	**890**	1,475	**9,095**
Total	**645,871**	621,329	**6,593,220**
Minority interests (Note 23)	**61,103**	62,315	**623,764**
Total equity	**706,975**	683,644	**7,216,984**
Total liabilities and equity	**¥ 8,905,513**	¥ 9,029,335	**$ 90,909,695**

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 its Consolidated Subsidiaries
For the six months ended September 30, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Sept. 30, 2013 (6 months)	Sept. 30, 2012 (6 months)	**Sept. 30, 2013 (6 months)**
Interest income:			
Interest on loans and bills discounted	**¥ 62,820**	¥ 64,738	**$ 641,292**
Interest and dividends on securities	**8,238**	8,618	**84,100**
Interest on deposits with banks	**442**	154	**4,514**
Other interest income	**1,061**	644	**10,832**
Total interest income	**72,562**	74,155	**740,738**
Interest expenses:			
Interest on deposits, including negotiable certificates of deposit	**11,323**	11,823	**115,594**
Interest and discounts on debentures	**121**	548	**1,240**
Interest on other borrowings	**2,566**	2,680	**26,199**
Interest on corporate bonds	**2,992**	2,542	**30,553**
Other interest expenses	**504**	365	**5,153**
Total interest expenses	**17,509**	17,961	**178,739**
Net interest income	**55,053**	56,194	**561,999**
Fees and commissions income	**22,667**	19,519	**231,395**
Fees and commissions expenses	**11,010**	10,771	**112,399**
Net fees and commissions	**11,656**	8,747	**118,996**
Net trading income (loss) (Note 26)	**6,990**	9,573	**71,364**
Other business income (loss), net:			
Income on lease transactions and installment receivables, net	**17,862**	17,626	**182,347**
Net gain (loss) on monetary assets held in trust	**3,790**	4,711	**38,689**
Net gain (loss) on foreign exchanges	**2,293**	1,164	**23,408**
Net gain (loss) on securities	**47**	2,032	**490**
Net gain (loss) on other monetary claims purchased	**991**	1,253	**10,125**
Other, net (Note 27)	**1,606**	2,804	**16,401**
Net other business income (loss)	**26,592**	29,592	**271,460**
Total revenue	**100,293**	104,107	**1,023,819**
General and administrative expenses:			
Personnel expenses	**27,477**	26,199	**280,500**
Premises expenses	**9,766**	9,942	**99,695**
Technology and data processing expenses	**8,850**	8,651	**90,353**
Advertising expenses	**5,012**	4,383	**51,173**
Consumption and property taxes	**3,244**	3,355	**33,121**
Deposit insurance premium	**2,070**	2,151	**21,139**
Other general and administrative expenses	**10,635**	10,078	**108,569**
General and administrative expenses	**67,058**	64,761	**684,550**
Amortization of goodwill and intangible assets acquired in business combinations	**5,172**	5,679	**52,807**
Total general and administrative expenses	**72,231**	70,441	**737,357**
Net business profit (loss)	**28,061**	33,666	**286,462**
Net credit costs (Note 28)	**354**	6,253	**3,624**
Other gains (losses), net (Note 29)	**(103)**	514	**(1,057)**
Income (loss) before income taxes and minority interests	**27,603**	27,926	**281,781**
Income taxes (benefit):			
Current	**1,890**	829	**19,303**
Deferred	**(3,145)**	(458)	**(32,106)**
Net income (loss) before minority interests	**28,857**	27,555	**294,584**
Minority interests in net income of subsidiaries	**1,617**	1,791	**16,509**
Net income (loss)	**¥ 27,240**	¥ 25,764	**$ 278,075**

	Yen		U.S. dollars (Note 1)
Basic net income (loss) per common share (Note 30)	**¥ 10.26**	¥ 9.70	**$ 0.10**
Diluted net income per common share (Note 30)	**10.26**	—	**0.10**

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

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

Shinsei Bank, Limited, and its Consolidated Subsidiaries
For the six months ended September 30, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Sept. 30, 2013 (6 months)	Sept. 30, 2012 (6 months)	**Sept. 30, 2013 (6 months)**
Net income (loss) before minority interests	**¥ 28,857**	¥ 27,555	**$ 294,584**
Other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities	**(1,923)**	(534)	**(19,639)**
Deferred gain (loss) on derivatives under hedge accounting	**2,540**	59	**25,933**
Foreign currency translation adjustments	**(332)**	(1,342)	**(3,391)**
Share of other comprehensive income in affiliates	**(1)**	(271)	**(13)**
Total other comprehensive income	**283**	(2,088)	**2,890**
Comprehensive income	**¥ 29,140**	¥ 25,467	**$ 297,474**
Total comprehensive income attributable to:			
Owners of the parent	**¥ 27,213**	¥ 23,971	**$ 277,801**
Minority interests	**1,927**	1,495	**19,673**

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 its Consolidated Subsidiaries
For the six months ended September 30, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Sept. 30, 2013 (6 months)	Sept. 30, 2012 (6 months)	**Sept. 30, 2013 (6 months)**
Common stock:			
Balance at beginning of the period	**¥ 512,204**	¥ 512,204	**$ 5,228,711**
Balance at end of the period	**512,204**	512,204	**5,228,711**
Capital surplus:			
Balance at beginning of the period	**79,461**	79,461	**811,167**
Balance at end of the period	**79,461**	79,461	**811,167**
Stock acquisition rights:			
Balance at beginning of the period	**1,238**	1,354	**12,645**
Net change during the period	**(16)**	(53)	**(164)**
Balance at end of the period	**1,222**	1,301	**12,481**
Retained earnings:			
Balance at beginning of the period	**107,288**	58,863	**1,095,224**
Dividends	**(2,653)**	(2,653)	**(27,092)**
Net income (loss)	**27,240**	25,764	**278,075**
Changes by inclusion of subsidiaries (former non-consolidated subsidiaries)	**—**	(0)	**—**
Changes by exclusion of consolidated subsidiaries	**(0)**	—	**(10)**
Balance at end of the period	**131,873**	81,972	**1,346,197**
Treasury stock, at cost:			
Balance at beginning of the period	**(72,558)**	(72,558)	**(740,698)**
Balance at end of the period	**(72,558)**	(72,558)	**(740,698)**
Accumulated other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities:			
Balance at beginning of the period	**3,825**	(674)	**39,050**
Net change during the period	**(1,982)**	(399)	**(20,240)**
Balance at end of the period	**1,842**	(1,073)	**18,810**
Deferred gain (loss) on derivatives under hedge accounting:			
Balance at beginning of the period	**(11,605)**	(11,754)	**(118,475)**
Net change during the period	**2,540**	59	**25,932**
Balance at end of the period	**(9,065)**	(11,694)	**(92,543)**
Foreign currency translation adjustments:			
Balance at beginning of the period	**1,475**	(1,117)	**15,060**
Net change during the period	**(584)**	(1,452)	**(5,965)**
Balance at end of the period	**890**	(2,569)	**9,095**
Minority interests:			
Balance at beginning of the period	**62,315**	61,877	**636,134**
Net change during the period	**(1,211)**	(1,682)	**(12,370)**
Balance at end of the period	**61,103**	60,195	**623,764**
Total equity:			
Balance at beginning of the period	**683,644**	627,657	**6,978,818**
Net change in stock acquisition rights during the period	**(16)**	(53)	**(164)**
Dividends	**(2,653)**	(2,653)	**(27,092)**
Net income (loss)	**27,240**	25,764	**278,075**
Changes by inclusion of subsidiaries (former non-consolidated subsidiaries)	**—**	(0)	**—**
Changes by exclusion of consolidated subsidiaries	**(0)**	—	**(10)**
Net change in accumulated other comprehensive income during the period	**(26)**	(1,792)	**(273)**
Net change in minority interests during the period	**(1,211)**	(1,682)	**(12,370)**
Balance at end of the period	**¥ 706,975**	¥ 647,238	**$ 7,216,984**

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 its Consolidated Subsidiaries
For the six months ended September 30, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Sept. 30, 2013 (6 months)	Sept. 30, 2012 (6 months)	**Sept. 30, 2013 (6 months)**
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	**¥ 27,603**	¥ 27,926	**$ 281,781**
Adjustments for:			
Income taxes paid	**(911)**	(572)	**(9,307)**
Depreciation (other than leased assets as lessor)	**5,015**	5,228	**51,195**
Amortization of goodwill and intangible assets acquired in business combinations	**5,172**	5,679	**52,807**
Impairment losses on long-lived assets	**1,072**	171	**10,953**
Net change in reserve for credit losses	**(17,887)**	(8,567)	**(182,604)**
Net change in reserve for losses on interest repayments	**(6,352)**	(9,345)	**(64,849)**
Net change in other reserves	**(2,929)**	(3,035)	**(29,907)**
Interest income	**(72,562)**	(74,155)	**(740,738)**
Interest expenses	**17,509**	17,961	**178,739**
Investment (gains) losses	**(3,077)**	(4,955)	**(31,411)**
Net exchange (gain) loss	**(9,859)**	9,269	**(100,653)**
Net change in trading assets	**(30,270)**	(15,265)	**(309,010)**
Net change in trading liabilities	**33,409**	(17,827)	**341,051**
Net change in loans and bills discounted	**85,304**	(146,516)	**870,808**
Net change in deposits, including negotiable certificates of deposit	**295,916**	12,245	**3,020,784**
Net change in debentures	**(216,474)**	(16,514)	**(2,209,830)**
Net change in borrowed money (other than subordinated debt)	**(97,928)**	241,880	**(999,676)**
Net change in corporate bonds (other than subordinated corporate bonds)	**(1,871)**	110	**(19,106)**
Net change in interest-bearing deposits with banks	**(26,221)**	7,505	**(267,672)**
Net change in call loans, receivables under resale agreements, receivables under securities borrowing transactions and other monetary claims purchased	**27,417**	86,781	**279,888**
Net change in call money, payables under securities lending transactions, and short-term corporate bonds (liabilities)	**(11,846)**	23,427	**(120,928)**
Net change in foreign exchange assets and liabilities	**(4,037)**	(3,827)	**(41,216)**
Interest received	**71,935**	74,000	**734,337**
Interest paid	**(13,379)**	(14,658)	**(136,579)**
Net change in securities for trading purposes	**155**	89	**1,591**
Net change in monetary assets held in trust for trading purposes	**20,915**	18,121	**213,506**
Net change in lease receivables and leased investment assets	**(7,994)**	465	**(81,610)**
Other, net	**(67,347)**	(28,965)	**(687,502)**
Total adjustments	**(27,128)**	158,731	**(276,939)**
Net cash provided by (used in) operating activities	**474**	186,658	**4,842**
Cash flows from investing activities:			
Purchase of investments	**(530,471)**	(1,469,509)	**(5,415,188)**
Proceeds from sales of investments	**541,861**	1,034,918	**5,531,462**
Proceeds from maturity of investments	**39,167**	251,941	**399,829**
Purchase of premises and equipment (other than leased assets as lessor)	**(1,551)**	(1,906)	**(15,838)**
Purchase of intangible assets (other than leased assets as lessor)	**(2,065)**	(1,961)	**(21,085)**
Proceeds from sale of subsidiary's stocks	**—**	14,264	**—**
Other, net	**161**	600	**1,653**
Net cash provided by (used in) investing activities	**47,102**	(171,652)	**480,833**
Cash flows from financing activities:			
Proceeds from issuance of subordinated debt	**2,400**	—	**24,500**
Repayment of subordinated debt	**(5,000)**	—	**(51,041)**
Proceeds from issuance of subordinated corporate bonds	**9,901**	—	**101,075**
Payment for redemption of subordinated corporate bonds	**(500)**	—	**(5,104)**
Proceeds from minority shareholders of subsidiaries	**21**	133	**219**
Payment for capital returned to minority shareholders of subsidiaries	**(0)**	(235)	**(1)**
Dividends paid	**(2,653)**	(2,653)	**(27,092)**
Dividends paid to minority shareholders of subsidiaries	**(3,152)**	(3,076)	**(32,187)**
Net cash provided by (used in) financing activities	**1,015**	(5,832)	**10,369**
Foreign currency translation adjustments on cash and cash equivalents	**55**	(27)	**566**
Net change in cash and cash equivalents	**48,647**	9,146	**496,610**
Cash and cash equivalents at beginning of the period	**574,470**	332,798	**5,864,339**
Cash and cash equivalents at end of the period (Note 3)	**¥ 623,118**	¥ 341,945	**$ 6,360,949**

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 its Consolidated Subsidiaries
For the six months ended September 30, 2013

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 accordance 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 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 conform 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 ¥97.96 to U.S.$1.00, the rate of exchange prevailing on the Tokyo foreign exchange market on September 30, 2013. 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, 2013 and March 31, 2013 were as follows:

	September 30, 2013	March 31, 2013
Consolidated subsidiaries	**184**	186
Unconsolidated subsidiaries	**86**	83
Affiliates accounted for by the equity method	**18**	15
Affiliates accounted for not applying the equity method	**1**	0

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.

Besides the unconsolidated subsidiaries, there is a company which is not regarded as a subsidiary even though the Group owns the majority of its voting rights, because the objective for the Group to own its voting rights is merely to seek capital gain opportunities resulting from growth or restructuring of its business and the conditions of Item 4 of Paragraph 16 of the ASBJ Guidance No. 22, "Guidance on Determining a Subsidiary and an Affiliate," is met.

Major consolidated subsidiaries as of September 30, 2013 were as listed below:

Name	Location	Percentage ownership
APLUS FINANCIAL Co., Ltd.	Japan	95.0%
Showa Leasing Co., Ltd.	Japan	97.8%
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, 2013, the six month period ending dates are September 30 for 139 subsidiaries, January 31 for 3 subsidiaries, March 31 for 1 subsidiary, May 31 for 1 subsidiary, June 30 for

36 subsidiaries, July 31 for 1 subsidiary, and August 31 for 3 subsidiaries. Except for 8 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 that occurred 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, 2013 were as listed below:

Name	Location	Percentage ownership
Comox Holdings Ltd.	Bermuda	49.9%
Jih Sun Financial Holding Co., Ltd.	Taiwan	35.4%

(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 allowed 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 price 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.

(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:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONSOLIDATED

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONSOLIDATED

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, 2013 were as follows:

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

(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 credit 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 experiencing financial difficulties and are very likely to go bankrupt in the future ("possibly bankrupt obligors"), except for 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONSOLIDATED

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 ¥161,519 million (U.S.$1,648,831 thousand) and ¥155,879 million as of September 30, 2013 and March 31, 2013, 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 noncontributory 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 the 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 an 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 audit & supervisory board members are recorded to state the liability at the amount that would be required if all directors and audit & supervisory board members 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) ASSET RETIREMENT OBLIGATIONS

In March 2008, the ASBJ published 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 adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

(U) 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 measure the cost of employee stock options based on the fair value at the date of grant and recognize compensation expense over the vesting period as consideration for receiving goods or services. In the consolidated balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised.

(V) 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.

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 ¥215 million (U.S.$2,198 thousand) and ¥600 million for the six months ended September 30, 2013 and 2012, respectively, as compared to what would have been reported if the revised accounting standard was applied retroactively to all finance lease transactions as lessor.

(W) 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.

(X) 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.

(Y) 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONSOLIDATED

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.

(Z) 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 nonarbitrary 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.

(AA) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) CONSOLIDATED

(AB) ACCOUNTING CHANGES AND ERROR CORRECTIONS

In December 2009, the 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 following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions.

(b) Changes in presentation

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.

(AC) NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standard for Retirement Benefits

In May 2012, the 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 an effective date of April 1, 2000 and the other related practical guidance and 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, is 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 any resulting 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 does 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 have not yet been 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.

(c) Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases

The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of the fiscal year beginning on or after April 1, 2013, and for (c) above are effective for the beginning of the fiscal year beginning on or after April 1, 2014, or for the beginning of the fiscal year beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of the 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 for (a) and (b) above from the end of the fiscal year beginning on April 1, 2013, and for (c) above from the beginning of the fiscal year beginning on April 1, 2014, and is in the process of measuring the effects of applying the revised accounting standard in future applicable periods.

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, 2013 and 2012 was as follows:

	Millions of yen		Thousands of U.S. dollars
As of September 30,	**2013**	2012	**2013**
Cash and due from banks	**¥ 724,563**	¥ 414,089	**$ 7,396,520**
Interest-bearing deposits included in due from banks	**(101,444)**	(72,144)	**(1,035,571)**
Cash and cash equivalents	**¥ 623,118**	¥ 341,945	**$ 6,360,949**

4. OTHER MONETARY CLAIMS PURCHASED CONSOLIDATED

(a) Other monetary claims purchased as of September 30, 2013 and March 31, 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Trading purposes	**¥ 52,793**	¥ 66,965	**$ 538,927**
Other	**47,046**	45,352	**480,260**
Total	**¥ 99,839**	¥ 112,318	**$ 1,019,187**

(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, 2013 and March 31, 2013 were as follows:

	Millions of yen				Thousands of U.S. dollars	
	Sept. 30, 2013		Mar. 31, 2013		**Sept. 30, 2013**	
	Fair value	**Unrealized loss**	Fair value	Unrealized loss	**Fair value**	**Unrealized loss**
Trading purposes	**¥ 52,793**	**¥ 29,197**	¥ 66,965	¥ 27,514	**$ 538,927**	**$ 298,057**

5. TRADING ASSETS CONSOLIDATED

Trading assets as of September 30, 2013 and March 31, 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Trading securities	**¥ 62,764**	¥ 25,786	**$ 640,718**
Derivatives for trading securities	**2,856**	2,060	**29,158**
Securities held to hedge trading transactions	**—**	1,901	**—**
Derivatives for securities held to hedge trading transactions	**82,143**	46,940	**838,540**
Trading-related financial derivatives	**170,413**	207,014	**1,739,620**
Other	**—**	4,202	**—**
Total	**¥ 318,177**	¥ 287,907	**$ 3,248,036**

6. MONETARY ASSETS HELD IN TRUST CONSOLIDATED

(a) Monetary assets held in trust as of September 30, 2013 and March 31, 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Trading purposes	**¥ 77,367**	¥ 98,282	**$ 789,784**
Other	**133,664**	135,565	**1,364,477**
Total	**¥ 211,031**	¥ 233,847	**$ 2,154,261**

(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, 2013 and March 31, 2013 were as follows:

	Millions of yen				Thousands of U.S. dollars	
	Sept. 30, 2013		Mar. 31, 2013		**Sept. 30, 2013**	
	Fair value	**Unrealized loss**	Fair value	Unrealized loss	**Fair value**	**Unrealized loss**
Trading purposes	**¥ 77,367**	**¥ 3,701**	¥ 98,282	¥ 4,258	**$ 789,784**	**$ 37,783**

(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, 2013 and March 31, 2013.

