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[TRANSLATION]

The items provided through the Internet pursuant to the laws and the Company's Articles of Incorporation for the Notice of the Annual General Meeting of Shareholders for the 15th Term

- 1) Notes to the consolidated financial statements
- 2) Notes to the financial statements

(from April 1, 2014 to March 31, 2015)

The above items are provided through the Bank's website (<http://www.shinseibank.com>) pursuant to the laws and Article 13 of the Company's Articles of Incorporation for the Notice of the Annual General Meeting of Shareholders for the 15th Term.

Shinsei Bank, Limited

(Translation)

Notes to the consolidated financial statements

<Basis for Presentation of Consolidated Financial Statements and Significant Accounting Policies>

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

1. Basis for presentation of consolidated financial statements

(1) Scope of consolidation

(a) Consolidated subsidiaries: 179 companies

Major companies:

APLUS FINANCIAL Co., Ltd.

Showa Leasing Co., Ltd.

Shinki Co., Ltd.

Shinsei Financial Co., Ltd.

Shinsei Trust & Banking Co., Ltd.

Shinsei Securities Co., Ltd.

Shinsei Principal Investments Ltd.

In the current fiscal year, Shinsei Capital Partners Limited Partnership and 1 other company were newly consolidated due to their formation, and SL PERM CO., LTD. and 2 other companies were newly consolidated due to their increased materiality.

Galaxy Asset Management Co.,Ltd. and 5 other companies were excluded from the scope of consolidation due to liquidation, Shinsei Card Co., LTD. was excluded from the scope of consolidation due to a merger into APLUS Co.,Ltd., and SL ROCKY LTD. and 2 other companies were excluded from the scope of consolidation due to their decreased materiality.

(b) Unconsolidated subsidiaries: 91 companies

Major Company:

SL PACIFIC LIMITED

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

(Translation)

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

(2) Application of the equity method

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

(b) Affiliates accounted for by the equity method: 19 companies

Major Companies:

Comox Holdings Ltd.

Jih Sun Financial Holding Company, Limited

In the current fiscal year, Shinsei Creation Partners Investment Limited Partnership II and 3 other companies were newly included in the scope of application of the equity method due to their formation.

SR Investment Business Limited Partnership and 3 other companies were excluded from the scope of application of the equity method due to liquidation.

(c) Unconsolidated subsidiaries accounted for not applying the equity method: 91 companies

Major Company:

SL PACIFIC LIMITED

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

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

(Translation)

(d) Affiliates accounted for not applying the equity method: 1 company

Company:

BH CO., LTD.

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

(3) Fiscal year of consolidated subsidiaries

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

March 31:	136 companies
July 31:	1 company
September 30:	3 companies
November 30:	1 company
December 31:	35 companies
January 31:	1 company
February 28:	2 companies

(b) Except for 7 subsidiaries which are consolidated using their provisional financial statements as of March 31, those consolidated subsidiaries whose fiscal years end at dates other than March 31 are consolidated using their fiscal year end financial statements with appropriate adjustments made for significant transactions that occurred during the period from the ending dates of their fiscal years to March 31.

(Translation)

All yen amounts are rounded down to millions of yen.

2. Significant accounting policies

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

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

Trading securities and monetary claims purchased for trading purposes are stated at market value at the consolidated balance sheet date and derivative financial instruments related to trading positions are stated at fair value based on estimated amounts that would be settled in cash if such position was terminated at the consolidated balance sheet date.

Trading income and trading losses include interest received and paid during the fiscal year and unrealized gains and losses resulting from the change in the value of securities, monetary claims purchased, and derivatives between the beginning and the end of the fiscal year.

In estimating fair values of derivative financial instruments included in trading accounts, liquidity risks and credit risks are reflected.

(2) Measurement of securities

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

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

(3) Measurement of derivative transactions

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

(Translation)

(4) Measurement of other monetary claims purchased

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

(5) Depreciation

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

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

Buildings: 3 – 50 years

Others: 2 – 20 years

In addition, depreciation of tangible leased assets as lessor for the operating lease transactions is computed using the straight-line method over the leasing period assuming that residual values are the disposal price estimable at the end of the estimated lease period.

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

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

(i) Showa Leasing Co., Ltd.

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

(ii) Shinsei Financial Co., Ltd.

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

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

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

(Translation)

(c) Leased assets (as lessee)

Depreciation of leased assets under finance lease transactions that deem to transfer ownership of the leased property to the lessee, which are included in “Other intangible assets,” is computed using the same method which is applied to the own properties.

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

(6) Deferred charges

Deferred charges are accounted for as follows:

(a) Deferred issuance expenses for corporate bonds

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

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

(b) Deferred issuance expenses for debentures

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

(7) Reserve for credit losses

The reserve for credit losses of the Bank and the consolidated domestic trust and banking subsidiary has been established as described below based on the Bank’s internal rules for establishing the reserve.

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

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

With regard to claims to possibly bankrupt obligors, restructured loans and certain claims for which the reserve has been provided based on the discounted cash flow method (as mentioned below) in previous fiscal years, provided that obligors’ cash flows for debt service are reasonably estimable and the balance of claims to such obligors is at or larger than a predetermined amount,

(Translation)

the reserve for credit losses is determined as the difference between (i) relevant estimated cash flows discounted by the original contractual interest rate and (ii) the book value of the claim (discounted cash flow method). In case where it is difficult to reasonably estimate future cash flows, the reserve is provided based on expected loss amount for the remaining term of respective claims.

For other claims, a general reserve is provided based on historical loan loss experience.

For specific foreign claims, there is a reserve for loans to restructuring countries which has been provided based on losses estimated by considering the political and economic conditions in those countries.

All claims are assessed by business divisions based on the predetermined internal rules for self-assessment of asset quality. The Credit Assessment Division, which is independent from business divisions, conducts verifications of these assessments, and additional reserves may be provided based on the verification results.

The consolidated subsidiaries other than the domestic trust and banking subsidiary calculate the general reserve for general claims based on the actual historical loss ratio, and the specific reserve for claims to possibly bankrupt obligors, virtually bankrupt obligors and legally bankrupt obligors based on estimated losses, considering the recoverable value.

For collateralized or guaranteed claims of the Bank and certain consolidated subsidiaries to legally bankrupt obligors or virtually bankrupt obligors, the amount of claims exceeding the estimated value of collateral or guarantees, which is deemed uncollectible, has been charged off and totaled ¥133,001 million.

(8) Accrued employees' bonuses

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

(9) Accrued directors' bonuses

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

(10) Reserve for directors' retirement benefits

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

(11) Reserve for losses on interest repayments

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

(Translation)

(12) Accounting for employees' retirement benefits

The difference between retirement benefit obligations and plan assets is recognized as liability for retirement benefits or asset for retirement benefits. The retirement benefit obligation is estimated using the benefit formula basis for attributing the expected benefits to the current fiscal year. The past service cost and the actuarial gain (loss) are amortized as follows:

Past service cost:	Amortized using the straight-line method over the average remaining service period (5.00–14.74 years) from the fiscal year of occurrence.
Actuarial gain (loss):	Amortized using the straight-line method over the average remaining service period (5.00–14.74 years) primarily from the fiscal year of occurrence.
Transitional net retirement benefit obligation (¥9,081 million):	Amortized using the straight-line method over 15 years.

Certain consolidated subsidiaries recognize voluntary retirement payments at the consolidated balance sheet date as retirement benefit obligations under the nonactuarial method.

