

Financial Summary

For the First Half Ended September 30, 2016



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

| Contents | Page |
|---|-------------|
| 1. Financial Highlights | |
| Financial Highlights | 1 |
| | |
| 2. Consolidated Information | |
| Results of Operations (Consolidated) | 3 |
| Interest-Earning Assets and Interest-Bearing Liabilities (Consolidated) | 4 |
| Noninterest Income (Consolidated) | 5 |
| General and Administrative Expenses (Consolidated) | 6 |
| Net Credit Costs (Consolidated) | 6 |
| Amortization of Goodwill and Other Intangible Assets (Consolidated) | 6 |
| Other Gains (Consolidated) | 7 |
| Profit Attributable to Noncontrolling Interests (Consolidated) | 7 |
| Business Line Results (Consolidated) | 8 |
| Segment Information | 9 |
| Institutional Business (Consolidated) | 10 |
| Global Markets Business (Consolidated) | 11 |
| Individual Business (Consolidated) | 12 |
| Corporate/Other (Consolidated) | 13 |
| Major Balance Sheet Data (Consolidated) | 14 |
| Reserve for Credit Losses (Consolidated) | 15 |
| Risk Monitored Loans (Consolidated) | 15 |
| Loans by Borrower Industry (Consolidated) | 16 |
| Securities by Category (Consolidated) | 17 |
| Securities Being Held to Maturity (Consolidated) | 18 |
| Securities Available for Sale (Consolidated) | 19 |
| Unrealized Gain (Loss) on Available-for-Sale Securities (Consolidated) | 19 |
| Deposits (Consolidated) | 20 |
| Hedge-Accounting Derivative Transactions (Consolidated) | 21 |
| Financial Ratios (Consolidated) | 22 |
| Capital Adequacy Related Information (Consolidated) | 22 |
| Per Share Data (Consolidated) | 22 |
| Interim Consolidated Balance Sheets | 23 |
| Interim Consolidated Statements of Income | 24 |
| Interim Consolidated Statements of Comprehensive Income | 25 |
| Interim Consolidated Statement of Changes in Equity | 26 |
| Consolidated Composition of Capital Disclosure | 27 |
| (Reference) Results of Operations (Consolidated) | 28 |

| Contents | Page |
|---|-------------|
| 3. Nonconsolidated Information | |
| Results of Operations (Nonconsolidated) | 29 |
| Interest-Earning Assets and Interest-Bearing Liabilities (Nonconsolidated) | 30 |
| Margins (All, Domestic) (Nonconsolidated) | 31 |
| Gains (Losses) on Securities (Nonconsolidated) | 31 |
| Net Credit Costs (Nonconsolidated) | 32 |
| Loans by Borrower Industry (Nonconsolidated) | 33 |
| Risk Monitored Loans (Nonconsolidated) | 34 |
| Risk Monitored Loans by Borrower Industry (Nonconsolidated) | 35 |
| Claims Classified under the Financial Revitalization Law (Nonconsolidated) | 36 |
| Coverage Ratios for Nonperforming Claims Disclosed under the Financial Revitalization Law (Nonconsolidated) | 37 |
| Reserve for Credit Losses (Nonconsolidated) | 38 |
| Reserve Ratios for Borrower Categories (Nonconsolidated) | 39 |
| Housing Loans (Nonconsolidated) | 40 |
| Securities Being Held to Maturity (Nonconsolidated) | 41 |
| Securities Available for Sale (Nonconsolidated) | 42 |
| Unrealized Gain (Loss) on Available-for-Sale Securities (Nonconsolidated) | 42 |
| Hedge-Accounting Derivative Transactions (Nonconsolidated) | 43 |
| Employees' Retirement Benefit (Nonconsolidated) | 43 |
| Capital Adequacy Related Information (Nonconsolidated) | 44 |
| Interim Nonconsolidated Balance Sheets | 45 |
| Interim Nonconsolidated Statements of Income | 46 |
| Interim Nonconsolidated Changes in Equity | 47 |
| Nonconsolidated Composition of Capital Disclosure | 48 |
| (Reference) Results of Operations (Nonconsolidated) | 49 |
| (Reference) Interest-Earning Assets and Interest-Bearing Liabilities (Nonconsolidated) | 50 |
| 4. Earnings Forecast | |
| Earnings Forecast | 51 |
| 5. Reference | |
| BOJ Press Club Format | 52 |
| Calculation Grounds of Deferred Tax Assets (Consolidated Tax Group Basis) | 53 |
| Calculation Grounds of Deferred Tax Assets (Nonconsolidated) | 54 |

• 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%.

Financial Highlights¹

| <i>(Billions of yen, except percentages)</i> | | | | |
|---|-------------------------|-------------------------|--------------------|-----------------------|
| Selected income statement items (Consolidated) | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
| Net interest income | 60.4 | 61.0 | -0.5 | 122.3 |
| Noninterest income | 52.7 | 49.3 | 3.3 | 94.2 |
| Net fees and commissions | 12.9 | 13.1 | -0.1 | 25.5 |
| Net trading income | 4.8 | 5.1 | -0.2 | 8.4 |
| Net other business income | 34.9 | 31.0 | 3.8 | 60.3 |
| Income on lease transactions and installment receivables | 19.3 | 19.3 | 0.0 | 39.2 |
| Total revenue | 113.2 | 110.3 | 2.8 | 216.6 |
| General and administrative expenses | -71.3 | -69.7 | -1.6 | -140.5 |
| Ordinary business profit | 41.8 | 40.6 | 1.1 | 76.0 |
| Net credit costs | -14.7 | 1.2 | -15.9 | -3.7 |
| Ordinary business profit after net credit costs | 27.1 | 41.9 | -14.8 | 72.3 |
| Amortization of goodwill and other intangible assets ² | -2.9 | -3.8 | 0.8 | -7.2 |
| Other gains | 2.9 | 0.7 | 2.1 | -2.1 |
| Income before income taxes | 27.0 | 38.8 | -11.7 | 62.8 |
| Current income tax | -1.9 | -1.2 | -0.6 | -1.9 |
| Deferred income tax | -0.2 | 0.2 | -0.4 | 0.5 |
| Profit attributable to noncontrolling interests | 0.0 | -0.3 | 0.3 | -0.3 |
| Profit attributable to owners of the parent | 24.9 | 37.4 | -12.5 | 60.9 |

| <i>(Billions of yen)</i> | | | |
|---|----------------|----------------|--------------------|
| Selected balance sheet items (Consolidated) | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
| Cash and due from banks | 1,385.5 | 1,129.2 | 256.3 |
| Securities | 1,028.6 | 1,227.8 | -199.1 |
| Loans and bills discounted | 4,611.3 | 4,562.9 | 48.4 |
| Customers' liabilities for acceptances and guarantees | 291.7 | 280.6 | 11.1 |
| Reserve for credit losses | -95.6 | -91.7 | -3.9 |
| Total assets | 8,997.1 | 8,928.7 | 68.4 |
| Deposits and negotiable certificates of deposit | 5,785.7 | 5,800.9 | -15.2 |
| Borrowed money | 760.6 | 801.7 | -41.0 |
| Reserve for losses on interest repayments | 111.5 | 133.6 | -22.1 |
| Total liabilities | 8,206.9 | 8,135.6 | 71.2 |
| Total equity | 790.2 | 793.1 | -2.8 |

| Financial ratios (Consolidated) | 1H FY2016 (6 months) | 1H FY2015 (6 months) | FY2015 (12 months) |
|---------------------------------|-------------------------|-------------------------|-----------------------|
| Net interest margin | 2.41% | 2.33% | 2.40% |
| ROA ³ | 0.6% | 0.8% | 0.7% |
| ROE ³ | 6.3% | 10.0% | 8.1% |
| RORA ³ | 0.9% | 1.3% | 1.1% |
| Expense-to-revenue ratio | 63.0% | 63.2% | 64.9% |

| <i>(Billions of yen, except percentages)</i> | | | |
|---|----------------|----------------|--------------------|
| Capital adequacy related information (Consolidated) <Basel 3, Domestic Standard> | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
| Capital | 799.7 | 809.5 | -9.7 |
| Total amount of risk-weighted assets | 5,672.7 | 5,698.1 | -25.4 |
| Capital ratio | 14.09% | 14.20% | |

| <i>(yen)</i> | | | | |
|-------------------------------|-------------------------|-------------------------|--------------------|-----------------------|
| Per share data (Consolidated) | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
| Common equity | 303.96 | 287.49 | 16.47 | 294.41 |
| Basic EPS | 9.51 | 14.11 | -4.60 | 22.96 |

| <i>(Billions of yen, except percentages)</i> | | | |
|--|----------------|----------------|--------------------|
| Nonperforming loans (Nonconsolidated) | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
| Claims classified under the Financial Revitalization Law | 34.8 | 34.7 | 0.0 |
| Ratio to total claims | 0.78% | 0.79% | |
| Reserve for credit losses | 27.7 | 28.2 | -0.4 |
| Coverage ratio for nonperforming claims | 97.0% | 97.9% | |

| <i>(Billions of yen)</i> | | | | |
|---|-------------------------|-------------------------|--------------------|-----------------------|
| Selected income statement items (Nonconsolidated) | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
| Net interest income | 47.7 | 44.7 | 2.9 | 93.7 |
| Noninterest income | 10.5 | 10.2 | 0.3 | 15.4 |
| Net fees and commissions | -2.4 | 1.7 | -4.1 | -0.3 |
| Net trading income | 3.7 | 2.7 | 0.9 | 4.8 |
| Net other business income | 9.2 | 5.7 | 3.5 | 10.9 |
| Total revenue | 58.2 | 54.9 | 3.3 | 109.2 |
| General and administrative expenses | -38.7 | -37.2 | -1.4 | -75.2 |
| Ordinary business profit | 19.5 | 17.7 | 1.8 | 33.9 |
| Net credit costs | -0.3 | 13.4 | -13.7 | 20.1 |
| Net income | 24.1 | 25.2 | -1.1 | 41.5 |

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 ¥24.9 billion in the first half of fiscal year 2016 (April 1, 2016 to September 30, 2016), decreased ¥12.5 billion compared to ¥37.4 billion recorded in the first half of fiscal year 2015. While we experienced a decline in markets related revenues, including those associated with the sale of investment products, due to risk aversion caused by market turmoil, we saw strength in the performance of our growth area unsecured loan and Structured Finance Businesses, enjoyed an increase in gains on bonds and the loss incurred as a result of the reassessment of a fund investment in the Institutional Business in the previous first half did not recur. However, due primarily to the absence of the significant credit recoveries also recorded in the Institutional Business during the first half of the previous fiscal year, consolidated net income has declined compared to the first half of fiscal year 2015.

- Total revenue of ¥113.2 billion was recorded for the first half of fiscal year 2016, increased ¥2.8 billion compared to the first half of fiscal year 2015. Of this amount, net interest income totaled ¥60.4 billion, decreased ¥0.5 billion from net interest income totaling ¥61.0 billion recorded in the first half of fiscal year 2015. The effects of the base rate reduction caused by the introduction of the negative interest rate policy and the tightening of spreads resulting from increased competition has remained within expectations. On the other hand, noninterest income totaled ¥52.7 billion in the first half of fiscal year 2016, increased ¥3.3 billion compared to noninterest income of ¥49.3 billion recorded in the first half of fiscal year 2015. While markets related revenues including those associated with the sale of asset management products in the Retail Banking Business declined, an increase in gains on bonds in Treasury operations as well as the absence of a loss recorded as a result of the reassessment of a fund investment during the first half of fiscal year 2015 resulted in this year on year noninterest income increase.
- Regarding general and administrative expenses, while having continued to promote operational efficiency, the Bank has undertaken the investment of management resources in strategic areas such as IT systems related to the expansion of the Bank's business base and in advertising undertaken in growth area businesses. As a result, general and administrative expenses of ¥71.3 billion were recorded in the first half of fiscal year 2016, increased ¥1.6 billion from ¥69.7 billion recorded in the first half of fiscal year 2015.
- Regarding net credit costs (recoveries), the Bank recorded net credit costs of ¥14.7 billion in the first half of fiscal year 2016, increased ¥15.9 billion compared to net credit recoveries of ¥1.2 billion recorded in the first half of fiscal year 2015. This was primarily due to the absence of the major credit recoveries recorded in the Institutional Business in the first half of fiscal year 2015 as well as the provisioning of general reserves for loan losses corresponding to the continuing steady growth of the loan balance of the Consumer Finance Business.
- The balance of loans and bills discounted as of September 30, 2016 totaled ¥4,611.3 billion, increased ¥48.4 billion from ¥4,562.9 billion recorded as of March 31, 2016. While the balance of institutional loans has declined, this growth in the overall balance was supported by the sustained growth of the housing loan and Consumer Finance Business loan balances.
- A net interest margin of 2.41% was recorded in the first half of fiscal year 2016, increased from 2.33% recorded in the first half of fiscal year 2015. This increase was due to factors such as the proportion of loans as a component of interest earning assets increasing as a result of a reduced securities balance, resulting in an improvement of the overall yield of interest earning assets, as well as the continuing decline of the overall rate on interest earning liabilities.
- The Basel 3 domestic standard (grandfathering basis) consolidated core capital adequacy ratio was 14.09% as of September 30, 2016, reduced compared to 14.20% as of March 31, 2016. The consolidated core capital adequacy ratio declined in the first half of fiscal year 2016 as a result of core capital reduction related to the early redemption of dated subordinated loans as well as an acquisition of treasury shares. On the other hand, the Bank's Basel 3 international standard (fully loaded basis) Common Equity Tier 1 Capital Ratio has increased from 12.9% as of March 31, 2016, to 13.1% as of September 30, 2016. Capital adequacy ratios continue to be maintained at adequate levels.
- The nonperforming loan balance (nonconsolidated basis) under the Financial Revitalization Law increased ¥0.1 billion during the first half of fiscal year 2016 to ¥34.8 billion as of September 30, 2016. Additionally, the proportion of nonperforming claims to the overall loan balance was 0.78% as of September 30, 2016, largely unchanged from 0.79% recorded as of March 31, 2016.

