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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [Japanese GAAP]



May 15, 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 & CEO

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

Phone: +81-3-6229-1247

Scheduled date of ordinary general meeting of shareholders: June 20, 2023

Scheduled date of commencing dividend payments: –

Scheduled date of filing annual securities report: June 22, 2023

Specified transaction account: None

Supplementary briefing material on financial results: Available

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

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

### 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 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	%
Fiscal year ended March 31, 2023	98,052	17.4	29,390	26.3	19,932	16.5
March 31, 2022	83,527	6.1	23,265	12.2	17,113	22.9

(Note) Comprehensive income: Fiscal year ended March 31, 2023: ¥16,254 million [38.9%]

Fiscal year ended March 31, 2022: ¥11,706 million [(20.6)%]

	Profit (loss) per share	Diluted profit per share	Rate of return on capital	Ordinary profit (loss) to total assets	Ordinary income to ordinary sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	132.18	–	14.4	0.3	30.0
March 31, 2022	113.49	–	12.3	0.3	27.9

(Reference) Share of profit (loss) of entities accounted for using equity method:

Fiscal year ended March 31, 2023: ¥73 million

Fiscal year ended March 31, 2022: ¥54 million

(Note 1) The Company conducted a share split at a ratio of 100 shares for a common share effective January 1, 2022. “Profit (loss) per share” is calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2022.

(Note 2) “Diluted profit per share” is not stated as there are no diluted shares.

## (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	8,679,004	131,691	1.5	872.74
As of March 31, 2022	8,534,021	145,392	1.7	963.98

(Reference) Core capital: As of March 31, 2023: ¥131,604 million

As of March 31, 2022: ¥145,362 million

(Note 1) “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.

(Note 2) The Company conducted a share split at a ratio of 100 shares for a common share effective January 1, 2022. “Net assets per share” is calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2022.

## (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended March 31, 2023	(949,788)	312,762	(29,955)	1,100,449
March 31, 2022	462,147	(205,611)	(632)	1,767,429

## 2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2022	–	0.00	–	0.00	0.00	–	–	–
March 31, 2023	–	0.00	–	0.00	198.95	30,000	150.5	21.7
Fiscal year ending March 31, 2024 (Forecast)	–	7.50	–	8.00	15.50		10.0	

(Note) For the fiscal year ended March 31, 2023, 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), 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

**\* Notes:**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): No
  - Newly included: –
  - Excluded: –
  
- (2) Changes in accounting policies, changes in accounting estimates and restatement
  - 1) Changes in accounting policies due to revisions to accounting standards: Yes
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Restatement: No
  
- (3) Number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):
    - As of March 31, 2023: 150,793,800
    - As of March 31, 2022: 150,793,800
  
  - 2) Total number of treasury shares at the end of the period:
    - As of March 31, 2023: –
    - As of March 31, 2022: –
  
  - 3) Average number of outstanding shares during the period:
    - Fiscal year ended March 31, 2023: 150,793,800
    - Fiscal year ended March 31, 2022: 150,793,800
  
- (Note) The Company conducted a share split at a ratio of 100 shares for a common share effective January 1, 2022. “Total number of issued shares at the end of the period,” “total number of treasury shares at the end of the period,” and “average number of shares during the period” are calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2022.

(Reference) Overview of Non-consolidated Financial Results

### 1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 to March 31, 2023)

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

Fiscal year ended	Ordinary income		Ordinary profit (loss)		Profit (loss)	
	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	94,044	18.5	29,035	29.9	19,890	19.2
March 31, 2022	79,346	5.4	22,346	8.4	16,680	20.0

Fiscal year ended	Profit (loss) per share	Diluted profit per share
	Yen	Yen
March 31, 2023	131.90	—
March 31, 2022	110.61	—

(Note 1) The Company conducted a share split at a ratio of 100 shares for a common share effective January 1, 2022. “Profit (loss) per share” is calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2022.

(Note 2) “Diluted profit per share” is not stated as there are no diluted shares.

### (2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2023	8,677,604	130,992	1.5	868.68
As of March 31, 2022	8,533,737	144,792	1.7	960.19

(Reference) Core capital: As of March 31, 2023: ¥130,992 million

As of March 31, 2022: ¥144,792 million

(Note 1) Capital adequacy ratio is calculated by dividing (net assets at the end of the period minus share acquisition rights 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.

(Note 2) The Company conducted a share split at a ratio of 100 shares for a common share effective January 1, 2022. “Net assets per share” is calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2022.

\* These consolidated financial results are outside the scope of audit by certified public accountants or audit firms.

\* Explanation of the proper use of financial results forecast 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.

## Table of Contents - Attachments

1. Overview of Business Results, etc. ....	6
(1) Overview of Business Results for the Period Under Review ....	6
(2) Overview of Financial Position for the Period Under Review ....	6
(3) Overview of Cash Flows for the Period Under Review ....	6
(4) Future Outlook ....	6
2. Basic Approach on Selection of Accounting Standards ....	7
3. Consolidated Financial Statements and Primary Notes ....	8
(1) Consolidated Balance Sheets ....	8
(2) Consolidated Statements of Income and Comprehensive Income ....	9
(3) Consolidated Statements of Changes in Net Assets ....	11
(4) Consolidated Statements of Cash Flows ....	12
(5) Notes to the Consolidated Financial Statements ....	14
(Notes on going concern assumptions) ....	14
(Changes in accounting policies) ....	14
(Changes in presentation method) ....	14
(Segment information) ....	14
(Per share information) ....	16
(Significant subsequent events) ....	16
4. Non-consolidated Financial Statements ....	17
(1) Non-consolidated Balance Sheets ....	17
(2) Non-consolidated Statements of Income ....	19
(3) Non-consolidated Statements of Changes in Net Assets ....	21

(Supplement) Explanatory Material Fiscal Year 2022 ended Mar. 31, 2023

## 1. Overview of Business Results, etc.

### (1) Overview of Business Results for the Period Under Review

Regarding the status of profit and loss for the fiscal year ended March 31, 2023, ordinary profit was 29.3 billion yen (a year-on-year increase of 26.3%) and profit attributable to owners of parent was 19.9 billion yen (a year-on-year increase of 16.5%). This was due to steady growth in the amount of mortgage loans, main products of the Company, and due to an increase in payment-related fees due to the expansion of the customer base and the progress of cashless payments.

