



*Strategic
Business
Innovator*

SBI Holdings, Inc.

Financial Results

**for the Six-month Period Ended September 30, 2022
(Fiscal Year Ending March 31, 2023)**

November 14, 2022

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 measures adopted by Shinsei Bank to prevent conflicts of interest.

None of the Group companies guarantee 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 on March 31 of the following year

- I. 1H FY2022 Consolidated Financial Results**
- II. Fully incorporate Shinsei Bank into the Group's overall strategy and ensure business operations toward integration**

I. 1H FY2022 Consolidated Financial Results

[Consolidated performance overview]

- Revenue increased 40.7% year-on-year to JPY 470.2bn, which was historical high for a 1H period, **largely due to a significant increase in revenue from the Financial Services Business (81.3% year-on-year to JPY 403.1bn)**
- Profit before income tax expense in **the Financial Services Business increased 18.0% year-on-year to JPY 69.6bn**. Given the strong profit before income tax expense of this business, **which is the basis for determining the amount of shareholder return, interim dividend for the fiscal year ending March 31, 2023, is expected to be 30 yen per share, the same as the period last year**
- Although the Financial Services Business performed well as mentioned above, the Investment Business resulted in **a fair value loss of approximately JPY 31.4bn in the first half of this fiscal year due to the decline in the share prices of some overseas-listed stocks, including TPBank (Group's equity ratio: 19.9%), a listed stock in Vietnam**. In addition, **Crypto-asset Business was significantly impacted by a loss of JPY 12.8bn** (the breakdown of this loss was approximately JPY 7bn in the Mining Business and approximately JPY 4bn in B2C2) in profit before income tax expense in the first half of this fiscal year, due to the sluggish crypto assets market and the bankruptcy of some business partners. Consolidated profit before income tax expense decreased 51.8% year-on-year to JPY 57.2bn due largely to the above factors
- Profit attributable to owners of the Company decreased 89.7% year-on-year to JPY 7.9bn. The main reasons for the losses were **the fair value loss of JPY 28.4bn on TPBank stock in Vietnam**, in which we have a direct investment, and **a large loss at a crypto-asset business subsidiary**, in which we have a large stake. **Both losses were mainly incurred at overseas subsidiaries, limiting the effect of lower tax expenses**

1H FY2022 Consolidated Performance (IFRS)

[Year-on-year comparison]

(Unit: JPY million)

	1H FY2021 (Apr.-Sept. 2021)	1H FY2022 (Apr.-Sept. 2022)	YoY % change
Revenue	334,283	Record high*1 470,234	+40.7
Profit before income tax expense	109,276	52,687	-51.8
Profit for the period	88,938	37,993	-57.3
Profit attributable to owners of the Company	76,765	7,945	-89.7

* Comparison with past 1H results

Quarterly Consolidated Performance of FY2022 (IFRS)

(Unit: JPY million)

	FY2022		QoQ % change / QoQ change
	1Q (Apr.-June 2022)	2Q (July-Sept. 2022)	
Revenue	232,150	238,084	+2.6
Profit before income tax expense	23,522	29,165	+24.0
Profit for the period	16,669	21,324	+27.9
Profit attributable to owners of the Company	-2,360	10,305	+ 12,665 (JPY million)

Comparison of Consolidated Profit Before Income Tax Expense with Major Securities Companies

(Unit: JPY million)

	1H FY2021 (Apr.-Sept. 2021)	1H FY2022 (Apr.-Sept. 2022)	YoY % change / YoY change
SBI Holdings (IFRS)	109,276	52,687	-51.8
Nomura Holdings (US-GAAP)	97,000	43,217	-55.4
Daiwa Securities Group (J-GAAP)	75,228	44,536	-40.8
SMBC Nikko Securities (J-GAAP)	42,978	-15,929	-58,907 (JPY million)
Mitsubishi UFJ Securities Holdings (J-GAAP)	11,835	34,182	+188.8
Mizuho Securities (J-GAAP)	44,333	3,397	-92.3

Source: Compiled by SBIH from the information on websites of each company

Quarterly Comparison of Performance with Major Securities Companies

(Unit: JPY million)

	Operating Revenue			Profit Before Income Tax Expense		
	1Q FY2021 (Apr.-June 2021)	1Q FY2022 (Apr.-June 2022)	QoQ % change	1H FY2021 (July-Sept. 2021)	1H FY2022 (July-Sept. 2022)	YoY % change / YoY change
SBI Holdings (IFRS)	232,150	238,084	+2.6	23,522	29,165	+24.0
Nomura Holdings (US-GAAP)	409,968	533,852	+30.2	11,733	31,484	+168.3
Daiwa Securities Group (J-GAAP)	146,640	192,552	+31.3	20,180	24,355	+20.7
SMBC Nikko Securities (J-GAAP)	62,876	62,433	-0.7	-4,658	-11,271	-6,613 (JPY million)
Mitsubishi UFJ Securities Holdings (J-GAAP)	86,759	130,330	+50.2	11,952	22,229	+86.0
Mizuho Securities (J-GAAP)	87,625	113,010	+29.0	2,918	478	-83.6

Source: Compiled by SBIH from the information on websites of each company

Basic Concept of Segment Classification

- To enable more flexible management decisions, the Group classifies its businesses into business segments that generate relatively stable profits, are highly dependent on market conditions and have large performance volatility, and are advanced and expected to grow in the future
- To clarify the source of shareholder returns as approximately 30% of profit before income tax expense from the Financial Services Business, and **aggressively implement measures to promote growth in this segment**

[From FY2022]

Financial				Non-Financial
Business sectors that generate relatively stable profits		Business sectors with high dependence on market environment and high volatility in performance		Advanced business sectors expected to grow in the future
Financial Services Business	Asset Management Business	Investment Business	Crypto-asset Business	Non-Financial Business
<ul style="list-style-type: none"> • Securities related business (FX related business and overseas financial business, etc.) • Banking related business (Shinsei Bank, overseas banks such as SBI SAVINGS BANK, including non-banking businesses) • Insurance related business 	<ul style="list-style-type: none"> • Asset management (Morningstar Japan and SBI Asset Management, etc.) 	<ul style="list-style-type: none"> • Private equity (PE) (Management of funds such as venture capital, LBO, and business succession, etc.) • Operating lease 	<ul style="list-style-type: none"> • Crypto-asset related (B2C2 and SBI VC Trade, etc.) 	<ul style="list-style-type: none"> • Biotechnology, Healthcare & Medical Informatics business • Web 3.0 related • New overseas markets such as Africa, etc.

1H FY2022 Performance by Segment (IFRS)

[Year-on-year comparison]

(Unit: JPY million)

Revenue

Profit Before Income

Tax Expense

	1H FY2021 (Apr. 2021– Sept. 2021)	1H FY2022 (Apr. 2022– Sept. 2022)	YoY % change	1H FY2021 (Apr. 2021– Sept. 2021)	1H FY2022 (Apr. 2022– Sept. 2022)	YoY % change / YoY change (Amt.)
Financial Services Business	222,294	403,111	+81.3	58,989	69,626	+18.0
Asset Management Business	8,111	8,355	+3.0	1,958	1,346	-31.3
Investment Business	80,889	29,882	-63.1	59,082	4,794	-91.9
Crypto-asset Business	15,575	20,534	+31.8	985	-12,781	-13,766 (JPY million)
Non-Financial Business	10,176	14,379	+41.3	-5,978	584	+6,563 (JPY million)

* Figures are before elimination of the inter-segment transactions.

* 1Q&2Q FY2021 results are restated to reflect the new segment category.

* Non-Financial Business include the Biotechnology, Healthcare & Medical Informatics Business, Web3.0 related businesses.

FY2022 Quarterly Revenue by Segment (IFRS)

Revenue

(Unit: JPY million)

	FY2022		QoQ % change / QoQ change
	1Q (Apr.-June 2022)	2Q (July-Sept. 2022)	
Financial Services Business	190,094	213,017	+12.1
Asset Management Business	4,109	4,246	+3.3
Investment Business	21,606	8,276	-61.7
Crypto-asset Business	12,984	7,550	-41.9
Non-Financial Business	7,006	7,373	+5.2

* Figures are before elimination of the inter-segment transactions.

* 1Q&2Q FY2021 results are restated to reflect the new segment category.

* Non-Financial Business include the Biotechnology, Healthcare & Medical Informatics Business, Web3.0 related businesses.

FY2022 Quarterly Profit Before Income Tax Expense by Segment (IFRS)

Profit before Income Tax Expense

(Unit: JPY million)

	FY2022		QoQ % change / QoQ change
	1Q (Apr.-June 2022)	2Q (July-Sept. 2022)	
Financial Services Business	27,816	41,810	+50.3
Asset Management Business	717	629	-12.3
Investment Business	9,122	-4,328	-13,450 (JPY million)
Crypto-asset Business	-9,688	-3,093	+6,594 (JPY million)
Non-Financial Business	2,018	-1,434	-3,451 (JPY million)

* Figures are before elimination of the inter-segment transactions.

* 1Q&2Q FY2021 results are restated to reflect the new segment category.

* Non-Financial Business include the Biotechnology, Healthcare & Medical Informatics Business, Web3.0 related businesses.

Interim Dividend of JPY 30 Per Share is Expected to be Implemented

[Basic policy for shareholder return]

The total amount of dividends plus share buybacks will be approximately 30% profit before income tax expense in the Financial Services Business for the time being

■ Dividend forecast (result) per share

	End of 2Q	Year-end	Full-year
FY2022 (forecast)	<u>JPY 30*</u>	TBD	TBD
FY2021 (result)	JPY 30	JPY 120	JPY 150

* The interim dividend will be officially decided by a resolution at the Board of Directors meeting scheduled to be held on November 30, 2022

[Business Overview of Core Businesses]

1. Financial Service Business

[Financial Service Business Consolidated Results (IFRS)] (Unit: JPY million)

	1H FY2021 (Apr. 2021 – Sept. 2021)	1H FY2022 (Apr. 2022 – Sept. 2022)	YoY (%)
Revenue	222,294	403,111	+81.3
Profit before income tax expense	58,989	69,626	+18.0

1. Financial Service Business:

(1) Securities business

[Major constituent companies]

SBI SECURITIES, SBI Liquidity Market, SBI FXTRADE, SBI MONEYPLAZA, PTS operating companies, overseas securities subsidiaries, etc.

[Business highlights]

- **SBI SECURITIES** recorded JPY 80.8bn in operating revenue (-1.4% YoY) and JPY 26.3bn in operating income (-4.5% YoY) for 2Q FY2022 on a J-GAAP basis in an unstable market situation
- Business results of **overseas securities** business operating in Thailand and Cambodia remained strong

SBI SECURITIES 1H FY2022

Consolidated Results (J-GAAP)

[Year-on-year comparison]

(Unit: JPY million)

	1H FY2021 (Apr. 2021 – Sept. 2021)	1H FY2022 (Apr. 2022 – Sept. 2022)	YoY (%)
Operating revenue	82,027	80,839	-1.4
Net operating revenue	77,253	74,778	-3.2
Operating profit	27,584	26,347	-4.5
Ordinary profit	27,684	25,254	-8.8
Profit attributable to owners of the Company	18,684	17,284	-7.5

Achieved Significant Growth in Revenue and Profit in FX-Related Business Against a Backdrop of Rising Foreign Exchange Transactions due to the Rapid Depreciation of the Yen

Operating revenue of SBI Liquidity Market (Non-consolidated, J-GAAP) (Unit: JPY million)

	1H FY2021 (Apr. 2021 – Sept. 2021)	1H FY2022 (Apr. 2022 – Sept. 2022)	YoY (%)
Operating revenue	11,505	Record high 14,703	+27.8

- During the first half of the year, the dollar-yen exchange rate rapidly depreciated against the yen from the JPY 122 per dollar level on April 1 to the JPY 144 per dollar level on September 30, which led to a 2.4-fold increase in FX OTC transaction volume for the industry overall. SBI Liquidity Market also saw a significant increase in transactions and achieved its highest operating revenue for the 1st half of the fiscal year
- SBI FXTRADE, a subsidiary of SBI Liquidity Market, also achieved a significant increase in revenue and profit compared to the same period of the previous fiscal year due to active promotion of campaigns and other measures

Endeavor to Establish Industry Positioning and Further Expand Business Base at Securities Subsidiaries in Thailand and Cambodia



Thai Online SBI Thai Online Securities

(Investment ratio 100.0%, established in October 2014)

- First pure-play Internet securities company in Thailand
- Provides stock and derivative trading services to local investors, including Japanese residents in Thailand
- Lowest commissions in the industry to increase transactions by beginners and younger customers
- The company has made progress in solidifying its earnings base, since becoming profitable for the full year in Fiscal year ended March 31, 2021. In addition, profit before income tax expense for the second quarter of the fiscal year ending March 31, 2023, was JPY 201m
- Steady increase in customer base and share of retail brokerage trading

* Converted at 1 baht = JPY 3.97



Royal Securities (Investment ratio 65.3%, established in February 2010)

- The only Japanese-affiliated comprehensive securities firm in Cambodia
- Positioned as a leading firm in the industry in IPOs and listed public bond underwriting
- Continue to underwrite corporate bond issuances of local companies, and working with the Cambodian government to build a framework for green bonds, sustainability bonds, etc. (Profit before income tax expense for the 3rd quarter of the fiscal year ending December 31, 2022 (cumulative): JPY 29m)

Converted at USD 1 = JPY 146.5

1. Financial Services Business:

(2) Banking business

[Major constituent companies]

Shinsei Bank Group, SBI Sumishin Net Bank, Overseas banks including SBI SAVINGS BANK

[Business highlights]

- **Shinsei Bank** recorded JPY 30,544m (+11.4% YoY) profit before income tax expense under J-GAAP, backed by strong performance in corporate sales and interest income associated with an increase in structured finance balances, etc. Moreover, SBI Holdings recorded JPY 260m profit before income tax expense based on IFRS
- **SBI Sumishin Net Bank** expanded steadily, especially in the housing loan business. As a result, ordinary profit increased to JPY 14,320m (+35.8% YoY) on a J-GAAP basis, while SBI Holdings' equity method earnings of SBI Sumishin Net Bank based on IFRS recorded JPY 1,308m (-70.7% YoY), affected by a decline in the fair value of the bonds holdings
- While **SBI SAVINGS BANK** (Korea) steadily expanded underlying earnings and expenses in line with the expansion of prime assets, the company recorded profit before income tax expense of JPY 14,686m (-20.1% YoY) due to losses related to securities, in line with deteriorating market conditions, and lower interest margins due to higher domestic interest rates in Korea

Shinsei Bank 1H FY2022 Consolidated Performance (J-GAAP)

- Achieved sales and profit growth
on the back of strong corporate business - (Unit: JPY million)

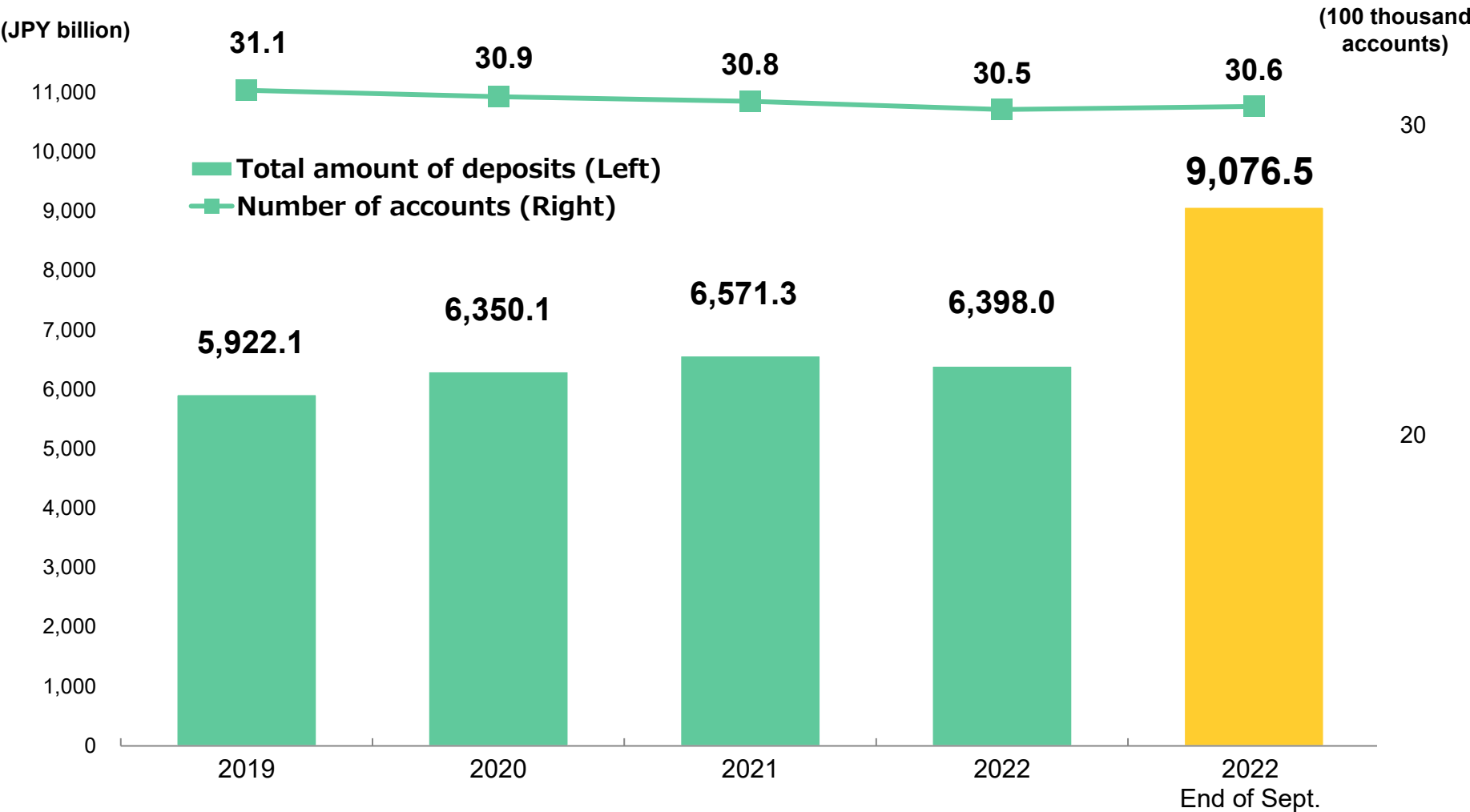
	1H FY2021	1H FY2022	YoY % change
Gross operating profit	110,678	119,451	+7.9
Ordinary Business Profit	33,443	41,528	+24.2
Profit before income tax expense	27,429	30,544	+11.4
Profit attributable to owners of the Company	23,232	24,895	+7.2

* Calculation of IFRS-based Shinsei Bank's consolidated P/L and incorporation into SBI Holdings' results began in 4Q FY2021



Number of Retail-accounts and Deposits at Shinsei Bank

- Deposits increased significantly due to the successful expansion of the transaction base with corporate and individual customers -



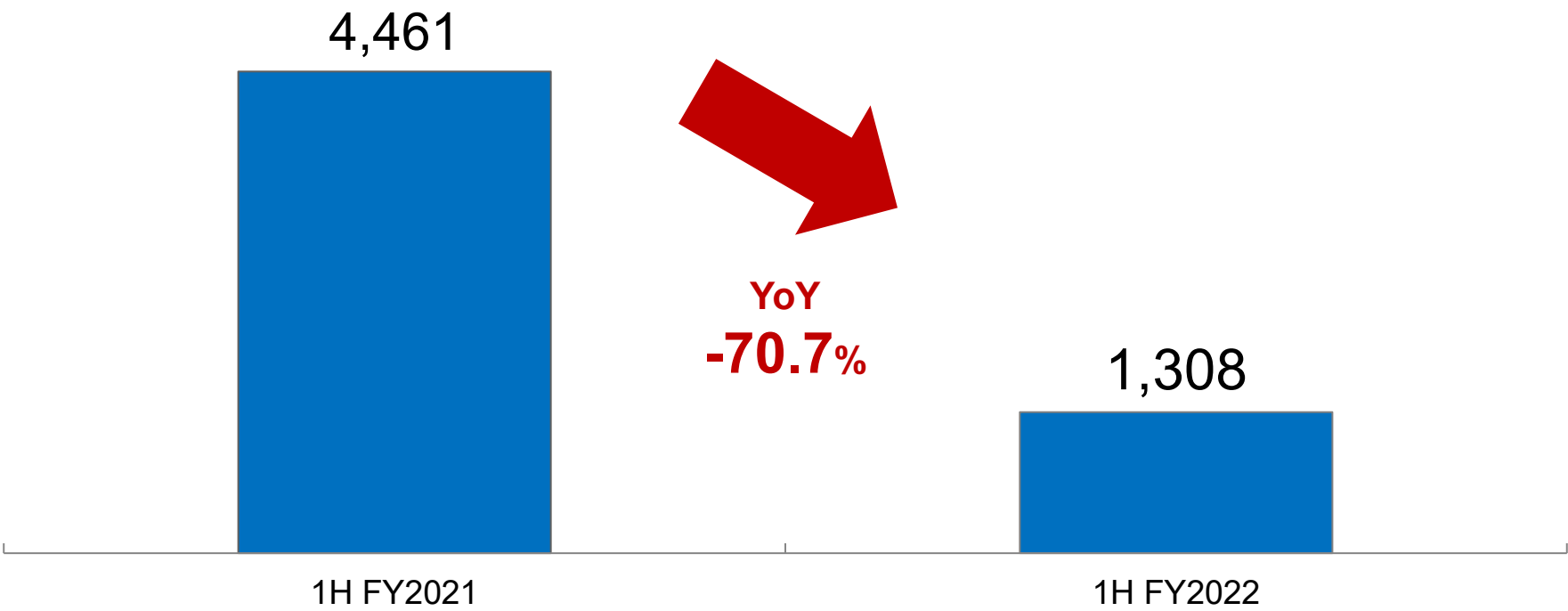
*each figure is as of the end of March unless otherwise noted

Transition in SBI Sumishin Net Bank's Financial Results

(Equity method earnings / IFRS)

SBI Holdings' equity method earnings of SBI Sumishin Net Bank, based on IFRS for 1H FY2022 was JPY 1,308m, down 70.7% year-on-year

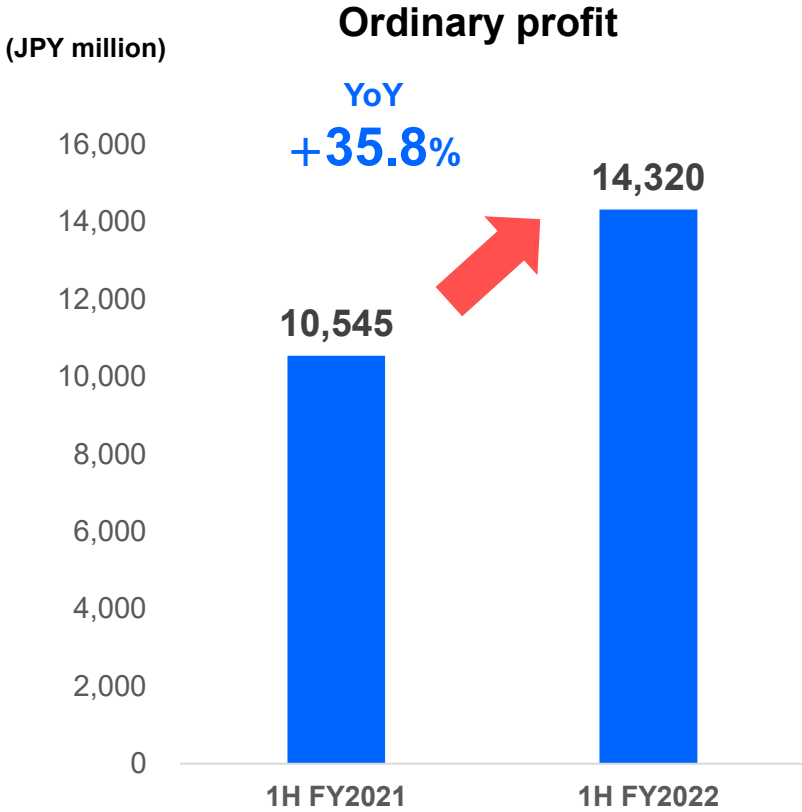
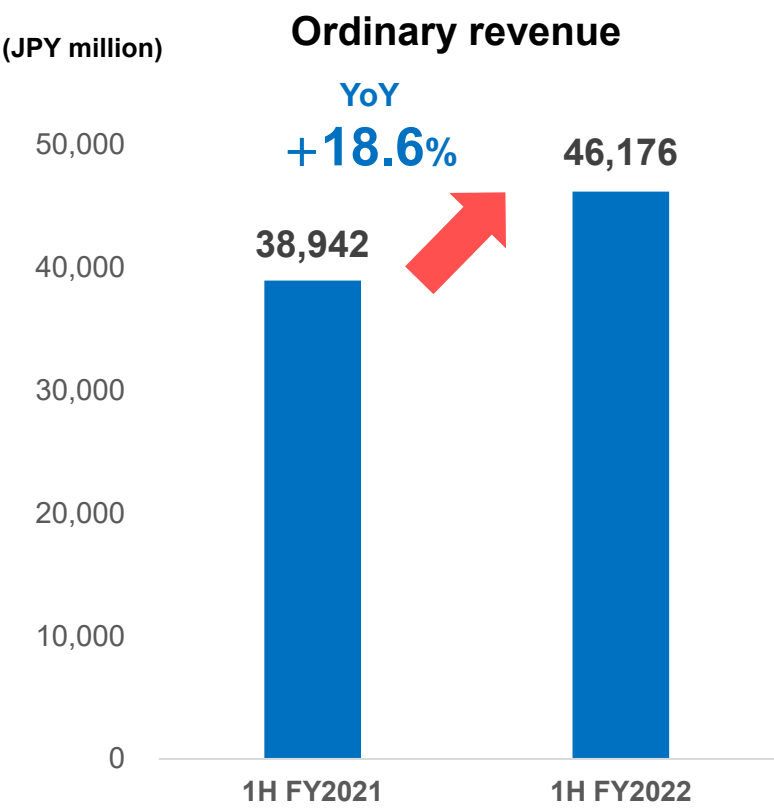
(JPY million)



*Owing to the difference in IFRS and J-GAAP for the criteria of assessing assets, the figures differ from that disclosed based on J-GAAP
*SBI Sumishin Net Bank has adopted J-GAAP

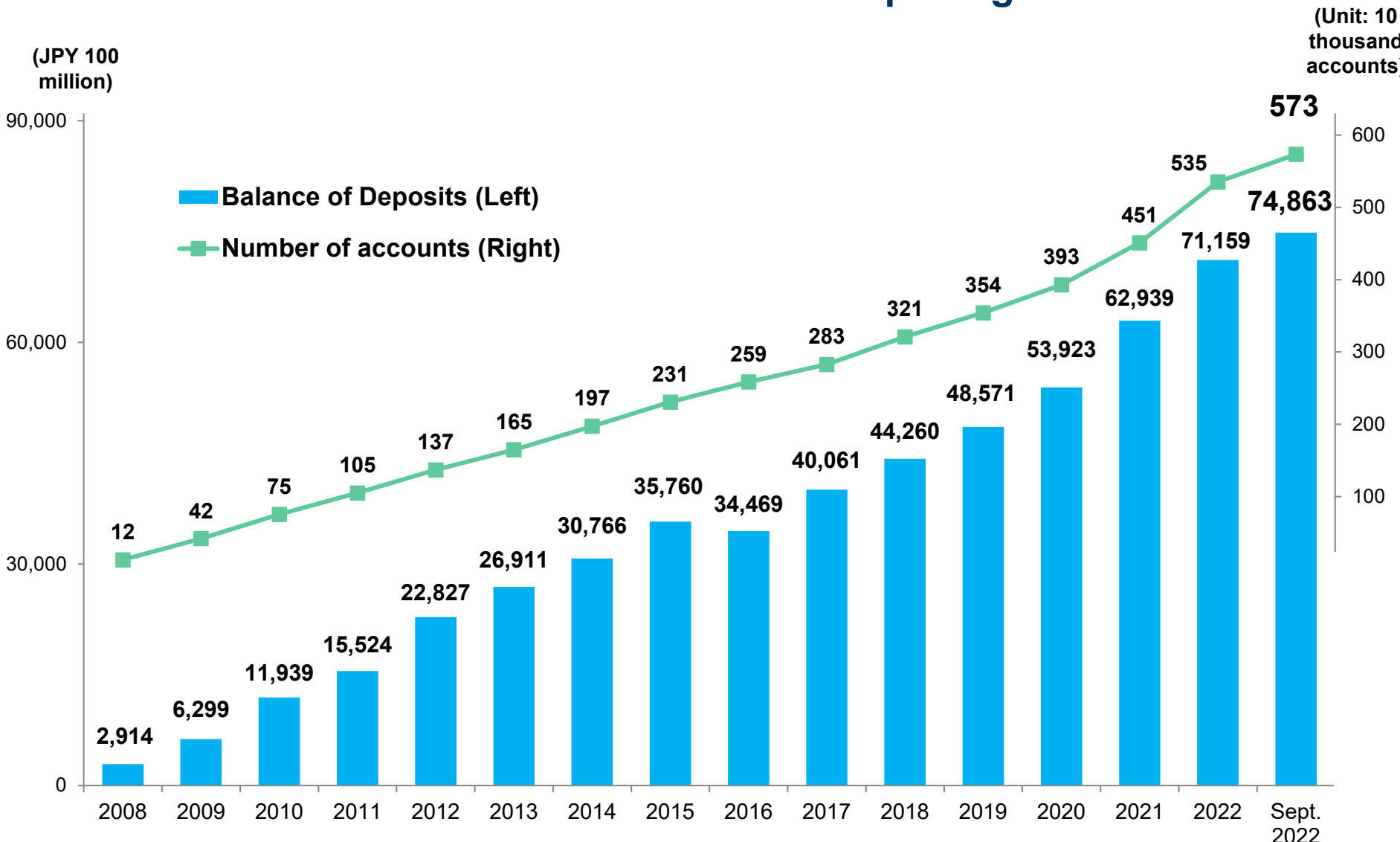
SBI Sumishin Net Bank’s Performance (J-GAAP)

SBI Sumishin Net Bank’s performance was supported by steady growth in lending on the housing loan business, with both ordinary revenues and ordinary profit in the J-GAAP based increasing year-on-year





Transition of the Number of Accounts and Balance of Deposits Since SBI Sumishin Net Bank Opening



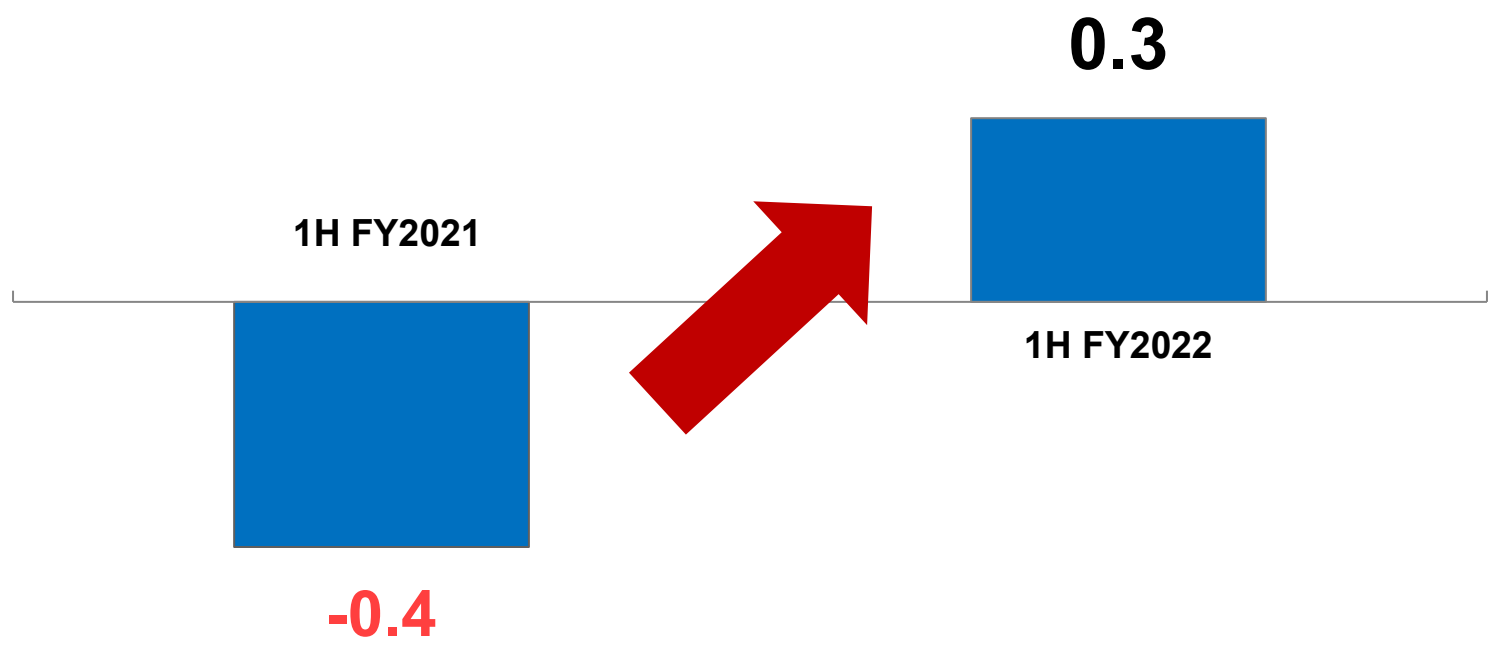
Note: All figures as of the end of March unless otherwise noted

The “Neo-bank Initiatives” Promoted by SBI Sumishin Net Bank (J-GAAP)

- ✓ The BaaS business, including the Neo-bank business, achieved profitability in 1H FY2022
- ✓ Further accelerate efforts to achieve full-year profitability






<Ordinary income of BaaS business>

(JPY billion)



The “Neo-bank Initiatives,” Promoted in Collaboration with Major Business Corporations, Accelerates the Expansion of the Customer Base

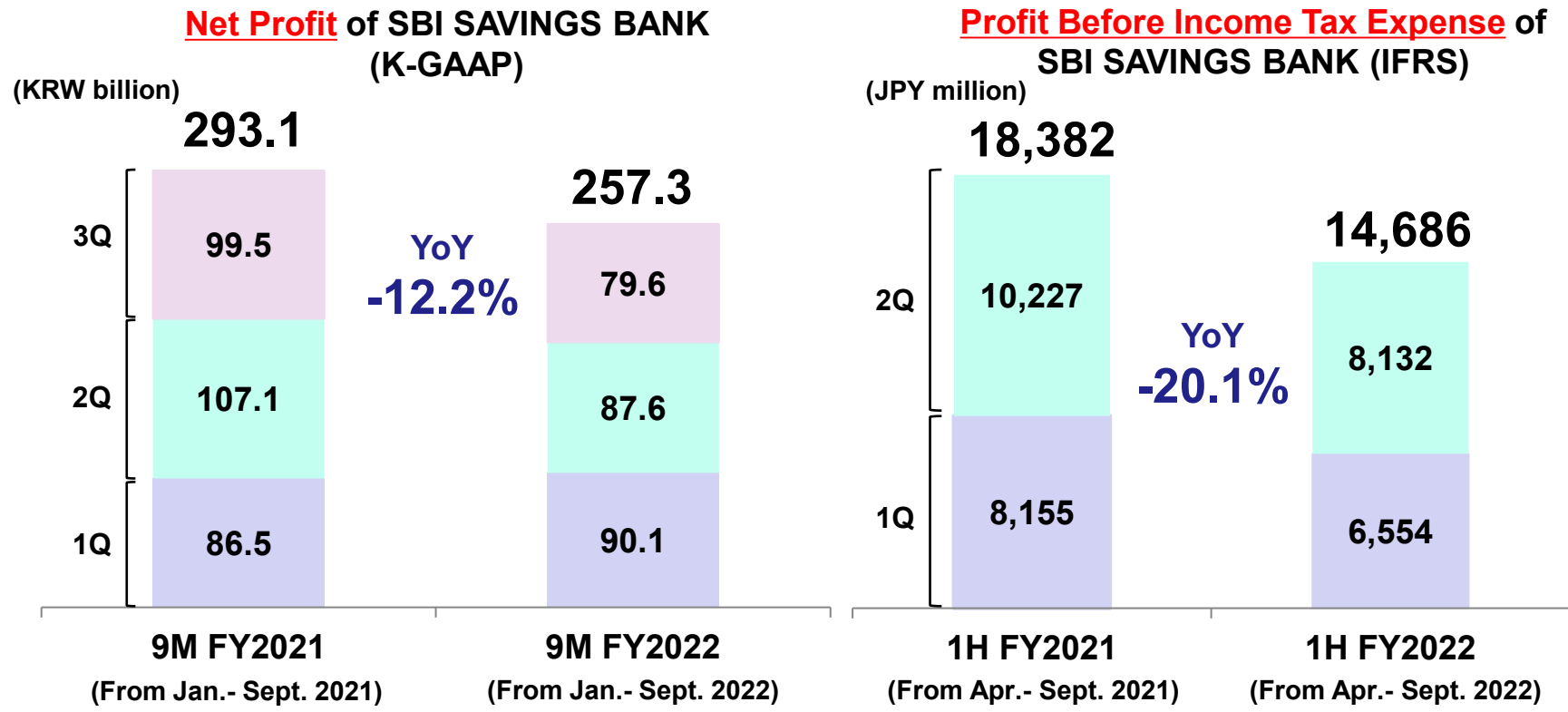
<Examples of the “Neo-bank Initiatives”>

 (Launched in Apr. 2020)	Establishment of a joint venture with JAL. Various banking services are available such as a multi-currency prepaid card “JAL Global WALLET” and banking service “ JAL NEOBANK ”
 (Launched in Mar. 2021)	In partnership with T Money, we offer “ T NEOBANK ,” a banking service with a highly convenient UI/UX and the ability to earn T Points for every transaction
 (Launched in July 2021)	In partnership with Yamada Finance Service Co., Ltd., we offer “ Yamada NEOBANK ,” which is linked to the Yamada Point Service and has members-only mortgages
 (Launched in Aug. 2021)	Open House Group and SBI Sumishin Net Bank offers “ Ouchibank ,” which enables users of the Housing-related services “OuchiLink” to use the banking services of SBI Sumishin Net Bank
 (Launched in June 2022)	SBI Sumishin Net Bank has partnered with Takashimaya Co., Ltd. to offer “ Takashimaya NEOBANK ,” a Takashimaya financial service that enables bank transactions and profitable accumulation. This service enables customers to enroll in and use “Takashimaya no Sugoi Tsumitate,” an exclusive service provided by “Takashimaya Tomonokai,” in addition to regular banking services

Discussions are underway with a number of major operators, including Dai-ichi Life Insurance and Matsui Securities, with expectations to further expand the “Neo-bank Initiatives”



Financial Results of SBI SAVINGS BANK



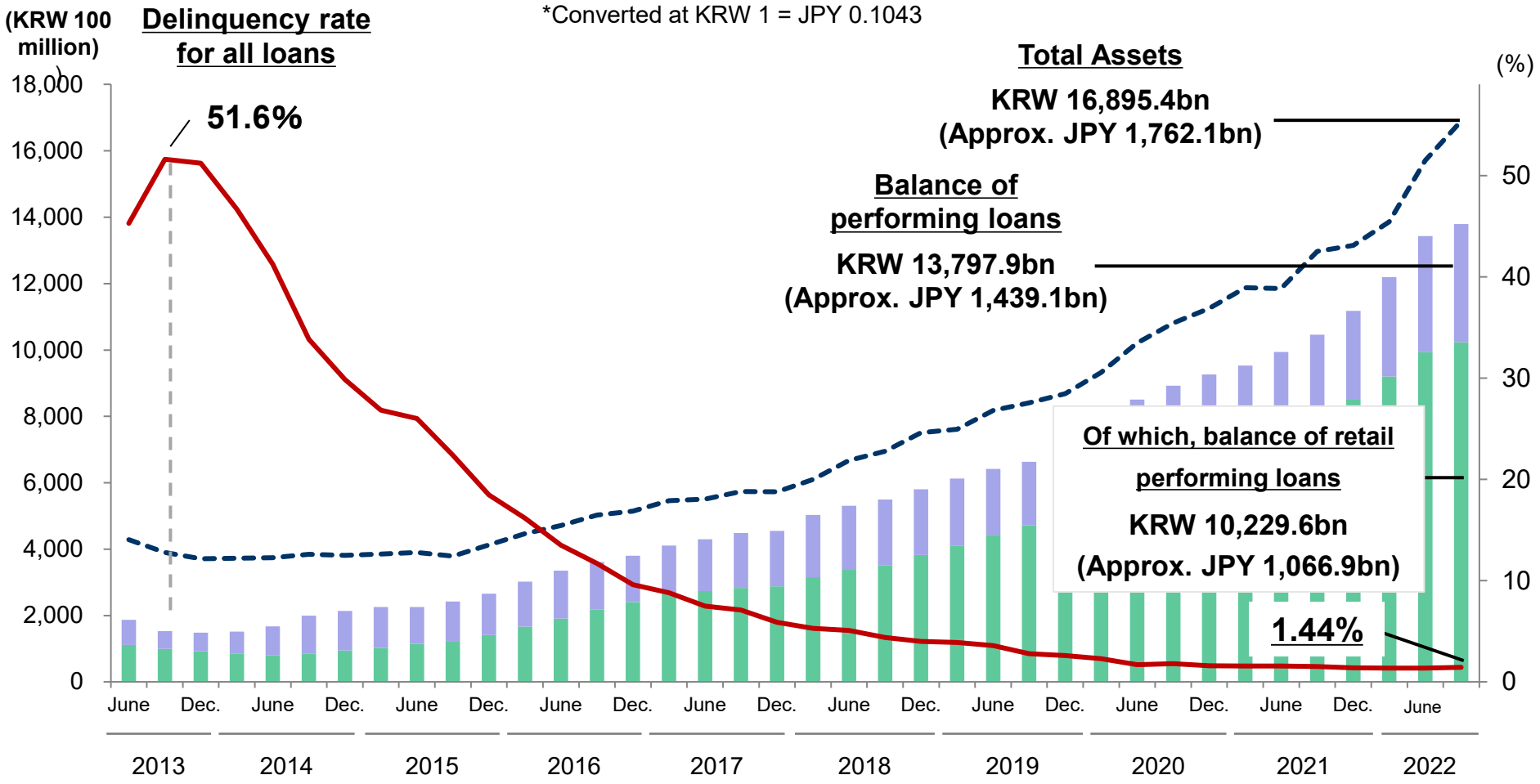
- Decline in prices of securities holdings due to deteriorating stock market conditions reduced gains on securities-related investments
- Interest margins narrowed as the Korean central bank's policy rate hike led to a significant increase in procurement interest rates in Korea
- Interest income has increased steadily through accumulation of loan balances



