Consolidated Financial Highlights 10-year Summary

IFRS adopted from the year ended March 31, 2013 (FY2012)

Years Ended March 31	2014	2015
Operating revenue/Revenue*1	232,822	245,045
Profit before income tax expense	38,899	63,067
Profit for the year attributable to owners of the Company	21,439	45,721
Total assets	2,875,304	3,400,763
Equity attributable to owners of the Company	325,631	383,491
Net cash generated from (used in) operating activities	29,401	(36,197)
Net cash generated from (used in) investing activities	16,811	52,305
Net cash generated from (used in) financing activities	92,538	(15,524)
Cash and cash equivalents at the end of the year	276,221	290,826

*1 Beginning with FY2015, the income categories "Operating revenue" and "Other financial income" have been eliminated, and the amounts have been combined and presented as "Revenue." Figures for FY2013 to FY2014 are "Operating revenue."

Profit before income tax expense	Financial Services Business	37,298	67,309
	Asset Management Business	8,990	8,132
	Biotechnology, Healthcare & Medical Informatics Business	(2,432)	(7,310)
	Others	2,438	2,779
	Elimination or Corporate	(7,395)	(7,843)
	Financial Services Business	—	—
	Asset Management Business	—	—
	Investment Business	—	—
	Crypto-asset Business	—	—
	Non-financial Business	—	—
	Elimination or Corporate	—	—

Note: For FY2013 to FY2020, certain Group companies were transferred from one segment to another, so the above mentioned figures reflect disclosed figures for each fiscal year, so there may be some discrepancies.
Starting with FY2022, the new reporting segments consist of five business segments. For FY2021, results have been restated to retroactively reflect the new segmentation.

Ratio of equity attributable to owners of the Company to total assets	11.3	11.3
Ratio of profit to equity attributable to owners of the Company (ROE)	6.8	12.9

Equity per share attributable to owners of the Company (BPS)	1,504.19	1,771.19
Basic earnings per share attributable to owners of the Company (EPS)	99.04	211.18
Dividend per share	20.00	35.00

PER (Price-earnings ratio)	12.56	6.89
P/B ratio (Price-to-book ratio)	0.8	0.8

PER = Fiscal year-end TSE closing price/Basic earnings per share attributable to owners of the Company
P/B ratio = Fiscal year-end TSE closing price/Equity per share attributable to owners of the Company
The closing price for FY2022 was ¥2,624.

Total dividend	4,340	7,594
Share repurchase amount*2	0	10,000
Total shareholder returns	4,340	17,594

*2 As part of shareholder returns, the amount of treasury stock acquired relevant to the business performance for each fiscal year are stated. In addition, the Company acquired treasury stock worth ¥9,519 million in FY2017 and ¥10 billion in FY2018, but it is not stated in this table since it was left unrealized for the purpose of shareholder returns.

Payout ratio	20.2	16.6
Total shareholder returns ratio	20.2	38.5

Employees	5,352	6,094

(Millions of yen)

2016	2017	2018	2019	2020	2021	2022	2023
261,744	261,939	337,017	351,411	368,055	541,145	763,618	998,559
52,227	43,139	71,810	83,037	65,819	140,380	412,724	100,753
34,115	32,455	46,684	52,548	37,487	81,098	366,854	35,000
3,126,784	3,850,001	4,535,964	5,034,124	5,513,227	7,208,572	17,838,200	22,310,728
371,590	377,992	427,815	456,675	451,476	562,116	924,603	1,013,832
32,478	(17,952)	(33,235)	(71,665)	26,849	(178,403)	(314,046)	960,743
11,179	2,437	7,881	(54,731)	(70,887)	(82,071)	1,838,517	(1,075,054)
(76,230)	159,467	74,575	407,746	181,626	210,822	163,302	810,425
248,050	391,572	437,148	713,974	843,755	802,702	2,499,370	3,200,916

(Millions of yen)

50,458	48,853	63,888	66,568	53,379	85,755	—	—
17,996	13,940	56,491	51,107	35,165	84,853	—	—
(6,572)	(9,574)	(37,252)	(19,179)	(11,431)	(8,630)	—	—
(835)	(830)	(1,328)	(6,912)	(1,771)	(10,595)	—	—
(8,820)	(9,250)	(9,989)	(8,547)	(9,523)	(11,003)	—	—
—	—	—	—	—	—	301,725	150,653
—	—	—	—	—	—	3,810	10,123
—	—	—	—	—	—	136,457	(16,661)
—	—	—	—	—	—	3,518	(18,429)
—	—	—	—	—	—	(20,308)	(3,253)
—	—	—	—	—	—	(12,478)	(21,680)

(%)

11.9	9.8	9.4	9.1	8.2	7.8	5.2	4.5
9.0	8.7	11.6	11.9	8.3	16.0	49.4	3.6

(Yen)

1,792.08	1,856.47	1,937.72	2,000.82	1,955.91	2,297.87	3,770.84	3,722.80
160.83	159.38	220.54	231.43	163.18	339.78	1,498.55	132.19
45.00	50.00	85.00	100.00	100.00	120.00	150.00	150.00

(Times)

7.11	9.74	11.03	10.66	9.67	8.83	2.07	19.85
0.6	0.8	1.3	1.2	0.8	1.3	0.8	0.7

(Millions of yen)

9,393	10,153	18,711	22,984	23,077	29,324	36,770	40,847
5,000	8,000	0	19,427	0	0	0	0
14,393	18,153	18,711	42,412	23,077	29,324	36,770	40,847

(%)

28.0	31.4	38.5	43.2	61.3	35.3	10.0	113.5
42.2	55.9	40.1	80.7	61.6	36.2	10.0	116.7

(Persons)

5,480	4,455	5,391	6,439	8,003	9,209	17,496	18,756

Fact Sheet

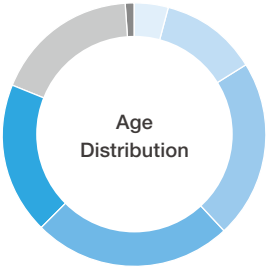
Full-year Profit before Income Tax Expense of the Major Businesses of the Financial Services Business (Based on IFRS)

	Unit	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
SBI SECURITIES (non-consolidated)	¥ million	46,169	45,597	31,604	47,394	51,186	49,351
FX business*1	¥ million	5,188	9,334	8,138	10,684	14,327	15,891
SBI MONEYPLAZA	¥ million	2,768	1,956	995	3,762	3,305	992
SBI Shinsei Bank [Net income based on JGAAP]	¥ million	—	—	—	—	212,780 [20,385]	54,682 [42,771]
SBI Sumishin Net Bank [Net income based on JGAAP]	¥ million	3,770 [10,447]	7,249 [11,975]	5,845 [12,570]	7,240 [13,928]	5,040 [17,113]	4,859 [19,932]
SBI SAVINGS BANK*2	¥ million	14,018	17,473	18,230	28,364	34,178	23,946
Insurance business*3	¥ million	2,263	1,480	(1,291)	5,771	5,519	(748)

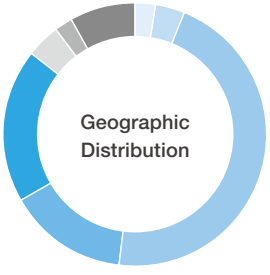
Securities (SBI SECURITIES, SBI Liquidity Market, SBI MONEYPLAZA)

	Unit	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Accounts*4	Thousands	4,261	4,631	5,428	6,813	8,453	10,038
Net increase in accounts	Thousands	422	369	797	1,385	1,640	1,585
Accumulated number of accounts via SBI Sumishin Net Bank	Thousands	538	600	668	732	798	870
NISA accounts*5	Thousands	1,197	1,404	1,656	2,135	2,816	3,475
Customer deposit assets*4	¥ trillion	12.9	13.0	12.9	19.7	23.2	26.9
Share of individual stock holdings by value*6	%	11.7	12.7	13.9	15.5	17.9	20.5
Commission rate	Basis point	3.0	2.9	3.2	2.9	2.4	2.1
Share of individual stock brokerage trading value*7, 8	%	35.1	36.2	36.4	42.8	44.1	46.0
Share of individual stock brokerage margin trading value*7, 8	%	36.4	37.1	37.1	45.0	45.6	47.2
Open interest credit balance	¥ billion	1,001	838	647	1,149	1,115	1,402
Investment trust balance	¥ billion	1,675	1,874	2,101	3,657	5,571	6,944
Investment trust fees	¥ million	5,181	5,200	4,935	5,256	7,466	8,175
Number of IPO underwriters*9	Companies	75	90	86	80	117	92
Number of lead managed underwriters	Companies	6	11	9	15	20	15
Capital adequacy ratio	%	372.7	349.9	338.2	231.9	264.4	302.0
FX accounts (SBI Group*10)	Thousands	1,066	1,196	1,334	1,527	1,726	1,953
SBI MONEYPLAZA's customer deposit assets	¥ million	1,105,023	937,327	756,356	1,332,959	1,173,014	1,286,771

SBI SECURITIES' Customer Attribution (As of March 31, 2023)



Age Category	Percentage
Under 20	4.2%
20s	12.2%
30s	21.7%
40s	24.6%
50s	18.7%
Over 60	17.7%
Corporation	1.0%



Region	Percentage
Hokkaido	2.6%
Tohoku	3.6%
Kanto	45.7%
Chubu	14.8%
Kinki	18.9%
Chugoku	4.3%
Shikoku	2.0%
Kyushu	8.0%

