

Quarterly Consolidated Financial Statements and Notes

For the Three-Month Period Ended June 30, 2013

*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, 2013 and June 30, 2013

(Millions of yen)

	March 31, 2013	June 30, 2013
ASSETS		
Cash and due from banks	¥ 648,897	¥ 481,784
Call loans and bills bought	18,806	—
Receivables under resale agreements	78,507	58,510
Receivables under securities borrowing transactions	19,083	40,856
Other monetary claims purchased	112,318	105,454
Trading assets	287,907	304,441
Monetary assets held in trust	233,847	228,645
Securities	1,842,344	1,871,582
Loans and bills discounted	※1 4,292,464	※1 4,232,998
Foreign exchanges	33,857	26,860
Lease receivables and leased investment assets	203,590	204,053
Other assets	※1, ※2 770,905	※1, ※2 784,063
Premises and equipment	52,716	51,450
Intangible assets	※3, ※4 68,429	※3, ※4 64,977
Deferred issuance expenses for debentures	95	56
Deferred tax assets	16,339	17,124
Customers' liabilities for acceptances and guarantees	511,032	485,595
Reserve for credit losses	(161,810)	(147,149)
[Total assets]	¥ 9,029,335	¥ 8,811,306
LIABILITIES AND EQUITY		
Liabilities:		
Deposits	¥ 5,252,935	¥ 5,526,411
Negotiable certificates of deposit	204,600	154,378
Debentures	262,342	49,594
Call money and bills sold	170,094	120,098
Payables under securities lending transactions	47,069	41,234
Trading liabilities	240,099	265,010
Borrowed money	719,292	587,951
Foreign exchanges	174	37
Short-term corporate bonds	82,800	100,500
Corporate bonds	174,286	187,912
Other liabilities	630,759	559,362
Accrued employees' bonuses	7,604	2,330
Accrued directors' bonuses	54	15
Reserve for employees' retirement benefits	7,309	7,380
Reserve for directors' retirement benefits	245	119
Reserve for losses on interest repayments	34,983	31,695
Reserve under special law	0	0
Deferred tax liabilities	7	9
Acceptances and guarantees	511,032	485,595
[Total liabilities]	8,345,690	8,119,638
Equity:		
Shareholders' equity:		
Common stock	512,204	512,204
Capital surplus	79,461	79,461
Retained earnings	107,288	117,414
Treasury stock, at cost	(72,558)	(72,558)
[Total shareholders' equity]	626,395	636,522
Accumulated other comprehensive income:		
Unrealized gain (loss) on available-for-sale securities	3,825	(2,420)
Deferred gain (loss) on derivatives under hedge accounting	(11,605)	(9,043)
Foreign currency translation adjustments	1,475	1,950
[Total accumulated other comprehensive income]	(6,305)	(9,513)
Stock acquisition rights	1,238	1,208
Minority interests	62,315	63,450
[Total equity]	683,644	691,668
[Total liabilities and equity]	¥ 9,029,335	¥ 8,811,306

Quarterly Consolidated Statements of Income

Shinsei Bank, Limited, and Consolidated Subsidiaries

For the three-month periods ended June 30, 2012 and 2013

(Millions of yen)

	June 30, 2012 (3 months)	June 30, 2013 (3 months)
ORDINARY INCOME	¥ 95,328	¥ 93,493
Interest income	37,205	35,831
Interest on loans and bills discounted	32,254	31,491
Interest and dividends on securities	4,536	3,647
Fees and commissions income	10,076	11,410
Trading income	5,697	3,620
Other business income	※1 35,454	※1 35,229
Other ordinary income	※2 6,893	※2 7,401
ORDINARY EXPENSES	77,455	78,446
Interest expenses	9,003	8,836
Interest on deposits	5,892	5,667
Interest on borrowings	1,269	1,267
Interest on corporate bonds	1,267	1,453
Fees and commissions expenses	5,338	5,696
Trading losses	1,339	98
Other business expenses	※3 22,043	※3 25,183
General and administrative expenses	※4 35,141	※4 35,891
Other ordinary expenses	※5 4,589	※5 2,739
ORDINARY PROFIT	17,873	15,046
Extraordinary gains	401	30
Extraordinary losses	※6 556	※6 550
Income before income taxes and minority interests	17,718	14,526
Income taxes (benefit)	297	931
Income before minority interests	17,421	13,595
Minority interests in net income of subsidiaries	987	814
NET INCOME	¥ 16,433	¥ 12,780

