

Financial Summary

For the Third Quarter Ended December 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 Highlights¹

(Billions of yen, except percentages)

Results of operations (Consolidated) [Page 3]	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change (Amount)	FY2017 (12 months)
Net interest income	100.1	96.7	3.3	128.7
Noninterest income	72.7	78.1	-5.4	103.2
Total revenue	172.8	174.9	-2.0	232.0
General and administrative expenses	-106.6	-107.1	0.5	-142.5
Net credit costs	-21.1	-29.9	8.8	-37.2
Income before income taxes	44.9	39.5	5.4	55.4
Profit attributable to owners of the parent	41.5	35.6	5.9	51.4

(Billions of yen)

Balance sheets (Consolidated) [Page 17]	Dec 31 2018	Mar 31 2018	Change (Amount)
Cash and due from banks	1,360.5	1,465.6	-105.1
Securities	1,118.6	1,123.5	-4.8
Loans and bills discounted	4,943.4	4,895.9	47.4
Total assets	9,532.4	9,456.6	75.7
Deposits and negotiable certificates of deposit	6,047.0	6,067.0	-20.0
Total liabilities	8,647.1	8,600.6	46.4
Total equity	885.3	856.0	29.3

Financial ratios (Consolidated) [Page 4, 16, 25]	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	FY2017 (12 months)
Net interest margin	2.45%	2.41%	2.42%
Expense-to-revenue ratio	61.7%	61.2%	61.5%

	Dec 31 2018	Mar 31 2018
Capital adequacy ratio (Basel III, domestic standard)	12.41%	12.83%
NPL ratio based on Financial Revitalization Law (nonconsolidated)	0.16%	0.17%

(Billions of yen)

Results of operations (Nonconsolidated) [Page 21]	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change (Amount)	FY2017 (12 months)
Net interest income	77.6	74.7	2.9	105.4
Noninterest income	1.2	4.0	-2.7	5.3
Total revenue	78.9	78.8	0.1	110.8
General and administrative expenses	-52.3	-59.4	7.1	-79.0
Net credit costs	-0.8	-1.2	0.4	-1.2
Net income	23.1	28.2	-5.0	40.5

1. Represents results based on management accounting basis.

The Shinsei Bank Group recorded a consolidated net income of 41.5 billion yen in the third quarter of fiscal year 2018 (April 1, 2018 to December 31, 2018), increased 5.9 billion yen compared to the third quarter of fiscal year 2017.

Total revenue decreased due to the absence of gains on the sale of equities and decline of fee income related to derivative transactions compared to the same period of fiscal year 2017, while interest income increased in our growth areas, unsecured loan and structured finance. General and administrative expenses decreased thanks to the progress of productivity enhancement projects. Net credit costs decreased due to the sluggish loan balance trend in unsecured personal loan business and net credit recoveries were recorded resulting from calculation of general reserve for loan losses in accordance with portfolio growth in the Institutional Business. As a result, total consolidated net income increased compared to the same period of fiscal year 2017.

Results of operations

- Total revenue was 172.8 billion yen, decreased 2.0 billion yen compared to the third quarter of fiscal year 2017.
 - Net interest income totaled 100.1 billion yen, increased 3.3 billion yen from 96.7 billion yen thanks to the increase of interest income from growth business areas, unsecured loan and structured finance.
 - Noninterest income totaled 72.7 billion yen, decreased 5.4 billion yen from 78.1 billion yen. The decrease reflected the absence of gains on the sale of equities and the decrease in fee income related to derivative transactions, while noninterest income related to the sale of asset management products in Retail Banking Business and shopping credit business in APLUS Financial increased.
- General and administrative expenses totaled 106.6 billion yen, decreased 0.5 billion yen from the third quarter of fiscal year 2017, thanks to decrease in personnel and premises expenses resulting from progress of productivity enhancement project. Expense to revenue ratio resulted in 61.7%.
- Net credit costs of 21.1 billion yen (expense) were recorded, decreased 8.8 billion yen from the same period of fiscal year 2017. This was due to the sluggish loan balance trend in unsecured personal loan business and net credit recoveries were recorded resulting from calculation of general reserve for loan losses in accordance with portfolio growth including project finance business in the Institutional Business.
- Nonconsolidated net income totaled 23.1 billion yen, decreased 5.0 billion yen compared to the third quarter of fiscal year 2017 due to decrease in dividends from subsidiaries and absence of gains on the redemption of equities of subsidiaries and affiliates.

Balance sheets

- Total assets increased 75.7 billion yen from March 31, 2018, to 9,532.4 billion yen at December 31, 2018.
- Loans and bills discounted increased 47.4 billion yen from March 31, 2018, to 4,943.4 billion yen at December 31, 2018. The loan balance in the Structured Finance Business increased while the loan balance in the Corporate Business and housing loan decreased.
- Deposits and negotiable certificates of deposit decreased 20.0 billion yen from March 31, 2018, to 6,047.0 billion yen.

Financial ratios

- Net interest margin increased to 2.45% from 2.41% recorded in the third quarter of fiscal year 2017. This resulted from the increase in the yield on loans and bills discounted as the proportion of Consumer Finance Businesses increased.
- Basel III domestic standard (grandfathering basis) consolidated core capital adequacy ratio was 12.41% as of December 31, 2018, from 12.83% as of March 31, 2018. While risk assets increased due to increase in loan assets, capital decreased due to decrease of eligible capital instruments subject to transitional agreement attributed to redemption of subordinated term debts, etc. Basel III international standard (fully loaded basis) common equity Tier 1 capital ratio was 12.4% as of December 31, 2018, from 12.2% as of March 31, 2018. Capital ratios continue to be maintained at ample levels.
- Claims classified under the Financial Revitalization Law (nonconsolidated) was 8.3 billion yen. Nonperforming loan ratio was 0.16% remaining the low ratio.

Results of Operations (Consolidated) ¹

(Billions of yen)

	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change (Amount)	FY2017 (12 months)
Net interest income	100.1	96.7	3.3	128.7
Noninterest income	72.7	78.1	-5.4	103.2
Net fees and commissions	23.0	18.8	4.2	25.0
Net trading income	3.9	5.7	-1.8	8.5
Net other business income	45.7	53.5	-7.8	69.6
Income on lease transactions and installment receivables	27.8	27.9	-0.0	37.0
Total revenue	172.8	174.9	-2.0	232.0
General and administrative expenses	-106.6	-107.1	0.5	-142.5
Ordinary business profit	66.2	67.7	-1.5	89.4
Net credit costs	-21.1	-29.9	8.8	-37.2
Ordinary business profit after net credit costs	45.1	37.8	7.2	52.1
Amortization of goodwill and other intangible assets ²	-2.2	-3.1	0.8	-3.9
Other gains	2.1	4.8	-2.7	7.2
Income before income taxes	44.9	39.5	5.4	55.4
Current income tax	-2.3	-3.1	0.7	-1.2
Deferred income tax	-1.0	-0.6	-0.4	-2.5
Profit attributable to noncontrolling interests	0.0	-0.1	0.2	-0.1
Profit attributable to owners of the parent	41.5	35.6	5.9	51.4

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.

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)

	Q3 FY2018 (9 months)			Q3 FY2017 (9 months)			FY2017 (12 months)		
	Average Balance	Interest	Yield/rate ¹ (%)	Average Balance	Interest	Yield/rate ¹ (%)	Average Balance	Interest	Yield/rate ¹ (%)
Interest-earning assets ⁴ :									
Loans and bills discounted	4,912.8	104.7	2.83	4,910.5	101.0	2.73	4,903.7	134.8	2.75
Lease receivables and leased investment assets / installment receivables ⁴	745.6	27.8	4.95	746.0	27.9	4.97	746.6	37.0	4.96
Securities	1,162.4	9.7	1.11	1,111.6	9.1	1.09	1,109.1	11.7	1.06
Other interest-earning assets ^{2, 3}	189.7	1.5	***	169.1	1.4	***	162.1	1.9	***
Interest-earning assets totals (A) ⁴	7,010.6	143.8	2.72	6,937.4	139.4	2.67	6,921.7	185.5	2.68
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	6,053.1	6.3	0.14	5,962.4	6.7	0.15	5,965.9	9.0	0.15
Borrowed money	771.1	2.5	0.45	800.7	2.6	0.43	785.2	3.4	0.44
Subordinated debt	4.9	0.0	2.36	12.4	0.2	2.37	12.4	0.2	2.37
Other borrowed money	766.2	2.5	0.43	788.3	2.4	0.40	772.8	3.1	0.41
Corporate bonds	89.1	0.4	0.60	102.0	0.7	0.99	98.1	0.9	0.97
Subordinated bonds	17.0	0.2	1.88	29.8	0.5	2.49	28.6	0.6	2.43
Other corporate bonds	72.1	0.1	0.30	72.1	0.2	0.37	69.5	0.2	0.37
Other interest-bearing liabilities ²	875.2	6.5	***	742.4	4.6	***	741.7	6.2	***
Interest-bearing liabilities totals (B)	7,788.8	15.8	0.27	7,607.7	14.7	0.26	7,591.2	19.7	0.26
Net interest margin (A)-(B) ⁴	-	127.9	2.45	-	124.7	2.41	-	165.8	2.42
Noninterest-bearing sources of funds:									
Noninterest-bearing (assets) liabilities, net	-1,646.4	-	-	-1,506.0	-	-	-1,506.3	-	-
Total equity excluding noncontrolling interests in subsidiaries ⁵	868.3	-	-	835.7	-	-	836.8	-	-
Total noninterest-bearing sources of funds (C)	-778.1	-	-	-670.3	-	-	-699.3	-	-
Sum of total expense on interest-bearing liabilities and noninterest-bearing sources of funds (D)=(B)+(C)	7,010.6	15.8	0.30	6,937.4	14.7	0.28	6,921.7	19.7	0.29
Interest income / yield on interest earning assets (A)-(D) ⁴	-	127.9	2.42	-	124.7	2.39	-	165.8	2.40
Reconciliation of total revenue on interest-earning									
Total revenue on interest-earning assets	7,010.6	143.8	2.72	6,937.4	139.4	2.67	6,921.7	185.5	2.68
Less: Income on lease transactions and installment receivables	745.6	27.8	4.95	746.0	27.9	4.97	746.6	37.0	4.96
Total interest income	6,265.0	116.0	2.46	6,191.3	111.5	2.39	6,175.0	148.5	2.40
Total interest expense	-	15.8	-	-	14.7	-	-	19.7	-
Net interest income	-	100.1	-	-	96.7	-	-	128.7	-

