

# **Financial Summary**

**For the First Half Ended September 30, 2013**



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

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

## Financial and Economic Environment

During the first half of fiscal year 2013 (April 1, 2013-September 30, 2013), the Japanese economy has made steady, albeit gentle, progress toward a recovery with the “Abenomics” of the Abe administration resulting in improvements in economic sentiment, pickups in personal spending and industrial manufacturing, increases in public investment and housing construction, improvements in the job market, and improvements in exports as a result of gradual improvements in the U.S. economy and a correction in the price of the yen. In addition, there are strong expectations for an economic ripple effect now that Tokyo has won the bid to host the 2020 Summer Olympics.

In these circumstances, the Japanese Government (Government) and Bank of Japan (BOJ) have worked to promote a variety of policies to enable the realization of “Abenomics.” Of these, on April 4, 2013, the BOJ chose to introduce new monetary easing measures that are “of a different dimension, both in terms of quantity and quality.” Additionally, the Government will undertake a flexible financial policy called a “fifteen-month budget,” and promote the establishment of a growth strategy that will stimulate private investment. Additionally, on October 1, the Government announced its decision to raise the consumption tax from 5% to 8% in April of next year, is contemplating fiscal consolidation and reform of the social insurance system, as well as announced its intention to evaluate measures such as tax reductions to promote investment and employment as well as to formulate economic measures aimed at preventing adverse effects to the economy.

Going forward, while it is expected that exports will begin to recover in earnest, and that improvements in the economy will begin to manifest in the form of increased private investment in household incomes as a result of the various policies being implemented to stimulate the economy, the possibility of an economic downturn in overseas economies poses a significant risk, and there are many who voice their apprehension regarding the negative effects of a hike in the consumption tax rate. To see a successful recovery, it will require both a strong commitment from the Government to successfully implement policies, as well as independent efforts on the

part of the private sector.

In the financial market, exchange rates, interest rates and stock prices have seen large fluctuations since the decision by the BOJ to implement an unprecedented monetary easing policy at the beginning of fiscal year 2013. First, regarding the exchange rate, while the yen weakened from the beginning of the period until the second half of May and later experienced some buy backs, it still remained weak overall in the first half of fiscal year 2013 with the exchange rate for the yen as of September 30, 2013 at approximately ¥98/USD1 (depreciation of approximately ¥4 versus end of March, 2013) and ¥133/EUR1 (depreciation of approximately ¥12 versus end of March, 2013).

Next, regarding interest rates, the domestic long-term interest rate (10 year government bond yields) which was under the 0.6% level as of March 2013, temporarily plummeted to 0.3% immediately following the announcement of the monetary easing policy. After this drop-off, as a result of funds transfers following the rise in stock prices, the interest rate experienced great volatility, at one point touching the 1% level on May 23, 2013. However, due to the actions of the Bank of Japan to buy long-term government bonds, the interest rate steadily fell and is now below the 0.7% level as of September 30, 2013. The short term interest rate continues to remain steady at low levels.

Finally, regarding the Nikkei Stock Average, due to rising expectations of an economic recovery, the Stock Average rose at a rapid rate in the beginning of the fiscal period, and nearly reached the ¥16,000 mark on May 23, 2013. Following this initial rise, there were days in which the Stock Average experienced steep drops in value, and for a period of time price movement of the Average was turbulent. The price of the Average has since calmed and the Nikkei Stock Average finished at ¥14,455.80 as of end of September 2013 (appreciation of approximately ¥2,060 versus end of March, 2013).

Financial Highlights<sup>(1)</sup>

(Billions of yen, except percentages)

	1H FY2013 (6 months)	1H FY2012 (6 months)	Change % or Amount	FY2012 (12 months)
<b>Selected income statement items (Consolidated)</b>				
Net interest income	55.0	56.1	(2.0)%	111.6
Non-interest income	45.2	47.9	(5.6)%	87.3
Net fees and commissions	11.6	8.7	33.2%	19.1
Net trading income	6.9	9.5	(27.0)%	20.0
Net other business income	26.5	29.5	(10.1)%	48.1
Total revenue	100.2	104.1	(3.7)%	199.0
General and administrative expenses	65.8	63.7	3.2%	128.6
Ordinary business profit	34.4	40.3	(14.6)%	70.3
Net credit costs	0.3	6.2	(94.3)%	5.5
Ordinary business profit after net credit costs	34.0	34.0	0.1%	64.8
Amortization of goodwill and other intangible assets <sup>(2)</sup>	5.1	5.6	(10.2)%	10.7
Other gains (losses)	(1.3)	(0.4)	(193.9)%	(0.1)
Income before income taxes and minority interests	27.6	27.9	(1.2)%	53.8
Current income tax	1.8	0.8	127.9%	0.5
Deferred income tax	(3.1)	(0.4)	(585.7)%	(1.3)
Minority interests in net income of subsidiaries	1.6	1.7	(9.7)%	3.5
Net income	27.2	25.7	5.7%	51.0
Cash basis net income <sup>(3)</sup>	31.7	30.6	3.4%	60.4
<b>Selected balance sheet items (Consolidated)</b>				
Securities	1,794.7	2,003.4	(208.6)	1,842.3
Loans and bills discounted	4,208.6	4,281.9	(73.2)	4,292.4
Customers' liabilities for acceptances and guarantees	453.0	550.2	(97.1)	511.0
Reserve for credit losses	(143.9)	(171.9)	28.0	(161.8)
Total assets	8,905.5	8,882.5	22.9	9,029.3
Deposits and negotiable certificates of deposit	5,753.4	5,374.6	378.7	5,457.5
Debentures	45.8	277.6	(231.7)	262.3
Borrowed money	619.3	718.3	(99.0)	719.2
Reserve for losses on interest repayments	28.6	41.5	(12.9)	34.9
Total liabilities	8,198.5	8,235.2	(36.7)	8,345.6
Total equity	706.9	647.2	59.7	683.6
<b>Financial ratios (%) (Consolidated)</b>				
Net interest margin	2.03	2.08		2.02
Expense-to-revenue ratio	65.6	61.3		64.6
Return on assets	0.6	0.6 <sup>(4)</sup>		0.6
Return on equity (fully diluted)	8.6	8.9 <sup>(4)</sup>		8.6
Cash basis return on assets	0.7	0.7 <sup>(4)</sup>		0.7
Cash basis return on equity (fully diluted)	10.7	11.6 <sup>(4)</sup>		11.1
<b>Capital adequacy data (Consolidated)</b>				
Tier I	652.5	573.8	78.6	608.8
Total capital	768.6	687.8	80.7	715.8
Risk assets	5,443.5	5,869.2	△ 425.7	5,847.7
Capital adequacy ratio	14.12%	11.71%		12.24%
Tier I capital ratio	11.98%	9.77%		10.41%

(Billions of yen, except percentages)

	1H FY2013 (6 months)	1H FY2012 (6 months)	Change % or Amount	FY2012 (12 months)
<b>Per share data (Consolidated)</b>				
Common equity	242.90	220.70	10.1%	233.65
Basic net income	10.26	9.70	5.7%	19.24
Cash basis basic net income	11.96	11.56	3.4%	22.77
<b>Non-performing loans (Non-Consolidated)</b>				
Claims classified under the Financial Revitalization Law	202.0	274.6	(72.6)	242.6
Ratio to total claims	4.76%	6.16%		5.32%
Reserve for credit losses	90.4	113.5	(23.1)	106.5
Coverage ratio for non-performing claims	95.5%	97.2%		95.9%
<b>Selected income statement items (Non-Consolidated)</b>				
Net interest income	37.5	34.8	7.7%	62.0
Non-interest income	10.3	17.3	(40.4)%	31.2
Net fees and commissions	6.0	7.5	(20.3)%	10.3
Net trading income	2.5	8.5	(70.4)%	14.5
Net other business income	1.7	1.2	43.3%	6.3
Total revenue	47.8	52.1	(8.3)%	93.3
General and administrative expenses	34.3	33.3	2.9%	67.3
Ordinary business profit	13.5	18.7	(28.1)%	25.9
Net credit costs (recoveries)	(0.9)	1.5	(163.8)%	(1.2)
Net income	15.5	15.6	(0.8)%	24.6

(1) Represents results based on management accounting basis.

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

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

(4) Annualized basis.

The Shinsei Bank Group recognized consolidated net income of ¥27.2 billion for the first half of fiscal year 2013 (April 1, 2013 to September 30, 2013), ¥1.4 billion higher than the first half of fiscal year 2012 of ¥25.7 billion. Fiscal year 2013 is the first year of the Bank's Second Medium-Term Management Plan, which was disclosed in March 2013. Results were robust, representing a 57% progression rate toward the full-year target of ¥48.0 billion set for fiscal year 2013.

- Total revenue was ¥100.2 billion for the first half of fiscal year 2013. Net interest income of ¥55.0 billion, a decrease as compared to ¥56.1 billion for the first half of fiscal year 2012, was recorded. This was due to the continuation of progress made in the First Medium-Term Management Plan at reducing non-core assets and due to the balance of consumer finance loans declining compared to the first half of fiscal year 2012 on account of the ongoing effects of the revised Money-Lending Business Control and Regulation Law, etc. However, the consumer finance loan balance has shifted to a growth trend since the fourth quarter of fiscal year 2012, and the balance has continued to increase in fiscal year 2013. Non-interest income for the first half of fiscal year 2013 was ¥45.2 billion.
- Regarding general and administrative expenses, while continuing to promote operational efficiency, a total expenditure of ¥65.8 billion was recorded for the first half of fiscal year 2013, an increase compared to ¥63.7 billion spent in the first half of fiscal year 2012. This spending was the result of proactive allocation of management resources in areas necessary to expand the business base of Shinsei Bank such as human resources and advertising.
- Regarding net credit costs there were no major provisions necessary as were recorded in the past due to efforts made at reducing underlying risk through the reduction in non-core assets. In addition, due to factors such as the reversal of reserves for loan losses upon

the sale of non-performing loans and improvements in loan quality in the consumer finance business, total net credit costs remained low at ¥0.3 billion, an improvement versus ¥6.2 billion recorded in the first half of fiscal year 2012.

- Regarding performance of separate business groups, all groups continue to post steady ordinary business profits after net credit costs after fiscal year 2012.
  - In the Institutional Group the expansion of the customer base continued with progress made in further differentiation of strategic areas aimed at strengthening earnings. Ordinary business profit after net credit costs was strong, increasing from ¥16.1 billion recorded for the first half of fiscal year 2012, to ¥26.6 billion recorded for the first half of fiscal year 2013.
  - The Global Markets Group continues to work to expand the customer base and to develop and provide products that meet the needs of customers. Ordinary business profit after net credit costs was ¥0.8 billion, down from ¥4.7 billion in the first half of fiscal year 2012 due to the combined effect of the absence of major collections on written-off claims recorded in the first half of fiscal year 2013, which had a material impact in the first half of fiscal year 2012, and growth in the total volume of market related-transactions was sluggish.
  - In the Individual Group, revenue decreased slightly as compared to the first half of fiscal year 2012 due to the declining balance of consumer finance loans on account of the ongoing effects of the revised Money-Lending Business Control and Regulation Law. However, the consumer finance loan balance shifted to a growth trend in the fourth quarter of fiscal year 2012 and the balance has continued to grow in fiscal year 2013. Also, sales of investment products continued to be strong in the Retail

Banking Business, hence ordinary business profit after net credit costs of ¥10.8 billion was recorded for the first half of fiscal year 2013.

- Balance of loans and bills discounted went from ¥4,292.4 billion as of March 31, 2013, to ¥4,208.6 billion as of September 30, 2013. In loans to individuals, housing loans continued to be strong, and the loan balance of Consumer Finance shifted to a growth trend in the fourth quarter of fiscal year 2012, and the balance continues to grow in fiscal year 2013. On the other hand, there continues to be stiff competition to meet demand for financing in loans to institutional customers, and the balance has decreased somewhat due to collections on non-performing loans.
- Net interest margin of 2.03% was recorded for the first half of fiscal year 2013, a decrease as compared to 2.08% for the first half of fiscal year 2012. This was mainly due to the decrease in the balance of consumer finance loans bearing relatively high interest rates resulting in a decrease in the yield on interest-earning assets compared to the first half of the fiscal year 2012. However, a portion of high interest rate time deposits made in previous years reached maturity, and as a result expenses on interest-bearing liabilities such as deposits and negotiable certificates of deposit also decreased, which mitigated the decrease in the net interest margin. It should be noted that net interest margin has improved from 2.02% recorded as of March 31, 2013.
- Regarding capital ratios, Tier I capital and total capital increased due to the accumulation of consolidated net income and amortization of goodwill and other intangible assets during the first half of fiscal year 2013, which resulted in an improvement of the consolidated capital adequacy ratio from 12.24% as of March 31, 2013, to 14.12% as of September 30, 2013, and the Tier I capital ratio rose from 10.41% as of March 31, 2013 to 11.98% on September 30, 2013.
- The balance of non-performing loans under the Financial Revitalization Law (non-consolidated) totaled ¥202.0 billion as of September 30, 2013, a decrease of ¥40.6 billion during the first half of fiscal year 2013, mainly due to sales and collections of non-performing loans, etc. In addition, the proportion of non-performing claims to the balance of total claims improved from 5.32% as of March 2013, to 4.76% as of September 30, 2013.

## Section 1. Consolidated Information

*Results of Operations* <sup>(1)</sup> -Table 1- (Consolidated)

	<i>(Billions of yen, except percentages)</i>			
	1H FY2013 (6 months)	1H FY2012 (6 months)	% Change	FY2012 (12 months)
Net interest income	55.0	56.1	(2.0)	111.6
Non-interest income	45.2	47.9	(5.6)	87.3
Net fees and commissions	11.6	8.7	33.2	19.1
Net trading income	6.9	9.5	(27.0)	20.0
Net other business income	26.5	29.5	(10.1)	48.1
<b>Total revenue</b>	<b>100.2</b>	<b>104.1</b>	<b>(3.7)</b>	<b>199.0</b>
<b>General and administrative expenses</b>	<b>65.8</b>	<b>63.7</b>	<b>3.2</b>	<b>128.6</b>
<b>Ordinary business profit</b>	<b>34.4</b>	<b>40.3</b>	<b>(14.6)</b>	<b>70.3</b>
<b>Net credit costs (recoveries)</b>	<b>0.3</b>	<b>6.2</b>	<b>(94.3)</b>	<b>5.5</b>
<b>Ordinary business profit after net credit costs</b>	<b>34.0</b>	<b>34.0</b>	<b>0.1</b>	<b>64.8</b>
<b>Amortization of goodwill and other intangible assets</b> <sup>(2)</sup>	<b>5.1</b>	<b>5.6</b>	<b>(10.2)</b>	<b>10.7</b>
<b>Other gains (losses)</b>	<b>(1.3)</b>	<b>(0.4)</b>	<b>(193.9)</b>	<b>(0.1)</b>
<b>Income before income taxes and minority interests</b>	<b>27.6</b>	<b>27.9</b>	<b>(1.2)</b>	<b>53.8</b>
<b>Current income tax</b>	<b>1.8</b>	<b>0.8</b>	<b>127.9</b>	<b>0.5</b>
<b>Deferred income tax</b>	<b>(3.1)</b>	<b>(0.4)</b>	<b>(585.7)</b>	<b>(1.3)</b>
<b>Minority interests in net income of subsidiaries</b>	<b>1.6</b>	<b>1.7</b>	<b>(9.7)</b>	<b>3.5</b>
<b>Net income</b>	<b>27.2</b>	<b>25.7</b>	<b>5.7</b>	<b>51.0</b>
Cash basis net income <sup>(3)</sup>	31.7	30.6	3.4	60.4

(1) Represents results based on management accounting basis.

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

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

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

**Total Revenue**

Shinsei Bank reported total revenue of ¥100.2 billion for the first half of fiscal year 2013, consisting of net interest income of ¥55.0 billion and non-interest income of ¥45.2 billion. This represented a decrease as compared to total revenue of ¥104.1 billion for the first half of fiscal year 2012. However, it was an increase as compared to ¥94.9 billion for the second half of fiscal year 2012, and represents a progression of approximately 47% to the fiscal year 2013 target of ¥215.0 billion established in the Second Medium-Term Management Plan. This was mainly due to the creation of fundamental frameworks from a financial and operational aspect being mostly complete, which resulted in almost no impact of non-recurring losses such as impairments.

**Net Interest Income**

Net interest income of ¥55.0 billion was recorded for the first half of fiscal year 2013, which represents a progression of approximately 48% to the fiscal year 2013 target of ¥115.0 billion established in the Second Medium-Term Management Plan. This was a decrease as compared to ¥56.1 billion for the first half of fiscal year 2012, mainly due to the reduction in non-core assets, and the lower balance of consumer finance loans. However, the consumer finance loan balance shifted to an increasing trend in the fourth quarter of fiscal year 2012 and continues to grow in fiscal year 2013, and the housing loan balance also continues to grow. Net interest income for the Institutional Group was almost at the same level as that of the first half of fiscal year 2012.