Banking (SBI Shinsei Bank)

	Unit	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Retail accounts	Thousands	—	—	—	—	3,050	3,161
Net increase in accounts	Thousands	—	—	—	—	—	111
Deposits*11	¥ billion	—	—	—	—	6,398.0	9,982.2
Balance of consumer loans	¥ billion	—	—	—	—	414.0	411.5
Loan-deposit rate (term-end balance)	%	—	—	—	—	81.9	69.0
Core capital adequacy ratio	%	—	—	—	—	11.72	10.24

Banking (SBI Sumishin Net Bank)

	Unit	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Accounts	million	3.21	3.54	3.93	4.51	5.35	6.14
Accounts in the digital banking business	million	3.21	3.54	3.93	4.49	5.08	5.32
Accounts in the BaaS business	million	—	—	—	0.02	0.27	0.81
Deposits*12	¥ billion	4,426.0	4,857.1	5,392.3	6,293.8	7,115.8	7,977.7
Mortgage Loans Originated*13	¥ billion	696.4	819.3	850.4	856.5	1,239.2	1,485.2
Number of BaaS Corporate Partners	Companies	—	—	—	2	5	10

Banking (SBI SAVINGS BANK) (As of the end of March for each Fiscal Year)

	Unit	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Balance of performing loans	KRW billion	5,029.6	6,123.4	7,596.6	9,531.1	12,191.5	13,373.5
of which, balance of retail performing loans	KRW billion	3,159.6	4,106.5	5,412.0	7,042.1	9,201.7	9,822.1
Delinquency ratio	%	5.3	3.9	2.3	1.6	1.38	3.36
of which, delinquency ratio of retail performing loans	%	4.2	3.8	2.7	1.8	1.7	4.4

Insurance (SBI Group's Insurance Companies)

	Unit	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Number of contracts (SBI Insurance)	Thousands	985	1,052	1,091	1,137	1,172	1,199
Number of contracts (SBI Life Insurance)*14	Thousands	121	141	189	248	316	397
Number of contracts in effect (total of five small-amount, short-term insurance companies)*15, 16	Thousands	625	675	801	942	976	999
Combined ratio (SBI Insurance)	%	91.9	98.4	103.2	86.6	88.7	89.9
Direct loss ratio	%	80.7	84.1	85.5	68.3	68.7	70.8
Direct operating expenses ratio	%	11.2	14.3	17.7	18.3	20.0	19.1
Total actuarial reserves (SBI Insurance)	¥ million	14,456	15,338	15,255	18,262	17,702	18,098
Solvency margin ratio (SBI Life Insurance)	%	1,172.2	1,045.4	957.6	898.1	821.3	915.7
Total Assets (SBI Life Insurance)	¥ million	125,348	120,011	119,095	124,035	123,640	119,369
Balance of legal reserve (SBI Life Insurance)	¥ million	98,049	90,915	86,202	90,918	90,724	90,283

*1 Simple total of profit before income tax expense at SBI Liquidity Market and SBI FXTRADE
*2 Fiscal years start in April and end March of the following calendar year
*3 Simple total of profit before income tax expense at the SBI Insurance Group and the insurance companies under its auspices
*4 The sum of the accounts for SBI NEOMOBILE SECURITIES since FY2019, SBI Neotrade Securities since FY2020, and FOLIO since FY2021
*5 Calculated as the number of accounts since FY2022 less the number of accounts deemed discontinued since FY2022
*6 Calculated from customer deposit assets divided by the amount of financial assets held by households (listed shares), which is based on the Bank of Japan's statistics on flow of funds
*7 The figures from FY2020 are the sum of the accounts for SBI SECURITIES and SBI Neotrade Securities
*8 Calculated by dividing the Company's individual stock trading value or individual margin trading value, with the total individual stock trading value and individual margin trading value of the TSE and NSE, including that of ETF and REIT trading value, respectively
*9 Totals apply to the issues underwritten in Japan and do not include additional secondary offerings or overseas issues
*10 The total number of accounts at SBI FXTRADE, SBI SECURITIES, SBI NEOMOBILE SECURITIES, and SBI Sumishin Net Bank
*11 Total value of retail deposits and corporate deposits
*12 Figures of SBI Sumishin Net Bank (non-consolidated)
*13 Cumulative total of housing loans sold by SBI Sumishin Net Bank ("MR. Housing Loan," "Affiliate Housing Loan"), housing loans sold by partner companies as an agent for SBI Sumishin Net Bank ("MR. Housing Loan REAL"), housing loans originated through "Flat 35" and housing loans sold by SBI Sumishin Net Bank as an agent for Sumitomo Mitsui Trust Bank
*14 Includes the number of people using Group Credit Life Insurance
*15 The total number of contracts held by five companies: SBI IKIIKI SSI, SBI Nihon SSI, SBI Resta SSI, SBI PRISM SSI and SBI JOGUCHI SAFETY SSI
*16 The figures include the number of contracts held by SBI PRISM SSI since FY2019, SBI JOGUCHI SAFETY SSI since FY2020

Fact Sheet

Breakdown of Assets Under Management in Investment Trusts, etc.*1

	Unit	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Investment trusts	¥ billion	490.0	969.4	1,427.4	3,354.4	4,893.7	6,637.3
Investment advisors	¥ billion	138.0	333.4	297.1	470.1	534.7	558.1
Investment corporations	¥ billion	—	—	—	—	—	—
Total	¥ billion	628.0	1,302.8	1,724.5	3,824.5	5,428.4	7,195.4

Profit/loss from the Change in Fair Value, and Profit/Loss on Sales of Investment Securities in the Investment Business

	Unit	FY2017	FY2018	FY2019*2	FY2020	FY2021	FY2022
Profit/loss from the change in fair value, and profit/loss on sales of investment securities	¥ million	44,409	33,699	20,305	66,342	131,285	(14,358)

Investment and Exit Figures for Private Equity Investments of the Investment Business

	Unit	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Investment balance*3	¥ million	254,671	355,683	459,574	614,462	712,920	682,448
Investment amount*4	¥ million	56,540	108,125	140,465	107,056	117,791	98,931
Number of investments made	Companies	193	230	206	195	257	254
Number of companies exited*5	Companies	13	20	24	22	22	22

Breakdown of Assets Under Management, Including Private Equity Investment*6 (As of March 31, 2023)

Breakdown by Industry	Amount (¥ million)	Companies
Internet/AI/IoT	170,608	153
Fintech services	109,200	49
Digital assets/Blockchain	101,917	30
Finance	29,834	55
Biotechnology/Health/Medical	42,301	58
Environmental/Energy	10,062	8
Machine/Automobile	14,682	17
Services	39,509	53
Retail/Food	1,405	9
Materials/Chemicals	10,289	5
Construction/Real estate	1,149	6
Others	4,223	8
Equity interests in external and non-consolidated funds	46,186	79
Total	581,364	530

Breakdown by Region	Amount (¥ million)	Companies
Japan	244,145	374
China	9,391	21
Korea	6,481	6
Southeast Asia	48,296	25
India	8,339	8
United States	124,049	28
Europe	65,498	28
Others	75,166	40
Total	581,364	530

Investment from Non-consolidated Group Management Funds	Amount (¥ million)	Companies
Corporate venture capital (CVC)	24,648	113
Others (overseas JV funds, etc.)	76,436	177
Total	101,083	290

Top Three Investment Items in Private Equity and Others*4 (As of March 31, 2023)

	Amount (¥ million)	Companies
Internet/AI/IoT	27,207	55
Services	17,569	26
Equity interests in external/non-consolidated funds	9,371	55

Breakdown of Investments and Exit Figures*5 (As of March 31, 2023; Unit: Companies)

Cumulative Number of Investee Companies	Domestic	Overseas
2,034	1,195	839

Cumulative Exit	Domestic		Overseas	
	IPO	M&A	IPO	M&A
338	154	22	118	44

SBI Investment's Deal Sourcing Results*7

Business Results	Unit	Sourcing	Due Diligence	Investment
FY2020	Companies	1,428	67	43
FY2021	Companies	1,588	66	58
FY2022	Companies	2,143	121	55

SBI Investment's Management Results*7, 8

Commitment Amount (¥ billion)	Cumulative Distribution (¥ billion)	Investment Return Ratio (times)	Internal Rate of Return (%)
285.9	392.7	1.37	6.3

*1 For funds that SBI Asset Management provides investment instructions, if Wealth Advisor provides investment advisory services, assets are recorded in both "investment trusts" and "investment advisory," respectively, thus there may be some overlapping amounts for numbers through FY2018
*2 Profit/loss from the change in fair value and profit/loss on sales of investment securities for FY2019 has been changed to align with the segment changes for some subsidiaries in FY2020
*3 For investment balance amounts through FY2016, direct investments are valuated at fair value, and investments by consolidated investment funds are valuated at market price for listed stocks, and at acquisition cost for unlisted stocks without a market price (investments that have been impaired will be valued at the total amount after impairment). From FY2017, investment from non-consolidated Group management funds has been added to the breakdown of the operational investment securities category of the consolidated financial statement and is recorded herewith
*4 Total investment amount through direct investments by the SBI Group and consolidated investment funds operated by the SBI Group
*5 Figures for investee companies that have held an initial public offering or have undergone a stock swap or M&A with a listed company
*6 Breakdown of assets under management, including private equity investments, which is tantamount to "The balance of operational investment securities" in the consolidated financial statements
*7 Results for specialized investment funds under management are not included
*8 Figures are based upon redemption results (cumulative total) of investment partnerships managed by SBI Investment

Fact Sheet

Full-year Profit before Income Tax Expense of the Major Biotechnology, Healthcare & Medical Informatics Business Companies (Based on IFRS)*

	Unit	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
SBI Biotech	¥ million	(432)	(166)	16	(278)	366	(205)
SBI Pharmaceuticals	¥ million	42	(1,395)	(1,272)	(1,726)	(1,125)	(1,245)
SBI ALApromo	¥ million	40	263	193	348	298	195
photonamic	¥ million	55	412	173	71	328	194

Note: Excluding impairment losses from drug pipeline, etc.

