

Financial Summary

For the Third Quarter Ended December 31, 2017



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

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

Financial Highlights¹

(Billions of yen, except percentages)

| Results of operations (Consolidated) [Page 3] | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change (Amount) | FY2016 (12 months) |
|--|-------------------------|-------------------------|--------------------|-----------------------|
| Net interest income | 96.7 | 92.1 | 4.6 | 122.2 |
| Noninterest income | 78.1 | 79.8 | -1.7 | 106.2 |
| Total revenue | 174.9 | 172.0 | 2.8 | 228.5 |
| General and administrative expenses | -107.1 | -107.4 | 0.2 | -142.4 |
| Net credit costs | -29.9 | -22.9 | -6.9 | -31.8 |
| Income before income taxes | 39.5 | 45.2 | -5.7 | 51.7 |
| Profit attributable to owners of the parent | 35.6 | 43.3 | -7.7 | 50.7 |

(Billions of yen)

| Balance sheets (Consolidated) [Page 17] | Dec 31 2017 | Mar 31 2017 | Change (Amount) |
|---|----------------|----------------|--------------------|
| Cash and due from banks | 1,444.8 | 1,398.6 | 46.1 |
| Securities | 1,156.3 | 1,014.6 | 141.6 |
| Loans and bills discounted | 4,944.1 | 4,833.4 | 110.6 |
| Total assets | 9,495.8 | 9,258.3 | 237.4 |
| Deposits and negotiable certificates of deposit | 6,104.2 | 5,862.9 | 241.2 |
| Total liabilities | 8,641.8 | 8,437.5 | 204.3 |
| Total equity | 853.9 | 820.7 | 33.1 |

| Financial ratios (Consolidated) [Page 4, 16, 25] | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | FY2016 (12 months) |
|---|-------------------------|-------------------------|-----------------------|
| Net interest margin | 2.41% | 2.41% | 2.41% |
| Expense-to-revenue ratio | 61.2% | 62.4% | 62.3% |

| | Dec 31 2017 | Mar 31 2017 |
|--|----------------|----------------|
| Capital adequacy ratio (Basel III, domestic standard) | 12.90% | 13.06% |
| NPL ratio based on Financial Revitalization Law (nonconsolidated) | 0.18% | 0.22% |

(Billions of yen)

| Results of operations (Nonconsolidated) [Page 21] | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change (Amount) | FY2016 (12 months) |
|--|-------------------------|-------------------------|--------------------|-----------------------|
| Net interest income | 74.7 | 69.8 | 4.9 | 90.9 |
| Noninterest income | 4.0 | 14.9 | -10.9 | 20.1 |
| Total revenue | 78.8 | 84.8 | -6.0 | 111.1 |
| General and administrative expenses | -59.4 | -58.6 | -0.8 | -77.6 |
| Net credit costs | -1.2 | -3.4 | 2.2 | -3.9 |
| Net income | 28.2 | 32.1 | -3.9 | 43.4 |

1. Represents results based on management accounting basis.

The Shinsei Bank Group recorded a consolidated net income of ¥35.6 billion in the first three quarters of fiscal year 2017 (from April 1, 2017 to December 31, 2017), decreased ¥7.7 billion compared to the first three quarters of fiscal year 2016. Total revenue increased due to the strong growth in our major growth business areas including the unsecured loan, stable performance of the Structured Finance Business and increase of revenue from Principal Transactions Business while the Bank experienced a decline in gains on the sale of bonds and income from the sale of asset management products. On the other hand, net credit cost increased due to the provisioning of general reserves for loan losses as a result of the steady loan growth of the Consumer Finance Business and specific reserves for loan losses in the Institutional Business, as well as an absence of extraordinary income recorded in the first three quarters of fiscal year 2016. As a result, total consolidated net income decreased compared to the same period of the fiscal year 2016.

Results of operations

- Total revenue was ¥174.9 billion, increased ¥2.8 billion compared to the first three quarters of fiscal year 2016.
 - Net interest income totaled ¥96.7 billion, increased ¥4.6 billion from ¥92.1 billion recorded in the first three quarters of fiscal year 2016 due to the steady increase in the lending operations of the Consumer Finance Business.
 - Noninterest income totaled ¥78.1 billion, decreased ¥1.7 billion from ¥79.8 billion recorded in the first three quarters of fiscal year 2016. The decrease reflected factors such as a reduction in gains on sales of bonds in ALM operations and revenues associated with the sale of asset management products in the Retail Banking Business despite gains on sales of equities in the Corporate and Principal Transactions Businesses and the increase in fee income from the Corporate Business.
- General and administrative expenses totaled ¥107.1 billion, decreased ¥0.2 billion from the first three quarters of fiscal year 2016, due mainly to expense decreases in taxes and personnel expenses despite the increase in advertisement expenses and premises related expenses as well as expenses for IT systems for bolstering the business franchise. The Bank's expense-to-revenue ratio was 61.2%.
- Net credit costs of ¥29.9 billion (expense) were recorded, increased ¥6.9 billion from the first three quarters of fiscal year 2016. This was due largely to the provisioning of general reserves for loan losses corresponding to the steady growth of the loan balance of the Consumer Finance Business and specific reserves for loan losses in the Institutional Business.
- Nonconsolidated net income totaled ¥28.2 billion, decreased ¥3.9 billion compared to the first three quarters of fiscal year 2016. This was due primarily to the decrease in total revenue due to the decrease in the noninterest income and the increase in expenses because of the establishment of the Group Headquarters in Shinsei Bank.

Balance sheets

- Total assets increased ¥237.4 billion from March 31, 2017, to ¥9,495.8 billion at December 31, 2017, due to the increase in cash and due from banks, securities, and loans and bills discounted.
- Loans and bills discounted increased ¥110.6 billion from March 31, 2017, to ¥4,944.1 billion at December 31, 2017. The loan balance in the Structured Finance Business and the Consumer Finance Business increased, while the loan balance in the Corporate Business and housing loan decreased.
- Deposits and negotiable certificates of deposit increased ¥241.2 billion from March 31, 2017, to ¥6,104.2 billion.

Financial ratios

- Net interest margin was 2.41%, the same as that recorded in the first three quarters of fiscal year 2016. The yield on interest-earning assets increased due to the increase of unsecured loan balance in the Consumer Finance Business and the improvement in the yield on securities while the yield on interest-bearing liabilities increased due to the increase in interest payment of the swap transactions.
- Basel III domestic standard (grandfathering basis) consolidated core capital adequacy ratio was 12.90% as of December 31, 2017, remained almost flat 13.06% as of March 31, 2017. While retained earnings increased, risk assets increased due to the increase in loans. Basel III international standard (fully loaded basis) common equity Tier 1 capital ratio was 12.2% as of December 31, 2017, from 12.3% as of March 31, 2017. Capital ratios continue to be maintained at ample levels.
- Claims classified under the Financial Revitalization Law (nonconsolidated) decreased ¥1.5 billion from March 31, 2017, to ¥8.8 billion. Nonperforming loan ratio was 0.18% as of December 31, 2017, improved from 0.22% as of March 31, 2017, and remains at a low level.

Results of Operations (Consolidated) ¹*(Billions of yen)*

| | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change (Amount) | FY2016 (12 months) |
|---|---------------------------------|-------------------------|--------------------|-----------------------|
| Net interest income | 96.7 | 92.1 | 4.6 | 122.2 |
| Noninterest income | 78.1 | 79.8 | -1.7 | 106.2 |
| Net fees and commissions | 18.8 | 19.1 | -0.3 | 25.5 |
| Net trading income | 5.7 | 4.4 | 1.3 | 7.3 |
| Net other business income | 53.5 | 56.3 | -2.7 | 73.3 |
| Income on lease transactions and installment receivables | 27.9 | 29.0 | -1.1 | 38.6 |
| Total revenue | 174.9 | 172.0 | 2.8 | 228.5 |
| General and administrative expenses | -107.1 | -107.4 | 0.2 | -142.4 |
| Ordinary business profit | 67.7 | 64.6 | 3.1 | 86.0 |
| Net credit costs | -29.9 | -22.9 | -6.9 | -31.8 |
| Ordinary business profit after net credit costs | 37.8 | 41.6 | -3.8 | 54.1 |
| Amortization of goodwill and other intangible assets ² | -3.1 | -4.1 | 0.9 | -5.2 |
| Other gains | 4.8 | 7.6 | -2.8 | 2.8 |
| Income before income taxes | 39.5 | 45.2 | -5.7 | 51.7 |
| Current income tax | -3.1 | -2.5 | -0.6 | -2.1 |
| Deferred income tax | -0.6 | 0.5 | -1.1 | 0.9 |
| Profit attributable to noncontrolling interests | -0.1 | 0.1 | -0.3 | 0.2 |
| Profit attributable to owners of the parent | 35.6 | 43.3 | -7.7 | 50.7 |

1.Represents results based on management accounting basis.

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

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

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

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

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

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

(Billions of yen, except percentages)

| | Q3 FY2017 (9 months) | | | Q3 FY2016 (9 months) | | | FY2016 (12 months) | | |
|--|-------------------------|----------|--------------------------------|-------------------------|----------|--------------------------------|-----------------------|----------|--------------------------------|
| | Average Balance | Interest | Yield/rate ¹ (%) | Average Balance | Interest | Yield/rate ¹ (%) | Average Balance | Interest | Yield/rate ¹ (%) |
| Interest-earning assets ⁴ : | | | | | | | | | |
| Loans and bills discounted | 4,910.5 | 101.0 | 2.73 | 4,644.8 | 95.3 | 2.72 | 4,679.1 | 127.4 | 2.72 |
| Lease receivables and leased investment assets / installment receivables ⁴ | 746.0 | 27.9 | 4.97 | 734.9 | 29.0 | 5.24 | 737.6 | 38.6 | 5.24 |
| Securities | 1,111.6 | 9.1 | 1.09 | 1,138.5 | 7.1 | 0.83 | 1,116.3 | 8.9 | 0.81 |
| Other interest-earning assets ^{2, 3} | 169.1 | 1.4 | *** | 196.7 | 1.5 | *** | 185.9 | 2.0 | *** |
| Interest-earning assets totals (A) ⁴ | 6,937.4 | 139.4 | 2.67 | 6,715.1 | 133.0 | 2.63 | 6,719.0 | 177.1 | 2.64 |
| Interest-bearing liabilities: | | | | | | | | | |
| Deposits, including negotiable certificates of deposit | 5,962.4 | 6.7 | 0.15 | 5,843.8 | 5.6 | 0.13 | 5,846.4 | 7.8 | 0.13 |
| Borrowed money | 731.0 | 2.6 | 0.48 | 736.2 | 2.6 | 0.47 | 735.8 | 3.4 | 0.46 |
| Subordinated debt | 12.4 | 0.2 | 2.37 | 22.0 | 0.4 | 2.71 | 19.6 | 0.5 | 2.65 |
| Other borrowed money | 718.6 | 2.4 | 0.44 | 714.1 | 2.1 | 0.40 | 716.1 | 2.8 | 0.40 |
| Corporate bonds | 102.0 | 0.7 | 0.99 | 107.2 | 0.8 | 1.06 | 109.3 | 1.1 | 1.03 |
| Subordinated bonds | 29.8 | 0.5 | 2.49 | 31.5 | 0.5 | 2.52 | 31.5 | 0.7 | 2.51 |
| Other corporate bonds | 72.1 | 0.2 | 0.37 | 75.6 | 0.2 | 0.45 | 77.7 | 0.3 | 0.43 |
| Other interest-bearing liabilities ² | 742.4 | 4.6 | *** | 575.5 | 2.7 | *** | 591.8 | 3.8 | *** |
| Interest-bearing liabilities totals (B) | 7,537.9 | 14.7 | 0.26 | 7,262.8 | 11.8 | 0.22 | 7,283.4 | 16.2 | 0.22 |
| Net interest margin (A)-(B) ⁴ | - | 124.7 | 2.41 | - | 121.1 | 2.41 | - | 160.9 | 2.41 |
| Noninterest-bearing sources of funds: | | | | | | | | | |
| Noninterest-bearing (assets) liabilities, net | -1,436.2 | - | - | -1,344.6 | - | - | -1,365.1 | - | - |
| Total equity excluding noncontrolling interests in subsidiaries ⁵ | 835.7 | - | - | 796.8 | - | - | 800.6 | - | - |
| Total noninterest-bearing sources of funds (C) | -600.5 | - | - | -547.7 | - | - | -564.4 | - | - |
| Sum of total expense on interest-bearing liabilities and noninterest-bearing sources of funds (D)=(B)+(C) | 6,937.4 | 14.7 | 0.28 | 6,715.1 | 11.8 | 0.23 | 6,719.0 | 16.2 | 0.24 |
| Interest income / yield on interest earning assets (A)-(D) ⁴ | - | 124.7 | 2.39 | - | 121.1 | 2.39 | - | 160.9 | 2.40 |
| Reconciliation of total revenue on interest-earning | | | | | | | | | |
| Total revenue on interest-earning assets | 6,937.4 | 139.4 | 2.67 | 6,715.1 | 133.0 | 2.63 | 6,719.0 | 177.1 | 2.64 |
| Less: Income on lease transactions and installment receivables | 746.0 | 27.9 | 4.97 | 734.9 | 29.0 | 5.24 | 737.6 | 38.6 | 5.24 |
| Total interest income | 6,191.3 | 111.5 | 2.39 | 5,980.1 | 104.0 | 2.31 | 5,981.4 | 138.4 | 2.32 |
| Total interest expense | - | 14.7 | - | - | 11.8 | - | - | 16.2 | - |
| Net interest income | - | 96.7 | - | - | 92.1 | - | - | 122.2 | - |