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

	(Billions of yen, except percentages)								
	1H FY2013 (6 months)			1H FY2012 (6 months)			FY2012 (12 months)		
	Average Balance	Interest	Yield/rate <sup>(6)</sup> (%)	Average Balance	Interest	Yield/rate <sup>(6)</sup> (%)	Average Balance	Interest	Yield/rate <sup>(6)</sup> (%)
<b>Interest-earning assets<sup>(1)</sup> :</b>									
Loans and bills discounted	4,264.8	62.7	2.94	4,185.6	64.7	3.08	4,246.2	128.5	3.03
Lease receivables and leased investment assets / installment receivables <sup>(1)</sup>	591.1	17.8	6.03	563.4	17.6	6.24	568.4	35.6	6.26
Securities	1,937.4	8.2	0.85	1,886.7	8.6	0.91	2,014.3	17.0	0.85
Other interest-earning assets <sup>(2)(3)</sup>	421.4	1.5	n.m. <sup>(5)</sup>	376.5	0.8	n.m. <sup>(5)</sup>	420.8	2.2	n.m. <sup>(5)</sup>
<b>Total revenue on interest-earning assets (A)<sup>(1)</sup></b>	<b>7,214.8</b>	<b>90.4</b>	<b>2.50</b>	<b>7,012.4</b>	<b>91.7</b>	<b>2.61</b>	<b>7,249.9</b>	<b>183.4</b>	<b>2.53</b>
<b>Interest-bearing liabilities:</b>									
Deposits, including negotiable certificates of deposit	5,725.5	11.3	0.39	5,345.7	11.8	0.44	5,450.2	23.4	0.43
Debentures	85.2	0.1	0.28	289.2	0.5	0.38	281.5	0.9	0.35
Borrowed money	634.0	2.5	0.79	608.8	2.6	0.85	654.4	5.2	0.80
Subordinated debt	90.6	1.0	2.23	93.0	0.9	2.07	92.5	1.9	2.08
Other borrowed money	543.3	1.4	0.55	515.8	1.6	0.64	561.8	3.3	0.59
Corporate bonds	186.9	2.9	3.19	164.0	2.5	3.09	176.9	5.4	3.09
Subordinated bonds	166.9	2.8	3.43	140.2	2.3	3.40	153.7	5.0	3.30
Other corporate bonds	19.9	0.1	1.19	23.7	0.1	1.25	23.2	0.3	1.70
Other interest-bearing liabilities <sup>(2)</sup>	735.8	0.5	n.m. <sup>(5)</sup>	383.6	0.4	n.m. <sup>(5)</sup>	490.8	0.9	n.m. <sup>(5)</sup>
<b>Total expense on interest-bearing liabilities (B)</b>	<b>7,367.6</b>	<b>17.5</b>	<b>0.47</b>	<b>6,791.5</b>	<b>17.9</b>	<b>0.53</b>	<b>7,054.0</b>	<b>36.1</b>	<b>0.51</b>
<b>Net interest margin (A)-(B)<sup>(1)</sup></b>	<b>-</b>	<b>72.9</b>	<b>2.03</b>	<b>-</b>	<b>73.8</b>	<b>2.08</b>	<b>-</b>	<b>147.2</b>	<b>2.02</b>
<b>Non interest-bearing sources of funds:</b>									
Non interest-bearing (assets) liabilities, net	(786.3)	-	-	(355.4)	-	-	(397.8)	-	-
Total equity excluding minority interests in subsidiaries <sup>(4)</sup>	633.6	-	-	576.4	-	-	593.7	-	-
<b>Total non interest-bearing sources of funds (C)</b>	<b>(152.7)</b>	<b>-</b>	<b>-</b>	<b>220.9</b>	<b>-</b>	<b>-</b>	<b>195.8</b>	<b>-</b>	<b>-</b>
<b>Sum of total expense on interest-bearing liabilities and non-interest-bearing sources of funds (D)=(B)+(C)</b>	<b>7,214.8</b>	<b>17.5</b>	<b>0.48</b>	<b>7,012.4</b>	<b>17.9</b>	<b>0.51</b>	<b>7,249.9</b>	<b>36.1</b>	<b>0.50</b>
<b>Net revenue/yield on interest-earning assets (A)-(D)<sup>(1)</sup></b>	<b>-</b>	<b>72.9</b>	<b>2.02</b>	<b>-</b>	<b>73.8</b>	<b>2.10</b>	<b>-</b>	<b>147.2</b>	<b>2.03</b>
<b>Reconciliation of total revenue on interest-earning assets to total interest income:</b>									
Total revenue on interest-earning assets	7,214.8	90.4	2.50	7,012.4	91.7	2.61	7,249.9	183.4	2.53
Less: Income on lease transactions and installment receivables	591.1	17.8	6.03	563.4	17.6	6.24	568.4	35.6	6.26
<b>Total interest income</b>	<b>6,623.7</b>	<b>72.5</b>	<b>2.18</b>	<b>6,448.9</b>	<b>74.1</b>	<b>2.29</b>	<b>6,681.4</b>	<b>147.8</b>	<b>2.21</b>
Total interest expense	-	17.5	-	-	17.9	-	-	36.1	-
<b>Net interest income</b>	<b>-</b>	<b>55.0</b>	<b>-</b>	<b>-</b>	<b>56.1</b>	<b>-</b>	<b>-</b>	<b>111.6</b>	<b>-</b>

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

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

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

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

(5) n.m. is not meaningful.

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

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

The line item "Net revenue (including leasing /installment receivables)" on the chart above includes revenues from net received interest, revenue earned on lease receivables and leased investment assets, and installment account receivables. However, while the Bank considers income on lease transactions and installment accounts receivables to be a component of interest income, Japanese GAAP does not include income on lease transactions and installment accounts receivables in net interest income. Under Japanese GAAP, therefore, income on lease transactions and installment accounts receivables is reported in net other business income in our consolidated statements of operations.

Net interest margin of 2.03% was recorded for the first half of fiscal year 2013, compared to 2.08% for the first half of fiscal year 2012. This decrease was mainly due to factors such as the lower balance of relatively high-yield consumer finance loans and the increased balance of relatively low-yield Japanese government bonds compared to the first

half of fiscal year 2012 resulting in a decrease in the yield on interest-earning assets. At the same time, rates on deposits including negotiable certificates of deposit have fallen from 0.44% in the first half of fiscal year 2012 to 0.39% in the first half of fiscal year 2013, due in part to the maturation of high-yield time deposits made in previous years. This, together with a reduction of interest rates on interest bearing liabilities, such as bonds due to declines in market interest rates, has softened the decrease in the net interest margin.

The revenue on interest-earning assets including leasing and installment accounts receivable for the first half of fiscal year 2013 was ¥72.9 billion, decreasing from ¥73.8 billion in the first half of fiscal year 2012. While the total expense on interest-bearing liabilities decreased by ¥0.4 billion from ¥17.9 billion in the first half of fiscal year 2012 to ¥17.5 billion in the first half of fiscal year 2013, this was offset by a ¥1.3 billion decrease in total revenue on interest-earning assets.

**Non-Interest Income -Table 3- (Consolidated)**

*(Billions of yen, except percentages)*

	1H FY2013 (6 months)	1H FY2012 (6 months)	% Change	FY2012 (12 months)
Net fees and commissions	11.6	8.7	33.2	19.1
Net trading income	6.9	9.5	(27.0)	20.0
Net other business income	26.5	29.5	(10.1)	48.1
Income on lease transactions and installment receivables	17.8	17.6	1.3	35.6
<b>Total non-interest income</b>	<b>45.2</b>	<b>47.9</b>	<b>(5.6)</b>	<b>87.3</b>

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

**Non-interest income**

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

Total non-interest income of ¥45.2 billion was recorded for the first half of fiscal year 2013, a decline compared to ¥47.9 billion in the first half of fiscal year 2012. This represents progress of approximately 45% to the fiscal year 2013 target of ¥100.0 billion set in the Second Medium-Term Management plan. At the same time, however, this also represents an increase as compared to ¥39.4 billion in the second half of fiscal year 2012, due mainly to the near completion of the formulation of a basic framework for stabilizing the earnings and reducing non-core assets in fiscal year 2012, in addition to continuing to proactively develop and provide products tailored to the needs of our customers, with a focus on major sectors and businesses.

**Net fees and commissions**

Net fees and commissions were mainly recorded from non-recourse finance on domestic real estate, servicing fees in specialty finance and principal transactions, guarantee and other businesses operated by Consumer Finance Subsidiaries, and sales of mutual funds and insurance products. Net fees and commissions of ¥11.6 billion were recorded for the first half of fiscal year 2013, increasing from

¥8.7 billion for the first half of fiscal year 2012, mainly due to an increase in fees from mutual funds and structured bonds in retail banking.

**Net trading income**

Net trading income includes revenues from derivatives with customer-driven transactions and those from proprietary trading. Net trading income of ¥6.9 billion was recorded for the first half of fiscal year 2013, a decline from ¥9.5 billion for the first half of fiscal year 2012.

**Net other business income**

Net other business income of ¥26.5 billion was recorded in the first half of fiscal year 2013 as compared to ¥29.5 billion in the first half of fiscal year 2012. This was largely the result of impacts in the ALM business such as a loss of ¥1.4 billion incurred in the first quarter of fiscal year 2013 on the sales of Japanese national government bonds made in order to avoid interest rate risk resulting from volatility in the market. However, income on lease transactions and installment receivables of ¥17.8 billion was recorded for the first half of fiscal year 2013, a slight increase compared to the first half of fiscal year 2012, profits of ¥1.7 billion recorded for the gain on sale of private equities in the first half of fiscal year 2013, up from a loss of ¥0.1 billion in the first half of fiscal year 2012, have somewhat softened the impact of losses related to the sale of Japanese government bonds.

**General and Administrative Expenses -Table 4- (Consolidated)**

	<i>(Billions of yen, except percentages)</i>			
	1H FY2013 (6 months)	1H FY2012 (6 months)	% Change	FY2012 (12 months)
Personnel expenses	26.1	25.2	3.9	51.5
Non-personnel expenses <sup>(1)</sup>	39.6	38.5	2.8	77.0
Premises expenses	9.7	9.6	1.0	19.4
Technology and data processing expenses	8.8	8.9	(0.8)	17.6
Advertising expenses	5.0	4.3	14.4	9.2
Consumption and property taxes	3.2	3.3	(3.3)	6.5
Deposit insurance premium	2.0	2.1	(3.8)	3.5
Other general and administrative expenses	10.7	10.0	6.2	20.6
<b>General and administrative expenses</b>	<b>65.8</b>	<b>63.7</b>	<b>3.2</b>	<b>128.6</b>

(1) Items included in non-personnel expenses have been reclassified.

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

- **General and administrative expenses**

General and administrative expenses of ¥65.8 billion were recorded in the first half of fiscal year 2013, an increase compared to the ¥63.7 billion recorded in the first half of fiscal year 2012. This was a result of prioritized allocation of management resources in relevant business areas in order to further expand our customer base and to smoothly enhance our profitability, both of which are major strategic targets established in the Second Medium-Term Management Plan.

- **Personnel expenses**

Personnel expenses of ¥26.1 billion were recorded in the first half of fiscal year 2013, an increase as compared to ¥25.2 billion in the first half of fiscal year 2012. We are looking to allocate additional personnel to each business area in order to expand our customer base and enhance our profitability.

- **Non-personnel expenses**

Non-personnel expenses were ¥39.6 billion in the first half of fiscal year 2013, an increase as compared to ¥38.5 billion in the first half of fiscal year 2012, as we have worked to rationalize expenses across all of our business lines through a strict expense control, while also investing in enhancing in our business infrastructure.

Premises expenses of ¥9.7 billion was recorded in the first half of fiscal year 2013, more or less flat as compared to the first half of fiscal year 2012, reflecting our continuing efforts to streamline expenses.

Technology and data processing expenses of ¥8.8 billion were recorded in the first half of fiscal year 2013, almost at the same level of those in the first half of fiscal year 2012, and investments to stabilize our information technology infrastructure are becoming fully realized.

Advertising expenses of ¥5.0 billion were recorded in the first half of fiscal year 2013, an increase from ¥4.3 billion in the first half of fiscal year 2012, as we have actively expanded advertising activities with the aim of expanding our customer base.

Consumption and property taxes in the first half of fiscal year 2013 were ¥3.2 billion, almost the same level as compared to the first half of fiscal year 2012. However, consumption tax costs arising from capital expenditures related to stabilization of our information technology infrastructure is to be accounted for hereafter.

Deposit insurance premium expenses of ¥2.0 billion in the first half of fiscal year 2013 were almost at the same level of those in the first half of fiscal year 2012, since average balance of deposits, etc., which form the basis for calculating our deposit insurance premium, did not fluctuate drastically and the insurance premium rate did not change.

Other general and administrative expenses of ¥10.7 billion were recorded in the first half of fiscal year 2013, an increase from ¥10.0 billion in the first half of fiscal year 2012, as temporary staff expenses for ensuring stable operations of our information technology systems increased.

**Net Credit Costs -Table 5- (Consolidated)**

	<i>(Billions of yen, except percentages)</i>			
	<b>1H FY2013 (6 months)</b>	1H FY2012 (6 months)	%	FY2012 (12 months)
			Change	
Losses on write-off of loans/Losses on sale of loans	1.7	3.2	(46.6)	8.4
Net provision of reserve for loan losses:	2.6	9.0	(70.7)	13.7
Net provision (reversal) of general reserve for loan losses	2.2	0.7	199.8	(5.3)
Net provision of specific reserve for loan losses	0.4	8.3	(94.9)	19.1
Net provision (reversal) of reserve for loan losses to restructuring countries	-	-	-	-
Net provision (reversal) of specific reserve for other credit losses	-	(0.0)	100.0	(0.0)
Other credit costs (reversal) relating to leasing business	(0.0)	(0.4)	84.0	(0.4)
Recoveries of written-off claims	(3.9)	(5.6)	29.6	(16.2)
<b>Net credit costs (recoveries)</b>	<b>0.3</b>	<b>6.2</b>	<b>(94.3)</b>	<b>5.5</b>

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

- Net credit costs of ¥0.3 billion were recorded in the first half of fiscal year 2013, as compared to net credit costs of ¥6.2 billion in the first half of fiscal year 2012. We were able to see an improvement in this area as no large reserves for credit losses were recorded as in previous years due to the reduction in non-core assets aimed at limiting underlying risks, the reversal of reserves for loan losses, and an improvement in the credit quality of loans in our consumer finance operations.
- For the first half of fiscal year 2013, recoveries of written-off claims were ¥3.9 billion, compared to ¥5.6 billion in the first half of fiscal year 2012. Overall, net credit costs have improved even if recoveries for written off claims are discounted, with net credit costs at ¥4.3 billion in the first half of fiscal year 2013, an improvement compared to ¥11.9 billion recorded in the first half of fiscal year 2012.
- Additionally, recoveries of written-off claims in the first half of fiscal year 2013 of ¥3.9 billion included ¥2.7 billion from Shinsei Financial, ¥0.5 billion from SHINKI Co., Ltd. (SHINKI), and ¥ 0.6 billion from Shinsei Bank (non-consolidated basis).

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

	<i>(Billions of yen, except percentages)</i>			
	<b>1H FY2013 (6 months)</b>	1H FY2012 (6 months)	%	FY2012 (12 months)
			Change	
Shinsei Financial	3.4	3.9	(13.5)	7.4
SHINKI	(0.1)	(0.1)	0.0	(0.3)
APLUS FINANCIAL	0.4	0.4	2.2	0.8
Showa Leasing	1.4	1.4	(3.1)	2.8
Others	(0.0)	(0.0)	0.0	(0.0)
<b>Amortization of goodwill and other intangible assets</b>	<b>5.1</b>	<b>5.6</b>	<b>(10.2)</b>	<b>10.7</b>

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

Amortization of goodwill and other intangible assets associated with the acquisition of consumer and commercial finance companies totaled ¥5.1 billion in the first half of fiscal year 2013 compared to ¥5.6 billion in the first half of fiscal year 2012. The lower amount is attributable to factors including the sum-of-the-years' digits method for amortization of goodwill and intangible assets related to Shinsei Financial.

Amortization of goodwill and other intangible assets of APLUS FINANCIAL Co., Ltd. (APLUS FINANCIAL) was ¥0.4 billion in the first half of fiscal year 2013, which was due to the amortization of goodwill for Zen-Nichi Shinpan, a subsidiary of APLUS FINANCIAL. Full impairment of goodwill and intangible assets for APLUS FINANCIAL was taken as of fiscal year 2009.

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

*(Billions of yen, except percentages)*

	<b>1H FY2013</b> <b>(6 months)</b>	1H FY2012 (6 months)	%	FY2012 (12 months)
			Change	
Extraordinary income (loss)	(1.1)	(0.2)	(374.8)	(0.6)
Net gain on disposal of premises and equipment	(0.1)	0.2	(160.6)	0.1
Other extraordinary income (loss)	(0.9)	(0.4)	(109.6)	(0.8)
Provisions of reserve for losses on interest repayment	-	-	/	-
Shinsei Financial	-	-	/	-
SHINKI	-	-	/	-
APLUS FINANCIAL	-	-	/	-
Other	-	-	/	-
Other	(0.2)	(0.2)	(20.5)	0.4
<b>Other gains (losses)</b>	<b>(1.3)</b>	<b>(0.4)</b>	<b>(193.9)</b>	<b>(0.1)</b>

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

Other losses of ¥1.3 billion were recorded in the first half of fiscal year 2013, as compared to ¥0.4 billion in the first half of fiscal year 2012. This was mainly due to ¥1.0 billion in impairments losses on fixed assets recorded in the first half

of fiscal year 2013, which were incurred due to the optimization of our branches and equipment to smoothly carry out the Second Medium-Term Management Plan.

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

*(Billions of yen, except percentages)*

	<b>1H FY2013</b> <b>(6 months)</b>	1H FY2012 (6 months)	%	FY2012 (12 months)
			Change	
Dividends on perpetual preferred securities (hybrid Tier I capital) issued by foreign SPCs	1.5	1.5	2.7	3.1
Others	0.0	0.2	(80.0)	0.4
<b>Minority interests in net income of subsidiaries</b>	<b>1.6</b>	<b>1.7</b>	<b>(9.7)</b>	<b>3.5</b>

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

Minority interests in net income of subsidiaries in the first half of fiscal year 2013 were ¥1.6 billion. Minority interests in net income of subsidiaries largely reflect dividends accrued on perpetual preferred securities issued by the bank's subsidiaries, and minority interests in the net income of other consolidated subsidiaries in the first half of fiscal year 2013.

Minority interests in net income of subsidiaries in the first half of fiscal year 2013 were almost at the same level as compared to ¥1.7 billion recorded in the first half of fiscal year 2012.

## Major Balance Sheet Data - Table 9- (Consolidated)

	(Billions of yen)				
	Sep 30 2013	Sep 30 2012	Change	Mar 31 2013	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Loans and bills discounted	4,208.6	4,281.9	(73.2)	4,292.4	(83.8)
Installment receivables	380.1	356.0	24.0	365.8	14.2
Leased assets, lease receivables and leased investment assets	229.0	216.6	12.3	222.5	6.4
Securities	1,794.7	2,003.4	(208.6)	1,842.3	(47.5)
Other monetary claims purchased	99.8	120.3	(20.4)	112.3	(12.4)
Other interest earning assets <sup>(1)</sup>	829.3	484.4	344.9	765.2	64.0
Trading assets	318.1	217.9	100.2	287.9	30.2
Monetary assets held in trust	211.0	260.1	(49.1)	233.8	(22.8)
Goodwill, net	31.9	38.2	(6.2)	35.3	(3.4)
Other intangible assets <sup>(2)</sup>	10.7	14.2	(3.5)	12.4	(1.7)
Other assets	482.7	510.7	(27.9)	509.6	(26.8)
Customer's liabilities for acceptances and guarantees	453.0	550.2	(97.1)	511.0	(57.9)
Reserve for credit losses	(143.9)	(171.9)	28.0	(161.8)	17.8
<b>Total assets</b>	<b>8,905.5</b>	<b>8,882.5</b>	<b>22.9</b>	<b>9,029.3</b>	<b>(123.8)</b>
Deposits and negotiable certificates of deposit	5,753.4	5,374.6	378.7	5,457.5	295.9
Debentures <sup>(3)</sup>	45.8	277.6	(231.7)	262.3	(216.4)
Borrowed money	619.3	718.3	(99.0)	719.2	(99.9)
Corporate bonds	189.1	163.5	25.6	174.2	14.8
Other interest bearing liabilities <sup>(4)</sup>	288.1	432.8	(144.7)	300.1	(11.9)
Trading liabilities	273.5	158.2	115.2	240.0	33.4
Reserve for losses on interest repayments	28.6	41.5	(12.9)	34.9	(6.3)
Other liabilities	547.4	518.1	29.2	645.9	(98.5)
Acceptances and guarantees	453.0	550.2	(97.1)	511.0	(57.9)
<b>Total liabilities</b>	<b>8,198.5</b>	<b>8,235.2</b>	<b>(36.7)</b>	<b>8,345.6</b>	<b>(147.1)</b>
<b>Total equity</b>	<b>706.9</b>	<b>647.2</b>	<b>59.7</b>	<b>683.6</b>	<b>23.3</b>

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

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

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

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

Note: Quarterly information is available in the Quarterly Data Book

### Loans and Bills Discounted

The balance of Shinsei Bank's loans and bills discounted as of September 30, 2013 was ¥4,208.6 billion compared to ¥4,292.4 billion as of March 31, 2013. Regarding the Institutional Group balance of loans and bills discounted, competition remains fierce in satisfying demand for capital, and the overall balance has declined as there were some recoveries of bad debts. However, in the Individual Group balance of loans and bills discounted, the balance of housing loans has continued to steadily increase. The loan balance of our consumer finance business began growing from the fourth quarter of fiscal year 2012 and the balance continues to increase in fiscal year 2013. In the Institutional Group, the customer base and the balance of corporate loans have begun to grow in fiscal year 2013 due to newly established frameworks implemented as a part of the reorganization of the Group, and corporate lending has grown from ¥1,024.0 billion as of June, 2013, to ¥1,040.9 billion as of September, 2013.

