

Quarterly Consolidated Financial Statements and Notes

For the Three-Month Period Ended June 30, 2012

*This is an English translation of quarterly consolidated financial statements and notes of Shinsei Bank, Limited (the "Bank") and its consolidated subsidiaries (collectively, the "Group") prepared in Japanese under JGAAP. Please note that this translation is provided for your reference and convenience only, pursuant to Rule 12g3-2(b) under the U.S. Securities Exchange Act of 1934. In the event of any discrepancy between the translation and the Japanese original, the Japanese original shall take precedence over this translation.

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

Quarterly Consolidated Balance Sheets

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

(Millions of yen)

	March 31, 2012	June 30, 2012
ASSETS		
Cash and due from banks	¥ 413,721	¥ 373,590
Call loans and bills bought	15,745	8,595
Receivables under resale agreements	18,362	38,387
Receivables under securities borrowing transactions	114,080	35,116
Other monetary claims purchased	130,943	129,041
Trading assets	202,675	211,866
Monetary assets held in trust	267,628	262,921
Securities	1,873,493	1,864,233
Loans and bills discounted	※1 4,136,827	※1 4,237,269
Foreign exchanges	18,896	16,772
Lease receivables and leased investment assets	197,432	195,363
Other assets	※1,※2 686,716	※1,※2 653,281
Premises and equipment	54,131	55,139
Intangible assets	※3,※4 81,053	※3,※4 77,181
Deferred issuance expenses for debentures	135	123
Deferred tax assets	15,834	15,457
Customers' liabilities for acceptances and guarantees	562,624	559,069
Reserve for credit losses	(180,633)	(170,283)
[Total assets]	¥ 8,609,672	¥ 8,563,125
LIABILITIES AND EQUITY		
Liabilities:		
Deposits	¥ 5,184,326	¥ 5,126,543
Negotiable certificates of deposit	178,084	206,721
Debentures	294,139	287,113
Call money and bills sold	210,163	120,158
Payables under securities lending transactions	148,590	91,255
Trading liabilities	176,044	154,781
Borrowed money	476,731	586,420
Foreign exchanges	11	18
Short-term corporate bonds	50,700	75,900
Corporate bonds	168,797	164,300
Other liabilities	465,698	494,148
Accrued employees' bonuses	7,262	2,152
Accrued directors' bonuses	40	8
Reserve for employees' retirement benefits	7,027	7,095
Reserve for directors' retirement benefits	231	250
Reserve for losses on interest repayments	50,913	45,813
Reserve under special law	1	1
Deferred tax liabilities	626	447
Acceptances and guarantees	562,624	559,069
[Total liabilities]	7,982,014	7,922,202
Equity:		
Shareholders' equity:		
Common stock	512,204	512,204
Capital surplus	79,461	79,461
Retained earnings	58,863	72,642
Treasury stock, at cost	(72,558)	(72,558)
[Total shareholders' equity]	577,970	591,750
Accumulated other comprehensive income:		
Unrealized gain (loss) on available-for-sale securities	(674)	(738)
Deferred gain (loss) on derivatives under hedge accounting	(11,754)	(11,797)
Foreign currency translation adjustments	(1,117)	(2,271)
[Total accumulated other comprehensive income]	(13,545)	(14,807)
Stock acquisition rights	1,354	1,338
Minority interests	61,877	62,641
[Total equity]	627,657	640,923
[Total liabilities and equity]	¥ 8,609,672	¥ 8,563,125

Quarterly Consolidated Statements of Income

Shinsei Bank, Limited, and Consolidated Subsidiaries

For the three-month periods ended June 30, 2011 and 2012

(Millions of yen)

	June 30, 2011 (3 months)	June 30, 2012 (3 months)
ORDINARY INCOME	¥ 118,381	¥ 95,328
Interest income	42,635	37,205
Interest on loans and bills discounted	37,018	32,254
Interest and dividends on securities	5,179	4,536
Fees and commissions income	12,744	10,076
Trading income	4,963	5,697
Other business income	※1 45,027	※1 35,454
Other ordinary income	※2 13,009	※2 6,893
ORDINARY EXPENSES	98,073	77,455
Interest expenses	11,356	9,003
Interest on deposits	7,464	5,892
Interest on borrowings	1,438	1,269
Interest on corporate bonds	1,436	1,267
Fees and commissions expenses	5,620	5,338
Trading losses	1,426	1,339
Other business expenses	※3 37,478	※3 22,043
General and administrative expenses	※4 34,845	※4 35,141
Other ordinary expenses	※5 7,346	※5 4,589
ORDINARY PROFIT	20,307	17,873
Extraordinary gains	197	401
Extraordinary losses	265	556
Income before income taxes and minority interests	20,238	17,718
Income taxes (benefit)	1,066	297
Income before minority interests	19,172	17,421
Minority interests in net income of subsidiaries	1,006	987
NET INCOME	¥ 18,165	¥ 16,433

