

SBI Holdings, Inc. 2024 Information Meeting

Nov. 25

Tokyo

Dec. 2

Nagoya

Dec. 5

Osaka

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 SBI Shinsei Bank described in this document only takes place when SBI Shinsei Bank determines that it is in the best interests of its minority shareholders to do so through measures adopted by SBI 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 contents of this document are subject to revision or cancellation without notice.

Note: Fiscal Year (“FY”) ends on March 31 of the following year

Today's Program

- I. 1H FY2024 Consolidated Performance Overview**
- II. SBI Group's Strategy for New Value-Creation**
- III. Q&A**

I 1H FY2024 Consolidated Performance Overview

1. 1H FY2024 Consolidated Performance
2. **Recap** of SBI SECURITIES' **“ZERO Revolution”** one year after its launch on September 30, 2023
3. **Summary** of SBI Shinsei Bank's progress to date, **three years after acquisition**

1H FY2024 Consolidated Performance (IFRS)

[Year-on-year comparison]

(Unit: JPY million)

	1H FY2023 (Apr.-Sept. 2023)	1H FY2024 (Apr.-Sept. 2024)	YoY % change
Revenue	574,825	Record high 676,030	+17.6
Profit before income tax expense	70,241	78,872	+12.3
Profit for the period	48,241	60,003	+24.4
Profit attributable to owners of the Company	37,088	44,726	+20.6

Annualized ROE up 0.4 points from **6.6% in 1Q FY2024** to **7.0% in 1H FY2024**. Targeting early achievement of ROE of 10%

1H FY2024 Performance by Segment (IFRS)

[Year-on-year comparison]

(Unit: JPY million)

Revenue

Profit Before Income Tax Expense

	1H FY2023 (Apr. 2023– Sept. 2023)	1H FY2024 (Apr. 2024– Sept. 2024)	YoY % change	1H FY2023 (Apr. 2023– Sept. 2023)	1H FY2024 (Apr. 2024– Sept. 2024)	YoY % change
Financial Services Business *1	517,389	621,683 Record high *3	+20.2	74,437	104,426 Record high *3	+40.3
Asset Management Business	14,050	17,051 Record high *3	+21.4	2,151	3,209 Record high *3	+49.2
Investment Business *1	27,011	12,224	-54.7	5,361	-8,525	—
Crypto-asset Business	16,066	30,321 Record high *3	+88.7	674	1,425 Record high *3	+111.4
Next Gen Business *2	12,200	12,287	+0.7	-2,373	-9,256	—

*1 From 1Q FY2024, SBI Leasing Service's business segment was changed from the Investment Business to the Financial Services Business, therefore, figures for 1H FY2023 were reclassified accordingly

*2 Non-financial Business has been renamed to Next Gen Business from the 2Q FY2023. Next Gen Business mainly includes Web3-related businesses, Biotechnology, Healthcare & Medical Informatics Business, etc.

*3 Comparison with 1H results from FY2021 onward, where results are disclosed as per current segmentation. Financial Services business has also achieved record high in comparison with 1H results since FY2012, when IFRS was adopted

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

Comparison of Consolidated Performance with Major Securities Groups

(Unit: JPY million)

	1H FY2024 (Apr. 2024–Sept. 2024)	
	Revenue	Profit before income tax expense
Nomura Holdings (US-GAAP)	937,769	235,941
SBI Holdings (IFRS)	676,030	78,872
Mizuho Securities (J-GAAP)	367,458	46,846
Daiwa Securities Group (J-GAAP)	310,238	107,113
Mitsubishi UFJ Securities Holdings (J-GAAP)	205,280	56,525
SMBC Nikko Securities (J-GAAP)	190,605	54,127

Source: Financial statements of each company

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

[Basic Policy for Shareholder Return]

The total amount of dividends will be approximately 30% of profit before income tax expense of the Financial Services Business excluding extraordinary factors such as gain on sales of subsidiaries' stocks, for the time being

■ Forecast (result) Dividend Per Share

	End of 2Q	Year-end	Full-year
FY2024 (forecast)	<u>JPY 30</u>	TBD	TBD
FY2023 (result)	JPY 30	JPY 130 (Ordinary dividend JPY 120, Commemorative dividend JPY 10)	JPY 160

2. Recap of SBI SECURITIES' “ZERO Revolution” one year after its launch on September 30, 2023



Like-for-like Comparison of Financial Results of Major Face-to-face and Online Securities Companies for 1H FY2024

(JPY million)	Operating revenue	Change from previous quarter (%)	Operating profit	Change from previous quarter (%)	Operating profit margin (%)
Nomura (non-consolidated)	460,176	+23.7	117,597	+79.7	25.6
SBI (consolidated) (After adding back lost revenue from “ZERO Revolution”)	134,550	+31.8	56,522	+52.6	42.0
Mizuho (non-consolidated)	264,237	+22.7	45,635	+125.0	17.3
Daiwa (non-consolidated)	225,908	+16.0	44,779	+14.5	19.8
SBI (consolidated)	115,750	+13.4	37,722	+1.8	32.6
Mitsubishi UFJ Morgan Stanley (non-consolidated)	179,670	+7.5	37,645	+35.1	21.0
SMBC Nikko (non-consolidated)	253,218	+33.9	31,702	+205.6	12.5
Rakuten *2 (consolidated)	66,644	+16.7	17,628	-2.9	26.5
Matsui (consolidated)	20,285	+15.1	8,900	+22.3	43.9
Okasan Group (consolidated)	41,501	+0.7	7,229	-1.5	17.4
Tokai Tokyo FHD (non-consolidated)	43,810	+0.8	6,501	-10.2	14.8
GMOFHD *2 (consolidated)	27,538	+11.7	4,326	-43.2	15.7
Monex G *3 (consolidated)	35,813	+15.5	3,844	-33.2	10.7
au Kabukom (non-consolidated)	12,160	+6.7	1,874	-7.9	15.4

If the lost revenues from the “ZERO Revolution” were added back, the company would have had **the second largest** operating profit in the industry

*1 Estimated by adding of **JPY 18,800m in lost revenues from the start of the “ZERO Revolution”** to operating revenue and operating profit, respectively

*2 Fiscal year of Rakuten Securities and GMO Financial Holdings ends in Dec., therefore figures for the period from Apr. to Sept. 2024 are used

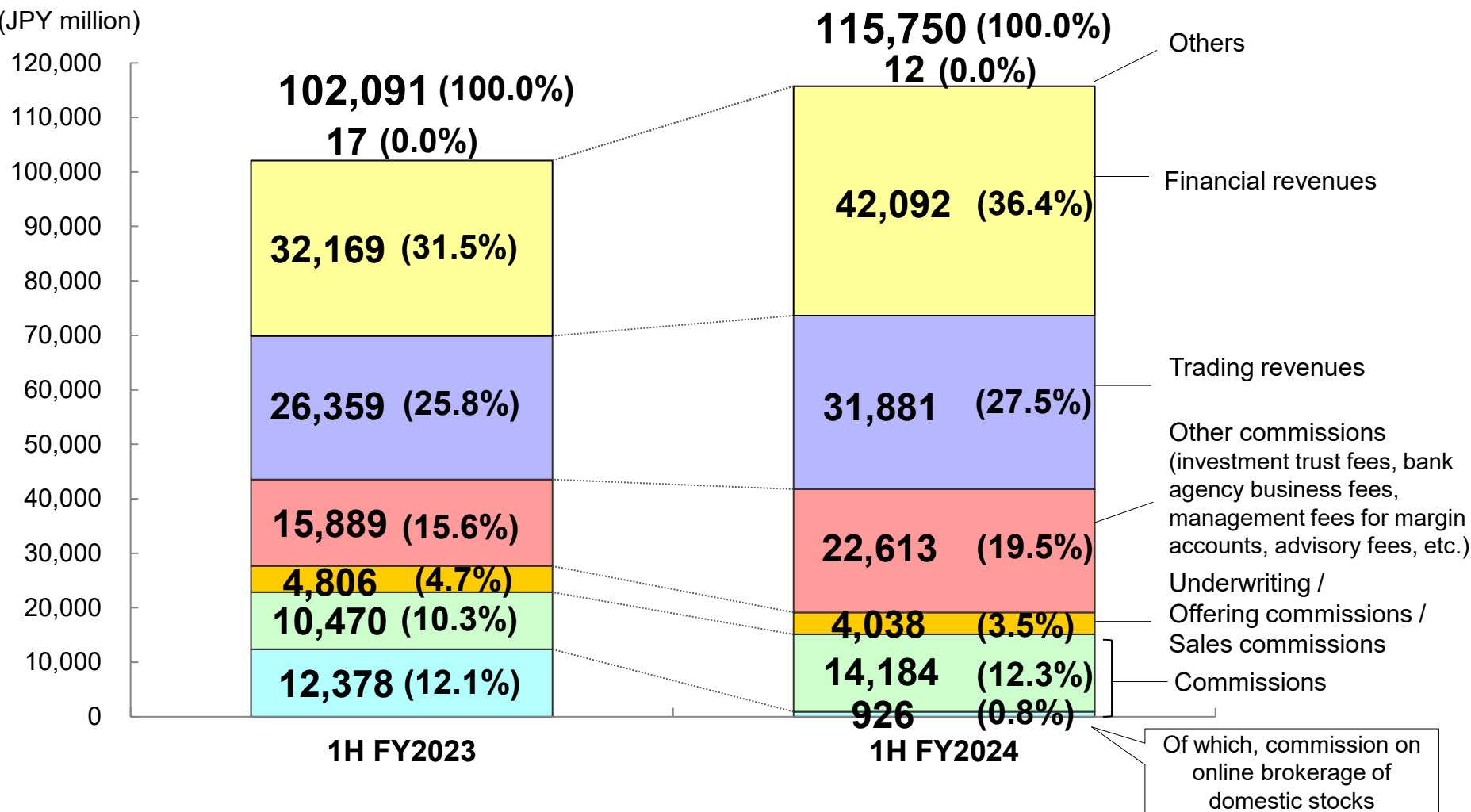
*3 Monex Group is under IFRS, with operating profit using values equivalent value and ordinary profit using values equivalent to Profit before income tax expense

*4 Compiled by SBI Holdings from the information on websites of each company

SBI SECURITIES Achieved YoY Increase in Revenue Despite Losing JPY 18.8 Billion (Estimated*¹) in Revenue due to “ZERO Revolution”

<SBI SECURITIES' Consolidated Operating Revenue (Net Sales) Composition for FY2023>

(JPY million)



*1 Estimated based on the average basis of 1Q-2Q FY2023

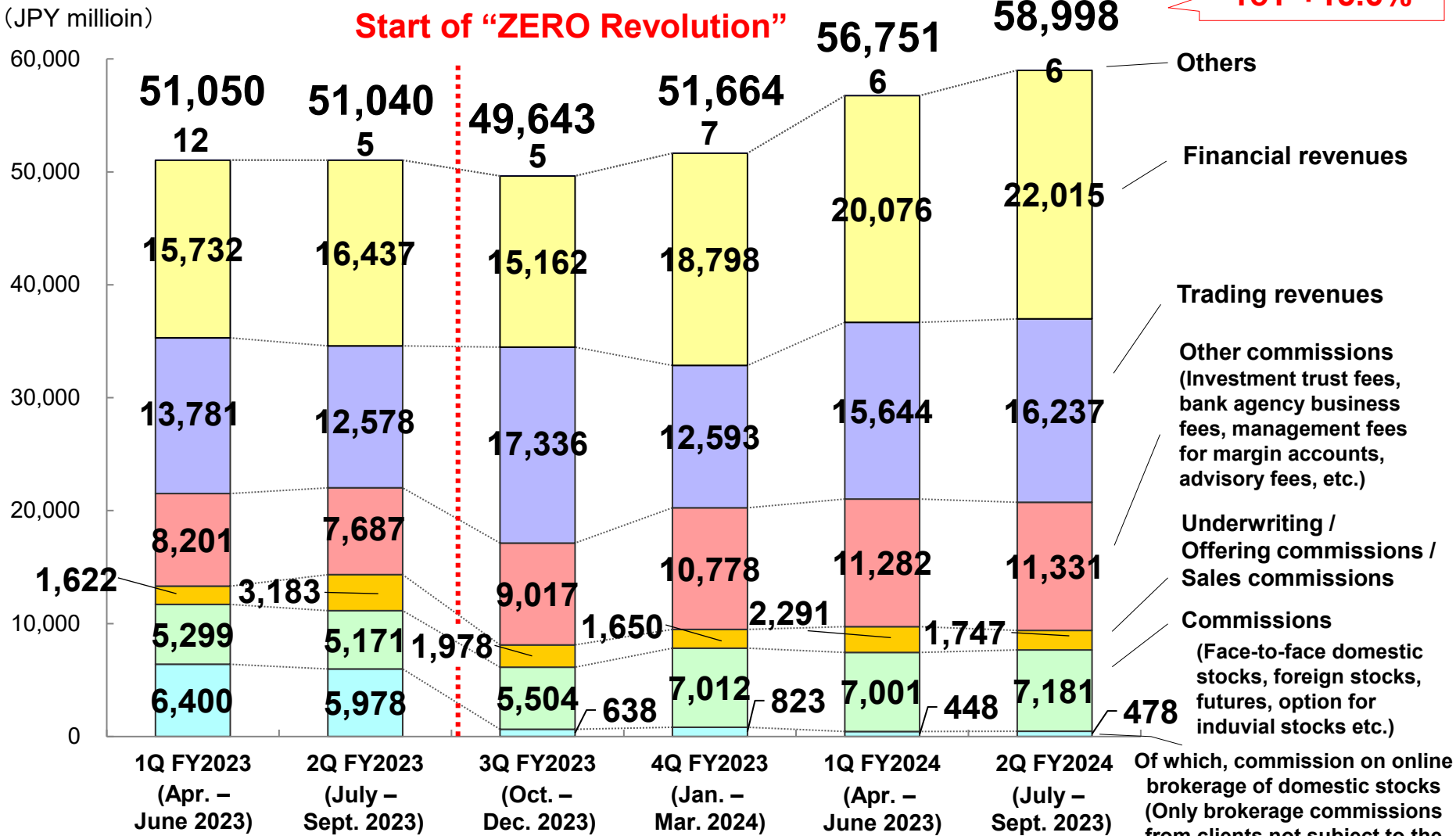
*2 Based on J-GAAP

SBI SECURITIES' Quarterly Revenue is Growing Steadily

<Comparison of Quarterly Consolidated Operating Revenue (net sales) Before and After the Start of “ZERO Revolution”>

YoY +15.6%

(JPY million)



*Based on J-GAAP

[Unauthorized reproduction is prohibited]

SBI Group's **Customer Base** Saw Rapid Growth After Start of the “ZERO Revolution”

SBI Group's Customer Base (End of September 2016 to end of September 2024)

(Million accounts)

+8.9% from the start of the ZERO Revolution (end of Sept. 2023)

**September 2023
Start of the “ZERO Revolution”**

* The customer base is the number of customers as of the end of each month, and does not include retroactive data for companies that joined or left the group



“ZERO Revolution” has expanded the customer base of the entire SBI Group

3. Summary of SBI Shinsei Bank's progress to date, three years after acquisition

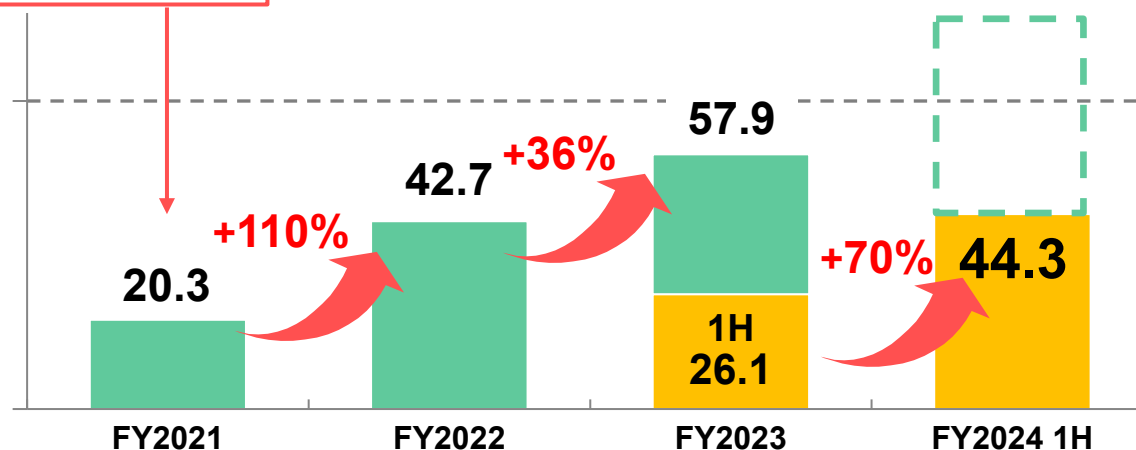
At SBI Shinsei Bank, all financial targets set to be achieved by the end of Mar. 2025 under the medium-term management plan (formulated in May 2022) following its inclusion in the SBI Group are expected to be met within FY2024



Changes in the Various Financial Indicators of SBI Shinsei Bank

Dec. 2021
Joined the SBI Group

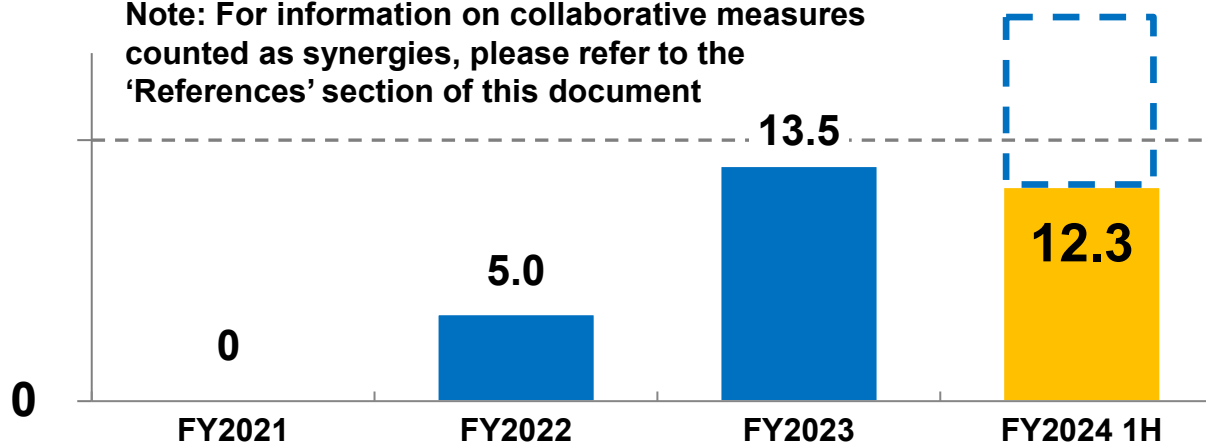
<Consolidated profit>



Targets for the full-year
FY2024 in the medium-term management plan :
JPY 70.0bn

<Synergies with the SBI Group>

Note: For information on collaborative measures counted as synergies, please refer to the 'References' section of this document



Target:
JPY 15.0bn

(JPY billion)

Number of Retail Accounts and Total Deposit Balances at SBI Shinsei Bank have Expanded Significantly, Mainly due to the Effects of Collaboration with the SBI Group

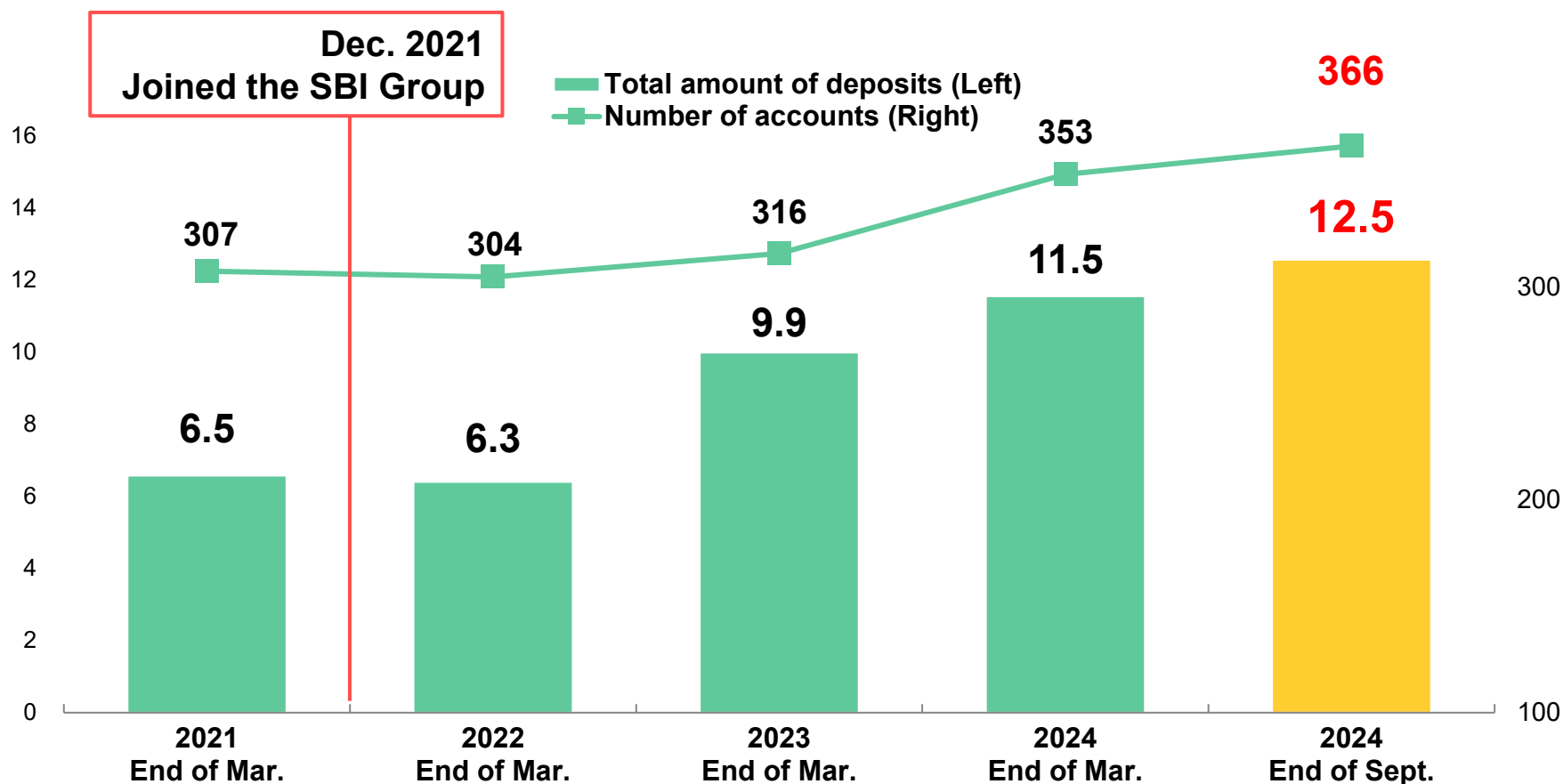
Medium-term management plan as of the end of Mar. 2025

Number of Retail Accounts: **3.80m**

Deposits: **JPY 8.0tn** [Achieved as of the end of Sept. 2022]

(JPY trillion)

(10 thousand accounts)



SBI Shinsei Bank's Operating Asset Balance has also Expanded Significantly

Target value as of the end of Mar. 2025 in the medium-term management plan:

JPY 10.0tn [Achieved as of the end of Mar. 2023]

(JPY trillion)

14

12

10

8

6

4

2

0

Dec. 2021
Joined the SBI Group

8.2

8.1

10.3

11.4

12.7

Securities investment

Other

Overseas business

Showa Leasing

Structured finance

Institutional Business

Corporate sales (corporations etc.)

Shinsei Financial

APLUS

Retail Business

Retail banking (housing loans etc.)

End of Mar. 2021

End of Mar. 2022

End of Mar. 2023

End of Mar. 2024

End of Sept. 2024

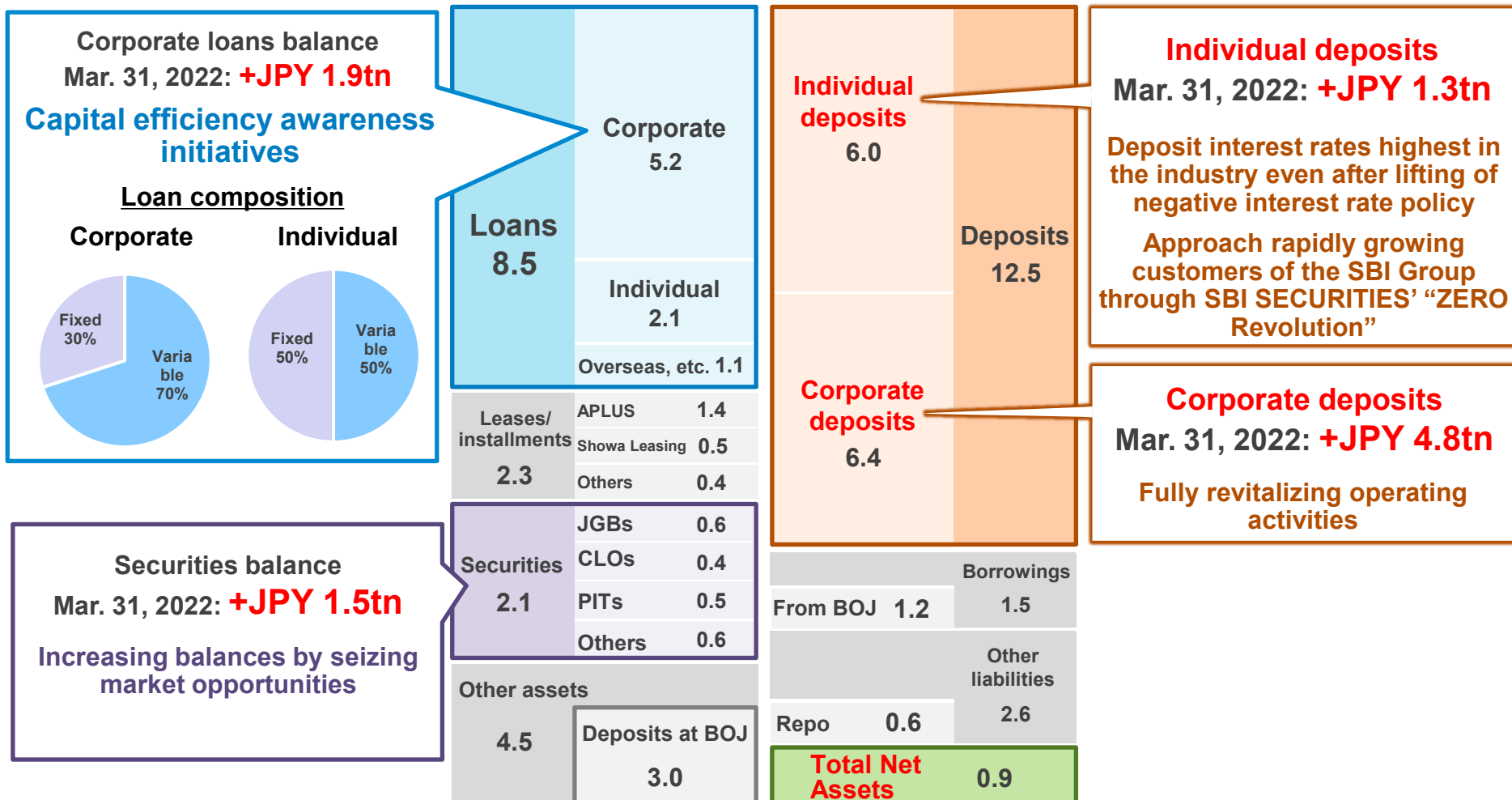
Note1: Includes guarantees not requiring funding (customer's liabilities for acceptances and guarantees) and marketable securities Note2: Rounded down to the second decimal place

Large Growth in SBI Shinsei Bank's Balance Sheet in just Three Years since Joining the SBI Group

SBI Shinsei Bank Consolidated Balance Sheet (pre- vs. post- acquisition)

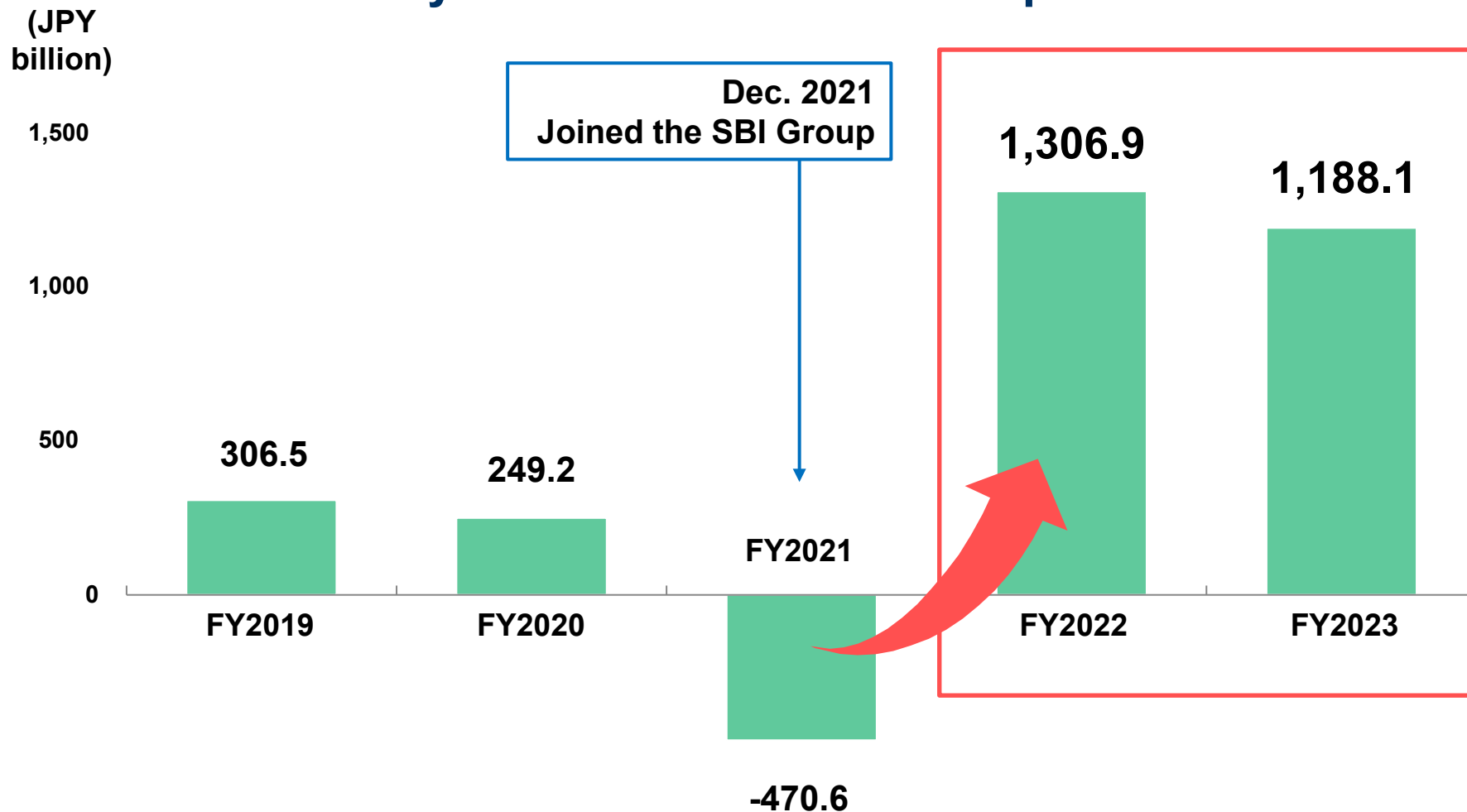
Total assets: **JPY 17.7tn** (Mar. 31, 2022: **+JPY 7.4tn**)

(Unit: JPY trillion)



SBI Shinsei Bank's Cash Flows from Operating Activities

- Significant increase since joining the SBI Group, mainly due to an increase in deposits -



II. SBI Group's strategy for new value-creation

- 1. Across the world, the voices of citizens calling for political reform are growing louder, and significant social and economic transformations are on the horizon**
- 2. The impact of Trump's victory in the U.S. presidential election on various markets**
- 3. SBI Group's Strategy for new value-creation and further growth**

1. Across the world, the voices of citizens calling for political reform are growing louder, and significant social and economic transformations are on the horizon

In Japan, the Ruling Party Suffered a Crushing Defeat in the Representatives House Election (October 27, 2024), Losing its Majority

- “The House of Representatives election was held on the 27th, and the **ruling coalition of the Liberal Democratic Party (LDP) and Komeito fell short of a majority, securing fewer than 233 seats. This marks the first time in 15 years that the ruling coalition has failed to maintain a majority, a situation last seen during the 2009 change of government**” (Nikkei Financial morning edition, Oct. 28, 2024)
- “The New York Times electronic edition analyzed that **“voters, angered by the political fund scandal, dealt a humiliating blow to the Liberal Democratic Party.”** ” (Kyodo News, Oct. 28, 2024)
- Takuji Aida, chief economist at Credit Agricole Securities, noted that the Ishiba government will need the cooperation of the Democratic Party of Japan and other parties advocating large-scale economic measures. He predicts that the government will “round out” the claims of such parties and **adopt an aggressive fiscal policy. Ishiba's shift to “Abenomics,” which emphasizes monetary easing and fiscal stimulus, is expected to be positive for the stock market. At the same time, he “expects expectations for a large-scale supplementary budget to boost the market.”** (Kyodo News, Oct. 28, 2024)
- “There was also a breath of life that opened a new era. **It is the “rebellion” of young people, the silent voters who have propelled the Democratic Party of Japan (DPJ) into the limelight. The question was whether to give priority to the youth or to the elderly. The monster of intergenerational conflict, which has been taboo in politics, came out to play. This new axis of confrontation, which could lead to a major division of society, will shake the financial and capital markets to their core in the future.**” (Nikkei Quick News, Oct. 28, 2024)

In the U.S., Trump is to Become the Next President

-The Republican Party Secured a Majority in Both the Senate and the House of Representatives-

Newspaper
article

“Donald Trump, the former republican president, has been confirmed as the winner of the election.”

