

# **SBI Holdings, Inc. 2022 Information Meeting**

**June 15**

**Tokyo**

**June 17**

**Osaka**

**June 20**

**Nagoya**



**The items in this document are provided as information related to the financial results and the business strategy of the SBI Group companies and not as an invitation to invest in the stock or securities issued by each company.**

**The business collaboration with Shinsei Bank described in this document will only take place if Shinsei Bank determines that it is in the best interests of its minority shareholders to do so through the measures adopted by Shinsei Bank to prevent conflicts of interest.**

**None of the Group companies guarantees the completeness of this document in terms of information and future business strategy.**

**The content of this document is subject to revision or cancellation without warning.**

**Note: Fiscal Year ("FY") ends March 31 of the following year**



# **Today's Program**

**Part 1: Summary of FY2021  
consolidated performance**

**Part 2: Explanation of Key  
Questions**

**Part 3: Question and answer  
session**



# **Part 1:**

## **Summary of FY2021 consolidated performance**

- 1. After Shinsei Bank consolidation**
- 2. Before Shinsei Bank consolidation\***

**\* Excluding the gain on negative goodwill, etc. from the conversion of Shinsei Bank into a consolidated subsidiary and Shinsei Bank's consolidated P/L for Jan.-Mar. 2022**



# FY2021 Consolidated Performance (IFRS)

## [1. After Shinsei Bank consolidation]

[Year-on-year comparison]

(Unit: JPY million)

	FY2020 (Apr. 2020 – Mar. 2021)	FY2021 (Apr. 2021 – Mar. 2022)	YoY % change / YoY change
Revenue	541,145	<b>Record high*</b> 763,618	+41.1
Profit before income tax expense	140,380	<b>Record high*</b> 412,724	+194.0
Profit for the period	97,512	<b>Record high*</b> 355,724	+264.8
Profit attributable to owners of the Company	81,098	<b>Record high*</b> 366,854	+352.4
ROE (%)	16.0	<b>Record high*</b> 49.4	+33.4p

\* Comparison with the past full-year results

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# Consolidated Profit Comparison with Major Face-To-Face Securities Companies

(Unit: JPY million)

		FY2019 (Apr. 2019 – Mar. 2020)	FY2020 (Apr. 2020-Mar. 2021)	FY2021 (Apr. 2021-Mar. 2022)	YoY % change / YoY change
SBI Holdings (IFRS)	Profit for the period <sup>*</sup>	37,487	81,098	366,854	+352.4
	ROE (%)	8.3	16.0	49.4	+33.4p
Nomura Holdings (US-GAAP)	Profit for the period <sup>*</sup>	216,998	153,116	142,996	-6.6
	ROE (%)	8.2	5.7	5.1	-0.6p
Daiwa Securities Group (J-GAAP)	Profit for the period <sup>*</sup>	60,346	108,396	94,891	-12.5
	ROE (%)	4.9	8.5	7.0	-1.5p
SMBC Nikko Securities (J-GAAP)	Profit for the period <sup>*</sup>	39,282	71,739	49,798	-30.6
	ROE (%)	4.6	7.8	5.3	-2.5p

\* Profit attributable to owners of the Company of SBI Holdings, Net income attributable to shareholders of Nomura Holdings and SMBC Nikko Securities, and Profit attributable to owners of parent of Daiwa Securities Group.



# Adjustment of Shinsei Bank's Consolidated Balance Sheet in Accordance with IFRS Consolidation Process

**Key points of IFRS consolidation treatment of Shinsei Bank consolidated balance sheet**

- ▶ Valuation of assets and liabilities at fair value (provisional treatment)
- ▶ Adjustments for differences between J-GAAP and IFRS

B/S of Shinsei Bank as of end of December 2021 (J-GAAP)		B/S after IFRS adjustment	
Assets JPY 10,566.2bn	Liabilities JPY 9,610.2bn	Assets JPY 10,286.8bn (Adjusted amount -269.4)	Liabilities JPY 9,300.4bn (Adjusted amount -309.8)
	Net asset JPY 942.4bn		Net asset JPY 982.8bn (Adjusted amount +40.4)
	Non-controlling interest JPY 3.6bn		Non-controlling interest JPY 3.6bn

**\*Major IFRS adjustments**

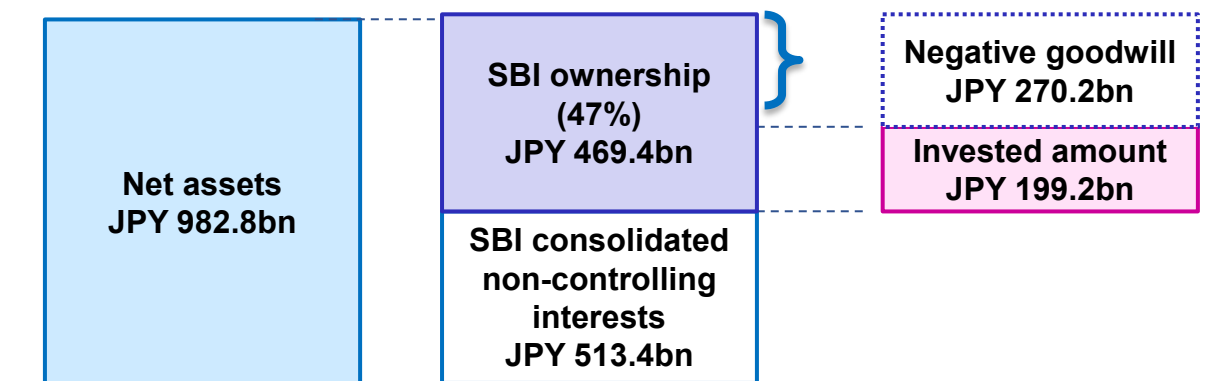
◆ Cancellation of recording of both guarantees (acceptance of payment) and rights to indemnity (return of acceptance of payment) for guaranteed parties  
(Assets) -579.8  
(Liabilities) -579.8

◆ Consolidation of trust accounts that were outside the scope of consolidation under J-GAAP  
(Assets) +215.3  
(Liabilities) +215.3



# Impact on P/L on Transition to IFRS due to Shinsei Bank Becoming a Consolidated Subsidiary

- ① For loans and other receivables (IFRS: trade and other receivables), an allowance for credit losses of JPY 68.2 bn has been recorded on an IFRS basis, as IFRS requires that an allowance be made for performing loans at the time of acquisition
- ② As a result of adjusting the difference between IFRS and J-GAAP for the balance of B/S at the time of acquisition, net assets on a J-GAAP basis increased by JPY 942.4bn to JPY 982.8 bn (+JPY 40.4bn), and a gain on negative goodwill of JPY 270.2bn was recorded



- ③ The difference between ① and ②,  $\text{JPY } 270.2\text{bn} - \text{JPY } 68.2\text{bn} = \text{JPY } 202.0\text{bn}$ , is the actual impact



# Impact on the Consolidated Balance sheet due to the Consolidation of Shinsei Bank

Due to the consolidation of Shinsei Bank, the total assets of the SBI Group increased approx. JPY 10tn and total liabilities of JPY 9tn

B/S as of end of Mar. 2021 (IFRS)		B/S as of end of Mar. 2022 (IFRS)	
<b>Total assets</b> JPY 7,208.6bn	<b>Total liabilities</b> JPY 6491.5bn	<b>Total assets</b> JPY 17,838.2bn	<b>Total liabilities</b> JPY 16,254.9bn
	<b>Total Capital</b> JPY 717.1bn	<b>Assets attributable to Shinsei Bank</b>  JPY 9,963.4bn  Of which cash and deposits, etc. JPY 1.7tn Trade recievables, etc. JPY 6.8tn etc.	<b>Liabilities attributable to Shinsei Bank</b>  JPY 9,055.0bn  Of which loans payable, etc. JPY 1.8tn Customer deposits JPY 6.4tn etc.
		<b>Assets attributable to the SBI Group</b> (before consolidation of Shinsei Bank)  JPY 7874.8bn	<b>Liabilities attributable to the SBI Group</b> (before consolidation of Shinsei Bank) JPY 7,199.9bn  <b>Total capital</b> JPY 1,583.2bn





# FY2021 Consolidated Performance (IFRS)

## [2. Before Shinsei Bank consolidation]

[Year-on-year comparison]

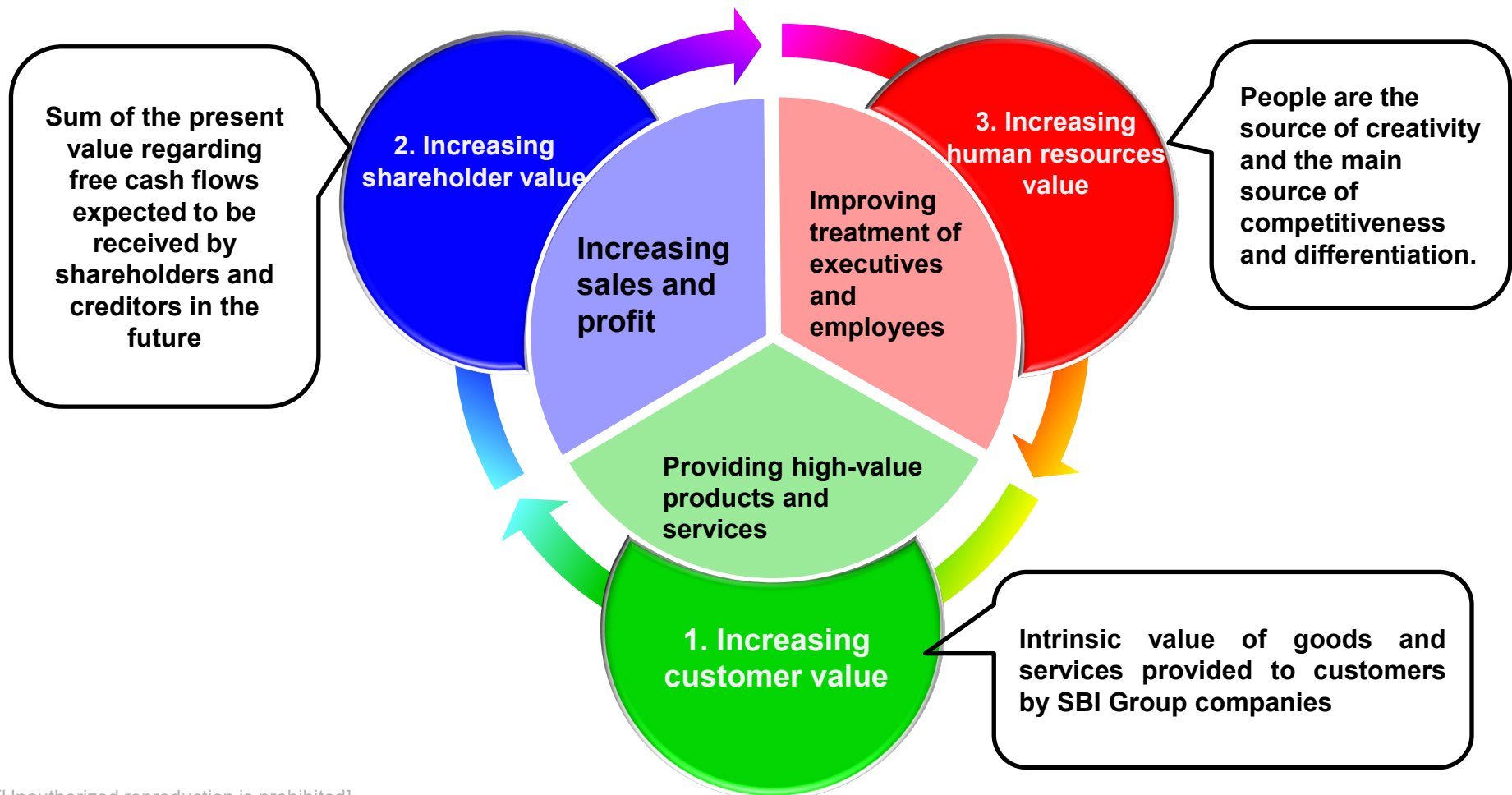
(Unit: JPY million)

	<b>FY2020</b> (Apr. 2020 – Mar. 2021)	<b>FY2021</b> (Apr. 2021 – Mar. 2022)	<b>YoY % change / YoY change</b>
<b>Revenue</b>	<b>541,145</b>	<b>698,685</b>	<b>+29.1</b>
<b>Profit before income tax expense</b>	<b>140,380</b>	<b>200,125</b>	<b>+42.6</b>
<b>Profit for the period</b>	<b>97,512</b>	<b>148,516</b>	<b>+52.3</b>
<b>Profit attributable to owners of the Company</b>	<b>81,098</b>	<b>130,143</b>	<b>+60.5</b>
<b>ROE (%)</b>	<b>16.0</b>	<b>20.8</b>	<b>+4.8p</b>



# SBI Group's Mechanism for Improving Corporate Value

**-Corporate value is created based on the creation of customer value, interrelated with shareholder value and human resource value, and multiplied in a virtuous cycle-**





# Example of SBI Group's Approach to Enhancing Corporate Value

Customer  
value

**1. Provide a variety of services that continuously satisfy customers' needs by thoroughly adhering to the "customer-centric" principle**

Share-  
holder  
value

**2. Promoting M&A strategies to tackle the discontinuous expansion and boost the business scale**

**3. Approach to return on equity (ROE)**

**4. Achieve a balanced shareholder composition**

**5. Value manifestation through group companies' initial public offerings and stock sales**

Human  
resource  
value

**6. Actively recruit young talent while promoting the recruitment of significant human resources in diverse fields**



# The SBI Group Has Thoroughly Adhered to the "Customer-Centric Principle" of Its Founding Since 1999

## Thorough Customer-Centric Principle:

Truthfully pursue services from the customer's point of view

### < Examples >

We  
provide






- Services with lower fees and more favorable interest rates
- Services that make it easy to compare financial products at a glance
- Services with transparent customer costs
- Safe and reliable services
- Abundant and high-quality financial products from a neutral standpoint
- Attractive trading opportunities... etc.

The "Customer-Centric Principle" will be implemented thoroughly in the Shinsei Bank Group in the same way



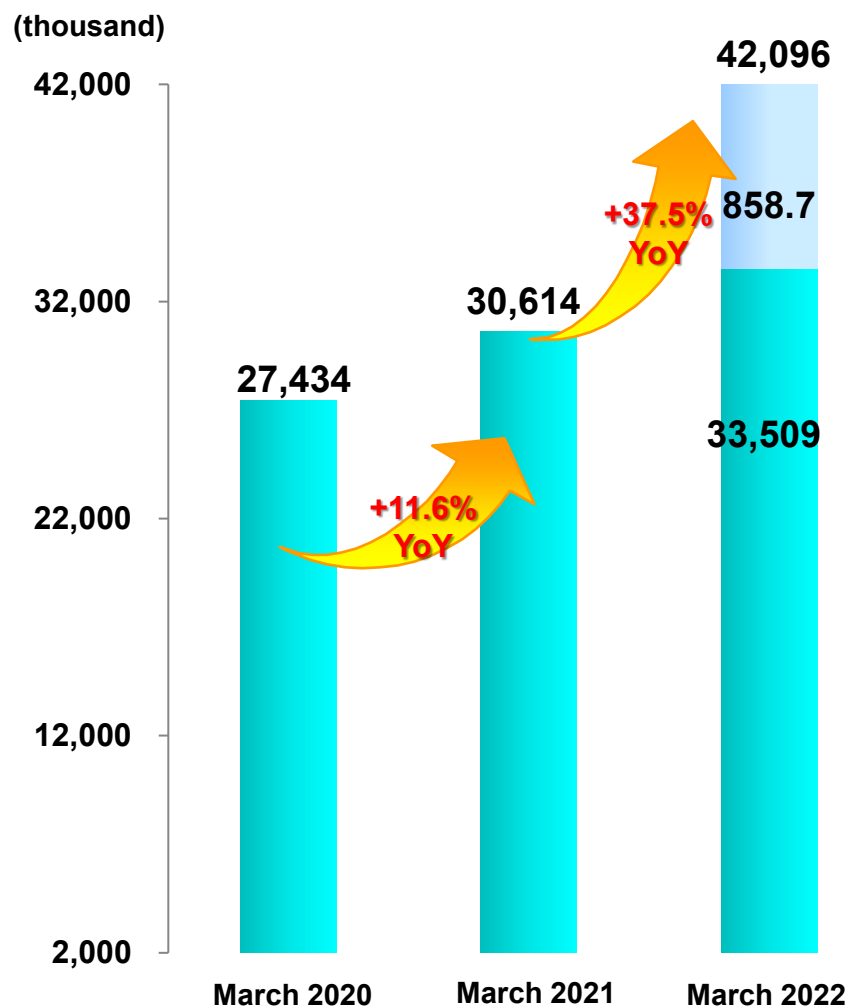


# Services Provided by the SBI Group Continue to Receive High Customer Satisfaction Ratings

Securities		<b>1st Place Overall</b>	<b>Minna-no Kabushiki(Everyone's Stock) 2022 "Annual Ranking of Online Securities"</b>	<b>Won 1st place for 8th straight year</b>
		<b>3-Star</b>	<b>2021 Rating Evaluation by HDI-Japan "Phone Support" "Web Support"</b>	<b>11th consecutive win of phone support 10th consecutive win of web support</b>
Bank		<b>1st Place</b>	<b>2022 "Oricon Customer Satisfaction Survey®" "Bank Card Loans"</b>	<b>Awarded for 3rd straight year</b>
		<b>1st Place</b>	<b>2022 "Oricon Customer Satisfaction Survey®" "Online Bank"</b>	<b>Ninth time in 2nd straight year</b>
Insurance		<b>1st Place Overall 1st Place</b>	<b>2022 "Oricon Customer Satisfaction Survey®" "Regular Cancer Insurance Plan" "Car insurance premium"</b>	<b>Second time for the 1st place overall of regular cancer insurance plan, and 1st place for the 10th time of Car insurance premium</b>



# SBI Group's Customer Base has Grown through the Active Pursuit of Customer-Centric Principle and Group Synergies



**Breakdown of the Customer Base**  
(As of the end of Mar. 2022)\*1,2

		(thousand)
SBI SECURITIES SBI NEOMOBILE Securities SBI Neotrade Securities FOLIO	(No. of accounts)	8,453
SBIH InsWeb	(No. of customers)	10,462
E-LOAN	(No. of customers)	3,134
MoneyLook	(Total no. of customer registrations)	950
Morningstar Japan	(Total no. of service users ) *3	1,228
SBI Sumishin Net Bank	(No. of accounts)	5,353
SBI Insurance	(Total no. of contracts)	1,172
SBI Life Insurance	(Total no. of contracts) *4	316
Others (SBI VC Trade etc.)*5	—	2,439
<b>Shinsei Bank Group*6</b>		
Shinsei Bank	(No. of accounts)	3,050
Lake (ALSA)	(No. of customers)	831
APLUS	(No. of active cardholders)	4,434
Showa Leasing	(No. of contracts)	272
<b>Total</b>	—	<b>42,096</b>

- \*1 Customers who are not identified as the same person within each service website and overlapping customers among the Group companies may be double counted
- \*2 Owing to the reorganization, customer numbers of the Group companies, which were excluded from consolidation, are not included in the figures for the past customer bases
- \*3 Includes the number of smartphone app downloads, as provided by Morningstar
- \*4 The total number of contracts of SBI Life Insurance includes number of insured persons with group credit life insurance
- \*5 The number of customers of "SBI Point" provided for SBI iD members is not included in the customer base because the service is no longer available
- \*6 The items extracted as Shinsei Group's customer base are changed from FY2021



## 2. Promoting M&A Strategies to Tackle the Discontinuous Expansion and Boost the Business Scale

- **Further increase corporate value by promoting M&A strategies**
  - **Aggressive M&A Strategies in The Mid-Term Vision** (established in April 2021), which the company endeavors to realize in the next 3-5 years, to enhance its corporate value through increasing the value of the companies we acquire through M&A

### The Mid-Term Vision:

Endeavor to achieve over JPY 300 billion consolidated profit before income tax expense in the next 3-5 years

New businesses will be developed so that the **total amount of profit before income tax expense for new businesses accounts for approximately 20% of consolidated profit before income tax expense**

### Definition of new business:

- Any business that utilizes innovative technologies such as those related to digital assets or blockchain
- **Any business that has become part of the Group through M&A since April 2018**

- The Company expects that synergies and mutual evolution between the company that joined the Group through M&A and our existing business will expand the economies of scope and contribute to our business performance, and these efforts will also lead to further enhancement of our corporate value



## 2. Promoting M&A Strategies to Tackle the Discontinuous Expansion and Boost the Business Scale

[Examples of M&A results since April 2020]

### Digital asset company



[B2C2]

Digital asset  
market maker



Operates crypto asset  
exchange

\* Merged into SBI VC Trade  
Corporation in Dec. 2021



[BITPoint Japan]

Operates crypto  
asset exchange

\* Scheduled to be  
consolidated in July 2022



RHEOS CAPITAL WORKS

[Rheos Capital Works]

Management of  
investment trusts



岡三アセットマネジメント

[Okasan Asset Management]

Management of  
investment trusts

\* Scheduled to be  
consolidated by Mar. 2023

### Real Estate Finance



Management and  
operation of real estate  
assets



ASCOT CORP.  
Real estate  
developer



Crypto asset-  
related  
business



[FOLIO Holdings]

Provision of infrastructure systems  
for theme investment management,  
wrap management, etc.



Banking



[JOGUCHI SAFETY SSI]

Home contents  
insurance



[SBI Neotrade Securities]  
(Former: Live Star Securities)

Online Securities



株式会社キーストン・パートナーズ  
Keystone Partners Co., Ltd.

[Keystone Partners]

Management and operation of corporate  
revitalization and growth support funds



Analytical technology

Data Solution Business



(Former: SmartApp)

Blockchain-based  
platform business





**In Addition to Shinsei Bank, Companies that Have  
Joined the Group Through M&A Since April 2018 have  
Already Contributed to the Group’s Overall Profit**

**Consolidated subsidiaries**

- Rheos Capital Works** (June 2020: Became a consolidated subsidiary)
- JOGUCHI SAFETY SSI** (Sept. 2020: Became a consolidated subsidiary)
- SBI Neotrade Securities** (former livestar Securities)  
(Oct. 2020: Became a consolidated subsidiary)
- B2C2** (Dec. 2020: Became a consolidated subsidiary)
- FOLIO Holdings** (Aug. 2021: Became a consolidated subsidiary)
- SBINFT** (Sept. 2021: Became a consolidated subsidiary)
- FXcoin** (Oct. 2021: Became a consolidated subsidiary)
- Tozai Asset Management** (Sept. 2021: Became a consolidated subsidiary)

**FY2021**  
**Profit before income tax expense**  
**Total of 8 companies**  
**JPY 8,774m**

**Equity method associate**

- Ascot** (Oct. 2020: Became an equity method affiliate)
- Keystone Partners** (Oct. 2020: Became an equity-method affiliate)
- ALBERT** (June 2021: Became an equity-method affiliate)

**FY2021**  
**Profit before income tax expense**  
**Total of 3 companies**  
**JPY 160m**

**With the addition of Shinsei Bank’s contribution, the Group’s business  
portfolio is expected to diversify its revenue sources and expand its  
customer base to contribute to further enhancement of corporate value**



# SBI Holdings was Rated A- (stable) by Rating and Investment Information, Inc. (R&I) on April 27, 2022

-Leads to reduction in financing costs for future M&A activities-



Rating Agency	Rating	Rating outlook	Date
Rating and Investment Information, Inc. (R&I)	<b>BBB+ → A-</b>	Stable	Apr. 27, 2022

In addition, group companies such as SBI SECURITIES and SBI Savings Bank in Korea also received A (stable) ratings from credit rating agencies



Rating Agency	Rating	Rating outlook	Date
Rating and Investment Information, Inc. (R&I)	<b>A- → A</b>	Stable	Apr. 27, 2022



Rating Agency	Rating	Rating outlook	Date
NICE Credit Rating	<b>A- → A</b>	Stable	May 10, 2022
Korea Credit Rating	<b>A- → A</b>	Stable	May 17, 2022

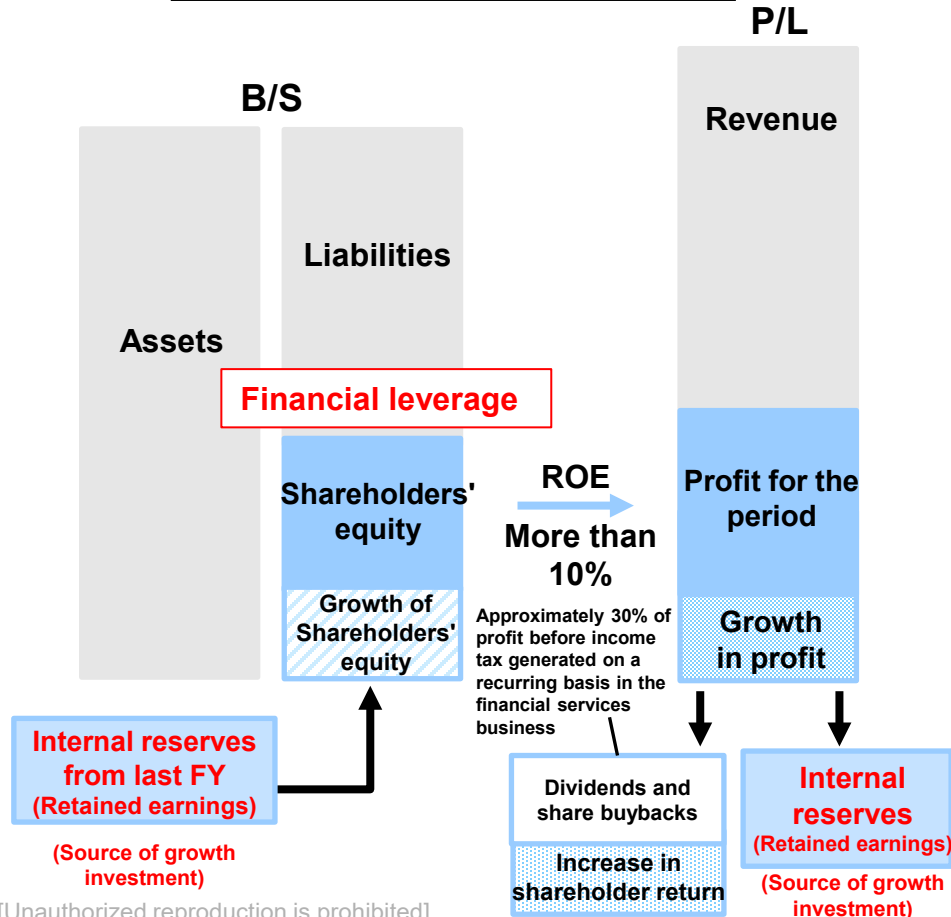


## 2. Promoting M&A Strategies that Bring About Discontinuous Expansion in Business Scale

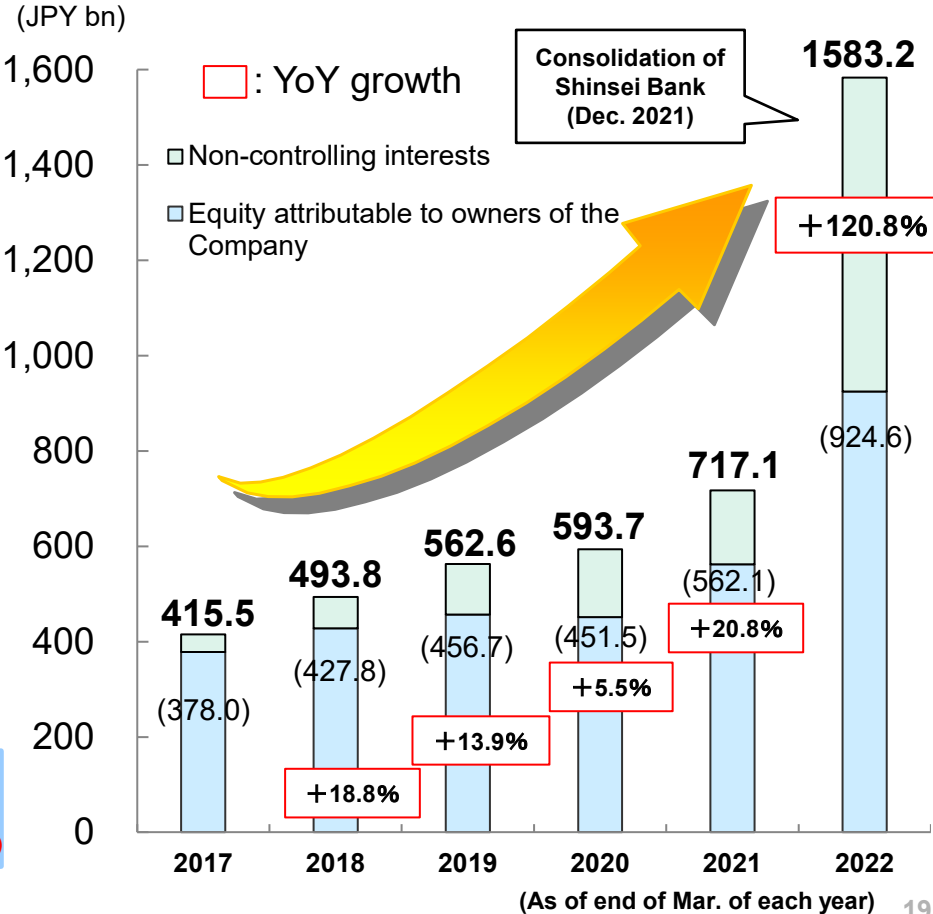
# Financial Strength to Support Expansion Through M&As

- Secure stable funds through sustainable business growth and **return a portion to shareholders** while building up retained earnings and **investing in further growth areas**
- Link invested capital to ROE that exceeds shareholders' expected rate of return (cost of equity), **leading to profit growth and increased dividends**, as well as **increased capital for investment in the next stage of growth**

### SBI Group's Approach to Shareholder Returns and Growth Investment



### SBI Holdings' Consolidated Net Assets





### 3. Approach to return on equity (ROE)

## A Key Management Indicator Related to an Increase in Shareholder Value; Striving to Consistently Sustain a Return on Equity (ROE) of 10% or More

Comparison with the average return on equity (ROE) of companies listed on the First Section of the Tokyo Stock Exchange (%)

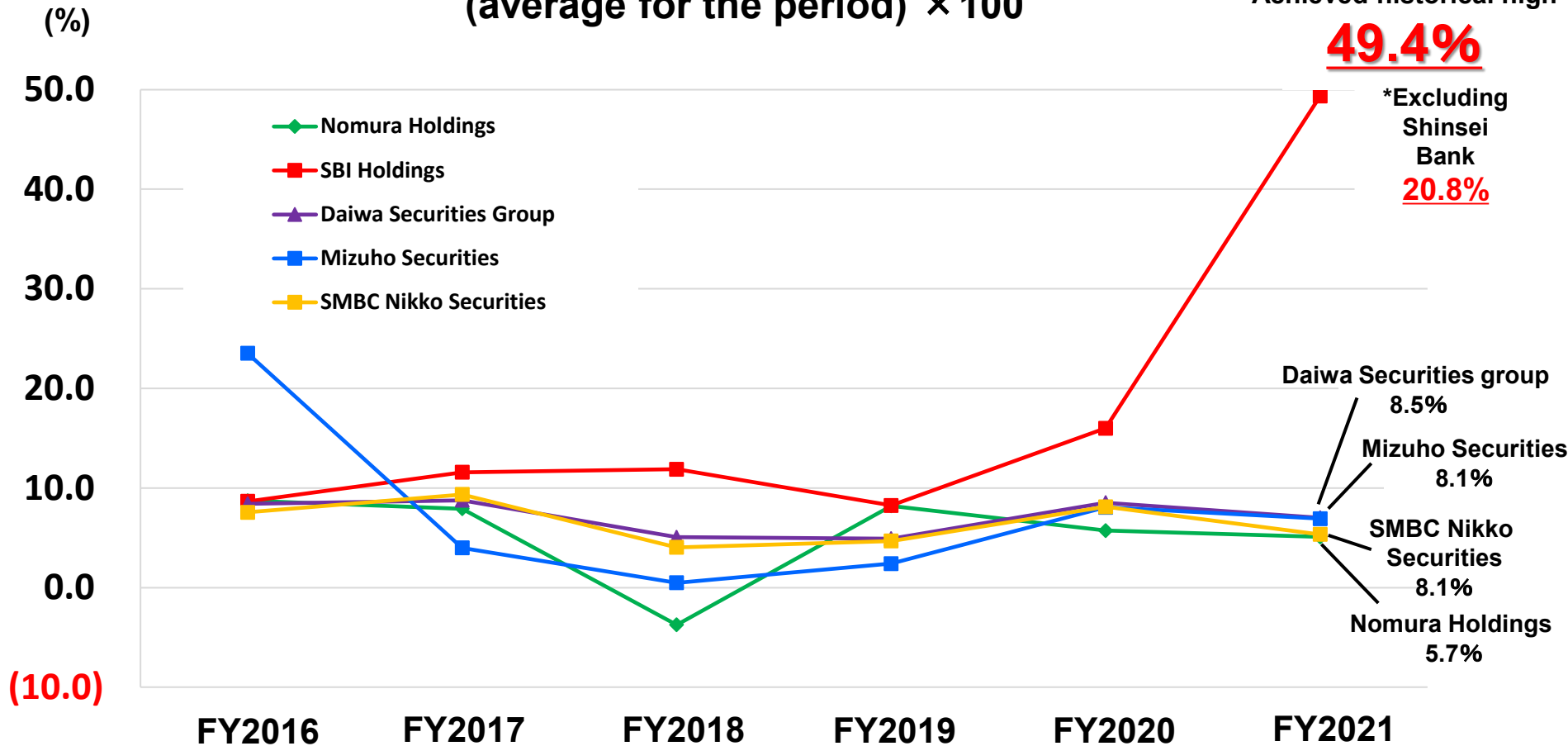
	FY2018 (April 2018 - March 2019)	FY2019 (April 2019 - March 2020)	FY2020 (April 2020 - March 2021)	FY2021 (April 2021 - March 2022)
SBI Holdings	<u>11.9</u>	<u>8.3</u>	<u>16.0</u>	<u>49.4</u> (Excluding Shinsei Bank 20.8)
All companies including financial business	8.3	5.8	6.9	
Manufacturing	8.9	5.3	6.8	
Non-manufacturing	10.0	7.1	8.2	
Banking business	4.4	4.3	4.1	
Securities, commodity derivatives business operators	0.9	6.6	7.9	
Insurance business	6.9	5.3	7.1	
Other financial business	10.5	10.0	8.5	



### 3. Approach to return on equity (ROE)

## ROE Comparison of the SBI Group and Other Companies

$$\text{ROE} = \text{Net income} / \text{equity capital} \\ (\text{average for the period}) \times 100$$



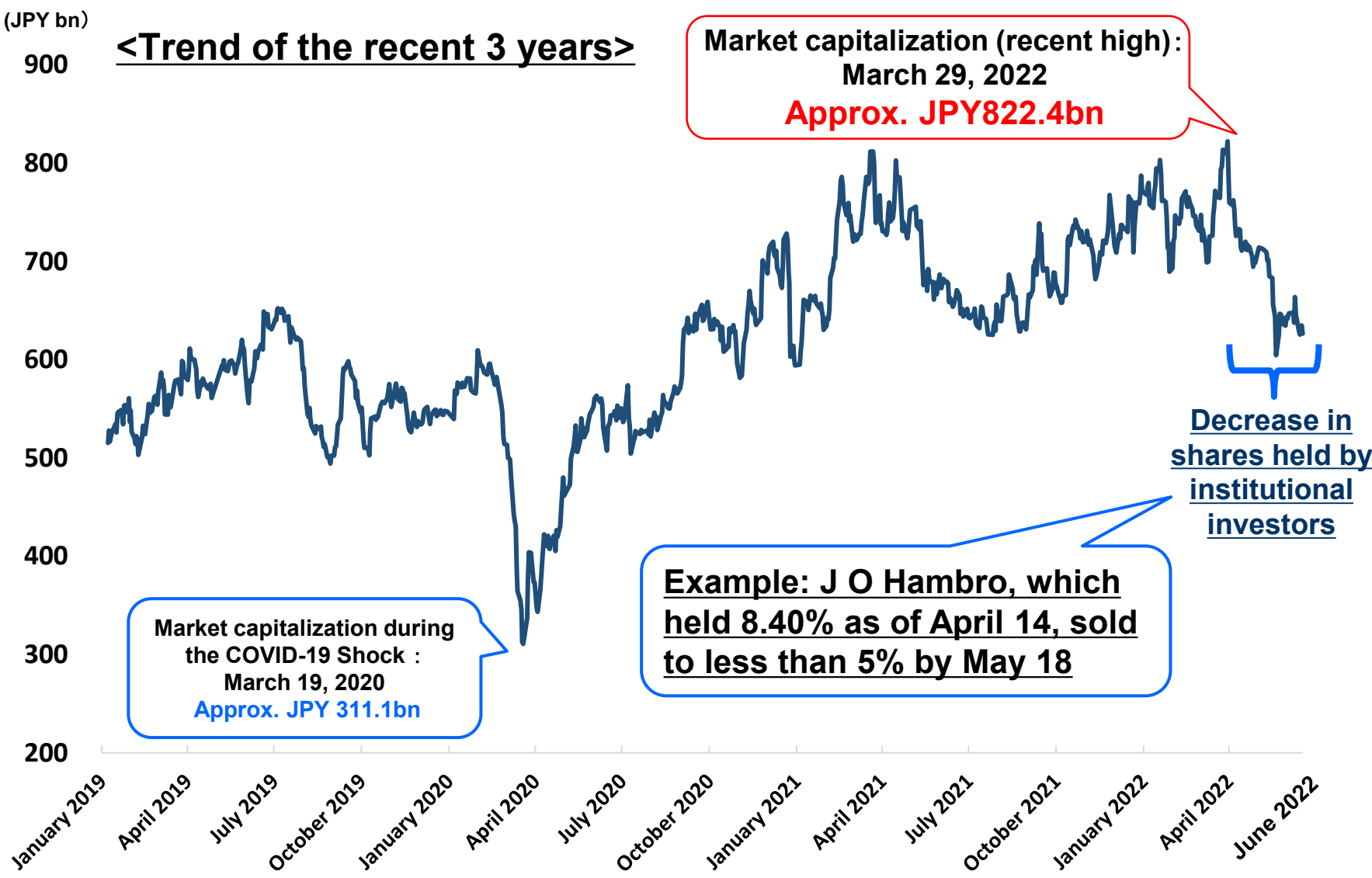
\*As of the end of each FY

Source: prepared by the company based on each company's full-year financial results for FY 2021



# Recent Trends of Market Capitalization

**Market capitalization** (Based on the closing price of June 17, 2022) **JPY 626.8 billion**





# Each Analyst's Analysis Indicates that the SBI's Stock Price is Valued at a Considerably Lower Than the Actual Corporate Value

< Analyst Report Issued in May 2022 >

	Target price (JPY)	Market capitalization at target price*(JPY bn)	Difference between market capitalization at target price and current market capitalization of SBI Holdings
Company A	3,600	8,827	+41%
Company B	3,700	9,072	+45%
Company C	3,340	8,190	+31%
Company D	3,300	8,092	+29%
Company E	4,500	11,034	+76%
Company F	3,500	8,582	+37%
Company G	4,000	9,808	+56%

\*Calculated by multiplying each company's target stock price, etc. by the total number of shares outstanding (excluding treasury stock)

**Stock price of SBI Holdings (JPY)**

**2,556**

**Market capitalization (JPY bn)**

**626.8**

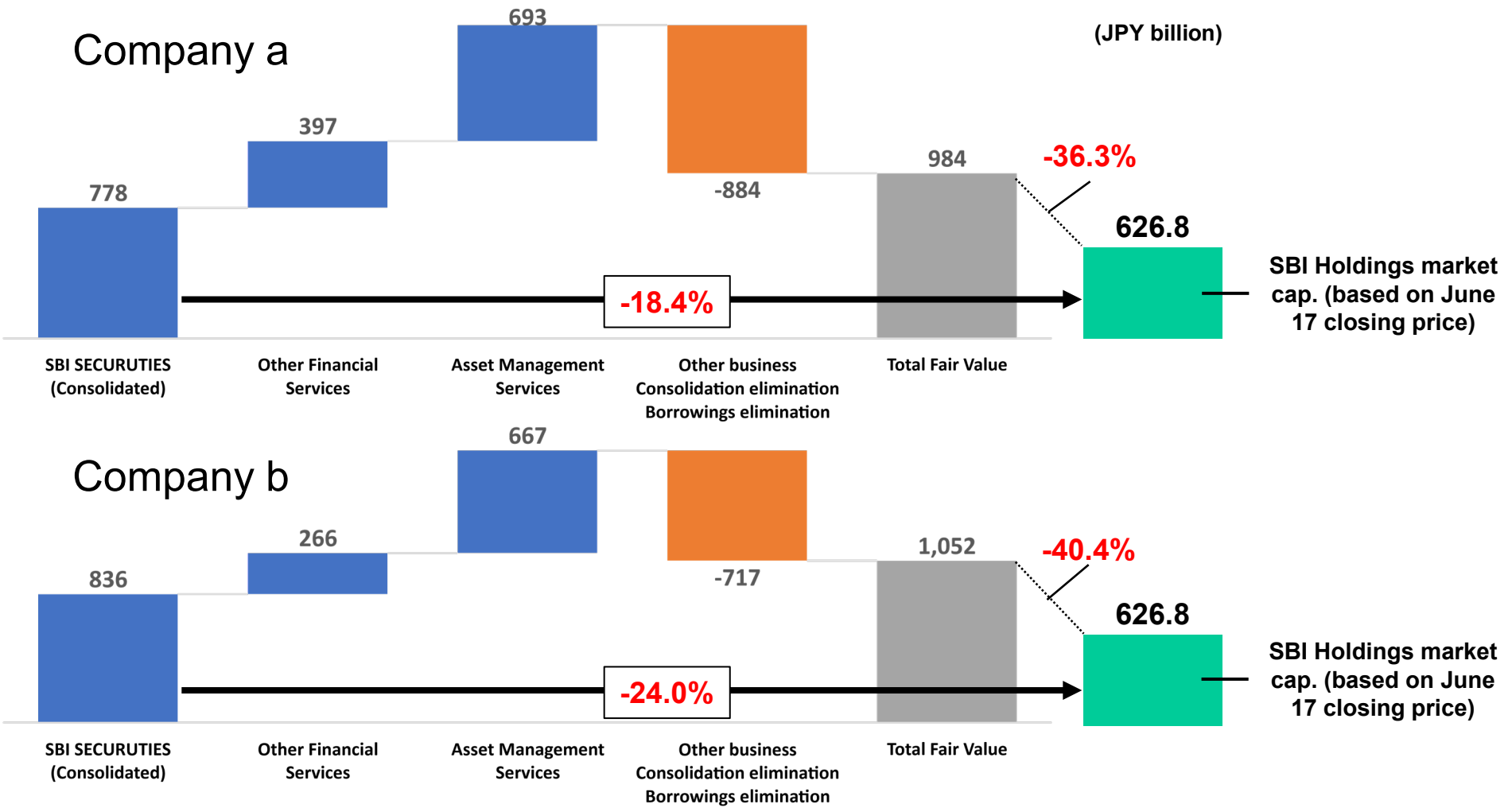
(based on closing price on June 17, 2022)



4. Achieve a balanced shareholder composition

# Case Study - Analyst SOTP (Sum of the Parts) Analysis

**-SBI Holdings market cap. undervalued even compared to SBI SECURITIES consolidated enterprise value-**



\*Calculated by SBI Holdings based on the analyst report



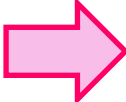
4. Achieve a balanced shareholder composition



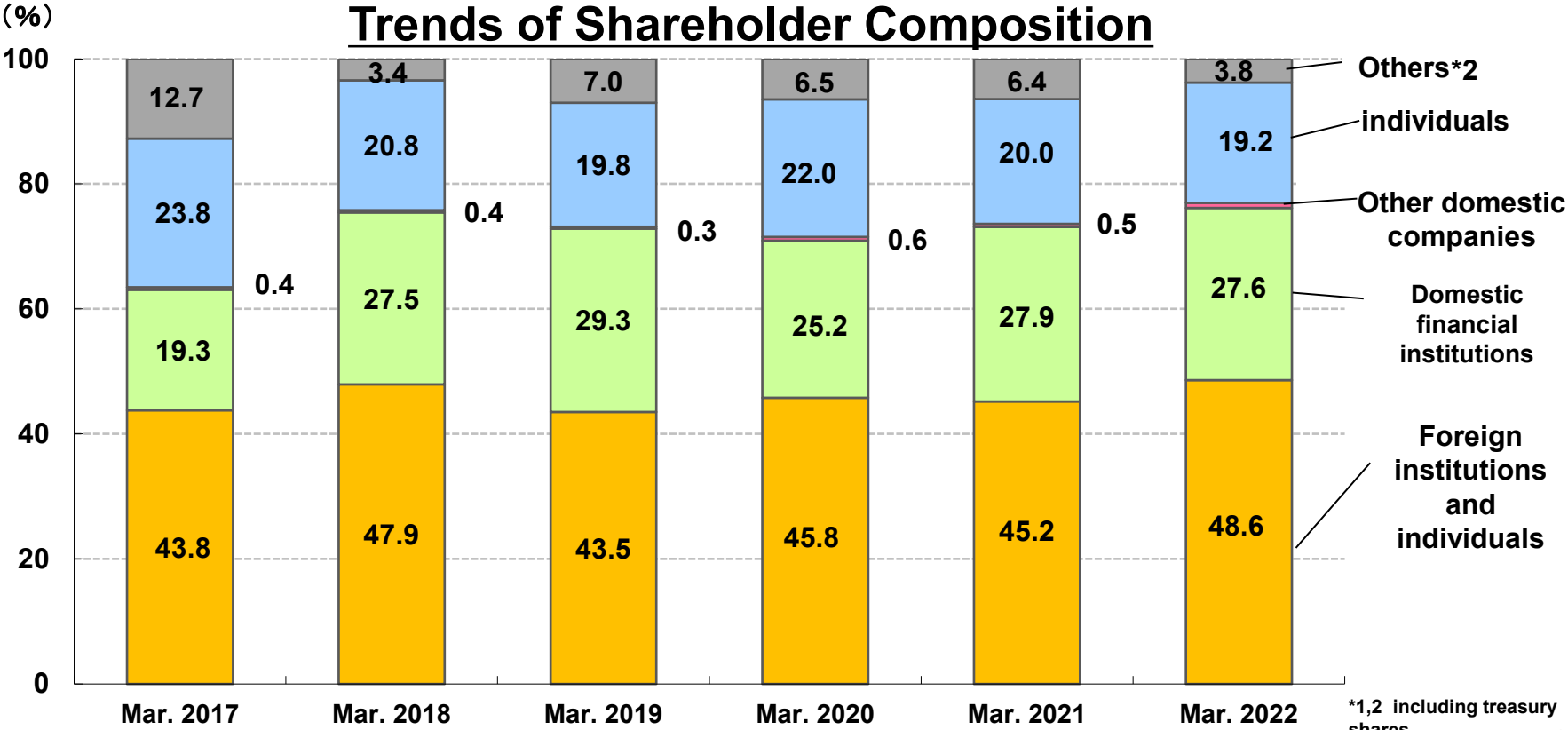
SBI Group’s Consideration of Shareholder Composition

- ◆ The total number of shareholders is 134,576, of which the number of shareholders who hold 1 unit or more is 88,261\*1
- ◆ Shareholding ratio of domestic and foreign institutional investors is 76.1%

According to the Foreign Exchange and Foreign Trade Act provisions, even a domestic company would be regarded as a foreign investor if the foreign shareholders or corporations come to hold a total of 50% or more of the voting rights. Moreover, the regulations would be implemented for inward direct investment in the “domestic company”



Actively promote initiatives for individual investors **to raise the ratio of individual shareholders** to achieve a balanced shareholder composition





#### 4. Achieve a balanced shareholder composition

### Further Strengthening Investor Relations and Increasing the Number of Individual Shareholders, in Addition to a Steady Track Record and Future Growth Expectations

**1. Proactive disclosure of information**

**2. Offer high dividends**

**3. Attractive shareholder benefits**

**4. Improve recognition of SBI Holdings by expanding contact with individuals**

A large, solid pink triangle pointing downwards, centered horizontally, which serves as a visual connector between the four strategies above and the concluding statement below.

