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 nonconsolidated 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. Unless 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 nonconsolidated 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.

Fiscal year 2014 refers to the consolidated accounting period ended March 31, 2015, and other accounting periods are denoted in the same manner. The term "current fiscal year" refers to fiscal year 2015, the term "previous fiscal year" refers to fiscal year 2014 and the term the "second half" refers the period from October 1 to March 31 of each indicated fiscal year.

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 into three business groups: the Institutional Group, the Global Markets Group and the Individual Group.

- In the institutional business, in order to provide financial products and services that meet institutional customer needs through a strategic, as well as 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 undertaken directly by the Bank and Showa Leasing Co., Ltd. (Showa Leasing).
- The Individual Group consists of the retail banking business and the consumer finance business. In the retail banking business, we are continuing to work to fulfill customer needs as well as improve the convenience of our services. In the consumer finance business, we offer unsecured personal loans through the Bank, Shinsei Financial Co., Ltd. (Shinsei Financial) and SHINKI Co., Ltd. (SHINKI), in addition to providing installment sales credit, credit card and settlement services through APLUS FINANCIAL Co., Ltd. (APLUS FINANCIAL).

FINANCIAL SUMMARY FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015

In the six months ended September 30, 2015 (April 1, 2015 to September 30, 2015), Shinsei Bank Group posted a consolidated profit attributable to owners of the parent of ¥37.4 billion, an increase of ¥8.5 billion compared with ¥28.9 billion for the six months ended September 30, 2014. The first-half result is an approximately 54% progression toward our ¥70.0 billion full-year net income forecast and thus represents steady progress toward the goal for the full year.

Total revenue for the six months ended September 30, 2015 was ¥110.3 billion, a slight decline from the ¥111.1 billion posted in the six months ended September 30, 2014. Of this amount, net interest income was ¥61.0 billion, an increase of ¥0.4 billion from ¥60.5 billion a year earlier. This increase reflects revenue growth resulting from expansion of the loan balance at the consumer finance business and reduced funding costs offsetting the negative impact of narrowing spreads, especially at the Institutional Group, and the absence of one time gain factors that boosted net interest income in the six months ended September 30, 2014. Noninterest income came to ¥49.3 billion, down from ¥50.5 billion a year earlier. The

OVERVIEW (CONTINUED)

year-on-year decrease reflects the absence of the large gains posted in the six months ended September 30, 2014 by our domestic credit trading business and losses stemming from the reassessment of fund investments. These negative factors offset increases in (1) fee income on asset management product sales at the retail banking business, (2) revenues from installment sales at APLUS FINANCIAL, and (3) revenue from markets related transactions, including our Asset Liability Management (ALM) operations.

General and administrative expenses totaled ¥70.1 billion for the six months ended September 30, 2015, down from ¥71.1 billion for the six months ended September 30, 2014. While the Bank continued to invest management resources deemed necessary in order to build a stronger business foundation, we benefited from our ongoing focus on operational efficiency, a reduction in deposit insurance premiums and the deferment of the posting of some expenses until after the third quarter of the current fiscal year.

We recorded net credit recoveries of ¥1.2 billion for the six months ended September 30, 2015 compared with net credit costs of ¥5.0 billion for the six months ended September 30, 2014. The improvement is attributable to a large gain on the reversal of reserves for loan losses in the Institutional Group, offsetting an increase in the provisioning of reserves for loan losses in the consumer finance business in accordance with the increase in that business' loan balance.

The balance of loans and bills discounted as of September 30, 2015, was ¥4,463.2 billion, an increase of ¥1.9 billion from ¥4,461.2 billion as of March 31, 2015. While lending for real estate investments and project finance increased, the balance of loans to institutional customers contracted amid fierce competition for loan demand from corporate customers and ongoing collections of existing loans. On the other hand, the balance of loans to individuals increased due to the continued steady growth in housing loans as well as the consumer finance loan balance continuing to grow from the last fiscal year. As a result, the overall balance of loans and bills discounted increased.

The net interest margin for the six months ended September 30, 2015 was 2.33%, up from 2.28% for the six months ended September 30, 2014. Margin improvement was driven by a reduction in funding costs due to the continued maturation of high interest time deposits made in previous years as well as a reduction in the rate on deposits and negotiable certificates of deposits. Meanwhile, the average yield on interest-bearing assets was largely the same as in the six months ended September 30, 2014, although yields on marketable securities increased.

The consolidated Basel III domestic standard core capital ratio (grandfathering basis) as of September 30, 2015, was 14.26%, down from 14.86% on March 31, 2015. The lower ratio is due to a decrease in core capital as a result of the early redemption of preferred securities and dated subordinated debt combined with an increase in risk assets owing to the issuance and purchase of large real estate nonrecourse loans. Meanwhile, our Basel III international standard Common Equity Tier 1 Capital Ratio (fully loaded basis) as of September 30, 2015, was 12.5%, up from 11.9% on March 31, 2015.

The balance of nonperforming loans under the Financial Revitalization Law (nonconsolidated basis) declined another ¥24.4 billion during the six months ended September 30, 2015, falling to ¥36.5 billion as of September 30, 2015. In addition, the proportion of nonperforming claims to the overall loan balance continued to improve, falling to just 0.83%, down from 1.42% as of March 31, 2015.

SIGNIFICANT EVENTS

ISSUANCE OF UNSECURED CORPORATE BONDS

On October 27, 2015, Shinsei Bank issued ¥5.0 billion of unsecured corporate bonds with an inter-bond pari passu clause.

SELECTED FINANCIAL DATA (CONSOLIDATED)

Shinsei Bank, Limited and its Consolidated Subsidiaries
As of and for the six months ended September 30, 2015 and 2014, and as of and for the fiscal year ended March 31, 2015

Billions of yen (except per share data and percentages)

	Sept. 30, 2015 (6 months)	Sept. 30, 2014 (6 months)	Mar. 31, 2015 (1 year)
Statements of income data:			
Net interest income	**¥ 61.0**	¥ 60.5	¥ 126.4
Net fees and commissions	**13.1**	10.8	24.6
Net trading income	**5.1**	5.4	11.5
Net other business income	**31.0**	34.1	72.6
Total revenue	**110.3**	111.1	235.3
General and administrative expenses	**70.1**	71.1	144.2
Amortization of goodwill and intangible assets acquired in business combinations	**3.9**	4.5	8.6
Total general and administrative expenses	**74.0**	75.7	152.8
Net credit costs (recoveries)	**(1.2)**	5.0	11.8
Net business profit after net credit costs (recoveries)	**37.6**	30.3	70.5
Other gains (losses), net	**1.2**	1.9	2.1
Income before income taxes	**38.8**	32.2	72.7
Current income taxes	**1.2**	1.2	2.4
Deferred income taxes (benefit)	**(0.2)**	0.8	0.9
Profit attributable to noncontrolling interests	**0.3**	1.1	1.5
Profit attributable to owners of the parent	**¥ 37.4**	¥ 28.9	¥ 67.8
Balance sheet data:			
Trading assets	**¥ 330.3**	¥ 310.4	¥ 317.3
Securities	**1,283.6**	1,621.3	1,477.3
Loans and bills discounted	**4,463.2**	4,338.6	4,461.2
Customers' liabilities for acceptances and guarantees	**302.6**	331.4	291.7
Reserve for credit losses	**(99.2)**	(117.9)	(108.2)
Total assets	**8,999.2**	9,190.1	8,889.8
Deposits, including negotiable certificates of deposit	**5,489.4**	5,611.0	5,452.7
Trading liabilities	**270.1**	269.1	267.9
Borrowed money	**777.8**	720.4	805.2
Acceptances and guarantees	**302.6**	331.4	291.7
Total liabilities	**8,223.9**	8,483.9	8,136.0
Common stock	**512.2**	512.2	512.2
Total equity	**775.3**	706.2	753.7
Total liabilities and equity	**¥ 8,999.2**	¥ 9,190.1	¥ 8,889.8
Per share data:			
Common equity[1]	**¥ 287.49**	¥ 257.94	¥ 275.45
Basic earnings per share	**14.11**	10.90	25.57
Diluted earnings per share	**14.11**	10.90	25.57
Capital adequacy data:			
Capital ratio (Basel III, Domestic Standard)	**14.3%**	13.8%	14.9%
Average balance data:			
Securities	**¥ 1,479.3**	¥ 1,707.6	¥ 1,604.9
Loans and bills discounted	**4,408.8**	4,281.4	4,326.8
Total assets	**8,944.5**	9,255.6	9,105.5
Interest-bearing liabilities	**7,112.3**	7,460.3	7,346.4
Total liabilities	**8,179.9**	8,541.2	8,367.3
Total equity	**764.5**	714.4	738.2
Other data:			
Return on assets	**0.8%**	0.6%	0.7%
Return on equity[1]	**10.0%**	8.6%	9.8%
Ratio of deposits, including negotiable certificates of deposit, to total liabilities	**66.7%**	66.1%	67.0%
Expense-to-revenue ratio[2]	**63.5%**	64.0%	61.3%
Nonperforming claims, nonconsolidated	**¥ 36.5**	¥ 110.1	¥ 60.9
Ratio of nonperforming claims to total claims, nonconsolidated	**0.8%**	2.6%	1.4%

Notes: (1) Stock acquisition rights and noncontrolling 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, 2015 — 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	¥ 1.1
Associated deferred tax income	(0.3)
Amortization of goodwill	2.7
Total amortization of goodwill and intangible assets acquired in business combinations, net of tax benefit	¥ 3.5
Reconciliation of profit attributable to owners of the parent to cash basis profit attributable to owners of the parent(1)	
Profit attributable to owners of the parent	¥ 37.4
Amortization of goodwill and intangible assets acquired in business combinations, net of tax benefit	3.5
Cash basis profit attributable to owners of the parent	¥ 41.0
Reconciliation of basic earnings per share to cash basis basic earnings per share	
Basic earnings per share	¥ 14.11
Effect of amortization of goodwill and intangible assets acquired in business combinations, net of tax benefit	1.33
Cash basis basic earnings per share	¥ 15.45
Reconciliation of return on assets to cash basis return on assets	
Return on assets	0.8%
Effect of amortization of goodwill and intangible assets acquired in business combinations, net of tax benefit	0.1%
Cash basis return on assets	0.9%
Reconciliation of return on equity to cash basis return on equity	
Return on equity	10.0%
Effect of amortization of goodwill and intangible assets acquired in business combinations, net of tax benefit	0.9%
Cash basis return on equity	10.9%
Reconciliation of return on equity to return on tangible equity	
Return on equity	10.0%
Effect of goodwill and intangible assets acquired in business combinations	1.4%
Return on tangible equity(2)	11.4%

Notes: (1) The cash basis profit attributable to owners of the parent is calculated by excluding amortization and impairment of goodwill and intangible assets acquired in business combinations, net of tax benefit, from profit attributable to owners of the parent under Japanese GAAP.

(2) Profit attributable to owners of the parent 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.

NET INTEREST INCOME

Net interest income in the six months ended September 30, 2015 came to ¥61.0 billion, an increase of ¥0.4 billion from ¥60.5 billion recorded for the six months ended September 30, 2014. The increase reflects revenue growth resulting from expansion of the loan balance at the consumer finance business and reduced funding costs offsetting the negative impact of narrowing spreads, especially at the Institutional Group, and the absence of one-time gains that boosted net interest income in the six months ended September 30, 2014.

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, 2015			Six months ended September 30, 2014		
	Average Balance	**Interest**	**Yield/Rate[4]**	Average Balance	Interest	Yield/Rate[4]
Interest-earning assets:						
Loans and bills discounted	**¥ 4,408.8**	**¥ 62.3**	**2.82%**	¥ 4,281.4	¥ 62.7	2.92%
Lease receivables and leased investment assets/ installment receivables	**707.3**	**19.3**	**5.44**	667.7	18.9	5.66
Securities	**1,479.3**	**6.8**	**0.93**	1,707.6	7.8	0.92
Other interest-earning assets[1]	**298.9**	**1.2**	**n.m. [3]**	350.6	1.5	n.m. [3]
Total revenue on interest-earning assets (A)	**¥ 6,894.4**	**¥ 89.7**	**2.60%**	¥ 7,007.5	¥ 91.0	2.59%
Interest-bearing liabilities:						
Deposits, including negotiable certificates of deposit	**¥ 5,482.6**	**¥ 3.9**	**0.14%**	¥ 5,729.4	¥ 5.7	0.20%
Borrowed money	**785.5**	**2.4**	**0.61**	661.3	2.3	0.71
Subordinated debt	**58.4**	**0.8**	**2.83**	64.8	0.8	2.73
Other borrowed money	**727.1**	**1.5**	**0.44**	596.5	1.4	0.49
Corporate bonds	**163.0**	**2.2**	**2.71**	179.9	2.6	2.96
Subordinated bonds	**114.4**	**2.0**	**3.60**	154.5	2.5	3.30
Other corporate bonds	**48.6**	**0.1**	**0.61**	25.3	0.1	0.88
Other interest-bearing liabilities[1]	**681.0**	**0.8**	**n.m. [3]**	889.5	0.7	n.m. [3]
Total expense on interest-bearing liabilities (B)	**¥ 7,112.3**	**¥ 9.4**	**0.26%**	¥ 7,460.3	¥ 11.4	0.31%
Net interest margin (A) - (B)	**—**	**—**	**2.33%**	—	—	2.28%
Noninterest-bearing sources of funds:						
Noninterest-bearing (assets) liabilities, net	**¥ (965.7)**	**—**	**—**	¥ (1,125.1)	—	—
Total equity excluding noncontrolling interests[2]	**747.8**	**—**	**—**	672.3	—	—
Total noninterest-bearing sources of funds (C)	**¥ (217.8)**	**—**	**—**	¥ (452.7)	—	—
Total interest-bearing liabilities and noninterest-bearing sources of funds (D) = (B) + (C)	**¥ 6,894.4**	**¥ 9.4**	**0.27%**	¥ 7,007.5	¥ 11.4	0.33%
Net revenue on interest-earning assets/ yield on interest-earning assets (A) - (D)	**—**	**¥ 80.3**	**2.32%**	—	¥ 79.5	2.26%
Reconciliation of total revenue on interest-earning assets to total interest income						
Total revenue on interest-earning assets	**¥ 6,894.4**	**¥ 89.7**	**2.60%**	¥ 7,007.5	¥ 91.0	2.59%
Less: Income on lease transactions and installment receivables	**707.3**	**19.3**	**5.44**	667.7	18.9	5.66
Total interest income	**¥ 6,187.1**	**¥ 70.4**	**2.27%**	¥ 6,339.7	¥ 72.0	2.27%
Total interest expenses	**—**	**9.4**	**—**	—	11.4	—
Net interest income	**—**	**¥ 61.0**	**—**	—	¥ 60.5	—

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 in accordance with Japanese GAAP.

The net interest margin for the six months ended September 30, 2015 was 2.33%, up from 2.28% for the six months ended September 30, 2014. Margin improvement was driven by reduction in funding costs, due to the continued maturation of high interest time deposits made in previous years as well as a reduction in the rate on deposits and nego-tiable certificates of deposits. Meanwhile, the average yield on

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

interest-bearing assets was largely the same as in the six months ended September 30, 2014, although yields on marketable securities increased.

Additionally, net interest income including income on leased assets and installment receivables was ¥80.3 billion, up from ¥79.5 billion in the six months ended September 30, 2014. This increase reflects a decrease in total expenses on interest-bearing liabilities, from ¥11.4 billion for the six months ended September 30, 2014 to ¥9.4 billion for the six months ended September 30, 2015, which outweighed a decline in total revenue on interest earning assets, from ¥91.0 billion to ¥89.7 billion.

NET FEES AND COMMISSIONS

Net fees and commissions consists mainly of fee income from nonrecourse finance on domestic real estate, servicing fee income in specialty finance and principal transactions, guarantee and other businesses operated by consumer finance subsidiaries, and fee income on the sales of mutual funds and insurance products. Net fees and commissions totaled ¥13.1 billion, up from ¥10.8 billion in the six months ended September 30, 2014, owing to strong fee income from the guarantee-related business of the Bank's consumer finance business.

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, 2015	Six months ended September 30, 2014	Change (Amount)
Income from trading securities	**¥ 2.3**	¥ 2.6	¥ (0.3)
Income (loss) from securities held to hedge trading transactions	**0.2**	(0.2)	0.5
Income from trading-related financial derivatives	**2.5**	2.9	(0.4)
Other, net	**(0.0)**	0.1	(0.2)
Net trading income	**¥ 5.1**	¥ 5.4	¥ (0.4)

Net trading income includes revenues from derivatives associated with customer transactions, as well as revenues from proprietary trading undertaken by the Bank. Net trading income for the six months ended September 30, 2015 totaled ¥5.1 billion, down from the ¥5.4 billion recorded in the six months ended September 30, 2014.

NET OTHER BUSINESS INCOME (LOSS)

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, 2015	Six months ended September 30, 2014	Change (Amount)
Net gain on monetary assets held in trust	**¥ 4.4**	¥ 4.8	¥ (0.4)
Net gain on foreign exchanges	**3.1**	3.2	(0.1)
Net gain on securities	**0.6**	1.5	(0.9)
Net gain on other monetary claims purchased	**0.9**	3.4	(2.4)
Other, net:	**2.4**	2.0	0.4
Income (loss) from derivative transactions for banking purpose, net	**0.4**	(0.0)	0.4
Equity in net income of affiliates	**1.2**	1.4	(0.2)
Gain on lease cancellation and other lease income (loss), net	**0.4**	0.1	0.2
Other, net	**0.3**	0.3	(0.0)
Net other business income before income on lease transactions and installment receivables, net	**11.7**	15.2	(3.4)
Income on lease transactions and installment receivables, net	**19.3**	18.9	0.3
Net other business income	**¥ 31.0**	¥ 34.1	¥ (3.0)

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

Net other business income for the six months ended September 30, 2015 was ¥31.0 billion, down from ¥34.1 billion in the six months ended September 30, 2014. This decline is due to factors such as losses resulting from the reassessment of fund investments offsetting the steady growth in revenue from markets related transactions.

TOTAL REVENUE

As a result of the preceding, total revenue for the six months ended September 30, 2015, came to ¥110.3 billion, compared with ¥111.1 billion during the six months ended September 30, 2014.

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, 2015	Six months ended September 30, 2014	Change (Amount)
Personnel expenses	**¥ 29.0**	¥ 29.1	¥ (0.1)
Premises expenses	**9.5**	9.5	(0.0)
Technology and data processing expenses	**9.5**	9.3	0.1
Advertising expenses	**5.0**	5.4	(0.4)
Consumption and property taxes	**4.3**	4.0	0.3
Deposit insurance premium	**1.0**	2.1	(1.0)
Other general and administrative expenses	**11.5**	11.4	0.0
General and administrative expenses	**70.1**	71.1	(1.0)
Amortization of goodwill and intangible assets acquired in business combinations	**3.9**	4.5	(0.6)
Total general and administrative expenses	**¥ 74.0**	¥ 75.7	¥ (1.7)

General and administrative expenses, excluding amortization of goodwill and intangible assets acquired in business combinations, totaled ¥70.1 billion for the six months ended September 30, 2015, reduced from ¥71.1 billion recorded in the six months ended September 30, 2014. While the Bank continued to invest management resources deemed necessary in order to build a stronger business foundation, we benefited from our ongoing focus on operational efficiency, a reduction in deposit insurance premiums and the deferment of the posting of some expenses until after the third quarter of the current fiscal year.

Personnel expenses declined slightly from ¥29.1 billion for the six months ended September 30, 2014 to ¥29.0 billion for the six months ended September 30, 2015. While the Bank increased personnel in strategic focus business areas where we seek to expand our customer base and enhance profitability, expenses were reduced due to the promotion of operational efficiency.

Nonpersonnel expenses of ¥41.0 billion was recorded for the six months ended September 30, 2015, compared to ¥42.0 billion recorded for the six months ended September 30, 2014, as we implemented strict cost controls and continued to improve operational efficiency in all areas even as we remained committed to invest resources in order to build a stronger business foundation. A breakdown of nonpersonnel expenses shows that premises expenses fell slightly to ¥9.5 billion for the six months ended September 30, 2015 as we continued to improve the efficiency of branch operations. Technology and data processing expenses increased from ¥9.3 billion for the six months ended September 30, 2014 to ¥9.5 billion for the six months ended September 30, 2015 as we continued investments aimed at stabilizing our systems. Advertising expenses fell from ¥5.4 billion for the six months ended September 30, 2014 to ¥5.0 billion for the six months ended September 30, 2015. Although we maintained advertising activities targeted at expanding our customer base, the posting of a part of advertising expenses was deferred until after the third quarter of the current fiscal year, resulting in this reduction.

Consumption and property taxes for the six months ended September 30, 2015 totaled ¥4.3 billion, up from ¥4.0 billion for the six months ended September 30, 2014. The increase primarily reflects the effects of pro-forma standard taxation.

Deposit insurance premium paid in the six months ended September 30, 2015 came to ¥1.0 billion, down sharply from ¥2.1 billion recorded in the six months ended September 30, 2014, owing to a change in the insurance premium rate.

Other general and administrative expenses increased slightly, from ¥11.4 billion for the six months ended September 30, 2014 to ¥11.5 billion for the six months ended September 30, 2015, mainly due to higher outsourcing expenses at the Individual Group.

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

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 ¥3.9 billion for the six months ended September 30, 2015, down from ¥4.5 billion for the six months ended September 30, 2014. This decline 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. It should be noted that the ¥0.4 billion in amortization expenses attributed to APLUS FINANCIAL is related to the amortization of goodwill for Zen-Nichi Shinpan Co., Ltd., a subsidiary of APLUS FINANCIAL. Goodwill and intangible assets related to the acquisition of APLUS FINANCIAL itself were written off entirely as an impairment loss on March 31, 2010.

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

Billions of yen

	Six months ended September 30, 2015	Six months ended September 30, 2014	Change (Amount)
Shinsei Financial	¥ 2.3	¥ 2.9	¥ (0.5)
SHINKI	(0.1)	(0.1)	—
APLUS FINANCIAL	0.4	0.4	0.0
Showa Leasing	1.2	1.3	(0.1)
Others	0.0	0.0	—
Amortization of goodwill and intangible assets acquired in business combinations	¥ 3.9	¥ 4.5	¥ (0.6)

NET CREDIT COSTS (RECOVERIES)

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

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

Billions of yen

	Six months ended September 30, 2015	Six months ended September 30, 2014	Change (Amount)
Losses on write-off or sales of loans	¥ 0.5	¥ 2.2	¥ (1.7)
Net provision of reserve for loan losses:			
Net provision of general reserve for loan losses	10.9	4.7	6.1
Net provision of specific reserve for loan losses	(7.7)	2.2	(9.9)
Subtotal	3.2	7.0	(3.8)
Other credit costs (recoveries) relating to leasing business	0.0	(0.0)	0.1
Recoveries of written-off claims	(5.0)	(4.1)	(0.9)
Net credit costs (recoveries)	¥ (1.2)	¥ 5.0	¥ (6.2)

The principal components of net credit costs are provisions or reversals of reserves for loan losses. In accordance with Japanese GAAP, 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 subsidiaries of the Bank, particularly Shinsei Financial, APLUS FINANCIAL, SHINKI, and Showa Leasing also maintain general and specific reserves for loan losses.

For the six months ended September 30, 2015, we recorded net credit recoveries of ¥1.2 billion, compared with net credit costs of ¥5.0 billion for the six months ended September 30, 2014. The improvement is attributable to a large gain on the reversal of reserves for loan losses in the Institutional Group, which offset an increase in provisioning for loan losses in the consumer finance business in accordance with an increase in that business' loan balance.

Recoveries of written-off claims amounted to ¥5.0 billion, up from ¥4.1 billion for the six months ended September 30, 2014. The recoveries included ¥2.9 billion at Shinsei Bank on a nonconsolidated basis and ¥2.0 billion at Shinsei Financial. It should be noted that excluding recoveries of written off claims, net credit costs for the six months ended September 30, 2015 amounted to ¥3.7 billion, down from ¥9.1 billion for the six months ended September 30, 2014.

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

OTHER GAINS (LOSSES), NET

The items included in this line item amounted to a net gain of ¥1.2 billion for the six months ended September 30, 2015, compared with a gain of ¥1.9 billion for the six months ended September 30, 2014.

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

	Billions of yen		
	Six months ended September 30, 2015	Six months ended September 30, 2014	Change (Amount)
Net gain (loss) on disposal of premises and equipment	**¥ (0.0)**	¥ 0.2	¥ (0.3)
Gains on write-off of unclaimed debentures	**0.0**	0.5	(0.4)
Gains on write-off of unclaimed deposits	**0.6**	0.4	0.1
Gain on liquidation of subsidiaries	**0.4**	—	0.4
Loss on sale of affiliate's stock	**(0.2)**	—	(0.2)
Impairment losses on long-lived assets	**(0.3)**	(0.4)	0.0
Gain on reversal of stock acquisition rights	**0.6**	0.0	0.6
Other, net	**0.0**	1.1	(1.0)
Total	**¥ 1.2**	¥ 1.9	¥ (0.7)

INCOME BEFORE INCOME TAXES

As a result of the preceding, income before taxes for the six months ended September 30, 2015 came to ¥38.8 billion, compared to ¥32.2 billion for the six months ended September 30, 2014.

INCOME TAXES (BENEFIT)

The sum of all current and deferred income taxes resulted in a net expense of ¥1.0 billion for the six months ended September 30, 2015, compared with a net expense of ¥2.1 billion for the six months ended September 30, 2014.

PROFIT ATTRIBUTABLE TO NONCONTROLLING INTERESTS

Profit attributable to noncontrolling interests for the six months ended September 30, 2015 came to ¥0.3 billion. Profit attributable to noncontrolling interests largely reflects dividends accrued on perpetual preferred securities issued by Shinsei Bank subsidiaries, and noncontrolling interests in the profit of other consolidated subsidiaries. Profit attributable to noncontrolling interests for the six months ended September 30, 2014 were ¥1.1 billion.

TABLE 8. PROFIT ATTRIBUTABLE TO NONCONTROLLING INTERESTS (CONSOLIDATED)

	Billions of yen		
	Six months ended September 30, 2015	Six months ended September 30, 2014	Change (Amount)
Dividends on preferred securities issued by foreign SPCs	**¥ 0.4**	¥ 1.1	¥ (0.7)
Others	**(0.0)**	0.0	(0.0)
Profit attributable to noncontrolling interests	**¥ 0.3**	¥ 1.1	¥ (0.8)

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

As a result of the preceding line items, the Bank recorded profit attributable to owners of the parent of ¥37.4 billion for the six months ended September 30, 2015, as compared with a profit of ¥28.9 billion for the six months ended September 30, 2014.

In addition, cash basis profit attributable to owners of the parent totaled ¥41.0 billion, up from ¥32.9 billion recorded in the first half of the previous fiscal year.

Cash basis profit attributable to owners of the parent is calculated, in accordance with Japanese GAAP, by excluding amortization and impairment of goodwill and intangible assets acquired in business combinations, net of tax benefit, from profit attributable to owners of the parent.

RECONCILIATION FROM REPORTED-BASIS RESULTS TO OPERATING-BASIS RESULTS

Shinsei Bank, in addition to analyzing its results of operations in the format used for our financial statements, which we refer to as the "reported-basis," also performs business management utilizing an "operating-basis" assessment of individual business lines in the evaluation of achieved results against targeted goals. Operating-basis results are generally calculated by adjusting the reported-basis results for amortization of goodwill and intangible assets acquired in business combinations, certain revenue items, amortization of net actuarial losses, and lump-sum payments. In general, operating-basis results represent what the Bank considers to be "core" business results and are in accordance with Japanese GAAP at the profit level. The following summary table is a reconciliation between our reported-basis and operating-basis results.

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

Billions of yen

	Six months ended September 30, 2015			Six months ended September 30, 2014		
	Reported-basis	**Reclassifications**	**Operating-basis**	Reported-basis	Reclassifications	Operating-basis
Revenue:						
Net interest income	**¥ 61.0**	**¥ —**	**¥ 61.0**	¥ 60.5	¥ —	¥ 60.5
Noninterest income	**49.3**	**—**	**49.3**	50.5	—	50.5
Total revenue	**110.3**	**—**	**110.3**	111.1	—	111.1
General and administrative expenses(1)(3)	**70.1**	**(0.3)**	**69.7**	71.1	(1.1)	70.0
Amortization of goodwill and intangible assets acquired in business combinations(2)(3)	**3.9**	**(3.9)**	**—**	4.5	(4.5)	—
Total general and administrative expenses	**74.0**	**(4.3)**	**69.7**	75.7	(5.6)	70.0
Net business profit/Ordinary business profit(2)	**36.3**	**4.3**	**40.6**	35.3	5.6	41.0
Net credit costs (recoveries)	**(1.2)**	**—**	**(1.2)**	5.0	—	5.0
Amortization of goodwill and intangible assets acquired in business combinations(2)	**—**	**3.8**	**3.8**	—	4.5	4.5
Other gains (losses), net(1)	**1.2**	**(0.4)**	**0.7**	1.9	(1.1)	0.7
Income before income taxes	**38.8**	**—**	**38.8**	32.2	—	32.2
Income taxes and profit attributable to noncontrolling interests	**1.3**	**—**	**1.3**	3.3	—	3.3
Profit attributable to owners of the parent	**¥ 37.4**	**¥ —**	**¥ 37.4**	¥ 28.9	¥ —	¥ 28.9

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 associated with acquisitions of companies is reclassified under ordinary business profit after net credit costs.
(3) Amortization of goodwill and intangible assets acquired in business combinations associated with partial acquisitions of business is classified to general and administrative expenses.

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RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

BUSINESS LINES RESULTS

Management monitors the performance of each business line on an operating-basis. The following business line discussion 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, 2015	Six months ended September 30, 2014	Change (Amount)
Institutional Group[(1)(2)]:			
Net interest income	**¥ 13.3**	¥ 15.2	¥ (1.9)
Noninterest income	**16.2**	20.4	(4.2)
Total revenue	**29.5**	35.7	(6.1)
General and administrative expenses	**14.7**	14.4	0.2
Ordinary business profit	**14.8**	21.2	(6.4)
Net credit costs (recoveries)	**(13.4)**	(2.1)	(11.2)
Ordinary business profit after net credit costs (recoveries)	**¥ 28.2**	¥ 23.4	¥ 4.8
Global Markets Group[(1)]:			
Net interest income	**¥ 1.0**	¥ 1.4	¥ (0.3)
Noninterest income	**5.1**	4.5	0.5
Total revenue	**6.1**	5.9	0.1
General and administrative expenses	**3.7**	3.4	0.3
Ordinary business profit	**2.3**	2.5	(0.1)
Net credit costs (recoveries)	**(0.2)**	0.0	(0.2)
Ordinary business profit after net credit costs (recoveries)	**¥ 2.6**	¥ 2.4	¥ 0.1
Individual Group:			
Net interest income	**¥ 44.7**	¥ 43.7	¥ 1.0
Noninterest income	**24.7**	22.7	2.0
Total revenue	**69.5**	66.4	3.0
General and administrative expenses	**50.7**	51.3	(0.6)
Ordinary business profit	**18.8**	15.1	3.7
Net credit costs	**12.4**	7.1	5.2
Ordinary business profit after net credit costs	**¥ 6.4**	¥ 7.9	¥ (1.4)
Corporate/Other[(2)(3)]:			
Net interest income	**¥ 1.8**	¥ 0.1	¥ 1.7
Noninterest income	**3.2**	2.7	0.4
Total revenue	**5.1**	2.9	2.1
General and administrative expenses	**0.4**	0.7	(0.2)
Ordinary business profit	**4.6**	2.1	2.4
Net credit costs (recoveries)	**(0.0)**	(0.0)	(0.0)
Ordinary business profit after net credit costs (recoveries)	**¥ 4.6**	¥ 2.1	¥ 2.4
Total:			
Net interest income	**¥ 61.0**	¥ 60.5	¥ 0.4
Noninterest income	**49.3**	50.5	(1.1)
Total revenue	**110.3**	111.1	(0.7)
General and administrative expenses	**69.7**	70.0	(0.3)
Ordinary business profit	**40.6**	41.0	(0.4)
Net credit costs (recoveries)	**(1.2)**	5.0	(6.2)
Ordinary business profit after net credit costs (recoveries)	**¥ 41.9**	¥ 36.0	¥ 5.8

Notes: (1) In accordance with the organizational changes on April 1 and May 1, 2015, the Financial Institutions Sub-Group, previously a part of the Global Markets Group, were transferred to Institutional Business in the Institutional Group on a management accounting basis.
(2) In accordance with the organizational changes on April 1 and May 1, 2015, the planning and administration operations of the Overseas Banking Division, previously a part of Institutional Group, were transferred to Corporate/Others on a management accounting basis.
(3) Includes company-wide accounts, allocation variance of indirect expense and elimination amount of inter-segment transactions.

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

INSTITUTIONAL GROUP

The Institutional Group consists of: 1) the Institutional Business, which provides financial products and services to public and corporate entities, including financial institutions, 2) the Structured Finance, which is engaged in real estate finance, project finance, and other financial services, 3) the Principal Transactions, involved in credit trading, private equity, asset-backed investment (ABI), and other businesses, and 4) Showa Leasing.

It should be noted that as of April 1, 2015, the Institutional Group and the Global Markets Group have integrated the Financial Institutions Sub-Group of the Global Markets Group into the Institutional Business Sub-Group of the Institutional Group. Furthermore, as of May 1, 2015, all Sub-Groups within the Institutional Group have been dissolved as part of organizational changes. As part of these organizational changes, the corporate revitalization business, previously part of Structured Finance, and the asset-backed investment and business incubation businesses, previously part of Others in the Institutional Group, were transferred to the Principal Transactions business within the Institutional Group. In addition, the planning and administration operations of the Overseas Banking Group, also previously part of Others in the Institutional Group, were transferred to the Corporate/Other segment.