Quarterly Consolidated Statements of Comprehensive Income

Shinsei Bank, Limited, and Consolidated Subsidiaries

For the three-month periods ended June 30, 2011 and 2012

(Millions of yen)

	June 30, 2011 (3 months)	June 30, 2012 (3 months)
Income before minority interests	¥ 19,172	¥ 17,421
Other comprehensive income	2,719	(1,449)
Unrealized gain (loss) on available-for-sale securities	3,983	(179)
Deferred gain (loss) on derivatives under hedge accounting	(1,189)	(43)
Foreign currency translation adjustments	(42)	(958)
Share of other comprehensive income in affiliates	(31)	(267)
Comprehensive income	¥ 21,891	¥ 15,971

(Breakdown)

Attributable to:

Owners of the parent	20,905	15,171
Minority interests	985	800

Accounting Change

(Change in accounting policy which cannot be easily distinguished from change in accounting estimate)

From the first quarter of the fiscal year ending March 31, 2013, the Bank and its domestic consolidated subsidiaries changed the depreciation method for the tangible assets acquired on and after April 1, 2012 to the revised method along with the amendment of the corporation tax law. The impact of this change on net income for the three-month period ended June 30, 2012 was immaterial.

Accounting Method Specific to Quarterly Consolidated Financial Statements

(Income taxes)

Income taxes (benefit) are calculated based on income before income taxes and minority interests for the three-month period ended June 30, 2012 and the reasonably estimated effective tax rate for the fiscal year ending March 31, 2013.

Notes to Quarterly Consolidated Financial Statements

(Quarterly Consolidated Balance Sheets as of March 31, 2012 and June 30, 2012)

1. Risk-monitored loans included in “Loans and bills discounted” were as follows.

(Millions of yen)

	March 31, 2012	June 30, 2012
Loans to bankrupt obligors	¥8,145	¥13,326
Non-accrual delinquent loans	316,727	301,799
Loans past due for three months or more	1,754	1,182
Restructured loans	45,321	43,812

Risk-monitored credits included in installment receivables in “Other assets” were as follows:

(Millions of yen)

	March 31, 2012	June 30, 2012
Credits to bankrupt obligors	¥368	¥362
Non-accrual delinquent credits	10,259	9,594
Credits past due for three months or more	320	311
Restructured credits	1,564	1,375

The above amounts represent the outstanding balance before the reduction of the reserve for credit losses.

2. Installment receivables included in “Other assets” were as follows.

(Millions of yen)

	March 31, 2012	June 30, 2012
Installment receivables	¥347,935	¥348,554

3. Goodwill and negative goodwill are offset and the net amounts are included in “Intangible assets.” The gross amounts were as follows:

(Millions of yen)

	March 31, 2012	June 30, 2012
Goodwill	¥47,574	¥45,650
Negative goodwill	5,623	5,532
Net	¥41,951	¥40,117

4. “Intangible assets” include intangible assets that have been recognized by applying the purchase method to the acquisition of certain consolidated subsidiaries.

(Millions of yen)

	March 31, 2012	June 30, 2012
Intangible assets acquired in business combinations	¥16,262	¥15,268

(Quarterly Consolidated Statements of Income for the three-month periods ended June 30, 2011 and 2012)

1. In "Other business income," the following was included.

(Millions of yen)

	June 30, 2011 (3 months)	June 30, 2012 (3 months)
Leasing revenue	¥23,581	¥21,868

2. In "Other ordinary income," the following were included.

(Millions of yen)

	June 30, 2011 (3 months)	June 30, 2012 (3 months)
Recoveries of written-off claims	¥3,039	¥2,886
Gain on monetary assets held in trust	1,180	2,026
Gain on sale of equity securities	7,134	379

3. In "Other business expenses," the following was included.

(Millions of yen)

	June 30, 2011 (3 months)	June 30, 2012 (3 months)
Leasing cost	¥19,771	¥18,954

4. In "General and administrative expenses," the following were included.

(Millions of yen)

	June 30, 2011 (3 months)	June 30, 2012 (3 months)
Amortization of goodwill	¥1,993	¥1,833
Amortization of intangible assets acquired in business combinations ⁽¹⁾	1,115	994

Note (1) represents amortization of intangible assets that have been recognized by applying the purchase method to the acquisitions of Showa Leasing Co., Ltd., Shinsei Financial Co., Ltd. and their consolidated subsidiaries.