Results of Operations (Consolidated)¹

(Billions of yen)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
|---|-------------------------|-------------------------|--------------------|-----------------------|
| Net interest income | 60.4 | 61.0 | -0.5 | 122.3 |
| Noninterest income | 52.7 | 49.3 | 3.3 | 94.2 |
| Net fees and commissions | 12.9 | 13.1 | -0.1 | 25.5 |
| Net trading income | 4.8 | 5.1 | -0.2 | 8.4 |
| Net other business income | 34.9 | 31.0 | 3.8 | 60.3 |
| Income on lease transactions and installment receivables | 19.3 | 19.3 | 0.0 | 39.2 |
| Total revenue | 113.2 | 110.3 | 2.8 | 216.6 |
| General and administrative expenses | -71.3 | -69.7 | -1.6 | -140.5 |
| Ordinary business profit | 41.8 | 40.6 | 1.1 | 76.0 |
| Net credit costs | -14.7 | 1.2 | -15.9 | -3.7 |
| Ordinary business profit after net credit costs | 27.1 | 41.9 | -14.8 | 72.3 |
| Amortization of goodwill and other intangible assets² | -2.9 | -3.8 | 0.8 | -7.2 |
| Other gains | 2.9 | 0.7 | 2.1 | -2.1 |
| Income before income taxes | 27.0 | 38.8 | -11.7 | 62.8 |
| Current income tax | -1.9 | -1.2 | -0.6 | -1.9 |
| Deferred income tax | -0.2 | 0.2 | -0.4 | 0.5 |
| Profit attributable to noncontrolling interests | 0.0 | -0.3 | 0.3 | -0.3 |
| Profit attributable to owners of the parent | 24.9 | 37.4 | -12.5 | 60.9 |

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)

| | 1H FY2016 (6 months) | | | 1H FY2015 (6 months) | | | FY2015 (12 months) | | |
|--|-------------------------|-------------|--------------------------------|-------------------------|-------------|--------------------------------|-----------------------|--------------|--------------------------------|
| | Average Balance | Interest | Yield/rate ¹ (%) | Average Balance | Interest | Yield/rate ¹ (%) | Average Balance | Interest | Yield/rate ¹ (%) |
| Interest-earning assets⁴: | | | | | | | | | |
| Loans and bills discounted | 4,563.1 | 62.8 | 2.75 | 4,408.8 | 62.3 | 2.82 | 4,434.2 | 124.9 | 2.82 |
| Lease receivables and leased investment assets / installment receivables ⁴ | 732.9 | 19.3 | 5.25 | 707.3 | 19.3 | 5.44 | 717.1 | 39.2 | 5.47 |
| Securities | 1,150.2 | 4.3 | 0.76 | 1,479.3 | 6.8 | 0.93 | 1,336.9 | 13.3 | 0.99 |
| Other interest-earning assets ^{2,3} | 205.2 | 1.0 | *** | 298.9 | 1.2 | *** | 277.8 | 2.5 | *** |
| Interest-earning assets totals (A)⁴ | 6,651.5 | 87.6 | 2.63 | 6,894.4 | 89.7 | 2.60 | 6,766.2 | 179.9 | 2.66 |
| Interest-bearing liabilities: | | | | | | | | | |
| Deposits, including negotiable certificates of deposit | 5,781.1 | 3.7 | 0.13 | 5,482.6 | 3.9 | 0.14 | 5,624.2 | 8.4 | 0.15 |
| Borrowed money | 737.0 | 1.7 | 0.48 | 785.5 | 2.4 | 0.61 | 775.6 | 4.7 | 0.62 |
| Subordinated debt | 26.9 | 0.3 | 2.80 | 58.4 | 0.8 | 2.83 | 56.9 | 1.6 | 2.88 |
| Other borrowed money | 710.1 | 1.3 | 0.39 | 727.1 | 1.5 | 0.44 | 718.7 | 3.1 | 0.44 |
| Corporate bonds | 101.5 | 0.5 | 1.12 | 163.0 | 2.2 | 2.71 | 130.8 | 2.8 | 2.20 |
| Subordinated bonds | 31.6 | 0.4 | 2.52 | 114.4 | 2.0 | 3.60 | 74.7 | 2.5 | 3.41 |
| Other corporate bonds | 69.8 | 0.1 | 0.49 | 48.6 | 0.1 | 0.61 | 56.0 | 0.3 | 0.58 |
| Other interest-bearing liabilities ² | 583.5 | 1.7 | *** | 681.0 | 0.8 | *** | 611.9 | 2.2 | *** |
| Interest-bearing liabilities totals (B) | 7,203.2 | 7.8 | 0.22 | 7,112.3 | 9.4 | 0.26 | 7,142.7 | 18.3 | 0.26 |
| Net interest margin (A)-(B)⁴ | - | 79.7 | 2.41 | - | 80.3 | 2.33 | - | 161.5 | 2.40 |
| Noninterest-bearing sources of funds: | | | | | | | | | |
| Noninterest-bearing (assets) liabilities, net | -1,336.3 | - | - | -965.7 | - | - | -1,133.5 | - | - |
| Total equity excluding noncontrolling interests in subsidiaries ⁵ | 784.6 | - | - | 747.8 | - | - | 757.0 | - | - |
| Total noninterest-bearing sources of funds (C) | -551.7 | - | - | -217.8 | - | - | -376.4 | - | - |
| Sum of total expense on interest-bearing liabilities and noninterest-bearing sources of funds (D)=(B)+(C) | 6,651.5 | 7.8 | 0.23 | 6,894.4 | 9.4 | 0.27 | 6,766.2 | 18.3 | 0.27 |
| Interest income / yield on interest earning assets (A)-(D)⁴ | - | 79.7 | 2.39 | - | 80.3 | 2.32 | - | 161.5 | 2.39 |
| Reconciliation of total revenue on interest-earning | | | | | | | | | |
| Total revenue on interest-earning assets | 6,651.5 | 87.6 | 2.63 | 6,894.4 | 89.7 | 2.60 | 6,766.2 | 179.9 | 2.66 |
| Less: Income on lease transactions and installment receivables | 732.9 | 19.3 | 5.25 | 707.3 | 19.3 | 5.44 | 717.1 | 39.2 | 5.47 |
| Total interest income | 5,918.5 | 68.2 | 2.30 | 6,187.1 | 70.4 | 2.27 | 6,049.0 | 140.7 | 2.33 |
| Total interest expense | - | 7.8 | - | - | 9.4 | - | - | 18.3 | - |
| Net interest income | - | 60.4 | - | - | 61.0 | - | - | 122.3 | - |

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)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
|--|-------------------------|-------------------------|--------------------|-----------------------|
| Institutional Business | 15.7 | 16.2 | -0.5 | 31.6 |
| Corporate Business | 2.4 | 2.7 | -0.3 | 5.2 |
| Structured Finance | 4.4 | 3.0 | 1.4 | 5.1 |
| Principal Transactions | 1.6 | -0.8 | 2.5 | 2.8 |
| Showa Leasing | 7.2 | 11.3 | -4.1 | 18.4 |
| Global Markets Business | 4.2 | 5.1 | -0.8 | 6.0 |
| Markets | 3.3 | 3.6 | -0.2 | 3.3 |
| Others | 0.8 | 1.5 | -0.6 | 2.6 |
| Individual Business | 23.3 | 24.7 | -1.4 | 48.5 |
| Retail Banking | 1.3 | 3.6 | -2.2 | 5.4 |
| Shinsei Financial and Shinsei Bank Card Loan - Lake ^{1,2} | -0.6 | -1.2 | 0.5 | -2.0 |
| APLUS FINANCIAL | 22.5 | 22.2 | 0.3 | 44.9 |
| Others | 0.1 | 0.1 | -0.0 | 0.2 |
| Corporate/Other | 9.3 | 3.2 | 6.1 | 8.0 |
| Noninterest income | 52.7 | 49.3 | 3.3 | 94.2 |

1. Income of Shinsei Financial and "Shinsei Bank Card Loan - Lake" in the Lake business (started on October 1, 2011) are combined on a management accounting basis.

2. Results for Shinsei Bank Lake and "Shinsei Bank Smart Card Loan Plus" (started on November 9, 2015) are combined on a management accounting basis.

The Institutional Business recorded noninterest income totaling ¥15.7 billion in the first half of fiscal year 2016, decreased ¥0.5 billion compared to ¥16.2 billion recorded in the first half of fiscal year 2015. This reduction was the result of the absence of both major revenues recorded in the Principal Transactions Business gains on the sale of investment securities recorded in Showa Leasing in the first half of fiscal year 2015 despite the absence of the loss recorded as a result of the reassessment of a fund investment in the Principal Transactions Business and an increase in fee income recorded in the Structured Finance Business.

The Global Markets Business recorded noninterest income totaling ¥4.2 billion in the first half of fiscal year 2016, decreased ¥0.8 billion compared to ¥5.1 billion recorded in the first half of fiscal year 2015. This was due to the soft performances in the Markets Related Business and the Securities Brokerage Business resulting from the recent volatility in markets.

The Individual Business recorded noninterest income totaling ¥24.7 billion in the first half of fiscal year 2016, decreased ¥1.4 billion compared to ¥23.3 billion recorded in the first half of fiscal year 2015. This decline was the result of a decrease in revenues related to the sale of asset management products in the Retail Banking Business despite robust performances in APLUS FINANCIAL businesses including Credit Cards.

Corporate/Other recorded noninterest income totaling ¥9.3 billion in the first half of fiscal year 2016, increased ¥6.1 billion compared to the first half of fiscal year 2015. This increase was primarily the result of greater gains on bonds Treasury operations.

General and Administrative Expenses (Consolidated)

(Billions of yen)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
|--|-------------------------|-------------------------|--------------------|-----------------------|
| Personnel expenses | -28.5 | -28.6 | 0.1 | -56.9 |
| Nonpersonnel expenses | -42.8 | -41.0 | -1.7 | -83.5 |
| Premises expenses | -9.8 | -9.5 | -0.2 | -19.3 |
| Technology and data processing expenses | -10.0 | -9.5 | -0.5 | -19.3 |
| Advertising expenses | -5.4 | -5.0 | -0.4 | -10.4 |
| Consumption, property taxes, etc. | -4.8 | -4.3 | -0.5 | -8.6 |
| Deposit insurance premium | -1.0 | -1.0 | 0.0 | -2.0 |
| Other general and administrative expenses | -11.5 | -11.5 | -0.0 | -23.7 |
| General and administrative expenses | -71.3 | -69.7 | -1.6 | -140.5 |

Net Credit Costs (Consolidated) 1

(Billions of yen)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
|---|-------------------------|-------------------------|--------------------|-----------------------|
| Losses on write-off of loans/Losses on sale of loans | -1.1 | -0.5 | -0.6 | -1.3 |
| Net provision of reserve for loan losses: | -16.3 | -3.2 | -13.0 | -10.8 |
| Net provision of general reserve for loan losses | -10.9 | -10.9 | 0.0 | -21.8 |
| Net provision of specific reserve for loan losses | -5.4 | 7.7 | -13.1 | 11.0 |
| Net provision of reserve for loan losses to restructuring count | 0.0 | - | 0.0 | 0.0 |
| Net provision of specific reserve for other credit losses | - | - | - | - |
| Other credit costs relating to leasing business | 0.0 | -0.0 | 0.0 | 0.2 |
| Recoveries of written-off claims | 2.7 | 5.0 | -2.3 | 8.1 |
| Net credit costs | -14.7 | 1.2 | -15.9 | -3.7 |

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)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
|---|-------------------------|-------------------------|--------------------|-----------------------|
| Shinsei Financial | -1.7 | -2.3 | 0.5 | -4.1 |
| Shinsei Personal Loan | 0.1 | 0.1 | - | 0.3 |
| APLUS FINANCIAL | - | -0.4 | 0.4 | -0.8 |
| Showa Leasing | -1.3 | -1.2 | -0.1 | -2.6 |
| Others | 0.0 | 0.0 | - | 0.0 |
| Amortization of goodwill and other intangible assets | -2.9 | -3.8 | 0.8 | -7.2 |

Other Gains (Consolidated)

(Billions of yen)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
|--|-------------------------|-------------------------|--------------------|-----------------------|
| Extraordinary income | 0.2 | 0.4 | -0.2 | 0.7 |
| Net gain on disposal of premises and equipment | -0.0 | -0.0 | 0.0 | 0.4 |
| Other extraordinary income | 0.2 | 0.4 | -0.2 | 0.2 |
| Provisions of reserve for losses on interest repayment | - | - | - | -2.7 |
| Shinsei Financial | - | - | - | - |
| Shinsei Personal Loan | - | - | - | - |
| APLUS FINANCIAL | - | - | - | -2.7 |
| Other | - | - | - | - |
| Other | 2.6 | 0.2 | 2.3 | -0.2 |
| Other gains | 2.9 | 0.7 | 2.1 | -2.1 |

Profit Attributable to Noncontrolling Interests (Consolidated)

(Billions of yen)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
|---|-------------------------|-------------------------|--------------------|-----------------------|
| Dividends on perpetual preferred securities (hybrid Tier I capital) issued by foreign SPCs | -0.1 | -0.4 | 0.2 | -0.6 |
| Others | 0.1 | 0.0 | 0.0 | 0.2 |
| Profit attributable to noncontrolling interests | 0.0 | -0.3 | 0.3 | -0.3 |

Business Line Results (Consolidated)

(Billions of yen)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
|--|-------------------------|-------------------------|--------------------|-----------------------|
| Institutional Business: | | | | |
| Net interest income | 10.8 | 13.3 | -2.4 | 25.3 |
| Noninterest income | 15.7 | 16.2 | -0.5 | 31.6 |
| Total revenue | 26.5 | 29.5 | -2.9 | 56.9 |
| General and administrative expenses | -14.2 | -14.7 | 0.4 | -29.7 |
| Ordinary business profit | 12.3 | 14.8 | -2.5 | 27.2 |
| Net credit costs | -0.4 | 13.4 | -13.9 | 19.8 |
| Ordinary business profit after net credit costs | 11.8 | 28.2 | -16.4 | 47.0 |
| Global Markets Business: | | | | |
| Net interest income | 1.0 | 1.0 | -0.0 | 1.8 |
| Noninterest income | 4.2 | 5.1 | -0.8 | 6.0 |
| Total revenue | 5.2 | 6.1 | -0.8 | 7.8 |
| General and administrative expenses | -3.4 | -3.7 | 0.2 | -7.3 |
| Ordinary business profit | 1.7 | 2.4 | -0.6 | 0.5 |
| Net credit costs | 0.0 | 0.2 | -0.2 | 0.3 |
| Ordinary business profit after net credit costs | 1.7 | 2.6 | -0.8 | 0.9 |
| Individual Business: | | | | |
| Net interest income | 48.4 | 44.7 | 3.6 | 90.7 |
| Noninterest income | 23.3 | 24.7 | -1.4 | 48.5 |
| Total revenue | 71.8 | 69.5 | 2.2 | 139.3 |
| General and administrative expenses | -52.6 | -50.7 | -1.9 | -102.5 |
| Ordinary business profit | 19.1 | 18.8 | 0.3 | 36.7 |
| Net credit costs | -14.2 | -12.4 | -1.8 | -23.9 |
| Ordinary business profit after net credit costs | 4.9 | 6.4 | -1.4 | 12.7 |
| Corporate/Other¹: | | | | |
| Net interest income | 0.1 | 1.8 | -1.6 | 4.3 |
| Noninterest income | 9.3 | 3.2 | 6.1 | 8.0 |
| Total revenue | 9.5 | 5.1 | 4.4 | 12.4 |
| General and administrative expenses | -1.0 | -0.5 | -0.4 | -0.9 |
| Ordinary business profit | 8.5 | 4.5 | 3.9 | 11.5 |
| Net credit costs | -0.0 | 0.0 | -0.0 | 0.0 |
| Ordinary business profit after net credit costs | 8.5 | 4.5 | 3.9 | 11.5 |
| Total: | | | | |
| Net interest income | 60.4 | 61.0 | -0.5 | 122.3 |
| Noninterest income | 52.7 | 49.3 | 3.3 | 94.2 |
| Total revenue | 113.2 | 110.3 | 2.8 | 216.6 |
| General and administrative expenses | -71.3 | -69.7 | -1.6 | -140.5 |
| Ordinary business profit | 41.8 | 40.6 | 1.1 | 76.0 |
| Net credit costs | -14.7 | 1.2 | -15.9 | -3.7 |
| Ordinary business profit after net credit costs | 27.1 | 41.9 | -14.8 | 72.3 |

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

Effective April 1, 2016, in order to further invigorate the facilitation of inter-Division collaboration within the Shinsei Bank Group as well as to enhance the mobility of the Bank's organization, the Bank retired its "Group" and "Sub-Group" structures and has introduced a new organizational structure under which the "Division" is the fundamental business management unit. Additionally, the Bank has revised its organizational structure through measures such as the reorganization of the segments within the Institutional Business and reportable segments have been changed as follows:

The "Corporate Business" segment of the "Institutional Business" now includes the business of "Shinsei Trust & Banking," previously included in the "Structured Finance" segment, and the business of the "New Business Promotion & Support Department," previously included in the "Principal Transactions" segment. Additionally, the expense allocation methods utilized in the "Institutional Business" have been revised and headquarter function associated expenses previously included within the "Corporate Business" segment have been allocated to the respective segments.

