

# Quarterly Consolidated Financial Statements and Notes

For the Nine-Month Period Ended December 31, 2021

\*This is an English translation of quarterly consolidated financial statements and notes of Shinsei Bank, Limited (the “Bank”) and its consolidated subsidiaries (collectively, the “Group”) prepared in Japanese under JGAAP. Please note that this translation is provided for your reference and convenience only, pursuant to Rule 12g3-2(b) under the U.S. Securities Exchange Act of 1934. In the event of any discrepancy between the translation and the Japanese original, the Japanese original shall take precedence over this translation.

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

## Quarterly Consolidated Balance Sheets

Shinsei Bank, Limited, and Consolidated Subsidiaries  
As of March 31, 2021 and December 31, 2021

(Millions of yen)

	March 31, 2021	December 31, 2021
<b>ASSETS</b>		
Cash and due from banks	¥ 1,919,075	¥ 1,782,590
Other monetary claims purchased	46,187	35,106
Trading assets	170,376	158,628
Monetary assets held in trust	393,949	367,635
Securities	929,717	909,815
Loans and bills discounted	1 5,233,605	1 5,211,872
Foreign exchanges	83,730	56,944
Lease receivables and leased investment assets	192,147	188,020
Other assets	1,2 1,154,474	1,2 1,216,654
Premises and equipment	63,878	61,953
Intangible assets	3,4 68,685	3,4 62,457
Assets for retirement benefits	19,482	20,137
Deferred tax assets	9,985	10,426
Customers' liabilities for acceptances and guarantees	567,777	579,809
Reserve for credit losses	(112,897)	(105,841)
<b>[Total assets]</b>	<b>¥ 10,740,174</b>	<b>¥ 10,556,210</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities:</b>		
Deposits	¥ 6,056,191	¥ 5,886,933
Negotiable certificates of deposit	515,140	513,250
Call money and bills sold	30,000	35,126
Payables under repurchase agreements	47,712	61,797
Payables under securities lending transactions	395,449	403,514
Trading liabilities	148,393	135,833
Borrowed money	1,026,679	975,849
Foreign exchanges	889	1,670
Short-term corporate bonds	218,800	199,300
Corporate bonds	367,534	366,168
Other liabilities	374,978	399,278
Accrued employees' bonuses	8,504	7,439
Accrued directors' bonuses	41	30
Liabilities for retirement benefits	8,084	8,122
Reserve for directors' retirement benefits	19	22
Reserve for reimbursement of deposits	391	411
Reserve for reimbursement of debentures	3,355	2,902
Reserve for losses on interest repayments	39,096	32,443
Deferred tax liabilities	393	248
Acceptances and guarantees	567,777	579,809
<b>[Total liabilities]</b>	<b>9,809,431</b>	<b>9,610,154</b>
<b>Equity:</b>		
<b>Shareholders' equity:</b>		
Common stock	512,204	512,204
Capital surplus	72,961	72,961
Retained earnings	431,623	466,662
Treasury stock, at cost	(81,464)	(91,338)
<b>[Total shareholders' equity]</b>	<b>935,324</b>	<b>960,489</b>
<b>Accumulated other comprehensive income:</b>		
Unrealized gain (loss) on available-for-sale securities	(593)	(10,606)
Deferred gain (loss) on derivatives under hedge accounting	(16,799)	(13,990)
Foreign currency translation adjustments	(1,133)	1,422
Defined retirement benefit plans	5,495	5,043
<b>[Total accumulated other comprehensive income]</b>	<b>(13,031)</b>	<b>(18,131)</b>
Stock acquisition rights	149	101
Noncontrolling interests	8,300	3,595
<b>[Total equity]</b>	<b>930,742</b>	<b>946,055</b>
<b>[Total liabilities and equity]</b>	<b>¥ 10,740,174</b>	<b>¥ 10,556,210</b>

## Quarterly Consolidated Statements of Income

Shinsei Bank, Limited, and Consolidated Subsidiaries

For the nine-month periods ended December 31, 2020 and 2021

(Millions of yen)

	December 31, 2020 ( 9 months )	December 31, 2021 ( 9 months )
<b>ORDINARY INCOME</b>	¥ 275,735	¥ 276,900
Interest income	101,338	103,327
Interest on loans and bills discounted	95,471	95,802
Interest and dividends on securities	4,232	5,768
Fees and commissions income	41,021	43,475
Trading income	2,067	5,438
Other business income	1 115,306	1 108,334
Other ordinary income	2 16,001	2 16,324
<b>ORDINARY EXPENSES</b>	244,028	238,232
Interest expenses	9,656	9,783
Interest on deposits	3,262	2,572
Interest on borrowings	2,157	1,573
Interest on corporate bonds	374	2,586
Fees and commissions expenses	19,335	18,985
Trading losses	64	—
Other business expenses	3 74,776	3 68,563
General and administrative expenses	4 112,063	4 118,618
Other ordinary expenses	5 28,133	5 22,282
<b>ORDINARY PROFIT</b>	31,706	38,667
Extraordinary gains	6 32	6 1,616
Extraordinary losses	7 325	7 807
Income before income taxes	31,413	39,476
Income taxes (benefit)	6,271	2,023
Profit	25,141	37,452
Profit (loss) attributable to noncontrolling interests	(1,041)	(28)
<b>PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	¥ 26,182	¥ 37,481

## Quarterly Consolidated Statements of Comprehensive Income

Shinsei Bank, Limited, and Consolidated Subsidiaries

For the nine-month periods ended December 31, 2020 and 2021

(Millions of yen)

	December 31, 2020 ( 9 months )	December 31, 2021 ( 9 months )
<b>PROFIT</b>	¥ 25,141	¥ 37,452
<b>OTHER COMPREHENSIVE INCOME</b>	152	(5,610)
Unrealized gain (loss) on available-for-sale securities	3,267	(9,272)
Deferred gain (loss) on derivatives under hedge accounting	(3,726)	2,809
Foreign currency translation adjustments	(18)	2,417
Defined retirement benefit plans	120	(451)
Share of other comprehensive income in affiliates	509	(1,112)
<b>COMPREHENSIVE INCOME</b>	¥ 25,294	¥ 31,842

(Breakdown)

Attributable to:

Owners of the parent	¥ 25,355	¥ 32,382
Noncontrolling interests	(61)	(539)

## Notes to Quarterly Consolidated Financial Statements

### (Change in accounting policy)

(Adoption of Accounting Standard for Revenue Recognition and Its Implementation Guidance)

