

# Quarterly Consolidated Financial Statements and Notes

For the Nine-Month Period Ended December 31, 2014

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

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

# Quarterly Consolidated Balance Sheets

Shinsei Bank, Limited, and Consolidated Subsidiaries

As of March 31, 2014 and December 31, 2014

(Millions of yen)

|  | March 31, 2014 | December 31, 2014 |
|--|----------------|-------------------|
| <b>ASSETS</b>  |                |                   |
| Cash and due from banks                                    | ¥ 1,451,492    | ¥ 1,138,245       |
| Call loans and bills bought                                | 36,451         | 20,500            |
| Receivables under resale agreements                        | 53,216         | 53,216            |
| Receivables under securities borrowing transactions        | 23,651         | 54,352            |
| Other monetary claims purchased                            | 105,857        | 99,058            |
| Trading assets   | 249,115        | 349,692           |
| Monetary assets held in trust                              | 199,117        | 183,242           |
| Securities   | 1,557,020      | 1,398,111         |
| Loans and bills discounted                                 | 1 4,319,830    | 1 4,357,752       |
| Foreign exchanges  | 25,656         | 21,566            |
| Lease receivables and leased investment assets             | 227,764        | 226,168           |
| Other assets   | 1, 2 724,963   | 1, 2 854,708      |
| Premises and equipment                                     | 50,143         | 48,888            |
| Intangible assets  | 3, 4 57,643    | 3, 4 50,352       |
| Asset for retirement benefit                               | 1,567          | 2,933             |
| Deferred issuance expenses for debentures                  | 32             | 15                |
| Deferred tax assets  | 16,519         | 14,565            |
| Customers' liabilities for acceptances and guarantees      | 358,414        | 318,820           |
| Reserve for credit losses                                  | (137,358)      | (110,709)         |
| [Total assets]   | ¥ 9,321,103    | ¥ 9,081,482       |
| <b>LIABILITIES AND EQUITY</b>                              |                |                   |
| <b>Liabilities:</b>  |                |                   |
| Deposits   | ¥ 5,733,223    | ¥ 5,516,882       |
| Negotiable certificates of deposit                         | 117,223        | 105,282           |
| Debentures   | 41,747         | 35,453            |
| Call money and bills sold                                  | 180,000        | 100,000           |
| Payables under repurchase agreements                       | —              | 14,285            |
| Payables under securities lending transactions             | 317,599        | 170,141           |
| Trading liabilities  | 218,585        | 299,676           |
| Borrowed money   | 643,431        | 774,906           |
| Foreign exchanges  | 37             | 43                |
| Short-term corporate bonds                                 | 86,900         | 95,500            |
| Corporate bonds  | 177,248        | 194,764           |
| Other liabilities  | 497,804        | 525,355           |
| Accrued employees' bonuses                                 | 7,782          | 5,884             |
| Accrued directors' bonuses                                 | 67             | 60                |
| Liability for retirement benefit                           | 10,116         | 11,803            |
| Reserve for directors' retirement benefits                 | 119            | 84                |
| Reserve for losses on interest repayments                  | 208,201        | 176,931           |
| Deferred tax liabilities                                   | 9              | 624               |
| Acceptances and guarantees                                 | 358,414        | 318,820           |
| [Total liabilities]  | 8,598,512      | 8,346,502         |
| <b>Equity:</b>   |                |                   |
| <b>Shareholders' equity:</b>                               |                |                   |
| Common stock   | 512,204        | 512,204           |
| Capital surplus  | 79,461         | 79,461            |
| Retained earnings  | 146,002        | 193,910           |
| Treasury stock, at cost                                    | (72,558)       | (72,558)          |
| [Total shareholders' equity]                               | 665,110        | 713,018           |
| <b>Accumulated other comprehensive income:</b>             |                |                   |
| Unrealized gain (loss) on available-for-sale securities    | 6,288          | 10,660            |
| Deferred gain (loss) on derivatives under hedge accounting | (8,769)        | (12,238)          |
| Foreign currency translation adjustments                   | 267            | 4,845             |
| Accumulated adjustments for retirement benefit             | (5,195)        | (3,974)           |
| [Total accumulated other comprehensive income]             | (7,409)        | (705)             |
| Stock acquisition rights                                   | 1,221          | 1,211             |
| Minority interests   | 63,667         | 21,455            |
| [Total equity]   | 722,590        | 734,979           |
| [Total liabilities and equity]                             | ¥ 9,321,103    | ¥ 9,081,482       |

## Quarterly Consolidated Statements of Income

Shinsei Bank, Limited, and Consolidated Subsidiaries

For the nine-month periods ended December 31, 2013 and 2014

(Millions of yen)