SBI SAVINGS BANK's Prime Assets have Grown Steadily

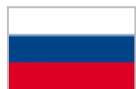
Changes in indicators since becoming a subsidiary (K-GAAP)

*Converted at KRW 1 = JPY 0.1043



The total delinquency rate improved to a record low of **1.44%** (1.8% for retail loans)

Focusing on Prudent Business Operations at Bank Subsidiaries in Russia and Cambodia Based on the Market Environment and Local Conditions



SBI Bank

(Investment ratio: 90.7%)

- Made it a wholly owned subsidiary in August 2017
- A commercial bank in Russia that has a full banking license
- Reduce operations significantly and operate our business carefully to not substantially impact the SBI Group's profit and loss, considering the market environment and local situation



SBI LY HOUR BANK

(Investment ratio: 70.0%)

- Acquired a medium-sized microfinance company in Cambodia and converted it into a commercial bank
- Obtained a full banking license in March 2020
- Achieved profitability in FY2021, the first full-year financial results since the bank started operations
- Carefully accumulating good loan balances in market fluctuations and **a full-year profit for the second consecutive year is assured** (Profit before income tax expense in 3Q of FY ending December 2022: JPY 522m)

*1USD=JPY146.5

1. Financial Services Business:

(3) Insurance business

[Major constituent companies]

SBI Insurance Group, SBI Insurance, SBI Life Insurance, Small-amount short-term insurance companies

[Business highlights]

- **SBI Insurance Group's** consolidated ordinary revenue for 1H FY2022 (preliminary figures on a J-GAAP basis), increased 9.3% year-on-year to JPY 47,897m
- In line with the increase in ordinary revenues, ordinary profit increased 25.6% year-on-year to JPY 4,154m, and profit attributable to parent of the Company increased 29.4% year-on-year to JPY 1,493m

SBI Insurance Group's Performance

Consolidated results for 1H FY2022 (J-GAAP)

(Unit: JPY million)

	1H FY2021 (Apr. – Sept. 2021)	1H FY2022 (Apr. – Sept. 2022)	YoY % change
Ordinary revenue	43,806	47,897	+9.3
Ordinary profit	3,307	4,154	+25.6
Profit attributable to parent of the Company	1,154	1,493	+29.4

SBI Insurance Group's Total Number of In-Force Contracts Steadily Increased

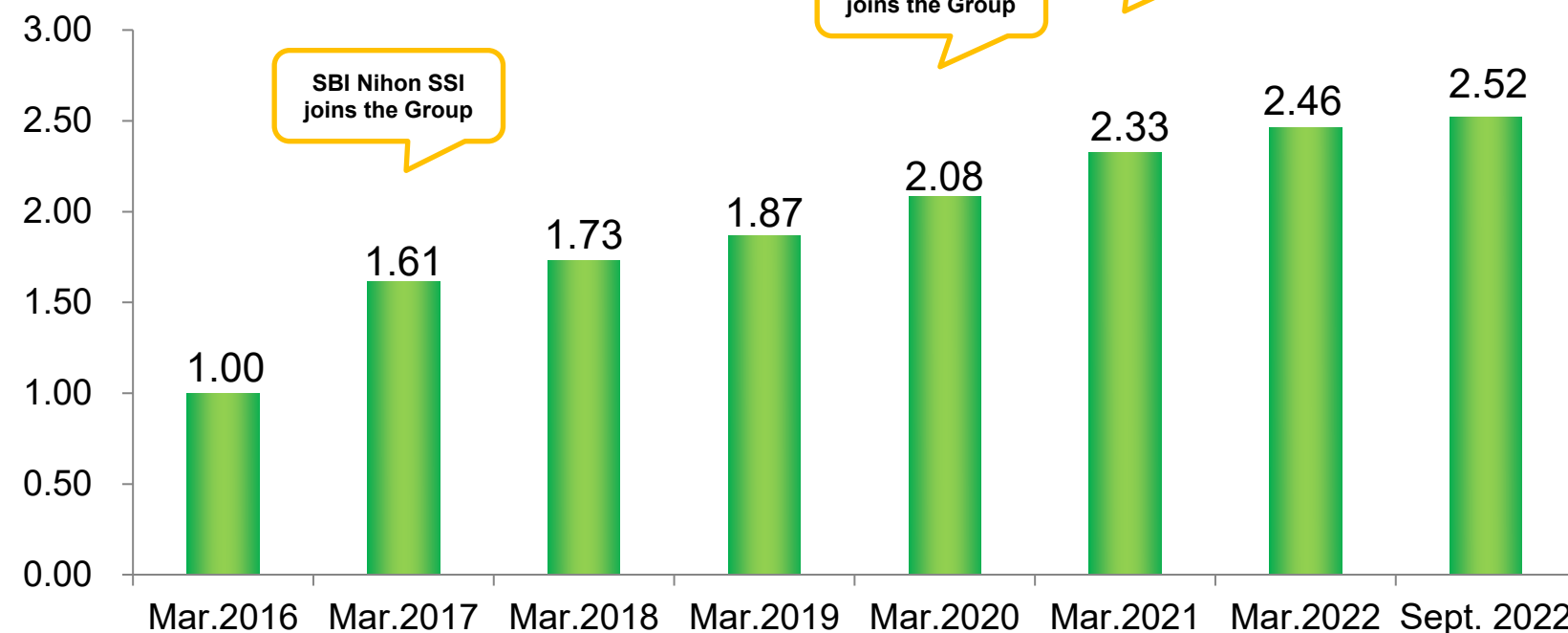
SBI Insurance Group's total number of in-force contracts

CAGR

(From end of Mar. 2016
to end of Sept. 2022)

15.3%

(million contracts)



2. Asset Management Business

[Major constituent companies]

Morningstar Japan, SBI Asset Management (a subsidiary of Morningstar Japan),
Rheos Capital Works

[Asset Management Business Consolidated Results (IFRS)]

(Unit: JPY million)

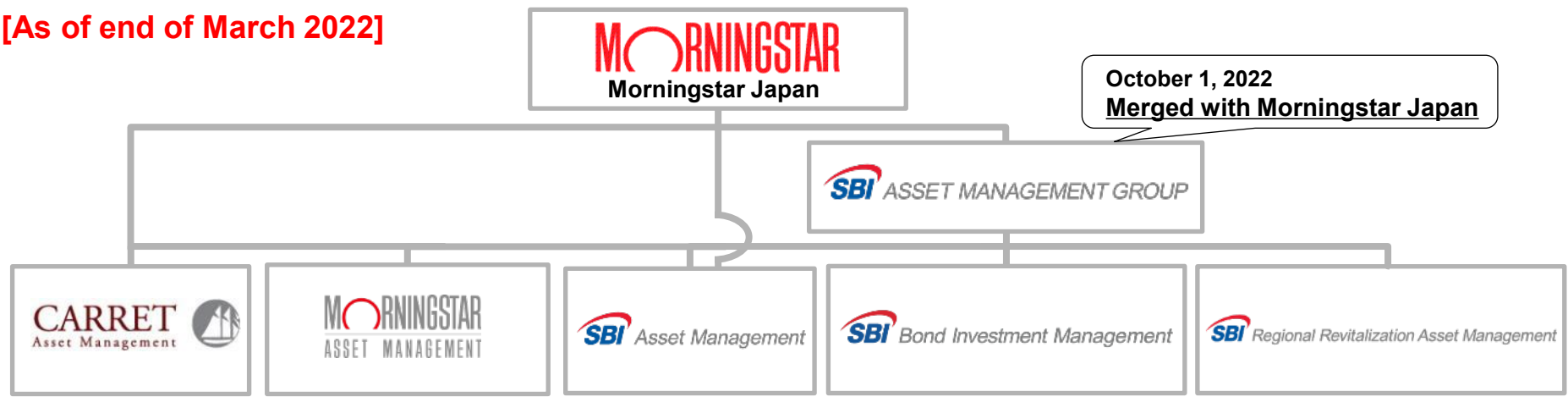
	1H FY2021 (Apr. 2021 – Sept. 2021)	1H FY2022 (Apr. 2022 – Sept. 2022)	YoY (%)
Revenue	8,111	8,355	+3.0
Profit Before Income Tax Expense	1,958	1,346	-31.3

[Business highlights]

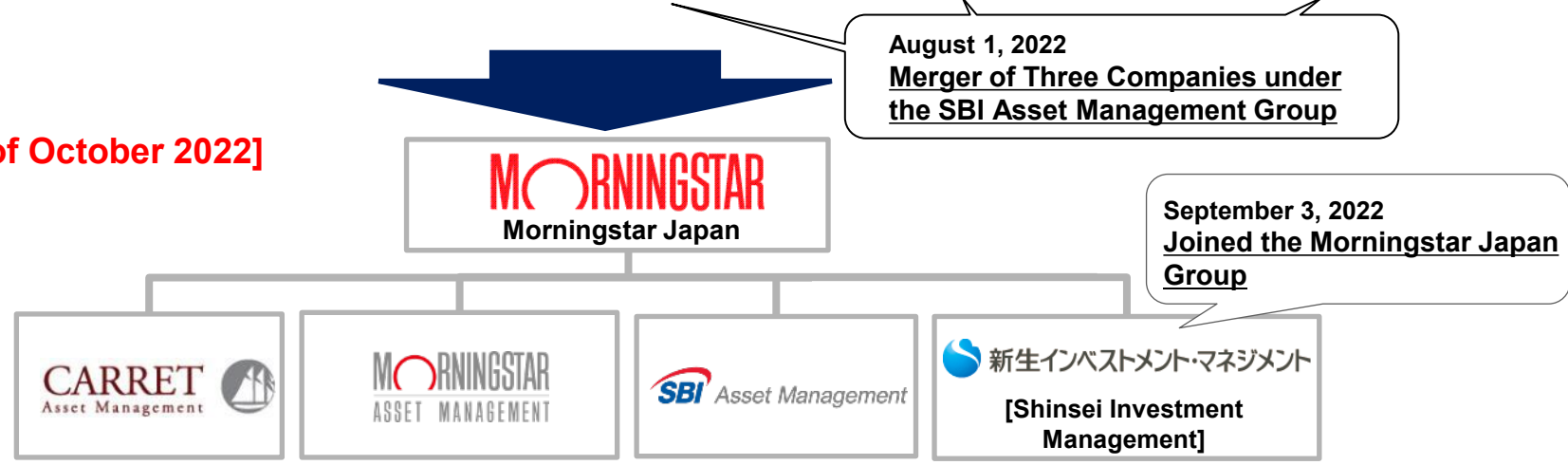
- In the **Asset Management Business segment**, stable earnings were maintained despite profit before income tax expense declining approximately JPY 600m year-on-year due to deteriorating market conditions in the stock and bond markets
- The financial results of **Shinsei Investment Management, which Morningstar Japan as a wholly owned subsidiary**, will be incorporated in the consolidated results of the Asset Management Business from October 2022

Morningstar Japan Group Promotes Operational Efficiency by Reorganizing its Asset Management Companies

[As of end of March 2022]



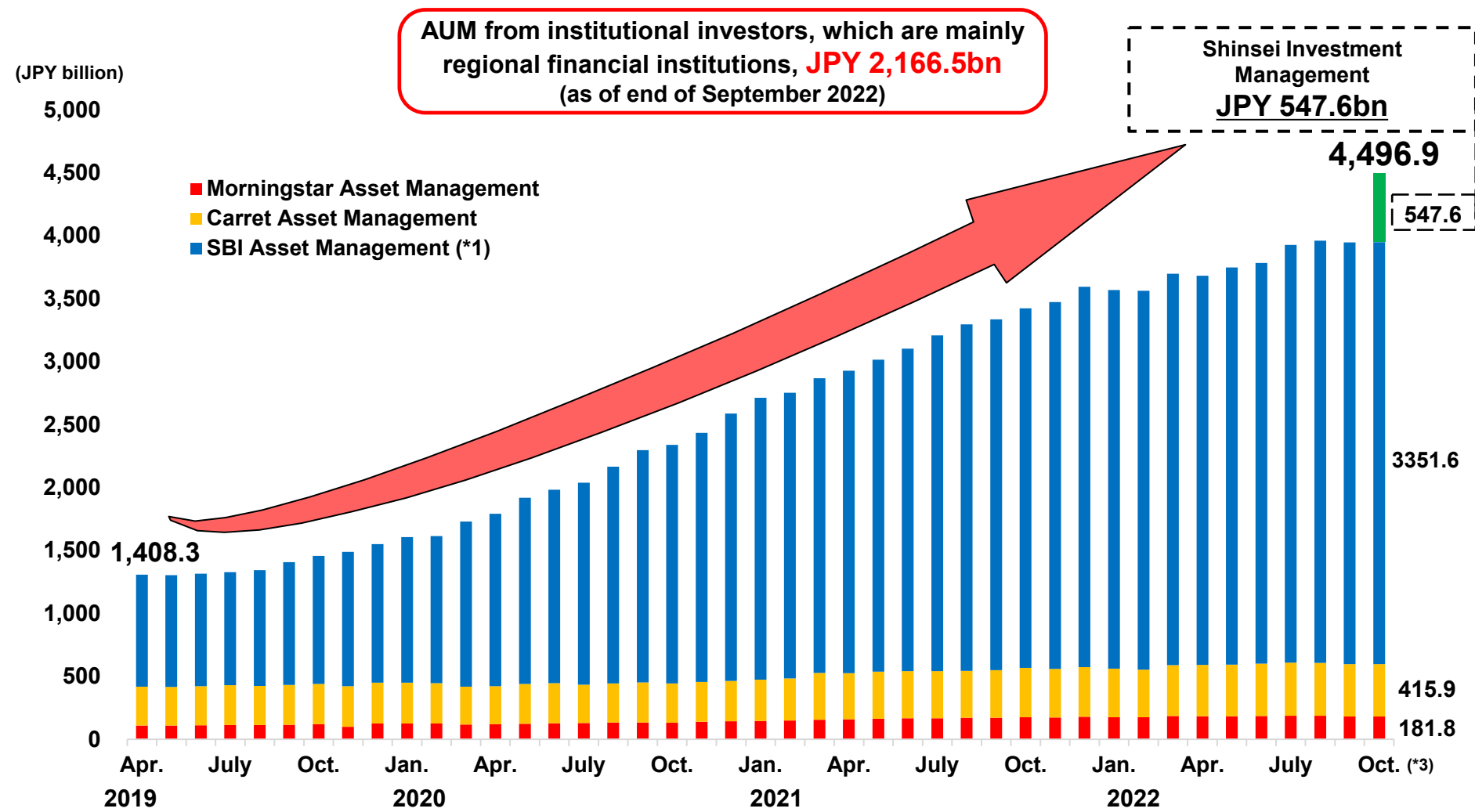
[As of end of October 2022]



Reorganization of the SBI Asset Management Group with the goal of integrating management resources such as system, data, and personnel to improve operational efficiency and profitability, as well as to strengthen risk management and compliance system

Morningstar Japan Group has Steadily Increased its AUM

- Balance of investment assets nears JPY 4.5tn -



(*1) Following the merger of SBI Bond Investment Management and SBI Regional Revitalization Asset Management on August 1, 2022, with SBI Asset Management as the surviving company, the total assets under management of the three merged companies are retroactively presented as SBI Asset Management (*2) Figures include balance of investment advisory (*3) Figures are as of October 14, 2022, excluding Morningstar Asset Management, Carret Asset Management and Shinsei Investment Management which are as of end of the September 30, 2022

3. Investment Business

[Major constituent companies/businesses]

Private Equity Business, SBI Leasing Service

[Investment Business Consolidated Results (IFRS)]

(Unit: JPY million)

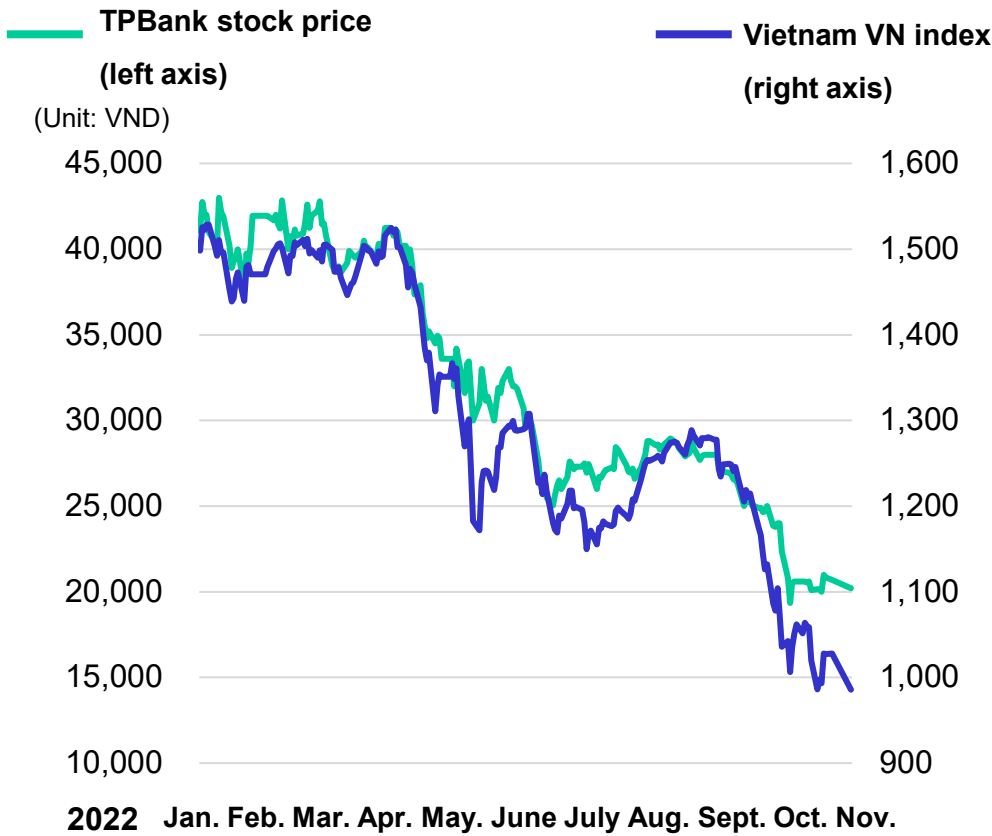
	1H FY2021 (April 2021 to September 2021)	1H FY2022 (April 2022 to September 2022)	YoY (%) change/ YoY change
Revenue	80,889	29,882	-63.1
Profit before income tax expense	59,082	4,794	-91.9
Profit / loss from the change in fair value and profit / loss on sales of investment securities	54,402	6,654	-87.8
Listed Securities	-6,536	-20,028	-13,492 (JPY million)
Unlisted Securities	60,938	26,682	-56.2

[Business highlights]

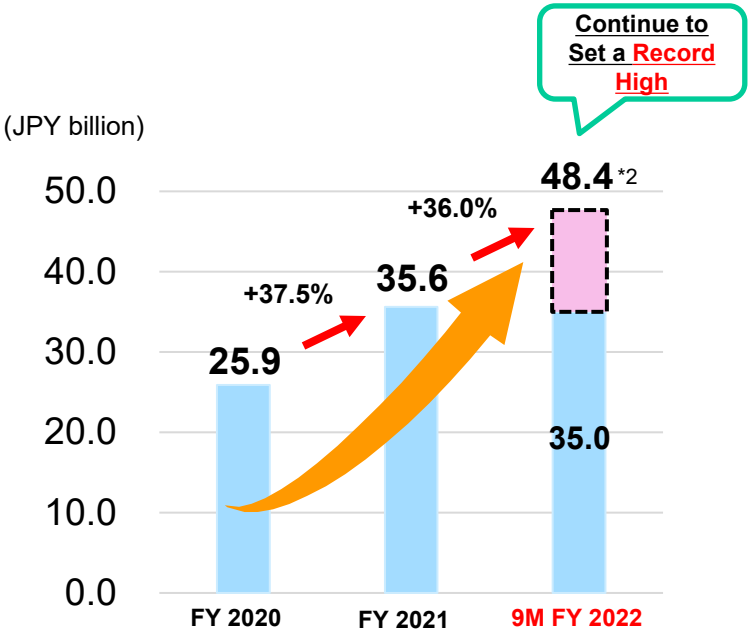
- In 1H FY2022, the investment business was greatly affected by **the valuation loss of approximately JPY 31.4bn** due to the decline in the stock prices of some overseas listed companies, such as **TPBank**. Revenue decreased 63.1% year-on-year to JPY 29.9bn, and Profit before income tax expense decreased 91.9% year-on-year to JPY 4.8bn
- In the first half of the fiscal year ending March 31, 2023, gains and losses due to fluctuations in the fair value valuation of investees and gains and losses on sales have posted significant valuation losses on overseas listed companies. Despite, it has remained profitable due to **valuation gains on unlisted companies**

TPBank in Vietnam Recorded a Large Valuation Loss as the Stock Price Continue to Be Sluggish in the Second Quarter, While Its Business Performance Continue to Significantly Improve and Reach at Its Record High

< Transition of Vietnam VN Index and TPBank Stock Price >



< Transition of Profit Before Income Tax Expense*1 >



*1 Converted at 1 Vietnam Dong = 0.0059 yen
*2 Earnings forecast for the full year ending December 2022 announced by TPBank

IPOs and M&As of SBI Group Investee Companies

	FY2021 Full-Year Result	FY2022 Full-Year Forecast
IPO・M&A deals	22	35

During the Fiscal Year, 11 Companies Realized either IPO or M&A

EXIT Date	Investee Company	Market	EXIT Date	Investee Company	Market
April 11, 2022	PT GOTO Gojek Tokopedia Tbk	IDX	June 30, 2022	WONTECH Co., Ltd.	M&A (KOSDAQ SPAC)
April 27, 2022	moi Corporation	TSE Growth	July 14, 2022	Gorilla Technology Group Inc.	M&A (NASDAQ SPAC)
June 8, 2022	ANYCOLOR Inc.	TSE Growth	July 28, 2022	unerry Inc.	TSE Growth
June 22, 2022	Airoha Technology Corp.	TPEX	October 19,2022	SBI Leasing Services Co., Ltd.	TSE Growth
June 24, 2022	Microwave Chemical Co., Ltd.	TSE Growth	October 26,2022	Linkers Corporation	TSE Growth
			November 2, 2022	Peak Bio Co., Ltd.	M&A (NASDAQ SPAC)

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

*Subsidiary IPOs and M&As are also included

SBI Leasing Services Co., Ltd.

Newly Listed on the Tokyo Stock Exchange(TSE) Growth Market on October 19, 2022

1H FY2022 Consolidated Performance (J-GAAP)

(Unit: JPY million)

	FY2020 (April 2020 to March 2021) Results	FY2021 (April 2021 to March 2022) Results	FY 2022	
			1H (April 2022 to Sept. 2022) Results	Full Year (April 2022 to March 2023) Forecasts
Revenue	11,998	29,556	18,033	37,169
Operating income	396	3,280	1,723	4,290
Ordinary income	-671	2,813	1,621	3,817
Profit attributable to owners of the Company	-7,646	10,363	998	2,608

4. Crypto-asset Business

[Major constituent companies / business]

SBI VC Trade, B2C2, BITPoint Japan, crypto asset mining business

[Crypto-asset Business Consolidated Performance (IFRS)] (Unit: JPY million)

	1H FY2021 (Apr.-Sept. 2021)	1H FY2022 (Apr.-Sept. 2022)	YoY % change/ YoY change
Revenue	15,575	20,534	+31.8
Profit before Income Tax Expense	985	-12,781	-13,766 (JPY million)

[Business highlights]

- Due to the losses (approx. JPY 7.0bn) in B2C2 and the crypto asset mining businesses owing to temporary factors such as bankruptcy of business partners in 1Q, and the decline in the overall trading volume of the crypto asset market during 1H led to a significant decrease in revenues from B2C2 and SBI VC Trade, the Crypto-asset Business recorded a profit (loss) before income tax expense of JPY -12,781m
- As a result of BITPoint Japan becoming a consolidated subsidiary on July 1, 2022, the company's business results have contributed to this business segment from 2Q FY2022
- B2C2 will strive to enhance profitability in the sluggish crypto asset market by expanding futures and options trading services
- The mining business has ceased operations in Russia

SBI VC Trade Expands New Services to Meet the Diversifying Needs of Customers

















Staking Service (Started from October 1, 2022)

- A unique mechanism for crypto assets whereby holding digital assets contributes to the maintenance of the blockchain and generates rewards. There is **no need for application** and customers are **able to manage their assets indefinitely**
- Currently, the only crypto asset covered by the staking service is Cardano (ADA, annualized fee on balance held: 2.82% - 4.86%^{*1}), however, **the number of crypto assets to be handled will be gradually expanded in the future**

Started handling new types of crypto assets (AVAX, MATIC) (Started from October 26, 2022)

- To meet the trading needs of customers, **started handling two new crypto assets** on October 26: **Avalanche (AVAX) and Polygon (MATIC)**
- MATIC is listed for the first time in Japan^{*2} and can be used to purchase NFTs on SBINFT Market as well as Ethereum from November 2022

[Digital assets handled at SBIVC Trade]

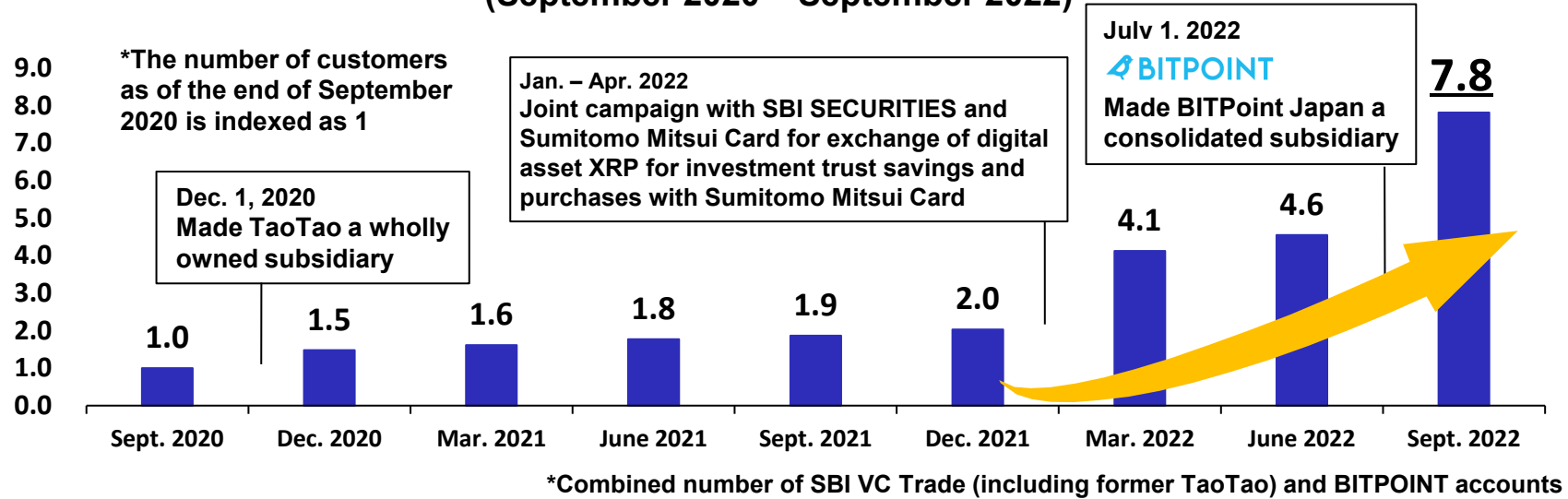
 BTC	 ETH	 XRP	 BCH	 LTC	 DOT	 LINK
 DOGE	 ADA	 SOL	 XLM	 XTZ	 MATIC	 AVAX

Types of crypto assets handled increases to **14**

^{*1} Actual results in SBI VC Trade over the past six months
^{*2} First in Japan as native token MATIC on the polygon network, not wMATIC (wrapped MATIC), which is MATIC on the Ethereum network

BITPOINT Joins the SBI Group and Continues to Expand Its Customer Base and Service Offerings in the Crypto Asset Business

Number of Customers in SBI Group's Crypto-asset Business*
(September 2020 – September 2022)



Expansion of the business base of the Crypto-Asset Business through BITPOINT

- ① Satisfy the trading needs of customers which are not reached by other companies by providing trading opportunities for crypto assets such as Klaytn (KLAY), which became available in August 2022, Jasmy (JMY), DEAPcoin (DEP), and others, which are being handled for the first time in Japan
- ② Develop a new customer base for crypto asset trading through cross-selling between SBI Group companies and BITPOINT

Future profitability is expected to be strengthened through expansion of the customer base in the crypto asset retail business

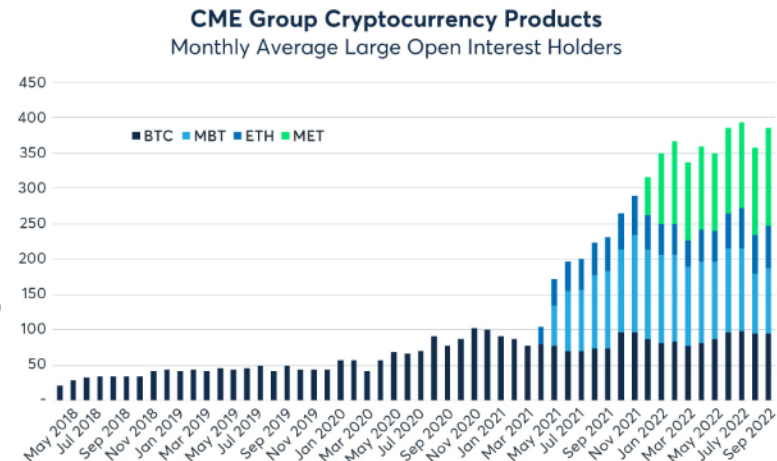
4. Crypto-asset business

B2C2 Strives to Enhance Profitability Through Expansion of not Only Spot Trading of Crypto Assets but also Futures and Options Trading

- Futures and options trading is booming in the crypto asset market -

- According to CME Group, many institutional investors **prefer futures and options trading** as a risk hedge to the crypto asset market
- Trading of all crypto-asset related products handled by CME Group increased nearly 64% in July-September 2022 compared to April-June of the same year
- Derbit, one of the world's largest crypto asset options exchanges, **records significant increase in ETH options open interest** due to hedging trades in anticipation of price volatility from Ethereum's major update "The Merge"

➔ Demand for futures and options trading remains healthy despite the slump in the crypto asset market



Derived from "Crypto Insights, October 2022" CME Group

B2C2 develops and offers a variety of products and services to capture this demand for crypto asset futures and options trading

- In November 2021, executed the **world's first crypto asset NDF** (Non-Deliverable Forward) transaction in which crypto assets are used as underlying assets and settled for difference in legal tender
- In March 2022, the company became the first crypto asset trading business to join the Futures Industry Association (FIA) and the International Swaps and Derivatives Association (ISDA). **Focusing on the healthy development of the crypto asset futures and options trading market**
- In October 2022, **launched an electronic trading platform for over-the-counter (OTC) trading of crypto asset options**. Enhancing the trading experience for customers by providing an intuitive UI and a variety of other tools

5. Non-Financial Business

[Major constituent businesses]

Biotechnology, Healthcare & Medical Informatics Businesses, other
Businesses Including Web3.0

[Non-Financial Business Segment Consolidated Performance (IFRS)]

(Unit: JPY million)

	1H FY2021 (Apr. – Sept. 2021)	1H FY2022 (Apr. – Sept. 2022)	YoY % change / YoY change (Amt)
Revenue	10,176	14,379	+41.3
Profit before Income Tax Expense	-5,978	584	+6,563 (JPY million)

[Business highlights]

- In Biotechnology, Healthcare & Medical Informatics Business, profits increased due to strengthened product competitiveness of 5-ALA related business and milestone revenue of SBI Biotech
- Of the various businesses in the Non-financial Business segment including those related to Web3.0, some companies have already achieved stable profitability such as SBI Art Auction which recorded a profit before income tax of JPY 313m (+31.8% YoY) on growing interest in contemporary art

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

(Unit: JPY million)

	1H FY2021 (Apr. – Sept. 2021)	1H FY2022 (Apr. – Sept. 2022)	YoY % change / YoY change
SBI Biotech	359	80	-77.7%
5-ALA related Business*	-358	267	+625 (JPY million)

*Simple sum of figures for group companies manufacturing and selling in 5-ALA related business domestic and overseas

- **SBI Biotech** recorded a milestone for SBI-9674 licensed to Kyowa Kirin Co., Ltd in 1Q FY2022 and remained profitable
- Profit of **5-ALA related business** increased due to diversification of product lineups and global expansion of foods with functional claims, and steady growth in sales of medical devices and supplies



Pipeline Licensed Out by SBI Biotech Shows Steady Progress in Research and Development ①

	Licensing partner (timing)	Adaptation disease	Progress	
HZN-7734 (Anti-ILT7 antibody)	Viela Bio* (Sept. 2008)	Systemic lupus erythematosus, (SLE)	Phase II (<u>Subject recruitment completed</u>)	<u>Recruitment subject</u> for Phase II trial targeting Systemic lupus erythematosus (SLE) <u>completed in June 2022</u> and long-term safety studies and acceptability studies are underway in parallel
		Alopecia Areata (AA)	Phase II (underway)	Recruitment subjects for Phase II trial (open-label) targeting Alopecia Areata (AA) to obtain POC began in Apr. 2022
		Discoid upus erythematosus (DLE)	Phase II (<u>Recruiting subjects</u>)	Phase II trial targeting a rare disease of Discoid lupus erythematosus (DLE) <u>began in Oct. 2022</u>
		Lupus nephritis (LN)	Phase II (<u>Recruiting subjects</u>)	Initiation of <u>subject recruitment</u> for Phase II trial for Lupus nephritis (LN) <u>began in Nov. 2022</u>
		Dermatomyositis (DM)	Phase II (planned)	Phase II trial targeting Dermatomyositis (DM) is planned

*A company specializing in inflammation and autoimmune disease, spun out from MedImmune, LLC., a subsidiary of AstraZeneca. Acquired by Horizon in U.S. in Feb. 2022

Pipeline Licensed Out by SBI Biotech Shows Steady Progress in Research and Development ②

	Licensing partner (timing)	Adaptation disease	Progress	
KK4277 (SBI-9674)	Kyowa Kirin (Dec. 2016)	Autoimmune disease	Phase I (<u>underway</u>)	<u>Phase I trial</u> targeting autoimmune disease <u>is underway</u> . A milestone revenue was recorded in 1Q FY2022
SBI-3150	ASAHI KASEI PHARMA (Mar. 2020)	Autoimmune diseases (various diseases caused by pDC / activated B cells)	Pre-clinical	Development at ASAHI KASEI PHARMA is progressing smoothly
Cdc7 inhibitor	Carna Biosciences (June 2014)	Solid cancers	Phase I (<u>underway</u>)	Dosing for Phase I trial in Japan for solid tumors began on June 14, 2021

Progress in the Main Pipeline of Pharmaceutical Products Utilizing 5-ALA^{*1}

Fields	Pipeline projects	Current status		
		Phase I	Phase II	Phase III
Photodynamic diagnostic agent (PDD)	Bladder cancer Usage change of intraoperative diagnostic agent (extension of dosing time) (SBI Pharmaceuticals)	Phase III underway • Conducting domestically		
	Breast tumor Intraoperative diagnostics (SBI ALApharma Canada)	Phase III underway • Conducting in the U.S. and Canada		
	Meningioma Expansion of indication for intraoperative diagnostics for Malignant Glioma (NXDC)	Phase III underway • Obtained orphan drug designation from the FDA • Conducting in the U.S., Germany, and Austria		
Interstitial photodynamic therapy (iPDT)	Malignant glioma (second primary)*2 (photonamic)	Phase II underway • Conducting in University of Münster (Germany) and 4 other institutions		
	Malignant glioma (primary) (photonamic)	Phase II underway • Conducting in LMU Munich (Germany) and 2 other institutions		
Therapeutic agent	Cardiac ischemia-reperfusion injury*2 (SBI Pharmaceuticals)	Phase II underway • Conducting at Oxford University in the UK		

SBI ALApromo Strives to Strengthen and Stabilize Profitability through Expansion of Various Products Centered on Foods with Function Claims including 5-ALA

New product

Foods with Function Claims

“ALA PLUS TOH DOWN DRINK”

Function Claims:
This product contains 5-aminolevulinic acid phosphate(5-ALA), which is being reported to help to elevate the level of fasting blood glucose closer to normal, and moderate postprandial blood glucose increases

- SBI ALApromo’s first drink type of foods with function claims that are easy to take in daily life, and has already sold at more than 5,000 shops* since its launce on Sept. 12, 2022
- Increase touch points with customers by positioning supermarkets such as Ito-Yokado and SEIYU as the main channel in addition to promoting sales at electronics stores and home centers



*as of Nov. 9, 2022

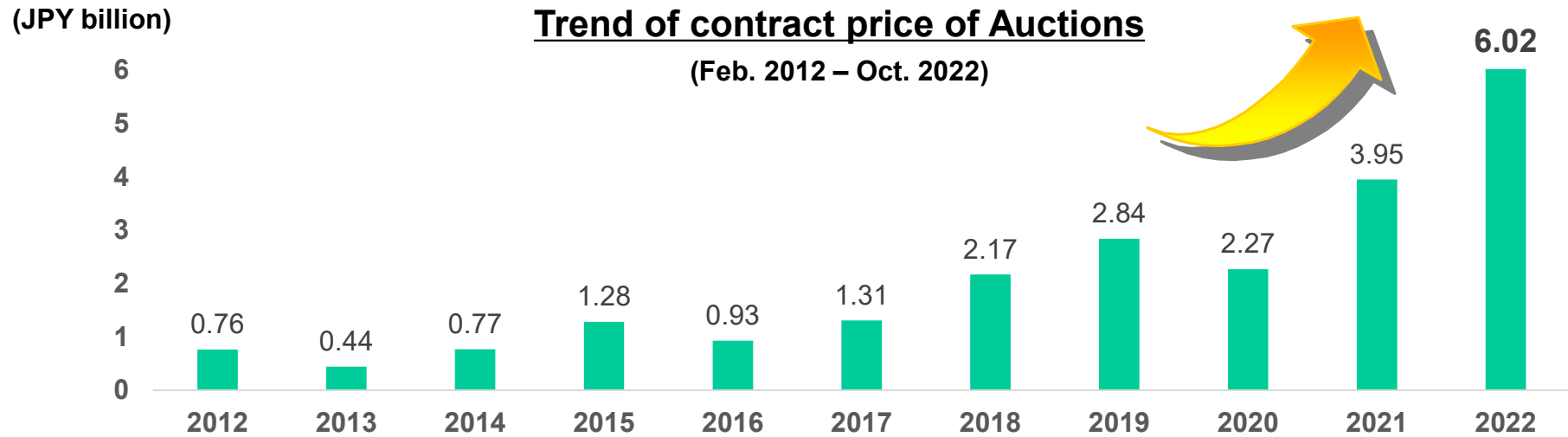
➤ Development status of other foods with function claims

“Product name” / Product concept	Implementation status of clinical trials	Progress
“ALA PLUS TOH=SHI DOWN”	Used existing clinical trial data	Under submission
“ALA PLUS OTOKO-NO KATSURYOKU” male menopause improvement	Conducted clinical trials in collaboration with Juntendo University	Under submission
Fatigue reduction after exercising	Conducted clinical trials in collaboration with Juntendo University	Planning submission

Continue to reach more customers by expanding various products which meet customers’ needs

SBI Art Auction Develops Art Auction Related Business

- SBI Art Auction developing auction business specializing in contemporary art, increased revenue by 31.8% year-on-year to JPY 688m and profit before income tax expense by 58.9% year-on-year to JPY 313m by offering high quality artworks that respond to the growing interests in contemporary art
- This auction is one of the most international in Japan with registered customers from more than 50 countries, and overseas customers' accounting for about 30% of the total amount of successful bids, and actively introducing artworks by foreign artists who are rarely offered at auctions in Japan, contributing to the growth and expansion of Japanese art market
- Working to improve the status and expand the distribution of digital data by holding Japan's first auction of digital art using NFTs (Non-Fungible Tokens)



II. Fully incorporate Shinsei Bank into the Group's overall strategy and ensure business operations toward integration

- 1. The overall strategy of the SBI Group will be further strengthened by fully incorporating Shinsei Bank, which has become a subsidiary of SBI Holdings in both name and substance**
- 2. “Regional Revitalization Strategy” of the SBI Group Advances to Phase II**
- 3. SBI SECURITIES’ efforts to implement Neo-securities initiative in 1H FY2023**
- 4. Actively Seek to Increase the balance of assets under management (AUM) of the Group in Japan and overseas based on the business’s trends, such as declining asset prices and government policies**
- 5. Striving to become a platformer/infrastructure provider in the digital space area to develop various initiatives**

- 1. The overall strategy of the SBI Group will be further strengthened by fully incorporating Shinsei Bank, which has become a subsidiary of SBI Holdings in both name and substance**
 - (1) Promote to Unify the SBI and Shinsei Bank Group**
 - (2) Thoroughly pursue business synergies with Shinsei Bank Group**
 - (3) Initiatives to further strengthen the “Triangle Strategy” promoted by the SBI Group, Shinsei Bank Group, and Regional Financial Institutions**
 - (4) Strengthen non-bank areas through M&A and various other measures**

