

Financial Summary

For the Three Months Ended June 30, 2018



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

1. Financial Highlights

Financial Highlights	1
----------------------	---

2. Consolidated Information

Results of Operations (Consolidated)	3
Interest-Earning Assets and Interest-Bearing Liabilities (Consolidated)	4
Noninterest Income (Consolidated)	5
General and Administrative Expenses (Consolidated)	6
Net Credit Costs (Consolidated)	6
Other Gains (Consolidated)	6
Business Line Results (Consolidated)	7
Segment Information	8
Institutional Business (Consolidated)	9
Global Markets Business (Consolidated)	10
Individual Business (Consolidated)	11
Corporate/Other (Consolidated)	12
Loans by Borrower Industry (Consolidated)	13
Securities Being Held to Maturity (Consolidated)	13
Securities Available for Sale (Consolidated)	14
Unrealized Gain(Loss)on Available-for-Sale Securities (Consolidated)	14
Deposits (Consolidated)	15
Financial Ratios (Consolidated)	15
Capital Adequacy Related Information (Consolidated)	16
Per Share Data (Consolidated)	16
Consolidated Balance Sheets (Unaudited)	17
Consolidated Statements of Income (Unaudited)	18
Composition of Capital Disclosure (Consolidated)	19
(Reference) Results of Operations (Consolidated)	21

Contents	Page
3.Nonconsolidated Information	
Results of Operations (Nonconsolidated)	22
Interest-Earning Assets and Interest-Bearing Liabilities (Nonconsolidated)	23
Margins (All, Domestic) (Nonconsolidated)	24
Gains (Losses) on Securities (Nonconsolidated)	24
Net Credit Costs (Nonconsolidated)	25
Loans by Borrower Industry (Nonconsolidated)	25
Claims Classified under the Financial Revitalization Law (Nonconsolidated)	26
Coverage Ratios for Nonperforming Claims Disclosed under the Financial Revitalization Law (Nonconsolidated)	26
Securities Being Held to Maturity (Nonconsolidated)	26
Securities Available for Sale (Nonconsolidated)	27
Unrealized Gain (Loss) on Available-for-Sale Securities (Nonconsolidated)	27
Capital Adequacy Related Information (Nonconsolidated)	28
Nonconsolidated Balance Sheets (Unaudited)	29
Nonconsolidated Statements of Income (Unaudited)	30
Composition of Capital Disclosure (Nonconsolidated)	31
(Reference) Results of Operations (Nonconsolidated)	33
(Reference) Interest-Earning Assets and Interest-Bearing Liabilities (Nonconsolidated)	34
4.Earnings Forecast	
Earnings Forecast	35

- 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]	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change (Amount)	FY2017 (12 months)
Net interest income	33.4	31.9	1.5	128.7
Noninterest income	23.4	25.9	-2.4	103.2
Total revenue	56.9	57.8	-0.9	232.0
General and administrative expenses	-34.8	-35.9	1.1	-142.5
Net credit costs	-10.7	-9.1	-1.6	-37.2
Income before income taxes	10.5	12.2	-1.6	55.4
Profit attributable to owners of the parent	9.0	10.9	-1.8	51.4

(Billions of yen)

Balance sheets (Consolidated) [Page 17]	Jun 30 2018	Mar 31 2018	Change (Amount)
Cash and due from banks	1,505.7	1,465.6	40.1
Securities	1,121.6	1,123.5	-1.9
Loans and bills discounted	4,846.7	4,895.9	-49.2
Total assets	9,453.8	9,456.6	-2.8
Deposits and negotiable certificates of deposit	6,059.7	6,067.0	-7.3
Total liabilities	8,592.0	8,600.6	-8.6
Total equity	861.8	856.0	5.7

Financial ratios (Consolidated) [Page 4, 16, 26]	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	FY2017 (12 months)
Net interest margin	2.47%	2.46%	2.42%
Expense-to-revenue ratio	61.2%	62.1%	61.5%

	Jun 30 2018	Mar 31 2018
Capital adequacy ratio (Basel III, domestic standard)	12.72%	12.83%
NPL ratio based on Financial Revitalization Law (nonconsolidated)	0.17%	0.17%

(Billions of yen)

Results of operations (Nonconsolidated) [Page 22]	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change (Amount)	FY2017 (12 months)
Net interest income	26.5	28.6	-2.1	105.4
Noninterest income	-1.1	2.1	-3.3	5.3
Total revenue	25.4	30.8	-5.4	110.8
General and administrative expenses	-17.4	-20.2	2.8	-79.0
Net credit costs	-2.1	0.4	-2.5	-1.2
Net income	4.4	10.6	-6.2	40.5

1. Represents results based on management accounting basis.

The Shinsei Bank Group recorded a consolidated net income of 9.0 billion yen in the first quarter of fiscal year 2018 (April 1, 2018 to June 30, 2018), decreased 1.8 billion yen from the first quarter of fiscal year 2017. Total revenue decreased due to absence of gains on the sale of equities in Principal Transactions and decline of fee income related to derivative transactions to institutional customers compared to the same period of fiscal year 2017, while net interest income from consumer finance businesses increased reflecting increase in the loan asset balance. As a result, total consolidated net income decreased compared to the same period of fiscal year 2017.

Results of operations

- Total revenue was 56.9 billion yen, decreased 0.9 billion yen compared to the first quarter of fiscal year 2017.
 - Net interest income totaled 33.4 billion yen, increased 1.5 billion yen from 31.9 billion yen in the first quarter of fiscal year 2017 due to the steady growth of the loan balance in the consumer finance businesses.
 - Noninterest income totaled 23.4 billion yen, decreased 2.4 billion yen from 25.9 billion yen in the first quarter of fiscal year 2017. The decrease reflected absence of gains on the sale of equities in the first quarter of fiscal year 2017 and the decrease in fee income related to derivative transactions in Corporate Business compared to the same period of last fiscal year, despite recoveries of revenues related to the sale of asset management products in Retail Banking Business.
- General and administrative expenses totaled 34.8 billion yen, decreased 1.1 billion yen from the first quarter of fiscal year 2017, due mainly to decrease in personnel and premises expenses resulting from progress of productivity enhancement project. Expense to revenue ratio resulted in 61.2%.
- Net credit costs of 10.7 billion yen (expense) were recorded, increased 1.6 billion yen from the same period of fiscal year 2017. This was due to provisioning for new overseas transactions in Structured Finance Business and increase in cost of bulk sale of delinquent claims in APLUS FINANCIAL.
- Nonconsolidated net income totaled 4.4 billion yen, decreased 6.2 billion yen compared to the first quarter of fiscal year 2017 due to the decrease in total revenue caused by decrease in dividends from subsidiaries and decrease in fee income in Corporate Business.

Balance sheets

- Total assets decreased 2.8 billion yen from March 31, 2018, to 9,453.8 billion yen at June 30, 2018.
- Loans and bills discounted decreased 49.2 billion yen from March 31, 2018, to 4,846.7 billion yen at June 30, 2018. The loan balance in the Structured Finance Business and the Consumer Finance Businesses increased while the loan balance in the Corporate Business and housing loan decreased.
- Deposits and negotiable certificates of deposit decreased 7.3 billion yen from March 31, 2018, to 6,059.7 billion yen.

Financial ratios

- Net interest margin was 2.47%, increased from 2.46% recorded in the first quarter of fiscal year 2017. The yield on interest-earning assets increased due to the increase in Consumer Finance Businesses.
- Basel III domestic standard (grandfathering basis) consolidated core capital adequacy ratio was 12.72% as of June 30, 2018, from 12.83% as of March 31, 2018. While risk assets decreased due to decrease in loan assets, capital also 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 12.3% as of June 30, 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 at low level of 0.17% remaining the same ratio as at March 31, 2018.

FY2018 forecast

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

Results of Operations (Consolidated) ¹

(Billions of yen)

	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change (Amount)	FY2017 (12 months)
Net interest income	33.4	31.9	1.5	128.7
Noninterest income	23.4	25.9	-2.4	103.2
Net fees and commissions	6.5	5.7	0.8	25.0
Net trading income	0.6	1.9	-1.2	8.5
Net other business income	16.1	18.2	-2.0	69.6
Income on lease transactions and installment receivables	9.1	9.5	-0.3	37.0
Total revenue	56.9	57.8	-0.9	232.0
General and administrative expenses	-34.8	-35.9	1.1	-142.5
Ordinary business profit	22.0	21.9	0.1	89.4
Net credit costs	-10.7	-9.1	-1.6	-37.2
Ordinary business profit after net credit costs	11.3	12.7	-1.4	52.1
Amortization of goodwill and other intangible assets ²	-0.8	-1.1	0.2	-3.9
Other gains	0.1	0.6	-0.4	7.2
Income before income taxes	10.5	12.2	-1.6	55.4
Current income tax	-1.6	-1.1	-0.4	-1.2
Deferred income tax	0.0	-0.0	0.1	-2.5
Profit attributable to noncontrolling interests	0.0	-0.0	0.1	-0.1
Profit attributable to owners of the parent	9.0	10.9	-1.8	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)