### Securities balance

The securities balance on September 30, 2013 had declined to ¥1,794.7 billion, compared to ¥1,842.3 billion on March 31, 2013, primarily due to the redemption of bonds associated with the disposal of non-performing loans. However, holdings of foreign bonds such as U.S. treasuries have been increased in order to diversify securities held for ALM purposes to ¥56.5 billion as of September 30, 2013 compared to ¥38.5 billion as of March 31, 2013. Securities held include REITs, private equity investments and structured bonds that are invested in will continue to be assessed with ample consideration of the credit risks.

### Deposits and Negotiable Certificates of Deposits

The balance of total deposits and negotiable certificates of deposits, including Zaikei debentures which were converted to Zaikei deposits, increased to ¥5,753.4 billion as of September 30, 2013, compared to ¥5,457.5 billion as of March 31, 2013. Shinsei Bank is continuing to optimize its funding base by further promoting its Retail Banking operations.

**Risk-Monitored Loans -Table 10- (Consolidated)**

	(Billions of yen)				
	Sep 30 2013 (a)	Sep 30 2012 (b)	Change (a)-(b)	Mar 31 2013 (c)	Change (a)-(c)
Loans to bankrupt obligors	12.5	18.9	(6.3)	20.5	(8.0)
Non-accrual delinquent loans	212.5	284.6	(72.0)	252.9	(40.3)
Loans past due for three months or more	1.4	1.7	(0.2)	1.2	0.2
Restructured loans	35.7	40.8	(5.0)	38.1	(2.3)
<b>Total (A)</b>	<b>262.2</b>	<b>346.0</b>	<b>(83.8)</b>	<b>312.8</b>	<b>(50.6)</b>
<b>Loans and bills discounted (B)</b>	<b>4,208.6</b>	<b>4,281.9</b>	<b>(73.2)</b>	<b>4,292.4</b>	<b>(83.8)</b>
Ratio to total loans and bills discounted (A / B X 100) (%)	6.23%	8.08%	/	7.29%	/
<b>Reserve for credit losses (C)</b>	<b>143.9</b>	<b>171.9</b>	<b>(28.0)</b>	<b>161.8</b>	<b>(17.8)</b>
Reserve ratio (C / A X 100)	54.9%	49.7%	/	51.7%	/

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

Risk monitored loans totaled ¥262.2 billion as of September 30, 2013, compared to ¥312.8 billion as of March 31, 2013, and ¥432.3 billion as of March 31, 2010 at the start of the Bank's First Medium-Term Management Plan. During the first half of fiscal year 2013, risk monitored loans steadily decreased by ¥50.6 billion.

The ratio of risk monitored loans to total loans and bills discounted was 6.23% as of September 30, 2013 representing a decline of 106 basis points compared to March 31, 2013.

**Reserve for Credit Losses -Table 11- (Consolidated)**

	(Billions of yen)				
	Sep 30 2013 (a)	Sep 30 2012 (b)	Change (a)-(b)	Mar 31 2013 (c)	Change (a)-(c)
General reserve for loan losses	65.5	77.8	(12.2)	67.7	(2.1)
Specific reserve for loan losses	78.3	94.1	(15.8)	94.1	(15.7)
Reserve for loans to restructuring countries	0.0	0.0	-	0.0	-
<b>Total reserve for credit losses</b>	<b>143.9</b>	<b>171.9</b>	<b>(28.0)</b>	<b>161.8</b>	<b>(17.8)</b>

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

**Loans by Borrower Industry -Table 12- (Consolidated)**

	(Billions of yen)				
	Sep 30 2013 (a)	Sep 30 2012 (b)	Change (a)-(b)	Mar 31 2013 (c)	Change (a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	206.5	234.6	(28.0)	242.9	(36.4)
Agriculture and forestry	0.2	0.2	(0.0)	0.2	(0.0)
Fishery	-	-	-	-	-
Mining, quarrying and gravel extraction	0.1	0.2	(0.1)	0.1	0.0
Construction	13.9	16.8	(2.9)	13.9	(0.0)
Electric power, gas, heat supply and water supply	139.3	110.2	29.1	124.8	14.5
Information and communications	35.5	40.0	(4.4)	31.7	3.7
Transportation and postal service	214.2	232.4	(18.1)	230.0	(15.8)
Wholesale and retail	75.4	83.0	(7.6)	74.4	0.9
Finance and insurance	698.6	748.9	(50.2)	720.0	(21.4)
Real estate	561.7	614.8	(53.1)	597.7	(35.9)
Services	286.7	309.8	(23.1)	314.2	(27.5)
Local government	108.4	118.0	(9.5)	114.0	(5.5)
Others	1,816.1	1,687.2	128.9	1,768.1	47.9
Loans to individual customers (retail banking, Shinsei Bank Card Loan Lake, Shinsei Financial, SHINKI and APLUS FINANCIAL)	1,622.4	1,493.2	129.1	1,561.3	61.1
<b>Total domestic (A)</b>	<b>4,157.1</b>	<b>4,196.7</b>	<b>(39.5)</b>	<b>4,232.7</b>	<b>(75.5)</b>
Overseas offices (including Japan offshore market accounts):					
Governments	1.6	1.9	(0.2)	1.8	(0.1)
Financial institutions	0.6	0.8	(0.1)	0.8	(0.2)
Others	49.0	82.3	(33.2)	56.9	(7.8)
<b>Total overseas (B)</b>	<b>51.4</b>	<b>85.1</b>	<b>(33.7)</b>	<b>59.7</b>	<b>(8.2)</b>
<b>Total (A+B)</b>	<b>4,208.6</b>	<b>4,281.9</b>	<b>(73.2)</b>	<b>4,292.4</b>	<b>(83.8)</b>

**Securities By Category -Table 13- (Consolidated)**

	(Billions of yen)		
	Sep 30 2013	Sep 30 2012	Mar 31 2013
Trading securities	0.5	0.5	0.6
Securities being held to maturity	636.7	653.9	639.8
Securities available for sale	1,115.7	1,312.2	1,162.7
Securities carried at fair value	1,045.9	1,249.1	1,094.8
Securities carried at cost whose fair value cannot be reliably determined	69.8	63.0	67.8
Equity securities of unconsolidated subsidiaries and affiliates	41.7	36.7	39.1
<b>Securities</b>	<b>1,794.7</b>	<b>2,003.4</b>	<b>1,842.3</b>

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

	(Billions of yen)								
	September 30, 2013			September 30, 2012			March 31, 2013		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount									
Japanese national government bonds	584.4	587.2	2.7	585.2	590.4	5.2	584.8	589.4	4.5
Japanese corporate bonds	-	-	-	21.5	21.7	0.1	-	-	-
Other	52.2	56.4	4.2	40.9	44.9	3.9	51.9	56.7	4.8
<b>Subtotal</b>	<b>636.7</b>	<b>643.6</b>	<b>6.9</b>	<b>647.8</b>	<b>657.1</b>	<b>9.3</b>	<b>636.7</b>	<b>646.1</b>	<b>9.3</b>
Fair value does not exceed carrying amount									
Japanese national government bonds	-	-	-	-	-	-	-	-	-
Japanese corporate bonds	-	-	-	-	-	-	-	-	-
Other	-	-	-	6.1	5.7	(0.3)	3.0	3.0	(0.0)
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.1</b>	<b>5.7</b>	<b>(0.3)</b>	<b>3.0</b>	<b>3.0</b>	<b>(0.0)</b>
<b>Total</b>	<b>636.7</b>	<b>643.6</b>	<b>6.9</b>	<b>653.9</b>	<b>662.9</b>	<b>9.0</b>	<b>639.8</b>	<b>649.1</b>	<b>9.3</b>

**Securities Available for Sale -Table 15- (Consolidated)**

	(Billions of yen)								
	September 30, 2013			September 30, 2012			March 31, 2013		
	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)
<b>Carrying amount exceeds amortized/acquisition cost</b>									
Equity securities	18.9	11.5	7.4	11.0	7.7	3.2	16.4	10.0	6.4
Domestic bonds	67.0	66.4	0.6	739.8	736.9	2.8	80.6	78.3	2.2
Japanese national government bonds	2.5	2.5	0.0	671.4	669.4	1.9	39.6	38.1	1.4
Japanese local government bonds	0.5	0.5	0.0	1.7	1.7	0.0	0.5	0.5	0.0
Japanese corporate bonds	63.9	63.3	0.6	66.6	65.7	0.8	40.4	39.6	0.7
Other	93.1	88.9	4.2	85.1	81.7	3.4	89.1	84.7	4.4
Foreign securities	89.2	85.3	3.8	71.3	68.2	3.1	86.0	81.9	4.1
Foreign currency denominated foreign corporate and government bonds	44.3	42.0	2.2	40.3	37.9	2.3	46.0	43.4	2.5
Yen-denominated foreign corporate and government bonds	42.0	40.9	1.0	29.4	28.9	0.4	37.9	36.9	1.0
Foreign equity securities and others	2.8	2.3	0.5	1.6	1.2	0.3	2.0	1.5	0.5
Other securities	2.2	1.9	0.2	1.1	0.9	0.2	1.1	0.9	0.2
Other monetary claims purchased	1.6	1.5	0.0	12.6	12.5	0.0	1.9	1.9	0.0
Subtotal	179.1	166.8	12.3	835.9	826.4	9.5	186.3	173.1	13.1
<b>Carrying amount does not exceed amortized/acquisition cost</b>									
Equity securities	1.8	2.3	(0.4)	4.9	6.2	(1.3)	2.9	3.6	(0.6)
Domestic bonds	796.7	800.5	(3.7)	368.5	371.4	(2.8)	856.0	859.1	(3.0)
Japanese national government bonds	737.7	740.6	(2.9)	219.5	220.1	(0.5)	712.8	713.8	(0.9)
Japanese local government bonds	-	-	-	-	-	-	-	-	-
Japanese corporate bonds	59.0	59.9	(0.8)	149.0	151.3	(2.3)	143.1	145.2	(2.0)
Other	69.7	71.1	(1.4)	52.2	54.4	(2.1)	51.4	51.9	(0.5)
Foreign securities	68.0	69.4	(1.4)	51.7	53.8	(2.1)	50.8	51.4	(0.5)
Foreign currency denominated foreign corporate and government bonds	66.6	67.9	(1.3)	38.2	39.7	(1.4)	46.8	47.1	(0.3)
Yen-denominated foreign corporate and government bonds	-	-	-	13.4	14.0	(0.6)	2.9	3.0	(0.1)
Foreign equity securities and others	1.3	1.4	(0.0)	0.0	0.0	-	1.1	1.1	(0.0)
Other securities	1.7	1.7	-	0.5	0.5	-	0.5	0.5	-
Other monetary claims purchased	-	-	-	-	-	-	-	-	-
Subtotal	868.3	874.0	(5.6)	425.8	432.1	(6.3)	910.4	914.7	(4.2)
<b>Total<sup>(1)(2)</sup></b>	<b>1,047.5</b>	<b>1,040.8</b>	<b>6.6</b>	<b>1,261.8</b>	<b>1,258.5</b>	<b>3.2</b>	<b>1,096.7</b>	<b>1,087.9</b>	<b>8.8</b>

(1) Includes a part of other monetary claims purchased in addition to securities available for sale. Total amounts of securities available for sale excluding such other monetary claims purchased as of September 30, 2013, September 30, 2012 and March 31, 2013 were ¥1,045.9 billion, ¥1,249.1 billion and ¥1,094.8 billion, respectively.

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

**Unrealized Gain (Loss) on Available-for-Sale Securities (Consolidated)**

	(Billions of yen)		
	September 30, 2013	September 30, 2012	March 31, 2013
<b>Unrealized gain (loss) before deferred tax on:</b>			
Available-for-sale securities	6.6	3.2	8.8
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	(0.0)	0.1	0.0
Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions	(4.3)	(4.5)	(4.9)
Deferred tax assets (liabilities)	(0.7)	(0.1)	(0.4)
Unrealized gain (loss) on available-for-sale securities before interest adjustments	1.5	(1.2)	3.5
Minority interests	(0.0)	0.0	(0.0)
The Bank's interests in unrealized gain (loss) on available-for-sale securities held by affiliates to which the equity method is applied	0.2	0.2	0.3
<b>Unrealized gain (loss) on available-for-sale securities</b>	<b>1.8</b>	<b>(1.0)</b>	<b>3.8</b>

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

(Billions of yen)

Notional Principal Amount (Consolidated)	September 30, 2013			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
<b>Interest rate swaps:</b>				
Receive fixed and pay floating	501.5	208.4	121.0	831.0
Receive floating and pay fixed	19.2	81.6	145.9	246.9
Receive floating and pay floating	-	-	-	-
<b>Total notional principal amount</b>	<b>520.8</b>	<b>290.1</b>	<b>266.9</b>	<b>1,077.9</b>
<b>Currency swaps:</b>				
<b>Total notional principal amount</b>	<b>8.1</b>	<b>9.8</b>	<b>-</b>	<b>18.0</b>

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

(Billions of yen)

	Sep 30 2013	Sep 30 2012	Change	Mar 31 2013	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
<b>Deposits</b>	<b>5,544.3</b>	5,058.2	486.1	5,252.9	291.4
Liquid (current, ordinary, note) deposits	1,605.5	1,563.0	42.5	1,584.5	21.0
Time deposits <sup>(1)(2)</sup>	3,521.3	3,112.1	409.1	3,250.5	270.7
Other	417.4	383.0	34.3	417.8	(0.4)
<b>Negotiable certificates of deposits (NCDs)</b>	<b>209.0</b>	316.4	(107.3)	204.6	4.4
<b>Total</b>	<b>5,753.4</b>	5,374.6	378.7	5,457.5	295.9

(1) Includes two-week maturity deposits

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

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

**Financial Ratios -Table 18- (Consolidated)**

	<b>1H FY2013 (6 months)</b>	1H FY2012 (6 months)	FY2012 (12 months)
Return on assets <sup>(1)</sup>	<b>0.6%</b> <sup>(5)</sup>	0.6% <sup>(5)</sup>	0.6%
Return on equity <sup>(2)</sup>	<b>8.6%</b> <sup>(5)</sup>	8.9% <sup>(5)</sup>	8.6%
Return on equity (fully diluted) <sup>(3)</sup>	<b>8.6%</b> <sup>(5)</sup>	8.9% <sup>(5)</sup>	8.6%
Cash basis return on assets <sup>(1)</sup>	<b>0.7%</b> <sup>(5)</sup>	0.7% <sup>(5)</sup>	0.7%
Cash basis return on equity <sup>(2)(4)</sup>	<b>10.7%</b> <sup>(5)</sup>	11.6% <sup>(5)</sup>	11.1%
Cash basis return on equity (fully diluted) <sup>(3)(4)</sup>	<b>10.7%</b> <sup>(5)</sup>	11.6% <sup>(5)</sup>	11.1%
Expense-to-revenue ratio <sup>(6)(7)</sup>	<b>65.6%</b>	61.3%	64.6%

(1) Return on assets:

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

BOP: beginning of period  
EOP: end of period

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

(2) Return on equity:

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

(3) Return on equity (fully diluted):

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

(4) The denominator is calculated as:

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

(5) Annualized basis.

(6) Management accounting basis.

(7) Expense denotes general and administrative expenses.

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

**Capital Adequacy Data -Table 19- (Consolidated)**

(Billions of yen, except percentages)

	Sep 30 2013 (a)	Sep 30 2012 (b)	Change (a)-(b)	Mar 31 2013 (c)	Change (a)-(c)
Basic items (Tier I)	652.5	573.8	78.6	608.8	43.6
Amount eligible for inclusion in capital (Tier II)	178.4	186.4	(8.0)	178.7	(0.3)
General reserve for loan losses	8.9	8.7	0.1	8.9	(0.0)
Perpetual/non-perpetual preferred stocks and perpetual/non-perpetual subordinated debt and bonds	169.4	177.6	(8.1)	169.7	(0.3)
Deductions	-	-	-	-	-
Deduction	(62.3)	(72.4)	10.1	(71.7)	9.4
<b>Total capital</b> <sup>(2)</sup>	<b>768.6</b>	<b>687.8</b>	<b>80.7</b>	<b>715.8</b>	<b>52.8</b>
Risk assets	5,443.5	5,869.2	(425.7)	5,847.7	(404.2)
Capital adequacy ratio	14.12%	11.71%		12.24%	
Tier I capital ratio	11.98%	9.77%		10.41%	

(1) Calculated according to Basel II, F-IRB. Figures are calculated in accordance with FSA Notification Number 79 issued in December 2008 and FSA Notification Number 56 issued in June 2012 (special treatment of FSA Notification Number 19 issued in 2006). As a result, ¥1.0 billion net unrealized losses on securities available-for-sale, net of taxes, as of September 30, 2012 are not included in BIS capital.

Net unrealized gains on securities available-for-sale were recorded as of September 30, 2013 and March 31, 2013.

(2) Consolidated total required capital is ¥332.1 billion as at September 30, 2013, ¥383.9 billion as at September 30, 2012 and ¥374.5 billion as at March 31, 2013.

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

**Per Share Data -Table 20- (Consolidated)**

(Yen, except percentages)

	1H FY2013 (6 months)	1H FY2012 (6 months)	% Change	FY2012 (12 months)	% Change
Common equity	242.90	220.70	10.1	233.65	4.0
Fully diluted equity	242.90	220.70	10.1	233.65	4.0
Basic net income	10.26	9.70	5.7	19.24	
Diluted net income	10.26	9.70	5.7	19.24	
Cash basis:					
Basic net income	11.96	11.56	3.4	22.77	
Diluted net income	11.96	11.56	3.4	22.77	
For calculation of per share data (Does not include treasury shares) :					
Equity:					
Number of common shares <sup>(1)</sup>	2,653,919,247	2,653,919,247		2,653,919,247	
Fully diluted number of shares <sup>(1)</sup>	2,653,922,375	2,653,919,247		2,653,919,247	
Net income:					
Number of common shares <sup>(2)</sup>	2,653,919,247	2,653,919,247		2,653,919,247	
Fully diluted number of shares <sup>(2)</sup>	2,653,922,375	2,653,919,247		2,653,919,247	

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

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

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

We recorded ¥27.2 billion in consolidated net income in the first half of fiscal year 2013, increasing from ¥25.7 billion in the first half of fiscal year 2012. As a result, the diluted net income per share in the first half of fiscal year 2013

increased to ¥10.26 from ¥9.70 in the first half of fiscal year 2012. Cash basis diluted net income per share in the first half of fiscal year 2013 also increased to ¥11.96 from ¥11.56 in the first half of fiscal year 2012.