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

	Billions of yen		
	Six months ended September 30, 2015	Six months ended September 30, 2014	Change (Amount)
Institutional Business[1]:			
Net interest income	**¥ 5.1**	¥ 6.6	¥ (1.4)
Noninterest income	**2.2**	2.2	(0.0)
Total revenue	**7.3**	8.8	(1.5)
General and administrative expenses	**5.1**	4.8	0.3
Ordinary business profit	**2.1**	4.0	(1.8)
Net credit costs (recoveries)	**0.3**	(0.8)	1.2
Ordinary business profit after net credit costs (recoveries)	**¥ 1.8**	¥ 4.9	¥ (3.0)
Structured Finance[2]:			
Net interest income	**¥ 6.1**	¥ 7.0	¥ (0.9)
Noninterest income	**3.5**	3.4	0.1
Total revenue	**9.7**	10.4	(0.7)
General and administrative expenses	**2.7**	2.4	0.3
Ordinary business profit	**6.9**	8.0	(1.0)
Net credit costs (recoveries)	**(13.3)**	(0.1)	(13.1)
Ordinary business profit after net credit costs (recoveries)	**¥ 20.3**	¥ 8.2	¥ 12.0
Principal Transactions[2]:			
Net interest income	**¥ 3.0**	¥ 2.7	¥ 0.2
Noninterest income	**(0.8)**	7.3	(8.2)
Total revenue	**2.1**	10.1	(8.0)
General and administrative expenses	**2.6**	3.1	(0.4)
Ordinary business profit (loss)	**(0.4)**	7.0	(7.5)
Net credit costs (recoveries)	**(0.0)**	0.4	(0.5)
Ordinary business profit (loss) after net credit costs (recoveries)	**¥ (0.4)**	¥ 6.6	¥ (7.0)
Showa Leasing:			
Net interest income	**¥ (1.0)**	¥ (1.2)	¥ 0.1
Noninterest income	**11.3**	7.4	3.9
Total revenue	**10.2**	6.2	4.0
General and administrative expenses	**4.1**	4.0	0.0
Ordinary business profit	**6.1**	2.1	4.0
Net credit costs (recoveries)	**(0.4)**	(1.6)	1.2
Ordinary business profit after net credit costs (recoveries)	**¥ 6.5**	¥ 3.7	¥ 2.8
Institutional Group:			
Net interest income	**¥ 13.3**	¥ 15.2	¥ (1.9)
Noninterest income	**16.2**	20.4	(4.2)
Total revenue	**29.5**	35.7	(6.1)
General and administrative expenses	**14.7**	14.4	0.2
Ordinary business profit	**14.8**	21.2	(6.4)
Net credit costs (recoveries)	**(13.4)**	(2.1)	(11.2)
Ordinary business profit after net credit costs (recoveries)	**¥ 28.2**	¥ 23.4	¥ 4.8

Notes: (1) In accordance with the organizational changes on April 1 and May 1, 2015, the Financial Institutions Sub-Group, previously a part of the Global Markets Group, were transferred to Institutional Business in the Institutional Group on a management accounting basis.
(2) In accordance with the organizational changes on April 1 and May 1, 2015, the corporate revitalization support business, previously a part of Structured Finance, as well as asset backed investments and business incubation, previously a part of Others in the institutional Group, were transferred to Principal Transactions, and the planning and administration operations of the Overseas Banking Division, previously a part of Institutional Group, were transferred to Corporate/Others on a management accounting basis.

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

The Institutional Group recorded total revenue of ¥29.5 billion for the six months ended September 30, 2015, compared with ¥35.7 billion for the six months ended September 30, 2014. Net interest income accounted for ¥13.3 billion of that total, compared with ¥15.2 billion for the six months ended September 30, 2014. Noninterest income accounted for the remaining ¥16.2 billion, down from ¥20.4 billion for the six months ended September 30, 2014. While the Bank has continued to promote initiatives aimed at expanding the customer base and strengthening profitability, noninterest income declined owing to the absence of some large revenues posted in the six months ended September 30, 2014 and the recoding of losses resulting from the reassessment of fund investments.

Within the Institutional Group, the Institutional Business recorded total revenue of ¥7.3 billion for the six months ended September 30, 2015, compared with ¥8.8 billion for the six months ended September 30, 2014. While the Business has continued to source new lending opportunities in order to increase its customer base, total revenue fell year on year owing to the absence of large dividend income on marketable securities which were recorded in the previous fiscal year.

Total revenues from Structured Finance business also declined, falling from ¥10.4 billion for the six months ended September 30, 2014 to ¥9.7 billion for the six months ended September 30, 2015. The real estate finance business increased its assets balance by expanding lending for commercial, office and logistics facilities, and the project finance business grew steadily with a focus on renewable energy and infrastructure projects. Nonetheless, the absence of some major revenues recorded in the six months ended September 30, 2014 weighed on revenue growth.

Meanwhile, total revenue at the Principal Transactions Business declined from ¥10.1 billion for the six months ended September 30, 2014 to ¥2.1 billion for the six months ended September 30, 2015. The large drop reflects the absence of large gains posted in the six months ended September 30, 2014 by the domestic credit trading business and losses resulting from the reassessment of fund investments.

Showa Leasing achieved a sharp increase in total revenue, which expanded from ¥6.2 billion for the six months ended September 30, 2014 to ¥10.2 billion for the six months ended September 30, 2015, mainly owing to gains on equity sales.

The Institutional Group's general and administrative expenses totaled ¥14.7 billion for the six months ended September 30, 2015, compared with ¥14.4 billion for the six months ended September 30, 2014. The dissolution of the Sub-Group system and other organizational changes produced cost-saving efficiencies, but costs rose overall nonetheless as we continued to strengthen staffing in focus business areas and make investments deemed necessary for building a stronger business foundation.

For the six months ended September 30, 2015, the Institutional Group recorded net credit recoveries of ¥13.4 billion, a sharp increase from the ¥2.1 billion recorded in the six months ended September 30, 2014. The gain was due to the reversal of reserves for loan losses due to the disposal of some large credit positions.

As a result of the preceding, the Institutional Group recorded an ordinary business profit after net credit costs of ¥28.2 billion for the six months ended September 30, 2015, improved from the ¥23.4 billion recorded in the six months ended September 30, 2014.

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

GLOBAL MARKETS GROUP

The Global Markets Group consists of: 1) the Markets Sub-Group, which is engaged in foreign exchange, derivatives and other capital markets business and 2) the Other Global Markets Group, which is comprised of asset management and wealth management businesses as well as Shinsei Securities.

It should be noted that Organizational changes implemented on April 1 and May 1, 2015, resulted in the transfer and integration of the Global Markets Group's Financial Institutions Sub-Group into the Institutional Group's Institutional Business.

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, 2015	Six months ended September 30, 2014	Change (Amount)
Markets Sub-Group:			
Net interest income	**¥ 1.0**	¥ 1.3	¥ (0.3)
Noninterest income	**3.6**	3.1	0.5
Total revenue	**4.6**	4.4	0.1
General and administrative expenses	**1.7**	1.6	0.1
Ordinary business profit	**2.8**	2.8	0.0
Net credit costs (recoveries)	**(0.0)**	0.0	(0.1)
Ordinary business profit after net credit costs (recoveries)	**¥ 2.9**	¥ 2.7	¥ 0.2
Others:			
Net interest income	**¥ 0.0**	¥ 0.0	¥ (0.0)
Noninterest income	**1.5**	1.4	0.0
Total revenue	**1.5**	1.5	0.0
General and administrative expenses	**2.0**	1.8	0.2
Ordinary business profit (loss)	**(0.4)**	(0.2)	(0.1)
Net credit costs (recoveries)	**(0.1)**	(0.0)	(0.0)
Ordinary business profit (loss) after net credit costs (recoveries)	**¥ (0.3)**	¥ (0.2)	¥ (0.0)
Global Markets Group[1]:			
Net interest income	**¥ 1.0**	¥ 1.4	¥ (0.3)
Noninterest income	**5.1**	4.5	0.5
Total revenue	**6.1**	5.9	0.1
General and administrative expenses	**3.7**	3.4	0.3
Ordinary business profit	**2.3**	2.5	(0.1)
Net credit costs (recoveries)	**(0.2)**	0.0	(0.2)
Ordinary business profit after net credit costs (recoveries)	**¥ 2.6**	¥ 2.4	¥ 0.1

Note: (1) In accordance with the organizational changes on April 1 and May 1, 2015, the Financial Institutions Sub-Group, previously a part of the Global Markets Group, were transferred to Institutional Business in the Institutional Group on a management accounting basis.

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

The Global Markets Group recorded total revenue of ¥6.1 billion for the six months ended September 30, 2015, compared with ¥5.9 billion for the six months ended September 30, 2014. The increase in revenue reflects the increase in client transaction volume generated by the Group's continued efforts to expand its customer base and to develop and deliver financial products that meet customer needs, as well as markets related transactions also being strong.

The Markets Sub-Group recorded total revenue of ¥4.6 billion for the six months ended September 30, 2015, up from ¥4.4 billion for the six months ended September 30, 2014. Client transaction volume and the profitability of markets related transactions both contributed to the Sub-Group's positive result.

Total revenue at the Other Global Markets Group was ¥1.5 billion for the six months ended September 30, 2015, matching the unit's performance of ¥1.5 billion in the six months ended September 30, 2014.

The Global Markets Group's general and administrative expenses totaled ¥3.7 billion for the six months ended September 30, 2015, up from ¥3.4 billion for the six months ended September 30, 2014. While the Group continued to promote operational efficiency in all business lines, expenses rose as it also continued to invest in key business areas in order to rebuild its customer base.

The Global Markets Group recorded net credit recoveries of ¥0.2 billion for the six months ended September 30, 2015, compared with net credit costs of ¥25 million for the six months ended September 30, 2014.

As a result of the preceding, the Global Markets Group recorded ordinary business profit after net credit costs of ¥2.6 billion for the six months ended September 30, 2015, up from ¥2.4 billion for the six months ended September 30, 2014.

INDIVIDUAL GROUP

The Individual Group consists of: 1) Retail Banking, 2) Shinsei Bank Card Loan Lake ("Shinsei Bank Lake") and its subsidiary Shinsei Financial, 3) SHINKI, 4) APLUS FINANCIAL, and 5) Shinsei Property Finance Co., Ltd.

It should be noted that following an internal reorganization of the Group's consumer finance businesses in the fourth quarter of fiscal 2014, a portion of Shinsei Financial's usage of reserves for losses on interest repayments (interest repayments and related principal amortization) as well as profits and losses were transferred to APLUS FINANCIAL.

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

Billions of yen

	Six months ended September 30, 2015	Six months ended September 30, 2014	Change (Amount)
Retail Banking:	**¥ 14.3**	¥ 14.3	¥ (0.0)
Deposits etc Net Interest Income	**5.4**	6.4	(1.0)
Deposits etc Noninterest Income	**1.1**	0.8	0.2
Asset management	**3.1**	2.4	0.6
Loans	**4.6**	4.5	0.0
Shinsei Financial and Shinsei Bank Lake[(1)(2)]	**25.7**	23.5	2.2
SHINKI	**3.2**	3.0	0.1
APLUS FINANCIAL[(2)]	**25.5**	24.8	0.6
Others[(3)]	**0.7**	0.7	(0.0)
Total revenue	**¥ 69.5**	¥ 66.4	¥ 3.0

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) In accordance with a Group internal restructuring of the consumer finance business, a portion of the profit and loss of "Shinsei Financial and Shinsei Bank Lake" has been recombined into "APLUS FINANCIAL."
(3) Includes Shinsei Property Finance and unallocated Consumer Finance Sub-Group financials.

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, 2015	Six months ended September 30, 2014	Change (Amount)
Retail Banking:			
Net interest income	**¥ 10.6**	¥ 11.5	¥ (0.9)
Noninterest income	**3.6**	2.7	0.9
Total revenue	**14.3**	14.3	(0.0)
General and administrative expenses	**16.4**	16.9	(0.5)
Ordinary business profit (loss)	**(2.1)**	(2.6)	0.5
Net credit costs	**0.1**	0.0	0.1
Ordinary business profit (loss) after net credit costs	**¥ (2.3)**	¥ (2.7)	¥ 0.4
Shinsei Financial and Shinsei Bank Lake[(1)(2)]:			
Net interest income	**¥ 26.7**	¥ 24.6	¥ 2.1
Noninterest income	**(1.0)**	(1.1)	0.1
Total revenue	**25.7**	23.5	2.2
General and administrative expenses	**13.8**	13.5	0.2
Ordinary business profit	**11.9**	9.9	1.9
Net credit costs	**7.3**	3.3	3.9
Ordinary business profit after net credit costs	**¥ 4.5**	¥ 6.6	¥ (2.0)
SHINKI[(4)]:			
Net interest income	**¥ 3.4**	¥ 3.3	¥ 0.1
Noninterest income	**(0.2)**	(0.2)	0.0
Total revenue	**3.2**	3.0	0.1
General and administrative expenses	**1.8**	2.2	(0.4)
Ordinary business profit	**1.4**	0.8	0.6
Net credit costs	**0.7**	0.5	0.2
Ordinary business profit after net credit costs	**¥ 0.7**	¥ 0.3	¥ 0.4
APLUS FINANCIAL[(2)]:			
Net interest income	**¥ 3.2**	¥ 3.4	¥ (0.2)
Noninterest income	**22.2**	21.3	0.9
Total revenue	**25.5**	24.8	0.6
General and administrative expenses	**18.2**	18.1	0.0
Ordinary business profit	**7.2**	6.6	0.6
Net credit costs	**4.2**	3.3	0.9
Ordinary business profit after net credit costs	**¥ 3.0**	¥ 3.3	¥ (0.3)
Others[(3)]:			
Net interest income	**¥ 0.5**	¥ 0.6	¥ (0.0)
Noninterest income	**0.1**	0.1	0.0
Total revenue	**0.7**	0.7	(0.0)
General and administrative expenses	**0.3**	0.3	0.0
Ordinary business profit	**0.3**	0.3	(0.0)
Net credit costs (recoveries)	**(0.1)**	(0.0)	0.0
Ordinary business profit after net credit costs (recoveries)	**¥ 0.4**	¥ 0.4	¥ 0.0
Individual Group:			
Net interest income	**¥ 44.7**	¥ 43.7	¥ 1.0
Noninterest income	**24.7**	22.7	2.0
Total revenue	**69.5**	66.4	3.0
General and administrative expenses	**50.7**	51.3	(0.6)
Ordinary business profit	**18.8**	15.1	3.7
Net credit costs	**12.4**	7.1	5.2
Ordinary business profit after net credit costs	**¥ 6.4**	¥ 7.9	¥ (1.4)

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) In accordance with a Group internal restructuring of the consumer finance business, a portion of the profit and loss of "Shinsei Financial and Shinsei Bank Lake" has been recombined into "APLUS FINANCIAL."
(3) Includes Shinsei Property Finance and unallocated Consumer Finance Sub-Group financials.
(4) While results for SHINKI are reported as a part of the Shinsei Financial Business Segment, the results are presented separately in this table.

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

The Individual Group recorded an ordinary business profit after net credit costs of ¥6.4 billion for the six months ended September 30, 2015, compared with ¥7.9 billion for the six months ended September 30, 2014.

RETAIL BANKING

The Retail Banking business recorded total revenue of ¥14.3 billion for the six months ended September 30, 2015, matching its performance in the six months ended September 30, 2014. Net interest income accounted for ¥10.6 billion of total revenue for the six months ended September 30, 2015, down from ¥11.5 billion for the six months ended September 30, 2014. While the issuance of new housing loans was brisk, resulting in a net increase in the loan balance and higher revenues, a decline in deposits and lower market interest rates reduced net interest income from deposits, including deposits held for liquidity purposes, resulting in total net interest income declining year on year. Noninterest income expanded from ¥2.7 billion for the six months ended September 30, 2014 to ¥3.6 billion for the six months ended September 30, 2015, driven upward by an increase in the sale of investment products.

Meanwhile, Retail Banking's general and administrative expenses declined from ¥16.9 billion for the six months ended September 30, 2014 to ¥16.4 billion for the six months ended September 30, 2015. The improvement was supported by lower deposit insurance premium costs and the continued implementation of various rationalization and efficiency measures, such as a review of advertising unit prices.

Net credit costs came to ¥0.1 billion for the six months ended September 30, 2015, slightly higher than the ¥81 million for the six months ended September 30, 2014. As a result of the preceding, Retail Banking's ordinary business profit after net credit costs was a loss of ¥2.3 billion for the six months ended September 30, 2015, compared with a loss of ¥2.7 billion for the six months ended September 30, 2014.

SHINSEI FINANCIAL AND SHINSEI BANK LAKE

Including related consolidation adjustments, ordinary business profit after net credit costs of Shinsei Financial and Shinsei Bank Lake was ¥4.5 billion for the six months ended September 30, 2015, compared to ¥6.6 billion for the six months ended September 30, 2014.

Total revenue of ¥25.7 billion was recorded for the six months ended September 30, 2015, compared to ¥23.5 billion for the six months ended September 30, 2014 due to continued growth of the loan balance.

While we continued to engage in a phased tuning of credit standards as well as strengthening of collections capabilities, the loan balance growth resulted in net credit costs increasing from ¥3.3 billion for the six months ended September 30, 2014 to ¥7.3 billion for the six months ended September 30, 2015.

SHINKI

Including related consolidation adjustments, ordinary business profit after net credit costs of SHINKI came to ¥0.7 billion for the six months ended September 30, 2015, up from ¥0.3 billion for the six months ended September 30, 2014.

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

APLUS FINANCIAL

Including related consolidation adjustments, ordinary business profit after net credit costs of APLUS FINANCIAL of ¥3.0 billion was recorded for the six months ended September 30, 2015, compared to ¥3.3 billion recorded in the six months ended September 30, 2014. Total revenue for the six months ended September 30, 2015 came to ¥25.5 billion, up from ¥24.8 billion for the six months ended September 30, 2014. Net interest income for the six months ended September 30, 2015 accounted for ¥3.2 billion of total revenue, down from ¥3.4 billion for the six months ended September 30, 2014. On the other hand, noninterest income increased from ¥21.3 billion for the six months ended September 30, 2014 to ¥22.2 billion for the six months ended September 30, 2015, due to steady growth in revenues from installment sales. General and administrative expenses, while we have continued to pursue rationalization and efficiency in our business process, increased slightly, from ¥18.1 billion for the six months ended September 30, 2014 to ¥18.2 billion for the six months ended September 30, 2015, due to an increase in expenses associated with the implementation of measures aimed at enhancing customer services. Additionally, net credit costs totaled ¥4.2 billion for the six months ended September 30, 2015, up from ¥3.3 billion for the six months ended September 30, 2014.

Others include the results of Shinsei Property Finance and unallocated financials of the consumer finance business.

INTEREST REPAYMENTS

Regarding reserves for losses on interest repayments, no additional reserves were made in the six months ended September 30, 2015, whereas additional reserves totaling ¥4.0 billion were made in the fiscal year ended March 31, 2015 based upon a revision of future additional interest repayment costs.

Shinsei Financial's usage of reserves for losses on interest repayments (interest repayments and related principal amortization) came to ¥16.4 billion for the six months ended September 30, 2015, compared to ¥17.9 billion for the six months ended September 30, 2014. As no additional provisioning of reserves was made in the six months ended September 30, 2015, Shinsei Financial's outstanding balance of reserves for losses on interest repayments has declined from ¥147.3 billion on March 31, 2015, to ¥130.8 billion as of September 30, 2015.

SHINKI's usage of reserves for losses on interest repayments (interest repayments and related principal amortization) totaled ¥1.8 billion for the six months ended September 30, 2015, down from ¥2.1 billion for the six months ended September 30, 2014. Given the absence of additional provisioning during the six months ended September 30, 2015, SHINKI's outstanding total balance of reserves for losses on interest repayments has declined from ¥12.1 billion on March 31, 2015, to ¥10.2 billion as of September 30, 2015.

Lastly, APLUS FINANCIAL and its consolidated subsidiaries' usage of reserves for losses on interest repayments (interest repayments and related principal amortization) totaled ¥2.3 billion for the six months ended September 30, 2015, compared to ¥2.5 billion used in the six months ended September 30, 2014. As noted above, no additional provisioning was made during the period under review; consequently, the outstanding total balance of reserves for losses on interest repayments has declined from ¥10.8 billion on March 31, 2015, to ¥8.4 billion as of September 30, 2015.

RESULTS OF OPERATIONS (CONSOLIDATED) (CONTINUED)

CORPORATE/OTHER

Corporate/Other includes the business results of the Treasury Sub-Group, which oversees the ALM and capital procurement operations of the entire Bank, as well as Other accounts, which include company-wide accounts, allocation variance of indirect expense and elimination 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, 2015	Six months ended September 30, 2014	Change (Amount)
Treasury Sub-Group:			
Net interest income	**¥ 1.8**	¥ 0.1	¥ 1.7
Noninterest income	**2.6**	2.7	(0.1)
Total revenue	**4.5**	2.9	1.5
General and administrative expenses	**0.8**	0.8	0.0
Ordinary business profit	**3.7**	2.1	1.5
Net credit costs	**—**	—	—
Ordinary business profit after net credit costs	**¥ 3.7**	¥ 2.1	¥ 1.5
Others[1]:			
Net interest income	**¥ (0.0)**	¥ (0.0)	¥ (0.0)
Noninterest income	**0.5**	(0.0)	0.6
Total revenue	**0.5**	(0.0)	0.6
General and administrative expenses	**(0.3)**	(0.0)	(0.2)
Ordinary business profit	**0.9**	0.0	0.8
Net credit costs (recoveries)	**(0.0)**	(0.0)	(0.0)
Ordinary business profit after net credit costs (recoveries)	**¥ 0.9**	¥ 0.0	¥ 0.8
Corporate/Other:			
Net interest income	**¥ 1.8**	¥ 0.1	¥ 1.7
Noninterest income	**3.2**	2.7	0.4
Total revenue	**5.1**	2.9	2.1
General and administrative expenses	**0.4**	0.7	(0.2)
Ordinary business profit	**4.6**	2.1	2.4
Net credit costs (recoveries)	**(0.0)**	(0.0)	(0.0)
Ordinary business profit after net credit costs (recoveries)	**¥ 4.6**	¥ 2.1	¥ 2.4

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

Total revenue of the Corporate/Other for the six months ended September 30, 2015 totaled to ¥5.1 billion, compared to ¥2.9 billion for the six months ended September 30, 2014. This improvement was due in part to the maturation of high interest rate time deposits resulting in lower funding costs, which impacted the segment through internal funds transfers.

RESULTS OF OPERATIONS (NONCONSOLIDATED)

SUMMARY OF NONCONSOLIDATED FINANCIAL RESULTS

We disclose nonconsolidated 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 nonconsolidated 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 ¥25.2 billion on a nonconsolidated basis for the six months ended September 30, 2015. Differences between the net income on a nonconsolidated basis and consolidated basis result mainly from 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 (NONCONSOLIDATED)

	Billions of yen	
	Six months ended September 30, 2015	Six months ended September 30, 2014
Gross business profit *(gyomu sorieki)* :		
Net interest income	**¥ 44.7**	¥ 43.7
Net fees and commissions[(1)]	**1.7**	6.9
Net trading income	**2.7**	2.0
Net other business income	**5.7**	3.9
Total gross business profit	**54.9**	56.6
Expenses[(2)]	**37.2**	37.1
Net business profit *(jisshitsu gyomu jun-eki)*	**17.7**	19.5
Other, net[(3)]	**13.8**	1.6
Net operating income *(keijo rieki)*	**31.5**	21.2
Extraordinary income (loss)	**(5.6)**	(1.0)
Income before income taxes	**25.8**	20.1
Current income taxes (benefit)	**(0.1)**	(0.0)
Deferred income taxes (benefit)	**0.7**	0.8
Net income	**¥ 25.2**	¥ 19.3

Notes: (1) Includes net gain (loss) on monetary assets held in trust of ¥3.1 billion and ¥7.2 billion for the six months ended September 30, 2015 and 2014, respectively.
(2) General and administrative expenses with certain adjustment.
(3) Excludes net gain (loss) on monetary assets held in trust.

SUPPLEMENTAL NONCONSOLIDATED MEASURES

In addition to the reporting items set forth in our nonconsolidated financial statements, the Banking Act of Japan requires us to disclose gross business profit (*gyomu sorieki*) on a nonconsolidated 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 nonconsolidated 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 increased from ¥8,889.8 billon to ¥8,999.2 billion over the six months ended September 30, 2015.

The balance of loans and bills discounted was ¥4,463.2 billion as of September 30, 2015, an increase of ¥1.9 billion from ¥4,461.2 billion as of March 31, 2015. In the institutional business, while the balance of real estate related loans and project finance grew strongly, competition to satisfy the funding needs of customers remained fierce, and as there were some collections in existing loans, the overall balance shrank. On the other hands, in loans to individuals, housing loans continued to steadily increase, and the consumer finance loan balance continued to grow compared to the previous fiscal year. As a result, the overall balance of loans and bills discounted for the Bank grew.

TABLE 17. LOANS BY BORROWER INDUSTRY (CONSOLIDATED)

Billions of yen (except percentages)

	As of September 30, 2015		As of September 30, 2014	
Domestic offices (excluding Japan offshore market account):				
Manufacturing	**¥ 198.9**	**4.6%**	¥ 205.4	4.8%
Agriculture and Forestry	**0.0**	**0.0**	0.1	0.0
Fishery	**0.0**	**0.0**	0.0	0.0
Mining, quarrying and gravel extraction	**0.2**	**0.0**	—	—
Construction	**9.8**	**0.2**	11.2	0.3
Electric power, gas, heat supply and water supply	**205.2**	**4.7**	193.4	4.5
Information and communications	**38.0**	**0.9**	42.2	1.0
Transportation, postal service	**175.6**	**4.0**	194.5	4.6
Wholesale and retail	**103.4**	**2.4**	92.8	2.2
Finance and insurance	**578.6**	**13.2**	629.1	14.7
Real estate	**579.0**	**13.2**	534.7	12.5
Services	**297.4**	**6.8**	328.2	7.7
Local government	**80.7**	**1.8**	98.4	2.3
Others	**2,106.5**	**48.2**	1,939.4	45.4
Total domestic (A)	**¥ 4,373.9**	**100.0%**	¥ 4,270.0	100.0%
Overseas offices (including Japan offshore market accounts):				
Governments	**¥ 0.9**	**1.1%**	¥ 1.3	2.0%
Financial institutions	**9.4**	**10.6**	0.0	0.1
Others	**78.8**	**88.3**	67.1	97.9
Total overseas (B)	**¥ 89.2**	**100.0%**	¥ 68.6	100.0%
Total (A+B)	**¥ 4,463.2**		¥ 4,338.6	

FUNDING AND LIQUIDITY

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

TABLE 18. DIVERSIFICATION BY DEPOSITS TYPE (CONSOLIDATED)

Billions of yen

	As of September 30, 2015	As of September 30, 2014
Retail deposits	**¥ 4,835.4**	¥ 4,931.7
Institutional deposits	**653.9**	679.3
Total	**¥ 5,489.4**	¥ 5,611.0

TOTAL EQUITY

Total equity as of September 30, 2015 was ¥775.3 billion and included noncontrolling interests of ¥11.8 billion.

FINANCIAL CONDITION (CONTINUED)

ASSET QUALITY AND DISPOSAL OF NONPERFORMING LOANS OF SHINSEI

At September 30, 2015, 36.6% 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 and APLUS FINANCIAL. This discussion of our asset quality presents information of Shinsei on a nonconsolidated basis unless specified otherwise. In particular, nonperforming claims as defined in the Financial Revitalization Law are only disclosed on a nonconsolidated 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.

CLAIMS CLASSIFIED UNDER THE FINANCIAL REVITALIZATION LAW

Under the Financial Revitalization Law, Japanese banks categorize their nonconsolidated 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 ¥24.4 billion, or 40.1%, to ¥36.5 billion, between March 31, 2015 and September 30, 2015. During the six months ended September 30, 2015, claims against bankrupt and quasi-bankrupt obligors increased from ¥4.2 billion to ¥5.2 billion, and doubtful claims decreased from ¥52.1 billion to ¥27.9 billion, and substandard claims decreased from ¥4.5 billion to ¥3.3 billion, as a result of our self assessment. The ratio of nonperforming claims disclosed under the Financial Revitalization Law to total nonconsolidated claims as of September 30, 2015 decreased to 0.8%, compared to 1.4% as of March 31, 2015.

Shinsei's claims against other need caution obligors, excluding substandard claims, totaled ¥83.0 billion as of September 30, 2015, a 11.3% increase from ¥74.6 billion as of March 31, 2015, which included private placement bonds guaranteed by Shinsei classified as claims against other need caution obligors.

These claims represented 1.9% of total nonconsolidated claims as of September 30, 2015, up from 1.7% as of March 31, 2015.

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FINANCIAL CONDITION (CONTINUED)

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

(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: 4,221.5	Other 146.9	Total loans and bills discounted: 4,221.5
Legally bankrupt		9E	100.0% for unsecured portion	Claims against bankrupt and quasi-bankrupt obligors 5.2 (Amount of coverage, coverage ratio) (5.2*, 100.0%) *Amount of reserve for loan losses is —, collateral and guarantees is 5.2		Loans to bankrupt obligors 0.7
Virtually bankrupt		9D	100.0% for unsecured portion			Nonaccrual delinquent loans 32.4
Possibly bankrupt		9C	97.5% for unsecured portion	Doubtful claims 27.9 (Amount of coverage, coverage ratio) (27.5*, 98.7%) *Amount of reserve for loan losses is 10.7, collateral and guarantees is 16.8		
Need caution	Substandard	9B	58.2% for unsecured portion	Substandard claims (loan account only) 3.3 (Amount of coverage, coverage ratio) (2.5*, 77.0%) *Amount of reserve for loan losses is 0.7, collateral and guarantees is 1.8		Loans past due for three months or more Restructured loans 3.3
Need caution	Other need caution	9A	3.6% for total claims	Normal claims 4,331.9		Normal 4,185.0
Normal		0A–6C	0.4% for total claims			
				Total nonperforming claims and ratio to total claims 36.5, 0.8% (Total amount of coverage, coverage ratio) (35.3*, 96.9%) *Total amount of reserve for loan losses is 11.4, collateral and guarantees is 23.8		Total risk-monitored loans and ratio to total loans and bills discounted 36.4, 0.9%

Notes: (1) Financial and operational data that are stated in multiples of ¥0.1 billion have been truncated. All percentages have been rounded to the nearest 0.1%.
(2) The Financial Revitalization Law requires us to classify and disclose “claims” which include, in addition to loans and bills discounted, foreign exchange claims, securities lent, private placement bonds guaranteed by Shinsei, accrued income and suspense payments in other assets, as well as customers’ liabilities for acceptances and guarantees. By comparison, as for risk-monitored loans, the format devised by the JBA only classifies, and calls for disclosure of, certain loans and bills discounted.
(3) Shaded claims denoted claims that are considered to be nonperforming under the Financial Revitalization Law.

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FINANCIAL CONDITION (CONTINUED)

TABLE 19. CLAIMS CLASSIFIED UNDER THE FINANCIAL REVITALIZATION LAW (NONCONSOLIDATED)

	Billions of yen (except percentages)		
	As of September 30, 2015	As of September 30, 2014	As of March 31, 2015
Claims against bankrupt and quasi-bankrupt obligors	**¥ 5.2**	¥ 8.6	¥ 4.2
Doubtful claims	**27.9**	97.0	52.1
Substandard claims	**3.3**	4.4	4.5
Total claims disclosed under the Financial Revitalization Law[1]	**36.5**	110.1	60.9
Normal claims and claims against other need caution obligors excluding substandard claims	**4,331.9**	4,108.3	4,238.8
Total claims	**¥ 4,368.4**	¥ 4,218.4	¥ 4,299.8
Ratio of total claims disclosed under the Financial Revitalization Law to total claims	**0.8%**	2.6%	1.4%

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, 2015, nonconsolidated 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, 98.7% for doubtful claims and 77.0% for substandard claims. For all claims classified under the Financial Revitalization Law, the coverage ratio was 96.9%.

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, 2015, ¥45.3 billion of such claims were written off on a nonconsolidated basis.

TABLE 20. COVERAGE RATIOS FOR NONPERFORMING CLAIMS DISCLOSED UNDER THE FINANCIAL REVITALIZATION LAW (NONCONSOLIDATED)

	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, 2015:					
Claims against bankrupt and quasi-bankrupt obligors	**¥ 5.2**	**¥ —**	**¥ 5.2**	**¥ 5.2**	**100.0%**
Doubtful claims	**27.9**	**10.7**	**16.8**	**27.5**	**98.7**
Substandard claims	**3.3**	**0.7**	**1.8**	**2.5**	**77.0**
Total	**¥ 36.5**	**¥ 11.4**	**¥ 23.8**	**¥ 35.3**	**96.9%**
As of September 30, 2014:					
Claims against bankrupt and quasi-bankrupt obligors	¥ 8.6	¥ —	¥ 8.6	¥ 8.6	100.0%
Doubtful claims	97.0	38.9	54.8	93.8	96.7
Substandard claims	4.4	1.7	1.1	2.8	64.9
Total	¥ 110.1	¥ 40.6	¥ 64.7	¥ 105.4	95.7%
As of March 31, 2015:					
Claims against bankrupt and quasi-bankrupt obligors	¥ 4.2	¥ —	¥ 4.2	¥ 4.2	100.0%
Doubtful claims	52.1	23.6	27.7	51.4	98.6
Substandard claims	4.5	1.1	2.1	3.3	74.6
Total	¥ 60.9	¥ 24.8	¥ 34.1	¥ 59.0	96.9%

FINANCIAL CONDITION (CONTINUED)

RESERVE FOR CREDIT LOSSES

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

TABLE 21. RESERVE FOR CREDIT LOSSES (NONCONSOLIDATED)

Billions of yen (except percentages)

	As of September 30, 2015	As of September 30, 2014
General reserve for loan losses	**¥ 20.6**	¥ 19.1
Specific reserve for loan losses	**11.5**	39.9
Reserve for loans to restructuring countries	**0.0**	0.0
Subtotal reserve for loan losses	**32.1**	59.1
Specific reserve for other credit losses	**3.9**	3.9
Total reserve for credit losses	**¥ 36.0**	¥ 63.0
Total claims[1]	**¥ 4,368.4**	¥ 4,218.4
Ratio of total reserve for loan losses to total claims	**0.7%**	1.4%
Ratio of total reserve for credit losses to total claims	**0.8%**	1.5%

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, 2015 and September 30, 2014, total reserve for credit losses on a nonconsolidated basis was ¥36.0 billion and ¥63.0 billion, respectively, constituting 0.8% and 1.5%, respectively, of total claims.