	Q1 FY2018 (3 months)			Q1 FY2017 (3 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	4,915.4	34.6	2.83	4,865.4	32.9	2.71	4,903.7	134.8	2.75
Lease receivables and leased investment assets / installment receivables ⁴	751.0	9.1	4.88	747.8	9.5	5.11	746.6	37.0	4.96
Securities	1,151.6	3.4	1.19	1,050.2	3.2	1.24	1,109.1	11.7	1.06
Other interest-earning assets ^{2, 3}	161.2	0.5	***	171.8	0.4	***	162.1	1.9	***
Interest-earning assets totals (A)⁴	6,979.3	47.7	2.74	6,835.3	46.1	2.71	6,921.7	185.5	2.68
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	6,068.1	2.1	0.14	5,898.8	2.0	0.14	5,965.9	9.0	0.15
Borrowed money	649.8	0.8	0.55	765.8	0.8	0.45	715.0	3.4	0.49
Subordinated debt	12.3	0.0	2.37	12.4	0.0	2.37	12.4	0.2	2.37
Other borrowed money	637.4	0.8	0.52	753.4	0.7	0.42	702.6	3.1	0.45
Corporate bonds	82.4	0.1	0.84	112.2	0.2	0.97	98.1	0.9	0.97
Subordinated bonds	22.3	0.1	2.14	31.4	0.1	2.53	28.6	0.6	2.43
Other corporate bonds	60.0	0.0	0.36	80.8	0.0	0.37	69.5	0.2	0.37
Other interest-bearing liabilities ²	833.6	1.9	***	673.9	1.5	***	741.7	6.2	***
Interest-bearing liabilities totals (B)	7,634.0	5.1	0.27	7,450.9	4.7	0.25	7,521.0	19.7	0.26
Net interest margin (A)-(B)⁴	-	42.6	2.47	-	41.4	2.46	-	165.8	2.42
Noninterest-bearing sources of funds:									
Noninterest-bearing (assets) liabilities, net	-1,511.6	-	-	-1,438.8	-	-	-1,436.1	-	-
Total equity excluding noncontrolling interests in subsidiaries ⁵	856.9	-	-	823.2	-	-	836.8	-	-
Total noninterest-bearing sources of funds (C)	-654.7	-	-	-615.5	-	-	-599.3	-	-
Sum of total expense on interest-bearing liabilities and noninterest-bearing sources of funds (D)=(B)+(C)	6,979.3	5.1	0.29	6,835.3	4.7	0.28	6,921.7	19.7	0.29
Interest income / yield on interest earning assets (A)-(D)⁴	-	42.6	2.45	-	41.4	2.43	-	165.8	2.40
Reconciliation of total revenue on interest-earning									
Total revenue on interest-earning assets	6,979.3	47.7	2.74	6,835.3	46.1	2.71	6,921.7	185.5	2.68
Less: Income on lease transactions and installment receivables	751.0	9.1	4.88	747.8	9.5	5.11	746.6	37.0	4.96
Total interest income	6,228.3	38.5	2.48	6,087.4	36.6	2.41	6,175.0	148.5	2.40
Total interest expense	-	5.1	-	-	4.7	-	-	19.7	-
Net interest income	-	33.4	-	-	31.9	-	-	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)

	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change (Amount)	FY2017 (12 months)
Institutional Business	8.3	9.9	-1.5	40.2
Corporate Business	1.0	1.4	-0.3	8.7
Structured Finance	1.0	1.7	-0.6	7.4
Principal Transactions	2.3	3.5	-1.1	7.8
Showa Leasing	3.8	3.2	0.6	16.1
Global Markets Business	1.5	2.4	-0.9	9.2
Markets	0.9	1.7	-0.8	6.8
Others	0.5	0.6	-0.0	2.3
Individual Business	12.2	11.5	0.6	48.8
Retail Banking	0.4	0.0	0.4	1.0
Shinsei Financial ¹	0.0	-0.1	0.1	-0.1
APLUS FINANCIAL	11.4	11.1	0.2	45.0
Others	0.3	0.5	-0.1	2.7
Corporate/Other	1.2	1.9	-0.7	4.9
Noninterest income	23.4	25.9	-2.4	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 8.3 billion yen in the first quarter of fiscal year 2018, 1.5 billion yen decrease compared to the first quarter of fiscal year 2017. This was due to the decrease in fee income related to derivative transactions in Corporate and Structured Finance Businesses and the absence of the gain on sales of equities in the Principal Transactions.

The Global Markets Business recorded noninterest income totaling 1.5 billion yen, 0.9 billion yen decrease from the first quarter of fiscal year 2017. This was due to a decrease of income from derivative transactions in the Markets.

The Individual Business recorded noninterest income totaling 12.2 billion yen, 0.6 billion yen increase from 11.5 billion yen recorded in first quarter of fiscal year 2017. This was due to recovery of the sale of asset management products in the Retail Banking Business and revenues increase from shopping credit and other major businesses of APLUS FINANCIAL.

Corporate/Others recorded noninterest income totaling 1.2 billion yen, 0.7 billion yen decrease from first quarter of fiscal year 2017.

General and Administrative Expenses (Consolidated)

(Billions of yen)

	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change (Amount)	FY2017 (12 months)
Personnel expenses	-13.7	-13.9	0.2	-55.8
Nonpersonnel expenses	-21.0	-21.9	0.8	-86.7
Premises expenses	-4.7	-4.9	0.1	-20.0
Technology and data processing expenses	-5.1	-5.1	0.0	-20.8
Advertising expenses	-2.7	-2.9	0.2	-11.0
Consumption, property taxes, etc.	-2.2	-2.3	0.0	-9.3
Deposit insurance premium	-0.4	-0.4	0.0	-1.7
Other general and administrative expenses	-5.7	-6.0	0.3	-23.6
General and administrative expenses	-34.8	-35.9	1.1	-142.5

 Net Credit Costs (Consolidated) ¹

(Billions of yen)

	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change (Amount)	FY2017 (12 months)
Losses on write-off of loans/Losses on sale of loans	-0.0	-0.0	0.0	-0.5
Net provision of reserve for loan losses:	-12.2	-10.4	-1.8	-43.0
Net provision of general reserve for loan losses	-6.9	-7.0	0.1	-28.0
Net provision of specific reserve for loan losses	-5.3	-3.3	-1.9	-14.9
Net provision of reserve for loan losses to restructuring countries	-	-	-	0.0
Other credit costs relating to leasing business	0.0	-0.2	0.2	-0.6
Recoveries of written-off claims	1.4	1.5	-0.1	6.9
Net credit costs	-10.7	-9.1	-1.6	-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)

	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change (Amount)	FY2017 (12 months)
Extraordinary income	-0.0	0.2	-0.2	-1.4
Net gain on disposal of premises and equipment	-0.0	-0.0	0.0	0.5
Other extraordinary income	-0.0	0.2	-0.2	-1.9
Provisions of reserve for losses on interest repayment	-	-	-	6.0
Shinsei Financial	-	-	-	11.8
Shinsei Personal Loan	-	-	-	-2.7
APLUS FINANCIAL	-	-	-	-3.0
Other	-	-	-	-
Other	0.1	0.3	-0.2	2.5
Other gains	0.1	0.6	-0.4	7.2

Business Line Results (Consolidated)

(Billions of yen)

	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change (Amount)	FY2017 (12 months)
<i>Institutional Business:</i>				
Net interest income	6.1	6.4	-0.2	24.4
Noninterest income	8.3	9.9	-1.5	40.2
Total revenue	14.5	16.4	-1.8	64.6
General and administrative expenses	-8.2	-7.8	-0.4	-32.4
Ordinary business profit	6.3	8.5	-2.2	32.2
Net credit costs	-1.2	0.1	-1.4	-3.6
Ordinary business profit after net credit costs	5.0	8.7	-3.7	28.6
<i>Global Markets Business:</i>				
Net interest income	0.5	0.6	-0.1	2.1
Noninterest income	1.5	2.4	-0.9	9.2
Total revenue	2.0	3.0	-1.0	11.4
General and administrative expenses	-1.7	-1.7	0.0	-7.0
Ordinary business profit	0.2	1.2	-1.0	4.3
Net credit costs	0.0	0.0	0.0	-0.0
Ordinary business profit after net credit costs	0.2	1.2	-1.0	4.3
<i>Individual Business:</i>				
Net interest income	26.4	25.4	0.9	103.4
Noninterest income	12.2	11.5	0.6	48.8
Total revenue	38.6	37.0	1.6	152.3
General and administrative expenses	-24.6	-25.5	0.9	-99.6
Ordinary business profit	14.0	11.5	2.5	52.6
Net credit costs	-9.5	-9.3	-0.2	-33.6
Ordinary business profit after net credit costs	4.5	2.1	2.3	19.0
<i>Corporate/Other¹:</i>				
Net interest income	0.3	-0.5	0.9	-1.3
Noninterest income	1.2	1.9	-0.7	4.9
Total revenue	1.6	1.3	0.2	3.6
General and administrative expenses	-0.1	-0.8	0.6	-3.4
Ordinary business profit	1.4	0.5	0.8	0.2
Net credit costs	-0.0	0.0	-0.0	0.0
Ordinary business profit after net credit costs	1.4	0.5	0.8	0.2
<i>Total:</i>				
Net interest income	33.4	31.9	1.5	128.7
Noninterest income	23.4	25.9	-2.4	103.2
Total revenue	56.9	57.8	-0.9	232.0
General and administrative expenses	-34.8	-35.9	1.1	-142.5
Ordinary business profit	22.0	21.9	0.1	89.4
Net credit costs	-10.7	-9.1	-1.6	-37.2
Ordinary business profit after net credit costs	11.3	12.7	-1.4	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)

