

Financial Summary

For the Three Months Ended June 30, 2017



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

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

• Quarterly information is available in the Quarterly Data Book.

Financial Highlights¹

(Billions of yen, except percentages)

Selected income statement items (Consolidated)	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
Net interest income	31.9	30.3	1.5	122.2
Noninterest income	25.9	25.2	0.7	106.2
Net fees and commissions	5.7	5.9	-0.1	25.5
Net trading income	1.9	2.9	-1.0	7.3
Net other business income	18.2	16.3	1.9	73.3
Income on lease transactions and installment receivables	9.5	9.6	-0.1	38.6
Total revenue	57.8	55.6	2.2	228.5
General and administrative expenses	-35.9	-35.4	-0.5	-142.4
Ordinary business profit	21.9	20.1	1.7	86.0
Net credit costs	-9.1	-8.0	-1.0	-31.8
Ordinary business profit after net credit costs	12.7	12.1	0.6	54.1
Amortization of goodwill and other intangible assets ²	-1.1	-1.5	0.4	-5.2
Other gains	0.6	0.1	0.4	2.8
Income before income taxes	12.2	10.7	1.5	51.7
Current income tax	-1.1	-2.8	1.6	-2.1
Deferred income tax	-0.0	0.3	-0.4	0.9
Profit attributable to noncontrolling interests	-0.0	-0.0	-0.0	0.2
Profit attributable to owners of the parent	10.9	8.1	2.7	50.7

(Billions of yen)

Selected balance sheet items(Consolidated)	Jun 30 2017	Mar 31 2017	Change (Amount)
Cash and due from banks	1,504.7	1,398.6	106.0
Securities	1,099.9	1,014.6	85.3
Loans and bills discounted	4,859.7	4,833.4	26.2
Customers' liabilities for acceptances and guarantees	346.6	346.6	0.0
Reserve for credit losses	-94.2	-100.1	5.9
Total assets	9,378.6	9,258.3	120.3
Deposits and negotiable certificates of deposit	5,905.8	5,862.9	42.9
Borrowed money	777.5	789.6	-12.1
Reserve for losses on interest repayments	94.6	101.8	-7.1
Total liabilities	8,550.3	8,437.5	112.8
Total equity	828.3	820.7	7.5

Financial ratios (Consolidated)	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	FY2016 (12 months)
Net interest margin	2.46%	2.42%	2.41%
ROA ³	0.5%	0.4%	0.6%
ROE ³	5.3%	4.2%	6.3%
RORA ³	0.7%	0.6%	0.8%
Expense-to-revenue ratio	62.1%	63.7%	62.3%

(Billions of yen, except percentages)

Capital adequacy related information (Consolidated) <Basel 3, Domestic Standard>	Jun 30 2017	Mar 31 2017	Change (Amount)
Capital	808.2	812.3	-4.0
Total amount of risk-weighted assets	6,225.5	6,219.9	5.5
Capital ratio	12.98%	13.06%	

(yen)

Per share data(Consolidated)	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
Common equity	319.39	296.25	23.13	316.38
Basic EPS	4.22	3.09	1.13	19.46

(Billions of yen, except percentages)

Nonperforming loans(Nonconsolidated)	Jun 30 2017	Mar 31 2017	Change (Amount)
Claims classified under the Financial Revitalization Law	9.4	10.4	-0.9
Ratio to total claims	0.20%	0.22%	
Reserve for credit losses	24.8	29.3	-4.4
Coverage ratio for nonperforming claims	70.5%	74.2%	

(Billions of yen)

Selected income statement items(Nonconsolidated)	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
Net interest income	28.6	24.6	3.9	90.9
Noninterest income	2.1	6.0	-3.8	20.1
Net fees and commissions	-2.3	-0.8	-1.4	-2.9
Net trading income	1.0	2.3	-1.3	4.0
Net other business income	3.4	4.5	-1.0	19.0
Total revenue	30.8	30.6	0.1	111.1
General and administrative expenses	-20.2	-19.3	-0.9	-77.6
Ordinary business profit	10.6	11.3	-0.7	33.5
Net credit costs	0.4	-1.0	1.4	-3.9
Net income	10.6	7.5	3.1	43.4

1. Represents results based on management accounting basis.

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

3. Annualized basis.

The Shinsei Bank Group recorded a consolidated net income of ¥10.9 billion in the first quarter of fiscal year 2017 (April 1, 2017 to June 30, 2017), increased ¥2.7 billion compared to ¥8.1 billion recorded in the first quarter of fiscal year 2016. While the Bank experienced a decline in gains on the sale of bonds and income from the sale of asset management products, total revenue increased due to strong performances in our major growth business areas including the unsecured loan, the Structured Finance and Principal Transactions Businesses. As a result, total consolidated net income increased compared to the same period of the fiscal year 2016.

- Total revenue was ¥57.8 billion, a ¥2.2 billion increase compared to the first quarter of fiscal year 2016. Of this amount, net interest income totaled ¥31.9 billion, which increased ¥1.5 billion from ¥30.3 billion recorded in the first quarter of fiscal year 2016 due to steady increase in the lending operations of Consumer Finance Businesses. Noninterest income totaled ¥25.9 billion, a ¥0.7 billion increase compared to ¥25.2 billion recorded in the first quarter of fiscal year 2016. This reflected a gain on the sale of equities in Principal Transactions Business and fee income increase in the Corporate Business and Structured Finance, while gains on sales of bonds in ALM operations and revenues associated with asset management product sales related revenue in the Retail Banking Business decreased.
- While having continued to promote operational efficiency, general and administrative expenses totaled ¥35.9 billion, a ¥0.5 billion increase from ¥35.4 billion recorded in the first quarter of fiscal year 2016, mainly due to expense increases for bolstering business franchise including premises expense as well as IT systems .
- The Bank recorded net credit costs of ¥9.1 billion (expense), a ¥1.0 billion increase from ¥8.0 billion (expense) recorded in the first quarter of fiscal year 2016. This was due largely to the revision of reserve ratio for loan losses of unsecured loan as well as the provisioning of general reserves for loan losses corresponding to the steady growth of the loan balance of Consumer Finance Business.
- The balance of loans and bills discounted as of June 30, 2017 totaled ¥4,859.7 billion, a ¥26.2 billion increase from ¥4,833.4 billion recorded as of March 31, 2017. While the balance of corporate loan and housing loan decreased, the increase was supported by the growth of the loan balance in the Structured Finance and the Consumer Finance Businesses.
- The net interest margin was 2.46%, increased from 2.42% recorded in the first quarter of fiscal year 2016. This increase was due to the increase in the yield of interest-earning assets corresponding to the increase of unsecured loan balance.
- The Basel III domestic standard (grandfathering basis) consolidated core capital adequacy ratio was 12.98% as of June 30, 2017, declined from 13.06% as of March 31, 2017. While the accumulation of retained earnings increased, the consolidated core capital adequacy ratio declined as the core capital decreased due to the increase in a shortfall of eligible credit reserve towards expected losses as a result of nonperforming loan disposal. The Bank's Basel III international standard common equity tier 1 capital ratio was at 12.2 % as of June 30, 2017 declined from 12.3% as of March 31, 2017. Capital adequacy ratios continue to be maintained at ample levels.
- The nonperforming loan balance (nonconsolidated basis) under the Financial Revitalization Law decreased by ¥0.9 billion to ¥9.4 billion as of June 30, 2017. The nonperforming loan ratio to the total claims was 0.20% as of June 30, 2017 improved from 0.22% as of March 31, 2017, which remained at a low level.

Results of Operations (Consolidated) ¹

(Billions of yen)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
Net interest income	31.9	30.3	1.5	122.2
Noninterest income	25.9	25.2	0.7	106.2
Net fees and commissions	5.7	5.9	-0.1	25.5
Net trading income	1.9	2.9	-1.0	7.3
Net other business income	18.2	16.3	1.9	73.3
Income on lease transactions and installment receivables	9.5	9.6	-0.1	38.6
Total revenue	57.8	55.6	2.2	228.5
General and administrative expenses	-35.9	-35.4	-0.5	-142.4
Ordinary business profit	21.9	20.1	1.7	86.0
Net credit costs	-9.1	-8.0	-1.0	-31.8
Ordinary business profit after net credit costs	12.7	12.1	0.6	54.1
Amortization of goodwill and other intangible assets ²	-1.1	-1.5	0.4	-5.2
Other gains	0.6	0.1	0.4	2.8
Income before income taxes	12.2	10.7	1.5	51.7
Current income tax	-1.1	-2.8	1.6	-2.1
Deferred income tax	-0.0	0.3	-0.4	0.9
Profit attributable to noncontrolling interests	-0.0	-0.0	-0.0	0.2
Profit attributable to owners of the parent	10.9	8.1	2.7	50.7

1. Represents results based on management accounting basis.

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

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

Net fees and commissions is primarily comprised of domestic real estate nonrecourse finance fee income, fee income such as servicing fees associated with specialty finance and principal transactions, fee income associated with the guarantee and other business in consumer finance and fee income from the sale of products such as mutual funds and insurance.

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

Net other business income is comprised of income on lease transactions and installment receivables, gains and losses on monetary trusts primarily associated with credit trading of the Principal Transactions business and gains and losses on the sale of securities in Treasury operations.