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

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

3. Excludes average balance of noninterest-earning assets.

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

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

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

Noninterest Income (Consolidated)

(Billions of yen)

| | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change (Amount) | FY2016 (12 months) |
|------------------------------------|-------------------------|-------------------------|--------------------|-----------------------|
| Institutional Business | 31.3 | 27.5 | 3.7 | 39.7 |
| Corporate Business | 7.2 | 3.9 | 3.2 | 5.7 |
| Structured Finance | 5.6 | 5.7 | -0.0 | 12.4 |
| Principal Transactions | 7.4 | 6.7 | 0.7 | 7.0 |
| Showa Leasing | 10.9 | 11.1 | -0.1 | 14.4 |
| Global Markets Business | 6.1 | 6.6 | -0.4 | 8.7 |
| Markets | 4.4 | 5.2 | -0.7 | 6.4 |
| Others | 1.7 | 1.4 | 0.2 | 2.2 |
| Individual Business | 35.9 | 36.4 | -0.5 | 48.5 |
| Retail Banking | 0.6 | 1.7 | -1.1 | 2.5 |
| Shinsei Financial and Shinsei Bank | | | | |
| Card Loan - Lake ^{1, 2} | -0.1 | -0.8 | 0.6 | -0.9 |
| APLUS FINANCIAL | 33.9 | 34.0 | -0.0 | 45.1 |
| Others | 1.4 | 1.5 | -0.0 | 1.7 |
| Corporate/Other | 4.6 | 9.2 | -4.5 | 9.2 |
| Noninterest income | 78.1 | 79.8 | -1.7 | 106.2 |

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 ¥31.3 billion in the first three quarters of fiscal year 2017, a ¥3.7 billion increased from ¥27.5 billion recorded in the first three quarters of fiscal year 2016. This was due to the increase in the gain on sales of equities in the Corporate Business and Principal Transactions, revenues from equity method investment in affiliated companies in the Principal Transactions as well as the increase of fee income from Corporate Business.

The Global Markets Business recorded noninterest income totaling ¥6.1 billion the first three quarters of fiscal year 2017, a ¥0.4 billion decreased from ¥6.6 billion recorded in the first three quarters of fiscal year 2016. While the performance of Markets was lower than first three quarters of fiscal year 2016, revenue from securities business in Others increased compared to the first three quarters of last fiscal year.

The Individual Business recorded noninterest income totaling ¥35.9 billion the first three quarters of fiscal year 2017, a ¥0.5 billion decreased from ¥36.4 billion recorded in the first three quarters of fiscal year 2016. This was due to revenues increase related to credit guarantee fee of Shinsei Financial while revenues associated with the sale of asset management product in the Retail Banking Business decreased.

Corporate/Others recorded noninterest income totaling ¥4.6 billion, a ¥4.5 billion decrease from first three quarters of fiscal year 2016 due to a decrease in gains on sales of bonds in ALM operations.

General and Administrative Expenses (Consolidated)

(Billions of yen)

| | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change (Amount) | FY2016 (12 months) |
|--|-------------------------|-------------------------|--------------------|-----------------------|
| Personnel expenses | -42.0 | -42.6 | 0.5 | -56.6 |
| Nonpersonnel expenses | -65.0 | -64.7 | -0.3 | -85.8 |
| Premises expenses | -15.1 | -14.7 | -0.4 | -19.6 |
| Technology and data processing expenses | -15.5 | -15.1 | -0.4 | -20.1 |
| Advertising expenses | -8.5 | -7.9 | -0.6 | -10.4 |
| Consumption, property taxes, etc. | -6.8 | -7.9 | 1.1 | -9.7 |
| Deposit insurance premium | -1.3 | -1.5 | 0.2 | -2.0 |
| Other general and administrative expenses | -17.6 | -17.4 | -0.1 | -23.7 |
| General and administrative expenses | -107.1 | -107.4 | 0.2 | -142.4 |

 Net Credit Costs (Consolidated) ¹

(Billions of yen)

| | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change (Amount) | FY2016 (12 months) |
|---|-------------------------|-------------------------|--------------------|-----------------------|
| Losses on write-off of loans/Losses on sale of loans | -0.5 | -0.8 | 0.3 | -2.4 |
| Net provision of reserve for loan losses: | -33.7 | -25.9 | -7.7 | -34.6 |
| Net provision of general reserve for loan losses | -21.7 | -17.9 | -3.7 | -21.8 |
| Net provision of specific reserve for loan losses | -11.9 | -7.9 | -3.9 | -12.7 |
| Net provision of reserve for loan losses to restructuring countries | 0.0 | 0.0 | -0.0 | 0.0 |
| Net provision of specific reserve for other credit losses | - | -0.2 | 0.2 | -0.2 |
| Other credit costs relating to leasing business | -0.8 | 0.0 | -0.8 | 0.0 |
| Recoveries of written-off claims | 5.1 | 4.0 | 1.0 | 5.3 |
| Net credit costs | -29.9 | -22.9 | -6.9 | -31.8 |

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

Other Gains (Consolidated)

(Billions of yen)

| | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change (Amount) | FY2016 (12 months) |
|--|-------------------------|-------------------------|--------------------|-----------------------|
| Extraordinary income | -0.8 | 4.6 | -5.4 | 4.2 |
| Net gain on disposal of premises and equipment | -0.0 | -0.0 | -0.0 | -0.2 |
| Other extraordinary income | -0.7 | 4.6 | -5.4 | 4.4 |
| Provisions of reserve for losses on interest repayment | 3.9 | - | 3.9 | -5.1 |
| Shinsei Financial | 3.9 | - | 3.9 | - |
| Shinsei Personal Loan | - | - | - | -2.0 |
| APLUS FINANCIAL | - | - | - | -3.1 |
| Other | - | - | - | - |
| Other | 1.7 | 3.0 | -1.2 | 3.8 |
| Other gains | 4.8 | 7.6 | -2.8 | 2.8 |

Business Line Results (Consolidated)

(Billions of yen)

| | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change (Amount) | FY2016 (12 months) |
|---|-------------------------|-------------------------|--------------------|-----------------------|
| <i>Institutional Business:</i> | | | | |
| Net interest income | 18.6 | 17.7 | 0.9 | 23.0 |
| Noninterest income | 31.3 | 27.5 | 3.7 | 39.7 |
| Total revenue | 49.9 | 45.2 | 4.6 | 62.7 |
| General and administrative expenses | -24.2 | -24.0 | -0.1 | -32.3 |
| Ordinary business profit | 25.7 | 21.2 | 4.5 | 30.4 |
| Net credit costs | -3.7 | -2.2 | -1.4 | -3.0 |
| Ordinary business profit after net credit costs | 22.0 | 18.9 | 3.0 | 27.4 |
| <i>Global Markets Business:</i> | | | | |
| Net interest income | 1.7 | 1.7 | -0.0 | 2.2 |
| Noninterest income | 6.1 | 6.6 | -0.4 | 8.7 |
| Total revenue | 7.9 | 8.4 | -0.5 | 11.0 |
| General and administrative expenses | -5.3 | -5.3 | -0.0 | -7.0 |
| Ordinary business profit | 2.5 | 3.1 | -0.5 | 3.9 |
| Net credit costs | -0.0 | 0.0 | -0.0 | 0.0 |
| Ordinary business profit after net credit costs | 2.5 | 3.1 | -0.6 | 3.9 |
| <i>Individual Business:</i> | | | | |
| Net interest income | 77.4 | 72.5 | 4.9 | 96.9 |
| Noninterest income | 35.9 | 36.4 | -0.5 | 48.5 |
| Total revenue | 113.4 | 109.0 | 4.3 | 145.4 |
| General and administrative expenses | -75.3 | -75.5 | 0.2 | -100.1 |
| Ordinary business profit | 38.1 | 33.5 | 4.6 | 45.3 |
| Net credit costs | -26.2 | -20.5 | -5.6 | -28.7 |
| Ordinary business profit after net credit costs | 11.8 | 12.9 | -1.0 | 16.5 |
| <i>Corporate/Other¹:</i> | | | | |
| Net interest income | -1.0 | 0.0 | -1.1 | -0.0 |
| Noninterest income | 4.6 | 9.2 | -4.5 | 9.2 |
| Total revenue | 3.6 | 9.2 | -5.6 | 9.2 |
| General and administrative expenses | -2.2 | -2.4 | 0.2 | -2.9 |
| Ordinary business profit | 1.3 | 6.7 | -5.4 | 6.3 |
| Net credit costs | 0.0 | -0.2 | 0.2 | -0.2 |
| Ordinary business profit after net credit costs | 1.3 | 6.5 | -5.1 | 6.1 |
| <i>Total:</i> | | | | |
| Net interest income | 96.7 | 92.1 | 4.6 | 122.2 |
| Noninterest income | 78.1 | 79.8 | -1.7 | 106.2 |
| Total revenue | 174.9 | 172.0 | 2.8 | 228.5 |
| General and administrative expenses | -107.1 | -107.4 | 0.2 | -142.4 |
| Ordinary business profit | 67.7 | 64.6 | 3.1 | 86.0 |
| Net credit costs | -29.9 | -22.9 | -6.9 | -31.8 |
| Ordinary business profit after net credit costs | 37.8 | 41.6 | -3.8 | 54.1 |

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

2.Costs associated with the funding operations have been allocated to the interest earning businesses on a management accounting basis.

Segment Information

On April 1, 2017, Shinsei Bank Group established the virtual "Group Headquarters" within Shinsei Bank in order to integrate and centralize the administrative functions of the Bank and the Group member companies. Through this, the Bank will be able to efficiently utilize management resources and maximize the speed with which the resulting effects can be realized. Additionally, on June 1, 2017, the Bank has integrated "Asset Management Products" within Global Markets with "Retail Products Division" within the "Individual Business". The Bank consolidated Alfa Services whose principal business is servicing small loans to individual borrowers and Shinsei Servicing & Consulting Limited (hereinafter, "SSC") whose principal business is servicing non-performing loans and commercial secured loans effective October 1, 2017. Additionally, the Bank consolidated Shinsei Investment & Finance Limited and Shinsei Property Finance Co., (hereinafter, "SPF") whose real estate secured loan business are highly compatible, and Shinsei Principal Investments Limited (hereinafter, "SPI"), which is responsible for management operations in the Shinsei PI Group. After the mergers, SPI will be renamed as Shinsei Investment & Finance Limited as of October 1, 2017. The Bank also consolidated investment businesses of the Institutional Business as of October 1, 2017. Due to the changes, reportable segments have been changed as follows:

The "New Business Promotion & Support business" which was included in "Corporate Business" and "SPF" which was included as "Others" within "Individual Business" have been transferred to "Principal Transactions".

The "Asset Management Products" which was included in "Others" within the "Global Markets Business" has been transferred to "Retail Banking" within the "Individual Business." The "Alfa Services" which was included in "APLUS FINANCIAL" and SSC which was included in "Principal Transactions" have been transferred to "Others" within "Individual Business".

The operations of the "Group Headquarter" are included within the "Corporate/Other".

