

Financial Summary

For the Fiscal Year Ended March 31, 2014



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

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The following document should be read in conjunction with the consolidated and non-consolidated financial statements prepared in accordance with generally accepted accounting principles in Japan for banks. Except as otherwise indicated, the financial information in the following discussion is based on the consolidated financial statements. Financial and operational figures that are stated in multiples of ¥0.1 billion have been truncated. All percentages unless otherwise noted have been rounded to the nearest 0.1%.

Financial Highlights⁽¹⁾

(Billions of yen, except percentages)

	FY2013 (12 months)	FY2012 (12 months)	Change % or Amount	1H FY2013 (6 months)
Selected income statement items (Consolidated)				
Net interest income	110.5	111.6	(1.0)%	55.0
Non-interest income	92.5	87.3	5.9%	45.2
Net fees and commissions	22.4	19.1	17.0%	11.6
Net trading income	13.9	20.0	(30.2)%	6.9
Net other business income	56.0	48.1	16.6%	26.5
Total revenue	203.0	199.0	2.0%	100.2
General and administrative expenses	132.8	128.6	3.3%	65.8
Ordinary business profit	70.1	70.3	(0.3)%	34.4
Net credit costs	0.2	5.5	(94.9)%	0.3
Ordinary business profit after net credit costs	69.8	64.8	7.7%	34.0
Amortization of goodwill and other intangible assets ⁽²⁾	9.6	10.7	(11.0)%	5.1
Other gains (losses)	(14.2)	(0.1)	(7,524.0)%	(1.3)
Income before income taxes and minority interests	46.0	53.8	(14.6)%	27.6
Current income tax	2.4	0.5	314.2%	1.8
Deferred income tax	(0.7)	(1.3)	40.4%	(3.1)
Minority interests in net income of subsidiaries	2.9	3.5	(15.8)%	1.6
Net income	41.3	51.0	(19.0)%	27.2
Cash basis net income ⁽³⁾	49.8	60.4	(17.5)%	31.7
Selected balance sheet items (Consolidated)				
Cash and Due from Banks	1,451.4	648.8	802.5	724.5
Securities	1,557.0	1,842.3	(285.3)	1,794.7
Loans and bills discounted	4,319.8	4,292.4	27.3	4,208.6
Customers' liabilities for acceptances and guarantees	358.4	511.0	(152.6)	453.0
Reserve for credit losses	(137.3)	(161.8)	24.4	(143.9)
Total assets	9,321.1	9,029.3	291.7	8,905.5
Deposits and negotiable certificates of deposit	5,850.4	5,457.5	392.9	5,753.4
Debentures	41.7	262.3	(220.5)	45.8
Borrowed money	643.4	719.2	(75.8)	619.3
Reserve for losses on interest repayments	208.2	34.9	173.2	28.6
Total liabilities	8,598.5	8,345.6	252.8	8,198.5
Total equity	722.5	683.6	38.9	706.9
Financial ratios (%) (Consolidated)				
Net interest margin	2.07	2.02		2.03
Expense-to-revenue ratio	65.4	64.6		65.6
Return on assets	0.5	0.6		0.6 ⁽⁴⁾
Return on equity (fully diluted)	6.5	8.6		8.6 ⁽⁴⁾
Cash basis return on assets	0.5	0.7		0.7 ⁽⁴⁾
Cash basis return on equity (fully diluted)	8.3	11.1		10.7 ⁽⁴⁾
Capital adequacy data (Consolidated)				
<Basel 3, Domestic Standard>				
Capital	817.6			
Total amount of Risk-weighted assets	6,016.7			
Capital ratio	13.58%			
<Basel 2>				
Tier I	665.2	608.8	56.4	652.5
Total capital	751.4	715.8	35.6	768.6
Risk assets	5,442.1	5,847.7	(405.6)	5,443.5
Capital adequacy ratio	13.80%	12.24%		14.12%
Tier I capital ratio	12.22%	10.41%		11.98%

(Billions of yen, except percentages)

	FY2013 (12 months)	FY2012 (12 months)	Change % or Amount	1H FY2013 (6 months)
Per share data (Consolidated)				
Common equity	247.82	233.65	6.1%	242.90
Basic net income	15.59	19.24	(19.0)%	10.26
Cash basis basic net income	18.78	22.77	(17.5)%	11.96
Non-performing loans (Non-Consolidated)				
Claims classified under the Financial Revitalization Law	164.7	242.6	(77.9)	202.0
Ratio to total claims	3.81%	5.32%		4.76%
Reserve for credit losses	83.5	106.5	(22.9)	90.4
Coverage ratio for non-performing claims	95.3%	95.9%		95.5%
Selected income statement items (Non-Consolidated)				
Net interest income	80.9	62.0	30.5%	37.5
Non-interest income	17.9	31.2	(42.6)%	10.3
Net fees and commissions	7.9	10.3	(23.2)%	6.0
Net trading income	5.3	14.5	(63.0)%	2.5
Net other business income	4.6	6.3	(27.2)%	1.7
Total revenue	98.9	93.3	6.0%	47.8
General and administrative expenses	69.0	67.3	2.6%	34.3
Ordinary business profit	29.8	25.9	14.9%	13.5
Net credit costs (recoveries)	(7.2)	(1.2)	(478.6)%	(0.9)
Net income	36.4	24.6	47.9%	15.5

(1) Represents results based on management accounting basis.

(2) In our consolidated financial statements, amortization of goodwill and other intangible assets is recorded in total general and administrative expenses.

(3) Excludes amortization of goodwill and other intangible assets, net of tax benefit, related to the acquisition of consumer and commercial finance companies.

(4) Annualized basis.

The Shinsei Bank Group recognized consolidated net income of ¥41.3 billion for fiscal year 2013 (April 1, 2013 to March 31, 2014), ¥9.7 billion lower than consolidated net income of ¥51.0 billion in fiscal year 2012.

- Total revenue was ¥203.0 billion for fiscal year 2013. Of this, net interest income was ¥110.5 billion, a decrease as compared to ¥111.6 billion for fiscal year 2012. Despite an improvement in interest margin, this decline was the result of an increase in the total balance of interest bearing liabilities and the sluggish growth of operating assets. On the other hand non-interest income was ¥92.5 billion, an increase compared to ¥87.3 billion in fiscal year 2012, due to the recognition of gains on the sale of equities in the Institutional Group, as well as firm growth in installment receivables revenue and fee income on the sale of investment products in the Individual Group.
- Regarding general and administrative expenses, while continuing to promote operational efficiency, as a result of the proactive allocation of management resources in order to expand the business base of Shinsei Bank, through measures such as increasing personnel and advertising campaigns, expenses in fiscal year 2013 were ¥132.8 billion, an increase compared to ¥128.6 billion in fiscal year 2012.
- Regarding net credit costs, due to factors such as the reversal of reserves for loan losses upon the sale of non-performing loans and improvements in loan quality, total net credit costs were ¥0.2 billion, an improvement versus ¥5.5 billion recorded in fiscal year 2012.
- Regarding reserves for losses on interest repayment, while there were no additional reserves made in the previous fiscal year, total additional reserves of ¥15.6 billion were made in fiscal year 2013, ¥13.6 billion of additional provisions in the third quarter of fiscal year 2013, and ¥2.0 billion of additional provisions in the fourth quarter of fiscal year 2013.
- The balance of loans and bills discounted went from ¥4,292.4 billion as of March 31, 2013, to ¥4,319.8 billion as of March 31, 2014. In loans to institutional customers, competition remains fierce in meeting the demand for funding, and the balance has decreased somewhat due to collections on non-performing loans. In loans to individual customers, however, due to housing loan disbursements continuing to be strong, and the consumer finance loan balance having shifted to a growth trend in the fourth quarter of fiscal year 2012, the balance continued to grow steadily in fiscal year 2013.
- Net interest margin of 2.07% was recorded for fiscal year 2013, an increase as compared to 2.02% for fiscal year 2012. This was mainly due to the significant declines in the rate on deposits, including NCDs, and the rate on interest bearing liabilities as a result of factors such as the maturation of high interest rate time deposits made in the past offsetting the effect of the decline in yield on interest earning assets. It should be noted that the decline in yield on interest earning assets was due to the yields on newly procured assets under management remaining at low levels as a result of increased competition, while high yield assets under management procured in the past continued to run off.
- Regarding Basel II capital adequacy ratios, Tier I capital and total capital increased due to the accumulation of net income and amortization of goodwill and other intangible assets during fiscal year 2013 and, additionally, there was a reduction in risk assets due to factors such as a reduction of need caution claims, resulting in an improvement of the consolidated capital adequacy ratio from 12.24% as of March 31, 2013, to 13.80% as of March 31, 2014, and the Tier I capital ratio rose from 10.41% as of March 31, 2013 to 12.22% on March 31, 2014. On a Basel III domestic standard basis (including grandfathering), the capital adequacy ratio was 13.58%.
- The balance of non-performing loans under the

Financial Revitalization Law (non-consolidated) totaled ¥164.7 billion as of March 31, 2014, decreasing ¥77.9 billion during fiscal year 2013, mainly due to sales of

- and collections on non-performing loans. In addition,

the proportion of non-performing claims to the balance of total claims improved from 5.32% as of March 2013, to 3.81% as of March 31, 2014.

Section 1. Consolidated Information

Results of Operations ⁽¹⁾-Table 1- (Consolidated)

(Billions of yen, except percentages)

	FY2013 (12 months)	FY2012 (12 months)	% Change	1H FY2013 (6 months)
Net interest income	110.5	111.6	(1.0)	55.0
Non-interest income	92.5	87.3	5.9	45.2
Net fees and commissions	22.4	19.1	17.0	11.6
Net trading income	13.9	20.0	(30.2)	6.9
Net other business income	56.0	48.1	16.6	26.5
Total revenue	203.0	199.0	2.0	100.2
General and administrative expenses	132.8	128.6	3.3	65.8
Ordinary business profit	70.1	70.3	(0.3)	34.4
Net credit costs	0.2	5.5	(94.9)	0.3
Ordinary business profit after net credit costs	69.8	64.8	7.7	34.0
Amortization of goodwill and other intangible assets ⁽²⁾	9.6	10.7	(11.0)	5.1
Other gains (losses)	(14.2)	(0.1)	(7,524.0)	(1.3)
Income before income taxes and minority interests	46.0	53.8	(14.6)	27.6
Current income tax	2.4	0.5	314.2	1.8
Deferred income tax	(0.7)	(1.3)	40.4	(3.1)
Minority interests in net income of subsidiaries	2.9	3.5	(15.8)	1.6
Net income	41.3	51.0	(19.0)	27.2
Cash basis net income ⁽³⁾	49.8	60.4	(17.5)	31.7

(1) Represents results based on management accounting basis.

(2) In our consolidated financial statements, amortization of goodwill and other intangible assets is recorded in total general and administrative expenses.

(3) Excludes amortization of goodwill and other intangible assets, net of tax benefit, related to the acquisition of consumer and commercial finance companies.

Note 1: Quarterly information is available in the Quarterly Data Book

Interest-Earning Assets and Interest-Bearing Liabilities -Table 2- (Consolidated)

(Billions of yen, except percentages)

	FY2013 (12 months)			FY2012 (12 months)			1H FY2013 (6 months)		
	Average Balance	Interest	Yield/rate ⁽⁶⁾ (%)	Average Balance	Interest	Yield/rate ⁽⁶⁾ (%)	Average Balance	Interest	Yield/rate ⁽⁶⁾ (%)
Interest-earning assets⁽¹⁾ :									
Loans and bills discounted	4,241.5	124.4	2.93	4,246.2	128.5	3.03	4,264.8	62.7	2.94
Lease receivables and leased investment assets / installment receivables ⁽¹⁾	610.3	36.5	5.99	568.4	35.6	6.26	591.1	17.8	6.03
Securities	1,892.7	15.6	0.83	2,014.3	17.0	0.85	1,937.4	8.2	0.85
Other interest-earning assets ⁽²⁾⁽³⁾	423.5	3.1	n.m. ⁽⁵⁾	420.8	2.2	n.m. ⁽⁵⁾	421.4	1.5	n.m. ⁽⁵⁾
Total revenue on interest-earning assets (A)⁽¹⁾	7,168.1	179.8	2.51	7,249.9	183.4	2.53	7,214.8	90.4	2.50
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	5,821.9	20.6	0.35	5,450.2	23.4	0.43	5,725.5	11.3	0.39
Debentures	64.6	0.1	0.24	281.5	0.9	0.35	85.2	0.1	0.28
Borrowed money	642.9	4.9	0.77	654.4	5.2	0.80	634.0	2.5	0.79
Subordinated debt	88.2	1.9	2.26	92.5	1.9	2.08	90.6	1.0	2.23
Other borrowed money	554.6	2.9	0.54	561.8	3.3	0.59	543.3	1.4	0.55
Corporate bonds	192.4	5.9	3.09	176.9	5.4	3.09	186.9	2.9	3.19
Subordinated bonds	172.5	5.7	3.31	153.7	5.0	3.30	166.9	2.8	3.43
Other corporate bonds	19.8	0.2	1.12	23.2	0.3	1.70	19.9	0.1	1.19
Other interest-bearing liabilities ⁽²⁾	743.5	1.0	n.m. ⁽⁵⁾	490.8	0.9	n.m. ⁽⁵⁾	735.8	0.5	n.m. ⁽⁵⁾
Total expense on interest-bearing liabilities (B)	7,465.5	32.7	0.44	7,054.0	36.1	0.51	7,367.6	17.5	0.47
Net interest margin (A)-(B)⁽¹⁾	-	147.0	2.07	-	147.2	2.02	-	72.9	2.03
Non interest-bearing sources of funds:									
Non interest-bearing (assets) liabilities, net	(937.5)	-	-	(397.6)	-	-	(786.3)	-	-
Total equity excluding minority interests in subsidiaries ⁽⁴⁾	640.1	-	-	593.5	-	-	633.6	-	-
Total non interest-bearing sources of funds (C)	(297.3)	-	-	195.8	-	-	(152.7)	-	-
Sum of total expense on interest-bearing liabilities and non-interest-bearing sources of funds (D)=(B)+(C)	7,168.1	32.7	0.46	7,249.9	36.1	0.50	7,214.8	17.5	0.48
Net revenue/yield on interest-earning assets (A)-(D)⁽¹⁾	-	147.0	2.05	-	147.2	2.03	-	72.9	2.02
Reconciliation of total revenue on interest-earning assets to total interest income:									
Total revenue on interest-earning assets	7,168.1	179.8	2.51	7,249.9	183.4	2.53	7,214.8	90.4	2.50
Less: Income on lease transactions and installment receivables	610.3	36.5	5.99	568.4	35.6	6.26	591.1	17.8	6.03
Total interest income	6,557.8	143.2	2.18	6,681.4	147.8	2.21	6,623.7	72.5	2.18
Total interest expense	-	32.7	-	-	36.1	-	-	17.5	-
Net interest income	-	110.5	-	-	111.6	-	-	55.0	-

(1) Includes lease transactions and installment receivables and related yields.

(2) Other interest-earning assets and other interest-bearing liabilities include interest swaps and funding swaps.

(3) Excludes average balance of non interest-earning assets.

(4) Represents a simple average of the balance at the end of the current period and the balance at the end of the previous period.

(5) n.m. is not meaningful.

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

Note 1: Quarterly information is available in the Quarterly Data Book

The line item "Net revenue/yield on interest-earning assets" on the chart above includes revenues from net received interest, revenue earned on lease receivables and leased investment assets, and installment account receivables. However, while the Bank considers income on lease transactions and installment receivables to be a component of net interest income, Japanese GAAP does not

include income on lease transactions and installment accounts receivables in net interest income (in accordance with Japanese GAAP, income on lease transactions and installment accounts receivables is reported in net other business income in our consolidated statements of operations).

Non-Interest Income -Table 3- (Consolidated)

	<i>(Billions of yen, except percentages)</i>			
	FY2013 (12 months)	FY2012 (12 months)	% Change	1H FY2013 (6 months)
Net fees and commissions	22.4	19.1	17.0	11.6
Net trading income	13.9	20.0	(30.2)	6.9
Net other business income	56.0	48.1	16.6	26.5
Income on lease transactions and installment receivables	36.5	35.6	2.6	17.8
Total non-interest income	92.5	87.3	5.9	45.2

Note 1: Quarterly information is available in the Quarterly Data Book

Non-interest income

Non-interest income consists of fees and commissions, trading income and other business income such as income on lease transactions and installment receivables and gains and losses on sales of available-for-sale securities.

