

# **Financial Summary**

**For the First Half Ended September 30, 2017**



**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)

Selected income statement items (Consolidated)	1H FY2017 (6 months)	1H FY2016 (6 months)	Change (Amount)	FY2016 (12 months)
Net interest income	64.1	60.4	3.7	122.2
Noninterest income	51.7	52.7	-1.0	106.2
Net fees and commissions	11.5	12.9	-1.3	25.5
Net trading income	3.4	4.8	-1.4	7.3
Net other business income	36.6	34.9	1.7	73.3
Income on lease transactions and installment receivables	18.7	19.3	-0.5	38.6
Total revenue	115.9	113.2	2.6	228.5
General and administrative expenses	-71.6	-71.3	-0.2	-142.4
Ordinary business profit	44.2	41.8	2.4	86.0
Net credit costs	-19.8	-14.7	-5.1	-31.8
Ordinary business profit after net credit costs	24.3	27.1	-2.7	54.1
Amortization of goodwill and other intangible assets <sup>2</sup>	-2.2	-2.9	0.6	-5.2
Other gains	4.8	2.9	1.9	2.8
Income before income taxes	27.0	27.0	0.0	51.7
Current income tax	-0.5	-1.9	1.3	-2.1
Deferred income tax	-1.2	-0.2	-1.0	0.9
Profit attributable to noncontrolling interests	-0.0	0.0	-0.0	0.2
Profit attributable to owners of the parent	25.1	24.9	0.1	50.7

(Billions of yen)

Selected balance sheet items(Consolidated)	Sep 30 2017	Mar 31 2017	Change (Amount)
Cash and due from banks	1,476.3	1,398.6	77.6
Securities	1,144.2	1,014.6	129.6
Loans and bills discounted	4,909.1	4,833.4	75.7
Customers' liabilities for acceptances and guarantees	365.2	346.6	18.6
Reserve for credit losses	-98.8	-100.1	1.2
Total assets	9,455.3	9,258.3	197.0
Deposits and negotiable certificates of deposit	6,000.2	5,862.9	137.3
Borrowed money	788.0	789.6	-1.6
Reserve for losses on interest repayments	85.0	101.8	-16.7
Total liabilities	8,614.2	8,437.5	176.7
Total equity	841.1	820.7	20.3

Financial ratios (Consolidated)	1H FY2017 (6 months)	1H FY2016 (6 months)	FY2016 (12 months)
Net interest margin	2.42%	2.41%	2.41%
ROA <sup>3</sup>	0.5%	0.6%	0.6%
ROE <sup>3</sup>	6.0%	6.3%	6.3%
RORA <sup>3</sup>	0.8%	0.9%	0.8%
Expense-to-revenue ratio	61.8%	63.0%	62.3%

(Billions of yen, except percentages)

Capital adequacy related information (Consolidated) <Base1 3, Domestic Standard>	Sep 30 2017	Mar 31 2017	Change (Amount)
Capital	823.1	812.3	10.7
Total amount of risk-weighted assets	6,303.0	6,219.9	83.0
Capital ratio	13.05%	13.06%	

(yen)

Per share data(Consolidated) <sup>4</sup>	1H FY2017 (6 months)	1H FY2016 (6 months)	Change (Amount)	FY2016 (12 months)
Common equity	3,243.13	3,039.64	203.49	3,163.89
Basic EPS	96.98	95.10	1.87	194.65

(Billions of yen, except percentages)

Nonperforming loans(Nonconsolidated)	Sep 30 2017	Mar 31 2017	Change (Amount)
Claims classified under the Financial Revitalization Law	8.9	10.4	-1.4
Ratio to total claims	0.19%	0.22%	
Reserve for credit losses	26.1	29.3	-3.2
Coverage ratio for nonperforming claims	69.1%	74.2%	

(Billions of yen)

Selected income statement items(Nonconsolidated)	1H FY2017 (6 months)	1H FY2016 (6 months)	Change (Amount)	FY2016 (12 months)
Net interest income	51.5	47.7	3.7	90.9
Noninterest income	2.3	10.5	-8.1	20.1
Net fees and commissions	-5.3	-2.4	-2.9	-2.9
Net trading income	1.6	3.7	-2.0	4.0
Net other business income	6.0	9.2	-3.1	19.0
Total revenue	53.8	58.2	-4.4	111.1
General and administrative expenses	-39.9	-38.7	-1.2	-77.6
Ordinary business profit	13.9	19.5	-5.6	33.5
Net credit costs	-0.8	-0.3	-0.5	-3.9
Net income	22.9	24.1	-1.1	43.4

1. Represents results based on management accounting basis.

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

3. Annualized basis.

4. 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.

The Shinsei Bank Group recorded a consolidated net income of ¥25.1 billion in the first half of fiscal year 2017 (April 1, 2017 to September 30, 2017), increased ¥0.1 billion compared to the first half of fiscal year 2016. While the Bank experienced a decline in gains on the sale of bonds and income from the sale of asset management products, total revenue increased due to strong growth in our major growth business areas including the unsecured loan, stable performance of the Structured Finance and increase of revenue from Principal Transactions Business. Although net credit cost increased due to the provisioning of general reserves for loan losses as a result of steady loan growth of the Consumer Finance, gains on reversal of the grey zone reserve was recorded in the first half of fiscal year 2017. As a result, total consolidated net income increased compared to the same period of the fiscal year 2016.

- Total revenue was ¥115.9 billion, a ¥2.6 billion increases compared to the first half of fiscal year 2016. Of this amount, net interest income totaled ¥64.1 billion, which increased ¥3.7 billion from ¥60.4 billion recorded in the first half of fiscal year 2016 due to steady increase in the lending operations of Consumer Finance Businesses. Noninterest income totaled ¥51.7 billion, a ¥1.0 billion decrease compared to ¥52.7 billion recorded in the first half of fiscal year 2016. This reflected a gain on the sale of equities in Corporate Business and Principal Transactions Business and fee income increase in the Corporate Business, while gains on sales of bonds in ALM operations and revenues associated with asset management product sales in the Retail Banking Business decreased.
- While having continued to promote operational efficiency, general and administrative expenses totaled ¥71.6 billion, a ¥0.2 billion increase from the first half of fiscal year 2016, mainly due to expense increases for bolstering business franchise including advertisement and premises expense as well as IT systems.
- The Bank recorded net credit costs of ¥19.8 billion (expense), a ¥5.1 billion increase from ¥14.7 billion (expense) recorded in the first half of fiscal year 2016. This was due largely to the revision of reserve ratio for loan losses of unsecured loan as well as the provisioning of general reserves for loan losses corresponding to the steady growth of the loan balance of Consumer Finance Business.
- The balance of loans and bills discounted as of September 30, 2017 totaled ¥4,909.1 billion, a ¥75.7 billion increases from ¥4,833.4 billion recorded as of March 31, 2017. While the balance of corporate loan and housing loan decreased, the increase was supported by the growth of the loan balance in the Structured Finance and the Consumer Finance Businesses.
- The net interest margin was 2.42%, increased from 2.41% recorded in the first half of fiscal year 2016. This increase was due to corresponding to the increase of unsecured loan balance and the improvement in the yield of interest-earning securities.
- The Basel III domestic standard (grandfathering basis) consolidated core capital adequacy ratio was 13.05% as of September 30, 2017, declined from 13.06% as of March 31, 2017. While the accumulation of retained earnings increased, the risk asset increased due to the increase of loan balance. The Bank's Basel III international standard common equity tier 1 capital ratio was at 12.2 % as of September 30, 2017 declined from 12.3% as of March 31, 2017. Capital adequacy ratios continue to be maintained at ample levels.
- The nonperforming loan balance (nonconsolidated basis) under the Financial Revitalization Law decreased by ¥1.4 billion to ¥8.9 billion as of September 30, 2017. The nonperforming loan ratio to the total claims was 0.19% as of September 30, 2017 improved from 0.22% as of March 31, 2017, which remained at a low level.

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

*(Billions of yen)*

	<b>1H FY2017</b> <b>(6 months)</b>	1H FY2016 (6 months)	Change (Amount)	FY2016 (12 months)
Net interest income	<b>64.1</b>	60.4	3.7	122.2
Noninterest income	<b>51.7</b>	52.7	-1.0	106.2
Net fees and commissions	<b>11.5</b>	12.9	-1.3	25.5
Net trading income	<b>3.4</b>	4.8	-1.4	7.3
Net other business income	<b>36.6</b>	34.9	1.7	73.3
Income on lease transactions and installment receivables	<b>18.7</b>	19.3	-0.5	38.6
Total revenue	<b>115.9</b>	113.2	2.6	228.5
General and administrative expenses	<b>-71.6</b>	-71.3	-0.2	-142.4
Ordinary business profit	<b>44.2</b>	41.8	2.4	86.0
Net credit costs	<b>-19.8</b>	-14.7	-5.1	-31.8
Ordinary business profit after net credit costs	<b>24.3</b>	27.1	-2.7	54.1
Amortization of goodwill and other intangible assets <sup>2</sup>	<b>-2.2</b>	-2.9	0.6	-5.2
Other gains	<b>4.8</b>	2.9	1.9	2.8
Income before income taxes	<b>27.0</b>	27.0	-0.0	51.7
Current income tax	<b>-0.5</b>	-1.9	1.3	-2.1
Deferred income tax	<b>-1.2</b>	-0.2	-1.0	0.9
Profit attributable to noncontrolling interests	<b>-0.0</b>	0.0	-0.0	0.2
Profit attributable to owners of the parent	<b>25.1</b>	24.9	0.1	50.7

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 other business income.

Net fees and commissions consists mainly of fee income associated with sales of asset management products such as mutual funds and insurance products, credit guarantee and credit card businesses in the consumer finance business, and lending businesses such as real estate finance and project finance.

