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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]



November 7, 2023

Company name: SBI Sumishin Net Bank, Ltd.

Listing: Tokyo Stock Exchange

Securities code: 7163

URL: <https://www.netbk.co.jp/contents/company/en/>

Representative: Noriaki Maruyama, President and Chief Executive Officer

Contact: Tomokazu Yokoi, Director and Managing Executive Officer, General Manager of Corporate Division

Phone: +81-3-6779-5496

Scheduled date of filing quarterly securities report: November 28, 2023

Scheduled date of commencing dividend payments: December 1, 2023

Specified transaction account: None

Supplementary briefing material on financial results: Available

Financial results briefing session: Scheduled (for institutional investors and analysts)

(Amounts less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Ordinary income		Ordinary profit (loss)		Profit (loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2023	53,961	16.9	16,321	14.0	12,238	28.2
September 30, 2022	46,176	18.6	14,320	35.8	9,546	12.6

(Note) Comprehensive income: Six months ended September 30, 2023: ¥6,518 million [44.9%]

Six months ended September 30, 2022: ¥4,499 million [(48.5)%]

	Profit (loss) per share	Diluted profit per share
	Yen	Yen
Six months ended September 30, 2023	81.15	—
September 30, 2022	63.30	—

(Note) “Diluted profit per share” is not stated as there are no diluted shares.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of September 30, 2023	9,561,399	138,165	1.4
March 31, 2023	8,679,004	131,691	1.5

(Reference) Core capital: As of September 30, 2023: ¥138,111 million

As of March 31, 2023: ¥131,604 million

(Note) “Capital adequacy ratio” is calculated by dividing (net assets at the end of the period minus non-controlling interests at the end of the period) by assets at the end of the period.

The “capital adequacy ratio” is not the capital adequacy ratio stated in the Capital Adequacy Ratio Notification.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen —	Yen 0.00	Yen —	Yen 0.00	Yen 198.95
Fiscal year ending March 31, 2024	—	7.50			
Fiscal year ending March 31, 2024 (Forecast)			—	8.00	15.50

(Note) Revision of latest announced estimates for cash dividends per share of common stock: None

For the fiscal year ended March 31, 2023, SBI Sumishin Net Bank, Ltd. (the “Company”) paid cash dividends of 198.95 yen per share using retained earnings for a total dividend of approximately 30,000 million yen, based on the resolution of the Extraordinary General Meeting of Shareholders held on January 18, 2023 (a written resolution based on Article 319, Paragraph 1 of the Companies Act of Japan), with the same date as the record date and January 20, 2023, as the effective date.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Ordinary profit (loss)		Profit (loss) attributable to owners of parent		Profit (loss) per share
	Million yen	%	Million yen	%	Yen
Full year	34,000	15.7	23,400	17.4	155.17

(Note) Revision of latest announced forecast of consolidated earnings: None

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2023 (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

As of September 30, 2023: 150,793,800

As of March 31, 2023: 150,793,800

2) Total number of treasury shares at the end of the period:

As of September 30, 2023: —

As of March 31, 2023: —

3) Average number of outstanding shares during the period:

Six months ended September 30, 2023: 150,793,800

Six months ended September 30, 2022: 150,793,800

(Overview of Non-consolidated Financial Results)

Non-consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Ordinary income		Ordinary profit (loss)		Profit (loss)	
Six months ended	Million yen	%	Million yen	%	Million yen	%
September 30, 2023	51,953	17.5	15,611	10.2	10,961	14.5
September 30, 2022	44,227	20.3	14,172	40.6	9,577	13.7

	Profit (loss) per share
Six months ended	Yen
September 30, 2023	72.69
September 30, 2022	63.51

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2023	9,560,732	136,246	1.4
March 31, 2023	8,677,604	130,992	1.5

(Reference) Core capital: As of September 30, 2023: ¥136,246 million

As of March 31, 2023: ¥130,992 million

(Note) Capital adequacy ratio is calculated by dividing net assets at the end of the period by assets at the end of the period. The “capital adequacy ratio” is not the capital adequacy ratio stated in the Capital Adequacy Ratio Notification.

