

# ASSET MANAGEMENT BUSINESS



Accelerating Venture Investments and Strengthening  
the Overseas Financial Services Business By Expanding the Global Network

## Principal Companies

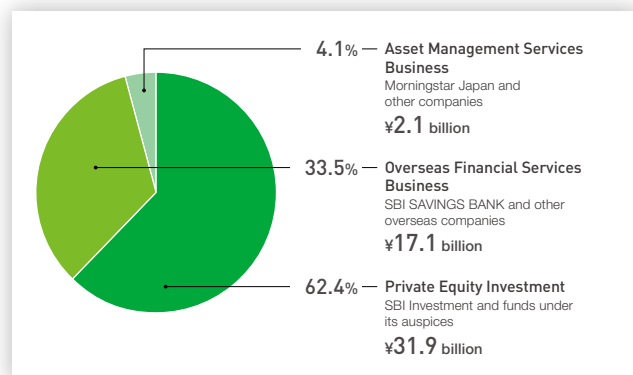
Intermediate Holding Company: SBI Capital Management

SBI Investment	SBI SAVINGS BANK
SBI FinTech Incubation	SBI Investment KOREA
SBI VEN CAPITAL	SBI Royal Securities
SBI Hong Kong Holdings	SBI Thai Online Securities
SBI (China)	SBI Bank
SBI & TH (Beijing) Venture Capital Management	BNI SEKURITAS
SBI Ventures Malaysia	

Intermediate Holding Company: SBI GLOBAL ASSET MANAGEMENT

Morningstar Japan	SBI Regional Revitalization Asset Management
SBI Asset Management	SBI ENERGY
Carret Asset Management	SBI Estate Finance
SBI Alternative Investments	
SBI Bond Investment Management	

**FY2018 Profit before Income Tax Expense of the  
Major Businesses by Business Area (Based on IFRSs)**



## Principal Initiatives in FY2018 and Future Priority Measures

### ➤ Venture Capital Business

- The Fintech Fund was established in December 2015 with committed capital of ¥25 billion, and the investment phase was completed
- The SBI AI&Blockchain Fund was established in January 2018, and is accelerating investments in promising startup companies
- Invested a cumulative total of more than ¥240 billion since FY2015, to contribute to profits over the medium- to long-term
- Established SBI Regional Business Investment, which initiated fund-raising for the establishment of a business succession fund

### ➤ Overseas Financial Services Business

- SBI SAVINGS BANK of South Korea ranks first in the industry in terms of total assets and net income
- Since becoming a wholly owned subsidiary, Russia's SBI BANK has steadily expanded its operations
- Opened Berlin Representative Office and Philippines Representative Office to expand overseas businesses

### ➤ Asset Management Services Business

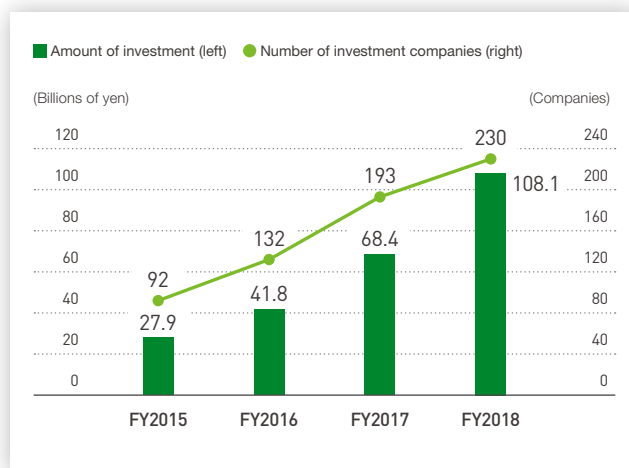
- SBI Bond Investment Management achieved full-year profitability
- The SBI Group's total assets under management surged, primarily in investment trusts and topped ¥1 trillion in September 2018
- Morningstar Japan is planning a listing change from the TSE JASDAQ to the TSE First Section

