

Financial Summary

For the First Half Ended September 30, 2019



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

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•The following document should be read in conjunction with the consolidated and nonconsolidated 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 figures 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%.

•Quarterly information is available in the Quarterly Data Book.

Financial Highlights¹

(Billions of yen, except percentages)

Results of operations (Consolidated) [Page 3]	1H FY2019 (6 months)	1H FY2018 (6 months)	Change (Amount)	FY2018 (12 months)
Net interest income	66.7	66.3	0.4	133.8
Noninterest income	54.7	48.3	6.3	95.9
Total revenue	121.5	114.7	6.7	229.7
General and administrative expenses	-73.8	-70.9	-2.8	-144.7
Net credit costs	-16.5	-14.4	-2.0	-29.3
Income before income taxes	31.2	29.5	1.7	54.5
Profit attributable to owners of the parent	28.1	27.6	0.4	52.3

(Billions of yen)

Balance sheets (Consolidated) [Page 17]	Sep 30 2019	Mar 31 2019	Change (Amount)
Cash and due from banks	1,309.1	1,355.9	-46.8
Securities	1,053.0	1,130.2	-77.1
Loans and bills discounted	5,002.6	4,986.8	15.8
Total assets	9,840.7	9,571.1	269.6
Deposits and negotiable certificates of deposit	5,926.3	5,922.1	4.2
Total liabilities	8,929.5	8,674.5	255.0
Total equity	911.2	896.6	14.5

Financial ratios (Consolidated) [Page 4, 16, 25]	1H FY2019 (6 months)	1H FY2018 (6 months)	FY2018 (12 months)
Net interest margin	2.48%	2.43%	2.46%
Expense-to-revenue ratio	60.8%	61.9%	63.0%

	Sep 30 2019	Mar 31 2019
Capital adequacy ratio (Basel III, domestic standard)	11.56% ²	11.85%
NPL ratio based on Financial Revitalization Law (nonconsolidated)	0.37%	0.20%

(Billions of yen)

Results of operations (Nonconsolidated) [Page 21]	1H FY2019 (6 months)	1H FY2018 (6 months)	Change (Amount)	FY2018 (12 months)
Net interest income	52.2	51.6	0.6	106.5
Noninterest income	5.8	-0.1	5.9	2.2
Total revenue	58.1	51.4	6.6	108.8
General and administrative expenses	-36.3	-35.2	-1.0	-71.5
Net credit costs	-2.6	-0.3	-2.2	0.7
Net income	22.6	14.8	7.8	35.4

1.Represents results based on management accounting basis.

2.In the calculation of the capital adequacy ratio as of September 30, 2019, parameter estimates applied to some exposures are adjusted for the fiscal year ending March 31, 2019.

Net Income attributable to owners of parent for the first half of the current fiscal year increased 0.4 billion yen to 28.1 billion yen. Total revenues increased, mainly due to the Structured Finance and APLUS FINANCIAL, our focus areas, as well as gains on sales of stocks in the Institutional Business and on sales of government and other bonds recorded by Treasury through our ALM operations.

Expenses increased mainly due to system expenses associated with the start of service of our new core banking system. Net credit cost increased mainly due to the absence of reversal of reserve in the Institutional Business in the previous fiscal year, despite a decrease in provision of reserve for loan losses in the consumer finance business. As a result, net income attributable to owners of parent increased year on year.

Results of operations

- Total revenues increased 6.7 billion yen from the same period of the previous fiscal year to 121.5 billion yen.
 - Net interest income was 66.7 billion yen, increased 0.4 billion yen from 66.3 billion yen in the same period of the previous fiscal year. This was mainly due to an increase in operating assets in the Structured Finance.
 - Noninterest income was 54.7 billion yen, increased 6.3 billion yen from 48.3 billion yen in the same period of the previous fiscal year. This was mainly due to an increase in major businesses such as shopping credits in APLUS FINANCIAL, an increase in commission income from the Retail Banking, a gain on sales of stocks in the Institutional Business and a gain on sale of government and other bonds in Treasury through our ALM operations.
- Expense was 73.8 billion yen, increased 2.8 billion yen from the same period of the previous fiscal year. This was mainly due to system expenses associated with the start of service of our new core banking system, expenses related to subsidiaries that commenced consolidation in the current fiscal year and expenses associated with the optimization of the group business sites. As a result, expense to revenue ratio was 60.8%.
- Net credit cost was 16.5 billion yen (expense), increased 2.0 billion yen from the same period of the previous year. This was mainly due to the absence of the reversal of reserve for loans recorded in the previous fiscal year in the Institutional Business, despite the elimination of disposal costs associated with the bulk sale of delinquent loans recorded in the previous fiscal year in APLUS FINANCIAL and a decrease in credit cost due to improvements in the quality of loans in the Lake Business.
- Nonconsolidated net income was 22.6 billion yen, increased 7.8 billion yen from the same period of the previous fiscal year. This was mainly due to revenues from sales of government and other bonds in ALM operations, gains on the sale of stocks in other gains or losses, and gains on redemption of shares of affiliated companies in extraordinary profit or loss, despite the absence of reversal of reserve in the Institutional Business in the previous fiscal year.

Balance sheets

- Total asset was 9,840.7 billion yen, increased 269.6 billion yen from the end of March 2019.
- Loans and bills discounted were 5,002.6 billion yen, increased 15.8 billion yen from the end of March 2019. While the outstanding amount of loans and bills discounted in the Structured Finance increased, corporate and housing loans decreased.
- Deposits were 5,926.3 billion yen, increased 4.2 billion yen from the end of March 2019.

Financial ratios

- Net interest margin increased to 2.48% from 2.43% in the same period of the previous fiscal year. This was mainly due to the rise in the yield in relation to the growth of installment receivables.
- The ratio of core capital under the Basel 3 domestic standards (grand fathering basis) was 11.56% at the end of September 2019, decreased from 11.85% at the end of March 2019. The core capital increased due to the net income despite the repurchase of common shares. Risk assets were increased due to the Structured Finance and the consumer finance business, in addition to the Shinko Leasing, which was initially consolidated in the current fiscal year.
- The ratio of common equity Tier1 under the Basel 3 international standards (fully loaded basis) decreased to 11.7% from 12.0% at the end of March 2019.

(*)Parameter estimates applicable to certain exposures continued to use the data in March 2019 with some adjustments. The capital adequacy ratio continued to be at a sufficient level.

- The amount of nonperforming loans disclosed under the Financial Revitalization Law (nonconsolidated basis) was 18.7 billion yen. Non performing ratio remained low at 0.37% changed from 0.20% at the end of March 2019.

Results of Operations (Consolidated) ¹

(Billions of yen)

	1H FY2019 (6 months)	1H FY2018 (6 months)	Change (Amount)	FY2018 (12 months)
Net interest income	66.7	66.3	0.4	133.8
Noninterest income	54.7	48.3	6.3	95.9
Net fees and commissions	15.6	14.5	1.0	31.3
Net trading income	5.0	1.8	3.2	6.6
Net other business income	34.0	31.9	2.0	57.8
Income on lease transactions and installment receivables	19.9	18.1	1.7	37.5
Total revenue	121.5	114.7	6.7	229.7
General and administrative expenses	-73.8	-70.9	-2.8	-144.7
Ordinary business profit	47.6	43.7	3.9	84.9
Net credit costs	-16.5	-14.4	-2.0	-29.3
Ordinary business profit after net credit costs	31.1	29.3	1.8	55.6
Amortization of goodwill and other intangible assets ²	-1.1	-1.7	0.5	-2.8
Other gains	1.2	1.9	-0.6	1.7
Income before income taxes	31.2	29.5	1.7	54.5
Current income tax	-1.3	-0.8	-0.5	-3.8
Deferred income tax	-1.8	-1.0	-0.7	1.3
Profit attributable to noncontrolling interests	0.1	0.0	0.0	0.2
Profit attributable to owners of the parent	28.1	27.6	0.4	52.3

1.Represents results based on management accounting basis.

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

Noninterest income in the table above is comprised of net fees and commissions, net trading income and net other business income.

Net fees and commissions is primarily comprised of domestic real estate nonrecourse finance fee income, fee income such as servicing fees associated with specialty finance and principal transactions, fee income associated with the guarantee and other business in consumer finance and fee income from the sale of products such as mutual funds and insurance.

Net trading income is comprised of derivative related income from transactions with customers, as well as income from proprietary trading undertaken by the Bank.

Net other business income is comprised of income on lease transactions and installment receivables, gains and losses on monetary trusts primarily associated with credit trading of the Principal Transactions business and gains and losses on the sale of securities in Treasury operations.

Interest-Earning Assets and Interest-Bearing Liabilities (Consolidated)

(Billions of yen, except percentages)

	1H FY2019 (6 months)			1H FY2018 (6 months)			FY2018 (12 months)		
	Average Balance	Interest	Yield/rate ¹ (%)	Average Balance	Interest	Yield/rate ¹ (%)	Average Balance	Interest	Yield/rate ¹ (%)
Interest-earning assets ⁴ :									
Loans and bills discounted	4,982.5	70.1	2.82	4,921.1	69.6	2.82	4,954.6	140.1	2.83
Lease receivables and leased investment assets / installment receivables ⁴	781.5	19.9	5.11	746.3	18.1	4.86	746.4	37.5	5.03
Securities	1,065.1	5.0	0.96	1,176.1	5.9	1.01	1,150.6	12.5	1.09
Other interest-earning assets ^{2, 3}	243.6	1.4	***	179.5	1.0	***	190.0	2.1	***
Interest-earning assets totals (A) ⁴	7,072.9	96.7	2.73	7,023.2	94.8	2.69	7,041.7	192.3	2.73
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	5,830.7	2.7	0.10	6,072.0	4.0	0.13	6,033.0	7.8	0.13
Borrowed money	720.7	1.3	0.36	732.6	1.7	0.49	786.5	3.3	0.43
Subordinated debt	-	-	-	7.4	0.0	2.36	3.7	0.0	2.36
Other borrowed money	720.7	1.3	0.36	725.1	1.7	0.47	782.8	3.2	0.42
Corporate bonds	86.4	0.1	0.26	85.4	0.2	0.68	89.9	0.4	0.52
Subordinated bonds	-	-	-	18.6	0.1	1.96	12.8	0.2	1.88
Other corporate bonds	86.4	0.1	0.26	66.8	0.1	0.33	77.1	0.2	0.29
Other interest-bearing liabilities ²	1,190.2	5.7	***	864.6	4.0	***	864.2	9.3	***
Interest-bearing liabilities totals (B)	7,828.2	9.9	0.25	7,754.8	10.2	0.26	7,773.8	21.0	0.27
Net interest margin (A)-(B) ⁴	-	86.7	2.48	-	84.5	2.43	-	171.3	2.46
Noninterest-bearing sources of funds:									
Noninterest-bearing (assets) liabilities, net	-1,654.0	-	-	-1,594.1	-	-	-1,605.8	-	-
Total equity excluding noncontrolling interests in subsidiaries ⁵	898.7	-	-	862.6	-	-	873.8	-	-
Total noninterest-bearing sources of funds (C)	-755.2	-	-	-731.5	-	-	-732.0	-	-
Sum of total expense on interest-bearing liabilities and noninterest-bearing sources of funds (D)=(B)+(C)	7,072.9	9.9	0.28	7,023.2	10.2	0.29	7,041.7	21.0	0.30
Interest income / yield on interest earning assets (A)-(D) ⁴	-	86.7	2.45	-	84.5	2.40	-	171.3	2.43
Reconciliation of total revenue on interest-earning									
Total revenue on interest-earning assets	7,072.9	96.7	2.73	7,023.2	94.8	2.69	7,041.7	192.3	2.73
Less: Income on lease transactions and installment receivables	781.5	19.9	5.11	746.3	18.1	4.86	746.4	37.5	5.03
Total interest income	6,291.3	76.7	2.44	6,276.9	76.6	2.43	6,295.3	154.8	2.46
Total interest expense	-	9.9	-	-	10.2	-	-	21.0	-
Net interest income	-	66.7	-	-	66.3	-	-	133.8	-

