

Quarterly Consolidated Financial Statements and Notes

For the Nine-Month Period Ended December 31, 2012

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

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

Quarterly Consolidated Balance Sheets

Shinsei Bank, Limited, and Consolidated Subsidiaries

As of March 31, 2012 and December 31, 2012

(Millions of yen)

	March 31, 2012	December 31, 2012
ASSETS		
Cash and due from banks	¥ 413,721	¥ 460,203
Call loans and bills bought	15,745	-
Receivables under resale agreements	18,362	58,510
Receivables under securities borrowing transactions	114,080	55,659
Other monetary claims purchased	130,943	122,825
Trading assets	202,675	312,995
Monetary assets held in trust	267,628	249,704
Securities	1,873,493	2,168,342
Loans and bills discounted	※1 4,136,827	※1 4,270,130
Foreign exchanges	18,896	26,629
Lease receivables and leased investment assets	197,432	196,487
Other assets	※1, ※2 686,716	※1, ※2 707,070
Premises and equipment	54,131	54,780
Intangible assets	※3, ※4 81,053	※3, ※4 70,652
Deferred issuance expenses for debentures	135	103
Deferred tax assets	15,834	16,075
Customers' liabilities for acceptances and guarantees	562,624	514,586
Reserve for credit losses	(180,633)	(170,970)
[Total assets]	¥ 8,609,672	¥ 9,113,787
LIABILITIES AND EQUITY		
Liabilities:		
Deposits	¥ 5,184,326	¥ 5,213,424
Negotiable certificates of deposit	178,084	215,912
Debentures	294,139	272,165
Call money and bills sold	210,163	143,086
Payables under repurchase agreements	-	8,635
Payables under securities lending transactions	148,590	335,258
Trading liabilities	176,044	244,350
Borrowed money	476,731	617,249
Foreign exchanges	11	95
Short-term corporate bonds	50,700	66,800
Corporate bonds	168,797	172,457
Other liabilities	465,698	594,274
Accrued employees' bonuses	7,262	4,720
Accrued directors' bonuses	40	34
Reserve for employees' retirement benefits	7,027	7,275
Reserve for directors' retirement benefits	231	228
Reserve for losses on interest repayments	50,913	38,059
Reserve under special law	1	1
Deferred tax liabilities	626	274
Acceptances and guarantees	562,624	514,586
[Total liabilities]	7,982,014	8,448,890
Equity:		
Shareholders' equity:		
Common stock	512,204	512,204
Capital surplus	79,461	79,461
Retained earnings	58,863	94,026
Treasury stock, at cost	(72,558)	(72,558)
[Total shareholders' equity]	577,970	613,133
Accumulated other comprehensive income:		
Unrealized gain (loss) on available-for-sale securities	(674)	(488)
Deferred gain (loss) on derivatives under hedge accounting	(11,754)	(11,415)
Foreign currency translation adjustments	(1,117)	660
[Total accumulated other comprehensive income]	(13,545)	(11,242)
Stock acquisition rights	1,354	1,238
Minority interests	61,877	61,767
[Total equity]	627,657	664,897
[Total liabilities and equity]	¥ 8,609,672	¥ 9,113,787

Quarterly Consolidated Statements of Income

Shinsei Bank, Limited, and Consolidated Subsidiaries

For the nine-month periods ended December 31, 2011 and 2012

(Millions of yen)

	December 31, 2011 (9 months)	December 31, 2012 (9 months)
ORDINARY INCOME	¥ 322,583	¥ 281,615
Interest income	121,772	111,247
Interest on loans and bills discounted	106,874	97,365
Interest and dividends on securities	13,777	12,541
Fees and commissions income	36,393	29,921
Trading income	11,022	15,501
Other business income	※1 122,080	※1 103,393
Other ordinary income	※2 31,314	※2 21,551
ORDINARY EXPENSES	294,625	240,223
Interest expenses	33,079	27,018
Interest on deposits	22,306	17,306
Interest on borrowings	4,272	3,971
Interest on corporate bonds	4,228	3,976
Fees and commissions expenses	16,305	15,933
Trading losses	3,064	1,509
Other business expenses	※3 91,878	※3 72,314
General and administrative expenses	※4 106,380	※4 105,376
Other ordinary expenses	※5 43,917	※5 18,071
ORDINARY PROFIT	27,958	41,391
Extraordinary gains	※6 2,762	※6 561
Extraordinary losses	※7 1,998	※7 1,233
Income before income taxes and minority interests	28,721	40,720
Income taxes (benefit)	5,345	210
Income before minority interests	23,376	40,510
Minority interests in net income of subsidiaries	2,745	2,692
NET INCOME	¥ 20,630	¥ 37,817