	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change (Amount)	FY2017 (12 months)
<i>Corporate Business:</i>				
Net interest income	2.5	2.6	-0.0	10.0
Noninterest income	1.0	1.4	-0.3	8.7
Total revenue	3.6	4.0	-0.4	18.7
General and administrative expenses	-3.0	-2.9	-0.0	-11.8
Ordinary business profit	0.6	1.0	-0.4	6.9
Net credit costs	0.0	0.4	-0.4	-0.2
Ordinary business profit after net credit costs	0.6	1.4	-0.8	6.6
<i>Structured Finance:</i>				
Net interest income	2.4	2.2	0.1	9.5
Noninterest income	1.0	1.7	-0.6	7.4
Total revenue	3.5	3.9	-0.4	17.0
General and administrative expenses	-1.9	-1.7	-0.2	-6.8
Ordinary business profit	1.6	2.2	-0.6	10.1
Net credit costs	-1.9	-0.3	-1.5	-1.7
Ordinary business profit after net credit costs	-0.2	1.9	-2.2	8.4
<i>Principal Transactions:</i>				
Net interest income	1.1	1.5	-0.4	5.0
Noninterest income	2.3	3.5	-1.1	7.8
Total revenue	3.5	5.1	-1.6	12.8
General and administrative expenses	-0.9	-1.1	0.1	-4.7
Ordinary business profit	2.6	4.0	-1.4	8.1
Net credit costs	-0.1	0.2	-0.4	1.2
Ordinary business profit after net credit costs	2.4	4.3	-1.8	9.3
<i>Showa Leasing:</i>				
Net interest income	-0.0	-0.0	0.0	-0.1
Noninterest income	3.8	3.2	0.6	16.1
Total revenue	3.8	3.2	0.6	15.9
General and administrative expenses	-2.3	-1.9	-0.3	-8.9
Ordinary business profit	1.4	1.2	0.2	7.0
Net credit costs	0.7	-0.2	0.9	-2.7
Ordinary business profit after net credit costs	2.2	0.9	1.2	4.2
<i>Institutional Business:</i>				
Net interest income	6.1	6.4	-0.2	24.4
Noninterest income	8.3	9.9	-1.5	40.2
Total revenue	14.5	16.4	-1.8	64.6
General and administrative expenses	-8.2	-7.8	-0.4	-32.4
Ordinary business profit	6.3	8.5	-2.2	32.2
Net credit costs	-1.2	0.1	-1.4	-3.6
Ordinary business profit after net credit costs	5.0	8.7	-3.7	28.6

1.Net of consolidation adjustments, if applicable.

Global Markets Business¹ (Consolidated)

(Billions of yen)

	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change (Amount)	FY2017 (12 months)
<i>Markets:</i>				
Net interest income	0.3	0.5	-0.1	1.6
Noninterest income	0.9	1.7	-0.8	6.8
Total revenue	1.3	2.3	-0.9	8.5
General and administrative expenses	-0.9	-0.9	0.0	-3.7
Ordinary business profit	0.3	1.3	-0.9	4.8
Net credit costs	0.0	0.0	-0.0	0.0
Ordinary business profit after net credit costs	0.3	1.3	-0.9	4.8
<i>Others:</i>				
Net interest income	0.1	0.1	-0.0	0.5
Noninterest income	0.5	0.6	-0.0	2.3
Total revenue	0.6	0.7	-0.0	2.8
General and administrative expenses	-0.8	-0.8	-0.0	-3.3
Ordinary business profit	-0.1	-0.0	-0.0	-0.4
Net credit costs	0.0	0.0	0.0	-0.0
Ordinary business profit after net credit costs	-0.1	-0.0	-0.0	-0.5
<i>Global Markets Business:</i>				
Net interest income	0.5	0.6	-0.1	2.1
Noninterest income	1.5	2.4	-0.9	9.2
Total revenue	2.0	3.0	-1.0	11.4
General and administrative expenses	-1.7	-1.7	0.0	-7.0
Ordinary business profit	0.2	1.2	-1.0	4.3
Net credit costs	0.0	0.0	0.0	-0.0
Ordinary business profit after net credit costs	0.2	1.2	-1.0	4.3

1.Net of consolidation adjustments, if applicable.

Individual Business (Consolidated) ¹

(Billions of yen)

	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change (Amount)	FY2017 (12 months)
<i>Retail banking:</i>				
Net interest income	5.8	5.6	0.2	22.4
Loans	2.5	2.6	-0.1	10.5
Deposits	3.3	3.0	0.3	11.9
Noninterest income	0.4	0.0	0.4	1.0
Asset Management Products	1.7	1.5	0.2	6.5
Other Fees (ATM, Fund Transfer, FX etc.)	-1.2	-1.4	0.1	-5.4
Total revenue	6.3	5.7	0.6	23.5
General and administrative expenses	-6.9	-7.4	0.5	-29.2
Ordinary business profit	-0.5	-1.6	1.1	-5.7
Net credit costs	0.0	-0.0	0.0	-0.1
Ordinary business profit after net credit costs	-0.5	-1.7	1.1	-5.8
<i>Shinsei Financial²:</i>				
Net interest income	17.5	16.8	0.6	69.0
Lake Business	16.0	15.2	0.7	62.9
Noninterest income	0.0	-0.1	0.1	-0.1
Total revenue	17.5	16.7	0.8	68.9
General and administrative expenses	-8.2	-8.3	0.1	-32.4
Ordinary business profit	9.2	8.3	0.9	36.4
Net credit costs	-4.6	-6.6	1.9	-22.7
Ordinary business profit after net credit costs	4.6	1.7	2.9	13.7
<i>APLUS FINANCIAL:</i>				
Net interest income	2.8	2.7	0.1	11.3
Noninterest income	11.4	11.1	0.2	45.0
Total revenue	14.2	13.8	0.3	56.4
General and administrative expenses	-8.9	-9.2	0.3	-36.6
Ordinary business profit	5.2	4.5	0.7	19.7
Net credit costs	-4.8	-2.6	-2.1	-10.6
Ordinary business profit after net credit costs	0.4	1.9	-1.4	9.1
<i>Others:</i>				
Net interest income	0.1	0.1	0.0	0.6
Noninterest income	0.3	0.5	-0.1	2.7
Total revenue	0.5	0.6	-0.1	3.4
General and administrative expenses	-0.4	-0.3	-0.0	-1.3
Ordinary business profit	0.1	0.3	-0.2	2.0
Net credit costs	-0.0	-0.0	-0.0	-0.0
Ordinary business profit after net credit costs	0.0	0.3	-0.2	2.0
<i>Individual Business:</i>				
Net interest income	26.4	25.4	0.9	103.4
Noninterest income	12.2	11.5	0.6	48.8
Total revenue	38.6	37.0	1.6	152.3
General and administrative expenses	-24.6	-25.5	0.9	-99.6
Ordinary business profit	14.0	11.5	2.5	52.6
Net credit costs	-9.5	-9.3	-0.2	-33.6
Ordinary business profit after net credit costs	4.5	2.1	2.3	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)

	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change (Amount)	FY2017 (12 months)
<i>Treasury:</i>				
Net interest income	0.3	-0.5	0.9	-1.3
Noninterest income	1.0	1.7	-0.7	4.2
Total revenue	1.4	1.2	0.2	2.8
General and administrative expenses	-0.4	-0.4	0.0	-1.7
Ordinary business profit	1.0	0.7	0.2	1.0
Net credit costs	-	-	-	-
Ordinary business profit after net credit costs	1.0	0.7	0.2	1.0
<i>Corporate/Other (excluding Treasury)¹:</i>				
Net interest income	-0.0	-0.0	0.0	-0.0
Noninterest income	0.1	0.1	0.0	0.7
Total revenue	0.1	0.1	0.0	0.7
General and administrative expenses	0.2	-0.3	0.6	-1.6
Ordinary business profit	0.4	-0.2	0.6	-0.8
Net credit costs	-0.0	0.0	-0.0	0.0
Ordinary business profit after net credit costs	0.4	-0.1	0.6	-0.8
<i>Corporate/Other¹:</i>				
Net interest income	0.3	-0.5	0.9	-1.3
Noninterest income	1.2	1.9	-0.7	4.9
Total revenue	1.6	1.3	0.2	3.6
General and administrative expenses	-0.1	-0.8	0.6	-3.4
Ordinary business profit	1.4	0.5	0.8	0.2
Net credit costs	-0.0	0.0	-0.0	0.0
Ordinary business profit after net credit costs	1.4	0.5	0.8	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)