5. In "Other ordinary expenses," the following were included.

(Millions of yen)

	June 30, 2011 (3 months)	June 30, 2012 (3 months)
Provision of reserve for credit losses	¥4,517	¥1,470
Losses on write-off of loans	1,390	1,147
Write-off of equity securities	122	955

(Quarterly Consolidated Statements of Cash Flows for the three-month periods ended June 30, 2011 and 2012)

Quarterly consolidated statements of cash flows for the three-month periods ended June 30, 2011 and 2012 were not prepared. Depreciation, including amortization of intangible assets other than those acquired in business combination, and amortization of goodwill and intangible assets acquired in business combinations were as follows:

(Millions of yen)

	June 30, 2011 (3 months)	June 30, 2012 (3 months)
Depreciation (other than depreciation of leased assets as lessor)	¥2,442	¥2,598
Amortization of goodwill	1,993	1,833
Amortization of intangible assets acquired in business combinations	1,115	994

(Shareholders Equity)

Three-month period ended June 30, 2011

1. Dividends paid

(Resolution)	Type of shares	Total amount of dividend	Per share amount	Record date	Effective date	Source of dividend
The board of directors meeting on May 12, 2011	Common stock	¥2,653 million	¥1.00	March 31, 2011	June 2, 2011	Other retained earnings

2. There was no dividend of which the record date belongs to the three-month period ended June 30, 2011, and of which the effective date was after June 30, 2011.

Three-month period ended June 30, 2012

1. Dividends paid

(Resolution)	Type of shares	Total amount of dividend	Per share amount	Record date	Effective date	Source of dividend
The board of directors meeting on May 8, 2012	Common Stock	¥2,653 million	¥1.00	March 31, 2012	May 31, 2012	Other retained earnings

2. There was no dividend of which the record date belongs to the three-month period ended June 30, 2012, and of which the effective date was after June 30, 2012.

(Segment Information)

Three-month period ended June 30, 2011

1. Revenue and profit (loss) by reportable segment for the three-month period ended June 30, 2011

(Millions of yen)

	Institutional Group					Global Markets Group			
	Institutional Business Sub-Group	Structured Finance Sub-Group	Principal Transactions Sub-Group	Showa Leasing	Other Institutional Group	Financial Institutions Sub-Group	Markets Sub-Group	Treasury Sub-Group	Other Global Markets Group
Revenue	¥2,793	¥4,774	¥1,631	¥3,436	¥7,670	¥720	¥904	¥(1,302)	¥629
Net interest income	2,376	4,139	578	(913)	38	381	293	(1,857)	72
Non-interest income	417	634	1,053	4,349	7,631	339	610	555	556
Expenses	1,731	1,213	976	1,893	385	581	810	273	1,065
Net credit costs (recoveries)	(1,105)	2,003	134	(1,851)	398	255	(1,209)	-	(264)
Segment profit (loss)	¥2,167	¥1,556	¥520	¥3,394	¥6,886	¥(116)	¥1,303	¥(1,575)	¥(172)

	Individual Group				Corporate / Other	Total
	Retail Banking Sub-Group	Consumer Finance Sub-Group				
		Shinsei Financial	APLUS FINANCIAL	Other		
Revenue	¥10,387	¥13,754	¥12,350	¥460	¥(799)	¥57,410
Net interest income	8,117	14,991	3,414	420	(772)	31,279
Non-interest income	2,270	(1,237)	8,936	39	(27)	26,131
Expenses	7,859	7,666	7,262	90	(646)	31,163
Net credit costs (recoveries)	223	(326)	3,720	91	76	2,147
Segment profit (loss)	¥2,304	¥6,414	¥1,367	¥278	¥(229)	¥24,099

(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, net other business income, net gain and loss on monetary assets held in trust and equity related transactions. "Revenue" represents income and related cost attributable to our core business.