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

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

3. Excludes average balance of noninterest-earning assets.

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

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

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

Noninterest Income (Consolidated)

(Billions of yen)

	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change (Amount)	FY2017 (12 months)
Institutional Business	26.2	31.3	-5.0	40.2
Corporate Business	4.3	7.2	-2.8	8.7
Structured Finance	5.5	5.6	-0.0	7.4
Principal Transactions	6.1	7.4	-1.2	7.8
Showa Leasing	10.1	10.9	-0.8	16.1
Global Markets Business	5.1	6.1	-1.0	9.2
Markets	3.7	4.4	-0.7	6.8
Others	1.4	1.7	-0.3	2.3
Individual Business	38.4	35.9	2.4	48.8
Retail Banking	1.9	0.6	1.3	1.0
Shinsei Financial ¹	0.0	-0.1	0.1	-0.1
APLUS FINANCIAL	35.1	33.9	1.1	45.0
Others	1.3	1.4	-0.0	2.7
Corporate/Other	2.8	4.6	-1.8	4.9
Noninterest income	72.7	78.1	-5.4	103.2

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 26.2 billion yen in the third quarter of fiscal year 2018, 5.0 billion yen decrease compared to the third quarter of fiscal year 2017. This was due to the absence of the gains on sales of equities in Corporate Business, Principal Transactions and Showa Leasing.

The Global Markets Business recorded noninterest income totaling 5.1 billion yen, 1.0 billion yen decrease from 6.1 billion yen recorded in the third quarter of fiscal year 2017. This was due to a decrease of income from derivative transactions in Markets.

The Individual Business recorded noninterest income totaling 38.4 billion yen, 2.4 billion yen increase from 35.9 billion in the third quarter of fiscal year 2017 thanks to increase of the sale of asset management products and the effect of the revision of the Shinsei Step Up Program, charging ATM fees on Standard-stage customers in Retail Banking Business and revenues increase in shopping credit and other major businesses of APLUS FINANCIAL.

The Corporate/Others recorded noninterest income totaling 2.8 billion yen, 1.8 billion yen decrease compared to the third quarter of fiscal year 2017.

General and Administrative Expenses (Consolidated)

(Billions of yen)

	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change (Amount)	FY2017 (12 months)
Personnel expenses	-41.4	-42.0	0.6	-55.8
Nonpersonnel expenses	-65.1	-65.0	-0.1	-86.7
Premises expenses	-14.6	-15.1	0.4	-20.0
Technology and data processing expenses	-17.0	-15.5	-1.5	-20.8
Advertising expenses	-8.1	-8.5	0.4	-11.0
Consumption, property taxes, etc.	-7.0	-6.8	-0.2	-9.3
Deposit insurance premium	-1.2	-1.3	0.0	-1.7
Other general and administrative expenses	-16.9	-17.6	0.6	-23.6
General and administrative expenses	-106.6	-107.1	0.5	-142.5

 Net Credit Costs (Consolidated) ¹

(Billions of yen)

	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change (Amount)	FY2017 (12 months)
Losses on write-off of loans/Losses on sale of loans	-0.3	-0.5	0.1	-0.5
Net provision of reserve for loan losses:	-25.5	-33.7	8.1	-43.0
Net provision of general reserve for loan losses	-14.0	-21.7	7.6	-28.0
Net provision of specific reserve for loan losses	-11.5	-11.9	0.4	-14.9
Net provision of reserve for loan losses to restructuring countries	-	0.0	-0.0	0.0
Other credit costs relating to leasing business	-0.1	-0.8	0.6	-0.6
Recoveries of written-off claims	5.0	5.1	-0.1	6.9
Net credit costs	-21.1	-29.9	8.8	-37.2

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)

	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change (Amount)	FY2017 (12 months)
Extraordinary income	-0.3	-0.8	0.5	-1.4
Net gain on disposal of premises and equipment	-0.0	-0.0	0.0	0.5
Other extraordinary income	-0.2	-0.7	0.5	-1.9
Provisions of reserve for losses on interest repayment	1.7	3.9	-2.1	6.0
Shinsei Financial	1.5	3.9	-2.3	11.8
Shinsei Personal Loan	0.1	-	0.1	-2.7
APLUS FINANCIAL	-	-	-	-3.0
Other	-	-	-	-
Other	0.6	1.7	-1.1	2.5
Other gains	2.1	4.8	-2.7	7.2

Business Line Results (Consolidated)

(Billions of yen)

	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change (Amount)	FY2017 (12 months)
<i>Institutional Business:</i>				
Net interest income	17.9	18.6	-0.6	24.4
Noninterest income	26.2	31.3	-5.0	40.2
Total revenue	44.2	49.9	-5.6	64.6
General and administrative expenses	-24.9	-24.1	-0.8	-32.4
Ordinary business profit	19.3	25.8	-6.5	32.2
Net credit costs	0.5	-3.7	4.3	-3.6
Ordinary business profit after net credit costs	19.9	22.0	-2.1	28.6
<i>Global Markets Business:</i>				
Net interest income	1.4	1.7	-0.2	2.1
Noninterest income	5.1	6.1	-1.0	9.2
Total revenue	6.5	7.9	-1.3	11.4
General and administrative expenses	-5.3	-5.3	-0.0	-7.0
Ordinary business profit	1.2	2.5	-1.3	4.3
Net credit costs	-0.0	-0.0	-0.0	-0.0
Ordinary business profit after net credit costs	1.1	2.5	-1.4	4.3
<i>Individual Business:</i>				
Net interest income	79.1	77.4	1.6	103.4
Noninterest income	38.4	35.9	2.4	48.8
Total revenue	117.5	113.4	4.1	152.3
General and administrative expenses	-75.4	-75.3	-0.0	-99.6
Ordinary business profit	42.0	38.0	4.0	52.6
Net credit costs	-21.6	-26.2	4.5	-33.6
Ordinary business profit after net credit costs	20.4	11.8	8.5	19.0
<i>Corporate/Other¹:</i>				
Net interest income	1.6	-1.0	2.6	-1.3
Noninterest income	2.8	4.6	-1.8	4.9
Total revenue	4.4	3.6	0.8	3.6
General and administrative expenses	-0.8	-2.2	1.4	-3.4
Ordinary business profit	3.6	1.3	2.2	0.2
Net credit costs	-0.0	0.0	-0.0	0.0
Ordinary business profit after net credit costs	3.6	1.3	2.2	0.2
<i>Total:</i>				
Net interest income	100.1	96.7	3.3	128.7
Noninterest income	72.7	78.1	-5.4	103.2
Total revenue	172.8	174.9	-2.0	232.0
General and administrative expenses	-106.6	-107.1	0.5	-142.5
Ordinary business profit	66.2	67.7	-1.5	89.4
Net credit costs	-21.1	-29.9	8.8	-37.2
Ordinary business profit after net credit costs	45.1	37.8	7.2	52.1

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

Due to revision of business segment, a part of income and loss is included in "Corporate Business" and "Retail Banking" from "Corporate Other".