7. SECURITIES CONSOLIDATED

(a) Securities as of September 30, 2013 and March 31, 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Trading securities	**¥ 506**	¥ 662	**$ 5,169**
Securities being held to maturity	**636,703**	639,809	**6,499,629**
Securities available for sale:			
Securities carried at fair value	**1,045,932**	1,094,814	**10,677,135**
Securities carried at cost whose fair value cannot be reliably determined	**67,143**	65,959	**685,417**
Investments in unconsolidated subsidiaries and affiliates	**44,461**	41,099	**453,875**
Total	**¥ 1,794,747**	¥ 1,842,344	**$ 18,321,225**

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, 2013 and March 31, 2013 were ¥27,633 million (U.S.$282,086 thousand) and ¥51,172 million, respectively. In addition, ¥41,629 million (U.S.$424,967 thousand) and ¥47,380 million of those securities were further pledged as of September 30, 2013 and March 31, 2013, 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, 2013 and March 31, 2013 were ¥26,697 million (U.S.$272,539 thousand) and ¥31,675 million, respectively.

7. SECURITIES (CONTINUED)

CONSOLIDATED

(b) The amortized/acquisition cost and the fair values of securities (other than trading securities) as of September 30, 2013 and March 31, 2013 were as follows:

	Millions of yen							
	Sept. 30, 2013				Mar. 31, 2013			
	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	¥ 584,494	¥ 2,724	¥ —	¥ 587,219	¥ 584,863	¥ 4,542	¥ —	¥ 589,406
Other	52,209	4,210	—	56,419	54,945	4,822	0	59,768
Total	¥ 636,703	¥ 6,935	¥ —	¥ 643,639	¥ 639,809	¥ 9,365	¥ 0	¥ 649,174
Securities available for sale:								
Equity securities	¥ 13,807	¥ 7,448	¥ 475	¥ 20,780	¥ 13,713	¥ 6,446	¥ 697	¥ 19,462
Japanese national government bonds	743,234	5	2,921	740,319	752,012	1,482	995	752,498
Japanese local government bonds	502	24	—	527	503	29	—	532
Japanese corporate bonds	123,255	621	851	123,025	184,967	778	2,072	183,673
Other, primarily foreign debt securities	160,070	4,247	1,418	162,898	136,713	4,437	522	140,628
Total	¥ 1,040,871	¥ 12,346	¥ 5,666	¥ 1,047,551	¥ 1,087,909	¥ 13,173	¥ 4,288	¥ 1,096,795

	Thousands of U.S. dollars			
	Sept. 30, 2013			
	Amortized/ Acquisition cost	Gross unrealized gain	Gross unrealized loss	Fair value
Securities being held to maturity:				
Japanese national government bonds	$ 5,966,664	$ 27,817	$ —	$ 5,994,481
Other	532,965	42,982	—	575,947
Total	$ 6,499,629	$ 70,799	$ —	$ 6,570,428
Securities available for sale:				
Equity securities	$ 140,954	$ 76,036	$ 4,854	$ 212,136
Japanese national government bonds	7,587,127	52	29,818	7,557,361
Japanese local government bonds	5,133	250	—	5,383
Japanese corporate bonds	1,258,226	6,346	8,697	1,255,875
Other, primarily foreign debt securities	1,634,034	43,356	14,480	1,662,910
Total	$ 10,625,474	$ 126,040	$ 57,849	$ 10,693,665

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

Individual securities (except for 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, 2013 was ¥817 million (U.S.$8,341 thousand), which consisted of ¥0 million (U.S.$3 thousand) for equity securities, ¥810 million (U.S.$8,276 thousand) for Japanese corporate bonds and ¥6 million (U.S.$62 thousand) for other securities.

Impairment loss on such securities for the fiscal year ended March 31, 2013 was ¥2,748 million, which consisted of ¥211 million for equity securities, ¥2,506 million for Japanese corporate bonds and ¥30 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

7. SECURITIES (CONTINUED) CONSOLIDATED

"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, 2013 and March 31, 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Unrealized gain (loss) before deferred tax on:			
Available-for-sale securities	**¥ 6,680**	¥ 8,885	**$ 68,191**
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	**(13)**	81	**(139)**
Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions	**(4,342)**	(4,976)	**(44,332)**
Deferred tax liabilities	**(742)**	(485)	**(7,582)**
Unrealized gain (loss) on available-for-sale securities before interest adjustments	**1,580**	3,504	**16,138**
Minority interests	**(23)**	(15)	**(242)**
The Group's interests in unrealized gain (loss) on available-for-sale securities held by affiliates to which the equity method is applied	**285**	335	**2,914**
Unrealized gain (loss) on available-for-sale securities	**¥ 1,842**	¥ 3,825	**$ 18,810**

8. LOANS AND BILLS DISCOUNTED CONSOLIDATED

Loans and bills discounted as of September 30, 2013 and March 31, 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Loans on deeds	**¥ 3,559,382**	¥ 3,650,171	**$ 36,335,060**
Loans on bills	**25,831**	26,301	**263,690**
Bills discounted	**3,866**	8,942	**39,472**
Overdrafts	**619,547**	607,049	**6,324,494**
Total	**¥ 4,208,627**	¥ 4,292,464	**$ 42,962,716**

(a) Risk-monitored loans

Loans and bills discounted include loans to bankrupt obligors of ¥12,525 million (U.S.$127,859 thousand) and ¥20,577 million as of September 30, 2013 and March 31, 2013, respectively, as well as nonaccrual delinquent loans of ¥212,549 million (U.S.$2,169,762 thousand) and ¥252,916 million as of September 30, 2013 and March 31, 2013, respectively.

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

In addition to nonaccrual delinquent loans as defined, certain other loans classified as "substandard" under the Group'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 nonaccrual delinquent loans. The balances of loans past due for three months or more as of September 30, 2013 and March 31, 2013 were ¥1,466 million (U.S.$14,971 thousand) and ¥1,258 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, nonaccrual delinquent loans or loans past due for three months or more. The outstanding balances of restructured loans as of September 30, 2013 and March 31, 2013 were ¥35,719 million (U.S.$364,632 thousand) and ¥38,117 million, respectively.

8. LOANS AND BILLS DISCOUNTED (CONTINUED) CONSOLIDATED

(b) Loan participations
The total outstanding amounts deducted from the loan account for loan participations as of September 30, 2013 and March 31, 2013 were ¥15,213 million (U.S.$155,306 thousand) and ¥16,219 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 ¥8,134 million (U.S.$83,044 thousand) and ¥8,125 million as of September 30, 2013 and March 31, 2013, 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, 2013 and March 31, 2013 were ¥3,943 million (U.S.$40,260 thousand) and ¥9,092 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 ¥3,774,751 million (U.S.$38,533,604 thousand) and ¥3,802,064 million as of September 30, 2013 and March 31, 2013, out of which the amounts with original agreement terms of less than one year or which were cancelable were ¥3,596,930 million (U.S.$36,718,364 thousand) and ¥3,636,321 million as of September 30, 2013 and March 31, 2013, 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 its 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, 2013 and March 31, 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Foreign exchange assets:			
Foreign bills bought	**¥ 77**	¥ 150	**$ 787**
Foreign bills receivable	**8,401**	5,234	**85,760**
Due from foreign banks	**29,268**	28,473	**298,781**
Total	**¥ 37,746**	¥ 33,857	**$ 385,328**
Foreign exchange liabilities:			
Foreign bills sold	**¥ —**	¥ 146	**$ —**
Foreign bills payable	**23**	25	**236**
Due to foreign banks	**2**	2	**25**
Total	**¥ 25**	¥ 174	**$ 261**

10. OTHER ASSETS CONSOLIDATED

Other assets as of September 30, 2013 and March 31, 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Accrued income	**¥ 14,330**	¥ 15,728	**$ 146,293**
Prepaid expenses	**4,060**	3,007	**41,448**
Fair value of derivatives	**128,401**	159,534	**1,310,756**
Accounts receivable	**92,533**	89,344	**944,603**
Installment receivables	**380,109**	365,817	**3,880,256**
Security deposits	**13,290**	13,478	**135,674**
Suspense payments	**19,995**	21,312	**204,122**
Margin deposits for futures transactions	**8,585**	5,103	**87,646**
Cash collateral paid for financial instruments	**18,498**	16,718	**188,835**
Other	**74,791**	80,859	**763,494**
Total	**¥ 754,598**	¥ 770,905	**$ 7,703,127**

Installment receivables as of September 30, 2013 and March 31, 2013 include credits to bankrupt obligors of ¥512 million (U.S.$5,237 thousand) and ¥263 million, nonaccrual delinquent credits of ¥9,152 million (U.S.$93,431 thousand) and ¥9,372 million, credits past due for three months or more of ¥299 million (U.S.$3,053 thousand) and ¥261 million, and restructured credits of ¥932 million (U.S.$9,519 thousand) and ¥1,155 million, respectively.

11. PREMISES AND EQUIPMENT CONSOLIDATED

Premises and equipment as of September 30, 2013 and March 31, 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Buildings	**¥ 30,294**	¥ 30,406	**$ 309,257**
Land	**7,241**	7,286	**73,922**
Tangible leased assets as lessor	**44,413**	47,490	**453,388**
Other	**20,791**	20,410	**212,242**
Subtotal	**102,741**	105,595	**1,048,809**
Accumulated depreciation	**(52,785)**	(52,878)	**(538,843)**
Net book value	**¥ 49,956**	¥ 52,716	**$ 509,966**

12. INTANGIBLE ASSETS CONSOLIDATED

Intangible assets as of September 30, 2013 and March 31, 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Software	**¥ 19,115**	¥ 20,491	**$ 195,132**
Goodwill, net:			
Goodwill	**37,064**	40,655	**378,360**
Negative goodwill	**(5,079)**	(5,260)	**(51,848)**
Intangible assets acquired in business combinations	**10,720**	12,487	**109,437**
Intangible leased assets as lessor	**4**	3	**41**
Other	**45**	51	**468**
Total	**¥ 61,870**	¥ 68,429	**$ 631,590**

13. RESERVE FOR CREDIT LOSSES

CONSOLIDATED

Reserve for credit losses as of September 30, 2013 and March 31, 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Reserve for loan losses:			
General reserve for loan losses	**¥ 65,583**	¥ 67,707	**$ 669,489**
Specific reserve for loan losses	**74,435**	90,195	**759,852**
Reserve for loan losses to restructuring countries	**0**	0	**8**
Subtotal	**140,019**	157,903	**1,429,349**
Specific reserve for other credit losses	**3,906**	3,906	**39,882**
Total	**¥ 143,925**	¥ 161,810	**$ 1,469,231**

14. DEPOSITS, INCLUDING NEGOTIABLE CERTIFICATES OF DEPOSIT

CONSOLIDATED

Deposits, including negotiable certificates of deposit, as of September 30, 2013 and March 31, 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Current	**¥ 14,602**	¥ 12,734	**$ 149,064**
Ordinary	**1,579,086**	1,561,923	**16,119,706**
Notice	**11,893**	9,852	**121,408**
Time	**3,521,325**	3,250,536	**35,946,569**
Negotiable certificates of deposit	**209,088**	204,600	**2,134,422**
Other	**417,460**	417,888	**4,261,538**
Total	**¥ 5,753,456**	¥ 5,457,535	**$ 58,732,707**

15. DEBENTURES

CONSOLIDATED

(a) Debentures as of September 30, 2013 and March 31, 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Coupon debentures	**¥ 45,867**	¥ 262,342	**$ 468,223**

(b) Annual maturities of debentures as of September 30, 2013 were as follows:

Year ending September 30,	Millions of yen	Thousands of U.S. dollars
2014	**¥ 5,483**	**$ 55,975**
2015	**11,399**	**116,374**
2016	**14,960**	**152,721**
2017	**9,081**	**92,702**
2018 and thereafter	**4,942**	**50,451**
Total	**¥ 45,867**	**$ 468,223**

16. TRADING LIABILITIES

CONSOLIDATED

Trading liabilities as of September 30, 2013 and March 31, 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Derivatives for trading securities	**¥ 2,277**	¥ 1,584	**$ 23,251**
Derivatives for securities held to hedge trading transactions	**77,228**	44,378	**788,367**
Trading-related financial derivatives	**147,128**	178,211	**1,501,923**
Trading securities sold for short sales	**46,874**	15,925	**478,507**
Total	**¥ 273,508**	¥ 240,099	**$ 2,792,048**

17. BORROWED MONEY

CONSOLIDATED

(a) Borrowed money as of September 30, 2013 and March 31, 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Subordinated debt	**¥ 89,400**	¥ 92,000	**$ 912,617**
Other	**529,944**	627,292	**5,409,800**
Total	**¥ 619,344**	¥ 719,292	**$ 6,322,417**

(b) Annual maturities of borrowed money as of September 30, 2013 were as follows:

Year ending September 30,	Millions of yen	Thousands of U.S. dollars
2014	**¥ 273,007**	**$ 2,786,923**
2015	**85,360**	**871,381**
2016	**64,967**	**663,201**
2017	**63,453**	**647,751**
2018 and thereafter	**132,555**	**1,353,161**
Total	**¥ 619,344**	**$ 6,322,417**

18. CORPORATE BONDS

CONSOLIDATED

(a) Corporate bonds as of September 30, 2013 and March 31, 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Subordinated bonds	**¥ 170,403**	¥ 153,675	**$ 1,739,523**
Other corporate bonds	**18,738**	20,610	**191,290**
Total	**¥ 189,142**	¥ 174,286	**$ 1,930,813**

(b) Subordinated bonds as of September 30, 2013 and March 31, 2013 consisted of the following:

Issuer	Description	Issue	Maturity	Interest Rate (%)	Millions of yen		Thousands of U.S. dollars
					Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Shinsei Bank, Limited	Unsecured subordinated bonds, payable in Yen(1)	Mar. 2005 to Jun. 2013	Mar. 2015 to Jun. 2023	1.96 to 4.00	**¥ 85,400**	¥ 75,400	**$ 871,785**
	Unsecured subordinated notes, payable in Euro(2)	Feb. 2006 and Sept. 2010	Feb. 2016 and Sept. 2020	2.174 and 7.375	**72,323**	65,895	**738,298**
	Unsecured perpetual subordinated notes, payable in Euroyen(3)	Oct. 2005	—	2.35 and 2.435	**4,500**	4,500	**45,937**
	Unsecured perpetual subordinated note, payable in Pounds Sterling	Dec. 2006	—	5.625	**8,179**	7,380	**83,503**
Shinsei Bank Finance N.V.	Unsecured perpetual subordinated bond, payable in Yen	Dec. 1996	—	1.83229	**—**	500	**—**
Total					**¥ 170,403**	¥ 153,675	**$ 1,739,523**

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, 2013 were as follows:

Year ending September 30,	Millions of yen	Thousands of U.S. dollars
2014	**¥ 1,418**	**$ 14,483**
2015	**34,359**	**350,749**
2016	**63,362**	**646,821**
2017	**6,517**	**66,536**
2018 and thereafter	**83,483**	**852,224**
Total	**¥ 189,142**	**$ 1,930,813**

19. OTHER LIABILITIES — CONSOLIDATED

Other liabilities as of September 30, 2013 and March 31, 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Accrued expenses	**¥ 75,138**	¥ 70,732	**$ 767,031**
Unearned income	**1,254**	1,419	**12,804**
Income taxes payable	**2,896**	1,870	**29,568**
Fair value of derivatives	**193,200**	225,631	**1,972,235**
Matured debentures, including interest	**10,972**	12,085	**112,007**
Trust account	**334**	379	**3,418**
Accounts payable	**74,560**	137,113	**761,134**
Deferred gains on installment receivables and credit guarantees	**30,753**	29,865	**313,935**
Asset retirement obligations	**8,236**	8,001	**84,080**
Deposits payable	**101,967**	89,511	**1,040,908**
Cash collateral received for financial instruments	**1,868**	6,084	**19,070**
Other	**33,875**	48,064	**345,810**
Total	**¥ 535,057**	¥ 630,759	**$ 5,462,000**

20. ACCEPTANCES AND GUARANTEES — CONSOLIDATED

Acceptances and guarantees as of September 30, 2013 and March 31, 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Guarantees	**¥ 453,036**	¥ 511,032	**$ 4,624,707**

21. ASSETS PLEDGED AS COLLATERAL — CONSOLIDATED

Assets pledged as collateral and liabilities collateralized as of September 30, 2013 and March 31, 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Assets pledged as collateral:			
Cash and due from banks	**¥ 1,957**	¥ 165	**$ 19,988**
Other monetary claims purchased	**1,953**	—	**19,943**
Trading assets	**58,789**	15,484	**600,139**
Monetary assets held in trust	**4,002**	4,171	**40,861**
Securities	**641,058**	872,770	**6,544,085**
Loans and bills discounted	**116,057**	121,584	**1,184,743**
Lease receivables and leased investment assets	**77,796**	84,140	**794,168**
Other assets	**44,045**	42,298	**449,629**
Premises and equipment	**2,422**	2,558	**24,725**
Liabilities collateralized:			
Deposits, including negotiable certificates of deposit	**¥ 916**	¥ 418	**$ 9,354**
Call money	**120,000**	170,000	**1,224,990**
Payables under securities lending transactions	**57,131**	43,945	**583,211**
Borrowed money	**328,168**	447,809	**3,350,023**
Corporate bonds	**13,787**	10,159	**140,749**
Other liabilities	**2,223**	2,483	**22,698**
Acceptances and guarantees	**911**	914	**9,301**

21. ASSETS PLEDGED AS COLLATERAL (CONTINUED)

CONSOLIDATED

In addition, ¥169,544 million (U.S.$1,730,749 thousand) and ¥173,655 million of securities as of September 30, 2013 and March 31, 2013, were pledged as collateral for transactions, including exchange settlements, swap transactions and replacement of margin for futures transactions.

Also, ¥8,585 million (U.S.$87,646 thousand) and ¥5,103 million of margin deposits for futures transactions outstanding, ¥13,290 million (U.S.$135,674 thousand) and ¥13,478 million of security deposits, ¥18,498 million (U.S.$188,835 thousand) and ¥16,718 million of cash collateral paid for financial instruments, and ¥2,551 million (U.S.$26,042 thousand) and ¥4,473 million of guarantee deposits under resale agreements were included in other assets as of September 30, 2013 and March 31, 2013, respectively.

22. NONRECOURSE DEBTS

CONSOLIDATED

Nonrecourse debts in consolidated special purpose companies as of September 30, 2013 were as follows:

	Millions of yen	Thousands of U.S. dollars
	Sept. 30, 2013	**Sept. 30, 2013**
Nonrecourse debts:		
Borrowed money	**¥ 86,546**	**$ 883,486**
Corporate bonds	**13,787**	**140,749**
Assets corresponding to nonrecourse debts:		
Cash and due from banks	**¥ 1,788**	**$ 18,259**
Other monetary claims purchased	**1,953**	**19,943**
Securities	**121,654**	**1,241,880**
Loans and bills discounted	**64,283**	**656,218**
Other assets	**4,606**	**47,025**

Assets corresponding to nonrecourse debts included certain amount of "Assets pledged as collateral" in Note 21.