1. Percentages have been rounded from the third decimal place.

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

3. Excludes average balance of noninterest-earning assets.

4. Includes lease transactions and installment receivables and related yields.

5. Represents a simple average of the balance at the end of the current period and the balance at the end of the previous period.

The line item "Interest income/yield on interest-earning assets" 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 receivables to be a component of net interest income, Japanese GAAP does not include income on lease transactions and installment accounts receivables in net interest income (in accordance with Japanese GAAP, income on lease transactions and installment accounts receivables is reported in net other business income in our consolidated statements of operations).

Noninterest Income (Consolidated)

(Billions of yen)

	1H FY2019 (6 months)	1H FY2018 (6 months)	Change (Amount)	FY2018 (12 months)
Institutional Business	23.3	21.6	1.7	41.2
Corporate Business	5.7	2.6	3.1	6.7
Structured Finance	3.1	3.4	-0.3	7.2
Principal Transactions	3.3	5.0	-1.7	5.6
Showa Leasing	7.0	7.1	-0.0	14.2
Markets	2.5	2.3	0.1	5.5
Other Global Markets	1.5	1.0	0.5	1.8
Individual Business	25.8	24.8	0.9	50.8
Retail Banking	2.2	1.0	1.2	2.9
Shinsei Financial ¹	-0.5	0.0	-0.5	-0.0
APLUS FINANCIAL	23.9	22.9	0.9	47.1
Other Individuals	0.1	0.8	-0.7	0.8
Corporate/Other	5.5	1.8	3.6	3.8
Noninterest income	54.7	48.3	6.3	95.9

1. Income of Shinsei Financial, "Shinsei Bank Card Loan - Lake", and "Shinsei Bank Smart Card Loan Plus" are combined on a management accounting basis.

Noninterest income from the Institutional Business was 23.3 billion yen, increased 1.7 billion yen from 21.6 billion yen in the first half of the previous fiscal year. This was mainly due to gains on sales of stocks in the Corporate Business, while equity in earnings of affiliates decreased in the Principal Transactions.

Noninterest income from the Individual Business was 25.8 billion yen, increased 0.9 billion yen from 24.8 billion yen in the first half of the previous fiscal year. This was mainly due to revenue increase from major businesses such as shopping credits in APLUS FINANCIAL, as well as effects of the revised "Shinsei Step-up Program" which charges ATM fees to certain retail customers and revenues from subsidiaries that commenced consolidation in the first half of the current fiscal year.

Noninterest income in the Corporate/Others was 5.5 billion yen, increased 3.6 billion yen from the first half of the previous fiscal year. This was mainly due to the gains on sales of government and other bonds in Treasury, which is in charge of ALM operations.

General and Administrative Expenses (Consolidated)

(Billions of yen)

	1H FY2019 (6 months)	1H FY2018 (6 months)	Change (Amount)	FY2018 (12 months)
Personnel expenses	-28.7	-27.6	-1.0	-55.5
Nonpersonnel expenses	-45.0	-43.2	-1.7	-89.2
Premises expenses	-10.0	-9.7	-0.2	-19.6
Technology and data processing expenses	-12.5	-10.9	-1.5	-23.2
Advertising expenses	-5.2	-5.4	0.1	-10.9
Consumption, property taxes, etc.	-4.7	-4.7	-0.0	-10.4
Deposit insurance premium	-0.7	-0.8	0.0	-1.6
Other general and administrative expenses	-11.6	-11.5	-0.0	-23.2
General and administrative expenses	-73.8	-70.9	-2.8	-144.7

Net Credit Costs (Consolidated) ¹

(Billions of yen)

	1H FY2019 (6 months)	1H FY2018 (6 months)	Change (Amount)	FY2018 (12 months)
Losses on write-off of loans/Losses on sale of loans	-0.2	-0.2	0.0	-0.4
Net provision of reserve for loan losses:	-19.4	-17.1	-2.3	-35.2
Net provision of general reserve for loan losses	-9.3	-8.1	-1.1	-17.2
Net provision of specific reserve for loan losses	-10.1	-8.9	-1.1	-17.9
Other credit costs relating to leasing business	-0.0	-0.1	0.1	-0.3
Recoveries of written-off claims	3.2	3.1	0.0	6.6
Net credit costs	-16.5	-14.4	-2.0	-29.3

1. Amounts of losses, net provision and costs are shown in minus. Amounts of recoveries and reversals are shown in plus.

Other Gains (Consolidated)

(Billions of yen)

	1H FY2019 (6 months)	1H FY2018 (6 months)	Change (Amount)	FY2018 (12 months)
Extraordinary income	-0.5	-0.1	-0.3	-0.8
Net gain on disposal of premises and equipment	-0.0	-0.0	0.0	-0.0
Other extraordinary income	-0.4	-0.1	-0.3	-0.7
Provisions of reserve for losses on interest repayment	1.2	1.7	-0.5	2.3
Shinsei Financial	1.6	1.5	0.0	5.6
Shinsei Personal Loan	-0.4	0.1	-0.5	0.1
APLUS FINANCIAL	-	-	-	-3.5
Other	0.5	0.3	0.1	0.2
Other gains	1.2	1.9	-0.6	1.7

Business Line Results (Consolidated)

(Billions of yen)

	1H FY2019 (6 months)	1H FY2018 (6 months)	Change (Amount)	FY2018 (12 months)
<i>Institutional Business:</i>				
Net interest income	13.8	12.3	1.5	26.2
Noninterest income	23.3	21.6	1.7	41.2
Total revenue	37.2	34.0	3.2	67.4
General and administrative expenses	-21.0	-20.2	-0.7	-40.5
Ordinary business profit	16.2	13.7	2.4	26.8
Net credit costs	-2.4	2.1	-4.6	1.9
Ordinary business profit after net credit costs	13.7	15.9	-2.1	28.7
<i>Individual Business:</i>				
Net interest income	52.0	52.8	-0.8	104.8
Noninterest income	25.8	24.8	0.9	50.8
Total revenue	77.8	77.6	0.1	155.7
General and administrative expenses	-50.6	-50.0	-0.6	-101.1
Ordinary business profit	27.1	27.6	-0.5	54.6
Net credit costs	-14.0	-16.5	2.5	-31.2
Ordinary business profit after net credit costs	13.0	11.0	1.9	23.3
<i>Corporate/Other¹:</i>				
Net interest income	0.8	1.1	-0.2	2.6
Noninterest income	5.5	1.8	3.6	3.8
Total revenue	6.4	3.0	3.3	6.5
General and administrative expenses	-2.1	-0.7	-1.4	-3.0
Ordinary business profit	4.2	2.2	1.9	3.5
Net credit costs	-0.0	-0.0	0.0	-0.0
Ordinary business profit after net credit costs	4.2	2.2	1.9	3.4
<i>Total:</i>				
Net interest income	66.7	66.3	0.4	133.8
Noninterest income	54.7	48.3	6.3	95.9
Total revenue	121.5	114.7	6.7	229.7
General and administrative expenses	-73.8	-70.9	-2.8	-144.7
Ordinary business profit	47.6	43.7	3.9	84.9
Net credit costs	-16.5	-14.4	-2.0	-29.3
Ordinary business profit after net credit costs	31.1	29.3	1.8	55.6

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.

2. Costs associated with the funding operations have been allocated to the interest earning businesses on a management accounting basis.

Segment Information

Institutional Business	Focuses primarily on corporate, public and financial sector finance and advisory businesses.
Corporate Business	"Corporate Business" provides financial products and services, advisory services, health care finance and trust services to businesses and public corporations and financial institutions.
Structured Finance	"Structured Finance" provides real estate related nonrecourse and corporate finance, project finance, M&A related finance, and specialty finance.
Principal Transactions	"Principal Transactions" is engaged in the credit trading businesses, private equity, corporate revitalization support business, the provision of business succession and business switching and withdrawal support services and asset-backed investment.
Showa Leasing	"Showa Leasing" primarily provides leasing related financial products and services.
Markets	"Markets" is engaged in foreign exchange, derivatives, equity related and other capital markets transactions.
Other Global Markets	"Other Global Markets" consists of the profit and loss attributable to Shinsei Securities, asset management, wealth management and other products and services.
Individual Business:	Focuses on retail financial products and services.
Retail Banking	"Retail Banking" provides financial transactions and services to retail customers such as yen/foreign currency, structured deposits services, investment trust, brokerage service (through a partner institution), life and nonlife insurance (through partner institutions) and housing loans.
Shinsei Financial	"Shinsei Financial" provides consumer finance products and services and guarantee services (Shinsei Financial, Shinsei Bank Lake, NOLOAN).
APLUS FINANCIAL	"APLUS FINANCIAL" provides installment sales credit, credit cards, guarantees, financing and settlement services.
Other Individuals	"Other Individuals" consists of profit and loss attributable to other subsidiaries of Individual Business.
Corporate/Other:	"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.
Treasury	The "Treasury" undertakes ALM related operations and includes gains and losses from equity and subordinated debt financing activities.

