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# Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]

July 29, 2024

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 CEO
Contact: Tomokazu Yokoi, Director, Deputy President, and Executive Officer
Phone: +81-3-6779-5496
Scheduled date of commencing dividend payments: –
Specified transaction account: None
Supplementary briefing material on financial results: Available
Financial results briefing session: Held (for institutional investors and analysts)

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

## 1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (From April 1, 2024 to June 30, 2024)

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

| | Ordinary income | | Ordinary profit | | Net income attributable to owners of the parent | |
|---|---|---|---|---|---|---|
| Three months ended | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| June 30, 2024 | 32,795 | 26.3 | 9,064 | 13.3 | 6,184 | (6.0) |
| June 30, 2023 | 25,963 | 13.6 | 8,001 | 10.2 | 6,581 | 33.8 |

(Note) Comprehensive income: Three months ended June 30, 2024: ¥1,639 million [(74.1)%]
Three months ended June 30, 2023: ¥6,330 million [258.5%]

| | Net income per share | Diluted net income per share |
|---|---|---|
| Three months ended | Yen | Yen |
| June 30, 2024 | 41.01 | – |
| June 30, 2023 | 43.64 | – |

(Note) Diluted net income per share is not presented since there has been no potential dilutive shares.

(2) Consolidated Financial Position

| | Total assets | Net assets | Capital adequacy ratio |
|---|---|---|---|
| | Millions of yen | Millions of yen | % |
| As of June 30, 2024 | 10,942,722 | 151,771 | 1.3 |
| As of March 31, 2024 | 10,676,416 | 151,608 | 1.4 |

(Reference) Capital amount: As of June 30, 2024: ¥151,771 million
As of March 31, 2024: ¥151,608 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 total assets at the end of the period.
The "capital adequacy ratio" is not the capital adequacy ratio defined 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, 2024 | Yen – | Yen 7.50 | Yen – | Yen 9.00 | Yen 16.50 |
| March 31, 2025 | – | | | | |
| Fiscal year ending March 31, 2025 (Forecast) | | 9.00 | – | 9.50 | 18.50 |

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

**3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (From April 1, 2024 to March 31, 2025)**

(% indicates changes from the previous corresponding period.)

| | Net income attributable to owners of the parent | | Net income per share |
|---|---|---|---|
| | Millions of yen | % | Yen |
| Fiscal year ending March 31, 2025 | 28,000 | 12.7 | 185.68 |

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

* Notes:

(1) Significant changes in the scope of consolidation during the three months ended June 30, 2024: None

(2) Specific accounting treatments for the preparation of the quarterly consolidated financial statements: None

(3) 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

(4) Number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
As of June 30, 2024: 150,793,800
As of March 31, 2024: 150,793,800

2) Total number of treasury shares at the end of the period:
As of June 30, 2024: 49,837
As of March 31, 2024: 1,639

3) Average number of outstanding shares during the period:
Three months ended June 30, 2024: 150,767,194
Three months ended June 30, 2023: 150,793,800

* Review of the attached quarterly consolidated financial statements by certified public accountants or an audit firm: None

* 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 SBI Sumishin Net Bank, Ltd. (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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1. Overview of Business Results, etc. for the Three Months Ended June 30, 2024

(1) Overview of Business Results for the Three Months Ended June 30, 2024

Regarding the status of profit and loss for the three months ended June 30, 2024, ordinary profit was 9.0 billion yen (a year-on-year increase of 13.3%) and net income attributable to owners of the parent was 6.1 billion yen (a year-on-year decrease of 6.0%). This was due to steady growth of mortgage loans, main products of the Company, and an increase in payment-related fees attributable to the expansion of the customer base and the progress of cashless payments. The primary reason for a year-on-year decrease in net income is the effect of recognizing gain on transfer of the guarantee business in the fiscal year ended March 31, 2024.