Total non-interest income of ¥92.5 billion was recorded for fiscal year 2013, an increase compared to ¥87.3 billion in fiscal year 2012. Some of the factors for this increase compared to fiscal year 2012 are the recognition of gains on the sale of equities, the increase in installment receivables income and the steady growth in fee income from investment product sales and foreign exchange transactions in Retail Banking.

Net fees and commissions

Net fees and commissions consists mainly of fees from non-recourse finance on domestic real estate, servicing fees from specialty finance and principal transactions, fees from guarantee and other businesses in consumer finance operations, and fees from sales of mutual funds and insurance products. Net fees and commissions of ¥22.4 billion were recorded for fiscal year 2013, increasing from ¥19.1 billion for fiscal year 2012, mainly due to factors such as an increase in revenue associated with the guarantee business at consumer finance subsidiaries and the steady growth of fees from mutual funds and structured bonds in Retail Banking.

Net trading income

Net trading income includes revenue from derivatives associated with transactions with customers as well as revenue from proprietary trading at the Bank. Net trading income of ¥13.9 billion was recorded for fiscal year 2013, a decline from ¥20.0 billion for fiscal year 2012, a result of sluggish growth in revenue from market related transactions.

Net other business income

Net other business income of ¥56.0 billion was recorded in fiscal year 2013 as compared to ¥48.1 billion in fiscal year 2012. This increase was due to factors such as income on lease transactions and installment receivables of ¥36.5 billion being recorded for fiscal year 2013, somewhat of an increase as compared to ¥35.6 billion in fiscal year 2012, and due to gains on sale of private equities in fiscal year 2013, profits from equities related business of ¥4.8 billion were recorded, up from a profit of ¥1.1 billion in fiscal year 2012. However, in the ALM business, a loss of ¥1.4 billion was incurred in the first quarter of fiscal year 2013 on the sale of Japanese national government bonds made in order to avoid interest rate risk resulting from volatility in the market, and a loss of ¥1.5 billion was incurred in the fourth quarter of fiscal year 2013 on the sale of U.S. Treasury bonds, offsetting a portion of the other gains.

General and Administrative Expenses -Table 4- (Consolidated)

	<i>(Billions of yen, except percentages)</i>			
	FY2013 (12 months)	FY2012 (12 months)	% Change	1H FY2013 (6 months)
Personnel expenses	52.8	51.5	2.6	26.1
Non-personnel expenses	79.9	77.0	3.8	39.6
Premises expenses	20.0	19.4	2.8	9.7
Technology and data processing expenses	18.1	17.6	3.1	8.8
Advertising expenses	10.0	9.2	9.4	5.0
Consumption and property taxes	6.1	6.5	(5.5)	3.2
Deposit insurance premium	3.4	3.5	(3.9)	2.0
Other general and administrative expenses	22.0	20.6	7.2	10.7
General and administrative expenses	132.8	128.6	3.3	65.8

Note 1: Quarterly information is available in the Quarterly Data Book

Net Credit Costs -Table 5- (Consolidated)

(Billions of yen, except percentages)

	FY2013 (12 months)	FY2012 (12 months)	% Change	1H FY2013 (6 months)
Losses on write-off of loans/Losses on sale of loans	3.1	8.4	(62.5)	1.7
Net provision of reserve for loan losses:	6.2	13.7	(54.5)	2.6
Net provision (reversal) of general reserve for loan losses	2.8	(5.3)	153.8	2.2
Net provision of specific reserve for loan losses	3.4	19.1	(82.2)	0.4
Net provision (reversal) of specific reserve for other credit losses	-	(0.0)	100.0	-
Other credit costs (reversal) relating to leasing business	(0.2)	(0.4)	53.0	(0.0)
Recoveries of written-off claims	(8.9)	(16.2)	44.9	(3.9)
Net credit costs (recoveries)	0.2	5.5	(94.9)	0.3

Note 1: Quarterly information is available in the Quarterly Data Book

Amortization of Goodwill and Other Intangible Assets -Table 6- (Consolidated)

(Billions of yen, except percentages)

	FY2013 (12 months)	FY2012 (12 months)	% Change	1H FY2013 (6 months)
Shinsei Financial	6.3	7.4	(14.7)	3.4
SHINKI	(0.3)	(0.3)	0.0	(0.1)
APLUS FINANCIAL	0.8	0.8	2.2	0.4
Showa Leasing	2.7	2.8	(4.2)	1.4
Others	(0.0)	(0.0)	0.0	(0.0)
Amortization of goodwill and other intangible assets	9.6	10.7	(11.0)	5.1

Note 1: Quarterly information is available in the Quarterly Data Book

Other Gains (Losses) -Table 7- (Consolidated)

(Billions of yen, except percentages)

	FY2013 (12 months)	FY2012 (12 months)	% Change	1H FY2013 (6 months)
Extraordinary income (loss)	1.8	(0.6)	402.2	(1.1)
Net gain on disposal of premises and equipment	1.4	0.1	672.3	(0.1)
Other extraordinary income (loss)	0.4	(0.8)	156.8	(0.9)
Provisions of reserve for losses on interest repayment	(15.6)	-	-	-
Shinsei Financial	(0.7)	-	-	-
SHINKI	(12.8)	-	-	-
APLUS FINANCIAL	(2.0)	-	-	-
Other	-	-	-	-
Other	(0.4)	0.4	(212.7)	(0.2)
Other gains (losses)	(14.2)	(0.1)	(7,524.0)	(1.3)

Note 1: Quarterly information is available in the Quarterly Data Book

Minority Interests in Net Income of Subsidiaries -Table 8- (Consolidated)

(Billions of yen, except percentages)

	FY2013 (12 months)	FY2012 (12 months)	% Change	1H FY2013 (6 months)
Dividends on perpetual preferred securities (hybrid Tier I capital) issued by foreign SPCs	3.1	3.1	1.0	1.5
Others	(0.1)	0.4	(140.7)	0.0
Minority interests in net income of subsidiaries	2.9	3.5	(15.8)	1.6

Note 1: Quarterly information is available in the Quarterly Data Book

Major Balance Sheet Data -Table 9- (Consolidated)

(Billions of yen)

	Mar 31 2014 (a)	Mar 31 2013 (b)	Change (a)-(b)	Sep 30 2013 (c)	Change (a)-(c)
Loans and bills discounted	4,319.8	4,292.4	27.3	4,208.6	111.2
Installment receivables	421.9	365.8	56.1	380.1	41.8
Leased assets, lease receivables and leased investment assets	245.5	222.5	23.0	229.0	16.5
Securities	1,557.0	1,842.3	(285.3)	1,794.7	(237.7)
Other monetary claims purchased	105.8	112.3	(6.4)	99.8	6.0
Other interest earning assets ⁽¹⁾	1,564.8	765.2	799.5	829.3	735.4
Trading assets	249.1	287.9	(38.7)	318.1	(69.0)
Monetary assets held in trust	199.1	233.8	(34.7)	211.0	(11.9)
Goodwill, net	28.9	35.3	(6.4)	31.9	(3.0)
Other intangible assets ⁽²⁾	9.1	12.4	(3.3)	10.7	(1.5)
Other assets	398.6	509.6	(111.0)	482.7	(84.1)
Customer's liabilities for acceptances and guarantees	358.4	511.0	(152.6)	453.0	(94.6)
Reserve for credit losses	(137.3)	(161.8)	24.4	(143.9)	6.5
Total assets	9,321.1	9,029.3	291.7	8,905.5	415.5
Deposits and negotiable certificates of deposit	5,850.4	5,457.5	392.9	5,753.4	96.9
Debentures ⁽³⁾	41.7	262.3	(220.5)	45.8	(4.1)
Borrowed money	643.4	719.2	(75.8)	619.3	24.0
Corporate bonds	177.2	174.2	2.9	189.1	(11.8)
Other interest bearing liabilities ⁽⁴⁾	584.5	300.1	284.3	288.1	296.3
Trading liabilities	218.5	240.0	(21.5)	273.5	(54.9)
Reserve for losses on interest repayments	208.2	34.9	173.2	28.6	179.5
Other liabilities	515.9	645.9	(130.0)	547.4	(31.5)
Acceptances and guarantees	358.4	511.0	(152.6)	453.0	(94.6)
Total liabilities	8,598.5	8,345.6	252.8	8,198.5	399.9
Total equity	722.5	683.6	38.9	706.9	15.6

(1) Includes cash and due from banks, call loans, receivables under resale agreements and collateral related to securities borrowing transactions

(2) Intangible assets recorded through consolidation of Shinsei Financial and Showa Leasing

(3) In accordance with migration from Zaikei debentures to Zaikei time deposits in April 2013, the amount of debentures has been moved into time deposits.

(4) Includes call money, collateral related to securities lending transactions and short-term corporate bonds

Note: Quarterly information is available in the Quarterly Data Book

Risk-Monitored Loans -Table 10- (Consolidated)

(Billions of yen)

	Mar 31 2014 (a)	Mar 31 2013 (b)	Change (a)-(b)	Sep 30 2013 (c)	Change (a)-(c)
Loans to bankrupt obligors	10.0	20.5	(10.5)	12.5	(2.4)
Non-accrual delinquent loans	177.7	252.9	(75.1)	212.5	(34.7)
Loans past due for three months or more	1.1	1.2	(0.0)	1.4	(0.2)
Restructured loans	31.7	38.1	(6.3)	35.7	(4.0)
Total (A)	220.7	312.8	(92.1)	262.2	(41.5)
Loans and bills discounted (B)	4,319.8	4,292.4	27.3	4,208.6	111.2
Ratio to total loans and bills discounted (A / B X 100) (%)	5.11%	7.29%		6.23%	
Reserve for credit losses (C)	137.3	161.8	(24.4)	143.9	(6.5)
Reserve ratio (C / A X 100)	62.2%	51.7%		54.9%	

Note 1: Quarterly information is available in the Quarterly Data Book

Reserve for Credit Losses -Table 11- (Consolidated)
(Billions of yen)

	Mar 31 2014 (a)	Mar 31 2013 (b)	Change (a)-(b)	Sep 30 2013 (c)	Change (a)-(c)
General reserve for loan losses	59.8	67.7	(7.8)	65.5	(5.7)
Specific reserve for loan losses	77.5	94.1	(16.5)	78.3	(0.7)
Reserve for loans to restructuring countries	0.0	0.0	-	0.0	-
Total reserve for credit losses	137.3	161.8	(24.4)	143.9	(6.5)

Note 1: Quarterly information is available in the Quarterly Data Book

Loans by Borrower Industry -Table 12- (Consolidated)
(Billions of yen)

	Mar 31 2014 (a)	Mar 31 2013 (b)	Change (a)-(b)	Sep 30 2013 (c)	Change (a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	212.4	242.9	(30.5)	206.5	5.9
Agriculture and forestry	0.1	0.2	(0.0)	0.2	(0.0)
Fishery	0.0	-	0.0	-	0.0
Mining, quarrying and gravel extraction	0.1	0.1	0.0	0.1	0.0
Construction	9.9	13.9	(3.9)	13.9	(3.9)
Electric power, gas, heat supply and water supply	170.1	124.8	45.3	139.3	30.8
Information and communications	40.7	31.7	8.9	35.5	5.1
Transportation and postal service	203.2	230.0	(26.7)	214.2	(10.9)
Wholesale and retail	89.2	74.4	14.7	75.4	13.7
Finance and insurance	662.6	720.0	(57.3)	698.6	(35.9)
Real estate	580.0	597.7	(17.6)	561.7	18.3
Services	317.9	314.2	3.6	286.7	31.1
Local government	104.3	114.0	(9.7)	108.4	(4.1)
Others	1,897.0	1,768.1	128.9	1,816.1	80.9
Loans to individual customers (retail banking, Shinsei Bank Card Loan Lake, Shinsei Financial, SHINKI and APLUS FINANCIAL)	1,657.5	1,561.3	96.2	1,622.4	35.0
Total domestic (A)	4,288.2	4,232.7	55.5	4,157.1	131.1
Overseas offices (including Japan offshore market accounts):					
Governments	1.5	1.8	(0.3)	1.6	(0.1)
Financial institutions	0.5	0.8	(0.3)	0.6	(0.1)
Others	29.4	56.9	(27.4)	49.0	(19.5)
Total overseas (B)	31.5	59.7	(28.2)	51.4	(19.9)
Total (A+B)	4,319.8	4,292.4	27.3	4,208.6	111.2

Securities By Category -Table 13- (Consolidated)
(Billions of yen)

	Mar 31 2014	Mar 31 2013	Sep 30 2013
Trading securities	0.1	0.6	0.5
Securities being held to maturity	545.6	639.8	636.7
Securities available for sale	967.6	1,162.7	1,115.7
Securities carried at fair value	895.4	1,094.8	1,045.9
Securities carried at cost whose fair value cannot be reliably determined	72.2	67.8	69.8
Equity securities of unconsolidated subsidiaries and affiliates	43.5	39.1	41.7
Securities	1,557.0	1,842.3	1,794.7

Securities Being Held to Maturity -Table 14- (Consolidated)

(Billions of yen)

	March 31, 2014			March 31, 2013			September 30, 2013		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount									
Japanese national government bonds	497.4	499.1	1.7	584.8	589.4	4.5	584.4	587.2	2.7
Japanese corporate bonds	-	-	-	-	-	-	-	-	-
Other	48.2	52.3	4.1	51.9	56.7	4.8	52.2	56.4	4.2
Subtotal	545.6	551.5	5.8	636.7	646.1	9.3	636.7	643.6	6.9
Fair value does not exceed carrying amount									
Japanese national government bonds	-	-	-	-	-	-	-	-	-
Japanese corporate bonds	-	-	-	-	-	-	-	-	-
Other	-	-	-	3.0	3.0	(0.0)	-	-	-
Subtotal	-	-	-	3.0	3.0	(0.0)	-	-	-
Total	545.6	551.5	5.8	639.8	649.1	9.3	636.7	643.6	6.9

Securities Available for Sale -Table 15- (Consolidated)
(Billions of yen)

	March 31, 2014			March 31, 2013			September 30, 2013		
	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)
Carrying amount exceeds amortized/acquisition cost									
Equity securities	18.0	11.1	6.8	16.4	10.0	6.4	18.9	11.5	7.4
Domestic bonds	62.0	61.2	0.8	80.6	78.3	2.2	67.0	66.4	0.6
Japanese national government bonds	-	-	-	39.6	38.1	1.4	2.5	2.5	0.0
Japanese local government bonds	0.5	0.5	0.0	0.5	0.5	0.0	0.5	0.5	0.0
Japanese corporate bonds	61.4	60.7	0.7	40.4	39.6	0.7	63.9	63.3	0.6
Other	101.0	96.5	4.5	89.1	84.7	4.4	93.1	88.9	4.2
Foreign securities	95.5	91.5	3.9	86.0	81.9	4.1	89.2	85.3	3.8
Foreign currency denominated foreign corporate and government bonds	48.1	45.7	2.3	46.0	43.4	2.5	44.3	42.0	2.2
Yen-denominated foreign corporate and government bonds	45.0	43.9	1.0	37.9	36.9	1.0	42.0	40.9	1.0
Foreign equity securities and others	2.3	1.8	0.4	2.0	1.5	0.5	2.8	2.3	0.5
Other securities	4.2	3.7	0.5	1.1	0.9	0.2	2.2	1.9	0.2
Other monetary claims purchased	1.3	1.2	0.0	1.9	1.9	0.0	1.6	1.5	0.0
Subtotal	181.1	168.9	12.1	186.3	173.1	13.1	179.1	166.8	12.3
Carrying amount does not exceed amortized/acquisition cost									
Equity securities	1.9	2.3	(0.4)	2.9	3.6	(0.6)	1.8	2.3	(0.4)
Domestic bonds	684.0	685.2	(1.1)	856.0	859.1	(3.0)	796.7	800.5	(3.7)
Japanese national government bonds	629.3	630.1	(0.7)	712.8	713.8	(0.9)	737.7	740.6	(2.9)
Japanese local government bonds	-	-	-	-	-	-	-	-	-
Japanese corporate bonds	54.6	55.0	(0.4)	143.1	145.2	(2.0)	59.0	59.9	(0.8)
Other	35.4	35.7	(0.3)	51.4	51.9	(0.5)	69.7	71.1	(1.4)
Foreign securities	27.6	27.7	(0.1)	50.8	51.4	(0.5)	68.0	69.4	(1.4)
Foreign currency denominated foreign corporate and government bonds	25.2	25.2	(0.0)	46.8	47.1	(0.3)	66.6	67.9	(1.3)
Yen-denominated foreign corporate and government bonds	0.9	1.0	(0.0)	2.9	3.0	(0.1)	-	-	-
Foreign equity securities and others	1.4	1.5	(0.0)	1.1	1.1	(0.0)	1.3	1.4	(0.0)
Other securities	1.9	1.9	(0.0)	0.5	0.5	-	1.7	1.7	-
Other monetary claims purchased	5.8	6.0	(0.1)	-	-	-	-	-	-
Subtotal	721.4	723.3	(1.9)	910.4	914.7	(4.2)	868.3	874.0	(5.6)
Total⁽¹⁾⁽²⁾	902.5	892.2	10.2	1,096.7	1,087.9	8.8	1,047.5	1,040.8	6.6

(1) Includes a part of other monetary claims purchased in addition to securities available for sale. Total amounts of securities available for sale excluding such other monetary claims purchased as of March 31, 2014, March 31, 2013 and September 30, 2013 were ¥895.4 billion, ¥1,094.8 billion and ¥1,045.9 billion, respectively.