The "Shinsei Personal Loan" segment is now included as "NOLOAN" within the "Shinsei Financial and Shinsei Bank Lake" segment of the "Individual Business."

The operations of the "Financial Research Division," previously included in the "Other Global Markets" segment of the "Global Markets Business," is now 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)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
|--|-------------------------|-------------------------|--------------------|-----------------------|
| Corporate Business^{2,3} : | | | | |
| Net interest income | 5.4 | 5.2 | 0.2 | 10.3 |
| Noninterest income | 2.4 | 2.7 | -0.3 | 5.2 |
| Total revenue | 7.8 | 8.0 | -0.1 | 15.5 |
| General and administrative expenses | -5.4 | -5.7 | 0.3 | -11.6 |
| Ordinary business profit | 2.4 | 2.2 | 0.2 | 3.9 |
| Net credit costs | -0.1 | -0.4 | 0.2 | -0.7 |
| Ordinary business profit after net credit costs | 2.3 | 1.8 | 0.5 | 3.2 |
| Structured Finance^{2,3} : | | | | |
| Net interest income | 4.6 | 6.1 | -1.4 | 12.8 |
| Noninterest income | 4.4 | 3.0 | 1.4 | 5.1 |
| Total revenue | 9.1 | 9.1 | -0.0 | 17.9 |
| General and administrative expenses | -2.4 | -2.3 | -0.0 | -4.7 |
| Ordinary business profit | 6.6 | 6.7 | -0.1 | 13.1 |
| Net credit costs | -0.8 | 13.3 | -14.2 | 20.4 |
| Ordinary business profit after net credit costs | 5.7 | 20.1 | -14.3 | 33.6 |
| Principal Transactions^{2,3} : | | | | |
| Net interest income | 1.3 | 2.9 | -1.6 | 4.3 |
| Noninterest income | 1.6 | -0.8 | 2.5 | 2.8 |
| Total revenue | 2.9 | 2.0 | 0.9 | 7.2 |
| General and administrative expenses | -2.1 | -2.4 | 0.2 | -4.7 |
| Ordinary business profit | 0.8 | -0.3 | 1.2 | 2.4 |
| Net credit costs | 0.1 | 0.1 | 0.0 | -0.2 |
| Ordinary business profit after net credit costs | 0.9 | -0.2 | 1.2 | 2.1 |
| Showa Leasing³ : | | | | |
| Net interest income | -0.6 | -1.0 | 0.4 | -2.1 |
| Noninterest income | 7.2 | 11.3 | -4.1 | 18.4 |
| Total revenue | 6.5 | 10.2 | -3.7 | 16.2 |
| General and administrative expenses | -4.2 | -4.1 | -0.0 | -8.5 |
| Ordinary business profit | 2.3 | 6.1 | -3.7 | 7.6 |
| Net credit costs | 0.3 | 0.4 | -0.0 | 0.4 |
| Ordinary business profit after net credit costs | 2.7 | 6.5 | -3.7 | 8.0 |
| Institutional Business: | | | | |
| Net interest income | 10.8 | 13.3 | -2.4 | 25.3 |
| Noninterest income | 15.7 | 16.2 | -0.5 | 31.6 |
| Total revenue | 26.5 | 29.5 | -2.9 | 56.9 |
| General and administrative expenses | -14.2 | -14.7 | 0.4 | -29.7 |
| Ordinary business profit | 12.3 | 14.8 | -2.5 | 27.2 |
| Net credit costs | -0.4 | 13.4 | -13.9 | 19.8 |
| Ordinary business profit after net credit costs | 11.8 | 28.2 | -16.4 | 47.0 |

1. Net of consolidation adjustments, if applicable.

2. The "Corporate Business" segment of the "Institutional Business" now includes the business of "Shinsei Trust & Banking," previously included in the "Structured Finance" segment, and the business of the "New Business Promotion & Support Department," previously included in the "Principal Transactions" segment.

3. The expense allocation methods utilized in the "Institutional Business" have been revised and headquarter function associated expenses previously included within the "Corporate Business" segment have been allocated to the respective segments.

Global Markets Business¹ (Consolidated)

(Billions of yen)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
|--|-------------------------|-------------------------|--------------------|-----------------------|
| Markets: | | | | |
| Net interest income | 0.9 | 1.0 | -0.0 | 1.7 |
| Noninterest income | 3.3 | 3.6 | -0.2 | 3.3 |
| Total revenue | 4.3 | 4.6 | -0.2 | 5.1 |
| General and administrative expenses | -1.6 | -1.7 | 0.0 | -3.4 |
| Ordinary business profit | 2.6 | 2.8 | -0.1 | 1.6 |
| Net credit costs | 0.0 | 0.0 | -0.0 | 0.1 |
| Ordinary business profit after net credit costs | 2.7 | 2.9 | -0.2 | 1.7 |
| Others: | | | | |
| Net interest income | 0.1 | 0.0 | 0.0 | 0.0 |
| Noninterest income | 0.8 | 1.5 | -0.6 | 2.6 |
| Total revenue | 0.9 | 1.5 | -0.5 | 2.7 |
| General and administrative expenses | -1.8 | -1.9 | 0.1 | -3.8 |
| Ordinary business profit | -0.8 | -0.4 | -0.4 | -1.1 |
| Net credit costs | -0.0 | 0.1 | -0.2 | 0.2 |
| Ordinary business profit after net credit costs | -0.9 | -0.2 | -0.6 | -0.8 |
| Global Markets Business: | | | | |
| Net interest income | 1.0 | 1.0 | -0.0 | 1.8 |
| Noninterest income | 4.2 | 5.1 | -0.8 | 6.0 |
| Total revenue | 5.2 | 6.1 | -0.8 | 7.8 |
| General and administrative expenses | -3.4 | -3.7 | 0.2 | -7.3 |
| Ordinary business profit | 1.7 | 2.4 | -0.6 | 0.5 |
| Net credit costs | 0.0 | 0.2 | -0.2 | 0.3 |
| Ordinary business profit after net credit costs | 1.7 | 2.6 | -0.8 | 0.9 |

1. Net of consolidation adjustments, if applicable.

Individual Business (Consolidated)¹

(Billions of yen)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
|--|-------------------------|-------------------------|--------------------|-----------------------|
| Retail banking: | | | | |
| Net interest income | 11.8 | 10.6 | 1.1 | 21.5 |
| Loans | 5.4 | 5.2 | 0.2 | 10.3 |
| Deposits | 6.4 | 5.4 | 0.9 | 11.1 |
| Noninterest income | 1.3 | 3.6 | -2.2 | 5.4 |
| Asset Management Products | 3.6 | 5.6 | -2.0 | 9.6 |
| Other Fees (ATM, Fund Transfer, FX etc.) | -2.2 | -2.0 | -0.2 | -4.2 |
| Total revenue | 13.2 | 14.3 | -1.0 | 27.0 |
| General and administrative expenses | -16.5 | -16.4 | -0.0 | -33.3 |
| Ordinary business profit | -3.2 | -2.1 | -1.1 | -6.3 |
| Net credit costs | 0.6 | -0.1 | 0.8 | -0.1 |
| Ordinary business profit after net credit costs | -2.6 | -2.3 | -0.2 | -6.4 |
| Shinsei Financial and Shinsei Bank Lake^{2, 3}: | | | | |
| Net interest income | 31.7 | 30.2 | 1.5 | 61.2 |
| Shinsei Bank Lake | 18.2 | 15.0 | 3.1 | 31.7 |
| NOLOAN | 3.3 | 3.4 | -0.1 | 6.9 |
| Noninterest income | -0.6 | -1.2 | 0.5 | -2.0 |
| Total revenue | 31.0 | 29.0 | 2.0 | 59.1 |
| General and administrative expenses | -16.9 | -15.6 | -1.3 | -32.2 |
| Ordinary business profit | 14.1 | 13.3 | 0.7 | 26.8 |
| Net credit costs | -10.1 | -8.0 | -2.0 | -15.2 |
| Ordinary business profit after net credit costs | 3.9 | 5.2 | -1.3 | 11.6 |
| APLUS FINANCIAL : | | | | |
| Net interest income | 4.3 | 3.2 | 1.0 | 6.8 |
| Noninterest income | 22.5 | 22.2 | 0.3 | 44.9 |
| Total revenue | 26.8 | 25.5 | 1.3 | 51.7 |
| General and administrative expenses | -18.7 | -18.2 | -0.5 | -36.1 |
| Ordinary business profit | 8.1 | 7.2 | 0.8 | 15.6 |
| Net credit costs | -4.7 | -4.2 | -0.5 | -8.7 |
| Ordinary business profit after net credit costs | 3.3 | 3.0 | 0.3 | 6.8 |
| Others⁴: | | | | |
| Net interest income | 0.4 | 0.5 | -0.1 | 1.1 |
| Noninterest income | 0.1 | 0.1 | -0.0 | 0.2 |
| Total revenue | 0.6 | 0.7 | -0.1 | 1.3 |
| General and administrative expenses | -0.3 | -0.3 | -0.0 | -0.7 |
| Ordinary business profit | 0.2 | 0.3 | -0.1 | 0.5 |
| Net credit costs | 0.0 | 0.1 | -0.1 | 0.1 |
| Ordinary business profit after net credit costs | 0.2 | 0.4 | -0.2 | 0.7 |
| Individual Business: | | | | |
| Net interest income | 48.4 | 44.7 | 3.6 | 90.7 |
| Noninterest income | 23.3 | 24.7 | -1.4 | 48.5 |
| Total revenue | 71.8 | 69.5 | 2.2 | 139.3 |
| General and administrative expenses | -52.6 | -50.7 | -1.9 | -102.5 |
| Ordinary business profit | 19.1 | 18.8 | 0.3 | 36.7 |
| Net credit costs | -14.2 | -12.4 | -1.8 | -23.9 |
| Ordinary business profit after net credit costs | 4.9 | 6.4 | -1.4 | 12.7 |

1. Net of consolidation adjustments, if applicable.

2. Results for Shinsei Financial and "Shinsei Bank Card Loan - Lake" in the Lake business (started on October 1, 2011) are combined on a management accounting basis.

3. Results for Shinsei Bank Lake and "Shinsei Bank Smart Card Loan Plus" (started on November 9, 2015) 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)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
|---|-------------------------|-------------------------|--------------------|-----------------------|
| Treasury : | | | | |
| Net interest income | 0.1 | 1.8 | -1.7 | 4.3 |
| Noninterest income | 7.5 | 2.6 | 4.8 | 7.1 |
| Total revenue | 7.7 | 4.5 | 3.1 | 11.5 |
| General and administrative expenses | -0.8 | -0.8 | -0.0 | -1.6 |
| Ordinary business profit | 6.8 | 3.7 | 3.1 | 9.8 |
| Net credit costs | - | - | - | - |
| Ordinary business profit after net credit costs | 6.8 | 3.7 | 3.1 | 9.8 |
| Corporate/Other (excluding Treasury)¹ : | | | | |
| Net interest income | 0.0 | -0.0 | 0.0 | -0.0 |
| Noninterest income | 1.8 | 0.5 | 1.2 | 0.8 |
| Total revenue | 1.8 | 0.5 | 1.2 | 0.8 |
| General and administrative expenses | -0.1 | 0.2 | -0.4 | 0.7 |
| Ordinary business profit | 1.6 | 0.8 | 0.8 | 1.6 |
| Net credit costs | -0.0 | 0.0 | -0.0 | 0.0 |
| Ordinary business profit after net credit costs | 1.6 | 0.8 | 0.8 | 1.6 |
| Corporate/Other¹ : | | | | |
| Net interest income | 0.1 | 1.8 | -1.6 | 4.3 |
| Noninterest income | 9.3 | 3.2 | 6.1 | 8.0 |
| Total revenue | 9.5 | 5.1 | 4.4 | 12.4 |
| General and administrative expenses | -1.0 | -0.5 | -0.4 | -0.9 |
| Ordinary business profit | 8.5 | 4.5 | 3.9 | 11.5 |
| Net credit costs | -0.0 | 0.0 | -0.0 | 0.0 |
| Ordinary business profit after net credit costs | 8.5 | 4.5 | 3.9 | 11.5 |

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)

| | <i>(Billions of yen)</i> | | |
|---|--------------------------|----------------|--------------------|
| | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
| Loans and bills discounted | 4,611.3 | 4,562.9 | 48.4 |
| Installment receivables | 521.2 | 516.3 | 4.9 |
| Leased assets, lease receivables and leased investment assets | 214.4 | 232.5 | -18.1 |
| Securities | 1,028.6 | 1,227.8 | -199.1 |
| Other monetary claims purchased | 49.0 | 81.7 | -32.6 |
| Other interest earning assets ¹ | 1,399.9 | 1,133.4 | 266.5 |
| Trading assets | 318.8 | 336.3 | -17.5 |
| Monetary assets held in trust | 228.5 | 255.5 | -26.9 |
| Goodwill, net | 16.2 | 18.1 | -1.8 |
| Other intangible assets ² | 3.2 | 4.1 | -0.9 |
| Other assets | 409.4 | 370.8 | 38.6 |
| Customer's liabilities for acceptances and guarantees | 291.7 | 280.6 | 11.1 |
| Reserve for credit losses | -95.6 | -91.7 | -3.9 |
| Total assets (includes others) | 8,997.1 | 8,928.7 | 68.4 |
| Deposits and negotiable certificates of deposit | 5,785.7 | 5,800.9 | -15.2 |
| Borrowed money | 760.6 | 801.7 | -41.0 |
| Corporate bonds | 112.1 | 95.1 | 16.9 |
| Other interest bearing liabilities ³ | 448.2 | 328.1 | 120.1 |
| Trading liabilities | 289.7 | 294.3 | -4.5 |
| Reserve for losses on interest repayments | 111.5 | 133.6 | -22.1 |
| Other liabilities | 407.0 | 401.0 | 6.0 |
| Acceptances and guarantees | 291.7 | 280.6 | 11.1 |
| Total liabilities (includes others) | 8,206.9 | 8,135.6 | 71.2 |
| Total equity | 790.2 | 793.1 | -2.8 |

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)

| | <i>(Billions of yen)</i> | | |
|--|--------------------------|----------------|--------------------|
| | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
| General reserve for loan losses | 67.5 | 64.5 | 3.0 |
| Specific reserve for loan losses | 28.0 | 27.1 | 0.8 |
| Reserve for loans to restructuring countries | 0.0 | 0.0 | -0.0 |
| Total reserve for credit losses | 95.6 | 91.7 | 3.9 |

Risk Monitored Loans (Consolidated)

| | <i>(Billions of yen)</i> | | |
|---|--------------------------|----------------|--------------------|
| | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
| Loans to bankrupt obligors | 4.6 | 4.3 | 0.3 |
| Nonaccrual delinquent loans | 58.3 | 62.3 | -4.0 |
| Loans past due for three months or more | 1.4 | 1.6 | -0.2 |
| Restructured loans | 29.9 | 26.9 | 2.9 |
| Total (A) | 94.3 | 95.3 | -0.9 |
| Loans and bills discounted (B) | 4,611.3 | 4,562.9 | 48.4 |
| Ratio to total loans and bills discounted (A/B X 100) (%) | 2.05% | 2.09% | -0.04% |
| Reserve for credit losses (C) | 95.6 | 91.7 | 3.9 |
| Reserve ratio (C/A X 100) (%) | 101.4% | 96.2% | 4.5% |

Loans by Borrower Industry (Consolidated)