23. PREFERRED SECURITIES ISSUED BY SUBSIDIARIES OUTSIDE JAPAN

CONSOLIDATED

The noncumulative perpetual preferred securities issued by the Bank's wholly owned subsidiaries outside Japan as of September 30, 2013 and March 31, 2013 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		Thousands of U.S. dollars
							Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Shinsei Finance (Cayman) Limited	Feb. 2006	U.S.$775	6.418%	Jul. 2016	step-up	Jul. 2016[2]	**¥ 2,963**	¥ 2,844	**$ 30,250**
Shinsei Finance II (Cayman) Limited	Mar. 2006	U.S.$700	7.16%	Jul. 2016	non step-up	Jul. 2016[3]	**1,683**	1,616	**17,187**
Shinsei Finance III (Cayman) Limited	Mar. 2009	¥19,000	5.5%	Jul. 2014	non step-up	Jul. 2014[2]	**15,600**	15,600	**159,249**
	Mar. 2009	¥20,100	5.0%	Jul. 2019	step-up	Jul. 2014[2]	**18,000**	18,000	**183,748**
Shinsei Finance IV (Cayman) Limited	Mar. 2009	¥2,500	5.0%	Jul. 2019	step-up	Jul. 2014[2]	**2,500**	2,500	**25,521**
	Mar. 2009	¥6,600	5.5%	Jul. 2014	non step-up	Jul. 2014[2]	**6,600**	6,600	**67,374**
Shinsei Finance V (Cayman) Limited	Oct. 2009	¥4,000	5.5%	Jul. 2015	non step-up	Jul. 2015[2]	**4,000**	4,000	**40,833**
	Oct. 2009	¥5,000	floating	—	non step-up	Jul. 2015[2]	**5,000**	5,000	**51,041**
Total							**¥ 56,346**	¥ 56,160	**$ 575,203**

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.

24. EQUITY

CONSOLIDATED

The authorized number of shares of common stock as of September 30, 2013 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, 2013:		
Beginning of period	**2,750,346**	**96,427**
Increase	**—**	**—**
Decrease	**—**	**—**
End of period	**2,750,346**	**96,427**
Six months ended September 30, 2012:		
Beginning of period	2,750,346	96,427
Increase	—	—
Decrease	—	—
End of period	2,750,346	96,427

25. 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.

(a) Stock-based compensation expenses for the six months ended September 30, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Sept. 30, 2012	**Sept. 30, 2013**
General and administrative expenses	**¥ —**	¥ (10)	**$ —**

(b) Amount of profit by non-exercise of stock options for the six months ended September 30, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Sept. 30, 2012	**Sept. 30, 2013**
Other gains	**¥ 16**	¥ 43	**$ 164**

There were no stock acquisition rights issued during the six months ended September 30, 2013 and 2012.

26. NET TRADING INCOME (LOSS)

CONSOLIDATED

Net trading income (loss) for the six months ended September 30, 2013 and 2012 consisted of the following:

Six months ended September 30,	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars 2013
Income (loss) from trading securities	**¥ 3,146**	¥ 1,549	**$ 32,124**
Income (loss) from securities held to hedge trading transactions	**(898)**	(1,785)	**(9,171)**
Income (loss) from trading-related financial derivatives	**4,901**	9,832	**50,035**
Other, net	**(159)**	(23)	**(1,624)**
Total	**¥ 6,990**	¥ 9,573	**$ 71,364**

27. OTHER BUSINESS INCOME (LOSS), NET

CONSOLIDATED

"Other, net" in other business income (loss), net, for the six months ended September 30, 2013 and 2012 consisted of the following:

Six months ended September 30,	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars 2013
Income (loss) from derivatives entered into for banking purposes, net	**¥ 279**	¥ (421)	**$ 2,857**
Equity in net income (loss) of affiliates	**973**	1,268	**9,942**
Gain on lease cancellation and other lease income (loss), net	**996**	463	**10,173**
Other, net	**(643)**	1,493	**(6,571)**
Total	**¥ 1,606**	¥ 2,804	**$ 16,401**

28. NET CREDIT COSTS

CONSOLIDATED

Net credit costs for the six months ended September 30, 2013 and 2012 consisted of the following:

Six months ended September 30,	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars 2013
Losses on write-off or sales of loans	**¥ 1,756**	¥ 3,290	**$ 17,929**
Net provision (reversal) of reserve for loan losses:			
Net provision (reversal) of general reserve for loan losses	**2,238**	746	**22,847**
Net provision (reversal) of specific reserve for loan losses	**425**	8,337	**4,343**
Net provision (reversal) of reserve for loan losses to restructuring countries	**—**	—	**—**
Subtotal	**2,663**	9,084	**27,190**
Net provision (reversal) of specific reserve for other credit losses	**—**	(8)	**—**
Other credit costs (recoveries) relating to leasing business	**(71)**	(444)	**(726)**
Recoveries of written-off claims	**(3,993)**	(5,669)	**(40,769)**
Total	**¥ 354**	¥ 6,253	**$ 3,624**

29. OTHER GAINS (LOSSES), NET

CONSOLIDATED

Other gains (losses), net for the six months ended September 30, 2013 and 2012 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
Six months ended September 30,	**2013**	2012	**2013**
Net gain (loss) on disposal of premises and equipment	**¥ (137)**	¥ 227	**$ (1,407)**
Pension-related costs	**—**	(37)	**—**
Gain on write-off of unclaimed debentures	**517**	264	**5,278**
Impairment losses on long-lived assets	**(1,072)**	(171)	**(10,953)**
Other, net	**590**	230	**6,025**
Total	**¥ (103)**	¥ 514	**$ (1,057)**

IMPAIRMENT LOSSES ON LONG-LIVED ASSETS

For the six months ended September 30, 2013, impairment losses on long-lived assets of ¥1,072 million (U.S.$10,947 thousand) were recognized by the Bank on the properties of some branches which were decided to be closed and some software assets of which use or development is ceased, assuming their recoverable amount to be zero.

For the six months ended September 30, 2012, impairment losses on long-lived assets of ¥171 million 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.

30. NET INCOME (LOSS) PER COMMON SHARE

CONSOLIDATED

A reconciliation of the difference between basic and diluted net income (loss) per common share ("EPS") for the six months ended September 30, 2013 was 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, 2013:				
Basic EPS				
Net income (loss) available to common shareholders	**¥ 27,240**	**2,653,919**	**¥10.26**	**$ 0.10**
Effect of dilutive securities				
Stock acquisition rights	**—**	**3**		
Diluted EPS				
Net income (loss) for computation	**¥ 27,240**	**2,653,922**	**¥10.26**	**$ 0.10**

Basic EPS for the six months ended September 30, 2012 was as follows:

	Net income (loss) (Millions of yen)	Weighted average shares (Thousands)	EPS (Yen)
For the six months ended September 30, 2012:			
Basic EPS			
Net income (loss) available to common shareholders	¥ 25,764	2,653,919	¥ 9.70

Diluted EPS for the six months ended September 30, 2012 was not disclosed because there was no effect from dilutive securities.

31. 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 "(U) LEASE TRANSACTIONS" in Note 2 "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES."

31. LEASE TRANSACTIONS (CONTINUED)

CONSOLIDATED

AS LESSOR

(a) Breakdown of "Lease receivables and leased investment assets" as of September 30, 2013 and March 31, 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Lease receivables	**¥ 52,033**	¥ 44,705	**$ 531,168**
Leased investment assets:			
Lease payment receivables	**173,479**	172,465	**1,770,921**
Estimated residual value	**6,806**	6,976	**69,480**
Interest equivalent	**(20,973)**	(20,817)	**(214,103)**
Other	**277**	259	**2,831**
Subtotal	**159,589**	158,884	**1,629,129**
Total	**¥ 211,622**	¥ 203,590	**$ 2,160,297**

(b) Lease payment receivables for "Lease receivables and leased investment assets" as of September 30, 2013 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	**¥ 14,940**	**$ 152,516**	**¥ 54,792**	**$ 559,340**
Due after one year within two years	**12,910**	**131,799**	**41,958**	**428,323**
Due after two years within three years	**10,465**	**106,837**	**29,996**	**306,209**
Due after three years within four years	**7,448**	**76,037**	**19,711**	**201,224**
Due after four years within five years	**5,083**	**51,890**	**10,550**	**107,700**
Due after five years	**4,541**	**46,356**	**16,469**	**168,125**
Total	**¥ 55,389**	**$ 565,435**	**¥ 173,479**	**$ 1,770,921**

(B) OPERATING LEASE TRANSACTIONS

Noncancelable operating lease obligations as lessee and lease payment receivables as lessor as of September 30, 2013 and March 31, 2013 were as follows.

AS LESSEE

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Lease obligations:			
Due within one year	**¥ 3,833**	¥ 4,011	**$ 39,137**
Due after one year	**15,862**	17,684	**161,925**
Total	**¥ 19,696**	¥ 21,695	**$ 201,062**

AS LESSOR

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Lease payment receivables:			
Due within one year	**¥ 4,422**	¥ 4,497	**$ 45,145**
Due after one year	**19,351**	19,099	**197,546**
Total	**¥ 23,773**	¥ 23,597	**$ 242,691**

Financial Highlights
Message from Management
Overview of the Second MTMP
Review of Operations
Management Structure
Data Section
Notes To Interim Consolidated Financial Statements (Unaudited)

32. 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," "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, real estate finance, such as nonrecourse 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. "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, "Shinsei Financial" which consists of the business of Shinsei Financial Co., Ltd., SHINKI Co., Ltd. and "Shinsei Bank Card Loan - Lake" transferred from Shinsei Financial on October 1, 2011, provides consumer finance, and "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 profit and loss related to "Go Remit Overseas Remittance Service" that was transferred from Lloyds TSB Bank plc on March 1, 2013, is included in the "Retail Banking Sub-Group."

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

On April 1, 2013, we implemented organizational changes. The "Structured Finance Sub-Group" in the Institutional Group was integrated into the "Institutional Business Sub-Group." As a result of this organizational change, 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, 2012 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 Note 2, "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.

32. 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, 2013	Institutional Business Sub-Group	Principal Transactions Sub-Group	Showa Leasing	Other Institutional Group	Financial Institutions Sub-Group	Markets Sub-Group	Other Global Markets Group
Revenue:	¥ 19,656	¥ 9,632	¥ 6,784	¥ (97)	¥ 1,710	¥ 2,089	¥ 1,444
Net Interest Income	13,777	2,268	(1,348)	178	813	1,149	5
Non-interest Income[1]	5,878	7,364	8,132	(275)	896	939	1,439
Expenses	5,534	2,159	3,847	617	1,045	1,612	1,742
Net Credit Costs (Recoveries)	(2,704)	49	(1,869)	1,664	55	(51)	(50)
Segment Profit (loss)	¥ 16,826	¥ 7,422	¥ 4,806	¥ (2,380)	¥ 609	¥ 528	¥ (247)
Segment Assets[2]	¥ 2,433,303	¥ 300,679	¥ 419,844	¥ 81,315	¥ 155,345	¥ 389,858	¥ 95,529
Segment Liabilities	¥ 468,307	¥ 3,175	¥ —	¥ 1,091	¥ 269,620	¥ 223,622	¥ 83,903
Includes:							
1. Equity in net income (loss) of affiliates	¥ —	¥ 557	¥ —	¥ 431	¥ (13)	¥ (1)	¥ —
2. Investment in affiliates	—	42,109	—	—	—	2,108	—
Other:							
Goodwill (Negative Goodwill):							
Amortization	¥ —	¥ —	¥ 1,102	¥ —	¥ —	¥ —	¥ —
Unamortized balance	—	—	24,684	—	—	—	—
Intangible assets acquired in business combinations:							
Amortization	¥ —	¥ —	¥ 299	¥ —	¥ —	¥ —	¥ —
Unamortized balance	—	—	2,689	—	—	—	—
Impairment losses on long-lived assets	¥ 86	¥ —	¥ —	¥ —	¥ 39	¥ 5	¥ —

Millions of yen

	Individual Group				Corporate/Other		
		Consumer Finance Sub-Group					
Six months ended September 30, 2013	Retail Banking Sub-Group	Shinsei Financial	APLUS FINANCIAL	Other	Treasury Sub-Group	Other	Total
Revenue:	¥ 16,831	¥ 21,910	¥ 23,406	¥ 859	¥ (2,501)	¥ (1,433)	¥ 100,293
Net Interest Income	12,766	24,157	3,909	727	(1,741)	(1,610)	55,053
Non-interest Income[1]	4,065	(2,247)	19,497	132	(760)	176	45,239
Expenses	16,145	15,196	17,263	312	778	(415)	65,839
Net Credit Costs (Recoveries)	155	(231)	3,394	(58)	—	0	354
Segment Profit (loss)	¥ 530	¥ 6,945	¥ 2,749	¥ 606	¥ (3,280)	¥ (1,018)	¥ 34,098
Segment Assets[2]	¥ 1,161,080	¥ 363,082	¥ 882,741	¥ 25,657	¥ 1,386,161	¥ —	¥ 7,694,599
Segment Liabilities	¥ 5,031,856	¥ 4,241	¥ 437,518	¥ 134	¥ 2,396	¥ —	¥ 6,525,868
Includes:							
1. Equity in net income (loss) of affiliates	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 973
2. Investment in affiliates	—	—	—	—	—	—	44,218
Other:							
Goodwill (Negative Goodwill):							
Amortization	¥ 70	¥ 1,802	¥ 429	¥ (0)	¥ —	¥ —	¥ 3,405
Unamortized balance	339	4,819	2,147	(5)	—	—	31,985
Intangible assets acquired in business combinations:							
Amortization	¥ —	¥ 1,468	¥ —	¥ —	¥ —	¥ —	¥ 1,767
Unamortized balance	—	8,030	—	—	—	—	10,720
Impairment losses on long-lived assets	¥ 474	¥ 21	¥ —	¥ —	¥ 5	¥ 440	¥ 1,072

32. SEGMENT INFORMATION (CONTINUED)

CONSOLIDATED

	Millions of yen						
	Institutional Group				Global Markets Group		
Six months ended September 30, 2012	Institutional Business Sub-Group	Principal Transactions Sub-Group	Showa Leasing	Other Institutional Group	Financial Institutions Sub-Group	Markets Sub-Group	Other Global Markets Group
Revenue:	¥ 17,020	¥ 7,678	¥ 6,377	¥ 398	¥ 2,443	¥ 4,066	¥ 1,102
Net Interest Income	14,063	1,989	(1,419)	(131)	835	672	43
Non-interest Income[1]	2,956	5,689	7,797	529	1,607	3,394	1,058
Expenses	5,546	1,901	3,833	767	1,173	1,614	1,771
Net Credit Costs (Recoveries)	2,234	92	(355)	1,350	(1,357)	(132)	(229)
Segment Profit (loss)	¥ 9,239	¥ 5,684	¥ 2,900	¥ (1,719)	¥ 2,627	¥ 2,585	¥ (439)
Segment Assets[2]	¥ 2,660,853	¥ 330,588	¥ 395,871	¥ 87,357	¥ 151,680	¥ 352,773	¥ 77,040
Segment Liabilities	¥ 578,108	¥ 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

32. SEGMENT INFORMATION (CONTINUED)

CONSOLIDATED

Six months ended September 30, 2013	Thousands of U.S. dollars						
	Institutional Group				Global Markets Group		
	Institutional Business Sub-Group	Principal Transactions Sub-Group	Showa Leasing	Other Institutional Group	Financial Institutions Sub-Group	Markets Sub-Group	Other Global Markets Group
Revenue:	$ 200,660	$ 98,329	$ 69,254	$ (994)	$ 17,458	$ 21,331	$ 14,747
Net Interest Income	140,648	23,155	(13,766)	1,820	8,309	11,737	53
Non-interest Income[1]	60,012	75,174	83,020	(2,814)	9,149	9,594	14,694
Expenses	56,495	22,047	39,274	6,306	10,673	16,460	17,789
Net Credit Costs (Recoveries)	(27,604)	510	(19,082)	16,996	565	(522)	(514)
Segment Profit (loss)	$ 171,769	$ 75,772	$ 49,062	$ (24,296)	$ 6,220	$ 5,393	$ (2,528)
Segment Assets[2]	$ 24,839,764	$ 3,069,415	$ 4,285,877	$ 830,086	$ 1,585,801	$ 3,979,772	$ 975,188
Segment Liabilities	$ 4,780,599	$ 32,416	$ —	$ 11,147	$ 2,752,356	$ 2,282,789	$ 856,505
Includes:							
1. Equity in net income (loss) of affiliates	$ —	$ 5,695	$ —	$ 4,406	$ (143)	$ (16)	$ —
2. Investment in affiliates	—	429,866	—	—	—	21,523	—
Other:							
Goodwill (Negative Goodwill):							
Amortization	$ —	$ —	$ 11,259	$ —	$ —	$ —	$ —
Unamortized balance	—	—	251,982	—	—	—	—
Intangible assets acquired in business combinations:							
Amortization	$ —	$ —	$ 3,057	$ —	$ —	$ —	$ —
Unamortized balance	—	—	27,459	—	—	—	—
Impairment losses on long-lived assets	$ 887	$ —	$ —	$ —	$ 400	$ 52	$ —

Six months ended September 30, 2013	Thousands of U.S. dollars						
	Individual Group				Corporate/Other		
		Consumer Finance Sub-Group					
	Retail Banking Sub-Group	Shinsei Financial	APLUS FINANCIAL	Other	Treasury Sub-Group	Other	Total
Revenue:	$ 171,821	$ 223,666	$ 238,940	$ 8,778	$ (25,537)	$ (14,634)	$ 1,023,819
Net Interest Income	130,320	246,607	39,907	7,423	(17,777)	(16,437)	561,999
Non-interest Income[1]	41,501	(22,941)	199,033	1,355	(7,760)	1,803	461,820
Expenses	164,819	155,127	176,227	3,190	7,946	(4,243)	672,110
Net Credit Costs (Recoveries)	1,586	(2,362)	34,648	(602)	—	5	3,624
Segment Profit (loss)	$ 5,416	$ 70,901	$ 28,065	$ 6,190	$ (33,483)	$ (10,396)	$ 348,085
Segment Assets[2]	$ 11,852,599	$ 3,706,433	$ 9,011,244	$ 261,924	$ 14,150,283	$ —	$ 78,548,386
Segment Liabilities	$ 51,366,444	$ 43,295	$ 4,466,300	$ 1,371	$ 24,463	$ —	$ 66,617,685
Includes:							
1. Equity in net income (loss) of affiliates	$ —	$ —	$ —	$ —	$ —	$ —	$ 9,942
2. Investment in affiliates	—	—	—	—	—	—	451,389
Other:							
Goodwill (Negative Goodwill):							
Amortization	$ 719	$ 18,404	$ 4,385	$ (3)	$ —	$ —	$ 34,764
Unamortized balance	3,465	49,200	21,920	(54)	—	—	326,513
Intangible assets acquired in business combinations:							
Amortization	$ —	$ 14,986	$ —	$ —	$ —	$ —	$ 18,043
Unamortized balance	—	81,978	—	—	—	—	109,437
Impairment losses on long-lived assets	$ 4,846	$ 223	$ —	$ —	$ 52	$ 4,493	$ 10,953

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) "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.

