

# **Financial Summary**

**For the Fiscal Year Ended March 31, 2020**



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

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•The following document should be read in conjunction with the consolidated and nonconsolidated financial statements prepared in accordance with generally accepted accounting principles in Japan for banks. Except as otherwise indicated, the financial information in the following discussion is based on the consolidated financial statements. Financial and operational figures that are stated in multiples of ¥0.1 billion have been truncated. All percentages unless otherwise noted have been rounded to the nearest 0.1%.

•Quarterly information is available in the Quarterly Data Book.

## Financial Highlights<sup>1</sup>

(Billions of yen, except percentages)

Results of operations (Consolidated) [Page 3]	<b>FY2019</b> (12 months)	FY2018 (12 months)	Change (Amount)	1H FY2019 (6 months)
Net interest income	<b>133.5</b>	133.8	-0.3	66.7
Noninterest income	<b>106.4</b>	95.9	10.5	54.7
Total revenue	<b>239.9</b>	229.7	10.2	121.5
General and administrative expenses	<b>-149.5</b>	-144.7	-4.8	-73.8
Net credit costs	<b>-39.1</b>	-29.3	-9.8	-16.5
Income before income taxes	<b>49.2</b>	54.5	-5.3	31.2
Profit attributable to owners of the parent	<b>45.5</b>	52.3	-6.7	28.1

(Billions of yen)

Balance sheets (Consolidated) [Page 17]	<b>Mar 31</b> <b>2020</b>	Mar 31 2019	Change (Amount)
Cash and due from banks	<b>1,614.1</b>	1,355.9	258.1
Securities	<b>957.0</b>	1,130.2	-173.2
Loans and bills discounted	<b>5,110.4</b>	4,986.8	123.5
Total assets	<b>10,226.5</b>	9,571.1	655.3
Deposits and negotiable certificates of deposit	<b>6,305.1</b>	5,922.1	383.0
Total liabilities	<b>9,316.0</b>	8,674.5	641.5
Total equity	<b>910.4</b>	896.6	13.8

Financial ratios (Consolidated) [Page 4, 15, 16, 25]	<b>FY2019</b> (12 months)	FY2018 (12 months)	1H FY2019 (6 months)
Net interest margin	<b>2.47%</b>	2.46%	2.48%
Expense-to-revenue ratio	<b>62.3%</b>	63.0%	60.8%

	<b>Mar 31</b> <b>2020</b>	Mar 31 2019
Capital adequacy ratio (Basel III, domestic standard)	<b>11.21%</b>	11.85%
NPL ratio based on Financial Revitalization Law (nonconsolidated)	<b>0.34%</b>	0.20%

(Billions of yen)

Results of operations (Nonconsolidated) [Page 21]	<b>FY2019</b> (12 months)	FY2018 (12 months)	Change (Amount)	1H FY2019 (6 months)
Net interest income	<b>103.1</b>	106.5	-3.4	52.2
Noninterest income	<b>10.5</b>	2.2	8.2	5.8
Total revenue	<b>113.7</b>	108.8	4.8	58.1
General and administrative expenses	<b>-71.8</b>	-71.5	-0.3	-36.3
Net credit costs	<b>-8.7</b>	0.7	-9.4	-2.6
Net income	<b>33.1</b>	35.4	-2.2	22.6

1. Represents results based on management accounting basis.

Net Income attributable to owners of parent in the current year was 45.5 billion yen, decreased by 6.7 billion yen from the previous year. Total revenue increased, mainly due to gains on sales of stocks in the Institutional Business and of government and other bonds recorded by Treasury through our ALM operations, and due to our focus areas such as Structured Finance and APLUS FINANCIAL.

Expenses increased mainly due to system expenses associated with the start of its operations of our new core banking system, and due to newly consolidated subsidiaries in the current year.

Net credit cost increased mainly due to the reserves for loan losses to prepare for credit deterioration of borrowers caused by the COVID-19 pandemic. As a result, net income attributable to owners of parent decreased from the previous year.

## Results of operations

- Total revenue was 239.9 billion yen in the current year, increased by 10.2 billion yen from the previous year.
  - Net interest income was 133.5 billion yen, slightly decreased by 0.3 billion yen from 133.8 billion yen in the previous year. This was mainly due to a decrease in the housing-related loans in APLUS FINANCIAL and the Retail Banking, despite an increase in the operating assets in the Structured Finance.
  - Noninterest income was 106.4 billion yen, increased by 10.5 billion yen from 95.9 billion yen from the previous year. This was mainly due to an increase in major businesses such as shopping credits in APLUS FINANCIAL, steady performance in the securities intermediation and the Retail Banking, gains on sales of stocks in the Institutional Business and of government and other bonds in Treasury through our ALM operations.
- General and administrative expenses were 149.5 billion yen in the current year, increased by 4.8 billion yen from the previous year. This was mainly due to the newly consolidated subsidiaries in the current year and to the optimization of the group business sites, in addition to system expenses associated with the start of its operations of our new core banking system.
- Net credit costs was 39.1 billion yen (expense), increased by 9.8 billion yen from the previous year. This was mainly due to the reserves for loan losses to prepare for credit deterioration of the borrowers caused by the COVID-19 pandemic, in addition to the absence of the reversal of reserves for loan losses recorded in the previous year in the Institutional Business, despite the elimination of disposal costs associated with the bulk sale of delinquent loans recorded in the previous year in APLUS FINANCIAL.
- Nonconsolidated net income was 33.1 billion yen, decreased by 2.2 billion yen from the previous year. This was mainly due to the reserves for loan losses to prepare for credit deterioration of the borrowers caused by the COVID-19 pandemic, in addition to the absence of the reversal of reserves for loan losses recorded in the previous year in the Institutional Business, despite gains on sales of government and other bonds recorded by Treasury through our ALM operations and gains on sales of stocks recorded in other gains or losses.

## Balance sheets

- Total assets were 10,226.5 billion yen, increased by 655.3 billion yen from the end of March 2019, mainly due to an increase of operating assets such as loans and bills discounted.
- Loans and bills discounted were 5,110.4 billion yen, increased by 123.5 billion yen from the end of March 2019, mainly due to an increase in the Structured Finance.
- Deposits and negotiable certificates of deposit were 6,305.1 billion yen, increased by 383.0 billion yen from the end of March 2019.

## Financial ratios

- Net interest margin was 2.47% , same level as the previous year of 2.46%.
- The ratio of core capital under the Basel 3 domestic standards (grand fathering basis) was 11.21% at the end of March 2020, decreased from 11.85% at the end of March 2019. The core capital increased due to the steady increase of net income, despite the repurchase of common shares. The ratio of core capital decreased due to an increase of risk assets in the Structured Finance and in the Consumer Finance business and the consolidation of Shinko Leasing by Showa Leasing in the current year.
- The ratio of common equity Tier1 under the Basel 3 international standards (excluding grandfathering basis) was 11.3%, decreased from 12.0 % at the end of March 2019. Capital ratios continue to be maintained at ample levels.
- The amount of nonperforming loans disclosed under the Financial Revitalization Law (non-consolidated basis) was 17.6 billion yen, increased by 7.4 billion yen from the end of March 2019. Nonperforming loan ratio remained low at 0.34%, changed from 0.20% at the end of March 2019.

Results of Operations (Consolidated) <sup>1</sup>*(Billions of yen)*

	<b>FY2019 (12 months)</b>	FY2018 (12 months)	Change (Amount)	1H FY2019 (6 months)
Net interest income	<b>133.5</b>	133.8	-0.3	66.7
Noninterest income	<b>106.4</b>	95.9	10.5	54.7
Net fees and commissions	<b>32.4</b>	31.3	1.0	15.6
Net trading income	<b>15.8</b>	6.6	9.1	5.0
Net other business income	<b>58.2</b>	57.8	0.3	34.0
Income on lease transactions and installment receivables	<b>40.8</b>	37.5	3.3	19.9
Total revenue	<b>239.9</b>	229.7	10.2	121.5
General and administrative expenses	<b>-149.5</b>	-144.7	-4.8	-73.8
Ordinary business profit	<b>90.4</b>	84.9	5.4	47.6
Net credit costs	<b>-39.1</b>	-29.3	-9.8	-16.5
Ordinary business profit after net credit costs	<b>51.2</b>	55.6	-4.4	31.1
Amortization of goodwill and other intangible assets <sup>2</sup>	<b>-2.4</b>	-2.8	0.3	-1.1
Other gains	<b>0.3</b>	1.7	-1.3	1.2
Income before income taxes	<b>49.2</b>	54.5	-5.3	31.2
Current income tax	<b>-4.1</b>	-3.8	-0.3	-1.3
Deferred income tax	<b>0.0</b>	1.3	-1.2	-1.8
Profit attributable to noncontrolling interests	<b>0.4</b>	0.2	0.2	0.1
Profit attributable to owners of the parent	<b>45.5</b>	52.3	-6.7	28.1

1.Represents results based on management accounting basis.

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

Noninterest income in the table above is comprised of net fees and commissions, net trading income and net other business income.

Net fees and commissions is primarily comprised of fee income such associated with banking business such as real estate finance and project finance, fee income from the sale of products such as mutual funds and insurance and fee income associated with the guarantee business and the payment business in consumer finance.

Net trading income is comprised of derivative related income from transactions with customers, as well as income from proprietary trading undertaken by the Bank.