* These consolidated financial results for the six months ended September 30, 2023, are outside the scope of the interim audit procedures to be performed by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecasts and other notes

The forward-looking statements contained in this document, including the financial results forecasts, are based on information currently available to the Company and certain assumptions deemed to be reasonable, and the Company does not promise achievement. Actual results may differ significantly from these forecasts due to a wide range of factors.

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SBI Sumishin Net Bank, Ltd. (7163)
Financial Results for the Six Months Ended September 30, 2023

1. Interim Consolidated Financial Statements and Primary Notes

(1) Interim Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Cash and due from banks	1,100,449	1,180,388
Monetary claims bought	243,353	223,896
Money held in trust	13,657	13,657
Securities	558,769	542,737
Loans and bills discounted	6,594,878	7,364,411
Foreign exchanges	7,102	8,105
Other assets	125,881	190,874
Property, plant and equipment	3,790	3,494
Intangible assets	26,908	27,102
Deferred tax assets	7,231	9,408
Allowance for loan losses	(3,019)	(2,678)
Assets	8,679,004	9,561,399
Liabilities		
Deposits	7,975,420	8,639,004
Call money and bills sold	48,000	256,000
Cash collateral received for securities lent	145,885	131,258
Borrowed money	300,000	300,000
Foreign exchanges	1,533	3,419
Other liabilities	74,352	91,381
Provision for bonuses	510	385
Provision for retirement benefits	15	15
Provision for point card certificates	952	1,170
Provision for reimbursement of deposits	52	53
Reserves under special laws	9	9
Deferred tax liabilities	580	534
Liabilities	8,547,313	9,423,233
Net assets		
Share capital	31,000	31,000
Capital surplus	13,625	13,601
Retained earnings	98,723	110,961
Shareholders' equity	143,349	155,563
Valuation difference on available-for-sale securities	(11,409)	(19,726)
Deferred gains or losses on hedges	(335)	2,274
Accumulated other comprehensive income	(11,744)	(17,451)
Non-controlling interests	87	54
Net assets	131,691	138,165
Liabilities and net assets	8,679,004	9,561,399

(2) Interim Consolidated Statements of Income and Comprehensive Income
(Interim Consolidated Statements of Income)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Ordinary income	46,176	53,961
Interest income	22,994	26,176
Interest on loans and discounts	18,304	20,104
Interest and dividends on securities	3,643	5,005
Fees and commissions	19,872	23,871
Other ordinary income	3,124	3,809
Other income	184	104
Ordinary expenses	31,855	37,640
Interest expenses	2,946	5,021
Interest on deposits	1,794	5,026
Fees and commissions payments	12,793	14,843
Other ordinary expenses	265	178
General and administrative expenses	15,398	17,388
Other expenses	451	207
Ordinary profit (loss)	14,320	16,321
Extraordinary income	—	1,537
Gains on disposal of fixed assets	—	7
Gains on business transfer	—	1,529
Extraordinary losses	307	321
Losses on disposal of non-current assets	0	0
Impairment losses	194	180
Provision of reserve for financial instruments transaction liabilities	—	0
Other	111	140
Profit (loss) before income taxes	14,013	17,537
Income taxes-current	4,600	5,015
Income taxes-deferred	(135)	295
Income taxes	4,464	5,311
Profit (loss)	9,548	12,226
Profit (loss) attributable to non-controlling interests	2	(12)
Profit (loss) attributable to owners of parent	9,546	12,238

(Interim Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit (loss)	9,548	12,226
Other comprehensive income	(5,048)	(5,707)
Valuation difference on available-for-sale securities, net of tax	(8,112)	(8,316)
Deferred gains or losses on hedges, net of tax	3,063	2,609
Comprehensive income	4,499	6,518
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,497	6,530
Comprehensive income attributable to non- controlling interests	2	(12)

SBI Sumishin Net Bank, Ltd. (7163)
Financial Results for the Six Months Ended September 30, 2023

(3) Interim Consolidated Statements of Changes in Net Assets
For the Six Months Ended September 30, 2022

(Millions of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Shareholders' equity
Net assets	31,000	13,625	108,791	153,417
Changes during period				
Profit (loss) attributable to owners of parent			9,546	9,546
Net changes in items other than shareholders' equity				
Total changes during period	—	—	9,546	9,546
Net assets	31,000	13,625	118,337	162,963