	Jun 30 2018	Mar 31 2018	Change (Amount)
Domestic offices (excluding Japan offshore market accounts):			
Manufacturing	191.9	189.6	2.3
Agriculture and forestry	0.0	0.0	-0.0
Fishery	-	-	-
Mining, quarrying and gravel extraction	0.6	0.4	0.2
Construction	7.4	7.6	-0.2
Electric power, gas, heat supply and water supply	252.0	250.1	1.9
Information and communications	69.6	70.5	-0.9
Transportation and postal service	195.4	197.9	-2.5
Wholesale and retail	108.0	114.5	-6.5
Finance and insurance	491.0	509.1	-18.1
Real estate	556.3	565.9	-9.5
Services	345.0	344.6	0.4
Local government	57.2	68.4	-11.1
Others	2,430.4	2,437.3	-6.9
Loans to individual customers (retail banking, Shinsei BankLake, Shinsei Financial, and APLUS FINANCIAL)	1,984.9	1,998.2	-13.3
Total domestic (A)	4,705.3	4,756.4	-51.0
Overseas offices (including Japan offshore market accounts):			
Governments	0.3	0.3	-
Financial institutions	30.4	30.8	-0.3
Others	110.5	108.3	2.2
Total overseas (B)	141.3	139.5	1.8
Total (A+B)	4,846.7	4,895.9	-49.2

Securities Being Held to Maturity (Consolidated)

(Billions of yen)

	Jun 30, 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	450.7	453.7	2.9	481.3	484.6	3.3
Subtotal	450.7	453.7	2.9	481.3	484.6	3.3
Fair value does not exceed carrying amount						
Japanese national government bonds	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	450.7	453.7	2.9	481.3	484.6	3.3

Securities Available for Sale (Consolidated)

(Billions of yen)

	Jun 30, 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	18.4	7.9	10.5	19.9	9.0	10.8
Domestic bonds	119.7	119.3	0.3	70.1	69.9	0.2
Japanese national government bonds	61.2	61.1	0.0	23.2	23.2	0.0
Japanese local government bonds	2.4	2.4	0.0	2.3	2.3	0.0
Japanese corporate bonds	56.0	55.7	0.2	44.6	44.3	0.2
Other	106.8	105.1	1.6	155.5	153.4	2.0
Foreign securities	102.4	101.4	1.0	151.2	149.7	1.4
Foreign currency denominated foreign corporate and government bonds	97.4	96.8	0.6	125.7	124.5	1.2
Yen-denominated foreign corporate and government bonds	4.5	4.5	0.0	25.1	25.1	0.0
Foreign equity securities and others	0.4	0.0	0.3	0.2	0.0	0.1
Other securities	4.3	3.7	0.6	4.3	3.7	0.5
Other monetary claims purchased	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	245.0	232.4	12.5	245.6	232.4	13.1
Carrying amount does not exceed amortized/acquisition cost						
Equity securities	2.1	2.4	-0.3	1.2	1.4	-0.2
Domestic bonds	94.3	96.0	-1.6	112.8	114.7	-1.9
Japanese national government bonds	-	-	-	-	-	-
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	94.3	96.0	-1.6	112.8	114.7	-1.9
Other	222.8	226.8	-3.9	175.0	178.8	-3.7
Foreign securities	221.8	225.8	-3.9	174.9	178.7	-3.7
Foreign currency denominated foreign corporate and government bonds	152.9	156.1	-3.1	123.9	126.9	-3.0
Yen-denominated foreign corporate and government bonds	64.4	65.0	-0.5	47.3	47.9	-0.5
Foreign equity securities and others	4.4	4.6	-0.1	3.7	3.8	-0.0
Other securities	0.9	1.0	-0.0	0.1	0.1	-0.0
Other monetary claims purchased	-	-	-	-	-	-
Subtotal	319.3	325.3	-5.9	289.1	295.0	-5.9
Total ^{1, 2}	564.3	557.7	6.5	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 Jun 30, 2018 and March 31, 2018 were ¥564.3 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)

	Jun 30, 2018	Mar 31, 2018
Unrealized gain (loss) before deferred tax on:		
Available-for-sale securities	6.5	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	-1.5	0.2
Other monetary assets held in trust	-0.8	-0.5
(-) Deferred tax liabilities	1.1	1.3
Unrealized gain (loss) on available-for-sale securities before interest adjustments	2.9	5.5
(-) 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	4.0	-0.3
Unrealized gain (loss) on available-for-sale securities	6.9	5.1

Deposits (Consolidated)

(Billions of yen)

	Jun 30 2018	Mar 31 2018	Change (Amount)
Deposits	5,617.4	5,628.1	-10.6
Liquid (current, ordinary, notice) deposits	2,477.6	2,423.0	54.5
Time deposits ¹	2,650.3	2,691.0	-40.7
Other	489.4	514.0	-24.5
Negotiable certificates of deposits (NCDs)	442.2	438.9	3.3
Total	6,059.7	6,067.0	-7.3

1. Includes two-week maturity deposits

Financial Ratios (Consolidated)

	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	FY2017 (12 months)
Return on assets ¹	0.4% ⁵	0.5% ⁵	0.5%
Return on equity ²	4.3% ⁵	5.3% ⁵	6.1%
Return on equity (fully diluted) ³	4.3% ⁵	5.3% ⁵	6.1%
Return on risk asset ⁴	0.6% ⁵	0.7% ⁵	0.8%
Expense-to-revenue ratio ^{6, 7}	61.2%	62.1%	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)

	Jun 30 2018	Mar 31 2018	Change (Amount)
Core capital:instruments and reserves	893.8	899.9	-6.0
Core capital:regulatory adjustments	-91.7	-85.8	-5.9
Capital	802.1	814.1	-11.9
Total amount of Risk-weighted assets	6,302.0	6,342.7	-40.6
Consolidated core capital adequacy ratio	12.72%	12.83%	

1.Calculated according to F-IRB.

Consolidated total required capital is ¥595.4billion as at Jun 30, 2018, ¥592.7billion as at March 31, 2018.

Per Share Data (Consolidated)¹

(Yen)

	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change (Amount)	FY2017 (12 months)
Common equity	3,419.64	3,193.92	225.72	3,376.39
Fully diluted equity	3,419.25	3,193.55	225.70	3,375.99
Basic EPS	35.99	42.29	-6.29	199.01
Diluted EPS	35.98	42.28	-6.30	198.98
For calculation of per share data (Does not include treasury shares):				
Equity: Number of common shares	251,392,684	258,838,977		252,868,614
Fully diluted number of shares	251,421,575	258,869,121		252,898,756
EPS Number of common shares	252,605,416	258,839,021		258,349,136
Fully diluted number of shares	252,639,539	258,859,243		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)

	Jun 30 2018	Mar 31 2018	Change (Amount)
<<Assets>>			
Cash and due from banks	1,505,772	1,465,663	40,108
Call loans and bills bought	—	—	—
Receivables under securities borrowing transactions	2,694	2,629	64
Other monetary claims purchased	32,445	36,332	(3,887)
Trading assets	202,825	205,295	(2,470)
Monetary assets held in trust	255,213	234,924	20,289
Securities	1,121,611	1,123,522	(1,911)
Loans and bills discounted	4,846,735	4,895,963	(49,228)
Foreign exchanges	22,595	32,511	(9,916)
Lease receivables and leased investment assets	164,658	171,429	(6,771)
Other assets	849,810	856,213	(6,402)
Premises and equipment	47,394	50,261	(2,867)
Intangible assets	68,294	59,484	8,809
Goodwill	11,299	11,910	(610)
Assets for retirement benefits	14,010	13,261	748
Deferred tax assets	15,046	14,705	340
Customers' liabilities for acceptances and guarantees	408,257	395,301	12,956
Reserve for credit losses	(103,550)	(100,840)	(2,710)
Total assets	9,453,813	9,456,660	(2,846)
<<Liabilities>>			
Deposits	5,617,469	5,628,169	(10,699)
Negotiable certificates of deposit	442,294	438,927	3,366
Debentures	—	423	(423)
Call money and bills sold	—	—	—
Payables under repurchase agreements	51,812	55,919	(4,106)
Payables under securities lending transactions	463,139	433,462	29,677
Trading liabilities	179,904	184,582	(4,678)
Borrowed money	712,994	739,578	(26,583)
Foreign exchanges	68	102	(33)
Short-term corporate bonds	193,400	175,700	17,700
Corporate bonds	75,500	85,000	(9,500)
Other liabilities	361,116	367,734	(6,618)
Accrued employees' bonuses	2,592	8,489	(5,897)
Accrued directors' bonuses	16	51	(35)
Liabilities for retirement benefits	8,378	8,366	12
Reserve for reimbursement of debentures	4,079	4,130	(50)
Reserve for losses on interest repayments	70,975	74,687	(3,711)
Deferred tax liabilities	—	—	—
Acceptances and guarantees	408,257	395,301	12,956
Total liabilities	8,592,000	8,600,625	(8,625)
<<Equity>>			
Common stock	512,204	512,204	—
Capital surplus	78,506	78,506	—
Retained earnings	303,583	361,368	(57,785)
Treasury stock, at cost	(27,441)	(89,540)	62,098
Total shareholders' equity	866,852	862,538	4,313
Unrealized gain (loss) on available-for-sale securities	6,992	5,187	1,805
Deferred gain (loss) on derivatives under hedge accounting	(14,421)	(14,457)	36
Foreign currency translation adjustments	(1,945)	(1,573)	(372)
Defined retirement benefit plans	2,196	2,089	107
Total accumulated other comprehensive income	(7,177)	(8,754)	1,576
Stock acquisition rights	101	318	(217)
Noncontrolling interests	2,037	1,930	106
Total equity	861,813	856,034	5,778
Total liabilities and equity	9,453,813	9,456,660	(2,846)