“He criticized the Biden administration for triggering inflation, a surge in illegal immigration, and **deteriorating public safety.**”

“Trump is set to assume office as the next president on jan. 20, 2025. Senator JD Vance is expected to take the role of vice president.”

“Trump also **achieved victories in seven battleground states** that were previously reported as highly contested in pre-election polls”

(The Nikkei Morning Edition Nov. 7, 2024)

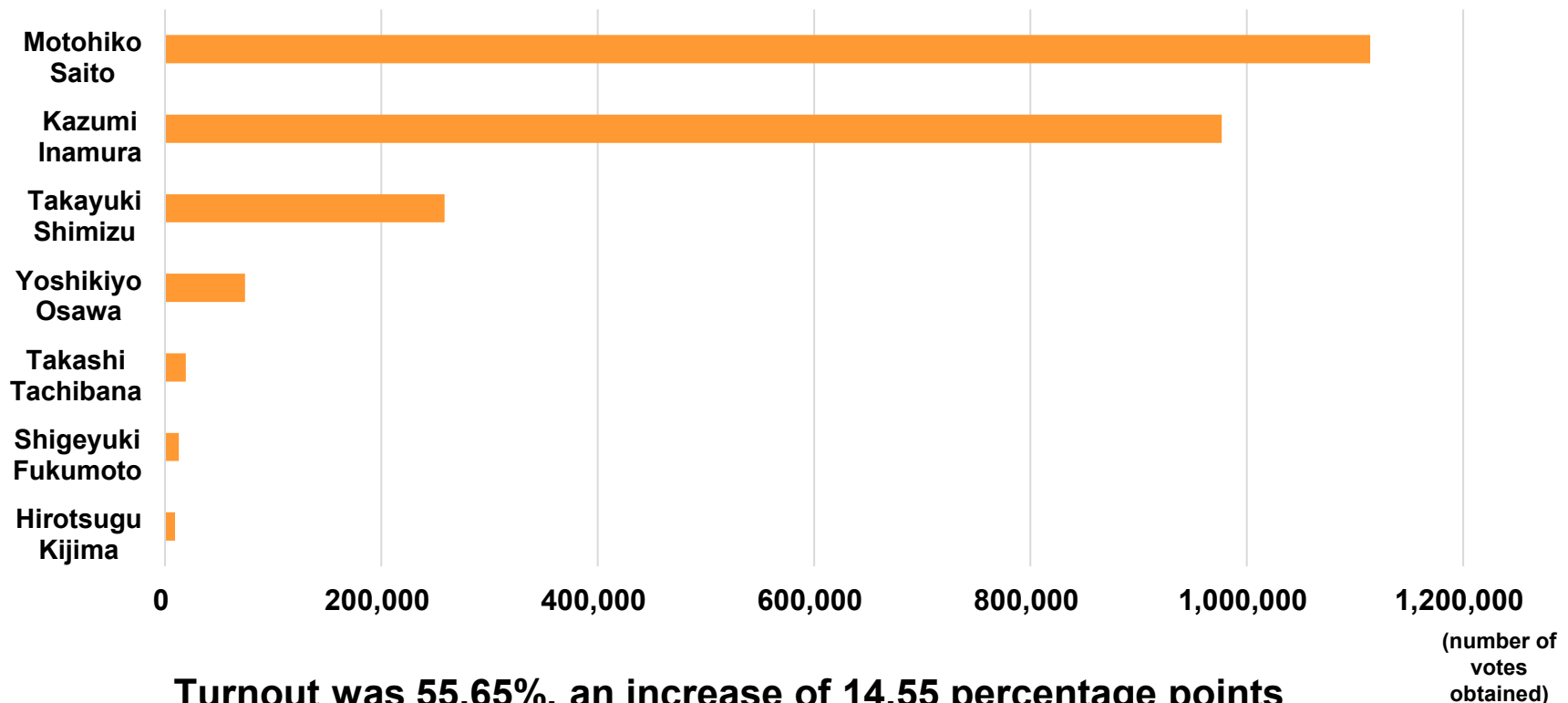
“ Alongside the presidential election held on Nov. 5, the Republican Party secured a majority in the House of Representatives, in addition to retaining control of the Senate. With the presidency and majorities in both chambers of Congress, a “triple red” state is established, **creating a favorable environment for advancing the policies proposed by the next president.**”

(The Nikkei morning Edition Nov. 14, 2024)

Former Governor Motohiko Saito was Re-elected in the Hyogo Gubernatorial Election on November 17

Following calls for his resignation from all 86 members of the prefectural assembly and a unanimous vote of no confidence, Saito lost his position as of September 30 and then ran for governor

The number of votes cast in Hyogo gubernatorial elections



Turnout was 55.65%, an increase of 14.55 percentage points compared to the previous election.

First time in 11 years that turnout in a gubernatorial election has exceeded 50%

In Both the U.S. Presidential Election and the Hyogo Gov. Election, Candidates who Received Support from Young Voters were Elected

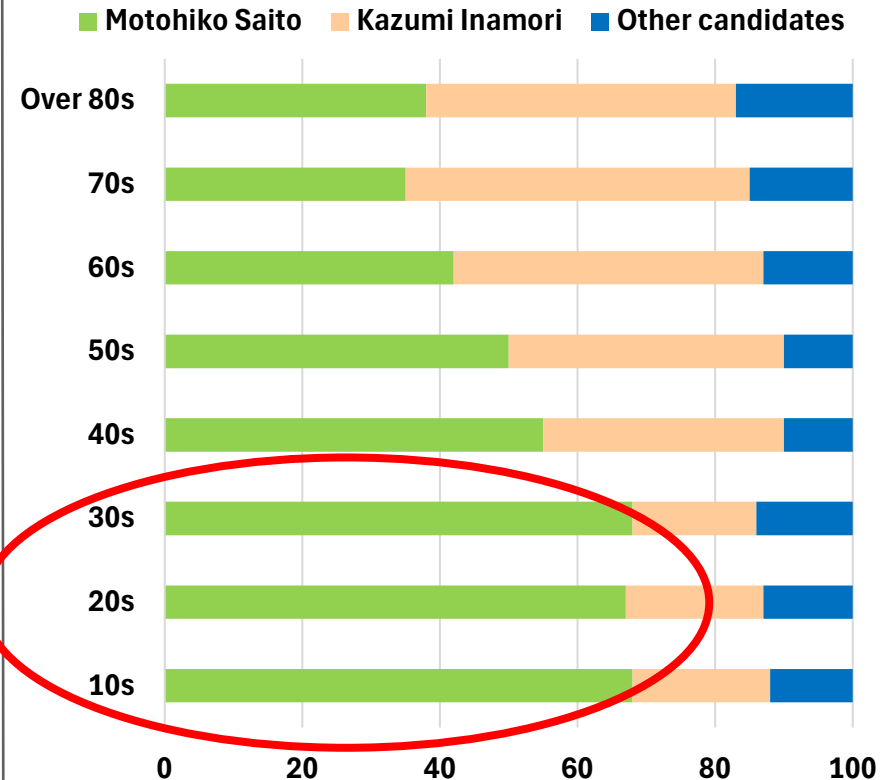
[Secured Percentage Vote Points by Age Group for the U.S. Presidential Election]

Age	Change 2020-2024	The winner for each voter group	
		2024	2020
18-29	Trump +11	Harris 13	Biden 24
30-44	Trump +1	Harris 5	Biden 6
45-64	Trump +7	Trump 8	Trump 1
65+	Harris +6	Harris 1	Trump 5

*For each voter group, the table displays the winner from the 2020 and 2024 elections, expressed in percentage vote points according to exit polls. The first column highlights the change in percentage points between these two elections.

*Based on CNN's exit polls and materials prepared by EL PAÍS, we created this chart

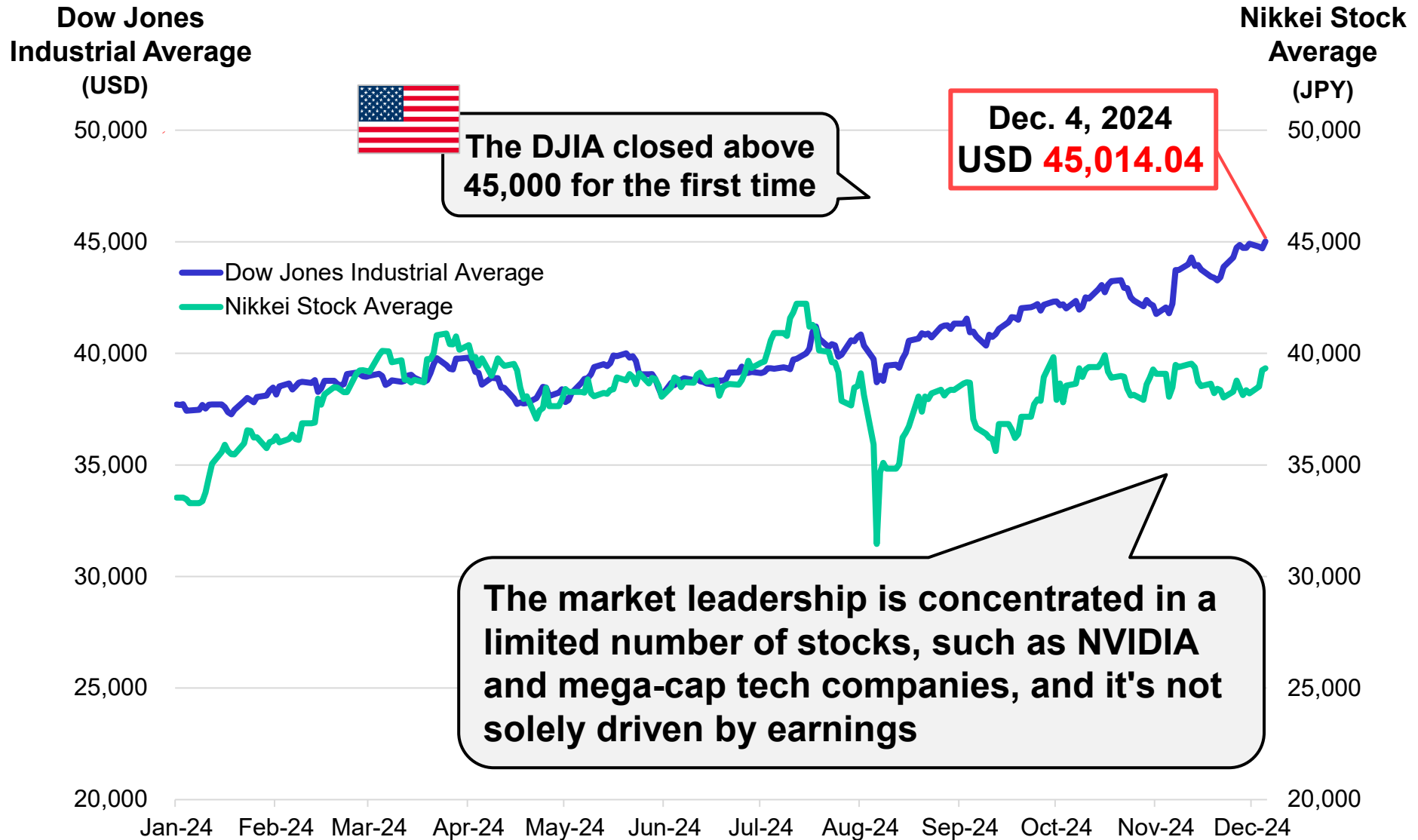
[Voting Preference by Age Group for the Hyogo Gov. Election]



*Based on Kyodo News' exit polls, we created this chart

2. The impact of Trump's victory in the U.S. presidential election on various markets

Trump's Policies, Including Deregulation and Corporate Tax Cuts, Currently Boosting U.S. Stock Market



Concerns over Potential Fiscal Deterioration from President-elect Trump's Proposed Tax Cuts have Led to a Rise in **U.S. Long-term Interest Rates**

U.S. Markets on Alert for "Negative Rate Increases"

During Tokyo trading hours on November 6, selling pressure spread in after-hours trading of U.S. Treasury bonds. As reports emerged of Trump's lead in key battleground states like Georgia and North Carolina during the U.S. presidential election, long-term U.S. interest rates temporarily **rose to the upper 4.4% range, a level not seen in four months**

There are concerns that **turmoil surrounding the debt ceiling increase could resurface** early in the presidential term. Hardline members within the Republican Party, who oppose ballooning debt, may demand significant spending cuts, potentially obstructing congressional agreements

Newspaper article

(Nov. 7, 2024, Nikkei)

If the next administration implements policies to expand fiscal spending, will it lead to a resurgence of inflation and cause interest rates to rise?

Historic Depreciation of JPY Continues, Weakening the Purchasing Power of JPY Comparatively

- Real Effective Exchange Rate (monthly basis) -

* using the 2020 figures as
the baseline of 100



* The Bank of Japan

- USD/JPY Exchange Rate (closing price) -



* Bloomberg

The GDP per Capita Rankings

	1994	2014	Oct. 2024
1	Luxembourg	Luxembourg	Luxembourg
2	Switzerland	Norway	Switzerland
3	Japan	Qatar	Ireland
4	Denmark	Switzerland	Norway
5	Norway	Monaco	Singapore
6	U.S.	Denmark	U.S.
7	Germany	Australia	Iceland
8	Sweden	Sweden	Monaco
9	UAE	Austria	Qatar
10	Iceland Austria	Singapore	Denmark
11	Netherland	Ireland	Netherland
12	France	Iceland	Australia
13	Iceland	U.S.	San Marino
14	Bergin	Netherland	Austria
15	Hong Kong	Austria	Sweden
⋮			
30	Spain	Japan	Puerto Rico
⋮			
38	Portugal	Puerto Rico	Saudi Arabia
39	Antigua and Barbuda	Malta	Japan



GDP-PPP per Capita Rankings (USD, 2024)

Rank	Country/Territory	GDP-PPP per capita(USD)
1	Luxembourg	143,743
2	Macao SAR	134,141
3	Ireland	133,895
4	Singapore	133,737
5	Qatar	112,283
6	United Arab Emirates	96,846
7	Switzerland	91,932
8	San Marino	86,989
9	United States	85,373
10	Norway	82,832
...
14	Taiwan	76,858
15	Hong Kong SAR	75,128
18	Saudi Arabia	70,333
24	Germany	67,245
30	South Korea	59,330
36	Japan	54,184

In the World Competitiveness Ranking released by International Institute for Management Development in Switzerland, Japan was ranked 38th, as well

(Source : Global Finance Magazine)

3. SBI Group's strategy for new value-creation and further growth

- (1) SBI Group's strategy for new value-creation**
- (2) Key initiatives in each business segment based on the SBI Group's strategy for new value-creation outlined (1)**

(1) SBI Group's Strategy for New Value-Creation-1

- ① **Visualizing potential corporate value** (example: IPO of the group companies)
- ② **Focus on growth** not only through organic expansion but also **by leveraging methods such as mergers and acquisition**
- ③ **Eliminating factors that significantly damage our corporate value**
- ④ **Evaluating the strength of synergies within the group companies and allocating resources more heavily to business areas that are expected to generate strong mutual synergies** across the group or within individual group companies. Subsidiaries that, despite contributing significantly to revenue, lack strong synergies within the group or face operational constraints due to external factors limiting their growth potential, **will be considered for divestment**. Resources will instead be allocated to **areas expected to deliver greater growth, enhance the stability of group operations, and contribute to improved credit ratings**
 - Considering domestic and global economic trends and anticipated normalization of monetary policy by the BOJ, we will continue to prioritize the allocation of management resources to banking sector
 - In the brokerage sector, we will support regulatory reforms and promote initiatives that assist individual investors
 - Riding the momentum of the anticipated revival of cryptocurrency sector under the upcoming Trump administration in the US, we will further expand our business in this field
 - FX business will leverage its strong operational foundation to expand its activities in the highly volatile foreign exchange market

SBI Group's Strategy for New Value-Creation-2

(To be continued)

- ⑤ **Alliances with various companies focus on creating synergies and expanding the customer base, ensuring mutual benefits for both parties**
 - Promoting the transformation of the SBI Group, centered around SBI Shinsei Bank, into a “wide-area regional platform”
 - Strengthening collaboration across various areas with the SMBC Group, with whom we established a strategic capital and business alliance in April 2020, leveraging the strengths of both parties
 - In Japan, cases of companies from different industries entering the banking business are increasing. SBI Group is also promoting alliances with companies from other industries to expand its customer base
- ⑥ To **efficiently generate synergies** across various businesses within the SBI Group and achieve “**Going beyond finance with finance at its core**”, we will **realign our business portfolio** based on future growth strategies, including expanding into **new business areas** beyond the boundaries of the financial industry
 - **Asset management business** will be developed as a new pillar of revenue of the Group
- ⑦ By boldly allocating management resources to countries with high economic growth potential, we will **promote domestic and international integration** and further **expand the revenue base of our overseas operations**

(2) Key initiatives in each business segment based on the SBI Group's strategy for new value-creation outlined (1)

Visualizing Potential Corporate Value

[Our Fundamental Policy on the Strategy for Initial Public Offerings of the Group Subsidiaries]

- When the company's business value is barely recognized by the stock market, and making it public would enhance its visibility and **contribute to the increase in our corporate value**
- When substantial working capital is required, such as the **need for ongoing large-scale investments** centered on systems, and **eternal financing becomes necessary to support business expansion**
- When establishing banking or insurance business through subsidiaries, **a flexible business structure is necessary to maintain managerial freedom** under Japan's legal framework
- In the case of a company engaged in a business that **requires neutrality**
→ (Example) Morningstar: has been listed on the NASDAQ Japan (Current: TSE NASDAQ) in June 2020
- When there is minimal synergy between companies within the group, **making it more beneficial to go public to realize shareholder value from the perspective of the Group's business portfolio, or when the strategic importance of the company within the group diminishes**



- **SBI ALApromo** is preparing for **a public listing targeted for FY2025**
- From the perspective of the SBI Group's mid-term growth, **we plan to pursue a takeover bid to make SBI FinTech Solutions, listed on the Korean NASDAQ, a wholly owned subsidiary**

Focus on Growth not only through Organic Expansion but also **by Leveraging Methods such as Mergers and Acquisition**

- **Approach to M&A**

Companies targeted for M&A should **enhance synergies and mutual evolution with existing businesses, expand economies of scope, and serve as a foundation for global expansion**

- **M&A Strategy for Each Business Segment, Domestically and Internationally**

Banking business: SBI Shinsei Bank is actively pursuing M&A opportunities both domestically and internationally in areas such as digital banking and non-bank sectors

- a. In January 2024, SBI Shinsei Bank acquired shares from a fund managed and operated by Keystone Partners Co., Ltd and **made DIAMOND ASSET FINANCE COMPANY LIMITED**, which operates an investment real estate financing business, **a wholly owned subsidiary**
- b. In October 2024, SBI Shinsei Bank **acquired 33.32%** (JPY 26.9bn) of **NEC Capital Solutions Limited**'s share from NEC Corporation and Sumitomo Mitsui Finance and Leasing Company, Limited, **making the company equity-method affiliate**

Securities business: Through M&A, securities business integrate new financial technologies to further strengthen our overall capabilities

Asset Management business: By pursuing M&A with asset management companies specializing in global portfolios and emerging asset classes such as cryptocurrencies, we target achieving **JPY 20tn in asset under management by the end of FY2027**

Mynavi, which has High Synergetic Effects with the SBI Group's Existing Businesses, is **Converted to an Equity Method Affiliate in November 2024**

After the capital and business alliance in November 2023, both groups will promote collaborative projects



SBI Group increased its shareholding in Mynavi **to 20% in November 2024 through further investment, **making it an equity method affiliate****

Further efforts to enhance the corporate value of both group companies

- Expansion of profit opportunities by leveraging the networks of both groups
- Accelerating growth through collaboration and complementarity among subsidiary companies shared by both groups
- Creating business opportunities through collaboration in new field etc.

Example of Business Collaboration with Mynavi①

Jointly Developed **a Life Plan Simulation Function**

-Job change site “Mynavi Scouting” to begin offering this service on October 31-

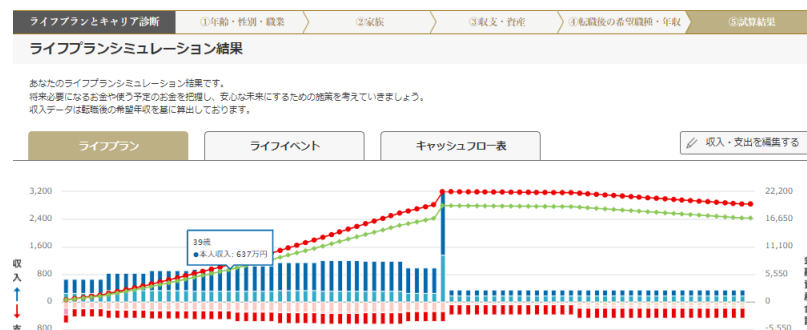
Life Planning and Career Assessment



マイナビ スカウティング
[Mynavi Scouting]
“Life Planning and Career Assessment”

- Family structure
 - Occupation
 - Income status
 - Future life plans
 - Desired annual income after changing jobs
- etc.

input

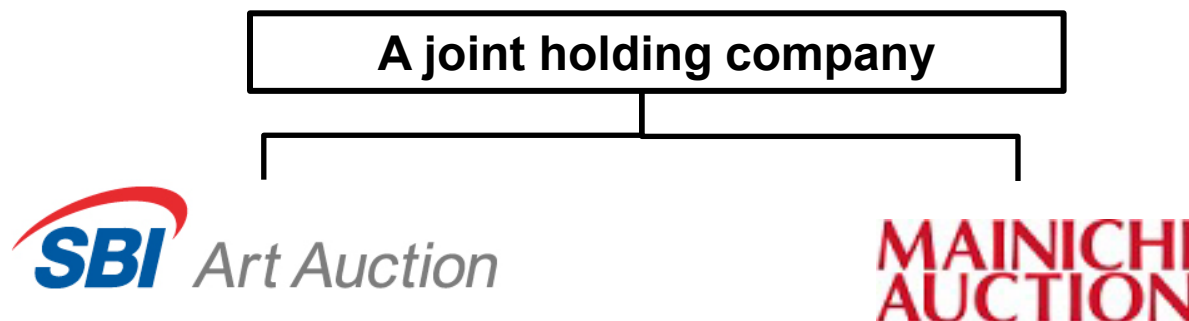


- Simultaneous simulation of future life plans and the impact of annual income increase due to job change
- Mynavi’s career consultants propose job change activities with your target life plan in mind

Example of Business Collaboration with Mynavi②

Optimize Management Resources through Collaboration between Mutually Aligned Subsidiaries

- Preparing to establish a **joint holding company** to oversee subsidiaries in the **art auction sector**-



Total number of items listed: 2,385
Total auction sales amount: JPY 6.01bn

The annual number of auctions held approx. 30

While maintaining the strengths and uniqueness of both parties, we will promote mutual customer referrals to each other's market's generate synergies

Expansion of the customer base and products offering for both company groups

Expansion of investments in key areas by streamlining shared infrastructure

Strengthen competitiveness and leverage the full potential of both corporate groups to drive further global growth

SBI Group's Strategy for New Value-Creation③

**Eliminating factors that significantly damage
our corporate value**

(Example) Effect of Repayment of Public Funds Invested in SBI Shinsei Bank

- Investors recognize that the current net assets of SBI Shinsei Bank on its balance sheet amount to JPY 1tn, but in reality, it is considered to be approximately JPY 0.7tn, excluding around JPY 330bn in public funds
- Repayment of public funds will result in the correct recognition of net assets as approximately JPY 1tn, in addition to **eliminating the psychological discount factor**, which is expected to significantly increase corporate value

SBI Shinsei Bank Balance Sheet
for the 2Q FY2024

Total assets approx. JPY 17.7tn	Total liabilities approx. JPY 16.7tn
Real value: approx. JPY 0.7tn	Net equity approx. JPY 1tn



SBI Shinsei Bank Balance Sheet after
repayment of public funds (image)

Total assets approx. JPY 17.7tn	Total liabilities approx. JPY 16.7tn
	Net equity approx. JPY 1tn

Of which, approx.
JPY 330bn from
public funds

Repayment of public funds is a great cause for the SBI Group
and **an opportunity for exponential growth going forward**

About the Repayment of Public Funds

Mr. Kitao said, “We will work on a plan to double the current profits of Shinsei Bank in three years.” (...) **“We want to return JPY 350bn public funds as soon as possible.** Our first priority is to increase the value of the company. (...)”

SBI recommends Deputy President Katsuya Kawashima as the new president of Shinsei Bank. Mr. Kitao said, “I will let him go alone **with a time limit of three years.** (...) We will repay the public funds, which are blood money, exactly and set a model for other banks injecting public funds.”

