



VALUE CREATION STORY

SBI GROUP STORY

The Purpose of the SBI Group

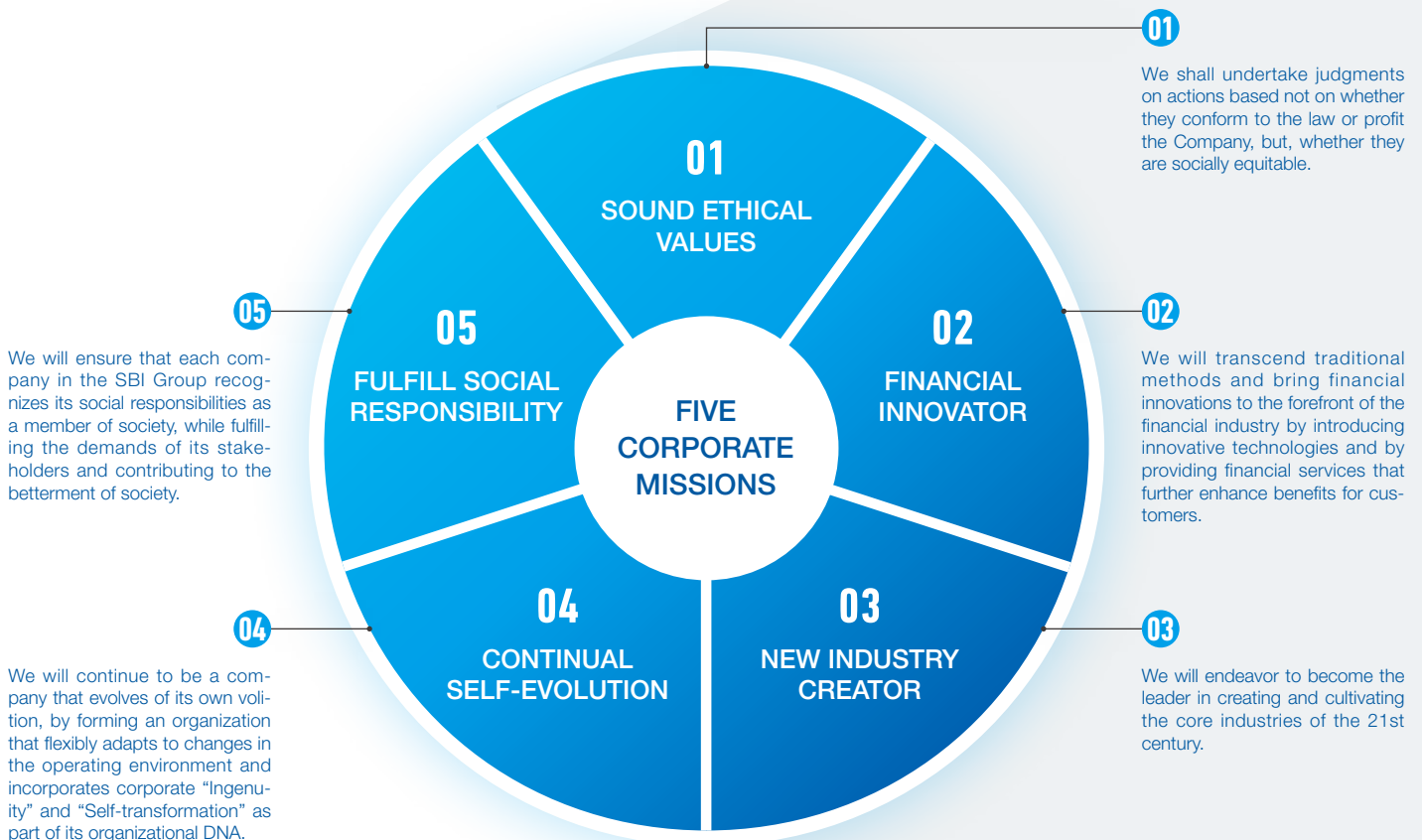
PURPOSE

Since our founding, it has been our constant desire to capture current trends to create innovative businesses that benefit people and society

“Corporate mission” is another way of describing a company’s management philosophy or values and raison d’être that do not change easily because of top management shifts or market changes. In other words, a corporate mission serves as the foundation, allowing it to establish a clear long-term goal for the company and provide a sense of purpose for its employees. Prior to the SBI Group’s establishment in 1999, it defined its management philosophy in terms of the “Five Corporate Missions” listed below.

In addition to these five corporate missions, we are also determined to contribute to the maintenance and development of society, in line with our belief that a company is a member of society and can only exist as an entity that belongs to society. Since our founding, it has been our desire to capture current trends to create innovative businesses that benefit people and society.

The SBI Group's Corporate Missions



Activities that Embody the SBI Group's Corporate Missions

Internet technologies were still in their infancy when the SBI Group was founded and began operating in the online securities business⁰². Our uncompromising commitment to the "Customer-centric Principle" resulted in continuous, incremental reductions in the commissions charged by SBI SECURITIES on brokerage transactions, leading to provision of services that truly reflect customer perspectives⁰¹. As a result, SBI SECURITIES has grown into a securities company with the leading share of the retail market. By creating innovative businesses that benefit both people and society, the SBI Group has been able to achieve sustainable growth while also contributing to the maintenance and development of society⁰⁵. However, we have no intention of becoming complacent based on our past successes. Instead, we are determined to achieve continual evolution⁰⁴ by accurately monitoring trends in the rapidly changing digital world, and by moving forward with new concepts in the digital space, such as security tokens (STs) and non-fungible tokens (NFTs)⁰³.

Fundamental Business Building Concepts of the Group

Thorough Pursuit of the "Customer-centric Principle"

Since its founding, the SBI Group has been implementing the "Customer-centric Principle," which places the highest priority on customer benefits. In addition to offering low commission fees on brokerage transactions, by providing deposit products with favorable interest rates and realizing the industry's lowest insurance premiums, we have harnessed the power of innovative technologies to offer products and services at competitive prices. In addition to this, we are focusing our efforts on enhancing our product offerings, as well as integrating the online and physical store outlets, in order to meet our customers' needs.

Formation of a "Business Ecosystem" and Exhaustive Pursuit of Group Synergies

A business ecosystem is an economic community based on mutual interaction that is supported by an organizational structure. Based upon the two major principles of complex systems "The whole should be geared toward the objective of being greater than the sum of the parts" and "The whole should have new qualities that an individual part cannot achieve," the SBI Group has established a business ecosystem that realizes its high growth potential from synergy and mutual evolution, which cannot be achieved by a single company alone.