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

Institutional Business¹ (Consolidated)

(Billions of yen)

| | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change (Amount) | FY2016 (12 months) |
|---|-------------------------|-------------------------|--------------------|-----------------------|
| <i>Corporate Business²:</i> | | | | |
| Net interest income | 7.5 | 8.0 | -0.5 | 10.5 |
| Noninterest income | 7.2 | 3.9 | 3.2 | 5.7 |
| Total revenue | 14.7 | 12.0 | 2.7 | 16.3 |
| General and administrative expenses | -9.0 | -9.0 | 0.0 | -11.9 |
| Ordinary business profit | 5.7 | 2.9 | 2.7 | 4.4 |
| Net credit costs | 0.0 | -0.6 | 0.7 | -0.4 |
| Ordinary business profit after net credit costs | 5.8 | 2.3 | 3.4 | 4.0 |
| <i>Structured Finance:</i> | | | | |
| Net interest income | 7.0 | 7.0 | 0.0 | 9.4 |
| Noninterest income | 5.6 | 5.7 | -0.0 | 12.4 |
| Total revenue | 12.7 | 12.7 | -0.0 | 21.8 |
| General and administrative expenses | -5.1 | -4.8 | -0.3 | -6.4 |
| Ordinary business profit | 7.5 | 7.9 | -0.3 | 15.4 |
| Net credit costs | -2.2 | -3.2 | 0.9 | -3.5 |
| Ordinary business profit after net credit costs | 5.2 | 4.6 | 0.6 | 11.8 |
| <i>Principal Transactions³:</i> | | | | |
| Net interest income | 4.1 | 3.5 | 0.5 | 4.2 |
| Noninterest income | 7.4 | 6.7 | 0.7 | 7.0 |
| Total revenue | 11.5 | 10.2 | 1.2 | 11.2 |
| General and administrative expenses | -3.6 | -3.7 | 0.1 | -5.0 |
| Ordinary business profit | 7.9 | 6.5 | 1.4 | 6.2 |
| Net credit costs | 1.2 | 0.3 | 0.8 | -0.0 |
| Ordinary business profit after net credit costs | 9.1 | 6.9 | 2.2 | 6.1 |
| <i>Showa Leasing:</i> | | | | |
| Net interest income | -0.0 | -0.9 | 0.8 | -1.2 |
| Noninterest income | 10.9 | 11.1 | -0.1 | 14.4 |
| Total revenue | 10.8 | 10.1 | 0.7 | 13.2 |
| General and administrative expenses | -6.4 | -6.4 | -0.0 | -8.8 |
| Ordinary business profit | 4.4 | 3.7 | 0.6 | 4.3 |
| Net credit costs | -2.6 | 1.2 | -3.9 | 1.0 |
| Ordinary business profit after net credit costs | 1.7 | 5.0 | -3.3 | 5.3 |
| <i>Institutional Business:</i> | | | | |
| Net interest income | 18.6 | 17.7 | 0.9 | 23.0 |
| Noninterest income | 31.3 | 27.5 | 3.7 | 39.7 |
| Total revenue | 49.9 | 45.2 | 4.6 | 62.7 |
| General and administrative expenses | -24.2 | -24.0 | -0.1 | -32.3 |
| Ordinary business profit | 25.7 | 21.2 | 4.5 | 30.4 |
| Net credit costs | -3.7 | -2.2 | -1.4 | -3.0 |
| Ordinary business profit after net credit costs | 22.0 | 18.9 | 3.0 | 27.4 |

1. Net of consolidation adjustments, if applicable.

2. Part of "Corporate Business" is now included as "Principal Transactions" due to the revision of segment classification.

3. Reclassifies "Others" included as "Individual Business" into "Principal Transactions" reflecting the organizational change as of October 1, 2017. Part of "Corporate Business" is now included as "Principal Transactions" due to the revision of segment classification.

Global Markets Business¹ (Consolidated)

(Billions of yen)

| | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change (Amount) | FY2016 (12 months) |
|---|-------------------------|-------------------------|--------------------|-----------------------|
| <i>Markets:</i> | | | | |
| Net interest income | 1.3 | 1.5 | -0.2 | 1.9 |
| Noninterest income | 4.4 | 5.2 | -0.7 | 6.4 |
| Total revenue | 5.7 | 6.7 | -0.9 | 8.3 |
| General and administrative expenses | -2.8 | -2.6 | -0.1 | -3.5 |
| Ordinary business profit | 2.9 | 4.0 | -1.1 | 4.8 |
| Net credit costs | 0.0 | 0.0 | -0.0 | 0.0 |
| Ordinary business profit after net credit costs | 2.9 | 4.1 | -1.2 | 4.9 |
| <i>Others²:</i> | | | | |
| Net interest income | 0.3 | 0.2 | 0.1 | 0.3 |
| Noninterest income | 1.7 | 1.4 | 0.2 | 2.2 |
| Total revenue | 2.1 | 1.7 | 0.4 | 2.6 |
| General and administrative expenses | -2.4 | -2.6 | 0.1 | -3.5 |
| Ordinary business profit | -0.3 | -0.9 | 0.5 | -0.9 |
| Net credit costs | -0.0 | -0.0 | -0.0 | -0.0 |
| Ordinary business profit after net credit costs | -0.4 | -0.9 | 0.5 | -0.9 |
| <i>Global Markets Business:</i> | | | | |
| Net interest income | 1.7 | 1.7 | -0.0 | 2.2 |
| Noninterest income | 6.1 | 6.6 | -0.4 | 8.7 |
| Total revenue | 7.9 | 8.4 | -0.5 | 11.0 |
| General and administrative expenses | -5.3 | -5.3 | -0.0 | -7.0 |
| Ordinary business profit | 2.5 | 3.1 | -0.5 | 3.9 |
| Net credit costs | -0.0 | 0.0 | -0.0 | 0.0 |
| Ordinary business profit after net credit costs | 2.5 | 3.1 | -0.6 | 3.9 |

1.Net of consolidation adjustments, if applicable.

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

Individual Business (Consolidated) ¹

(Billions of yen)

| | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change (Amount) | FY2016 (12 months) |
|---|-------------------------|-------------------------|--------------------|-----------------------|
| <i>Retail banking²:</i> | | | | |
| Net interest income | 16.7 | 17.7 | -0.9 | 23.4 |
| Loans | 7.9 | 8.1 | -0.2 | 10.8 |
| Deposits | 8.8 | 9.5 | -0.6 | 12.6 |
| Noninterest income | 0.6 | 1.7 | -1.1 | 2.5 |
| Asset Management Products | 4.8 | 5.1 | -0.3 | 7.1 |
| Other Fees (ATM, Fund Transfer, FX etc.) | -4.2 | -3.4 | -0.7 | -4.6 |
| Total revenue | 17.4 | 19.4 | -2.0 | 26.0 |
| General and administrative expenses | -22.1 | -21.9 | -0.1 | -29.4 |
| Ordinary business profit | -4.6 | -2.4 | -2.2 | -3.4 |
| Net credit costs | -0.1 | 0.6 | -0.7 | 0.6 |
| Ordinary business profit after net credit costs | -4.8 | -1.8 | -3.0 | -2.7 |
| <i>Shinsei Financial and Shinsei Bank Lake³:</i> | | | | |
| Net interest income | 51.7 | 48.0 | 3.6 | 64.2 |
| Shinsei Bank Lake | 33.3 | 28.0 | 5.2 | 38.0 |
| NOLOAN | 4.6 | 4.9 | -0.3 | 6.5 |
| Noninterest income | -0.1 | -0.8 | 0.6 | -0.9 |
| Total revenue | 51.6 | 47.2 | 4.3 | 63.2 |
| General and administrative expenses | -24.4 | -24.8 | 0.3 | -32.8 |
| Ordinary business profit | 27.1 | 22.4 | 4.6 | 30.4 |
| Net credit costs | -17.5 | -14.2 | -3.2 | -20.5 |
| Ordinary business profit after net credit costs | 9.5 | 8.1 | 1.4 | 9.9 |
| <i>APLUS FINANCIAL⁴:</i> | | | | |
| Net interest income | 8.4 | 6.7 | 1.7 | 9.0 |
| Noninterest income | 33.9 | 34.0 | -0.0 | 45.1 |
| Total revenue | 42.4 | 40.7 | 1.7 | 54.2 |
| General and administrative expenses | -27.7 | -27.8 | 0.0 | -36.6 |
| Ordinary business profit | 14.7 | 12.8 | 1.8 | 17.6 |
| Net credit costs | -8.4 | -6.5 | -1.8 | -8.6 |
| Ordinary business profit after net credit costs | 6.2 | 6.3 | -0.0 | 8.9 |
| <i>Others⁵:</i> | | | | |
| Net interest income | 0.4 | 0.0 | 0.4 | 0.1 |
| Noninterest income | 1.4 | 1.5 | -0.0 | 1.7 |
| Total revenue | 1.9 | 1.5 | 0.3 | 1.9 |
| General and administrative expenses | -0.9 | -0.9 | -0.0 | -1.2 |
| Ordinary business profit | 0.9 | 0.6 | 0.3 | 0.6 |
| Net credit costs | -0.0 | -0.3 | 0.2 | -0.3 |
| Ordinary business profit after net credit costs | 0.9 | 0.3 | 0.6 | 0.3 |
| <i>Individual Business:</i> | | | | |
| Net interest income | 77.4 | 72.5 | 4.9 | 96.9 |
| Noninterest income | 35.9 | 36.4 | -0.5 | 48.5 |
| Total revenue | 113.4 | 109.0 | 4.3 | 145.4 |
| General and administrative expenses | -75.3 | -75.5 | 0.2 | -100.1 |
| Ordinary business profit | 38.1 | 33.5 | 4.6 | 45.3 |
| Net credit costs | -26.2 | -20.5 | -5.6 | -28.7 |
| Ordinary business profit after net credit costs | 11.8 | 12.9 | -1.0 | 16.5 |

1.Net of consolidation adjustments, if applicable.

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

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

4.Reclassifies part of profit and loss from "APLUS Financial" into "Others" reflecting the organizational change as of October 1, 2017.

5.Includes unallocated profit and loss from consumer finance business. Reclassifies part of profit and loss included in "Others" into as "Principal Transactions" in "Corporate Business" and part of profit and loss from "Principal Transactions" and "APLUS Financials" is now included as "Others" due to the organizational change as of October 1, 2017.

Corporate/Other (Consolidated)¹

(Billions of yen)

| | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change (Amount) | FY2016 (12 months) |
|--|-------------------------|-------------------------|--------------------|-----------------------|
| <i>Treasury:</i> | | | | |
| Net interest income | -1.0 | 0.0 | -1.0 | -0.0 |
| Noninterest income | 4.1 | 7.1 | -3.0 | 7.1 |
| Total revenue | 3.0 | 7.1 | -4.1 | 7.0 |
| General and administrative expenses | -1.3 | -1.2 | -0.0 | -1.7 |
| Ordinary business profit | 1.7 | 5.9 | -4.1 | 5.3 |
| Net credit costs | - | - | - | - |
| Ordinary business profit after net credit costs | 1.7 | 5.9 | -4.1 | 5.3 |
| <i>Corporate/Other (excluding Treasury)¹:</i> | | | | |
| Net interest income | -0.0 | 0.0 | -0.0 | 0.0 |
| Noninterest income | 0.5 | 2.0 | -1.4 | 2.1 |
| Total revenue | 0.5 | 2.0 | -1.5 | 2.1 |
| General and administrative expenses | -0.9 | -1.1 | 0.2 | -1.2 |
| Ordinary business profit | -0.3 | 0.8 | -1.2 | 0.9 |
| Net credit costs | 0.0 | -0.2 | 0.2 | -0.2 |
| Ordinary business profit after net credit costs | -0.3 | 0.6 | -1.0 | 0.7 |
| <i>Corporate/Other¹:</i> | | | | |
| Net interest income | -1.0 | 0.0 | -1.1 | -0.0 |
| Noninterest income | 4.6 | 9.2 | -4.5 | 9.2 |
| Total revenue | 3.6 | 9.2 | -5.6 | 9.2 |
| General and administrative expenses | -2.2 | -2.4 | 0.2 | -2.9 |
| Ordinary business profit | 1.3 | 6.7 | -5.4 | 6.3 |
| Net credit costs | 0.0 | -0.2 | 0.2 | -0.2 |
| Ordinary business profit after net credit costs | 1.3 | 6.5 | -5.1 | 6.1 |