(The Nikkei Morning Edition, **Nov. 12, 2021**)

At the FY2024 interim results briefing on Nov. 8, Chairman and President Yoshitaka Kitao said that **“we will return around JPY 100bn as soon as possible”** of the JPY 330 bn public funds held by SBI Shinsei Bank. After the public funds are paid off, “Our banking business will take off, and since SBI Shinsei Bank has grown to such a large scale, they will go public.’ He also stated that he would consider re-listing SBI Shinsei Bank in the future. (...) However, regarding specific repayment methods and schemes for public funds, he said, ‘I have a picture in my mind, **but it is too early to say anything publicly. I will do so after laying the groundwork with the government.”** **He also did not refer to the timing of the re-listing.**

(The Nikkei Morning Edition, **Nov. 8, 2024**)

Schedule and Approach Related to Repayment of Public Funds

[Steady advances in establishing the growth platform and improving profitability at SBI Shinsei Bank]

- ✓ In financing, through simultaneous opening of accounts with SBI SECURITIES, opening co-managed stores with SBI MONEYPLAZA, and leveraging the Group network in the corporate sector, SBI Shinsei Bank has increased **deposits** from **JPY 6.3tn** (March 31, 2022) to **JPY 12.5tn** (September 30, 2024)
- ✓ In operations, by making successful use of the SBI Group network such as regional financial institutions and revitalizing operating activities in the corporate sector, the SBI Shinsei Bank has grown **operating assets balance** from **JPY 8.1tn** (March 31, 2022) to **JPY 12.7tn** (September 30, 2024)



Consolidated profit for first-half FY2024 reached **JPY 44.3bn, a record high for an interim period since 2021**. For full-year FY2024, the SBI Shinsei Bank expects to achieve its medium-term management plan (formulated May 2022) target of **JPY 70bn in consolidated profit**



While complying with the Companies Act and other laws and regulations, and operating within the limits so as not to impede on financial soundness, business needs, and growth potential, SBI Shinsei Bank and SBI Holdings strive to repay the balance of their public funds **as soon as possible**. (★)

★“Agreement on the handling of public funds” finalized on May 5, 2023

Current Status of Voting Rights Ratios

[Recent trends]

Note: Rounded to nearest JPY 100m

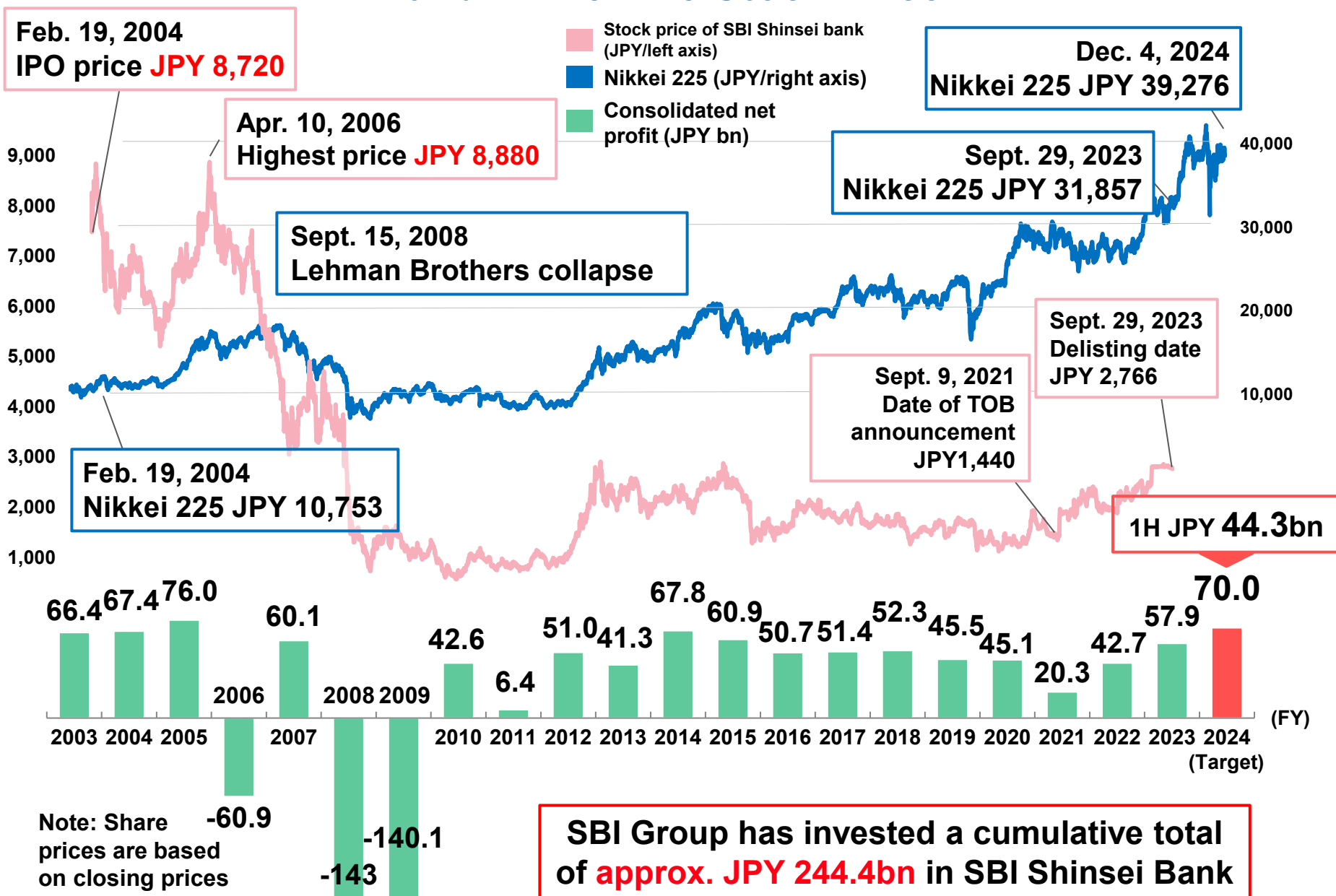
- ✓ On February 9, 2024, a court authorization was obtained, the SBI Group to execute a purchase of the fractional shares at an amount equivalent to the tender offer price (JPY 2,800 per share before the reverse stock annexation). Among these shares, the purchase of the fractional shares (**worth approx. JPY 19.3bn**) held by the Deposit Insurance Corporation of Japan were treated as a repayment of public funds
⇒ **First repayment of a portion of public funds in nearly 18 years**
(approx. JPY 330bn remaining)
- ✓ On Mar. 22, 2024, SBI Shinsei Bank conducted a third-party allotment of new shares to SBI Regional Bank HD and S-Grant Co., Ltd. to partially cover funds for the purchase of fractional shares
- ✓ On Sept. 30, the SBI Group purchased three SBI Shinsei Bank shares from S-Grant Corporation. (Breakdown of holdings: **2 SBIHD shares, 1 SBI Shinsei Bank share**)

[Latest Shareholder Status (as of Sept. 30, 2024)]

Shares held	Voting rights share
SBI Regional Bank Holdings	35 66.04%
SBI Holdings	2 3.77%
Deposit Insurance Corporation of Japan	6 11.32%
The Resolution and Collection Corporation	6 11.32%
S-Grant Co., Ltd.	4 7.55%

Note: Percentages are rounded to three decimal places

SBI Shinsei Bank Consolidated Net Profit and Nikkei 225 Stock Price



SBI Group's Strategy for New Value-Creation④

Evaluating the strength of synergies within the group companies and **allocating resources more heavily to business areas that are expected to generate strong mutual synergies** across the group or within individual group companies. Subsidiaries that, despite contributing significantly to revenue, lack strong synergies within the group or face operational constraints due to external factors limiting their growth potential, **will be considered for divestment**. Resources will instead be allocated to **areas expected to deliver greater growth, enhance the stability of group operations, and contribute to improved credit ratings**

Business strategy example-1:

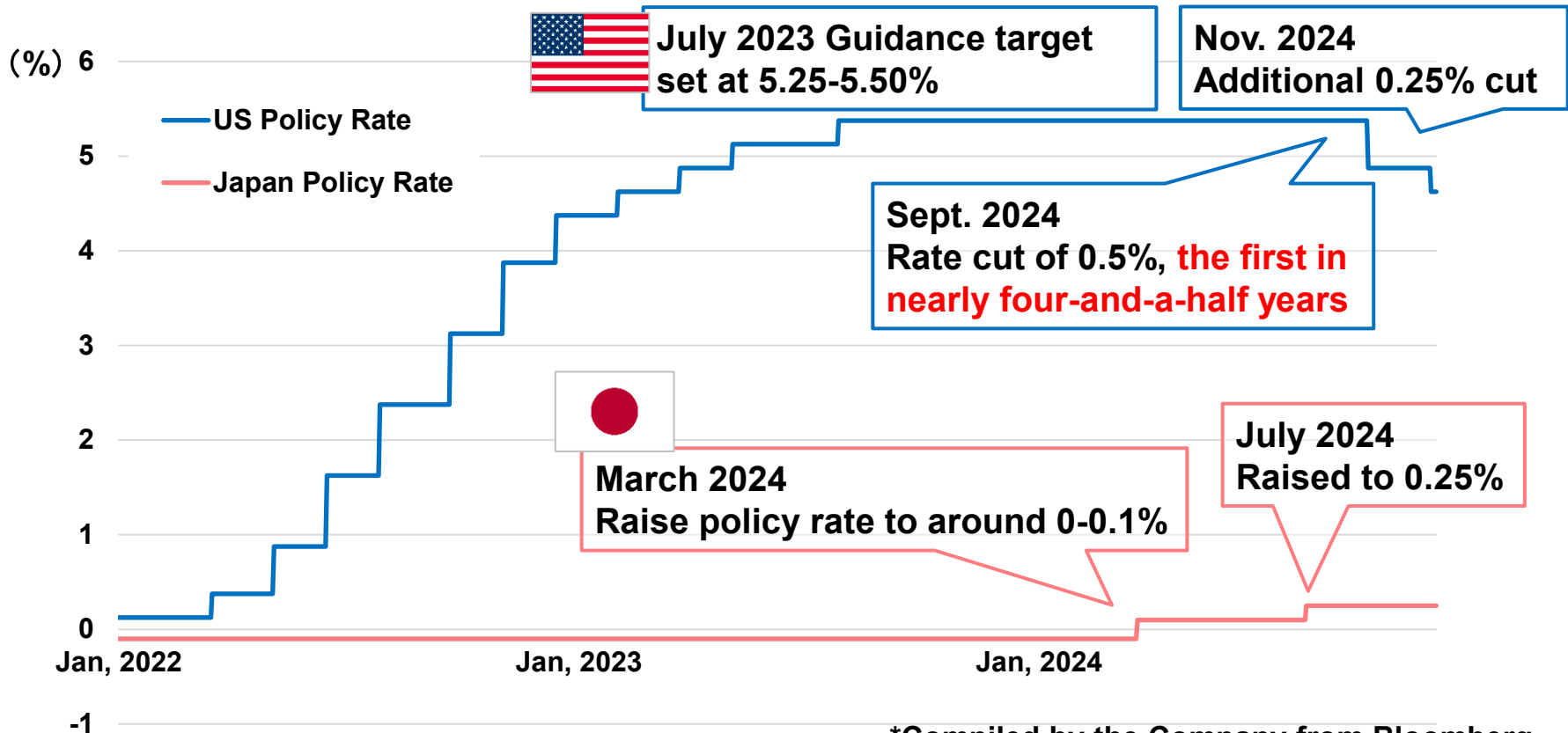
Considering domestic and global economic trends and anticipated **normalization of monetary policy** by the BOJ, we will continue to prioritize the allocation of management resources to banking sector

- i. SBI Group announced its decision to **allocate management resources to the banking area** on the announcement day of full-year results for FY2021 (May 2022)
- ii. Thoroughly promote **the integration strategy with the SBI Group** to further strengthen SBI Shinsei Bank's growth platform

Bank of Japan Began to Normalize its Extraordinary Monetary Easing Policy

Japan: The BOJ **lifted** its negative interest rate policy in Mar. 2024 **for the first time in eight years**; in July they decided to raise interest rates additionally

USA: **Fed Chairman Jerome Powell** said in a speech on November 14, 2024, that **“the economy has not signaled a need to cut interest rates in a hurry”**, indicating that he will **be cautious about the pace of rate cuts**.



i. SBI Group Announced its Decision to **Allocate More Resources to the Banking Area** on the Day of Full-year Results Announcement for FY2021

Comparison of Total Assets and Profit Before Income Tax Expense between the FY Immediately Preceding the Announcement of the Decision and the most recent FY

(Unit: JPY billion) (%: share of capital)	Total Assets		Profit Before Income Tax Expense	
	End of Mar. 2022	End of Sept. 2024	FY2021	1H FY2024
SBI Shinsei Bank (69.81%)	10,311.5	17,713.5	28.5	50.6
SBI SAVINGS BANK(Korea/100%)	1,385.9	1,630.3	38.9	7.4★
SBI LY HOUR Bank (Cambodia/70.0%)	91.1	154.3	1.0	1.1★
SBI Bank (Russia/90.74%)	34.0	39.3	-0.8	2.2★
SBI Sumishin Net Bank (34.19%)	8,534.0	10,815.4	22.9	19.0
TPBank (Vietnam/20.0%)	1,603.6	2,235.5	32.1	31.7★
Total	21,960.1	32,588.3	+48.4% compared to the end of Mar. 2022	

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

*Figures in the table are rounded to one decimal place

*The conversion rates are 1USD=JPY143.62, 1KRW=JPY0.11, 1VND=JPY0.0058, 1RUB=JPY1.52

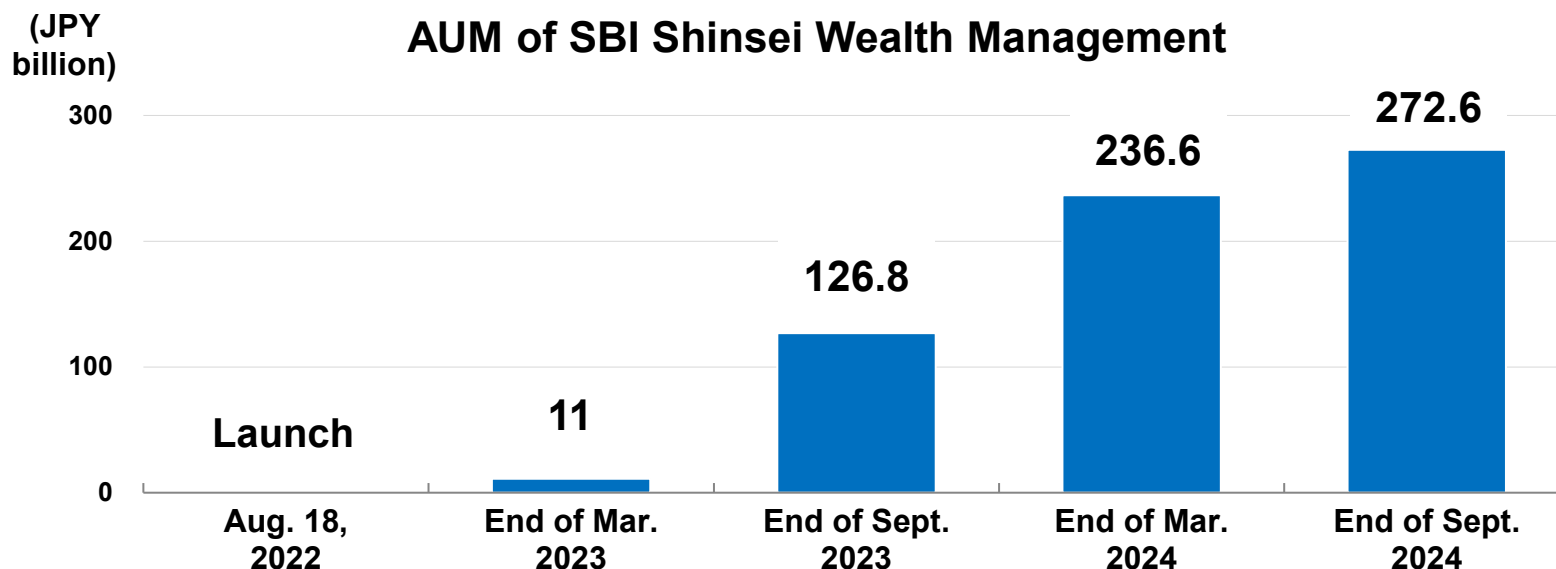
[Unauthorized reproduction is prohibited]

★As the company's financial year ends in Dec., the aggregate period is Jan.-Sept. 2024

- ii. **Thoroughly promote the integration strategy with the SBI Group to further strengthen SBI Shinsei Bank's growth platform**

AUM at SBI Shinsei Wealth Management, a Co-managed Store of SBI Shinsei Bank and SBI MONEYPLAZA, has Steadily Increased since its Launch

- ✓ As of Nov. 8, 2024, **18 stores** are in operation (Ikebukuro, Umeda, Ginza, Yokohama, Kashiwa, Kichijoji, Ueno, Sapporo, Kobe, Nihonbashi [head office], Shinjuku, Hachioji, Machida, Kyoto, Futakotamagawa, Fujisawa, Nagoya, Fukuoka)
- ✓ Four branches (Namba, Shibuya, Funabashi and Omiya) will be opened between Jan. and Mar. 2025. With this, **the opening of joint branches in all 22 branches (excluding sub-branches) will be completed by the end of FY2024.**
- ✓ The range of products handled has expanded significantly across domestic and foreign equities and bonds, as well as **fund wraps, real estate security tokens and alternative funds**



SBI Shinsei Bank Offers its Highest-tier Diamond Stage Privilege Program to All Account Holders of SBI SECURITIES

-Offer preferential interest rates on yen savings accounts and various other benefits-

SBI Shinsei Bank will increase preferential deposit rates to 0.3% per annum for SBI SECURITIES customers, the highest level among major banks

“SBI Shinsei Bank will start offering the most preferential interest rates and services to all customers with SBI SECURITIES accounts from November. In addition to a savings deposit interest rate of 0.3% per annum (before tax), the bank will offer unlimited free fees for withdrawing deposits at partner ATMs”

“The rate is the highest among the major banks, although the megabanks have raised their interest rates to 0.1% per annum following the BOJ's additional interest rate hike. It also exceeds the level of interest rates on time deposits (one-year term) set by megabanks.”

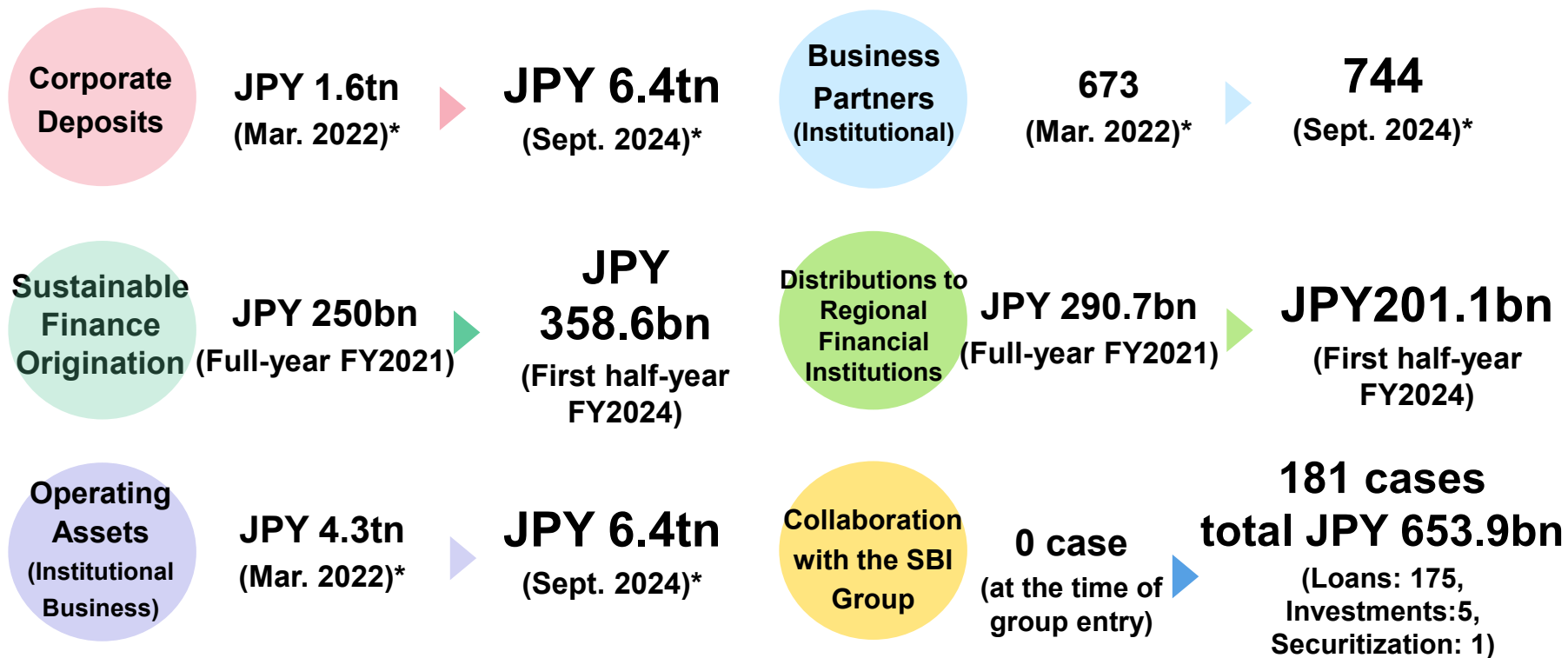
From December, as part of our initiatives to benefit younger customers, preferential Diamond Stage service for customers aged 28 and under has been introduced. This service offers an annual interest rate of 0.3% (before tax) on ordinary savings accounts. For account holders of SBI SECURITIES, the benefits of the Diamond Stage can continue even after turning 28, subject to completing certain procedures

Newspaper article

(The Nikkei Morning Edition, Oct. 26, 2024)

In the **Wholesale Business**, Business Foundation has also Expanded Dramatically Due to the Vitalization of Sales Activities and Strengthening of Cooperation with the SBI Group Partners

-The network of financial and business institutions expanded significantly-



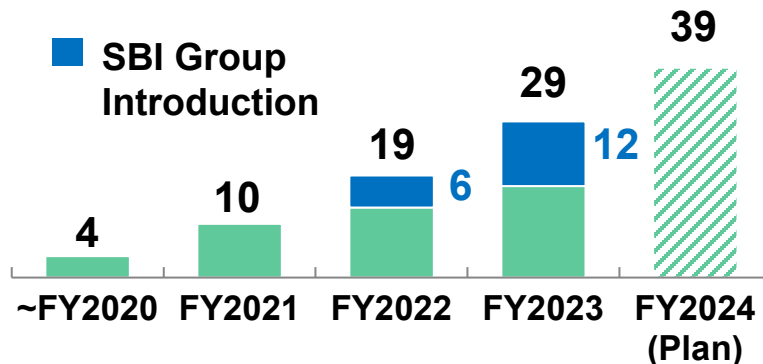
* End of month

Promoting the Provision of Diverse Finance to Corporate Customers according to their Stage of Growth

Venture debt

- ✓ SBI Shinsei Bank started a venture debt initiative in 2021, ahead of other banks, focusing on loans with subscription rights
- ✓ Since entering SBI Group, the pipeline has expanded due to referrals from SBI Investment and SBI SECURITIES
- ✓ Recently, focus on direct loan deals for middle-/later-tier borrowers

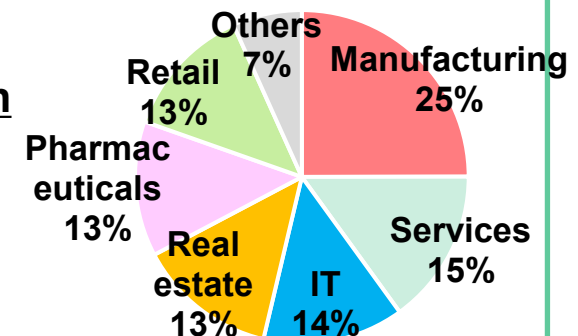
No. of venture debt executions



LBO Loan

- ✓ LBO loans are loans provided in M&A and other deals, secured by the assets and future cash flows of the company being acquired
- ✓ In addition to traditional in-house sourcing of projects, the company actively arranges projects in collaboration with the SBI Group and regional financial institutions
- ✓ Involved in projects in a variety of areas, with no bias to specific industries; balances at the end of Sept. 2024 were approx. JPY 90bn

Industry breakdown



Reorganization between the SBI Group and SBI Shinsei Bank Group with the Objective of Creating More Efficient Business Ecosystem

<Examples of reorganization>

SBI Shinsei Business Service	July 2022 : with SBIH, jointly established General affairs and human resources subsidiary
Shinsei Investment Management	Oct. 2022 : merged with SBI Asset Management Co., Ltd.
Shinsei Bridge	Apr. 2023 : Transferred to SBIH. Renamed to “SBI Healthcare” to start business 
Shinsei Corporate Investment	May 2023 : Reorganized under a newly established intermediate holding company for the private equity business, SBI PE holdings 
Shinsei Securities	June 2023 : Transfer of securities business to SBI SECURITIES for integrating the overlapping operations in the securities business
Shinsei International	Nov. 2023 : Transferred shares to SBI SECURITIES and changed corporate name to “SBI Shinsei International” to strengthen the UK base in collaboration with SBI SECURITIES

In addition, decided to divest subsidiary and withdraw from 13 unprofitable businesses and investments and loans. Reallocate human resources to profitable business operations

Expect to achieve cost efficiency of by approx. JPY 1.5bn annually

Promoting Further Synergy Creation between the SBI Group and SBI Shinsei Bank Group through the Exchange of Personnel, including Executive Level

<Examples of personnel exchange>

Case 1.

The Managing Executive Officer in charge of financial institutions sales as well as corporate sales at SBI Shinsei Bank was appointed **Senior Managing Director of SBI SECURITIES** in April 2024 and is responsible for institutional investor sales and other activities

Case 2.

Management personnel who were engaged in the project finance business at SBI Shinsei Bank are selected **as co-heads of SBI Holdings' Singapore office**

Case 3.

An internal recruitment system between the SBI Group and SBI Shinsei Bank Group began operating throughout the year from August 2024

SBI Group's Strategy for New Value-Creation④

Evaluating the strength of synergies within the group companies and allocating resources more heavily to business areas that are expected to generate strong mutual synergies across the group or within individual group companies. Subsidiaries that, despite contributing significantly to revenue, lack strong synergies within the group or face operational constraints due to external factors limiting their growth potential, will be considered for divestment. Resources will instead be allocated to areas expected to deliver greater growth, enhance the stability of group operations, and contribute to improved credit ratings

Example of business strategy-2:

In the brokerage sector, we will support regulatory reforms and promote initiatives that assist individual investors

- i. SBI SECURITIES expands defined contribution pension plan field in response to government efforts to reform **iDeCo** system
- ii. SBI SECURITIES strengthens its **branding** towards potential customer base
- iii. Strongly encourage the establishment of a **Payment for Order Flow (PFOF)** mechanism in Japan, which is the revenue source of zero commissions for securities companies in the U.S.
- iv. Rapid progress of the **securities exchange revolution** in the world

- i. **SBI SECURITIES expands defined contribution pension plan field in response to government efforts to reform iDeCo system**

Japan Lags Behind the U.S. which was One of the First to Launch Private Pension Plans

In the U.S., there are two types of private pension plans: **401(k)** [introduced in 1978], which is equivalent to Japan's corporate-type DC (defined contribution pension plan) [started in 2001], and **IRA (individual retirement account)** [introduced in 1974], which is equivalent to iDeCo (individual Defined Contribution pension plan) [started in 2002], and both are **designed to prepare for retirement and started at an early timing**

Comparison of Contribution Limits for Private Pension Plans in the U.S. and Japan

United States	Japan
401(k) Contribution limit: USD23,000 p.a. (Approx. JPY 3.45m)	Corporate-type DC Contribution limit: JPY660,000 p.a. (JPY55,000 per month)
IRA Contribution limit: USD7,000 p.a. (Approx. JPY 1.05m)	iDeCo^{*1} Contribution limit: JPY276,000 p.a. (Max. JPY23,000 per month)

(USD1=
JPY150)

According to a survey by Fidelity in the U.S., the **balance of 401(k) per person at the end of the 2Q 2024 was USD127,000 (JPY19.05m)**, and the balance of IRA per person was **USD129,200 (JPY19.38m)**. In Japan, **balances of company-type DC and iDeCo were JPY 2.25m and JPY 1.17m (*2) per person**, respectively, and although simple comparisons cannot be made, Japan has only about **one-tenth the level of the U.S.**

In Japan, where the importance of “retirement planning” is increasing, **there is an urgent need to expand the corporate-type DC and iDeCo systems and raise contribution limits**

^{*1} Category 2 Insured Persons such as corporate employees who are not enrolled in other corporate pension plans

^{*2} Pension Fund Association “Defined Contribution Plan Statistical Data (as of end of 2023)

Further Expansion of iDeCo is Expected in Japan as a Result of System Reform

The Ministry of Health, Labor and Welfare plans to **raise the age for making contributions to individual defined contribution pension plans (iDeCo) from the current age of under 65 to under 70.** (omitted). The plan targets people who are already enrolled in iDeCo or some other type of corporate pension plan and want to continue building their assets. (omitted) The plan is intended for **company employees who continue to participate in employee pension plans after the age of 65, retirees over the age of 60 who are not participating in public pension plans, the self-employed, and freelancers.**

(The Nikkei, November 9, 2024)

Newspaper
article

Newspaper
article

Starting this December, **the limit will be heightened for those in the lowest category** of (iDeCo's*) possible contribution amount. **The amount that can be accumulated will increase from JPY12,000 to JPY20,000 per month,** except for some Category 2 Insured Persons such as company employees and public employees who are enrolled in the employee pension system.