Quarterly Consolidated Statements of Comprehensive Income

Shinsei Bank, Limited, and Consolidated Subsidiaries

For the nine-month periods ended December 31, 2011 and 2012

(Millions of yen)

	December 31, 2011 (9 months)	December 31, 2012 (9 months)
INCOME BEFORE MINORITY INTERESTS	¥ 23,376	¥ 40,510
OTHER COMPREHENSIVE INCOME	4,766	2,648
Unrealized gain (loss) on available-for-sale securities	8,277	(1)
Deferred gain (loss) on derivatives under hedge accounting	(2,539)	338
Foreign currency translation adjustments	(565)	1,590
Share of other comprehensive income in affiliates	(406)	720
COMPREHENSIVE INCOME	¥ 28,142	¥ 43,158

(Breakdown)

Attributable to:

Owners of the parent	¥ 26,106	¥ 40,120
Minority interests	2,036	3,038

Accounting Change

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

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

Accounting Method Specific to Quarterly Consolidated Financial Statements

(Income taxes)

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

Notes to Quarterly Consolidated Financial Statements

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

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

(Millions of yen)

	March 31, 2012	December 31, 2012
Loans to bankrupt obligors	¥8,145	¥18,984
Non-accrual delinquent loans	316,727	278,928
Loans past due for three months or more	1,754	1,808
Restructured loans	45,321	41,043
Total	¥371,949	¥340,764

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

(Millions of yen)

	March 31, 2012	December 31, 2012
Credits to bankrupt obligors	¥368	¥263
Non-accrual delinquent credits	10,259	9,052
Credits past due for three months or more	320	348
Restructured credits	1,564	1,243
Total	¥12,513	¥10,907

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

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

(Millions of yen)

	March 31, 2012	December 31, 2012
Installment receivables	¥347,935	¥360,114

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

(Millions of yen)

	March 31, 2012	December 31, 2012
Goodwill	¥47,574	¥41,939
Negative goodwill	5,623	5,351
Net	¥41,951	¥36,588

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

(Millions of yen)

	March 31, 2012	December 31, 2012
Intangible assets acquired in business combinations	¥16,262	¥13,365

(Quarterly Consolidated Statements of Income for the nine-month periods ended December 31, 2011 and 2012)

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

(Millions of yen)

	December 31, 2011 (9 months)	December 31, 2012 (9 months)
Leasing revenue	¥69,114	¥65,398

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

(Millions of yen)

	December 31, 2011 (9 months)	December 31, 2012 (9 months)
Recoveries of written-off claims	¥8,641	¥8,298
Gain on monetary assets held in trust	6,704	6,871
Gain on sale of equity securities	7,176	1,080

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

(Millions of yen)

	December 31, 2011 (9 months)	December 31, 2012 (9 months)
Leasing cost	¥59,062	¥57,309

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

(Millions of yen)

	December 31, 2011 (9 months)	December 31, 2012 (9 months)
Amortization of goodwill	¥5,863	¥5,363
Amortization of intangible assets acquired in business combinations ⁽¹⁾	3,256	2,897

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

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

(Millions of yen)

	December 31, 2011 (9 months)	December 31, 2012 (9 months)
Provision of reserve for credit losses	¥16,660	¥10,244
Provision of reserve for losses on interest repayments	11,832	—

6. In "Extraordinary gains," the following was included.

(Millions of yen)

	December 31, 2011 (9 months)	December 31, 2012 (9 months)
Gain on sales of investments in subsidiaries	¥2,247	¥150

7. In "Extraordinary losses," the following were included.

(Millions of yen)

	December 31, 2011 (9 months)	December 31, 2012 (9 months)
Impairment losses on premises and equipment	¥906	¥680
Loss on disposal of premises and equipment	650	65

(Quarterly Consolidated Statements of Cash Flows for the nine-month periods ended December 31, 2011 and 2012)

Quarterly consolidated statements of cash flows for the nine-month periods ended December 31, 2011 and 2012 were not prepared. Depreciation, including amortization of intangible assets other than those acquired in business combination, and amortization of goodwill and intangible assets acquired in business combinations were as follows.