	Valuation and translation adjustments			Non-controlling interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Valuation and translation adjustments		
Net assets	(5,664)	(2,390)	(8,054)	30	145,392
Changes during period					
Profit (loss) attributable to owners of parent					9,546
Net changes in items other than shareholders' equity	(8,112)	3,063	(5,048)	47	(5,001)
Total changes during period	(8,112)	3,063	(5,048)	47	4,544
Net assets	(13,777)	673	(13,103)	77	149,937

For the Six Months Ended September 30, 2023

(Millions of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Shareholders' equity
Net assets	31,000	13,625	98,723	143,349
Changes during period				
Purchase of shares of consolidated subsidiaries		(24)		(24)
Profit (loss) attributable to owners of parent			12,238	12,238
Net changes in items other than shareholders' equity				
Total changes during period	—	(24)	12,238	12,213
Net assets	31,000	13,601	110,961	155,563

	Valuation and translation adjustments			Non-controlling interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Valuation and translation adjustments		
Net assets	(11,409)	(335)	(11,744)	87	131,691
Changes during period					
Purchase of shares of consolidated subsidiaries					(24)
Profit (loss) attributable to owners of parent					12,238
Net changes in items other than shareholders' equity	(8,316)	2,609	(5,707)	(32)	(5,740)
Total changes during period	(8,316)	2,609	(5,707)	(32)	6,473
Net assets	(19,726)	2,274	(17,451)	54	138,165

(4) Notes to the Interim Consolidated Financial Statements

(Notes on going concern assumptions)

Not applicable.

(Significant subsequent events)

Not applicable.

2. Interim Non-consolidated Financial Statements

(1) Interim Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Cash and due from banks	1,094,683	1,176,654
Monetary claims bought	239,325	220,046
Money held in trust	13,657	13,657
Securities	568,626	552,130
Loans and bills discounted	6,606,594	7,368,659
Foreign exchanges	7,102	8,105
Other assets	115,501	186,937
Other	115,501	186,937
Property, plant and equipment	3,626	3,332
Intangible assets	24,107	24,597
Deferred tax assets	6,983	9,291
Allowance for loan losses	(2,604)	(2,680)
Assets	8,677,604	9,560,732
Liabilities		
Deposits	7,977,700	8,642,661
Call money	48,000	256,000
Cash collateral received for securities lent	145,885	131,258
Borrowed money	300,000	300,000
Foreign exchanges	1,533	3,419
Other liabilities	72,053	89,657
Income taxes payable	6,542	4,909
Other	65,511	84,748
Provision for bonuses	424	254
Provision for point card certificates	952	1,170
Provision for reimbursement of deposits	52	53
Reserves under special laws	9	9
Liabilities	8,546,612	9,424,486
Net assets		
Share capital	31,000	31,000
Capital surplus	13,625	13,625
Legal capital surplus	13,625	13,625
Retained earnings	98,111	109,072
Legal retained earnings	6,000	6,000
Other retained earnings	92,111	103,072
Retained earnings brought forward	92,111	103,072
Shareholders' equity	142,737	153,698
Valuation difference on available-for-sale securities	(11,409)	(19,726)
Deferred gains or losses on hedges	(335)	2,274
Valuation and translation adjustments	(11,744)	(17,451)
Net assets	130,992	136,246
Liabilities and net assets	8,677,604	9,560,732

(2) Interim Non-consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Ordinary income	44,227	51,953
Interest income	22,904	26,026
Interest on loans and discounts	18,263	19,987
Interest and dividends on securities	3,643	5,005
Fees and commissions	18,400	22,422
Other ordinary income	2,799	3,461
Other income	123	43
Ordinary expenses	30,055	36,341
Interest expenses	2,940	5,014
Interest on deposits	1,794	5,026
Fees and commissions payments	12,842	14,609
Other ordinary expenses	135	39
General and administrative expenses	13,914	16,083
Other expenses	222	595
Ordinary profit (loss)	14,172	15,611
Extraordinary losses	306	10
Losses on disposal of non-current assets	0	0
Impairment losses	194	9
Provision of reserve for financial instruments transaction liabilities	—	0
Other	111	—
Profit (loss) before income taxes	13,865	15,601
Income taxes-current	4,372	4,429
Income taxes-deferred	(84)	210
Income taxes	4,287	4,640
Profit (loss)	9,577	10,961