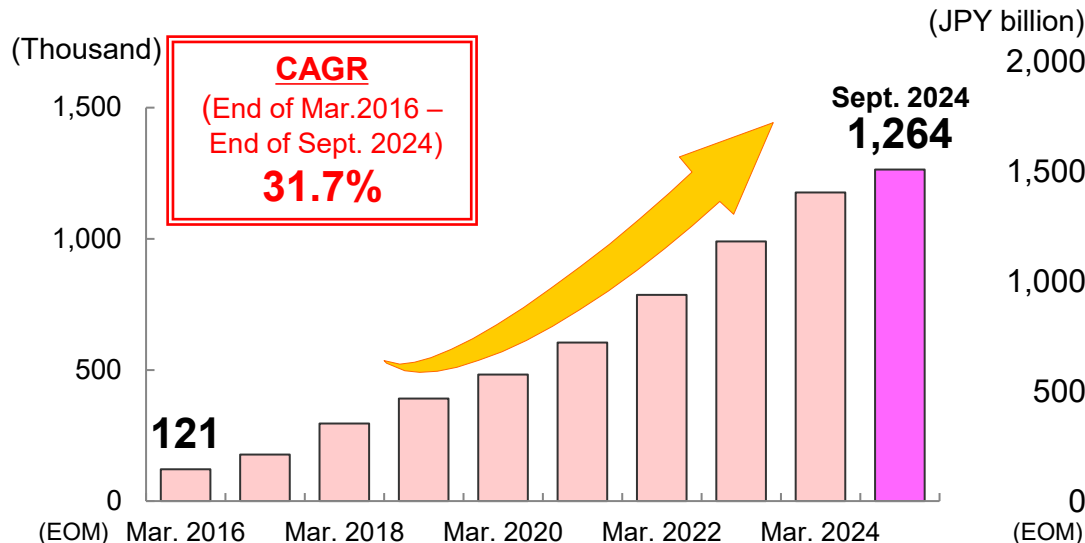
*Added by SBI (Nikkei Veritas, October 13, 2024)

Striving to Further Expand iDeCo, which is Contracted by SBI Benefit Systems, as a Strategic Product

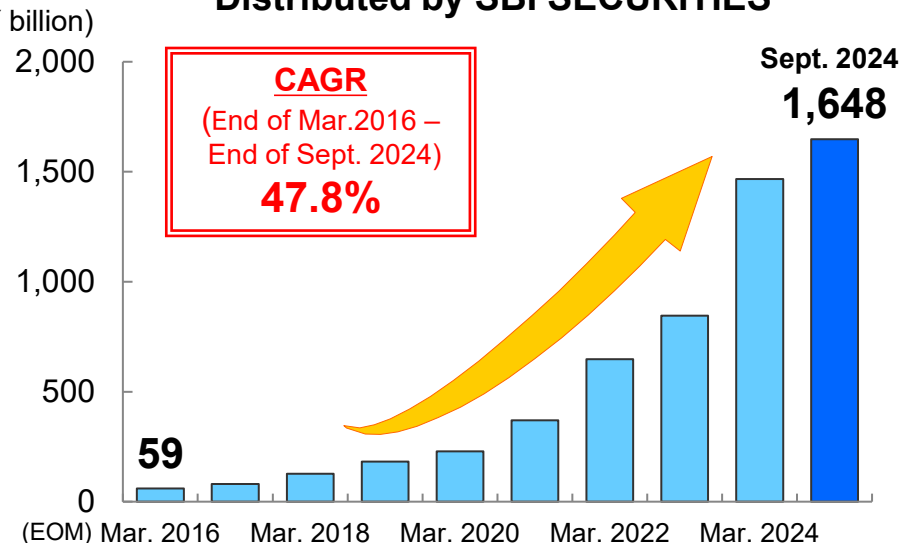
SBI Group **focused on the Individual Defined Contribution (iDeCo) pension business** through SBI Benefit Systems (est. 2001), well before expectations for the market size to expand as a result of revisions of the regulation in Jan. 2017

- SBI SECURITIES made administrative fees for iDeCo to be completely free of charge on May 19, 2017, to further expand iDeCo business
- As for DC, **the number of contracted business operators has exceeded 15,000 in Sept. 2024, and the number of subscribers increased to 190 thousand as the end of Sept. 2024, approx. +18.9% YoY**
- At the end of September 2024, **65.8% of the cumulative iDeCo subscribers were contributing at the maximum amount, and further increases in contributions can be expected if the maximum level is raised**

Cumulative Number of SBI Benefit Systems Subscribers for DC (individual type + corporate type)

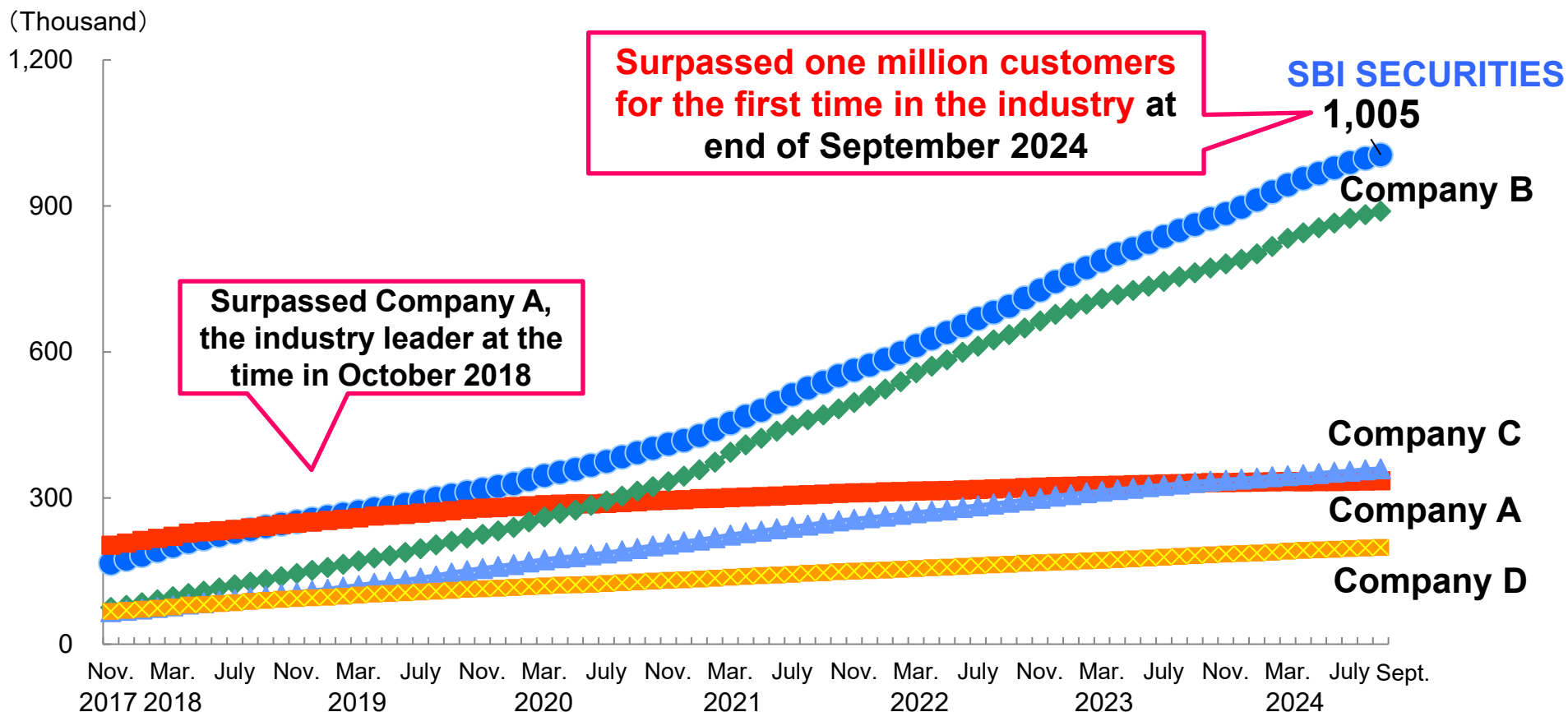


Balance of Investment Trust for 401K (individual type + corporate type) Distributed by SBI SECURITIES



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

<Cumulative Number of Customers (subscribers & transfers*)
of iDeCo by Planning Administrator>
(Nov. 2017 – Sept. 2024)



* 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 Holdings)

- i. **SBI SECURITIES strengthens branding towards potential customer base**

The Objective of SBI SECURITIES' “ZERO Revolution” is to Promote People's Asset Building Through “Popularization of Securities Investment



[ZERO Revolution]

- Part 1:** Permanently eliminate online domestic stock trading commissions regardless of contract value and regardless of whether the transaction is cash or margin (Started from orders taken on September 30, 2023)
- Part 2:** Eliminate commissions for trading of U.S. stocks and foreign ETFs
- Part 3:** No foreign exchange commissions for “USD/JPY” in foreign exchange (real-time foreign exchange) transactions



Ultimate form of relieving costs incurred by investors

Strengthen Branding for Potential Customers with no Investment Experience

- Strengthen branding to improve recognition
 - To convey the appeal of investing through the “ZERO Revolution,” SBI SECURITIES produced a new TV commercial featuring actor Mana Ashida under the theme of “Creating the future of investment from ZERO.” Broadcasted nationwide from October 22, 2024
 - In addition to TV commercials, simultaneous distribution of PR content such as web commercials and digital advertisements to raise awareness of the superiority of SBI SECURITIES



Web commercial featuring actor/model Hanon, “Let me explain SBI if you want to do NISA!”



Commemorating the first anniversary of the launch of “ZERO Revolution,” campaigns such as virtually free trading of U.S. ETFs and campaigns to support NISA trading

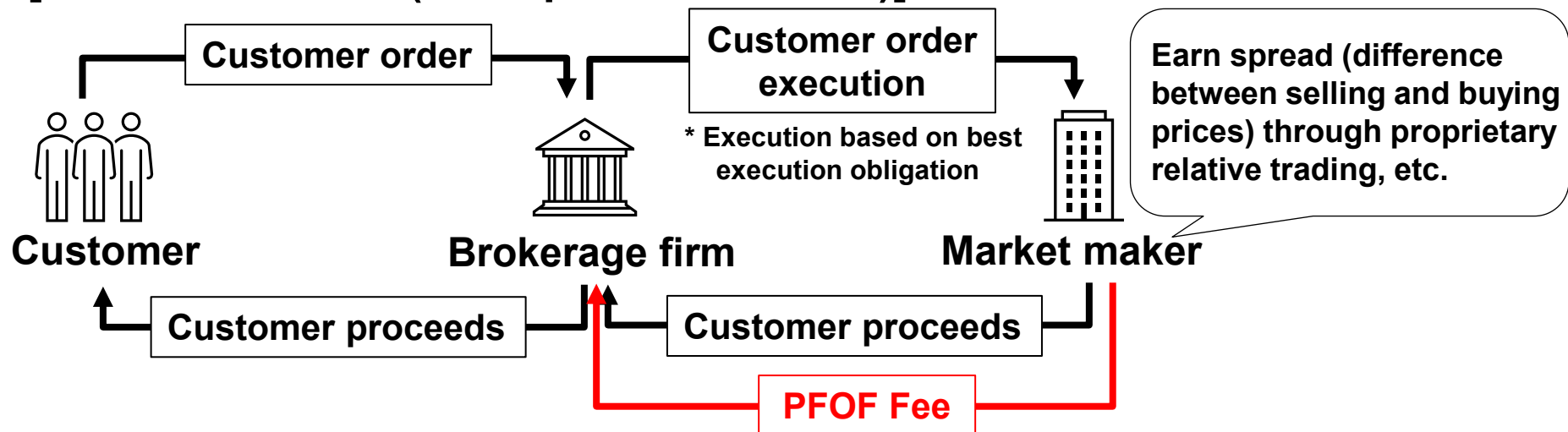
- i. **Strongly encourage the establishment of a **Payment for Order Flow (PFOF)** mechanism in Japan, which is the source of zero commissions for securities companies in the U.S.**

How **Payment for Order Flow (PFOF)** Works in the U.S. Securities Industry, which is Leading the Way with Zero Commissions

Payment for Order Flow (PFOF)

- PFOF refers to a **brokerage firm receiving an incentive from a market maker** in exchange for routing a customer's trade to the market maker for best execution
- In the U.S., **PFOF has contributed significantly to eliminating trading commissions**, as trading commissions for individual investors have gone from USD200 per trade in 1980, to USD40 per trade in the 1990s, when PFOF first began, and to USD0 in the 2010s

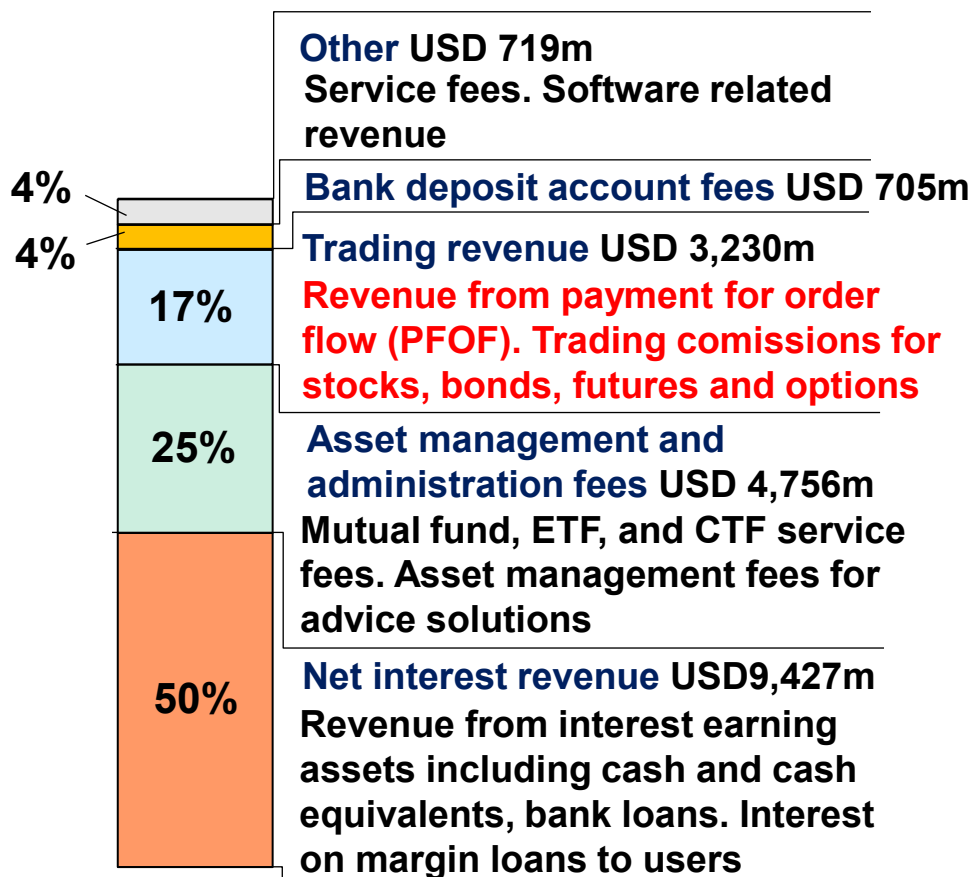
[PFOF in the U.S. (Example of sell order)]



Revenue Source of U.S. Online Securities

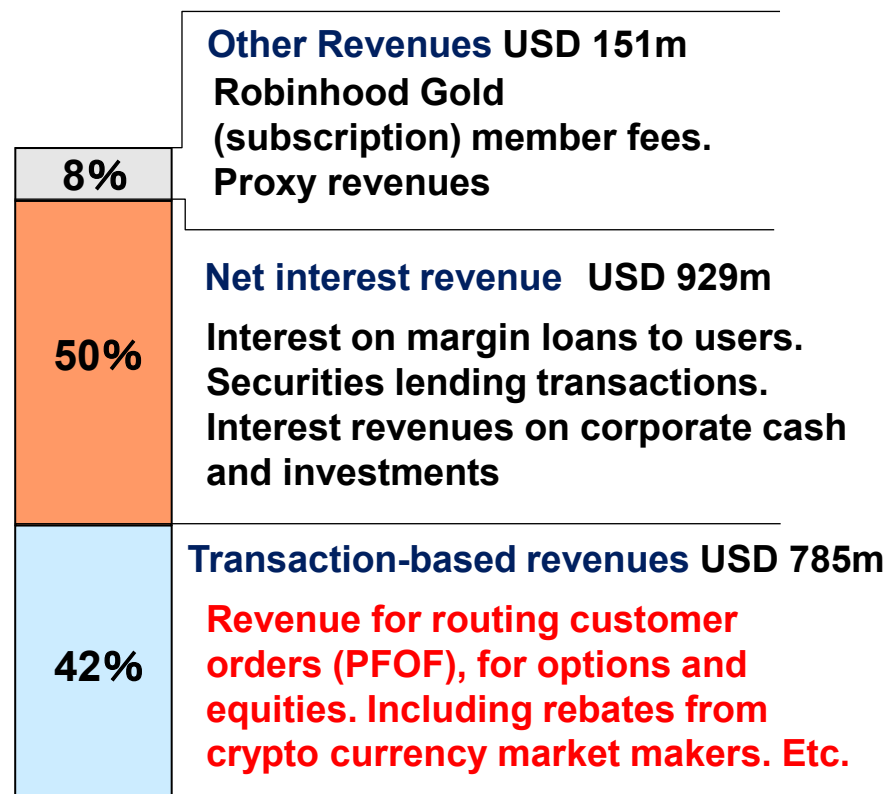
Charles Schwab (Est. 1971)

2023 Revenue: USD 18,837m



Robinhood Markets (Est. 2013)

2023 Revenue: USD 1,865m



Lobbying for the Introduction of PFOF in Japan to Further Improve Pricing on Investor Transactions

In the U.S., **in order to eliminate uncertainty and unfairness in PFOF**, in addition to laws and regulations by the SEC, FINRA (Financial Industry Regulatory Authority) and other authorities, the National Best Bidding Offer (NBBO) and designated market maker system have been introduced to **improve the best execution and pricing**

-Current situation in Japan surrounding PFOF-

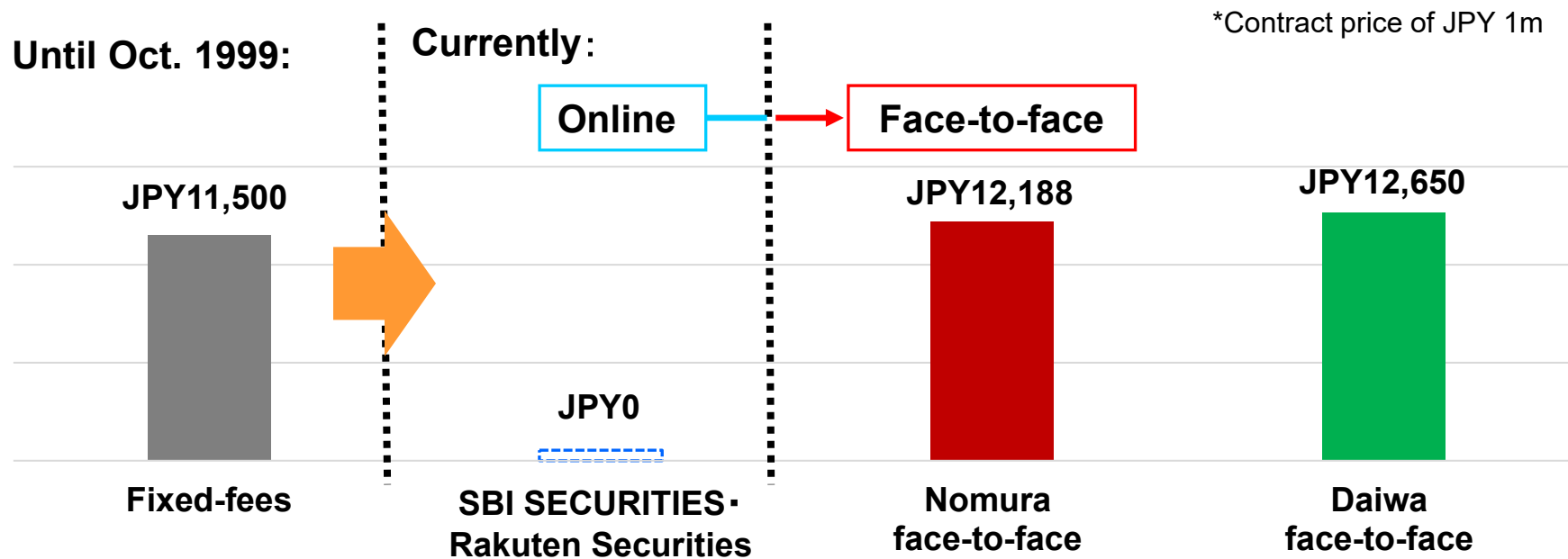
- PFOF is **not permitted** in Japan
- The Financial System Council's report on "Task Force to Discuss Optimal Ways to Ensure Best Execution," released in June 2021, concludes that "It is **expected that the authorities will respond appropriately and flexibly, including through regulation by law, as necessary, in response to future changes in circumstances and conditions**



Discussions are urgently needed to create a Payment for Order Flow (PFOF) mechanism that adequately protects investors based on the best execution policies

PFOF Will Further Lower Fees for Japanese Retail Investors by Utilizing Market Makers

[Comparison of brokerage commissions (cash trading)]



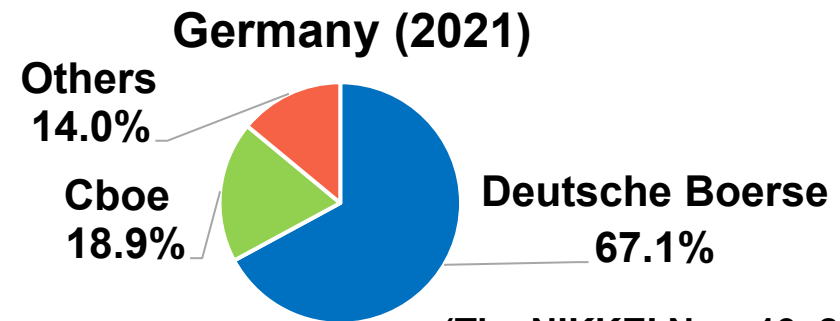
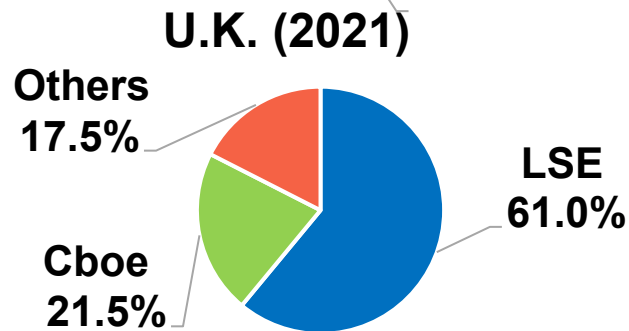
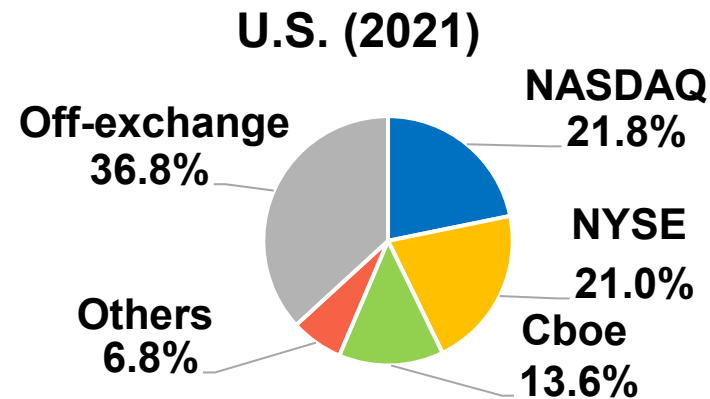
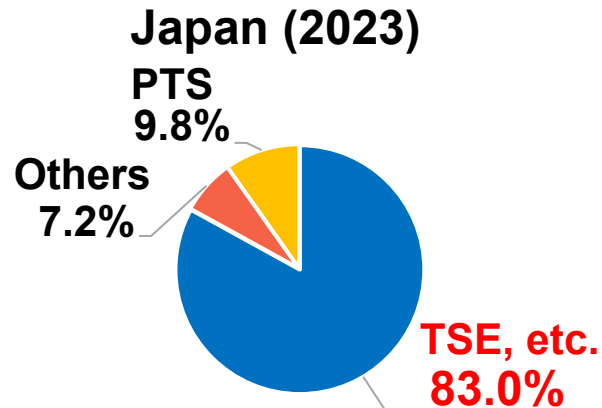
Contract price	Fixed fees (~Oct. 1999)	SBI SECURITIES-Rakuten Securities	Nomura Securities face-to-face	Daiwa Securities face-to-face
JPY 100m	JPY11,500	JPY0	JPY12,188	JPY12,650
JPY 500m	JPY47,500	JPY0	JPY46,728	JPY51,370
JPY1,000m	JPY82,500	JPY0	JPY81,928	JPY87,120

(As of November 23, 2024)

*Commissions are for contract price of one order *Commissions for SBI SECURITIES and Rakuten Securities are after applying "ZERO Revolution" and "Zero course, respectively."

iv. Rapid progress of the securities exchange revolution in the world

While Markets Around the World are Becoming More Efficient and Active Through Inter-market Competition, in Japan there is a **Concentration of Markets on the Tokyo Stock Exchange (TSE)**



(The NIKKEI Nov. 19, 2024)

The “Japanese Financial Big Bang” started in 1996, ten years after the UK and twenty years after the US.

Japan should **promote institutional reform of private trading systems (PTS) similar to those in the U.S. and Europe**

In Japan, Japannext Securities, Cboe Japan, and Osaka Digital Exchange (ODX) operate a PTS

Proprietary Trading System (PTS) operated by the SBI Group

Japannext

Japannext JNX

Start of operations:
August 2007

- Operates Japannext PTS, **a trading system affiliated with NASDAQ**, providing investors with a world-class trading environment.
- SBI Holdings **sold 14.8% of Japannext shares to Cboe**

Osaka Digital Exchange



Start of operations:
June 2020

Cboe, Virtu and Optiver joins as shareholders

SBI Holdings formed a business alliance with Cboe Global Markets, Inc. in October 2022, having acquired PTS operator Cboe Japan (formerly Chi-X Japan) in July 2021

Institutional Reform for PTS is Finally Making Progress in Japan

Newspaper article

Auction for Private Trading of Stocks: FSA to Relax Trading Limits by the End of the Year, to Address TSE's Concentration

“The Financial Services Agency will ease restrictions on trading limits for private trading systems (PTS) that do not go through a stock exchange in 2024, making it easier to adopt auction trading. This will increase the possibility that a wide range of investors, including individuals, will be able to buy and sell at more favorable prices. It is also intended to correct the concentration of trading on the Tokyo Stock Exchange and encourage competition among markets.”

“The PTS is regulated to prevent trading volume from exceeding a certain level, and this will be eased. The current limit of 1% or less of the total trading volume on all exchanges will be relaxed to 10% or less. The trading limit imposed on each stock will also be relaxed from the current 10% to 20%.”

(The Nikkei, November 19, 2024)

SBI Group's Strategy for New Value-Creation④

Evaluating the strength of synergies within the group companies and allocating resources more heavily to business areas that are expected to generate strong mutual synergies across the group or within individual group companies. Subsidiaries that, despite contributing significantly to revenue, lack strong synergies within the group or face operational constraints due to external factors limiting their growth potential, will be considered for divestment. Resources will instead be allocated to areas expected to deliver greater growth, enhance the stability of group operations, and contribute to improved credit ratings

Example of business strategy-3:

Riding the momentum of the anticipated **revival of crypto asset** sector under the upcoming Trump administration in the US, we will further expand our business in this field

- I. Develop business operations with a focus on the further expansion of the crypto asset market
- II. **Create innovative products and services** leveraging blockchain and Distributed Ledger Technology(CLT), which serve as the fundamental technology for crypto assets
- III. **Contribute to the healthy development of the crypto asset exchange market**, anticipating the reassessment of the societal role of crypto assets and **potential regulatory easing** (e.g., cryptocurrency ETFs, tax reforms)

The Policies of the Upcoming Trump Administration could Potentially Transform the World of Crypto Assets

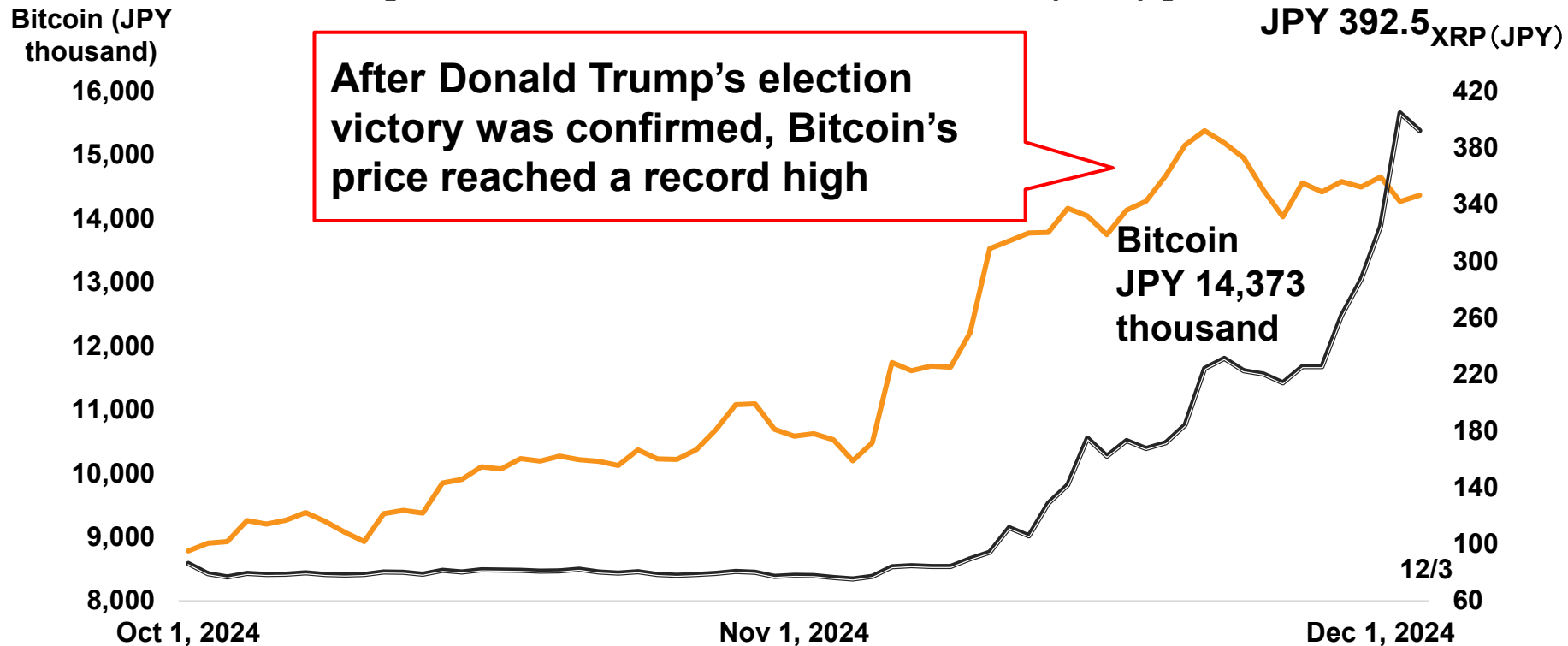
Trump's Proposed Policies Regarding Crypto Assets

- Introducing a **strategic national Bitcoin reserve** by the U.S. government (Bhutan and El Salvador are already advancing the strategic accumulation of Bitcoin)
- **Promoting Bitcoin mining** in the U.S.
- Rectifying unjust cryptocurrency regulations established under the Democratic administration
- **Removing SEC Chair Gary Gensler** due to his unfavorable stance on crypto assets
- **Considering to establish a new position dedicated to crypto asset policy**
- Halting initiatives related to central bank digital currencies (CBDCs)
- Supporting the development of **dollar-pegged stablecoins**