The Group applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021) from the beginning of the first quarter of the current fiscal year, and the Group recognizes revenue at the amount to which the Group expects to be entitled in exchange for the promised goods or services at the time the control of those goods or services was transferred to the customer. As a result, the timing of the recognition of annual membership fees income which certain consolidated subsidiaries record from credit cards for the intermediation of comprehensive credit purchases were changed to be recognized on a pro rata basis over a certain period because the subsidiaries satisfy their performance obligations over time. Also, in the case where the consolidated subsidiaries were involved in the transactions as agents, the revenues were recognized in net amounts less commission expenses paid by the consolidated subsidiaries to third parties other than customers. In addition, the timing of recognition of revenues from merchant fees of comprehensive credit purchases was changed to be recognized at a point in time since the transfer of services is completed and the performance obligation is satisfied when a credit card is used. In applying the Accounting Standard for Revenue Recognition and its Implementation Guidance, the Group followed the transitional treatment described in the proviso of paragraph 84 of the Accounting Standard for Revenue Recognition, and the cumulative effects of the application of the new accounting policy were retrospectively adjusted to the balance of “Retained Earnings” at the beginning of the first quarter of the current fiscal year. However, in accordance with the treatment prescribed in paragraph 86(1) of the Accounting Standard for Revenue Recognition, the Group did not apply the new accounting policy to the contracts where nearly all of the revenue amounts had been recognized prior to the beginning of the first quarter of the current fiscal year in accordance with the Group’s previous accounting policy. In addition, by applying the method stipulated in paragraph 86(1) of the Accounting Standard for Revenue Recognition, if there had been contract modifications before the beginning of the first quarter of the current fiscal year, the Group accounted based on the revised contract terms after reflecting all the contract modifications, and the cumulative effects were adjusted to “Retained Earnings” at the beginning of the first quarter of the current fiscal year.

As a result, “Other business income” decreased by ¥1,016 million, “Fees and commissions expenses” decreased by ¥983 million, and both “Ordinary profit” and “Income before income taxes” decreased by ¥33 million for the third quarter of the current fiscal year. In addition, “Retained earnings” decreased by ¥430 million, “Deferred tax assets” increased by ¥77 million, and “Other liabilities” increased by ¥508 million at the beginning of the first quarter of the current fiscal year.

Additionally, in accordance with the transitional treatment prescribed in paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), we did not disclose disaggregated revenue earned from contracts with customers for the third quarter of the previous fiscal year, which is comparative reporting period.

(Application of the Accounting Standard for Fair Value Measurement and Its Implementation Guidance)

The Group applied “Accounting Standard for Fair Value Measurement” (ASBJ Statement No.30, July 4, 2019) and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Statement No.31, July 4, 2019) from the beginning of the first quarter of the current fiscal year.

Accordingly, in accordance with paragraph 8 of “Accounting Standard for Fair Value Measurement,” the Group has changed the method of the fair value measurement of derivative transactions to the one that makes maximum use of relevant observable inputs estimated from derivatives and others traded in the market when reflecting the Group entities’ own credit risks and the counterparty’s credit risks. As for fair value of derivative transactions, in accordance with the transitional treatment set forth in paragraph 20 of “Accounting Standards for Fair Value Measurement,” the cumulative effects of the application of the new accounting policy were retrospectively adjusted to “Retained earnings” at the beginning of the first quarter of the current fiscal year.

As a result, “Trading income” increased by ¥9 million, “Other business expenses” increased by ¥136 million, and both “Ordinary profit” and “Income before income taxes” decreased by ¥127 million for the third quarter of the current fiscal year. In addition, “Retained earnings” increased by ¥560 million, “Trading assets” decreased by ¥1,220 million, “Other assets” decreased by ¥253 million, “Deferred tax assets” increased by ¥196 million, “Trading liabilities” decreased by ¥1,333 million, and “Other liabilities” decreased by ¥504 million at the beginning of the first quarter of the current fiscal year.

Among available-for-sale securities, the Group had previously adopted the method of measurement applied to monetary claims or the method of measuring at cost for securities whose fair value cannot be reliably determined. According to the application of this accounting standard and its implementation guidance, the Group changed the method of measurement to the one measuring at fair value, except for nonmarketable equity securities and others. Also in accordance with the transitional treatment set forth in paragraph 19 of "Accounting Standard for Fair Value Measurement" and paragraph 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Group has applied the new accounting policy prospectively from the beginning of the first quarter of the current fiscal year.

**(Accounting method specific to quarterly consolidated financial statements)**

(1) Income taxes

Income taxes (benefit) are calculated based on income before income taxes for the nine-month period ended December 31, 2021 and the reasonably estimated effective tax rate after tax effects for the fiscal year ending March 31, 2022.

**(Supplementary information)**

(Provisioning reserve for credit losses by the spread of the novel coronavirus (COVID-19) infection)

On March 31, 2021, the Group assumed that the impacts of the Novel Coronavirus outbreak and the resulting stagnant economic activities would weaken by the end of March 2021, the impacts on the credit risk for loans to some obligors would remain for several more years.

Since April 2021, there are some impacts of stagnant economic activities due to the increase in new infections of the Novel Coronavirus and the prolongation of the declaration of a state of emergency. However, at the end of December 2021, no material changes were made in the assumption set at the end of the previous fiscal year.

Based on this assumption, we have assumed that there will be material impacts on the credit risk for loans to certain obligors, even though the magnitude of such impacts will vary by obligor.

In order to prepare for losses expected from such impacts, we have determined obligor categories for obligors whose performance is deteriorating due to the Novel Coronavirus outbreak by assessing the probability of deterioration or recovery in their business conditions and the possibility of their business continuity and have provisioned reserves for credit losses according to their obligor categories.

Obligor categories for real estate non-recourse loans included in the Bank's loans and claims are determined based on the valuation of the subject real estate, which is calculated with assumed rental income, vacancy rate and discount rate. Among the properties subject to non-recourse loans, hotels and commercial facilities that have been strongly affected by the spread of the Novel Coronavirus infection are assumed to continue to be affected for several years in the future, and the projected changes in future rent income are reflected in the assumptions in the evaluation of the properties subject to non-recourse loans.

The amount of reserve for credit losses provisioned as of December 31, 2021 is based on our best estimate at present, however, the assumptions for estimating reserve for credit losses, including the impacts of the Novel Coronavirus outbreak, are highly uncertain. Accordingly, the amount of reserve for credit losses may change during and after the fourth quarter consolidated accounting period if there are changes in the economic environment surrounding the obligors or in their financial conditions.

(Application of tax effect accounting for the transition from the consolidated tax system to the group tax sharing system)

Pursuant to the transitional treatment of the paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Issues Task Force (PITF) No. 39, March 31, 2020, which is prescribed after the institution of the "Act on Partial Revision of the Income Tax Act" (Act No.8 of 2020) which is the law revising nonconsolidated tax system, the Bank and certain consolidated domestic subsidiaries record the amounts of deferred tax assets and deferred tax liabilities on the related items in accordance with the provisions of the previous tax law, not applying 44 of "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018).

(Acquisition of treasury shares)

On May 13, 2021, the Bank decided to acquire its own treasury shares in accordance with the provision of its Articles of Incorporation, pursuant to Article 459, paragraph 1 of the Companies Act of Japan.