Regarding the status of reportable segments for the three months ended June 30, 2024, for the digital banking business, an increase in fees and commissions including lending administration fees on the origination of mortgage loans, the main business of the Company, and payment-related fees attributable to the progress in cashless payments, and an increase in net interest income due to an increase in interest income on loans and other products which outweighed an increase in interest expenses caused by rising interest rates on domestic deposits contributed to gross profit of 16.1 billion yen (a year-on-year increase of 10.7%). As a result of increases in expenses such as system related expenses and outsourcing expenses related to office work, expenses, etc., was 8.3 billion yen (a year-on-year increase of 14.4%) and ordinary profit was 7.8 billion yen (a year-on-year increase of 6.9%). For the BaaS business, in addition to the factors including an increase in account fee owing to an increase in bank accounts, with the steady performance of NetMove Corporation, a consolidated subsidiary of the Company, gross profit was 3.0 billion yen (a year-on-year increase of 76.3%), expenses, etc., were 1.8 billion yen (a year-on-year increase of 77.5%) due to advertising and other related expenses incurred for the “NEOBANK®” service in addition to continuous system investments, and ordinary profit was 1.2 billion yen (a year-on-year increase of 74.6%). As for the THEMIX business, as the business is in the start-up phase in which upfront expenses are incurred, ordinary loss of 67 million yen was recorded.

Net income per share was 41.01 yen.

(2) Overview of Financial Position for the Three Months Ended June 30, 2024

Regarding the status of assets and liabilities for the three months ended June 30, 2024, total assets were 10,942.7 billion yen, an increase of 266.3 billion yen from the fiscal year ended March 31, 2024. Loans amounted to 8,266.4 billion yen, an increase of 293.6 billion yen from the fiscal year ended March 31, 2024, due to active efforts for mortgage loans and other products. Securities amounted to 596.9 billion yen, an increase of 34.4 billion yen from the fiscal year ended March 31, 2024. Meanwhile, liabilities amounted to 10,790.9 billion yen, an increase of 266.1 billion yen from the fiscal year ended March 31, 2024. Deposits, which are mainly yen liquid deposits, amounted to 9,566.9 billion yen, an increase of 103.7 billion yen from the fiscal year ended March 31, 2024. In addition, borrowed money amounted to 1,000.0 billion yen, an increase of 200.0 billion yen from the fiscal year ended March 31, 2024. Net assets amounted to 151.7 billion yen, which remained almost flat from the fiscal year ended March 31, 2024 due to changes in net unrealized losses on available-for-sale securities and net deferred gains on hedges, while recording 6.1 billion yen of net income attributable to owners of the parent.

2. Consolidated Financial Statements and Primary Notes
(1) Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2024 | As of June 30, 2024 |
|---|---|---|
| Assets | | |
| Cash and due from banks | 1,665,582 | 1,663,437 |
| Monetary claims bought | 207,986 | 201,046 |
| Money held in trust | 13,148 | 12,648 |
| Securities | 562,510 | 596,913 |
| Loans | 7,972,760 | 8,266,413 |
| Foreign exchanges | 8,341 | 10,485 |
| Other assets | 208,561 | 151,376 |
| Tangible fixed assets | 3,210 | 4,273 |
| Intangible fixed assets | 28,299 | 28,635 |
| Deferred tax assets | 8,883 | 10,617 |
| Reserve for possible loan losses | (2,867) | (3,126) |
| Assets | 10,676,416 | 10,942,722 |
| Liabilities | | |
| Deposits | 9,463,139 | 9,566,925 |
| Cash collateral received for securities lent | 145,284 | 105,234 |
| Borrowed money | 800,000 | 1,000,000 |
| Foreign exchanges | 6,363 | 6,476 |
| Other liabilities | 106,975 | 110,196 |
| Reserve for bonuses | 920 | 306 |
| Liabilities for retirement benefits | 16 | 16 |
| Reserve for point program | 1,180 | 865 |
| Reserve for reimbursement of deposits in dormant accounts | 56 | 56 |
| Reserves under special laws | 9 | — |
| Deferred tax liabilities | 861 | 873 |
| Total liabilities | 10,524,807 | 10,790,950 |
| Net assets | | |
| Capital stock | 31,000 | 31,000 |
| Capital surplus | 13,633 | 13,633 |
| Retained earnings | 122,430 | 127,257 |
| Treasury stock | (2) | (122) |
| Shareholders' equity | 167,061 | 171,768 |
| Net unrealized gains (losses) on available-for-sale securities | (15,614) | (22,658) |
| Net deferred gains (losses) on hedges | 161 | 2,661 |
| Total accumulated other comprehensive income | (15,452) | (19,997) |
| Total net assets | 151,608 | 151,771 |
| Total liabilities and net assets | 10,676,416 | 10,942,722 |

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Three months ended June 30)