(13) Revenue and expense recognition

(a) Revenue recognition for installment sales finance business

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

(Contracts based on add-ons)

Installment credit	Sum-of-the-months digits method
Guarantees (lump-sum receipt of guarantee fee when contracted)	Sum-of-the-months digits method
Guarantees (installment of guarantee fee)	Straight-line method

(Contracts based on credit balances)

Installment credit	Credit-balance method
Guarantees (installment of guarantee fee)	Credit-balance method

(Notes)

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

(Translation)

(b) Revenue and expense recognition for leasing business

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

With regard to finance lease transactions entered into prior to April 1, 2008, that do not deem to transfer ownership of the leased property to the lessee, leased investment assets are recognized at the amount of book values of those leased property as of March 31, 2008, in accordance with the transitional treatment in the "Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan ("ASBJ") Statement No. 13) that was effective from April 1, 2008. As a result, income before income taxes and minority interests for the current fiscal year has increased by ¥183 million, as compared to what would have been reported if the revised accounting standard was applied retroactively to all finance lease transactions as lessor.

(c) Revenue recognition for interest on consumer lending business

Consolidated subsidiaries specialized in consumer lending business accrued interest income at the balance sheet date at the lower of the amount determined using a rate permissible under the Interest Rate Restriction Act of Japan or the amount determined using rates on contracts with customers.

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

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

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

(15) Hedge accounting

(a) Hedge of interest rate risks

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

The Bank adopted portfolio hedging to determine the effectiveness of hedging instruments in accordance with Industry Audit Committee Report No. 24 issued by the Japanese Institute of Certified Public Accountants (the "JICPA"). Under portfolio hedging to mitigate the change in fair value, a portfolio of hedged items with common maturities such as deposits or loans is designated and matched with a group of hedging instruments such as interest rate swaps, which offset the effect of fair value fluctuations of the hedged items by identified maturities. The effectiveness of the portfolio hedging is assessed by each group.

As for portfolio hedging activities to fix cash flows, the effectiveness is assessed based on

(Translation)

the correlation between the base interest rate index of the hedged cash flow and that of the hedging instruments.

The interest rate swaps of certain consolidated subsidiaries which qualify for hedge accounting and meet specific matching criteria are not measured at fair value, but the net payments or receipts under the swap agreements are recognized and included in interest expenses or income.

(b) Hedge of foreign exchange fluctuation risks

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

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

The Bank also applies deferral hedge accounting and fair value hedge accounting to translation gains (losses) from foreign currency assets of net investments in foreign unconsolidated subsidiaries, affiliates and securities available for sale (other than bonds denominated in foreign currencies) when such foreign currency exposures recorded as assets are hedged with offsetting foreign currency liabilities and the liabilities equal or exceed the acquisition cost of such foreign currency assets.

(c) Intercompany and intracompany derivative transactions

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

(16) Consumption tax

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

(17) Consolidated corporate tax system

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

(Translation)

Change in Accounting Policy

(Application of “Accounting Standard for Retirement Benefits” etc.)

The Group applied “Accounting Standard for Retirement Benefits” (ASBJ Statement No.26, May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25, March 26, 2015) in accordance with the paragraph 35 of the accounting standard and the paragraph 67 of the guidance on accounting standard from the current fiscal year, and changed the method of attributing expected benefit to periods from a straight-line basis to a benefit formula basis and the method of determining the discount rate, from the method based on a single bond interest rate corresponding to the expected average remaining service period of employees, to the method of using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payments.

The effect of the change in calculation methods of retirement benefit obligation and service cost were added to or deducted from retained earnings as of April 1, 2014 in accordance with transitional treatment provided in the paragraph 37 of the accounting standard.

As a result of this application on April 1, 2014, assets for retirement benefits of ¥1,223 million and liabilities for retirement benefits of ¥3,671 million increased and retained earnings of ¥1,799 million and defined retirement benefit plans of ¥648 million decreased. The effect of this application on net income was immaterial.

Unapplied Accounting Standard

The “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013) and related accounting standards

(1) Outline

These accounting standards and guidance on accounting standard were revised, mainly focusing on (a) accounting for change in a parent’s ownership interest in its subsidiary while the parent retains control of the subsidiary, (b) accounting for acquisition-related costs, (c) provisional accounting treatment for a business combination and (d) changes in presentation of net income and to “Noncontrolling interests” from “Minority interests”.

(2) Effective dates

The Group expects to apply the revised accounting standards from the beginning of the fiscal year beginning on April 1, 2015. The Group expects to apply the item (c) above from the business combination conducted on or after April 1, 2015.

(3) The impact of this application

It is under evaluation of the impact of this application.

(Translation)

Notes

(Consolidated Balance Sheet)

1. Investments in unconsolidated subsidiaries and affiliates were as follows.

(Millions of yen)

	Carrying amount
Equity securities	¥51,449
Other	2,248

2. For securities held in connection with securities borrowing transactions with or without cash collateral, securities purchased under resale agreements and securities accepted as collateral for derivative transactions, where the Group has the right to sell or pledge such securities without restrictions, ¥41,003 million of those securities was further pledged, and ¥32,187 million of those securities was held by the Group at the consolidated balance sheet date.
3. Loans and bills discounted included loans to bankrupt obligors and nonaccrual delinquent loans, totaling ¥3,248 million and ¥87,796 million, respectively.

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

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

Installment receivables in “Other assets” included claims to bankrupt obligors and nonaccrual delinquent claims, totaling ¥151 million and ¥9,027 million, respectively, at the consolidated balance sheet date.

4. Loans past due for three months or more of ¥1,366 million were included in loans and bills discounted.

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

Installment receivables in “Other assets” included claims past due for three months or more totaling ¥807 million at the consolidated balance sheet date.

5. Restructured loans of ¥29,114 million were included in loans and bills discounted.

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

Restructured installment receivables of ¥506 million were included in “Other assets.”

(Translation)

6. The total amount of loans to bankrupt obligors, nonaccrual delinquent loans, loans past due for three months or more, and restructured loans was ¥121,526 million.

The total installment receivables in “Other assets” of claims to bankrupt obligors, nonaccrual delinquent claims, claims past due for three months or more, and restructured claims were ¥10,492 million.

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

7. Bills discounted, such as bank acceptances bought, commercial bills discounted, documentary bills and foreign exchange contracts bought, are accounted for as financing transactions in accordance with Industry Audit Committee Report No. 24 issued by the JICPA, although the Group has the right to sell or pledge them without restrictions. The face value of such bills discounted held was ¥4,963 million.
8. The total principal amount of loans accounted for as a sale through loan participations was ¥17,161 million as of March 31, 2015. This “off-balance sheet” treatment is in accordance with Report No. 3 issued by the Framework Committee of the JICPA. And the total principal amount of such loans in which the Bank participated was ¥7,927 million as of March 31, 2015.
9. Assets pledged as collateral were as follows:

Cash and due from banks	¥	2,505	million
Trading assets		26,377	
Monetary assets held in trust		2,648	
Securities		772,014	
Loans and bills discounted		78,272	
Lease receivables and leased investment assets		60,786	
Other assets		56,331	
Tangible leased assets as lessor		2,011	

Liabilities collateralized were as follows:

Deposits	¥	1,206	million
Call money and bills sold		230,000	
Payables under repurchase agreements		29,152	
Payables under securities lending transactions		101,280	
Borrowed money		445,268	
Corporate bonds		10,495	
Other liabilities		16	
Acceptances and guarantees		963	

In addition, ¥109,052 million of securities was pledged as collateral for transactions, including exchange settlements, swap transactions and replacement of margin for futures transactions.

Also, ¥7,139 million of margin deposits for futures transactions outstanding, ¥14,611 million of security deposits, ¥14,482 million of cash collateral paid for financial instruments and ¥8,581 million of guarantee deposits under resale agreements and repurchase agreements were included in “Other assets.”