Net other business income is comprised of income on lease transactions and installment eivables, 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)

	FY2019 (12 months)			FY2018 (12 months)			1H FY2019 (6 months)		
	Average Balance	Interest	Yield/rate <sup>1</sup> (%)	Average Balance	Interest	Yield/rate <sup>1</sup> (%)	Average Balance	Interest	Yield/rate <sup>1</sup> (%)
Interest-earning assets:									
Loans and bills discounted	5,027.0	140.2	2.79	4,954.6	140.1	2.83	4,982.5	70.1	2.82
Lease receivables and leased investment assets / installment receivables <sup>4</sup>	815.1	40.8	5.01	746.4	37.5	5.03	781.5	19.9	5.11
Securities	1,029.4	10.7	1.05	1,150.6	12.5	1.09	1,065.1	5.0	0.96
Other interest-earning assets <sup>2, 3</sup>	240.7	2.7	***	190.0	2.1	***	243.6	1.4	***
Interest-earning assets totals (A) <sup>4</sup>	7,112.4	194.6	2.74	7,041.7	192.3	2.73	7,072.9	96.7	2.73
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	5,835.4	6.3	0.11	6,033.0	7.8	0.13	5,830.7	2.7	0.10
Borrowed money	662.1	2.8	0.43	786.5	3.3	0.43	720.7	1.3	0.36
Subordinated debt	-	-	-	3.7	0.0	2.36	-	-	-
Other borrowed money	662.1	2.8	0.43	782.8	3.2	0.42	720.7	1.3	0.36
Corporate bonds	106.7	0.2	0.27	89.9	0.4	0.52	86.4	0.1	0.26
Subordinated bonds	-	-	-	12.8	0.2	1.88	-	-	-
Other corporate bonds	106.7	0.2	0.27	77.1	0.2	0.29	86.4	0.1	0.26
Other interest-bearing liabilities <sup>2</sup>	1,133.8	10.7	***	864.2	9.3	***	1,190.2	5.7	***
Interest-bearing liabilities totals (B) <sup>4</sup>	7,738.1	20.2	0.26	7,773.8	21.0	0.27	7,828.2	9.9	0.25
Net interest margin (A)-(B)	-	174.3	2.47	-	171.3	2.46	-	86.7	2.48
Noninterest-bearing sources of funds:									
Noninterest-bearing (assets) liabilities, net	-1,529.6	-	-	-1,605.8	-	-	-1,654.0	-	-
Total equity excluding noncontrolling interests in subsidiaries <sup>5</sup>	903.8	-	-	873.8	-	-	898.7	-	-
Total noninterest-bearing sources of funds (C)	-625.7	-	-	-732.0	-	-	-755.2	-	-
Sum of total expense on interest-bearing liabilities and noninterest-bearing sources of funds (D)=(B)+(C)	7,112.4	20.2	0.28	7,041.7	21.0	0.30	7,072.9	9.9	0.28
Interest income / yield on interest earning assets (A)-(D)	-	174.3	2.45	-	171.3	2.43	-	86.7	2.45
Reconciliation of total revenue on interest-earning									
Total revenue on interest-earning assets	7,112.4	194.6	2.74	7,041.7	192.3	2.73	7,072.9	96.7	2.73
Less: Income on lease transactions and installment receivables	815.1	40.8	5.01	746.4	37.5	5.03	781.5	19.9	5.11
Total interest income <sup>4</sup>	6,297.2	153.7	2.44	6,295.3	154.8	2.46	6,291.3	76.7	2.44
Total interest expense	-	20.2	-	-	21.0	-	-	9.9	-
Net interest income	-	133.5	-	-	133.8	-	-	66.7	-

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 non interest-earning assets.

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

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

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

## Noninterest Income (Consolidated)

(Billions of yen)

	<b>FY2019 (12 months)</b>	FY2018 (12 months)	Change (Amount)	1H FY2019 (6 months)
Institutional Business	<b>46.7</b>	41.2	5.5	23.3
Corporate Business	<b>8.1</b>	6.7	1.3	5.7
Structured Finance	<b>7.6</b>	7.2	0.4	3.1
Principal Transactions	<b>5.6</b>	5.6	0.0	3.3
Showa Leasing	<b>14.6</b>	14.2	0.3	7.0
Markets	<b>7.2</b>	5.5	1.7	2.5
Other Global Markets	<b>3.4</b>	1.8	1.6	1.5
Individual Business	<b>53.2</b>	50.8	2.3	25.8
Retail Banking	<b>4.9</b>	2.9	1.9	2.2
Shinsei Financial <sup>1</sup>	<b>-0.9</b>	-0.0	-0.8	-0.5
APLUS FINANCIAL	<b>48.5</b>	47.1	1.4	23.9
Other Individual	<b>0.6</b>	0.8	-0.1	0.1
Corporate/Other	<b>6.4</b>	3.8	2.6	5.5
<b>Noninterest income</b>	<b>106.4</b>	95.9	10.5	54.7

1. Income of Shinsei Financial, "Shinsei Bank Card Loan L", "Shinsei Bank Smart Card Loan Plus", and "Shinsei Bank Smart Money Lending" are combined on a management accounting basis. "Bank Lake" was renamed as "Shinsei Bank Card Loan L" on 28th Nov 2019.

Non-interest income from the Institutional Business was 46.7 billion yen, increased by 5.5 billion yen from 41.2 billion yen in the previous year. This was mainly due to gains on sales of stocks, steady performance of trading business in the Market and securities intermediations in the Other Global Markets, in addition to an increase of fee income in the Structured Finance.

Non-interest income from the Individual Business was 53.2 billion yen, increased by 2.3 billion yen from 50.8 billion yen in the previous year. This was mainly due to the effects of the revised "Shinsei Step-up Program" which charges ATM fees to certain retail customers, the fee income from newly consolidated subsidiaries in the current year and income from major businesses such as shopping credits and card business in APLUS FINANCIAL.

Non-interest income in the Corporate/Others was 6.4 billion yen, increased by 2.6 billion yen from the previous year. This was mainly due to gains on sales of government and other bonds in Treasury through our ALM operations.



## General and Administrative Expenses (Consolidated)

(Billions of yen)

	<b>FY2019 (12 months)</b>	FY2018 (12 months)	Change (Amount)	1H FY2019 (6 months)
Personnel expenses	<b>-57.6</b>	-55.5	-2.0	-28.7
Nonpersonnel expenses	<b>-91.9</b>	-89.2	-2.7	-45.0
Premises expenses	<b>-20.1</b>	-19.6	-0.4	-10.0
Technology and data processing expenses	<b>-24.9</b>	-23.2	-1.6	-12.5
Advertising expenses	<b>-11.4</b>	-10.9	-0.4	-5.2
Consumption, property taxes, etc.	<b>-10.4</b>	-10.4	-0.0	-4.7
Deposit insurance premium	<b>-1.5</b>	-1.6	0.0	-0.7
Other general and administrative expenses	<b>-23.3</b>	-23.2	-0.1	-11.6
<b>General and administrative expenses</b>	<b>-149.5</b>	-144.7	-4.8	-73.8

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

(Billions of yen)

	<b>FY2019 (12 months)</b>	FY2018 (12 months)	Change (Amount)	1H FY2019 (6 months)
Losses on write-off of loans/Losses on sale of loans	<b>-0.4</b>	-0.4	0.0	-0.2
Net provision of reserve for loan losses:	<b>-44.8</b>	-35.2	-9.5	-19.4
Net provision of general reserve for loan losses	<b>-27.7</b>	-17.2	-10.4	-9.3
Net provision of specific reserve for loan losses	<b>-17.0</b>	-17.9	0.9	-10.1
Other credit costs relating to leasing business	<b>-0.4</b>	-0.3	-0.0	-0.0
Recoveries of written-off claims	<b>6.4</b>	6.6	-0.1	3.2
<b>Net credit costs</b>	<b>-39.1</b>	-29.3	-9.8	-16.5

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

## Other Gains (Consolidated)

(Billions of yen)

	<b>FY2019 (12 months)</b>	FY2018 (12 months)	Change (Amount)	1H FY2019 (6 months)
Extraordinary income	<b>-1.8</b>	-0.8	-1.0	-0.5
Net gain on disposal of premises and equipment	<b>-0.4</b>	-0.0	-0.3	-0.0
Other extraordinary income	<b>-1.4</b>	-0.7	-0.6	-0.4
Provisions of reserve for losses on interest repayment	<b>2.6</b>	2.3	0.2	1.2
Shinsei Financial	<b>4.5</b>	5.6	-1.1	1.6
Shinsei Personal Loan	<b>-0.1</b>	0.1	-0.3	-0.4
APLUS FINANCIAL	<b>-1.7</b>	-3.5	1.7	-
Other	<b>-0.3</b>	0.2	-0.6	0.5
<b>Other gains</b>	<b>0.3</b>	1.7	-1.3	1.2

## Business Line Results (Consolidated)

(Billions of yen)

	<b>FY2019 (12 months)</b>	FY2018 (12 months)	Change (Amount)	1H FY2019 (6 months)
<i>Institutional Business:</i>				
Net interest income	<b>30.0</b>	26.2	3.8	13.8
Noninterest income	<b>46.7</b>	41.2	5.5	23.3
Total revenue	<b>76.8</b>	67.4	9.3	37.2
General and administrative expenses	<b>-42.3</b>	-40.5	-1.7	-21.0
Ordinary business profit	<b>34.4</b>	26.8	7.6	16.2
Net credit costs	<b>-9.8</b>	1.9	-11.7	-2.4
Ordinary business profit after net credit costs	<b>24.6</b>	28.7	-4.0	13.7
<i>Individual Business:</i>				
Net interest income	<b>103.4</b>	104.8	-1.4	52.0
Noninterest income	<b>53.2</b>	50.8	2.3	25.8
Total revenue	<b>156.6</b>	155.7	0.8	77.8
General and administrative expenses	<b>-103.3</b>	-101.1	-2.2	-50.6
Ordinary business profit	<b>53.2</b>	54.6	-1.3	27.1
Net credit costs	<b>-29.3</b>	-31.2	1.8	-14.0
Ordinary business profit after net credit costs	<b>23.9</b>	23.3	0.5	13.0
<i>Corporate/Other<sup>1</sup>:</i>				
Net interest income	<b>0.0</b>	2.6	-2.6	0.8
Noninterest income	<b>6.4</b>	3.8	2.6	5.5
Total revenue	<b>6.5</b>	6.5	0.0	6.4
General and administrative expenses	<b>-3.8</b>	-3.0	-0.8	-2.1
Ordinary business profit	<b>2.6</b>	3.5	-0.8	4.2
Net credit costs	<b>-0.0</b>	-0.0	0.0	-0.0
Ordinary business profit after net credit costs	<b>2.6</b>	3.4	-0.8	4.2
<i>Total:</i>				
Net interest income	<b>133.5</b>	133.8	-0.3	66.7
Noninterest income	<b>106.4</b>	95.9	10.5	54.7
Total revenue	<b>239.9</b>	229.7	10.2	121.5
General and administrative expenses	<b>-149.5</b>	-144.7	-4.8	-73.8
Ordinary business profit	<b>90.4</b>	84.9	5.4	47.6
Net credit costs	<b>-39.1</b>	-29.3	-9.8	-16.5
Ordinary business profit after net credit costs	<b>51.2</b>	55.6	-4.4	31.1

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.