|   | December 31, 2013<br>( 9 months ) | December 31, 2014<br>( 9 months ) |
|---|-----------------------------------|-----------------------------------|
| <b>ORDINARY INCOME</b>                            | ¥ 280,864                         | ¥ 292,447                         |
| Interest income                                   | 108,288                           | 114,575                           |
| Interest on loans and bills discounted            | 93,880                            | 94,139                            |
| Interest and dividends on securities              | 12,122                            | 18,267                            |
| Fees and commissions income                       | 33,263                            | 33,506                            |
| Trading income                                    | 12,915                            | 7,820                             |
| Other business income                             | 1 105,677                         | 1 111,263                         |
| Other ordinary income                             | 2 20,719                          | 2 25,280                          |
| <b>ORDINARY EXPENSES</b>                          | 250,068                           | 235,220                           |
| Interest expenses                                 | 25,713                            | 16,958                            |
| Interest on deposits                              | 16,239                            | 8,231                             |
| Interest on borrowings                            | 3,740                             | 3,545                             |
| Interest on corporate bonds                       | 4,558                             | 4,040                             |
| Fees and commissions expenses                     | 16,160                            | 15,931                            |
| Trading losses                                    | 1,959                             | 260                               |
| Other business expenses                           | 3 73,776                          | 3 71,526                          |
| General and administrative expenses               | 4 108,756                         | 4 114,268                         |
| Other ordinary expenses                           | 5 23,702                          | 5 16,275                          |
| <b>ORDINARY PROFIT</b>                            | 30,796                            | 57,227                            |
| Extraordinary gains                               | 144                               | 423                               |
| Extraordinary losses                              | 6 1,274                           | 6 1,132                           |
| Income before income taxes and minority interests | 29,666                            | 56,519                            |
| Income taxes (benefit)                            | (337)                             | 2,763                             |
| Income before minority interests                  | 30,003                            | 53,756                            |
| Minority interests in net income of subsidiaries  | 2,302                             | 1,391                             |
| <b>NET INCOME</b>                                 | ¥ 27,701                          | ¥ 52,364                          |

## Quarterly Consolidated Statements of Comprehensive Income

Shinsei Bank, Limited, and Consolidated Subsidiaries

For the nine-month periods ended December 31, 2013 and 2014

(Millions of yen)

|  | December 31, 2013<br>( 9 months ) | December 31, 2014<br>( 9 months ) |
|--|-----------------------------------|-----------------------------------|
| <b>INCOME BEFORE MINORITY INTERESTS</b>                    | ¥ 30,003                          | ¥ 53,756                          |
| <b>OTHER COMPREHENSIVE INCOME</b>                          | 3,172                             | 8,785                             |
| Unrealized gain (loss) on available-for-sale securities    | (938)                             | 4,398                             |
| Deferred gain (loss) on derivatives under hedge accounting | 3,080                             | (3,468)                           |
| Foreign currency translation adjustments                   | 970                               | 3,160                             |
| Adjustments for retirement benefit                         | -                                 | 1,871                             |
| Share of other comprehensive income in affiliates          | 60                                | 2,822                             |
| <b>COMPREHENSIVE INCOME</b>                                | ¥ 33,176                          | ¥ 62,541                          |

(Breakdown)

Attributable to:

|                      |          |          |
|----------------------|----------|----------|
| Owners of the parent | ¥ 30,023 | ¥ 59,716 |
| Minority interests   | 3,152    | 2,824    |

**(Change in accounting policy)**

(Accounting Standard for Retirement Benefits)

The Accounting Standards Board of Japan (the "ASBJ") issued, in May 2012, ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the previous accounting standards and the other related practical guidance for retirement benefits. The revised accounting standards included certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases, which were effective for the beginning of the fiscal year beginning on or after April 1, 2014.

The Group applied the revised accounting standard above from April 1, 2014 and changed i) the method of attributing expected benefit to periods from a straight-line basis to benefit formula basis and ii) 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 paragraph 37 of the Standard. As a result of this application on April 1, 2014, asset for retirement benefit of ¥1,223 million and liability for retirement benefit of ¥3,671 million increased and retained earnings of ¥1,799 million and accumulated adjustments for retirement benefit of ¥648 million decreased. The effect of this application on net income was immaterial.

**(Accounting method specific to quarterly consolidated financial statements)**

(1) Income taxes

Income taxes (benefit) are calculated based on income before income taxes and minority interests for the nine-month period ended December 31, 2014 and the reasonably estimated effective tax rate for the fiscal year ending March 31, 2015.

**(Quarterly consolidated balance sheets as of March 31, 2014 and December 31, 2014)**

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

(Millions of yen)

|   | March 31, 2014 | December 31, 2014 |
|---|----------------|-------------------|
| Loans to bankrupt obligors              | ¥ 10,049       | ¥ 6,804           |
| Nonaccrual delinquent loans             | 177,786        | 124,370           |
| Loans past due for three months or more | 1,177          | 1,102             |
| Restructured loans                      | 31,719         | 29,230            |
| Total                                   | ¥ 220,732      | ¥ 161,509         |

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

(Millions of yen)

|   | March 31, 2014 | December 31, 2014 |
|---|----------------|-------------------|
| Credits to bankrupt obligors              | ¥ 496          | ¥ 144             |
| Nonaccrual delinquent credits             | 9,154          | 8,688             |
| Credits past due for three months or more | 271            | 386               |
| Restructured credits                      | 731            | 534               |
| Total                                     | ¥ 10,653       | ¥ 9,753           |

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

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

(Millions of yen)

|                         | March 31, 2014 | December 31, 2014 |
|-------------------------|----------------|-------------------|
| Installment receivables | ¥ 421,920      | ¥ 450,605         |

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

(Millions of yen)

|                   | March 31, 2014 | December 31, 2014 |
|-------------------|----------------|-------------------|
| Goodwill          | ¥ 33,847       | ¥ 29,168          |
| Negative goodwill | 4,897          | 4,625             |
| Net               | ¥ 28,949       | ¥ 24,543          |