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

(Billions of yen, except percentages)

	Q1 FY2017 (3 months)			Q1 FY2016 (3 months)			FY2016 (12 months)		
	Average Balance	Interest	Yield/rate ¹ (%)	Average Balance	Interest	Yield/rate ¹ (%)	Average Balance	Interest	Yield/rate ¹ (%)
Interest-earning assets :									
Loans and bills discounted	4,865.4	32.9	2.71	4,542.1	31.3	2.77	4,679.1	127.4	2.72
Lease receivables and leased investment assets / installment receivables ⁴	747.8	9.5	5.11	732.2	9.6	5.29	737.6	38.6	5.24
Securities	1,050.2	3.2	1.24	1,192.4	2.4	0.83	1,116.3	8.9	0.81
Other interest-earning assets ^{2,3}	171.8	0.4	***	210.8	0.5	***	185.9	2.0	***
Interest-earning assets totals (A)⁴	6,835.3	46.1	2.71	6,677.6	44.0	2.64	6,719.0	177.1	2.64
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	5,898.8	2.0	0.14	5,759.2	1.8	0.13	5,846.4	7.8	0.13
Borrowed money	765.8	0.8	0.45	750.1	0.9	0.53	735.8	3.4	0.46
Subordinated debt	12.4	0.0	2.37	38.4	0.2	2.92	19.6	0.5	2.65
Other borrowed money	753.4	0.7	0.42	711.7	0.7	0.40	716.1	2.8	0.40
Corporate bonds	112.2	0.2	0.97	96.6	0.2	1.20	109.3	1.1	1.03
Subordinated bonds	31.4	0.1	2.53	31.4	0.2	2.57	31.5	0.7	2.51
Other corporate bonds	80.8	0.0	0.37	65.2	0.0	0.53	77.7	0.3	0.43
Other interest-bearing liabilities ²	673.9	1.5	***	607.1	0.8	***	591.8	3.8	***
Interest-bearing liabilities totals (B)⁴	7,450.9	4.7	0.25	7,213.2	3.9	0.22	7,283.4	16.2	0.22
Net interest margin (A)-(B)	-	41.4	2.46	-	40.0	2.42	-	160.9	2.41
Noninterest-bearing sources of funds:									
Noninterest-bearing (assets) liabilities, net	-1,438.8	-	-	-1,315.1	-	-	-1,365.1	-	-
Total equity excluding noncontrolling interests in subsidiaries ⁵	823.2	-	-	779.6	-	-	800.6	-	-
Total noninterest-bearing sources of funds (C)	-615.5	-	-	-535.5	-	-	-564.4	-	-
Sum of total expense on interest-bearing liabilities and noninterest-bearing sources of funds (D) =(B)+(C)	6,835.3	4.7	0.28	6,677.6	3.9	0.24	6,719.0	16.2	0.24
Interest income / yield on interest earning assets (A)-(D)⁴	-	41.4	2.43	-	40.0	2.41	-	160.9	2.40
Reconciliation of total revenue on interest-earning									
Total revenue on interest-earning assets	6,835.3	46.1	2.71	6,677.6	44.0	2.64	6,719.0	177.1	2.64
Less: Income on lease transactions and installment receivables	747.8	9.5	5.11	732.2	9.6	5.29	737.6	38.6	5.24
Total interest income⁴	6,087.4	36.6	2.41	5,945.3	34.3	2.32	5,981.4	138.4	2.32
Total interest expense	-	4.7	-	-	3.9	-	-	16.2	-
Net interest income	-	31.9	-	-	30.3	-	-	122.2	-

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

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

3. Excludes average balance of non interest-earning assets.

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

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

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

Noninterest Income (Consolidated)

	<i>(Billions of yen)</i>			
	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
Institutional Business	9.9	7.2	2.7	40.1
Corporate Business	1.5	0.9	0.6	5.8
Structured Finance	1.7	1.3	0.3	12.4
Principal Transactions	3.4	1.5	1.8	7.3
Showa Leasing	3.2	3.3	-0.1	14.4
Global Markets Business	2.4	2.4	0.0	8.7
Markets	1.7	1.8	-0.0	6.4
Others	0.6	0.5	0.0	2.2
Individual Business	11.6	11.4	0.1	48.0
Retail Banking	0.0	0.6	-0.6	2.5
Shinsei Financial and <i>Shinsei Bank Card Loan - Lake</i> ¹	-0.1	-0.3	0.2	-0.9
APLUS FINANCIAL	11.3	11.1	0.2	45.7
Others	0.3	0.0	0.2	0.6
Corporate/Other	1.9	4.1	-2.1	9.2
Noninterest income	25.9	25.2	0.7	106.2

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

The Institutional Business recorded noninterest income totaling ¥9.9 billion in the first quarter of fiscal year 2017, a ¥2.7 billion increase from ¥7.2 billion recorded in the first quarter of fiscal year 2016. This was due to the increase in the gain on sales of equities, revenues from equity method investment in affiliated companies in the Principal Transactions as well as the increase of fee income from Corporate and Structured Finance Businesses.

The Global Markets Business recorded noninterest income totaling ¥2.4 billion same as the first quarter of fiscal year 2016. Markets and Others performed steadily flat compared to the first quarter of fiscal year 2016.

The Individual Business recorded noninterest income totaling ¥11.6 billion, a ¥0.1 billion increase from ¥11.4 billion recorded in first quarter of fiscal year 2016. This was due to revenues increase related to robust performances of credit card business in APLUS FINANCIAL while asset management product sales related revenue in the Retail Banking Business decreased.

Corporate/Others recorded noninterest income totaling ¥1.9 billion, a ¥2.1 billion decrease from first quarter of fiscal year 2016 due to a decrease in gains on sales of bonds in ALM operations.

General and Administrative Expenses
(Consolidated)

(Billions of yen)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
Personnel expenses	-13.9	-14.1	0.1	-56.6
Nonpersonnel expenses	-21.9	-21.3	-0.6	-85.8
Premises expenses	-4.9	-4.7	-0.1	-19.6
Technology and data processing expenses	-5.1	-5.0	-0.1	-20.1
Advertising expenses	-2.9	-2.9	-0.0	-10.4
Consumption, property taxes, etc.	-2.3	-2.4	0.1	-9.7
Deposit insurance premium	-0.4	-0.5	0.0	-2.0
Other general and administrative expenses	-6.0	-5.6	-0.4	-23.7
General and administrative expenses	-35.9	-35.4	-0.5	-142.4

Net Credit Costs
(Consolidated) ¹

(Billions of yen)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
Losses on write-off of loans/Losses on sale of loans	-0.0	-0.4	0.3	-2.4
Net provision of reserve for loan losses:	-10.4	-8.9	-1.5	-34.6
Net provision of general reserve for loan losses	-7.0	-5.8	-1.1	-21.8
Net provision of specific reserve for loan losses	-3.3	-3.0	-0.3	-12.7
Net provision of reserve for loan losses to restructuring countries	-	-	-	0.0
Net provision of specific reserve for other credit losses	-	-	-	-0.2
Other credit costs relating to leasing business	-0.2	0.0	-0.2	0.0
Recoveries of written-off claims	1.5	1.2	0.3	5.3
Net credit costs	-9.1	-8.0	-1.0	-31.8

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

Amortization of Goodwill and Other Intangible Assets
(Consolidated)

(Billions of yen)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
Shinsei Financial	-0.6	-0.8	0.2	-3.0
Shinsei Personal Loan	0.0	0.0	-	0.3
Showa Leasing	-0.6	-0.7	0.1	-2.5
Others	0.0	0.0	-	0.0
Amortization of goodwill and other intangible assets	-1.1	-1.5	0.4	-5.2

Other Gains (Consolidated)

(Billions of yen)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
Extraordinary income	0.2	-0.2	0.4	4.2
Net gain on disposal of premises and equipment	-0.0	0.0	-0.0	-0.2
Other extraordinary income	0.2	-0.2	0.5	4.4
Provisions of reserve for losses on interest repayment	-	-	-	-5.1
Shinsei Financial	-	-	-	-
Shinsei Personal Loan	-	-	-	-2.0
APLUS FINANCIAL	-	-	-	-3.1
Other	-	-	-	-
Other	0.3	0.3	-0.0	3.8
Other gains	0.6	0.1	0.4	2.8

Profit Attributable to Noncontrolling Interests (Consolidated)

(Billions of yen)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
Dividends on perpetual preferred securities (hybrid Tier I capital) issued by foreign SPCs	-	-0.1	0.1	-0.1
Others	-0.0	0.0	-0.1	0.3
Profit attributable to noncontrolling interests	-0.0	-0.0	-0.0	0.2

Business Line Results (Consolidated)

(Billions of yen)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
<i>Institutional Business:</i>				
Net interest income	6.1	5.8	0.2	21.9
Noninterest income	9.9	7.2	2.7	40.1
Total revenue	16.0	13.1	2.9	62.1
General and administrative expenses	-6.7	-6.9	0.1	-28.6
Ordinary business profit	9.3	6.1	3.1	33.5
Net credit costs	0.1	-0.7	0.8	-3.0
Ordinary business profit after net credit costs	9.4	5.4	4.0	30.4
<i>Global Markets Business:</i>				
Net interest income	0.6	0.4	0.1	2.2
Noninterest income	2.4	2.4	0.0	8.7
Total revenue	3.0	2.9	0.1	11.0
General and administrative expenses	-1.7	-1.6	-0.0	-6.8
Ordinary business profit	1.3	1.2	0.1	4.1
Net credit costs	0.0	0.0	-0.0	0.0
Ordinary business profit after net credit costs	1.3	1.2	0.1	4.2
<i>Individual Business:</i>				
Net interest income	25.7	23.9	1.8	98.0
Noninterest income	11.6	11.4	0.1	48.0
Total revenue	37.3	35.3	1.9	146.0
General and administrative expenses	-26.6	-26.4	-0.1	-104.0
Ordinary business profit	10.6	8.9	1.7	42.0
Net credit costs	-9.3	-7.3	-1.9	-28.7
Ordinary business profit after net credit costs	1.3	1.5	-0.1	13.3
<i>Corporate/Other¹:</i>				
Net interest income	-0.5	0.1	-0.6	-0.0
Noninterest income	1.9	4.1	-2.1	9.2
Total revenue	1.3	4.2	-2.8	9.2
General and administrative expenses	-0.7	-0.2	-0.4	-2.9
Ordinary business profit	0.6	3.9	-3.3	6.3
Net credit costs	0.0	-0.0	0.0	-0.2
Ordinary business profit after net credit costs	0.6	3.9	-3.2	6.1
<i>Total:</i>				
Net interest income	31.9	30.3	1.5	122.2
Noninterest income	25.9	25.2	0.7	106.2
Total revenue	57.8	55.6	2.2	228.5
General and administrative expenses	-35.9	-35.4	-0.5	-142.4
Ordinary business profit	21.9	20.1	1.7	86.0
Net credit costs	-9.1	-8.0	-1.0	-31.8
Ordinary business profit after net credit costs	12.7	12.1	0.6	54.1

1. "Corporate/Other" includes company-wide accounts which are not included in our reportable segments, allocation variance of indirect expense and elimination amount of inter-segment transactions.

Segment Information

On April 1, 2017, Shinsei Bank Group established the virtual “Group Headquarters” within Shinsei Bank in order to integrate and centralize the administrative functions of the Bank and the Group member companies. Through this, the Bank will be able to efficiently utilize management resources and maximize the speed with which the resulting effects can be realized. Additionally, on June 1, 2017, the Bank has integrated “Asset Management Products” within Global Markets with “Retail Products” within the “Individual Business”. Due to the changes, reportable segments have been changed as follows:

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

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

Institutional Business	Focuses primarily on corporate, public and financial sector finance and advisory businesses.
Corporate Business	"Corporate Business" provides financial products and services, advisory services, health care finance and trust services to businesses and public corporations and financial institutions.
Structured Finance	"Structured Finance" provides real estate related nonrecourse and corporate finance, project finance, M&A related finance, and specialty finance.
Principal Transactions	"Principal Transactions" is engaged in the credit trading businesses, private equity, corporate revitalization support business, the provision of business succession and business switching and withdrawal support services and asset-backed investment.
Showa Leasing	"Showa Leasing" primarily provides leasing related financial products and services.