SBI Sumishin Net Bank, Ltd. (7163)
Financial Results for the Six Months Ended September 30, 2023

(3) Interim Non-consolidated Statements of Changes in Net Assets

For the Six Months Ended September 30, 2022

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			Shareholders' equity
		Legal capital surplus	Capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Retained earnings	
Net assets	31,000	13,625	13,625	—	108,220	108,220	152,846
Changes during period							
Profit (loss)					9,577	9,577	9,577
Net changes in items other than shareholders' equity							
Total changes during period	—	—	—	—	9,577	9,577	9,577
Net assets	31,000	13,625	13,625	—	117,798	117,798	162,424

	Valuation and translation adjustments			Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Valuation and translation adjustments	
Net assets	(5,664)	(2,390)	(8,054)	144,792
Changes during period				
Profit (loss)				9,577
Net changes in items other than shareholders' equity	(8,112)	3,063	(5,048)	(5,048)
Total changes during period	(8,112)	3,063	(5,048)	4,528
Net assets	(13,777)	673	(13,103)	149,320

SBI Sumishin Net Bank, Ltd. (7163)
Financial Results for the Six Months Ended September 30, 2023

For the Six Months Ended September 30, 2023

(Millions of yen)

(millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus		Retained earnings			Shareholders' equity
		Legal capital surplus	Capital surplus	Legal retained earnings	Other retained earnings	Retained earnings	
					Retained earnings brought forward		
Net assets	31,000	13,625	13,625	6,000	92,111	98,111	142,737
Changes during period							
Profit (loss)					10,961	10,961	10,961
Net changes in items other than shareholders' equity							
Total changes during period	—	—	—	—	10,961	10,961	10,961
Net assets	31,000	13,625	13,625	6,000	103,072	109,072	153,698

	Valuation and translation adjustments			Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Valuation and translation adjustments	
Net assets	(11,409)	(335)	(11,744)	130,992
Changes during period				
Profit (loss)				10,961
Net changes in items other than shareholders' equity	(8,316)	2,609	(5,707)	(5,707)
Total changes during period	(8,316)	2,609	(5,707)	5,253
Net assets	(19,726)	2,274	(17,451)	136,246

Explanatory Material

For the Six Months Ended September 30, 2023



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1. Profits and Losses

[Consolidated]

(Millions of yen)

	Six months ended September 30, 2023 (A)	(A) - (B)	Six months ended September 30, 2022 (B)
Consolidated gross profit	33,815	3,827	29,988
Net interest income	21,157	1,106	20,050
Net fees and commissions	9,027	1,948	7,078
Net other operating income	3,631	771	2,859
Net gains (losses) on bonds	560	(40)	600
General and administrative expenses (-)	17,388	1,989	15,398
Total credit cost (-)	195	(202)	397
Net gains (losses) on stocks	—	(62)	62
Share of profit (loss) of entities accounted for using equity method	23	(11)	35
Others	65	35	30
Ordinary profit (loss)	16,321	2,000	14,320
Extraordinary gains (losses)	1,215	1,523	(307)
Profit (loss) before income taxes	17,537	3,523	14,013
Income taxes - current (-)	5,015	415	4,600
Income taxes - deferred (-)	295	430	(135)
Income taxes (-)	5,311	846	4,464
Profit (loss)	12,226	2,677	9,548
Profit (loss) attributable to owners of parent	12,238	2,692	9,546
Consolidated ordinary business profit	16,427	1,837	14,590

Note 1: Consolidated gross profit = (Interest income - (Interest expenses - Money held in trust expenses))

+ (Fees and commissions - Fees and commissions payments)

+ (Other ordinary income - Other ordinary expenses)

Note 2: Consolidated ordinary business profit = Non-consolidated banking profit + Subsidiary gross profit

- Subsidiary general and administrative expenses - Internal transactions

Profits and Losses by Segment

Digital Banking Business

(Millions of yen)