(Translation)

10. Nonrecourse debts in consolidated special purpose companies were as follows:

Borrowed money	¥ 90,700 million
Corporate bonds	10,495

Assets corresponding to nonrecourse debts were as follows:

Cash and due from banks	¥ 2,385 million
Securities	115,815
Loans and bills discounted	30,713
Other assets	13,167

Assets corresponding to nonrecourse debt included certain amount of “Assets pledged as collateral” in Notes 9.

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

The unfunded amount of these commitments was ¥3,571,470 million, out of which the amount with original agreement terms of less than one year or which were cancelable was ¥3,343,715 million.

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

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

12. Installment receivables of ¥459,133 million were included in other assets.
13. Accumulated depreciation on premises and equipment was ¥54,676 million.
14. Deferred gains on premises and equipment deducted for tax purposes were ¥30 million.
15. “Tangible leased assets as lessor” and “Intangible leased assets as lessor” are leased assets for the operating leases transactions as lessor.
16. Goodwill and Negative goodwill are set off and presented as “Goodwill” in intangible assets by the net amount. The gross amounts were as follows:

Goodwill	¥27,732 million
Negative goodwill	4,534
Net	¥23,197 million

17. Subordinated debt of ¥58,400 million was included in borrowed money.
18. Subordinated bonds of ¥116,659 million were included in corporate bonds.
19. The amount of guarantee obligations for privately placed bonds (Paragraph 3 of Article 2 of the Financial Instruments and Exchange Act), out of corporate bonds included in the “Securities” stands at ¥3,897 million.

(Translation)

(Consolidated Statement of Income)

1. “Other business income” included leasing revenue of ¥90,373 million.
2. “Other” presented in “Other ordinary income” included income on monetary assets held in trust of ¥7,453 million, gain on sale of equity securities of ¥7,248 million, gain on sale of loans of ¥5,122 million and equity in net income of affiliates of ¥4,052 million.
3. “Other business expenses” included leasing cost of ¥81,557 million.
4. “Other general and administrative expenses” included personnel expenses of ¥59,669 million.
5. “Other” presented in “Other ordinary expenses” included losses on write-off of loans of ¥4,952 million and provision on reserve for losses on interest repayments of 4,053 million.
6. “Other extraordinary gains” included gain on liquidation of foreign subsidiaries of ¥99 million.
7. “Impairment losses” included the impairment losses in the Bank by the following asset groups.

Location	Usage	Asset type	Amount (Millions of yen)
Tokyo, Hyogo, etc.	Branch and ATMs	Buildings, Other premises and equipment	¥680
Tokyo, Osaka, etc.	IT-related property	Other premises and equipment, Software	483
Total			¥1,163

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

As a result of consideration of the business environment, the Bank made a decision to close down some of the branches and ATMs for Individual Group and to cease use and development of some software assets, and segregated them as idle assets. Impairment losses for these assets were recognized assuming their recoverable amount to be zero.

In the above impairment loss amount, ¥664 million was for “Buildings,” ¥94 million was for “Other premises and equipment” and ¥404 million was for “Software”.

(Translation)

(Consolidated Statement of Changes in Equity)

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

(Unit: thousand shares)

	Number of shares as of April 1, 2014	Number of shares increased	Number of shares decreased	Number of shares as of March 31, 2015	Note
Issued shares					
Common stock	2,750,346	—	—	2,750,346	
Total	2,750,346	—	—	2,750,346	
Treasury stock					
Common stock	96,427	0	—	96,428	(Note)
Total	96,427	0	—	96,428	

Note: The increase of shares is associated with the acquisition of fractional shares.

2. Information on stock acquisition rights

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

3. Information on dividends

The Bank's dividends were as follows;

a) Dividend paid in the current fiscal year

Resolution	Type of shares	Total amount of dividend	Dividend per share	Record date	Effective date
The board of directors' meeting on May 8, 2014	Common stock	¥2,653 million	¥1.00	March 31, 2014	May 29, 2014

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

Resolution	Type of shares	Total amount of dividend	Source of dividend	Dividend per share	Record date	Effective date
The board of directors' meeting on May 12, 2015	Common stock	¥2,653 million	Retained earnings	¥1.00	March 31, 2015	May 28, 2015

(Translation)

(Financial instruments)

1. Status of financial instruments

(1) Group policy for financial instruments

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

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

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

(a) Financial assets

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

[Loans and bills discounted]

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

As of March 31, 2015, loans to the financial and insurance industry were approximately 14% of the total loans and bills discounted, and those to the real estate industry were approximately 12%, approximately 50% of which are nonrecourse loans for real estate.

[Securities]

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

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

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

[Lease receivables and leased investment assets, Installment receivables]

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

(b) Financial liabilities

Financial liabilities of the Group are mainly deposits. In addition to risk of fluctuation in interest rates, the Group has funding liquidity risk that sufficient funding would become difficult or more expensive in case of deterioration in Group's financial position.

(Translation)

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

(c) Derivative transactions

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

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

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

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

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

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

(3) Risk management for financial instruments

(a) Credit risk management

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

Concrete policies and guidelines related to credit risk management of corporate business are clarified

(Translation)

in the Group's detailed procedures, and credit risk management processes are roughly classified into credit risk management for individual transactions and portfolio-based credit risk management.

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

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

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

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

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

(b) Market risk management

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

The Group manages market risk by segregating the overall balance sheet, including off-balance-sheet transactions, into a trading business and a banking business. At the Market Business Management

(Translation)

Committee, the senior review and decision-making for the management of the trading business are performed. At the ALM Committee, the senior review and decision-making for the management mainly related to asset/liability management of the banking business are performed.

To control total market risk amounts properly, the trading business include the banking account transactions in “Securities” and “Derivative instruments,” which are desirable to manage the total risk amount in combination with the trading business in light of the purpose and format of the transaction, in addition to in the trading account transactions.

The actual risk limits for asset/liability management of the trading business, such as the value-at-risk (VaR) method, are approved by the Executive Committee based on “Trading Business Risk Management Policy and Procedure.” The Market Business Management Committee meets monthly to review reports from the Market Risk Management Division and front office.

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

The Market Risk Management Division is responsible for appropriate monitoring and reporting of market risk in both the Group’s trading business and banking business. In addition to reporting risk information to management, administrative divisions and front office units, the Market Risk Management Division carries out regular risk analyses and makes recommendations. Market risk involved in the trading business is managed by the Markets Sub-Group, and market risk of the balance sheet involved in the banking business is managed by the Treasury Sub-Group.

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

Quantitative information on market risk is as follows:

(i) Amount of market risk associated with trading business

The Group uses VaR for quantitative analysis on market risk associated with trading business. For calculating VaR, the historical simulation method (holding period of 10 days, confidence interval of 99%, and observation period of 250 business days) has been adopted.

The VaR in the Group's trading business as of March 31, 2015 was ¥1,022 million in the aggregate.

The Group conducts back testing to compare VaR calculated using the model with actual loss amounts. According to the results of back testing conducted, it is believed that the measurement model the Group uses is adequate enough to accurately capture market risk. It should be noted that VaR measures and calculates the amount of market risk at certain probability levels statistically based

(Translation)

on historical market fluctuation, and therefore there may be cases where risk cannot be captured in such situations when market conditions are changing dramatically beyond what was experienced historically.