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

Loans by Borrower Industry (Consolidated)

(Billions of yen)

| | Dec 31 2017 | Mar 31 2017 | Change (Amount) |
|--|----------------|----------------|--------------------|
| Domestic offices (excluding Japan offshore market accounts): | | | |
| Manufacturing | 204.5 | 198.9 | 5.6 |
| Agriculture and forestry | 0.0 | 0.0 | 0.0 |
| Fishery | - | 0.0 | -0.0 |
| Mining, quarrying and gravel extraction | 0.6 | 0.3 | 0.2 |
| Construction | 8.9 | 8.9 | -0.0 |
| Electric power, gas, heat supply and water supply | 237.8 | 230.7 | 7.0 |
| Information and communications | 76.5 | 42.9 | 33.6 |
| Transportation and postal service | 197.9 | 188.0 | 9.9 |
| Wholesale and retail | 114.7 | 114.5 | 0.2 |
| Finance and insurance | 539.7 | 573.8 | -34.0 |
| Real estate | 567.9 | 575.6 | -7.6 |
| Services | 345.3 | 330.1 | 15.2 |
| Local government | 67.8 | 76.7 | -8.8 |
| Others | 2,444.4 | 2,389.1 | 55.2 |
| Loans to individual customers (retail banking, Shinsei BankLake, Shinsei Financial, and APLUS FINANCIAL) | 1,998.9 | 1,974.4 | 24.5 |
| Total domestic (A) | 4,806.6 | 4,730.0 | 76.5 |
| Overseas offices (including Japan offshore market accounts): | | | |
| Governments | 0.4 | 0.5 | -0.0 |
| Financial institutions | 29.9 | 7.3 | 22.5 |
| Others | 107.1 | 95.4 | 11.6 |
| Total overseas (B) | 137.5 | 103.3 | 34.1 |
| Total (A+B) | 4,944.1 | 4,833.4 | 110.6 |

Securities Being Held to Maturity (Consolidated)

(Billions of yen)

| | Dec 31, 2017 | | | Mar 31, 2017 | | |
|--|-----------------|--------------|------------------------|-----------------|--------------|------------------------|
| | Carrying amount | Fair value | Unrealized gain (loss) | Carrying amount | Fair value | Unrealized gain (loss) |
| Fair value exceeds carrying amount | | | | | | |
| Japanese national government bonds | 486.8 | 490.5 | 3.7 | 493.5 | 499.1 | 5.5 |
| Other | - | - | - | 2.7 | 2.8 | 0.1 |
| Subtotal | 486.8 | 490.5 | 3.7 | 496.2 | 502.0 | 5.7 |
| Fair value does not exceed carrying amount | | | | | | |
| Japanese national government bonds | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Subtotal | - | - | - | - | - | - |
| Total | 486.8 | 490.5 | 3.7 | 496.2 | 502.0 | 5.7 |

Securities Available for Sale (Consolidated)

(Billions of yen)

| | Dec 31, 2017 | | | Mar 31, 2017 | | |
|--|---------------------------------|-----------------------------------|---------------------------|------------------------------------|-----------------------------------|---------------------------|
| | Carrying amount (Fair value) | Amortized/ Acquisition cost | Unrealized gain (loss) | Carrying amount (Fair value) | Amortized/ Acquisition cost | Unrealized gain (loss) |
| Carrying amount exceeds amortized/acquisition cost | | | | | | |
| Equity securities | 25.0 | 10.0 | 14.9 | 26.6 | 11.8 | 14.7 |
| Domestic bonds | 43.9 | 43.5 | 0.3 | 33.9 | 33.5 | 0.3 |
| Japanese national government bonds | 2.0 | 2.0 | 0.0 | 2.0 | 2.0 | 0.0 |
| Japanese local government bonds | - | - | - | - | - | - |
| Japanese corporate bonds | 41.8 | 41.5 | 0.3 | 31.8 | 31.5 | 0.3 |
| Other | 144.5 | 142.4 | 2.0 | 144.1 | 141.4 | 2.7 |
| Foreign securities | 137.7 | 136.5 | 1.2 | 133.6 | 132.1 | 1.5 |
| Foreign currency denominated foreign corporate and government bonds | 89.3 | 88.4 | 0.8 | 87.6 | 86.6 | 0.9 |
| Yen-denominated foreign corporate and government bonds | 44.9 | 44.5 | 0.3 | 46.0 | 45.4 | 0.5 |
| Foreign equity securities and others | 3.4 | 3.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other securities | 5.5 | 4.7 | 0.7 | 6.6 | 5.5 | 1.0 |
| Other monetary claims purchased | 1.2 | 1.1 | 0.0 | 3.8 | 3.7 | 0.1 |
| Subtotal | 213.4 | 196.0 | 17.4 | 204.7 | 186.8 | 17.8 |
| Carrying amount does not exceed amortized/acquisition cost | | | | | | |
| Equity securities | 0.6 | 0.7 | -0.1 | 0.8 | 1.0 | -0.2 |
| Domestic bonds | 138.7 | 140.9 | -2.1 | 85.9 | 87.0 | -1.0 |
| Japanese national government bonds | 20.3 | 20.4 | -0.0 | - | - | - |
| Japanese local government bonds | - | - | - | - | - | - |
| Japanese corporate bonds | 118.4 | 120.5 | -2.0 | 85.9 | 87.0 | -1.0 |
| Other | 208.5 | 211.5 | -3.0 | 137.6 | 139.9 | -2.3 |
| Foreign securities | 208.1 | 211.1 | -2.9 | 135.5 | 137.9 | -2.3 |
| Foreign currency denominated foreign corporate and government bonds | 159.7 | 162.1 | -2.3 | 83.4 | 85.0 | -1.6 |
| Yen-denominated foreign corporate and government bonds | 47.6 | 48.3 | -0.6 | 50.9 | 51.6 | -0.6 |
| Foreign equity securities and others | 0.6 | 0.6 | -0.0 | 1.1 | 1.2 | -0.0 |
| Other securities | 0.3 | 0.4 | -0.0 | 0.7 | 0.8 | -0.0 |
| Other monetary claims purchased | - | - | - | 1.2 | 1.2 | -0.0 |
| Subtotal | 347.9 | 353.3 | -5.4 | 224.4 | 228.0 | -3.6 |
| Total ^{1, 2} | 561.3 | 549.3 | 12.0 | 429.1 | 414.9 | 14.2 |

1. Includes a part of other monetary claims purchased in addition to securities available for sale. Total amounts of securities available for sale excluding such other monetary claims purchased as of December 31, 2017 and March 31, 2017 were ¥560.1 billion and ¥424.0 billion, respectively.

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

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

(Billions of yen)

| | Dec 31, 2017 | Mar 31, 2017 |
|--|--------------|--------------|
| Unrealized gain (loss) before deferred tax on: | | |
| Available-for-sale securities | 12.0 | 14.2 |
| The Bank's interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined and other adjustments | 0.5 | 1.2 |
| Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions | - | -0.1 |
| Other monetary assets held in trust | -0.5 | -0.6 |
| (-) Deferred tax liabilities | 2.9 | 3.1 |
| Unrealized gain (loss) on available-for-sale securities before interest adjustments | 9.1 | 11.5 |
| (-) Noncontrolling interests | 0.0 | 0.0 |
| (+) The Bank's interests in unrealized gain (loss) on available-for-sale securities held by affiliates to which the equity method is applied | -0.3 | -1.2 |
| Unrealized gain (loss) on available-for-sale securities | 8.7 | 10.2 |

Deposits (Consolidated)

(Billions of yen)

| | Dec 31 2017 | Mar 31 2017 | Change (Amount) |
|---|------------------------|------------------------|----------------------------|
| Deposits | 5,685.8 | 5,489.2 | 196.5 |
| Liquid (current, ordinary, notice) deposits | 2,428.5 | 2,262.5 | 166.0 |
| Time deposits ¹ | 2,775.7 | 2,756.7 | 19.0 |
| Other | 481.4 | 469.9 | 11.4 |
| Negotiable certificates of deposits (NCDs) | 418.3 | 373.6 | 44.7 |
| Total | 6,104.2 | 5,862.9 | 241.2 |

1. Includes two-week maturity deposits

Financial Ratios (Consolidated)

| | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | FY2016 (12 months) |
|---|-------------------------|-------------------------|-----------------------|
| Return on assets ¹ | 0.5% ⁵ | 0.6% ⁵ | 0.6% |
| Return on equity ² | 5.7% ⁵ | 7.2% ⁵ | 6.3% |
| Return on equity (fully diluted) ³ | 5.7% ⁵ | 7.2% ⁵ | 6.3% |
| Return on risk asset ⁴ | 0.7% ⁵ | 1.0% ⁵ | 0.8% |
| Expense-to-revenue ratio ^{6, 7} | 61.2% | 62.4% | 62.3% |

1.Return on assets:

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

BOP: beginning of period
EOP: end of period

2.Return on equity:

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)

| | Dec 31 2017 | Mar 31 2017 | Change (Amount) |
|--|----------------|----------------|--------------------|
| Core capital:instruments and reserves | 897.2 | 866.3 | 30.8 |
| Core capital:regulatory adjustments | -75.4 | -53.9 | -21.4 |
| Capital | 821.7 | 812.3 | 9.4 |
| Total amount of Risk-weighted assets | 6,370.3 | 6,219.9 | 150.3 |
| Consolidated core capital adequacy ratio | 12.90% | 13.06% | |

1.Calculated according to F-IRB.

Consolidated total required capital is ¥584.6billion as at Dec 31, 2017, ¥551.3billion as at March 31, 2017.

Per Share Data (Consolidated)¹

(Yen)

| | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change (Amount) | FY2016 (12 months) |
|--|-------------------------|-------------------------|--------------------|-----------------------|
| Common equity | 3,289.90 | 3,122.34 | 167.56 | 3,163.89 |
| Fully diluted equity | 3,289.52 | 3,122.17 | 167.34 | 3,163.73 |
| Basic EPS | 137.57 | 166.14 | -28.57 | 194.65 |
| Diluted EPS | 137.55 | 166.14 | -28.58 | 194.64 |
| For calculation of per share data (Does not include treasury shares): | | | | |
| Equity: Number of common shares | 258,838,314 | 259,839,093 | | 258,839,093 |
| Fully diluted number of shares | 258,868,456 | 259,852,514 | | 258,852,515 |
| EPS Number of common shares | 258,838,814 | 261,193,726 | | 260,768,079 |
| Fully diluted number of shares | 258,865,673 | 261,204,463 | | 260,779,479 |

1.Shinsei Bank consolidated its shares with a rate of ten shares of common stock into one share on October 1, 2017. Per Share Data is calculated as if the consolidation of shares had occurred at the beginning of the FY2016.