Quarterly Consolidated Statements of Comprehensive Income

Shinsei Bank, Limited, and Consolidated Subsidiaries

For the three-month periods ended June 30, 2012 and 2013

(Millions of yen)

	June 30, 2012 (3 months)	June 30, 2013 (3 months)
INCOME BEFORE MINORITY INTERESTS	¥ 17,421	¥ 13,595
OTHER COMPREHENSIVE INCOME	(1,449)	(2,878)
Unrealized gain (loss) on available-for-sale securities	(179)	(6,258)
Deferred gain (loss) on derivatives under hedge accounting	(43)	2,562
Foreign currency translation adjustments	(958)	779
Share of other comprehensive income in affiliates	(267)	39
COMPREHENSIVE INCOME	¥ 15,971	¥ 10,717

(Breakdown)

Attributable to:

Owners of the parent	¥ 15,171	¥ 9,572
Minority interests	800	1,144

Accounting Method Specific to Quarterly Consolidated Financial Statements

(Income taxes)

Income taxes (benefit) are calculated based on the income before income taxes and minority interests for the three-month period ended June 30, 2013 and the reasonably estimated effective tax rate for the fiscal year ending March 31, 2014.

Notes to Quarterly Consolidated Financial Statements

(Quarterly Consolidated Balance Sheets as of March 31, 2013 and June 30, 2013)

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

(Millions of yen)

	March 31, 2013	June 30, 2013
Loans to bankrupt obligors	¥ 20,577	¥ 12,875
Non-accrual delinquent loans	252,916	227,799
Loans past due for three months or more	1,258	1,268
Restructured loans	38,117	36,277
Total	¥ 312,869	¥ 278,221

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

(Millions of yen)

	March 31, 2013	June 30, 2013
Credits to bankrupt obligors	¥ 263	¥ 547
Non-accrual delinquent credits	9,372	8,989
Credits past due for three months or more	261	255
Restructured credits	1,155	1,035
Total	¥ 11,052	¥ 10,827

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, 2013	June 30, 2013
Installment receivables	¥ 365,817	¥ 364,706

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, 2013	June 30, 2013
Goodwill	¥ 40,655	¥ 38,848
Negative goodwill	5,260	5,169
Net	¥ 35,394	¥ 33,678

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, 2013	June 30, 2013
Intangible assets acquired in business combinations	¥ 12,487	¥ 11,608

(Quarterly Consolidated Statements of Income for the three-month periods ended June 30, 2012 and 2013)

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

(Millions of yen)

	June 30, 2012 (3 months)	June 30, 2013 (3 months)
Leasing revenue	¥ 21,868	¥ 21,574

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

(Millions of yen)

	June 30, 2012 (3 months)	June 30, 2013 (3 months)
Gain on monetary assets held in trust	¥ 2,026	¥ 2,619
Recoveries of written-off claims	2,886	1,919

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

(Millions of yen)

	June 30, 2012 (3 months)	June 30, 2013 (3 months)
Leasing cost	¥ 18,954	¥ 19,209

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

(Millions of yen)

	June 30, 2012 (3 months)	June 30, 2013 (3 months)
Amortization of goodwill	¥ 1,833	¥ 1,711
Amortization of intangible assets acquired in business combinations ^(Note)	994	878

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

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

(Millions of yen)

	June 30, 2012 (3 months)	June 30, 2013 (3 months)
Provision of reserve for credit losses	¥ 1,470	¥ 1,375
Write-off of loans	1,147	464
Write-off of equity securities	955	36

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

(Millions of yen)

	June 30, 2012 (3 months)	June 30, 2013 (3 months)
Impairment losses on premises and equipment	¥ 169	¥ 518

(Quarterly Consolidated Statements of Cash Flows for the three-month periods ended June 30, 2012 and 2013)

Quarterly consolidated statements of cash flows for the three-month periods ended June 30, 2012 and 2013 were not prepared. Depreciation, including amortization of intangible assets other than those acquired in business combinations, and amortization of goodwill and intangible assets acquired in business combinations were as follows.