(Millions of yen)

	December 31, 2011 (9 months)	December 31, 2012 (9 months)
Depreciation (other than depreciation of leased assets as lessor)	¥7,401	¥7,871
Amortization of goodwill	5,863	5,363
Amortization of intangible assets acquired in business combinations	3,256	2,897

(Shareholders Equity)

Nine-month period ended December 31, 2011

1. Dividends paid

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

2. There was no dividend of which the record date belongs to the nine-month period ended December 31, 2011, and of which the effective date was after December 31, 2011.

Nine-month period ended December 31, 2012

1. Dividends paid

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

2. There was no dividend of which the record date belongs to the nine-month period ended December 31, 2012, and of which the effective date was after December 31, 2012.

(Segment Information)

Nine-month period ended December 31, 2011

1. Revenue and profit (loss) by reportable segment for the nine-month period ended December 31, 2011

(Millions of yen)

	Institutional Group					Global Markets Group		
	Institutional Business Sub-Group	Structured Finance Sub-Group	Principal Transactions Sub-Group	Showa Leasing	Other Institutional Group	Financial Institutions Sub-Group	Markets Sub-Group	Other Global Markets Group
Revenue	¥5,211	¥16,080	¥9,269	¥10,512	¥8,168	¥2,136	¥3,081	¥1,440
Net interest income	6,797	12,840	2,267	(2,056)	(273)	1,081	885	379
Non-interest income	(1,585)	3,240	7,002	12,569	8,441	1,055	2,195	1,061
Expenses	5,240	3,620	2,892	5,800	1,113	1,759	2,464	3,108
Net credit costs (recoveries)	(1,549)	10,372	(319)	(224)	813	(283)	(1,679)	(687)
Segment profit (loss)	¥1,520	¥2,087	¥6,696	¥4,936	¥6,241	¥660	¥2,295	¥(980)

	Individual Group				Corporate / Other		Total
	Retail Banking Sub-Group	Consumer Finance Sub-Group			Treasury Sub-Group	Other	
		Shinsei Financial	APLUS FINANCIAL	Other			
Revenue	¥27,769	¥39,955	¥36,716	¥1,318	¥(4,514)	¥(2,118)	¥155,028
Net interest income	22,378	42,735	9,807	1,174	(7,011)	(2,313)	88,692
Non-interest income	5,390	(2,779)	26,908	144	2,496	194	66,335
Expenses	23,390	23,242	22,616	255	817	(787)	95,536
Net credit costs (recoveries)	1,269	(2,990)	6,874	158	-	196	11,949
Segment profit (loss)	¥3,108	¥19,704	¥7,225	¥905	¥(5,332)	¥(1,527)	¥47,542

(Notes)

1. "Revenue," which represents gross operating profit under our management reporting, is presented as a substitute for sales in other industries. "Revenue" is defined as the total of net interest income, net fees and commissions, net trading income, net other business income, net gain and loss on monetary assets held in trust and equity related transactions. "Revenue" represents income and related cost attributable to our core business.

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

2. "Expenses" are general and administrative expenses deducting amortization of goodwill and other intangible assets, amortization of net actuarial gains or losses of retirement benefit cost and lump-sum payments.

3. "Net credit costs (recoveries)" consists of provision/reversal of reserve for credit losses,

losses on write-off or sales of loans, and recoveries of written-off claims.

4. "Shinsei Financial" includes profit/loss on "Shinsei Bank Card Loan - Lake," the unsecured personal card loan business transferred from Shinsei Financial Ltd. to the Bank on October 1, 2011, as well as profit/loss of Shinki Co., Ltd.
 5. "Other" under the Corporate/Other includes company-wide accounts which are not included in reportable segments, allocation variance of indirect expenses and elimination amounts of inter-segment transactions.
2. Reconciliation between total segment profit and net ordinary income on the quarterly consolidated statement of income for the nine-month period ended December 31, 2011

(Millions of yen)

Profit	Amount
Total segment profit	¥47,542
Amortization of goodwill	(5,863)
Amortization of other intangible assets	(3,256)
Lump-sum payments	(1,724)
Provision of reserve for losses on interest repayments	(11,832)
Other	3,092
Net ordinary income on the quarterly consolidated statement of income	¥27,958

Nine-month period ended December 31, 2012

1. Revenue and profit (loss) by reportable segment for the nine-month period ended December 31, 2012

(Millions of yen)