List of SBI Biotech's Drug Discovery Pipeline

Pipeline	Main Diseases Effective Against	Licensed to
ILT7(HZN-7734)	Systemic lupus erythematosus, Cutaneous lupus erythematosus, Alopecia Areata (AA), Discoid lupus erythematosus (DLE), Lupus nephritis (LN), Dermatomyositis (DM)	Viela Bio*1
SBI-9674 (KK4277)	Autoimmune diseases	Kyowa Kirin*2
SBI-3150	Autoimmune diseases (Various diseases caused by pDC/activated B cells)	ASAHI KASEI PHARMA*3
Cdc7(AS-0141)	Solid cancers	Carna Biosciences*4

*1 Licensed to MedImmune, LLC of the AstraZeneca Group in 2008. License transferred to Viela Bio, a spin-out from MedImmune, LLC in February 2018
*2 Licensed to Kyowa Hakko Kirin Co., Ltd. (currently Kyowa Kirin Co., Ltd.) in the winter of 2016
*3 Licensed to ASAHI KASEI PHARMA CORPORATION in March 2020
*4 Transferred the Company's intellectual property rights to Carna Biosciences, Inc. in 2014

SBI Pharmaceuticals' Major Drug Discovery Pipeline Progress

Launch and Out-licensing (6 Cases in total)

- "ALAGLIO® Oral 1.5g," photodynamic diagnostic agent for brain tumor treatment (malignant glioma). (Launched in September 2013)
- Therapeutic drugs for diabetes and malaria infection (to Neopharma, UAE pharmaceutical company, in October 2016)
- "ALAGLIO® Divided Granules 1.5g," photodynamic diagnostic agent for bladder cancer treatment (carcinoma vesicae). (Launched in Japan in December 2017 by CHUGAI Pharmaceuticals, which was granted exclusive domestic marketing rights. Sold by Nippon Kayaku Co., Ltd. from June 2021)
- Pharmaceuticals including "ALAGLIO® Divided Granules 1.5g" in the territory of MENA and India (to Neopharma, in March 2018)
- Commercialization rights to "ALAGLIO® Divided Granules 1.5g" in China, Taiwan, and Hong Kong (Licensed to BioPro Pharmaceutical, August 2019)
- Commercialization rights to "ALAGLIO® Divided Granules 1.5g" in South Korea (Licensed to Verto, May 2020)

Fields	Pipeline Projects	Current Status (Phase I / Phase II / Phase III)
Photodynamic diagnostic agent (PDD)	Bladder cancer Usage change of intraoperative diagnostic agent (Extension of dosing time) (by SBI Pharmaceuticals)	Phase III underway → Conducted domestically
	Breast tumor Intraoperative diagnostic agent (by SBI ALApharma Canada)	Phase III underway → Conducted in the U.S. and Canada
	Meningioma Expansion of Indication for Intraoperative Diagnostics for Malignant Glioma (by NXDC)	Phase III underway → • Obtained orphan drug designation from the FDA • Conducting in the U.S., Germany, and Austria
Interstitial photodynamic therapy (iPDT)	Malignant glioma (second primary)* (by photonamic)	Phase II underway → Conducted in University of Münster (Germany) and 4 other institutions
	Malignant glioma (primary) (by photonamic)	Phase II underway → Conducted in LMU Munich (Germany) and 2 other institutions
Therapeutic agent	Cardiac ischemiareperfusion injury* (by SBI Pharmaceuticals)	Phase II underway → Conducted at Oxford University (UK)

* Investigator-led trial

Number of Patents Obtained by SBI Pharmaceuticals in Japan and Overseas

	Registered Patents
Japan	57
Overseas	290

Note: As of March 31, 2023

Products Submitted by SBI ALApromo under the System of "Foods with Functional Claims" and Approved by the Consumer Affairs Agency (Launch date in parentheses)

- ALA PLUS TOH DOWN (December 2015)
- SBI ICHOHA (December 2017)
- ALA PLUS TOH DOWN RICH (November 2018)
- ALA PLUS FUKAI NEMURI (March 2019)
- ALA PLUS KARADA ACTIVE (October 2019)
- HATSUGAGENMAI NO SOKOJIKARA (April 2021)
- ALA PLUS MENTAL CARE (July 2021)
- ALA PLUS TOH DOWN ALACIA (December 2021)
- ALA PLUS GOLD HIROU-KAN KEIGEN (May 2022)
- ALA PLUS TOH DOWN DRINK (September 2022)

Note: As of June 30, 2023

Alliances Status with Regional Financial Institutions

Products and Services Provided by the SBI Group to Regional Financial Institutions

1. SBI SECURITIES: Operational alliances in financial instruments intermediary service
2. SBI MONEYPLAZA: Management and operation of joint branches
3. SBI Remit: Providing international remittance services
4. SBI Benefit Systems: Collaboration and alliances in defined contribution pension businesses
5. SBI Life Insurance: Sales of Group credit life insurance
6. SBI Insurance: Sales of insurance products
7. SBI NEO FINANCIAL SERVICES: Introducing banking applications (some applications provided by SBI FinTech Incubation)
8. SBI Business Solutions: Customer referral alliance for cloud-based back-office support services, etc.

Hokkaido/Tohoku regions

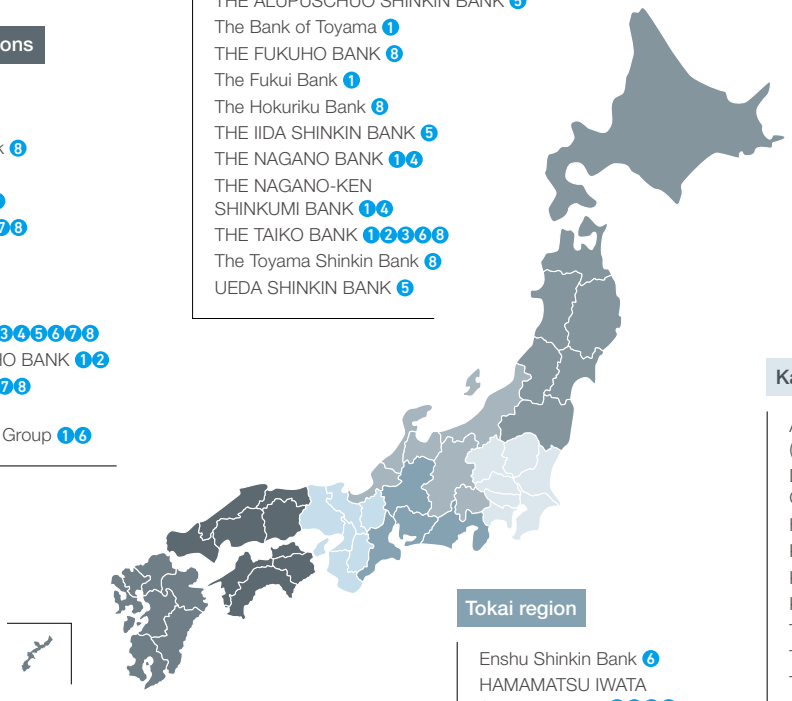
- Kirayaka Bank 1 2 4 6 7 8
- Kita-Nippon Bank 1 5 8
- North Pacific Bank 1
- The Akita Bank 1 8
- The Aomori Bank 1 8
- The Fukushima Bank 1 2 3 4 5 6 7 8
- The Hokkaido Bank 8
- The Hokuto Bank 1
- THE MICHINOKU BANK 1 2 8
- THE SENDAI BANK 1 2 3 4 5 6 7 8
- THE SHONAI BANK 1
- The Tohoku Bank 1

Koshinetsu/Hokuriku regions

- Kyoei Shinkumi Bank 5
- MATSUMOTO SHINKIN BANK 5 6
- NAGANO SHINKIN BANK 5 6
- SUWA SHINKIN BANK 5
- THE ALUPUSCHUO SHINKIN BANK 5
- The Bank of Toyama 1
- THE FUKUHO BANK 8
- The Fukui Bank 1
- The Hokuriku Bank 8
- THE IIDA SHINKIN BANK 5
- THE NAGANO BANK 1 4
- THE NAGANO-KEN SHINKUMI BANK 1 4
- THE TAIKO BANK 1 2 3 6 8
- The Toyama Shinkin Bank 8
- UEDA SHINKIN BANK 5

Chugoku/Shikoku regions

- Anan Shinkin Bank 8
- Momiji Bank 5 7 8
- Tamashima Shinkin Bank 8
- The Awa Bank 1
- THE BANK OF KOCHI 1
- The Ehime Bank 1 2 4 7 8
- The Hiroshima Bank 1
- THE KAGAWA BANK 8
- The Shikoku Bank 1 8
- The Shimane Bank 1 2 3 4 5 6 7 8
- THE TOKUSHIMA TAISHO BANK 1 2
- The Yamaguchi Bank 5 7 8
- YM LIFE PLANNING of the Yamaguchi Financial Group 1 6