Thorough Devotion to Innovative Technology

The SBI Group is proactively utilizing new technologies, such as artificial intelligence (AI), blockchain, big data, and the Internet of Things (IoT). In the fin-tech sector, where revolutionary technologies are being developed and advancing globally, as well as in the AI and blockchain sectors, we are pursuing growth through the three processes of "Investment" in promising startup companies, the "Adoption" of the new technologies held by investee companies to the Group's individual financial service businesses, and the "Diffusion" of these technologies across multiple industries.

Formulate and Implement Strategies that Anticipate the Near Future

The SBI Group is working on its business by establishing "overall strategies" and "individual strategies" to align and mobilize the Group companies to create efficient synergies and strengthen the sense of unity among them. The overall strategy of the SBI Group is a Group-wide effort that is consistent with social issues, national goals, etc., while keeping an eye on the changing times. The overall strategy will be efficiently spread to each subsidiary and then will transform into an individual strategy to achieve a unified goal.

Overview of the SBI Group

SELF-EVOLUTION

We will expand into new business areas by going beyond finance with finance as its core

The SBI Group has achieved rapid growth in three core business segments: the Financial Services Business, which includes online securities, banking, and insurance; the Asset Management Business, which centers on investment in startup companies; and the Biotechnology, Healthcare & Medical Informatics Business, which encompasses the manufacturing and sales of pharmaceuticals, health foods, and cosmetics, as well as the medical informatics business.

However, in FY2022, the SBI Group changed its business segments in management accounting to a structure consisting of five business segments. This change was made because of challenges with the previous structure, including the impact of changes in market conditions, such as the stock market, on specific businesses within each segment, as well as uncertainty about the future of segment boundaries amid the anticipated expansion of non-financial business, including those relating to Web 3.0. Under the new structure, we will be able to make more flexible management decisions based on a clearer identification of which segments are more or less susceptible to changes in the market environment. In addition, by clearly positioning the Financial Services Business as a source of stable cash flows, we will enhance our ability to forecast our policies regarding dividends and other shareholder returns. We also believe that the new structure will provide greater clarity in relation to the SBI Group's advanced initiatives, including the development of Web 3.0 businesses and expansion into new overseas markets.

Going forward, we will work under the new five-segment structure to improve our products and services as well as create new businesses that utilize advanced technologies, leading to the realization of our strategy of going beyond finance with finance as its core.

Asset Management Business

Provides asset management-related services

This segment contains Group companies providing asset management-related services, including Morningstar Japan and the SBI Asset Management Group.

Asset Management Business

Crypto-asset Business

Crypto-asset market making and provision of exchange and trading services relating to digital assets

This segment consists of Group companies engaged in business activities relating to digital assets which is seen as a growth area, and decided to create an individual business segment to clarify its profitability.

Crypto-asset Business



The Five New Business Segments

Financial Services Business

Financial Services Business

Securities, banking, and insurance businesses

This business segment is comprised of Group companies active in the fields of securities, banking, and insurance. In addition, overseas financial businesses such as SBI SAVINGS BANK, that previously belonged to other segments, have been added to this segment.

Investment Business

Investment Business

Fund management in multiple areas, including venture capital, leveraged buyout, and business succession

This segment consists of Group companies, such as SBI Investment, that are engaged in private equity investment, including venture capital investment and the management of various types of funds.

Non-financial Business

Non-financial Business

Business activities relating to the Biotechnology, Healthcare & Medical Informatics Business, Web 3.0, and new overseas markets such as Africa, etc.

This segment is made up of Group companies involved in the Biotechnology, Healthcare & Medical Informatics Business, Web 3.0 initiatives, and expansion into new overseas markets in Africa and other regions. When companies engaged in advanced initiatives join the SBI Group in the future, we anticipate that these companies will be placed in this business segment.

SBI Group's Value Creation

VALUE CREATION

We will continue to create social and economic value through business activities utilizing our strengths

The SBI Group, along with its Five Corporate Missions, places thorough pursuit of the “Customer-centric Principle” and the idea that public benefit leads to private benefit as the core of all its business activities.

It is our firm belief that the pursuit of value that benefits people and society through the strengths of the SBI Group, which have been cultivated since its founding, and the business activities based on these strengths lead to the private benefit of increasing our Company's economic value.

STRENGTH

Customer Base

- The Group as a whole has a customer base of over **42 million** people
- The SBI Group's number of securities accounts and share of individual stock trading value Ranked **No.1** within securities industry including major face-to-face securities companies
- **97.5%** of IPO underwriting shares involving SBI SECURITIES **No.1** in the industry since FY2012
- SBI SECURITIES, SBI Sumishin Net Bank, and SBI Insurance becoming **No.1** in customer satisfaction in their respective domains
- SBI Investment
Total invested: **¥515.3 billion**
Total investment commitment: **¥688.7 billion**
- **206** investors companies participating in SBI 4+5 Fund, one of the largest venture capital funds in Japan with fund size of ¥100 billion

Note: As of January 6, 2022; based on research by SBI

■ P22-23 SBI Group's Customer Values

ECONOMIC VALUES

FY2021 Results

- | | |
|---|-----------------------|
| • Consolidated profit before income tax expense | ¥412.7 billion |
| • ROE | 49.4% |
| • Assets under management of the Group | ¥6.1 trillion |

Target Values for Medium-term Vision (3 to 5 Years from April 2021)

- | | |
|---|--|
| • Consolidated profit before income tax expense | Over ¥300 billion |
| • ROE | Consistently maintaining at 10% or more |
| • Assets under management of the Group | Over ¥10 trillion |

FIVE CORPORATE MISSIONS

→ P.12-13 The Purpose of the SBI Group

Alliances Within and Outside the Group

Building win-win relationships through alliances with various companies

- Collaborating regional financial institutions: **Over 100**
- Of **1,067** fund portfolio companies invested in by SBI Investment, **113 companies** have had IPOs underwritten by SBI SECURITIES

Intellectual Capital

Actively incubate and utilize innovative technology

- Investing in startup companies to support incubation of companies having innovative technology and expertise
- Utilizing innovative technologies to provide new financial services and diffuse technology across industries outside the Group

Financial Capital

A financial foundation with sound underlying finances in compliance with laws and regulations

- Long-term Issuer Rating (R&I): **A-** (Stable)
- Consolidated total net assets: **¥17,838.2 billion**

Human Capital

Diverse employees supporting continuous growth

- Consolidated number of employees in the Group: **17,496**
- Number of employees who have earned an MBA from the SBI Graduate School through the company dispatch program: **143**