	Institutional Group					Global Markets Group		
	Institutional Business Sub-Group	Structured Finance Sub-Group	Principal Transactions Sub-Group	Showa Leasing	Other Institutional Group	Financial Institutions Sub-Group	Markets Sub-Group	Other Global Markets Group
Revenue	¥10,430	¥14,749	¥8,723	¥9,817	¥(122)	¥3,291	¥5,030	¥1,803
Net interest income	7,559	12,668	3,435	(1,677)	(219)	1,225	1,024	64
Non-interest income	2,870	2,081	5,287	11,494	97	2,065	4,005	1,739
Expenses	4,826	3,476	2,844	5,731	1,151	1,749	2,412	2,639
Net credit costs (recoveries)	(2,477)	3,821	(462)	(1,346)	1,664	(1,817)	(53)	(207)
Segment profit (loss)	¥8,080	¥7,452	¥6,341	¥5,432	¥(2,937)	¥3,360	¥2,670	¥(628)

	Individual Group				Corporate / Other		Total
	Retail Banking Sub-Group	Consumer Finance Sub-Group			Treasury Sub-Group	Other	
		Shinsei Financial	APLUS FINANCIAL	Other			
Revenue	¥24,511	¥33,396	¥35,748	¥1,214	¥3,341	¥(1,618)	¥150,316
Net interest income	19,706	36,216	7,174	1,059	(2,022)	(1,985)	84,229
Non-interest income	4,805	(2,819)	28,573	155	5,363	366	66,086
Expenses	23,007	21,859	24,820	368	970	(209)	95,649
Net credit costs (recoveries)	(22)	1,149	4,218	(72)	-	437	4,831
Segment profit (loss)	¥1,526	¥10,387	¥6,709	¥919	¥2,370	¥(1,847)	¥49,835

(Notes)

1. "Revenue," which represents gross operating profit under our management reporting, is presented as a substitute for sales in other industries. "Revenue" is defined as the total of net interest income, net fees and commissions, net trading income, net other business income, net gain and loss on monetary assets held in trust and equity related transactions. "Revenue" represents income and related cost attributable to our core business.

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

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

personal card loan business transferred from Shinsei Financial Ltd. to the Bank on October 1, 2011, as well as profit/loss of Shinki Co., Ltd.

5. In view of portfolio management for investment assets, we have changed segments of certain affiliates accounted for by the equity method during the nine-month period ended December 31, 2012. Jih Sun Financial Holding Co., Ltd. was transferred from the “Other institutional Group” segment to the “Principal Transactions Sub-Group” segment in the Institutional Group, and Comox Holdings Ltd. was also transferred from the “Other Global Markets Group” segment to the “Markets Sub-Group” segment in the Global Markets Group.
 6. “Other” under the Corporate/Other includes company-wide accounts which are not included in reportable segments, allocation variance of indirect expense and elimination amount of inter-segment transactions.
2. Reconciliation between the total segment profit and net ordinary income on the quarterly consolidated statement of income for the nine-month period ended December 31, 2012

(Millions of yen)

Profit	Amount
Total segment profit	¥49,835
Amortization of goodwill	(5,363)
Amortization of other intangible assets	(2,897)
Lump-sum payments	(1,466)
Provision of reserve for losses on interest repayments	—
Other	1,283
Net ordinary income on the quarterly consolidated statement of income	¥41,391

3. Changes in Reportable Segments

Changes in classification of reportable segments

On April 27, 2012, the Group implemented organizational changes. In the Institutional Group, the Advisory Sub-Group was abolished and the three divisions under it - the Corporate Advisory Division, the Solution Advisory Division, and the Asset Solutions Division - were integrated into a Corporate Advisory Division, newly established in the Institutional Business Sub-Group in the Institutional Group. Also “Treasury Sub-Group” in the Global Markets Group was transferred to the Corporate/Other as a result of an organizational change effective July 1, 2012.

As a result of these organizational changes, classification of reportable segments was changed, and “Revenue and profit (loss) by reporting segment” for the nine-month periods ended December 31, 2011 and 2012 on the above tables are presented based on the new classification of reporting segments.

(Financial Instruments)

Fair values of financial instruments as of March 31, 2012

(Millions of yen)

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

(Millions of yen)

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

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

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

reliably determined.