(1) Promote to Unify the SBI and Shinsei Bank Group

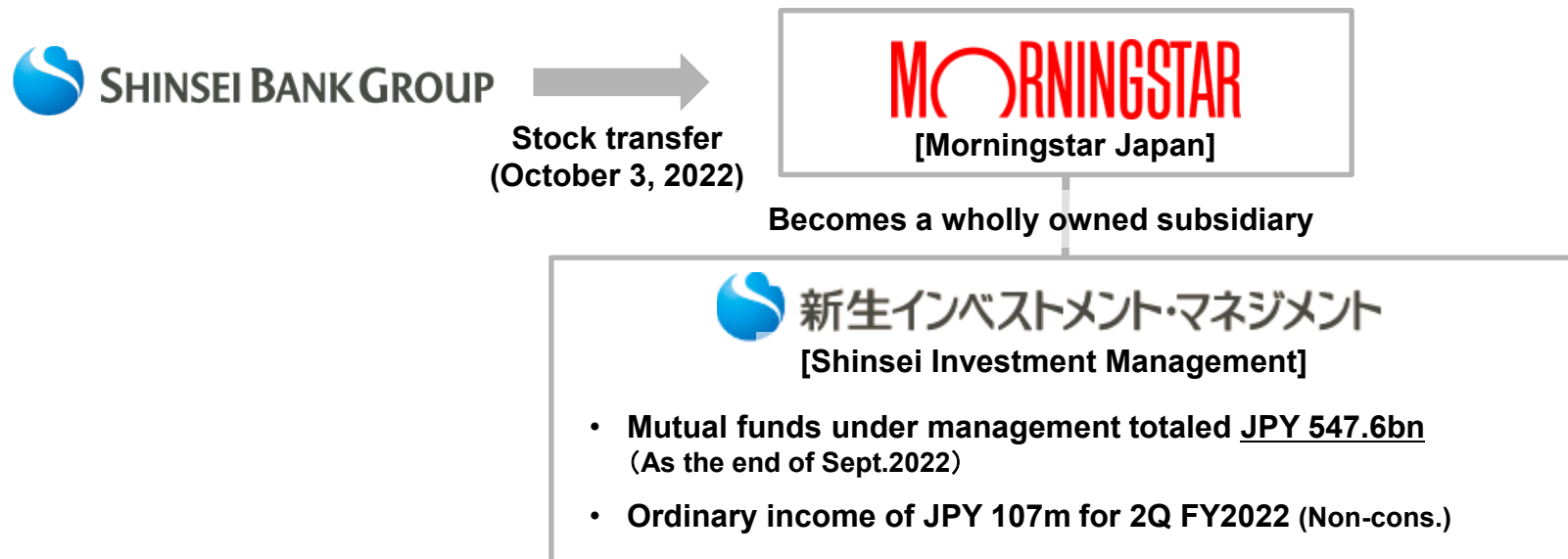
- ① Reorganization between SBI and Shinsei Bank Group**
- ② Personnel exchange between SBI and Shinsei Bank Group**

- On October 11, **SBI Regional Bank Holdings received approval** from the FSA **to become a bank holding company** under Article 52-17 of the Banking Act
- On October 21, the acquisition of an additional 2,500,000 shares of Shinsei Bank common stock was completed, and SBI Regional Bank Holdings became a bank holding company
- After the additional share acquisition, SBI Regional Bank Holdings' **voting right ratio became 50.05%**, making SBI Holdings the parent company of Shinsei Bank in both name and substance
- Shinsei Bank will change its name to “**SBI Shinsei Bank, Limited**” on January 4, 2023

① **Reorganization** between SBI and Shinsei Bank Group

Implementation of a Full-fledged Intra-group Reorganization between the SBI and Shinsei Bank Group (i)

Morningstar Japan acquired Shinsei Investment Management as a subsidiary



- The addition of active fund of funds and other investment products primarily managed by Shinsei Investment Management will expand the range of asset classes of investment products that the SBI Group can offer
- By consolidating operations and management with Morningstar Japan-affiliated asset management companies, the company intends to strengthen its ability to propose products, improve the efficiency of middle and back-office systems, and enhance its risk and compliance management system

Implementation of a Full-fledged Intra-group Reorganization between the SBI and Shinsei Bank Group (ii)

- SBI SECURITIES, Shinsei Bank, and Shinsei Securities entered into a basic agreement regarding the organizational restructuring of Shinsei Securities -

Concluded basic agreement on organizational restructuring of Shinsei Securities

(Signed on November 2, 2022)



SHINSEI BANK



SHINSEI SECURITIES



SBI証券

[SBI SECURITIES]

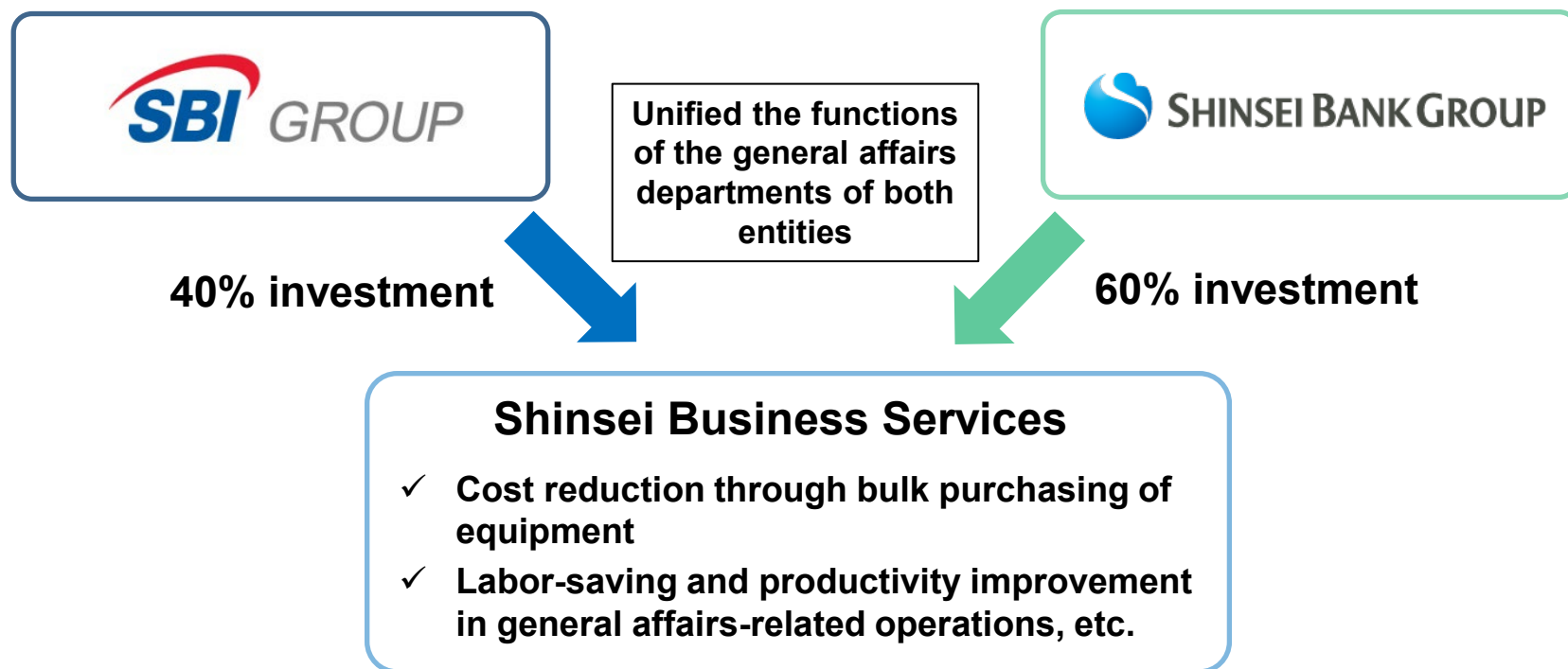
[Future organizational restructuring process (planned)]

- ① Organize the transfer policy for operations such as account management operations by Shinsei Securities
- ② The specific operations to be transferred and the transfer destination will be decided through future discussions
- ③ Businesses not transferred to Shinsei Securities will be terminated and scheduled to be closed

Promote Integrated Management of the Securities Business Within the SBI Group and Strive to Pursue the Best Interests of Customers

Promoted Various Measures to Enhance Group-wide Unification and Improve Back-office Efficiency

- Cost reductions have already been realized through joint purchase of licenses for IT systems used by both groups
- Considering establishing a JV to improve operational efficiency in areas such as recruitment and training with respect to the human resources department
- **SBI Holdings invested in Shinsei Business Services**, a wholly owned subsidiary of Shinsei Bank, **and made it a JV**. To reduce costs and improve productivity by integrating some functions of the general affairs departments of both companies

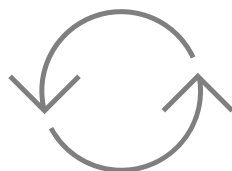


② **Personnel exchange** between SBI and Shinsei Bank Group

Personnel Exchange between the SBI and Shinsei Groups to Promote Unification



Mutual exchange of personnel in each business field to build unity as a group



**SBI Group⇒Shinsei Bank Group: 22 employees* on secondment to 5 companies
91 employees participated in Shinsei Bank's training programs**

**Shinsei Bank Group⇒SBI Group: 25 employees* are on secondment to 7 companies
58 employees participated in SBI Group training programs**

*** In addition to the above, some employees are seconded to other companies for concurrent positions**

**Revitalization of personnel exchange and
further acceleration of integration as a result**

(2) Thoroughly pursue business synergies with Shinsei Bank Group

Collaboration between SBI and Shinsei Bank Group in Financial Products Intermediary Services and Bank Agency Business





- August 2022
SBI SECURITIES and Shinsei Bank launched **financial instruments intermediary and banking agency** services
- September 2022
Launched **an investment trust accumulation service** using credit cards provided by APLUS
- October 2022
Launched “**SBI Wrap x Shinsei Bank**,” developed and provided by FOLIO, an SBI Group company

Intend to grow by expanding their respective customer bases through mutual customer transfers, expanding their product lineups, and providing highly convenient services to their customers

Co-managed Shops of Shinsei Bank and SBI MONEYPLAZA

- Expand SBI MONEYPLAZA's business base and Shinsei Bank's profitability by leveraging Shinsei Bank's face-to-face channels -

Prefectures with
Shinsei Bank branches

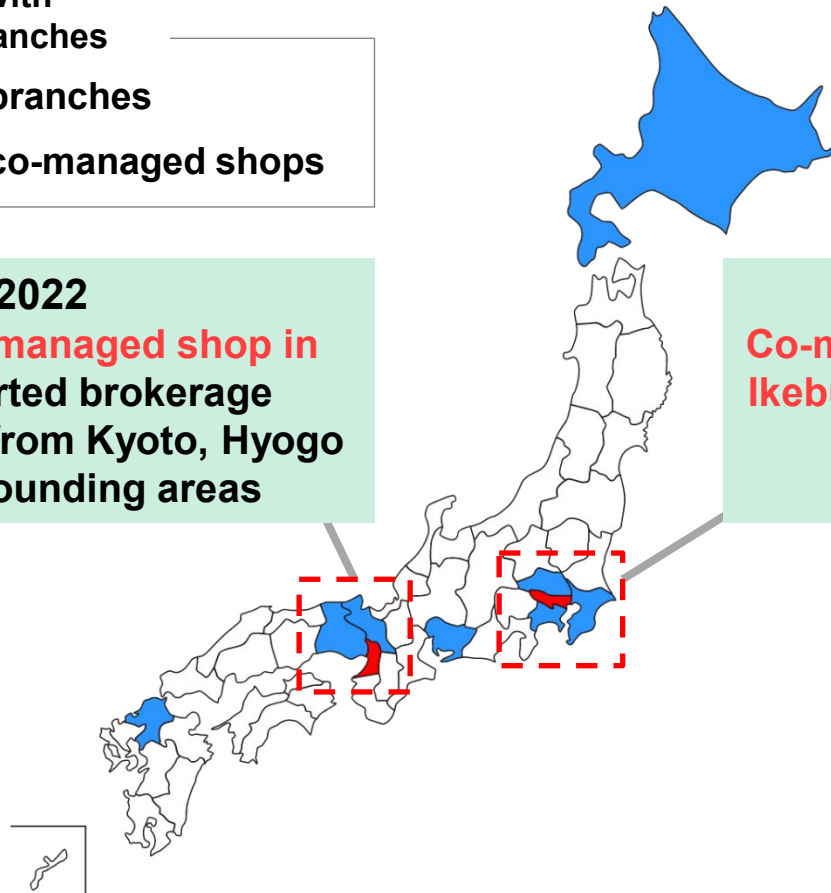
-  : Location of branches
-  : Location of co-managed shops

Nov. 2022

Established **a co-managed shop in Umeda** and started brokerage services covering from Kyoto, Hyogo and other surrounding areas

Aug. 2022

Co-managed shop established in Ikebukuro and started brokerage services covering the surrounding area



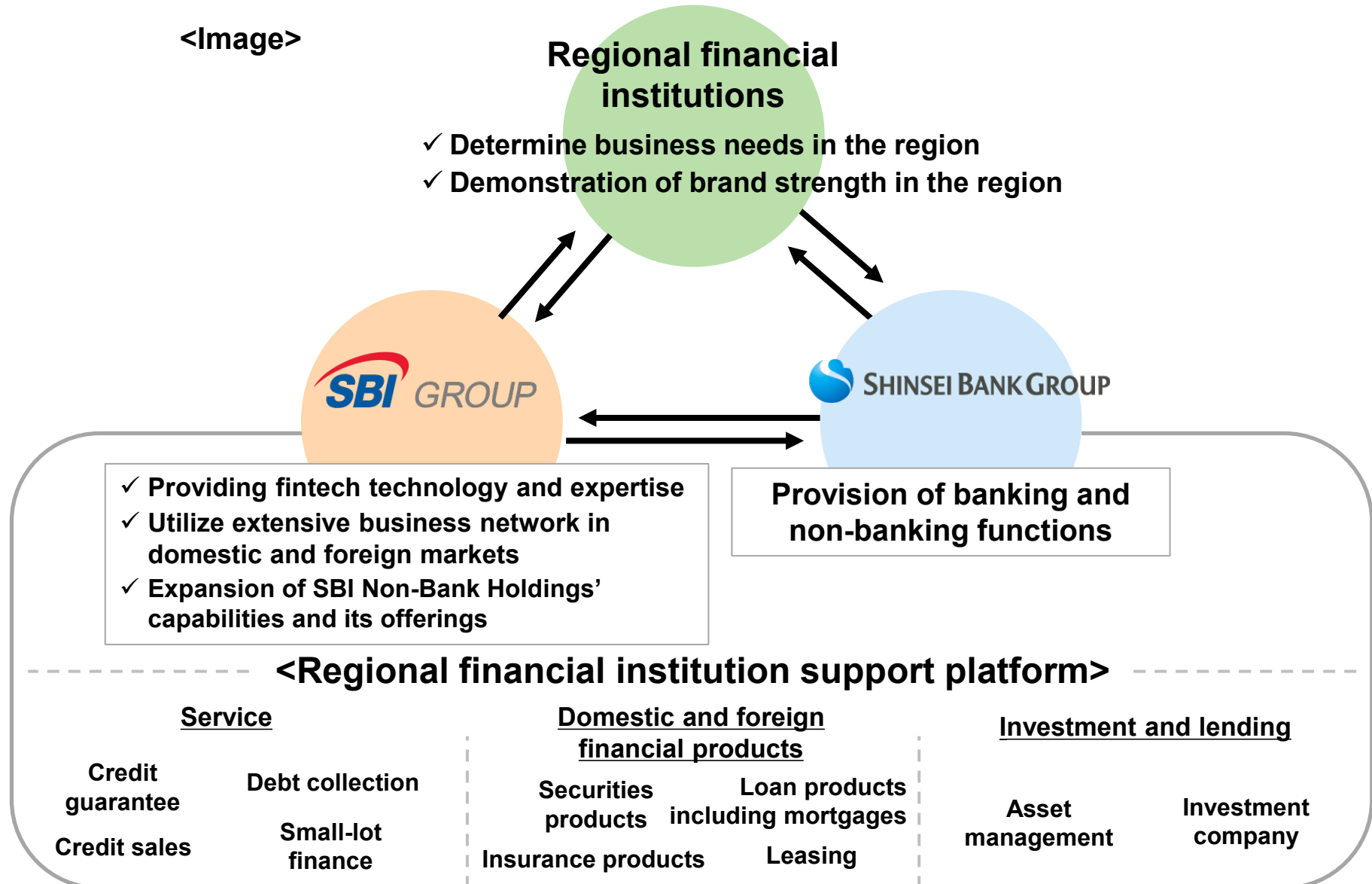
To further merge SBI MONEYPLAZA's expertise in sales activities, including investment products, with customer relationships that Shinsei Bank has fostered

(3) Initiatives to further strengthen the “Triangle Strategy” promoted by the SBI Group, Shinsei Bank Group, and Regional Financial Institutions

- ① Utilization of Finance Functions**
- ② Utilization of “BANKIT®” by APLUS**

“Triangle Strategy” Concept by the SBI Group, Shinsei Bank Group, and Regional Financial Institutions

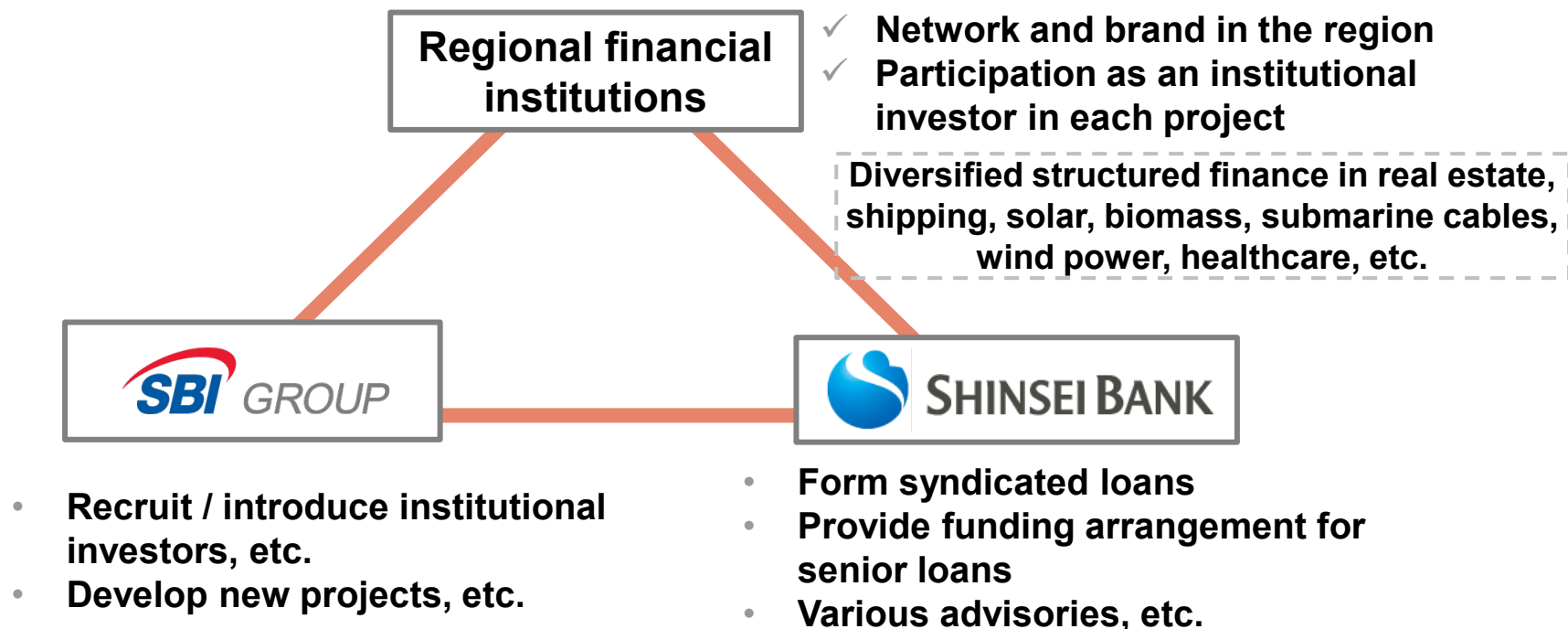
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① Utilization of Finance Functions

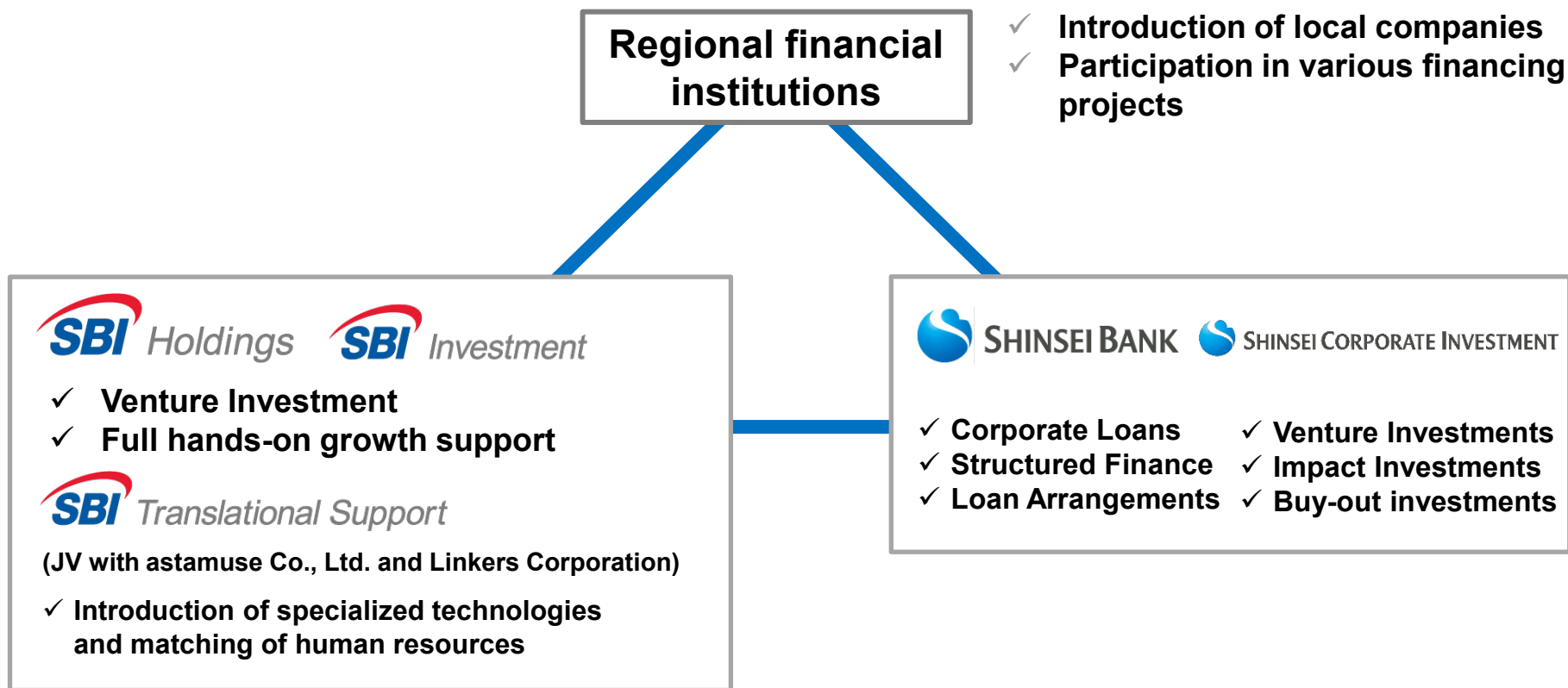
Further Reinforcement of the “Triangle Strategy”: Structured Finance Business

- ✓ Conventional collaboration was centered on the introduction of deals originated by Shinsei Bank to regional banks
- ✓ Currently, **Shinsei Bank intends to strengthen its “loan coordination” activities, such as arranging syndicated loans and joint loans, as well as providing loans to other regional banks through introductions from regional banks, in order to increase profits for both parties**



Diverse Growth Support in the Corporate Business Areas by Leveraging Shinsei Bank's Financing Functions

- Provide **tailor-made financing** to venture companies with high growth aspirations and needs, based on the growth potential of the company
- Provide not only financing but also multifaceted growth support utilizing SBI Group's network, etc.



② Utilization of “BANKIT®” by APLUS

Further Strengthening of “Triangle Strategy”: Collaboration by Utilizing “BANKIT[®]” (1)

-Easier entry into financial business for partner companies for further value co-creation-

Proposals will be made under the “White Label Plan” for businesses that are considering offering new applications to users, and under the “Embedded Plan” for regional financial institutions and businesses that are already offering applications

“White Label Plan”

Supporting local businesses to enter the financial business



Proposals to local businesses such as department stores

“Embedded Plan”

Supports functional enhancement and monetization of regional bank banking applications, etc.

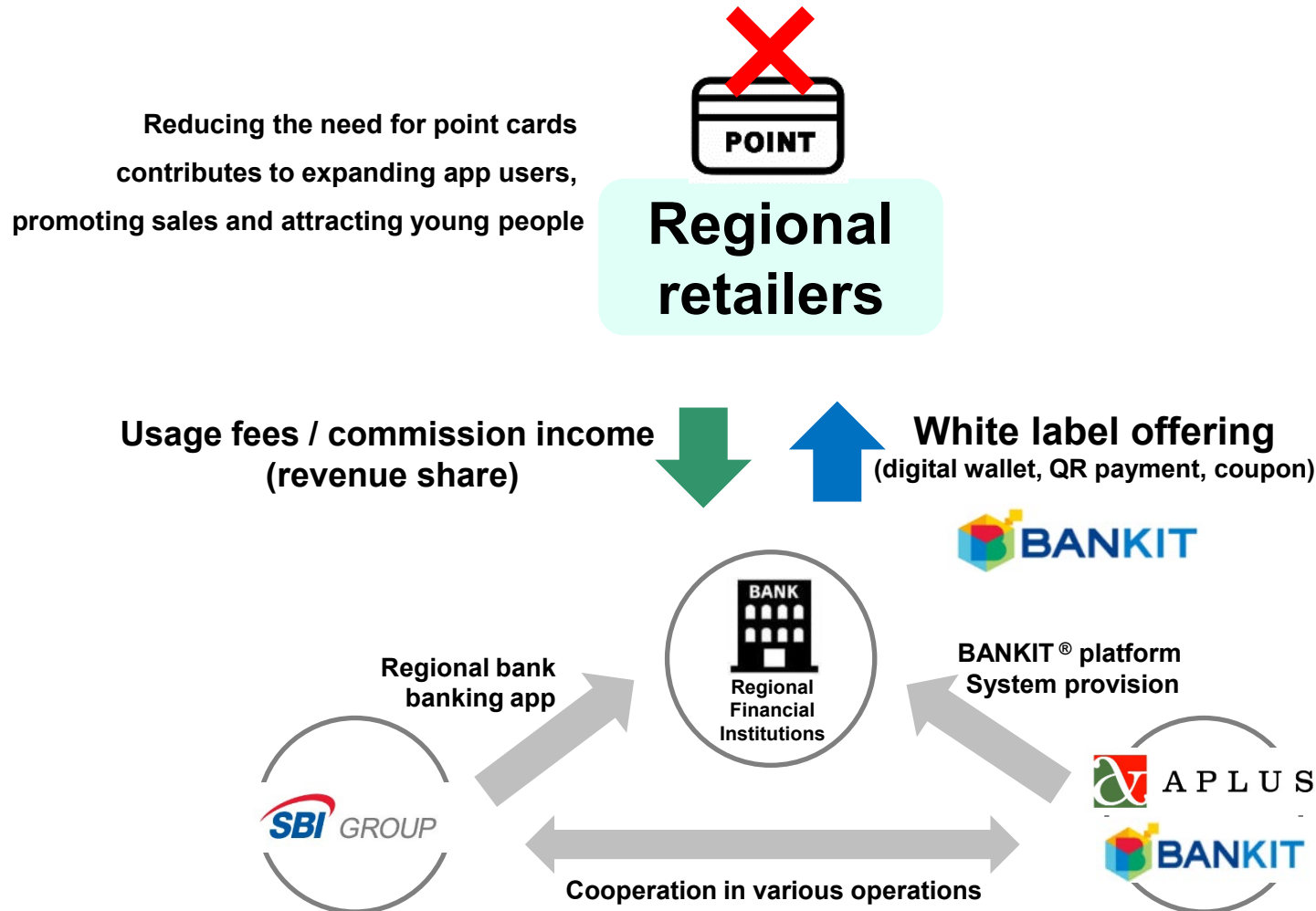


Proposals to app-owning companies such as regional financial institutions

Further Strengthening of “Triangle Strategy”: Collaboration through Utilization of “BANKIT[®]” (2)

- Sales expansion of “BANKIT[®]” targeting local companies -

Supporting DX promotion of businesses by providing
BANKIT[®] linked to regional bank accounts

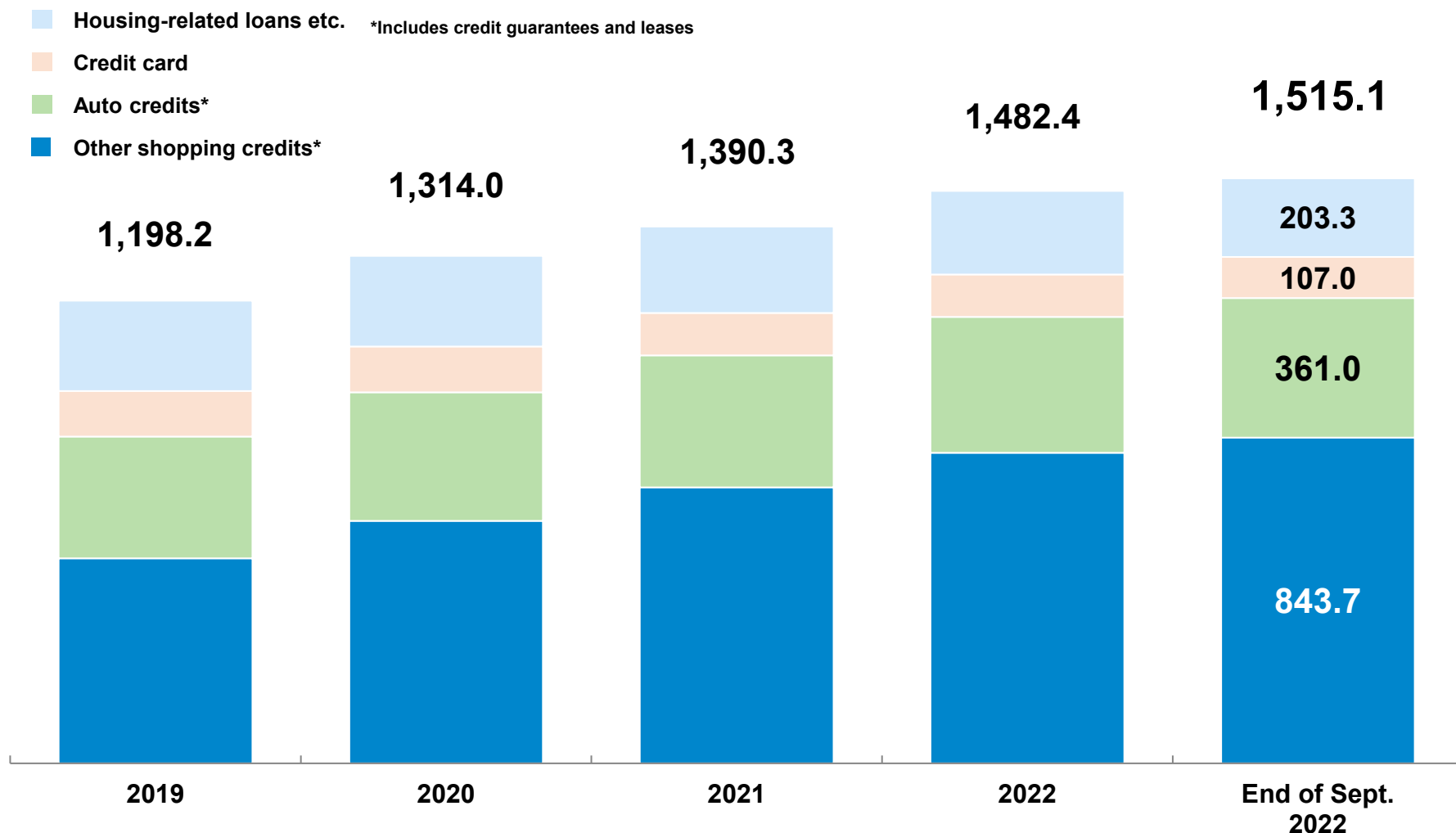


Operating Assets Balance at APLUS

(End of March 2019 – Sept. 2022)

- Expanding the BANKIT[®] business and other areas
for multifaceted expansion of the foundation -

(JPY billion)



*All figures are as of the end of March unless otherwise noted

(4) Strengthen non-bank areas through M&A and various other measures

Creating Synergies between ARUHI Corporation and Shinsei Bank

As a result of the TOB for ARUHI Corp., which has the largest market share in Japan for the “Flat 35” housing loan product, the company became a consolidated subsidiary of SBI Holdings (voting right ratio: 51.0%) as of November 18, 2022

A R U H I

Features of ARUHI

- ✓ No.1 share of Flat 35 home loans featuring fixed interest rates throughout full loan period
- ✓ Primarily in-store, face-to-face sales, with 152 branches in 42 prefectures
- ✓ 70% of new loans execution is for Flat 35, which is reflecting in its business performance



SHINSEI BANK GROUP

Features of Shinsei Bank

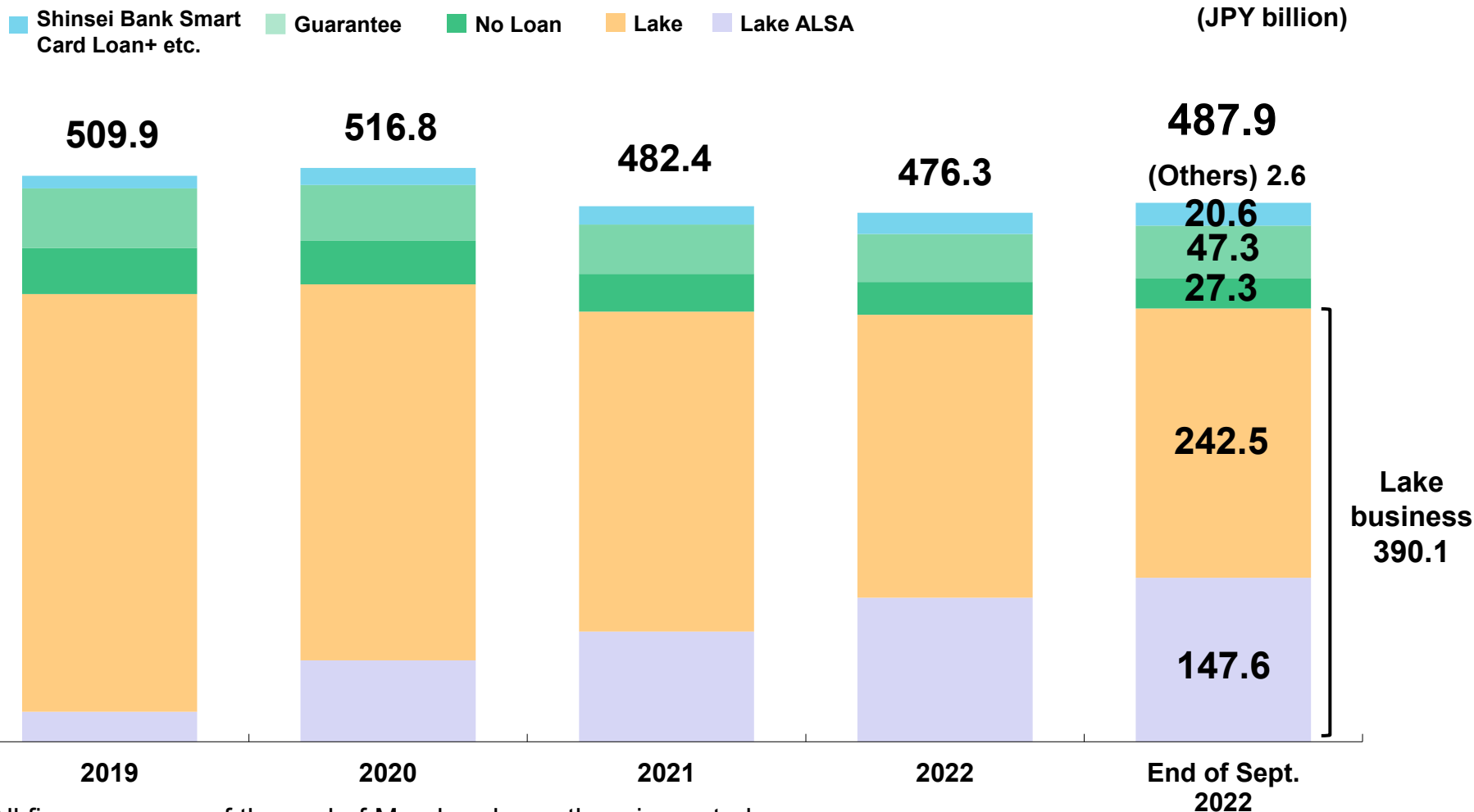
- ✓ A highly competitive offering during the new loan-borrowing campaign is “Hendo Focus,” using a semi-annual variable rate, with the initial rate set to 0.35% p.a.
- ✓ However, soft face-to-face sales channel with 24 head offices and branches in eight prefectures



Large synergies expected from measures for ARUHI to sell Shinsei Bank’s variable rate loan products

Operating Assets Balance at Shinsei Financial

- Stable and continuous increase in balance through cooperation with SBI Group and Shinsei Group companies -



To Further Expand Business Benefits not only from SBI to Shinsei Bank Group, but also from Shinsei Bank to SBI Group



**Customer base:
over 35.3 million**

(excluding Shinsei Bank Group)

**Progress in business linkages,
such as customer introduction
and product offerings, has been
made**



SHINSEI BANK GROUP

**Customer base:
over 8.5 million**

**Expansion of contributions
from the Shinsei side to
the SBI side in the future**

To promote the utilization of the Shinsei Bank Group's various management resources, including not only its customer base but also its network and expertise, and to strengthen the contribution of profits to the SBI Group

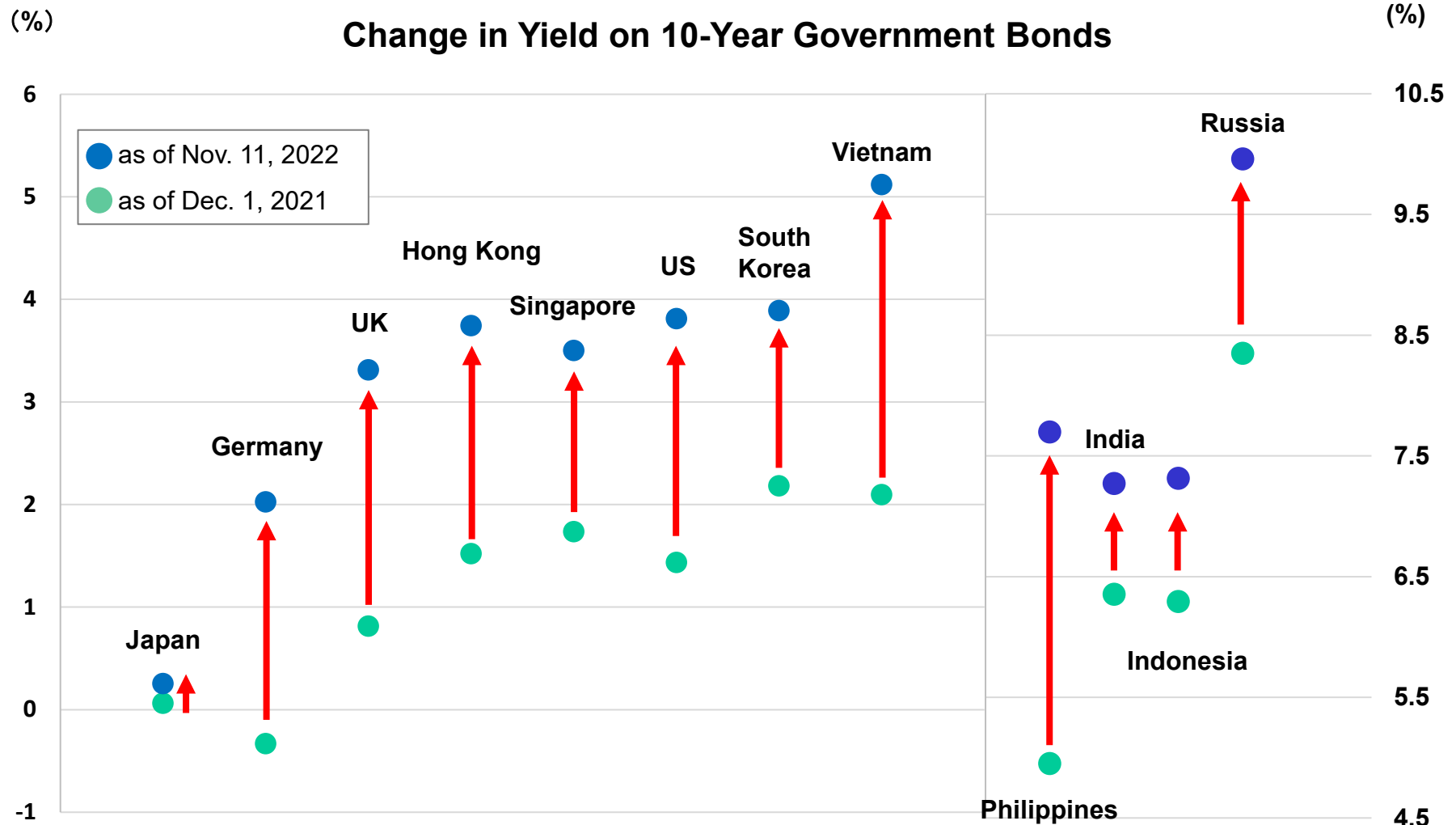
2. “Regional Revitalization Strategy” of SBI Group Advances to Phase II

- (1) SBI Group’s approach supporting changes in the business environment surrounding regional financial institutions**
- (2) Measures to further improve profitability of regional financial institutions**
- (3) The next step toward realizing regional revitalization**

(1) SBI Group's approach supporting changes in the business environment surrounding regional financial institutions

Signs of Change in the Environment Surrounding Regional Financial Institutions ①

- With interest rates on the rise around the world,
interest rates in Japan are also expected to rise in the near future -

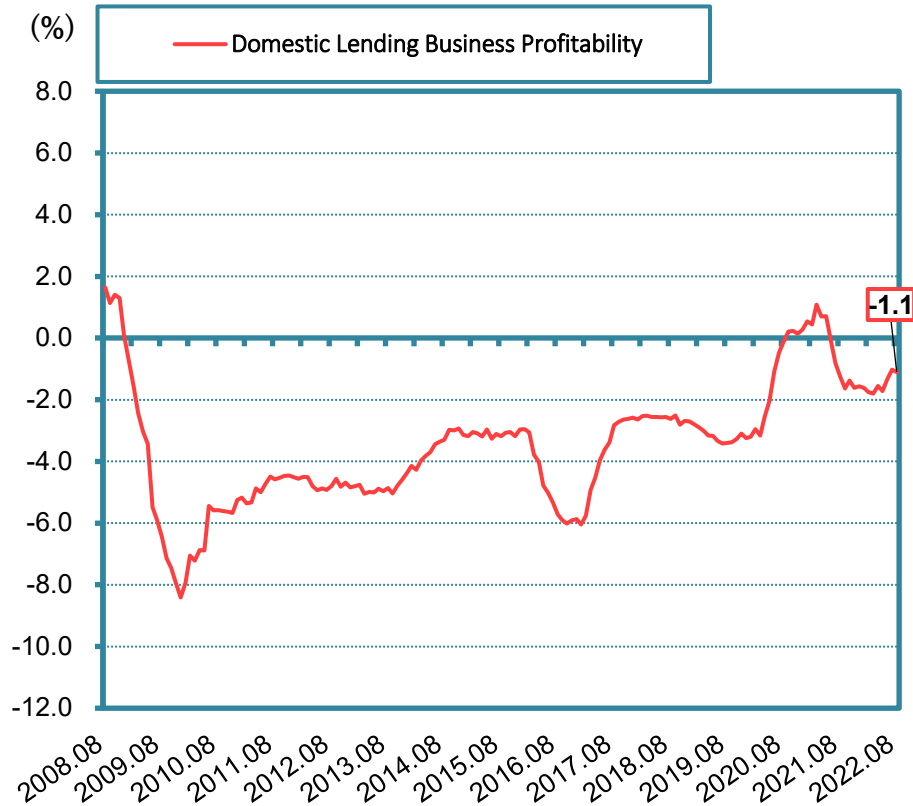
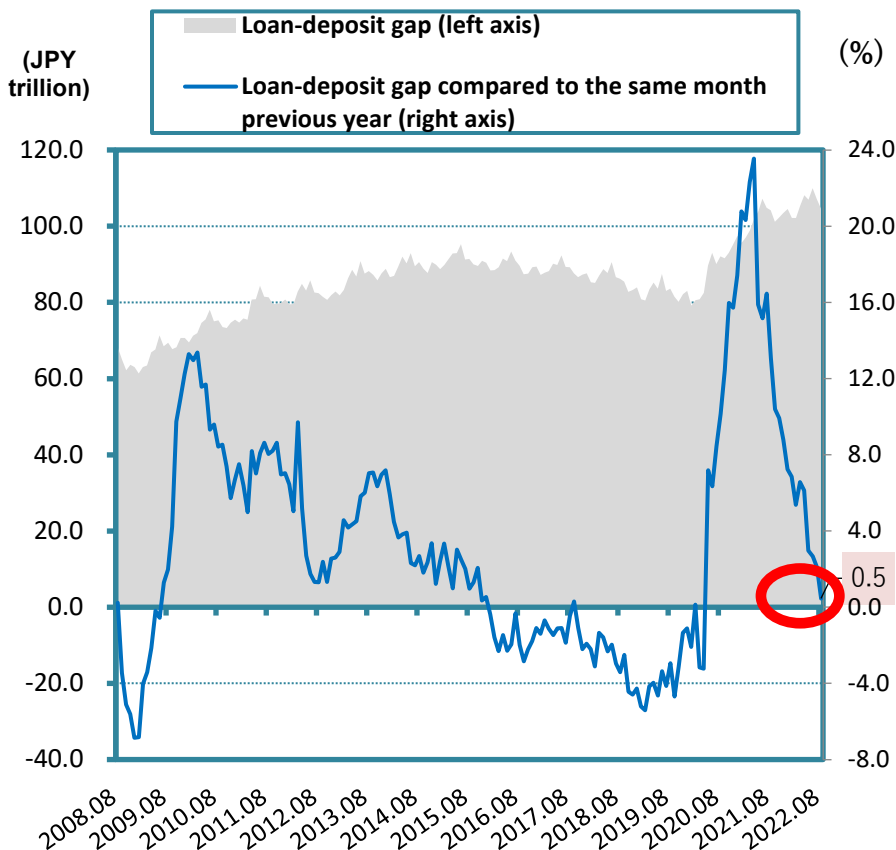


Source: Market Watch

Signs of the Changing Environment Facing Regional Financial Institutions ②

- ✓ The expanding COVID-19 pandemic has led to a significant increase in the savings gap, but the rate of increase has hit a ceiling
- ✓ Profitability of domestic loan business has recently fallen by 1.1%, but signs of normalization have appeared at regional financial institutions

⇒ The days of taking it for granted that lending operations are not profitable are coming to an end



Source: Both graphs from Triglav Research Inc.