(Millions of yen)

	June 30, 2012 (3 months)	June 30, 2013 (3 months)
Depreciation (other than depreciation of leased assets as lessor)	¥ 2,598	¥ 2,481
Amortization of goodwill	1,833	1,711
Amortization of intangible assets acquired in business combinations	994	878

(Shareholders Equity)

Three-month period ended June 30, 2012

1. Dividends paid

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

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

Three-month period ended June 30, 2013

1. Dividends paid

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

2. There was no dividend of which the record date belongs to the three-month period ended June 30, 2013, and of which the effective date was after June 30, 2013.

(Segment Information)

Three-month period ended June 30, 2012

1. Revenue and profit (loss) by reportable segment

(Millions of yen)

	Institutional Group				Global Markets Group		
	Institutional Business Sub-Group	Principal Transactions Sub-Group	Showa Leasing	Other Institutional Group	Financial Institutions Sub-Group	Markets Sub-Group	Other Global Markets Group
Revenue:	¥ 9,001	¥ 2,593	¥ 3,079	¥ 599	¥ 1,593	¥ 2,467	¥ 536
Net interest income	6,819	850	(652)	(59)	445	442	20
Non-interest income	2,181	1,743	3,732	659	1,148	2,024	515
Expenses	2,791	904	1,915	422	532	866	879
Net credit costs (recoveries)	448	(42)	(737)	421	(625)	(135)	(95)
Segment profit (loss)	¥ 5,761	¥ 1,732	¥ 1,900	¥ (244)	¥ 1,686	¥ 1,736	¥ (247)

	Individual Group				Corporate/Other		Total
	Retail Banking Sub-Group	Consumer Finance Sub-Group			Treasury Sub-Group	Other	
		Shinsei Financial	APLUS FINANCIAL	Other			
Revenue:	¥ 8,480	¥ 11,391	¥ 11,692	¥ 407	¥ 749	¥ (517)	¥ 52,075
Net interest income	6,616	12,296	2,568	360	(880)	(627)	28,202
Non-interest income	1,864	(904)	9,123	47	1,629	109	23,873
Expenses	7,736	7,337	8,232	120	315	(259)	31,797
Net credit costs (recoveries)	33	(1,591)	1,541	(16)	-	131	(667)
Segment profit (loss)	¥ 709	¥ 5,645	¥ 1,918	¥ 303	¥ 434	¥ (389)	¥ 20,946

(Notes)

1. "Revenue," which represents gross operating profit under 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 or loss on monetary assets held in trust and equity related transactions on the management reporting basis. "Revenue" represents income and related cost attributable to core businesses.

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

- "Expenses" are general and administrative expenses deducting amortization of goodwill and other intangible assets acquired in business combinations, amortization of net actuarial gains or losses of retirement benefit cost and lump-sum payments.
- "Net credit costs (recoveries)" consist of provision/reversal of reserve for credit losses, losses on write-off or sales of loans, and recoveries of written-off claims.
- "Shinsei Financial" includes profit/loss on "Shinsei Bank Card Loan - Lake," the unsecured personal card loan business transferred from Shinsei Financial Co., Ltd. to Shinsei Bank, Limited on October 1, 2011, as well as profit/loss of SHINKI Co., Ltd.
- "Other" under the Corporate/Other includes company-wide accounts which are not included in reportable segments, allocation variance of indirect expenses and elimination amount of inter-segment transactions.

