

# **Financial Summary**

**For the Fiscal Year Ended March 31, 2018**



**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 Highlights<sup>1</sup>

(Billions of yen, except percentages)

Results of operations (Consolidated) [Page 3]	FY2017 (12 months)	FY2016 (12 months)	Change (Amount)	1H FY2017 (6 months)
Net interest income	128.7	122.2	6.4	64.1
Noninterest income	103.2	106.2	-2.9	51.7
Total revenue	232.0	228.5	3.5	115.9
General and administrative expenses	-142.5	-142.4	-0.1	-71.6
Net credit costs	-37.2	-31.8	-5.3	-19.8
Income before income taxes	55.4	51.7	3.6	27.0
Profit attributable to owners of the parent	51.4	50.7	0.6	25.1

(Billions of yen)

Balance sheets (Consolidated) [Page 17]	Mar 31 2018	Mar 31 2017	Change (Amount)
Cash and due from banks	1,465.6	1,398.6	66.9
Securities	1,123.5	1,014.6	108.8
Loans and bills discounted	4,895.9	4,833.4	62.5
Total assets	9,456.6	9,258.3	198.3
Deposits and negotiable certificates of deposit	6,067.0	5,862.9	204.1
Total liabilities	8,600.6	8,437.5	163.0
Total equity	856.0	820.7	35.2

Financial ratios (Consolidated) [Page 4, 15, 16, 25]	FY2017 (12 months)	FY2016 (12 months)	1H FY2017 (6 months)
Net interest margin	2.42%	2.41%	2.42%
Expense-to-revenue ratio	61.5%	62.3%	61.8%

	Mar 31 2018	Mar 31 2017
Capital adequacy ratio (Basel III, domestic standard)	12.83%	13.06%
NPL ratio based on Financial Revitalization Law (nonconsolidated)	0.17%	0.22%

(Billions of yen)

Results of operations (Nonconsolidated) [Page 21]	FY2017 (12 months)	FY2016 (12 months)	Change (Amount)	1H FY2017 (6 months)
Net interest income	105.4	90.9	14.5	51.5
Noninterest income	5.3	20.1	-14.8	2.3
Total revenue	110.8	111.1	-0.2	53.8
General and administrative expenses	-79.0	-77.6	-1.4	-39.9
Net credit costs	-1.2	-3.9	2.6	-0.8
Net income	40.5	43.4	-2.9	22.9

1. Represents results based on management accounting basis.

The Shinsei Bank Group recorded a consolidated net income of 51.4 billion yen for fiscal year 2017 (from April 1, 2017 to March 31, 2018), increased 0.6 billion yen compared to fiscal year 2016. Total revenue increased due to the stable growth of loan balance in our growth business areas including the unsecured loan and Structured Finance Business. Net credit cost increased due to the provisioning of general reserves for loan losses as a result of the steady loan growth of the Consumer Finance Business and specific reserves for loan losses in the Institutional Business despite reversal of reserve for losses on interest repayment. As a result, consolidated net income increased compared to the same period of fiscal year 2016.

## Results of operations

- Total revenue was 232.0 billion yen, increased 3.5 billion yen compared to fiscal year 2016.
  - Net interest income totaled 128.7 billion yen, increased 6.4 billion yen from 122.2 billion yen in fiscal year 2016 due to the steady growth of the loan balance in the Consumer Finance Business mainly from unsecured loan.
  - Noninterest income totaled 103.2 billion yen, decreased 2.9 billion yen from 106.2 billion yen in fiscal year 2016. The decrease reflected factors such as a lower gains on sales of bonds in ALM operations, absence of a large gain on sales of securities in Structured Finance and decrease in revenues related to the sale of asset management products in the Retail Banking Business, despite gains on sales of equities in the Corporate Business and Showa Leasing, profits from the equity method investment in the Principal Transactions Business, and the increase in fee income from the Corporate Business.
- General and administrative expenses totaled 142.5 billion yen, increased 0.1 billion yen from fiscal year 2016, due mainly to decreases in personnel expenses resulting from progress of productivity enhancement despite the increase in advertisement expenses and premises related expenses as well as expenses for IT systems for bolstering the business franchise.
- Net credit costs of 37.2 billion yen (expense) were recorded, increased 5.3 billion yen from fiscal year 2016. This was due largely to the provisioning of general reserves for loan losses corresponding to the steady growth of the loan balance of the Consumer Finance Business and specific reserves for loan losses in the Institutional Business.
- Nonconsolidated net income totaled 40.5 billion yen, decreased 2.9 billion yen compared to fiscal year 2016. This was due primarily to the decrease in the noninterest income, reflecting absence of a large gain on sales of securities and the increase of corporate tax.

## Balance sheets

- Total assets increased 198.3 billion yen from March 31, 2017, to 9,456.6 billion yen at March 31, 2018, due to the increase in operating assets including securities, loans and bills discounted.
- Loans and bills discounted increased 62.5 billion yen from March 31, 2017, to 4,895.9 billion yen at March 31, 2018. The loan balance in the Structured Finance Business and the Consumer Finance Business increased while the loan balance in the Corporate Business and housing loan decreased.
- Deposits and negotiable certificates of deposit increased 204.1 billion yen from March 31, 2017, to 6,067.0 billion yen.

## Financial ratios

- Net interest margin was 2.42%, increased from 2.41% recorded in fiscal year 2016. The yield on interest-earning assets increased due to the increase in unsecured loan balance in the Consumer Finance Business and the improvement in the yield on securities while the yield on interest-bearing liabilities increased due to the increase in interest payment of the swap transactions.
- Basel III domestic standard (grandfathering basis) consolidated core capital adequacy ratio was 12.83% as of March 31, 2018, decreased from 13.06% as of March 31, 2017. Decreased by 0.23% due to the increase of risk weighted assets, reflecting loan assets growth. While retained earnings increased, risk assets increased due to the increase in loans. Basel III international standard (fully loaded basis) common equity Tier 1 capital ratio was 12.2% as of March 31, 2018, from 12.3% as of March 31, 2017. Capital ratios remain at ample levels.
- Claims classified under the Financial Revitalization Law (nonconsolidated) decreased 1.9 billion yen from March 31, 2017, to 8.4 billion yen. Nonperforming loan ratio was 0.17% as of March 31, 2018, improved from 0.22% as of March 31, 2017, and remains at a low level.

## FY2018 forecast

- Full fiscal year consolidated net income forecast at 52.0 billion yen.
- Nonconsolidated net business profit forecast at 37.0 billion yen, and Nonconsolidated net income forecast at 32.0 billion yen.
- Fiscal year end common share dividend forecast is not yet determined.

Results of Operations (Consolidated) <sup>1</sup>

(Billions of yen)

	<b>FY2017 (12 months)</b>	FY2016 (12 months)	Change (Amount)	1H FY2017 (6 months)
Net interest income	<b>128.7</b>	122.2	6.4	64.1
Noninterest income	<b>103.2</b>	106.2	-2.9	51.7
Net fees and commissions	<b>25.0</b>	25.5	-0.4	11.5
Net trading income	<b>8.5</b>	7.3	1.1	3.4
Net other business income	<b>69.6</b>	73.3	-3.7	36.6
Income on lease transactions and installment receivables	<b>37.0</b>	38.6	-1.6	18.7
Total revenue	<b>232.0</b>	228.5	3.5	115.9
General and administrative expenses	<b>-142.5</b>	-142.4	-0.1	-71.6
Ordinary business profit	<b>89.4</b>	86.0	3.3	44.2
Net credit costs	<b>-37.2</b>	-31.8	-5.3	-19.8
Ordinary business profit after net credit costs	<b>52.1</b>	54.1	-1.9	24.3
Amortization of goodwill and other intangible assets <sup>2</sup>	<b>-3.9</b>	-5.2	1.2	-2.2
Other gains	<b>7.2</b>	2.8	4.3	4.8
Income before income taxes	<b>55.4</b>	51.7	3.6	27.0
Current income tax	<b>-1.2</b>	-2.1	0.8	-0.5
Deferred income tax	<b>-2.5</b>	0.9	-3.4	-1.2
Profit attributable to noncontrolling interests	<b>-0.1</b>	0.2	-0.3	-0.0
Profit attributable to owners of the parent	<b>51.4</b>	50.7	0.6	25.1

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)

	FY2017 (12 months)			FY2016 (12 months)			1H FY2017 (6 months)		
	Average Balance	Interest	Yield/rate <sup>1</sup> (%)	Average Balance	Interest	Yield/rate <sup>1</sup> (%)	Average Balance	Interest	Yield/rate <sup>1</sup> (%)
Interest-earning assets:									
Loans and bills discounted	4,903.7	134.8	2.75	4,679.1	127.4	2.72	4,895.2	66.7	2.72
Lease receivables and leased investment assets / installment receivables <sup>4</sup>	746.6	37.0	4.96	737.6	38.6	5.24	745.5	18.7	5.01
Securities	1,109.1	11.7	1.06	1,116.3	8.9	0.81	1,087.3	6.1	1.14
Other interest-earning assets <sup>2, 3</sup>	162.1	1.9	***	185.9	2.0	***	164.2	0.9	***
Interest-earning assets totals (A) <sup>4</sup>	6,921.7	185.5	2.68	6,719.0	177.1	2.64	6,892.4	92.5	2.68
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	5,965.9	9.0	0.15	5,846.4	7.8	0.13	5,923.1	4.3	0.15
Borrowed money	715.0	3.4	0.49	735.8	3.4	0.46	741.3	1.7	0.46
Subordinated debt	12.4	0.2	2.37	19.6	0.5	2.65	12.4	0.1	2.37
Other borrowed money	702.6	3.1	0.45	716.1	2.8	0.40	728.9	1.5	0.43
Corporate bonds	98.1	0.9	0.97	109.3	1.1	1.03	108.1	0.5	1.01
Subordinated bonds	28.6	0.6	2.43	31.5	0.7	2.51	31.4	0.4	2.55
Other corporate bonds	69.5	0.2	0.37	77.7	0.3	0.43	76.7	0.1	0.37
Other interest-bearing liabilities <sup>2</sup>	741.7	6.2	***	591.8	3.8	***	721.4	3.1	***
Interest-bearing liabilities totals (B) <sup>4</sup>	7,521.0	19.7	0.26	7,283.4	16.2	0.22	7,494.0	9.6	0.26
Net interest margin (A)-(B)	-	165.8	2.42	-	160.9	2.41	-	82.9	2.42
Noninterest-bearing sources of funds:									
Noninterest-bearing (assets) liabilities, net	-1,436.1	-	-	-1,365.1	-	-	-1,431.2	-	-
Total equity excluding noncontrolling interests in subsidiaries <sup>5</sup>	836.8	-	-	800.6	-	-	829.6	-	-
Total noninterest-bearing sources of funds (C)	-599.3	-	-	-564.4	-	-	-601.6	-	-
Sum of total expense on interest-bearing liabilities and noninterest-bearing sources of funds (D)=(B)+(C)	6,921.7	19.7	0.29	6,719.0	16.2	0.24	6,892.4	9.6	0.28
Interest income / yield on interest earning assets (A)-(D)	-	165.8	2.40	-	160.9	2.40	-	82.9	2.40
Reconciliation of total revenue on interest-earning									
Total revenue on interest-earning assets	6,921.7	185.5	2.68	6,719.0	177.1	2.64	6,892.4	92.5	2.68
Less: Income on lease transactions and installment receivables	746.6	37.0	4.96	737.6	38.6	5.24	745.5	18.7	5.01
Total interest income <sup>4</sup>	6,175.0	148.5	2.40	5,981.4	138.4	2.32	6,146.8	73.8	2.40
Total interest expense	-	19.7	-	-	16.2	-	-	9.6	-
Net interest income	-	128.7	-	-	122.2	-	-	64.1	-