## Segment Information

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

## Institutional Business (Consolidated)

(Billions of yen)

	<b>FY2019 (12 months)</b>	FY2018 (12 months)	Change (Amount)	1H FY2019 (6 months)
<i>Corporate Business:</i>				
Net interest income	<b>10.8</b>	10.0	0.7	5.0
Noninterest income	<b>8.1</b>	6.7	1.3	5.7
Total revenue	<b>18.9</b>	16.7	2.1	10.8
General and administrative expenses	<b>-12.5</b>	-11.8	-0.7	-6.3
Ordinary business profit	<b>6.3</b>	4.9	1.4	4.4
Net credit costs	<b>-2.3</b>	-0.8	-1.4	-1.1
Ordinary business profit after net credit costs	<b>4.0</b>	4.0	-0.0	3.3
<i>Structured Finance:</i>				
Net interest income	<b>12.0</b>	10.3	1.6	5.7
Noninterest income	<b>7.6</b>	7.2	0.4	3.1
Total revenue	<b>19.7</b>	17.6	2.0	8.8
General and administrative expenses	<b>-8.3</b>	-7.7	-0.5	-4.1
Ordinary business profit	<b>11.3</b>	9.8	1.5	4.6
Net credit costs	<b>-6.4</b>	2.1	-8.6	-1.3
Ordinary business profit after net credit costs	<b>4.9</b>	12.0	-7.1	3.2
<i>Principal Transactions:</i>				
Net interest income	<b>4.3</b>	3.7	0.5	1.3
Noninterest income	<b>5.6</b>	5.6	0.0	3.3
Total revenue	<b>10.0</b>	9.3	0.6	4.7
General and administrative expenses	<b>-4.1</b>	-4.0	-0.0	-2.0
Ordinary business profit	<b>5.9</b>	5.3	0.5	2.6
Net credit costs	<b>-0.1</b>	-0.0	-0.1	-0.0
Ordinary business profit after net credit costs	<b>5.7</b>	5.3	0.4	2.6
<i>Showa Leasing:</i>				
Net interest income	<b>-0.1</b>	-0.0	-0.0	-0.1
Noninterest income	<b>14.6</b>	14.2	0.3	7.0
Total revenue	<b>14.4</b>	14.2	0.2	6.9
General and administrative expenses	<b>-10.7</b>	-9.8	-0.9	-5.1
Ordinary business profit	<b>3.7</b>	4.3	-0.6	1.8
Net credit costs	<b>-0.9</b>	0.6	-1.5	0.0
Ordinary business profit after net credit costs	<b>2.7</b>	4.9	-2.2	1.8

## Institutional Business (Consolidated)

(Billions of yen)

	<b>FY2019 (12 months)</b>	FY2018 (12 months)	Change (Amount)	1H FY2019 (6 months)
<i>Markets:</i>				
Net interest income	<b>2.3</b>	1.5	0.7	1.5
Noninterest income	<b>7.2</b>	5.5	1.7	2.5
Total revenue	<b>9.5</b>	7.1	2.4	4.0
General and administrative expenses	<b>-3.3</b>	-3.7	0.3	-1.6
Ordinary business profit	<b>6.2</b>	3.3	2.8	2.3
Net credit costs	<b>0.0</b>	-0.0	0.0	0.0
Ordinary business profit after net credit costs	<b>6.2</b>	3.3	2.9	2.3
<i>Other Global Markets:</i>				
Net interest income	<b>0.5</b>	0.5	0.0	0.2
Noninterest income	<b>3.4</b>	1.8	1.6	1.5
Total revenue	<b>4.0</b>	2.3	1.7	1.8
General and administrative expenses	<b>-3.1</b>	-3.3	0.2	-1.5
Ordinary business profit	<b>0.9</b>	-1.0	1.9	0.2
Net credit costs	<b>0.0</b>	-0.0	0.0	0.0
Ordinary business profit after net credit costs	<b>0.9</b>	-1.0	2.0	0.2
<i>Institutional Business:</i>				
Net interest income	<b>30.0</b>	26.2	3.8	13.8
Noninterest income	<b>46.7</b>	41.2	5.5	23.3
Total revenue	<b>76.8</b>	67.4	9.3	37.2
General and administrative expenses	<b>-42.3</b>	-40.5	-1.7	-21.0
Ordinary business profit	<b>34.4</b>	26.8	7.6	16.2
Net credit costs	<b>-9.8</b>	1.9	-11.7	-2.4
Ordinary business profit after net credit costs	<b>24.6</b>	28.7	-4.0	13.7

## Individual Business (Consolidated)

(Billions of yen)

	FY2019 (12 months)	FY2018 (12 months)	Change (Amount)	1H FY2019 (6 months)
<i>Retail banking:</i>				
Net interest income	<b>23.4</b>	23.9	-0.4	12.0
Loans	<b>9.3</b>	9.8	-0.5	4.7
Deposits	<b>14.1</b>	14.1	0.0	7.3
Noninterest income	<b>4.9</b>	2.9	1.9	2.2
Asset Management Products	<b>8.3</b>	6.8	1.4	4.1
Other Fees (ATM, Fund Transfer, FX etc.)	<b>-3.3</b>	-3.8	0.4	-1.8
Total revenue	<b>28.3</b>	26.9	1.4	14.2
General and administrative expenses	<b>-28.0</b>	-27.6	-0.3	-13.7
Ordinary business profit	<b>0.3</b>	-0.7	1.0	0.5
Net credit costs	<b>-0.0</b>	0.0	-0.0	-0.0
Ordinary business profit after net credit costs	<b>0.3</b>	-0.6	1.0	0.5
<i>Shinsei Financial<sup>1</sup>:</i>				
Net interest income	<b>69.3</b>	69.3	-0.0	34.6
Lake Business	<b>63.6</b>	63.4	0.1	31.7
Noninterest income	<b>-0.9</b>	-0.0	-0.8	-0.5
Total revenue	<b>68.3</b>	69.2	-0.8	34.0
General and administrative expenses	<b>-34.3</b>	-33.4	-0.8	-16.8
Ordinary business profit	<b>33.9</b>	35.7	-1.7	17.2
Net credit costs	<b>-14.4</b>	-14.5	0.1	-6.9
Ordinary business profit after net credit costs	<b>19.5</b>	21.2	-1.6	10.3
<i>APLUS FINANCIAL:</i>				
Net interest income	<b>9.7</b>	10.7	-1.0	4.9
Noninterest income	<b>48.5</b>	47.1	1.4	23.9
Total revenue	<b>58.2</b>	57.8	0.4	28.8
General and administrative expenses	<b>-38.9</b>	-38.1	-0.7	-19.1
Ordinary business profit	<b>19.3</b>	19.6	-0.3	9.6
Net credit costs	<b>-15.1</b>	-16.5	1.4	-7.1
Ordinary business profit after net credit costs	<b>4.2</b>	3.1	1.1	2.5
<i>Other Individuals:</i>				
Net interest income	<b>0.9</b>	0.8	0.1	0.4
Noninterest income	<b>0.6</b>	0.8	-0.1	0.1
Total revenue	<b>1.5</b>	1.6	-0.0	0.6
General and administrative expenses	<b>-2.0</b>	-1.7	-0.2	-0.9
Ordinary business profit	<b>-0.4</b>	-0.1	-0.3	-0.3
Net credit costs	<b>0.1</b>	-0.1	0.3	0.0
Ordinary business profit after net credit costs	<b>-0.2</b>	-0.2	0.0	-0.2
<i>Individual Business:</i>				
Net interest income	<b>103.4</b>	104.8	-1.4	52.0
Noninterest income	<b>53.2</b>	50.8	2.3	25.8
Total revenue	<b>156.6</b>	155.7	0.8	77.8
General and administrative expenses	<b>-103.3</b>	-101.1	-2.2	-50.6
Ordinary business profit	<b>53.2</b>	54.6	-1.3	27.1
Net credit costs	<b>-29.3</b>	-31.2	1.8	-14.0
Ordinary business profit after net credit costs	<b>23.9</b>	23.3	0.5	13.0

1. Income of Shinsei Financial, "Shinsei Bank Card Loan L", "Shinsei Bank Smart Card Loan Plus", and "Shinsei Bank Smart Money Lending" are combined on a management accounting basis. "Bank Lake" was renamed as "Shinsei Bank Card Loan L" on 28th Nov 2019.

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

(Billions of yen)

	<b>FY2019 (12 months)</b>	FY2018 (12 months)	Change (Amount)	1H FY2019 (6 months)
<i>Treasury:</i>				
Net interest income	<b>0.0</b>	2.6	-2.6	0.8
Noninterest income	<b>5.9</b>	3.3	2.5	5.2
Total revenue	<b>5.9</b>	6.0	-0.0	6.1
General and administrative expenses	<b>-1.6</b>	-1.6	0.0	-0.7
Ordinary business profit	<b>4.3</b>	4.3	0.0	5.3
Net credit costs	-	-	-	-
Ordinary business profit after net credit costs	<b>4.3</b>	4.3	0.0	5.3
<i>Corporate/Other (excluding Treasury)<sup>1</sup>:</i>				
Net interest income	<b>0.0</b>	-0.0	0.0	0.0
Noninterest income	<b>0.5</b>	0.4	0.0	0.2
Total revenue	<b>0.5</b>	0.4	0.0	0.2
General and administrative expenses	<b>-2.2</b>	-1.3	-0.9	-1.3
Ordinary business profit	<b>-1.6</b>	-0.8	-0.8	-1.1
Net credit costs	<b>-0.0</b>	-0.0	0.0	-0.0
Ordinary business profit after net credit costs	<b>-1.6</b>	-0.8	-0.8	-1.1
<i>Corporate/Other<sup>1</sup>:</i>				
Net interest income	<b>0.0</b>	2.6	-2.6	0.8
Noninterest income	<b>6.4</b>	3.8	2.6	5.5
Total revenue	<b>6.5</b>	6.5	0.0	6.4
General and administrative expenses	<b>-3.8</b>	-3.0	-0.8	-2.1
Ordinary business profit	<b>2.6</b>	3.5	-0.8	4.2
Net credit costs	<b>-0.0</b>	-0.0	0.0	-0.0
Ordinary business profit after net credit costs	<b>2.6</b>	3.4	-0.8	4.2

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)

	Mar 31 2020	Mar 31 2019	Change (Amount)
Domestic offices (excluding Japan offshore market accounts):			
Manufacturing	198.9	190.0	8.9
Agriculture and forestry	0.0	0.0	-0.0
Fishery	0.0	-	0.0
Mining, quarrying and gravel extraction	0.3	0.3	-0.0
Construction	11.8	9.1	2.6
Electrical, natural gas and water supply	366.3	320.7	45.5
Information and communications	49.4	55.1	-5.7
Transportation and postal service	194.1	195.2	-1.0
Wholesale and retail	105.2	122.5	-17.2
Finance and insurance	532.1	521.5	10.6
Real estate	670.5	584.9	85.6
Services	382.8	341.8	40.9
Local government	62.6	52.4	10.1
Others	2,271.8	2,402.7	-130.9
Loans to individual customers (Housing Loan, Unsecured Loan, Cashing by Credit Card, Housing Related Loan, etc.)	1,897.8	1,934.5	-36.6
<b>Total domestic (A)</b>	<b>4,846.3</b>	<b>4,796.9</b>	<b>49.4</b>
Overseas offices (including Japan offshore market accounts):			
Governments	-	0.1	-0.1
Financial institutions	33.1	32.6	0.5
Others	230.8	157.1	73.7
<b>Total overseas (B)</b>	<b>264.0</b>	<b>189.9</b>	<b>74.1</b>
<b>Total (A+B)</b>	<b>5,110.4</b>	<b>4,986.8</b>	<b>123.5</b>