## Business Lines Results -Table 21- (Consolidated)

(Billions of yen, except percentages)

	1H FY2013 (6 months)	1H FY2012 (6 months)	% Change	FY2012 (12 months)
<b>Institutional Group:</b>				
Net interest income	14.8	14.5	2.6	29.8
Non-interest income	21.0	16.9	24.3	27.0
<b>Total revenue</b>	<b>35.9</b>	<b>31.4</b>	<b>14.3</b>	<b>56.8</b>
<b>General and administrative expenses</b>	<b>12.1</b>	<b>12.0</b>	<b>0.9</b>	<b>24.2</b>
<b>Ordinary business profit</b>	<b>23.8</b>	<b>19.4</b>	<b>22.6</b>	<b>32.6</b>
<b>Net credit costs (recoveries)</b>	<b>(2.8)</b>	<b>3.3</b>	<b>(186.1)</b>	<b>6.3</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>26.6</b>	<b>16.1</b>	<b>65.6</b>	<b>26.3</b>
<b>Global Markets Group:</b>				
Net interest income	1.9	1.5	26.9	2.9
Non-interest income	3.2	6.0	(46.0)	11.2
<b>Total revenue</b>	<b>5.2</b>	<b>7.6</b>	<b>(31.1)</b>	<b>14.2</b>
<b>General and administrative expenses</b>	<b>4.4</b>	<b>4.5</b>	<b>(3.5)</b>	<b>9.0</b>
<b>Ordinary business profit</b>	<b>0.8</b>	<b>3.0</b>	<b>(72.4)</b>	<b>5.2</b>
<b>Net credit costs (recoveries)</b>	<b>(0.0)</b>	<b>(1.7)</b>	<b>97.3</b>	<b>(7.5)</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>0.8</b>	<b>4.7</b>	<b>(81.4)</b>	<b>12.7</b>
<b>Individual Group:</b>				
Net interest income	41.5	43.0	(3.6)	84.4
Non-interest income	21.4	20.3	5.4	42.0
<b>Total revenue</b>	<b>63.0</b>	<b>63.4</b>	<b>(0.7)</b>	<b>126.4</b>
<b>General and administrative expenses</b>	<b>48.9</b>	<b>46.9</b>	<b>4.3</b>	<b>93.3</b>
<b>Ordinary business profit</b>	<b>14.0</b>	<b>16.5</b>	<b>(14.7)</b>	<b>33.1</b>
<b>Net credit costs</b>	<b>3.2</b>	<b>4.3</b>	<b>(25.8)</b>	<b>6.2</b>
<b>Ordinary business profit after net credit costs</b>	<b>10.8</b>	<b>12.1</b>	<b>(10.7)</b>	<b>26.9</b>
<b>Corporate/Other<sup>(1)</sup>:</b>				
Net interest income	(3.3)	(2.9)	(13.5)	(5.6)
Non-interest income	(0.5)	4.5	(112.9)	6.9
<b>Total revenue</b>	<b>(3.9)</b>	<b>1.5</b>	<b>(349.8)</b>	<b>1.3</b>
<b>General and administrative expenses</b>	<b>0.3</b>	<b>0.2</b>	<b>45.8</b>	<b>2.0</b>
<b>Ordinary business profit (loss)</b>	<b>(4.2)</b>	<b>1.3</b>	<b>(424.1)</b>	<b>(0.6)</b>
<b>Net credit costs (recoveries)</b>	<b>0.0</b>	<b>0.2</b>	<b>(99.8)</b>	<b>0.5</b>
<b>Ordinary business profit (loss) after net credit costs (recoveries)</b>	<b>(4.2)</b>	<b>1.0</b>	<b>(502.7)</b>	<b>(1.1)</b>
<b>Total:</b>				
Net interest income	55.0	56.1	(2.0)	111.6
Non-interest income	45.2	47.9	(5.6)	87.3
<b>Total revenue</b>	<b>100.2</b>	<b>104.1</b>	<b>(3.7)</b>	<b>199.0</b>
<b>General and administrative expenses</b>	<b>65.8</b>	<b>63.7</b>	<b>3.2</b>	<b>128.6</b>
<b>Ordinary business profit</b>	<b>34.4</b>	<b>40.3</b>	<b>(14.6)</b>	<b>70.3</b>
<b>Net credit costs</b>	<b>0.3</b>	<b>6.2</b>	<b>(94.3)</b>	<b>5.5</b>
<b>Ordinary business profit after net credit costs</b>	<b>34.0</b>	<b>34.0</b>	<b>0.1</b>	<b>64.8</b>

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

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

<sup>(1)</sup>  
**Institutional Group - Table 22- (Consolidated)**

(Billions of yen, except percentages)

	1H FY2013 (6 months)	1H FY2012 (6 months)	% Change	FY2012 (12 months)
<b>Institutional Business Sub-Group - Institutional Business:</b> <sup>(2)(3)</sup>				
Net interest income	4.8	4.9	(1.3)	9.4
Non-interest income	1.9	1.5	24.7	4.4
<b>Total revenue</b>	<b>6.8</b>	<b>6.4</b>	<b>4.9</b>	<b>13.9</b>
<b>General and administrative expenses</b>	<b>3.1</b>	<b>3.1</b>	<b>(0.3)</b>	<b>6.1</b>
<b>Ordinary business profit</b>	<b>3.7</b>	<b>3.3</b>	<b>9.9</b>	<b>7.7</b>
<b>Net credit costs (recoveries)</b>	<b>0.7</b>	<b>(1.7)</b>	<b>142.3</b>	<b>(3.0)</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>2.9</b>	<b>5.1</b>	<b>(42.4)</b>	<b>10.8</b>
<b>Institutional Business Sub-Group - Structured Finance:</b> <sup>(3)</sup>				
Net interest income	8.8	9.1	(2.4)	17.0
Non-interest income	3.9	1.4	181.1	4.3
<b>Total revenue</b>	<b>12.8</b>	<b>10.5</b>	<b>22.0</b>	<b>21.4</b>
<b>General and administrative expenses</b>	<b>2.4</b>	<b>2.4</b>	<b>(0.1)</b>	<b>4.8</b>
<b>Ordinary business profit</b>	<b>10.4</b>	<b>8.1</b>	<b>28.6</b>	<b>16.5</b>
<b>Net credit costs (recoveries)</b>	<b>(3.4)</b>	<b>3.9</b>	<b>(186.3)</b>	<b>5.8</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>13.8</b>	<b>4.1</b>	<b>237.7</b>	<b>10.7</b>
<b>Principal Transactions Sub-Group:</b>				
Net interest income	2.2	1.9	14.0	5.0
Non-interest income	7.3	5.6	29.4	6.3
<b>Total revenue</b>	<b>9.6</b>	<b>7.6</b>	<b>25.4</b>	<b>11.4</b>
<b>General and administrative expenses</b>	<b>2.1</b>	<b>1.9</b>	<b>13.6</b>	<b>3.8</b>
<b>Ordinary business profit</b>	<b>7.4</b>	<b>5.7</b>	<b>29.3</b>	<b>7.5</b>
<b>Net credit costs (recoveries)</b>	<b>0.0</b>	<b>0.0</b>	<b>(45.9)</b>	<b>(0.5)</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>7.4</b>	<b>5.6</b>	<b>30.6</b>	<b>8.1</b>
<b>Showa Leasing:</b>				
Net interest income	(1.3)	(1.4)	5.0	(1.6)
Non-interest income	8.1	7.7	4.3	15.7
<b>Total revenue</b>	<b>6.7</b>	<b>6.3</b>	<b>6.4</b>	<b>14.0</b>
<b>General and administrative expenses</b>	<b>3.8</b>	<b>3.8</b>	<b>0.4</b>	<b>7.8</b>
<b>Ordinary business profit</b>	<b>2.9</b>	<b>2.5</b>	<b>15.4</b>	<b>6.2</b>
<b>Net credit costs (recoveries)</b>	<b>(1.8)</b>	<b>(0.3)</b>	<b>(425.6)</b>	<b>(0.0)</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>4.8</b>	<b>2.9</b>	<b>65.7</b>	<b>6.3</b>
<b>Others:</b> <sup>(2)</sup>				
Net interest income	0.1	(0.1)	236.0	(0.0)
Non-interest income	(0.2)	0.5	(152.1)	(3.8)
<b>Total revenue</b>	<b>(0.0)</b>	<b>0.3</b>	<b>(124.5)</b>	<b>(3.9)</b>
<b>General and administrative expenses</b>	<b>0.6</b>	<b>0.7</b>	<b>(19.5)</b>	<b>1.5</b>
<b>Ordinary business profit (loss)</b>	<b>(0.7)</b>	<b>(0.3)</b>	<b>(93.7)</b>	<b>(5.4)</b>
<b>Net credit costs</b>	<b>1.6</b>	<b>1.3</b>	<b>23.3</b>	<b>4.1</b>
<b>Ordinary business profit (loss) after net credit costs</b>	<b>(2.3)</b>	<b>(1.7)</b>	<b>(38.4)</b>	<b>(9.6)</b>
<b>Institutional Group:</b>				
Net interest income	14.8	14.5	2.6	29.8
Non-interest income	21.0	16.9	24.3	27.0
<b>Total revenue</b>	<b>35.9</b>	<b>31.4</b>	<b>14.3</b>	<b>56.8</b>
<b>General and administrative expenses</b>	<b>12.1</b>	<b>12.0</b>	<b>0.9</b>	<b>24.2</b>
<b>Ordinary business profit</b>	<b>23.8</b>	<b>19.4</b>	<b>22.6</b>	<b>32.6</b>
<b>Net credit costs (recoveries)</b>	<b>(2.8)</b>	<b>3.3</b>	<b>(186.1)</b>	<b>6.3</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>26.6</b>	<b>16.1</b>	<b>65.6</b>	<b>26.3</b>

(1) Net of consolidation adjustments, if applicable.

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

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

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

The Shinsei Bank Group provides various financial products and services to our institutional and individual customers through the Institutional Group, the Global Markets Group and the Individual Group. Concerning business for institutional customers, the Institutional Group primarily undertakes corporate and public sector finance and solutions, and the Global Markets Group engages primarily in the financial markets business and serves financial institution clients.

#### **Institutional Group:**

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

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

#### **Total revenue**

The Institutional Group business recorded revenue of ¥35.9 billion in the first half of fiscal year 2013, an increase compared to ¥31.4 billion in the first half of fiscal year 2012, as the progress made during the First Medium-Term Management Plan towards rebuilding our customer base and stabilizing our profitability steadily led to yielding results and a stronger performance. Net interest income was ¥14.8 billion in the first half of fiscal year 2013, an increase from ¥14.5 billion in the first half of fiscal year 2012. Non-interest income was ¥21.0 billion in the first half of fiscal year 2013, an increase from ¥16.9 billion in the first half of fiscal year 2012.

In the Institutional Business Sub-Group, a sub-group under the Institutional Group, revenue was ¥6.8 billion in the first half of fiscal year 2013, versus ¥6.4 billion in the first half of fiscal year 2012. Efforts continue to be made to identify new outlets for corporate lending and increasing the loan balance, with continuous cross selling, focusing on the development and provision of financial products and services tailored to the needs of our customers in order to expand our client base. Structured Finance recorded total revenue of ¥12.8 billion in the first half of fiscal year 2013 as compared to ¥10.5 billion in the first half of fiscal year 2012. The increase was mainly due to

fee acquisition related to institutional real estate such as REITs and new credit at specialty finance, etc.

The Principal Transactions Sub-Group recorded total revenue of ¥9.6 billion in the first half of fiscal year 2013, an increase from ¥7.6 billion in the first half of fiscal year 2012. The performance continued to be stable mainly due to continued domestic credit trading operations efforts, and ¥0.9 billion of capital gains on sales of private equity investments were recorded. In addition, ¥0.6 billion of impairment on private equity investment was recognized in the first half of fiscal year 2012, which was contained under ¥0.1 billion in the first half of fiscal year 2013.

Total Other revenue of the Institutional Group was a loss of ¥0.0 billion (¥97 million) in the first half of fiscal year 2013, as compared to a gain of ¥0.3 billion in the first half of fiscal year 2012. The impact on the profit and loss was limited due to continuous reduction of non-core assets.

#### **Expenses**

General and administrative expenses were ¥12.1 billion in the first half of fiscal year 2013, an increase from ¥12.0 billion in the first half of fiscal year 2012. While efforts to improve efficiency in each business line will continue, expenses were up very slightly due to investment of management resources in strategic focus areas to increase headcount and to expand the business base in order to strengthen profitability.

#### **Net credit costs**

Net credit recoveries were ¥2.8 billion in the first half of fiscal year 2013, as compared to net credit costs of ¥3.3 billion in the first half of fiscal year 2012. Net credit costs remained limited at the Institutional Group, as no large reserves for credit losses were recorded due to reduction of non-core assets aimed at limiting potential risks during the Bank's First Medium-Term Management Plan. In addition, the creditworthiness of some accounts improved, and there were some reversals of reserves for loan losses due to the sale of non-performing loans, resulting in an overall improvement in net credit costs of the Institutional Group.

#### **Ordinary business profit after net credit costs**

As a result, the Institutional Group recorded an ordinary business profit after net credit costs of ¥26.6 billion in the first half of fiscal year 2013, an increase from ¥16.1 billion in the first half of fiscal year 2012.

#### **Showa Leasing**

Showa Leasing recorded ¥4.8 billion of ordinary business profit after net credit costs in the first half of fiscal year 2013, an increase as compared to ¥2.9 billion in the first half of fiscal year 2012. Revenue was ¥6.7 billion in the first half of fiscal year 2013, steady as compared to ¥6.3 billion in the first half of fiscal year 2012. Net credit recoveries were ¥1.8 billion in the first half of fiscal year 2013, compared to ¥0.3 billion in the first half of fiscal year 2012, due to improvements in credit quality of loans and the progression of collections.

**Global Markets Group**<sup>(1)</sup> -Table 23- (Consolidated)

(Billions of yen, except percentages)

	1H FY2013 (6 months)	1H FY2012 (6 months)	% Change	FY2012 (12 months)
<b>Financial Institutions Sub-Group:</b>				
Net interest income	0.8	0.8	(2.6)	1.6
Non-interest income	0.8	1.6	(44.3)	2.9
<b>Total revenue</b>	<b>1.7</b>	<b>2.4</b>	<b>(30.0)</b>	<b>4.5</b>
<b>General and administrative expenses</b>	<b>1.0</b>	<b>1.1</b>	<b>(10.9)</b>	<b>2.3</b>
<b>Ordinary business profit</b>	<b>0.6</b>	<b>1.2</b>	<b>(47.7)</b>	<b>2.2</b>
<b>Net credit costs (recoveries)</b>	<b>0.0</b>	<b>(1.3)</b>	<b>104.1</b>	<b>(6.2)</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>0.6</b>	<b>2.6</b>	<b>(76.8)</b>	<b>8.5</b>
<b>Markets Sub-Group:</b>				
Net interest income	1.1	0.6	71.0	1.2
Non-interest income	0.9	3.3	(72.3)	5.9
<b>Total revenue</b>	<b>2.0</b>	<b>4.0</b>	<b>(48.6)</b>	<b>7.2</b>
<b>General and administrative expenses</b>	<b>1.6</b>	<b>1.6</b>	<b>(0.1)</b>	<b>3.1</b>
<b>Ordinary business profit</b>	<b>0.4</b>	<b>2.4</b>	<b>(80.5)</b>	<b>4.0</b>
<b>Net credit costs (recoveries)</b>	<b>(0.0)</b>	<b>(0.1)</b>	<b>61.5</b>	<b>(1.0)</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>0.5</b>	<b>2.5</b>	<b>(79.6)</b>	<b>5.0</b>
<b>Others:</b>				
Net interest income	0.0	0.0	(88.1)	0.1
Non-interest income	1.4	1.0	36.0	2.3
<b>Total revenue</b>	<b>1.4</b>	<b>1.1</b>	<b>31.1</b>	<b>2.4</b>
<b>General and administrative expenses</b>	<b>1.7</b>	<b>1.7</b>	<b>(1.6)</b>	<b>3.5</b>
<b>Ordinary business profit (loss)</b>	<b>(0.2)</b>	<b>(0.6)</b>	<b>55.5</b>	<b>(1.0)</b>
<b>Net credit costs (recoveries)</b>	<b>(0.0)</b>	<b>(0.2)</b>	<b>78.1</b>	<b>(0.2)</b>
<b>Ordinary business profit (loss) after net credit costs (recoveries)</b>	<b>(0.2)</b>	<b>(0.4)</b>	<b>43.6</b>	<b>(0.8)</b>
<b>Global Markets Group:</b> <sup>(2)</sup>				
Net interest income	1.9	1.5	26.9	2.9
Non-interest income	3.2	6.0	(46.0)	11.2
<b>Total revenue</b>	<b>5.2</b>	<b>7.6</b>	<b>(31.1)</b>	<b>14.2</b>
<b>General and administrative expenses</b>	<b>4.4</b>	<b>4.5</b>	<b>(3.5)</b>	<b>9.0</b>
<b>Ordinary business profit</b>	<b>0.8</b>	<b>3.0</b>	<b>(72.4)</b>	<b>5.2</b>
<b>Net credit costs (recoveries)</b>	<b>(0.0)</b>	<b>(1.7)</b>	<b>97.3</b>	<b>(7.5)</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>0.8</b>	<b>4.7</b>	<b>(81.4)</b>	<b>12.7</b>

(1) Net of consolidation adjustments, if applicable.

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

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

**Global Markets Group:**

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

**Total revenue**

The Global Markets Group generated total revenue of ¥5.2 billion in the first half of fiscal year 2013, compared to ¥7.6 billion in the first half of fiscal year 2012. The group continued efforts to expand the customer base, as well as developing and providing financial products which meet customers' needs, however total revenue decreased due to sluggish growth in the total volume of customer transactions and market related-transactions.

The Financial Institutions Sub-Group's total revenue was ¥1.7 billion in the first half of fiscal year 2013, compared to ¥2.4 billion in the first half of fiscal year 2012. For the first half of fiscal year 2013, the Sub-Group promoted business alliances utilizing their well developed network with financial institutions, while striving to promote sales providing various products and transactions in line with customers' needs. However, growth in revenue from transactions with customers was sluggish, and total revenue decreased compared to the first half of fiscal year 2012.

The Markets Sub-Group similarly experienced sluggish growth in revenue from transactions with customers and market related transactions, and total revenue decreased to ¥2.0 billion in the first half of fiscal year 2013, a decline from ¥4.0 billion in the first half of fiscal year 2012.

Others revenue of the Global Markets Group was ¥1.4 billion for the first half of fiscal year 2013, an increase as compared to ¥1.1 billion for the first half of fiscal year 2012.

**Expenses**

The Global Markets Group recorded ¥4.4 billion of general and administrative expenses for the first half of fiscal year 2013, compared to ¥4.5 billion in the first half of fiscal year 2012. While the allocation of resources to relevant business areas for rebuilding the client base was prioritized, continuous cost rationalization was implemented across the group. As a result, expenses decreased slightly as compared to the first half of fiscal year 2012.

**Net credit costs**

Net credit recoveries of ¥0.0 billion (¥46 million) were recorded in the first half of fiscal year 2013, compared to recoveries of ¥1.7 billion in the first half of fiscal year 2012. The group's performance in this area in the first half of fiscal year 2012 was due to the collection of written-off claims and the recording of major credit recoveries in the first half of fiscal year 2012.

**Ordinary business profit after net credit costs**

As a result, the Global Markets Group recorded ¥0.8 billion of ordinary business profit after net credit costs in the first half of fiscal year 2013, compared to ¥4.7 billion in the first half of fiscal year 2012.