Expecting further growth in the crypto asset market

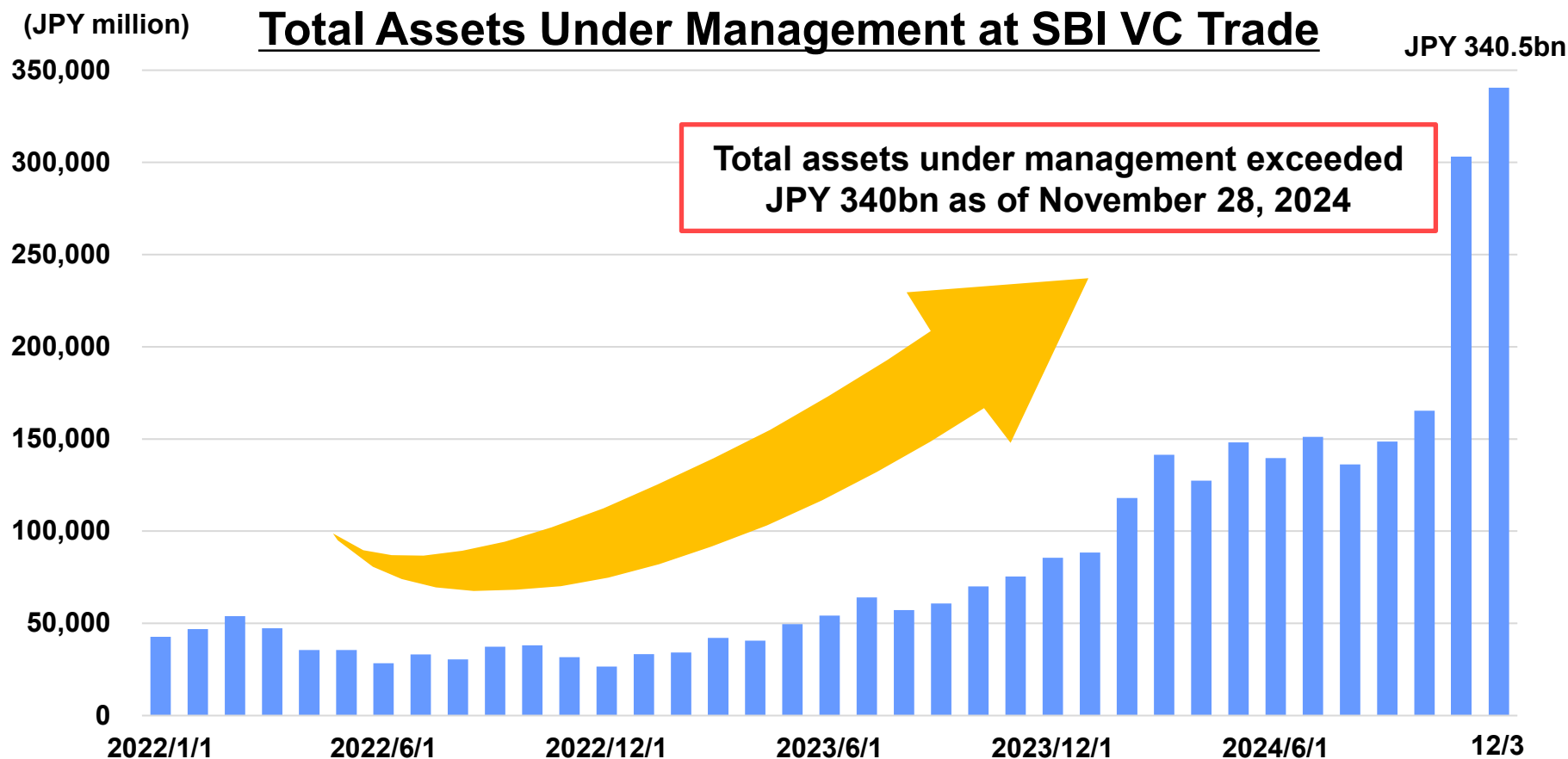
Trump's Victory in the U.S. Presidential Election Caused a Sharp Surge in the Cryptocurrency Market

[Trend of Bitcoin and XRP Prices (JPY)]



- SBI Global Asset Management's shareholder benefits program, XRP is allocated based on an exchange rate of 1 XRP = 96.993 yen as of 5:00 PM on March 31, 2024. Shareholders holding 1 unit or more but less than 5 units receive 25 XRP (equivalent to 2,500 yen), while those holding 5 units or more receive 103 XRP (equivalent to 10,000 yen)
- SBI Holdings has decided to offer a coupon code allowing shareholders to receive XRP equivalent to 2,000 yen as part of its shareholder benefits program. For the shareholder benefits issued in February 2024, XRP was allocated based on an exchange rate of 1 XRP = 100 yen as of the application deadline on July 31, 2024, resulting in the distribution of 20 XRP

SBI VC Trade's Total Assets Under Management Exceeded JPY 340 billion as of November 28, 2024



Total assets under management at the SBI Group crypto asset exchanges, including BITPOINT, exceeded JPY 550 billion

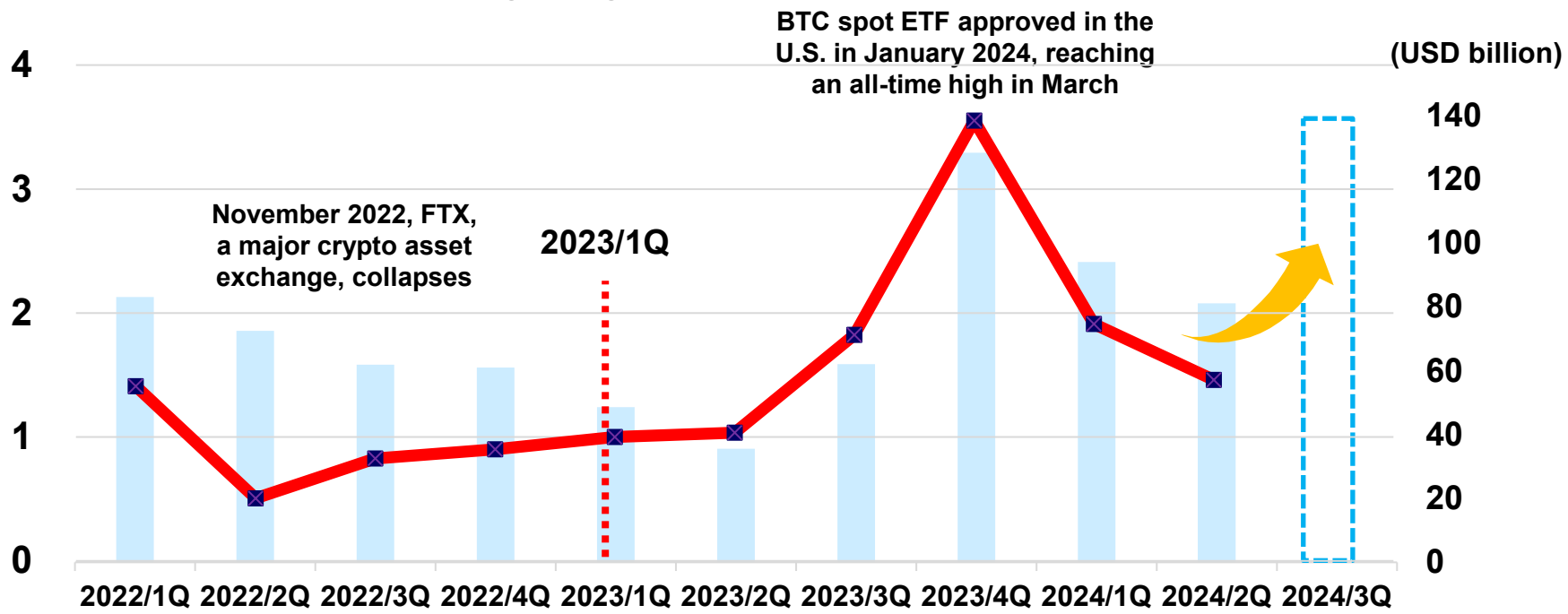
B2C2, the world’s largest class crypto asset market maker in the SBI Group, is expected to increase revenues

(SBI Group ownership: 90%)

B2C2 Revenues and Bitcoin (BTC) Volume on the World’s Leading Crypto Asset Exchanges

 B2C2 quarterly revenues (indexed with 1.0 for 1Q2023) (left axis)

 Quarterly BTC trading volume of the world's leading crypto asset exchanges (right axis)



*Compiled by the Company based on data from data.bitcoinity.org. Includes Coinbase, OKCoin, Huobi, etc.

SBI VC Trade and BITPOINT, which Operate Crypto Asset Exchanges, Respond to Various Customer Needs by Leveraging their Respective Characteristics



[Expanding the number of crypto assets handled]

- Both exchanges meet their customer needs with a rich lineup of crypto assets by **expanding the number they handled** (SBI VC Trade: **24** types; BITPOINT: **27** types)
- 5 crypto assets (XDC, GXE, TSUGT, OSHI, PEPE) **handled by the SBI Group are the only ones available** on the domestic exchanges

[Differentiation of services offered]



- The **staking service** offers **13 types of cryptocurrencies, the highest number in the industry**
- Providing Web3 related services through “SBI Web3 Wallet” etc.
- Enhancing services through collaboration with issuers such as XDC, OAS, HBAR and ZPG



- Providing staking services **at the highest compensation rates in the industry**
- Offering all services **without commissions**
- Providing trading opportunities for crypto assets for the first time in Japan

All Accounts and Assets Under Management of Crypto Asset Trading Services Provided by DMM Bitcoin will be Transferred to **SBI VC Trade**

About DMM Bitcoin

- ✓ **Has 450 million accounts and JPY 96.2bn in AUM as of the end of Mar. 2024**
- ✓ **28 crypto assets are available for spot trading**
- ✓ **DMM Bitcoin will withdraw from the crypto asset exchange business**

- **All accounts and AUM will be transferred to SBI VC Trade **by around March 2025****
- **For the 14 cryptocurrencies not offered by SBI VC Trade but available through DMM Bitcoin, SBI VC Trade will begin handling these assets before accepting transferred holdings from DMM Bitcoin**
* 14 assets of ALGO, APE, AXS, BAT, CHZ, ENJ, ETC, FCR, MKR, MONA, NIDT, OMG, SAND, TRX
- **The number of accounts combined of SBI VC Trade and DMM Bitcoin is expected to be around 1.3 million once the transfer is completed, expecting an increase in revenue due to a sharp increase in the number of accounts and assets under management following the transfer**

SBI VC Trade Strengthen “SBIVC for Prime,” a Service for Large-lot and Corporate Customers

Safety & Security

- ✓ Provides a variety of crypto asset services under strong security

High-volume Trading

- ✓ Offers a cash-back service based on the transaction amount for large-lot customers
- ✓ Provides special arrangements through OTC contracts for accommodating high-volume transactions that exceed the system capabilities

Sophisticated Management

- ✓ Supports corporates holdings of crypto assets through the “exemption service for year-end fair value evaluated taxation”
- ✓ Offers covered call and target buying as “SBI crypto asset options”

Dedicated Account Manager

- ✓ Assistance from dedicated account managers holding *JVCEA's qualification for sales representatives will assist
 - ✓ Consultation available either in-person or online
- * Japan Virtual and Crypto assets Exchange Association

**SBIVC
for
Prime**

Customers sent
from the SBI Group



SBI証券



Moneyplaza

[SBI SECURITIES]

Good practice

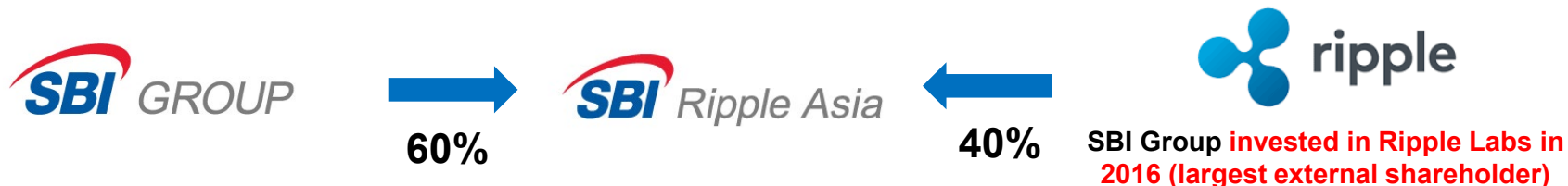


METAPLANET

- Announced a partnership with METAPLANET on Sept. 2, 2024
- Listed on the TSE Standard Market and accumulating Bitcoin strategically
- The custody amount on SBI VC Trade exceeds 1,000 BTC
- SBI VC Trade supports METAPLANET to advance Bitcoin trading, custody, and operations

- ii. **Create innovative products and services**
leveraging blockchain and Distributed Ledger Technology (CLT), which serve as the fundamental technology for crypto assets
 - a. SBI Group provides diverse services through investments in and establishment of JVs with **Ripple and R3 in the US, which are leading companies** in the DLT infrastructure
 - b. Formed alliance with **U.S.-based Circle Internet Group, Inc to distribute stablecoins in Japan**
 - c. Establishment of a secondary distribution market for **security tokens (STs)**, a next-generation financial product, in Osaka
 - d. SBI Digital Asset Holdings globally promotes various Initiatives related to **digital assets**
 - e. SBINFT provides a smooth trading environment for the **non-fungible token “NFT”**

a. SBI Group Provides Diverse Services through Investments in and Establishment of JVs with **Ripple and R3** in the US, which are Leading Companies in the DLT Infrastructure



- ✓ SBI Group invested in Ripple Labs in 2016 (the largest external shareholder), which develops international remittance technology utilizing the crypto asset XRP (market capitalization of approx. JPY 22 tn*), and jointly established SBI Ripple Asia
- ✓ SBI Remit provide Japan's first international remittance service using XRP as a bridge currency from 2021, and the SBI Group will also provide NFTs issued on XRPL at Osaka and Kansai Expo

*As of December 4, 2024



- ✓ SBI Group invested in R3 in 2017 (as the largest external shareholder) and jointly established SBI R3 Japan in 2019, which is developing Corda, an enterprise platform for DLT across a wide range of business sectors including finance, real estate and supply chain. In 2020 SMFG takes a stake in SBI R3 Japan
- ✓ Corda is used in the issuance platform for electronic gift certificates with premiums provided by "Machinowa" and in the traceability service "SHIMENAWA" provided by SBI Traceability

b. Formed Alliance with U.S.-based Circle Internet Group, Inc to Distribute Stablecoins in Japan



Announcement of
the Basic Agreement
(November 27, 2023)



- ✓ SBI Group has **banks (SBI Shinsei Bank, etc.), a trust bank (Shinsei Trust & Banking), a trust company (SBI Clearing Trust),** and crypto asset exchange (SBI VC Trade) that is currently in the process of registering itself as an **electronic payment instruments services** provider, and is the only group in Japan with three important licenses for handling stablecoins
- ✓ **Circle issues a US dollar denominated stablecoin,** backed by USD cash and cash-equivalent assets, called USDC. With USD 40.2bn* in circulation, it is the second largest stablecoin in the world

*As of December 4, 2024

Working closely with regulators to prepare for trading, warehousing, and storage of USDC in compliance with the Japanese legislation

- **New cases** utilizing USDC are also under consideration
- As soon as SBI VC Trade obtains a license for electronic payment instruments services provider, planning **to establish a joint venture** to promote USDC distribution in Japan and other related activities

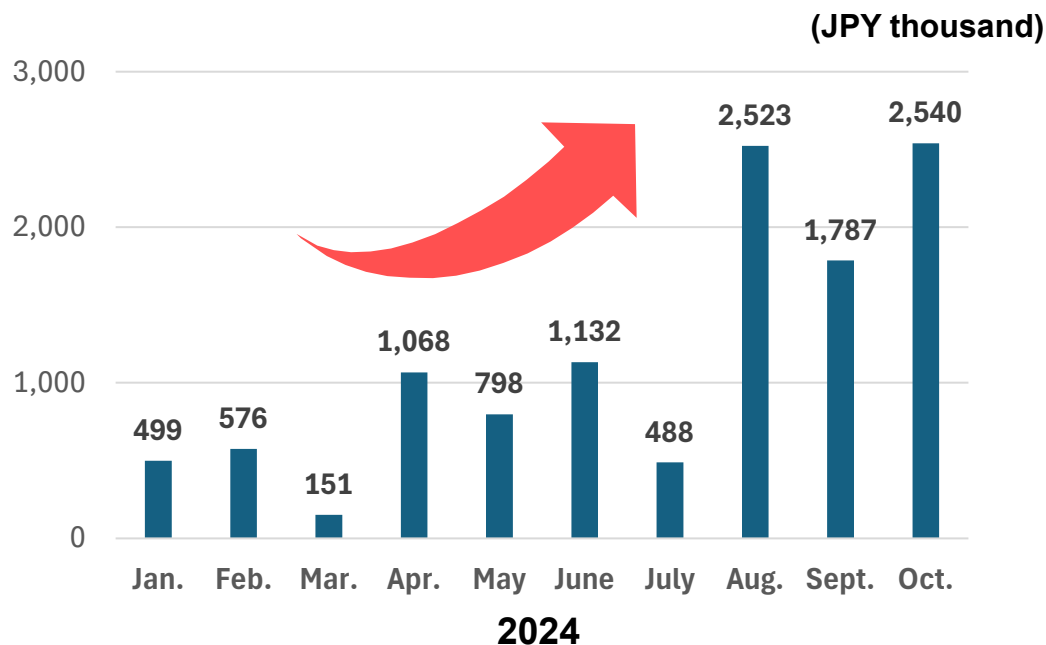
c. Establishment of a Secondary Distribution Market for **Security Tokens (STs)**, a Next-generation Financial Product, in Osaka



Osaka Digital Exchange

Osaka Digital Exchange, which operates a stock PTS, opened **Japan's first secondary market handling STs** (named START) on December 25, 2023

ST trading value on ODX <daily average>



- **Trading value has increased** due to the expansion of the number of ST handled
- **Endeavor to achieve a market cap of JPY 100 bn on the secondary market “START” by March 2026**, to further promoting ST

d. SBI Digital Asset Holdings Globally Promotes Various Initiatives Related to **Digital Assets**



ASIANEXT

Operates **SBI Digital Markets** (invested by Thailand's Siam Group), a brokerage firm offering tokenized products, and **AsiaNext** (JV with Switzerland's SIX Group), a digital asset exchange focused on institutional investors, in Singapore



Basic agreement on strategic partnership with **Chiliz**, the world's largest sports fan token platform

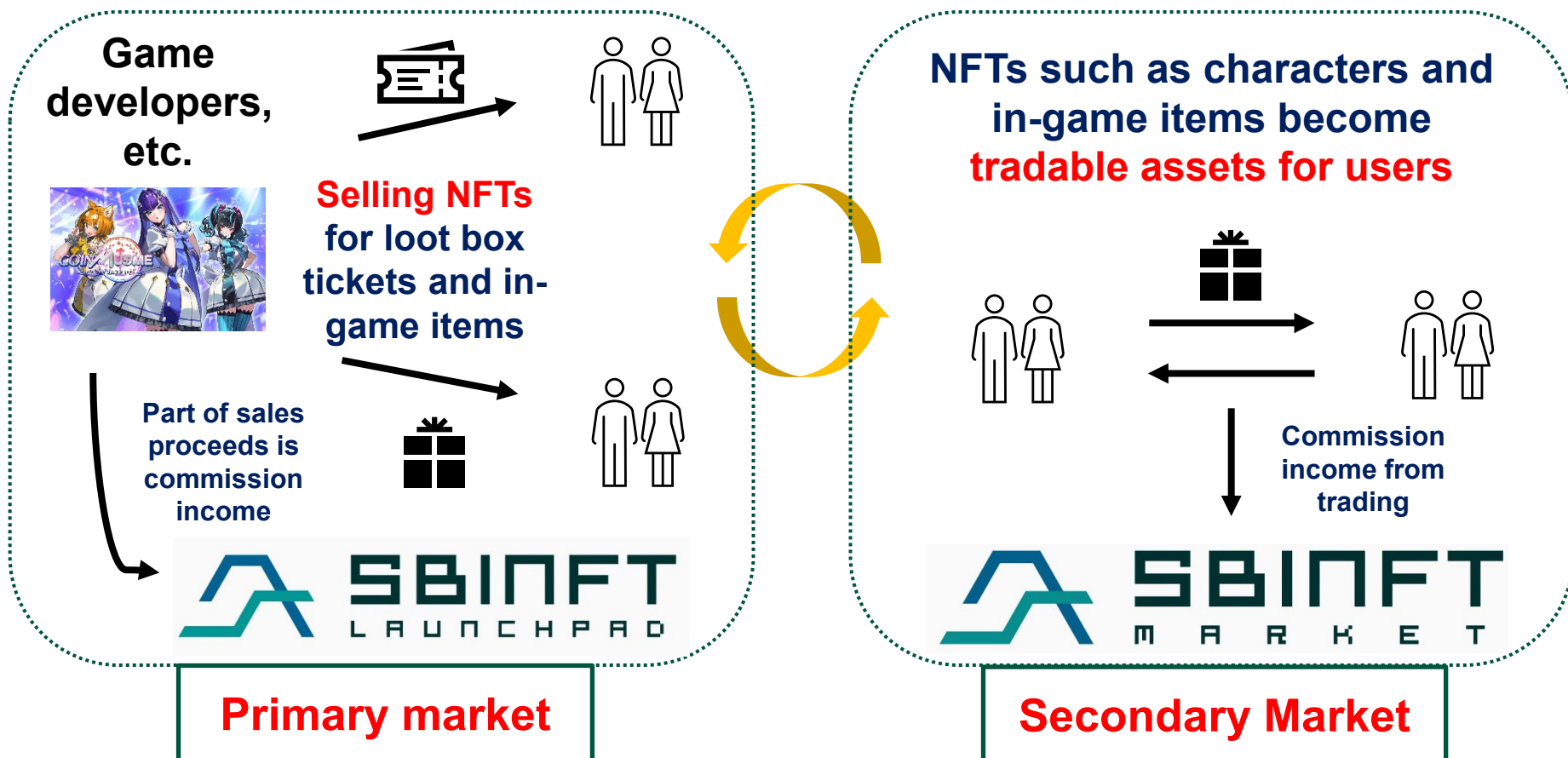
Plans to **establish a joint venture** and offer sports fan tokens for Japanese sports fans

Supports **Project Agora** in which SBI Shinsei Bank participates

"Project Agora", an initiative led by the Bank for International Settlements (BIS), seven central banks and the International Institute of Finance (IIF), with the participation of **three megabanks and SBI Shinsei Bank** as private banks from Japan, is considering **the tokenization of money based on the integrated ledger concept** proposed by the BIS

e. SBINFT Provides a Smooth Trading Environment for the **Non-Fungible Token “NFT”**

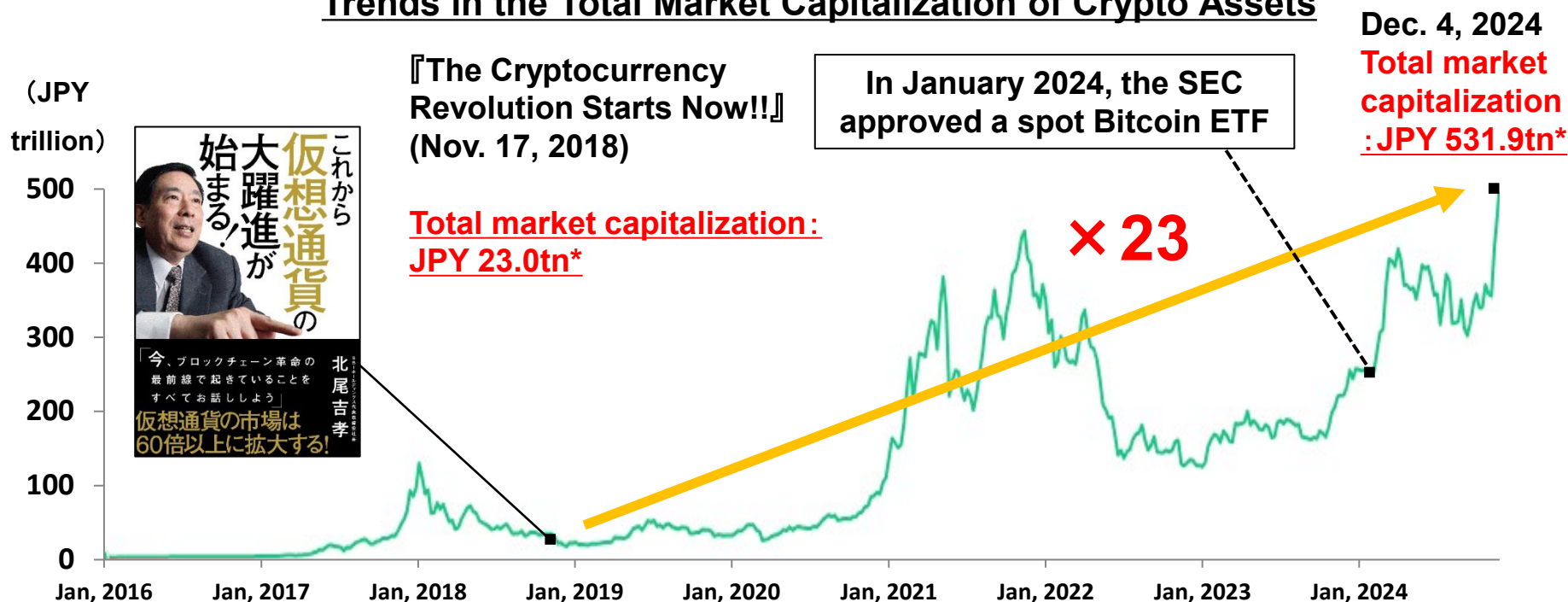
- SBINFT launched SBINFT LAUNCHPAD, a platform specializing in NFT sales, on November 15, for **businesses** wishing to issue and sell NFT such as items and tickets
- Endeavor to revitalize blockchain games and other web3 projects by providing a **consistent trading environment from NFT issuance and sales to secondary distribution**, in combination with “**SBINFT Market**”, which allows users to buy and sell NFTs to each other



iii. Contribute to the healthy development of the crypto asset exchange market, anticipating the reassessment of the societal role of crypto assets and potential regulatory easing (e.g., cryptocurrency ETFs, tax reforms)

The Cryptocurrency Market has Expanded approximately 23 Times Over Six Years

Trends in the Total Market Capitalization of Crypto Assets



*CoinMarketCap

- ✓ As of the end of 2023, the combined market capitalization of companies listed on the Tokyo Stock Exchange exceeding 10 trillion yen was JPY 160tn. In comparison, **the combined market capitalization of Bitcoin and Ethereum reached JPY 353tn as of December 4**
- ✓ **The daily trading volume for these two crypto assets alone was JPY 17tn as of December 4**, significantly surpassing the Tokyo Stock Exchange's average daily trading value for securities and other instruments, which stood at JPY 5tn in fiscal year 2023

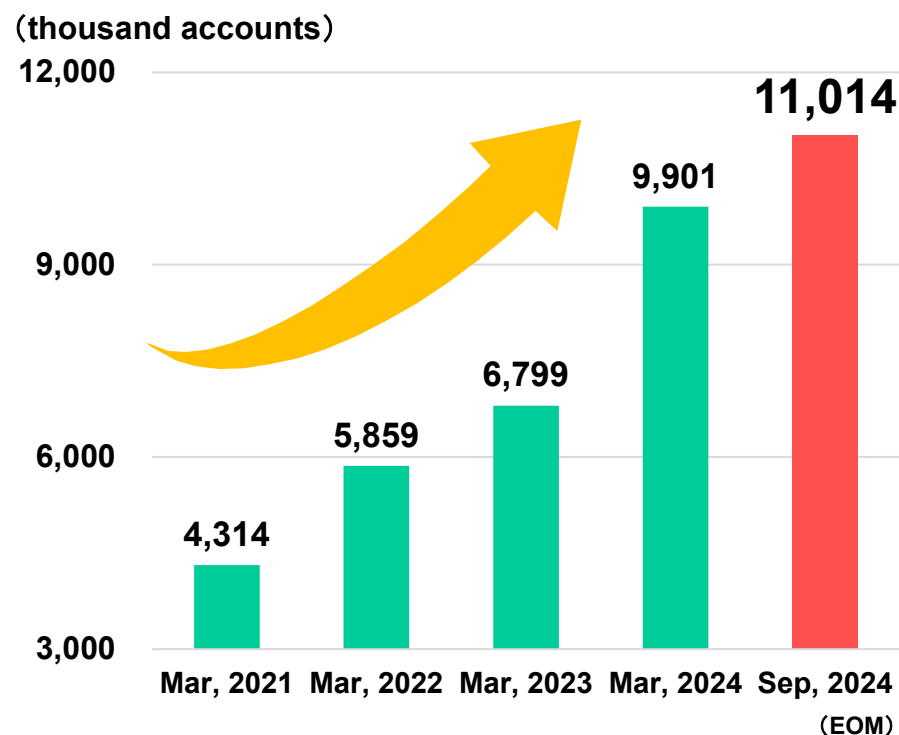
The Market Capitalization of Bitcoin has already Surpassed that of Silver and is Now Approximately One-tenth the Size of Gold's Market Capitalization

-The crypto asset trading expands domestically-

Market Capitalization Rankings Across All Asset Classes (As of Dec. 4)

Trends in the Number of Crypto Asset Exchange Accounts in Japan

Rank	Asset	Market Capitalization (USD trillion)
1	Gold	17.94
2	NVIDIA	3.67
3	Apple	3.43
4	Microsoft	3.21
5	Amazon	2.24
6	Alphabet (Google)	2.11
7	Bitcoin	1.91
8	Saudi Aramco	1.78
9	Silver	1.77
10	Meta Platforms (Facebook)	1.55



※JVCEA

※CompaniesMarketCap

A Joint Venture will be Established with **Franklin Templeton**, a U.S. company known for its strength in managing digital assets

(Announced on July 26, 2024)



FRANKLIN
TEMPLETON

Franklin Resources, Inc., widely recognized under the name “Franklin Templeton”, manages **approx. USD 1.7tn in asset (equivalent to about JPY 255tn*)**. The company actively engages in **managing digital assets** and was the first in the U.S. mutual fund industry to digitalize a money market fund. It also took an **early lead in listing spot Bitcoin ETFs and spot Ethereum ETFs in the U.S.**

- ✓ In Japan, if the provision of **funds incorporating cryptocurrency** assets becomes feasible, products leveraging Franklin Templeton’s expertise in product development and management **will be promptly offered to Japanese investors**
- ✓ Looking ahead, the development of products with a focus on **digital assets** including security tokens is also under consideration

(*) As the end of June 2024, Franklin Resources, Inc report

In the United States, the SEC Approved **Options Trading for Spot Bitcoin ETFs**, which Debuted on **NASDAQ** on November 19

- ✓ The SEC had initially **approved the Bitcoin ETF in January 2024**, followed by the approval of a spot Ethereum ETF in July. →Major asset management firms, including BlackRock, now manage 11 Bitcoin ETFs, with a combined total balance exceeding JPY 10tn
- ✓ In September, the SEC **approved options trading** for BlackRock's Bitcoin ETF, the "iShares Bitcoin Trust" (IBIT), on **NASDAQ**. By October, options trading for all 11 BlackRock Bitcoin ETFs was approved on **Cboe and NYSE**
- ✓ **On November 19, options trading for BlackRock's IBIT (market capitalization: approx. JPY 7.2tn*) began**
- ✓ Additionally, on November 20, Bitwise, a U.S.-based crypto asset management company, launched options trading for its Bitcoin ETF (market capitalization: approx. JPY 0.6tn*)

Options trading, which expands the tools available for risk hedging and speculation, is expected to attract major institutional investors. This development will likely enhance liquidity and improve price formation mechanisms in the Bitcoin market

*As of Dec. 4, 2024

Contribute to **Regulatory Reforms** Towards the Approval for the Formation of **Cryptocurrency ETFs** in Japan

- SBI SECURITIES and SBI VC Trade participates in the study group for domestic cryptocurrency ETFs, consisting of crypto asset exchanges, securities firms, asset management firms, trust banks, legal and tax experts. On October 25, the study group jointly published **proposals for the establishment of domestic cryptocurrency ETFs and other related matters**

- ✓ Various regulations that enable the establishment of cryptocurrency ETFs, etc. should be developed
- ✓ Cryptocurrency ETFs, etc. and spot trading of crypto assets should be subjected to separate taxation by declaration
- ✓ Major crypto assets should be prioritized for discussion regarding the establishment of cryptocurrency ETFs, etc.