(Millions of yen)

| | Three months ended June 30, 2023 | Three months ended June 30, 2024 |
|---|---|---|
| Ordinary income | 25,963 | 32,795 |
| Interest income | 12,952 | 15,455 |
| Interest on loans | 9,881 | 11,503 |
| Interest and dividends on securities | 2,470 | 3,233 |
| Fees and commission income | 11,012 | 15,457 |
| Other operating income | 1,917 | 1,594 |
| Other income | 81 | 288 |
| Ordinary expenses | 17,961 | 23,731 |
| Interest expenses | 2,404 | 3,446 |
| Interest on deposits | 2,405 | 3,817 |
| Fees and commission expenses | 7,300 | 10,498 |
| Other operating expenses | 84 | 222 |
| General and administrative expenses | 8,132 | 9,274 |
| Other expenses | 39 | 288 |
| Ordinary profit | 8,001 | 9,064 |
| Extraordinary income | 1,537 | 50 |
| Gains on disposal of fixed assets | 7 | — |
| Reversal of reserve for financial instruments transaction liabilities | — | 9 |
| Gains on business transfer | 1,529 | 40 |
| Extraordinary losses | 316 | 79 |
| Loss on disposal of fixed assets | 0 | 10 |
| Impairment losses | 175 | 60 |
| Other | 140 | 9 |
| Income before income taxes | 9,222 | 9,035 |
| Income taxes-current | 2,111 | 2,567 |
| Income taxes-deferred | 545 | 283 |
| Total income taxes | 2,657 | 2,851 |
| Net income | 6,565 | 6,184 |
| Loss attributable to non-controlling interests | (15) | — |
| Net income attributable to owners of the parent | 6,581 | 6,184 |

Consolidated Statements of Comprehensive Income
(Three months ended June 30)

(Millions of yen)

| | Three months ended June 30, 2023 | Three months ended June 30, 2024 |
|---|---|---|
| Net income | 6,565 | 6,184 |
| Other comprehensive income | (235) | (4,544) |
| Net unrealized gains (losses) on available-for-sale securities | (1,222) | (7,044) |
| Net deferred gains (losses) on hedges | 987 | 2,499 |
| Comprehensive income | 6,330 | 1,639 |
| Comprehensive income attributable to | | |
| Owners of the parent | 6,346 | 1,639 |
| Non-controlling interests | (15) | — |

(3) Notes to the Consolidated Financial Statements

(Notes on going concern assumptions)

Not applicable.

(Notes on significant changes in total shareholders' equity)

Not applicable.

(Notes on segment information)

1. General information about reportable segments

The Group's reportable segments are components of the Group for which separate financial information can be provided and is used by management periodically to determine the allocation of resources and assess performance.

Digital banking business:

This segment principally provides the banking services, such as deposit services and lending services provided primarily through the mobile application and internet channels, and the financial services including the debit card service. An affiliate relating to this segment is Yuryo Loan Co., Ltd.

BaaS (banking as a service) business:

This segment provides the banking function to business partners. By utilizing the banking function provided by the Company, business partners can operate their banking services and the customers of the business partners can access the same products and services as those offered in the digital banking business. Affiliates relating to this segment are NetMove Corporation, Dayta Consulting Co., Ltd., JAL Payment Port Co., Ltd., and NeoBank Services Co., Ltd.

THEMIX business:

This segment operates the non-financial services. Such services primarily include the business related to data marketing and advertising that utilize data, which customers have agreed to be used (financial data platform business), forestry and forestry DX (DX platform business), and support business related to carbon credit (carbon credit platform business). Affiliates relating to this segment are THEMIX Data, Inc., THEMIX Green, Inc., and Marpy, Inc.

2. Information about gross operating profit and profit or loss by reportable segment

(Three months ended June 30, 2023)

(Millions of yen)

| | Reportable segment | | | Adjustments | Total |
|---|---|---|---|---|---|
| | Digital banking business | BaaS business | THEMIX business | | |
| Gross operating profit | 14,633 | 1,745 | 17 | (303) | 16,093 |
| Expenses | (7,313) | (1,020) | (76) | 318 | (8,091) |
| Ordinary profit (loss) | 7,319 | 725 | (58) | 15 | 8,001 |

(Notes) 1. Gross operating profit is presented instead of sales of companies in other industries.
2. Gross operating profit includes net interest income (expenses), net fees and commission income (expenses), and net other operating income (expenses).
3. Amounts in parentheses represent losses or expenses.
4. "Expenses" include general and administrative expenses in the consolidated financial statements, as well as credit-related expenses of ¥36million. Credit related expenses are included in "Digital banking business."
5. Adjustments include elimination of intersegment transactions and others.