(Billions of yen)

| | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
|---|----------------|----------------|--------------------|
| Domestic offices (excluding Japan offshore market accounts): | | | |
| Manufacturing | 197.1 | 197.3 | -0.1 |
| Agriculture and forestry | 0.0 | 0.0 | -0.0 |
| Fishery | 0.2 | 0.1 | 0.0 |
| Mining, quarrying and gravel extraction | 0.2 | 0.2 | 0.0 |
| Construction | 15.3 | 10.5 | 4.7 |
| Electrical, natural gas and water supply | 231.6 | 235.6 | -3.9 |
| Information and communications | 44.0 | 37.3 | 6.7 |
| Transportation and postal service | 180.7 | 181.4 | -0.6 |
| Wholesale and retail | 105.5 | 104.3 | 1.2 |
| Finance and insurance | 519.8 | 541.4 | -21.6 |
| Real estate | 574.7 | 608.1 | -33.4 |
| Services | 316.9 | 308.2 | 8.6 |
| Local government | 74.7 | 79.4 | -4.7 |
| Others | 2,247.6 | 2,157.9 | 89.7 |
| Loans to individual customers (retail banking, Shinsei Bank Lake, Shinsei Financial, and APLUS FINANCIAL) | 1,884.5 | 1,806.4 | 78.1 |
| Total domestic (A) | 4,508.9 | 4,462.2 | 46.7 |
| Overseas offices (including Japan offshore market accounts): | | | |
| Governments | 0.6 | 0.7 | -0.0 |
| Financial institutions | 7.2 | 8.5 | -1.2 |
| Others | 94.3 | 91.3 | 3.0 |
| Total overseas (B) | 102.3 | 100.6 | 1.7 |
| Total (A+B) | 4,611.3 | 4,562.9 | 48.4 |

Securities by Category (Consolidated)

| | <i>(Billions of yen)</i> | | |
|--|--------------------------|----------------|--------------------|
| | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
| Trading securities | 0.0 | 0.0 | -0.0 |
| Securities being held to maturity | 500.8 | 559.5 | -58.7 |
| Available-for-sale Securities | 483.5 | 621.1 | -137.5 |
| Securities carried at fair value | 442.0 | 574.7 | -132.6 |
| Securities carried at cost whose fair value cannot be reliably determined | 41.5 | 46.4 | -4.9 |
| Equity securities of unconsolidated subsidiaries and affiliates | 44.3 | 47.1 | -2.8 |
| Securities | 1,028.6 | 1,227.8 | -448.6 |

Securities Being Held to Maturity (Consolidated)

(Billions of yen)

| | Sep 30, 2016 | | | Mar 31, 2016 | | |
|--|-----------------|--------------|------------------------|-----------------|--------------|------------------------|
| | Carrying amount | Fair value | Unrealized gain (loss) | Carrying amount | Fair value | Unrealized gain (loss) |
| Fair value exceeds carrying amount | | | | | | |
| Japanese national government bonds | 494.6 | 503.0 | 8.3 | 535.8 | 544.2 | 8.3 |
| Other | 6.1 | 6.4 | 0.3 | 23.7 | 24.4 | 0.7 |
| Subtotal | 500.8 | 509.5 | 8.7 | 559.5 | 568.6 | 9.0 |
| Fair value does not exceed carrying amount | | | | | | |
| Japanese national government bonds | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Subtotal | - | - | - | - | - | - |
| Total | 500.8 | 509.5 | 8.7 | 559.5 | 568.6 | 9.0 |

Securities Available for Sale (Consolidated)

(Billions of yen)

| | Sep 30, 2016 | | | Mar 31, 2016 | | |
|---|---------------------------------|-----------------------------------|---------------------------|---------------------------------|-----------------------------------|---------------------------|
| | 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 | 20.8 | 11.2 | 9.6 | 20.0 | 11.0 | 8.9 |
| Domestic bonds | 41.4 | 39.9 | 1.5 | 231.2 | 226.7 | 4.4 |
| Japanese national government bonds | 2.0 | 2.0 | 0.0 | 194.3 | 191.3 | 2.9 |
| Japanese local government bonds | 0.5 | 0.5 | 0.0 | 0.5 | 0.5 | 0.0 |
| Japanese corporate bonds | 38.8 | 37.3 | 1.4 | 36.4 | 34.8 | 1.5 |
| Other | 196.2 | 192.7 | 3.4 | 159.0 | 156.0 | 3.0 |
| Foreign securities | 186.1 | 183.8 | 2.2 | 150.7 | 148.7 | 1.9 |
| Foreign currency denominated foreign corporate and government bonds | 135.2 | 133.7 | 1.5 | 104.8 | 103.1 | 1.7 |
| Yen-denominated foreign corporate and government bonds | 48.7 | 48.1 | 0.6 | 45.8 | 45.6 | 0.2 |
| Foreign equity securities and others | 2.0 | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other securities | 8.1 | 7.0 | 1.1 | 8.0 | 7.0 | 1.0 |
| Other monetary claims purchased | 1.9 | 1.8 | 0.0 | 0.2 | 0.2 | 0.0 |
| Subtotal | 258.4 | 243.8 | 14.6 | 410.3 | 393.9 | 16.4 |
| Carrying amount does not exceed amortized/acquisition cost | | | | | | |
| Equity securities | 0.9 | 1.3 | -0.3 | 2.0 | 2.2 | -0.2 |
| Domestic bonds | 47.2 | 47.9 | -0.6 | 52.6 | 53.0 | -0.4 |
| Japanese national government bonds | - | - | - | 19.9 | 20.0 | -0.1 |
| Japanese local government bonds | - | - | - | - | - | - |
| Japanese corporate bonds | 47.2 | 47.9 | -0.6 | 32.7 | 33.0 | -0.2 |
| Other | 138.6 | 140.1 | -1.4 | 126.5 | 127.4 | -0.8 |
| Foreign securities | 128.3 | 129.5 | -1.1 | 109.8 | 110.5 | -0.7 |
| Foreign currency denominated foreign corporate and government bonds | 61.1 | 61.5 | -0.3 | 58.8 | 59.2 | -0.3 |
| Yen-denominated foreign corporate and government bonds | 64.1 | 64.9 | -0.7 | 50.7 | 51.1 | -0.3 |
| Foreign equity securities and others | 3.0 | 3.1 | -0.0 | 0.1 | 0.1 | - |
| Other securities | 8.9 | 9.2 | -0.3 | 0.1 | 0.1 | -0.0 |
| Other monetary claims purchased | 1.4 | 1.4 | -0.0 | 16.6 | 16.7 | -0.1 |
| Subtotal | 186.9 | 189.4 | -2.4 | 181.2 | 182.7 | -1.5 |
| Total^{1,2} | 445.4 | 433.2 | 12.1 | 591.6 | 576.6 | 14.9 |

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 September 30, 2016 and March 31, 2016 were ¥442.0 billion and ¥574.7 billion, respectively.

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

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

(Billions of yen)

| | Sep 30, 2016 | Mar 31, 2016 |
|--|--------------|--------------|
| Unrealized gain (loss) before deferred tax on: | | |
| Available-for-sale securities | 12.1 | 14.9 |
| 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 | 1.3 | 2.2 |
| Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions | -0.4 | -0.7 |
| Other monetary assets held in trust | -0.8 | -1.0 |
| (-) Deferred tax liabilities | 2.2 | 3.6 |
| Unrealized gain (loss) on available-for-sale securities before interest adjustments | 9.8 | 11.8 |
| (-) 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 | 0.1 |
| Unrealized gain (loss) on available-for-sale securities | 10.2 | 11.9 |

Deposits (Consolidated)

(Billions of yen)

| | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
|---|------------------------|----------------|--------------------|
| Deposits | 5,400.8 | 5,499.9 | -99.1 |
| Liquid (current, ordinary, notice) deposits | 2,158.2 | 2,049.2 | 109.0 |
| Time deposits ¹ | 2,798.6 | 3,005.6 | -206.9 |
| Other | 443.9 | 445.1 | -1.2 |
| Negotiable certificates of deposits (NCDs) | 384.8 | 301.0 | 83.8 |
| Total | 5,785.7 | 5,800.9 | -15.2 |

1. Includes two-week maturity deposits

Hedge-Accounting Derivative Transactions (Consolidated)

(Billions of yen)

| Notional Principal Amount | Sep 30, 2016 | | | Total |
|-----------------------------------|----------------|------------------------|--------------|-------|
| | 1 year or less | Over 1 year to 5 years | Over 5 years | |
| Interest rate swaps: | | | | |
| Receive fixed and pay floating | 10.0 | 436.4 | 46.0 | 492.4 |
| Receive floating and pay fixed | 25.2 | 94.4 | 114.1 | 233.8 |
| Receive floating and pay floating | - | - | - | - |
| Total notional principal amount | 35.2 | 530.8 | 160.1 | 726.2 |
| Currency swaps | | | | |
| Total notional principal amount | 30.2 | 100.7 | 23.7 | 154.7 |

Financial Ratios (Consolidated)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | FY2015 (12 months) |
|---|-------------------------|-------------------------|-----------------------|
| Return on assets ¹ | 0.6% ⁵ | 0.8% ⁵ | 0.7% |
| Return on equity ² | 6.3% ⁵ | 10.0% ⁵ | 8.1% |
| Return on equity (fully diluted) ³ | 6.3% ⁵ | 10.0% ⁵ | 8.1% |
| Return on risk asset ⁴ | 0.9% ⁵ | 1.3% ⁵ | 1.1% |
| Expense-to-revenue ratio ^{6,7} | 63.0% | 63.2% | 64.9% |

1. Return on assets:

| | |
|---|--------------------------|
| Profit (Losses) Attributable to Owners of the Parent | BOP: beginning of period |
| (Total assets at the BOP + Total assets at the EOP)/2 | EOP: end of period |

2. Return on equity:

| |
|---|
| Profit (Losses) Attributable to Owners of the Parent |
| (Total equity eligible for common shareholders at the BOP + Total equity eligible for common shareholders at the EOP)/2 |

3. 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 |

4. Return on Risk Asset:

| |
|--|
| Profit (Losses) Attributable to Owners of the Parent |
| 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>

(Billions of yen, except percentages)

| | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
|--|----------------|----------------|--------------------|
| Core capital: instruments and reserves | 842.4 | 855.9 | -13.5 |
| Core capital: regulatory adjustments | -42.6 | -46.4 | 3.7 |
| Capital | 799.7 | 809.5 | -9.7 |
| Total amount of Risk-weighted assets | 5,672.7 | 5,698.1 | -25.4 |
| Consolidated core capital adequacy ratio | 14.09% | 14.20% | |

1. Calculated according to F-IRB.

Consolidated total required capital is ¥495.2billion as at Sep 30, 2016, ¥501.3billion as at March 31, 2016.

Per Share Data (Consolidated)

(Yen)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
|--|-------------------------|-------------------------|--------------------|-----------------------|
| Common equity | 303.96 | 287.49 | 16.47 | 294.41 |
| Fully diluted equity | 303.94 | 287.49 | 16.45 | 294.41 |
| Basic EPS | 9.51 | 14.11 | -4.60 | 22.96 |
| Diluted EPS | 9.50 | 14.11 | -4.60 | 22.96 |
| For calculation of per share data (Does not include treasury shares) : | | | | |
| Equity: | | | | |
| Number of common shares (Consolidated) | 2,588,353,147 | 2,653,918,082 | | 2,653,917,147 |
| Fully diluted number of shares (Consolidated) | 2,588,486,586 | 2,653,924,928 | | 2,653,918,679 |
| EPS | | | | |
| Number of common shares (Consolidated) | 2,622,093,355 | 2,653,918,242 | | 2,653,918,029 |
| Fully diluted number of shares (Consolidated) | 2,622,186,690 | 2,653,925,088 | | 2,653,919,561 |

Interim Consolidated Balance Sheets

(Millions of yen)

| | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
|--|------------------|------------------|--------------------|
| <<Assets>> | | | |
| Cash and due from banks | 1,385,580 | 1,129,213 | 256,366 |
| Receivables under securities borrowing transactions | 14,397 | 4,243 | 10,153 |
| Other monetary claims purchased | 49,065 | 81,763 | (32,698) |
| Trading assets | 318,807 | 336,345 | (17,537) |
| Monetary assets held in trust | 228,570 | 255,526 | (26,955) |
| Securities | 1,028,698 | 1,227,859 | (199,161) |
| Loans and bills discounted | 4,611,351 | 4,562,923 | 48,428 |
| Foreign exchanges | 25,697 | 17,024 | 8,673 |
| Lease receivables and leased investment assets | 190,701 | 211,453 | (20,752) |
| Other assets | 831,178 | 799,420 | 31,757 |
| Premises and equipment | 49,902 | 48,781 | 1,121 |
| Intangible assets | 47,770 | 48,897 | (1,126) |
| Goodwill | 16,233 | 18,114 | (1,881) |
| Assets for retirement benefits | 3,816 | 2,394 | 1,421 |
| Deferred issuance expenses for debentures | 1 | 3 | (1) |
| Deferred tax assets | 15,553 | 14,050 | 1,502 |
| Customers' liabilities for acceptances and guarantees | 291,739 | 280,620 | 11,118 |
| Reserve for credit losses | (95,638) | (91,732) | (3,906) |
| Total assets | 8,997,193 | 8,928,789 | 68,403 |
| <<Liabilities>> | | | |
| Deposits | 5,400,863 | 5,499,992 | (99,129) |
| Negotiable certificates of deposit | 384,880 | 301,001 | 83,879 |
| Debentures | 11,199 | 16,740 | (5,541) |
| Call money and bills sold | 22,400 | 40,000 | (17,600) |
| Payables under repurchase agreements | 45,955 | 23,779 | 22,175 |
| Payables under securities lending transactions | 215,645 | 118,139 | 97,506 |
| Trading liabilities | 289,746 | 294,326 | (4,579) |
| Borrowed money | 760,649 | 801,742 | (41,093) |
| Foreign exchanges | 63 | 75 | (12) |
| Short-term corporate bonds | 153,000 | 129,400 | 23,600 |
| Corporate bonds | 112,100 | 95,121 | 16,978 |
| Other liabilities | 389,318 | 380,458 | 8,860 |
| Accrued employees' bonuses | 4,895 | 8,419 | (3,523) |
| Accrued directors' bonuses | 35 | 77 | (42) |
| Liabilities for retirement benefits | 8,993 | 8,791 | 201 |
| Reserve for reimbursement of debentures | 3,081 | 2,903 | 177 |
| Reserve for losses on interest repayments | 111,588 | 133,695 | (22,106) |
| Deferred tax liabilities | 772 | 378 | 394 |
| Acceptances and guarantees | 291,739 | 280,620 | 11,118 |
| Total liabilities | 8,206,929 | 8,135,665 | 71,264 |
| <<Equity>> | | | |
| Shareholders' equity: | | | |
| Common stock | 512,204 | 512,204 | — |
| Capital surplus | 78,786 | 79,461 | (675) |
| Retained earnings | 289,974 | 267,716 | 22,258 |
| Treasury stock, at cost | (82,558) | (72,559) | (9,999) |
| Total shareholders' equity | 798,406 | 786,823 | 11,582 |
| Accumulated other comprehensive income: | | | |
| Unrealized gain (loss) on available-for-sale securities | 10,213 | 11,911 | (1,697) |
| Deferred gain (loss) on derivatives under hedge accounting | (15,996) | (14,770) | (1,225) |
| Foreign currency translation adjustments | (2,978) | 362 | (3,341) |
| Defined retirement benefit plans | (2,876) | (2,970) | 93 |
| Total accumulated other comprehensive income | (11,638) | (5,466) | (6,171) |
| Stock acquisition rights | 565 | 512 | 53 |
| Noncontrolling interests | 2,929 | 11,254 | (8,325) |
| Total equity | 790,263 | 793,124 | (2,861) |
| Total liabilities and equity | 8,997,193 | 8,928,789 | 68,403 |