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

2. "Expenses" are general and administrative expenses deducting amortization of goodwill and other intangible assets, 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 or sales of loans, and recoveries of written-off claims.

4. "Shinsei Financial" includes profit/loss of Shinki Co., Ltd.

5. "Corporate/Other" includes company-wide accounts which are not included in reportable segments, allocation variance of indirect expenses and elimination amounts of inter-segment transactions.

2. Reconciliation between total segment profit and net ordinary income on the quarterly consolidated statement of income for the three-month period ended June 30, 2011

(Millions of yen)

Profit	Amount
Total segment profit	¥24,099
Amortization of goodwill	(1,993)
Amortization of other intangible assets	(1,115)
Lump-sum payments	(573)
Other	(110)
Net ordinary income on the quarterly consolidated statement of income	¥20,307

Three-month period ended June 30, 2012

1. Revenue and profit (loss) by reportable segment for the three-month period ended June 30, 2012

(Millions of yen)

	Institutional Group					Global Markets Group			
	Institutional Business Sub-Group	Structured Finance Sub-Group	Principal Transactions Sub-Group	Showa Leasing	Other Institutional Group	Financial Institutions Sub-Group	Markets Sub-Group	Treasury Sub-Group	Other Global Markets Group
Revenue	¥3,403	¥5,597	¥2,593	¥3,079	¥599	¥1,593	¥2,467	¥749	¥536
Net interest income	2,642	4,177	850	(652)	(59)	445	442	(880)	20
Non-interest income	761	1,420	1,743	3,732	659	1,148	2,024	1,629	515
Expenses	1,632	1,159	904	1,915	422	532	866	315	879
Net credit cost (recoveries)	284	163	(42)	(737)	421	(625)	(135)	-	(95)
Segment profit (loss)	¥1,486	¥4,274	¥1,732	¥1,900	¥ (244)	¥1,686	¥1,736	¥434	¥ (247)

	Individual Group				Corporate / Other	Total
	Retail Banking Sub-Group	Consumer Finance Sub-Group				
		Shinsei Financial	APLUS FINANCIAL	Other		
Revenue	¥8,480	¥11,391	¥11,692	¥407	¥ (517)	¥52,075
Net interest income	6,616	12,296	2,568	360	(627)	28,202
Non-interest income	1,864	(904)	9,123	47	109	23,873
Expenses	7,736	7,337	8,232	120	(259)	31,797
Net credit costs (recoveries)	33	(1,591)	1,541	(16)	131	(667)
Segment profit (loss)	¥709	¥5,645	¥1,918	¥303	¥ (389)	¥20,946

(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, net other business income, net gain and loss on monetary assets held in trust and equity related transactions. "Revenue" represents income and related cost attributable to our core business.

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

2. "Expenses" are general and administrative expenses deducting amortization of goodwill and other intangible assets, amortization of net actuarial gains or losses of retirement benefit cost and lump-sum payments.
3. "Net credit cost (recoveries)" consists of provision/reversal of reserve for credit losses, losses on write-off or sales of loans, and recoveries of written-off claims.
4. "Shinsei Financial" includes profit/loss on the secured personal card loan business which

was transferred from Shinsei Financial to the Bank as of October 1, 2011, as well as profit/loss of Shinki Co., Ltd.

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

2. Reconciliation between the total segment profits and net ordinary income on the quarterly consolidated statement of income for the three-month period ended June 30, 2012

(Millions of yen)

Profit	Amount
Total segment profit	¥20,946
Amortization of goodwill	(1,833)
Amortization of other intangible assets	(994)
Lump-sum payments	(516)
Other	271
Net ordinary income on the quarterly consolidated statement of income	¥17,873

3. Change in Reportable Segments

Change in classification of reportable segments during the three-month period ended June 30, 2012

As of April 27, 2012, the Group abolished the Advisory Sub-Group included in the "Other Institutional Group" in the Institutional Group. Advisory businesses conducted in three divisions - the Corporate Advisory Division, the Solution Advisory Division, and the Asset Solutions Division, previously under the Advisory Sub-Group - were integrated into the newly created Corporate Advisory Division in the "Institutional Business Sub-Group" in the Institutional Group, which resulted in the change in classification of reportable segments.