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

(Millions of yen)

|   | March 31, 2014 | December 31, 2014 |
|---|----------------|-------------------|
| Intangible assets acquired in business combinations | ¥ 9,182        | ¥ 6,994           |

**(Quarterly consolidated statements of income for the nine-month periods ended December 31, 2013 and 2014)**

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

(Millions of yen)

|                 | December 31, 2013<br>(9 months) | December 31, 2014<br>(9 months) |
|-----------------|---------------------------------|---------------------------------|
| Leasing revenue | ¥ 64,863                        | ¥ 67,462                        |

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

(Millions of yen)

|                                       | December 31, 2013<br>(9 months) | December 31, 2014<br>(9 months) |
|---------------------------------------|---------------------------------|---------------------------------|
| Recoveries of written-off claims      | ¥ 5,943                         | ¥ 6,614                         |
| Gain on sale of equity securities     | 3,196                           | 6,429                           |
| Gain on monetary assets held in trust | 5,335                           | 5,579                           |

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

(Millions of yen)

|              | December 31, 2013<br>(9 months) | December 31, 2014<br>(9 months) |
|--------------|---------------------------------|---------------------------------|
| Leasing cost | ¥ 58,044                        | ¥ 60,749                        |

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

(Millions of yen)

|   | December 31, 2013<br>(9 months) | December 31, 2014<br>(9 months) |
|---|---------------------------------|---------------------------------|
| Amortization of goodwill  | ¥ 4,934                         | ¥ 4,406                         |
| Amortization of intangible assets acquired in business combinations <sup>(Note)</sup> | 2,544                           | 2,188                           |

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

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

(Millions of yen)

|  | December 31, 2013<br>(9 months) | December 31, 2014<br>(9 months) |
|--|---------------------------------|---------------------------------|
| Provision of reserve for credit losses                 | ¥ 5,114                         | ¥ 10,058                        |
| Provision of reserve for losses on interest repayments | 13,639                          | 850                             |

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

(Millions of yen)

|   | December 31, 2013<br>(9 months) | December 31, 2014<br>(9 months) |
|---|---------------------------------|---------------------------------|
| Impairment losses on premises and equipment | ¥ 1,076                         | ¥ 992                           |

**(Quarterly consolidated statements of cash flows for the nine-month periods ended December 31, 2013 and 2014)**

Quarterly consolidated statements of cash flows for the nine-month periods ended December 31, 2013 and 2014 were not prepared. Depreciation, including amortization of intangible assets other than those acquired in business combinations, and amortization of goodwill and intangible assets acquired in business combinations were as follows.

(Millions of yen)

|   | December 31, 2013<br>(9 months) | December 31, 2014<br>(9 months) |
|---|---------------------------------|---------------------------------|
| Depreciation (other than depreciation of leased assets as lessor)   | ¥ 7,580                         | ¥ 7,792                         |
| Amortization of goodwill  | 4,934                           | 4,406                           |
| Amortization of intangible assets acquired in business combinations | 2,544                           | 2,188                           |

**(Shareholders equity)**

**Nine-month period ended December 31, 2013**

1. Dividends paid

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

2. There was no dividend of which the record date belongs to the nine-month period ended December 31, 2013, and of which the effective date was after December 31, 2013.

**Nine-month period ended December 31, 2014**

1. Dividends paid

| (Resolution)                                  | Type of shares | Total amount    | Per share amount | Record date    | Effective date | Source of dividend      |
|---|----------------|-----------------|------------------|----------------|----------------|-------------------------|
| The board of directors meeting on May 8, 2014 | Common stock   | ¥ 2,653 million | ¥ 1.00           | March 31, 2014 | May 29, 2014   | Other retained earnings |

2. There was no dividend of which the record date belongs to the nine-month period ended December 31, 2014, and of which the effective date was after December 31, 2014.



**(Segment information)****Nine-month period ended December 31, 2013****1. Revenue and profit (loss) by reportable segments**

(Millions of yen)

|                               | Institutional Group              |                                  |               |                           | Global Markets Group             |                   |                            |
|-------------------------------|----------------------------------|----------------------------------|---------------|---------------------------|----------------------------------|-------------------|----------------------------|
|                               | Institutional Business Sub-Group | Principal Transactions Sub-Group | Showa Leasing | Other Institutional Group | Financial Institutions Sub-Group | Markets Sub-Group | Other Global Markets Group |
| Revenue:                      | ¥28,619                          | ¥ 13,456                         | ¥10,084       | ¥ 370                     | ¥ 2,606                          | ¥ 3,451           | ¥ 2,174                    |
| Net interest income           | 19,767                           | 3,520                            | (2,018)       | 195                       | 1,193                            | 1,548             | 58                         |
| Noninterest income            | 8,852                            | 9,936                            | 12,103        | 175                       | 1,413                            | 1,902             | 2,115                      |
| Expenses                      | 8,513                            | 3,116                            | 5,854         | 810                       | 1,600                            | 2,431             | 2,650                      |
| Net credit costs (recoveries) | (5,353)                          | 15                               | (1,514)       | 1,664                     | 60                               | 19                | (37)                       |
| Segment profit (loss)         | ¥ 25,459                         | ¥ 10,324                         | ¥ 5,744       | ¥ (2,104)                 | ¥ 945                            | ¥ 1,000           | ¥ (438)                    |