Global Markets Business:	Focuses primarily on financial markets business.
Markets	"Markets" is engaged in foreign exchange, derivatives, equity related and other capital markets transactions.
Others	"Others" consists of the profit and loss attributable to Shinsei Securities, asset management, wealth management and other products and services of the Global Markets Business.

Individual Business:	Focuses on retail financial products and services.
Retail Banking	"Retail Banking" provides financial transactions and services to retail customers such as yen/foreign currency, structured deposits services, investment trust, brokerage service (through a partner institution), life and nonlife insurance (through partner institutions), and housing loans.
Shinsei Financial	"Shinsei Financial" provides consumer finance products and services and guarantee services (Shinsei Financial, Shinsei Bank Lake, NOLOAN).
APLUS FINANCIAL	"APLUS FINANCIAL" provides installment sales credit, credit cards, guarantees, financing and settlement services.
Others	The "Others" consists of profit and loss attributable to unallocated consumer finance business and other subsidiaries.

Corporate/Other:	"Corporate/Other" includes company-wide accounts which are not included in our reportable segments, allocation variance of indirect expense and elimination amount of inter-segment transactions.
Treasury	The "Treasury" undertakes ALM related operations and includes gains and losses from equity and subordinated debt financing activities.

Institutional Business¹ (Consolidated)

(Billions of yen)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
<i>Corporate Business:</i>				
Net interest income	2.7	2.8	-0.0	11.2
Noninterest income	1.5	0.9	0.6	5.8
Total revenue	4.3	3.7	0.5	17.0
General and administrative expenses	-2.6	-2.6	0.0	-10.5
Ordinary business profit	1.7	1.0	0.6	6.4
Net credit costs	0.4	-0.1	0.5	-0.3
Ordinary business profit after net credit costs	2.1	0.9	1.2	6.1
<i>Structured Finance:</i>				
Net interest income	2.2	2.3	-0.0	9.4
Noninterest income	1.7	1.3	0.3	12.4
Total revenue	3.9	3.7	0.2	21.8
General and administrative expenses	-1.2	-1.2	-0.0	-4.9
Ordinary business profit	2.7	2.5	0.1	16.9
Net credit costs	-0.3	-0.7	0.4	-3.5
Ordinary business profit after net credit costs	2.3	1.7	0.5	13.3
<i>Principal Transactions:</i>				
Net interest income	1.1	0.9	0.2	2.5
Noninterest income	3.4	1.5	1.8	7.3
Total revenue	4.5	2.5	2.0	9.9
General and administrative expenses	-0.9	-1.0	0.0	-4.3
Ordinary business profit	3.6	1.5	2.1	5.6
Net credit costs	0.2	-0.1	0.4	-0.1
Ordinary business profit after net credit costs	3.9	1.3	2.5	5.5
<i>Showa Leasing:</i>				
Net interest income	-0.0	-0.2	0.2	-1.2
Noninterest income	3.2	3.3	-0.1	14.4
Total revenue	3.2	3.1	0.0	13.2
General and administrative expenses	-1.9	-2.0	0.0	-8.8
Ordinary business profit	1.2	1.0	0.1	4.4
Net credit costs	-0.2	0.2	-0.5	1.0
Ordinary business profit after net credit costs	1.0	1.3	-0.3	5.4
<i>Institutional Business:</i>				
Net interest income	6.1	5.8	0.2	21.9
Noninterest income	9.9	7.2	2.7	40.1
Total revenue	16.0	13.1	2.9	62.1
General and administrative expenses	-6.7	-6.9	0.1	-28.6
Ordinary business profit	9.3	6.1	3.1	33.5
Net credit costs	0.1	-0.7	0.8	-3.0
Ordinary business profit after net credit costs	9.4	5.4	4.0	30.4

1. Net of consolidation adjustments, if applicable.

Global Markets Business¹ (Consolidated)

(Billions of yen)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
<i>Markets:</i>				
Net interest income	0.5	0.4	0.0	1.9
Noninterest income	1.7	1.8	-0.0	6.4
Total revenue	2.3	2.3	-0.0	8.3
General and administrative expenses	-0.9	-0.8	-0.0	-3.3
Ordinary business profit	1.3	1.5	-0.1	5.0
Net credit costs	0.0	0.0	-0.0	0.0
Ordinary business profit after net credit costs	1.4	1.5	-0.1	5.1
<i>Others²:</i>				
Net interest income	0.1	0.0	0.0	0.3
Noninterest income	0.6	0.5	0.0	2.2
Total revenue	0.7	0.5	0.1	2.6
General and administrative expenses	-0.8	-0.8	0.0	-3.5
Ordinary business profit	-0.0	-0.2	0.2	-0.9
Net credit costs	0.0	0.0	0.0	-0.0
Ordinary business profit after net credit costs	-0.0	-0.2	0.2	-0.9
<i>Global Markets Business:</i>				
Net interest income	0.6	0.4	0.1	2.2
Noninterest income	2.4	2.4	0.0	8.7
Total revenue	3.0	2.9	0.1	11.0
General and administrative expenses	-1.7	-1.6	-0.0	-6.8
Ordinary business profit	1.3	1.2	0.1	4.1
Net credit costs	0.0	0.0	-0.0	0.0
Ordinary business profit after net credit costs	1.3	1.2	0.1	4.2

1. Net of consolidation adjustments, if applicable.

2. In accordance with the organizational change on June 1, 2017, a portion of the profit and loss of "Others" in Global Markets Group was transferred to "Retail banking" on a management accounting basis.

Individual Business (Consolidated)¹

(Billions of yen)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
<i>Retail banking²:</i>				
Net interest income	5.6	5.8	-0.1	23.4
Loans	2.6	2.6	0.0	10.8
Deposits	3.0	3.2	-0.1	12.6
Noninterest income	0.0	0.6	-0.6	2.5
Asset Management Products	1.5	1.7	-0.2	7.1
Other Fees (ATM, Fund Transfer, FX etc.)	-1.4	-1.0	-0.3	-4.6
Total revenue	5.7	6.5	-0.7	26.0
General and administrative expenses	-8.6	-8.4	-0.2	-33.7
Ordinary business profit	-2.8	-1.8	-1.0	-7.6
Net credit costs	-0.0	-0.0	0.0	0.6
Ordinary business profit after net credit costs	-2.9	-1.9	-0.9	-6.9
<i>Shinsei Financial and Shinsei Bank Lake³:</i>				
Net interest income	16.8	15.7	1.1	64.2
Shinsei Bank Lake	10.5	8.8	1.7	38.0
NOLOAN	1.5	1.6	-0.1	6.5
Noninterest income	-0.1	-0.3	0.2	-0.9
Total revenue	16.7	15.3	1.3	63.2
General and administrative expenses	-8.3	-8.4	0.1	-32.4
Ordinary business profit	8.4	6.8	1.5	30.7
Net credit costs	-6.6	-5.1	-1.5	-20.5
Ordinary business profit after net credit costs	1.8	1.7	0.0	10.2
<i>APLUS FINANCIAL:</i>				
Net interest income	2.7	2.0	0.6	9.0
Noninterest income	11.3	11.1	0.2	45.7
Total revenue	14.0	13.1	0.8	54.8
General and administrative expenses	-9.4	-9.3	-0.0	-37.0
Ordinary business profit	4.6	3.8	0.8	17.8
Net credit costs	-2.6	-2.1	-0.4	-8.6
Ordinary business profit after net credit costs	1.9	1.6	0.3	9.2
<i>Others⁴:</i>				
Net interest income	0.4	0.2	0.1	1.2
Noninterest income	0.3	0.0	0.2	0.6
Total revenue	0.7	0.3	0.4	1.8
General and administrative expenses	-0.2	-0.2	-0.0	-0.8
Ordinary business profit	0.5	0.0	0.4	1.0
Net credit costs	-0.0	0.0	-0.0	-0.2
Ordinary business profit after net credit costs	0.5	0.1	0.4	0.8
<i>Individual Business:</i>				
Net interest income	25.7	23.9	1.8	98.0
Noninterest income	11.6	11.4	0.1	48.0
Total revenue	37.3	35.3	1.9	146.0
General and administrative expenses	-26.6	-26.4	-0.1	-104.0
Ordinary business profit	10.6	8.9	1.7	42.0
Net credit costs	-9.3	-7.3	-1.9	-28.7
Ordinary business profit after net credit costs	1.3	1.5	-0.1	13.3

1. Net of consolidation adjustments, if applicable.

2. In accordance with the organizational change on June 1, 2017, a portion of the profit and loss of "Others" in Global Markets Group was transferred to "Retail banking" on a management accounting basis.

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

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

Corporate/Other (Consolidated)¹

(Billions of yen)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
<i>Treasury:</i>				
Net interest income	-0.5	0.1	-0.6	-0.0
Noninterest income	1.7	3.9	-2.1	7.1
Total revenue	1.2	4.0	-2.8	7.0
General and administrative expenses	-0.4	-0.4	-0.0	-1.7
Ordinary business profit	0.7	3.6	-2.8	5.3
Net credit costs	-	-	-	-
Ordinary business profit after net credit costs	0.7	3.6	-2.8	5.3
<i>Corporate/Other (excluding Treasury)¹:</i>				
Net interest income	-0.0	-0.0	0.0	0.0
Noninterest income	0.1	0.1	0.0	2.1
Total revenue	0.1	0.1	0.0	2.1
General and administrative expenses	-0.3	0.1	-0.4	-1.2
Ordinary business profit	-0.1	0.2	-0.4	0.9
Net credit costs	0.0	-0.0	0.0	-0.2
Ordinary business profit after net credit costs	-0.1	0.2	-0.4	0.7
<i>Corporate/Other¹:</i>				
Net interest income	-0.5	0.1	-0.6	-0.0
Noninterest income	1.9	4.1	-2.1	9.2
Total revenue	1.3	4.2	-2.8	9.2
General and administrative expenses	-0.7	-0.2	-0.4	-2.9
Ordinary business profit	0.6	3.9	-3.3	6.3
Net credit costs	0.0	-0.0	0.0	-0.2
Ordinary business profit after net credit costs	0.6	3.9	-3.2	6.1

1. "Corporate/Other" includes company-wide accounts which are not included in our reportable segments, allocation variance of indirect expense and elimination amount of inter-segment transactions.

