[TRANSLATION]

The items provided through the Internet pursuant to the laws and the Company's Articles of Incorporation for the Notice of the Annual General Meeting of Shareholders for the 13th Term

1) Notes to the consolidated financial statements

2) Notes to the financial statements

(from April 1, 2012 to March 31, 2013)

The above items are provided through the Bank's website (http://www.shinseibank.com) pursuant to the laws and Article 13 of the Company's Articles of Incorporation for the Notice of the Annual General Meeting of Shareholders for the 13th Term.

Shinsei Bank, Limited

(Translation) Notes to the consolidated financial statements

Basis for Presentation of Consolidated Financial Statements and Significant Accounting Policies

The definitions of subsidiaries and affiliates are based on the 8th paragraph of Article 2 of the Banking Act and Article 4-2 of the Banking Act Enforcement Order.

1. Basis for presentation of consolidated financial statements

(1) Scope of consolidation

(a) Consolidated subsidiaries: 186 companies

Major companies:

APLUS FINANCIAL Co., Ltd.
Showa Leasing Co., Ltd.
Shinki Co., Ltd.
Shinsei Financial Co., Ltd.
Shinsei Trust & Banking Co., Ltd.
Shinsei Securities Co., Ltd.

In the current fiscal year, Shinsei Corporate Investment Limited and 58 other companies were newly consolidated due to their formation, and SL HIMALAYA LTD. and 2 other companies were newly consolidated due to their increased materiality.

Woori SB Fifth Asset Securitization Specialty Co., Ltd. and 3 other companies were excluded from the scope of consolidation due to liquidation, SNR 4 Yugen Kaisha and 2 other companies were excluded from the scope of consolidation due to the disposal of shares, and New Life Investments Limited and SUNRISE SHIPPING SERVICES S.A. were excluded from the scope of consolidation due to their decreased materiality.

(b) Unconsolidated subsidiaries: 83 companies

Major Company:

SL PACIFIC LIMITED

SL PACIFIC LIMITED and 64 other unconsolidated subsidiaries were operating companies that undertake leasing business based on the Tokumei Kumiai system (silent partnerships). Tokumei Kumiai's assets, profits and losses virtually belong to each silent partner but not to the operating companies, and Shinsei Bank, Limited (the "Bank") and its consolidated subsidiaries (collectively, the "Group") do not have any material transactions with these subsidiaries. Therefore, these subsidiaries were excluded from the scope of consolidation pursuant to Article 63, Paragraph 1, Item 2 of the Ordinance on Company Accounting.

Other unconsolidated subsidiaries were excluded from the scope of consolidation because they are immaterial to the financial condition or results of operations, such as assets, ordinary income, net income (the Group's interest portion), retained earnings (the Group's interest portion) and accumulated other comprehensive income (the Group's interest portion), of the Group.

(2) Application of the equity method

(a) Unconsolidated subsidiaries accounted for by the equity method: none

(b) Affiliates accounted for by the equity method: 15 companies

Major Companies:

Comox Holdings Ltd.

Jih Sun Financial Holding Company, Limited

In the current fiscal year, Femto Growth Capital LLP was included in the scope of application of the equity method due to formation.

MC Capital Asia Pacific Toshi Jigyo Yugen Sekinin Kumiai was excluded from the scope of application of the equity method due to liquidation.

(c) Unconsolidated subsidiaries accounted for not applying the equity method: 83 companies

Major Company:

SL PACIFIC LIMITED

SL PACIFIC LIMITED and 64 other unconsolidated subsidiaries were operating companies that undertake leasing business based on the Tokumei Kumiai system (silent partnership). Tokumei Kumiai's assets, profits and losses virtually belong to each silent partner but not to the operating companies, and the Group does not have any material transactions with these subsidiaries. Therefore, these subsidiaries were excluded from the scope of application of the equity method pursuant to Article 69, Paragraph 1, Item 2 of the Ordinance on Company Accounting.

Other unconsolidated subsidiaries were excluded from the scope of application of the equity method because they are immaterial to the financial condition or results of operations, such as net income (the Group's interest portion), retained earnings (the Group's interest portion) and accumulated other comprehensive income (the Group's interest portion), of the Group.

(d) Affiliates accounted for not applying the equity method: none

(3) Fiscal year of consolidated subsidiaries

(a) Balance sheets dates of consolidated subsidiaries were as follows:

March 31: 140 companies

July 31:	3 companies
September 30:	2 companies
November 30:	1 company
December 31:	36 companies
January 31:	1 company
February 28:	3 companies

(b) Except for 9 subsidiaries which are consolidated using their provisional financial statements as of March 31, those consolidated subsidiaries whose fiscal years end at dates other than March 31 are consolidated using their fiscal year end financial statements with appropriate adjustments made for significant transactions that occurred during the period from the ending dates of their fiscal years to March 31.

All yen amounts are rounded down to millions of yen.

2. Significant accounting policies

(1) Recognition and measurement of trading assets/liabilities and trading income/losses

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. The income and losses resulting from trading activities are included in “Trading income” and “Trading losses”.

Trading securities and monetary claims purchased for trading purposes are stated at market value at the consolidated balance sheet date 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 consolidated balance sheet date.

Trading income and trading losses include interest received and paid during the fiscal year 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 fiscal year.

In estimating fair values of derivative financial instruments related to trading positions, liquidity risks and credit risks are reflected.

(2) Measurement of securities

(a) Securities for trading purposes (except for those included in trading accounts) are carried at fair value (cost of securities sold is determined by the moving average method). Securities being held to maturity are carried at amortized cost (using the straight-line method) determined by the moving average method. Investments in unconsolidated subsidiaries that are not accounted for by the equity method are carried at cost determined by the moving average method. Available-for-sale securities are carried at fair value at the consolidated balance sheet date (cost of securities sold is determined by the moving average method) in principle, with the exception of those whose fair value cannot be reliably determined, which are carried at cost determined by the moving average method. Unrealized gain (loss) on available-for-sale securities is directly recorded in a separate component of equity.

(b) The values of securities included in monetary assets held in trust are determined by the same methods as stated in (a) above.

(3) Measurement of derivative transactions

Derivatives (except for those included in trading accounts) are carried at fair value.

(4) Measurement of other monetary claims purchased

Other monetary claims purchased held for trading purposes (except for those included in trading accounts) are carried at fair value.

(5) Depreciation

(a) Premises and equipment (excluding leased assets as lessee)

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 are as follows:

Buildings: 3 – 50 years

Others: 2 – 20 years

In addition, depreciation of tangible leased assets as lessor for the 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 lease period.

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

From the current fiscal year, the Bank and its domestic consolidated subsidiaries changed the depreciation method for premises and equipment acquired on and after April 1, 2012 to the revised method in accordance with the amendment of the Corporation Tax Act.

The impact of this change on net income for the current fiscal year ended March 31, 2013 was immaterial.

(b) Intangible assets (excluding leased assets as lessee)

The amortization method and the amortization period of identified intangible assets recognized by applying the purchase method to the acquisitions of Showa Leasing Co., Ltd., Shinsei Financial Co., Ltd., and their consolidated subsidiaries are as follows:

(i) Showa Leasing Co., Ltd.

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

(ii) Shinsei Financial Co., Ltd.

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

In addition, goodwill and negative goodwill which was recorded prior to March 31, 2010 are amortized on a consistent basis primarily over 20 years. The total amount is written off in the fiscal year during which they occurred when the amount is not significant.

Intangible assets other than the identified intangible assets mentioned above are amortized using the straight-line method. Capitalized software for internal use is amortized using the straight-line method based on the Group’s estimated useful lives (primarily 5 years).

(c) Leased assets (as lessee)

Depreciation of leased assets (both tangible and intangible) from finance lease transactions that do not deem to transfer ownership of the leased property to the lessee, which are included in "Premises and equipment" and "Intangible assets", is computed using the straight-line method over the leasing period. Residual values of leased assets are the guaranteed value determined in the lease contracts or zero for assets without such guaranteed value.

(6) Deferred charges

Deferred charges are accounted for as follows:

(a) Deferred issuance expenses for corporate bonds

Deferred issuance expenses for corporate bonds, which are included in other assets, are amortized using the straight-line method over the term of the corporate bonds.

Corporate bonds are stated at amortized costs using the straight-line method.

(b) Deferred issuance expenses for debentures

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

(7) 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 in financial difficulties and are very likely to go bankrupt in the future ("possibly bankrupt obligors"), except for claims to obligors with larger claims than a predetermined amount, a specific reserve is provided for the amount considered to be necessary based on an overall solvency assessment performed for the amount of claims net of amounts expected to be collected through the disposal of collateral or execution of guarantees.

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

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 ¥155,879 million.

(8) Accrued employees' bonuses

Accrued employees' bonuses are provided in the amount of the estimated bonuses which are attributable to the current fiscal year.

(9) Accrued directors' bonuses

Accrued directors' bonuses are provided in the amount of the estimated bonuses which are attributable to the current fiscal year.

(10) Reserve for employees' retirement benefits

The reserve for employees' retirement benefits is provided for the payment of employees' retirement benefits based on the estimated amounts of the projected benefit obligation and the estimated value of pension plan assets as of the consolidated balance sheet date. The unrecognized prior service cost and the unrecognized actuarial gain (loss) are amortized as follows:

Unrecognized prior service cost:	Amortized using the straight-line method over the average remaining service period from the fiscal year of occurrence.
Unrecognized actuarial gain (loss):	Amortized using the straight-line method over the average remaining service period primarily from the fiscal year of occurrence.

The transitional unrecognized net retirement benefit obligation for the Bank of ¥9,081 million is being amortized using the straight-line method over 15 years.

(11) Reserve for directors' retirement benefits

The reserve for directors' retirement benefits is provided for the payment of directors' retirement benefits for certain consolidated subsidiaries based on the amount that would be required if all directors retired at each balance sheet date.

(12) Reserve for losses on interest repayments

The reserve for losses on interest repayments of consolidated subsidiaries is provided for possible losses on reimbursements of excess interest payments in the amount of the estimated future reimbursement requests based on past experience.

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

(13) Reserve under special law

The reserve under special law is a reserve for financial instruments transaction responsibilities and provided for contingent liabilities from brokering of securities transactions by a consolidated domestic subsidiary, in accordance with Paragraph 1 of Article 46-5 of the Financial Instruments and Exchange Act of Japan.