(Millions of yen)

|                               | Individual Group         |                            |                 |         | Corporate/Other    |           | Total     |
|-------------------------------|--------------------------|----------------------------|-----------------|---------|--------------------|-----------|-----------|
|                               | Retail Banking Sub-Group | Consumer Finance Sub-Group |                 |         | Treasury Sub-Group | Other     |           |
|                               |                          | Shinsei Financial          | APLUS FINANCIAL | Other   |                    |           |           |
| Revenue:                      | ¥ 24,812                 | ¥ 34,643                   | ¥ 35,658        | ¥ 1,312 | ¥ (2,868)          | ¥ (2,159) | ¥ 152,162 |
| Net interest income           | 19,184                   | 37,651                     | 5,770           | 1,123   | (3,010)            | (2,410)   | 82,574    |
| Noninterest income            | 5,627                    | (3,007)                    | 29,887          | 188     | 141                | 250       | 69,587    |
| Expenses                      | 24,206                   | 22,832                     | 26,009          | 500     | 1,171              | (218)     | 99,478    |
| Net credit costs (recoveries) | 158                      | 994                        | 4,705           | (68)    | -                  | (5)       | 640       |
| Segment profit (loss)         | ¥ 446                    | ¥ 10,817                   | ¥ 4,944         | ¥ 880   | ¥ (4,040)          | ¥ (1,935) | ¥ 52,043  |

**(Notes)**

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

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

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

2. Reconciliation between total segment profit and ordinary profit on the quarterly consolidated statement of income for the nine-month period ended December 31, 2013

(Millions of yen)

| Profit  | Amount   |
|---|----------|
| Total segment profit  | ¥ 52,043 |
| Amortization of goodwill acquired in business combinations          | (4,828)  |
| Amortization of intangible assets acquired in business combinations | (2,544)  |
| Lump-sum payments   | (1,904)  |
| Provision of reserve for losses on interest repayments              | (13,639) |
| Other   | 1,669    |
| Ordinary profit on the quarterly consolidated statement of income   | ¥ 30,796 |

**Nine-month period ended December 31, 2014**

1. Revenue and profit (loss) by reportable segments

(Millions of yen)

|                               | Institutional Group              |                                  |               |                           | Global Markets Group             |                   |                            |
|-------------------------------|----------------------------------|----------------------------------|---------------|---------------------------|----------------------------------|-------------------|----------------------------|
|                               | Institutional Business Sub-Group | Principal Transactions Sub-Group | Showa Leasing | Other Institutional Group | Financial Institutions Sub-Group | Markets Sub-Group | Other Global Markets Group |
| Revenue:                      | ¥ 25,315                         | ¥ 18,686                         | ¥ 11,832      | ¥ 677                     | ¥ 2,458                          | ¥ 5,700           | ¥ 2,768                    |
| Net interest income           | 18,098                           | 11,763                           | (1,820)       | (265)                     | 1,110                            | 1,646             | 134                        |
| Noninterest income            | 7,217                            | 6,922                            | 13,652        | 943                       | 1,348                            | 4,054             | 2,634                      |
| Expenses                      | 9,134                            | 3,593                            | 6,109         | 1,098                     | 1,731                            | 2,466             | 2,807                      |
| Net credit costs (recoveries) | (4,564)                          | 91                               | (1,442)       | 437                       | (83)                             | 69                | (73)                       |
| Segment profit (loss)         | ¥ 20,745                         | ¥ 15,001                         | ¥ 7,165       | ¥ (858)                   | ¥ 810                            | ¥ 3,164           | ¥ 34                       |

(Millions of yen)

|                               | Individual Group         |                            |                 |         | Corporate/Other    |         | Total     |
|-------------------------------|--------------------------|----------------------------|-----------------|---------|--------------------|---------|-----------|
|                               | Retail Banking Sub-Group | Consumer Finance Sub-Group |                 |         | Treasury Sub-Group | Other   |           |
|                               |                          | Shinsei Financial          | APLUS FINANCIAL | Other   |                    |         |           |
| Revenue:                      | ¥ 21,670                 | ¥ 40,845                   | ¥ 37,359        | ¥ 1,102 | ¥ 7,169            | ¥ 106   | ¥ 175,695 |
| Net interest income           | 17,124                   | 42,847                     | 4,820           | 936     | 947                | 272     | 97,617    |
| Noninterest income            | 4,546                    | (2,001)                    | 32,539          | 166     | 6,221              | (166)   | 78,078    |
| Expenses                      | 26,143                   | 23,664                     | 26,682          | 514     | 1,215              | 283     | 105,444   |
| Net credit costs (recoveries) | 103                      | 6,020                      | 5,246           | (80)    | —                  | 0       | 5,724     |
| Segment profit (loss)         | ¥ (4,576)                | ¥ 11,161                   | ¥ 5,430         | ¥ 669   | ¥ 5,954            | ¥ (177) | ¥ 64,526  |

(Notes)