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 from leasing and installment sales finance businesses, 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 FY2017 (6 months)			1H FY2016 (6 months)			FY2016 (12 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> (%)
<b>Interest-earning assets :</b>									
Loans and bills discounted	4,895.2	66.7	2.72	4,563.1	62.8	2.75	4,679.1	127.4	2.72
Lease receivables and leased investment assets / installment receivables <sup>4</sup>	745.5	18.7	5.01	732.9	19.3	5.25	737.6	38.6	5.24
Securities	1,087.3	6.1	1.14	1,150.2	4.3	0.76	1,116.3	8.9	0.81
Other interest-earning assets <sup>2,3</sup>	164.2	0.9	***	205.2	1.0	***	185.9	2.0	***
<b>Interest-earning assets totals (A)<sup>4</sup></b>	<b>6,892.4</b>	<b>92.5</b>	<b>2.68</b>	<b>6,651.5</b>	<b>87.6</b>	<b>2.63</b>	<b>6,719.0</b>	<b>177.1</b>	<b>2.64</b>
<b>Interest-bearing liabilities:</b>									
Deposits, including negotiable certificates of deposit	5,923.1	4.3	0.15	5,781.1	3.7	0.13	5,846.4	7.8	0.13
Borrowed money	741.3	1.7	0.46	737.0	1.7	0.48	735.8	3.4	0.46
Subordinated debt	12.4	0.1	2.37	26.9	0.3	2.80	19.6	0.5	2.65
Other borrowed money	728.9	1.5	0.43	710.1	1.3	0.39	716.1	2.8	0.40
Corporate bonds	108.1	0.5	1.01	101.5	0.5	1.12	109.3	1.1	1.03
Subordinated bonds	31.4	0.4	2.55	31.6	0.4	2.52	31.5	0.7	2.51
Other corporate bonds	76.7	0.1	0.37	69.8	0.1	0.49	77.7	0.3	0.43
Other interest-bearing liabilities <sup>2</sup>	721.4	3.1	***	583.5	1.7	***	591.8	3.8	***
<b>Interest-bearing liabilities totals (B)<sup>4</sup></b>	<b>7,494.0</b>	<b>9.6</b>	<b>0.26</b>	<b>7,203.2</b>	<b>7.8</b>	<b>0.22</b>	<b>7,283.4</b>	<b>16.2</b>	<b>0.22</b>
<b>Net interest margin (A)-(B)</b>	<b>-</b>	<b>82.9</b>	<b>2.42</b>	<b>-</b>	<b>79.7</b>	<b>2.41</b>	<b>-</b>	<b>160.9</b>	<b>2.41</b>
<b>Noninterest-bearing sources of funds:</b>									
Noninterest-bearing (assets) liabilities, net	-1,431.2	-	-	-1,336.3	-	-	-1,365.1	-	-
Total equity excluding noncontrolling interests in subsidiaries <sup>5</sup>	829.6	-	-	784.6	-	-	800.6	-	-
<b>Total noninterest-bearing sources of funds (C)</b>	<b>-601.6</b>	<b>-</b>	<b>-</b>	<b>-551.7</b>	<b>-</b>	<b>-</b>	<b>-564.4</b>	<b>-</b>	<b>-</b>
<b>Sum of total expense on interest-bearing liabilities and noninterest-bearing sources of funds (D)=(B)+(C)</b>	<b>6,892.4</b>	<b>9.6</b>	<b>0.28</b>	<b>6,651.5</b>	<b>7.8</b>	<b>0.23</b>	<b>6,719.0</b>	<b>16.2</b>	<b>0.24</b>
<b>Interest income / yield on interest earning assets (A)-(D)<sup>4</sup></b>	<b>-</b>	<b>82.9</b>	<b>2.40</b>	<b>-</b>	<b>79.7</b>	<b>2.39</b>	<b>-</b>	<b>160.9</b>	<b>2.40</b>
<b>Reconciliation of total revenue on interest-earning</b>									
Total revenue on interest-earning assets	6,892.4	92.5	2.68	6,651.5	87.6	2.63	6,719.0	177.1	2.64
Less: Income on lease transactions and installment receivables	745.5	18.7	5.01	732.9	19.3	5.25	737.6	38.6	5.24
<b>Total interest income<sup>4</sup></b>	<b>6,146.8</b>	<b>73.8</b>	<b>2.40</b>	<b>5,918.5</b>	<b>68.2</b>	<b>2.30</b>	<b>5,981.4</b>	<b>138.4</b>	<b>2.32</b>
Total interest expense	-	9.6	-	-	7.8	-	-	16.2	-
<b>Net interest income</b>	<b>-</b>	<b>64.1</b>	<b>-</b>	<b>-</b>	<b>60.4</b>	<b>-</b>	<b>-</b>	<b>122.2</b>	<b>-</b>

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

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

	<i>(Billions of yen)</i>			
	<b>1H FY2017 (6 months)</b>	1H FY2016 (6 months)	Change (Amount)	FY2016 (12 months)
Institutional Business	<b>20.8</b>	15.7	5.0	40.1
Corporate Business	<b>5.8</b>	2.4	3.4	5.8
Structured Finance	<b>3.2</b>	4.4	-1.1	12.4
Principal Transactions	<b>5.0</b>	1.6	3.4	7.3
Showa Leasing	<b>6.6</b>	7.2	-0.5	14.4
Global Markets Business	<b>4.1</b>	4.2	-0.0	8.7
Markets	<b>2.9</b>	3.3	-0.3	6.4
Others	<b>1.1</b>	0.8	0.3	2.2
Individual Business	<b>23.4</b>	23.3	0.0	48.0
Retail Banking	<b>0.1</b>	1.3	-1.1	2.5
Shinsei Financial and <i>Shinsei Bank Card Loan - Lake</i> <sup>1</sup>	<b>-0.1</b>	-0.6	0.4	-0.9
APLUS FINANCIAL	<b>22.7</b>	22.5	0.1	45.7
Others	<b>0.6</b>	0.1	0.5	0.6
Corporate/Other	<b>3.3</b>	9.3	-6.0	9.2
<b>Noninterest income</b>	<b>51.7</b>	52.7	-1.0	106.2

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 ¥20.8 billion in the first half of fiscal year 2017, a ¥5.0 billion increase from ¥15.7 billion recorded in the first half of fiscal year 2016. This was due to the increase in the gain on sales of equities, revenues from equity method investment in affiliated companies in the Principal Transactions as well as the increase of fee income from Corporate Businesses.

The Global Markets Business recorded noninterest income totaling ¥4.1 billion the first half of fiscal year 2017, compared to ¥4.2 billion recorded in the first half of fiscal year 2016. While the performance of Markets was lower than first half of fiscal year 2016, revenue from securities business in Others increased compared to the first half of last fiscal year.

The Individual Business recorded noninterest income totaling ¥23.4 billion, compared to ¥23.3 billion recorded in first half of fiscal year 2016. This was due to revenues increase related to credit card business in APLUS FINANCIAL while revenues associated with the sale of asset management product in the Retail Banking Business decreased.

Corporate/Other recorded noninterest income totaling ¥3.3 billion, a ¥6.0 billion decrease from first half of fiscal year 2016 due to a decrease in gains on sales of bonds in ALM operations.



General and Administrative Expenses  
(Consolidated)

	<i>(Billions of yen)</i>			
	<b>1H FY2017</b>	1H FY2016	Change	FY2016
	<b>(6 months)</b>	(6 months)	(Amount)	(12 months)
Personnel expenses	-28.2	-28.5	0.3	-56.6
Nonpersonnel expenses	-43.4	-42.8	-0.6	-85.8
Premises expenses	-10.0	-9.8	-0.2	-19.6
Technology and data processing expenses	-10.3	-10.0	-0.2	-20.1
Advertising expenses	-5.8	-5.4	-0.3	-10.4
Consumption, property taxes, etc.	-4.4	-4.8	0.4	-9.7
Deposit insurance premium	-0.8	-1.0	0.1	-2.0
Other general and administrative expenses	-11.8	-11.5	-0.3	-23.7
<b>General and administrative expenses</b>	<b>-71.6</b>	<b>-71.3</b>	<b>-0.2</b>	<b>-142.4</b>

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

	<i>(Billions of yen)</i>			
	<b>1H FY2017</b>	1H FY2016	Change	FY2016
	<b>(6 months)</b>	(6 months)	(Amount)	(12 months)
Losses on write-off of loans/Losses on sale of loans	-0.4	-1.1	0.7	-2.4
Net provision of reserve for loan losses:	-22.1	-16.3	-5.8	-34.6
Net provision of general reserve for loan losses	-15.1	-10.9	-4.2	-21.8
Net provision of specific reserve for loan losses	-6.9	-5.4	-1.5	-12.7
Net provision of reserve for loan losses to restructuring countries	0.0	0.0	-0.0	0.0
Net provision of specific reserve for other credit losses	-	-	-	-0.2
Other credit costs relating to leasing business	-0.2	0.0	-0.3	0.0
Recoveries of written-off claims	2.9	2.7	0.2	5.3
<b>Net credit costs</b>	<b>-19.8</b>	<b>-14.7</b>	<b>-5.1</b>	<b>-31.8</b>

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

Other Gains (Consolidated)

	<i>(Billions of yen)</i>			
	<b>1H FY2017</b>	1H FY2016	Change	FY2016
	<b>(6 months)</b>	(6 months)	(Amount)	(12 months)
Extraordinary income	-0.5	0.2	-0.7	4.2
Net gain on disposal of premises and equipment	-0.0	-0.0	-0.0	-0.2
Other extraordinary income	-0.5	0.2	-0.7	4.4
Net provisions of reserve for losses on interest repayer	3.9	-	3.9	-5.1
Shinsei Financial	3.9	-	3.9	-
Shinsei Personal Loan	-	-	-	-2.0
APLUS FINANCIAL	-	-	-	-3.1
Other	-	-	-	-
Other	1.5	2.6	-1.1	3.8
<b>Other gains</b>	<b>4.8</b>	<b>2.9</b>	<b>1.9</b>	<b>2.8</b>

## Business Line Results (Consolidated)

(Billions of yen)