Major Balance Sheet Data

(Consolidated)

(Billions of yen)

	Jun 30 2017	Mar 31 2017	Change (Amount)
Loans and bills discounted	4,859.7	4,833.4	26.2
Installment receivables	533.0	541.4	-8.3
Leased assets, lease receivables and leased investment assets	209.4	213.9	-4.5
Securities	1,099.9	1,014.6	85.3
Other monetary claims purchased	40.1	44.2	-4.0
Other interest earning assets ¹	1,510.3	1,404.7	105.5
Trading assets	226.3	244.1	-17.7
Monetary assets held in trust	230.0	241.6	-11.6
Goodwill, net	13.9	14.6	-0.7
Other intangible assets ²	2.1	2.5	-0.3
Other assets	400.9	456.3	-55.4
Customer's liabilities for acceptances and guarantees	346.6	346.6	0.0
Reserve for credit losses	-94.2	-100.1	5.9
Total assets (includes others)	9,378.6	9,258.3	120.3
Deposits and negotiable certificates of deposit	5,905.8	5,862.9	42.9
Borrowed money	777.5	789.6	-12.1
Corporate bonds	110.6	112.6	-2.0
Other interest bearing liabilities ³	718.1	602.6	115.5
Trading liabilities	207.2	212.2	-4.9
Reserve for losses on interest repayments	94.6	101.8	-7.1
Other liabilities	389.5	408.8	-19.3
Acceptances and guarantees	346.6	346.6	0.0
Total liabilities (includes others)	8,550.3	8,437.5	112.8
Total equity	828.3	820.7	7.5

1. Includes cash and due from banks, call loans, receivables under resale agreements and collateral related to securities borrowing transactions.

2. Intangible assets recorded through consolidation of Shinsei Financial and Showa Leasing.

3. Includes call money, payables under repurchase agreements, collateral related to securities lending transactions, debentures and short-term corporate bonds.

Reserve for Credit Losses

(Consolidated)

(Billions of yen)

	Jun 30 2017	Mar 31 2017	Change (Amount)
General reserve for loan losses	71.6	68.9	2.6
Specific reserve for loan losses	22.5	31.2	-8.6
Reserve for loans to restructuring countries	0.0	0.0	-
Total reserve for credit losses	94.2	100.1	-5.9

Risk Monitored Loans

(Consolidated)

(Billions of yen)

	Jun 30 2017	Mar 31 2017	Change (Amount)
Loans to bankrupt obligors	4.9	4.6	0.2
Nonaccrual delinquent loans	31.4	33.3	-1.9
Loans past due for three months or more	1.9	1.7	0.1
Restructured loans	33.2	32.0	1.2
Total (A)	71.4	71.7	-0.2
Loans and bills discounted (B)	4,859.7	4,833.4	26.2
Ratio to total loans and bills discounted (A/B X 100)	1.47%	1.48%	/
Reserve for credit losses (C)	94.2	100.1	-5.9
Reserve ratio (C/A X 100)	131.8%	139.6%	/

Loans by Borrower Industry (Consolidated)

(Billions of yen)

	Jun 30 2017	Mar 31 2017	Change (Amount)
Domestic offices (excluding Japan offshore market accounts):			
Manufacturing	191.5	198.9	-7.3
Agriculture and forestry	0.0	0.0	-0.0
Fishery	0.0	0.0	-0.0
Mining, quarrying and gravel extraction	0.6	0.3	0.2
Construction	8.6	8.9	-0.3
Electrical, natural gas and water supply	221.8	230.7	-8.9
Information and communications	53.3	42.9	10.3
Transportation and postal service	184.4	188.0	-3.6
Wholesale and retail	106.7	114.5	-7.8
Finance and insurance	547.0	573.8	-26.7
Real estate	601.1	575.6	25.5
Services	337.4	330.1	7.2
Local government	73.9	76.7	-2.7
Others	2,430.5	2,389.1	41.3
Loans to individual customers (retail banking, Shinsei Bank Lake, Shinsei Financial, and APLUS FINANCIAL)	1,984.8	1,974.4	10.4
Total domestic (A)	4,757.2	4,730.0	27.1
Overseas offices (including Japan offshore market accounts):			
Governments	0.5	0.5	-
Financial institutions	7.4	7.3	0.1
Others	94.4	95.4	-1.0
Total overseas (B)	102.5	103.3	-0.8
Total (A+B)	4,859.7	4,833.4	26.2

Securities Being Held to Maturity (Consolidated)

	<i>(Billions of yen)</i>					
	Jun 30, 2017			Mar 31, 2017		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount						
Japanese national government bonds	492.9	497.0	4.0	493.5	499.1	5.5
Other	1.5	1.6	0.0	2.7	2.8	0.1
Subtotal	494.5	498.7	4.1	496.2	502.0	5.7
Fair value does not exceed carrying amount						
Japanese national government bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	494.5	498.7	4.1	496.2	502.0	5.7

Securities Available for Sale (Consolidated)

(Billions of yen)

	Jun 30, 2017			Mar 31, 2017		
	Carrying amount (Fair value)	Amortized/Acquisition cost	Unrealized gain (loss)	Carrying amount (Fair value)	Amortized/Acquisition cost	Unrealized gain (loss)
Carrying amount exceeds amortized/acquisition cost						
Equity securities	27.6	11.6	16.0	26.6	11.8	14.7
Domestic bonds	37.0	36.6	0.3	33.9	33.5	0.3
Japanese national government bonds	6.0	6.0	0.0	2.0	2.0	0.0
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	30.9	30.6	0.3	31.8	31.5	0.3
Other	129.5	126.9	2.6	144.1	141.4	2.7
Foreign securities	117.9	116.6	1.2	133.6	132.1	1.5
Foreign currency denominated foreign corporate and government bonds	65.3	64.4	0.8	87.6	86.6	0.9
Yen-denominated foreign corporate and government bonds	47.9	47.5	0.3	46.0	45.4	0.5
Foreign equity securities and others	4.6	4.6	0.0	0.0	0.0	0.0
Other securities	7.4	6.2	1.1	6.6	5.5	1.0
Other monetary claims purchased	4.1	3.9	0.1	3.8	3.7	0.1
Subtotal	194.2	175.2	19.0	204.7	186.8	17.8
Carrying amount does not exceed amortized/acquisition cost						
Equity securities	0.7	0.9	-0.2	0.8	1.0	-0.2
Domestic bonds	115.5	117.5	-1.9	85.9	87.0	-1.0
Japanese national government bonds	18.0	18.1	-0.1	-	-	-
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	97.4	99.3	-1.8	85.9	87.0	-1.0
Other	201.8	204.6	-2.7	137.6	139.9	-2.3
Foreign securities	195.7	198.4	-2.6	135.5	137.9	-2.3
Foreign currency denominated foreign corporate and government bonds	144.3	146.5	-2.2	83.4	85.0	-1.6
Yen-denominated foreign corporate and government bonds	50.2	50.6	-0.3	50.9	51.6	-0.6
Foreign equity securities and others	1.2	1.2	-0.0	1.1	1.2	-0.0
Other securities	5.5	5.6	-0.1	0.7	0.8	-0.0
Other monetary claims purchased	0.5	0.5	-0.0	1.2	1.2	-0.0
Subtotal	318.2	323.1	-4.9	224.4	228.0	-3.6
Total ^{1, 2}	512.4	498.3	14.0	429.1	414.9	14.2

1. Includes a part of other monetary claims purchased in addition to securities available for sale. Total amounts of securities available for sale excluding such other monetary claims purchased as of June 30, 2017 and March 31, 2017 were ¥507.7 billion and ¥424.0 billion, respectively.

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

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

(Billions of yen)

	Jun 30, 2017	Mar 31, 2017
Unrealized gain (loss) before deferred tax on:		
Available-for-sale securities	14.0	14.2
The Bank's interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined and other adjustments	0.8	1.2
Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions	-0.0	-0.1
Other monetary assets held in trust	-0.6	-0.6
(-) Deferred tax liabilities	2.9	3.1
Unrealized gain (loss) on available-for-sale securities before interest adjustments	11.2	11.5
(-) Noncontrolling interests	0.0	0.0
(+) The Bank's interests in unrealized gain (loss) on available-for-sale securities held by affiliates to which the equity method is applied	-0.3	-1.2
Unrealized gain (loss) on available-for-sale securities	10.8	10.2

Deposits (Consolidated)

(Billions of yen)

	Jun 30 2017	Mar 31 2017	Change (Amount)
Deposits	5,562.2	5,489.2	72.9
Liquid (current, ordinary, notice) deposits	2,317.8	2,262.5	55.2
Time deposits ¹	2,768.7	2,756.7	12.0
Other	475.6	469.9	5.6
Negotiable certificates of deposits (NCDs)	343.6	373.6	-30.0
Total	5,905.8	5,862.9	42.9

1. Includes two-week maturity deposits

Financial Ratios (Consolidated)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	FY2016 (12 months)
Return on assets ¹	0.5% ⁵	0.4% ⁵	0.6%
Return on equity ²	5.3% ⁵	4.2% ⁵	6.3%
Return on equity (fully diluted) ³	5.3% ⁵	4.2% ⁵	6.3%
Return on risk asset ⁴	0.7% ⁵	0.6% ⁵	0.8%
Expense-to-revenue ratio ^{6, 7}	62.1%	63.7%	62.3%

1. Return on assets:

$\frac{\text{Profit (Losses) Attributable to Owners of the Parent}}{(\text{Total assets at the BOP} + \text{Total assets at the EOP})/2}$	BOP: beginning of period EOP: end of period
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2. Return on equity:

$\frac{\text{Profit (Losses) Attributable to Owners of the Parent}}{(\text{Total equity eligible for common shareholders at the BOP} + \text{Total equity eligible for common shareholders at the EOP})/2}$

3. Return on equity (fully diluted):

$\frac{\text{Profit (Losses) Attributable to Owners of the Parent}}{((\text{Total equity at the BOP} - \text{Share warrants at the BOP} - \text{Noncontrolling interests at the BOP}) + (\text{Total equity at the EOP} - \text{Share warrants at the EOP} - \text{Noncontrolling interests at the EOP}))/2}$

4. Return on Risk Asset:

$\frac{\text{Profit (Losses) Attributable to Owners of the Parent}}{\text{Risk-weighted assets at the EOP (Basel 3, international standard fully loaded basis)}}$

5. Annualized basis.

6. Management accounting basis.

7. Expense denotes general and administrative expenses.

Capital Adequacy Related Information (Consolidated)

<Basel 3, Domestic Standard¹>

	Jun 30 2017	Mar 31 2017	Change (Amount)
Core capital: instruments and reserves	876.6	866.3	10.2
Core capital: regulatory adjustments	-68.3	-53.9	-14.3
Capital	808.2	812.3	-4.0
Total amount of Risk-weighted assets	6,225.5	6,219.9	5.5
Consolidated core capital adequacy ratio	12.98%	13.06%	

1. Calculated according to F-IRB.

Consolidated total required capital is ¥566.1billion as at June 30, 2017, ¥551.3billion as at March 31, 2017.