**Endeavor towards becoming more attractive to individual investors**



4. Achieve a balanced shareholder composition

# Dividends for the FY 2021

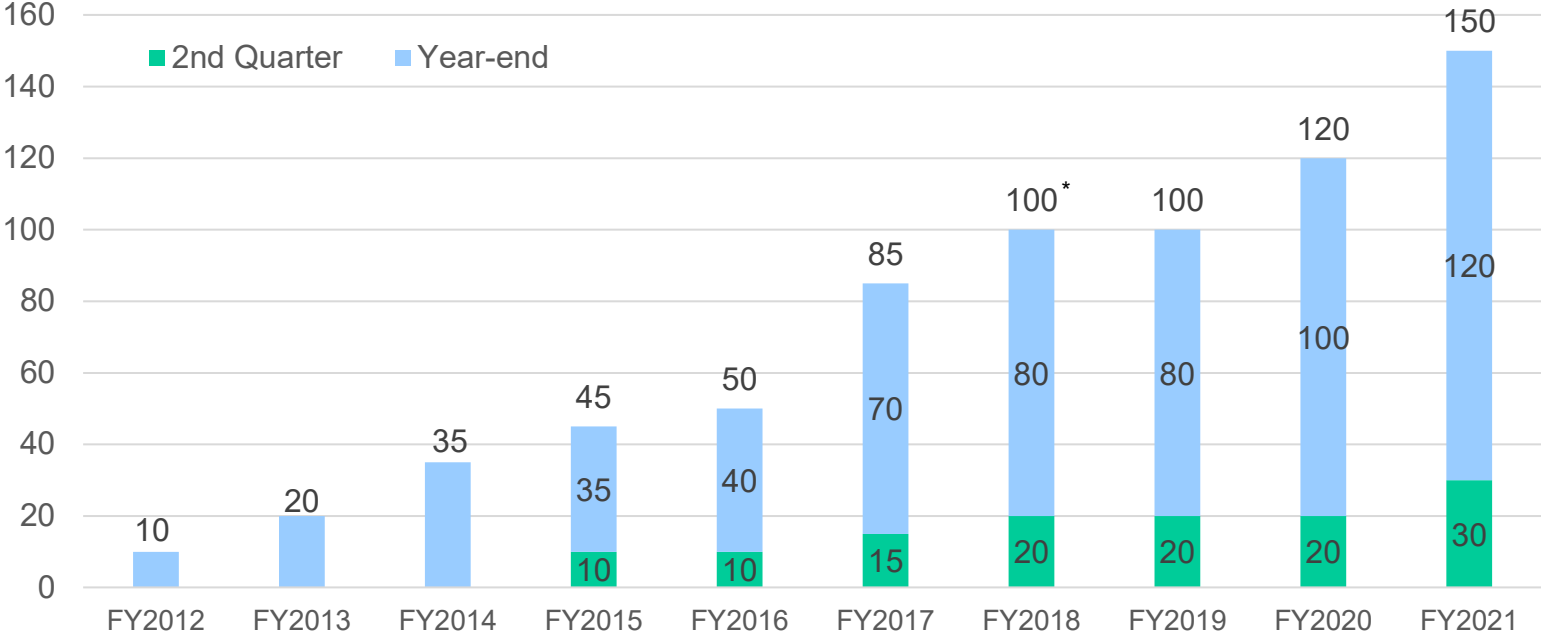
## Dividend Per Share

	Interim	Year-end	Full-year	Total payout ratio
FY 2021	<u>JPY 30</u>	<u>JPY 120</u>	<u>JPY 150</u>	<u>10.0</u>
FY 2020	JPY 20	JPY 100	JPY 120	36.2

Gains/losses on the fair value of operating investment securities and gains on negative goodwill associated with making Shinsei Bank a consolidated subsidiary, so called the ratio of the total amount of **profits without cash flows** account for 81%, an extremely high level on making some adjustments when deciding the dividend forecast

(JPY)

The Transition of Dividend Per Share





# 4. Achieve a balanced shareholder composition

## Shareholder Benefits to be Conducted in Continuation with the Previous Fiscal Year

**[Details of shareholder benefits]** \* Shareholders listed or recorded in the shareholder register as of Mar. 31, 2022 are eligible.

Details	Qualified shareholders	Shareholders who have <u>held shares for more than 1 year</u> and who hold <u>1,000 (10 units) or more shares</u> as of Mar. 31, 2022	For shareholders other than the left column, those who hold <u>100 shares (1 unit) or more</u> , as of Mar. 31, 2022
Crypto asset XRP		<b><u>Equivalent to JPY 8,000</u></b> (*1)	<b><u>Equivalent to JPY 2,000</u></b> (*1)

\*1: XRP conversion is expected to be based on the exchange rate as of July 29, 2022



**[Products distributed by SBI ALApromo can also be selected]**

ALA PLUS TOH DOWN ALACIA (10 capsules)	<b><u>One</u></b>	<b><u>One</u></b>
ALA PLUS TOH (Sugar) DOWN (10 capsules)	<b><u>One</u></b>	<b><u>One</u></b>
"Hatsugagenmai no Sokojikara" (160g)	<b><u>Three</u></b>	<b><u>Three</u></b>
ALA PLUS GOLD EX (60 capsules)	<b><u>Two</u></b>	—
Cosmetic ALA PLUS Concentrated Serum	<b><u>One</u></b>	<b><u>One</u></b>
ALA PLUS Cosmetic Series 5 products (*2)	<b><u>One of each</u></b>	—

\*2 ALA PLUS Moisturizing Cream, ALA PLUS Essential Lotion, ALA PLUS Deep Cleansing Gel, ALA PLUS Pure Clay Wash, ALA PLUS Body Cream Alapi

\* In addition, all shareholders, including those who hold less than 1 unit (1–99 shares), will receive 1 discount coupon for a preferential discount of 50% from the regular prices of all SBI ALApromo dietary supplements and cosmetics.



## 5. Value Manifestation Through Group Companies' Initial Public Offerings and Stock Sales

### Example of striving to go public①: Internet specialty, SBI Sumishin Net Bank

SBI Sumishin Net Bank announced on the 7th that it would postpone its initial public offering (IPO), which was scheduled for the 24th. The duration of the listing postponement has not yet been determined at this time. As stated, it comprehensively took into account the situation in Ukraine and recent market trends."

SBI Sumishin Net Bank received listing approval from the Tokyo Stock Exchange on February 15th and was scheduled to be listed on the First Section of the Tokyo Stock Exchange(TSE) on March 24th.

**Based on the estimated issue price of JPY1,920 at the time of listing approval, the company's market capitalization was approximately JPY 300 billion, comparable to that of Aozora Bank and other banks.**

Entering 2022, this is the fourth IPO to be missed by a company that has received listing approval. This is the first time since Russia's invasion of Ukraine that an IPO has been postponed.

(March 8, 2022, Nikkei, Morning Edition)



**Determine IPO timing by monitoring market conditions**



## 5. Value Manifestation Through Group Companies' Initial Public Offerings and Stock Sales

Example of striving to go public ②:

SBI Leasing Service, which engages in the operating lease business

### 【 SBI Leasing Services Financial Results for FY2021 】

(J-GAAP、Unit: JPY million)

	<b>FY2020</b> (Apr.2020-Mar.2021)	<b>FY2021</b> (Apr.2021-Mar.2022)	<b>YoY % change</b>
<b>Revenue</b>	<b>11,998</b>	<b>29,556</b>	<b>+146.3</b>
<b>Operating Income</b>	<b>396</b>	<b>3,280</b>	<b>+728.3</b>

Exclusively limited to the origination of airline companies with high credit ratings and efforts for ship deals, and to achieve a significant year-on-year increase in sales and profit due to strengthened efforts in shipbuilding projects, etc.



Preparing to go public to enable autonomous growth



# Promoting the Securing of Highly Skilled and Specialized Talent in Various Fields Including Finance and Technology

- (1) Expand the recruitment of outstanding global talent by raising the pay table covering starting salary for new graduates and employees with up to three years' seniority to the highest level in the industry, as well as by enhancing recruitment campaigns for new graduates as the core candidates who will carry the rapidly expanding SBI Group into the future

**① Revise starting pay for new graduates**

From Apr. 2022, implement a 16.8% increase from JPY 250,000 per month to JPY 292,000

**② Revise pay table up to three years' seniority**

In the pay table covering up to three years' seniority as well, raise the three-year total by 16.7%—at the highest level in the industry. Move up the tenure for entry into management from five years or longer (currently) to four years or longer, to realize a working environment with the awareness that outstanding talent would become management candidates earlier

- (2) To adequately compensate full-time employees for playing an active role, and not just officers, a compensation system that reflects consolidated Group earnings is being prepared for introduction in June 2022
- (3) Developing promising talent at the SBI Graduate School
- Implementing SBI Group Senior Manager Training Program
  - Obtaining an MBA using the company dispatch system



# Example of Building New Business Through Active Promotion of Young Talent (i)



**SBI e-Sports**, an e-Sports business that serves as a point of contact with the digital native generation

Established	June 2020
Representative	Masatoshi Kotani (5th year at SBIH・In his thirties)
Principal business	<ul style="list-style-type: none"><li>➤ Management of professional esports teams</li><li>➤ Management of esports media</li><li>➤ Provision of services such as esports-related consulting</li></ul>

The younger digital generation (under 34 years old) spends more time on SNS, video distribution sites and other Internet media than on TV and other media, making it difficult to reach them with traditional advertising



SBI e-Sports was established in June 2020 and newly entered the e-sports field. Efforts to strengthen contact with the digital native generation are taking shape through the operation of a professional gaming team, etc.



# Example of Building New Business Through Active Promotion of Young Talent (ii)



**SBI Africa**, an exporter of used automobiles and development of financial business

Established	August 2019
Representative	Tomoya Kitagawa (9th year at SBIH・In his thirties)
Principal business	<ul style="list-style-type: none"><li>➤ Exports of Japanese used cars to overseas markets</li><li>➤ Provision of financial services in partnership with overseas financial institutions</li><li>➤ Venture capital investments in the Africa, etc.</li></ul>

According to the latest United Nations forecast, the population is expected to increase rapidly from 1,066 billion in 2019 to 2,118 billion in 50 years, and the economy is expected to expand accordingly. The company expands its business to Africa which is also known as the "the Last Growing Frontier"



# Example of Building New Business Through Active Promotion of Young Talent (iii)

SBI Group and SOMPO Group jointly established **SS Trading**, a joint venture in the used auto parts sector



Established	May 2022
Representative	Takuma Shoda (7th year at SBIH・In his twenties)
Principal business	<ul style="list-style-type: none"><li>➤ Export and sale of commercialised used auto parts</li><li>➤ Realisation of traceability in used auto parts from Japan using blockchain</li><li>➤ Prediction of end-of-life vehicle purchase demand using machine learning, etc.</li></ul>

The representative, Shoda, has been active in the IT field since joining the SBI Group. In the year before last, he created the application for the cross-border EC "SBI Motor Japan" at SBI Africa and has carried out over 800 functional modifications as a project manager and grew the number of registered members to 50,000, monthly PV to 300,000 and monthly sales to 500 units



## **Part 2 Key Questions**

- 1. Thoroughly strengthen profitability by allocating the SBI Group's management resources to the banking and non-banking areas for the time being**
- 2. With the shift of the earnings driver to the banking business, what is the strategy for the securities business moving forward?**
- 3. SBI Group's other priority strategies and measures for the next 2-3 years**



# **Q1. Thoroughly strengthen profitability by allocating the SBI Group's management resources to the banking and non-banking areas for the time being**

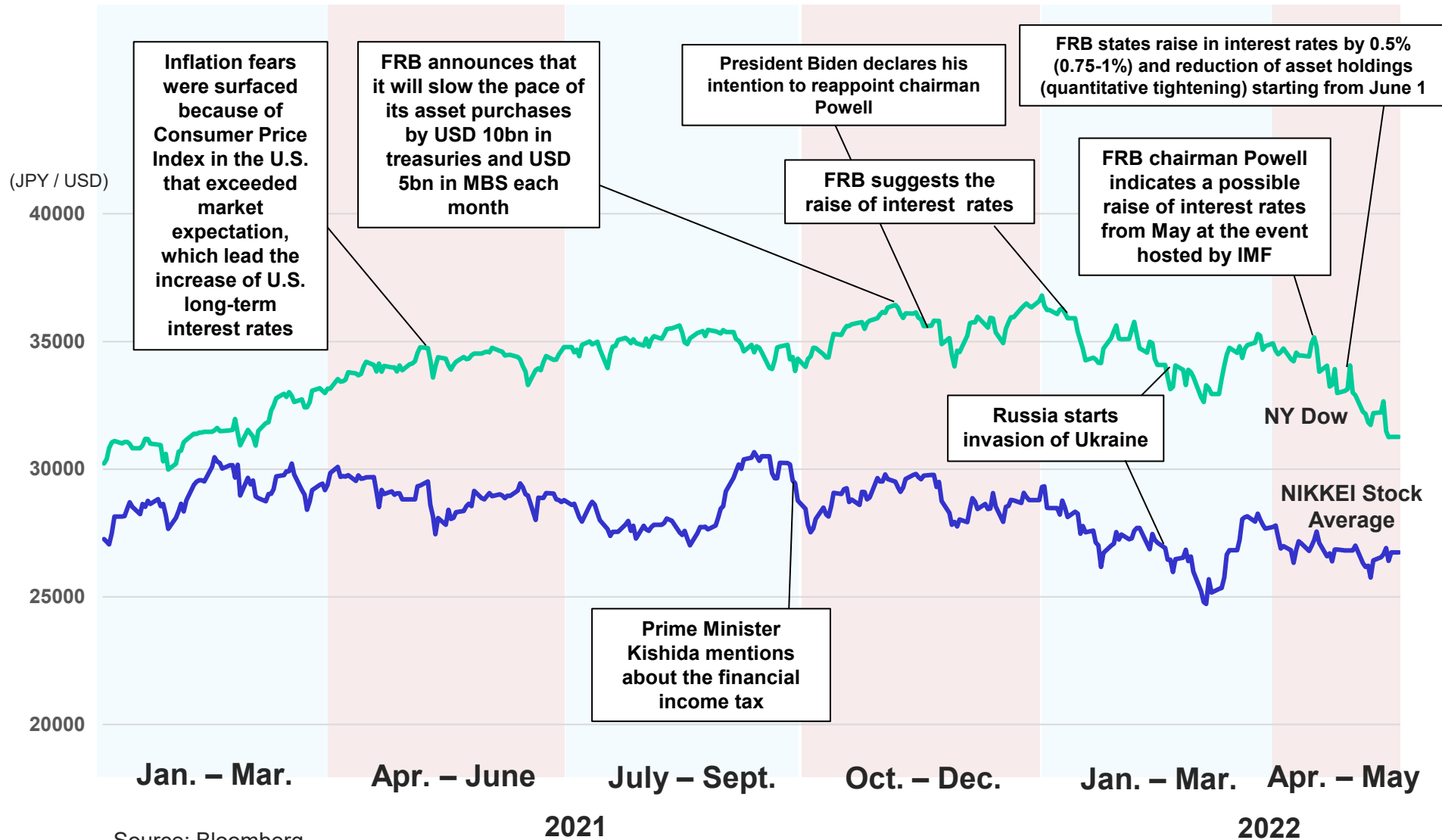
**Implement timely and appropriate business strategies in light of the global economic and market situation following the major shift in U.S. and Europe monetary policy and Russia's invasion of Ukraine**

- 1. Expanding the weight of debt business in anticipation of a shift away from a zero-interest-rate policy in the future**
- 2. Current assessment of the acquisition of Shinsei Bank Group and the rapid progress of SBI-ization in terms of management thought and philosophy**
- 3. Steady qualitative transformation is progressing at each of the strategic capital and business alliance partner banks, and by increasing their corporate value, expected to contribute to the SBI Group's performance**
- 4. Further accelerate overseas business development to utilize arbitrage based on differences in economic development stages**



# Stock Markets are Falling as U.S. Interest Rates were Raised

## Market Trends from Jan. 2021



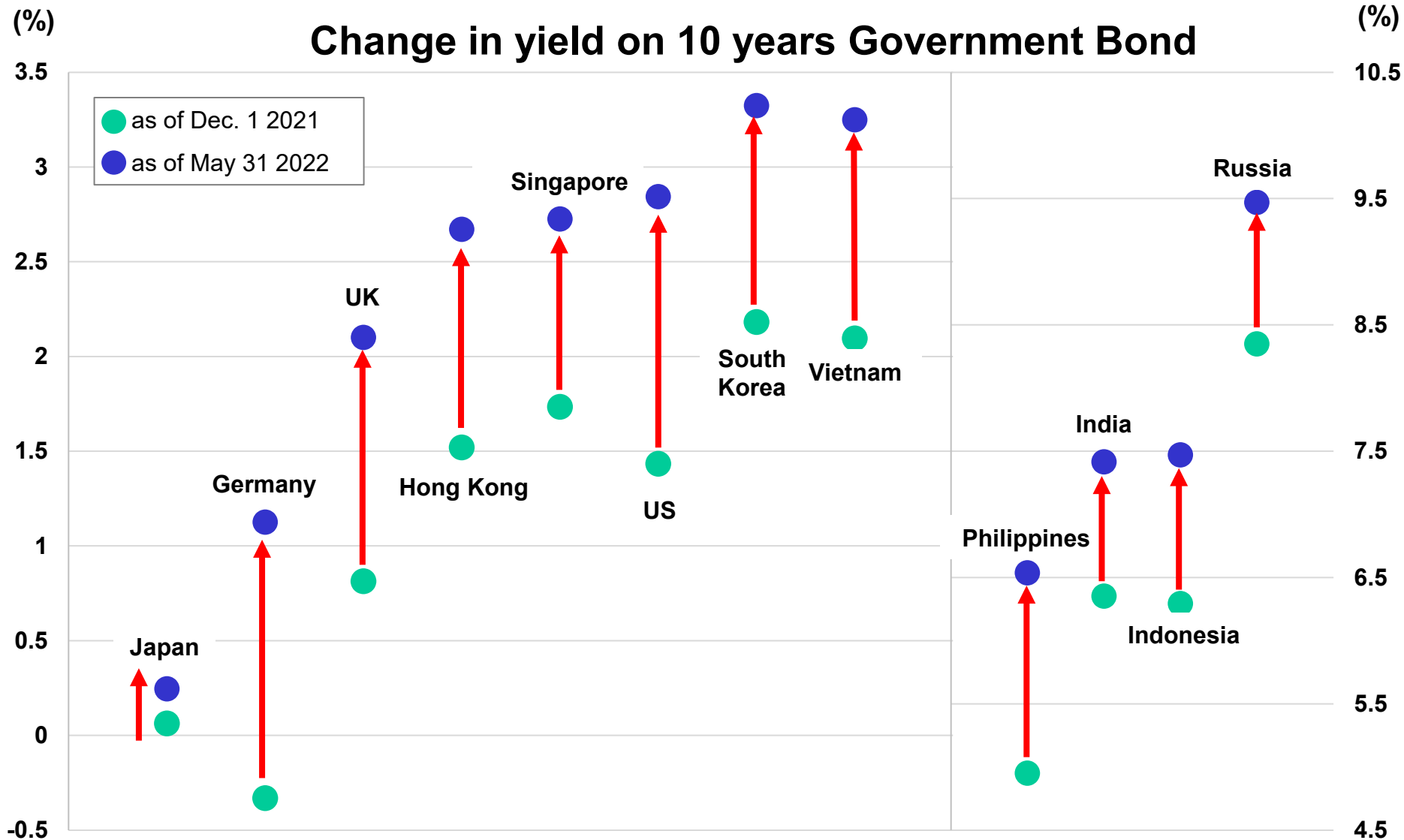
Source: Bloomberg

2021

2022



# Trend of Rapidly Rising Long-term Interest Rates is Seen Globally

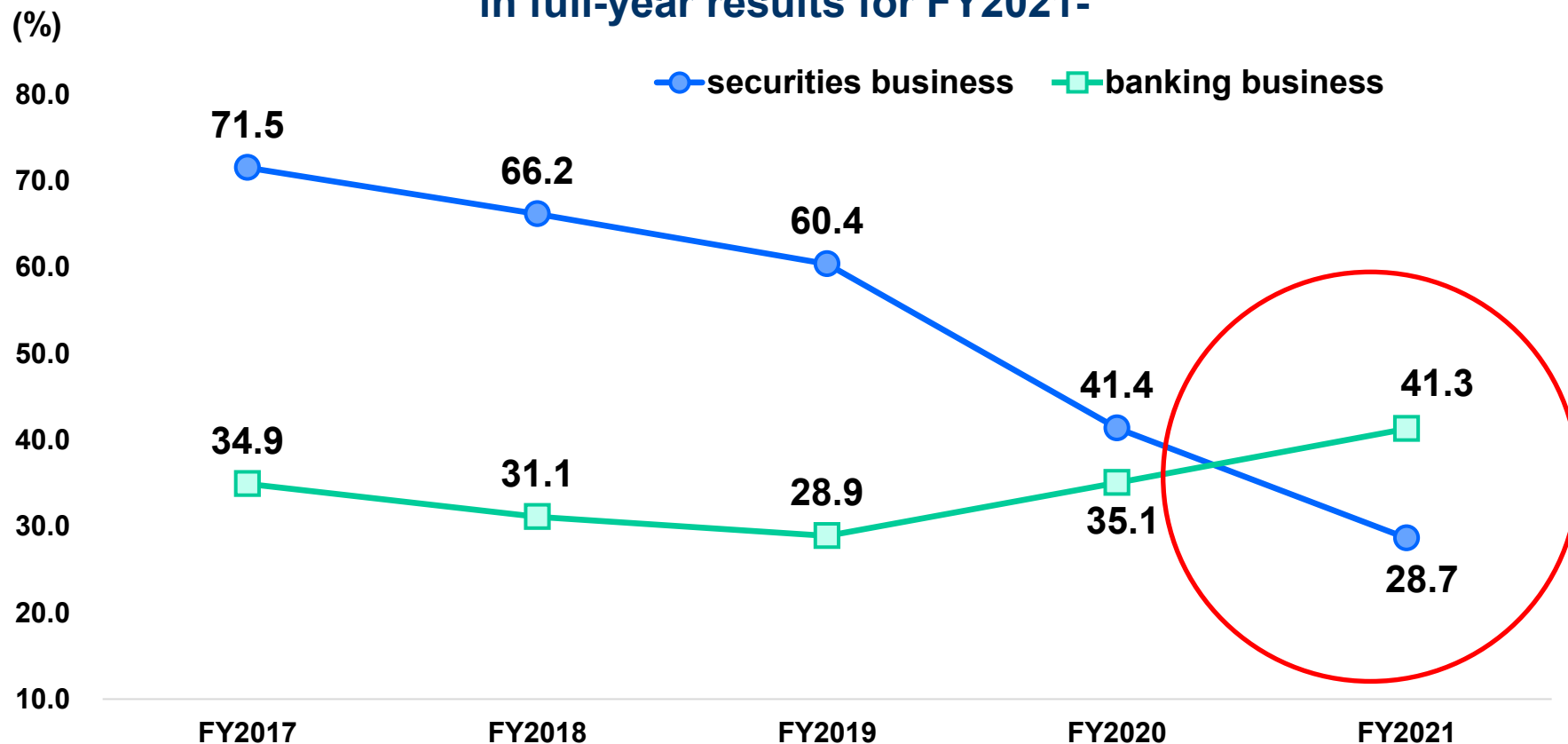


\*Created by SBI from figures by CNBC



# Composition of Securities Business\*<sub>1</sub> and Banking Business\*<sub>2</sub> as a Ratio of SBI Holdings' Consolidated Profit before Income Tax Expense (based on IRFS)

**-Banking business outperformed securities business  
in full-year results for FY2021-**



\*1 Profit before income tax expense in securities business is the sum of SBI SECURITIES(non-consolidated), SBI Liquidity Market, and SBI FXTRADE.

\*2 Profit before income tax expense in banking business is the sum of SBI Sumishin Net Bank, Shinsei Bank, SBI SAVINGS BANK, SBI LY HOUR BANK, and TPBank.

TPBank's figures are based on FVTPL's valuation gains/losses, Shinsei Bank's figures are based on the bank's full-year profit before income tax expenses (J-GAAP) for FY2021

\*3 Profit before income tax expenses for FY2021 is the sum of profit before income tax expenses of SBI Holdings before consolidation of SBI Shinsei Bank (IFRS) and Profit before income tax expenses of Shinsei Bank (J-GAAP) for FY 2021



# Approach Towards Change of Business Segment

**-Change business segments from FY2022 to clarify management accounting-**

## BEFORE

**Financial Service**

**Asset Management**

**Biotechnology, Healthcare & Medical Informatics**

«Challenges with the current business segment»

- Market conditions, such as the stock market, had a significant impact on a specific businesses within each segment
- As the Group's non-financial businesses are expected to expand in the course of its business development "beyond finance with finance at the core," there are cases where such businesses do not belong to any of these segments under the current business segmentation

## AFTER

Financial				Non-Financial
Financial Service Business	Asset Management Business	Investment Business	Crypto-asset Business	Non-Financial Business
<ul style="list-style-type: none"> <li>• <b>Securities related business</b> (FX related business and overseas financial business, etc.)</li> <li>• <b>Insurance related business</b></li> <li>• <b>Banking related business</b> (Shinsei Bank, Overseas banks such as SBI SAVINGS BANK, including non-banking businesses)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Asset management</b>  (Morningstar Japan and SBI Asset Management Group)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Private equity (PE)</b>  (Management of funds such as venture capital, LBO, and business succession)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Crypto-asset related</b> (B2C2 and SBI VC Trade, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Biotechnology, Healthcare &amp; Medical Informatics business</b></li> <li>• <b>WEB 3.0 related</b></li> <li>• <b>New overseas markets such as Africa, etc.</b></li> </ul>

«Merit of reviewing business segment»

- The change of business segment will clarify which segments are more and less susceptible to the market environment, **therefore enabling more agile management decisions**
- Clarify segments that generate stable cash flow to **make investor return measures such as dividends easier to forecast**
- **Clarify the status of the Group's advanced initiatives** such as WEB 3.0 and new overseas markets



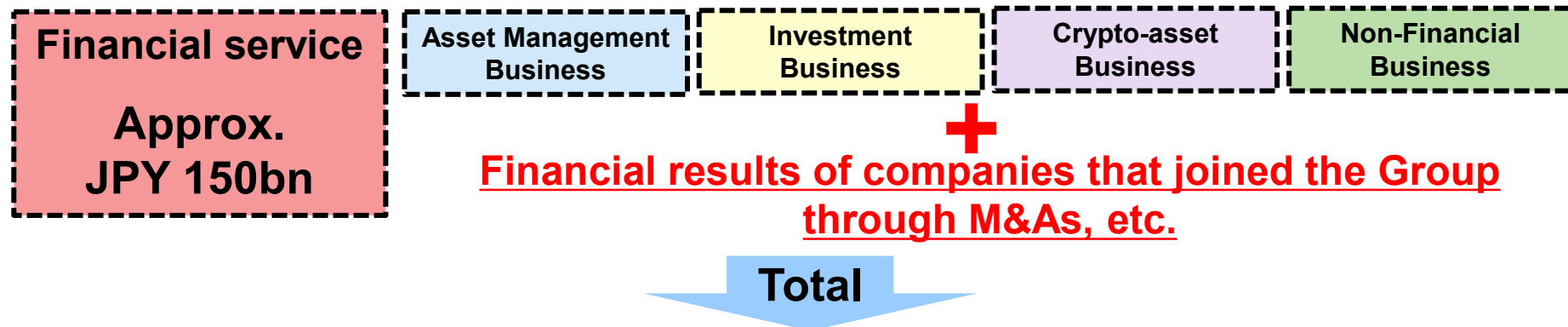
# Sustainable Profit Growth is Expected in the FY2022, when Shinsei Bank will be Consolidated Throughout the Year

<Financial results for FY2021 (Profit before income tax expense JPY 200.1bn (Before consolidation of Shinsei Bank)) >

\*Approximated figures

Financial				Non-Financial
Financial Service Business	Asset Management Business	Investment Business	Crypto-asset Business	Non-Financial Business
<ul style="list-style-type: none"> <li>Securities related business <b>JPY 57.6bn*</b></li> <li>Banking related business <b>JPY 31.9bn*</b></li> <li>Insurance Related business <b>JPY 5.2bn*</b></li> </ul>	<ul style="list-style-type: none"> <li>Asset management <b>JPY 2.1bn*</b></li> </ul>	<ul style="list-style-type: none"> <li>Private equity (PE) <b>JPY 136.6bn*</b></li> </ul>	<ul style="list-style-type: none"> <li>Crypto-asset related business <b>JPY 5.6bn*</b></li> </ul>	<ul style="list-style-type: none"> <li>Biotechnology, healthcare &amp; medical Informatics</li> <li>WEB 3.0 related</li> <li>New market such as Africa, etc.</li> </ul>

<FY2022 (Estimated)>



Able to reach profit before income tax expense of JPY 300bn during the period of the new mid-term vision



# Basic Policy on Shareholder Returns from FY 2022, After Implementation of Segment Change

- As a basic policy of dividend policy, annual dividends are determined in accordance with each fiscal year's business performance, taking into consideration an appropriate level of retained earnings for sustainable growth, the outlook for the foreseeable future, and other factors
- For the time being, the total payout amount of dividends plus share buybacks will be determined based on 30% of the profit before income tax that is regularly generated by the financial services business (after the segment change)

**\*Stable cash flow** is expected to be generated from the financial services business area after the segment realignment, which will be the source of dividends.



# **1. Expanding the weight of debt business in anticipation of a shift away from a zero-interest-rate policy in the future**

**-Total assets of the SBI Group's banking business,  
including overseas operations, have already reached  
approximately JPY 22 trillion-**



# Total Assets of the Banking Segment in the SBI Group (Simple Aggregate) Are Approximately JPY 22 Trillion



(Percentage in parentheses is SBI Group's share)

	Total asset	Profit before income tax
<b>Shinsei Bank</b> (Japan/48.56%)	10,311.5	28.5
<b>SBI SAVINGS BANK</b> (Korea/99.64%)	1,385.9	38.9
<b>SBI LY HOUR Bank</b> (Cambodia/70%)	91.1	1.0
<b>SBI Bank</b> (Russia/90.74%)	34.0	-0.8
<b>SBI Sumishin Net Bank</b> (Japan/50%)	8,534.0	22.9
<b>TP Bank</b> (Vietnam/19.9%)	1,603.6	32.1
<b>Total</b>	<b>21,960.1</b>	<b>-</b>

The PBR at the time of the TOB was **0.33**

**Forecasts a total dividend amount of over JPY 15 billion**

(Units are in JPY bn)

## (Reference) Comparison between regional bank groups

Rank	Name of Bank	Total asset (Consolidated)
1	Fukuoka Financial Group	29,171.9
2	Mebuki Financial Group	24,125.5
3	Concordia Financial Group	24,060.8
4	<b>SBI Group</b>	<b>21,960.1</b>
5	Hokuhoku Financial Group	17,280.1
6	Kyushu Financial Group	14,169.2
7	Kansai Mirai Financial Group	13,866.6
8	Yamaguchi Financial Group	12,182.7

\*Total assets of regional bank groups are based on the figures as of March 31, 2022 from each company's announcement materials

\*Figures in the table are rounded to one decimal place

\*Figures of domestic banks are consolidated/J-GAAP, other overseas banks are based respectively on each GAAP of the country they are based

\*Figures of total assets of each company are as of end of March 2022

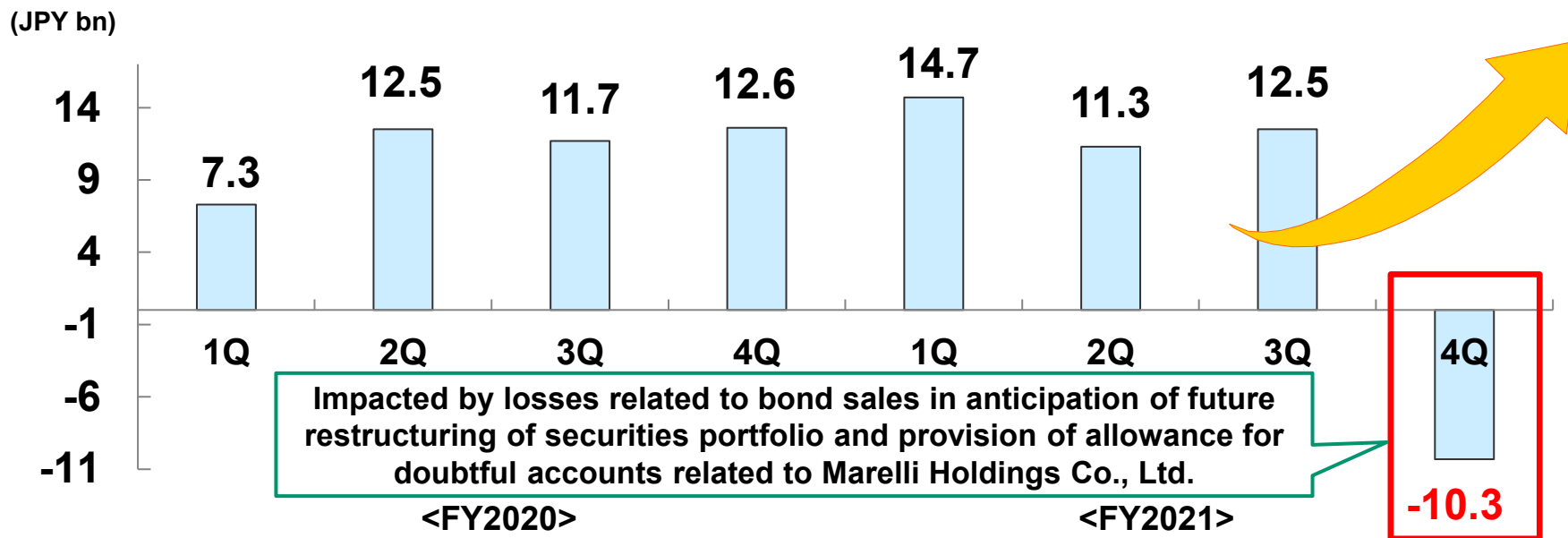
\*Profit before income tax for domestic banks are figures for FY 2021 while the figures for overseas banks are for the fiscal year ended Dec. 2021

\*Figures in the table are rounded to one decimal place/ The conversion rates are 1USD=JPY129.1, 1KRW=JPY0.1, 1VND=JPY0.0053



# Quarterly Ordinary Income (J-GAAP)

- In Q4 FY2021, **various pus** that occurred under the previous management structure **were released**, and **losses were also cut** to ensure a rapid recovery in performance in FY2022 -



## 【Shinsei Bank Consolidated Financial Results (J-GAAP)】

(JPY bn)

	FY2020				FY2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Ordinary Income	89.9	92.1	93.6	98.5	92.3	90.1	94.3	96.4
Ordinary Profit	7.3	12.5	11.7	12.6	14.7	11.3	12.5	-10.3
Profit attributable to owners of the Company	5.9	7.4	12.8	18.9	11.6	11.6	14.2	-17.0

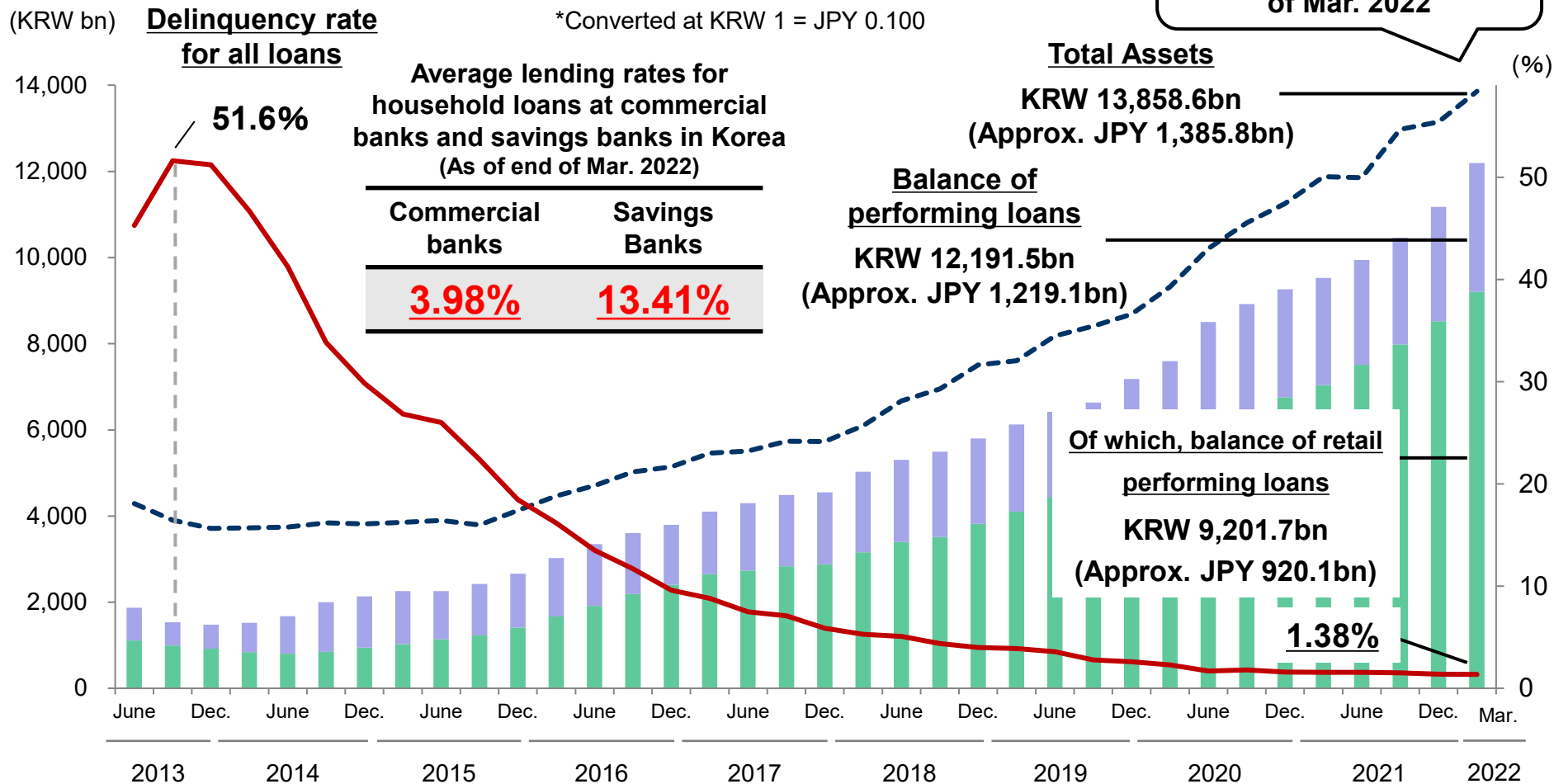


# SBI SAVINGS BANK's Prime Assets have Grown

## Changes in indicators since becoming a subsidiary (K-GAAP)

\*Converted at KRW 1 = JPY 0.100

Total assets exceed  
**KRW 13tn** as of the end  
of Mar. 2022



**The total delinquency rate improved to a record low of **1.38%**  
(1.7% for retail loans)**



# TP Bank Recorded Historical High Profit due to Rapid Development of Financial Businesses in Fast-growing Vietnam

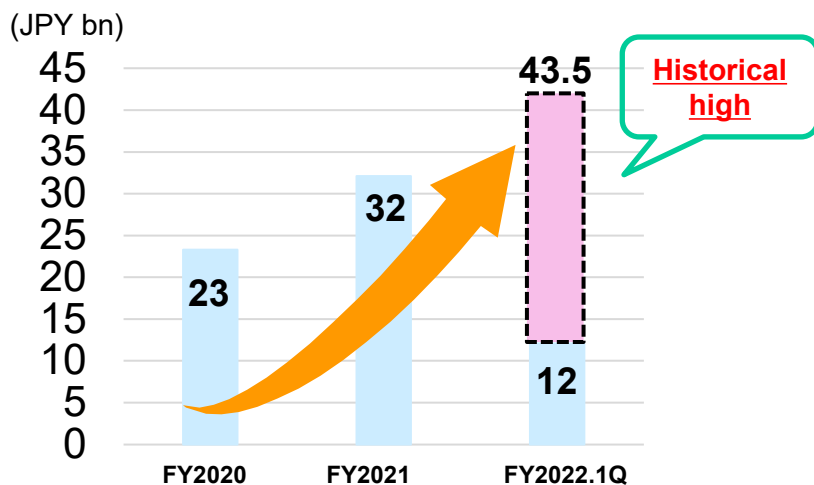
## -Timing of decline in asset value is a good time to invest-



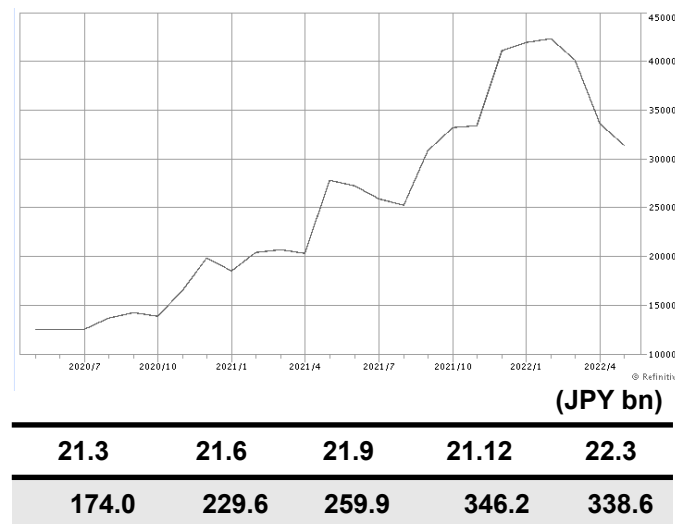
(Listed in Apr. 2018)

- Invested since Aug. 2009 (Investment ratio: 19.9%)
- As of Feb. 1, 2021, the stock became included in the "VN30," a major index of the top 30 stocks selected by the Ho Chi Minh Stock Exchange and based on market capitalization, liquidity, and other criteria
- The profit before income tax expense was JPY 32.1bn in the fiscal year ended Dec. 2021 and achieved historical high  
Forecasted to achieve profit before income tax expense of JPY 43.5bn in FY2022

<Trend of profit before income tax expense>



<Market Cap of TP Bank >



(Figures are as of end of each month)

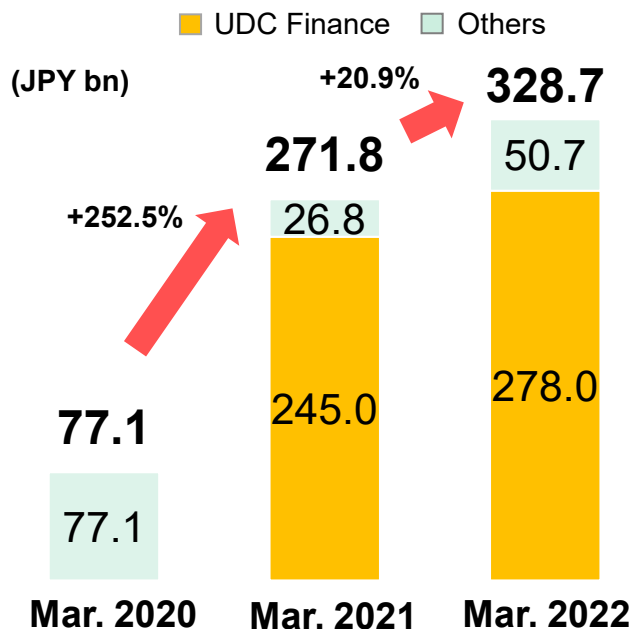
\*Converted at VDN 1 = JPY 0.0055



# SBI Group and Shinsei Bank Group Are Actively Pursuing Domestic and Overseas M&As Mainly in the Non-banking Sector in Close Collaboration with Each Other

Acquired 100% of outstanding shares by the Shinsei Bank Group in Sept. 2020, **UDC Finance Limited** (Auckland, NZ) boasts a robust operating foundation and system of individual and corporate clients plus strengths in auto loans for individuals, asset-backed financing for corporations (in transportation, forestry, and construction industries), and inventory finance for auto dealers, making it the largest nonbank in New Zealand

## <Operating Assets>



- Strive to leverage the SBI Group's knowledge and extensive network in overseas investments to expand non-organic growth opportunities and grow the overseas business into a major business of Shinsei Bank Group
- Establish a presence as a banking group with strengths in non-banking through investments and alliances with companies that possess superior technology and other assets, mainly in the Asia-Pacific region



# Shinsei Bank Group is already Promoting Entry into Expanding its Banking and Non-banking Business in Asia and Oceania

**-SBI Group is also actively expanding its business in the region-**

## <Case Studies>



### **Latitude Group**

(Capital and business alliance in March 2021 / Investment Ratio: 10%)

- ✓ **Leading shopping credit and consumer finance company in Australia with a customer base of over 2.8 million and strengths in deferred installment payments, credit cards, personal loans, and auto loans**
- ✓ **Similar business with APLUS and expected synergies**



### **MB Shinsei Finance**

(Investment Ratio: 49%)

- ✓ **As part of the expansion of the Shinsei Bank Group's small-lot finance business, it took a stake in a local subsidiary established by Military Commercial Joint Stock Bank (MB) in 2017 and entered the Vietnam market**
- ✓ **Provide full support, including financing, as well as business expertise**



- 2. Current assessment of the acquisition of Shinsei Bank Group and the rapid progress of SBI-ization in terms of management thought and philosophy**
  - (1) SBI-ization in terms of management thought and philosophy is progressing at a rapid pace after the acquisition of Shinsei Bank**
  - (2) Evaluation of the Shinsei Bank Group acquisition in terms of business strategy for the SBI Group**



**(1) SBI-ization in terms of management thought and philosophy is progressing at a rapid pace after the acquisition of Shinsei Bank**



# SBI-ization in terms of management thought and philosophy is progressing at a rapid pace after the acquisition of Shinsei Bank ①

## <History>

December 17, 2021	Shinsei Bank (TSE: 8303) becomes a consolidated subsidiary
January 1, 2022	<u>Katsuya Kawashima</u> (then Vice President of SBI Holdings) and <u>Katsumi Hatao</u> (then Executive Officer of SBI Holdings) become <u>advisors to Shinsei Bank</u>
February 8, 2022	At an extraordinary shareholders' meeting, the election of directors approved, with <u>Hirofumi Gomi appointed Chairman, Katsuya Kawashima appointed President, and Katsumi Hatao appointed Senior Managing Executive Officer</u>
February 10, 2022	Yoshitaka Kitao, President and Representative Director of SBI Holdings, held <u>a briefing</u> for Shinsei Bank Group executives and employees on <u>the management philosophy and principles of the SBI Group</u>
February 15, 2022	Masato Takamura, Representative Director and President of SBI SECURITIES, and Tatsuyoshi Otobe, Representative Director, Chairman and President of SBI Insurance Group, held a briefing on business activities for Shinsei Bank Group executives and employees
Feb. 17 and 22, 2022	Hiroki Otake, Managing Executive Officer of Shinsei Bank, Shinichirou Seto, President and Representative Director of Showa Leasing, Junichi Kobayashi, President and Representative Director of Shinsei Financial, and Tetsuro Shimizu, President and Representative Director of APLUS held a briefing on business activities for SBI Group executives and employees



# SBI-ization in terms of management thought and philosophy is progressing at a rapid pace after the acquisition of Shinsei Bank ②

## <History>

March 23, 2022	Decided to establish the " <u>Parent Company Transaction Advisory Committee</u> " as an advisory body to the Board of Directors to appropriately manage conflict-of-interest transactions with the parent company, SBI Group
Mar. - June 2022	<u>As part of efforts to promote active exchanges between SBI and Shinsei Bank Group executives and employees and to unify the two groups</u> , a total of five roundtable discussions were held between key persons from the SBI Group and young employees from the Shinsei Bank Group
May 13, 2022	【Shinsei Bank announces name change】 Announced that the company name will be changed to "SBI Shinsei Bank, Ltd."
	【Shinsei Bank announces medium-term management plan】 <u>①Achieve consolidated net income of JPY 70bn and establish a foundation for further growth</u> <u>②Leading banking group providing pioneering and progressive finance</u> <u>③Provide a path toward repayment of public funds etc.</u>
June 22, 2022 (scheduled)	To demonstrate the SBI Group's long-term commitment to the Shinsei Bank Group, Shinsei Bank will consult with its shareholders to change its trade name to " <b>SBI Shinsei Bank, Ltd.</b> " The change is expected to take effect on January 4, 2023, subject to approval by a two-thirds majority of the shareholders and approval by the Financial Services Agency

**Both groups will work in unison to thoroughly pursue further synergies between groups and within the Shinsei Bank Group**



# Thorough Implementation of "Customer-centric Principle", the Most Important Basic View of Business Building of the SBI Group

**- Shinsei Bank Group also promotes  
various measures to improve customer satisfaction -**

In June, Shinsei Bank will increase the interest rate on time deposits **tenfold** to **0.1% per year** for six-month deposits. With the acquisition of SBI Holdings, the bank will switch to a strategy of chasing deposit volume. (omitted) The annual deposit rate for six-month and three-month deposits of JPY300,000 or more will be **0.1%, 50 times that of major banks (0.002%)**, while the rate for one-month deposits will be higher at **0.2%**, targeting customers who are willing to try out the service.