Kanto region

- Ashigin Money Design (The Ashikaga Bank) 1
- DAI-ICHI KANGYO CREDIT COOPERATIVE 3
- Hanno-Shinkin Bank 5 6
- Kawasaki Shinkin Bank 5
- Kiraboshi Bank 1
- Kiryu Shinkin Bank 3
- The Bank of Yokohama 1
- The Joyo Bank 8
- THE KANAGAWA BANK 1
- The Kanagawa Shinkin Bank 5
- The Keiyo Bank 1 2
- The Saitamaken Shinkin Bank 8
- THE SEIBU SHINKIN BANK 5 8
- The Tokyo Higashi Shinkin Bank 1
- THE TOWA BANK 1 2 6 7 8
- The Yokohama Shinkin Bank 8
- Toei shinkin Bank 6
- Tsukuba Bank 1 2 4 6 7 8

Tokai region

- Enshu Shinkin Bank 6
- HAMAMATSU IWATA SHINKIN BANK 3 5 6 8
- San ju San Bank 1 2 4
- SURUGA Bank 4
- The Aichi Bank 1
- The Bank of Nagoya 8
- The Gamagori Shinkin Bank 3
- The Hekikai Shinkin Bank 1 8
- The Okazaki Shinkin Bank 1 6
- The Shimizu Bank 1 2 4 7 8
- Tono Shinkin Bank 5 6
- TOYOTA SHINKIN Bank 5

Kinki region

- The Kiyo Bank 1
- The Nanto Bank 7
- The Senshu Ikeda Bank 5
- THE SHIGA BANK 1
- Yamato Shinkin Bank 1

Kyushu/Okinawa regions

- Bank of The Ryukyus 1 4
- MINAMI NIPPON BANK 1
- Sagin Capital & Consulting (The Bank of Saga) 1
- The Bank of Okinawa 5
- The Bank of Saga 6
- THE CHIKUHO BANK 1 2 3 4 6 7 8
- The Howa Bank 1
- The Kitakyushu Bank 5 7 8
- The Miyazaki Bank 7
- The Miyazaki Taiyo Bank 1
- THE OITA BANK 8
- THE SAGA KYOEI BANK 1

SBI Investment: Investment in venture capital fund.....78 companies
Wealth Advisor: Introduction of "Wealth Advisor," an app for tablet devices .....150 companies

Note: Table shows certain regional financial institutions (regional banks, shinkin banks, and credit unions) and their affiliates with which SBI Group companies are partnered as of June 30, 2023. (Companies listed in alphabetical order.)

Consolidated Financial Statements of the Group

Consolidated Statement of Financial Position

(Millions of Yen)

	Notes	As at March 31, 2022	As at March 31, 2023
Assets			
Cash and cash equivalents	6, 8, 18, 23	2,499,370	3,200,916
Trade and other accounts receivable	6, 7, 8, 9, 13, 18	8,399,588	10,447,026
Assets related to securities business			
Cash segregated as deposits		2,361,620	2,498,387
Margin transaction assets		929,730	1,267,684
Other assets related to securities business	10	615,967	751,211
Total assets related to securities business	6, 7, 8	3,907,317	4,517,282
Other financial assets	6, 7, 8, 13	471,607	519,951
Operational investment securities	6, 7, 8, 11, 13	607,802	581,364
Other investment securities (includes ¥247,299 million and ¥222,987million pledged as collateral)	6, 7, 8, 11, 13, 18	1,076,780	1,997,856
Investments accounted for using the equity method	12	129,141	199,882
Investment properties	14, 18	34,868	72,124
Property and equipment	15, 18	123,737	124,655
Intangible assets	16	293,086	366,040
Other assets		277,016	267,845
Deferred tax assets	17	17,888	15,787
Total assets		17,838,200	22,310,728
Liabilities			
Bonds and loans payable	6, 7, 8, 18	3,364,860	3,680,355
Trade and other accounts payable	6, 7, 8, 19	487,846	486,028
Liabilities related to securities business			
Margin transaction liabilities		254,345	276,287
Loans payable secured by securities		599,159	605,382
Deposits from customers		1,375,599	1,400,607
Guarantee deposits received		997,678	1,104,363
Other liabilities related to securities business	20	449,551	501,610
Total liabilities related to securities business	6, 7, 8	3,676,332	3,888,249
Customer deposits for banking business	6, 7, 8, 18	7,673,324	11,472,323
Insurance contract liabilities	21	155,216	157,381
Income tax payable		13,351	16,951
Other financial liabilities	6, 7, 18	538,512	595,150
Other liabilities		287,577	215,477
Deferred tax liabilities	17	57,924	50,160
Total liabilities		16,254,942	20,562,074
Equity			
Capital stock	24	99,312	139,272
Capital surplus	24	151,390	186,774
Treasury stock	24	(62)	(76)
Other components of equity	24	42,865	60,117
Retained earnings	24	631,098	627,745
Equity attributable to owners of the Company		924,603	1,013,832
Non-controlling interests		658,655	734,822
Total equity		1,583,258	1,748,654
Total liabilities and equity		17,838,200	22,310,728

Consolidated Statement of Income

(Millions of Yen)

	Notes	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Revenue (includes ¥209,419 million and ¥404,412 million of interest income)	5, 27	763,618	998,559
Expense			
Financial cost associated with financial income	28	(33,603)	(102,473)
Provision for credit losses		(99,489)	(93,780)
Operating cost	28	(221,822)	(282,737)
Selling, general and administrative expenses	28	(229,834)	(384,612)
Other financial cost	28	(8,555)	(20,183)
Other expenses	28	(28,260)	(22,857)
Total expense		(621,563)	(906,642)
Gain on bargain purchase	4	263,847	2,460
Share of profit of associates and joint ventures accounted for using the equity method	5, 12	6,822	6,376
Profit before income tax expense	5	412,724	100,753
Income tax expense	29	(57,000)	(29,745)
Profit for the year		355,724	71,008
Profit for the year attributable to			
Owners of the Company		366,854	35,000
Non-controlling interests		(11,130)	36,008
Profit for the year		355,724	71,008
Earnings per share attributable to owners of the Company			
Basic (Yen)	31	1,498.55	132.19
Diluted (Yen)	31	1,285.90	116.88

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Notes	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit for the year		355,724	71,008
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Financial assets measured at FVTOCI	30	(493)	(7,173)
Changes in own credit risk on financial liabilities	30	234	389
Remeasurement of defined benefit plans	30	(1,091)	(1,374)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	30	130	(3)
		(1,220)	(8,161)
Items that may be reclassified subsequently to profit or loss			
Financial assets measured at FVTOCI	30	(4,692)	(7,823)
Currency translation differences	30	30,241	30,240
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	30	767	2,003
		26,316	24,420
Other comprehensive income, net of tax		25,096	16,259
Total comprehensive income		380,820	87,267
Total comprehensive income attributable to			
Owners of the Company		390,080	51,489
Non-controlling interests		(9,260)	35,778
Total comprehensive income		380,820	87,267

Consolidated Statement of Changes in Equity

(Millions of Yen)

	Notes	Attributable to owners of the Company						Non-controlling interests	Total equity
		Capital stock	Capital surplus	Treasury stock	Other components of equity	Retained earnings	Total		
As at April 1, 2021		98,711	147,753	(40)	18,197	297,495	562,116	154,979	717,095
Profit for the year		—	—	—	—	366,854	366,854	(11,130)	355,724
Other comprehensive income		—	—	—	23,226	—	23,226	1,870	25,096
Total comprehensive income		—	—	—	23,226	366,854	390,080	(9,260)	380,820
Issuance of new shares	24	601	482	—	—	—	1,083	—	1,083
Change in scope of consolidation		—	—	—	—	—	—	496,303	496,303
Dividends paid	25	—	—	—	—	(31,809)	(31,809)	(15,001)	(46,810)
Treasury shares purchased	24	—	—	(23)	—	—	(23)	—	(23)
Treasury shares sold	24	—	0	1	—	—	1	—	1
Share-based payment transactions		—	682	—	—	—	682	(731)	(49)
Changes of interests in subsidiaries without losing control		—	2,473	—	—	—	2,473	32,365	34,838
Transfer	24	—	—	—	1,442	(1,442)	—	—	—
As at March 31, 2022		99,312	151,390	(62)	42,865	631,098	924,603	658,655	1,583,258
As at April 1, 2022		99,312	151,390	(62)	42,865	631,098	924,603	658,655	1,583,258
Profit for the year		—	—	—	—	35,000	35,000	36,008	71,008
Other comprehensive income		—	—	—	16,489	—	16,489	(230)	16,259
Total comprehensive income		—	—	—	16,489	35,000	51,489	35,778	87,267
Issuance of new shares	24	39,960	39,905	—	—	—	79,865	—	79,865
Change in scope of consolidation		—	—	—	—	—	—	(8,496)	(8,496)
Dividends paid	25	—	—	—	—	(37,590)	(37,590)	(18,773)	(56,363)
Treasury shares purchased	24	—	—	(16)	—	—	(16)	—	(16)
Treasury shares sold	24	—	(0)	2	—	—	2	—	2
Share-based payment transactions		—	681	—	—	—	681	539	1,220
Changes of interests in subsidiaries without losing control		—	(5,202)	—	—	—	(5,202)	67,119	61,917
Transfer	24	—	—	—	763	(763)	—	—	—
As at March 31, 2023		139,272	186,774	(76)	60,117	627,745	1,013,832	734,822	1,748,654