(ii) Amount of market risk associated with banking business

The Group's main financial instruments which are affected by interest rate risk, one of the major risk variables, includes "Call loans and bills bought," "Receivables under resale agreements," "Receivables under securities borrowing transactions," "Other monetary claims purchased," "Monetary assets held in trust," bonds other than trading business in "Securities," "Loans and bills discounted," "Lease receivables and leased investment assets," "Installment receivables," "Deposits," "Negotiable certificates of deposit," "Debentures," "Call money and bills sold," "Payables under repurchase agreements," "Payables under securities lending transactions," "Borrowed money," "Short-term corporate bonds," "Corporate bonds" and interest rate swaps other than trading business in "Derivative instruments." As for these financial assets and liabilities, the Group uses the amount of impact on fair values, which is calculated using a rationally expected fluctuation range of interest rates for one year from the fiscal year end for quantitative analysis to manage fluctuation risk of interest rates. The amount of such impact on fair values is calculated by categorizing the balance of these financial assets and liabilities according to the term of interest payments and using a certain fluctuation range of interest rates. Assuming all risk variables except for interest rate are constant, the Group estimated that the fair value would decrease by ¥5,346 million in case of an increase of the index interest rates by 10 basis points (0.10%), and would increase by ¥3,327 million in case of a decrease by 10 basis points (0.10%). Such amount of impact on fair value is calculated based on the assumption that all risk variables except for interest rate are constant, and correlation between interest rate and other risk variables is not taken into consideration. There is a possibility that interest rate changes beyond the rationally expected fluctuation range may cause an impact greater than the calculated amount.

(c) Liquidity risk management

The ALM Committee, which is the senior review and decision-making body for the management of funding liquidity risk, manages funding liquidity risk by establishing funding gap limits and minimum liquidity reserve levels. In accordance with the "Cash Liquidity Risk Management Policy," the Bank has a structure to conduct two or more liquidity measurements and to secure available reserves over the net cumulative outflow forecasted in an emergency situation.

To manage the market liquidity risk for marketable instruments, the Group has trading limits and monitors the amounts of marketable instruments in view of the attributes of marketable instruments. Moreover, liquidity reserves for trading account are calculated monthly and are reflected valuation of derivatives transactions.

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

Fair value of financial instruments includes the value calculated rationally in cases where no market

(Translation)

price is available, besides the value based on market price. Certain assumptions have been adopted for the calculation, so that the value calculated may not be the same when assumptions that differ from the Group's calculation are adopted.

2. Fair value information for financial instruments

The following are the carrying amounts on the consolidated balance sheet, fair values and the differences between them for respective financial instruments as of March 31, 2015. Securities for which fair values cannot be reliably determined, such as equity securities without readily available market prices are not included in the following table (refer (Note 2)). Items that are immaterial are not included in the following table.

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and due from banks	¥881,776	¥881,776	¥—
(2) Call loans and bills bought	30,000	30,000	—
(3) Receivables under resale agreements	53,216	53,418	202
(4) Receivables under securities borrowing transactions	8,750	8,750	—
(5) Other monetary claims purchased			
Trading purposes	40,473	40,473	—
Other (*1)	51,424	52,459	1,035
(6) Trading assets			
Securities held for trading purposes	37,954	37,954	—
(7) Monetary assets held in trust (*1)	233,791	238,593	4,802
(8) Securities			
Trading securities	46	46	—
Securities being held to maturity	644,533	649,541	5,007
Securities available for sale	720,533	720,533	—
Equity securities of affiliates	49,453	36,434	(13,018)
(9) Loans and bills discounted (*2)	4,461,281		
Reserve for credit losses	(70,548)		
Net	4,390,732	4,499,552	108,819
(10) Lease receivables and leased investment assets (*1)	222,871	224,768	1,897
(11) Other assets			
Installment receivables	459,133		
Deferred gains on installment receivables	(14,963)		
Reserve for credit losses	(10,996)		
Net	433,173	451,169	17,996
Total assets	¥7,798,732	¥7,925,473	¥126,741
(1) Deposits	¥5,367,167	¥5,375,455	¥ (8,287)
(2) Negotiable certificates of deposit	85,565	85,563	1

(Translation)

(3) Debentures	32,300	32,322	(22)
(4) Call money and bills sold	230,000	230,000	—
(5) Payables under repurchase agreements	29,152	29,152	—
(6) Payables under securities lending transactions	103,369	103,369	—
(7) Trading liabilities Trading securities sold for short sales	10,349	10,349	—
(8) Borrowed money	805,217	805,470	(252)
(9) Short-term corporate bonds	96,000	96,000	—
(10) Corporate bonds	157,505	160,033	(2,528)
Total liabilities	¥6,916,627	¥6,927,716	¥ (11,089)
Derivative instruments (*3)			
Hedge accounting is not applied	¥ (15,411)	¥ (15,411)	¥—
Hedge accounting is applied	(9,474)	(9,474)	—
Total	¥ (24,885)	¥ (24,885)	¥—

(Millions of yen)

	Contract amount	Fair value
Other Guarantee contracts (*4)	¥291,795	¥ (1,376)

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

(*2) For consumer loans held by consolidated subsidiaries included in Loans and bills discounted, reserve for losses on interest repayments of ¥170,250 million was recognized for estimated losses on reimbursements of excess interest payments, which included the reserve for losses on interest repayments that has a possibility of being appropriated for loan principal in the future.

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

(*4) Contract amount for guarantee contracts presents the amount of “Acceptances and guarantees” on the consolidated balance sheet. Unearned guarantee fees of ¥22,201 million were recognized as “Other liabilities.”

(Note 1) Valuation methodologies for financial instruments

Assets

(1) Cash and due from banks

The fair values of due from banks with no maturities approximate carrying amounts. For due from banks with maturities, the fair values approximate carrying amounts because most of them are with short maturities of six months or less.

(2) Call loans and bills bought and (4) Receivables under securities borrowing transactions

The fair values approximate carrying amounts because most of them are with short maturities of three months or less.

(Translation)

(3) Receivables under resale agreements

The fair values of the receivables under resale agreements with maturity of three months or less approximate carrying amounts because of their short-term maturity. The fair values of the receivables under resale agreements with maturity of more than three months are determined by discounting contractual cash flows in case of the transactions with fixed interest rate, or expected cash flows based on the forward rate in case of the transactions with floating interest rate, using the risk-free rate adjusted to account for credit risk (after consideration of collateral) with credit default swap (CDS) spreads etc. corresponding to internal credit rating of each borrower.

(5) Other monetary claims purchased

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

(6) Trading assets

The fair values of securities held for trading purposes are measured at market prices or quoted prices from third parties.

(7) Monetary assets held in trust

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

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

(8) Securities

The fair values of marketable equity securities are measured at closing prices on exchanges. The fair values of bonds 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 by holding purposes are included in notes for "Securities."

(9) Loans and bills discounted

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

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

(10) Lease receivables and leased investment assets

The fair values are primarily determined by discounting contractual cash flows at the rates

(Translation)

that consist of the risk-free rate, credit risk and certain costs, by a group of major product categories.

(11) Installment receivables

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

Liabilities

(1) Deposits and (2) Negotiable certificates of deposit

The fair values of demand deposits, such as current deposits and ordinary deposits are recognized as the payment amount at the consolidated balance sheet date. The fair values of the deposits with maturity of 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 new contracts with the same terms at the consolidated balance sheet date.

(3) Debentures and (10) Corporate bonds

The fair values of marketable debentures and corporate bonds are measured at market prices. The fair values of nonmarketable 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 etc. funded within the past three months of the consolidated balance sheet date. The fair values of retail debentures are determined by discounting contractual cash flows at the latest actual funding rate.

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

(4) Call money and bills sold, (5) Payables under repurchase agreements and (6) Payables under securities lending transactions

The fair values approximate carrying amounts for call money and bills sold, payables under repurchase agreements, and payables under securities lending transactions with short maturities of three months or less.

(7) Trading liabilities

The fair values are measured at market prices.

(8) 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

(Translation)

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

(9) Short-term corporate bonds

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

Derivative instruments

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

Other

Guarantee contracts

The fair values 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 contract with the same terms at the risk-free rate.