→ P.38-39 Diversity and Inclusion

Note: Figure as of March 31, 2022

BUSINESS ACTIVITIES

Developing Businesses in the Five Segments

Overview of the SBI Group

→ P.14-15

Implementing the Strategies which Capture the Trends of the Time

CEO Message

→ P.02-09

Special Features 1 and 2

→ P.24-28

Promoting Sustainability Management

SBI Group's Priority Issues

→ P.18-19

SOCIAL VALUES

Examples of Major Contributions to Social Value

- Providing financial services utilizing innovative technologies
→ Further Improvement of customer benefits
- Promoting a regional revitalization strategy in collaboration with regional financial institutions
→ Contributing to the revitalization of regional economies and the overall Japanese economy
- Proactively investing and cultivating new business based on the three processes of "investment," "adoption" and "diffusion," which is the SBI Group's basic strategy for startup investment
→ Creating and cultivating the core industries of the 21st century
- Focusing on 5-ALA applications and the medical informatics business to facilitate better health
→ Contributing to enhanced medical care and facilitating people's health
- Developing employees' capabilities while advancing diversity and inclusion
→ Building an environment where a diversity of employees can maximize their potential



→ P.18-19 SBI Group's Priority Issues

SBI Group's Priority Issues

SUSTAINABILITY

Striving for Continued, Sustainable Growth Along with Society

Basic Sustainability Principles

The SBI Group formulated the Basic Sustainability Principles in December 2021 toward the realization of a sustainable society while achieving sustainable growth of the Group.

Since its founding, the goal of the SBI Group has been to contribute to the maintenance and improvement of society based on the Group's unwavering idea that a company is a part of society and is only able to continue existing because it belongs to society.

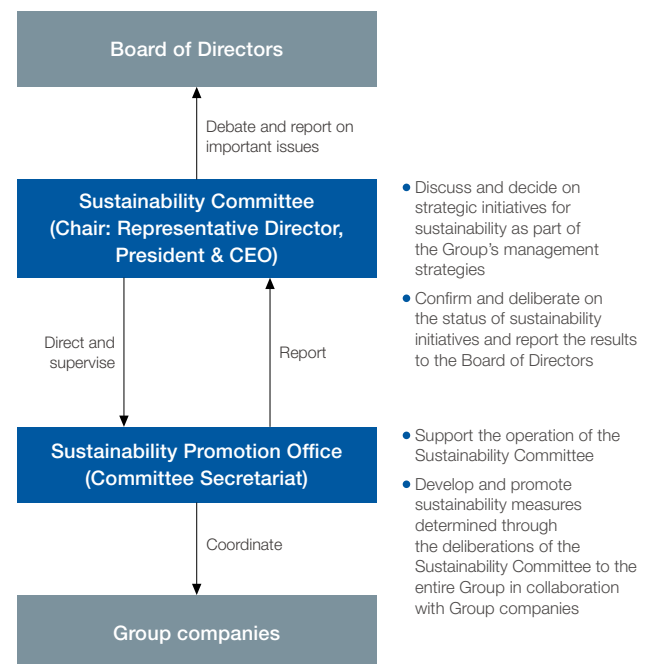
We believe that staying on top of trends and creating innovative businesses to benefit people and the world are the keystones to fulfilling of our responsibilities to society and sustainable growth. We believe that as each person has their own virtues, companies have corporate virtues. A corporation fulfilling its corporate responsibilities to society should enhance its corporate virtue and establish it as a strong and respected company that is trusted by the broad range of stakeholders surrounding the company.

These principles and ideas are embodied in the SBI Group's management philosophy. The executives and employees of the Group ensure that this philosophy is reflected in their business activities, so the Group remains a corporate group that is always needed by society.

The SBI Group puts legitimate action into practice in light of social justice and continually asks itself whether or not the Group, as a "Strategic Business Innovator," should satisfy in preserving the status quo. By doing so, the SBI Group will contribute to the resolution of social issues through its many different business activities and pursue the establishment of a sustainable society and the continued increase of its value to society.

Framework for Promoting Sustainability



Since its founding, the goal of the SBI Group has been to contribute to the maintenance and improvement of society. Given the increasing importance of achieving both the realization of a sustainable society through the resolution of social issues and the sustainable enhancement of corporate value, SBI Holdings recently established the Sustainability Committee in November 2021.



SBI Group's Materiality (Priority Issues)

The SBI Group has organized its business opportunities and risks on the basis of two-axis; the social and environmental issues that should be resolved, and the increase of the SBI Group's corporate value, in line with GRI Standards, the Sustainable Development Goals (SDGs) and other international frameworks and guidelines. By doing so, the Group extracted issues that it should address through its business operations, to achieve sustainable growth through coexistence with society.

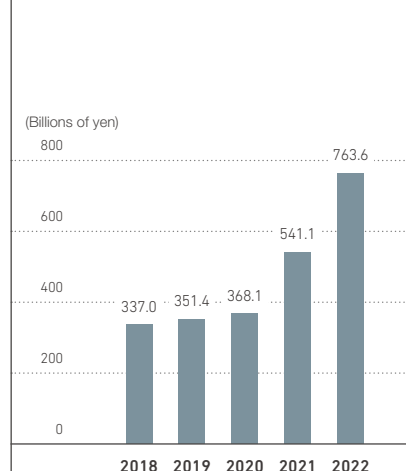
Furthermore, we have identified issues that should be prioritized in light of such standpoints as, "What contributions are possible for the resolution of the issues?" and "Can the efforts to resolve the issues be aligned with the SBI Group's medium- and long-term strategies?"; and as a result, we have formulated the SBI Group's Materiality. This materiality will be continuously reviewed in consideration of changes and the renewal of the Group's medium- and long-term management strategies, changes in social conditions and other trends.