Institutional Business	Focuses primarily on corporate, public and financial sector finance and advisory businesses.
Corporate Business	"Corporate Business" provides financial products and services, advisory services, health care finance and trust services to businesses and public corporations and financial institutions.
Structured Finance	"Structured Finance" provides real estate related nonrecourse and corporate finance, project finance, M&A related finance, and specialty finance.
Principal Transactions	"Principal Transactions" is engaged in the credit trading businesses, private equity, corporate revitalization support business, the provision of business succession and business switching and withdrawal support services and asset-backed investment.
Showa Leasing	"Showa Leasing" primarily provides leasing related financial products and services.
Global Markets Business:	Focuses primarily on financial markets business.
Markets	"Markets" is engaged in foreign exchange, derivatives, equity related and other capital markets transactions.
Others	"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.
Individual Business:	Focuses on retail financial products and services.
Retail Banking	"Retail Banking" provides financial transactions and services to retail customers such as yen/foreign currency, structured deposits services, investment trust, brokerage service (through a partner institution), life and nonlife insurance (through partner institutions) and housing loans.
Shinsei Financial	"Shinsei Financial" provides consumer finance products and services and guarantee services (Shinsei Financial, Shinsei Bank Lake, NOLOAN).
APLUS FINANCIAL	"APLUS FINANCIAL" provides installment sales credit, credit cards, guarantees, financing and settlement services.
Others	The "Others" consists of profit and loss attributable to unallocated consumer finance business and other subsidiaries.
Corporate/Other:	"Corporate/Other" includes company-wide accounts which are not included in our reportable segments, allocation variance of indirect expense and elimination amount of inter-segment transactions.
Treasury	The "Treasury" undertakes ALM related operations and includes gains and losses from equity and subordinated debt financing activities.

Institutional Business¹ (Consolidated)

(Billions of yen)

	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change (Amount)	FY2017 (12 months)
<i>Corporate Business:</i>				
Net interest income	7.5	7.5	0.0	10.0
Noninterest income	4.3	7.2	-2.8	8.7
Total revenue	11.9	14.7	-2.8	18.7
General and administrative expenses	-8.9	-8.9	0.0	-11.8
Ordinary business profit	3.0	5.8	-2.8	6.9
Net credit costs	-2.9	0.0	-2.9	-0.2
Ordinary business profit after net credit costs	0.1	5.9	-5.8	6.6
<i>Structured Finance:</i>				
Net interest income	7.6	7.0	0.5	9.5
Noninterest income	5.5	5.6	-0.0	7.4
Total revenue	13.1	12.7	0.4	17.0
General and administrative expenses	-5.8	-5.1	-0.6	-6.8
Ordinary business profit	7.3	7.5	-0.2	10.1
Net credit costs	2.9	-2.2	5.1	-1.7
Ordinary business profit after net credit costs	10.2	5.2	4.9	8.4
<i>Principal Transactions:</i>				
Net interest income	3.0	4.1	-1.0	5.0
Noninterest income	6.1	7.4	-1.2	7.8
Total revenue	9.2	11.5	-2.3	12.8
General and administrative expenses	-2.9	-3.6	0.6	-4.7
Ordinary business profit	6.2	7.9	-1.7	8.1
Net credit costs	0.0	1.2	-1.1	1.2
Ordinary business profit after net credit costs	6.2	9.1	-2.9	9.3
<i>Showa Leasing:</i>				
Net interest income	-0.2	-0.0	-0.1	-0.1
Noninterest income	10.1	10.9	-0.8	16.1
Total revenue	9.9	10.8	-0.9	15.9
General and administrative expenses	-7.1	-6.4	-0.7	-8.9
Ordinary business profit	2.7	4.4	-1.6	7.0
Net credit costs	0.5	-2.6	3.2	-2.7
Ordinary business profit after net credit costs	3.3	1.7	1.5	4.2
<i>Institutional Business:</i>				
Net interest income	17.9	18.6	-0.6	24.4
Noninterest income	26.2	31.3	-5.0	40.2
Total revenue	44.2	49.9	-5.6	64.6
General and administrative expenses	-24.9	-24.1	-0.8	-32.4
Ordinary business profit	19.3	25.8	-6.5	32.2
Net credit costs	0.5	-3.7	4.3	-3.6
Ordinary business profit after net credit costs	19.9	22.0	-2.1	28.6

1.Net of consolidation adjustments, if applicable.

Global Markets Business¹ (Consolidated)

(Billions of yen)

	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change (Amount)	FY2017 (12 months)
<i>Markets:</i>				
Net interest income	1.1	1.3	-0.2	1.6
Noninterest income	3.7	4.4	-0.7	6.8
Total revenue	4.8	5.7	-0.9	8.5
General and administrative expenses	-2.8	-2.8	0.0	-3.7
Ordinary business profit	1.9	2.9	-0.9	4.8
Net credit costs	-0.0	0.0	-0.0	0.0
Ordinary business profit after net credit costs	1.9	2.9	-0.9	4.8
<i>Others:</i>				
Net interest income	0.3	0.3	-0.0	0.5
Noninterest income	1.4	1.7	-0.3	2.3
Total revenue	1.7	2.1	-0.3	2.8
General and administrative expenses	-2.5	-2.4	-0.0	-3.3
Ordinary business profit	-0.7	-0.3	-0.4	-0.4
Net credit costs	-0.0	-0.0	-0.0	-0.0
Ordinary business profit after net credit costs	-0.8	-0.4	-0.4	-0.5
<i>Global Markets Business:</i>				
Net interest income	1.4	1.7	-0.2	2.1
Noninterest income	5.1	6.1	-1.0	9.2
Total revenue	6.5	7.9	-1.3	11.4
General and administrative expenses	-5.3	-5.3	-0.0	-7.0
Ordinary business profit	1.2	2.5	-1.3	4.3
Net credit costs	-0.0	-0.0	-0.0	-0.0
Ordinary business profit after net credit costs	1.1	2.5	-1.4	4.3

1.Net of consolidation adjustments, if applicable.

Individual Business (Consolidated) ¹

(Billions of yen)

	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change (Amount)	FY2017 (12 months)
<i>Retail banking:</i>				
Net interest income	17.9	16.7	1.1	22.4
Loans	7.4	7.9	-0.4	10.5
Deposits	10.5	8.8	1.6	11.9
Noninterest income	1.9	0.6	1.3	1.0
Asset Management Products	5.1	4.8	0.3	6.5
Other Fees (ATM, Fund Transfer, FX etc.)	-3.2	-4.2	0.9	-5.4
Total revenue	19.9	17.4	2.5	23.5
General and administrative expenses	-20.7	-22.1	1.3	-29.2
Ordinary business profit	-0.8	-4.7	3.8	-5.7
Net credit costs	0.0	-0.1	0.1	-0.1
Ordinary business profit after net credit costs	-0.7	-4.8	4.0	-5.8
<i>Shinsei Financial²:</i>				
Net interest income	52.3	51.7	0.5	69.0
Lake Business	47.8	47.0	0.7	62.9
Noninterest income	0.0	-0.1	0.1	-0.1
Total revenue	52.3	51.6	0.6	68.9
General and administrative expenses	-24.8	-24.4	-0.3	-32.4
Ordinary business profit	27.4	27.1	0.3	36.4
Net credit costs	-10.5	-17.5	7.0	-22.7
Ordinary business profit after net credit costs	16.9	9.5	7.3	13.7
<i>APLUS FINANCIAL:</i>				
Net interest income	8.2	8.4	-0.2	11.3
Noninterest income	35.1	33.9	1.1	45.0
Total revenue	43.3	42.4	0.8	56.4
General and administrative expenses	-28.5	-27.7	-0.7	-36.6
Ordinary business profit	14.8	14.7	0.1	19.7
Net credit costs	-10.9	-8.4	-2.4	-10.6
Ordinary business profit after net credit costs	3.8	6.2	-2.3	9.1
<i>Others:</i>				
Net interest income	0.5	0.4	0.1	0.6
Noninterest income	1.3	1.4	-0.0	2.7
Total revenue	1.9	1.9	0.0	3.4
General and administrative expenses	-1.3	-0.9	-0.3	-1.3
Ordinary business profit	0.6	0.9	-0.3	2.0
Net credit costs	-0.2	-0.0	-0.1	-0.0
Ordinary business profit after net credit costs	0.4	0.8	-0.4	2.0
<i>Individual Business:</i>				
Net interest income	79.1	77.4	1.6	103.4
Noninterest income	38.4	35.9	2.4	48.8
Total revenue	117.5	113.4	4.1	152.3
General and administrative expenses	-75.4	-75.3	-0.0	-99.6
Ordinary business profit	42.0	38.0	4.0	52.6
Net credit costs	-21.6	-26.2	4.5	-33.6
Ordinary business profit after net credit costs	20.4	11.8	8.5	19.0

1. Net of consolidation adjustments, if applicable.

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

Corporate/Other (Consolidated)¹

(Billions of yen)