(Note 2)

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

(Millions of yen)

Category	Carrying amount
Equity securities without readily available market price (*1) (*2)	¥10,538
Investment in partnerships and others (*1) (*2)	52,246
Total	¥62,785

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

(*2) For the fiscal year ended March 31, 2015, impairment losses on equity securities without readily available market price of ¥683 million, and on investment in partnerships and others of ¥114 million were recognized.

(Translation)

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

(Millions of yen)

	Less than 1 year	More than 1 year Less than 3 years	More than 3 years Less than 5 years	More than 5 years
Due from banks	¥877,600	¥—	¥—	¥—
Call loans and bills bought	30,000	—	—	—
Receivables under resale agreements	—	53,216	—	—
Receivables under securities borrowing transactions	8,750	—	—	—
Other monetary claims purchased Other than trading purposes	12,103	11,977	4,879	23,979
Securities				
Held-to-maturity	80,000	63,213	245,941	244,961
Japanese national government bonds	80,000	50,000	240,000	223,000
Other	—	13,213	5,941	21,961
Available-for-sale	50,580	77,186	365,918	190,380
Japanese national government bonds	—	—	272,000	110,000
Japanese local government bonds	—	500	—	—
Japanese corporate bonds	3,897	33,254	46,789	5,600
Other	46,683	43,431	47,128	74,780
Loans and bills discounted	903,698	857,789	756,729	1,859,244
Lease receivables and leased investment assets	67,913	92,766	42,763	21,582
Installment receivables	166,014	162,597	53,945	47,766
Total	¥2,196,662	¥1,318,746	¥1,470,177	¥2,387,915

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

(Translation)

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

(Millions of yen)

	Less than 1 year	More than 1 year Less than 3 years	More than 3 years Less than 5 years	More than 5 years
Deposits (*)	¥4,390,802	¥399,416	¥560,416	¥16,531
Negotiable certificates of deposit	85,565	—	—	—
Debentures	14,483	17,273	543	—
Call money and bills sold	230,000	—	—	—
Payables under repurchase agreements	29,152	—	—	—
Payables under securities lending transactions	103,369	—	—	—
Borrowed money	407,444	210,031	117,320	70,421
Short-term corporate bonds	96,000	—	—	—
Corporate bonds	36,897	32,271	6,548	81,815
Total	¥5,393,715	¥658,992	¥684,829	¥168,768

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

(Securities)

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

1. Trading securities (as of March 31, 2015)

(Millions of yen)

	Unrealized gain (loss)
Trading securities	¥ (1,889)
Other monetary claims purchased for trading purposes	(6,239)

(Translation)

2. Securities being held to maturity (as of March 31, 2015)

(Millions of yen)

	Type	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount	Japanese national government bonds	¥508,595	¥511,022	¥2,427
	Other	39,002	41,647	2,644
	Subtotal	547,598	552,670	5,071
Fair value does not exceed carrying amount	Japanese national government bonds	96,935	96,871	(64)
	Other	—	—	—
	Subtotal	96,935	96,871	(64)
Total		¥644,533	¥649,541	¥5,007

3. Securities available for sale (as of March 31, 2015)

(Millions of yen)

	Type	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)
Carrying amount exceeds amortized/ acquisition cost	Equity securities	¥24,792	¥12,088	¥12,703
	Domestic bonds:	127,835	127,201	634
	Japanese national government bonds	100,400	100,365	34
	Japanese local government bonds	514	501	13
	Japanese corporate bonds	26,920	26,334	586
	Other	148,145	143,304	4,840
	Subtotal	300,773	282,594	18,178
Carrying amount does not exceed amortized/ acquisition cost	Equity securities	826	1,073	(247)
	Domestic bonds:	341,960	343,797	(1,836)
	Japanese national government bonds	284,879	285,671	(791)
	Japanese local government bonds	—	—	—
	Japanese corporate bonds	57,080	58,125	(1,044)
	Other	82,644	82,795	(151)
	Subtotal	425,430	427,666	(2,235)
Total		¥726,204	¥710,261	¥15,942

(Translation)

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

(Millions of yen)

Unrealized gain (loss) before deferred tax on:	
Available-for-sale securities	¥ 15,942
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	1,150
Securities being held to maturity, reclassified from available-for sale in the past, under extremely illiquid market conditions	(2,122)
Other monetary assets held in trust	(1,246)
Less: Deferred tax liabilities	2,855
Unrealized gain (loss) on available-for-sale securities before interest adjustments	10,868
Less: Minority interests	103
The Bank’s interests in unrealized gain (loss) on available-for-sale securities held by affiliates to which the equity method is applied	65
Unrealized gain (loss) on available-for-sale securities	¥ 10,830

4. Available-for-sale securities sold during the current fiscal year (from April 1, 2014 to March 31, 2015)

(Millions of yen)

	Proceeds from sales	Gains on sales	Losses on sales
Equity securities	¥8,941	¥6,344	¥-
Domestic bonds:	6,905,515	4,106	475
Japanese national government bonds	6,825,522	4,090	432
Japanese local government bonds	30,988	6	39
Japanese corporate bonds	49,004	9	4
Other	158,491	2,033	125
Total	¥7,072,948	¥12,484	¥601

5. Securities for which impairment losses are recognized

Individual securities (except for those whose fair value cannot be reliably determined), other than trading securities, are written down when a decline in fair value below the cost of such securities is deemed to be other than temporary. The amount written down is accounted for as an impairment loss.

(Translation)

Impairment loss on such securities for the fiscal year ended March 31, 2015 was ¥2,072 million, which consisted of ¥2,069 million for Japanese corporate bonds and ¥2 million for other securities.

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

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

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

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

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

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

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

(Translation)

(Monetary assets held in trust)

1. Monetary assets held in trust for trading purposes (as of March 31, 2015)

(Millions of yen)

	Carrying amount (Fair value)	Unrealized gain (loss)
Monetary assets held in trust for trading purposes	¥50,284	¥ 143

2. There are no monetary assets held in trust held to maturity (as of March 31, 2015)

3. Monetary assets held in trust other than for trading purposes and held to maturity (as of March 31, 2015)

(Millions of yen)

	Carrying amount	Acquisition cost	Unrealized gain (loss)	Gross unrealized gain	Gross unrealized loss
Other monetary assets held in trust	¥183,633	¥184,880	¥ (1,246)	—	¥ (1,246)

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

(Deferred tax)

“Act for Partial Reform of the Income Tax Act, etc.” (Law No. 9 for 2015) and “Act for Partial Reform of the Local Tax Act, etc.” (Law No. 2 for 2015) were promulgated in March 31, 2015 and the tax rates for corporate income taxes will be reduced from the fiscal year beginning on or after April 1, 2015. In connection with this change, the effective statutory tax rate for calculating deferred tax assets and deferred tax liabilities will be changed from the existing 35.64% to 33.06% for temporary differences and tax loss carryforwards that are expected to be realized in the fiscal year beginning on April 1, 2015, and to 32.30% for temporary differences and tax loss carryforwards that are expected to be realized in the fiscal year beginning on April 1, 2016. With these tax rate changes, the deferred tax assets (after deduction of the deferred tax liabilities) have decreased by ¥944 million, the unrealized gain (loss) on available-for-sale securities has increased by ¥147 million, the deferred gain (loss) on derivatives under hedge accounting has increased by ¥166 million and the income taxes (benefit) - deferred have increased by ¥1,258 million.

The deduction of carried forward tax losses will be limited to 65% of the taxable income before applying the tax loss deduction from the fiscal year beginning on or after April 1, 2015, and to 50% of the taxable income before applying the tax loss deduction from the fiscal year beginning on or after April 1, 2017. With this change, the deferred tax assets have decreased by ¥881 million and the income taxes (benefit) - deferred have increased by ¥881 million.

(Translation)

(Per share information)

Common shareholders' equity per share was ¥275.45.

Net income per common share was ¥25.57.