Institutional Business (Consolidated)

(Billions of yen)

	1H FY2019 (6 months)	1H FY2018 (6 months)	Change (Amount)	FY2018 (12 months)
<i>Corporate Business:</i>				
Net interest income	5.0	5.0	0.0	10.0
Noninterest income	5.7	2.6	3.1	6.7
Total revenue	10.8	7.6	3.1	16.7
General and administrative expenses	-6.3	-5.9	-0.3	-11.8
Ordinary business profit	4.4	1.6	2.8	4.9
Net credit costs	-1.1	-1.6	0.4	-0.8
Ordinary business profit after net credit costs	3.3	0.0	3.3	4.0
<i>Structured Finance:</i>				
Net interest income	5.7	4.9	0.7	10.3
Noninterest income	3.1	3.4	-0.3	7.2
Total revenue	8.8	8.3	0.4	17.6
General and administrative expenses	-4.1	-3.9	-0.2	-7.7
Ordinary business profit	4.6	4.4	0.1	9.8
Net credit costs	-1.3	3.0	-4.4	2.1
Ordinary business profit after net credit costs	3.2	7.5	-4.2	12.0
<i>Principal Transactions:</i>				
Net interest income	1.3	1.5	-0.1	3.7
Noninterest income	3.3	5.0	-1.7	5.6
Total revenue	4.7	6.6	-1.9	9.3
General and administrative expenses	-2.0	-1.9	-0.0	-4.0
Ordinary business profit	2.6	4.6	-1.9	5.3
Net credit costs	-0.0	0.0	-0.0	-0.0
Ordinary business profit after net credit costs	2.6	4.6	-2.0	5.3
<i>Showa Leasing:</i>				
Net interest income	-0.1	-0.1	0.0	-0.0
Noninterest income	7.0	7.1	-0.0	14.2
Total revenue	6.9	7.0	-0.0	14.2
General and administrative expenses	-5.1	-4.7	-0.3	-9.8
Ordinary business profit	1.8	2.2	-0.4	4.3
Net credit costs	0.0	0.7	-0.7	0.6
Ordinary business profit after net credit costs	1.8	3.0	-1.1	4.9

Institutional Business (Consolidated)

(Billions of yen)

	1H FY2019 (6 months)	1H FY2018 (6 months)	Change (Amount)	FY2018 (12 months)
<i>Markets:</i>				
Net interest income	1.5	0.7	0.7	1.5
Noninterest income	2.5	2.3	0.1	5.5
Total revenue	4.0	3.0	0.9	7.1
General and administrative expenses	-1.6	-1.9	0.2	-3.7
Ordinary business profit	2.3	1.1	1.1	3.3
Net credit costs	0.0	-0.0	0.0	-0.0
Ordinary business profit after net credit costs	2.3	1.1	1.2	3.3
<i>Other Global Markets:</i>				
Net interest income	0.2	0.2	0.0	0.5
Noninterest income	1.5	1.0	0.5	1.8
Total revenue	1.8	1.2	0.6	2.3
General and administrative expenses	-1.5	-1.6	0.1	-3.3
Ordinary business profit	0.2	-0.4	0.7	-1.0
Net credit costs	0.0	-0.0	0.0	-0.0
Ordinary business profit after net credit costs	0.2	-0.4	0.7	-1.0
<i>Institutional Business:</i>				
Net interest income	13.8	12.3	1.5	26.2
Noninterest income	23.3	21.6	1.7	41.2
Total revenue	37.2	34.0	3.2	67.4
General and administrative expenses	-21.0	-20.2	-0.7	-40.5
Ordinary business profit	16.2	13.7	2.4	26.8
Net credit costs	-2.4	2.1	-4.6	1.9
Ordinary business profit after net credit costs	13.7	15.9	-2.1	28.7

Individual Business (Consolidated)

(Billions of yen)

	1H FY2019 (6 months)	1H FY2018 (6 months)	Change (Amount)	FY2018 (12 months)
<i>Retail banking:</i>				
Net interest income	12.0	11.8	0.1	23.9
Loans	4.7	5.0	-0.3	9.8
Deposits	7.3	6.8	0.4	14.1
Noninterest income	2.2	1.0	1.2	2.9
Asset Management Products	4.1	3.5	0.6	6.8
Other Fees (ATM, Fund Transfer, FX etc.)	-1.8	-2.4	0.6	-3.8
Total revenue	14.2	12.9	1.3	26.9
General and administrative expenses	-13.7	-13.9	0.1	-27.6
Ordinary business profit	0.5	-1.0	1.5	-0.7
Net credit costs	-0.0	-0.0	-0.0	0.0
Ordinary business profit after net credit costs	0.5	-1.0	1.5	-0.6
<i>Shinsei Financial²:</i>				
Net interest income	34.6	34.9	-0.3	69.3
Lake Business	31.7	32.0	-0.3	63.4
Noninterest income	-0.5	0.0	-0.5	-0.0
Total revenue	34.0	35.0	-0.9	69.2
General and administrative expenses	-16.8	-16.4	-0.3	-33.4
Ordinary business profit	17.2	18.5	-1.2	35.7
Net credit costs	-6.9	-8.3	1.3	-14.5
Ordinary business profit after net credit costs	10.3	10.2	0.0	21.2
<i>APLUS FINANCIAL:</i>				
Net interest income	4.9	5.5	-0.6	10.7
Noninterest income	23.9	22.9	0.9	47.1
Total revenue	28.8	28.5	0.3	57.8
General and administrative expenses	-19.1	-18.7	-0.4	-38.1
Ordinary business profit	9.6	9.7	-0.0	19.6
Net credit costs	-7.1	-8.1	0.9	-16.5
Ordinary business profit after net credit costs	2.5	1.6	0.8	3.1
<i>Other Individuals:</i>				
Net interest income	0.4	0.3	0.1	0.8
Noninterest income	0.1	0.8	-0.7	0.8
Total revenue	0.6	1.2	-0.5	1.6
General and administrative expenses	-0.9	-0.8	-0.0	-1.7
Ordinary business profit	-0.3	0.3	-0.6	-0.1
Net credit costs	0.0	-0.1	0.1	-0.1
Ordinary business profit after net credit costs	-0.2	0.2	-0.4	-0.2
<i>Individual Business:</i>				
Net interest income	52.0	52.8	-0.8	104.8
Noninterest income	25.8	24.8	0.9	50.8
Total revenue	77.8	77.6	0.1	155.7
General and administrative expenses	-50.6	-50.0	-0.6	-101.1
Ordinary business profit	27.1	27.6	-0.5	54.6
Net credit costs	-14.0	-16.5	2.5	-31.2
Ordinary business profit after net credit costs	13.0	11.0	1.9	23.3

1. Income of Shinsei Financial, "Shinsei Bank Card Loan - Lake", and "Shinsei Bank Smart Card Loan Plus" are combined on a management accounting basis.

Corporate/Other (Consolidated)¹

(Billions of yen)

	1H FY2019 (6 months)	1H FY2018 (6 months)	Change (Amount)	FY2018 (12 months)
<i>Treasury:</i>				
Net interest income	0.8	1.1	-0.2	2.6
Noninterest income	5.2	1.5	3.7	3.3
Total revenue	6.1	2.6	3.4	6.0
General and administrative expenses	-0.7	-0.8	0.0	-1.6
Ordinary business profit	5.3	1.8	3.5	4.3
Net credit costs	-	-	-	-
Ordinary business profit after net credit costs	5.3	1.8	3.5	4.3
<i>Corporate/Other (excluding Treasury)¹:</i>				
Net interest income	0.0	-0.0	0.0	-0.0
Noninterest income	0.2	0.3	-0.0	0.4
Total revenue	0.2	0.3	-0.0	0.4
General and administrative expenses	-1.3	0.1	-1.4	-1.3
Ordinary business profit	-1.1	0.4	-1.5	-0.8
Net credit costs	-0.0	-0.0	0.0	-0.0
Ordinary business profit after net credit costs	-1.1	0.4	-1.5	-0.8
<i>Corporate/Other¹:</i>				
Net interest income	0.8	1.1	-0.2	2.6
Noninterest income	5.5	1.8	3.6	3.8
Total revenue	6.4	3.0	3.3	6.5
General and administrative expenses	-2.1	-0.7	-1.4	-3.0
Ordinary business profit	4.2	2.2	1.9	3.5
Net credit costs	-0.0	-0.0	0.0	-0.0
Ordinary business profit after net credit costs	4.2	2.2	1.9	3.4

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.

Loans by Borrower Industry (Consolidated)

(Billions of yen)

	Sep 30 2019	Mar 31 2019	Change (Amount)
Domestic offices (excluding Japan offshore market accounts):			
Manufacturing	202.5	190.0	12.4
Agriculture and forestry	0.0	0.0	-0.0
Fishery	0.1	-	0.1
Mining, quarrying and gravel extraction	0.6	0.3	0.2
Construction	8.2	9.1	-0.9
Electric power, gas, heat supply and water supply	331.2	320.7	10.4
Information and communications	47.2	55.1	-7.8
Transportation and postal service	199.4	195.2	4.2
Wholesale and retail	114.4	122.5	-8.1
Finance and insurance	521.7	521.5	0.2
Real estate	649.0	584.9	64.0
Services	346.9	341.8	5.0
Local government	66.0	52.4	13.5
Others	2,297.8	2,402.7	-104.8
Loans to individual customers (Housing Loan, Unsecured Loan, Cashing by Credit Card, Housing Related Loan, etc.)	1,907.8	1,934.5	-26.6
Total domestic (A)	4,785.7	4,796.9	-11.1
Overseas offices (including Japan offshore market accounts):			
Governments	0.0	0.1	-0.0
Financial institutions	30.3	32.6	-2.2
Others	186.4	157.1	29.3
Total overseas (B)	216.8	189.9	26.9
Total (A+B)	5,002.6	4,986.8	15.8

Securities Being Held to Maturity (Consolidated)

(Billions of yen)

	Sep 30, 2019			Mar 31, 2019		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount						
Japanese national government bonds	338.1	341.7	3.5	399.2	402.4	3.2
Subtotal	338.1	341.7	3.5	399.2	402.4	3.2
Fair value does not exceed carrying amount						
Japanese national government bonds	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	338.1	341.7	3.5	399.2	402.4	3.2