Per Share Data (Consolidated)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
Common equity	319.39	296.25	23.13	316.38
Fully diluted equity	319.35	296.24	23.11	316.37
Basic EPS	4.22	3.09	1.13	19.46
Diluted EPS	4.22	3.09	1.13	19.46
For calculation of per share data (Does not include treasury shares):				
Equity:				
Number of common shares (Consolidated)	2,588,389,766	2,622,181,147		2,588,390,929
Fully diluted number of shares (Consolidated)	2,588,689,783	2,622,314,606		2,588,524,471
EPS				
Number of common shares (Consolidated)	2,588,390,203	2,647,457,367		2,607,680,782
Fully diluted number of shares (Consolidated)	2,588,591,470	2,647,510,164		2,607,794,202

Consolidated Balance Sheets (Unaudited)

(Millions of yen)

	Jun 30 2017	Mar 31 2017	Change (Amount)
<<Assets>>			
Cash and due from banks	1,504,707	1,398,691	106,015
Call loans and bills bought	-	4,472	(4,472)
Receivables under securities borrowing transactions	5,654	1,625	4,029
Other monetary claims purchased	40,194	44,243	(4,049)
Trading assets	226,398	244,113	(17,715)
Monetary assets held in trust	230,071	241,681	(11,609)
Securities	1,099,989	1,014,635	85,354
Loans and bills discounted	4,859,742	4,833,452	26,289
Foreign exchanges	22,312	19,617	2,694
Lease receivables and leased investment assets	184,029	191,488	(7,458)
Other assets	824,496	895,158	(70,662)
Premises and equipment	50,652	47,980	2,671
Intangible assets	54,372	52,020	2,352
Goodwill	13,909	14,683	(774)
Assets for retirement benefits	7,800	7,075	724
Deferred issuance expenses for debentures	0	0	(0)
Deferred tax assets	15,778	15,542	235
Customers' liabilities for acceptances and guarantees	346,691	346,675	16
Reserve for credit losses	(94,206)	(100,154)	5,947
Total assets	9,378,686	9,258,324	120,362
<<Liabilities>>			
Deposits	5,562,216	5,489,248	72,967
Negotiable certificates of deposit	343,625	373,673	(30,048)
Debentures	5,377	6,561	(1,184)
Call money and bills sold	110,400	53,600	56,800
Payables under repurchase agreements	32,120	36,467	(4,347)
Payables under securities lending transactions	370,825	337,952	32,873
Trading liabilities	207,250	212,241	(4,990)
Borrowed money	777,507	789,670	(12,163)
Foreign exchanges	64	102	(37)
Short-term corporate bonds	199,400	168,000	31,400
Corporate bonds	110,600	112,600	(2,000)
Other liabilities	375,501	388,307	(12,806)
Accrued employees' bonuses	2,482	8,519	(6,036)
Accrued directors' bonuses	17	75	(58)
Liabilities for retirement benefits	8,293	8,256	36
Reserve for reimbursement of debentures	3,299	3,737	(437)
Reserve for losses on interest repayments	94,665	101,846	(7,181)
Acceptances and guarantees	346,691	346,675	16
Total liabilities	8,550,338	8,437,537	112,801
<<Equity>>			
Shareholders' equity:			
Common stock	512,204	512,204	-
Capital surplus	78,506	78,506	(0)
Retained earnings	320,897	312,538	8,358
Treasury stock, at cost	(79,539)	(79,539)	(0)
Total shareholders' equity	832,068	823,710	8,357
Accumulated other comprehensive income:			
Unrealized gain (loss) on available-for-sale securities	10,879	10,299	580
Deferred gain (loss) on derivatives under hedge accounting	(14,769)	(13,925)	(843)
Foreign currency translation adjustments	(331)	199	(530)
Defined retirement benefit plans	(1,135)	(1,344)	208
Total accumulated other comprehensive income	(5,356)	(4,770)	(586)
Stock acquisition rights	328	584	(256)
Noncontrolling interests	1,307	1,262	45
Total equity	828,347	820,786	7,560
Total liabilities and equity	9,378,686	9,258,324	120,362

Consolidated Statements of Income (Unaudited)

(Millions of yen)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
Ordinary income	92,427	90,658	1,768	380,444
Interest income	36,646	34,356	2,290	138,488
Interest on loans and bills discounted	32,925	31,311	1,613	127,468
Interest and dividends on securities	3,256	2,462	793	8,991
Other interest income	464	581	(116)	2,028
Fees and commissions income	12,029	11,721	307	49,207
Trading income	1,946	2,975	(1,029)	7,373
Other business income	36,239	37,327	(1,088)	159,280
Other ordinary income	5,564	4,276	1,287	26,095
Ordinary expenses	80,392	79,699	692	332,901
Interest expenses	4,711	3,957	753	16,209
Interest on deposits	2,056	1,812	243	7,761
Interest on borrowings	855	982	(126)	3,413
Interest on corporate bonds	272	288	(16)	1,126
Other interest expenses	1,526	873	652	3,907
Fees and commissions expenses	6,301	5,800	501	23,704
Trading losses	—	9	(9)	—
Other business expenses	20,896	22,788	(1,891)	96,463
General and administrative expenses	37,219	37,018	200	149,497
Amortization of goodwill	774	1,067	(292)	3,559
Amortization of intangible assets acquired in business combinations	357	474	(116)	1,684
Other general and administrative expenses	36,087	35,477	609	144,253
Other ordinary expenses	11,263	10,126	1,137	47,026
Provision of reserve for credit losses	10,437	8,906	1,530	34,828
Other	826	1,219	(393)	12,198
Ordinary profit	12,035	10,958	1,076	47,542
Extraordinary gains	293	309	(15)	5,756
Extraordinary losses	61	542	(480)	1,544
Income before income taxes	12,267	10,726	1,541	51,755
Income taxes (benefit)	1,257	2,494	(1,237)	1,238
Profit	11,010	8,231	2,778	50,517
Profit (loss) attributable to noncontrolling interests	63	41	22	(242)
Profit attributable to owners of the parent	10,946	8,190	2,756	50,759

Consolidated Statements of Comprehensive Income (Unaudited)

(Millions of yen)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
Profit	11,010	8,231	2,778	50,517
Other comprehensive income				
Unrealized gain (loss) on available-for-sale securities	(325)	1,365	(1,690)	(273)
Deferred gain (loss) on derivatives under hedge accounting	(843)	(3,209)	2,365	845
Foreign currency translation adjustments	(435)	(1,298)	862	(2,289)
Defined retirement benefit plans	205	(15)	221	1,625
Share of other comprehensive income in affiliates	810	(1,983)	2,794	192
Other comprehensive income	(588)	(5,141)	4,553	100
Comprehensive income	10,422	3,089	7,332	50,617
(Breakdown)				
Attributable to:				
Owners of the parent	10,360	3,826	6,534	51,455
Noncontrolling interests	61	(736)	798	(838)

COMPOSITION OF CAPITAL DISCLOSURE (CONSOLIDATED)

Shinsei Bank and subsidiaries

As of June 30, 2017

Items	Millions of yen (except percentages)	
	Base III (Domestic Standard)	Amounts excluded under transitional
Core capital: instruments and reserves (1)		
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	¥ 832,068	
of which: capital and capital surplus	590,711	
of which: retained earnings	320,897	
of which: treasury stock (-)	79,539	
of which: earning to be distributed (-)	-	
of which: other than above	-	
Accumulated other comprehensive income (amount allowed to be included in Core capital)	(1,012)	¥ (454)
of which: foreign currency translation adjustment	(331)	
of which: amount related defined benefit	(681)	(454)
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	328	
Adjusted noncontrolling interests (amount allowed to be included in Core capital)	7	
Total of reserves included in Core capital: instruments and reserves	215	
of which: general reserve for loan losses included in Core capital	215	
of which: eligible provision included in Core capital	-	
Eligible noncumulative perpetual preferred shares subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	-	
Eligible capital instruments subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	43,800	
Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital: instruments and reserves)	-	
Land revaluation excess after 55% discount (amount allowed to be included in Core capital: instruments and reserves)	-	
Noncontrolling interests subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	1,203	
Core capital: instruments and reserves (A)	¥ 876,610	
Core capital: regulatory adjustments (2)		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 31,288	¥ 10,596
of which: goodwill (including those equivalent)	13,909	-
of which: other intangibles other than goodwill and mortgage servicing rights	17,379	10,596
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	4,872	3,248
Shortfall of eligible provisions to expected losses	23,548	-
Gain on sale of securitization	5,370	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Net defined benefit asset	3,235	2,157
Investments in own shares (excluding those reported in the net assets section)	1	0
Reciprocal cross-holdings in common equity	-	-
Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	-	-
Amount exceeding the 10% threshold on specific items	-	-
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which: mortgage servicing rights	-	-
of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Amount exceeding the 15% threshold on specific items	-	-
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short positions	-	-
of which: mortgage servicing rights	-	-
of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Core capital: regulatory adjustments (B)	¥ 68,316	
Capital (consolidated)		
Capital (consolidated)((A)-(B))(C)	¥ 808,293	
Risk-weighted assets, etc.		
Total amount of credit risk-weighted assets	¥ 5,709,470	
of which: total amount included in risk-weighted assets by transitional arrangements	13,129	
of which: intangible assets (excluding those relating to goodwill and mortgage servicing rights)	10,596	
of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	3,248	
of which: net defined benefit asset	2,157	
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(2,873)	
of which: other than above	1	
Market risk (derived by multiplying the capital requirement by 12.5)	141,224	
Operational risk (derived by multiplying the capital requirement by 12.5)	374,813	
Credit risk-weighted assets adjustments	-	
Operational risk adjustments	-	
Total amount of Risk-weighted assets (D)	¥ 6,225,508	
Capital ratio (consolidated)		
Capital ratio (consolidated)((C)/(D))		12.98%