<sup>(1)</sup>  
*Individual Group - Table 24- (Consolidated)**(Billions of yen, except percentages)*

	1H FY2013 (6 months)	1H FY2012 (6 months)	% Change	FY2012 (12 months)
<b>Retail banking:</b>				
Net interest income	12.7	13.1	(3.1)	26.0
Non-interest income	4.0	3.5	14.9	7.0
<b>Total revenue</b>	<b>16.8</b>	<b>16.7</b>	<b>0.7</b>	<b>33.1</b>
<b>General and administrative expenses</b>	<b>16.1</b>	<b>15.3</b>	<b>5.0</b>	<b>30.2</b>
<b>Ordinary business profit</b>	<b>0.6</b>	<b>1.3</b>	<b>(48.5)</b>	<b>2.8</b>
<b>Net credit costs (recoveries)</b>	<b>0.1</b>	<b>(0.0)</b>	<b>591.6</b>	<b>0.0</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>0.5</b>	<b>1.3</b>	<b>(61.1)</b>	<b>2.8</b>
<b>Shinsei Financial and Shinsei Bank Card Loan Lake <sup>(2)</sup> :</b>				
Net interest income	20.8	20.7	0.4	40.9
Non-interest income	(1.9)	(1.6)	(18.3)	(3.2)
<b>Total revenue</b>	<b>18.8</b>	<b>19.0</b>	<b>(1.1)</b>	<b>37.6</b>
<b>General and administrative expenses</b>	<b>13.1</b>	<b>12.6</b>	<b>3.5</b>	<b>25.2</b>
<b>Ordinary business profit</b>	<b>5.7</b>	<b>6.4</b>	<b>(10.2)</b>	<b>12.3</b>
<b>Net credit costs (recoveries)</b>	<b>(0.4)</b>	<b>0.9</b>	<b>(143.1)</b>	<b>(0.1)</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>6.1</b>	<b>5.4</b>	<b>14.1</b>	<b>12.4</b>
<b>SHINKI:</b>				
Net interest income	3.3	3.5	(6.7)	6.9
Non-interest income	(0.2)	(0.3)	4.6	(0.5)
<b>Total revenue</b>	<b>3.0</b>	<b>3.2</b>	<b>(6.9)</b>	<b>6.3</b>
<b>General and administrative expenses</b>	<b>2.0</b>	<b>1.9</b>	<b>8.0</b>	<b>4.0</b>
<b>Ordinary business profit</b>	<b>0.9</b>	<b>1.3</b>	<b>(28.3)</b>	<b>2.2</b>
<b>Net credit costs (recoveries)</b>	<b>0.1</b>	<b>0.0</b>	<b>362.5</b>	<b>(0.0)</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>0.7</b>	<b>1.2</b>	<b>(41.1)</b>	<b>2.2</b>
<b>APLUS FINANCIAL:</b>				
Net interest income	3.9	4.9	(20.6)	9.2
Non-interest income	19.4	18.6	4.5	38.5
<b>Total revenue</b>	<b>23.4</b>	<b>23.5</b>	<b>(0.8)</b>	<b>47.8</b>
<b>General and administrative expenses</b>	<b>17.2</b>	<b>16.6</b>	<b>3.4</b>	<b>33.2</b>
<b>Ordinary business profit</b>	<b>6.1</b>	<b>6.8</b>	<b>(10.8)</b>	<b>14.6</b>
<b>Net credit costs</b>	<b>3.3</b>	<b>3.4</b>	<b>(0.6)</b>	<b>6.4</b>
<b>Ordinary business profit after net credit costs</b>	<b>2.7</b>	<b>3.4</b>	<b>(20.9)</b>	<b>8.1</b>
<b>Others <sup>(3)</sup> :</b>				
Net interest income	0.7	0.6	4.5	1.4
Non-interest income	0.1	0.1	24.4	0.1
<b>Total revenue</b>	<b>0.8</b>	<b>0.8</b>	<b>7.1</b>	<b>1.6</b>
<b>General and administrative expenses</b>	<b>0.3</b>	<b>0.2</b>	<b>28.1</b>	<b>0.5</b>
<b>Ordinary business profit</b>	<b>0.5</b>	<b>0.5</b>	<b>(2.0)</b>	<b>1.1</b>
<b>Net credit costs (recoveries)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(155.3)</b>	<b>(0.0)</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>0.6</b>	<b>0.5</b>	<b>4.3</b>	<b>1.1</b>
<b>Individual Group:</b>				
Net interest income	41.5	43.0	(3.6)	84.4
Non-interest income	21.4	20.3	5.4	42.0
<b>Total revenue</b>	<b>63.0</b>	<b>63.4</b>	<b>(0.7)</b>	<b>126.4</b>
<b>General and administrative expenses</b>	<b>48.9</b>	<b>46.9</b>	<b>4.3</b>	<b>93.3</b>
<b>Ordinary business profit</b>	<b>14.0</b>	<b>16.5</b>	<b>(14.7)</b>	<b>33.1</b>
<b>Net credit costs (recoveries)</b>	<b>3.2</b>	<b>4.3</b>	<b>(25.8)</b>	<b>6.2</b>
<b>Ordinary business profit after net credit costs (recoveries)</b>	<b>10.8</b>	<b>12.1</b>	<b>(10.7)</b>	<b>26.9</b>

(1) Net of consolidation adjustments, if applicable.

(2) Results for Shinsei Financial and "Shinsei Bank Card Loan – Lake" in the Lake business (started on October 1, 2011) are combined on a management accounting basis from Q3 FY2011.

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

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

**Individual Group Revenue by Product/Entity - Table 25- (Consolidated)**<sup>(1)</sup>

*(Billions of yen, except percentages)*

	1H FY2013 (6 months)	1H FY2012 (6 months)	% Change	FY2012 (12 months)
Retail Banking:	16.8	16.7	0.7	33.1
Deposits and debentures net interest income	8.0	9.1	(12.9)	17.6
Deposits and debentures non-interest income	1.5	1.9	(20.8)	3.6
Asset management	2.7	2.0	32.7	4.3
Loans	4.5	3.4	29.5	7.4
Shinsei Financial and Shinsei Bank Card Loan Lake <sup>(2)</sup>	18.8	19.0	(1.1)	37.6
SHINKI	3.0	3.2	(6.9)	6.3
APLUS FINANCIAL	23.4	23.5	(0.8)	47.8
Others <sup>(3)</sup>	0.8	0.8	7.1	1.6
<b>Total revenue</b>	<b>63.0</b>	<b>63.4</b>	<b>(0.7)</b>	<b>126.4</b>

(1) Net of consolidation adjustments, if applicable.

(2) Results for Shinsei Financial and "Shinsei Bank Card Loan - Lake" in the Lake business (started on October 1, 2011) are combined on a management accounting basis from Q3 FY2011.

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

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

The Individual Group consists of the Retail Banking business as well as Shinsei Bank Card Loan - Lake, and the subsidiaries Shinsei Financial, SHINKI, APLUS FINANCIAL and Shinsei Property Finance. In addition, the foreign remittance service "GoRemit Shinsei Overseas Remittance Service" which was acquired from Lloyds TSB Bank on March 1, 2013, is included in Retail Banking.

The Individual Group's ordinary business profit after net credit costs was ¥10.8 billion in the first half of fiscal year 2013, compared to ¥12.1 billion in the first half of fiscal year 2012.

### Retail Banking

Total revenue of retail banking went from ¥16.7 billion in the first half of fiscal year 2012, to ¥16.8 billion in the first half of fiscal year 2013. Net interest income totaled ¥12.7 billion in the first half of fiscal year 2013, compared to ¥13.1 billion in the first half of fiscal year 2012. New housing loan disbursements remained strong, resulting in a net increase of the loan balance, and revenue also increased. However, net interest income from deposits including liquid deposits decreased due to a decline in market interest rates. As a result, overall net interest income decreased compared to the first half of fiscal year 2012. Non-interest income increased to ¥4.0 billion in the first half of fiscal year 2013, as compared to ¥3.5 billion in the first half of fiscal year 2012. As a result of offering new products that meet the needs of customers in a timely manner, sales of investment products are progressing steadily and are continuing to grow from the second half of fiscal year 2012.

General and administrative expenses were ¥16.1 billion in the first half of fiscal year 2013, an increase as compared to ¥15.3 billion in the first half of fiscal year 2012, due to measures taken to smoothly carry out the Second Medium-Term Management Plan. However, we have implemented various rationalization and efficiency measures, such as reconsidering the unit price for advertising.

Regarding net credit costs, recoveries totaled ¥0.0 billion (¥31 million) in the first half of fiscal year 2012, compared to ¥0.1 billion of costs in the first half of fiscal year 2013. As a result, ordinary business profit after net credit costs was ¥0.5 billion in the first half of fiscal year 2013, compared to ¥1.3 billion in the first half of fiscal year 2012.

### Shinsei Financial and Shinsei Bank Card Loan - Lake

The ordinary business profit after net credit costs of Shinsei Financial and Shinsei Bank Card Loan - Lake after related consolidation adjustments was ¥6.1 billion in the first half of fiscal year 2013, compared to ¥5.4 billion for the first half of fiscal year 2012.

Total revenue was ¥18.8 billion in the first half of fiscal year 2013, compared to ¥19.0 billion in the first half of fiscal year 2012, as the loan balance continued to decrease due to the ongoing effects of the revised Money-Lending Business Control and Regulation Law, however, total revenue is up from ¥18.5 billion in the second half of fiscal year 2012. The combined loan balances at Shinsei Financial and Shinsei Bank Card Loan - Lake have grown since the fourth quarter of fiscal year 2012, and the balance (total balance including consumer finance operations conducted within the Bank) has grown by ¥8.8 billion in the first half of fiscal year 2013 as compared to the end of fiscal year 2012.

Consumer finance is expected to incur a certain amount of credit costs due to the inherent nature of the business. However, we are implementing strict credit management and have established a strong structure for loan collections, while credit quality continues to improve since the implementation of income linked borrowing limitation regulation in 2010. When including recoveries of written-off claims, net credit recoveries of ¥0.4 billion were recorded in the first half of fiscal year 2013 as compared to ¥0.9 billion of net credit costs recorded in the first half of fiscal year 2012.

### SHINKI

The ordinary business profit after net credit costs of SHINKI after related consolidation adjustments was ¥0.7 billion in the first half of fiscal year 2013, compared to ¥1.2 billion in the first half of fiscal year 2012. Similar to Shinsei Financial, SHINKI's total revenue also decreased due to the revised Money-Lending Business Control and Regulation Law, however the rate of decline has slowed.

**APLUS FINANCIAL**

The ordinary business profit after net credit costs of APLUS FINANCIAL after the related consolidation adjustments amounted to ¥2.7 billion in the first half of fiscal year 2013, compared to ¥3.4 billion in the first half of fiscal year 2012. Net interest income as a part of total revenue decreased to ¥3.9 billion in the first half of fiscal year 2013, compared to ¥4.9 billion in the first half of fiscal year 2012 due to the decrease in the disbursement of loans following the implementation of the revised Money-Lending Business Control and Regulation Law. Non-interest income increased to ¥19.4 billion in the first half of fiscal year 2013, compared to ¥18.6 billion in the first half of fiscal year 2012 as a result of a steady increase in volume in the installment sales credit and settlement business. While continuing to pursue rationalization and efficient business processes, general and administrative expenses increased to ¥17.2 billion in the first half of fiscal year 2013, from ¥16.6 billion in the first half of fiscal year 2012, due to an increase in temporary staff expenses to ensure the stable operation of the IT system. Net credit costs were ¥3.3 billion in the first half of fiscal year 2013, compared to ¥3.4 billion in the first half of fiscal year 2012.

Others include the financial results of Shinsei Property Finance Co., Ltd and the Consumer Finance Sub-Group.

**Interest Repayment**

Regarding reserves for losses on interest repayment, no additional reserves were made in the first half of fiscal year 2013, the same as the first half of fiscal year 2012. Additionally, the usage of reserves for losses on interest repayment in the first half of fiscal year 2013 has decreased compared to the first half of fiscal year 2012 at Shinsei Financial, SHINKI, and APLUS FINANCIAL.

Shinsei Financial's usage of reserves for losses on interest repayment and others amounted to ¥2.2 billion in the first half of fiscal year 2013, compared to ¥2.6 billion in the first half of fiscal year 2012. Additional reserves were not made resulting in a total balance of ¥19.1 billion in reserves for losses on interest repayment as of September 30, 2013, compared to ¥21.3 billion as of March 31, 2013. Losses on interest repayment at Shinsei Financial have been recorded for the portion of the portfolio not covered by the GE indemnity included in the purchase agreement of Shinsei Financial from GE Japan Holdings (GE).

SHINKI's usage of reserves for losses on interest repayment amounted to ¥2.4 billion in the first half of fiscal year 2013, compared to ¥3.6 billion in the first half of fiscal year 2012. Additional reserves were not made in the first half of fiscal year 2013 resulting in a total balance of ¥5.3 billion in reserves for losses on interest repayment as of September 30, 2013, compared to ¥7.8 billion as of March 31, 2013.

APLUS FINANCIAL and its consolidated subsidiaries' usage of reserves for losses on interest repayment totaled to ¥1.6 billion in the first half of fiscal year 2013, compared to ¥3.0 billion in the first half of fiscal year 2012. Additional reserves were not made during the first half of fiscal year 2013 resulting in a total balance of ¥4.1 billion in reserves for losses on interest repayment as of September 30, 2013, compared to ¥5.7 billion as of March 31, 2013.

## Corporate/Other -Table 26- (Consolidated)

(Billions of yen, except percentages)

	1H FY2013 (6 months)	1H FY2012 (6 months)	% Change	FY2012 (12 months)
<b>Treasury Sub-Group<sup>(1)</sup> :</b>				
Net interest income	(1.7)	(1.6)	(2.9)	(2.7)
Non-interest income	(0.7)	4.3	(117.6)	7.2
<b>Total revenue</b>	<b>(2.5)</b>	<b>2.6</b>	<b>(195.0)</b>	<b>4.4</b>
<b>General and administrative expenses</b>	<b>0.7</b>	<b>0.6</b>	<b>20.8</b>	<b>1.2</b>
<b>Ordinary business profit (loss)</b>	<b>(3.2)</b>	<b>1.9</b>	<b>(265.0)</b>	<b>3.2</b>
<b>Net credit costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ordinary business profit (loss) after net credit costs</b>	<b>(3.2)</b>	<b>1.9</b>	<b>(265.0)</b>	<b>3.2</b>
<b>Corporate/Other (excluding Treasury Sub-Group):<sup>(2)</sup></b>				
Net interest income	(1.6)	(1.2)	(27.8)	(2.8)
Non-interest income	0.1	0.2	(12.5)	(0.2)
<b>Total revenue</b>	<b>(1.4)</b>	<b>(1.0)</b>	<b>(35.5)</b>	<b>(3.1)</b>
<b>General and administrative expenses</b>	<b>(0.4)</b>	<b>(0.3)</b>	<b>(5.0)</b>	<b>0.7</b>
<b>Ordinary business profit (loss)</b>	<b>(1.0)</b>	<b>(0.6)</b>	<b>(53.8)</b>	<b>(3.8)</b>
<b>Net credit costs</b>	<b>0.0</b>	<b>0.2</b>	<b>(99.8)</b>	<b>0.5</b>
<b>Ordinary business profit (loss) after net credit costs</b>	<b>(1.0)</b>	<b>(0.9)</b>	<b>(10.6)</b>	<b>(4.3)</b>
<b>Corporate/Other:<sup>(2)</sup></b>				
Net interest income	(3.3)	(2.9)	(13.5)	(5.6)
Non-interest income	(0.5)	4.5	(112.9)	6.9
<b>Total revenue</b>	<b>(3.9)</b>	<b>1.5</b>	<b>(349.8)</b>	<b>1.3</b>
<b>General and administrative expenses</b>	<b>0.3</b>	<b>0.2</b>	<b>45.8</b>	<b>2.0</b>
<b>Ordinary business profit (loss)</b>	<b>(4.2)</b>	<b>1.3</b>	<b>(424.1)</b>	<b>(0.6)</b>
<b>Net credit costs</b>	<b>0.0</b>	<b>0.2</b>	<b>(99.8)</b>	<b>0.5</b>
<b>Ordinary business profit (loss) after net credit costs</b>	<b>(4.2)</b>	<b>1.0</b>	<b>(502.7)</b>	<b>(1.1)</b>

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

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

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

The Treasury Sub-Group, which governs the ALM for the Bank overall, was transferred to the Finance Group as part of organizational changes implemented on July 1, 2012, and its results are now included in the Corporate/Other segment. The Treasury Sub-Group's total revenue was a loss of ¥2.5 billion in the first half of fiscal year 2013, compared to a profit of ¥2.6 billion in the first half of fiscal year 2012. While the

Treasury Sub-Group holds liquidity reserves and Japanese national government bonds for ALM purposes, a ¥1.4 billion loss was incurred on the sales of Japanese national government bonds as part of ALM operations in order to avoid interest rate risk resulting from major fluctuations in the market in the first quarter of fiscal year 2013.