SBI Group's Materiality (Priority Issues)	Specific Initiatives	Related Social Issues
Create Added Value Reflecting the New Tide of Society and Customers' Needs <p>The SBI Group has achieved growth by staying true to and tirelessly practicing the management philosophy which it has upheld since its founding. We have adhered to the "Customer-centric Principle" throughout the business operations of the Group. Moreover, our corporate ecosystem has enabled us to achieve significant potential for growth through its multiplying effects and mutual evolution, something no single company can simply achieve. By pursuing these initiatives, we will continue to create innovative financial solutions to contribute to the entire society.</p>	<ul style="list-style-type: none"> • Provide opportunities for asset formation in line with each individual's lifestyle • Present financial services that enhance customers' convenience • Develop a business ecosystem based on digital assets <p>→ P.22, 24</p>	
Develop New Industries and Contribute to Technological Innovation <p>Based on the idea that technology brings new trends to society, we promote sustainable expansion of businesses and social reforms such as the acceleration of digital transformation (DX) through proactive investments in startups and so forth with innovative technologies, introduction of these technologies within the companies of the SBI Group and then the spread of these technologies across our alliance partners and other stakeholders.</p>	<ul style="list-style-type: none"> • Create and incubate the 21st century's core industries • Provide innovative financial services • Spread technologies in a cross-industry manner 	
Resolve Social Issues and Revitalize the Economy in Cooperation with Stakeholders <p>Irrespective of differences between industries and types of business, the SBI Group works with all stakeholders and combines its management resources and expertise. In this way, we will pursue the creation of new business opportunities and contribute to mutual sustainable growth and eventually the revitalization of the Japanese economy as a whole.</p>	<ul style="list-style-type: none"> • Promote businesses to support regional revitalization • Expand and deepen alliances with partner companies • Encourage innovation through the co-creation of value <p>→ P.2, 28</p>	
Achieve a Sustainable Society that Is Abundant and Healthy <p>In consideration of the roles that a company is expected to assume in a global society, the SBI Group contributes to the maintenance and improvement of a sustainable society by addressing the risks and opportunities presented by climate change and working to improve people's health and quality of life.</p>	<ul style="list-style-type: none"> • Promote investments and loans to solve environmental issues • Provide insurance services to lessen damage from natural disasters • Research and develop pharmaceutical products and foods with functional claims using 5-ALA and other substances that are designed to promote health • Contribute to the sophistication of healthcare through digitalization of healthcare data and use of big data 	
Develop an Organizational Climate to Respect and Embrace Diverse Values <p>The SBI Group believes that human resources are the source of creativity and the main agent of its differentiation which is the source of its competitiveness. We will build an environment which encourages diverse human resources to maximize their potential so that the Group can continuously create innovation and think outside the box.</p>	<ul style="list-style-type: none"> • Promote diversity and inclusion • Continue to enhance the value of human resources through the development of potential of employees • Enable flexible work styles that respect individualities and differences among individuals <p>→ P.38</p>	
Strengthen and Improve Corporate Structure for Achieving Sustained Growth <p>The SBI Group is strongly aware of the social nature of business while it builds a foundation for management that enables prompt and flexible responses to rapid changes in the business environment. We will strengthen and improve our corporate governance to sustainably increase the Group's corporate value in an effort to deepen our trust-based relationships with all of our stakeholders and to facilitate mutual growth.</p>	<ul style="list-style-type: none"> • Establish a decision-making process in which transparency and independence are secured • Formulate management strategies on the assumption of business opportunities and risks and perform risk management • Develop and effectively use internal control systems <p>→ P.40</p>	

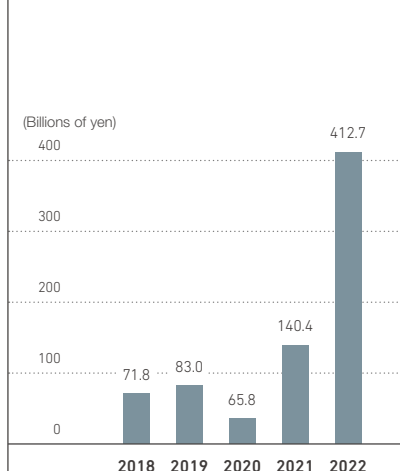
SBI Group's KPIs

Consolidated Financial Highlights (IFRS)

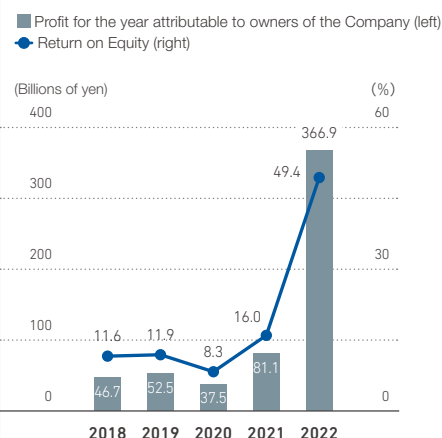
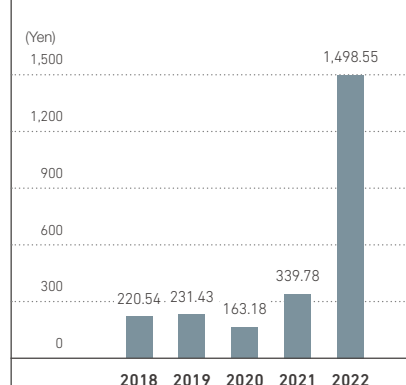
Revenue



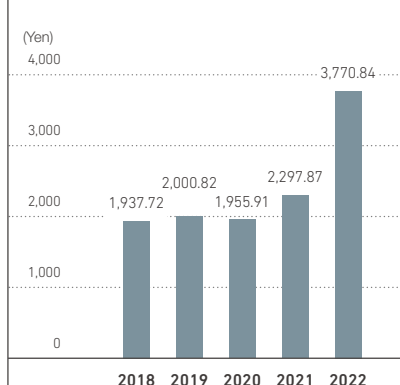
Profit before income tax expense



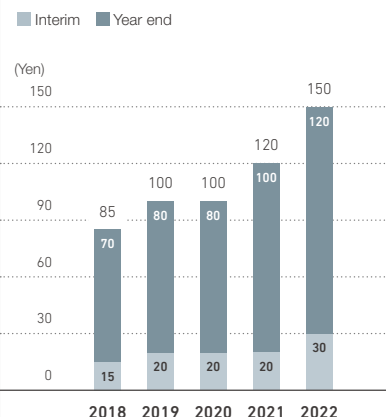
Profit for the year attributable to owners of the Company/Return on Equity (ROE)

Basic earnings per share (EPS)
(attributable to owners of the Company)

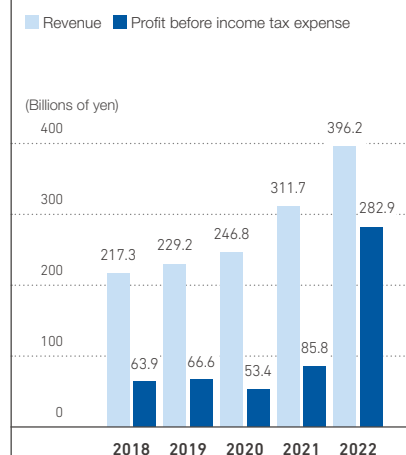
Equity per share attributable to owners of the Company (BPS)