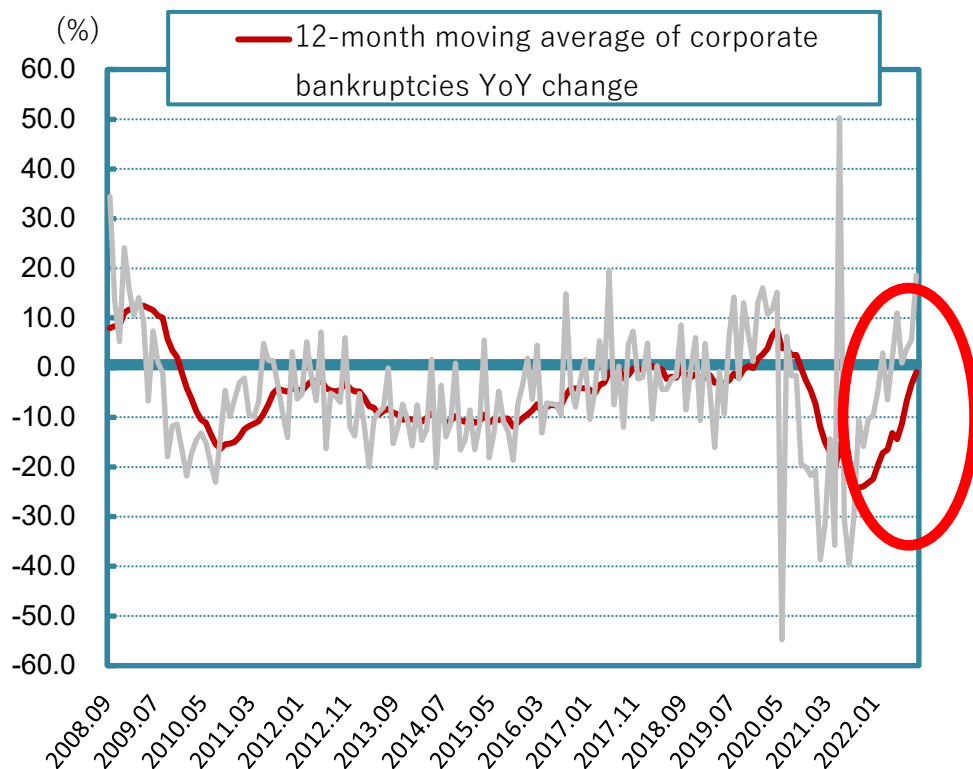
Signs of Changed Environment for Regional Financial Institutions ③

- **High level of credit risk management** called for as zero-zero loans come to an end -

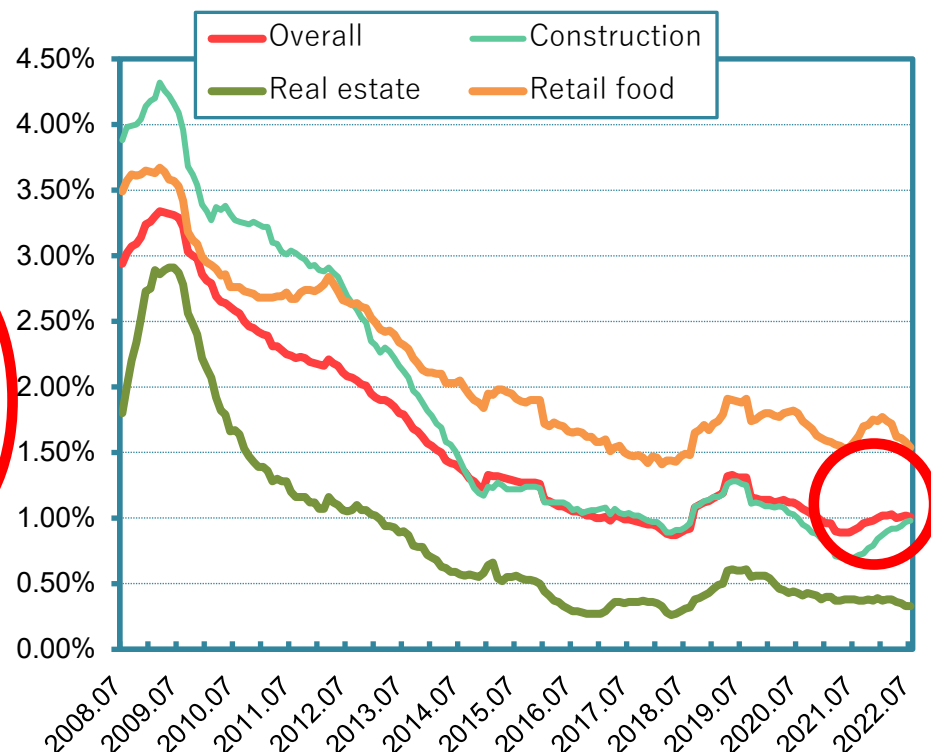
- ✓ Year-on-year change in the number of corporate bankruptcies was -0.9% in September this year, **leaving the impression their downward trend has leveled off**
- ✓ **Business default rate has been on an upward since April, 2022**

Worries over business bankruptcies as pandemic loan repayments start

Long-term trend in business bankruptcy rate



Long-term trend in percentage of business default



Source: Both graphs from Triglav Research Inc.

Changes in the External Environment and the SBI Group's Capital Support in Response to the Changes

Further Strengthening of Capital Alliance

- ✓ In addition to improving profitability and reducing SG&A expenses at each affiliated regional financial institutions, SBI Group actively proposes measures **to restructure lending operations**
 ⇒Based on this perspective, **SBI Regional Bank Holdings plans to underwrite JPY 1.5bn** for the issuance of preferred shares (without voting rights) to be conducted by Shimane Bank in December 2022
- ✓ **If the number of corporate bankruptcies increases in the future**, financial institutions may not be able to conduct sufficient business activities due to the provision of allowance for loan losses
- ✓ The inability of regional financial institutions to make necessary investments and loans in the current environment could have fatal consequences for the local economy



SBI Group intends to further strengthen the capital alliance as long as support by the Board of Directors

Utilizing the SBI Group to Enhance Credit Risk Management

- Provide management consulting and business restructuring functions -

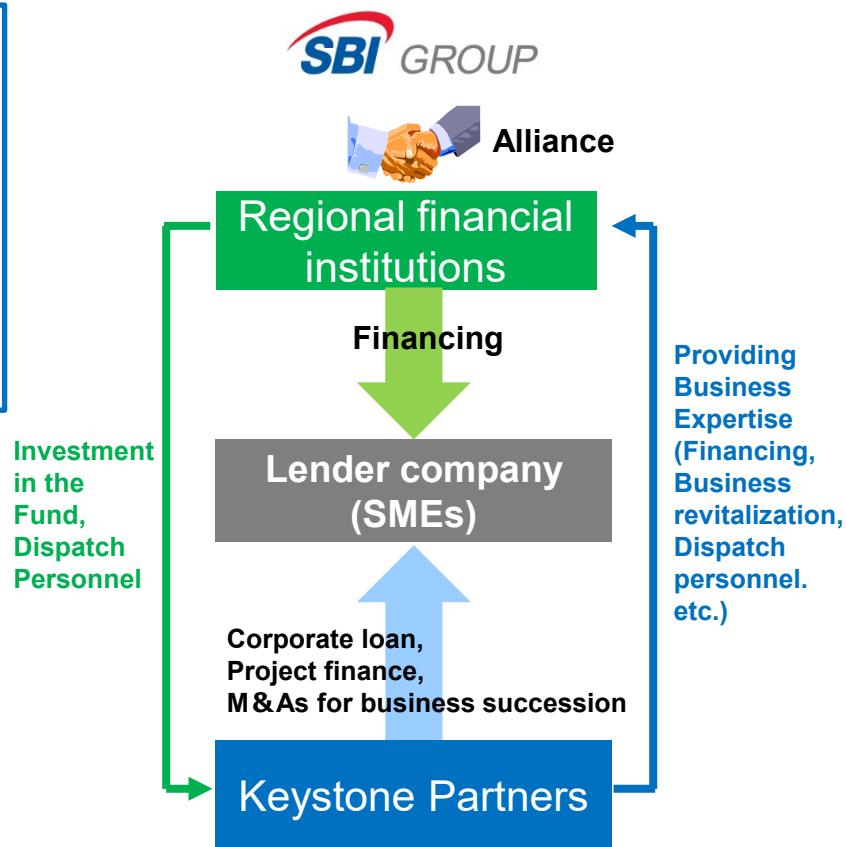
Keystone Partners

- Extensive experience and in-depth knowledge in corporate loans (business and corporate lending), and hands-on support to high-caliber SMEs with significant growth potential, as well as business revitalization
- On Oct. 16, 2020, SBI Holdings acquired 33.4% of Keystone Partners' outstanding shares, **making it an equity method affiliate of SBI Holdings**

[Collaboration details]

- Offer Keystone Partners the opportunities of the SBI Group's investments, loans, management consulting and business revitalization projects to consider
- Along with the SBI Group's consideration for investments into a new fund by Keystone Partners, will leverage its network of regional financial institutions and business corporations to support Keystone Partners' fundraising and other activities
- Personnel exchange considerations and the possible mutual utilization of solutions between the two companies

[Image of Business Collaboration]



Provide opportunities for regional financial institutions to invest in the fund and reduce credit costs to the borrowers

(2) Measures to further improve profitability of regional financial institutions

- ① Reform of management infrastructure, including a fundamental review of systems**
- ② Strengthen support for fee business expansion in the non-bank area**
- ③ Further enhancement of profitability through sophisticated management of securities**
- ④ Support for further evolution of the regional financial institution business model as “from Regional to Nationwide”**

① Reform of management infrastructure, including a fundamental review of systems

Measures Promoted by the SBI Group to Substantially Reduce and Equalize System Costs for Regional Financial Institutions

- Switch huge system costs from fixed to variable -

Challenges of conventional systems

- ① Large investment required 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 functionality enhancements
- ④ Disparate customer data management in multiple systems
- ⑤ Human resources to deal with outdated systems languages "2025 digital cliff"

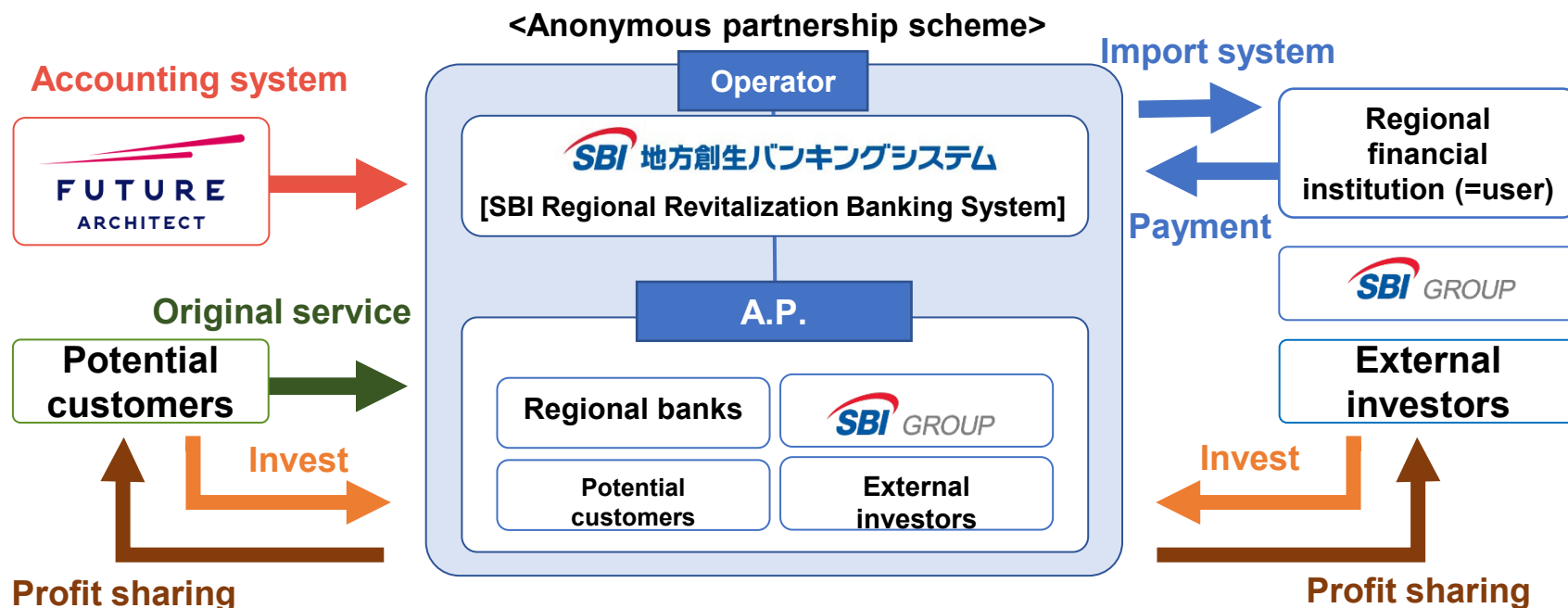


Solutions that the SBI Group can offer

- ① **Annual fee model**
- ② Reduce system costs through **joint operation on AWS**
- ③ Migrating to open technologies **using the cloud environment**
- ④ Respond quickly and at low cost to diversify channels and payment services by **shifting customer data management system common for all branches**
- ⑤ **Real-time, centralized data management** to speed up data analysis and collaboration with other industries
- ⑥ Ensure scalability through **APIs**

Steady Progress in Development of Next-Generation Banking System

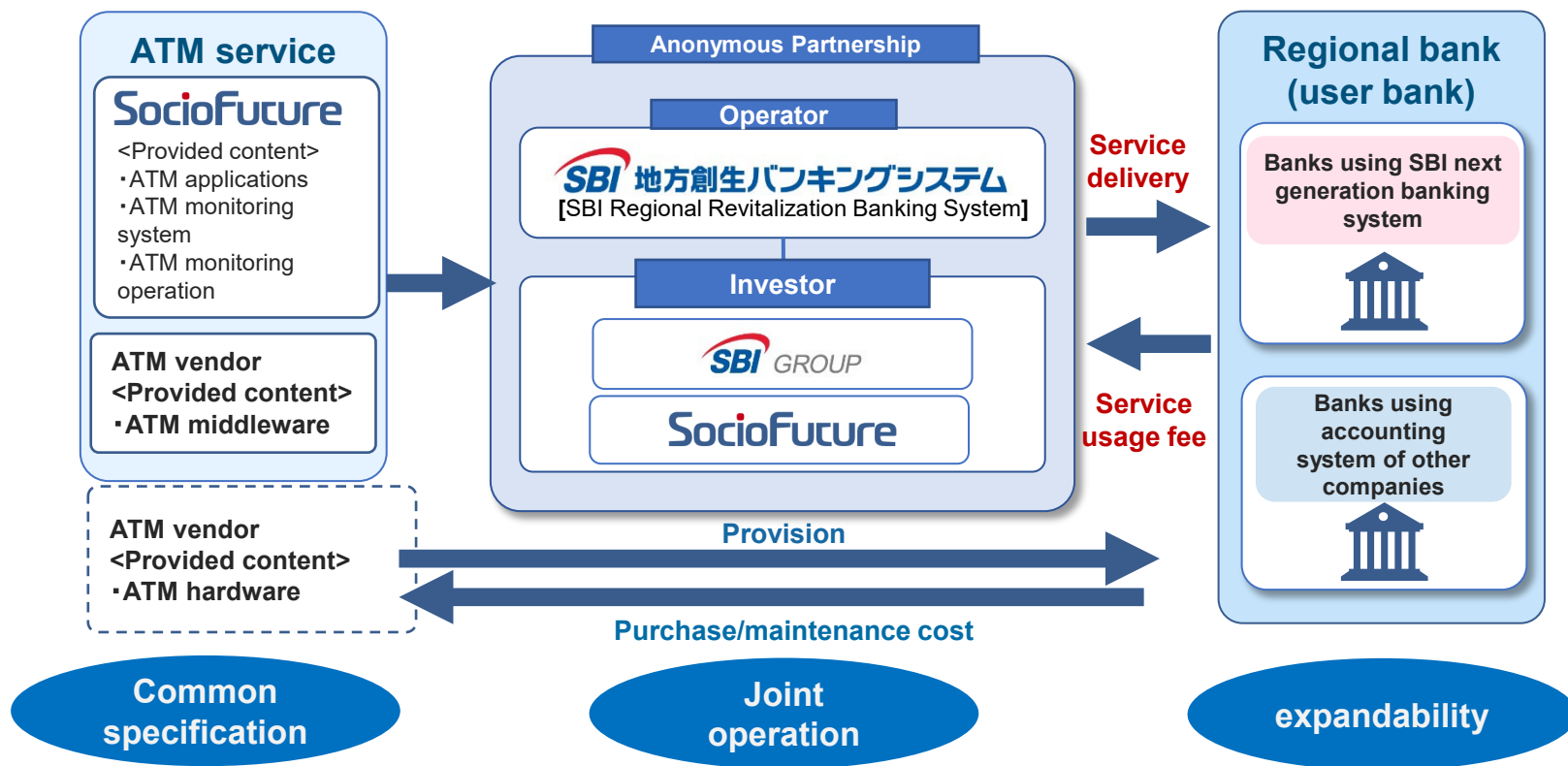
- **Fukushima Bank** agreed to become the first user and **one other bank has already made an offer to adopt this system** -
- ✓ **SBI Regional Revitalization Services** and **Future Architect** have formed a business alliance to promote the development of a **next-generation banking system**, including an account system that can be **operated on using cloud environment**
- ✓ 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 structure for fundraising, **endeavor to level out the system cost burden through an annual fee model**, and to return profits through dividends to investors



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

Promoting the Development and Provision of **SBI Common ATM Services** to Reduce System Costs

- By making the ATM under development for the next-generation banking system into a common specification that **other companies' accounting systems can use**, we plan to release it as an **SBI common ATM service (scheduled for 2023)**
- Similar to the accounting system, the initial cost is borne by the Anonymous Partnership, and it is provided **with a monthly usage fee model for each ATM**



Fukushima Bank, THE SENDAI BANK, Kirayaka Bank, and one regional financial institution with which we have a capital and business alliance have already made informal usage offers to a total of four banks

② Strengthen Support for Fee Business Expansion in the Non-bank Area

- Expanding the fee business of regional financial institutions with functions to be acquired by the SBI Group through M&A in the non-bank area -

**ARUHI's main business is face-to-face sales at branches,
with 152 branches in 42 prefectures**

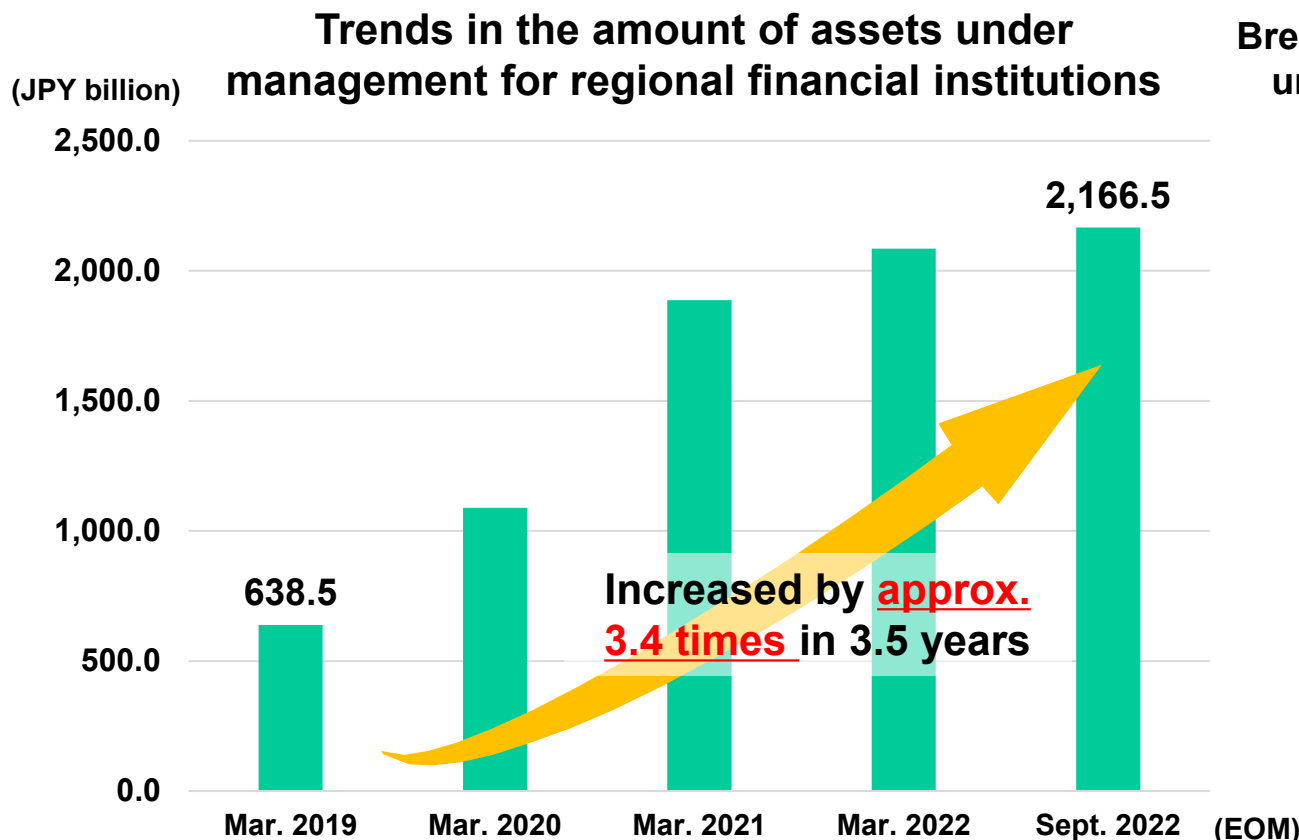


Consider handling a variety of products owned by ARUHI, including “Flat 35” to further improve the profitability of regional financial institutions

③ Further Enhancement of Profitability Through Sophisticated Management of Securities

- Assets under management from regional financial institutions exceeds JPY 2.1tn -

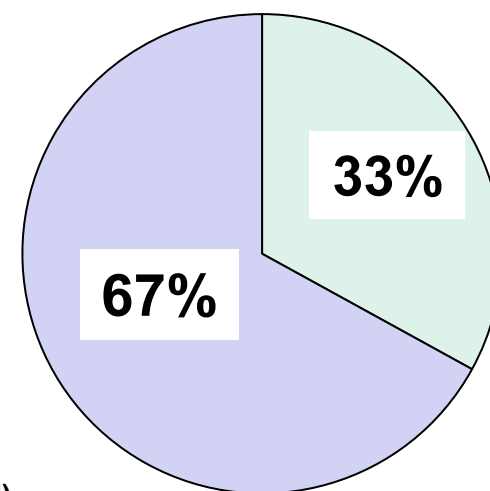
- **SBI Asset Management** provides customized investment products for each client at extremely low cost, focusing on highly rated and highly liquid overseas bonds
- Significant improvement in real yields, which were previously negative, can be expected as a result of the portfolio review



Breakdown of the amount of assets under management for regional financial institutions

(As of end of Sept. 2022)

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

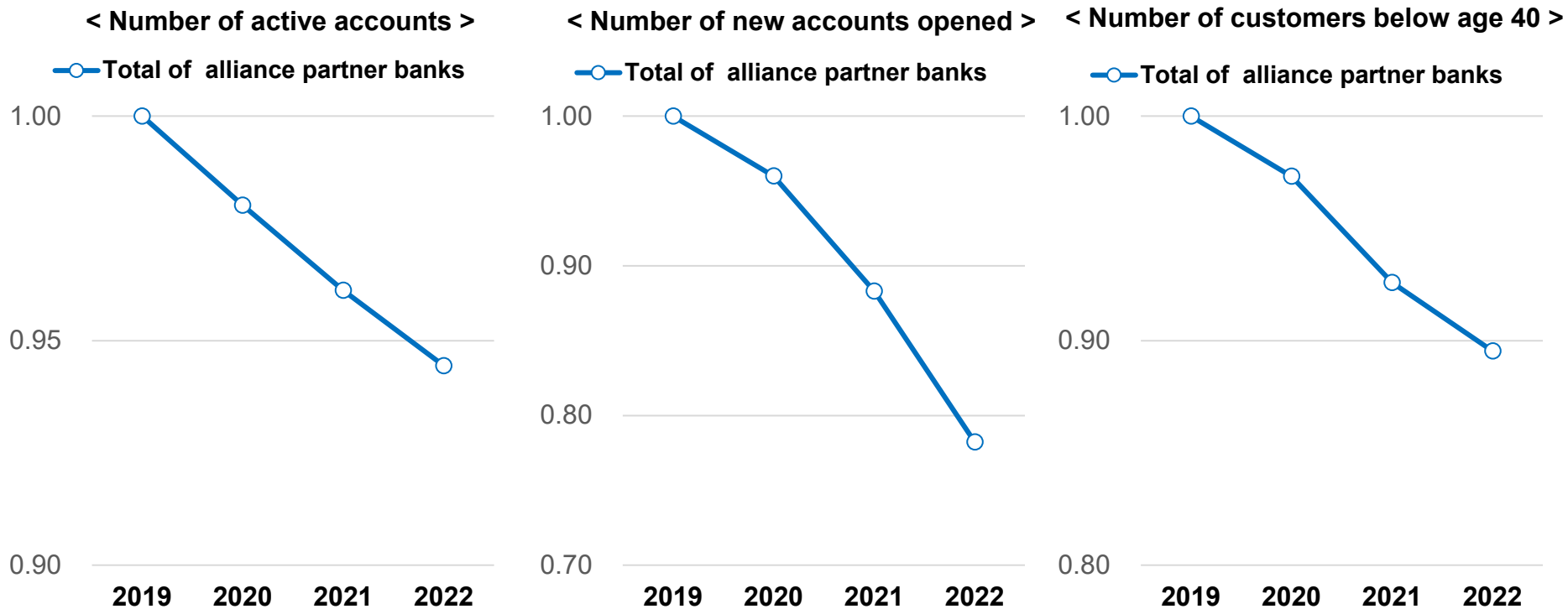


④ Support for Further Evolution of the Regional Financial Institution Business Model as “from Regional to Nationwide”

- Through the Sophistication of the Internet and Mobile Channels Nationwide -**

Improving Deposit Account Utilization and Attracting Younger Customers are Common Issues for All Strategic Capital and Business Alliance Partners

Declining trend in number of active accounts, new accounts opened, and accounts held by customers below age 40



* Graphs are indexed to the total number of each alliance partner bank in 2019 as 1

Internet and mobile channels with excellent UI and UX must be developed


Initiatives to Expand Customer Base Nationwide at Shimane Bank

– Newly set up “Shimaho!” smartphone branches –

- ✓ Along with social issues of reduced birthrate and population decline, as society becomes more digital, consumption spending shifting to online hence leaving the prefecture with shrinking local economies as a result
- ✓ Shimane Bank seeks customers such as local residents in the asset formation stage, local youth, and people across Japan with relation to or interest in the San'in Region. With support from ProjectCompany, which is collaborating in DX support field with SBI Group and local businesses, it opened **“Shimaho!” a virtual branch without passbooks, cash cards, or signature seals**
- ✓ Through characteristic measures such as **Shimagin Furusato savings** and **smartphone ATMs** with attractive interest rates, we strive to expand the customer base and rejuvenate the local economy



(Shimaho! smartphone branch from Shimane Bank)



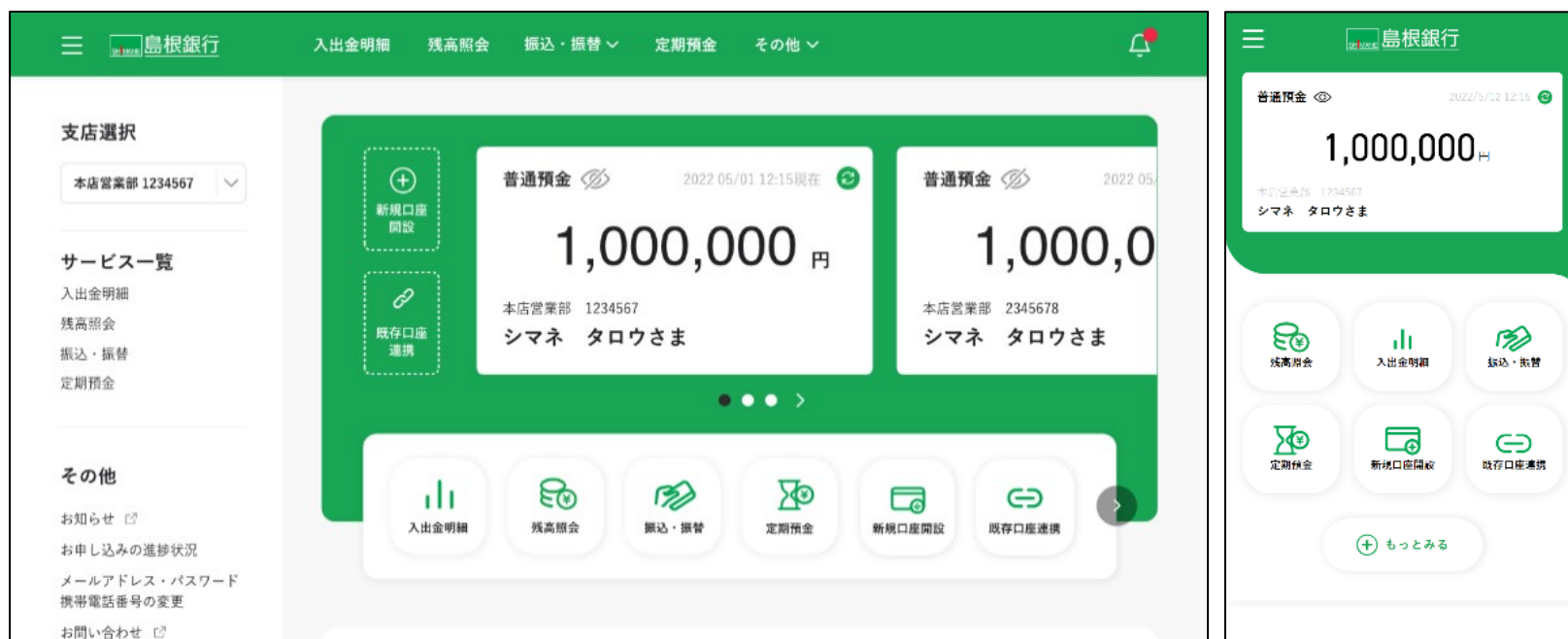
全国、誰でも、ネットで完結！
しまホ! × 島根銀行
マイカーローン

- ✓ On Oct. 17, started a “web-completed automobile loan” as the first step to expand smartphone support services
- ✓ **All procedures for this loan through contract conclusion are done on a smartphone**
- ✓ Interest rates are **between 0.9%-2.5%, which are among the top in the sector**
- ✓ Started distribution of E-LOAN, SBI Group’s product comparison site

Began Offering Internet Banking System for Individuals

-System operating at Shimane Bank, starting from May 23, 2022 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 agreeable UX**
- **Enable continuous implementation of a broad range of functions at low cost by implementing various bank transaction functions, using a flexible, 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

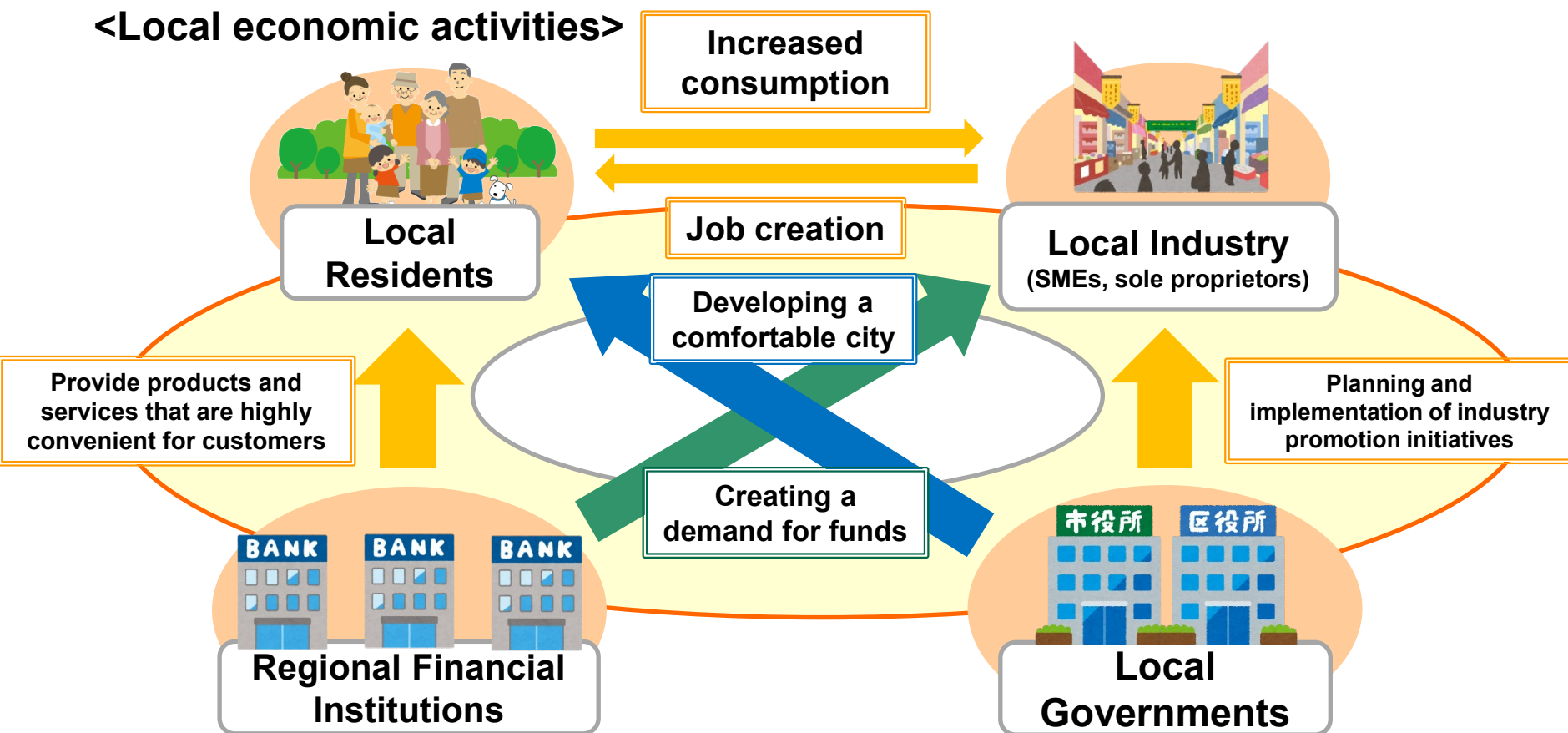
(2) The Next Step toward Realizing Regional Revitalization

- Promote various measures beyond the framework of financial institutions, with Regional Revitalization Partners at the core, to revitalize local economies -**

- ① Two Major Projects in the Immediate Future**
- ② Promote Medium- to Long-term Support for Local SMEs by Involving Each Economic Entity in the Region**

Revitalization of Four Economic Entities; Regional Financial Institutions, Local Residents, Local Industries, and Local Governments is Essential to Realize Regional Development

<Local economic activities>



Activities by Regional Revitalization Partners and Two Affiliated Companies Began in Earnest after Prolonged COVID-19 Pandemic

SBI Holdings

YMFG
Yamaguchi
Financial Group

SHINSEI BANK

DBJ

CONCORDIA
Financial Group

地方創生パートナーズ

Regional Revitalization Partners

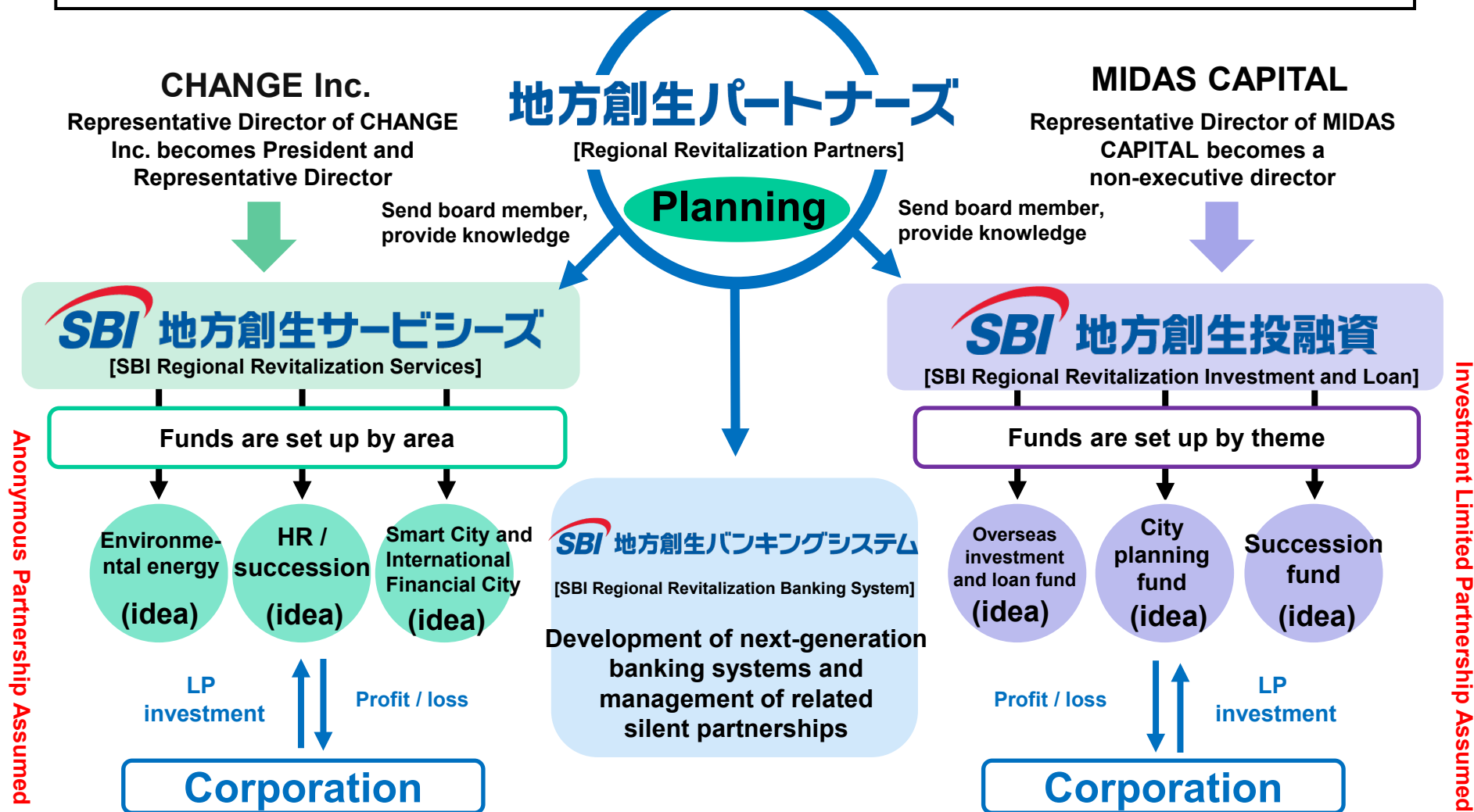
One director from each
investment partner will be
accepted to manage the
business democratically as a
kind of public property

**Formulate policies to revitalize the local economy and position ourselves
as a driving force for such policies**

**Promote initiatives that directly approach local governments and local businesses,
with Regional Revitalization Partners at the core**

Promotion Structure for Regional Development Strategies with Regional Revitalization Partners at the Core

- Raise capital by forming a fund (anonymous partnership, etc.) in which the function provider acts as a GP for each area or theme
- **Core partners who make major investments into the fund will have the right to invest in the function provider, as well as to nominate board members**



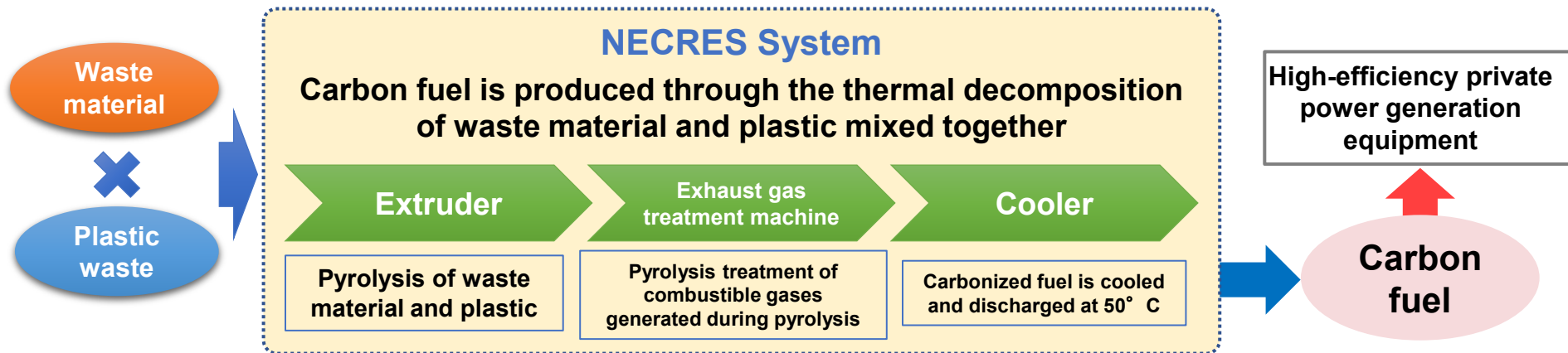
① Two Major Projects in the Immediate Future

- (i) Involvement of local businesses and local governments to solve problems such as the regional environment and high electricity prices**
- (ii) Initiative to Revitalize the Local Economy with “*Michi-no Eki*” (Roadside Station) at the Core**

(i) Involvement of Local Businesses and Local Governments

to Solve Problems such as the Regional Environment and High Electricity Prices

- 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, SBI Group and ERI established a joint venture company, Community Energy Development Co.,Ltd, on July 26 to accelerate the promotion of the project in concert with regional financial institutions and local companies



- ✓ Increasing local power options is essential to address the energy shortage situation
- ✓ Prototype of a high-efficiency private power generation equipment using NECRES fuel is scheduled for completion in December this year

(i) Involvement of Local Businesses and Local Governments to Solve Problems such as the Regional Environment and High Electricity Prices

Local municipalities, together with private businesses, have an extraordinarily high interest in NECRES, where many contracts have been completed, and works have already started. **The number of referral work contracts from regional financial institutions has surged over the last year**

[Examples of referrals]

Project	City / Town / Company name
Regional governments	Kushiro area, Hokkaido
	Certain city in Shizuoka Prefecture
	Certain city in Toyama Prefecture
Private-sector project	Kirin Beer
	TSUMURA & CO.