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

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

2. "Expenses" are general and administrative expenses deducting amortization of goodwill and other intangible assets acquired in business combinations, amortization of net actuarial gains or losses of retirement benefit cost and lump-sum payments.
  3. "Net credit costs (recoveries)" consist of provision/reversal of reserve for credit losses, losses on write-off or sales of loans, and recoveries of written-off claims.
  4. "Shinsei Financial" includes profit/loss on "Shinsei Bank Card Loan - Lake," the unsecured personal card loan business transferred from Shinsei Financial Co., Ltd. to Shinsei Bank, Limited on October 1, 2011, as well as profit/loss of SHINKI Co., Ltd.
  5. "Other" under the Corporate/Other includes company-wide accounts which are not included in reportable segments, allocation variance of indirect expenses and elimination amount of inter-segment transactions.
2. Reconciliation between total segment profit and ordinary profit on the quarterly consolidated statement of income for the nine-month period ended December 31, 2014

(Millions of yen)

| Profit  | Amount   |
|---|----------|
| Total segment profit  | ¥ 64,526 |
| Amortization of goodwill acquired in business combinations          | (4,300)  |
| Amortization of intangible assets acquired in business combinations | (2,188)  |
| Lump-sum payments   | (2,293)  |
| Provision of reserve for losses on interest repayments              | (850)    |
| Other   | 2,333    |
| Ordinary profit on the quarterly consolidated statement of income   | ¥ 57,227 |

### 3. Changes in reportable segments

#### Changes in classification of reportable segments

As a result of an organizational change in the Institutional Group on April 1, 2014, the Business Management Division in the "Other Institutional Group" was abolished and its business was transferred to the Institutional Business Division in the "Institutional Business Sub-Group." In accordance with this organizational change, the classification of reportable segments has been changed.

"Revenue and profit (loss) by reportable segments" for the nine-month periods ended December 31, 2013 and 2014 on the above tables are presented based on the new classification of reportable segments.

**(Financial instruments)**

Fair values of financial instruments as of March 31, 2014

(Millions of yen)

|   | Carrying amount | Fair value | Unrealized gain (loss) |
|---|-----------------|------------|------------------------|
| (1) Other monetary claims purchased <sup>1</sup>                  | ¥ 104,401       | ¥ 105,162  | ¥ 761                  |
| (2) Trading assets  |                 |            |                        |
| Securities held for trading purposes                              | 14,362          | 14,362     | —                      |
| (3) Monetary assets held in trust <sup>1</sup>                    | 199,115         | 202,915    | 3,800                  |
| (4) Securities <sup>2</sup>                                       | 1,482,227       | 1,478,287  | (3,939)                |
| (5) Loans and bills discounted <sup>3</sup>                       | 4,319,830       |            |                        |
| Reserve for credit losses   | (92,484)        |            |                        |
| Net   | 4,227,346       | 4,309,890  | 82,544                 |
| (6) Lease receivables and leased investment assets <sup>(*)</sup> | 223,805         | 225,471    | 1,665                  |
| (7) Other assets  |                 |            |                        |
| Installment receivables   | 421,920         |            |                        |
| Deferred gains on installment receivables                         | (13,672)        |            |                        |
| Reserve for credit losses   | (10,700)        |            |                        |
| Net   | 397,547         | 411,144    | 13,597                 |
| (8) Deposits  | 5,733,223       | 5,738,116  | (4,892)                |
| (9) Negotiable certificates of deposit                            | 117,223         | 117,216    | 7                      |
| (10) Debentures   | 41,747          | 41,782     | (35)                   |
| (11) Trading liabilities  |                 |            |                        |
| Trading securities sold for short sales                           | 14,290          | 14,290     | —                      |
| (12) Borrowed money   | 643,431         | 645,895    | (2,463)                |
| (13) Short-term corporate bonds                                   | 86,900          | 86,900     | —                      |
| (14) Corporate bonds  | 177,248         | 181,687    | (4,439)                |
| (15) Derivative instruments <sup>4</sup> :                        |                 |            |                        |
| Hedge accounting is not applied                                   | (17,867)        | (17,867)   | —                      |
| Hedge accounting is applied                                       | (8,076)         | (8,076)    | —                      |
| Derivative instruments total                                      | (25,943)        | (25,943)   | —                      |

(Millions of yen)

|   | Contract amount | Fair value |
|---|-----------------|------------|
| Other: Guarantee contracts <sup>5</sup> | ¥ 358,414       | ¥ (3,171)  |

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

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

<sup>3</sup> For consumer loans held by consolidated subsidiaries included in loans and bills discounted, reserve for losses on interest repayments of ¥208,201 million was recognized for estimated losses on reimbursements of excess interest payments, which included the reserve for losses on interest repayments that have a possibility of being appropriated for loan principal in the future.

<sup>4</sup> 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.

<sup>5</sup> Contract amount for guarantee contracts presents the amount of "Acceptances and guarantees" on the consolidated balance sheets. Unearned guarantee fees of ¥22,831 million were recognized as

“Other liabilities.”