(2) Securities whose fair value cannot be reliably determined are not included.

Unrealized Gain (Loss) on Available-for-Sale Securities (Consolidated)
(Billions of yen)

	March 31, 2014	March 31, 2013	September 30, 2013
Unrealized gain (loss) before deferred tax on:			
Available-for-sale securities	10.2	8.8	6.6
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	1.5	0.0	(0.0)
Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions	(3.5)	(4.9)	(4.3)
Deferred tax assets (liabilities)	(1.9)	(0.4)	(0.7)
Unrealized gain (loss) on available-for-sale securities before interest adjustments	6.3	3.5	1.5
Minority interests	(0.0)	(0.0)	(0.0)
The Bank's interests in unrealized gain (loss) on available-for-sale securities held by affiliates to which the equity method is applied	0.0	0.3	0.2
Unrealized gain (loss) on available-for-sale securities	6.2	3.8	1.8

Hedge-Accounting Derivative Transactions -Table 16- (Consolidated)

(Billions of yen)

Notional Principal Amount (Consolidated)	March 31, 2014			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
Interest rate swaps:				
Receive fixed and pay floating	283.0	445.7	32.0	760.7
Receive floating and pay fixed	14.6	130.4	102.2	247.3
Receive floating and pay floating	-	-	-	-
Total notional principal amount	297.6	576.2	134.2	1,008.0
Currency swaps:				
Total notional principal amount	-	10.3	-	10.3

Deposits, Including Negotiable Certificates of Deposit (NCDs) -Table 17- (Consolidated)

(Billions of yen)

	Mar 31 2014 (a)	Mar 31 2013 (b)	Change (a)-(b)	Sep 30 2013 (c)	Change (a)-(c)
Deposits	5,733.2	5,252.9	480.2	5,544.3	188.8
Liquid (current, ordinary, note) deposits	1,741.8	1,584.5	157.3	1,605.5	136.2
Time deposits ⁽¹⁾⁽²⁾	3,576.9	3,250.5	326.4	3,521.3	55.6
Other	414.4	417.8	(3.4)	417.4	(3.0)
Negotiable certificates of deposits (NCDs)	117.2	204.6	(87.3)	209.0	(91.8)
Total	5,850.4	5,457.5	392.9	5,753.4	96.9

(1) Includes two-week maturity deposits

(2) In accordance with migration from Zaikei debentures to Zaikei time deposits in April 2013, the amount of debentures has been moved into time deposits.

Note 1: Quarterly information is available in the Quarterly Data Book

Financial Ratios -Table 18- (Consolidated)

	FY2013 (12 months)	FY2012 (12 months)	1H FY2013 (6 months)
Return on assets ⁽¹⁾	0.5%	0.6%	0.6% ⁽⁵⁾
Return on equity ⁽²⁾	6.5%	8.6%	8.6% ⁽⁵⁾
Return on equity (fully diluted) ⁽³⁾	6.5%	8.6%	8.6% ⁽⁵⁾
Cash basis return on assets ⁽¹⁾	0.5%	0.7%	0.7% ⁽⁵⁾
Cash basis return on equity ⁽²⁾⁽⁴⁾	8.3%	11.1%	10.7% ⁽⁵⁾
Cash basis return on equity (fully diluted) ⁽³⁾⁽⁴⁾	8.3%	11.1%	10.7% ⁽⁵⁾
Expense-to-revenue ratio ⁽⁶⁾⁽⁷⁾	65.4%	64.6%	65.6%

(1) Return on assets:

$$\frac{\text{Net income}}{(\text{Total assets at the BOP} + \text{Total assets at the EOP}) / 2}$$

BOP: beginning of period
EOP: end of period

For the calculation of cash basis return on assets, goodwill and other intangibles are excluded from the amount of total assets.

(2) Return on equity:

$$\frac{\text{Net income}}{(\text{Total equity eligible for common shareholders at the BOP} + \text{Total equity eligible for common shareholders at the EOP}) / 2}$$

(3) Return on equity (fully diluted):

$$\frac{\text{Net income}}{((\text{Total equity at the BOP} - \text{Share warrants at the BOP} - \text{Minority interests at the BOP}) + (\text{Total equity at the EOP} - \text{Share warrants at the EOP} - \text{Minority interests at the EOP})) / 2}$$

(4) The denominator is calculated as:

((Total capital – goodwill – intangible assets acquired in business combinations (net of associated deferred tax liability) at the beginning of the period) + (the same values at the end of the period)) / 2.

(5) Annualized basis.

(6) Management accounting basis.

(7) Expense denotes general and administrative expenses.

Note 1: Quarterly information is available in the Quarterly Data Book

Capital Adequacy Data -Table 19- (Consolidated)

<Basel 3, Domestic Standard ⁽¹⁾>

(Billions of yen, except percentages)

	Mar 31 2014 (a)	Mar 31 2013 (b)	Change (a)-(b)	Sep 30 2013 (c)	Change (a)-(c)
Core capital: instruments and reserves	889.5	/	/	/	/
Core capital: regulatory adjustments	(71.9)	/	/	/	/
Capital	817.6	/	/	/	/
Total amount of Risk-weighted assets	6,016.7	/	/	/	/
Capital ratio	13.58%	/	/	/	/

(1) Calculated according to F-IRB.

Consolidated total required capital is ¥550.3 billion as at March 31, 2014.

Note 1: Quarterly information is available in the Quarterly Data Book

<Basel 2 ⁽¹⁾>

(Billions of yen, except percentages)

	Mar 31 2014 (a)	Mar 31 2013 (b)	Change (a)-(b)	Sep 30 2013 (c)	Change (a)-(c)
Basic items (Tier I)	665.2	608.8	56.4	652.5	12.7
Amount eligible for inclusion in capital (Tier II)	151.1	178.7	(27.6)	178.4	(27.2)
General reserve for loan losses	2.9	8.9	(6.0)	8.9	(6.0)
Perpetual/non-perpetual preferred stocks and perpetual/non-perpetual subordinated debt and bonds	148.2	169.7	(21.5)	169.4	(21.2)
Deductions	-	-	-	-	-
Deduction	(64.9)	(71.7)	6.8	(62.3)	(2.6)
Total capital ⁽²⁾	751.4	715.8	35.6	768.6	(17.1)
Risk assets	5,442.1	5,847.7	(405.6)	5,443.5	(1.4)
Capital adequacy ratio	13.80%	12.24%	/	14.12%	/
Tier I capital ratio	12.22%	10.41%	/	11.98%	/

(1) While Shinsei Bank has adopted Basel 3 domestic bank standards as of March 31, 2014, the Bank is also providing figures based upon Basel 2 for the period ended March 31, 2014 for the purpose of comparison to previous years.

Figures are calculated in accordance with FSA Notification Number 79 issued in December 2008 and FSA Notification Number 56 issued in June 2012 (special treatment of FSA Notification Number 19 issued in 2006).

(2) Consolidated total required capital is ¥339.8 billion as at March 31, 2014, ¥374.5 billion as at March 31, 2013 and ¥332.1 billion as at September 30, 2013.

Note 1: Quarterly information is available in the Quarterly Data Book

Per Share Data -Table 20- (Consolidated)

(Yen, except percentages)

	FY2013 (12 months)	FY2012 (12 months)	% Change	1H FY2013 (6 months)	% Change
Common equity	247.82	233.65	6.1	242.90	2.0
Fully diluted equity	247.82	233.65	6.1	242.90	2.0
Basic net income	15.59	19.24	(19.0)	10.26	/
Diluted net income	15.59	19.24	(19.0)	10.26	/
Cash basis:					
Basic net income	18.78	22.77	(17.5)	11.96	/
Diluted net income	18.78	22.77	(17.5)	11.96	/
For calculation of per share data (Does not include treasury shares) :					
Equity:					
Number of common shares ⁽¹⁾	2,653,919,247	2,653,919,247	/	2,653,919,247	/
Fully diluted number of shares ⁽¹⁾	2,653,921,423	2,653,919,247	/	2,653,922,375	/
Net income:					
Number of common shares ⁽²⁾	2,653,919,247	2,653,919,247	/	2,653,919,247	/
Fully diluted number of shares ⁽²⁾	2,653,921,423	2,653,919,247	/	2,653,922,375	/

(1) Outstanding shares at the end of the respective periods.

(2) Weighted average number of outstanding shares during the respective period.

Note 1: Quarterly information is available in the Quarterly Data Book

Business Lines Results -Table 21- (Consolidated)

(Billions of yen, except percentages)

	FY2013 (12 months)	FY2012 (12 months)	% Change	1H FY2013 (6 months)
Institutional Group:				
Net interest income	27.6	29.8	(7.2)	14.8
Non-interest income	41.8	27.0	54.6	21.0
Total revenue	69.5	56.8	22.3	35.9
General and administrative expenses	24.8	24.2	2.5	12.1
Ordinary business profit	44.6	32.6	36.9	23.8
Net credit costs (recoveries)	(8.5)	6.3	(235.9)	(2.8)
Ordinary business profit after net credit costs (recoveries)	53.2	26.3	102.5	26.6
Global Markets Group:				
Net interest income	3.9	2.9	31.8	1.9
Non-interest income	7.3	11.2	(34.7)	3.2
Total revenue	11.2	14.2	(20.7)	5.2
General and administrative expenses	8.9	9.0	(0.9)	4.4
Ordinary business profit	2.3	5.2	(55.0)	0.8
Net credit costs (recoveries)	(0.4)	(7.5)	93.9	(0.0)
Ordinary business profit after net credit costs (recoveries)	2.8	12.7	(78.1)	0.8
Individual Group:				
Net interest income	85.3	84.4	1.0	41.5
Non-interest income	44.0	42.0	4.8	21.4
Total revenue	129.3	126.4	2.3	63.0
General and administrative expenses	97.3	93.3	4.4	48.9
Ordinary business profit	31.9	33.1	(3.6)	14.0
Net credit costs	9.3	6.2	49.2	3.2
Ordinary business profit after net credit costs	22.6	26.9	(15.9)	10.8
Corporate/Other⁽¹⁾:				
Net interest income	(6.4)	(5.6)	(15.0)	(3.3)
Non-interest income	(0.7)	6.9	(110.5)	(0.5)
Total revenue	(7.1)	1.3	(620.8)	(3.9)
General and administrative expenses	1.6	2.0	(17.2)	0.3
Ordinary business profit (loss)	(8.8)	(0.6)	(1,266.8)	(4.2)
Net credit costs (recoveries)	(0.0)	0.5	(100.1)	0.0
Ordinary business profit (loss) after net credit costs (recoveries)	(8.8)	(1.1)	(661.1)	(4.2)
Total:				
Net interest income	110.5	111.6	(1.0)	55.0
Non-interest income	92.5	87.3	5.9	45.2
Total revenue	203.0	199.0	2.0	100.2
General and administrative expenses	132.8	128.6	3.3	65.8
Ordinary business profit	70.1	70.3	(0.3)	34.4
Net credit costs	0.2	5.5	(94.9)	0.3
Ordinary business profit after net credit costs	69.8	64.8	7.7	34.0

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

Note 1: Quarterly information is available in the Quarterly Data Book

⁽¹⁾
Institutional Group - Table 22- (Consolidated)

(Billions of yen, except percentages)

	FY2013 (12 months)	FY2012 (12 months)	% Change	1H FY2013 (6 months)
Institutional Business Sub-Group - Institutional Business⁽²⁾⁽³⁾ :				
Net interest income	9.4	9.4	(0.1)	4.8
Non-interest income	3.2	4.4	(26.6)	1.9
Total revenue	12.7	13.9	(8.6)	6.8
General and administrative expenses	6.2	6.1	1.0	3.1
Ordinary business profit	6.5	7.7	(16.2)	3.7
Net credit costs (recoveries)	(2.0)	(3.0)	32.4	0.7
Ordinary business profit after net credit costs (recoveries)	8.5	10.8	(20.8)	2.9
Institutional Business Sub-Group - Structured Finance⁽³⁾ :				
Net interest income	15.6	17.0	(8.1)	8.8
Non-interest income	8.1	4.3	85.2	3.9
Total revenue	23.7	21.4	11.1	12.8
General and administrative expenses	4.7	4.8	(1.2)	2.4
Ordinary business profit	19.0	16.5	14.7	10.4
Net credit costs (recoveries)	(8.0)	5.8	(237.3)	(3.4)
Ordinary business profit after net credit costs (recoveries)	27.0	10.7	152.4	13.8
Principal Transactions Sub-Group:				
Net interest income	5.2	5.0	5.5	2.2
Non-interest income	12.6	6.3	97.7	7.3
Total revenue	17.9	11.4	57.1	9.6
General and administrative expenses	4.2	3.8	9.9	2.1
Ordinary business profit	13.7	7.5	81.1	7.4
Net credit costs (recoveries)	(0.2)	(0.5)	53.7	0.0
Ordinary business profit after net credit costs (recoveries)	13.9	8.1	72.3	7.4
Showa Leasing:				
Net interest income	(2.4)	(1.6)	(52.5)	(1.3)
Non-interest income	17.6	15.7	12.4	8.1
Total revenue	15.1	14.0	7.8	6.7
General and administrative expenses	8.2	7.8	5.3	3.8
Ordinary business profit	6.9	6.2	10.9	2.9
Net credit costs (recoveries)	(2.6)	(0.0)	(3,013.3)	(1.8)
Ordinary business profit after net credit costs (recoveries)	9.5	6.3	51.6	4.8
Others⁽²⁾ :				
Net interest income	(0.2)	(0.0)	(283.0)	0.1
Non-interest income	0.1	(3.8)	103.7	(0.2)
Total revenue	(0.1)	(3.9)	97.3	(0.0)
General and administrative expenses	1.3	1.5	(12.5)	0.6
Ordinary business profit (loss)	(1.4)	(5.4)	73.6	(0.7)
Net credit costs	4.4	4.1	6.4	1.6
Ordinary business profit (loss) after net credit costs	(5.8)	(9.6)	39.2	(2.3)
Institutional Group:				
Net interest income	27.6	29.8	(7.2)	14.8
Non-interest income	41.8	27.0	54.6	21.0
Total revenue	69.5	56.8	22.3	35.9
General and administrative expenses	24.8	24.2	2.5	12.1
Ordinary business profit	44.6	32.6	36.9	23.8
Net credit costs (recoveries)	(8.5)	6.3	(235.9)	(2.8)
Ordinary business profit after net credit costs (recoveries)	53.2	26.3	102.5	26.6

(1) Net of consolidation adjustments, if applicable.

(2) Results for Advisory business are included in the Institutional Business Sub-Group on a management accounting basis from Q1 FY2012.

(3) In accordance with the organizational changes implemented on April 1, 2013, results of shipping finance have been transferred from Institutional Banking to Structured Finance from Q1 FY2012.

Note 1: Quarterly information is available in the Quarterly Data Book

The Shinsei Bank Group provides a wide range of financial products and services to its institutional and individual customers through the Institutional Group, the Global Markets Group and the Individual Group. In businesses for institutional customers, the Institutional Group engages primarily in the provision of corporate and public sector finance and solutions, and the Global Markets Group engages primarily in promoting the financial markets and financial institution client businesses.