	1H FY2017 (6 months)	1H FY2016 (6 months)	Change (Amount)	FY2016 (12 months)
<i>Institutional Business:</i>				
Net interest income	12.0	10.8	1.2	21.9
Noninterest income	20.8	15.7	5.0	40.1
Total revenue	32.9	26.5	6.3	62.1
General and administrative expenses	-15.8	-15.9	0.1	-32.1
Ordinary business profit	17.0	10.6	6.4	30.0
Net credit costs	-1.2	-0.4	-0.7	-3.0
Ordinary business profit after net credit costs	15.8	10.1	5.7	26.9
<i>Global Markets Business:</i>				
Net interest income	1.1	1.0	0.1	2.2
Noninterest income	4.1	4.2	-0.0	8.7
Total revenue	5.3	5.2	0.0	11.0
General and administrative expenses	-3.5	-3.5	-0.0	-7.0
Ordinary business profit	1.7	1.7	0.0	3.9
Net credit costs	-0.0	0.0	-0.0	0.0
Ordinary business profit after net credit costs	1.7	1.7	0.0	3.9
<i>Individual Business:</i>				
Net interest income	51.7	48.4	3.3	98.0
Noninterest income	23.4	23.3	0.0	48.0
Total revenue	75.2	71.8	3.3	146.0
General and administrative expenses	-50.8	-50.8	0.0	-100.3
Ordinary business profit	24.3	20.9	3.4	45.7
Net credit costs	-18.6	-14.2	-4.4	-28.7
Ordinary business profit after net credit costs	5.7	6.7	-1.0	17.0
<i>Corporate/Other<sup>1</sup>:</i>				
Net interest income	-0.8	0.1	-1.0	-0.0
Noninterest income	3.3	9.3	-6.0	9.2
Total revenue	2.4	9.5	-7.0	9.2
General and administrative expenses	-1.4	-1.0	-0.3	-2.9
Ordinary business profit	1.0	8.5	-7.4	6.3
Net credit costs	0.0	-0.0	0.0	-0.2
Ordinary business profit after net credit costs	1.0	8.5	-7.4	6.1
<i>Total:</i>				
Net interest income	64.1	60.4	3.7	122.2
Noninterest income	51.7	52.7	-1.0	106.2
Total revenue	115.9	113.2	2.6	228.5
General and administrative expenses	-71.6	-71.3	-0.2	-142.4
Ordinary business profit	44.2	41.8	2.4	86.0
Net credit costs	-19.8	-14.7	-5.1	-31.8
Ordinary business profit after net credit costs	24.3	27.1	-2.7	54.1

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 Jun 1, 2017, the Bank has integrated "Asset Management Products" within Global Markets with "Retail Products" within the "Individual Business". Due to the changes, reportable segments have been changed as follows:

The "Asset Management Products" segment which was included as "Others" segment within the Global Markets Business is now included within the "Individual Business."

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

<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)

	1H FY2017 (6 months)	1H FY2016 (6 months)	Change (Amount)	FY2016 (12 months)
<i>Corporate Business:</i>				
Net interest income	5.1	5.4	-0.3	11.2
Noninterest income	5.8	2.4	3.4	5.8
Total revenue	11.0	7.8	3.1	17.0
General and administrative expenses	-6.2	-6.2	0.0	-12.3
Ordinary business profit	4.7	1.6	3.1	4.7
Net credit costs	0.8	-0.1	0.9	-0.3
Ordinary business profit after net credit costs	5.6	1.4	4.1	4.3
<i>Structured Finance:</i>				
Net interest income	4.6	4.6	-0.0	9.4
Noninterest income	3.2	4.4	-1.1	12.4
Total revenue	7.8	9.1	-1.2	21.8
General and administrative expenses	-3.4	-3.2	-0.1	-6.4
Ordinary business profit	4.4	5.8	-1.4	15.4
Net credit costs	-1.6	-0.8	-0.7	-3.5
Ordinary business profit after net credit costs	2.7	4.9	-2.2	11.8
<i>Principal Transactions:</i>				
Net interest income	2.3	1.3	1.0	2.5
Noninterest income	5.0	1.6	3.4	7.3
Total revenue	7.4	2.9	4.4	9.9
General and administrative expenses	-2.0	-2.2	0.1	-4.5
Ordinary business profit	5.3	0.7	4.6	5.4
Net credit costs	0.2	0.1	0.0	-0.1
Ordinary business profit after net credit costs	5.6	0.8	4.7	5.3
<i>Showa Leasing:</i>				
Net interest income	-0.0	-0.6	0.6	-1.2
Noninterest income	6.6	7.2	-0.5	14.4
Total revenue	6.5	6.5	0.0	13.2
General and administrative expenses	-4.1	-4.2	0.0	-8.8
Ordinary business profit	2.4	2.3	0.1	4.3
Net credit costs	-0.5	0.3	-0.9	1.0
Ordinary business profit after net credit costs	1.8	2.7	-0.8	5.3
<i>Institutional Business:</i>				
Net interest income	12.0	10.8	1.2	21.9
Noninterest income	20.8	15.7	5.0	40.1
Total revenue	32.9	26.5	6.3	62.1
General and administrative expenses	-15.8	-15.9	0.1	-32.1
Ordinary business profit	17.0	10.6	6.4	30.0
Net credit costs	-1.2	-0.4	-0.7	-3.0
Ordinary business profit after net credit costs	15.8	10.1	5.7	26.9

1. Net of consolidation adjustments, if applicable.

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

(Billions of yen)

	1H FY2017 (6 months)	1H FY2016 (6 months)	Change (Amount)	FY2016 (12 months)
<i>Markets:</i>				
Net interest income	0.9	0.9	-0.0	1.9
Noninterest income	2.9	3.3	-0.3	6.4
Total revenue	3.9	4.3	-0.4	8.3
General and administrative expenses	-1.9	-1.7	-0.1	-3.5
Ordinary business profit	1.9	2.5	-0.5	4.8
Net credit costs	0.0	0.0	-0.0	0.0
Ordinary business profit after net credit costs	1.9	2.5	-0.5	4.9
<i>Others<sup>2</sup>:</i>				
Net interest income	0.2	0.1	0.1	0.3
Noninterest income	1.1	0.8	0.3	2.2
Total revenue	1.4	0.9	0.4	2.6
General and administrative expenses	-1.6	-1.7	0.1	-3.5
Ordinary business profit	-0.2	-0.8	0.6	-0.9
Net credit costs	-0.0	-0.0	0.0	-0.0
Ordinary business profit after net credit costs	-0.2	-0.8	0.6	-0.9
<i>Global Markets Business:</i>				
Net interest income	1.1	1.0	0.1	2.2
Noninterest income	4.1	4.2	-0.0	8.7
Total revenue	5.3	5.2	0.0	11.0
General and administrative expenses	-3.5	-3.5	-0.0	-7.0
Ordinary business profit	1.7	1.7	0.0	3.9
Net credit costs	-0.0	0.0	-0.0	0.0
Ordinary business profit after net credit costs	1.7	1.7	0.0	3.9

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)

	1H FY2017 (6 months)	1H FY2016 (6 months)	Change (Amount)	FY2016 (12 months)
<i>Retail banking<sup>2</sup>:</i>				
Net interest income	11.2	11.8	-0.6	23.4
Loans	5.3	5.4	-0.1	10.8
Deposits	5.9	6.4	-0.4	12.6
Noninterest income	0.1	1.3	-1.1	2.5
Asset Management Products	3.0	3.6	-0.6	7.1
Other Fees (ATM, Fund Transfer, FX etc.)	-2.8	-2.2	-0.5	-4.6
Total revenue	11.4	13.2	-1.7	26.0
General and administrative expenses	-14.8	-14.4	-0.3	-29.4
Ordinary business profit	-3.3	-1.2	-2.1	-3.4
Net credit costs	-0.1	0.6	-0.8	0.6
Ordinary business profit after net credit costs	-3.4	-0.5	-2.9	-2.7
<i>Shinsei Financial and Shinsei Bank Lake<sup>3</sup>:</i>				
Net interest income	34.1	31.7	2.3	64.2
Shinsei Bank Lake	21.7	18.2	3.5	38.0
NOLOAN	3.1	3.3	-0.2	6.5
Noninterest income	-0.1	-0.6	0.4	-0.9
Total revenue	33.9	31.0	2.8	63.2
General and administrative expenses	-16.5	-17.1	0.5	-32.8
Ordinary business profit	17.3	13.9	3.3	30.4
Net credit costs	-12.5	-10.1	-2.4	-20.5
Ordinary business profit after net credit costs	4.7	3.7	0.9	9.9
<i>APLUS FINANCIAL:</i>				
Net interest income	5.5	4.3	1.2	9.0
Noninterest income	22.7	22.5	0.1	45.7
Total revenue	28.2	26.8	1.3	54.8
General and administrative expenses	-18.9	-18.8	-0.0	-37.1
Ordinary business profit	9.3	8.0	1.2	17.6
Net credit costs	-5.8	-4.7	-1.0	-8.6
Ordinary business profit after net credit costs	3.4	3.2	0.2	9.0
<i>Others<sup>4</sup>:</i>				
Net interest income	0.8	0.4	0.4	1.2
Noninterest income	0.6	0.1	0.5	0.6
Total revenue	1.5	0.6	0.9	1.8
General and administrative expenses	-0.5	-0.4	-0.0	-0.8
Ordinary business profit	1.0	0.1	0.8	1.0
Net credit costs	-0.0	0.0	-0.0	-0.2
Ordinary business profit after net credit costs	0.9	0.1	0.7	0.7
<i>Individual Business:</i>				
Net interest income	51.7	48.4	3.3	98.0
Noninterest income	23.4	23.3	0.0	48.0
Total revenue	75.2	71.8	3.3	146.0
General and administrative expenses	-50.8	-50.8	0.0	-100.3
Ordinary business profit	24.3	20.9	3.4	45.7
Net credit costs	-18.6	-14.2	-4.4	-28.7
Ordinary business profit after net credit costs	5.7	6.7	-1.0	17.0

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. Includes Shinsei Property Finance and unallocated consumer finance business financials.