## 1. Reason for acquisition

As a part of the Bank's efforts to achieve the repayment of public funds, a resolution to undertake the acquisition of treasury shares has been approved in light of factors such as the Bank's current capital position, earnings capability and per share values. Through this acquisition of treasury shares, assuming the maintenance of capital at sufficient levels, the Bank aims to increase the per share values through the implementation of an appropriate capital policy.

However, subsequent to the launch of a takeover bid by SBI Regional Bank Holdings Co., Ltd. on September 10, 2021, the pricing process of the Bank's shares had become different from that under the ordinary circumstances. The Bank had taken all circumstances including the pricing process into consideration, and the Bank had taken the decision to temporarily suspend the acquisition of its treasury shares from September 27, 2021, but the Bank restarted the acquisition of its treasury shares from December 28, 2021.

In addition, on the same date, the Bank decided to change the acquisition period from "From May 14, 2021 to March 31, 2022" to "From May 14, 2021 to May 12, 2022".

## 2. Details of acquisition

- (1) Type of shares to be repurchased  
Common stock
- (2) Number of shares to be repurchased  
(Up to) 20 million shares (9.29% of total number of common shares issued excluding treasury shares)
- (3) Total repurchase amount  
(Up to) ¥20.0 billion
- (4) Acquisition period  
From May 14, 2021 to May 12, 2022

In accordance with the aforementioned resolution by the Board of Directors, the Bank has undertaken the acquisition of treasury shares as follows:

- (1) Type of shares repurchased  
Common stock
- (2) Total Number of shares repurchased  
8,639,900 shares
- (3) Total amount of repurchase  
¥14,017,795,500
- (4) Acquisition period  
From May 14, 2021 to January 31, 2022
- (5) Acquisition method  
Open market purchase on the Tokyo Stock Exchange

**(Quarterly consolidated balance sheets as of March 31, 2021 and December 31, 2021)**

1. Risk-monitored loans included in “Loans and bills discounted” were as follows.

(Millions of yen)

	March 31, 2021	December 31, 2021
Loans to bankrupt obligors	¥ 3,308	¥ 3,134
Nonaccrual delinquent loans	52,384	41,984
Loans past due for three months or more	977	1,375
Restructured loans	60,066	64,128
Total	¥ 116,737	¥ 110,623

Risk-monitored credits included in installment receivables in “Other assets” were as follows.

(Millions of yen)

	March 31, 2021	December 31, 2021
Credits to bankrupt obligors	¥ 91	¥ 368
Nonaccrual delinquent credits	6,745	6,236
Credits past due for three months or more	209	484
Restructured credits	2,353	2,872
Total	¥ 9,400	¥ 9,962

The above amounts represent the outstanding balance before the reduction of the reserve for credit losses.

2. Installment receivables included in “Other assets” were as follows.

(Millions of yen)

	March 31, 2021	December 31, 2021
Installment receivables	¥ 839,530	¥ 918,972

3. Goodwill and negative goodwill are offset and the net amounts are included in “Intangible assets.” The gross amounts were as follows.

(Millions of yen)

	March 31, 2021	December 31, 2021
Goodwill	¥ 15,817	¥ 13,671
Negative goodwill	2,356	2,084
Net	¥ 13,460	¥ 11,586

4. “Intangible assets” include intangible assets that have been recognized by applying the purchase method to the acquisition of certain consolidated subsidiaries.

(Millions of yen)

	March 31, 2021	December 31, 2021
Intangible assets acquired in business combinations	¥ 4,191	¥ 3,924



**(Quarterly consolidated statements of income for the nine-month periods ended December 31, 2020 and 2021)**

1. In “Other business income,” the following were included.

(Millions of yen)

	December 31, 2020 (9 months)	December 31, 2021 (9 months)
Leasing revenue	¥ 60,785	¥ 58,701
Income from installment sales	27,667	32,799

2. In “Other ordinary income,” the following were included.

(Millions of yen)

	December 31, 2020 (9 months)	December 31, 2021 (9 months)
Recoveries of written-off claims	¥ 5,577	¥ 7,340
Gain on sale of equity securities and others	1,812	4,106
Equity in net income of affiliates	3,537	857

3. In “Other business expenses,” the following was included.

(Millions of yen)

	December 31, 2020 (9 months)	December 31, 2021 (9 months)
Leasing cost	¥ 55,150	¥ 52,238

4. In “General and administrative expenses,” the following were included.

(Millions of yen)

	December 31, 2020 (9 months)	December 31, 2021 (9 months)
Amortization of goodwill	¥ 1,664	¥ 2,068
Amortization of intangible assets acquired in business combinations <sup>(Note)</sup>	260	342

Note: Represents amortization of intangible assets that have been recognized by applying the purchase method to the acquisitions of consolidated subsidiaries.

5. In “Other ordinary expenses,” the following was included.

(Millions of yen)

	December 31, 2020 (9 months)	December 31, 2021 (9 months)
Provision of reserve for credit losses	¥ 23,532	¥ 17,465

6. In “Extraordinary gains,” the following were included.

(Millions of yen)

	December 31, 2020 (9 months)	December 31, 2021 (9 months)
Gain on sale of subsidiary's stock	¥ —	¥ 1,048
Gain on disposal of premises and equipment	32	568

7. In “Extraordinary losses,” the following were included.

(Millions of yen)

	December 31, 2020 (9 months)	December 31, 2021 (9 months)
Impairment losses	¥ 242	¥ 351
Loss on disposal of premises and equipment	81	303

**(Quarterly consolidated statements of cash flows for the nine-month periods ended December 31, 2020 and 2021)**

Quarterly consolidated statements of cash flows for the nine-month periods ended December 31, 2020 and 2021 have not been prepared. Depreciation, including amortization of intangible assets other than those acquired in business combinations, and amortization of goodwill and intangible assets acquired in business combinations were as follows.

(Millions of yen)

	December 31, 2020 (9 months)	December 31, 2021 (9 months)
Depreciation (other than leased assets as lessor)	¥ 10,627	¥ 10,508
Amortization of goodwill	1,664	2,068
Amortization of intangible assets acquired in business combinations	260	342

**(Shareholders equity)****Nine-month period ended December 31, 2020**

## 1. Dividends paid

(Resolution)	Type of shares	Total amount	Per share amount	Record date	Effective date	Source of dividend
The Board of Directors meeting on May 13, 2020	Common stock	¥ 2,307 million	¥ 10.00	March 31, 2020	June 30, 2020	Retained earnings

2. There was no dividend of which the record date belongs to the nine-month period ended December 31, 2020, and of which the effective date was after December 31, 2020.

**Nine-month period ended December 31, 2021**

## 1. Dividends paid

(Resolution)	Type of shares	Total amount	Per share amount	Record date	Effective date	Source of dividend
The Board of Directors meeting on May 13, 2021	Common stock	¥ 2,583 million	¥ 12.00	March 31, 2021	June 30, 2021	Retained earnings

2. There was no dividend of which the record date belongs to the nine-month period ended December 31, 2021, and of which the effective date was after December 31, 2021.