[Background to the increase in demand for NECRES]

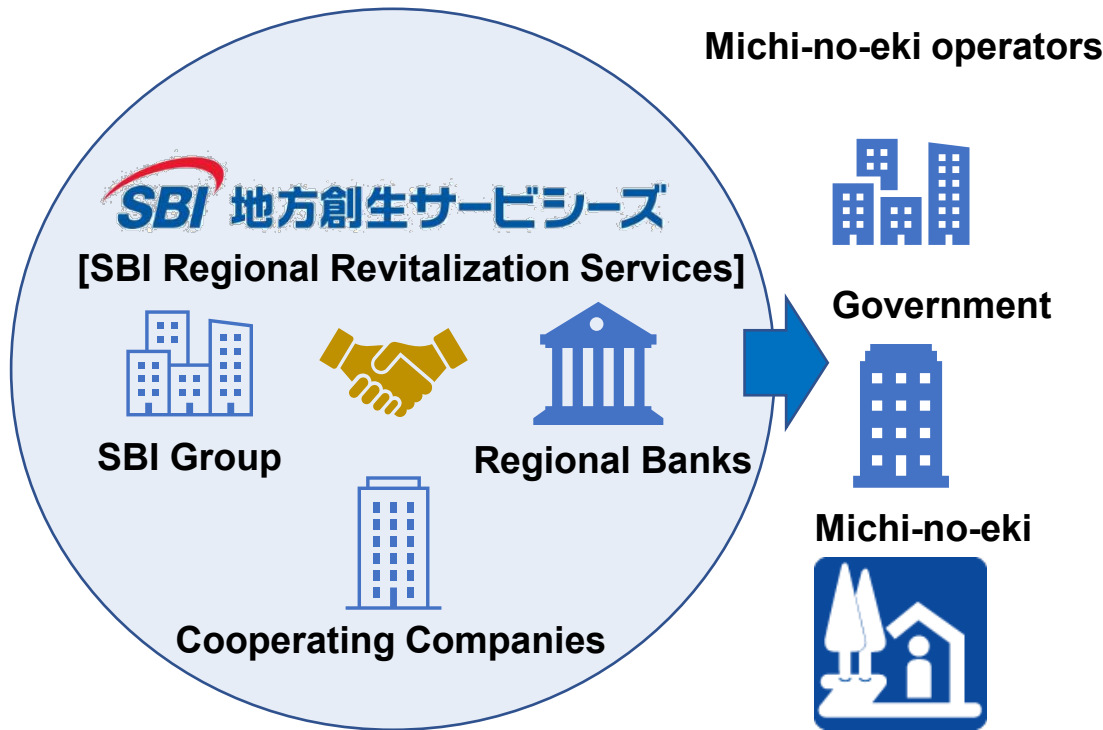
Today, electric power for industrial use cannot stand on its own financially using renewable energy alone, but since natural disasters are increasing, the diversification of regional electric power is essential

By utilizing NECRES, wastes are not only recycled, but can also be converted to energy. NECRES also contributes to carbon neutrality and turning regional waste into resources

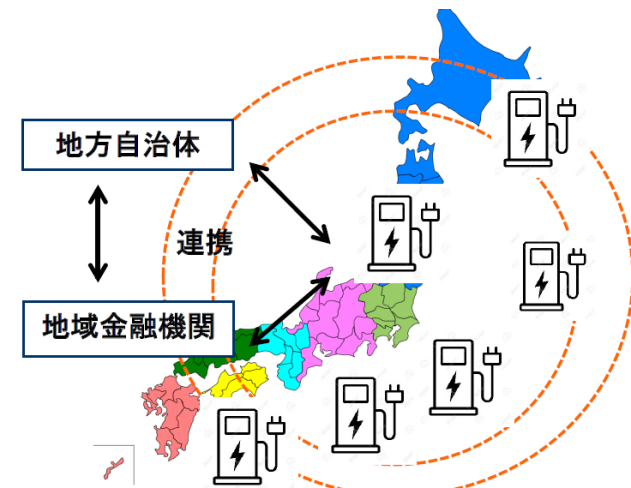
(ii) Initiatives toward Rejuvenation of Local Economies Centered on Roadside Stations

- SBI Regional Revitalization Services and SBI Group plan to collaborate with regional governments and operating businesses through roadside stations expanding across Japan. They will push forward on regional rejuvenation, and as a result, contribute to regional revitalization
- Partner companies leveraging SBI resources (electric power infrastructure, renewable energy, regional financial institutions) plan to commercialize their approach toward operating companies

Contributing to regional revitalization by promoting regional rejuvenation through roadside stations



Utilization of SBI Group subsidiary
Japan Charging Infrastructure Co.
(ownership ratio 53%)



Promote Installation of Charging Infrastructure and Using NECRES to Build Power Plants at Roadside Stations and Public Facilities throughout Japan

- Studying the design of roadside stations equipped with disaster prevention functions in cooperation with investee companies and external partner companies
- While promoting charging infrastructure, we will examine the installation of power generation facilities

Roadside Stations

From rest facilities to regional bases

Stage 1 (1993-)

Service locations for highway travelers passing through (rest stop and washrooms)

Stage 2 (2013-)

Becoming a retail space with multi-functional features and a tourist spot

Stage 3 (2020-2025)

Toward a base that speeds up regional revitalization and tourism

Focus on disaster prevention as well

Status of EV charging infrastructure from Nippon Charge Infrastructure

	Michi-no-eki	Public facilities	Total
No. of locations	227	17	244
Number installed (Rapid chargers)	274	17	291
Number installed (standard chargers)	39	0	39

In order to prepare a disaster prevention and response function at roadside stations, an emergency power supply function must be set up

For this reason, we are looking at installing high-efficiency power generation equipment that uses the NECRES system

Osaka Dojima Exchange, Fully Supported by SBI Group, Endeavors to Become a Comprehensive Exchange and Considering to Enter into the Emissions Trading Field

Osaka Dojima Exchange

Capital:

SBI Holdings: 14.57%
Japannext: 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 become a comprehensive derivatives exchange that ranks among the world's best**
- Started preparations for listing new commodity issues and willing to **enter into the field of financial and emissions trading**

- ② Promote Medium- to Long-term Support for Local SMEs by Involving Each Economic Entity in the Region**
 - (i) The Government's Stance on Supporting SMEs**
 - (ii) Supporting SMEs in Terms of Capital through SBI Investment's Joint Fund**
 - (iii) New Project for Revitalization of Local SMEs through Collaboration of SBI Regional Revitalization Investment and Loan and SBI Regional Revitalization Services**

(i) The Government's Stance on Supporting SMEs

- (a) Small and Medium Enterprise Policy - Council of the Small and Medium Enterprise Agency (released an “Interim Summary” on June 6, 2022) has set **“revitalization of equity finance utilization”** by SMEs as a mid- to long-term goal.

Direction of medium- and long-term support

1. Strengthening contacts between SMEs and investors
2. Encouraging challenge orientation in SMEs
3. Boosting investment for SMEs
 - ① Establishment of special support measures for securing investment returns
 - ② Support for grouping of SMEs
 - ③ Training of human resources for equity finance
 - ④ **Encouragement of entities (regional financial institutions, etc.) that seek to support local SMEs**



Support for SMEs through a joint fund between SBI Group and regional financial institutions is also in line with government policy

(i) The Government's Stance on Supporting SMEs

- (b) **The FSA intends to exempt the application of risk weight of unlisted stocks held through specialized investment subsidiaries** under new capital adequacy regulations to be introduced for domestic financial institutions

The 400% risk weight is not uniformly applied to investments in unlisted stocks that fall under Article 76, Paragraph 3, Items 1 and 2. If the investment falls under the category of “**long-term relationship**” or “**for the purpose of corporate rehabilitation**” as stated in Pillar 3, **it does not fall under “speculative investment in unlisted stocks”** to which the 400% risk weight is applied

Long-term requirement: At the time of acquisition of such unlisted shares, (1) the company does not intend to sell the shares in the foreseeable future or (2) **the company does not intend to sell the shares within one year (even if a sale schedule is provided for)**

Requirements “for the purpose of corporate rehabilitation”: **Investments in unlisted stocks for the purpose of supporting rehabilitation through so-called debt-equity swaps**

***Proposed Partial Amendments to the Notification on Credit Risk, CVA Risk and Market Risk, including “Criteria for Determining Whether a Bank’s Capital Adequacy is Appropriate in Light of its Assets, etc. Held by the Banking Act Article 14-2” (effective from March 31, 2023)**

(ii) Capital Support for Small to Medium Enterprises Utilizing SBI Investment's Joint Fund

Established the SBI Regional Business Succession Fund to Support Business Succession Throughout Japan and Move Aggressively on Business Activities

- From the initial fund (JPY 10.9bn, fully invested), acquired of 13 companies in Osaka, Chiba, Shizuoka, Tokushima, and Hokkaido with seven companies reaching full exit after earnings improved
- **Fund No. 2 was formed in July 2022.** It is projected to reach its target of **JPY 30bn** by end of 2022, **toward a goal of accumulating up to JPY 100bn**

The Shimizu Bank collaboration case study



清水銀行

[The Shimizu Bank, Ltd.]

After The Shimizu Bank introduced its partner, **Hamamatsu Beikoku Inc.**, the fund invested in it as its **first project in the wholesale rice sector** (Dec. 2020). With the bank's support on investment, the fund was able to resolve succession issues and improve earnings, leading to a full exit

Fukushima Bank collaboration case study



福島銀行

[THE FUKUSHIMA BANK, LTD.]

In Sept. 2022, after Fukushima Bank introduced its partner, **Tobu Co. Ltd.**, which runs a building maintenance business in Miyagi Prefecture, the fund invested in the business in cooperation with **ALSOK**, which possesses expertise in managing and growing its own building maintenance business

Supporting Growth of Local Companies Through Joint Fund Management



Tsukuba SBI Regional Revitalization Fund (Established in July 2021)

As a Science City, Tsukuba City has a business area with largest concentration of start-ups in Japan and commercializes and supports the development of a diverse range of start-ups. Tsukuba Bank and SBI Group will fully use their respective resources to **support the growth of local start-up companies and contribute to the sustainable development of the local economy.**



Execution of investment completed in Warpspace Inc., Veneno Technologies Co., Ltd., and Celaid Therapeutics Inc.

Towa SBI Customer Support Fund (established in January 2021)



Prevent as much as possible the potential of bank borrowers turning into non-performing loans after the government's interest subsidy expires in three years and promote the revitalization of local businesses by strengthening intermediary financial functions from capital funds and hands-on corporate support from the following two companies through the joint fund.



Execution of investment completed in two companies: pan for you Co., Ltd. and Jungle Delivery Co., Ltd.

- (iii) New Project for Revitalization of Local SMEs
through Collaboration of SBI Regional Revitalization
Investment and Loan and SBI Regional
Revitalization Services**
 - a. Support for small and medium-sized sake brewers nationwide**
 - b. Various measures in cooperation with local companies and local governments**

a. Support for small and medium-sized sake brewers nationwide

Revitalization of Local Businesses Using SBI Regional Revitalization Investment and Loan and SBI Regional Revitalization Services

Sake is **“the region itself,”** filled with various essences of a region’s history, rice, water, etc.

 **地方創生投融资**

[SBI Regional Revitalization Investment and Loan]

There are many small and medium-sized sake breweries in Japan, and there is significant room for improvement in management efficiency when viewed from the perspective of the industry.

In addition, they face management issues such as succession problems and difficulty in expanding overseas on their own

Invest in various sake brewers using funds to solve the above issues



 **地方創生サービスズ**

[SBI Regional Revitalization Services]

The SBI Group also provides traceability services and **supports for overseas expansion**

Possible to Support Distribution Using Blockchain Technology Owned by SBI Traceability

- Using Blockchain Technology and IC Tag Technology to Protect the Distribution of Authentic Japanese Products in Foreign Countries -

- **Through digital pairing** that combines blockchain technology and SATO's IC tag in "SHIMENAWA" provided by **SBI Traceability, building a traceable distribution process** under the concept of "Preventing Product Counterfeiting" to realize "Increasing Value of Authentic Products" and "Enhanced User Experience"
- Able to incorporate not only information related to distribution but also product-specific information, such as the thoughts of producers, which is expected to differentiate local specialty products and improve international competitiveness

< Example of Japanese sake >

- 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** even having been the highest value exported for 12 straight years
- **In domestic Japan, it is decided to practically introduce** the Katokichibee Shoten's "BORN," which has been in business for 162 years, is exported to 105 countries as a representative of Japanese sake culture and frequently used at international events

< Example of Hokkaido Rice >

- Onigiri rice balls made with Hokkaido-grown rice are sold at Lawson stores in Shanghai, China; the supply system from production to transportation is displayed as an information trail to provide consumers with a sense of security
- **Showing the producers' thoughts on rice cultivation** in Hokkaido **as a story** and appeal the attractiveness of Japan's production areas

b. Various measures in cooperation with local companies and local governments

Example 1: 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, efforts will be made to rediscover the charm of Izumo as a new resort area with a view of the Sea of Japan spreading out below

< Restaurant image >



<Accommodation facilities image>



Scheduled to
open in April
2023

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

Example 2: Nationwide expansion of community currency business initiatives promoted jointly with local governments and regional economic organizations



Platform development & management: **Machi no Wa**

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

44 Areas in Japan Introduced

- Achievements of Regional Currency (Premium Coupons)-

Examples

【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
- Actively promoting initiatives that can involve each entity in the region to create a winning trump card for the region

Example 3: Promote “Corporate Furusato Taxation” in Partnership with RCG Corporation

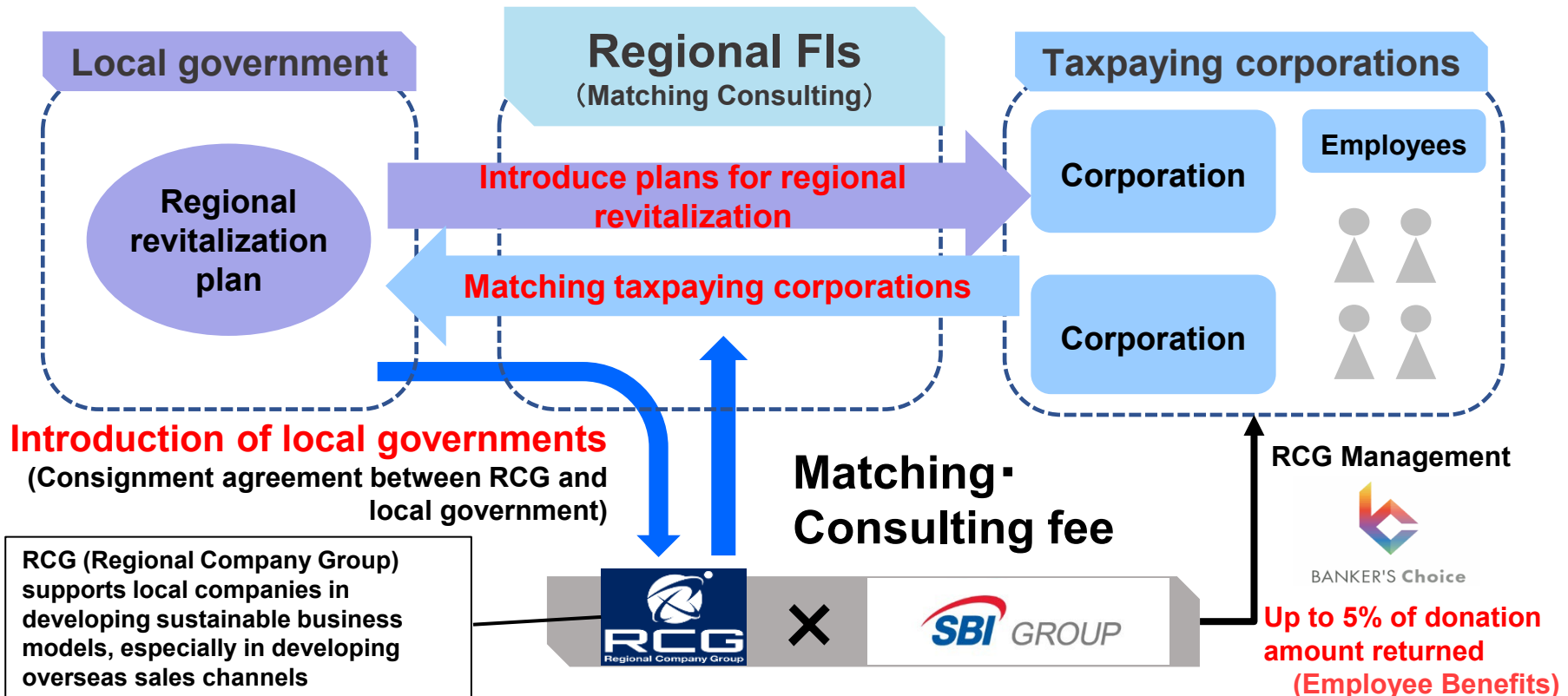
- Promoting the use of “Corporate Furusato Taxation” to provide tax benefits to companies that donate to local development projects -

Benefits for tax-paying companies

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

Enjoy benefits while contributing
to local development

21 local governments and 11 local financial institutions collaborate



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

3. Status of SBI SECURITIES' efforts to implement Neo-securities initiative during 1H FY2023

- (1) Neo-securities initiative in SBI SECURITIES has steadily progressed toward its realization during 1H FY2023**
- (2) Favorable situation for the implementation of Neo-securities initiative is led by successfully establishing a dominant position in the industry through the customer-centric principle and diversification of revenue sources**
- (3) Entire SBI Group Focuses on NISA and iDeCo as strategic products**
- (4) SBI Group continues to lead the change in the securities industry**

Neo-securities Initiative:

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

(1) Neo-securities initiative in SBI SECURITIES has steadily progressed toward its realization during 1H FY2023

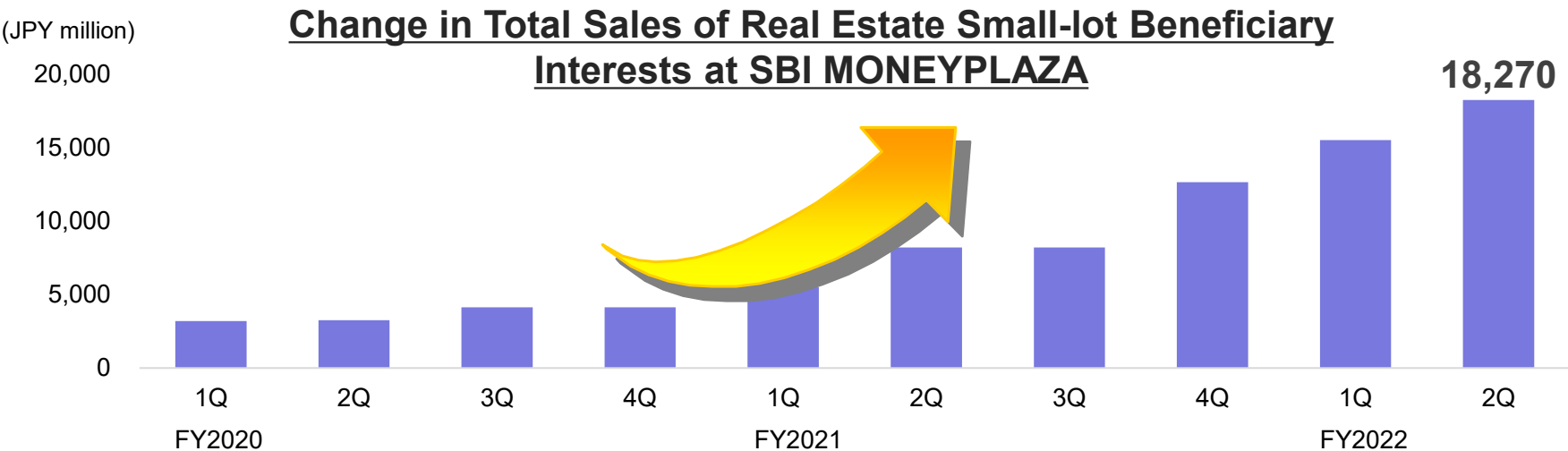
- Further decrease the ratio of domestic stock brokerage commissions as revenue from online trading -

- ① Strengthen the real estate finance business**
- ② Expand non-flow businesses**
- ③ Increase trading revenue**
- ④ Expand foreign stock services**
- ⑤ Strengthen wholesale business**

Strengthen the Real Estate Finance Business ①

- SBI MONEYPLAZA Enhances Sales of Real Estate Small-lot Beneficiary Interests -

- SBI MONEYPLAZA has been handling real estate small-lot beneficiary interests since 2020 and has sold JPY 18,270m in ten 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



Strengthen the Real Estate Finance Business ②

- Expanding aspects of real estate development for fund raising -

- In Sept. 2022, **acquired shares of THE GLOBAL Corp.** (51.95% of voting rights), which operates a condominium business for sale and an income-producing property business including rental condominium and offices in the Tokyo metropolitan area
- The company utilizes its high-quality real estate properties in the formation of **small-lot real estate products** for individual investors and **Security Tokens (ST)** backed by real estate
- Expecting the company to contribute to the formation of a REIT, which focus on in the future, either as a supplier of target properties or in the management of target properties

SBI Group's real estate finance business

Development of high quality real estate



Fund formation



TOZAI
asset management



双日リートアドバイザーズ株式会社
[Sojitz REIT Advisors]



Mullion

Guidance to customers



Partial provision of non-recourse loans for real estate development



SHINSEI BANK

- Provision of some loans for private placement (bridge) funds
- Provision of trust functions for structuring when creating real estate products

Strengthen the Real Estate Finance Business ③

- Strengthen real estate asset management -

- In June 2021, acquire shares of **Tozai Asset Management Co., Ltd.** which operates asset management business, and begin full-scale expansion of real estate asset management business
- In October 2022, SBI agreed to acquire all shares (67.0% of voting rights) held by **Sojitz REIT Advisors Corporation**, to which Nippon REIT entrusts the management of its assets
- Targeting to pursue synergies within the SBI Group and increase the balance of assets under management by expanding the private funds and public offered REIT businesses of both companies

[The real estate asset management business of SBI Group]

Private funds

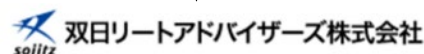


Assets Under Management: JPY 176bn
(end of August 2022)

Publicly Offered REIT



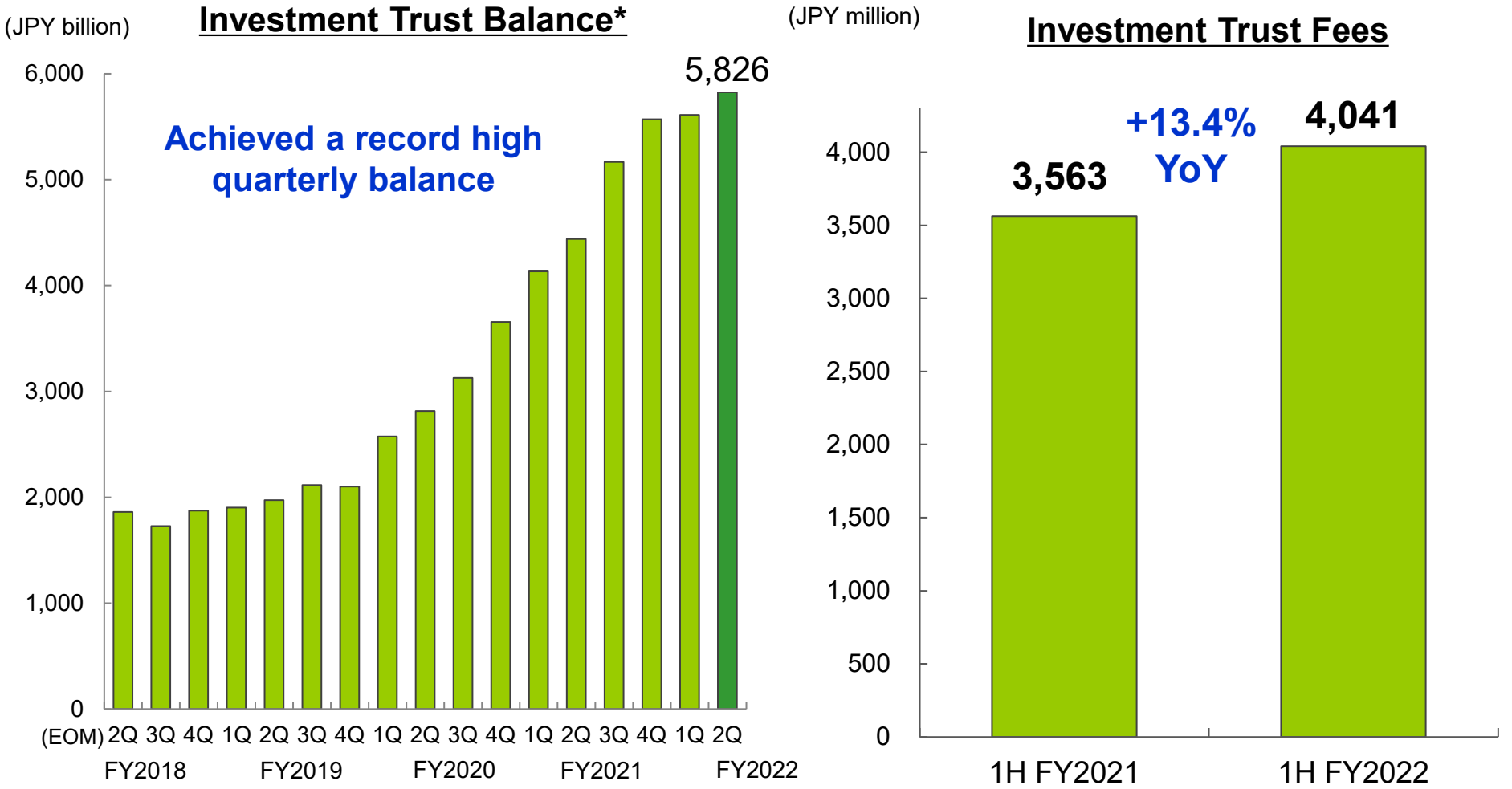
↓ Delegate operations



[Sojitz REIT Advisors]

Assets Under Management: JPY 254.7 bn yen
(end of June 2022)

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

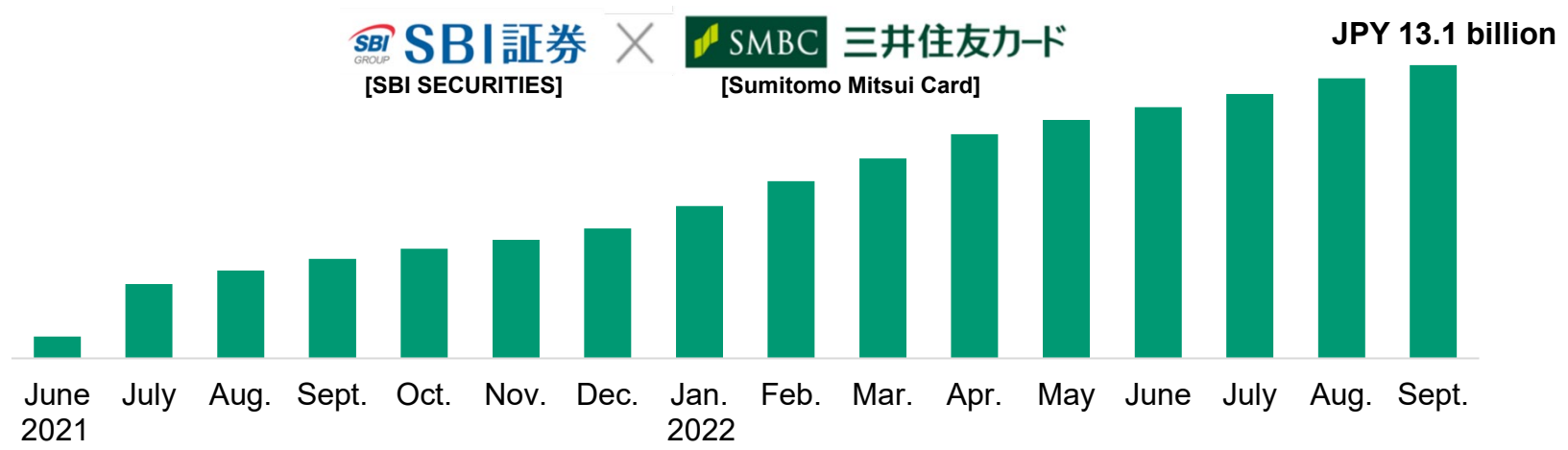


*Figures for balance of investment trusts include domestic and overseas ETFs and foreign currency-denominated MMFs

Steadily Expanding Investment Trust Accumulation Service Using 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 credit cards issued by Sumitomo Mitsui Card
- One year after the service was launched, the total amount of accumulated funds through the service reached JPY 13.0bn and the number of accounts exceeded 380 thousand accounts
- 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 a SBI SECURITIES account through automatic linkage of necessary information upon enrollment in the SMCC program to be launched. The “V Point Investment” service, which allows V Points to be used for the purchase of investment trusts, started from May 30

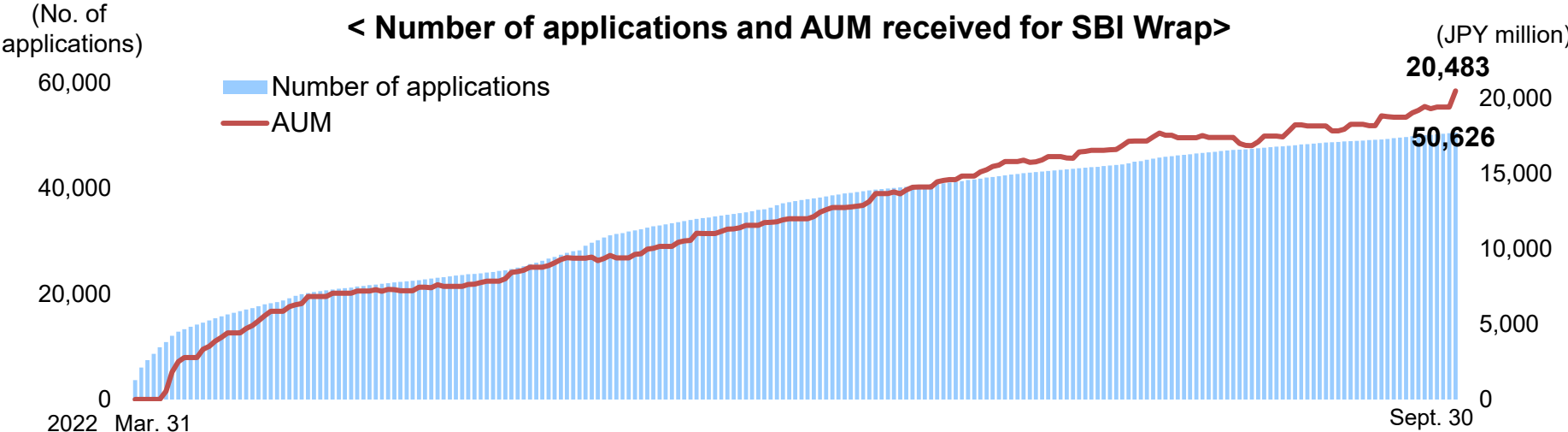
Changes in the amount of accumulated funds through “Sumitomo Mitsui Card Funded Investment” service



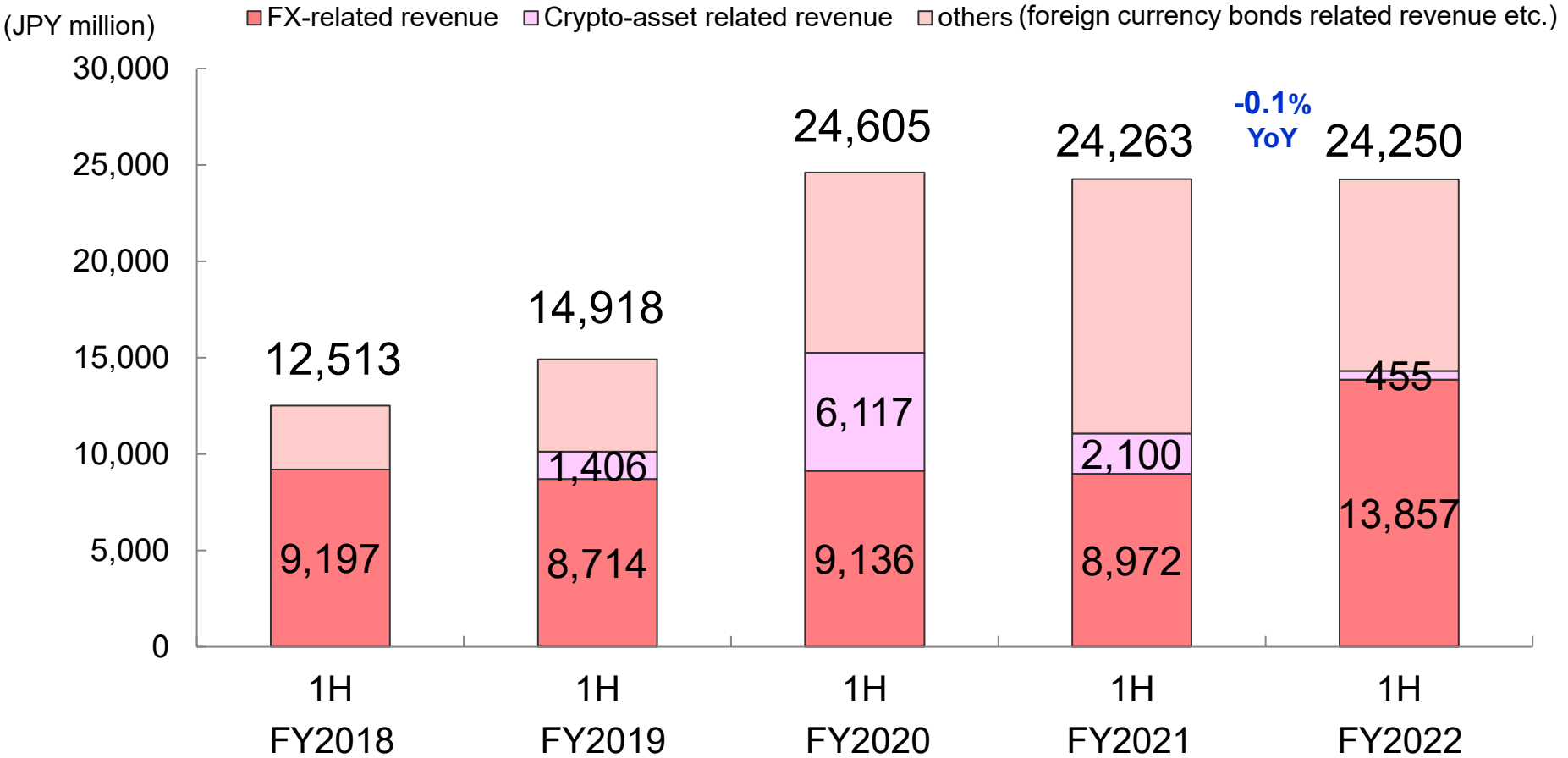
Fully Automated AI Investment “SBI Wrap” is a Major Favorite

- Applied amount exceeded JPY 20 billion in just seven months since the service launched-

- In Aug. 2021, SBI Group acquired shares of **FOLIO Holdings, Inc.** 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 Mar. 31, 2022. “SBI Wrap” **surpassed JPY 20bn in assets under management in just seven months since service launch**
- In addition, the development of FOLIO’s products and services for financial institutions and business corporation where the SBI Group is strengthening its alliances with, has already received some offers



Trading Revenue Becomes One of the Pillars of Revenue by Strengthening of FX Business