Consolidated Statement of Cash Flows

(Millions of Yen)

	Notes	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities			
Profit before income tax expense		412,724	100,753
Depreciation and amortization		32,207	56,129
Gain on bargain purchase		(263,847)	(2,460)
Share of profit of associates and joint ventures accounted for using the equity method		(6,822)	(6,376)
Interest and dividend income		(222,612)	(424,950)
Interest expense		42,553	123,818
Increase in operational investment securities		(164,644)	(50,286)
Increase in trade and other accounts receivables		(373,371)	(1,813,474)
Increase in trade and other accounts payable		25,653	(42,502)
(Increase) decrease in assets/liabilities related to securities business		145,057	(397,031)
Increase in customer deposits for banking business		184,308	3,776,127
Decrease in bonds and loans payable in banking business		(26,148)	(611,135)
Decrease in payables under securities lending transactions		(165,985)	(17,430)
Others		(69,182)	(10,211)
Subtotal		(450,109)	680,972
Interest and dividend income received		218,586	422,429
Interest paid		(37,551)	(103,160)
Income taxes paid		(44,972)	(39,498)
Net cash (used in) generated from operating activities		(314,046)	960,743
Cash flows from investing activities			
Purchase of investment property		(30,158)	(44,076)
Purchases of intangible assets		(25,965)	(37,568)
Purchases of investment securities		(321,150)	(3,026,500)
Proceeds from sales or redemption of investment securities		512,343	2,104,558
Acquisition of subsidiaries, net of cash and cash equivalents acquired	32	1,734,730	(6,597)
Proceeds from sales of subsidiaries, net of cash and cash equivalents disposed of	32	718	16
Payments of loans receivable		(95,491)	(141,533)
Collection of loans receivable		65,181	115,954
Others		(1,691)	(39,308)
Net cash generated from (used in) investing activities		1,838,517	(1,075,054)
Cash flows from financing activities			
(Decrease) increase in short term loans payable	32	(257,418)	375,205
Proceeds from long-term loans payable	32	154,290	186,037
Repayment of long-term loans payable	32	(84,387)	(71,266)
Proceeds from issuance of bonds payable	32	541,125	1,342,878
Redemption of bonds payable	32	(158,994)	(1,062,876)
Proceeds from issuance of shares		693	79,865
Proceeds from stock issuance to non-controlling interests		5,008	18,305
Contributions from non-controlling interests in consolidated investment funds		27,262	39,877
Cash dividends paid		(31,795)	(37,580)
Cash dividends paid to non-controlling interests		(1,372)	(512)
Distributions to non-controlling interests in consolidated investment funds		(13,610)	(16,355)
Purchase of treasury stock		(23)	(16)
Proceeds from sale of interests in subsidiaries to non-controlling interests		3,182	5,087
Payments for purchase of interests in subsidiaries from non-controlling interests		(11,507)	(32,503)
Others		(9,152)	(15,721)
Net cash generated from financing activities		163,302	810,425
Net (decrease) increase in cash and cash equivalents		1,687,773	696,114
Cash and cash equivalents at the beginning of the year		802,702	2,499,370
Effect of changes in exchange rate on cash and cash equivalents		8,895	5,432
Cash and cash equivalents at the end of the year		2,499,370	3,200,916

Notes to Consolidated Financial Statements

1. Reporting Entity

SBI Holdings, Inc. (the "Company") was incorporated in Japan. The consolidated financial statements of the Company consist of the Company, its subsidiaries (hereinafter referred to as the "Group") and interests in the Group's associates and joint arrangements. The Group is engaged in various businesses, which primarily consist of five key businesses: "Financial Services Business", "Asset Management Business", "Investment Business", "Crypto-asset Business" and "Non-Financial Business". See Note 5 "Segment Information" for detailed information on each business.

2. Basis of Preparation

(1) Compliance with IFRS

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board.

Since the Group meets the criteria of "Specified Company under Designated International Financial Reporting Standards" defined in Article 1-2 of the Rules Governing Term, Form and Preparation of Consolidated Financial Statements, the Group applies Article 93 of the Rules Governing Term, Form and Preparation of Consolidated Financial Statements.

The consolidated financial statements were approved and authorized for issue by the Company's Representative Director, President and CEO, Yoshitaka Kitao and Managing Executive Officer, Hideyuki Katsuchi on July 5, 2023.

(2) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the below:

- Financial instruments measured at fair value through profit or loss ("FVTPL")
- Financial instruments measured at fair value through other comprehensive income ("FVTOCI")

The measurement basis of fair value of the financial instruments is provided in Note 6 "Financial instruments".

(3) Reporting currency

The consolidated financial statements are presented in Japanese Yen, which is the functional currency of the Company and rounded to the nearest million yen, unless otherwise stated.

(4) Use of estimates and judgments

In the preparation of the Group's consolidated financial statements in accordance with IFRSs, management of the Company is required to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period of the change and subsequent future periods.

The following notes include information on accounting estimates and judgments that have a significant effect on the amounts recognized in the consolidated financial statements.

- Fair value measurements of financial instruments – "3. Significant Accounting Policies (3) Financial instruments," "6. Financial Instruments" and "7. Fair Value Measurement"
- Impairment on financial assets – "3. Significant Accounting Policies (3) Financial instruments" and "8. Financial Risk Management (4) Credit risk management"
- Impairment on intangible assets – "3. Significant Accounting Policies (6) Intangible assets" and "16. Intangible Assets (3) Carrying amount of goodwill"
- Liability adequacy test for insurance contracts – "3. Significant Accounting Policies (9) Accounting for insurance contracts" and "21. Insurance Contract Liabilities"
- Recoverability of deferred tax assets – "3. Significant Accounting Policies (14) Income tax expense" and "17. Deferred Taxation"
- Scope of subsidiaries – "3. Significant Accounting Policies (1) Basis of consolidation" and "33. Subsidiaries"

Although the impact of the new coronavirus infections on the economy and corporate activities has largely subsided, the Group assumes that the impact on the credit risk of trade and other accounts receivables will continue. Based on these assumptions and reasonable and supportable information available, the Group measures expected credit losses by grouping based on credit risk characteristics.

(5) Application of new and revised IFRSs

The Group adopted standards and interpretations that became mandatorily effective beginning with this fiscal year. There is no significant impact to these consolidated financial statements resulting from their adoption.

3. Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are listed below.

(1) Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Group. In principle, an entity in which the Group owns a majority of the voting rights is included as a subsidiary. However, even if the Group does not own a majority of the voting rights, an entity is included in the category of subsidiary if it is determined that the Group substantially controls the entity's decision-making body. Also, an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, referred to as "structured entity", is included as a subsidiary. Control is defined as the Group having (a) power over the investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and deconsolidated on the date that the Group loses control. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies

adopted by the Group.

Inter-company transactions, balances and unrealized gains on transactions among Group companies are eliminated in the consolidated financial statements. Unrealized losses are also eliminated and the related impairment is assessed.

Comprehensive losses arising from subsidiaries are allocated to the owners of the Company and non-controlling interests even if the balances of non-controlling interests are a negative figure.

(b) Associates and joint control

Associates are entities over which the Group has significant influence, and that is neither a subsidiary nor an interest in joint venture. When the Group holds between 20% and 50% of voting rights of the other entity, the Group is presumed to have significant influence over the other entity.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement and decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Investments in associates and joint ventures are initially recognized at cost and accounted for using the equity method. However, investments held by venture capital organizations and other similar entities in the Group are accounted for at fair value through profit or loss in accordance with IFRS 9.

Under the equity method, investor's share of the profit or loss and other comprehensive income (after adjustments for the purpose of conforming with the group accounting policies), from the date of having significant influence or entering into joint control to the date of losing significant influence or ceasing joint control, of the associates and joint ventures (hereinafter referred to as "equity method investments") were recognized and recorded as adjustments to the carrying amounts of investments.

When the Group's share of losses in an equity method associate exceeds the carrying amount of the investment in the associate, losses are recognized until the carrying amounts of long-term interests that form part of the net investment are reduced to zero. The Group does not recognize further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealized gain on inter-company transactions with equity method investments are deducted from the balance of carrying amount of investments only to the extent of investor's interests in the investees. For joint operations, the Group's share of the assets, liabilities, revenue and expenses related to the joint operation is recognized.

(c) Business combination

Acquisition method is applied for acquisitions of businesses. The consideration transferred for the acquisition of a subsidiary is the total of acquisition date fair value of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their acquisition date fair value except for the below.

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits".
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred and the amount of any non-controlling interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the difference is negative, the difference is recognised immediately in profit or loss.

The Group recognizes non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the proportionate share of the recognized amount of acquiree's identifiable net assets.

Acquisition-related cost is expensed as incurred, except for the costs related to the issuance of debt securities and equity securities.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date and resulting gain or loss is recognized in profit or loss.

(d) Changes in ownership interests in subsidiaries without loss of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions in accordance with IFRS 10 "Consolidated Financial Statements". The carrying amount of the Group's share and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The difference between "fair value of consideration paid or received" and "adjustments of the carrying amount of non-controlling interests" is recognized in equity and attributed to owners of the Company.

(e) Loss of control

When the Group loses control of a subsidiary, the difference between the "total fair value of consideration received and the retained interest" and "the previous carrying amount of subsidiary's assets (including goodwill), liabilities and non-controlling interests" are recognized in profit or loss.

In addition, any amount previously recognized in other accumulated comprehensive income in relation to the subsidiary is accounted for as if the Group had directly disposed of each related assets or liabilities.