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

(Stock option)

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

¥ 10 million

(2) Outline, number and movement of stock options

(i) Outline of stock options

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

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

(Translation)

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

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

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

(Translation)

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

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

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

(Translation)

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

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

Notes:

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

(Translation)

(ii) Number of stock options and movement therein

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

a. Number of stock options

	1st	4th	5th	6th
Nonvested (share)				
Outstanding at the beginning of the year	—	—	—	—
Granted during the year	—	—	—	—
Forfeited during the year	—	—	—	—
Vested during the year	—	—	—	—
Outstanding at the end of the year	—	—	—	—
Vested (Share)				
Outstanding at the beginning of the year	4,665,000	250,000	2,036,000	1,496,000
Vested during the year	—	—	—	—
Exercised during the year	—	—	—	—
Forfeited during the year	4,665,000	250,000	5,000	—
Exercisable at the end of the year	—	—	2,031,000	1,496,000

	7th	8th	9th	10th
Nonvested (share)				
Outstanding at the beginning of the year	—	—	—	—
Granted during the year	—	—	—	—
Forfeited during the year	—	—	—	—
Vested during the year	—	—	—	—
Outstanding at the end of the year	—	—	—	—
Vested (Share)				
Outstanding at the beginning of the year	434,000	170,000	108,000	36,000
Vested during the year	—	—	—	—
Exercised during the year	—	—	—	—
Forfeited during the year	—	—	—	—
Exercisable at the end of the year	434,000	170,000	108,000	36,000

(Translation)

	13th	14th	15th	16th
Nonvested (share)				
Outstanding at the beginning of the year	—	—	—	—
Granted during the year	—	—	—	—
Forfeited during the year	—	—	—	—
Vested during the year	—	—	—	—
Outstanding at the end of the year	—	—	—	—
Vested (Share)				
Outstanding at the beginning of the year	1,975,000	1,717,000	430,000	19,000
Vested during the year	—	—	—	—
Exercised during the year	—	—	—	—
Forfeited during the year	27,000	—	2,000	—
Exercisable at the end of the year	1,948,000	1,717,000	428,000	19,000

	17th	18th	19th	20th
Nonvested (share)				
Outstanding at the beginning of the year	—	—	—	—
Granted during the year	—	—	—	—
Forfeited during the year	—	—	—	—
Vested during the year	—	—	—	—
Outstanding at the end of the year	—	—	—	—
Vested (Share)				
Outstanding at the beginning of the year	1,224,000	805,000	140,000	1,171,000
Vested during the year	—	—	—	—
Exercised during the year	—	—	—	—
Forfeited during the year	—	—	—	32,000
Exercisable at the end of the year	1,224,000	805,000	140,000	1,139,000

(Translation)

	21st	22nd	23rd
Nonvested (share)			
Outstanding at the beginning of the year	—	—	—
Granted during the year	—	—	—
Forfeited during the year	—	—	—
Vested during the year	—	—	—
Outstanding at the end of the year	—	—	—
Vested (Share)			
Outstanding at the beginning of the year	42,000	188,000	54,000
Vested during the year	—	—	—
Exercised during the year	—	—	—
Forfeited during the year	—	—	—
Exercisable at the end of the year	42,000	188,000	54,000

b. Price information

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

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

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

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

(Translation)

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

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

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

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

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

(3) Measurement of the fair value of stock options

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

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

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

(Translation)

Notes to the nonconsolidated financial statements

All yen amounts are rounded down to millions of yen.

Significant accounting policies

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

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

Trading securities and monetary claims purchased for trading purposes are stated at market value at the balance sheet date and derivative financial instruments related to trading positions are stated at fair value based on estimated amounts that would be settled in cash if such position was terminated at the balance sheet date.

Trading income and trading losses include interest received and paid during the fiscal year and unrealized gains and losses resulting from the change in the value of securities, monetary claims purchased, and derivatives between the beginning and the end of the fiscal year.

In estimating fair values of derivative financial instruments included in trading accounts, liquidity risks and credit risks are reflected.

2. Measurement of securities

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

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

3. Measurement of derivatives

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

(Translation)

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

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

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

For other claims, a general reserve is provided based on historical loan loss experience.

For specific foreign claims, there is a reserve for loans to restructuring countries which has been provided based on losses estimated by considering the political and economic conditions in those countries.

All claims are assessed by business divisions based on the predetermined internal rules for the self-assessment of asset quality. The Credit Assessment Division, which is independent from business divisions, conducts verifications of these assessments, and additional reserves may be provided based on the verification results.

For collateralized or guaranteed claims to legally bankrupt obligors or virtually bankrupt obligors, the amount of claims exceeding the estimated value of collateral or guarantees, which is deemed uncollectible, has been charged off and totaled ¥ 54,832 million.

(b) Valuation allowance for investments

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

(c) Accrued employees’ bonuses

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

(Translation)

(d) Reserve for employees' retirement benefits

The reserve for employees' retirement benefits is provided for the payment of employees' retirement benefits based on the estimated amounts of the projected benefit obligation and the estimated value of pension plan assets as of the balance sheet date. The projected benefit obligation is estimated using the benefit formula basis for attributing the expected benefits to the current fiscal year.

The unrecognized past service cost, the unrecognized actuarial gain (loss) and the transitional unrecognized net retirement benefit obligation are treated in the following manner:

Unrecognized past service cost:	Amortized using the straight-line method over the average remaining service period (14.74 years) from the fiscal year of occurrence.
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Unrecognized actuarial gain (loss):	Amortized using the straight-line method over the average remaining service period (7.48 – 14.74 years) from the fiscal year of occurrence.
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Transitional unrecognized net retirement benefit obligation (¥9,081 million):	Amortized using the straight-line method over 15 years.
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(c) Reserve for directors' retirement benefits

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

8. Translation of foreign currency-denominated assets and liabilities

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

9. Hedge accounting

(a) Hedge of interest rate risks

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

The Bank adopted portfolio hedging to determine the effectiveness of hedging instruments in accordance with Industry Audit Committee Report No. 24 issued by the Japanese Institute of Certified Public Accountants (the "JICPA"). Under portfolio hedging to mitigate the change in fair value, a portfolio of hedged items with common maturities such as deposits or loans is

(Translation)

designated and matched with a group of hedging instruments such as interest rate swaps, which offset the effect of fair value fluctuations of the hedged items by identified maturities. The effectiveness of the portfolio hedging is assessed by each group.

As for portfolio hedging activities to fix cash flows, the effectiveness is assessed based on the correlation between the base interest rates index of the hedged cash flow and that of the hedging instruments.

(b) Hedge of foreign exchange fluctuation risks

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

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

The Bank also applies deferral hedge accounting and fair value hedge accounting to translation gains or losses from foreign currency-denominated investments in foreign subsidiaries and affiliates and available-for-sale securities (other than bonds denominated in foreign currencies) when such foreign currency exposures recorded as assets are hedged with offsetting foreign currency liabilities and the liabilities equal or exceed the acquisition cost of such foreign currency assets.

(c) Intracompany derivative transactions

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

10. Consumption tax

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

11. Consolidated corporate tax system

The consolidated corporate tax system is adopted by the Bank.

(Translation)

Change in Accounting Policy

(Application of “Accounting Standard for Retirement Benefits” etc.)

The Bank applied “Accounting Standard for Retirement Benefits” (ASBJ Statement No.26, May 17, 2012) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No.25, March 26, 2015) in accordance with the paragraph 35 of the accounting standard and the paragraph 67 of the guidance on accounting standard from the current fiscal year, and changed the method of attributing expected benefit to periods from a straight-line basis to a benefit formula basis and the method of determining the discount rate, from the method based on a single bond interest rate corresponding to the expected average remaining service period of employees, to the method of using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payments.