	Six months ended September 30, 2023 (A)	(A) - (B)	Six months ended September 30, 2022 (B)
Gross profit	30,601	2,171	28,429
Expenses, etc. (-)	15,865	1,423	14,441
Ordinary profit (loss)	14,735	747	13,987

Banking as a Service (BaaS) Business

(Millions of yen)

	Six months ended September 30, 2023 (A)	(A) - (B)	Six months ended September 30, 2022 (B)
Gross profit	3,915	1,945	1,969
Expenses, etc. (-)	2,252	632	1,620
Ordinary profit (loss)	1,663	1,313	349

THEMIX Business

(Millions of yen)

	Six months ended September 30, 2023 (A)	(A) - (B)	Six months ended September 30, 2022 (B)
Gross profit	45	45	—
Expenses, etc. (-)	143	143	—
Ordinary profit (loss)	(97)	(97)	—

Note 1: Expenses, etc., include total credit cost and net gains on stocks, which are reported under the Digital Banking Business.

Note 2: From the three months ended June 30, 2023, non-financial businesses, such as advertising businesses, which were previously included in the "BaaS Business," are disclosed as a separate segment, the "THEMIX Business."

[Non-consolidated]

(Millions of yen)

		Six months ended September 30, 2023 (A)	(A) - (B)	Six months ended September 30, 2022 (B)
Gross banking profit		32,249	4,060	28,188
	Net interest income	21,014	1,047	19,966
	Net fees and commissions	7,813	2,255	5,557
	Net other operating income	3,422	757	2,664
	Net gains (losses) on bonds	560	(40)	600
Expenses (excluding non-recurring losses)	(-)	16,083	2,169	13,914
	Personnel expenses (-)	2,812	223	2,588
	Non-personnel expenses (-)	12,302	1,705	10,597
	Taxes (-)	968	240	728
Ordinary business profit		16,166	1,891	14,274
Provisions for general reserve for possible loan losses (1)	(-)	(39)	(168)	128
Banking profit		16,206	2,060	14,145
Non-recurring gains (losses)		(594)	(620)	26
	Credit costs (2) (-)	136	95	41
	Net gains (losses) on stocks	(486)	(549)	62
	Other non-recurring gains (losses)	29	24	4
Ordinary profit (loss)		15,611	1,439	14,172
Extraordinary gains (losses)		(10)	296	(306)
Profit (loss) before income taxes		15,601	1,736	13,865
	Income taxes - current (-)	4,429	56	4,372
	Income taxes - deferred (-)	210	295	(84)
Income taxes	(-)	4,640	352	4,287
Profit (loss)		10,961	1,384	9,577
Total credit cost ((1) + (2))	(-)	96	(73)	170
OHR	(*)	49.8%	0.5%	49.3%

*OHR = Expenses / Gross banking profit

2. Domestic Interest Spread

[Non-consolidated]

(%)

		Six months ended September 30, 2023 (A)	(A) - (B)	Six months ended September 30, 2022 (B)
Yield on interest-earning assets	(A)	0.52	(0.03)	0.56
Interest earned on loans and bills discounted	(C)	0.58	(0.06)	0.64
Interest earned on securities		0.41	(0.00)	0.41
Total cost of funding (including expenses)	(B)	0.38	0.01	0.37
Cost of interest-bearing liabilities		0.03	(0.00)	0.03
Interest paid on deposits, etc.	(D)	0.02	0.00	0.02
Expense ratio		0.37	(0.00)	0.37
Overall interest spread	(A) - (B)	0.13	(0.05)	0.18
Interest spread	(C) - (D)	0.55	(0.06)	0.62

3. Net Gains (Losses) on Securities

[Consolidated]

(Millions of yen)

	Six months ended September 30, 2023 (A)	(A) - (B)	Six months ended September 30, 2022 (B)
Net gains (losses) on bonds	560	(40)	600
Net gains (losses) on stocks	—	(62)	62

[Non-consolidated]

(Millions of yen)

	Six months ended September 30, 2023 (A)	(A) - (B)	Six months ended September 30, 2022 (B)
Net gains (losses) on bonds	560	(40)	600
Net gains (losses) on stocks	(486)	(549)	62

4. Capital Adequacy Ratios (domestic standard)

[Consolidated]

(Billions of yen, %)