"Revenue and profit (loss) by reporting segment" for the three-month periods ended June 30, 2011 and 2012 on the above tables are presented based on the new classification of reporting segments.

(Financial Instruments)

Fair values of financial instruments as of March 31, 2012

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain (loss)
(1) Other monetary claims purchased ^(*1)	¥129,747	¥129,827	¥79
(2) Trading assets			
Securities held for trading purposes	58,444	58,444	—
(3) Monetary assets held in trust ^(*1)	267,040	268,932	1,892
(4) Securities ^(*2)	1,773,311	1,780,345	7,033
(5) Loans and bills discounted ^(*3)	4,136,827		
Reserve for credit losses	(140,609)		
Net	3,996,218	4,106,373	110,155
(6) Lease receivables and leased investment assets ^(*1)	192,093	193,838	1,744
(7) Other assets			
Installment receivables	347,935		
Deferred gains on installment receivables	(11,840)		
Reserve for credit losses	(11,408)		
Net	324,686	340,682	15,996
(8) Deposits	5,184,326	5,213,642	(29,316)
(9) Negotiable certificates of deposit	178,084	178,048	36
(10) Debentures	294,139	295,192	(1,053)
(11) Trading liabilities			
Trading securities sold for short sales	48,058	48,058	—
(12) Borrowed money	476,731	475,280	1,450
(13) Short-term corporate bonds	50,700	50,700	—
(14) Corporate bonds	168,797	154,623	14,173
(15) Derivative instruments ^(*4)			
Hedge accounting is not applied	(25,567)	(25,567)	—
Hedge accounting is applied	(18,494)	(18,494)	—
Derivative instruments total	(44,062)	(44,062)	—

(Millions of yen)

	Contract amount	Fair Value
Other		
Guarantee contracts ^(*5)	¥562,624	¥(4,101)

(*1) Carrying amount of other monetary claims purchased, monetary assets held in trust, and lease receivables and leased investment assets are presented as the amount net of reserve for credit losses, because they are immaterial.

(*2) Equity securities without readily available market price and some of investments in partnerships are out of the scope of fair value disclosure because their fair values cannot be

reliably determined.

(*3) For consumer loans of ¥463,248 million held by consolidated subsidiaries included in loans and bills discounted, reserve for losses on interest repayments of ¥50,913 million is recognized for estimated losses on reimbursements of excess interest payments.

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

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

(Note) Valuation methodologies for financial instruments

(1) Other monetary claims purchased

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

(2) Trading assets

The fair values are measured at market prices or quoted prices from third parties.

(3) Monetary assets held in trust

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

Notes on monetary assets held in trust for other than trading purposes are included in notes for "Monetary assets held in trust."

(4) Securities

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

Notes on securities being held to maturity and available for sale are included in notes for "Securities."

(5) Loans and bills discounted

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

(6) Lease receivables and leased investment assets

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

(7) Installment receivables

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

(8) Deposits and (9) 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 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 contractual cash flows at the rates that would be applied for new contracts with the same terms at the consolidated balance sheet date.

(10) Debentures and (14) Corporate bonds

The fair values of marketable debentures and corporate bonds are measured at market prices.

The fair values of non-marketable corporate debentures and corporate bonds under the Medium Term Note program are determined by discounting expected cash flows at the actual average funding rates of corporate time deposits and debentures funded in the past three months of the consolidated balance sheet date. The fair values of retail debentures are determined by discounting contractual cash flows at the actual funding rate of the latest issuance.

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

(11) Trading liabilities

The fair values are measured at market prices.

(12) Borrowed money

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

The fair values of step-up callable subordinated borrowings are determined by

discounting expected cash flows that reflect the probability of early redemption at the rates that consist of the risk free rate and the CDS spread of the Bank.

(13) Short-term corporate bonds

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

(15) 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 new contracts with the same terms at the risk free rate.