The effect of the change in calculation methods of retirement benefit obligation and service cost were added to or deducted from retained earnings as of April 1, 2014 in accordance with transitional treatment provided in the paragraph 37 of the accounting standard.

As a result of this application on April 1, 2014, prepaid pension cost of ¥1,830 million decreased, reserve for employees’ retirement benefits of ¥1,624 million increased and unappropriated retained earnings of ¥2,807 million decreased. The effect of this application on net income was immaterial.

(Translation)

Notes

(Balance Sheet)

1. Investments in subsidiaries and affiliates were as follows.

(Millions of yen)

	Carrying amount
Equity securities	¥440,852
Other	2,717

2. For securities held in connection with securities borrowing transactions with or without cash collateral, securities purchased under resale agreements and securities accepted as collateral for derivative transactions, where the Bank has the right to sell or pledge such securities without restrictions, ¥40,490 million of those securities was further pledged, and ¥32,184 million of those securities was held by the Bank at the balance sheet date.
3. Loans to bankrupt obligors and nonaccrual delinquent loans of ¥729 million and ¥55,626 million, respectively, were included in loans and bills discounted.

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

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

4. Loans past due for three months or more of ¥1,166 million were included in loans and bills discounted.

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

5. Restructured loans of ¥3,367 million were included in loans and bills discounted.

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

(Translation)

6. The total amount of loans to bankrupt obligors, nonaccrual delinquent loans, loans past due for three months or more, and restructured loans was ¥60,889 million.

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

7. Bills discounted, such as bank acceptances bought, commercial bills discounted, documentary bills and foreign exchange contracts bought, are accounted for as financing transactions in accordance with Industry Audit Committee Report No. 24 of the JICPA, although the Bank has the right to sell or pledge them without restrictions. The face amount of such bills discounted held as of March 31, 2015 was ¥915 million.

8. The total principal amount of loans accounted for as a sale through loan participations was ¥17,161 million as of March 31, 2015. This “off-balance sheet” treatment is in accordance with Report No. 3 issued by the Framework Committee of the JICPA. And the total principal amount of such loans in which the Bank participated was ¥7,927 million as of March 31, 2015.

9. Assets pledged as collateral were as follows:

Cash and due from banks	¥ 10 million
Monetary assets held in trust	14
Securities	751,075
Loans and bills discounted	47,559
Other presented in other assets	21,716

Liabilities collateralized were as follows:

Deposits	¥ 1,206 million
Call money	230,000
Payables under repurchase agreements	29,152
Payables under securities lending transactions	101,280
Borrowed money	347,939
Other presented in other liabilities	16
Acceptances and guarantees	963

In addition, ¥109,052 million of securities were pledged as collateral for transactions, including exchange settlements, swap transactions and replacement of margin for futures transactions.

Also, ¥10,828 million of security deposits and ¥8,581 million of guarantee deposits under resale agreements and repurchase agreements were included in “Other” presented in “Other assets.”

(Translation)

10. The Bank establishes credit lines for overdrafts and issues commitments to extend credit to meet the financing needs of its customers. The unfunded amount of these commitments was ¥2,989,392 million, out of which the amount with original agreement terms of less than one year or which was cancelable was ¥2,760,717 million.

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

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

11. Accumulated depreciation on premises and equipment was ¥15,636 million.

12. Deferred gains on premises and equipment deducted for tax purposes were ¥30 million.

13. Subordinated debt of ¥58,400 million was included in borrowed money.

14. Subordinated bonds of ¥137,073 million were included in corporate bonds.

15. The amount of guarantee obligations for privately placed bonds (Paragraph 3 of Article 2 of the Financial Instruments and Exchange Act), out of “Japanese corporate bonds” included in the “Securities” stands at ¥3,897 million.

16. Total monetary claims to subsidiaries and affiliates stand at ¥290,007 million.

17. Total monetary liabilities against subsidiaries and affiliates stand at ¥257,696 million.

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

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

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

(Translation)

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

Projected benefit obligation	¥	(63,467)	million
Fair value of plan assets		61,994	
<hr/>			
Unfunded retirement benefit obligations		(1,473)	
Unrecognized net actuarial losses		1,448	
Unrecognized past service cost		(725)	
<hr/>			
Net amount recognized on the balance sheet		(750)	
Reserve for employees' retirement benefits		(750)	

(Statement of Income)

1. Earnings from transactions with subsidiaries and affiliates

Total interest income: ¥15,303 million

Total fees and commissions income: ¥6,348 million

Total earnings from other businesses and other ordinary transactions: ¥44 million

Total earnings from other transactions: ¥ 683 million

Expenses from transactions with subsidiaries and affiliates

Total interest expenses: ¥2,120 million

Total fees and commissions expenses: ¥11,552 million

Total expenses from other businesses and other ordinary transactions: ¥152 million

Total expenses from other transactions: ¥5,108 million

2. "Other extraordinary gains" includes gains on unexercised and forfeited stock acquisition rights of ¥10 million.

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

Location	Usage	Asset type	Amount (Millions of yen)
Tokyo, Hyogo, etc.	Branch and ATMs	Buildings, Other premises and equipment	¥680
Tokyo, Osaka, etc.	IT-related property	Other premises and equipment, Software	483
Total			¥1,163

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

As a result of consideration of the business environment, the Bank made a decision to close down some of the branches and ATMs for Individual Group and to cease use and development of some software assets, and segregated them as idle assets. Impairment losses for these assets were recognized assuming their recoverable amount to be zero.

(Translation)

In the above impairment loss amount, ¥664 million was for “Buildings,” ¥94 million was for “Other premises and equipment” and ¥404 million was for “Software.”

4. “Other extraordinary losses” includes impairment loss on investments in subsidiaries and affiliates of ¥548 million.

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

(1) Parent company and major corporate share holders

Not applicable.

(2) Subsidiaries and affiliates

(Millions of yen)

Category	Name of corporation or organization	Ratio of voting rights held by the Bank	Relation-ship	Details of transaction	Transaction amount	B/S account	Balance at fiscal year end
Subsidiaries	APLUS Co., Ltd.	Indirect holding 100%	Lending	Purchase of beneficial interests (Note 1)	¥130,000	—	¥—
	Zen-Nichi Shinpan Co., Ltd.	Indirect holding 100%	Lending	Overdraft loan transaction (Note 2)	88,028	Loans and bills discounted	85,500
				Receipt of loan interests (Note 2)	523	Accrued income	1
	Shinsei Financial Co., Ltd.	Direct holding 100%	Lending	Collection from loan to trust account (Note 3)	99,089	—	—
				Guarantee to Bank’s loan assets (Note 4)	167,700	—	—
				Payment of guarantee fees (Note 4)	9,888	Unpaid fees	1,346
			Subrogation receipt (Note 4)	14,019	—	—	

Note:

1. The Bank purchased beneficial interests backed by the monetary claims in APLUS Co., Ltd. The transaction price was determined at a reasonable level according to the market conditions.
2. The lending is for the purpose of business operation. Also, the interest rate is determined at a reasonable level considering the market conditions. Transaction amount of overdraft loan is the average balance during this current fiscal year.
3. The asset-backed loan to the trust account to which Shinsei Financial Co., Ltd. entrusted its monetary claims was fully collected in a way of repurchase by Shinsei Financial Co., Ltd. The transaction is an asset-backed loan backed by the assets in trust account, not a loan to Shinsei Financial Co., Ltd., and therefore amount of loan interests received is not presented.
4. Shinsei Financial Co., Ltd. guarantees the unsecured loans to individuals. The guarantee fees were determined at a reasonable level according to the market conditions.

(Translation)

(3) Fellow subsidiaries

Not applicable.