	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change (Amount)	FY2017 (12 months)
<i>Treasury:</i>				
Net interest income	1.6	-1.0	2.6	-1.3
Noninterest income	2.4	4.1	-1.7	4.2
Total revenue	4.0	3.0	0.9	2.8
General and administrative expenses	-1.2	-1.3	0.0	-1.7
Ordinary business profit	2.7	1.7	1.0	1.0
Net credit costs	-	-	-	-
Ordinary business profit after net credit costs	2.7	1.7	1.0	1.0
<i>Corporate/Other (excluding Treasury)¹:</i>				
Net interest income	-0.0	-0.0	0.0	-0.0
Noninterest income	0.4	0.5	-0.0	0.7
Total revenue	0.4	0.5	-0.0	0.7
General and administrative expenses	0.4	-0.9	1.3	-1.6
Ordinary business profit	0.8	-0.4	1.2	-0.8
Net credit costs	-0.0	0.0	-0.0	0.0
Ordinary business profit after net credit costs	0.8	-0.4	1.2	-0.8
<i>Corporate/Other¹:</i>				
Net interest income	1.6	-1.0	2.6	-1.3
Noninterest income	2.8	4.6	-1.8	4.9
Total revenue	4.4	3.6	0.8	3.6
General and administrative expenses	-0.8	-2.2	1.4	-3.4
Ordinary business profit	3.6	1.3	2.2	0.2
Net credit costs	-0.0	0.0	-0.0	0.0
Ordinary business profit after net credit costs	3.6	1.3	2.2	0.2

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)

	Dec 31 2018	Mar 31 2018	Change (Amount)
Domestic offices (excluding Japan offshore market accounts):			
Manufacturing	203.0	189.6	13.3
Agriculture and forestry	0.0	0.0	-0.0
Fishery	0.1	-	0.1
Mining, quarrying and gravel extraction	0.7	0.4	0.3
Construction	8.2	7.6	0.5
Electric power, gas, heat supply and water supply	298.4	250.1	48.2
Information and communications	60.8	70.5	-9.7
Transportation and postal service	198.5	197.9	0.6
Wholesale and retail	112.5	114.5	-2.0
Finance and insurance	514.3	509.1	5.1
Real estate	572.2	565.9	6.3
Services	340.0	344.6	-4.5
Local government	55.1	68.4	-13.2
Others	2,401.1	2,437.3	-36.1
Loans to individual customers (Housing Loan, Unsecured Loan, Cashing by Credit Card, Housing Related Loan, etc.)	1,950.7	1,998.2	-47.5
Total domestic (A)	4,765.3	4,756.4	8.8
Overseas offices (including Japan offshore market accounts):			
Governments	0.2	0.3	-0.0
Financial institutions	30.7	30.8	-0.1
Others	147.1	108.3	38.8
Total overseas (B)	178.1	139.5	38.5
Total (A+B)	4,943.4	4,895.9	47.4

Securities Being Held to Maturity (Consolidated)

(Billions of yen)

	Dec 31, 2018			Mar 31, 2018		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount						
Japanese national government bonds	429.7	432.6	2.9	481.3	484.6	3.3
Subtotal	429.7	432.6	2.9	481.3	484.6	3.3
Fair value does not exceed carrying amount						
Japanese national government bonds	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	429.7	432.6	2.9	481.3	484.6	3.3

Securities Available for Sale (Consolidated)

(Billions of yen)

	Dec 31, 2018			Mar 31, 2018		
	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	15.2	7.3	7.9	19.9	9.0	10.8
Domestic bonds	81.7	81.5	0.2	70.1	69.9	0.2
Japanese national government bonds	37.4	37.3	0.0	23.2	23.2	0.0
Japanese local government bonds	-	-	-	2.3	2.3	0.0
Japanese corporate bonds	44.3	44.1	0.1	44.6	44.3	0.2
Other	80.9	78.4	2.4	155.5	153.4	2.0
Foreign securities	79.5	77.7	1.8	151.2	149.7	1.4
Foreign currency denominated foreign corporate and government bonds	71.5	71.1	0.4	125.7	124.5	1.2
Yen-denominated foreign corporate and government bonds	6.5	6.5	0.0	25.1	25.1	0.0
Foreign equity securities and others	1.4	0.0	1.3	0.2	0.0	0.1
Other securities	1.3	0.7	0.6	4.3	3.7	0.5
Other monetary claims purchased	-	-	-	0.0	0.0	0.0
Subtotal	177.9	167.3	10.6	245.6	232.4	13.1
Carrying amount does not exceed amortized/acquisition cost						
Equity securities	1.5	1.9	-0.4	1.2	1.4	-0.2
Domestic bonds	152.7	154.1	-1.4	112.8	114.7	-1.9
Japanese national government bonds	50.2	50.2	-0.0	-	-	-
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	102.5	103.9	-1.4	112.8	114.7	-1.9
Other	249.9	254.0	-4.1	175.0	178.8	-3.7
Foreign securities	245.9	250.0	-4.0	174.9	178.7	-3.7
Foreign currency denominated foreign corporate and government bonds	180.6	183.7	-3.1	123.9	126.9	-3.0
Yen-denominated foreign corporate and government bonds	61.1	61.6	-0.5	47.3	47.9	-0.5
Foreign equity securities and others	4.1	4.5	-0.4	3.7	3.8	-0.0
Other securities	3.9	4.0	-0.0	0.1	0.1	-0.0
Other monetary claims purchased	-	-	-	-	-	-
Subtotal	404.2	410.2	-6.0	289.1	295.0	-5.9
Total ^{1, 2}	582.1	577.5	4.6	534.7	527.5	7.1

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 December 31, 2018 and March 31, 2018 were ¥582.1 billion and ¥534.7 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)

	Dec 31, 2018	Mar 31, 2018
Unrealized gain (loss) before deferred tax on:		
Available-for-sale securities	4.6	7.1
The Bank's interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined and other adjustments	-1.4	0.2
Other monetary assets held in trust	-0.9	-0.5
(-) Deferred tax liabilities	0.4	1.3
Unrealized gain (loss) on available-for-sale securities before interest adjustments	1.8	5.5
(-) Noncontrolling interests	-	0.0
(+) The Bank's interests in unrealized gain (loss) on available-for-sale securities held by affiliates to which the equity method is applied	5.4	-0.3
Unrealized gain (loss) on available-for-sale securities	7.2	5.1

Deposits (Consolidated)

(Billions of yen)

	Dec 31 2018	Mar 31 2018	Change (Amount)
Deposits	5,524.8	5,628.1	-103.2
Liquid (current, ordinary, notice) deposits	2,554.1	2,423.0	131.0
Time deposits ¹	2,490.8	2,691.0	-200.1
Other	479.8	514.0	-34.1
Negotiable certificates of deposits (NCDs)	522.1	438.9	83.1
Total	6,047.0	6,067.0	-20.0

1.Includes two-week maturity deposits

Financial Ratios (Consolidated)

	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	FY2017 (12 months)
Return on assets ¹	0.6% ⁵	0.5% ⁵	0.5%
Return on equity ²	6.4% ⁵	5.7% ⁵	6.1%
Return on equity (fully diluted) ³	6.4% ⁵	5.7% ⁵	6.1%
Return on risk asset ⁴	0.9% ⁵	0.7% ⁵	0.8%
Expense-to-revenue ratio ^{6, 7}	61.7%	61.2%	61.5%

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)

	Dec 31 2018	Mar 31 2018	Change (Amount)
Core capital:instruments and reserves	891.8	899.9	-8.0
Core capital:regulatory adjustments	-93.8	-85.8	-8.0
Capital	797.9	814.1	-16.1
Total amount of Risk-weighted assets	6,427.0	6,342.7	84.3
Consolidated core capital adequacy ratio	12.41%	12.83%	

1.Calculated according to F-IRB.

Consolidated total required capital is ¥607.6 billion as at Dec 31, 2018, ¥592.7 billion as at March 31, 2018.

Per Share Data (Consolidated)¹

(Yen)

	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change (Amount)	FY2017 (12 months)
Common equity	3,597.98	3,289.90	308.08	3,376.39
Fully diluted equity	3,597.56	3,289.52	308.04	3,375.99
Basic EPS	167.32	137.57	29.75	199.01
Diluted EPS	167.30	137.55	29.74	198.98
For calculation of per share data (Does not include treasury shares):				
Equity: Number of common shares	245,274,500	258,838,314		252,868,614
Fully diluted number of shares	245,303,391	258,868,456		252,898,756
EPS Number of common shares	248,454,242	258,838,814		258,349,136
Fully diluted number of shares	248,484,864	258,865,673		258,376,805

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 FY2017.