Consolidated Statements of Income (Unaudited)

(Millions of yen)

	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change (Amount)	FY2017 (12 months)
Ordinary income	91,791	92,427	(635)	383,869
Interest income	38,577	36,646	1,930	148,504
Interest on loans and bills discounted	34,624	32,925	1,699	134,857
Interest and dividends on securities	3,411	3,256	155	11,705
Other interest income	541	464	76	1,941
Fees and commissions income	12,743	12,029	713	50,129
Trading income	991	1,946	(954)	8,542
Other business income	34,991	36,239	(1,248)	141,370
Other ordinary income	4,488	5,564	(1,076)	35,321
Ordinary expenses	81,191	80,392	799	327,057
Interest expenses	5,116	4,711	405	19,728
Interest on deposits	2,108	2,056	51	8,998
Interest on borrowings	896	855	40	3,471
Interest on corporate bonds	172	272	(99)	952
Other interest expenses	1,939	1,526	413	6,306
Fees and commissions expenses	6,163	6,301	(138)	25,059
Trading losses	292	—	292	—
Other business expenses	20,366	20,896	(529)	87,820
General and administrative expenses	35,802	37,219	(1,416)	146,969
Amortization of goodwill	610	774	(164)	2,773
Amortization of intangible assets acquired in business combinations	239	357	(117)	1,213
Other general and administrative expenses	34,952	36,087	(1,134)	142,981
Other ordinary expenses	13,449	11,263	2,186	47,480
Provision of reserve for credit losses	12,244	10,437	1,807	43,030
Other	1,204	826	378	4,450
Ordinary profit	10,600	12,035	(1,434)	56,811
Extraordinary gains	216	293	(77)	917
Extraordinary losses	227	61	166	2,317
Income before income taxes	10,588	12,267	(1,678)	55,411
Income taxes (benefit)	1,560	1,257	302	3,841
Profit	9,028	11,010	(1,981)	51,570
Profit (loss) attributable to noncontrolling interests	(63)	63	(126)	156
Profit attributable to owners of the parent	9,091	10,946	(1,854)	51,414

Composition of Capital Disclosure(Consolidated)

Shinsei Bank and subsidiaries

Millions of yen (except percentages)

As of Jun 30, 2018

Items	Basel III (Domestic Standard)	Amounts excluded under transitional
Core capital:instruments and reserves (1)		
Directly issued qualifying common share capital or preferred share capital	¥ 866,852	
with a compulsory conversion clause plus related capital surplus and retained earnings		
of which:capital and capital surplus	590,710	
of which:retained earnings	303,583	
of which:treasury stock (-)	27,441	
of which:earning to be distributed (-)	-	
of which:other than above	-	
Accumulated other comprehensive income (amount allowed to be included in Core capital)	(188)	¥ 439
of which:foreign currency translation adjustment	(1,945)	
of which:amount related defined benefit	1,757	439
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	101	
Adjusted noncontrolling interests (amount allowed to be included in Core capital)	9	
Total of reserves included in Core capital:instruments and reserves	417	
of which:general reserve for loan losses included in Core capital	417	
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	25,000	
(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	1,694	
(amount allowed to be included in Core capital:instruments and reserves)		
Core capital:instruments and reserves (A)	¥ 893,886	
Core capital:regulatory adjustments (2)		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 43,079	¥ 7,762
of which:goodwill (including those equivalent)	11,299	-
of which:other intangibles other than goodwill and mortgage servicing rights	31,780	7,762
Deferred tax assets that rely on future profitability excluding those arising	5,664	1,416
from temporary differences (net of related tax liability)		
Shortfall of eligible provisions to expected losses	29,861	-
Gain on sale of securitization	5,370	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Net defined benefit asset	7,776	1,944
Investments in own shares (excluding those reported in the net assets section)	0	0
Reciprocal cross-holdings in common equity	-	-
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	-	-
Amount exceeding the 10% threshold on specific items	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which:mortgage servicing rights	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Amount exceeding the 15% threshold on specific items	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which:mortgage servicing rights	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Core capital:regulatory adjustments (B)	¥ 91,751	
Capital (consolidated)		
Capital (consolidated)((A)-(B))(C)	¥ 802,134	
Risk-weighted assets, etc.		
Total amount of credit risk-weighted assets	¥ 5,777,200	
of which:total amount included in risk-weighted assets by transitional arrangements	9,444	
of which:intangible assets (excluding those relating to goodwill and mortgage servicing rights)	7,762	
of which:deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,416	
of which:net defined benefit asset	1,944	
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(1,678)	
of which:other than above	0	
Market risk (derived by multiplying the capital requirement by 12.5)	152,869	
Operational risk (derived by multiplying the capital requirement by 12.5)	371,960	
Credit risk-weighted assets adjustments	-	
Operational risk adjustments	-	
Total amount of Risk-weighted assets (D)	¥ 6,302,030	
Capital ratio (consolidated)		
Capital ratio (consolidated)((C)/(D))	12.72%	

Composition of Capital Disclosure(Consolidated)

Shinsei Bank and subsidiaries

Millions of yen (except percentages)

As of March 31, 2018

Items	Basel III (Domestic Standard)	Amounts excluded under transitional
Core capital:instruments and reserves (1)		
Directly issued qualifying common share capital or preferred share capital	¥ 860,010	
with a compulsory conversion clause plus related capital surplus and retained earnings		
of which:capital and capital surplus	590,710	
of which:retained earnings	361,368	
of which:treasury stock (-)	89,540	
of which:earning to be distributed (-)	2,528	
of which:other than above	-	
Accumulated other comprehensive income (amount allowed to be included in Core capital)	98	¥ 417
of which:foreign currency translation adjustment	(1,573)	
of which:amount related defined benefit	1,671	417
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	318	
Adjusted noncontrolling interests (amount allowed to be included in Core capital)	10	
Total of reserves included in Core capital:instruments and reserves	431	
of which:general reserve for loan losses included in Core capital	431	
of which:eligible provision included in Core capital	-	
Eligible noncumulative perpetual preferred shares subject to transitional arrangements	-	
(amount allowed to be included in Core capital:instruments and reserves)		
Eligible capital instruments subject to transitional arrangements	37,400	
(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	1,647	
(amount allowed to be included in Core capital:instruments and reserves)		
Core capital:instruments and reserves (A)	¥ 899,917	
Core capital:regulatory adjustments (2)		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 38,495	¥ 6,422
of which:goodwill (including those equivalent)	11,910	-
of which:other intangibles other than goodwill and mortgage servicing rights	26,585	6,422
Deferred tax assets that rely on future profitability excluding those arising	5,599	1,399
from temporary differences (net of related tax liability)		
Shortfall of eligible provisions to expected losses	28,976	-
Gain on sale of securitization	5,370	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Net defined benefit asset	7,360	1,840
Investments in own shares (excluding those reported in the net assets section)	-	-
Reciprocal cross-holdings in common equity	-	-
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	-	-
Amount exceeding the 10% threshold on specific items	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which:mortgage servicing rights	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Amount exceeding the 15% threshold on specific items	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which:mortgage servicing rights	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Core capital:regulatory adjustments (B)	¥ 85,801	
Capital (consolidated)		
Capital (consolidated)((A)-(B))(C)	¥ 814,115	
Risk-weighted assets, etc.		
Total amount of credit risk-weighted assets	¥ 5,809,201	
of which:total amount included in risk-weighted assets by transitional arrangements	6,964	
of which:intangible assets (excluding those relating to goodwill and mortgage servicing rights)	6,422	
of which:deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,399	
of which:net defined benefit asset	1,840	
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(2,697)	
of which:other than above	-	
Market risk (derived by multiplying the capital requirement by 12.5)	161,545	
Operational risk (derived by multiplying the capital requirement by 12.5)	371,960	
Credit risk-weighted assets adjustments	-	
Operational risk adjustments	-	
Total amount of Risk-weighted assets (D)	¥ 6,342,708	
Capital ratio (consolidated)		
Capital ratio (consolidated)((C)/(D))	12.83%	

(Reference) Results of Operations (Consolidated)

(Millions of yen)