2. Reconciliation between total segment profit and ordinary profit on the quarterly consolidated statement of income

(Millions of yen)

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

Three-month period ended June 30, 2013

1. Revenue and profit (loss) by reportable segment

(Millions of yen)

	Institutional Group				Global Markets Group		
	Institutional Business Sub-Group	Principal Transactions Sub-Group	Showa Leasing	Other Institutional Group	Financial Institutions Sub-Group	Markets Sub-Group	Other Global Markets Group
Revenue:	¥ 9,985	¥ 5,487	¥ 3,331	¥ 26	¥ 986	¥ 1,392	¥ 749
Net interest income	6,491	1,374	(608)	(77)	444	595	32
Non-interest income	3,493	4,113	3,940	103	542	797	717
Expenses	2,740	922	1,931	292	524	801	849
Net credit costs (recoveries)	857	(3)	(1,253)	471	34	(5)	(44)
Segment profit (loss)	¥ 6,386	¥ 4,568	¥ 2,653	¥ (738)	¥ 428	¥ 596	¥ (55)

	Individual Group				Corporate/Other		Total
	Retail Banking Sub-Group	Consumer Finance Sub-Group			Treasury Sub-Group	Other	
		Shinsei Financial	APLUS FINANCIAL	Other			
Revenue:	¥ 8,776	¥ 10,773	¥ 11,654	¥ 415	¥ (2,339)	¥ (724)	¥ 50,514
Net interest income	6,357	11,897	2,024	351	(1,083)	(805)	26,994
Non-interest income	2,418	(1,124)	9,629	64	(1,256)	80	23,520
Expenses	8,116	7,588	8,634	139	391	(251)	32,682
Net credit costs (recoveries)	(3)	(1,573)	1,297	(44)	-	173	(95)
Segment profit (loss)	¥ 662	¥ 4,759	¥ 1,721	¥ 321	¥ (2,731)	¥ (647)	¥ 17,927

(Notes)

1. "Revenue," which represents gross operating profit under 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 or loss on monetary assets held in trust and equity related transactions on the management reporting basis. "Revenue" represents income and related cost attributable to core businesses.

Interest on inter-segment transactions is calculated using an inter-office rate. Indirect expense is allocated, based on the predefined rule, to each reportable segment according to the

budget which is set at the beginning of fiscal year.

2. "Expenses" are general and administrative expenses deducting amortization of goodwill and other intangible assets acquired in business combinations, 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 Co., Ltd. to Shinsei Bank, Limited on October 1, 2011, as well as profit/loss of SHINKI Co., Ltd.
 5. In view of portfolio management for investment assets, the segments of certain affiliates accounted for by the equity method have been changed in the fiscal year ended March 31, 2013. Jih Sun Financial Holding Co., Ltd. under the "Other Institutional Group" segment was transferred to the "Principal Transactions Sub-Group" segment in the Institutional Group, and also Comox Holdings Ltd. under the "Other Global Markets Group" segment was transferred from 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 expenses and elimination amount of inter-segment transactions.
2. Reconciliation between total segment profit and ordinary profit on the quarterly consolidated statement of income

(Millions of yen)

Profit	Amount
Total segment profit	¥ 17,927
Amortization of goodwill acquired in business combinations	(1,676)
Amortization of intangible assets acquired in business combinations	(878)
Lump-sum payments	(652)
Other	328
Ordinary profit on the quarterly consolidated statement of income	¥ 15,046

3. Changes in reportable segments

Changes in classification of reportable segments

As a result of an organizational change on July 1, 2012, "Treasury Sub-Group" in the Global Markets Group was transferred to the Corporate/Other, and also as a result of an organizational change on April 1, 2013, "Structure Finance Sub-Group" was integrated into "Institutional Business Sub-Group." According to these organizational changes, classification of reportable segments was changed.

"Revenue and profit (loss) by reportable segment" for the three-month periods ended June 30, 2012 and 2013 on the above tables are presented based on the new classification of reportable segments.