TABLE 22. RESERVE RATIOS BY BORROWERS' CATEGORY (NONCONSOLIDATED)

Percentages

		As of September 30, 2015	As of September 30, 2014
Legally and virtually bankrupt	(unsecured portion)	**100.0%**	100.0%
Possibly bankrupt	(unsecured portion)	**97.5%**	99.2%
Substandard	(unsecured portion)	**58.2%**	59.5%
Need caution	(total claims)	**3.6%**	5.7%
	(unsecured portion)	**7.7%**	25.7%
Normal	(total claims)	**0.4%**	0.3%

RISK-MONITORED LOANS

Consolidated risk-monitored loans decreased by ¥21.8 billion during the six months ended September 30, 2015 to ¥99.7 billion.

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

TABLE 23. RISK-MONITORED LOANS (CONSOLIDATED)

Billions of yen (except percentages)

	As of September 30, 2015	As of September 30, 2014
Total loans and bills discounted	**¥ 4,463.2**	¥ 4,338.6
Loans to bankrupt obligors (A)	**3.7**	6.2
Nonaccrual delinquent loans (B)	**67.1**	128.2
Subtotal (A)+(B)	**¥ 70.8**	¥ 134.4
Ratio to total loans and bills discounted	**1.6%**	3.1%
Loans past due for three months or more (C)	**¥ 1.5**	¥ 1.3
Restructured loans (D)	**27.3**	29.5
Total risk-monitored loans (A)+(B)+(C)+(D)	**¥ 99.7**	¥ 165.3
Ratio to total loans and bills discounted	**2.2%**	3.8%
Reserve for credit losses	**¥ 99.2**	¥ 117.9

FINANCIAL CONDITION (CONTINUED)

TABLE 24. RISK-MONITORED LOANS (NONCONSOLIDATED)

	Billions of yen (except percentages)	
	As of September 30, 2015	As of September 30, 2014
Total loans and bills discounted	**¥ 4,221.5**	¥ 4,121.0
Loans to bankrupt obligors (A)	**0.7**	3.2
Nonaccrual delinquent loans (B)	**32.4**	89.4
Subtotal (A)+(B)	**¥ 33.1**	¥ 92.6
Ratio to total loans and bills discounted	**0.8%**	2.2%
Loans past due for three months or more (C)	**¥ 1.3**	¥ 1.1
Restructured loans (D)	**2.0**	3.3
Total risk-monitored loans (A)+(B)+(C)+(D)	**¥ 36.4**	¥ 97.0
Ratio to total loans and bills discounted	**0.9%**	2.4%
Reserve for credit losses	**¥ 36.0**	¥ 63.0

TABLE 25. RISK-MONITORED LOANS BY BORROWER INDUSTRY (NONCONSOLIDATED)

	Billions of yen	
	As of September 30, 2015	As of September 30, 2014
Domestic offices (excluding Japan offshore market account):		
Manufacturing	**¥ 0.8**	¥ 1.0
Agriculture and Forestry	**—**	—
Fishery	**—**	—
Mining, quarrying and gravel extraction	**—**	—
Construction	**—**	0.3
Electric power, gas, heat supply and water supply	**—**	—
Information and communications	**0.5**	0.5
Transportation, postal service	**1.1**	—
Wholesale and retail	**0.5**	0.4
Finance and insurance	**—**	—
Real estate	**26.2**	58.9
Services	**0.9**	25.4
Local government	**—**	—
Individual	**3.1**	3.3
Overseas yen loan and overseas loans booked domestically	**2.9**	6.8
Total domestic (A)	**¥ 36.4**	¥ 97.0
Overseas offices (including Japan offshore market accounts):		
Governments	**¥ —**	¥ —
Financial institutions	**—**	—
Others	**—**	—
Total overseas (B)	**¥ —**	¥ —
Total (A+B)	**¥ 36.4**	¥ 97.0

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:

FINANCIAL CONDITION (CONTINUED)

TABLE 26. RISK-MONITORED LOANS BREAKDOWN FOR LARGE ENTITIES (CONSOLIDATED)

	Billions of yen					
	Shinsei	Shinsei Financial	APLUS FINANCIAL	SHINKI	Other subsidiaries	Total
As of September 30, 2015:						
Loans to bankrupt obligors	**¥ 0.7**	**¥ 1.9**	**¥ 0.1**	**¥ 0.0**	**¥ 0.9**	**¥ 3.7**
Nonaccrual delinquent loans	**32.4**	**9.0**	**13.2**	**1.1**	**11.3**	**67.1**
Loans past due for three months or more	**1.3**	**0.0**	**0.1**	**—**	**0.0**	**1.5**
Restructured loans	**2.0**	**15.3**	**8.0**	**1.9**	**—**	**27.3**
Total	**¥ 36.4**	**¥ 26.2**	**¥ 21.5**	**¥ 3.0**	**¥ 12.3**	**¥ 99.7**
As of September 30, 2014:						
Loans to bankrupt obligors	¥ 3.2	¥ 1.6	¥ 0.0	¥ 0.0	¥ 1.3	¥ 6.2
Nonaccrual delinquent loans	89.4	8.5	13.8	1.0	15.4	128.2
Loans past due for three months or more	1.1	0.0	0.1	—	0.0	1.3
Restructured loans	3.3	16.0	8.6	1.5	—	29.5
Total	¥ 97.0	¥ 26.2	¥ 22.6	¥ 2.5	¥ 16.8	¥ 165.3
As of March 31, 2015:						
Loans to bankrupt obligors	¥ 0.7	¥ 1.8	¥ 0.1	¥ 0.0	¥ 0.5	¥ 3.2
Nonaccrual delinquent loans	55.6	7.8	13.3	1.0	9.9	87.7
Loans past due for three months or more	1.1	0.0	0.1	—	0.0	1.3
Restructured loans	3.3	15.5	8.4	1.7	—	29.1
Total	¥ 60.8	¥ 25.1	¥ 22.0	¥ 2.7	¥ 10.6	¥ 121.5

TABLE 27. 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, 2015:					
Credits to bankrupt obligors	**¥ —**	**¥ 0.0**	**¥ 0.0**	**¥ 0.1**	**¥ 0.1**
Nonaccrual delinquent credits	**0.0**	**5.6**	**2.7**	**0.0**	**8.4**
Credits past due for three months or more	**—**	**0.5**	**0.0**	**—**	**0.5**
Restructured credits	**—**	**0.3**	**0.0**	**—**	**0.4**
Total	**¥ 0.0**	**¥ 6.6**	**¥ 2.7**	**¥ 0.1**	**¥ 9.5**
As of September 30, 2014:					
Credits to bankrupt obligors	¥ 0.0	¥ 0.0	¥ 0.0	¥ 0.1	¥ 0.1
Nonaccrual delinquent credits	0.0	5.4	2.9	0.0	8.4
Credits past due for three months or more	—	0.3	0.0	—	0.3
Restructured credits	0.0	0.5	—	—	0.5
Total	¥ 0.0	¥ 6.3	¥ 2.9	¥ 0.1	¥ 9.5
As of March 31, 2015:					
Credits to bankrupt obligors	¥ —	¥ 0.0	¥ 0.0	¥ 0.1	¥ 0.1
Nonaccrual delinquent credits	—	5.7	3.2	0.0	9.0
Credits past due for three months or more	—	0.7	0.0	—	0.8
Restructured credits	—	0.4	0.0	—	0.5
Total	¥ —	¥ 6.9	¥ 3.3	¥ 0.1	¥ 10.4

Note: (1) Neither Shinsei Bank (nonconsolidated) nor SHINKI had any such installment receivables.

CAPITAL RATIOS

From the fiscal year ended March 31, 2014, the Basel III 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, 2015 was 14.3%, compared with 14.9% as of March 31, 2015.

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 to 14.3%, as of September 30, 2015, compared to 14.9% as of March 31, 2015.

See "COMPOSITION OF CAPITAL DISCLOSURE (CONSOLIDATED)" on Page 100.

INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Shinsei Bank, Limited, and its Consolidated Subsidiaries
As of September 30, 2015 and March 31, 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
ASSETS			
Cash and due from banks (Notes 3, 21, 22 and 33)	**¥ 1,129,819**	¥ 881,776	**$ 9,419,876**
Call loans (Note 33)	**15,000**	30,000	**125,062**
Receivables under resale agreements (Note 33)	**34,853**	53,216	**290,595**
Receivables under securities borrowing transactions (Note 33)	**31,070**	8,750	**259,052**
Other monetary claims purchased (Notes 4 and 33)	**90,141**	93,412	**751,557**
Trading assets (Notes 5, 21, 33 and 34)	**330,311**	317,399	**2,753,977**
Monetary assets held in trust (Notes 6, 21 and 33)	**264,771**	233,918	**2,207,532**
Securities (Notes 7, 21, 22 and 33)	**1,283,612**	1,477,352	**10,702,124**
Loans and bills discounted (Notes 8, 21, 22 and 33)	**4,463,209**	4,461,281	**37,212,018**
Foreign exchanges (Note 9)	**17,593**	18,537	**146,684**
Lease receivables and leased investment assets (Notes 21, 31 and 33)	**218,027**	227,047	**1,817,801**
Other assets (Notes 10, 21, 22, 33 and 34)	**802,136**	788,647	**6,687,814**
Premises and equipment (Notes 11, 21 and 31)	**49,096**	46,285	**409,344**
Intangible assets (Notes 12 and 31)	**46,348**	49,655	**386,434**
Assets for retirement benefits	**3,692**	3,625	**30,787**
Deferred issuance expenses for debentures	**6**	12	**53**
Deferred tax assets	**16,152**	15,373	**134,668**
Customers' liabilities for acceptances and guarantees (Note 20)	**302,615**	291,795	**2,523,059**
Reserve for credit losses (Note 13)	**(99,212)**	(108,232)	**(827,183)**
Total assets	**¥ 8,999,248**	¥ 8,889,853	**$ 75,031,254**
LIABILITIES AND EQUITY			
Liabilities:			
Deposits, including negotiable certificates of deposit (Notes 14, 21 and 33)	**¥ 5,489,403**	¥ 5,452,733	**$ 45,767,911**
Debentures (Notes 15 and 33)	**25,434**	32,300	**212,064**
Call money (Notes 21 and 33)	**280,000**	230,000	**2,334,501**
Payables under repurchase agreements (Notes 21 and 33)	**53,382**	29,152	**445,074**
Payables under securities lending transactions (Notes 21 and 33)	**191,672**	103,369	**1,598,071**
Trading liabilities (Notes 16, 33 and 34)	**270,174**	267,976	**2,252,581**
Borrowed money (Notes 17, 21, 22 and 33)	**777,807**	805,217	**6,484,972**
Foreign exchanges (Note 9)	**67**	27	**566**
Short-term corporate bonds (Note 33)	**100,800**	96,000	**840,420**
Corporate bonds (Notes 18, 21, 22 and 33)	**131,192**	157,505	**1,093,821**
Other liabilities (Notes 19, 21, 33 and 34)	**438,271**	481,359	**3,654,089**
Accrued employees' bonuses	**5,089**	8,774	**42,433**
Accrued directors' bonuses	**33**	88	**278**
Liabilities for retirement benefits	**7,528**	8,749	**62,773**
Reserve for directors' retirement benefits	**—**	95	**—**
Reserve for losses on interest repayments	**149,635**	170,250	**1,247,589**
Deferred tax liabilities	**795**	694	**6,631**
Acceptances and guarantees (Notes 20, 21 and 33)	**302,615**	291,795	**2,523,059**
Total liabilities	**8,223,905**	8,136,091	**68,566,833**
Equity:			
Common stock (Note 24)	**512,204**	512,204	**4,270,507**
Capital surplus	**79,461**	79,461	**662,513**
Stock acquisition rights (Note 25)	**512**	1,211	**4,273**
Retained earnings	**244,231**	209,419	**2,036,282**
Treasury stock, at cost (Note 24)	**(72,559)**	(72,558)	**(604,961)**
Accumulated other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities (Note 7)	**7,970**	10,830	**66,454**
Deferred gain (loss) on derivatives under hedge accounting	**(10,502)**	(11,501)	**(87,563)**
Foreign currency translation adjustments	**2,404**	3,682	**20,044**
Defined retirement benefit plans	**(229)**	(515)	**(1,911)**
Total	**763,494**	732,234	**6,365,638**
Noncontrolling interests (Note 23)	**11,848**	21,528	**98,783**
Total equity	**775,342**	753,762	**6,464,421**
Total liabilities and equity	**¥ 8,999,248**	¥ 8,889,853	**$ 75,031,254**

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, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Sept. 30, 2015 (6 months)	Sept. 30, 2014 (6 months)	**Sept. 30, 2015 (6 months)**
Interest income:			
Interest on loans and bills discounted	**¥ 62,391**	¥ 62,794	**$ 520,192**
Interest and dividends on securities	**6,897**	7,836	**57,504**
Interest on deposits with banks	**507**	704	**4,229**
Other interest income	**663**	718	**5,529**
Total interest income	**70,459**	72,053	**587,454**
Interest expenses:			
Interest on deposits, including negotiable certificates of deposit	**3,921**	5,711	**32,694**
Interest and discounts on debentures	**15**	27	**130**
Interest on other borrowings	**2,482**	2,453	**20,701**
Interest on corporate bonds	**2,212**	2,666	**18,444**
Other interest expenses	**805**	603	**6,716**
Total interest expenses	**9,437**	11,462	**78,685**
Net interest income	**61,021**	60,590	**508,769**
Fees and commissions income	**23,876**	21,692	**199,070**
Fees and commissions expenses	**10,735**	10,807	**89,510**
Net fees and commissions	**13,140**	10,885	**109,560**
Net trading income (loss) (Note 26)	**5,126**	5,483	**42,745**
Other business income (loss), net:			
Income on lease transactions and installment receivables, net	**19,303**	18,958	**160,943**
Net gain (loss) on monetary assets held in trust	**4,492**	4,897	**37,457**
Net gain (loss) on foreign exchanges	**3,187**	3,291	**26,579**
Net gain (loss) on securities	**661**	1,571	**5,514**
Net gain (loss) on other monetary claims purchased	**956**	3,436	**7,975**
Other, net (Note 27)	**2,497**	2,042	**20,825**
Net other business income (loss)	**31,099**	34,196	**259,293**
Total revenue	**110,388**	111,155	**920,367**
General and administrative expenses:			
Personnel expenses	**29,046**	29,185	**242,177**
Premises expenses	**9,564**	9,582	**79,747**
Technology and data processing expenses	**9,506**	9,378	**79,258**
Advertising expenses	**5,057**	5,459	**42,163**
Consumption and property taxes	**4,371**	4,014	**36,449**
Deposit insurance premium	**1,038**	2,101	**8,661**
Other general and administrative expenses	**11,533**	11,466	**96,162**
General and administrative expenses	**70,119**	71,188	**584,617**
Amortization of goodwill and intangible assets acquired in business combinations	**3,906**	4,575	**32,571**
Total general and administrative expenses	**74,025**	75,763	**617,188**
Net business profit (loss)	**36,363**	35,391	**303,179**
Net credit costs (recoveries) (Note 28)	**(1,262)**	5,019	**(10,524)**
Other gains (losses), net (Note 29)	**1,204**	1,908	**10,042**
Income before income taxes	**38,829**	32,281	**323,745**
Income taxes (benefit):			
Current	**1,266**	1,283	**10,562**
Deferred	**(247)**	893	**(2,066)**
Profit	**37,810**	30,104	**315,249**
Profit attributable to noncontrolling interests	**344**	1,169	**2,874**
Profit attributable to owners of the parent	**¥ 37,466**	¥ 28,935	**$ 312,375**

	Yen		U.S. dollars (Note 1)
Basic earnings per share (Note 30)	**¥ 14.11**	¥ 10.90	**$ 0.12**
Diluted earnings per share (Note 30)	**14.11**	—	**0.12**

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

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INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

Shinsei Bank, Limited, and its Consolidated Subsidiaries
For the six months ended September 30, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Sept. 30, 2015 (6 months)	Sept. 30, 2014 (6 months)	**Sept. 30, 2015 (6 months)**
Profit	**¥ 37,810**	¥ 30,104	**$ 315,249**
Other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities	**(2,880)**	1,931	**(24,014)**
Deferred gain (loss) on derivatives under hedge accounting	**998**	(1,070)	**8,329**
Foreign currency translation adjustments	**(5)**	862	**(45)**
Defined retirement benefit plans	**285**	1,221	**2,381**
Share of other comprehensive income in affiliates	**(1,287)**	532	**(10,732)**
Total other comprehensive income	**(2,888)**	3,478	**(24,081)**
Comprehensive income	**¥ 34,922**	¥ 33,582	**$ 291,168**
Total comprehensive income attributable to:			
Owners of the parent	**¥ 34,613**	¥ 31,968	**$ 288,587**
Noncontrolling interests	**309**	1,613	**2,581**

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, 2015 and 2014

Millions of yen

						Accumulated other comprehensive income						
	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock, at cost	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Noncontrolling interests	Total equity
BALANCE, April 1, 2015 (as previously reported)	**¥512,204**	**¥79,461**	**¥1,211**	**¥209,419**	**¥(72,558)**	**¥10,830**	**¥(11,501)**	**¥3,682**	**¥ (515)**	**¥732,234**	**¥21,528**	**¥753,762**
Cumulative effect of accounting change				—					—	—		—
BALANCE, April 1, 2015 (as restated)	**512,204**	**79,461**	**1,211**	**209,419**	**(72,558)**	**10,830**	**(11,501)**	**3,682**	**(515)**	**732,234**	**21,528**	**753,762**
Dividends				**(2,653)**						**(2,653)**		**(2,653)**
Profit attributable to owners of the parent				**37,466**						**37,466**		**37,466**
Purchase of treasury stock					**(0)**					**(0)**		**(0)**
Change in ownership interests of parent related to transactions with noncontrolling interests		**(0)**								**(0)**		**(0)**
Changes by inclusion of consolidated subsidiaries				**(0)**						**(0)**		**(0)**
Changes by exclusion of consolidated subsidiaries				**—**						**—**		**—**
Net change during the period			**(698)**			**(2,860)**	**998**	**(1,278)**	**286**	**(3,552)**	**(9,680)**	**(13,232)**
BALANCE, September 30, 2015	**¥512,204**	**¥79,461**	**¥ 512**	**¥244,231**	**¥(72,559)**	**¥ 7,970**	**¥(10,502)**	**¥2,404**	**¥ (229)**	**¥763,494**	**¥11,848**	**¥775,342**

Millions of yen

						Accumulated other comprehensive income						
	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock, at cost	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Noncontrolling interests	Total equity
BALANCE, April 1, 2014 (as previously reported)	¥512,204	¥79,461	¥1,221	¥146,002	¥(72,558)	¥ 6,288	¥ (8,769)	¥ 267	¥(5,195)	¥658,923	¥63,667	¥722,590
Cumulative effect of accounting change				(1,799)					(648)	(2,447)		(2,447)
BALANCE, April 1, 2014 (as restated)	512,204	79,461	1,221	144,203	(72,558)	6,288	(8,769)	267	(5,844)	656,475	63,667	720,142
Dividends				(2,653)						(2,653)		(2,653)
Profit attributable to owners of the parent				28,935						28,935		28,935
Purchase of treasury stock					(0)					(0)		(0)
Change in ownership interests of parent related to transactions with noncontrolling interests		—								—		—
Changes by inclusion of consolidated subsidiaries				(0)						(0)		(0)
Changes by exclusion of consolidated subsidiaries				(2)						(2)		(2)
Net change during the period			(7)			1,916	(1,070)	966	1,221	3,026	(43,237)	(40,211)
BALANCE, September 30, 2014	¥512,204	¥79,461	¥1,214	¥170,482	¥(72,558)	¥ 8,205	¥ (9,840)	¥1,234	¥(4,623)	¥685,779	¥20,430	¥706,210

Thousands of U.S. dollars (Note 1)

						Accumulated other comprehensive income						
	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock, at cost	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Noncontrolling interests	Total equity
BALANCE, April 1, 2015 (as previously reported)	**$4,270,507**	**$662,513**	**$10,101**	**$1,746,035**	**$(604,961)**	**$ 90,303**	**$ (95,892)**	**$ 30,702**	**$ (4,301)**	**$6,105,007**	**$ 179,493**	**$ 6,284,500**
Cumulative effect of accounting change				**—**					**—**	**—**		**—**
BALANCE, April 1, 2015 (as restated)	**4,270,507**	**662,513**	**10,101**	**1,746,035**	**(604,961)**	**90,303**	**(95,892)**	**30,702**	**(4,301)**	**6,105,007**	**179,493**	**6,284,500**
Dividends				**(22,127)**						**(22,127)**		**(22,127)**
Profit attributable to owners of the parent				**312,375**						**312,375**		**312,375**
Purchase of treasury stock					**(0)**					**(0)**		**(0)**
Change in ownership interests of parent related to transactions with noncontrolling interests		**(0)**								**(0)**		**(0)**
Changes by inclusion of consolidated subsidiaries				**(1)**						**(1)**		**(1)**
Changes by exclusion of consolidated subsidiaries				**—**						**—**		**—**
Net change during the period			**(5,828)**			**(23,849)**	**8,329**	**(10,658)**	**2,390**	**(29,616)**	**(80,710)**	**(110,326)**
BALANCE, September 30, 2015	**$4,270,507**	**$662,513**	**$ 4,273**	**$2,036,282**	**$(604,961)**	**$ 66,454**	**$ (87,563)**	**$ 20,044**	**$ (1,911)**	**$6,365,638**	**$ 98,783**	**$ 6,464,421**

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, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Sept. 30, 2015 (6 months)	Sept. 30, 2014 (6 months)	**Sept. 30, 2015 (6 months)**
Cash flows from operating activities:			
Income (loss) before income taxes	**¥ 38,829**	¥ 32,281	**$ 323,745**
Adjustments for:			
Income taxes paid	**(1,055)**	(2,122)	**(8,803)**
Depreciation (other than leased assets as lessor)	**5,188**	5,154	**43,258**
Amortization of goodwill and intangible assets acquired in business combinations	**3,906**	4,575	**32,571**
Impairment losses on long-lived assets	**396**	474	**3,305**
Net change in reserve for credit losses	**(9,020)**	(19,434)	**(75,207)**
Net change in reserve for losses on interest repayments	**(20,615)**	(22,734)	**(171,878)**
Net change in other reserves	**(3,836)**	(2,912)	**(31,990)**
Interest income	**(70,459)**	(72,053)	**(587,454)**
Interest expenses	**9,437**	11,462	**78,685**
Investment (gains) losses	**(5,271)**	(4,830)	**(43,950)**
Net exchange (gain) loss	**4,514**	(10,127)	**37,638**
Net change in trading assets	**(12,912)**	(61,300)	**(107,662)**
Net change in trading liabilities	**2,197**	50,547	**18,324**
Net change in loans and bills discounted	**(1,813)**	(18,746)	**(15,117)**
Net change in deposits, including negotiable certificates of deposit	**36,668**	(239,348)	**305,720**
Net change in debentures	**(6,865)**	(3,996)	**(57,240)**
Net change in borrowed money (other than subordinated debt)	**(27,878)**	86,245	**(232,438)**
Net change in corporate bonds (other than subordinated corporate bonds)	**18,647**	14,789	**155,470**
Net change in interest-bearing deposits with banks (other than due from the Bank of Japan)	**8,427**	27,880	**70,261**
Net change in call loans, receivables under resale agreements, receivables under securities borrowing transactions and other monetary claims purchased	**12,563**	31,448	**104,750**
Net change in call money, payables under repurchase agreements, payables under securities lending transactions, and short-term corporate bonds (liabilities)	**167,332**	61,866	**1,395,137**
Net change in foreign exchange assets and liabilities	**984**	4,710	**8,208**
Interest received	**69,916**	71,167	**582,926**
Interest paid	**(9,122)**	(36,632)	**(76,061)**
Net change in securities for trading purposes	**(9)**	15	**(75)**
Net change in monetary assets held in trust for trading purposes	**14,796**	11,594	**123,363**
Net change in lease receivables and leased investment assets	**9,045**	1,566	**75,416**
Other, net	**(27,247)**	(67,686)	**(227,173)**
Total adjustments	**167,914**	(178,427)	**1,399,984**
Net cash provided by (used in) operating activities	**206,744**	(146,146)	**1,723,729**
Cash flows from investing activities:			
Purchase of investments	**(2,366,797)**	(3,938,924)	**(19,733,176)**
Proceeds from sales of investments	**2,375,131**	3,689,869	**19,802,662**
Proceeds from maturity of investments	**107,948**	210,934	**900,020**
Purchase of premises and equipment (other than leased assets as lessor)	**(1,844)**	(2,157)	**(15,376)**
Purchase of intangible assets (other than leased assets as lessor)	**(4,489)**	(2,921)	**(37,434)**
Other, net	**(83)**	807	**(700)**
Net cash provided by (used in) investing activities	**109,864**	(42,392)	**915,996**
Cash flows from financing activities:			
Repayment of subordinated debt	**—**	(9,000)	**—**
Payment for redemption of subordinated corporate bonds	**(47,549)**	—	**(396,443)**
Proceeds from noncontrolling shareholders	**—**	1,213	**—**
Payment for capital returned to noncontrolling shareholders	**(9,000)**	(42,871)	**(75,038)**
Dividends paid	**(2,653)**	(2,653)	**(22,127)**
Dividends paid to noncontrolling shareholders	**(987)**	(3,193)	**(8,232)**
Payment for purchase of treasury stock	**(0)**	(0)	**(1)**
Net cash provided by (used in) financing activities	**(60,190)**	(56,505)	**(501,841)**
Foreign currency translation adjustments on cash and cash equivalents	**6**	74	**57**
Net change in cash and cash equivalents	**256,424**	(244,968)	**2,137,941**
Cash and cash equivalents at beginning of the period	**826,365**	1,366,710	**6,889,822**
Cash and cash equivalents at end of the period (Note 3)	**¥ 1,082,789**	¥ 1,121,741	**$ 9,027,763**

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, 2015

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 ¥119.94 to U.S.$1.00, the rate of exchange prevailing on the Tokyo foreign exchange market on September 30, 2015. 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 concepts. Under the control and influence concepts, 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, 2015 and March 31, 2015 were as follows:

	September 30, 2015	March 31, 2015
Consolidated subsidiaries	**175**	179
Unconsolidated subsidiaries	**88**	91
Affiliates accounted for by the equity method	**17**	19
Affiliates accounted for not applying the equity method	**—**	1

SL MU CO., LTD. was newly consolidated due to its increased materiality, Shinsei Corporate Investment PE No.1 Limited Liability Partnership and 1 other company were excluded from the scope of consolidation due to liquidation, SIA Wind Second Co., Ltd. was excluded from the scope of consolidation due to the loss of its controlling interest and Usui Godo Kaisha and 1 other company were excluded from the scope of consolidation due to their decreased materiality in the six months ended September 30, 2015.

Shinsei Creation Partners Investment Limited Partnership III was newly included in the scope of application of the equity method due to its formation, while SN Corporation was excluded from the scope of application of the equity method due to liquidation and Comox Holdings Ltd. and 1 other company were excluded from the scope of application of the equity method due to the disposal of shares in the six months ended September 30, 2015.

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 the scope of consolidation and application of the equity method in order to avoid any material misunderstanding by the Bank's stakeholders.

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

Major consolidated subsidiaries as of September 30, 2015 were as listed below:

Name	Location	Percentage ownership
APLUS FINANCIAL Co., Ltd.	Japan	95.0%
Showa Leasing Co., Ltd.	Japan	97.8%
SHINKI Co., Ltd.	Japan	100.0%
Shinsei Financial Co., Ltd.	Japan	100.0%
Shinsei Trust & Banking Co., Ltd.	Japan	100.0%
Shinsei Securities Co., Ltd.	Japan	100.0%
Shinsei Principal Investments Ltd.	Japan	100.0%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All significant inter-company transactions, related account balances and unrealized gains have been eliminated in consolidation. As of September 30, 2015, the six month period ending dates were September 30 for 134 subsidiaries, January 31 for 1 subsidiary, March 31 for 3 subsidiaries, May 31 for 1 subsidiary, June 30 for 34 subsidiaries and August 31 for 2 subsidiaries. Except for 7 subsidiaries which were 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 were 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, 2015 were as listed below:

Name	Location	Percentage ownership
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.

In September 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements." Major accounting changes are as follows:

(a) Transactions with noncontrolling interests

A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interests is adjusted to reflect the change in the parent's ownership interests in its subsidiary while the parent retains its controlling interests in its subsidiary. Under the previous accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

(b) Presentation of the interim consolidated balance sheet

In the consolidated balance sheet, "minority interests" under the previous accounting standard was changed to "noncontrolling interests" under the revised accounting standard.

(c) Presentation of the interim consolidated statement of income

In the consolidated statement of income, "income before minority interests" under the previous accounting standard was changed to "profit" under the revised accounting standard, and "net income" under the previous accounting standard was changed to "profit attributable to owners of the parent" under the revised accounting standard.

(d) Provisional accounting treatments for a business combination

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisioned amounts for the items for which the accounting is incomplete. Under the previous accounting standard guidance, the effect of adjustments to provisional amounts recorded in a business combination on profit or loss was recognized as profit or loss in the year in which the measurement was completed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONSOLIDATED

Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

(e) Acquisition-related costs

Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the previous accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for (a) transactions with noncontrolling interests, (b) presentation of the interim consolidated balance sheet, (c) presentation of the interim consolidated statement of income, and (e) acquisition-related costs are effective for the beginning of the fiscal year beginning on or after April 1, 2015. Earlier application is permitted from the beginning of the fiscal year beginning on or after April 1, 2014, except for (c) presentation of the consolidated statement of income. In the case of earlier application, all accounting standards and guidance above, except for (b) presentation of the consolidated balance sheet and (c) presentation of the interim consolidated statement of income, should be applied simultaneously.

Either retrospective or prospective application of the revised accounting standards and guidance for (a) transactions with noncontrolling interests and (e) acquisition-related costs is permitted. In retrospective application of the revised standards and guidance, the accumulated effects of retrospective adjustments for all (a) transactions with noncontrolling interests and (e) acquisition-related costs which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application. In prospective application, the new standards and guidance shall be applied prospectively from the beginning of the year of the first-time application.

The revised accounting standards and guidance for (b) presentation of the interim consolidated balance sheet and (c) presentation of the interim consolidated statement of income shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for (d) provisional accounting treatments for a business combination are effective for a business combination which occurs on or after the beginning of the fiscal year beginning on or after April 1, 2015. Earlier application is permitted for a business combination which occurs on or after the beginning of the fiscal year beginning on or after April 1, 2014.

The Group applied the revised accounting standards and guidance for (a), (b), (c) and (e) above from April 1, 2015, and for (d) above for a business combination which occurred on or after April 1, 2015, and the effects of this application on profit for the six-month period ended September 30, 2015 and capital surplus as of September 30, 2015 were immaterial.

(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		20 years
Sublease contracts	Sum-of-the-years digits Straight-line	Subject to the remaining contract years

Shinsei Financial

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

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

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

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

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

- An expectation of an operating loss or negative cash flow for two consecutive years;
- Impairment of underlying investment securities is recognized;
- 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 recoverable amount 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 recoverable amount 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 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 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 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, due from the Bank of Japan and noninterest-bearing deposits.

(G) OTHER MONETARY CLAIMS PURCHASED

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 losses 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 the 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONSOLIDATED

(J) SECURITIES

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

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

Securities being held to maturity are debt securities for which the Group has both a 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, after deducting the amount charged to profit or loss by applying fair value hedge accounting. 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.

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.

In addition, investments in partnerships and others are carried at the amount of the Group's share of net asset value based on their most recent financial statements.

Individual securities, other than trading securities, are written down when a decline in fair value is significant as compared to the cost of such securities since the decline in fair value 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. Principal estimated useful lives of buildings and equipment as of September 30, 2015 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 is at or larger than a predetermined amount, the reserve for credit losses is determined as the difference between (i) relevant estimated cash flows discounted by the original contractual interest rate and (ii) the book value of the claim (discounted cash flow method). In case where it is difficult to reasonably estimate future cash flows, the reserve is provided based on expected loss amount for the remaining term of respective claims.

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

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

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

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

For collateralized or guaranteed claims of the Bank and certain consolidated subsidiaries to legally bankrupt obligors or virtually bankrupt obligors, the amount of claims exceeding the estimated value of collateral or guarantees, which is deemed uncollectible, has been charged off and totaled ¥136,972 million (U.S.$1,142,012 thousand) and ¥133,001 million as of September 30, 2015 and March 31, 2015, 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) EMPLOYEES' RETIREMENT BENEFITS AND PENSION PLAN ASSETS

The Bank and Showa Leasing have a noncontributory defined benefit pension plan. APLUS Co., Ltd. ("APLUS") has a noncontributory defined benefit pension plan and an unfunded severance indemnity plan. Shinsei Financial and certain of the other consolidated domestic subsidiaries have unfunded severance indemnity plans. These plans cover substantially all of the Group's employees. The liability 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 past service costs are amortized using the straight-line method over the average remaining service period primarily from the period of occurrence. Certain consolidated subsidiaries recognized retirement benefit obligations at the amount to be required for voluntary termination as of the end of period.