Regarding the status of reportable segments for the fiscal year ended March 31, 2023, in the Digital banking business, an increase in fees and commissions due to lending administration fees and payment-related fees due to the progress of cashless payments due to mortgage loans, the main business, and an increase in net interest income against the backdrop of rising market interest rates overseas contributed to a gross profit of 58.9 billion yen (a year-on-year increase of 11.8%), and as a result of increases in advertising expenses, etc., and increases of outsourcing expenses related to office work, expenses, etc., was 30.8 billion yen (a year-on-year increase of 11.6%) and ordinary profit was 28.0 billion yen (a year-on-year increase of 12.0%). In the BaaS business, in addition to an increase in account fees due to an increase in bank accounts and an increase in fees due to mortgage loans, with the steady performance of NetMove Corporation, a consolidated subsidiary of the Company, gross profit was 4.8 billion yen (a year-on-year increase of 161.9%), expenses, etc., was 3.6 billion yen (a year-on-year increase of 0.3%), and ordinary profit was 1.2 billion yen (a year-on-year improvement of 2.9 billion yen) due to continuous system investments in addition to advertising expenses, etc., for the “NEOBANK®” service.

Profit per share was 132.18 yen.

### (2) Overview of Financial Position for the Period Under Review

Regarding the status of assets and liabilities for the fiscal year ended March 31, 2023, total assets were 8,679.0 billion yen, an increase of 144.9 billion yen from the end of fiscal year ended March 31, 2022. Cash and due from banks were 1,100.4 billion yen, a decrease of 666.9 billion yen from the end of the fiscal year ended March 31, 2022, and loans and bills discounted amounted to 6,594.8 billion yen, an increase of 1,204.0 billion yen from the end of the fiscal year ended March 31, 2022 due to aggressive efforts for mortgage loans. Securities amounted to 558.7 billion yen, a decrease of 245.8 billion yen from the end of fiscal year ended March 31, 2022 against the backdrop of a difficult operating environment where it was difficult to reinvest. Meanwhile, liabilities amounted to 8,547.3 billion yen, an increase of 158.6 billion yen from the end of the fiscal year ended March 31, 2022. Deposits, which are mainly ordinary deposits and yen time deposits, amounted to 7,975.4 billion yen, an increase of 862.8 billion yen from the end of the fiscal year ended March 31, 2022. In addition, cash collateral received for securities lent amounted to 145.8 billion yen, a decrease of 223.9 billion yen from the end of the fiscal year ended March 31, 2022, and borrowed money amounted to 300.0 billion yen, a decrease of 486.4 billion yen from the end of the fiscal year ended March 31, 2022. Net assets amounted to 131.6 billion yen, a decrease of 13.7 billion yen from the end of the fiscal year ended March 31, 2022 due mainly to the recording of 19.9 billion yen in profit attributable to owners of parent and payment of cash dividends of 30.0 billion yen with retained earnings as the source of funds, as well as changes in valuation difference on available-for-sale securities and deferred gains or losses on hedges.

### (3) Overview of Cash Flows for the Period Under Review

Regarding the status of cash flows for the fiscal year ended March 31, 2023, net cash used in operating activities amounted to 949.7 billion yen (462.1 billion yen provided in the fiscal year ended March 31, 2022) due to an increase in loans centered on mortgage loans and decreases in cash collateral received for securities lent and borrowed money, even with an increase in deposits due to the expansion of the customer base; net cash provided by investing activities due to purchasing and selling securities, etc., amounted to 312.7 billion yen (205.6 billion yen used in the fiscal year ended March 31, 2022) due to the sale and redemption of securities, etc.; and net cash used in financing activities amounted to 29.9 billion yen (0.6 billion yen used in the fiscal year ended March 31, 2022) due to the payment of special dividends of 30.0 billion yen. Cash and cash equivalents at the end of the fiscal year ended March 31, 2023 was 1,100.4 billion yen, a decrease of 666.9 billion yen from the end of the previous fiscal year.

### (4) Future Outlook

For the consolidated financial results for the fiscal year ending March 31, 2024, we are projecting ordinary profit of 34.0 billion yen, a year-on-year increase of 4.6 billion yen (an increase of 15.7%) and profit attributable to owners of parent of 23.4 billion yen, a year-on-year increase of 3.4 billion yen (an increase of 17.4%).

Furthermore, we are projecting dividends of 15.50 yen per share, assuming that the financial results for the full year will be as expected.

## 2. Basic Approach on Selection of Accounting Standards

The Company and its consolidated subsidiaries apply Japanese GAAP in consideration of comparability among companies. The Company will respond to the application of IFRS appropriately, considering its business development and domestic and international situations.

### 3. Consolidated Financial Statements and Primary Notes

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Cash and due from banks	1,767,429	1,100,449
Monetary claims bought	289,022	243,353
Money held in trust	14,167	13,657
Securities	804,664	558,769
Loans and bills discounted	5,390,839	6,594,878
Foreign exchanges	20,969	7,102
Other assets	217,487	125,881
Property, plant and equipment	3,869	3,790
Buildings, net	216	313
Land	7	7
Leased assets, net	4	2
Construction in progress	3,117	-
Other, net	522	3,467
Intangible assets	22,857	26,908
Software	10,946	21,008
Software in progress	8,581	3,368
Goodwill	3,325	2,524
Other	4	7
Deferred tax assets	5,287	7,231
Allowance for loan losses	(2,572)	(3,019)
<b>Assets</b>	<b>8,534,021</b>	<b>8,679,004</b>
<b>Liabilities</b>		
Deposits	7,112,592	7,975,420
Call money and bills sold	34,000	48,000
Cash collateral received for securities lent	369,849	145,885
Borrowed money	786,400	300,000
Foreign exchanges	2,258	1,533
Other liabilities	81,278	74,352
Provision for bonuses	593	510
Provision for retirement benefits	25	15
Provision for point card certificates	764	952
Provision for retirement benefits for directors (and other officers)	122	-
Provision for reimbursement of deposits	51	52
Reserves under special laws	6	9
Deferred tax liabilities	685	580
<b>Liabilities</b>	<b>8,388,628</b>	<b>8,547,313</b>
<b>Net assets</b>		
Share capital	31,000	31,000
Capital surplus	13,625	13,625
Retained earnings	108,791	98,723
Shareholders' equity	153,417	143,349
Valuation difference on available-for-sale securities	(5,664)	(11,409)
Deferred gains or losses on hedges	(2,390)	(335)
Valuation and translation adjustments	(8,054)	(11,744)
Non-controlling interests	30	87
<b>Net assets</b>	<b>145,392</b>	<b>131,691</b>
<b>Liabilities and net assets</b>	<b>8,534,021</b>	<b>8,679,004</b>