(June 1, 2022 Nikkei morning edition)

<PowerDirect Time Deposits 30(Internet-only Yen Time Deposits)>

	After change	Before change	(Reference) Interest rates as of the end of April 2022
1-month supply	<b>0.20% (per year)</b>	0.10% (per year)	0.01% (per year)
3-month supply	<b>0.10% (per year)</b>	0.01% (per year)	0.01% (per year)
6-month supply	<b>0.10% (per year)</b>	0.01% (per year)	0.01% (per year)

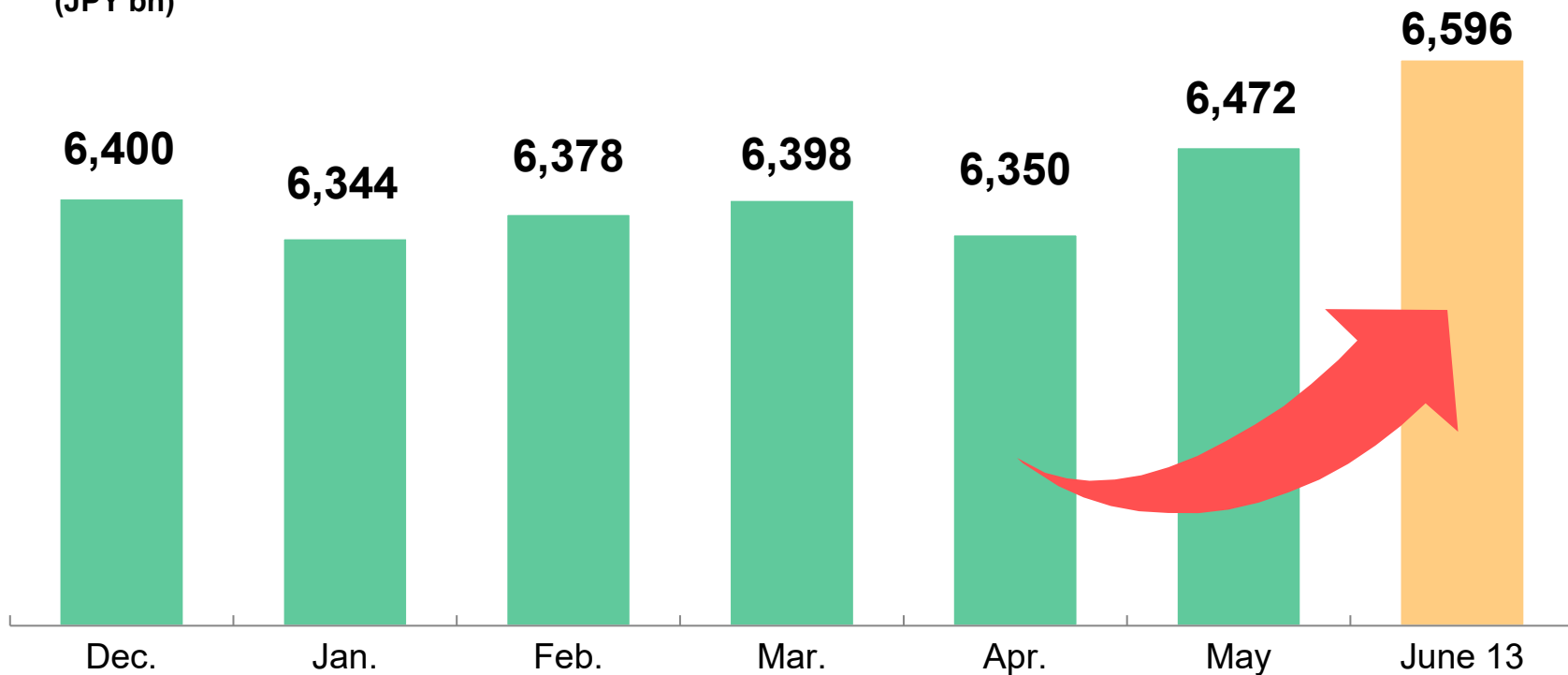
\*All interest rates are pre-tax



# Shinsei Bank Deposit Balance

(End of December 2021 - June 13, 2022)

(JPY bn)



Note: All figures are as of the end of each month except for June

Note: May and June figures are preliminary

**Seek to further expand the balance through mutual transfers of customers between SBI and Shinsei Bank Group, etc.**



## **(2) Evaluation of the Shinsei Bank Group acquisition in terms of business strategy for the SBI Group**

**-Shinsei Bank Group's management resources can contribute significantly to the SBI Group's sustainable growth-**

- ① Creation of synergies through organic combination with the management resources of the SBI Group**
- ② Thorough utilization of Shinsei Bank Group's banking and non-banking functions in the second act of the "Regional revitalization strategy" promoted by the SBI Group**



# **① Creation of synergies through organic combination with the management resources of the SBI Group**



# To Organically Combine the Management Resources of **Mutually Complementary** SBI and Shinsei Groups, Seeking to Become a Larger and More Competitive Integrated **Financial Group**



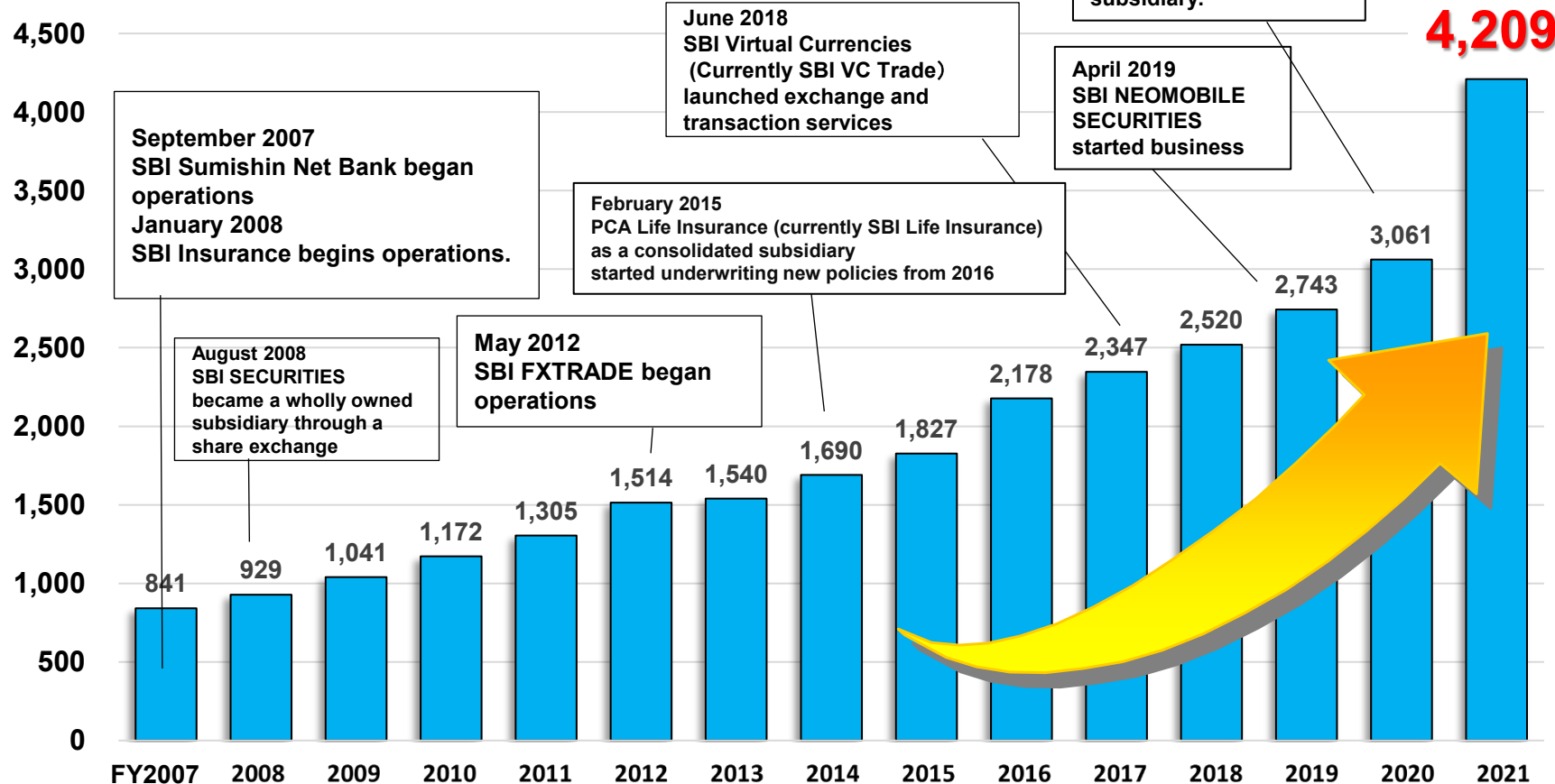
<b>Securities</b>	SBI SECURITIES SBI NEOMOBILE SECURITIES	Shinsei Securities
<b>FX Trading</b>	SBI FXTRADE	
<b>Crypto Assets</b>	SBI VCTrade	
<b>Bank</b>	SBI Sumishin Net Bank	Shinsei Bank
<b>Insurance</b>	SBI Insurance, SBI Life Insurance	
<b>Asset Management</b>	SBI Asset Management SBI Regional Revitalization Asset Management SBI Bond Investment Management	Shinsei Investment Management
<b>Consumer Credit</b>		Shinsei Financial (Lake ALSA)
<b>Trust Bank</b>		Shinsei Trust & Banking
<b>Card/Cashless Payment</b>	Money Tap	APLUS
<b>Lease</b>	SBI Leasing Services	Showa Leasing
<b>PE・VC</b>	SBI Investment	Shinsei Corporate Investment
<b>Debt Collection</b>		Alpha Servicer



# SBI Group's Customer Base Expands Dramatically by Having Shinsei Bank Group as the Consolidated Subsidiary

**Compound Annual Growth Rate (CAGR) from FY2007 to FY2021**  
**12.19%**

(Ten thousand)



\* 1 Figures are from March 2008, when the data was first collected. All figures are as of the end of March and rounded down to the nearest thousand.

\* 2 If not identified as the same customer within each service site in the aggregate, it would be a double counting of overlapping customers among group companies.

\* 3 The number of customers of companies that have been removed from the group due to organizational restructuring is partly included in the past figures.



# Shinsei Bank Group Has a Broad Customer Base, Particularly in the Retail Sector with a Broad Customer Base

## Overview of Shinsei Bank Group's Customer Base (as of March 31, 2022)

(thousand)

<b>Shinsei Bank</b>	(Accounts)	<b>3,050</b>
<b>Lake (ALSA)</b>	(No. of customers)	<b>831</b>
<b>APLUS</b>	(No. of active cardholders)	<b>4,434</b>
<b>Showa Leasing</b>	(No. of contracts)	<b>272</b>
<b>Total</b>	—	<b>8,587</b>

**Thoroughly scrutinize customer attributes possessed by the Shinsei Bank Group and match them with each business of the SBI Group in a sophisticated and effective manner**



# Customer Attribute Analysis of Shinsei Bank Group: The Case of APLUS



A P L U S

- ✓ **APLUS has partnered with bitFlyer, Inc., operator of one of Japan's largest crypto asset exchanges, to offer the "bitFlyer Credit Card," the first credit card in Japan that rewards users with bitcoins based on the amount they spend**
- ✓ **Favorable response, with the number of applications surpassing 10,000 in just 3 days since the service was launched in December 2021**



- **This suggests a high level of interest in the crypto asset area by APLUS customers**
- **SBI Group is also focusing on the crypto asset business as a next-generation growth area, and high synergy is expected from the alliance measures**



# SBI SECURITIES and Shinsei Bank Accelerates for Full Partnership in the **Financial Products Intermediary Business**



Cooperation in intermediary  
business of financial instruments  
Cooperation in the banking agency  
business

## < Original Service >

- Aplus Card Accumulation
- Point investment/granting
- Sweep account linkage
- Stock collateral loan



## < Other collaborative services >

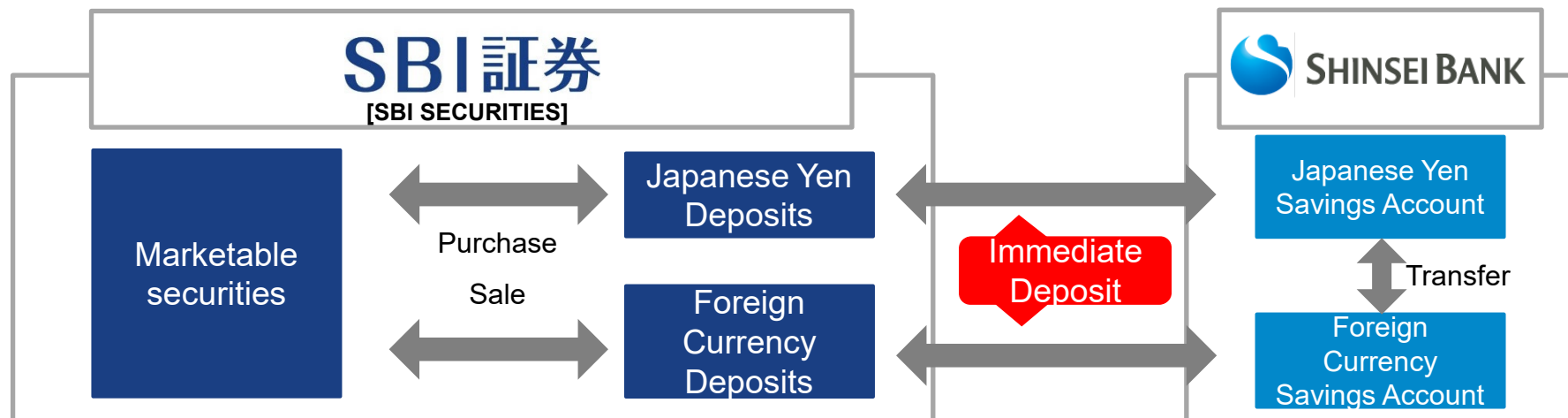
- Simultaneous account opening (SBI⇔Shinsei)
- Other business collaboration such as structured bonds and iDeCo

Providing a variety of products including SBI SECURITIES' **real estate-related finance** and "**SBI Wrap**" through intermediary business

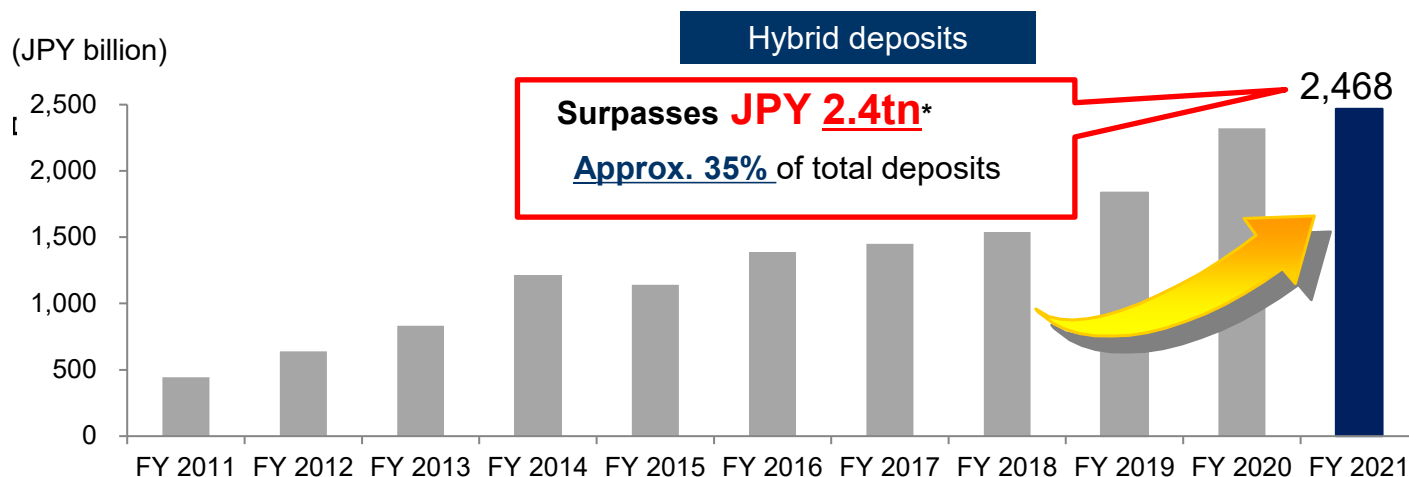


# SBI SECURITIES to Become a Bank Agent and Increase its Customer Base and Deposit Volume through a System of Deposits Exclusively for the Purchase of Securities that Link Seamlessly with Banks

## <Example of a scheme for immediate deposit linkage>



## <Reference: Example of bank agency business with SBI Sumishin Net Bank>



\*As of Mar. 31, 2022



**② Thorough utilization of Shinsei Bank Group's banking and non-banking functions in the second act of the "Regional Revitalization Strategy" promoted by the SBI Group**

**-Thoroughly promote the "Triangle Strategy" in cooperation with Shinsei Bank Group in order to dramatically develop the regional revitalization initiatives promoted by the SBI Group-**

**(i) Structured finance business**

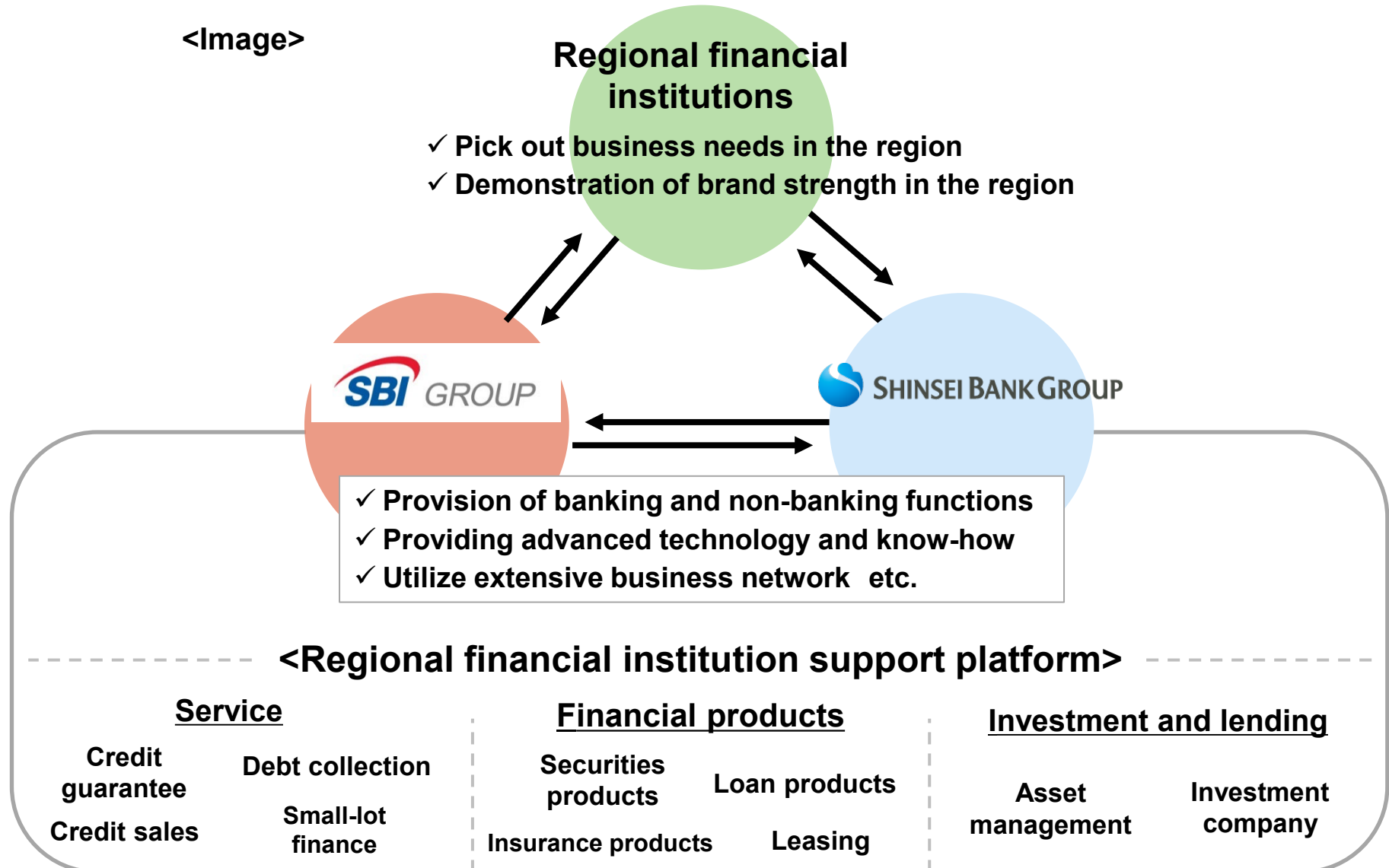
**(ii) Financial platform "BANKIT"**

**(iii) Leasing business**



# "Triangle Strategy" Concept by the SBI Group, Shinsei Bank Group, and Regional Financial Institutions

<Image>





## **(i) Structured finance business**



# The Structured Finance Business, in which Shinsei Bank has Strengths, Expanded Steadily

**-Social trend toward "sustainability" is driving the trend-**

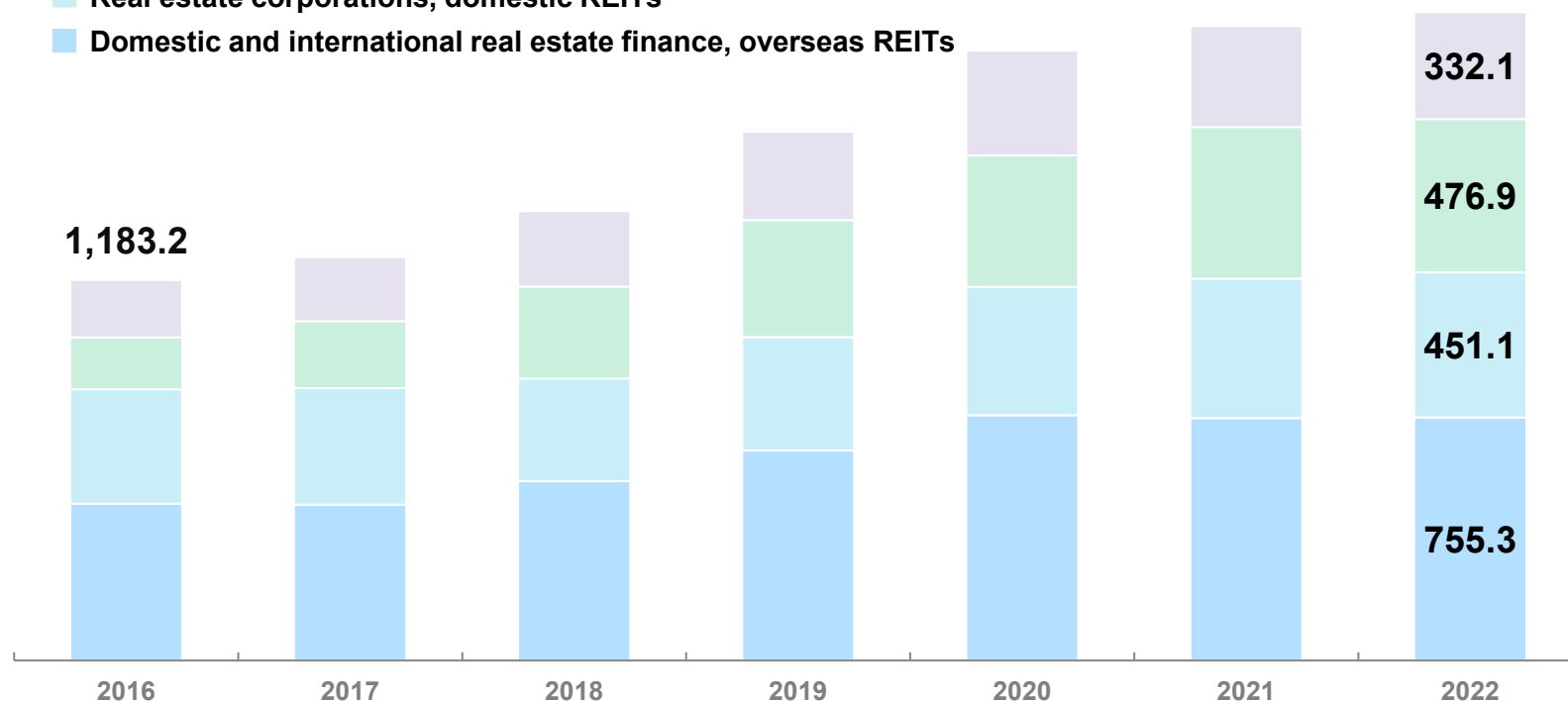
<Changes in Asset Balance>

(JPY bn)

- Specialty Finance (LBO, Ship, Aircraft)
- Domestic and International Project Finance

- Real estate corporations, domestic REITs
- Domestic and international real estate finance, overseas REITs

**2,015.7**

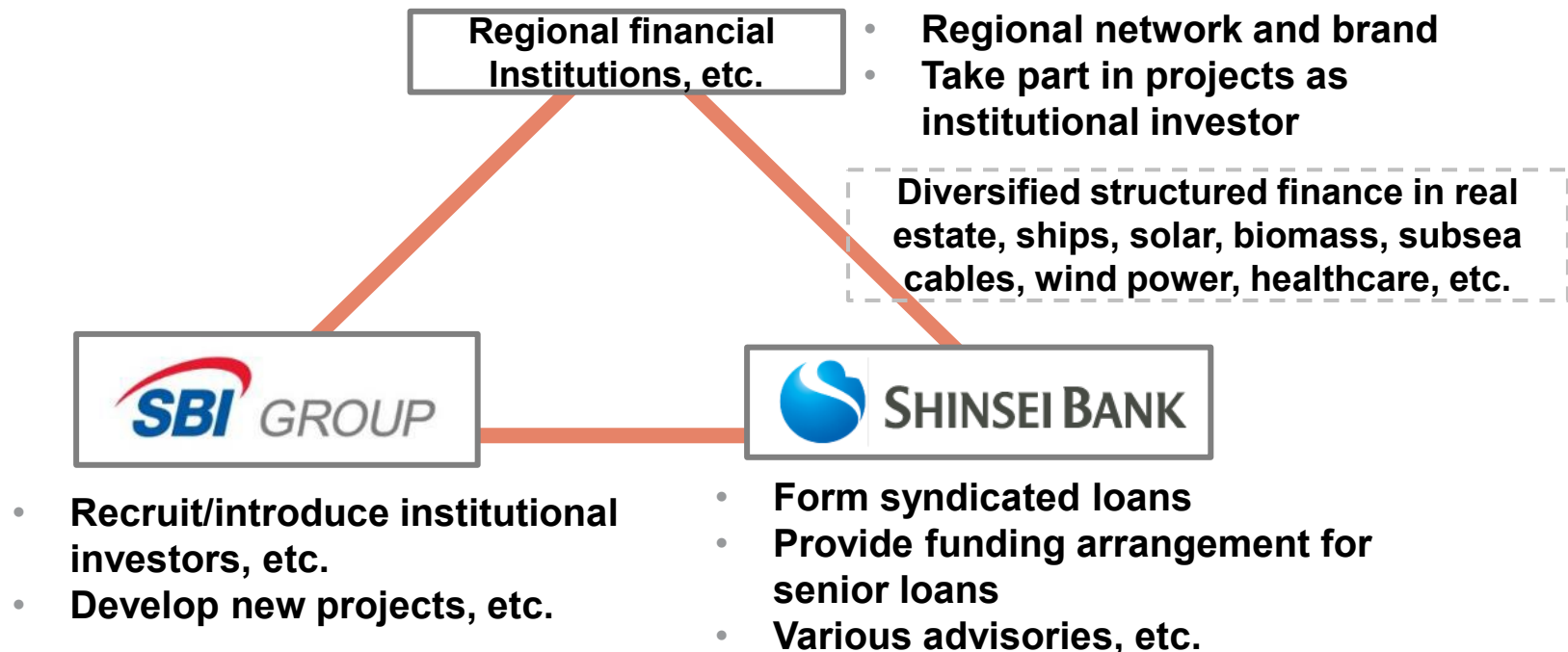


**\*All figures are as of the end of March**



# Promoting a "Triangle Strategy" in the Structured Finance Business

Co-create value by forming and running projects through collaboration among the three entities **through effective use of the SBI Group's network of regional financial institutions** while focusing on partnerships with regional financial institutions



**Strive to resolve issues in local communities and expand business, centered on regional financial institutions having a relationship with SBI & Shinsei Bank Group, by identifying needs in each region and undertaking new projects**



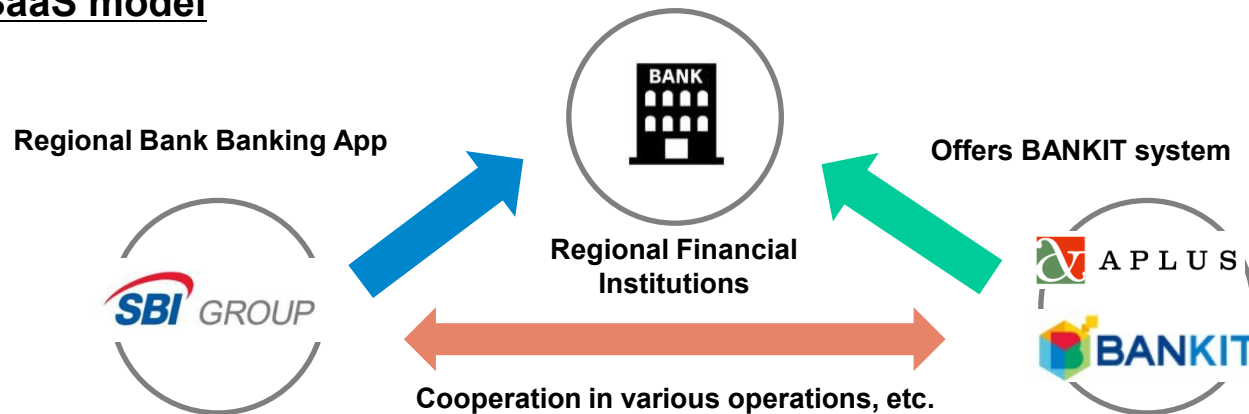
## **(ii) Financial platform "BANKIT"**



# Promoting "BANKIT", Provided by **APLUS**, to Enhance the Sophistication of Regional Financial Institutions' Banking Applications

-Combined with white-label banking apps provided by SBI NEO FINANCIAL SERVICES, for promotion of the DX for regional financial institutions-

- ① Add banking functions to the BANKIT infrastructure, which is currently limited to wallet functions, and to use it as a hub for regional financial institutions to deploy the BaaS model



- ② Expanding the regional banking app function offered by the SBI Group

Issuance of  
virtual pre-paid  
cards

[Payment] Supports  
ApplePay &  
GooglePay

[Purpose savings] Use a  
sub-wallet to for different  
types of purpose savings

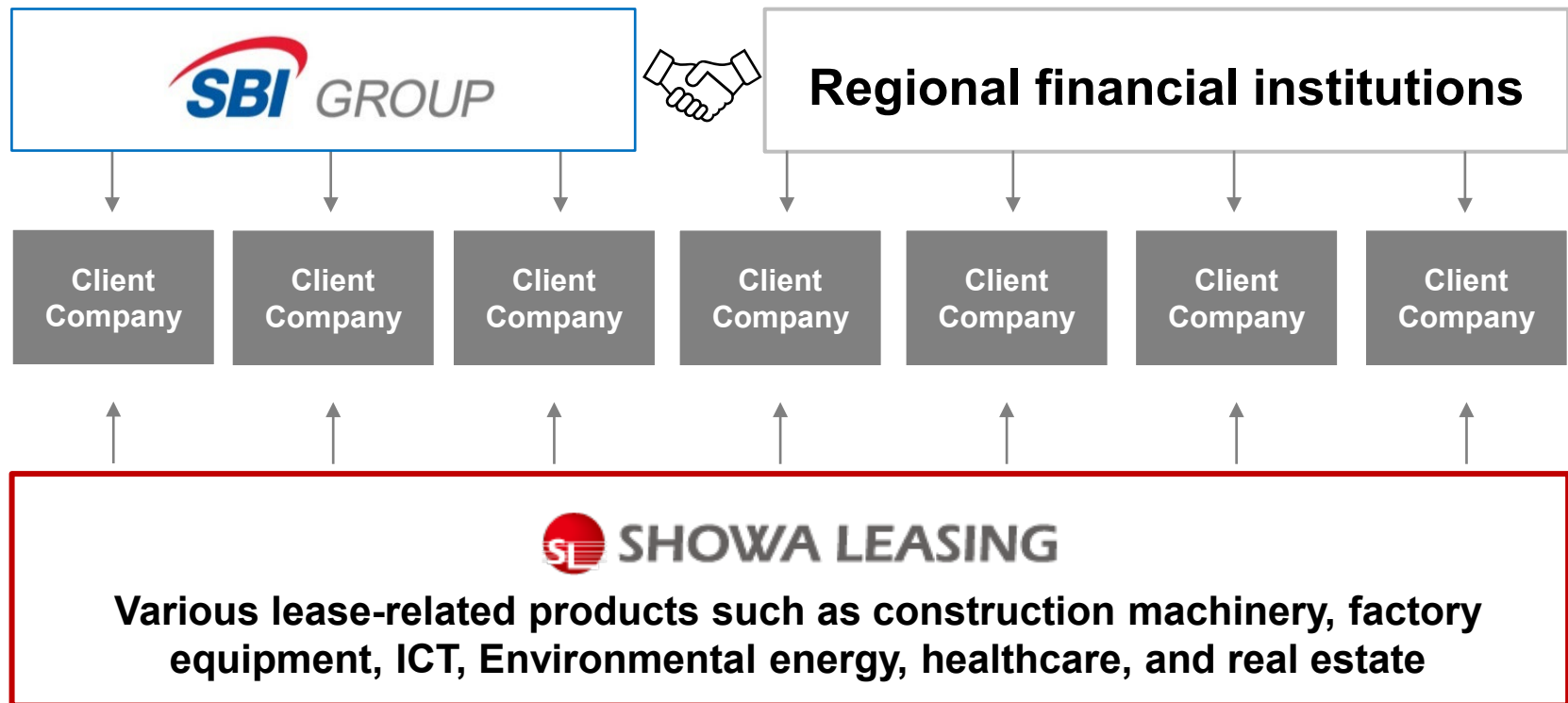
[Smartphone ATM]  
Cardless withdrawal  
at ATMs in  
convenience stores



### (iii) Enhance Leasing Business

#### [Promoting the "Triangle Strategy" in the leasing business]

Shinsei Bank Group can expand its operating base by providing **Showa Leasing's** lease-related products to SBI Group customers and customers of regional financial institutions which are SBI's capital and business alliance partners



#### [Provision of small-lot financial products such as aircraft leases]

Providing Shinsei Bank customers with financial products backed by aircraft, ships, containers and other assets structured by **SBI Leasing Services**

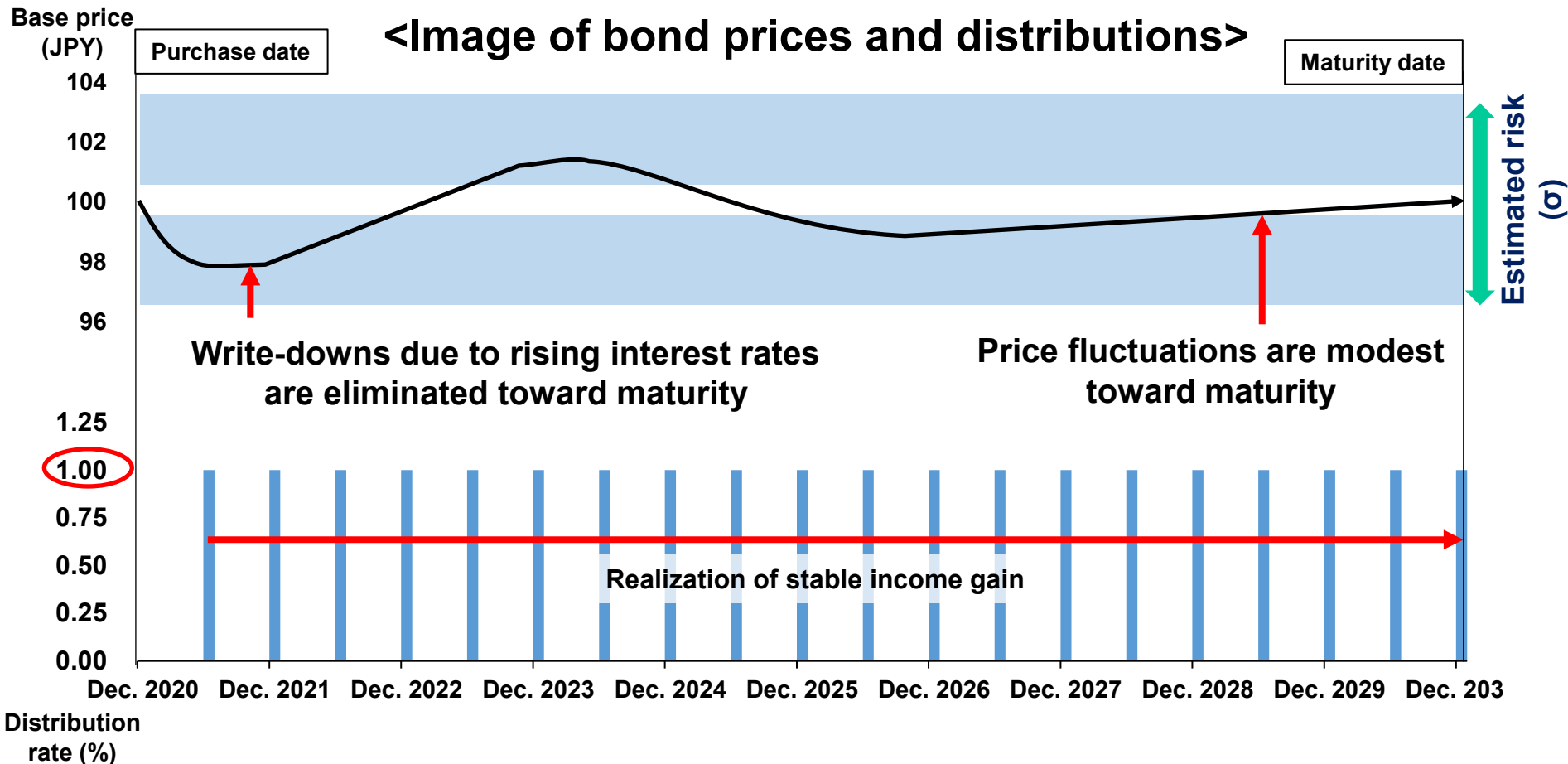


- 3. Steady qualitative transformation is progressing at each of the strategic capital and business alliance partner banks, and by increasing their corporate value, expected to contribute to the SBI Group's performance**



# SBI Group's Approach to Securities Management for Regional Financial Institutions

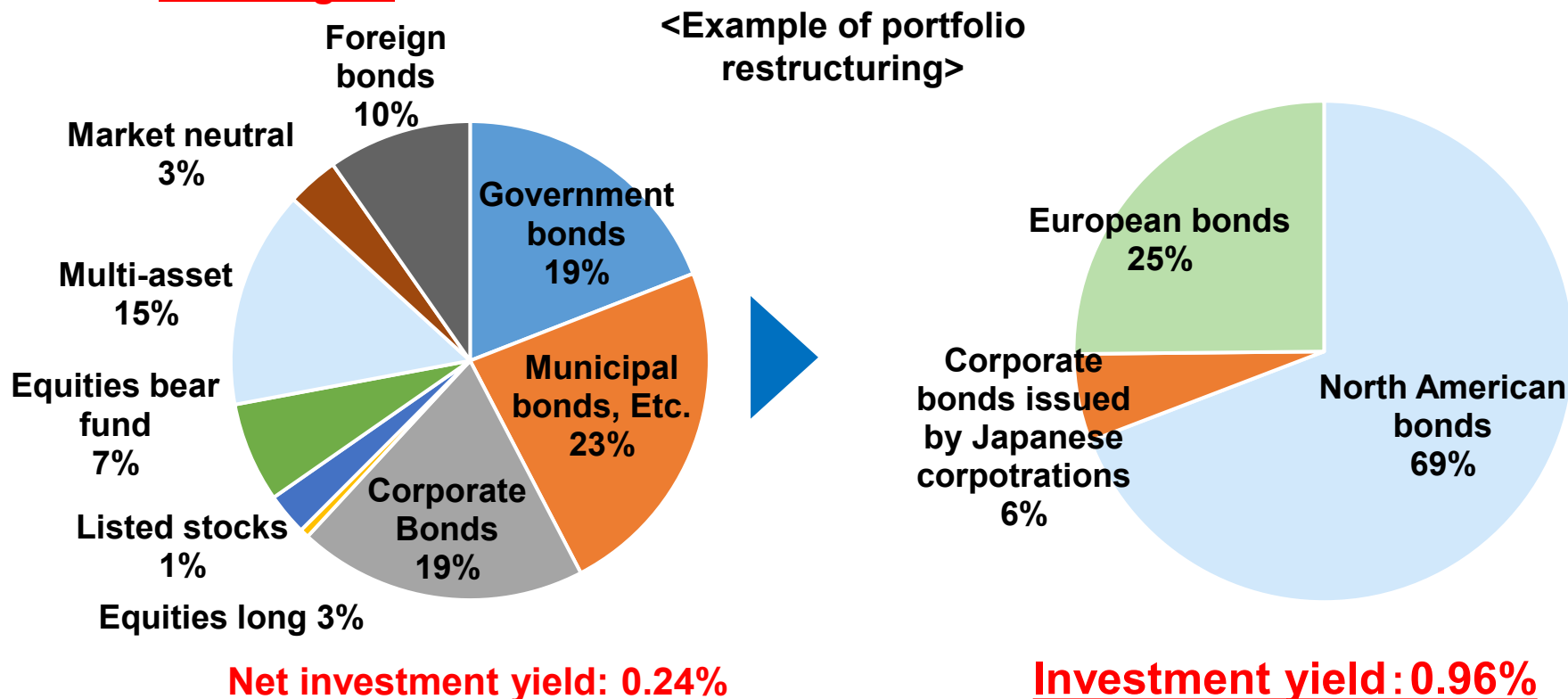
- ① Investing mainly in bonds that can provide regular distributions from the fund, with the first priority on improving core business profit
- ② Bonds are invested in foreign bonds with higher yields than domestic bonds and lower credit risk
- ③ Although the price of bonds fluctuate during the investment period due to the rise and fall of interest rates, the price fluctuation is less than that of stocks and REITs, and unlike stocks and REITs, by waiting until redemption, the principal is almost guaranteed to be returned