**(Segment information)****Nine-month period ended December 31, 2020**

## 1. Revenue and profit (loss) by reportable segments

(Millions of yen)

	Institutional Business					
	Corporate Business	Structured Finance	Principal Transactions	Showa Leasing	Markets	Other Global Markets
Revenue:	¥ 11,239	¥ 15,171	¥ (745)	¥ 10,678	¥ 3,882	¥ 1,522
Net interest income (loss)	8,506	9,449	2,216	59	816	309
Noninterest income (loss)	2,732	5,721	(2,962)	10,619	3,066	1,213
Expenses	9,758	7,862	3,046	8,587	2,460	2,212
Net credit costs (recoveries)	(77)	4,830	145	197	—	(43)
Segment profit (loss)	¥ 1,558	¥ 2,478	¥ (3,938)	¥ 1,893	¥ 1,422	¥ (646)

(Millions of yen)

	Individual Business				Corporate/Other			Total
	Retail Banking	Consumer Finance			Overseas Business	Treasury	Other	
		Shinsei Financial	APLUS FINANCIAL	Other Individual				
Revenue:	¥ 20,712	¥ 50,244	¥ 43,940	¥ 1,602	2,737	¥ (23)	¥ 1,224	¥162,189
Net interest income (loss)	18,508	50,201	6,504	449	(287)	(5,052)	(0)	91,682
Noninterest income (loss)	2,204	43	37,435	1,153	3,025	5,029	1,224	70,507
Expenses	18,119	25,128	28,840	1,502	1,021	1,166	138	109,844
Net credit costs (recoveries)	350	6,116	8,874	(652)	209	—	(4)	19,947
Segment profit (loss)	¥ 2,242	¥ 18,998	¥ 6,225	¥ 752	1,507	¥ (1,189)	¥ (1,090)	¥ 32,397

## (Notes)

- “Revenue,” which represents gross operating profit under our management reporting, is presented as a substitute for sales in other industries. “Revenue” is defined as the total of net interest income, net fees and commissions, net trading income, net other business income, net gain or loss on monetary assets held in trust and equity related transactions on the management reporting basis. “Revenue” represents income and related cost attributable to core businesses.  
Interest on inter-segment transactions is calculated using an inter-office rate. Indirect expense is allocated, based on the predefined rule, to each reportable segment according to the budget which is set at the beginning of fiscal year.
- “Expenses” are general and administrative expenses deducting amortization of goodwill and intangible assets, amortization of actuarial gains or losses of retirement benefit cost and lump-sum payments.
- “Net credit costs (recoveries)” consists of provision/reversal of reserve for credit losses, losses on write-off/sales of loans and recoveries of written-off claims.
- “Shinsei Financial” includes profit/loss on “Shinsei Bank Card Loan - L,” the unsecured personal card loan business, as well as profit/loss of Shinsei Personal Loan Co., Ltd.
- “Other” under the Corporate/Other includes the accounts which are not included in our reportable segments, allocation variance of indirect expenses and elimination amount of inter-segment transactions.

2. Reconciliation between total segment profit and ordinary profit on the quarterly consolidated statement of income for the nine-month period ended December 31, 2020

(Millions of yen)	
Profit	Amount
Total segment profit	¥ 32,397
Amortization of goodwill	(1,664)
Amortization of intangible assets	(260)
Lump-sum payments	(266)
Gains on deposits derecognized from liabilities	80
Gain on reversal of reserve for losses on interest repayments	968
Other	451
Ordinary profit on the quarterly consolidated statement of income	¥ 31,706

## Nine-month period ended December 31, 2021

### 1. Revenue and profit (loss) by reportable segments

(Millions of yen)

	Institutional Business					
	Corporate Business	Structured Finance	Principal Transactions	Showa Leasing	Markets	Other Global Markets
Revenue:	¥ 10,117	¥ 15,710	¥ 5,321	¥ 11,349	¥ 2,156	¥ 2,107
Net interest income (loss)	7,831	10,565	3,221	160	666	289
Noninterest income (loss)	2,286	5,144	2,099	11,189	1,489	1,817
Expenses	9,949	8,696	3,424	8,629	2,244	2,197
Net credit costs (recoveries)	(956)	(558)	7	(108)	—	87
Segment profit (loss)	¥ 1,124	¥ 7,572	¥ 1,888	¥ 2,829	¥ (87)	¥ (177)

(Millions of yen)

	Individual Business				Corporate/Other			Total
	Retail Banking	Consumer Finance			Overseas Business	Treasury	Other	
		Shinsei Financial	APLUS FINANCIAL	Other Individual				
Revenue:	¥ 19,561	¥ 47,295	¥ 44,621	¥ 3,409	¥ 8,519	¥ (461)	¥ (441)	¥169,267
Net interest income (loss)	14,536	47,413	5,967	387	4,372	(1,867)	(1)	93,544
Noninterest income (loss)	5,024	(117)	38,653	3,022	4,146	1,405	(439)	75,723
Expenses	17,697	25,492	28,816	1,611	4,260	1,056	2,497	116,575
Net credit costs (recoveries)	(52)	6,640	8,437	(438)	(276)	—	(4)	12,778
Segment profit (loss)	¥ 1,916	¥ 15,162	¥ 7,368	¥ 2,236	¥ 4,535	¥ (1,518)	¥ (2,935)	¥ 39,914

#### (Notes)

1. "Revenue," which represents gross operating profit under our management reporting, is presented as a substitute for sales in other industries. "Revenue" is defined as the total of net interest income, net fees and commissions, net trading income, net other business income, net gain or loss on monetary assets held in trust and equity related transactions on the management reporting basis. "Revenue" represents income and related cost attributable to core businesses.

Interest on inter-segment transactions is calculated using an inter-office rate. Indirect expense is allocated, based on the predefined rule, to each reportable segment according to the budget which is set at the beginning of fiscal year.

- "Expenses" are general and administrative expenses deducting amortization of goodwill and intangible assets, amortization of actuarial gains or losses of retirement benefit cost and lump-sum payments.
- "Net credit costs (recoveries)" consists of provision/reversal of reserve for credit losses, losses on write-off/sales of loans and recoveries of written-off claims.
- "Shinsei Financial" includes profit/loss on "Shinsei Bank Card Loan - L," the unsecured personal card loan business, as well as profit/loss of Shinsei Personal Loan Co., Ltd.
- "Other" under the Corporate/Other includes the accounts which are not included in our reportable segments, allocation variance of indirect expenses and elimination amount of inter-segment transactions.