(Reference) Results of Operations (Consolidated)

(Millions of yen)

	Q1 FY2017 (3 months) (A)	Q1 FY2016 (3 months) (B)	Change (A)-(B)
Gross Business Profit	55,930	55,236	693
(excluding Gains on Monetary Assets Held in Trust)	55,166	53,908	1,258
Net Interest Income	31,935	30,398	1,537
Net Fees and Commissions	5,731	5,925	(194)
Net Trading Income	1,946	2,966	(1,020)
Net Other Business Income	16,317	15,945	371
Gains on Monetary Assets Held in Trust	763	1,327	(564)
Gains related to Bonds	940	3,807	(2,867)
General and Administrative Expenses	37,063	36,971	92
Personnel Expenses	13,964	14,109	(145)
Nonpersonnel Expenses	20,788	20,371	416
Amortization of Goodwill and Intangible Assets	1,132	1,541	(409)
Taxes	2,311	2,489	(178)
Net Business Profit	18,866	18,265	600
Credit Costs	9,155	8,086	1,068
Gains on Stock Transactions	508	153	355
Equity in Net Income (Loss) of Affiliates	1,432	238	1,194
Other	382	388	(5)
Ordinary Profit	12,035	10,958	1,076
Extraordinary Gains	232	(232)	465
Gains from Sales of Fixed Assets and Impairment losses	(57)	20	(78)
Income before Income Taxes	12,267	10,726	1,541
Income Taxes - Current	1,191	2,889	(1,697)
Income Taxes - Deferred	65	(394)	460
Profit Attributable to Noncontrolling Interests	63	41	22
Profit Attributable to Owners of the Parents	10,946	8,190	2,756

Note

1. Net Business Profit = Gross Business Profit - General and Administrative Expenses
2. Details of credit cost is available at "Net Credit Cost (Consolidated)" of Financial Summary.

Results of Operations (Nonconsolidated)

(Billions of yen)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
Net interest income	28.6	24.6	3.9	90.9
Noninterest income	2.1	6.0	-3.8	20.1
Net fees and commissions ¹	-2.3	-0.8	-1.4	-2.9
Net trading income	1.0	2.3	-1.3	4.0
Net other business income	3.4	4.5	-1.0	19.0
Total revenue¹	30.8	30.6	0.1	111.1
Personnel expenses	-6.9	-6.7	-0.1	-26.9
Nonpersonnel expenses	-11.8	-11.0	-0.7	-44.8
Taxes	-1.5	-1.4	-0.0	-5.8
General and administrative expenses	-20.2	-19.3	-0.9	-77.6
Net business profit¹	10.6	11.3	-0.7	33.5
Other gains				
Gains on the sales of equities	0.5	-0.0	0.6	2.7
Net provision of reserve for credit losses ²	0.1	-0.8	1.0	-2.3
Losses on write-off of loans	-0.0	-0.2	0.2	-1.8
Recoveries of written-off claims	0.2	0.0	0.2	0.2
Expenses for employees' retirement benefits	-0.1	-0.0	-0.0	-0.0
Others	0.2	0.1	0.0	0.5
Net ordinary income	11.6	10.3	1.3	32.8
Extra ordinary profit				
Gains from sales of fixed assets and impairment losses	-0.0	-0.0	-0.0	-0.2
Others	0.2	-0.5	0.8	8.2
Income before income taxes	11.9	9.7	2.1	40.8
Income taxes - Current	-1.2	-2.2	0.9	0.0
Income taxes - Deferred	-	-	-	2.5
Net income	10.6	7.5	3.1	43.4

1. Includes income from monetary assets held in trust of ¥0.7 billion in Q1FY2017, ¥1.0 billion in Q1FY2016 and ¥4.4 billion in FY2016.

2. Reversals of reserve for loan losses was ¥0.1 billion in Q1FY2017.

Provision of reserve for loan losses was ¥0.8 billion in Q1FY2016 and ¥2.3 billion in FY2016.

The difference between nonconsolidated and consolidated basis net income arises from profits or losses at consolidated subsidiaries including Showa Leasing Co., Ltd., Shinsei Financial Co., Ltd., APLUS FINANCIAL Co., Ltd., and Shinsei Personal Loan Co., Ltd., gains or losses on our investment in our equity method affiliated companies including Jih Sun Financial Holding Co., Ltd., and whether or not dividends are received from our consolidated subsidiaries.

Reflecting their nature, gains and losses on sales of equity securities and impairments related to equity securities are recorded as other business income (loss) in the consolidated financial statements. However, in the above-mentioned explanation of nonconsolidated financial results, they are included in other gains (losses) according to the reporting format of the Revitalization Plan.

Nonconsolidated total revenue totaled ¥30.8 billion in the first quarter of fiscal year 2017, a ¥0.1 billion increase from the first quarter of fiscal year 2016. Of this amount, net interest income totaled ¥28.6 billion, a

¥3.9 billion increase from the first quarter of fiscal year 2016. This resulted from increase in dividend income received from subsidiaries and interest income of the Consumer Finance Business. It should be noted that dividend income received from subsidiaries totaled ¥6.2 billion (¥6.1 billion from Showa Leasing and ¥0.1 billion from Shinsei Business Services), a ¥2.3 billion increase from the dividend income received in the first quarter of fiscal year 2016. Noninterest income totaled ¥2.1 billion, a ¥3.8 billion decrease from the first quarter of fiscal year 2016. This resulted from decrease in income from the sale of asset management products in the Retail Banking Business as well as decrease in gains on sales of bonds in ALM operations.

General and administrative expenses totaled ¥20.2 billion, a ¥0.9 billion increase from the first quarter of fiscal year 2016. This was due mainly to transferring a part of expenses of group companies to the Bank as a result of integrating administrative functions in group companies through the establishment of "Group Headquarters" within the Bank.

As a result, nonconsolidated net business profit totaled ¥10.6 billion, a ¥0.7 billion decrease from the first quarter of the fiscal year 2016.

Net credit costs totaled ¥0.4 billion (income), a ¥1.4 billion decrease from the first quarter of fiscal year 2016, due to the reversal of reserve for loan loss in the Institutional Business. Net income in the first quarter of fiscal year 2017 totaled ¥10.6 billion, a ¥3.1 billion increase from the first quarter of fiscal year 2016, due to the gains on the sales of equities and the decrease in income taxes.

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

(Billions of yen, except percentages)

	Q1 FY2017 (3 months)			Q1 FY2016 (3 months)			FY2016 (12 months)		
	Average balance	Interest	Yield/rate ¹ (%)	Average balance	Interest	Yield/rate ¹ (%)	Average balance	Interest	Yield/rate ¹ (%)
Interest-earning assets:									
Loans and bills discounted	4,515.6	22.6	2.01	4,284.7	20.4	1.91	4,379.0	85.3	1.94
Securities	1,396.3	9.3	2.67	1,589.8	6.8	1.72	1,483.1	16.3	1.10
Other interest-earning assets ^{2,3}	198.1	0.5	***	269.7	0.6	***	230.9	2.1	***
Total interest-earning assets	6,110.1	32.5	2.13	6,144.3	27.8	1.81	6,093.0	103.8	1.70
Interest-bearing liabilities:									
Deposits, including negotiable certificates of deposit	5,966.2	2.0	0.13	5,878.6	1.8	0.12	5,909.1	7.8	0.13
Borrowed money	327.9	0.1	0.17	359.8	0.2	0.33	347.5	0.6	0.18
Subordinated debt	12.4	0.0	2.36	38.4	0.2	2.91	19.6	0.5	2.65
Other borrowed money	315.5	0.0	0.08	321.4	0.0	0.02	327.8	0.1	0.04
Corporate bonds	57.6	0.2	1.51	57.4	0.3	2.28	54.8	1.0	1.87
Subordinated bonds	31.4	0.1	2.53	41.2	0.3	3.04	34.3	0.9	2.79
Other corporate bonds	26.2	0.0	0.30	16.2	0.0	0.36	20.4	0.0	0.32
Other interest-bearing liabilities ²	498.6	1.4	***	484.4	0.7	***	453.9	3.5	***
Total interest-bearing liabilities	6,850.4	3.8	0.22	6,780.3	3.2	0.19	6,765.4	13.0	0.19
Net interest income/yield on interest-earning assets	6,110.1	28.6	1.87	6,144.3	24.6	1.60	6,093.0	90.7	1.48

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

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

3. Excludes average balance of noninterest-earning assets.

Margins (All, Domestic) (Nonconsolidated)

(All) (Percentages)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change	FY2016 (12 months)
Yield on interest earning assets (A)	2.13	1.81	0.32	1.70
Total cost of funding (B)	1.40	1.33	0.07	1.34
Cost of interest bearing liabilities (C)	0.22	0.19	0.03	0.19
Overall interest margin (A) – (B)	0.73	0.48	0.25	0.36
Net interest margin (A) – (C)	1.91	1.62	0.29	1.51

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

(Domestic)¹ (Percentages)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change	FY2016 (12 months)
Yield on interest earning assets (A)	2.01	1.74	0.27	1.61
Interest earned on loans and bills discounted	1.99	1.92	0.07	1.95
Interest earned on securities	2.93	1.78	1.15	1.01
Total cost of funding (B) ²	1.34	1.31	0.03	1.31
Cost of interest bearing liabilities (C)	0.10	0.11	-0.01	0.10
Interest paid on deposits ³	0.08	0.07	0.01	0.08
Overall interest margin (A) – (B)	0.67	0.43	0.24	0.30
Net interest margin (A) – (C)	1.91	1.63	0.28	1.51

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

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

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

Gains (Losses) on Securities (Nonconsolidated)

(All) (Billions of yen)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change	FY2016 (12 months)
Gains (losses) on bonds	0.9	4.9	-3.9	10.2
Gains on sales	1.1	3.9	-2.7	14.5
Gains on redemption	-	1.1	-1.1	1.1
Losses on sales	-0.2	-0.1	-0.0	-5.4
Losses on redemption	-	-	-	-
Losses on devaluation	-	-	-	-
Gains (losses) on stocks	0.5	-0.0	0.6	2.7
Gains on sales	0.8	0.2	0.5	3.8
Losses on sales	-0.0	-0.3	0.2	-1.0
Losses on devaluation	-0.1	-	-0.1	-