Institutional Group:

The Institutional Group reporting segments consist of: 1) Institutional Business Sub-Group which provides financial products and services to corporate and public entities, and also provides structured finance businesses such as real estate finance and project finance, 2) Principal Transactions Sub-Group which engages in credit trading and private equity business, 3) Showa Leasing Co., Ltd. (Showa Leasing) and 4) Others which includes asset-backed investments.

It should be noted the Structured Finance Sub-Group was integrated into the Institutional Business Sub-Group as per the organizational changes put into effect on April 1, 2013. Also, as per the restructuring implemented on July 1, 2013, the Shinsei Principal Investments Group was formed through the integration of Shinsei Corporate Investment Limited, Shinsei Investment & Finance Limited, and Shinsei Servicing & Consulting Limited, which come under the umbrella of Shinsei Principal Investments Ltd., and the Bank has transferred the front office operations of the key functions of credit trading and private equity business from the Bank to the consolidated subsidiary.

Total revenue

Revenue for the Institutional Group increased to ¥69.5 billion in fiscal year 2013, firm results compared to ¥56.8 billion in fiscal year 2012, as the progress made during the First Medium-Term Management Plan (MTMP) towards rebuilding our customer base and stabilizing our profitability are steadily yielding results. Net interest income was ¥27.6 billion in fiscal year 2013, a decline compared to ¥29.8 billion in fiscal year 2012. Non-interest income was ¥41.8 billion in fiscal year 2013, a substantial increase from ¥27.0 billion in fiscal year 2012.

In the Institutional Business Sub-Group, a sub-group under the Institutional Group, revenue was ¥12.7 billion in fiscal year 2013 versus ¥13.9 billion in fiscal year 2012. This was due to early repayment fees which were recorded in fiscal year 2012 not being recorded in fiscal year 2013. On the other hand, the total revenue of Structured Finance was ¥23.7 billion in fiscal year 2013 as compared to ¥21.4 billion in fiscal year 2012. This increase in fiscal year 2013 was due in part to dividend income from past investments in real estate, and fee

income from new undertakings in institutional real estate such as REITs and specialty finance.

The Principal Transactions Sub-Group recorded total revenue of ¥17.9 billion in fiscal year 2013, an increase from ¥11.4 billion in fiscal year 2012. This was a result of the continued stable performance in domestic credit trading operations, as well as a profit of ¥1.1 billion on sales of private equity investments being recorded. It should be noted ¥1.0 billion of impairments on private equity investment was recognized in fiscal year 2012, which was contained to under ¥0.1 billion in fiscal year 2013.

Total Other revenue of the Institutional Group was a loss of ¥0.1 billion in fiscal year 2013, as compared to a loss of ¥3.9 billion in fiscal year 2012. This was due to one off losses recorded in fiscal year 2013 being limited compared to fiscal year 2012.

Expenses

General and administrative expenses were ¥24.8 billion in fiscal year 2013 compared to ¥24.2 billion in fiscal year 2012. While efforts to improve efficiency in each business line are being continued, expenses were up due to investment of management resources into strategic focus areas through measures such as increasing personnel and expanding the business base in order to strengthen profitability.

Net credit costs

Net credit recoveries were ¥8.5 billion in fiscal year 2013 compared to net credit costs of ¥6.3 billion in fiscal year 2012. Due to measures undertaken during the Bank's First MTMP aimed at improving asset quality in order to limit potential risks, no large reserves for credit losses like those seen in the past were recorded. In addition, the creditworthiness of some accounts improved, and there were some reversals of reserves for loan losses due to the sale of non-performing loans, resulting in an overall improvement in net credit costs of the Institutional Group.

Ordinary business profit after net credit costs

As a result of the preceding, the Institutional Group recorded an ordinary business profit after net credit costs of ¥53.2 billion in fiscal year 2013, a significant increase from ¥26.3 billion in fiscal year 2012.

Showa Leasing

Showa Leasing recorded ¥9.5 billion of ordinary business profit after net credit costs in fiscal year 2013, an increase as compared to ¥6.3 billion in fiscal year 2012. Total revenue was ¥15.1 billion in fiscal year 2013, trending stably as compared to ¥14.0 billion in fiscal year 2012. Net credit recoveries were ¥2.6 billion in fiscal year 2013, compared to ¥0.0 billion (¥85 million) in fiscal year 2012, due to improvements in credit quality of loans and the progression of collections.

Global Markets Group - Table 23- (Consolidated)

(Billions of yen, except percentages)

	FY2013 (12 months)	FY2012 (12 months)	% Change	1H FY2013 (6 months)
Financial Institutions Sub-Group:				
Net interest income	1.5	1.6	(2.0)	0.8
Non-interest income	1.6	2.9	(43.4)	0.8
Total revenue	3.2	4.5	(28.9)	1.7
General and administrative expenses	2.1	2.3	(7.5)	1.0
Ordinary business profit	1.1	2.2	(50.7)	0.6
Net credit costs (recoveries)	(0.4)	(6.2)	93.0	0.0
Ordinary business profit after net credit costs (recoveries)	1.5	8.5	(81.8)	0.6
Markets Sub-Group:				
Net interest income	2.2	1.2	78.9	1.1
Non-interest income	2.6	5.9	(55.4)	0.9
Total revenue	4.9	7.2	(32.0)	2.0
General and administrative expenses	3.2	3.1	1.7	1.6
Ordinary business profit	1.6	4.0	(58.9)	0.4
Net credit costs (recoveries)	0.0	(1.0)	109.3	(0.0)
Ordinary business profit after net credit costs (recoveries)	1.5	5.0	(69.4)	0.5
Others:				
Net interest income	0.1	0.1	(4.3)	0.0
Non-interest income	3.0	2.3	29.7	1.4
Total revenue	3.1	2.4	27.8	1.4
General and administrative expenses	3.5	3.5	1.2	1.7
Ordinary business profit (loss)	(0.4)	(1.0)	60.4	(0.2)
Net credit costs (recoveries)	(0.1)	(0.2)	51.0	(0.0)
Ordinary business profit (loss) after net credit costs (recoveries)	(0.3)	(0.8)	63.2	(0.2)
Global Markets Group⁽²⁾ :				
Net interest income	3.9	2.9	31.8	1.9
Non-interest income	7.3	11.2	(34.7)	3.2
Total revenue	11.2	14.2	(20.7)	5.2
General and administrative expenses	8.9	9.0	(0.9)	4.4
Ordinary business profit	2.3	5.2	(55.0)	0.8
Net credit costs (recoveries)	(0.4)	(7.5)	93.9	(0.0)
Ordinary business profit after net credit costs (recoveries)	2.8	12.7	(78.1)	0.8

(1) Net of consolidation adjustments, if applicable.

(2) From the FY2012 interim period, financial results for the Treasury Sub-Group have been transferred from the "Global Markets Group" to the "Corporate/Other" segment.

Note 1: Quarterly information is available in the Quarterly Data Book

Global Markets Group:

The Global Markets Group reporting segments consists of: 1) Financial Institutions Sub-Group which provides financial products and services for financial institutions, 2) Markets Sub-Group which deals with foreign exchange, derivatives and other capital markets business, and 3) Others which covers asset management, wealth management, and Shinsei Securities' businesses. The Treasury Sub-Group, which governs the ALM operations of the overall Bank, was transferred to the Finance Group as part of organizational changes implemented on July 1, 2012, and their results are now included in the Corporate/Other segment.

Total revenue

The Global Markets Group generated total revenue of ¥11.2 billion in fiscal year 2013, compared to ¥14.2 billion in fiscal year 2012. While the Group continued efforts to expand the customer base and to develop and provide financial products which meet customers' needs, total revenue decreased due to sluggish growth in the total volume of customer transactions and market related-transactions.

The Financial Institutions Sub-Group's total revenue was ¥3.2 billion in fiscal year 2013, compared to ¥4.5 billion in fiscal year 2012. In fiscal year 2013, growth in revenue from transactions with customers was sluggish, and total revenue decreased compared to fiscal year 2012.

The Markets Sub-Group similarly experienced sluggish growth in revenue from transactions with customers and

market related transactions, and as a result total revenue decreased to ¥4.9 billion in fiscal year 2013, a decline from ¥7.2 billion in fiscal year 2012.

Others revenue of the Global Markets Group was ¥3.1 billion for fiscal year 2013, an increase as compared to ¥2.4 billion for fiscal year 2012. This was mainly due to firm results in the securities brokerage business.

Expenses

The Global Markets Group recorded ¥8.9 billion of general and administrative expenses for fiscal year 2013, compared to ¥9.0 billion in fiscal year 2012. While the allocation of resources to relevant business areas in order to rebuild the client base was increased, continuous cost rationalization was promoted across each business line, which resulted in a slight decrease in expenses as compared to fiscal year 2012.

Net credit costs

Net credit recoveries of ¥0.4 billion were recorded in fiscal year 2013, compared to recoveries of ¥7.5 billion in fiscal year 2012. The Group's performance in this area in fiscal year 2012 was due to collections of written-off claims and the corresponding recording of major credit recoveries.

Ordinary business profit after net credit costs

As a result of the preceding, the Global Markets Group recorded ¥2.8 billion of ordinary business profit after net credit costs in fiscal year 2013, compared to ¥12.7 billion in fiscal year 2012.

⁽¹⁾
Individual Group - Table 24- (Consolidated)

(Billions of yen, except percentages)

	FY2013 (12 months)	FY2012 (12 months)	% Change	1H FY2013 (6 months)
Retail banking:				
Net interest income	25.3	26.0	(2.4)	12.7
Non-interest income	7.0	7.0	(1.0)	4.0
Total revenue	32.4	33.1	(2.1)	16.8
General and administrative expenses	31.7	30.2	5.1	16.1
Ordinary business profit	0.6	2.8	(78.1)	0.6
Net credit costs (recoveries)	(0.0)	0.0	(376.2)	0.1
Ordinary business profit after net credit costs (recoveries)	0.6	2.8	(76.4)	0.5
Shinsei Financial and Shinsei Bank Card Loan - Lake⁽²⁾:				
Net interest income	44.2	40.9	8.1	20.8
Non-interest income	(3.3)	(3.2)	(0.6)	(1.9)
Total revenue	40.9	37.6	8.7	18.8
General and administrative expenses	25.8	25.2	2.1	13.1
Ordinary business profit	15.1	12.3	22.2	5.7
Net credit costs (recoveries)	2.6	(0.1)	2,359.6	(0.4)
Ordinary business profit after net credit costs (recoveries)	12.4	12.4	(0.4)	6.1
SHINKI:				
Net interest income	6.7	6.9	(2.6)	3.3
Non-interest income	(0.5)	(0.5)	1.2	(0.2)
Total revenue	6.1	6.3	(2.7)	3.0
General and administrative expenses	4.2	4.0	4.9	2.0
Ordinary business profit	1.8	2.2	(16.8)	0.9
Net credit costs (recoveries)	0.1	(0.0)	316.0	0.1
Ordinary business profit after net credit costs (recoveries)	1.7	2.2	(22.9)	0.7
APLUS FINANCIAL:				
Net interest income	7.5	9.2	(18.7)	3.9
Non-interest income	40.6	38.5	5.3	19.4
Total revenue	48.1	47.8	0.7	23.4
General and administrative expenses	34.7	33.2	4.6	17.2
Ordinary business profit	13.4	14.6	(8.1)	6.1
Net credit costs	6.8	6.4	5.1	3.3
Ordinary business profit after net credit costs	6.5	8.1	(18.8)	2.7
Others⁽³⁾:				
Net interest income	1.4	1.4	4.7	0.7
Non-interest income	0.2	0.1	21.7	0.1
Total revenue	1.7	1.6	6.8	0.8
General and administrative expenses	0.7	0.5	50.5	0.3
Ordinary business profit	0.9	1.1	(13.1)	0.5
Net credit costs (recoveries)	(0.2)	(0.0)	(154.6)	(0.0)
Ordinary business profit after net credit costs (recoveries)	1.1	1.1	(0.6)	0.6
Individual Group:				
Net interest income	85.3	84.4	1.0	41.5
Non-interest income	44.0	42.0	4.8	21.4
Total revenue	129.3	126.4	2.3	63.0
General and administrative expenses	97.3	93.3	4.4	48.9
Ordinary business profit	31.9	33.1	(3.6)	14.0
Net credit costs (recoveries)	9.3	6.2	49.2	3.2
Ordinary business profit after net credit costs (recoveries)	22.6	26.9	(15.9)	10.8

(1) Net of consolidation adjustments, if applicable.

(2) Results for Shinsei Financial and "Shinsei Bank Card Loan - Lake" in the Lake business (started on October 1, 2011) are combined on a management accounting basis.

(3) Includes Shinsei Property Finance and unallocated Consumer Finance Sub-Group financials.

Note 1: Quarterly information is available in the Quarterly Data Book

(1)

Individual Group Revenue by Product/Entity -Table 25- (Consolidated)

(Billions of yen, except percentages)

	FY2013 (12 months)	FY2012 (12 months)	% Change	1H FY2013 (6 months)
Retail Banking:	32.4	33.1	(2.1)	16.8
Deposits and debentures net interest income	15.6	17.6	(11.4)	8.0
Deposits and debentures non-interest income	2.7	3.6	(23.3)	1.5
Asset management	4.9	4.3	12.5	2.7
Loans	9.0	7.4	21.8	4.5
Shinsei Financial and Shinsei Bank Card Loan - Lake ⁽²⁾	40.9	37.6	8.7	18.8
SHINKI	6.1	6.3	(2.7)	3.0
APLUS FINANCIAL	48.1	47.8	0.7	23.4
Others ⁽³⁾	1.7	1.6	6.8	0.8
Total revenue	129.3	126.4	2.3	63.0

(1) Net of consolidation adjustments, if applicable.

(2) Results for Shinsei Financial and "Shinsei Bank Card Loan – Lake" in the Lake business (started on October 1, 2011) are combined on a management accounting basis.

(3) Includes Shinsei Property Finance and unallocated Consumer Finance Sub-Group financials.

Note 1: Quarterly information is available in the Quarterly Data Book

Individual Group:

The Individual Group consists of Retail Banking, as well as Shinsei Bank Card Loan – Lake, and the subsidiaries Shinsei Financial Co., Ltd., SHINKI Co., Ltd., APLUS FINANCIAL Co., Ltd. and Shinsei Property Finance Co., Ltd. It should be noted that profits and losses of the foreign remittance service "GoRemit Shinsei Overseas Remittance Service," which was acquired from Lloyds TSB Bank on March 1, 2013, is included in Retail Banking.

The Individual Group's ordinary business profit after net credit costs was ¥22.6 billion in fiscal year 2013, compared to ¥26.9 billion in fiscal year 2012.

Retail Banking

Total revenue of Retail Banking went from ¥33.1 billion in fiscal year 2012, to ¥32.4 billion in fiscal year 2013. Net interest income totaled ¥25.3 billion in fiscal year 2013, compared to ¥26.0 billion in fiscal year 2012. The housing loan performance continues to be firm, with a net increase in the loan balance and an increase in revenues. However, as a result of net interest income from deposits, including deposits held for liquidity purposes, decreasing due to a decline in market interest rates, total net interest income declined compared to fiscal year 2012. Non-interest income was ¥7.0 billion in fiscal year 2013, flat vs. ¥7.0 billion in fiscal year 2012.

General and administrative expenses were ¥31.7 billion in fiscal year 2013, an increase as compared to ¥30.2 billion in fiscal year 2012, due to the active implementation of initiatives to smoothly carry out the Second MTMP, while continuing to simultaneously implement various rationalization and efficiency measures, such as reviewing the unit cost of advertising.

Regarding net credit costs, costs totaled ¥0 billion (¥16 million) in fiscal year 2012, compared to ¥0 billion (¥46 million) of recoveries in fiscal year 2013. As a result of the preceding, ordinary business profit after net credit costs was ¥0.6 billion in fiscal year 2013, compared to ¥2.8 billion in fiscal year 2012.

Shinsei Financial and Shinsei Bank Card Loan – Lake

The ordinary business profit after net credit costs of Shinsei Financial and Shinsei Bank Card Loan – Lake, after related consolidation adjustments, was ¥12.4 billion in fiscal year 2013, a similar level to fiscal year 2012.