The fair value of the retained interest in the former subsidiary is measured in accordance with IFRS 9.

(2) Foreign currency

(a) Foreign currency translation

In preparing the financial statements of each individual Group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are translated in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing at the year-end date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency shall be retranslated using the exchange rate at the date when the fair value was measured. The exchange differences arising from the retranslation were recognized in profit or loss, except for retranslation differences in equity instruments that are measured at fair value and changes in fair value are recognized in other comprehensive income, and exchange differences arising from transactions for the purpose of hedging certain foreign exchange risk.

(b) Foreign operations

The assets and liabilities, including goodwill and fair value adjustments arising from business combinations, of all the Group entities that have a functional currency that is different from the presentation currency (mainly foreign operations) are translated into the presentation currency using the rates of exchange prevailing at the end of each reporting period. Income and expenses of foreign operations are translated into the presentation currency at the average exchange rates.

Exchange differences arising are recognized as other comprehensive income. The differences are recorded and accumulated as translation reserve in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation.

(3) Financial instruments

The Group recognizes a financial instruments when, and only when, the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

(a) Non-derivative financial assets

(i) Classification and measurement of financial assets

Non-derivative financial assets held by the Group are classified into the following designated categories when they are initially recognized on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

- Financial assets measured at amortized cost
- Debt instruments measured at fair value through other comprehensive income (hereinafter "debt instruments measured at FVTOCI")
- Equity instruments measured at fair value through other comprehensive income (hereinafter "equity instruments measured at FVTOCI")
- Financial assets measured at fair value through profit or loss (hereinafter "financial assets measured at FVTPL")

(Financial assets measured at amortized cost)

Financial assets are subsequently measured using the effective interest method at amortized cost, adjusted for any loss allowance, if both of the following conditions are met: (i) the financial assets are held within the business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Debt instruments measured at FVTOCI)

Financial assets are measured at fair value and changes in the difference between the fair value and the amortized cost of financial assets, adjusted for any loss allowance, are recognized in other comprehensive income if both of the following conditions are met: (i) the financial assets are held within the business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Upon derecognition of debt instruments measured at FVTOCI, the amount accumulated in other comprehensive income is reclassified to profit or loss.

(Equity instruments measured at FVTOCI)

Upon initial recognition, the Group designates an investment in an equity instrument that is held for a purpose other than trading as a financial asset measured at fair value through other comprehensive income. This is an irrevocable election and changes in the fair value of such financial instruments are recognized in other comprehensive income. Dividends from the above-mentioned equity instruments are recognized in profit or loss. At derecognition of equity instruments measured at FVTOCI or when a significant decline in fair value below the initial cost is other than temporary, the recognized amount of changes in fair value accumulated in other comprehensive income is reclassified to retained earnings.

(Financial assets measured at FVTPL)

Financial assets, other than those subsequently measured at amortized cost and those measured at fair value through other comprehensive income, are subsequently measured at fair value, and all changes in fair value are recognized in profit or loss.

(ii) Derecognition of financial assets

The Group derecognizes a financial asset when, and only when, the contractual rights to the cash flows from the

financial asset expire or the Group no longer retains the contractual rights to receive the cash flows and transfers substantially all the risks and rewards of ownership of the financial asset.

(b) Non-derivative financial liabilities

(i) Classification and measurement of financial liabilities

Non-derivative financial liabilities held by the Group include corporate bonds and loans, trade and other accounts payable, which are classified into the following designated categories:

- Financial liabilities measured at amortized cost
- Financial liabilities measured at fair value through profit or loss (hereinafter "financial liabilities measured at FVTPL")
- Financial liabilities designated at fair value through profit or loss (hereinafter "financial liabilities designated at FVTPL")

(Financial liabilities measured at amortized cost)

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method.

(Financial liabilities measured at FVTPL)

Financial liabilities, other than those subsequently measured at amortized cost, are subsequently measured at fair value, and all changes in fair value are recognized in profit or loss.

(Financial liabilities designated at FVTPL)

An irrevocable election to measure financial liabilities at FVTPL may be made at initial recognition if the contract contains one or more embedded derivatives and the host contract is a hybrid contract where the host contract is a financial liability, or if designation as FVTPL eliminates or significantly reduces an accounting mismatch that would otherwise arise. The amount of the change in the fair value of the financial liability attributable to changes in the credit risk of the liability is recognized in other comprehensive income and the remaining change in the fair value of the liability is recognized in profit or loss.

(ii) Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired.

(c) Impairment of financial assets

The Group estimates expected credit losses for financial assets measured at amortized cost, debt instruments measured at FVTOCI, lease receivables, certain loan commitments and financial guarantee contracts at the end of the reporting period and recognizes such expected credit losses as a loss allowance. If the Group determines that the credit risk of financial instruments has increased significantly since initial recognition, the loss allowance is measured at an amount equal to the lifetime expected credit losses. In the event that the Group determines that the credit risk of financial instruments has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to the 12-month expected credit losses.

The assessment of whether there has been a significant increase in credit risk is based on changes in the probability of a default occurring.

Meanwhile, as for trade receivables that do not contain a significant financing component, lifetime expected credit losses are measured on the basis of historical credit losses and other relevant information regardless of whether there has been an increase or decrease in credit risk.

Amounts of expected credit losses or reversals are recognized in profit or loss as impairment loss or reversals of impairment loss and are presented separately as provision for credit losses in the consolidated statement of income.

(d) Trading assets and liabilities

Financial assets and financial liabilities are classified as trading assets and trading liabilities in the below situation:

- Financial assets acquired mainly for the purpose of sale or repurchase in the short term
- At initial recognition, the financial assets are managed together by the Group as part of a certain financial instrument portfolio, from which an actual short term gain has been realized.
- Derivatives (either not classified as hedging instruments or proved to be ineffective as hedging instruments)

Trading assets and trading liabilities are classified as financial assets and financial liabilities measured at FVTPL, changes in amounts of which are recognized in profit or loss.

(e) Derivatives

The Group uses derivative instruments (interest rate swap contracts and forward exchange contracts) in order to hedge mainly interest rate risk and foreign exchange risk.

(i) Derivatives to which hedge accounting is applied

At the inception of the hedge, the Group formally documents the hedging relationship between the hedged item or transaction and the hedging instrument, which is the derivative, in compliance with our risk management objective and strategy. In addition, at the inception and on an ongoing basis, the Group documents whether the derivative is highly effective in offsetting changes in the fair value or the cash flows of the hedged item attributable to the risk of changes in interest rates, etc.

The changes in the fair value of derivatives, which are designated as hedging instruments for fair value hedges, are recognized in profit or loss. Gain or loss on the hedged item attributable to the risk of changes in interest rates, etc. shall adjust the carrying amount of the hedged item and be recognized in profit or loss.

Among the changes in the fair value of derivatives which are designated as hedging instruments for cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income, while the ineffective portion shall be recognized in profit or loss.

The amount that has been recognized in other comprehensive income shall be removed from other comprehensive income and reclassified to profit or loss in the consolidated statement of comprehensive income in the same period during which the hedged item of cash flows

affects profit or loss.

The Group prospectively discontinues hedge accounting when the criteria of hedge accounting are no longer satisfied. In such a situation, amounts accumulated in other comprehensive income remain unadjusted until the anticipated transaction finally affects profit or loss, or the anticipated transaction is not expected to occur, at which point the underlying amount shall be immediately recognized in profit or loss.

(ii) Derivatives to which hedge accounting is not applied

Among derivatives held for hedging purposes, the Group holds some derivatives to which hedge accounting is not applied. The Group also holds derivatives for trading purposes other than hedging purposes. The changes in fair value of such derivatives are recognized in profit or loss.

(f) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(4) Investment properties

Investment properties are real estate (including real estate under construction) held for the purpose of earning rental income, capital gains, or both. It does not include real estate sold in the ordinary course of business or real estate used for the purposes of the provision of goods or services, manufacture, sale or other administration. Investment properties are measured using the cost method and stated at cost less accumulated depreciation and accumulated impairment loss. Depreciation is calculated based on the depreciable amount, which is calculated as the initial cost of items of investment properties or an amount equivalent to the initial cost less their residual values. Depreciation is recognized using the straight-line method to allocate their depreciable amounts based on the estimated useful life of each component and charged to profit or loss.

The estimated useful lives of major classes of investment properties are as follows:

- Buildings 15 – 50 years

Investment property is derecognized at the time of disposal or when the investment property is no longer permanently used and no future economic benefits from the disposal are expected. Any gain or loss arising from derecognition of the investment property, which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss at the time of derecognition.

(5) Property and equipment

(a) Initial recognition and measurement

Property and equipment are measured using the cost method and stated at cost less accumulated depreciation and accumulated impairment loss. Acquisition cost includes the costs incurred directly related to the acquisition of the assets.

(b) Depreciation

Depreciation is calculated based on the depreciable amount, which is calculated as the initial cost of items of property and equipment less their residual values. Property and equipment is depreciated on a straight-line method to allocate their depreciable amounts over the estimated useful life of each component. The right-of-use asset is depreciated on a systematic basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The estimated useful lives of major classes of property and equipment are as follows:

- Buildings 2 – 50 years
- Furniture and equipment 2 – 20 years

The depreciation method, estimated useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

(6) Intangible assets

(a) Intangible assets arising on business combination (goodwill and other intangible assets)

Goodwill arising on acquisition of subsidiaries is recognized as an intangible asset. Initial recognition and measurement of goodwill are stated in "(1) Basis of consolidation, (c) Business combination". Intangible assets arising from a business combination, other than goodwill, are recognized at fair value at the acquisition date.