32. 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, 2013 and 2012 was as follows:

	Millions of yen		Thousands of U.S. dollars
Six months ended September 30,	**2013**	2012	**2013**
Total segment profit	**¥ 34,098**	¥ 34,080	**$ 348,085**
Amortization of goodwill acquired in business combinations	**(3,335)**	(3,680)	**(34,046)**
Amortization of intangible assets acquired in business combinations	**(1,767)**	(1,999)	**(18,043)**
Lump-sum payments	**(1,289)**	(987)	**(13,158)**
Other gains (losses), net	**(103)**	514	**(1,057)**
Income (loss) before income taxes and minority interests	**¥ 27,603**	¥ 27,926	**$ 281,781**

(ii) A reconciliation between total segment assets and total assets on the interim consolidated balance sheets as of September 30, 2013 and 2012 was as follows:

	Millions of yen		Thousands of U.S. dollars
As of September 30,	**2013**	2012	**2013**
Total segment assets	**¥ 7,694,599**	¥ 8,006,770	**$ 78,548,386**
Cash and due from banks	**724,563**	414,089	**7,396,520**
Call loans	**—**	—	**—**
Receivables under resale agreements	**53,216**	38,387	**543,250**
Receivables under securities borrowing transactions	**51,557**	31,927	**526,313**
Foreign exchanges	**37,746**	22,729	**385,328**
Other assets excluding installment receivables	**374,488**	415,452	**3,822,871**
Premises and equipment excluding tangible leased assets	**32,552**	35,339	**332,306**
Intangible assets excluding intangible leased assets	**61,866**	73,900	**631,549**
Deferred issuance expense for debentures	**47**	113	**480**
Deferred tax assets	**18,800**	15,789	**191,923**
Reserve for credit losses	**(143,925)**	(171,964)	**(1,469,231)**
Total assets	**¥ 8,905,513**	¥ 8,882,534	**$ 90,909,695**

(iii) A reconciliation between total segment liabilities and total liabilities on the interim consolidated balance sheets as of September 30, 2013 and 2012 was as follows:

	Millions of yen		Thousands of U.S. dollars
As of September 30,	**2013**	2012	**2013**
Total segment liabilities	**¥ 6,525,868**	¥ 6,360,730	**$ 66,617,685**
Call money	**120,000**	230,077	**1,224,990**
Payables under securities lending transactions	**60,216**	139,404	**614,709**
Borrowed money	**619,344**	718,377	**6,322,417**
Foreign exchanges	**25**	16	**261**
Short-term corporate bonds	**107,900**	63,400	**1,101,470**
Corporate bonds	**189,142**	163,525	**1,930,813**
Other liabilities	**535,057**	506,401	**5,462,000**
Accrued employees' bonuses	**4,628**	4,103	**47,245**
Accrued directors' bonuses	**31**	23	**321**
Reserve for employees' retirement benefits	**7,521**	7,179	**76,785**
Reserve for directors' retirement benefits	**114**	211	**1,173**
Reserve for losses on interest repayments	**28,630**	41,568	**292,267**
Deferred tax liabilities	**56**	275	**575**
Total liabilities	**¥ 8,198,537**	¥ 8,235,295	**$ 83,692,711**

32. SEGMENT INFORMATION (CONTINUED) CONSOLIDATED

(B) RELATED INFORMATION

(a) INFORMATION BY SERVICES

Income regarding major services for the six months ended September 30, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
Six months ended September 30,	**2013**	2012	**2013**
Loan Businesses	**¥ 66,814**	¥ 70,407	**$ 682,062**
Lease Businesses	**4,651**	5,427	**47,489**
Securities Investment Businesses	**8,286**	10,650	**84,589**

(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, 2013 and 2012, 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, 2013 and 2012, 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, 2013 and 2012, therefore major customer information is not presented.

33. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES CONSOLIDATED

Fair values of financial instruments as of September 30, 2013 and March 31, 2013 were as follows:

	Millions of yen					
	Sept. 30, 2013			Mar. 31, 2013		
	Carrying amount	**Fair value**	**Unrealized gain (loss)**	Carrying amount	Fair value	Unrealized gain (loss)
Assets:						
(1) Cash and due from banks	**¥ 724,563**	**¥ 724,563**	**¥ —**	¥ 648,897	¥ 648,897	¥ —
(2) Call loans	**—**	**—**	**—**	18,806	18,806	—
(3) Receivables under resale agreements	**53,216**	**53,563**	**346**	78,507	78,948	440
(4) Receivables under securities borrowing transactions	**51,557**	**51,557**	**—**	19,083	19,083	—
(5) Other monetary claims purchased						
Trading purposes	**52,793**	**52,793**	**—**	66,965	66,965	—
Other[1]	**45,432**	**46,355**	**922**	44,338	44,640	301
(6) Trading assets						
Securities held for trading purposes	**62,764**	**62,764**	**—**	31,890	31,890	—
(7) Monetary assets held in trust[1]	**210,899**	**214,005**	**3,105**	233,714	238,291	4,577
(8) Securities						
Trading securities	**506**	**506**	**—**	662	662	—
Securities being held to maturity	**636,703**	**643,639**	**6,935**	639,809	649,174	9,365
Securities available for sale	**1,045,932**	**1,045,932**	**—**	1,094,814	1,094,814	—
Equity securities of affiliates	**38,775**	**30,587**	**(8,187)**	36,557	30,286	(6,271)
(9) Loans and bills discounted[2]	**4,208,627**			4,292,464		
Reserve for credit losses	**(101,376)**			(121,328)		
Net	**4,107,251**	**4,169,020**	**61,768**	4,171,136	4,248,691	77,555
(10) Lease receivables and leased investment assets[1]	**207,728**	**207,443**	**(285)**	199,177	200,125	947
(11) Other assets						
Installment receivables	**380,109**			365,817		
Deferred gains on installment receivables	**(12,410)**			(12,111)		
Reserve for credit losses	**(10,277)**			(10,819)		
Net	**357,422**	**368,492**	**11,070**	342,886	354,528	11,641
Total	**¥ 7,595,547**	**¥ 7,671,224**	**¥ 75,677**	¥ 7,627,249	¥ 7,725,806	¥ 98,557
Liabilities:						
(1) Deposits, including negotiable certificates of deposit	**¥ 5,753,456**	**¥ 5,763,021**	**¥ (9,565)**	¥ 5,457,535	¥ 5,472,305	¥ (14,769)
(2) Debentures	**45,867**	**45,919**	**(52)**	262,342	262,768	(426)
(3) Call money	**120,000**	**120,000**	**—**	170,094	170,094	—
(4) Payables under securities lending transactions	**60,216**	**60,216**	**—**	47,069	47,069	—
(5) Trading liabilities						
Trading securities sold for short sales	**46,874**	**46,874**	**—**	15,925	15,925	—
(6) Borrowed money	**619,344**	**617,852**	**1,491**	719,292	718,119	1,172
(7) Short-term corporate bonds	**107,900**	**107,900**	**—**	82,800	82,800	—
(8) Corporate bonds	**189,142**	**190,438**	**(1,296)**	174,286	171,091	3,194
Total	**¥ 6,942,801**	**¥ 6,952,223**	**¥ (9,422)**	¥ 6,929,344	¥ 6,940,172	¥ (10,829)
Derivative instruments[3]:						
Hedge accounting is not applied	**¥ (23,765)**	**¥ (23,765)**	**¥ —**	¥ (17,733)	¥ (17,733)	¥ —
Hedge accounting is applied	**(12,254)**	**(12,254)**	**—**	(16,521)	(16,521)	—
Total	**¥ (36,020)**	**¥ (36,020)**	**¥ —**	¥ (34,255)	¥ (34,255)	¥ —

	Contract amount	**Fair value**	Contract amount	Fair value
Other:				
Guarantee contracts[4]	**¥ 453,036**	**¥ (3,311)**	¥ 511,032	¥ (4,460)

33. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

CONSOLIDATED

	Thousands of U.S. dollars		
	Sept. 30, 2013		
	Carrying amount	Fair value	Unrealized gain (loss)
Assets:			
(1) Cash and due from banks	$ 7,396,520	$ 7,396,520	$ —
(2) Call loans	—	—	—
(3) Receivables under resale agreements	543,250	546,792	3,542
(4) Receivables under securities borrowing transactions	526,313	526,313	—
(5) Other monetary claims purchased			
Trading purposes	538,927	538,927	—
Other(1)	463,785	473,204	9,419
(6) Trading assets			
Securities held for trading purposes	640,719	640,719	—
(7) Monetary assets held in trust(1)	2,152,919	2,184,625	31,706
(8) Securities			
Trading securities	5,169	5,169	—
Securities being held to maturity	6,499,629	6,570,428	70,799
Securities available for sale	10,677,135	10,677,135	—
Equity securities of affiliates	395,828	312,248	(83,580)
(9) Loans and bills discounted(2)	42,962,716		
Reserve for credit losses	(1,034,876)		
Net	41,927,840	42,558,393	630,553
(10) Lease receivables and leased investment assets(1)	2,120,549	2,117,632	(2,917)
(11) Other assets			
Installment receivables	3,880,256		
Deferred gains on installment receivables	(126,687)		
Reserve for credit losses	(104,916)		
Net	3,648,653	3,761,663	113,010
Total	$ 77,537,236	$ 78,309,768	$ 772,532
Liabilities:			
(1) Deposits, including negotiable certificates of deposit	$ 58,732,707	$ 58,830,352	$ (97,645)
(2) Debentures	468,223	468,756	(533)
(3) Call money	1,224,990	1,224,990	—
(4) Payables under securities lending transactions	614,709	614,709	—
(5) Trading liabilities			
Trading securities sold for short sales	478,507	478,507	—
(6) Borrowed money	6,322,417	6,307,193	15,224
(7) Short-term corporate bonds	1,101,470	1,101,470	—
(8) Corporate bonds	1,930,813	1,944,044	(13,231)
Total	$ 70,873,836	$ 70,970,021	$ (96,185)
Derivative instruments(3):			
Hedge accounting is not applied	$ (242,601)	$ (242,601)	$ —
Hedge accounting is applied	(125,101)	(125,101)	—
Total	$ (367,702)	$ (367,702)	$ —

	Contract amount	Fair value
Other:		
Guarantee contracts(4)	$ 4,624,707	$ (33,806)

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 ¥361,641 million (U.S.$3,691,723 thousand) and ¥389,310 million held by consolidated subsidiaries included in Loans and bills discounted, reserve for losses on interest repayments of ¥28,630 million (U.S.$292,267 thousand) and ¥34,983 million was recognized for estimated losses on reimbursements of excess interest payments as of September 30, 2013 and March 31, 2013, 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.

33. 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 rate, or expected cash flows based on the forward rate in case of the transactions with floating interest rate, using the risk free rate adjusted to account for credit risk (after consideration of collateral) with credit default swap (CDS) spreads etc. corresponding to the 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 and mutual funds 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 rate are determined by discounting contractual cash flows, and the fair values of loans and bills discounted with floating interest rate 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 a 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 a 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 a 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.

33. 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 nonmarketable 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 latest actual funding rate.

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 are 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 rate 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 rate are determined by discounting expected cash flows based on forward rates, at the funding 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 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, 2013	Mar. 31, 2013	**Sept. 30, 2013**
Equity securities without readily available market price[(1)(2)]	**¥ 12,751**	¥ 12,819	**$ 130,173**
Investments in partnerships and others[(1)(2)]	**60,077**	57,681	**613,291**
Total	**¥ 72,829**	¥ 70,501	**$ 743,464**

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, 2013 and for the fiscal year ended March 31, 2013, impairment losses on equity securities without readily available market price of ¥27 million (U.S.$286 thousand) and ¥1,271 million, and on investments in partnerships and others of ¥23 million (U.S.$239 thousand) and ¥606 million were recognized, respectively.

34. 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, 2013 and March 31, 2013 are adjusted for credit risk by a reduction of ¥728 million (U.S.$7,438 thousand) and ¥611 million, respectively, and also adjusted for liquidity risk by a reduction of ¥1,527 million (U.S.$15,598 thousand) and ¥2,025 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, 2013 and March 31, 2013 were as follows:

	Millions of yen							
	Sept. 30, 2013				Mar. 31, 2013			
	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	**¥ 39,745**	**¥ 6,895**	**¥ (24)**	**¥ (24)**	¥ 3,280	¥ 2,325	¥ (3)	¥ (3)
Bought	**17,776**	**6,042**	**18**	**18**	7,693	2,335	(0)	(0)
Interest rate swaps (over-the-counter):								
Receive fixed and pay floating	**5,764,173**	**4,658,960**	**139,759**	**139,759**	5,600,527	4,558,713	176,626	176,626
Receive floating and pay fixed	**5,321,691**	**4,281,517**	**(116,222)**	**(116,222)**	5,125,244	4,099,234	(147,575)	(147,575)
Receive floating and pay floating	**725,522**	**581,066**	**1,992**	**1,992**	787,556	593,163	1,084	1,084
Interest rate swaptions (over-the-counter):								
Sold	**959,302**	**679,780**	**(16,993)**	**5,934**	1,083,435	723,154	(19,353)	4,353
Bought	**1,548,748**	**1,314,804**	**12,794**	**(200)**	1,453,978	1,124,526	15,002	1,886
Interest rate options (over-the-counter):								
Sold	**114,026**	**51,432**	**(290)**	**424**	115,090	92,907	(349)	368
Bought	**101,525**	**62,244**	**137**	**(309)**	106,049	101,049	183	(349)
Total			**¥ 21,171**	**¥ 31,372**			¥ 25,614	¥ 36,389

	Thousands of U.S. dollars			
	Sept. 30, 2013			
	Contract/Notional principal			
	Total	**Maturity over 1 year**	**Fair value**	**Unrealized gain (loss)**
Futures contracts (listed):				
Sold	**$ 405,729**	**$ 70,391**	**$ (246)**	**$ (246)**
Bought	**181,463**	**61,688**	**190**	**190**
Interest rate swaps (over-the-counter):				
Receive fixed and pay floating	**58,842,111**	**47,559,825**	**1,426,700**	**1,426,700**
Receive floating and pay fixed	**54,325,144**	**43,706,792**	**(1,186,427)**	**(1,186,427)**
Receive floating and pay floating	**7,406,316**	**5,931,674**	**20,336**	**20,336**
Interest rate swaptions (over-the-counter):				
Sold	**9,792,794**	**6,939,367**	**(173,471)**	**60,585**
Bought	**15,810,010**	**13,421,851**	**130,611**	**(2,051)**
Interest rate options (over-the-counter):				
Sold	**1,164,014**	**525,040**	**(2,968)**	**4,338**
Bought	**1,036,394**	**635,411**	**1,403**	**(3,163)**
Total			**$ 216,128**	**$ 320,262**

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.

34. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

CONSOLIDATED

(b) CURRENCY-RELATED TRANSACTIONS

Currency-related transactions as of September 30, 2013 and March 31, 2013 were as follows:

Millions of yen

	Sept. 30, 2013				Mar. 31, 2013			
	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)	**¥ 838,559**	**¥ 724,366**	**¥ (31,222)**	**¥ (31,222)**	¥ 825,128	¥ 716,720	¥ (29,417)	¥ (29,417)
Forward foreign exchange contracts (over-the-counter):								
Sold	**781,175**	**93,164**	**(18,765)**	**(18,765)**	673,772	101,842	(22,475)	(22,475)
Bought	**519,931**	**148,373**	**37,211**	**37,211**	477,400	158,504	55,253	55,253
Currency options (over-the-counter):								
Sold	**1,586,786**	**644,764**	**(33,672)**	**(2,677)**	2,020,346	931,805	(49,338)	(5,205)
Bought	**1,494,297**	**684,723**	**437**	**(26,427)**	2,046,529	918,286	4,744	(32,024)
Total			**¥ (46,011)**	**¥ (41,880)**			¥ (41,233)	¥ (33,869)

Thousands of U.S. dollars

	Sept. 30, 2013			
	Contract/Notional principal			
	Total	**Maturity over 1 year**	**Fair value**	**Unrealized gain (loss)**
Currency swaps (over-the-counter)	**$ 8,560,225**	**$ 7,394,514**	**$ (318,724)**	**$ (318,724)**
Forward foreign exchange contracts (over-the-counter):				
Sold	**7,974,434**	**951,046**	**(191,559)**	**(191,559)**
Bought	**5,307,589**	**1,514,635**	**379,866**	**379,866**
Currency options (over-the-counter):				
Sold	**16,198,313**	**6,581,919**	**(343,741)**	**(27,328)**
Bought	**15,254,157**	**6,989,823**	**4,462**	**(269,778)**
Total			**$ (469,696)**	**$ (427,523)**

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.

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34. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

CONSOLIDATED

(c) EQUITY-RELATED TRANSACTIONS

Equity-related transactions as of September 30, 2013 and March 31, 2013 were as follows:

Millions of yen

	Sept. 30, 2013				Mar. 31, 2013			
	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	**¥ 18,555**	**¥ —**	**¥ 271**	**¥ 271**	¥ 3,762	¥ —	¥ (19)	¥ (19)
Bought	**4,021**	**—**	**(34)**	**(34)**	24,115	—	282	282
Equity index options (listed):								
Sold	**796,098**	**262,287**	**(50,726)**	**(15,766)**	384,365	161,525	(25,853)	(8,489)
Bought	**897,631**	**256,975**	**49,147**	**12,142**	373,268	141,975	23,188	4,848
Equity options (over-the-counter):								
Sold	**159,842**	**77,568**	**(26,200)**	**(10,914)**	168,569	74,685	(17,060)	(927)
Bought	**173,733**	**82,960**	**34,699**	**18,675**	194,060	80,077	23,634	6,649
Other (over-the-counter):								
Sold	**35,400**	**35,400**	**(989)**	**(989)**	28,399	18,400	(1,494)	(1,494)
Bought	**107,977**	**107,977**	**(330)**	**(330)**	119,347	118,997	729	729
Total			**¥ 5,836**	**¥ 3,054**			¥ 3,406	¥ 1,577

Thousands of U.S. dollars

	Sept. 30, 2013			
	Contract/Notional principal			
	Total	**Maturity over 1 year**	**Fair value**	**Unrealized gain (loss)**
Equity index futures (listed):				
Sold	**$ 189,415**	**$ —**	**$ 2,772**	**$ 2,772**
Bought	**41,048**	**—**	**(353)**	**(353)**
Equity index options (listed):				
Sold	**8,126,769**	**2,677,496**	**(517,831)**	**(160,953)**
Bought	**9,163,249**	**2,623,265**	**501,709**	**123,958**
Equity options (over-the-counter):				
Sold	**1,631,709**	**791,834**	**(267,466)**	**(111,420)**
Bought	**1,773,518**	**846,883**	**354,221**	**190,647**
Other (over-the-counter):				
Sold	**361,372**	**361,372**	**(10,097)**	**(10,097)**
Bought	**1,102,261**	**1,102,261**	**(3,375)**	**(3,375)**
Total			**$ 59,580**	**$ 31,179**

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.

34. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED) CONSOLIDATED

(d) BOND-RELATED TRANSACTIONS

Bond-related transactions as of September 30, 2013 and March 31, 2013 were as follows:

Millions of yen

	Sept. 30, 2013				Mar. 31, 2013			
	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	**¥ 22,086**	**¥ —**	**¥ (82)**	**¥ (82)**	¥ 20,504	¥ —	¥ (92)	¥ (92)
Bought	**11,543**	**—**	**25**	**25**	22,669	—	39	39
Bond futures options (listed):								
Sold	**8,640**	**—**	**(12)**	**0**	—	—	—	—
Bought	**—**	**—**	**—**	**—**	31,114	—	13	(10)
Total			**¥ (69)**	**¥ (56)**			¥ (39)	¥ (62)

Thousands of U.S. dollars

	Sept. 30, 2013			
	Contract/Notional principal			
	Total	Maturity over 1 year	Fair value	Unrealized gain (loss)
Bond futures (listed):				
Sold	**$ 225,462**	**$ —**	**$ (841)**	**$ (841)**
Bought	**117,841**	**—**	**256**	**256**
Bond futures options (listed):				
Sold	**88,199**	**—**	**(125)**	**6**
Bought	**—**	**—**	**—**	**—**
Total			**$ (710)**	**$ (579)**

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.

34. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED) CONSOLIDATED

(e) CREDIT DERIVATIVES TRANSACTIONS

Credit derivatives transactions as of September 30, 2013 and March 31, 2013 were as follows:

	Millions of yen							
	Sept. 30, 2013				Mar. 31, 2013			
	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	**¥ 317,424**	**¥ 261,058**	**¥ 3,027**	**¥ 3,027**	¥ 447,561	¥ 260,752	¥ 1,667	¥ 1,667
Bought	**328,928**	**262,060**	**(3,281)**	**(3,281)**	442,565	255,824	(2,075)	(2,075)
Other (over-the-counter):								
Bought	**1,600**	**1,600**	**(2,182)**	**(582)**	1,600	1,600	(2,435)	(835)
Total			**¥ (2,436)**	**¥ (836)**			¥ (2,843)	¥ (1,243)

	Thousands of U.S. dollars			
	Sept. 30, 2013			
	Contract/Notional principal			
	Total	**Maturity over 1 year**	**Fair value**	**Unrealized gain (loss)**
Credit default option (over-the-counter):				
Sold	**$ 3,240,346**	**$ 2,664,945**	**$ 30,905**	**$ 30,905**
Bought	**3,357,779**	**2,675,181**	**(33,497)**	**(33,497)**
Other (over-the-counter):				
Bought	**16,333**	**16,333**	**(22,276)**	**(5,942)**
Total			**$ (24,868)**	**$ (8,534)**

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.

34. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

CONSOLIDATED

(B) DERIVATIVES TRANSACTIONS TO WHICH HEDGE ACCOUNTING WAS APPLIED

(a) INTEREST RATE-RELATED TRANSACTIONS

Interest rate-related transactions which are accounted for using the deferral method as of September 30, 2013 and March 31, 2013 were as follows:

	Millions of yen					
	Sept. 30, 2013			Mar. 31, 2013		
	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	**¥ 831,085**	**¥ 329,491**	**¥ 3,374**	¥ 613,807	¥ 404,247	¥ 4,761
Receive floating and pay fixed	**246,900**	**227,606**	**(11,053)**	237,107	224,610	(14,555)
Total			**¥ (7,679)**			¥ (9,793)

	Thousands of U.S. dollars		
	Sept. 30, 2013		
	Contract/Notional principal		
	Total	**Maturity over 1 year**	**Fair value**
Interest rate swaps:			
Receive fixed and pay floating	**$ 8,483,929**	**$ 3,363,534**	**$ 34,443**
Receive floating and pay fixed	**2,520,420**	**2,323,460**	**(112,835)**
Total			**$ (78,392)**

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.

34. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED) CONSOLIDATED

Interest rate swaps which meet specific matching criteria as of September 30, 2013 and March 31, 2013 were as follows:

	Millions of yen					
	Sept. 30, 2013			Mar. 31, 2013		
	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	**¥ 9,925**	**¥ 6,325**	**¥ —**	¥ 1,450	¥ 250	¥ —

	Thousands of U.S. dollars		
	Sept. 30, 2013		
	Contract/Notional principal		
	Total	**Maturity over 1 year**	**Fair value**
Interest rate swaps:			
Receive floating and pay fixed	**$ 101,317**	**$ 64,567**	**$ —**

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 33 "FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES."

(b) CURRENCY-RELATED TRANSACTIONS

Currency-related transactions which are accounted for using the deferral method as of September 30, 2013 and March 31, 2013 were as follows:

	Millions of yen					
	Sept. 30, 2013			Mar. 31, 2013		
	Contract/Notional principal			Contract/Notional principal		
	Total	**Maturity over 1 year**	**Fair value**	Total	Maturity over 1 year	Fair value
Currency swaps	**¥ 18,021**	**¥ 9,841**	**¥ (4,575)**	¥ 33,333	¥ 9,446	¥ (6,727)

	Thousands of U.S. dollars		
	Sept. 30, 2013		
	Contract/Notional principal		
	Total	**Maturity over 1 year**	**Fair value**
Currency swaps	**$ 183,971**	**$ 100,461**	**$ (46,709)**

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.

INTERIM NON-CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Shinsei Bank, Limited
As of September 30, 2013 and March 31, 2013

	Millions of yen		Thousands of U.S. dollars (Note)
	Sept. 30, 2013	Mar. 31, 2013	**Sept. 30, 2013**
ASSETS			
Cash and due from banks	**¥ 602,436**	¥ 546,411	**$ 6,149,824**
Call loans	**—**	18,806	**—**
Receivables under resale agreements	**53,216**	78,507	**543,250**
Other monetary claims purchased	**191,928**	198,768	**1,959,257**
Trading assets	**256,012**	258,902	**2,613,440**
Monetary assets held in trust	**209,417**	255,505	**2,137,790**
Securities	**2,215,723**	2,282,624	**22,618,660**
Valuation allowance for investments	**(3,370)**	(3,370)	**(34,409)**
Loans and bills discounted	**4,139,960**	4,224,433	**42,261,746**
Foreign exchanges	**37,746**	33,857	**385,328**
Other assets	**224,277**	476,920	**2,289,480**
Premises and equipment	**18,455**	19,600	**188,394**
Intangible assets	**8,651**	9,333	**88,320**
Deferred issuance expenses for debentures	**47**	95	**480**
Deferred tax assets	**4,536**	1,210	**46,306**
Customers' liabilities for acceptances and guarantees	**11,346**	12,566	**115,828**
Reserve for credit losses	**(90,411)**	(106,518)	**(922,938)**
Total assets	**¥ 7,879,976**	¥ 8,307,655	**$ 80,440,756**
LIABILITIES AND EQUITY			
Liabilities:			
Deposits, including negotiable certificates of deposit	**¥ 5,903,401**	¥ 5,836,251	**$ 60,263,387**
Debentures	**45,867**	265,042	**468,223**
Call money	**120,000**	170,094	**1,224,990**
Payables under securities lending transactions	**—**	28,377	**—**
Trading liabilities	**228,820**	226,202	**2,335,855**
Borrowed money	**356,129**	479,854	**3,635,453**
Foreign exchanges	**224**	368	**2,296**
Corporate bonds	**238,291**	220,713	**2,432,538**
Other liabilities	**297,239**	398,199	**3,034,300**
Accrued employees' bonuses	**2,067**	4,091	**21,101**
Acceptances and guarantees	**11,346**	12,566	**115,828**
Total liabilities	**7,203,387**	7,641,761	**73,533,971**
Equity:			
Common stock	**512,204**	512,204	**5,228,711**
Capital surplus	**79,465**	79,465	**811,208**
Stock acquisition rights	**1,222**	1,238	**12,481**
Retained earnings:			
Legal reserve	**12,628**	12,097	**128,911**
Unappropriated retained earnings	**151,520**	139,126	**1,546,758**
Unrealized gain (loss) on available-for-sale securities	**625**	2,976	**6,389**
Deferred gain (loss) on derivatives under hedge accounting	**(8,520)**	(8,657)	**(86,975)**
Treasury stock, at cost	**(72,558)**	(72,558)	**(740,698)**
Total equity	**676,588**	665,893	**6,906,785**
Total liabilities and equity	**¥ 7,879,976**	¥ 8,307,655	**$ 80,440,756**

Note: U.S. dollar amounts, presented solely for the readers' convenience, are translated at ¥97.96=U.S.$1.00, the rate of exchange prevailing on the Tokyo foreign exchange market on September 30, 2013.

INTERIM NON-CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Shinsei Bank, Limited
For the six months ended September 30, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note)
	Sept. 30, 2013 (6 months)	Sept. 30, 2012 (6 months)	**Sept. 30, 2013 (6 months)**
Interest income:			
Interest on loans and bills discounted	**¥ 35,808**	¥ 32,752	**$ 365,547**
Interest and dividends on securities	**16,700**	17,634	**170,484**
Interest on deposits with banks	**397**	115	**4,059**
Other interest income	**1,381**	1,178	**14,105**
Total interest income	**54,288**	51,680	**554,195**
Interest expenses:			
Interest on deposits, including negotiable certificates of deposit	**11,332**	11,832	**115,688**
Interest and discounts on debentures	**121**	548	**1,240**
Interest on other borrowings	**1,386**	1,366	**14,158**
Interest on corporate bonds	**4,556**	4,011	**46,511**
Other interest expenses	**173**	84	**1,767**
Total interest expenses	**17,570**	17,844	**179,364**
Net interest income	**36,718**	33,836	**374,831**
Fees and commissions income	**11,072**	7,756	**113,034**
Fees and commissions expenses	**7,429**	5,363	**75,847**
Net fees and commissions	**3,642**	2,393	**37,187**
Net trading income (loss)	**2,520**	8,526	**25,733**
Other business income (loss), net:			
Net gain (loss) on monetary assets held in trust	**2,362**	5,139	**24,115**
Net gain (loss) on foreign exchanges	**3,146**	(1,240)	**32,119**
Net gain (loss) on securities	**(7)**	2,474	**(72)**
Net gain (loss) on other monetary claims purchased	**10**	(105)	**102**
Other, net	**335**	284	**3,429**
Net other business income (loss)	**5,847**	6,552	**59,693**
Total revenue	**48,729**	51,309	**497,444**
General and administrative expenses:			
Personnel expenses	**11,863**	11,151	**121,109**
Premises expenses	**6,113**	5,980	**62,410**
Technology and data processing expenses	**3,654**	3,844	**37,309**
Advertising expenses	**2,971**	2,647	**30,338**
Consumption and property taxes	**1,607**	1,640	**16,409**
Deposit insurance premium	**2,070**	2,151	**21,139**
Other general and administrative expenses	**7,337**	6,922	**74,899**
Total general and administrative expenses	**35,619**	34,339	**363,613**
Net business profit (loss)	**13,110**	16,969	**133,831**
Net credit costs (recoveries)	**(960)**	1,505	**(9,800)**
Other gains (losses), net	**(416)**	(341)	**(4,247)**
Income (loss) before income taxes	**13,654**	15,122	**139,384**
Income taxes (benefit):			
Current	**(120)**	(120)	**(1,232)**
Deferred	**(1,804)**	(456)	**(18,419)**
Net income (loss)	**¥ 15,579**	¥ 15,699	**$ 159,035**

Note: U.S. dollar amounts, presented solely for the readers' convenience, are translated at ¥97.96=U.S.$1.00, the rate of exchange prevailing on the Tokyo foreign exchange market on September 30, 2013.

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

Shinsei Bank, Limited
For the six months ended September 30, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note)
	Sept. 30, 2013 (6 months)	Sept. 30, 2012 (6 months)	**Sept. 30, 2013 (6 months)**
Common stock:			
Balance at beginning of the period	**¥ 512,204**	¥ 512,204	**$ 5,228,711**
Balance at end of the period	**512,204**	512,204	**5,228,711**
Capital surplus:			
Balance at beginning of the period	**79,465**	79,465	**811,208**
Balance at end of the period	**79,465**	79,465	**811,208**
Stock acquisition rights:			
Balance at beginning of the period	**1,238**	1,354	**12,645**
Net change during the period	**(16)**	(53)	**(164)**
Balance at end of the period	**1,222**	1,301	**12,481**
Retained earnings:			
Legal reserve:			
Balance at beginning of the period	**12,097**	11,566	**123,493**
Dividends	**530**	530	**5,418**
Balance at end of the period	**12,628**	12,097	**128,911**
Unappropriated retained earnings:			
Balance at beginning of the period	**139,126**	117,654	**1,420,233**
Dividends	**(3,184)**	(3,184)	**(32,510)**
Net income (loss)	**15,579**	15,699	**159,035**
Balance at end of the period	**151,520**	130,169	**1,546,758**
Unrealized gain (loss) on available-for-sale securities:			
Balance at beginning of the period	**2,976**	(1,031)	**30,388**
Net change during the period	**(2,350)**	(292)	**(23,999)**
Balance at end of the period	**625**	(1,324)	**6,389**
Deferred gain (loss) on derivatives under hedge accounting:			
Balance at beginning of the period	**(8,657)**	(4,476)	**(88,378)**
Net change during the period	**137**	2,183	**1,403**
Balance at end of the period	**(8,520)**	(2,293)	**(86,975)**
Treasury stock, at cost:			
Balance at beginning of the period	**(72,558)**	(72,558)	**(740,698)**
Balance at end of the period	**(72,558)**	(72,558)	**(740,698)**
Total equity:			
Balance at beginning of the period	**665,893**	644,178	**6,797,602**
Net change in stock acquisition rights during the period	**(16)**	(53)	**(164)**
Dividends	**(2,653)**	(2,653)	**(27,092)**
Net income (loss)	**15,579**	15,699	**159,035**
Net change in unrealized gain (loss) on available-for-sale securities during the period	**(2,350)**	(292)	**(23,999)**
Net change in deferred gain (loss) on derivatives under hedge accounting during the period	**137**	2,183	**1,403**
Balance at end of the period	**¥ 676,588**	¥ 659,062	**$ 6,906,785**

Note: U.S. dollar amounts, presented solely for the readers' convenience, are translated at ¥97.96=U.S.$1.00, the rate of exchange prevailing on the Tokyo foreign exchange market on September 30, 2013.

BASEL ACCORD 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 86 non-consolidated subsidiaries are special purpose companies (SPCs) or Limited Partnerships (LPs) for leveraged 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 54 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, 2013		As of March 31, 2013	
	Required capital amount (Consolidated)	**Required capital amount (Non-consolidated)**	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)
Shinsei housing loans	**¥ 36,801**	**¥ 36,801**	¥ 35,324	¥ 35,324
Shinsei bank card loans Lake	**5,716**	**5,716**	3,900	3,900
Subsidiaries of Showa Leasing	**1,107**	**—**	1,057	—
Shinsei Financial Group[1]	**19,625**	**—**	20,988	—
Other subsidiaries	**4,165**	**—**	3,820	—

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, 2013		As of March 31, 2013	
	Required capital amount (Consolidated)	**Required capital amount (Non-consolidated)**	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)
Corporate (Excluding Specialized Lending)[1]	**¥ 168,623**	**¥ 155,064**	¥ 183,548	¥ 170,826
Specialized Lending[2]	**116,231**	**115,373**	151,378	150,285
Sovereign	**4,655**	**4,612**	4,620	4,533
Bank	**17,036**	**15,967**	18,279	17,660
Residential mortgages	**1,635**	**0**	1,793	—
Qualified revolving retails	**47,606**	**0**	48,545	—
Other retails	**130,694**	**0**	138,052	—
Equity	**11,881**	**134,103**	11,212	133,633
Regarded (Fund)	**27,450**	**20,175**	27,544	20,764
Securitization[3]	**35,644**	**41,278**	36,421	42,890
(Unrated securitization exposure)	**(15,292)**	**(15,292)**	(15,115)	(15,115)
Purchase receivables	**47,956**	**47,312**	56,934	55,917
Other assets	**6,453**	**2,661**	6,416	2,485
Total	**¥ 615,870**	**¥ 536,548**	¥ 684,748	¥ 598,998

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, 2013		As of March 31, 2013	
	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)
Market-Based Approach				
Simplified Method	¥ 2,332	¥ 5,387	¥ 1,426	¥ 5,024
PD/LGD Method	8,977	127,301	9,270	127,195
Grandfathering Rule	572	1,414	514	1,414
Total	¥ 11,881	¥ 134,103	¥ 11,212	¥ 133,633

AMOUNT OF REQUIRED CAPITAL FOR REGARDED-METHOD EXPOSURE UNDER IRB

Millions of yen

	As of September 30, 2013		As of March 31, 2013	
	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)
Look Through	¥ 3,469	¥ 3,469	¥ 3,085	¥ 3,085
Revised Naivete Majority	16,982	8,394	16,630	8,558
Simplified [400%]	633	1,954	533	1,835
Simplified [1,250%]	6,364	6,356	7,294	7,285
Total	¥ 27,450	¥ 20,175	¥ 27,544	¥ 20,764

AMOUNT OF REQUIRED CAPITAL FOR MARKET RISK

Millions of yen

	As of September 30, 2013		As of March 31, 2013	
	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)
The Standardized Approach				
(Specific Risk)	¥ 1,086	¥ 917	¥ 1,491	¥ 1,228
Interest rate risk	594	580	810	797
Equity position risk	86	86	210	210
FX risk	365	250	243	220
Securitization risk	39	—	227	—
The Standardized Approach				
(General Market Risk)	—	—	—	—
The Internal Models Approach				
(IMA) (General Market Risk)	16,501	16,372	16,771	16,423

AMOUNT OF REQUIRED CAPITAL FOR OPERATIONAL RISK

Millions of yen

	As of September 30, 2013		As of March 31, 2013	
	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)	Required capital amount (Consolidated)	Required capital amount (Non-consolidated)
The Standardized Approach	¥ 27,960	¥ 13,572	¥ 29,487	¥ 13,797

TOTAL CAPITAL ADEQUACY RATIO AND TIER I CAPITAL RATIO

	As of September 30, 2013		As of March 31, 2013	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Total capital adequacy ratio	14.12%	15.93%	12.24%	14.31%
Tier I capital ratio	11.98%	13.27%	10.41%	11.99%

TOTAL REQUIRED CAPITAL (DOMESTIC CRITERIA)

Millions of yen

	As of September 30, 2013		As of March 31, 2013	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Total required capital	¥ 332,176	¥ 267,941	¥ 374,531	¥ 302,731
Total risk assets x 4%	¥ 217,741	¥ 215,857	¥ 233,911	¥ 230,186