	Q1 FY2018 (3 months) (A)	Q1 FY2017 (3 months) (B)	Change (A)-(B)
Gross Business Profit	55,899	55,930	(30)
(excluding Gains on Monetary Assets Held in Trust)	55,329	55,166	162
Net Interest Income	33,460	31,935	1,525
Net Fees and Commissions	6,584	5,731	853
Net Trading Income	698	1,946	(1,247)
Net Other Business Income	15,155	16,317	(1,161)
Gains on Monetary Assets Held in Trust	570	763	(193)
Gains related to Bonds	842	940	(97)
General and Administrative Expenses	35,660	37,063	(1,403)
Personnel Expenses	13,712	13,964	(251)
Nonpersonnel Expenses	19,718	20,788	(1,069)
Amortization of Goodwill and Intangible Assets	850	1,132	(282)
Taxes	2,228	2,311	(82)
Net Business Profit	20,238	18,866	1,372
Credit Costs	10,787	9,155	1,632
Gains on Stock Transactions	(587)	508	(1,096)
Equity in Net Income (Loss) of Affiliates	1,593	1,432	160
Other	143	382	(239)
Ordinary Profit	10,600	12,035	(1,434)
Extraordinary Gains	(11)	232	(244)
Gains from Sales of Fixed Assets and Impairment losses	(221)	(57)	(164)
Income before Income Taxes	10,588	12,267	(1,678)
Income Taxes - Current	1,607	1,191	415
Income Taxes - Deferred	(47)	65	(112)
Profit Attributable to Noncontrolling Interests	(63)	63	(126)
Profit Attributable to Owners of the Parents	9,091	10,946	(1,854)

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)

	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change (Amount)	FY2017 (12 months)
Net interest income	26.5	28.6	-2.1	105.4
Noninterest income	-1.1	2.1	-3.3	5.3
Net fees and commissions ¹	-3.3	-2.3	-0.9	-10.4
Net trading income	-0.1	1.0	-1.2	4.5
Net other business income	2.3	3.4	-1.1	11.2
Total revenue ¹	25.4	30.8	-5.4	110.8
Personnel expenses	-6.6	-6.9	0.2	-27.4
Nonpersonnel expenses	-9.4	-11.8	2.3	-45.9
Taxes	-1.2	-1.5	0.2	-5.6
General and administrative expenses	-17.4	-20.2	2.8	-79.0
Net business profit ¹	8.0	10.6	-2.6	31.8
Other gains				
Gains on the sales of equities	0.0	0.5	-0.4	4.3
Net provision of reserve for credit losses	-2.0	0.1	-2.2	-2.5
Losses on write-off of loans	-0.0	-0.0	0.0	-0.1
Recoveries of written-off claims	0.0	0.2	-0.2	1.3
Expenses for employees' retirement benefits	-0.1	-0.1	-0.0	-0.4
Others	0.1	0.2	-0.0	2.1
Net ordinary income	5.9	11.6	-5.6	36.5
Extra ordinary profit				
Gains from sales of fixed assets and impairment losses	-0.2	-0.0	-0.1	-1.1
Others	-0.7	0.2	-1.0	5.5
Income before income taxes	4.9	11.9	-6.9	40.9
Income taxes - Current	-0.5	-1.2	0.7	2.6
Income taxes - Deferred	—	—	—	-3.1
Net income	4.4	10.6	-6.2	40.5

¹Includes income from monetary assets held in trust of ¥0.3 billion in Q1FY2018, ¥0.7 billion in Q1FY2017 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 totaled 25.4 billion yen in the first quarter of fiscal year 2018, 5.4 billion yen decrease from the first quarter of fiscal year 2017. Of this amount, net interest income totaled 26.5 billion yen, 2.1 billion yen decrease from the first quarter of fiscal year 2017. This resulted from decrease in dividend income received from subsidiaries while interest income from consumer finance business increased. It should be noted that dividend income received from subsidiaries totaled 1.5 billion yen (1.5 billion yen from Showa Leasing), 4.7 billion yen decrease from the dividend income received in the first quarter of fiscal year 2017. Noninterest income totaled 1.1 billion yen (loss), 3.3 billion yen decrease from the first quarter of fiscal year 2017. This resulted from decrease in fee income related to derivative transactions in Corporate Business.

General and administrative expenses totaled 17.4 billion yen, 2.8 billion yen decrease from the first quarter of fiscal year 2017. This was due mainly to transferring a part of overhead expenses to Shinsei Financial as Lake ALSA started from April 2018.

Nonconsolidated net business profit totaled 8.0 billion yen, 2.6 billion yen decrease from the same period of fiscal year 2017.

Other gains included of 2.1 billion yen (expense) net credit cost due to provisioning of new business transactions in Structured Finance Business.

As a result, net income totaled 4.4 billion yen, 6.2 billion yen decrease from the first quarter of fiscal year 2017.

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

(Billions of yen, except percentages)

	Q1 FY2018 (3 months)			Q1 FY2017 (3 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	4,638.0	25.0	2.16	4,515.6	22.6	2.01	4,581.5	94.3	2.05
Securities	1,477.6	5.3	1.45	1,396.3	9.3	2.67	1,457.6	25.4	1.74
Other interest-earning assets ^{2, 3}	175.8	0.4	***	198.1	0.5	***	192.1	2.0	***
Total interest-earning assets	6,291.5	30.8	1.96	6,110.1	32.5	2.13	6,231.4	121.8	1.95
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	6,146.1	2.1	0.13	5,966.2	2.0	0.13	6,055.4	9.0	0.14
Borrowed money	258.2	0.1	0.30	327.9	0.1	0.17	293.7	0.5	0.19
Subordinated debt	12.3	0.0	2.37	12.4	0.0	2.36	12.4	0.2	2.36
Other borrowed money	245.9	0.1	0.19	315.5	0.0	0.08	281.3	0.2	0.10
Corporate bonds	42.4	0.1	1.26	57.6	0.2	1.51	50.5	0.7	1.50
Subordinated bonds	22.3	0.1	2.14	31.4	0.1	2.53	28.6	0.6	2.43
Other corporate bonds	20.0	0.0	0.29	26.2	0.0	0.30	21.9	0.0	0.29
Other interest-bearing liabilities ²	655.0	1.9	***	498.6	1.4	***	572.5	6.1	***
Total interest-bearing liabilities	7,101.9	4.3	0.24	6,850.4	3.8	0.22	6,972.2	16.4	0.23
Net interest income/yield on interest-earning assets	6,291.5	26.5	1.69	6,110.1	28.6	1.87	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)

	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change	FY2017 (12 months)
Yield on interest earning assets (A)	1.96	2.13	-0.17	1.95
Total cost of funding (B)	1.22	1.40	-0.18	1.36
Cost of interest bearing liabilities (C)	0.24	0.22	0.02	0.23
Overall interest margin (A)-(B)	0.74	0.73	0.01	0.59
Net interest margin (A)-(C)	1.72	1.91	-0.19	1.72

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

(Domestic)¹

(Percentages)

	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change	FY2017 (12 months)
Yield on interest earning assets (A)	1.74	2.01	-0.27	1.80
Interest earned on loans and bills discounted	2.07	1.99	0.08	2.03
Interest earned on securities	1.32	2.93	-1.61	1.78
Total cost of funding (B) ²	1.13	1.34	-0.21	1.29
Cost of interest bearing liabilities (C)	0.09	0.10	-0.01	0.10
Interest paid on deposits ³	0.07	0.08	-0.01	0.09
Overall interest margin (A)-(B)	0.61	0.67	-0.06	0.51
Net interest margin (A)-(C)	1.65	1.91	-0.26	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)

	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change	FY2017 (12 months)
Gains (losses) on bonds	0.8	0.9	-0.0	2.6
Gains on sales	1.0	1.1	-0.1	3.7
Gains on redemption	-	-	-	0.0
Losses on sales	-0.1	-0.2	0.0	-1.1
Losses on redemption	-	-	-	-
Losses on devaluation	-	-	-	-
Gains (losses) on stocks	0.0	0.5	-0.4	4.3
Gains on sales	0.0	0.8	-0.7	4.9
Losses on sales	-0.0	-0.0	0.0	-0.4
Losses on devaluation	-	-0.1	0.1	-0.1

Net Credit Costs (Nonconsolidated) ¹

(Billions of yen)

	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change (Amount)	FY2017 (12 months)
Losses on write-off of loans/Losses on sale of loans	-0.0	-0.0	0.0	-0.1
Net provision of reserve for loan losses	-2.0	0.1	-2.2	-2.5
Net provision of general reserve for loan losses	-1.5	0.2	-1.7	-2.2
Net provision of specific reserve for loan losses	-0.5	-0.0	-0.5	-0.3
Net Provision of Reserve for Loan Losses to Restructuring Countries	-	-	-	0.0
Recoveries of written-off claims	0.0	0.2	-0.2	1.3
Net credit costs	-2.1	0.4	-2.5	-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)

	Jun 30 2018	Mar 31 2018	Change (Amount)
Domestic (excluding Japan offshore market accounts):			
Manufacturing	189.1	185.3	3.8
Agriculture and forestry	-	-	-
Fishery	-	-	-
Mining, quarrying and gravel extraction	0.6	0.4	0.2
Construction	5.5	5.9	-0.3
Electric power, gas, heat supply and water supply	247.9	246.1	1.7
Information and communications	69.4	70.3	-0.9
Transportation and postal service	172.4	174.8	-2.4
Wholesale and retail	105.0	110.0	-4.9
Finance and insurance	831.3	705.5	125.8
Real estate	542.3	553.5	-11.2
Services	368.0	393.7	-25.7
Local government	57.2	68.4	-11.1
Individuals	1,537.6	1,564.0	-26.3
Overseas yen loans and overseas loans booked domestically	425.8	419.9	5.8
Total domestic	4,552.7	4,498.4	54.3
Overseas (including Japan offshore market accounts):			
Governments	0.3	0.3	-
Financial institutions	30.4	30.8	-0.3
Others	110.5	108.3	2.2
Total overseas	141.3	139.5	1.8
Total	4,694.1	4,637.9	56.2