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 non interest-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)

	<b>FY2017 (12 months)</b>	FY2016 (12 months)	Change (Amount)	1H FY2017 (6 months)
Institutional Business	<b>40.2</b>	39.7	0.4	20.8
Corporate Business	<b>8.7</b>	5.7	2.9	5.6
Structured Finance	<b>7.4</b>	12.4	-5.0	3.2
Principal Transactions	<b>7.8</b>	7.0	0.8	5.3
Showa Leasing	<b>16.1</b>	14.4	1.6	6.6
Global Markets Business	<b>9.2</b>	8.7	0.5	4.1
Markets	<b>6.8</b>	6.4	0.4	2.9
Others	<b>2.3</b>	2.2	0.0	1.1
Individual Business	<b>48.8</b>	48.5	0.3	23.3
Retail Banking	<b>1.0</b>	2.5	-1.4	0.1
Shinsei Financial and Shinsei Bank				
Card Loan - Lake <sup>1</sup>	<b>-0.1</b>	-0.9	0.8	-0.1
APLUS FINANCIAL	<b>45.0</b>	45.1	-0.0	22.3
Others	<b>2.7</b>	1.7	1.0	0.9
Corporate/Other	<b>4.9</b>	9.2	-4.2	3.3
<b>Noninterest income</b>	<b>103.2</b>	106.2	-2.9	51.7

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

The Institutional Business recorded noninterest income totaling 40.2 billion yen in fiscal year 2017, increased 0.4 billion yen compared to 39.7 billion yen recorded in fiscal year 2016. This was the result of gains on sales of equities in Corporate Business and Showa Leasing, the increase of revenue from investment in our equity method affiliate in the Principal Transactions Business and increase of fee income in Corporate Business, despite absence of a large gain on sales of securities in Structured Finance.

The Global Markets Business recorded noninterest income totaling 9.2 billion yen in fiscal year 2017 from 8.7 billion yen in fiscal year 2016, increased 0.5 billion yen compared to fiscal year 2016. This was due to increase of revenue in the Markets Related Business.

The Individual Business recorded noninterest income totaling 48.8 billion yen in fiscal year 2017, increased 0.3 billion yen compared to 48.5 billion yen recorded in fiscal year 2016. This increase was the result of a decrease in revenues related to the sale of asset management products and fee income of housing loan business in the Retail Banking Business while the increase of guarantee fee of Shinsei Financial and revenue from investment in our equity method affiliate.

Corporate/Others recorded noninterest income totaling 4.9 billion yen in fiscal year 2017, decreased 4.2 billion yen compared to fiscal year 2016. This was primarily the result of lower gains on bonds in ALM operations.



General and Administrative Expenses (Consolidated)

(Billions of yen)

	<b>FY2017 (12 months)</b>	FY2016 (12 months)	Change (Amount)	1H FY2017 (6 months)
Personnel expenses	<b>-55.8</b>	-56.6	0.7	-28.2
Nonpersonnel expenses	<b>-86.7</b>	-85.8	-0.8	-43.4
Premises expenses	<b>-20.0</b>	-19.6	-0.3	-10.0
Technology and data processing expenses	<b>-20.8</b>	-20.1	-0.6	-10.3
Advertising expenses	<b>-11.0</b>	-10.4	-0.6	-5.8
Consumption, property taxes, etc.	<b>-9.3</b>	-9.7	0.3	-4.4
Deposit insurance premium	<b>-1.7</b>	-2.0	0.2	-0.8
Other general and administrative expenses	<b>-23.6</b>	-23.7	0.1	-11.8
<b>General and administrative expenses</b>	<b>-142.5</b>	-142.4	-0.1	-71.6

Net Credit Costs (Consolidated) <sup>1</sup>

(Billions of yen)

	<b>FY2017 (12 months)</b>	FY2016 (12 months)	Change (Amount)	1H FY2017 (6 months)
Losses on write-off of loans/Losses on sale of loans	<b>-0.5</b>	-2.4	1.9	-0.4
Net provision of reserve for loan losses:	<b>-43.0</b>	-34.6	-8.4	-22.1
Net provision of general reserve for loan losses	<b>-28.0</b>	-21.8	-6.1	-15.1
Net provision of specific reserve for loan losses	<b>-14.9</b>	-12.7	-2.2	-6.9
Net provision of reserve for loan losses to restructuring countries	<b>0.0</b>	0.0	-0.0	0.0
Net provision of specific reserve for other credit losses	<b>-</b>	-0.2	0.2	-
Other credit costs relating to leasing business	<b>-0.6</b>	0.0	-0.7	-0.2
Recoveries of written-off claims	<b>6.9</b>	5.3	1.6	2.9
<b>Net credit costs</b>	<b>-37.2</b>	-31.8	-5.3	-19.8

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)

	<b>FY2017 (12 months)</b>	FY2016 (12 months)	Change (Amount)	1H FY2017 (6 months)
Extraordinary income	<b>-1.4</b>	4.2	-5.6	-0.5
Net gain on disposal of premises and equipment	<b>0.5</b>	-0.2	0.7	-0.0
Other extraordinary income	<b>-1.9</b>	4.4	-6.3	-0.5
Provisions of reserve for losses on interest repayment	<b>6.0</b>	-5.1	11.2	3.9
Shinsei Financial	<b>11.8</b>	-	11.8	3.9
Shinsei Personal Loan	<b>-2.7</b>	-2.0	-0.6	-
APLUS FINANCIAL	<b>-3.0</b>	-3.1	0.1	-
Other	<b>-</b>	-	-	-
Other	<b>2.5</b>	3.8	-1.2	1.5
<b>Other gains</b>	<b>7.2</b>	2.8	4.3	4.8

## Business Line Results (Consolidated)

(Billions of yen)

	FY2017 (12 months)	FY2016 (12 months)	Change (Amount)	1H FY2017 (6 months)
<i>Institutional Business:</i>				
Net interest income	24.4	23.0	1.4	12.6
Noninterest income	40.2	39.7	0.4	20.8
Total revenue	64.6	62.7	1.8	33.5
General and administrative expenses	-32.5	-32.3	-0.2	-16.0
Ordinary business profit	32.1	30.4	1.6	17.5
Net credit costs	-3.6	-3.0	-0.5	-1.2
Ordinary business profit after net credit costs	28.5	27.4	1.0	16.2
<i>Global Markets Business:</i>				
Net interest income	2.1	2.2	-0.1	1.1
Noninterest income	9.2	8.7	0.5	4.1
Total revenue	11.4	11.0	0.4	5.3
General and administrative expenses	-7.0	-7.0	0.0	-3.5
Ordinary business profit	4.3	3.9	0.4	1.7
Net credit costs	-0.0	0.0	-0.1	-0.0
Ordinary business profit after net credit costs	4.3	3.9	0.3	1.7
<i>Individual Business:</i>				
Net interest income	103.4	96.9	6.4	51.2
Noninterest income	48.8	48.5	0.3	23.3
Total revenue	152.3	145.4	6.8	74.5
General and administrative expenses	-99.6	-100.1	0.5	-50.6
Ordinary business profit	52.6	45.3	7.3	23.9
Net credit costs	-33.6	-28.7	-4.8	-18.6
Ordinary business profit after net credit costs	19.0	16.5	2.4	5.2
<i>Corporate/Other<sup>1</sup>:</i>				
Net interest income	-1.3	-0.0	-1.3	-0.8
Noninterest income	4.9	9.2	-4.2	3.3
Total revenue	3.6	9.2	-5.6	2.4
General and administrative expenses	-3.3	-2.9	-0.4	-1.4
Ordinary business profit	0.2	6.3	-6.0	1.0
Net credit costs	0.0	-0.2	0.2	0.0
Ordinary business profit after net credit costs	0.2	6.1	-5.8	1.0
<i>Total:</i>				
Net interest income	128.7	122.2	6.4	64.1
Noninterest income	103.2	106.2	-2.9	51.7
Total revenue	232.0	228.5	3.5	115.9
General and administrative expenses	-142.5	-142.4	-0.1	-71.6
Ordinary business profit	89.4	86.0	3.3	44.2
Net credit costs	-37.2	-31.8	-5.3	-19.8
Ordinary business profit after net credit costs	52.1	54.1	-1.9	24.3

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

On April 1, 2017, Shinsei Bank Group established the virtual “Group Headquarters” within Shinsei Bank in order to integrate and centralize the administrative functions of the Bank and the Group member companies. Through this, the Bank will be able to efficiently utilize management resources and maximize the speed with which the resulting effects can be realized. Additionally, on June 1, 2017, the Bank has integrated “Asset Management Products” within Global Markets with “Retail Products Division” within the “Individual Business”. The Bank consolidated Alfa Services whose principal business is servicing small loans to individual borrowers and Shinsei Servicing & Consulting Limited (hereinafter, “SSC”) whose principal business is servicing non-performing loans and commercial secured loans effective October 1, 2017. Additionally, the Bank consolidated Shinsei Investment & Finance Limited and Shinsei Property Finance Co., (hereinafter, “SPF”) whose real estate secured loan business are highly compatible, and Shinsei Principal Investments Limited (hereinafter, “SPI”), which is responsible for management operations in the Shinsei PI Group. After the mergers, SPI will be renamed as Shinsei Investment & Finance Limited as of October 1, 2017. The Bank also consolidated investment businesses of the Institutional Business as of October 1, 2017. Due to the changes, reportable segments have been changed as follows:

The “New Business Promotion & Support business” which was included in “Corporate Business” and “SPF” which was included as “Others” within “Individual Business” have been transferred to “Principal Transactions”.

The “Asset Management Products” which was included in “Others” within the “Global Markets Business” has been transferred to “Retail Banking” within the “Individual Business.” The “Alfa Services” which was included in “APLUS FINANCIAL” and SSC which was included in “Principal Transactions” have been transferred to “Others” within “Individual Business”.

The operations of the "Group Headquarter" are included within the "Corporate/Other".