Consolidated Balance Sheets (Unaudited)

(Millions of yen)

	Dec 31 2018	Mar 31 2018	Change (Amount)
<<Assets>>			
Cash and due from banks	1,360,542	1,465,663	(105,120)
Call loans and bills bought	—	—	—
Receivables under securities borrowing transactions	1,593	2,629	(1,036)
Other monetary claims purchased	29,670	36,332	(6,662)
Trading assets	192,367	205,295	(12,928)
Monetary assets held in trust	274,969	234,924	40,045
Securities	1,118,633	1,123,522	(4,888)
Loans and bills discounted	4,943,448	4,895,963	47,485
Foreign exchanges	30,237	32,511	(2,274)
Lease receivables and leased investment assets	178,120	171,429	6,690
Other assets	920,160	856,213	63,947
Premises and equipment	46,064	50,261	(4,196)
Intangible assets	67,339	59,484	7,854
Goodwill	10,445	11,910	(1,464)
Assets for retirement benefits	14,533	13,261	1,271
Deferred tax assets	14,521	14,705	(183)
Customers' liabilities for acceptances and guarantees	441,439	395,301	46,138
Reserve for credit losses	(101,192)	(100,840)	(351)
Total assets	9,532,450	9,456,660	75,790
<<Liabilities>>			
Deposits	5,524,892	5,628,169	(103,276)
Negotiable certificates of deposit	522,116	438,927	83,188
Debentures	—	423	(423)
Call money and bills sold	780	—	780
Payables under repurchase agreements	42,714	55,919	(13,204)
Payables under securities lending transactions	504,659	433,462	71,197
Trading liabilities	171,104	184,582	(13,478)
Borrowed money	688,778	739,578	(50,800)
Foreign exchanges	562	102	459
Short-term corporate bonds	212,300	175,700	36,600
Corporate bonds	92,335	85,000	7,335
Other liabilities	364,846	367,734	(2,887)
Accrued employees' bonuses	5,987	8,489	(2,502)
Accrued directors' bonuses	48	51	(3)
Liabilities for retirement benefits	8,451	8,366	85
Reserve for reimbursement of debentures	3,911	4,130	(218)
Reserve for losses on interest repayments	62,183	74,687	(12,503)
Deferred tax liabilities	—	—	—
Acceptances and guarantees	441,439	395,301	46,138
Total liabilities	8,647,112	8,600,625	46,487
<<Equity>>			
Common stock	512,204	512,204	—
Capital surplus	78,506	78,506	(0)
Retained earnings	336,080	361,368	(25,288)
Treasury stock, at cost	(37,729)	(89,540)	51,811
Total shareholders' equity	889,062	862,538	26,523
Unrealized gain (loss) on available-for-sale securities	7,295	5,187	2,108
Deferred gain (loss) on derivatives under hedge accounting	(14,318)	(14,457)	138
Foreign currency translation adjustments	(1,954)	(1,573)	(381)
Defined retirement benefit plans	2,409	2,089	320
Total accumulated other comprehensive income	(6,567)	(8,754)	2,186
Stock acquisition rights	99	318	(219)
Noncontrolling interests	2,743	1,930	812
Total equity	885,337	856,034	29,303
Total liabilities and equity	9,532,450	9,456,660	75,790

Consolidated Statements of Income (Unaudited)

(Millions of yen)

	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change (Amount)	FY2017 (12 months)
Ordinary income	279,168	286,087	(6,918)	383,869
Interest income	116,046	111,554	4,492	148,504
Interest on loans and bills discounted	104,755	101,010	3,744	134,857
Interest and dividends on securities	9,743	9,104	638	11,705
Other interest income	1,548	1,439	109	1,941
Fees and commissions income	41,274	37,524	3,750	50,129
Trading income	4,060	5,762	(1,701)	8,542
Other business income	100,279	105,529	(5,249)	141,370
Other ordinary income	17,506	25,717	(8,211)	35,321
Ordinary expenses	233,877	245,687	(11,810)	327,057
Interest expenses	15,893	14,763	1,130	19,728
Interest on deposits	6,349	6,713	(364)	8,998
Interest on borrowings	2,596	2,624	(27)	3,471
Interest on corporate bonds	405	761	(356)	952
Other interest expenses	6,541	4,663	1,877	6,306
Fees and commissions expenses	18,270	18,739	(469)	25,059
Trading losses	103	—	103	—
Other business expenses	61,192	64,800	(3,608)	87,820
General and administrative expenses	109,398	110,706	(1,308)	146,969
Amortization of goodwill	1,701	2,165	(463)	2,773
Amortization of intangible assets acquired in business combinations	541	968	(427)	1,213
Other general and administrative expenses	107,155	107,572	(417)	142,981
Other ordinary expenses	29,018	36,676	(7,657)	47,480
Provision of reserve for credit losses	25,585	33,722	(8,137)	43,030
Other	3,433	2,954	479	4,450
Ordinary profit	45,291	40,400	4,891	56,811
Extraordinary gains	219	301	(81)	917
Extraordinary losses	532	1,147	(614)	2,317
Income before income taxes	44,978	39,553	5,424	55,411
Income taxes (benefit)	3,423	3,758	(335)	3,841
Profit	41,555	35,795	5,759	51,570
Profit (loss) attributable to noncontrolling interests	(16)	186	(203)	156
Profit attributable to owners of the parent	41,572	35,609	5,962	51,414

Composition of Capital Disclosure(Consolidated)

Shinsei Bank and subsidiaries

Millions of yen (except percentages)

Items	Basel III (Domestic Standard) Dec 31 2018	Amounts excluded under transitional arrangements	Basel III (Domestic Standard) Sep 30 2018	Amounts excluded under transitional arrangements
Core capital:instruments and reserves (1)				
Directly issued qualifying common share capital or preferred share capital	¥ 889,062		¥ 875,520	
with a compulsory conversion clause plus related capital surplus and retained earnings				
of which:capital and capital surplus	590,710		590,710	
of which:retained earnings	336,080		322,186	
of which:treasury stock (-)	37,729		37,377	
of which:earning to be distributed (-)	-		-	
of which:other than above	-		-	
Accumulated other comprehensive income (amount allowed to be included in Core capital)	(26)	¥ 481	721	¥ 460
of which:foreign currency translation adjustment	(1,954)		(1,124)	
of which:amount related defined benefit	1,927	481	1,842	460
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	99		102	
Adjusted noncontrolling interests (amount allowed to be included in Core capital)	14		8	
Total of reserves included in Core capital:instruments and reserves	425		423	
of which:general reserve for loan losses included in Core capital	425		423	
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	-		15,000	
(amount allowed to be included in Core capital:instruments and reserves)	-		-	
Capital instruments issued through measures for capital enhancement by public institutions	-		-	
(amount allowed to be included in Core capital:instruments and reserves)	-		-	
Land revaluation excess after 55% discount	-		-	
(amount allowed to be included in Core capital:instruments and reserves)	-		-	
Noncontrolling interests subject to transitional arrangements	2,253		1,753	
(amount allowed to be included in Core capital:instruments and reserves)	-		-	
Core capital:instruments and reserves (A)	¥ 891,828		¥ 893,530	
Core capital:regulatory adjustments (2)				
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 42,127	¥ 7,790	¥ 42,086	¥ 7,709
of which:goodwill (including those equivalent)	10,445	-	10,687	-
of which:other intangibles other than goodwill and mortgage servicing rights	31,682	7,790	31,398	7,709
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	6,095	1,523	6,037	1,509
Shortfall of eligible provisions to expected losses	32,197	-	30,635	-
Gain on sale of securitization	5,370	-	5,370	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	-	-
Net defined benefit asset	8,066	2,016	7,980	1,995
Investments in own shares (excluding those reported in the net assets section)	0	0	0	0
Reciprocal cross-holdings in common equity	-	-	-	-
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	-	-	-	-
Amount exceeding the 10% threshold on specific items	-	-	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	-	-
of which:mortgage servicing rights	-	-	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
Amount exceeding the 15% threshold on specific items	-	-	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	-	-
of which:mortgage servicing rights	-	-	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
Core capital:regulatory adjustments (B)	¥ 93,857		¥ 92,109	
Capital (consolidated)				
Capital (consolidated)((A)-(B))(C)	¥ 797,970		¥ 801,420	
Risk-weighted assets, etc.				
Total amount of credit risk-weighted assets	¥5,881,043		¥5,890,945	
of which:total amount included in risk-weighted assets by transitional arrangements	9,740		9,549	
of which:intangible assets (excluding those relating to goodwill and mortgage servicing rights)	7,790		7,709	
of which:deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,523		1,509	
of which:net defined benefit asset	2,016		1,995	
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(1,590)		(1,663)	
of which:other than above	0		0	
Market risk (derived by multiplying the capital requirement by 12.5)	169,848		175,059	
Operational risk (derived by multiplying the capital requirement by 12.5)	376,198		376,198	
Credit risk-weighted assets adjustments	-		-	
Operational risk adjustments	-		-	
Total amount of Risk-weighted assets (D)	¥6,427,091		¥6,442,204	
Capital ratio (consolidated)				
Capital ratio (consolidated)((C)/(D))	12.41%		12.44%	

(Reference) Results of Operations (Consolidated)

(Millions of yen)