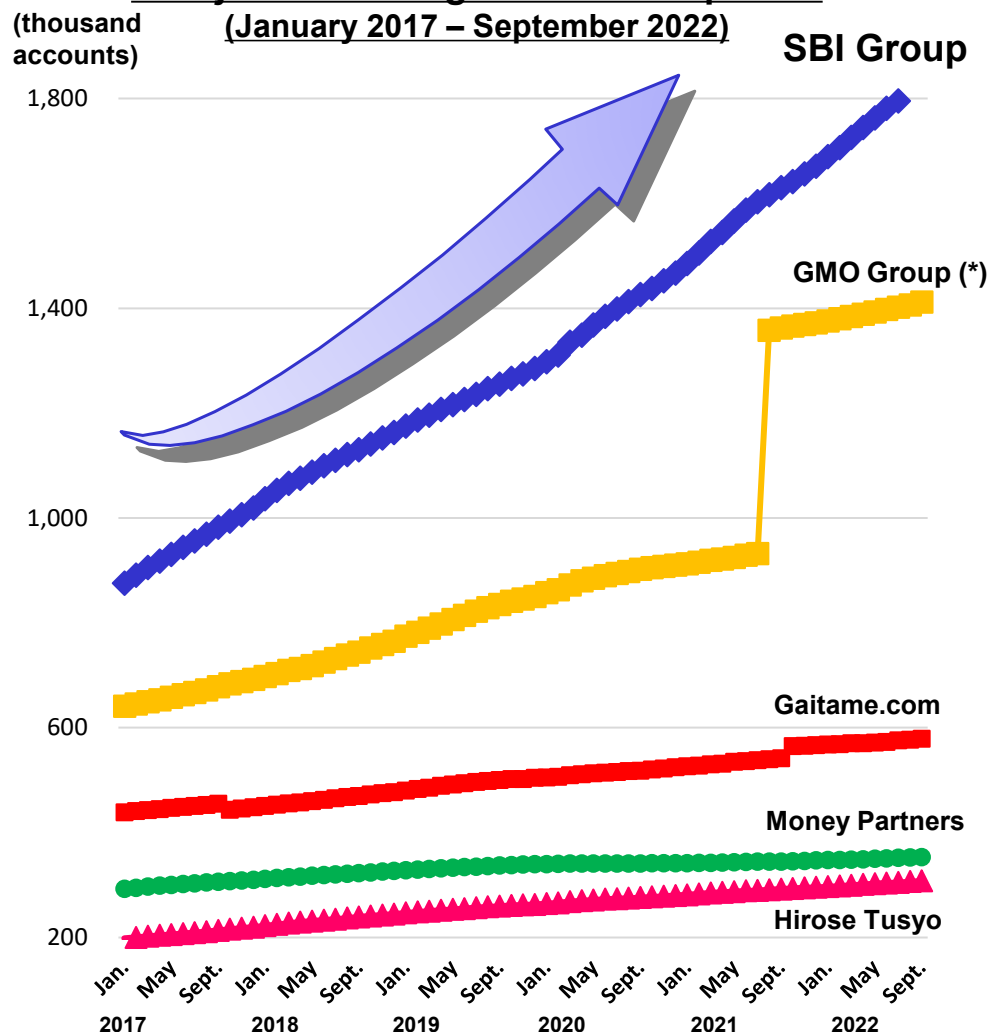


SBI VC Trade will not be consolidated by SBI SECURITIES from 3Q FY2022 due to an intra-group reorganization that transfers SBI VC Trade under the intermediate holding company for Crypto-asset Business

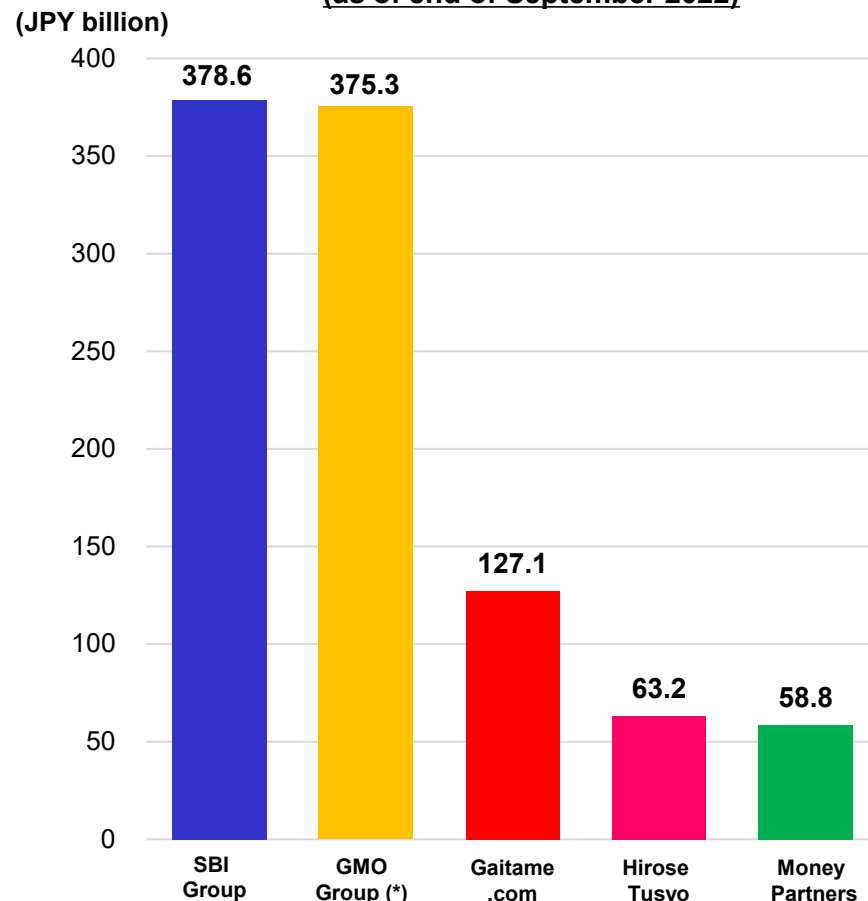
③ Increase of trading revenue

The SBI Group (SBI SECURITIES, SBI FXTRADE and SBI Sumishin Net Bank, SBI NEOMOBILE SECURITIES) has the Largest Total Number of Accounts and Customer Margin Deposits in the Industry

Changes in the number of accounts among 5 major FX Trading Related Companies
(January 2017 – September 2022)

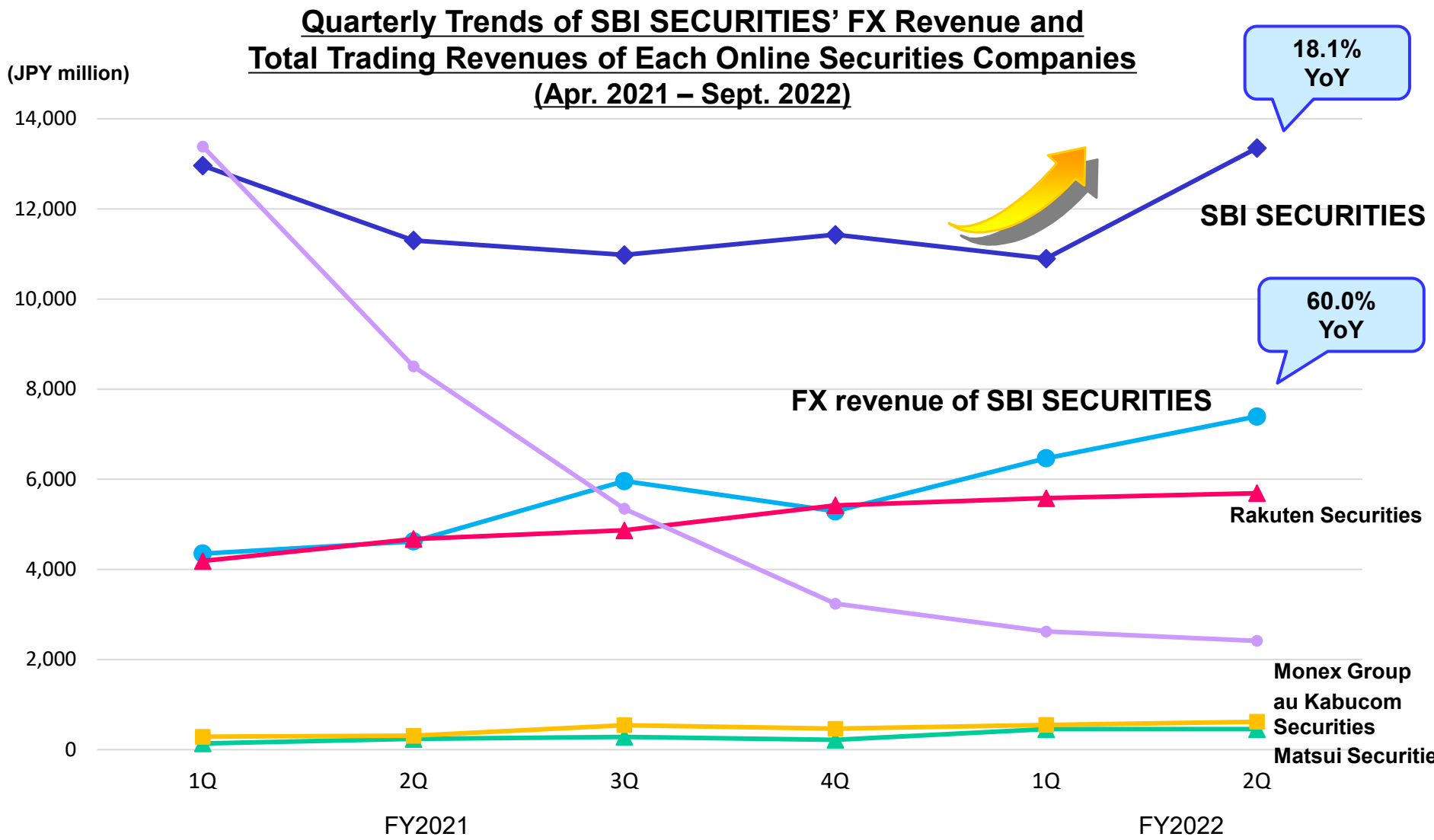


Customer Margin Deposits of FX Trading Related Companies
(as of end of September 2022)



(*) Figures of GMO CLICK Securities, FX PRIME by GMO and GaikaEX by GMO (Formerly YJFX!, which joined the GMO Group in Sept. 2021) are combined and listed as "GMO Group" for reference

SBI SECURITIES' FX Revenue Exceed the Total Revenues of Each Online Securities Companies

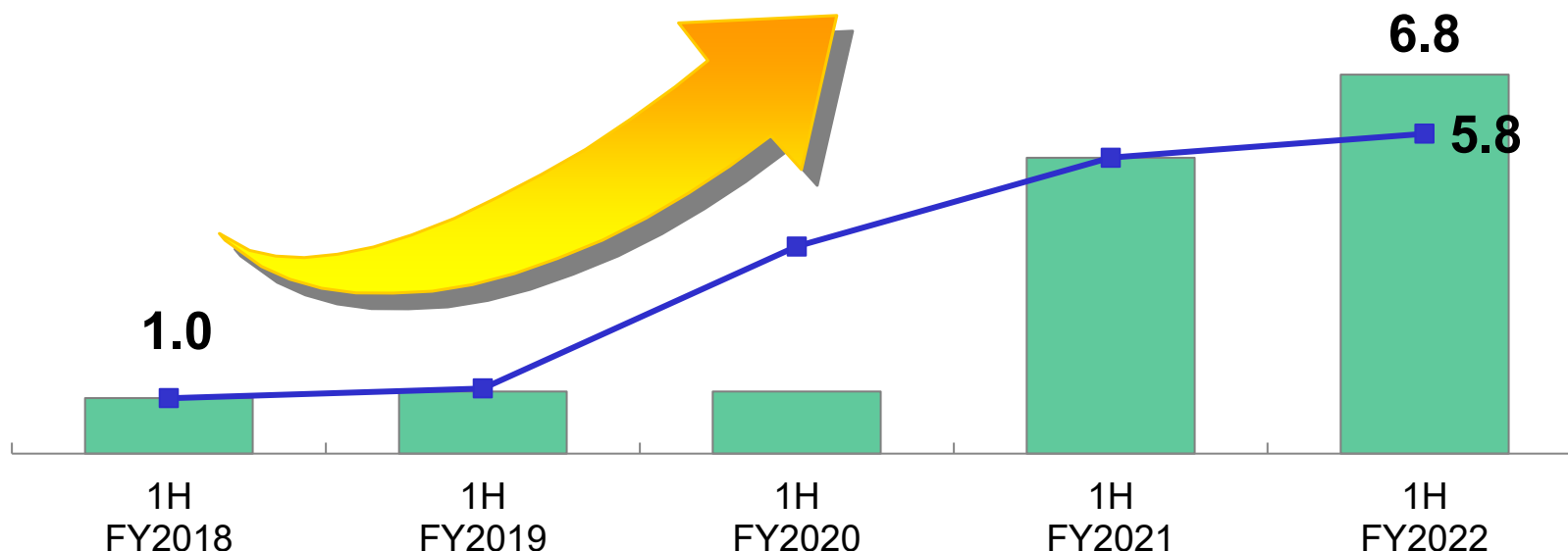


Trend of SBI SECURITIES' Foreign Stock Trading Value and Revenue

■ Foreign Stock Trading Volume

■ Revenue

* Foreign stock trading value index for 1H FY2018 = 1.0



- **Trading Value and Revenue of foreign stock reached record highs for 1H FY2022**
- **In October, began offering “market and stop-loss orders” for margin trading of U.S. stocks; strive to further expand its foreign trading services**

SBI SECURITIES Achieves 100% Underwriting Involvement; Steady Expansion of POs and Corporate Bonds Underwriting

Underwriting share of 100% is an
industry-leading figure

- Between Apr. 2022 through Sept. 2022, SBI SECURITIES underwrote for 3 companies as lead manager

IPO Underwriting Ranking (Apr. 2022 – Sept. 2022)

37 companies were listed during the period

Company Name	No. of cases	Underwriting Share (%)
SBI	37	100
Rakuten	25	67.6
Monex	23	62.2
Matsui	20	54.1
Nikko	19	51.4
Mizuho	18	48.6
Daiwa	18	48.6
Nomura	16	43.2
IwaiCosmo	16	43.2

PO underwriting business

During 1H FY2022, SBI SECURITIES underwrote 6 POs



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

Corporate bond underwriting business

Underwrote a total of 24 projects including Tohoku Electric Power Company bonds



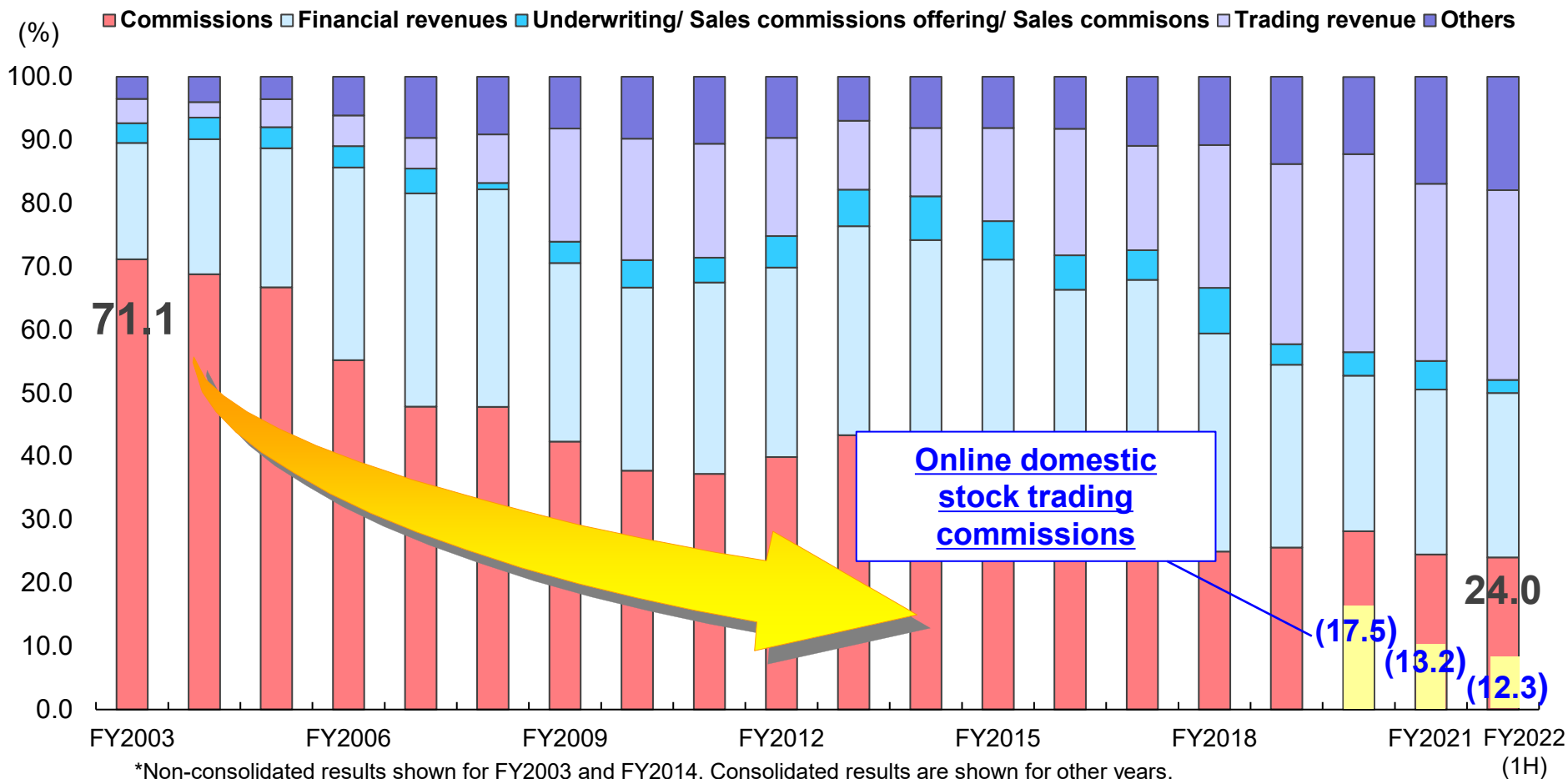
Expanded underwriting of new public bonds, including electricity bonds

*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.

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

- Decreased the ratio of domestic stock brokerage commissions from online trading, which is subject to the commission-free system, to 12.3% of operating revenues-



Neo-securities Initiatives expected to realize in 1H FY2023, provided the system can be strengthened to handle the increased number of transactions through Neo-securities Initiatives

(2) Favorable situation for the implementation of Neo-securities initiative is led by successfully establishing a dominant position in the industry through the customer-centric principle and diversification of revenue sources

- ① Comparison of operating income with major securities companies**
- ② Comparison of performance with online and mid-tier securities firms**
- ③ SBI Group's share of individual stock trading value**
- ④ Number of securities accounts of SBI Group**
- ⑤ Groupwide growth expected from Neo-securities Initiatives**

Comparison of Operating Income with Major Securities Companies for 1H FY2022

- SBI SECURITIES' operating income surpasses a
those of major securities companies -

(Unit: JPY million)

	1H FY2021 (Apr. 2021 – Sept. 2021)	1H FY2022 (Apr. 2022 – Sept. 2022)	YoY % Change/ YoY change
SBI SECURITIES	27,584	26,347	-4.5
Nomura Securities	46,170	19,946	-56.8
Daiwa Securities	45,497	-2,964	-48,461 (JPY million)
SMBC Nikko Securities	37,878	-18,649	-56,527 (JPY million)

* All figures are based on J-GAAP

Comparison of 1H FY2022 Financial between Online Securities, Second-tier and Mid-tier Securities

(Unit: JPY billion)

		Net Operating Revenue	Ordinary Income	Net Income
Online securities	SBI SECURITIES (consolidated)	74.8	26.3	17.3
	Rakuten Securities (consolidated)	44.8	8.6	5.3
	Matsui Securities (non-consolidated)	13.9	5.7	3.9
	Monex Group (consolidated)	36.2	1.1	1.2
	au Kabucom Securities (non-consolidated)	8.8	5.0	1.4
	GMO Financial Holdings (consolidated)	20.6	5.0	0.1
Second-tier, mid-tier Securities	IwaiCosmo Holdings (consolidated)	9.5	2.3	1.8
	Tokai Tokyo Financial Holdings (consolidated)	36.6	2.8	0.8
	Ichiyoshi Securities (consolidated)	8.5	0.7	0.5
	Marusan Securities (consolidated)	7.4	0.03	0.3
	Okasan Securities (consolidated)	32.8	-1.0	0.03
	Mito Securities (consolidated)	5.7	-0.03	0.17
	Aizawa Securities (consolidated)	5.6	-0.9	-1.5

Note 1: Monex Group use IFRS; the amount of Monex Group "Operating income" represented above is "The amount equivalent to operating income" disclosed by Monex

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

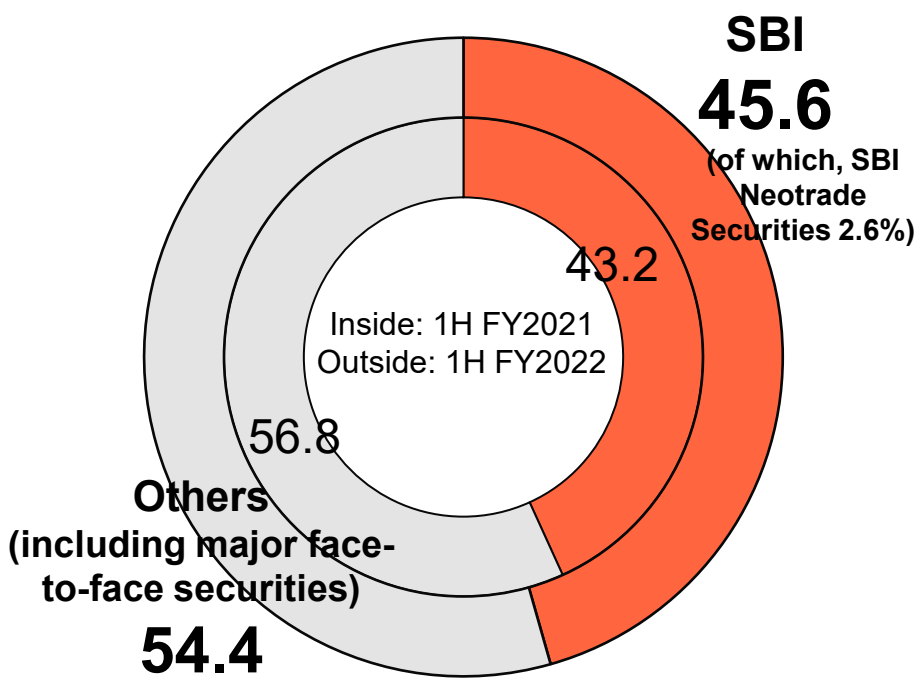
Note 3: Complied by SBIH from the information on websites of each company

Note 4: Second-tier, mid-tier Securities companies are listed as those with net operating revenues of at least JPY 5bn

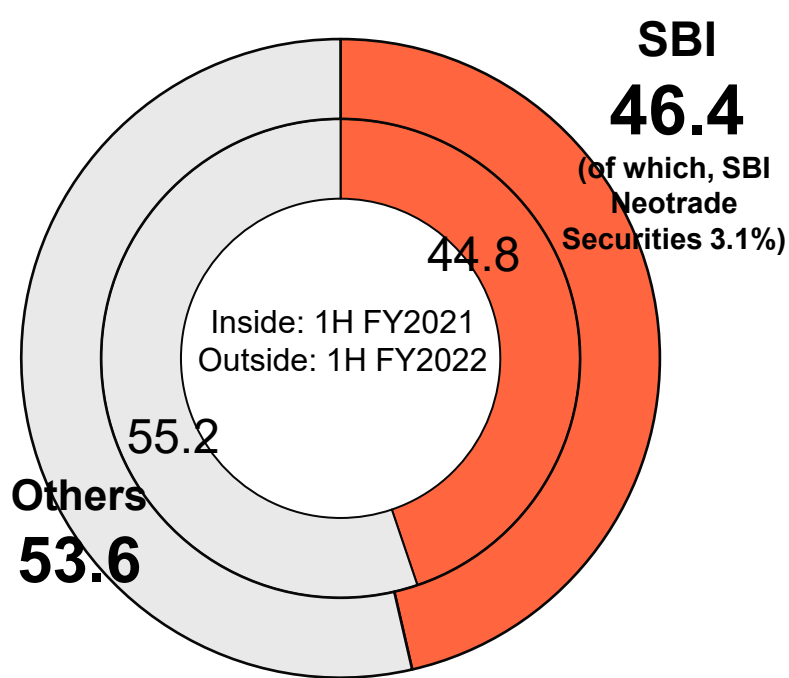
SBI Group's Share of Individual Stock Trading Value

Exceeds 45% and Further Expanding

Share of Individual Stock Trading Value (%)



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



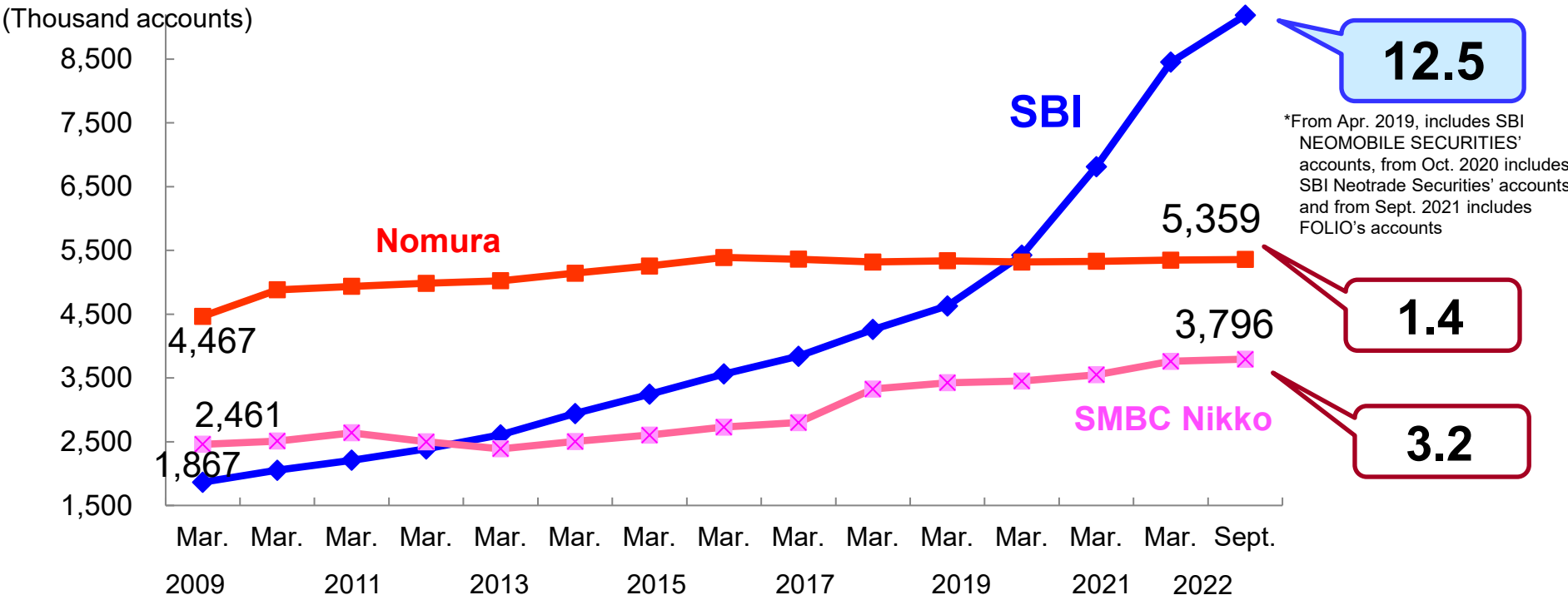
<Shares are calculated with the individual stock trading value and individual margin trading value of both the markets combined, including that of ETF and REIT trading value, respectively>

* 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 Tokyo Stock Exchange etc., including that of ETF and REIT trading value, respectively
Source: Compiled by SBI SECURITIES based on statistical data by Tokyo Stock Exchange and websites of each company.



SBI Group Has the Largest Number of Accounts in the Industry

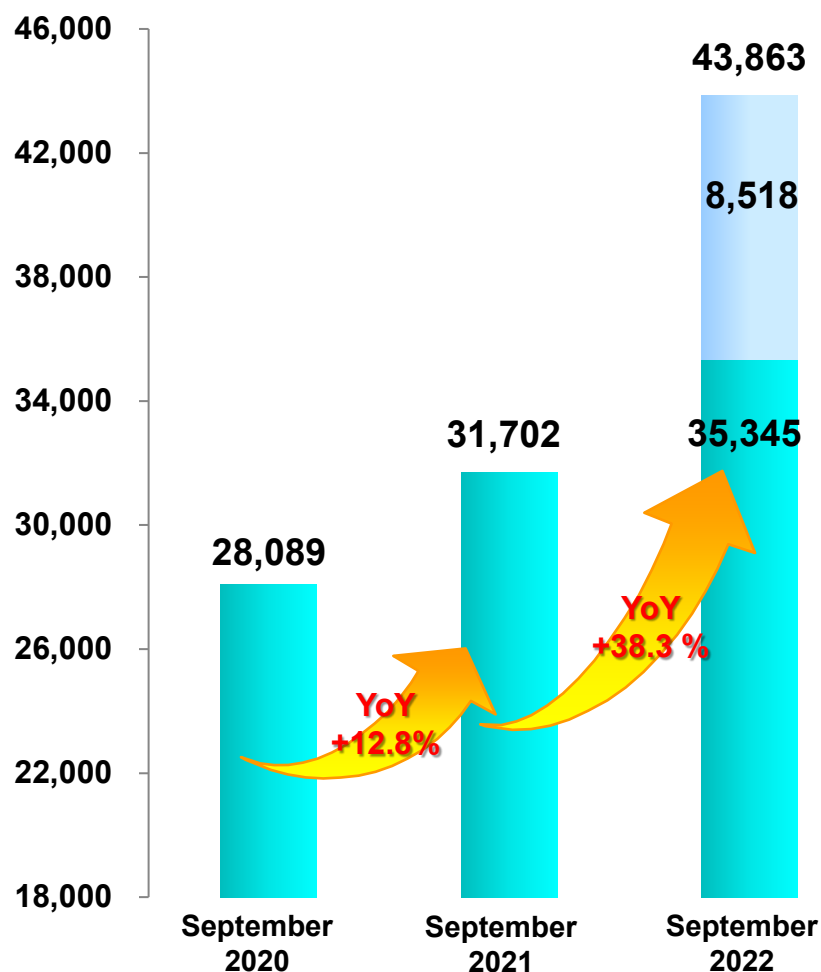
Trend of the Number of Accounts of SBI Group and Major Face-to-face Securities Companies
(Mar. 2009 – Sept. 2022)



Neo-securities initiative is expected to further increase the number of accounts

The SBI Group Has a Customer Base of Just Under 44 Million

(thousand)



Breakdown of the Customer Base
(As of the end of September 2022)*1,2

(thousand)

SBI SECURITIE SBI NEOMOBILE SECURITIES SBI Neotrade Securities FOLIO	No. of accounts)	9,187
SBIH InsWeb	No. of customers)	10,624
E-LOAN	No. of customers)	3,234
MoneyLook	(Total no. of customer registrations)	950
Morningstar Japan	(Total no. of service users) *3	1,279
SBI Sumishin Net Bank	(No. of accounts)	5,734
SBI Insurance	(Total no. of contracts)	1,175
SBI Life Insurance	(Total no. of contracts) *4	351
Others (SBI VC Trade etc.)*5		2,810
Shinsei Group*6		
Shinsei Bank	(No. of accounts)	3,060
Lake business	(No. of customers)	842
APLUS	(No. of active cardholders)	4,335
Showa Leasing	(No. of contracts)	281
Total	—	43,863

*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 Japan

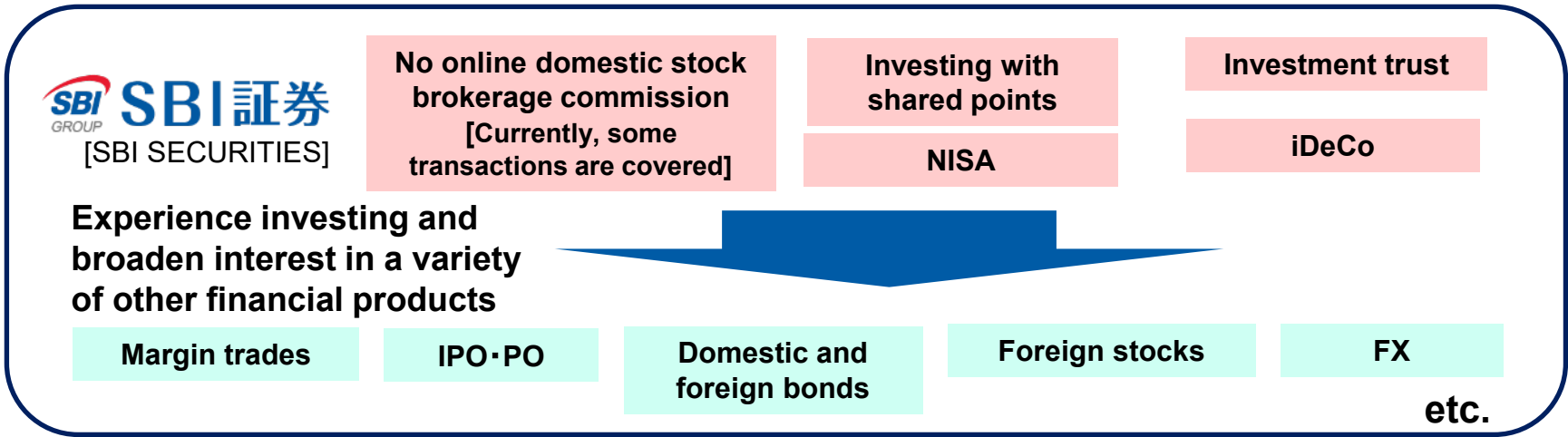
*4 The total number of contracts of SBI Life Insurance includes number of insured persons with group credit life insurance

*5 Customers of "SBI Point" provided with SBI iD members have been removed because the service is no longer available

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

Neo-securities Initiatives Contributes to SBI SECURITIES' Expansion of Online Domestic Stock Trading Business, Besides Expanding the Customer Base of the Whole Group

Individual Customers  Opened an account at SBI SECURITIES and participated in investment, attracted by commission-free domestic stock trading and investment with shared point programs



Introducing customers to other group companies by utilizing big data, etc.





(3) Whole SBI Group focus on NISA and iDeCo as strategic products

- ① The Japanese government plans to expand the system according to their “Asset Income Doubling Plan”**
- ② SBI Group has strategically focused on the NISA**
- ③ Initiated iDeCo initiatives from early stage**
- ④ SBI SECURITIES is the Industry Leader in the Cumulative Number of iDeCo**

Government Enhances and Reforms the NISA and iDeCo Plans under the Asset Income Doubling Plan

- Japan’s Financial Services Agency (FSA) announced its desired revisions to the tax-deferred NISA plan for tax-deferred small investments in Aug. 2022. To promote NISA and have it more widely adopted, the existing three varieties of NISA will be consolidated starting in 2024 **with the goal being for the plans to be permanent**
- The “**workplace accumulation NISA**” is an attempt by the FSA, which administers the NISA program, to create an environment where it is easy to start investing
- From April 2022 the Individual Defined Contribution (iDeCo) pension business already extended the date for start of retirement benefits, lowered the plan’s starting age, and extended eligibility requirements. The plan is also being reformed to facilitate joint use with employer defined contribution plans

**FSA proposes to consolidated the three existing NISA plans
– Allowable period for investment and tax exemption to become permanent –**

Basic portion is existing accumulation-type NISA

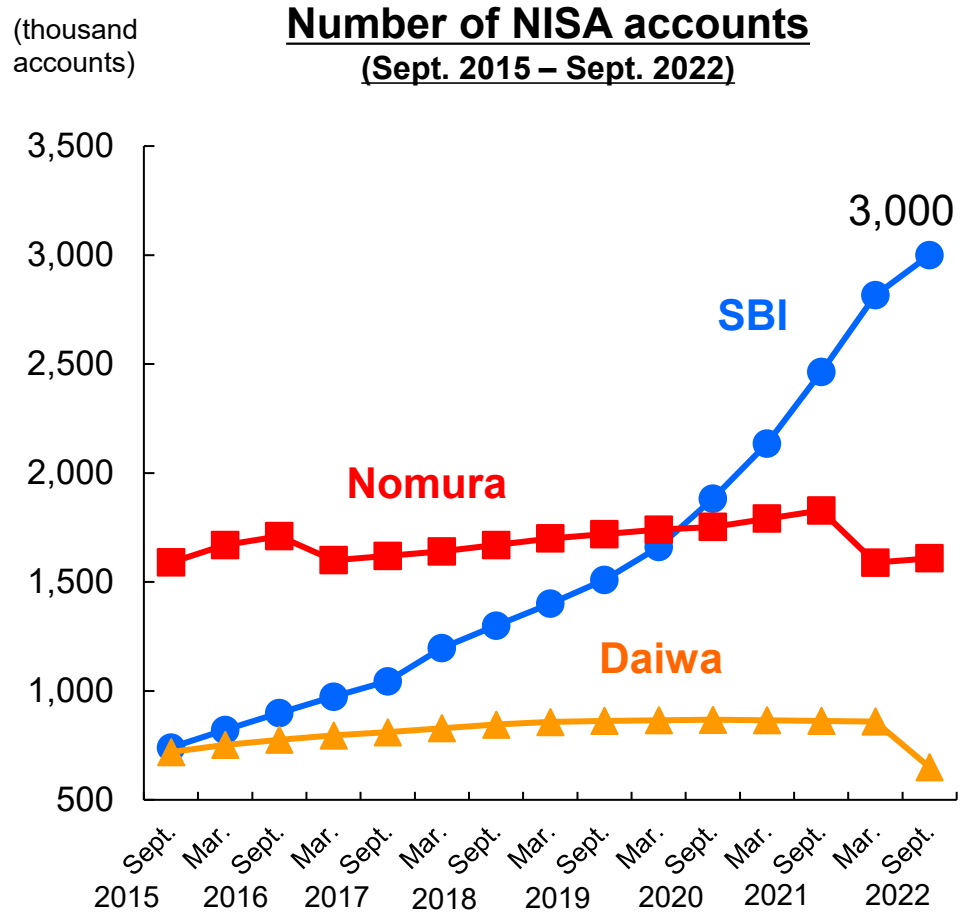
- Eligible products: equity investment trusts for long-term asset formation
- Expand annual investment limit (currently JPY 400k)
- Expand tax exemption limit (currently JPY 8 m)
- Open to minors

Growth investment framework (provisional name)

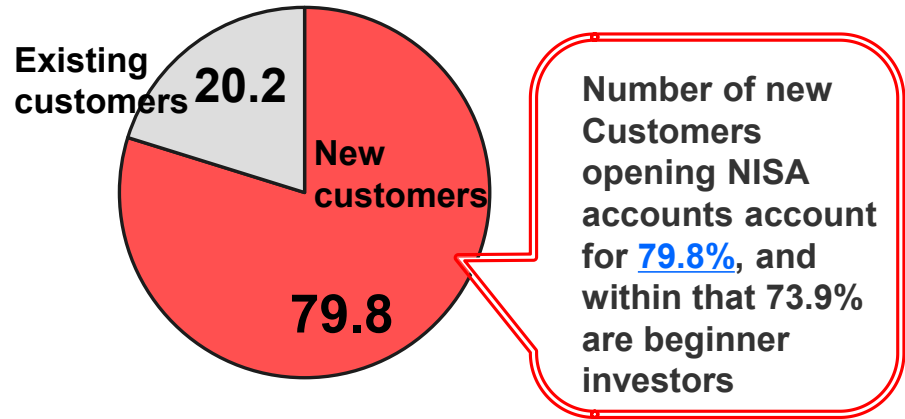
- Eligible products: listed stocks and equity investment trusts
- Annual investment limit: set separately based on investment balances
- Tax-exemption limit: amount set to be within cumulative limit

Source: Nikkei morning edition, Sep. 3, 2022

SBI SECURITIES has Focused on NISA Initiatives as an Important Strategic Field



NISA's customer attribute of SBI SECURITIES (%)



SBI SECURITIES' number of Junior NISA accounts reached 272 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 June 2022, compiled by SBIH from the information on website of each company
*4 Nomura Securities excludes from March 2022, and SBI and Daiwa Securities will **exclude accounts deemed discontinued** from FY2022

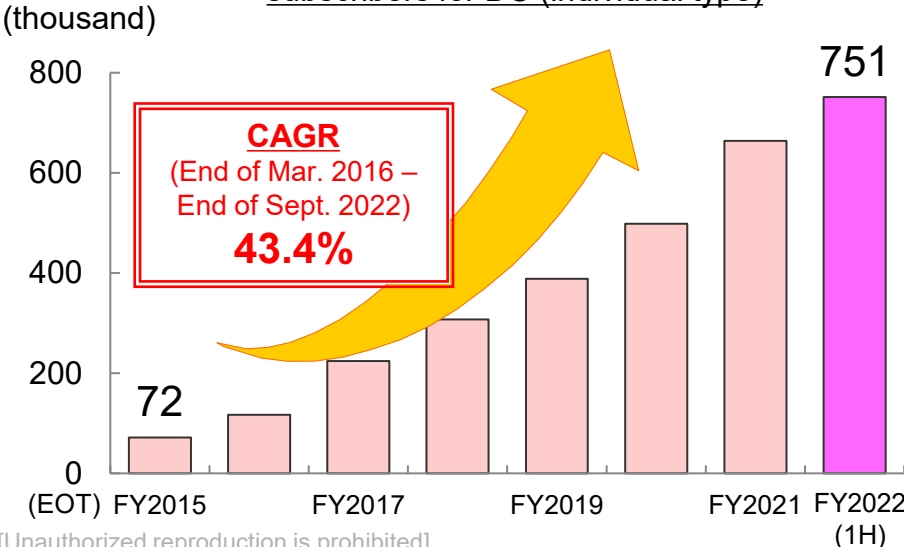
③ Initiated iDeCo initiatives from early stage

SBI Benefit Systems initiated iDeCo initiatives from Early Stage and Steadily Increasing the Number of Subscribers