<b>Institutional Business</b>	Focuses primarily on corporate, public and financial sector finance and advisory businesses.
<b>Corporate Business</b>	"Corporate Business" provides financial products and services, advisory services, health care finance and trust services to businesses and public corporations and financial institutions.
<b>Structured Finance</b>	"Structured Finance" provides real estate related nonrecourse and corporate finance, project finance, M&A related finance, and specialty finance.
<b>Principal Transactions</b>	"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.
<b>Showa Leasing</b>	"Showa Leasing" primarily provides leasing related financial products and services.
<b>Global Markets Business:</b>	Focuses primarily on financial markets business.
<b>Markets</b>	"Markets" is engaged in foreign exchange, derivatives, equity related and other capital markets transactions.
<b>Others</b>	"Others" consists of the profit and loss attributable to Shinsei Securities, asset management, wealth management and other products and services of the Global Markets Business.
<b>Individual Business:</b>	Focuses on retail financial products and services.
<b>Retail Banking</b>	"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.
<b>Shinsei Financial</b>	"Shinsei Financial" provides consumer finance products and services and guarantee services (Shinsei Financial, Shinsei Bank Lake, NOLOAN).
<b>APLUS FINANCIAL</b>	"APLUS FINANCIAL" provides installment sales credit, credit cards, guarantees, financing and settlement services.
<b>Others</b>	The "Others" consists of profit and loss attributable to unallocated consumer finance business 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" undertakes ALM related operations and includes gains and losses from equity and subordinated debt financing activities.

Institutional Business<sup>1</sup> (Consolidated)

(Billions of yen)

	FY2017 (12 months)	FY2016 (12 months)	Change (Amount)	1H FY2017 (6 months)
<i>Corporate Business<sup>2</sup>:</i>				
Net interest income	10.0	10.5	-0.5	4.9
Noninterest income	8.7	5.7	2.9	5.6
Total revenue	18.7	16.3	2.4	10.6
General and administrative expenses	-11.9	-11.9	-0.0	-6.0
Ordinary business profit	6.8	4.4	2.4	4.6
Net credit costs	-0.2	-0.4	0.1	0.8
Ordinary business profit after net credit costs	6.5	4.0	2.5	5.4
<i>Structured Finance:</i>				
Net interest income	9.5	9.4	0.1	4.6
Noninterest income	7.4	12.4	-5.0	3.2
Total revenue	17.0	21.8	-4.8	7.8
General and administrative expenses	-6.8	-6.4	-0.4	-3.4
Ordinary business profit	10.1	15.4	-5.2	4.4
Net credit costs	-1.7	-3.5	1.8	-1.6
Ordinary business profit after net credit costs	8.4	11.8	-3.4	2.7
<i>Principal Transactions<sup>3</sup>:</i>				
Net interest income	5.0	4.2	0.7	3.1
Noninterest income	7.8	7.0	0.8	5.3
Total revenue	12.8	11.2	1.5	8.4
General and administrative expenses	-4.7	-5.0	0.3	-2.3
Ordinary business profit	8.1	6.2	1.9	6.0
Net credit costs	1.2	-0.0	1.2	0.2
Ordinary business profit after net credit costs	9.3	6.1	3.1	6.2
<i>Showa Leasing:</i>				
Net interest income	-0.1	-1.2	1.1	-0.0
Noninterest income	16.1	14.4	1.6	6.6
Total revenue	15.9	13.2	2.7	6.5
General and administrative expenses	-8.9	-8.8	-0.1	-4.1
Ordinary business profit	7.0	4.3	2.6	2.4
Net credit costs	-2.7	1.0	-3.8	-0.5
Ordinary business profit after net credit costs	4.2	5.3	-1.1	1.8
<i>Institutional Business:</i>				
Net interest income	24.4	23.0	1.4	12.6
Noninterest income	40.2	39.7	0.4	20.8
Total revenue	64.6	62.7	1.8	33.5
General and administrative expenses	-32.5	-32.3	-0.2	-16.0
Ordinary business profit	32.1	30.4	1.6	17.5
Net credit costs	-3.6	-3.0	-0.5	-1.2
Ordinary business profit after net credit costs	28.5	27.4	1.0	16.2

1.Net of consolidation adjustments, if applicable.

2.Part of "Corporate Business" is now included as "Principal Transactions" due to the revision of segment classification.

3.Reclassifies "Others" included as "Individual Business" into "Principal Transactions" reflecting the organizational change as of October 1, 2017.

Part of "Corporate Business" is now included as "Principal Transactions" due to the revision of segment classification.

Global Markets Business<sup>1</sup> (Consolidated)

(Billions of yen)

	<b>FY2017 (12 months)</b>	FY2016 (12 months)	Change (Amount)	1H FY2017 (6 months)
<i>Markets:</i>				
Net interest income	<b>1.6</b>	1.9	-0.2	0.9
Noninterest income	<b>6.8</b>	6.4	0.4	2.9
Total revenue	<b>8.5</b>	8.3	0.1	3.9
General and administrative expenses	<b>-3.7</b>	-3.5	-0.2	-1.9
Ordinary business profit	<b>4.8</b>	4.8	-0.0	1.9
Net credit costs	<b>0.0</b>	0.0	-0.0	0.0
Ordinary business profit after net credit costs	<b>4.8</b>	4.9	-0.0	1.9
<i>Others<sup>2</sup>:</i>				
Net interest income	<b>0.5</b>	0.3	0.1	0.2
Noninterest income	<b>2.3</b>	2.2	0.0	1.1
Total revenue	<b>2.8</b>	2.6	0.2	1.4
General and administrative expenses	<b>-3.3</b>	-3.5	0.2	-1.6
Ordinary business profit	<b>-0.4</b>	-0.9	0.4	-0.2
Net credit costs	<b>-0.0</b>	-0.0	-0.0	-0.0
Ordinary business profit after net credit costs	<b>-0.5</b>	-0.9	0.3	-0.2
<i>Global Markets Business:</i>				
Net interest income	<b>2.1</b>	2.2	-0.1	1.1
Noninterest income	<b>9.2</b>	8.7	0.5	4.1
Total revenue	<b>11.4</b>	11.0	0.4	5.3
General and administrative expenses	<b>-7.0</b>	-7.0	0.0	-3.5
Ordinary business profit	<b>4.3</b>	3.9	0.4	1.7
Net credit costs	<b>-0.0</b>	0.0	-0.1	-0.0
Ordinary business profit after net credit costs	<b>4.3</b>	3.9	0.3	1.7

1. Net of consolidation adjustments, if applicable.

2. In accordance with the organizational change on June 1, 2017, a portion of the profit and loss of "Others" in Global Markets Group was transferred to "Retail banking" on a management accounting basis.

Individual Business (Consolidated) <sup>1</sup>

(Billions of yen)

	FY2017 (12 months)	FY2016 (12 months)	Change (Amount)	1H FY2017 (6 months)
<i>Retail banking<sup>2</sup>:</i>				
Net interest income	22.4	23.4	-1.0	11.2
Loans	10.5	10.8	-0.3	5.3
Deposits	11.9	12.6	-0.6	5.9
Noninterest income	1.0	2.5	-1.4	0.1
Asset Management Products	6.5	7.1	-0.5	3.0
Other Fees (ATM, Fund Transfer, FX etc.)	-5.4	-4.6	-0.8	-2.8
Total revenue	23.5	26.0	-2.5	11.4
General and administrative expenses	-29.1	-29.4	0.3	-14.8
Ordinary business profit	-5.6	-3.4	-2.2	-3.3
Net credit costs	-0.1	0.6	-0.8	-0.1
Ordinary business profit after net credit costs	-5.8	-2.7	-3.0	-3.4
<i>Shinsei Financial and Shinsei Bank Lake<sup>3</sup>:</i>				
Net interest income	69.0	64.2	4.8	34.1
Shinsei Bank Lake	44.9	38.0	6.9	21.7
NOLOAN	6.1	6.5	-0.4	3.1
Noninterest income	-0.1	-0.9	0.8	-0.1
Total revenue	68.9	63.2	5.6	33.9
General and administrative expenses	-32.4	-32.8	0.3	-16.5
Ordinary business profit	36.4	30.4	6.0	17.3
Net credit costs	-22.7	-20.5	-2.2	-12.5
Ordinary business profit after net credit costs	13.7	9.9	3.7	4.7
<i>APLUS FINANCIAL<sup>4</sup>:</i>				
Net interest income	11.3	9.0	2.2	5.5
Noninterest income	45.0	45.1	-0.0	22.3
Total revenue	56.4	54.2	2.2	27.9
General and administrative expenses	-36.6	-36.6	-0.0	-18.5
Ordinary business profit	19.7	17.6	2.1	9.3
Net credit costs	-10.6	-8.6	-2.0	-5.8
Ordinary business profit after net credit costs	9.1	8.9	0.1	3.4
<i>Others<sup>5</sup>:</i>				
Net interest income	0.6	0.1	0.4	0.3
Noninterest income	2.7	1.7	1.0	0.9
Total revenue	3.4	1.9	1.4	1.2
General and administrative expenses	-1.3	-1.2	-0.0	-0.6
Ordinary business profit	2.0	0.6	1.3	0.6
Net credit costs	-0.0	-0.3	0.2	-0.0
Ordinary business profit after net credit costs	2.0	0.3	1.6	0.5
<i>Individual Business:</i>				
Net interest income	103.4	96.9	6.4	51.2
Noninterest income	48.8	48.5	0.3	23.3
Total revenue	152.3	145.4	6.8	74.5
General and administrative expenses	-99.6	-100.1	0.5	-50.6
Ordinary business profit	52.6	45.3	7.3	23.9
Net credit costs	-33.6	-28.7	-4.8	-18.6
Ordinary business profit after net credit costs	19.0	16.5	2.4	5.2

1.Net of consolidation adjustments, if applicable.

2.In accordance with the organizational change on June 1, 2017, a portion of the profit and loss of "Others" in Global Markets Group was transferred to "Retail banking" on a management accounting basis.

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

4.Reclassifies part of profit and loss from "APLUS Financial" into "Others" reflecting the organizational change as of October 1, 2017.

5.Includes unallocated profit and loss from consumer finance business. Reclassifies part of profit and loss included in "Others" into as "Principal Transactions" in "Corporate Business" and part of profit and loss from "Principal Transactions" and "APLUS Financials" is now included as "Others" due to the organizational change as of October 1, 2017.

