Accounting Policies of the Asset Management Business

Below, we explain in detail the accounting policies of the Asset Management Business in response to questions we have received from stakeholders.

1. Changes in the fair value of financial instruments measured at fair value through profit or loss (FVTPL)

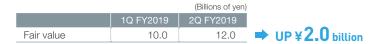
Owing to SBI Holdings' adoption of IFRSs for its accounting standards, the fair value of financial instruments (operating investment securities and other investment securities), including stocks of portfolio companies that the Asset Management Business holds, will be reviewed each quarter.

The fair value of marketable securities is estimated using market prices. The fair value of securities without a market price, such as unlisted stocks, may in some cases be calculated using a market approach, cost approach, or in other cases the most recent transaction price for an issuance of new shares to a third party may be used.

If a change is made to the fair value of a financial instrument, the following accounting policy takes effect.

Accounting policies for calculating the fair value of portfolio companies

Example: The fair value of a portfolio company increases by 20% during a quarter.



(1) If the investment is from a wholly owned subsidiary of SBI Holdings

	(Billions of yen)
	2Q FY2019
Revenue	2.0
Profit before income tax expense	2.0
Tax (30%)	-0.6
Profit for the period	1.4
Profit attributable to owners of the Company	1.4
Non-controlling interests	

(2) If the investment is from a consolidated fund (ownership ratio in the fund: 20%)

	(Billions of yen)	
	2Q FY2019	
Revenue	2.0	Tax expense relating to the ownership portion in the fund
Profit before income tax	-2.0 billion × 20% × 30% = -¥0.	$-2.0 \text{ billion} \times 20\% \times 30\% = -40.12 \text{ billion}$
expense	2.0	
Tax (30%)	-0.12	(V2.0 billion + 200/ (ownership ratio in the fund))
Profit for the period	1.88	(¥2.0 billion × 20% (ownership ratio in the fund)) – ¥0.12 billion (taxes) = ¥0.28 billion
Profit attributable to owners of the Company	0.28	
Non-controlling interests	1.6	¥2.0 billion × 80% (non-controlling interests) = ¥1.6 billion

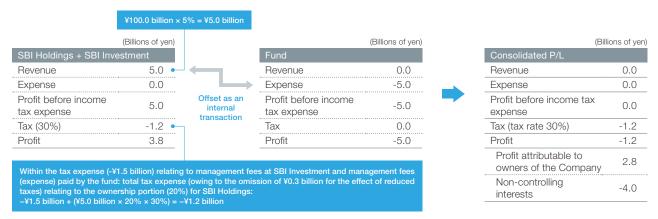
2. Management fees of a consolidated fund for which the SBI Group serves as a general partner (GP)

For management fees of a consolidated fund for which the SBI Group serves as a GP, the following accounting policy takes effect.

Accounting policy for management fees paid from a consolidated fund

Example: SBI Holdings owns 20% of a ¥100 billion fund (with a 5% management fee) for which SBI Investment serves as a GP.

For convenience, we show a simple example of the accounting policy relating to the management fees incurred, and present part of the accounting process in abbreviated form.



Note: Furthermore, within the funds for which the SBI Group serves as GP, such as CVC funds et al., for which the SBI Group's ownership ratio is extremely low, as a result of not being subject to consolidation, their management fees are recognized as revenue.