	Q3 FY2018 (9 months) (A)	Q3 FY2017 (9 months) (B)	Change (A)-(B)
Gross Business Profit	168,250	165,018	3,232
(excluding Gains on Monetary Assets Held in Trust)	166,418	162,914	3,504
Net Interest Income	100,153	96,790	3,362
Net Fees and Commissions	23,019	18,800	4,219
Net Trading Income	3,957	5,762	(1,805)
Net Other Business Income	41,120	43,664	(2,544)
Gains on Monetary Assets Held in Trust	1,832	2,104	(271)
Gains related to Bonds	1,736	2,492	(755)
General and Administrative Expenses	108,859	110,264	(1,405)
Personnel Expenses	41,467	42,097	(630)
Nonpersonnel Expenses	60,291	61,320	(1,029)
Amortization of Goodwill and Intangible Assets	2,243	3,134	(890)
Taxes	7,099	6,846	253
Net Business Profit	59,391	54,753	4,637
Credit Costs	21,125	29,944	(8,818)
Gains on Stock Transactions	(1,346)	5,652	(6,998)
Equity in Net Income (Loss) of Affiliates	5,956	4,239	1,716
Other	2,415	5,699	(3,283)
Ordinary Profit	45,291	40,400	4,891
Extraordinary Gains	(313)	(846)	533
Gains from Sales of Fixed Assets and Impairment losses	(525)	(997)	471
Income before Income Taxes	44,978	39,553	5,424
Income Taxes - Current	2,398	3,142	(743)
Income Taxes - Deferred	1,024	615	408
Profit Attributable to Noncontrolling Interests	(16)	186	(203)
Profit Attributable to Owners of the Parents	41,572	35,609	5,962

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)

	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change (Amount)	FY2017 (12 months)
Net interest income	77.6	74.7	2.9	105.4
Noninterest income	1.2	4.0	-2.7	5.3
Net fees and commissions ¹	-7.2	-8.0	0.7	-10.4
Net trading income	2.0	2.9	-0.9	4.5
Net other business income	6.4	9.0	-2.5	11.2
Total revenue ¹	78.9	78.8	0.1	110.8
Personnel expenses	-20.1	-20.8	0.7	-27.4
Nonpersonnel expenses	-28.4	-34.6	6.1	-45.9
Taxes	-3.7	-3.9	0.2	-5.6
General and administrative expenses	-52.3	-59.4	7.1	-79.0
Net business profit ¹	26.5	19.3	7.2	31.8
Other gains				
Gains on the sales of equities	-0.1	4.4	-4.5	4.3
Net provision of reserve for credit losses	-0.9	-2.0	1.1	-2.5
Losses on write-off of loans	-0.0	-0.1	0.0	-0.1
Recoveries of written-off claims	0.1	0.9	-0.7	1.3
Expenses for employees' retirement benefits	-0.5	-0.4	-0.0	-0.4
Others	0.8	1.5	-0.7	2.1
Net ordinary income	25.9	23.6	2.3	36.5
Extra ordinary profit				
Gains from sales of fixed assets and impairment losses	-0.4	-0.2	-0.1	-1.1
Others	-1.7	6.3	-8.1	5.5
Income before income taxes	23.7	29.7	-5.9	40.9
Income taxes - Current	-0.7	0.4	-1.1	2.6
Income taxes - Deferred	0.1	-1.9	2.1	-3.1
Net income	23.1	28.2	-5.0	40.5

¹Includes income from monetary assets held in trust of ¥0.9 billion in Q3FY2018, ¥1.4 billion in Q3FY2017 and ¥2.0 billion in FY2017.

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 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 the sale of equities and impairments related to equities 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) in according to the reporting format of the Revitalization Plan.

Nonconsolidated total revenue was 78.9 billion yen in the third quarter of fiscal year 2018, 0.1 billion yen increase from the third quarter of fiscal year 2017. Of this amount, net interest income totaled 77.6 billion yen, 2.9 billion yen increase. Dividend income received from subsidiaries decreased while interest income from unsecured loan and structured finance businesses increased. Dividend income received from subsidiaries totaled 2.2 billion yen (1.5 billion yen from Showa Leasing), 4.0 billion yen decrease compared to the third quarter of fiscal year 2017. Noninterest income totaled 1.2 billion yen, 2.7 billion yen decrease. Decrease in fee income related to derivative transactions in Institutional Business exceeded the increase of the sale of asset management products and the effect of the revision of the Shinsei Step Up Program, charging ATM fees on Standard-stage customers in Retail Banking Business.

General and administrative expenses totaled 52.3 billion yen, 7.1 billion yen decrease compared to the third quarter of fiscal year 2017. The main reason was transferring a part of nonpersonnel expenses to Shinsei Financial as Lake ALSA started from April 2018.

Nonconsolidated net business profit resulted in 26.5 billion yen, 7.2 billion yen increase from the same period of fiscal year 2017.

In other gains, 0.8 billion yen net credit cost (expense) was recorded while net credit recoveries were recorded resulting from calculation of general reserve for loan losses in accordance with portfolio growth including project finance in the Institutional Business. In addition, there was the absence of the gains on the sale of equities and on the redemption of equities of subsidiaries and affiliates recorded in the same period of the previous fiscal year.

As a result, nonconsolidated net income totaled 23.1 billion yen, 5.0 billion yen decrease from the third quarter of fiscal year 2017.

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

(Billions of yen, except percentages)

	Q3 FY2018 (9 months)			Q3 FY2017 (9 months)			FY2017 (12 months)		
	Average balance	Interest	Yield/rate ¹ (%)	Average balance	Interest	Yield/rate ¹ (%)	Average balance	Interest	Yield/rate ¹ (%)
Interest-earning assets:									
Loans and bills discounted	4,707.6	75.9	2.14	4,554.0	70.1	2.04	4,581.5	94.3	2.05
Securities	1,489.5	13.9	1.23	1,451.3	15.2	1.39	1,457.6	25.4	1.74
Other interest-earning assets ^{2, 3}	107.6	1.3	***	191.3	1.5	***	192.1	2.0	***
Total interest-earning assets	6,304.7	91.1	1.91	6,196.8	86.9	1.86	6,231.4	121.8	1.95
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	6,157.4	6.3	0.13	6,027.0	6.7	0.14	6,055.4	9.0	0.14
Borrowed money	229.3	0.4	0.27	301.5	0.4	0.19	293.7	0.5	0.19
Subordinated debt	4.9	0.0	2.36	12.4	0.2	2.36	12.4	0.2	2.36
Other borrowed money	224.4	0.3	0.23	289.1	0.2	0.09	281.3	0.2	0.10
Corporate bonds	45.3	0.2	0.85	52.3	0.6	1.54	50.5	0.7	1.50
Subordinated bonds	17.0	0.2	1.87	29.8	0.5	2.49	28.6	0.6	2.43
Other corporate bonds	28.2	0.0	0.23	22.5	0.0	0.29	21.9	0.0	0.29
Other interest-bearing liabilities ²	690.6	6.4	***	564.4	4.5	***	572.5	6.1	***
Total interest-bearing liabilities	7,122.7	13.5	0.25	6,945.4	12.2	0.23	6,972.2	16.4	0.23
Net interest income/yield on interest-earning assets	6,304.7	77.5	1.63	6,196.8	74.6	1.59	6,231.4	105.3	1.69

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)

	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change	FY2017 (12 months)
Yield on interest earning assets (A)	1.91	1.86	0.05	1.95
Total cost of funding (B)	1.22	1.37	-0.15	1.36
Cost of interest bearing liabilities (C)	0.25	0.23	0.02	0.23
Overall interest margin (A)-(B)	0.69	0.49	0.20	0.59
Net interest margin (A)-(C)	1.66	1.63	0.03	1.72

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

(Domestic)¹

(Percentages)

	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change	FY2017 (12 months)
Yield on interest earning assets (A)	1.63	1.70	-0.07	1.80
Interest earned on loans and bills discounted	2.01	2.02	-0.01	2.03
Interest earned on securities	0.90	1.27	-0.37	1.78
Total cost of funding (B) ²	1.12	1.30	-0.18	1.29
Cost of interest bearing liabilities (C)	0.08	0.11	-0.03	0.10
Interest paid on deposits ³	0.06	0.09	-0.03	0.09
Overall interest margin (A)-(B)	0.51	0.40	0.11	0.51
Net interest margin (A)-(C)	1.55	1.59	-0.04	1.70

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)

	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change	FY2017 (12 months)
Gains (losses) on bonds	1.7	2.5	-0.7	2.6
Gains on sales	2.4	2.9	-0.5	3.7
Gains on redemption	-	0.0	-0.0	0.0
Losses on sales	-0.7	-0.4	-0.2	-1.1
Losses on redemption	-	-	-	-
Losses on devaluation	-	-	-	-
Gains (losses) on stocks	-0.1	4.4	-4.5	4.3
Gains on sales	0.3	4.9	-4.5	4.9
Losses on sales	-0.2	-0.3	0.1	-0.4
Losses on devaluation	-0.3	-0.1	-0.1	-0.1

Net Credit Costs (Nonconsolidated) ¹

(Billions of yen)

	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change (Amount)	FY2017 (12 months)
Losses on write-off of loans/Losses on sale of loans	-0.0	-0.1	0.0	-0.1
Net provision of reserve for loan losses	-0.9	-2.0	1.1	-2.5
Net provision of general reserve for loan losses	1.1	-2.1	3.2	-2.2
Net provision of specific reserve for loan losses	-2.1	0.0	-2.1	-0.3
Net Provision of Reserve for Loan Losses to Restructuring Countries	-	0.0	-0.0	0.0
Recoveries of written-off claims	0.1	0.9	-0.7	1.3
Net credit costs	-0.8	-1.2	0.4	-1.2

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)