## Securities Being Held to Maturity (Consolidated)

(Billions of yen)

	Mar 31, 2020			Mar 31, 2019		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount						
Japanese national government bonds	277.1	278.7	1.5	399.2	402.4	3.2
Subtotal	277.1	278.7	1.5	399.2	402.4	3.2
Fair value does not exceed carrying amount						
Japanese national government bonds	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
<b>Total</b>	<b>277.1</b>	<b>278.7</b>	<b>1.5</b>	<b>399.2</b>	<b>402.4</b>	<b>3.2</b>



## Securities Available for Sale (Consolidated)

(Billions of yen)

	Mar 31, 2020			Mar 31, 2019		
	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	8.9	4.8	4.0	16.6	8.1	8.4
Domestic bonds	75.3	74.5	0.8	154.1	152.9	1.2
Japanese national government bonds	35.4	35.2	0.2	102.3	101.4	0.8
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	39.8	39.2	0.6	51.7	51.4	0.3
Other	113.1	110.6	2.5	137.9	134.6	3.3
Foreign securities	80.4	78.5	1.9	137.9	134.6	3.3
Foreign currency denominated foreign corporate and government bonds	80.2	78.4	1.7	129.8	128.0	1.8
Yen-denominated foreign corporate and government bonds	-	-	-	6.5	6.5	0.0
Foreign equity securities and others	0.2	0.0	0.1	1.6	0.0	1.5
Other securities	-	-	-	-	-	-
Other monetary claims purchased	32.6	32.1	0.5	-	-	-
Subtotal	197.4	190.0	7.4	308.7	295.7	13.0
Carrying amount does not exceed amortized/acquisition cost						
Equity securities	1.6	1.8	-0.1	0.7	1.0	-0.3
Domestic bonds	176.7	178.6	-1.9	119.3	120.8	-1.4
Japanese national government bonds	47.9	48.5	-0.5	-	-	-
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	128.8	130.1	-1.3	119.3	120.8	-1.4
Other	220.8	224.7	-3.8	195.7	197.6	-1.9
Foreign securities	220.7	224.6	-3.8	194.7	196.6	-1.9
Foreign currency denominated foreign corporate and government bonds	143.6	146.5	-2.9	129.9	131.2	-1.3
Yen-denominated foreign corporate and government bonds	76.3	77.0	-0.6	60.5	61.0	-0.4
Foreign equity securities and others	0.7	1.0	-0.2	4.2	4.3	-0.0
Other securities	0.1	0.1	-0.0	0.9	1.0	-0.0
Other monetary claims purchased	-	-	-	-	-	-
Subtotal	399.3	405.3	-5.9	315.7	319.5	-3.7
Total <sup>1, 2</sup>	596.7	595.3	1.4	624.5	615.2	9.3

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 Mar 31, 2020 and Mar 31, 2019 were ¥564.1 billion and ¥624.5 billion, respectively.

2. Securities whose fair value cannot be reliably determined are not included.

## Unrealized Gain (Loss) on Available-for-Sale Securities (Consolidated)

(Billions of yen)

	Mar 31, 2020	Mar 31, 2019
Unrealized gain (loss) before deferred tax on:		
Available-for-sale securities	1.4	9.3
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	-1.8	-1.4
Other monetary assets held in trust	-0.8	-1.1
(-) Deferred tax liabilities	0.0	1.4
Unrealized gain (loss) on available-for-sale securities before interest adjustments	-1.3	5.2
(-) Noncontrolling interests	-0.0	-
(+) The Bank's interests in unrealized gain (loss) on available-for-sale securities held by affiliates to which the equity method is applied	6.0	4.7
Unrealized gain (loss) on available-for-sale securities	4.7	10.0

## Deposits (Consolidated)

(Billions of yen)

	Mar 31 2020	Mar 31 2019	Change (Amount)
Deposits	<b>5,849.2</b>	5,351.5	497.6
Liquid (current, ordinary, notice) deposits	<b>2,680.9</b>	2,591.5	89.3
Time deposits <sup>1</sup>	<b>2,652.1</b>	2,271.9	380.2
Other	<b>516.0</b>	487.9	28.0
Negotiable certificates of deposits (NCDs)	<b>455.9</b>	570.5	-114.6
<b>Total</b>	<b>6,305.1</b>	5,922.1	383.0

1.Includes two-week maturity deposits

## Financial Ratios (Consolidated)

	FY2019 (12 months)	FY2018 (12 months)	1H FY2019 (6 months)
Return on assets <sup>1</sup>	<b>0.5%</b>	0.5%	0.6% <sup>3</sup>
Return on equity <sup>2</sup>	<b>5.1%</b>	6.0%	6.3% <sup>3</sup>
Expense-to-revenue ratio <sup>4, 5</sup>	<b>62.3%</b>	63.0%	60.8%

1.Return on assets:

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

BOP: beginning of period  
 EOP: end of period

2.Return on equity (fully diluted):

Profit (Losses) Attributable to Owners of the Parent

((Total equity at the BOP - Share warrants at the BOP - Noncontrolling interests at the BOP) + (Total equity at the EOP - Share warrants at the EOP - Noncontrolling interests at the EOP))/2

3.Annualized basis.

4.Management accounting basis.

5.Expense denotes general and administrative expenses.

## Capital Adequacy Related Information (Consolidated)

<Basel 3, Domestic Standard 1>

(Billions of yen, except percentages)

	Mar 31 2020	Mar 31 2019	Change (Amount)
Core capital:instruments and reserves	915.7	899.5	16.1
Core capital:regulatory adjustments	-93.2	-104.2	10.9
Capital	822.4	795.3	27.1
Total amount of Risk-weighted assets	7,336.6	6,711.2	625.3
Consolidated core capital adequacy ratio	11.21%	11.85%	

1.Calculated according to F-IRB.

Consolidated total required capital is ¥679.5 billion as at Mar 31, 2020 and ¥640.5 billion as at March 31, 2019.

## Per Share Data (Consolidated)

(Yen)

	FY2019 (12 months)	FY2018 (12 months)	Change (Amount)	1H FY2019 (6 months)
Common equity	3,913.40	3,636.92	276.48	3,774.10
Fully diluted equity	3,912.60	3,636.49	276.11	3,773.36
Basic EPS	190.59	211.24	-20.65	115.80
Diluted EPS	190.55	211.22	-20.66	115.79
For calculation of per share data (excluding treasury shares):				
Equity: Number of common shares	230,743,898	245,274,499		239,520,517
Fully diluted number of shares	230,790,947	245,303,390		239,567,565
EPS Number of common shares	239,127,169	247,670,196		243,061,193
Fully diluted number of shares	239,171,291	247,700,391		243,102,387

## Consolidated Balance Sheets

(Millions of yen)

	Mar 31 2020	Mar 31 2019	Change (Amount)
<b>&lt;&lt;Assets&gt;&gt;</b>			
Cash and due from banks	1,614,134	1,355,966	258,168
Call loans and bills bought	—	—	—
Receivables under securities borrowing transactions	—	2,119	(2,119)
Other monetary claims purchased	63,575	30,994	32,580
Trading assets	213,707	204,415	9,292
Monetary assets held in trust	415,107	305,879	109,228
Securities	957,040	1,130,286	(173,246)
Loans and bills discounted	5,110,404	4,986,839	123,564
Foreign exchanges	73,879	29,546	44,332
Lease receivables and leased investment assets	193,445	176,553	16,891
Other assets	1,007,605	851,287	156,318
Premises and equipment	69,414	45,341	24,072
Intangible assets	67,073	67,189	(115)
Goodwill	10,626	10,989	(362)
Assets for retirement benefits	5,683	10,931	(5,247)
Deferred tax assets	16,977	15,096	1,881
Customers' liabilities for acceptances and guarantees	526,520	456,759	69,761
Reserve for credit losses	(107,998)	(98,034)	(9,963)
<b>Total assets</b>	<b>10,226,571</b>	<b>9,571,172</b>	<b>655,399</b>
<b>&lt;&lt;Liabilities&gt;&gt;</b>			
Deposits	5,849,211	5,351,564	497,646
Negotiable certificates of deposit	455,950	570,580	(114,630)
Call money and bills sold	165,000	145,000	20,000
Payables under repurchase agreements	38,956	59,098	(20,142)
Payables under securities lending transactions	350,407	510,229	(159,822)
Trading liabilities	183,943	182,363	1,579
Borrowed money	881,991	684,077	197,913
Foreign exchanges	687	471	216
Short-term corporate bonds	221,300	191,000	30,300
Corporate bonds	166,500	92,335	74,165
Other liabilities	404,973	347,383	57,590
Accrued employees' bonuses	8,560	8,598	(38)
Accrued directors' bonuses	47	44	3
Liabilities for retirement benefits	8,422	8,232	190
Reserve for directors' retirement benefits	50	—	50
Reserve for reimbursement of deposits	621	—	621
Reserve for reimbursement of debentures	3,513	3,764	(251)
Reserve for losses on interest repayments	49,308	63,025	(13,716)
Deferred tax liabilities	119	—	119
Acceptances and guarantees	526,520	456,759	69,761
<b>Total liabilities</b>	<b>9,316,086</b>	<b>8,674,529</b>	<b>641,556</b>
<b>&lt;&lt;Equity&gt;&gt;</b>			
Common stock	512,204	512,204	—
Capital surplus	78,506	78,506	(0)
Retained earnings	389,600	346,562	43,037
Treasury stock, at cost	(61,097)	(37,729)	(23,368)
<b>Total shareholders' equity</b>	<b>919,214</b>	<b>899,544</b>	<b>19,669</b>
Unrealized gain (loss) on available-for-sale securities	4,755	10,041	(5,285)
Deferred gain (loss) on derivatives under hedge accounting	(15,719)	(16,391)	671
Foreign currency translation adjustments	(1,670)	(1,527)	(142)
Defined retirement benefit plans	(3,585)	378	(3,963)
<b>Total accumulated other comprehensive income</b>	<b>(16,219)</b>	<b>(7,500)</b>	<b>(8,719)</b>
Stock acquisition rights	125	99	26
Noncontrolling interests	7,364	4,498	2,865
<b>Total equity</b>	<b>910,485</b>	<b>896,642</b>	<b>13,842</b>
<b>Total liabilities and equity</b>	<b>10,226,571</b>	<b>9,571,172</b>	<b>655,399</b>