2. Reconciliation between total segment profit and ordinary profit on the quarterly consolidated statement of income for the nine-month period ended December 31, 2021

Profit	(Millions of yen) Amount
Total segment profit	¥ 39,914
Amortization of goodwill	(2,068)
Amortization of intangible assets	(342)
Lump-sum payments	382
Provision for reimbursement of deposits	(134)
Gains on deposits derecognized from liabilities	392
Provision of reserve for losses on interest repayments	(41)
Other	565
Ordinary profit on the quarterly consolidated statement of income	¥ 38,667

3. Changes in reportable segments

(1) Changes in classification of reportable segment

In July 2020, Shinsei Bank Limited("the Bank") established Group Overseas Business Division("GOBD") for the purpose of planning, controlling, and managing the strategic operations of the Shinsei Bank Group's("the Group") overseas businesses as a whole, and planning, promoting, and managing the business strategies of the Group's overseas operating companies.

In the past, the Group's overseas businesses were engaged in business promotion and management in both Institutional business and Individual business independently. By concentrating management resources in GOBD, the Group have been strengthening our system for accumulating know-how and governance in overseas businesses and building a sustainable business structure.

Since the establishment of this business structure was completed in the first quarter of the current fiscal year, from the results of June 2021, the "Overseas Business", which combines GOBD and overseas subsidiaries and overseas affiliates managed by GOBD, has been determined as a unit for evaluating performance at the Group Executive Committee.

Accordingly, from the first quarter of the current fiscal year, "Overseas Business" has been newly established as a reportable segment under "Corporate/Other". Majority of overseas subsidiaries and overseas affiliates that had previously belonged to each reportable segment, etc. (e.g., UDC Finance Limited, in which the Bank acquired 100% of the outstanding shares in September 2020) have been consolidated into "Overseas Business".

Revenue and income (loss) by reportable segment for the third quarter of the previous fiscal year were prepared based on the reportable segment classification for the third quarter of the fiscal year.

(2) Change in measurement method of income (loss) of reportable segments

In the first quarter of the fiscal year under review, the Group decided to revise the method of allocating profits and losses related to the Group's financing operations. As a result, from the first quarter of the current fiscal year, the method of measuring the amount of profits and losses of reportable segments has been changed.

Previously, profits and losses related to Retail Banking's financing operations were allocated as indirect expenses in accordance with the ratio of operating assets of each reportable segment, with the intention of being borne by each reportable segment as the beneficiary.

In light of market changes resulting from Novel Coronavirus, from the first quarter of the current fiscal year, the Group has changed some of the methods of (1)calculating the amount of profit and loss related to the Group's financing operations and (2)the percentage of allocation to each reportable segment in order to reflect changes in the business structure while maintaining the framework of the previous allocation method.

Revenue and income (loss) by reportable segment for the third quarter of the previous fiscal year has been prepared based on the measurement method for the third quarter of the current fiscal year.

## (Financial instruments)

Matters concerning fair value of financial instruments and breakdown by input level

Carrying amounts on the quarterly consolidated balance sheet as of December 31, 2021, the fair value of financial instruments as well as the difference between them, and fair values by input level are as follows.

The fair values of financial instruments are classified as the following three levels depending on the observability and significance of the input used in the fair value measurement.

Level 1: Fair value determined based on the quoted price (unadjusted) in an active market for identical assets and liabilities

Level 2: Fair value determined based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Fair value determined based on significant unobservable inputs

In some cases, multiple inputs with a significant impact on the fair value measurement are used, the financial instrument is classified as the lowest priority level of fair value measurement in which each input belongs.

(1) Financial instruments measured at fair value on the quarterly consolidated balance sheet

March 31, 2021

(Millions of yen)

Classification	Carrying amount
Other monetary claims purchased	¥21,214
Trading assets	5,783
Monetary assets held in trust	163,257
Securities	689,095
Trading securities	0
Other securities	689,095
Equity securities	13,086
Japanese national government bonds	164,408
Japanese local government bonds	-
Japanese corporate bonds	171,877
Foreign securities	339,582
Other <sup>1</sup>	140
<b>Total</b>	<b>¥879,351</b>
Derivative instruments <sup>2,3</sup>	¥(8,830)
Interest rate-related	3,897
Currency-related	(13,474)
Bond-related	13
Credit derivatives	732

1. The amount of investment trusts for which transitional treatments are applied in accordance with Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, July 4, 2019) is not included in the table above. The amount of such investment trusts on the consolidated balance sheet is ¥980 million.

2. The amounts collectively represent the derivative transactions which are recorded in "Trading assets," "Trading liabilities," "Other assets," and "Other liabilities." Assets and liabilities arising from derivative transactions are presented on a net basis, with a net liability presented in round brackets.

3. As for derivative transactions for which hedge accounting is applied, the balances recorded on the consolidated balance sheet amount to a net liability of ¥15,592 million.

December 31, 2021

(Millions of yen)

Classification	Carrying amount			
	Level 1	Level 2	Level 3	Total
Other monetary claims purchased	¥—	¥—	¥12,425	¥12,425
Trading assets	5,693	267	—	5,961
Monetary assets held in trust	—	6,014	156,938	162,953
Securities	389,592	160,215	204,317	754,125
Trading securities	—	—	0	0
Other securities	389,592	160,215	204,317	754,125
Equity securities	9,903	164	—	10,067
Japanese national government bonds	221,118	—	—	221,118
Japanese local government bonds	—	1,099	—	1,099
Japanese corporate bonds	—	35,130	102,206	137,337
Foreign securities	158,571	123,676	101,977	384,225
Other <sup>1</sup>	—	144	133	277
Total	¥395,286	¥166,497	¥373,681	¥935,465
Derivative instruments <sup>2,3</sup>	¥(45)	¥(34,949)	¥16,739	¥(18,255)
Interest rate-related	—	(21,394)	23,697	2,302
Currency-related	—	(14,174)	(6,957)	(21,131)
Bond-related	(45)	—	—	(45)
Credit derivatives	—	619	—	619

1. The amount of investment trusts for which transitional treatments are applied in accordance with Paragraph 26 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, July 4, 2019) is not included in the table above. The amount of such investment trusts on the quarterly consolidated balance sheet is ¥1,148 million.
2. The amounts collectively represent the derivative transactions which are recorded in "Trading assets," "Trading liabilities," "Other assets," and "Other liabilities." Assets and liabilities arising from derivative transactions are presented on a net basis, with a net liability presented in round brackets.
3. As for derivative transactions for which hedge accounting is applied, the balances recorded on the balance sheet amount to a net liability of ¥26,581 million. Of these hedging relationships, the exceptional treatment prescribed in the Practical Solution is applied to all hedging relationships included in the scope of application of the Practical Solution No.40 "the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (the Practical Solution No.40, September 29, 2020).



(2) Financial instruments other than those measured at fair value on the quarterly consolidated balance sheet

Notes are omitted for “Cash and due from banks,” “Call money and bills sold,” “Payable under repurchase agreements,” “Payable under securities lending transactions,” “Short-term bonds payable” since they are mostly with short maturity of one year or less and their fair values approximate to their carrying amounts.