Total revenue was ¥40.9 billion in fiscal year 2013, compared to ¥37.6 billion in fiscal year 2012, primarily due to the increase in the total loan balance. The combined loan balances of Shinsei Financial and Shinsei Bank Card Loan – Lake has shifted to a growth trend since the fourth quarter of fiscal year 2012, and the balance (total balance including balance of consumer finance operations conducted within the entire Bank) has grown by ¥15.5 billion in fiscal year 2013 as compared to the end of fiscal year 2012.

In net credit costs, while phased efforts to strengthen credit management and the structure for loan collections continue, the total loan balance has increased in fiscal year 2013 compared to fiscal year 2012, and net credit costs of ¥2.6 billion were recorded in fiscal year 2013 as compared to ¥0.1 billion of net credit recoveries recorded in fiscal year 2012.

SHINKI

The ordinary business profit after net credit costs of SHINKI after related consolidation adjustments was ¥1.7 billion in fiscal year 2013, compared to ¥2.2 billion in fiscal year 2012.

APLUS FINANCIAL

The ordinary business profit after net credit costs of APLUS FINANCIAL after related consolidation adjustments totaled ¥6.5 billion in fiscal year 2013, a decline compared to ¥8.1 billion in fiscal year 2012. Total revenue for fiscal year 2013 was ¥48.1 billion, an increase compared to ¥47.8 billion recorded in fiscal year 2012. Of total revenue, while net interest income was ¥7.5 billion in fiscal year 2013, down compared to ¥9.2 billion in fiscal year 2012 as a result of the continuing decline in the loan balance, due to an increase in transaction volume in the settlement and shopping credit businesses, non-interest income was ¥40.6 billion in fiscal year 2013, an increase compared to ¥38.5 billion in fiscal year 2012. Regarding expenses, while continuing to pursue rationalization and efficiency, general and administrative expenses increased to ¥34.7 billion in fiscal year 2013, from ¥33.2 billion in fiscal year 2012, due to factors such as an increase in temporary staff expenses to ensure the stable operation of IT systems. Additionally, net credit costs were ¥6.8 billion in fiscal year 2013, compared to ¥6.4 billion in fiscal year 2012.

Financial results of Others includes the profits and losses of Shinsei Property Finance Co., Ltd and the Consumer Finance Sub-Group.

Interest Repayment

Regarding reserves for losses on interest repayment, while no additional reserves were made in fiscal year 2012, additional reserves of ¥0.7 billion for Shinsei Financial, ¥12.8 billion for SHINKI, and ¥2.0 billion for APLUS FINANCIAL were made in fiscal year 2013. The usage of reserves for losses on interest repayment in fiscal year 2013 has decreased compared to fiscal year 2012 at Shinsei Financial, SHINKI, and APLUS FINANCIAL.

At Shinsei Financial, coinciding with the conclusion of the GE Japan indemnity for losses on interest repayment, an additional provision of ¥175.0 billion was made for reserves for losses on interest repayment. This is the amount of losses on interest repayment expected to be incurred in the future and was received as a cash payment.

In addition, the usage of reserves for losses on interest repayment and others (intended for interest repayment and principal amortization) on the portion of assets originally not covered under the GE indemnity was ¥4.7 billion in fiscal year 2013 compared to ¥4.8 billion in fiscal year 2012. In Fiscal year 2013, a separate provision of ¥0.7 billion in reserves for losses on interest repayment was also made for these assets.

As a result, additional reserves for losses on interest repayment provisioned at Shinsei Financial in fiscal year 2013 totaled ¥175.7 billion, and outstanding balance of reserves for losses on interest repayment as of March 31, 2014 totaled ¥187.3 billion compared to ¥21.3 billion on March 31, 2013.

SHINKI's usage of reserves for losses on interest repayment (intended for interest repayment and principal amortization) totaled ¥4.5 billion in fiscal year 2013, compared to ¥6.2 billion in fiscal year 2012. Additional reserves of ¥12.8 billion were made in fiscal year 2013 resulting in a total balance of ¥16.2 billion in reserves for losses on interest repayment as of March 31, 2014, compared to ¥7.8 billion as of March 31, 2013.

APLUS FINANCIAL and its consolidated subsidiaries' usage of reserves for losses on interest repayment (intended for interest repayment and principal amortization) totaled ¥3.1 billion in fiscal year 2013, compared to ¥4.8 billion in fiscal year 2012. Additional reserves for losses on interest repayment of ¥2.0 billion were made during fiscal year 2013 resulting in a total balance of ¥4.6 billion in reserves for losses on interest repayment as of March 31, 2014, compared to ¥5.7 billion as of March 31, 2013.

(1) (2)

Corporate/Other -Table 26- (Consolidated)*(Billions of yen, except percentages)*

	FY2013 (12 months)	FY2012 (12 months)	% Change	1H FY2013 (6 months)
Treasury Sub-Group⁽¹⁾ :				
Net interest income	(3.3)	(2.7)	(23.3)	(1.7)
Non-interest income	(1.0)	7.2	(115.0)	(0.7)
Total revenue	(4.4)	4.4	(198.4)	(2.5)
General and administrative expenses	1.5	1.2	21.9	0.7
Ordinary business profit (loss)	(5.9)	3.2	(284.5)	(3.2)
Net credit costs	-	-	-	-
Ordinary business profit (loss) after net credit costs	(5.9)	3.2	(284.5)	(3.2)
Corporate/Other (excluding Treasury Sub-Group)⁽²⁾ :				
Net interest income	(3.1)	(2.8)	(7.2)	(1.6)
Non-interest income	0.3	(0.2)	259.3	0.1
Total revenue	(2.7)	(3.1)	11.6	(1.4)
General and administrative expenses	0.1	0.7	(81.8)	(0.4)
Ordinary business profit (loss)	(2.8)	(3.8)	25.4	(1.0)
Net credit costs (recoveries)	(0.0)	0.5	(100.1)	0.0
Ordinary business profit (loss) after net credit costs (recoveries)	(2.8)	(4.3)	34.2	(1.0)
Corporate/Other⁽²⁾ :				
Net interest income	(6.4)	(5.6)	(15.0)	(3.3)
Non-interest income	(0.7)	6.9	(110.5)	(0.5)
Total revenue	(7.1)	1.3	(620.8)	(3.9)
General and administrative expenses	1.6	2.0	(17.2)	0.3
Ordinary business profit (loss)	(8.8)	(0.6)	(1,266.8)	(4.2)
Net credit costs (recoveries)	(0.0)	0.5	(100.1)	0.0
Ordinary business profit (loss) after net credit costs (recoveries)	(8.8)	(1.1)	(661.1)	(4.2)

(1) From the FY2012 interim period, financial results for the Treasury Sub-Group have been transferred from the "Global Markets Group" to the "Corporate/Other" account.

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

Note 1: Quarterly information is available in the Quarterly Data Book

The Treasury Sub-Group, which governs the ALM for the Bank overall, was transferred to the Finance Group as part of organizational changes implemented on July 1, 2012, and its results are now included in the Corporate/Other segment. The Treasury Sub-Group's total revenue was a loss of ¥4.4 billion in fiscal year 2013, compared to a profit of ¥4.4 billion in fiscal year 2012. The Treasury Sub-Group holds liquidity reserves and Japanese national government bonds for ALM purposes, and while a profit of ¥4.9 billion was recorded in

fiscal year 2012 on the sale of Japanese national government bonds, there were major fluctuation in the market in fiscal year 2013, and in order to avoid the resulting interest rate risk, a ¥1.4 billion loss was incurred on the sale of Japanese national government bonds in the first quarter of fiscal year 2013, and a ¥1.5 billion loss associated with the sale of U.S. Treasury bonds was incurred in the fourth quarter of fiscal year 2013.

Segment Information

Institutional Group:	Focuses primarily on corporate and public sector finance and advisory business.
Institutional Business	The "Institutional Business Sub-Group" provides financial products and services, including healthcare finance for corporations and the public sector, advisory business and real estate-related non-recourse, corporate finance, M&A and other specialty finance, corporate restructuring, and trust businesses.
Principal Transactions	The "Principal Transactions Sub-Group" comprises the credit trading and private equity businesses.
Showa Leasing	"Showa Leasing" primarily provides leasing related financial products and services.
Other Institutional Group	The "Other Institutional Group" consists of the asset-backed investment business and other businesses.
Global Markets Group:	Focuses primarily on financial markets business and serving financial institution clients.
Financial Institutions	The "Financial Institutions Sub-Group" provides financial products and services for financial institutions.
Markets	The "Markets Sub-Group" is engaged in foreign exchange, derivatives, equity related, alternative investment and other capital markets transactions.
Other Global Markets Group	The "Other Global Markets Group" consists of the profit and loss attributable to Shinsei Securities, asset management, wealth management, and other products and services in the Global Markets Group.
Individual Group:	Focuses on retail financial products and services.
Retail Banking	The "Retail Banking Sub-Group" provides financial products and services for retail customers such as yen/foreign currency/structured deposit services, investment trusts, brokerage services (through a partner institution), life and non-life insurance (through partner institutions) and home mortgages.
Shinsei Financial	"Shinsei Financial" provides consumer finance products and services and guarantee services (Shinsei Financial, Shinsei Bank Card – Loan Lake, SHINKI).
APLUS FINANCIAL	"APLUS FINANCIAL" provides installment sales credit, credit cards, guarantees, financing and settlement services.
Other Individual Group	The "Other Individual Group" consists of profit and loss attributable to the Consumer Finance Sub-Group and other subsidiaries.
Corporate/Other:	"Corporate/Other" includes company-wide accounts which are not included in our reportable segments, allocation variance of indirect expense and elimination amount of inter-segment transactions.
Treasury	The "Treasury Sub-Group" undertakes ALM related operations and includes gains and losses from equity and subordinated debt financing activities.

Consolidated Balance Sheets (Consolidated)

Assets

(Millions of yen)

	Mar 31 2014 (a)	Mar 31 2013 (b)	Change (a)-(b)
<<Assets>>			
Cash and due from banks	1,451,492	648,897	802,595
Call loans and bills bought	36,451	18,806	17,645
Receivables under resale agreements	53,216	78,507	(25,291)
Receivables under securities borrowing transactions	23,651	19,083	4,568
Other monetary claims purchased	105,857	112,318	(6,460)
Trading assets	249,115	287,907	(38,791)
Monetary assets held in trust	199,117	233,847	(34,729)
Securities	1,557,020	1,842,344	(285,324)
Loans and bills discounted	4,319,830	4,292,464	27,365
Foreign exchanges	25,656	33,857	(8,201)
Lease receivables and leased investment assets	227,764	203,590	24,174
Other assets	724,963	770,905	(45,941)
Premises and equipment	50,143	52,716	(2,573)
Intangible assets	57,643	68,429	(10,786)
Goodwill	28,949	35,394	(6,445)
Asset for retirement benefit	1,567	/	/
Deferred issuance expenses for debentures	32	95	(62)
Deferred tax assets	16,519	16,339	180
Customers' liabilities for acceptances and guarantees	358,414	511,032	(152,617)
Reserve for credit losses	(137,358)	(161,810)	24,451
Total assets	9,321,103	9,029,335	291,768

Liabilities and Equity

(Millions of yen)

	Mar 31 2014 (a)	Mar 31 2013 (b)	Change (a)-(b)
<<Liabilities>>			
Deposits	5,733,223	5,252,935	480,287
Negotiable certificates of deposit	117,223	204,600	(87,376)
Debentures	41,747	262,342	(220,594)
Call money and bills sold	180,000	170,094	9,905
Payables under securities lending transactions	317,599	47,069	270,530
Trading liabilities	218,585	240,099	(21,514)
Borrowed money	643,431	719,292	(75,860)
Foreign exchanges	37	174	(137)
Short-term corporate bonds	86,900	82,800	4,100
Corporate bonds	177,248	174,286	2,961
Other liabilities	497,804	630,759	(132,954)
Accrued employees' bonuses	7,782	7,604	177
Accrued directors' bonuses	67	54	13
Reserve for employees' retirement benefits	/	7,309	/
Liability for retirement benefit	10,116	/	/
Reserve for directors' retirement benefits	119	245	(125)
Reserve for losses on interest repayments	208,201	34,983	173,217
Deferred tax liabilities	9	7	1
Acceptances and guarantees	358,414	511,032	(152,617)
Total liabilities	8,598,512	8,345,690	252,822
<<Equity>>			
Shareholders' equity:			
Common stock	512,204	512,204	-
Capital surplus	79,461	79,461	-
Retained earnings	146,002	107,288	38,714
Treasury stock, at cost	(72,558)	(72,558)	-
Total shareholders' equity	665,110	626,395	38,714
Accumulated other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities	6,288	3,825	2,463
Deferred gain (loss) on derivatives under hedge accounting	(8,769)	(11,605)	2,835
Foreign currency translation adjustments	267	1,475	(1,207)
Remeasurements of defined benefit plans	(5,195)	/	/
Total accumulated other comprehensive income	(7,409)	(6,305)	(1,103)
Stock acquisition rights	1,221	1,238	(17)
Minority interests	63,667	62,315	1,351
Total equity	722,590	683,644	38,945
Total liabilities and equity	9,321,103	9,029,335	291,768

Consolidated Statements of Income (Consolidated)

(Millions of yen, except percentages)

	FY2013 (12 months)	FY2012 (12 months)	Change	
			Amount	%
Ordinary income	375,232	386,079	(10,846)	(2.8)
Interest income	143,270	147,834	(4,564)	(3.1)
Interest on loans and bills discounted	124,400	128,560	(4,160)	(3.2)
Interest and dividends on securities	15,694	17,028	(1,333)	(7.8)
Other interest income	3,176	2,246	929	41.4
Fees and commissions income	43,603	40,309	3,293	8.2
Trading income	16,517	22,698	(6,181)	(27.2)
Other business income	142,640	141,266	1,374	1.0
Other ordinary income	29,200	33,969	(4,769)	(14.0)
Ordinary expenses	331,085	331,584	(498)	(0.2)
Interest expenses	32,752	36,149	(3,397)	(9.4)
Interest on deposits	20,358	23,066	(2,707)	(11.7)
Interest on borrowings	4,964	5,264	(299)	(5.7)
Interest on corporate bonds	5,940	5,467	473	8.7
Other interest expenses	1,487	2,351	(863)	(36.7)
Fees and commissions expenses	21,165	21,134	31	0.1
Trading losses	2,542	2,669	(126)	(4.7)
Other business expenses	100,438	99,833	605	0.6
General and administrative expenses	144,814	141,798	3,015	2.1
Amortization of goodwill	6,441	7,036	(595)	(8.5)
Amortization of intangible assets acquired in business combinations	3,305	3,774	(469)	(12.4)
Other general and administrative expenses	135,067	130,987	4,080	3.1
Other ordinary expenses	29,371	29,998	(627)	(2.1)
Provision of reserve for credit losses	6,279	13,785	(7,506)	(54.5)
Other	23,092	16,213	6,879	42.4
Ordinary profit	44,147	54,495	(10,348)	(19.0)
Extraordinary gains	3,879	1,162	2,716	233.7
Extraordinary losses	2,006	1,782	223	12.5
Income before income taxes and minority interests	46,020	53,875	(7,855)	(14.6)
Income taxes (benefit):				
Income taxes (benefit) - current	2,464	595	1,869	314.1
Income taxes (benefit) - deferred	(795)	(1,334)	538	(40.3)
Total income taxes (benefit)	1,668	(738)	2,407	(326.2)
Income before minority interests	44,351	54,614	(10,262)	(18.8)
Minority interests in net income of subsidiaries	2,976	3,534	(558)	(15.8)
Net income	41,374	51,079	(9,704)	(19.0)

Consolidated Statements of Comprehensive Income (Consolidated)

(Millions of yen, except percentages)

	FY2013 (12 months)	FY2012 (12 months)	Change	
			Amount	%
Income before minority interests	44,351	54,614	(10,262)	(18.8)
Other comprehensive income				
Unrealized gain (loss) on available-for-sale securities	2,803	4,266	(1,462)	(34.3)
Deferred gain (loss) on derivatives under hedge accounting	2,835	148	2,687	1,813.0
Foreign currency translation adjustments	(655)	2,889	(3,545)	(122.7)
Share of other comprehensive income in affiliates	(153)	794	(948)	(119.3)
Other comprehensive income	4,830	8,098	(3,268)	(40.4)
Comprehensive income	49,181	62,713	(13,531)	(21.6)
(Breakdown)				
Attributable to:				
Owners of the parent	45,466	58,319	(12,853)	(22.0)
Minority interests	3,715	4,393	(678)	(15.4)