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, 2013				As of March 31, 2013			
	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	**¥ 339,920**	**¥ 332,423**	**¥ 0**	**¥ 7,496**	¥ 364,154	¥ 359,354	¥ 0	¥ 4,799
Agriculture	**863**	**863**	**—**	**—**	967	967	—	—
Mining	**775**	**775**	**—**	**—**	830	830	—	—
Construction	**43,717**	**43,680**	**36**	**1**	40,795	40,757	36	1
Electric power, gas, water supply	**157,077**	**155,941**	**30**	**1,105**	134,776	134,176	31	568
Information and communication	**48,942**	**48,914**	**—**	**28**	36,372	36,344	—	28
Transportation	**233,246**	**230,055**	**2,136**	**1,053**	249,011	235,287	2,160	11,563
Wholesale and retail	**154,663**	**150,536**	**132**	**3,993**	153,172	152,385	222	564
Finance and insurance	**1,286,091**	**1,228,050**	**17,561**	**40,479**	1,271,552	1,210,505	13,803	47,242
Real estate	**701,278**	**567,670**	**131,844**	**1,764**	788,987	597,733	189,636	1,616
Services	**437,561**	**434,385**	**2,154**	**1,021**	456,102	452,231	2,651	1,219
Government	**1,417,168**	**91,827**	**1,325,340**	**—**	1,431,154	93,260	1,337,894	—
Individuals	**2,458,018**	**2,457,905**	**—**	**112**	2,448,490	2,448,359	—	130
Others	**8,152**	**8,152**	**0**	**—**	8,215	8,215	—	—
Domestic Total	**7,287,478**	**5,751,182**	**1,479,238**	**57,057**	7,384,584	5,770,410	1,546,438	67,736
Foreign	**706,156**	**356,159**	**133,947**	**216,049**	711,180	407,714	120,130	183,335
Consolidated Total	**¥ 7,993,634**	**¥ 6,107,342**	**¥ 1,613,186**	**¥ 273,106**	¥ 8,095,765	¥ 6,178,125	¥ 1,666,568	¥ 251,071
To 1 year	**1,463,048**	**1,041,187**	**341,870**	**79,990**	1,429,694	1,138,863	229,293	61,537
1 to 3 years	**1,891,476**	**1,407,032**	**391,992**	**92,452**	2,089,682	1,470,025	534,358	85,297
3 to 5 years	**2,271,809**	**1,512,603**	**727,960**	**31,245**	2,313,481	1,532,782	748,870	31,828
Over 5 years	**1,925,127**	**1,708,160**	**147,548**	**69,418**	1,803,998	1,579,010	152,581	72,406
Undated	**442,172**	**438,358**	**3,814**	**—**	458,907	457,442	1,464	—
Consolidated Total	**¥ 7,993,634**	**¥ 6,107,342**	**¥ 1,613,186**	**¥ 273,106**	¥ 8,095,765	¥ 6,178,125	¥ 1,666,568	¥ 251,071

Geographic, Industries or Maturity (Non-consolidated)

Millions of yen

	As of September 30, 2013				As of March 31, 2013			
	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	**¥ 273,331**	**¥ 265,834**	**¥ 0**	**¥ 7,496**	¥ 300,427	¥ 295,628	¥ 0	¥ 4,799
Agriculture	**205**	**205**	**—**	**—**	236	236	—	—
Mining	**247**	**247**	**—**	**—**	268	268	—	—
Construction	**13,686**	**13,685**	**—**	**1**	12,569	12,568	—	1
Electric power, gas, water supply	**156,867**	**155,731**	**30**	**1,105**	134,586	133,985	31	568
Information and communication	**34,833**	**34,805**	**—**	**28**	21,755	21,726	—	28
Transportation	**207,691**	**204,500**	**2,136**	**1,053**	223,809	210,085	2,160	11,563
Wholesale and retail	**82,155**	**78,029**	**132**	**3,993**	80,680	79,892	222	564
Finance and insurance	**1,499,847**	**1,432,073**	**34,143**	**33,630**	1,506,775	1,437,510	31,509	37,755
Real estate	**715,584**	**581,975**	**131,844**	**1,764**	806,178	614,924	189,636	1,616
Services	**364,378**	**360,032**	**2,046**	**2,299**	389,125	384,440	2,729	1,955
Government	**1,404,845**	**79,539**	**1,325,305**	**—**	1,418,449	80,590	1,337,859	—
Individuals	**1,078,738**	**1,078,625**	**—**	**112**	1,009,761	1,009,630	—	130
Others	**—**	**—**	**—**	**—**	—	—	—	—
Domestic Total	**5,832,413**	**4,285,286**	**1,495,640**	**51,486**	5,904,623	4,281,488	1,564,150	58,984
Foreign	**690,918**	**321,883**	**152,776**	**216,259**	691,890	370,939	137,324	183,627
Bank Total	**¥ 6,523,332**	**¥ 4,607,169**	**¥ 1,648,416**	**¥ 267,746**	¥ 6,596,514	¥ 4,652,427	¥ 1,701,474	¥ 242,612
To 1 year	**1,500,717**	**1,080,392**	**341,834**	**78,490**	1,467,947	1,181,420	229,452	57,074
1 to 3 years	**1,406,844**	**924,812**	**391,992**	**90,039**	1,631,950	1,014,947	534,358	82,644
3 to 5 years	**1,957,965**	**1,198,899**	**727,852**	**31,213**	1,955,616	1,175,141	748,753	31,721
Over 5 years	**1,586,412**	**1,352,032**	**166,377**	**68,002**	1,475,214	1,234,268	169,774	71,170
Undated	**71,392**	**51,032**	**20,359**	**—**	65,784	46,650	19,134	—
Bank Total	**¥ 6,523,332**	**¥ 4,607,169**	**¥ 1,648,416**	**¥ 267,746**	¥ 6,596,514	¥ 4,652,427	¥ 1,701,474	¥ 242,612

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, 2013		As of March 31, 2013	
	Default Exposure		Default Exposure	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Manufacturing	¥ 10,896	¥ 6,989	¥ 20,723	¥ 16,375
Agriculture	12	—	22	—
Mining	—	—	—	—
Construction	1,690	90	2,221	91
Electric power, gas, water supply	—	—	—	—
Information and communication	2,013	1,983	2,198	2,183
Transportation	5,726	3,592	5,331	3,592
Wholesale and retail	1,140	238	1,037	230
Finance and insurance	58,664	58,653	59,718	59,706
Real estate	111,185	108,043	181,035	177,487
Services	31,244	29,503	31,016	29,052
Government	—	—	—	—
Individuals	143,794	7,113	142,751	6,380
Others	6,557	—	7,652	—
Domestic Total	372,928	216,208	453,708	295,101
Foreign	38,683	38,683	37,594	37,594
Total	¥ 411,611	¥ 254,891	¥ 491,303	¥ 332,695

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

Consolidated

Millions of yen

	As of September 30, 2013			As of March 31, 2013			As of September 30, 2012		
	Start Amount	Change Amount	End Amount	Start Amount	Change Amount	End Amount	Start Amount	Change Amount	End Amount
General	¥ 67,707	¥ (2,124)	¥ 65,583	¥ 80,949	¥ (13,242)	¥ 67,707	¥ 80,949	¥ (3,129)	¥ 77,820
Specific	243,746	(12,378)	231,368	265,675	(21,929)	243,746	265,675	(8,451)	257,224
Country	0	—	0	0	—	0	0	—	0
Total	¥ 311,454	¥ (14,502)	¥ 296,952	¥ 346,625	¥ (35,171)	¥ 311,454	¥ 346,625	¥(11,580)	¥ 335,045

Non-consolidated

Millions of yen

	As of September 30, 2013			As of March 31, 2013			As of September 30, 2012		
	Start Amount	Change Amount	End Amount	Start Amount	Change Amount	End Amount	Start Amount	Change Amount	End Amount
General	¥ 28,522	¥ (496)	¥ 28,026	¥ 39,627	¥ (11,105)	¥ 28,522	¥ 39,627	¥ (5,497)	¥ 34,130
Specific	136,187	(10,729)	125,458	156,555	(20,368)	136,187	156,555	(8,212)	148,343
Country	0	—	0	0	—	0	0	—	0
Total	¥ 164,711	¥ (11,226)	¥ 153,485	¥ 196,183	¥ (31,472)	¥ 164,711	¥ 196,183	¥(13,709)	¥ 182,474

Geographic (Consolidated)

Millions of yen

	As of September 30, 2013				As of March 31, 2013				As of September 30, 2012			
	Total	Reserve Amount			Total	Reserve Amount			Total	Reserve Amount		
		General	Specific	Country		General	Specific	Country		General	Specific	Country
Domestic	¥ 263,915	¥ 59,407	¥ 204,508	¥ —	¥ 276,111	¥ 61,640	¥ 214,471	¥ —	¥ 303,303	¥ 71,913	¥ 231,389	¥ —
Foreign	33,036	6,175	26,860	0	35,343	6,067	29,275	0	31,741	5,906	25,834	0
Total	¥ 296,952	¥ 65,583	¥ 231,368	¥ 0	¥ 311,454	¥ 67,707	¥ 243,746	¥ 0	¥ 335,045	¥ 77,820	¥ 257,224	¥ 0

QUANTITATIVE DISCLOSURE (CONTINUED)

Geographic (Non-consolidated)

Millions of yen

	As of September 30, 2013				As of March 31, 2013				As of September 30, 2012			
	Total	Reserve Amount			Total	Reserve Amount			Total	Reserve Amount		
		General	Specific	Country		General	Specific	Country		General	Specific	Country
Domestic	**¥ 123,506**	**¥ 24,029**	**¥ 99,477**	**¥ —**	¥ 132,950	¥ 24,926	¥ 108,023	¥ —	¥ 153,325	¥ 29,834	¥ 123,490	¥ —
Foreign	**29,979**	**3,997**	**25,981**	**0**	31,761	3,595	28,164	0	29,149	4,295	24,853	0
Total	**¥ 153,485**	**¥ 28,026**	**¥ 125,458**	**¥ 0**	¥ 164,711	¥ 28,522	¥ 136,187	¥ 0	¥ 182,474	¥ 34,130	¥ 148,343	¥ 0

Industries

Millions of yen

	As of September 30, 2013		As of March 31, 2013		As of September 30, 2012	
	Reserve Amount		Reserve Amount		Reserve Amount	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Manufacturing	**¥ 10,837**	**¥ 6,971**	¥ 12,551	¥ 8,227	¥ 14,794	¥ 9,862
Agriculture	**31**	**—**	46	—	30	—
Mining	**16**	**7**	15	5	23	13
Construction	**1,452**	**142**	1,587	119	1,930	185
Electric power, gas, water supply	**402**	**402**	276	276	187	187
Information and communication	**622**	**384**	1,105	105	1,271	213
Transportation	**2,645**	**1,692**	2,659	1,716	2,790	1,939
Wholesale and retail	**2,585**	**820**	2,326	777	2,579	773
Finance and insurance	**16,124**	**19,167**	16,874	19,676	25,908	28,177
Real estate	**65,692**	**68,326**	73,081	76,063	81,507	84,273
Services	**19,759**	**16,219**	20,799	16,777	23,587	18,670
Government	**93**	**—**	70	—	77	—
Individuals	**135,377**	**5,465**	135,960	5,078	139,344	4,902
Others	**4,492**	**3,908**	4,676	4,126	4,715	4,126
Foreign	**33,036**	**29,979**	35,343	31,761	31,741	29,149
Non-classified	**3,780**	**—**	4,079	—	4,555	—
Total	**¥ 296,952**	**¥ 153,485**	¥ 311,454	¥ 164,711	¥ 335,045	¥ 182,474

AMOUNT OF WRITE-OFFS

Industries

Millions of yen

	Six months ended September 30, 2013		Fiscal year ended March 31, 2013		Six months ended September 30, 2012	
	Amount of write-off		Amount of write-off		Amount of write-off	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Manufacturing	**¥ 810**	**¥ 768**	¥ 623	¥ 426	¥ 86	¥ —
Agriculture	**5**	**—**	—	—	—	—
Mining	**—**	**—**	—	—	—	—
Construction	**44**	**—**	170	23	135	80
Electric power, gas, water supply	**—**	**—**	—	—	—	—
Information and communication	**347**	**—**	52	—	40	—
Transportation	**2**	**—**	534	519	520	509
Wholesale and retail	**27**	**—**	235	—	126	—
Finance and insurance	**382**	**382**	943	943	371	371
Real estate	**4,423**	**4,423**	14,942	14,898	6,296	6,264
Services	**111**	**—**	378	21	127	—
Government	**—**	**—**	—	—	—	—
Individuals	**10,766**	**20**	30,379	80	14,474	13
Others	**—**	**—**	—	—	—	—
Foreign	**423**	**423**	5,107	5,107	3,682	3,681
Non-classified	**—**	**—**	0	—	—	—
Total	**¥ 17,344**	**¥ 6,018**	¥ 53,367	¥ 22,018	¥ 25,861	¥ 10,920

QUANTITATIVE DISCLOSURE (CONTINUED)

AMOUNT OF EXPOSURES UNDER SA (AFTER CREDIT RISK MITIGATION)

Millions of yen

	As of September 30, 2013				As of March 31, 2013			
	Consolidated		Non-consolidated		Consolidated		Non-consolidated	
	Rated	Unrated	Rated	Unrated	Rated	Unrated	Rated	Unrated
0%	¥ 11	¥ 1,360	¥ —	¥ —	¥ 184	¥ 1,598	¥ —	¥ —
10%	—	—	—	—	—	—	—	—
20%	101,128	30	—	—	80,212	0	—	—
35%	—	880,291	—	880,291	—	790,481	—	790,481
50%	346	7,528	—	1,421	434	7,025	—	1,426
75%	—	586,753	—	292,854	—	592,542	—	280,077
100%	299	66,399	—	1,657	277	68,431	—	1,483
150%	—	2,449	—	910	—	2,718	—	925
350%	—	—	—	—	—	—	—	—
Capital Deduction	—	—	—	—	—	—	—	—
Total	¥ 101,785	¥ 1,544,813	¥ —	¥ 1,177,134	¥ 81,109	¥ 1,462,797	¥ —	¥ 1,074,394

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, 2013		As of March 31, 2013	
	Amount of Exposure		Amount of Exposure	
Risk weight ratio	Consolidated	Non-consolidated	Consolidated	Non-consolidated
50%	¥ 29,526	¥ 29,526	¥ 41,123	¥ 41,123
70%	107,626	102,495	89,411	84,379
90%	114,246	114,246	104,509	104,509
115%	60,540	60,540	48,748	48,748
250%	65,020	63,194	94,565	91,914
0% (Default)	97,628	97,628	108,363	108,363
Total	¥ 474,589	¥ 467,631	¥ 486,723	¥ 479,038

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

Millions of yen

	As of September 30, 2013		As of March 31, 2013	
	Amount of Exposure		Amount of Exposure	
Risk weight ratio	Consolidated	Non-consolidated	Consolidated	Non-consolidated
70%	¥ 6,718	¥ 6,718	¥ 12,333	¥ 12,333
95%	2,468	2,468	2,121	2,121
120%	1,038	1,038	3,473	3,473
140%	10,174	10,174	557	557
250%	10,095	10,095	60,778	60,778
0% (Default)	35,886	35,886	56,172	56,172
Total	¥ 66,382	¥ 66,382	¥ 135,437	¥ 135,437

(3) Equity exposure under Market-Based Simplified Method

Millions of yen

	As of September 30, 2013		As of March 31, 2013	
Risk weight ratio	Amount Consolidated	Amount Non-consolidated	Amount Consolidated	Amount Non-consolidated
300%	¥ 2,570	¥ 2,507	¥ 492	¥ 441
400%	4,947	14,003	3,836	14,480
Total	¥ 7,518	¥ 16,510	¥ 4,329	¥ 14,922

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, 2013					As of March 31, 2013				
Credit rating	PD	LGD	Risk Weight	EAD (on-balance)	EAD (off-balance)	PD	LGD	Risk Weight	EAD (on-balance)	EAD (off-balance)
0	—	—	—	¥ —	¥ —	—	—	—	¥ —	¥ —
1	0.03%	45.00%	16.16%	16,070	—	0.03%	45.00%	14.97%	17,880	—
2	0.06%	45.49%	26.81%	100,157	12,794	0.07%	44.98%	29.65%	123,018	13,691
3	0.11%	44.86%	33.18%	481,836	59,285	0.11%	45.01%	32.05%	492,888	65,076
4	0.28%	44.85%	49.07%	678,032	71,690	0.33%	44.83%	52.71%	573,682	83,576
5	0.99%	44.43%	82.08%	258,029	19,083	1.00%	44.47%	82.60%	284,655	26,110
6	3.25%	44.11%	124.04%	200,772	16,327	3.26%	44.08%	124.18%	217,150	14,217
9A	10.91%	44.83%	199.13%	140,618	17,082	10.50%	45.61%	195.75%	180,607	16,142
Default	100.00%	45.35%	—	80,992	1,424	100.00%	45.33%	—	90,687	67

Sovereign (Consolidated)

Millions of yen (except percentages)

	As of September 30, 2013					As of March 31, 2013				
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%	—	¥ 2,062,114	¥ 224	0.00%	45.00%	—	¥ 2,004,337	¥ 309
1	0.01%	30.62%	3.17%	25	—	0.01%	40.83%	3.61%	30	37
2	0.05%	45.00%	21.92%	157,385	750	0.05%	45.00%	21.32%	143,385	975
3	0.08%	44.92%	37.71%	46,081	—	0.09%	44.93%	36.30%	54,257	1,166
4	0.26%	54.86%	71.10%	2,772	—	0.29%	54.37%	76.29%	3,018	37
5	0.65%	45.00%	82.61%	—	128	0.71%	45.00%	83.83%	—	103
6	—	—	—	—	—	—	—	—	—	—
9A	—	—	—	—	—	10.50%	45.00%	179.31%	—	150
Default	100.00%	45.00%	—	15	—	100.00%	45.00%	—	15	—

Bank (Consolidated)

Millions of yen (except percentages)

	As of September 30, 2013					As of March 31, 2013				
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%	13.82%	¥ 10,931	¥ —	0.03%	45.00%	13.83%	¥ 9,693	¥ —
1	0.03%	45.00%	25.88%	9	—	0.03%	45.00%	25.88%	13	—
2	0.07%	45.50%	24.23%	65,058	56,080	0.07%	45.81%	27.68%	47,389	71,659
3	0.10%	40.52%	23.32%	326,219	181,847	0.11%	38.33%	23.81%	371,726	132,891
4	0.34%	45.00%	61.65%	15,394	17,559	0.39%	45.00%	65.49%	21,663	18,046
5	0.95%	45.00%	79.88%	11,071	578	1.07%	45.00%	92.91%	8,210	1,571
6	3.63%	45.00%	160.06%	8,950	129	3.63%	45.00%	158.35%	9,607	230
9A	10.91%	45.00%	210.12%	405	44	10.50%	45.00%	189.93%	1,458	112
Default	100.00%	45.00%	—	88	—	100.00%	45.00%	—	93	—

Corporate (Non-consolidated)

Millions of yen (except percentages)

	As of September 30, 2013					As of March 31, 2013				
Credit rating	PD	LGD	Risk Weight	EAD (on-balance)	EAD (off-balance)	PD	LGD	Risk Weight	EAD (on-balance)	EAD (off-balance)
0	—	—	—	¥ —	¥ —	—	—	—	¥ —	¥ —
1	0.03%	45.00%	16.16%	16,070	—	0.03%	45.00%	14.98%	17,864	—
2	0.06%	45.54%	28.13%	89,628	12,794	0.07%	44.98%	29.95%	119,057	13,691
3	0.10%	44.86%	33.25%	470,980	59,285	0.11%	45.01%	32.11%	479,782	65,076
4	0.29%	44.86%	47.71%	780,832	72,138	0.34%	44.86%	51.28%	702,820	85,104
5	1.13%	44.50%	82.04%	297,833	19,083	0.97%	44.32%	81.48%	218,352	26,110
6	3.39%	43.73%	128.25%	136,240	16,294	2.89%	44.20%	114.87%	256,338	13,776
9A	10.91%	44.78%	195.07%	103,058	17,389	10.50%	45.80%	197.88%	133,434	16,142
Default	100.00%	45.40%	—	71,485	1,739	100.00%	45.37%	—	80,361	382