(14) Revenue and expense recognition

(a) Revenue recognition for installment sales finance business

Revenue from installment sales finance business is recognized primarily using installment bases as follows:

(Contracts based on add-ons)	
Installment credit	Sum-of-the-months digits method
Guarantees (lump-sum receipt of guarantee fee when contracted)	Sum-of-the-months digits method
Guarantees (installment of guarantee fee)	Straight-line method
(Contracts based on credit balances)	
Installment credit	Credit-balance method
Guarantees (installment of guarantee fee)	Credit-balance method

(Notes)

1. In "Sum-of-the-months digits method", the commission amount regarded as revenue at the time of each installment payment is calculated by dividing the total commission amount by the sum of the months of installment payments.
2. In "Credit-balance method", the commission amount regarded as revenue at the time of each installment payment is calculated by multiplying the respective outstanding principal by a contracted commission ratio.

(b) Revenue recognition for leasing business

For the finance lease transactions that do not deem to transfer ownership of the leased property to the lessee, lease income is recognized based on lease payments for each of the leasing period, and lease cost is calculated by deducting the interest allocated for each period from the lease income.

With regard to finance lease transactions entered into prior to April 1, 2008, that do not deem to transfer ownership of the property to the lessee, leased investment assets are recognized at the amount of book values of those leased property as of March 31, 2008 in accordance with the transitional treatment in the “Accounting Standard for Lease Transactions” (Accounting Standards Board of Japan (“ASBJ”) Statement No.13) which was effective from April 1, 2008. As a result, income before income taxes and minority interests for the current fiscal year has increased by ¥1,009 million, as compared to what would have been reported if the revised accounting standard was applied retroactively to all finance lease transactions as lessor.

(c) Revenue recognition for interest on consumer lending business

Consolidated subsidiaries specialized in 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.

(15) Translation of foreign currency-denominated assets and liabilities

Foreign currency-denominated assets and liabilities of the Bank are translated into Japanese yen at exchange rates as of the consolidated balance sheet date, except for investments in unconsolidated subsidiaries and affiliates that are translated at the relevant historical exchange rates.

Foreign currency-denominated assets and liabilities of consolidated subsidiaries are translated at exchange rates of their respective balance sheet dates.

(16) Hedge accounting

(a) Hedge of interest rate risks

The Bank applies the deferral hedge accounting for derivative transactions that meet the hedge accounting criteria for mitigating interest risks of the Bank’s financial assets and liabilities.

The Bank adopted portfolio hedging to determine the effectiveness of hedging instruments in accordance with Industry Audit Committee Report No. 24 issued by the Japanese Institute of Certified Public Accountants (the "JICPA"). Under portfolio hedging 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 instruments.

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 accountings or fair value hedge accounting for derivative transactions for the purpose of hedging foreign exchange fluctuation risks of the Bank’s financial assets and liabilities denominated in a foreign currency.

Under deferral hedge accounting, which is in accordance with Industry Audit Committee Report No. 25 issued by JICPA, hedged items are identified by grouping the foreign currency-denominated financial assets and liabilities by currencies and designating derivative transactions such as currency swap transactions, fund swap transactions and forward exchange contracts as hedging instruments. Hedge effectiveness is reviewed by comparing the total foreign currency position of the hedged items and hedging instruments by currency.

The Bank also applies deferral hedge accounting and fair value hedge accounting to translation gains (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 (losses) on inter-company and intra-company derivative hedging transactions between the trading book and the banking book are not eliminated since offsetting transactions with third parties are appropriately entered into in conformity with the non-arbitrary and strict hedging policy in accordance with Industry Audit Committee Reports No. 24 and No. 25 of the JICPA. As a result, in the banking book, realized gains (losses) on such inter-company and intra-company transactions are reported in current earnings and valuation gains (losses) which meet the hedge accounting criteria are deferred.

(17) Consumption tax

The national consumption tax and the local consumption tax of the Bank and its consolidated domestic subsidiaries are excluded from transaction amounts.

(18) Consolidated corporate tax system

The consolidated corporate tax system is adopted by the Bank and certain consolidated domestic subsidiaries.

Unapplied Accounting Standard

1. The "Accounting Standard for Retirement Benefits" (ASBJ Statement No.26, May 17, 2012) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, May 17, 2012)

(1) Outline

These accounting standard and guidance on accounting standard were revised based on the standpoint of improving the financial reporting and the global trend, primarily (a)change the accounting method of "Unrecognized net actuarial losses" and "Unrecognized prior service cost" and extend the disclosure item, (b)change the calculation method of "Projected benefit obligation" and "service cost".

(2) Effective dates

The Group will apply the item (a) above at the end of the fiscal year beginning on or after April 1, 2013, and the item (b) above at the beginning of the fiscal year beginning on or after April 1, 2014, respectively.

(3) The impact of this application

It is under evaluation of the impact of this application.

Notes to consolidated financial statements

(Consolidated Balance Sheet)

1. The total book value of investments in unconsolidated subsidiaries and affiliates was ¥41,099 million.

2. For securities held in connection with securities borrowing transactions with or without cash collateral, securities purchased under resale agreements and securities accepted as collateral for derivative transactions, where the Group has the right to sell or pledge such securities without restrictions, ¥47,380 million of those securities was further pledged, and ¥51,172 million of those securities was held by the Group at the consolidated balance sheet date.

3. Loans and bills discounted included loans to bankrupt obligors and non-accrual delinquent loans, totaling ¥20,577 million and ¥252,916 million, respectively.

Loans to bankrupt obligors are loans, after write-off, to legally bankrupt obligors as defined in Article 96, Paragraph 1, Items 3 and 4 of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No.97 of 1965) and on which accrued interest income is not recognized as there is a substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons.

Non-accrual delinquent loans are loans on which accrued interest income is not recognized, excluding loans to bankrupt obligors and loans for which interest payments are deferred in order to facilitate the rehabilitation of the obligor or to assist in the financial recovery of the obligors.

Installment receivables in "Other assets" included claims to bankrupt obligors and non-accrual delinquent claims, totaling ¥263 million and ¥9,372 million, respectively, at the consolidated balance sheet date.

4. Loans past due for three months or more of ¥1,258 million were included in loans and bills discounted.

Loans past due for three months or more are loans other than loans to bankrupt obligors and non-accrual delinquent loans for which the principal and/or interest payments are past due for three months or more.

Installment receivables in "Other assets" included claims past due for three months or more totaling ¥261 million at the consolidated balance sheet date.

5. Restructured loans of ¥38,117 million were included in loans and bills discounted.

Restructured loans are loans other than loans to bankrupt obligors, non-accrual delinquent loans or loans past due for three months or more, on which concessions such as reduction of the stated interest rate, a deferral of interest payment, an extension of the maturity date, debt forgiveness, or other agreements which give advantages to obligors in financial difficulties have been granted to obligors to facilitate their rehabilitation.

Restructured installment receivables of ¥1,155 million were included in "Other assets".

6. The total amount of loans to bankrupt obligors, non-accrual delinquent loans, loans past due for three months or more, and restructured loans was ¥312,869 million.

The total installment receivables in "Other assets" of claims to bankrupt obligors, non-accrual delinquent claims, claims past due for three months or more, and restructured claims were ¥11,052 million.

The amounts of claims mentioned in the Notes 3 through 6 above represent the amounts before deduction of the reserve for credit losses.

7. 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 amount of such bills discounted held was ¥9,092 million.

8. The total principal amount of loans accounted for as a sale through loan participations was ¥16,219 million as of March 31, 2013. This "off-balance sheet" treatment is in accordance with Report No. 3 issued by the Framework Committee of the JICPA.
The total principal amount of such loans in which the Bank participated was ¥8,125 million as of March 31, 2013.

9. Assets pledged as collateral were as follows:

Cash and due from banks	¥ 165 million
Trading assets	15,484
Monetary assets held in trust	4,171
Securities	872,770
Loans and bills discounted	121,584

Lease receivables and leased investment assets	84,140
Other assets	42,298
Tangible leased assets as lessor	2,558

Liabilities collateralized were as follows:

Deposits	¥ 418 million
Call money and bills sold	170,000
Payables under securities lending transactions	43,945
Borrowed money	447,809
Corporate bonds	10,159
Other liabilities	2,483
Acceptances and guarantees	914

In addition, ¥173,655 million of securities were pledged as collateral for transactions, including exchange settlements, swap transactions and replacement of margin for futures transactions.

Also, ¥5,103 million of margin deposits for futures transactions outstanding, ¥13,478 million of security deposits, ¥16,718 million of cash collateral paid for financial instruments and ¥4,473 million of guarantee deposits under resale agreements and repurchase agreements were included in “Other assets”.

10. The Bank and certain of its consolidated subsidiaries issue commitments to extend credit and establish credit lines for overdrafts to meet the financing needs of their customers.

The unfunded amount of these commitments was ¥3,802,064 million, out of which the amount with original agreement terms of less than one year or which were cancelable was ¥3,636,321 million.

Since a large majority of these commitments expire without being drawn upon, the unfunded amounts do not necessarily represent future cash requirements. Many such agreements include conditions granting the Bank and consolidated subsidiaries the right to reject the drawdown or to reduce the amount on the basis of changes in the financial circumstances of the borrower or other reasonable grounds.

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

11. Installment receivables of ¥365,817 million were included in other assets.

12. Accumulated depreciation on premises and equipment was ¥52,878 million.

13. Deferred gains on premises and equipment deducted for tax purposes were ¥31 million.

14. “Tangible leased assets as lessor” and “Intangible leased assets as lessor” are leased assets for the operating leases transactions as lessor.

15. Goodwill and Negative goodwill are set off and presented as “Goodwill” in intangible assets by the net amount. The gross amounts were as follows:

Goodwill	¥40,655 million
Negative goodwill	5,260
Net	¥35,394 million

16. Subordinated debt of ¥92,000 million was included in borrowed money.

17. Subordinated bonds of ¥153,675 million were included in corporate bonds.

18. The amount of guarantee obligations for privately-placed bonds (Paragraph 3 of Article 2 of the Financial Instruments and Exchange Act), out of corporate bonds included in the “Securities” stands at ¥31,675 million.

19. Projected benefit obligations, etc, at the end of the current fiscal year were as follows:

Projected benefit obligation	¥	(78,730)	million
Fair value of plan assets (including benefit trust)		66,455	
Unfunded retirement benefit obligations		(12,274)	
Unrecognized obligation at transition		1,210	
Unrecognized net actuarial losses		10,840	
Unrecognized prior service cost		(2,495)	
Net amount accrued on the balance sheet		(2,717)	
Prepaid pension cost		4,591	
Reserve for employees’ retirement benefits		(7,309)	

(Consolidated Statement of Income)

1. “Other business income” included leasing revenue of ¥87,144 million.