	As of September 30, 2023 (A)	(A) - (B)	As of March 31, 2023 (B)
(1) Capital adequacy ratio (2) / (3)	8.75	(0.20)	8.95
(2) Amount of core capital	136.2	10.1	126.1
(3) Amount of risk-weighted assets	1,556.9	148.2	1,408.6
(4) Total required capital	62.2	5.9	56.3

[Non-consolidated]

(Billions of yen, %)

	As of September 30, 2023 (A)	(A) - (B)	As of March 31, 2023 (B)
(1) Capital adequacy ratio (2) / (3)	8.69	(0.26)	8.95
(2) Amount of core capital	136.6	9.2	127.4
(3) Amount of risk-weighted assets	1,572.5	149.4	1,423.1
(4) Total required capital	62.9	5.9	56.9

5. Return on Equity

[Consolidated]

(%)

	Six months ended September 30, 2023 (A)	(A) - (B)	Six months ended September 30, 2022 (B)
Return on Equity (ROE)	18.1	5.2	12.8
ROE (excluding the effects of business transfer)	16.5	3.6	

Note 1: ROE formula

$$\frac{\text{Profit (loss) attributable to owners of parent}}{(\text{Total core capital at the beginning of the period} + \text{Total core capital at the end of the period}) / 2} \times 100 \times \frac{365}{\text{Number of days during the period}}$$

Note 2: Total core capital = Total net assets - Non-controlling interests

Note 3: ROE (excluding the effects of business transfer) is calculated based on the profit (loss) attributable to owners of parent

(with the effective tax rate of 30.62%), which is calculated by deducting "extraordinary income from sales of the guarantee business in a subsidiary (1,529 million yen)" recorded in the six months ended September 30, 2023.

6. Key Performance Indicators

(1) Disbursements of Mortgages

[Consolidated]

(Billions of yen)

	Six months ended September 30, 2023 (A)	(A) - (B)	Six months ended September 30, 2022 (B)
Disbursements of mortgages	772.2	52.6	719.5
Original	730.7	84.8	645.9
Bank agencies	430.3	74.2	356.0
Flat 35	41.4	(32.1)	73.6

(Note) Original: Original represents the total disbursements of mortgages sold by the Company, mortgages sold by the Company as a bank agency of

Sumitomo Mitsui Trust Bank, Limited, mortgages sold by bank agencies with the Company as the affiliated bank, and mortgages originated

by Yuryo Loan, Ltd.

Flat35: Flat 35 is sold by the Company and Yuryo Loan, Ltd.

(2) Number of Accounts

[Non-consolidated]

(Ten thousands of accounts)

	As of September 30, 2023 (A)	(A) - (B)	As of March 31, 2023 (B)
Number of accounts	657	42	614
Digital Banking Business	548	15	532
BaaS Business	108	26	81

(3) Number of BaaS Business Partners

[Non-consolidated]

(Number of companies)

	As of September 30, 2023 (A)	(A) - (B)	As of March 31, 2023 (B)
Number of BaaS business partners	15	5	10

7. Deposits and Loans

(1) Deposits and Loans

[Non-consolidated]

(Billions of yen)

	As of September 30, 2023		As of March 31, 2023
	(A)	(A) - (B)	(B)
Deposits (Ending balance)	8,642.6	664.9	7,977.7
Deposits (Average balance)	8,527.3	879.7	7,647.5
Loans (Ending balance)	7,368.6	762.0	6,606.5
Loans (Average balance)	6,900.8	865.2	6,035.6

(2) Breakdown of Domestic Loans and Ratio of Loans of Small to Mid-Sized Enterprises

[Non-consolidated]

(Billions of yen)

		As of September 30, 2023		As of March 31, 2023
		(A)	(A) - (B)	(B)
Domestic loans (excluding governments)	(A)	6,385.8	612.5	5,773.2
	Large enterprises	72.7	(0.1)	72.9
	Mid-sized enterprises	—	—	—
	Small to mid-sized enterprises	(B)	612.7	5,700.2
	Small to mid-sized enterprises	27.3	(8.7)	36.0
	Individuals	6,285.6	621.4	5,664.1
Ratio of loans to small to mid-sized enterprises	(B) / (A)	98.8%	0.1%	98.7%