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 the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

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

(b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period 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 are 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, are treated as reclassification adjustments.

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

The Group applied (i) the method of attributing the expected benefit to periods using a benefit formula basis and (ii) the method of determining the discount rate based on a single weighted average discount rate reflecting the estimated timing and amount of benefit payments.

(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.

The Bank and certain consolidated subsidiaries resolved to make a lump-sum payment equivalent to the retirement allowance, due to the abolition of the Officer Retirement Allowance Program, at their general shareholders' meeting held on June 2015. Accordingly, provision for directors' retirement benefits was reversed and the outstanding payable amount of ¥131 million (U.S.$1,097 thousand) was recorded in 'Other liabilities' as of September 30, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONSOLIDATED

(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.

(T) ASSET RETIREMENT OBLIGATIONS

In March 2008, the ASBJ issued 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, stock options are presented as stock acquisition rights 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 deem to transfer ownership of the leased property to the lessee, is computed using the same method as the one applied to owned assets. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONSOLIDATED

Profit 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 increased by ¥63 million (U.S.$530 thousand) and ¥105 million for the six months ended September 30, 2015 and 2014, 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 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 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 its 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 bought or sold. 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 bought or sold.

Under deferral hedge accounting, hedged items are identified by grouping the foreign currency-denominated financial assets and liabilities by currency 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) CONSOLIDATED

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 earnings per share ("EPS") calculations represent profit attributable to owners of the parent which are 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 EPS 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.

(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.

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, 2015 and 2014 was as follows:

As of September 30,	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Cash and due from banks	**¥ 1,129,819**	¥ 1,179,342	**$ 9,419,876**
Interest-bearing deposits included in due from banks (other than due from the Bank of Japan)	**(47,030)**	(57,600)	**(392,113)**
Cash and cash equivalents	**¥ 1,082,789**	¥ 1,121,741	**$ 9,027,763**

4. OTHER MONETARY CLAIMS PURCHASED

CONSOLIDATED

(a) Other monetary claims purchased as of September 30, 2015 and March 31, 2015 consisted of the following:

	Millions of yen Sept. 30, 2015	Millions of yen Mar. 31, 2015	Thousands of U.S. dollars Sept. 30, 2015
Trading purposes	**¥ 25,567**	¥ 40,473	**$ 213,167**
Other	**64,574**	52,938	**538,390**
Total	**¥ 90,141**	¥ 93,412	**$ 751,557**

(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, 2015 and March 31, 2015 were as follows:

	Millions of yen				Thousands of U.S. dollars	
	Sept. 30, 2015		Mar. 31, 2015		Sept. 30, 2015	
	Fair value	**Unrealized loss**	Fair value	Unrealized loss	**Fair value**	**Unrealized loss**
Trading purposes	**¥ 25,567**	**¥ 5,573**	¥ 40,473	¥ 6,239	**$ 213,167**	**$ 46,467**

5. TRADING ASSETS

CONSOLIDATED

Trading assets as of September 30, 2015 and March 31, 2015 consisted of the following:

	Millions of yen Sept. 30, 2015	Millions of yen Mar. 31, 2015	Thousands of U.S. dollars Sept. 30, 2015
Trading securities	**¥ 68,382**	¥ 35,828	**$ 570,139**
Derivatives for trading securities	**1,299**	1,573	**10,834**
Derivatives for securities held to hedge trading transactions	**48,114**	64,599	**401,156**
Trading-related financial derivatives	**210,740**	213,272	**1,757,046**
Other	**1,775**	2,125	**14,802**
Total	**¥ 330,311**	¥ 317,399	**$ 2,753,977**

6. MONETARY ASSETS HELD IN TRUST

CONSOLIDATED

(a) Monetary assets held in trust as of September 30, 2015 and March 31, 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Trading purposes	**¥ 35,488**	¥ 50,284	**$ 295,886**
Other	**229,282**	183,633	**1,911,646**
Total	**¥ 264,771**	¥ 233,918	**$ 2,207,532**

(b) The fair value and the unrealized gain and loss which is included in net gain (loss) on monetary assets held in trust for trading purposes as of September 30, 2015 and March 31, 2015 were as follows:

	Millions of yen				Thousands of U.S. dollars	
	Sept. 30, 2015		Mar. 31, 2015		**Sept. 30, 2015**	
	Fair value	**Unrealized loss**	Fair value	Unrealized gain	**Fair value**	**Unrealized loss**
Trading purposes	**¥ 35,488**	**¥ 245**	¥ 50,284	¥ 143	**$ 295,886**	**$ 2,048**

(c) The acquisition cost and the carrying amount of monetary assets held in trust for other than trading purposes as of September 30, 2015 and March 31, 2015 were as follows:

	Millions of yen							
	Sept. 30, 2015				Mar. 31, 2015			
	Acquisition cost	**Gross unrealized gain**	**Gross unrealized loss**	**Carrying amount**	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Carrying amount
Other	**¥ 230,276**	**¥ —**	**¥ 993**	**¥ 229,282**	¥ 184,880	¥ —	¥ 1,246	¥ 183,633

	Thousands of U.S. dollars			
	Sept. 30, 2015			
	Acquisition cost	**Gross unrealized gain**	**Gross unrealized loss**	**Carrying amount**
Other	**$ 1,919,932**	**$ —**	**$ 8,286**	**$ 1,911,646**

7. SECURITIES

CONSOLIDATED

(a) Securities as of September 30, 2015 and March 31, 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Trading securities	**¥ 55**	¥ 46	**$ 462**
Securities being held to maturity	**625,597**	644,533	**5,215,921**
Securities available for sale:			
Securities carried at fair value	**560,410**	720,533	**4,672,425**
Securities carried at cost whose fair value cannot be reliably determined	**46,467**	58,542	**387,422**
Investments in unconsolidated subsidiaries and affiliates	**51,081**	53,697	**425,894**
Total	**¥ 1,283,612**	¥ 1,477,352	**$ 10,702,124**

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, 2015 and March 31, 2015 were ¥7,446 million (U.S.$62,084 thousand) and ¥32,187 million, respectively. In addition, ¥43,370 million (U.S.$361,603 thousand) and ¥41,003 million of those securities were further pledged as of September 30, 2015 and March 31, 2015, respectively.

The amounts 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, 2015 and March 31, 2015 were nil due to the redemption and ¥3,897 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, 2015 and March 31, 2015 were as follows:

	Millions of yen							
	Sept. 30, 2015				Mar. 31, 2015			
	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	**¥ 596,999**	**¥ 3,592**	**¥ —**	**¥ 600,592**	¥ 605,530	¥ 2,427	¥ 64	¥ 607,893
Other	**28,598**	**1,396**	**—**	**29,994**	39,002	2,644	—	41,647
Total	**¥ 625,597**	**¥ 4,989**	**¥ —**	**¥ 630,586**	¥ 644,533	¥ 5,071	¥ 64	¥ 649,541
Securities available for sale:								
Equity securities	**¥ 13,915**	**¥ 9,468**	**¥ 369**	**¥ 23,014**	¥ 13,162	¥ 12,703	¥ 247	¥ 25,618
Japanese national government bonds	**223,074**	**4**	**54**	**223,024**	386,037	34	791	385,279
Japanese local government bonds	**501**	**9**	**—**	**510**	501	13	—	514
Japanese corporate bonds	**64,483**	**523**	**690**	**64,316**	84,459	586	1,044	84,001
Other, primarily foreign debt securities	**265,205**	**3,598**	**2,140**	**266,663**	226,100	4,840	151	230,790
Total	**¥ 567,180**	**¥ 13,603**	**¥ 3,255**	**¥ 577,527**	¥ 710,261	¥ 18,178	¥ 2,235	¥ 726,204

	Thousands of U.S. dollars			
	Sept. 30, 2015			
	Amortized/ Acquisition cost	**Gross unrealized gain**	**Gross unrealized loss**	**Fair value**
Securities being held to maturity:				
Japanese national government bonds	**$ 4,977,483**	**$ 29,954**	**$ —**	**$ 5,007,437**
Other	**238,438**	**11,644**	**—**	**250,082**
Total	**$ 5,215,921**	**$ 41,598**	**$ —**	**$ 5,257,519**
Securities available for sale:				
Equity securities	**$ 116,023**	**$ 78,941**	**$ 3,084**	**$ 191,880**
Japanese national government bonds	**1,859,886**	**36**	**458**	**1,859,464**
Japanese local government bonds	**4,177**	**76**	**—**	**4,253**
Japanese corporate bonds	**537,634**	**4,362**	**5,758**	**536,238**
Other, primarily foreign debt securities	**2,211,148**	**30,003**	**17,845**	**2,223,306**
Total	**$ 4,728,868**	**$ 113,418**	**$ 27,145**	**$ 4,815,141**

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 is significant as compared to the cost of such securities since the decline in fair value 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, 2015 was ¥21 million (U.S.$181 thousand), which consisted of ¥21 million (U.S.$181 thousand) for equity securities.

Impairment loss on such securities for the fiscal year ended March 31, 2015 was ¥2,072 million, which consisted of ¥2,069 million for Japanese corporate bonds and ¥2 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:

7. SECURITIES (CONTINUED)

CONSOLIDATED

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

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

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

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

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

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

(c) Unrealized gain (loss) on available-for-sale securities as of September 30, 2015 and March 31, 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Unrealized gain (loss) before deferred tax on:			
Available-for-sale securities	**¥ 10,347**	¥ 15,942	**$ 86,273**
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	**2,012**	1,150	**16,782**
Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions	**(1,181)**	(2,122)	**(9,853)**
Other monetary assets held in trust	**(993)**	(1,246)	**(8,286)**
Deferred tax liabilities	**(2,196)**	(2,855)	**(18,313)**
Unrealized gain (loss) on available-for-sale securities before interest adjustments	**7,988**	10,868	**66,603**
Noncontrolling interests	**(82)**	(103)	**(691)**
The Group's interests in unrealized gain (loss) on available-for-sale securities held by affiliates to which the equity method is applied	**65**	65	**542**
Unrealized gain (loss) on available-for-sale securities	**¥ 7,970**	¥ 10,830	**$ 66,454**

8. LOANS AND BILLS DISCOUNTED

CONSOLIDATED

Loans and bills discounted as of September 30, 2015 and March 31, 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Loans on deeds	**¥ 3,707,418**	¥ 3,734,059	**$ 30,910,610**
Loans on bills	**42,854**	33,963	**357,299**
Bills discounted	**5,290**	4,921	**44,106**
Overdrafts	**707,646**	688,337	**5,900,003**
Total	**¥ 4,463,209**	¥ 4,461,281	**$ 37,212,018**

(a) Risk-monitored loans

Loans and bills discounted include loans to bankrupt obligors of ¥3,717 million (U.S.$30,994 thousand) and ¥3,248 million as of September 30, 2015 and March 31, 2015, respectively, as well as nonaccrual delinquent loans of ¥67,140 million (U.S.$559,783 thousand) and ¥87,796 million as of September 30, 2015 and March 31, 2015, 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, 2015 and March 31, 2015 were ¥1,537 million (U.S.$12,816 thousand) and ¥1,366 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, 2015 and March 31, 2015 were ¥27,319 million (U.S.$227,776 thousand) and ¥29,114 million, respectively.

(b) Loan participations

The total outstanding amounts deducted from the loan account for loan participations as of September 30, 2015 and March 31, 2015 were ¥15,009 million (U.S.$125,141 thousand) and ¥17,161 million, respectively. This "off-balance sheet" treatment is in accordance with guidelines issued by the JICPA. The total amounts of such loans in which the Bank participated were ¥7,845 million (U.S.$65,413 thousand) and ¥7,927 million as of September 30, 2015 and March 31, 2015, 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 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, 2015 and March 31, 2015 were ¥5,538 million (U.S.$46,181 thousand) and ¥4,963 million, respectively.

(d) Loan commitments

The Bank and certain of its consolidated subsidiaries establish credit lines for overdrafts and issue commitments to extend credit to meet the financing needs of customers. The unfunded amounts of these commitments were ¥3,577,426 million (U.S.$29,826,797 thousand) and ¥3,571,470 million as of September 30, 2015 and March 31, 2015, out of which the amounts with original agreement terms of within one year or which were cancelable were ¥3,364,730 million (U.S.$28,053,445 thousand) and ¥3,343,715 million as of September 30, 2015 and March 31, 2015, 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, 2015 and March 31, 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Foreign exchange assets:			
Foreign bills bought	**¥ 248**	¥ 42	**$ 2,075**
Foreign bills receivable	**3,286**	3,113	**27,405**
Due from foreign banks	**14,057**	15,380	**117,204**
Total	**¥ 17,593**	¥ 18,537	**$ 146,684**
Foreign exchange liabilities:			
Foreign bills payable	**¥ 67**	¥ 24	**$ 566**
Due to foreign banks	**—**	2	**—**
Total	**¥ 67**	¥ 27	**$ 566**

10. OTHER ASSETS

CONSOLIDATED

Other assets as of September 30, 2015 and March 31, 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Accrued income	**¥ 15,258**	¥ 15,912	**$ 127,219**
Prepaid expenses	**4,174**	3,632	**34,801**
Fair value of derivatives	**98,643**	146,163	**822,442**
Accounts receivable	**99,052**	51,601	**825,849**
Installment receivables	**480,001**	459,133	**4,002,016**
Security deposits	**13,030**	14,611	**108,641**
Suspense payments	**16,645**	16,337	**138,778**
Margin deposits for futures transactions	**6,537**	7,139	**54,504**
Cash collateral paid for financial instruments	**19,528**	14,482	**162,818**
Other	**49,264**	59,631	**410,746**
Total	**¥ 802,136**	¥ 788,647	**$ 6,687,814**

Installment receivables in other assets as of September 30, 2015 and March 31, 2015 include credits to bankrupt obligors of ¥119 million (U.S.$993 thousand) and ¥151 million, nonaccrual delinquent credits of ¥8,422 million (U.S.$70,222 thousand) and ¥9,027 million, credits past due for three months or more of ¥557 million (U.S.$4,649 thousand) and ¥807 million, and restructured credits of ¥403 million (U.S.$3,364 thousand) and ¥506 million, respectively.

11. PREMISES AND EQUIPMENT

CONSOLIDATED

Premises and equipment as of September 30, 2015 and March 31, 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Buildings	**¥ 29,474**	¥ 29,415	**$ 245,746**
Land	**3,867**	3,949	**32,241**
Tangible leased assets as lessor	**46,311**	44,155	**386,122**
Other	**23,724**	23,441	**197,802**
Subtotal	**103,377**	100,961	**861,911**
Accumulated depreciation	**(54,280)**	(54,676)	**(452,567)**
Net book value	**¥ 49,096**	¥ 46,285	**$ 409,344**

12. INTANGIBLE ASSETS CONSOLIDATED

Intangible assets as of September 30, 2015 and March 31, 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Software	**¥ 20,124**	¥ 19,437	**$ 167,788**
Goodwill, net:			
Goodwill	**24,836**	27,732	**207,075**
Negative goodwill	**(4,353)**	(4,534)	**(36,294)**
Intangible assets acquired in business combinations	**5,157**	6,350	**43,003**
Intangible leased assets as lessor	**2**	3	**20**
Other	**580**	667	**4,842**
Total	**¥ 46,348**	¥ 49,655	**$ 386,434**

13. RESERVE FOR CREDIT LOSSES CONSOLIDATED

Reserve for credit losses as of September 30, 2015 and March 31, 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Reserve for loan losses:			
General reserve for loan losses	**¥ 62,868**	¥ 60,283	**$ 524,165**
Specific reserve for loan losses	**32,436**	44,041	**270,438**
Reserve for loan losses to restructuring countries	**0**	0	**7**
Subtotal	**95,305**	104,325	**794,610**
Specific reserve for other credit losses	**3,906**	3,906	**32,573**
Total	**¥ 99,212**	¥ 108,232	**$ 827,183**

14. DEPOSITS, INCLUDING NEGOTIABLE CERTIFICATES OF DEPOSIT CONSOLIDATED

Deposits, including negotiable certificates of deposit, as of September 30, 2015 and March 31, 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Current	**¥ 15,590**	¥ 12,387	**$ 129,982**
Ordinary	**1,953,434**	2,023,206	**16,286,763**
Notice	**13,859**	12,749	**115,557**
Time	**2,980,033**	2,954,160	**24,846,036**
Negotiable certificates of deposit	**136,796**	85,565	**1,140,539**
Other	**389,689**	364,662	**3,249,034**
Total	**¥ 5,489,403**	¥ 5,452,733	**$ 45,767,911**

15. DEBENTURES CONSOLIDATED

(a) Debentures as of September 30, 2015 and March 31, 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Coupon debentures	**¥ 25,434**	¥ 32,300	**$ 212,064**

(b) Annual maturities of debentures as of September 30, 2015 were as follows:

Year ending September 30,	Millions of yen	Thousands of U.S. dollars
2016	**¥ 13,324**	**$ 111,093**
2017	**7,821**	**65,215**
2018	**4,288**	**35,756**
2019	**—**	**—**
2020 and thereafter	**—**	**—**
Total	**¥ 25,434**	**$ 212,064**

16. TRADING LIABILITIES CONSOLIDATED

Trading liabilities as of September 30, 2015 and March 31, 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Derivatives for trading securities	**¥ 875**	¥ 996	**$ 7,296**
Derivatives for securities held to hedge trading transactions	**40,729**	56,833	**339,582**
Trading-related financial derivatives	**199,570**	199,797	**1,663,918**
Trading securities sold for short sales	**28,999**	10,349	**241,785**
Total	**¥ 270,174**	¥ 267,976	**$ 2,252,581**

17. BORROWED MONEY CONSOLIDATED

(a) Borrowed money as of September 30, 2015 and March 31, 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Subordinated debt	**¥ 58,400**	¥ 58,400	**$ 486,910**
Other	**719,407**	746,817	**5,998,062**
Total	**¥ 777,807**	¥ 805,217	**$ 6,484,972**

(b) Annual maturities of borrowed money as of September 30, 2015 were as follows:

Year ending September 30,	Millions of yen	Thousands of U.S. dollars
2016	**¥ 365,799**	**$ 3,049,853**
2017	**114,351**	**953,403**
2018	**147,187**	**1,227,176**
2019	**50,472**	**420,811**
2020 and thereafter	**99,997**	**833,729**
Total	**¥ 777,807**	**$ 6,484,972**

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18. CORPORATE BONDS

CONSOLIDATED

(a) Corporate bonds as of September 30, 2015 and March 31, 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Subordinated bonds	**¥ 71,700**	¥ 116,659	**$ 597,799**
Other corporate bonds	**59,492**	40,845	**496,022**
Total	**¥ 131,192**	¥ 157,505	**$ 1,093,821**

(b) Subordinated bonds as of September 30, 2015 and March 31, 2015 consisted of the following:

Issuer	Description	Issue	Maturity	Interest Rate (%)	Millions of yen		Thousands of U.S. dollars
					Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Shinsei Bank, Limited	Unsecured subordinated bonds, payable in Yen[1]	Oct. 2005 to Dec. 2013	Oct. 2015 to Dec. 2023	2.01 to 4.00	**¥ 67,200**	¥ 67,200	**$ 560,280**
	Unsecured subordinated notes, payable in Euro	Sept. 2010	Sept. 2020	7.375	**—**	44,959	**—**
	Unsecured perpetual subordinated notes, payable in Euroyen[2]	Oct. 2005	—	2.35 and 2.435	**4,500**	4,500	**37,519**
	Total				**¥ 71,700**	¥116,659	**$ 597,799**

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

(c) Annual maturities of corporate bonds as of September 30, 2015 were as follows:

Year ending September 30,	Millions of yen	Thousands of U.S. dollars
2016	**¥ 36,739**	**$ 306,315**
2017	**28,321**	**236,127**
2018	**13,767**	**114,790**
2019	**717**	**5,985**
2020 and thereafter	**51,646**	**430,604**
Total	**¥ 131,192**	**$ 1,093,821**

19. OTHER LIABILITIES

CONSOLIDATED

Other liabilities as of September 30, 2015 and March 31, 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Accrued expenses	**¥ 21,380**	¥ 21,303	**$ 178,259**
Unearned income	**23,084**	23,456	**192,471**
Income taxes payable	**2,640**	1,989	**22,012**
Fair value of derivatives	**135,314**	192,866	**1,128,184**
Matured debentures, including interest	**7,828**	8,268	**65,274**
Trust account	**—**	162	**—**
Accounts payable	**86,091**	70,145	**717,791**
Deferred gains on installment receivables and credit guarantees	**32,545**	32,470	**271,344**
Asset retirement obligations	**8,759**	8,596	**73,034**
Deposits payable	**90,612**	88,260	**755,484**
Cash collateral received for financial instruments	**21,023**	26,227	**175,282**
Other	**8,990**	7,612	**74,954**
Total	**¥ 438,271**	¥ 481,359	**$ 3,654,089**

20. ACCEPTANCES AND GUARANTEES

CONSOLIDATED

Acceptances and guarantees as of September 30, 2015 and March 31, 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Guarantees	**¥ 302,615**	¥ 291,795	**$ 2,523,059**

21. ASSETS PLEDGED AS COLLATERAL

CONSOLIDATED

Assets pledged as collateral and liabilities collateralized as of September 30, 2015 and March 31, 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Assets pledged as collateral:			
Cash and due from banks	**¥ 1,888**	¥ 2,505	**$ 15,747**
Trading assets	**57,380**	26,377	**478,408**
Monetary assets held in trust	**2,678**	2,648	**22,332**
Securities	**775,411**	772,014	**6,464,993**
Loans and bills discounted	**81,035**	78,272	**675,633**
Lease receivables and leased investment assets	**46,724**	60,786	**389,563**
Other assets	**51,036**	56,331	**425,514**
Premises and equipment	**4,797**	5,071	**40,000**
Liabilities collateralized:			
Deposits, including negotiable certificates of deposit	**¥ 1,055**	¥ 1,206	**$ 8,799**
Call money	**230,000**	230,000	**1,917,625**
Payables under repurchase agreements	**47,021**	29,152	**392,039**
Payables under securities lending transactions	**157,212**	101,280	**1,310,761**
Borrowed money	**402,870**	447,328	**3,358,933**
Corporate bonds	**9,242**	10,495	**77,063**
Other liabilities	**11**	16	**97**
Acceptances and guarantees	**962**	963	**8,023**

In addition, ¥101,250 million (U.S.$844,176 thousand) and ¥109,052 million of securities as of September 30, 2015 and March 31, 2015, were pledged as collateral for transactions, including exchange settlements, swap transactions and replacement of margin for futures transactions.

Also, ¥6,537 million (U.S.$54,505 thousand) and ¥7,139 million of margin deposits for futures transactions outstanding, ¥13,030 million (U.S.$108,641 thousand) and ¥14,611 million of security deposits, ¥19,528 million (U.S.$162,818 thousand) and ¥14,482 million of cash collateral paid for financial instruments, and ¥5,068 million (U.S.$42,255 thousand) and ¥8,581 million of guarantee deposits under resale agreements were included in other assets as of September 30, 2015 and March 31, 2015, respectively.

22. NONRECOURSE DEBTS

CONSOLIDATED

Nonrecourse debts in consolidated special purpose companies as of September 30, 2015 and March 31, 2015 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Nonrecourse debts:			
Borrowed money	**¥ 85,094**	¥ 90,700	**$ 709,480**
Corporate bonds	**9,242**	10,495	**77,063**
Assets corresponding to nonrecourse debts:			
Cash and due from banks	**¥ 1,768**	¥ 2,385	**$ 14,746**
Securities	**110,933**	115,815	**924,910**
Loans and bills discounted	**22,987**	30,713	**191,655**
Other assets	**12,703**	13,167	**105,918**

The above balances included certain amount of "Assets pledged as collateral" in Note 21.

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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, 2015 and March 31, 2015 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, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Shinsei Finance (Cayman) Limited	Feb. 2006	U.S.$775	6.418%	Jul. 2016	step-up	Jul. 2016[2]	**¥ 3,628**	¥ 3,633	**$ 30,250**
Shinsei Finance II (Cayman) Limited	Mar. 2006	U.S.$700	7.16%	Jul. 2016	non step-up	Jul. 2016[3]	**2,061**	2,064	**17,187**
Shinsei Finance V	Oct. 2009	¥4,000	5.5%	Jul. 2015	non step-up	Jul. 2015[2]	**—**	4,000	**—**
(Cayman) Limited	Oct. 2009	¥5,000	floating	—	non step-up	Jul. 2015[2]	**—**	5,000	**—**
Total							**¥ 5,689**	¥ 14,697	**$ 47,437**

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"). The preferred securities issued by Shinsei Finance V (Cayman) Limited were fully redeemed in July 2015.
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 noncontrolling interests in the interim consolidated balance sheets.

24. EQUITY

CONSOLIDATED

The authorized number of shares of common stock as of September 30, 2015 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, 2015:		
Beginning of period	**2,750,346**	**96,428**
Increase[1]	**—**	**0**
Decrease	**—**	**—**
End of period	**2,750,346**	**96,428**
Six months ended September 30, 2014:		
Beginning of period	2,750,346	96,427
Increase[1]	—	0
Decrease	—	—
End of period	2,750,346	96,428

1 The increase of shares is associated with the acquisition of fractional shares.

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.

There were no material stock acquisition rights newly issued during the six months ended September 30, 2015 and 2014.

(a) There were no stock-based compensation expenses for the six months ended September 30, 2015 and 2014.

(b) Amount of profit by non-exercise of stock options for the six months ended September 30, 2015 and 2014 were as follows:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Sept. 30, 2014	**Sept. 30, 2015**
Other gains (losses), net	**¥ 698**	¥ 7	**$ 5,828**

26. NET TRADING INCOME (LOSS)

CONSOLIDATED

Net trading income (loss) for the six months ended September 30, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
Six months ended September 30,	**2015**	2014	**2015**
Income (loss) from trading securities	**¥ 2,388**	¥ 2,694	**$ 19,917**
Income (loss) from securities held to hedge trading transactions	**286**	(238)	**2,385**
Income (loss) from trading-related financial derivatives	**2,547**	2,925	**21,236**
Other, net	**(95)**	102	**(793)**
Total	**¥ 5,126**	¥ 5,483	**$ 42,745**

27. OTHER BUSINESS INCOME (LOSS), NET

CONSOLIDATED

"Other, net" in other business income (loss), net, for the six months ended September 30, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
Six months ended September 30,	**2015**	2014	**2015**
Income (loss) from derivatives entered into for banking purposes, net	**¥ 415**	¥ (16)	**$ 3,461**
Equity in net income (loss) of affiliates	**1,244**	1,481	**10,378**
Gain on lease cancellation and other lease income (loss), net	**441**	178	**3,680**
Other, net	**396**	398	**3,306**
Total	**¥ 2,497**	¥ 2,042	**$ 20,825**

28. NET CREDIT COSTS
CONSOLIDATED

Net credit costs for the six months ended September 30, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
Six months ended September 30,	**2015**	2014	**2015**
Losses on write-off or sales of loans	**¥ 517**	¥ 2,219	**$ 4,311**
Net provision (reversal) of reserve for loan losses:			
Net provision (reversal) of general reserve for loan losses	**10,940**	4,768	**91,214**
Net provision (reversal) of specific reserve for loan losses	**(7,722)**	2,272	**(64,385)**
Subtotal	**3,217**	7,040	**26,829**
Other credit costs (recoveries) relating to leasing business	**49**	(97)	**410**
Recoveries of written-off claims	**(5,046)**	(4,142)	**(42,074)**
Total	**¥ (1,262)**	¥ 5,019	**$ (10,524)**

29. OTHER GAINS (LOSSES), NET
CONSOLIDATED

Other gains (losses), net for the six months ended September 30, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
Six months ended September 30,	**2015**	2014	**2015**
Net gain (loss) on disposal of premises and equipment	**¥ (37)**	¥ 278	**$ (312)**
Gains on write-off of unclaimed debentures	**74**	512	**623**
Gains on write-off of unclaimed deposits	**620**	428	**5,177**
Gain on liquidation of subsidiaries	**446**	—	**3,725**
Loss on sale of affiliate's stock	**(277)**	—	**(2,317)**
Impairment losses on long-lived assets	**(396)**	(474)	**(3,305)**
Gain on reversal of stock acquisition rights	**698**	7	**5,828**
Other, net	**74**	1,157	**623**
Total	**¥ 1,204**	¥ 1,908	**$ 10,042**

(a) Gain on reversal of stock acquisition rights

For the six months ended September 30, 2015 and 2014, respectively, gain on reversal of stock acquisition rights of ¥698 million (U.S.$5,828 thousand) and ¥7 million were recognized due to expiration.

(b) Impairment losses on long-lived assets

For the six months ended September 30, 2015 and 2014, respectively, impairment losses on long-lived assets of ¥396 million (U.S.$3,305 thousand) and ¥474 million were recognized by the Bank on the properties of the branches which were decided to be closed and the unused IT related properties, assuming their recoverable amount to be zero.

30. EARNINGS PER SHARE — CONSOLIDATED

A reconciliation of the difference between basic and diluted EPS for the six months ended September 30, 2015 was as follows:

	Earnings (Millions of yen)	Weighted average shares (Thousands)	EPS (Yen)	EPS (U.S. dollars)
For the six months ended September 30, 2015:				
Basic EPS				
Profit (loss) attributable to owners of the parent available to common shareholders	**¥ 37,466**	**2,653,918**	**¥ 14.11**	**$ 0.12**
Effect of dilutive securities				
Stock acquisition rights	**—**	**6**		
Diluted EPS				
Profit (loss) attributable to owners of the parent for computation	**¥ 37,466**	**2,653,925**	**¥ 14.11**	**$ 0.12**

Basic EPS for the six months ended September 30, 2014 was as follows:

	Earnings (Millions of yen)	Weighted average shares (Thousands)	EPS (Yen)
For the six months ended September 30, 2014:			
Basic EPS			
Profit (loss) attributable to owners of the parent available to common shareholders	¥ 28,935	2,653,919	¥ 10.90

Diluted EPS for the six months ended September 30, 2014 was not disclosed because there was no effect from dilutive securities.

31. LEASE TRANSACTIONS — CONSOLIDATED

(A) FINANCE LEASE TRANSACTIONS

AS LESSEE

(a) For finance lease transactions, where the ownership of the property is deemed to transfer to the lessee, lease assets are software included in "Intangible assets."

(b) For finance lease transactions, where the ownership of the property is not deemed to transfer to the lessee, lease assets are primarily buildings, tools, equipment and fixtures included in "Premises and equipment," and software included in "Intangible assets."

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

AS LESSOR

(a) Breakdown of "Lease receivables and leased investment assets" as of September 30, 2015 and March 31, 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Lease receivables	**¥ 70,059**	¥ 72,921	**$ 584,124**
Leased investment assets:			
Lease payment receivables	**161,166**	167,415	**1,343,725**
Estimated residual value	**5,994**	6,272	**49,981**
Interest equivalent	**(19,510)**	(19,867)	**(162,666)**
Other	**316**	306	**2,637**
Subtotal	**147,967**	154,125	**1,233,677**
Total	**¥ 218,027**	¥ 227,047	**$ 1,817,801**

31. LEASE TRANSACTIONS (CONTINUED) — CONSOLIDATED

(b) Lease payment receivables for "Lease receivables and leased investment assets" as of September 30, 2015 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	**¥ 23,847**	**$ 198,827**	**¥ 48,840**	**$ 407,209**
Due after one year within two years	**17,086**	**142,457**	**38,582**	**321,680**
Due after two years within three years	**13,009**	**108,467**	**28,479**	**237,451**
Due after three years within four years	**9,311**	**77,639**	**18,467**	**153,970**
Due after four years within five years	**5,660**	**47,192**	**9,789**	**81,618**
Due after five years	**5,197**	**43,335**	**17,007**	**141,797**
Total	**¥ 74,112**	**$ 617,917**	**¥ 161,166**	**$ 1,343,725**

(B) OPERATING LEASE TRANSACTIONS

Noncancelable operating lease obligations as lessee and lease payment receivables as lessor as of September 30, 2015 and March 31, 2015 were as follows:

AS LESSEE

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Lease obligations:			
Due within one year	**¥ 4,776**	¥ 4,922	**$ 39,823**
Due after one year	**14,774**	17,141	**123,183**
Total	**¥ 19,550**	¥ 22,064	**$ 163,006**

AS LESSOR

	Millions of yen		Thousands of U.S. dollars
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Lease payment receivables:			
Due within one year	**¥ 4,266**	¥ 3,933	**$ 35,574**
Due after one year	**21,066**	19,917	**175,640**
Total	**¥ 25,332**	¥ 23,851	**$ 211,214**

32. SEGMENT INFORMATION — CONSOLIDATED

(A) SEGMENT INFORMATION

(a) DESCRIPTION OF REPORTABLE SEGMENTS

Our reportable segments are groups for which separate financial information is available and regular evaluation by the Executive Committee is being performed in order to decide how resources are allocated.

The Groups provide a wide variety of financial products and services to institutional and individual customers through our Institutional Group, Global Markets Group and Individual Group. These groups consist of operating segments which provide their respective financial products and services. The Institutional Group consists of the "Institutional Business," "Structured Finance," "Principal Transactions," and "Showa Leasing" and the Global Markets Group consists of the "Markets Sub-Group," and "Other Global Markets Group" as reportable segments. The Individual Group consists of "Retail Banking," "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" segment provides financial products, services and advisory services for corporate, public, and financial sectors. The "Structured Finance" segment provides real estate finance, such as nonrecourse loans, financial products and services for real estate and construction industries, specialty finance such as M&A finance, and trust business. The "Principal Transactions" segment provides financial products and services related to credit trading and private equity businesses. "Showa Leasing" segment primarily provides financial products and services related to leasing.

32. SEGMENT INFORMATION (CONTINUED) CONSOLIDATED

In the Global Markets Group, the "Markets Sub-Group" segment engages in foreign exchanges, derivatives, equity-related transactions and other capital markets transactions. The "Other Global Markets Group" segment consists of securities business provided by Shinsei Securities, asset management and wealth management businesses.