2. “Other” presented in “Other ordinary income” included income on monetary assets held in trust of ¥8,315 million and gain on sale of equity securities of ¥3,144 million.

3. “Other business expenses” included leasing cost of ¥76,935 million.

4. “Other” presented in “Other ordinary expenses” included write-off of loans of ¥8,468 million and write-off of equity securities of ¥1,996 million.

5. “Other extraordinary gains” included gain on sale of subsidiary’s stocks of ¥452 million.

6. “Impairment losses” included the impairment losses in the Bank by the following asset groups.

Location	Usage	Asset group	Amount (Millions of yen)
Tokyo, Osaka, etc.	Branch and ATMs	Buildings, Other premises and equipment	¥676
Tokyo	IT-related Property	Other premises and equipment, Software	37
Total			¥714

The Group determines the asset group based on the management segmentation.

As a result of consideration of the business environment, the Bank made a decision to close down some of the branches and ATMs for Individual Group, and segregated them as idle assets. In addition, the unused IT-related properties have also been segregated as idle assets. Impairment losses for these assets were recognized assuming their recoverable amount to be zero.

In the above impairment loss amount, ¥652 million was for “Buildings”, ¥29 million was for “Other premises and equipment” and ¥32 million was for “Software”.

(Consolidated Statement of Changes in Equity)

1. Type and number of issued shares and treasury stock were as follows:

(Unit: thousand shares)

	Number of shares as of March 31, 2012	Number of shares increased	Number of shares decreased	Number of shares as of March 31, 2013	Note
Issued shares					
Common stock	2,750,346	―	―	2,750,346	
Total	2,750,346	―	―	2,750,346	
Treasury stock					
Common stock	96,427	―	―	96,427	
Total	96,427	―	―	96,427	

2. Information on stock acquisition rights

All of stock acquisition rights are the Bank's stock option.

3. Information on dividends

The Bank's dividends were as follows:

a) Dividend paid in the current fiscal year

Resolution	Type of shares	Total amount of dividend	Dividend per share	Record date	Effective date
The board of directors' meeting on May 8, 2012	Common stock	¥2,653 million	¥1.00	March 31, 2012	May 31, 2012

b) Dividend to be paid in the next fiscal year attributable to the current fiscal year

Resolution	Type of shares	Total amount of dividend	Source of dividend	Dividend per share	Record date	Effective date
The board of directors' meeting on May 8, 2013	Common stock	¥2,653 million	Other retained earnings	¥1.00	March 31, 2013	May 30, 2013

(Financial instruments)

1. Status of financial instruments

(1) Group policy for financial instruments

The Group conducts total financial service, primarily basic banking business and other financial services such as securities business, trust business, consumer finance business, and commercial finance business.

For conducting these businesses, the Bank obtains retail customer deposits as a long-term and stable source of funding. In addition, the Bank diversifies sources of funding by securitization of loans or other assets. Subsidiaries and affiliates also use borrowings from other financial institutions as one source of funding.

(2) Nature and extent of risks arising from financial instruments

(a) Financial assets

The financial assets held by the Group are exposed to the following risks:

[Loans and bills discounted]

Loans and bills discounted, which are primarily provided to domestic institutional and individual customers, are exposed to customer's credit risk and risk of fluctuation in interest rates.

As of March 31, 2013, loans to the financial and insurance industry were approximately 17% of the total loans and bills discounted, and those to the real estate industry were approximately 14%, less than 60% of which are non recourse loans for real estate.

[Securities]

Securities primarily consist of bonds and stocks and other investments such as foreign securities and investment in partnerships. They are exposed to the risk of fluctuation in interest rates, foreign exchange rates, and prices in the bond/stock markets and in addition, credit risk arising from downgrading of issuer's credit rating, default, etc.

[Other monetary claims purchased, Monetary assets held in trust]

Other monetary claims purchased and Monetary assets held in trust consist of investments in various assets such as housing loans, non performing loans, and receivables in credit trading and securitization businesses, with a purpose of collection, sale, or securitization. There is a possibility that the Group's profits and losses and financial conditions will be badly affected if earnings from these assets are less than expected. These investments are exposed to risk of fluctuation in market size and price of these assets.

[Lease receivables and leased investment assets, Installment receivables]

Lease receivables, leased investment assets, and installment receivables held by consolidated subsidiaries are exposed to customer's credit risk and risk of fluctuation in interest rates.

(b) Financial liabilities

Financial liabilities of the Group are mainly deposits. In case of deterioration in Group's financial position, sufficient funding would become difficult or more expensive ("liquidity risk").

By utilizing time deposits as an important Asset Liability Management (ALM) measure, the Bank is striving to diversify funding maturities and to disperse re-funding dates. Without solely relying on inter-bank funding, the Bank is aiming to cover its funding needs through core retail deposits and corporate deposits as well as capital.

(c) Derivative transactions

The Group enters into the following derivative transactions to provide products for customer needs, to maximize the profit of the Bank's own trading account and for asset and liability management, hedging transactions and other purposes.

(i) Interest rate related	Interest rate swap, Future contract, Interest rate option, and Interest rate swaption
(ii) Currency related	Currency swap, Forward foreign exchange contract, Currency option
(iii) Equity related	Equity index future, Equity index option, Equity option, and other
(iv) Bond related	Bond futures, Bond future option
(v) Credit derivative	Credit default option, and other

Among the risks associated with derivative transactions, market risk, credit risk and liquidity risk are to be specially noted for risk management.

(i) Market Risk	Risk that losses are incurred associated with changes in the value of financial instruments from fluctuation in market price, as well as volatilities inherent in derivative instruments
(ii) Credit Risk	Risk that losses are incurred associated with the counterparty defaulting on contractual terms
(iii) Liquidity Risk	Risk that additional costs are incurred associated with closing out the position of the financial instrument held

To appropriately reflect the risk mitigation effect of derivative transactions to the consolidated financial statements, the Group adopts hedge accounting where risks in assets and liabilities of the Group are hedged by interest rate swap, currency swap, etc.

In hedge accounting, effectiveness of hedging is assessed based on the conditions determined in the accounting standards such as "Accounting Standard of Financial Instruments."

(3) Risk management for financial instruments

(a) Credit risk management

The Group's model for credit risk management focuses on securing adequate return on risk, avoiding excessive concentration in particular sectors or to particular customer groups, and managing the credit portfolio with an analysis of potential losses under a worst-case scenario.

Concrete policies and guidelines related to credit risk management of corporate business are clarified in the Group's detailed procedures, and credit risk management processes are roughly classified into credit risk management for individual transactions and portfolio-based credit risk management.

As for credit risk management for individual transactions, approval authority level is determined in accordance with transaction amount, aggregate credit exposure to obligor's group companies, credit rating and so on. The Group has an approval system in which the decisions are made jointly by the risk delegation holders of the business promotion division and the risk management divisions, and the final authority and decision rests with the risk management division.

On portfolio-based credit risk management, to diversify risks in terms of industries, ratings and customer groups, the Portfolio and Risk Management Division monitors the segment-specific risk diversification status and also rating fluctuations related to customers within the portfolios. The division uses this information to provide comprehensive reports to the Risk Policy Committee on a quarterly basis.

Credit risks in credit transactions are quantified based on the probability of default by obligor rating, loss given default, and unexpected loss ratio. In order to decrease credit risk of obligors, the Group secures collateral and guarantees for the protection of its claims, the values of which are checked more than once a year. Quasi credit risks involved in market transactions, such as derivative transactions, are controlled based on fair value and estimations of future value fluctuations.

As for credit risk management of the consumer finance business, risk management divisions of each subsidiary monitor leading indicators for quality of screening, quality of portfolio and performance of collection of claims monthly to recognize and tackle the aggravation of credit cost promptly. In case of any aggravation, the Group takes action to tackle it.

To take the risk strategy above, Individual Pillar Risk Management Division in the Bank holds monthly performance review, analyzes and monitors these leading indicators and advises the persons in charge of risk management of each subsidiary on their policies and strategies. The division does not merely avoids losses but also produces a balanced strategy with appropriate risk and return attributes and reports this business performance to the Risk Policy Committee quarterly.

(b) Market risk management

Market risks which are associated with changes in the value of financial assets and liabilities, including off -balance sheet transactions, from fluctuations in interest rates, foreign exchange rates, stock prices and other market-related indices, have an effect on our financial performance.

The Group manages market risk by segregating the overall balance sheet, including off-balance sheet transactions, into a trading book and a banking book. At the ALM Committee, the senior review and decision-making for the management mainly related to asset/liability management of the banking account are performed. At the Market Business Management Committee, the senior review and decision-making for the management of the trading account are performed.

The interest rate risk of the net asset and/or liability in the banking account which has interest rate sensitivity is managed by the ALM Committee based on “Asset Liability Management Policy for Banking Account”.

The actual risk limits for asset/liability management of the trading account, such as the value-at-risk (VaR) method, are approved by the Executive Committee based on “Trading Business Risk Management Policy and Procedure”. The Market Business Management Committee meets semi-monthly to review reports from the Market Risk Management Division and front office. The Market Risk Management Division is responsible for timely recognition, monitoring and reporting of market risk in both the Group’s trading and banking accounts. In addition to reporting risk information to management, administrative divisions and front office units, the Market Risk Management Division carries out regular risk analyses and makes recommendations. Market risk of the balance sheet involved in the ordinary banking business operation is managed by the Treasury Sub-Group, and market risk involved in the trading transactions is managed by the Markets Sub-Group.

Market risk is managed by quantifying on a daily basis and making risk adjustment in response to market conditions.

Quantitative information on market risk is as follows:

(i) Financial instruments for trading purposes
The Group uses VaR for quantitative analysis on market risk of the “Trading assets,” “Trading liabilities,” trading securities in “Securities,” and the trading purpose instruments in “Derivative instruments”. For calculating VaR, the historical simulation method (holding period of 10 days, confidence interval of 99 %, and observation period of 250 business days) has been adopted.

The VaR in the Group's trading business as of March 31, 2013 was ¥1,642 million in the aggregate.

The Group conducts back testing to compare VaR calculated using the model with actual loss amounts. According to the results of back testing conducted, it is believed that the measurement model the Group uses is adequate enough accurately to capture market risk. It should be noted that VaR measures and calculates the amount of market risk at certain probability levels statistically based on historical market fluctuation, and therefore there may be cases where risk cannot be captured in such situations when market conditions are changing dramatically beyond what was experienced historically.