Interim Consolidated Statements of Income

(Millions of yen)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
|---|-------------------------|-------------------------|--------------------|-----------------------|
| Ordinary income | 189,780 | 190,220 | (439) | 375,732 |
| Interest income | 68,296 | 70,459 | (2,163) | 140,739 |
| Interest on loans and bills discounted | 62,836 | 62,356 | 480 | 124,928 |
| Interest and dividends on securities | 4,370 | 6,897 | (2,526) | 13,300 |
| Other interest income | 1,088 | 1,205 | (116) | 2,510 |
| Fees and commissions income | 24,698 | 23,876 | 821 | 47,357 |
| Trading income | 4,840 | 5,221 | (381) | 8,598 |
| Other business income | 77,303 | 73,295 | 4,007 | 150,925 |
| Other ordinary income | 14,642 | 17,366 | (2,723) | 28,111 |
| Ordinary expenses | 162,950 | 151,835 | 11,114 | 313,641 |
| Interest expenses | 7,821 | 9,437 | (1,615) | 18,394 |
| Interest on deposits | 3,686 | 3,868 | (182) | 8,212 |
| Interest on borrowings | 1,770 | 2,421 | (650) | 4,792 |
| Interest on corporate bonds | 570 | 2,212 | (1,641) | 2,877 |
| Other interest expenses | 1,794 | 935 | 859 | 2,512 |
| Fees and commissions expenses | 11,724 | 10,735 | 988 | 21,864 |
| Trading losses | — | 95 | (95) | 170 |
| Other business expenses | 48,618 | 52,396 | (3,778) | 100,883 |
| General and administrative expenses | 75,851 | 74,025 | 1,826 | 148,791 |
| Amortization of goodwill | 2,010 | 2,714 | (703) | 5,256 |
| Amortization of intangible assets acquired in business combinations | 953 | 1,192 | (238) | 2,161 |
| Other general and administrative expenses | 72,888 | 70,119 | 2,769 | 141,373 |
| Other ordinary expenses | 18,934 | 5,145 | 13,789 | 23,537 |
| Provision of reserve for credit losses | 16,311 | 3,217 | 13,094 | 10,802 |
| Other | 2,622 | 1,927 | 695 | 12,734 |
| Ordinary profit | 26,830 | 38,384 | (11,554) | 62,090 |
| Extraordinary gains | 842 | 1,159 | (316) | 1,714 |
| Extraordinary losses | 602 | 713 | (111) | 987 |
| Income before income taxes | 27,070 | 38,829 | (11,759) | 62,817 |
| Income taxes (benefit): | | | | |
| Income taxes (benefit) - current | 1,933 | 1,266 | 666 | 1,999 |
| Income taxes (benefit) - deferred | 204 | (247) | 452 | (511) |
| Total income taxes (benefit) | 2,138 | 1,018 | 1,119 | 1,488 |
| Profit | 24,932 | 37,810 | (12,878) | 61,329 |
| Profit (loss) attributable to noncontrolling interests | (3) | 344 | (348) | 378 |
| Profit attributable to owners of the parent | 24,936 | 37,466 | (12,529) | 60,951 |

Interim Consolidated Statements of Comprehensive Income

(Millions of yen)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
|--|-------------------------|-------------------------|--------------------|-----------------------|
| Profit | 24,932 | 37,810 | (12,878) | 61,329 |
| Other comprehensive income | | | | |
| Unrealized gain (loss) on available-for-sale securities | (1,971) | (2,880) | 909 | 993 |
| Deferred gain (loss) on derivatives under hedge accounting | (1,225) | 998 | (2,224) | (3,269) |
| Foreign currency translation adjustments | (2,162) | (5) | (2,156) | (1,474) |
| Defined retirement benefit plans | 94 | 285 | (190) | (2,475) |
| Share of other comprehensive income in affiliates | (1,649) | (1,287) | (362) | (2,415) |
| Other comprehensive income | (6,913) | (2,888) | (4,025) | (8,641) |
| Comprehensive income | 18,018 | 34,922 | (16,903) | 52,687 |
| (Breakdown) | | | | |
| Attributable to: | | | | |
| Owners of the parent | 18,756 | 34,613 | (15,856) | 52,988 |
| Noncontrolling interests | (737) | 309 | (1,046) | (300) |

Interim Consolidated Statement of Changes in Equity

For the first half ended September 30, 2016

(Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|------------------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock at cost | Total shareholders' equity |
| Balance at beginning of the year | 512,204 | 79,461 | 267,716 | (72,559) | 786,823 |
| Changes during the period | | | | | |
| Dividends | | | (2,653) | | (2,653) |
| Profit attributable to owners of the parent | | | 24,936 | | 24,936 |
| Purchase of treasury stock | | | | (9,999) | (9,999) |
| Changes in ownership interest of the parent related to transactions with noncontrolling interests | | (675) | | | (675) |
| Decrease by inclusion of consolidated subsidiaries | | | (2) | | (2) |
| Increase by exclusion of consolidated subsidiaries | | | 1 | | 1 |
| Decrease by exclusion of consolidated subsidiaries | | | (23) | | (23) |
| Net changes during the period excluding shareholders' equity | | | | | |
| Total changes during the period | — | (675) | 22,258 | (9,999) | 11,582 |
| Balance at end of the period | 512,204 | 78,786 | 289,974 | (82,558) | 798,406 |

| | Accumulated other comprehensive income | | | | | Stock acquisition rights | Noncontrolling interests | Total equity |
|---|---|--|--|----------------------------------|--|--------------------------|--------------------------|--------------|
| | Unrealized gain (loss) on available-for-sale securities | Deferred gain (loss) on derivatives under hedge accounting | Foreign currency translation adjustments | Defined retirement benefit plans | Total accumulated other comprehensive income | | | |
| Balance at beginning of the year | 11,911 | (14,770) | 362 | (2,970) | (5,466) | 512 | 11,254 | 793,124 |
| Changes during the period | | | | | | | | |
| Dividends | | | | | | | | (2,653) |
| Profit attributable to owners of the parent | | | | | | | | 24,936 |
| Purchase of treasury stock | | | | | | | | (9,999) |
| Changes in ownership interest of the parent related to transactions with noncontrolling interests | | | | | | | | (675) |
| Decrease by inclusion of consolidated subsidiaries | | | | | | | | (2) |
| Increase by exclusion of consolidated subsidiaries | | | | | | | | 1 |
| Decrease by exclusion of consolidated subsidiaries | | | | | | | | (23) |
| Net changes during the period excluding shareholders' equity | (1,697) | (1,225) | (3,341) | 93 | (6,171) | 53 | (8,325) | (14,443) |
| Total changes during the period | (1,697) | (1,225) | (3,341) | 93 | (6,171) | 53 | (8,325) | (2,861) |
| Balance at end of the period | 10,213 | (15,996) | (2,978) | (2,876) | (11,638) | 565 | 2,929 | 790,263 |

Consolidated Composition of Capital Disclosure

<Basel 3, Domestic Standard¹>

| | <i>Millions of yen (except percentages)</i> | |
|---|---|--|
| | Sep 30 2016 | Amounts excluded under transitional arrangements |
| Core capital: instruments and reserves | | |
| Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings | 798,406 | |
| of which: capital and capital surplus | 590,990 | |
| of which: retained earnings | 289,974 | |
| of which: treasury stock (-) | 82,558 | |
| of which: earning to be distributed (-) | - | |
| of which: other than above | - | |
| Accumulated other comprehensive income (amount allowed to be included in Core capital) | (4,129) | (1,726) |
| of which: foreign currency translation adjustment | (2,978) | |
| of which: amount related defined benefit | (1,150) | (1,726) |
| Stock acquisition right to common shares and preferred shares with a compulsory conversion clause | 565 | |
| Adjusted noncontrolling interests (amount allowed to be included in Core capital) | 9 | |
| Total of reserves included in Core capital: instruments and reserves | 1,222 | |
| of which: general reserve for loan losses included in Core capital | 1,222 | |
| 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) | 43,791 | |
| 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) | 2,559 | |
| Core capital: instruments and reserves | 842,424 | |
| Core capital: regulatory adjustments | | |
| Total amount of intangible assets (excluding those relating to mortgage servicing rights) | 26,297 | 11,740 |
| of which: goodwill (including those equivalent) | 16,233 | - |
| of which: other intangibles other than goodwill and mortgage servicing rights | 10,064 | 11,740 |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | 2,816 | 4,225 |
| Shortfall of eligible provisions to expected losses | 4,783 | - |
| Gain on sale of securitization | 7,725 | - |
| Gains and losses due to changes in own credit risk on fair valued liabilities | - | - |
| Net defined benefit asset | 1,055 | 1,583 |
| Investments in own shares (excluding those reported in the net assets section) | 6 | 9 |
| 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 | 42,685 | |
| Capital (consolidated) | 799,738 | |
| Risk-weighted assets, etc. | | |
| Total amount of credit risk-weighted assets | 5,111,624 | |
| of which: total amount included in risk-weighted assets by transitional arrangements | 10,839 | |
| of which: intangible assets (excluding those relating to goodwill and mortgage servicing rights) | 11,740 | |
| of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | 4,225 | |
| of which: net defined benefit asset | 1,583 | |
| of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions) | (6,730) | |
| of which: other than above | 20 | |
| Market risk (derived by multiplying the capital requirement by 12.5) | 192,637 | |
| Operational risk (derived by multiplying the capital requirement by 12.5) | 368,477 | |
| Credit risk-weighted assets adjustments | - | |
| Operational risk adjustments | - | |
| Total amount of Risk-weighted assets | 5,672,738 | |
| Capital ratio (consolidated) | 14.09% | |

1. Calculated according to F-IRB.

(Reference) Results of Operations (Consolidated)

(Millions of yen)

| | 1H FY2016 (6 months) (A) | 1H FY2015 (6 months) (B) | Change (A)-(B) |
|--|--------------------------------|--------------------------------|-------------------|
| Gross Business Profit | 109,400 | 104,747 | 4,653 |
| (excluding Gains on Monetary Assets Held in Trust) | 107,054 | 100,254 | 6,800 |
| Net Interest Income | 60,474 | 61,021 | -547 |
| Net Fees and Commissions | 12,983 | 13,151 | -167 |
| Net Trading Income | 4,840 | 5,126 | -286 |
| Net Other Business Income | 31,101 | 25,447 | 5,654 |
| Gains on Monetary Assets Held in Trust | 2,345 | 4,492 | -2,146 |
| Gains related to Bonds | 6,575 | 1,884 | 4,691 |
| General and Administrative Expenses | 74,348 | 73,556 | 791 |
| Personnel Expenses | 28,552 | 28,669 | -117 |
| Nonpersonnel Expenses | 40,912 | 40,514 | 397 |
| Amortization of Goodwill and Intangible Assets | 2,963 | 3,836 | -872 |
| Taxes | 4,882 | 4,371 | 510 |
| Net Business Profit | 35,052 | 31,190 | 3,861 |
| Credit Costs | 14,719 | -1,262 | 15,981 |
| Gains on Stock Transactions | 2,620 | 4,399 | -1,779 |
| Equity in Net Income (Loss) of Affiliates | 1,199 | 1,244 | -44 |
| Other | 2,677 | 287 | 2,389 |
| Ordinary Profit | 26,830 | 38,384 | -11,554 |
| Extraordinary Gains | 240 | 445 | -205 |
| Gains from Sales of Fixed Assets and Impairment losses | -38 | -433 | 395 |
| Income before Income Taxes | 27,070 | 38,829 | -11,759 |
| Income Taxes - Current | 1,933 | 1,266 | 666 |
| Income Taxes - Deferred | 204 | -247 | 452 |
| Profit Attributable to Noncontrolling Interests | -3 | 344 | -348 |
| Profit Attributable to Owners of the Parents | 24,936 | 37,466 | -12,529 |

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)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
|---|-------------------------|-------------------------|--------------------|-----------------------|
| Net interest income | 47.7 | 44.7 | 2.9 | 93.7 |
| Noninterest income | 10.5 | 10.2 | 0.3 | 15.4 |
| Net fees and commissions ¹ | -2.4 | 1.7 | -4.1 | -0.3 |
| Net trading income | 3.7 | 2.7 | 0.9 | 4.8 |
| Net other business income | 9.2 | 5.7 | 3.5 | 10.9 |
| Total revenue¹ | 58.2 | 54.9 | 3.3 | 109.2 |
| Personnel expenses | -13.6 | -13.5 | -0.1 | -26.6 |
| Nonpersonnel expenses | -22.1 | -21.1 | -1.0 | -43.5 |
| Taxes | -2.8 | -2.5 | -0.3 | -5.0 |
| General and administrative expenses | -38.7 | -37.2 | -1.4 | -75.2 |
| Net business profit¹ | 19.5 | 17.7 | 1.8 | 33.9 |
| Other gains | | | | |
| Gains on the sales of equities | 1.7 | 0.1 | 1.5 | -2.9 |
| Net provision of reserve for credit losses ² | 0.2 | 10.5 | -10.2 | 17.1 |
| Losses on write-off of loans | -0.7 | -0.0 | -0.6 | -0.4 |
| Recoveries of written-off claims | 0.1 | 2.9 | -2.7 | 3.5 |
| Expenses for employees' retirement benefits | -0.0 | -0.4 | 0.3 | -0.9 |
| Others | 0.1 | 0.6 | -0.5 | -0.8 |
| Net ordinary income | 21.0 | 31.5 | -10.5 | 49.3 |
| Extra ordinary profit | | | | |
| Gains from sales of fixed assets and impairment losses | -0.0 | -0.3 | 0.2 | -0.5 |
| Others | 3.1 | -5.3 | 8.4 | -5.9 |
| Income before income taxes | 24.1 | 25.8 | -1.7 | 42.8 |
| Income taxes - Current | -0.0 | 0.1 | -0.1 | 0.6 |
| Income taxes - Deferred | -0.0 | -0.7 | 0.7 | -1.8 |
| Net income | 24.1 | 25.2 | -1.1 | 41.5 |

1. Includes income from monetary assets held in trust of ¥0.6 billion in 1HFY2016, ¥3.1 billion in 1HFY2015 and ¥4.4 billion in FY2015.

2. Reversals of reserve for loan losses was ¥0.2 billion in 1HFY2016, ¥10.5 billion in 1HFY2015 and ¥17.1 billion in FY2015.

The difference between nonconsolidated and consolidated basis net income results from factors such as profits or losses at consolidated subsidiaries including Showa Leasing Co., Ltd., Shinsei Financial Co., Ltd., APLUS FINANCIAL Co., Ltd. and Shinsei Personal Loan Co., Ltd., gains or losses on our investment in our equity method affiliate, Jih Sun Financial Holding Co., Ltd., and whether or not dividends are received from our consolidated subsidiaries. It should be noted that gains (losses) on the sale of equities and impairments related to equities are recorded as other business income (loss) in the consolidated financial statements, reflecting the nature of the transactions. However, in the preceding explanation of nonconsolidated financial results, the same transactions are included in other gains (losses) in accordance with the reporting format of the Revitalization Plan.

Nonconsolidated total revenue of Shinsei Bank for the first half of fiscal year 2016 totaled ¥58.2 billion, increased ¥3.3 billion compared to the first half of fiscal year 2015. Of this, net interest income totaled ¥47.7 billion, increased ¥2.9 billion from the first half of fiscal year 2015. This performance was the result of the revenue decreased resulting from the absence of significant dividend income from securities investments recorded in the Institutional Business in the previous fiscal year being offset by an increase in net interest income recorded from the Consumer Finance business.