Securities Available for Sale (Consolidated)

(Billions of yen)

	Sep 30, 2019			Mar 31, 2019		
	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)
Carrying amount exceeds amortized/acquisition cost						
Equity securities	12.3	6.4	5.9	16.6	8.1	8.4
Domestic bonds	118.6	116.5	2.0	154.1	152.9	1.2
Japanese national government bonds	77.3	76.3	1.0	102.3	101.4	0.8
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	41.2	40.2	0.9	51.7	51.4	0.3
Other	132.9	130.4	2.5	137.9	134.6	3.3
Foreign securities	91.9	90.1	1.7	137.9	134.6	3.3
Foreign currency denominated foreign corporate and government bonds	81.6	80.2	1.4	129.8	128.0	1.8
Yen-denominated foreign corporate and government bonds	9.8	9.8	0.0	6.5	6.5	0.0
Foreign equity securities and others	0.3	0.0	0.3	1.6	0.0	1.5
Other securities	0.1	0.1	0.0	-	-	-
Other monetary claims purchased	40.9	40.1	0.8	-	-	-
Subtotal	263.9	253.4	10.5	308.7	295.7	13.0
Carrying amount does not exceed amortized/acquisition cost						
Equity securities	0.5	0.8	-0.2	0.7	1.0	-0.3
Domestic bonds	161.5	163.7	-2.1	119.3	120.8	-1.4
Japanese national government bonds	30.8	30.9	-0.0	-	-	-
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	130.6	132.7	-2.1	119.3	120.8	-1.4
Other	220.4	222.0	-1.5	195.7	197.6	-1.9
Foreign securities	219.2	220.5	-1.3	194.7	196.6	-1.9
Foreign currency denominated foreign corporate and government bonds	147.3	148.1	-0.8	129.9	131.2	-1.3
Yen-denominated foreign corporate and government bonds	68.9	69.3	-0.4	60.5	61.0	-0.4
Foreign equity securities and others	2.8	2.9	-0.1	4.2	4.3	-0.0
Other securities	1.2	1.4	-0.1	0.9	1.0	-0.0
Other monetary claims purchased	-	-	-	-	-	-
Subtotal	382.6	386.5	-3.9	315.7	319.5	-3.7
Total ^{1, 2}	646.6	640.0	6.5	624.5	615.2	9.3

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 Sep 30, 2019 and Mar 31, 2019 were ¥605.6 billion and ¥624.5 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)

	Sep 30, 2019	Mar 31, 2019
Unrealized gain (loss) before deferred tax on:		
Available-for-sale securities	6.5	9.3
The Bank's interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined and other adjustments	-1.7	-1.4
Other monetary assets held in trust	-1.4	-1.1
(-) Deferred tax liabilities	1.3	1.4
Unrealized gain (loss) on available-for-sale securities before interest adjustments	2.0	5.2
(-) Noncontrolling interests	-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	6.3	4.7
Unrealized gain (loss) on available-for-sale securities	8.4	10.0

Deposits (Consolidated)

(Billions of yen)

	Sep 30 2019	Mar 31 2019	Change (Amount)
Deposits	5,437.8	5,351.5	86.2
Liquid (current, ordinary, notice) deposits	2,569.3	2,591.5	-22.2
Time deposits ¹	2,317.9	2,271.9	45.9
Other	550.5	487.9	62.5
Negotiable certificates of deposits (NCDs)	488.5	570.5	-82.0
Total	5,926.3	5,922.1	4.2

1.Includes two-week maturity deposits

Financial Ratios (Consolidated)

	1H FY2019 (6 months)	1H FY2018 (6 months)	FY2018 (12 months)
Return on assets ¹	0.6% ³	0.6% ³	0.5%
Return on equity ²	6.3% ³	6.4% ³	6.0%
Expense-to-revenue ratio ^{4, 5}	60.8%	61.9%	63.0%

1.Return on assets:

Profit (Losses) Attributable to Owners of the Parent
 (Total assets at the BOP + Total assets at the EOP)/2

BOP: beginning of period
 EOP: end of period

2.Return on equity (fully diluted):

Profit (Losses) Attributable to Owners of the Parent

((Total equity at the BOP - Share warrants at the BOP - Noncontrolling interests at the BOP) + (Total equity at the EOP - Share warrants at the EOP - Noncontrolling interests at the EOP))/2

3.Annualized basis.

4.Management accounting basis.

5.Expense denotes general and administrative expenses.

Capital Adequacy Related Information (Consolidated)

<Basel 3, Domestic Standard 1>

(Billions of yen, except percentages)

	Sep 30 2019	Mar 31 2019	Change (Amount)
Core capital:instruments and reserves	918.3	899.5	18.7
Core capital:regulatory adjustments	-104.8	-104.2	-0.6
Capital	813.4	795.3	18.1
Total amount of Risk-weighted assets	7,034.6	6,711.2	323.4
Consolidated core capital adequacy ratio	11.56% ²	11.85%	

1.Calculated according to F-IRB.

Consolidated total required capital is ¥667.2 billion as of Sep 30, 2019, ¥640.5 billion as at March 31, 2019.

2.In the calculation of the consolidated capital adequacy ratio as of Sep 30, 2019, parameter estimates applied to some exposures are adjusted for the fiscal year ending March 2019.

Per Share Data (Consolidated)

(Yen)

	1H FY2019 (6 months)	1H FY2018 (6 months)	Change (Amount)	FY2018 (12 months)
Common equity	3,774.10	3,547.97	226.12	3,636.92
Fully diluted equity	3,773.36	3,547.56	225.80	3,636.49
Basic EPS	115.80	110.73	5.07	211.24
Diluted EPS	115.79	110.72	5.06	211.22
For calculation of per share data (Does not include treasury shares):				
Equity: Number of common shares	239,520,517	245,490,159		245,274,499
Fully diluted number of shares	239,567,565	245,519,050		245,303,390
EPS Number of common shares	243,061,193	250,045,525		247,670,196
Fully diluted number of shares	243,102,387	250,077,018		247,700,391

Interim Consolidated Balance Sheets

(Millions of yen)

	Sep 30 2019	Mar 31 2019	Change (Amount)
<<Assets>>			
Cash and due from banks	1,309,158	1,355,966	(46,807)
Call loans and bills bought	—	—	—
Receivables under securities borrowing transactions	1,642	2,119	(476)
Other monetary claims purchased	74,637	30,994	43,642
Trading assets	226,403	204,415	21,988
Monetary assets held in trust	346,546	305,879	40,667
Securities	1,053,092	1,130,286	(77,194)
Loans and bills discounted	5,002,647	4,986,839	15,808
Foreign exchanges	55,691	29,546	26,144
Lease receivables and leased investment assets	197,729	176,553	21,175
Other assets	1,010,256	851,287	158,968
Premises and equipment	68,253	45,341	22,911
Intangible assets	67,501	67,189	311
Goodwill	11,422	10,989	432
Assets for retirement benefits	11,239	10,931	308
Deferred tax assets	12,650	15,096	(2,446)
Customers' liabilities for acceptances and guarantees	501,901	456,759	45,142
Reserve for credit losses	(98,552)	(98,034)	(517)
Total assets	9,840,799	9,571,172	269,627
<<Liabilities>>			
Deposits	5,437,824	5,351,564	86,260
Negotiable certificates of deposit	488,531	570,580	(82,049)
Call money and bills sold	345,000	145,000	200,000
Payables under repurchase agreements	39,216	59,098	(19,882)
Payables under securities lending transactions	454,953	510,229	(55,276)
Trading liabilities	200,665	182,363	18,301
Borrowed money	679,557	684,077	(4,520)
Foreign exchanges	780	471	309
Short-term corporate bonds	239,600	191,000	48,600
Corporate bonds	72,235	92,335	(20,100)
Other liabilities	395,892	347,383	48,509
Accrued employees' bonuses	4,913	8,598	(3,685)
Accrued directors' bonuses	31	44	(13)
Liabilities for retirement benefits	8,357	8,232	125
Reserve for directors' retirement benefits	46	—	46
Reserve for reimbursement of debentures	3,563	3,764	(200)
Reserve for losses on interest repayments	56,225	63,025	(6,799)
Deferred tax liabilities	287	—	287
Acceptances and guarantees	501,901	456,759	45,142
Total liabilities	8,929,583	8,674,529	255,053
<<Equity>>			
Common stock	512,204	512,204	—
Capital surplus	78,506	78,506	(0)
Retained earnings	372,176	346,562	25,613
Treasury stock, at cost	(46,804)	(37,729)	(9,075)
Total shareholders' equity	916,082	899,544	16,537
Unrealized gain (loss) on available-for-sale securities	8,448	10,041	(1,592)
Deferred gain (loss) on derivatives under hedge accounting	(18,174)	(16,391)	(1,783)
Foreign currency translation adjustments	(2,806)	(1,527)	(1,278)
Defined retirement benefit plans	425	378	47
Total accumulated other comprehensive income	(12,106)	(7,500)	(4,606)
Stock acquisition rights	125	99	26
Noncontrolling interests	7,114	4,498	2,616
Total equity	911,215	896,642	14,573
Total liabilities and equity	9,840,799	9,571,172	269,627

Interim Consolidated Statements of Income

(Millions of yen)

	1H FY2019 (6 months)	1H FY2018 (6 months)	Change (Amount)	FY2018 (12 months)
Ordinary income	197,467	187,397	10,069	372,243
Interest income	76,720	76,614	106	154,843
Interest on loans and bills discounted	70,187	69,628	559	140,176
Interest and dividends on securities	5,095	5,948	(852)	12,531
Other interest income	1,437	1,038	399	2,135
Fees and commissions income	29,426	27,163	2,263	55,332
Trading income	5,036	2,295	2,740	6,673
Other business income	72,235	69,524	2,710	134,051
Other ordinary income	14,048	11,799	2,248	21,341
Ordinary expenses	165,715	157,739	7,976	316,846
Interest expenses	9,931	10,269	(338)	21,027
Interest on deposits	2,767	4,065	(1,298)	7,765
Interest on borrowings	1,301	1,796	(495)	3,369
Interest on corporate bonds	113	292	(179)	466
Other interest expenses	5,749	4,114	1,634	9,425
Fees and commissions expenses	13,760	12,583	1,177	23,981
Trading losses	—	473	(473)	—
Other business expenses	45,874	41,742	4,132	84,157
General and administrative expenses	75,203	73,114	2,089	148,545
Amortization of goodwill	1,045	1,251	(206)	2,211
Amortization of intangible assets acquired in business combinations	102	481	(379)	599
Other general and administrative expenses	74,055	71,380	2,674	145,734
Other ordinary expenses	20,945	19,555	1,389	39,134
Provision of reserve for credit losses	19,451	17,142	2,308	35,241
Other	1,494	2,413	(918)	3,892
Ordinary profit	31,751	29,658	2,093	55,397
Extraordinary gains	0	217	(216)	218
Extraordinary losses	512	352	160	1,031
Income before income taxes	31,239	29,523	1,715	54,584
Income taxes (benefit):				
Income taxes (benefit) - current	1,392	832	560	3,810
Income taxes (benefit) - deferred	1,806	1,050	756	(1,306)
Total income taxes (benefit)	3,199	1,883	1,316	2,503
Profit	28,039	27,640	398	52,080
Profit (loss) attributable to noncontrolling interests	(109)	(49)	(60)	(239)
Profit attributable to owners of the parent	28,148	27,689	459	52,319