Fair values of financial instruments as of December 31, 2014 (Millions of yen)

|   | Carrying amount | Fair value | Unrealized gain (loss) |
|---|-----------------|------------|------------------------|
| (1) Other monetary claims purchased <sup>1</sup>                | ¥ 97,497        | ¥ 98,484   | ¥ 987                  |
| (2) Trading assets  |                 |            |                        |
| Securities held for trading purposes                            | 66,441          | 66,441     | —                      |
| (3) Monetary assets held in trust                               | 183,242         | 188,617    | 5,375                  |
| (4) Securities <sup>2</sup>                                     | 1,331,205       | 1,326,823  | (4,382)                |
| (5) Loans and bills discounted <sup>3</sup>                     | 4,357,752       |            |                        |
| Reserve for credit losses                                       | (73,652)        |            |                        |
| Net   | 4,284,100       | 4,390,850  | 106,750                |
| (6) Lease receivables and leased investment assets <sup>1</sup> | 222,468         | 225,274    | 2,805                  |
| (7) Other assets  |                 |            |                        |
| Installment receivables   | 450,605         |            |                        |
| Deferred gains on installment receivables                       | (14,492)        |            |                        |
| Reserve for credit losses                                       | (10,824)        |            |                        |
| Net   | 425,287         | 442,337    | 17,049                 |
| (8) Deposits  | 5,516,882       | 5,527,455  | (10,572)               |
| (9) Negotiable certificates of deposit                          | 105,282         | 105,279    | 2                      |
| (10) Debentures   | 35,453          | 35,483     | (29)                   |
| (11) Trading liabilities  |                 |            |                        |
| Trading securities sold for short sales                         | 38,663          | 38,663     | —                      |
| (12) Borrowed money   | 774,906         | 776,846    | (1,940)                |
| (13) Short-term corporate bonds                                 | 95,500          | 95,500     | —                      |
| (14) Corporate bonds  | 194,764         | 198,478    | (3,713)                |
| (15) Derivative instruments <sup>4</sup> :                      |                 |            |                        |
| Hedge accounting is not applied                                 | (18,934)        | (18,934)   | —                      |
| Hedge accounting is applied                                     | (10,058)        | (10,058)   | —                      |
| Derivative instruments total                                    | (28,992)        | (28,992)   | —                      |

(Millions of yen)

|   | Contract amount | Fair value |
|---|-----------------|------------|
| Other: Guarantee contracts <sup>5</sup> | ¥ 318,820       | ¥ (1,128)  |

<sup>1</sup> Carrying amounts of other monetary claims purchased, and lease receivables and leased investment assets are presented as the amount net of reserve for credit losses, because they are immaterial.

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

<sup>3</sup> For consumer loans held by consolidated subsidiaries included in loans and bills discounted, reserve for losses on interest repayments of ¥176,931 million was recognized for estimated losses on reimbursements of excess interest payments, which included the reserve for losses on interest repayments that have a possibility of being appropriated for loan principal in the future.

<sup>4</sup> 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.

<sup>5</sup> Contract amount for guarantee contracts presents the amount of “Acceptances and guarantees” on the quarterly consolidated balance sheets. Unearned guarantee fees of ¥22,312 million were

recognized as "Other liabilities."

(Note) Valuation methodologies for financial instruments

(1) Other monetary claims purchased

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

(2) Trading assets

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

(3) Monetary assets held in trust

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

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

(4) Securities

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

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

(5) Loans and bills discounted

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

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

(6) Lease receivables and leased investment assets

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

(7) Installment receivables

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

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

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

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

(10) Debentures and (14) Corporate bonds

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

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

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

(11) Trading liabilities

Fair values are measured at market prices.

(12) Borrowed money

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

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

(13) Short-term corporate bonds

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

(15) Derivative instruments

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

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

## (Securities)

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

### 1. Securities being held to maturity:

As of March 31, 2014

(Millions of yen)

|                                    | Carrying amount | Fair value | Unrealized gain (loss) |
|------------------------------------|-----------------|------------|------------------------|
| Japanese national government bonds | ¥ 497,405       | ¥ 499,177  | ¥ 1,771                |
| Other                              | 48,269          | 52,371     | 4,101                  |
| Total                              | ¥ 545,675       | ¥ 551,548  | ¥ 5,872                |

As of December 31, 2014

(Millions of yen)

|                                    | Carrying amount | Fair value | Unrealized gain (loss) |
|------------------------------------|-----------------|------------|------------------------|
| Japanese national government bonds | ¥ 575,966       | ¥ 580,531  | ¥ 4,565                |
| Other                              | 42,530          | 45,603     | 3,072                  |
| Total                              | ¥ 618,497       | ¥ 626,135  | ¥ 7,638                |

### 2. Securities available for sale:

As of March 31, 2014

(Millions of yen)

|                                    | Amortized/<br>Acquisition cost | Carrying amount<br>(Fair value) | Unrealized<br>gain (loss) |
|------------------------------------|--------------------------------|---------------------------------|---------------------------|
| Equity securities                  | ¥ 13,511                       | ¥ 19,947                        | ¥ 6,435                   |
| Domestic bonds                     | 746,430                        | 746,084                         | (346)                     |
| Japanese national government bonds | 630,133                        | 629,398                         | (735)                     |
| Japanese local government bonds    | 502                            | 523                             | 21                        |
| Japanese corporate bonds           | 115,794                        | 116,162                         | 368                       |
| Other                              | 132,347                        | 136,533                         | 4,186                     |
| Total                              | ¥ 892,289                      | ¥ 902,565                       | ¥ 10,276                  |

As of December 31, 2014

(Millions of yen)

|                                    | Amortized/<br>Acquisition cost | Carrying amount<br>(Fair value) | Unrealized<br>gain (loss) |
|------------------------------------|--------------------------------|---------------------------------|---------------------------|
| Equity securities                  | ¥ 13,156                       | ¥ 24,015                        | ¥ 10,858                  |
| Domestic bonds                     | 493,409                        | 493,786                         | 377                       |
| Japanese national government bonds | 395,273                        | 396,888                         | 1,614                     |
| Japanese local government bonds    | 501                            | 517                             | 15                        |
| Japanese corporate bonds           | 97,634                         | 96,381                          | (1,253)                   |
| Other                              | 148,893                        | 152,568                         | 3,675                     |
| Total                              | ¥ 655,459                      | ¥ 670,370                       | ¥ 14,911                  |



(Note)

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

Impairment loss on available-for-sale securities carried at fair value for the fiscal year ended March 31, 2014 was ¥1,716 million, which consisted of ¥0 million for equity securities, ¥1,699 million for Japanese corporate bonds and ¥16 million for other securities.