March 31, 2021

(Millions of yen)

Classification	Fair value	Carrying amount	Net unrealized gains (losses)
Other monetary claims purchased	¥25,129	¥24,862	¥267
Monetary assets held in trust <sup>1</sup>	231,379	228,089	3,289
Securities	186,181	185,528	653
Securities being held to maturity	186,181	185,528	653
Japanese national government bonds	186,181	185,528	653
Loans and bills discounted <sup>2</sup>	5,328,873	5,160,911	167,961
Lease receivables and leased investment assets <sup>3</sup>	190,769	184,437	6,332
Other assets (Installment receivables) <sup>4</sup>	876,853	813,920	62,932
<b>Total</b>	<b>¥6,839,187</b>	<b>¥6,597,750</b>	<b>¥241,437</b>
Deposits	¥6,053,897	¥6,056,191	¥2,293
Negotiable certificates of deposit	515,484	515,140	(344)
Borrowed money	1,027,300	1,026,679	(621)
Corporate bonds	367,713	367,534	(179)
<b>Total</b>	<b>¥7,964,396</b>	<b>¥7,965,545</b>	<b>¥1,148</b>

(Millions of yen)

Classification	Fair value	Contract Amount
Other		
Guarantee contracts <sup>5</sup>	¥17,866	¥567,777

1. ¥2,601 million of Reserve for credit losses corresponding to “Monetary assets held in trust” are deducted.
2. ¥72,693 million of Reserve for credit losses corresponding to “Loans and bills discounted” are deducted. For consumer loans held by consolidated subsidiaries included in “Loans and bills discounted,” reserve for losses on interest repayments of ¥39,096 million is recognized to prepare for estimated losses arising from reimbursement of excess interest payments. A portion of this reserve is for losses on interest repayments that have a possibility of being appropriated for loan principal in the future.
3. ¥1,289 million of Reserves for credit losses corresponding to “Lease receivables and leased investment assets” are deducted. ¥6,420 million of estimated residual value of “Lease receivables and leased investment assets” arising from finance lease transactions, where the ownership of the property is not deemed to transfer to the lessee, is deducted from leased investment assets.
4. ¥13,302 million of deferred gains on installment receivables and ¥12,306 million of Reserve for credit losses corresponding to “Other assets” are deducted.
5. The “Contract Amount” for “Guarantee contracts” presents the amount of “Acceptances and guarantees” on the consolidated balance sheet.

December 31, 2021

(Millions of yen)

Classification	Fair value				Carrying amount	Net unrealized gains (losses)
	Level 1	Level 2	Level 3	Total		
Other monetary claims purchased	¥—	¥—	¥22,786	¥22,786	¥22,590	¥195
Monetary assets held in trust <sup>1</sup>	—	17,078	189,552	206,631	202,796	3,834
Securities	105,749	—	—	105,749	105,041	707
Securities being held to maturity	105,749	—	—	105,749	105,041	707
Japanese national government bonds	105,749	—	—	105,749	105,041	707
Loans and bills discounted <sup>2</sup>	—	2,218,720	3,079,044	5,297,764	5,146,645	151,119
Lease receivables and leased investment assets <sup>3</sup>	—	3,196	184,762	187,958	180,268	7,690
Other assets (Installment receivables) <sup>4</sup>	—	113,108	841,562	954,671	890,354	64,316
<b>Total</b>	<b>¥105,749</b>	<b>¥2,352,103</b>	<b>¥4,317,709</b>	<b>¥6,775,561</b>	<b>¥6,547,697</b>	<b>¥227,863</b>
Deposits	¥—	¥5,366,098	¥519,890	¥5,885,989	¥5,886,933	¥944
Negotiable certificates of deposit	—	—	513,446	513,446	513,250	(196)
Borrowed money	—	3,850	971,924	975,774	975,849	74
Corporate bonds	—	366,099	—	366,099	366,168	68
<b>Total</b>	<b>¥—</b>	<b>¥5,736,048</b>	<b>¥2,005,261</b>	<b>¥7,741,310</b>	<b>¥7,742,202</b>	<b>¥891</b>

(Millions of yen)

Classification	Fair value				Contract Amount
	Level 1	Level 2	Level 3	Total	
Other					
Guarantee contracts <sup>5</sup>	¥—	¥(480)	¥47,341	¥46,861	¥579,809

1. ¥1,885 million of Reserve for credit losses corresponding to “Monetary assets held in trust” are deducted.
2. ¥65,227 million of Reserve for credit losses corresponding to “Loans and bills discounted” are deducted. For consumer loans held by quarterly consolidated subsidiaries included in “Loans and bills discounted,” reserve for losses on interest repayments of ¥32,443 million is recognized to prepare for estimated losses arising from reimbursement of excess interest payments. A portion of this reserve is for losses on interest repayments that have a possibility of being appropriated for loan principal in the future.
3. ¥1,098 million of Reserves for credit losses corresponding to “Lease receivables and leased investment assets” are deducted. ¥6,653 million of estimated residual value of “Lease receivables and leased investment assets” arising from finance lease transactions, where the ownership of the property is not deemed to transfer to the lessee, is deducted from leased investment assets.
4. ¥14,593 million of deferred gains on installment receivables and ¥14,024 million of Reserve for credit losses corresponding to “Other assets” are deducted.
5. The “Contract amount” for “Guarantee contracts” presents the amount of “Acceptances and guarantees” on the quarterly consolidated balance sheet.

(Note 1) Carrying amount of “Nonmarketable equity securities and others” and “Investment in partnerships and others” were as follows, and these are not included in the above “Securities.”

(Millions of yen)

Classification	March 31, 2021	December 31, 2021
Nonmarketable equity securities and others <sup>1,3</sup>	¥24,247	¥19,305
Investments in partnerships and others <sup>2,3</sup>	29,865	30,194
Total	¥54,112	¥49,500

1. “Nonmarketable equity securities and others” including non-listed equity securities are out of the scope of fair values disclosure according to Paragraph 5 of the “Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No.19, March 31, 2020).
2. “Investment in partnerships and others” including investments in silent partnership and investment partnership are out of the scope of fair values disclosure according to Paragraph 27 of the “Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No.31, July 4, 2019).
3. For the fiscal years ended December 31, 2021 and March 31, 2021, impairment losses on “Nonmarketable equity securities and others” of ¥790 million and ¥1,994 million, and on “Investment in partnerships and others” of ¥212 million and ¥1,309 million were recognized, respectively.

**(Securities)**

In addition to “Securities” on the quarterly consolidated balance sheets, the figures in the following tables include beneficiary interests included in “Other monetary claims purchased” that are accounted for in the same way as securities.