Composition of Capital Disclosure(Consolidated)

Shinsei Bank and subsidiaries

Millions of yen (except percentages)

Items	Basel III (Domestic Standard) Sep 30 2019	Basel III (Domestic Standard) June 30 2019
	Core capital:instruments and reserves (1)	
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	¥ 916,082	¥ 905,978
of which:capital and capital surplus	590,710	590,710
of which:retained earnings	372,176	356,196
of which:treasury stock (-)	46,804	40,929
of which:earning to be distributed (-)	-	-
of which:other than above	-	-
Accumulated other comprehensive income (amount allowed to be included in Core capital)	(2,381)	(2,345)
of which:foreign currency translation adjustment	(2,806)	(2,752)
of which:amount related benefit	425	407
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	76	76
Adjusted noncontrolling interests (amount allowed to be included in Core capital)	7	9
Total of reserves included in Core capital:instruments and reserves	441	468
of which:general reserve for loan losses included in Core capital	441	468
of which:eligible provision included in Core capital	-	-
Eligible noncumulative perpetual preferred shares subject to transitional arrangements (amount allowed to be included in Core capital:instruments and reserves)	-	-
Eligible capital instruments subject to transitional arrangements (amount allowed to be included in Core capital:instruments and reserves)	-	-
Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital:instruments and reserves)	-	-
Land revaluation excess after 55% discount (amount allowed to be included in Core capital:instruments and reserves)	-	-
Noncontrolling interests subject to transitional arrangements (amount allowed to be included in Core capital:instruments and reserves)	4,115	3,140
Core capital:instruments and reserves (A)	¥ 918,342	¥ 907,327
Core capital:regulatory adjustments (2)		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 52,871	¥ 52,263
of which:goodwill (including those equivalent)	13,964	14,053
of which:other intangibles other than goodwill and mortgage servicing rights	38,907	38,209
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	6,680	7,004
Shortfall of eligible provisions to expected losses	37,544	40,137
Gain on sale of securitization	-	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Net defined benefit asset	7,798	7,688
Investments in own shares (excluding those reported in the net assets section)	0	0
Reciprocal cross-holdings in common equity	-	-
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	-	-
Amount exceeding the 10% threshold on specific items	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which:mortgage servicing rights	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Amount exceeding the 15% threshold on specific items	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which:mortgage servicing rights	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Core capital:regulatory adjustments (B)	¥ 104,894	¥ 107,092
Capital (consolidated)		
Capital (consolidated)((A)-(B))(C)	¥ 813,447	¥ 800,234
Risk-weighted assets, etc.		
Total amount of credit risk-weighted assets	¥6,513,664	¥6,273,507
of which:total amount included in risk-weighted assets by transitional arrangements	-	-
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	-	-
of which:other than above	-	-
Market risk (derived by multiplying the capital requirement by 12.5)	136,290	159,749
Operational risk (derived by multiplying the capital requirement by 12.5)	384,722	379,341
Credit risk-weighted assets adjustments	-	-
Operational risk adjustments	-	-
Total amount of Risk-weighted assets (D)	¥7,034,676	¥6,812,599
Capital ratio (consolidated)		
Capital ratio (consolidated)((C)/(D))	11.56% ¹	11.74%

1.In the calculation of the consolidated capital adequacy ratio as of Sep 30, 2019, parameter estimates applied to some exposures are adjusted for the fiscal year ending March 2019.

(Reference) Results of Operations (Consolidated)

(Millions of yen)

	1H FY2019 (6 months) (A)	1H FY2018 (6 months) (B)	Change (A)-(B)
Gross Business Profit	115,542	111,884	3,657
(excluding Gains on Monetary Assets Held in Trust)	113,879	110,679	3,200
Net Interest Income	66,789	66,344	444
Net Fees and Commissions	15,667	14,589	1,077
Net Trading Income	5,036	1,821	3,214
Net Other Business Income	28,049	29,128	(1,078)
Gains on Monetary Assets Held in Trust	1,662	1,205	457
Gains related to Bonds	4,473	961	3,512
General and Administrative Expenses	74,999	72,727	2,272
Personnel Expenses	28,793	27,698	1,094
Nonpersonnel Expenses	41,448	40,301	1,147
Amortization of Goodwill and Intangible Assets	1,148	1,733	(585)
Taxes	4,757	4,727	30
Net Business Profit	40,542	39,157	1,385
Credit Costs	16,530	14,432	2,097
Net Provision of general reserve for loan losses	9,307	8,193	1,114
Gains on Stock Transactions	4,533	(1,183)	5,716
Equity in Net Income (Loss) of Affiliates	1,428	4,027	(2,598)
Other	1,777	2,089	(311)
Ordinary Profit	31,751	29,658	2,093
Extraordinary Gains	(512)	(135)	(377)
Gains from Sales of Fixed Assets and Impairment losses	(238)	(341)	102
Income before Income Taxes	31,239	29,523	1,715
Income Taxes - Current	1,392	832	560
Income Taxes - Deferred	1,806	1,050	756
Profit Attributable to Noncontrolling Interests	(109)	(49)	(60)
Profit Attributable to Owners of the Parents	28,148	27,689	459

Note

1. Net Business Profit = Gross Business Profit - General and Administrative Expenses.

2. Details of credit cost is available at "Net Credit Cost (Consolidated)" of Financial Summary.

Results of Operations (Nonconsolidated)

(Billions of yen)

	1H FY2019 (6 months)	1H FY2018 (6 months)	Change (Amount)	FY2018 (12 months)
Net interest income	52.2	51.6	0.6	106.5
Noninterest income	5.8	-0.1	5.9	2.2
Net fees and commissions ¹	-2.3	-5.2	2.8	-8.6
Net trading income	3.1	0.2	2.8	4.1
Net other business income	5.0	4.8	0.2	6.7
Total revenue ¹	58.1	51.4	6.6	108.8
Personnel expenses	-13.8	-13.4	-0.3	-26.7
Nonpersonnel expenses	-19.9	-19.2	-0.7	-38.9
Taxes	-2.4	-2.5	0.0	-5.8
General and administrative expenses	-36.3	-35.2	-1.0	-71.5
Net business profit ¹	21.8	16.2	5.5	37.3
Other gains				
Gains on the sales of equities	2.6	-0.2	2.8	0.6
Net provision of reserve for credit losses	-2.6	-0.3	-2.2	0.5
Losses on write-off of loans	-0.0	-0.0	0.0	-0.0
Recoveries of written-off claims	0.0	0.0	-0.0	0.2
Expenses for employees' retirement benefits	-0.1	-0.3	0.1	-0.9
Others	0.5	0.4	0.1	0.9
Net ordinary income	22.2	15.8	6.4	38.6
Extra ordinary profit				
Gains from sales of fixed assets and impairment losses	-0.2	-0.2	0.0	-0.7
Others	2.0	-1.4	3.4	-1.8
Income before income taxes	24.1	14.1	10.0	36.0
Income taxes - Current	-0.2	0.5	-0.8	-1.6
Income taxes - Deferred	-1.1	0.1	-1.3	1.0
Net income	22.6	14.8	7.8	35.4

¹Includes income from monetary assets held in trust of ¥1.2 billion in 1HFY2019, ¥0.5 billion in 1HFY2018 and ¥1.4 billion in FY2018.

The difference of net income between consolidated and nonconsolidated basis arises from profit or loss in subsidiaries including Showa Leasing, Shinsei Financial, APLUS FINANCIAL, Shinsei Personal Loan etc. and profit or loss from our investments in our equity method affiliates including Jih Sun Financial Holding etc., as well as dividend income received from subsidiaries.

Gains and losses on sales and impairments of equities are, reflecting their natures, recorded as other business income (loss) in the consolidated financial results. However, in the nonconsolidated financial results as shown in the above chart, they are included in other gains (losses) in accordance with the reporting format of the Revitalization Plan..

Total nonconsolidated revenue was 58.1 billion yen in first half of current fiscal year, increased 6.6 billion yen from the same period of the previous fiscal year.

Net interest income was 52.2 billion yen, increased 0.6 billion yen from the same period of the previous fiscal year. This was mainly due to an increase in dividends received from subsidiaries of 3.9 billion yen from Showa Leasing in the current fiscal year.

Noninterest income was 5.8 billion yen, increased 5.9 billion yen from the same period of the previous fiscal year. This was mainly due to the effects of the revised "Shinsei Step-up Program" which charges ATM fee for certain retail customers, as well as gains on the sale of government and other bonds in ALM operations.

Expense was 36.3 billion yen, increased 1.0 billion yen from the same period of the previous fiscal year. This was mainly due to system-related expenses associated with the start of service of our new core banking system.

As a result, ordinary business profit was 21.8 billion yen, increased 5.5 billion yen from the same period of the previous fiscal year.

In other gains and losses, net credit cost of 2.6 billion yen, gains on sales of stocks in the Institutional Business of 2.6 billion yen were recorded. Gains on redemption of shares of affiliated companies were recorded in extraordinary profit or loss. As a result, net income was 22.6 billion yen, increased 7.8 billion yen from the first half of the previous fiscal year.