# Building a Portfolio that Focus on Income Gain and Promoting Stable Income from Securities Investments

- ✓ Low-yielding yen bonds and funds with high trust fees are heavily weighted in many regional banks
- ✓ SBI Regional Revitalization Asset Management is entrusted with asset management, and the portfolio is restructured to focus on foreign bonds with high transparency while keeping trust fees low, enabling stable income gain





# Improvements in Securities Management Could Contribute Significantly to Improving the Profitability of Regional Banks

<Contribution to core business profit of the four banks with the highest equity stakes for FY2021>

	Ratio of distributions to core business profit (FY2021)
Bank A	<u>35.2%</u>
Bank B	<u>67.4%</u>
Bank C	<u>75.8%</u>
Bank D	<u>32.2%</u>

The four banks in which the SBI Regional Bank Holdings have gained a major shareholder approval, distributions as a percentage of core business profit are averaging about 52%, showing high contribution to earnings

- Even among all regional banks in which the SBI Group has a stake in, distributions from SBI-provided funds account for an average of approximately 28% of core business profit, and are becoming increasingly important to business performance
- Contribute to building a foundation that enables regional banks to focus on their core business by providing stable distributions

Continue to focus on securities under management to contribute to sustainable profitability

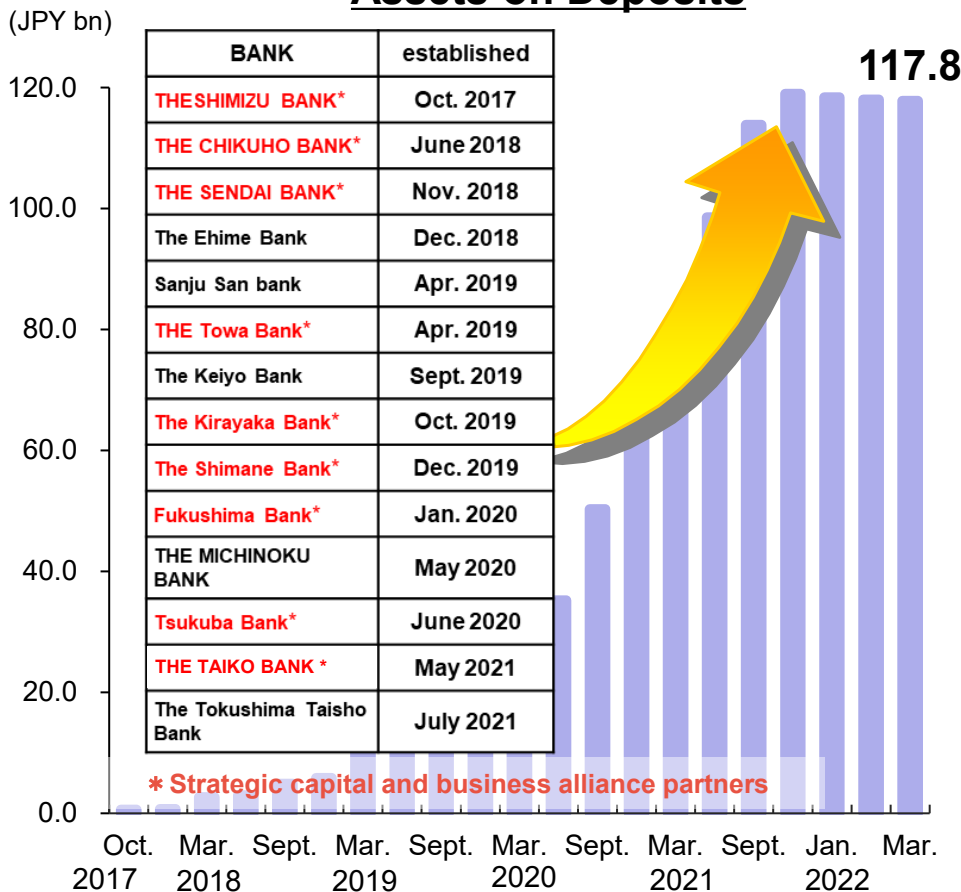


# Number of Co-managed Shops, SBI MONEY PLAZA and Regional Financial Institutions Increased to

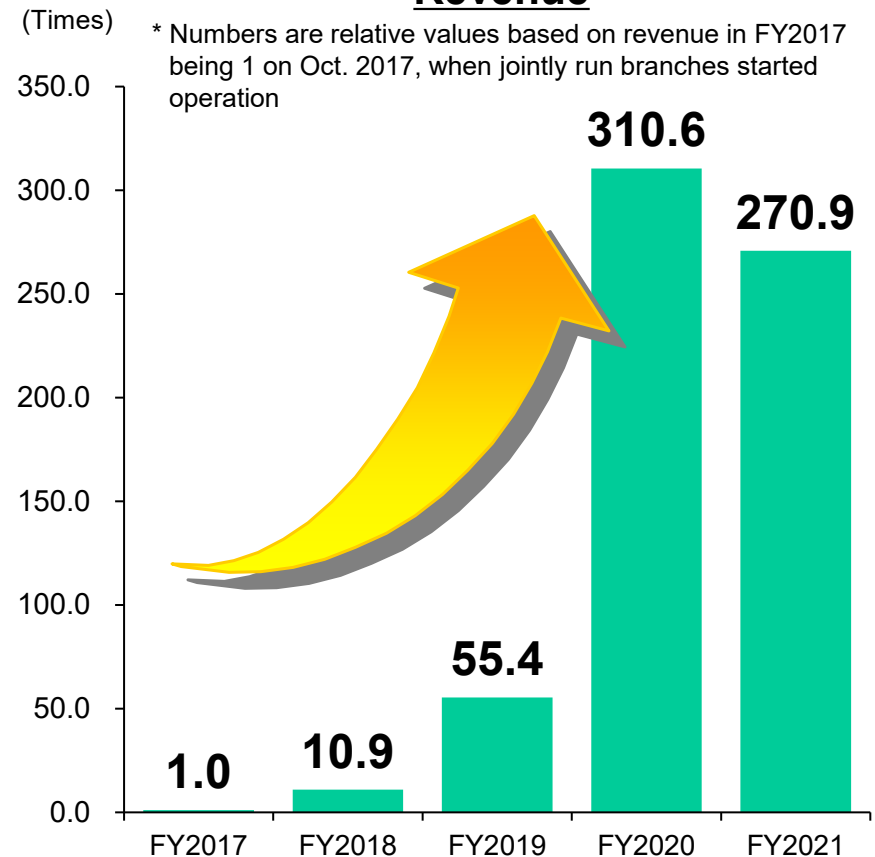
## 23 Shops with 14 Banks

- Human resource allocation, etc. was made through the alliance with SMBC Nikko Securities -

### Assets on Deposits



### Revenue\*





# Steady Progress in the Qualitative Transformation of the Banks in the Capital and Business Alliance

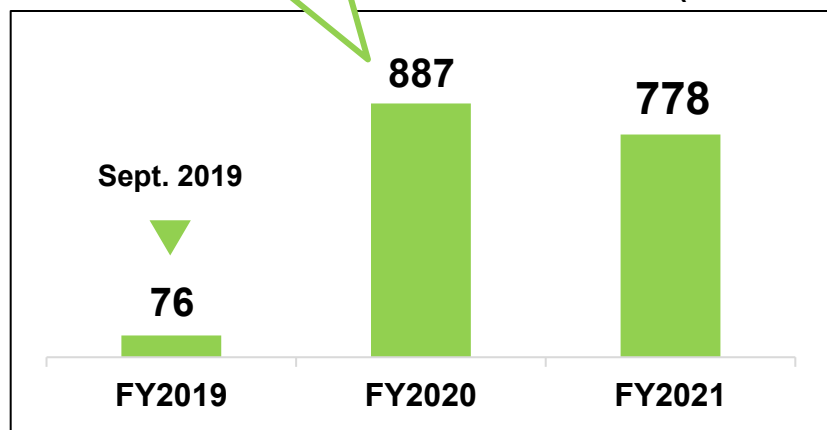
FY2020 includes JPY450 million in one-time earnings, and the growth trend continues

## Core net business income comparison

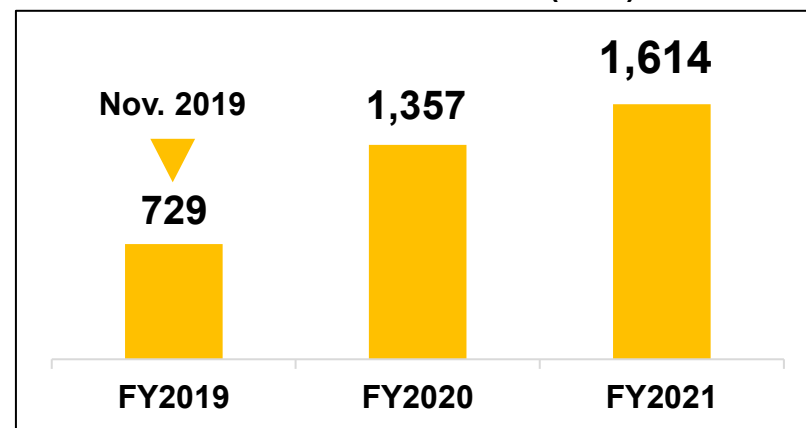
(Excluding gains on cancellation of investment trusts)

(JPY million, Non-consolidated basis)

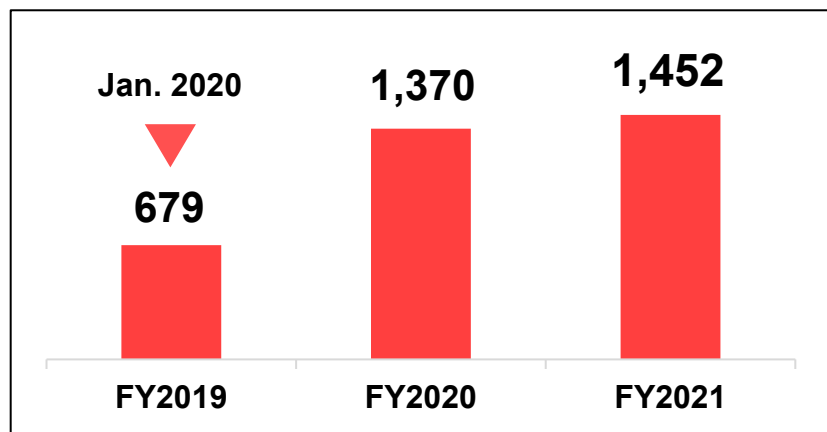
### Shimane Bank (PBR 0.22)



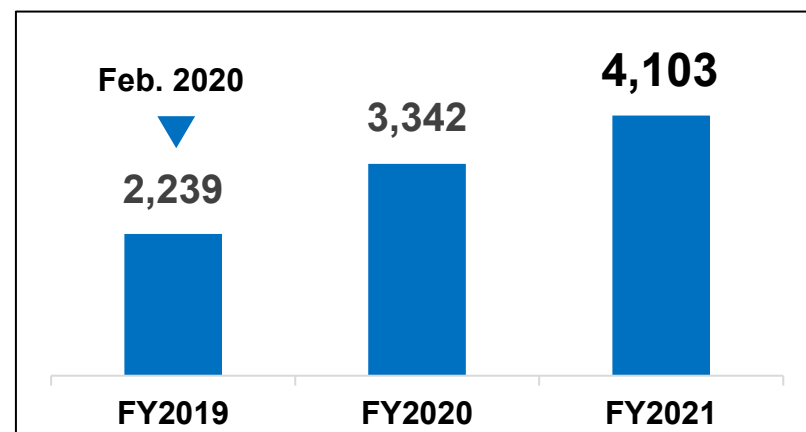
### Fukushima Bank (0.24)



### CHIKUHO BANK (0.39)



### Shimizu Bank (0.23)



▼:Announcement of strategic capital and business alliance, etc. \*P/B ratios are as of the date of the alliance announcement



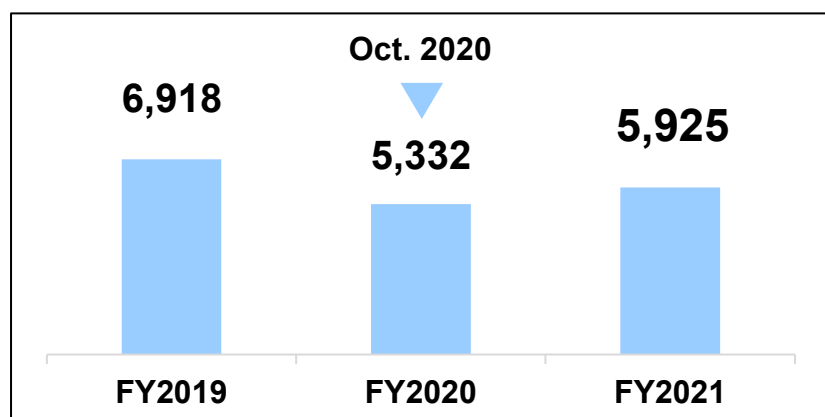
# Steady Progress in the Qualitative Transformation of the Banks in the Capital and Business Alliance

## Core net business income comparison

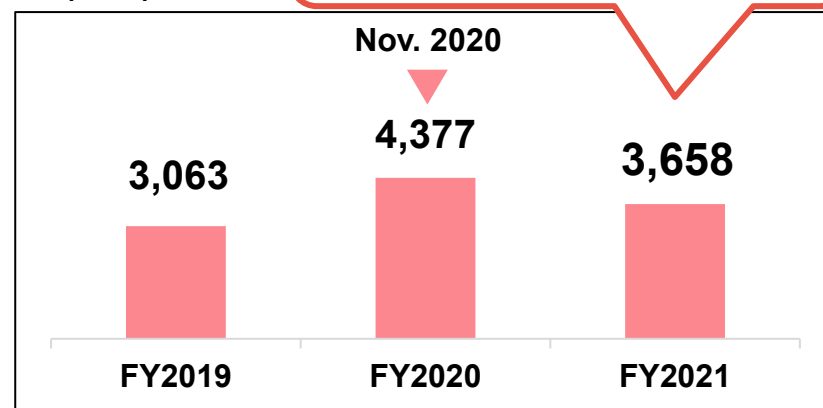
(Excluding gains on cancellation of investment trusts)

(JPY million,  
Non-consolidated basis)

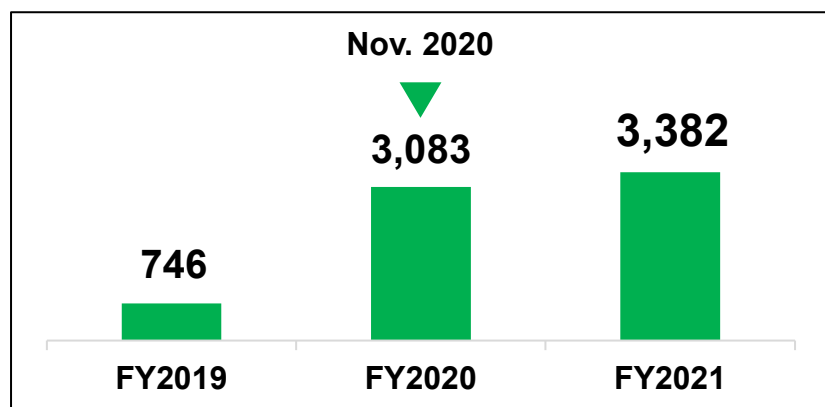
### TOWA BANK (PBR 0.23)



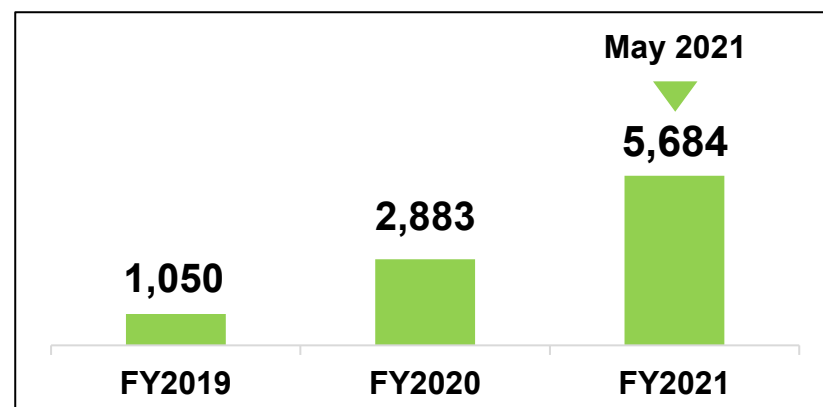
### KIRAYAKA Bank (0.36)



### Sendai Bank (0.36)



### Tsukuba Bank (0.2)



▼:Announcement of strategic capital and business alliance, etc.

\*P/B ratios are as of the date of the alliance announcement



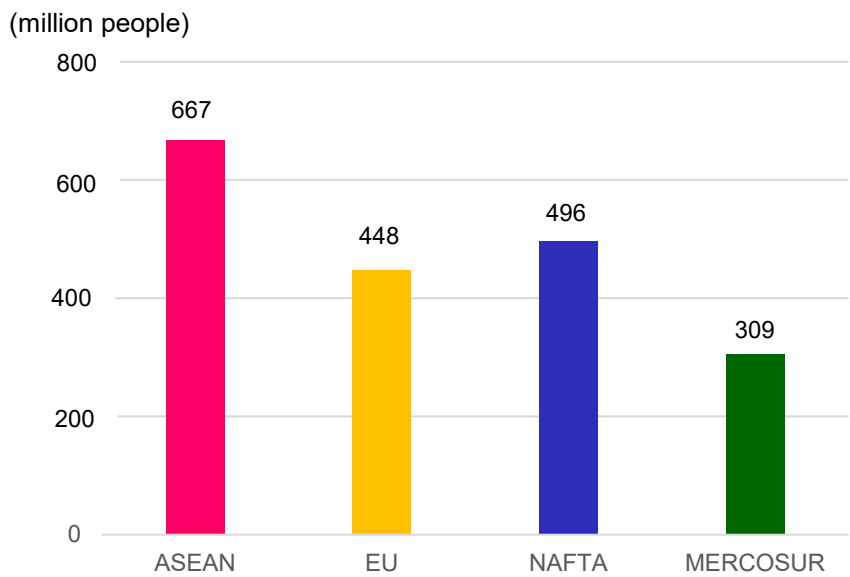
## **4. Further accelerate overseas business development to utilize arbitrage based on differences in economic development stages**



# ASEAN Countries Have Enhanced Their Presence in the Global Economy in Terms of Economic Scale and Market Potential as They Entered a Period of Rapid Economic Growth

Population structure by region (2020)

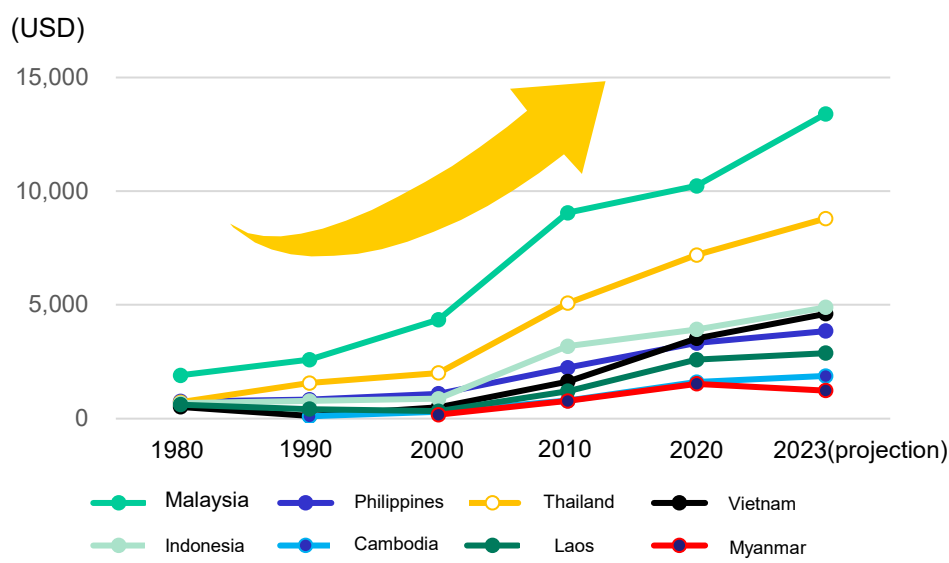
**ASEAN has a smaller economy than EU and NAFTA, but a larger population than the other integrated economic regions**



Source: Ministry of Foreign Affairs

Trends of GDP per capita in ASEAN countries

**GDP per capita of ASEAN countries is expected to continue growing toward 2023**



Source: Compiled by SBIH from disclosed data from IMF



#### 4. Further accelerate overseas business

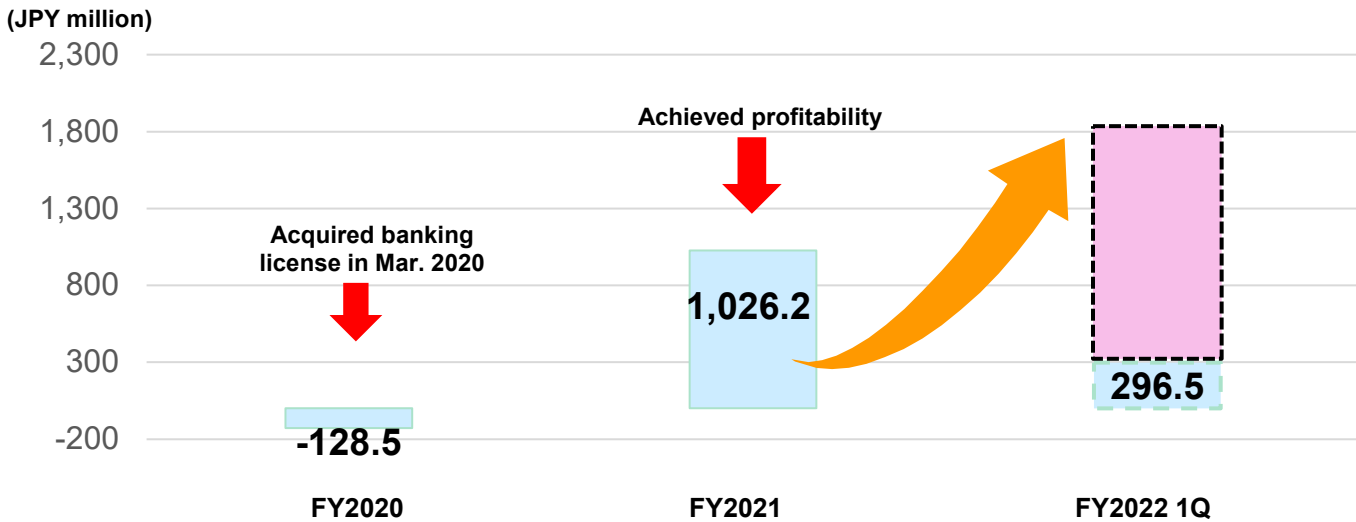
### Early Investment in the Financial Services Sector in Southeast Asian Countries Will Contribute to Improving the SBI Group's Medium- to Long-term Business Performance



SBI LY HOUR Bank

- Acquired a medium-sized microfinance company in Cambodia and made it a commercial bank
- Obtained a full banking license in Mar. 2020 (Investment ratio: 70.0%)
- Achieved profitability in FY2021, the first full-year result since the bank opened  
Maintain profitable trend in FY2022

#### <Trend of profit before income tax expense>



\*Converted at USD 1= JPY 129.1

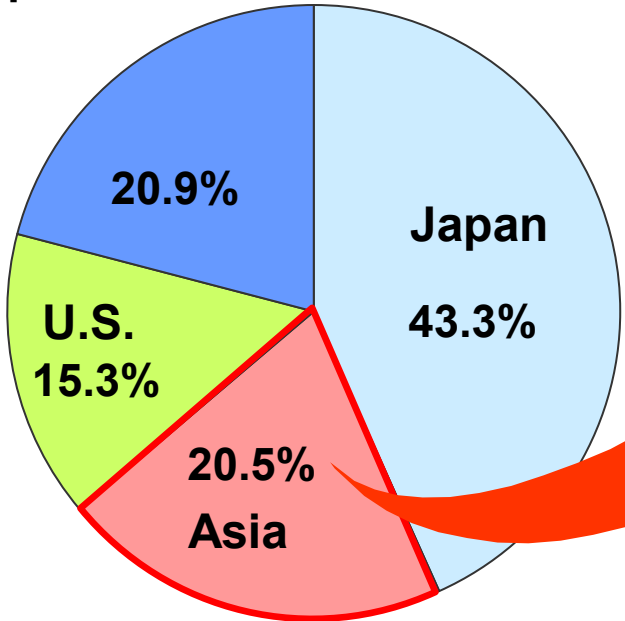


# SBI Group’s Utilization of International Arbitrage for the Investment and Financing Businesses

Revenue expansion through the implementation of investments and financing from mature markets to high economic growth potential markets

- (e.g.) ➤ Low-interest rate market ➔ High-interest rate markets  
➤ Low-growth economy ➔ High-growth economies

Europe and others



The SBI Group’s AUM is globally diversified in Asia, the U.S. and Europe, with overseas AUM in China and emerging Asian countries accounting for 20.5% of the total AUM

\* The assets under management that is already invested as of the end of March 2022. (Excluding cash and uncalled capital)

Promote **global diversification of investments and financing**, by establishing a global investment and financing structure, centering on Asia, through the formation of JV funds with prominent local partners around the world



4. Further accelerate overseas business



# Introducing Various Services that Incorporate Arbitrage to Exploit Interest Rate Differentials between Japan and Abroad, to Partner Regional Institutions

Providing new revenue opportunities through the utilization of funds procured at low interest rates in Japan, for high growth and high interest rate countries in Southeast Asia

e.g. 1: Private placement bonds issued by SBI LYHOUR BANK to be purchased by SBI Group companies  
Plans to offer the same to regional financial institutions



Lending currencies are mainly  
denominated in USD  
Volume is increasing rapidly



USD denominated private  
placement bonds 1 year  
"4.1%"



e.g. 2: Introducing overseas corporate bond investments that SBI Royal Securities plays a role as a lead underwriter

- Lead underwriter for Cambodia's first listed bond issuance
- In preparation for a number of bond deals, including ESG bonds



Local firm

High financing needs in  
high-growth countries



Regional financial  
institutions



Issuance of high yield bonds

Facing fund management  
challenges in a low interest  
rate environment



**Q2. With the shift of the earnings driver to the banking business, what is the strategy for the securities business moving forward?**



## **SBI SECURITIES strongly promotes diversification of products/ business fields and M&A strategy to earlier realize the Neo-securities Initiative**

- 1. SBI SECURITIES diversifies its products and business fields by utilizing M&A to earlier realize the Neo-securities Initiative**
- 2. To improve the advancement and efficiency of the system in response to expected increase of customers due to the realization of the Neo-securities Initiative**

### **Neo-securities Initiative:**

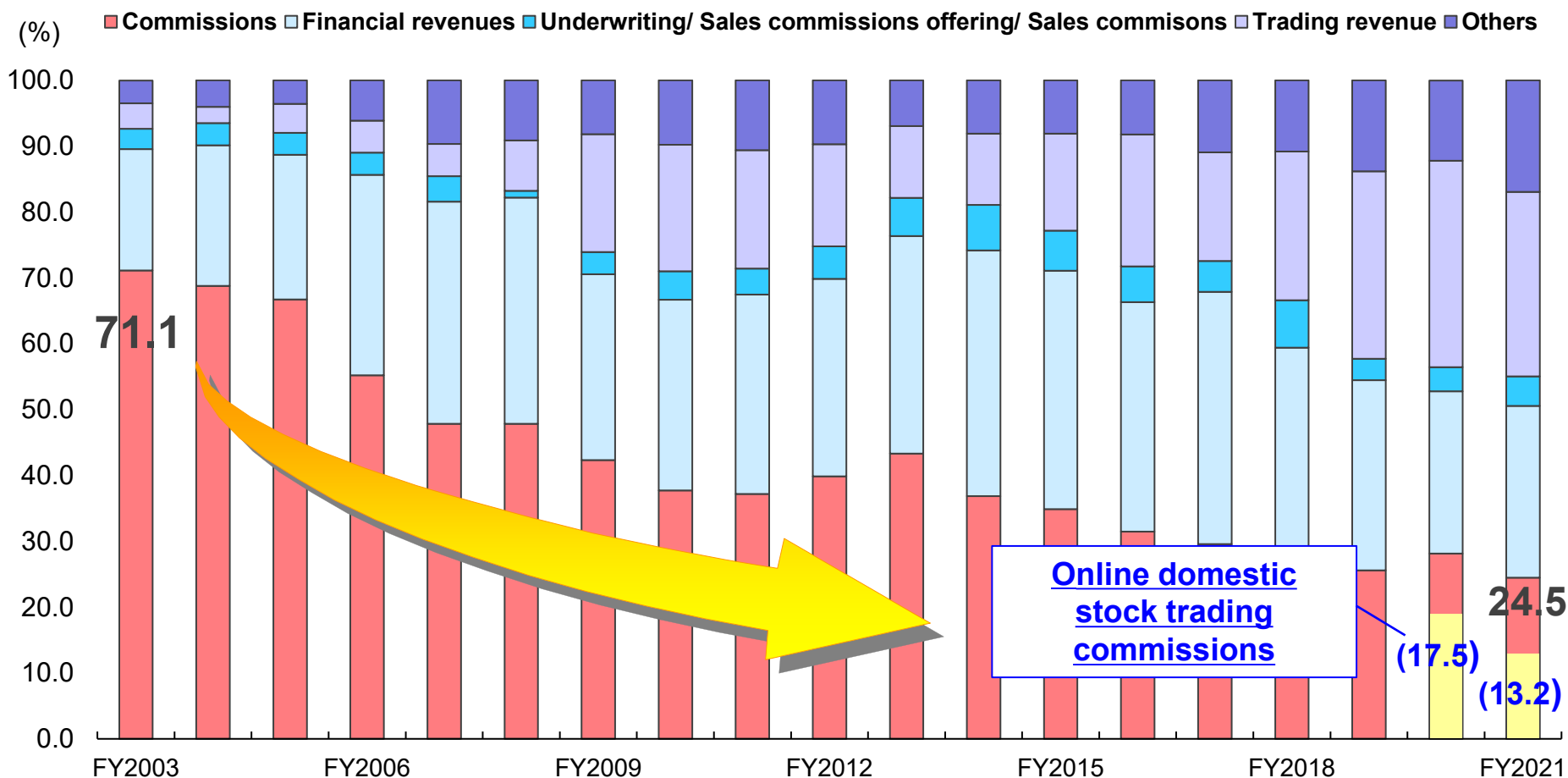
**Endeavor to eliminate trading fees for domestic stock transactions and other various fees that are currently incurred by investors**



# Diversification of Revenue Sources, Including a Significant Increase in Trading Revenue, and a Gradual Decrease in Dependence on Domestic Stock Brokerage Commission as Revenue from Online Trading

- SBI SECURITIES to realize the Neo-securities Initiative by the 1H FY2023 by the latest-

## Trends in the Composition of Operating Revenue (Net Sales) of SBI SECURITIES



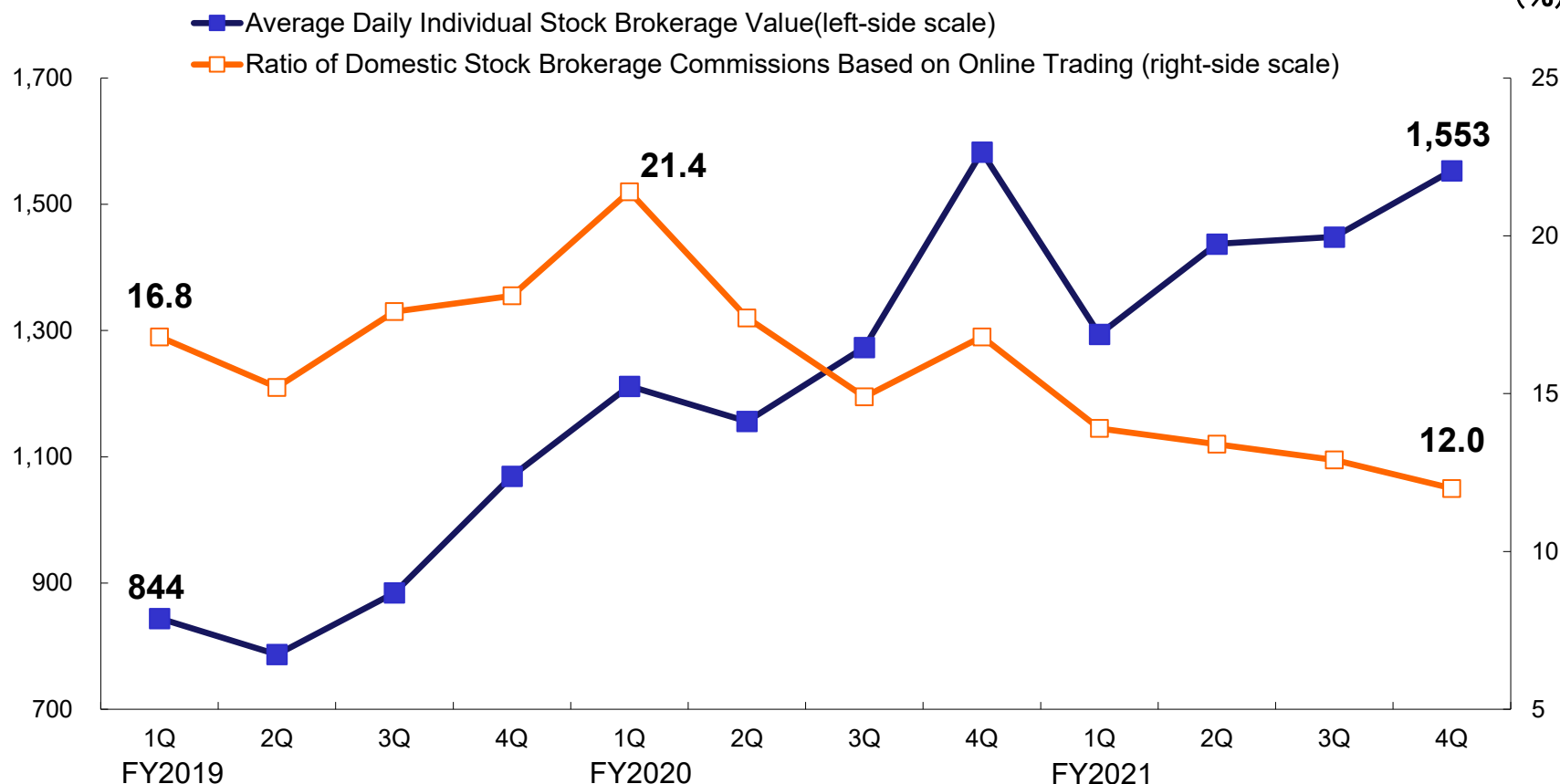
\*Non-consolidated results for FY2003 and FY2014 are shown. Consolidated results are shown for other years.



# Despite Quarterly Average Daily Individual Stock Brokerage Trading Value (Total of 2 Markets\*) Being on an Upward Trend, the Ratio of Brokerage Commissions for Domestic Stocks Traded Online by SBI SECURITIES Peaked in the 1Q FY2020

(JPY billion)

(%)



\* Japanese stocks listed on Tokyo Stock Exchange and Nagoya Stock Exchange (Including TSE Mothers, JASDAQ and NSE Centrex)

Source: Compiled by SBIH from disclosed data from TSE



# **1. SBI SECURITIES diversifies its products and business fields by utilizing M&A to realize Neo-securities Initiative earlier**

## **【Examples of product and business fields diversification】**

- (1) Expansion of services through open alliances**
- (2) Expanding into the Real Estate Finance Business**
- (3) Strengthen wholesale business**
- (4) Increase of trading revenue**
- (5) Expansion of foreign stock services**



# Actively Utilizing M&A to Realize the Neo-securities Initiative as soon as Possible

## Target areas for M&As

**Conduct M&As targeting business areas that lead to a reduction in dependence on domestic stock brokerage commission as revenue from online trading\***

\* Deals that are expected to increase finance revenues, underwriting/sales commission offering/sales commissions, trading revenues, and other revenues

e.g. FX company Crypto asset company M&A specialist Asset management company **Etc.**

## [M&A conducted for the Neo-securities Initiative]



[B2C2]  
Digital asset  
market maker

### Digital asset company



Operates crypto asset  
exchange  
\* Merged into SBI VC Trade  
Corporation in Dec. 2021



[BITPoint Japan]  
Operates crypto  
asset exchange  
\* Scheduled to be  
consolidated in July 2022



岡三アセットマネジメント  
[Okasan Asset Management]  
Management of  
investment trusts

\* Continuing discussions toward completion of  
investment by the end of March 2023 and  
becoming a consolidated subsidiary



RHEOS CAPITAL WORKS  
[Rheos Capital Works]  
Management of  
investment trusts



[SBI Neotrade Securities]  
(Former: Live Star Securities)  
Online Securities

### Real Estate Finance



TOZAI  
asset management  
Management and  
operation of real estate  
assets



ASCOT CORP.  
Real estate  
developer



Crypto asset-  
related  
business



[FOLIO Holdings]  
Provision of infrastructure systems  
for theme investment management,  
wrap management, etc.



# M&As Conducted for the Neo-Securities Initiative and their Contribution to Earnings

-B2C2 contributes to SBI Group's revenue growth on the back of increased crypto asset transactions-



**B2C2 Limited**

Made consolidated subsidiary in Dec. 2020

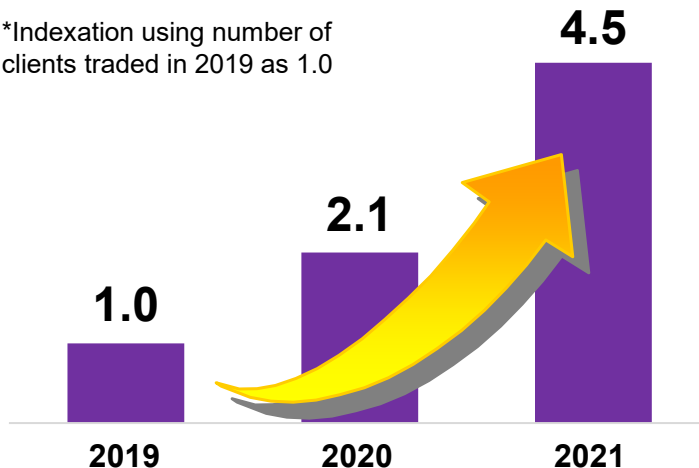
- B2C2 is a leading global market maker in the crypto asset sector based in the U.K. As of March 31, 2021, B2C2 has more than 500 corporate clients worldwide, which are mainly crypto asset exchanges and institutional investors
- B2C2 selected as most popular counterparty by institutional investors and corporate clients, according to 2022 PwC survey\*
- The company's average daily trading volume increased 4.5 times compared to FY2019. Profit before income tax expense also increased 13.9 times compared to FY2019 and is expected to continue to contribute profits to the SBI Group in the future

\*PwC, Crypto Trading Report 2022, <https://www.pwc.ch/en/insights/crypto-trading-report-2022.html>

## Trend of average daily trading volume and profit before income tax expense for B2C2 (FY2019-FY2021)

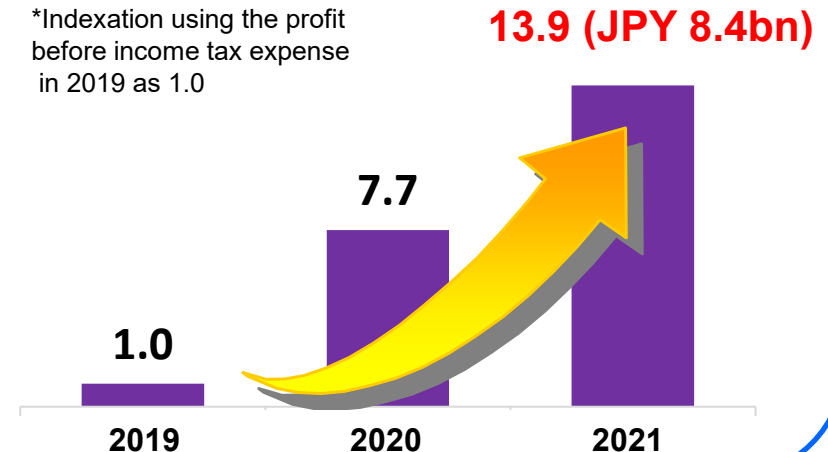
### Average daily trading volume

\*Indexation using number of clients traded in 2019 as 1.0



### Profit before income tax expense

\*Indexation using the profit before income tax expense in 2019 as 1.0





# Recent Examples of Promotion of M&As

## Crypto-asset field

**BITPOINT** BITPoint Japan Co., Ltd.  
(Plan to acquire 51% of shares on July 1, 2022)

Net profit for FY 2021: **JPY 5,780m**

<Cooperation in the crypto asset business>

- ① **Cross-marketing** with the SBI Group **which has a customer base of over 40 million**
- ② **Provide trading opportunities with competitive spread to customers** by taking on liquidity from B2C2 Limited, the world's top market maker in the crypto-asset industry



Provide liquidity



Increase sales and exchange revenues by strengthening liquidity

- ③ **BITPoint to handle tokens** that are carefully selected from crypto-asset-related projects around the world in which the SBI group is involved in, **for the first time in Japan.**

Both Remixpoint and the SBI Group will manage the company with a view of listing Bitpoint on domestic and overseas stock markets in the future

## Asset management field

**岡三アセットマネジメント**  
[Okasan Asset Management]  
(Plan to acquire 51% of shares by the end of Mar. 2023)

AUM as of end of March\* **JPY 1,391.0bn**

<Agreement in the Asset Management Business>

After the merger, Okasan Asset Management will be one of the core subsidiaries of the SBI Group, and we will thoroughly pursue synergies through collaboration with SBI SECURITIES, Morningstar, and other Group companies



[SBI SECURITIES]

No. of accounts as of end of Mar. 2022

**Approx. 845m accounts**



Evaluation of mutual funds and provision of various financial information

**Synergy**

**岡三アセットマネジメント**  
[Okasan Asset Management]  
Management of investment funds, etc.  
Net profit for FY 2021: **JPY 347m**



# Promoting Investment Trust Accumulation by Credit Cards Through Open Alliance

- **SBI SECURITIES actively promotes mutual fund savings services by credit card through Open Alliance. Enable customers to earn points offered by each card company based on the amount of monthly card accumulation**
- **Continue to strengthen the provision of credit card-based investment fund accumulation services that meet customer convenience needs in response to the growing awareness of individual investors regarding asset building**

**[SBI SECURITIES Offers Investment Fund Accumulation with Cards Offered by the Following Credit Card Companies]**



[Sumitomo Mitsui Card]



Takashimaya Card

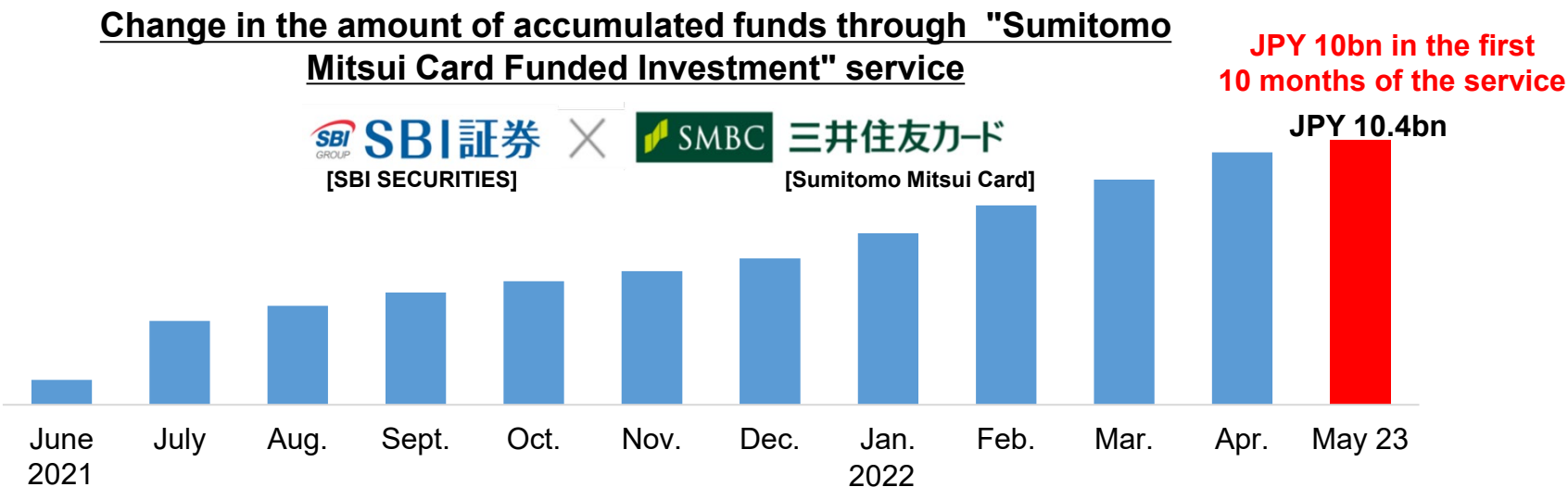


(Under Consideration)