Fair values of financial instruments as of June 30, 2012

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain (loss)
(1) Other monetary claims purchased ^{(*)1}	¥127,775	¥127,965	¥189
(2) Trading assets			
Securities held for trading purposes	66,162	66,162	—
(3) Monetary assets held in trust ^{(*)1}	262,344	265,713	3,369
(4) Securities ^{(*)2}	1,784,700	1,790,307	5,606
(5) Loans and bills discounted ^{(*)3}	4,237,269		
Reserve for credit losses	(130,042)		
Net	4,107,226	4,201,654	94,428
(6) Lease receivables and leased investment assets ^{(*)1}	190,685	191,746	1,061
(7) Other assets			
Installment receivables	348,554		
Deferred gains on installment receivables	(11,842)		
Reserve for credit losses	(10,891)		
Net	325,819	340,387	14,567
(8) Deposits	5,126,543	5,152,537	(25,993)
(9) Negotiable certificates of deposit	206,721	206,706	14
(10) Debentures	287,113	287,977	(863)
(11) Trading liabilities			
Trading securities sold for short sales	26,679	26,679	—
(12) Borrowed money	586,420	583,994	2,425
(13) Short-term corporate bonds	75,900	75,900	—
(14) Corporate bonds	164,300	151,343	12,956
(15) Derivative instruments ^{(*)4}			
Hedge accounting is not applied	(19,493)	(19,493)	—
Hedge accounting is applied	(16,078)	(16,078)	—
Derivative instruments total	(35,571)	(35,571)	—

(Millions of yen)

	Contract amount	Fair Value
Other		
Guarantee contracts ^{(*)5}	¥559,069	¥(3,632)

(*)1 Carrying amount of other monetary claims purchased, monetary assets held in trust, and lease receivables and leased investment assets are presented as the amount net of reserve for credit losses, because they are immaterial.

(*)2 Equity securities without readily available market price and some of investments in partnerships are out of the scope of fair value disclosure because their fair values cannot be reliably determined.

(*3) For consumer loans of ¥440,982 million held by consolidated subsidiaries included in loans and bills discounted, reserve for losses on interest repayments of ¥45,813 million is recognized for estimated losses on reimbursements of excess interest payments.

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

(*5) Contract amount for guarantee contracts presents the amount of “Acceptances and guarantees” on the consolidated balance sheets.

(Note) Valuation methodologies for financial instruments

(1) Other monetary claims purchased

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

(2) Trading assets

The fair values are measured at market prices or quoted prices from third parties.

(3) Monetary assets held in trust

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

Notes on monetary assets held in trust for other than trading purposes are included in notes for “Monetary assets held in trust.”

(4) Securities

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

Notes on securities being held to maturity and available for sale are included in notes for “Securities.”

(5) 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 the 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 new housing loans with the same terms at the consolidated balance sheet date. The fair values of consumer loans are determined by discounting expected cash flows that reflect expected loss at the rates that consist of the risk free rate and certain costs, by group of similar product types and consumer 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.

(6) Lease receivables and leased investment assets

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

(7) Installment receivables

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

(8) Deposits and (9) 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 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 contractual cash flows at the rates that would be applied for new contracts with the same terms at the consolidated balance sheet date.

(10) Debentures and (14) Corporate bonds

The fair values of marketable debentures and corporate bonds are measured at the market prices.

The fair values of non-marketable corporate debentures and corporate bonds under the Medium Term Note program are determined by discounting expected cash flows at the actual average funding rates of corporate time deposits and debentures funded in the past three months of the consolidated balance sheet date. The fair values of retail debentures are determined by discounting contractual cash flows at the actual funding rate of the latest issuance.

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

(11) Trading liabilities

The fair values are measured at market prices.

(12) Borrowed money

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

The fair values of step-up callable subordinated borrowings are determined by

discounting expected cash flows that reflect the probability of early redemption at the rates that consist of the risk free rate and the CDS spread of the Bank.

(13) Short-term corporate bonds

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

(15) 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 new contracts with the same terms at the risk free rate.

(Securities)

In addition to “Securities” on the quarterly consolidated balance sheets, the figures in the following tables include beneficiary interests included in “Other monetary claims purchased” that are accounted for in the same way as securities.

1. Securities being held to maturity:

As of March 31, 2012

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain (loss)
Japanese national government bonds	¥585,601	¥590,903	¥5,302
Japanese corporate bonds	22,834	23,094	259
Other	50,122	53,555	3,432
Total	¥658,558	¥667,553	¥8,994

As of June 30, 2012

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain (loss)
Japanese national government bonds	¥585,416	¥591,153	¥5,736
Japanese corporate bonds	22,466	22,654	188
Other	48,178	51,534	3,355
Total	¥656,061	¥665,342	¥9,280

2. Securities available for sale:

As of March 31, 2012

(Millions of yen)