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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Ordinary income	83,527	98,052
Interest income	42,401	47,481
Interest on loans and discounts	34,474	37,534
Interest and dividends on securities	5,754	8,037
Interest on call loans and bills bought	3	–
Interest on deposits with banks	857	750
Other interest income	1,310	1,158
Fees and commissions	35,145	42,182
Other ordinary income	5,351	8,104
Other income	629	283
Other	629	283
Ordinary expenses	60,262	68,661
Interest expenses	5,804	6,706
Interest on deposits	2,983	5,443
Interest on call money and bills sold	(12)	(29)
Interest expenses on securities sold under repurchase agreements	0	75
Interest expenses on cash collateral received for securities lent	20	19
Interest on borrowings and rediscounts	–	0
Other interest expenses	2,813	1,198
Fees and commissions payments	22,654	26,511
Other ordinary expenses	934	1,659
General and administrative expenses	30,419	32,533
Other expenses	448	1,250
Provision of allowance for loan losses	301	901
Other	147	349
Ordinary profit (loss)	23,265	29,390
Extraordinary losses	388	359
Loss on disposal of non-current assets	2	2
Impairment losses	385	242
Provision of reserve for financial instruments transaction liabilities	0	2
Other	–	111
Profit (loss) before income taxes	22,877	29,030
Income taxes-current	5,974	9,506
Income taxes-deferred	(213)	(420)
Income taxes	5,760	9,086
Profit (loss)	17,116	19,944
Profit (loss) attributable to non-controlling interests	2	12
Profit (loss) attributable to owners of parent	17,113	19,932

## (Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit (loss)	17,116	19,944
Other comprehensive income	(5,410)	(3,689)
Valuation difference on available-for-sale securities, net of tax	(9,514)	(5,745)
Deferred gains or losses on hedges, net of tax	4,104	2,055
Comprehensive income	11,706	16,254
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,703	16,242
Comprehensive income attributable to non- controlling interests	2	12

## (3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Shareholders' equity
Net assets	31,000	13,625	91,677	136,303
Changes during period				
Dividends of surplus				
Profit (loss) attributable to owners of parent			17,113	17,113
Net changes in items other than shareholders' equity				
Total changes during period	-	-	17,113	17,113
Net assets	31,000	13,625	108,791	153,417

	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	3,849	(6,494)	(2,644)	523	134,182
Changes during period					
Dividends of surplus					
Profit (loss) attributable to owners of parent					17,113
Net changes in items other than shareholders' equity	(9,514)	4,104	(5,410)	(493)	(5,903)
Total changes during period	(9,514)	4,104	(5,410)	(493)	11,210
Net assets	(5,664)	(2,390)	(8,054)	30	145,392

Fiscal year ended March 31, 2023

(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				
Dividends of surplus			(30,000)	(30,000)
Profit (loss) attributable to owners of parent			19,932	19,932
Net changes in items other than shareholders' equity				
Total changes during period	-	-	(10,067)	(10,067)
Net assets	31,000	13,625	98,723	143,349

	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					
Dividends of surplus					(30,000)
Profit (loss) attributable to owners of parent					19,932
Net changes in items other than shareholders' equity	(5,745)	2,055	(3,689)	57	(3,632)
Total changes during period	(5,745)	2,055	(3,689)	57	(13,700)
Net assets	(11,409)	(335)	(11,744)	87	131,691

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	22,877	29,030
Depreciation	4,509	5,921
Impairment losses	385	242
Share of loss (profit) of entities accounted for using equity method	(54)	(73)
Amortization of goodwill	800	800
Increase (decrease) in allowance for loan losses	78	446
Increase (decrease) in provision for bonuses	319	(83)
Increase (decrease) in reserve for financial instruments transaction liabilities	0	2
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(321)	(122)
Increase (decrease) in provision for reimbursement of deposits	14	0
Increase (decrease) in provision for point card certificates	124	188
Interest income	(42,401)	(47,481)
Interest expenses	5,804	6,706
Loss (gain) related to securities	(2,486)	(444)
Loss (gain) on money held in trust	11	9
Loss (gain) on disposal of non-current assets	2	2
Net decrease (increase) in loans and bills discounted	(806,144)	(1,204,039)
Net increase (decrease) in deposits	820,887	862,827
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	189,766	(486,400)
Net decrease (increase) in call loans	(6,759)	45,668
Net increase (decrease) in call money	(31,000)	14,000
Net increase (decrease) in cash collateral received for securities lent	292,823	(223,963)
Net decrease (increase) in foreign exchanges	(559)	13,867
Net increase (decrease) in foreign exchanges	788	(725)
Interest received	43,414	48,780
Interest paid	(5,997)	(5,126)
Other, net	(17,526)	(4,066)
Subtotal	469,355	(944,031)
Income taxes paid	(7,208)	(5,756)
Net cash provided by (used in) operating activities	462,147	(949,788)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from investing activities		
Purchase of securities	(742,144)	(423,064)
Proceeds from sale of securities	349,860	626,906
Proceeds from redemption of securities	197,572	118,885
Decrease in money held in trust	–	500
Purchase of property, plant and equipment	(365)	(416)
Purchase of intangible assets	(10,534)	(10,048)
Net cash provided by (used in) investing activities	(205,611)	312,762
Cash flows from financing activities		
Dividends paid	–	(30,000)
Proceeds from share issuance to non-controlling shareholders	–	45
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(632)	–
Net cash provided by (used in) financing activities	(632)	(29,955)
Effect of exchange rate change on cash and cash equivalents	–	–
Net increase (decrease) in cash and cash equivalents	255,903	(666,980)
Cash and cash equivalents at beginning of year	1,511,526	1,767,429
Cash and cash equivalents at end of year	1,767,429	1,100,449

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumptions)

Not applicable.