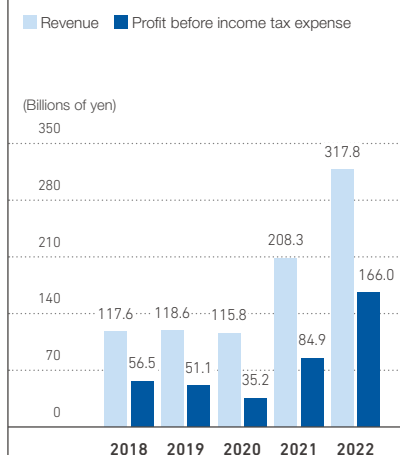
Dividend per share



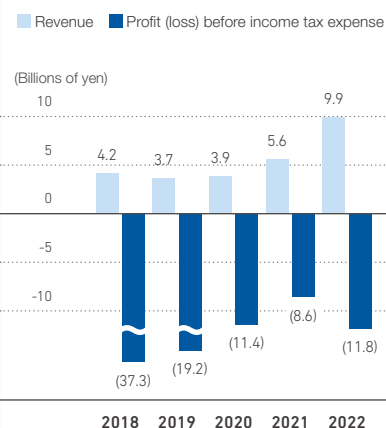
Financial Services Business*1, 2



Asset Management Business*1, 2



Biotechnology, Healthcare & Medical Informatics Business*1, 2



*1 For FY2017 to FY2021, whereas Group companies were transferred from one segment to another, the abovementioned figures reflect disclosed figures for each fiscal year, so there may be some discrepancies

*2 Inter-company eliminations are not included in the segment figures

Non-financial Highlights

Countries and regions with overseas offices

25 countries and regions

(As of June 30, 2022)

The SBI Group has established overseas offices primarily in the growth markets of emerging countries in Asia and is pursuing global business expansion in various fields.

Percentage of employees at overseas offices (consolidated)

22.9 %

(As of March 31, 2022)

As the SBI Group continues its global development, transitioning "from Japan's SBI to the World's SBI," employees at overseas offices account for more than 20% of the total workforce.

Number of Group companies that have made initial public offerings

15 companies

(As of March 31, 2022)

The Company is promoting initial public offerings of Group companies to actualize the Company's intrinsic corporate value.

Number and percentage of female Directors

2 persons / **14.3** %

(As of July 31, 2022)

SBI Holdings has appointed two female Directors, accounting for 14.3% of the total 14 Directors.

Number and percentage of Independent Outside Directors

7 persons / **50.0** %

(As of July 31, 2022)

SBI Holdings appointed seven Independent Outside Directors, accounting for 50.0% of the total 14 Directors.

Attendance rate at Board of Directors' meetings

99.2 %

(FY2021)

The attendance rate at Board of Directors' meetings for Directors and Statutory Auditors of SBI Holdings is 99.2%.

Rating for long-term issued bonds

A-

(As of April 27, 2022)

In April 2022, SBI Holdings acquired a long-term issued bond rating of A- (Stable) from the Rating and Investment Information, Inc., about Rating and Investment Information, a one notch upgrade from BBB+.

Institutional investor ratio in shareholder composition

76.1 %

(As of March 31, 2022)

The ownership ratio of domestic and foreign institutional investors is rising, and foreign ownership alone accounts for a high 48.6% of all shareholders. Moving forward, we will strive to increase the ratio of individual shareholders to achieve a well-balanced shareholder composition.

Cumulative donations made by the SBI Children's Hope Foundation

Approx. **¥1,120** million

(As of March 31, 2022)

Through the SBI Children's Hope Foundation, the SBI Group actively pursues solutions to child welfare problems for the sake of children. The Foundation has made cumulative donations of approximately ¥1,120 million, up to FY2021.

SBI Group's Customer Value

Customer Satisfaction Assessment of Financial Services Business Companies (As of June 30, 2022)



SBI証券
[SBI SECURITIES]

Inquiry Counter Rating
Web Support Rating

3 Stars

The highest rank in Japan of "Three Stars" in 2021
"HDI Rating Benchmark"



2022 ORICON Customer Satisfaction® Survey
No.1 in Internet Banking

住信SBIネット銀行
SBI Sumishin Net Bank

Internet Banking
Customer
Satisfaction Ranking

1st



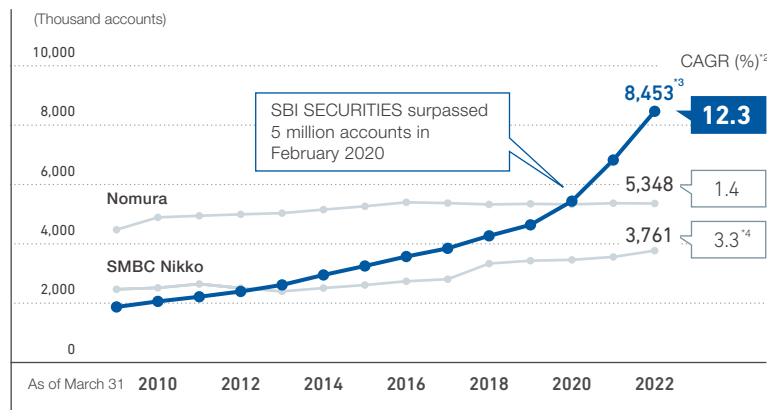
2022 ORICON Customer Satisfaction® Survey
No.1 in Auto Insurance Premiums

SBI損保
[SBI Insurance]

Auto Insurance
Premium
Satisfaction Ranking

1st

Number of Accounts of SBI SECURITIES and Two Major Face-to-face Securities Companies*1



*1 As of March 31, 2017, Daiwa Securities' number of accounts totaled 3,886 thousand accounts. Daiwa Securities has not disclosed its figures beyond April 30, 2017

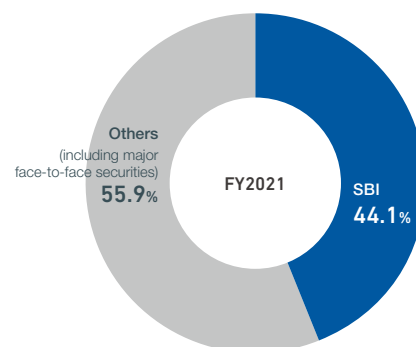
*2 March 2009 to March 2022

*3 From April 2019, includes SBI NEOMOBILE SECURITIES' accounts, from October 2020 includes SBI Neotrade Securities' accounts, and from September 2021 includes FOLIO's accounts.