(ii) Financial instruments for other than trading purposes
The Group's main financial instruments which are impacted by interest rate risk, one of the major risk

variables, includes “Call loans and bills bought,” “Receivables under resale agreements,” “Receivables under securities borrowing transactions,” “Other monetary claims purchased,” “Monetary assets held in trust,” bonds classified as securities being held to maturity or securities available for sale in “Securities,” “Loans and bills discounted,” “Lease receivables and leased investment assets,” “Installment receivables,” “Deposits,” “Negotiable certificates of deposit,” “Debentures,” “Call money and bills sold,” “Payables under repurchase agreements,” “Borrowed money,” “Short-term corporate bonds,” “Corporate bonds" and interest rate swaps other than trading purposes in “Derivative instruments.” As for these financial assets and liabilities, the Group uses the amount of impact on fair values which is calculated using a rationally expected fluctuation range of interest rates for one year from the fiscal year end for quantitative analysis to manage fluctuation risk of interest rates. The amount of such impact on fair values is calculated by categorizing the balance of these financial assets and liabilities according to the term of interest payments and using a certain fluctuation range of interest rates. Assuming all risk variables except for interest rate are constant, the Group estimated that fair value would decrease by ¥3,456 million in case of an increase of the index interest rates by 10 basis points (0.10%), and would increase by ¥767 million in case of a decrease by 10 basis points (0.10%). Such amount of impact on fair value is calculated based on the assumption that all risk variables except for interest rate are constant, and correlation between interest rate and other risk variables is not taken into consideration. There is a possibility that interest rate changes beyond the rationally expected fluctuation range may cause an impact greater than the calculated amount.

(c) Liquidity risk management

The ALM Committee, which is the senior review and decision-making body for the management of liquidity risk, manages liquidity risk by establishing short-term liquidity gap limits and minimum liquidity reserve levels.

In accordance with the “Cash Liquidity Risk Management Policy,” the Bank has a structure to conduct two or more liquidity measurements and to secure available reserves over the net cumulative outflow forecasted in an emergency situation.

(4) Supplement to the fair value information for financial instruments

Fair value of financial instruments includes the value calculated rationally in cases where no market price is available, besides the value based on market price. Certain assumptions have been adopted for the calculation, so that the value calculated may not be the same when assumptions that differ from the Group’s calculation are adopted.

2. Fair value information for financial instruments

The following are the carrying amounts on the consolidated balance sheet, fair values and the differences between them for respective financial instruments as of March 31, 2013. Securities for which fair values cannot be reliably determined, such as equity securities without readily available market prices are not included in the following table (refer (Note 2)). Items that are immaterial are not

(Translation)

included in the following table.

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and due from banks	¥648,897	¥648,897	¥－
(2) Call loans and bills bought	18,806	18,806	－
(3) Receivables under resale agreements	78,507	78,948	440
(4) Receivables under securities borrowing transactions	19,083	19,083	－
(5) Other monetary claims purchased			
Trading purposes	66,965	66,965	－
Other (*1)	44,338	44,640	301
(6) Trading assets			
Securities held for trading purposes	31,890	31,890	－
(7) Monetary assets held in trust(*1)	233,714	238,291	4,577
(8) Securities			
Trading securities	662	662	－
Securities being held to maturity	639,809	649,174	9,365
Securities available for sale	1,094,814	1,094,814	－
Equity securities of affiliates	36,557	30,286	(6,271)
(9) Loans and bills discounted (*2)	4,292,464		
Reserve for credit losses	(121,328)		
Net	4,171,136	4,248,691	77,555
(10) Lease receivables and leased investment assets (*1)	199,177	200,125	947
(11) Other assets			
Installment receivables	365,817		
Deferred gains on installment receivables	(12,111)		
Reserve for credit losses	(10,819)		
Net	342,886	354,528	11,641
Total assets	¥7,627,249	¥7,725,806	¥98,557
(1) Deposits	¥5,252,935	¥5,267,724	¥ (14,788)
(2) Negotiable certificates of deposit	204,600	204,580	19
(3) Debentures	262,342	262,768	(426)
(4) Call money and bills sold	170,094	170,094	－
(5) Payables under securities lending transactions	47,069	47,069	－
(6) Trading liabilities			
Trading securities sold for short sales	15,925	15,925	－
(7) Borrowed money	719,292	718,119	1,172
(8) Short-term corporate bonds	82,800	82,800	－
(9) Corporate bonds	174,286	171,091	3,194
Total liabilities	¥6,929,344	¥6,940,172	¥ (10,829)

Derivative instruments (*3)			
Hedge accounting is not applied	¥ (17,733)	¥ (17,733)	—
Hedge accounting is applied	(16,521)	(16,521)	—
Total	¥ (34,255)	¥ (34,255)	—

(Millions of yen)

	Contract amount	Fair value
Other		
Guarantee contracts (*4)	¥511,032	¥ (4,460)

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

(*2) For consumer loans of ¥389,310 million held by consolidated subsidiaries included in Loans and bills discounted, reserve for losses on interest repayments of ¥34,983 million is recognized for estimated losses on reimbursements of excess interest payments.

(*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 sheet.

(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 bills bought 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 of securities held for trading purposes are measured at market prices or quoted prices from third parties.

(7) Monetary assets held in trust

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

Notes on monetary assets held in trust by holding purposes are included in notes for "Monetary assets held in trust."

(8) Securities

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

Notes on securities by holding purposes are included in notes for "Securities."

(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 to same borrowers 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 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 of lease receivables and leased investment assets 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 of installment receivables 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 and (2) 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 less than six months 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 new contracts with the same terms at the consolidated balance sheet date.

(3) Debentures and (9) 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 within 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.

(4) Call money and bills sold and (5) Payables under securities lending transactions

The fair values approximate carrying amounts for Call money and bills sold, and Payables under securities lending transactions because most of them are 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 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 of guarantee contracts 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 same contract at the risk free rate.

(Note 2)

Financial instruments whose fair values cannot be reliably determined are as follows, and these are not included in the above (8) Securities.

(Millions of yen)

Category	Carrying amount
Equity securities without readily available market price (*1)(*2)	¥12,819
Investment in partnerships and others (*1)(*2)	57,681
Total	¥70,501

(*1) Equity securities without readily available market price are out of the scope of fair values disclosure because their fair values cannot be reliably determined. Investments in partnerships and others, the assets of which comprise equity securities without readily available market price, are out of the scope of fair value disclosure because fair values of those investments cannot be reliably determined.

(*2) For the fiscal year ended March 31, 2013, impairment losses on equity securities without readily available market price of ¥1,271 million, and on investment in partnerships and others of ¥606 million were recognized, respectively.

(Note 3) Redemption schedule of monetary claims and securities with contractual maturities

(Millions of yen)

	Less than 1 year	More than 1 year Less than 3 years	More than 3 years Less than 5 years	More than 5 years
Due from banks	¥645,350	¥―	¥―	¥―
Call loans and bills bought	18,806	―	―	―
Receivables under resale agreements	19,997	―	58,510	―
Receivables under securities borrowing transactions	19,083	―	―	―
Other monetary claims purchased				
Other than trading purposes	12,204	15	12,002	21,130
Securities				
Held-to-maturity	153,000	370,000	60,343	59,559
Japanese national government bonds	153,000	370,000	50,000	10,000
Other	―	―	10,343	49,559
Available-for-sale	88,019	165,494	674,570	150,003
Japanese national government bonds	5,035	50,000	592,000	102,500
Japanese local government bonds	―	―	500	―
Japanese corporate bonds	72,894	69,932	30,066	22,418
Other	10,090	45,561	52,003	25,085
Loans and bills discounted	884,862	987,834	659,287	1,491,545
Lease receivables and leased investment assets	62,832	83,735	36,415	17,731
Installment receivables	156,700	141,341	37,886	18,512
Total	¥2,060,856	¥1,748,420	¥1,539,016	¥1,758,482

(Note) The financial instruments whose cash flow cannot be reliably estimated such as loans and bills discounted to obligors of “legally bankrupt,” “virtually bankrupt” and “possibly bankrupt,” and the financial instruments with no contractual maturity are not included in the table above.

(Note 4) Redemption schedule of corporate bonds, borrowed money and other interest-bearing debts

(Millions of yen)

	Less than 1 year	More than 1 year Less than 3 years	More than 3 years Less than 5 years	More than 5 years
Deposits (*)	¥4,218,876	¥724,975	¥220,597	¥88,486
Negotiable certificates of deposit	204,600	—	—	—
Debentures	45,549	101,040	115,651	100
Call money and bills sold	170,094	—	—	—
Payables under securities lending transactions	47,069	—	—	—
Borrowed money	390,045	115,515	115,991	97,739
Short-term corporate bonds	82,800	—	—	—
Corporate bonds	1,574	95,731	7,702	69,314
Total	¥5,160,610	¥1,037,263	¥459,942	¥255,640

(*) The cash flow of demand deposits is included in “Less than 1 year.”

(Translation)

(Securities)

In addition to "Securities" on the consolidated balance sheet, the figures in the following tables include trading securities, securities held to hedge trading transactions and other securities related to trading transactions recorded in "Trading assets", and beneficiary interests included in "Other monetary claims purchased" that are accounted for in the same way as securities.