Interest-Earning Assets and Interest-Bearing Liabilities (Nonconsolidated)

(Billions of yen, except percentages)

	1H FY2019 (6 months)			1H FY2018 (6 months)			FY2018 (12 months)		
	Average balance	Interest	Yield/rate ¹ (%)	Average balance	Interest	Yield/rate ¹ (%)	Average balance	Interest	Yield/rate ¹ (%)
Interest-earning assets:									
Loans and bills discounted	4,842.4	49.7	2.05	4,682.4	50.3	2.14	4,735.5	101.2	2.13
Securities	1,375.7	9.7	1.42	1,488.7	8.9	1.20	1,470.8	21.4	1.45
Other interest-earning assets ^{2, 3}	125.5	1.2	***	124.8	0.9	***	98.4	1.7	***
Total interest-earning assets	6,343.8	60.6	1.91	6,296.0	60.2	1.90	6,304.8	124.4	1.97
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	5,994.9	2.7	0.09	6,153.1	4.0	0.13	6,131.8	7.8	0.12
Borrowed money	175.4	-0.0	-0.07	238.7	0.3	0.28	223.3	0.6	0.26
Subordinated debt	-	-	-	7.4	0.0	2.36	3.7	0.0	2.36
Other borrowed money	175.4	-0.0	-0.07	231.3	0.2	0.22	219.6	0.5	0.23
Corporate bonds	42.3	0.0	0.19	43.8	0.2	0.98	44.5	0.3	0.70
Subordinated bonds	-	-	-	18.6	0.1	1.95	12.8	0.2	1.87
Other corporate bonds	42.3	0.0	0.19	25.1	0.0	0.26	31.7	0.0	0.22
Other interest-bearing liabilities ²	976.5	5.6	***	680.5	4.0	***	674.8	9.2	***
Total interest-bearing liabilities	7,189.3	8.4	0.23	7,116.3	8.6	0.24	7,074.6	18.0	0.25
Net interest income/yield on interest-earning assets	6,343.8	52.2	1.64	6,296.0	51.5	1.63	6,304.8	106.4	1.68

1. Percentages have been truncated from the third decimal place.

2. Other interest-earning assets and other interest-bearing liabilities include interest rate swaps.

3. Excludes average balance of noninterest-earning assets.

Margins (All, Domestic) (Nonconsolidated)

(All)

(Percentages)

	1H FY2019 (6 months)	1H FY2018 (6 months)	Change	FY2018 (12 months)
Yield on interest earning assets (A)	1.91	1.90	0.01	1.97
Total cost of funding (B)	1.26	1.23	0.03	1.27
Cost of interest bearing liabilities (C)	0.24	0.24	-0.00	0.25
Overall interest margin (A)-(B)	0.65	0.67	-0.02	0.70
Net interest margin (A)-(C)	1.67	1.66	0.01	1.72

Total cost of funding includes expenses as a part of funding costs

(Domestic)¹

(Percentages)

	1H FY2019 (6 months)	1H FY2018 (6 months)	Change	FY2018 (12 months)
Yield on interest earning assets (A)	1.60	1.66	-0.06	1.67
Interest earned on loans and bills discounted	1.85	2.03	-0.18	1.98
Interest earned on securities	1.32	1.00	0.32	1.21
Total cost of funding (B) ²	1.10	1.13	-0.03	1.15
Cost of interest bearing liabilities (C)	0.01	0.08	-0.07	0.07
Interest paid on deposits ³	-0.00	0.06	-0.06	0.05
Overall interest margin (A)-(B)	0.50	0.53	-0.03	0.52
Net interest margin (A)-(C)	1.59	1.58	0.01	1.60

1.Domestic includes transactions denominated in Japanese yen for residents in Japan (excluding Japan offshore market accounts).

2.Total cost of funding includes expenses as a part of funding costs.

3.Deposits include Negotiable certificates of deposits (NCDs).

Gains (Losses) on Securities (Nonconsolidated)

(All)

(Billions of yen)

	1H FY2019 (6 months)	1H FY2018 (6 months)	Change	FY2018 (12 months)
Gains (losses) on bonds	4.4	0.9	3.5	2.6
Gains on sales	5.2	1.4	3.7	4.2
Gains on redemption	-	-	-	-
Losses on sales	-0.7	-0.5	-0.2	-1.1
Losses on redemption	-	-	-	-
Losses on devaluation	-	-	-	-0.4
Gains (losses) on stocks	2.6	-0.2	2.8	0.6
Gains on sales	3.2	0.0	3.1	1.2
Losses on sales	-0.0	-0.0	0.0	-0.2
Losses on devaluation	-0.6	-0.2	-0.3	-0.3

Net Credit Costs (Nonconsolidated) ¹

(Billions of yen)

	1H FY2019 (6 months)	1H FY2018 (6 months)	Change (Amount)	FY2018 (12 months)
Losses on write-off of loans/Losses on sale of loans	-0.0	-0.0	0.0	-0.0
Net provision of reserve for loan losses	-2.6	-0.3	-2.2	0.5
Net provision of general reserve for loan losses	1.6	1.3	0.2	2.4
Net provision of specific reserve for loan losses	-4.2	-1.6	-2.5	-1.9
Net Provision of Reserve for Loan Losses to Restructuring Countries	-	-	-	-
Recoveries of written-off claims	0.0	0.0	-0.0	0.2
Net credit costs	-2.6	-0.3	-2.2	0.7

1.Amounts of losses, net provision and costs are shown in minus. Amounts of recoveries and reversals are shown in plus.

Loans by Borrower Industry (Nonconsolidated)

(Billions of yen)

	Sep 30 2019	Mar 31 2019	Change (Amount)
Domestic (excluding Japan offshore market accounts):			
Manufacturing	198.8	186.1	12.7
Agriculture and forestry	-	-	-
Fishery	0.1	-	0.1
Mining, quarrying and gravel extraction	0.6	0.3	0.2
Construction	6.7	7.4	-0.7
Electric power, gas, heat supply and water supply	328.2	317.6	10.6
Information and communications	46.9	54.7	-7.7
Transportation and postal service	178.8	173.5	5.2
Wholesale and retail	109.2	117.3	-8.0
Finance and insurance	965.6	983.0	-17.3
Real estate	631.0	565.4	65.5
Services	386.7	375.0	11.7
Local government	66.0	52.4	13.5
Individuals	1,419.2	1,461.3	-42.0
Overseas yen loans and overseas loans booked domestically	369.8	447.9	-78.1
Total domestic	4,708.5	4,742.7	-34.1
Overseas (including Japan offshore market accounts):			
Governments	0.0	0.1	-0.0
Financial institutions	30.3	32.6	-2.2
Others	186.4	157.1	29.3
Total overseas	216.8	189.9	26.9
Total	4,925.4	4,932.6	-7.1

Claims Classified under the Financial Revitalization Law (Nonconsolidated)

(Billions of yen)

	Sep 30 2019	Mar 31 2019	Change (Amount)
Claims against bankrupt and quasi-bankrupt obligors	2.3	2.1	0.1
Doubtful claims	14.5	6.1	8.3
Substandard claims	1.9	2.0	-0.0
Total (A)	18.7	10.2	8.4
Coverage ratio	77.3%	67.8%	
Total claims (B)	5,035.9	5,010.6	25.2
Loans and bills discounted	4,925.4	4,932.6	-7.1
Others	110.5	78.0	32.4
Ratio to total claims (A/B X 100) (%) ¹	0.37%	0.20%	
(Ref. 1) Amount of write-off	5.0	3.0	2.0
(Ref. 2) Below need caution level	74.3	74.4	-0.1

Coverage Ratios for Nonperforming Claims Disclosed under the Financial Revitalization Law (Nonconsolidated)

(Billions of yen, except percentages)

	Sep 30, 2019					Mar 31, 2019				
	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
	(a)	(b)			(b)/(a)	(a)	(b)			(b)/(a)
Claims against bankrupt and quasi-bankrupt	2.3	2.3	0.6	1.7	100.0%	2.1	2.1	0.5	1.6	100.0%
Doubtful claims	14.5	11.5	5.7	5.8	79.5%	6.1	4.1	3.5	0.6	67.7%
Substandard claims	1.9	0.7	0.3	0.4	34.0%	2.0	0.7	0.3	0.4	34.0%
Total	18.7	14.4	6.6	7.9	77.3%	10.2	6.9	4.3	2.6	67.8%

Housing Loans (Nonconsolidated)

(Billions of yen)

	Sep 30 2019	Mar 31 2019	Change (Amount)
Housing loans	1,159.9	1,190.1	-30.1

Securities Being Held to Maturity (Nonconsolidated)

(Billions of yen)

	Sep 30, 2019			Mar 31, 2019		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount						
Japanese national government bonds	338.1	341.7	3.5	399.2	402.4	3.2
Subtotal	338.1	341.7	3.5	399.2	402.4	3.2
Fair value does not exceed carrying amount						
Japanese national government bonds	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	338.1	341.7	3.5	399.2	402.4	3.2

Securities Available for Sale (Nonconsolidated)

(Billions of yen)

	Sep 30, 2019			Mar 31, 2019		
	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)
Carrying amount exceeds amortized/acquisition cost						
Equity securities	8.3	4.8	3.5	13.2	6.7	6.4
Domestic bonds	116.5	114.5	2.0	152.1	150.9	1.2
Japanese national government bonds	75.3	74.3	1.0	100.3	99.4	0.8
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	41.2	40.2	0.9	51.7	51.4	0.3
Other	132.9	130.4	2.5	136.7	134.5	2.1
Foreign securities	91.9	90.1	1.7	136.7	134.5	2.1
Foreign currency denominated foreign corporate and government bonds	81.6	80.2	1.4	129.8	128.0	1.8
Yen-denominated foreign corporate and government bonds	9.8	9.8	0.0	6.5	6.5	0.0
Foreign equity securities and others	0.3	0.0	0.3	0.4	0.0	0.3
Other securities	0.1	0.1	0.0	-	-	-
Other monetary claims purchased	40.9	40.1	0.8	-	-	-
Subtotal	257.9	249.8	8.1	302.1	292.2	9.8
Carrying amount does not exceed amortized/acquisition cost						
Equity securities	0.5	0.7	-0.2	0.6	0.9	-0.2
Domestic bonds	161.5	163.7	-2.1	119.3	120.8	-1.4
Japanese national government bonds	30.8	30.9	-0.0	-	-	-
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	130.6	132.7	-2.1	119.3	120.8	-1.4
Other	220.4	222.0	-1.5	195.7	197.6	-1.9
Foreign securities	219.2	220.5	-1.3	194.7	196.6	-1.9
Foreign currency denominated foreign corporate and government bonds	147.3	148.1	-0.8	129.9	131.2	-1.3
Yen-denominated foreign corporate and government bonds	68.9	69.3	-0.4	60.5	61.0	-0.4
Foreign equity securities and others	2.8	2.9	-0.1	4.2	4.3	-0.0
Other securities	1.2	1.4	-0.1	0.9	1.0	-0.0
Other monetary claims purchased	-	-	-	-	-	-
Subtotal	382.5	386.4	-3.9	315.6	319.3	-3.7
Total ^{1, 2}	640.5	636.3	4.2	617.8	611.6	6.1