Impairment loss on available-for-sale securities carried at fair value for the nine-month period ended December 31, 2014 was ¥687 million, which consisted of ¥686 million for Japanese corporate bonds and ¥0 million for other securities.

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

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

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

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

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

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

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

### (Monetary assets held in trust)

1. There were no monetary assets held in trust held to maturity as of March 31, 2014 and December 31, 2014.
2. Monetary assets held in trust other than for trading purposes and held to maturity:

As of March 31, 2014 (Millions of yen)

|                                     | Acquisition cost | Carrying amount | Unrealized gain (loss) |
|-------------------------------------|------------------|-----------------|------------------------|
| Other monetary assets held in trust | ¥ 131,163        | ¥ 131,163       | —                      |

As of December 31, 2014 (Millions of yen)

|                                     | Acquisition cost | Carrying amount | Unrealized gain (loss) |
|-------------------------------------|------------------|-----------------|------------------------|
| Other monetary assets held in trust | ¥ 129,934        | ¥ 129,934       | —                      |

### (Derivative transactions)

Fair values of derivatives are adjusted for credit risk and liquidity risk by directly reducing reasonably estimated reserves from relevant trading assets. The fair values of derivatives on the consolidated balance sheets as of March 31, 2014 and December 31, 2014 are adjusted for credit risk by a reduction of ¥623 million and ¥920 million, respectively, and also adjusted for liquidity risk by a reduction of ¥1,102 million and ¥1,147 million, respectively. Regardless of this accounting treatment, the reduction of those risks is not reflected in the fair values shown in the following tables.

#### (1) Interest rate-related transactions:

As of March 31, 2014 (Millions of yen)

|                  | Contract type           | Contract/Notional principal | Fair value | Unrealized gain (loss) |
|------------------|-------------------------|-----------------------------|------------|------------------------|
| Listed           | Future contracts        | ¥ 12,077                    | ¥ 0        | ¥ 0                    |
|                  | Interest rate options   | 639                         | (0)        | 0                      |
| Over the counter | Forward contracts       | —                           | —          | —                      |
|                  | Interest rate swaps     | 11,791,572                  | 23,309     | 23,309                 |
|                  | Interest rate swaptions | 2,332,912                   | (5,060)    | 4,688                  |
|                  | Interest rate options   | 216,928                     | (135)      | 99                     |
|                  | Other                   | —                           | —          | —                      |
| Total            |                         | —                           | ¥ 18,113   | ¥ 28,097               |

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

As of December 31, 2014 (Millions of yen)

|                  | Contract type           | Contract/Notional principal | Fair value | Unrealized gain (loss) |
|------------------|-------------------------|-----------------------------|------------|------------------------|
| Listed           | Future contracts        | ¥ 62,360                    | ¥ 8        | ¥ 8                    |
|                  | Interest rate options   | 30,409                      | 4          | (7)                    |
| Over the counter | Forward contracts       | —                           | —          | —                      |
|                  | Interest rate swaps     | 13,806,722                  | 24,458     | 24,458                 |
|                  | Interest rate swaptions | 2,110,744                   | (7,618)    | (2,201)                |
|                  | Interest rate options   | 117,278                     | (95)       | (69)                   |
|                  | Other                   | —                           | —          | —                      |
| Total            |                         | —                           | ¥ 16,757   | ¥ 22,188               |

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

## (2) Currency-related transactions:

As of March 31, 2014

(Millions of yen)

|                     | Contract type                      | Contract/<br>Notional<br>principal | Fair value | Unrealized<br>gain (loss) |
|---------------------|------------------------------------|------------------------------------|------------|---------------------------|
| Listed              | Future foreign exchange contracts  | —                                  | —          | —                         |
|                     | Currency options                   | —                                  | —          | —                         |
| Over the<br>counter | Currency swaps                     | ¥ 839,527                          | ¥ (26,309) | ¥ (26,309)                |
|                     | Forward foreign exchange contracts | 1,468,927                          | 19,161     | 19,161                    |
|                     | Currency options                   | 2,894,097                          | (34,659)   | (30,917)                  |
|                     | Other                              | —                                  | —          | —                         |
| Total               |                                    | —                                  | ¥ (41,807) | ¥ (38,065)                |

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

As of December 31, 2014

(Millions of yen)

|                     | Contract type                      | Contract/<br>Notional<br>principal | Fair value | Unrealized<br>gain (loss) |
|---------------------|------------------------------------|------------------------------------|------------|---------------------------|
| Listed              | Future foreign exchange contracts  | —                                  | —          | —                         |
|                     | Currency options                   | —                                  | —          | —                         |
| Over the<br>counter | Currency swaps                     | ¥ 876,871                          | ¥ (31,717) | ¥ (31,717)                |
|                     | Forward foreign exchange contracts | 1,641,753                          | 16,403     | 16,403                    |
|                     | Currency options                   | 2,053,498                          | (25,239)   | (27,155)                  |
|                     | Other                              | —                                  | —          | —                         |
| Total               |                                    | —                                  | ¥ (40,553) | ¥ (42,469)                |