1. Trading securities (as of March 31, 2013)

(Millions of yen)

	Unrealized gain (loss)
Trading securities	¥ (1,386)
Other monetary claims purchased for trading purposes	(27,514)

2. Securities being held to maturity (as of March 31, 2013)

(Millions of yen)

	Type	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount	Japanese national government bonds	¥584,863	¥589,406	¥4,542
	Other	51,929	56,752	4,822
	Subtotal	636,792	646,158	9,365
Fair value does not exceed carrying amount	Japanese national government bonds	—	—	—
	Other	3,016	3,016	(0)
	Subtotal	3,016	3,016	(0)
Total		¥639,809	¥649,174	¥9,365

3. Securities available for sale (as of March 31, 2013)

(Millions of yen)

	Type	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)
Carrying amount exceeds amortized/ acquisition cost	Equity securities	¥16,497	¥10,050	¥6,446
	Domestic bonds:	80,613	78,323	2,289
	Japanese national government bonds	39,604	38,122	1,482
	Japanese local government bonds	532	503	29
	Japanese corporate bonds	40,476	39,698	778
	Other	89,198	84,760	4,437

	Subtotal	186,309	173,135	13,173
Carrying amount does not exceed amortized/ acquisition cost	Equity securities	2,964	3,662	(697)
	Domestic bonds:	856,091	859,159	(3,068)
	Japanese national government bonds	712,894	713,890	(995)
	Japanese local government bonds	—	—	—
	Japanese corporate bonds	143,196	145,269	(2,072)
	Other	51,429	51,952	(522)
	Subtotal	910,485	914,774	(4,288)
Total		¥1,096,795	¥1,087,909	¥8,885

(Note) "Unrealized gain (loss) on available-for-sale securities" on the consolidated balance sheet consists of the following:

(Millions of yen)

Unrealized gain (loss) before deferred tax on:	
Available-for-sale securities	¥ 8,885
The Bank's interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined and other adjustments	81
Securities being held to maturity, reclassified from available-for sale in the past, under extremely illiquid market conditions	(4,976)
Less: Deferred tax liabilities	485
Unrealized gain (loss) on available-for-sale securities before interest adjustments	3,504
Less: Minority interests	15
The Bank's interests in unrealized gain (loss) on available-for-sale securities held by affiliates to which the equity method is applied	335
Unrealized gain (loss) on available-for-sale securities	¥ 3,825

4. Available-for-sale securities sold during the current fiscal year (from April 1, 2012 to March 31, 2013)

(Millions of yen)

	Proceeds from sales	Gains on sales	Losses on sales
Equity securities	¥2,495	¥1,180	¥1
Domestic bonds:	7,845,486	6,027	917
Japanese national government bonds	7,785,819	5,813	884

Japanese local government bonds	25,245	10	24
Japanese corporate bonds	34,422	203	8
Other	398,387	3,388	419
Total	¥8,246,370	¥10,596	¥1,338

5. Securities for which impairment losses are recognized

Individual securities (except for those whose fair value cannot be reliably determined), other than trading securities, are written down when a decline in fair value below the cost of such securities is deemed to be other than temporary. The amount written down is accounted for as an impairment loss. Impairment loss on such securities for the fiscal year ended March 31, 2013 was ¥2,748 million, which consisted of ¥211 million for equity securities, ¥2,506 million for Japanese corporate bonds and ¥30 million for other securities.

To determine whether an other-than-temporary impairment has occurred, the Bank applies the following rule, by the obligor classification of the security issuer based on the Bank'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. Monetary assets held in trust for trading purposes (as of March 31, 2013)

(Millions of yen)

	Carrying amount (Fair value)	Unrealized gain (loss)
Monetary assets held in trust for trading purposes	¥98,282	¥ (4,258)

2. There are no monetary assets held in trust held to maturity (as of March 31, 2013)

3. Monetary assets held in trust other than for trading purposes and held to maturity (as of March 31, 2013)

(Millions of yen)

	Carrying amount	Acquisition cost	Unrealized gain (loss)	Gross unrealized gain	Gross unrealized loss
Other monetary assets held in trust	¥135,565	¥135,565	—	—	—

Note: “Gross unrealized gain” and “Gross unrealized loss” are components of “Unrealized gain (loss)”.

(Per share information)

Common shareholders’ equity per share was ¥233.65.

Net income per common share was ¥19.24.

Diluted net income per common share is not applicable because there is no effect from dilutive securities.

(Stock option)

(1) Expenses related to stock options in the current fiscal year

Other general and administrative expenses ¥(10) million

(2) Gains on unexercised and forfeited stock acquisition rights during the current fiscal year

¥ 105 million

(3) Outline, number and movement of stock options

(i) Outline of stock options

	The 1st stock acquisition rights		The 4th stock acquisition rights	
Number of grantees	Statutory executive officers: 11 Employees: 2,185		Statutory executive officers: 1	
Number of stock options granted (Note1)	Common stock: 5,343,000 shares	Common stock: 4,112,000 shares	Common stock: 125,000 shares	Common stock: 125,000 shares
Grant date	July 1, 2004		June 1, 2005	
Condition for vesting	(Note: 2)		(Note: 2)	
Required service period	From July 1, 2004 to July 1, 2006	From July 1, 2004 to July 1, 2007	From June 1, 2005 to July 1, 2006	From June 1, 2005 to July 1, 2007
Exercise period	From July 1, 2006 to June 23, 2014	From July 1, 2007 to June 23, 2014	From July 1, 2006 to June 23, 2014	From July 1, 2007 to June 23, 2014

	The 5th stock acquisition rights		The 6th stock acquisition rights	
Number of grantees	Directors: 15 Statutory executive officers: 10 Employees: 437		Statutory executive officers: 5 Employees: 35	
Number of stock options granted (Note1)	Common stock: 2,609,000 shares	Common stock: 2,313,000 shares	Common stock: 1,439,000 shares	Common stock: 1,417,000 shares
Grant date	June 27, 2005		June 27, 2005	
Condition for vesting	(Note: 2)		(Note: 2)	
Required service period	From June 27, 2005 to July 1, 2007	From June 27, 2005 to July 1, 2008	From June 27, 2005 to July 1, 2007	From June 27, 2005 to July 1, 2008
Exercise period	From July 1, 2007 to June 23, 2015	From July 1, 2008 to June 23, 2015	From July 1, 2007 to June 23, 2015	From July 1, 2008 to June 23, 2015

(Translation)

	The 7th stock acquisition rights		The 8th stock acquisition rights	
Number of grantees	Statutory executive officers: 8 Employees: 127		Statutory executive officers: 1 Employees: 34	
Number of stock options granted (Note1)	Common stock: 678,000 shares	Common stock: 609,000 shares	Common stock: 287,000 shares	Common stock: 274,000 shares
Grant date	June 27, 2005		June 27, 2005	
Condition for vesting	(Note: 2)		(Note: 2)	
Required service period	From June 27, 2005 to July 1, 2008	From June 27, 2005 to July 1, 2010	From June 27, 2005 to July 1, 2008	From June 27, 2005 to July 1, 2010
Exercise period	From July 1, 2008 to June 23, 2015	From July 1, 2010 to June 23, 2015	From July 1, 2008 to June 23, 2015	From July 1, 2010 to June 23, 2015

	The 9th stock acquisition rights		The 10th stock acquisition rights	
Number of grantees	Employees: 2		Employees: 2	
Number of stock options granted (Note1)	Common stock: 79,000 shares	Common stock: 78,000 shares	Common stock: 27,000 shares	Common stock: 26,000 shares
Grant date	September 28, 2005		September 28, 2005	
Condition for vesting	(Note: 2)		(Note: 2)	
Required service period	From September 28, 2005 to July 1, 2007	From September 28, 2005 to July 1, 2008	From September 28, 2005 to July 1, 2008	From September 28, 2005 to July 1, 2010
Exercise period	From July 1, 2007 to June 23, 2015	From July 1, 2008 to June 23, 2015	From July 1, 2008 to June 23, 2015	From July 1, 2010 to June 23, 2015

	The 13th stock acquisition rights		The 14th stock acquisition rights	
Number of grantees	Directors: 15 Statutory executive officers: 14 Employees: 559		Statutory executive officers: 3 Employees: 28	
Number of stock options granted (Note1)	Common stock: 2,854,000 shares	Common stock: 2,488,000 shares	Common stock: 1,522,000 shares	Common stock: 1,505,000 shares
Grant date	May 25, 2006		May 25, 2006	
Condition for vesting	(Note: 2)		(Note: 2)	
Required service period	From May 25, 2006 to June 1, 2008	From May 25, 2006 to June 1, 2009	From May 25, 2006 to June 1, 2008	From May 25, 2006 to June 1, 2009
Exercise period	From June 1, 2008 to June 23, 2015	From June 1, 2009 to June 23, 2015	From June 1, 2008 to June 23, 2015	From June 1, 2009 to June 23, 2015

	The 15th stock acquisition rights		The 16th stock acquisition rights	
Number of grantees	Statutory executive officers: 12 Employees: 159		Employees: 19	
Number of stock options granted (Note1)	Common stock: 749,000 shares	Common stock: 690,000 shares	Common stock: 170,000 shares	Common stock: 161,000 shares
Grant date	May 25, 2006		May 25, 2006	
Condition for vesting	(Note: 2)		(Note: 2)	
Required service period	From May 25, 2006 to June 1, 2009	From May 25, 2006 to June 1, 2011	From May 25, 2006 to June 1, 2009	From May 25, 2006 to June 1, 2011
Exercise period	From June 1, 2009 to June 23, 2015	From June 1, 2011 to June 23, 2015	From June 1, 2009 to June 23, 2015	From June 1, 2011 to June 23, 2015

	The 17th stock acquisition rights		The 18th stock acquisition rights	
Number of grantees	Directors: 12 Statutory executive officers: 13 Employees: 110		Statutory executive officers: 3 Employees: 23	
Number of stock options granted (Note1)	Common stock: 1,691,000 shares	Common stock: 1,615,000 shares	Common stock: 747,000 shares	Common stock: 733,000 shares
Grant date	May 25, 2007		May 25, 2007	
Condition for vesting	(Note: 2)		(Note: 2)	
Required service period	From May 25, 2007 to June 1, 2009	From May 25, 2007 to June 1, 2011	From May 25, 2007 to June 1, 2009	From May 25, 2007 to June 1, 2011
Exercise period	From June 1, 2009 to May 8, 2017	From June 1, 2011 to May 8, 2017	From June 1, 2009 to May 8, 2017	From June 1, 2011 to May 8, 2017

	The 19th stock acquisition rights		The 20th stock acquisition rights	
Number of grantees	Directors and employees in subsidiaries: 32		Directors: 12 Statutory executive officers: 8 Employees: 104	
Number of stock options granted (Note1)	Common stock: 86,000 shares	Common stock: 54,000 shares	Common stock: 1,445,000 shares	Common stock: 1,385,000 shares
Grant date	July 2, 2007		May 30, 2008	
Condition for vesting	(Note: 2)		(Note: 2)	
Required service period	From July 2, 2007 to July 1, 2009	From July 2, 2007 to July 1, 2011	From May 30, 2008 to June 1, 2010	From May 30, 2008 to June 1, 2012
Exercise period	From July 1, 2009 to June 19, 2017	From July 1, 2011 to June 19, 2017	From June 1, 2010 to May 13, 2018	From June 1, 2012 to May 13, 2018

(Translation)

	The 21st stock acquisition rights		The 22nd stock acquisition rights	
Number of grantees	Statutory executive officers: 1 Employees: 29		Directors and employees in subsidiaries: 43	
Number of stock options granted (Note1)	Common stock: 1,049,000 shares	Common stock: 1,032,000 shares	Common stock: 121,000 shares	Common stock: 82,000 shares
Grant date	May 30, 2008		July 10, 2008	
Condition for vesting	(Note: 2)		(Note: 2)	
Required service period	From May 30, 2008 to June 1, 2010	From May 30, 2008 to June 1, 2012	From July 10, 2008 to July 1, 2010	From July 10, 2008 to July 1, 2012
Exercise period	From June 1, 2010 to May 13, 2018	From June 1, 2012 to May 13, 2018	From July 1, 2010 to June 24, 2018	From July 1, 2012 to June 24, 2018

	The 23rd stock acquisition rights	
Number of grantees	Directors and employees in subsidiaries: 17	
Number of stock options granted (Note1)	Common stock: 54,000 shares	Common stock: 43,000 shares
Grant date	December 1, 2008	
Condition for vesting	(Note: 2)	
Required service period	From December 1, 2008 to December 1, 2010	From December 1, 2008 to December 1, 2012
Exercise period	From December 1, 2010 to November 11, 2018	From December 1, 2012 to November 11, 2018

Notes:

1. Stated in terms of the number of shares.
2. In principle, grantees must continue to serve through the required service period. However, the right may be granted or forfeited if certain conditions specified in the "Agreement on Granting Stock Acquisition Rights" take place.