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

(Billions of yen)

	1H FY2017 (6 months)	1H FY2016 (6 months)	Change (Amount)	FY2016 (12 months)
<i>Treasury:</i>				
Net interest income	-0.8	0.1	-1.0	-0.0
Noninterest income	2.9	7.5	-4.5	7.1
Total revenue	2.1	7.7	-5.5	7.0
General and administrative expenses	-0.8	-0.8	-0.0	-1.7
Ordinary business profit	1.2	6.8	-5.6	5.3
Net credit costs	-	-	-	-
Ordinary business profit after net credit costs	1.2	6.8	-5.6	5.3
<i>Corporate/Other (excluding Treasury)<sup>1</sup>:</i>				
Net interest income	-0.0	0.0	-0.0	0.0
Noninterest income	0.3	1.8	-1.5	2.1
Total revenue	0.3	1.8	-1.5	2.1
General and administrative expenses	-0.5	-0.1	-0.3	-1.2
Ordinary business profit	-0.1	1.6	-1.8	0.9
Net credit costs	0.0	-0.0	0.0	-0.2
Ordinary business profit after net credit costs	-0.1	1.6	-1.8	0.7
<i>Corporate/Other<sup>1</sup>:</i>				
Net interest income	-0.8	0.1	-1.0	-0.0
Noninterest income	3.3	9.3	-6.0	9.2
Total revenue	2.4	9.5	-7.0	9.2
General and administrative expenses	-1.4	-1.0	-0.3	-2.9
Ordinary business profit	1.0	8.5	-7.4	6.3
Net credit costs	0.0	-0.0	0.0	-0.2
Ordinary business profit after net credit costs	1.0	8.5	-7.4	6.1

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 2017	Mar 31 2017	Change (Amount)
Domestic offices (excluding Japan offshore market accounts):			
Manufacturing	199.1	198.9	0.2
Agriculture and forestry	0.0	0.0	0.0
Fishery	-	0.0	-0.0
Mining, quarrying and gravel extraction	0.6	0.3	0.3
Construction	7.5	8.9	-1.3
Electric power, gas, heat supply and water supply	221.7	230.7	-9.0
Information and communications	47.0	42.9	4.1
Transportation and postal service	200.6	188.0	12.6
Wholesale and retail	109.4	114.5	-5.1
Finance and insurance	553.8	573.8	-19.9
Real estate	602.4	575.6	26.8
Services	335.5	330.1	5.3
Local government	68.9	76.7	-7.8
Others	2,438.5	2,389.1	49.3
Loans to individual customers (retail banking, Shinsei Bank Lake, Shinsei Financial, and APLUS FINANCIAL)	1,996.1	1,974.4	21.6
<b>Total domestic (A)</b>	<b>4,785.5</b>	<b>4,730.0</b>	<b>55.4</b>
Overseas offices (including Japan offshore market accounts):			
Governments	0.4	0.5	-0.0
Financial institutions	19.1	7.3	11.7
Others	103.9	95.4	8.5
<b>Total overseas (B)</b>	<b>123.6</b>	<b>103.3</b>	<b>20.2</b>
<b>Total (A+B)</b>	<b>4,909.1</b>	<b>4,833.4</b>	<b>75.7</b>



## Securities Being Held to Maturity (Consolidated)

	<i>(Billions of yen)</i>					
	Sep 30, 2017			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	492.4	496.3	3.9	493.5	499.1	5.5
Other	1.4	1.4	0.0	2.7	2.8	0.1
Subtotal	493.8	497.8	4.0	496.2	502.0	5.7
Fair value does not exceed carrying amount						
Japanese national government bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	493.8	497.8	4.0	496.2	502.0	5.7

## Securities Available for Sale (Consolidated)

(Billions of yen)

	Sep 30, 2017			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	22.6	9.2	13.4	26.6	11.8	14.7
Domestic bonds	53.2	52.9	0.3	33.9	33.5	0.3
Japanese national government bonds	4.0	4.0	0.0	2.0	2.0	0.0
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	49.2	48.9	0.3	31.8	31.5	0.3
Other	148.0	145.3	2.7	144.1	141.4	2.7
Foreign securities	135.5	134.1	1.3	133.6	132.1	1.5
Foreign currency denominated foreign corporate and government bonds	79.8	78.9	0.9	87.6	86.6	0.9
Yen-denominated foreign corporate and government bonds	48.4	48.1	0.3	46.0	45.4	0.5
Foreign equity securities and others	7.1	7.1	0.0	0.0	0.0	0.0
Other securities	10.5	9.2	1.2	6.6	5.5	1.0
Other monetary claims purchased	2.0	1.9	0.0	3.8	3.7	0.1
Subtotal	224.0	207.5	16.4	204.7	186.8	17.8
Carrying amount does not exceed amortized/acquisition cost						
Equity securities	0.5	0.7	-0.2	0.8	1.0	-0.2
Domestic bonds	133.7	136.0	-2.2	85.9	87.0	-1.0
Japanese national government bonds	36.8	37.0	-0.1	-	-	-
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	96.9	98.9	-2.0	85.9	87.0	-1.0
Other	194.9	197.4	-2.5	137.6	139.9	-2.3
Foreign securities	191.9	194.3	-2.3	135.5	137.9	-2.3
Foreign currency denominated foreign corporate and government bonds	140.3	142.5	-2.1	83.4	85.0	-1.6
Yen-denominated foreign corporate and government bonds	51.6	51.8	-0.1	50.9	51.6	-0.6
Foreign equity securities and others	0.0	0.0	-	1.1	1.2	-0.0
Other securities	2.3	2.5	-0.1	0.7	0.8	-0.0
Other monetary claims purchased	0.5	0.5	-0.0	1.2	1.2	-0.0
Subtotal	329.2	334.2	-4.9	224.4	228.0	-3.6
Total <sup>1, 2</sup>	553.2	541.7	11.5	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 September 30, 2017 and March 31, 2017 were ¥550.6 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)

	Sep 30, 2017	Mar 31, 2017
Unrealized gain (loss) before deferred tax on:		
Available-for-sale securities	11.5	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	0.8	1.2
Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions	-0.0	-0.1
Other monetary assets held in trust	-0.7	-0.6
(-) Deferred tax liabilities	2.7	3.1
Unrealized gain (loss) on available-for-sale securities before interest adjustments	8.7	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	-1.0	-1.2
Unrealized gain (loss) on available-for-sale securities	7.7	10.2

## Deposits (Consolidated)

*(Billions of yen)*

	<b>Sep 30 2017</b>	Mar 31 2017	Change (Amount)
Deposits	<b>5,581.9</b>	5,489.2	92.7
Liquid (current, ordinary, notice) deposits	<b>2,317.4</b>	2,262.5	54.9
Time deposits <sup>1</sup>	<b>2,800.6</b>	2,756.7	43.9
Other	<b>463.8</b>	469.9	-6.1
Negotiable certificates of deposits (NCDs)	<b>418.3</b>	373.6	44.6
<b>Total</b>	<b>6,000.2</b>	5,862.9	137.3

1. Includes two-week maturity deposits

## Financial Ratios (Consolidated)

	1H FY2017 (6 months)	1H FY2016 (6 months)	FY2016 (12 months)
Return on assets <sup>1</sup>	0.5% <sup>5</sup>	0.6% <sup>5</sup>	0.6%
Return on equity <sup>2</sup>	6.0% <sup>5</sup>	6.3% <sup>5</sup>	6.3%
Return on equity (fully diluted) <sup>3</sup>	6.0% <sup>5</sup>	6.3% <sup>5</sup>	6.3%
Return on risk asset <sup>4</sup>	0.8% <sup>5</sup>	0.9% <sup>5</sup>	0.8%
Expense-to-revenue ratio <sup>6, 7</sup>	61.8%	63.0%	62.3%

1. Return on assets:

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

2. Return on equity:

Profit (Losses) Attributable to Owners of the Parent
(Total equity eligible for common shareholders at the BOP + Total equity eligible for common shareholders at the EOP)/2

3. 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

4. Return on Risk Asset:

Profit (Losses) Attributable to Owners of the Parent
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<sup>1</sup>>

	Sep 30 2017	Mar 31 2017	Change (Amount)
Core capital: instruments and reserves	891.5	866.3	25.1
Core capital: regulatory adjustments	-68.3	-53.9	-14.4
Capital	823.1	812.3	10.7
Total amount of Risk-weighted assets	6,303.0	6,219.9	83.0
Consolidated core capital adequacy ratio	13.05%	13.06%	

1. Calculated according to F-IRB.

Consolidated total required capital is ¥572.2billion as at Sep 30, 2017, ¥551.3billion as at March 31, 2017.

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

	1H FY2017 (6 months)	1H FY2016 (6 months)	Change (Amount)	FY2016 (12 months)
Common equity	3,243.13	3,039.64	203.49	3,163.89
Fully diluted equity	3,242.75	3,039.48	203.27	3,163.73
Basic EPS	96.98	95.10	1.87	194.65
Diluted EPS	96.97	95.09	1.87	194.64
For calculation of per share data (Does not include treasury shares):				
Equity:				
Number of common shares (Consolidated)	258,838,977	258,835,315		258,839,093
Fully diluted number of shares (Consolidated)	258,869,119	258,848,736		258,852,515
EPS				
Number of common shares (Consolidated)	258,838,999	262,209,336		260,768,079
Fully diluted number of shares (Consolidated)	258,864,207	262,218,724		260,779,479

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.

## Interim Consolidated Balance Sheets

(Millions of yen)

	Sep 30 2017	Mar 31 2017	Change (Amount)
<b>&lt;&lt;Assets&gt;&gt;</b>			
Cash and due from banks	1,476,306	1,398,691	77,614
Call loans and bills bought	—	4,472	(4,472)
Receivables under securities borrowing transactions	1,514	1,625	(111)
Other monetary claims purchased	37,162	44,243	(7,081)
Trading assets	223,836	244,113	(20,277)
Monetary assets held in trust	235,558	241,681	(6,123)
Securities	1,144,237	1,014,635	129,602
Loans and bills discounted	4,909,161	4,833,452	75,708
Foreign exchanges	31,773	19,617	12,156
Lease receivables and leased investment assets	181,083	191,488	(10,404)
Other assets	819,687	895,158	(75,471)
Premises and equipment	49,622	47,980	1,642
Intangible assets	55,590	52,020	3,569
Goodwill	13,130	14,683	(1,553)
Assets for retirement benefits	8,540	7,075	1,465
Deferred issuance expenses for debentures	0	0	(0)
Deferred tax assets	14,871	15,542	(671)
Customers' liabilities for acceptances and guarantees	365,276	346,675	18,600
Reserve for credit losses	(98,868)	(100,154)	1,285
<b>Total assets</b>	<b>9,455,353</b>	<b>9,258,324</b>	<b>197,029</b>
<b>&lt;&lt;Liabilities&gt;&gt;</b>			
Deposits	5,581,968	5,489,248	92,719
Negotiable certificates of deposit	418,325	373,673	44,651
Debentures	3,738	6,561	(2,823)
Call money and bills sold	80,900	53,600	27,300
Payables under repurchase agreements	35,394	36,467	(1,073)
Payables under securities lending transactions	389,400	337,952	51,448
Trading liabilities	198,703	212,241	(13,537)
Borrowed money	788,048	789,670	(1,621)
Foreign exchanges	67	102	(34)
Short-term corporate bonds	187,900	168,000	19,900
Corporate bonds	94,600	112,600	(18,000)
Other liabilities	367,883	388,307	(20,424)
Accrued employees' bonuses	4,929	8,519	(3,590)
Accrued directors' bonuses	32	75	(43)
Liabilities for retirement benefits	8,402	8,256	145
Reserve for reimbursement of debentures	3,625	3,737	(111)
Reserve for losses on interest repayments	85,048	101,846	(16,797)
Deferred tax liabilities	—	—	—
Acceptances and guarantees	365,276	346,675	18,600
<b>Total liabilities</b>	<b>8,614,245</b>	<b>8,437,537</b>	<b>176,708</b>
<b>&lt;&lt;Equity&gt;&gt;</b>			
<b>Shareholders' equity:</b>			
Common stock	512,204	512,204	—
Capital surplus	78,506	78,506	(0)
Retained earnings	335,053	312,538	22,514
Treasury stock, at cost	(79,539)	(79,539)	(0)
<b>Total shareholders' equity</b>	<b>846,224</b>	<b>823,710</b>	<b>22,513</b>
<b>Accumulated other comprehensive income:</b>			
Unrealized gain (loss) on available-for-sale securities	7,705	10,299	(2,593)
Deferred gain (loss) on derivatives under hedge accounting	(14,029)	(13,925)	(104)
Foreign currency translation adjustments	510	199	311
Defined retirement benefit plans	(961)	(1,344)	383
<b>Total accumulated other comprehensive income</b>	<b>(6,773)</b>	<b>(4,770)</b>	<b>(2,003)</b>
Stock acquisition rights	330	584	(253)
Noncontrolling interests	1,326	1,262	64
<b>Total equity</b>	<b>841,107</b>	<b>820,786</b>	<b>20,321</b>
<b>Total liabilities and equity</b>	<b>9,455,353</b>	<b>9,258,324</b>	<b>197,029</b>