Claims Classified under the Financial Revitalization Law (Nonconsolidated)

(Billions of yen)

	Jun 30 2018	Mar 31 2018	Change (Amount)
Claims against bankrupt and quasi- bankrupt obligors	1.9	1.8	0.0
Doubtful claims	3.5	3.6	-0.0
Substandard claims	2.9	3.0	-0.1
Total (A)	8.3	8.4	-0.0
Coverage ratio	70.5%	65.8%	
Total claims (B)	4,771.9	4,724.1	47.8
Loans and bills discounted	4,694.1	4,637.9	56.2
Others	77.7	86.1	-8.3
Ratio to total claims (A/B X 100) (%) ¹	0.17%	0.17%	
(Ref. 1) Amount of write-off	5.9	5.9	0.0
(Ref. 2) Below need caution level	58.0	52.0	5.9

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

(Billions of yen, except percentages)

	Jun 30, 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	1.9	1.9	0.5	1.4	100.0%	1.8	1.8	0.4	1.4	100.0%
Doubtful claims	3.5	2.5	2.3	0.1	69.8%	3.6	2.0	1.9	0.1	57.4%
Substandard claims	2.9	1.5	0.7	0.9	52.2%	3.0	1.7	0.7	1.0	55.3%
Total	8.3	5.9	3.5	2.4	70.5%	8.4	5.5	3.0	2.5	65.8%

Securities Being Held to Maturity (Nonconsolidated)

(Billions of yen)

	Jun 30, 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	450.7	453.7	2.9	481.3	484.6	3.3
Subtotal	450.7	453.7	2.9	481.3	484.6	3.3
Fair value does not exceed carrying amount						
Japanese national government bonds	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	450.7	453.7	2.9	481.3	484.6	3.3

Securities Available for Sale (Nonconsolidated)

(Billions of yen)

	Jun 30, 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	15.0	6.5	8.4	16.6	7.6	9.0
Domestic bonds	117.6	117.3	0.3	68.1	67.8	0.2
Japanese national government bonds	59.2	59.1	0.0	21.2	21.2	0.0
Japanese local government bonds	2.4	2.4	0.0	2.3	2.3	0.0
Japanese corporate bonds	56.0	55.7	0.2	44.6	44.3	0.2
Other	104.2	102.5	1.6	152.9	150.8	2.0
Foreign securities	99.8	98.8	1.0	148.5	147.1	1.4
Foreign currency denominated foreign corporate and government bonds	94.8	94.2	0.6	123.1	121.9	1.2
Yen-denominated foreign corporate and government bonds	4.5	4.5	0.0	25.1	25.1	0.0
Foreign equity securities and others	0.4	0.0	0.3	0.2	0.0	0.1
Other securities	4.3	3.7	0.6	4.3	3.7	0.5
Other monetary claims purchased	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal	236.9	226.4	10.4	237.7	226.4	11.3
Carrying amount does not exceed amortized/acquisition cost						
Equity securities	1.9	2.3	-0.3	1.0	1.3	-0.2
Domestic bonds	94.3	96.0	-1.6	112.8	114.7	-1.9
Japanese national government bonds	-	-	-	-	-	-
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	94.3	96.0	-1.6	112.8	114.7	-1.9
Other	222.8	226.8	-3.9	175.0	178.8	-3.7
Foreign securities	221.8	225.8	-3.9	174.9	178.7	-3.7
Foreign currency denominated foreign corporate and government bonds	152.9	156.1	-3.1	123.9	126.9	-3.0
Yen-denominated foreign corporate and government bonds	64.4	65.0	-0.5	47.3	47.9	-0.5
Foreign equity securities and others	4.4	4.6	-0.1	3.7	3.8	-0.0
Other securities	0.9	1.0	-0.0	0.1	0.1	-0.0
Other monetary claims purchased	-	-	-	-	-	-
Subtotal	319.2	325.1	-5.9	288.9	294.9	-5.9
Total ^{1, 2}	556.1	551.6	4.4	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)

	Jun 30, 2018	Mar 31, 2018
Unrealized gain (loss) before deferred tax on:		
Available-for-sale securities	4.4	5.3
Interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined	0.5	0.3
Other monetary assets held in trust	-0.8	-0.5
(-) Deferred tax liabilities	0.5	0.8
Unrealized gain (loss) on available-for-sale securities	3.5	4.2

Capital Adequacy Related Information (Nonconsolidated)

<Basel 3, Domestic Standard¹>

(Billions of yen, except percentages)

	Jun 30 2018	Mar 31 2018	Change (Amount)
Core capital: instruments and reserves	866.2	876.9	-10.7
Core capital: regulatory adjustments	-43.8	-45.1	1.2
Capital	822.3	831.8	-9.4
Total amount of Risk-weighted assets	5,549.2	5,600.2	-51.0
Core capital adequacy ratio	14.81%	14.85%	

1. Calculated according to F-IRB.

Nonconsolidated total required capital is ¥487.7 billion as at Jun 30, 2018 and ¥493.1 billion as at March 31, 2018.

Nonconsolidated Balance Sheets (Unaudited)

(Millions of yen)

	Jun 30 2018	Mar 31 2018	Change (Amount)
<<Assets>>			
Cash and due from banks	1,439,673	1,391,303	48,370
Other monetary claims purchased	15,155	115,458	(100,302)
Trading assets	194,975	199,866	(4,891)
Monetary assets held in trust	140,403	117,756	22,647
Securities	1,450,420	1,452,342	(1,922)
Loans and bills discounted	4,694,162	4,637,953	56,209
Foreign exchanges	22,595	32,511	(9,916)
Other assets	209,404	223,082	(13,677)
Other	209,404	223,082	(13,677)
Premises and equipment	13,198	14,031	(833)
Intangible assets	25,270	23,139	2,131
Prepaid pension cost	6,958	6,362	595
Deferred tax assets	924	573	350
Customers' liabilities for acceptances and guarantees	19,492	19,810	(317)
Reserve for credit losses	(28,769)	(26,721)	(2,047)
Total assets	8,203,866	8,207,471	(3,605)
<<Liabilities>>			
Deposits	5,810,331	5,789,256	21,075
Negotiable certificates of deposit	442,294	438,927	3,366
Debentures	—	423	(423)
Payables under repurchase agreements	51,812	55,919	(4,106)
Payables under securities lending transactions	463,139	433,462	29,677
Trading liabilities	176,584	181,337	(4,753)
Borrowed money	229,887	263,114	(33,227)
Foreign exchanges	68	102	(33)
Corporate bonds	35,500	45,000	(9,500)
Other liabilities	141,190	140,685	504
Income taxes payable	991	930	60
Lease obligations	23	24	(1)
Asset retirement obligations	7,500	7,471	29
Other	132,675	132,258	416
Accrued employees' bonuses	1,230	4,740	(3,509)
Reserve for reimbursement of debentures	4,079	4,130	(50)
Acceptances and guarantees	19,492	19,810	(317)
Total liabilities	7,375,612	7,376,910	(1,298)
<<Equity>>			
Common stock	512,204	512,204	—
Capital surplus	79,465	79,465	—
Additional paid-in capital	79,465	79,465	—
Retained earnings	276,909	339,650	(62,741)
Legal reserve	15,243	14,738	505
Other retained earnings	261,665	324,912	(63,247)
Unappropriated retained earnings	261,665	324,912	(63,247)
Treasury stock, at cost	(27,441)	(89,540)	62,098
Total shareholders' equity	841,137	841,780	(642)
Unrealized gain (loss) on available-for-sale securities	3,575	4,268	(693)
Deferred gain (loss) on derivatives under hedge accounting	(16,511)	(15,759)	(752)
Total net unrealized gain (loss) and translation adjustments	(12,936)	(11,490)	(1,446)
Stock acquisition rights	52	270	(217)
Total equity	828,253	830,560	(2,307)
Total liabilities and equity	8,203,866	8,207,471	(3,605)

Nonconsolidated Statements of Income (Unaudited)

(Millions of yen)

	Q1 FY2018 (3 months)	Q1 FY2017 (3 months)	Change (Amount)	FY2017 (12 months)
Ordinary income	38,925	44,059	(5,134)	169,324
Interest income	30,862	32,502	(1,639)	121,833
Interest on loans and bills discounted	25,010	22,656	2,353	94,303
Interest and dividends on securities	5,363	9,318	(3,955)	25,441
Other interest income	489	526	(37)	2,088
Fees and commissions income	3,771	3,923	(151)	17,227
Trading income	105	1,037	(931)	4,575
Other business income	3,327	3,992	(665)	13,288
Other ordinary income	857	2,603	(1,746)	12,398
Ordinary expenses	32,951	32,399	552	132,737
Interest expenses	4,347	3,877	470	16,483
Interest on deposits	2,109	2,057	51	9,001
Interest on corporate bonds	134	218	(83)	761
Other interest expenses	2,104	1,602	502	6,720
Fees and commissions expenses	7,456	7,038	417	29,698
Trading losses	291	0	291	—
Other business expenses	972	513	459	2,055
General and administrative expenses	17,550	20,387	(2,836)	79,453
Other ordinary expenses	2,331	582	1,749	5,047
Ordinary profit	5,973	11,660	(5,686)	36,586
Extraordinary gains	216	293	(77)	6,581
Extraordinary losses	1,218	23	1,195	2,178
Income before income taxes	4,971	11,931	(6,960)	40,989
Income taxes (benefit)	524	1,237	(713)	479
Net income	4,446	10,693	(6,246)	40,510