(Changes in accounting policies)

(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter “Fair Value Measurement Guidance”) from the beginning of the fiscal year ended March 31, 2023, and will prospectively apply the new accounting policies stipulated by the Fair Value Measurement Guidance in accordance with the transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Guidance. This change has no impact on the consolidated financial statements.

(Changes in presentation method)

Mortgage loan-related expenses, etc., which were previously recorded as “general and administrative expenses” are recorded as “fees and commissions payments” from the fiscal year ended March 31, 2023. The presentation method has been changed in order to disclose financial information that better reflects the actual economic situation by more clearly matching expenses corresponding to “Fees and commissions” with income because the importance of “Fees and commissions” is increasing for the Company. In order to reflect this change in presentation method, the consolidated financial statements for the fiscal year ended March 31, 2022 have been reclassified.

As a result, 19,722 million yen in “fees and commissions payments” and 33,351 million yen in “general and administrative expenses” presented in the consolidated financial statements for the fiscal year ended March 31, 2022 were reclassified as 22,654 million yen in “fees and commissions payments” and 30,419 million yen in “general and administrative expenses.”

(Segment information)

1. Overview of reportable segments

Separate financial information is available for the constituent units of the Group for the reportable segments of the Group and is subject to periodic review by management in order to make decisions on the allocation of management resources and to evaluate performance.

**Digital banking business:** Mainly provide banking services such as deposits and loans, and financial services such as credit card services through mobile apps and the Internet. Affiliated companies related to this segment are SBI Sumishin Net Bank Card Co., Ltd. and Yuryo Loan Co., Ltd.

**BaaS business:** The business of providing banking functions to partners. By utilizing the banking functions provided by the Company, partners will be able to develop banking businesses with partner customers being able to use the same products and services as the digital banking business. Affiliated companies related to this segment are NetMove Corporation, Dayta Consulting Co., Ltd., JAL Payment Port Co., Ltd., THEMIX Data, Inc., and Neobank Services Co., Ltd.

2. Calculation method for gross profit and profit or loss for reportable segments

The accounting method for reportable business segments is as described in “Important Matters That Form the Basis for Preparing Consolidated Financial Statements.” Income and expenses related to inter-segment transactions are calculated based on prevailing market prices.

### 3. Information concerning gross operating profit and profit or loss for reportable segments

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment		Adjustments	Total
	Digital banking business	BaaS business		
Gross profit	52,709	1,858	(1,057)	53,510
Expenses, etc.	(27,653)	(3,614)	1,022	(30,245)
Ordinary profit (loss)	25,056	(1,756)	(34)	23,265

- (Notes)
1. Gross profit is stated in lieu of net sales of general business companies.
  2. Gross profit includes interest income, fees and commissions, and other ordinary income.
  3. Losses are stated in parentheses ().
  4. In addition to General and administrative expenses in the consolidated financial statements, “Expenses, etc.” include 307 million yen in total credit cost and 298 million yen in net gains on stocks. Furthermore, total credit cost and gains (losses) on stocks are included in the “Digital banking business.”
  5. “Adjustments” include inter-segment transaction eliminations, etc.
  6. The Group does not allocate assets and liabilities to segments for internal management purposes, so assets and liabilities by reportable segment are not stated.
  7. As described in “Changes in presentation method,” mortgage loan-related expenses, etc., which were previously recorded as “general and administrative expenses” have been reclassified as “fees and commissions payments.”

Fiscal year ending March 31, 2023

(Millions of yen)

	Reportable segment		Adjustments	Total
	Digital banking business	BaaS business		
Gross profit	58,932	4,865	(902)	62,895
Expenses, etc.	(30,864)	(3,626)	986	(33,505)
Ordinary profit (loss)	28,067	1,239	83	29,390

- (Notes)
1. Gross profit is stated in lieu of net sales of general business companies.
  2. Gross profit includes interest income, fees and commissions, and other ordinary income.
  3. Losses are stated in parentheses ().
  4. In addition to General and administrative expenses in the consolidated financial statements, “Expenses, etc.” include 911 million yen in total credit cost and (171) million yen in net gains on stocks. Furthermore, total credit cost and gains (losses) on stocks are included in the “Digital banking business.”
  5. “Adjustments” include inter-segment transaction eliminations, etc.
  6. The Group does not allocate assets and liabilities to segments for internal management purposes, so assets and liabilities by reportable segment are not stated.

### 4. Matters concerning changes, etc., in reportable segments

(Changes in business segments)

In regard to Acquiring, which was included in the reportable segment “Digital banking business” up to now, income and expenses for Acquiring have been changed to the “BaaS business” segment from the fiscal year ended March 31, 2023 due to reviewing management segments by management.

Furthermore, segment information for the fiscal year ended March 31, 2022 is stated having been created using the classification method after the changes.

(Changes in the method to calculate profit and losses for business segments)

In order to appropriately reflect business results per reportable segment, the method for calculation has been changed from fiscal year ended March 31, 2023 as described below.

- Introduction of an allocation standard to allocate profits from deposits acquired by the Company through the “BaaS business” from the “Digital banking business” to the “BaaS business” for the purpose of promoting the operation and acquisition of deposit accounts of the “BaaS business”
- Refined the allocation standard for general and administrative expenses to the “Digital banking business” and “BaaS business”

Furthermore, segment information for the fiscal year ended March 31, 2022 is stated having been created using the method to calculate profit and losses after the changes.