*4 Merged with SMBC Friend Securities in January 2018

Sources: Each company's published information

Share of Individual Stock Trading Value

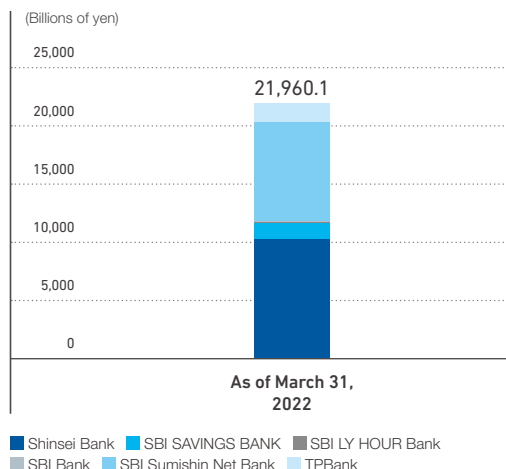


Note 1: Includes SBI Neotrade Securities' values

Note 2: Shares are calculated by dividing each company's individual stock trading value or individual margin trading value by the total individual stock trading value or individual margin trading value of the TSE and NSE, including the ETF and REIT trading values, respectively

Sources: Tokyo Stock Exchange statistics; each company's published information

Total Assets of the Banking Segment in the SBI Group

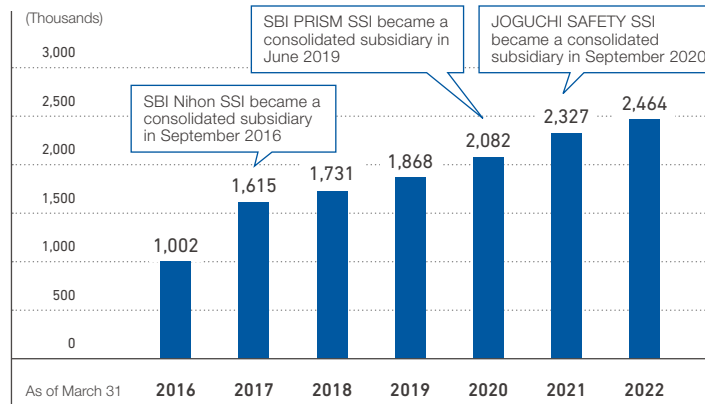


*1 Figures of domestic banks are consolidated/JGAAP, other overseas banks are based respectively on each GAAP of the country they are based

*2 Figures of total assets of each company are as of end of March 2022

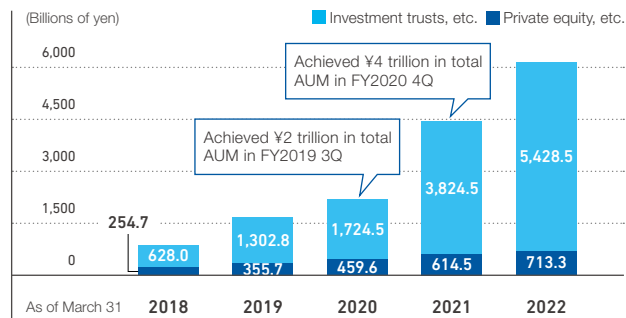
*3 The conversion rates are 1USD=¥129.1, 1KRW=¥0.1, 1VND=¥0.0053

Number of Contracts in SBI Insurance Group



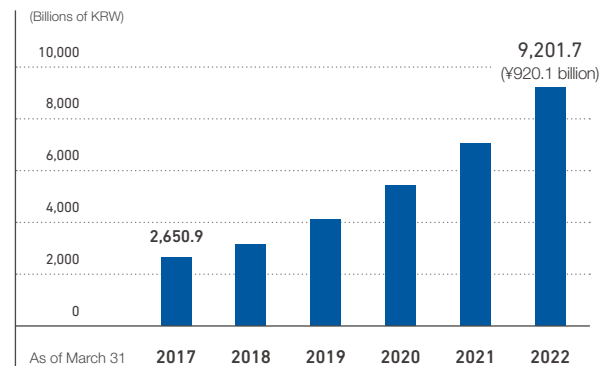
Note: Simple sum of the number of contracts of SBI Insurance, SBI Life Insurance, SBI IKIKI SSI, SBI Nihon SSI, SBI Resta SSI, SBI PRISM SSI and JOGUCHI SAFETY SSI

SBI Group's Assets Under Management



Note 1: Calculated by the exchange rate as of the end of March each year
 Note 2: Amounts are rounded to the nearest ¥100 million
 Note 3: "Private equity, etc." includes neither cash nor commitment amount to be paid in
 Note 4: "Investment trusts, etc." are the sum of amounts of investment trusts and investment advisors.
 If Morningstar Asset Management provides investment advisory services, for funds that SBI Asset Management provides investment instruction to, assets are recorded in both Investment trusts and Investment advisory, respectively, so there are some overlapping amounts

Balance of Retail Performing Loans at SBI SAVINGS BANK of South Korea



Note 1: Based on K-GAAP
 Note 2: Conversion rate of 1 KRW = ¥0.100

Corporate Venture Capital (CVC) Funds Under Management

CVC partners	Fund name	Total Investment Commitment (Billions of yen)
NIKON CORPORATION	Nikon-SBI Innovation Fund	10.0
INTAGE HOLDINGS	INTAGE Open Innovation Fund	5.0
MITSUI MINING & SMELTING	Mitsui Kinzoku-SBI Material Innovation Fund	5.0
HOUSE FOODS GROUP	House Foods Group-SBI Innovation Fund	5.0
SUBARU CORPORATION	SUBARU-SBI Innovation Fund	10.0
FUSO Corporation	FUSO-SBI Innovation Fund	5.0
dip Corporation	DIP Labor Force Solution Fund	9.0
Sumitomo Mitsui Trust Bank, Limited	SuMi TRUST Innovation Fund	5.0
SUMITOMO LIFE INSURANCE COMPANY	SUMISEI-SBI INNOVATION FUND	8.0
MEDIPAL HOLDINGS CORPORATION	MEDIPAL Innovation Fund	10.0
Hankyu Hanshin Holdings, Inc.	Hankyu Hanshin Innovation Partners Fund	3.0
Restar Holdings Corporation	Restar-SBI Innovation Fund Investment Limited Partnership	5.0
KDDI CORPORATION	KDDI Green Partners Fund	Approx. 5.0

Note 1: As of June 30, 2022
 Note 2: In addition, there are three undisclosed funds (total investment commitment of ¥20 billion)

Investors in SBI 4+5 Fund

206
companies

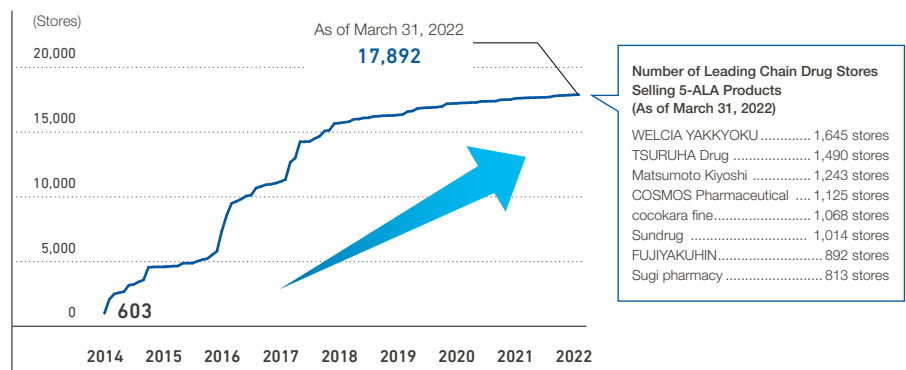
Of these, 50 are regional financial institutions
 (Offering completed on December 31, 2021)

Number of Countries in which 5-ALA Cancer Diagnostic Agent is Sold

Over **40**

(As of March 31, 2022)

Number of Domestic Stores that Offer Health Foods Containing 5-ALA



Responding to Emerging Next-generation Trends

Since its founding, the SBI Group has been working to create the world's leading Internet financial ecosystem. Today, we have organically combined new technologies such as blockchain, and are successfully transitioning to a new digital financial ecosystem. We are currently in the progress of evolving to a digital space ecosystem oriented toward the development of diverse businesses as the era of Web 3.0 arrives in force.