Consolidated Statement of Changes in Equity (Consolidated)
For the fiscal year ended March 31, 2014

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock at cost	Total shareholders' equity
Balance at beginning of the year	512,204	79,461	107,288	(72,558)	626,395
Changes during the year					
Dividends			(2,653)		(2,653)
Net income			41,374		41,374
Decrease by inclusion of consolidated subsidiaries			(5)		(5)
Decrease by exclusion of consolidated subsidiaries			(0)		(0)
Net changes during the year excluding shareholders' equity					
Total changes during the year	-	-	38,714	-	38,714
Balance at end of the year	512,204	79,461	146,002	(72,558)	665,110

	Accumulated other comprehensive income					Stock acquisition rights	Minority interests	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of the year	3,825	(11,605)	1,475	-	(6,305)	1,238	62,315	683,644
Changes during the year								
Dividends								(2,653)
Net income								41,374
Decrease by inclusion of consolidated subsidiaries								(5)
Decrease by exclusion of consolidated subsidiaries								(0)
Net changes during the year excluding shareholders' equity	2,463	2,835	(1,207)	(5,195)	(1,103)	(17)	1,351	230
Total changes during the year	2,463	2,835	(1,207)	(5,195)	(1,103)	(17)	1,351	38,945
Balance at end of the year	6,288	(8,769)	267	(5,195)	(7,409)	1,221	63,667	722,590

Consolidated Statements of Cash Flows (Consolidated)

(Millions of yen)

	FY2013 (12 months)	FY2012 (12 months)	Change
I. Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	46,020	53,875	(7,855)
Depreciation (other than leased assets as lessor)	10,274	10,502	(228)
Amortization of goodwill	6,441	7,036	(595)
Amortization of intangible assets acquired in business combinations	3,305	3,774	(469)
Impairment losses	1,558	916	641
Equity in net (income) loss of affiliates	(2,623)	1,309	(3,932)
Net change in reserve for credit losses	(24,459)	(18,942)	(5,516)
Net change in accrued employees' bonuses	162	336	(173)
Net change in reserve for employees' retirement benefits	/	291	/
Net change in asset for retirement benefit	(1,567)	/	/
Net change in liability for retirement benefit	(3,031)	/	/
Net change in reserve for losses on interest repayments	173,217	(15,930)	189,148
Net change in other reserves	(112)	29	(141)
Interest income	(143,270)	(147,834)	4,564
Interest expenses	32,752	36,149	(3,397)
(Gain) loss on securities sold	(2,745)	(5,324)	2,578
(Gain) loss on monetary assets held in trust	(2,547)	(5,027)	2,479
Net exchange (gain) loss	(20,741)	(31,199)	10,457
Net (gain) loss on disposal of premises and equipment	(1,417)	(183)	(1,233)
Net change in trading assets	38,791	(85,231)	124,022
Net change in trading liabilities	(21,514)	64,055	(85,569)
Net change in loans and bills discounted	(24,921)	(153,821)	128,900
Net change in deposits	480,303	68,609	411,694
Net change in negotiable certificates of deposit	(87,376)	26,515	(113,891)
Net change in debentures	(220,594)	(31,797)	(188,797)
Net change in borrowed money (other than subordinated debt)	(54,298)	243,287	(297,586)
Net change in corporate bonds (other than subordinated corporate bonds)	2,667	(2,510)	5,178
Net change in deposits (other than cash equivalents)	(8,818)	8,776	(17,594)
Net change in call loans	7,645	(63,205)	70,851
Net change in other monetary claims purchased	12,474	22,312	(9,838)
Net change in receivables under securities borrowing transactions	(4,568)	94,996	(99,565)
Net change in call money and bills sold	9,905	(40,069)	49,975
Net change in payables under securities lending transactions	270,530	(101,521)	372,052
Net change in foreign exchange assets and liabilities	8,063	(14,798)	22,862
Net change in short-term corporate bonds (liabilities)	4,100	32,100	(28,000)
Net change in net trust account	(44)	(7,146)	7,102
Interest received	141,507	149,077	(7,570)
Interest paid	(59,034)	(26,279)	(32,755)
Net change in trading securities	530	(49)	579
Net change in monetary assets held in trust	30,327	33,743	(3,415)
Net change in leased receivables and leased investment assets	(24,084)	(5,499)	(18,585)
Others, net	(46,710)	59,437	(106,148)
Subtotal	526,099	160,762	365,337
Income taxes paid	(1,281)	(696)	(584)
Net cash provided by (used in) operating activities	524,817	160,065	364,752
II. Cash flows from investing activities:			
Purchase of securities	(693,493)	(8,549,411)	7,855,917
Proceeds from sale of securities	782,676	8,200,931	(7,418,254)
Proceeds from maturity of securities	217,897	423,914	(206,016)
Investment in monetary assets held in trust	(84,311)	(85,270)	958
Proceeds from disposition of monetary assets held in trust	91,765	90,342	1,422
Purchase of premises and equipment (other than leased assets as lessor)	(4,808)	(3,209)	(1,599)
Purchase of intangible assets (other than leased assets as lessor)	(5,638)	(4,249)	(1,388)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	-	14,588	(14,588)
Others, net	3,344	133	3,210
Net cash provided by (used in) investing activities	307,431	87,769	219,662
III. Cash flows from financing activities:			
Proceeds from subordinated debt	2,400	-	2,400
Repayment of subordinated debt	(25,000)	(1,000)	(24,000)
Proceeds from issuance of subordinated corporate bonds	24,787	6,349	18,437
Payment for redemption of subordinated corporate bonds	(37,288)	(5,000)	(32,288)
Proceeds from minority shareholders of subsidiaries	851	262	588
Repayments to minority shareholders	(41)	(1,043)	1,002
Dividends paid	(2,653)	(2,653)	-
Dividends paid to minority shareholders of subsidiaries	(3,173)	(3,145)	(27)
Net cash provided by (used in) financing activities	(40,118)	(6,230)	(33,887)
IV. Foreign currency translation adjustments on cash and cash equivalents	108	68	40
V. Net change in cash and cash equivalents	792,239	241,672	550,567
VI. Cash and cash equivalents at beginning of the year	574,470	332,798	241,672
VII. Cash and cash equivalents at end of the year	1,366,710	574,470	792,239

Consolidated Composition of Capital Disclosure (Consolidated)

<Basel 3, Domestic Standard⁽¹⁾>

Millions of yen (except percentages)

	Mar 31 2014	Amounts excluded under transitional arrangements
Core capital: instruments and reserves		
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	662,456	
of which: capital and capital surplus	591,666	
of which: retained earnings	146,002	
of which: treasury stock (-)	(72,558)	
of which: earning to be distributed (-)	(2,653)	
of which: other than above	-	
Accumulated other comprehensive income (amount allowed to be included in Core capital)	267	△ 5,195
of which: foreign currency translation adjustment	267	
of which: amount related defined benefit	-	△ 5,195
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	1,221	
Adjusted minority interests (amount allowed to be included in Core capital)	-	
Total of reserves included in Core capital: instruments and reserves	2,919	
of which: general reserve for loan losses included in Core capital	2,919	
of which: eligible provision included in Core capital	-	
Eligible non-cumulative perpetual preferred shares subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	-	
Eligible capital instruments subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	219,293	
Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital: instruments and reserves)	-	
Land revaluation excess after 55% discount (amount allowed to be included in Core capital: instruments and reserves)	-	
Minority interests subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	3,412	
Core capital: instruments and reserves	889,571	
Core capital: regulatory adjustments		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	34,914	12,674
of which: goodwill (including those equivalent)	28,949	-
of which: other intangibles other than goodwill and mortgage servicing rights	5,964	12,674
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	6,129
Shortfall of eligible provisions to expected losses	27,564	-
Gain on sale of securitization	9,414	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Net defined benefit asset	-	1,018
Investments in own shares (excluding those reported in the net assets section)	-	-
Reciprocal cross-holdings in common equity	-	-
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	60	1,990
Amount exceeding the 10% threshold on specific items	-	-
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which: mortgage servicing rights	-	-
of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Amount exceeding the 15% threshold on specific items	-	-
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which: mortgage servicing rights	-	-
of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Core capital: regulatory adjustments	71,953	
Capital (consolidated)	817,618	
Risk-weighted assets		
Total amount of credit risk-weighted assets	5,546,726	
of which: total amount included in risk-weighted assets by transitional arrangements	(20,629)	
of which: intangible assets (excluding those relating to goodwill and mortgage servicing rights)	12,674	
of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	6,129	
of which: net defined benefit asset	1,018	
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(49,195)	
of which: other than above	8,742	
Market risk (divided by multiplying the capital requirement by 12.5)	125,561	
Operational risk (divided by multiplying the capital requirement by 12.5)	344,483	
Credit risk adjustments	-	
Operational risk adjustments	-	
Total amount of Risk-weighted assets	6,016,771	
Capital ratio (consolidated)	13.58%	

(1) Calculated according to F-IRB.

Section 2. Non-Consolidated Information

Results of Operations -Table 27- (Non-Consolidated)

	(Billions of yen, except percentages)			
	FY2013 (12 months)	FY2012 (12 months)	% Change	1H FY2013 (6 months)
Net interest income	80.9	62.0	30.5	37.5
Non-interest income	17.9	31.2	(42.6)	10.3
Net fees and commissions ⁽¹⁾	7.9	10.3	(23.2)	6.0
Net trading income	5.3	14.5	(63.0)	2.5
Net other business income	4.6	6.3	(27.2)	1.7
Total revenue ⁽¹⁾	98.9	93.3	6.0	47.8
Personnel expenses	21.5	21.1	2.0	10.5
Non-personnel expenses	44.0	42.9	2.5	22.1
Taxes	3.4	3.2	6.6	1.6
General and administrative expenses	69.0	67.3	2.6	34.3
Net business profit ⁽¹⁾	29.8	25.9	14.9	13.5
Other gains (losses)				
Gains (losses) on the sales of equities	3.2	1.7	82.6	1.7
Net reversal of reserve for credit losses (Provision of reserve for loan losses) ⁽²⁾	7.2	(0.4)	1,852.2	1.2
Losses on write-off of loans	(2.0)	(6.8)	70.8	(0.9)
Recoveries of written-off claims	1.9	8.5	(76.9)	0.6
Expenses for employees' retirement benefits	(2.3)	(2.3)	2.1	(1.2)
Other losses, expenses	(0.3)	(0.9)	59.5	(0.2)
Net ordinary income	37.6	25.7	46.5	14.7
Special gains (losses)				
Gains (losses) from sales of fixed assets	(1.7)	(0.8)	(112.1)	(1.0)
Other special gains (losses)	(0.1)	(1.4)	93.1	0.0
Income before income taxes	35.8	23.4	53.1	13.6
Income taxes (benefit)				
Current	(0.3)	(0.7)	55.8	(0.1)
Deferred	(0.2)	(0.4)	43.5	(1.8)
Net income	36.4	24.6	47.9	15.5

(1) Includes income from monetary assets held in trust of ¥3.8 billion in FY2013, ¥5.1 billion in FY2012 and ¥2.3 billion in 1H FY2013.

(2) Reversals of general reserve for loan losses was ¥7.2 billion in FY2013 and ¥1.2 billion in 1H FY2013.

Provision of reserve for loan losses was ¥0.4 billion in FY2012.

Note 1: Quarterly information is available in the Quarterly Data Book

The gap between non-consolidated basis net income and consolidated basis net income results from the profits or losses at our consolidated subsidiaries including Showa Leasing, Shinsei Financial, APLUS FINANCIAL and SHINKI, gains or losses on our investment in our equity method affiliate, Jih Sun Financial Holding Co., Ltd., and whether or not dividends are received from our major consolidated subsidiaries.

It should be noted, gains (losses) on the sale of equities and impairments are recorded as other business income in the consolidated financial statement, reflecting the nature of the transaction. However, in the above non-consolidated information, the same transactions are recorded as other gains (losses) in accordance with reporting requirements on a Revitalization Plan basis.

Total revenue of Shinsei Bank was ¥98.9 billion on a non-consolidated basis in fiscal year 2013 compared to ¥93.3 billion in fiscal year 2012. Net interest income on a non-consolidated basis was ¥80.9 billion in fiscal year 2013, an increase as compared to ¥62.0 billion in fiscal year 2012. This was mainly due to the steady growth of net interest income from the consumer finance business at the Bank which was commenced in October 2011, as well as dividends received from subsidiaries increasing, with total

dividends of ¥16.3 billion received (¥15.4 billion from Shinsei Financial and ¥0.8 billion from Showa Leasing) in fiscal year 2013, versus dividends of ¥7.1 billion (¥4.4 billion from Shinsei Financial, ¥1.7 billion from APLUS FINANCIAL, and ¥0.8 billion from Showa Leasing) in fiscal year 2012. On the other hand, as a result of the sluggish growth of market related transactions, as well as losses suffered in the ALM business on the sale of Japanese national government and U.S. Treasury bills, non-interest income for fiscal year 2013 was ¥17.9 billion, a decline compared to ¥31.2 billion recorded in fiscal year 2012.

General and administrative expenses were ¥69.0 billion in fiscal year 2013, an increase compared to ¥67.3 billion in fiscal year 2012. This was due to costs incurred in the active implementation of measures aimed at smoothly carrying out the Second MTMP.

As a result of the preceding, Shinsei Bank recorded a non-consolidated net business profit of ¥29.8 billion for fiscal year 2013, an increase compared to ¥25.9 billion for fiscal year 2012. Furthermore, there were improvements in credit costs and equity related gains and losses, and net income for fiscal year 2013 was ¥36.4 billion, an increase compared to ¥24.6 billion recorded for fiscal year 2012.

Net Credit Costs -Table 28- (Non-Consolidated)

(Billions of yen, except percentages)

	FY2013 (12 months)	FY2012 (12 months)	% Change	1H FY2013 (6 months)
Losses on write-off of loans	2.0	6.8	(70.8)	0.9
Net provision (reversal) of reserve for loan losses	(7.2)	0.4	(1,852.2)	(1.2)
Net provision (reversal) of general reserve for loan losses	(7.5)	(10.0)	25.2	(0.1)
Net provision (reversal) of specific reserve for loan losses	0.2	10.4	(97.9)	(1.1)
Recoveries of written-off claims	(1.9)	(8.5)	76.9	(0.6)
Net credit costs (recoveries)	(7.2)	(1.2)	(478.6)	(0.9)

Note 1: Quarterly information is available in the Quarterly Data Book

Interest-Earning Assets and Interest-Bearing Liabilities -Table 29- (Non-Consolidated)

(Billions of yen, except percentages)

	FY2013 (12 months)			FY2012 (12 months)			1H FY2013 (6 months)		
	Average balance	Interest	Yield/rate ⁽²⁾ (%)	Average balance	Interest	Yield/rate ⁽²⁾ (%)	Average balance	Interest	Yield/rate ⁽²⁾ (%)
Interest-earning assets:									
Cash and due from banks	26.6	0.9	3.55	20.5	0.2	1.21	29.0	0.3	2.72
Call loans	80.0	0.1	0.16	60.4	0.0	0.12	74.4	0.0	0.14
Receivables under resale agreements	55.2	0.1	0.35	46.8	0.1	0.39	57.2	0.1	0.36
Collateral related to securities borrowing transactions	0.9	0.0	0.11	15.7	0.0	0.11	1.6	0.0	0.11
Securities	2,267.6	36.9	1.62	2,382.7	26.1	1.09	2,324.2	16.7	1.43
Loans and bills discounted	4,141.7	71.8	1.73	4,169.6	67.0	1.60	4,174.1	35.7	1.70
Other interest-earning assets	228.7	1.7	0.77	254.7	2.0	0.79	233.3	0.9	0.78
Interest rate and funding swaps	-	0.6	-	-	0.2	-	-	0.3	-
Total interest-earning assets	6,801.0	112.4	1.65	6,950.7	96.0	1.38	6,894.2	54.2	1.57
Interest-bearing liabilities:									
Deposits	5,796.5	20.3	0.35	5,407.6	23.0	0.42	5,803.9	11.2	0.38
Negotiable certificates of deposit	220.2	0.2	0.11	257.8	0.3	0.14	210.1	0.1	0.11
Debentures	64.8	0.1	0.23	282.0	0.9	0.34	85.5	0.1	0.28
Call money	125.7	0.1	0.09	141.4	0.1	0.10	124.1	0.0	0.10
Payable under repurchase agreements	4.5	0.0	0.22	5.5	0.0	0.19	7.8	0.0	0.22
Collateral related to securities lending transactions	464.6	0.3	0.07	222.7	0.2	0.11	455.3	0.1	0.07
Borrowed money	359.5	2.5	0.71	401.1	2.6	0.66	354.0	1.3	0.74
Corporate bonds	235.2	9.1	3.87	211.8	8.3	3.95	231.9	4.5	3.91
Other interest-bearing liabilities	7.9	0.0	***	4.5	0.0	n.m. ⁽¹⁾	4.5	0.0	n.m. ⁽¹⁾
Interest rate and funding swaps	-	-	-	-	-	-	-	-	-
Total interest-bearing liabilities	7,279.5	32.9	0.45	6,934.8	35.8	0.51	7,277.5	17.5	0.48
Net interest income/yield on interest-earning assets	6,801.0	79.5	1.16	6,950.7	60.1	0.86	6,894.2	36.7	1.06

(1) n.m. is not meaningful.