(Per share information)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share	963.98 yen	872.74 yen
Profit (loss) per share	113.49 yen	132.18 yen

(Notes) 1. Diluted profit per share is not stated as there are no diluted shares.

2. The Company conducted a share split at a ratio of 100 shares for a common share effective January 1, 2022. Net assets per share and profit (loss) per share are calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2022.

3. The basis for calculating profit (loss) per share is as follows.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit (loss) per share		
Profit (loss) attributable to owners of parent (million yen)	17,113	19,932
Amount not attributable to general shareholders (million yen)	–	–
Profit (loss) attributable to owners of parent related to common shares (million yen)	17,113	19,932
Average number of common shares during the period (thousand shares)	150,793	150,793

4. The basis for calculating net assets per share is as follows.

	As of March 31, 2022	As of March 31, 2023
Net assets (million yen)	145,392	131,691
Amount deducted from net assets (million yen)	30	87
Non-controlling interests (million yen)	30	87
Net assets related to common shares (million yen)	145,362	131,604
Number of common shares used to calculate net assets per share (thousand shares)	150,793	150,793

(Significant subsequent events)

Not applicable.



#### 4. Non-consolidated Financial Statements

##### (1) Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Assets</b>		
Cash and due from banks	1,762,928	1,094,683
Due from banks	1,762,928	1,094,683
Monetary claims bought	284,627	239,325
Money held in trust	14,167	13,657
Securities	813,670	568,626
Government bonds	385,929	149,840
Local government bonds	36,803	17,230
Short-term corporate bonds	9,000	13,500
Corporate bonds	71,459	59,975
Stocks-assets	9,112	10,037
Other securities	301,365	318,042
Loans and bills discounted	5,409,936	6,606,594
Loans on deeds	5,292,478	6,490,815
Overdrafts	117,457	115,778
Foreign exchanges	20,969	7,102
Due from foreign banks (our accounts)	20,969	7,102
Other assets	201,301	115,501
Domestic exchange settlement account, debit	11,464	12,954
Prepaid expenses	1,365	1,778
Accrued revenue	5,540	6,035
Margin deposits for futures transactions	12,544	14,243
Financial derivatives	6,291	9,750
Cash collateral paid for financial instruments	56,849	58,345
Other	107,245	12,392
Property, plant and equipment	3,815	3,626
Buildings, net	214	297
Construction in progress	3,117	—
Other, net	482	3,328
Intangible assets	19,532	24,107
Software	10,947	20,753
Software in progress	8,580	3,347
Other	4	6
Deferred tax assets	5,091	6,983
Allowance for loan losses	(2,304)	(2,604)
<b>Assets</b>	<b>8,533,737</b>	<b>8,677,604</b>

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
Deposits	7,115,850	7,977,700
Ordinary deposits	5,178,180	5,856,904
Time deposits	1,641,811	1,786,215
Other deposits	295,858	334,580
Call money	34,000	48,000
Cash collateral received for securities lent	369,849	145,885
Borrowed money	786,400	300,000
Borrowings from other banks	786,400	300,000
Foreign exchanges	2,258	1,533
Foreign bills payable	2,258	1,533
Other liabilities	79,223	72,053
Domestic exchange settlement account, credit	7,452	9,908
Income taxes payable	2,740	6,542
Accrued expenses	745	2,325
Unearned revenue	319	524
Margin deposits received for futures transactions	24,620	25,173
Financial derivatives	9,064	9,599
Other	34,281	17,980
Provision for bonuses	540	424
Provision for point card certificates	764	952
Provision for reimbursement of deposits	51	52
Reserves under special laws	6	9
Reserve for financial instruments transaction	6	9
<b>Liabilities</b>	<b>8,388,944</b>	<b>8,546,612</b>
<b>Net assets</b>		
Share capital	31,000	31,000
Capital surplus	13,625	13,625
Legal capital surplus	13,625	13,625
Retained earnings	108,220	98,111
Legal retained earnings	–	6,000
Other retained earnings	108,220	92,111
Retained earnings brought forward	108,220	92,111
Shareholders' equity	152,846	142,737
Valuation difference on available-for-sale securities	(5,664)	(11,409)
Deferred gains or losses on hedges	(2,390)	(335)
Valuation and translation adjustments	(8,054)	(11,744)
<b>Net assets</b>	<b>144,792</b>	<b>130,992</b>
<b>Liabilities and net assets</b>	<b>8,533,737</b>	<b>8,677,604</b>

## (2) Non-consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Ordinary income	79,346	94,044
Interest income	42,421	47,329
Interest on loans and discounts	34,469	37,415
Interest and dividends on securities	5,754	8,037
Interest on call loans	3	–
Interest on deposits with banks	857	750
Other interest income	1,335	1,125
Fees and commissions	31,841	39,051
Fees and commissions on domestic and foreign exchanges	2,644	2,486
Other fees and commissions	29,196	36,565
Other ordinary income	4,706	7,485
Gain on foreign exchange transactions	1,045	2,595
Gain on sale of bonds	2,899	1,929
Gain on financial derivatives	277	2,654
Other	485	305
Other income	377	178
Gain on sale of equity securities	298	87
Other	79	90
Ordinary expenses	56,999	65,008
Interest expenses	5,736	6,693
Interest on deposits	2,983	5,443
Interest on call money	(12)	(29)
Interest expenses on securities sold under repurchase agreements	0	75
Interest expenses on cash collateral received for securities lent	20	19
Interest on borrowings and rediscounts	–	0
Interest expenses on interest rate swaps	2,742	1,182
Other interest expenses	2	2
Fees and commissions payments	22,854	26,554
Fees and commissions on domestic and foreign exchanges	2,611	2,138
Other fees and commissions	20,242	24,415
Other ordinary expenses	710	1,418
Loss on sale of bonds	710	1,313
Other	–	105
General and administrative expenses	27,442	29,604
Other expenses	256	738
Provision of allowance for loan losses	110	394
Loss on sale of equity securities	–	258
Loss on money held in trust	11	9
Other	134	74
Ordinary profit (loss)	22,346	29,035