DIGITAL SPACE ERA



Pioneering Initiatives in the Digital Asset Industry

Throughout its history, the SBI Group has been working to build an Internet financial ecosystem based primarily on online activity. In recent years, we have seen the full-scale entry of institutional investors into the digital asset-related market, an area traditionally dominated by individual investors. Proof for this shift is the growth of crypto-asset transactions by institutional investors through Coinbase Global, Inc., a major U.S. crypto-asset exchange, with trade volume reaching US\$1.14 trillion (approximately ¥132 trillion) in 2021. We anticipate further digitalization of the financial sector, so have been working to enhance our financial ecosystem in preparation for these changes. Starting in 2015 with the formation of the FinTech Fund, the Group has expanded into various businesses, such as crypto-asset and businesses specializing in blockchain, which are core technologies for digital assets, and began developing a digital financial ecosystem.

We expect this accelerating digitalization trend to expand beyond the financial sector into all aspects of society, leading to the full-fledged arrival of the digital space era. The Group has already started preparing for these changes by enhancing our internal systems, including the creation of the Blockchain Promotion Department in 2016. In addition, by collaborating with prominent partners in Japan and overseas, we have built a global organizational structure that will allow the SBI Group to be a major player in the areas of digital assets and the digital space.

Introducing Core Technology that is Essential for the Digital Space Era

The SBI Group has expanded its business activities by rapidly acquiring new technologies through a basic strategy centered on the three processes of “Investment,” “Adoption,” and “Diffusion.” For example, in 2016, the Group invested in Ripple, a U.S. company that has created a leading distributed ledger technology (DLT). In 2019, we established Money Tap, which utilizes Ripple’s technology to provide money transfer and payment services, and offer its services to regional financial institutions. The SBI Group continues to form collaborative partnerships with companies that possess innovative core technologies. In 2022, we invested in the U.S. company Digital Asset, which has developed “Daml,” a smart contract coding language with excellent blockchain interoperability characteristics and are now preparing to establish a joint venture with the company.

The SBI Group has also been involved in creating cross-industry organizations dedicated to the corporate development of the digital space area, including the Japan STO Association (established in 2019) and the Japan Digital Space Economy Federation (established in 2022). In addition, we established the SBI Financial and Economic Research Institute in 2021 as a think tank specializing in research on next-generation finance and digital finance. The SBI Group will work through these organizations to discover and realize business opportunities, while ensuring full compliance with Japanese laws and regulations and effective protection for investors. At the same time,

we will contribute to the development of various systems through surveys, research, and policy proposals.

Becoming a Next-generation Financial Platform Provider in the Digital Space Era

The SBI Group strives to become a next-generation financial platform capable of using a variety of new technologies centered on blockchains. We are working to realize this vision through initiatives in four areas.

The first area is security tokens (STs) [▶ P.119](#), which are financial products of the next generation. Group companies have already created track records in this area, including the first security token offering (STO) of corporate-type bond STs for general investors in Japan, as well as a public offering of asset-backed STs in 2021. In addition, as part of our efforts to establish Japan's first secondary market for ST, we established the Osaka Digital Exchange (ODX), a company that operates a proprietary trading system (PTS). The Sumitomo Mitsui Financial Group, Inc., Nomura Holdings, Inc., and Daiwa Securities Group Inc. also hold shares in the ODX, which began handling Japanese equities in June 2022 and is expected to start trading in STs from 2023. The SBI Group is planning to offer comprehensive, one-stop ST functionality encompassing everything from issuance and distribution to custody (storage) services. To achieve this, we are striving to form one of the world's largest global corridors by collaborating and interconnecting with multiple overseas stock exchanges, including the Börse Stuttgart Group of Germany and the SIX Group in Switzerland. The SBI Group has already invested in and/or established business alliances with both exchanges.

The second initiative is in the area of non-fungible tokens (NFTs). In 2021, we acquired SmartApp Co., Ltd. (now SBINFT), which created Japan's first integrated NFT platform, as a consolidated subsidiary of the SBI Group. This has enabled us to establish a full-scale presence in the NFT marketplace. In addition, SBI Art Auction, which plans and manages art auction events, entered the digital art business and held Japan's first NFT art auction in October 2021.

The third area consists of services based on the active utilization of blockchain and DLT. The SBI Group is working in partnership with the U.S. company R3, the developer of the Corda DLT platform, to offer companies and corporations supply chain finance and traceability platforms based on Corda. We are also developing international money transfer services using Ripple's XRP Ledger technology.

Finally, **the fourth** area we foresee relates to central bank digital currencies (CBDCs) [▶ P.119](#). CBDC research has accelerated in many parts of the world, and several countries have already started testing CBDC proof of concepts, such as Sweden's "e-Krona" and China's "Digital RMB." In the U.S., the President Biden signed an executive order calling for the acceleration of research into the issuance of digital USD. The SBI Group will continue to monitor these national trends and contribute to the utilization of pioneering technologies and the construction of new systems.

Going Beyond Finance with Finance as Its Core, as Digitalization Advances in the Era of Web 3.0

We anticipate that in the era of Web 3.0, which is based on blockchain protocols and characterized by decentralized, trust-less systems, we will see the accelerated adoption of digital technology throughout society. The SBI Group has long sought to go beyond finance with finance as its core and to become a comprehensive corporate group with core businesses which go beyond the financial industry. We strive to harness new business opportunities through the introduction of various business initiatives in the digital space, and to achieve rapid evolution as a digital space ecosystem by further developing our digital financial ecosystem.

The SBI Group is stepping up its efforts to cultivate new customers in anticipation of further advances in the digital space area of business. Our main target are young people of the digital generation, who are difficult to reach with traditional advertising because much of their time is spent interacting with Internet-based media, such as social media and video distribution sites. Therefore, we are working to build relationships with the digital generation in other ways, such as through management of professional gaming teams following the establishment of SBI e-Sports in 2020 and subsequent entry into the e-sports business.