(4) Directors and major individual shareholders

(Millions of yen)

Category	Name of corporation or organization	Ratio of voting rights held by the counterparty	Relation-ship	Details of transaction	Transaction amount	B/S account	Balance at fiscal year end
Corporations and organizations in which a majority of the voting rights is owned by directors or their family members (including their subsidiaries)	J.C.Flowers III L.P. (Note 1)	—	Concurrent post	Investment (Note 2)	229	—	—
				Dividend	478	—	—

Note:

1. The fund is operated by J.C. Flowers & Co. LLC for which J. Christopher Flowers, director of the Bank, serves as the managing director and chief executive officer.
2. The committed investment amounts are U.S.\$ 34,975 thousand based on the limited partnership agreement.
For the fiscal year ended March 31, 2015, the Bank had no transaction with J.C.Flowers II L.P. fund, no voting rights held by the Bank, which is operated by J.C. Flowers & Co. LLC. The committed investment amounts are U.S.\$200 million based on the limited partnership agreement.

(Statement of Changes in Equity)

Type and number of treasury stock were as follows:

(Unit: thousand shares)

	Number of shares as of April 1, 2014	Number of shares increased	Number of shares decreased	Number of shares as of March 31, 2015	Note
Treasury stock:					
Common stock	96,427	0	—	96,428	(Note)
Total	96,427	0	—	96,428	

Note: The increase of shares is associated with the acquisition of fractional share.

(Translation)

(Securities)

In addition to “Securities” on the balance sheet, 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. Trading securities (as of March 31, 2015)

(Millions of yen)

	Unrealized gain (loss)
Trading securities	¥(1,903)
Other monetary claims purchased for trading purposes	34

2. Securities being held to maturity (as of March 31, 2015)

(Millions of yen)

	Type	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount	Japanese national government bonds	¥508,595	¥511,022	¥2,427
	Other	39,002	41,647	2,644
	Subtotal	547,598	552,670	5,071
Fair value does not exceed carrying amount	Japanese national government bonds	96,935	96,871	(64)
	Other	-	-	-
	Subtotal	96,935	96,871	(64)
Total		¥644,533	¥649,541	¥5,007

3. Equity securities of subsidiaries and affiliates (as of March 31, 2015)

There were no marketable equity securities of subsidiaries and affiliates.

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

(Millions of yen)

	Carrying amount
Equity securities of subsidiaries	¥439,866
Equity securities of affiliates	986
Total	¥440,852

(Translation)

4. Securities available for sale (as of March 31, 2015)

(Millions of yen)

	Type	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)
Carrying amount exceeds amortized/ acquisition cost	Equity securities	¥17,562	¥9,112	¥8,449
	Domestic bonds:	127,835	127,201	634
	Japanese national government bonds	100,400	100,365	34
	Japanese local government bonds	514	501	13
	Japanese corporate bonds	26,920	26,334	586
	Other	145,511	140,169	5,342
	Subtotal	290,909	276,482	14,426
Carrying amount does not exceed amortized/ acquisition cost	Equity securities	543	740	(196)
	Domestic bonds:	341,859	343,696	(1,836)
	Japanese national government bonds	284,879	285,671	(791)
	Japanese local government bonds	-	-	-
	Japanese corporate bonds	56,980	58,025	(1,044)
	Other	82,629	82,780	(151)
	Subtotal	425,033	427,218	(2,184)
Total		¥715,942	¥703,700	¥12,241

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

(Millions of yen)

	Carrying amount
Equity securities	¥1,868
Other	66,201
Total	¥68,070

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

(Translation)

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

(Millions of yen)

Unrealized gain (loss) before deferred tax on:	
Available-for-sale securities	¥12,241
Interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined	1,165
Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions	(2,122)
Other monetary assets held in trust	(1,246)
Less: Deferred tax liabilities	1,535
Unrealized gain (loss) on available-for-sale securities	¥8,502

5. Available-for-sale securities sold during the current fiscal year (from April 1, 2014 to March 31, 2015)

(Millions of yen)

	Proceeds from sales	Gains on sales	Losses on sales
Equity securities	¥6,046	¥3,681	¥ -
Domestic bonds:	6,905,515	4,106	475
Japanese national government bonds	6,825,522	4,090	432
Japanese local government bonds	30,988	6	39
Japanese corporate bonds	49,004	9	4
Other	158,491	2,033	125
Total	¥7,070,053	¥9,821	¥601

6. Securities for which impairment losses are recognized

Individual securities (except for those whose fair value cannot be reliably determined), other than trading securities, are written down when a decline in fair value below the cost of such securities is deemed to be other than temporary. The amount written down is accounted for as an impairment loss.

Impairment loss on such securities for the fiscal year ended March 31, 2015 was ¥2,072 million, which consisted of ¥2,069 million for Japanese corporate bonds and ¥2 million for other securities.

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

(Translation)

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

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

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

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

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

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

(Monetary assets held in trust)

1. Monetary assets held in trust for trading purposes (as of March 31, 2015)

(Millions of yen)

	Carrying amount (Fair value)	Unrealized gain (loss)
Monetary assets held in trust for trading purposes	¥110,823	¥(5,511)

2. There were no monetary assets held in trust held to maturity (as of March 31, 2015)
3. Monetary assets held in trust other than for trading purposes and held to maturity (as of March 31, 2015)

(Millions of yen)

	Carrying amount	Acquisition cost	Unrealized gain (loss)	Gross unrealized gain	Gross unrealized loss
Other monetary assets held in trust	¥55,461	¥56,708	¥(1,246)	—	¥(1,246)

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

(Translation)

(Deferred tax)

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

	(Millions of yen)
Deferred tax assets	
Tax loss carryforwards	¥70,392
Reserve for credit losses	33,214
Securities	31,418
Monetary assets held in trust	8,803
Deferred loss on derivatives under hedge accounting	7,101
Unearned dividends on monetary assets held in trust	3,568
Other	14,125
Subtotal	¥168,624
Valuation allowance	¥(162,803)
Total deferred tax assets	¥5,821
Deferred tax liabilities	
Deferred gain on derivatives under hedge accounting	2,164
Unrealized gain (loss) on available-for-sale securities	1,535
Asset retirement costs included in premises and equipment	927
Other	123
Total deferred tax liabilities	¥4,750
Net deferred tax assets	¥1,071

2. “Act for Partial Reform of the Income Tax Act, etc.” (Law No. 9 for 2015) and “Act for Partial Reform of the Local Tax Act, etc.” (Law No. 2 for 2015) were promulgated in March 31, 2015 and the tax rates for corporate income taxes will be reduced from the fiscal year beginning on or after April 1, 2015. In connection with this change, the effective statutory tax rate for calculating deferred tax assets and deferred tax liabilities will be changed from the existing 35.64% to 33.06% for temporary differences and tax loss carryforwards that are expected to be realized in the fiscal year beginning on April 1, 2015, and to 32.30% for temporary differences and tax loss carryforwards that are expected to be realized in the fiscal year beginning on April 1, 2016. With these tax rate changes, the deferred tax assets have decreased by ¥23 million, the unrealized gain (loss) on available-for-sale securities has increased by ¥158 million, the deferred gain (loss)

(Translation)

on derivatives under hedge accounting has increased by ¥216 million and the income taxes (benefit) - deferred have increased by ¥398 million.

The deduction of carried forward tax losses will be limited to 65% of the taxable income before applying the tax loss deduction from the fiscal year beginning on or after April 1, 2015, and to 50% of the taxable income before applying the tax loss deduction from the fiscal year beginning on or after April 1, 2017. With this change, the deferred tax assets have decreased by ¥838 million and the income taxes (benefit) - deferred have increased by ¥838 million.

(Per share information)

Common shareholders' equity per share was ¥277.14.

Net income per common share was ¥17.23.

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