Corporate/Other (Consolidated)<sup>1</sup>

(Billions of yen)

	<b>FY2017 (12 months)</b>	FY2016 (12 months)	Change (Amount)	1H FY2017 (6 months)
<i>Treasury:</i>				
Net interest income	<b>-1.3</b>	-0.0	-1.2	-0.8
Noninterest income	<b>4.2</b>	7.1	-2.9	2.9
Total revenue	<b>2.8</b>	7.0	-4.2	2.1
General and administrative expenses	<b>-1.7</b>	-1.7	-0.0	-0.8
Ordinary business profit	<b>1.0</b>	5.3	-4.3	1.2
Net credit costs	-	-	-	-
Ordinary business profit after net credit costs	<b>1.0</b>	5.3	-4.3	1.2
<i>Corporate/Other (excluding Treasury)<sup>1</sup>:</i>				
Net interest income	<b>-0.0</b>	0.0	-0.0	-0.0
Noninterest income	<b>0.7</b>	2.1	-1.3	0.3
Total revenue	<b>0.7</b>	2.1	-1.4	0.3
General and administrative expenses	<b>-1.5</b>	-1.2	-0.3	-0.5
Ordinary business profit	<b>-0.8</b>	0.9	-1.7	-0.1
Net credit costs	<b>0.0</b>	-0.2	0.2	0.0
Ordinary business profit after net credit costs	<b>-0.8</b>	0.7	-1.5	-0.1
<i>Corporate/Other<sup>1</sup>:</i>				
Net interest income	<b>-1.3</b>	-0.0	-1.3	-0.8
Noninterest income	<b>4.9</b>	9.2	-4.2	3.3
Total revenue	<b>3.6</b>	9.2	-5.6	2.4
General and administrative expenses	<b>-3.3</b>	-2.9	-0.4	-1.4
Ordinary business profit	<b>0.2</b>	6.3	-6.0	1.0
Net credit costs	<b>0.0</b>	-0.2	0.2	0.0
Ordinary business profit after net credit costs	<b>0.2</b>	6.1	-5.8	1.0

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)

	Mar 31 2018	Mar 31 2017	Change (Amount)
Domestic offices (excluding Japan offshore market accounts):			
Manufacturing	189.6	198.9	-9.2
Agriculture and forestry	0.0	0.0	0.0
Fishery	-	0.0	-0.0
Mining, quarrying and gravel extraction	0.4	0.3	0.0
Construction	7.6	8.9	-1.3
Electrical, natural gas and water supply	250.1	230.7	19.3
Information and communications	70.5	42.9	27.6
Transportation and postal service	197.9	188.0	9.8
Wholesale and retail	114.5	114.5	-0.0
Finance and insurance	509.1	573.8	-64.6
Real estate	565.9	575.6	-9.6
Services	344.6	330.1	14.4
Local government	68.4	76.7	-8.2
Others	2,437.3	2,389.1	48.1
Loans to individual customers (retail banking, Shinsei BankLake, Shinsei Financial, and APLUS FINANCIAL)	1,998.2	1,974.4	23.8
<b>Total domestic (A)</b>	<b>4,756.4</b>	<b>4,730.0</b>	<b>26.3</b>
Overseas offices (including Japan offshore market accounts):			
Governments	0.3	0.5	-0.1
Financial institutions	30.8	7.3	23.4
Others	108.3	95.4	12.8
<b>Total overseas (B)</b>	<b>139.5</b>	<b>103.3</b>	<b>36.1</b>
<b>Total (A+B)</b>	<b>4,895.9</b>	<b>4,833.4</b>	<b>62.5</b>

## Securities Being Held to Maturity (Consolidated)

(Billions of yen)

	Mar 31, 2018			Mar 31, 2017		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount						
Japanese national government bonds	481.3	484.6	3.3	493.5	499.1	5.5
Other	-	-	-	2.7	2.8	0.1
Subtotal	481.3	484.6	3.3	496.2	502.0	5.7
Fair value does not exceed carrying amount						
Japanese national government bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
<b>Total</b>	<b>481.3</b>	<b>484.6</b>	<b>3.3</b>	<b>496.2</b>	<b>502.0</b>	<b>5.7</b>



## Securities Available for Sale (Consolidated)

(Billions of yen)

	Mar 31, 2018			Mar 31, 2017		
	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	19.9	9.0	10.8	26.6	11.8	14.7
Domestic bonds	70.1	69.9	0.2	33.9	33.5	0.3
Japanese national government bonds	23.2	23.2	0.0	2.0	2.0	0.0
Japanese local government bonds	2.3	2.3	0.0	-	-	-
Japanese corporate bonds	44.6	44.3	0.2	31.8	31.5	0.3
Other	155.5	153.4	2.0	144.1	141.4	2.7
Foreign securities	151.2	149.7	1.4	133.6	132.1	1.5
Foreign currency denominated foreign corporate and government bonds	125.7	124.5	1.2	87.6	86.6	0.9
Yen-denominated foreign corporate and government bonds	25.1	25.1	0.0	46.0	45.4	0.5
Foreign equity securities and others	0.2	0.0	0.1	0.0	0.0	0.0
Other securities	4.3	3.7	0.5	6.6	5.5	1.0
Other monetary claims purchased	0.0	0.0	0.0	3.8	3.7	0.1
Subtotal	245.6	232.4	13.1	204.7	186.8	17.8
Carrying amount does not exceed amortized/acquisition cost						
Equity securities	1.2	1.4	-0.2	0.8	1.0	-0.2
Domestic bonds	112.8	114.7	-1.9	85.9	87.0	-1.0
Japanese national government bonds	-	-	-	-	-	-
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	112.8	114.7	-1.9	85.9	87.0	-1.0
Other	175.0	178.8	-3.7	137.6	139.9	-2.3
Foreign securities	174.9	178.7	-3.7	135.5	137.9	-2.3
Foreign currency denominated foreign corporate and government bonds	123.9	126.9	-3.0	83.4	85.0	-1.6
Yen-denominated foreign corporate and government bonds	47.3	47.9	-0.5	50.9	51.6	-0.6
Foreign equity securities and others	3.7	3.8	-0.0	1.1	1.2	-0.0
Other securities	0.1	0.1	-0.0	0.7	0.8	-0.0
Other monetary claims purchased	-	-	-	1.2	1.2	-0.0
Subtotal	289.1	295.0	-5.9	224.4	228.0	-3.6
Total <sup>1, 2</sup>	534.7	527.5	7.1	429.1	414.9	14.2

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 March 31, 2018 and March 31, 2017 were ¥534.7 billion and ¥424.0 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)

	Mar 31, 2018	Mar 31, 2017
Unrealized gain (loss) before deferred tax on:		
Available-for-sale securities	7.1	14.2
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	0.2	1.2
Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions	-	-0.1
Other monetary assets held in trust	-0.5	-0.6
(-) Deferred tax liabilities	1.3	3.1
Unrealized gain (loss) on available-for-sale securities before interest adjustments	5.5	11.5
(-) Noncontrolling interests	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	-0.3	-1.2
Unrealized gain (loss) on available-for-sale securities	5.1	10.2

## Deposits (Consolidated)

(Billions of yen)

	Mar 31 2018	Mar 31 2017	Change (Amount)
Deposits	5,628.1	5,489.2	138.9
Liquid (current, ordinary, notice) deposits	2,423.0	2,262.5	160.5
Time deposits <sup>1</sup>	2,691.0	2,756.7	-65.7
Other	514.0	469.9	44.0
Negotiable certificates of deposits (NCDs)	438.9	373.6	65.2
<b>Total</b>	<b>6,067.0</b>	<b>5,862.9</b>	<b>204.1</b>

1.Includes two-week maturity deposits

## Financial Ratios (Consolidated)

	FY2017 (12 months)	FY2016 (12 months)	1H FY2017 (6 months)
Return on assets <sup>1</sup>	0.5%	0.6%	0.5% <sup>5</sup>
Return on equity <sup>2</sup>	6.1%	6.3%	6.0% <sup>5</sup>
Return on equity (fully diluted) <sup>3</sup>	6.1%	6.3%	6.0% <sup>5</sup>
Return on risk asset <sup>4</sup>	0.8%	0.8%	0.8% <sup>5</sup>
Expense-to-revenue ratio <sup>6, 7</sup>	61.5%	62.3%	61.8%

1.Return on assets:

$\frac{\text{Profit (Losses) Attributable to Owners of the Parent}}{(\text{Total assets at the BOP} + \text{Total assets at the EOP})/2}$

BOP: beginning of period  
EOP: end of period

2.Return on equity:

$\frac{\text{Profit (Losses) Attributable to Owners of the Parent}}{(\text{Total equity eligible for common shareholders at the BOP} + \text{Total equity eligible for common shareholders at the EOP})/2}$

3.Return on equity (fully diluted):

$\frac{\text{Profit (Losses) Attributable to Owners of the Parent}}{((\text{Total equity at the BOP} - \text{Share warrants at the BOP} - \text{Noncontrolling interests at the BOP}) + (\text{Total equity at the EOP} - \text{Share warrants at the EOP} - \text{Noncontrolling interests at the EOP}))/2}$

4.Return on Risk Asset:

$\frac{\text{Profit (Losses) Attributable to Owners of the Parent}}{\text{Risk-weighted assets at the EOP (Basel 3, international standard fully loaded basis)}}$

5.Annualized basis.

6.Management accounting basis.

7.Expense denotes general and administrative expenses.

## Capital Adequacy Related Information (Consolidated)

<Basel 3, Domestic Standard 1>

(Billions of yen, except percentages)

	Mar 31 2018	Mar 31 2017	Change (Amount)
Core capital:instruments and reserves	899.9	866.3	33.5
Core capital:regulatory adjustments	-85.8	-53.9	-31.8
Capital	814.1	812.3	1.7
Total amount of Risk-weighted assets	6,342.7	6,219.9	122.7
Consolidated core capital adequacy ratio	12.83%	13.06%	

1.Calculated according to F-IRB.

Consolidated total required capital is ¥592.7billion as at Mar 31, 2018, ¥551.3billion as at March 31, 2017.

## Per Share Data (Consolidated)<sup>1</sup>

(Yen)

	FY2017 (12 months)	FY2016 (12 months)	Change (Amount)	1H FY2017 (6 months)
Common equity	3,376.39	3,163.89	212.50	3,243.13
Fully diluted equity	3,375.99	3,163.73	212.26	3,242.75
Basic EPS	199.01	194.65	4.35	96.98
Diluted EPS	198.98	194.64	4.34	96.97
For calculation of per share data (excluding treasury shares):				
Equity: Number of common shares	252,868,614	258,839,093		258,838,977
Fully diluted number of shares	252,898,756	258,852,515		258,869,119
EPS Number of common shares	258,349,136	260,768,079		258,838,999
Fully diluted number of shares	258,376,805	260,779,479		258,864,207

1.Shinsei Bank consolidated its shares with a rate of ten shares of common stock into one share on October 1, 2017. Per Share Data is calculated as if the consolidation of shares had occurred at the beginning of the FY2016.