**Segment Information**

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

## Interim Consolidated Balance Sheets (Consolidated)

## Assets

	(Millions of yen)				
	Sep 30 2013 (a)	Sep 30 2012 (b)	Change (a)-(b)	Mar 31 2013 (c)	Change (a)-(c)
<b>&lt;&lt;Assets&gt;&gt;</b>					
Cash and due from banks	724,563	414,089	310,473	648,897	75,665
Call loans and bills bought	-	-	-	18,806	(18,806)
Receivables under resale agreements	53,216	38,387	14,829	78,507	(25,291)
Receivables under securities borrowing transactions	51,557	31,927	19,629	19,083	32,473
Other monetary claims purchased	99,839	120,321	(20,481)	112,318	(12,478)
Trading assets	318,177	217,941	100,236	287,907	30,270
Monetary assets held in trust	211,031	260,167	(49,136)	233,847	(22,816)
Securities	1,794,747	2,003,441	(208,693)	1,842,344	(47,597)
Loans and bills discounted	4,208,627	4,281,926	(73,298)	4,292,464	(83,837)
Foreign exchanges	37,746	22,729	15,017	33,857	3,888
Lease receivables and leased investment assets	211,622	196,966	14,655	203,590	8,032
Other assets	754,598	771,535	(16,936)	770,905	(16,307)
Premises and equipment	49,956	55,023	(5,067)	52,716	(2,760)
Intangible assets	61,870	73,907	(12,036)	68,429	(6,559)
Goodwill	31,985	38,271	(6,286)	35,394	(3,409)
Deferred issuance expenses for debentures	47	113	(66)	95	(48)
Deferred tax assets	18,800	15,789	3,011	16,339	2,461
Customers' liabilities for acceptances and guarantees	453,036	550,232	(97,196)	511,032	(57,996)
Reserve for credit losses	(143,925)	(171,964)	28,038	(161,810)	17,884
<b>Total assets</b>	<b>8,905,513</b>	<b>8,882,534</b>	<b>22,979</b>	<b>9,029,335</b>	<b>(123,821)</b>

## Liabilities and Equity

(Millions of yen)

	Sep 30 2013 (a)	Sep 30 2012 (b)	Change (a)-(b)	Mar 31 2013 (c)	Change (a)-(c)
<b>&lt;&lt;Liabilities&gt;&gt;</b>					
Deposits	5,544,368	5,058,219	486,148	5,252,935	291,432
Negotiable certificates of deposit	209,088	316,436	(107,348)	204,600	4,488
Debentures	45,867	277,624	(231,757)	262,342	(216,474)
Call money and bills sold	120,000	230,077	(110,077)	170,094	(50,094)
Payables under securities lending transactions	60,216	139,404	(79,187)	47,069	13,147
Trading liabilities	273,508	158,216	115,292	240,099	33,409
Borrowed money	619,344	718,377	(99,033)	719,292	(99,948)
Foreign exchanges	25	16	8	174	(148)
Short-term corporate bonds	107,900	63,400	44,500	82,800	25,100
Corporate bonds	189,142	163,525	25,617	174,286	14,856
Other liabilities	535,057	506,401	28,656	630,759	(95,701)
Accrued employees' bonuses	4,628	4,103	524	7,604	(2,976)
Accrued directors' bonuses	31	23	7	54	(22)
Reserve for employees' retirement benefits	7,521	7,179	341	7,309	212
Reserve for directors' retirement benefits	114	211	(96)	245	(130)
Reserve for losses on interest repayments	28,630	41,568	(12,937)	34,983	(6,352)
Deferred tax liabilities	56	275	(219)	7	48
Acceptances and guarantees	453,036	550,232	(97,196)	511,032	(57,996)
<b>Total liabilities</b>	<b>8,198,537</b>	<b>8,235,295</b>	<b>(36,757)</b>	<b>8,345,690</b>	<b>(147,152)</b>
<b>&lt;&lt;Equity&gt;&gt;</b>					
<b>Shareholders' equity:</b>					
Common stock	512,204	512,204	-	512,204	-
Capital surplus	79,461	79,461	-	79,461	-
Retained earnings	131,873	81,972	49,900	107,288	24,585
Treasury stock, at cost	(72,558)	(72,558)	-	(72,558)	-
Total shareholders' equity	650,981	601,080	49,900	626,395	24,585
<b>Accumulated other comprehensive income :</b>					
Unrealized gain (loss) on available-for-sale securities	1,842	(1,073)	2,916	3,825	(1,982)
Deferred gain (loss) on derivatives under hedge accounting	(9,065)	(11,694)	2,629	(11,605)	2,540
Foreign currency translation adjustments	890	(2,569)	3,460	1,475	(584)
Total accumulated other comprehensive income	(6,332)	(15,338)	9,006	(6,305)	(26)
Stock acquisition rights	1,222	1,301	(78)	1,238	(16)
Minority interests	61,103	60,195	908	62,315	(1,211)
<b>Total equity</b>	<b>706,975</b>	<b>647,238</b>	<b>59,737</b>	<b>683,644</b>	<b>23,330</b>
<b>Total liabilities and equity</b>	<b>8,905,513</b>	<b>8,882,534</b>	<b>22,979</b>	<b>9,029,335</b>	<b>(123,821)</b>

## Interim Consolidated Statements of Income (Consolidated)

	<i>(Millions of yen, except percentages)</i>				
	1H FY2013 (6 months)	1H FY2012 (6 months)	Change		FY2012 (12 months)
			Amount	%	
<b>Ordinary income</b>	<b>186,555</b>	191,464	(4,909)	(2.6)	386,079
Interest income	72,562	74,155	(1,592)	(2.1)	147,834
Interest on loans and bills discounted	62,768	64,707	(1,938)	(3.0)	128,560
Interest and dividends on securities	8,238	8,618	(379)	(4.4)	17,028
Other interest income	1,555	829	725	87.5	2,246
Fees and commissions income	22,667	19,519	3,148	16.1	40,309
Trading income	8,048	11,381	(3,333)	(29.3)	22,698
Other business income	70,086	71,315	(1,229)	(1.7)	141,266
Other ordinary income	13,190	15,092	(1,901)	(12.6)	33,969
<b>Ordinary expenses</b>	<b>157,851</b>	163,305	(5,454)	(3.3)	331,584
Interest expenses	17,509	17,961	(451)	(2.5)	36,149
Interest on deposits	11,198	11,650	(452)	(3.9)	23,066
Interest on borrowings	2,501	2,608	(107)	(4.1)	5,264
Interest on corporate bonds	2,992	2,542	450	17.7	5,467
Other interest expenses	816	1,158	342	29.5	2,351
Fees and commissions expenses	11,010	10,771	239	2.2	21,134
Trading losses	1,057	1,808	(751)	(41.5)	2,669
Other business expenses	49,875	47,130	2,745	5.8	99,833
General and administrative expenses	72,231	70,441	1,790	2.5	141,798
Amortization of goodwill	3,405	3,680	(274)	(7.4)	7,036
Amortization of intangible assets acquired in business combinations	1,767	1,999	(232)	(11.6)	3,774
Other general and administrative expenses	67,058	64,761	2,296	3.5	130,987
Other ordinary expenses	6,166	15,192	(9,026)	(59.4)	29,998
Provision of reserve for credit losses	2,663	9,076	(6,412)	(70.6)	13,785
Other	3,503	6,116	2,613	42.7	16,213
<b>Ordinary profit</b>	<b>28,704</b>	28,158	545	1.9	54,495
Extraordinary gains	140	439	(298)	(67.9)	1,162
Extraordinary losses	1,241	671	570	84.9	1,782
<b>Income before income taxes and minority interests</b>	<b>27,603</b>	27,926	(323)	(1.2)	53,875
Income taxes (benefit):					
Income taxes (benefit) - current	1,890	829	1,061	128.0	595
Income taxes (benefit) - deferred	(3,145)	(458)	(2,686)	586.5	(1,334)
Total income taxes (benefit)	(1,254)	370	(1,625)	(439.2)	(738)
<b>Income before minority interests</b>	<b>28,857</b>	27,555	1,301	4.7	54,614
Minority interests in net income of subsidiaries	1,617	1,791	(174)	(9.7)	3,534
<b>Net income</b>	<b>27,240</b>	25,764	1,476	5.7	51,079

**Interim Consolidated Statements of Comprehensive Income (Consolidated)**

*(Millions of yen, except percentages)*

	1H FY2013 (6 months)	1H FY2012 (6 months)	Change		FY2012 (12 months)
			Amount	%	
Income before minority interests	28,857	27,555	1,301	4.7	54,614
Other comprehensive income					
Unrealized gain (loss) on available-for-sale securities	(1,923)	(534)	(1,389)	(260.0)	4,266
Deferred gain (loss) on derivatives under hedge accounting	2,540	59	2,481	4,184.5	148
Foreign currency translation adjustments	(332)	(1,342)	1,010	75.3	2,889
Share of other comprehensive income in affiliates	(1)	(271)	269	99.5	794
Other comprehensive income	283	(2,088)	2,371	113.6	8,098
Comprehensive income	29,140	25,467	3,673	14.4	62,713
(Breakdown)					
Attributable to:					
Owners of the parent	27,213	23,971	3,242	13.5	58,319
Minority interests	1,927	1,495	431	28.8	4,393

## Interim Consolidated Statements of Changes in Equity (Consolidated)

(Millions of yen)

	1H FY2013 (6 months)	1H FY2012 (6 months)	FY2012 (12 months)
<b>Shareholders' equity</b>			
Common stock :			
Balance at beginning of the period	512,204	512,204	512,204
Changes during the period			
Total changes during the period	-	-	-
Balance at end of the period	512,204	512,204	512,204
Capital surplus :			
Balance at beginning of the period	79,461	79,461	79,461
Changes during the period			
Total changes during the period	-	-	-
Balance at end of the period	79,461	79,461	79,461
Retained earnings :			
Balance at beginning of the period	107,288	58,863	58,863
Changes during the period			
Dividends	(2,653)	(2,653)	(2,653)
Net income	27,240	25,764	51,079
Increase by inclusion of consolidated subsidiaries	-	-	0
Decrease by inclusion of consolidated subsidiaries	-	(0)	(0)
Decrease by exclusion of consolidated subsidiaries	(0)	-	(0)
Total changes during the period	24,585	23,109	48,425
Balance at end of the period	131,873	81,972	107,288
Treasury stock at cost :			
Balance at beginning of the period	(72,558)	(72,558)	(72,558)
Changes during the period			
Total changes during the period	-	-	-
Balance at end of the period	(72,558)	(72,558)	(72,558)
Total shareholders' equity :			
Balance at beginning of the period	626,395	577,970	577,970
Changes during the period			
Dividends	(2,653)	(2,653)	(2,653)
Net income	27,240	25,764	51,079
Increase by inclusion of consolidated subsidiaries	-	-	0
Decrease by inclusion of consolidated subsidiaries	-	(0)	(0)
Decrease by exclusion of consolidated subsidiaries	(0)	-	(0)
Total changes during the period	24,585	23,109	48,425
Balance at end of the period	650,981	601,080	626,395

(Millions of yen)

	1H FY2013 (6 months)	1H FY2012 (6 months)	FY2012 (12 months)
<b>Accumulated other comprehensive income</b>			
Unrealized gain (loss) on available-for-sale securities :			
Balance at beginning of the period	3,825	(674)	(674)
Changes during the period			
Net changes during the period excluding shareholders' equity	(1,982)	(399)	4,499
Total changes during the period	(1,982)	(399)	4,499
Balance at end of the period	1,842	(1,073)	3,825
Deferred gain (loss) on derivatives under hedge accounting :			
Balance at beginning of the period	(11,605)	(11,754)	(11,754)
Changes during the period			
Net changes during the period excluding shareholders' equity	2,540	59	148
Total changes during the period	2,540	59	148
Balance at end of the period	(9,065)	(11,694)	(11,605)
Foreign currency translation adjustments :			
Balance at beginning of the period	1,475	(1,117)	(1,117)
Changes during the period			
Net changes during the period excluding shareholders' equity	(584)	(1,452)	2,592
Total changes during the period	(584)	(1,452)	2,592
Balance at end of the period	890	(2,569)	1,475
Total accumulated other comprehensive income :			
Balance at beginning of the period	(6,305)	(13,545)	(13,545)
Changes during the period			
Net changes during the period excluding shareholders' equity	(26)	(1,792)	7,240
Total changes during the period	(26)	(1,792)	7,240
Balance at end of the period	(6,332)	(15,338)	(6,305)
<b>Stock acquisition rights</b>			
Balance at beginning of the period	1,238	1,354	1,354
Changes during the period			
Net changes during the period excluding shareholders' equity	(16)	(53)	(115)
Total changes during the period	(16)	(53)	(115)
Balance at end of the period	1,222	1,301	1,238
<b>Minority interests</b>			
Balance at beginning of the period	62,315	61,877	61,877
Changes during the period			
Net changes during the period excluding shareholders' equity	(1,211)	(1,682)	438
Total changes during the period	(1,211)	(1,682)	438
Balance at end of the period	61,103	60,195	62,315
<b>Total equity</b>			
Balance at beginning of the period	683,644	627,657	627,657
Changes during the period			
Dividends	(2,653)	(2,653)	2,653
Net income	27,240	25,764	51,079
Increase by inclusion of consolidated subsidiaries	-	-	0
Decrease by inclusion of consolidated subsidiaries	-	(0)	(0)
Decrease by exclusion of consolidated subsidiaries	(0)	-	(0)
Net changes during the period excluding shareholders' equity	(1,254)	(3,528)	7,562
Total changes during the period	23,330	19,580	55,987
Balance at end of the period	706,975	647,238	683,644

## Section 2. Non-Consolidated Information

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

	(Billions of yen, except percentages)			
	1H FY2013 (6 months)	1H FY2012 (6 months)	% Change	FY2012 (12 months)
Net interest income	37.5	34.8	7.7	62.0
Non-interest income	10.3	17.3	(40.4)	31.2
Net fees and commissions <sup>(1)</sup>	6.0	7.5	(20.3)	10.3
Net trading income	2.5	8.5	(70.4)	14.5
Net other business income	1.7	1.2	43.3	6.3
<b>Total revenue <sup>(1)</sup></b>	<b>47.8</b>	<b>52.1</b>	<b>(8.3)</b>	<b>93.3</b>
Personnel expenses	10.5	10.1	4.0	21.1
Non-personnel expenses	22.1	21.5	2.8	42.9
Taxes	1.6	1.6	(2.0)	3.2
<b>General and administrative expenses</b>	<b>34.3</b>	<b>33.3</b>	<b>2.9</b>	<b>67.3</b>
<b>Net business profit <sup>(1)</sup></b>	<b>13.5</b>	<b>18.7</b>	<b>(28.1)</b>	<b>25.9</b>
<b>Other gains (losses)</b>				
Gains (losses) on the sales of equities	1.7	0.1	994.1	1.7
Net reversal of reserve for credit losses (Provision of reserve for loan losses) <sup>(2)</sup>	1.2	(0.6)	306.2	(0.4)
Losses on write-off of loans	(0.9)	(2.5)	61.6	(6.8)
Recoveries of written-off claims	0.6	1.6	(58.8)	8.5
Expenses for employees' retirement benefits	(1.2)	(0.9)	(26.8)	(2.3)
Other losses, expenses	(0.2)	(0.7)	73.8	(0.9)
<b>Net ordinary income</b>	<b>14.7</b>	<b>15.6</b>	<b>(5.9)</b>	<b>25.7</b>
<b>Special gains (losses)</b>				
Gains (losses) from sales of fixed assets	(1.0)	(0.2)	(433.8)	(0.8)
Other special gains (losses)	0.0	(0.3)	101.7	(1.4)
<b>Income before income taxes</b>	<b>13.6</b>	<b>15.1</b>	<b>(9.7)</b>	<b>23.4</b>
<b>Income taxes (benefit)</b>				
Current	(0.1)	(0.1)	0.1	(0.7)
Deferred	(1.8)	(0.4)	(295.2)	(0.4)
<b>Net income</b>	<b>15.5</b>	<b>15.6</b>	<b>(0.8)</b>	<b>24.6</b>

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

(2) In the first half fiscal year 2013, reversals of general reserve for loan losses was ¥1.2 billion.

Provision of reserve for loan losses was ¥0.6 billion in the first half fiscal year 2012, and ¥0.4 billion in FY2012.

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

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

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

Total revenue of Shinsei Bank was ¥47.8 billion on a non-consolidated basis in the first half of fiscal year 2013 compared to ¥52.1 billion in the first half of fiscal year 2012. Net interest income on a non-consolidated basis was ¥37.5 billion in the first half of fiscal year 2013, an increase as compared to ¥34.8 billion in the first half of fiscal year 2012. This was mainly due to the continuation of strong accumulation of housing loans and the steady growth of earnings of the consumer finance business at the Bank which commenced operations in October 2011. Regarding dividends received from subsidiaries, dividends of ¥5.4

billion from Shinsei Financial, and ¥0.8 billion from Showa Leasing were received in the first half of fiscal year 2013, versus dividends of ¥4.4 billion from Shinsei Financial, ¥1.7 billion from APLUS FINANCIAL, and ¥0.8 billion from Showa Leasing in the first half of fiscal year 2012. On the other hand, non-interest income was ¥10.3 billion in the first half of fiscal year 2013, a decrease as compared to ¥17.3 billion in the first half of fiscal year 2012. While making efforts to provide various products and transactions that meet the needs of customers in order to raise revenues from transactions with customers, growth in market related transactions was sluggish, and we were impacted by the temporary turbulence in the financial markets, resulting in a loss incurred on the sales of Japanese government bonds at ALM operations which were made in order to avoid the interest rate risk resulting from major fluctuations in market.

General and administrative expenses were ¥34.3 billion in the first half of fiscal year 2013, an increase compared to ¥33.3 billion in the first half of fiscal year 2012. This was due to costs incurred for measures taken to smoothly carry out the Second Medium-Term Management Plan.

As a result of the above, Shinsei Bank recorded a non-consolidated net income of ¥15.5 billion for the first half of fiscal year 2013, a decrease compared to ¥15.6 billion for the first half of fiscal year 2012.

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

	(Billions of yen, except percentages)			
	1H FY2013 (6 months)	1H FY2012 (6 months)	% Change	FY2012 (12 months)
Losses on write-off of loans	0.9	2.5	(61.6)	6.8
Net provision (reversal) of reserve for loan losses	(1.2)	0.6	(306.2)	0.4
Net provision (reversal) of general reserve for loan losses	(0.1)	(5.0)	97.2	(10.0)
Net provision of specific reserve for loan losses	(1.1)	5.6	(119.9)	10.4
Net provision (reversal) of reserve for loan losses to restructuring countries	-	-	-	-
Recoveries of written-off claims	(0.6)	(1.6)	58.8	(8.5)
<b>Net credit costs (recoveries)</b>	<b>(0.9)</b>	<b>1.5</b>	<b>(163.8)</b>	<b>(1.2)</b>

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

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

	(Billions of yen, except percentages)								
	1H FY2013 (6 months)			1H FY2012 (6 months)			FY2012 (12 months)		
	Average balance	Interest	Yield/rate <sup>(4)</sup> (%)	Average balance	Interest	Yield/rate <sup>(4)</sup> (%)	Average balance	Interest	Yield/rate <sup>(4)</sup> (%)
<b>Interest-earning assets:</b>									
Cash and due from banks	29.0	0.3	2.72	21.2	0.1	1.08	20.5	0.2	1.21
Call loans	74.4	0.0	0.14	44.9	0.0	0.13	60.4	0.0	0.12
Receivables under resale agreements	57.2	0.1	0.36	30.1	0.0	0.39	46.8	0.1	0.39
Collateral related to securities borrowing transactions	1.6	0.0	0.11	16.2	0.0	0.11	15.7	0.0	0.11
Securities	2,324.2	16.7	1.43	2,303.3	17.6	1.52	2,382.7	26.1	1.09
Loans and bills discounted	4,174.1	35.7	1.70	4,123.9	32.7	1.58	4,169.6	67.0	1.60
Other interest-earning assets <sup>(2)</sup>	233.3	0.9	0.78	242.6	1.0	0.86	254.7	2.0	0.79
Interest rate and funding swaps	-	0.3	-	-	0.0	-	-	0.2	-
<b>Total interest-earning assets</b>	<b>6,894.2</b>	<b>54.2</b>	<b>1.57</b>	<b>6,782.6</b>	<b>51.6</b>	<b>1.51</b>	<b>6,950.7</b>	<b>96.0</b>	<b>1.38</b>
<b>Interest-bearing liabilities:</b>									
Deposits	5,803.9	11.2	0.38	5,431.0	11.6	0.42	5,407.6	23.0	0.42
Negotiable certificates of deposit	210.1	0.1	0.11	236.8	0.1	0.14	257.8	0.3	0.14
Debentures	85.5	0.1	0.28	289.7	0.5	0.37	282.0	0.9	0.34
Call money	124.1	0.0	0.10	130.9	0.0	0.10	141.4	0.1	0.10
Payable under repurchase agreements	7.8	0.0	0.22	0.5	0.0	0.23	5.5	0.0	0.19
Collateral related to securities lending transactions	455.3	0.1	0.07	144.8	0.0	0.11	222.7	0.2	0.11
Borrowed money	354.0	1.3	0.74	350.0	1.2	0.73	401.1	2.6	0.66
Corporate bonds	231.9	4.5	3.91	207.1	4.0	3.86	211.8	8.3	3.95
Other interest-bearing liabilities <sup>(3)</sup>	4.5	0.0	n.m. <sup>(1)</sup>	0.1	0.0	n.m. <sup>(1)</sup>	4.5	0.0	n.m. <sup>(1)</sup>
Interest rate and funding swaps	-	-	-	-	-	-	-	-	-
<b>Total interest-bearing liabilities</b>	<b>7,277.5</b>	<b>17.5</b>	<b>0.48</b>	<b>6,791.3</b>	<b>17.8</b>	<b>0.52</b>	<b>6,934.8</b>	<b>35.8</b>	<b>0.51</b>
<b>Net interest income/yield on interest-earning assets</b>	<b>6,894.2</b>	<b>36.7</b>	<b>1.06</b>	<b>6,782.6</b>	<b>33.8</b>	<b>0.99</b>	<b>6,950.7</b>	<b>60.1</b>	<b>0.86</b>

(1) n.m. is not meaningful.