Extraordinary losses	299	359
Loss on disposal of non-current assets	2	2
Impairment losses	296	242
Provision of reserve for financial instruments transaction liabilities	0	2
Other	–	111
Profit (loss) before income taxes	22,046	28,676
Income taxes-current	5,535	9,048
Income taxes-deferred	(169)	(263)
Income taxes	5,366	8,785
Profit (loss)	16,680	19,890

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

Fiscal year ended March 31, 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	-	91,540	91,540	136,166
Changes during period							
Dividends of surplus							
Profit (loss)					16,680	16,680	16,680
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	16,680	16,680	16,680
Net assets	31,000	13,625	13,625	-	108,220	108,220	152,846

	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	3,849	(6,494)	(2,644)	133,521
Changes during period				
Dividends of surplus				
Profit (loss)				16,680
Net changes in items other than shareholders' equity	(9,514)	4,104	(5,410)	(5,410)
Total changes during period	(9,514)	4,104	(5,410)	11,270
Net assets	(5,664)	(2,390)	(8,054)	144,792

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity						Shareholders' equity
	Share capital	Capital surplus		Retained earnings		Retained earnings	
		Legal capital surplus	Capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward		
Net assets	31,000	13,625	13,625	-	108,220	108,220	152,846
Changes during period							
Dividends of surplus				6,000	(36,000)	(30,000)	(30,000)
Profit (loss)					19,890	19,890	19,890
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	6,000	(16,109)	(10,109)	(10,109)
Net assets	31,000	13,625	13,625	6,000	92,111	98,111	142,737

	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				
Dividends of surplus				(30,000)
Profit (loss)				19,890
Net changes in items other than shareholders' equity	(5,745)	2,055	(3,689)	(3,689)
Total changes during period	(5,745)	2,055	(3,689)	(13,799)
Net assets	(11,409)	(335)	(11,744)	130,992

# Explanatory Material

Fiscal Year 2022 ended Mar. 31, 2023



SBI Sumishin Net Bank

# [Table of Contents]

## FY2022 Explanatory Materials

1. Profits and Losses	Consolidated	.....	1
	Non-consolidated	.....	2
2. Domestic Interest Spread	Non-consolidated	.....	3
3. Net Gains on Securities	Non-consolidated	.....	3
4. Capital Adequacy Ratios (domestic standard)	Consolidated/Non-consolidated	.....	4
5. ROE	Consolidated	.....	4
6. Deposits and Loans	Non-consolidated	.....	5
7. Disclosure of Claims Classified under the Financial Revitalization Act	Consolidated	.....	6
8. Coverage Ratio of Claims Classified under the Financial Revitalization Act	Consolidated	.....	6
9. Reserve for Possible Loan Losses	Consolidated/Non-consolidated	.....	7
10. Loans by Industry	Non-consolidated	.....	7
11. Unrealized Gains (Losses)	Consolidated/Non-consolidated	.....	8
12. Derivatives	Non-consolidated	.....	9
13. Deferred Tax Assets and Liabilities	Consolidated/Non-consolidated	.....	10



## 1. Profits and Losses

[Consolidated]

(millions of yen)

	For the year ended March 31, 2023 (A)		For the year ended March 31, 2022 (B)
		(A) - (B)	
Consolidated gross profit	62,895	9,384	53,510
Net interest income	40,779	4,176	36,603
Net fees and commissions	15,671	3,179	12,491
Net other operating income	6,444	2,028	4,416
Net gains on bonds	616	(1,572)	2,188
General and administrative expenses (-)	32,533	2,113	30,419
Total credit cost (-)	911	604	307
Net gains on stocks	(171)	(469)	298
Share of profit (loss) of entities accounted for using equity method	73	18	54
Others	38	(91)	129
Ordinary profit (loss)	29,390	6,125	23,265
Extraordinary gains (losses)	(359)	28	(388)
Profit (loss) before income taxes	29,030	6,153	22,877
Income taxes - current (-)	9,506	3,532	5,974
Income taxes - deferred (-)	(420)	(207)	(213)
Income taxes (-)	9,086	3,325	5,760
Profit (loss)	19,944	2,828	17,116
Profit (loss) attributable to owners of parent	19,932	2,818	17,113

Consolidated ordinary business profit	30,361	7,270	23,091
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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

Note 3: Effective the fiscal year ended March 31, 2023, some of the expenses that were recorded under "General and administrative expenses" have been reclassified under "Fees and commissions payments." The figures for the fiscal year ended March 31, 2022 are those after the reclassification.

### Profit and Losses by Segment

Digital Banking Business

(millions of yen)

	For the year ended March 31, 2023 (A)		For the year ended March 31, 2022 (B)
		(A) - (B)	
Gross profit	58,932	6,222	52,709
Expenses, etc. (-)	30,864	3,211	27,653
Ordinary profit (loss)	28,067	3,011	25,056

BaaS Business

(millions of yen)

	For the year ended March 31, 2023 (A)		For the year ended March 31, 2022 (B)
		(A) - (B)	
Gross profit	4,865	3,007	1,858
Expenses, etc. (-)	3,626	12	3,614
Ordinary profit (loss)	1,239	2,995	(1,756)

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

**[Non-consolidated]**

(millions of yen)

		For the year ended		For the year ended
		March 31, 2023 (A)	(A) - (B)	
Gross banking profit		59,205	9,530	49,674
Net interest income		40,641	3,949	36,691
Net fees and commissions		12,496	3,509	8,987
Net other operating income		6,067	2,071	3,995
Net gains on bonds		616	(1,572)	2,188
Expenses (excluding non-recurring losses)	(-)	29,604	2,162	27,442
Personnel expenses	(-)	5,196	9	5,186
Non-personnel expenses	(-)	22,529	2,285	20,244
Taxes	(-)	1,878	(132)	2,011
Ordinary business profit		29,600	7,367	22,232
Provisions for general reserve for possible loan losses (1)	(-)	281	22	258
Banking profit		29,318	7,344	21,973
Non-recurring gains (losses)		(282)	(656)	373
Credit costs (2)	(-)	123	265	(142)
Net gains on stocks		(171)	(469)	298
Other non-recurring gains (losses)		11	78	(67)
Ordinary profit (loss)		29,035	6,688	22,346
Extraordinary gains (losses)		(359)	(59)	(299)
Profit (loss) before income taxes		28,676	6,629	22,046
Income taxes - current	(-)	9,048	3,512	5,535
Income taxes - deferred	(-)	(263)	(94)	(169)
Income taxes	(-)	8,785	3,418	5,366
Profit (loss)		19,890	3,210	16,680
Total credit cost ((1) + (2))	(-)	405	288	116
OHR	(※)	50.0%	(5.2)%	55.2%