## Consolidated Balance Sheets

(Millions of yen)

	Mar 31 2018	Mar 31 2017	Change (Amount)
<<Assets>>			
Cash and due from banks	1,465,663	1,398,691	66,971
Call loans and bills bought	—	4,472	(4,472)
Receivables under securities borrowing transactions	2,629	1,625	1,004
Other monetary claims purchased	36,332	44,243	(7,911)
Trading assets	205,295	244,113	(38,818)
Monetary assets held in trust	234,924	241,681	(6,756)
Securities	1,123,522	1,014,635	108,887
Loans and bills discounted	4,895,963	4,833,452	62,510
Foreign exchanges	32,511	19,617	12,894
Lease receivables and leased investment assets	171,429	191,488	(20,058)
Other assets	856,213	895,158	(38,945)
Premises and equipment	50,261	47,980	2,281
Intangible assets	59,484	52,020	7,463
Goodwill	11,910	14,683	(2,773)
Assets for retirement benefits	13,261	7,075	6,185
Deferred issuance expenses for debentures	—	0	(0)
Deferred tax assets	14,705	15,542	(837)
Customers' liabilities for acceptances and guarantees	395,301	346,675	48,625
Reserve for credit losses	(100,840)	(100,154)	(686)
<b>Total assets</b>	<b>9,456,660</b>	<b>9,258,324</b>	<b>198,336</b>
<<Liabilities>>			
Deposits	5,628,169	5,489,248	138,920
Negotiable certificates of deposit	438,927	373,673	65,253
Debentures	423	6,561	(6,138)
Call money and bills sold	—	53,600	(53,600)
Payables under repurchase agreements	55,919	36,467	19,451
Payables under securities lending transactions	433,462	337,952	95,510
Trading liabilities	184,582	212,241	(27,658)
Borrowed money	739,578	789,670	(50,092)
Foreign exchanges	102	102	0
Short-term corporate bonds	175,700	168,000	7,700
Corporate bonds	85,000	112,600	(27,600)
Other liabilities	367,734	388,307	(20,573)
Accrued employees' bonuses	8,489	8,519	(29)
Accrued directors' bonuses	51	75	(24)
Liabilities for retirement benefits	8,366	8,256	109
Reserve for reimbursement of debentures	4,130	3,737	393
Reserve for losses on interest repayments	74,687	101,846	(27,159)
Deferred tax liabilities	—	—	—
Acceptances and guarantees	395,301	346,675	48,625
<b>Total liabilities</b>	<b>8,600,625</b>	<b>8,437,537</b>	<b>163,088</b>
<<Equity>>			
Shareholders' equity:			
Common stock	512,204	512,204	—
Capital surplus	78,506	78,506	(0)
Retained earnings	361,368	312,538	48,829
Treasury stock, at cost	(89,540)	(79,539)	(10,001)
<b>Total shareholders' equity</b>	<b>862,538</b>	<b>823,710</b>	<b>38,828</b>
Accumulated other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities	5,187	10,299	(5,112)
Deferred gain (loss) on derivatives under hedge accounting	(14,457)	(13,925)	(532)
Foreign currency translation adjustments	(1,573)	199	(1,772)
Defined retirement benefit plans	2,089	(1,344)	3,433
<b>Total accumulated other comprehensive income</b>	<b>(8,754)</b>	<b>(4,770)</b>	<b>(3,983)</b>
Stock acquisition rights	318	584	(265)
Noncontrolling interests	1,930	1,262	668
<b>Total equity</b>	<b>856,034</b>	<b>820,786</b>	<b>35,248</b>
<b>Total liabilities and equity</b>	<b>9,456,660</b>	<b>9,258,324</b>	<b>198,336</b>

## Consolidated Statements of Income

(Millions of yen)

	FY2017 (12 months)	FY2016 (12 months)	Change (Amount)
Ordinary income	383,869	380,444	3,424
Interest income	148,504	138,488	10,016
Interest on loans and bills discounted	134,857	127,468	7,389
Interest and dividends on securities	11,705	8,991	2,714
Other interest income	1,941	2,028	(87)
Fees and commissions income	50,129	49,207	922
Trading income	8,542	7,373	1,169
Other business income	141,370	159,280	(17,909)
Other ordinary income	35,321	26,095	9,226
Ordinary expenses	327,057	332,901	(5,844)
Interest expenses	19,728	16,209	3,519
Interest on deposits	8,998	7,761	1,236
Interest on borrowings	3,471	3,413	57
Interest on corporate bonds	952	1,126	(174)
Other interest expenses	6,306	3,907	2,398
Fees and commissions expenses	25,059	23,704	1,354
Trading losses	—	—	—
Other business expenses	87,820	96,463	(8,643)
General and administrative expenses	146,969	149,497	(2,527)
Amortization of goodwill	2,773	3,559	(786)
Amortization of intangible assets acquired in business combinations	1,213	1,684	(470)
Other general and administrative expenses	142,981	144,253	(1,271)
Other ordinary expenses	47,480	47,026	453
Provision of reserve for credit losses	43,030	34,828	8,201
Other	4,450	12,198	(7,748)
Ordinary profit	56,811	47,542	9,268
Extraordinary gains	917	5,756	(4,839)
Extraordinary losses	2,317	1,544	773
Income before income taxes	55,411	51,755	3,655
Income taxes (benefit):			
Income taxes (benefit) - current	1,266	2,139	(872)
Income taxes (benefit) - deferred	2,574	(900)	3,475
Income taxes (benefit)	3,841	1,238	2,602
Profit	51,570	50,517	1,053
Profit (loss) attributable to noncontrolling interests	156	(242)	398
Profit attributable to owners of the parent	51,414	50,759	654

## Composition of Capital Disclosure(Consolidated)

Shinsei Bank and subsidiaries

Millions of yen (except percentages)

As of March 31, 2018

Items	Basel III (Domestic Standard)	Amounts excluded under transitional
<b>Core capital:instruments and reserves (1)</b>		
Directly issued qualifying common share capital or preferred share capital	¥ 860,010	
with a compulsory conversion clause plus related capital surplus and retained earnings		
of which:capital and capital surplus	590,710	
of which:retained earnings	361,368	
of which:treasury stock (-)	89,540	
of which:earning to be distributed (-)	2,528	
of which:other than above	-	
Accumulated other comprehensive income (amount allowed to be included in Core capital)	98	¥ 417
of which:foreign currency translation adjustment	(1,573)	
of which:amount related defined benefit	1,671	417
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	318	
Adjusted noncontrolling interests (amount allowed to be included in Core capital)	10	
Total of reserves included in Core capital:instruments and reserves	431	
of which:general reserve for loan losses included in Core capital	431	
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)	37,400	
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)	1,647	
<b>Core capital:instruments and reserves (A)</b>	<b>¥ 899,917</b>	
<b>Core capital:regulatory adjustments (2)</b>		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 38,495	¥ 6,422
of which:goodwill (including those equivalent)	11,910	-
of which:other intangibles other than goodwill and mortgage servicing rights	26,585	6,422
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	5,599	1,399
Shortfall of eligible provisions to expected losses	28,976	-
Gain on sale of securitization	5,370	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Net defined benefit asset	7,360	1,840
Investments in own shares (excluding those reported in the net assets section)	-	-
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)	-	-
<b>Core capital:regulatory adjustments (B)</b>	<b>¥ 85,801</b>	
<b>Capital (consolidated)</b>		
Capital (consolidated)((A)-(B))(C)	¥ 814,115	
<b>Risk-weighted assets, etc.</b>		
Total amount of credit risk-weighted assets	¥ 5,809,201	
of which:total amount included in risk-weighted assets by transitional arrangements	6,964	
of which:intangible assets (excluding those relating to goodwill and mortgage servicing rights)	6,422	
of which:deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,399	
of which:net defined benefit asset	1,840	
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(2,697)	
of which:other than above	-	
Market risk (derived by multiplying the capital requirement by 12.5)	161,545	
Operational risk (derived by multiplying the capital requirement by 12.5)	371,960	
Credit risk-weighted assets adjustments	-	
Operational risk adjustments	-	
<b>Total amount of Risk-weighted assets (D)</b>	<b>¥ 6,342,708</b>	
<b>Capital ratio (consolidated)</b>		
Capital ratio (consolidated)((C)/(D))	12.83%	



## (Reference) Results of Operations (Consolidated)

(Millions of yen)

	FY2017 (12 months) (A)	FY2016 (12 months) (B)	Change (A)-(B)
Gross Business Profit	219,344	221,949	(2,604)
(excluding Gains on Monetary Assets Held in Trust)	216,584	218,017	(1,432)
Net Interest Income	128,775	122,278	6,497
Net Fees and Commissions	25,096	25,522	(426)
Net Trading Income	8,542	7,373	1,169
Net Other Business Income	56,930	66,775	(9,844)
Gains on Monetary Assets Held in Trust	2,760	3,931	(1,171)
Gains related to Bonds	2,655	9,131	(6,476)
General and Administrative Expenses	146,572	147,723	(1,151)
Personnel Expenses	55,852	56,629	(776)
Nonpersonnel Expenses	81,329	81,340	(10)
Amortization of Goodwill and Intangible Assets	3,987	5,243	(1,256)
Taxes	9,389	9,754	(364)
Net Business Profit	72,772	74,225	(1,453)
Credit Costs	37,270	31,898	5,371
Gains on Stock Transactions	7,533	3,759	3,773
Equity in Net Income (Loss) of Affiliates	5,152	2,821	2,331
Other	8,623	(1,364)	9,988
Ordinary Profit	56,811	47,542	9,268
Extraordinary Gains	(1,400)	4,212	(5,613)
Gains from Sales of Fixed Assets and Impairment losses	(1,290)	(669)	(620)
Income before Income Taxes	55,411	51,755	3,655
Income Taxes - Current	1,266	2,139	(872)
Income Taxes - Deferred	2,574	(900)	3,475
Profit Attributable to Noncontrolling Interests	156	(242)	398
Profit Attributable to Owners of the Parents	51,414	50,759	654

## 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)

	FY2017 (12 months)	FY2016 (12 months)	Change (Amount)	1H FY2017 (6 months)
Net interest income	105.4	90.9	14.5	51.5
Noninterest income	5.3	20.1	-14.8	2.3
Net fees and commissions <sup>1</sup>	-10.4	-2.9	-7.4	-5.3
Net trading income	4.5	4.0	0.5	1.6
Net other business income	11.2	19.0	-7.8	6.0
Total revenue <sup>1</sup>	110.8	111.1	-0.2	53.8
Personnel expenses	-27.4	-26.9	-0.5	-13.9
Nonpersonnel expenses	-45.9	-44.8	-1.1	-23.3
Taxes	-5.6	-5.8	0.2	-2.6
General and administrative expenses	-79.0	-77.6	-1.4	-39.9
Net business profit <sup>1</sup>	31.8	33.5	-1.7	13.9
Other gains				
Gains on the sales of equities	4.3	2.7	1.6	4.0
Net provision of reserve for credit losses	-2.5	-2.3	-0.1	-1.0
Losses on write-off of loans	-0.1	-1.8	1.7	-0.0
Recoveries of written-off claims	1.3	0.2	1.0	0.3
Expenses for employees' retirement benefits	-0.4	-0.0	-0.3	-0.2
Others	2.1	0.5	1.5	1.3
Net ordinary income	36.5	32.8	3.7	18.1
Extraordinary profit				
Gains from sales of fixed assets and impairment losses	-1.1	-0.2	-0.9	-0.2
Others	5.5	8.2	-2.6	6.3
Income before income taxes	40.9	40.8	0.1	24.2
Income taxes - Current	2.6	0.0	2.6	0.6
Income taxes - Deferred	-3.1	2.5	-5.7	-1.9
Net income	40.5	43.4	-2.9	22.9

<sup>1</sup>Includes income from monetary assets held in trust of ¥2.0 billion in FY2017, ¥4.4 billion in FY2016 and ¥1.1 billion in 1HFY2017.

The difference between nonconsolidated and consolidated basis net income results from factors such as profits or losses at consolidated subsidiaries including Showa Leasing Co., Ltd., Shinsei Financial Co., Ltd., APLUS FINANCIAL Co., Ltd. and Shinsei Personal Loan Co., Ltd., 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 consolidated subsidiaries.

Reflecting their nature, gains and losses on sales of equity securities and impairments related to equity securities are recorded as other business income (loss) in the consolidated financial statements. However, in the above-mentioned explanation of nonconsolidated financial results, they are included in other gains (losses) according to the reporting format of the Revitalization Plan.