(3) Loans to Individual

[Non-consolidated]

(Billions of yen)

	As of September 30, 2023		As of March 31, 2023
	(A)	(A) - (B)	(B)
Total	6,285.6	621.4	5,664.1
Mortgage loans	5,870.9	574.9	5,295.9
Others	414.7	46.5	368.2

8. Disclosure of Claims Classified under the Financial Revitalization Act

[Consolidated]

(Millions of yen)

	As of September 30, 2023 (A)	(A) - (B)	As of March 31, 2023 (B)
Bankrupt or substantially bankrupt	2,801	356	2,445
Doubtful	877	45	831
Restructured	679	(24)	704
Total	4,358	377	3,981

Total normal claims	7,361,731	769,132	6,592,599
Total balance of claims, including normal claims	7,366,090	769,509	6,596,580
NPL ratio	0.05%	(0.00)%	0.06%

Note: Total balance of claims, including normal claims, are loans, foreign exchanges, and accrued interest and suspense payments within Other assets.

9. Coverage Ratio of Claims Classified under the Financial Revitalization Act

[Consolidated]

(Millions of yen)

	As of September 30, 2023 (A)	(A) - (B)	As of March 31, 2023 (B)
Coverage amount (A)	4,109	379	3,729
Reserve for possible loan losses	724	51	673
Collateral and guarantees	3,384	328	3,056
Claims classified under the Financial Revitalization Act (B)	4,358	377	3,981

Coverage ratio (A) / (B)	94.27%	0.59%	93.68%
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(Reference) Self-assessment (Borrower classification)

[Consolidated]

(Millions of yen)

	As of September 30, 2023 (A)	(A) - (B)	As of March 31, 2023 (B)
Bankrupt borrowers (A)	557	145	411
Substantially bankrupt borrowers (B)	2,244	210	2,033
Potentially bankrupt borrowers (C)	877	45	831
Borrowers requiring caution (D)	3,781	374	3,407
Borrowers under requirement of control	680	(24)	705
Other borrowers requiring caution	3,101	398	2,702
Normal borrowers (E)	7,358,629	768,733	6,589,896
Total balance of claims, including normal claims (A) + (B) + (C) + (D) + (E)	7,366,090	769,509	6,596,580

Note: Total balance of claims, including normal claims, are loans, foreign exchanges, and accrued interest and suspense payments within Other assets.

10. Reserve for Possible Loan Losses

[Consolidated]

(Millions of yen)

	As of September 30, 2023		As of March 31, 2023
	(A)	(A) - (B)	(B)
Allowance for loan losses	2,678	(340)	3,019
General reserve for possible loan losses	1,963	(362)	2,326
Specific reserves for possible loan losses	714	21	692

[Non-consolidated]

(Millions of yen)

	As of September 30, 2023		As of March 31, 2023
	(A)	(A) - (B)	(B)
Allowance for loan losses	2,680	75	2,604
General reserve for possible loan losses	1,981	(39)	2,021
Specific reserves for possible loan losses	698	115	583

11. Loans by Industry

[Non-consolidated]

(Millions of yen, %)

	As of September 30, 2023		As of March 31, 2023	
	Loans receivable	Ratio	Loans receivable	Ratio
Individuals	6,285,671	85.30	5,664,193	85.74
Financial institutions	98,478	1.34	107,320	1.62
Government of Japan	982,859	13.34	833,393	12.61
Others	1,649	0.02	1,686	0.03
Total	7,368,659	100.00	6,606,594	100.00

12. Unrealized Gains (Losses) on Securities

[Consolidated]

(Billions of yen)

	As of September 30, 2023			As of March 31, 2023	
	Amount on the interim consolidated balance sheet	Unrealized gains/losses (A)	(A) - (B)	Amount on the consolidated balance sheet	Unrealized gains/losses (B)
Securities	623.9	(28.4)	(11.9)	658.1	(16.4)
Held-to-maturity debt securities	—	—	—	—	—
Available-for-sale securities	623.9	(28.4)	(11.9)	658.1	(16.4)
Stocks	0.1	—	—	0.0	—
Bonds	226.0	(13.9)	(5.9)	240.5	(8.0)
Japanese government bonds	139.9	(10.2)	(4.3)	149.8	(5.9)
Others	397.8	(14.4)	(6.0)	417.6	(8.4)
Foreign bonds	315.4	(13.0)	(5.6)	317.2	(7.3)

Note: The above table includes beneficial interests in trusts within "Monetary claims bought" in addition to "Securities."