(Three months ended June 30, 2024)

(Millions of yen)

| | Reportable segment | | | Adjustments | Total |
|---|---|---|---|---|---|
| | Digital banking business | BaaS business | THEMIX business | | |
| Gross operating profit | 16,193 | 3,077 | 68 | (999) | 18,340 |
| Expenses | (8,369) | (1,811) | (135) | 1,042 | (9,275) |
| Ordinary profit (loss) | 7,823 | 1,266 | (67) | 42 | 9,064 |

(Notes) 1. Gross operating profit is presented instead of sales of companies in other industries.
2. Gross operating profit includes net interest income (expenses), net fees and commission income (expenses), and net other operating income (expenses).
3. Amounts in parentheses represent losses or expenses.
4. "Expenses" include general and administrative expenses in the consolidated financial statements, as well as credit-related expenses of ¥268 million. Credit related expenses are included in "Digital banking business."
5. Adjustments include elimination of intersegment transactions and others.

3. Matters concerning changes in reportable segments

The Company has enhanced the allocation criteria and changed the measurement method for mortgage origination fee incurred from January 2024 in the fiscal year ended March 31, 2024 to appropriately reflect business results by reportable segment. As a result of this change, gross operating profit and ordinary profit of the digital banking business increased by 282 million yen, respectively, and for the BaaS business, expenses increased and ordinary profit decreased by the same amount, respectively.
Segment information for the three months ended June 30, 2023 is disclosed based on the information prepared using the previous measurement method.

(Notes on the Statements of Cash Flows)

The consolidated statements of cash flows are not prepared for the three months ended June 30, 2024. The following shows depreciation (including amortization related to intangible fixed assets (excluding goodwill)) and amortization of goodwill for the three months ended June 30, 2023 and 2024.

| | Three months ended June 30, 2023 | Three months ended June 30, 2024 |
|---|---|---|
| Depreciation | 1,760 million yen | 1,917 million yen |
| Amortization of goodwill | 90 million yen | 90 million yen |

# Explanatory Material

## For the Three Months Ended June 30, 2024

NEOBANK

SBI Sumishin Net Bank

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## 1. Profits and Losses

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

| | Three Months Ended June 30, 2024 (A) | (A) - (B) | Three Months Ended June 30, 2023 (B) |
|---|---|---|---|
| Consolidated gross operating profit | 18,340 | 2,247 | 16,093 |
| Net interest income | 12,009 | 1,460 | 10,548 |
| Net fees and commission income | 4,958 | 1,246 | 3,711 |
| Net other operating income | 1,372 | (460) | 1,832 |
| Net gains (losses) on bonds | 210 | (208) | 419 |
| General and administrative expenses (-) | 9,274 | 1,141 | 8,132 |
| Credit related expenses (-) | 268 | 231 | 36 |
| Net gains (losses) on stocks and other securities | — | — | — |
| Equity in income from investments in affiliates | (7) | (18) | 10 |
| Others | 274 | 207 | 67 |
| Ordinary profit (loss) | 9,064 | 1,063 | 8,001 |
| Extraordinary income (losses) | (29) | (1,250) | 1,221 |
| Income before income taxes | 9,035 | (187) | 9,222 |
| Income taxes - current (-) | 2,567 | 456 | 2,111 |
| Income taxes - deferred (-) | 283 | (262) | 545 |
| Total income taxes (-) | 2,851 | 193 | 2,657 |
| Net income | 6,184 | (381) | 6,565 |
| Net income attributable to owners of the parent | 6,184 | (397) | 6,581 |
| Consolidated net operating profit before provision of reserve for possible loan losses | 9,066 | 1,105 | 7,960 |

Note 1: Consolidated gross operating profit = (Interest income - (Interest expenses - Expenses incurred for money held in trust))
+ (Fees and commission income - Fees and commission expenses)
+ (Other operating income - Other operating expenses)

Note 2: Consolidated net operating profit before provision of reserve for possible loan losses = Non-consolidated net operating profit + Subsidiary gross profit - Subsidiary general and administrative expenses - Internal transactions

### Gross Operating Profit and Profit or Loss by Segment

Digital Banking Business (Millions of yen)

| | Three Months Ended June 30, 2024 (A) | (A) - (B) | Three Months Ended June 30, 2023 (B) |
|---|---|---|---|
| Gross operating profit | 16,193 | 1,560 | 14,633 |
| Expenses, etc. (-) | 8,369 | 1,056 | 7,313 |
| Ordinary profit | 7,823 | 504 | 7,319 |