Consolidated Balance Sheets (Unaudited)

(Millions of yen)

| | Dec 31 2017 | Mar 31 2017 | Change (Amount) |
|--|------------------|------------------|--------------------|
| <<Assets>> | | | |
| Cash and due from banks | 1,444,830 | 1,398,691 | 46,138 |
| Call loans and bills bought | — | 4,472 | (4,472) |
| Receivables under securities borrowing transactions | 2,520 | 1,625 | 895 |
| Other monetary claims purchased | 33,416 | 44,243 | (10,827) |
| Trading assets | 211,996 | 244,113 | (32,117) |
| Monetary assets held in trust | 241,557 | 241,681 | (123) |
| Securities | 1,156,309 | 1,014,635 | 141,674 |
| Loans and bills discounted | 4,944,133 | 4,833,452 | 110,680 |
| Foreign exchanges | 30,678 | 19,617 | 11,060 |
| Lease receivables and leased investment assets | 174,530 | 191,488 | (16,957) |
| Other assets | 836,204 | 895,158 | (58,954) |
| Premises and equipment | 53,424 | 47,980 | 5,444 |
| Intangible assets | 57,705 | 52,020 | 5,684 |
| Goodwill | 12,518 | 14,683 | (2,165) |
| Assets for retirement benefits | 9,268 | 7,075 | 2,193 |
| Deferred issuance expenses for debentures | — | 0 | (0) |
| Deferred tax assets | 15,114 | 15,542 | (428) |
| Customers' liabilities for acceptances and guarantees | 383,976 | 346,675 | 37,301 |
| Reserve for credit losses | (99,856) | (100,154) | 297 |
| Total assets | 9,495,812 | 9,258,324 | 237,488 |
| <<Liabilities>> | | | |
| Deposits | 5,685,811 | 5,489,248 | 196,563 |
| Negotiable certificates of deposit | 418,396 | 373,673 | 44,722 |
| Debentures | 1,764 | 6,561 | (4,796) |
| Call money and bills sold | — | 53,600 | (53,600) |
| Payables under repurchase agreements | 59,141 | 36,467 | 22,673 |
| Payables under securities lending transactions | 418,916 | 337,952 | 80,964 |
| Trading liabilities | 192,127 | 212,241 | (20,114) |
| Borrowed money | 754,483 | 789,670 | (35,186) |
| Foreign exchanges | 89 | 102 | (12) |
| Short-term corporate bonds | 171,600 | 168,000 | 3,600 |
| Corporate bonds | 88,000 | 112,600 | (24,600) |
| Other liabilities | 368,678 | 388,307 | (19,628) |
| Accrued employees' bonuses | 6,068 | 8,519 | (2,451) |
| Accrued directors' bonuses | 40 | 75 | (35) |
| Liabilities for retirement benefits | 8,562 | 8,256 | 305 |
| Reserve for reimbursement of debentures | 3,786 | 3,737 | 49 |
| Reserve for losses on interest repayments | 80,429 | 101,846 | (21,417) |
| Deferred tax liabilities | — | — | — |
| Acceptances and guarantees | 383,976 | 346,675 | 37,301 |
| Total liabilities | 8,641,875 | 8,437,537 | 204,338 |
| <<Equity>> | | | |
| Shareholders' equity: | | | |
| Common stock | 512,204 | 512,204 | — |
| Capital surplus | 78,506 | 78,506 | (0) |
| Retained earnings | 345,559 | 312,538 | 33,020 |
| Treasury stock, at cost | (79,540) | (79,539) | (1) |
| Total shareholders' equity | 856,729 | 823,710 | 33,019 |
| Accumulated other comprehensive income: | | | |
| Unrealized gain (loss) on available-for-sale securities | 8,715 | 10,299 | (1,584) |
| Deferred gain (loss) on derivatives under hedge accounting | (14,035) | (13,925) | (110) |
| Foreign currency translation adjustments | 1,028 | 199 | 828 |
| Defined retirement benefit plans | (883) | (1,344) | 460 |
| Total accumulated other comprehensive income | (5,175) | (4,770) | (404) |
| Stock acquisition rights | 327 | 584 | (257) |
| Noncontrolling interests | 2,055 | 1,262 | 792 |
| Total equity | 853,936 | 820,786 | 33,149 |
| Total liabilities and equity | 9,495,812 | 9,258,324 | 237,488 |

Consolidated Statements of Income (Unaudited)

(Millions of yen)

| | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change (Amount) | FY2016 (12 months) |
|---|-------------------------|-------------------------|--------------------|-----------------------|
| Ordinary income | 286,087 | 285,210 | 876 | 380,444 |
| Interest income | 111,554 | 104,022 | 7,531 | 138,488 |
| Interest on loans and bills discounted | 101,010 | 95,323 | 5,687 | 127,468 |
| Interest and dividends on securities | 9,104 | 7,138 | 1,965 | 8,991 |
| Other interest income | 1,439 | 1,560 | (121) | 2,028 |
| Fees and commissions income | 37,524 | 36,760 | 763 | 49,207 |
| Trading income | 5,762 | 4,435 | 1,326 | 7,373 |
| Other business income | 105,529 | 118,364 | (12,835) | 159,280 |
| Other ordinary income | 25,717 | 21,627 | 4,090 | 26,095 |
| Ordinary expenses | 245,687 | 244,601 | 1,086 | 332,901 |
| Interest expenses | 14,763 | 11,880 | 2,883 | 16,209 |
| Interest on deposits | 6,713 | 5,641 | 1,071 | 7,761 |
| Interest on borrowings | 2,624 | 2,606 | 17 | 3,413 |
| Interest on corporate bonds | 761 | 854 | (92) | 1,126 |
| Other interest expenses | 4,663 | 2,777 | 1,886 | 3,907 |
| Fees and commissions expenses | 18,739 | 17,653 | 1,086 | 23,704 |
| Trading losses | — | — | — | — |
| Other business expenses | 64,800 | 71,409 | (6,609) | 96,463 |
| General and administrative expenses | 110,706 | 113,409 | (2,703) | 149,497 |
| Amortization of goodwill | 2,165 | 2,788 | (623) | 3,559 |
| Amortization of intangible assets acquired in business combinations | 968 | 1,322 | (353) | 1,684 |
| Other general and administrative expenses | 107,572 | 109,298 | (1,725) | 144,253 |
| Other ordinary expenses | 36,676 | 30,248 | 6,428 | 47,026 |
| Provision of reserve for credit losses | 33,722 | 26,161 | 7,560 | 34,828 |
| Other | 2,954 | 4,086 | (1,132) | 12,198 |
| Ordinary profit | 40,400 | 40,609 | (209) | 47,542 |
| Extraordinary gains | 301 | 5,402 | (5,101) | 5,756 |
| Extraordinary losses | 1,147 | 749 | 398 | 1,544 |
| Income before income taxes | 39,553 | 45,263 | (5,709) | 51,755 |
| Income taxes (benefit) | 3,758 | 1,995 | 1,762 | 1,238 |
| Profit | 35,795 | 43,267 | (7,471) | 50,517 |
| Profit (loss) attributable to noncontrolling interests | 186 | (129) | 316 | (242) |
| Profit attributable to owners of the parent | 35,609 | 43,397 | (7,787) | 50,759 |

Composition of Capital Disclosure(Consolidated)

Shinsei Bank and subsidiaries

Millions of yen (except percentages)

As of December 31, 2017

| Items | Basel III (Domestic Standard) | Amounts excluded under transitional |
|---|-------------------------------------|---|
| Core capital:instruments and reserves (1) | | |
| Directly issued qualifying common share capital or preferred share capital | ¥ 856,729 | |
| with a compulsory conversion clause plus related capital surplus and retained earnings | | |
| of which:capital and capital surplus | 590,710 | |
| of which:retained earnings | 345,559 | |
| of which:treasury stock (-) | 79,540 | |
| of which:earning to be distributed (-) | - | |
| of which:other than above | - | |
| Accumulated other comprehensive income (amount allowed to be included in Core capital) | 498 | ¥ (353) |
| of which:foreign currency translation adjustment | 1,028 | |
| of which:amount related defined benefit | (529) | (353) |
| Stock acquisition right to common shares and preferred shares with a compulsory conversion clause | 327 | |
| Adjusted noncontrolling interests (amount allowed to be included in Core capital) | 10 | |
| Total of reserves included in Core capital:instruments and reserves | 386 | |
| of which:general reserve for loan losses included in Core capital | 386 | |
| of which:eligible provision included in Core capital | - | |
| Eligible noncumulative perpetual preferred shares subject to transitional arrangements (amount allowed to be included in Core capital:instruments and reserves) | - | |
| Eligible capital instruments subject to transitional arrangements (amount allowed to be included in Core capital:instruments and reserves) | 37,400 | |
| Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital:instruments and reserves) | - | |
| Land revaluation excess after 55% discount (amount allowed to be included in Core capital:instruments and reserves) | - | |
| Noncontrolling interests subject to transitional arrangements (amount allowed to be included in Core capital:instruments and reserves) | 1,854 | |
| Core capital:instruments and reserves (A) | ¥ 897,206 | |
| Core capital:regulatory adjustments (2) | | |
| Total amount of intangible assets (excluding those relating to mortgage servicing rights) | ¥ 31,688 | ¥ 12,072 |
| of which:goodwill (including those equivalent) | 12,518 | - |
| of which:other intangibles other than goodwill and mortgage servicing rights | 19,169 | 12,072 |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | 5,333 | 3,555 |
| Shortfall of eligible provisions to expected losses | 29,184 | - |
| Gain on sale of securitization | 5,370 | - |
| Gains and losses due to changes in own credit risk on fair valued liabilities | - | - |
| Net defined benefit asset | 3,845 | 2,563 |
| Investments in own shares (excluding those reported in the net assets section) | 0 | 0 |
| Reciprocal cross-holdings in common equity | - | - |
| Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold) | - | - |
| Amount exceeding the 10% threshold on specific items | - | - |
| of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions | - | - |
| of which:mortgage servicing rights | - | - |
| of which:deferred tax assets arising from temporary differences (net of related tax liability) | - | - |
| Amount exceeding the 15% threshold on specific items | - | - |
| of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions | - | - |
| of which:mortgage servicing rights | - | - |
| of which:deferred tax assets arising from temporary differences (net of related tax liability) | - | - |
| Core capital:regulatory adjustments (B) | ¥ 75,422 | |
| Capital (consolidated) | | |
| Capital (consolidated)((A)-(B))(C) | ¥ 821,784 | |
| Risk-weighted assets, etc. | | |
| Total amount of credit risk-weighted assets | ¥ 5,857,888 | |
| of which:total amount included in risk-weighted assets by transitional arrangements | 15,412 | |
| of which:intangible assets (excluding those relating to goodwill and mortgage servicing rights) | 12,072 | |
| of which:deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | 3,555 | |
| of which:net defined benefit asset | 2,563 | |
| of which: significant investments in the common stock of Other Financial Institutions (net of eligible short positions) | (2,778) | |
| of which:other than above | 0 | |
| Market risk (derived by multiplying the capital requirement by 12.5) | 138,113 | |
| Operational risk (derived by multiplying the capital requirement by 12.5) | 374,355 | |
| Credit risk-weighted assets adjustments | - | |
| Operational risk adjustments | - | |
| Total amount of Risk-weighted assets (D) | ¥ 6,370,357 | |
| Capital ratio (consolidated) | | |
| Capital ratio (consolidated)((C)/(D)) | 12.90% | |

(Reference) Results of Operations (Consolidated)

(Millions of yen)

| | Q3 FY2017 (9 months) (A) | Q3 FY2016 (9 months) (B) | Change (A)-(B) |
|---|--------------------------------|--------------------------------|-------------------|
| Gross Business Profit | 165,018 | 166,064 | (1,046) |
| (excluding Gains on Monetary Assets Held in Trust) | 162,914 | 162,705 | 208 |
| Net Interest Income | 96,790 | 92,142 | 4,647 |
| Net Fees and Commissions | 18,800 | 19,121 | (320) |
| Net Trading Income | 5,762 | 4,435 | 1,326 |
| Net Other Business Income | 43,664 | 50,364 | (6,699) |
| Gains on Monetary Assets Held in Trust | 2,104 | 3,358 | (1,254) |
| Gains related to Bonds | 2,492 | 5,421 | (2,929) |
| General and Administrative Expenses | 110,264 | 111,518 | (1,253) |
| Personnel Expenses | 42,097 | 42,694 | (596) |
| Nonpersonnel Expenses | 61,320 | 60,869 | 451 |
| Amortization of Goodwill and Intangible Assets | 3,134 | 4,111 | (977) |
| Taxes | 6,846 | 7,955 | (1,109) |
| Net Business Profit | 54,753 | 54,546 | 207 |
| Credit Costs | 29,944 | 22,952 | 6,991 |
| Gains on Stock Transactions | 5,652 | 3,817 | 1,834 |
| Equity in Net Income (Loss) of Affiliates | 4,239 | 2,155 | 2,084 |
| Other | 5,699 | 3,043 | 2,655 |
| Ordinary Profit | 40,400 | 40,609 | (209) |
| Extraordinary Gains | (846) | 4,653 | (5,499) |
| Gains from Sales of Fixed Assets and Impairment losses | (997) | (82) | (914) |
| Income before Income Taxes | 39,553 | 45,263 | (5,709) |
| Income Taxes - Current | 3,142 | 2,534 | 608 |
| Income Taxes - Deferred | 615 | (538) | 1,154 |
| Profit Attributable to Noncontrolling Interests | 186 | (129) | 316 |
| Profit Attributable to Owners of the Parents | 35,609 | 43,397 | (7,787) |