	Amortized/ Acquisition cost	Carrying amount (Fair value)	Unrealized gain (loss)
Equity securities	¥14,313	¥19,258	¥4,945
Domestic bonds	931,157	929,575	(1,582)
Japanese national government bonds	698,357	699,562	1,204
Japanese local government bonds	1,738	1,785	46
Japanese corporate bonds	231,061	228,227	(2,834)
Other	158,236	159,488	1,251
Total	¥1,103,707	¥1,108,321	¥4,614

As of June 30, 2012

(Millions of yen)

	Amortized/ Acquisition cost	Carrying amount (Fair value)	Unrealized gain (loss)
Equity securities	¥14,001	¥16,980	¥2,979
Domestic bonds	941,109	941,442	333
Japanese national government bonds	710,396	712,874	2,477
Japanese local government bonds	1,740	1,784	43
Japanese corporate bonds	228,971	226,783	(2,188)
Other	161,483	162,243	760
Total	¥1,116,593	¥1,120,666	¥4,072

(Note)

Individual securities are written down when a decline in fair value below the cost of such securities is deemed to be other than temporary. The amount written down is accounted for as an impairment loss. Impairment loss on available-for-sale securities carried at fair value for the three-month period ended June 30, 2012 was ¥195 million, which consisted of ¥194 million for equity securities and ¥0 million for Japanese corporate bonds.

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

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

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

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

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

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

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

(Monetary assets held in trust)

1. There were no monetary assets held in trust held to maturity as of March 31, 2012 and June 30, 2012.
2. Monetary assets held in trust other than trading purposes and held to maturity:

As of March 31, 2012

(Millions of yen)

	Acquisition cost	Carrying amount	Unrealized gain (loss)
Other monetary assets held in trust	¥135,602	¥135,602	—

As of June 30, 2012

(Millions of yen)

	Acquisition cost	Carrying amount	Unrealized gain (loss)
Other monetary assets held in trust	¥141,687	¥141,687	—

(Derivative transactions)

Fair values of derivatives are adjusted for credit risk and liquidity risk by directly deducting reasonably estimated reserves from relevant trading assets. The fair values of derivatives on the quarterly consolidated balance sheets as of March 31, 2012 and June 30, 2012 are adjusted for credit risk by a deduction of ¥784 million and ¥850 million, respectively, and also adjusted for liquidity risk by a deduction of ¥2,655 million and ¥2,576 million, respectively. Regardless of this accounting treatment, the deduction of those risks is not reflected in the fair values shown in the following tables.

(a) Interest rate-related transactions:

As of March 31, 2012

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Listed	Future contracts	¥32,272	¥(65)	¥(65)
	Interest rate options	25,446	3	(2)
Over the counter	Forward contracts	—	—	—
	Interest rate swaps	8,079,101	26,994	26,994
	Interest rate swaptions	2,663,298	(8,999)	3,285
	Interest rate options	244,735	(214)	121
	Other	—	—	—
	Total	—	¥17,718	¥30,333

(Note) Derivatives included in the table above are measured at fair value and the unrealized gains and losses are recognized in income. Derivatives for which hedge accounting is adopted in accordance with Industry Audit Committee Report No.24 of JICPA are excluded from the table above.

As of June 30, 2012

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Listed	Future contracts	¥135,546	¥(40)	¥(40)
	Interest rate options	—	—	—
Over the counter	Forward contracts	—	—	—
	Interest rate swaps	8,343,646	30,189	30,189
	Interest rate swaptions	2,535,570	(6,097)	5,096
	Interest rate options	242,898	(173)	71
	Other	—	—	—
	Total	—	¥23,877	¥35,316

(Note) Derivatives included in the table above are measured at fair value and the unrealized

gains and losses are recognized in income. Derivatives for which hedge accounting is adopted in accordance with Industry Audit Committee Report No.24 of JICPA are excluded from the table above.

(b) Currency-related transactions:

As of March 31, 2012

(Millions of yen)

	Contract type	Contract/ Notional principal	Fair value	Unrealized gain (loss)
Listed	Future foreign exchange contracts	—	—	—
	Currency options	—	—	—
Over the counter	Currency swaps	¥737,964	¥(28,363)	¥(28,363)
	Forward foreign exchange contracts	1,616,130	11,232	11,232
	Currency options	5,947,487	(15,320)	(4,166)
	Other	—	—	—
	Total	—	¥(32,451)	¥(21,297)

(Note) Derivatives included in the table above are measured at fair value and the unrealized gains and losses are recognized in income. Fund swap transactions and currency swap transactions for which hedge accounting is adopted in accordance with Industry Audit Committee Report No.25 of JICPA are excluded from the table above.