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

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

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

Fair values of financial instruments as of December 31, 2012

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain (loss)
(1) Other monetary claims purchased ^(*1)	¥121,722	¥122,075	¥352
(2) Trading assets			
Securities held for trading purposes	87,139	87,139	—
(3) Monetary assets held in trust ^(*1)	249,556	253,430	3,873
(4) Securities ^(*2)	2,085,320	2,089,762	4,441
(5) Loans and bills discounted ^(*3)	4,270,130		
Reserve for credit losses	(130,729)		
Net	4,139,401	4,246,394	106,993
(6) Lease receivables and leased investment assets ^(*1)	191,924	192,574	649
(7) Other assets			
Installment receivables	360,114		
Deferred gains on installment receivables	(11,970)		
Reserve for credit losses	(10,691)		
Net	337,452	352,858	15,405
(8) Deposits	5,213,424	5,234,751	(21,326)
(9) Negotiable certificates of deposit	215,912	215,915	(2)
(10) Debentures	272,165	272,717	(551)
(11) Trading liabilities			
Trading securities sold for short sales	55,474	55,474	—
(12) Borrowed money	617,249	615,788	1,460
(13) Short-term corporate bonds	66,800	66,800	—
(14) Corporate bonds	172,457	167,632	4,824
(15) Derivative instruments ^(*4)			
Hedge accounting is not applied	(5,338)	(5,338)	—
Hedge accounting is applied	(16,584)	(16,584)	—
Derivative instruments total	(21,922)	(21,922)	—

(Millions of yen)

	Contract amount	Fair Value
Other		
Guarantee contracts ^(*5)	¥514,586	¥ (3,459)

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

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

(*3) For consumer loans of ¥398,800 million held by consolidated subsidiaries included in loans and bills discounted, reserve for losses on interest repayments of ¥38,059 million is recognized for estimated losses on reimbursements of excess interest payments.

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

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

(Note) Valuation methodologies for financial instruments

(1) Other monetary claims purchased

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

(2) Trading assets

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

(3) Monetary assets held in trust

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

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

(4) Securities

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

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

(5) Loans and bills discounted

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

For loans to obligors “legally bankrupt,” “virtually bankrupt” and “possibly bankrupt,” a reserve is provided based on the discounted cash flow method, or based on amounts expected to be collected through the disposal of collateral or execution of guarantees, so that the carrying amount net of the reserve is a reasonable estimate of the fair values of those loans.

(6) Lease receivables and leased investment assets

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

(7) Installment receivables

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

(8) Deposits and (9) Negotiable certificates of deposit

The fair values of demand deposits, such as current deposits and ordinary deposits are recognized as the payment amount at the consolidated balance sheet date. The fair values of the deposits with maturity of six months or less approximate carrying amounts because of their short term maturity.

The fair values of time deposits are determined by discounting contractual cash flows at the rates that would be applied for new contracts with the same terms at the consolidated balance sheet date.

(10) Debentures and (14) Corporate bonds

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

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

The fair values of step-up callable subordinated bonds are determined by discounting expected cash flows which reflect the probability of early redemption at the rates that consist of

the risk free rate and the CDS spread of the Bank.

(11) Trading liabilities

The fair values are measured at market prices.

(12) Borrowed money

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

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

(13) Short-term corporate bonds

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

(15) Derivative instruments

The fair values are primarily measured at closing prices on exchanges or determined using the discounted cash flow method or option pricing models.

Other:

Guarantee contracts

The fair values are determined by discounting the amount of difference between the original contractual cash flows and the expected cash flows that would be applied for new contracts with the same terms at the risk free rate.

(Securities)

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

1. Securities being held to maturity:

As of March 31, 2012

(Millions of yen)

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

As of December 31, 2012

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain (loss)
Japanese national government bonds	¥585,047	¥589,719	¥4,671
Japanese corporate bonds	17,817	17,867	49
Other	52,099	56,230	4,130
Total	¥654,964	¥663,817	¥8,852

2. Securities available for sale:

As of March 31, 2012

(Millions of yen)

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

As of December 31, 2012

(Millions of yen)

	Amortized/ Acquisition cost	Carrying amount (Fair value)	Unrealized gain (loss)
Equity securities	¥13,699	¥16,920	¥3,220
Domestic bonds	1,222,241	1,221,529	(711)
Japanese national government bonds	1,010,715	1,011,358	642
Japanese local government bonds	1,735	1,768	32
Japanese corporate bonds	209,789	208,402	(1,386)
Other	168,026	169,904	1,878
Total	¥1,403,967	¥1,408,355	¥4,388

(Note)

Individual securities are written down when a decline in fair value below the cost of such securities is deemed to be other than temporary. The amount written down is accounted for as an impairment loss.