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)

| | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change (Amount) | FY2016 (12 months) |
|--|-------------------------|-------------------------|--------------------|-----------------------|
| Net interest income | 74.7 | 69.8 | 4.9 | 90.9 |
| Noninterest income | 4.0 | 14.9 | -10.9 | 20.1 |
| Net fees and commissions ¹ | -8.0 | -0.6 | -7.3 | -2.9 |
| Net trading income | 2.9 | 2.6 | 0.3 | 4.0 |
| Net other business income | 9.0 | 12.9 | -3.8 | 19.0 |
| Total revenue ¹ | 78.8 | 84.8 | -6.0 | 111.1 |
| Personnel expenses | -20.8 | -20.4 | -0.4 | -26.9 |
| Nonpersonnel expenses | -34.6 | -33.4 | -1.2 | -44.8 |
| Taxes | -3.9 | -4.7 | 0.8 | -5.8 |
| General and administrative expenses | -59.4 | -58.6 | -0.8 | -77.6 |
| Net business profit ¹ | 19.3 | 26.1 | -6.8 | 33.5 |
| Other gains | | | | |
| Gains on the sales of equities | 4.4 | 2.7 | 1.6 | 2.7 |
| Net provision of reserve for credit losses | -2.0 | -3.2 | 1.1 | -2.3 |
| Losses on write-off of loans | -0.1 | -0.4 | 0.3 | -1.8 |
| Recoveries of written-off claims | 0.9 | 0.2 | 0.7 | 0.2 |
| Expenses for employees' retirement benefits | -0.4 | -0.1 | -0.2 | -0.0 |
| Others | 1.5 | 0.2 | 1.3 | 0.5 |
| Net ordinary income | 23.6 | 25.4 | -1.8 | 32.8 |
| Extra ordinary profit | | | | |
| Gains from sales of fixed assets and impairment losses | -0.2 | -0.0 | -0.1 | -0.2 |
| Others | 6.3 | 8.5 | -2.2 | 8.2 |
| Income before income taxes | 29.7 | 33.9 | -4.2 | 40.8 |
| Income taxes - Current | 0.4 | -0.8 | 2.2 | 0.0 |
| Income taxes - Deferred | -1.9 | -0.0 | -1.9 | 2.5 |
| Net income | 28.2 | 32.1 | -3.9 | 43.4 |

¹Includes income from monetary assets held in trust of ¥1.4 billion in Q3FY2017, ¥5.1 billion in Q3FY2016 and ¥4.4 billion in FY2016.

The difference between nonconsolidated and consolidated basis net income arises from profits or losses at consolidated subsidiaries including Showa Leasing Co., Ltd., Shinsei Financial Co., Ltd., APLUS FINANCIAL Co., Ltd. and Shinsei Personal Loan Co., Ltd., gains or losses on our investment in our equity method affiliate, Jih Sun Financial Holding Co., Ltd., and whether or not dividends are received from our consolidated subsidiaries. Reflecting their nature, gains and losses on the sale of equities and impairments related to equities are recorded as other business income (loss) in the consolidated financial statements. However, in the above-mentioned explanation of nonconsolidated financial results, they are included in other gains (losses) in according to the reporting format of the Revitalization Plan.

Nonconsolidated total revenue totaled ¥78.8 billion in the first three quarters of fiscal year 2017, a ¥6.0 billion decrease from the first three quarters of fiscal year 2016. Of this amount, net interest income totaled ¥74.7 billion, a ¥4.9 billion increase from first three quarters of fiscal year 2016. This resulted from increase in dividend income received from subsidiaries and interest income of the Consumer Finance Business. It should be noted that dividend income received from subsidiaries totaled ¥6.2 billion (¥6.1 billion from Showa Leasing and ¥0.1 billion from Shinsei Business Services), a ¥2.3 billion increase from the dividend income received in the first three quarters of fiscal year 2016. Noninterest income totaled ¥4.0 billion, a ¥10.9 billion decrease from the first three quarters of fiscal year 2016. This resulted from decrease in income from the sale of asset management products in the Retail Banking Business and gains on sales of bonds in ALM operations while guaranteed fee income associated with Consumer Finance Business increased.

General and administrative expenses totaled ¥59.4 billion, a ¥0.8 billion increase from the first three quarters of fiscal year 2016. This was due mainly to transferring a part of expenses of group companies to the Bank as a result of integrating administrative functions in group companies through the establishment of "Group Headquarters" within the Bank.

As a result, nonconsolidated net business profit totaled ¥19.3 billion, a ¥6.8 billion decrease from the first three quarters of the fiscal year 2016.

While net gains on sales of equity securities was ¥4.4 billion due to gains on sales of equity securities in the Institutional Business, net credit costs totaled ¥1.2 billion due to the increase of provision of reserve for loan loss for new loans of structured finance transactions in the Institutional Business. Net income in the first three quarters of fiscal year 2017 totaled ¥28.2 billion, a ¥3.9 billion decrease from the first three quarters of fiscal year 2016, due to the extra ordinary profit from gains on the redemption of equities of subsidiaries and affiliates.

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

(Billions of yen, except percentages)

| | Q3 FY2017 (9 months) | | | Q3 FY2016 (9 months) | | | FY2016 (12 months) | | |
|---|-------------------------|-------------|--------------------------------|-------------------------|-------------|--------------------------------|-----------------------|--------------|--------------------------------|
| | Average balance | Interest | Yield/rate ¹ (%) | Average balance | Interest | Yield/rate ¹ (%) | Average balance | Interest | Yield/rate ¹ (%) |
| Interest-earning assets: | | | | | | | | | |
| Loans and bills discounted | 4,554.0 | 70.1 | 2.04 | 4,330.9 | 63.3 | 1.94 | 4,379.0 | 85.3 | 1.94 |
| Securities | 1,451.3 | 15.2 | 1.39 | 1,498.4 | 14.2 | 1.26 | 1,483.1 | 16.3 | 1.10 |
| Other interest-earning assets ^{2, 3} | 191.3 | 1.5 | *** | 238.1 | 1.6 | *** | 230.9 | 2.1 | *** |
| Total interest-earning assets | 6,196.8 | 86.9 | 1.86 | 6,067.6 | 79.2 | 1.73 | 6,093.0 | 103.8 | 1.70 |
| Interest-bearing liabilities: | | | | | | | | | |
| Deposits, including negotiable certificates of deposit | 6,027.0 | 6.7 | 0.14 | 5,890.7 | 5.6 | 0.12 | 5,909.1 | 7.8 | 0.13 |
| Borrowed money | 301.5 | 0.4 | 0.19 | 351.8 | 0.5 | 0.20 | 347.5 | 0.6 | 0.18 |
| Subordinated debt | 12.4 | 0.2 | 2.36 | 22.0 | 0.4 | 2.70 | 19.6 | 0.5 | 2.65 |
| Other borrowed money | 289.1 | 0.2 | 0.09 | 329.7 | 0.0 | 0.03 | 327.8 | 0.1 | 0.04 |
| Corporate bonds | 52.3 | 0.6 | 1.54 | 53.9 | 0.8 | 2.00 | 54.8 | 1.0 | 1.87 |
| Subordinated bonds | 29.8 | 0.5 | 2.49 | 35.3 | 0.7 | 2.88 | 34.3 | 0.9 | 2.79 |
| Other corporate bonds | 22.5 | 0.0 | 0.29 | 18.6 | 0.0 | 0.34 | 20.4 | 0.0 | 0.32 |
| Other interest-bearing liabilities ² | 564.4 | 4.5 | *** | 436.6 | 2.4 | *** | 453.9 | 3.5 | *** |
| Total interest-bearing liabilities | 6,945.4 | 12.2 | 0.23 | 6,733.2 | 9.5 | 0.18 | 6,765.4 | 13.0 | 0.19 |
| Net interest income/yield on interest-earning assets | 6,196.8 | 74.6 | 1.59 | 6,067.6 | 69.7 | 1.52 | 6,093.0 | 90.7 | 1.48 |

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

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

3. Excludes average balance of noninterest-earning assets.

Margins (All, Domestic) (Nonconsolidated)

(All)

(Percentages)

| | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change | FY2016 (12 months) |
|--|-------------------------|-------------------------|--------|-----------------------|
| Yield on interest earning assets (A) | 1.86 | 1.73 | 0.13 | 1.70 |
| Total cost of funding (B) | 1.37 | 1.34 | 0.03 | 1.34 |
| Cost of interest bearing liabilities (C) | 0.23 | 0.18 | 0.05 | 0.19 |
| Overall interest margin (A)-(B) | 0.49 | 0.39 | 0.10 | 0.36 |
| Net interest margin (A)-(C) | 1.63 | 1.55 | 0.08 | 1.51 |

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

(Domestic)¹

(Percentages)

| | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change | FY2016 (12 months) |
|---|-------------------------|-------------------------|--------|-----------------------|
| Yield on interest earning assets (A) | 1.70 | 1.64 | 0.06 | 1.61 |
| Interest earned on loans and bills discounted | 2.02 | 1.95 | 0.07 | 1.95 |
| Interest earned on securities | 1.27 | 1.19 | 0.08 | 1.01 |
| Total cost of funding (B) ² | 1.30 | 1.31 | -0.01 | 1.31 |
| Cost of interest bearing liabilities (C) | 0.11 | 0.10 | 0.01 | 0.10 |
| Interest paid on deposits ³ | 0.09 | 0.07 | 0.02 | 0.08 |
| Overall interest margin (A)-(B) | 0.40 | 0.33 | 0.07 | 0.30 |
| Net interest margin (A)-(C) | 1.59 | 1.54 | 0.05 | 1.51 |

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

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

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

Gains (Losses) on Securities (Nonconsolidated)

(All)

(Billions of yen)

| | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change | FY2016 (12 months) |
|--------------------------|-------------------------|-------------------------|--------|-----------------------|
| Gains (losses) on bonds | 2.5 | 6.5 | -4.0 | 10.2 |
| Gains on sales | 2.9 | 9.1 | -6.1 | 14.5 |
| Gains on redemption | 0.0 | 1.1 | -1.0 | 1.1 |
| Losses on sales | -0.4 | -3.6 | 3.1 | -5.4 |
| Losses on redemption | - | - | - | - |
| Losses on devaluation | - | - | - | - |
| Gains (losses) on stocks | 4.4 | 2.7 | 1.6 | 2.7 |
| Gains on sales | 4.9 | 3.1 | 1.7 | 3.8 |
| Losses on sales | -0.3 | -0.4 | 0.0 | -1.0 |
| Losses on devaluation | -0.1 | - | -0.1 | - |

Net Credit Costs (Nonconsolidated) ¹

(Billions of yen)

| | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change (Amount) | FY2016 (12 months) |
|---|-------------------------|-------------------------|--------------------|-----------------------|
| Losses on write-off of loans/Losses on sale of loans | -0.1 | -0.4 | 0.3 | -1.8 |
| Net provision of reserve for loan losses | -2.0 | -3.2 | 1.1 | -2.3 |
| Net provision of general reserve for loan losses | -2.1 | -3.2 | 1.1 | -1.8 |
| Net provision of specific reserve for loan losses | 0.0 | 0.0 | -0.0 | -0.5 |
| Net Provision of Reserve for Loan Losses to Restructuring Countries | 0.0 | 0.0 | -0.0 | 0.0 |
| Recoveries of written-off claims | 0.9 | 0.2 | 0.7 | 0.2 |
| Net credit costs | -1.2 | -3.4 | 2.2 | -3.9 |

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

Loans by Borrower Industry (Nonconsolidated)

(Billions of yen)

| | Dec 31 2017 | Mar 31 2017 | Change (Amount) |
|---|----------------|----------------|--------------------|
| Domestic (excluding Japan offshore market accounts): | | | |
| Manufacturing | 200.1 | 194.0 | 6.1 |
| Agriculture and forestry | - | - | - |
| Fishery | - | 0.0 | -0.0 |
| Mining, quarrying and gravel extraction | 0.6 | 0.3 | 0.2 |
| Construction | 7.0 | 6.9 | 0.1 |
| Electric power, gas, heat supply and water supply | 235.3 | 228.9 | 6.4 |
| Information and communications | 76.2 | 42.4 | 33.7 |
| Transportation and postal service | 175.7 | 166.5 | 9.2 |
| Wholesale and retail | 109.3 | 112.4 | -3.1 |
| Finance and insurance | 690.9 | 676.1 | 14.7 |
| Real estate | 557.4 | 550.5 | 6.8 |
| Services | 374.7 | 385.3 | -10.6 |
| Local government | 67.8 | 76.7 | -8.8 |
| Individuals | 1,577.0 | 1,596.5 | -19.4 |
| Overseas yen loans and overseas loans booked domestically | 426.1 | 395.8 | 30.2 |
| Total domestic | 4,498.7 | 4,433.0 | 65.7 |
| Overseas (including Japan offshore market accounts): | | | |
| Governments | 0.4 | 0.5 | -0.0 |
| Financial institutions | 29.9 | 7.3 | 22.5 |
| Others | 107.1 | 95.4 | 11.6 |
| Total overseas | 137.5 | 103.3 | 34.1 |
| Total | 4,636.2 | 4,536.4 | 99.8 |