## 1. Securities being held to maturity:

As of March 31, 2021

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain (loss)
Japanese national government bonds	¥ 185,528	¥ 186,181	¥ 653
Total	¥ 185,528	¥ 186,181	¥ 653

As of December 31, 2021

(Millions of yen)

	Carrying amount	Fair value	Unrealized gain (loss)
Japanese national government bonds	¥ 105,041	¥ 105,749	¥ 707
Total	¥ 105,041	¥ 105,749	¥ 707

## 2. Securities available for sale:

As of March 31, 2021

(Millions of yen)

	Amortized/ Acquisition cost	Carrying amount (Fair value)	Unrealized gain (loss)
Equity securities	¥ 6,808	¥ 13,086	¥ 6,277
Domestic bonds:	338,924	336,286	(2,638)
Japanese national government bonds	165,347	164,408	(938)
Japanese local government bonds	—	—	—
Japanese corporate bonds	173,576	171,877	(1,699)
Other:	363,244	360,501	(2,743)
Foreign securities	343,558	340,563	(2,994)
Other	19,686	19,938	251
Total	¥ 708,977	¥ 709,874	¥ 896

As of December 31, 2021

(Millions of yen)

	Amortized/ Acquisition cost	Carrying amount (Fair value)	Unrealized gain (loss)
Equity securities	¥ 5,522	¥ 10,067	¥ 4,544
Domestic bonds:	362,772	359,554	(3,217)
Japanese national government bonds	222,010	221,118	(892)
Japanese local government bonds	1,100	1,099	(0)
Japanese corporate bonds	139,662	137,337	(2,325)
Other:	407,218	396,998	(10,220)
Foreign securities	395,623	385,249	(10,374)
Other	11,595	11,748	153
Total	¥ 775,513	¥ 766,619	¥ (8,893)

(Note)

In the event individual securities experience a decline in fair value which is significant as compared to the acquisition cost of such securities, the securities are written down as the decline in fair value is deemed to be other than temporary, and the difference is recorded as an impairment loss.

Impairment loss on available-for-sale securities carried at fair value for the fiscal year ended March 31, 2021, was ¥151 million, which was related to Japanese corporate bonds.

Impairment loss on available-for-sale securities carried at fair value for the nine-month period ended December 31, 2021, was ¥758 million, which consisted of ¥361 million for equity securities and ¥397 million for other securities.

The Group's rules for the determination of whether an other-than-temporary impairment has occurred differ by the obligor classification of the security issuer based upon the Group's self-assessment guidelines. The details of these rules are as follows:

Securities issued by "legally bankrupt," "virtually bankrupt" and "possibly bankrupt" obligors	The fair value of securities is less than the amortized/acquisition cost
Securities issued by "need caution" obligors	The fair value of securities declines by 30% or more compared to the amortized/acquisition cost
Securities issued by "normal" obligors	The fair value of securities declines by 50% or more compared to the amortized/acquisition cost

"Legally bankrupt" obligors are those who have already gone bankrupt from a legal and/or formal perspective.

"Virtually bankrupt" obligors are those who have not yet legally or formally gone bankrupt but who are substantially in bankruptcy because they are in serious financial difficulties and are not deemed to be capable of restructuring.

"Possibly bankrupt" obligors are those who are not yet in bankruptcy but are in financial difficulties and are very likely to go bankrupt in the future.

"Need caution" obligors are those who are in need of close attention because there are problems with their borrowings.

"Normal" obligors are those whose business conditions are favorable and who are deemed not to have any particular problems in their financial position.

**(Monetary assets held in trust)**

1. There were no monetary assets held in trust held to maturity as of March 31, 2021 and December 31, 2021.

2. Monetary assets held in trust other than for trading purposes and held to maturity:

As of March 31, 2021

(Millions of yen)

	Acquisition cost	Carrying amount	Unrealized gain (loss)
Other monetary assets held in trust	¥ 389,880	¥ 387,138	¥ (2,742)

As of December 31, 2021

(Millions of yen)

	Acquisition cost	Carrying amount	Unrealized gain (loss)
Other monetary assets held in trust	¥ 364,560	¥ 362,344	¥ (2,215)

## (Derivative transactions)

At the end of previous consolidated fiscal year, fair values of derivatives are adjusted for credit risk and liquidity risk by directly reducing reasonably estimated reserves from relevant trading assets. The fair values of derivatives on the consolidated balance sheets as of March 31, 2021 are adjusted for credit risk by a reduction of ¥1,649 million and adjusted for liquidity risk by a reduction of 1,771 million. Regardless of this accounting treatment, the reduction of those risks is not reflected in the fair values shown in the following tables. At the end of the third quarter of the current consolidated fiscal year, as described in (Change in accounting policy), in accordance with paragraph 8 of "Accounting Standard for Fair Value Measurement," the Group has revised the fair value method to reflect the own credit risks and the counterparty's credit risks in the fair value of derivative transactions by making maximum use of relevant observable inputs estimated from derivatives and others traded in the market. As a result, the credit risk and liquidity risk are taken into consideration when calculating the fair value of relevant trading assets, etc., and the values shown in the following tables reflect those risk.

### (1) Interest rate-related transactions:

As of March 31, 2021

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Listed	Future contracts	¥ 3,875	¥ 1	¥ 1
	Interest rate options	—	—	—
Over the counter	Interest rate swaps	10,268,619	12,913	12,913
	Interest rate swaptions	1,014,434	5,601	5,829
	Interest rate options	39,393	50	179
Total		—	¥ 18,567	¥ 18,923

(Note) Derivatives included in the table above were measured at fair value and the unrealized gains and losses were recognized in income. Derivatives for which hedge accounting is adopted in accordance with "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry" (Industry Committee Practical Guidelines No. 24, October 8, 2020, by the Japanese Institute of Certified Public Accountant (the "JICPA")) are excluded from the table above.

As of December 31, 2021

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Listed	Future contracts	¥ —	¥ —	¥ —
	Interest rate options	—	—	—
Over the counter	Interest rate swaps	15,626,367	9,947	9,947
	Interest rate swaptions	788,300	2,169	2,090
	Interest rate options	37,717	37	103
Total		—	¥ 12,154	¥ 12,141

(Note) Derivatives included in the table above were measured at fair value and the unrealized gains and losses were recognized in income. Derivatives for which hedge accounting is adopted in accordance with "Accounting and Auditing Treatment of Accounting Standards for Financial Instruments in the Banking Industry" (Industry Committee Practical Guidelines No. 24, October 8, 2020, by JICPA) are excluded from the table above.

(2) Currency-related transactions:

As of March 31, 2021

(Millions of yen)

	Contract type	Contract/ Notional principal	Fair value	Unrealized gain (loss)
Over the counter	Currency swaps	¥ 592,556	¥ (489)	¥ (489)
	Forward foreign exchange contracts	1,661,919	(1,938)	(1,938)
	Currency options	1,420,471	(6,702)	3,970
	Other	—	—	—
Total		—	¥ (9,129)	¥ 1,542

(Note) Derivatives included in the table above were measured at fair value and the unrealized gains and losses were recognized in income. Fund swap transactions and currency swap transactions for which hedge accounting is adopted in accordance with “Accounting and Auditing Treatment of Accounting Standards for Foreign Exchange Transaction in the Banking Industry” (Industry Committee Practical Guidelines No. 25, October 8, 2020, by JICPA) are excluded from the table above.