## Interim Consolidated Statements of Income

(Millions of yen)

	1H FY2017 (6 months)	1H FY2016 (6 months)	Change (Amount)	FY2016 (12 months)
Ordinary income	190,461	189,780	680	380,444
Interest income	73,879	68,296	5,583	138,488
Interest on loans and bills discounted	66,740	62,836	3,903	127,468
Interest and dividends on securities	6,197	4,370	1,826	8,991
Other interest income	941	1,088	(146)	2,028
Fees and commissions income	24,292	24,698	(405)	49,207
Trading income	3,432	4,840	(1,408)	7,373
Other business income	70,023	77,303	(7,279)	159,280
Other ordinary income	18,832	14,642	4,190	26,095
Ordinary expenses	162,895	162,950	(54)	332,901
Interest expenses	9,687	7,821	1,865	16,209
Interest on deposits	4,313	3,686	627	7,761
Interest on borrowings	1,709	1,770	(60)	3,413
Interest on corporate bonds	545	570	(24)	1,126
Other interest expenses	3,118	1,794	1,323	3,907
Fees and commissions expenses	12,707	11,724	983	23,704
Trading losses	—	—	—	—
Other business expenses	42,477	48,618	(6,140)	96,463
General and administrative expenses	74,233	75,851	(1,617)	149,497
Amortization of goodwill	1,553	2,010	(457)	3,559
Amortization of intangible assets acquired in business combinations	718	953	(234)	1,684
Other general and administrative expenses	71,962	72,888	(925)	144,253
Other ordinary expenses	23,788	18,934	4,854	47,026
Provision of reserve for credit losses	22,127	16,311	5,815	34,828
Other	1,660	2,622	(961)	12,198
Ordinary profit	27,565	26,830	735	47,542
Extraordinary gains	295	842	(547)	5,756
Extraordinary losses	843	602	241	1,544
Income before income taxes	27,017	27,070	(53)	51,755
Income taxes (benefit):				
Income taxes (benefit) - current	583	1,933	(1,349)	2,139
Income taxes (benefit) - deferred	1,245	204	1,040	(900)
Total income taxes (benefit)	1,829	2,138	(308)	1,238
Profit	25,187	24,932	255	50,517
Profit (loss) attributable to noncontrolling interests	85	(3)	89	(242)
Profit attributable to owners of the parent	25,102	24,936	166	50,759

**COMPOSITION OF CAPITAL DISCLOSURE (CONSOLIDATED)**

Shinsei Bank and subsidiaries

As of September 30, 2017

Items	Millions of yen (except percentages)	
	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 with a compulsory conversion clause plus related capital surplus and retained earnings	¥ 846,224	
of which: capital and capital surplus	590,710	
of which: retained earnings	335,053	
of which: treasury stock (-)	79,539	
of which: earning to be distributed (-)	-	
of which: other than above	-	
Accumulated other comprehensive income (amount allowed to be included in Core capital)	(65)	¥ (384)
of which: foreign currency translation adjustment	510	
of which: amount related defined benefit	(576)	(384)
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	330	
Adjusted noncontrolling interests (amount allowed to be included in Core capital)	7	
Total of reserves included in Core capital: instruments and reserves	410	
of which: general reserve for loan losses included in Core capital	410	
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)	43,400	
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)	1,193	
<b>Core capital: instruments and reserves (A)</b>	¥ 891,501	
<b>Core capital: regulatory adjustments (2)</b>		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 31,238	¥ 11,248
of which: goodwill (including those equivalent)	13,130	-
of which: other intangibles other than goodwill and mortgage servicing rights	18,108	11,248
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	5,228	3,485
Shortfall of eligible provisions to expected losses	23,005	-
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	3,543	2,362
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)	-	-
<b>Core capital: regulatory adjustments (B)</b>	¥ 68,386	
<b>Capital (consolidated)</b>		
Capital (consolidated)((A)-(B))(C)	¥ 823,114	
<b>Risk-weighted assets, etc.</b>		
Total amount of credit risk-weighted assets	¥ 5,791,606	
of which: total amount included in risk-weighted assets by transitional arrangements	14,068	
of which: intangible assets (excluding those relating to goodwill and mortgage servicing rights)	11,248	
of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,485	
of which: net defined benefit asset	2,362	
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(3,029)	
of which: other than above	1	
Market risk (derived by multiplying the capital requirement by 12.5)	137,066	
Operational risk (derived by multiplying the capital requirement by 12.5)	374,355	
Credit risk-weighted assets adjustments	-	
Operational risk adjustments	-	
<b>Total amount of Risk-weighted assets (D)</b>	¥ 6,303,029	
<b>Capital ratio (consolidated)</b>		
Capital ratio (consolidated)((C)/(D))		13.05%

## (Reference) Results of Operations (Consolidated)

(Millions of yen)

	1H FY2017 (6 months) (A)	1H FY2016 (6 months) (B)	Change (A)-(B)
Gross Business Profit	108,518	109,400	(881)
(excluding Gains on Monetary Assets Held in Trust)	107,028	107,054	(25)
Net Interest Income	64,192	60,474	3,717
Net Fees and Commissions	11,594	12,983	(1,389)
Net Trading Income	3,432	4,840	(1,408)
Net Other Business Income	29,299	31,101	(1,801)
Gains on Monetary Assets Held in Trust	1,489	2,345	(856)
Gains related to Bonds	1,465	6,575	(5,110)
General and Administrative Expenses	73,930	74,348	(417)
Personnel Expenses	28,221	28,552	(331)
Nonpersonnel Expenses	41,256	40,912	343
Amortization of Goodwill and Intangible Assets	2,271	2,963	(691)
Taxes	4,452	4,882	(429)
Net Business Profit	34,587	35,052	(464)
Credit Costs	19,858	14,719	5,139
Gains on Stock Transactions	4,435	2,620	1,815
Equity in Net Income (Loss) of Affiliates	2,961	1,199	1,761
Other	5,438	2,677	2,761
Ordinary Profit	27,565	26,830	735
Extraordinary Gains	(548)	240	(788)
Gains from Sales of Fixed Assets and Impairment losses	(788)	(38)	(750)
Income before Income Taxes	27,017	27,070	(53)
Income Taxes - Current	583	1,933	(1,349)
Income Taxes - Deferred	1,245	204	1,040
Profit Attributable to Noncontrolling Interests	85	(3)	89
Profit Attributable to Owners of the Parents	25,102	24,936	166

## 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 FY2017 (6 months)	1H FY2016 (6 months)	Change (Amount)	FY2016 (12 months)
Net interest income	51.5	47.7	3.7	90.9
Noninterest income	2.3	10.5	-8.1	20.1
Net fees and commissions <sup>1</sup>	-5.3	-2.4	-2.9	-2.9
Net trading income	1.6	3.7	-2.0	4.0
Net other business income	6.0	9.2	-3.1	19.0
Total revenue <sup>1</sup>	53.8	58.2	-4.4	111.1
Personnel expenses	-13.9	-13.6	-0.2	-26.9
Nonpersonnel expenses	-23.3	-22.1	-1.1	-44.8
Taxes	-2.6	-2.8	0.1	-5.8
General and administrative expenses	-39.9	-38.7	-1.2	-77.6
Net business profit <sup>1</sup>	13.9	19.5	-5.6	33.5
Other gains				
Gains on the sales of equities	4.0	1.7	2.2	2.7
Net provision of reserve for credit losses <sup>2</sup>	-1.0	0.2	-1.3	-2.3
Losses on write-off of loans	-0.0	-0.7	0.6	-1.8
Recoveries of written-off claims	0.3	0.1	0.1	0.2
Expenses for employees' retirement benefits	-0.2	-0.0	-0.2	-0.0
Others	1.3	0.1	1.1	0.5
Net ordinary income	18.1	21.0	-2.8	32.8
Extra ordinary profit				
Gains from sales of fixed assets and impairment losses	-0.2	-0.0	-0.1	-0.2
Others	6.3	3.1	3.2	8.2
Income before income taxes	24.2	24.1	0.1	40.8
Income taxes - Current	0.6	-0.0	0.6	0.0
Income taxes - Deferred	-1.9	-0.0	-1.9	2.5
Net income	22.9	24.1	-1.1	43.4

1. Includes income from monetary assets held in trust of ¥1.1 billion in 1HFY2017, ¥0.6 billion in 1HFY2016 and ¥4.4 billion in FY2016.

2. Provision of reserve for loan losses was ¥1.0 billion in 1HFY2017 and ¥2.3 billion in FY2016.

Reversals of reserve for loan losses was ¥0.2 billion in 1HFY2016.