In the Individual Group, the "Retail Banking" segment provides financial products and services for retail customers, "Shinsei Financial" segment, which consists of Shinsei Financial Co., Ltd., SHINKI Co., Ltd. and Shinsei Bank Card Loan—Lake in the Bank, provides consumer finance business, and "APLUS FINANCIAL" segment provides installment sales credit, credit cards, guarantees, loans and settlement services. The "Other" segment consists of profit and loss attributable to the Consumer Finance Headquarter and other subsidiaries.

In the Corporate/Other, the "Treasury Sub-Group" segment engages in ALM operations and fund raising including capital instruments.

The overview of revision of the reportable segments resulting from organization changes are shown below.

On April 1, 2015, we integrated the Financial Institutions Sub-Group, which was formerly in the Global Markets Group, into the Institutional Business in the Institutional Group. On May 1, 2015, we made organization changes within Institutional Group to strengthen planning and promotion functions of Institutional Group and transferred Overseas Banking Division in Institutional Group to Corporate Planning Division in Corporate Staff Group, in order to integrate the planning/promotion/management of each Group's overseas banking business as the Bank as a whole. On May 31, 2015, we abolished Asset-Baked Investment Division in Institutional Group and integrated its business into Principal Investments Department of Institutional Business Planning Division. On July 1, 2015, we promoted Markets Research Department in Markets Sub-Group to Markets Research Division. As the result, the reportable segments for the six months ended September 30, 2015 were revised as shown below.

"Institutional Business" segment in Institutional Group includes institutional business, which was formerly included in "Institutional Business Sub-Group" segment and "Financial Institutions Sub-Group" segment in Global Markets Group.

"Structured Finance" segment in Institutional Group includes structured finance business, which was formerly included in "Institutional Business Sub-Group" segment.

"Principal Transactions" segment in Institutional Group includes principal transaction business, which was formerly included in "Principal Transactions Sub-Group" segment, corporate support business, which was formerly included in "Institutional Business Sub-Group" segment and asset-backed investment and incubation businesses, which were formerly included in "Other Institutional Group" segment.

"Markets Sub-Group" segment in Global Markets Group includes investment business, which was formerly included in "Other Global Markets Group" segment. Also, "Other Global Markets Group" segment in Global Markets Group includes market research operation, which was formerly included in "Markets Sub-Group" segment.

"Other" segment in Corporate/Other includes planning and controlling operations of international business, which were formerly included in "Other Institutional Group" segment in Institutional Group.

On June 1, 2015, in the Individual Group, the Retail Banking Sub-Group and the Consumer Finance Sub-Group were abolished and the "Individual Planning Sub-Group" and the "Individual Business Sub-Group" were newly established, in order to realize best practices and pursue synergy effect for retail businesses of the Bank and Group entities by concentrating the Individual Group's planning functions in the Individual Planning Sub-Group. As the result, "Retail Banking Sub-Group" segment was changed to "Retail Banking" segment and "Consumer Finance Sub-Group" segment was changed to "Consumer Finance" segment. These name changes have no impact on the segment information.

On March 1, 2015, APLUS in "APLUS FINANCIAL" segment in Individual Group merged with Shinsei Card Co., Ltd, which was formerly included in "Shinsei Financial" segment. As the result, there is a revision in the reportable segments.

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 fiscal year ended September 30, 2014 was 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, 2015	Institutional Business	Structured Finance	Principal Transactions	Showa Leasing	Markets Sub-Group	Other Global Markets Group
Revenue:	¥ 7,370	¥ 9,755	¥ 2,138	¥ 10,280	¥ 4,612	¥ 1,559
Net Interest Income	5,153	6,163	3,037	(1,046)	1,005	56
Noninterest Income[1]	2,217	3,591	(898)	11,326	3,607	1,502
Expenses	5,187	2,788	2,629	4,104	1,756	2,038
Net Credit Costs (Recoveries)	375	(13,340)	(71)	(400)	(63)	(161)
Segment Profit (Loss)	¥ 1,807	¥ 20,307	¥ (419)	¥ 6,576	¥ 2,919	¥ (317)
Segment Assets[2]	¥ 1,651,053	¥ 1,169,130	¥ 231,644	¥ 457,341	¥ 448,181	¥ 110,128
Segment Liabilities	¥ 578,745	¥ 87,341	¥ 3,243	¥ —	¥ 250,429	¥ 44,932
Includes:						
1. Equity in net income (loss) of affiliates	¥ 41	¥ —	¥ 1,203	¥ —	¥ —	¥ —
2. Investment in affiliates	—	—	50,939	—	—	—
Other:						
Goodwill (Negative Goodwill):						
Amortization	¥ —	¥ —	¥ —	¥ 1,073	¥ —	¥ —
Unamortized balance	—	—	—	20,391	—	—
Intangible assets acquired in business combinations:						
Amortization	¥ —	¥ —	¥ —	¥ 166	¥ —	¥ —
Unamortized balance	—	—	—	1,661	—	—
Impairment losses on long-lived assets	¥ 39	¥ —	¥ —	¥ —	¥ 1	¥ —

	Millions of yen						
	Individual Group				Corporate/Other		
		Consumer Finance					
Six months ended September 30, 2015	Retail Banking	Shinsei Financial	APLUS FINANCIAL	Other	Treasury Sub-Group	Other	Total
Revenue:	¥ 14,316	¥ 29,006	¥ 25,515	¥ 722	¥ 4,558	¥ 553	¥ 110,391
Net Interest Income	10,672	30,261	3,246	593	1,883	(6)	61,021
Noninterest Income[1]	3,644	(1,255)	22,269	129	2,675	559	49,369
Expenses	16,464	15,636	18,234	382	848	(351)	69,720
Net Credit Costs (Recoveries)	185	8,073	4,261	(116)	—	(4)	(1,262)
Segment Profit (Loss)	¥ (2,333)	¥ 5,295	¥ 3,020	¥ 456	¥ 3,710	¥ 909	¥ 41,933
Segment Assets[2]	¥ 1,259,244	¥ 417,424	¥ 802,694	¥ 19,899	¥ 886,596	¥ 0	¥ 7,453,341
Segment Liabilities	¥ 4,860,876	¥ 14,022	¥ 247,750	¥ 84	¥ 200	¥ 0	¥ 6,087,628
Includes:							
1. Equity in net income (loss) of affiliates	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 1,244
2. Investment in affiliates	—	—	—	—	—	—	50,939
Other:							
Goodwill (Negative Goodwill):							
Amortization	¥ 70	¥ 1,141	¥ 429	¥ (0)	¥ —	¥ —	¥ 2,714
Unamortized balance	58	(391)	429	(4)	—	—	20,483
Intangible assets acquired in business combinations:							
Amortization	¥ —	¥ 1,026	¥ —	¥ —	¥ —	¥ —	¥ 1,192
Unamortized balance	—	3,496	—	—	—	—	5,157
Impairment losses on long-lived assets	¥ 147	¥ 98	¥ —	¥ (2)	¥ 0	¥ 112	¥ 396

32. SEGMENT INFORMATION (CONTINUED)

CONSOLIDATED

Six months ended September 30, 2014	Millions of yen					
	Institutional Group				Global Markets Group	
	Institutional Business	Structured Finance	Principal Transactions	Showa Leasing	Markets Sub-Group	Other Global Markets Group
Revenue:	¥ 8,871	¥ 10,494	¥ 10,159	¥ 6,212	¥ 4,452	¥ 1,542
Net Interest Income	6,603	7,069	2,790	(1,204)	1,347	86
Noninterest Income[1]	2,268	3,425	7,369	7,417	3,105	1,456
Expenses	4,819	2,473	3,100	4,070	1,651	1,834
Net Credit Costs (Recoveries)	(850)	(186)	458	(1,612)	92	(66)
Segment Profit (Loss)	¥ 4,903	¥ 8,207	¥ 6,600	¥ 3,754	¥ 2,709	¥ (225)
Segment Assets[2]	¥ 1,695,805	¥ 929,820	¥ 319,547	¥ 451,313	¥ 417,320	¥ 92,383
Segment Liabilities	¥ 571,675	¥ 93,076	¥ 4,701	¥ —	¥ 236,284	¥ 65,986
Includes:						
1. Equity in net income (loss) of affiliates	¥ (10)	¥ —	¥ 1,493	¥ —	¥ (1)	¥ —
2. Investment in affiliates	—	—	48,063	—	1,141	—
Other:						
Goodwill (Negative Goodwill):						
Amortization	¥ —	¥ —	¥ —	¥ 1,073	¥ —	¥ —
Unamortized balance	—	—	—	22,537	—	—
Intangible assets acquired in business combinations:						
Amortization	¥ —	¥ —	¥ —	¥ 282	¥ —	¥ —
Unamortized balance	—	—	—	2,108	—	—
Impairment losses on long-lived assets	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —

Six months ended September 30, 2014	Millions of yen						
	Individual Group				Corporate/Other		
		Consumer Finance					
	Retail Banking	Shinsei Financial	APLUS FINANCIAL	Other	Treasury Sub-Group	Other	Total
Revenue:	¥ 14,321	¥ 26,594	¥ 24,843	¥ 735	¥ 2,975	¥ (49)	¥ 111,155
Net Interest Income	11,595	28,015	3,483	628	177	(2)	60,590
Noninterest Income[1]	2,725	(1,420)	21,360	106	2,797	(46)	50,564
Expenses	16,996	15,821	18,192	375	810	(62)	70,084
Net Credit Costs (Recoveries)	81	3,852	3,328	(73)	—	(3)	5,019
Segment Profit (Loss)	¥ (2,756)	¥ 6,920	¥ 3,323	¥ 432	¥ 2,164	¥ 17	¥ 36,052
Segment Assets[2]	¥ 1,212,765	¥ 386,710	¥ 801,792	¥ 22,640	¥ 1,236,291	¥ 0	¥ 7,566,390
Segment Liabilities	¥ 4,968,188	¥ 6,378	¥ 301,161	¥ 129	¥ 1,885	¥ (0)	¥ 6,249,467
Includes:							
1. Equity in net income (loss) of affiliates	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 1,481
2. Investment in affiliates	—	—	—	—	—	—	49,204
Other:							
Goodwill (Negative Goodwill):							
Amortization	¥ 70	¥ 1,472	¥ 429	¥ (0)	¥ —	¥ —	¥ 3,045
Unamortized balance	198	1,884	1,288	(4)	—	—	25,904
Intangible assets acquired in business combinations:							
Amortization	¥ —	¥ 1,247	¥ —	¥ —	¥ —	¥ —	¥ 1,530
Unamortized balance	—	5,543	—	—	—	—	7,652
Impairment losses on long-lived assets	¥ 128	¥ 5	¥ —	¥ —	¥ —	¥ 340	¥ 474

32. SEGMENT INFORMATION (CONTINUED)

CONSOLIDATED

	Thousands of U.S. dollars					
	Institutional Group				Global Markets Group	
Six months ended September 30, 2015	Institutional Business	Structured Finance	Principal Transactions	Showa Leasing	Markets Sub-Group	Other Global Markets Group
Revenue:	$ 61,455	$ 81,335	$ 17,833	$ 85,713	$ 38,460	$ 13,000
Net Interest Income	42,964	51,391	25,327	(8,725)	8,385	470
Noninterest Income[1]	18,491	29,944	(7,494)	94,438	30,075	12,530
Expenses	43,254	23,252	21,927	34,216	14,641	16,998
Net Credit Costs (Recoveries)	3,132	(111,228)	(596)	(3,337)	(526)	(1,351)
Segment Profit (Loss)	$ 15,069	$ 169,311	$ (3,498)	$ 54,834	$ 24,345	$ (2,647)
Segment Assets[2]	$ 13,765,662	$ 9,747,624	$ 1,931,340	$ 3,813,087	$ 3,736,717	$ 918,201
Segment Liabilities	$ 4,825,291	$ 728,209	$ 27,046	$ —	$ 2,087,957	$ 374,625
Includes:						
1. Equity in net income (loss) of affiliates	$ 346	$ —	$ 10,032	$ —	$ —	$ —
2. Investment in affiliates	—	—	424,706	—	—	—
Other:						
Goodwill (Negative Goodwill):						
Amortization	$ —	$ —	$ —	$ 8,948	$ —	$ —
Unamortized balance	—	—	—	170,012	—	—
Intangible assets acquired in business combinations:						
Amortization	$ —	$ —	$ —	$ 1,384	$ —	$ —
Unamortized balance	—	—	—	13,852	—	—
Impairment losses on long-lived assets	$ 326	$ —	$ —	$ —	$ 15	$ —

	Thousands of U.S. dollars						
	Individual Group				Corporate/Other		
		Consumer Finance					
Six months ended September 30, 2015	Retail Banking	Shinsei Financial	APLUS FINANCIAL	Other	Treasury Sub-Group	Other	Total
Revenue:	$ 119,365	$ 241,839	$ 212,740	$ 6,028	$ 38,008	$ 4,613	$ 920,389
Net Interest Income	88,980	252,309	27,067	4,952	15,704	(55)	508,769
Noninterest Income[1]	30,385	(10,470)	185,673	1,076	22,304	4,668	411,620
Expenses	137,271	130,370	152,031	3,192	7,072	(2,930)	581,294
Net Credit Costs (Recoveries)	1,547	67,315	35,530	(971)	—	(39)	(10,524)
Segment Profit (Loss)	$ (19,453)	$ 44,154	$ 25,179	$ 3,807	$ 30,936	$ 7,582	$ 349,619
Segment Assets[2]	$ 10,498,958	$ 3,480,279	$ 6,692,465	$ 165,917	$ 7,391,998	$ 0	$ 62,142,248
Segment Liabilities	$ 40,527,571	$ 116,916	$ 2,065,622	$ 704	$ 1,674	$ 0	$ 50,755,615
Includes:							
1. Equity in net income (loss) of affiliates	$ —	$ —	$ —	$ —	$ —	$ —	$ 10,378
2. Investment in affiliates	—	—	—	—	—	—	424,706
Other:							
Goodwill (Negative Goodwill):							
Amortization	$ 587	$ 9,517	$ 3,581	$ (2)	$ —	$ —	$ 22,631
Unamortized balance	488	(3,264)	3,581	(36)	—	—	170,781
Intangible assets acquired in business combinations:							
Amortization	$ —	$ 8,556	$ —	$ —	$ —	$ —	$ 9,940
Unamortized balance	—	29,151	—	—	—	—	43,003
Impairment losses on long-lived assets	$ 1,227	$ 818	$ —	$ (22)	$ 4	$ 937	$ 3,305

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 CONSOLIDATED FINANCIAL STATEMENTS

(i) A reconciliation between total segment profit and income (loss) before income taxes on the interim consolidated statements of income for the six months ended September 30, 2015 and 2014 was as follows:

	Millions of yen		Thousands of U.S. dollars
Six months ended September 30,	**2015**	2014	**2015**
Total segment profit	**¥ 41,933**	¥ 36,052	**$ 349,619**
Amortization of goodwill acquired in business combinations	**(2,643)**	(2,974)	**(22,044)**
Amortization of intangible assets acquired in business combinations	**(1,192)**	(1,530)	**(9,940)**
Lump-sum payments	**(471)**	(1,174)	**(3,932)**
Other gains (losses), net	**1,204**	1,908	**10,042**
Income (loss) before income taxes	**¥ 38,829**	¥ 32,281	**$ 323,745**

(ii) A reconciliation between total segment assets and total assets on the interim consolidated balance sheets as of September 30, 2015 and 2014 was as follows:

	Millions of yen		Thousands of U.S. dollars
As of September 30,	**2015**	2014	**2015**
Total segment assets	**¥ 7,453,341**	¥ 7,566,390	**$ 62,142,248**
Cash and due from banks	**1,129,819**	1,179,342	**9,419,876**
Call loans	**15,000**	4,500	**125,062**
Receivables under resale agreements	**34,853**	53,216	**290,595**
Receivables under securities borrowing transactions	**31,070**	35,372	**259,052**
Foreign exchanges	**17,593**	20,973	**146,684**
Other assets excluding installment receivables	**322,134**	346,484	**2,685,798**
Premises and equipment excluding tangible leased assets	**28,449**	31,214	**237,200**
Intangible assets excluding intangible leased assets	**46,346**	52,260	**386,414**
Assets for retirement benefits	**3,692**	2,883	**30,787**
Deferred issuance expenses for debentures	**6**	22	**53**
Deferred tax assets	**16,152**	15,426	**134,668**
Reserve for credit losses	**(99,212)**	(117,924)	**(827,183)**
Total assets	**¥ 8,999,248**	¥ 9,190,162	**$ 75,031,254**

(iii) A reconciliation between total segment liabilities and total liabilities on the interim consolidated balance sheets as of September 30, 2015 and 2014 was as follows:

	Millions of yen		Thousands of U.S. dollars
As of September 30,	**2015**	2014	**2015**
Total segment liabilities	**¥ 6,087,628**	¥ 6,249,467	**$ 50,755,615**
Call money	**280,000**	310,000	**2,334,501**
Payables under repurchase agreements	**53,382**	—	**445,074**
Payables under securities lending transactions	**191,672**	238,866	**1,598,071**
Borrowed money	**777,807**	720,429	**6,484,972**
Foreign exchanges	**67**	63	**566**
Short-term corporate bonds	**100,800**	97,500	**840,420**
Corporate bonds	**131,192**	191,121	**1,093,821**
Other liabilities	**438,271**	472,877	**3,654,089**
Accrued employees' bonuses	**5,089**	4,939	**42,433**
Accrued directors' bonuses	**33**	39	**278**
Liabilities for retirement benefits	**7,528**	12,513	**62,773**
Reserve for directors' retirement benefits	**—**	79	**—**
Reserve for losses on interest repayments	**149,635**	185,466	**1,247,589**
Deferred tax liabilities	**795**	586	**6,631**
Total liabilities	**¥ 8,223,905**	¥ 8,483,951	**$ 68,566,833**

32. SEGMENT INFORMATION (CONTINUED)

CONSOLIDATED

(B) RELATED INFORMATION

(a) INFORMATION BY SERVICES

Income regarding major services for the six months ended September 30, 2015 and 2014 was as follows:

	Millions of yen		Thousands of U.S. dollars
Six months ended September 30,	**2015**	2014	**2015**
Loan Businesses	**¥ 67,438**	¥ 66,937	**$ 562,265**
Lease Businesses	**4,372**	4,342	**36,456**
Securities Investment Businesses	**7,558**	9,408	**63,019**
Installment Sales and Guarantee Businesses	**22,893**	22,457	**190,876**

(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, 2015 and 2014, 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, 2015 and 2014, 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, 2015 and 2014, therefore major customer information is not presented.

33. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

CONSOLIDATED

Fair values of financial instruments as of September 30, 2015 and March 31, 2015 were as follows:

	Millions of yen					
	Sept. 30, 2015			Mar. 31, 2015		
	Carrying amount	**Fair value**	**Unrealized gain (loss)**	Carrying amount	Fair value	Unrealized gain (loss)
Assets:						
(1) Cash and due from banks	**¥ 1,129,819**	**¥ 1,129,819**	**¥ —**	¥ 881,776	¥ 881,776	¥ —
(2) Call loans	**15,000**	**15,000**	**—**	30,000	30,000	—
(3) Receivables under resale agreements	**34,853**	**34,966**	**112**	53,216	53,418	202
(4) Receivables under securities borrowing transactions	**31,070**	**31,070**	**—**	8,750	8,750	—
(5) Other monetary claims purchased						
Trading purposes	**25,567**	**25,567**	**—**	40,473	40,473	—
Other[1]	**63,102**	**64,773**	**1,671**	51,424	52,459	1,035
(6) Trading assets						
Securities held for trading purposes	**70,157**	**70,157**	**—**	37,954	37,954	—
(7) Monetary assets held in trust[1]	**263,871**	**269,344**	**5,473**	233,791	238,593	4,802
(8) Securities						
Trading securities	**55**	**55**	**—**	46	46	—
Securities being held to maturity	**625,597**	**630,586**	**4,989**	644,533	649,541	5,007
Securities available for sale	**560,410**	**560,410**	**—**	720,533	720,533	—
Equity securities of affiliates	**48,203**	**31,719**	**(16,483)**	49,453	36,434	(13,018)
(9) Loans and bills discounted[2]	**4,463,209**			4,461,281		
Reserve for credit losses	**(60,623)**			(70,548)		
Net	**4,402,586**	**4,525,266**	**122,680**	4,390,732	4,499,552	108,819
(10) Lease receivables and leased investment assets[1]	**214,354**	**216,116**	**1,761**	222,871	224,768	1,897
(11) Other assets						
Installment receivables	**480,001**			459,133		
Deferred gains on installment receivables	**(15,164)**			(14,963)		
Reserve for credit losses	**(10,610)**			(10,996)		
Net	**454,226**	**472,870**	**18,644**	433,173	451,169	17,996
Total	**¥ 7,938,877**	**¥ 8,077,726**	**¥ 138,849**	¥ 7,798,732	¥ 7,925,473	¥ 126,741
Liabilities:						
(1) Deposits, including negotiable certificates of deposit	**¥ 5,489,403**	**¥ 5,496,861**	**¥ (7,458)**	¥ 5,452,733	¥ 5,461,018	¥ (8,285)
(2) Debentures	**25,434**	**25,447**	**(12)**	32,300	32,322	(22)
(3) Call money	**280,000**	**280,000**	**—**	230,000	230,000	—
(4) Payables under repurchase agreements	**53,382**	**53,382**	**—**	29,152	29,152	—
(5) Payables under securities lending transactions	**191,672**	**191,672**	**—**	103,369	103,369	—
(6) Trading liabilities						
Trading securities sold for short sales	**28,999**	**28,999**	**—**	10,349	10,349	—
(7) Borrowed money	**777,807**	**778,642**	**(835)**	805,217	805,470	(252)
(8) Short-term corporate bonds	**100,800**	**100,800**	**—**	96,000	96,000	—
(9) Corporate bonds	**131,192**	**132,637**	**(1,444)**	157,505	160,033	(2,528)
Total	**¥ 7,078,693**	**¥ 7,088,443**	**¥ (9,750)**	¥ 6,916,627	¥ 6,927,716	¥ (11,089)
Derivative instruments[3]:						
Hedge accounting is not applied	**¥ (9,441)**	**¥ (9,441)**	**¥ —**	¥ (15,411)	¥ (15,411)	¥ —
Hedge accounting is applied	**(8,250)**	**(8,250)**	**—**	(9,474)	(9,474)	—
Total	**¥ (17,691)**	**¥ (17,691)**	**¥ —**	¥ (24,885)	¥ (24,885)	¥ —

	Contract amount	**Fair value**	Contract amount	Fair value
Other:				
Guarantee contracts[4]	**¥ 302,615**	**¥ (1,093)**	¥ 291,795	¥ (1,376)

33. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONTINUED)

CONSOLIDATED

	Thousands of U.S. dollars		
	Sept. 30, 2015		
	Carrying amount	Fair value	Unrealized gain (loss)
Assets:			
(1) Cash and due from banks	$ 9,419,876	$ 9,419,876	$ —
(2) Call loans	125,062	125,062	—
(3) Receivables under resale agreements	290,595	291,535	940
(4) Receivables under securities borrowing transactions	259,052	259,052	
(5) Other monetary claims purchased			
Trading purposes	213,167	213,167	—
Other[1]	526,113	540,048	13,935
(6) Trading assets			
Securities held for trading purposes	584,941	584,941	—
(7) Monetary assets held in trust[1]	2,200,027	2,245,659	45,632
(8) Securities			
Trading securities	462	462	—
Securities being held to maturity	5,215,921	5,257,519	41,598
Securities available for sale	4,672,425	4,672,425	—
Equity securities of affiliates	401,894	264,465	(137,429)
(9) Loans and bills discounted[2]	37,212,018		
Reserve for credit losses	(505,448)		
Net	36,706,570	37,729,422	1,022,852
(10) Lease receivables and leased investment assets[1]	1,787,185	1,801,868	14,683
(11) Other assets			
Installment receivables	4,002,016		
Deferred gains on installment receivables	(126,432)		
Reserve for credit losses	(88,469)		
Net	3,787,115	3,942,562	155,447
Total	$ 66,190,405	$ 67,348,063	$ 1,157,658
Liabilities:			
(1) Deposits, including negotiable certificates of deposit	$ 45,767,911	$ 45,830,093	$ (62,182)
(2) Debentures	212,064	212,169	(105)
(3) Call money	2,334,501	2,334,501	—
(4) Payables under repurchase agreements	445,074	445,074	—
(5) Payables under securities lending transactions	1,598,071	1,598,071	—
(6) Trading liabilities			
Trading securities sold for short sales	241,785	241,785	—
(7) Borrowed money	6,484,972	6,491,937	(6,965)
(8) Short-term corporate bonds	840,420	840,420	—
(9) Corporate bonds	1,093,821	1,105,861	(12,040)
Total	$ 59,018,619	$ 59,099,911	$ (81,292)
Derivative instruments[3]:			
Hedge accounting is not applied	$ (78,715)	$ (78,715)	$ —
Hedge accounting is applied	(68,787)	(68,787)	—
Total	$ (147,502)	$ (147,502)	$ —

	Contract amount	Fair value
Other:		
Guarantee contracts[4]	$ 2,523,059	$ (9,117)

1 Carrying amounts 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 held by consolidated subsidiaries included in Loans and bills discounted, reserve for losses on interest repayments of ¥149,635 million (U.S.$1,247,589 thousand) and ¥170,250 million was recognized for estimated losses on reimbursements of excess interest payments as of September 30, 2015 and March 31, 2015, respectively, which included the reserve for losses on interest repayments that have a possibility of being appropriated for loan principal in the future.
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 consolidated balance sheets. Unearned guarantee fees of ¥21,971 million (U.S.$183,191 thousand) and ¥22,201 million were recognized as "Other liabilities" as of September 30, 2015 and March 31, 2015, respectively.

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 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 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 (9) 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 etc. funded within 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, (4) Payables under repurchase agreements and (5) Payables under securities lending transactions
The fair values approximate carrying amounts for call money and bills sold, payables under repurchase agreements, and payables under securities lending transactions with short maturities of three months or less.

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

(7) Borrowed money
The fair values of borrowed money with fixed interest rates are primarily determined by discounting contractual cash flows (for borrowed money hedged by interest rate swaps which meets specific matching criteria, the contractual cash flows include the cash flows of the interest rate swaps), and the fair values of borrowed money with floating interest rates are determined by discounting expected cash flows 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 that reflect the probability of early redemption at the rates that consist of the risk-free rate and the CDS spread of the Bank.

(8) 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, 2015	Mar. 31, 2015	**Sept. 30, 2015**
Equity securities without readily available market price[1,2]	**¥ 8,031**	¥ 10,538	**$ 66,965**
Investment in partnerships and others[1,2]	**41,314**	52,246	**344,457**
Total	**¥ 49,345**	¥ 62,785	**$ 411,422**

1 Equity securities without readily available market price are out of the scope of fair value 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, 2015 and for the fiscal years ended March 31, 2015, impairment losses on equity securities without readily available market price of ¥1 million (U.S.$16 thousand) and ¥683 million, and on investment in partnerships and others of ¥235 million (U.S.$1,965 thousand) and ¥114 million were recognized, respectively.

34. DERIVATIVE FINANCIAL INSTRUMENTS

CONSOLIDATED

(A) DERIVATIVE TRANSACTIONS TO WHICH HEDGE ACCOUNTING WAS NOT APPLIED

The fair values of derivatives on the interim consolidated balance sheets as of September 30, 2015 and March 31, 2015 are adjusted for credit risk by a reduction of ¥855 million (U.S.$7,130 thousand) and ¥995 million, respectively, and also adjusted for liquidity risk by a reduction of ¥1,212 million (U.S.$10,112 thousand) and ¥1,080 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, 2015 and March 31, 2015 were as follows:

Millions of yen

	Sept. 30, 2015				Mar. 31, 2015			
	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	¥ 5,625	¥ 2,363	¥ (24)	¥ (24)	¥ 6,471	¥ 1,479	¥ 0	¥ 0
Bought	4,646	—	29	29	3,597	591	9	9
Interest rate options (listed):								
Sold	119,748	—	(20)	2	746	—	(0)	0
Bought	111,628	—	53	(3)	—	—	—	—
Interest rate swaps (over-the-counter):								
Receive fixed and pay floating	5,568,290	4,526,293	191,212	191,212	6,143,320	4,694,556	186,023	186,023
Receive floating and pay fixed	5,224,751	4,174,819	(169,700)	(169,700)	5,678,687	4,378,688	(164,243)	(164,243)
Receive floating and pay floating	1,768,013	1,408,577	2,801	2,801	1,853,984	1,412,251	1,330	1,330
Interest rate swaptions (over-the-counter):								
Sold	756,438	577,438	(10,141)	2,903	707,609	538,509	(10,160)	3,350
Bought	1,198,827	1,054,295	2,869	(5,282)	1,252,215	1,092,990	3,664	(5,596)
Interest rate options (over-the-counter):								
Sold	32,022	32,022	(166)	191	34,824	30,873	(187)	180
Bought	70,694	48,022	93	(249)	78,676	54,127	94	(263)
Total			¥ 17,005	¥ 21,879			¥ 16,530	¥ 20,792

Thousands of U.S. dollars

	Sept. 30, 2015			
	Contract/Notional principal			
	Total	Maturity over 1 year	Fair value	Unrealized gain (loss)
Futures contracts (listed):				
Sold	$ 46,904	$ 19,705	$ (203)	$ (203)
Bought	38,737	—	246	246
Interest rate options (listed):				
Sold	998,406	—	(173)	22
Bought	930,703	—	445	(31)
Interest rate swaps (over-the-counter):				
Receive fixed and pay floating	46,425,631	37,737,980	1,594,231	1,594,231
Receive floating and pay fixed	43,561,378	34,807,566	(1,414,878)	(1,414,878)
Receive floating and pay floating	14,740,815	11,744,020	23,354	23,354
Interest rate swaptions (over-the-counter):				
Sold	6,306,805	4,814,392	(84,556)	24,209
Bought	9,995,229	8,790,193	23,926	(44,045)
Interest rate options (over-the-counter):				
Sold	266,987	266,987	(1,387)	1,601
Bought	589,414	400,387	780	(2,084)
Total			$ 141,785	$ 182,422

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 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, 2015 and March 31, 2015 were as follows:

Millions of yen

	Sept. 30, 2015				Mar. 31, 2015			
	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)	¥ 776,526	¥ 327,505	¥ (35,010)	¥ (35,010)	¥ 849,626	¥ 512,261	¥ (33,015)	¥ (33,015)
Forward foreign exchange contracts (over-the-counter):								
Sold	903,017	81,574	(13,069)	(13,069)	873,045	104,071	(37,348)	(37,348)
Bought	628,785	97,203	20,827	20,827	550,357	128,221	47,268	47,268
Currency options (over-the-counter):								
Sold	849,892	369,307	(19,696)	(6,801)	910,317	384,820	(27,196)	(14,616)
Bought	845,672	362,902	14,947	2,482	893,142	376,886	12,124	(1,474)
Total			¥ (32,001)	¥ (31,570)			¥ (38,167)	¥ (39,185)

Thousands of U.S. dollars

	Sept. 30, 2015			
	Contract/Notional principal			
	Total	Maturity over 1 year	Fair value	Unrealized gain (loss)
Currency swaps (over-the-counter)	$ 6,474,294	$ 2,730,576	$ (291,898)	$ (291,898)
Forward foreign exchange contracts (over-the-counter):				
Sold	7,528,912	680,126	(108,968)	(108,968)
Bought	5,242,501	810,436	173,653	173,653
Currency options (over-the-counter):				
Sold	7,085,982	3,079,100	(164,221)	(56,706)
Bought	7,050,793	3,025,702	124,625	20,696
Total			$ (266,809)	$ (263,223)

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.

34. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

CONSOLIDATED

(c) EQUITY-RELATED TRANSACTIONS

Equity-related transactions as of September 30, 2015 and March 31, 2015 were as follows:

Millions of yen

	Sept. 30, 2015				Mar. 31, 2015			
	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	¥ 18,335	¥ 5,014	¥ (776)	¥ (776)	¥ 25,563	¥ 4,995	¥ (2,546)	¥ (2,546)
Bought	9,175	7,342	(618)	(618)	15,331	5,796	821	821
Equity index options (listed):								
Sold	289,028	93,610	(26,737)	(9,582)	273,885	77,585	(37,244)	(18,955)
Bought	267,131	89,200	25,404	6,921	266,286	72,950	35,145	14,962
Equity options (over-the-counter):								
Sold	51,207	27,585	(12,831)	(7,300)	51,207	27,585	(16,449)	(10,918)
Bought	60,474	30,851	23,404	15,832	60,474	30,851	29,008	21,436
Other (over-the-counter):								
Sold	1,200	1,200	110	110	50,400	48,400	1,097	1,097
Bought	3,228	3,001	(217)	(217)	70,877	68,177	(1,502)	(1,502)
Total			¥ 7,737	¥ 4,367			¥ 8,330	¥ 4,395

Thousands of U.S. dollars

	Sept. 30, 2015			
	Contract/Notional principal			
	Total	Maturity over 1 year	Fair value	Unrealized gain (loss)
Equity index futures (listed):				
Sold	$ 152,872	$ 41,812	$ (6,474)	$ (6,474)
Bought	76,497	61,214	(5,159)	(5,159)
Equity index options (listed):				
Sold	2,409,772	780,474	(222,926)	(79,897)
Bought	2,227,206	743,705	211,813	57,706
Equity options (over-the-counter):				
Sold	426,941	229,991	(106,982)	(60,865)
Bought	504,203	257,228	195,136	132,003
Other (over-the-counter):				
Sold	10,005	10,005	917	917
Bought	26,920	25,023	(1,816)	(1,816)
Total			$ 64,509	$ 36,415

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 Osaka 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, 2015 and March 31, 2015 were as follows:

	Millions of yen							
	Sept. 30, 2015				Mar. 31, 2015			
	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	**¥ 88,512**	**¥ —**	**¥ (83)**	**¥ (83)**	¥ 20,356	¥ —	¥ 19	¥ 19
Bought	**7,195**	**—**	**12**	**12**	2,987	—	(1)	(1)
Bond futures options (listed):								
Sold	**3,847**	**—**	**(2)**	**22**	—	—	—	—
Bought	**4,412**	**—**	**22**	**(30)**	—	—	—	—
Total			**¥ (51)**	**¥ (79)**			¥ 18	¥ 18

	Thousands of U.S. dollars			
	Sept. 30, 2015			
	Contract/Notional principal			
	Total	**Maturity over 1 year**	**Fair value**	**Unrealized gain (loss)**
Bond futures (listed):				
Sold	**$ 737,974**	**$ —**	**$ (700)**	**$ (700)**
Bought	**59,995**	**—**	**107**	**107**
Bond futures options (listed):				
Sold	**32,077**	**—**	**(22)**	**185**
Bought	**36,787**	**—**	**185**	**(253)**
Total			**$ (430)**	**$ (661)**

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 Osaka Exchange and other exchanges.