We also anticipate the emergence of new ways of life and social structures and are working to enhance our understanding of these changes, while also striving to increase our name recognition in the digital space era. In FY2022, we started to pursue a comprehensive branding strategy designed to raise awareness about the SBI Group among younger people who have already begun to adopt new ways of life.

The SBI Group is also using technology to contribute to regional revitalization, including support through SBI e-Sports for an e-sport event hosted by The Shimane Bank in August 2021. We are also working with local governments and business organizations to issue and operate regional digital tokens, electronic premium gift certificates, etc. Other activities include the establishment of the SBI DX Database, in which more than 100 companies are expected to join, in order to provide services to regional financial institutions.

There has been a rapid increase in the number of companies, both in Japan and overseas, that have entered the metaverse [▶ P.119](#) in recent years, including the U.S. companies Meta (formerly known as Facebook) and McDonald's. Many think it is only a matter of time before people begin to allocate increasingly more time that they now spend in the real world to activities provided via virtual spaces, including economic transactions. The SBI Group is also starting to focus on metaverse-related activities. For example, in 2021, SBINFT staged an event in the metaverse in conjunction with a street art project in Shirahama Town in Wakayama Prefecture.



Jangdeok Ko
CEO of SBINFT

NFTs for New Life Experiences

In September 2021, the SBI Group acquired SmartApp Co., Ltd. (now SBINFT), which developed Japan's first integrated NFT trading platform business, as a consolidated subsidiary. The company has been engaged in NFT-related activities since the initial emergence of NFTs in Japan, and its presence in the SBI Group is expected to lead to further expansion of our business activities in the digital asset area of business.

I had been serving as CEO and representative director of SmartApp Co., Ltd. since 2019. The event that led to SmartApp's entry into the SBI Group was the launch of "nanakusa" (now SBINFT Market) in April 2021 as an integrated NFT trading platform in Japan. "nanakusa" allows people to buy and sell digital art created by official artists authorized by us. The works are linked to NFTs and can be traded on a public blockchain. The marketplace received extensive media coverage after we first announced it and it has continued to attract interest since then. After exploring options for further business expansion, we decided to join the SBI Group. In addition to the SBI Group being a powerful and reputable brand as a business group in the financial industry, our decision was also influenced by the potential for synergies, including the knowledge that the SBI Group is already involved in the art business through SBI Art Auction.

We began full-scale operations as SBINFT in 2022 with three core businesses. The first is SBINFT Market, a rebranded version of "nanakusa" that provides primary and secondary markets for works created by authorized digital artists. There are now almost 200 such artists providing works that range from illustrations and 3D art to videos and music. As we strive to expand this market by informing the public about the joys of owning and trading digital art, we are also opening a new frontier for art and providing steady returns to artists.

Our second core business can be described as "the social implementation of NFTs." We established this business with the goal of providing new experiences by adding NFT functions to existing services. Since March 2022, SBINFT has been collaborating with Lawson Entertainment, Inc. to provide services that add NFTs to electronic tickets for events, including concerts and sports matches. These NFT tickets retain value as souvenirs even after an event and allow ticket holders to enjoy additional experiences and services, such as access to special videos.

NFT tickets can also provide unique experiences, including special messages to repeat customers.

Finally, our third business is the provision of original equipment manufacturing (OEM) services to other companies operating in the NFT marketplace. As awareness of and interest in NFTs continues to grow, more and more companies will seek to add NFT marketplaces to their own websites. A major advantage for the marketplace functions and OEM and consulting services that we offer is the credibility and track record we have built up as a pioneer in this field in Japan.

Our current goals are to popularize NFTs in Japan and to achieve an overwhelming level of recognition and market share in this field. Multiple Japanese IT companies are now entering the NFT business, but SBINFT is the only company in Japan that operates an NFT marketplace that runs on the Ethereum blockchain, the protocol that has gained by far the largest share of the global market in NFT issuance infrastructure. There are no country borders in the digital space, and NFTs are commonly traded internationally. Therefore, we believe our NFT marketplace, which is based on global standards, has huge potential for growth.

Another priority is the realization of broader synergies within the SBI Group. We strive to contribute to the growth of the entire SBI Group by using our blockchain technologies and expertise to provide new services and experiences to customers who use the SBI Group's financial services in businesses such as securities and insurance.

BANKING STRATEGY

Focusing on the Latest Addition to the Banking Strategy

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

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

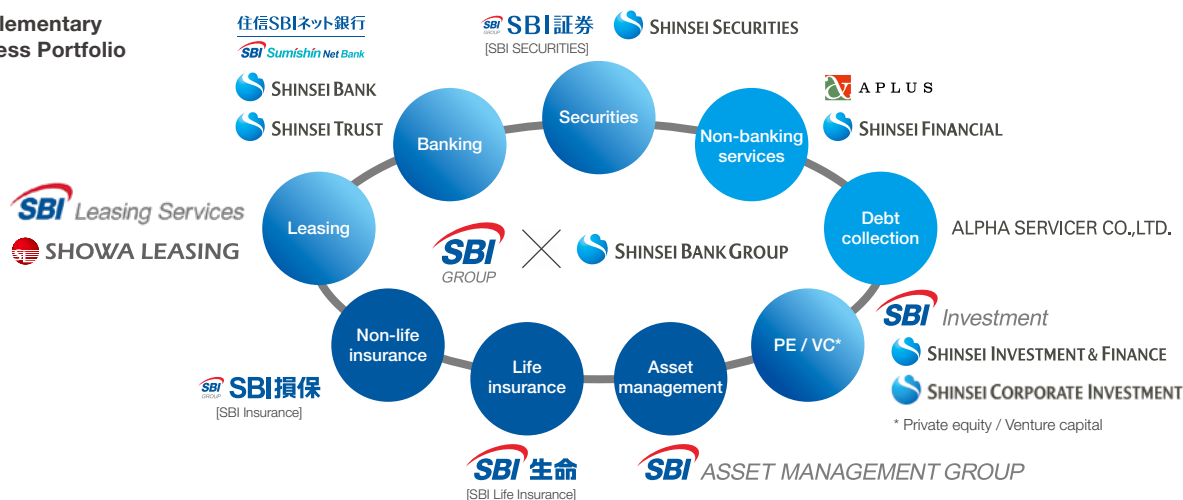
Shinsei Bank was added to the SBI Group in December 2021 by becoming a consolidated subsidiary. The Shinsei Bank Group has a customer base of over 8 million (as of March 31, 2022), and the SBI Group has expanded its customer base to over 42 million (as of March 31, 2022). This has led to the inclusion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

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

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

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

Complementary Business Portfolio



BANKING STRATEGY

Triangle Strategy for the Further Evolution of Regional Revitalization

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

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

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

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

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

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

Triangle Strategy Concept
(Image)