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

(3) Equity-related transactions:

As of March 31, 2014

(Millions of yen)

|                  | Contract type        | Contract/Notional principal | Fair value | Unrealized gain (loss) |
|------------------|----------------------|-----------------------------|------------|------------------------|
| Listed           | Equity index futures | ¥ 26,106                    | ¥ 57       | ¥ 57                   |
|                  | Equity index options | 1,249,873                   | 2,452      | 259                    |
|                  | Equity options       | —                           | —          | —                      |
| Over the counter | Equity options       | 160,528                     | 6,392      | 4,738                  |
|                  | Equity index swaps   | —                           | —          | —                      |
|                  | Other                | 172,277                     | (1,111)    | (1,111)                |
| Total            |                      | —                           | ¥ 7,790    | ¥ 3,943                |

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

As of December 31, 2014

(Millions of yen)

|                  | Contract type        | Contract/Notional principal | Fair value | Unrealized gain (loss) |
|------------------|----------------------|-----------------------------|------------|------------------------|
| Listed           | Equity index futures | ¥ 27,953                    | ¥ (873)    | ¥ (873)                |
|                  | Equity index options | 824,178                     | (1,906)    | (3,809)                |
|                  | Equity options       | —                           | —          | —                      |
| Over the counter | Equity options       | 111,681                     | 10,566     | 8,525                  |
|                  | Equity index swaps   | —                           | —          | —                      |
|                  | Other                | 154,677                     | (609)      | (609)                  |
| Total            |                      | —                           | ¥ 7,176    | ¥ 3,233                |

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

(4) Bond-related transactions:

As of March 31, 2014 (Millions of yen)

|                  | Contract type        | Contract/Notional principal | Fair value | Unrealized gain (loss) |
|------------------|----------------------|-----------------------------|------------|------------------------|
| Listed           | Bond futures         | ¥ 18,567                    | ¥ (16)     | ¥ (16)                 |
|                  | Bond futures options | —                           | —          | —                      |
| Over the counter | Bond options         | —                           | —          | —                      |
|                  | Other                | —                           | —          | —                      |
| Total            |                      | —                           | ¥ (16)     | ¥ (16)                 |

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

As of December 31, 2014 (Millions of yen)

|                  | Contract type        | Contract/Notional principal | Fair value | Unrealized gain (loss) |
|------------------|----------------------|-----------------------------|------------|------------------------|
| Listed           | Bond futures         | ¥ 27,328                    | ¥ (22)     | ¥ (22)                 |
|                  | Bond futures options | 21,845                      | 9          | 10                     |
| Over the counter | Bond options         | —                           | —          | —                      |
|                  | Other                | —                           | —          | —                      |
| Total            |                      | —                           | ¥ (13)     | ¥ (33)                 |

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

(5) There were no commodity derivatives transactions as of March 31, 2014 and December 31, 2014.

(6) Credit derivative transactions:

As of March 31, 2014 (Millions of yen)

|                  | Contract type          | Contract/Notional principal | Fair value | Unrealized gain (loss) |
|------------------|------------------------|-----------------------------|------------|------------------------|
| Over the counter | Credit default options | ¥ 582,826                   | ¥ (220)    | ¥ (220)                |
|                  | Other                  | —                           | —          | —                      |
| Total            |                        | —                           | ¥ (220)    | ¥ (220)                |

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

As of December 31, 2014 (Millions of yen)

|                  | Contract type          | Contract/Notional principal | Fair value | Unrealized gain (loss) |
|------------------|------------------------|-----------------------------|------------|------------------------|
| Over the counter | Credit default options | ¥ 545,186                   | ¥ (233)    | ¥ (233)                |
|                  | Other                  | —                           | —          | —                      |
| Total            |                        | —                           | ¥ (233)    | ¥ (233)                |

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

**(Per share information)**

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

Diluted EPS for the nine-month period ended December 31, 2014 is not presented because the existing potential common shares have no dilutive effect.

|   |                   | December 31,<br>2013<br>(9 months) | December 31,<br>2014<br>(9 months) |
|---|-------------------|------------------------------------|------------------------------------|
| (1) Basic EPS   | (Yen)             | ¥ 10.43                            | ¥ 19.73                            |
| (Calculation basis)   |                   |                                    |                                    |
| Net income  | (Millions of yen) | ¥ 27,701                           | ¥ 52,364                           |
| The amount which is not attributable to common shareholders | (Millions of yen) | —                                  | —                                  |
| Net income attributable to common shares                    | (Millions of yen) | ¥ 27,701                           | ¥ 52,364                           |
| Weighted average number of common shares                    | (Thousands)       | 2,653,919                          | 2,653,918                          |
| (2) Diluted EPS   | (Yen)             | ¥ 10.43                            | —                                  |
| (Calculation basis)   |                   |                                    |                                    |
| Adjustment amount of net income                             | (Millions of yen) | —                                  | —                                  |
| Increase of the number of common shares                     | (Thousands)       | 3                                  | —                                  |

**(Subsequent event)**

There is no material subsequent event to be presented.