The difference between nonconsolidated and consolidated basis net income arises from 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 affiliated companies including 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 totaled ¥53.8 billion in the first half of fiscal year 2017, a ¥4.4 billion decrease from the first half of fiscal year 2016. Of this amount, net interest income totaled ¥51.5 billion, a ¥3.7 billion increase from the first half of fiscal year 2016. This resulted from increase in dividend income received from subsidiaries and interest income of the Consumer Finance Business. It should be noted that dividend income received from subsidiaries totaled ¥6.2 billion (¥6.1 billion from Showa Leasing and ¥0.1 billion from Shinsei Business Services), a ¥2.3 billion increase from the dividend income received in the first half of fiscal year 2016. Noninterest income totaled ¥2.3 billion, a ¥8.1 billion decrease from the first half of fiscal year 2016. This resulted from decrease in income from the sale of asset management products in the Retail Banking Business as well as decrease in gains on sales of bonds in ALM operations.

General and administrative expenses totaled ¥39.9 billion, a ¥1.2 billion increase from the first half of fiscal year 2016. This was due mainly to transferring a part of expenses of group companies to the Bank as a result of integrating administrative functions in group companies through the establishment of "Group Headquarters" within the Bank.

As a result, nonconsolidated net business profit totaled ¥13.9 billion, a ¥5.6 billion decrease from the first half of the fiscal year 2016.

While net gains on sales of equity securities was ¥4.0 billion due to gains on sales of equity securities in the Institutional Business, net credit costs totaled ¥ 0.8 billion due to the increase of provision of reserve for loan loss for new loans of structured finance transactions in the Institutional Business. Net income in the first half of fiscal year 2017 totaled ¥22.9 billion, a ¥1.1 billion decrease from the first half of fiscal year 2016, due to the extra ordinary profit from gains on the sales of equities of subsidiaries and affiliates.

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

(Billions of yen, except percentages)

	1H FY2017 (6 months)			1H FY2016 (6 months)			FY2016 (12 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	4,533.7	46.0	2.02	4,295.7	41.6	1.93	4,379.0	85.3	1.94
Securities	1,428.7	12.3	1.72	1,543.3	11.0	1.43	1,483.1	16.3	1.10
Other interest-earning assets <sup>2,3</sup>	191.2	1.0	***	256.1	1.1	***	230.9	2.1	***
<b>Total interest-earning assets</b>	<b>6,153.7</b>	<b>59.4</b>	<b>1.92</b>	<b>6,095.1</b>	<b>53.9</b>	<b>1.76</b>	<b>6,093.0</b>	<b>103.8</b>	<b>1.70</b>
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	5,985.7	4.3	0.14	5,880.3	3.7	0.12	5,909.1	7.8	0.13
Borrowed money	311.7	0.2	0.17	355.5	0.3	0.22	347.5	0.6	0.18
Subordinated debt	12.4	0.1	2.36	26.9	0.3	2.79	19.6	0.5	2.65
Other borrowed money	299.3	0.1	0.08	328.6	0.0	0.01	327.8	0.1	0.04
Corporate bonds	55.1	0.4	1.58	53.5	0.5	2.22	54.8	1.0	1.87
Subordinated bonds	31.4	0.4	2.54	37.3	0.5	3.03	34.3	0.9	2.79
Other corporate bonds	23.7	0.0	0.30	16.2	0.0	0.36	20.4	0.0	0.32
Other interest-bearing liabilities <sup>2</sup>	543.7	2.9	***	465.2	1.5	***	453.9	3.5	***
<b>Total interest-bearing liabilities</b>	<b>6,896.4</b>	<b>8.0</b>	<b>0.23</b>	<b>6,754.6</b>	<b>6.2</b>	<b>0.18</b>	<b>6,765.4</b>	<b>13.0</b>	<b>0.19</b>
<b>Net interest income/yield on interest-earning assets</b>	<b>6,153.7</b>	<b>51.4</b>	<b>1.66</b>	<b>6,095.1</b>	<b>47.6</b>	<b>1.55</b>	<b>6,093.0</b>	<b>90.7</b>	<b>1.48</b>

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 FY2017 (6 months)	1H FY2016 (6 months)	Change	FY2016 (12 months)
Yield on interest earning assets (A)	1.92	1.76	0.16	1.70
Total cost of funding (B)	1.38	1.33	0.05	1.34
Cost of interest bearing liabilities (C)	0.23	0.18	0.05	0.19
Overall interest margin (A) – (B)	0.54	0.43	0.11	0.36
Net interest margin (A) – (C)	1.69	1.58	0.11	1.51

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

(Domestic)<sup>1</sup> (Percentages)

	1H FY2017 (6 months)	1H FY2016 (6 months)	Change	FY2016 (12 months)
Yield on interest earning assets (A)	1.77	1.70	0.07	1.61
Interest earned on loans and bills discounted	2.00	1.95	0.05	1.95
Interest earned on securities	1.68	1.48	0.20	1.01
Total cost of funding (B) <sup>2</sup>	1.31	1.31	0.00	1.31
Cost of interest bearing liabilities (C)	0.11	0.10	0.01	0.10
Interest paid on deposits <sup>3</sup>	0.09	0.07	0.02	0.08
Overall interest margin (A) – (B)	0.46	0.39	0.07	0.30
Net interest margin (A) – (C)	1.66	1.60	0.06	1.51

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 FY2017 (6 months)	1H FY2016 (6 months)	Change	FY2016 (12 months)
Gains (losses) on bonds	1.4	7.6	-6.2	10.2
Gains on sales	1.8	8.6	-6.7	14.5
Gains on redemption	-	1.1	-1.1	1.1
Losses on sales	-0.4	-2.0	1.6	-5.4
Losses on redemption	-	-	-	-
Losses on devaluation	-	-	-	-
Gains (losses) on stocks	4.0	1.7	2.2	2.7
Gains on sales	4.1	2.1	1.9	3.8
Losses on sales	-0.1	-0.4	0.3	-1.0
Losses on devaluation	-0.0	-	-0.0	-

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

(Billions of yen)

	1H FY2017 (6 months)	1H FY2016 (6 months)	Change (Amount)	FY2016 (12 months)
Losses on write-off of loans/Losses on sale of loans	-0.0	-0.7	0.6	-1.8
Net provision of reserve for loan losses	-1.0	0.2	-1.3	-2.3
Net provision of general reserve for loan losses	-1.1	0.0	-1.2	-1.8
Net provision of specific reserve for loan losses	0.1	0.1	-0.0	-0.5
Net Provision of Reserve for Loan Losses to Restructuring Countries	0.0	0.0	-0.0	0.0
Recoveries of written-off claims	0.3	0.1	0.1	0.2
Net credit costs	-0.8	-0.3	-0.5	-3.9

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 2017	Mar 31 2017	Change (Amount)
Domestic (excluding Japan offshore market accounts):			
Manufacturing	193.6	194.0	-0.3
Agriculture and forestry	-	-	-
Fishery	-	0.0	-0.0
Mining, quarrying and gravel extraction	0.6	0.3	0.3
Construction	5.6	6.9	-1.2
Electric power, gas, heat supply and water supply	219.6	228.9	-9.2
Information and communications	46.7	42.4	4.2
Transportation and postal service	172.5	166.5	6.0
Wholesale and retail	105.3	112.4	-7.1
Finance and insurance	643.1	676.1	-33.0
Real estate	579.5	550.5	28.9
Services	385.5	385.3	0.1
Local government	68.9	76.7	-7.8
Individuals	1,588.9	1,596.5	-7.5
Overseas yen loans and overseas loans booked domestically	423.0	395.8	27.1
Total domestic	4,433.4	4,433.0	0.4
Overseas (including Japan offshore market accounts):			
Governments	0.4	0.5	-0.0
Financial institutions	19.1	7.3	11.7
Others	103.9	95.4	8.5
Total overseas	123.6	103.3	20.2
Total	4,557.0	4,536.4	20.6

Claims Classified under the Financial Revitalization Law(Nonconsolidated)

	<i>(Billions of yen)</i>		
	Sep 30 2017	Mar 31 2017	Change (Amount)
Claims against bankrupt and quasi-bankrupt obligors	2.6	3.0	-0.3
Doubtful claims	3.4	3.6	-0.1
Substandard claims	2.9	3.8	-0.9
<b>Total (A)</b>	<b>8.9</b>	<b>10.4</b>	<b>-1.4</b>
Coverage ratio	69.1%	74.2%	/
<b>Total claims (B)</b>	<b>4,642.6</b>	<b>4,717.2</b>	<b>-74.5</b>
Loans and bills discounted	4,557.0	4,536.4	20.6
Others	85.5	180.7	-95.2
Ratio to total claims (A/B X 100)	0.19%	0.22%	/
(Ref. 1) Amount of write-off	19.0	33.9	-14.9
(Ref. 2) Below need caution level	47.1	63.4	-16.2

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

	Sep 30, 2017					Mar 31, 2017				
	Amounts of coverage					Amounts of coverage				
	Amounts of claims (a)	Total (b)	Reserve for loan losses	Collateral and guarantees	Coverage ratio (b)/(a)	Amounts of claims (a)	Total (b)	Reserve for loan losses	Collateral and guarantees	Coverage ratio (b)/(a)
Claims against bankrupt and quasi-bankrupt	2.6	2.6	0.4	2.2	100.0%	3.0	3.0	0.2	2.7	100.0%
Doubtful claims	3.4	1.7	1.6	0.1	48.4%	3.6	2.1	2.1	0.0	58.2%
Substandard claims	2.9	1.9	0.7	1.2	66.1%	3.8	2.7	1.1	1.6	69.4%
<b>Total</b>	<b>8.9</b>	<b>6.2</b>	<b>2.7</b>	<b>3.4</b>	<b>69.1%</b>	<b>10.4</b>	<b>7.7</b>	<b>3.4</b>	<b>4.4</b>	<b>74.2%</b>

## Housing Loans (Nonconsolidated)

	<i>(Billions of yen)</i>		
	<b>Sep 30 2017</b>	Mar 31 2017	Change (Amount)
Housing loans	<b>1,308.8</b>	1,340.5	-31.7

## Securities Being Held to Maturity (Nonconsolidated)

	<i>(Billions of yen)</i>					
	<b>Sep 30, 2017</b>			Mar 31, 2017		
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Unrealized gain (loss)</b>	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount						
Japanese government bonds	<b>492.4</b>	<b>496.3</b>	<b>3.9</b>	493.5	499.1	5.5
Other	<b>1.4</b>	<b>1.4</b>	<b>0.0</b>	2.7	2.8	0.1
<b>Subtotal</b>	<b>493.8</b>	<b>497.8</b>	<b>4.0</b>	496.2	502.0	5.7
Fair value does not exceed carrying amount						
Japanese government bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	-	-
<b>Total</b>	<b>493.8</b>	<b>497.8</b>	<b>4.0</b>	496.2	502.0	5.7