## Consolidated Statements of Income

(Millions of yen)

	FY2019 (12 months)	FY2018 (12 months)	Change (Amount)
Ordinary income	399,503	372,243	27,259
Interest income	153,777	154,843	(1,065)
Interest on loans and bills discounted	140,204	140,176	27
Interest and dividends on securities	10,794	12,531	(1,736)
Other interest income	2,778	2,135	643
Fees and commissions income	59,213	55,332	3,880
Trading income	15,821	6,673	9,148
Other business income	144,855	134,051	10,803
Other ordinary income	25,835	21,341	4,493
Ordinary expenses	348,466	316,846	31,620
Interest expenses	20,266	21,027	(760)
Interest on deposits	6,295	7,765	(1,470)
Interest on borrowings	2,875	3,369	(494)
Interest on corporate bonds	283	466	(183)
Other interest expenses	10,812	9,425	1,387
Fees and commissions expenses	26,782	23,981	2,800
Trading losses	—	—	—
Other business expenses	97,532	84,157	13,374
General and administrative expenses	152,494	148,545	3,948
Amortization of goodwill	2,144	2,211	(66)
Amortization of intangible assets acquired in business combinations	291	599	(308)
Other general and administrative expenses	150,057	145,734	4,323
Other ordinary expenses	51,391	39,134	12,256
Provision of reserve for credit losses	44,818	35,241	9,577
Other	6,572	3,892	2,679
Ordinary profit	51,036	55,397	(4,360)
Extraordinary gains	26	218	(192)
Extraordinary losses	1,862	1,031	831
Income before income taxes	49,200	54,584	(5,384)
Income taxes (benefit):			
Income taxes (benefit) - current	4,119	3,810	308
Income taxes (benefit) - deferred	(45)	(1,306)	1,261
Total income taxes (benefit)	4,073	2,503	1,569
Profit	45,126	52,080	(6,954)
Profit (loss) attributable to noncontrolling interests	(449)	(239)	(210)
Profit attributable to owners of the parent	45,575	52,319	(6,743)

## Composition of Capital Disclosure(Consolidated)

Shinsei Bank and subsidiaries

Millions of yen (except percentages)

Items	Basel III (Domestic Standard) Mar 31 2020	Basel III (Domestic Standard) Dec 31 2019
	<b>Core capital:instruments and reserves (1)</b>	
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	¥ 916,906	¥ 927,245
of which:capital and capital surplus	590,710	590,710
of which:retained earnings	389,600	389,131
of which:treasury stock (-)	61,097	52,597
of which:earning to be distributed (-)	2,307	-
of which:other than above	-	-
Accumulated other comprehensive income (amount allowed to be included in Core capital)	(5,255)	(856)
of which:foreign currency translation adjustment	(1,670)	(1,203)
of which:amount related defined benefit	(3,585)	347
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	76	76
Adjusted noncontrolling interests (amount allowed to be included in Core capital)	17	6
Total of reserves included in Core capital:instruments and reserves	637	425
of which:general reserve for loan losses included in Core capital	637	425
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)	-	-
Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital:instruments and reserves)	-	-
Land revaluation excess after 55% discount (amount allowed to be included in Core capital:instruments and reserves)	-	-
Noncontrolling interests subject to transitional arrangements (amount allowed to be included in Core capital:instruments and reserves)	3,352	4,198
<b>Core capital:instruments and reserves (A)</b>	<b>¥ 915,735</b>	<b>¥ 931,095</b>
<b>Core capital:regulatory adjustments (2)</b>		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 52,178	¥ 51,970
of which:goodwill (including those equivalent)	13,015	13,464
of which:other intangibles other than goodwill and mortgage servicing rights	39,163	38,506
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	6,844	6,780
Shortfall of eligible provisions to expected losses	30,318	35,875
Gain on sale of securitization	-	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Net defined benefit asset	3,943	7,908
Investments in own shares (excluding those reported in the net assets section)	-	0
Reciprocal cross-holdings in common equity	-	-
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	-	-
Amount exceeding the 10% threshold on specific items	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which:mortgage servicing rights	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Amount exceeding the 15% threshold on specific items	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which:mortgage servicing rights	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-
<b>Core capital:regulatory adjustments (B)</b>	<b>¥ 93,284</b>	<b>¥ 102,534</b>
<b>Capital (consolidated)</b>		
Capital (consolidated)((A)-(B))(C)	¥ 822,450	¥ 828,560
<b>Risk-weighted assets, etc.</b>		
Total amount of credit risk-weighted assets	¥6,741,251	¥6,674,032
of which:total amount included in risk-weighted assets by transitional arrangements	-	-
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	-	-
of which:other than above	-	-
Market risk (derived by multiplying the capital requirement by 12.5)	206,136	180,033
Operational risk (derived by multiplying the capital requirement by 12.5)	389,243	384,722
Credit risk-weighted assets adjustments	-	-
Operational risk adjustments	-	-
<b>Total amount of Risk-weighted assets (D)</b>	<b>¥7,336,631</b>	<b>¥7,238,788</b>
<b>Capital ratio (consolidated)</b>		
Capital ratio (consolidated)((C)/(D))	11.21%	11.44%

Note: In the calculation of the consolidated capital adequacy ratio as of Dec 31, 2019, parameter estimates applied to some exposures are adjusted for the fiscal year ending March 2019.

## (Reference) Results of Operations (Consolidated)

(Millions of yen)

	FY2019 (12 months) (A)	FY2018 (12 months) (B)	Change (A)-(B)
Gross Business Profit	232,899	224,643	8,256
(excluding Gains on Monetary Assets Held in Trust)	229,492	222,107	7,384
Net Interest Income	133,510	133,816	(305)
Net Fees and Commissions	32,434	31,368	1,066
Net Trading Income	15,821	6,673	9,148
Net Other Business Income	51,132	52,784	(1,652)
Gains on Monetary Assets Held in Trust	3,407	2,535	872
Gains related to Bonds	3,425	2,654	771
General and Administrative Expenses	152,009	147,546	4,462
Personnel Expenses	57,604	55,516	2,087
Nonpersonnel Expenses	83,915	81,623	2,292
Amortization of Goodwill and Intangible Assets	2,436	2,811	(374)
Taxes	10,489	10,406	83
Net Business Profit	80,889	77,096	3,793
Credit Costs	39,183	29,348	9,834
Gains on Stock Transactions	3,153	(611)	3,765
Equity in Net Income (Loss) of Affiliates	3,942	5,697	(1,755)
Other	2,233	2,563	(329)
Ordinary Profit	51,036	55,397	(4,360)
Extraordinary Gains	(1,836)	(812)	(1,023)
Gains from Sales of Fixed Assets and Impairment losses	(1,083)	(1,023)	(60)
Income before Income Taxes	49,200	54,584	(5,384)
Income Taxes - Current	4,119	3,810	308
Income Taxes - Deferred	(45)	(1,306)	1,261
Profit Attributable to Noncontrolling Interests	(449)	(239)	(210)
Profit Attributable to Owners of the Parents	45,575	52,319	(6,743)

## 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)

	FY2019 (12 months)	FY2018 (12 months)	Change (Amount)	1H FY2019 (6 months)
Net interest income	103.1	106.5	-3.4	52.2
Noninterest income	10.5	2.2	8.2	5.8
Net fees and commissions <sup>1</sup>	-3.8	-8.6	4.8	-2.3
Net trading income	10.9	4.1	6.8	3.1
Net other business income	3.4	6.7	-3.3	5.0
Total revenue <sup>1</sup>	113.7	108.8	4.8	58.1
Personnel expenses	-26.9	-26.7	-0.1	-13.8
Nonpersonnel expenses	-39.6	-38.9	-0.6	-19.9
Taxes	-5.3	-5.8	0.5	-2.4
General and administrative expenses	-71.8	-71.5	-0.3	-36.3
Net business profit <sup>1</sup>	41.8	37.3	4.5	21.8
Other gains				
Gains on the sales of equities	1.7	0.6	1.1	2.6
Net provision of reserve for credit losses	-8.8	0.5	-9.3	-2.6
Losses on write-off of loans	-0.0	-0.0	0.0	-0.0
Recoveries of written-off claims	0.1	0.2	-0.1	0.0
Expenses for employees' retirement benefits	-0.4	-0.9	0.5	-0.1
Others	-0.5	0.9	-1.4	0.5
Net ordinary income	33.9	38.6	-4.6	22.2
Extraordinary profit				
Gains from sales of fixed assets and impairment losses	-0.7	-0.7	0.0	-0.2
Others	0.4	-1.8	2.3	2.0
Income before income taxes	33.7	36.0	-2.3	24.1
Income taxes - Current	-1.7	-1.6	-0.1	-0.2
Income taxes - Deferred	1.2	1.0	0.1	-1.1
Net income	33.1	35.4	-2.2	22.6

<sup>1</sup>Includes income from monetary assets held in trust of ¥2.3 billion in FY2019, ¥1.4 billion in FY2018 and ¥1.2 billion in 1HFY2019.

The difference of net income between consolidated and non-consolidated basis arises from profit or loss in subsidiaries including Showa Leasing, Shinsei Financial, APLUS FINANCIAL, Shinsei Personal Loan etc. and profit or loss from our investments in our equity method affiliates including Jih Sun Financial Holding Co., Ltd. etc. and dividend income received from subsidiaries and affiliates.

Gains and losses on sales and impairments of equities are, reflecting their natures, recorded as other business income (loss) in the consolidated financial results. However, in the non-consolidated financial results as shown in the above chart, they are included in other gains (losses) in accordance with the reporting format of the Revitalization Plan.

Total non-consolidated revenue was 113.7 billion yen in the current year, increased by 4.8 billion yen from the previous year. Net interest income was 103.1 billion yen, decreased by 3.4 billion yen from the previous year. This was mainly due to a decrease in interest income from unsecured loans. Dividends received from subsidiaries were 7.9 billion yen, comprised of 3.9 billion yen from Shinsei Financial and 3.9 billion yen from Showa Leasing, which were, in total, increased by 0.7 billion yen from the previous year.

Non-interest income was 10.5 billion yen, increased by 8.2 billion yen from the previous year. This was mainly due to gains on the sales of government and other bonds in ALM operations, in addition to the effects of the revised "Shinsei Step-up Program" which charges ATM fee for certain retail customers.