Nonconsolidated total revenue of Shinsei Bank in fiscal year 2017 totaled 110.8 billion yen, decreased 0.2 billion yen compared to fiscal year 2016. Of this amount, net interest income totaled 105.4 billion yen, increased 14.5 billion yen compared to fiscal year 2016, reflecting an increase in dividend income received from subsidiaries and an increase in interest income recorded from the Consumer Finance Business. It should be noted that dividend income received from subsidiaries in fiscal year 2017 totaled 13.2 billion yen (7.0 billion yen from Shinsei Financial, 6.1 billion yen from Showa Leasing, 0.1 billion yen from Shinsei Business Service), increased 9.3 billion yen compared to the amount received in the fiscal year 2016. Noninterest income totaled 5.3 billion yen, decreased 14.8 billion yen compared to fiscal year 2016. The decrease reflected factors such as an absence of large gains on sales of securities recorded in the previous fiscal year, an increase in paid guarantee fee for the Consumer Finance Business, and a reduction in gains on sales of bonds in ALM operations and revenues associated with the sale of asset management products in the Retail Banking Business.

General and administrative expenses totaled 79.0 billion yen in fiscal year 2017, increased 1.4 billion yen compared to fiscal year 2016. Part of expenses related to head office functions was transferred to head office of Shinsei Bank from the group entities for consolidation of head office functions.

As a result of the preceding factors, Shinsei Bank recorded a nonconsolidated ordinary business profit of 31.8 billion yen in fiscal year 2017, decreased 1.7 billion yen compared to fiscal year 2016.

Other gains included 4.3 billion yen of gains on sales of equities in the Corporate Business, and 1.2 billion yen of net credit costs due to new disbursements of structured finance transaction in Corporate Business.

Extraordinary profit included gains from redemption of affiliate company shares, same as the previous fiscal year. Corporate tax increased compared to fiscal year 2016. As a result, the Bank's net income totaled 40.5 billion yen in fiscal year 2017, a decrease 2.9 billion yen compared to fiscal year 2016.



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

(Billions of yen, except percentages)

	FY2017 (12 months)			FY2016 (12 months)			1H FY2017 (6 months)		
	Average balance	Interest	Yield/rate <sup>1</sup> (%)	Average balance	Interest	Yield/rate <sup>1</sup> (%)	Average balance	Interest	Yield/rate <sup>1</sup> (%)
Interest-earning assets:									
Loans and bills discounted	<b>4,581.5</b>	<b>94.3</b>	<b>2.05</b>	4,379.0	85.3	1.94	4,533.7	46.0	2.02
Securities	<b>1,457.6</b>	<b>25.4</b>	<b>1.74</b>	1,483.1	16.3	1.10	1,428.7	12.3	1.72
Other interest-earning assets <sup>2, 3</sup>	<b>192.1</b>	<b>2.0</b>	<b>***</b>	230.9	2.1	<b>***</b>	191.2	1.0	<b>***</b>
<b>Total interest-earning assets</b>	<b>6,231.4</b>	<b>121.8</b>	<b>1.95</b>	6,093.0	103.8	1.70	6,153.7	59.4	1.92
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	<b>6,055.4</b>	<b>9.0</b>	<b>0.14</b>	5,909.1	7.8	0.13	5,985.7	4.3	0.14
Borrowed money	<b>293.7</b>	<b>0.5</b>	<b>0.19</b>	347.5	0.6	0.18	311.7	0.2	0.17
Subordinated debt	<b>12.4</b>	<b>0.2</b>	<b>2.36</b>	19.6	0.5	2.65	12.4	0.1	2.36
Other borrowed money	<b>281.3</b>	<b>0.2</b>	<b>0.10</b>	327.8	0.1	0.04	299.3	0.1	0.08
Corporate bonds	<b>50.5</b>	<b>0.7</b>	<b>1.50</b>	54.8	1.0	1.87	55.1	0.4	1.58
Subordinated bonds	<b>28.6</b>	<b>0.6</b>	<b>2.43</b>	34.3	0.9	2.79	31.4	0.4	2.54
Other corporate bonds	<b>21.9</b>	<b>0.0</b>	<b>0.29</b>	20.4	0.0	0.32	23.7	0.0	0.30
Other interest-bearing liabilities <sup>2</sup>	<b>572.5</b>	<b>6.1</b>	<b>***</b>	453.9	3.5	<b>***</b>	543.7	2.9	<b>***</b>
<b>Total interest-bearing liabilities</b>	<b>6,972.2</b>	<b>16.4</b>	<b>0.23</b>	6,765.4	13.0	0.19	6,896.4	8.0	0.23
<b>Net interest income/yield on interest-earning assets</b>	<b>6,231.4</b>	<b>105.3</b>	<b>1.69</b>	6,093.0	90.7	1.48	6,153.7	51.4	1.66

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)

	<b>FY2017 (12 months)</b>	FY2016 (12 months)	Change	1H FY2017 (6 months)
Yield on interest earning assets (A)	<b>1.95</b>	1.70	0.25	1.92
Total cost of funding (B)	<b>1.36</b>	1.34	0.02	1.38
Cost of interest bearing liabilities (C)	<b>0.23</b>	0.19	0.04	0.23
Overall interest margin (A)-(B)	<b>0.59</b>	0.36	0.23	0.54
Net interest margin (A)-(C)	<b>1.72</b>	1.51	0.21	1.69

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

(Domestic)<sup>1</sup>

(Percentages)

	<b>FY2017 (12 months)</b>	FY2016 (12 months)	Change	1H FY2017 (6 months)
Yield on interest earning assets (A)	<b>1.80</b>	1.61	0.19	1.77
Interest earned on loans and bills discounted	<b>2.03</b>	1.95	0.08	2.00
Interest earned on securities	<b>1.78</b>	1.01	0.77	1.68
Total cost of funding (B) <sup>2</sup>	<b>1.29</b>	1.31	-0.02	1.31
Cost of interest bearing liabilities (C)	<b>0.10</b>	0.10	0.00	0.11
Interest paid on deposits <sup>3</sup>	<b>0.09</b>	0.08	0.01	0.09
Overall interest margin (A)-(B)	<b>0.51</b>	0.30	0.21	0.46
Net interest margin (A)-(C)	<b>1.70</b>	1.51	0.19	1.66

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)

	<b>FY2017 (12 months)</b>	FY2016 (12 months)	Change	1H FY2017 (6 months)
Gains (losses) on bonds	<b>2.6</b>	10.2	-7.5	1.4
Gains on sales	<b>3.7</b>	14.5	-10.8	1.8
Gains on redemption	<b>0.0</b>	1.1	-1.1	-
Losses on sales	<b>-1.1</b>	-5.4	4.3	-0.4
Losses on redemption	-	-	-	-
Losses on devaluation	-	-	-	-
Gains (losses) on stocks	<b>4.3</b>	2.7	1.6	4.0
Gains on sales	<b>4.9</b>	3.8	1.1	4.1
Losses on sales	<b>-0.4</b>	-1.0	0.6	-0.1
Losses on devaluation	<b>-0.1</b>	-	-0.1	-0.0

Net Credit Costs (Nonconsolidated) <sup>1</sup>

(Billions of yen)

	FY2017 (12 months)	FY2016 (12 months)	Change (Amount)	1H FY2017 (6 months)
Losses on write-off of loans/Losses on sale of loans	-0.1	-1.8	1.7	-0.0
Net provision of reserve for loan losses	-2.5	-2.3	-0.1	-1.0
Net provision of general reserve for loan losses	-2.2	-1.8	-0.4	-1.1
Net provision of specific reserve for loan losses	-0.3	-0.5	0.2	0.1
Net Provision of Reserve for Loan	0.0	0.0	-0.0	0.0
Losses to Restructuring Countries				
Recoveries of written-off claims	1.3	0.2	1.0	0.3
Net credit costs	-1.2	-3.9	2.6	-0.8

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)

	Mar 31 2018	Mar 31 2017	Change (Amount)
Domestic (excluding Japan offshore market accounts):			
Manufacturing	185.3	194.0	-8.6
Agriculture and forestry	-	-	-
Fishery	-	0.0	-0.0
Mining, quarrying and gravel extraction	0.4	0.3	0.0
Construction	5.9	6.9	-0.9
Electrical, natural gas and water supply	246.1	228.9	17.2
Information and communications	70.3	42.4	27.8
Transportation and postal service	174.8	166.5	8.3
Wholesale and retail	110.0	112.4	-2.4
Finance and insurance	705.5	676.1	29.3
Real estate	553.5	550.5	2.9
Services	393.7	385.3	8.3
Local government	68.4	76.7	-8.2
Individuals	1,564.0	1,596.5	-32.4
Overseas yen loans and overseas loans booked domestically	419.9	395.8	24.0
Total domestic	4,498.4	4,433.0	65.3
Overseas (including Japan offshore market accounts):			
Governments	0.3	0.5	-0.1
Financial institutions	30.8	7.3	23.4
Others	108.3	95.4	12.8
Total overseas	139.5	103.3	36.1
Total	4,637.9	4,536.4	101.5

## Claims Classified under the Financial Revitalization Law (Nonconsolidated)

(Billions of yen)

	Mar 31 2018	Mar 31 2017	Change (Amount)
Claims against bankrupt and quasi-bankrupt obligors	1.8	3.0	-1.1
Doubtful claims	3.6	3.6	-0.0
Substandard claims	3.0	3.8	-0.7
Total (A)	8.4	10.4	-1.9
Coverage ratio	65.8%	74.2%	
Total claims (B)	4,724.1	4,717.2	6.9
Loans and bills discounted	4,637.9	4,536.4	101.5
Others	86.1	180.7	-94.6
Ratio to total claims (A/B X 100) (%) <sup>1</sup>	0.17%	0.22%	
(Ref. 1) Amount of write-off	5.9	33.9	-28.0
(Ref. 2) Below need caution level	52.0	63.4	-11.4

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

(Billions of yen, except percentages)

	Mar 31, 2018					Mar 31, 2017				
	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	1.8	1.8	0.4	1.4	100.0%	3.0	3.0	0.2	2.7	100.0%
Doubtful claims	3.6	2.0	1.9	0.1	57.4%	3.6	2.1	2.1	0.0	58.2%
Substandard claims	3.0	1.7	0.7	1.0	55.3%	3.8	2.7	1.1	1.6	69.4%
Total	8.4	5.5	3.0	2.5	65.8%	10.4	7.7	3.4	4.4	74.2%

## Housing Loans (Nonconsolidated)

(Billions of yen)

	Mar 31 2018	Mar 31 2017	Change (Amount)
Housing loans	1,268.9	1,340.5	-71.6

Securities Being Held to Maturity (Nonconsolidated)

(Billions of yen)

	Mar 31, 2018			Mar 31, 2017		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount						
Japanese national government bonds	481.3	484.6	3.3	493.5	499.1	5.5
Other	-	-	-	2.7	2.8	0.1
Subtotal	481.3	484.6	3.3	496.2	502.0	5.7
Fair value does not exceed carrying amount						
Japanese national government bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	481.3	484.6	3.3	496.2	502.0	5.7

## Securities Available for Sale (Nonconsolidated)

(Billions of yen)