It should be noted that dividend income received from subsidiaries in the first half of fiscal year 2016 totaled ¥3.8 billion (¥3.0 billion from Shinsei Financial, ¥0.8 billion from Showa Leasing), decreased ¥0.4 billion compared to the first half of fiscal year 2015. Noninterest income totaled ¥10.5 billion, increased ¥0.3 billion compared to the first half of fiscal year 2015. This was the result of an increase in gains on bonds recorded in Treasury operations offsetting reduction in markets related revenues including revenues associated with the sale of asset management products in the Retail Banking Business.

General and administrative expenses totaled ¥38.7 billion in the first half of fiscal year 2016, increased ¥1.4 billion compared to the first half of fiscal year 2015. This was the result of an increase in expenses corresponding to the growth of the Consumer Finance Business operated through the Bank.

As a result of the preceding factors, Shinsei Bank recorded a nonconsolidated ordinary business profit of ¥19.5 billion in the first half of fiscal year 2016, increased ¥1.8 billion compared to the first half of fiscal year 2015. However, while having recorded an extraordinary profit as a result of the redemption of affiliate company shares, the absence of major credit recoveries recorded in the Institutional Business in the first half of the previous fiscal year and the recording of net credit costs totaling ¥0.3 billion in the first half of fiscal year 2016, an increase of ¥13.7 billion compared to the first half of the previous fiscal year, resulted in the Bank recording an interim net income of ¥24.1 billion, decreased ¥1.1 billion compared to the first half of fiscal year 2015.

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

(Billions of yen, except percentages)

| | 1H FY2016 (6 months) | | | 1H FY2015 (6 months) | | | FY2015 (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 | 4,295.7 | 41.6 | 1.93 | 4,183.6 | 39.6 | 1.89 | 4,210.4 | 80.3 | 1.90 |
| Securities | 1,543.3 | 11.0 | 1.43 | 1,865.6 | 11.7 | 1.26 | 1,726.8 | 25.9 | 1.50 |
| Other interest-earning assets ^{2, 3} | 256.1 | 1.1 | *** | 320.0 | 1.3 | *** | 320.4 | 2.8 | *** |
| Total interest-earning assets | 6,095.1 | 53.9 | 1.76 | 6,369.2 | 52.8 | 1.65 | 6,257.7 | 109.1 | 1.74 |
| Interest-bearing liabilities: | | | | | | | | | |
| Deposits, including negotiable certificates of deposit | 5,880.3 | 3.7 | 0.12 | 5,589.3 | 3.9 | 0.14 | 5,735.8 | 8.4 | 0.14 |
| Borrowed money | 355.5 | 0.3 | 0.22 | 428.8 | 1.0 | 0.50 | 405.0 | 2.0 | 0.51 |
| Subordinated debt | 26.9 | 0.3 | 2.79 | 58.4 | 0.8 | 2.83 | 56.9 | 1.6 | 2.87 |
| Other borrowed money | 328.6 | 0.0 | 0.01 | 370.4 | 0.2 | 0.14 | 348.0 | 0.4 | 0.12 |
| Corporate bonds | 53.5 | 0.5 | 2.22 | 142.0 | 2.5 | 3.63 | 102.8 | 3.4 | 3.30 |
| Subordinated bonds | 37.3 | 0.5 | 3.03 | 130.7 | 2.5 | 3.91 | 89.4 | 3.3 | 3.75 |
| Other corporate bonds | 16.2 | 0.0 | 0.36 | 11.3 | 0.0 | 0.33 | 13.4 | 0.0 | 0.35 |
| Other interest-bearing liabilities ² | 465.2 | 1.5 | *** | 584.7 | 0.6 | *** | 508.6 | 1.8 | *** |
| Total interest-bearing liabilities | 6,754.6 | 6.2 | 0.18 | 6,745.0 | 8.2 | 0.24 | 6,752.2 | 15.7 | 0.23 |
| Net interest income/yield on interest-earning assets | 6,095.1 | 47.6 | 1.55 | 6,369.2 | 44.5 | 1.39 | 6,257.7 | 93.3 | 1.49 |

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)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change | FY2015 (12 months) |
|--|-------------------------|-------------------------|--------|-----------------------|
| Yield on interest earning assets (A) | 1.76 | 1.65 | 0.11 | 1.74 |
| Total cost of funding (B) | 1.33 | 1.35 | -0.02 | 1.35 |
| Cost of interest bearing liabilities (C) | 0.18 | 0.24 | -0.06 | 0.23 |
| Overall interest margin (A)–(B) | 0.43 | 0.30 | 0.13 | 0.39 |
| Net interest margin (A)–(C) | 1.58 | 1.41 | 0.17 | 1.51 |

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

(Domestic)¹ (Percentages)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change | FY2015 (12 months) |
|---|-------------------------|-------------------------|--------|-----------------------|
| Yield on interest earning assets (A) | 1.70 | 1.56 | 0.14 | 1.65 |
| Interest earned on loans and bills discounted | 1.95 | 1.91 | 0.04 | 1.93 |
| Interest earned on securities | 1.48 | 1.06 | 0.42 | 1.39 |
| Total cost of funding (B) ² | 1.31 | 1.33 | -0.02 | 1.34 |
| Cost of interest bearing liabilities (C) | 0.10 | 0.17 | -0.07 | 0.17 |
| Interest paid on deposits ³ | 0.07 | 0.11 | -0.04 | 0.11 |
| Overall interest margin (A)–(B) | 0.39 | 0.23 | 0.16 | 0.31 |
| Net interest margin (A)–(C) | 1.60 | 1.39 | 0.21 | 1.48 |

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)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change | FY2015 (12 months) |
|---------------------------------|-------------------------|-------------------------|--------|-----------------------|
| Gains (losses) on bonds | 7.6 | 1.8 | 5.7 | 5.7 |
| Gains on sales | 8.6 | 2.3 | 6.2 | 6.9 |
| Gains on redemption | 1.1 | - | 1.1 | - |
| Losses on sales | -2.0 | -0.5 | -1.5 | -1.1 |
| Losses on redemption | - | - | - | - |
| Losses on devaluation | - | - | - | - |
| Gains (losses) on stocks | 1.7 | 0.1 | 1.5 | -2.9 |
| Gains on sales | 2.1 | 0.7 | 1.3 | 1.2 |
| Losses on sales | -0.4 | -0.3 | -0.0 | -3.6 |
| Losses on devaluation | - | -0.2 | 0.2 | -0.6 |

Net Credit Costs (Nonconsolidated) ¹

(Billions of yen)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
|---|-------------------------|-------------------------|--------------------|-----------------------|
| Losses on write-off of loans | -0.7 | -0.0 | -0.6 | -0.4 |
| Net provision of reserve for loan losses | 0.2 | 10.5 | -10.2 | 17.1 |
| Net provision of general reserve for loan losses | 0.0 | -1.8 | 1.9 | -4.0 |
| Net provision of specific reserve for loan losses | 0.1 | 12.4 | -12.2 | 21.1 |
| Recoveries of written-off claims | 0.1 | 2.9 | -2.7 | 3.5 |
| Net credit costs | -0.3 | 13.4 | -13.7 | 20.1 |

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> | | |
|---|--------------------------|------------------------|--------------------|
| | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
| Domestic (excluding Japan offshore market accounts): | | | |
| Manufacturing | 192.1 | 192.3 | -0.2 |
| Agriculture and forestry | 0.0 | 0.0 | -0.0 |
| Fishery | 0.2 | 0.1 | 0.0 |
| Mining, quarrying and gravel extraction | 0.2 | 0.2 | 0.0 |
| Construction | 13.3 | 8.0 | 5.3 |
| Electrical, natural gas and water supply | 229.7 | 233.2 | -3.5 |
| Information and communications | 43.4 | 36.4 | 6.9 |
| Transportation and postal service | 163.7 | 165.1 | -1.4 |
| Wholesale and retail | 102.0 | 102.1 | -0.1 |
| Finance and insurance | 625.0 | 643.2 | -18.1 |
| Real estate | 547.1 | 577.8 | -30.7 |
| Services | 369.2 | 360.0 | 9.1 |
| Local government | 74.7 | 79.4 | -4.7 |
| Individuals | 1,531.4 | 1,474.2 | 57.2 |
| Overseas yen loans and overseas loans booked domestically | 343.6 | 328.1 | 15.5 |
| Total domestic | 4,236.2 | 4,200.7 | 35.5 |
| Overseas (including Japan offshore market accounts): | | | |
| Governments | 0.6 | 0.7 | -0.0 |
| Financial institutions | 7.2 | 8.5 | -1.2 |
| Commerce and industry | 93.5 | 90.0 | 3.5 |
| Others | - | - | - |
| Total overseas | 101.5 | 99.3 | 2.1 |
| Total | 4,337.7 | 4,300.1 | 37.6 |

Risk Monitored Loans (Nonconsolidated)

| | <i>(Billions of yen)</i> | | |
|---|--------------------------|----------------|--------------------|
| | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
| Loans to bankrupt obligors | 1.1 | 1.3 | -0.1 |
| Nonaccrual delinquent loans | 29.6 | 30.7 | -1.0 |
| Loans past due for three months or more | 1.1 | 1.4 | -0.2 |
| Restructured loans | 2.7 | 1.1 | 1.5 |
| Total (A) | 34.7 | 34.6 | 0.0 |
| Loans and bills discounted (B) | 4,337.7 | 4,300.1 | 37.6 |
| Ratio to total loans and bills discounted (A/B) (%) | 0.80% | 0.81% | -0.01% |
| Reserve for credit losses (C) | 27.7 | 28.2 | -0.4 |
| Reserve ratio (C/A) (%) | 79.9% | 81.6% | -1.7% |

Risk Monitored Loans by Borrower Industry (Nonconsolidated)

(Billions of yen)

| | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
|---|------------------------|----------------|--------------------|
| Domestic (excluding Japan offshore market accounts): | | | |
| Manufacturing | 0.7 | 0.7 | -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 | 1.1 | -0.4 |
| Wholesale and retail | 0.3 | 0.3 | 0.0 |
| Finance and insurance | - | - | - |
| Real estate | 26.0 | 26.1 | -0.0 |
| Services | 0.2 | 0.6 | -0.4 |
| Local government | - | - | - |
| Individuals | 2.5 | 2.6 | -0.1 |
| Overseas yen loans and overseas loans booked domestically | 2.4 | 2.9 | -0.5 |
| Total domestic | 33.1 | 34.6 | -1.5 |
| Overseas (including Japan offshore market accounts): | | | |
| Governments | - | - | - |
| Financial institutions | - | - | - |
| Commerce and industry | 1.6 | - | 1.6 |
| Others | - | - | - |
| Total overseas | 1.6 | - | 1.6 |
| Total | 34.7 | 34.6 | 0.0 |

Claims Classified under the Financial Revitalization Law (Nonconsolidated)

(Billions of yen)

| | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
|---|----------------|----------------|--------------------|
| Claims against bankrupt and quasi-bankrupt obligors | 4.1 | 5.0 | -0.8 |
| Doubtful claims | 26.7 | 27.1 | -0.3 |
| Substandard claims | 3.9 | 2.6 | 1.2 |
| Total (A) | 34.8 | 34.7 | 0.0 |
| Coverage ratio | 97.0% | 97.9% | -0.9% |
| Total claims (B) | 4,426.6 | 4,375.6 | 51.0 |
| Loans and bills discounted | 4,337.7 | 4,300.1 | 37.6 |
| Others | 88.8 | 75.5 | 13.3 |
| Ratio to total claims (A/B X 100) (%) ¹ | 0.78% | 0.79% | -0.01% |
| (Ref. 1) Amount of write-off | 31.8 | 34.0 | -2.2 |
| (Ref. 2) Below need caution level | 83.5 | 94.7 | -11.1 |

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

(Billions of yen, except percentages)

| | Sep 30, 2016 | | | | | Mar 31, 2016 | | | | |
|--|--------------------------|--------------|-------------------------|---------------------------|---------------------------|--------------------------|--------------|-------------------------|---------------------------|---------------------------|
| | Amounts of coverage | | | | | Amounts of coverage | | | | |
| | Amounts of claims (a) | Total (b) | Reserve for loan losses | Collateral and guarantees | Coverage ratio (b)/(a) | Amounts of claims (a) | Total (b) | Reserve for loan losses | Collateral and guarantees | Coverage ratio (b)/(a) |
| Claims against bankrupt and quasi-bankrupt | 4.1 | 4.1 | - | 4.1 | 100.0% | 5.0 | 5.0 | - | 5.0 | 100.0% |
| Doubtful claims | 26.7 | 26.6 | 1.7 | 24.9 | 99.4% | 27.1 | 26.9 | 1.9 | 25.0 | 99.5% |
| Substandard claims | 3.9 | 3.0 | 1.3 | 1.8 | 77.4% | 2.6 | 2.1 | 0.5 | 1.6 | 78.0% |
| Total | 34.8 | 33.8 | 2.9 | 30.8 | 97.0% | 34.7 | 34.0 | 2.4 | 31.6 | 97.9% |

Reserve for Credit Losses (Nonconsolidated)

(Billions of yen)

| | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
|--|----------------|----------------|--------------------|
| Reserve for credit losses | 23.8 | 24.3 | -0.4 |
| General reserve for loan losses | 21.3 | 21.6 | -0.2 |
| Specific reserve for loan losses | 2.5 | 2.7 | -0.2 |
| Reserve for loans to restructuring countries | 0.0 | 0.0 | -0.0 |
| Specific reserve for other credit losses | 3.9 | 3.9 | - |
| Total reserve for credit losses | 27.7 | 28.2 | -0.4 |

Reserve Ratios for Borrowers' Category (Nonconsolidated)

| | | <i>(Percentage)</i> | | |
|--------------------------------|---------------------|---------------------|----------------|--------------------|
| | | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
| Legally and virtually bankrupt | (unsecured portion) | 100.0 | 100.0 | - |
| Possibly bankrupt | (unsecured portion) | 253.8 | 292.6 | -38.9 |
| Substandard | (unsecured portion) | 65.1 | 56.2 | 8.9 |
| Need caution | (total claims) | 5.9 | 6.4 | -0.5 |
| | (unsecured portion) | 11.1 | 11.1 | -0.0 |
| Normal | (total claims) | 0.4 | 0.4 | - |

Housing Loans (Nonconsolidated)

| | <i>(Billions of yen)</i> | | |
|---------------|--------------------------|------------------------|----------------------------|
| | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
| Housing loans | 1,295.4 | 1,259.4 | 35.9 |

Securities Being Held to Maturity (Nonconsolidated)

(Billions of yen)

| | Sep 30, 2016 | | | Mar 31, 2016 | | |
|--|-----------------|--------------|------------------------|-----------------|--------------|------------------------|
| | Carrying amount | Fair value | Unrealized gain (loss) | Carrying amount | Fair value | Unrealized gain (loss) |
| Fair value exceeds carrying amount | | | | | | |
| Japanese government bonds | 494.6 | 503.0 | 8.3 | 535.8 | 544.2 | 8.3 |
| Other | 6.1 | 6.4 | 0.3 | 23.7 | 24.4 | 0.7 |
| Subtotal | 500.8 | 509.5 | 8.7 | 559.5 | 568.6 | 9.0 |
| Fair value does not exceed carrying amount | | | | | | |
| Japanese government bonds | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Subtotal | - | - | - | - | - | - |
| Total | 500.8 | 509.5 | 8.7 | 559.5 | 568.6 | 9.0 |