General and administrative expenses were 71.8 billion yen, increased by 0.3 billion yen from the previous year. This was mainly due to system-related expenses associated with the start of its operations of our new core banking system.

As a result, ordinary business profit was 41.8 billion yen, increased by 4.5 billion yen from the previous year.

Other gains and losses included gains of 1.7 billion yen on sales of stocks in the Institutional Business, net credit cost of 8.7 billion yen due mainly to an increase of reserves for loan losses caused by the COVID-19 pandemic, while the absence of the reversal of reserves for loan losses recorded in the previous year in the Institutional Business.

As a result, net income was 33.1 billion yen, decreased by 2.2 billion yen from the previous year.



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

(Billions of yen, except percentages)

	FY2019 (12 months)			FY2018 (12 months)			1H FY2019 (6 months)		
	Average balance	Interest	Yield/rate <sup>1</sup> (%)	Average balance	Interest	Yield/rate <sup>1</sup> (%)	Average balance	Interest	Yield/rate <sup>1</sup> (%)
Interest-earning assets:									
Loans and bills discounted	<b>4,896.2</b>	<b>98.0</b>	<b>2.00</b>	4,735.5	101.2	2.13	4,842.4	49.7	2.05
Securities	<b>1,343.2</b>	<b>20.0</b>	<b>1.48</b>	1,470.8	21.4	1.45	1,375.7	9.7	1.42
Other interest-earning assets <sup>2, 3</sup>	<b>126.5</b>	<b>2.3</b>	<b>***</b>	98.4	1.7	<b>***</b>	125.5	1.2	<b>***</b>
<b>Total interest-earning assets</b>	<b>6,366.0</b>	<b>120.3</b>	<b>1.89</b>	<b>6,304.8</b>	<b>124.4</b>	<b>1.97</b>	<b>6,343.8</b>	<b>60.6</b>	<b>1.91</b>
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	<b>6,113.3</b>	<b>6.3</b>	<b>0.10</b>	6,131.8	7.8	0.12	5,994.9	2.7	0.09
Borrowed money	<b>163.7</b>	<b>0.1</b>	<b>0.08</b>	223.3	0.6	0.26	175.4	-0.0	-0.07
Subordinated debt	-	-	-	3.7	0.0	2.36	-	-	-
Other borrowed money	<b>163.7</b>	<b>0.1</b>	<b>0.08</b>	219.6	0.5	0.23	175.4	-0.0	-0.07
Corporate bonds	<b>64.2</b>	<b>0.1</b>	<b>0.21</b>	44.5	0.3	0.70	42.3	0.0	0.19
Subordinated bonds	-	-	-	12.8	0.2	1.87	-	-	-
Other corporate bonds	<b>64.2</b>	<b>0.1</b>	<b>0.21</b>	31.7	0.0	0.22	42.3	0.0	0.19
Other interest-bearing liabilities <sup>2</sup>	<b>905.3</b>	<b>10.6</b>	<b>***</b>	674.8	9.2	<b>***</b>	976.5	5.6	<b>***</b>
<b>Total interest-bearing liabilities</b>	<b>7,246.6</b>	<b>17.2</b>	<b>0.23</b>	<b>7,074.6</b>	<b>18.0</b>	<b>0.25</b>	<b>7,189.3</b>	<b>8.4</b>	<b>0.23</b>
<b>Net interest income/yield on interest-earning assets</b>	<b>6,366.0</b>	<b>103.0</b>	<b>1.61</b>	<b>6,304.8</b>	<b>106.4</b>	<b>1.68</b>	<b>6,343.8</b>	<b>52.2</b>	<b>1.64</b>

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

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

3. Excludes average balance of noninterest-earning assets.

## Margins (All, Domestic) (Nonconsolidated)

(All)

(Percentages)

	<b>FY2019 (12 months)</b>	FY2018 (12 months)	Change	1H FY2019 (6 months)
Yield on interest earning assets (A)	<b>1.89</b>	1.97	-0.08	1.91
Total cost of funding (B)	<b>1.26</b>	1.27	-0.01	1.26
Cost of interest bearing liabilities (C)	<b>0.24</b>	0.25	-0.01	0.24
Overall interest margin (A)-(B)	<b>0.63</b>	0.70	-0.07	0.65
Net interest margin (A)-(C)	<b>1.65</b>	1.72	-0.07	1.67

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

(Domestic)<sup>1</sup>

(Percentages)

	<b>FY2019 (12 months)</b>	FY2018 (12 months)	Change	1H FY2019 (6 months)
Yield on interest earning assets (A)	<b>1.58</b>	1.67	-0.09	1.60
Interest earned on loans and bills discounted	<b>1.82</b>	1.98	-0.16	1.85
Interest earned on securities	<b>1.35</b>	1.21	0.14	1.32
Total cost of funding (B) <sup>2</sup>	<b>1.10</b>	1.15	-0.05	1.10
Cost of interest bearing liabilities (C)	<b>0.03</b>	0.07	-0.04	0.01
Interest paid on deposits <sup>3</sup>	<b>0.01</b>	0.05	-0.04	-0.00
Overall interest margin (A)-(B)	<b>0.48</b>	0.52	-0.04	0.50
Net interest margin (A)-(C)	<b>1.55</b>	1.60	-0.05	1.59

1.Domestic includes transactions denominated in Japanese yen for residents in Japan (excluding Japan offshore market accounts).

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

3.Deposits include Negotiable certificates of deposits (NCDs).

## Gains (Losses) on Securities (Nonconsolidated)

(All)

(Billions of yen)

	<b>FY2019 (12 months)</b>	FY2018 (12 months)	Change	1H FY2019 (6 months)
Gains (losses) on bonds	<b>3.4</b>	2.6	0.7	4.4
Gains on sales	<b>7.3</b>	4.2	3.0	5.2
Gains on redemption	-	-	-	-
Losses on sales	<b>-3.5</b>	-1.1	-2.3	-0.7
Losses on redemption	-	-	-	-
Losses on devaluation	<b>-0.4</b>	-0.4	0.0	-
Gains (losses) on stocks	<b>1.7</b>	0.6	1.1	2.6
Gains on sales	<b>4.6</b>	1.2	3.3	3.2
Losses on sales	<b>-0.0</b>	-0.2	0.1	-0.0
Losses on devaluation	<b>-2.7</b>	-0.3	-2.3	-0.6

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

(Billions of yen)

	FY2019 (12 months)	FY2018 (12 months)	Change (Amount)	1H FY2019 (6 months)
Losses on write-off of loans/Losses on sale of loans	-0.0	-0.0	0.0	-0.0
Net provision of reserve for loan losses	-8.8	0.5	-9.3	-2.6
Net provision of general reserve for loan losses	-2.9	2.4	-5.4	1.6
Net provision of specific reserve for loan losses	-5.8	-1.9	-3.8	-4.2
Net Provision of Reserve for Loan	-	-	-	-
Losses to Restructuring Countries	-	-	-	-
Recoveries of written-off claims	0.1	0.2	-0.1	0.0
<b>Net credit costs</b>	<b>-8.7</b>	<b>0.7</b>	<b>-9.4</b>	<b>-2.6</b>

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

## Loans by Borrower Industry (Nonconsolidated)

(Billions of yen)

	Mar 31 2020	Mar 31 2019	Change (Amount)
Domestic (excluding Japan offshore market accounts):			
Manufacturing	195.3	186.1	9.2
Agriculture and forestry	-	-	-
Fishery	0.0	-	0.0
Mining, quarrying and gravel extraction	0.3	0.3	-0.0
Construction	9.8	7.4	2.4
Electrical, natural gas and water supply	362.6	317.6	44.9
Information and communications	49.2	54.7	-5.5
Transportation and postal service	172.2	173.5	-1.3
Wholesale and retail	99.0	117.3	-18.3
Finance and insurance	992.5	983.0	9.4
Real estate	652.4	565.4	86.9
Services	428.9	375.0	53.9
Local government	62.6	52.4	10.1
Individuals	1,396.6	1,461.3	-64.6
Overseas yen loans and overseas loans booked domestically	355.1	447.9	-92.8
<b>Total domestic</b>	<b>4,777.1</b>	<b>4,742.7</b>	<b>34.4</b>
Overseas (including Japan offshore market accounts):			
Governments	-	0.1	-0.1
Financial institutions	33.1	32.6	0.5
Others	230.5	157.1	73.4
<b>Total overseas</b>	<b>263.6</b>	<b>189.9</b>	<b>73.7</b>
<b>Total</b>	<b>5,040.8</b>	<b>4,932.6</b>	<b>108.2</b>

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

(Billions of yen)

	Mar 31 2020	Mar 31 2019	Change (Amount)
Claims against bankrupt and quasi-bankrupt obligors	2.3	2.1	0.1
Doubtful claims	12.5	6.1	6.4
Substandard claims	2.8	2.0	0.8
Total (A)	17.6	10.2	7.4
Coverage ratio	84.5%	67.8%	
Total claims (B)	5,165.6	5,010.6	154.9
Loans and bills discounted	5,040.8	4,932.6	108.2
Others	124.7	78.0	46.7
Ratio to total claims (A/B X 100) (%) <sup>1</sup>	0.34%	0.20%	
(Ref. 1) Amount of write-off	4.8	3.0	1.7
(Ref. 2) Below need caution level	104.9	74.4	30.4

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

(Billions of yen, except percentages)

	Mar 31, 2020					Mar 31, 2019				
	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	2.3	2.3	0.6	1.7	100.0%	2.1	2.1	0.5	1.6	100.0%
Doubtful claims	12.5	11.8	6.5	5.3	93.8%	6.1	4.1	3.5	0.6	67.7%
Substandard claims	2.8	0.8	0.4	0.5	29.5%	2.0	0.7	0.3	0.4	34.0%
Total	17.6	14.9	7.4	7.5	84.5%	10.2	6.9	4.3	2.6	67.8%

## Housing Loans (Nonconsolidated)

(Billions of yen)

	Mar 31 2020	Mar 31 2019	Change (Amount)
Housing loans	1,150.0	1,190.1	-40.0

Securities Being Held to Maturity (Nonconsolidated)

(Billions of yen)

	Mar 31, 2020			Mar 31, 2019		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount						
Japanese national government bonds	277.1	278.7	1.5	399.2	402.4	3.2
Subtotal	277.1	278.7	1.5	399.2	402.4	3.2
Fair value does not exceed carrying amount						
Japanese national government bonds	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	277.1	278.7	1.5	399.2	402.4	3.2

## Securities Available for Sale (Nonconsolidated)

(Billions of yen)