(e) CREDIT DERIVATIVES TRANSACTIONS

Credit derivatives transactions as of September 30, 2015 and March 31, 2015 were as follows:

	Millions of yen							
	Sept. 30, 2015				Mar. 31, 2015			
	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	**¥ 218,871**	**¥ 153,338**	**¥ 1,939**	**¥ 1,939**	¥ 263,809	¥ 186,890	¥ 3,538	¥ 3,538
Bought	**229,934**	**161,498**	**(2,002)**	**(2,002)**	259,803	202,862	(3,587)	(3,587)
Total			**¥ (63)**	**¥ (63)**			¥ (48)	¥ (48)

	Thousands of U.S. dollars			
	Sept. 30, 2015			
	Contract/Notional principal			
	Total	**Maturity over 1 year**	**Fair value**	**Unrealized gain (loss)**
Credit default option (over-the-counter):				
Sold	**$ 1,824,840**	**$ 1,278,463**	**$ 16,171**	**$ 16,171**
Bought	**1,917,075**	**1,346,497**	**(16,698)**	**(16,698)**
Total			**$ (527)**	**$ (527)**

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) DERIVATIVE 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, 2015 and March 31, 2015 were as follows:

	Millions of yen					
	Sept. 30, 2015			Mar. 31, 2015		
	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	**¥ 495,858**	**¥ 463,400**	**¥ 4,995**	¥ 482,869	¥ 450,400	¥ 4,545
Receive floating and pay fixed	**241,591**	**228,089**	**(14,175)**	246,188	227,188	(14,696)
Total			**¥ (9,179)**			¥ (10,151)

	Thousands of U.S. dollars		
	Sept. 30, 2015		
	Contract/Notional principal		
	Total	**Maturity over 1 year**	**Fair value**
Interest rate swaps:			
Receive fixed and pay floating	**$ 4,134,223**	**$ 3,863,598**	**$ 41,654**
Receive floating and pay fixed	**2,014,271**	**1,901,695**	**(118,186)**
Total			**$ (76,532)**

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 certificate of deposit.

(2) Interest rate swaps are primarily accounted for using 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, 2015 and March 31, 2015 were as follows:

	Millions of yen					
	Sept. 30, 2015			Mar. 31, 2015		
	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	**¥ 22,725**	**¥ 17,250**	**¥ —**	¥ 20,525	¥ 14,925	¥ —

	Thousands of U.S. dollars		
	Sept. 30, 2015		
	Contract/Notional principal		
	Total	**Maturity over 1 year**	**Fair value**
Interest rate swaps:			
Receive floating and pay fixed	**$ 189,470**	**$ 143,822**	**$ —**

Notes:

(1) The hedged item is borrowed money.

(2) Interest rate swaps which meet specific matching criteria are accounted for as 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, 2015 and March 31, 2015 were as follows:

	Millions of yen					
	Sept. 30, 2015			Mar. 31, 2015		
	Contract/Notional principal			Contract/Notional principal		
	Total	**Maturity over 1 year**	**Fair value**	Total	Maturity over 1 year	Fair value
Currency swaps	**¥ 65,792**	**¥ 53,742**	**¥ 928**	¥ 47,516	¥ 41,252	¥ 677

	Thousands of U.S. dollars		
	Sept. 30, 2015		
	Contract/Notional principal		
	Total	**Maturity over 1 year**	**Fair value**
Currency swaps	**$ 548,541**	**$ 448,080**	**$ 7,745**

Notes:

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

(2) Currency swap transactions are primarily accounted for using 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 NONCONSOLIDATED BALANCE SHEETS (UNAUDITED)

Shinsei Bank, Limited
As of September 30, 2015 and March 31, 2015

	Millions of yen		Thousands of U.S. dollars (Note)
	Sept. 30, 2015	Mar. 31, 2015	**Sept. 30, 2015**
ASSETS			
Cash and due from banks	**¥ 1,053,029**	¥ 808,296	**$ 8,779,638**
Call loans	**15,000**	30,000	**125,062**
Receivables under resale agreements	**34,853**	53,216	**290,595**
Receivables under securities borrowing transactions	**2,420**	—	**20,183**
Other monetary claims purchased	**194,809**	185,707	**1,624,224**
Trading assets	**259,857**	279,159	**2,166,560**
Monetary assets held in trust	**181,606**	166,285	**1,514,142**
Securities	**1,655,811**	1,863,774	**13,805,330**
Valuation allowance for investments	**—**	(3,370)	**—**
Loans and bills discounted	**4,221,545**	4,222,922	**35,197,143**
Foreign exchanges	**17,593**	18,537	**146,684**
Other assets	**249,181**	253,808	**2,077,550**
Premises and equipment	**17,768**	18,609	**148,142**
Intangible assets	**9,747**	8,988	**81,272**
Prepaid pension cost	**247**	—	**2,062**
Deferred issuance expenses for debentures	**6**	12	**53**
Deferred tax assets	**963**	1,071	**8,032**
Customers' liabilities for acceptances and guarantees	**40,850**	13,381	**340,588**
Reserve for credit losses	**(36,049)**	(47,715)	**(300,561)**
Total assets	**¥ 7,919,242**	¥ 7,872,684	**$ 66,026,699**
LIABILITIES AND EQUITY			
Liabilities:			
Deposits, including negotiable certificates of deposit	**¥ 5,623,555**	¥ 5,600,291	**$ 46,886,405**
Debentures	**25,434**	32,300	**212,064**
Call money	**280,000**	230,000	**2,334,501**
Payables under repurchase agreements	**53,382**	29,152	**445,074**
Payables under securities lending transactions	**159,733**	101,280	**1,331,777**
Trading liabilities	**242,000**	259,128	**2,017,680**
Borrowed money	**407,749**	444,139	**3,399,610**
Foreign exchanges	**67**	27	**566**
Corporate bonds	**93,647**	148,423	**780,783**
Other liabilities	**233,654**	272,383	**1,948,098**
Accrued employees' bonuses	**2,411**	4,645	**20,107**
Reserve for employees' retirement benefits	**—**	750	**—**
Reserve for directors' retirement benefits	**—**	47	**—**
Acceptances and guarantees	**40,850**	13,381	**340,588**
Total liabilities	**7,162,487**	7,135,951	**59,717,253**
Equity:			
Common stock	**512,204**	512,204	**4,270,507**
Capital surplus	**79,465**	79,465	**662,547**
Stock acquisition rights	**512**	1,211	**4,273**
Retained earnings:			
Legal reserve	**13,689**	13,158	**114,137**
Unappropriated retained earnings	**234,192**	212,144	**1,952,584**
Unrealized gain (loss) on available-for-sale securities	**6,470**	8,502	**53,952**
Deferred gain (loss) on derivatives under hedge accounting	**(17,222)**	(17,395)	**(143,593)**
Treasury stock, at cost	**(72,559)**	(72,558)	**(604,961)**
Total equity	**756,754**	736,733	**6,309,446**
Total liabilities and equity	**¥ 7,919,242**	¥ 7,872,684	**$ 66,026,699**

Note: U.S. dollar amounts, presented solely for the readers' convenience, are translated at ¥119.94=U.S.$1.00, the rate of exchange prevailing on the Tokyo foreign exchange market on September 30, 2015.

INTERIM NONCONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Shinsei Bank, Limited
For the six months ended September 30, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note)
	Sept. 30, 2015 (6 months)	Sept. 30, 2014 (6 months)	**Sept. 30, 2015 (6 months)**
Interest income:			
Interest on loans and bills discounted	**¥ 39,719**	¥ 37,780	**$ 331,163**
Interest and dividends on securities	**11,773**	15,113	**98,163**
Interest on deposits with banks	**466**	643	**3,886**
Other interest income	**880**	1,008	**7,337**
Total interest income	**52,839**	54,546	**440,549**
Interest expenses:			
Interest on deposits, including negotiable certificates of deposit	**3,928**	5,724	**32,750**
Interest and discounts on debentures	**15**	27	**130**
Interest on other borrowings	**1,150**	1,270	**9,591**
Interest on corporate bonds	**2,579**	3,812	**21,505**
Other interest expenses	**587**	379	**4,897**
Total interest expenses	**8,260**	11,213	**68,873**
Net interest income	**44,578**	43,332	**371,676**
Fees and commissions income	**10,613**	9,088	**88,490**
Fees and commissions expenses	**12,056**	9,310	**100,519**
Net fees and commissions	**(1,442)**	(221)	**(12,029)**
Net trading income	**2,745**	2,033	**22,887**
Other business income (loss), net:			
Net gain (loss) on monetary assets held in trust	**3,191**	7,201	**26,609**
Net gain (loss) on foreign exchanges	**3,879**	2,572	**32,345**
Net gain (loss) on securities	**1,882**	1,673	**15,695**
Net gain (loss) on other monetary claims purchased	**0**	15	**4**
Other, net	**260**	31	**2,169**
Net other business income (loss)	**9,213**	11,494	**76,822**
Total revenue	**55,095**	56,639	**459,356**
General and administrative expenses:			
Personnel expenses	**13,941**	12,952	**116,240**
Premises expenses	**5,963**	5,957	**49,723**
Technology and data processing expenses	**4,150**	4,159	**34,605**
Advertising expenses	**3,334**	3,237	**27,802**
Consumption and property taxes	**2,551**	2,239	**21,272**
Deposit insurance premium	**1,038**	2,101	**8,662**
Other general and administrative expenses	**6,728**	7,710	**56,101**
Total general and administrative expenses	**37,709**	38,358	**314,405**
Net business profit	**17,385**	18,280	**144,951**
Net credit costs (recoveries)	**(13,434)**	(1,951)	**(112,008)**
Other gains (losses), net	**(4,919)**	(74)	**(41,020)**
Income (loss) before income taxes	**25,899**	20,156	**215,939**
Income taxes (benefit):			
Current	**(105)**	(74)	**(882)**
Deferred	**772**	854	**6,443**
Net income (loss)	**¥ 25,232**	¥ 19,377	**$ 210,378**

Note: U.S. dollar amounts, presented solely for the readers' convenience, are translated at ¥119.94=U.S.$1.00, the rate of exchange prevailing on the Tokyo foreign exchange market on September 30, 2015.

INTERIM NONCONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

Shinsei Bank, Limited
For the six months ended September 30, 2015 and 2014

Millions of yen

				Retained earnings					
	Common stock	Capital surplus	Stock acquisition rights	Legal reserve	Unappropriated retained earnings	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Treasury stock, at cost	Total equity
BALANCE, April 1, 2015 (as previously reported)	**¥ 512,204**	**¥ 79,465**	**¥ 1,211**	**¥ 13,158**	**¥ 212,144**	**¥ 8,502**	**¥ (17,395)**	**¥ (72,558)**	**¥ 736,733**
Cumulative effect of accounting change									
BALANCE, April 1, 2015 (as restated)	**512,204**	**79,465**	**1,211**	**13,158**	**212,144**	**8,502**	**(17,395)**	**(72,558)**	**736,733**
Dividends				**530**	**(3,184)**				**(2,653)**
Net income (loss)					**25,232**				**25,232**
Purchase of treasury stock								**(0)**	**(0)**
Net change during the period			**(698)**			**(2,031)**	**172**		**(2,557)**
BALANCE, September 30, 2015	**¥ 512,204**	**¥ 79,465**	**¥ 512**	**¥ 13,689**	**¥ 234,192**	**¥ 6,470**	**¥ (17,222)**	**¥ (72,559)**	**¥ 756,754**

Millions of yen

				Retained earnings					
	Common stock	Capital surplus	Stock acquisition rights	Legal reserve	Unappropriated retained earnings	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Treasury stock, at cost	Total equity
BALANCE, April 1, 2014 (as previously reported)	¥ 512,204	¥ 79,465	¥ 1,221	¥ 12,628	¥ 172,395	¥ 5,140	¥ (11,013)	¥ (72,558)	¥ 699,483
Cumulative effect of accounting change					(2,807)				(2,807)
BALANCE, April 1, 2014 (as restated)	512,204	79,465	1,221	12,628	169,588	5,140	(11,013)	(72,558)	696,676
Dividends				530	(3,184)				(2,653)
Net income (loss)					19,377				19,377
Purchase of treasury stock								(0)	(0)
Net change during the period			(7)			1,492	(2,445)		(960)
BALANCE, September 30, 2014	¥ 512,204	¥ 79,465	¥ 1,214	¥ 13,158	¥ 185,781	¥ 6,632	¥ (13,458)	¥ (72,558)	¥ 712,439

Thousands of U.S. dollars (Note)

				Retained earnings					
	Common stock	Capital surplus	Stock acquisition rights	Legal reserve	Unappropriated retained earnings	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Treasury stock, at cost	Total equity
BALANCE, April 1, 2015 (as previously reported)	**$ 4,270,507**	**$ 662,547**	**$ 10,101**	**$ 109,712**	**$ 1,768,758**	**$ 70,887**	**$ (145,035)**	**$ (604,961)**	**$ 6,142,516**
Cumulative effect of accounting change									
BALANCE, April 1, 2015 (as restated)	**4,270,507**	**662,547**	**10,101**	**109,712**	**1,768,758**	**70,887**	**(145,035)**	**(604,961)**	**6,142,516**
Dividends				**4,425**	**(26,552)**				**(22,127)**
Net income (loss)					**210,378**				**210,378**
Purchase of treasury stock								**(0)**	**(0)**
Net change during the period			**(5,828)**			**(16,935)**	**1,442**		**(21,321)**
BALANCE, September 30, 2015	**$ 4,270,507**	**$ 662,547**	**$ 4,273**	**$ 114,137**	**$ 1,952,584**	**$ 53,952**	**$ (143,593)**	**$ (604,961)**	**$ 6,309,446**

Note: U.S. dollar amounts, presented solely for the readers' convenience, are translated at ¥119.94=U.S.$1.00, the rate of exchange prevailing on the Tokyo foreign exchange market on September 30, 2015.

CAPITAL ADEQUACY REQUIREMENT (BASEL ACCORD) PILLAR III (MARKET DISCIPLINE) DISCLOSURE

This chapter describes information that needs to be disclosed in disclosure documents related to the reported business year pursuant to the Financial Services Agency Notice No. 7 of 2014 (Basel Accord - Pillar III: Market Discipline) as the "matters concerning the status of capital adequacy separately prescribed by the Commissioner of the Financial Services Agency" as provided in Article 19-2 (1) (v) (d) of the Ordinance for Enforcement of the Banking Act (Ministry of Finance Ordinance No. 10 of 1982).
"Accord" in this chapter refers to the Financial Services Agency Notice No. 19 of 2006 (Basel Accord - Pillar I: Minimum Capital Ratio).

With regard to the internal controls related to the calculation of the capital adequacy ratio, we received an independent audit by Deloitte Touche Tohmatsu LLC in accordance with "Treatment of Inspection of the Capital Ratio Calculation Framework Based on Agreed-Upon Procedures" (JICPA Industry Committee Report No. 30). The certain procedures performed by the external auditor are not a part of the audit of the financial statements. The certain procedures are based on procedures agreed upon by us and the external auditor and are not a validation of appropriateness of the capital ratio itself or opinion on the internal controls related to the capital ratio.

COMPOSITION OF CAPITAL DISCLOSURE (CONSOLIDATED)

Shinsei Bank and subsidiaries

Millions of yen (except percentages)

As of September 30, 2015 Items	Basel III (Domestic Standard)	Amounts excluded under transitional arrangements
Core capital: instruments and reserves (1)		
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	¥ 763,339	
of which: capital and capital surplus	591,666	
of which: retained earnings	244,231	
of which: treasury stock (–)	(72,559)	
of which: earning to be distributed (–)	—	
of which: other than above	—	
Accumulated other comprehensive income (amount allowed to be included in Core capital)	2,369	¥ (138)
of which: foreign currency translation adjustment	2,404	
of which: amount related defined benefit	(34)	(138)
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	512	
Adjusted noncontrolling interests (amount allowed to be included in Core capital)	12	
Total of reserves included in Core capital: instruments and reserves	4,454	
of which: general reserve for loan losses included in Core capital	910	
of which: eligible provision included in Core capital	3,543	
Eligible noncumulative perpetual preferred shares subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	—	
Eligible capital instruments subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	83,319	
Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital: instruments and reserves)	—	
Land revaluation excess after 55% discount (amount allowed to be included in Core capital: instruments and reserves)	—	
Noncontrolling interests subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	4,028	
Core capital: instruments and reserves (A)	¥ 858,036	
Core capital: regulatory adjustments (2)		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 26,708	¥ 11,089
of which: goodwill (including those equivalent)	20,483	—
of which: other intangibles other than goodwill and mortgage servicing rights	6,224	11,089
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,139	4,558
Shortfall of eligible provisions to expected losses	—	—
Gain on sale of securitization	8,265	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—
Net defined benefit asset	494	1,977
Investments in own shares (excluding those reported in the net assets section)	1	5
Reciprocal cross-holdings in common equity	—	—
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	—	—
Amount exceeding the 10% threshold on specific items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Amount exceeding the 15% threshold on specific items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Core capital: regulatory adjustments (B)	¥ 36,608	
Capital (consolidated)		
Capital (consolidated)((A)–(B))(C)	¥ 821,427	
Risk-weighted assets (3)		
Total amount of credit risk-weighted assets	¥ 5,152,609	
of which: total amount included in risk-weighted assets by transitional arrangements	3,434	
of which: intangible assets (excluding those relating to goodwill and mortgage servicing rights)	11,089	
of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	4,558	
of which: net defined benefit asset	1,977	
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(14,201)	
of which: other than above	10	
Market risk (derived by multiplying the capital requirement by 12.5)	244,751	
Operational risk (derived by multiplying the capital requirement by 12.5)	359,105	
Credit risk adjustments	—	
Operational risk adjustments	—	
Total amount of Risk-weighted assets (D)	¥ 5,756,466	
Capital ratio (consolidated)		
Capital ratio (consolidated)((C)/(D))	14.26%	

COMPOSITION OF CAPITAL DISCLOSURE (CONSOLIDATED) (continued)

Shinsei Bank and subsidiaries

As of March 31, 2015 Items	Millions of yen (except percentages) Basel III (Domestic Standard)	Amounts excluded under transitional arrangements
Core capital: instruments and reserves (1)		
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	¥ 725,873	
of which: capital and capital surplus	591,666	
of which: retained earnings	209,419	
of which: treasury stock (–)	(72,558)	
of which: earning to be distributed (–)	(2,653)	
of which: other than above	—	
Accumulated other comprehensive income (amount allowed to be included in Core capital)	3,579	¥ (412)
of which: foreign currency translation adjustment	3,682	
of which: amount related defined benefit	(103)	(412)
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	1,211	
Adjusted noncontrolling interests (amount allowed to be included in Core capital)	—	
Total of reserves included in Core capital: instruments and reserves	2,781	
of which: general reserve for loan losses included in Core capital	764	
of which: eligible provision included in Core capital	2,017	
Eligible noncumulative perpetual preferred shares subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	—	
Eligible capital instruments subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	144,965	
Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital: instruments and reserves)	—	
Land revaluation excess after 55% discount (amount allowed to be included in Core capital: instruments and reserves)	—	
Noncontrolling interests subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	3,958	
Core capital: instruments and reserves (A)	¥ 882,368	
Core capital: regulatory adjustments (2)		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 30,140	¥ 10,768
of which: goodwill (including those equivalent)	23,197	—
of which: other intangibles other than goodwill and mortgage servicing rights	6,942	10,768
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,492	5,969
Shortfall of eligible provisions to expected losses	—	—
Gain on sale of securitization	8,323	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—
Net defined benefit asset	485	1,941
Investments in own shares (excluding those reported in the net assets section)	—	—
Reciprocal cross-holdings in common equity	—	—
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	—	—
Amount exceeding the 10% threshold on specific items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Amount exceeding the 15% threshold on specific items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Core capital: regulatory adjustments (B)	¥ 40,442	
Capital (consolidated)		
Capital (consolidated)((A)–(B))(C)	¥ 841,926	
Risk-weighted assets (3)		
Total amount of credit risk-weighted assets	¥5,127,565	
of which: total amount included in risk-weighted assets by transitional arrangements	(40,446)	
of which: intangible assets (excluding those relating to goodwill and mortgage servicing rights)	10,768	
of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	5,969	
of which: net defined benefit asset	1,941	
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(59,125)	
of which: other than above	—	
Market risk (derived by multiplying the capital requirement by 12.5)	176,106	
Operational risk (derived by multiplying the capital requirement by 12.5)	358,265	
Credit risk adjustments	—	
Operational risk adjustments	—	
Total amount of Risk-weighted assets (D)	¥5,661,936	
Capital ratio (consolidated)		
Capital ratio (consolidated)((C)/(D))	14.86%	

COMPOSITION OF CAPITAL DISCLOSURE (CONSOLIDATED) (continued)

Shinsei Bank and subsidiaries

As of September 30, 2014 Items	Millions of yen (except percentages) Basel III (Domestic Standard)	Amounts excluded under transitional arrangements
Core capital: instruments and reserves (1)		
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	¥ 689,589	
of which: capital and capital surplus	591,666	
of which: retained earnings	170,482	
of which: treasury stock (–)	(72,558)	
of which: earning to be distributed (–)	—	
of which: other than above	—	
Accumulated other comprehensive income (amount allowed to be included in Core capital)	1,234	¥ (4,623)
of which: foreign currency translation adjustment	1,234	
of which: amount related defined benefit	—	(4,623)
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	1,214	
Adjusted noncontrolling interests (amount allowed to be included in Core capital)	—	
Total of reserves included in Core capital: instruments and reserves	2,476	
of which: general reserve for loan losses included in Core capital	2,476	
of which: eligible provision included in Core capital	—	
Eligible noncumulative perpetual preferred shares subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	—	
Eligible capital instruments subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	158,967	
Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital: instruments and reserves)	—	
Land revaluation excess after 55% discount (amount allowed to be included in Core capital: instruments and reserves)	—	
Noncontrolling interests subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	4,467	
Core capital: instruments and reserves (A)	¥ 857,949	
Core capital: regulatory adjustments (2)		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 30,829	¥ 12,040
of which: goodwill (including those equivalent)	25,904	—
of which: other intangibles other than goodwill and mortgage servicing rights	4,924	12,040
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	6,925
Shortfall of eligible provisions to expected losses	4,701	—
Gain on sale of securitization	9,378	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—
Net defined benefit asset	—	1,856
Investments in own shares (excluding those reported in the net assets section)	—	—
Reciprocal cross-holdings in common equity	—	—
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	—	—
Amount exceeding the 10% threshold on specific items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Amount exceeding the 15% threshold on specific items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Core capital: regulatory adjustments (B)	¥ 44,909	
Capital (consolidated)		
Capital (consolidated)((A)–(B))(C)	¥ 813,039	
Risk-weighted assets (3)		
Total amount of credit risk-weighted assets	¥5,386,328	
of which: total amount included in risk-weighted assets by transitional arrangements	(26,350)	
of which: intangible assets (excluding those relating to goodwill and mortgage servicing rights)	12,040	
of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	6,925	
of which: net defined benefit asset	1,856	
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(47,172)	
of which: other than above	—	
Market risk (derived by multiplying the capital requirement by 12.5)	152,997	
Operational risk (derived by multiplying the capital requirement by 12.5)	347,586	
Credit risk adjustments	—	
Operational risk adjustments	—	
Total amount of Risk-weighted assets (D)	¥5,886,912	
Capital ratio (consolidated)		
Capital ratio (consolidated)((C)/(D))	13.81%	

COMPOSITION OF CAPITAL DISCLOSURE (NONCONSOLIDATED)

Shinsei Bank

Millions of yen (except percentages)

As of September 30, 2015 Items	Basel III (Domestic Standard)	Amounts excluded under transitional arrangements
Core capital: instruments and reserves (1)		
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	¥ 766,993	
of which: capital and capital surplus	591,670	
of which: retained earnings	247,882	
of which: treasury stock (–)	(72,559)	
of which: earning to be distributed (–)	—	
of which: other than above	—	
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	512	
Total of reserves included in Core capital: instruments and reserves	220	
of which: general reserve for loan losses included in Core capital	220	
of which: eligible provision included in Core capital	—	
Eligible noncumulative perpetual preferred shares subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	—	
Eligible capital instruments subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	83,319	
Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital: instruments and reserves)	—	
Land revaluation excess after 55% discount (amount allowed to be included in Core capital: instruments and reserves)	—	
Core capital: instruments and reserves (A)	¥ 851,047	
Core capital: regulatory adjustments (2)		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 2,332	¥ 4,410
of which: goodwill (including those equivalent)	660	—
of which: other intangibles other than goodwill and mortgage servicing rights	1,672	4,410
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	354	1,416
Shortfall of eligible provisions to expected losses	1,161	—
Gain on sale of securitization	8,265	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—
Prepaid pension cost	33	132
Investments in own shares (excluding those reported in the net assets section)	1	5
Reciprocal cross-holdings in common equity	—	—
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	—	—
Amount exceeding the 10% threshold on specific items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Amount exceeding the 15% threshold on specific items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Core capital: regulatory adjustments (B)	¥ 12,147	
Capital (nonconsolidated)		
Capital (nonconsolidated)((A)–(B))(C)	¥ 838,899	
Risk-weighted assets (3)		
Total amount of credit risk-weighted assets	¥ 4,958,426	
of which: total amount included in risk-weighted assets by transitional arrangements	(8,141)	
of which: intangible assets (excluding those relating to goodwill and mortgage servicing rights)	4,410	
of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,416	
of which: prepaid pension cost	132	
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(14,112)	
of which: other than above	10	
Market risk (derived by multiplying the capital requirement by 12.5)	172,448	
Operational risk (derived by multiplying the capital requirement by 12.5)	184,632	
Credit risk adjustments	—	
Operational risk adjustments	—	
Total amount of Risk-weighted assets (D)	¥ 5,315,507	
Capital ratio (nonconsolidated)		
Capital ratio (nonconsolidated)((C)/(D))	15.78%	

COMPOSITION OF CAPITAL DISCLOSURE (NONCONSOLIDATED) (continued)

Shinsei Bank

Millions of yen (except percentages)

As of March 31, 2015 Items	Basel III (Domestic Standard)	Amounts excluded under transitional arrangements
Core capital: instruments and reserves (1)		
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	¥ 741,761	
of which: capital and capital surplus	591,670	
of which: retained earnings	225,303	
of which: treasury stock (–)	(72,558)	
of which: earning to be distributed (–)	(2,653)	
of which: other than above	—	
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	1,211	
Total of reserves included in Core capital: instruments and reserves	1,639	
of which: general reserve for loan losses included in Core capital	196	
of which: eligible provision included in Core capital	1,442	
Eligible noncumulative perpetual preferred shares subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	—	
Eligible capital instruments subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	144,965	
Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital: instruments and reserves)	—	
Land revaluation excess after 55% discount (amount allowed to be included in Core capital: instruments and reserves)	—	
Core capital: instruments and reserves (A)	¥ 889,577	
Core capital: regulatory adjustments (2)		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 2,411	¥ 3,863
of which: goodwill (including those equivalent)	780	—
of which: other intangibles other than goodwill and mortgage servicing rights	1,631	3,863
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	399	1,598
Shortfall of eligible provisions to expected losses	—	—
Gain on sale of securitization	8,323	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—
Prepaid pension cost	—	—
Investments in own shares (excluding those reported in the net assets section)	—	—
Reciprocal cross-holdings in common equity	—	—
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	—	—
Amount exceeding the 10% threshold on specific items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Amount exceeding the 15% threshold on specific items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Core capital: regulatory adjustments (B)	¥ 11,135	
Capital (nonconsolidated)		
Capital (nonconsolidated)((A)–(B))(C)	¥ 878,442	
Risk-weighted assets (3)		
Total amount of credit risk-weighted assets	¥5,057,118	
of which: total amount included in risk-weighted assets by transitional arrangements	(56,275)	
of which: intangible assets (excluding those relating to goodwill and mortgage servicing rights)	3,863	
of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,598	
of which: prepaid pension cost	—	
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(61,737)	
of which: other than above	—	
Market risk (derived by multiplying the capital requirement by 12.5)	120,112	
Operational risk (derived by multiplying the capital requirement by 12.5)	183,098	
Credit risk adjustments	—	
Operational risk adjustments	—	
Total amount of Risk-weighted assets (D)	¥5,360,329	
Capital ratio (nonconsolidated)		
Capital ratio (nonconsolidated)((C)/(D))	16.38%	

COMPOSITION OF CAPITAL DISCLOSURE (NONCONSOLIDATED) (continued)

Shinsei Bank

As of September 30, 2014 Items	Basel III (Domestic Standard)	Amounts excluded under transitional arrangements
	Millions of yen (except percentages)	
Core capital: instruments and reserves (1)		
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	¥ 718,051	
of which: capital and capital surplus	591,670	
of which: retained earnings	198,939	
of which: treasury stock (–)	(72,558)	
of which: earning to be distributed (–)	—	
of which: other than above	—	
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	1,214	
Total of reserves included in Core capital: instruments and reserves	2,342	
of which: general reserve for loan losses included in Core capital	2,342	
of which: eligible provision included in Core capital	—	
Eligible noncumulative perpetual preferred shares subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	—	
Eligible capital instruments subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	158,967	
Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital: instruments and reserves)	—	
Land revaluation excess after 55% discount (amount allowed to be included in Core capital: instruments and reserves)	—	
Core capital: instruments and reserves (A)	¥ 880,576	
Core capital: regulatory adjustments (2)		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 1,631	¥ 4,297
of which: goodwill (including those equivalent)	900	—
of which: other intangibles other than goodwill and mortgage servicing rights	731	4,297
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	1,958
Shortfall of eligible provisions to expected losses	6,460	—
Gain on sale of securitization	9,378	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—
Prepaid pension cost	—	—
Investments in own shares (excluding those reported in the net assets section)	—	—
Reciprocal cross-holdings in common equity	—	—
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	—	—
Amount exceeding the 10% threshold on specific items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Amount exceeding the 15% threshold on specific items	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	—	—
of which: mortgage servicing rights	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—
Core capital: regulatory adjustments (B)	¥ 17,471	
Capital (nonconsolidated)		
Capital (nonconsolidated)((A)–(B))(C)	¥ 863,105	
Risk-weighted assets (3)		
Total amount of credit risk-weighted assets	¥5,362,377	
of which: total amount included in risk-weighted assets by transitional arrangements	(40,916)	
of which: intangible assets (excluding those relating to goodwill and mortgage servicing rights)	4,297	
of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,958	
of which: prepaid pension cost	—	
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(47,172)	
of which: other than above	—	
Market risk (derived by multiplying the capital requirement by 12.5)	137,584	
Operational risk (derived by multiplying the capital requirement by 12.5)	181,805	
Credit risk adjustments	—	
Operational risk adjustments	—	
Total amount of Risk-weighted assets (D)	¥5,681,767	
Capital ratio (nonconsolidated)		
Capital ratio (nonconsolidated)((C)/(D))	15.19%	

QUANTITATIVE DISCLOSURE (CONSOLIDATED)

1. NAMES OF SUBSIDIARIES THAT ARE OUTSIDE THE SCOPE OF REGULATORY CONSOLIDATION WITH LOWER LEVEL OF CAPITAL THAN REQUIRED LEVEL OF ADEQUACY CAPITAL AND AMOUNT OF SHORTAGE

• There are no companies that are subject to the above.

2. CAPITAL ADEQUACY

(1) AMOUNT OF REQUIRED CAPITAL FOR CREDIT RISK

Portfolios under the Standardized Approach (SA)

Millions of yen

	As of September 30, 2015	As of September 30, 2014
	Required capital amount	Required capital amount
Shinsei Bank[1]	**¥ 11,715**	¥ 45,747
Subsidiaries	**5,618**	6,117

1 "Power Smart Home Loan" included in "Shinsei Bank" had shifted to the F-IRB approach since March 31, 2015. The total amount of required capital under the standardized approach was ¥36,774 million as of September 30, 2014.

Portfolios under the Internal Ratings-Based Approach (IRB)

Millions of yen

	As of September 30, 2015	As of September 30, 2014
	Required capital amount	Required capital amount
Corporate (Excluding Specialized Lending)[1]	**¥ 153,086**	¥ 165,311
Specialized Lending[2]	**85,766**	96,986
Sovereign	**4,529**	3,607
Bank	**13,020**	15,540
Residential mortgages	**15,643**	1,335
Qualified revolving retails	**78,138**	87,107
Other retails	**138,092**	133,067
Equity	**21,099**	22,461
Regarded (Fund)	**21,355**	27,495
Securitization	**30,032**	27,051
Purchase receivables	**30,201**	38,437
Other assets	**5,419**	6,227
CVA risk	**8,310**	9,810
CCP risk	**36**	13
Total	**¥ 604,736**	¥ 634,454

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 nonrecourse loan.