SBI Group is the only one in Japan that completes the functions necessary for the creation of cryptocurrency ETFs, thus considering to form **a cross-organizational project team** for establishing cryptocurrency ETFs

Securities



Asset management



Trust



Crypto assets



Progress is being Made Toward **Easing Tax Regulations** on Crypto Asset Trading

- ✓ On April 12, 2024, the Liberal Democratic Party's Web3 Project Team published the "Web3 White Paper," which included proposals for revising crypto asset-related tax policies and submitted them to the Prime Minister
- ✓ In the FY2024 tax reforms, **the taxation of unrealized gains on corporate-owned crypto assets at the end of the fiscal year was reviewed**
- ✓ In the 2025 Financial Services Agency's tax reform proposal, it was noted that discussions are necessary on whether cryptocurrencies should be treated as financial assets suitable for public investment. Additionally, the proposal suggested **expanding the scope of profit-and-loss offsetting under financial income taxation to include derivative transactions and savings deposits**



Following Trump's election victory, which emphasized policies favorable to the crypto asset market, **institutional reforms related to crypto assets in Japan are expected to accelerate**

SBI Group's Strategy for New Value-Creation④

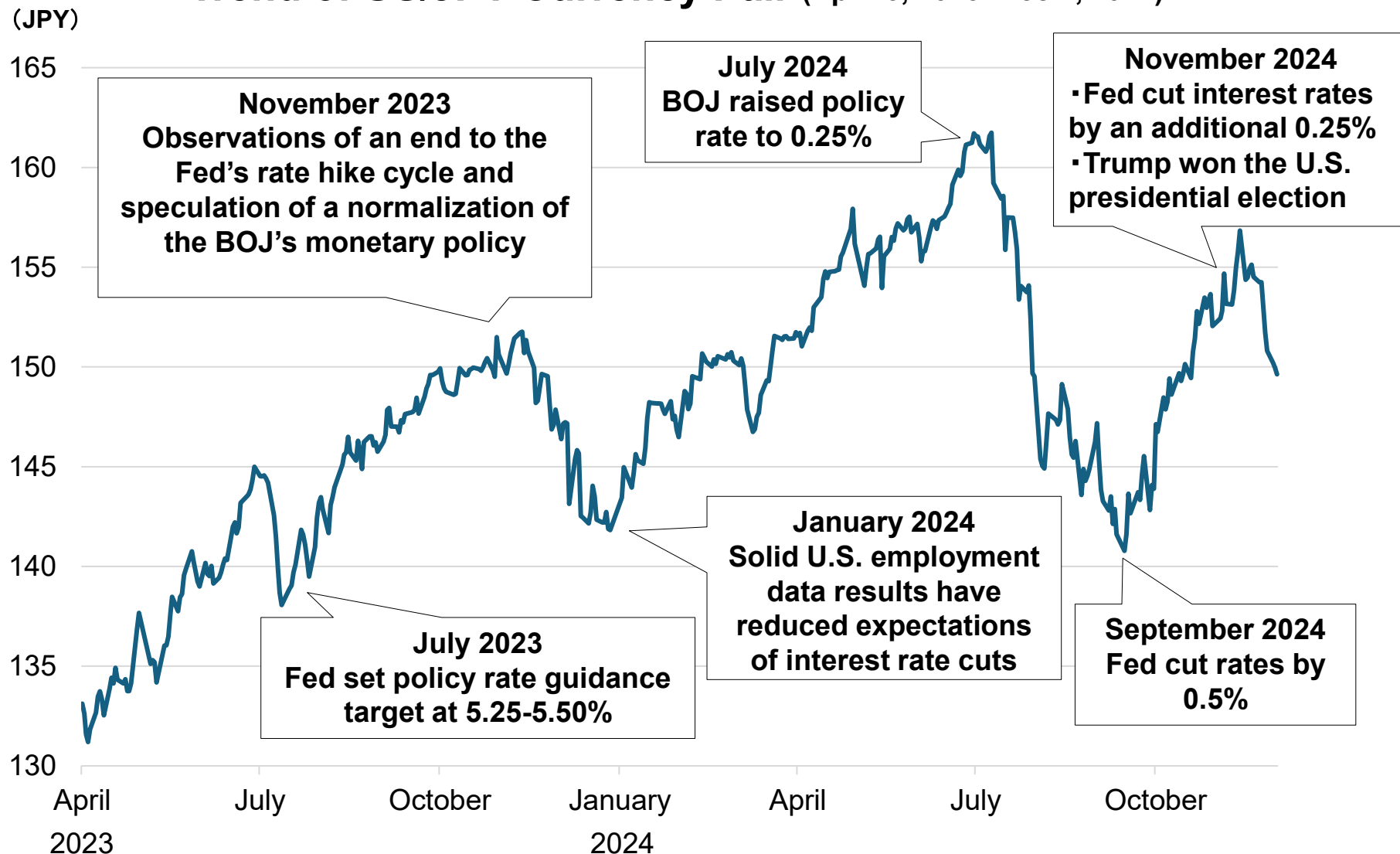
Evaluating the strength of synergies within the group companies and allocating resources more heavily to business areas that are expected to generate strong mutual synergies across the group or within individual group companies. Subsidiaries that, despite contributing significantly to revenue, lack strong synergies within the group or face operational constraints due to external factors limiting their growth potential, will be considered for divestment. Resources will instead be allocated to areas expected to deliver greater growth, enhance the stability of group operations, and contribute to improved credit ratings

Example of business strategy-4:

FX business builds a **strong business foundation** by taking advantage of increased volatility in the foreign exchange market

Currency Markets are Moving Widely in Response to Economic Events in Japan and the U.S.

Trend of US/JPY Currency Pair (April 3, 2023~Dec.4, 2024)



Volatility in the Foreign Exchange Market Is Expected to Remain High Amid Uncertainty Over the Political and Economic Policy Outlook in Japan and the U.S.

[Outlook for the U.S.]

- Following Trump's victory in the November presidential election, inflation is expected to continue due to soaring oil prices resulting from shift in environmental and energy policies, a tight labor market due to immigration policies, and additional tariffs of over 60% on imports from China and 10-20% on imports from other countries. **The inflationary tone is expected to continue and could slow the pace of interest rate cuts and strengthen the dollar**
- At the same time, **Trump has stated that he will pursue a policy of a weaker dollar**, which will be positive for U.S. exports and the resurgence of manufacturing

[Outlook for Japan]

- The BOJ, which has been pursuing “quantitative and qualitative easing,” has raised interest rates since the beginning of this year to normalize the monetary policy. In November, **BOJ Governor Ueda announced his intention to continue raising interest rates**
- Although real wages in Japan are on a recovery path, consumer spending remains weak, and it is uncertain whether wage increases will be passed on to prices
- In the BOJ's October 2024 “Economic and Price Outlook,” **the bank showed its recognition that uncertainties remain high** with respect to overseas economic and price trends, resource price developments, and other factors



Uncertainty brings volatility to the market

SBI Group's FX Business Is Expanding Its Operations in the Highly Volatile Foreign Exchange Market by Leveraging Its **Solid Business Foundation**



-Signs of industry restructure due to increased competition

- **SBI Liquidity Market** which provides foreign exchange market infrastructure
 - Growing **swap revenues** based on position balances as well as **spot revenues** from high-quality trading flows by leveraging **the industry's top-level customer base** (accounts, margin deposits, and position balances)
 - Flexible adaption to market situations achieved through **a unique coverage method that combines dealers and algorithm**
- **SBI FXTRADE**, which provides FX trading services to retail customers
 - **Reduction of standard spreads** on eight major currencies including EUR/JPY, AUD/JPY, NZD/JPY, etc., which started as a campaign in April 2024, **has become permanent from May of the same year**
 - SBI FXTRADE announced in October 2024 that it will **take over** the FX service of SBI Sumishin Net Bank's FX **"Oh! FX" business** to strengthen competitiveness of FX business within the group

Gaitame.com announces TOB on Money Partners on October 31, 2024

"In the FX industry, competitors are competing with each other, and the industry is facing a situation in which it is difficult to differentiate products, and there is a limit to growth by a single player"

(Quote from the Money Partner's press release)

SBI Group's Strategy for New Value-Creation⑤

Alliances with various companies focus on creating synergies and expanding the customer base, ensuring mutual benefits for both parties

Business strategy example-1:

Promoting the transformation of the SBI Group, centered around SBI Shinsei Bank, into a “wide-area regional platform”

Policy Rate Hikes in Japan Provide a Strong Tailwind for Regional Banks' Performance

“The consolidated results of the 73 listed regional banks and groups for the period April-September 2024, which appeared all on Nov. 14, showed that **more than 70% (54 banks) increased their net profit or returned to profitability. Half of the banks have revised their full-year forecasts for FY2024 upwards** in response to the interest rate hike and others.”

“**The average lending rate (for domestic operations)** for the 90 individual banks that have already announced their financial results for the period April-Sept. 2024 is in **the 1.05% range, only 0.03% higher** than the same period last year. ‘**The positive impact (of higher interest rates) will be felt from Jan. 2025 onwards**’ said Masakazu Sugiura, President of Hyakugo Bank, and many believe that the full impact of higher interest rates will be felt **in the second half of the year.**”

Hisashi Shibata, President of Shizooka Financial Group, said at the financial results conference, referring to the possibility of an additional interest rate hike by BOJ in Jan. 2025, that **if it happens, [earnings] will be on the upswing**

Newspaper article

(The Nikkei Morning Edition,
Nov. 15, 2024)

SBI Group Further Strengthens its Support for the Revitalization of Regional Financial Institutions through the “Fourth Megabank concept”

“Fourth Megabank concept”

SBI Group seeks to become a “wide-area regional platform” with SBI Shinsei Bank as its core by pursuing the benefits of **improvements in efficiency and the expansion of our business scope through wide-ranging collaboration** between the SBI Group and regional financial institutions nationwide regardless of the presence and absence of the capital relationship

- ✓ SBI Group already has various alliances with **over 100 regional financial institutions nationwide**
- ✓ Steady expansion of **cooperation with regional financial institutions, particularly in corporate lending**, which is SBI Shinsei Bank's strengths

Strive to contribute to the sustainable growth of each region in Japan through regional financial institutions

SBI Shinsei Bank's Achievements **as a Platformer of Regional Financial Institutions** **Steadily Materialize**



SHINSEI BANK (Case study in SBI Shinsei Bank)

*Each figure is as of end of
Sept. 2024

- ✓ **Co-financing for local companies arranged by regional banks**
⇒ Co-financed a total of **JPY 23.9bn** (including unused loans and contractual facilities) for **40 companies**, which are the main clients of the banks
- ✓ **Regional banks participate in loan deals arranged by SBI Shinsei Bank**
⇒ For 1H FY2024, transaction of total approx. **JPY 201.1bn was executed**. A syndicated subordinated term loan to Restar Corporation was structured by 11 regional banks for a total amount of JPY 10bn
- ✓ **Collaboration focusing on sustainable finance**
⇒ Using the Sustainable Finance Framework, etc. developed by SBI Shinsei Bank, approx. **JPY 360.0bn** of finance was arranged in 1H FY2024
- ✓ **Provision of expertise and promotion of exchanges of personnel**
⇒ 12 trainees were accepted from 10 regional banks, mainly from the Structured Finance Department (27 trainees from 19 banks in total since FY2022)

The Shimane Bank, a Capital and Business Alliance Partner, Has Significantly Expanded Its Performance Through Cooperation Initiatives with the SBI Group

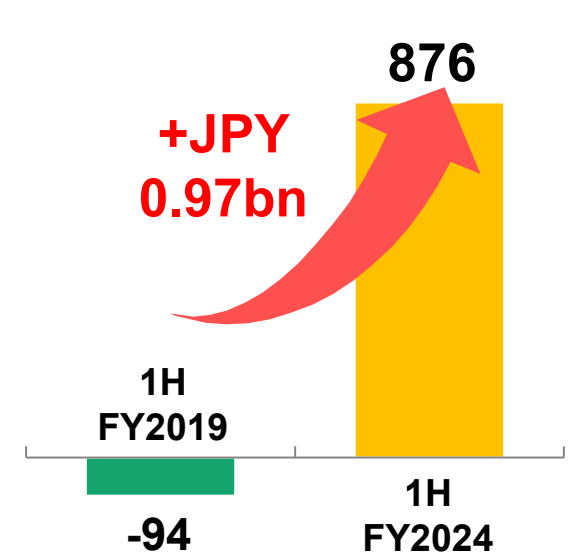
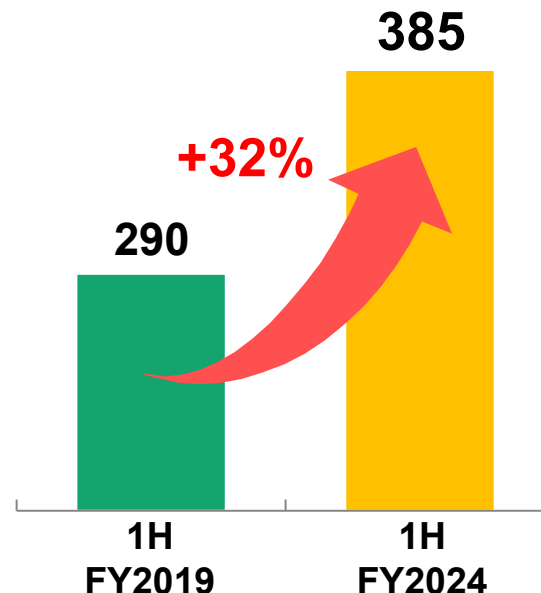
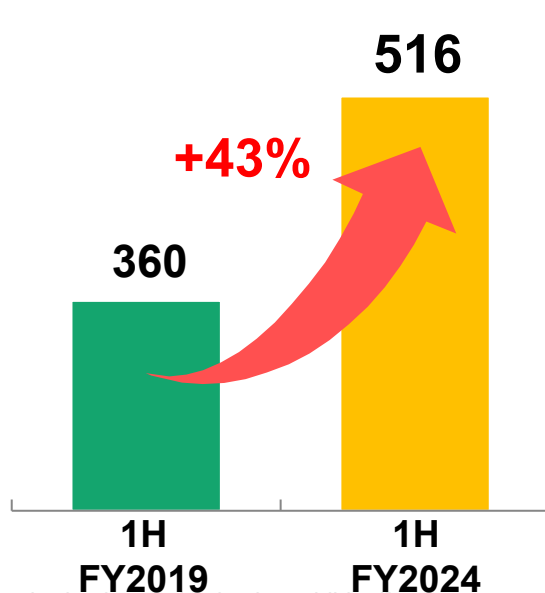


- ✓ Five years since the capital and business alliance started in Sept. 2019, Shimane Bank's deposits have increased by **approx. JPY 155.9bn** and loans have increased by **approx. JPY 94.8bn**
- ✓ **The collaboration with the SBI Group** has contributed to improved performance through various initiatives, such as the smartphone branch 'Shimaho!', which leverages smartphone apps and others from **SBI NEO FINANCIAL SERVICES**, co-managed store operations with **SBI MONEY PLAZA**, and support for core banking business utilizing the **SBI Group's network**

Deposit Balance (JPY bn)

Loans and Advances (JPY bn)

Core Operating Profit (JPY m)



i. Leveraging the Technological Strengths of the SBI Group, Comprehensive Support is Provided to Partner Regional Financial Institutions to Expand Their Reach from **Regional to Nationwide**

Case of **the Shimane Bank**

- ✓ From Sept. 2022, **smartphone branches ‘Shimaho!’**, which leverages smartphone apps and others from **SBI NEO FINANCIAL SERVICES**, have a **total deposit balance of approx. JPY 60bn**
- ✓ The bank was **ranked first in all regional banks** in terms of the increase rate of individual deposits (year-on-year) at the end of March 2024, with contributions from the ‘Shimaho!’ etc. (Shimane Bank survey based on data from the Nikkin Report)

Case of **Kirayaka Bank**

- ✓ In August 2023, the online branch ‘Net Kirayaka Sakuranbo Branch’ was renewed and launched nationwide with the cooperation of the SBI Group
- ✓ In Nov. 2024, MOU was signed to further strengthen the customer base; from Dec.2024, the name of the net branch was changed to **“SBI Sakuranbo Branch”** and the development of new products at the net branch will be promoted



【Kirayaka Bank SBI Sakuranbo Branch】

- ii. **The variable cost of account systems** by providing a next-generation account system as a solution to the amortization of huge costs at the time of system renewal, which has been a bottleneck for regional financial institutions in improving their business performance

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 Management of disparate customer data 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 |

A Cloud-Based Accounts System for Regional Financial Institutions Jointly Developed by the SBI Group and Future Architect Inc. Started Operations at The Fukushima Bank on July 16, 2024

The Fukushima Bank will **in principle abolish vouchers** for customer deposits, withdrawals and transfers by introducing a new system. The bank will promote electronic data management and **eliminate the need for seals. The digital transformation (DX) of operations will reduce the amount of paperwork by 50%.**

The bank will shift the personnel assigned to the contact points to areas that can generate high added value, such as consulting services. By making it easier to link systems to external functions, new financial products and services of fintech companies will be easier to adopt.

Newspaper article

(The Nikkei Morning Edition,
July. 17, 2024)

On Oct. 15, a **step-up yen time deposit product “UP”** only for app users was released

Moving forward, **support the system’s smooth implementation in The Shimane Bank,** which has decided to introduce it, by leveraging the operating experience and expertise cultivated so far

III. Contribution to Improving the Business Environment for Regional Financial Institutions by **Investing in Small and Medium-sized Domestic Companies with Succession Problems**

Regional Business Investment

Targeting for the ‘good for all three sides’ : (i) the survival of medium-sized and small enterprises necessary for the region’ (ii) protecting local employment and business partners’ and (iii) contributing to the improvement of the business environment for regional financial institutions by contributing to regional revitalization and providing financing opportunities, etc ’

- ✓ Established in October 2019 : Business succession 1 fund (JPY 10.9bn)
Investments made by **10 regional financial institutions** in a total of **13 companies**
→Recovered more than the promised investment amount of JPY 10.9bn in the first five years after establishment
- ✓ Established in August 2022 : Business Succession 2 Fund (JPY 31.2bn)
Invested in by **15 regional financial institutions**
- ✓ Expanding collaboration : 11 regional financial institutions providing LBO and other financing to investee companies, three banks seconding loans to GP companies and one bank seconding loans to investee companies



Establish a third business succession fund worth more than JPY 50bn by 2025 with a cumulative fund total of **JPY 100bn**

iv. Steady Progress in **Regional Startup Support** Programs Based on Joint Fund Operations by SBI Group and Regional Financial Institutions

- ✓ Using joint fund operations, pursue not only **support for the smooth succession and growth of regional businesses**, but also regional revitalization through **the creation and growth of startup businesses in the region**
- ✓ Running four funds at three banks: THE TOWA BANK, Tsukuba Bank, and THE TAIKO BANK

<Investment examples>

TOWA SBI Customer Support Fund (founded Jan. 1, 2021)

NIHON AGRI, INC.

- ✓ Through a comprehensive approach from production to sales of agricultural produce, promoting the construction of a sustainable and strong agribusiness
- ✓ Making effective use of abandoned lands in the region and creating jobs by using subsidiaries to run a 10.7-ha kiwi orchard in Takasaki, Gunma Prefecture

Tsukuba SBI Regional Revitalization Fund (founded July 21, 2021)

WARSPACE, Inc.

- ✓ Venture company at Tsukuba University striving to realize the world's first inter-satellite optical communications network service for low-orbit satellites
- ✓ A strength in space development partnerships with R&D organizations unique to Tsukuba, a research university city

TAIKO SBI Regional Revitalization Fund (founded July 1, 2023)

Plant form Inc.

- ✓ A startup setting up its head office in Nagaoka, Niigata Prefecture
- ✓ Rolling out businesses to support entry into aquaponics, a circulatory-model agribusiness bringing together onshore and offshore aquaculture, and to manage Japan's largest directly run aquaponics plant

Pursuing further contribution to regional revitalization by expanding partner regional financial institutions

SBI Group's Strategy for New Value-Creation⑤

Alliances with various companies focus on creating synergies and expanding the customer base, ensuring mutual benefits for both parties

Example of business strategy-2:

Strengthening collaboration across various areas with the SMBC Group, with whom we established a strategic capital and business alliance in April 2020, leveraging the strengths of both parties

Customer Inflow Through “Olive,” a Mobile Comprehensive Financial Service Provided by **Sumitomo Mitsui Financial Group**, which SBI SECURITIES Serves as the Main Provider of Online Securities Services, has **Contributed to the Expansion of SBI SECURITIES’ Customer Base**

- ✓ **New account applications through the alliance with SMBC Group account for approximately 30% of the monthly account openings at SBI SECURITIES (as of September 2024)**
- ✓ **Assets under management, revenue, the number of credit card savings accounts, and the accumulation of V-Points granted and invested are all on track**

[Initiatives up to now]

- ✓ **Balance of securities account holdings and trading of investment trusts handled by SBI SECURITIES could be seen on the SMBC application and the Sumitomo Mitsui Card (SMCC) application “Vpass app”**
- ✓ **Simultaneous opening of SBI SECURITIES comprehensive account when applying for “Olive,” a comprehensive mobile financial service provided by SMBC Group and SMCC, application for brokerage account from SMBC, and acceptance of applications at SMBC stores (from February 2024)**
⇒ Total number of brokerage accounts of SMBC Group has reached approximately 1.05 million (as of September 30, 2024)
- ✓ **Provision of “Sumitomo Mitsui Card Tsumitate Investment,” an investment trust accumulation service that allows customers to purchase mutual funds from SBI SECURITIES with credit cards issued by SMCC (from June 2021)**
⇒ The monthly amount of savings set through SMCC is approximately 80 billion yen (as of the end of September 2024)
- ✓ **V Point services such as “SBI SECURITIES V Point Service”, which allows customers to earn points according to their transaction status, and “V Point Investment”, which allows customers to use V Points to purchase investment trusts**

SBI Group's Strategy for New Value-Creation⑤

Alliances with various companies focus on creating synergies and expanding the customer base, ensuring mutual benefits for both parties

Business strategy example-3:

In Japan, cases of companies from different industries entering the banking business are increasing. SBI Group is also promoting alliances with companies from other industries to expand its customer base

In Japan, Cases of Companies from Different Industries Entering the Banking Business are Increasing

KDDI Announced Acquisition of All Shares in au Jibun Bank Corporation

“On 14 November, KDDI announced that it would **acquire all shares in AU Jibun Bank Corporation**, an internet bank jointly owned by KDDI and Mitsubishi UFJ Bank. The company seeks to expand its economic sphere through collaboration between telecommunications and financial services.”

“**KDDI will focus on the banking business.** (omitted)
It will position the bank as a core service for expanding its economic sphere through a combination of telecommunications and finance.”

Newspaper article

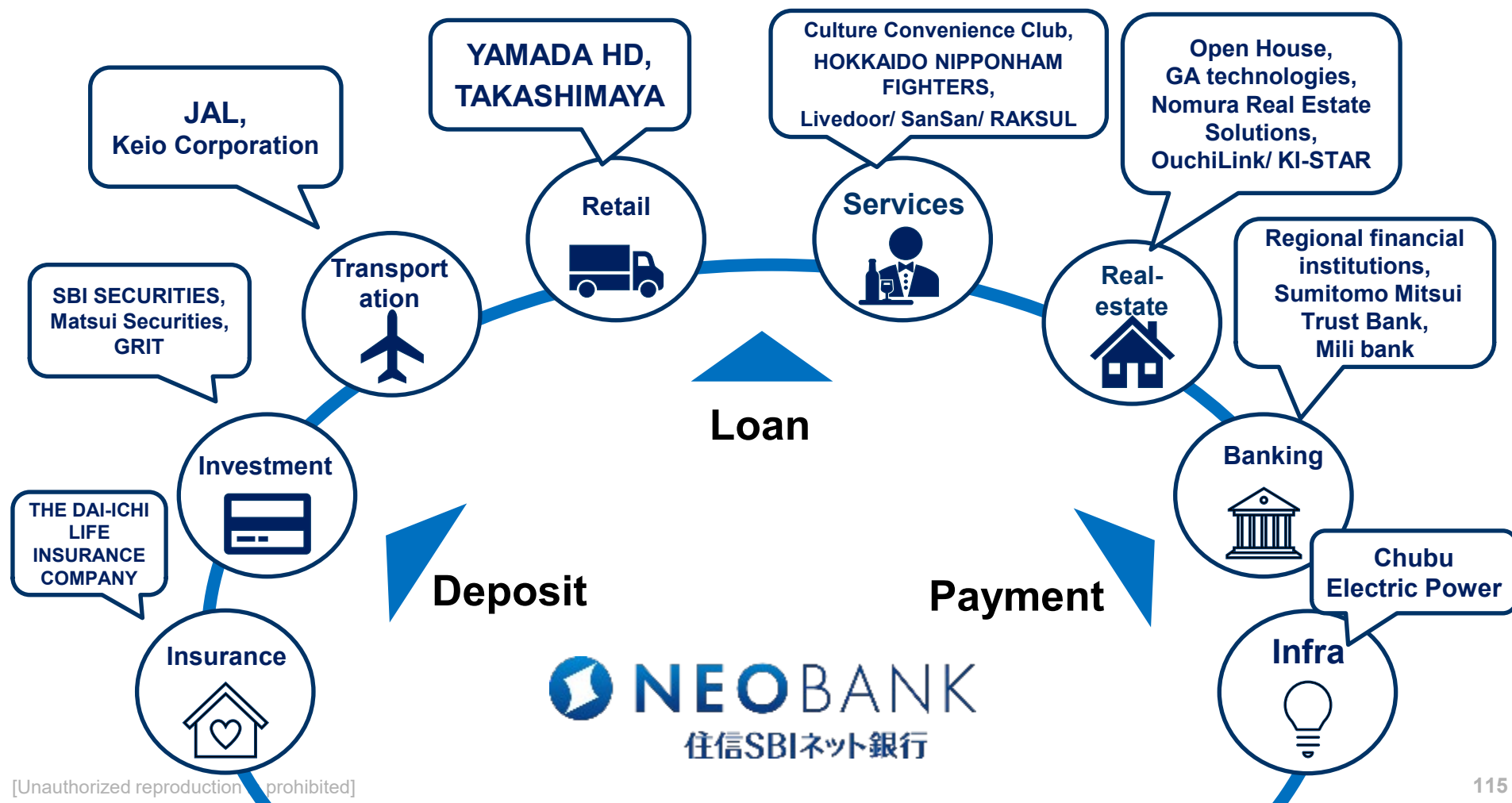
(The Nikkei Morning Edition,
Nov. 14, 2024)

In the telecoms industry, **Softbank** owns **PayPay Bank**, and **Rakuten Group** owns **Rakuten Bank** as a subsidiary

Different Industries Enter the Financial Services Business One after Another through the Baas Business, in which SBI Sumishin Net Bank Provides Banking Functions

What is BaaS business?