(ii) Number of stock options and movement therein

Stock options that existed during the current fiscal year are covered. Number of stock options is stated in terms of the number of shares.

a. Number of stock options

	1st	4th	5th	6th
Non-vested (share)				
Outstanding at the beginning of the year	—	—	—	—
Granted during the year	—	—	—	—
Forfeited during the year	—	—	—	—
Vested during the year	—	—	—	—
Outstanding at the end of the year	—	—	—	—
Vested (Share)				
Outstanding at the beginning of the year	4,913,000	250,000	2,219,000	1,544,000
Vested during the year	—	—	—	—
Exercised during the year	—	—	—	—
Forfeited during the year	115,000	—	111,000	48,000
Exercisable at the end of the year	4,798,000	250,000	2,108,000	1,496,000

	7th	8th	9th	10th
Non-vested (share)				
Outstanding at the beginning of the year	—	—	—	—
Granted during the year	—	—	—	—
Forfeited during the year	—	—	—	—
Vested during the year	—	—	—	—
Outstanding at the end of the year	—	—	—	—
Vested (Share)				
Outstanding at the beginning of the year	474,000	187,000	108,000	36,000
Vested during the year	—	—	—	—
Exercised during the year	—	—	—	—
Forfeited during the year	23,000	17,000	—	—
Exercisable at the end of the year	451,000	170,000	108,000	36,000

	13th	14th	15th	16th
Non-vested (share)				
Outstanding at the beginning of the year	—	—	—	—
Granted during the year	—	—	—	—
Forfeited during the year	—	—	—	—
Vested during the year	—	—	—	—
Outstanding at the end of the year	—	—	—	—
Vested (Share)				
Outstanding at the beginning of the year	2,236,000	1,797,000	512,000	37,000
Vested during the year	—	—	—	—
Exercised during the year	—	—	—	—
Forfeited during the year	183,000	80,000	63,000	18,000
Exercisable at the end of the year	2,053,000	1,717,000	449,000	19,000

	17th	18th	19th	20th
Non-vested (share)				
Outstanding at the beginning of the year	—	—	—	241,000
Granted during the year	—	—	—	—
Forfeited during the year	—	—	—	—
Vested during the year	—	—	—	241,000
Outstanding at the end of the year	—	—	—	—
Vested (Share)				
Outstanding at the beginning of the year	1,339,000	875,000	140,000	987,000
Vested during the year	—	—	—	241,000
Exercised during the year	—	—	—	—
Forfeited during the year	115,000	70,000	—	54,000
Exercisable at the end of the year	1,224,000	805,000	140,000	1,174,000

	21st	22nd	23rd
Non-vested (share)			
Outstanding at the beginning of the year	81,000	72,000	22,000
Granted during the year	—	—	—
Forfeited during the year	78,000	—	—
Vested during the year	3,000	72,000	22,000
Outstanding at the end of the year	—	—	—
Vested (Share)			
Outstanding at the beginning of the year	121,000	116,000	32,000
Vested during the year	3,000	72,000	22,000
Exercised during the year	—	—	—
Forfeited during the year	82,000	—	—
Exercisable at the end of the year	42,000	188,000	54,000

(Translation)

b. Price information

	1st	4th	5th	6th
Exercise price (yen)	684	551	601	601
Weighted average stock price at the date of exercise	—	—	—	—

	7th	8th	9th	10th
Exercise price (yen)	601	601	697	697
Weighted average stock price at the date of exercise	—	—	—	—

	13th		14th	
Exercise period	From June 1, 2008 to June 23, 2015	From June 1, 2009 to June 23, 2015	From June 1, 2008 to June 23, 2015	From June 1, 2009 to June 23, 2015
Exercise price (yen)	825		825	
Weighted average stock price at the date of exercise (yen)	—		—	
Fair value at grant date (yen)	163	173	163	173

	15th		16th	
Exercise period	From June 1, 2009 to June 23, 2015	From June 1, 2011 to June 23, 2015	From June 1, 2009 to June 23, 2015	From June 1, 2011 to June 23, 2015
Exercise price (yen)	825		825	
Weighted average stock price at the date of exercise (yen)	—		—	
Fair value at grant date (yen)	173	192	173	192

	17th		18th	
Exercise period	From June 1, 2009 to May 8, 2017	From June 1, 2011 to May 8, 2017	From June 1, 2009 to May 8, 2017	From June 1, 2011 to May 8, 2017
Exercise price (yen)	555		555	
Weighted average stock price at the date of exercise (yen)	—		—	
Fair value at grant date (yen)	131	143	131	143

	19th		20th	
Exercise period	From July 1, 2009 to June 19, 2017	From July 1, 2011 to June 19, 2017	From June 1, 2010 to May 13, 2018	From June 1, 2012 to May 13, 2018
Exercise price (yen)	527		416	
Weighted average stock price at the date of exercise (yen)	—		—	
Fair value at grant date (yen)	121	132	158	169

	21st		22nd	
Exercise period	From June 1, 2010 to May 13, 2018	From June 1, 2012 to May 13, 2018	From July 1, 2010 to June 24, 2018	From July 1, 2012 to June 24, 2018
Exercise price (yen)	416		407	
Weighted average stock price at the date of exercise (yen)	―		―	
Fair value at grant date (yen)	158	169	127	137

	23rd	
Exercise period	From December 1, 2010 to November 11, 2018	From December 1, 2012 to November 11, 2018
Exercise price (yen)	221	
Weighted average stock price at the date of exercise (yen)	―	
Fair value at grant date (yen)	53	57

Note: With regard to stock options from 1st to 10th, the Bank does not describe “Fair value at grant date” because they were granted prior to the enforcement of the Companies Act.

(4) Measurement of the fair value of stock options

There was no stock option granted or whose fair value was changed due to the modification to the terms and conditions during the fiscal year.

(5) Method of determining the vested number of stock options

Incorporated only the actual forfeited options, as the reasonable estimate of future forfeiture is not determinable.

Notes to the financial statements

All yen amounts are rounded down to millions of yen.

Significant accounting policies

1. Recognition and measurement of trading assets / liabilities and trading income / losses

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

Trading securities and monetary claims purchased for trading purposes are stated at market value at the balance sheet date 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 position were terminated at the balance sheet date.

Trading income and trading losses include interest received and paid during the fiscal year 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 fiscal year.

In estimating fair values of derivative financial instruments related to trading positions, liquidity risks and credit risks are reflected.

2. Measurement of securities

(a) Securities for trading purposes (except for those included in trading accounts) are carried at fair value (cost of securities sold is determined by the moving average method). Securities being held to maturity are carried at amortized cost (using the straight-line method) determined by the moving average method. Investments in subsidiaries and affiliates are carried at cost determined by the moving average method. Available-for-sale securities are carried at fair value at the balance sheet date (cost of securities sold is determined by the moving average method) in principle, with the exception of those whose fair value cannot be reliably determined, which are carried at cost determined by the moving average method. Unrealized gain (loss) on available-for-sale securities is directly recorded in a separate component of equity.

(b) The values of securities included in monetary assets held in trust are determined by the same methods as stated in (a) above.

3. Measurement of derivatives

Derivatives (except for those included in trading accounts) are carried at fair value.

4. Measurement of other monetary claims purchased

Other monetary claims purchased held for trading purposes (except for those included in trading accounts) are carried at fair value.

5. Depreciation

(a) Premises and equipment (excluding leased assets)

Depreciation of buildings and computers equipment (including ATMs) other than personal computers is computed using the straight-line method, and depreciation of other equipment is computed using the declining-balance method. Principal estimated useful lives are as follows:

Buildings: 8 – 50 years

Others: 2 – 20 years

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

From the current fiscal year, the Bank changed the depreciation method for premises and equipment acquired on and after April 1, 2012 to the revised method in accordance with the amendment of the Corporation Tax Act.

The impact of this change on net income for the fiscal year ended March 31, 2013 was immaterial.

(b) Intangible assets

Amortization of intangible assets is computed using the straight-line method. The amortization period of respective intangible assets is as follows:

Capitalized software for internal use	5 years (the estimated useful lives)
Goodwill	3－10 years
Other intangible assets (Trade name and trade mark)	7 years

(c) Leased assets

Depreciation of leased assets from finance lease transactions that do not deem to transfer ownership of the leased property to the lessee, which are included in “Premises and equipment,” is computed using the straight-line method over the leasing period. Residual values of leased assets are the guaranteed value for those assets determined in the lease contract or zero for assets without such guaranteed value.

6. Deferred charges

Deferred charges are accounted for as follows:

(a) Deferred issuance expenses for corporate bonds

Deferred issuance expenses for corporate bonds, which are included in other assets, are amortized using the straight-line method over the term of the corporate bonds.

Corporate bonds are stated at amortized costs calculated by the straight-line method.

(b) Deferred issuance expenses for debentures

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

7. Translation of foreign currency-denominated assets and liabilities

Foreign currency-denominated assets and liabilities are translated into Japanese yen at the exchange rates as of the balance sheet date, except for investments in subsidiaries and affiliates which are translated at the relevant historical exchange rates.

8. Reserves and allowances

(a) Reserve for credit losses

The reserve for credit losses has been established as described below based on the predetermined internal rules for establishing the reserve.