Net Credit Costs (Nonconsolidated) ¹

	<i>(Billions of yen)</i>			
	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
Losses on write-off of loans	-0.0	-0.2	0.2	-1.8
Net provision of reserve for loan losses	0.1	-0.8	1.0	-2.3
Net provision of general reserve for loan losses	0.2	-0.6	0.9	-1.8
Net provision of specific reserve for loan losses	-0.0	-0.1	0.1	-0.5
Net Provision of Reserve for Loan Losses to Restructuring Countries	-	-	-	0.0
Recoveries of written-off claims	0.2	0.0	0.2	0.2
Net credit costs	0.4	-1.0	1.4	-3.9

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

Loans by Borrower Industry (Nonconsolidated)

	<i>(Billions of yen)</i>		
	Jun 30 2017	Mar 31 2017	Change (Amount)
Domestic (excluding Japan offshore market accounts):			
Manufacturing	187.0	194.0	-7.0
Agriculture and forestry	-	-	-
Fishery	0.0	0.0	-0.0
Mining, quarrying and gravel extraction	0.6	0.3	0.2
Construction	6.2	6.9	-0.6
Electrical, natural gas and water supply	219.7	228.9	-9.1
Information and communications	52.9	42.4	10.4
Transportation and postal service	162.5	166.5	-3.9
Wholesale and retail	103.9	112.4	-8.5
Finance and insurance	646.0	676.1	-30.1
Real estate	578.9	550.5	28.3
Services	374.0	385.3	-11.3
Local government	73.9	76.7	-2.7
Individuals	1,593.1	1,596.5	-3.3
Overseas yen loans and overseas loans booked domestically	425.9	395.8	30.0
Total domestic	4,425.3	4,433.0	-7.7
Overseas (including Japan offshore market accounts):			
Governments	0.5	0.5	-
Financial institutions	7.4	7.3	0.1
Others	94.4	95.4	-1.0
Total overseas	102.5	103.3	-0.8
Total	4,527.8	4,536.4	-8.6

Risk Monitored Loans (Nonconsolidated)

	<i>(Billions of yen)</i>		
	Jun 30 2017	Mar 31 2017	Change (Amount)
Loans to bankrupt obligors	0.6	0.7	-0.1
Nonaccrual delinquent loans	5.1	5.7	-0.6
Loans past due for three months or more	1.1	1.1	-0.0
Restructured loans	2.5	2.6	-0.1
Total (A)	9.4	10.3	-0.9
Loans and bills discounted (B)	4,527.8	4,536.4	-8.6
Ratio to total loans and bills discounted (A/B)	0.21%	0.23%	/
Reserve for credit losses (C)	24.8	29.3	-4.4
Reserve ratio (C/A)	264.1%	283.1%	/

Risk Monitored Loans by Borrower Industry (Nonconsolidated)

	<i>(Billions of yen)</i>		
	Jun 30 2017	Mar 31 2017	Change (Amount)
Domestic (excluding Japan offshore market accounts):			
Manufacturing	3.5	3.6	-0.0
Agriculture and forestry	-	-	-
Fishery	-	-	-
Mining, quarrying and gravel extraction	-	-	-
Construction	-	0.0	-0.0
Electrical, natural gas and water supply	-	-	-
Information and communications	0.0	0.0	-0.0
Transportation and postal service	-	0.7	-0.7
Wholesale and retail	0.1	0.2	-0.1
Finance and insurance	-	-	-
Real estate	-	-	-
Services	0.3	0.3	0.0
Local government	-	-	-
Individuals	2.5	2.4	0.1
Overseas yen loans and overseas loans booked domestically	1.0	1.1	-0.0
Total domestic	7.8	8.6	-0.8
Overseas (including Japan offshore market accounts):			
Governments	-	-	-
Financial institutions	-	-	-
Others	1.6	1.6	-0.0
Total overseas	1.6	1.6	-0.0
Total	9.4	10.3	-0.9

Claims Classified under the Financial Revitalization Law (Nonconsolidated)

	<i>(Billions of yen)</i>		
	Jun 30 2017	Mar 31 2017	Change (Amount)
Claims against bankrupt and quasi-bankrupt obligors	2.3	3.0	-0.6
Doubtful claims	3.5	3.6	-0.1
Substandard claims	3.7	3.8	-0.1
Total (A)	9.4	10.4	-0.9
Coverage ratio	70.5%	74.2%	-3.7%
Total claims (B)	4,611.7	4,717.2	-105.4
Loans and bills discounted	4,527.8	4,536.4	-8.6
Others	83.9	180.7	-96.8
Ratio to total claims (A/B X 100)	0.20%	0.22%	-0.02%
(Ref. 1) Amount of write-off	19.1	33.9	-14.8
(Ref. 2) Below need caution level	56.9	63.4	-6.5

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

(Billions of yen, except percentages)

	Jun 30, 2017					Mar 31, 2017				
	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	0.3	2.0	100.0%	3.0	3.0	0.2	2.7	100.0%
Doubtful claims	3.5	1.9	1.9	0.0	53.9%	3.6	2.1	2.1	0.0	58.2%
Substandard claims	3.7	2.5	1.0	1.5	67.4%	3.8	2.7	1.1	1.6	69.4%
Total	9.4	6.7	3.2	3.5	70.5%	10.4	7.7	3.4	4.4	74.2%

Reserve for Credit Losses

(Nonconsolidated)

(Billions of yen)

	Jun 30 2017	Mar 31 2017	Change (Amount)
Reserve for credit losses	24.8	25.2	-0.3
General reserve for loan losses	22.7	22.9	-0.2
Specific reserve for loan losses	2.1	2.3	-0.1
Reserve for loans to restructuring countries	0.0	0.0	-
Specific reserve for other credit losses	-	4.1	-4.1
Total reserve for credit losses	24.8	29.3	-4.4

Securities Being Held to Maturity (Nonconsolidated)

(Billions of yen)

	Jun 30, 2017			Mar 31, 2017		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
Fair value exceeds carrying amount						
Japanese government bonds	492.9	497.0	4.0	493.5	499.1	5.5
Other	1.5	1.6	0.0	2.7	2.8	0.1
Subtotal	494.5	498.7	4.1	496.2	502.0	5.7
Fair value does not exceed carrying amount						
Japanese government bonds	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	494.5	498.7	4.1	496.2	502.0	5.7

Securities Available for Sale (Nonconsolidated)

(Billions of yen)

	Jun 30, 2017			Mar 31, 2017		
	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)	Carrying amount (Fair value)	Amortized/ Acquisition cost	Unrealized gain (loss)
Carrying amount exceeds amortized/acquisition cost						
Equity securities	21.1	9.0	12.1	20.7	9.2	11.4
Domestic bonds	34.9	34.6	0.3	31.8	31.5	0.3
Japanese national government bonds	4.0	4.0	0.0	-	-	-
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	30.9	30.6	0.3	31.8	31.5	0.3
Other	126.9	124.3	2.6	141.7	139.0	2.7
Foreign securities	115.3	114.1	1.2	131.2	129.7	1.4
Foreign currency denominated foreign corporate and government bonds	62.7	61.9	0.8	85.2	84.2	0.9
Yen-denominated foreign corporate and government bonds	47.9	47.5	0.3	46.0	45.4	0.5
Foreign equity securities and others	4.6	4.6	0.0	0.0	0.0	0.0
Other securities	7.4	6.2	1.1	6.6	5.5	1.0
Other monetary claims purchased	4.1	3.9	0.1	3.8	3.7	0.1
Subtotal	183.1	168.0	15.0	194.3	179.8	14.5
Carrying amount does not exceed amortized/acquisition cost						
Equity securities	0.4	0.6	-0.1	0.4	0.7	-0.2
Domestic bonds	115.5	117.5	-1.9	85.9	87.0	-1.0
Japanese national government bonds	18.0	18.1	-0.1	-	-	-
Japanese local government bonds	-	-	-	-	-	-
Japanese corporate bonds	97.4	99.3	-1.8	85.9	87.0	-1.0
Other	201.8	204.6	-2.7	137.6	139.9	-2.3
Foreign securities	195.7	198.4	-2.6	135.5	137.9	-2.3
Foreign currency denominated foreign corporate and government bonds	144.3	146.5	-2.2	83.4	85.0	-1.6
Yen-denominated foreign corporate and government bonds	50.2	50.6	-0.3	50.9	51.6	-0.6
Foreign equity securities and others	1.2	1.2	-0.0	1.1	1.2	-0.0
Other securities	5.5	5.6	-0.1	0.7	0.8	-0.0
Other monetary claims purchased	0.5	0.5	-0.0	1.2	1.2	-0.0
Subtotal	317.8	322.7	-4.8	224.1	227.7	-3.5
Total^{1, 2}	500.9	490.8	10.1	418.4	407.5	10.9

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

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

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

(Billions of yen)

	Jun 30, 2017	Mar 31, 2017
Unrealized gain (loss) before deferred tax on:		
Available-for-sale securities	10.1	10.9
Interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined	1.5	1.5
Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions	-0.0	-0.1
Other monetary assets held in trust	-0.6	-0.6
(-) Deferred tax liabilities	2.0	2.2
Unrealized gain (loss) on available-for-sale securities	8.9	9.4

Capital Adequacy Related Information (Nonconsolidated)
 <Basel 3, Domestic Standard¹>

	<i>(Billions of yen, except percentages)</i>		
	Jun 30	Mar 31	Change
	2017	2017	(Amount)
Core capital: instruments and reserves	866.0	855.6	10.4
Core capital: regulatory adjustments	-33.9	-27.1	-6.7
Capital	832.1	828.4	3.7
Total amount of Risk-weighted assets	5,591.1	5,630.0	-38.9
Core capital adequacy ratio	14.88%	14.71%	

1. Calculated according to F-IRB.

Nonconsolidated total required capital is ¥481.1 billion as at June 30, 2017 and ¥477.5 billion as at March 31, 2017.