When a partner company's customers use that its services, SBI Sumishin Net Bank will provide the banking functions associated with those services, acting as a black book, and will work with the partner company to establish a system that allows smooth and comfortable usage of the service



SBI Group's Strategy for New Value-Creation⑥

To **efficiently generate synergies** across various businesses within the SBI Group and achieve “**Going beyond finance with finance at its core**”, we will **realign our business portfolio** based on future growth strategies, including expanding into **new business areas** beyond the boundaries of the financial industry

Business strategy example

Asset management business will be developed as a new pillar of revenue of the Group

Japan as a Leading Asset Management Center:

Driving Economic Growth through Household Asset Formation

- ✓ Japan holds a massive JPY 2,212 trillion in household financial assets (as of the end of June 2024)
- ✓ Shifting a portion of the “cash and deposits” (over 50% of personal financial assets) into pensions and other investments would generate new funds and attract money managers around the world
- ✓ It is believed that the design of incentives to shift funds from “cash and deposit” to pensions and other instruments, along with institutional reforms and improvements in the convenience of financial services, will encourage fund transfers

■ International Comparison of Household Financial Asset Composition ■

Area	Household Financial Asset	Of which, the ratio of cash and deposits
Japan	JPY 2,212tn	51.0%
USA	JPY 18,820tn	11.7%
Euro area	JPY 5,085tn	34.1%
Of which, the UK	JPY 1,304tn	33.3%
Singapore	JPY 211tn	34.5%

*Sources: Bank of Japan, FRB, ECB, UK Office for National Statistics, Singapore Department of Statistics

*Japan: end-June 2024 (preliminary); UK & Singapore: end-June 2024; US & Euro area: end-March 2024

*All currencies were converted to JPY using the exchange rates at the end of October 2024: JPY153.64/USD, JPY166.73/EUR, JPY199.01/GBP, and JPY116.13/SGD

The Investment Trusts Association of Japan Revised its Self-regulatory Rules Regarding **Funds that Include Unlisted Stocks**

-The asset management industry is seeing an increase in the establishment of unlisted-stock-included funds-

By allowing investment trusts to include up to 15% unlisted stocks, liquidity for unlisted stocks is improved, providing more fundraising opportunities for venture companies and giving individual investors the options to invest in growth-stage companies prior to their IPO

“While unlisted stock investment trusts are just getting started in Japan, the market size in the US, which is ahead in this area, is approximately USD 15 billion (approximately JPY 2.1 trillion, as of June 2022). As unlisted stock investment trusts become more common, startups will have access to a wider range of fundraising options beyond IPOs, which currently tend to be the primary method”

Newspaper
article

(The Nikkei Morning Edition, October 2, 2024)

SBI Group has been Managing Funds Incorporating Private Equity since its Early Days



SBI Group has a proven track record of structuring and managing funds that invest in private companies, utilizing foreign fund schemes

Examples of funds formed by the SBI Group:

- **SoftBank Bond & Private Equity Fund**
(July 2000–Mar. 2006 Maturity) [domiciled in Luxembourg]
- **SoftBank Bond & Private Equity Fund II**
(June 2001–Oct. 2005 Maturity) [domiciled in Luxembourg]
- **SoftBank Bond & Private Equity Fund III**
(July 2005–Feb, 2017 Maturity) [domiciled in Luxembourg]

Since July 2020, SBI Asset Management has been managing the “SBI-Pictet Asia High-Tech Venture Fund” (domiciled in Cayman Islands) in collaboration with Pictet Japan, part of the Pictet Group (founded in Switzerland in 1805)

Rheos Capital Works Pioneered the Establishment of Unlisted Equity Investment Trusts in the Industry



ひふみクロスオーバー / pro

Hifumi Crossover pro

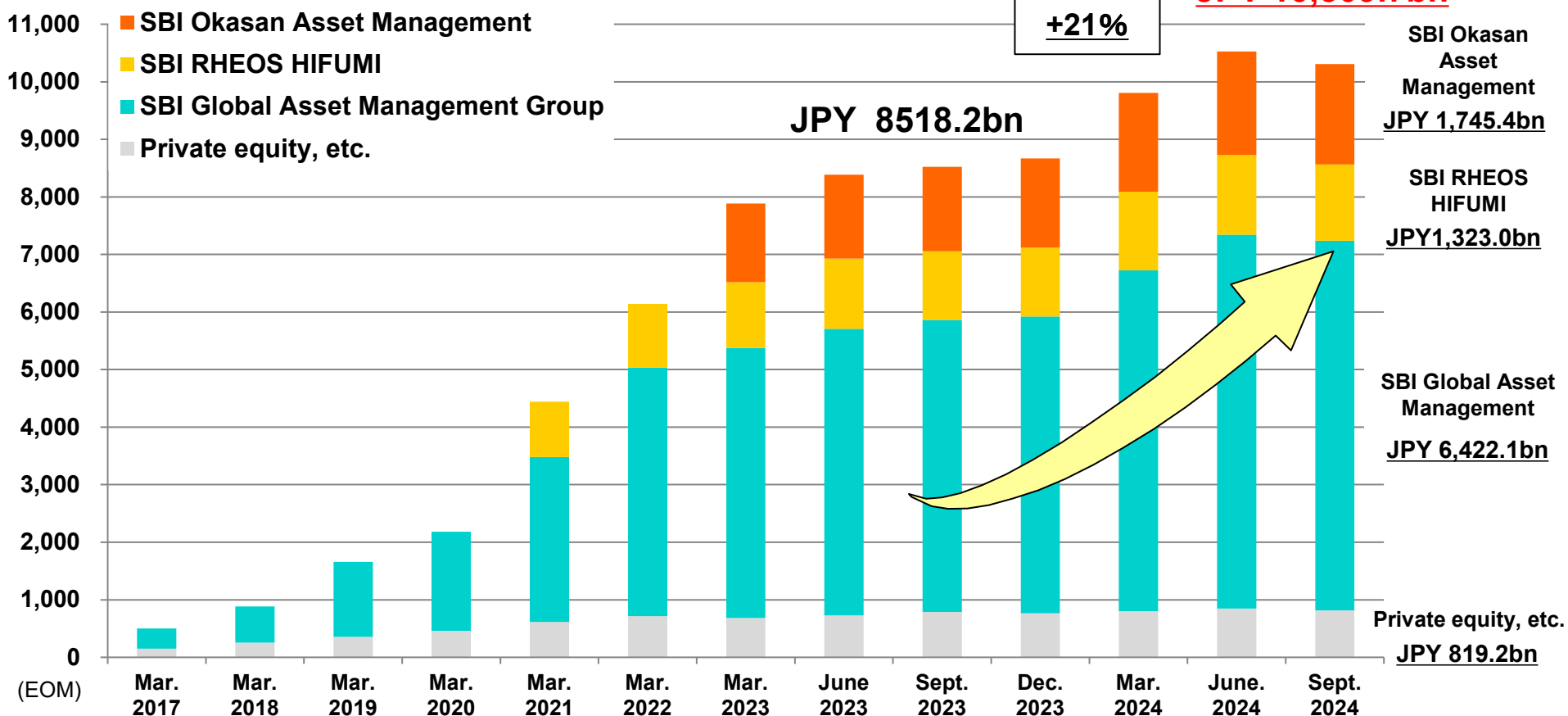
Establishment date: Sept. 12, 2024

- An actively managed open-end investment trust that primarily invests in promising unlisted and listed stocks in Japan and overseas
- It has made it possible for individual investors to invest in unlisted companies, which is typically challenging
- The initial investment amount was JPY 8,304.8m
- Total net assets were approx. JPY 15.0bn as of Dec. 3rd
- In managing this fund and conducting research on the companies included, the expertise and network of Rheos Capital Partners, a subsidiary of SBI Rheos Hifumi that specializes in forming and managing venture capital, are leveraged

To support companies' fundraising and growth with **a long-term perspective**, leveraging its research capabilities honed through examining almost all IPOs from the pre-listing stage

SBI Group's Asset Under Management Exceeded JPY 10 Trillion

(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." does not include cash or commitment amounts to be paid. 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 Figures of SBI Global Asset Management Group, SBI RHEOS HIFUMI and SBI Okasan Asset Management ("each asset management company") represent the sum of the balance of investment trusts and investment advisory, so there are some overlapping amounts

*5 Includes publicly offered investment trusts, publicly offered bond investment trusts, and privately offered investment trusts from each asset management company

Provide Innovative Alternative Products from Joint Ventures with Leading Global Companies



【Strength】

✓ **Private Debt**

- ✓ Private Equity
- ✓ Real Estate and Infrastructure



【Strength】

- ✓ Trend-following Strategy
- ✓ Long/Short Strategy

✓ **Private Credit for Middle-market**

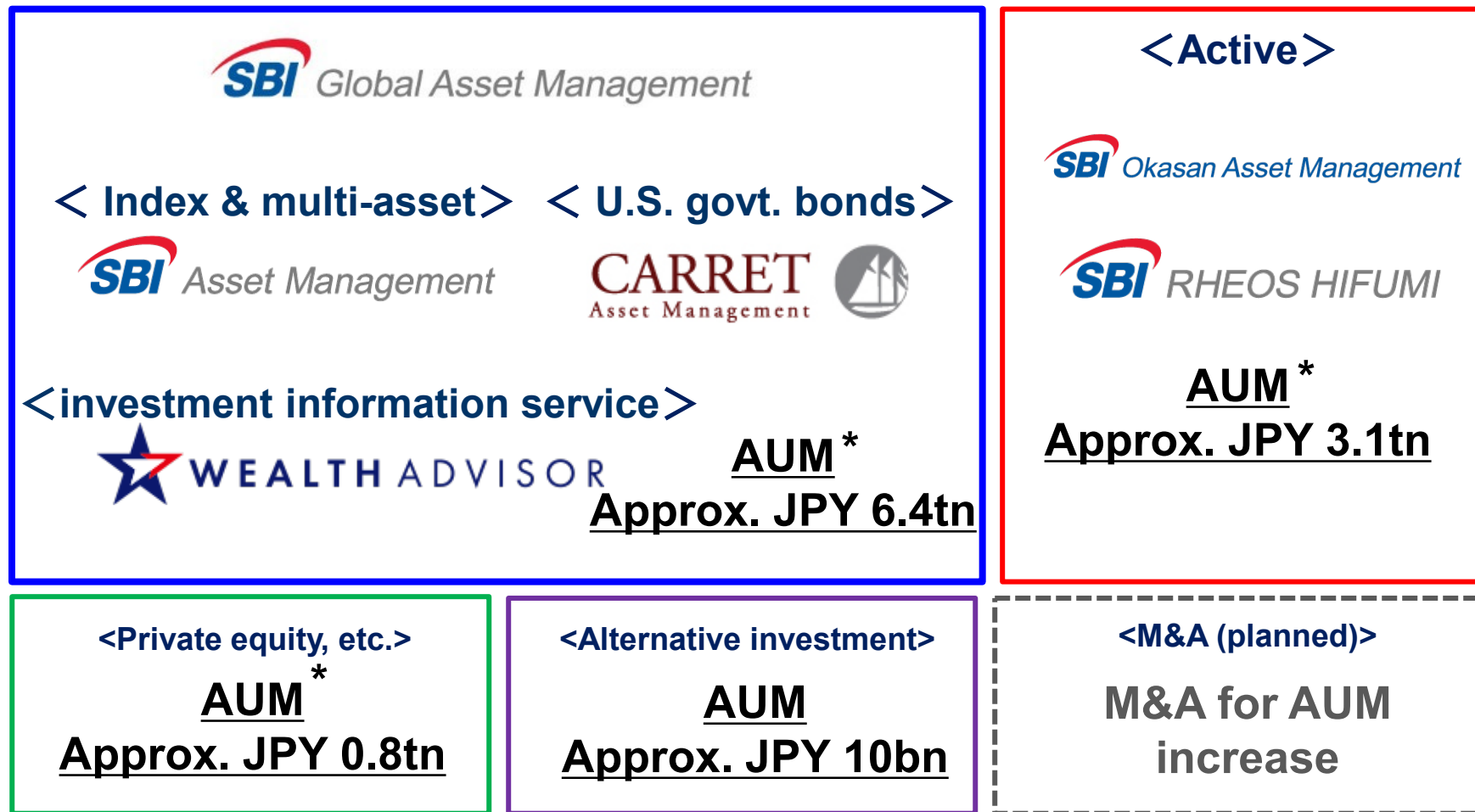


【Strength】

- ✓ Crypto Included Fund
- ✓ Security Tokens

Planned to be offered as a private credit fund through JV

① Target to JPY 20 Trillion AUM in FY2027 through product diversification and M&A



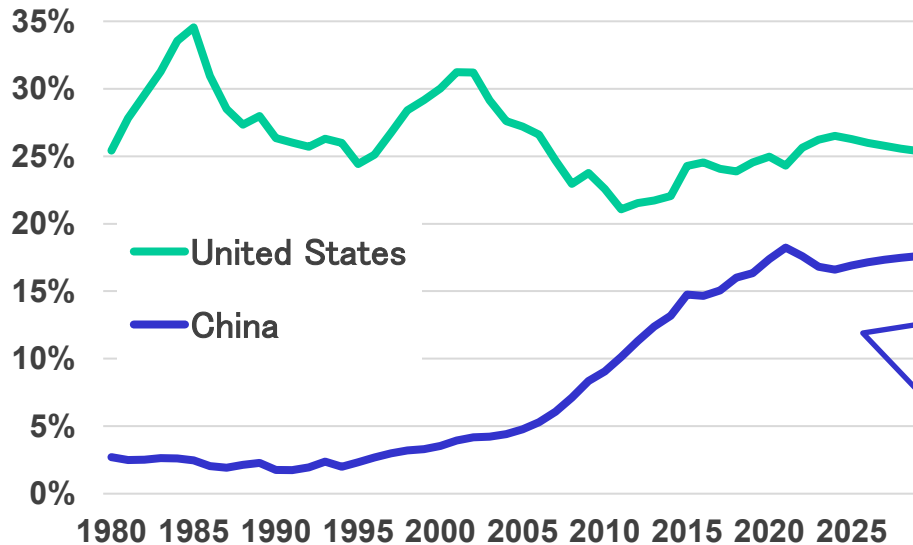
(*)Asset under management as of end of Sept. 2024

SBI Group's Strategy for New Value-Creation

- ⑦ By boldly allocating management resources to countries with high economic growth potential, we will **promote domestic and international integration** and further **expand the revenue base of our overseas operations**
- i. Present condition of overseas business development
 - ii. Promoting the development of a system to further strengthen overseas business
 - iii. Create new business opportunities overseas, such as private credit

Will the Dominance of U.S. Economy on the Global Stage Continue in the Future?

United States and China's Share of World GDP



- **China's share** of world GDP **is increasing**
- U.S. President-elect Trump stated that additional **tariffs of up to 60%** could be imposed on imports from China (the United States is China's largest export market)

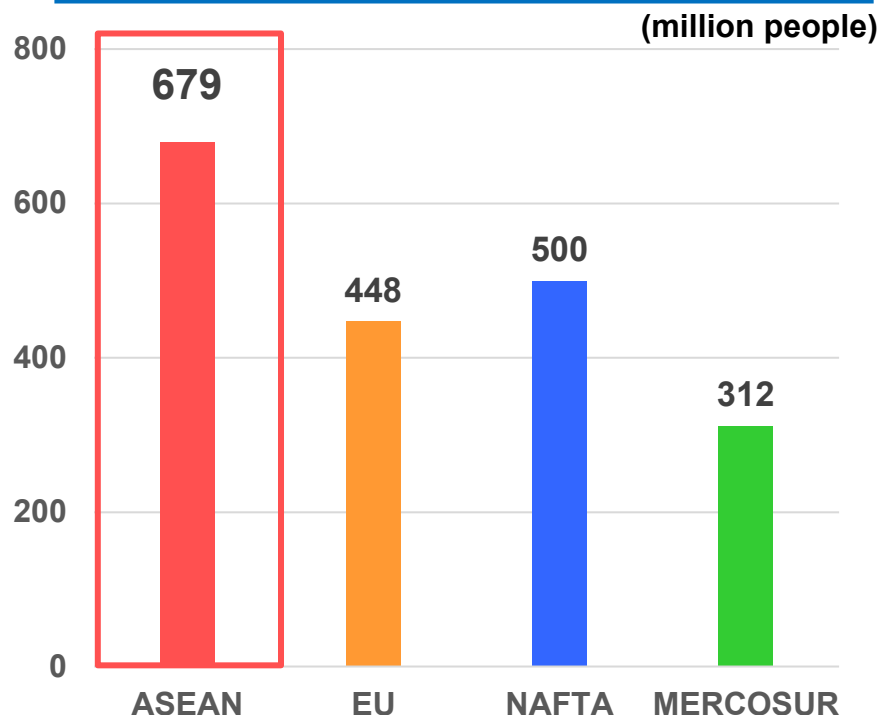
However, **social unrest** is increasing in the Chinese economy : the unemployment rate for those aged 16 to 24 , excluding students, was **17.1%** in Oct. 2024 (according to the National Bureau of Statistics of China). Random attacks occurred in Guangdong Province on Nov. 11, and in Jiangsu Province on Nov. 16, 2024

The reorganization of global supply chains could further accelerate the world's shift toward greater multipolarity

ASEAN Countries, Experiencing a Period of Rapid Economic Growth, are Increasingly Gaining Prominence in terms of Economic Size and Potential within the Global Economy

Population Structure by Region (2022)

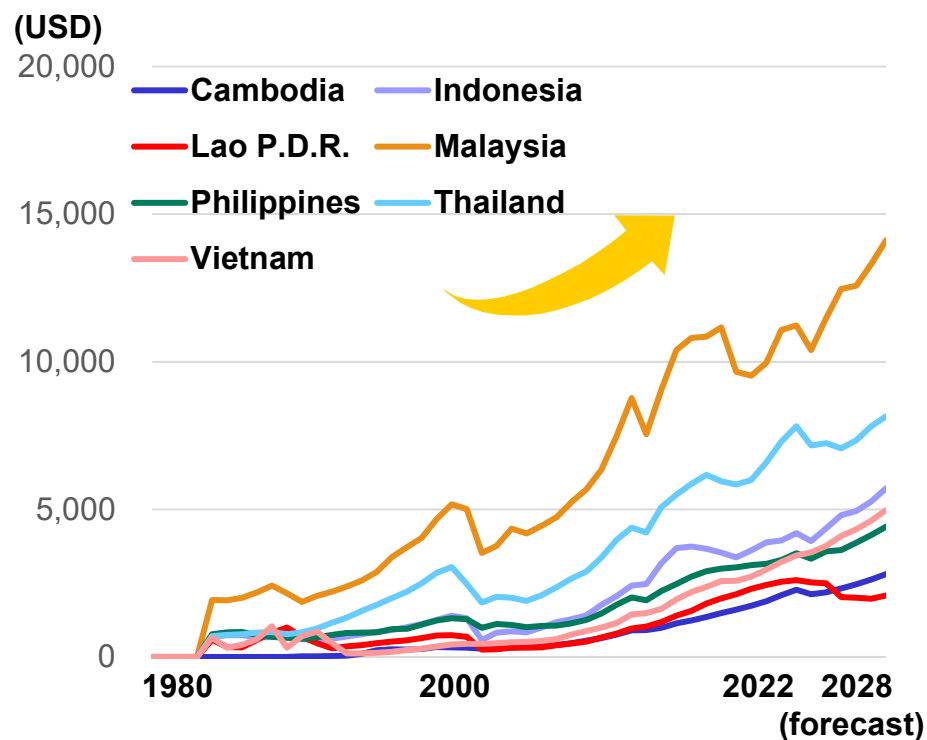
While ASEAN has a smaller economic size compared to other regional economic blocks, it surpasses them in terms of population



Source: Ministry of Foreign Affairs

The per Capita Nominal GDP Trend in the ASEAN Region

The per capita GDP of ASEAN countries is expected to continue increasing towards 2030



Source: Compiled by SBIH from disclosed data from IMF

Targeting **BRICS** for Business Expansion

Where High Economic Growth is Expected

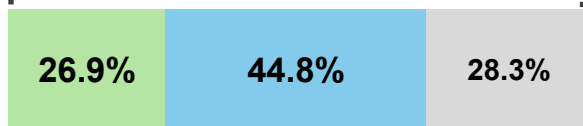
[Expanding BRICS]

- Four new BRICS countries joined this January
- Purchasing power parity GDP, population, and other indicators of the nine BRICS member countries already exceeded those of the G7



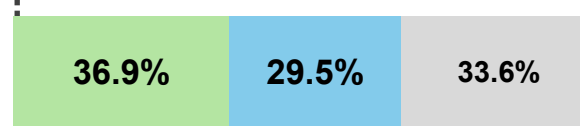
<Nominal GDP>

Total USD 105.8tn



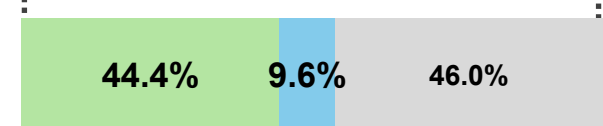
<Purchasing Power Parity GDP>

Total USD 213.6tn



<Population>

Total 8.09bn



■ 10 BRICS member countries

■ G7

■ Others including 13 partner countries

*Graphs are based on data published by the IMF

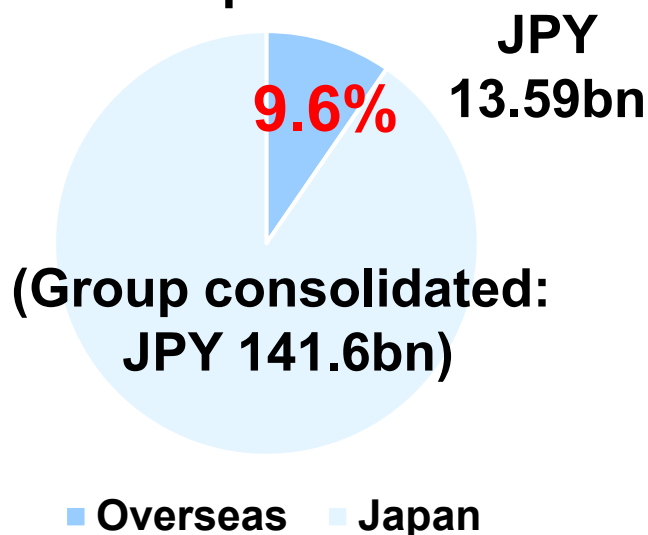
SBI Group is expanding its business especially with a focus on the Middle East and Africa

i. Present condition of overseas business development

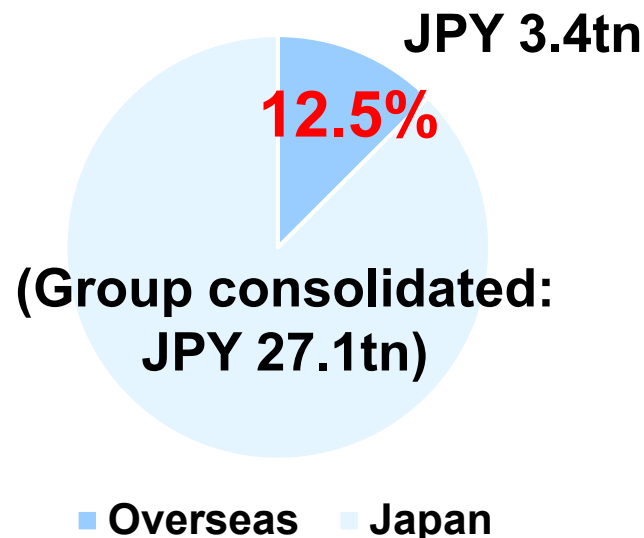
- a. Overseas Financial Services Business**
- b. Overseas Investment Activities**
- c. To enhance engagement in the Middle East, efforts to accelerate the allocation of management resources to the region are underway**

Overseas Business* Accounts for **approx. 10%** of the SBI Group's Consolidated Profit Before Income Tax Expense and Total Assets in FY 2023

Profit Before Income Tax Expense



Total Assets



- Main profit contributions are from **SBI SAVING BANK** in South Korea, **TPBank** in Vietnam, and **UDC Finance** which is a subsidiary of SBI Shinsei Bank, operating a non-bank business in New Zealand
- The banking business largely dominates total assets and cash flow
- **B2C2** in the U.K., the only overseas business in the Crypto-assets Business, performed well.

* Overseas subsidiaries, affiliates and overseas investments

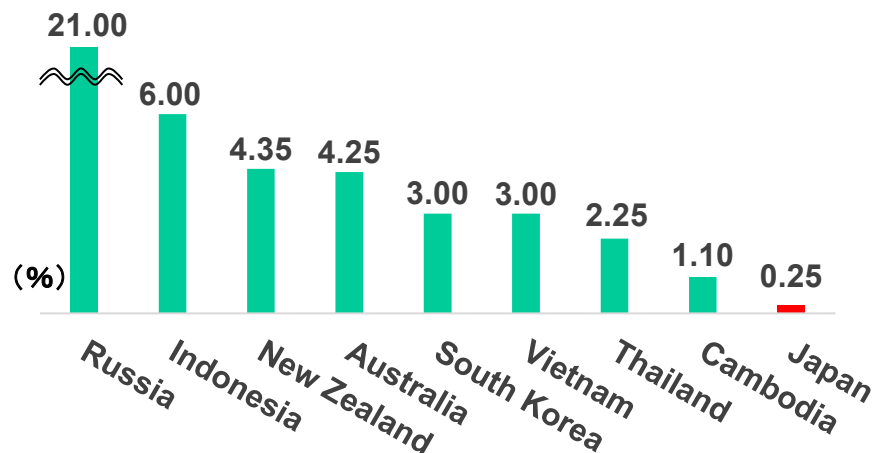
a. Overseas Financial Services Business

In Overseas Business Strategy, Promote **Arbitrage Strategies** that Take Advantage of Economic Development Stages, Economic Growth Rates, and Interest Rate Differentials between Japan and Overseas Resulting from these Factors

As a fundamental aspect of finance, capital flows from markets with low interest rates or countries with low economic growth rates to those with higher rates

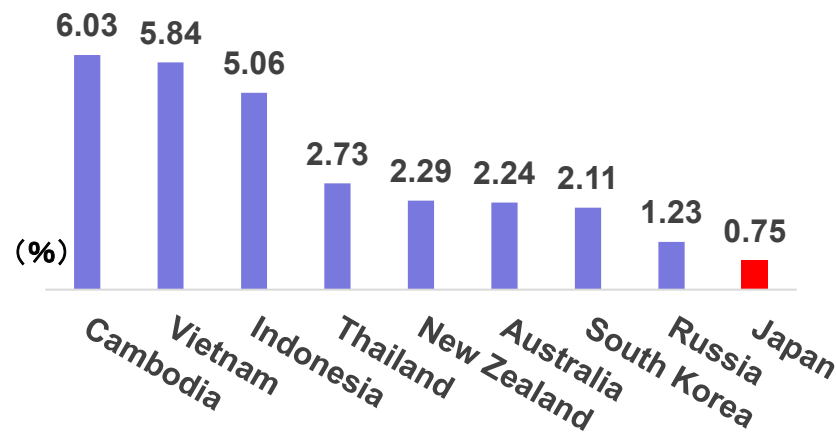
Conditions in each country in which the SBI Group operates its financial services business

Policy Rates in Countries where the SBI Group Operates



* Policy interest rates as of December 4

Average Annual GDP Growth Rate for the Next 5 years



*Graphs are based on data published by the IMF

SBI Group has Extensively Expanded its Financial Services Business Overseas, with a Focus on Southeast Asia

Russia

Bank

SBI Bank

90.74% ownership

Became a wholly subsidiary in Aug. 2017

Thailand

Securities

SBI Thai Online Securities

100.0% ownership

Became a subsidiary in Aug. 2017

Cambodia

Bank

SBI LY HOUR Bank

70.0% ownership

Became a subsidiary in Nov. 2019

Securities

SBI Royal Securities

65.29% ownership

Established in Feb. 2010

Insurance

LY HOUR SBI Insurance

40.0% ownership

Investment date: May 2024

Indonesia

Securities

BNI SEKURITAS

25.0% ownership

Investment date: July 2011

Russia



South Korea



Thailand



Cambodia

Indonesia



Australia



New Zealand



Australia

Non-bank

(Capital and business alliance)

Latitude Group 19.29% ownership.

Market capitalization: approx. JPY 120 bn

South Korea

Bank

SBI SAVINGS BANK

100% ownership

Became a subsidiary in Mar. 2013

Vietnam

Bank

TPBank

(Former Tien Phong Bank)

20.0% ownership.

Market capitalization: approx. JPY 260bn

Made the company an equity-method affiliate in Feb. 2023

Securities

FPT Securities

23.99% ownership.