Banking as a Service (BaaS) Business (Millions of yen)

| | Three Months Ended June 30, 2024 (A) | (A) - (B) | Three Months Ended June 30, 2023 (B) |
|---|---|---|---|
| Gross operating profit | 3,077 | 1,331 | 1,745 |
| Expenses, etc. (-) | 1,811 | 791 | 1,020 |
| Ordinary profit | 1,266 | 540 | 725 |

THEMIX Business (Millions of yen)

| | Three Months Ended June 30, 2024 (A) | (A) - (B) | Three Months Ended June 30, 2023 (B) |
|---|---|---|---|
| Gross operating profit | 68 | 50 | 17 |
| Expenses, etc. (-) | 135 | 59 | 76 |
| Ordinary profit | (67) | (8) | (58) |

Note: Expenses, etc., include credit related expenses and net (gains) losses on stocks and other securities, which are reported under the Digital Banking Business.

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

| | Three Months Ended June 30, 2024 (A) | (A) - (B) | Three Months Ended June 30, 2023 (B) |
|---|---|---|---|
| Gross operating profit | 17,562 | 2,280 | 15,282 |
| Net interest income | 12,019 | 1,541 | 10,477 |
| Net fees and commission income | 4,246 | 1,160 | 3,086 |
| Net other operating income | 1,296 | (421) | 1,718 |
| Net gains (losses) on bonds | 210 | (208) | 419 |
| Expenses (excluding non-recurring losses) (-) | 8,848 | 1,381 | 7,466 |
| Personnel expenses (-) | 1,570 | 268 | 1,301 |
| Non-personnel expenses (-) | 6,719 | 943 | 5,775 |
| Taxes (-) | 558 | 169 | 388 |
| Net operating profit before provision of reserve for possible loan losses | 8,714 | 898 | 7,816 |
| Provisions of reserve for possible loan losses (1) (-) | 108 | 108 | — |
| Net operating profit | 8,605 | 789 | 7,816 |
| Non-recurring gains (losses) | 100 | 484 | (384) |
| Credit costs (2) (-) | 157 | 227 | (70) |
| Net gains (losses) on stocks and other securities | — | 486 | (486) |
| Other non-recurring gains (losses) | 257 | 225 | 32 |
| Ordinary profit (loss) | 8,706 | 1,273 | 7,432 |
| Extraordinary gains (losses) | (1) | 3 | (4) |
| Income before income taxes | 8,704 | 1,277 | 7,427 |
| Income taxes - current (-) | 2,402 | 781 | 1,621 |
| Income taxes - deferred (-) | 270 | (209) | 480 |
| Total income taxes (-) | 2,673 | 571 | 2,102 |
| Net income | 6,031 | 705 | 5,325 |

| | | | |
|---|---|---|---|
| Total Credit related expenses ((1) + (2)) (-) | 266 | 336 | (70) |

## 2. Domestic Interest Spread

**[Non-consolidated]** (%)

| | | Three Months Ended June 30, 2024 (A) | (A) - (B) | Three Months Ended June 30, 2023 (B) |
|---|---|---|---|---|
| Investment yield | (A) | 0.49 | (0.03) | 0.53 |
| Interest earned on loans | (C) | 0.57 | (0.01) | 0.59 |
| Interest earned on securities | | 0.61 | 0.17 | 0.43 |
| Total cost of funding (including expenses) | (B) | 0.38 | 0.02 | 0.36 |
| Funding yield | | 0.04 | 0.01 | 0.02 |
| Interest paid on deposits, etc. | (D) | 0.04 | 0.02 | 0.02 |
| Expense ratio | | 0.37 | 0.01 | 0.35 |
| Net interest margin | (A) - (B) | 0.11 | (0.05) | 0.17 |
| Interest spread | (C) - (D) | 0.52 | (0.04) | 0.56 |

## 3. Net Gains (Losses) on securities

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

| | Three Months Ended June 30, 2024 (A) | (A) - (B) | Three Months Ended June 30, 2023 (B) |
|---|---|---|---|
| Net gains (losses) on bonds | 210 | (208) | 419 |
| Net gains (losses) on stocks and other securities | — | — | — |

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

| | Three Months Ended June 30, 2024 (A) | (A) - (B) | Three Months Ended June 30, 2023 (B) |
|---|---|---|---|
| Net gains (losses) on bonds | 210 | (208) | 419 |
| Net gains (losses) on stocks and other securities | — | 486 | (486) |