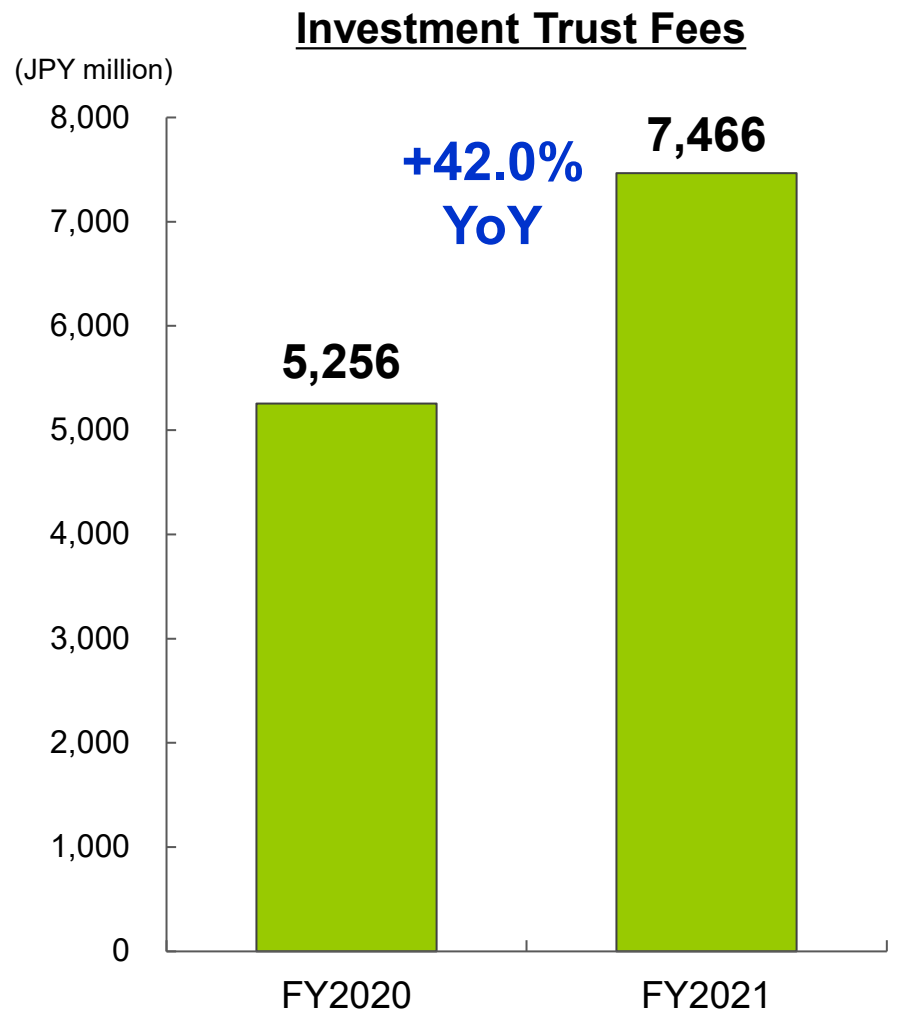
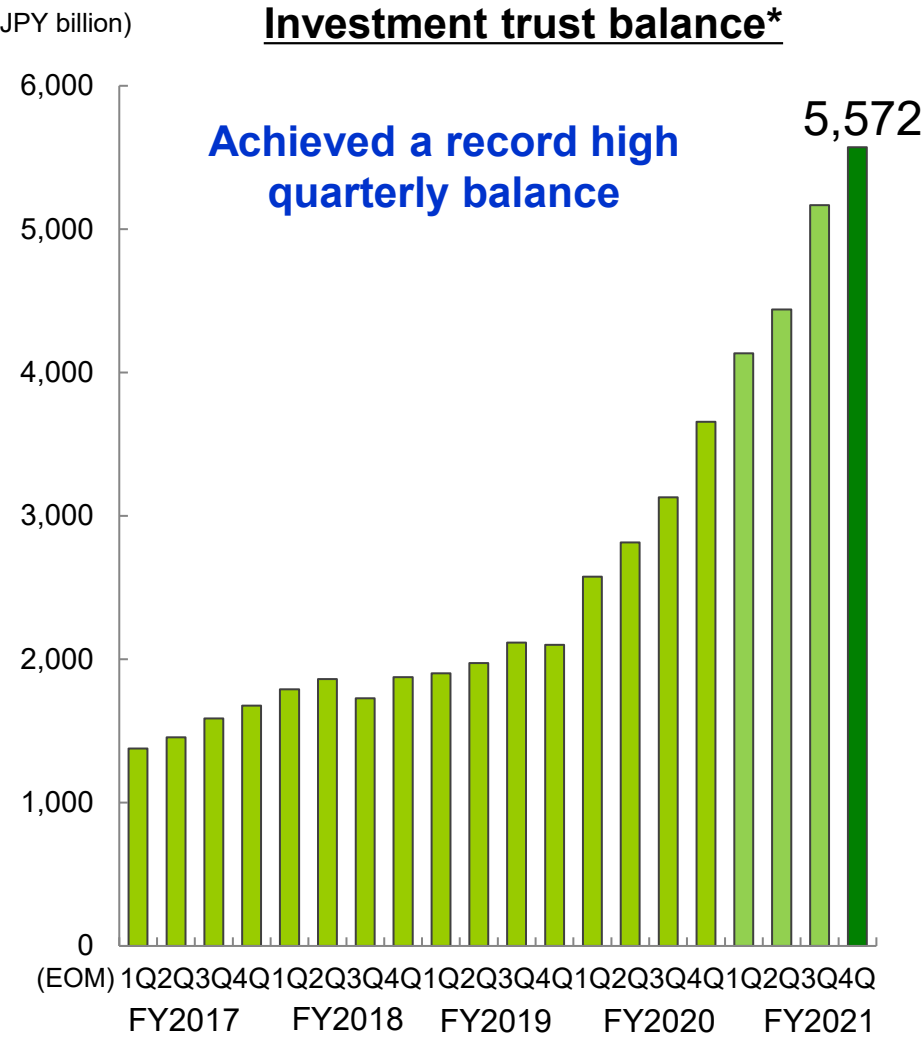
# Rapid Expansion of Investment Trust Accumulation Service by Credit Card through Tie-up with Sumitomo Mitsui Card

- From June 30, 2021, SBI SECURITIES and Sumitomo Mitsui Card (SMCC) launched the "Sumitomo Mitsui Card Funded Investment" service, which purchases investment trust accumulation at SBI SECURITIES with a credit card issued by Sumitomo Mitsui Card. In May 2022, the total amount of accumulated funds through the service exceeded JPY 10bn and the number of accounts exceeded 260 thousand accounts in just 10 months after the service was launched
- The "SBI SECURITIES V Point Service," which allows customers to earn points according to their transaction status exclusively for SMCC intermediary customers, and an application to open an SBI Securities account through automatic linkage of necessary information upon enrollment in the SMCC program will also be launched. The "V Point Investment" service, which allows V Points to be used for the purchase of investment trusts, is started from May 30





# Further Increase the Balance of Investment Trusts through Purchases Using Shared Points and Accumulation Services Utilizing Credit Cards





## Fully Automated AI Investment "SBI Wrap" is a Major Favorite ①

- In Aug. 2021, SBI Group acquired shares of **FOLIO Holdings, Inc.** (60.76% of total shares) the parent company of FOLIO Corporation, which provides the discretionary management platform system "4RAP" for thematic investment and wrap management, etc., and made it a consolidated subsidiary of the SBI Group (added under the Financial Service Business segment)
- SBI SECURITIES and FOLIO jointly developed "SBI Wrap" service using "4RAP", a discretionary investment management system platform provided by FOLIO of the SBI Group, starting on Mar. 31, 2022.  
"SBI Wrap" **surpassed JPY 5bn in assets on deposits in just 15 business days since service launch**
- In addition, the development of FOLIO's products and services to financial institutions and business corporation that the SBI Group is strengthening alliances with, has already received some offers

### [Four key points of SBI Wrap]

- Automatic "Global Diversified Investment" from small amounts
- An "Easy-to-Continue Structure" for asset building
- Efficient asset building with AI! Asset Management by AI continues to evolve
- AI analysis enables asset allocation tailored to the situation



**SBI証券**

[SBI SECURITIES]



*folio*

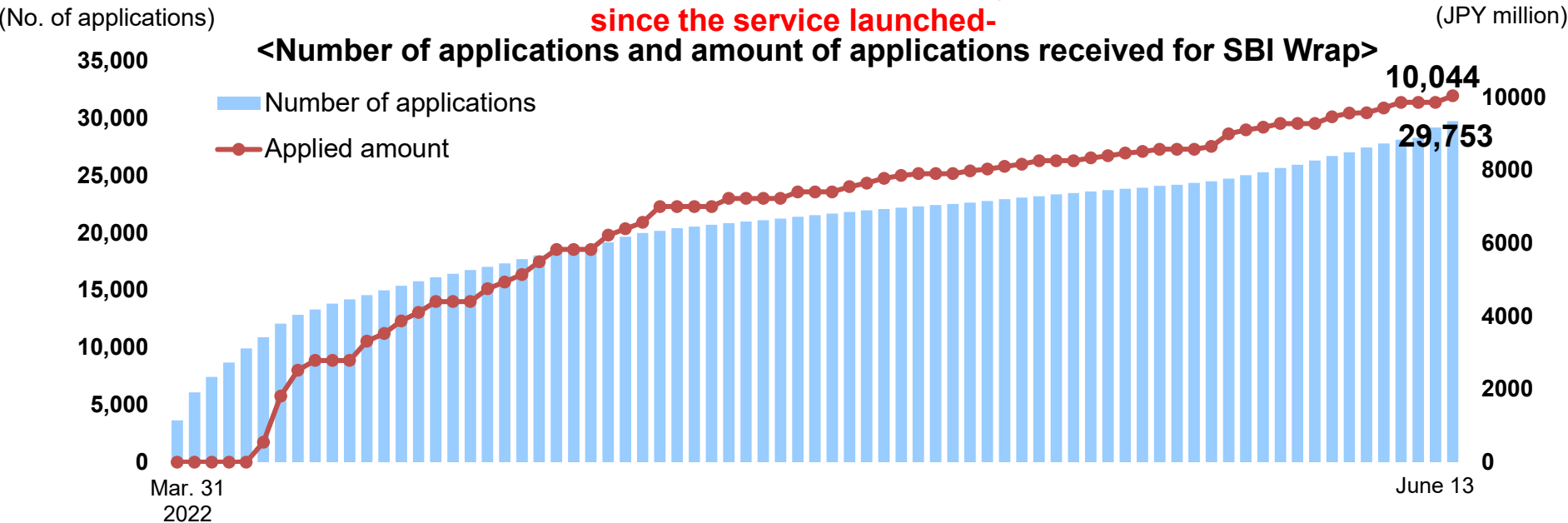


1 - (1) Expansion of services through open alliances



# Fully Automated AI Investment "SBI Wrap" is a Major Favorite ②

- Applied amount exceeded JPY10 billion in just two months since the service launched-



Funds managed by SBI Asset Management are also included in the investment target funds of SBI Wrap

Fund name	Incorporated ETF	Ticker
(Wrap exclusive) SBI・US Equity	Vanguard Total Stock Market Index Fund ETF	VTI
(Wrap exclusive) SBI・Developed Market Equity	Vanguard Developed Markets Index Fund ETF	VEA
(Wrap exclusive) SBI・Emerging Market Equity	Vanguard Emerging Markets Stock Index Fund ETF	VWO
(Wrap exclusive) SBI・US Bonds	Vanguard Total Bond Market Index Fund ETF	BND
(Wrap exclusive) SBI・US High Yield Bonds	iShares iBoxx \$ High Yield Corporate Bond ETF	HYG
(Wrap exclusive) SBI・US Emerging Market Bonds	iShares JPMorgan USD Emerging Markets Bond ETF	EMB
(Wrap exclusive) SBI・US Real Estate	Vanguard Real Estate Index Fund ETF	VNQ
(Wrap exclusive) SBI・Gold	SPDR Gold Shares ETF	GLD



## Expanding Into the Real Estate Finance Business ①

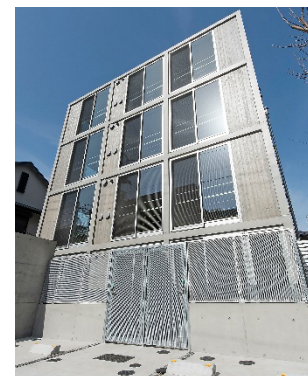
### - SBI MONEY PLAZA Enhances Sales of Real Estate Small-lot Beneficiary Interests -

- SBI MONEY PLAZA has been handling real estate small-lot beneficiary interests since 2020 and has sold JPY 12,555mn in eight projects
- Real estate small-lot beneficiary interests are products for receiving income from real estate for rental income and proceeds from sales in proportion to the number of units held. They can be invested in starting at JPY 10m (in JPY 5m units) for prime sites within greater Tokyo
- In response to the high demand for real estate small-lot beneficiary interests, we will continue to prepare new product sales



[SBI MONEY PLAZA]

Real estate small-lot beneficiary interests (examples of past sales)



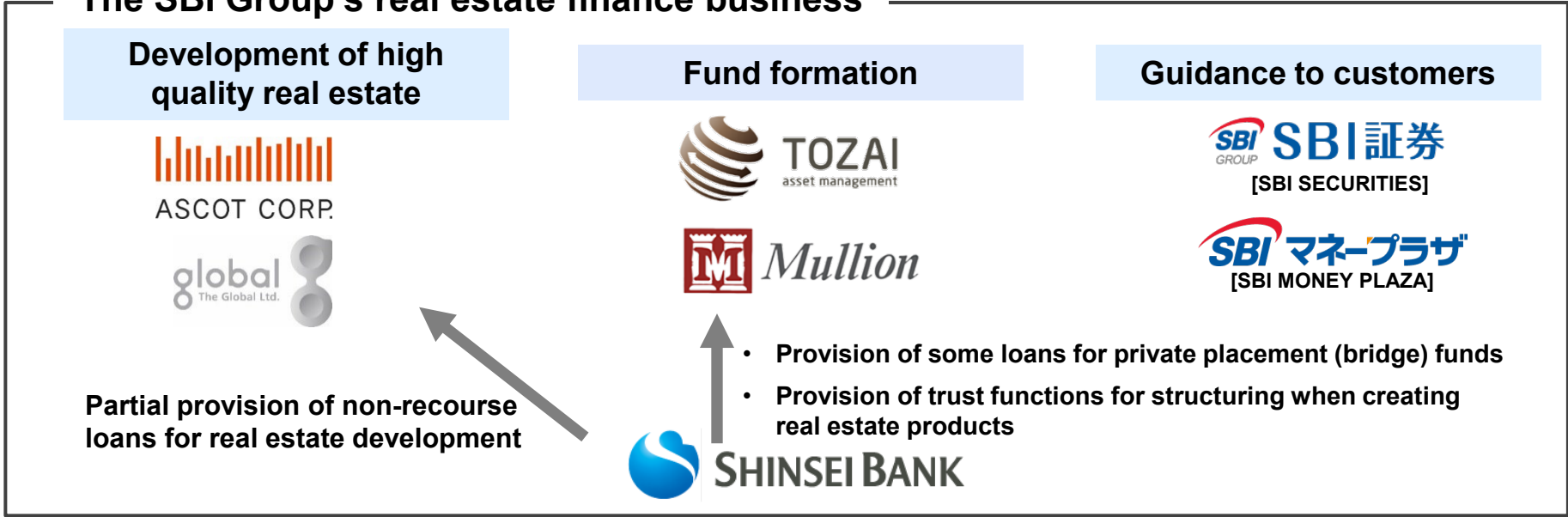


# Expanding Into the Real Estate Finance Business ②

**-SBI Group endeavors to increase the AUM and expand business into real estate funds such as private REIT-**

- In Dec. 2020, SBI Holdings acquired shares of **Ascot Corp.** (35.01% of voting rights), entered into a business alliance in the real estate field. Launch private REIT in Apr. 2022
- In June 2021, concluded a share transfer agreement (currenty acquired 65.14% of total shares) with **Tozai Asset Management Co., Ltd.**, which manages and operates real estate assets.  
Currently acquiring seed assets for preparing launch private REITs
- Considering for collaboration with **Shinsei Bank**, which joined the SBI Group in Dec. 2021, in each phase of the real estate finance business

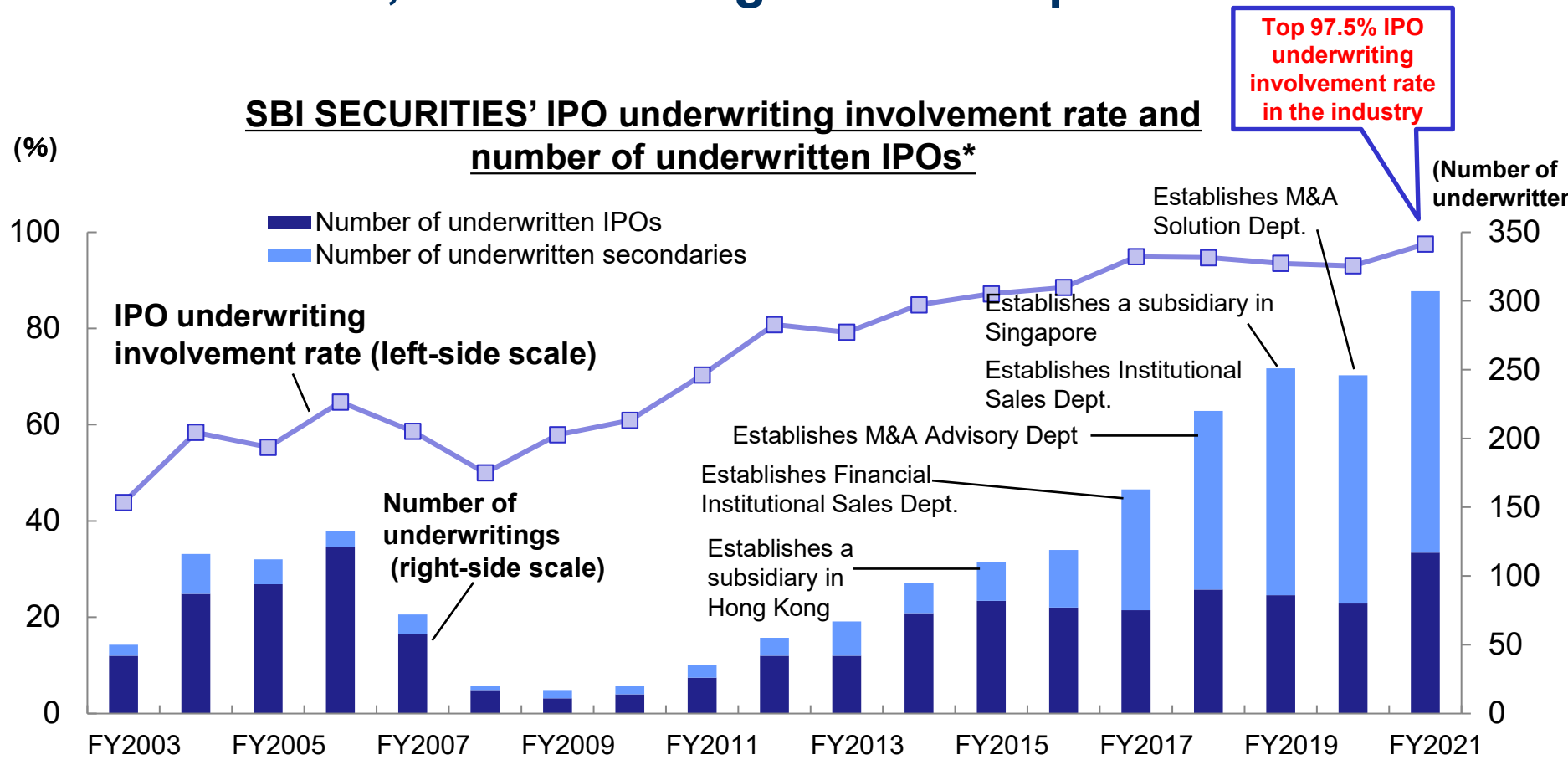
## The SBI Group's real estate finance business





# Rapid Growth in Underwriting Business, Especially for IPOs, Due to Strengthened Corporate Sales

**SBI SECURITIES' IPO underwriting involvement rate and number of underwritten IPOs\***

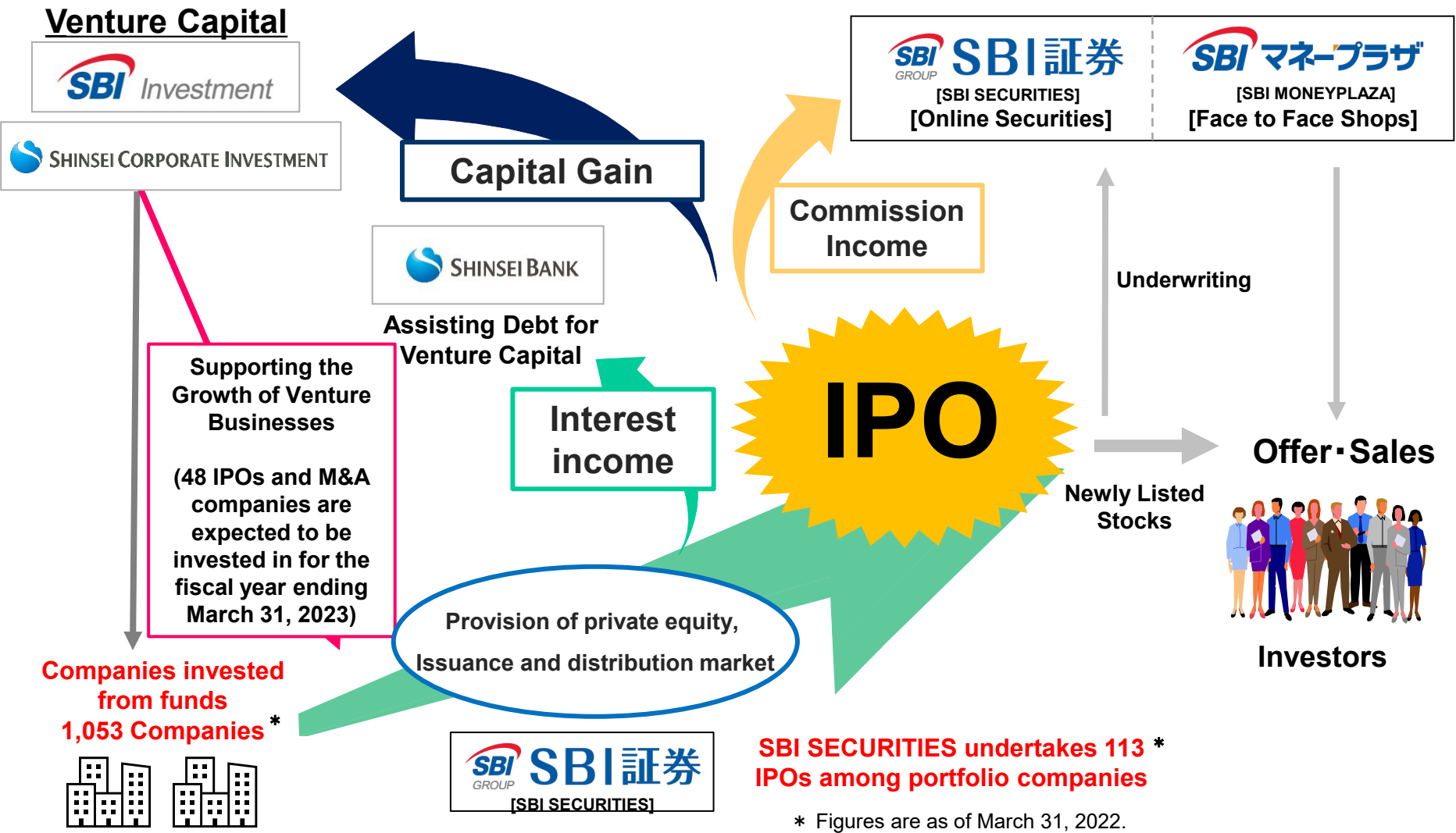


**SBI SECURITIES has maintained the No. 1 position in the industry in terms of IPO underwriting involvement since the FY2012. The number of companies underwritten as lead managers and the number of underwritten IPOs have surpassed those of the previous fiscal year, and the Company plan to increase earnings by further increasing the number of companies underwritten as lead managers**

\* Total number of IPOs, PO underwritten, corporate bonds, municipal bonds, etc.



# Providing a Virtuous Cycle of Profit Improvement and Sustainable Growth in Addition to the Synergetic Effect of IPO Underwriting System Through Collaboration Between Venture Capital Business and Securities and Banking Business

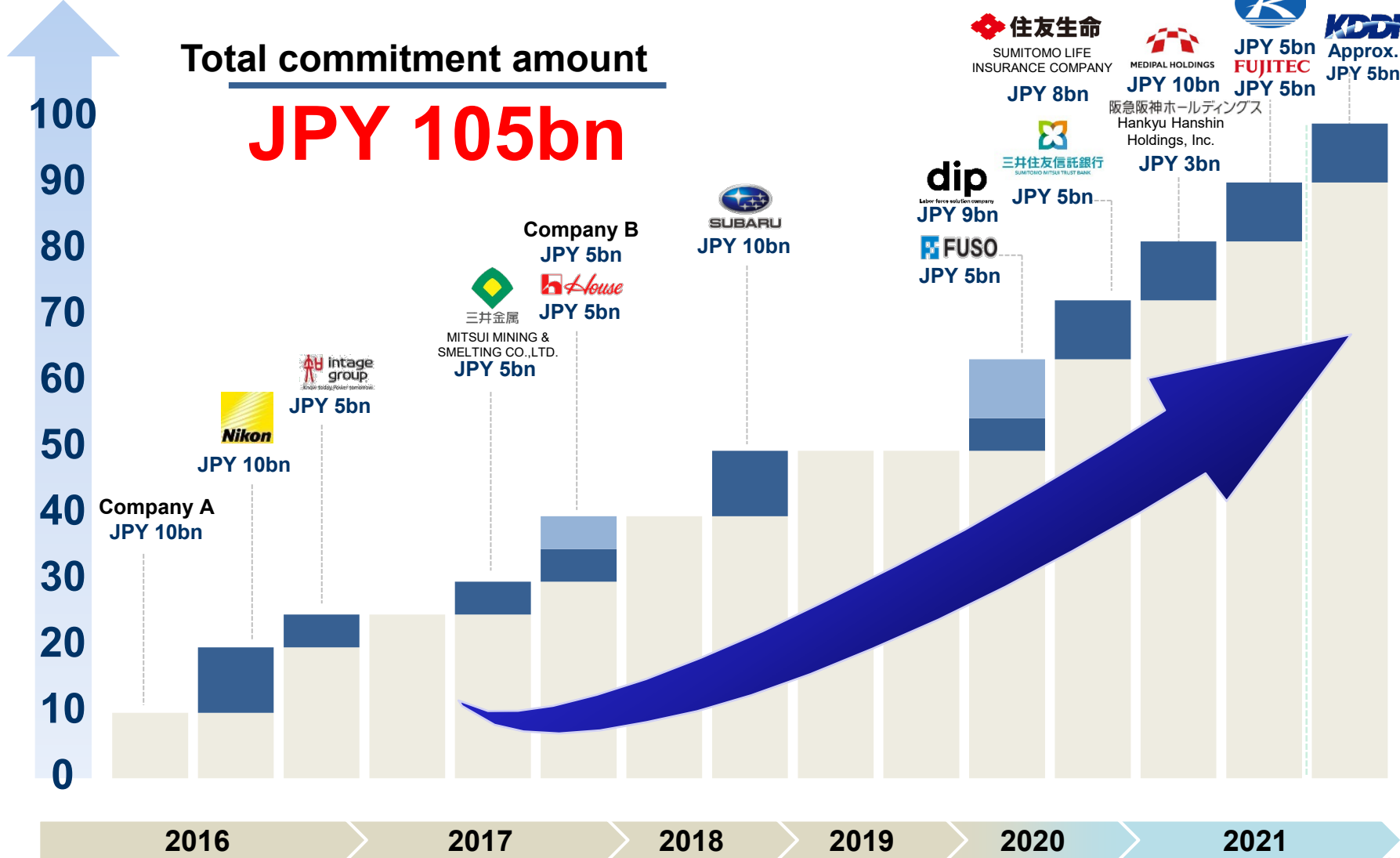




# Strengthening Business with Business Corporations in Alliances through CVC Funds Managed by SBI Investment

- Total Committed Amount of CVC funds Exceeded JPY 100bn -

(JPY billion)





# Strengthen Underwriting of Primary and Secondaries and Increase the Number of Lead Managers while Maintaining a High Share of Underwriting Involvement

Underwriting share of 97.5% is an industry-leading figure

- Between Apr. 2021 through Mar. 31, 2022, SBI SECURITIES underwrote 20 companies as lead manager, **a record high**

IPO Underwriting Ranking (Apr. 2021–Mar. 2022)  
120 companies were listed during the period

Company Name	No. of cases	Underwriting Share (%)
SBI	117	97.5
Nikko	76	63.3
Mizuho	75	62.5
Rakuten	70	58.3
Nomura	62	51.7
Monex	51	42.5
Matsui	50	41.7
Okasan	47	39.2

## PO underwriting business

During FY2021, SBI SECURITIES underwrote 25 POs, reached record high



Will endeavor to strengthen the PO underwriting business by continuously focusing on acquiring lead underwriting mandates

## Corporate bond underwriting business

Underwrote 43 corporate bonds in FY2021, including that of Softbank  
The underwritten amount in FY2021 increased 2.5 times YoY



Expanded underwriting new public bonds, including electricity bonds

\*The above IPOs represent issues underwritten in Japan only and do not include additional secondary offerings or overseas issues.

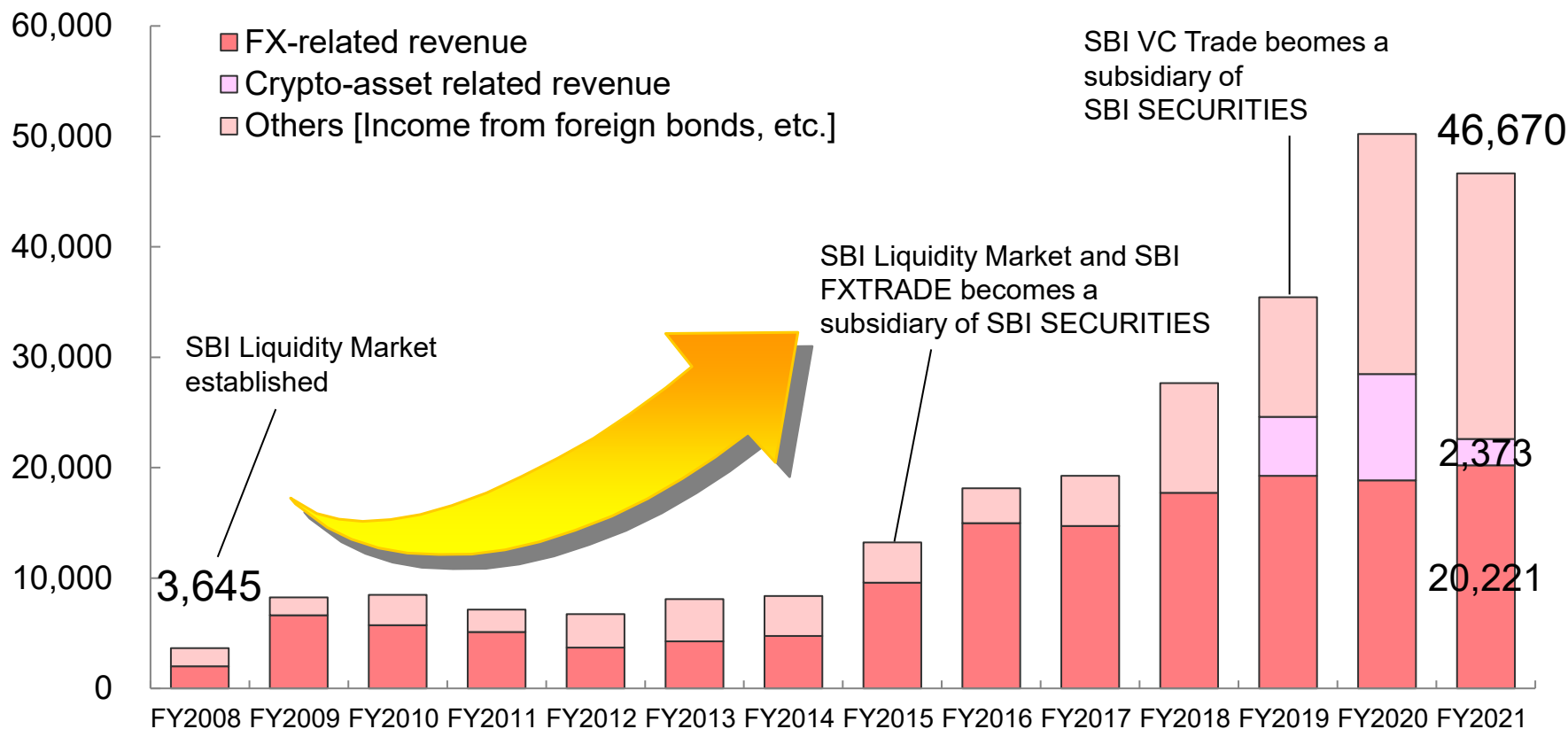
\*The data was compiled by SBIH based on each company's published information.



# Trading Revenue becomes One of the Pillars of Revenue by the Strengthening of **FX Business** and Start of **Crypto Asset Trading Business**

## Changes in Trading Revenue of SBI SECURITIES

(JPY million)

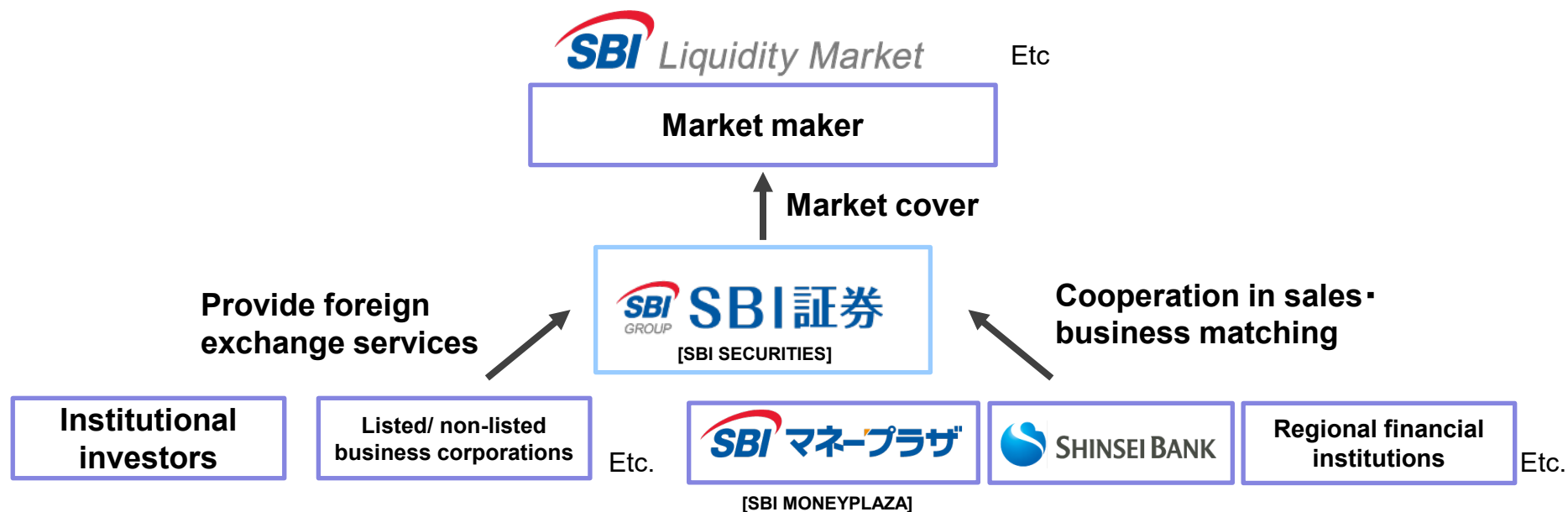




## Starting Foreign Exchange Services for Corporate Customers

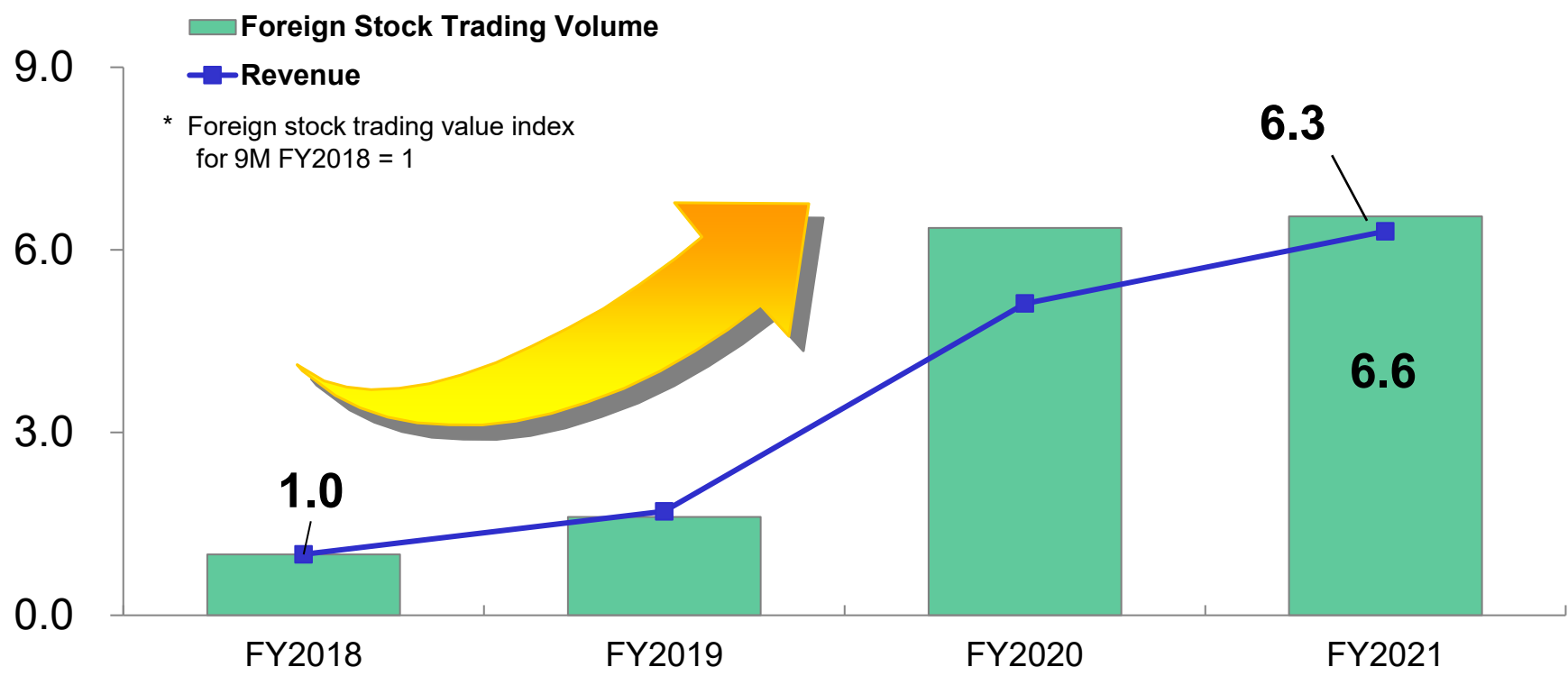
- SBI SECURITIES set up a foreign exchange office on May 23, 2022. Starting to expand services such as FX (foreign exchange trading with security deposit), which had mainly been provided to retail customers, **to cover corporate customers** including institutional investors, business corporations, financial institutions, and (high net worth) asset management companies by offering **OTC trading of currency-related derivatives** (futures & options)
- The corporate market for foreign exchange trading in Japan is huge, totaling USD 444.3bn (JPY 57tn) in daily transaction value.\* By offering OTC trading of currency-related derivatives to corporate customers, we will strengthen and diversify our earnings capability in this vast market

\* From the Oct. 2021 "Volume Survey" by the Tokyo Foreign Exchange Market Committee





# SBI SECURITIES Foreign Stock Trading Value and Revenue Trend

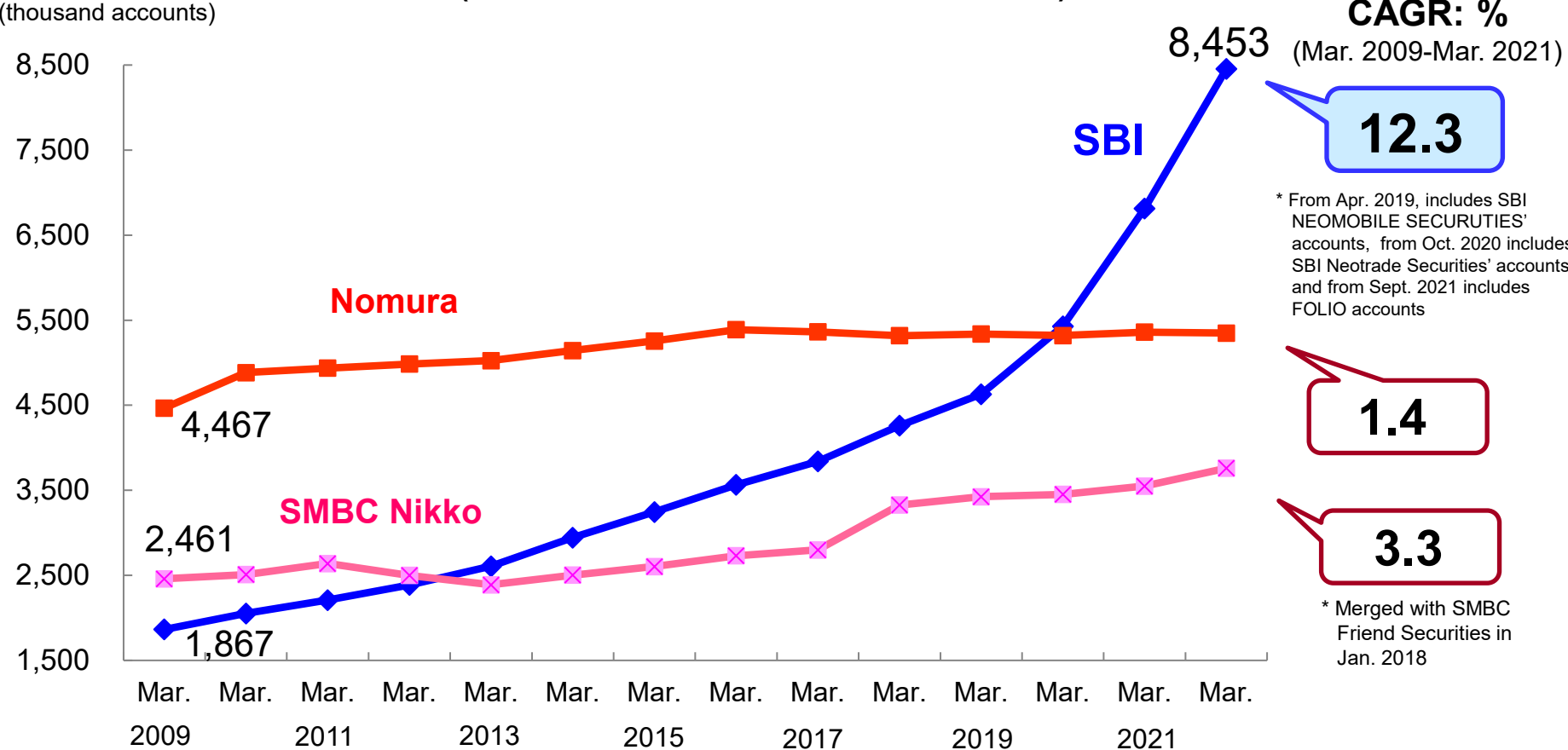


- US stock trading continued to boom during FY2021, setting **record highs in foreign stock trading value and profit**
- Services for U.S. stocks have continuously expanded since Jan. 2022. Further expansion of foreign stock trading, including the **launch of margin trading of U.S. stocks expected in this summer**



# 2. Improving the Advancement and Efficiency of the System in Response to Expected Increase of Customers due to the Realization of Neo-securities Initiative

**Number of Accounts of SBI SECURITIES and 2 Major Face-to-face Securities Companies**  
(End of March 2009 - End of March 2022)



**Constructing a system that can sufficiently handle transactions of 11 million accounts has been completed. Achieve 30 million accounts based on discontinuous growth such as M&A in the future**



## **Q3. SBI Group's other priority strategies and measures for the next 2-3 years**



# SBI Group's priority strategies and measures for the next 2-3 Years

**-Going beyond finance with finance at its core-**

**Establish new priority strategies and deploy measures in the financial and non-financial sectors, categorized from the 2 perspectives of:**

- **"Must** (be achieved)"
- **"Want** (to achieve, considering changes in regulatory and institutional revisions) "



# **Establish New Priority Strategies and Deploy Measures in the Financial and Non-Financial Sectors, Categorized from the Perspectives of "Must" and "Want"**

## **Finance - priority strategies (must)**

1. Realization of 10 regional financial institutions with which we have capital and business alliances and completion of initiatives aimed at full-scale qualitative transformation
2. Achievement of the goal of having the total AUM of the SBI Group to exceed JPY 10tn

## **Finance - priority strategies (want)**

3. Leading the reorganization of the securities industry against the backdrop of a dramatic expansion of the customer base through the realization of neo-securities initiative, and contributing to the improvement of the industry's position and the sophistication of its products and services
4. Strengthen measures to promote "from savings to asset formation" in order to contribute to lowering the ratio of "cash and deposits" weight in personal financial assets from 50% to 30%
5. Aim to significantly expand the scale of business in the insurance business through domestic and overseas acquisitions, etc.
6. Consolidate high-capital-efficiency non-bank businesses and establish "Non-Bank Holdings" in the future
7. Support for Osaka's International Financial Center Initiative by backing the Strategic Zone concept in collaboration with various stakeholders, including local governments

## **Non-finance - priority strategy (must)**

8. Initiate branding strategy to gain recognition as a pioneer in the age of Digital Space

## **Non-finance - priority strategies (want)**

9. The SBI Group, in collaboration with its portfolio and partner companies that possess cutting-edge technologies and resources, develop a variety of businesses that follow Japan's national strategy, such as the environmental energy
10. Contribute to the rule and infrastructure establishment in the platform business, especially in Web 3.0, including the Metaverse



**1. Realization of 10 regional financial institutions with which we have capital and business alliances and completion of initiatives aimed at full-scale qualitative transformation**

- (1) Agreed with THE TAIKO BANK on strategic capital and business alliance as the ninth bank**
- (2) Measures to be taken to address the challenges faced by regional financial institutions**
  - Promotion of "from regional to nationwide"-**