(Financial Instruments)

Fair values of financial instruments as of March 31, 2013

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain (loss)
(1) Other monetary claims purchased ^(*)	¥ 111,304	¥ 111,605	¥ 301
(2) Trading assets			
Securities held for trading purposes	31,890	31,890	—
(3) Monetary assets held in trust ^(*)	233,714	238,291	4,577
(4) Securities ^(*)	1,771,843	1,774,937	3,093
(5) Loans and bills discounted ^(*)	4,292,464		
Reserve for credit losses	(121,328)		
Net	4,171,136	4,248,691	77,555
(6) Lease receivables and leased investment assets ^(*)	199,177	200,125	947
(7) Other assets			
Installment receivables	365,817		
Deferred gains on installment receivables	(12,111)		
Reserve for credit losses	(10,819)		
Net	342,886	354,528	11,641
(8) Deposits	5,252,935	5,267,724	(14,788)
(9) Negotiable certificates of deposit	204,600	204,580	19
(10) Debentures	262,342	262,768	(426)
(11) Trading liabilities			
Trading securities sold for short sales	15,925	15,925	—
(12) Borrowed money	719,292	718,119	1,172
(13) Short-term corporate bonds	82,800	82,800	—
(14) Corporate bonds	174,286	171,091	3,194
(15) Derivative instruments ^(*) :			
Hedge accounting is not applied	(17,733)	(17,733)	—
Hedge accounting is applied	(16,521)	(16,521)	—
Derivative instruments total	(34,255)	(34,255)	—

(Millions of yen)

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

(*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 ¥389,310 million held by consolidated subsidiaries included in loans and bills discounted, reserve for losses on interest repayments of ¥34,983 million was 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 as net of assets and liabilities and presented with () when a liability stands on 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 June 30, 2013

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain (loss)
(1) Other monetary claims purchased ^{(*)1}	¥ 104,406	¥ 104,677	¥ 270
(2) Trading assets			
Securities held for trading purposes	63,363	63,363	—
(3) Monetary assets held in trust ^{(*)1}	228,516	231,487	2,970
(4) Securities ^{(*)2}	1,799,263	1,801,067	1,803
(5) Loans and bills discounted ^{(*)3}	4,232,998		
Reserve for credit losses	(105,811)		
Net	4,127,187	4,176,145	48,957
(6) Lease receivables and leased investment assets ^{(*)1}	200,050	199,870	(180)
(7) Other assets			
Installment receivables	364,706		
Deferred gains on installment receivables	(12,339)		
Reserve for credit losses	(10,150)		
Net	342,217	353,832	11,615
(8) Deposits	5,526,411	5,541,970	(15,558)
(9) Negotiable certificates of deposit	154,378	154,364	13
(10) Debentures	49,594	49,657	(62)
(11) Trading liabilities			
Trading securities sold for short sales	40,977	40,977	—
(12) Borrowed money	587,951	586,978	973
(13) Short-term corporate bonds	100,500	100,500	—
(14) Corporate bonds	187,912	188,206	(293)
(15) Derivative instruments ^{(*)4} :			
Hedge accounting is not applied	(29,244)	(29,244)	—
Hedge accounting is applied	(13,671)	(13,671)	—
Derivative instruments total	(42,916)	(42,916)	—

(Millions of yen)

	Contract amount	Fair value
Other:		
Guarantee contracts ^{(*)5}	¥ 485,595	¥ (3,550)

(*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 ¥374,116 million held by consolidated subsidiaries included in loans and bills discounted, reserve for losses on interest repayments of ¥31,695 million was 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 as net of assets and liabilities and presented with () when a liability stands on 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 and mutual funds 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 internal credit rating of each borrower. The fair values of housing loans are determined by discounting expected cash flows at the rates that would be applied for the new housing loans with the same terms at the consolidated balance sheet date. The fair values of consumer loans are determined by discounting expected cash flows that reflect expected loss at the rates that consist of the risk free rate and certain costs, by a group of similar product types and customer segments.

