

# BANKING STRATEGY

## Focusing on the Latest Addition to the Banking Strategy

SBI Group has built a track record in domestic and overseas banking, including SBI Sumishin Net Bank, an online specialized bank that has achieved rapid growth using technology to its advantage, and SBI SAVINGS BANK in Korea, which became a subsidiary in 2013 and has grown to become the second major source of earnings after SBI SECURITIES for the SBI Group. Furthermore, as of 2021 and its addition into the Group, we anticipate that the Shinsei Bank will play a major role in the Group's banking-related business. In order to achieve stable growth over the medium to long term, the SBI Group will further focus on its banking and non-banking businesses.

### Organic Combination of Management Resources of the SBI Group and the Shinsei Bank Group

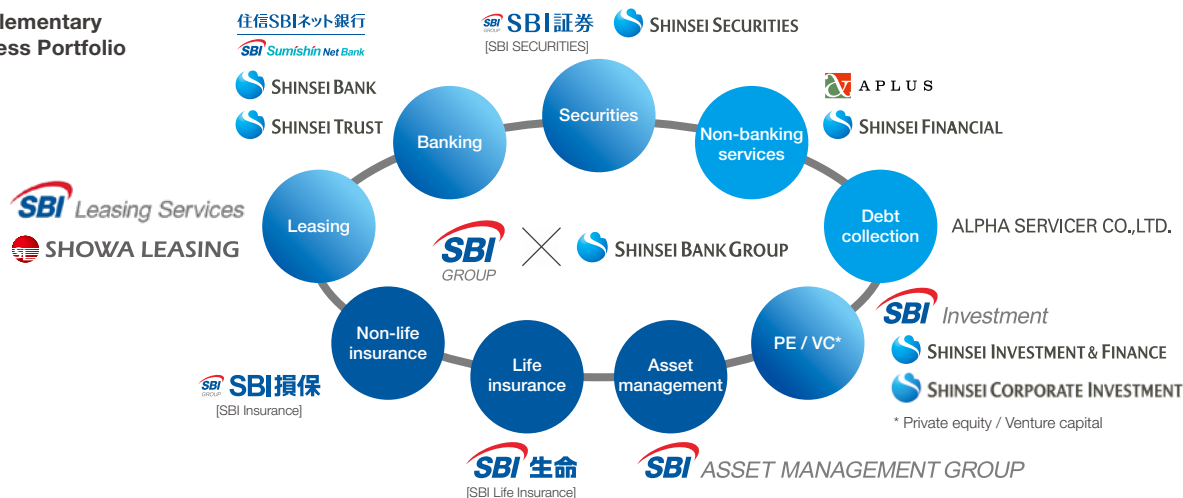
Shinsei Bank was added to the SBI Group in December 2021 by becoming a consolidated subsidiary. The Shinsei Bank Group has a customer base of over 8 million (as of March 31, 2022), and the SBI Group has expanded its customer base to over 42 million (as of March 31, 2022). This has led to the inclusion of non-banking-related businesses, including consumer finance, into the business portfolio, which the SBI Group has not had until now. Shinsei Bank total assets held was ¥10,311.4 billion, which has expanded the SBI Group's total assets to ¥17,838.2 billion (figures as of March 31, 2022).

Although the SBI Group and the Shinsei Bank Group offer a diverse range of financial services, we believe that the two business portfolios are highly complementary, as shown in the figure below. By organically combining the management resources of both groups, we seek to become a larger, integrated, and more competitive financial group. As one specific initiative, SBI SECURITIES and Shinsei Bank plan to begin a full-scale alliance in the brokerage services of financial products in the summer of 2022. In addition to the stocks, bonds, and investment trusts handled by SBI SECURITIES, this alliance provides a variety of products including real estate-related

financial products and SBI Wrap, a fully automated AI investment service, to Shinsei Bank customers. Also, SBI SECURITIES is considering to become a banking agent and establish a system of deposits exclusively for the purchase of securities that links seamlessly with the Shinsei Bank. As a result of this alliance, we expect to see an expansion in both customer bases and an increase in the deposit volume at the Shinsei Bank. SBI SECURITIES has already established a similar "SBI Hybrid Deposit" service with SBI Sumishin Net Bank, which accounts for approximately 35% of total deposits at SBI Sumishin Net Bank as of March 31, 2022.