# (1) Agreed with THE TAIKO BANK on Strategic Capital and Business Alliance as the Ninth Bank

-Based on available resources, the SBI Group may form capital and business alliances with up to 10 regional banks/financial institutions in principle-





# New Business Alliance with THE TAIKO BANK, LTD.

## Support for business model innovation at local businesses with TAIKO BANK

Support for digital transformation (DX) that will help local companies develop and innovate their businesses through the provision of cutting-edge technologies and expertise held by the SBI Group and its investee companies

## Support for SDG initiatives at local businesses with TAIKO BANK

Support for local businesses' SDG initiatives, including decarbonization initiatives, for the realization of a sustainable society

## Creation of a joint fund to support local businesses

Consideration of the creation of a joint fund to support local businesses through the provision of capital finance, capital loans, etc. with a view to strengthen the financial intermediary capabilities of TAIKO BANK and the SBI Group

## Consideration of TAIKO BANK's implementation of DX initiatives

Consideration of initiatives toward the advancement of DX initiatives at TAIKO BANK by leveraging a next-generation banking system and smartphone apps developed by the SBI Group

### ----- <Already implemented or continued business alliance topics> -----

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Financial intermediary business with SBI SECURITIES</li> <li>• Joint branch management with SBI MONEY PLAZA</li> <li>• Cancer insurance from SBI Insurance</li> </ul> | <ul style="list-style-type: none"> <li>• Referral of local customers to SBI Leasing Services</li> <li>• International money transfer service from SBI Remit</li> <li>• Entrustment of certain parts of asset management to SBI Regional Revitalization Asset Management, etc.</li> </ul> |
|--|--|



## **(2) Measures to be taken to address the challenges faced by regional financial institutions**

### **-Promotion of "from regional to nationwide"-**

#### **① Next-generation core banking system**

**-Shift the heavily cost weight of the regional financial institutions, from fixed costs to variable costs with next-generation core banking system-**

#### **② DX Database**

**-Construction of a large-scale database to be used by regional financial institutions to promote DX that increases the customer base and convenience-**

#### **③ Internet banking system for individuals**

**-Providing a highly convenient and low-cost system to support the nationwide expansion of regional financial institutions-**



# Resolving Various Systemic Issues Faced by Regional Financial Institutions

**-Shift from fixed costs to variable costs with next-generation core banking system-**

Challenges of conventional systems

- ① Large investment for large-scale system renewal once every few years
- ② Periodic system renewal costs for peripheral devices such as sales terminals
- ③ Large additional costs to vendors for functional enhancements
- ④ Disparate customer data management in multiple systems
- ⑤ Human resources to deal with old development languages "2025 digital cliff"



Solutions that the SBI Group can offer

- |   |
|---|
| ① <b>Annual fee model</b>   |
| ② <b>Reduce system costs through joint operation on AWS</b>   |
| ③ <b>Migrating to open technologies using the cloud</b>   |
| ④ <b>Respond quickly and at low cost to diversify channels and payment services by shifting to CIF (Customer Information File) for all branches</b> |
| ⑤ <b>Real-time, centralized data management to speed up data analysis and collaboration with other industries</b>                                   |
| ⑥ <b>Ensure scalability through APIs</b>  |



# Steady Progress in Development of Next-Generation Banking System

**-Fukushima Bank** agreed to become the first user-

- ✓ **SBI Regional Revitalization Services** and **Future Architect** have formed a business alliance to promote the development of a **next-generation banking system**, including an account system that can be **operated on a cloud basis**
- ✓ The system will be designed and built on **AWS** to achieve high scalability, and will be able to connect to any system through **open APIs**, enabling new functionality and additional development at low cost and in a short period of time
- ✓ By adopting an anonymous partnership (A.P.) structure for fundraising, **endeavor to level out the system cost burden through an annual fee model**, and to return profits through dividends to investors

<Anonymous partnership scheme>



The Anonymous partnership will endeavor towards **adoption of 10 banks by FY2030**, and achieve **profitability by FY2031**

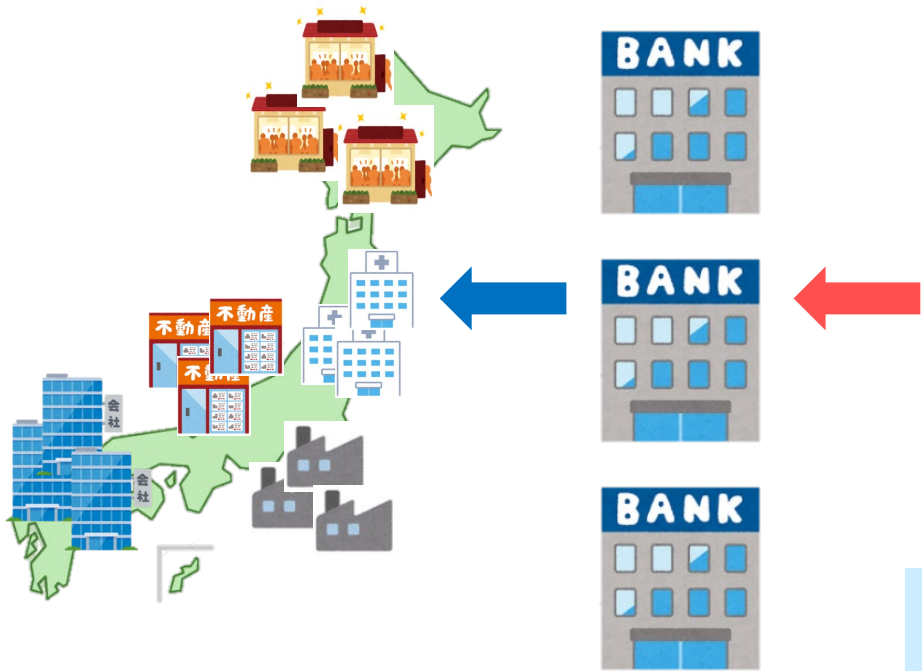


# Realization of the "SBI DX Database" Concept

- Compile a database of solutions that will contribute to the digital transformation (DX) of SMEs by fully utilizing the network of the SBI Group acquired through its investment in startup companies and processing analyzation of the SMEs
- By using this database, regional financial institutions will be able to establish an efficient client support system and expansion of menu lineup

Businesses in each region

Regional Financial Institutions



By analyzing SMEs by categories, expected to improve customer convenience and contribute to the revitalization of the local economy as local businesses accelerate their DX shift



# Realization of the "SBI DX Database" Concept

-Contribute to the sustainable development of local communities together with regional financial institutions by strengthening their consulting functions and supporting their efforts to enhance corporate value-

## Alliance banks (7 banks)



[Ehime Bank]



きらやか銀行

[KIRAYAKA BANK]



[The Bank of Kochi]



島根銀行

[THE SHIMANE BANK]



清水銀行

[The Shimizu Bank]



筑波銀行

[Tsukuba Bank]



[Fukushima Bank]

- Making restaurant operations more efficient and smarter
- Reduce the contact and workload of medical institutions
- Smoothly handle everything from opening EC stores to shipping to accounting processing
- Efficient back-office quotation, billing, and accounting processing

**Support for DX of local companies with such initiatives**

**-> Currently engaged in over 150 dealings with about 10 contracts concluded**

Cooperating with Le-Techs Inc. in response to the revised Electronic Bookkeeping Act\*

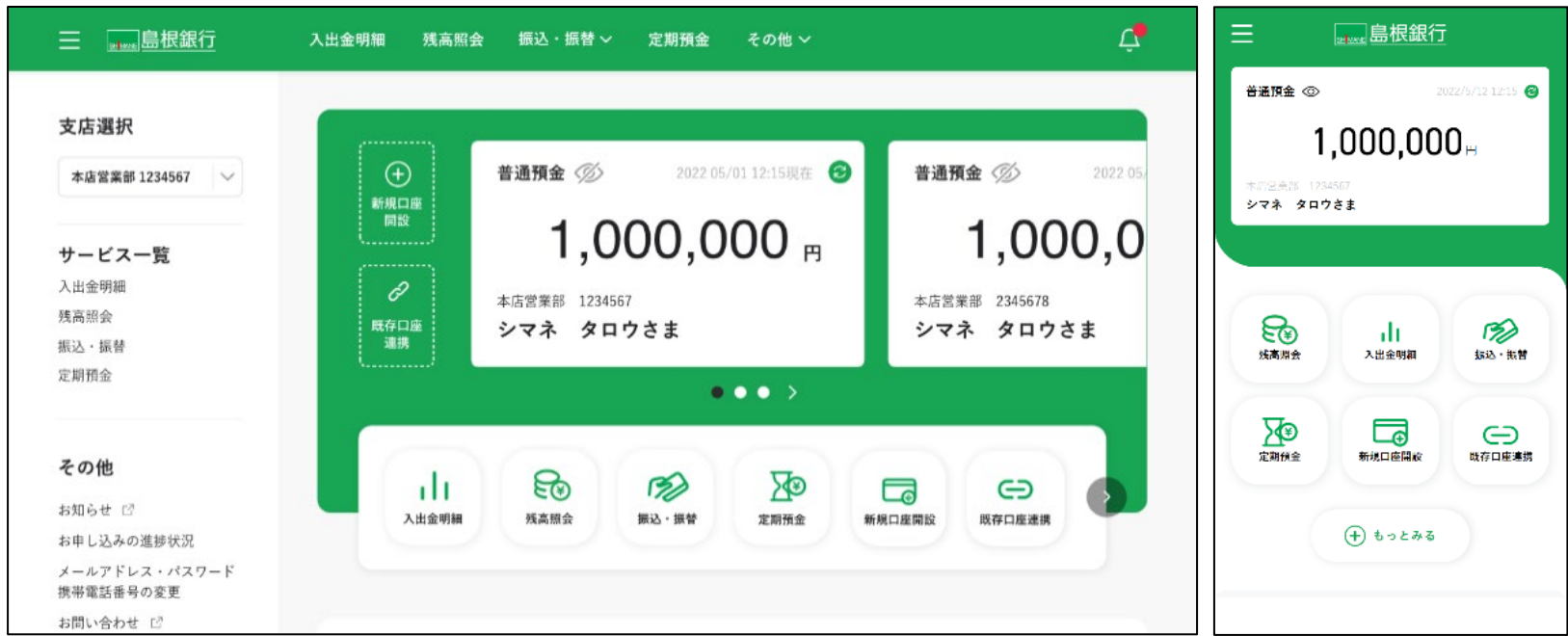
\*Enacted in January 2022. Mandatory storage of transaction information for all corporate electronic transactions in a format that meets certain requirements with a 2-year grace period



### ③ Internet banking system

## Began Offering the Internet Banking System for Retail Customers -System operating at Shimane Bank, starting from May 23, as the first user-

- As part of the "from regional to nationwide" initiatives to support the nationwide rollout by regional financial institutions, started provision of an online banking system for individuals, targeting regional financial institutions
- Implement renewal transactions using FIDO authentication, a regional bank first (\*based on SBI research), and compared with conventional authentication using one-time passwords achieves both higher security and comfortable UX
- Enable continuous implementation of a broad range of functions at low cost by implementing various bank transaction functions, using a flexible yet speedy development methodology based on API architectures



(Image of Shimane Bank Internet Banking and Banking Application)

**Support regional financial institutions to provide online services  
equivalent to those provided by Internet banks**



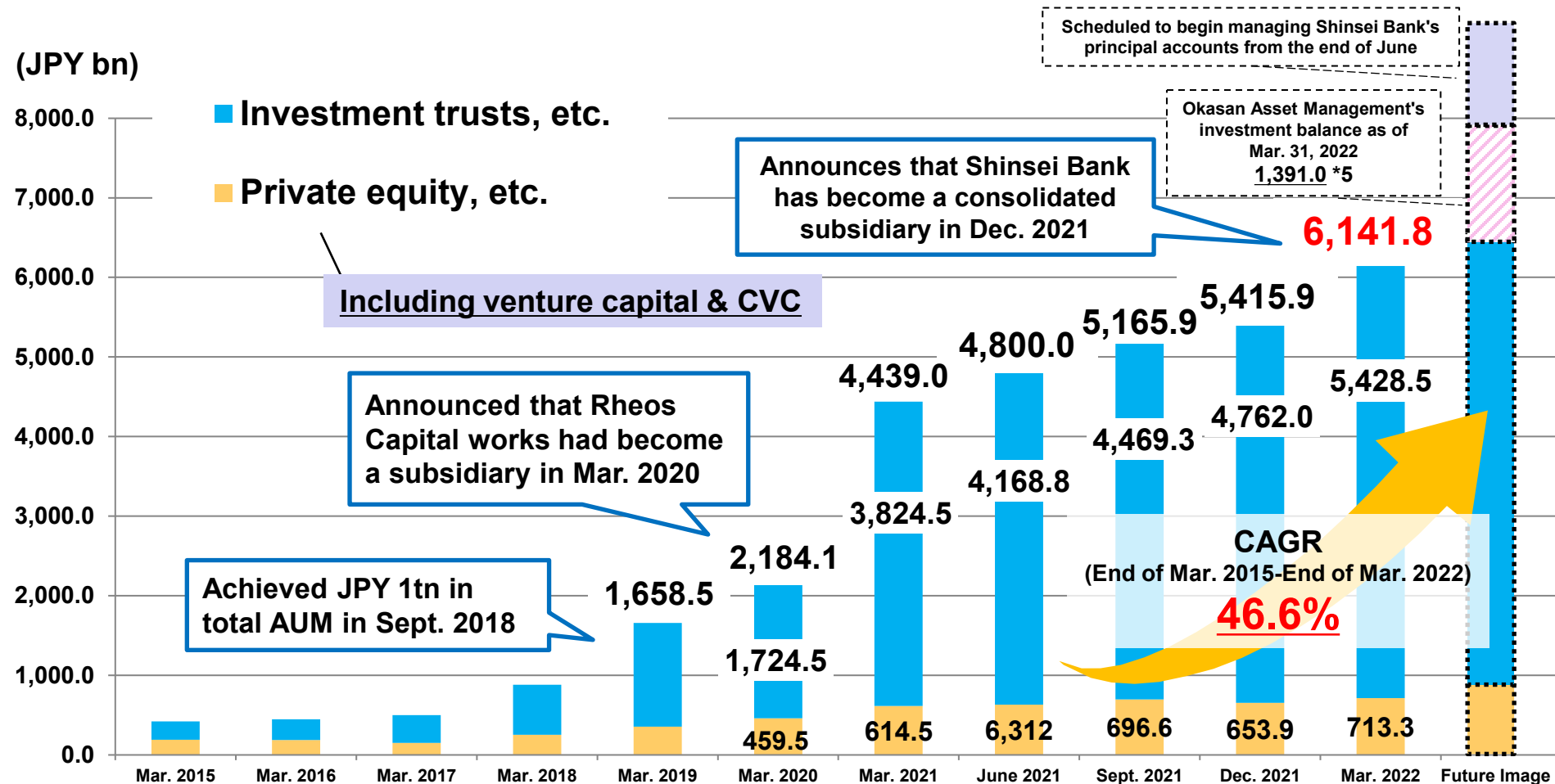
## **2. Achieve the goal of having the total assets under management of the entire SBI Group exceed JPY 10 trillion**

- (1) Current situation of asset under management of the SBI Group**
- (2) SBI Asset Management Group has steadily increased its AUM**
- (3) Balance of AUM from regional financial institutions surpassed JPY 2.0 trillion**
- (4) SBI Asset Management's Asset Under Management exceeds JPY 1 trillion**
- (5) IPOs and M&As of the SBI Group Investee Companies**
- (6) Concluded a basic agreement for joint venture with Okasan Asset Management Co., Ltd.**



# (1) Current Situation of Asset Under Management of the SBI Group

- Balance exceeds JPY 6.0 tn at the end of Mar. 2022 -



\*1 Calculated by the exchange rate as of the end of each month \*2 Amounts are rounded to the nearest JPY 100m

\*3 "Private equity, etc." includes neither cash nor commitment amount to be paid in. Through Mar. 2017, unlisted stocks invested from investment partnerships and other entities, which had no market prices, were estimated at cost (impairment prices are applied for the stocks for which impairment losses have been recorded). After Mar. 2018, however, these stocks have been estimated at fair value.

\*4 "Investment trusts, etc." are the sum of amounts of investment trusts and investment advisors. For funds that SBI Asset Management provides investment instruction to, if Morningstar Asset Management provides investment advisory services, assets are recorded in both Investment trusts and Investment advisory, respectively, so there are some overlapping amounts.

\*5 Includes publicly offered investment trusts, publicly offered bond investment trusts, and privately offered investment trusts



# Assets under management of SBI Group's private equity, etc. (As of the end of March 2022)

**Private equity, etc. JPY 713.3 bn<sup>(\*)1</sup>** (Excluding JPY 199.4 bn of both cash and commitment amount to be paid in)<sup>(\*)2</sup>

Breakdown of operating investment securities by Industry	Amount
Internet/AI/IoT	177.6
Fintech services	104.9
Digital Asset/Blockchain	77.4
Finance	97.2
Biotechnology/Health/Medical	42.5
Environmental/Energy	8.1
Machine/Automobile	13.8
Services	30.6
Retail/Food	1.1
Materials/Chemicals	8.2
Construction/Real estate	0.9
Others	5.7
Equity interests in external and non-consolidated funds	39.8
Total	607.8

Breakdown of operating investment securities by region	Amount
Japan	263.1
China	8.1
Korea	6.8
Southeast Asia	103.3
India	6.5
U.S.	92.8
Europe	56.3
Others	70.9
Total	607.8

Investment from non-consolidated Group management funds	Amount
Corporate venture capital (CVC)	23.0
Others (Oversea JV fund, etc.)	82.6
Total	105.5

\*1 Private equity investment balance comes from the balance for operating investment securities included in consolidated reporting plus the investment balance from funds (such as CVC funds) removed from consolidation due to the SBI Group's low investment ratios in the corresponding funds, which the SBI Group run as the GP.

\*2 Composed of cash in funds and unpaid capital which is to be paid on a capital call.

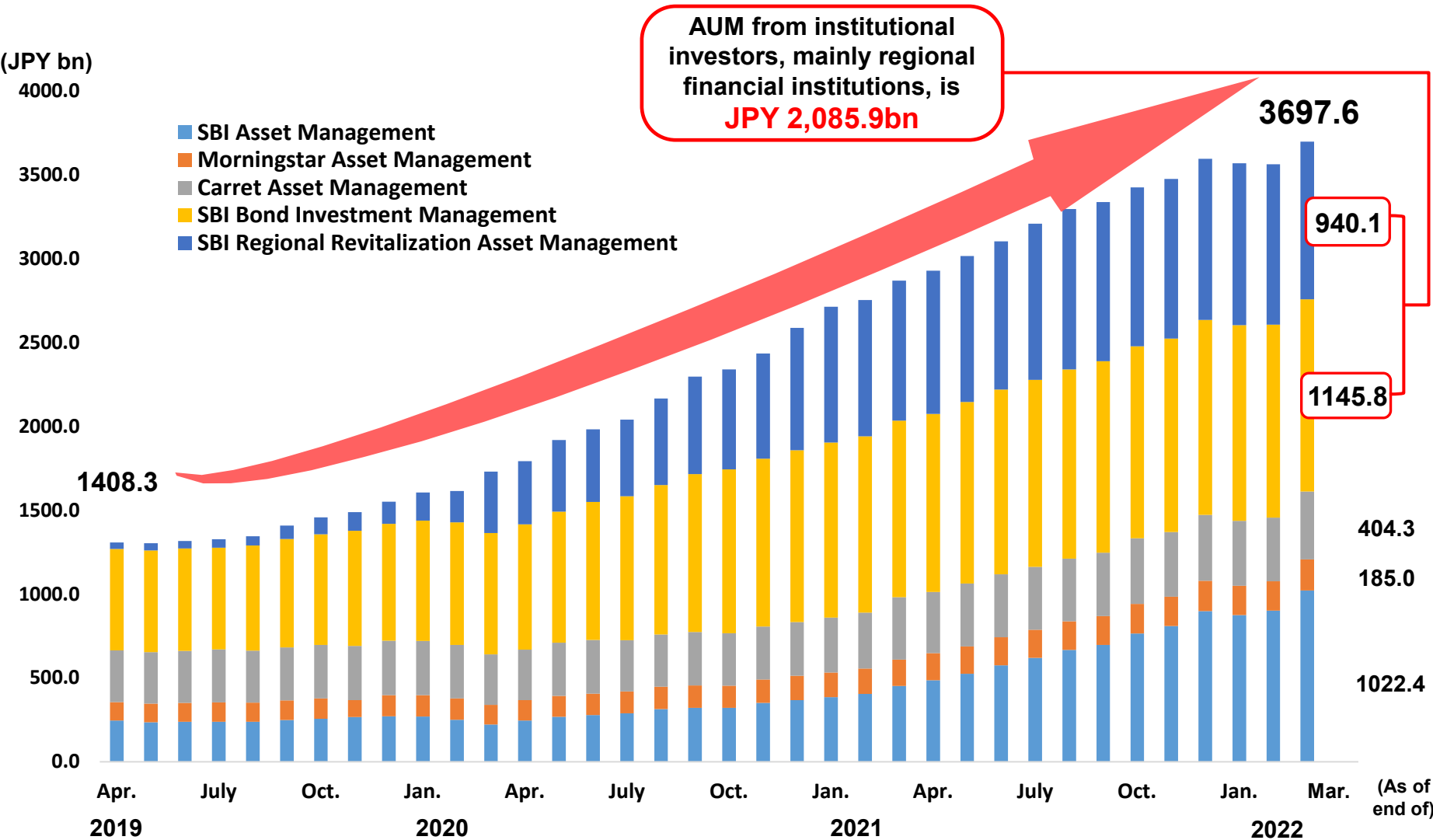
\*3 Calculated by the exchange rate as of the end of March 2022

\*4 Amounts are rounded to the nearest JPY 100m



(2) SBI Asset Management Group has Steadily Increased its AUM

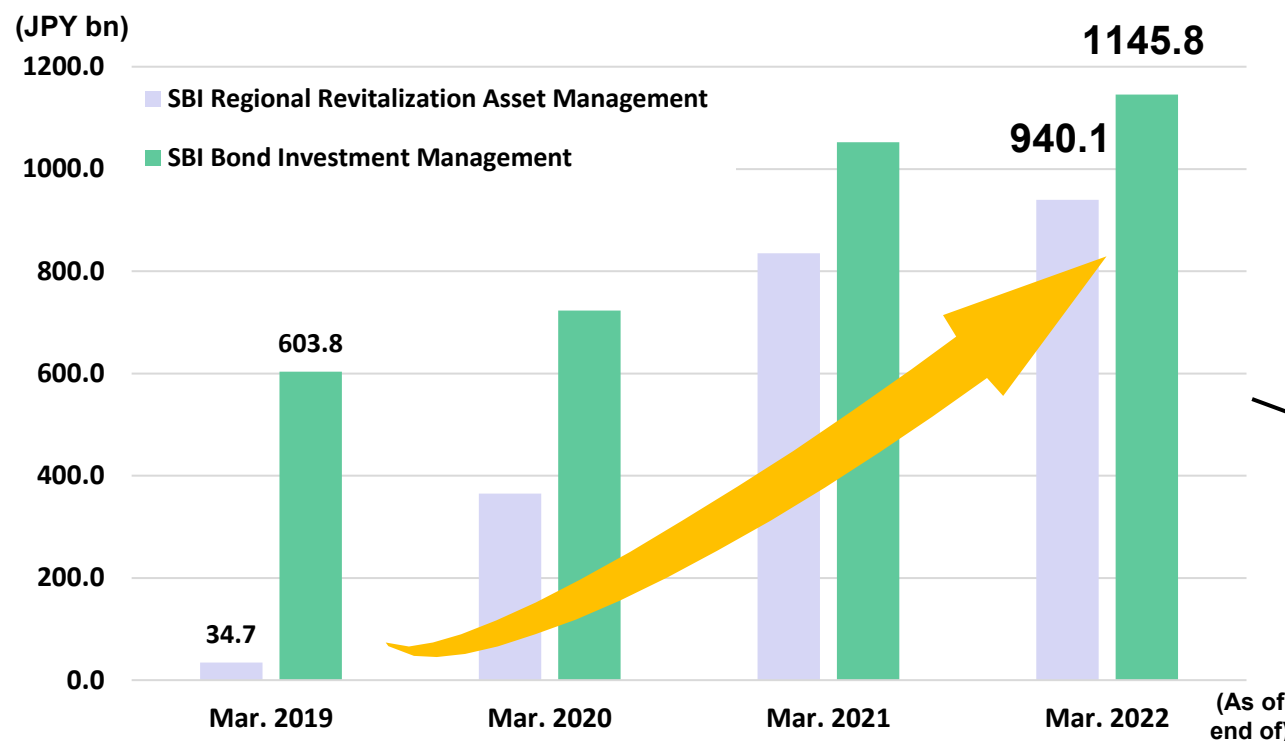
-Balance of investment assets exceeds JPY 3.6tn-





### (3) Balance of AUM from Regional Financial Institutions Surpassed JPY 2.0 Trillion

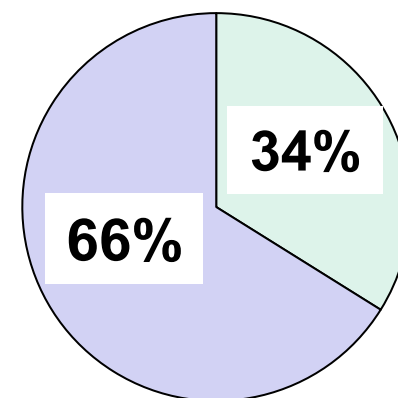
- **SBI Bond Investment Management** (co-founded with PIMCO, one of the world's largest bond investors) and **SBI Regional Revitalization Asset Management**, which is co-invested by 39 regional financial institutions, have consistently provided customized investment products for each client, mainly highly rated and highly liquid overseas bonds, at extremely low cost
- **SBI Regional Revitalization Asset Management** has been entrusted with managing JPY 940bn in assets. Real yields, which were previously negative, have improved substantially as a result of portfolio reevaluation



#### The breakdown of the amount of assets under management

(As of the end of Mar. 2022)

- 8 banks with capital and business alliances with SBIH
- Other banks



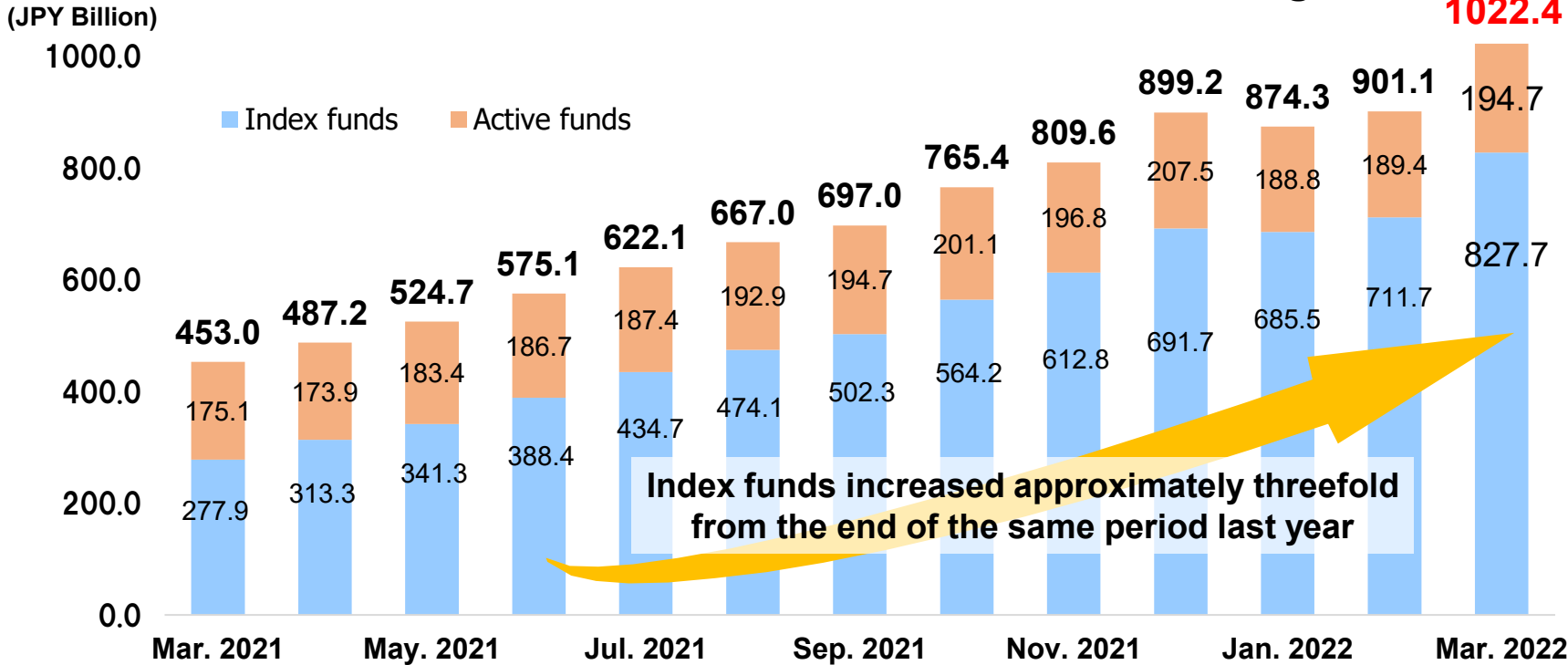




# (4) SBI Asset Management's Asset Under Management

## Exceeds JPY 1 trillion

### Trends in Active Funds and Index Funds under Management



### Background of the expansion of the asset under management

- Significant increase in the number of beneficiaries on the back of expanded use of index funds in tax-advantaged accounts such as "Tsumitate NISA" (Nippon Individual Savings Account) and iDeCo (Individual Defined Contribution Pension Plan)
- Centered on the "SBI-V-S&P 500 Index Fund," the balance of the "SBI-V Series," a series of low-cost index funds incorporating ETFs of Vanguard Inc. of the U.S., has expanded significantly



2. Achieve the goal of having the total assets under management of the entire SBI Group exceed JPY 10 trillion

## (5) IPOs and M&As of the SBI Group Investee Companies<sup>①</sup>

-IPOs of portfolio companies from major funds began to appear one after another, contributing to strong performance-

	Full-year FY2021
<b>IPO・M&amp;A deals</b>	<b>22</b>

**During FY2021, 22 Companies realized either IPO or M&A**

EXIT Date	Company	Market	EXIT Date	Company	Market
April 22, 2021	Visional, Inc.	TSE Growth	Sept. 30, 2021	Asterisk Inc.	TSE Growth
May 26, 2021	Jeju Beer Company, Limited	KOSDAQ	Nov.5, 2021	Photosynth Inc.	TSE Growth
June 1, 2021	SoFi Technologies Inc.	M&A (NASDAQ SPAC)	Nov.10, 2021	DEAR U Co.,Ltd.	KOSDAQ
June 22, 2021	Perseus Proteomics Inc.	TSE Growth	Dec.23, 2021	ExaWizards Inc.	TSE Growth
June 28, 2021	Confidence Inc.	TSE Growth	Dec.24, 2021	SUSMED, Inc.	TSE Growth
June 29, 2021	Waqoo, Inc.	TSE Growth	Dec.30, 2021	RaemongRaein Co., Ltd.	KOSDAQ
July 13, 2021	Obigo, Inc.	KOSDAQ	Jan. 24, 2022	ADBIOTECH Co., Ltd.	KOSDAQ
July 27, 2021	Hurum Co., Ltd.	M&A (KOSDAQ SPAC)	Feb. 22, 2022	CaSy Co.,Ltd.	TSE Growth
Aug. 18, 2021	AEye, Inc.	M&A (NASDAQ SPAC)	Mar. 23, 2022	TORICO Co.,Ltd.	TSE Growth
Sept. 29, 2021	SILICON2 Co., Ltd.	KOSDAQ	Mar. 28, 2022	Mental Health Technologies Co.,Ltd.	TSE Growth
Sept. 29, 2021	Project Company, Inc.	TSE Growth	Mar. 30, 2022	GiXo Ltd.	TSE Growth

\*When an investee company conducts a share exchange or a merger with a public company, it is described as "M&A."

\*IPOs and M&As of the Company's subsidiaries are also included



(5) IPOs and M&As of the SBI Group Investee Companies②

-IPOs of portfolio companies from major funds began to appear one after another, contributing to strong performance-

	Full-year FY2022 prospects
IPO・M&A deals	48

During the fiscal year, 3 Companies realized either IPO

EXIT Date	Company	Market	Public offering price	Starting price	
April 11, 2022	PT GOTO Gojek Tokopedia Tbk	Indonesia Stock Exchange	IDR338	IDR400	} Total unrealized gains of approximately JPY 7.3bn (as of June 14, 2022)
April 27, 2022	moi Corporaiton	TSE Growth	JPY470	JPY902	
June 8, 2022	ANY COLOR Inc.	TSE Growth	JPY1,530	JPY4,810	

On the sixth day of listing, the company's share price rose to JPY8,820 and market capitalization exceeding JPY 260 billion



2. Achieve the goal of having the total assets under management of the entire SBI Group exceed JPY 10 trillion

**(5) Among the Investee Companies, 22 Companies were Taken Public via an IPO through FY2021; From FY2022 Onward, Several Other Exits Planned for Other Investee Companies**

**-In the future, full-fledged listing of investee companies of the FinTech Fund and the SBI AI&Blockchain Fund, etc. expected to continue to contribute to favorable financial results-**

**[Planned IPOs and M&As of the SBI Group Investee Companies in FY2022]**

1Q FY2022	2Q FY2022	3Q FY2022	4Q FY2022	FY2022
6	10	17	15	48

[Reference]

IPOs and M&As of the SBI Group Investee Companies in FY2021

1Q FY2021	2Q FY2021	3Q FY2021	4Q FY2021	FY2021
6	6	5	5	22

- **Planned IPO schedule of investee companies of the FinTech Fund, SBI AI&Blockchain Fund and SBI 4+5 Fund: 18 between Apr.-Dec. 2022 period; 41 in 2023; 127 from 2024 onwards**



2. Achieve the goal of having the total assets under management of the entire SBI Group exceed JPY 10 trillion



# (6) Concluded a Basic Agreement for Joint Venture with Okasan Asset Management Co., Ltd.

- Continuing discussions toward completion of investment by the end of March 2023 and becoming a consolidated subsidiary-



Shareholding ratio 51%



[Okasan Securities Group]

Shareholding ratio 49%

**岡三アセットマネジメント**  
[Okasan Asset Management]  
(Net profit for FY 2021: **JPY 347m**)

**Total net assets as of April 30, 2022 (excl. ETFs)** (Unit: JPY billion)

	Company name	Total net assets		Company name	Total net assets
1	Nomura Asset Management	10,510.2	7	Sumitomo Mitsui Trust Asset Management	5,548.5
2	Mitsubishi UFJ Kokusai Asset Management	9,646.6	8	FIL Investments (Japan)	3,399.2
3	Asset Management One	8,700.6	9	AllianceBernstein Japan	3,191.8
4	Daiwa Asset Management	8,130.2	10	SBI Group	2,638.5
5	Sumitomo Mitsui DS Asset Management	5,926.3	11	Nissay Asset Management	2,631.3
6	Nikko Asset Management	5,559.7	12	Goldman Sachs Asset Management	2,143.6

**Breakdown of SBI Group**

Company name	Total net assets
Rheos Capital Works	966.9
SBI Asset Management	923.9
Okasan Asset Management	674.2
Shinsei Asset Management	73.5

\*Data compiled by the Company based on data from The Investment Trusts Association, Japan



### 3. Spearheading Restructuring of Securities Industry Amid Sudden Expansion of Customer Base Because of Neo-securities Initiatives, **Contributing to High-level Industry Ranking and Advanced Financial Products and Services**

#### - Domestic Securities Industry Enters a Time of Great Change -

##### Activity within the online securities sector

- In Aug. 2019, au Financial Holdings, a wholly owned subsidiary of KDDI, made a tender offer for the shares of kabu.com Securities (now au Kabucom Securities), making it a member of the KDDI Group
- In Apr. 2018, the Monex Group converted Coincheck, which runs a crypto asset trading exchange, into a subsidiary. During FY2021, 91.7% of operating income came from profits in the crypto asset-related company
- Rakuten Securities announced changes in services using Rakuten Points for 2022, while SBI SECURITIES has increased the inflow of customers from Rakuten. In May, announced the start of preparations for going public

##### Activity within the second-tier, mid-tier, and regional securities sectors

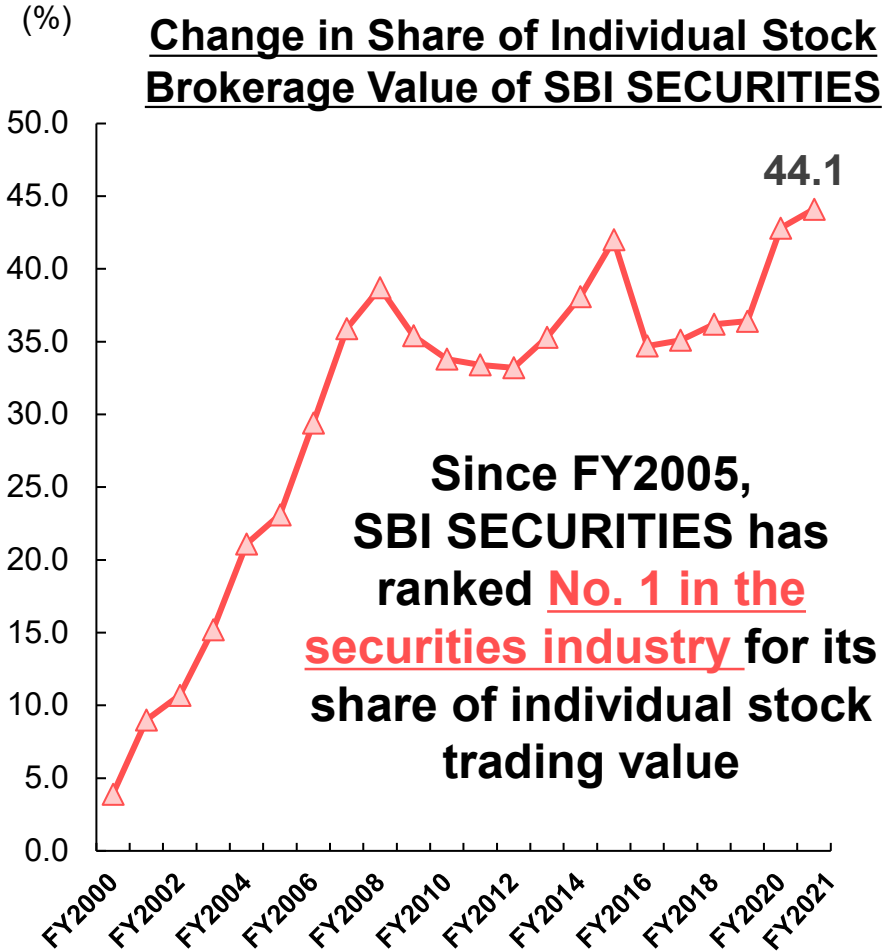
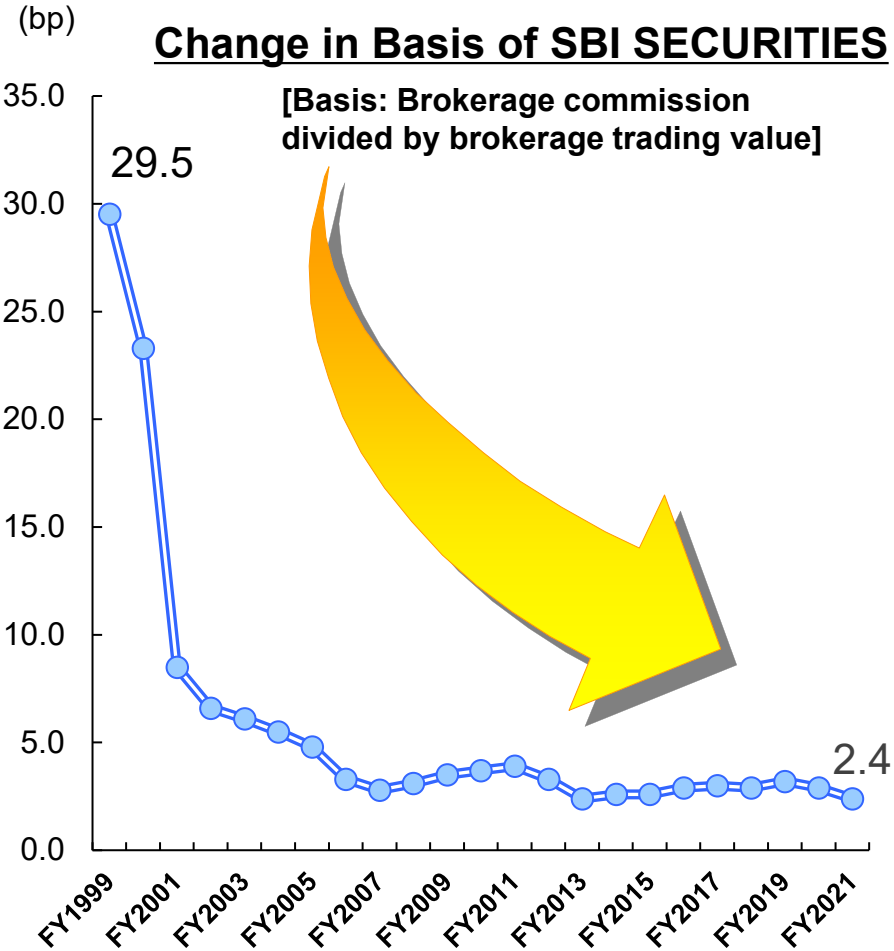
- In Mar. 2022, Ichiyoshi Securities announced withdrawal from the underwriting business for stocks and other securities
- Also in Mar. 2022, Marusan Securities announced that Marusan Trade, an online trading service, would be transferred to Okasan Securities
- Ace Securities became an equity method affiliate of Tokai Tokyo Financial Holdings (Tokai Tokyo FHD) through a TOB by Tokai Tokyo FHD in Apr. 2021. Merged into Tokai Tokyo FHD in May 2022



3. Leading the reorganization of the securities industry



The "Customer-centric Principle" Drives  
Shakeouts in the Industry ①  
SBI SECURITIES Has Achieved Overwhelmingly Low Trading Fees  
since its Establishment to Ensure Customer-centric Principles



**SBI SECURITIES has achieved a high level of customer satisfaction and maintained a top position in the industry by thoroughly pursuing services that are truly from the customer's perspective services**



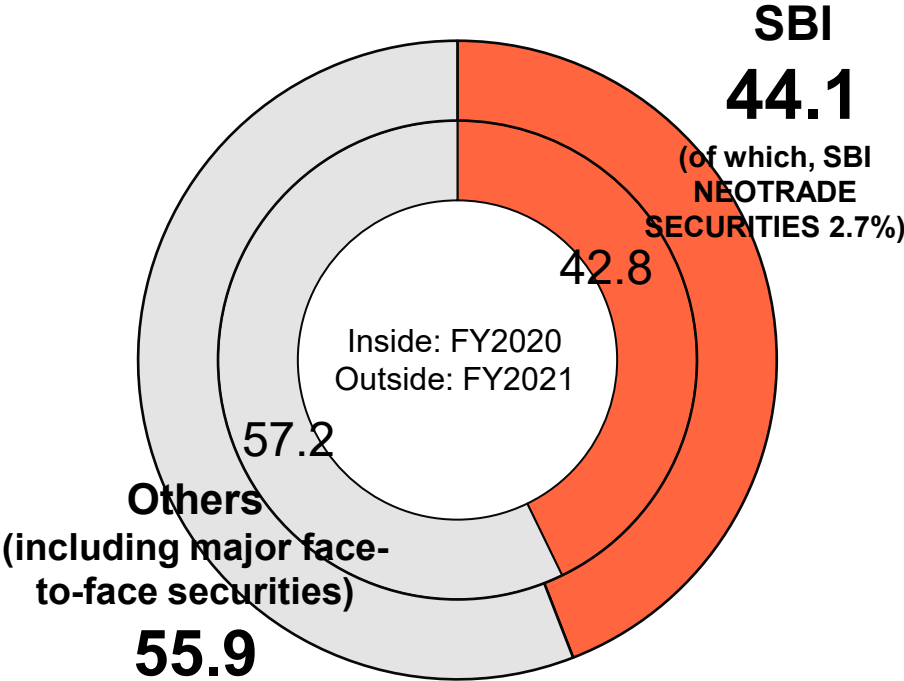
3. Leading the reorganization of the online securities industry



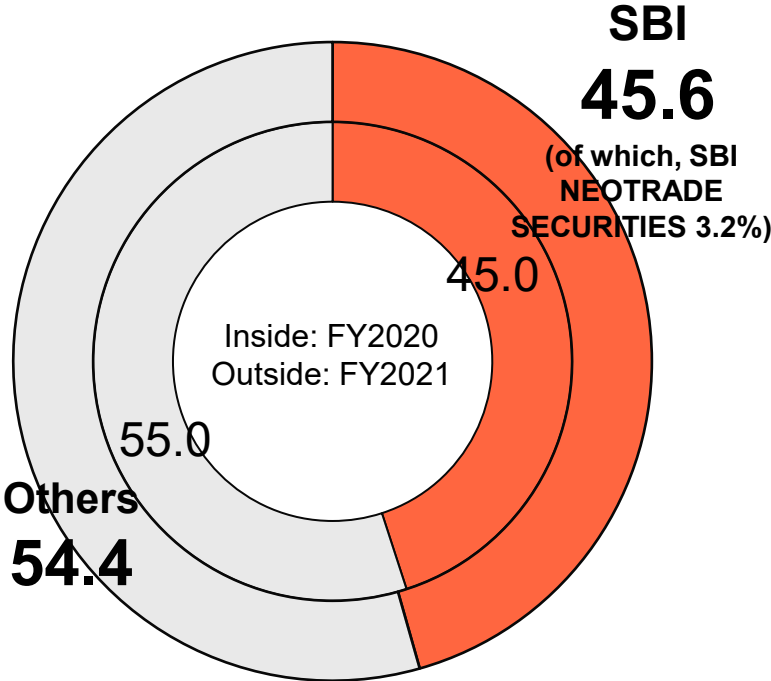
The "Customer-centric Principle" Drives  
Shakeouts in the Industry ②

Neo-securities Initiative is expected to further increase  
SBI SECURITIES' market share

Share of Individual Stock  
Trading Value (%)



(of which) Share of Individual  
Margin Trading Value (%)



<Shares are calculated with the individual stock trading value and individual margin trading value of both the 1st and 2nd sections of the Tokyo and Nagoya Stock Exchanges, including that of ETF and REIT trading value, respectively>

\* Shares are calculated by dividing each company's individual stock trading value or individual margin trading value with the whole individual stock trading value and individual margin trading value of the 1st and 2nd section of the Tokyo and Nagoya Stock Exchange, including that of ETF and REIT trading value, respectively

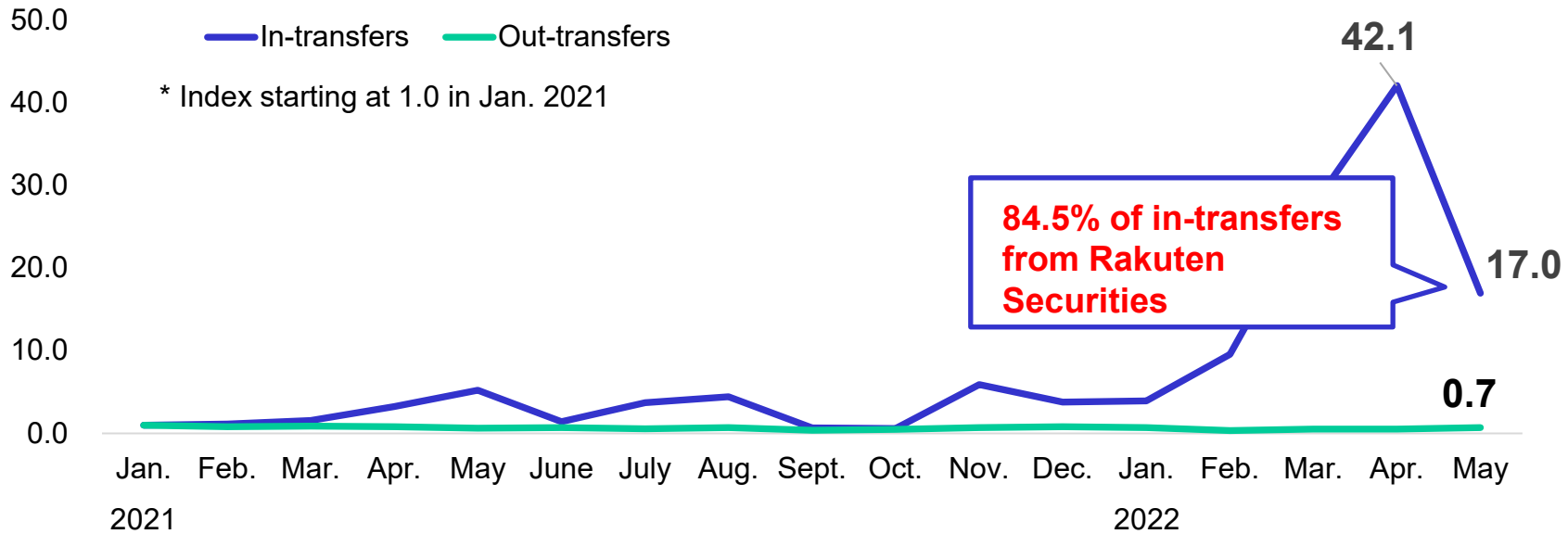
Source: Compiled by SBI SECURITIES based on Tokyo Stock Exchange and JASDAQ materials and websites of each company.