(2) AMOUNT OF REQUIRED CAPITAL FOR EQUITY EXPOSURE UNDER IRB

Millions of yen

	As of September 30, 2015	As of September 30, 2014
	Required capital amount	Required capital amount
Market-Based Approach Simplified Method	**¥ 5,061**	¥ 2,810
PD/LGD Method	**5,711**	9,776
RW100% Applied	**0**	0
RW250% Applied	**10,326**	9,874
Total	**¥ 21,099**	¥ 22,461

(3) AMOUNT OF REQUIRED CAPITAL FOR REGARDED-METHOD EXPOSURE UNDER IRB

Millions of yen

	As of September 30, 2015	As of September 30, 2014
	Required capital amount	Required capital amount
Look Through	**¥ 2,807**	¥ 3,046
Revised Naivete Majority	**13,429**	17,500
Simplified [400%]	**966**	1,046
Simplified [1,250%]	**4,152**	5,901
Total	**¥ 21,355**	¥ 27,495

QUANTITATIVE DISCLOSURE (CONSOLIDATED) (continued)

(4) AMOUNT OF REQUIRED CAPITAL FOR MARKET RISK

Millions of yen

	As of September 30, 2015	As of September 30, 2014
	Required capital amount	Required capital amount
The Standardized Approach	**¥ 1,290**	¥ 768
Interest rate risk	**436**	428
Equity position risk	**1**	18
FX risk	**180**	209
Securitization risk	**670**	111
The Internal Models Approach (IMA) (General Market Risk)	**18,290**	11,471

(5) AMOUNT OF REQUIRED CAPITAL FOR OPERATIONAL RISK

Millions of yen

	As of September 30, 2015	As of September 30, 2014
	Required capital amount	Required capital amount
The Standardized Approach	**¥ 28,728**	¥ 27,806

(6) TOTAL REQUIRED CAPITAL (DOMESTIC STANDARD)

Millions of yen

	As of September 30, 2015	As of September 30, 2014
Total Required Capital (Risk-weighted Assets x 4%)	**¥ 230,258**	¥ 235,476

3. CREDIT RISK EXPOSURE (EXCLUDING SECURITIZATION AND REGARDED EXPOSURE)

(1) AMOUNT OF CREDIT RISK EXPOSURE

Geographic, Industries or Maturity

Millions of yen

	As of September 30, 2015				As of September 30, 2014			
	Amount of Credit Risk Exposure				Amount of Credit Risk Exposure			
	Total	**Loans, etc.[1]**	**Securities[2]**	**Derivatives[3]**	Total	Loans, etc.[1]	Securities[2]	Derivatives[3]
Manufacturing	**¥ 346,006**	**¥ 338,258**	**¥ 70**	**¥ 7,677**	¥ 335,806	¥ 326,557	¥ —	¥ 9,248
Agriculture	**650**	**650**	**—**	**—**	752	752	—	—
Mining	**800**	**800**	**—**	**—**	773	773	—	—
Construction	**46,092**	**46,048**	**36**	**6**	47,794	47,757	36	—
Electric power, gas, water supply	**242,120**	**234,723**	**—**	**7,397**	224,750	220,598	9	4,142
Information and communication	**59,425**	**59,409**	**—**	**16**	61,349	61,330	—	18
Transportation	**205,263**	**200,401**	**1,999**	**2,863**	219,828	215,538	1,998	2,291
Wholesale and retail	**199,627**	**193,077**	**—**	**6,549**	191,568	185,267	35	6,265
Finance and insurance	**1,728,848**	**1,629,099**	**75,199**	**24,549**	1,752,987	1,700,112	24,125	28,748
Real estate	**649,707**	**583,878**	**61,759**	**4,068**	613,256	511,080	99,110	3,065
Services	**465,825**	**463,675**	**1,546**	**603**	497,206	495,051	1,312	842
Government	**895,816**	**75,741**	**820,074**	**—**	1,298,633	87,051	1,211,582	—
Individuals	**2,529,262**	**2,529,231**	**—**	**30**	2,478,233	2,478,207	—	25
Others	**10,187**	**10,186**	**0**	**—**	48,616	48,615	0	—
Domestic Total	**7,379,634**	**6,365,184**	**960,685**	**53,764**	7,771,557	6,378,696	1,338,212	54,648
Foreign	**810,663**	**505,001**	**200,902**	**104,759**	707,940	399,775	99,253	208,911
Total	**¥ 8,190,298**	**¥ 6,870,185**	**¥ 1,161,588**	**¥ 158,524**	¥ 8,479,497	¥ 6,778,471	¥ 1,437,466	¥ 263,559
To 1 year	**1,214,385**	**1,033,508**	**158,439**	**22,437**	1,331,390	1,070,265	194,179	66,945
1 to 3 years	**1,607,229**	**1,437,301**	**137,554**	**32,374**	1,753,245	1,452,968	217,354	82,922
3 to 5 years	**1,402,036**	**843,212**	**535,101**	**23,722**	1,651,297	802,543	817,444	31,308
Over 5 years	**2,542,969**	**2,132,755**	**330,457**	**79,756**	2,248,542	1,957,939	208,220	82,382
Undated	**1,423,677**	**1,423,407**	**36**	**234**	1,495,020	1,494,753	266	—
Total	**¥ 8,190,298**	**¥ 6,870,185**	**¥ 1,161,588**	**¥ 158,524**	¥ 8,479,497	¥ 6,778,471	¥ 1,437,466	¥ 263,559

1 Excluding purchased receivables.
2 Excluding equity exposures.
3 Credit equivalent amount basis.

QUANTITATIVE DISCLOSURE (CONSOLIDATED) (continued)

(2) AMOUNT OF DEFAULT EXPOSURE BEFORE PARTIAL WRITE-OFF

Geographic, Industries

Millions of yen

	As of September 30, 2015	As of September 30, 2014
	Default Exposure	Default Exposure
Manufacturing	**¥ 2,639**	¥ 4,600
Agriculture	**15**	1
Mining	**—**	—
Construction	**1,766**	2,195
Electric power, gas, water supply	**—**	—
Information and communication	**537**	504
Transportation	**2,892**	1,953
Wholesale and retail	**2,775**	1,113
Finance and insurance	**4,278**	43,931
Real estate	**43,014**	75,487
Services	**3,576**	27,559
Government	**—**	—
Individuals	**141,627**	141,432
Others	**6,620**	5,313
Domestic Total	**209,743**	304,091
Foreign	**32,721**	33,325
Total	**¥ 242,465**	¥ 337,416

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

Millions of yen

	As of September 30, 2015			As of September 30, 2014		
	Start Amount	**Change Amount**	**End Amount**	Start Amount	Change Amount	End Amount
General	**¥ 59,088**	**¥ 3,780**	**¥ 62,868**	¥ 59,809	¥ (721)	¥ 59,088
Specific	**199,257**	**(31,927)**	**167,330**	227,478	(28,221)	199,257
Country	**0**	**—**	**0**	0	—	0
Total	**¥ 258,347**	**¥ (28,147)**	**¥ 230,200**	¥ 287,288	¥ (28,941)	¥ 258,347

Geographic

Millions of yen

	As of September 30, 2015				As of September 30, 2014			
	Reserve Amount				Reserve Amount			
	Total	**General**	**Specific**	**Country**	Total	General	Specific	Country
Domestic	**¥ 193,907**	**¥ 56,517**	**¥ 137,389**	**¥ —**	¥ 223,258	¥ 53,175	¥ 170,082	¥ —
Foreign	**36,292**	**6,350**	**29,940**	**0**	35,088	5,912	29,174	0
Total	**¥ 230,200**	**¥ 62,868**	**¥ 167,330**	**¥ 0**	¥ 258,347	¥ 59,088	¥ 199,257	¥ 0

QUANTITATIVE DISCLOSURE (CONSOLIDATED) (continued)

Industries	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
	Reserve Amount	Reserve Amount
Manufacturing	**¥ 4,556**	¥ 4,973
Agriculture	**23**	23
Mining	**4**	3
Construction	**1,207**	1,265
Electric power, gas, water supply	**604**	434
Information and communication	**508**	564
Transportation	**2,375**	1,546
Wholesale and retail	**3,904**	2,413
Finance and insurance	**1,636**	11,682
Real estate	**25,542**	39,972
Services	**6,336**	17,198
Government	**50**	67
Individuals	**139,275**	133,609
Others	**4,668**	6,233
Foreign	**36,292**	35,088
Non-classified	**3,214**	3,268
Total	**¥ 230,200**	¥ 258,347

(4) AMOUNT OF WRITE-OFFS

Industries	Millions of yen	
	Six months ended September 30, 2015	Six months ended September 30, 2014
	Amount of write-off	Amount of write-off
Manufacturing	**¥ 45**	¥ 82
Agriculture	**1**	—
Mining	**—**	—
Construction	**9**	8
Electric power, gas, water supply	**—**	—
Information and communication	**0**	5
Transportation	**42**	0
Wholesale and retail	**39**	138
Finance and insurance	**—**	16,371
Real estate	**10,625**	6,386
Services	**1,142**	347
Government	**—**	—
Individuals	**12,448**	11,238
Others	**0**	0
Foreign	**55**	1,336
Non-classified	**—**	—
Total	**¥ 24,412**	¥ 35,914

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

	Millions of yen			
	As of September 30, 2015		As of September 30, 2014	
	Rated	**Unrated**	Rated	Unrated
0%	**¥ 31**	**¥ 6,698**	¥ 9	¥ 1,812
10%	**—**	**—**	—	—
20%	**14,957**	**29**	72,152	30
35%	**—**	**6,954**	—	996,658
50%	**40,796**	**3,711**	310	5,923
75%	**—**	**231,463**	—	332,112
100%	**434**	**26,082**	379	29,904
150%	**—**	**1,233**	—	1,702
350%	**—**	**—**	—	—
1,250%	**—**	**—**	—	—
Total	**¥ 56,219**	**¥ 276,173**	¥ 72,851	¥ 1,368,143

QUANTITATIVE DISCLOSURE (CONSOLIDATED) (continued)

(6) SPECIALIZED LENDING EXPOSURE UNDER SLOTTING CRITERIA AND EQUITY EXPOSURE UNDER MARKET-BASED SIMPLIFIED METHOD

Specialized lending excluding high-volatility commercial real estate

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
Risk weight ratio	**Amount of Exposure**	Amount of Exposure
50%	**¥ 27,816**	¥ 30,522
70%	**349,099**	219,869
90%	**139,695**	91,573
115%	**44,159**	56,619
250%	**54,932**	57,518
0% (Default)	**48,962**	57,468
Total	**¥ 664,665**	¥ 513,571

Specialized lending for high-volatility commercial real estate

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
Risk weight ratio	**Amount of Exposure**	Amount of Exposure
70%	**¥ 4,658**	¥ 7,071
95%	**3,382**	450
120%	**1,847**	1,016
140%	**9,739**	14,845
250%	**8,286**	15,699
0% (Default)	**—**	28,095
Total	**¥ 27,914**	¥ 67,177

Equity exposure under Market-Based Simplified Method

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
Risk weight ratio	**Amount of Exposure**	Amount of Exposure
300%	**¥ 15,298**	¥ 3,663
400%	**5,363**	5,537
Total	**¥ 20,661**	¥ 9,201

QUANTITATIVE DISCLOSURE (CONSOLIDATED) (continued)

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

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

Corporate

Millions of yen (except percentages)

	As of September 30, 2015					As of September 30, 2014				
Credit Rating	**PD**	**LGD**	**Risk Weight**	**EAD (On-balance)**	**EAD (Off-balance)**	PD	LGD	Risk Weight	EAD (On-balance)	EAD (Off-balance)
0–4	**0.17%**	**44.86%**	**42.45%**	**¥ 1,512,394**	**¥ 192,017**	0.17%	44.88%	43.56%	¥ 1,430,232	¥ 175,799
5–6	**1.77%**	**44.07%**	**97.54%**	**587,169**	**38,881**	1.81%	44.36%	99.81%	541,427	33,074
9A	**10.10%**	**45.17%**	**193.78%**	**104,280**	**2,159**	10.47%	44.90%	193.65%	123,145	2,684
Default	**100.00%**	**44.06%**	**—**	**24,005**	**1,761**	100.00%	44.29%	—	55,100	1,006

Sovereign

Millions of yen (except percentages)

	As of September 30, 2015					As of September 30, 2014				
Credit Rating	**PD**	**LGD**	**Risk Weight**	**EAD (On-balance)**	**EAD (Off-balance)**	PD	LGD	Risk Weight	EAD (On-balance)	EAD (Off-balance)
0–4	**0.00%**	**45.00%**	**2.47%**	**¥ 2,124,369**	**¥1,718**	0.00%	44.99%	1.60%	¥ 2,597,489	¥ 1,434
5–6	**3.82%**	**45.00%**	**119.40%**	**0**	**—**	0.62%	45.00%	86.58%	—	76
9A	**10.10%**	**45.00%**	**206.14%**	**7**	**—**	—	—	—	—	—
Default	**100.00%**	**45.00%**	**—**	**20**	**—**	100.00%	45.00%	—	15	—

Bank

Millions of yen (except percentages)

	As of September 30, 2015					As of September 30, 2014				
Credit Rating	**PD**	**LGD**	**Risk Weight**	**EAD (On-balance)**	**EAD (Off-balance)**	PD	LGD	Risk Weight	EAD (On-balance)	EAD (Off-balance)
0–4	**0.11%**	**40.85%**	**35.18%**	**¥ 262,507**	**¥ 131,396**	0.10%	40.44%	30.67%	¥ 280,693	¥ 240,541
5–6	**1.02%**	**45.00%**	**78.42%**	**4,382**	**572**	2.68%	45.00%	132.10%	12,327	569
9A	**10.10%**	**45.00%**	**203.94%**	**3,071**	**299**	10.47%	45.00%	195.32%	595	—
Default	**—**	**—**	**—**	**—**	**—**	100.00%	45.00%	—	105	—

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

Millions of yen (except percentages)

	As of September 30, 2015				As of September 30, 2014			
Credit Rating	**PD**	**LGD**	**Risk Weight**	**Amount**	PD	LGD	Risk Weight	Amount
0–4	**0.16%**	**90.00%**	**233.52%**	**¥ 17,283**	0.15%	90.00%	235.09%	¥ 15,533
5–6	**1.01%**	**90.00%**	**314.41%**	**4,848**	1.28%	90.00%	330.69%	3,342
9A	**10.10%**	**90.00%**	**671.32%**	**59**	10.47%	90.00%	792.99%	7,766
Default	**100.00%**	**90.00%**	**1,125.00%**	**327**	100.00%	90.00%	1,125.00%	544

QUANTITATIVE DISCLOSURE (CONSOLIDATED) (continued)

- 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

Residential mortgage exposure

Millions of yen (except percentages)

	As of September 30, 2015							As of September 30, 2014						
Pool	PD	LGD	Risk Weight	EAD (On-balance)	EAD (Off-balance)	Undrawn Amount	Commitment CCF	PD	LGD	Risk Weight	EAD (On-balance)	EAD (Off-balance)	Undrawn Amount	Commitment CCF
Normal	0.07%	8.49%	11.63%	¥ 1,190,203	¥ 5,516	¥ —	—	1.21%	67.78%	86.65%	¥ 6,568	¥ 6,544	¥ —	—
Need caution	68.18%	27.09%	90.06%	1,875	170	—	—	92.41%	48.80%	44.97%	3	155	—	—
Default	100.00%	43.54%	50.44%	4,977	73	—	—	100.00%	58.99%	—	217	119	—	—

Qualified revolving retail exposure

Millions of yen (except percentages)

	As of September 30, 2015							As of September 30, 2014						
Pool	PD	LGD	Risk Weight	EAD (On-balance)	EAD (Off-balance)	Undrawn Amount	Commitment CCF	PD	LGD	Risk Weight	EAD (On-balance)	EAD (Off-balance)	Undrawn Amount	Commitment CCF
Normal	4.69%	70.44%	71.45%	¥ 300,500	¥ 106,526	¥ 2,322,363	4.58%	5.41%	70.79%	77.74%	¥ 314,716	¥ 113,615	¥ 2,289,446	4.96%
Need caution	80.63%	76.34%	111.50%	2,065	1	2,604	0.07%	81.94%	76.57%	106.21%	2,059	2	1,442	0.16%
Default	100.00%	74.20%	—	51,239	—	12,690	0.00%	100.00%	73.36%	—	55,101	—	—	—

Other retail exposure

Millions of yen (except percentages)

	As of September 30, 2015							As of September 30, 2014						
Pool	PD	LGD	Risk Weight	EAD (On-balance)	EAD (Off-balance)	Undrawn Amount	Commitment CCF	PD	LGD	Risk Weight	EAD (On-balance)	EAD (Off-balance)	Undrawn Amount	Commitment CCF
Normal	2.62%	60.64%	77.24%	¥ 404,951	¥ 569,830	¥ 42,522	1.09%	2.51%	59.22%	73.44%	¥ 371,988	¥ 590,977	¥ 24,611	1.11%
Need caution	74.06%	51.69%	90.84%	6,609	2,396	1	0.00%	75.71%	51.41%	86.14%	6,378	2,594	—	—
Default	100.00%	56.82%	0.91%	94,571	537	—	—	100.00%	56.58%	—	93,977	650	—	—

Note: LGD is shown after credit risk mitigation

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

Corporate, Sovereign & Bank

Millions of yen

	12 months ended September 30, 2015	12 months ended September 30, 2014	12 months ended September 30, 2013
Results of actual losses (a)	¥ 2,617	¥ 595	¥ 2,135
Expected losses (b)	10,770	11,768	15,312
Differences ((b) - (a))	8,153	11,173	13,176

Retail

Millions of yen

	12 months ended September 30, 2015	12 months ended September 30, 2014	12 months ended September 30, 2013
Results of actual losses (a)	¥ 15,690	¥ 15,692	¥ 9,315
Expected losses (b)	34,237	35,668	22,319
Differences ((b) - (a))	18,546	19,975	13,003

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, 2013, 2014 and 2015 for the Bank Group's non-default exposures at the start of the twelve-month period, with expected losses. The exposures for Housing Loans are calculated through the F-IRB approach starting from March 31, 2015.

QUANTITATIVE DISCLOSURE (CONSOLIDATED) (continued)

4. CREDIT RISK MITIGATION (CRM)

(1) COVERED AMOUNT OF CRM BY COLLATERAL

FIRB

Millions of yen

	As of September 30, 2015		As of September 30, 2014	
	Eligible financial collateral	**Other eligible FIRB collateral**	Eligible financial collateral	Other eligible FIRB collateral
Corporate	**¥ 2,938**	**¥ 164,857**	¥ 556	¥ 153,042
Sovereign	**—**	**—**	—	—
Bank	**37,274**	**—**	53,216	—
Total	**¥ 40,213**	**¥ 164,857**	¥ 53,773	¥ 153,042

(2) COVERED AMOUNT OF CRM BY GUARANTEE OR CREDIT DERIVATIVES

IRB

Millions of yen

	As of September 30, 2015	As of September 30, 2014
Corporate	**¥ 1,302**	¥ 1,784
Sovereign	**37,612**	45,523
Bank	**—**	30,000
Residential mortgages	**—**	—
Qualified revolving retail	**—**	—
Other retail	**—**	—
Total	**¥ 38,914**	¥ 77,307

5. COUNTERPARTY CREDIT RISK OF DERIVATIVES

Millions of yen

	As of September 30, 2015	As of September 30, 2014
Total amount of gross positive fair value	**¥ 393,872**	¥ 515,223
Amount of gross add-on	**125,093**	221,550
EAD before CRM	**518,965**	736,774
FX-related	**169,578**	221,283
Interest-related	**295,039**	296,143
Equity-related	**31,436**	84,585
Commodity-related	**—**	—
Credit derivatives	**22,766**	134,557
Others	**146**	203
Amount of net	**360,441**	473,214
EAD after net	**158,524**	263,559
Amount covered collateral	**—**	—
EAD after CRM	**158,524**	263,559

Note: Current Exposure Method

• Notional amount of credit derivatives which have counterparty risk

Millions of yen

	As of September 30, 2015		As of September 30, 2014	
Notional amount	**Protection-buy**	**Protection-sell**	Protection-buy	Protection-sell
Single name	**¥ 187,174**	**¥ 162,131**	¥ 243,687	¥ 198,024
Multi name	**52,500**	**46,500**	68,976	46,976

Not applicable for the following items;

• Amount covered collateral

• Notional amount of credit derivatives which cover exposures by CRM

QUANTITATIVE DISCLOSURE (CONSOLIDATED) (continued)

6. SECURITIZATION

SECURITIZATION EXPOSURE ORIGINATED BY THE BANK GROUP (CREDIT RISK)

(1) Amount of original assets

Securitization by transfer of assets

Millions of yen

	As of September 30, 2015	As of September 30, 2014
Type of original assets	**Amount of original assets**	Amount of original assets
Residential mortgages	**¥ 93,064**	¥ 136,777
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**—**	26,026
Others	**—**	—
Total	**¥ 93,064**	¥ 162,803

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 original assets in default or past due 3 months or more

Securitization by transfer of assets

Millions of yen

	As of September 30, 2015	As of September 30, 2014
Type of original assets	**Amount of Default**	Amount of Default
Residential mortgages	**¥ 435**	¥ 4,370
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**—**	26,026
Others	**—**	—
Total	**¥ 435**	¥ 30,396

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

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

Securitization by transfer of assets

Excluding resecuritization

Millions of yen

	As of September 30, 2015	As of September 30, 2014
Type of original assets	**Amount of Exposure**	Amount of Exposure
Residential mortgages	**¥ 49,463**	¥ 56,222
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**—**	1,334
Others	**—**	—
Total	**¥ 49,463**	¥ 57,556

QUANTITATIVE DISCLOSURE (CONSOLIDATED) (continued)

Resecuritization

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
Type of original assets	**Amount of Exposure**	Amount of Exposure
Residential mortgages	**¥ —**	¥ 835
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**—**	—
Others	**—**	—
Total	**¥ —**	¥ 835

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

Securitization by transfer of assets

Excluding resecuritization exposure

	Millions of yen			
	As of September 30, 2015		As of September 30, 2014	
Band of risk weight ratio	**Amount**	**Required capital amount**	Amount	Required capital amount
To 12%	**¥ 29,730**	**¥ 134**	¥ 1,342	¥ 7
Over 12% to 20%	**14,309**	**210**	44,413	710
Over 20% to 50%	**5,247**	**172**	—	—
Over 50% to 75%	**—**	**—**	—	—
Over 75% to 100%	**—**	**—**	11,800	944
Over 100% to 250%	**58**	**6**	—	—
Over 250% to 425%	**118**	**34**	—	—
Over 425% under 1,250%	**—**	**—**	—	—
Total	**¥ 49,463**	**¥ 558**	¥ 57,556	¥ 1,662

Resecuritization exposure

	Millions of yen			
	As of September 30, 2015		As of September 30, 2014	
Band of risk weight ratio	**Amount**	**Required capital amount**	Amount	Required capital amount
To 30%	**¥ —**	**¥ —**	¥ —	¥ —
Over 30% to 50%	**—**	**—**	835	31
Over 50% to 100%	**—**	**—**	—	—
Over 100% to 225%	**—**	**—**	—	—
Over 225% to 500%	**—**	**—**	—	—
Over 500% under 1,250%	**—**	**—**	—	—
Total	**¥ —**	**¥ —**	¥ 835	¥ 31

(5) Amount of increase of capital by securitization (to be deducted from capital)

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
Type of original assets	**Amount**	Amount
Residential mortgages	**¥ 8,265**	¥ 9,378
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**—**	—
Others	**—**	—
Total	**¥ 8,265**	¥ 9,378

QUANTITATIVE DISCLOSURE (CONSOLIDATED) (continued)

(6) Amount of securitization exposure applied risk weight 1,250%

Millions of yen

	As of September 30, 2015	As of September 30, 2014
Type of original assets	**Amount**	Amount
Residential mortgages	**¥ 1,916**	¥ 6,317
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**—**	—
Others	**—**	—
Total	**¥ 1,916**	¥ 6,317

Not applicable for the following items;

- Amount of assets held for securitization trade
- Summary of current year's securitization activities
- Amount of recognized gain/loss by original asset type during the first six months of FY2015
- Securitization exposure subject to early amortization
- Credit risk mitigation for resecuritization exposure

SECURITIZATION EXPOSURE IN WHICH THE BANK GROUP INVESTS

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

Excluding resecuritization exposure

Millions of yen

	As of September 30, 2015	As of September 30, 2014
Type of original assets	**Amount of Exposure**	Amount of Exposure
Residential mortgages	**¥ —**	¥ 2,202
Consumer loans	**—**	—
Commercial real estate loans	**73,097**	32,311
Corporate loans	**7,924**	18,190
Others	**24,478**	23,011
Total	**¥ 105,500**	¥ 75,715

Resecuritization exposure

Millions of yen

	As of September 30, 2015	As of September 30, 2014
Type of original assets	**Amount of Exposure**	Amount of Exposure
Residential mortgages	**¥ —**	¥ —
Consumer loans	**—**	—
Commercial real estate loans	**20,000**	24,047
Corporate loans	**8,967**	10,689
Others	**—**	—
Total	**¥ 28,967**	¥ 34,736

QUANTITATIVE DISCLOSURE (CONSOLIDATED) (continued)

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

Excluding resecuritization exposure

Millions of yen

	As of September 30, 2015		As of September 30, 2014	
Band of risk weight ratio	**Amount**	**Required capital amount**	Amount	Required capital amount
To 12%	**¥ 32,402**	**¥ 207**	¥ 34,754	¥ 207
Over 12% to 20%	**—**	**—**	8,649	110
Over 20% to 50%	**7,000**	**283**	—	—
Over 50% to 75%	**—**	**—**	—	—
Over 75% to 100%	**9,835**	**649**	—	—
Over 100% to 250%	**31,761**	**4,218**	4,926	792
Over 250% to 425%	**—**	**—**	27,384	7,029
Over 425% under 1,250%	**24,501**	**10,998**	—	—
Total	**¥ 105,500**	**¥ 16,358**	¥ 75,715	¥ 8,139

Resecuritization exposure

Millions of yen

	As of September 30, 2015		As of September 30, 2014	
Band of risk weight ratio	**Amount**	**Required capital amount**	Amount	Required capital amount
To 30%	**¥ 8,967**	**¥ 152**	¥ 14,736	¥ 258
Over 30% to 50%	**—**	**—**	—	—
Over 50% to 100%	**20,000**	**1,027**	20,000	1,091
Over 100% to 225%	**—**	**—**	—	—
Over 225% to 500%	**—**	**—**	—	—
Over 500% under 1,250%	**—**	**—**	—	—
Total	**¥ 28,967**	**¥ 1,179**	¥ 34,736	¥ 1,350

(3) Amount of securitization exposure applied risk weight 1,250%

Millions of yen

	As of September 30, 2015	As of September 30, 2014
Type of original assets	**Amount**	Amount
Residential mortgages	**¥ 1,482**	¥ 38
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**44**	65
Others	**—**	—
Total	**¥ 1,527**	¥ 103

Not applicable for the following items;

• Credit risk mitigation for resecuritization exposure

QUANTITATIVE DISCLOSURE (CONSOLIDATED) (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

Excluding resecuritization exposure

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
Type of original assets	**Amount of Exposure**	Amount of Exposure
Residential mortgages	**¥ 22,271**	¥ 2,430
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**—**	—
Others	**—**	—
Total	**¥ 22,271**	¥ 2,430

Resecuritization exposure

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
Type of original assets	**Amount of Exposure**	Amount of Exposure
Residential mortgages	**¥1,552**	¥ 2,212
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**—**	—
Others	**—**	—
Total	**¥1,552**	¥ 2,212

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

Excluding resecuritization exposure

	Millions of yen			
	As of September 30, 2015		As of September 30, 2014	
Band of risk weight ratio	**Amount**	**Required capital amount**	Amount	Required capital amount
1.6%	**¥ 18,162**	**¥ 290**	¥ 2,430	¥ 38
4%	**—**	**—**	—	—
8%	**4,109**	**328**	—	—
28%	**—**	**—**	—	—
Total	**¥ 22,271**	**¥ 618**	¥ 2,430	¥ 38

Resecuritization exposure

	Millions of yen			
	As of September 30, 2015		As of September 30, 2014	
Band of risk weight ratio	**Amount**	**Required capital amount**	Amount	Required capital amount
3.2%	**¥ 1,524**	**¥ 48**	¥ 2,183	¥ 69
8%	**28**	**2**	29	2
18%	**—**	**—**	—	—
52%	**—**	**—**	—	—
Total	**¥ 1,552**	**¥ 50**	¥ 2,212	¥ 72

Not applicable for the following items;

• Amount of securitization exposure targeted for comprehensive risk
• Amount of securitization exposure which should be deducted from capital under the Accord Article 302.5.2

QUANTITATIVE DISCLOSURE (CONSOLIDATED) (continued)

7. MARKET RISK (UNDER INTERNAL MODEL APPROACH)

(1) VAR AT THE END OF SEPTEMBER 2015 AND SEPTEMBER 2014 AND THE HIGH, MEAN AND LOW VAR

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
VaR at term end	**¥ 1,905**	¥ 787
VaR through this term		
High	**2,346**	1,619
Mean	**1,350**	919
Low	**567**	468

(2) STRESSED VAR AT THE END OF SEPTEMBER 2015 AND SEPTEMBER 2014 AND THE HIGH, MEAN AND LOW VAR

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
VaR at term end	**¥ 3,755**	¥ 3,265
VaR through this term		
High	**5,219**	3,794
Mean	**3,686**	2,703
Low	**2,575**	1,673

The trading portfolio experienced no losses that exceeded the specified VaR threshold.

Not applicable for the following items;

• The amount of required capital related to additional risk and comprehensive risk as of the period-end, as well as the maximum, minimum and average values for the amount of required capital for additional risk and comprehensive risk during the disclosure period

8. EQUITY EXPOSURE IN BANKING BOOK

(1) BOOK VALUE AND FAIR VALUE

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
Market-based approach		
Listed equity exposure	**¥ 15,465**	¥ 3,724
Unlisted equity exposure	**5,363**	5,537
PD/LGD method		
Listed equity exposure	**13,975**	11,933
Unlisted equity exposure	**8,533**	15,248

(2) GAIN OR LOSS ON SALE OR DEPRECIATION OF EQUITY EXPOSURE

	Millions of yen	
	Six months ended September 30, 2015	Six months ended September 30, 2014
Gain (loss) on sale	**¥ 4,544**	¥ 884
Loss of depreciation	**257**	574

QUANTITATIVE DISCLOSURE (CONSOLIDATED) (continued)

(3) 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, 2015	As of September 30, 2014
Unrealized gain (loss)	**¥ 9,162**	¥ 10,106

(4) AMOUNT OF EQUITY EXPOSURE

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
Market-Based Approach Simplified Method	**¥ 20,661**	¥ 9,201
PD/LGD Method	**22,519**	27,187
RW100% Applied	**1**	1
RW250% Applied	**48,710**	46,578

Not applicable for the following items;

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

9. AMOUNT OF REGARDED EXPOSURE UNDER THE ACCORD ARTICLE 167

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
Regarded exposure (fund)	**¥ 54,005**	¥ 65,577

10. 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, 2015	As of September 30, 2014
JPY	**¥ (85.6)**	¥ (100.0)
USD	**(1.8)**	(1.1)
Others	**(2.8)**	(2.8)
Total	**¥ (90.3)**	¥ (103.9)

QUANTITATIVE DISCLOSURE (NONCONSOLIDATED)

1. CAPITAL ADEQUACY

(1) AMOUNT OF REQUIRED CAPITAL FOR CREDIT RISK

Portfolios under the Standardized Approach (SA)

Millions of yen

	As of September 30, 2015	As of September 30, 2014
	Required capital amount	Required capital amount
Shinsei Bank	**¥ 11,715**	¥ 45,747
Housing loans[1]	**415**	37,035
Shinsei Bank Card Loan Lake	**11,300**	8,711

1 "Power Smart Home Loan" had shifted to the F-IRB approach since March 31, 2015. The total amount of required capital under the standardized approach was ¥36,774 million as of September 30, 2014.

Portfolios under the Internal Ratings-Based Approach (IRB)

Millions of yen

	As of September 30, 2015	As of September 30, 2014
	Required capital amount	Required capital amount
Corporate (Excluding Specialized Lending)[1]	**¥ 130,476**	¥ 149,030
Specialized Lending[2]	**82,532**	95,498
Sovereign	**4,499**	3,571
Bank	**12,897**	15,312
Residential mortgages	**14,481**	—
Qualified revolving retails	**—**	—
Other retails	**3**	—
Equity	**129,790**	142,884
Regarded (Fund)	**15,847**	19,589
Securitization	**31,398**	28,445
Purchase receivables	**30,103**	38,209
Other assets	**2,105**	2,299
CVA risk	**8,220**	9,779
CCP risk	**36**	13
Total	**¥ 462,392**	¥ 504,633

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 nonrecourse loan.