## 4. Capital Adequacy Ratios (domestic standard)

**[Consolidated]** (Billions of yen, %)

| | As of June 30, 2024 (A) | (A) - (B) | As of March 31, 2024 (B) |
|---|---|---|---|
| (1) Capital adequacy ratio (2) / (3) | 7.62 | (0.15) | 7.77 |
| (2) Amount of capital | 153.1 | 5.9 | 147.1 |
| (3) Amount of risk-weighted assets | 2,008.0 | 115.6 | 1,892.4 |
| (4) Total regulatory required capital | 80.3 | 4.6 | 75.6 |

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

| | As of June 30, 2024 (A) | (A) - (B) | As of March 31, 2024 (B) |
|---|---|---|---|
| (1) Capital adequacy ratio (2) / (3) | 7.59 | (0.15) | 7.74 |
| (2) Amount of capital | 153.4 | 5.7 | 147.6 |
| (3) Amount of risk-weighted assets | 2,020.1 | 113.5 | 1,906.5 |
| (4) Total regulatory required capital | 80.8 | 4.5 | 76.2 |

## 5. Key Performance Indicators

### (1) Origination of Mortgages

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

| | As of June 30, 2024 (A) | (A) - (B) | As of March 31, 2024 (B) |
|---|---|---|---|
| Origination of mortgages | 453.9 | 105.3 | 348.6 |
| Original | 438.9 | 112.0 | 326.8 |
| Bank agencies | 239.0 | 48.6 | 190.4 |
| Flat 35 | 15.0 | (6.7) | 21.8 |

Note: Original: Original represents the total origination of mortgages sold by the Company, mortgages sold by bank agencies with the Company as the affiliated bank, and mortgages originated by Yuryo Loan, Ltd.
The three months ended June 30, 2023 includes mortgages sold by the Company as a bank agency of Sumitomo Mitsui Trust Bank Limited

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

### (2) Number of Accounts

**[Non-consolidated]** (Ten thousands of accounts)

| | As of June 30, 2024 (A) | (A) - (B) | As of March 31, 2024 (B) |
|---|---|---|---|
| Number of accounts | 752 | 26 | 726 |
| Digital Banking Business | 575 | 7 | 567 |
| BaaS Business | 176 | 18 | 158 |

### (3) Number of BaaS Business Partners

**[Non-consolidated]** (Number of companies)

| | As of June 30, 2024 (A) | (A) - (B) | As of March 31, 2024 (B) |
|---|---|---|---|
| Number of BaaS business partners | 18 | 2 | 16 |

Note: Number of BaaS Business partners includes only Baas business partners which have the account-fee model and dedicated branches.

## 6. Deposits and Loans

### (1) Deposits and Loans

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

| | As of June 30, 2024 (A) | (A) - (B) | As of March 31, 2024 (B) |
|---|---|---|---|
| Deposits (Ending balance) | 9,569.4 | 103.6 | 9,465.8 |
| Deposits (Average balance) | 9,402.1 | 558.1 | 8,844.0 |
| Loans (Ending balance) | 8,269.8 | 291.1 | 7,978.7 |
| Loans (Average balance) | 8,097.9 | 853.4 | 7,244.5 |

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

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

| | | As of June 30, 2024 (A) | (A) - (B) | As of March 31, 2024 (B) |
|---|---|---|---|---|
| Domestic loans (excluding governments) | (A) | 7,637.5 | 412.0 | 7,225.5 |
| Large enterprises | | 134.1 | 32.0 | 102.0 |
| Mid-sized enterprises | | — | — | — |
| Small- to mid-sized enterprises | (B) | 7,503.3 | 379.9 | 7,123.4 |
| Small- to mid-sized enterprises | | 12.5 | (2.8) | 15.3 |
| Individuals | | 7,490.8 | 382.8 | 7,108.0 |

| | | | | |
|---|---|---|---|---|
| Ratio of loans to small- to mid-sized enterprises | (B) / (A) | 98.2% | (0.3)% | 98.5% |

### (3) Loans to Individual

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

| | As of June 30, 2024 (A) | (A) - (B) | As of March 31, 2024 (B) |
|---|---|---|---|
| Total | 7,490.8 | 382.8 | 7,108.0 |
| Mortgage loans | 6,987.0 | 348.7 | 6,638.3 |
| Others | 503.7 | 34.0 | 469.7 |