## Proactive Venture Investments through the Establishment of Funds

Since FY2015, the SBI Group has been actively investing in business domains that are achieving rapid growth by means of new technologies, with such investments having been made through the Fintech Fund (established in December 2015, total commitment amount of ¥30 billion), which is geared toward investing in promising startup companies in the fintech field, and the SBI AI&Blockchain Fund (established in January 2018, total commitment amount of ¥60 billion), which targets startup companies in the AI and blockchain fields, as well as those involved in closely related areas such as IoT, robotics and the sharing economy. Up to and including the fiscal year ended March 31, 2019, the amount of investments through these funds, etc. has reached a cumulative total of more than ¥240 billion, and some of the investees from the Fintech Fund have already conducted their IPOs. Following the 13 SBI Group investee companies that concluded IPOs and M&As in FY2017, in FY2018 20 companies also concluded IPOs and M&As.

For some time, the SBI Group has also been focused on bringing together major companies and startups through venture investments, while simultaneously supporting the enhancement of their competitiveness and business expansion, through open innovation between large companies and the companies in which investments were made. One such case is corporate venture capital (CVC). In recent years, a variety of companies have focused on CVC as an investment that will enhance their competitiveness. In the case of SBI Investment, a total of ¥50 billion in CVC funds have been established and managed (as of the end of March 2019) with 7 companies, including NIKON, SUBARU and HOUSE FOODS GROUP.

### Change in Amount of Investment and Number of Investment Companies



## The Overseas Financial Services Business Continues to Steadily Expand

The Asset Management Business of the SBI Group is developing a range of overseas financial services businesses. SBI SAVINGS BANK of South Korea, which became a consolidated subsidiary in March 2013, is steadily expanding its balance of performing loans centered on retail loans, and its overall loan delinquency rate at the end of March 2019 remained low at 3.9% (3.8% for retail loans only). Its total assets of KRW 7,510.1 billion and net income of KRW 131.0 billion (fiscal year ended December, 2018, K-GAAP) places SBI SAVINGS BANK of South Korea in the dominant No. 1 position in the industry.

Similarly, upon becoming a wholly owned subsidiary in August 2017, SBI Bank, a commercial bank in Russia, has also steadily expanded its corporate business, starting with financial services to local companies in Russia, and has been improving its business results. In January 2019, the Russian Direct Investment Fund (RDIF), the sovereign wealth fund of Russia, and the Russia-Japan Investment Fund (RJIF), which was launched by RDIF, the Japan Bank for International Cooperation (JBIC) and JBIC IG Partners, reached an agreement with SBI Holdings to invest in SBI Bank. Jointly with the RedStone Group (the brand name for new business groups of the Iliev Group, a strategic partner of SBI Holdings in Russia), SBI Holdings also signed a basic agreement to support the indoor leisure complex operator ROUND ONE's expansion into Russia. In the years ahead, SBI Bank will accelerate collaboration with local strategic partners, leverage the SBI Group's fintech strengths in the provision of financial products and services with high customer benefits, and promote businesses that will link Russian and Japanese small- and mid-size companies, with the objective of expanding Japan-Russia businesses.

Since August 2009, the SBI Group has also been investing in TP Bank in Vietnam, as a strategic investee company, in anticipation of a high level of growth, and having reached a loan balance of ¥400 billion as of March 31, 2019, its basic growth trend is continuing. As of the end of June 2019, its market capitalization had also increased to more than ¥90 billion, and it is rapidly expanding its retail-centered business by introducing leading-edge technologies. These include providing unattended banking services 24 hours a day, 365 days a year and fingerprint recognition-based self-service cash withdrawals.

Taking full advantage of these results, the SBI Group will continue to focus its management resources on the high-growth Asian financial sector.

Note: For details on the venture capital business, please also refer to "Executive Messages: Regional Revitalization through the Investment Business" on page 20. For the Asset Management Services business, please refer to "Executive Messages: Expansion of the Asset Management Structure" on page 23.