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

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

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

For collateralized or guaranteed claims 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 ¥58,192 million.

(b) Valuation allowance for investments

Valuation allowance for investments is set aside in amounts that are deemed to be necessary for estimated losses on investments in light of the financial status and other elements of the investee.

(c) Accrued employees' bonuses

Accrued employees' bonuses are provided in the amount of the estimated bonuses which are attributable to the current fiscal year.

(d) Reserve for employees' retirement benefits

The reserve for employees' retirement benefits is provided for the payment of employees' retirement benefits based on the estimated amounts of the projected benefit obligation and the estimated value of pension plan assets as of the balance sheet date. The unrecognized prior service cost and the unrecognized actuarial gain (loss) are treated in the following manner:

Unrecognized prior service cost:	Amortized using the straight-line method over the average remaining service period from the fiscal year of occurrence.
Unrecognized actuarial gain (loss):	Amortized using the straight-line method over the average remaining service period from the fiscal year of occurrence.

The transitional unrecognized net retirement benefit obligation of ¥9,081 million is being amortized using the straight-line method over 15 years.

9. Hedge accounting

(a) Hedge of interest rate risks

The Bank applies the deferral hedge accounting for derivative transactions that meet the hedge accounting criteria for mitigating interest risks of its financial assets and liabilities.

The Bank adopted portfolio hedging to determine the effectiveness of hedging instruments in accordance with Industry Audit Committee Report No. 24 issued by the Japanese Institute of Certified Public Accountants (the "JICPA"). Under portfolio hedging 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 rates index of the hedged cash flow and that of the hedging instruments.

(b) Hedge of foreign exchange fluctuation risks

The Bank applies either deferral hedge accounting or fair value hedge accounting for derivative transactions for the purpose of hedging foreign exchange fluctuation risks of the Bank's financial assets and liabilities denominated in a foreign currency.

Under deferral hedge accounting, which is in accordance with "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry" (Industry Audit Committee Report No. 25 of the JICPA), hedged items are identified by grouping the foreign currency-denominated financial assets and liabilities by currencies and designating derivative transactions such as currency swap transactions, fund swap transactions and forward exchange contracts as hedging instruments. Hedge effectiveness is reviewed by comparing the total foreign currency position of the hedged items and hedging instruments by currency.

The Bank also applies deferral hedge accounting and fair value hedge accounting to translation gains or losses from foreign currency-denominated investments in foreign subsidiaries and affiliates and available-for-sale securities (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) Intra-company derivative transactions

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

10. Consumption tax

The national consumption tax and the local consumption tax are excluded from transaction amounts.

11. Consolidated corporate tax system

The consolidated corporate tax system is adopted by the Bank and its wholly-owned domestic consolidated subsidiaries.

Change in presentation

(Non-Consolidated Balance Sheet)

"Cash collateral paid for financial instruments"(¥12,241 million at end of the previous fiscal year) which was included in "Other" presented in "Other assets" in the previous fiscal year and "Cash collateral received for financial instruments" (¥2,341 million at end of the previous fiscal year) which was included in "Other" presented in "Other Liabilities" in the previous fiscal year, are separately presented in the current fiscal year, according to the Attached List of Formats of "Ordinance for Enforcement of the Banking Act (Finance Ministry Ordinance No.10 of 1982)" amended by "Cabinet Office Ordinance on the Partial Revision of the Ordinance for Enforcement of the Banking Act (Cabinet Office Ordinance No.11 on March 28, 2013)".

Notes to non-consolidated financial statements

（Balance Sheet）

1. The total book value of investments in subsidiaries and affiliates was ¥444,268 million.

2. For securities held in connection with securities borrowing transactions with or without cash collateral, securities purchased under resale agreements and securities accepted as collateral for derivative transactions, where the Bank has the right to sell or pledge such securities without restrictions, ¥44,273 million of those securities was further pledged, and ¥50,597 million of those securities was held by the Bank at the balance sheet date.

3. Loans to bankrupt obligors and non-accrual delinquent loans of ¥8,180 million and ¥211,219 million, respectively, were included in loans and bills discounted.

Loans to bankrupt obligors are loans, after write-off, to legally bankrupt obligors as defined in Article 96, Paragraph 1, Items 3 and 4 of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97 of 1965) and on which accrued interest income is not recognized as there is a substantial doubt about the ultimate collectability of either principal or interest because they are past due for a considerable period of time or for other reasons.

Non-accrual delinquent loans are loans on which accrued interest income is not recognized, excluding loans to bankrupt obligors and loans for which interest payments are deferred in order to facilitate the rehabilitation of the obligor or to assist in the financial recovery of the obligors.

4. Loans past due for three months or more of ¥1,147 million were included in loans and bills discounted.

Loans past due for three months or more are loans other than loans to bankrupt obligors and non-accrual delinquent loans, for which the principal and/or interest payments are past due for three months or more.

5. Restructured loans of ¥4,538 million were included in loans and bills discounted.

Restructured loans are loans other than loans to bankrupt obligors, non-accrual delinquent loans or loans past due for three months or more, on which concessions such as reduction of the stated interest rate, a deferral of interest payment, an extension of the maturity date, debt forgiveness, or other agreements which give advantages to obligors in financial difficulties have been granted to obligors to facilitate their rehabilitation.

6. The total amount of loans to bankrupt obligors, non-accrual delinquent loans, loans past due for three months or more and restructured loans was ¥225,086 million.

The amounts of loans mentioned in the Notes 3 through 6 above represent the gross receivable amounts prior to reduction of the reserve for credit losses.

7. 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 of the JICPA, although the Bank has the right to sell or pledge them without restrictions. The face amount of such bills discounted held as of March 31, 2013 was ¥486 million.

8. The total principal amount of loans accounted for as a sale through loan participations was ¥16,219 million as of March 31, 2013. This “off-balance sheet” treatment is in accordance with Report No. 3 issued by the Framework Committee of the JICPA.

The total principal amount of such loans in which the Bank participated was ¥8,125 million as of March 31, 2013.

9. Assets pledged as collateral were as follows:

Cash and due from banks	¥ 10 million
Monetary assets held in trust	2,418
Securities	872,770
Loans and bills discounted	59,638
Accounts receivable	163,600
Other presented in other assets	24,751

Liabilities collateralized were as follows:

Deposits	¥ 418 million
Call money	170,000
Payables under securities lending transactions	28,377
Borrowed money	355,854
Derivatives held in banking account	2,435
Other presented in other liabilities	47
Acceptances and guarantees	914

In addition, ¥173,620 million of securities were pledged as collateral for transactions, including exchange settlements, swap transactions and replacement of margin for futures transactions.

Also, ¥30,990 million of the cash reserve for the securitization of the Bank's subsidiary was included in "Monetary assets held in trust" and ¥9,346 million of security deposits and ¥4,473 million of guarantee deposits under resale agreements and repurchase agreements were included in "Other assets".

10. The Bank issues commitments to extend credit and establish credit lines for overdrafts to meet the financing needs of its customers. The unfunded amount of these commitments was ¥3,194,058 million, out of which the amount with original agreement terms of less than one year or which were cancelable was ¥3,027,132 million.

Since a large majority of these commitments expire without being drawn upon, the unfunded amounts do not necessarily represent future cash requirements. Many of such agreements include conditions granting the Bank 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.

11. Accumulated depreciation on premises and equipment was ¥14,098 million.

12. Deferred gains on premises and equipment deducted for tax purposes were ¥31 million.

13. Subordinated debt of ¥92,500 million was included in borrowed money.

14. Subordinated bonds of ¥215,762 million were included in corporate bonds.

15. The amount of guarantee obligations for privately-placed bonds (Paragraph 3 of Article 2 of the Financial Instruments and Exchange Act), out of "Japanese corporate bonds" included in the

"Securities" stand at ¥31,675 million.

16. Total monetary claims to subsidiaries and affiliates stand at ¥607,445 million.

17. Total monetary liabilities against subsidiaries and affiliates stand at ¥487,280 million.

18. According to the Article 18 of the Banking Act, there is a limitation on dividends from surplus.

When dividends from surplus are paid out, notwithstanding the provision of Article 445, Item 4 of the Corporation Act (Amounts of Capital and Amount of Reserves), the amount multiplied by 1/5 of surplus to be decreased by such dividends from surplus is accrued as additional paid-in capital or legal reserve.

The amount of legal reserve to be accrued in connection with such dividends from surplus in the current fiscal year was ¥530 million.

19. Projected benefit obligations, etc, at the end of the current fiscal year were as follows:

Projected benefit obligation	¥	(58,513)	million
Fair value of plan assets		51,274	
Unfunded retirement benefit obligations		(7,239)	
Unrecognized obligation at transition		1,210	
Unrecognized net actuarial losses		8,907	
Unrecognized prior service cost		(1,367)	
Net amount accrued on the balance sheet		1,512	
Prepaid pension cost		1,512	

(Statement of Income)

1. Earnings from transactions with subsidiaries and affiliates

Total interest income: ¥15,012 million

Total fees and commissions income: ¥4,791 million

Total earnings from other businesses and other ordinary transactions: ¥248 million

Total earnings from other transactions: ¥917 million

Expenses from transactions with subsidiaries and affiliates

Total interest expenses: ¥3,611 million

Total fees and commissions expenses: ¥4,257 million

Total expenses from other businesses and other ordinary transactions: ¥396 million

Total expenses from other transactions: ¥7,040 million

2. "Other extraordinary gains" includes gains on unexercised and forfeited stock acquisition rights of ¥105 million.

3. “Impairment losses” are impairment losses as for the following asset groups.

Location	Usage	Asset Group	Amount (Millions of yen)
Tokyo, Osaka, etc.	Branch and ATMs	Buildings, Other premises and equipment	¥676
Tokyo	IT-related property	Other premises and equipment, Software	37
Total			¥714

The Bank determines the asset group based on the management segmentation.

As a result of consideration of the business environment, the Bank made a decision to close down some of the branches and ATMs for Individual Group, and segregated them as idle assets. In addition, the unused IT-related properties have also been segregated as idle assets. Impairment losses for these assets were recognized assuming their recoverable amount to be zero.

In the above impairment loss amount, ¥652 million was for “Buildings,” ¥29 million was for “Other premises and equipment” and ¥32 million was for “Software”.

4. “Other extraordinary losses” include impairment loss on investments in affiliated companies and partnerships of ¥1,220 million and loss on sale of investments in affiliated companies and partnerships of ¥379 million.