# The “Customer-centric Principle” Drives Shakeouts in the Industry ③

Accelerated customer churn when customer benefits are compromised

Number of account in- and out-transfers at SBI SECURITIES



- In Jan. 2022, SBI SECURITIES launched an "Investment Trust Transfer Program" in which SBI SECURITIES pays the full amount of fees paid by customers to other companies before the transfer of investment trusts, resulting in increased inflows
- Specifically, 90% of all in-transfers come from Rakuten Securities, indicating that the revised Rakuten Point program is being seen by its customers as a change for the worse



# Shakeout and Restructuring of the Domestic Securities Industry may Occur

Comparison with net income  
FY2021 financial results (consolidated) (Unit: JPY billion)

		Net Operating Revenue	Ordinary Income	Net Income
Online securities	<b>SBI SECURITIES</b> (consolidated)	157.0	62.1	40.0
	<b>Monex Group</b> (consolidated)	83.6	20.8	13.0
	<b>Matsui Securities</b> (non-consolidated)	29.4	12.8	11.4
	<b>GMO Financial Holdings</b> (consolidated)	42.3	13.4	8.6
	<b>Rakuten Securities</b> (consolidated)	84.7	13.9	7.2
	<b>au Kabucom Securities</b> (non-consolidated)	17.7	5.1	3.6
Second-tier, mid-tier Securities	<b>Tokai Tokyo Financial Holdings</b> (consolidated)	78.2	13.0	13.2
	<b>Okasan Securities</b> (consolidated)	72.6	6.9	10.1
	<b>IwaiCosmo Holdings</b> (consolidated)	20.5	5.8	3.8
	<b>Aizawa Securities</b> (consolidated)	15.6	1.4	2.9
	<b>Marusan Securities</b> (consolidated)	18.6	3.6	2.8
	<b>Ichiyoshi Securities</b> (consolidated)	19.6	3.4	2.5

91.7% of operating income is from crypto asset-related business [74.6% of net income is from crypto asset-related business]

Note 1: Monex Group use IFRS, so the value of revenue is used for net operating revenue and the value of income before income taxes is used for ordinary income

Note 2: GMO Financial Holdings and Rakuten Securities has a fiscal year that ends in Dec., so figures for the period from Apr. 2021 to Mar. 2022 are used

Note 3: Complied by SBIH from the information on websites of each company

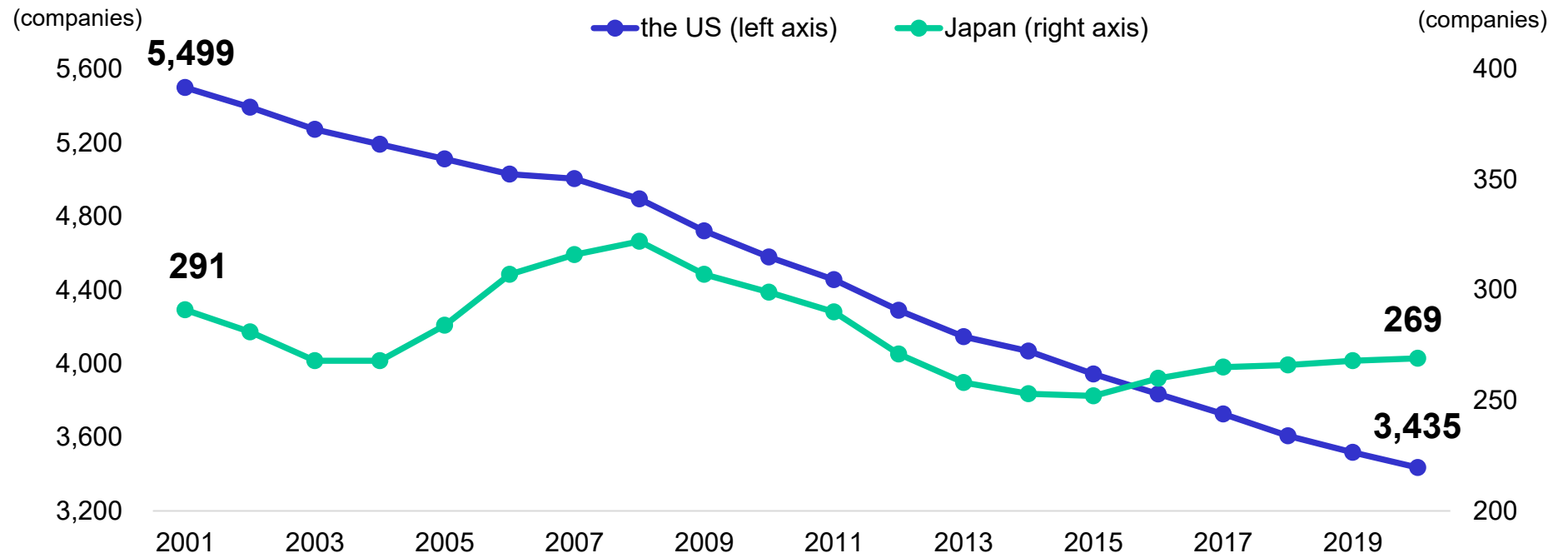


3. Leading the reorganization of the online securities industry



# The Number of Securities Firms has Declined Significantly through Industry Shakeouts and Restructuring

Number of Securities Firms in U.S. and Japan



\*1 The number of securities firms in Japan is the number of members of Japan Securities Dealers Association  
\*2 The number of securities in the U.S. is based on publicly available data from the Japan Securities Research Institute and Financial Industry Regulatory Authority.

**The decline of securities firms is not noticeable currently, but it is expected to intensify in the future in line with the U.S. trend**



#### 4. Strengthen Measures to Promote "From Savings to Asset Building" for Contributing to Reducing the "Cash and Deposits" Ratio of Personal Financial Assets From 50% to 30%.

- ✓ Japan has a massive JPY 2,023 trillion in personal financial assets.
- ✓ If "cash and deposits," which account for more than 50% of personal financial assets, were transferred to pensions, new investment funds would be created to attract money managers worldwide as pump-priming
- ✓ It is believed that fund transfers can be facilitated by designing incentives to transfer funds from "cash and deposits" to pension and improve the convenience of financial services

##### ■ International comparison of household financial asset composition ■

Region	Personal financial assets	Cash and deposit ratio
Japan	JPY 2,023tn	54.0%
U.S.	JPY 9,355tn	13.7%
Europe	JPY 3,165tn	34.9%
U.K.	JPY 1,020tn	25.4%
Singapore	JPY 105tn	35.0%

\* Source: BOJ, FRB, ECB, UK Office for National Statistics, DOS

\* As of the end of Dec. 2021 for Japan, Sept. 2020 for U.K. and Singapore, as of the end of mar. 2020 for U.S. and Europe

\* Currencies are converted to JPY at the closing prices at the end of Dec. 2020: JPY 103.24/USD, JPY 126.09/ EUR, JPY 141.16/ GBP, JPY 78.18/ SGD

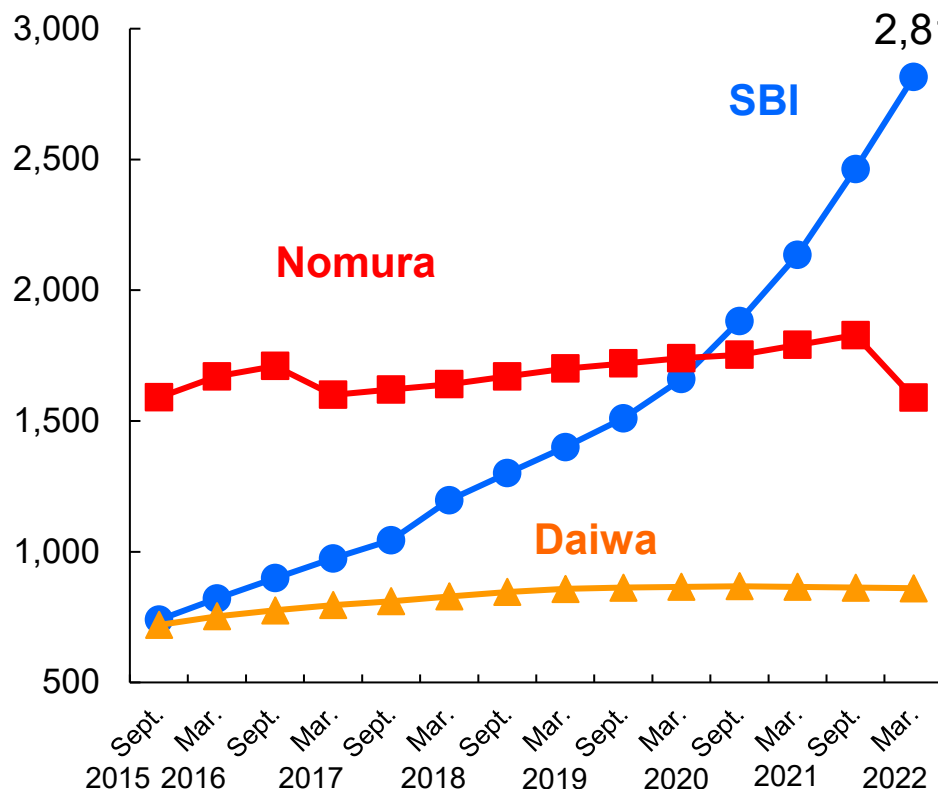
**SBI SECURITIES promotes "from savings to asset building" through active provision of iDeCo and NISA**



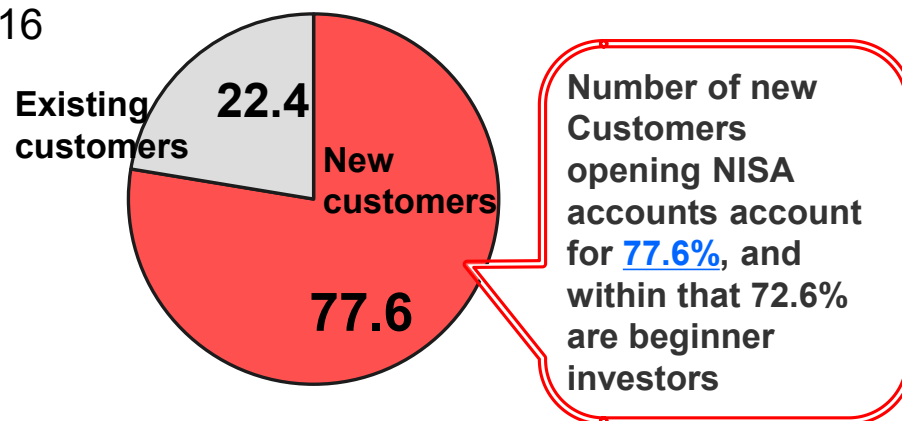
# SBI SECURITIES NISA Account Openings

(thousand accounts)

**Number of NISA accounts**  
(Sept. 2015 – Mar. 2022)



## NISA's customer attribute of SBI SECURITIES (%)



**SBI SECURITIES' number of Junior NISA accounts reached 222 thousand accounts, accounting for approx. 30% of the entire securities industry's Junior NISA accounts**

\*1 Includes the number of Junior NISA accounts

\*2 Amounts are rounded to the nearest JPY thousand

\*3 The number of accounts are as of the end of Mar. 2022, compiled by SBIH from the information on website of each company

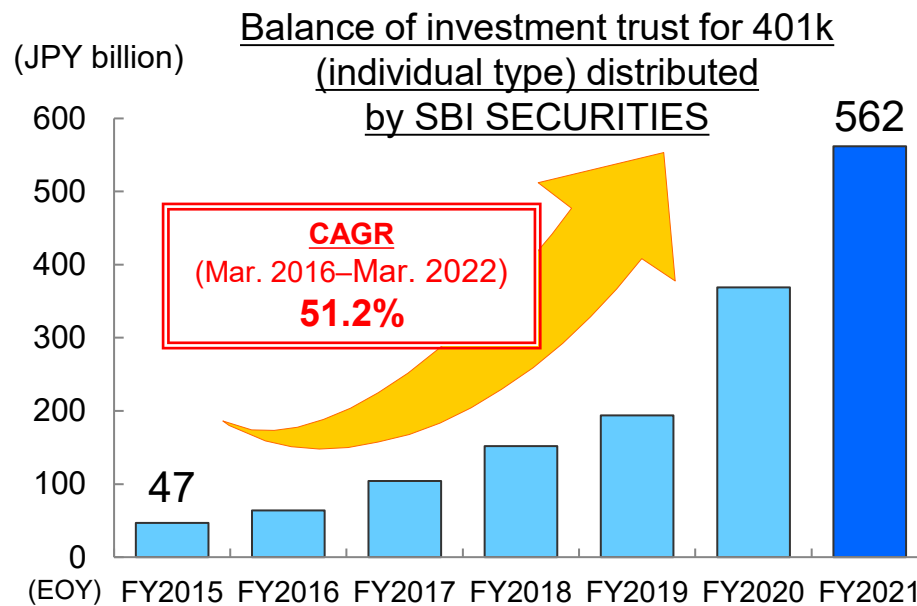
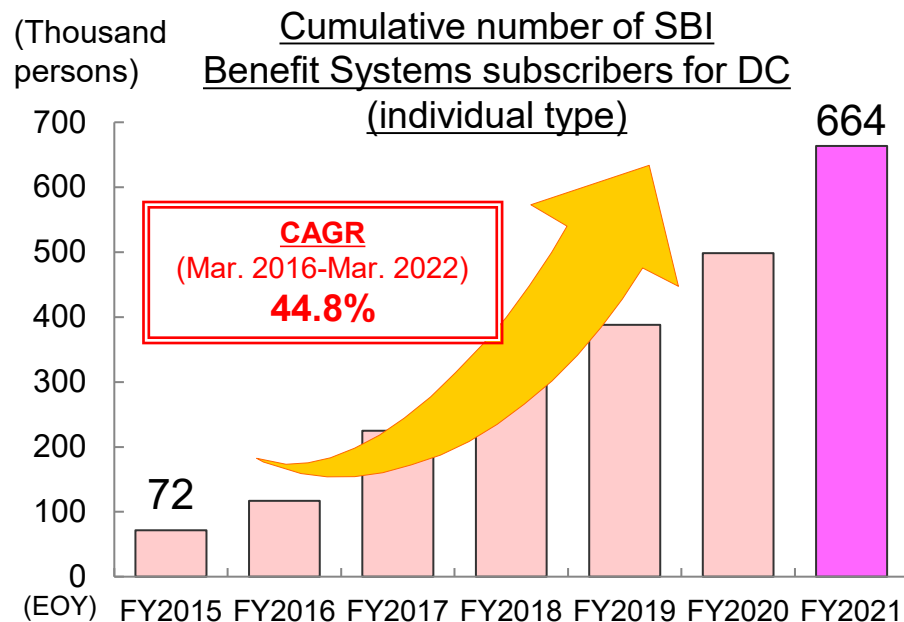
**Attracted a large number of neophyte investors through newly opened NISA accounts**



# Further Strengthening of the Individual Defined Contribution (iDeCo) Pension Business

The SBI Group focused on the Individual Defined Contribution (iDeCo) pension business through SBI Benefit Systems (established in 2001), well before expectations for the market size to expand as a result of revisions in the regulation in Jan. 2017

- **SBI SECURITIES administrative fees for iDeCo became completely free of charge** on May 19, 2017, in order to further expand iDeCo business
- **As of the end of March 2022, the number of iDeCo accounts totaled approx. 610 thousand**
- **The number of requests for application materials reached a record high in June 2021**

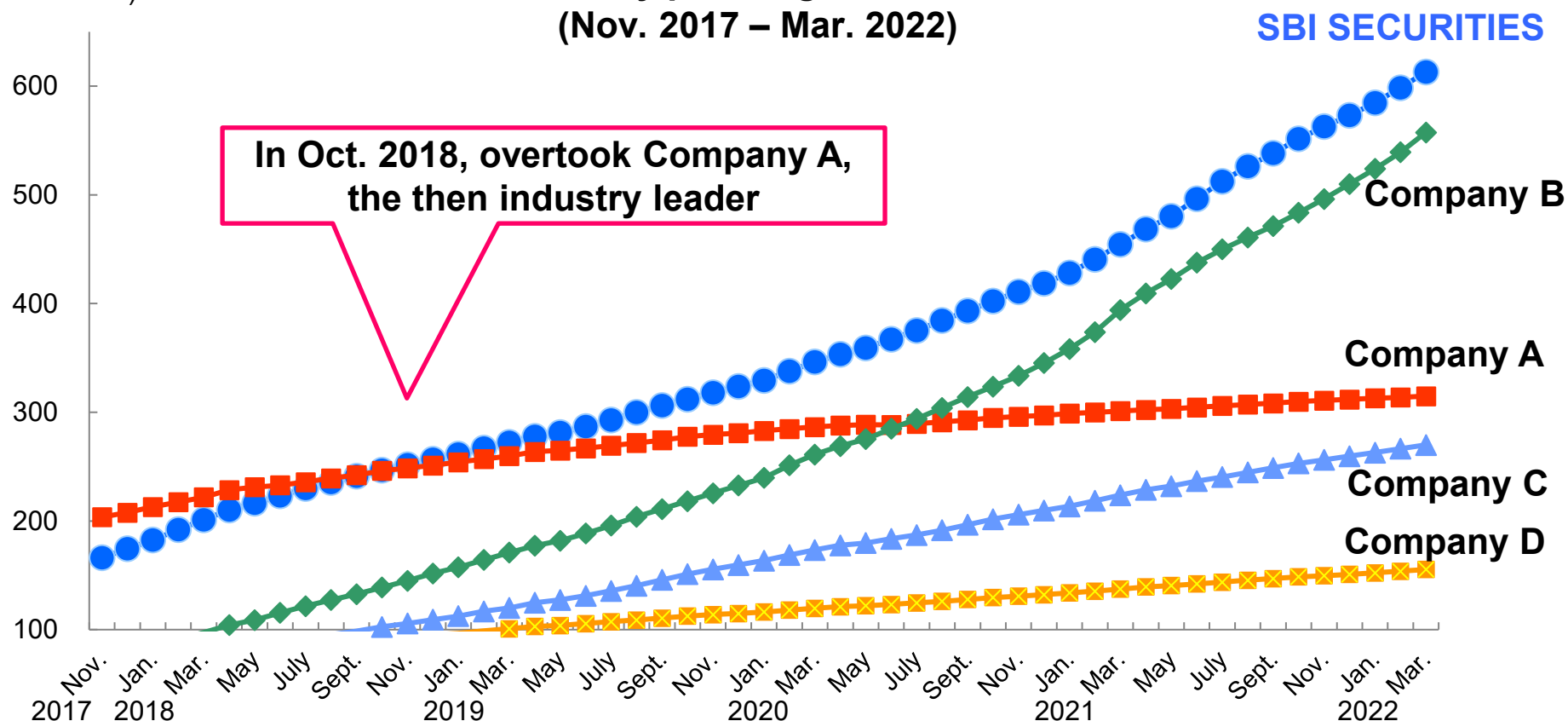




# SBI SECURITIES is the Industry Leader in the Cumulative Number of Individual Defined Contribution Plan (iDeCo) Customers

(No. of thousand customers)

**Cumulated number of customers (subscribers & transfers\*) of iDeCo by planning administrator (Nov. 2017 – Mar. 2022)**



\* Cumulative total number of subscribers and transfers announced by the National Pension Fund Association

Source: Briefing paper of the National Pension Fund Association (partially includes estimates by SBI)

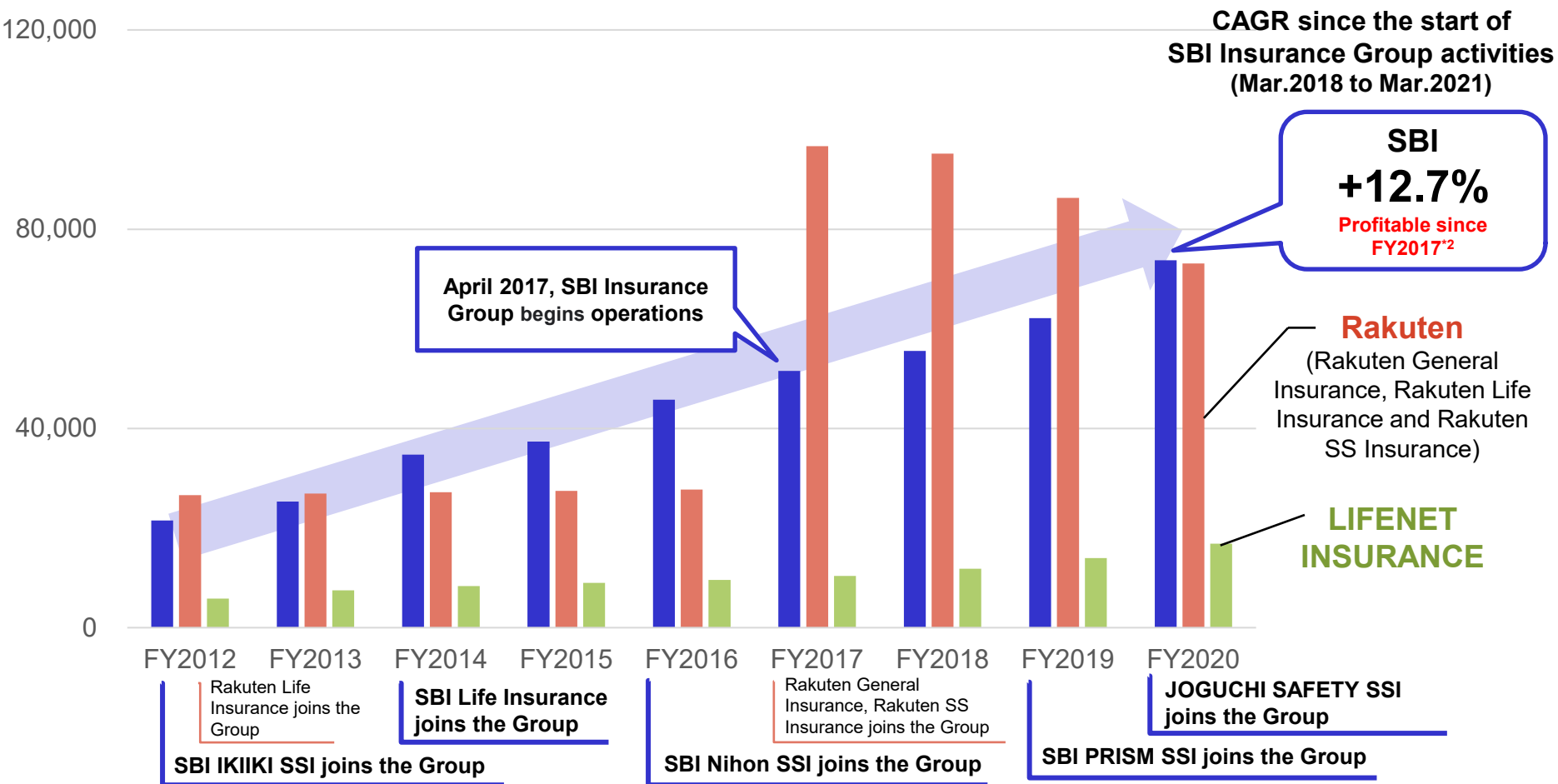


# 5. Endeavor to significantly expand business scale in the insurance business through domestic and overseas acquisitions

-SBI Insurance Group has continued to grow through an aggressive M&A strategy-

(Unit: JPY million)

## Comparison of **premium revenue\*1 trends** with competitors



\*1 Non-life insurance companies and small-amount short-term insurance companies use direct premiums received, while life insurance companies use premium income

\*2 SBI Insurance Group is net income attributable to shareholders of the parent company

Note: Prepared by the Company based on materials released by each company

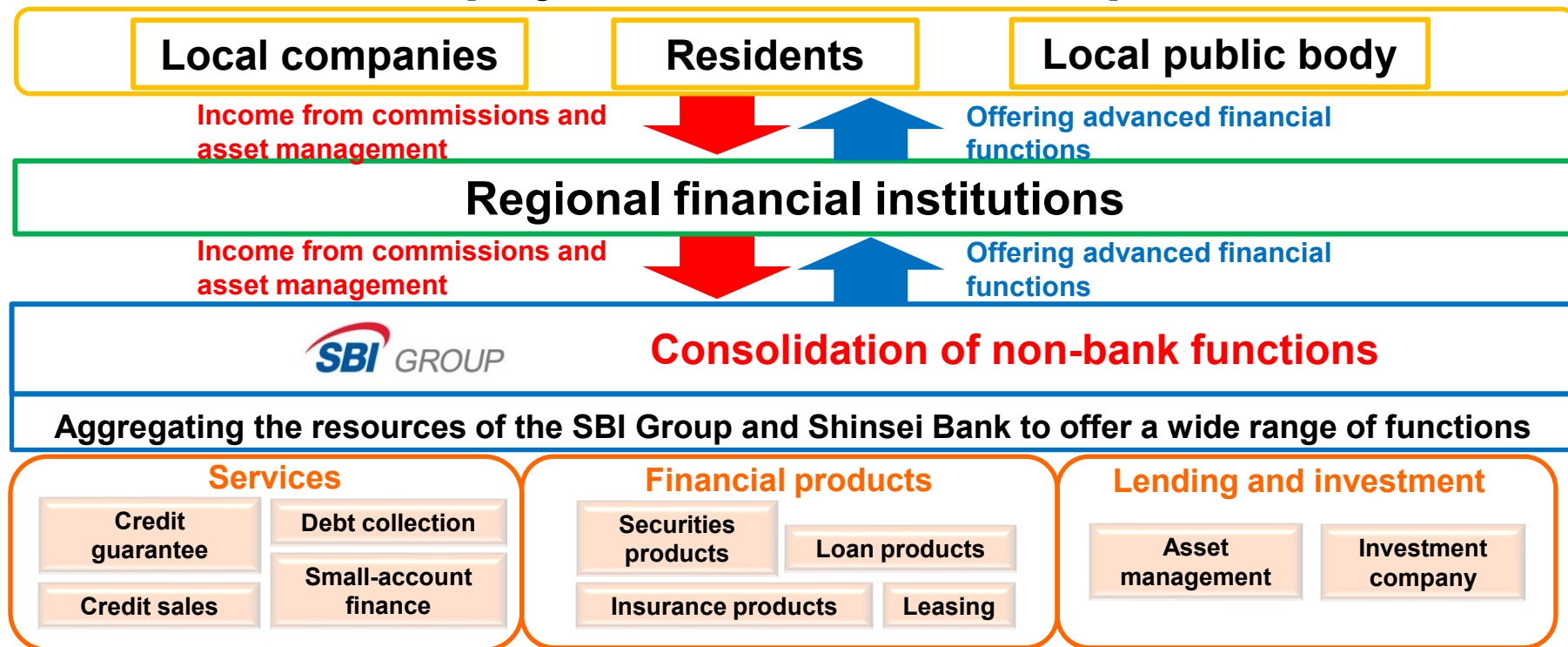
**Continue to further expand business scale, including M&A**



## 6. Consolidate Non-bank Businesses with High Capital Efficiency to Establish “SBI Non-bank Holdings” in the Future

- Consolidating various non-bank functions of the SBI Group and providing them to regional financial institutions to create win-win opportunities **to earn fee income and investment income**

[Image of nonbank function consolidation]



[Industry ROE Comparison (FY2020)]

Banking Average	4.1%
Other financial industry average	8.5%

Non-bank businesses tend to have higher ROE than banking businesses

Data Source: JPX Research Report, Summary of Financial Results

[Unauthorized reproduction is prohibited]



## **7. Support for Osaka's International Financial Center Initiative by backing the Strategic Zone concept in collaboration with various stakeholders, including local governments**

### **- Participation in the "International Financial City OSAKA Promotion Committee" -**

- (1) Business Collaboration Agreements Signed with Osaka Prefecture and Osaka City**
- (2) Support for the Operation of the Two Core Exchanges**
- (3) Endeavor to Establish a Cluster of Fintech Companies in the Kansai Region**
- (4) Created "SBI API Mart" at Osaka fintech Center**
- (5) Promote "Corporate Furusato Taxation" in Partnership with RCG Corporation of Osaka**



# (1) Business Collaboration Agreements Signed with Osaka Prefecture and Osaka City

SBI Holdings signed a 'Collaboration Agreement on the Promotion of International Financial City OSAKA Initiatives' on August 3, 2021 to further strengthen cooperation and collaboration based on the relationship of trust with Osaka Prefecture and Osaka City

Promoting initiatives such as information dissemination and human resource development

- Disseminating information on the International Financial City of OSAKA
- Financial literacy education
- Support for start-up growth
- Other initiatives contributing to the realisation of an international financial city

In addition to the above initiatives, the company will also focus on providing full support for the **Dojima Exchange to become a comprehensive exchange, opening the Osaka Digital Exchange and creating a cluster of fintech companies**. In addition, SBI Holdings Osaka headquarters will be newly established in the Sumitomo Nakanoshima Building in Osaka City, gradually consolidating the Osaka offices of SBI Group companies and establishing a base for business development in the Kansai region



## (2) Support for the Operation of the Two Core Exchanges

### Osaka Dojima Exchange

#### Capital

SBI Holdings: 14.57%  
Jannext Securities: 19.42%  
Various other domestic and international brokers and traders

As an exchange that is descended from the Osaka Dojima Rice Exchange, the birthplace of futures trading, it endeavors to a comprehensive derivatives exchange that ranks among the world's best.

Started preparations for listing new commodity issues and willing to enter the financial and emissions trading sector.

Making Osaka to become Asia's derivatives cross-border hub

### Osaka Digital Exchange

#### Capital

SBI Group: 70%  
Sumitomo Mitsui Financial Group: 20%  
Nomura Holdings: 5%  
Daiwa Securities Group: 5%

Following its registration as a Type 1 financial instruments trader on April 18, the company obtained authorisation to operate a PTS on April. 28

A major milestone achieved in opening equity PTS and handling STs in the future



### (3) Endeavor to Establish a Cluster of Fintech Companies in the Kansai Region

**Create an "Osaka FinTech Center"** by investing in fintech companies that use advanced technology and attracting them to Osaka and other cities

In addition, in consultation with local governments, **engaging in public projects such as financial education to further promote the concept of a next-generation international financial center**

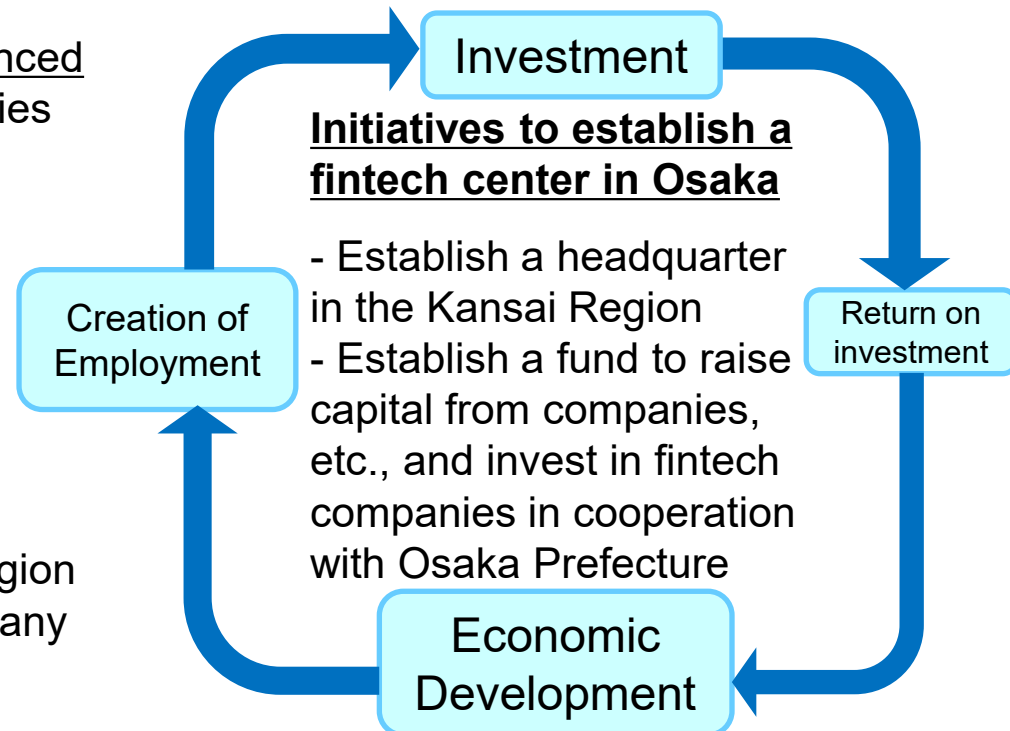
Global investment in companies with advanced technologies focusing on fintech companies



Build and strengthen relationships with portfolio companies

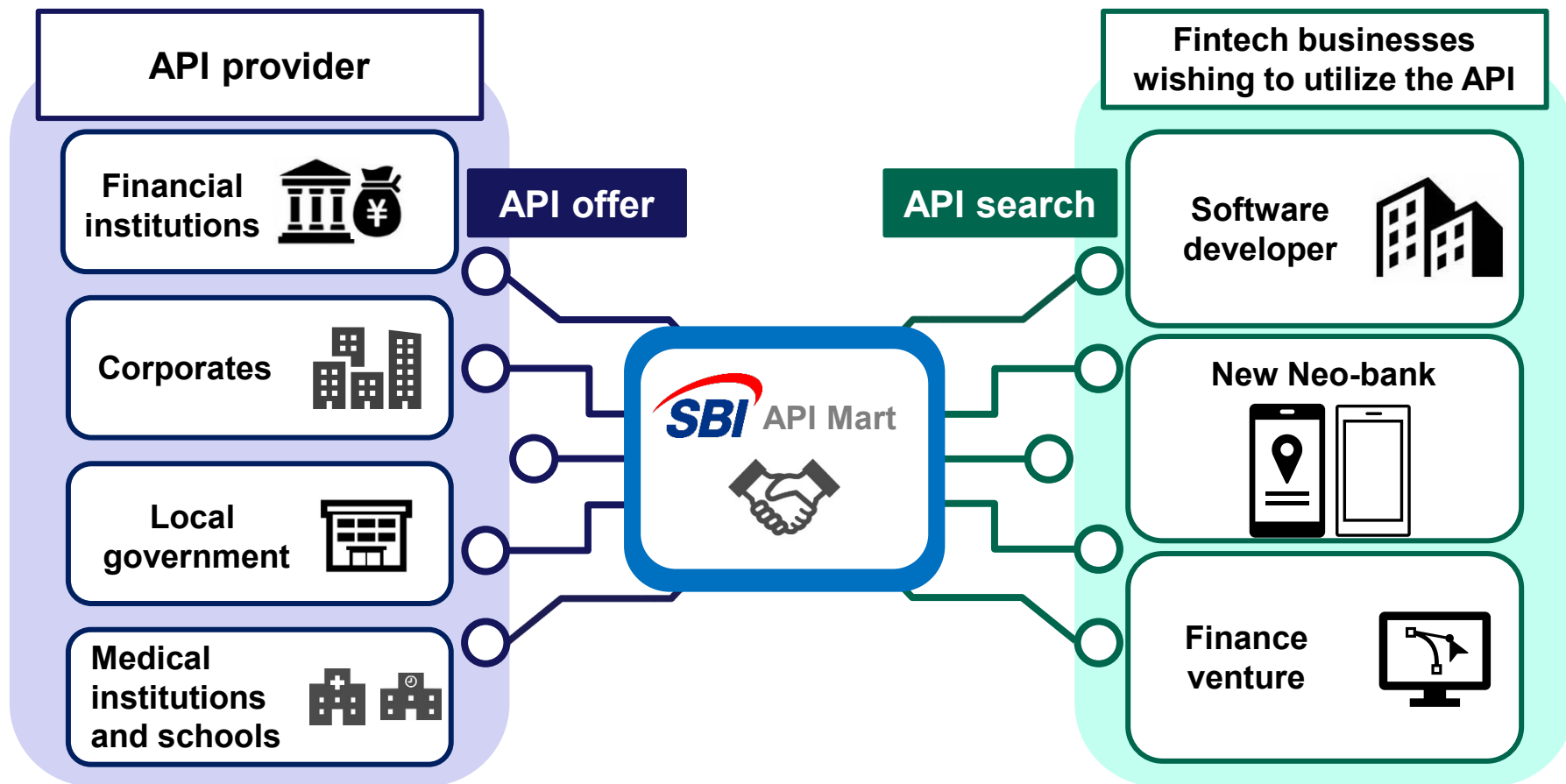


Attract portfolio companies to the Kansai region to make the region become a fintech-company accumulated area





## (4) Create "**SBI API Mart**" at Osaka fintech Center



Operate the platform where API providers in various fields post a variety of APIs and individuals and corporations that wish to utilize them can gather together. By distributing information on local financial institutions/municipalities through "API Mart Businesses" in kind of a manner where all players can take advantage of, leads to local development and revitalization of the local economy



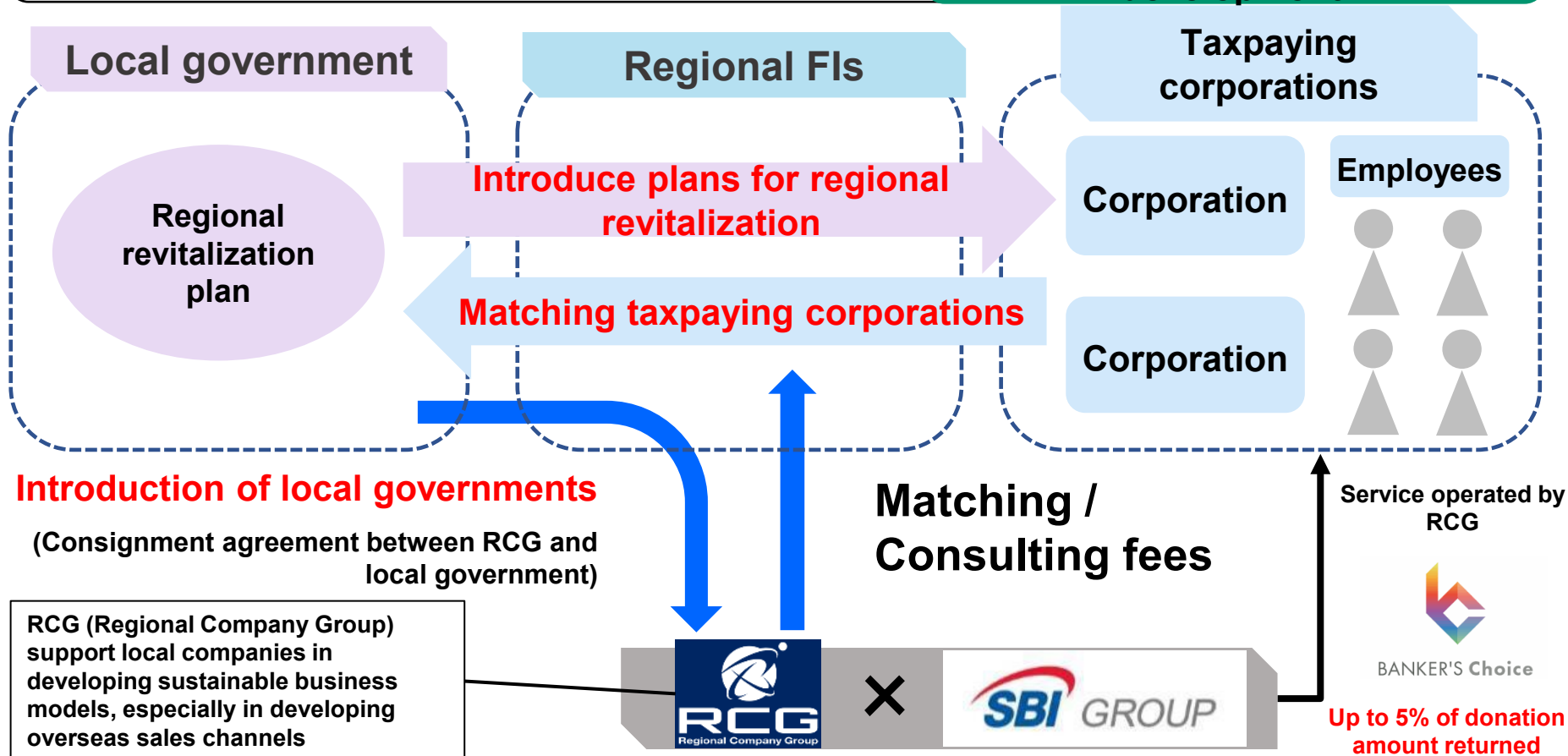
## (5) Promote "Corporate Furusato Taxation" in Partnership with RCG Corporation of Osaka

- Promoting the use of "Corporate Furusato Taxation" to provide tax benefits to companies that donate to local development projects -

### Benefits for tax-paying companies

- Tax deduction of **up to 90%** of the donation amount

Enjoy benefits while  
contributing to local  
development

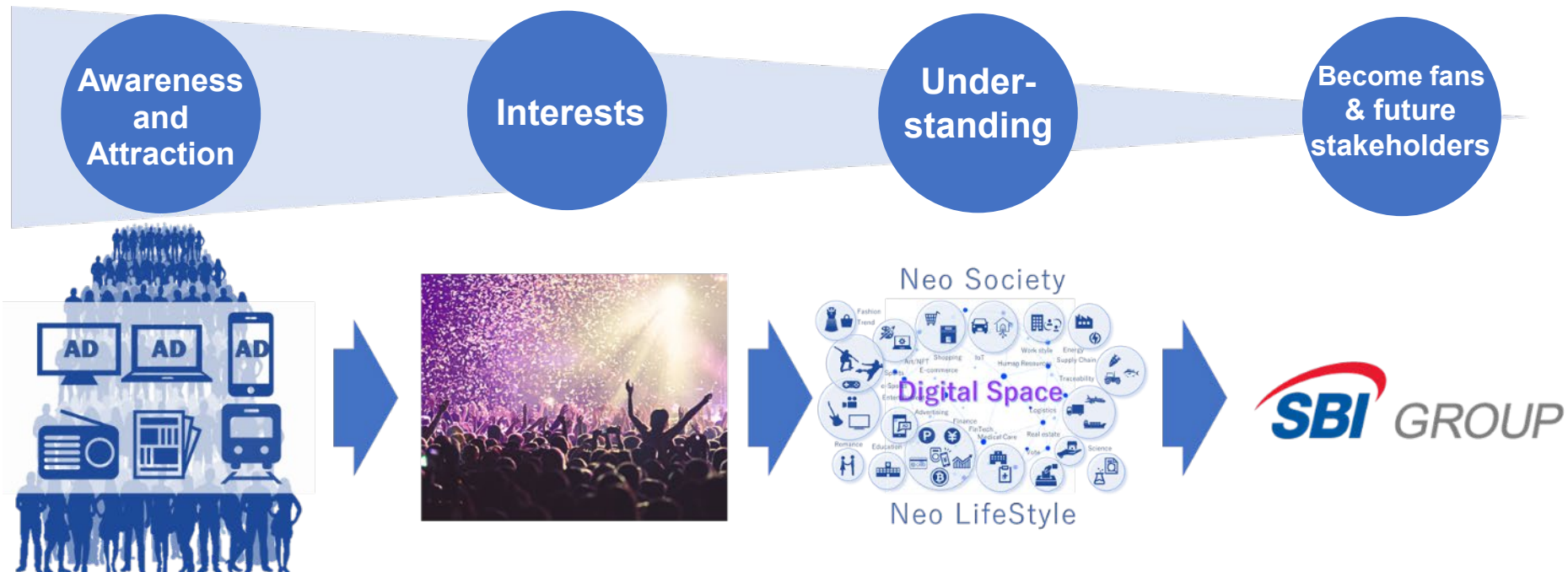


**Support for matching in collaboration with RCG, an SBIH investee company**



## 8. SBI Group is Planning to Launch a New Branding Strategy to Gain Recognition as a Pioneer in the Age of Digital Space from the Next Fiscal Year

- It will consist of a combination of measures and events based on the interests of the target audience, with Neo Culture and Neo Sports as the core, and measures to promote awareness and attract customers, as well as measures to promote understanding of Neo Life-Style and Neo Society created by SBI
- The ultimate goals are to encourage empathy with SBI and gaining fans and to develop future stakeholders





## **9. The SBI Group develops various businesses in the environment, energy and other areas that can support Japan's national strategy, in cooperation with investee and partner companies that possess cutting-edge technologies and resources**

- (1) Strengthen ties with companies that have businesses that contribute to regional development through capital and business alliances**
- (2) The SBI Group's Regional Revitalization through "Michi-no Eki" (Roadside Station) Project**
- (3) Development of a System to Manufacture Recycled Fuel in Partnership with the Eco Research Institute (ERI)**
- (4) Promote land development and building construction in the regions**
- (5) Regional Currency Business Expanding Nationwide through Promotion and Cooperation with Local Governments**



# (1) Strengthen Ties with Companies that have Businesses that Contribute to Regional Development Through Capital and Business Alliances



- Listed on TSE Prime Market
- SBI Group ownership ratio: approx. 20%
- Owns TRUSTBANK, Inc. as a subsidiary, which operates "Furusato Choice," a service that handles products and services of more than 1,600 local governments nationwide

- Listed on TSE Standard Market
- SBI Group ownership ratio: approx. 5% (plan)

## [Details of Alliance in Energy Business]

- ① SBI Group and Remix Point to jointly develop renewable energy sources
- ② SBI's partner banks/regional financial institutions to provide loans and customer development support for Remix Point's PPA business

**remixpoint**

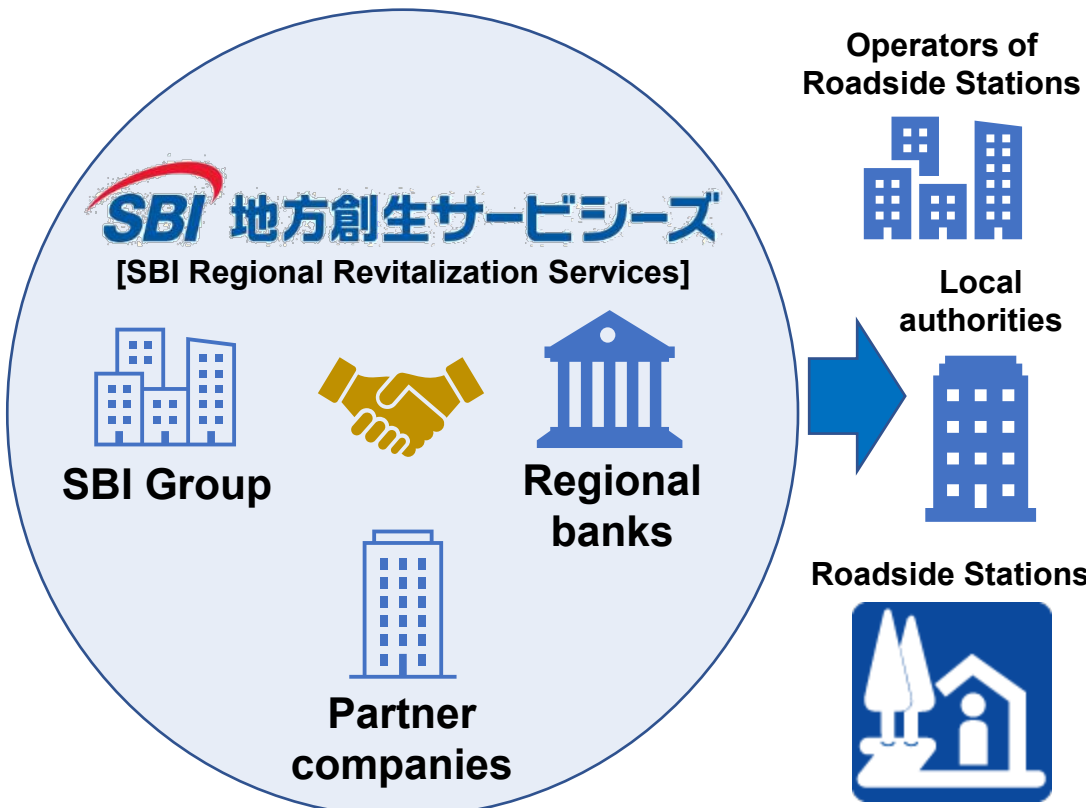
\*In a PPA project, the customer does not bear the initial development investment, but instead enters into a long-term power sales contract with the electricity company



# The SBI Group's Regional Revitalization through "Michi-no Eki" (Roadside Station) Project

- SBI Regional Revitalization Services and the SBI Group will continue to help improve local economies by promoting regional revitalization in cooperation with local governments and businesses through the network of roadside stations across the country
- The SBI Group will approach partner companies and roadside station operators to try and develop business using SBI's resources (charging infrastructure, renewable energy, regional financial institutions, etc.)