	Mar 31, 2018			Mar 31, 2017		
	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	16.6	7.6	9.0	20.7	9.2	11.4
Domestic bonds	68.1	67.8	0.2	31.8	31.5	0.3
Japanese national government bonds	21.2	21.2	0.0	-	-	-
Japanese local government bonds	2.3	2.3	0.0	-	-	-
Japanese corporate bonds	44.6	44.3	0.2	31.8	31.5	0.3
Other	152.9	150.8	2.0	141.7	139.0	2.7
Foreign securities	148.5	147.1	1.4	131.2	129.7	1.4
Foreign currency denominated foreign corporate and government bonds	123.1	121.9	1.2	85.2	84.2	0.9
Yen-denominated foreign corporate and government bonds	25.1	25.1	0.0	46.0	45.4	0.5
Foreign equity securities and others	0.2	0.0	0.1	0.0	0.0	0.0
Other securities	4.3	3.7	0.5	6.6	5.5	1.0
Other monetary claims purchased	0.0	0.0	0.0	3.8	3.7	0.1
Subtotal	237.7	226.4	11.3	194.3	179.8	14.5
Carrying amount does not exceed amortized/acquisition cost						
Equity securities	1.0	1.3	-0.2	0.4	0.7	-0.2
Domestic bonds	112.8	114.7	-1.9	85.9	87.0	-1.0
Japanese national government bonds	-	-	-	-	-	-
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	112.8	114.7	-1.9	85.9	87.0	-1.0
Other	175.0	178.8	-3.7	137.6	139.9	-2.3
Foreign securities	174.9	178.7	-3.7	135.5	137.9	-2.3
Foreign currency denominated foreign corporate and government bonds	123.9	126.9	-3.0	83.4	85.0	-1.6
Yen-denominated foreign corporate and government bonds	47.3	47.9	-0.5	50.9	51.6	-0.6
Foreign equity securities and others	3.7	3.8	-0.0	1.1	1.2	-0.0
Other securities	0.1	0.1	-0.0	0.7	0.8	-0.0
Other monetary claims purchased	-	-	-	1.2	1.2	-0.0
Subtotal	288.9	294.9	-5.9	224.1	227.7	-3.5
Total <sup>1, 2</sup>	526.7	521.3	5.3	418.4	407.5	10.9

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)

	Mar 31, 2018	Mar 31, 2017
Unrealized gain (loss) before deferred tax on:		
Available-for-sale securities	5.3	10.9
Interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined	0.3	1.5
Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions	-	-0.1
Other monetary assets held in trust	-0.5	-0.6
(-) Deferred tax liabilities	0.8	2.2
Unrealized gain (loss) on available-for-sale securities	4.2	9.4

Employees' Retirement Benefit (Nonconsolidated)

(Billions of yen)

Project Benefit Obligation	<b>Mar 31, 2018</b>
Projected benefit obligation (A)	<b>63.3</b>
Discount rate	<b>1.2%</b>
Fair value of plan assets (B)	<b>72.5</b>
Prepaid pension cost (C)	<b>-6.3</b>
Unrecognized prior service cost (D)	<b>-</b>
Unrecognized net actuarial losses (E)	<b>-2.8</b>
Other (F)	<b>-</b>
Reserve for retirement benefits (A-B-C-D-E-F)	<b>-</b>

(Billions of yen)

Pension Expenses	<b>FY2017 (12 months)</b>
Service cost	<b>2.5</b>
Interest	<b>0.7</b>
Expected return on plan assets	<b>-1.4</b>
Amortization of prior service cost	<b>-0.1</b>
Amortization of net actuarial losses	<b>0.4</b>
Other (extraordinary severance benefit expense, etc.)	<b>0.0</b>
Net periodic retirement benefit cost	<b>2.1</b>

Capital Adequacy Related Information (Nonconsolidated)

<Basel 3, Domestic Standard<sup>1</sup>>

(Billions of yen, except percentages)

	<b>Mar 31 2018</b>	Mar 31 2017	Change (Amount)
Core capital: instruments and reserves	<b>876.9</b>	855.6	21.3
Core capital: regulatory adjustments	<b>-45.1</b>	-27.1	-17.9
Capital	<b>831.8</b>	828.4	3.4
Total amount of Risk-weighted assets	<b>5,600.2</b>	5,630.0	-29.7
Core capital adequacy ratio	<b>14.85%</b>	14.71%	

1. Calculated according to F-IRB.

Nonconsolidated total required capital is ¥493.1 billion as at Mar 31, 2018 and ¥477.5 billion as at March 31, 2017.

Nonconsolidated Balance Sheets

(Millions of yen)

	Mar 31 2018	Mar 31 2017	Change (Amount)
<b>&lt;&lt;Assets&gt;&gt;</b>			
Cash and due from banks	1,391,303	1,313,376	77,926
Call loans	—	4,472	(4,472)
Other monetary claims purchased	115,458	133,245	(17,786)
Trading assets	199,866	227,608	(27,741)
Monetary assets held in trust	117,756	118,872	(1,116)
Securities	1,452,342	1,369,326	83,016
Loans and bills discounted	4,637,953	4,536,434	101,518
Foreign exchanges	32,511	19,617	12,894
Other assets	223,082	270,648	(47,566)
Other	223,082	270,648	(47,566)
Premises and equipment	14,031	16,550	(2,518)
Intangible assets	23,139	17,414	5,725
Prepaid pension cost	6,362	3,887	2,474
Deferred issuance expenses for debentures	—	0	(0)
Deferred tax assets	573	1,134	(561)
Customers' liabilities for acceptances and guarantees	19,810	48,526	(28,716)
Reserve for credit losses	(26,721)	(29,335)	2,613
<b>Total assets</b>	<b>8,207,471</b>	<b>8,051,781</b>	<b>155,689</b>
<b>&lt;&lt;Liabilities&gt;&gt;</b>			
Deposits	5,789,256	5,618,935	170,321
Negotiable certificates of deposit	438,927	373,673	65,253
Debentures	423	6,561	(6,138)
Call money	—	53,600	(53,600)
Payables under repurchase agreements	55,919	36,467	19,451
Payables under securities lending transactions	433,462	337,952	95,510
Trading liabilities	181,337	210,031	(28,693)
Borrowed money	263,114	336,519	(73,405)
Foreign exchanges	102	102	0
Corporate bonds	45,000	57,600	(12,600)
Other liabilities	140,685	155,454	(14,768)
Income taxes payable	930	1,580	(649)
Lease obligations	24	—	24
Asset retirement obligations	7,471	7,492	(20)
Other	132,258	146,382	(14,123)
Accrued employees' bonuses	4,740	4,674	66
Reserve for reimbursement of debentures	4,130	3,737	393
Acceptances and guarantees	19,810	48,526	(28,716)
<b>Total liabilities</b>	<b>7,376,910</b>	<b>7,243,837</b>	<b>133,073</b>
<b>&lt;&lt;Equity&gt;&gt;</b>			
Shareholders' equity:			
Common stock	512,204	512,204	—
Capital surplus	79,465	79,465	—
Additional paid-in capital	79,465	79,465	—
Retained earnings	339,650	301,729	37,921
Legal reserve	14,738	14,220	517
Other retained earnings	324,912	287,508	37,403
Unappropriated retained earnings	324,912	287,508	37,403
Treasury stock, at cost	(89,540)	(79,539)	(10,001)
<b>Total shareholders' equity</b>	<b>841,780</b>	<b>813,860</b>	<b>27,920</b>
Net unrealized gain (loss) and translation adjustments			
Unrealized gain (loss) on available-for-sale securities	4,268	9,444	(5,175)
Deferred gain (loss) on derivatives under hedge accounting	(15,759)	(15,894)	135
<b>Total net unrealized gain (loss) and translation adjustments</b>	<b>(11,490)</b>	<b>(6,450)</b>	<b>(5,039)</b>
Stock acquisition rights	270	534	(264)
<b>Total equity</b>	<b>830,560</b>	<b>807,944</b>	<b>22,616</b>
<b>Total liabilities and equity</b>	<b>8,207,471</b>	<b>8,051,781</b>	<b>155,689</b>



Nonconsolidated Statements of Income

(Millions of yen)

	FY2017 (12 months)	FY2016 (12 months)	Change (Amount)
Ordinary income	169,324	165,977	3,346
Interest income	121,833	103,802	18,031
Interest on loans and bills discounted	94,303	85,332	8,971
Interest and dividends on securities	25,441	16,352	9,088
Other interest income	2,088	2,118	(29)
Fees and commissions income	17,227	18,944	(1,717)
Trading income	4,575	4,103	472
Other business income	13,288	26,052	(12,764)
Other ordinary income	12,398	13,074	(676)
Ordinary expenses	132,737	133,119	(381)
Interest expenses	16,483	13,020	3,463
Interest on deposits	9,001	7,765	1,235
Interest on corporate bonds	761	1,028	(267)
Other interest expenses	6,720	4,226	2,494
Fees and commissions expenses	29,698	26,417	3,281
Trading losses	—	33	(33)
Other business expenses	2,055	6,945	(4,889)
General and administrative expenses	79,453	79,036	417
Other ordinary expenses	5,047	7,667	(2,619)
Ordinary profit	36,586	32,858	3,727
Extraordinary gains	6,581	9,300	(2,719)
Extraordinary losses	2,178	1,313	865
Income before income taxes	40,989	40,845	143
Income taxes (benefit)			
Income taxes (benefit) - current	(2,656)	(1)	(2,655)
Income taxes (benefit) - deferred	3,136	(2,578)	5,714
Total income taxes (benefit)	479	(2,579)	3,059
Net income	40,510	43,425	(2,915)

## Composition of Capital Disclosure (Nonconsolidated)

Shinsei Bank and subsidiaries

Millions of yen (except percentages)

As of March 31, 2018

Items	Basel III (Domestic Standard)	Amounts excluded under transitional
<b>Core capital:instruments and reserves (1)</b>		
Directly issued qualifying common share capital or preferred share capital	¥ 839,251	
with a compulsory conversion clause plus related capital surplus and retained earnings		
of which:capital and capital surplus	591,670	
of which:retained earnings	339,650	
of which:treasury stock (-)	89,540	
of which:earning to be distributed (-)	2,528	
of which:other than above	-	
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	270	
Total of reserves included in Core capital:instruments and reserves	16	
of which:general reserve for loan losses included in Core capital	16	
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)	37,400	
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)	-	
<b>Core capital:instruments and reserves (A)</b>	¥ 876,938	
<b>Core capital:regulatory adjustments (2)</b>		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 13,249	¥ 3,070
of which:goodwill (including those equivalent)	869	-
of which:other intangibles other than goodwill and mortgage servicing rights	12,380	3,070
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,630	407
Shortfall of eligible provisions to expected losses	21,321	-
Gain on sale of securitization	5,370	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Prepaid pension cost	3,531	882
Investments in own shares (excluding those reported in the net assets section)	-	-
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)	-	-
<b>Core capital:regulatory adjustments (B)</b>	¥ 45,103	
<b>Capital (nonconsolidated)</b>		
Capital (consolidated)((A)-(B))(C)	¥ 831,835	
<b>Risk-weighted assets, etc.</b>		
Total amount of credit risk-weighted assets	¥ 5,260,100	
of which:total amount included in risk-weighted assets by transitional arrangements	1,663	
of which:intangible assets (excluding those relating to goodwill and mortgage servicing rights)	3,070	
of which:deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	407	
of which:prepaid pension cost	882	
of which:significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(2,697)	
of which:other than above	-	
Market risk (derived by multiplying the capital requirement by 12.5)	151,634	
Operational risk (derived by multiplying the capital requirement by 12.5)	188,537	
Credit risk-weighted assets adjustments	-	
Operational risk adjustments	-	
<b>Total amount of Risk-weighted assets (D)</b>	¥ 5,600,271	
<b>Capital ratio (nonconsolidated)</b>		
Capital ratio (nonconsolidated)((C)/(D))	14.85%	