(2) Include Cash collateral paid for financial instruments in 1H FY2013 (6 months) and FY2012 (12 months).

(3) Include Cash collateral received for financial instruments in 1H FY2013 (6 months) and FY2012 (12 months).

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

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

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

	(Billions of yen)				
	Sep 30 2013	Sep 30 2012	Change	Mar 31 2013	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Loans to bankrupt obligors	8.2	5.3	2.9	8.1	0.1
Non-accrual delinquent loans	171.5	241.7	(70.2)	211.2	(39.6)
Loans past due for three months or more	1.2	0.7	0.4	1.1	0.0
Restructured loans	5.4	1.9	3.5	4.5	0.9
<b>Total (A)</b>	<b>186.5</b>	<b>249.8</b>	<b>(63.3)</b>	<b>225.0</b>	<b>(38.5)</b>
<b>Loans and bills discounted (B)</b>	<b>4,139.9</b>	<b>4,264.1</b>	<b>(124.1)</b>	<b>4,224.4</b>	<b>(84.4)</b>
Ratio to total loans and bills discounted (A / B) (%)	4.51%	5.86%		5.33%	
<b>Reserve for credit losses (C)</b>	<b>90.4</b>	<b>113.5</b>	<b>(23.1)</b>	<b>106.5</b>	<b>(16.1)</b>
Reserve ratio (C / A) (%)	48.5%	45.4%		47.3%	

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

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

	(Billions of yen)				
	Sep 30 2013	Sep 30 2012	Change	Mar 31 2013	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	203.9	222.5	(18.6)	232.0	(28.0)
Agriculture and forestry	0.2	0.2	(0.0)	0.2	(0.0)
Fishery	-	-	-	-	-
Mining, quarrying and gravel extraction	0.1	0.2	(0.1)	0.1	0.0
Construction	11.5	13.7	(2.2)	10.6	0.8
Electric power, gas, heat supply and water supply	139.2	110.2	29.0	124.7	14.5
Information and communications	34.3	38.6	(4.3)	30.4	3.8
Transportation and postal service	203.4	222.7	(19.3)	219.0	(15.6)
Wholesale and retail	73.3	80.1	(6.7)	70.2	3.1
Finance and insurance	1,037.0	1,205.6	(168.5)	1,098.8	(61.8)
Real estate	542.8	594.7	(51.8)	581.1	(38.2)
Services	344.4	372.7	(28.3)	369.5	(25.1)
Local government	108.4	118.0	(9.5)	114.0	(5.5)
Individual	1,254.7	1,065.5	189.2	1,166.1	88.5
Overseas yen loan and overseas loans booked domestically	149.3	145.3	4.0	160.6	(11.2)
<b>Total domestic</b>	<b>4,103.1</b>	<b>4,190.6</b>	<b>(87.4)</b>	<b>4,178.0</b>	<b>(74.8)</b>
Overseas offices (including Japan offshore market accounts):					
Governments	1.6	1.9	(0.2)	1.8	(0.1)
Financial institutions	0.6	0.8	(0.1)	0.8	(0.2)
Commerce and industry	34.4	70.6	(36.2)	43.6	(9.1)
Others	-	-	-	-	-
<b>Total overseas</b>	<b>36.8</b>	<b>73.5</b>	<b>(36.6)</b>	<b>46.4</b>	<b>(9.5)</b>
<b>Total</b>	<b>4,139.9</b>	<b>4,264.1</b>	<b>(124.1)</b>	<b>4,224.4</b>	<b>(84.4)</b>

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

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

(Billions of yen)

	Sep 30 2013 (a)	Sep 30 2012 (b)	Change (a)-(b)	Mar 31 2013 (c)	Change (a)-(c)
Domestic offices (excluding Japan offshore market account):					
Manufacturing	6.2	7.4	(1.1)	7.5	(1.2)
Agriculture and forestry	-	-	-	-	-
Fishery	-	-	-	-	-
Mining, quarrying and gravel extraction	-	-	-	-	-
Construction	-	0.0	(0.0)	-	-
Electric power, gas, heat supply and water supply	-	-	-	-	-
Information and communications	1.9	-	1.9	2.1	(0.1)
Transportation and postal service	2.9	2.9	0.0	2.9	-
Wholesale and retail	0.2	-	0.2	-	0.2
Finance and insurance	41.6	43.3	(1.7)	41.9	(0.3)
Real estate	84.7	151.6	(66.9)	128.4	(43.7)
Services	28.2	26.2	2.0	28.2	0.0
Local government	-	-	-	-	-
Individual	4.4	3.5	0.8	4.1	0.2
Overseas yen loan and overseas loans booked domestically	16.0	14.6	1.4	9.4	6.5
<b>Total domestic</b>	<b>186.5</b>	<b>249.8</b>	<b>(63.3)</b>	<b>225.0</b>	<b>(38.5)</b>
Overseas offices (including Japan offshore market accounts):					
Governments	-	-	-	-	-
Financial institutions	-	-	-	-	-
Commerce and industry	-	-	-	-	-
Others	-	-	-	-	-
<b>Total overseas</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>186.5</b>	<b>249.8</b>	<b>(63.3)</b>	<b>225.0</b>	<b>(38.5)</b>

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

**LBO -Table 33- (Non-Consolidated)**

(Billions of yen)

	Sept 30 2013 (a)	Sept 30 2012 (b)	Change (a)-(b)	March 31 2013 (c)	Change (a)-(c)
<b>LBO<sup>(1)(3)</sup></b>	<b>134.7</b>	183.9	(49.2)	169.7	(35.0)
Japan	<b>133.3<sup>(2)</sup></b>	182.0	(48.7)	167.7	(34.4)
U.S.	<b>1.4</b>	1.5	(0.1)	1.4	0.0
Europe	-	-	-	-	-
Other	-	-	-	0.5	(0.5)
<b>(Breakdown by Industry Sector)</b>					
Manufacturing	<b>9.0%</b>				
Information and communications	<b>1.7%</b>				
Wholesale and retail	<b>5.9%</b>				
Finance and Insurance	<b>16.3%</b>				
Services	<b>67.1%</b>				
Total	<b>100.0%</b>				

(1) The amount includes unfunded commitment line.

(2) As of September 30, 2013, unfunded commitment line (only domestic) is ¥2.4 billion.

(3) This table includes deals made through foreign SPCs, but classification is by risk location.

**Overseas and Offshore Loans by Region -Table 34- (Non-Consolidated)**

(Billions of yen)

	Sep 30 2013 (a)	Sep 30 2012 (b)	Change (a)-(b)	Mar 31 2013 (c)	Change (a)-(c)
<b>US</b>	<b>7.8</b>	44.0	(36.2)	8.3	(0.5)
Asset-backed investments <sup>(1)</sup> in US	-	5.3	(5.3)	-	-
<b>Europe</b>	<b>26.0</b>	43.9	(17.8)	43.6	(17.5)
Asset-backed investments <sup>(1)</sup> in Europe	<b>12.9</b>	22.3	(9.3)	18.5	(5.6)
<b>Others</b>	<b>152.3</b>	130.8	21.4	155.0	(2.7)
<b>Total overseas and offshore loans</b>	<b>186.2</b>	218.8	(32.6)	207.0	(20.8)
<b>Total asset-backed investments<sup>(1)</sup></b>	<b>12.9</b>	27.6	(14.7)	18.5	(5.6)

(1) "Asset-backed investments" is another term for the Asset-Backed Investments Program, one of our old product programs. Under this program, loans backed mainly by collateral (including infrastructure related assets or equipment, real estate, business and operating assets) are referred to as "asset-backed investments" for disclosure purposes.

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

**Risk-Monitored Overseas and Offshore Loans by Region -Table 35- (Non-Consolidated)**

(Billions of yen)

	Sep 30 2013 (a)	Sep 30 2012 (b)	Change (a)-(b)	Mar 31 2013 (c)	Change (a)-(c)
<b>US</b>	-	-	-	-	-
Asset-backed investments <sup>(1)</sup> in US	-	-	-	-	-
<b>Europe</b>	<b>12.9</b>	11.2	1.7	5.9	7.0
Asset-backed investments <sup>(1)</sup> in Europe	<b>12.9</b>	11.2	1.7	5.9	7.0
<b>Others</b>	<b>3.0</b>	3.3	(0.2)	3.5	(0.4)
<b>Total overseas and offshore loans</b>	<b>16.0</b>	14.6	1.4	9.4	6.5
<b>Total asset-backed investments<sup>(1)(2)</sup></b>	<b>12.9</b>	11.2	1.7	5.9	7.0

(1) "Asset-backed investments" is another term for the Asset-Backed Investments Program, one of our old product programs. Under this program, loans backed mainly by collateral (including infrastructure related assets or equipment, real estate, business and operating assets) are referred to as "asset-backed investments" for disclosure purposes.

(2) As of September 30, 2013, reserve for loan losses and collateral/guarantees for risk monitored loans related to asset-backed investments were ¥1.9 billion and ¥9.8 billion, respectively, and the coverage ratio was 90.6%.

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

**Claims Classified under the Financial Revitalization Law -Table 36- (Non-Consolidated)**

	(Billions of yen)				
	Sep 30 2013	Sep 30 2012	Change	Mar 31 2013	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Claims against bankrupt and quasi-bankrupt obligors	33.7	51.0	(17.2)	38.6	(4.9)
Doubtful claims	161.6	221.0	(59.3)	198.3	(36.7)
Substandard claims	6.7	2.7	4.0	5.7	1.0
<b>Total (A)</b>	<b>202.0</b>	<b>274.6</b>	<b>(72.6)</b>	<b>242.6</b>	<b>(40.6)</b>
Coverage ratio	95.5%	97.2%		95.9%	
<b>Total claims (B)</b>	<b>4,246.0</b>	<b>4,457.8</b>	<b>(211.7)</b>	<b>4,560.5</b>	<b>(314.4)</b>
Loans and bills discounted	4,139.9	4,264.1	(124.1)	4,224.4	(84.4)
Others	106.0	193.7	(87.6)	336.0	(230.0)
Ratio to total claims (A / B) X 100 (%)	4.76%	6.16%		5.32%	
(Ref. 1) Amount of write-off	63.1	69.0	(5.8)	58.2	4.8
(Ref. 2) Below need caution level	358.9	529.9	(170.9)	438.6	(79.6)

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

**Coverage Ratios for Non-Performing Claims Classified under the Financial Revitalization Law -Table 37- (Non-Consolidated)**

(Billions of yen, except percentages)					
September 30, 2013					
Amounts of coverage					
	Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees	Coverage ratio
Claims against bankrupt and quasi-bankrupt obligors	33.7	33.7	-	33.7	100.0%
Doubtful claims	161.6	155.1	57.2	97.8	96.0%
Substandard claims	6.7	4.2	1.9	2.3	62.9%
<b>Total</b>	<b>202.0</b>	<b>193.0</b>	<b>59.1</b>	<b>133.8</b>	<b>95.5%</b>

(Billions of yen, except percentages)										
September 30, 2012					March 31, 2013					
Amounts of coverage					Amounts of coverage					
	Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees	Coverage ratio	Amounts of claims	Total	Reserve for loan losses	Collateral and guarantees	Coverage ratio
Claims against bankrupt and quasi-bankrupt obligors	51.0	51.0	3.9	47.0	100.0%	38.6	38.6	-	38.6	100.0%
Doubtful claims	221.0	213.8	70.2	143.5	96.7%	198.3	191.0	72.9	118.0	96.3%
Substandard claims	2.7	2.1	0.8	1.3	78.3%	5.7	3.1	1.1	2.0	55.1%
<b>Total</b>	<b>274.6</b>	<b>266.8</b>	<b>75.0</b>	<b>191.9</b>	<b>97.2%</b>	<b>242.6</b>	<b>232.7</b>	<b>74.1</b>	<b>158.7</b>	<b>95.9%</b>

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

**Reserve for Credit Losses -Table 38- (Non-Consolidated)**

	(Billions of yen)				
	Sep 30 2013	Sep 30 2012	Change	Mar 31 2013	Change
	(a)	(b)	(a)-(b)	(c)	(a)-(c)
Reserve for credit losses	86.5	109.6	(23.1)	102.6	(16.1)
General reserve for loan losses	28.0	34.1	(6.1)	28.5	(0.4)
Specific reserve for loan losses	58.4	75.4	(16.9)	74.0	(15.6)
Reserve for loans to restructuring countries	0.0	0.0	-	0.0	-
Specific reserve for other credit losses	3.9	3.9	-	3.9	-
<b>Total reserve for credit losses</b>	<b>90.4</b>	<b>113.5</b>	<b>(23.1)</b>	<b>106.5</b>	<b>(16.1)</b>

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

**Reserve Ratios for Borrowers' Category -Table 39- (Non-Consolidated)**

(Percentages)

		Sep 30 2013 (a)	Sep 30 2012 (b)	Change (a)-(b)	Mar 31 2013 (c)	Change (a)-(c)
Legally and virtually bankrupt	(unsecured portion)	100.00	100.00	-	100.00	-
Possibly bankrupt	(unsecured portion)	95.33	97.72	(2.39)	96.14	(0.81)
Substandard	(unsecured portion)	51.29	82.98	(31.69)	36.92	14.37
Need caution	(total claims)	5.95	5.86	0.09	5.55	0.40
	(unsecured portion)	25.66	18.65	7.01	27.41	(1.75)
Normal	(total claims)	0.40	0.45	(0.05)	0.40	-

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

**Housing Loans -Table 40- (Non-Consolidated)**

(Billions of yen)

	Sep 30 2013 (a)	Sep 30 2012 (b)	Change (a)-(b)	Mar 31 2013 (c)	Change (a)-(c)
Housing loans	1,144.8	1,011.2	133.5	1,085.1	59.6

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

**Securities Being Held to Maturity -Table 41- (Non-Consolidated)**

(Billions of yen)

	September 30, 2013			September 30, 2012			March 31, 2013		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount									
Japanese national government bonds	584.4	587.2	2.7	585.2	590.4	5.2	584.8	589.4	4.5
Japanese corporate bonds	-	-	-	21.5	21.7	0.1	-	-	-
Other	52.2	56.4	4.2	40.9	44.9	3.9	51.9	56.7	4.8
Subtotal	636.7	643.6	6.9	647.8	657.1	9.3	636.7	646.1	9.3
Fair value does not exceed carrying amount									
Japanese national government bonds	-	-	-	-	-	-	-	-	-
Japanese corporate bonds	-	-	-	-	-	-	-	-	-
Other	-	-	-	6.1	5.7	(0.3)	3.0	3.0	(0.0)
Subtotal	-	-	-	6.1	5.7	(0.3)	3.0	3.0	(0.0)
Total	636.7	643.6	6.9	653.9	662.9	9.0	639.8	649.1	9.3

**Securities Available for Sale -Table 42- (Non-Consolidated)**

	(Billions of yen)								
	September 30, 2013			September 30, 2012			March 31, 2013		
	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)
<b>Carrying amount exceeds amortized/acquisition cost</b>									
Equity securities	13.8	8.6	5.2	8.0	5.2	2.7	12.4	7.4	4.9
Domestic bonds	67.0	66.3	0.6	739.7	736.8	2.8	80.5	78.2	2.2
Japanese national government bonds	2.5	2.5	0.0	671.3	669.4	1.9	39.5	38.0	1.4
Japanese local government bonds	0.5	0.5	0.0	1.7	1.7	0.0	0.5	0.5	0.0
Japanese corporate bonds	63.9	63.3	0.6	66.6	65.7	0.8	40.4	39.6	0.7
Other	90.4	85.7	4.6	83.6	80.1	3.4	87.7	82.9	4.7
Foreign securities	86.5	82.2	4.3	71.9	68.7	3.1	84.6	80.1	4.4
Foreign currency denominated foreign corporate and government bonds	42.8	40.1	2.7	40.9	38.5	2.3	44.5	41.6	2.9
Yen-denominated foreign corporate and government bonds	42.0	40.9	1.0	29.4	28.9	0.4	37.9	36.9	1.0
Foreign equity securities and others	1.6	1.1	0.4	1.6	1.2	0.3	2.0	1.5	0.5
Other securities	2.2	1.9	0.2	1.1	0.9	0.2	1.1	0.9	0.2
Other monetary claims purchased	1.6	1.5	0.0	10.4	10.4	0.0	1.9	1.9	0.0
Subtotal	171.3	160.8	10.5	831.4	822.2	9.1	180.8	168.7	12.0
<b>Carrying amount does not exceed amortized/acquisition cost</b>									
Equity securities	1.1	1.5	(0.3)	3.8	4.9	(1.0)	2.1	2.6	(0.5)
Domestic bonds	796.6	800.4	(3.7)	371.3	374.2	(2.9)	858.7	861.8	(3.0)
Japanese national government bonds	737.7	740.6	(2.9)	219.5	220.1	(0.5)	712.8	713.8	(0.9)
Japanese local government bonds	-	-	-	-	-	-	-	-	-
Japanese corporate bonds	58.9	59.8	(0.8)	151.7	154.1	(2.3)	145.9	147.9	(2.0)
Other	69.7	71.1	(1.4)	50.3	52.3	(2.0)	50.3	50.8	(0.5)
Foreign securities	67.9	69.4	(1.4)	49.8	51.8	(2.0)	49.7	50.2	(0.5)
Foreign currency denominated foreign corporate and government bonds	66.6	67.9	(1.3)	36.3	37.7	(1.3)	46.7	47.1	(0.3)
Yen-denominated foreign corporate and government bonds	-	-	-	13.4	14.0	(0.6)	2.9	3.0	(0.1)
Foreign equity securities and others	1.3	1.4	(0.0)	0.0	0.0	-	0.0	0.0	(0.0)
Other securities	1.7	1.7	-	0.5	0.5	-	0.5	0.5	-
Other monetary claims purchased	-	-	-	-	-	-	-	-	-
Subtotal	867.5	873.1	(5.5)	425.5	431.5	(6.0)	911.2	915.3	(4.1)
<b>Total<sup>(1)(2)</sup></b>	<b>1,038.9</b>	<b>1,033.9</b>	<b>4.9</b>	<b>1,256.9</b>	<b>1,253.8</b>	<b>3.1</b>	<b>1,092.0</b>	<b>1,084.1</b>	<b>7.9</b>

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

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

**Unrealized Gain (Loss) on Available-for-Sale Securities (Non-Consolidated)**

	(Billions of yen)		
	September 30, 2013	September 30, 2012	March 31, 2013
<b>Unrealized gain (loss) before deferred tax on:</b>			
Available-for-sale securities	4.9	3.1	7.9
Interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined	(0.0)	0.1	0.0
Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions	(4.3)	(4.5)	(4.9)
Deferred tax assets (liabilities)	-	-	-
<b>Unrealized gain (loss) on available-for-sale securities</b>	<b>0.6</b>	<b>(1.3)</b>	<b>2.9</b>

**Hedge-Accounting Derivative Transactions –Table 43- (Non-Consolidated)**

(Billions of yen)

Notional Principal Amount	September 30, 2013			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
Interest rate swaps:				
Receive fixed and pay floating	501.5	208.4	121.0	831.0
Receive floating and pay fixed	19.2	81.6	145.9	246.9
Receive floating and pay floating	-	-	-	-
<b>Total notional principal amount</b>	<b>520.8</b>	<b>290.1</b>	<b>266.9</b>	<b>1,077.9</b>
Currency swaps				
<b>Total notional principal amount</b>	<b>8.1</b>	<b>9.8</b>	<b>-</b>	<b>18.0</b>

**Employees' Retirement Benefit –Table 44- (Non-Consolidated)****Projected Benefit Obligation (Non-Consolidated)**

(Billions of yen)

Sep 30, 2013

Projected benefit obligation	(A)	<b>58.0</b>
Discount rate		<b>1.2%</b>
Fair value of plan assets	(B)	<b>52.1</b>
Prepaid pension cost	(C)	<b>(1.5)</b>
Unrecognized prior service cost	(D)	<b>(1.2)</b>
Unrecognized net actuarial losses	(E)	<b>7.8</b>
Other (Unrecognized obligation at transition, etc.)	(F)	<b>0.9</b>
Reserve for retirement benefits	(A-B-C-D-E-F)	-

**Pension Expenses (Non-Consolidated)**

(Billions of yen)

1H FY2013  
(6 months)

Service cost	<b>1.1</b>
Interest	<b>0.3</b>
Expected return on plan assets	<b>(0.5)</b>
Amortization of prior service cost	<b>(0.1)</b>
Amortization of net actuarial losses	<b>1.0</b>
Amortization of unrecognized obligation at transition	<b>0.3</b>
Other (extraordinary severance benefit expense, etc.)	<b>0.0</b>
<b>Net periodic retirement benefit cost</b>	<b>2.1</b>

**Capital Adequacy Data-Table 45- (Non-Consolidated)**<sup>(1)</sup>

*(Billions of yen, except percentages)*

	Sep 30 2013 (a)	Sep 30 2012 (b)	Change (a)-(b)	Mar 31 2013 (c)	Change (a)-(c)
Basic items (Tier I)	716.2	679.5	36.7	690.4	25.7
Supplementary items (Tier II)	172.1	179.8	(7.7)	172.2	(0.0)
Deduction	(28.7)	(44.2)	15.4	(39.0)	10.2
Total capital <sup>(2)</sup>	859.6	815.1	44.4	823.7	35.9
Risk assets	5,396.4	5,786.7	(390.3)	5,754.6	(358.2)
Capital adequacy ratio	15.93%	14.08%	/	14.31%	/
Tier I capital ratio	13.27%	11.74%	/	11.99%	/

(1) Calculated according to Basel II, F-IRB. Figures are calculated in accordance with FSA Notification Number 79 issued in December 2008 and FSA Notification Number 56 issued in June 2012 (special treatment of FSA Notification Number 19 issued in 2006). As a result, ¥1.3 billion of net unrealized losses on securities available-for-sale, net of taxes, as of September 30, 2012 are not included in BIS capital.