Contribute to regional revitalization by help improving local economies through roadside stations



## 22 Roadside Stations

### Annual Sales Over JPY 1bn

The roadside station rest areas for drivers have evolved into places that can stimulate local economies. **The number of roadside stations in Japan has nearly doubled in 20 years to about 1,200.** More than 20 of these rest areas earn over JPY 1bn annually. As well as selling fresh local produce, more places are attracting customers with unique products that have been made right through from the processing stage. Roadside stations that pull in large numbers of customers have begun to attract private investment, for example, with the building of hotels nearby

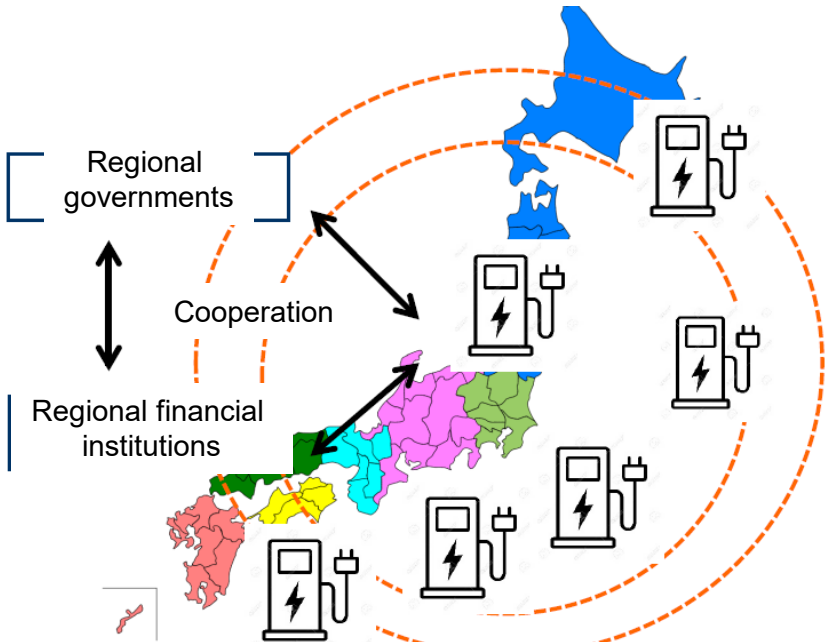
Complete with public toilets and free access to 24-hour parking, roadside stations are required to have the facilities for local cooperation and sharing information. The first roadside station was opened in 1993. There are now 1,193 facilities as of June 2021, an increase of about 550 since fiscal 2001. According to a survey conducted in fiscal 2015 by the Ministry of Land, Infrastructure, **Transport and Tourism**, a total of 200 million people visit these nationwide roadside stations annually, generating total sales of about **JPY 250bn**



(2) Regional revitalization through "Michi-no Eki"

Utilization of the Network of **Nippon Charge Infra Co.,Ltd,**  
A Subsidiary of the SBI Group (Investment Ratio: 53%)

- Promote the installation of charging infrastructure at roadside stations and public facilities throughout Japan -



List of charging infrastructure for EVs installed by the Company

	Michi-no-Eki	Public facilities	Total
Location	227	17	244
Installed (quick charger)	274	17	291
Installed (normal charger)	39	0	39

\*includes stations to be installed this FY

Currently mainly developing quick chargers

- Studying the design of roadside stations equipped with disaster prevention functions in cooperation with investee companies and external partner companies
- Promote the revitalization of roadside stations and the local economy in response to a full-scale spread of electric vehicles (EVs)

With the rapid spread of EV internationally, infrastructure development is also essential in Japan

The European Parliament voted on the 8th to support its proposal last year to **essentially ban the sale of new internal combustion vehicles (gasoline and diesel) in the region after 2035**. [...] The EU is also **calling for the installation of more electric vehicle (EV) recharging facilities** in member states to promote the spread of EVs in the region and encourage automakers to invest in electrification. *June 9, 2022; Reuters; EU lawmakers back ban on new fossil-fuel cars from 2035*



### (3) Development of a System to Manufacture Recycled Fuel in Partnership with the Eco Research Institute (ERI)

- The NECRES new energy creation system, in which ERI holds the intellectual property rights (patents, etc.), can produce biomass-derived fuel from municipal waste through pyrolysis of waste material and plastic mixed together. By installing the system in local government clean centers, it is expected to reduce waste disposal costs and contribute to regional revitalization, while benefiting the environment through the recycling of waste materials
- To realize the project, the SBI Group and ERI have agreed to establish a joint venture, Regional Energy Development (tentative name). The project is now being considered for promotion in cooperation with regional financial institutions and local companies

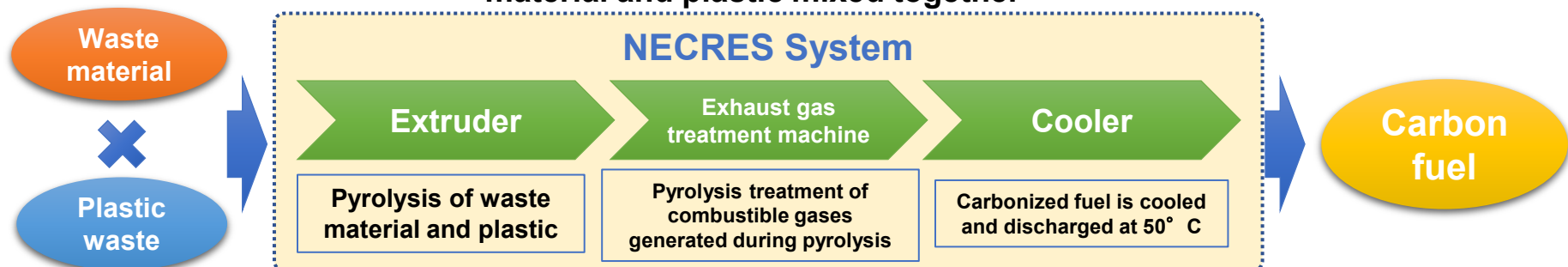
< Demo Plant (Chiba Plant)>



< The calorific value of carbon fuel is equivalent to that of coal >

< System flow of NECRES >

Carbon fuel is produced through the thermal decomposition of waste material and plastic mixed together





(4) Promoting regional development and local economic revitalization through land development and building construction through the alliance with BALNIBARBI Co.,Ltd.



Izumo Attractive, jointly established with SBI Holdings, THE SHIMANE BANK, and local companies for the purpose of revitalizing the local community of Izumo City, Shimane Prefecture, will develop and operate locally produced and locally consumed restaurants and lodging facilities in Izumo City, Shimane Prefecture, in collaboration with BALNIBARBI Co., Ltd., which has deep expertise in the development and operation of restaurants. Together, will strive to rediscover the charm of Izumo as a new resort area with a view of the Sea of Japan spreading out below

<Image of the restaurant>



<Image of accommodation facilities>



SBI Group's partner regional financial institutions, etc., can arrange finance for similar projects and provide a one-stop service from fundraising to development, which is expected to not only revitalize the regional economy but also create profit opportunities for regional banks



# (5) Regional Currency Business Expanding Nationwide through Promotion and Cooperation with Local Governments



Machi no Wa

## Platform development & management: Machi no Wa

(Joint venture invested from SBI Holdings, THE CHIKUHO BANK, and Kyushu Electric Power)

Platform  
introduced  
in  
28 regions

### -Achievements of regional currency (premium coupons)-

導入実績 <2022年6月>

【凡例】 ■プレミアム付商品券 ■複数商品券の発行 ■食事券 ■宿泊券 ■共通アプリ ■マイナポイント連携 ■子育てクーポン



- Started in Sept. 2021, SBI provides a payment platform using the "Corda Enterprise" blockchain distributed ledger platform
- Expanding initiatives nationwide by leveraging the SBI Group's network of regional financial institutions



## **10. Contribute to the governance and infrastructure establishment in the platform business, especially in Web 3.0, including the Metaverse**

- (1) Contribute to the establishment of various governance in the Digital Space**
  - Strive towards development of the whole industry through the improvement of the business environment-**
- (2) Promoting the development of ST infrastructure (issuance and distribution market)**
- (3) Business development that captures the trend in the African region, where P2P crypto asset transactions, which are considered important in the Web 3.0 world, are rapidly increasing**
- (4) Creating an ecosystem in the digital asset field and other areas through a global alliance with SC Ventures, which has strengths in South Asia, the Middle East, and Africa**
- (5) Leveraging blockchain/DLT to strengthen the connection between consumers and producers**
- (6) Full-scale entry into the NFT marketplace business**
- (7) Reach out to the digital generation through SNS/video distribution**



# Increasingly Strong Expectations for Crypto Assets and Digital Spaces and Regulatory and Taxation Trends

"If virtual currencies become more widely used, they will threaten private investors and financial stability in Russia and encourage antisocial activities." The Central Bank of Russia compiled a report on virtual currencies on March 20. It emphasizes the dangers and proposes legislation to ban payments, mining, and investment.

2022/01/24 Excerpt from the Nikkei electronic edition, "Bitcoin falls 20% in 2 days as regulations spread and selective selling takes place - Russia proposes regulations, Singapore bans ads"

The uproar over the plunge in TerraUSD (UST) is likely to spark regulatory discussion of stable coins around the world. U.S. Treasury Secretary Yellen told the Senate Banking Committee on April 10 that stable coins "are a rapidly growing commodity and need an appropriate framework because of the risks to financial stability that exist." [...] According to coinmarketcap, Terra's market cap is only the fourth largest in the stable coin market with a market capitalization of about JPY 1.4tn. However, the overall market capitalization of stable coins, including Tether and USDC issued by U.S. Circle, is JPY 22tn, and its influence on the financial market is swelling.

2022/05/12 Excerpt from the Nikkei electronic edition, "Crypto Asset Terra Plunge, Doubts Over "Stability," Growing Regulatory Tightening Arguments"

The trend toward tighter regulation of crypto assets in many countries is a reflection of the fact that **their activities are expanding to the point where they have a non-negligible impact on the real economy**

Crypto assets are currently taxed at a maximum rate of 55% in Japan, which is significantly higher than in other countries (significantly less favorable than the approximately 20% separate taxation of stocks/FX)

On March 30, the Japanese Liberal Democratic Party proposed reducing the tax burden on crypto assets (virtual currency), with the aim of reflecting the proposal in the fiscal 2023 tax code revision and amending the law

Web 3.0, which is attracting attention as a new digital economic sphere, is **specified in the government's "Framework Policy,"** and momentum is growing for the digital space in Japan



## Establishment and participation in self-regulatory and industry organizations

### Japan STO Association

The Japan STO Association, established in Oct. 2019 under the leadership of SBI Group, has already been accredited as a self-regulatory organization by the Financial Services Agency. A total of 67 companies are participating in the association as regular members, including 13 securities companies, and supporting members. The Association will **seek and realize business opportunities for STO with thorough compliance with laws and regulations and investor protection in Japan** by gathering various knowledge

### ST Research Consortium

Contributed to the formulation of the "Proposal on Digital Securities PTS" at the ST Research Consortium organized by Mitsubishi UFJ Trust and Banking Corporation. Endeavoring to **establish a secondary market through collaboration between "Osaka Digital Exchange" (ODX) and "Progmatt"** to address the absence of a secondary market, which is an issue for digital securities as a whole

### Japan Digital Space Economy Federation

Since various economic activities will be generated in the metaverse as in the real world, we **established an industry organization that will contribute to the development of the digital space through policy proposals, information dissemination, and dialogues with various related organizations.** Major cross-industry companies participated as the founding members. (SCSK, Z Holdings, Softbank, Dentsu Group, Toppan Printing, Tradeworks, Microsoft Japan, Nomura Research Institute, Nomura Holdings, Project Company, Minkabu the Infonoid, Loyalty Marketing)

### [Examples of Challenges in the Digital Space]

- If the system is equipped with a mechanism to be redeemable for legal tender, **various financial regulations must be considered to prevent money laundering, fraud, gambling, real money trade, etc.**
- **In order to promote healthy economic growth in the content business,** the use of blockchain and other technologies should be included in the scope **to prevent illegal content theft and piracy**



# The SBI Financial and Economic Research Institute Actively Disseminates Information through its **Publications and Seminars**

SBI Financial and Economic Research Institute (SBI FERI), established on April 1, 2021, has invited Ms. Takako Masai, former Councilor of the Bank of Japan's Policy Board, to serve as its Representative Director. **Promoting surveys, research, and policy proposals on themes such as next-generation digital finance**

< Official pamphlet vol. 1, published at the end of February 2022, discusses various possibilities of DLT >



Iwamura, Mitsuru	Waseda University Professor Emeritus	What will happen with the return of interest rates and the practical application of DLT - new currency issuance race-
Shiratsuka Shigenori	Keio University Professor, Faculty of Economics	Central Bank Digital Currency and Monetary Policy
Doi Takero	Keio University Professor, Faculty of Economics	An Economic Study on the Income Taxation of Crypto Asset Transactions
Harada Kimie	Chuo University Professor, Faculty of Commerce	The Potential of Wine Funds as an Alternative Investment
Hiromi Yamaoka	Director of Future Co. Director	Discussion at the end of the book: The Next Generation of Digital Finance
Tatsuo Yamazaki	SBI Institute for Financial and Economic Research	

Download available from official web [http://sbiferi.co.jp/review/report\\_review\\_2022Feb.html](http://sbiferi.co.jp/review/report_review_2022Feb.html)

< LIVE seminar done on March 14, 2022 "What is the future market outlook? What will happen to the world economy in the wake of Putin's shock? >

**Presenter: Mr. Tatsuo Yamazaki, Director of SBI FERI**



## **(2) Promoting the development of ST infrastructure (issuance and distribution market)**

- ① **SBI Group's ST issuance track record**
- ② **Beginning of PTS at Osaka Digital Exchange**
- ③ **SBI Group has establishing an end-to-end global ecosystem to **provide a full range of functions from ST issuance to distribution and custody****
- ④ **SBI Group will strengthen its investment and alliance strategy to create one of the **world's largest global corridors for the distribution of digital assets** through alliances with domestic and overseas**



# ① SBI Group's ST Issuance Track Record

a. Third-party allocation of new shares by SBI e-Sports via an STO (Oct. 2020)

b. First bond STO for general investors in Japan by SBI SECURITIES (Apr. 2021)

c. First public offering of asset-backed STs in Japan by SBI SECURITIES (July 2021)

d. Public offering of asset (real estate)-backed ST by SBI SECURITIES (Dec. 2021)



▲ Exterior of Rokko Island Distribution Center and automated warehouse which backed the ST of "d." above

➤ **At RS-backed STO, real estate investment is possible in small lots, and the properties to be invested in are better defined than J-REITs**



## ② Opening of PTS at the Osaka Digital Exchange

Osaka Digital Exchange, a PTS operator funded by SBI Holdings and Sumitomo Mitsui Financial Group, announced on 6 June that it would begin operations on 27 June. It is the first PTS to open for business in about 12 years. And it will be the third PTS in Japan. It will first handle listed shares to accumulate know-how, and then enter the digital securities market by 2023.

2022/06/07 Nihon Keizai Shimbun "PTS of stocks funded by SBI etc, to open on 27 June, Digital Securities to be next year"

(Omitted) This exchange handles the trading of stocks and ETFs (exchange-traded funds) from 8:20 am to 4:00 pm on weekdays, a longer time than the TSE and other exchanges. (omission) Trading of shares and other securities used to be conducted on the TSE and other exchanges, but regulations have been relaxed and there are now two PTS. However, their share of stock trading value is only around 9% due to the small number of securities companies that can trade on them. Some market participants have called for the development of an alternative market, since trading on the TSE was halted for the entire day due to system trouble the year before last, and it will be interesting to see how far the opening of a new PTS with the participation of financial giants will expand the use of this market.

2022/06/06 NHK "PTS funded by financial giants to open on 27th of this month, focus on whether use will expand"



### ③ SBI Group Has Establishing an End-To-End Global Ecosystem to **Provide a Full Range of Functions from ST Issuance to Distribution and Custody**

ODX under establishment as Japan's first PTS to handle STs; PTS approval obtained on Apr. 28 2022 and will start operations of PTS for equities

#### Issuance



#### Distribution



Asia  
Digital  
Exchange



#### Custody



Investment,  
provision of  
technology, etc.

Global company  
located in the U.K.

**Custody joint  
venture (domestic)**

**Preparing to launch domestic  
custody business** within the SBI  
Group, including partnerships  
with global firms

The image is an example under consideration and does not guarantee any specific initiatives in the future



## ④ SBI Group Endeavors to Form One of the World's Largest Global Corridors for the Distribution of Digital Assets



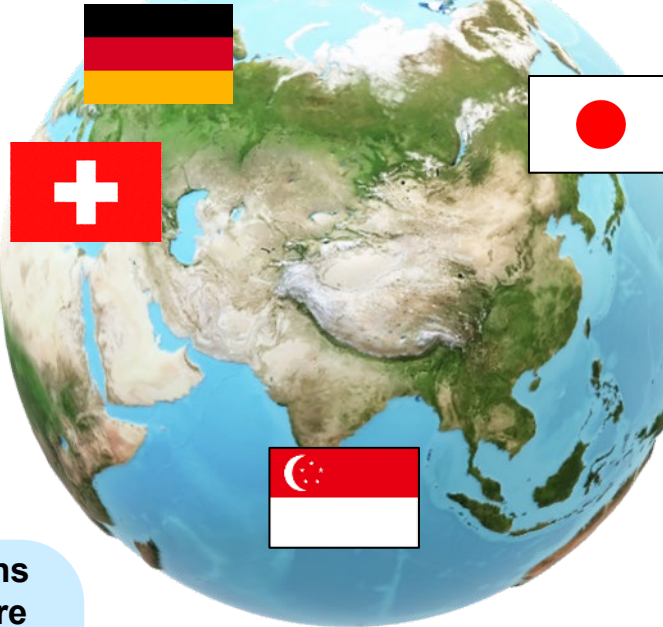
Investment in the Digital Asset Exchange, part of the Boerse Stuttgart Group, which operates Germany's second largest stock exchange (announced December 2019)

Digital Exchange  
Börse Stuttgart



SYGNUM

Invested in Sygnum Bank AG, the world's first digital asset bank granted a banking license by the Swiss financial authorities (announced February 2021)



Osaka Digital Exchange strives to become the first PTS operator in Japan to handle ST (established April 1, 2021) Firstly, an equity PTS is scheduled to open on June 27

### Asia Digital Exchange

- SBI Digital Markets, which plans to provide trading infrastructure for institutional investors, is funded by SCB10X, a subsidiary of Siam Commercial Bank, a major Thai bank
- Acquired in-principle approval of CMS license by Singapore MAS (May 2022)

SBI Digital Markets

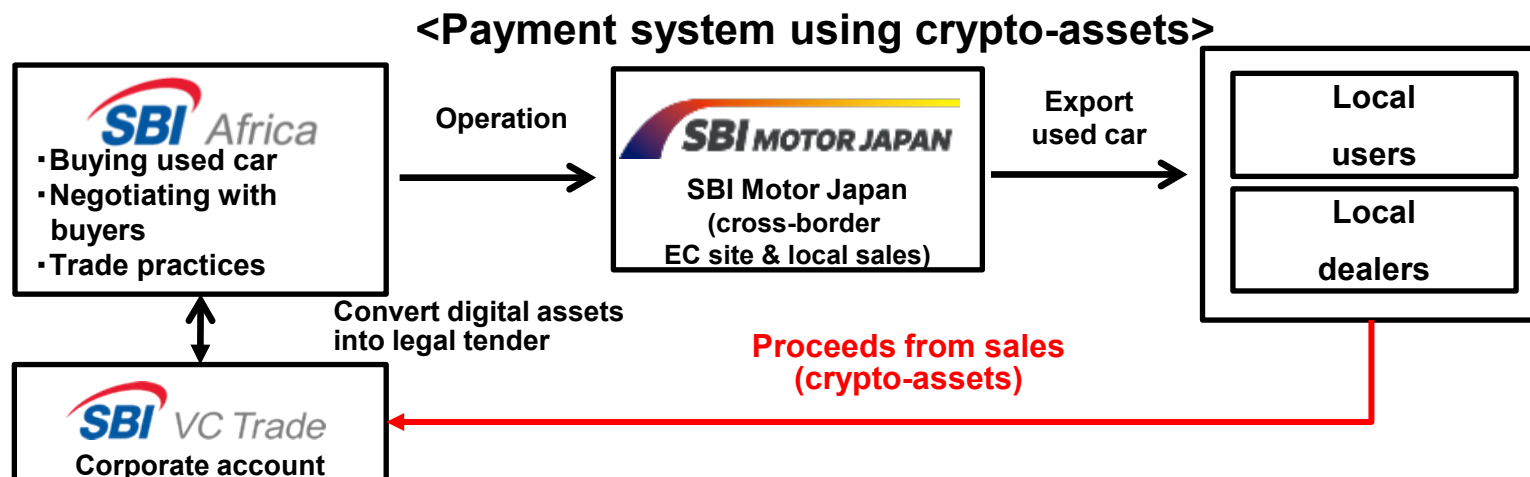
Establishment of Asia Digital Exchange, a Singapore-based digital exchange with the Swiss SIX Group, to be officially launched in 2022



### (3) In Web 3.0, Business Expansion Compatible with Major African Trend: Rapidly Expanding P2P Crypto Asset Transactions

According to the Singapore-based KuCoin exchange, the number of transactions and users of virtual currencies, including Bitcoin, surged in Africa by about 15-fold and 25-fold in the year lasting through Jan. 2022. For trading of physical goods, about 90% of transactions are less than USD 10,000. Growth is especially strong in peer-to-peer (P2P) transactions carried out directly between individuals and companies without exchanges or financial institutions acting as intermediaries. According to the market research company, Useful Tulip, P2P transactions in sub-Saharan Africa amounted to JPY 78m in March, exceeding the JPY 74m in North America

To serve emerging countries around the world, including those in Africa, SBI Africa—a company that exports about 5,000 cars each year using its cross-border e-commerce site, SBI Motor Japan—has built a system where payments can be made with Bitcoin and XRP crypto assets (Japan's first cross-border e-commerce site to support XRP payments)



Consider using ODL once Ripple's U.S. court case is settled in a favorable way for Ripple



# (4) Creating an Ecosystem in the Digital Asset Sector etc, Areas Through a Global Alliance with SC Ventures, which has Strengths in the South Asia, Middle East and Africa Regions



(Announced  
May 6, 2022)

scventures



## Details of business cooperation

- ✓ In southeast Asia and South Asia, consider investing in group companies of both and promoting collaboration with existing investee companies of both groups. Also consider establishing joint venture funds in South Asia, the Middle East, Africa, and other countries in which to invest
- ✓ Mutually support business development in regions where both groups have strengths
- ✓ **Consider and implement cooperation and ecosystem building in specific themes, such as BaaS-related projects, the digital asset sector (DeFi, Metaverse, Web 3.0, etc.), the Sustainability and Financial Inclusion sectors** in South-East Asia, the Middle East and Africa

### ■ Standard Chartered Bank

The UK-based diversified financial group with more than 1,000 offices in 59 countries. Particular strength in South Asia, the Middle East, and Africa

### ■ SC Ventures

Venture Investment & Incubation Unit of Standard Chartered Bank. Based in Singapore, with offices in San Francisco, Kenya, Shanghai, London, and Hong Kong



## (5) Using Blockchain/DLT to Strengthen Ties between Consumer and Producer ①

SHIMENAWA, a traceability service offered by **SBI Traceability, Co., Ltd.** using the blockchain platform Corda, captures tracing data at the point of production in the business of exporting Hokkaido-grown rice

Cooperating with Matsubara Beikoku Co., Ltd., which has strengths in "Dream Rice" in support of export to China

Dream Rice is sold throughout Japan as "rice that you can see the face of the producer," featuring unpolished rice purchased directly from Hokkaido's leading regions and top producers. The rice is then carefully stored and polished in a temperature-controlled warehouse at the company's own rice-polishing facilities



By setting SHIMENAWA onto carefully selected Japanese rice, overseas consumers, including those in China, are given a sense of reassurance through direct provision of information regarding safety and authenticity of rice, guaranteed through traceability recorded on the blockchain



## (5) Using Blockchain/DLT to Strengthen Ties between Consumer and Producer ②

### - Preventing unauthorized distribution of Japanese sake by pairing blockchain and NFC/RFID technologies -

- While overseas markets have a major problem with the distribution of counterfeit products made from empty bottles for high-grade Western spirits, Japanese sake is facing the same issue after having been the highest value exported for 12 straight years
- In SHIMENAWA, provided by SBI Traceability, blockchain technology is combined with NFC/RFID technologies from Sato Corporation to construct a traceable distribution process from digital pairing technology, offering a solution that prevents product counterfeiting and improves user experience
- Katokichibee Shoten's "BORN" label, which has been in business for 162 years, is exported to 105 countries as a representative of Japanese sake culture, and used frequently at international events, will be implemented in Japan for the first time



## (6) Full-Scale Entry into NFT Marketplace Business

- In Sept. 2021, **SmartApp (CEO: J. Ko)**, a company developing Japan's first integrated NFT trading platform business (nanakusa), **became a consolidated subsidiary** (shareholding: approx. 84%) of the SBI Group and changed its name to **SBINFT**
- **Focused on the NFT marketplace business that supports public chains (Ethereum, Polygon)**, and strives to become **a global leader** in the distribution of valuable NFTs such as domestic and overseas art / entertainment / tickets



### Documentary Video

- Focusing on five crypto artists, the documentary video depicts the "past," "present," and "future" of NFT and crypto
- Highlighted video footage was shown on TOKYU OOH Q'S EYE, one of the largest outdoor visions in front of Shibuya Hachiko.
- Permanent art galleries and crypto art exhibits at restaurants in Tokyo, etc.

In partnership with Lawson Entertainment, as one of the NFT services, a service to sell tickets for concerts, sports, plays, and other events sold through Lawson Ticket as storable **commemorative ticket NFTs** will be offered from spring 2022





## **<Reference Materials related to each business segment >**



# FY2021 Performance by Segment (IFRS)

[Year-on-year comparison]

(Unit: JPY million)

## Revenue

	FY2020 (Apr. 2020– Mar. 2021)	FY2021 (Apr. 2021– Mar. 2022)	YoY % change
Financial Services Business	314,159	396,179 <b>Record high*</b>	+26.1
Asset Management Business	205,871	317,831 <b>Record high*</b>	+54.4
Biotechnology, Healthcare & Medical Informatics Business	5,627	9,920 <b>Record high*</b>	+76.3

Profit before Income

## Tax Expense

	FY2020 (Apr. 2020– Mar. 2021)	FY2021 (Apr. 2021– Mar. 2022)	YoY % change / YoY change
	86,386	282,924 <b>Record high*</b>	+227.5
	84,188	165,962 <b>Record high*</b>	+97.1
	-8,630	-11,845	-3,215

Note: Owing to Group company segmentation realignments, FY2020 results were restated in accordance with segmentation realignment

Note: Figures are before elimination of the inter-segment transactions

\* Comparison with past full-year results



## **[FY2021 Business overview of each major business]**

### **1. Securities related business (SBI SECURITIES)**



# SBI SECURITIES FY2021

## Consolidated Results (J-GAAP)

[Year-on-year comparison]

(Unit: JPY million)

	FY2020 (Apr. 2020 – Mar. 2021)	FY2021 (Apr. 2021 – Mar. 2022)	YoY % change
Operating Revenue	160,356	<b>Record high</b> 166,627	+3.9
Net Operating Revenue	149,124	<b>Record high</b> 157,027	+5.3
Operating Income	61,641	<b>Record high</b> 61,920	+0.5
Ordinary Income	61,896	<b>Record high</b> 62,057	+0.3
Profit Attributable to Owners of the Company	46,106	40,041	-13.2



## FX and Crypto-asset Related Business Results for FY2021

### FX Business Financial Results for FY2021 (IFRS)

(Simple sum of figures for SBI Liquidity Market and SBI FXTRADE)

(Unit: JPY million)	FY2020 (Apr. 2020 –Mar. 2021)	FY2021 (Apr. 2021 –Mar. 2022)	YoY change (%)
Profit before income tax expense	10,684	<b>Record High</b> 14,328	+34.1%

- **Increased trading volume** in the FX-related business **due to higher volatility** in the Turkish lira in the middle of the fiscal year and in the dollar/yen and Euro/yen in the second half of the fiscal year
- Profitability improved by **deepening the hybrid dealer/algorithm structure** in dealing

### Crypto Asset-related Business Financial Results for FY2021 (IFRS)

(Simple sum of figures for SBI VC Trade, TaoTao, B2C2, etc. included in the Financial Services Business segment)

(Unit: JPY million)	FY2020 (Apr. 2020 –Mar. 2021)	FY2021 (Apr. 2021 –Mar. 2022)	YoY change (%)
Profit before income tax expense	10,602	6,399	-39.6%

Decreased overall profit in the crypto asset-related business mainly due to increased expenses related to the integration of the former SBI VC Trade and the former TaoTao.



## **2. Banking-related business**



# Shinsei Bank FY2021 Consolidated Performance (J-GAAP)

(JPY billion)

	FY2021	Q1	Q2	Q3	Q4
Ordinary Income	373.3	92.3	90.1	94.3	96.4
Ordinary Profit	28.3	14.7	11.3	12.5	-10.3
Profit attributable to owners of the Company	20.4	11.6	11.6	14.2	-17.0

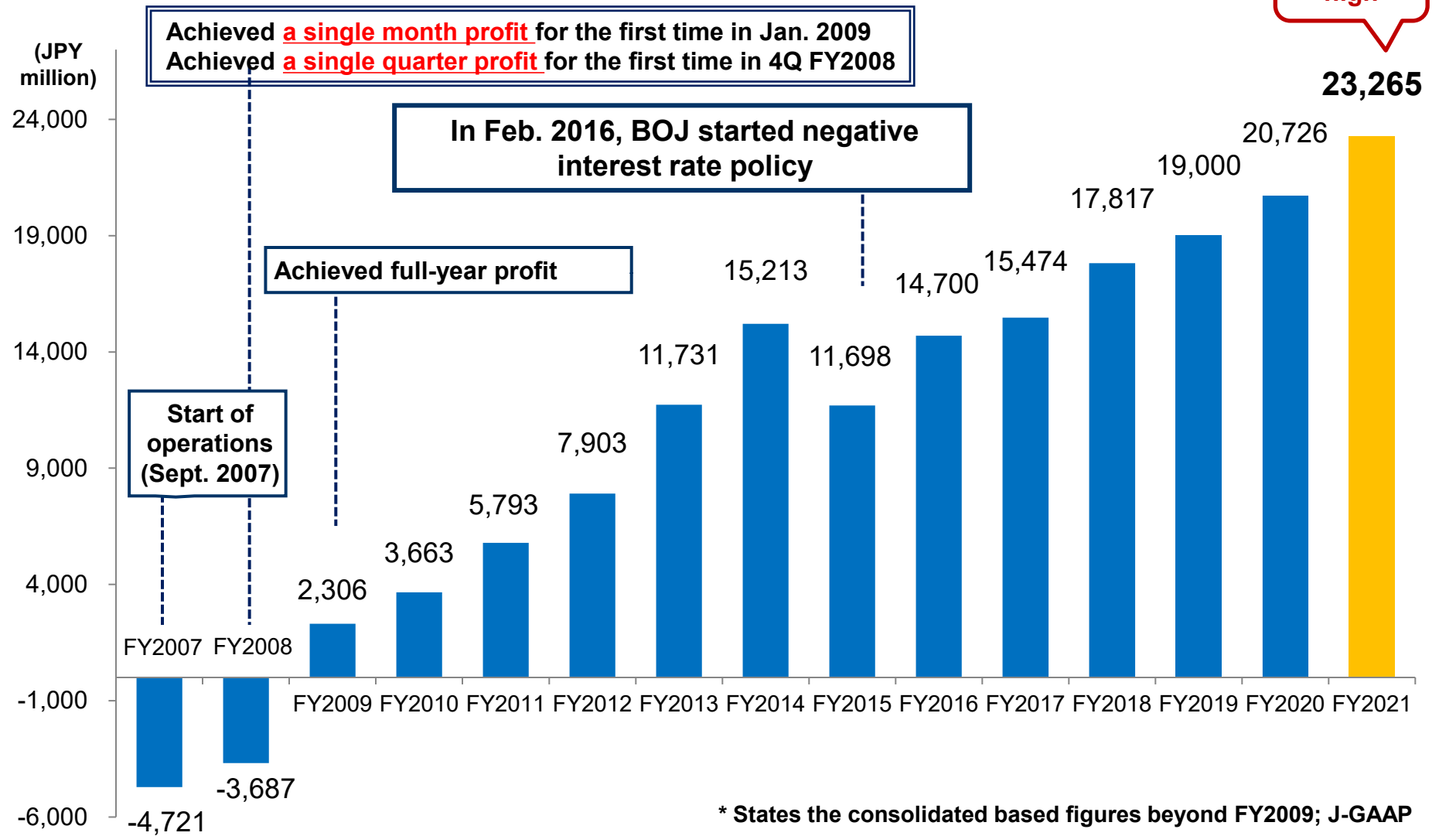
Impacted by losses related to bond sales in anticipation of future restructuring of securities portfolio and provision of allowance for doubtful accounts related to Marelli Holdings Co., Ltd.





# Changes in SBI Sumishin Net Bank's Ordinary Income (J-GAAP) after Start of Operations

-Record performance for the fiscal year ending March 31, 2022-





### **3. Insurance-related business (SBI Insurance Group)**



# SBI Insurance Group's Performance

## Consolidated results for FY2021 (J-GAAP)

(Unit: JPY million)

	FY2020 (Apr. 2020 – Mar. 2021)	FY2021 (Apr. 2021 – Mar. 2022)	YoY % change
Ordinary revenue	86,657	<div>Record high*1</div> 88,365	+2.0
Ordinary profit	3,852	<div>Record high*1</div> 5,925	+53.8
Profit attributable to parent of the Company	763	<div>Record high*1</div> 891	+16.8

\*1 Comparison with the past full-year results



## **4. Asset management business**



# Asset Management Business Financial Results for FY2021

-Achieved historical highs since adoption of IFRS in FY2012-

(IFRS, JPY billion)

	FY2020 * (Apr.2020-Mar.2021)	FY2021 (Apr.2021-Mar.2022)	YoY % change
Revenue	205.9	<div>Record high</div> 317.8	+54.4
Profit before income tax expense	84.2	<div>Record high</div> 166.0	+97.1
SBI SAVINGS BANK	28.4	<div>Record high</div> 34.2	+20.4
Profit/loss from the change in fair value and profit/loss on sales of investment securities	66.3	<div>Record high</div> 133.0	+100.6
Listed Securities	53.7	29.0	-46.0
Unlisted Securities	12.6	104.0	+725.4

\* Owing to Group company segmentation realignments,1H FY2020 results were restated in accordance with the segmentation realignment



## **5. Biotechnology, Healthcare & Medical Informatics Business**



## 5. Biotechnology, Healthcare & Medical Informatics Business:

# Profit before Income Tax Expense of the Biotechnology, Healthcare & Medical Informatics Business Companies (IFRS)

(JPY million))

		FY2020 (Apr. 2020 – Mar. 2021)	FY2021 (Apr. 2021 – Mar. 2022)
SBI Biotech		-278	366
Quark Pharmaceuticals (“Quark”)		-4,234	-68
5-ALA-related business	SBI Pharmaceuticals	-1,726	-1,103
	SBI ALApromo	348	298
	photonamic	71	328
Medical Data Vision (Equity method affiliate)*		36	239

\*the results of the previous quarter are recorded as SBI Holdings’ equity method, FY 2020 includes only the 12M results after the acquisition of its shares. The SBI Holdings’ equity interest in Medical Data Vision’s fiscal year ending Dec. 2022 is included in SBI Holdings’ results for FY2021.

- At SBI Biotech, **a milestone payment was recorded** from two licensed products, the anti0ILT7 antibody (HZN-7734) and anti-PLD4 antibody (SBI-3150), achieving their respective milestones, and **returned to profitability for the full year**.
- Shares of Quark were **completely sold on Feb. 10, 2022**.
- SBI ALApromo **achieved major increase in sales and profits** due to strong sales of 5-ALA related products.
- Reflecting the decline in the stock price of Medical Data Vision, a valuation loss of approximately JPY 9.4 bn on its share was recorded as a loss in this segment.

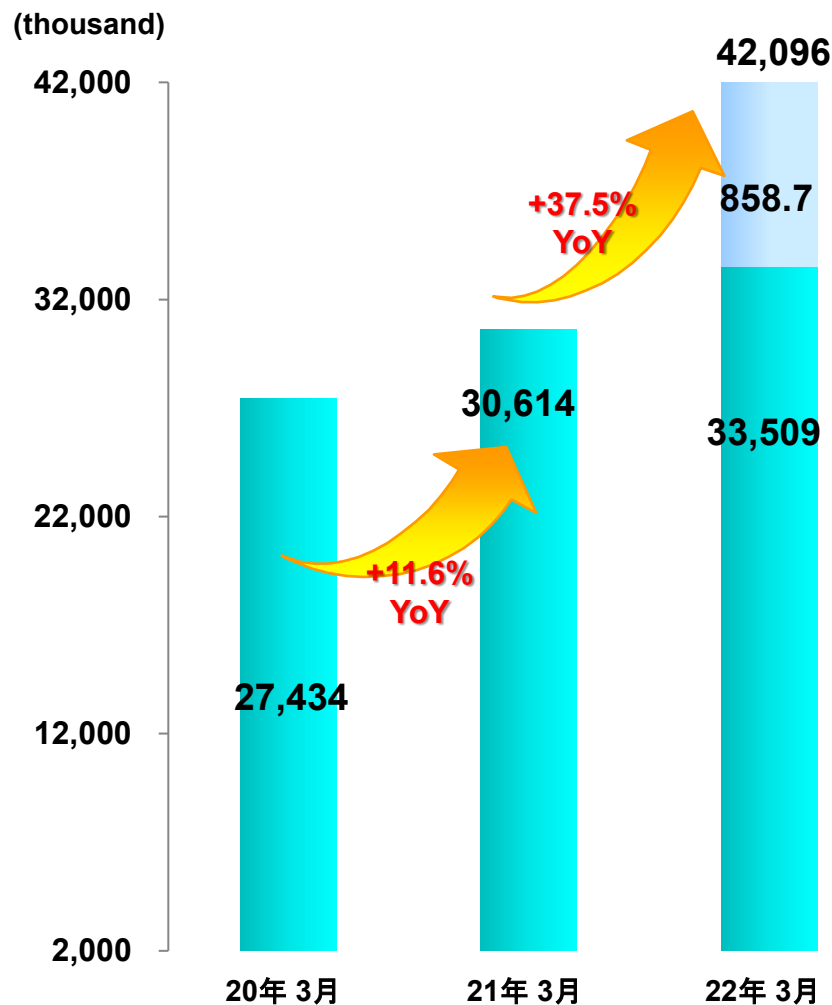


## **<Reference materials> the Group's overview**



# 1. Customer value

## The SBI Group's Customer Base has Grown through the Active Pursuit of Customer-centric Principles and Group Synergies



**Breakdown of the Customer Base**  
(As of the end of Mar. 2022)\*1,2

		(thousand)
SBI SECURITIES SBI NEOMOBILE Securities SBI Neotrade Securities FOLIO	(No. of accounts)	8,453
SBIH InsWeb	(No. of customers)	10,462
E-LOAN	(No. of customers)	3,134
MoneyLook	(Total no. of customer registrations)	950
Morningstar Japan	(Total no. of service users ) *3	1,228
SBI Sumishin Net Bank	(No. of accounts)	5,353
SBI Insurance	(Total no. of contracts)	1,172
SBI Life Insurance	(Total no. of contracts) *4	316
Others (SBI VC Trade etc.)*5	—	2,439
<b>Shinsei Group*6</b>		
Shinsei Bank	(No. of accounts)	3,050
LAKE ALSA	(No. of customers)	831
Aplus	(No. of active cardholders)	4,434
Showa Leasing	(No, of contracts)	272
<b>Total</b>	—	<b>42,096</b>

\*1 Customers who are not identified as the same person within each service website and overlapping customers among the Group companies may be double counted

\*2 Owing to the reorganization, customer numbers of the Group companies, which were excluded from consolidation, are not included in the figures for the past customer bases

\*3 Includes the number of smartphone app downloads, as provided by Morningstar

\*4 The total number of contracts of SBI Life Insurance includes number of insured persons with group credit life insurance

\*5 The number of customers of "SBI Point" provided for SBI iD members is not included in the customer base because the service is no longer available

\*6 The items extracted as Shinsei Group's customer base are changed from Mar. 2022



# Number of Companies and Consolidated Employees of the SBI Group

## Number of Group companies

	March 2021	March 2022
Consolidated subsidiaries (companies)	264	442
Consolidated partnerships (partnerships)	35	51
Total consolidated subsidiaries (companies)	299	493
Equity method companies (companies)	40	61
Total Group companies (companies)	339	554

## Number of consolidated employees

	March 2021	March 2022
Total employees (persons)	9,209	17,496



*<http://www.sbigroup.co.jp>*