Claims Classified under the Financial Revitalization Law (Nonconsolidated)

(Billions of yen)

| | Dec 31 2017 | Mar 31 2017 | Change (Amount) |
|---|----------------|----------------|--------------------|
| Claims against bankrupt and quasi-bankrupt obligors | 2.4 | 3.0 | -0.5 |
| Doubtful claims | 3.4 | 3.6 | -0.1 |
| Substandard claims | 2.9 | 3.8 | -0.8 |
| Total (A) | 8.8 | 10.4 | -1.5 |
| Coverage ratio | 64.8% | 74.2% | |
| Total claims (B) | 4,729.5 | 4,717.2 | 12.2 |
| Loans and bills discounted | 4,636.2 | 4,536.4 | 99.8 |
| Others | 93.2 | 180.7 | -87.5 |
| Ratio to total claims (A/B X 100) (%) ¹ | 0.18% | 0.22% | |
| (Ref. 1) Amount of write-off | 6.7 | 33.9 | -27.1 |
| (Ref. 2) Below need caution level | 53.7 | 63.4 | -9.7 |

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

(Billions of yen, except percentages)

| | Dec 31, 2017 | | | | | Mar 31, 2017 | | | | |
|--|----------------------|-------|-------------------------------|---------------------------------|-------------------|----------------------|-------|-------------------------------|---------------------------------|-------------------|
| | Amounts of coverage | | | | | Amounts of coverage | | | | |
| | Amounts of claims | Total | Reserve for loan losses | Collateral and guarantees | Coverage ratio | Amounts of claims | Total | Reserve for loan losses | Collateral and guarantees | Coverage ratio |
| (a) | (b) | | | (b)/(a) | (a) | (b) | | | (b)/(a) | |
| Claims against bankrupt and quasi-bankrupt | 2.4 | 2.4 | 0.4 | 2.0 | 100.0% | 3.0 | 3.0 | 0.2 | 2.7 | 100.0% |
| Doubtful claims | 3.4 | 1.6 | 1.6 | 0.0 | 47.9% | 3.6 | 2.1 | 2.1 | 0.0 | 58.2% |
| Substandard claims | 2.9 | 1.6 | 0.6 | 1.1 | 55.2% | 3.8 | 2.7 | 1.1 | 1.6 | 69.4% |
| Total | 8.8 | 5.7 | 2.6 | 3.1 | 64.8% | 10.4 | 7.7 | 3.4 | 4.4 | 74.2% |

Securities Being Held to Maturity (Nonconsolidated)

(Billions of yen)

| | Dec 31, 2017 | | | Mar 31, 2017 | | |
|--|-----------------|------------|------------------------|-----------------|------------|------------------------|
| | Carrying amount | Fair value | Unrealized gain (loss) | Carrying amount | Fair value | Unrealized gain (loss) |
| Fair value exceeds carrying amount | | | | | | |
| Japanese national government bonds | 486.8 | 490.5 | 3.7 | 493.5 | 499.1 | 5.5 |
| Other | - | - | - | 2.7 | 2.8 | 0.1 |
| Subtotal | 486.8 | 490.5 | 3.7 | 496.2 | 502.0 | 5.7 |
| Fair value does not exceed carrying amount | | | | | | |
| Japanese national government bonds | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Subtotal | - | - | - | - | - | - |
| Total | 486.8 | 490.5 | 3.7 | 496.2 | 502.0 | 5.7 |

Securities Available for Sale (Nonconsolidated)

(Billions of yen)

| | Dec 31, 2017 | | | Mar 31, 2017 | | |
|--|---------------------------------|-----------------------------------|---------------------------|---------------------------------|-----------------------------------|---------------------------|
| | Carrying amount (Fair value) | Amortized/ Acquisition cost | Unrealized gain (loss) | Carrying amount (Fair value) | Amortized/ Acquisition cost | Unrealized gain (loss) |
| Carrying amount exceeds amortized/acquisition cost | | | | | | |
| Equity securities | 18.0 | 7.6 | 10.3 | 20.7 | 9.2 | 11.4 |
| Domestic bonds | 41.8 | 41.5 | 0.3 | 31.8 | 31.5 | 0.3 |
| Japanese national government bonds | - | - | - | - | - | - |
| Japanese local government bonds | - | - | - | - | - | - |
| Japanese corporate bonds | 41.8 | 41.5 | 0.3 | 31.8 | 31.5 | 0.3 |
| Other | 141.8 | 139.7 | 2.0 | 141.7 | 139.0 | 2.7 |
| Foreign securities | 135.0 | 133.8 | 1.2 | 131.2 | 129.7 | 1.4 |
| Foreign currency denominated foreign corporate and government bonds | 86.6 | 85.7 | 0.8 | 85.2 | 84.2 | 0.9 |
| Yen-denominated foreign corporate and government bonds | 44.9 | 44.5 | 0.3 | 46.0 | 45.4 | 0.5 |
| Foreign equity securities and others | 3.4 | 3.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other securities | 5.5 | 4.7 | 0.7 | 6.6 | 5.5 | 1.0 |
| Other monetary claims purchased | 1.2 | 1.1 | 0.0 | 3.8 | 3.7 | 0.1 |
| Subtotal | 201.7 | 188.9 | 12.7 | 194.3 | 179.8 | 14.5 |
| Carrying amount does not exceed amortized/acquisition cost | | | | | | |
| Equity securities | 0.4 | 0.6 | -0.1 | 0.4 | 0.7 | -0.2 |
| Domestic bonds | 138.7 | 140.9 | -2.1 | 85.9 | 87.0 | -1.0 |
| Japanese national government bonds | 20.3 | 20.4 | -0.0 | - | - | - |
| Japanese local government bonds | - | - | - | - | - | - |
| Japanese corporate bonds | 118.4 | 120.5 | -2.0 | 85.9 | 87.0 | -1.0 |
| Other | 208.5 | 211.5 | -3.0 | 137.6 | 139.9 | -2.3 |
| Foreign securities | 208.1 | 211.1 | -2.9 | 135.5 | 137.9 | -2.3 |
| Foreign currency denominated foreign corporate and government bonds | 159.7 | 162.1 | -2.3 | 83.4 | 85.0 | -1.6 |
| Yen-denominated foreign corporate and government bonds | 47.6 | 48.3 | -0.6 | 50.9 | 51.6 | -0.6 |
| Foreign equity securities and others | 0.6 | 0.6 | -0.0 | 1.1 | 1.2 | -0.0 |
| Other securities | 0.3 | 0.4 | -0.0 | 0.7 | 0.8 | -0.0 |
| Other monetary claims purchased | - | - | - | 1.2 | 1.2 | -0.0 |
| Subtotal | 347.7 | 353.1 | -5.3 | 224.1 | 227.7 | -3.5 |
| Total ^{1, 2} | 549.4 | 542.0 | 7.3 | 418.4 | 407.5 | 10.9 |

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

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

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

(Billions of yen)

| | Dec 31, 2017 | Mar 31, 2017 |
|--|--------------|--------------|
| Unrealized gain (loss) before deferred tax on: | | |
| Available-for-sale securities | 7.3 | 10.9 |
| Interests in available-for-sale securities held by partnerships recorded as securities whose fair value cannot be reliably determined | 1.1 | 1.5 |
| Securities being held to maturity, reclassified from available-for-sale in the past, under extremely illiquid market conditions | - | -0.1 |
| Other monetary assets held in trust | -0.5 | -0.6 |
| (-) Deferred tax liabilities | 1.7 | 2.2 |
| Unrealized gain (loss) on available-for-sale securities | 6.2 | 9.4 |

Capital Adequacy Related Information (Nonconsolidated)

<Basel 3, Domestic Standard¹>

(Billions of yen, except percentages)

| | Dec 31 2017 | Mar 31 2017 | Change (Amount) |
|--|------------------------|----------------|--------------------|
| Core capital: instruments and reserves | 877.1 | 855.6 | 21.5 |
| Core capital: regulatory adjustments | -41.0 | -27.1 | -13.8 |
| Capital | 836.1 | 828.4 | 7.7 |
| Total amount of Risk-weighted assets | 5,624.2 | 5,630.0 | -5.7 |
| Core capital adequacy ratio | 14.86% | 14.71% | |

1. Calculated according to F-IRB.

Nonconsolidated total required capital is ¥490.9 billion as at Dec 31, 2017 and ¥477.5 billion as at March 31, 2017.

Nonconsolidated Balance Sheets (Unaudited)

(Millions of yen)

| | Dec 31 2017 | Mar 31 2017 | Change (Amount) |
|---|------------------|------------------|--------------------|
| <<Assets>> | | | |
| Cash and due from banks | 1,358,388 | 1,313,376 | 45,012 |
| Call loans | — | 4,472 | (4,472) |
| Other monetary claims purchased | 126,397 | 133,245 | (6,847) |
| Trading assets | 205,692 | 227,608 | (21,915) |
| Monetary assets held in trust | 118,509 | 118,872 | (363) |
| Securities | 1,482,905 | 1,369,326 | 113,579 |
| Loans and bills discounted | 4,636,296 | 4,536,434 | 99,861 |
| Foreign exchanges | 30,678 | 19,617 | 11,060 |
| Other assets | 198,759 | 270,648 | (71,889) |
| Other | 198,759 | 270,648 | (71,889) |
| Premises and equipment | 15,285 | 16,550 | (1,265) |
| Intangible assets | 22,050 | 17,414 | 4,636 |
| Prepaid pension cost | 5,617 | 3,887 | 1,730 |
| Deferred issuance expenses for debentures | — | 0 | (0) |
| Deferred tax assets | 998 | 1,134 | (136) |
| Customers' liabilities for acceptances and guarantees | 24,713 | 48,526 | (23,813) |
| Reserve for credit losses | (26,472) | (29,335) | 2,862 |
| Total assets | 8,199,822 | 8,051,781 | 148,040 |
| <<Liabilities>> | | | |
| Deposits | 5,808,397 | 5,618,935 | 189,462 |
| Negotiable certificates of deposit | 418,396 | 373,673 | 44,722 |
| Debentures | 1,764 | 6,561 | (4,796) |
| Call money | — | 53,600 | (53,600) |
| Payables under repurchase agreements | 59,141 | 36,467 | 22,673 |
| Payables under securities lending transactions | 418,916 | 337,952 | 80,964 |
| Trading liabilities | 188,974 | 210,031 | (21,057) |
| Borrowed money | 267,989 | 336,519 | (68,530) |
| Foreign exchanges | 89 | 102 | (12) |
| Corporate bonds | 45,000 | 57,600 | (12,600) |
| Other liabilities | 130,747 | 155,454 | (24,707) |
| Income taxes payable | 492 | 1,580 | (1,088) |
| Lease obligations | 26 | — | 26 |
| Asset retirement obligations | 7,423 | 7,492 | (68) |
| Other | 122,805 | 146,382 | (23,576) |
| Accrued employees' bonuses | 3,642 | 4,674 | (1,031) |
| Reserve for reimbursement of debentures | 3,786 | 3,737 | 49 |
| Acceptances and guarantees | 24,713 | 48,526 | (23,813) |
| Total liabilities | 7,371,560 | 7,243,837 | 127,722 |
| <<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 | 327,341 | 301,729 | 25,612 |
| Legal reserve | 14,738 | 14,220 | 517 |
| Other retained earnings | 312,603 | 287,508 | 25,094 |
| Unappropriated retained earnings | 312,603 | 287,508 | 25,094 |
| Treasury stock, at cost | (79,540) | (79,539) | (1) |
| Total shareholders' equity | 839,471 | 813,860 | 25,610 |
| Net unrealized gain (loss) and translation adjustments | | | |
| Unrealized gain (loss) on available-for-sale securities | 6,296 | 9,444 | (3,148) |
| Deferred gain (loss) on derivatives under hedge accounting | (17,775) | (15,894) | (1,880) |
| Total net unrealized gain (loss) and translation adjustments | (11,479) | (6,450) | (5,028) |
| Stock acquisition rights | 270 | 534 | (264) |
| Total equity | 828,261 | 807,944 | 20,317 |
| Total liabilities and equity | 8,199,822 | 8,051,781 | 148,040 |