(2) AMOUNT OF REQUIRED CAPITAL FOR EQUITY EXPOSURE UNDER IRB

Millions of yen

	As of September 30, 2015	As of September 30, 2014
	Required capital amount	Required capital amount
Market-Based Approach Simplified Method	**¥ 7,755**	¥ 7,569
PD/LGD Method	**122,035**	135,105
RW100% Applied	**0**	0
RW250% Applied	**—**	209
Total	**¥ 129,790**	¥ 142,884

(3) AMOUNT OF REQUIRED CAPITAL FOR REGARDED-METHOD EXPOSURE UNDER IRB

Millions of yen

	As of September 30, 2015	As of September 30, 2014
	Required capital amount	Required capital amount
Look Through	**¥ 2,974**	¥ 3,222
Revised Naivete Majority	**6,541**	8,147
Simplified [400%]	**2,179**	2,318
Simplified [1,250%]	**4,152**	5,901
Total	**¥ 15,847**	¥ 19,589

QUANTITATIVE DISCLOSURE (NONCONSOLIDATED) (continued)

(4) AMOUNT OF REQUIRED CAPITAL FOR MARKET RISK

Millions of yen

	As of September 30, 2015	As of September 30, 2014
	Required capital amount	Required capital amount
The Standardized Approach	**¥ 320**	¥ 597
Interest rate risk	**181**	400
Equity position risk	**1**	18
FX risk	**137**	178
Securitization risk	**—**	—
The Internal Models Approach (IMA) (General Market Risk)	**¥ 13,474**	¥ 10,408

(5) AMOUNT OF REQUIRED CAPITAL FOR OPERATIONAL RISK

Millions of yen

	As of September 30, 2015	As of September 30, 2014
	Required capital amount	Required capital amount
The Standardized Approach	**¥ 14,770**	¥ 14,544

(6) TOTAL REQUIRED CAPITAL (DOMESTIC STANDARD)

Millions of yen

	As of September 30, 2015	As of September 30, 2014
Total Required Capital (Risk-weighted Assets x 4%)	**¥ 212,620**	¥ 227,270

2. CREDIT RISK EXPOSURE (EXCLUDING SECURITIZATION AND REGARDED EXPOSURE)

(1) AMOUNT OF CREDIT RISK EXPOSURE

Geographic, Industries or Maturity

Millions of yen

	As of September 30, 2015				As of September 30, 2014			
	Amount of Credit Risk Exposure				Amount of Credit Risk Exposure			
	Total	**Loans,etc.[1]**	**Securities[2]**	**Derivatives[3]**	Total	Loans,etc.[1]	Securities[2]	Derivatives[3]
Manufacturing	**¥ 282,806**	**¥ 275,058**	**¥ 70**	**¥ 7,677**	¥ 271,289	¥ 262,041	¥ —	¥ 9,248
Agriculture	**140**	**140**	**—**	**—**	213	213	—	—
Mining	**340**	**340**	**—**	**—**	171	171	—	—
Construction	**7,919**	**7,912**	**—**	**6**	10,199	10,199	—	—
Electric power, gas, water supply	**241,055**	**233,658**	**—**	**7,397**	224,590	220,438	9	4,142
Information and communication	**41,211**	**41,195**	**—**	**16**	45,227	45,208	—	18
Transportation	**173,375**	**168,512**	**1,999**	**2,863**	190,081	185,791	1,998	2,291
Wholesale and retail	**121,413**	**114,863**	**—**	**6,549**	114,228	107,927	35	6,265
Finance and insurance	**1,843,098**	**1,733,184**	**85,044**	**24,870**	1,911,363	1,844,206	36,014	31,142
Real estate	**643,694**	**577,865**	**61,759**	**4,068**	629,980	527,804	99,110	3,065
Services	**361,394**	**358,937**	**1,438**	**1,018**	398,394	394,058	1,205	3,130
Government	**885,476**	**65,402**	**820,074**	**—**	1,287,169	75,587	1,211,582	—
Individuals	**1,196,833**	**1,196,803**	**—**	**30**	1,140,077	1,140,051	—	25
Others	**28**	**28**	**—**	**—**	32	32	—	—
Domestic Total	**5,798,790**	**4,773,905**	**970,385**	**54,499**	6,223,021	4,813,736	1,349,956	59,329
Foreign	**792,217**	**470,503**	**219,631**	**102,082**	687,276	365,002	118,542	203,731
Total	**¥ 6,591,008**	**¥ 5,244,408**	**¥ 1,190,017**	**¥ 156,582**	¥ 6,910,298	¥ 5,178,738	¥ 1,468,499	¥ 263,060
To 1 year	**1,130,288**	**938,956**	**168,284**	**23,048**	1,258,972	997,096	194,179	67,695
1 to 3 years	**1,165,090**	**995,622**	**137,554**	**31,913**	1,216,056	916,276	217,354	82,425
3 to 5 years	**1,159,688**	**583,964**	**553,721**	**22,001**	1,463,094	596,079	836,625	30,389
Over 5 years	**2,060,771**	**1,651,102**	**330,457**	**79,212**	1,824,344	1,533,574	208,220	82,549
Undated	**1,075,168**	**1,074,761**	**—**	**406**	1,147,830	1,135,710	12,119	—
Total	**¥ 6,591,008**	**¥ 5,244,408**	**¥ 1,190,017**	**¥ 156,582**	¥ 6,910,298	¥ 5,178,738	¥ 1,468,499	¥ 263,060

1 Excluding purchased receivables.
2 Excluding equity exposures.
3 Credit equivalent amount basis.

QUANTITATIVE DISCLOSURE (NONCONSOLIDATED) (continued)

(2) AMOUNT OF DEFAULT EXPOSURE BEFORE PARTIAL WRITE-OFF

Geographic, Industries

Millions of yen

	As of September 30, 2015	As of September 30, 2014
	Default Exposure	Default Exposure
Manufacturing	**¥ 1,385**	¥ 2,750
Agriculture	**—**	—
Mining	**—**	—
Construction	**—**	544
Electric power, gas, water supply	**—**	—
Information and communication	**533**	500
Transportation	**1,490**	3
Wholesale and retail	**1,598**	571
Finance and insurance	**4,258**	43,925
Real estate	**42,526**	73,909
Services	**1,250**	25,807
Government	**—**	—
Individuals	**5,590**	6,076
Others	**—**	—
Domestic Total	**58,633**	154,087
Foreign	**31,165**	33,325
Total	**¥ 89,799**	¥ 187,412

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

Millions of yen

	As of September 30, 2015			As of September 30, 2014		
	Start Amount	**Change Amount**	**End Amount**	Start Amount	Change Amount	End Amount
General	**¥ 19,161**	**¥ 1,443**	**¥ 20,604**	¥ 19,937	¥ (776)	¥ 19,161
Specific	**97,801**	**(37,007)**	**60,794**	127,075	(29,274)	97,801
Country	**0**	**—**	**0**	0	—	0
Total	**¥ 116,963**	**¥ (35,564)**	**¥ 81,399**	¥ 147,013	¥ (30,050)	¥ 116,963

Geographic

Millions of yen

	As of September 30, 2015				As of September 30, 2014			
	Total	**General**	**Specific**	**Country**	Total	General	Specific	Country
Domestic	**¥ 45,791**	**¥ 14,938**	**¥ 30,853**	**¥ —**	¥ 83,740	¥ 14,242	¥ 69,497	¥ —
Foreign	**35,608**	**5,666**	**29,940**	**0**	33,222	4,918	28,303	0
Total	**¥ 81,399**	**¥ 20,604**	**¥ 60,794**	**¥ 0**	¥ 116,963	¥ 19,161	¥ 97,801	¥ 0

QUANTITATIVE DISCLOSURE (NONCONSOLIDATED) (continued)

Industries

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
	Reserve Amount	Reserve Amount
Manufacturing	**¥ 2,209**	¥ 2,217
Agriculture	**0**	0
Mining	**2**	0
Construction	**30**	102
Electric power, gas, water supply	**598**	433
Information and communication	**378**	406
Transportation	**1,698**	805
Wholesale and retail	**2,106**	841
Finance and insurance	**2,425**	12,215
Real estate	**24,966**	43,727
Services	**2,953**	13,926
Government	**—**	—
Individuals	**4,510**	5,154
Others	**3,908**	3,908
Foreign	**35,608**	33,222
Non-classified	**—**	—
Total	**¥ 81,399**	¥ 116,963

(4) AMOUNT OF WRITE-OFFS

Industries

	Millions of yen	
	Six months ended September 30, 2015	Six months ended September 30, 2014
	Amount of write-off	Amount of write-off
Manufacturing	**¥ —**	¥ —
Agriculture	**—**	—
Mining	**—**	—
Construction	**—**	—
Electric power, gas, water supply	**—**	—
Information and communication	**—**	—
Transportation	**3**	—
Wholesale and retail	**11**	—
Finance and insurance	**—**	16,371
Real estate	**10,621**	6,384
Services	**0**	—
Government	**—**	—
Individuals	**295**	20
Others	**—**	—
Foreign	**55**	1,336
Non-classified	**—**	—
Total	**¥ 10,986**	¥ 24,112

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

	Millions of yen			
	As of September 30, 2015		As of September 30, 2014	
	Rated	**Unrated**	Rated	Unrated
0%	**¥ —**	**¥ —**	¥ —	¥ —
10%	**—**	**—**	—	—
20%	**—**	**—**	—	—
35%	**—**	**6,954**	—	996,658
50%	**—**	**15**	—	1,866
75%	**—**	**191,962**	—	293,351
100%	**—**	**—**	—	1,439
150%	**—**	**22**	—	414
350%	**—**	**—**	—	—
1,250%	**—**	**—**	—	—
Total	**¥ —**	**¥ 198,954**	¥ —	¥ 1,293,731

QUANTITATIVE DISCLOSURE (NONCONSOLIDATED) (continued)

(6) SPECIALIZED LENDING EXPOSURE UNDER SLOTTING CRITERIA AND EQUITY EXPOSURE UNDER MARKET-BASED SIMPLIFIED METHOD

Specialized lending excluding high-volatility commercial real estate

Millions of yen

Risk weight ratio	As of September 30, 2015 Amount of Exposure	As of September 30, 2014 Amount of Exposure
50%	**¥ 27,816**	¥ 30,522
70%	**346,404**	214,941
90%	**139,695**	91,573
115%	**44,159**	56,619
250%	**45,549**	53,491
0% (Default)	**48,314**	57,468
Total	**¥ 651,939**	¥ 504,616

Specialized lending for high-volatility commercial real estate

Millions of yen

Risk weight ratio	As of September 30, 2015 Amount of Exposure	As of September 30, 2014 Amount of Exposure
70%	**¥ 4,658**	¥ 7,071
95%	**3,382**	450
120%	**1,847**	1,016
140%	**9,739**	14,845
250%	**8,286**	15,699
0% (Default)	**—**	28,095
Total	**¥ 27,914**	¥ 67,177

Equity exposure under Market-Based Simplified Method

Millions of yen

Risk weight ratio	As of September 30, 2015 Amount of Exposure	As of September 30, 2014 Amount of Exposure
300%	**¥ 13,440**	¥ 2,026
400%	**12,783**	20,796
Total	**¥ 26,223**	¥ 22,822

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

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

Corporate

Millions of yen (except percentages)

	As of September 30, 2015					As of September 30, 2014				
Credit Rating	**PD**	**LGD**	**Risk Weight**	**EAD (On-balance)**	**EAD (Off-balance)**	PD	LGD	Risk Weight	EAD (On-balance)	EAD (Off-balance)
0–4	**0.17%**	**44.86%**	**43.45%**	**¥ 1,495,922**	**¥ 192,744**	0.18%	44.88%	45.17%	¥ 1,452,225	¥ 178,383
5–6	**1.56%**	**43.96%**	**95.51%**	**521,113**	**38,866**	1.67%	44.29%	100.26%	483,596	33,033
9A	**10.10%**	**45.34%**	**188.35%**	**51,563**	**2,159**	10.47%	44.84%	185.45%	75,300	2,684
Default	**100.00%**	**43.43%**	**—**	**14,495**	**852**	100.00%	44.18%	—	47,675	1,006

Sovereign

Millions of yen (except percentages)

	As of September 30, 2015					As of September 30, 2014				
Credit Rating	**PD**	**LGD**	**Risk Weight**	**EAD (On-balance)**	**EAD (Off-balance)**	PD	LGD	Risk Weight	EAD (On-balance)	EAD (Off-balance)
0–4	**0.00%**	**45.00%**	**2.47%**	**¥ 2,106,074**	**¥1,718**	0.00%	44.99%	1.63%	¥ 2,527,053	¥ 1,434
5–6	**3.82%**	**45.00%**	**119.40%**	**0**	**—**	0.62%	45.00%	86.58%	—	76
9A	**10.10%**	**45.00%**	**206.14%**	**7**	**—**	—	—	—	—	—
Default	**100.00%**	**45.00%**	**—**	**20**	**—**	100.00%	45.00%	—	15	—

QUANTITATIVE DISCLOSURE (NONCONSOLIDATED) (continued)

Bank

Millions of yen (except percentages)

	As of September 30, 2015					As of September 30, 2014				
Credit Rating	**PD**	**LGD**	**Risk Weight**	**EAD (On-balance)**	**EAD (Off-balance)**	PD	LGD	Risk Weight	EAD (On-balance)	EAD (Off-balance)
0–4	**0.11%**	**40.61%**	**37.37%**	**¥ 235,618**	**¥ 136,106**	0.10%	40.27%	31.71%	¥ 254,599	¥ 247,635
5–6	**0.87%**	**45.00%**	**76.22%**	**2,702**	**572**	2.90%	45.00%	140.32%	10,483	569
9A	**10.10%**	**45.00%**	**203.94%**	**2,969**	**299**	10.47%	45.00%	196.44%	541	—
Default	**—**	**—**	**—**	**—**	**—**	100.00%	45.00%	—	50	—

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

Millions of yen (except percentages)

	As of September 30, 2015				As of September 30, 2014			
Credit Rating	**PD**	**LGD**	**Risk Weight**	**Amount**	PD	LGD	Risk Weight	Amount
0–4	**0.30%**	**90.00%**	**301.48%**	**¥ 408,877**	0.28%	90.00%	301.25%	¥ 408,407
5–6	**0.93%**	**90.00%**	**321.30%**	**9,008**	1.06%	90.00%	335.62%	7,124
9A	**10.10%**	**90.00%**	**893.75%**	**19,819**	10.47%	90.00%	882.59%	37,713
Default	**100.00%**	**90.00%**	**1,125.00%**	**26**	100.00%	90.00%	1,125.00%	543

• 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

Residential mortgage exposure

Millions of yen (except percentages)

	As of September 30, 2015							As of September 30, 2014						
Pool	**PD**	**LGD**	**Risk Weight**	**EAD (On-balance)**	**EAD (Off-balance)**	**Undrawn Amount**	**Commitment CCF**	PD	LGD	Risk Weight	EAD (On-balance)	EAD (Off-balance)	Undrawn Amount	Commitment CCF
Normal	**0.27%**	**19.72%**	**10.90%**	**¥ 1,184,890**	**¥ —**	**¥ —**	**—**							
Need caution	**65.95%**	**25.12%**	**94.20%**	**1,870**	**—**	**—**	**—**							
Default	**100.00%**	**42.71%**	**53.18%**	**4,790**	**—**	**—**	**—**							

Other retail exposure

Millions of yen (except percentages)

	As of September 30, 2015							As of September 30, 2014						
Pool	**PD**	**LGD**	**Risk Weight**	**EAD (On-balance)**	**EAD (Off-balance)**	**Undrawn Amount**	**Commitment CCF**	PD	LGD	Risk Weight	EAD (On-balance)	EAD (Off-balance)	Undrawn Amount	Commitment CCF
Normal	**0.37%**	**17.89%**	**11.07%**	**¥ 379**	**¥ —**	**¥ —**	**—**							
Need caution	**—**	**—**	**—**	**—**	**—**	**—**	**—**							
Default	**—**	**—**	**—**	**—**	**—**	**—**	**—**							

Note: LGD is shown after credit risk mitigation

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

Corporate, Sovereign & Bank

Millions of yen

	12 months ended September 30, 2015	12 months ended September 30, 2014	12 months ended September 30, 2013
Results of actual losses (a)	**¥ 1,808**	¥ 537	¥ 1,674
Expected losses (b)	**8,666**	10,437	14,184
Differences ((b) - (a))	**6,858**	9,900	12,510

QUANTITATIVE DISCLOSURE (NONCONSOLIDATED) (continued)

Retail

	Millions of yen		
	12 months ended September 30, 2015	12 months ended September 30, 2014	12 months ended September 30, 2013
Results of actual losses (a)	**¥ 245**		
Expected losses (b)	**1,291**		
Differences ((b) - (a))	**1,046**		

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, 2013, 2014 and 2015 for the Bank Group's non-default exposures at the start of the twelve-month period, with expected losses. The exposures for Housing Loans are calculated through the F-IRB approach starting from March 31, 2015 and are included above.

3. CREDIT RISK MITIGATION (CRM)

(1) COVERED AMOUNT OF CRM BY COLLATERAL

FIRB

	Millions of yen			
	As of September 30, 2015		As of September 30, 2014	
	Eligible financial collateral	**Other eligible FIRB collateral**	Eligible financial collateral	Other eligible FIRB collateral
Corporate	**¥ 2,938**	**¥ 164,857**	¥ 556	¥ 153,042
Sovereign	**—**	**—**	—	—
Bank	**37,274**	**—**	53,216	—
Total	**¥ 40,213**	**¥ 164,857**	¥ 53,773	¥ 153,042

(2) COVERED AMOUNT OF CRM BY GUARANTEE OR CREDIT DERIVATIVES

IRB

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
Corporate	**¥ 1,302**	¥ 1,784
Sovereign	**37,612**	45,523
Bank	**—**	30,000
Residential mortgages	**—**	—
Qualified revolving retail	**—**	—
Other retail	**—**	—
Total	**¥ 38,914**	¥ 77,307

4. COUNTERPARTY CREDIT RISK OF DERIVATIVES

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
Total amount of gross positive fair value	**¥ 393,859**	¥ 528,465
Amount of gross add-on	**125,077**	220,940
EAD before CRM	**518,936**	749,405
FX-related	**170,572**	224,064
Interest-related	**294,580**	296,315
Equity-related	**22,708**	83,282
Commodity-related	**—**	—
Credit derivatives	**30,928**	145,538
Others	**146**	203
Amount of net	**362,354**	486,344
EAD after net	**156,582**	263,060
Amount covered collateral	**—**	—
EAD after CRM	**156,582**	263,060

Note: Current Exposure Method

QUANTITATIVE DISCLOSURE (NONCONSOLIDATED) (continued)

• Notional amount of credit derivatives which have counterparty risk

	Millions of yen			
	As of September 30, 2015		As of September 30, 2014	
Notional amount	**Protection-buy**	**Protection-sell**	Protection-buy	Protection-sell
Single name	**¥ 180,834**	**¥ 169,771**	¥ 222,597	¥ 222,414
Multi name	**49,500**	**49,500**	60,976	60,976

Not applicable for the following items;

• Amount covered collateral
• Notional amount of credit derivatives which cover exposures by CRM

5. SECURITIZATION

SECURITIZATION EXPOSURE ORIGINATED BY THE BANK (CREDIT RISK)

(1) Amount of original assets
Securitization by transfer of assets

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
Type of original assets	**Amount of original assets**	Amount of original assets
Residential mortgages	**¥ 93,064**	¥ 136,777
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**—**	26,026
Others	**156,766**	167,244
Total	**¥ 249,831**	¥ 330,048

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

(2) Amount of original assets in default or past due 3 months or more
Securitization by transfer of assets

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
Type of original assets	**Amount of Default**	Amount of Default
Residential mortgages	**¥ 435**	¥ 4,370
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**—**	26,026
Others	**—**	—
Total	**¥ 435**	¥ 30,396

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

(3) Amount of securitization exposure the Bank has by type of original assets
Securitization by transfer of assets
Excluding resecuritization

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
Type of original assets	**Amount of Exposure**	Amount of Exposure
Residential mortgages	**¥ 49,463**	¥ 56,222
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**—**	1,334
Others	**132,593**	137,352
Total	**¥ 182,057**	¥ 194,909

QUANTITATIVE DISCLOSURE (NONCONSOLIDATED) (continued)

Resecuritization exposure

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
Type of original assets	**Amount of Exposure**	Amount of Exposure
Residential mortgages	**¥ —**	¥ 835
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**—**	—
Others	**—**	—
Total	**¥ —**	¥ 835

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

Securitization by transfer of assets

Excluding resecuritization exposure

	Millions of yen			
	As of September 30, 2015		As of September 30, 2014	
Band of risk weight ratio	**Amount**	**Required capital amount**	Amount	Required capital amount
To 12%	**¥ 159,824**	**¥ 1,457**	¥ 136,195	¥ 1,359
Over 12% to 20%	**16,809**	**253**	46,913	753
Over 20% to 50%	**5,247**	**172**	—	—
Over 50% to 75%	**—**	**—**	—	—
Over 75% to 100%	**—**	**—**	11,800	944
Over 100% to 250%	**58**	**6**	—	—
Over 250% to 425%	**118**	**34**	—	—
Over 425% under 1,250%	**—**	**—**	—	—
Total	**¥ 182,057**	**¥ 1,924**	¥ 194,909	¥ 3,056

Resecuritization exposure

	Millions of yen			
	As of September 30, 2015		As of September 30, 2014	
Band of risk weight ratio	**Amount**	**Required capital amount**	Amount	Required capital amount
To 30%	**¥ —**	**¥ —**	¥ —	¥ —
Over 30% to 50%	**—**	**—**	835	31
Over 50% to 100%	**—**	**—**	—	—
Over 100% to 225%	**—**	**—**	—	—
Over 225% to 500%	**—**	**—**	—	—
Over 500% under 1,250%	**—**	**—**	—	—
Total	**¥ —**	**¥ —**	¥ 835	¥ 31

(5) Amount of increase of capital by securitization (to be deducted from capital)

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
Type of original assets	**Amount**	Amount
Residential mortgages	**¥ 8,265**	¥ 9,378
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**—**	—
Others	**—**	—
Total	**¥ 8,265**	¥ 9,378

QUANTITATIVE DISCLOSURE (NONCONSOLIDATED) (continued)

(6) Amount of securitization exposure applied risk weight 1,250%

Millions of yen

Type of original assets	As of September 30, 2015 Amount	As of September 30, 2014 Amount
Residential mortgages	¥ 1,916	¥ 6,317
Consumer loans	—	—
Commercial real estate loans	—	—
Corporate loans	—	—
Others	—	—
Total	**¥ 1,916**	¥ 6,317

Not applicable for the following items;

- Amount of assets held for securitization trade
- Summary of current year's securitization activities
- Amount of recognized gain/loss by original asset type during the first six months of FY2015
- Securitization exposure subject to early amortization
- Credit risk mitigation for resecuritization exposure

SECURITIZATION EXPOSURE IN WHICH THE BANK INVESTS

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

Excluding resecuritization exposure

Millions of yen

Type of original assets	As of September 30, 2015 Amount of Exposure	As of September 30, 2014 Amount of Exposure
Residential mortgages	¥ —	¥ 2,202
Consumer loans	—	—
Commercial real estate loans	73,097	32,311
Corporate loans	7,924	18,190
Others	24,478	23,011
Total	**¥ 105,500**	¥ 75,715

Resecuritization exposure

Millions of yen

Type of original assets	As of September 30, 2015 Amount of Exposure	As of September 30, 2014 Amount of Exposure
Residential mortgages	¥ —	¥ —
Consumer loans	—	—
Commercial real estate loans	20,000	24,047
Corporate loans	8,967	10,689
Others	—	—
Total	**¥ 28,967**	¥ 34,736

QUANTITATIVE DISCLOSURE (NONCONSOLIDATED) (continued)

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

Excluding resecuritization exposure

	Millions of yen			
	As of September 30, 2015		As of September 30, 2014	
Band of risk weight ratio	**Amount**	**Required capital amount**	Amount	Required capital amount
To 12%	**¥ 32,402**	**¥ 207**	¥ 34,754	¥ 207
Over 12% to 20%	**—**	**—**	8,649	110
Over 20% to 50%	**7,000**	**283**	—	—
Over 50% to 75%	**—**	**—**	—	—
Over 75% to 100%	**9,835**	**649**	—	—
Over 100% to 250%	**31,761**	**4,218**	4,926	792
Over 250% to 425%	**—**	**—**	27,384	7,029
Over 425% under 1,250%	**24,501**	**10,998**	—	—
Total	**¥ 105,500**	**¥ 16,358**	¥ 75,715	¥ 8,139

Resecuritization exposure

	Millions of yen			
	As of September 30, 2015		As of September 30, 2014	
Band of risk weight ratio	**Amount**	**Required capital amount**	Amount	Required capital amount
To 30%	**¥ 8,967**	**¥ 152**	¥ 14,736	¥ 258
Over 30% to 50%	**—**	**—**	—	—
Over 50% to 100%	**20,000**	**1,027**	20,000	1,091
Over 100% to 225%	**—**	**—**	—	—
Over 225% to 500%	**—**	**—**	—	—
Over 500% under 1,250%	**—**	**—**	—	—
Total	**¥ 28,967**	**¥ 1,179**	¥ 34,736	¥ 1,350

(3) Amount of securitization exposure applied risk weight 1,250%

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
Type of original assets	**Amount**	Amount
Residential mortgages	**¥ 1,482**	¥ 38
Consumer loans	**—**	—
Commercial real estate loans	**—**	—
Corporate loans	**44**	65
Others	**—**	—
Total	**¥ 1,527**	¥ 103

Not applicable for the following items;

• Credit risk mitigation for resecuritization exposure

QUANTITATIVE DISCLOSURE (NONCONSOLIDATED) (continued)

6. MARKET RISK (UNDER INTERNAL MODEL APPROACH)

(1) VAR AT THE END OF SEPTEMBER 2015 AND SEPTEMBER 2014 AND THE HIGH, MEAN AND LOW VAR

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
VaR at term end	**¥ 1,288**	¥ 746
VaR through this term		
High	**1,761**	1,534
Mean	**954**	832
Low	**470**	397

(2) STRESSED VAR AT THE END OF SEPTEMBER 2015 AND SEPTEMBER 2014 AND THE HIGH, MEAN AND LOW VAR

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
VaR at term end	**¥ 2,513**	¥ 3,148
VaR through this term		
High	**4,286**	3,594
Mean	**2,791**	2,466
Low	**1,607**	1,492

The trading portfolio experienced no losses that exceeded the specified VaR threshold

Not applicable for the following items;

• The amount of required capital related to additional risk and comprehensive risk as of the period-end, as well as the maximum, minimum and average values for the amount of required capital for additional risk and comprehensive risk during the disclosure period

7. EQUITY EXPOSURE IN BANKING BOOK

(1) BOOK VALUE AND FAIR VALUE

	Millions of yen	
	As of September 30, 2015	As of September 30, 2014
Market-based approach		
Listed equity exposure	**¥ 13,607**	¥ 2,087
Unlisted equity exposure	**12,783**	20,796
PD/LGD method		
Listed equity exposure	**10,623**	10,266
Unlisted equity exposure	**427,103**	443,521

(2) GAIN OR LOSS ON SALE OR DEPRECIATION OF EQUITY EXPOSURE

	Millions of yen	
	Six months ended September 30, 2015	Six months ended September 30, 2014
Gain (loss) on sale	**¥ 420**	¥ 791
Loss of depreciation	**235**	331

QUANTITATIVE DISCLOSURE (NONCONSOLIDATED) (continued)

(3) 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, 2015	As of September 30, 2014
Unrealized gain (loss)	**¥ 5,803**	¥ 6,824

(4) AMOUNT OF EQUITY EXPOSURE

Millions of yen

	As of September 30, 2015	As of September 30, 2014
Market-Based Approach Simplified Method	**¥ 26,223**	¥ 22,822
PD/LGD Method	**437,732**	453,788
RW100% Applied	**1**	1
RW250% Applied	**0**	986

Not applicable for the following items;

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

8. AMOUNT OF REGARDED EXPOSURE UNDER THE ACCORD ARTICLE 167

Millions of yen

	As of September 30, 2015	As of September 30, 2014
Regarded exposure (fund)	**¥ 37,929**	¥ 42,441

9. 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, 2015	As of September 30, 2014
JPY	**¥ (39.6)**	¥ (62.4)
USD	**(1.8)**	(1.2)
Others	**(2.8)**	(2.8)
Total	**¥ (44.4)**	¥ (66.4)

CORPORATE INFORMATION

SHINSEI BANK GROUP

AS OF SEPTEMBER 30, 2015

As of September 30, 2015, the Shinsei Bank Group consisted of Shinsei Bank, Limited, 263 subsidiaries (comprising 175 consolidated companies including APLUS FINANCIAL Co., Ltd., Showa Leasing Co., Ltd., Shinsei Financial Co., Ltd. and Shinsei Principal Investments Ltd. and 88 unconsolidated subsidiaries) and 17 affiliated companies (17 affiliated companies accounted for using the equity method, such as Jih Sun Financial Holding Co., Ltd.). The Shinsei Bank Group provides a wide variety of financial products and services to domestic institutional and individual customers through the "Institutional Group," the "Global Markets Group," and the "Individual Group."

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 advising[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	Investment and 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]
Major Overseas Subsidiaries		
Shinsei International Limited	London, UK	Securities[2]
Shinsei Finance (Cayman), Limited	Grand Cayman, Cayman Islands	Finance[4]
Shinsei Finance II (Cayman), Limited	Grand Cayman, Cayman Islands	Finance[4]
OJBC Co. Ltd.	Tortola, British Virgin Islands	Financial holding company[3]
Nippon Wealth Limited	Kowloon, Hong Kong	Investment trust and discretionary investment advising[3]
Major Affiliates Accounted for Using the Equity Method		
Jih Sun Financial Holding Co., Ltd.	Taipei, Taiwan	Financial holding company[1]

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

EMPLOYEES

	Six months ended September 30, 2014	FY2014	**Six months ended September 30, 2015**
Consolidated			
Number of Employees	5,265	5,300	**5,375**
Nonconsolidated			
Number of Employees	2,164	2,186	**2,218**
Male	1,235	1,249	**1,276**
Female	929	937	**942**
Average age	40 years 0 months	40 years 4 months	**40 years 2 months**
Average years of service	11 years 0 months	11 years 2 months	**11 years 3 months**
Average monthly salary	¥477 thousand	¥494 thousand	**¥479 thousand**

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

AS OF SEPTEMBER 30, 2015

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
100	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	91.5
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
100	1991.6	2008.9	100.0	100.0	—
100	1954.12	2007.12	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	—
$ 36	2013.6	—	50.0	50.0	—
HK$ 286	2013.8	—	100.0	—	100.0
NT$ 33,963	2002.2	2006.7	35.4	—	35.4

NETWORK

AS OF NOVEMBER 30, 2015

DOMESTIC OUTLETS:

AS OF NOVEMBER 30, 2015

34 outlets (28 branches including head office, 6 annexes)

Hokkaido

Sapporo Branch

Tohoku

Sendai Branch

Kanto (Excluding Tokyo)

Omiya Branch
Ikebukuro Branch—Kawaguchi Annex
Kashiwa Branch
Tsudanuma Branch
Yokohama Branch
Fujisawa Branch

Tokyo

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

Hokuriku

Kanazawa Branch

Tokai

Nagoya Branch

Kinki

Kyoto Branch
Osaka Branch
Umeda Branch
Umeda Branch—Hankyu Umeda Annex
Umeda Branch—Senri Chuo Annex
Umeda Branch—Takatsuki Annex
Namba Branch
Namba Branch—Sakai Higashi Annex
Kobe Branch

Chugoku

Hiroshima Branch

Shikoku

Takamatsu Branch

Kyushu

Fukuoka Branch

SHINSEI BANK CARD LOAN—LAKE UNSTAFFED BRANCHES:

AS OF NOVEMBER 30, 2015

Shinsei Bank Card Loan—Lake unstaffed branches	758 locations

PARTNER TRAIN STATION AND CONVENIENCE STORE ATMS:

AS OF NOVEMBER 30, 2015

Seven Bank, Ltd. ATMs	20,241 locations
E-net ATMs	13,271 locations
Lawson ATM Networks ATMs	11,023 locations
VIEW ALTTE ATMs	304 locations

STOCK INFORMATION
AS OF SEPTEMBER 30, 2015

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[1]	—	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[1]	—	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[1]	—	451,296	—	18,558	Cancellation of treasury shares (common) -85,000 thousand shares
August 1, 2007	(100,000)	1,748,098[1]	—	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[1]	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

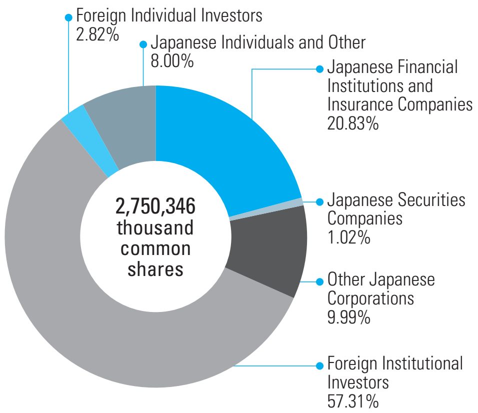
1 Figures include number of preferred shares outstanding

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)	98,747	3.59
6	SHINSEI BANK, LIMITED	96,428	3.50
7	JP MORGAN CHASE BANK 380055	95,209	3.46
8	J. CHRISTOPHER FLOWERS	76,753	2.79
9	STATE STREET BANK AND TRUST COMPANY	75,063	2.72
10	BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	71,156	2.58
11	JAPAN TRUSTEE SERVICE BANK, LTD. (TRUST ACCOUNT)	68,359	2.48
	Total (includes treasury shares)	2,750,346	100.00

Notes: 1 As of September 30, 2015, a group of investors, including affiliates of J.C. Flowers & Co. LLC., holds 553,663,517 common shares or 20.86% of Shinsei Bank's outstanding common shares, excluding treasury shares.
2 As of September 30, 2015, in total, the Deposit Insurance Corporation and the Resolution and Collection Corporation hold 469,128,888 common shares or 17.67% of Shinsei Bank's outstanding common shares, excluding treasury shares.

Largest Shareholders



Notes: 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 NOVEMBER 30, 2015

	Long-Term (Outlook)	Short-Term
Moody's	Baa3 (Positive)	Prime-3
Standard and Poor's (S&P)	BBB+ (Negative)	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 and services for institutional customers, as well as the various solutions provided to customers based upon their business area, company lifecycle stage and company needs.

Additionally, information regarding branches, affiliates and market reports (Japanese language only) is also available.

CORPORATE/IR

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

The Corporate/IR website contains information on our corporate and management profiles, history, medium-term management plan, CSR initiatives and corporate governance. It also provides our news release, equity- and debt-related information, financial information and IR calendar.