Securities Available for Sale (Nonconsolidated)

(Billions of yen)

| | Sep 30, 2016 | | | Mar 31, 2016 | | |
|---|------------------------------|-----------------------------|------------------------|------------------------------|-----------------------------|------------------------|
| | Carrying amount (Fair value) | Amortized/ Acquisition cost | Unrealized gain (loss) | Carrying amount (Fair value) | Amortized/ Acquisition cost | Unrealized gain (loss) |
| Carrying amount exceeds amortized/acquisition cost | | | | | | |
| Equity securities | 15.8 | 8.8 | 6.9 | 13.9 | 8.2 | 5.7 |
| Domestic bonds | 38.8 | 37.3 | 1.4 | 228.5 | 224.1 | 4.4 |
| Japanese national government bonds | - | - | - | 192.2 | 189.3 | 2.9 |
| Japanese local government bonds | 0.5 | 0.5 | 0.0 | 0.5 | 0.5 | 0.0 |
| Japanese corporate bonds | 38.3 | 36.8 | 1.4 | 35.7 | 34.2 | 1.5 |
| Other | 193.9 | 190.4 | 3.4 | 158.0 | 154.1 | 3.9 |
| Foreign securities | 183.8 | 181.6 | 2.1 | 149.6 | 146.8 | 2.8 |
| Foreign currency denominated foreign corporate and government bonds | 132.9 | 131.4 | 1.4 | 103.8 | 101.1 | 2.6 |
| Yen-denominated foreign corporate and government bonds | 48.7 | 48.1 | 0.6 | 45.8 | 45.6 | 0.2 |
| Foreign equity securities and others | 2.0 | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other securities | 8.1 | 7.0 | 1.1 | 8.0 | 7.0 | 1.0 |
| Other monetary claims purchased | 1.9 | 1.8 | 0.0 | 0.2 | 0.2 | 0.0 |
| Subtotal | 248.5 | 236.7 | 11.8 | 400.5 | 386.4 | 14.1 |
| Carrying amount does not exceed amortized/acquisition cost | | | | | | |
| Equity securities | 0.6 | 0.9 | -0.2 | 1.2 | 1.3 | -0.1 |
| Domestic bonds | 47.2 | 47.9 | -0.6 | 52.6 | 53.0 | -0.4 |
| Japanese national government bonds | - | - | - | 19.9 | 20.0 | -0.1 |
| Japanese local government bonds | - | - | - | - | - | - |
| Japanese corporate bonds | 47.2 | 47.9 | -0.6 | 32.7 | 33.0 | -0.2 |
| Other | 138.5 | 140.0 | -1.4 | 126.4 | 127.3 | -0.8 |
| Foreign securities | 128.2 | 129.3 | -1.1 | 109.6 | 110.4 | -0.7 |
| Foreign currency denominated foreign corporate and government bonds | 61.1 | 61.5 | -0.3 | 58.8 | 59.2 | -0.3 |
| Yen-denominated foreign corporate and government bonds | 64.1 | 64.9 | -0.7 | 50.7 | 51.1 | -0.3 |
| Foreign equity securities and others | 2.9 | 2.9 | -0.0 | - | - | - |
| Other securities | 8.9 | 9.2 | -0.3 | 0.1 | 0.1 | -0.0 |
| Other monetary claims purchased | 1.4 | 1.4 | -0.0 | 16.6 | 16.7 | -0.1 |
| Subtotal | 186.4 | 188.8 | -2.4 | 180.3 | 181.7 | -1.4 |
| Total^{1, 2} | 435.0 | 425.5 | 9.4 | 580.8 | 568.1 | 12.6 |

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)

| | Sep 30, 2016 | Mar 31, 2016 |
|---|--------------|--------------|
| Unrealized gain (loss) before deferred tax on: | | |
| Available-for-sale securities | 9.4 | 12.6 |
| Interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined | 1.4 | 2.6 |
| Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions | -0.4 | -0.7 |
| Other monetary assets held in trust | -0.8 | -1.0 |
| (-) Deferred tax liabilities | 1.5 | 2.7 |
| Unrealized gain (loss) on available-for-sale securities | 8.0 | 10.7 |

Hedge-Accounting Derivative Transactions (Nonconsolidated)

(Billions of yen)

| Notional Principal Amount | Sep 30, 2016 | | | |
|-----------------------------------|----------------|------------------------|--------------|-------|
| | 1 year or less | Over 1 year to 5 years | Over 5 years | Total |
| Interest rate swaps: | | | | |
| Receive fixed and pay floating | 10.0 | 436.4 | 46.0 | 492.4 |
| Receive floating and pay fixed | 25.2 | 94.4 | 114.1 | 233.8 |
| Receive floating and pay floating | - | - | - | - |
| Total notional principal amount | 35.2 | 530.8 | 160.1 | 726.2 |
| Currency swaps | | | | |
| Total notional principal amount | 30.2 | 100.7 | 23.7 | 154.7 |

Employees' Retirement Benefit (Nonconsolidated)

(Billions of yen)

| Project Benefit Obligation | Sep 30, 2016 | |
|-----------------------------------|---------------|------|
| Projected benefit obligation | (A) | 63.1 |
| Discount rate | | 1.2% |
| Fair value of plan assets | (B) | 64.4 |
| Prepaid pension cost | (C) | -2.4 |
| Unrecognized prior service cost | (D) | -0.2 |
| Unrecognized net actuarial losses | (E) | 1.3 |
| Other | (F) | - |
| Reserve for retirement benefits | (A-B-C-D-E-F) | - |

(Billions of yen)

| Pension Expenses | 1H FY2016 (6 months) |
|---|-------------------------|
| Service cost | 1.2 |
| Interest | 0.3 |
| Expected return on plan assets | -0.6 |
| Amortization of prior service cost | -0.1 |
| Amortization of net actuarial losses | 0.1 |
| Other (extraordinary severance benefit expense, etc.) | 0.0 |
| Net periodic retirement benefit cost | 0.9 |

Capital Adequacy Related Information (Nonconsolidated)

<Basel 3, Domestic Standard¹>

| | <i>(Billions of yen, except percentages)</i> | | |
|--|--|----------------|--------------------|
| | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
| Core capital: instruments and reserves | 839.3 | 849.1 | -9.7 |
| Core capital: regulatory adjustments | -20.6 | -23.0 | 2.4 |
| Capital | 818.7 | 826.0 | -7.3 |
| Total amount of Risk-weighted assets | 5,181.6 | 5,208.5 | -26.9 |
| Core capital adequacy ratio | 15.80% | 15.85% | |

1. Calculated according to F-IRB.

Nonconsolidated total required capital is ¥434.9 billion as at Sep 30, 2016 and ¥439.5 billion as at March 31, 2016.

Interim Nonconsolidated Balance Sheets

(Millions of yen)

| | Sep 30 2016 | Mar 31 2016 | Change (Amount) |
|---|------------------|------------------|--------------------|
| <<Assets>> | | | |
| Cash and due from banks | 1,304,513 | 1,049,396 | 255,116 |
| Other monetary claims purchased | 132,359 | 192,146 | (59,787) |
| Trading assets | 294,991 | 311,832 | (16,840) |
| Monetary assets held in trust | 115,307 | 151,647 | (36,340) |
| Securities | 1,402,766 | 1,603,809 | (201,042) |
| Loans and bills discounted | 4,337,797 | 4,300,152 | 37,645 |
| Foreign exchanges | 25,697 | 17,024 | 8,673 |
| Other assets | 228,994 | 205,762 | 23,231 |
| Other | 228,994 | 205,762 | 23,231 |
| Premises and equipment | 16,852 | 17,813 | (961) |
| Intangible assets | 15,624 | 13,572 | 2,052 |
| Prepaid pension cost | 2,413 | 1,073 | 1,340 |
| Deferred issuance expenses for debentures | 1 | 3 | (1) |
| Customers' liabilities for acceptances and guarantees | 24,276 | 21,730 | 2,546 |
| Reserve for credit losses | (27,788) | (28,282) | 494 |
| Total assets | 7,873,809 | 7,857,682 | 16,127 |
| <<Liabilities>> | | | |
| Deposits | 5,532,601 | 5,664,767 | (132,165) |
| Negotiable certificates of deposit | 384,880 | 301,001 | 83,879 |
| Debentures | 11,199 | 16,740 | (5,541) |
| Call money | 22,400 | 40,000 | (17,600) |
| Payables under repurchase agreements | 45,955 | 23,779 | 22,175 |
| Payables under securities lending transactions | 205,794 | 116,409 | 89,385 |
| Trading liabilities | 274,613 | 291,356 | (16,742) |
| Borrowed money | 342,839 | 374,827 | (31,987) |
| Foreign exchanges | 63 | 75 | (12) |
| Corporate bonds | 47,600 | 57,619 | (10,019) |
| Other liabilities | 184,758 | 162,635 | 22,122 |
| Income taxes payable | 1,085 | 748 | 337 |
| Asset retirement obligations | 7,460 | 7,443 | 16 |
| Other | 176,212 | 154,443 | 21,768 |
| Accrued employees' bonuses | 2,347 | 4,511 | (2,164) |
| Reserve for reimbursement of debentures | 3,081 | 2,903 | 177 |
| Deferred tax liabilities | 2,099 | 2,873 | (773) |
| Acceptances and guarantees | 24,276 | 21,730 | 2,546 |
| Total liabilities | 7,084,512 | 7,081,231 | 3,280 |
| <<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 | 285,678 | 264,216 | 21,462 |
| Legal reserve | 14,220 | 13,689 | 530 |
| Other retained earnings | 271,457 | 250,526 | 20,931 |
| Unappropriated retained earnings | 271,457 | 250,526 | 20,931 |
| Treasury stock, at cost | (82,558) | (72,559) | (9,999) |
| Total shareholders' equity | 794,789 | 783,327 | 11,462 |
| Net unrealized gain (loss) and translation adjustments | | | |
| Unrealized gain (loss) on available-for-sale securities | 8,050 | 10,777 | (2,726) |
| Deferred gain (loss) on derivatives under hedge accounting | (14,077) | (18,166) | 4,089 |
| Total net unrealized gain (loss) and translation adjustments | (6,026) | (7,389) | 1,362 |
| Stock acquisition rights | 534 | 512 | 21 |
| Total equity | 789,297 | 776,450 | 12,846 |
| Total liabilities and equity | 7,873,809 | 7,857,682 | 16,127 |

Interim Nonconsolidated Statements of Income

(Millions of yen)

| | 1H FY2016 (6 months) | 1H FY2015 (6 months) | Change (Amount) | FY2015 (12 months) |
|--|-------------------------|-------------------------|--------------------|-----------------------|
| Ordinary income | 85,612 | 91,751 | (6,139) | 176,230 |
| Interest income | 53,912 | 52,839 | 1,073 | 109,149 |
| Interest on loans and bills discounted | 41,696 | 39,684 | 2,011 | 80,384 |
| Interest and dividends on securities | 11,068 | 11,773 | (705) | 25,952 |
| Other interest income | 1,148 | 1,381 | (232) | 2,813 |
| Fees and commissions income | 9,795 | 10,613 | (817) | 19,285 |
| Trading income | 3,744 | 2,864 | 879 | 5,031 |
| Other business income | 12,623 | 6,658 | 5,965 | 13,264 |
| Other ordinary income | 5,535 | 18,775 | (13,239) | 29,499 |
| Ordinary expenses | 64,601 | 60,200 | 4,400 | 126,863 |
| Interest expenses | 6,294 | 8,260 | (1,966) | 15,778 |
| Interest on deposits | 3,688 | 3,875 | (187) | 8,225 |
| Interest on corporate bonds | 597 | 2,579 | (1,981) | 3,403 |
| Other interest expenses | 2,008 | 1,806 | 202 | 4,149 |
| Fees and commissions expenses | 12,889 | 12,056 | 832 | 24,103 |
| Trading losses | 16 | 119 | (102) | 197 |
| Other business expenses | 3,335 | 947 | 2,387 | 2,285 |
| General and administrative expenses | 40,226 | 37,709 | 2,517 | 76,173 |
| Other ordinary expenses | 1,839 | 1,107 | 732 | 8,324 |
| Ordinary profit | 21,010 | 31,550 | (10,539) | 49,366 |
| Extraordinary gains | 3,864 | 699 | 3,165 | 842 |
| Extraordinary losses | 750 | 6,350 | (5,600) | 7,374 |
| Income before income taxes | 24,125 | 25,899 | (1,774) | 42,834 |
| Income taxes (benefit) | | | | |
| Income taxes (benefit) - current | 7 | (105) | 113 | (618) |
| Income taxes (benefit) - deferred | 1 | 772 | (771) | 1,886 |
| Total income taxes (benefit) | 9 | 667 | (658) | 1,268 |
| Net income | 24,115 | 25,232 | (1,116) | 41,566 |

Interim Nonconsolidated Statement of Changes in Equity

For the first half ended September 30, 2016

(Millions of yen)

| | Shareholders' equity | | | | | | | Total shareholders' equity |
|--|----------------------|----------------------------|-----------------------|---------------|-------------------------|-------------------------|-------------------------|----------------------------|
| | Common stock | Capital surplus | | Legal reserve | Retained earnings | | Treasury stock, at cost | |
| | | Additional paid-in capital | Total capital surplus | | Other retained earnings | Total retained earnings | | |
| Balance at beginning of the year | 512,204 | 79,465 | 79,465 | 13,689 | 250,526 | 264,216 | (72,559) | 783,327 |
| Changes during the period | | | | | | | | |
| Dividends | | | | 530 | (3,184) | (2,653) | | (2,653) |
| Net income | | | | | 24,115 | 24,115 | | 24,115 |
| Purchase of treasury stock | | | | | | | (9,999) | (9,999) |
| Net changes during the period excluding shareholders' equity | | | | | | | | |
| Total changes during the period | - | - | - | 530 | 20,931 | 21,462 | (9,999) | 11,462 |
| Balance at end of the period | 512,204 | 79,465 | 79,465 | 14,220 | 271,457 | 285,678 | (82,558) | 794,789 |

| | Net unrealized gain (loss) and translation adjustments | | | Stock acquisition rights | Total equity |
|--|---|--|--|--------------------------|--------------|
| | Unrealized gain (loss) on available-for-sale securities | Deferred gain (loss) on derivatives under hedge accounting | Total net unrealized gain (loss) and translation adjustments | | |
| Balance at beginning of the year | 10,777 | (18,166) | (7,389) | 512 | 776,450 |
| Changes during the period | | | | | |
| Dividends | | | | | (2,653) |
| Net income | | | | | 24,115 |
| Purchase of treasury stock | | | | | (9,999) |
| Net changes during the period excluding shareholders' equity | (2,726) | 4,089 | 1,362 | 21 | 1,384 |
| Total changes during the period | (2,726) | 4,089 | 1,362 | 21 | 12,846 |
| Balance at end of the period | 8,050 | (14,077) | (6,026) | 534 | 789,297 |