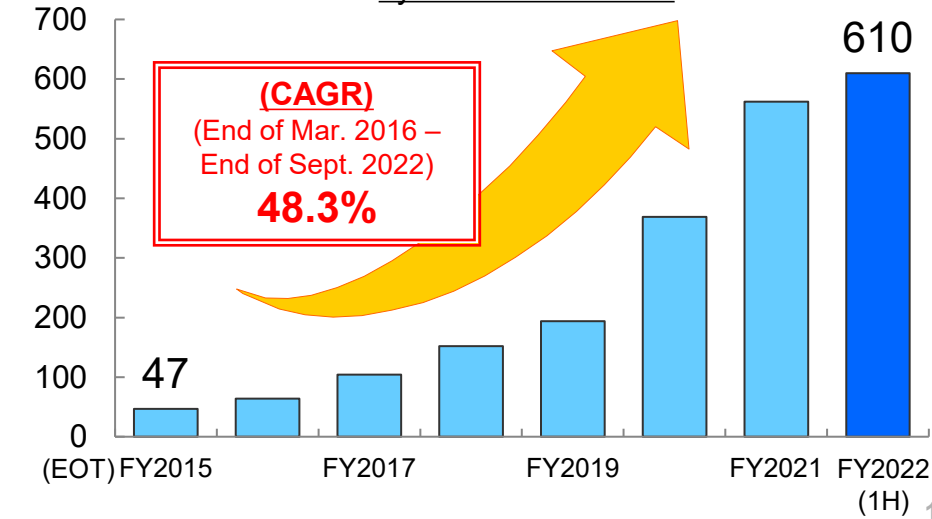
The SBI Group **focused on the Individual Defined Contribution (iDeCo) pension business** through SBI Benefit Systems (est. 2001), well before expectations for the market size to expand as a result of revisions in the regulation in Jan. 2017

- **SBI SECURITIES** **administrative fees for iDeCo became completely free of charge** on May 19, 2017, in order to further expand iDeCo business
- Number of requests for iDeCo information materials also remains high

Cumulative number of SBI Benefit Systems subscribers for DC (individual type)



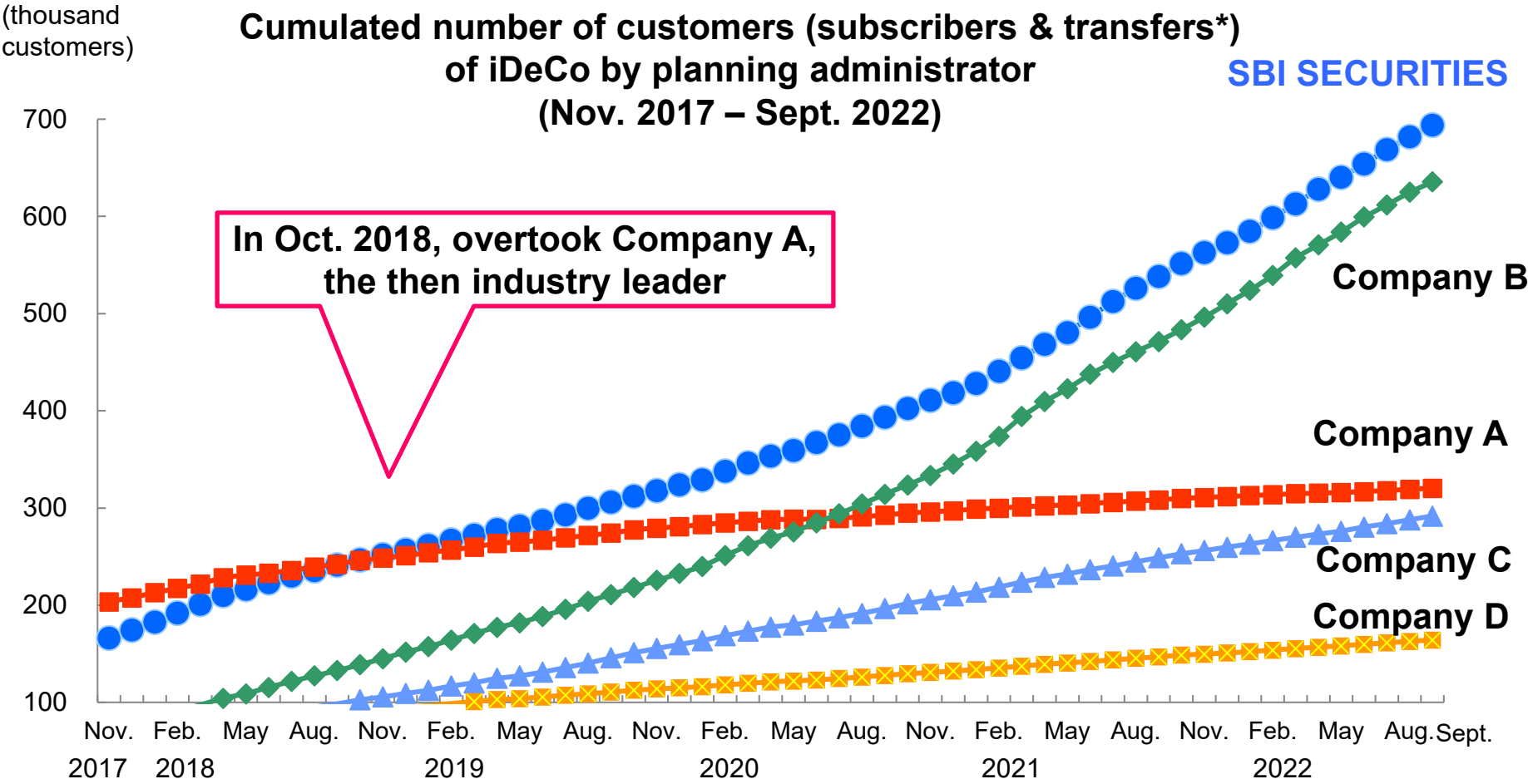
Balance of investment trust for 401K (individual type) distributed by SBI SECURITIES



④ SBI SECURITIES is the Industry Leader in the Cumulative Number of iDeCo



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



* 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)

(4) SBI Group continues to lead the further change in the securities industry

- Full-scale efforts to loosen the regulations to revitalize PTS (Proprietary Trading System) in Japan and to popularize next-generation financial products including Security Token (STs) -**

Concluded a Memorandum of Understanding with Cboe Global Markets



- SBI Holdings and Cboe Global Markets (Cboe) in U.S. signed MOU in Oct. 2022
- Cboe is one of the three largest exchanges in U.S., a global leading provider of market infrastructure and various products traded in the market. Entered the Japanese PTS (Proprietary Trading System) operating business by acquiring a PTS Cboe Japan Limited (formerly Chi-X Japan Limited) in July 2021
- Discuss to realize business alliance not only in traditional finance field such as PTS operations but also in global digital finance field mainly in Japan and U.S.

Traditional finance field

- Fostering PTS in Japan



- Establishment of new initiatives in the Japanese market (clearing, settlement and development of new indices etc.)

Digital finance field

- Creating a global corridor of digital assets
- Development of digital financial products such as ST
- Utilizing advanced technologies provided / accessed by SBI Group and Cboe
- Investment in digital financial companies
- Mutual collaboration in other digital finance fields

Osaka Digital Exchange (ODX) is Making Steady Progress to Establish a Secondary Market for Security Token, a Next-generation Financial Product while Operating the Equity PTS

Osaka Digital Exchange



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

- Osaka Digital Exchange obtained authorization to operate a PTS in Apr. 2022 and began operating the equity PTS in June 2022
- Trading value is about JPY 30bn to 35bn per day (around 1% share), and five securities companies including SBI SECURITIES have connected as of Nov. 2022. Promoting efforts to further increase trading value and the number of connected securities company

Endeavor to launch services to establish a secondary market that is indispensable for the development of ST market by the end of 2023, based on the experience gained through operating the equity PTS. Connection ST issuance platform such as “Progmatt,” operated by Mitsubishi UFJ Trust and Banking Corporation, and “ibet for Fin,” operated by ibet for Fin Consortium, are also under consideration

SBI Group Provides Multifaceted Support for Establishment of ST Market

Contributing to institutional development through establishing and participating self-regulatory organization and industry organization

Japan STO Association

Japan STO Association, a self-regulatory organization established in Oct. 2019 led by SBI Group, currently has **75 members** (13 regular members, 59 guest members, and 3 supporting members); Continuing to sort out challenges to overcome for sound development of ST market and discuss solutions

ST Research Consortium

Contributed to the formulation of “Proposal on Digital Securities PTS” at ST Research Consortium organized by Mitsubishi UFJ Trust and Banking Corporation. Striving to establish secondary market through **collaboration between “Osaka Digital Exchange” (ODX) and “Progmatt”** and others to solve problems for establishment of secondary market

Track record of ST issuance mainly by SBI SECURITIES

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, May 2022)

NEW

e. Public offering of STs with residential properties in central Tokyo as investment assets by SBI SECURITIES (Nov. 2022)

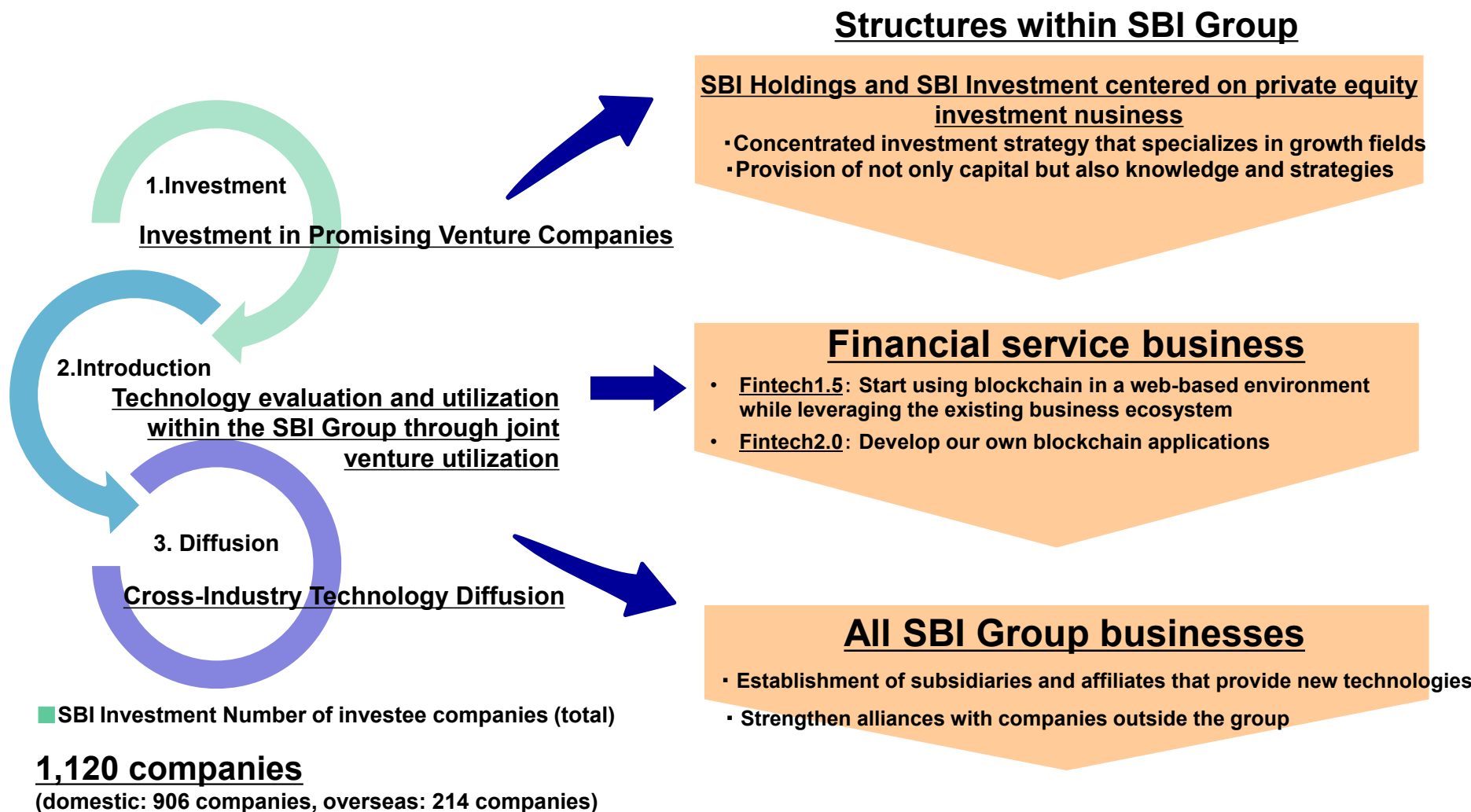
- Collaborated with Ichigo Inc. and Mitsubishi JFJ Trust and Banking Corporation on **public offering of asset (real estate)-backed STs** utilizing “Progmatt” provided by Mitsubishi UFJ Trust and Banking Corporation
- SBI SECURITIES will offer to be lead manager to **customers who will be mainly individual investors**

- 4. Actively seek to increase the balance of assets under management of the group in Japan and overseas based on the business's trends, such as falling asset prices and government policies**
 - (1) In the Investment Business, the Company regards the fall in asset prices as an opportunity to actively develop investments by pursuing synergies within and outside the Group, to expand development areas overseas, and to focus on future growth areas**
 - (2) Capture the government's current promotion of "from savings to investment" and further expand assets under management through organic growth and M&A in the Asset Management Business**

- (1) In the Investment Business, the Company regards the fall in asset prices as an opportunity to actively develop investments by pursuing synergies within and outside the Group, to expand development areas overseas, and to focus on future growth areas**
- ① Actively invest in companies in Japan and overseas that can be expected to have synergies within the Group and with the businesses of alliance partners**
 - ② Scheduling to establish a new fund to invest mainly in the digital space field, which is expected to grow in the future**
 - ③ As for overseas investment, it is scheduled to utilize global alliances to expand investment in South Asia, the Middle East, and Africa, where the Group has yet to sufficiently cover**
 - ④ Supporting the innovation of business corporations in alliances through CVC funds**

- ① Actively invest in companies in Japan and overseas that can be expected to have synergies within the Group and with the businesses of alliance partners**

After Quickly Incorporating New Technology of the Investee Within the Group, It Could Be Further Disseminated Inside and Outside the Group in the Three Processes of SBI Group's Basic Strategy for Venture Investment



*As of the end of September 2022

- ② Plans to establish a new fund to invest mainly in the Digital Space field, which is expected to grow in the future**

A New Fund With a Size of JPY 100 Billion, Commonly Known as “SBI Digital Space Fund,” will be Established in the Next Fiscal Year to Invest in Cutting-Edge Services and Technologies Centered on Digital Space

Society 5.0 for SDGs (Sustainable Development Goals)



Digital Space

Web3.0



NFT



Traceability



FinTech

Settlement



Remittance



Financing



Investment



KYC/AML



Defi



GameFi



IEO/STO

X-Fi

Metaverse



VR/AR/MR

Creator Economy

BMI

Digital Twin

XR

HealthCare

PHR, Vital Data, Preventive Medicine, Telemedicine



Dtx, AI Drug Discovery, Genome Editing, Regenerative Medicine



DX

AI/Big Data



IoT



5G/Cloud



Robotics



Logistics/Distribution



X-Tech

SMB

SaaS

Climate Tech



Green Energy

CCS • CCUS

Biofuel

Smart Grid

EV/Storage Battery

Micro mobility

- ③ **As for overseas investment, it is scheduled to utilize global alliances to expand investment in South Asia, the Middle East, and Africa, where the Group has yet to sufficiently covered**

Considering Establishing a JV Fund with SC Ventures, an Alliance Partner Covering South Asia, the Middle East, and Africa



scventures



Details of Business Cooperation

(Announced May 6, 2022)

- ✓ In southeast Asia and South Asia, we consider investing in both group companies and promoting collaboration with existing investee companies of both groups. Furthermore, it is deemed to establish joint venture funds in South Asia, the Middle East, Africa, and other countries
⇒ **Invested in “Power2SME Pte. Ltd. (SOLV)”** as introduced case by SC Ventures (**SBI Group investment ratio: 9.40%**). SOLV operates a onboarded platform that provides product purchase orders and associated financing (supply chain finance, deferred payment) for small and medium-sized enterprises. **Besides India, our business has already expanded into Kenya, and we are considering entering the Vietnam, Ghana, Malaysia, and Bangladesh markets in the future**
- ✓ 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 comprehensive financial group with more than 1,000 offices in 59 countries. Particular strength in South Asia, the Middle East, and Africa

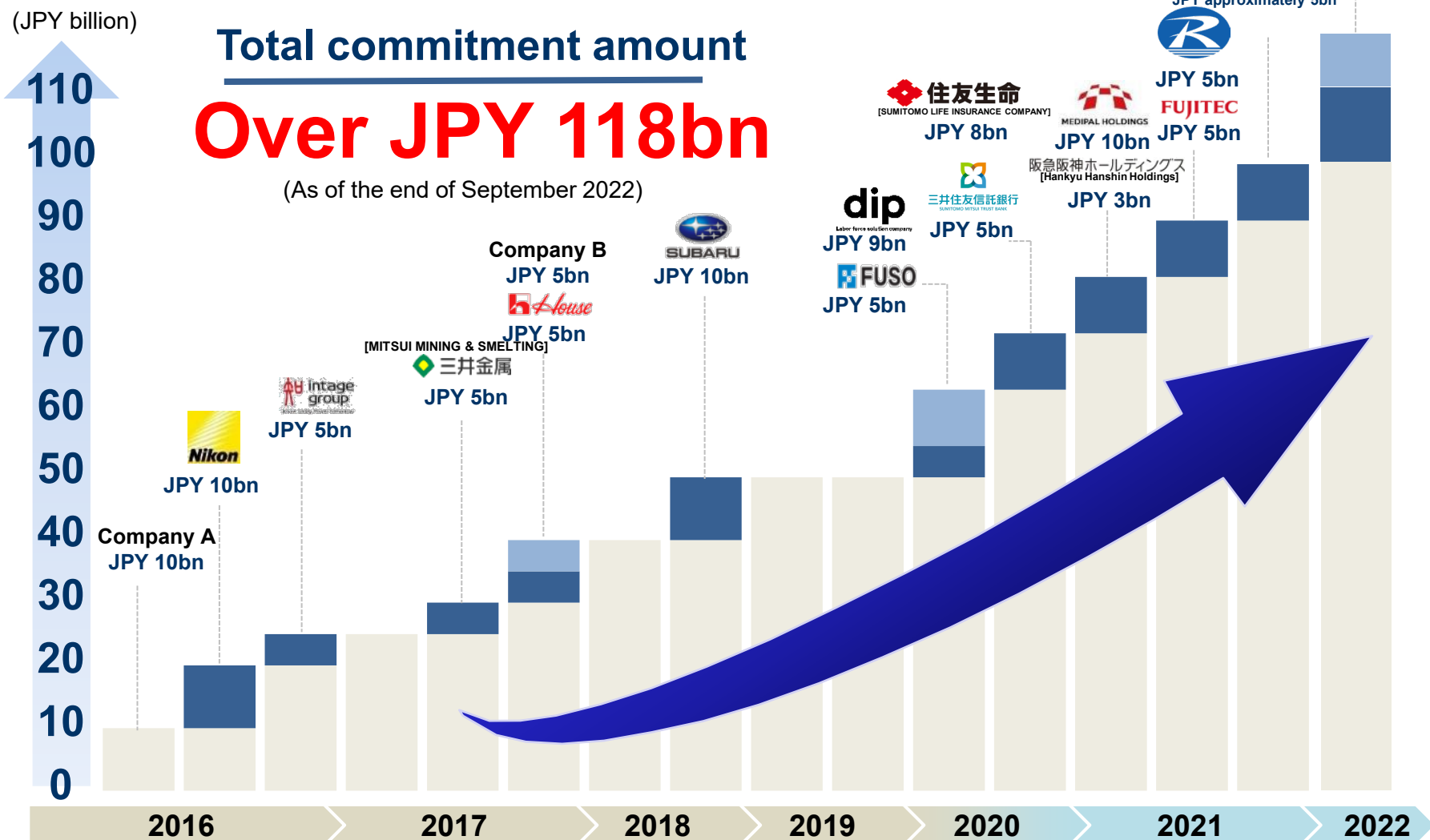
■ SC Ventures

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

④ Supporting the Innovation of Business Corporations in Alliances Through CVC Funds

Strengthening the Businesses of Business Alliances Through CVC Funds Managed by SBI Investment

- Total committed amount of CVC funds, one of the largest funds*, exceeded JPY 118bn in Japan -



Co-founded Two New CVC Funds in the Second Quarter of FY2022



Panasonic Corporation

PC-SBI Investment Limited Partnership

- Fund size: JPY 8 billion
- From July 2022
- Investment areas: 1. Well-being field, 2. Decarbonization/resource saving/energy field, 3. Food infrastructure field, 4. Spatial infrastructure field, 5. New lifestyle field



as human, for human

PARAMOUNT BED

PARAMOUNT BED CO., LTD.

PARAMOUNT BED-SBI Healthcare Fund No. 1 Investment Business Limited Liability Partnership

Fund size: JPY 5 billion

- From September 2022
- Investment areas: medical care, nursing care, health care (innovative technology services in the healthcare field, etc.)

(2) Capturing the government's current trend of “from savings to investing” and further expand assets under management through organic growth and M&A in the Asset Management Business

- ① Strengthening efforts in both enhancement of publicly offered investment trusts for individual investors and private investment trusts to support securities management for corporate clients, mainly regional financial institutions**
- ② Proactively utilize M&A and other opportunities to achieve SBI Group's goal of expanding assets under management to over JPY 10 trillion**

- ① Strengthening efforts in both enhancement of publicly offered investment trusts for individual investors and private investment trusts to support securities management for corporate clients, mainly regional financial institutions**
 - (i) Publicly offered investment trusts are steadily expanding in response to the trend of government's "from savings to investment"**
 - (ii) SBI Asset Management's balance of privately placed investment trusts also expanding steadily on the back of assets under management by Shinsei Bank and regional financial institutions.**

The Promotion of “From Savings to Investment,” in Which Cash and Deposits, Accounting for the Majority of Japan’s Household Financial Assets, Are Being Shifted to Investments, Has the Potential to Increase the Balance of Assets Under Management in the Asset Management Business

- ✓ Demand for publicly offered investment trusts for individuals is expected to continue to grow as “cash and deposits,” which account for more than 50% of the massive JPY 2,000 trillion in personal financial assets, are shifted to investment in securities
- ✓ SBI Asset Management, which manages index funds and active funds that are popular among individual investors, also has the potential to significantly increase its balance under management in response to investor demand

■ International comparison of household financial assets ■

Region	Household financial assets	Ratio of cash and deposits
Japan	Approx. JPY 2,007tn	54.9%
United States	Approx. JPY 19,630tn	13.7%
Euro area	Approx. JPY 4,079tn	34.5%
of which, United Kingdom	Approx. JPY 1,217tn	27.7%
Singapore	Approx. JPY 156tn	35.4%

*Source: Bank of Japan, FRB, ECB, UK Office for National Statistics, Singapore Bureau of Statistics
*As of June 30, 2022 for Japan, U.K., and Singapore; as of March 31, 2022 for the U.S. and Euro area
*Currencies are converted to yen at the closing prices at the end of June 2022: 1 USD=JPY136.69, 1 EURO=JPY142.65, 1GBP=JPY165.78, and 1SGD=JPY98.08

(i) Publicly offered investment trusts are steadily expanding in response to the trend of government's "from savings to investment"



Expansion of SBI Group's Asset Management Business which is in line with the government's goal of "From Savings to Investment" and "Doubling Asset-Based Income Plan"

The goal of "Doubling Asset-Based Income Plan"

By directing cash and deposits, which account for more than half of the ¥2,000 trillion in financial assets held by individuals in Japan, to investment, a virtuous cycle will be created in which corporate value is continuously increased and the benefits of this increase are passed on to households

In addition, in order to create a virtuous circle, the household, market, and financial businesses must work in unison to support the asset formation of households



SBI Group, which has been actively promoting initiatives that contribute to individual asset formation, will expand its asset management business by further promoting measures consistent with this trend as a financial services provider

Contribution by Morningstar Japan

- Established in 1998 as a joint venture between Morningstar, Inc. and SBI Holdings, Inc. with the goal of "helping investors build assets by providing abundant and unbiased financial information from a neutral and objective standpoint"
- Provision of financial information to individual investors through various channels, including the Morningstar website, "My Investment Trust" application, and tablet terminals for financial institutions

Contribution by SBI Asset Management

- Offering the "SBI-V Series" index funds incorporating ETFs from U.S.-based Vanguard at the industry's lowest trust fee rates, starting with the SBI-V S&P 500 Index Fund, which went on sale in September 2019
- In August 2022, the net assets of "publicly offered index funds" under management surpassed JPY 1 trillion, backed by the expansion of tsumitate (accumulation) investments by individual investors

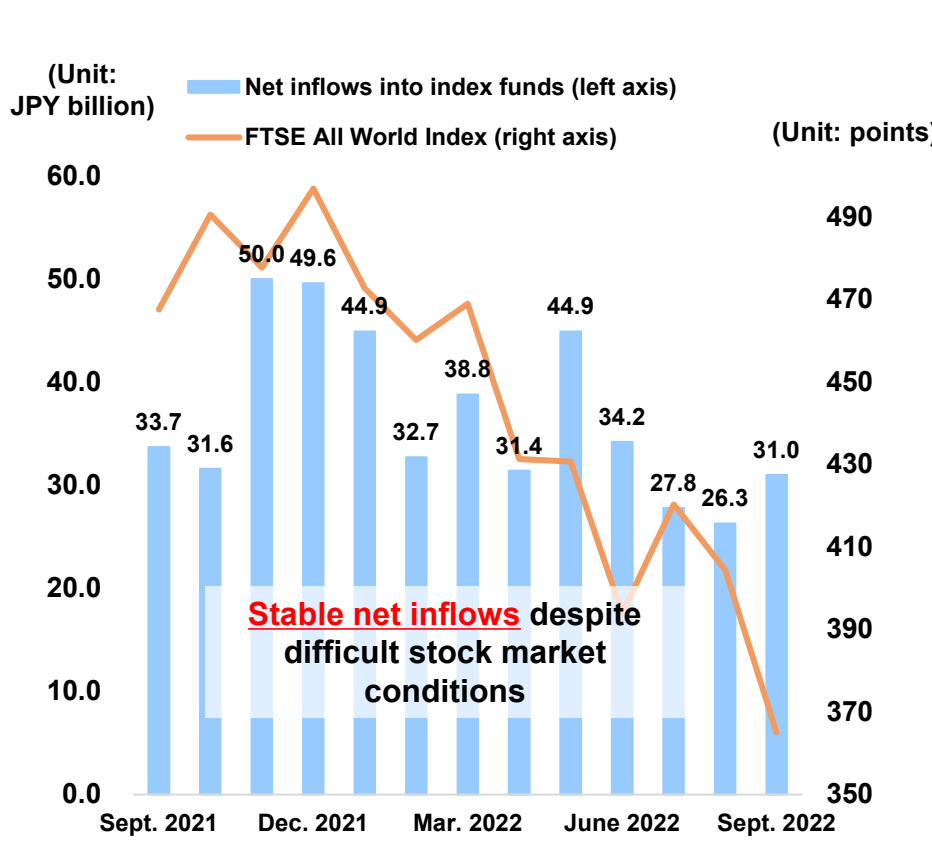
(i) Publicly offered investment trusts are steadily expanding in response to the trend of government's "from savings to investment"



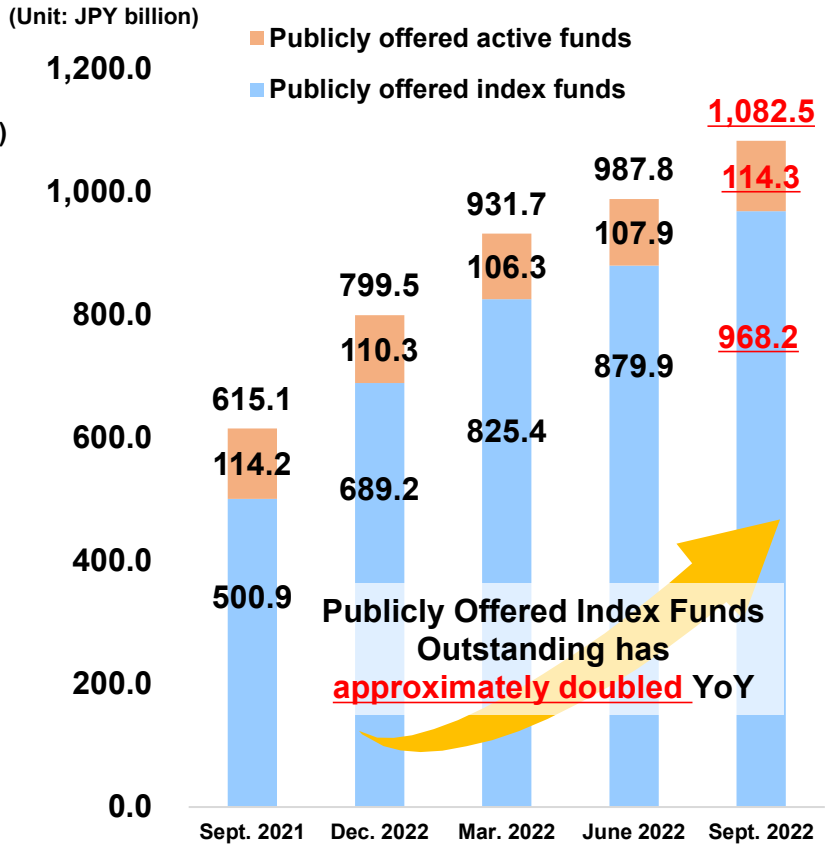
SBI Asset Management Continues to Steadily Increase Assets Under Management Due to Stable Net Inflows Into Publicly Offered Investment Trusts

- Ensure stable net inflows by capturing investors' demand for accumulation investments-

Monthly net inflows for SBI Asset Management's publicly offered index funds



SBI Asset Management's Publicly Offered Investment Trusts Balance

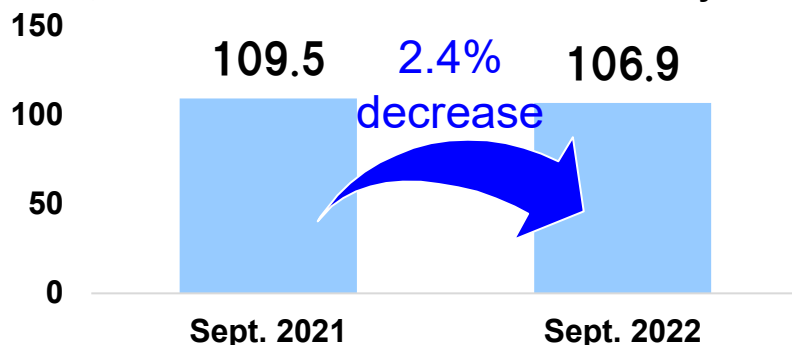


Strive to increase stable income through expansion of balance on assets under management

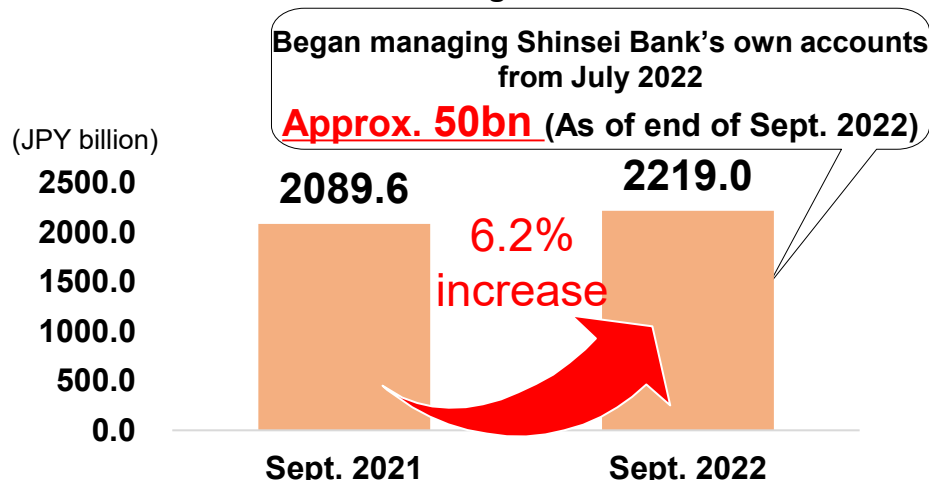
(ii) SBI Asset Management's Balance of Privately Placed Investment Trusts Also Expanded Steadily on the Back of Entrustment of Assets of Shinsei Bank and Regional Financial Institutions

While the overall balance of privately placed investment trusts in the investment trust industry declined, SBI Asset Management's balance steadily increased

< Overall balance of privately placed investment trusts in the investment trust industry >
(JPY trillion)



< SBI Asset Management's private investment trusts under management >



*The balance of private investment trust management includes discretionary investment management balance for institutional investors

Top 10 companies in terms of net inflows into private investment trusts
(Apr. – Sept. 2022)

Rank	Asset Management Company	Net inflows (JPY billion)
1	Mitsubishi UFJ Kokusai AM	1,918.7
2	Nissay AM	802.0
3	Invesco	598.7
4	Tokio Marine AM	432.3
5	Goldman Sachs AM	341.3
6	PIMCO	220.7
7	Resona AM	209.0
8	SBI AM	170.5
9	State street	166.2
10	Amundi	136.6

*Source: The Investment Trusts Association, Japan

*AM=Asset Management

Endeavor towards increasing the balance of private investment trusts under management, mainly through the entrustment of assets under management by regional financial institutions

- ② **Proactively utilize M&A and other opportunities to achieve SBI Group's goal of expanding assets under management to over JPY 10 trillion**

Agreement with **OKASAN SECURITIES GROUP** to acquire shares of **Okasan Asset Management Co., Ltd.** by Underwriting a Third-party Allotment of New Shares



Plans to underwrite a third-party allotment of new shares by Okasan Asset Management (November 30, 2022 (tentative))



Investment ratio: 51%

Investment ratio: 49%



岡三アセットマネジメント

[Okasan Asset Management]

(The company name will be changed to “SBI Okasan Asset Management Co., Ltd. (Planned)”))

- Investment funds under management: **JPY 1,301.0 billion** (As of end of Sept. 2022)
- The company has one of the largest distribution network for investment trusts in Japan, with **193 distributors** (as of end of March 31, 2022)

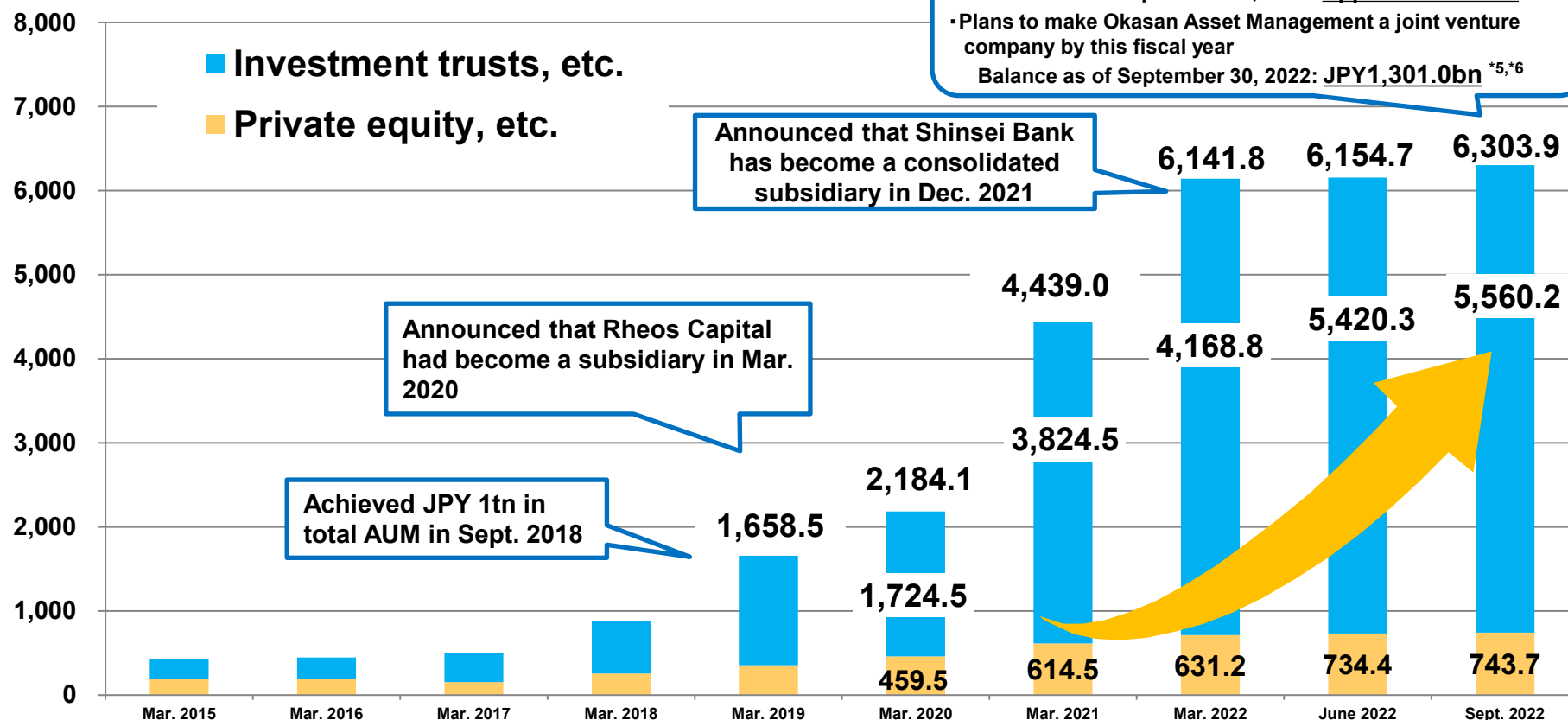
- As one of the core subsidiaries in the asset management business of the SBI Group, thoroughly pursue synergies through collaboration with Group companies, especially SBI SECURITIES and Morningstar Japan
- Endeavor towards developing investment trusts that meet more client needs by leveraging Okasan Asset Management’s high-quality product development capabilities

Expected to contribute to the SBI Group’s goal of expanding assets under management to over JPY 10 trillion by March 2026

SBI Group sustainably expands assets under management through organic growth and effective use of M&A

- Balance exceeds JPY 6.3 trillion at the end of September 2022 -

(JPY billion)



*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 On September 30, 2022, the Company reached an agreement with OKASAN SECURITIES GROUP to acquire shares in Okasan Asset Management by way of subscribing to a third-party allotment of new shares to be conducted by Okasan Asset Management

*6 Includes publicly offered investment trusts, publicly offered bond investment trusts, and privately offered investment trusts

5. SBI Group endeavors to be a platformer in the digital space domain and is developing the following diverse initiatives

- (1) Corda has been selected for new equity settlement system platform launched by DTCC in U.S.**
- (2) Participated in MAS's Project Guardian as a founding member with JP Morgan, DBS Bank, etc.**
- (3) SBI Group accelerates the development of digital asset-related business based in Singapore under an alliance with global partners**
- (4) Offering the traceability service “SHIMENAWA” at the Japan-Germany Networking Event “Dusseldorf Evening”**
- (5) SBI VC Trade plans to release SBI Web3 Wallet, Japan’s First custodial wallet that supports NFTs**
- (6) TOKEN CONNECT, which provides NFT marketplace functionality for content providers, scheduled to start in late Jan. 2023**
- (7) Concluded a basic agreement for capital and business alliance with JUNGLE X to promote development of new business in the Web 3.0 field**

(1) Corda has been Selected for New Equity Settlement System Platform Launched by DTCC in the U.S.

The Depository Trust & Clearing Corporation (DTCC) in U.S. which is one of the largest securities clearing and custody institutions in the world with a history of more than 45 years and provides transaction processing services to numerous financial institutions and asset management companies through its offices in 21 countries including U.S., as a main infrastructure for financial market, has adopted “Corda”, an enterprise blockchain for enterprise provided by R3 which is a SBI group’s investee, as the fundamental technology for its new equity settlement platform (platform for Project Ion)

< About Project Ion >

A new-generation platform utilizing Distributed Ledger Technology (DLT) which is one of the world’s largest project utilizing DLT in financial field and began in 2020 based on DTCC’s research on the use of DLT in the field of settlement over the past several years, with the objective of modernizing capital market infrastructure and accelerating settlement, and is being operated in parallel with the existing equity settlement platform

Provided as an alternative to the existing settlement infrastructure, already processes 100,000 settlements on average, 160,000 settlements at peak, per day

Shortening the time required for settlement of listed shares from the current standard of T+2 to T+1 and T+0

Planning for future enhancements, including tie-in to the Central Counter Party

(2) Participated in MAS's Project Guardian as a Founding Member with JP Morgan, DBS Bank, etc.