As of December 31, 2021

(Millions of yen)

	Contract type	Contract/ Notional principal	Fair value	Unrealized gain (loss)
Over the counter	Currency swaps	¥ 594,771	¥ 4,086	¥ 4,086
	Forward foreign exchange contracts	1,676,565	(467)	(467)
	Currency options	1,278,212	(8,022)	(128)
	Other	—	—	—
Total		—	¥ (4,403)	¥ 3,491

(Note) Derivatives included in the table above were measured at fair value and the unrealized gains and losses were recognized in income. Fund swap transactions and currency swap transactions for which hedge accounting is adopted in accordance with “Accounting and Auditing Treatment of Accounting Standards for Foreign Exchange Transaction in the Banking Industry” (Industry Committee Practical Guidelines No. 25, October 8, 2020, by JICPA) are excluded from the table above.

(3) There were no Equity-related transactions from March 31, 2021 to December 31, 2021.

(4) Bond-related transactions:

As of March 31, 2021

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Listed	Bond futures	¥ 37,171	¥ 13	¥ 13
	Bond futures options	—	—	—
Total		—	¥ 13	¥ 13

(Note) Derivatives included in the table above were measured at fair value and the unrealized gains and losses were recognized in income.

As of December 31, 2021

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Listed	Bond futures	¥ 25,629	¥ (45)	¥ (45)
	Bond futures options	—	—	—
Total		—	¥ (45)	¥ (45)

(Note) Derivatives included in the table above were measured at fair value and the unrealized gains and losses were recognized in income.

(5) There were no commodity derivatives transactions from March 31, 2021 to December 31, 2021.

(6) Credit derivatives transactions:

As of March 31, 2021

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Over the counter	Credit default options	¥ 70,000	¥ 732	¥ 732
Total		—	¥ 732	¥ 732

(Note) Derivatives included in the table above were measured at fair value and the unrealized gains and losses were recognized in income.

As of December 31, 2021

(Millions of yen)

	Contract type	Contract/Notional principal	Fair value	Unrealized gain (loss)
Over the counter	Credit default options	¥ 65,000	¥ 619	¥ 619
Total		—	¥ 619	¥ 619

(Note) Derivatives included in the table above were measured at fair value and the unrealized gains and losses were recognized in income.



## (Revenue Recognition)

Information on disaggregated revenue from contracts with customers

Information on disaggregated revenue from contracts with customers, which were allocated to each reportable segment, for nine month period ended December 31, 2021 were as follows:

(Millions of yen)

	Institutional Business					
	Corporate Business	Structured Finance	Principal Transactions	Showa Leasing	Markets	Other Global Markets
Fees and commissions income <sup>1,5</sup>	¥ 983	¥ 623	¥ 643	¥ 527	¥ 23	¥ 1,465
Other business income <sup>2,5</sup>	308	78	222	4,223	39	0
Ordinary income from contracts with customers	1,291	701	866	4,750	62	1,465
Ordinary income other than the above <sup>3,5</sup>	21,056	60,163	7,850	71,517	1,405	2,602
Ordinary income from external customers	¥ 22,348	¥ 60,865	¥ 8,716	¥ 76,268	¥ 1,468	¥ 4,068

(Millions of yen)

	Individual Business				Corporate/Other			Total
	Retail Banking	Consumer Finance			Overseas Business	Treasury	Other <sup>4</sup>	
		Shinsei Financial	APLUS FINANCIAL	Other Individual				
Fees and commissions income <sup>1,5</sup>	¥ 7,840	¥ 1,353	¥ 10,774	¥ 472	¥ 0	¥ 19	¥ (2,110)	¥ 22,617
Other business income <sup>2,5</sup>	—	—	9,575	155	18	853	(681)	14,795
Ordinary income from contracts with customers	7,840	1,353	20,350	628	19	873	(2,791)	37,412
Ordinary income other than the above <sup>3,5</sup>	16,795	55,341	39,851	4,250	14,078	303	(55,730)	239,487
Ordinary income from external customers	¥ 24,636	¥ 56,694	¥ 60,201	¥ 4,879	¥ 14,097	¥ 1,176	¥ (58,522)	¥ 276,900

### (Notes)

1. "Fees and commissions income" are mainly from sales of mutual funds and insurances in "Retail Banking" and from collection agent service in the payment business in "APLUS FINANCIAL."
2. "Other business income" are mainly from sales of used construction machines, etc. in "Showa Leasing" and merchant fees and annual membership fees in the credit card business in "APLUS FINANCIAL."
3. "Ordinary income other than the above" includes revenue from transactions within the scope of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, revised on July 4, 2019) and "Accounting Standard for Lease Transactions" (ASBJ Statement No.13, revised on March 30, 2007).
4. "Other" under the Corporate/Other includes revenues which are not included in our reportable segments and elimination amounts of inter-segment transactions.
5. Revenues relating to each reportable segment are allocated based on our rational allocation standard.

**(Per share information)**

Basic and diluted earnings per share ("EPS") and their calculation basis were as follows.

		December 31, 2020 (9 months)	December 31, 2021 (9 months)
(1) Basic EPS	(Yen)	¥ 116.13	¥ 176.85
(Calculation basis)			
Profit attributable to owners of the parent	(Millions of yen)	¥ 26,182	¥ 37,481
The amount which is not attributable to common shareholders	(Millions of yen)	—	—
Profit attributable to owners of the parent available to common shareholders	(Millions of yen)	¥ 26,182	¥ 37,481
Weighted average number of common shares	(Thousands)	225,454	211,932
(2) Diluted EPS	(Yen)	¥ 116.10	¥ 176.80
(Calculation basis)			
Adjustment amount of profit attributable to owners of the parent	(Millions of yen)	—	—
Increase of the number of common shares	(Thousands)	62	65

## **(Subsequent events)**

(Business combinations under common control)

(Merger between consolidated subsidiaries)

On January 1, 2022, two consolidated subsidiaries, APLUS Co., Ltd. and APLUS FINANCIAL Co., Ltd, have merged the absorption-type merger, based on their merger agreement dated on November 10, 2021. APLUS Co., Ltd. is the surviving company and succeeded the business of APLUS FINANCIAL Co., Ltd.

(1) Transaction outline

(a) Names and business descriptions of the companies:

• Surviving company

Name: APLUS Co., Ltd.

Business: Shopping credit business

Card business

Payment business

• Absorbed company

Name: APLUS FINANCIAL Co., Ltd.

Business: Holding company of the APLUS Group

Housing loan operation in credit guarantees business

(b) Date of the business combination:

January 1, 2022

(c) Legal form of the business combination:

Absorption-type merger

(d) Name of the company after the business combination:

APLUS Co., Ltd.

(e) Other matters concerning outline of the business combination:

For a further optimization of business management

(2) Overview of the accounting treatment

Based on “Accounting Standard for Business Combinations (ASBJ Statement No. 21 of January 16, 2019)” and “Implementation Guidance on Accounting Standards for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 of January 16, 2019)”, the Bank accounts for the above transaction as a transaction under common control.