(Translation)

5. Significant related party transactions to be disclosed were as follows:

(1) Parent company and major corporate share holders

Not applicable.

(2) Subsidiaries and affiliates

(Millions of yen)

Category	Name of corporation or organization	Ratio of voting rights held by the Bank	Relation-ship	Details of transaction	Transaction amount	B/S account	Balance at fiscal year end
Subsidiaries	APLUS Co., Ltd.	Indirect holding 100%	Lending	Purchase of beneficial interests (Note 1)	136,000	—	—
	Zen-Nichi Shinpan Co., Ltd.	Indirect holding 100%	Lending	Overdraft loan transaction (Note 2)	87,336	Loans and bills discounted	86,000
				Receipt of loan interests (Note 2)	564	Accrued income	4
	Shinsei Financial Co., Ltd.	Direct holding 100%	Lending	Loan transaction to trust account (Note 3)	102,342	—	—
	Pearl White Two GK	Indirect holding [100%] (Note 4)	Lending	Early redemption of commercial paper (Note 5)	232,391	—	—
				Sale of beneficial interests (Note 6)	162,252	—	—
				Purchase of commercial paper (Note 6)	162,447	Loans and bills discounted (Note 7)	—
						Accounts receivable (Note 7)	163,600

Note:

1. The Bank purchased beneficial interests backed by the monetary claims in APLUS Co., Ltd. The transaction price was determined at a reasonable level according to the market conditions.
2. The lending is for the purpose of business operation. Also, the interest rate is determined at a reasonable level considering the market conditions. Transaction amount of overdraft loan is the average balance during this current fiscal year.
3. This is an asset backed loan to the trust account to which Shinsei Financial Co., Ltd. entrusted its monetary claims. The entrusted assets are collateralized for the loan. Transaction amount is the total amount of the loans executed in the current fiscal year. The interest rate is determined at a reasonable level considering the market conditions. The transaction is an asset backed loan backed by the assets in trust account, not a loan to Shinsei Financial Co., Ltd., and therefore balance at fiscal year end and amount of loan interests received are not presented.
4. In “Ratio of voting rights held by the Bank” [100%] is the share owned by a close related party.
5. This is the early redemption of the commercial paper issued by the Pearl White Two GK in the previous fiscal year, all of which were purchased by the Bank out of ¥234,500 million issued (face amount basis).
6. The Bank sold senior beneficial interests backed by the loans of the Bank to Pearl White Two GK. The Bank then purchased all of the commercial paper of ¥163,600 million (face amount basis) issued by Pearl White Two GK, which is backed by the beneficial interests transferred by the Bank. The transaction price was determined at a reasonable level according to the market conditions.
7. The B/S account is presented by the original assets of the Bank.

(Translation)

(3) Fellow subsidiaries

Not applicable.

(4) Directors and major individual shareholders

(Millions of yen)

Category	Name of corporation or organization	Ratio of voting rights held by the counterparty	Relation-ship	Details of transaction	Transaction amount	B/S account	Balance at fiscal year end
Corporations and organizations in which a majority of the voting rights is owned by directors or their family members (including their subsidiaries)	J.C.Flowers II L.P. (Note 1)	–	Providing service Concurrent post	Receipt of management fee (Note 2)	89	Unearned income	–
				Investment (Note 3)	161	–	–
				Dividend	878	–	–
	J.C.Flowers III L.P. (Note 1)	–	Concurrent post	Investment (Note 4)	426	–	–
				Dividend	362	–	–

Note:

1. The fund is operated by J.C. Flowers & Co. LLC of which J. Christopher Flowers, director of the Bank, serves as the chairman.
2. The management fee for assisting J.C. Flowers & Co. LLC in its sponsoring and serving as an investment advisor is determined based on proportion of the investment amounts by limited partners.
3. The committed investment amounts are U.S.$200 million based on the limited partnership agreement.
4. The committed investment amounts are U.S.$34,975 thousand based on the limited partnership agreement.

（Statement of Changes in Equity）

1. Type and number of treasury stock were as follows:

(Unit: thousand shares)

	Number of shares as of March 31, 2012	Number of shares increased	Number of shares decreased	Number of shares as of March 31, 2013	Note
Treasury stock:					
Common stock	96,427	—	—	96,427	
Total	96,427	—	—	96,427	

2. Information on dividends

The Bank's dividends were as follows:

(1) Dividend paid during the current fiscal year

Resolution	Type of shares	Total amount of dividend	Dividend per share	Record date	Effective date
The board of directors' meeting on May 8, 2012	Common stock	¥2,653 million	¥1.00	March 31, 2012	May 31, 2012

(2) Dividend to be paid in the next fiscal year attributable to the current fiscal year

Resolution	Type of shares	Total amount of dividend	Source of dividend	Dividend per share	Record date	Effective date
The board of directors' meeting on May 8, 2013	Common stock	¥2,653 million	Other retained earnings	¥1.00	March 31, 2013	May 30, 2013

（Securities）

In addition to "Securities" on the balance sheet, the figures in the following tables include "Securities held to hedge trading transactions" recorded in "Trading assets" and beneficiary interests included in "Other monetary claims purchased" that are accounted for in the same way as securities.

1. Trading securities (as of March 31, 2013）

(Millions of yen)

	Unrealized gain (loss)
Trading securities	¥(1,465)
Other monetary claims purchased for trading purposes	61

2. Securities being held to maturity (as of March 31, 2013)

(Millions of yen)

	Type	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount	Japanese national government bonds	¥584,863	¥589,406	¥4,542
	Other	51,929	56,752	4,822
	Subtotal	636,792	646,158	9,365
Fair value does not exceed carrying amount	Japanese national government bonds	—	—	—
	Other	3,016	3,016	(0)
	Subtotal	3,016	3,016	(0)
Total		¥639,809	¥649,174	¥9,365

3. Equity securities of subsidiaries and affiliates (as of March 31, 2013)

There were no marketable equity securities of subsidiaries and affiliates.

Equity securities of subsidiaries and affiliates whose fair value cannot be reliably determined consist of the following:

(Millions of yen)

	Carrying amount
Equity securities of subsidiaries	¥439,838
Equity securities of affiliates	1,838
Total	¥441,677

4. Securities available for sale (as of March 31, 2013)

(Millions of yen)

	Type	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)
Carrying amount exceeds amortized/ acquisition cost	Equity securities	¥12,481	¥7,489	¥4,992
	Domestic bonds:	80,578	78,288	2,289
	Japanese national government bonds	39,569	38,087	1,482
	Japanese local government bonds	532	503	29
	Japanese corporate bonds	40,476	39,698	778
	Other	87,797	82,998	4,799
	Subtotal	180,857	168,776	12,081
Carrying amount does not exceed amortized/ acquisition cost	Equity securities	2,101	2,674	(573)
	Domestic bonds:	858,797	861,889	(3,092)
	Japanese national government bonds	712,894	713,890	(995)
	Japanese local government bonds	—	—	—
	Japanese corporate bonds	145,903	147,999	(2,096)
	Other	50,325	50,828	(502)
	Subtotal	911,224	915,392	(4,168)
Total		¥1,092,082	¥1,084,168	¥7,913

(Note 1) Available-for-sale securities whose fair value cannot be reliably determined

(Millions of yen)

	Carrying amount
Equity securities	¥5,031
Other	105,341
Total	¥110,373

These are not included in the table shown above, since the fair value cannot be reliably determined.

(Note 2) "Unrealized gain (loss) on available-for-sale securities" on the balance sheet consists of the following:

(Millions of yen)

Unrealized gain (loss) before deferred tax on:	
Available-for-sale securities	¥7,913
Interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined	39
Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions	(4,976)
Unrealized gain (loss) on available-for-sale securities	¥2,976

5. Available-for-sale securities sold during the current fiscal year (from April 1, 2012 to March 31, 2013)

(Millions of yen)

	Proceeds from sales	Gains on sales	Losses on sales
Equity securities	¥1,784	¥1,060	¥0
Domestic bonds:	7,845,486	6,027	917
Japanese national government bonds	7,785,819	5,813	884
Japanese local government bonds	25,245	10	24
Japanese corporate bonds	34,422	203	8
Other	412,642	3,388	798
Total	¥8,259,914	¥10,476	¥1,716

6. Securities for which impairment losses are recognized

Individual securities (except those whose fair value cannot be reliably determined), other than trading securities, are written down when a decline in fair value below the cost of such securities is deemed to be other than temporary. The amount written down is accounted for as an impairment loss. Impairment loss on such securities for the fiscal year ended March 31, 2013 was ¥2,537 million, which consisted of ¥2,506 million for Japanese corporate bonds and ¥30 million for other securities.

To determine whether an other-than-temporary impairment has occurred, the Bank applies the following rule, by the obligor classification of the security issuer based on the Bank'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. Monetary assets held in trust for trading purposes (as of March 31, 2013)

(Millions of yen)

	Carrying amount (Fair value)	Unrealized gain (loss)
Monetary assets held in trust for trading purposes	¥189,537	¥(34,965)

2. There are no monetary assets held in trust held to maturity (as of March 31, 2013)

3. Monetary assets held in trust other than for trading purposes and held to maturity (as of March 31, 2013)

(Millions of yen)

	Carrying amount	Acquisition cost	Unrealized gain (loss)	Gross unrealized gain	Gross unrealized loss
Other monetary assets held in trust	¥65,967	¥65,967	—	—	—

Note: “Gross unrealized gain” and “Gross unrealized loss” are components of “Unrealized gain (loss)”.

(Translation)

(Deferred tax)

Breakdowns of deferred tax assets and deferred tax liabilities by reason of their occurrence were as follows.

	(Millions of yen)
Deferred tax assets	
Tax loss carryforwards	¥62,046
Reserve for credit losses	58,837
Securities	44,911
Monetary assets held in trust	12,461
Deferred loss on derivatives under hedge accounting	5,511
Unearned dividends on monetary assets held in trust	3,084
Other	22,768
Subtotal	¥209,621
Valuation allowance	¥(203,001)
Total deferred tax assets	¥6,619
Deferred tax liabilities	
Deferred gain on derivatives under hedge accounting	¥3,760
Asset retirement costs included in premises and equipment	1,164
Other	483
Total deferred tax liabilities	¥5,408
Net deferred tax assets	¥1,210

(Per share information)

Common shareholders' equity per share was ¥250.44.

Net income per common share was ¥9.29.

Diluted net income per common share is not applicable because there is no effect from dilutive securities.