Securities Available for Sale (Nonconsolidated)

(Billions of yen)

	Sep 30, 2017			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	15.5	6.4	9.0	20.7	9.2	11.4
Domestic bonds	51.2	50.9	0.3	31.8	31.5	0.3
Japanese national government bonds	2.0	2.0	0.0	-	-	-
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	49.2	48.9	0.3	31.8	31.5	0.3
Other	145.4	142.7	2.6	141.7	139.0	2.7
Foreign securities	132.8	131.5	1.3	131.2	129.7	1.4
Foreign currency denominated foreign corporate and government bonds	77.1	76.2	0.8	85.2	84.2	0.9
Yen-denominated foreign corporate and government bonds	48.4	48.1	0.3	46.0	45.4	0.5
Foreign equity securities and others	7.1	7.1	0.0	0.0	0.0	0.0
Other securities	10.5	9.2	1.2	6.6	5.5	1.0
Other monetary claims purchased	2.0	1.9	0.0	3.8	3.7	0.1
Subtotal	212.2	200.1	12.1	194.3	179.8	14.5
Carrying amount does not exceed amortized/acquisition cost						
Equity securities	0.4	0.6	-0.1	0.4	0.7	-0.2
Domestic bonds	133.7	136.0	-2.2	85.9	87.0	-1.0
Japanese national government bonds	36.8	37.0	-0.1	-	-	-
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	96.9	98.9	-2.0	85.9	87.0	-1.0
Other	194.9	197.4	-2.5	137.6	139.9	-2.3
Foreign securities	191.9	194.3	-2.3	135.5	137.9	-2.3
Foreign currency denominated foreign corporate and government bonds	140.3	142.5	-2.1	83.4	85.0	-1.6
Yen-denominated foreign corporate and government bonds	51.6	51.8	-0.1	50.9	51.6	-0.6
Foreign equity securities and others	0.0	0.0	-	1.1	1.2	-0.0
Other securities	2.3	2.5	-0.1	0.7	0.8	-0.0
Other monetary claims purchased	0.5	0.5	-0.0	1.2	1.2	-0.0
Subtotal	329.1	334.0	-4.9	224.1	227.7	-3.5
Total <sup>1, 2</sup>	541.3	534.1	7.1	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)

	Sep 30, 2017	Mar 31, 2017
Unrealized gain (loss) before deferred tax on:		
Available-for-sale securities	7.1	10.9
Interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined	1.3	1.5
Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions	-0.0	-0.1
Other monetary assets held in trust	-0.7	-0.6
(-) Deferred tax liabilities	1.6	2.2
Unrealized gain (loss) on available-for-sale securities	6.0	9.4

Capital Adequacy Related Information (Nonconsolidated)  
 <Basel 3, Domestic Standard<sup>1</sup>>

	<i>(Billions of yen, except percentages)</i>		
	<b>Sep 30</b>	Mar 31	Change
	<b>2017</b>	2017	(Amount)
Core capital: instruments and reserves	<b>877.9</b>	855.6	22.2
Core capital: regulatory adjustments	<b>-33.7</b>	-27.1	-6.5
Capital	<b>844.1</b>	828.4	15.7
Total amount of Risk-weighted assets	<b>5,600.1</b>	5,630.0	-29.8
Core capital adequacy ratio	<b>15.07%</b>	14.71%	

1. Calculated according to F-IRB.

Nonconsolidated total required capital is ¥481.7 billion as at Sep 30, 2017 and ¥477.5 billion as at March 31, 2017.



## Interim Nonconsolidated Balance Sheets

(Millions of yen)

	Sep 30 2017	Mar 31 2017	Change (Amount)
<b>&lt;&lt;Assets&gt;&gt;</b>			
Cash and due from banks	1,408,288	1,313,376	94,912
Call loans	—	4,472	(4,472)
Other monetary claims purchased	128,496	133,245	(4,748)
Trading assets	218,449	227,608	(9,159)
Monetary assets held in trust	114,296	118,872	(4,576)
Securities	1,486,426	1,369,326	117,100
Loans and bills discounted	4,557,090	4,536,434	20,655
Foreign exchanges	31,773	19,617	12,156
Other assets	199,593	270,648	(71,055)
Other	199,593	270,648	(71,055)
Premises and equipment	15,945	16,550	(604)
Intangible assets	20,408	17,414	2,994
Prepaid pension cost	5,045	3,887	1,157
Deferred issuance expenses for debentures	0	0	(0)
Deferred tax assets	660	1,134	(474)
Customers' liabilities for acceptances and guarantees	25,747	48,526	(22,778)
Reserve for credit losses	(26,130)	(29,335)	3,204
<b>Total assets</b>	<b>8,186,093</b>	<b>8,051,781</b>	<b>134,311</b>
<b>&lt;&lt;Liabilities&gt;&gt;</b>			
Deposits	5,714,734	5,618,935	95,799
Negotiable certificates of deposit	418,325	373,673	44,651
Debentures	3,738	6,561	(2,823)
Call money	80,900	53,600	27,300
Payables under repurchase agreements	35,394	36,467	(1,073)
Payables under securities lending transactions	388,392	337,952	50,439
Trading liabilities	197,505	210,031	(12,526)
Borrowed money	286,961	336,519	(49,558)
Foreign exchanges	67	102	(34)
Corporate bonds	51,600	57,600	(6,000)
Other liabilities	153,649	155,454	(1,804)
Income taxes payable	882	1,580	(697)
Lease obligations	28	—	28
Asset retirement obligations	7,536	7,492	44
Other	145,202	146,382	(1,179)
Accrued employees' bonuses	2,462	4,674	(2,211)
Reserve for reimbursement of debentures	3,625	3,737	(111)
Acceptances and guarantees	25,747	48,526	(22,778)
<b>Total liabilities</b>	<b>7,363,106</b>	<b>7,243,837</b>	<b>119,269</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	322,090	301,729	20,361
Legal reserve	14,738	14,220	517
Other retained earnings	307,352	287,508	19,843
Unappropriated retained earnings	307,352	287,508	19,843
Treasury stock, at cost	(79,539)	(79,539)	(0)
<b>Total shareholders' equity</b>	<b>834,221</b>	<b>813,860</b>	<b>20,361</b>
Net unrealized gain (loss) and translation adjustments			
Unrealized gain (loss) on available-for-sale securities	6,071	9,444	(3,373)
Deferred gain (loss) on derivatives under hedge accounting	(17,576)	(15,894)	(1,681)
<b>Total net unrealized gain (loss) and translation adjustments</b>	<b>(11,505)</b>	<b>(6,450)</b>	<b>(5,054)</b>
Stock acquisition rights	270	534	(264)
<b>Total equity</b>	<b>822,986</b>	<b>807,944</b>	<b>15,042</b>
<b>Total liabilities and equity</b>	<b>8,186,093</b>	<b>8,051,781</b>	<b>134,311</b>

## Interim Nonconsolidated Statements of Income

(Millions of yen)

	1H FY2017 (6 months)	1H FY2016 (6 months)	Change (Amount)	FY2016 (12 months)
Ordinary income	<b>83,635</b>	85,612	<b>(1,976)</b>	165,977
Interest income	<b>59,481</b>	53,912	<b>5,568</b>	103,802
Interest on loans and bills discounted	<b>46,087</b>	41,696	<b>4,391</b>	85,332
Interest and dividends on securities	<b>12,361</b>	11,068	<b>1,293</b>	16,352
Other interest income	<b>1,032</b>	1,148	<b>(115)</b>	2,118
Fees and commissions income	<b>7,961</b>	9,795	<b>(1,833)</b>	18,944
Trading income	<b>1,650</b>	3,744	<b>(2,094)</b>	4,103
Other business income	<b>6,868</b>	12,623	<b>(5,754)</b>	26,052
Other ordinary income	<b>7,672</b>	5,535	<b>2,136</b>	13,074
Ordinary expenses	<b>65,485</b>	64,601	<b>883</b>	133,119
Interest expenses	<b>8,041</b>	6,294	<b>1,747</b>	13,020
Interest on deposits	<b>4,315</b>	3,688	<b>626</b>	7,765
Interest on corporate bonds	<b>437</b>	597	<b>(160)</b>	1,028
Other interest expenses	<b>3,289</b>	2,008	<b>1,281</b>	4,226
Fees and commissions expenses	<b>14,486</b>	12,889	<b>1,597</b>	26,417
Trading losses	<b>—</b>	16	<b>(16)</b>	33
Other business expenses	<b>777</b>	3,335	<b>(2,557)</b>	6,945
General and administrative expenses	<b>40,233</b>	40,226	<b>7</b>	79,036
Other ordinary expenses	<b>1,945</b>	1,839	<b>106</b>	7,667
Ordinary profit	<b>18,149</b>	21,010	<b>(2,860)</b>	32,858
Extraordinary gains	<b>6,558</b>	3,864	<b>2,694</b>	9,300
Extraordinary losses	<b>417</b>	750	<b>(332)</b>	1,313
Income before income taxes	<b>24,291</b>	24,125	<b>166</b>	40,845
Income taxes (benefit)				
Income taxes (benefit) - current	<b>(639)</b>	7	<b>(646)</b>	(1)
Income taxes (benefit) - deferred	<b>1,980</b>	1	<b>1,979</b>	(2,578)
Total income taxes (benefit)	<b>1,341</b>	9	<b>1,332</b>	(2,579)
Net income	<b>22,949</b>	24,115	<b>(1,166)</b>	43,425

**COMPOSITION OF CAPITAL DISCLOSURE (NONCONSOLIDATED)**

Shinsei Bank

As of September 30, 2017

Millions of yen (except percentages)