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

Note 1: Quarterly information is available in the Quarterly Data Book

Risk-Monitored Loans -Table 30- (Non-Consolidated)

(Billions of yen)

	Mar 31 2014 (a)	Mar 31 2013 (b)	Change (a)-(b)	Sep 30 2013 (c)	Change (a)-(c)
Loans to bankrupt obligors	7.2	8.1	(0.9)	8.2	(1.0)
Non-accrual delinquent loans	138.6	211.2	(72.5)	171.5	(32.9)
Loans past due for three months or more	0.9	1.1	(0.1)	1.2	(0.2)
Restructured loans	3.8	4.5	(0.6)	5.4	(1.6)
Total (A)	150.7	225.0	(74.3)	186.5	(35.8)
Loans and bills discounted (B)	4,235.7	4,224.4	11.2	4,139.9	95.7
Ratio to total loans and bills discounted (A / B) (%)	3.56%	5.33%		4.51%	
Reserve for credit losses (C)	83.5	106.5	(22.9)	90.4	(6.8)
Reserve ratio (C / A) (%)	55.4%	47.3%		48.5%	

Note 1: Quarterly information is available in the Quarterly Data Book

Loans by Borrower Industry -Table 31- (Non-Consolidated)

(Billions of yen)

	Mar 31 2014 (a)	Mar 31 2013 (b)	Change (a)-(b)	Sep 30 2013 (c)	Change (a)-(c)
Domestic (excluding Japan offshore market accounts):					
Manufacturing	208.9	232.0	(23.1)	203.9	4.9
Agriculture and forestry	0.1	0.2	(0.0)	0.2	(0.0)
Fishery	0.0	-	0.0	-	0.0
Mining, quarrying and gravel extraction	0.1	0.1	0.0	0.1	0.0
Construction	7.6	10.6	(3.0)	11.5	(3.9)
Electric power, gas, heat supply and water supply	170.1	124.7	45.3	139.2	30.8
Information and communications	39.4	30.4	9.0	34.3	5.1
Transportation and postal service	191.1	219.0	(27.8)	203.4	(12.2)
Wholesale and retail	87.2	70.2	17.0	73.3	13.8
Finance and insurance	949.4	1,098.8	(149.4)	1,037.0	(87.6)
Real estate	560.2	581.1	(20.8)	542.8	17.3
Services	378.4	369.5	8.8	344.4	34.0
Local government	104.3	114.0	(9.7)	108.4	(4.1)
Individuals	1,310.4	1,166.1	144.3	1,254.7	55.7
Overseas yen loans and overseas loans booked domestically	198.1	160.6	37.4	149.3	48.7
Total domestic	4,205.9	4,178.0	27.9	4,103.1	102.7
Overseas (including Japan offshore market accounts):					
Governments	1.5	1.8	(0.3)	1.6	(0.1)
Financial institutions	0.5	0.8	(0.3)	0.6	(0.1)
Commerce and industry	27.7	43.6	(15.9)	34.4	(6.7)
Others	-	-	-	-	-
Total overseas	29.7	46.4	(16.6)	36.8	(7.0)
Total	4,235.7	4,224.4	11.2	4,139.9	95.7

Note 1: Quarterly information is available in the Quarterly Data Book

Risk Monitored Loans by Borrower Industry -Table 32 - (Non-Consolidated)

(Billions of yen)

	Mar 31 2014 (a)	Mar 31 2013 (b)	Change (a)-(b)	Sep 30 2013 (c)	Change (a)-(c)
Domestic (excluding Japan offshore market accounts):					
Manufacturing	5.6	7.5	(1.8)	6.2	(0.6)
Agriculture and forestry	-	-	-	-	-
Fishery	-	-	-	-	-
Mining, quarrying and gravel extraction	-	-	-	-	-
Construction	-	-	-	-	-
Electric power, gas, heat supply and water supply	-	-	-	-	-
Information and communications	0.5	2.1	(1.6)	1.9	(1.4)
Transportation and postal service	2.9	2.9	-	2.9	-
Wholesale and retail	0.3	-	0.3	0.2	0.0
Finance and insurance	21.9	41.9	(19.9)	41.6	(19.6)
Real estate	74.6	128.4	(53.8)	84.7	(10.0)
Services	25.4	28.2	(2.7)	28.2	(2.8)
Local government	-	-	-	-	-
Individuals	3.5	4.1	(0.6)	4.4	(0.8)
Overseas yen loans and overseas loans booked domestically	15.6	9.4	6.1	16.0	(0.4)
Total domestic	150.7	225.0	(74.3)	186.5	(35.8)
Overseas (including Japan offshore market accounts):					
Governments	-	-	-	-	-
Financial institutions	-	-	-	-	-
Commerce and industry	-	-	-	-	-
Others	-	-	-	-	-
Total overseas	-	-	-	-	-
Total	150.7	225.0	(74.3)	186.5	(35.8)

Note 1: Quarterly information is available in the Quarterly Data Book

Claims Classified under the Financial Revitalization Law -Table 33- (Non-Consolidated)

(Billions of yen)

	Mar 31 2014 (a)	Mar 31 2013 (b)	Change (a)-(b)	Sep 30 2013 (c)	Change (a)-(c)
Claims against bankrupt and quasi-bankrupt obligors	13.2	38.6	(25.4)	33.7	(20.4)
Doubtful claims	146.7	198.3	(51.6)	161.6	(14.9)
Substandard claims	4.9	5.7	(0.8)	6.7	(1.8)
Total (A)	164.7	242.6	(77.9)	202.0	(37.2)
Coverage ratio	95.3%	95.9%		95.5%	
Total claims (B)	4,328.3	4,560.5	(232.1)	4,246.0	82.3
Loans and bills discounted	4,235.7	4,224.4	11.2	4,139.9	95.7
Others	92.6	336.0	(243.4)	106.0	(13.4)
Ratio to total claims (A / B) X 100 (%)	3.81%	5.32%		4.76%	
(Ref. 1) Amount of write-off	63.5	58.2	5.2	63.1	0.3
(Ref. 2) Below need caution level	273.5	438.6	(165.1)	358.9	(85.4)

Note 1: Quarterly information is available in the Quarterly Data Book

Coverage Ratios for Non-Performing Claims Classified under the Financial Revitalization Law -Table 34- (Non-Consolidated)

(Billions of yen, except percentages)

March 31, 2014					
Amounts of coverage					
	Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees	Coverage ratio
Claims against bankrupt and quasi-bankrupt obligors	13.2	13.2	-	13.2	100.0%
Doubtful claims	146.7	140.3	58.4	81.9	95.6%
Substandard claims	4.9	3.5	1.9	1.6	71.8%
Total	164.7	157.0	60.3	96.7	95.3%

(Billions of yen, except percentages)

	March 31, 2013					September 30, 2013				
	Amounts of coverage					Amounts of coverage				
	Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees	Coverage ratio	Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees	Coverage ratio
Claims against bankrupt and quasi-bankrupt obligors	38.6	38.6	-	38.6	100.0%	33.7	33.7	-	33.7	100.0%
Doubtful claims	198.3	191.0	72.9	118.0	96.3%	161.6	155.1	57.2	97.8	96.0%
Substandard claims	5.7	3.1	1.1	2.0	55.1%	6.7	4.2	1.9	2.3	62.9%
Total	242.6	232.7	74.1	158.7	95.9%	202.0	193.0	59.1	133.8	95.5%

Note 1: Quarterly information is available in the Quarterly Data Book

Reserve for Credit Losses -Table 35- (Non-Consolidated)

(Billions of yen)

	Mar 31 2014	Mar 31 2013	Change	Sep 30 2013	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Reserve for credit losses	79.6	102.6	(22.9)	86.5	(6.8)
General reserve for loan losses	19.9	28.5	(8.5)	28.0	(8.0)
Specific reserve for loan losses	59.7	74.0	(14.3)	58.4	1.2
Reserve for loans to restructuring countries	0.0	0.0	-	0.0	-
Specific reserve for other credit losses	3.9	3.9	-	3.9	-
Total reserve for credit losses	83.5	106.5	(22.9)	90.4	(6.8)

Note 1: Quarterly information is available in the Quarterly Data Book

Reserve Ratios for Borrower Categories -Table 36- (Non-Consolidated)

(Percentages)

	Mar 31 2014	Mar 31 2013	Change	Sep 30 2013	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Legally and virtually bankrupt (unsecured portion)	100.00	100.00	-	100.00	-
Possibly bankrupt (unsecured portion)	95.68	96.14	(0.46)	95.33	0.35
Substandard (unsecured portion)	67.62	36.92	30.70	51.29	16.33
Need caution (total claims)	6.57	5.55	1.02	5.95	0.62
(unsecured portion)	22.89	27.41	(4.52)	25.66	(2.77)
Normal (total claims)	0.25	0.40	(0.15)	0.40	(0.15)

Note 1: Quarterly information is available in the Quarterly Data Book

Housing Loans -Table 37- (Non-Consolidated)

(Billions of yen)

	Mar 31 2014 (a)	Mar 31 2013 (b)	Change (a)-(b)	Sep 30 2013 (c)	Change (a)-(c)
Housing loans	1,178.9	1,085.1	93.7	1,144.8	34.0

Note 1: Quarterly information is available in the Quarterly Data Book

Securities Being Held to Maturity -Table 38- (Non-Consolidated)

(Billions of yen)

	March 31, 2014			March 31, 2013			September 30, 2013		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount									
Japanese national government bonds	497.4	499.1	1.7	584.8	589.4	4.5	584.4	587.2	2.7
Japanese corporate bonds	-	-	-	-	-	-	-	-	-
Other	48.2	52.3	4.1	51.9	56.7	4.8	52.2	56.4	4.2
Subtotal	545.6	551.5	5.8	636.7	646.1	9.3	636.7	643.6	6.9
Fair value does not exceed carrying amount									
Japanese national government bonds	-	-	-	-	-	-	-	-	-
Japanese corporate bonds	-	-	-	-	-	-	-	-	-
Other	-	-	-	3.0	3.0	(0.0)	-	-	-
Subtotal	-	-	-	3.0	3.0	(0.0)	-	-	-
Total	545.6	551.5	5.8	639.8	649.1	9.3	636.7	643.6	6.9

Securities Available for Sale -Table 39- (Non-Consolidated)
(Billions of yen)

	March 31, 2014			March 31, 2013			September 30, 2013		
	Carrying amount (fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Carrying amount (fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Carrying amount (fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)
Carrying amount exceeds amortized/acquisition cost									
Equity securities	12.6	8.4	4.1	12.4	7.4	4.9	13.8	8.6	5.2
Domestic bonds	62.0	61.2	0.8	80.5	78.2	2.2	67.0	66.3	0.6
Japanese national government bonds	-	-	-	39.5	38.0	1.4	2.5	2.5	0.0
Japanese local government bonds	0.5	0.5	0.0	0.5	0.5	0.0	0.5	0.5	0.0
Japanese corporate bonds	61.4	60.7	0.7	40.4	39.6	0.7	63.9	63.3	0.6
Other	98.1	93.1	5.0	87.7	82.9	4.7	90.4	85.7	4.6
Foreign securities	92.6	88.1	4.4	84.6	80.1	4.4	86.5	82.2	4.3
Foreign currency denominated foreign corporate and government bonds	46.6	43.6	3.0	44.5	41.6	2.9	42.8	40.1	2.7
Yen-denominated foreign corporate and government bonds	45.0	43.9	1.0	37.9	36.9	1.0	42.0	40.9	1.0
Foreign equity securities and others	0.9	0.5	0.3	2.0	1.5	0.5	1.6	1.1	0.4
Other securities	4.2	3.7	0.5	1.1	0.9	0.2	2.2	1.9	0.2
Other monetary claims purchased	1.3	1.2	0.0	1.9	1.9	0.0	1.6	1.5	0.0
Subtotal	172.8	162.8	10.0	180.8	168.7	12.0	171.3	160.8	10.5
Carrying amount does not exceed amortized/acquisition cost									
Equity securities	1.1	1.4	(0.3)	2.1	2.6	(0.5)	1.1	1.5	(0.3)
Domestic bonds	683.9	685.0	(1.1)	858.7	861.8	(3.0)	796.6	800.4	(3.7)
Japanese national government bonds	629.3	630.0	(0.7)	712.8	713.8	(0.9)	737.7	740.6	(2.9)
Japanese local government bonds	-	-	-	-	-	-	-	-	-
Japanese corporate bonds	54.5	54.9	(0.4)	145.9	147.9	(2.0)	58.9	59.8	(0.8)
Other	35.4	35.7	(0.3)	50.3	50.8	(0.5)	69.7	71.1	(1.4)
Foreign securities	27.6	27.7	(0.1)	49.7	50.2	(0.5)	67.9	69.4	(1.4)
Foreign currency denominated foreign corporate and government bonds	25.2	25.2	(0.0)	46.7	47.1	(0.3)	66.6	67.9	(1.3)
Yen-denominated foreign corporate and government bonds	0.9	1.0	(0.0)	2.9	3.0	(0.1)	-	-	-
Foreign equity securities and others	1.4	1.4	(0.0)	0.0	0.0	(0.0)	1.3	1.4	(0.0)
Other securities	1.9	1.9	(0.0)	0.5	0.5	-	1.7	1.7	-
Other monetary claims purchased	5.8	6.0	(0.1)	-	-	-	-	-	-
Subtotal	720.4	722.2	(1.8)	911.2	915.3	(4.1)	867.5	873.1	(5.5)
Total⁽¹⁾⁽²⁾	893.2	885.0	8.2	1,092.0	1,084.1	7.9	1,038.9	1,033.9	4.9

(1) Includes a part of other monetary claims purchased in addition to securities available for sale.

(2) Securities whose fair value cannot be reliably determined are not included.

Unrealized Gain (Loss) on Available-for-Sale Securities (Non-Consolidated)
(Billions of yen)

	March 31, 2014	March 31, 2013	September 30, 2013
Unrealized gain (loss) before deferred tax on:			
Available-for-sale securities	8.2	7.9	4.9
Interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined	1.5	0.0	(0.0)
Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions	(3.5)	(4.9)	(4.3)
Deferred tax assets (liabilities)	(1.0)	-	-
Unrealized gain (loss) on available-for-sale securities	5.1	2.9	0.6

Hedge-Accounting Derivative Transactions -Table 40- (Non-Consolidated)

(Billions of yen)

Notional Principal Amount	March 31, 2014			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
Interest rate swaps:				
Receive fixed and pay floating	283.0	445.7	32.0	760.7
Receive floating and pay fixed	14.6	130.4	102.2	247.3
Receive floating and pay floating	-	-	-	-
Total notional principal amount	297.6	576.2	134.2	1,008.0
Currency swaps				
Total notional principal amount	-	10.3	-	10.3

Employees' Retirement Benefit -Table 41- (Non-Consolidated)

Projected Benefit Obligation (Non-Consolidated)

(Billions of yen)

		March 31, 2014
Projected benefit obligation	(A)	58.6
Discount rate		1.2%
Fair value of plan assets	(B)	55.3
Prepaid pension cost	(C)	(1.8)
Unrecognized prior service cost	(D)	(1.0)
Unrecognized net actuarial losses	(E)	5.4
Other (Unrecognized obligation at transition, etc.)	(F)	0.6
Reserve for retirement benefits	(A-B-C-D-E-F)	-

Pension Expenses (Non-Consolidated)

(Billions of yen)

		FY2013 (12 months)
Service cost		2.2
Interest		0.7
Expected return on plan assets		(1.1)
Amortization of prior service cost		(0.3)
Amortization of net actuarial losses		1.9
Amortization of unrecognized obligation at transition		0.6
Other (extraordinary severance benefit expense, etc.)		0.1
Net periodic retirement benefit cost		4.1

Capital Adequacy Data-Table 42- (Non-Consolidated)

<Basel 3, Domestic Standard ⁽¹⁾>

(Billions of yen, except percentages)

	Mar 31 2014 (a)	Mar 31 2013 (b)	Change (a)-(b)	Sep 30 2013 (c)	Change (a)-(c)
Core capital: instruments and reserves	924.3	/	/	/	/
Core capital: regulatory adjustments	(34.3)	/	/	/	/
Capital	890.0	/	/	/	/
Total amount of Risk-weighted assets	5,801.8	/	/	/	/
Capital ratio	15.34%	/	/	/	/

(1) Calculated according to F-IRB.