Market capitalization: approx. JPY 80bn

Investment date: Apr. 2011

Non-bank

MB Shinsei Finance

Limited Liability Company

49.0% ownership

Established in Mar. 2016

New Zealand

Non-bank

UDC Finance Limited

100% ownership

Became a subsidiary in Sep. 2020

*The ownership percentage of the SBI Group represents the total stake in consolidated subsidiary companies and funds, according to IFRS standards

b. Overseas investment activities

Focus on the **Expansion of Investment Business** through **Active Alliances with Prominent Local Partners**



**Venture Capital
in Germany**



**Digital Assets Bank
in Switzerland**



**The largest
independent
asset management
company in Italy**



**Leading venture
capital in Israel**



**Ministry of
Investment of Saudi
Arabia (MISA)**



**Saudi Arabia's National
Research and Development
Organization**



**One of the largest ICT
companies in Saudi Arabia**



**One of the world's largest
integrated energy and
chemical companies**



**Venture Studio in
Saudi Arabia**



**Silicon Valley-based
venture capital**



SBI Investment Korea



**The largest high-tech
company in Vietnam**



**Comprehensive
Financial Group**

**INVESTMENT & CAPITAL
CORPORATION OF THE
PHILIPPINES**



**The Oldest / largest
venture capital in Africa**



**Verod-Kepple
Africa Partners**

**Venture capital jointly managed
by Japanese and Nigerian
company**



Venture Capital in India



**Major venture capital
in Indonesia**



**Venture Investment & Incubation Unit
of Standard Chartered Bank**



**Industry-University Collaboration
Organization of Nanyang
Technological University (NTU)**



**National investment agency
under the Prime Minister's
Office of Malaysia**



**Venture Capital
in Malaysia**



**Fengxian
District,
Shanghai
State-owned
company**



**Large state-owned
information industry
company directly
under the Shanghai
municipal
government**



**Jiangsu Wuxi
State-owned
Financial
Conglomerate
Group**



**Education group
operating tutoring
schools for higher
education in
China**



**Industrial
Investment Group
under the Jiangbei
New District
Management
Committee**



**Tianfu New
District,
Chengdu,
Sichuan**



**Knowledge
City,
Guangzhou,
Guangdong**



**One of the five
major financial
groups in Taiwan**

Signed a Strategic Capital Alliance Agreement with UK-based Venture Capital Firm **Novastar** which invests in **Africa** (November 2, 2023)



Investing in promising African startups with Novastar's years of investment experience and presence in Africa

Investment in BasiGo,
an EV Bus Sales and Leasing Company



- The first co-investment with Novastar
- Provide EV buses, charging infrastructure, and financing services one-stop
- Kenyan government encourages EV adoption through preferential electricity rates and tax incentives for EVs

Investment in Carry1st,
Africa's Largest Mobile Game
Publisher



- Introduced by Novastar and invested in
- Localization, distribution and promotion of game content, as well as planning and management of in and out-of-game activities
- Provided "Pay1st", a payment gateway integrating more than 120 local payment methods specialized for African countries

The Trump Administration is Expected to be a Tailwind for the Venture Capital Business

With the easing of regulations that were in place during the Biden administration, the number of M&A transactions is expected to increase

Venture capital bigwigs including Marc Andreessen, who claims to have been a long-time Democrat, **are strongly supporting Trump**. (omitted) The Biden administration's antitrust crackdown stymies the flow of startup sales to big technology firms
(November 5, 2024 Reuters)

Trump is also likely to **pull back on some policies that have irritated dealmakers under the Biden administration**. The FTC and DOJ would likely scrap merger review guidelines crafted under Biden, said Jon Dubrow, a partner at law firm McDermott Will & Emery
(November 17, 2024 Reuters)

"The prospect for **cuts to corporate taxes and capital gains** that he's promised **will further accelerate what was already a recovering M&A cycle**," said Raul Gutierrez, head of M&A at Truist Securities Inc.
(November 7, 2024 Bloomberg)

SBI Group Operates a Business Incubation Business in the U.S. as well

- ✓ **SBI Holdings, SNBL Group**, led by SHIN NIPPON BIOMEDICAL LABORATORIES, LTD., and US-based **Plug and Play** have signed a partnership agreement with the intent to establish a joint fund (**fund size: USD 40m**) among three companies. Mainly supports early-stage start-ups in North America
- ✓ **Plug and Play provides support programs for startups** at a facility established by SBI Group and SNBL Group in Washington states, USA



Operates a contract research organization (CRO) business and promotes incubation of the U.S. biotech start-ups



SBI Investment has a track record of managing funds in Silicon Valley as a venture capital company



Supported more than 5,600 start-ups and 30 unicorns in more than 60 locations worldwide to date



Creating synergies between the joint fund and the business incubation business to increase the value of portfolio companies and maximize fund performance

c. To enhance engagement in the **Middle East, efforts to accelerate the allocation of management resources to the region are underway**

(α) Various initiatives have already been launched with **Saudi Arabia**

(β) Promoting business partnerships with leading companies in the **United Arab Emirates (UAE) and **Qatar****

**(α) Various initiatives have already been
launched with Saudi Arabia**

Established a Local Subsidiary (SBI Middle East) in Riyadh, the Capital of Saudi Arabia, in February 2024



- Saudi Arabia has the largest population in the Middle East Gulf States with **approx. 35 million people**
- According to the latest census (conducted in 2022), more than 60% of the total population is under 30 years old
- Endeavor to become an oil-independent economy by formulating **a medium- to long-term economic plan “Vision 2030”** in 2016

**SBI Middle East
employs local staff**

Further expand business alliances in the Middle East region, including neighboring countries such as Bahrain, through SBI Middle East

*Population data from UN, World Urbanization Prospects: The 2018 Revision

SBI Asset Management Listed Japan's First Saudi Arabia ETF on Tokyo Stock Exchange



『SBI Saudi Arabia Equity Exchange Traded Fund(273A)』

Trust fee: **0.1925%** /year

Listing date: Oct. 31, 2024

Eligible for the Growth Investment Quota of the New NISA

＜Listing Ceremony
Held at the Tokyo Stock Exchange＞



- **Japan's First Investment Trust Focused targeting only on the Saudi Arabian Market**
- Of the 142 international single-country emerging market funds (investment trusts and ETFs) listed on the Tokyo Stock Exchange, this fund has **the lowest cost/ trust fee**
- This ETF has a listing size of JPY 2.1bn, marking **the largest listing in the past 10 years for an emerging market ETF on the Tokyo Stock Exchange**

SBI Group Executives Traveled to Saudi Arabia in October 2024

- Meetings with leading companies, government agencies and others in the region -



**The Ministry of the National Guard Health Affairs CEO
HE Dr. Bandar Al knawy**



**The Ministry of Investment for Saudi Arabia (MISA) Minister
HE Eng. Khalid Al-Falih** (2nd from right)



NTG (one of the largest ICT companies in Saudi Arabia) Chairman
Mr. Mohammed Al Ballaa

Zamil Group (One of Saudi Arabia's largest conglomerates) Chairman
Dr. Abdulrahman Al-Zamil



BIM VENTURES
(funds with close ties to the Saudi government and companies)



**Dinner party at the residence of
BIM VENTURESC Chairman
Eng. Majed Alosaim**

**【Participants】
National Semicon-
ductor Hub Chairman
Dr. Naveed Sherwani**

Acwa power (World's largest seawater desalination company) CEO
Mr. Marco Arcelli

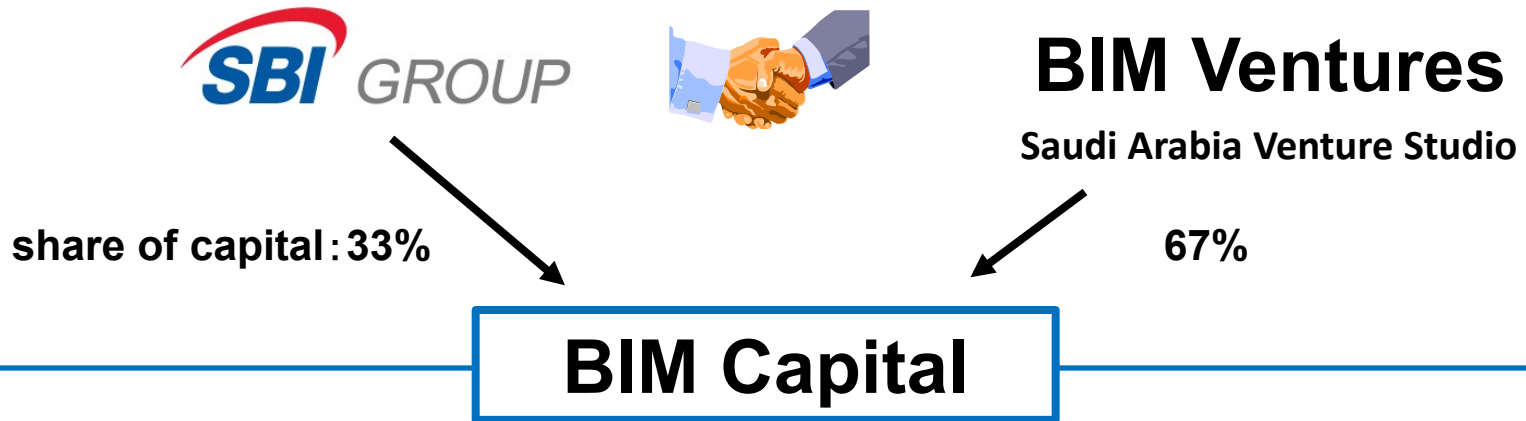
Abunayyan Trading Corp (Leading Saudi conglomerate) Vice Chairman
Mr. Rakan Abunayyan



Saudi Aramco (World's largest energy company) CEO
Mr. Ameen Alnasser

BIM Capital, Jointly Established with BIM Ventures, **which Supports Start-up Creation in Saudi Arabia**

- **Support Start-up Development** in Saudi Arabia and the Middle East -



- Focus on a diverse range of **private equity, debt and real estate** investments in Saudi Arabia and across the Middle East
- Endeavor to attract **more than USD 200m of foreign direct investment** into Saudi Arabia, with total **AUM more than USD 2bn**
- **Plans to obtain a license** from the Capital Market Authority (CMA) of Saudi Arabia to conduct investment activities in Saudi Arabia

A Basic Agreement Has Been Reached with a Leading Local Partner in Saudi Arabia Regarding Structuring and Distribution of ETFs and Mutual Funds in Japan and Saudi Arabia



Albilad Capital

- Serves as the investment arm of Albilad Bank, a major financial institution in Saudi Arabia
- It manages six of the eleven ETFs listed on the Saudi Arabian market, making it **the largest ETF issuer in the country**

- Albilad Capital will distribute Japan equity funds, J-REITs, and other investment products structured by asset management firms led by SBI Asset Management. These products will be **tailored to comply with Sharia law** and **offered to investors in Saudi Arabia, including individuals**. ⇒ This initiative marks the first-ever effort to enable individual investors in Saudi Arabia to directly access Japanese equities and related assets
- Products such as ETFs managed by Albilad Capital will be structured as ETFs or mutual funds by SBI Asset Management and sold primarily through SBI SECURITIES **to investors in Japan**

Plan to Establish Saudi Arabia's First Fund Specializing in the Biotechnology Sector

- Revitalizing Saudi Arabia's biotechnology industry-

- **SBI Holdings**, the Ministry of Investment for Saudi Arabia (**MISA**), King Abdullah International Medical Research Center (**KAIMRC**), a research institute under the Ministry of the National Guard Health Affairs (MNG-HA), and **BIM Ventures** have reached a basic agreement to establish **Saudi Arabia's first investment fund specializing in the biotechnology sector** (November 2024)
- **A fund of USD 50-100 million** is planned to be established **by the first half of 2025**, with investment from Saudi Arabian sovereign wealth funds and other foreign investors

Newspaper article

“Saudi Arabia is pursuing the Vision 2030, which intend to **break away from its oil-dependent economy**, and sees the biotechnology sector as a growth area, but until now **there has been no fund specializing in biotechnology.**”

“**Working together with Saudi government and others** to nurture the country's bio-industry and attract leading overseas bio-ventures to the Kingdom. In selecting investment targets and fostering the industry, seek the cooperation of **King Abdullah International Medical Research Centre, a government-affiliated research and development organization in Saudi Arabia.** The organization works with hospitals in Saudi Arabia and is able to provide support for the practical application of the technologies in which the fund invests.”

(The Nikkei Morning Edition, Dec. 19, 2024)

Carrying Out Various Projects in Middle Eastern Countries since 2012 in 5-ALA-related Business

- ✓ **2012:** Obtained product marketing authorization for the health food “NatuALA ONE” in **Bahrain** (SBI Pharmaceuticals)
- ✓ **2014:** First successful operation in the Middle East to remove bladder cancer using ALA as an intraoperative diagnostic agent at the University Medical Centre under Arabian Gulf University in **Bahrain** (SBI Pharmaceuticals).
- ✓ **From 2016:** Supply of 5-ALA for photodynamic diagnostics in brain tumour surgery at the request of doctors in several countries in the Middle East region (photonamic)
- ✓ **2021/2022:** Joint trial sponsored by the **Bahrain** Medical School of the Royal College of Surgeons in Ireland using a dietary supplement containing 5-aminolevulinic acid phosphate and sodium ferrous citrate for patients with novel coronavirus infection (photonamic, SBI Pharmaceuticals)
- ✓ **2023:** Submission of 5-ALA for approval as a pharmaceutical device for brain tumour surgery (PDD) in **Jordan** (photonamic)
- ✓ **2024:** **Launch** of own cosmetics brand Kiyomi Skin series in **Saudi Arabia** from August 2024.

(β) Promoting Business Partnerships with Leading Companies in the **United Arab Emirates (UAE) and Qatar**

SC Ventures

- ✓ In May 2022, signed a basic agreement for a business partnership with SC Ventures, the **venture investment and incubation unit of UK financial giant Standard Chartered Bank**
- ✓ **A USD 100m class** joint venture fund investing in the crypto sector, including Defi (decentralised finance) and Metaverse, launched in the UAE in January 2024, has already **completed one investment** and several other deals are underway

TradeFinex Tech

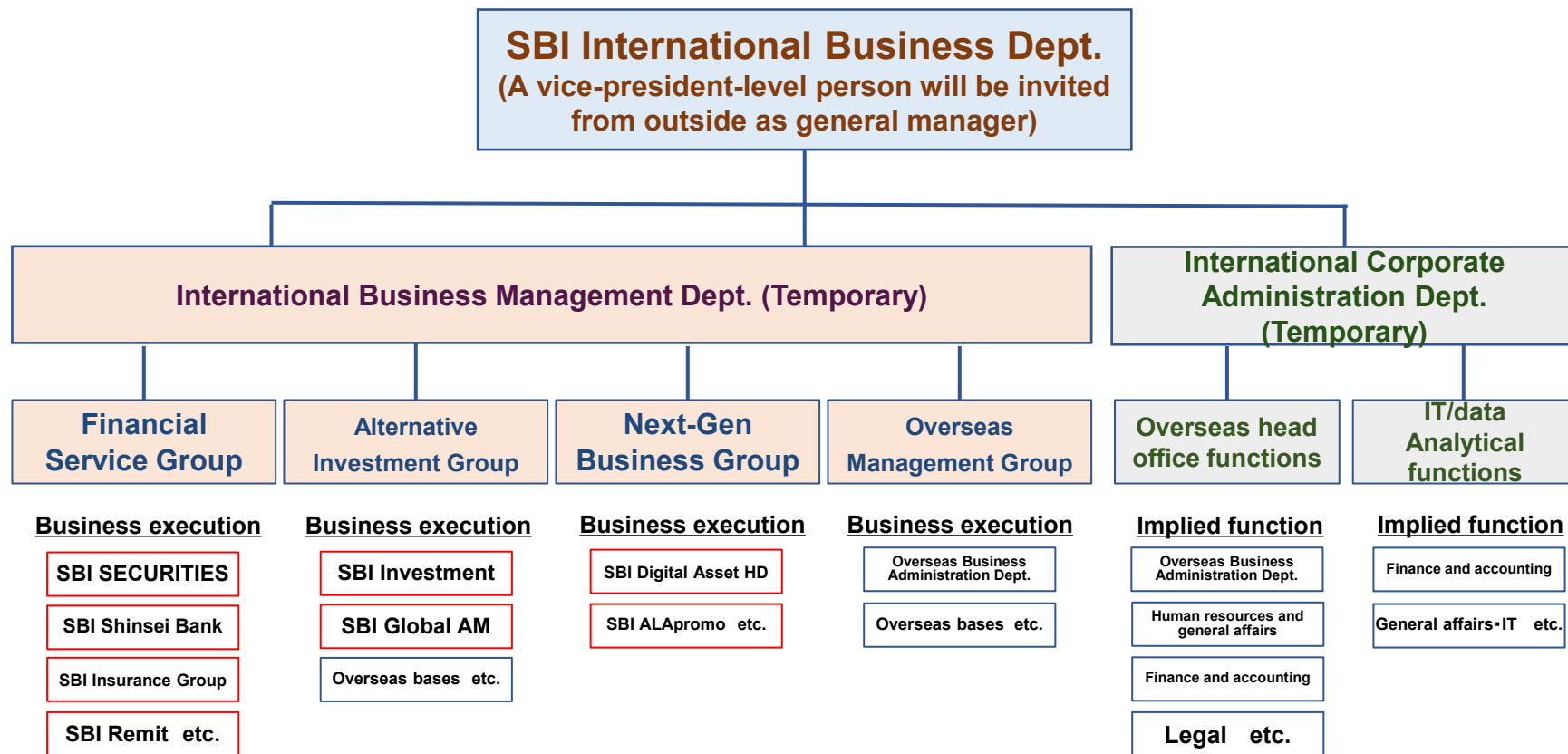
- ✓ Deployment of blockchain XDC Network to improve efficiency of trade finance
- ✓ Establishment of a joint venture in Japan, “**SBI XDC Network APAC**” (investment ratio: SBI Group 60%, TradeFinex 40%), in December 2023
- ✓ On 31 May 2024, complete a hybrid type of demonstration experiment on value transfer linking **XDC Network** and private chain **Corda** to improve the efficiency and facilitation of business-to-business settlement in trade transactions

b. Advance Internal Structure to Bolster Overseas Operations

- Mission of newly established Overseas Business Management Division -

- I. Generate profit before income tax expense equivalent to 20-30% of the overall Group through overseas operations over the next 3-5 years**
- II. Build a system for the optimal allocation of management resources held by the SBI Group such as people, capital, and technology, across business formats including banking, securities, and private equity, and one which transcends national boundaries**
⇒ As of September 30, 2024, approximately 3,800 people work in the SBI Group's overseas consolidated subsidiaries with 90% in the Asia Pacific region. The Group plans to mobilize talent across regions so that the right people play an active role in the right places
- III. Form an ecosystem in which the Group's competitive edge can also be exercised structurally overseas**
⇒ Generating Group synergies that transcend national boundaries and business segments
- IV. As the management organization, gather a diverse range of information from overseas operations and regions and support the planning and implementation of a comprehensive business strategy across the Group**
⇒ Leverage generative AI and other technologies to build efficient systems
- V. As digital is inherently global, accelerate the global development of businesses engaged in next-generation digital products under the Overseas Business Management Division**

Diagram of the Organizational Structure of the SBI International Business Dept.



- The **International Business Dept Preparatory Office** was established at SBI Holdings on Nov. 1 as a department specializing in promoting this project. **Accelerate the realization of the concept** by bringing together personnel from various parts of the SBI Group, including the Overseas Business Administration Dept., SBI Shinsei Bank as well as the Big Data personnel located within President's Office

iii. Create new business opportunities abroad, such as private credit

[Main sectors of private credit and its examples]

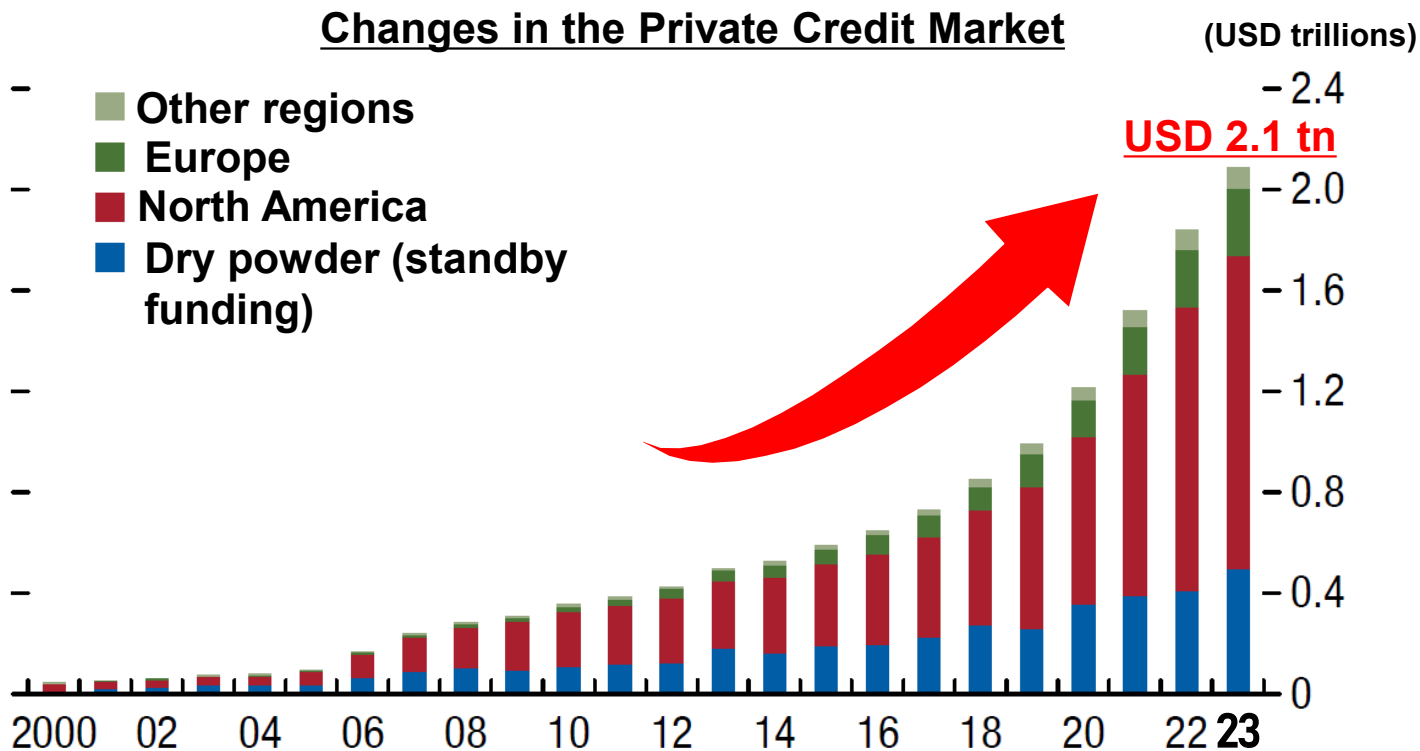
Specialty finance: consumer credit such as personal loans, credit card receivables, auto loans and student loans. **Non-consumer credit** such as SME loans, aircraft finance and leasing, equipment finance

Corporate lending: direct lending, mezzanine and distressed debt, etc.

Residential real estate: self-employed loans, interest resumption loans, bridging loans, etc.

Commercial real estate: residential transition loans for construction and renovation, development finance, REIT debt, etc.

Fast-growing Private Credit Markets



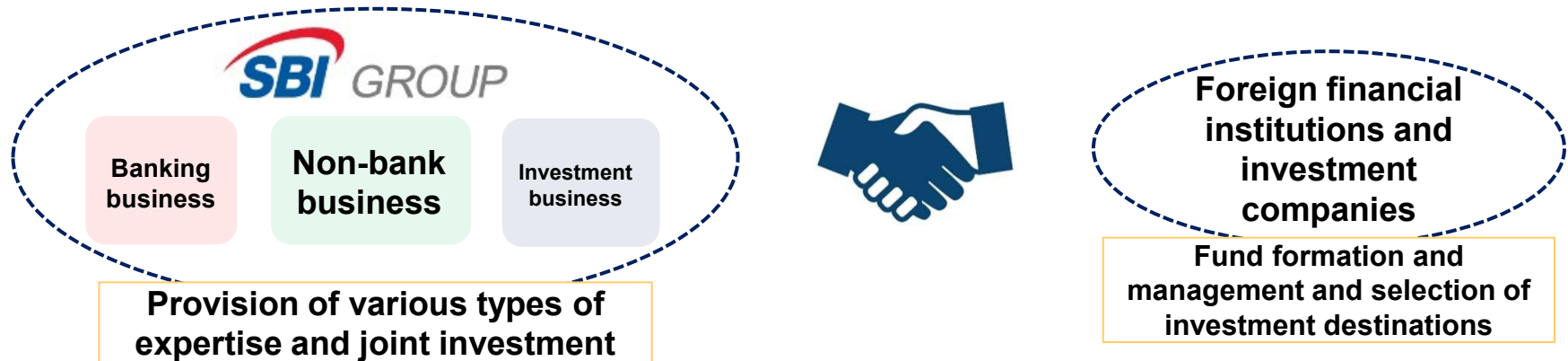
(From IMF. 2024. Global Financial Stability Report, April 2024, p55)

US investment firm Blackstone estimates that the market opportunity for private credit could be worth **USD 30tn (approx. JPY 440 tn)** due to the expansion of loans for infrastructure projects and the participation of pension funds*.

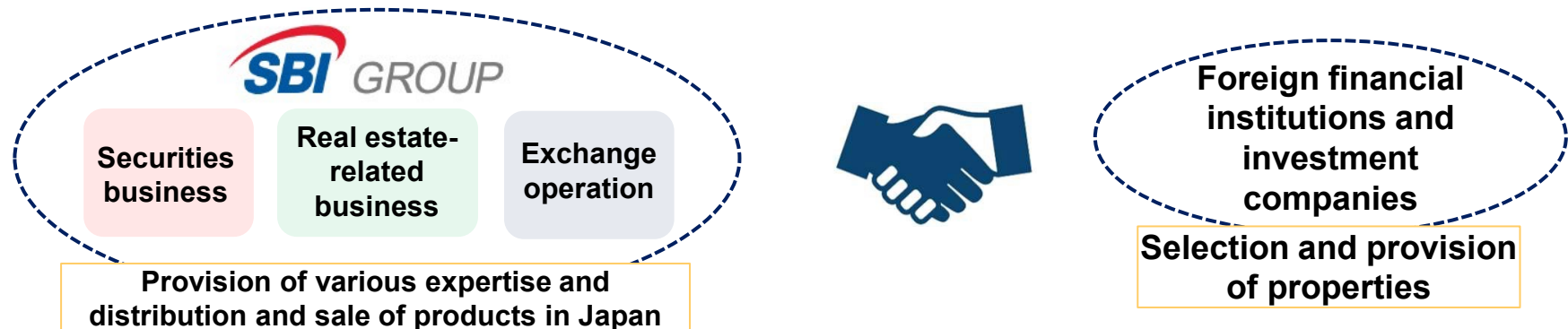
(*) Bloomberg Oct. 4, 2024, "Blackstone, Private Credit Market to Expand to USD 30tn"

Creating New Business Abroad by Leveraging the Strengths of the SBI Group's Business Ecosystem

Private credit: finance for **consumer** (e.g. personal loans), **non-consumer loans** (e.g. leasing) and **real estate areas**



Securitization: considering **security tokens** for smaller real estate transactions



[Reference] The Group overview

Synergies between the SBI Group and SBI Shinsei Bank

Definition of ‘measures to create synergies’ in SBI Shinsei Bank's medium-term management plan formulated in 2022 and assumed breakdown of the target value of JPY 15bn for FY2024

(JPY bn)

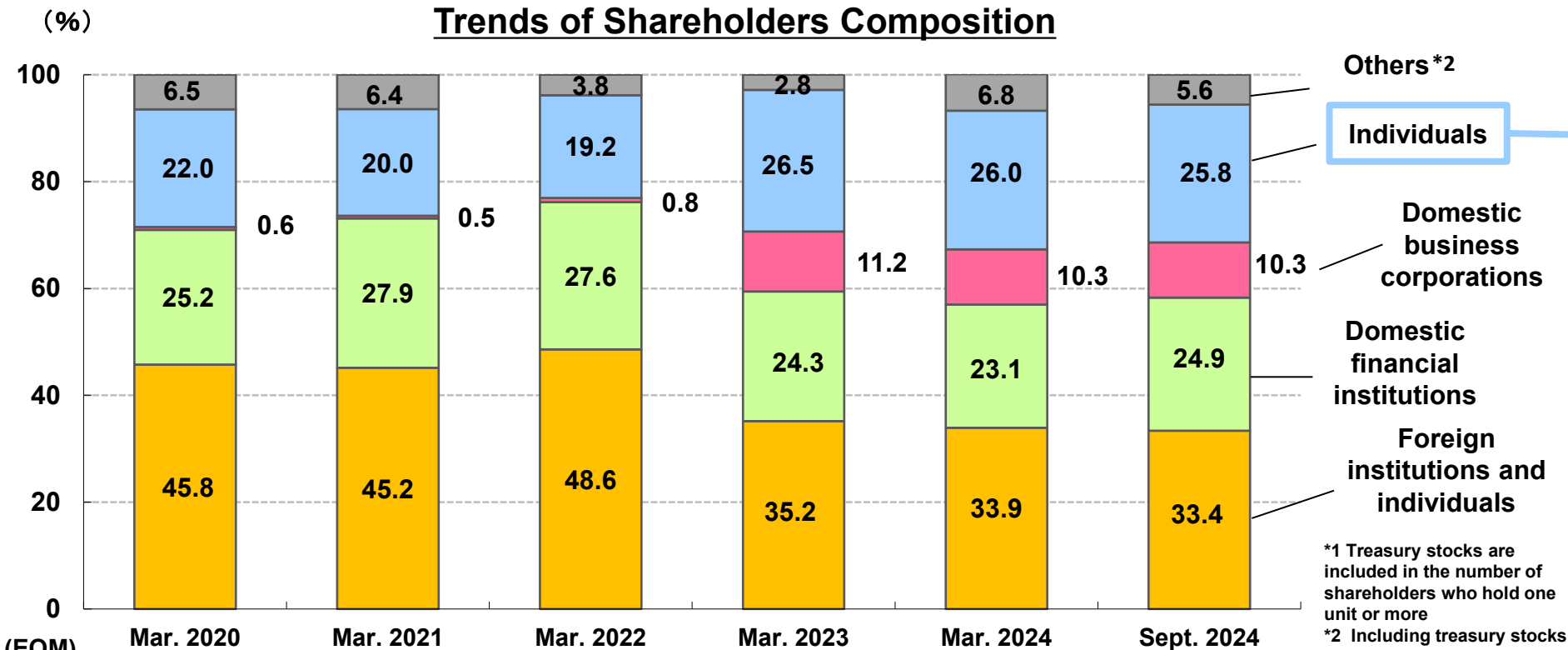
Individual	Increase the number of retail customers, optimize face-to-face channels (e.g., branches) and expand housing loan transactions	4.0 ~ 5.0
	Acquire new credit card members, expand the number of shopping credit customers and develop BANKIT partners	
	Expand the number of unsecured loan customers, improve the UI/UX and further cooperation with regional financial institutions	
Institutional	Introduction of structured finance opportunities, joint financing and reinforcement of the business succession operation	4.5 ~ 5.5
	Startups and business owner customer referrals and reinforcing cooperation with regional financial institutions	
	Increase the number of lease customers, reinforcing cooperation with regional financial institutions and collaborating in the shipping and aircraft domain	
Overseas	Collaboration in the investments and business development overseas (inorganic investment opportunities are not included in the figure)	0.5 ~ 1.0
Management base	Sharing expertise on management of marketable securities and advance fundraising capabilities	7.5 ~ 8.5
	Consolidate and improve the efficiency of the in-direct functions, implementing the sophistication of digital strategies and others	1.0 ~ 2.0
	Deduction: Overlapping existing initiatives (sift through and choose optimal initiatives)	Each -2.0 ~ -3.0
	Deduction: Corporate tax and other related costs	

SBI Group's Shareholders Composition Has Become More Balanced

(As of the end of Sept. 2024)

- ◆ Total number of shareholders is 256,293 , of which the number of shareholders who hold one unit or more is 179,556 *1
- ◆ Shareholding ratio of domestic and foreign institutional investors is 58.3%

Trends of Shareholders Composition



Took 1st place in the J.D. Power “2024 Individual Shareholder Satisfaction Study” <Securities Segment>

Survey based on 7 factors: Profitability/shareholder returns; business and products/services; financial stability; securing the rights and equal treatment of shareholders; ensuring appropriate information disclosures and transparency; responsibilities of the Board; and appropriate cooperation with stakeholders other than shareholders

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

Number of Group Companies

	End of Mar. 2024	End of Sept. 2024
Consolidated subsidiaries (companies)	595	629
Consolidated partnerships (partnerships)	64	60
Total consolidated subsidiaries (companies)	659	689
Equity method companies (companies)	62	60
Total Group companies (companies)	721	749

Number of Employees (Consolidated)

	End of Mar. 2024	End of Sept. 2024
Total employees	19,097	18,586

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