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

(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 a 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 a 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 the contractual cash flows at the rates that would be applied for the new contracts with the same terms at the consolidated balance sheet date.

(10) Debentures and (14) Corporate bonds

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

The fair values of non-marketable corporate debentures and corporate bonds under the Medium Term Note program are determined by discounting expected cash flows at the actual

average funding rates of corporate time deposits and debentures funded in the past three months of the consolidated balance sheet date. The fair values of retail debentures are determined by discounting contractual cash flows at the actual funding rate of the latest issuance.

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

(11) Trading liabilities

The fair values are measured at market prices.

(12) Borrowed money

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

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

(13) Short-term corporate bonds

The fair values 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 the 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, 2013

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain (loss)
Japanese national government bonds	¥ 584,863	¥ 589,406	¥ 4,542
Other	54,945	59,768	4,822
Total	¥ 639,809	¥ 649,174	¥ 9,365

As of June 30, 2013

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain (loss)
Japanese national government bonds	¥ 584,678	¥ 587,797	¥ 3,118
Other	55,645	60,371	4,725
Total	¥ 640,324	¥ 648,168	¥ 7,843

2. Securities available for sale:

As of March 31, 2013

(Millions of yen)

	Amortized/ Acquisition cost	Carrying amount (Fair value)	Unrealized gain (loss)
Equity securities	¥ 13,713	¥ 19,462	¥ 5,749
Domestic bonds	937,483	936,704	(778)
Japanese national government bonds	752,012	752,498	486
Japanese local government bonds	503	532	29
Japanese corporate bonds	184,967	183,673	(1,294)
Other	136,713	140,628	3,914
Total	¥ 1,087,909	¥ 1,096,795	¥ 8,885

As of June 30, 2013

(Millions of yen)

	Amortized/ Acquisition cost	Carrying amount (Fair value)	Unrealized gain (loss)
Equity securities	¥ 13,859	¥ 21,851	¥ 7,992
Domestic bonds	937,872	930,268	(7,603)
Japanese national government bonds	753,577	747,862	(5,715)
Japanese local government bonds	503	528	25
Japanese corporate bonds	183,792	181,877	(1,914)
Other	166,987	169,262	2,274
Total	¥ 1,118,719	¥ 1,121,382	¥ 2,663

(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, 2013 was ¥2,748 million, which consisted of ¥211 million for equity securities, ¥2,506 million for Japanese corporate bonds and ¥30 million for other securities.

Impairment loss on available-for-sale securities carried at fair value for the three-month period ended June 30, 2013 was ¥77 million, which consisted of ¥0 million for equity securities, ¥68 million for Japanese corporate bonds and ¥8 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, 2013 and June 30, 2013.
2. Monetary assets held in trust other than for trading purposes and held to maturity:

As of March 31, 2013 (Millions of yen)

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

As of June 30, 2013 (Millions of yen)

	Acquisition cost	Carrying amount	Unrealized gain (loss)
Other monetary assets held in trust	¥ 139,692	¥ 139,692	—

(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, 2013 and June 30, 2013 are adjusted for credit risk by a deduction of ¥611 million and ¥708 million, respectively, and also adjusted for liquidity risk by a deduction of ¥2,025 million and ¥1,999 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, 2013		(Millions of yen)		
	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Listed	Future contracts	¥ 10,973	¥ (3)	¥ (3)
	Interest rate options	—	—	—
Over the counter	Forward contracts	—	—	—
	Interest rate swaps	11,513,328	30,134	30,134
	Interest rate swaptions	2,537,414	(4,350)	6,239
	Interest rate options	221,139	(166)	18
	Other	—	—	—
Total		—	¥ 25,614	¥ 36,389

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

As of June 30, 2013		(Millions of yen)		
	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Listed	Future contracts	¥ 36,784	¥ (2)	¥ (2)
	Interest rate options	—	—	—
Over the counter	Forward contracts	—	—	—
	Interest rate swaps	11,578,151	22,703	22,703
	Interest rate swaptions	2,359,388	36	10,584
	Interest rate options	216,039	(133)	137
	Other	—	—	—
Total		—	¥ 22,604	¥ 33,423

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

(b) Currency-related transactions:

As of March 31, 2013

(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	¥ 825,128	¥ (29,417)	¥ (29,417)
	Forward foreign exchange contracts	1,151,172	32,778	32,778
	Currency options	4,066,876	(44,594)	(37,229)
	Other	—	—	—
Total		—	¥ (41,233)	¥ (33,869)

(Note) Derivatives included in the table above were measured at fair value and the unrealized gains and losses were 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 the JICPA are excluded from the table above.