Nonconsolidated Statements of Income (Unaudited)

(Millions of yen)

| | Q3 FY2017 (9 months) | Q3 FY2016 (9 months) | Change (Amount) | FY2016 (12 months) |
|--|-------------------------|-------------------------|--------------------|-----------------------|
| Ordinary income | 122,840 | 126,168 | (3,328) | 165,977 |
| Interest income | 86,970 | 79,221 | 7,749 | 103,802 |
| Interest on loans and bills discounted | 70,167 | 63,371 | 6,796 | 85,332 |
| Interest and dividends on securities | 15,250 | 14,229 | 1,021 | 16,352 |
| Other interest income | 1,552 | 1,620 | (68) | 2,118 |
| Fees and commissions income | 12,655 | 13,888 | (1,232) | 18,944 |
| Trading income | 2,989 | 2,686 | 303 | 4,103 |
| Other business income | 10,053 | 18,124 | (8,071) | 26,052 |
| Other ordinary income | 10,170 | 12,248 | (2,077) | 13,074 |
| Ordinary expenses | 99,174 | 100,675 | (1,501) | 133,119 |
| Interest expenses | 12,285 | 9,505 | 2,780 | 13,020 |
| Interest on deposits | 6,716 | 5,645 | 1,071 | 7,765 |
| Interest on corporate bonds | 610 | 816 | (205) | 1,028 |
| Other interest expenses | 4,957 | 3,044 | 1,913 | 4,226 |
| Fees and commissions expenses | 22,135 | 19,695 | 2,439 | 26,417 |
| Trading losses | — | 25 | (25) | 33 |
| Other business expenses | 970 | 5,148 | (4,178) | 6,945 |
| General and administrative expenses | 59,904 | 60,186 | (282) | 79,036 |
| Other ordinary expenses | 3,879 | 6,114 | (2,235) | 7,667 |
| Ordinary profit | 23,666 | 25,493 | (1,826) | 32,858 |
| Extraordinary gains | 6,558 | 9,289 | (2,730) | 9,300 |
| Extraordinary losses | 474 | 790 | (315) | 1,313 |
| Income before income taxes | 29,750 | 33,992 | (4,241) | 40,845 |
| Income taxes (benefit) | 1,550 | 1,827 | (277) | (2,579) |
| Net income | 28,200 | 32,165 | (3,964) | 43,425 |

Composition of Capital Disclosure (Nonconsolidated)

Shinsei Bank and subsidiaries

Millions of yen (except percentages)

As of December 31, 2017

| Items | Basel III (Domestic Standard) | Amounts excluded under transitional |
|---|-------------------------------------|---|
| Core capital:instruments and reserves (1) | | |
| Directly issued qualifying common share capital or preferred share capital | ¥ 839,471 | |
| with a compulsory conversion clause plus related capital surplus and retained earnings | | |
| of which:capital and capital surplus | 591,670 | |
| of which:retained earnings | 327,341 | |
| of which:treasury stock (-) | 79,540 | |
| of which:earning to be distributed (-) | - | |
| of which:other than above | - | |
| Stock acquisition right to common shares and preferred shares with a compulsory conversion clause | 270 | |
| Total of reserves included in Core capital:instruments and reserves | 13 | |
| of which:general reserve for loan losses included in Core capital | 13 | |
| of which:eligible provision included in Core capital | - | |
| Eligible noncumulative perpetual preferred shares subject to transitional arrangements (amount allowed to be included in Core capital:instruments and reserves) | - | |
| Eligible capital instruments subject to transitional arrangements (amount allowed to be included in Core capital:instruments and reserves) | 37,400 | |
| Capital instruments issued through measures for capital enhancement by public institutions (amount allowed to be included in Core capital:instruments and reserves) | - | |
| Land revaluation excess after 55% discount (amount allowed to be included in Core capital:instruments and reserves) | - | |
| Core capital:instruments and reserves (A) | ¥ 877,154 | |
| Core capital:regulatory adjustments (2) | | |
| Total amount of intangible assets (excluding those relating to mortgage servicing rights) | ¥ 9,738 | ¥ 5,788 |
| of which:goodwill (including those equivalent) | 910 | - |
| of which:other intangibles other than goodwill and mortgage servicing rights | 8,828 | 5,788 |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | 1,921 | 1,281 |
| Shortfall of eligible provisions to expected losses | 21,654 | - |
| Gain on sale of securitization | 5,370 | - |
| Gains and losses due to changes in own credit risk on fair valued liabilities | - | - |
| Prepaid pension cost | 2,330 | 1,553 |
| Investments in own shares (excluding those reported in the net assets section) | 0 | 0 |
| Reciprocal cross-holdings in common equity | - | - |
| Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other Financial Institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold) | - | - |
| Amount exceeding the 10% threshold on specific items | - | - |
| of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions | - | - |
| of which:mortgage servicing rights | - | - |
| of which:deferred tax assets arising from temporary differences (net of related tax liability) | - | - |
| Amount exceeding the 15% threshold on specific items | - | - |
| of which:significant investments in the common stock of Other Financial Institutions, net of eligible short positions | - | - |
| of which:mortgage servicing rights | - | - |
| of which:deferred tax assets arising from temporary differences (net of related tax liability) | - | - |
| Core capital:regulatory adjustments (B) | ¥ 41,015 | |
| Capital (nonconsolidated) | | |
| Capital (consolidated)((A)-(B))(C) | ¥ 836,139 | |
| Risk-weighted assets, etc. | | |
| Total amount of credit risk-weighted assets | ¥ 5,299,379 | |
| of which:total amount included in risk-weighted assets by transitional arrangements | 5,844 | |
| of which:intangible assets (excluding those relating to goodwill and mortgage servicing rights) | 5,788 | |
| of which:deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | 1,281 | |
| of which:prepaid pension cost | 1,553 | |
| of which:significant investments in the common stock of Other Financial Institutions (net of eligible short positions) | (2,778) | |
| of which:other than above | 0 | |
| Market risk (derived by multiplying the capital requirement by 12.5) | 134,098 | |
| Operational risk (derived by multiplying the capital requirement by 12.5) | 190,788 | |
| Credit risk-weighted assets adjustments | - | |
| Operational risk adjustments | - | |
| Total amount of Risk-weighted assets (D) | ¥ 5,624,265 | |
| Capital ratio (nonconsolidated) | | |
| Capital ratio (nonconsolidated)((C)/(D)) | 14.86% | |

(Reference) Results of Operations (Nonconsolidated)

(Millions of yen)

| | Q3 FY2017 (9 months) (A) | Q3 FY2016 (9 months) (B) | Change (A)-(B) |
|---|--------------------------------|--------------------------------|-------------------|
| Gross Business Profit | 78,803 | 84,821 | (6,017) |
| (excluding Gains on Monetary Assets Held in Trust) | 77,388 | 79,689 | (2,300) |
| Net Interest Income | 74,794 | 69,858 | 4,936 |
| Net Fees and Commissions | (8,048) | (660) | (7,387) |
| Gains on Monetary Assets Held in Trust | 1,414 | 5,132 | (3,717) |
| Net Trading Income | 2,989 | 2,661 | 328 |
| Net Other Business Income | 9,067 | 12,962 | (3,894) |
| Gains related to Bonds | 2,508 | 6,523 | (4,015) |
| General and Administrative Expenses | 59,462 | 58,653 | 809 |
| Personnel Expenses | 20,851 | 20,414 | 437 |
| Nonpersonnel Expenses | 34,676 | 33,457 | 1,218 |
| Amortization of Goodwill | 124 | 124 | 0 |
| Taxes | 3,934 | 4,781 | (846) |
| Net Operating Profit before Provision of General Reserve for Loan Losses | 17,925 | 21,035 | (3,109) |
| Provision of General Reserve for Loan Losses (1) | 2,112 | 3,298 | (1,186) |
| Net Operating Profit | 15,813 | 17,736 | (1,923) |
| Net Business Profit | 19,340 | 26,167 | (6,826) |
| Non-Recurring Gains | 6,547 | 2,766 | 3,780 |
| Gains related to Stocks | 4,419 | 2,730 | 1,688 |
| Credit Costs (2) | (866) | 159 | (1,025) |
| Losses on Write-Off of Loans | 108 | 432 | (324) |
| Provision of Specific Reserve for Loan Losses | (23) | (62) | 39 |
| Provision of Reserve for Loan Losses to Restructuring Countries | (0) | (0) | 0 |
| Recoveries of Written-off Claims | (950) | (210) | (740) |
| Reversal of Reserve for Loan Losses | - | - | - |
| Losses on Sale of Loans | - | - | - |
| Other | 1,262 | 195 | 1,066 |
| Ordinary Profit | 23,666 | 25,493 | (1,826) |
| Extraordinary Gains | 6,084 | 8,498 | (2,414) |
| Gains from Sales of Fixed Assets and Impairment losses | (291) | (93) | (197) |
| Income before Income Taxes | 29,750 | 33,992 | (4,241) |
| Income Taxes - Current | (430) | 1,825 | (2,256) |
| Income Taxes - Deferred | 1,980 | 1 | 1,979 |
| Net Income | 28,200 | 32,165 | (3,964) |

(Reference)

| | | | |
|---------------------------|-------|-------|---------|
| Net Credit Costs (1)+ (2) | 1,246 | 3,457 | (2,211) |
|---------------------------|-------|-------|---------|

Note

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

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

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

(Millions of yen, %)

| [All] | Q3 FY2017 (9 months) | | | Q3 FY2016 (9 months) | | | FY2016 (12 months) | | |
|--|-------------------------|---------------|--------------------------------|-------------------------|----------|--------------------------------|-----------------------|----------|--------------------------------|
| | Average balance | Interest | Yield/rate ¹ (%) | Average balance | Interest | Yield/rate ¹ (%) | Average balance | Interest | Yield/rate ¹ (%) |
| Interest-earning assets: | 6,196,803 | 86,970 | 1.86 | 6,067,627 | 79,221 | 1.73 | 6,093,078 | 103,802 | 1.70 |
| Loans and bills discounted | 4,554,073 | 70,167 | 2.04 | 4,330,969 | 63,371 | 1.94 | 4,379,006 | 85,332 | 1.94 |
| Securities | 1,451,396 | 15,250 | 1.39 | 1,498,457 | 14,229 | 1.26 | 1,483,103 | 16,352 | 1.10 |
| Interest-bearing liabilities: | 6,945,499 | 12,285 | 0.23 | 6,733,235 | 9,505 | 0.18 | 6,765,453 | 13,020 | 0.19 |
| Deposits, including negotiable certificates of deposit | 6,027,084 | 6,733 | 0.14 | 5,890,762 | 5,690 | 0.12 | 5,909,138 | 7,818 | 0.13 |
| Borrowed money | 301,597 | 438 | 0.19 | 351,827 | 532 | 0.20 | 347,515 | 654 | 0.18 |
| Subordinated debt | 12,400 | 221 | 2.36 | 22,069 | 449 | 2.70 | 19,684 | 522 | 2.65 |
| Corporate bonds | 52,373 | 610 | 1.54 | 53,953 | 816 | 2.00 | 54,852 | 1,028 | 1.87 |
| Subordinated bonds | 29,840 | 560 | 2.49 | 35,353 | 768 | 2.88 | 34,378 | 962 | 2.79 |
| Net interest income/yield on interest-earning assets | 6,196,803 | 74,685 | 1.59 | 6,067,627 | 69,715 | 1.52 | 6,093,078 | 90,781 | 1.48 |

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

Earnings Forecasts¹

(Billions of yen)

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

| (Nonconsolidated) | FY2017 Forecast | FY2016 Actual |
|--|------------------------|---------------|
| Net business profit | 31.0 | 33.5 |
| Net income | 36.0 | 43.4 |
| Dividends (per share in yen) ² : Common stock | 10.00 | 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.

2. Common stock dividend per share for FY2017 forecast is 10 yen due to a 1-for-10 reverse stock split effective on October 1, 2017.

The change does not fall under the revision of dividend for FY2017 forecast.