Impairment loss on available-for-sale securities carried at fair value for the fiscal year ended March 31, 2012 was ¥8,761 million, which consisted of ¥4,094 million for equity securities, ¥3,351 million for Japanese corporate bonds and ¥1,315 million for other securities.

Impairment loss on available-for-sale securities carried at fair value for the nine-month period ended December 31, 2012 was ¥1,918 million, which consisted of ¥211 million for equity securities, ¥1,678 million for Japanese corporate bonds and ¥28 million for other securities.

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

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

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

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

"Possibly bankrupt" obligors are those who are not yet bankrupt but are in financial

difficulties and are very likely to go bankrupt in the future.

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

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

(Monetary assets held in trust)

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

As of March 31, 2012

(Millions of yen)

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

As of December 31, 2012

(Millions of yen)

	Acquisition cost	Carrying amount	Unrealized gain (loss)
Other monetary assets held in trust	¥141,268	¥141,268	—

(Derivative transactions)

Fair values of derivatives are adjusted for credit risk and liquidity risk by directly deducting reasonably estimated reserves from relevant trading assets. The fair values of derivatives on the quarterly consolidated balance sheets as of March 31, 2012 and December 31, 2012 are adjusted for credit risk by a deduction of ¥784 million and ¥775 million, respectively, and also adjusted for liquidity risk by a deduction of ¥2,655 million and ¥2,395 million, respectively. Regardless of this accounting treatment, the deduction of those risks is not reflected in the fair values shown in the following tables.

(a) Interest rate-related transactions:

As of March 31, 2012

(Millions of yen)

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

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

As of December 31, 2012

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Listed	Future contracts	¥7,687	¥ (16)	¥ (16)
	Interest rate options	—	—	—
Over the counter	Forward contracts	—	—	—
	Interest rate swaps	11,353,454	30,144	30,144
	Interest rate swaptions	2,504,812	(3,526)	7,618
	Interest rate options	240,750	(170)	68
	Other	—	—	—
Total		—	¥26,431	¥37,816

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

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

(b) Currency-related transactions:

As of March 31, 2012

(Millions of yen)

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

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

As of December 31, 2012

(Millions of yen)

	Contract type	Contract/ Notional principal	Fair value	Unrealized gain (loss)
Listed	Future foreign exchange contracts	—	—	—
	Currency options	—	—	—
Over the counter	Currency swaps	¥797,689	¥ (23,026)	¥ (23,026)
	Forward foreign exchange contracts	1,349,898	24,141	24,141
	Currency options	4,030,623	(29,087)	(22,316)
	Other	—	—	—
Total		—	¥ (27,972)	¥ (21,201)

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

(c) Equity-related transactions:

As of March 31, 2012

(Millions of yen)

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

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

As of December 31, 2012

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Listed	Equity index future	¥8,332	¥ (605)	¥ (605)
	Equity index options	320,806	(1,975)	(2,223)
	Equity options	—	—	—
Over the counter	Equity options	360,109	2,250	1,247
	Equity index swaps	—	—	—
	Other	149,147	2,652	2,652
Total		—	¥2,321	¥1,071

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

(d) Bond-related transactions:

As of March 31, 2012

(Millions of yen)

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

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

As of December 31, 2012

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Listed	Bond futures	¥79,027	¥96	¥96
	Bond futures options	127,580	76	(2)
Over the counter	Bond options	—	—	—
	Other	—	—	—
Total		—	¥173	¥94

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

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

(f) Credit derivatives transactions:

As of March 31, 2012

(Millions of yen)

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

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

As of December 31, 2012

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Over the counter	Credit default options	¥1,002,498	¥ (604)	¥ (604)
	Other	1,600	(2,517)	(917)
Total		—	¥ (3,121)	¥ (1,521)

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

(Per share information)

Net income per share (basic) for the nine-month periods ended December 31, 2011 and 2012, and their calculation basis were as follows.

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

		December 31, 2011	December 31, 2012
Basic net income per common share for the nine-month period	(Yen)	¥7.77	¥14.24
(Calculation basis)			
Net income for the nine-month period	(Millions of yen)	¥20,630	¥37,817
The amount which is not attributable to common shareholders	(Millions of yen)	—	—
Net income from operations for the nine-month period attributable to common shares	(Millions of yen)	¥20,630	¥37,817
The average number of common shares during the period	(Thousand of shares)	2,653,919	2,653,919

(Subsequent event)

There is no material subsequent event to be stated in this report.