As of June 30, 2012

(Millions of yen)

	Contract type	Contract/ Notional principal	Fair value	Unrealized gain (loss)
Listed	Future foreign exchange contracts	—	—	—
	Currency options	—	—	—
Over the counter	Currency swaps	¥702,322	¥(34,103)	¥(34,103)
	Forward foreign exchange contracts	1,713,783	3,099	3,099
	Currency options	5,116,858	(2,978)	3,115
	Other	—	—	—
	Total	—	¥(33,983)	¥(27,889)

(Note) Derivatives included in the table above are measured at fair value and the unrealized gains and losses are recognized in income. Fund swap transactions and currency swap transactions for which hedge accounting is adopted in accordance with Industry Audit Committee Report No.25 of JICPA are excluded from the table above.

(c) Equity-related transactions:

As of March 31, 2012

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Listed	Equity index future	¥8,698	¥444	¥444
	Equity index options	526,530	(3,753)	(1,247)
	Equity options	—	—	—
Over the counter	Equity options	731,922	(5,810)	(1,576)
	Equity index swaps	—	—	—
	Other	150,303	4,597	4,597
	Total	—	¥(4,521)	¥2,218

(Note) Derivatives included in the table above are measured at fair value and unrealized gains and losses are recognized in income. Derivatives for which hedge accounting is adopted are excluded from the table above.

As of June 30, 2012

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Listed	Equity index future	¥18,727	¥892	¥892
	Equity index options	390,557	(2,615)	(1,684)
	Equity options	—	—	—
Over the counter	Equity options	629,806	(5,467)	(893)
	Equity index swaps	—	—	—
	Other	140,491	4,049	4,049
	Total	—	¥(3,140)	¥2,364

(Note) Derivatives included in the table above are measured at fair value and unrealized gains and losses are recognized in income. Derivatives for which hedge accounting is adopted are excluded from the table above.

(d) Bond-related transactions:

As of March 31, 2012

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Listed	Bond futures	¥97,492	¥(41)	¥(41)
	Bond futures options	113,100	(81)	(5)
Over the counter	Bond options	—	—	—
	Other	—	—	—
	Total	—	¥(122)	¥(46)

(Note) Derivatives included in the table above are measured at fair value and the unrealized gains and losses are recognized in income. Derivatives for which hedge accounting is adopted are excluded from the table above.

As of June 30, 2012

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Listed	Bond futures	¥131,278	¥(154)	¥(154)
	Bond futures options	123,883	(117)	(7)
Over the counter	Bond options	—	—	—
	Other	—	—	—
	Total	—	¥(272)	¥(162)

(Note) Derivatives included in the table above are measured at fair value and the unrealized gains and losses are recognized in income. Derivatives for which hedge accounting is adopted are excluded from the table above.

(e) There were no commodity derivatives transactions as of March 31, 2012 and June 30, 2012.

(f) Credit derivatives transactions:

As of March 31, 2012

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Over the counter	Credit default options	¥1,304,826	¥(52)	¥(52)
	Other	1,600	(2,699)	(1,099)
	Total	—	¥(2,751)	¥(1,151)

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

As of June 30, 2012

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Over the counter	Credit default options	¥1,214,306	¥73	¥73
	Other	1,600	(2,622)	(1,022)
	Total	—	¥(2,548)	¥(948)

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

(Per share information)

Net income per share (basic) for the three-month periods ended June 30, 2011 and 2012, and their calculation basis were as follows.

Diluted net income per share is not presented because the existing potential common shares have no dilutive effect.

		June 30, 2011	June 30, 2012
Basic net income per common share for the three-month period	(Yen)	¥6.84	¥6.19
(Calculation basis)			
Net income for the three-month period	(Millions of yen)	¥18,165	¥16,433
The amount which is not attributable to common shareholders	(Millions of yen)	—	—
Net income from operations for the three-month period attributable to common shares	(Millions of yen)	¥18,165	¥16,433
The average number of common shares during the period	(Thousand of shares)	2,653,919	2,653,919

(Subsequent event)

There is no event to be disclosed.