QUANTITATIVE DISCLOSURE (CONTINUED)

Sovereign (Non-consolidated)

Millions of yen (except percentages)

	As of September 30, 2013					As of March 31, 2013				
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%**	**—**	**¥ 1,991,563**	**¥ 224**	0.00%	45.00%	—	¥1,983,489	¥ 309
1	**0.01%**	**30.62%**	**3.17%**	**25**	**—**	0.01%	40.83%	3.61%	30	37
2	**0.05%**	**45.00%**	**22.27%**	**152,596**	**750**	0.05%	45.00%	22.10%	133,771	975
3	**0.08%**	**44.92%**	**37.71%**	**46,081**	**—**	0.09%	44.93%	36.30%	54,257	1,166
4	**0.26%**	**54.86%**	**71.10%**	**2,772**	**—**	0.29%	54.37%	76.29%	3,018	37
5	**0.65%**	**45.00%**	**82.61%**	**—**	**128**	0.71%	45.00%	83.83%	—	103
6	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—
9A	**—**	**—**	**—**	**—**	**—**	10.50%	45.00%	179.31%	—	150
Default	**100.00%**	**45.00%**	**—**	**15**	**—**	100.00%	45.00%	—	15	—

Bank (Non-consolidated)

Millions of yen (except percentages)

	As of September 30, 2013					As of March 31, 2013				
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%**	**25.88%**	**¥ 3,726**	**¥ —**	0.03%	45.00%	25.88%	¥ 3,310	¥ —
1	**0.03%**	**45.00%**	**25.88%**	**9**	**—**	0.03%	45.00%	25.88%	13	—
2	**0.06%**	**45.54%**	**25.95%**	**56,195**	**56,080**	0.06%	45.72%	27.41%	62,963	71,659
3	**0.10%**	**40.07%**	**23.92%**	**279,826**	**181,817**	0.11%	37.52%	24.45%	317,236	132,891
4	**0.34%**	**45.00%**	**62.38%**	**8,558**	**25,674**	0.37%	45.00%	60.40%	24,019	28,500
5	**0.87%**	**45.00%**	**83.35%**	**6,721**	**578**	0.99%	45.00%	99.23%	5,198	1,571
6	**3.81%**	**45.00%**	**167.52%**	**7,979**	**129**	3.84%	45.00%	167.69%	8,253	230
9A	**10.91%**	**45.00%**	**211.66%**	**381**	**44**	10.50%	45.00%	201.28%	505	112
Default	**100.00%**	**45.00%**	**—**	**88**	**—**	100.00%	45.00%	—	93	—

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, 2013				As of March 31, 2013			
Credit rating	**PD**	**LGD**	**Risk Weight**	**Amount**	PD	LGD	Risk Weight	Amount
0	**—**	**—**	**—**	**¥ —**	—	—	—	¥ —
1	**—**	**—**	**—**	**—**	—	—	—	—
2	**0.06%**	**90.00%**	**200.00%**	**6,000**	0.06%	90.00%	200.02%	4,391
3	**0.11%**	**90.00%**	**200.00%**	**2,591**	0.11%	90.00%	200.00%	1,751
4	**0.28%**	**90.00%**	**236.51%**	**3,229**	0.33%	90.00%	243.89%	2,437
5	**1.06%**	**90.00%**	**343.38%**	**4,337**	1.27%	90.00%	369.54%	5,233
6	**3.30%**	**90.00%**	**308.08%**	**176**	3.47%	90.00%	395.46%	306
9A	**10.91%**	**90.00%**	**681.23%**	**7,853**	10.50%	90.00%	657.05%	8,472
Default	**100.00%**	**90.00%**	**—**	**236**	100.00%	90.00%	—	19

(Non-consolidated)

Millions of yen (except percentages)

	As of September 30, 2013				As of March 31, 2013			
Credit rating	**PD**	**LGD**	**Risk Weight**	**Amount**	PD	LGD	Risk Weight	Amount
0	**—**	**—**	**—**	**¥ —**	—	—	—	¥ —
1	**—**	**—**	**—**	**—**	—	—	—	—
2	**0.06%**	**90.00%**	**200.00%**	**6,000**	0.06%	90.00%	200.02%	4,391
3	**0.11%**	**90.00%**	**200.00%**	**2,570**	0.11%	90.00%	200.00%	1,736
4	**0.32%**	**90.00%**	**299.48%**	**382,438**	0.35%	90.00%	299.66%	382,463
5	**1.27%**	**90.00%**	**320.65%**	**9,304**	1.29%	90.00%	372.44%	5,059
6	**2.86%**	**90.00%**	**329.26%**	**53**	2.21%	90.00%	302.99%	5,455
9A	**10.91%**	**90.00%**	**683.43%**	**37,809**	10.50%	90.00%	673.39%	38,167
Default	**100.00%**	**90.00%**	**—**	**570**	100.00%	90.00%	—	1,884

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, 2013							As of March 31, 2013						
						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	1.25%	68.24%	89.92%	¥8,018	¥7,620	¥ —	—	1.38%	67.91%	94.41%	¥8,837	¥8,244	¥ —	—
Need caution	78.83%	49.60%	121.87%	4	217	—	—	78.45%	49.10%	122.64%	3	159	—	—
Default	100.00%	57.37%	—	270	102	—	—	100.00%	55.45%	—	261	106	—	—

Qualified revolving retail exposure

Millions of yen (except percentages)

	As of September 30, 2013							As of March 31, 2013						
						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	2.83%	69.52%	52.00%	¥109,126	¥89,379	¥2,188,222	4.08%	2.90%	73.90%	54.88%	¥104,489	¥89,846	¥2,202,005	4.08%
Need caution	66.10%	79.28%	185.24%	834	—	—	—	66.20%	84.67%	200.00%	784	—	—	—
Default	100.00%	83.23%	—	40,518	—	—	—	100.00%	85.82%	—	39,727	—	—	—

Other retail exposure

Millions of yen (except percentages)

	As of September 30, 2013							As of March 31, 2013						
						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	2.46%	57.87%	71.38%	¥330,609	¥620,971	¥7,851	1.25%	2.56%	58.85%	72.78%	¥331,405	¥656,682	¥173,193	1.23%
Need caution	74.67%	53.20%	93.80%	4,679	2,996	—	—	77.55%	53.90%	86.99%	6,082	2,630	—	—
Default	100.00%	56.71%	—	97,297	739	—	—	100.00%	57.42%	—	98,978	729	—	—

Note: LGD is shown after credit risk mitigation

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

Corporate, Sovereign & Bank (Non-consolidated)

	Millions of yen		
	12 months ended September 30, 2013	12 months ended September 30, 2012	12 months ended September 30, 2011
Results of actual losses (a)	¥ 1,674	¥ 23,399	¥ 2,371
Expected losses (b)	14,184	18,533	19,601
Differences ((b) - (a))	12,510	(4,865)	17,230

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, 2010, 2011 and 2012 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 2013.

QUANTITATIVE DISCLOSURE (CONTINUED)

The consolidated based comparative results of actual losses and expected losses as of September 30, 2013 are as below;

Corporate, Sovereign & Bank (Consolidated)

	Millions of yen
	As of September 30, 2013
Results of actual losses (a)	**¥ 2,135**
Expected losses (b)	**15,312**
Differences ((b) - (a))	**13,176**

Retail (Consolidated)

	Millions of yen
	As of September 30, 2013
Results of actual losses (a)	**¥ 9,315**
Expected losses (b)	**22,319**
Differences ((b) - (a))	**13,003**

5. CREDIT RISK MITIGATION (CRM)

COVERED AMOUNT OF CRM BY COLLATERAL

FIRB

	Millions of yen			
	As of September 30, 2013		As of March 31, 2013	
	Eligible financial collateral	**Other eligible FIRB collateral**	Eligible financial collateral	Other eligible FIRB collateral
Corporate	**¥ 1,138**	**¥ 178,177**	¥ 1,386	¥ 177,230
Sovereign	**—**	**—**	—	—
Bank	**53,216**	**—**	78,507	—
Total	**¥ 54,355**	**¥ 178,177**	¥ 79,894	¥ 177,230

COVERED AMOUNT OF CRM BY GUARANTEE OR CREDIT DERIVATIVES

	Millions of yen			
	As of September 30, 2013		As of March 31, 2013	
	Consolidated	**Non-consolidated**	Consolidated	Non-consolidated
SA Exposures	**¥ —**	**¥ —**	¥ —	¥ —
IRB Exposures	**119,851**	**119,851**	130,934	130,934
Corporate	**6,394**	**6,394**	9,780	9,780
Sovereign	**58,457**	**58,457**	66,154	66,154
Bank	**55,000**	**55,000**	55,000	55,000
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, 2013		As of March 31, 2013	
	Consolidated	**Non-consolidated**	Consolidated	Non-consolidated
Total amount of gross positive fair value	**¥ 543,956**	**¥ 558,368**	¥ 552,248	¥ 568,972
Amount of gross add-on	**241,621**	**239,186**	216,688	211,363
EAD before CRM	**785,578**	**797,554**	768,937	780,336
FX-related	**232,979**	**235,107**	252,808	254,010
Interest-related	**264,106**	**264,412**	295,186	295,543
Equity-related	**100,559**	**97,268**	61,219	58,989
Commodity-related	**—**	**—**	—	—
Credit derivatives	**187,845**	**200,679**	159,685	171,755
Others	**86**	**86**	37	37
Amount of net	**512,385**	**529,721**	517,828	537,686
EAD after net	**273,192**	**267,832**	251,108	242,649
Amount covered collateral	**—**	**—**	—	—
EAD after CRM	**273,192**	**267,832**	251,108	242,649

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

Consolidated

Millions of yen

	As of September 30, 2013		As of March 31, 2013	
Notional amount	**Protection-buy**	**Protection-sell**	Protection-buy	Protection-sell
Single name	**¥ 315,003**	**¥ 208,818**	¥ 536,796	¥ 256,123
Multi name	**76,245**	**46,285**	122,084	64,083

Non-consolidated

Millions of yen

	As of September 30, 2013		As of March 31, 2013	
Notional amount	**Protection-buy**	**Protection-sell**	Protection-buy	Protection-sell
Single name	**¥ 266,683**	**¥ 257,138**	¥ 345,041	¥ 358,917
Multi name	**62,245**	**60,285**	97,524	88,643

(8) Notional amount of credit derivatives which cover exposures by CRM
None.

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, 2013	As of March 31, 2013
Type of original assets	Amount of original asset	Amount of original asset
Residential mortgages	**¥ 177,846**	¥ 205,596
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**33,455**	33,998
Others	**—**	—
Total	**¥ 211,301**	¥ 239,594

Non-consolidated

Millions of yen

	As of September 30, 2013	As of March 31, 2013
Type of original assets	Amount of original asset	Amount of original asset
Residential mortgages	**¥ 177,846**	¥ 205,596
Consumer loans	**208,201**	229,526
Commercial real estate loans	**—**	—
Corporate loans	**33,455**	33,998
Others	**175,185**	181,624
Total	**¥ 594,688**	¥ 650,745

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, 2013	As of March 31, 2013
Type of original assets	Amount of Default	Amount of Default
Residential mortgages	**¥ 4,643**	¥ 4,783
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**26,355**	26,898
Others	**—**	—
Total	**¥ 30,998**	¥ 31,681

Non-consolidated

Millions of yen

	As of September 30, 2013	As of March 31, 2013
Type of original assets	Amount of Default	Amount of Default
Residential mortgages	**¥ 4,643**	¥ 4,783
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**26,355**	26,898
Others	**—**	—
Total	**¥ 30,998**	¥ 31,681

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 FY2013.

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, 2013	As of March 31, 2013
Type of original assets	**Amount of Exposure**	Amount of Exposure
Residential mortgages	**¥ 68,001**	¥ 78,071
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**25,015**	25,015
Others	**—**	—
Total	**¥ 93,017**	¥ 103,086

Resecuritization

Millions of yen

	As of September 30, 2013	As of March 31, 2013
Type of original assets	**Amount of Exposure**	Amount of Exposure
Residential mortgages	**¥ 860**	¥ 875
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**—**	—
Others	**—**	—
Total	**¥ 860**	¥ 875

Non-consolidated

Excluding Resecuritization

Millions of yen

	As of September 30, 2013	As of March 31, 2013
Type of original assets	**Amount of Exposure**	Amount of Exposure
Residential mortgages	**¥ 68,001**	¥ 78,071
Consumer loans	**135,500**	152,100
Commercial real estate loans	**—**	—
Corporate loans	**25,015**	25,015
Others	**144,519**	151,285
Total	**¥ 373,036**	¥ 406,472

Resecuritization

Millions of yen

	As of September 30, 2013	As of March 31, 2013
Type of original assets	**Amount of Exposure**	Amount of Exposure
Residential mortgages	**¥ 860**	¥ 875
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**—**	—
Others	**—**	—
Total	**¥ 860**	¥ 875

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

Band of risk weight ratio	As of September 30, 2013 Amount	As of September 30, 2013 Required Capital amount	As of March 31, 2013 Amount	As of March 31, 2013 Required Capital amount
To 12%	**¥ 19,497**	**¥ 115**	¥ 19,499	¥ 115
Over 12% to 20%	**56,192**	**899**	66,261	1,060
Over 20% to 50%	**—**	**—**	—	—
Over 50% to 75%	**—**	**—**	—	—
Over 75% to 100%	**17,326**	**1,317**	17,325	1,399
Over 100% to 250%	**—**	**—**	—	—
Over 250% to 425%	**—**	**—**	—	—
Over 425%	**—**	**—**	—	—
Total	**¥ 93,017**	**¥ 2,332**	¥ 103,086	¥ 2,575

Resecuritization

Millions of yen

Band of risk weight ratio	As of September 30, 2013 Amount	As of September 30, 2013 Required Capital amount	As of March 31, 2013 Amount	As of March 31, 2013 Required Capital amount
To 30%	**¥ —**	**¥ —**	¥ —	¥ —
Over 30% to 50%	**492**	**16**	501	16
Over 50% to 100%	**367**	**20**	373	20
Over 100% to 225%	**—**	**—**	—	—
Over 225% to 500%	**—**	**—**	—	—
Over 500%	**—**	**—**	—	—
Total	**¥ 860**	**¥ 36**	¥ 875	¥ 37

Non-consolidated
Excluding Resecuritization

Millions of yen

Band of risk weight ratio	As of September 30, 2013 Amount	As of September 30, 2013 Required Capital amount	As of March 31, 2013 Amount	As of March 31, 2013 Required Capital amount
To 12%	**¥ 189,717**	**¥ 1,777**	¥ 196,584	¥ 1,818
Over 12% to 20%	**97,992**	**1,597**	108,061	1,749
Over 20% to 50%	**31,000**	**920**	44,500	1,320
Over 50% to 75%	**37,000**	**2,353**	30,000	1,908
Over 75% to 100%	**17,326**	**1,317**	27,325	2,247
Over 100% to 250%	**—**	**—**	—	—
Over 250% to 425%	**—**	**—**	—	—
Over 425%	**—**	**—**	—	—
Total	**¥ 373,036**	**¥ 7,965**	¥ 406,472	¥ 9,044

Resecuritization

Millions of yen

Band of risk weight ratio	As of September 30, 2013 Amount	As of September 30, 2013 Required Capital amount	As of March 31, 2013 Amount	As of March 31, 2013 Required Capital amount
To 30%	**¥ —**	**¥ —**	¥ —	¥ —
Over 30% to 50%	**492**	**16**	501	16
Over 50% to 100%	**367**	**20**	373	20
Over 100% to 225%	**—**	**—**	—	—
Over 225% to 500%	**—**	**—**	—	—
Over 500%	**—**	**—**	—	—
Total	**¥ 860**	**¥ 36**	¥ 875	¥ 37

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, 2013		As of March 31, 2013	
Type of original assets	**Consolidated**	**Non-consolidated**	Consolidated	Non-consolidated
Residential mortgages	**¥ 9,522**	**¥ 9,522**	¥ 9,555	¥ 9,555
Consumer loans, installment receivables	**—**	**—**	—	—
Commercial real estate loans	**—**	**—**	—	—
Others	**—**	**—**	—	—
Total	**¥ 9,522**	**¥ 9,522**	¥ 9,555	¥ 9,555

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

Millions of yen

	As of September 30, 2013		As of March 31, 2013	
Type of original assets	**Consolidated**	**Non-consolidated**	Consolidated	Non-consolidated
Residential mortgages	**¥ 5,357**	**¥ 5,357**	¥ 4,953	¥ 4,953
Consumer loans, installment receivables	**—**	**—**	—	—
Commercial real estate loans	**—**	**—**	—	—
Others	**—**	**—**	—	—
Total	**¥ 5,357**	**¥ 5,357**	¥ 4,953	¥ 4,953

(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, 2013	As of March 31, 2013
Type of original assets	**Amount of Exposure**	Amount of Exposure
Residential mortgages	**¥ 2,853**	¥ 3,439
Consumer loans	**—**	—
Commercial real estate loans	**73,733**	73,871
Corporate loans	**23,568**	24,513
Others	**31,896**	42,560
Total	**¥ 132,052**	¥ 144,385

Resecuritization

Millions of yen

	As of September 30, 2013	As of March 31, 2013
Type of original assets	**Amount of Exposure**	Amount of Exposure
Residential mortgages	**¥ —**	¥ —
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**17,951**	20,519
Others	**—**	—
Total	**¥ 17,951**	¥ 20,519

QUANTITATIVE DISCLOSURE (CONTINUED)

Non-consolidated

Excluding Resecuritization

	Millions of yen	
	As of September 30, 2013	As of March 31, 2013
Type of original assets	**Amount of Exposure**	Amount of Exposure
Residential mortgages	**¥ 2,853**	¥ 3,439
Consumer loans	**—**	—
Commercial real estate loans	**73,733**	73,871
Corporate loans	**23,568**	24,513
Others	**31,896**	42,560
Total	**¥ 132,052**	¥ 144,385

Resecuritization

	Millions of yen	
	As of September 30, 2013	As of March 31, 2013
Type of original assets	**Amount of Exposure**	Amount of Exposure
Residential mortgages	**¥ —**	¥ —
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**17,951**	20,519
Others	**—**	—
Total	**¥ 17,951**	¥ 20,519

(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, 2013		As of March 31, 2013	
Band of risk weight ratio	**Amount**	**Required Capital amount**	Amount	Required Capital amount
To 12%	**¥ 50,169**	**¥ 308**	¥ 63,127	¥ 386
Over 12% to 20%	**8,149**	**103**	7,386	93
Over 20% to 50%	**—**	**—**	—	—
Over 50% to 75%	**—**	**—**	—	—
Over 75% to 100%	**—**	**—**	—	—
Over 100% to 250%	**37,115**	**6,562**	37,195	6,997
Over 250% to 425%	**27,117**	**5,987**	27,176	6,140
Over 425%	**9,500**	**4,660**	9,500	4,660
Total	**¥ 132,052**	**¥ 17,623**	¥ 144,385	¥ 18,278

Resecuritization

	Millions of yen			
	As of September 30, 2013		As of March 31, 2013	
Band of risk weight ratio	**Amount**	**Required Capital amount**	Amount	Required Capital amount
To 30%	**¥ 17,951**	**¥ 359**	¥ 20,519	¥ 414
Over 30% to 50%	**—**	**—**	—	—
Over 50% to 100%	**—**	**—**	—	—
Over 100% to 225%	**—**	**—**	—	—
Over 225% to 500%	**—**	**—**	—	—
Over 500%	**—**	**—**	—	—
Total	**¥ 17,951**	**¥ 359**	¥ 20,519	¥ 414

QUANTITATIVE DISCLOSURE (CONTINUED)

Non-consolidated

Excluding Resecuritization

	Millions of yen			
	As of September 30, 2013		As of March 31, 2013	
Band of risk weight ratio	**Amount**	**Required Capital amount**	Amount	Required Capital amount
To 12%	**¥ 50,169**	**¥ 308**	¥ 63,127	¥ 386
Over 12% to 20%	**8,149**	**103**	7,386	93
Over 20% to 50%	**—**	**—**	—	—
Over 50% to 75%	**—**	**—**	—	—
Over 75% to 100%	**—**	**—**	—	—
Over 100% to 250%	**37,115**	**6,562**	37,195	6,997
Over 250% to 425%	**27,117**	**5,987**	27,176	6,140
Over 425%	**9,500**	**4,660**	9,500	4,660
Total	**¥ 132,052**	**¥ 17,623**	¥ 144,385	¥ 18,278

Resecuritization

	Millions of yen			
	As of September 30, 2013		As of March 31, 2013	
Band of risk weight ratio	**Amount**	**Required Capital amount**	Amount	Required Capital amount
To 30%	**¥ 17,951**	**¥ 359**	¥ 20,519	¥ 414
Over 30% to 50%	**—**	**—**	—	—
Over 50% to 100%	**—**	**—**	—	—
Over 100% to 225%	**—**	**—**	—	—
Over 225% to 500%	**—**	**—**	—	—
Over 500%	**—**	**—**	—	—
Total	**¥ 17,951**	**¥ 359**	¥ 20,519	¥ 414

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

	Millions of yen			
	As of September 30, 2013		As of March 31, 2013	
Type of original assets	**Consolidated**	**Non-consolidated**	Consolidated	Non-consolidated
Residential mortgages	**¥ 41**	**¥ 41**	¥ 79	¥ 79
Consumer loans, installment receivables	**—**	**—**	—	—
Commercial real estate loans	**—**	**—**	—	—
Corporate loans	**371**	**371**	528	528
Others	**—**	**—**	—	—
Total	**¥ 412**	**¥ 412**	¥ 607	¥ 607

(4) Credit risk mitigation for resecuritization exposure

None.