As of June 30, 2013

(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	¥ 857,838	¥ (43,259)	¥ (43,259)
	Forward foreign exchange contracts	1,394,237	22,445	22,445
	Currency options	3,436,985	(31,226)	(24,544)
	Other	—	—	—
Total		—	¥ (52,041)	¥ (45,358)

(Note) Derivatives included in the table above were measured at fair value and the unrealized gains and losses were 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 the JICPA are excluded from the table above.

(c) Equity-related transactions:

As of March 31, 2013

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Listed	Equity index futures	¥ 27,878	¥ 262	¥ 262
	Equity index options	757,633	(2,664)	(3,641)
	Equity options	—	—	—
Over the counter	Equity options	362,629	6,573	5,721
	Equity index swaps	—	—	—
	Other	147,746	(764)	(764)
Total		—	¥ 3,406	¥ 1,577

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

As of June 30, 2013

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Listed	Equity index futures	¥ 24,295	¥ 1,354	¥ 1,354
	Equity index options	1,205,098	(3,302)	(4,131)
	Equity options	—	—	—
Over the counter	Equity options	333,575	7,484	6,746
	Equity index swaps	—	—	—
	Other	137,597	(44)	(44)
Total		—	¥ 5,491	¥ 3,925

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

(d) Bond-related transactions:

As of March 31, 2013 (Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Listed	Bond futures	¥ 43,174	¥ (52)	¥ (52)
	Bond futures options	31,114	13	(10)
Over the counter	Bond options	—	—	—
	Other	—	—	—
Total		—	¥ (39)	¥ (62)

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

As of June 30, 2013 (Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Listed	Bond futures	¥ 27,760	¥ (54)	¥ (54)
	Bond futures options	42,280	27	(96)
Over the counter	Bond options	—	—	—
	Other	—	—	—
Total		—	¥ (26)	¥ (151)

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

(e) There were no commodity derivatives transactions as of March 31, 2013 and June 30, 2013.

(f) Credit derivatives transactions:

As of March 31, 2013 (Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Over the counter	Credit default options	¥ 890,127	¥ (408)	¥ (408)
	Other	1,600	(2,435)	(835)
Total		—	¥ (2,843)	¥ (1,243)

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

As of June 30, 2013 (Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Over the counter	Credit default options	¥ 705,567	¥ (360)	¥ (360)
	Other	1,600	(2,204)	(604)
Total		—	¥ (2,565)	¥ (965)

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

(Per share information)

Basic and diluted net income per share ("EPS") and their calculation basis were as follows.

Diluted EPS for the three-month period ended June 30, 2012 is not presented because the existing potential common shares have no dilutive effect.

		June 30, 2012 (3 months)	June 30, 2013 (3 months)
(1) Basic EPS	(Yen)	¥ 6.19	¥ 4.81
(Calculation basis)			
Net income	(Millions of yen)	¥ 16,433	¥ 12,780
The amount which is not attributable to common shareholders	(Millions of yen)	—	—
Net income attributable to common shares	(Millions of yen)	¥ 16,433	¥ 12,780
Weighted average number of common shares	(Thousands)	2,653,919	2,653,919
(2) Diluted EPS	(Yen)	—	¥ 4.81
(Calculation basis)			
Adjustment amount of net income	(Millions of yen)	—	—
Increase of the number of common shares	(Thousands)	—	5

(Subsequent event)

There is no material subsequent event to be presented.