	Mar 31, 2020			Mar 31, 2019		
	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	6.2	3.5	2.6	13.2	6.7	6.4
Domestic bonds	73.3	72.5	0.8	152.1	150.9	1.2
Japanese national government bonds	33.4	33.2	0.2	100.3	99.4	0.8
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	39.8	39.2	0.6	51.7	51.4	0.3
Other	113.1	110.6	2.5	136.7	134.5	2.1
Foreign securities	80.4	78.5	1.9	136.7	134.5	2.1
Foreign currency denominated foreign corporate and government bonds	80.2	78.4	1.7	129.8	128.0	1.8
Yen-denominated foreign corporate and government bonds	-	-	-	6.5	6.5	0.0
Foreign equity securities and others	0.2	0.0	0.1	0.4	0.0	0.3
Other securities	-	-	-	-	-	-
Other monetary claims purchased	32.6	32.1	0.5	-	-	-
Subtotal	192.7	186.7	5.9	302.1	292.2	9.8
Carrying amount does not exceed amortized/acquisition cost						
Equity securities	1.6	1.7	-0.1	0.6	0.9	-0.2
Domestic bonds	176.7	178.6	-1.9	119.3	120.8	-1.4
Japanese national government bonds	47.9	48.5	-0.5	-	-	-
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	128.8	130.1	-1.3	119.3	120.8	-1.4
Other	220.8	224.7	-3.8	195.7	197.6	-1.9
Foreign securities	220.7	224.6	-3.8	194.7	196.6	-1.9
Foreign currency denominated foreign corporate and government bonds	143.6	146.5	-2.9	129.9	131.2	-1.3
Yen-denominated foreign corporate and government bonds	76.3	77.0	-0.6	60.5	61.0	-0.4
Foreign equity securities and others	0.7	1.0	-0.2	4.2	4.3	-0.0
Other securities	0.1	0.1	-0.0	0.9	1.0	-0.0
Other monetary claims purchased	-	-	-	-	-	-
Subtotal	399.2	405.2	-5.9	315.6	319.3	-3.7
Total <sup>1, 2</sup>	591.9	591.9	-0.0	617.8	611.6	6.1

1.Includes a part of other monetary claims purchased in addition to securities available for sale.

2.Securities whose fair value cannot be reliably determined are not included.

## Unrealized Gain (Loss) on Available-for-Sale Securities (Nonconsolidated)

(Billions of yen)

	Mar 31, 2020	Mar 31, 2019
Unrealized gain (loss) before deferred tax on:		
Available-for-sale securities	-0.0	6.1
Interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined	1.5	0.7
Other monetary assets held in trust	-0.8	-1.1
(-) Deferred tax liabilities	0.0	1.0
Unrealized gain (loss) on available-for-sale securities	0.6	4.7

Employees' Retirement Benefit (Nonconsolidated)

(Billions of yen)

Project Benefit Obligation	<b>Mar 31, 2020</b>
Projected benefit obligation (A)	<b>65.6</b>
Discount rate	<b>1.2%</b>
Fair value of plan assets (B)	<b>68.5</b>
Prepaid pension cost (C)	<b>-6.9</b>
Unrecognized net actuarial losses (D)	<b>4.1</b>
Reserve for retirement benefits (A-B-C-D)	<b>-</b>

(Billions of yen)

Pension Expenses	<b>FY2019 (12 months)</b>
Service cost	<b>2.4</b>
Interest	<b>0.7</b>
Expected return on plan assets	<b>-1.5</b>
Amortization of net actuarial losses	<b>0.3</b>
Other (extraordinary severance benefit expense, etc.)	<b>0.0</b>
Net periodic retirement benefit cost	<b>2.0</b>

Capital Adequacy Related Information (Nonconsolidated)

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

(Billions of yen, except percentages)

	<b>Mar 31 2020</b>	Mar 31 2019	Change (Amount)
Core capital: instruments and reserves	<b>866.8</b>	859.4	7.4
Core capital: regulatory adjustments	<b>-42.3</b>	-50.7	8.4
Capital	<b>824.5</b>	808.6	15.8
Total amount of Risk-weighted assets	<b>6,168.4</b>	5,886.2	282.2
Core capital adequacy ratio	<b>13.36%</b>	13.73%	

1. Calculated according to F-IRB.

Nonconsolidated total required capital is ¥535.8 billion as at Mar 31, 2020 and ¥521.6 billion as at March 31, 2019.

## Nonconsolidated Balance Sheets

(Millions of yen)

	Mar 31 2020	Mar 31 2019	Change (Amount)
<b>&lt;&lt;Assets&gt;&gt;</b>			
Cash and due from banks	1,475,672	1,280,991	194,681
Other monetary claims purchased	42,795	10,809	31,985
Trading assets	206,547	200,276	6,271
Monetary assets held in trust	312,128	198,717	113,410
Securities	1,265,800	1,445,927	(180,126)
Loans and bills discounted	5,040,819	4,932,610	108,208
Foreign exchanges	73,879	29,546	44,332
Other assets	234,006	190,104	43,901
Other	234,006	190,104	43,901
Premises and equipment	12,435	12,610	(175)
Intangible assets	25,631	26,483	(851)
Prepaid pension cost	6,940	6,849	90
Deferred tax assets	2,731	1,127	1,604
Customers' liabilities for acceptances and guarantees	18,787	18,060	727
Reserve for credit losses	(31,480)	(25,519)	(5,960)
<b>Total assets</b>	<b>8,686,696</b>	<b>8,328,595</b>	<b>358,100</b>
<b>&lt;&lt;Liabilities&gt;&gt;</b>			
Deposits	5,995,082	5,636,286	358,796
Negotiable certificates of deposit	455,950	570,580	(114,630)
Call money	165,000	145,000	20,000
Payables under repurchase agreements	38,956	59,098	(20,142)
Payables under securities lending transactions	345,357	510,229	(164,872)
Trading liabilities	182,969	179,749	3,220
Borrowed money	342,683	195,628	147,055
Foreign exchanges	687	471	216
Corporate bonds	116,500	42,335	74,165
Other liabilities	162,115	113,903	48,211
Income taxes payable	1,532	2,088	(556)
Lease obligations	12	18	(6)
Asset retirement obligations	7,307	7,410	(102)
Other	153,262	104,385	48,876
Accrued employees' bonuses	4,840	4,847	(6)
Reserve for reimbursement of deposits	621	—	621
Reserve for reimbursement of debentures	3,513	3,764	(251)
Acceptances and guarantees	18,787	18,060	727
<b>Total liabilities</b>	<b>7,833,066</b>	<b>7,479,955</b>	<b>353,111</b>
<b>&lt;&lt;Equity&gt;&gt;</b>			
Common stock	512,204	512,204	—
Capital surplus	79,465	79,465	—
Additional paid-in capital	79,465	79,465	—
Retained earnings	338,529	307,855	30,674
Legal reserve	15,734	15,243	490
Other retained earnings	322,795	292,611	30,183
Unappropriated retained earnings	322,795	292,611	30,183
Treasury stock, at cost	(61,097)	(37,729)	(23,368)
<b>Total shareholders' equity</b>	<b>869,102</b>	<b>861,796</b>	<b>7,306</b>
Unrealized gain (loss) on available-for-sale securities	624	4,719	(4,094)
Deferred gain (loss) on derivatives under hedge accounting	(16,174)	(17,925)	1,751
<b>Total net unrealized gain (loss) and translation adjustments</b>	<b>(15,549)</b>	<b>(13,205)</b>	<b>(2,343)</b>
Stock acquisition rights	76	49	27
<b>Total equity</b>	<b>853,629</b>	<b>848,640</b>	<b>4,989</b>
<b>Total liabilities and equity</b>	<b>8,686,696</b>	<b>8,328,595</b>	<b>358,100</b>



## Nonconsolidated Statements of Income

(Millions of yen)

	FY2019 (12 months)	FY2018 (12 months)	Change (Amount)
Ordinary income	170,640	164,135	6,505
Interest income	120,335	124,464	(4,129)
Interest on loans and bills discounted	98,008	101,292	(3,283)
Interest and dividends on securities	20,003	21,413	(1,409)
Other interest income	2,322	1,758	564
Fees and commissions income	21,295	19,484	1,811
Trading income	10,994	4,194	6,800
Other business income	10,022	11,002	(979)
Other ordinary income	7,992	4,989	3,002
Ordinary expenses	136,702	125,504	11,197
Interest expenses	17,244	18,002	(758)
Interest on deposits	6,300	7,770	(1,469)
Interest on corporate bonds	137	313	(176)
Other interest expenses	10,806	9,918	887
Fees and commissions expenses	27,530	29,660	(2,129)
Trading expenses	0	—	0
Other business expenses	6,614	4,229	2,385
General and administrative expenses	72,308	72,498	(189)
Other ordinary expenses	13,004	1,113	11,890
Ordinary profit	33,938	38,630	(4,692)
Extraordinary gains	2,109	218	1,890
Extraordinary losses	2,334	2,817	(482)
Income before income taxes	33,713	36,032	(2,318)
Income taxes (benefit)			
Income taxes (benefit) - current	1,792	1,679	112
Income taxes (benefit) - deferred	(1,260)	(1,091)	(168)
Total income taxes (benefit)	532	588	(55)
Net income	33,180	35,443	(2,263)

## Composition of Capital Disclosure (Nonconsolidated)

Shinsei Bank

Millions of yen (except percentages)