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 (Nonconsolidated)

(Billions of yen)

	Sep 30, 2019	Mar 31, 2019
Unrealized gain (loss) before deferred tax on:		
Available-for-sale securities	4.2	6.1
Interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined	1.8	0.7
Other monetary assets held in trust	-1.5	-1.1
(-) Deferred tax liabilities	1.1	1.0
Unrealized gain (loss) on available-for-sale securities	3.3	4.7

Capital Adequacy Related Information (Nonconsolidated)

<Basel 3, Domestic Standard¹>

(Billions of yen, except percentages)

	Sep 30 2019	Mar 31 2019	Change (Amount)
Core capital: instruments and reserves	872.9	859.4	13.5
Core capital: regulatory adjustments	-48.6	-50.7	2.1
Capital	824.3	808.6	15.7
Total amount of Risk-weighted assets	5,959.4	5,886.2	73.2
Core capital adequacy ratio	13.83%²	13.73%	

1. Calculated according to F-IRB.

Nonconsolidated total required capital is ¥525.3 billion as at Sep 30, 2019 and ¥521.6 billion as at March 31, 2019.

2. In the calculation of the nonconsolidated capital adequacy ratio as of Sep 30, 2019, parameter estimates applied to some exposures are adjusted for the fiscal year ending March 2019.

Nonconsolidated Balance Sheets

(Millions of yen)

	Sep 30 2019	Mar 31 2019	Change (Amount)
<<Assets>>			
Cash and due from banks	1,227,840	1,280,991	(53,150)
Other monetary claims purchased	51,466	10,809	40,657
Trading assets	221,941	200,276	21,665
Monetary assets held in trust	238,603	198,717	39,885
Securities	1,361,487	1,445,927	(84,439)
Loans and bills discounted	4,925,420	4,932,610	(7,189)
Foreign exchanges	55,691	29,546	26,144
Other assets	217,795	190,104	27,690
Other	217,795	190,104	27,690
Premises and equipment	11,661	12,610	(949)
Intangible assets	25,244	26,483	(1,239)
Prepaid pension cost	6,957	6,849	107
Deferred tax assets	—	1,127	(1,127)
Customers' liabilities for acceptances and guarantees	20,862	18,060	2,802
Reserve for credit losses	(25,810)	(25,519)	(290)
Total assets	8,339,160	8,328,595	10,565
<<Liabilities>>			
Deposits	5,600,675	5,636,286	(35,610)
Negotiable certificates of deposit	488,531	570,580	(82,049)
Call money	345,000	145,000	200,000
Payables under repurchase agreements	39,216	59,098	(19,882)
Payables under securities lending transactions	454,953	510,229	(55,276)
Trading liabilities	198,600	179,749	18,850
Borrowed money	141,871	195,628	(53,757)
Foreign exchanges	780	471	309
Corporate bonds	42,235	42,335	(100)
Other liabilities	141,627	113,903	27,723
Income taxes payable	1,016	2,088	(1,072)
Lease obligations	15	18	(3)
Asset retirement obligations	7,387	7,410	(23)
Other	133,207	104,385	28,821
Accrued employees' bonuses	2,489	4,847	(2,357)
Reserve for reimbursement of debentures	3,563	3,764	(200)
Deferred tax liabilities	726	—	726
Acceptances and guarantees	20,862	18,060	2,802
Total liabilities	7,481,131	7,479,955	1,176
<<Equity>>			
Common stock	512,204	512,204	—
Capital surplus	79,465	79,465	—
Additional paid-in capital	79,465	79,465	—
Retained earnings	328,044	307,855	20,189
Legal reserve	15,734	15,243	490
Other retained earnings	312,310	292,611	19,698
Unappropriated retained earnings	312,310	292,611	19,698
Treasury stock, at cost	(46,804)	(37,729)	(9,075)
Total shareholders' equity	872,910	861,796	11,113
Unrealized gain (loss) on available-for-sale securities	3,389	4,719	(1,330)
Deferred gain (loss) on derivatives under hedge accounting	(18,347)	(17,925)	(422)
Total net unrealized gain (loss) and translation adjustments	(14,958)	(13,205)	(1,752)
Stock acquisition rights	76	49	27
Total equity	858,029	848,640	9,388
Total liabilities and equity	8,339,160	8,328,595	10,565

Nonconsolidated Statements of Income

(Millions of yen)

	1H FY2019 (6 months)	1H FY2018 (6 months)	Change (Amount)	FY2018 (12 months)
Ordinary income	86,654	78,252	8,401	164,135
Interest income	60,697	60,259	438	124,464
Interest on loans and bills discounted	49,701	50,356	(655)	101,292
Interest and dividends on securities	9,782	8,998	784	21,413
Other interest income	1,214	904	309	1,758
Fees and commissions income	10,304	9,153	1,150	19,484
Trading income	3,126	729	2,396	4,194
Other business income	7,109	6,568	540	11,002
Other ordinary income	5,416	1,541	3,875	4,989
Ordinary expenses	64,381	62,441	1,940	125,504
Interest expenses	8,427	8,690	(262)	18,002
Interest on deposits	2,769	4,068	(1,298)	7,770
Interest on corporate bonds	42	216	(174)	313
Other interest expenses	5,616	4,405	1,210	9,918
Fees and commissions expenses	13,971	14,997	(1,026)	29,660
Trading losses	—	470	(470)	—
Other business expenses	2,024	1,719	305	4,229
General and administrative expenses	36,505	35,625	879	72,498
Other ordinary expenses	3,452	938	2,514	1,113
Ordinary profit	22,272	15,811	6,461	38,630
Extraordinary gains	2,109	216	1,893	218
Extraordinary losses	268	1,925	(1,656)	2,817
Income before income taxes	24,113	14,101	10,011	36,032
Income taxes (benefit):				
Income taxes (benefit) - current	243	(585)	829	1,679
Income taxes (benefit) - deferred	1,174	(154)	1,329	(1,091)
Total income taxes (benefit)	1,417	(740)	2,158	588
Net income	22,695	14,842	7,853	35,443

Composition of Capital Disclosure (Nonconsolidated)

Shinsei Bank

Millions of yen (except percentages)

Items	Basel III (Domestic Standard) Sep 30 2019	Basel III (Domestic Standard) June 30 2019
Core capital:instruments and reserves (1)		
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	¥ 872,910	¥ 870,770
of which:capital and capital surplus	591,670	591,670
of which:retained earnings	328,044	320,029
of which:treasury stock (-)	46,804	40,929
of which:earning to be distributed (-)	-	-
of which:other than above	-	-
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	76	76
Total of reserves included in Core capital:instruments and reserves	7	9
of which:general reserve for loan losses included in Core capital	7	9
of which:eligible provision included in Core capital	-	-
Eligible noncumulative perpetual preferred shares subject to transitional arrangements (amount allowed to be included in Core capital:instruments and reserves)	-	-
Eligible capital instruments subject to transitional arrangements (amount allowed to be included in Core capital:instruments and reserves)	-	-
Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital:instruments and reserves)	-	-
Land revaluation excess after 55% discount (amount allowed to be included in Core capital:instruments and reserves)	-	-
Core capital:instruments and reserves (A)	¥ 872,994	¥ 870,857
Core capital:regulatory adjustments (2)		
Total amount of intangible assets (excluding those relating to mortgage servicing rights) of which:goodwill (including those equivalent)	¥ 17,704	¥ 18,162
of which:other intangibles other than goodwill and mortgage servicing rights	620	662
of which:other intangibles other than goodwill and mortgage servicing rights	17,083	17,499
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,139	2,530
Shortfall of eligible provisions to expected losses	23,952	26,676
Gain on sale of securitization	-	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Prepaid pension cost	4,827	4,757
Investments in own shares (excluding those reported in the net assets section)	0	0
Reciprocal cross-holdings in common equity	-	-
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	-	-
Amount exceeding the 10% threshold on specific items	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which:mortgage servicing rights	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Amount exceeding the 15% threshold on specific items	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which:mortgage servicing rights	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Core capital:regulatory adjustments (B)	¥ 48,624	¥ 52,126
Capital (nonconsolidated)		
Capital (nonconsolidated)((A)-(B))(C)	¥ 824,369	¥ 818,730
Risk-weighted assets, etc.		
Total amount of credit risk-weighted assets	¥5,645,268	¥5,614,045
of which:total amount included in risk-weighted assets by transitional arrangements	-	-
of which:significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	-	-
of which:other than above	-	-
Market risk (derived by multiplying the capital requirement by 12.5)	125,200	146,534
Operational risk (derived by multiplying the capital requirement by 12.5)	188,966	187,814
Credit risk-weighted assets adjustments	-	-
Operational risk adjustments	-	-
Total amount of Risk-weighted assets (D)	¥5,959,435	¥5,948,394
Capital ratio (nonconsolidated)		
Capital ratio (nonconsolidated)((C)/(D))	13.83% ¹	13.76%

1. In the calculation of the nonconsolidated capital adequacy ratio as of Sep 30, 2019, parameter estimates applied to some exposures are adjusted for the fiscal year ending March 2019.