Nonconsolidated Composition of Capital Disclosure

<Basel 3, Domestic Standard>

Millions of yen (except percentages)

| | Sep 30 2016 | Amounts excluded under transitional arrangements |
|---|------------------|--|
| Core capital: instruments and reserves | | |
| Directly issued qualifying common share capital or preferred share capital with a compulsory conversion clause plus related capital surplus and retained earnings | 794,789 | |
| of which: capital and capital surplus | 591,670 | |
| of which: retained earnings | 285,678 | |
| of which: treasury stock (-) | 82,558 | |
| 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 | 534 | |
| Total of reserves included in Core capital: instruments and reserves | 246 | |
| of which: general reserve for loan losses included in Core capital | 246 | |
| 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) | 43,791 | |
| Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital: instruments and reserves) | - | |
| Land revaluation excess after 55% discount (amount allowed to be included in Core capital: instruments and reserves) | - | |
| Core capital: instruments and reserves | 839,361 | |
| Core capital: regulatory adjustments | | |
| Total amount of intangible assets (excluding those relating to mortgage servicing rights) | 5,365 | 5,782 |
| of which: goodwill (including those equivalent) | 1,117 | - |
| of which: other intangibles other than goodwill and mortgage servicing rights | 4,247 | 5,782 |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | 741 | 1,111 |
| Shortfall of eligible provisions to expected losses | 6,119 | - |
| Gain on sale of securitization | 7,725 | - |
| Gains and losses due to changes in own credit risk on fair valued liabilities | - | - |
| Prepaid pension cost | 667 | 1,001 |
| Investments in own shares (excluding those reported in the net assets section) | 6 | 9 |
| 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 | 20,625 | |
| Capital (nonconsolidated) | 818,735 | |
| Risk-weighted assets, etc. | | |
| Total amount of credit risk-weighted assets | 4,834,188 | |
| of which: total amount included in risk-weighted assets by transitional arrangements | 1,670 | |
| of which: intangible assets (excluding those relating to goodwill and mortgage servicing rights) | 5,782 | |
| of which: deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | 1,111 | |
| of which: prepaid pension cost | 1,001 | |
| of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions) | (6,245) | |
| of which: other than above | 20 | |
| Market risk (derived by multiplying the capital requirement by 12.5) | 153,352 | |
| Operational risk (derived by multiplying the capital requirement by 12.5) | 194,074 | |
| Credit risk-weighted assets adjustments | - | |
| Operational risk adjustments | - | |
| Total amount of Risk-weighted assets | 5,181,615 | |
| Capital ratio (nonconsolidated) | 15.80% | |

1. Calculated according to F-IRB.

(Reference) Results of Operations (Nonconsolidated)

(Millions of yen)

| | 1H FY2016 (6 months) (A) | 1H FY2015 (6 months) (B) | Change (A)-(B) |
|--|--------------------------------|--------------------------------|-------------------|
| Gross Business Profit | 58,290 | 54,981 | 3,309 |
| (excluding Gains on Monetary Assets Held in Trust) | 57,645 | 51,789 | 5,856 |
| Net Interest Income | 47,723 | 44,776 | 2,946 |
| Net Fees and Commissions | (2,438) | 1,759 | (4,198) |
| Gains on Monetary Assets Held in Trust | 644 | 3,191 | (2,546) |
| Net Trading Income | 3,727 | 2,745 | 982 |
| Net Other Business Income | 9,278 | 5,700 | 3,578 |
| Gains related to Bonds | 7,677 | 1,884 | 5,792 |
| General and Administrative Expenses | 38,723 | 37,240 | 1,482 |
| Personnel Expenses | 13,674 | 13,565 | 109 |
| Nonpersonnel Expenses | 22,190 | 21,124 | 1,066 |
| Amortization of Goodwill | 82 | 120 | (37) |
| Taxes | 2,858 | 2,551 | 306 |
| Net Operating Profit before Provision of General Reserve for Loan Losses | 18,922 | 14,549 | 4,373 |
| Provision of General Reserve for Loan Losses (1) | - | - | - |
| Net Operating Profit | 18,922 | 14,549 | 4,373 |
| Net Business Profit | 19,567 | 17,740 | 1,826 |
| Non-Recurring Gains | 1,547 | 14,007 | (12,459) |
| Gains related to Stocks | 1,727 | 184 | 1,542 |
| Credit Costs (2) | 308 | (13,434) | 13,743 |
| Losses on Write-Off of Loans | 741 | 79 | 662 |
| Provision of Specific Reserve for Loan Losses | - | - | - |
| Provision of Loans to Restructuring Countries | - | - | - |
| Recoveries of Written-off Claims | (138) | (2,923) | 2,784 |
| Reversal of Reserve for Loan Losses | (293) | (10,589) | 10,296 |
| Losses on Sale of Loans | - | - | - |
| Other | 128 | 388 | (259) |
| Ordinary Profit | 21,010 | 31,550 | (10,539) |
| Extraordinary Gains | 3,114 | (5,650) | 8,765 |
| Gains from Sales of Fixed Assets and Impairment losses | (58) | (329) | 271 |
| Income before Income Taxes | 24,125 | 25,899 | (1,774) |
| Income Taxes - Current | 7 | (105) | 113 |
| Income Taxes - Deferred | 1 | 772 | (771) |
| Net Income | 24,115 | 25,232 | (1,116) |

(Reference)

| | | | |
|----------------------------|-----|----------|--------|
| Net Credit Costs (1) + (2) | 308 | (13,434) | 13,743 |
|----------------------------|-----|----------|--------|

Note 1. Net Business Profit = Gross Business Profit (excluding Gains on Monetary Assets Held in Trust) - General and Administrative Expenses.

Note 2. Net Business Profit = Gross Business Profit - General and Administrative Expenses.

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

(Millions of yen, %)

| [All] | 1H FY2016 (6 months) | | | 1H FY2015 (6 months) | | | FY2015 (12 months) | | |
|--|-------------------------|----------|-------------------|-------------------------|----------|--------------------------------|-----------------------|----------|--------------------------------|
| | Average balance | Interest | Yield/rate (%) | Average balance | Interest | Yield/rate ¹ (%) | Average balance | Interest | Yield/rate ¹ (%) |
| Interest-earning assets: | 6,095,172 | 53,912 | 1.76 | 6,369,285 | 52,839 | 1.65 | 6,257,753 | 109,149 | 1.74 |
| Loans and bills discounted | 4,295,727 | 41,696 | 1.93 | 4,183,634 | 39,684 | 1.89 | 4,210,433 | 80,384 | 1.90 |
| Securities | 1,543,330 | 11,068 | 1.43 | 1,865,635 | 11,773 | 1.26 | 1,726,866 | 25,952 | 1.50 |
| Interest-bearing liabilities: | 6,754,676 | 6,294 | 0.18 | 6,745,059 | 8,260 | 0.24 | 6,752,294 | 15,778 | 0.23 |
| Deposits, including negotiable certificates of deposit | 5,880,309 | 3,723 | 0.12 | 5,589,392 | 3,928 | 0.14 | 5,735,803 | 8,449 | 0.14 |
| Borrowed money | 355,568 | 398 | 0.22 | 428,834 | 1,088 | 0.50 | 405,015 | 2,088 | 0.51 |
| Subordinated debt | 26,930 | 377 | 2.79 | 58,400 | 828 | 2.83 | 56,952 | 1,638 | 2.87 |
| Corporate bonds | 53,541 | 597 | 2.22 | 142,040 | 2,579 | 3.63 | 102,874 | 3,403 | 3.30 |
| Subordinated bonds | 37,341 | 568 | 3.03 | 130,724 | 2,560 | 3.91 | 89,468 | 3,356 | 3.75 |
| Net interest income/yield on interest-earning assets | 6,095,172 | 47,618 | 1.55 | 6,369,285 | 44,578 | 1.39 | 6,257,753 | 93,371 | 1.49 |

[Domestic]

| | | | | | | | | | |
|--|-----------|--------|------|-----------|--------|------|-----------|--------|------|
| Interest-earning assets: | 5,551,330 | 47,318 | 1.70 | 5,857,949 | 45,772 | 1.56 | 5,746,083 | 95,032 | 1.65 |
| Loans and bills discounted | 3,794,892 | 37,226 | 1.95 | 3,775,389 | 36,175 | 1.91 | 3,763,033 | 72,714 | 1.93 |
| Securities | 1,179,281 | 8,784 | 1.48 | 1,510,826 | 8,049 | 1.06 | 1,370,290 | 19,079 | 1.39 |
| Interest-bearing liabilities: | 6,184,037 | 3,310 | 0.10 | 6,236,258 | 5,446 | 0.17 | 6,243,003 | 10,928 | 0.17 |
| Deposits, including negotiable certificates of deposit | 5,462,984 | 2,170 | 0.07 | 5,227,798 | 2,992 | 0.11 | 5,365,966 | 6,394 | 0.11 |
| Borrowed money | 343,075 | 346 | 0.20 | 417,585 | 1,066 | 0.51 | 393,533 | 2,034 | 0.51 |
| Subordinated debt | 26,930 | 377 | 2.79 | 58,400 | 828 | 2.83 | 56,952 | 1,638 | 2.87 |
| Corporate bonds | 47,400 | 429 | 1.80 | 78,200 | 798 | 2.04 | 65,281 | 1,297 | 1.98 |
| Subordinated bonds | 31,400 | 400 | 2.54 | 67,200 | 779 | 2.32 | 52,136 | 1,250 | 2.39 |
| Net interest income/yield on interest-earning assets | 5,551,330 | 44,008 | 1.58 | 5,857,949 | 40,326 | 1.37 | 5,746,083 | 84,104 | 1.46 |

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

Earnings Forecasts¹

(Billions of yen)

| (Consolidated) | FY2016 Forecast | FY2015 Actual |
|---|-----------------|---------------|
| Profit attributable to owners of the parent | 52.0 | 60.9 |

| (Nonconsolidated) | FY 2016 Forecast | FY2015 Actual |
|--|------------------|---------------|
| Net business profit | 36.0 | 33.9 |
| Net income | 36.0 | 41.5 |
| 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.

[English translation of Japanese original prepared using the format required by Bank of Japan Press Club]

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

| | Mar 31, 2014 | Sep 30, 2014 | Mar 31, 2015 |
|-----------------|--------------|--------------|--------------|
| Nonconsolidated | 3.81 | 2.61 | 1.42 |
| Consolidated | 5.12 | 3.93 | 2.74 |

| | Sep 30, 2015 | Mar 31, 2016 | Sep 30, 2016 |
|-----------------|--------------|--------------|--------------|
| Nonconsolidated | 0.83 | 0.79 | 0.78 |
| Consolidated | 2.28 | 2.16 | 2.13 |

2. Equity holdings (domestic) (Nonconsolidated)

(1) Equity held

(Billions of yen)

| | Book value | | Net unrealized gain (loss) |
|--------------|------------|----------------------|-------------------------------|
| | | Subsidiaries' shares | |
| Sep 30, 2015 | 394.8 | 376.9 | 6.0 |
| Mar 31, 2016 | 384.2 | 367.1 | 5.6 |
| Sep 30, 2016 | 381.0 | 362.2 | 6.7 |

(2) Impairment

(Billions of yen)

| | Equity related profits and losses (net of three accounts) | |
|----------|---|-------------------|
| | | Impairment amount |
| 1HFY2015 | 0.1 | 0.2 |
| FY2015 | (2.9) | 0.6 |
| 1HFY2016 | 1.7 | — |

1. Other extraordinary losses for 1HFY2015 contains ¥5.8 billion in mark-down of subsidiaries' equity.

2. Other extraordinary losses for FY2015 contains ¥6.7 billion in mark-down of subsidiaries' equity.

3. Other extraordinary losses for 1HFY2016 contains ¥0.6 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 | ¥ | 10,000 |
| TOPIX | approximately | | 800 |

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

(Billions of yen, except percentage)

| | Results | % Change | Ratio to total loan balance (%) |
|--------------|---------|----------|------------------------------------|
| Sep 30, 2015 | 2,755.0 | 0.49 | 66.65 |
| Mar 31, 2016 | 2,811.9 | 2.07 | 66.94 |
| Sep 30, 2016 | 2,853.9 | 1.49 | 67.37 |

1. 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).

2. Revitalization Law (actual net increase/decrease excluding impact loan) achieved actual results of + ¥20.8 billion for FY2015 compared to the plan of + ¥10.0 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 | Revenue from sales during the period | Amount of sales during the period |
|----------|---|---|--------------------------------------|
| 1HFY2015 | 2.5 | 1.3 | 93.6 |
| FY2015 | 4.5 | 2.2 | 165.7 |
| 1HFY2016 | 1.3 | 0.3 | 50.1 |

b. Insurance sales performance and commission

(Billions of yen)

| | Handling commission for sales of insurance | Revenue from sales during the period | Amount of sales during the period |
|----------|---|---|--------------------------------------|
| 1HFY2015 | 0.6 | 0.6 | 14.7 |
| FY2015 | 1.7 | 1.7 | 31.9 |
| 1HFY2016 | 1.5 | 1.5 | 21.9 |

(Reference) Calculation Grounds of Deferred Tax Assets (Consolidated Tax Group Basis)

Shinsei Bank consolidated tax group has, due to losses recognized on securities, 250.0 billion yen of tax loss carryforwards and the unrealized temporary differences of 438.0 billion yen as of September 30, 2016.

We are classified as the Type 4 of the ASBJ Guidance No. 26 Implementation Guidance on Recovery of Deferred Tax Assets and we continuously calculate the reliability of deferred tax assets based on the estimated future taxable income for the next year.

We have adapted the consolidated tax system from FY 2003 and calculate the taxable income under consolidated tax basis.

1. Future year taxable income estimate before adjustment

Taxable income for the next year before adjustment is estimated to be 58.8 billion yen.

2. Net deferred tax liabilities (As of September 30, 2016)

| | |
|---|---------------------------------|
| Deferred tax assets corresponding to "total taxable income before adjustment" | 18.2 billion yen ^(*) |
| Deferred tax liabilities | 7.7 billion yen |
| <hr/> Net deferred tax assets on balance sheet | <hr/> 10.4 billion yen |

| | | | |
|--------------|---|--|-------------------------|
| (*)Breakdown | } | Tax loss carryforwards | 90.4 billion yen |
| | | Reserve for credit losses | 49.0 billion yen |
| | | Reserve for losses on interest repayer | 36.3 billion yen |
| | | Securities | 23.0 billion yen |
| | | Net deferred loss on hedge | 6.7 billion yen |
| | | Other | 29.6 billion yen |
| | | <hr/> Sub total | <hr/> 235.3 billion yen |
| | | Valuation allowance | (217.1) billion yen |
| | | <hr/> Total | <hr/> 18.2 billion yen |

(Reference) Calculation Grounds of Deferred Tax Assets (Nonconsolidated)

Shinsei Bank has, due to losses recognized on securities, 227.0 billion yen of tax loss carryforwards and the unrealized temporary differences of 235.0 billion yen as of September 30, 2016.

We are classified as the Type 4 of the ASBJ Guidance No. 26 Implementation Guidance on Recovery of Deferred Tax Assets and we continuously calculate the reliability of deferred tax assets based on the estimated future taxable income for the next year.

We have adapted the consolidated tax system from FY 2003 and calculate the taxable income under consolidated tax basis.

1. Future year taxable income estimate before adjustment

Taxable income for the next year before adjustment is estimated to be 16.9 billion yen.

2. Net deferred tax liabilities (As of September 30, 2016)

| | |
|---|--------------------------------|
| Deferred tax assets corresponding to "total taxable income before adjustment" | 4.5 billion yen ^(*) |
| Deferred tax liabilities | 6.6 billion yen |
| Net deferred tax assets on balance sheet | (2.0) billion yen |

| | | | |
|--------------|-----------------|----------------------------|---------------------|
| (*)Breakdown | { | Tax loss carryforwards | 71.2 billion yen |
| | | Securities | 23.0 billion yen |
| | | Reserve for credit losses | 18.2 billion yen |
| | | Net deferred loss on hedge | 6.7 billion yen |
| | | Other | 24.1 billion yen |
| | | Sub total | 143.5 billion yen |
| | | Valuation allowance | (139.0) billion yen |
| Total | 4.5 billion yen | | |