After initial recognition, goodwill is measured at cost less accumulated impairment loss. For investees to which the equity method is applied, goodwill is included in the carrying amount of the investment.

Intangible assets other than goodwill with a finite useful life that arise on a business combination are measured at initial cost less accumulated amortization and accumulated impairment loss.

(b) Research and development

Expenditure on research undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognized as an expense when incurred. Development costs capitalized as a result of meeting certain criteria are measured at initial cost less accumulated amortization and accumulated impairment loss.

(c) Other intangible assets (separately acquired)

Other intangible assets acquired by the Group are measured at initial cost less accumulated amortization and accumulated impairment loss.

(d) Amortization

Intangible assets other than goodwill with finite useful lives are amortized using the straight-line method over the expected useful life, which begins when the assets are available for use.

The estimated useful lives of major classes of intangible assets are as follows:

- Software 5 years
- Customer Relationship 6 – 23 years

The amortization method, estimated useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

(7) Lease

(a) Lease as lessee

At inception of a contract, the Group determines whether the contract is, or contains, a lease. Lease liability in a lease transaction is initially measured as the present value of unpaid lease payments discounted using an interest rate implicit in the lease at the commencement date of the contract. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The right-of-use asset is measured at the acquisition cost, which is initially measured at the amount of lease liability adjusted by initial direct cost and prepaid lease payments. With regard to a lease that has a lease term of 12 months or less or a lease of low-value assets, right-of-use assets and lease liabilities are not recognized and lease payments on such lease are recognized as an expense over the lease term.

(b) Lease as lessor

A finance lease receivable is initially recognized at the lease commencement date of the lease at the net investment in the lease, which is the sum of the lease payments received by the lessor and the unguaranteed residual value, discounted using an interest rate implicit in the lease. Income arising from finance leases is recognized by allocating the net investment in the lease over the lease term. Leases other than finance leases are classified as operating leases, and the operating lease income is recognized over the lease term on a straight-line basis.

(8) Impairment of non-financial assets

Other than deferred tax assets, the Group's non-financial assets are subject to impairment tests at the end of each reporting period. When an indication of impairment exists, the recoverable amounts of the assets are estimated in order to determine amounts of impairment losses, if any. For a cash-generating unit ("CGU") including allocated goodwill and intangible assets which have indefinite useful lives or which are not available for use, the recoverable amounts are estimated at the same time every year, regardless of the indication of impairment. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The recoverable amount of an asset or a CGU is the higher of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the CGU to which the asset belongs.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. The impairment loss recognized in relation to the CGU shall be allocated to reduce the carrying amount of the assets of the unit in such order that (a) first, to reduce the carrying amount of any goodwill allocated to the CGU and (b) then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss recognized for goodwill shall not be reversed in a subsequent period. An entity shall assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Because goodwill that forms part of the carrying amount of an equity method investment is not separately recognized, it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset, whenever there is an indication that the investment may be impaired.

(9) Accounting for insurance contracts

For insurance contracts and reinsurance contracts, the Group applies its accounting policy determined based on the Insurance Business Act, the Ordinance for Enforcement of the Insurance Business Act, and other Japanese accounting practices, while considering the requirements under IFRS 4 "Insurance Contracts".

A liability adequacy test is performed in consideration of current estimates of all contractual cash flows and related cash flows such as claims handling costs at the end of each reporting period. If the test shows that the liability is inadequate, the entire shortfall is recognized in profit or loss.

(10) Employee benefits

(a) Defined contribution plans

The Company and certain of its subsidiaries have defined contribution plans for employee benefits. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Contributions related to defined contribution plans are expensed over the period during which employees render service to the entity.

(b) Defined benefit plans

The present value of the defined benefit obligation and benefit cost are determined using the projected unit credit method. Changes in fair value, excluding actuarial gains and losses and interest income on plan assets, are recognized in other comprehensive income and transferred from other components of equity to retained earnings as incurred. The net present value of the defined benefit obligation less the fair

value of plan assets is recognized as a liability or asset in the consolidated statement of financial position. If the calculation results in the case of the Group having an asset in excess of the funded status, the asset is recognized up to the present value of the future economic benefits available from the return of cash from the plan or the reduction of future contributions to the plan.

(c) Short term employee benefits and share-based payment

The Group recognizes the undiscounted amount of short-term employee benefits as an expense of the period during which the related service is rendered.

Also, the Group operates share-based compensation plan as an incentive for board members and employees. Equity-settled share-based compensation plan ("stock option") which were granted after November 7, 2002 and the vesting conditions of which had not been satisfied as at March 31, 2011 is measured at fair value on the grant date. The fair value is calculated by estimating the number of stock options that will ultimately be vested and recognized as expenses with a corresponding increase in equity over the vesting period. For cash-settled share-based compensation plan, a liability is recognized for the goods or services acquired, measured initially at fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

(11) Provisions

Provisions are recognized when the Group has a present (legal or constructive) obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation. Where the effect of the time value of money is material, provisions are measured at the present value of the expected future cash flow using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(12) Capital stock

(a) Common stock

Common stocks issued by the Group are classified as equity and stock issuance costs, after tax effects, are recognized as a deduction from equity.

(b) Treasury stock

The Group's own equity instruments which are reacquired are recognized at cost including acquisition related costs, after tax effects, as a deduction from equity. When the Group sells treasury stocks, the consideration received is recognized as an addition to equity.

(13) Revenue from contracts with customers

The Group recognizes revenue by applying the following five-step approach.

Step 1: Identify the contract(s) with the customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Revenues from contracts with customers are further described below. The revenue streams described below do not include significant estimates of variable consideration or a significant financing component.

(Revenue from rendering of services)

Revenue from rendering of services mainly include commissions received from customers for the execution of agency-based brokerage transactions in the securities business. Brokerage commission relates to transactions in which the Group acts as an agent in the transaction rather than the principal. Transactions that satisfy the following factors fall under transactions in which the Group is involved as an agent rather than the principal.

- The Group is not a primary party to a transaction and therefore not primarily responsible for fulfilling the promise to provide the service.
- The Group does not have inventory risk before securities have been transferred to a customer or after transfer of control to the customer.

Brokerage commission is recognized as revenue when the performance obligations are satisfied and in principle, the fees are received within three business days after fulfillment of the performance obligations.

(Revenue from sales of goods)

Revenue from sales of goods is recognized when a performance obligation is satisfied by transferring promised goods to a customer upon delivery, shipment or customer acceptance of goods depending upon the terms of the contract. These revenues are generally paid within three months of the fulfillment of the performance obligation.

(14) Income tax expense

Income tax expense consists of current and deferred tax expense, which are recognized in profit or loss, except for those arising from business combinations or recognized directly in equity and other comprehensive income. Current income tax expense is measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amount. However, deferred tax assets are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, or from deductible temporary differences related to investments in subsidiaries and investments accounted for using the equity method, under which it is probable that the difference will not be recovered in the foreseeable future or taxable profit will not be available against which the temporary difference can be utilised. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are

expected to apply when the related deferred tax assets are realized or the deferred tax liabilities are settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis, or the deferred tax assets and liabilities are expected to be realized simultaneously.

A deferred tax asset is recognized for the unused carryforward tax losses, unused tax credits and expected deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused carryforward tax losses, unused tax credits and expected deductible temporary differences can be utilized. The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. The Group reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilized.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries and investments accounted for using the equity method, except to the extent that both of the following conditions are satisfied: (i) the Group is able to control the timing of the reversal of the temporary difference; and (ii) it is probable that the temporary difference will not reverse in the foreseeable future.

The Group shall recognize a deferred tax asset for all deductible temporary differences arising from investments mentioned above, to the extent that, and only to the extent that, it is probable that (i) taxable profit will be available against which the temporary difference can be utilized; and (ii) the temporary difference will reverse in the foreseeable future.

With respect to the amendments to IAS 12 “Income Taxes” (International Tax Reform - Pillar 2 Model Rules), a temporary exception (exemption from recognition and disclosure of deferred tax assets and deferred tax liabilities) has been applied.

(15) Earnings per share

The Group discloses both the basic earnings per share and diluted earnings per share. Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding (issued shares adjusted for the treasury shares) during the period. For the purpose of calculating diluted earnings per share, the Group adjusts profit for the year attributable to ordinary equity holders and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

(16) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Discrete financial information of all the segments is available so that the operating results are regularly reviewed by the board of directors to make decisions about resources to be allocated to the segment and assess its performance. Operating results reported to the board of directors include items that directly belong to the segment and items allocated to the segment on a reasonable basis. Items not allocated to any reportable segment mainly consist of expenses related to the headquarters.

(17) Non-current assets held for sale

The Group classifies a non-current asset or asset group as held for sale if (i) its carrying amount will be recovered principally through a sale transaction rather than through continuing use; (ii) the asset is available for immediate sale and their sale within one year is highly probable; and (iii) management of the Group is committed to a plan to sell the asset.

When the Group is committed to a plan to sell a subsidiary with a loss of control and all the above criteria are satisfied, it classifies the subsidiary’s entire assets and liabilities as held for sale regardless of whether it retains any non-controlling interest of the subsidiary.

Non-current assets (or asset groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(18) New standards, amendments to existing standards, and interpretations that are published but have not yet been adopted by the Group

Of the new standards, amendments to existing standards, and interpretations that have been published before the approval date of the consolidated financial statements, the main ones that the Group has not early adopted are as follows.