[Non-consolidated]

(Billions of yen)

	As of September 30, 2023			As of March 31, 2023	
	Amount on the interim non-consolidated balance sheet	Unrealized gains/losses (A)	(A) - (B)	Amount on the non-consolidated balance sheet	Unrealized gains/losses (B)
Securities	633.5	(28.4)	(11.9)	668.1	(16.4)
Held-to-maturity debt securities	—	—	—	—	—
Stocks of subsidiaries and affiliates	9.5	—	—	10.0	—
Available-for-sale securities	623.9	(28.4)	(11.9)	658.1	(16.4)
Stocks	0.1	—	—	0.0	—
Bonds	226.0	(13.9)	(5.9)	240.5	(8.0)
Japanese government bonds	139.9	(10.2)	(4.3)	149.8	(5.9)
Others	397.8	(14.4)	(6.0)	417.6	(8.4)
Foreign bonds	315.4	(13.0)	(5.6)	317.2	(7.3)

Note: The above table includes beneficial interests in trusts within "Monetary claims bought" in addition to "Securities."

13. Derivatives

(1) Derivatives for which hedge accounting is not applied

[Non-consolidated]

(Billions of yen)

			As of September 30, 2023			As of March 31, 2023		
			Contract amount, etc.	Fair value	Unrealized gains/losses	Contract amount, etc.	Fair value	Unrealized gains/losses
Interest rate-related			—	(0.0)	4.0	—	(0.0)	3.0
Interest rate options	sold		257.5	(10.6)	(6.5)	215.2	(5.4)	(2.3)
	bought		256.8	10.6	10.6	214.7	5.4	5.4
Currency-related			—	0.2	0.2	—	0.4	0.4
Foreign exchange forward contracts	sold		827.9	(0.7)	(0.7)	814.3	(1.0)	(1.0)
	bought		952.3	1.0	1.0	941.9	1.5	1.5
Currency options	sold		1.9	(0.0)	0.0	0.8	(0.0)	0.0
	bought		1.9	0.0	(0.0)	0.8	0.0	0.0

Note: The above transactions are stated at fair value, and unrealized gains (losses) are recorded in the non-consolidated statements of income.

(2) Derivatives for which hedge accounting is applied

[Non-consolidated]

(Billions of yen)

		As of September 30, 2023			As of March 31, 2023		
		Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value	Contract amount, etc.	Portion of contract amount, etc., exceeding 1 year	Fair value
Interest rate-related		—	—	3.3	—	—	(0.3)
Interest rate swaps (Receive floating rate and pay fixed rate)	Loans, available-for-sale securities (bonds)	124.2	116.8	3.3	137.1	120.3	(0.3)

Note: The deferral method is applied in accordance with "Treatment of Accounting and Auditing Concerning Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Auditing Committee Report No. 24 (February 13, 2002)).

14. Deferred Tax Assets and Liabilities

[Consolidated]

(Millions of yen)

	As of September 30, 2023	As of March 31, 2023
Net deferred tax assets (liabilities)	8,874	6,651

[Non-consolidated]

(Millions of yen)

	As of September 30, 2023	As of March 31, 2023
Net unrealized losses on available-for-sale securities	8,770	5,227
Net deferred losses on hedges	591	890
Allowance for loan losses	574	579
Loss on devaluation of stocks of subsidiaries and associates	247	98
Reserve for point card certificates	358	291
Accrued enterprise tax	267	352
Reserve for bonuses	77	130
Other	310	446
Subtotal deferred tax assets (A)	11,198	8,016
Subtotal valuation allowance (B)	(247)	(98)
Total deferred tax assets (A) + (B) (C)	10,951	7,917
Valuation difference on available-for-sale securities	(64)	(191)
Net deferred gains on hedges	(1,594)	(742)
Total deferred tax liabilities (D)	(1,659)	(934)
Net deferred tax assets (liabilities) (C) + (D)	9,291	6,983