The SBI Group is poised to produce synergies in the crypto-asset area as well, which the Group has positioned as a next-generation growth area. APLUS, consumer finance operator within the Shinsei Bank Group, has formed an alliance with bitFlyer, Inc., operator of one of Japan's largest crypto-asset exchanges, to offer the "bitFlyer Credit Card." This is Japan's first credit card that rewards users with Bitcoin based on the amount of money spent. The card was well received and saw applications surpass 10,000 in just three days after the service was launched in December 2021. This suggests a high level of interest in the crypto-asset area by APLUS customers that the SBI Group has been focusing on.

### Complementary Business Portfolio



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### Triangle Strategy for the Further Evolution of Regional Revitalization

As a result of making the Shinsei Bank Group into a consolidated subsidiary, we believe that the initiatives related to the regional revitalization strategy promoted by the SBI Group up to now will be able to take their first steps toward the next stage of growth. Therefore, we will make effective use of the SBI Group's network of regional financial institutions to thoroughly promote the "Triangle Strategy," utilizing the functions of the SBI Group, the Shinsei Bank Group, and regional financial institutions that form a three-pronged strategy. In the Triangle Strategy, regional financial institutions demonstrate their regional brand strength and pick out business needs, and the SBI Group and the Shinsei Bank Group collaborate with respect to such business opportunities. To the respective regional financial institutions, the SBI Group will offer advanced technology and expertise held by the Group and its investee companies along with the Group's extensive business network, while the Shinsei Bank Group will provide the banking and non-banking functions. By leveraging our respective strengths and functions in this way, we will contribute to achieve revitalization of Japanese regions.

One specific measure is cooperation in structured finance. Capitalizing on its network in a variety of industries, the SBI Group will develop new projects as well as recruit and introduce institutional investors. Shinsei Bank will provide its expertise of structured finance, including forming syndicated loans. Regional financial institutions are expected to use their regional network and brand strength to develop new projects or participate in projects as an institutional investor. By maximizing the functions of these three entities, the strategy strives to resolve issues in local communities and to expand business by identifying needs in each region to undertake new projects.

Through the Triangle Strategy, we will also promote the financial platform BANKIT®, which is being structured by APLUS. By combining the SBI Group's banking apps with the BANKIT® platform, which is currently limited to wallet functions, we plan to use it as a hub for regional financial institutions to deploy the Banking as a Service (BaaS) model. The SBI Group has traditionally offered banking apps to regional financial institutions, and by adding BANKIT® by APLUS, we believe that we can support the further promotion of DX and provide more financial services with customer benefits to local residents.

We also expect to create synergies based on the Triangle Strategy in the leasing business. Showa Leasing, a Shinsei Bank Group company, offers various lease-related products such as construction equipment, factory equipment, ICT, environmental energy, healthcare, and real estate. The Shinsei Bank Group can expand its operating base by providing Showa Leasing's lease-related products to SBI Group customers and

customers of regional financial institutions with which the SBI Group has strategic capital and business alliances with. In return, the SBI Group can provide Shinsei Bank customers with financial products backed by lease-related products for aircrafts, ships, containers, and other assets structured by its Group company SBI Leasing Services.

These kinds of non-banking businesses are more capital efficient than the banking business and is a business area that has been lacking in the SBI Group until now. By promoting this Triangle Strategy, we will contribute to achieving regional revitalization, which is also Japan's goal, and help achieve sustainable growth for the SBI Group, including the Shinsei Bank Group.

Triangle Strategy Concept  
(Image)