Project Guardian, an asset tokenization initiative led by the Monetary Authority of Singapore (MAS), is a project to **study the feasibility of asset tokenization and DeFi (decentralized finance)** to improve the efficiency and liquidity of the wholesale funding market. Since its inception on May 31 this year, SBI Digital Asset Holdings, along with major international financial institutions, has participated in the project and jointly released a white paper in November 2022



Monetary Authority
of Singapore



 *Digital Asset Holdings*

J.P.Morgan



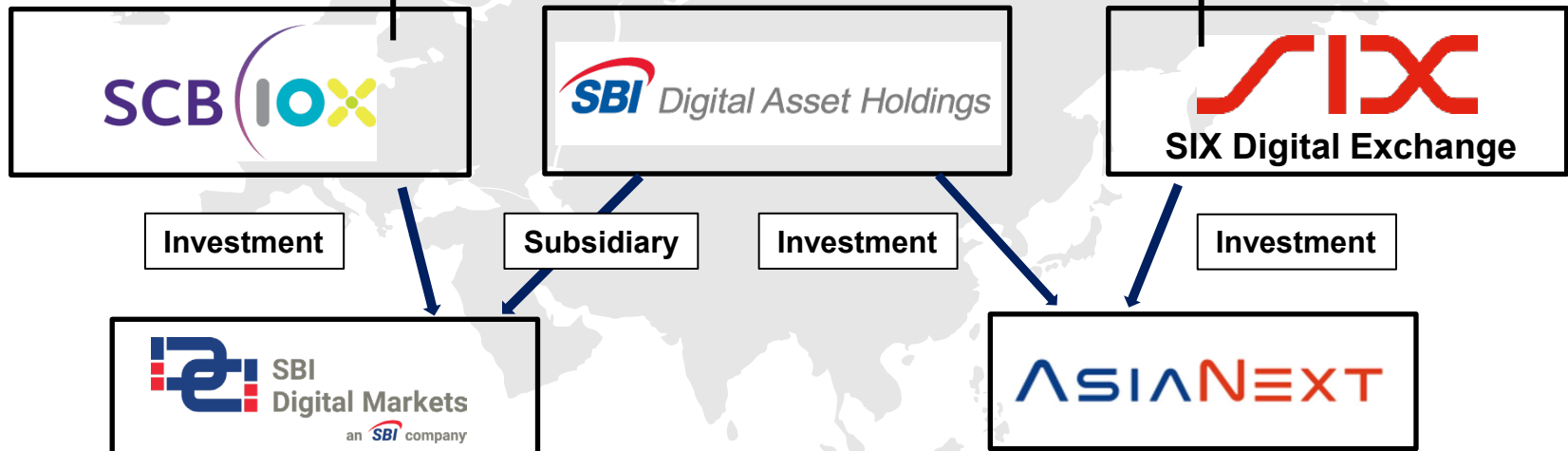
As announced in the following press release issued by MAS on November 2, SBI Group, in cooperation with the project participants, has **conducted actual exchange transactions involving tokenized deposits in Japanese yen and Singapore dollars**, as well as desktop simulations for future transactions in Japanese government bonds

<https://www.mas.gov.sg/news/media-releases/2022/first-industry-pilot-for-digital-asset-and-decentralised-finance-goes-live>

(3) SBI Group Accelerates the Development of Digital Asset Related Business Based in Singapore Under an Alliance with Global Partners

SCB10X is a subsidiary of Siam Commercial Bank, one of Thailand's leading banks, actively pursuing investment activities in the fintech, blockchain and decentralized finance (DeFi) sectors in Southeast Asia

A member of the SIX Group, which operates the SIX Swiss Exchange, one of the world's leading stock exchanges, and provides trading and settlement services for digital assets in Switzerland and other European countries



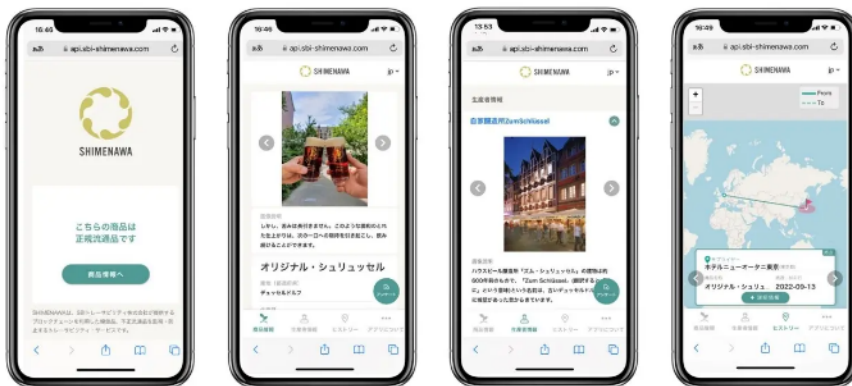
- **Received Capital Markets Services (CMS) license** from the Monetary Authority of Singapore (MAS) in September 2022
- Currently building a digital asset issuance and distribution platform in collaboration with Securitize, a U.S. company in which the SBI Group has an equity stake
- Currently in the final stages of testing, **dry runs are scheduled to begin in November, and the service will be launched with bonds and other tokenized products by 1Q FY2023**
- Payment Services Act (PSA) expected to be accepted soon
- Recognized Market Operator (RMO) license and CMS license applied for with MAS
- Combination of the above licenses allows operating as a stock exchange capable of covering ST
- Endeavor to **start POC by the end of this fiscal year** to start handling crypto asset derivatives in cash
- Considering **handling STOs** in the future

(4) Offering the Traceability Service “SHIMENAWA” at the Japan-Germany Networking Event “Dusseldorf Evening”

The “Dusseldorf Evening” is one of the most important German-Japanese networking events in Japan, with more than 1,000 participants from Japanese companies based in Dusseldorf and North Rhine-Westphalia in before the COVID-19 pandemic

- At the social event, Altbier, which was voted the best in the world in 2012 and 2014, was served. By reading the QR code placed under the beer keg, the SHIMENAWA app developed by SBI Traceability was launched and displayed to show the process of brewing beer in Dusseldorf and product information, as a story
- A system that allows participants to check the attractiveness of production sites and traceability information of the integrated supply system from production to transportation recorded on the blockchain, providing participants with a sense of security and satisfaction

SHIMENAWA -アプリ画面



[App screen]



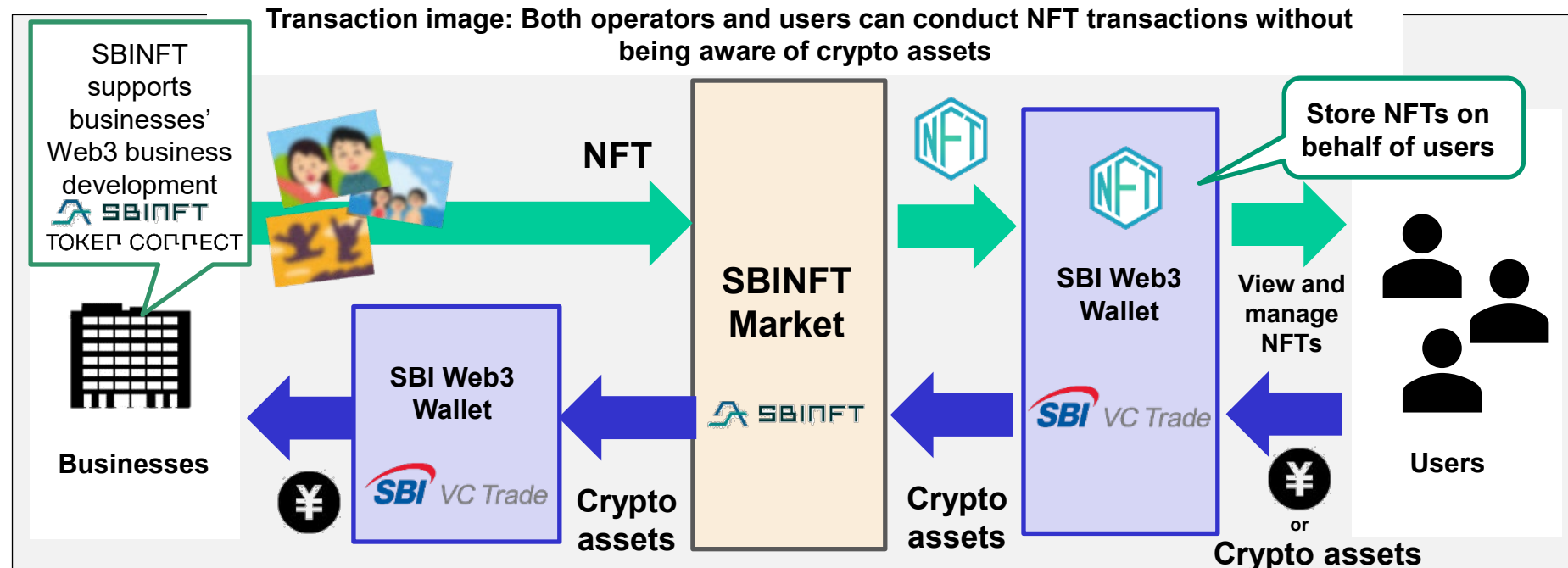
(5) SBI VC Trade Plans to Release SBI Web3 Wallet, Japan's First Custodial Wallet that Supports NFTs

[Current issues with the NFT market]

- X **Effort required** for users to create and manage their own wallets and send digital assets
- X To participate in NFT business, businesses **must own digital assets, whose prices are highly volatile**
- X **Information** about participating in the NFT business **is hard to find and understand**

[Above business using the SBI Web 3 Wallet]

- O Users can **trade on-chain NFT in yen just by setting up an account at SBI VC Trade**
- O Operators **lower the risk** of holding crypto-assets (risk of theft, price volatility risk)
- O Operators' **business expansion receives general support from SBI VC Trade and SBINFT**



Lowens barriers of entry for users and operators into NFTs and smooths the way to Web 3.0 business expansion

(6) **TOKEN CONNECT**, which Provides NFT Marketplace Functionality for Content Providers, Scheduled to Start in Late Jan. 2023

- Service provides expertise cultivated at SBINFT related to a variety of NFTs as a platform
- Lowering the barriers to entry into the NFT business to expand the potential of Web 3.0
- Collaboration potential with SBI Web3 Wallet

TOKEN CONNECT

- ✓ A wealth of functionality, all supplied by a Web API, can be used to build an original NFT marketplace with a company's design and proprietary domain
- ✓ SBINFT, which has expertise from the best NFT marketplace businesses in Japan, can also shrink development costs based on an SBINFT full backup
- ✓ **The complex sales management and accounting procedures of digital assets** can be coordinated and supported with partners as well

[Supported wallet]



METAMASK



TORUS



WalletConnect



SBI Web3 Wallet

NFT can also be traded in Japanese yen without using crypto-assets
*polygon chain only

[Supported chain]



ethereum



polygon

[Example]



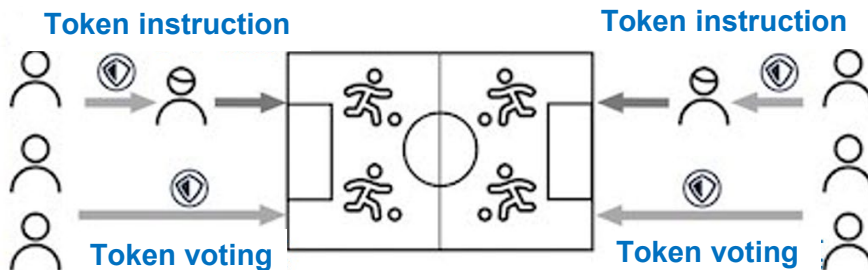
<https://platnft.com/>

(7) Concluded a Basic Agreement for Capital and Business Alliance with JUNGLE X to Promote Development of New Business in the Web 3.0 Field

Planning to invest in JUNGLE X, which has various business model patents mainly using blockchain technology and to establish a joint venture in Singapore, and develop and operate completely original content platform as a first challenge for creating Neo Culture and Neo Sports in the Digital Space of the Web 3.0 era

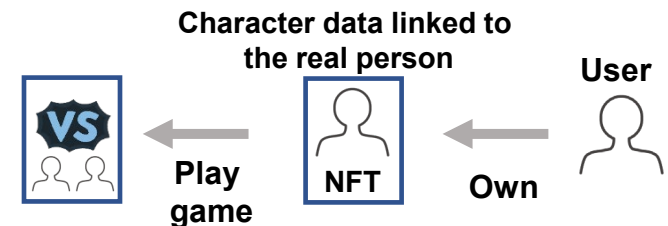
◆ Main Contents Planned to be Offered on the Platform (Example)

Various competition (sports) to experience the next generation developed in both of digital and real



NFT owners would be involved in the operation of the league (plan)
Game development can be influenced by popularity voting by tokens etc.

Competitive games that contribute to regional revitalization (offer from single play)

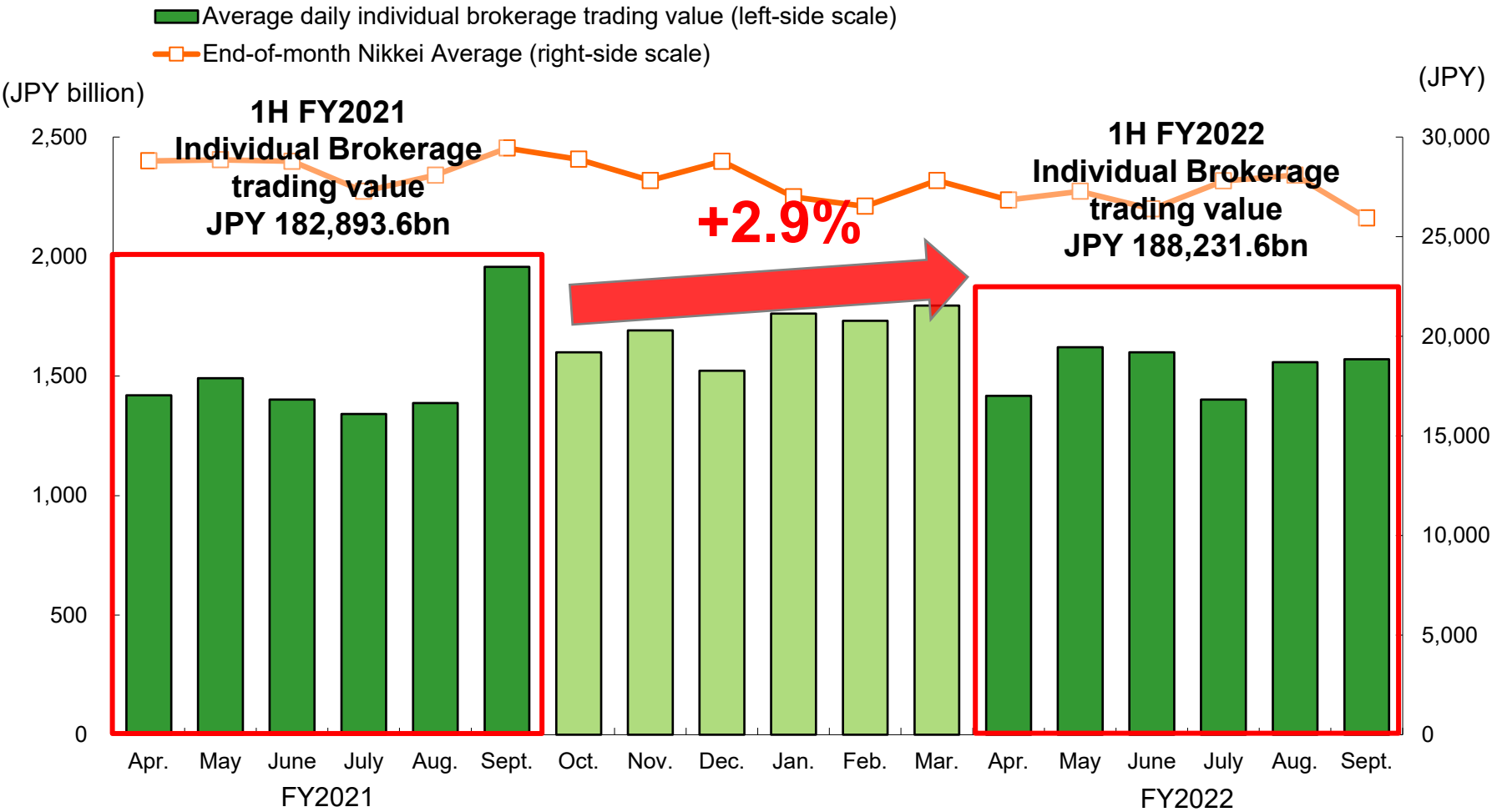


A portion of NFT sales and trading revenue is donated to related local government etc. (plan)

Based on the premise of an IEO of an original digital asset that is expected to become a Decentralized Autonomous Organization of content platforms in the future, plan to provide extensive contents to maximize the potential of business model patents held by JUNGLE X

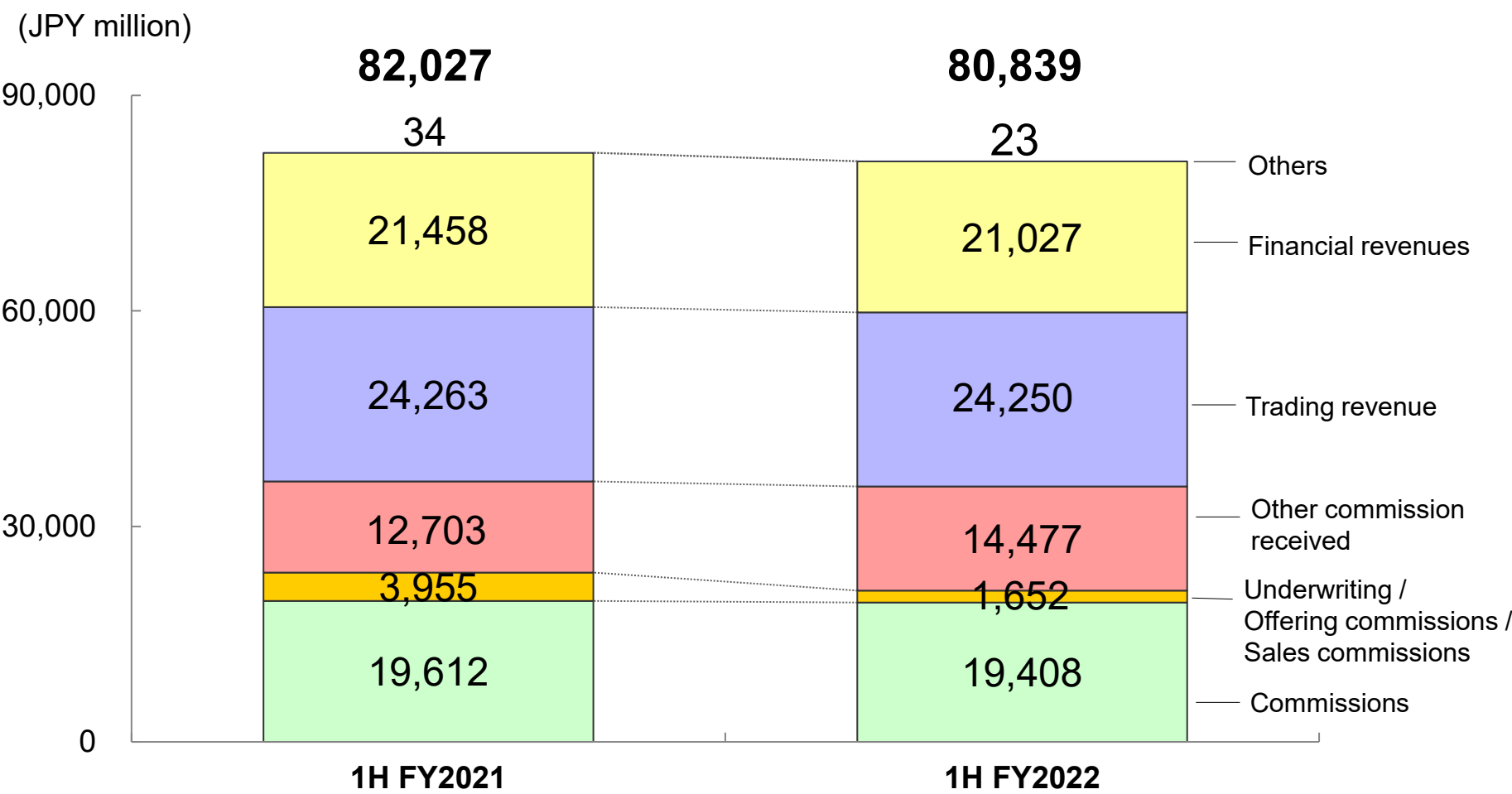
< Reference Material >

Average Daily Individual Brokerage Trading Value (Total for two markets*)



Average daily individual brokerage stock trading volume, including ETFs and REITs: 1H FY2022 +2.1% YoY

SBI SECURITIES' Consolidated Operating Revenue (Net Sales) Structure for 1H FY2022

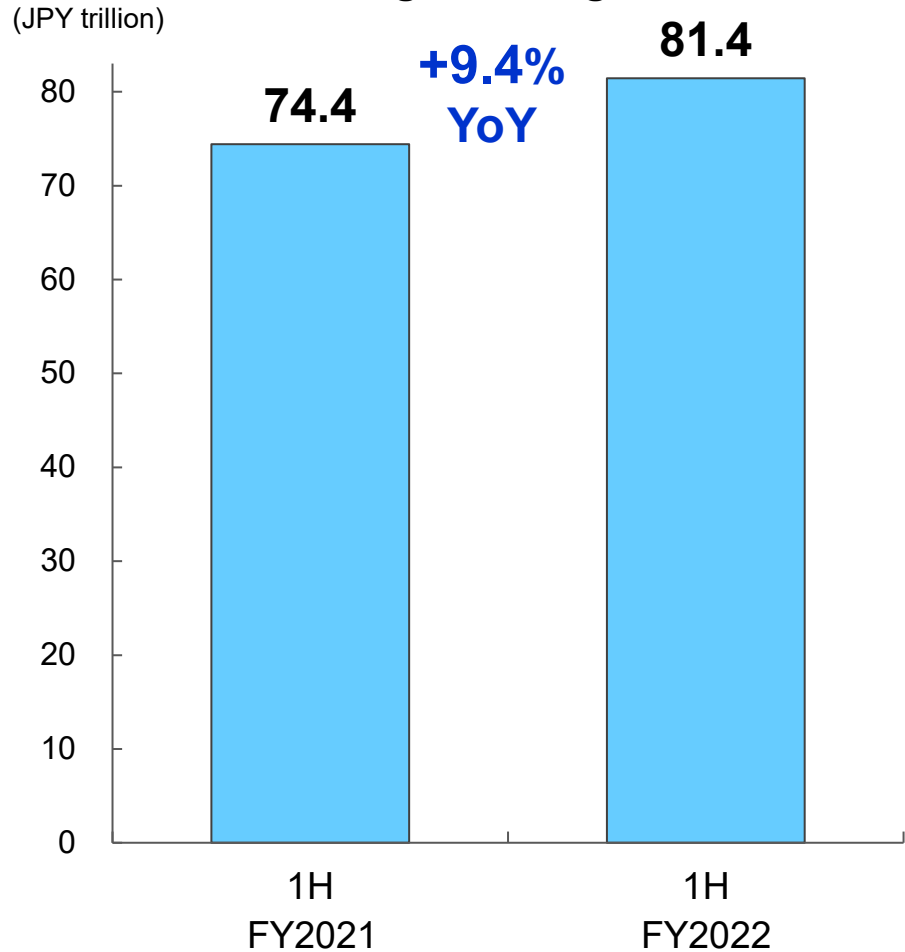


(Based on J-GAAP)

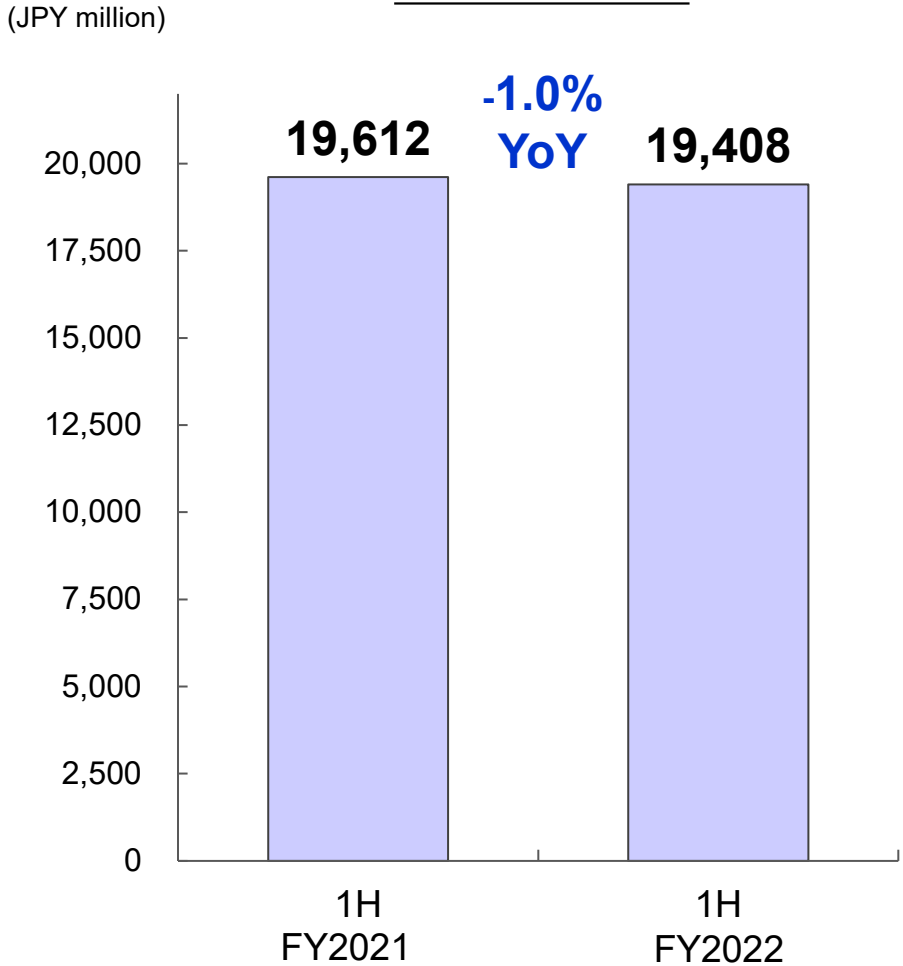
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Brokerage Commission Income Decreased due to
Phased Implementation of Neo-securities Initiative,
Despite a Steady Increase in Brokerage Trading Value

Domestic Stock
Brokerage Trading Value



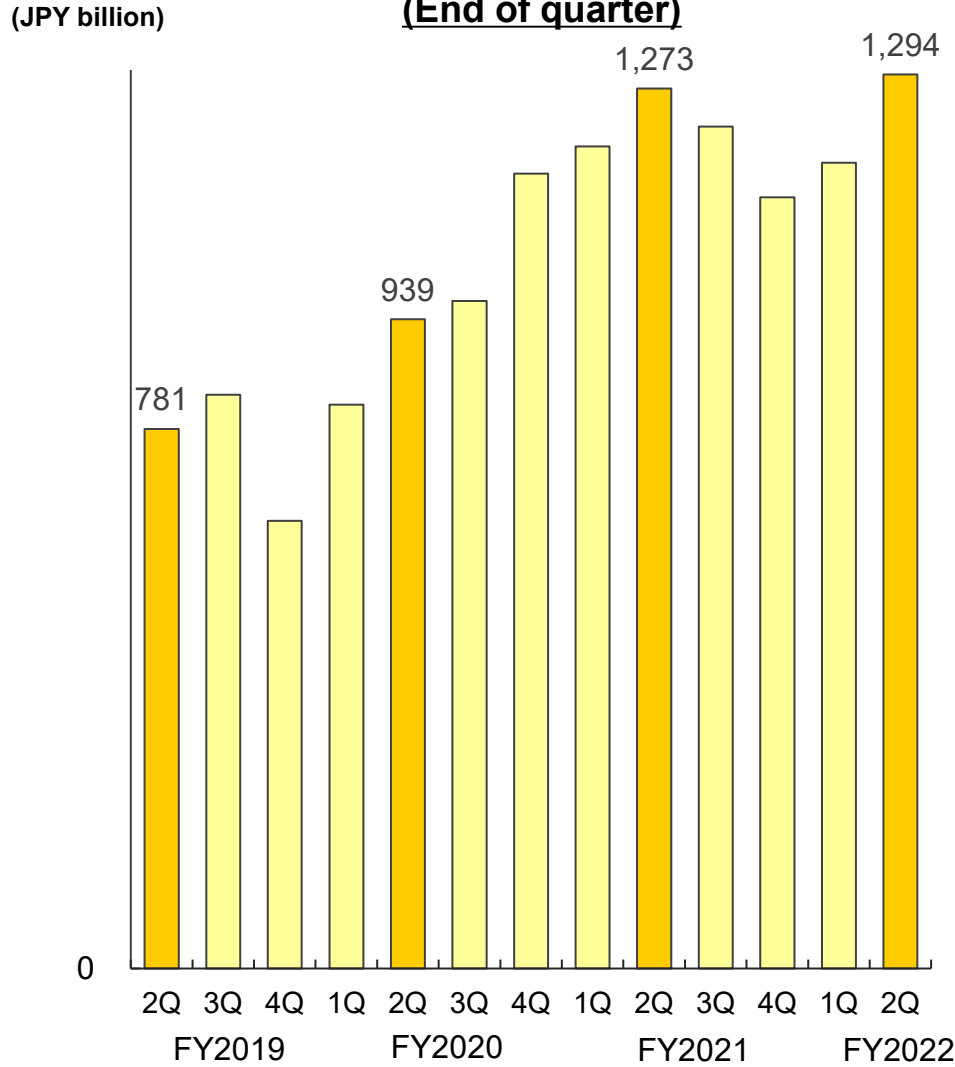
Commissions*



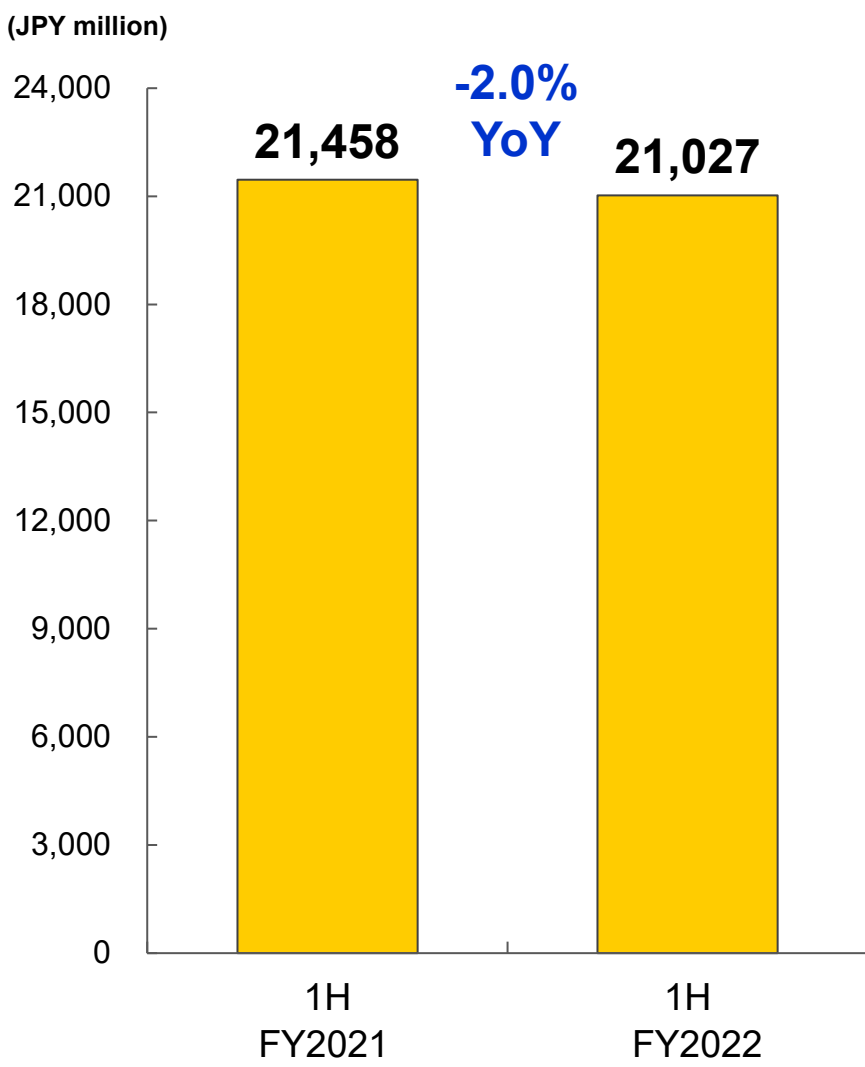
*Brokerage commission figures include those for futures, options, foreign stocks, and other non-domestic stock brokerage commissions

Open Interest Credit Balance and Financial Revenue at SBI SECURITIES Remained High

Trend of Open Interest Credit Balance
(JPY billion) (End of quarter)



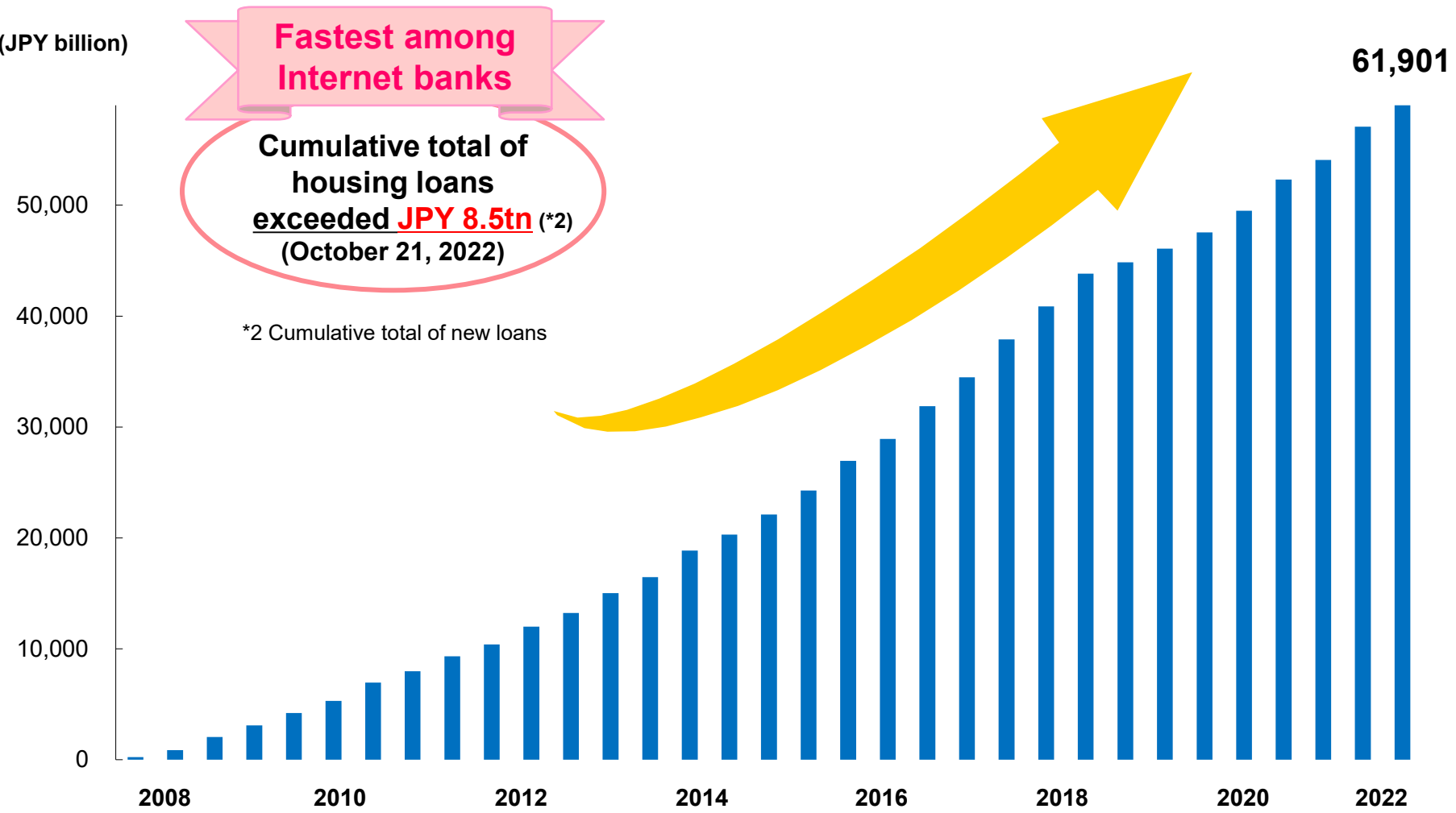
Financial Revenue



Accelerating the Expansion of Housing Loan Products Volume with Attractive Interest Rates and High Customer Benefits

Change in Balance of Housing Loans (End of Mar. 2008 – End of Sept. 2022)

*1 Repayments deducted from cumulative total of new loans. Includes housing loans extended as a banking agency of Sumitomo Mitsui Trust Bank



Assets Under Management of the SBI Group

(As of the end of September 2022)

Private equity, etc. JPY743.7bn (*1) Excluding JPY 204.9 bn of both cash and commitment amount to be paid in>(*2)

Breakdown of operating investment securities by Industry	Amount (JPY bn)
Internet/AI/IoT	181.6
Fintech services	123.7
Digital Asset/Blockchain	86.7
Finance	72.5
Biotechnology/Health/Medical	41.9
Environmental/Energy	8.5
Machine/Automobile	14.1
Services	40.3
Retail/Food	0.9
Materials/Chemicals	10.0
Construction/Real estate	0.9
Others	5.1
Equity interests in external and non-consolidated funds	45.6
Total	631.9

Breakdown of operating investment securities by region	Amount (JPY bn)
Japan	246.7
China	8.1
Korea	7.6
Southeast Asia	95.4
India	4.4
U.S.	113.1
Europe	65.0
Others	91.7
Total	631.9
Investment from non-consolidated Group management funds	Amount (JPY bn)
Corporate venture capital (CVC)	22.9
Others (Overseas JV fund, etc.)	88.8
Total	111.7

Investment trusts, etc. JPY

5,560.2bn

*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 September 2022

*4 Amounts are rounded to the nearest JPY 100m

Status of SBI Group's Crypto-asset Business Related to FTX, Which Filed for U.S. Bankruptcy Protection

SBI VC Trade

- No transactions with FTX or companies related to FTX
- No impact on clients' assets in custody, etc.

BITPoint Japan

- Majority of funds, including digital assets, held at FTX Japan have been recovered
- Digital assets remaining in FTX Japan are approximately JPY 200m.
Procedures for recovery are underway
- No impact on customers' assets in custody, etc.

B2C2

- As of today, the company has an exposure of approximately USD 9M (Japanese Yen equivalent: approximately JPY 1.25bn^{*2}) to FTX
- Prospects for recovery of the above exposure are undetermined at this time
- No impact on customers' assets in custody, etc.

*1 Figures are as of November 14, 2022

*2 USD 1 = JPY139.5

Number of Companies and Employees of the SBI Group (Consolidated)

Number of Group companies

	End of Mar. 2022	End of Sept. 2022
Consolidated subsidiaries (companies)	442	482
Consolidated partnerships (partnerships)	51	56
Total consolidated subsidiaries (companies)	493	538
Equity method companies (companies)	62	62
Total Group companies (companies)	555	600

Number of employees(Consolidated)

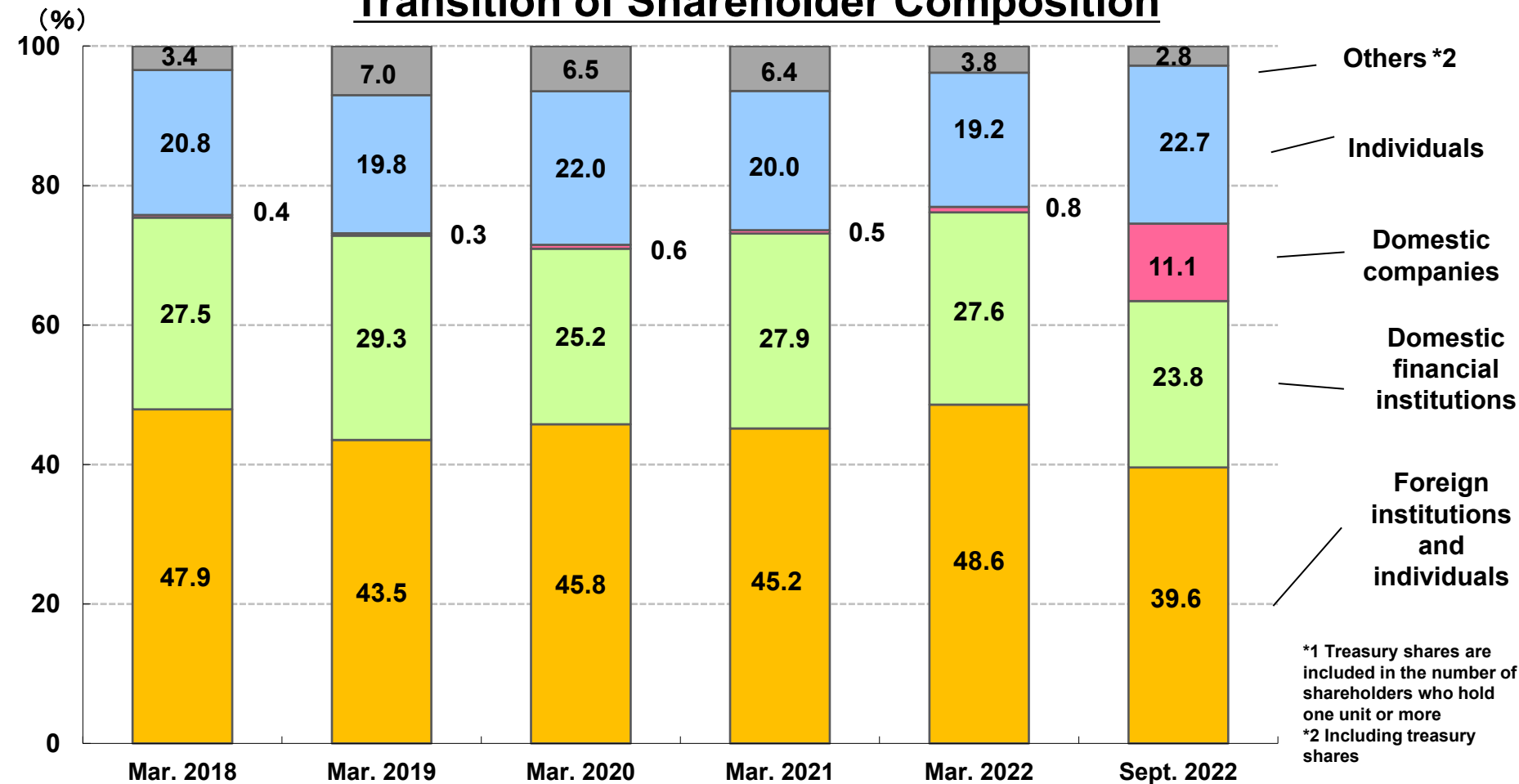
	End of Mar. 2022	End of Sept. 2022
Total employees	17,496	17,975

SBI Group’s Shareholder Composition

(As of the end of September 2022)

- ◆ Total number of shareholders is 181,642, of which the number of shareholders who hold one unit or more is 103,789 *1
- ◆ Shareholding ratio of domestic and foreign institutional investors is 63%

Transition of Shareholder Composition



<https://www.sbigroup.co.jp>