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

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

| | As of June 30, 2024 (A) | (A) - (B) | As of March 31, 2024 (B) |
|---|---|---|---|
| Bankrupt and practically bankrupt | 2,954 | 415 | 2,539 |
| Doubtful | 934 | 52 | 882 |
| Restructured | 643 | (13) | 656 |
| Total | 4,532 | 454 | 4,077 |

| | | | |
|---|---|---|---|
| Total normal claims | 8,263,781 | 293,267 | 7,970,514 |
| Total balance of claims, including normal claims | 8,268,313 | 293,721 | 7,974,591 |
| NPL ratio | 0.05% | 0.00% | 0.05% |

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 June 30, 2024 (A) | (A) - (B) | As of March 31, 2024 (B) |
|---|---|---|---|---|
| Coverage amount | (A) | 4,277 | 431 | 3,846 |
| Reserve for possible loan losses | | 812 | 148 | 664 |
| Collateral and guarantees | | 3,464 | 282 | 3,181 |
| Claims classified under the Financial Revitalization Act | (B) | 4,532 | 454 | 4,077 |

| | | | | |
|---|---|---|---|---|
| Coverage ratio | (A) / (B) | 94.37% | 0.05% | 94.31% |

(Reference) Self-assessment (Borrower classification)

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

| | | As of June 30, 2024 (A) | (A) - (B) | As of March 31, 2024 (B) |
|---|---|---|---|---|
| Bankrupt borrowers | (A) | 478 | 52 | 425 |
| Substantially bankrupt borrowers | (B) | 2,476 | 362 | 2,113 |
| Potentially bankrupt borrowers | (C) | 934 | 52 | 882 |
| Borrowers requiring caution | (D) | 3,254 | (442) | 3,696 |
| Borrowers under requirement of control | | 643 | (13) | 657 |
| Other borrowers requiring caution | | 2,610 | (428) | 3,039 |
| Normal borrowers | (E) | 8,261,169 | 293,696 | 7,967,473 |
| Total balance of claims, including normal claims | (A) + (B) + (C) + (D) + (E) | 8,268,313 | 293,721 | 7,974,591 |

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 June 30, 2024 (A) | (A) - (B) | As of March 31, 2024 (B) |
|---|---|---|---|
| Reserve for possible loan losses | 3,126 | 258 | 2,867 |
| General reserve for possible loan losses | 2,308 | 110 | 2,197 |
| Specific reserves for possible loan losses | 817 | 148 | 669 |

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

| | As of June 30, 2024 (A) | (A) - (B) | As of March 31, 2024 (B) |
|---|---|---|---|
| Reserve for possible loan losses | 3,118 | 259 | 2,858 |
| General reserve for possible loan losses | 2,316 | 108 | 2,207 |
| Specific reserves for possible loan losses | 802 | 150 | 651 |

## 10. Loans by Industry Sector

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

| | As of June 30, 2024 | | As of March 31, 2024 | |
|---|---|---|---|---|
| | Amount | Composition | Amount | Composition |
| Individuals | 7,490,868 | 90.58 | 7,108,063 | 89.09 |
| Financial | 144,536 | 1.75 | 115,190 | 1.44 |
| Government of Japan | 632,380 | 7.65 | 753,262 | 9.44 |
| Others | 2,112 | 0.02 | 2,246 | 0.03 |
| Total | 8,269,897 | 100.00 | 7,978,762 | 100.00 |

## 11. Unrealized Gains (Losses) on Securities

**[Consolidated]**

(Billions of yen)

| | As of June 30, 2024 | | | As of March 31, 2024 | |
|---|---|---|---|---|---|
| | Amount on the consolidated balance sheet | Unrealized gains/losses (A) | (A) - (B) | Amount on the consolidated balance sheet | Unrealized gains/losses (B) |
| Securities | 655.5 | (32.6) | (10.1) | 627.4 | (22.5) |
| Held-to-maturity debt securities | — | — | — | — | — |
| Available-for-sale securities | 655.5 | (32.6) | (10.1) | 627.4 | (22.5) |
| Stocks | 0.4 | — | — | 0.0 | — |
| Bonds | 276.4 | (22.8) | (9.5) | 264.1 | (13.3) |
| Japanese government bonds | 195.9 | (17.8) | (8.2) | 180.8 | (9.6) |
| Others | 378.6 | (9.8) | (0.6) | 363.3 | (9.1) |
| Foreign bonds | 317.6 | (8.2) | (0.3) | 295.9 | (7.8) |