Non-Consolidated total required capital is ¥496.1 billion as at March 31, 2014.

Note 1: Quarterly information is available in the Quarterly Data Book

<Basel 2 ⁽¹⁾>

(Billions of yen, except percentages)

	Mar 31 2014 (a)	Mar 31 2013 (b)	Change (a)-(b)	Sep 30 2013 (c)	Change (a)-(c)
Basic items (Tier I)	738.6	690.4	48.1	716.2	22.3
Supplementary items (Tier II)	150.6	172.2	(21.6)	172.1	(21.5)
Deduction	(22.1)	(39.0)	16.8	(28.7)	6.6
Total capital ⁽²⁾	867.0	823.7	43.3	859.6	7.4
Risk assets	5,286.4	5,754.6	(468.2)	5,396.4	(110.0)
Capital adequacy ratio	16.40%	14.31%	/	15.93%	/
Tier I capital ratio	13.97%	11.99%	/	13.27%	/

(1) While Shinsei Bank has adopted Basel 3 domestic bank standards as of March 31, 2014, the Bank is also providing figures based upon Basel 2 and the internal rating based approach (F-IRB) for the period ended March 31, 2014 for the purpose of comparison to previous years.

Figures are calculated in accordance with FSA Notification Number 79 issued in December 2008 and FSA

Notification Number 56 issued in June 2012 (special treatment of FSA Notification Number 19 issued in 2006).

(2) Non-Consolidated total required capital is ¥253.3 billion as at March 31, 2014, ¥302.7 billion as at March 31, 2013 and ¥267.9 billion as at September 30, 2013.

Note 1: Quarterly information is available in the Quarterly Data Book

Non-Consolidated Balance Sheets (Non-Consolidated)

Assets

	<i>(Millions of yen)</i>		
	Mar 31 2014	Mar 31 2013	Change
	(a)	(b)	(a)-(b)
<<Assets>>			
Cash and due from banks	1,367,839	546,411	821,428
Call loans	36,451	18,806	17,645
Receivables under resale agreements	53,216	78,507	(25,291)
Other monetary claims purchased	195,287	198,768	(3,480)
Trading assets	235,097	258,902	(23,805)
Monetary assets held in trust	196,421	255,505	(59,084)
Securities	1,977,811	2,282,624	(304,812)
Valuation allowance for investments	(3,370)	(3,370)	-
Loans and bills discounted	4,235,713	4,224,433	11,279
Foreign exchanges	25,656	33,857	(8,201)
Other assets	204,706	475,407	(270,701)
Other	204,706	475,407	(270,701)
Premises and equipment	20,042	19,600	442
Intangible assets	9,485	9,333	152
Prepaid pension cost	1,830	1,512	318
Deferred issuance expenses for debentures	32	95	(62)
Deferred tax assets	2,458	1,210	1,247
Customers' liabilities for acceptances and guarantees	11,616	12,566	(950)
Reserve for credit losses	(83,550)	(106,518)	22,967
Total assets	8,486,745	8,307,655	179,090

Liabilities and Equity

(Millions of yen)

	Mar 31 2014 (a)	Mar 31 2013 (b)	Change (a)-(b)
<<Liabilities>>			
Deposits	6,076,993	5,631,651	445,342
Negotiable certificates of deposit	117,223	204,600	(87,376)
Debentures	41,747	265,042	(223,294)
Call money	180,000	170,094	9,905
Payables under securities lending transactions	300,690	28,377	272,313
Trading liabilities	206,587	226,202	(19,615)
Borrowed money	360,769	479,854	(119,085)
Foreign exchanges	37	368	(331)
Corporate bonds	221,891	220,713	1,178
Other liabilities	265,671	398,199	(132,528)
Income taxes payable	387	317	69
Lease obligations	-	1	(1)
Asset retirement obligations	7,396	6,986	410
Other	257,887	390,894	(133,006)
Accrued employees' bonuses	4,035	4,091	(56)
Acceptances and guarantees	11,616	12,566	(950)
Total liabilities	7,787,262	7,641,761	145,500
<<Equity>>			
Shareholders' equity:			
Common stock	512,204	512,204	-
Capital surplus	79,465	79,465	-
Additional paid-in capital	79,465	79,465	-
Retained earnings	185,023	151,223	33,800
Legal reserve	12,628	12,097	530
Other retained earnings	172,395	139,126	33,269
Unappropriated retained earnings	172,395	139,126	33,269
Treasury stock, at cost	(72,558)	(72,558)	-
Total shareholders' equity	704,135	670,335	33,800
Net unrealized gain (loss) and translation adjustments			
Unrealized gain (loss) on available-for-sale securities	5,140	2,976	2,163
Deferred gain (loss) on derivatives under hedge accounting	(11,013)	(8,657)	(2,355)
Total net unrealized gain (loss) and translation adjustments	(5,873)	(5,680)	(192)
Stock acquisition rights	1,221	1,238	(17)
Total equity	699,483	665,893	33,590
Total liabilities and equity	8,486,745	8,307,655	179,090

Non-Consolidated Statements of Income (Non-Consolidated)

(Millions of yen, except percentages)

	FY2013 (12 months)	FY2012 (12 months)	Change	
			Amount	%
Ordinary income	170,404	161,220	9,183	5.7
Interest income	112,486	96,029	16,456	17.1
Interest on loans and bills discounted	71,891	67,040	4,850	7.2
Interest and dividends on securities	36,904	26,144	10,760	41.2
Other interest income	3,690	2,845	844	29.7
Fees and commissions income	20,194	17,004	3,189	18.8
Trading income	8,164	17,006	(8,842)	(52.0)
Other business income	10,862	11,925	(1,062)	(8.9)
Other ordinary income	18,697	19,254	(556)	(2.9)
Ordinary expenses	132,737	135,510	(2,773)	(2.0)
Interest expenses	32,969	35,895	(2,925)	(8.1)
Interest on deposits	20,377	23,085	(2,707)	(11.7)
Interest on corporate bonds	9,106	8,381	724	8.6
Other interest expenses	3,486	4,428	(942)	(21.3)
Fees and commissions expenses	16,121	11,865	4,256	35.9
Trading losses	2,770	2,427	342	14.1
Other business expenses	6,215	5,551	663	11.9
General and administrative expenses	71,381	69,701	1,679	2.4
Other ordinary expenses	3,279	10,068	(6,789)	(67.4)
Ordinary profit	37,667	25,710	11,957	46.5
Extraordinary gains	17	107	(90)	(84.1)
Extraordinary losses	1,838	2,410	(571)	(23.7)
Income before income taxes	35,845	23,406	12,438	53.1
Income taxes (benefit):				
Income taxes (benefit) - current	(348)	(789)	440	55.8
Income taxes (benefit) - deferred	(260)	(460)	200	43.5
Total income taxes (benefit)	(608)	(1,249)	640	51.2
Net income	36,454	24,656	11,798	47.9

Non-Consolidated Statement of Changes in Equity (Non-Consolidated)
For the fiscal year ended March 31, 2014

(Millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus		Legal reserve	Retained earnings		Treasury stock, at cost	Total shareholders' equity
		Additional paid-in capital	Total capital surplus		Other retained earnings	Total retained earnings		
Balance at beginning of the year	512,204	79,465	79,465	12,097	139,126	151,223	(72,558)	670,335
Changes during the year								
Dividends				530	(3,184)	(2,653)		(2,653)
Net income					36,454	36,454		36,454
Net changes during the year excluding shareholders' equity								
Total changes during the year	-	-	-	530	33,269	33,800	-	33,800
Balance at end of the year	512,204	79,465	79,465	12,628	172,395	185,023	(72,558)	704,135

	Net unrealized gain (loss) and translation adjustments			Stock acquisition rights	Total equity
	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Total net unrealized gain (loss) and translation adjustments		
Balance at beginning of the year	2,976	(8,657)	(5,680)	1,238	665,893
Changes during the year					
Dividends					(2,653)
Net income					36,454
Net changes during the year excluding shareholders' equity	2,163	(2,355)	(192)	(17)	(209)
Total changes during the year	2,163	(2,355)	(192)	(17)	33,590
Balance at end of the year	5,140	(11,013)	(5,873)	1,221	699,483

Non-Consolidated Composition of Capital Disclosure (Non-Consolidated)

<Basel 3, Domestic Standard⁽¹⁾>

Millions of yen (except percentages)

	Mar 31 2014	Amounts excluded under transitional arrangements
Core capital: instruments and reserves		
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	701,481	
of which: capital and capital surplus	591,670	
of which: retained earnings	185,023	
of which: treasury stock (-)	(72,558)	
of which: earning to be distributed (-)	(2,653)	
of which: other than above	-	
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	1,221	
Total of reserves included in Core capital: instruments and reserves	2,400	
Total of reserves included in Core capital: instruments and reserves	2,400	
of which: eligible provision included in Core capital	-	
Eligible non-cumulative perpetual preferred shares subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	-	
Eligible capital instruments subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	219,293	
Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital: instruments and reserves)	-	
Land revaluation excess after 55% discount (amount allowed to be included in Core capital: instruments and reserves)	-	
Core capital: instruments and reserves	924,396	
Core capital: regulatory adjustments		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	1,851	4,668
of which: goodwill (including those equivalent)	1,021	-
of which: other intangibles other than goodwill and mortgage servicing rights	830	4,668
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	1,916
Shortfall of eligible provisions to expected losses	23,121	-
Gain on sale of securitization	9,414	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Prepaid pension cost	-	1,189
Investments in own shares (excluding those reported in the net assets section)	-	-
Reciprocal cross-holdings in common equity	-	-
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	-	-
Amount exceeding the 10% threshold on specific items	-	-
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which: mortgage servicing rights	-	-
of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Amount exceeding the 15% threshold on specific items	-	-
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which: mortgage servicing rights	-	-
of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Core capital: regulatory adjustments	34,387	
Capital (non-consolidated)	890,009	
Risk-weighted assets		
Total amount of credit risk-weighted assets	5,508,483	
of which: total amount included in risk-weighted assets by transitional arrangements	(41,420)	
of which: intangible assets (excluding those relating to goodwill and mortgage servicing rights)	4,668	
of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,916	
of which: prepaid pension cost	1,189	
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(49,195)	
of which: other than above	-	
Market risk (divided by multiplying the capital requirement by 12.5)	119,673	
Operational risk (divided by multiplying the capital requirement by 12.5)	173,676	
Credit risk adjustments	-	
Operational risk adjustments	-	
Total amount of Risk-weighted assets	5,801,833	
Capital ratio (non-consolidated)	15.34%	

(1) Calculated according to F-IRB.

Section 3. Earnings Forecast -Table 43- (Consolidated and Non-Consolidated)

(Consolidated)	<i>(Billions of yen)</i>	
	<i>Fiscal year ending</i> March 2015 <i>(FY2014)</i> Forecast	<i>Fiscal year ended</i> March 2014 <i>(FY2013)</i> Actual
Net income	55.0	41.3
Cash basis net income *	62.0	49.8
<hr/>		
(Non-Consolidated)	<i>Fiscal year ending</i> March 2015 <i>(FY2014)</i> Forecast	<i>Fiscal year ended</i> March 2014 <i>(FY2013)</i> Actual
Net business profit	42.0	29.8
Net income	34.0	36.4
Dividends (per share in yen):		
Common stock	1.00	1.00

Above forecasts are based on current assumptions of future events and trends, which may be incorrect.
Actual results may differ materially from those in the statements as a result of various factors.

(Reference 1) BOJ Press Club Format

1. Non-performing loan ratio (Financial Revitalization Law Standard)

(%)

	Mar 31, 2012	Sep 30, 2012	Mar 31, 2013
Non-consolidated	6.66	6.16	5.32
Consolidated	8.45	7.44	6.83
	Sep 30, 2013	Mar 31, 2014	
	4.76	3.81	
	5.95	5.12	

2. Equity holdings

(1) Equity held (Non-consolidated)

(Billions of yen)

	Book value		Net unrealized gain (loss)
		Subsidiaries' shares	
FY2012	395.4	375.8	4.4
1HFY2013	395.2	375.8	4.8
FY2013	394.1	376.9	3.8

(2) Impairment (Non-consolidated)

(Billions of yen)

	Equity related profits and losses (net of three accounts)	
		Impairment amount
1HFY2013	1.7	0.0
FY2013	3.2	0.0

* Other extraordinary losses for 1H FY2013 contains ¥0.0 billion in mark-down of subsidiaries' equity.

(3) Break-even level of profit and loss of equities held (domestic) (theoretical figure) (Non-consolidated)

Nikkei Stock Average	approximately ¥10,500
TOPIX	approximately 900

3. Loans to SMEs (% shows changes from the previous period)

(Billions of yen)

	Results	% Change	Ratio to total loan balance
Mar 31, 2013	2,749.7	1.60%	65.81%
Sep 30, 2013	2,800.5	1.85%	68.25%
Mar 31, 2014	2,829.2	1.02%	67.27%

* Small- and medium-sized enterprises in this table refer to companies with ¥300 million or less in capital (¥100 million for wholesale and ¥50 million for retail and services) as well as companies or individuals with 300 employees or fewer (100 for wholesale and services and 50 for retail).

** Revitalization Law (actual net increase/decrease excluding impact loan)

Achieved actual results of + ¥21.7 billion for FY2012 compared to the plan of + ¥5.0 billion.

4. Sales performance of investment trusts and insurance

a. Investment trust sales performance and commission

(Billions of yen)

	Handling commission for sales of investment trusts	Revenue from sales during the period	Amount of sales during the period
1H FY2012	1.4	0.5	22.8
FY2012	3.5	1.5	71.1
1H FY2013	2.2	1.1	56.1
FY2013	4.1	1.9	97.8

b. Insurance sales performance and commission

(Billions of yen)

	Handling commission for sales of insurance	Revenue from sales during the period	Amount of sales during the period
1HFY2012	0.5	0.5	25.7
FY2012	0.8	0.8	35.1
1H FY2013	0.4	0.4	9.0
FY2013	0.8	0.8	16.3

(Reference 2) Calculation Grounds of Deferred Tax Assets

Shinsei Bank has, due to losses recognized on securities, 174.0 billion yen (Non-consolidated) of tax loss carryforwards and 361.0 billion yen of unrealized temporary differences as of March 31, 2014.

We apply the Exceptional Clause of Category No. 4 of the JICPA Audit Committee Report No. 66, and continuously calculate the realizability of deferred tax assets based on the estimated future taxable income for the next year.

We have adapted the consolidated tax system from FY 2003 and calculate taxable income under a consolidated tax basis.

1. Estimated taxable income before adjustment for the next year

Taxable income before adjustment for the next year (under the consolidated basis) is estimated to be 21.6 billion yen.

(Reference) Total taxable income before adjustment, five past years [Non-consolidated]

(Billions of yen)

FY2009	FY2010	FY2011	FY2012	FY2013
(39.2)	(0.3)	(2.7)	19.5	20.9

2. Net deferred tax assets (As of March 31, 2014 [Non-consolidated])

Deferred tax assets corresponding to "taxable income before adjustment"	7.2 billion yen*
Deferred tax liabilities	4.7 billion yen
Net deferred tax assets on balance sheet	2.4 billion yen

*Breakdown	Tax loss carryforwards	66.2 billion yen
	Reserve for credit losses	53.8 billion yen
	Securities	40.7 billion yen
	Net deferred loss on hedge	4.9 billion yen
	Other	35.3 billion yen
	Sub total	201.2 billion yen
	Valuation allowance	(194.0) billion yen
Total	7.2 billion yen	