	Dec 31 2018	Mar 31 2018	Change (Amount)
Domestic (excluding Japan offshore market accounts):			
Manufacturing	200.3	185.3	14.9
Agriculture and forestry	-	-	-
Fishery	0.1	-	0.1
Mining, quarrying and gravel extraction	0.7	0.4	0.3
Construction	6.5	5.9	0.5
Electric power, gas, heat supply and water supply	295.5	246.1	49.3
Information and communications	60.6	70.3	-9.6
Transportation and postal service	176.9	174.8	2.0
Wholesale and retail	108.4	110.0	-1.5
Finance and insurance	904.1	705.5	198.5
Real estate	552.4	553.5	-1.0
Services	362.4	393.7	-31.3
Local government	55.1	68.4	-13.2
Individuals	1,485.9	1,564.0	-78.0
Overseas yen loans and overseas loans booked domestically	430.4	419.9	10.4
Total domestic	4,639.9	4,498.4	141.5
Overseas (including Japan offshore market accounts):			
Governments	0.2	0.3	-0.0
Financial institutions	30.7	30.8	-0.1
Others	147.1	108.3	38.8
Total overseas	178.1	139.5	38.5
Total	4,818.0	4,637.9	180.1

Claims Classified under the Financial Revitalization Law (Nonconsolidated)

(Billions of yen)

	Dec 31 2018	Mar 31 2018	Change (Amount)
Claims against bankrupt and quasi-bankrupt obligors	1.7	1.8	-0.0
Doubtful claims	4.3	3.6	0.7
Substandard claims	2.2	3.0	-0.8
Total (A)	8.3	8.4	-0.1
Coverage ratio	60.3%	65.8%	
Total claims (B)	4,908.7	4,724.1	184.6
Loans and bills discounted	4,818.0	4,637.9	180.1
Others	90.6	86.1	4.4
Ratio to total claims (A/B X 100) (%) ¹	0.16%	0.17%	
(Ref. 1) Amount of write-off	2.7	5.9	-3.1
(Ref. 2) Below need caution level	67.2	52.0	15.2

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

(Billions of yen, except percentages)

	Dec 31, 2018					Mar 31, 2018				
	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	1.7	1.7	0.4	1.3	100.0%	1.8	1.8	0.4	1.4	100.0%
Doubtful claims	4.3	2.3	2.3	0.0	54.2%	3.6	2.0	1.9	0.1	57.4%
Substandard claims	2.2	0.9	0.4	0.6	41.4%	3.0	1.7	0.7	1.0	55.3%
Total	8.3	5.0	3.1	1.9	60.3%	8.4	5.5	3.0	2.5	65.8%

Securities Being Held to Maturity (Nonconsolidated)

(Billions of yen)

	Dec 31, 2018			Mar 31, 2018		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount						
Japanese national government bonds	429.7	432.6	2.9	481.3	484.6	3.3
Subtotal	429.7	432.6	2.9	481.3	484.6	3.3
Fair value does not exceed carrying amount						
Japanese national government bonds	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	429.7	432.6	2.9	481.3	484.6	3.3

Securities Available for Sale (Nonconsolidated)

(Billions of yen)

	Dec 31, 2018			Mar 31, 2018		
	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)
Carrying amount exceeds amortized/acquisition cost						
Equity securities	12.2	5.8	6.3	16.6	7.6	9.0
Domestic bonds	79.7	79.4	0.2	68.1	67.8	0.2
Japanese national government bonds	35.3	35.3	0.0	21.2	21.2	0.0
Japanese local government bonds	-	-	-	2.3	2.3	0.0
Japanese corporate bonds	44.3	44.1	0.1	44.6	44.3	0.2
Other	79.8	78.4	1.3	152.9	150.8	2.0
Foreign securities	78.4	77.7	0.7	148.5	147.1	1.4
Foreign currency denominated foreign corporate and government bonds	71.5	71.1	0.4	123.1	121.9	1.2
Yen-denominated foreign corporate and government bonds	6.5	6.5	0.0	25.1	25.1	0.0
Foreign equity securities and others	0.3	0.0	0.2	0.2	0.0	0.1
Other securities	1.3	0.7	0.6	4.3	3.7	0.5
Other monetary claims purchased	-	-	-	0.0	0.0	0.0
Subtotal	171.8	163.8	7.9	237.7	226.4	11.3
Carrying amount does not exceed amortized/acquisition cost						
Equity securities	1.4	1.8	-0.3	1.0	1.3	-0.2
Domestic bonds	152.7	154.1	-1.4	112.8	114.7	-1.9
Japanese national government bonds	50.2	50.2	-0.0	-	-	-
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	102.5	103.9	-1.4	112.8	114.7	-1.9
Other	249.9	254.0	-4.1	175.0	178.8	-3.7
Foreign securities	245.9	250.0	-4.0	174.9	178.7	-3.7
Foreign currency denominated foreign corporate and government bonds	180.6	183.7	-3.1	123.9	126.9	-3.0
Yen-denominated foreign corporate and government bonds	61.1	61.6	-0.5	47.3	47.9	-0.5
Foreign equity securities and others	4.1	4.5	-0.4	3.7	3.8	-0.0
Other securities	3.9	4.0	-0.0	0.1	0.1	-0.0
Other monetary claims purchased	-	-	-	-	-	-
Subtotal	404.1	410.1	-6.0	288.9	294.9	-5.9
Total ^{1, 2}	575.9	573.9	1.9	526.7	521.3	5.3

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)

	Dec 31, 2018	Mar 31, 2018
Unrealized gain (loss) before deferred tax on:		
Available-for-sale securities	1.9	5.3
Interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined	1.2	0.3
Other monetary assets held in trust	-0.9	-0.5
(-) Deferred tax liabilities	-	0.8
Unrealized gain (loss) on available-for-sale securities	2.2	4.2

Capital Adequacy Related Information (Nonconsolidated)

<Basel 3, Domestic Standard¹>

(Billions of yen, except percentages)

	Dec 31 2018	Mar 31 2018	Change (Amount)
Core capital: instruments and reserves	849.5	876.9	-27.3
Core capital: regulatory adjustments	-44.9	-45.1	0.1
Capital	804.6	831.8	-27.2
Total amount of Risk-weighted assets	5,593.3	5,600.2	-6.9
Core capital adequacy ratio	14.38%	14.85%	

¹Calculated according to F-IRB.

Nonconsolidated total required capital is ¥492.4 billion as at Dec 31, 2018 and ¥493.1 billion as at March 31, 2018.

Nonconsolidated Balance Sheets (Unaudited)

(Millions of yen)

	Dec 31 2018	Mar 31 2018	Change (Amount)
<<Assets>>			
Cash and due from banks	1,296,175	1,391,303	(95,127)
Other monetary claims purchased	10,929	115,458	(104,529)
Trading assets	186,401	199,866	(13,465)
Monetary assets held in trust	165,996	117,756	48,240
Securities	1,431,877	1,452,342	(20,465)
Loans and bills discounted	4,818,090	4,637,953	180,137
Foreign exchanges	30,237	32,511	(2,274)
Other assets	197,778	223,082	(25,303)
Other	197,778	223,082	(25,303)
Premises and equipment	12,718	14,031	(1,313)
Intangible assets	26,894	23,139	3,754
Prepaid pension cost	7,175	6,362	812
Deferred tax assets	1,503	573	929
Customers' liabilities for acceptances and guarantees	23,756	19,810	3,946
Reserve for credit losses	(27,587)	(26,721)	(866)
Total assets	8,181,946	8,207,471	(25,524)
<<Liabilities>>			
Deposits	5,690,533	5,789,256	(98,722)
Negotiable certificates of deposit	522,116	438,927	83,188
Debentures	—	423	(423)
Call money	780	—	780
Payables under repurchase agreements	42,714	55,919	(13,204)
Payables under securities lending transactions	503,648	433,462	70,185
Trading liabilities	168,935	181,337	(12,402)
Borrowed money	208,312	263,114	(54,801)
Foreign exchanges	562	102	459
Corporate bonds	42,335	45,000	(2,665)
Other liabilities	135,029	140,685	(5,656)
Income taxes payable	1,863	930	932
Lease obligations	20	24	(4)
Asset retirement obligations	7,460	7,471	(10)
Other	125,684	132,258	(6,574)
Accrued employees' bonuses	3,574	4,740	(1,166)
Reserve for reimbursement of debentures	3,911	4,130	(218)
Acceptances and guarantees	23,756	19,810	3,946
Total liabilities	7,346,210	7,376,910	(30,700)
<<Equity>>			
Common stock	512,204	512,204	—
Capital surplus	79,465	79,465	—
Additional paid-in capital	79,465	79,465	—
Retained earnings	295,577	339,650	(44,073)
Legal reserve	15,243	14,738	505
Other retained earnings	280,333	324,912	(44,579)
Unappropriated retained earnings	280,333	324,912	(44,579)
Treasury stock, at cost	(37,729)	(89,540)	51,811
Total shareholders' equity	849,519	841,780	7,738
Unrealized gain (loss) on available-for-sale securities	2,244	4,268	(2,024)
Deferred gain (loss) on derivatives under hedge accounting	(16,076)	(15,759)	(317)
Total net unrealized gain (loss) and translation adjustments	(13,832)	(11,490)	(2,342)
Stock acquisition rights	49	270	(220)
Total equity	835,736	830,560	5,175
Total liabilities and equity	8,181,946	8,207,471	(25,524)