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 with a compulsory conversion clause plus related capital surplus and retained earnings	¥ 834,221	
of which: capital and capital surplus	591,670	
of which: retained earnings	322,090	
of which: treasury stock (-)	79,539	
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	270	
Total of reserves included in Core capital: instruments and reserves	18	
of which: general reserve for loan losses included in Core capital	18	
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)	43,400	
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 r	-	
<b>Core capital: instruments and reserves (A)</b>	¥ 877,909	
<b>Core capital: regulatory adjustments (2)</b>		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 9,101	¥ 5,302
of which: goodwill (including those equivalent)	952	-
of which: other intangibles other than goodwill and mortgage servicing rights	8,149	5,302
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,797	1,198
Shortfall of eligible provisions to expected losses	15,410	-
Gain on sale of securitization	5,370	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Prepaid pension cost	2,093	1,395
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 p	-	-
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 p	-	-
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>	¥ 33,774	
<b>Capital (nonconsolidated)</b>		
Capital (nonconsolidated)((A)-(B))(C)	¥ 844,135	
<b>Risk-weighted assets, etc.</b>		
Total amount of credit risk-weighted assets	¥ 5,277,264	
of which: total amount included in risk-weighted assets by transitional arrangements	4,868	
of which: intangible assets (excluding those relating to goodwill and mortgage servicing rights)	5,302	
of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,198	
of which: prepaid pension cost	1,395	
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(3,029)	
of which: other than above	1	
Market risk (derived by multiplying the capital requirement by 12.5)	132,120	
Operational risk (derived by multiplying the capital requirement by 12.5)	190,788	
Credit risk-weighted assets adjustments	-	
Operational risk adjustments	-	
<b>Total amount of Risk-weighted assets (D)</b>	¥ 5,600,173	
<b>Capital ratio (nonconsolidated)</b>		
Capital ratio (nonconsolidated)((C)/(D))	15.07%	

## (Reference) Operating Results (Nonconsolidated)

(Millions of yen)

	1H FY2017 (6 months) (A)	1H FY2016 (6 months) (B)	Change (A)-(B)
Gross Business Profit	53,883	58,290	(4,407)
(excluding Gains on Monetary Assets Held in Trust)	52,725	57,645	(4,920)
Net Interest Income	51,508	47,723	3,785
Net Fees and Commissions	(5,357)	(2,438)	(2,918)
Gains on Monetary Assets Held in Trust	1,157	644	513
Net Trading Income	1,650	3,727	(2,077)
Net Other Business Income	6,082	9,278	(3,196)
Gains related to Bonds	1,465	7,677	(6,212)
General and Administrative Expenses	39,930	38,723	1,207
Personnel Expenses	13,933	13,674	258
Nonpersonnel Expenses	23,339	22,190	1,148
Amortization of Goodwill	83	82	0
Taxes	2,658	2,858	(199)
Net Operating Profit before Provision of General Reserve for Loan Losses	12,794	18,922	(6,127)
Provision of General Reserve for Loan Losses (1)	1,167	-	1,167
Net Operating Profit	11,627	18,922	(7,295)
Net Business Profit	13,952	19,567	(5,614)
Non-Recurring Gains	5,433	1,547	3,885
Gains related to Stocks	4,014	1,727	2,286
Credit Costs (2)	(342)	308	(651)
Losses on Write-Off of Loans	68	741	(672)
Provision of Specific Reserve for Loan Losses	(107)	-	(107)
Provision of Loans to Restructuring Countries	(0)	-	(0)
Recoveries of Written-off Claims	(303)	(138)	(164)
Reversal of Reserve for Loan Losses	-	(293)	293
Losses on Sale of Loans	-	-	-
Other	1,076	128	947
Ordinary Profit	18,149	21,010	(2,860)
Extraordinary Gains	6,141	3,114	3,026
Gains from Sales of Fixed Assets and Impairment losses	(234)	(58)	(176)
Income before Income Taxes	24,291	24,125	166
Income Taxes - Current	(639)	7	(646)
Income Taxes - Deferred	1,980	1	1,979
Net Income	22,949	24,115	(1,166)

## (Reference)

Net Credit Costs (1) + (2)	824	308	516
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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]	1H FY2017 (6 months)			1H FY2016 (6 months)			FY2016 (12 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>6,153,794</b>	<b>59,481</b>	<b>1.92</b>	6,095,172	53,912	1.76	6,093,078	103,802	1.70
Loans and bills discounted	<b>4,533,782</b>	<b>46,087</b>	<b>2.02</b>	4,295,727	41,696	1.93	4,379,006	85,332	1.94
Securities	<b>1,428,714</b>	<b>12,361</b>	<b>1.72</b>	1,543,330	11,068	1.43	1,483,103	16,352	1.10
Interest-bearing liabilities:	<b>6,896,442</b>	<b>8,041</b>	<b>0.23</b>	6,754,676	6,294	0.18	6,765,453	13,020	0.19
Deposits, including negotiable certificates of deposit	<b>5,985,750</b>	<b>4,326</b>	<b>0.14</b>	5,880,309	3,723	0.12	5,909,138	7,818	0.13
Borrowed money	<b>311,792</b>	<b>281</b>	<b>0.17</b>	355,568	398	0.22	347,515	654	0.18
Subordinated debt	<b>12,400</b>	<b>147</b>	<b>2.36</b>	26,930	377	2.79	19,684	522	2.65
Corporate bonds	<b>55,140</b>	<b>437</b>	<b>1.58</b>	53,541	597	2.22	54,852	1,028	1.87
Subordinated bonds	<b>31,400</b>	<b>401</b>	<b>2.54</b>	37,341	568	3.03	34,378	962	2.79
Net interest income/yield on interest-earning assets	<b>6,153,794</b>	<b>51,439</b>	<b>1.66</b>	6,095,172	47,618	1.55	6,093,078	90,781	1.48

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

## [Domestic]

Interest-earning assets:	5,592,262	49,773	1.77	5,551,330	47,318	1.70	5,539,086	89,364	1.61
Loans and bills discounted	3,918,838	39,478	2.00	3,794,892	37,226	1.95	3,848,539	75,378	1.95
Securities	1,066,703	9,020	1.68	1,179,281	8,784	1.48	1,134,238	11,511	1.01
Interest-bearing liabilities:	6,313,472	3,488	0.11	6,184,037	3,310	0.10	6,197,396	6,532	0.10
Deposits, including negotiable certificates of deposit	5,539,314	2,572	0.09	5,462,984	2,170	0.07	5,475,254	4,549	0.08
Borrowed money	293,641	155	0.10	343,075	346	0.20	332,747	492	0.14
Subordinated debt	12,400	147	2.36	26,930	377	2.79	19,684	522	2.65
Corporate bonds	54,940	437	1.58	47,400	429	1.80	51,673	859	1.66
Subordinated bonds	31,400	401	2.54	31,400	400	2.54	31,400	793	2.52
Net interest income/yield on interest-earning assets	5,592,262	46,285	1.65	5,551,330	44,008	1.58	5,539,086	82,831	1.49

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

## Earnings Forecasts<sup>1</sup>

(Billions of yen)

(Consolidated)	<b>FY2017 Forecast</b>	FY2016 Actual
Profit attributable to owners of the parent	<b>51.0</b>	50.7

(Nonconsolidated)	<b>FY 2017 Forecast</b>	FY2016 Actual
Net business profit	<b>31.0</b>	33.5
Net income	<b>36.0</b>	43.4
Dividends (per share in yen) <sup>2</sup> : Common stock	<b>10.00</b>	1.00

1. 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.

2. 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.

English translation of Japanese original prepared using the format required by Bank of Japan Press Club

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

	Sep 30, 2015	Mar 31, 2016	Sep 30, 2016	Mar 31, 2017	Sep 30, 2017
Nonconsolidated	0.83	0.79	0.78	0.22	0.19
Consolidated	2.28	2.16	2.13	1.57	1.49

2. Equity holdings (domestic) (Nonconsolidated)

(1) Equity held

(Billions of yen)

	Book value		Net unrealized gain (loss)
		Subsidiaries' shares	
Sep.30, 2016	381.0	362.2	6.7
Mar.31, 2017	387.7	364.0	11.2
Sep.30, 2017	380.0	361.1	8.9

(2) Impairment

(Billions of yen)

	Equity related profits and losses (net of three accounts)	
		Impairment amount
1HFY2016	1.7	-
FY2016	2.7	-
1HFY2017	4.0	0.0

1. Other extraordinary losses for 1HFY2016 contains ¥0.6 billion in mark-down of subsidiaries' equity.

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

3. Other extraordinary losses for 1HFY2017 contains ¥0.1 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	¥	9,000
TOPIX	approximately		700

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, 2016	2,853.9	1.49	67.37
Mar 31, 2017	2,985.8	4.62	67.35
Sep 30, 2017	3,013.1	0.91	67.96

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	
1HFY2016	1.3	0.3	50.1
FY2016	2.7	0.6	110.4
1HFY2017	1.3	0.2	43.5

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	
1HFY2016	1.5	1.5	21.9
FY2016	2.2	2.2	33.3
1HFY2017	0.4	0.4	9.2

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

Shinsei Bank consolidated tax group has, due to losses recognized on securities, 275.0 billion yen of tax loss carryforwards and the unrealized temporary differences of 380.0 billion yen as of September 30, 2017.

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 59.3 billion yen.

2. Net deferred tax liabilities (As of September 30, 2017)

Deferred tax assets corresponding to "total taxable income before adjustment"	21.2 billion yen <sup>(*)</sup>
Deferred tax liabilities	6.6 billion yen
<b>Net deferred tax assets on balance sheet</b>	<b>14.6 billion yen</b>

(*)Breakdown	{	Tax loss carryforwards	99.6 billion yen
		Reserve for credit losses	48.7 billion yen
		Reserve for losses on interest repayment	27.8 billion yen
		Securities	17.8 billion yen
		Net deferred loss on hedge	6.2 billion yen
		Other	23.3 billion yen
		<b>Sub total</b>	<b>223.6 billion yen</b>
		Valuation allowance	<u>Δ 202.4 billion yen</u>
<b>Total</b>	<b>21.2 billion yen</b>		



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

Shinsei Bank has, due to losses recognized on securities, 247.0 billion yen of tax loss carryforwards and the unrealized temporary differences of 180.0 billion yen as of September 30, 2017.

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 18.7 billion yen.

2. Net deferred tax liabilities (As of September 30, 2017)

Deferred tax assets corresponding to "total taxable income before adjustment"	5.8 billion yen <sup>(*)</sup>
Deferred tax liabilities	5.1 billion yen
Net deferred tax assets on balance sheet	0.6 billion yen

(*)Breakdown	{	Tax loss carryforwards	77.3 billion yen
		Securities	17.8 billion yen
		Reserve for credit losses	13.9 billion yen
		Net deferred loss on hedge	6.2 billion yen
		Other	17.4 billion yen
		Sub total	132.8 billion yen
		Valuation allowance	△ 127.0 billion yen
Total	5.8 billion yen		