Items	Basel III (Domestic Standard) Mar 31 2020	Basel III (Domestic Standard) Dec 31 2019
<b>Core capital:instruments and reserves (1)</b>		
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	¥ 866,795	¥ 875,058
of which:capital and capital surplus	591,670	591,670
of which:retained earnings	338,529	335,985
of which:treasury stock (-)	61,097	52,597
of which:earning to be distributed (-)	2,307	-
of which:other than above	-	-
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	76	76
Total of reserves included in Core capital:instruments and reserves	12	9
of which:general reserve for loan losses included in Core capital	12	9
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)	-	-
Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital:instruments and reserves)	-	-
Land revaluation excess after 55% discount (amount allowed to be included in Core capital:instruments and reserves)	-	-
<b>Core capital:instruments and reserves (A)</b>	<b>¥ 866,884</b>	<b>¥ 875,144</b>
<b>Core capital:regulatory adjustments (2)</b>		
Total amount of intangible assets (excluding those relating to mortgage servicing rights) of which:goodwill (including those equivalent)	¥ 17,948	¥ 17,735
of which:other intangibles other than goodwill and mortgage servicing rights	537	579
of which:other intangibles other than goodwill and mortgage servicing rights	17,410	17,156
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,055	2,179
Shortfall of eligible provisions to expected losses	16,527	20,107
Gain on sale of securitization	-	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Prepaid pension cost	4,815	4,966
Investments in own shares (excluding those reported in the net assets section)	-	0
Reciprocal cross-holdings in common equity	-	-
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	-	-
Amount exceeding the 10% threshold on specific items	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which:mortgage servicing rights	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Amount exceeding the 15% threshold on specific items	-	-
of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which:mortgage servicing rights	-	-
of which:deferred tax assets arising from temporary differences (net of related tax liability)	-	-
<b>Core capital:regulatory adjustments (B)</b>	<b>¥ 42,345</b>	<b>¥ 44,990</b>
<b>Capital (nonconsolidated)</b>		
Capital (nonconsolidated)((A)-(B))(C)	¥ 824,538	¥ 830,154
<b>Risk-weighted assets, etc.</b>		
Total amount of credit risk-weighted assets	¥5,779,417	¥5,706,676
of which:total amount included in risk-weighted assets by transitional arrangements	-	-
of which:significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	-	-
of which:other than above	-	-
Market risk (derived by multiplying the capital requirement by 12.5)	196,496	170,132
Operational risk (derived by multiplying the capital requirement by 12.5)	192,552	188,966
Credit risk-weighted assets adjustments	-	-
Operational risk adjustments	-	-
<b>Total amount of Risk-weighted assets (D)</b>	<b>¥6,168,466</b>	<b>¥6,065,775</b>
<b>Capital ratio (nonconsolidated)</b>		
Capital ratio (nonconsolidated)((C)/(D))	13.36%	13.68%

Note: In the calculation of the nonconsolidated capital adequacy ratio as of Dec 31, 2019, parameter estimates applied to some exposures are adjusted for the fiscal year ending March 2019.

## (Reference) Results of Operations (Nonconsolidated)

(Millions of yen)

	FY2019 (12 months) (A)	FY2018 (12 months) (B)	Change (A)-(B)
Gross Business Profit	113,736	108,842	4,894
(excluding Gains on Monetary Assets Held in Trust)	111,354	107,378	3,976
Net Interest Income	103,186	106,586	(3,400)
Net Fees and Commissions	(3,849)	(8,693)	4,844
Gains on Monetary Assets Held in Trust	2,381	1,464	917
Net Trading Income	10,994	4,194	6,800
Net Other Business Income	3,404	6,754	(3,350)
Gains related to Bonds	3,424	2,654	770
General and Administrative Expenses	71,847	71,505	342
Personnel Expenses	26,920	26,762	157
Nonpersonnel Expenses	39,616	38,921	694
Amortization of Goodwill	165	165	-
Taxes	5,310	5,821	(510)
Net Operating Profit before Provision of General Reserve for Loan Losses	39,506	35,872	3,634
Provision of General Reserve for Loan Losses (1)	2,976	-	2,976
Net Operating Profit	36,530	35,872	657
Net Business Profit	41,888	37,336	4,552
Non-Recurring Gains	(4,878)	1,418	(6,297)
Gains related to Stocks	1,755	612	1,143
Credit Costs (2)	5,737	(730)	6,467
Losses on Write-Off of Loans	5	27	(21)
Provision of Specific Reserve for Loan Losses	5,837	-	5,837
Provision of Loans to Restructuring Countries	-	-	-
Recoveries of Written-off Claims	(105)	(231)	125
Reversal of Reserve for Loan Losses	-	(526)	526
Losses on Sale of Loans	-	-	-
Other	(896)	76	(972)
Ordinary Profit	33,938	38,630	(4,692)
Extraordinary Gains	(224)	(2,598)	2,373
Gains from Sales of Fixed Assets and Impairment losses	(711)	(715)	4
Income before Income Taxes	33,713	36,032	(2,318)
Income Taxes - Current	1,792	1,679	112
Income Taxes - Deferred	(1,260)	(1,091)	(168)
Net Income	33,180	35,443	(2,263)

## (Reference)

Core Net Operating Profit	36,082	33,218	2,864
(excluding Gains on Cancellation of Investment Trusts)	36,082	33,218	2,864
Net Credit Costs (1)+(2)	8,713	(730)	9,444

## 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]	FY2019 (12 months)			FY2018 (12 months)			1H FY2019 (6 months)		
	Average balance	Interest	Yield/rate <sup>1</sup> (%)	Average balance	Interest	Yield/rate <sup>1</sup> (%)	Average balance	Interest	Yield/rate <sup>1</sup> (%)
Interest-earning assets:	<b>6,366,034</b>	<b>120,335</b>	<b>1.89</b>	6,304,868	124,464	1.97	6,343,836	60,697	1.91
Loans and bills discounted	<b>4,896,230</b>	<b>98,008</b>	<b>2.00</b>	4,735,551	101,292	2.13	4,842,462	49,701	2.05
Securities	<b>1,343,294</b>	<b>20,003</b>	<b>1.48</b>	1,470,890	21,413	1.45	1,375,785	9,782	1.42
Interest-bearing liabilities:	<b>7,246,677</b>	<b>17,244</b>	<b>0.23</b>	7,074,601	18,002	0.25	7,189,320	8,427	0.23
Deposits, including negotiable certificates of deposit	<b>6,113,358</b>	<b>6,362</b>	<b>0.10</b>	6,131,827	7,807	0.12	5,994,973	2,791	0.09
Borrowed money	<b>163,761</b>	<b>141</b>	<b>0.08</b>	223,337	602	0.26	175,477	-63	-0.07
Subordinated debt	-	-	-	3,729	88	2.36	-	-	-
Corporate bonds	<b>64,201</b>	<b>137</b>	<b>0.21</b>	44,569	313	0.70	42,305	42	0.19
Subordinated bonds	-	-	-	12,849	241	1.87	-	-	-
Net interest income/yield on interest-earning assets	<b>6,366,034</b>	<b>103,091</b>	<b>1.61</b>	6,304,868	106,462	1.68	6,343,836	52,270	1.64

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

[Domestic]

Interest-earning assets:	<b>5,737,812</b>	<b>91,128</b>	<b>1.58</b>	5,676,239	95,078	1.67	5,726,251	45,837	1.60
Loans and bills discounted	<b>4,150,205</b>	<b>75,812</b>	<b>1.82</b>	4,037,690	80,340	1.98	4,117,931	38,245	1.85
Securities	<b>989,676</b>	<b>13,443</b>	<b>1.35</b>	1,073,732	13,091	1.21	1,016,390	6,715	1.32
Interest-bearing liabilities:	<b>6,581,627</b>	<b>2,281</b>	<b>0.03</b>	6,426,964	4,627	0.07	6,536,141	413	0.01
Deposits, including negotiable certificates of deposit	<b>5,572,363</b>	<b>886</b>	<b>0.01</b>	5,650,008	2,929	0.05	5,478,526	-99	-0.00
Borrowed money	<b>146,631</b>	<b>-207</b>	<b>-0.14</b>	206,414	183	0.08	160,278	-254	-0.31
Subordinated debt	-	-	-	3,729	88	2.36	-	-	-
Corporate bonds	<b>62,158</b>	<b>135</b>	<b>0.21</b>	43,013	312	0.72	40,000	40	0.20
Subordinated bonds	-	-	-	12,849	241	1.87	-	-	-
Net interest income/yield on interest-earning assets	<b>5,737,812</b>	<b>88,847</b>	<b>1.54</b>	5,676,239	90,451	1.59	5,726,251	45,423	1.58

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

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

(Consolidated)	<b>FY2020 Forecast</b>	FY2019 Actual
Profit attributable to owners of the parent	<b>yet to be determined</b>	45.5
<hr/>		
(Nonconsolidated)	<b>FY 2020 Forecast</b>	FY2019 Actual
Net business profit	<b>yet to be determined</b>	41.8
Net income	<b>yet to be determined</b>	33.1
Dividends (per share in yen) :Common stock	<b>yet to be determined</b>	10.0

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

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

	Mar 31, 2018	Sep 30, 2018	Mar 31, 2019	Sep 30, 2019	Mar 31, 2020
Nonconsolidated	0.17	0.15	0.20	0.37	0.34
Consolidated	1.53	1.51	1.53	1.68	1.66

2. Equity holdings (domestic) (Nonconsolidated)

(1) Equity held

(Billions of yen)

	Book value		Net unrealized gain (loss)
		Subsidiaries' shares	
Mar.31, 2019	363.9	346.1	6.2
Sep.30, 2019	347.0	334.3	3.3
Mar.31, 2020	346.2	335.0	2.4

(2) Impairment

(Billions of yen)

	Equity related profits and losses (net of three accounts)	
		Impairment amount
FY2018	0.6	0.3
1HFY2019	2.6	0.6
FY2019	1.7	2.7

1.Other extraordinary losses for FY2018 contains ¥ 2.1 billion in mark-down of subsidiaries' equity.

2.Other extraordinary losses for 1HFY2019 contains ¥ 0.0 billion in mark-down of subsidiaries' equity.

3.Other extraordinary losses for FY2019 contains ¥ 1.6 billion in mark-down of subsidiaries' equity.

(3) Break-even level of profit and loss of equities held (domestic) (theoretical figure)

Nikkei Stock Average	approximately	¥13,000
TOPIX	approximately	1,000

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

(Billions of yen, except percentage)

	Results	% Change	Ratio to total loan balance (%)
Mar 31, 2019	3,267.1	1.64	68.89
Sep 30, 2019	3,317.2	1.53	70.45
Mar 31, 2020	3,364.8	1.44	70.44

1.The figures do not include Overseas and Japan Offshore Market Accounts.

2.Small- and medium-sized enterprises in this table refer to companies with ¥ 300 million or less in capital (¥ 100 million for wholesale and ¥ 50 million for retail and services) as well as companies or individuals 'with 300 employees or fewer (100 for wholesale and services and 50 for retail).

3.Revitalization Law (actual net increase/decrease excluding impact loan) achieved actual results of + ¥ 23.5 billion for FY2018 compared to the plan of + ¥ 1.0 billion.

4. Sales performance of investment trusts and insurance (Nonconsolidated)

a. Investment trust sales performance and commission

(Billions of yen)

	Handling commission for sales of investment trusts		Amount of sales during the period
		Upfront fees from investment trusts	
FY2018	2.1	0.2	49.4
1HFY2019	0.9	0.1	21.8
FY2019	1.9	0.2	58.1

b. Insurance sales performance and commission

(Billions of yen)

	Handling commission for sales of insurance		Amount of sales during the period
		Upfront fees from insurance	
FY2018	3.0	3.0	64.0
1HFY2019	1.7	1.7	35.2
FY2019	2.4	2.4	47.8