Composition of Capital Disclosure (Nonconsolidated)

Shinsei Bank and subsidiaries

Millions of yen (except percentages)

As of Jun 30, 2018

Items	Basel III (Domestic Standard)	Amounts excluded under transitional
Core capital:instruments and reserves (1)		
Directly issued qualifying common share capital or preferred share capital	¥ 841,137	
with a compulsory conversion clause plus related capital surplus and retained earnings		
of which:capital and capital surplus	591,670	
of which:retained earnings	276,909	
of which:treasury stock (-)	27,441	
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	52	
Total of reserves included in Core capital:instruments and reserves	12	
of which:general reserve for loan losses included in Core capital	12	
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)	25,000	
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)	¥ 866,202	
Core capital:regulatory adjustments (2)		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 14,404	¥ 3,382
of which:goodwill (including those equivalent)	828	-
of which:other intangibles other than goodwill and mortgage servicing rights	13,576	3,382
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,692	423
Shortfall of eligible provisions to expected losses	18,481	-
Gain on sale of securitization	5,370	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Prepaid pension cost	3,862	965
Investments in own shares (excluding those reported in the net assets section)	0	0
Reciprocal cross-holdings in common equity	-	-
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	-	-
Amount exceeding the 10% threshold on specific items	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which:mortgage servicing rights	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Amount exceeding the 15% threshold on specific items	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which:mortgage servicing rights	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Core capital:regulatory adjustments (B)	¥ 43,809	
Capital (nonconsolidated)		
Capital (consolidated)((A)-(B))(C)	¥ 822,392	
Risk-weighted assets, etc.		
Total amount of credit risk-weighted assets	¥ 5,217,572	
of which:total amount included in risk-weighted assets by transitional arrangements	3,091	
of which:intangible assets (excluding those relating to goodwill and mortgage servicing rights)	3,382	
of which:deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	423	
of which:prepaid pension cost	965	
of which:significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(1,678)	
of which:other than above	0	
Market risk (derived by multiplying the capital requirement by 12.5)	143,141	
Operational risk (derived by multiplying the capital requirement by 12.5)	188,537	
Credit risk-weighted assets adjustments	-	
Operational risk adjustments	-	
Total amount of Risk-weighted assets (D)	¥ 5,549,251	
Capital ratio (nonconsolidated)		
Capital ratio (nonconsolidated)((C)/(D))	14.81%	

Composition of Capital Disclosure (Nonconsolidated)

Shinsei Bank and subsidiaries

Millions of yen (except percentages)

As of March 31, 2018

Items	Basel III (Domestic Standard)	Amounts excluded under transitional
Core capital:instruments and reserves (1)		
Directly issued qualifying common share capital or preferred share capital	¥ 839,251	
with a compulsory conversion clause plus related capital surplus and retained earnings		
of which:capital and capital surplus	591,670	
of which:retained earnings	339,650	
of which:treasury stock (-)	89,540	
of which:earning to be distributed (-)	2,528	
of which:other than above	-	
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	270	
Total of reserves included in Core capital:instruments and reserves	16	
of which:general reserve for loan losses included in Core capital	16	
of which:eligible provision included in Core capital	-	
Eligible noncumulative perpetual preferred shares subject to transitional arrangements (amount allowed to be included in Core capital:instruments and reserves)	-	
Eligible capital instruments subject to transitional arrangements (amount allowed to be included in Core capital:instruments and reserves)	37,400	
Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital:instruments and reserves)	-	
Land revaluation excess after 55% discount (amount allowed to be included in Core capital:instruments and reserves)	-	
Core capital:instruments and reserves (A)	¥ 876,938	
Core capital:regulatory adjustments (2)		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 13,249	¥ 3,070
of which:goodwill (including those equivalent)	869	-
of which:other intangibles other than goodwill and mortgage servicing rights	12,380	3,070
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,630	407
Shortfall of eligible provisions to expected losses	21,321	-
Gain on sale of securitization	5,370	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Prepaid pension cost	3,531	882
Investments in own shares (excluding those reported in the net assets section)	-	-
Reciprocal cross-holdings in common equity	-	-
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	-	-
Amount exceeding the 10% threshold on specific items	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which:mortgage servicing rights	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Amount exceeding the 15% threshold on specific items	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which:mortgage servicing rights	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Core capital:regulatory adjustments (B)	¥ 45,103	
Capital (nonconsolidated)		
Capital (consolidated)((A)-(B))(C)	¥ 831,835	
Risk-weighted assets, etc.		
Total amount of credit risk-weighted assets	¥ 5,260,100	
of which:total amount included in risk-weighted assets by transitional arrangements	1,663	
of which:intangible assets (excluding those relating to goodwill and mortgage servicing rights)	3,070	
of which:deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	407	
of which:prepaid pension cost	882	
of which:significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(2,697)	
of which:other than above	-	
Market risk (derived by multiplying the capital requirement by 12.5)	151,634	
Operational risk (derived by multiplying the capital requirement by 12.5)	188,537	
Credit risk-weighted assets adjustments	-	
Operational risk adjustments	-	
Total amount of Risk-weighted assets (D)	¥ 5,600,271	
Capital ratio (nonconsolidated)		
Capital ratio (nonconsolidated)((C)/(D))	14.85%	

(Reference) Results of Operations (Nonconsolidated)

(Millions of yen)

	Q1 FY2018 (3 months) (A)	Q1 FY2017 (3 months) (B)	Change (A)-(B)
Gross Business Profit	25,409	30,841	(5,432)
(excluding Gains on Monetary Assets Held in Trust)	25,033	30,058	(5,024)
Net Interest Income	26,549	28,657	(2,107)
Net Fees and Commissions	(3,304)	(2,328)	(975)
Gains on Monetary Assets Held in Trust	375	783	(407)
Net Trading Income	(186)	1,037	(1,223)
Net Other Business Income	2,350	3,476	(1,126)
Gains related to Bonds	842	940	(97)
General and Administrative Expenses	17,408	20,231	(2,823)
Personnel Expenses	6,669	6,903	(234)
Nonpersonnel Expenses	9,468	11,820	(2,352)
Amortization of Goodwill	41	41	-
Taxes	1,270	1,507	(236)
Net Operating Profit before Provision of General Reserve for Loan Losses	7,625	9,826	(2,201)
Provision of General Reserve for Loan Losses (1)	1,535	-	1,535
Net Operating Profit	6,089	9,826	(3,736)
Net Business Profit	8,000	10,610	(2,609)
Non-Recurring Gains	(456)	1,082	(1,539)
Gains related to Stocks	92	551	(458)
Credit Costs (2)	566	(421)	988
Losses on Write-Off of Loans	15	61	(46)
Provision of Specific Reserve for Loan Losses	552	-	552
Provision of Reserve for Loan Losses to Restructuring Countries	-	-	-
Recoveries of Written-off Claims	(1)	(291)	289
Reversal of Reserve for Loan Losses	-	(191)	191
Losses on Sale of Loans	-	-	-
Other	17	110	(93)
Ordinary Profit	5,973	11,660	(5,686)
Extraordinary Gains	(1,002)	270	(1,273)
Gains from Sales of Fixed Assets and Impairment losses	(220)	(21)	(199)
Income before Income Taxes	4,971	11,931	(6,960)
Income Taxes - Current	524	1,237	(713)
Income Taxes - Deferred	-	-	-
Net Income	4,446	10,693	(6,246)

(Reference)

Net Credit Costs (1)+ (2)	2,102	(421)	2,523
---------------------------	-------	-------	-------

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]	Q1 FY2018 (3 months)			Q1 FY2017 (3 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:	6,291,512	30,862	1.96	6,110,108	32,502	2.13	6,231,416	121,833	1.95
Loans and bills discounted	4,638,009	25,010	2.16	4,515,615	22,656	2.01	4,581,570	94,303	2.05
Securities	1,477,628	5,363	1.45	1,396,334	9,318	2.67	1,457,686	25,441	1.74
Interest-bearing liabilities:	7,101,973	4,347	0.24	6,850,444	3,877	0.22	6,972,291	16,483	0.23
Deposits, including negotiable certificates of deposit	6,146,194	2,116	0.13	5,966,228	2,062	0.13	6,055,461	9,025	0.14
Borrowed money	258,291	193	0.30	327,928	141	0.17	293,736	586	0.19
Subordinated debt	12,320	72	2.37	12,400	73	2.36	12,400	293	2.36
Corporate bonds	42,428	134	1.26	57,600	218	1.51	50,555	761	1.50
Subordinated bonds	22,362	119	2.14	31,400	198	2.53	28,647	696	2.43
Net interest income/yield on interest-earning assets	6,291,512	26,515	1.69	6,110,108	28,624	1.87	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.