\*OHR = Expenses / Gross banking profit

## 2. Domestic Interest Spread

[Non-consolidated]

(%)

	For the year ended		For the year ended
	March 31, 2023 (A)	(A) - (B)	
Yield on interest earning assets (A)	0.55	(0.04)	0.60
Interest earned on loans and bills discounted (C)	0.62	(0.08)	0.70
Interest earned on securities	0.40	0.05	0.34
Total cost of funding (including expenses) (B)	0.38	(0.02)	0.41
Cost of interest bearing liabilities	0.03	(0.01)	0.04
Interest paid on deposits, etc. (D)	0.02	(0.01)	0.03
Expense ratio	0.38	(0.02)	0.41
Overall interest spread (A) - (B)	0.16	(0.02)	0.19
Interest spread (C) - (D)	0.60	(0.06)	0.67

## 3. Net Gains on Securities

[Non-consolidated]

(millions of yen)

	For the year ended		For the year ended
	March 31, 2023 (A)	(A) - (B)	
Net gains on bonds	616	(1,572)	2,188
Net gains on stocks	(171)	(469)	298

## 4. Capital Adequacy Ratios (domestic standard)

### [Consolidated]

(billions of yen, %)

	As of March 31, 2023		As of March 31, 2022 (B)
	(A)	(A) - (B)	
(1) Capital adequacy ratio (2) / (3)	8.95	1.36	7.59
(2) Amount of core capital	126.1	(6.2)	132.3
(3) Amount of risk-weighted assets	1,408.6	(333.7)	1,742.3
(4) Total required capital	56.3	(13.3)	69.6

### [Non-consolidated]

(billions of yen, %)

	As of March 31, 2023		As of March 31, 2022 (B)
	(A)	(A) - (B)	
(1) Capital adequacy ratio (2) / (3)	8.95	1.38	7.57
(2) Amount of core capital	127.4	(6.9)	134.3
(3) Amount of risk-weighted assets	1,423.1	(349.6)	1,772.8
(4) Total required capital	56.9	(13.9)	70.9

Note: The Company adopted the final Basel III standards effective March 31, 2023.

## 5. ROE

### [Consolidated]

(%)

	For the year ended March 31, 2023 (A)		For the year ended March 31, 2022 (B)
		(A) - (B)	
ROE (based on core capital)	14.3	2.1	12.2
Pro-forma ROE (based on core capital)	16.1	3.8	

Note 1: ROE formula

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

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

Note 3: Pro-forma ROE (based on core capital) is calculated by deducting the special dividend of approximately 30.0 billion yen paid on January 20, 2023 from the core capital at the beginning of the period.

## 6. Deposits and Loans

### (1) Deposits and Loans

[Non-consolidated]

(billions of yen)

	As of March 31, 2023		As of March 31, 2022
	(A)	(A) - (B)	(B)
Deposits (Ending balance)	7,977.7	861.8	7,115.8
Deposits (Average balance)	7,647.5	967.9	6,679.6
Loans (Ending balance)	6,606.5	1,196.6	5,409.9
Loans (Average balance)	6,035.6	1,104.7	4,930.8

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

[Non-consolidated]

(billions of yen)

	As of March 31, 2023		As of March 31, 2022
	(A)	(A) - (B)	(B)
Domestic loans (excluding governments)	5,773.2	924.1	4,849.0
Large enterprises	72.9	24.6	48.2
Mid-sized enterprises	—	—	—
Small to mid-sized enterprises	5,700.2	899.5	4,800.7
Small to mid-sized enterprises	36.0	(7.3)	43.4
Individuals	5,664.1	906.8	4,757.3
Ratio of loans to small to mid-sized (B) / (A)	98.7%	(0.2)%	99.0%

### (3) Loans to Individual

[Non-consolidated]

(billions of yen)

	As of March 31, 2023		As of March 31, 2022
	(A)	(A) - (B)	(B)
Total	5,664.1	906.8	4,757.3
Mortgage loans	5,295.9	879.2	4,416.7
Others	368.2	27.6	340.5

## 7. Disclosure of Claims Classified under the Financial Revitalization Act

[Consolidated]

(millions of yen)

	As of March 31, 2023		As of March 31, 2022
	(A)	(A) - (B)	(B)
Bankrupt or substantially bankrupt	2,445	11	2,433
Doubtful	831	134	696
Special attention	704	(2)	706
Total	3,981	144	3,837

Total normal claims	6,592,599	1,203,933	5,388,665
Total balance of claims including normal claims	6,596,580	1,204,077	5,392,502
NPL ratio	0.06%	(0.01)%	0.07%

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

## 8. Coverage Ratio of Claims Classified under the Financial Revitalization Act

[Consolidated]

(millions of yen)

	As of March 31, 2023		As of March 31, 2022
	(A)	(A) - (B)	(B)
Coverage amount (A)	3,729	111	3,618
Reserve for possible loan losses	673	1	671
Collateral and guarantees	3,056	109	2,946
Claims classified under the Financial Revitalization Act (B)	3,981	144	3,837

Coverage ratio (A) / (B)	93.68%	(0.62)%	94.30%
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(Reference) Self-assessment (Borrower classification)

[Consolidated]

(millions of yen)