(Reference) Results of Operations (Nonconsolidated)

(Millions of yen)

	1H FY2019 (6 months) (A)	1H FY2018 (6 months) (B)	Change (A)-(B)
Gross Business Profit	58,125	51,482	6,643
(excluding Gains on Monetary Assets Held in Trust)	56,831	50,900	5,931
Net Interest Income	52,287	51,635	651
Net Fees and Commissions	(2,371)	(5,252)	2,880
Gains on Monetary Assets Held in Trust	1,294	581	712
Net Trading Income	3,126	259	2,867
Net Other Business Income	5,082	4,839	243
Gains related to Bonds	4,473	961	3,511
General and Administrative Expenses	36,305	35,242	1,062
Personnel Expenses	13,836	13,451	384
Nonpersonnel Expenses	19,981	19,235	745
Amortization of Goodwill	83	83	-
Taxes	2,487	2,554	(67)
Net Operating Profit before Provision of General Reserve for Loan Losses	20,526	15,658	4,868
Provision of General Reserve for Loan Losses (1)	(1,607)	(1,341)	(266)
Net Operating Profit	22,134	16,999	5,134
Net Business Profit	21,820	16,240	5,580
Non-Recurring Gains	(1,138)	(1,703)	565
Gains related to Stocks	2,647	(201)	2,848
Credit Costs (2)	4,209	1,662	2,547
Losses on Write-Off of Loans	15	29	(13)
Provision of Specific Reserve for Loan Losses	4,247	1,689	2,558
Provision of Reserve for Loan Losses to Restructuring Countries	-	-	-
Recoveries of Written-off Claims	(53)	(56)	2
Reversal of Reserve for Loan Losses	-	-	-
Losses on Sale of Loans	-	-	-
Other	423	159	263
Ordinary Profit	22,272	15,811	6,461
Extraordinary Gains	1,840	(1,709)	3,549
Gains from Sales of Fixed Assets and Impairment losses	(211)	(271)	59
Income before Income Taxes	24,113	14,101	10,011
Income Taxes - Current	243	(585)	829
Income Taxes - Deferred	1,174	(154)	1,329
Net Income	22,695	14,842	7,853

(Reference)

Core Net Operating Profit	16,053	14,696	1,356
(excluding Gains on Cancellation of Investment Trusts)	16,053	14,696	1,356
Net Credit Costs (1)+ (2)	2,601	320	2,281

Note

1. Net Operating Profit = Gross Business Profit (excluding Gains on Monetary Assets Held in Trust) - General and Administrative Expenses - Provision of General Reserve for loan losses.
2. Net Business Profit = Gross Business Profit - General and Administrative Expenses.

(Reference) Interest-Earning Assets and Interest-Bearing Liabilities (Nonconsolidated)

(Millions of yen, %)

[All]	1H FY2019 (6 months)			1H FY2018 (6 months)			FY2018 (12 months)		
	Average balance	Interest	Yield/rate ¹ (%)	Average balance	Interest	Yield/rate ¹ (%)	Average balance	Interest	Yield/rate ¹ (%)
Interest-earning assets:	6,343,836	60,697	1.91	6,296,062	60,259	1.90	6,304,868	124,464	1.97
Loans and bills discounted	4,842,462	49,701	2.05	4,682,442	50,356	2.14	4,735,551	101,292	2.13
Securities	1,375,785	9,782	1.42	1,488,780	8,998	1.20	1,470,890	21,413	1.45
Interest-bearing liabilities:	7,189,320	8,427	0.23	7,116,313	8,690	0.24	7,074,601	18,002	0.25
Deposits, including negotiable certificates of deposit	5,994,973	2,791	0.09	6,153,168	4,084	0.13	6,131,827	7,807	0.12
Borrowed money	175,477	-63	-0.07	238,788	346	0.28	223,337	602	0.26
Subordinated debt	-	-	-	7,438	88	2.36	3,729	88	2.36
Corporate bonds	42,305	42	0.19	43,813	216	0.98	44,569	313	0.70
Subordinated bonds	-	-	-	18,661	183	1.95	12,849	241	1.87
Net interest income/yield on interest-earning assets	6,343,836	52,270	1.64	6,296,062	51,568	1.63	6,304,868	106,462	1.68

1. Percentages have been truncated from the third decimal place.

[Domestic]

Interest-earning assets:	5,726,251	45,837	1.60	5,665,343	47,313	1.66	5,676,239	95,078	1.67
Loans and bills discounted	4,117,931	38,245	1.85	4,015,886	40,908	2.03	4,037,690	80,340	1.98
Securities	1,016,390	6,715	1.32	1,090,304	5,489	1.00	1,073,732	13,091	1.21
Interest-bearing liabilities:	6,536,141	413	0.01	6,467,822	2,764	0.08	6,426,964	4,627	0.07
Deposits, including negotiable certificates of deposit	5,478,526	-99	-0.00	5,670,659	1,812	0.06	5,650,008	2,929	0.05
Borrowed money	160,278	-254	-0.31	221,545	144	0.13	206,414	183	0.08
Subordinated debt	-	-	-	7,438	88	2.36	3,729	88	2.36
Corporate bonds	40,000	40	0.20	43,032	216	1.00	43,013	312	0.72
Subordinated bonds	-	-	-	18,661	183	1.95	12,849	241	1.87
Net interest income/yield on interest-earning assets	5,726,251	45,423	1.58	5,665,343	44,548	1.56	5,676,239	90,451	1.59

1. Percentages have been truncated from the third decimal place.

Earnings Forecasts¹*(Billions of yen)*

(Consolidated)	FY2019 Forecast	FY2018 Actual
Profit attributable to owners of the parent	53.0	52.3

(Nonconsolidated)	FY 2019 Forecast	FY2018 Actual
Net business profit	36.0	37.3
Net income	33.0	35.4
Dividends (per share in yen): Common stock	not yet determined	10.0

¹Above 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.

1. Nonperforming loan ratio (Financial Revitalization Law Standard) (%)

	Sep 30, 2017	Mar 31, 2018	Sep 30, 2018	Mar 31, 2019	Sep 30, 2019
Nonconsolidated	0.19	0.17	0.15	0.20	0.37
Consolidated	1.49	1.53	1.51	1.53	1.68

2. Equity holdings (domestic) (Nonconsolidated)

(1) Equity held

(Billions of yen)

	Book value		Net unrealized gain (loss)
		Subsidiaries' shares	
Sep.30, 2018	366.3	346.1	8.1
Mar.31, 2019	363.9	346.1	6.2
Sep.30, 2019	347.0	334.3	3.3

(2) Impairment

(Billions of yen)

	Equity related profits and losses (net of three accounts)	
		Impairment amount
1HFY2018	-0.2	0.2
FY2018	0.6	0.3
1HFY2019	2.6	0.6

1. Other extraordinary losses for 1HFY2018 contains ¥ 1.6 billion in mark-down of subsidiaries' equity.

2. Other extraordinary losses for FY2018 contains ¥ 2.1 billion in mark-down of subsidiaries' equity.

3. Other extraordinary losses for 1HFY2019 contains ¥ 0.0 billion in mark-down of subsidiaries' equity.

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

Nikkei Stock Average	approximately	¥13,500
TOPIX	approximately	1,000

3. Loans to SMEs (% shows changes from the previous period) (Nonconsolidated)

(Billions of yen, except percentage)

	Results	% Change	Ratio to total loan balance (%)
Sep 30, 2018	3,214.3	6.10	69.17
Mar 31, 2019	3,267.1	1.64	68.89
Sep 30, 2019	3,317.2	1.53	70.45

1. The figures do not include Overseas and Japan Offshore Market Accounts.

2. 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).

3. Revitalization Law (actual net increase/decrease excluding impact loan) achieved actual results of + ¥ 23.5 billion for FY2018 compared to the plan of + ¥ 1.0 billion.

4. Sales performance of investment trusts and insurance (Nonconsolidated)

a. Investment trust sales performance and commission

(Billions of yen)

	Handling commission for sales of investment trusts		Amount of sales during the period
		Upfront fees from investment trusts	
1HFY2018	1.1	0.1	26.5
FY2018	2.1	0.2	49.4
1HFY2019	0.9	0.1	21.8

b. Insurance sales performance and commission

(Billions of yen)

	Handling commission for sales of insurance		Amount of sales during the period
		Upfront fees from insurance	
1HFY2018	1.3	1.3	26.9
FY2018	3.0	3.0	64.0
1HFY2019	1.7	1.7	35.2

(Reference) Calculation Grounds of Deferred Tax Assets (Consolidated Tax Group Basis)

Shinsei Bank consolidated tax group has, due to losses recognized on securities, 149.0 billion yen of tax loss carryforwards and the unrealized temporary differences of 319.0 billion yen as of September 30, 2019.

We are classified as the Type 4 of the ASBJ Guidance No. 26 Implementation Guidance on Recovery of Deferred Tax Assets and we continuously calculate the realizability of deferred tax assets based on the estimated future taxable income for the next year.

We have adapted the consolidated tax system from FY 2003 and calculate the taxable income under consolidated tax basis.

1. Future year taxable income estimate before adjustment

Taxable income for the next year before adjustment is estimated to be 61.0 billion yen.

2. Net deferred tax liabilities (As of September 30, 2019)

Deferred tax assets corresponding to "total taxable income before adjustment"	17.3 billion yen ^(*)	
Deferred tax liabilities	8.2 billion yen	
Net deferred tax assets (liabilities) on balance sheet	9.1 billion yen	
(*)Breakdown	Tax loss carryforwards	58.2 billion yen
	Reserve for credit losses	46.2 billion yen
	Reserve for losses on interest repayment	17.3 billion yen
	Securities	17.1 billion yen
	Net deferred loss on hedge	6.9 billion yen
	Other	16.5 billion yen
	Sub total	162.3 billion yen
	Valuation allowance	(144.9) billion yen
Total	17.3 billion yen	

(Reference) Calculation Grounds of Deferred Tax Assets (Nonconsolidated)

Shinsei Bank has, due to losses recognized on securities, 130.0 billion yen of tax loss carryforwards and the unrealized temporary differences of 146.0 billion yen as of September 30, 2019.

We are classified as the Type 4 of the ASBJ Guidance No. 26 Implementation Guidance on Recovery of Deferred Tax Assets and we continuously calculate the realizability of deferred tax assets based on the estimated future taxable income for the next year.

We have adapted the consolidated tax system from FY 2003 and calculate the taxable income under consolidated tax basis.

1. Future year taxable income estimate before adjustment

Taxable income for the next year before adjustment is estimated to be 23.0 billion yen.

2. Net deferred tax liabilities(As of September 30, 2019)

Deferred tax assets corresponding to "total taxable income before adjustment"	5.0 billion yen ^(*)
Deferred tax liabilities	5.8 billion yen
Net deferred tax assets (liabilities) on balance sheet	(0.7) billion yen

(*)Breakdown	}	Tax loss carryforwards	40.9 billion yen
		Securities	17.0 billion yen
		Reserve for credit losses	9.7 billion yen
		Net deferred loss on hedge	6.9 billion yen
		Other	11.2 billion yen
		Sub total	85.9 billion yen
		Valuation allowance	(80.8) billion yen
Total	5.0 billion yen		