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

**[Non-consolidated]**

(Billions of yen)

| | As of June 30, 2024 | | | As of March 31, 2024 | |
|---|---|---|---|---|---|
| | Amount on the non-consolidated balance sheet | Unrealized gains/losses (A) | (A) - (B) | Amount on the non-consolidated balance sheet | Unrealized gains/losses (B) |
| Securities | 666.3 | (32.6) | (10.1) | 638.2 | (22.5) |
| Held-to-maturity debt securities | — | — | — | — | — |
| Investment in the shares of subsidiaries and affiliates | 10.7 | — | — | 10.7 | — |
| Available-for-sale securities | 655.5 | (32.6) | (10.1) | 627.4 | (22.5) |
| Stocks | 0.4 | — | — | 0.0 | — |
| Bonds | 276.4 | (22.8) | (9.5) | 264.1 | (13.3) |
| Japanese government bonds | 195.9 | (17.8) | (8.2) | 180.8 | (9.6) |
| Others | 378.6 | (9.8) | (0.6) | 363.3 | (9.1) |
| Foreign bonds | 317.6 | (8.2) | (0.3) | 295.9 | (7.8) |

Note: The above table 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 June 30, 2024 | | | As of March 31, 2024 | | |
|---|---|---|---|---|---|---|---|
| | | Contract amount, etc. | Fair value | Unrealized gains/losses | Contract amount, etc. | Fair value | Unrealized gains/losses |
| Interest rate-related derivatives | | — | (0.0) | 5.6 | — | (0.0) | 5.5 |
| Interest rate options | sold | 398.0 | (12.3) | (6.6) | 387.9 | (8.4) | (2.9) |
| | bought | 396.7 | 12.3 | 12.3 | 386.8 | 8.4 | 8.4 |
| Currency-related derivatives | | — | 0.1 | 0.1 | — | 0.0 | 0.0 |
| Foreign exchange forward contracts | sold | 813.1 | (0.7) | (0.7) | 625.1 | (0.1) | (0.1) |
| | bought | 925.6 | 0.8 | 0.8 | 732.8 | 0.2 | 0.2 |
| Currency options | sold | 1.4 | (0.0) | 0.0 | 1.1 | (0.0) | 0.0 |
| | bought | 1.4 | 0.0 | (0.0) | 1.1 | 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)

| | Primary hedged instrument | As of June 30, 2024 | | | As of March 31, 2024 | | |
|---|---|---|---|---|---|---|---|
| | | 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 derivatives | | — | — | 3.7 | — | — | 0.2 |
| Interest rate swap transactions (Receive floating rate, pay fixed rate) | Loans, available-for-sale securities (bonds) | 177.2 | 167.1 | 3.8 | 151.1 | 141.3 | 0.2 |
| Interest rate swaps transactions (Receive fixed rate, pay floating rate) | Borrowed money | 300.0 | 250.0 | (0.0) | — | — | — |
| Interest rate swaps transactions to which exceptional treatment is applied (Receive fixed rate, pay floating rate) | Borrowed money | 700.0 | 500.0 | (Note 2) | 500 | 500 | (Note 2) |

Note 1: 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)).
Note 2: Interest rate swaps to which exceptional treatment is applied are not stated at fair value since such swaps are accounted for as one unit with hedged borrowed money.

## 13. Deferred Tax Assets and Liabilities

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

| | As of June 30, 2024 | As of March 31, 2024 |
|---|---|---|
| Net deferred tax assets | 9,744 | 8,021 |

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

| | | As of June 30, 2024 | As of March 31, 2024 |
|---|---|---|---|
| Unrealized losses on available-for-sale securities | | 10,095 | 7,050 |
| Deferred losses on hedges | | 550 | 989 |
| Reserve for possible loan losses | | 678 | 604 |
| Reserve for point program | | 265 | 361 |
| Accrued enterprise tax | | 139 | 307 |
| Reserve for bonuses | | 82 | 255 |
| Loss on devaluation of stocks of subsidiaries and associates | | 247 | 247 |
| Other | | 627 | 416 |
| Subtotal deferred tax assets | (A) | 12,685 | 10,232 |
| Subtotal valuation allowance | (B) | (247) | (247) |
| Total deferred tax assets (A) + (B) | (C) | 12,438 | 9,985 |
| Unrealized gains on available-for-sale securities | | (95) | (159) |
| Deferred gains on hedges | | (1,724) | (1,060) |
| Other | | (117) | — |
| Total deferred tax liabilities | (D) | (1,937) | (1,219) |
| Net deferred tax assets (C) + (D) | | 10,501 | 8,765 |