	As of March 31, 2023		As of March 31, 2022
	(A)	(A) - (B)	(B)
Bankrupt borrowers (A)	411	81	329
Substantially bankrupt borrowers (B)	2,033	(70)	2,103
Potentially bankrupt borrowers (C)	831	134	696
Borrowers requiring caution (D)	3,407	(972)	4,379
Borrowers under requirement of control	705	(2)	707
Other borrowers requiring caution	2,702	(969)	3,671
Normal borrowers (E)	6,589,896	1,204,903	5,384,993
Total balance of claims including normal claims (A) + (B) + (C) + (D) + (E)	6,596,580	1,204,077	5,392,502

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

## 9. Reserve for Possible Loan Losses

**[Consolidated]** (millions of yen)

	As of March 31, 2023		As of March 31, 2022
	(A)	(A) - (B)	(B)
Allowance for loan losses	3,019	446	2,572
General reserve for possible loan losses	2,326	426	1,899
Specific reserves for possible loan losses	692	19	673

**[Non-consolidated]** (millions of yen)

	As of March 31, 2023		As of March 31, 2022
	(A)	(A) - (B)	(B)
Allowance for loan losses	2,604	300	2,304
General reserve for possible loan losses	2,021	281	1,740
Specific reserves for possible loan losses	583	18	564

## 10. Loans by Industry

**[Non-consolidated]** (millions of yen, %)

	As of March 31, 2023		As of March 31, 2022	
	Loans receivable	Ratio	Loans receivable	Ratio
Individuals	5,664,193	85.74	4,757,344	87.94
Financial institutions	107,320	1.62	90,396	1.67
Government of Japan	833,393	12.61	560,866	10.37
Others	1,686	0.03	1,329	0.02
Total	6,606,594	100.00	5,409,936	100.00

## 11. Unrealized Gains (Losses)

[Consolidated]

(billions of yen)

	As of March 31, 2023			As of March 31, 2022	
	Amount on the consolidated balance sheet	Unrealized gains/losses (A)	(A) - (B)	Amount on the consolidated balance sheet	Unrealized gains/losses (B)
Securities	658.1	(16.4)	(8.2)	949.5	(8.1)
Held-to-maturity debt securities	—	—	—	—	—
Available-for-sale securities	658.1	(16.4)	(8.2)	949.5	(8.1)
Stocks	0.0	—	—	0.0	—
Bonds	240.5	(8.0)	(3.9)	503.1	(4.0)
Japanese government bonds	149.8	(5.9)	(0.4)	385.9	(5.4)
Others	417.6	(8.4)	(4.3)	446.3	(4.0)
Foreign bonds	317.2	(7.3)	(3.9)	296.8	(3.3)

Note: Includes beneficial interests in trusts within "Monetary claims bought" in addition to "Securities."

[Non-consolidated]

(billions of yen)

	As of March 31, 2023			As of March 31, 2022	
	Amount on the consolidated balance sheet	Unrealized gains/losses (A)	(A) - (B)	Amount on the consolidated balance sheet	Unrealized gains/losses (B)
Securities	668.1	(16.4)	(8.2)	958.6	(8.1)
Held-to-maturity debt securities	—	—	—	—	—
Stocks of subsidiaries and affiliates	10.0	—	—	9.1	—
Available-for-sale securities	658.1	(16.4)	(8.2)	949.5	(8.1)
Stocks	0.0	—	—	0.0	—
Bonds	240.5	(8.0)	(3.9)	503.1	(4.0)
Japanese government bonds	149.8	(5.9)	(0.4)	385.9	(5.4)
Others	417.6	(8.4)	(4.3)	446.3	(4.0)
Foreign bonds	317.2	(7.3)	(3.9)	296.8	(3.3)

Note: Includes beneficial interests in trusts within "Monetary claims bought" in addition to "Securities."



## 12. Derivatives

### (1) Derivatives for which hedge accounting is not applied

[Non-consolidated]

(billions of yen)

		As of March 31, 2023			As of March 31, 2022		
		Contract amount, etc.	Fair value	Unrealized gains/losses	Contract amount, etc.	Fair value	Unrealized gains/losses
Interest rate-related		—	(0.0)	3.0	—	0.0	0.4
Interest rate options	sold	215.2	(5.4)	(2.3)	89.5	(1.6)	(1.1)
	bought	214.7	5.4	5.4	89.4	1.6	1.6
Currency-related		—	0.4	0.4	—	1.0	1.0
Foreign exchange forward contracts	sold	814.3	(1.0)	(1.0)	526.6	1.2	1.2
	bought	941.9	1.5	1.5	612.8	(0.2)	(0.2)
Currency options	sold	0.8	(0.0)	0.0	0.6	(0.0)	(0.0)
	bought	0.8	0.0	0.0	0.6	0.0	0.0

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

### (2) Derivatives for which hedge accounting is applied

[Non-consolidated]

(billions of yen)

		Primary hedged instrument	As of March 31, 2023			As of March 31, 2022		
			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			—	—	(0.3)	—	—	(3.8)
Interest rate swap transactions (Receive floating rate, pay	Loans, available-for-sale securities (bonds)		137.1	120.3	(0.3)	174.7	133.4	(3.8)

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)).

## 13. Deferred Tax Assets and Liabilities

### [Consolidated]

(millions of yen)

	As of March 31, 2023	As of March 31, 2022
Net deferred tax assets (liabilities)	6,651	4,602

### [Non-consolidated]

(millions of yen)

	As of March 31, 2023	As of March 31, 2022
Net unrealized losses on available-for-sale securities	5,227	3,491
Net deferred losses on hedges	890	1,781
Allowance for loan losses	579	527
Accrued enterprise tax	352	116
Reserve for point card certificates	291	234
Reserve for bonuses	130	165
Loss on devaluation of stocks of subsidiaries and associates	98	98
Other	446	494
Subtotal deferred tax assets (A)	8,016	6,908
Subtotal valuation allowance (B)	(98)	(98)
Total deferred tax assets (A) + (B) (C)	7,917	6,810
Valuation difference on available-for-sale securities	(191)	(992)
Net deferred gains on hedges	(742)	(726)
Total deferred tax liabilities (D)	(934)	(1,718)
Net deferred tax assets (liabilities) (C) + (D)	6,983	5,091