Net unrealized gains on securities available-for-sale were recorded as of September 30, 2013 and March 31, 2013.

(2) Non-Consolidated total required capital is ¥267.9 billion as at September 30, 2013, ¥313.1 billion as at September 30, 2012 and ¥302.7 billion as at March 31, 2013.

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

## Interim Non-Consolidated Balance Sheets (Non-Consolidated)

## Assets

(Millions of yen)

	Sep 30 2013 (a)	Sep 30 2012 (b)	Change (a)-(b)	March 31 2013 (c)	Change (a)-(c)
<b>&lt;&lt;Assets&gt;&gt;</b>					
Cash and due from banks	602,436	301,181	301,255	546,411	56,025
Call loans	-	-	-	18,806	(18,806)
Receivables under resale agreements	53,216	38,387	14,829	78,507	(25,291)
Other monetary claims purchased	191,928	217,996	(26,067)	198,768	(6,839)
Trading assets	256,012	175,263	80,749	258,902	(2,890)
Monetary assets held in trust	209,417	282,258	(72,841)	255,505	(46,087)
Securities	2,215,723	2,425,348	(209,624)	2,282,624	(66,900)
Valuation allowance for investments	(3,370)	(3,370)	-	(3,370)	-
Loans and bills discounted	4,139,960	4,264,126	(124,165)	4,224,433	(84,473)
Foreign exchanges	37,746	22,729	15,017	33,857	3,888
Other assets	224,277	255,656	(31,379)	476,920	(252,642)
Other	224,277	255,656	(31,379)	476,920	(252,642)
Premises and equipment	18,455	20,605	(2,150)	19,600	(1,145)
Intangible assets	8,651	9,453	(801)	9,333	(681)
Deferred issuance expenses for debentures	47	113	(66)	95	(48)
Deferred tax assets	4,536	-	4,536	1,210	3,325
Customers' liabilities for acceptances and guarantees	11,346	10,923	422	12,566	(1,220)
Reserve for credit losses	(90,411)	(113,513)	23,102	(106,518)	16,107
<b>Total assets</b>	<b>7,879,976</b>	<b>7,907,159</b>	<b>(27,183)</b>	<b>8,307,655</b>	<b>(427,678)</b>

## Liabilities and Equity

(Millions of yen)

	Sep 30 2013 (a)	Sep 30 2012 (b)	Change (a)-(b)	March 31 2013 (c)	Change (a)-(c)
<b>&lt;&lt;Liabilities&gt;&gt;</b>					
Deposits	5,694,313	5,192,904	501,408	5,631,651	62,662
Negotiable certificates of deposit	209,088	316,436	(107,348)	204,600	4,488
Debentures	45,867	280,324	(234,457)	265,042	(219,174)
Call money	120,000	230,077	(110,077)	170,094	(50,094)
Payables under securities lending transactions	-	106,803	(106,803)	28,377	(28,377)
Trading liabilities	228,820	128,633	100,186	226,202	2,617
Borrowed money	356,129	489,978	(133,849)	479,854	(123,725)
Foreign exchanges	224	178	46	368	(143)
Corporate bonds	238,291	206,352	31,938	220,713	17,578
Other liabilities	297,239	281,510	15,729	398,199	(100,959)
Income taxes payable	312	311	1	317	(5)
Lease obligations	0	1	(1)	1	(0)
Asset retirement obligations	7,198	6,955	243	6,986	211
Other	289,728	274,242	15,486	390,894	(101,165)
Accrued employees' bonuses	2,067	1,745	321	4,091	(2,024)
Deferred tax liabilities	-	2,227	(2,227)	-	-
Acceptances and guarantees	11,346	10,923	422	12,566	(1,220)
<b>Total liabilities</b>	<b>7,203,387</b>	<b>7,248,097</b>	<b>(44,709)</b>	<b>7,641,761</b>	<b>(438,374)</b>
<b>&lt;&lt;Equity&gt;&gt;</b>					
<b>Shareholders' equity:</b>					
Common stock	512,204	512,204	-	512,204	-
Capital surplus	79,465	79,465	-	79,465	-
Additional paid-in capital	79,465	79,465	-	79,465	-
Retained earnings	164,148	142,266	21,881	151,223	12,925
Legal reserve	12,628	12,097	530	12,097	530
Other retained earnings	151,520	130,169	21,350	139,126	12,394
Unappropriated retained earnings	151,520	130,169	21,350	139,126	12,394
Treasury stock, at cost	(72,558)	(72,558)	-	(72,558)	-
Total shareholders' equity	683,260	661,378	21,881	670,335	12,925
<b>Net unrealized gain (loss) and translation adjustments</b>					
Unrealized gain (loss) on available-for-sale securities	625	(1,324)	1,950	2,976	(2,350)
Deferred gain (loss) on derivatives under hedge accounting	(8,520)	(2,293)	(6,226)	(8,657)	137
Total net unrealized gain (loss) and translation adjustments	(7,894)	(3,617)	(4,276)	(5,680)	(2,213)
Stock acquisition rights	1,222	1,301	(78)	1,238	(16)
<b>Total equity</b>	<b>676,588</b>	<b>659,062</b>	<b>17,526</b>	<b>665,893</b>	<b>10,695</b>
<b>Total liabilities and equity</b>	<b>7,879,976</b>	<b>7,907,159</b>	<b>(27,183)</b>	<b>8,307,655</b>	<b>(427,678)</b>

## Interim Non-Consolidated Statements of Income (Non-Consolidated)

(Millions of yen, except percentages)

	1H FY2013 (6 months)	1H FY2012 (6 months)	Change		FY2012 (12 months)
			Amount	%	
<b>Ordinary income</b>	<b>81,552</b>	82,823	(1,271)	(1.5)	161,220
Interest income	54,288	51,680	2,608	5.0	96,029
Interest on loans and bills discounted	35,756	32,721	3,035	9.3	67,040
Interest and dividends on securities	16,700	17,634	(934)	(5.3)	26,144
Other interest income	1,832	1,325	507	38.3	2,845
Fees and commissions income	11,072	7,756	3,315	42.7	17,004
Trading income	3,605	10,373	(6,767)	(65.2)	17,006
Other business income	5,627	4,581	1,045	22.8	11,925
Other ordinary income	6,957	8,430	(1,472)	(17.5)	19,254
<b>Ordinary expenses</b>	<b>66,814</b>	67,161	(347)	(0.5)	135,510
Interest expenses	17,570	17,844	(274)	(1.5)	35,895
Interest on deposits	11,207	11,660	(452)	(3.9)	23,085
Interest on corporate bonds	4,556	4,011	544	13.6	8,381
Other interest expenses	1,806	2,172	(365)	(16.8)	4,428
Fees and commissions expenses	7,429	5,363	2,066	38.5	11,865
Trading losses	1,084	1,846	(761)	(41.2)	2,427
Other business expenses	3,830	3,326	503	15.1	5,551
General and administrative expenses	35,619	34,339	1,279	3.7	69,701
Other ordinary expenses	1,280	4,441	(3,161)	(71.2)	10,068
<b>Ordinary profit</b>	<b>14,737</b>	15,661	(924)	(5.9)	25,710
Extraordinary gains	16	43	(27)	(62.8)	107
Extraordinary losses	1,099	583	516	88.5	2,410
<b>Income before income taxes</b>	<b>13,654</b>	15,122	(1,468)	(9.7)	23,406
Income taxes (benefit):					
Income taxes (benefit) - current	(120)	(120)	0.0	0.0	(789)
Income taxes (benefit) - deferred	(1,804)	(456)	(1,347)	(295.4)	(460)
Total income taxes (benefit)	(1,925)	(577)	(1,347)	(233.4)	(1,249)
<b>Net income</b>	<b>15,579</b>	15,699	(120)	(0.8)	24,656

## Interim Non-Consolidated Statements of Changes in Equity (Non-Consolidated)

(Millions of yen)

	1H FY2013 (6 months)	1H FY2012 (6 months)	FY2012 (12 months)
<b>Shareholders' equity</b>			
Common stock:			
Balance at beginning of the period	512,204	512,204	512,204
Changes during the period			
Total changes during the period	-	-	-
Balance at end of the period	512,204	512,204	512,204
Capital surplus:			
Additional paid-in capital:			
Balance at beginning of the period	79,465	79,465	79,465
Changes during the period			
Total changes during the period	-	-	-
Balance at end of the period	79,465	79,465	79,465
Total capital surplus:			
Balance at beginning of the period	79,465	79,465	79,465
Changes during the period			
Total changes during the period	-	-	-
Balance at end of the period	79,465	79,465	79,465
Retained earnings:			
Legal reserve:			
Balance at beginning of the period	12,097	11,566	11,566
Changes during the period			
Dividends	530	530	530
Total changes during the period	530	530	530
Balance at end of the period	12,628	12,097	12,097
Other retained earnings:			
Unappropriated retained earnings:			
Balance at beginning of the period	139,126	117,654	117,654
Changes during the period			
Dividends	(3,184)	(3,184)	(3,184)
Net income	15,579	15,699	24,656
Total changes during the period	12,394	12,515	21,471
Balance at end of the period	151,520	130,169	139,126
Total retained earnings:			
Balance at beginning of the period	151,223	129,221	129,221
Changes during the period			
Dividends	(2,653)	(2,653)	(2,653)
Net income	15,579	15,699	24,656
Total changes during the period	12,925	13,045	22,002
Balance at end of the period	164,148	142,266	151,223

(Millions of yen)

	1H FY2013 (6 months)	1H FY2012 (6 months)	FY2012 (12 months)
<b>Treasury stock, at cost:</b>			
Balance at beginning of the period	(72,558)	(72,558)	(72,558)
<b>Changes during the period</b>			
Total changes during the period	-	-	-
Balance at end of the period	(72,558)	(72,558)	(72,558)
<b>Total shareholders' equity:</b>			
Balance at beginning of the period	670,335	648,332	648,332
<b>Changes during the period</b>			
Dividends	(2,653)	(2,653)	(2,653)
Net income	15,579	15,699	24,656
Total changes during the period	12,925	13,045	22,002
Balance at end of the period	683,260	661,378	670,335
<b>Net unrealized gain (loss) and translation adjustments</b>			
<b>Unrealized gain (loss) on available-for-sale securities:</b>			
Balance at beginning of the period	2,976	(1,031)	(1,031)
<b>Changes during the period</b>			
Net changes during the period excluding shareholders' equity	(2,350)	(292)	4,008
Total changes during the period	(2,350)	(292)	4,008
Balance at end of the period	625	(1,324)	2,976
<b>Deferred gain (loss) on derivatives under hedge accounting:</b>			
Balance at beginning of the period	(8,657)	(4,476)	(4,476)
<b>Changes during the period</b>			
Net changes during the period excluding shareholders' equity	137	2,183	(4,180)
Total changes during the period	137	2,183	(4,180)
Balance at end of the period	(8,520)	(2,293)	(8,657)
<b>Total net unrealized gain (loss) and translation adjustments:</b>			
Balance at beginning of the period	(5,680)	(5,508)	(5,508)
<b>Changes during the period</b>			
Net changes during the period excluding shareholders' equity	(2,213)	1,890	(172)
Total changes during the period	(2,213)	1,890	(172)
Balance at end of the period	(7,894)	(3,617)	(5,680)
<b>Stock acquisition rights</b>			
Balance at beginning of the period	1,238	1,354	1,354
<b>Changes during the period</b>			
Net changes during the period excluding shareholders' equity	(16)	(53)	(115)
Total changes during the period	(16)	(53)	(115)
Balance at end of the period	1,222	1,301	1,238
<b>Total equity</b>			
Balance at beginning of the period	665,893	644,178	644,178
<b>Changes during the period</b>			
Dividends	(2,653)	(2,653)	(2,653)
Net income	15,579	15,699	24,656
Net changes during the period excluding shareholders' equity	(2,229)	1,837	(288)
Total changes during the period	10,695	14,883	21,714
Balance at end of the period	676,588	659,062	665,893

**Section 3. Earnings Forecast -Table 46- (Consolidated and Non-Consolidated)**

(Consolidated)	<i>(Billions of yen)</i>	
	<i>Fiscal year ending</i>	<i>Fiscal year ended</i>
	<b>March 2014</b>	<b>March 2013</b>
	<b>(FY2013)</b>	<b>(FY2012)</b>
	<b>Forecast</b>	<b>Actual</b>
Net income	<b>48.0</b>	51.0
Cash basis net income *	<b>56.0</b>	60.4

  

(Non-Consolidated)	<i>Fiscal year ending</i>		<i>Fiscal year ended</i>	
	<b>March 2014</b>		<b>March 2013</b>	
	<b>(FY2013)</b>		<b>(FY2012)</b>	
	<b>Forecast</b>		<b>Actual</b>	
Net business profit	<b>36.2</b>	25.9		
Net income	<b>26.0</b>	24.6		
Dividends (per share in yen):				
Common stock	<b>1.00</b>	1.00		

Above forecasts are based on current assumptions of future events and trends, which may be incorrect.

Actual results may differ materially from those in the statements as a result of various factors.

\*Cash-basis figures are calculated by excluding amortization of goodwill and other intangible assets, net of tax benefit

There has been no change to the fiscal year 2013 earnings forecast or dividend forecast for fiscal year 2013 originally announced in May 2013.

**(Reference 1) BOJ Press Club Format**

 1. Ratio of non-performing claims classified under the Financial Revitalization Law (% , Billions of yen )

	Mar 31, 2011	Sep 30, 2011	Mar 31, 2012	Sep 30, 2012	Mar 31, 2013	Sep 30, 2013
Non-consolidated	6.78	5.96	6.66	6.16	5.32	4.76
Consolidated	8.73	8.10	8.45	7.44	6.83	5.95

## 2. Equity holdings

 (1) Equity held (Non-consolidated) (Billions of yen)

	Book value		Net unrealized gain (loss)
		Subsidiaries' shares	
1HFY2012	392.6	375.7	1.6
FY2012	395.4	375.8	4.4
1HFY2013	395.2	375.8	4.8

 (2) Impairment (Non-consolidated) (Billions of yen)

	Equity related profits and losses (net of three accounts)	
		Impairment amount
1HFY2012	0.1	0.7
FY2012	1.7	1.2
1HFY2013	1.7	0.0

\* Other extraordinary losses for 1HFY2012 do not contain mark-down of subsidiaries' equity.

\*\* Other extraordinary losses for FY2012 contains ¥1.2 billion in mark-down of subsidiaries' equity.

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

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

Nikkei Stock Average	approximately ¥10,000
TOPIX	approximately 800

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

	Results	% Change	Ratio to total loan balance
Sep 30, 2012	2,706.3	3.10%	64.58%
Mar 31, 2013	2,749.7	1.60%	65.81%
Sep 30, 2013	2,800.5	1.85%	68.25%

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

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

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

## 4. Sales performance of investment trusts and insurance

 a. Investment trust sales performance and commission (Billions of yen)

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

 b. Insurance sales performance and commission (Billions of yen)

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

## 5. Balance of Japanese Government Bonds

(Billions of yen)

Sep 30, 2012	1,476.1
Mar 31, 2013	1,337.3
Sep 30, 2013	1,324.8

**(Reference 2) Calculation Grounds of Deferred Tax Assets**

Shinsei Bank has, due to losses recognized on securities, ¥181.0 billion (Non-consolidated) of tax loss carryforwards and the unrealized temporary differences of ¥368.0 billion as of September 30, 2013.

We continue to recognized deferred tax assets based on our ability to reasonably estimate future taxable income for the next year.

Taxable income is calculated under the consolidated tax system, which was adopted in FY2003.

**1. Future year taxable income estimate before adjustment**

Taxable income for the next year before adjustment (under the consolidated tax system) is estimated to be ¥23.7 billion.

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

<i>(Billions of yen)</i>				
FY2009	FY2010	FY2011	FY2012	FY2013
(39.2)	(0.3)	(2.7)	19.5	8.0

**2. Net deferred tax liabilities (As of September 30, 2013 [Non-consolidated])**

*(Billions of yen)*

Deferred tax assets corresponding to "total taxable income before adjustment"	8.2(*)
Deferred tax liabilities	3.7
Net deferred tax assets on balance sheet	4.5

(*)Breakdown	{	Tax loss carryforwards	69.7
		Reserve for credit losses	54.8
		Securities	42.5
		Net deferred loss on hedge	4.4
		Other	35.6
		Sub total	207.2
		Valuation allowance	(198.9)
Total	8.2		

**3. Deferred tax assets to Tier I [Consolidated]**

*(Billions of yen)*

	1H FY2012	FY2012	1H FY2013
Deferred tax assets (Except deferred tax liabilities)	15.5	16.3	18.7
Tier I	573.8	608.8	652.5
Deferred tax assets to Tier I ratio	2.7%	2.7%	2.9%