Nonconsolidated Balance Sheets (Unaudited)

(Millions of yen)

	Jun 30 2017	Mar 31 2017	Change (Amount)
<<Assets>>			
Cash and due from banks	1,431,654	1,313,376	118,277
Call loans	—	4,472	(4,472)
Other monetary claims purchased	131,509	133,245	(1,735)
Trading assets	223,722	227,608	(3,885)
Monetary assets held in trust	105,435	118,872	(13,437)
Securities	1,449,646	1,369,326	80,320
Loans and bills discounted	4,527,816	4,536,434	(8,617)
Foreign exchanges	22,312	19,617	2,694
Other assets	207,566	270,648	(63,082)
Other	207,566	270,648	(63,082)
Premises and equipment	16,235	16,550	(314)
Intangible assets	19,149	17,414	1,734
Prepaid pension cost	4,456	3,887	569
Deferred issuance expenses for debentures	0	0	(0)
Deferred tax assets	1,937	1,134	802
Customers' liabilities for acceptances and guarantees	26,788	48,526	(21,738)
Reserve for credit losses	(24,874)	(29,335)	4,460
Total assets	8,143,356	8,051,781	91,575
<<Liabilities>>			
Deposits	5,714,942	5,618,935	96,006
Negotiable certificates of deposit	343,625	373,673	(30,048)
Debentures	5,377	6,561	(1,184)
Call money	110,400	53,600	56,800
Payables under repurchase agreements	32,120	36,467	(4,347)
Payables under securities lending transactions	366,793	337,952	28,841
Trading liabilities	204,954	210,031	(5,077)
Borrowed money	297,865	336,519	(38,654)
Foreign exchanges	64	102	(37)
Corporate bonds	57,600	57,600	—
Other liabilities	164,784	155,454	9,329
Income taxes payable	1,755	1,580	175
Asset retirement obligations	7,517	7,492	25
Other	155,511	146,382	9,129
Accrued employees' bonuses	1,245	4,674	(3,428)
Reserve for reimbursement of debentures	3,299	3,737	(437)
Acceptances and guarantees	26,788	48,526	(21,738)
Total liabilities	7,329,862	7,243,837	86,025
<<Equity>>			
Shareholders' equity:			
Common stock	512,204	512,204	—
Capital surplus	79,465	79,465	—
Additional paid-in capital	79,465	79,465	—
Retained earnings	309,834	301,729	8,104
Legal reserve	14,738	14,220	517
Other retained earnings	295,096	287,508	7,587
Unappropriated retained earnings	295,096	287,508	7,587
Treasury stock, at cost	(79,539)	(79,539)	(0)
Total shareholders' equity	821,964	813,860	8,104
Net unrealized gain (loss) and translation adjustments			
Unrealized gain (loss) on available-for-sale securities	8,973	9,444	(470)
Deferred gain (loss) on derivatives under hedge accounting	(17,714)	(15,894)	(1,819)
Total net unrealized gain (loss) and translation adjustments	(8,740)	(6,450)	(2,290)
Stock acquisition rights	270	534	(264)
Total equity	813,494	807,944	5,549
Total liabilities and equity	8,143,356	8,051,781	91,575

Nonconsolidated Statements of Income (Unaudited)

(Millions of yen)

	Q1 FY2017 (3 months)	Q1 FY2016 (3 months)	Change (Amount)	FY2016 (12 months)
Ordinary income	44,059	41,767	2,292	165,977
Interest income	32,502	27,846	4,655	103,802
Interest on loans and bills discounted	22,656	20,414	2,242	85,332
Interest and dividends on securities	9,318	6,825	2,493	16,352
Other interest income	526	607	(80)	2,118
Fees and commissions income	3,923	4,216	(293)	18,944
Trading income	1,037	2,396	(1,359)	4,103
Other business income	3,992	5,588	(1,595)	26,052
Other ordinary income	2,603	1,718	885	13,074
Ordinary expenses	32,399	31,439	959	133,119
Interest expenses	3,877	3,213	664	13,020
Interest on deposits	2,057	1,813	244	7,765
Interest on corporate bonds	218	327	(109)	1,028
Other interest expenses	1,602	1,072	529	4,226
Fees and commissions expenses	7,038	6,190	848	26,417
Trading losses	0	11	(11)	33
Other business expenses	513	1,075	(562)	6,945
General and administrative expenses	20,387	19,372	1,015	79,036
Other ordinary expenses	582	1,577	(995)	7,667
Ordinary profit	11,660	10,327	1,332	32,858
Extraordinary gains	293	—	293	9,300
Extraordinary losses	23	529	(506)	1,313
Income before income taxes	11,931	9,797	2,133	40,845
Income taxes (benefit)	1,237	2,214	(976)	(2,579)
Net income	10,693	7,583	3,109	43,425

COMPOSITION OF CAPITAL DISCLOSURE (NONCONSOLIDATED)

Shinsei Bank

As of June 30, 2017

Items	Millions of yen (except percentages)	
	Basel III (Domestic Standard)	Amounts excluded under transitional
Core capital: instruments and reserves (1)		
Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings	¥ 821,964	
of which: capital and capital surplus	591,670	
of which: retained earnings	309,834	
of which: treasury stock (-)	79,539	
of which: earning to be distributed (-)	-	
of which: other than above	-	
Stock acquisition right to common shares and preferred shares with a compulsory conversion clause	270	
Total of reserves included in Core capital: instruments and reserves	6	
of which: general reserve for loan losses included in Core capital	6	
of which: eligible provision included in Core capital	-	
Eligible noncumulative perpetual preferred shares subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	-	
Eligible capital instruments subject to transitional arrangements (amount allowed to be included in Core capital: instruments and reserves)	43,800	
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 re	-	
Core capital: instruments and reserves (A)	¥ 866,041	
Core capital: regulatory adjustments (2)		
Total amount of intangible assets (excluding those relating to mortgage servicing rights)	¥ 8,623	¥ 4,923
of which: goodwill (including those equivalent)	993	-
of which: other intangibles other than goodwill and mortgage servicing rights	7,629	4,923
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	2,140	1,427
Shortfall of eligible provisions to expected losses	15,928	-
Gain on sale of securitization	5,370	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Prepaid pension cost	1,848	1,232
Investments in own shares (excluding those reported in the net assets section)	1	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 po	-	-
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 po	-	-
of which: mortgage servicing rights	-	-
of which: deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Core capital: regulatory adjustments (B)	¥ 33,912	
Capital (nonconsolidated)		
Capital (nonconsolidated)((A)-(B))(C)	¥ 832,128	
Risk-weighted assets, etc.		
Total amount of credit risk-weighted assets	¥ 5,262,529	
of which: total amount included in risk-weighted assets by transitional arrangements	4,710	
of which: intangible assets (excluding those relating to goodwill and mortgage servicing rights)	4,923	
of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,427	
of which: prepaid pension cost	1,232	
of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions)	(2,873)	
of which: other than above	1	
Market risk (derived by multiplying the capital requirement by 12.5)	136,220	
Operational risk (derived by multiplying the capital requirement by 12.5)	192,375	
Credit risk-weighted assets adjustments	-	
Operational risk adjustments	-	
Total amount of Risk-weighted assets (D)	¥ 5,591,125	
Capital ratio (nonconsolidated)		
Capital ratio (nonconsolidated)((C)/(D))	14.88%	

(Reference) Operating Results (Nonconsolidated)

(Millions of yen)

	Q1 FY2017 (3 months) (A)	Q1 FY2016 (3 months) (B)	Change (A)-(B)
Gross Business Profit	30,841	30,695	146
(excluding Gains on Monetary Assets Held in Trust)	30,058	29,616	442
Net Interest Income	28,657	24,691	3,965
Net Fees and Commissions	(2,328)	(891)	(1,437)
Gains on Monetary Assets Held in Trust	783	1,078	(295)
Net Trading Income	1,037	2,385	(1,348)
Net Other Business Income	3,476	4,509	(1,033)
Gains related to Bonds	940	4,909	(3,969)
General and Administrative Expenses	20,231	19,324	907
Personnel Expenses	6,903	6,743	160
Nonpersonnel Expenses	11,820	11,088	732
Amortization of Goodwill	41	41	0
Taxes	1,507	1,493	13
Net Operating Profit before Provision of General Reserve for Loan Losses	9,826	10,291	(464)
Provision of General Reserve for Loan Losses (1)	—	698	(698)
Net Operating Profit	9,826	9,593	233
Net Business Profit	10,610	11,370	(760)
Non-Recurring Gains	1,082	(286)	1,369
Gains related to Stocks	551	(59)	610
Credit Costs (2)	(421)	373	(794)
Losses on Write-Off of Loans	61	283	(222)
Provision of Specific Reserve for Loan Losses	—	125	(125)
Provision of Loans to Restructuring Countries	—	—	—
Recoveries of Written-off Claims	(291)	(35)	(255)
Reversal of Reserve for Loan Losses	(191)	—	(191)
Losses on Sale of Loans	—	—	—
Other	110	146	(35)
Ordinary Profit	11,660	10,327	1,332
Extraordinary Gains	270	(529)	800
Gains from Sales of Fixed Assets and Impairment losses	(21)	(10)	(11)
Income before Income Taxes	11,931	9,797	2,133
Income Taxes - Current	1,237	2,214	(976)
Income Taxes - Deferred	—	—	—
Net Income	10,693	7,583	3,109

(Reference)

Net Credit Costs (1) + (2)	(421)	1,071	(1,493)
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Note

1. Net Operating Profit = Gross Business Profit (excluding Gains on Monetary Assets Held in Trust) - General and Administrative Expenses - Provision of General Reserve for loan losses.
2. Net Business Profit = Gross Business Profit - General and Administrative Expenses.

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

(Millions of yen, %)

[All]	Q1 FY2017 (3 months)			Q1 FY2016 (3 months)			FY2016 (12 months)		
	Average balance	Interest	Yield/rate ¹ (%)	Average balance	Interest	Yield/rate ¹ (%)	Average balance	Interest	Yield/rate ¹ (%)
Interest-earning assets:	6,110,108	32,502	2.13	6,144,329	27,846	1.81	6,093,078	103,802	1.70
Loans and bills discounted	4,515,615	22,656	2.01	4,284,709	20,414	1.91	4,379,006	85,332	1.94
Securities	1,396,334	9,318	2.67	1,589,898	6,825	1.72	1,483,103	16,352	1.10
Interest-bearing liabilities:	6,850,444	3,877	0.22	6,780,387	3,213	0.19	6,765,453	13,020	0.19
Deposits, including negotiable certificates of deposit	5,966,228	2,062	0.13	5,878,687	1,834	0.12	5,909,138	7,818	0.13
Borrowed money	327,928	141	0.17	359,818	299	0.33	347,515	654	0.18
Subordinated debt	12,400	73	2.36	38,402	279	2.91	19,684	522	2.65
Corporate bonds	57,600	218	1.51	57,467	327	2.28	54,852	1,028	1.87
Subordinated bonds	31,400	198	2.53	41,267	312	3.04	34,378	962	2.79
Net interest income/yield on interest-earning assets	6,110,108	28,624	1.87	6,144,329	24,633	1.60	6,093,078	90,781	1.48

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

Earnings Forecasts¹

(Billions of yen)

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

(Nonconsolidated)	FY 2017 Forecast	FY2016 Actual
Net business profit	31.0	33.5
Net income	36.0	43.4
Dividends (per share in yen): Common stock	1.00	1.00

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