Nonconsolidated Statements of Income (Unaudited)

(Millions of yen)

	Q3 FY2018 (9 months)	Q3 FY2017 (9 months)	Change (Amount)	FY2017 (12 months)
Ordinary income	119,187	122,840	(3,653)	169,324
Interest income	91,180	86,970	4,210	121,833
Interest on loans and bills discounted	75,937	70,167	5,770	94,303
Interest and dividends on securities	13,913	15,250	(1,336)	25,441
Other interest income	1,329	1,552	(223)	2,088
Fees and commissions income	14,270	12,655	1,614	17,227
Trading income	2,102	2,989	(887)	4,575
Other business income	8,690	10,053	(1,363)	13,288
Other ordinary income	2,943	10,170	(7,226)	12,398
Ordinary expenses	93,200	99,174	(5,973)	132,737
Interest expenses	13,586	12,285	1,301	16,483
Interest on deposits	6,353	6,716	(363)	9,001
Interest on corporate bonds	292	610	(318)	761
Other interest expenses	6,941	4,957	1,983	6,720
Fees and commissions expenses	22,496	22,135	361	29,698
Trading losses	99	—	99	—
Other business expenses	2,205	970	1,235	2,055
General and administrative expenses	52,860	59,904	(7,043)	79,453
Other ordinary expenses	1,951	3,879	(1,927)	5,047
Ordinary profit	25,986	23,666	2,320	36,586
Extraordinary gains	218	6,558	(6,340)	6,581
Extraordinary losses	2,445	474	1,970	2,178
Income before income taxes	23,759	29,750	(5,990)	40,989
Income taxes (benefit)	593	1,550	(956)	479
Net income	23,166	28,200	(5,034)	40,510

Composition of Capital Disclosure (Nonconsolidated)

Shinsei Bank

Millions of yen (except percentages)

Items	Basel III (Domestic Standard) Dec 31 2018	Amounts excluded under transitional arrangements	Basel III (Domestic Standard) Sep 30 2018	Amounts excluded under transitional arrangements
Core capital:instruments and reserves (1)				
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	¥ 849,519		¥ 841,580	
of which:capital and capital surplus	591,670		591,670	
of which:retained earnings	295,577		287,286	
of which:treasury stock (-)	37,729		37,377	
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	49		52	
Total of reserves included in Core capital:instruments and reserves	5		11	
of which:general reserve for loan losses included in Core capital	5		11	
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)	-		15,000	
Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital:instruments and reserves)	-		-	
Land revaluation excess after 55% discount (amount allowed to be included in Core capital:instruments and reserves)	-		-	
Core capital:instruments and reserves (A)	¥ 849,573		¥ 856,643	
Core capital:regulatory adjustments (2)				
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 15,258	¥ 3,628	¥ 14,766	¥ 3,494
of which:goodwill (including those equivalent)	744	-	786	-
of which:other intangibles other than goodwill and mortgage servicing rights	14,514	3,628	13,979	3,494
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,877	469	1,875	468
Shortfall of eligible provisions to expected losses	18,453	-	19,311	-
Gain on sale of securitization	5,370	-	5,370	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	-	-
Prepaid pension cost	3,982	995	3,982	995
Investments in own shares (excluding those reported in the net assets section)	0	0	0	0
Reciprocal cross-holdings in common equity	-	-	-	-
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	-	-	-	-
Amount exceeding the 10% threshold on specific items	-	-	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	-	-
of which:mortgage servicing rights	-	-	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
Amount exceeding the 15% threshold on specific items	-	-	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-	-	-
of which:mortgage servicing rights	-	-	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-	-
Core capital:regulatory adjustments (B)	¥ 44,942		¥ 45,306	
Capital (nonconsolidated)				
Capital (nonconsolidated)((A)-(B))(C)	¥ 804,630		¥ 811,337	
Risk-weighted assets, etc.				
Total amount of credit risk-weighted assets	¥5,243,990		¥5,339,376	
of which:total amount included in risk-weighted assets by transitional arrangements	3,503		3,295	
of which:intangible assets (excluding those relating to goodwill and mortgage servicing rights)	3,628		3,494	
of which:deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	469		468	
of which:prepaid pension cost	995		995	
of which:significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(1,590)		(1,663)	
of which:other than above	0		0	
Market risk (derived by multiplying the capital requirement by 12.5)	162,747		165,440	
Operational risk (derived by multiplying the capital requirement by 12.5)	186,610		186,610	
Credit risk-weighted assets adjustments	-		-	
Operational risk adjustments	-		-	
Total amount of Risk-weighted assets (D)	¥5,593,349		¥5,691,428	
Capital ratio (nonconsolidated)				
Capital ratio (nonconsolidated)((C)/(D))	14.38%		14.25%	

(Reference) Results of Operations (Nonconsolidated)

(Millions of yen)

	Q3 FY2018 (9 months) (A)	Q3 FY2017 (9 months) (B)	Change (A)-(B)
Gross Business Profit	78,920	78,803	117
(excluding Gains on Monetary Assets Held in Trust)	77,958	77,388	570
Net Interest Income	77,697	74,794	2,903
Net Fees and Commissions	(7,249)	(8,048)	799
Gains on Monetary Assets Held in Trust	961	1,414	(453)
Net Trading Income	2,002	2,989	(987)
Net Other Business Income	6,469	9,067	(2,598)
Gains related to Bonds	1,736	2,508	(771)
General and Administrative Expenses	52,325	59,462	(7,137)
Personnel Expenses	20,146	20,851	(705)
Nonpersonnel Expenses	28,476	34,676	(6,199)
Amortization of Goodwill	124	124	-
Taxes	3,702	3,934	(231)
Net Operating Profit before Provision of General Reserve for Loan Losses	25,633	17,925	7,707
Provision of General Reserve for Loan Losses (1)	(1,181)	2,112	(3,294)
Net Operating Profit	26,814	15,813	11,001
Net Business Profit	26,594	19,340	7,254
Non-Recurring Gains	(1,685)	6,547	(8,233)
Gains related to Stocks	(146)	4,419	(4,565)
Credit Costs (2)	2,016	(866)	2,882
Losses on Write-Off of Loans	29	108	(78)
Provision of Specific Reserve for Loan Losses	2,146	(23)	2,169
Provision of Reserve for Loan Losses to Restructuring Countries	-	(0)	0
Recoveries of Written-off Claims	(158)	(950)	791
Reversal of Reserve for Loan Losses	-	-	-
Losses on Sale of Loans	-	-	-
Other	477	1,262	(784)
Ordinary Profit	25,986	23,666	2,320
Extraordinary Gains	(2,227)	6,084	(8,311)
Gains from Sales of Fixed Assets and Impairment losses	(447)	(291)	(156)
Income before Income Taxes	23,759	29,750	(5,990)
Income Taxes - Current	748	(430)	1,178
Income Taxes - Deferred	(154)	1,980	(2,135)
Net Income	23,166	28,200	(5,034)

(Reference)

Net Credit Costs (1)+ (2)	834	1,246	(411)
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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]	Q3 FY2018 (9 months)			Q3 FY2017 (9 months)			FY2017 (12 months)		
	Average balance	Interest	Yield/rate ¹ (%)	Average balance	Interest	Yield/rate ¹ (%)	Average balance	Interest	Yield/rate ¹ (%)
Interest-earning assets:	6,304,776	91,180	1.91	6,196,803	86,970	1.86	6,231,416	121,833	1.95
Loans and bills discounted	4,707,627	75,937	2.14	4,554,073	70,167	2.04	4,581,570	94,303	2.05
Securities	1,489,526	13,913	1.23	1,451,396	15,250	1.39	1,457,686	25,441	1.74
Interest-bearing liabilities:	7,122,720	13,586	0.25	6,945,499	12,285	0.23	6,972,291	16,483	0.23
Deposits, including negotiable certificates of deposit	6,157,425	6,379	0.13	6,027,084	6,733	0.14	6,055,461	9,025	0.14
Borrowed money	229,358	483	0.27	301,597	438	0.19	293,736	586	0.19
Subordinated debt	4,949	88	2.36	12,400	221	2.36	12,400	293	2.36
Corporate bonds	45,300	292	0.85	52,373	610	1.54	50,555	761	1.50
Subordinated bonds	17,054	241	1.87	29,840	560	2.49	28,647	696	2.43
Net interest income/yield on interest-earning assets	6,304,776	77,593	1.63	6,196,803	74,685	1.59	6,231,416	105,350	1.69

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

Earnings Forecasts¹*(Billions of yen)*

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

¹Above forecasts are based on current assumptions of future events and trends, which may be incorrect.
Actual results may differ materially from those in the statements as a result of various factors.