## (Reference) Results of Operations (Nonconsolidated)

(Millions of yen)

	FY2017 (12 months) (A)	FY2016 (12 months) (B)	Change (A)-(B)
Gross Business Profit	110,856	111,139	(282)
(excluding Gains on Monetary Assets Held in Trust)	108,830	106,665	2,164
Net Interest Income	105,492	90,960	14,531
Net Fees and Commissions	(10,418)	(2,978)	(7,439)
Gains on Monetary Assets Held in Trust	2,026	4,473	(2,447)
Net Trading Income	4,575	4,070	505
Net Other Business Income	11,206	19,087	(7,880)
Gains related to Bonds	2,670	10,265	(7,594)
General and Administrative Expenses	79,055	77,620	1,435
Personnel Expenses	27,426	26,925	501
Nonpersonnel Expenses	45,999	44,857	1,142
Amortization of Goodwill	165	165	0
Taxes	5,629	5,837	(208)
Net Operating Profit before Provision of General Reserve for Loan Losses	29,774	29,045	729
Provision of General Reserve for Loan Losses (1)	2,212	1,801	410
Net Operating Profit	27,562	27,243	318
Net Business Profit	31,801	33,519	(1,718)
Non-Recurring Gains	7,139	1,320	5,819
Gains related to Stocks	4,371	2,754	1,616
Credit Costs (2)	(916)	2,130	(3,047)
Losses on Write-Off of Loans	114	1,878	(1,763)
Provision of Specific Reserve for Loan Losses	325	543	(218)
Provision of Loans to Restructuring Countries	(0)	(0)	0
Recoveries of Written-off Claims	(1,356)	(290)	(1,065)
Reversal of Reserve for Loan Losses	-	-	-
Losses on Sale of Loans	-	-	-
Other	1,851	696	1,155
Ordinary Profit	36,586	32,858	3,727
Extraordinary Gains	4,402	7,987	(3,584)
Gains from Sales of Fixed Assets and Impairment losses	(1,186)	(230)	(956)
Income before Income Taxes	40,989	40,845	143
Income Taxes - Current	(2,656)	(1)	(2,655)
Income Taxes - Deferred	3,136	(2,578)	5,714
Net Income	40,510	43,425	(2,915)

## (Reference)

Net Credit Costs (1)+(2)	1,295	3,932	(2,637)
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## 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]	FY2017 (12 months)			FY2016 (12 months)			1H FY2017 (6 months)		
	Average balance	Interest	Yield/rate <sup>1</sup> (%)	Average balance	Interest	Yield/rate <sup>1</sup> (%)	Average balance	Interest	Yield/rate <sup>1</sup> (%)
Interest-earning assets:	<b>6,231,416</b>	<b>121,833</b>	<b>1.95</b>	6,093,078	103,802	1.70	6,153,794	59,481	1.92
Loans and bills discounted	<b>4,581,570</b>	<b>94,303</b>	<b>2.05</b>	4,379,006	85,332	1.94	4,533,782	46,087	2.02
Securities	<b>1,457,686</b>	<b>25,441</b>	<b>1.74</b>	1,483,103	16,352	1.10	1,428,714	12,361	1.72
Interest-bearing liabilities:	<b>6,972,291</b>	<b>16,483</b>	<b>0.23</b>	6,765,453	13,020	0.19	6,896,442	8,041	0.23
Deposits, including negotiable certificates of deposit	<b>6,055,461</b>	<b>9,025</b>	<b>0.14</b>	5,909,138	7,818	0.13	5,985,750	4,326	0.14
Borrowed money	<b>293,736</b>	<b>586</b>	<b>0.19</b>	347,515	654	0.18	311,792	281	0.17
Subordinated debt	<b>12,400</b>	<b>293</b>	<b>2.36</b>	19,684	522	2.65	12,400	147	2.36
Corporate bonds	<b>50,555</b>	<b>761</b>	<b>1.50</b>	54,852	1,028	1.87	55,140	437	1.58
Subordinated bonds	<b>28,647</b>	<b>696</b>	<b>2.43</b>	34,378	962	2.79	31,400	401	2.54
Net interest income/yield on interest-earning assets	<b>6,231,416</b>	<b>105,350</b>	<b>1.69</b>	6,093,078	90,781	1.48	6,153,794	51,439	1.66

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

[Domestic]

Interest-earning assets:	<b>5,644,118</b>	<b>102,015</b>	<b>1.80</b>	5,539,086	89,364	1.61	5,592,262	49,773	1.77
Loans and bills discounted	<b>3,944,885</b>	<b>80,215</b>	<b>2.03</b>	3,848,539	75,378	1.95	3,918,838	39,478	2.00
Securities	<b>1,082,892</b>	<b>19,300</b>	<b>1.78</b>	1,134,238	11,511	1.01	1,066,703	9,020	1.68
Interest-bearing liabilities:	<b>6,366,966</b>	<b>6,988</b>	<b>0.10</b>	6,197,396	6,532	0.10	6,313,472	3,488	0.11
Deposits, including negotiable certificates of deposit	<b>5,594,029</b>	<b>5,155</b>	<b>0.09</b>	5,475,254	4,549	0.08	5,539,314	2,572	0.09
Borrowed money	<b>275,713</b>	<b>330</b>	<b>0.11</b>	332,747	492	0.14	293,641	155	0.10
Subordinated debt	<b>12,400</b>	<b>293</b>	<b>2.36</b>	19,684	522	2.65	12,400	147	2.36
Corporate bonds	<b>50,422</b>	<b>761</b>	<b>1.50</b>	51,673	859	1.66	54,940	437	1.58
Subordinated bonds	<b>28,647</b>	<b>696</b>	<b>2.43</b>	31,400	793	2.52	31,400	401	2.54
Net interest income/yield on interest-earning assets	<b>5,644,118</b>	<b>95,027</b>	<b>1.68</b>	5,539,086	82,831	1.49	5,592,262	46,285	1.65

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

Earnings Forecasts<sup>1</sup>*(Billions of yen)*

(Consolidated)	<b>FY2018 Forecast</b>	FY2017 Actual
Profit attributable to owners of the parent	<b>52.0</b>	51.4
<hr/>		
(Nonconsolidated)	<b>FY 2018 Forecast</b>	FY2017 Actual
Net business profit	<b>37.0</b>	31.8
Net income	<b>32.0</b>	40.5
Dividends (per share in yen) <sup>2</sup> :Common stock	<b>not yet determined</b>	10.00

<sup>1</sup>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.

<sup>2</sup>Common stock dividend per share for FY2017 forecast is 10 yen due to a 1-for-10 reverse stock split effective on October 1, 2017. The change does not fall under the revision of dividend for FY2017 forecast.

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

	Mar 31, 2016	Sep 30, 2016	Mar 31, 2017	Sep 30, 2017	Mar 31, 2018
Nonconsolidated	0.79	0.78	0.22	0.19	0.17
Consolidated	2.16	2.13	1.57	1.49	1.53

2. Equity holdings (domestic) (Nonconsolidated)

(1) Equity held

(Billions of yen)

	Book value		Net unrealized gain (loss)
		Subsidiaries' shares	
Mar.31, 2017	387.7	364.0	11.2
Sep.30, 2017	380.0	361.1	8.9
Mar.31, 2018	382.2	361.0	8.7

(2) Impairment

(Billions of yen)

	Equity related profits and losses (net of three accounts)	
		Impairment amount
FY2016	2.7	-
1HFY2017	4.0	0.0
FY2017	4.3	0.1

1.Other extraordinary losses for FY2016 contains ¥ 1.0 billion in mark-down of subsidiaries' equity.

2.Other extraordinary losses for 1HFY2017 contains ¥ 0.1 billion in mark-down of subsidiaries' equity.

3.Other extraordinary losses for FY2017 contains ¥ 0.9 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	¥11,000
TOPIX	approximately	900

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

(Billions of yen, except percentage)

	Results	% Change	Ratio to total loan balance (%)
Mar 31, 2017	2,985.8	4.62	67.35
Sep 30, 2017	3,013.1	0.91	67.96
Mar 31, 2018	3,029.5	0.55	67.35

1.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).

2.Revitalization Law (actual net increase/decrease excluding impact loan) achieved actual results of + ¥ 13.3 billion for FY2016 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	
FY2016	2.7	0.6	110.4
1HFY2017	1.3	0.2	43.5
FY2017	2.6	0.5	92.1

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	
FY2016	2.2	2.2	33.3
1HFY2017	0.4	0.4	9.2
FY2017	1.1	1.1	25.2

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

Shinsei Bank consolidated tax group has, due to losses recognized on securities, 156.0 billion yen of tax loss carryforwards and the unrealized temporary differences of 367.0 billion yen as of March 31, 2018.

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 61.5 billion yen.

2. Net deferred tax liabilities (As of March 31, 2018)

Deferred tax assets corresponding to "total taxable income before adjustment"	18.2 billion yen <sup>(*)</sup>	
Deferred tax liabilities	5.3 billion yen	
Net deferred tax assets on balance sheet	12.8 billion yen	
(*)Breakdown	Tax loss carryforwards	61.4 billion yen
	Reserve for credit losses	47.0 billion yen
	Reserve for losses on interest repayment	23.7 billion yen
	Securities	17.9 billion yen
	Net deferred loss on hedge	5.6 billion yen
	Other	23.8 billion yen
	Sub total	179.6 billion yen
	Valuation allowance	(161.4) billion yen
Total	18.2 billion yen	

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

Shinsei Bank has, due to losses recognized on securities, 136.0 billion yen of tax loss carryforwards and the unrealized temporary differences of 170.0 billion yen as of March 31, 2018.

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 24.0 billion yen.

2. Net deferred tax liabilities(As of March 31, 2018)

Deferred tax assets corresponding to "total taxable income before adjustment"	5.1 billion yen <sup>(*)</sup>
Deferred tax liabilities	4.5 billion yen
Net deferred tax assets on balance sheet	0.5 billion yen

(*)Breakdown	}	Tax loss carryforwards	43.3 billion yen
		Securities	17.9 billion yen
		Reserve for credit losses	10.1 billion yen
		Net deferred loss on hedge	5.6 billion yen
		Other	18.4 billion yen
		Sub total	95.5 billion yen
		Valuation allowance	(90.3) billion yen
Total	5.1 billion yen		