(5) 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, 2013	As of March 31, 2013
Type of original assets	**Amount of Exposure**	Amount of Exposure
Residential mortgages	**¥ 1,352**	¥ 12,914
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**—**	—
Others	**—**	—
Total	**¥ 1,352**	¥ 12,914

Resecuritization

	Millions of yen	
	As of September 30, 2013	As of March 31, 2013
Type of original assets	**Amount of Exposure**	Amount of Exposure
Residential mortgages	**¥ 568**	¥ 662
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**—**	—
Others	**—**	—
Total	**¥ 568**	¥ 662

(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, 2013		As of March 31, 2013	
Band of risk weight ratio	**Amount**	**Required Capital amount**	Amount	Required Capital amount
1.6%	**¥ 1,352**	**¥ 21**	¥ 12,914	¥ 206
4%	**—**	**—**	—	—
8%	**—**	**—**	—	—
28%	**—**	**—**	—	—
Total	**¥ 1,352**	**¥ 21**	¥ 12,914	¥ 206

Resecuritization

	Millions of yen			
	As of September 30, 2013		As of March 31, 2013	
Band of risk weight ratio	**Amount**	**Required Capital amount**	Amount	Required Capital amount
3.2%	**¥ 568**	**¥ 18**	¥ 662	¥ 21
8%	**—**	**—**	—	—
18%	**—**	**—**	—	—
52%	**—**	**—**	—	—
Total	**¥ 568**	**¥ 18**	¥ 662	¥ 21

(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 2013 AND MARCH 2013 AND THE HIGH, MEAN AND LOW VAR

Millions of yen

	As of September 30, 2013		As of March 31, 2013	
	Consolidated	**Non-consolidated**	Consolidated	Non-consolidated
VaR at term end	**¥ 2,384**	**¥ 2,376**	¥ 1,642	¥ 1,627
VaR through this term				
High	**3,264**	**3,242**	2,770	2,724
Mean	**2,096**	**2,064**	1,539	1,498
Low	**1,291**	**1,275**	1,053	988

STRESSED VAR AT THE END OF SEPTEMBER 2013 AND MARCH 2013 AND THE HIGH, MEAN AND LOW VAR

Millions of yen

	As of September 30, 2013		As of March 31, 2013	
	Consolidated	**Non-consolidated**	Consolidated	Non-consolidated
VaR at term end	**¥ 3,193**	**¥ 3,150**	¥ 3,727	¥ 3,681
VaR through this term				
High	**4,314**	**4,249**	5,962	5,685
Mean	**3,301**	**3,233**	3,588	3,472
Low	**2,363**	**2,327**	2,241	2,116

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, 2013		As of March 31, 2013	
	Consolidated	**Non-consolidated**	Consolidated	Non-consolidated
Market-based approach				
Listed equity exposure	**¥ 2,570**	**¥ 2,507**	¥ 492	¥ 441
Unlisted equity exposure	**4,947**	**14,003**	3,836	14,480
PD/LGD method				
Listed equity exposure	**13,825**	**13,705**	14,157	14,031
Unlisted equity exposure	**10,600**	**425,040**	11,150	425,313

GAIN OR LOSS ON SALE OR DEPRECIATION OF EQUITY EXPOSURE

Millions of yen

	Six months ended September 30, 2013		Fiscal year ended March 31, 2013	
	Consolidated	**Non-consolidated**	Consolidated	Non-consolidated
Gain (loss) on sale	**¥ 1,773**	**¥ 1,770**	¥ 3,142	¥ 3,024
Loss of depreciation	**34**	**32**	1,996	1,242

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, 2013		As of March 31, 2013	
	Consolidated	**Non-consolidated**	Consolidated	Non-consolidated
Unrealized gain (loss)	**¥ 6,914**	**¥ 4,796**	¥ 5,831	¥ 4,444

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, 2013		As of March 31, 2013	
	Consolidated	**Non-consolidated**	Consolidated	Non-consolidated
Grandfathering rule (100% risk weight apply)	**¥ 6,748**	**¥ 16,681**	¥ 6,071	¥ 16,674

10. AMOUNT OF REGARDED EXPOSURE UNDER THE ACCORD ARTICLE 167

Millions of yen

	As of September 30, 2013		As of March 31, 2013	
	Consolidated	**Non-consolidated**	Consolidated	Non-consolidated
Regarded exposure (fund)	**¥ 63,367**	**¥ 41,935**	¥ 61,900	¥ 41,932

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, 2013		As of March 31, 2013	
	Consolidated	**Non-consolidated**	Consolidated	Non-consolidated
JPY	**¥ (69.4)**	**¥ (38.5)**	¥ (73.3)	¥ (45.0)
USD	**(1.0)**	**(1.0)**	(0.7)	(0.7)
Others	**(2.8)**	**(2.8)**	(2.9)	(2.9)
Total	**¥ (73.2)**	**¥ (42.3)**	¥ (77.1)	¥ (48.8)

CORPORATE INFORMATION

SHINSEI BANK GROUP

AS OF SEPTEMBER 30, 2013

As of September 30, 2013, the Shinsei Bank Group consisted of Shinsei Bank, Limited, 270 subsidiaries (comprising 184 consolidated companies including APLUS FINANCIAL Co., Ltd., Showa Leasing Co., Ltd. and Shinsei Financial Co., Ltd. and 86 unconsolidated subsidiaries) and 19 affiliated companies (18 affiliated companies accounted for using the equity method, such as Jih Sun Financial Holding Co., Ltd. and 1 affiliates accounted for not applying the equity method). The Shinsei Bank Group provides a wide variety of financial products and services to domestic institutional and individual customers through the "Institutional Group," the "Global Markets Group," and the "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 Principal Investments Ltd.
- 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
Shinsei Principal Investments Ltd.	Tokyo, Japan	Financial instruments business*1
Shinsei Corporate Investment Limited	Tokyo, Japan	Investment*1
Shinsei Investment & Finance Limited	Tokyo, Japan	Finance*1
Shinsei Servicing & Consulting Limited	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	Financing for individuals and small businesses*3
Shinsei Information Technology Co., Ltd.	Tokyo, Japan	Information technology*4
Major Overseas Subsidiaries		
Shinsei International Limited	London, UK	Securities*1
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

EMPLOYEES

	Six months ended September 30, 2012	FY2013	**Six months ended September 30, 2013**
Consolidated			
Number of Employees	4,848	4,863	**4,991**
Non-Consolidated			
Number of Employees	1,903	1,931	**1,995**
Male	1,047	1,063	**1,112**
Female	856	868	**883**
Average age	39 years 11 months	40 years 3 months	**39 years 11 months**
Average years of service	11 years 7 months	11 years 8 months	**11 years 3 months**
Average monthly salary	¥481 thousand	¥487 thousand	**¥477 thousand**

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

AS OF SEPTEMBER 30, 2013

Capital (in millions)	Established	Acquired	Equity stake held by Shinsei Bank and consolidated subsidiaries (%)	Equity stake held by Shinsei Bank	Equity stake held by consolidated subsidiaries of Shinsei Bank
¥ 29,360	1969.4	2005.3	97.8%	97.8%	—%
5,000	1996.11	—	100.0	100.0	—
8,750	1997.8	—	100.0	100.0	—
495	2001.12	—	100.0	100.0	—
100	2006.4	2012.12	100.0	100.0	—
50	2012.11	—	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	3.5	91.4
15,000	2009.4	—	100.0	—	100.0
1,000	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%	—%
$ 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$ 30,991	2002.2	2006.7	35.4	—	35.4

NETWORK

DOMESTIC OUTLETS:	AS OF DECEMBER 7, 2013
41 outlets (29 branches including head office, 12 annexes)	

HOKURIKU

Kanazawa Branch

KINKI

Kyoto Branch
Osaka Branch
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

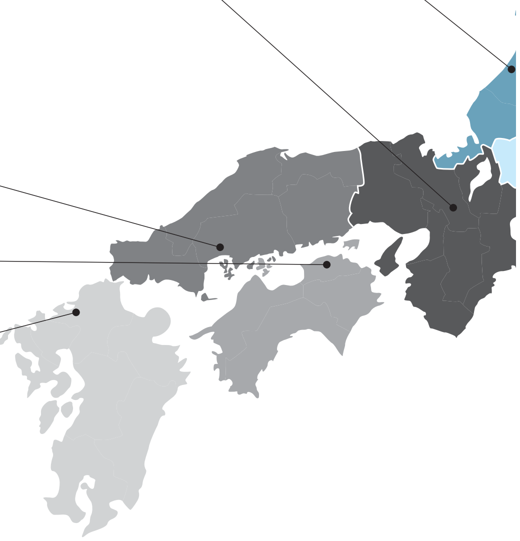
Hiroshima Branch

SHIKOKU

Takamatsu Branch

KYUSHU

Fukuoka Branch

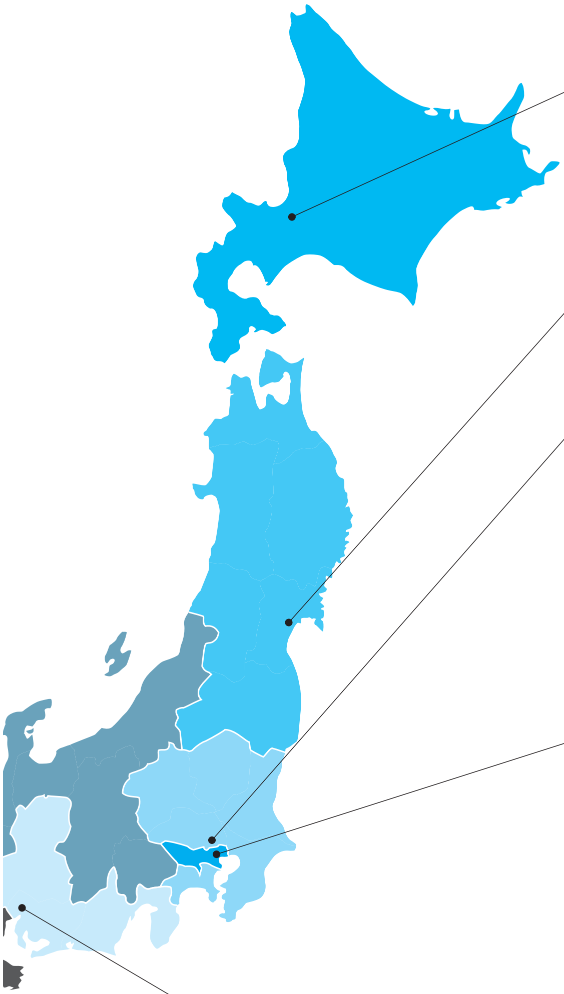


DOMESTIC SUB-BRANCHES (ATM ONLY):	AS OF DECEMBER 7, 2013
Tokyo Metro stations	40 locations
Other train stations	3 locations
Other	29 locations

SHINSEI BANK CARD LOAN—LAKE UNSTAFFED BRANCHES	AS OF DECEMBER 7, 2013
Shinsei Bank Card Loan—Lake unstaffed branches	783 locations

ACCESS TO SEVEN BANK, LTD. ATMS	AS OF DECEMBER 7, 2013
Access to Seven Bank, Ltd. ATMs	17,390 locations

AS OF DECEMBER 7, 2013



HOKKAIDO

Sapporo Branch

TOHOKU

Sendai Branch

KANTO (EXCLUDING TOKYO)

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 Hills 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, 2013

Shares Outstanding and Capital

1,000 shares, millions of yen

Date	Shares outstanding		Capital		Capital surplus		Notes
	Change	Balance	Change	Balance	Change	Balance	
July 29, 2003	(1,358,537)	2,033,065*	—	451,296	—	18,558	2-for-1 reverse share split for common shares Post reverse split common shares outstanding 1,358,537 thousand shares
July 31, 2006	(99,966)	1,933,098*	—	451,296	—	18,558	Use of call feature for Series 3 Class-B preferred shares Issuance of 200,033 thousand common shares Retirement of Series 3 Class-B preferred shares -300,000 thousand shares
November 16, 2006	(85,000)	1,848,098*	—	451,296	—	18,558	Cancellation of treasury shares (common) -85,000 thousand shares
August 1, 2007	(100,000)	1,748,098*	—	451,296	—	18,558	Mandatory acquisition of Series 3 Class-B preferred shares Issuance of 200,000 thousand common shares Retirement of Series 3 Class-B preferred shares -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) Subscription price ¥425, par value ¥212.5
March 31, 2008	194,600	2,060,346	—	476,296	—	43,558	Use of call feature for Series 2 Class-A preferred shares Issuance of 269,128 thousand common shares Retirement of Series 2 Class-A preferred shares -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) Subscription price ¥108, par value ¥52.04

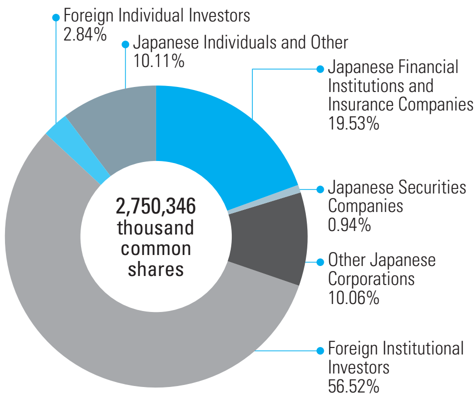
* Figures include number of preferred shares outstanding

Largest Shareholders

Rank	Shareholders	Thousands of Common Shares	%
1	SATURN IV SUB LP (JPMCB 380111)	323,680	11.76
2	Deposit Insurance Corporation of Japan	269,128	9.78
3	THE RESOLUTION AND COLLECTION CORPORATION	200,000	7.27
4	SATURN JAPAN III SUB C.V. (JPMCB 380113)	110,449	4.01
5	THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	99,882	3.63
6	SHINSEI BANK, LIMITED	96,427	3.50
7	UBS SECURITIES LLC–HFS CUSTOMER SEGREGATED ACCOUNT	90,191	3.27
8	JP MORGAN CHASE BANK 380055	76,783	2.79
9	J. CHRISTOPHER FLOWERS	76,753	2.79
10	JAPAN TRUSTEE SERVICE BANK, LTD. (TRUST ACCOUNT)	73,711	2.68
11	STATE STREET BANK AND TRUST COMPANY	59,985	2.18
	Total (includes treasury shares)	2,750,346	100.00

(1) As of September 30, 2013, a group of investors, including affiliates of J.C. Flowers & Co. LLC., holds 553,663,517 common shares or 20.86% of Shinsei's outstanding common shares, excluding treasury shares.
(2) As of September 30, 2013, 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) "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.

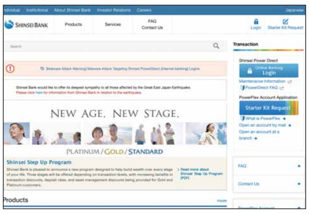
RATINGS INFORMATION
AS OF DECEMBER 5, 2013

	Long-Term (Outlook)	Short-Term
Moody's	Baa3 (Stable)	Prime-3
Standard and Poor's (S&P)	BBB+ (Stable)	A-2
Japan Credit Rating Agency (JCR)	BBB+ (Stable)	J-2
Rating and Investment Information, Inc. (R&I)	BBB+ (Positive)	a-2

WEBSITE

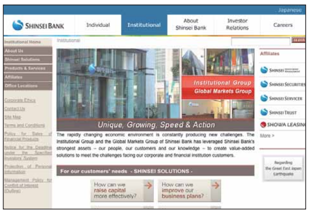
Our English and Japanese websites provide a wide range of corporate data as well as information for individual and institutional customers, and investors.

INDIVIDUAL



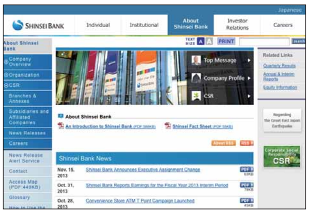
http://www.shinseibank.com/english/
The website for individual customers provides information on our comprehensive retail account, *PowerFlex*. Customers can log on to our Internet banking service, Shinsei *PowerDirect*, submit requests for information on *PowerFlex* and apply to open an account. Product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

INSTITUTIONAL



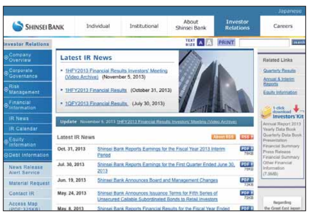
http://www.shinseibank.com/institutional/en/
This website provides information on our products, services and solutions for institutional customers. It also contains details of our branches and affiliates.

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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