The Group has applied IFRS 4 “Insurance Contracts” until the current period and will apply IFRS 17 “Insurance Contracts” from the next period. The transition date to IFRS 17 is April 1, 2022 and the cumulative effect of the adoption of this standard will be recognized on the transition date. The impact of the adoption of this standard on the consolidated financial statements is currently under review. The impact of the application of IAS 12 "Income Taxes" on the Group is still under consideration.

IFRS		Mandatory for fiscal year beginning on or after	Anticipated fiscal year end adoption date	Summary of new standards and amendments
IFRS 17	Insurance Contracts	January 1, 2023	March 2024	Amendment with regard to measurement method of insurance liability
IAS 12	Income Taxes	January 1, 2023	March 2024	International Tax Reform - Recognition and Disclosure of Deferred Tax Assets and Deferred Tax Liabilities with respect to Pillar 2 Model Rules

4. Business Combinations

For the year ended March 31, 2022

The Group conducted a Tender Offer for the shares of Shinsei Bank (currently SBI Shinsei Bank, Limited), Limited to establish and reinforce a business alliance relationship between the Group and Shinsei Bank, Limited. Based on the results of the Tender Offer, the percentage of voting rights held by the Group amounted to 47.77% and Shinsei Bank, Limited became a subsidiary of the Company as of December 17, 2021.

The consideration paid, the fair value of the assets and liabilities acquired, and gain on bargain purchase at the acquisition date for the above business combination are as follows.

With respect to the above business combination, the initial accounting for the acquired identifiable assets, liabilities assumed, non-controlling interests and gain on bargain purchase has not been completed, and the measurement has been made on a provisional basis based on currently available information, since it takes time to organize and analyze information mainly on loans, unlisted stocks, and customer deposits for banking business.

(Millions of Yen)

	Acquisition date
	December 17, 2021
Fair value of consideration paid	113,844
Fair value of interests previously held	85,391
Total	199,235
Cash and cash equivalents	1,853,202
Trade and other accounts receivable	6,737,569
Other financial assets	360,160
Other investment securities	1,087,389
Investments accounted for using the equity method	8,862
Property and equipment	85,914
Intangible assets	49,653
Other assets	55,269
Deferred tax assets	22,483
Total assets	10,260,501
Bonds and loans payable	1,807,967
Trade and other accounts payable	274,184
Customer deposits for banking business	6,402,181
Income tax payable	4,825
Other financial liabilities	698,238
Other liabilities	84,546
Deferred tax liabilities	15,655
Total liabilities	9,287,596
Equity	972,905
Non-controlling interests	(509,916)
Gain on bargain purchase (Note 1)	(263,754)
Total	199,235

Note: 1. The adjustment during the measurement period recognized in the previous period is as follows. Due to the adjustment, "Gain on bargain purchase" was decreased by ¥6,458 million.

(Millions of Yen)

	Adjustment during the measurement period
Trade and other accounts receivable	3,424
Other financial assets	(5,248)
Other investment securities	5,252
Property and equipment	(16,249)
Other assets	(13,209)
Deferred tax assets	(256)
Total assets	(26,286)
Bonds and loans payable	(978)
Trade and other accounts payable	(28,289)
Customer deposits for banking business	(2,012)
Other financial liabilities	9,383
Other liabilities	6,108
Deferred tax liabilities	3,094
Total liabilities	(12,694)
Equity	(13,592)
Non-controlling interests	7,134
Gain on bargain purchase	6,458

The consideration paid in this business combination was cash.

Trade and other accounts receivable primarily includes loans receivable (fair value of ¥5,608,309 million and contractual amounts receivable of ¥5,645,462 million) and lease receivables (fair value of ¥166,011 million and contractual amounts receivable of ¥166,011 million). The best estimate of contractual cash flows expected to be uncollectible as of the acquisition date is ¥112,553 million.

A gain of ¥23,292 million was recorded in "Revenue" in the consolidated statement of income as a result of the remeasurement of previously held interests at fair value in connection with the business combination.

Non-controlling interests are measured by multiplying the identifiable net assets by the non-controlling interest percentage.

The gain on bargain purchase occurred mainly due to the fact that the market capitalization of the stock was lower than the net asset value on the acquisition date. In addition, acquisition-related expenses of ¥1,062 million related to the business combination were recorded in "Selling, general and administrative expenses."

The net loss recognized in the consolidated statement of income for the period from the acquisition date to the end of the previous period for Shinsei Bank, Limited (currently SBI Shinsei Bank, Limited) was ¥56,421 million. This was mainly due to the recognition of expected credit losses on loans receivable.

Assuming that the business combination had taken place at the beginning of the previous period, revenue and net income for the previous period would be ¥1,073,183 million and ¥172,650 million, respectively. This income (loss) information is unaudited and does not include the effects of fair value measurement and other items associated with the business combination.

The fair value of the consideration paid at the acquisition date for business combinations other than the above was ¥10,107 million in cash.

The fair values of assets and liabilities acquired through business combinations and non-controlling interests amounted to ¥18,235 million, ¥11,898 million, and ¥966 million, respectively.

The breakdown of such assets and liabilities is presented in “32 Cash Flow Information (1) Expenditures on acquisition of subsidiaries”.

Goodwill arising from business combinations mainly consists of excess earning capacity that does not meet the requirements for separate identification.

Non-controlling interests are measured at their proportionate share of the identifiable net assets of the acquiree.

Revenue and net loss recognized in the consolidated statement of income for the year ended March 31, 2022 were ¥1,220 million and ¥1,080 million, respectively, since the acquisition date.

For the year ended March 31, 2023

Acquisition date fair value of the consideration paid for business combinations amounted to ¥68,737 million in cash.

Fair value of assets acquired and liabilities assumed and non-controlling interests were ¥276,257 million, ¥226,049 million and ¥18,045 million, respectively. A breakdown of such assets and liabilities is provided in “32. Cash Flow Information (1) Expenditures on acquisition of subsidiaries”.

Goodwill arising from business combinations mainly consists of excess earning capacity that does not meet the requirements for separate identification.

Non-controlling interests are measured at their proportionate share of the identifiable net assets of the acquiree.

Revenue and net income recognized in the consolidated statement of income for the year ended March 31, 2023 were ¥24,205 million and ¥412 million, respectively, since the acquisition date.

(Revision of provisional amounts)

The allocation of the consideration for the acquisition of Shinsei Bank, Ltd. (now SBI Shinsei Bank, Ltd) for which the Group obtained control on December 17, 2021, was completed during the year ended March 31, 2023. The amount finalized is the same as the amount adjusted during the measurement period of the previous period, and there is no impact on the consolidated financial statements of the previous and current periods.

5. Segment Information

(1) Overview of Reportable Segments

The Group has five new reportable segments: "Financial Services Business", "Asset Management Business", "Investment Business", “Crypto-asset Business” which is expected to remain a growth area and "Non-Financial Services Business" which includes the Biotechnology, Healthcare & Medical Informatics Business, as well as the advanced fields related to Web3.

The reportable segments of the Group represent businesses activities for which separate financial information of the Group’s components is available and reviewed regularly by the board of directors for the purpose of allocation of financial resources and performance evaluation.

The following is a description of business activities for the reportable segments.

“Financial Services Business”

The Financial Services Business consists of a wide range of finance-related business inside and outside Japan, including securities brokerage business, banking services business, and life, property and casualty insurance business.

“Asset Management Business”

The Asset Management Business primarily consists of setting, solicitation, and management of investment trust, investment advice, and provision of financial products information.

“Investment Business”

The Investment Business primarily consists of fund management and investment in Internet technology, fintech, blockchain, finance, and biotechnology-related venture companies in Japan and overseas.

“Crypto-asset Business”

The Crypto-asset Business primarily consists of crypto asset exchange business, which provides crypto asset exchange and trading services.

“Non-Financial Business”

The Non-Financial Business primarily consists of the Biotechnology, Healthcare & Medical Informatics Business, which includes the development and distribution of pharmaceutical products, health foods, and cosmetics with the 5-aminolevulinic acid (5-ALA), a kind of amino acid which exists in vivo, the research and development of antibody drugs and nucleic acid medicine in the field of cancer and immunology, the digitization of medical and health information, the provision of solutions and services that promote the use of medical big data, and medical finance. The Non-Financial Business also includes the business of working on advanced fields related to Web3, the renewable energy business, and the business of developing new overseas markets including Africa.

(2) Matters related to changes in reportable segments

The Group had been reporting three business segments: Financial Services Business, Asset Management Business, and Biotechnology, Healthcare & Medical Informatics Business. However, the market environment such as the stock market had a significant impact on specific businesses within each business segment, and as the business in the non-financial field such as Web3 is expected to expand in the future, it had become unclear which segment these businesses belong to. Therefore, the business segment was reorganized from the first quarter of this fiscal year, and the Group has five new reportable segments: “Financial Services Business”, “Asset Management Business”, “Investment Business”, “Crypto-asset Business” which is expected to remain a growth area and “Non-Financial Services Business” which includes the Biotechnology, Healthcare & Medical Informatics Business, as well as the advanced fields related to Web3.

(3) Results by reportable segment

The following represents segment information of the Group:

“Elimination or Corporate” includes profit or loss that is not allocated to certain business segments and the elimination of the inter-company transactions within the Group, at a price based on the actual market price.

(Millions of Yen)

For the year ended March 31, 2022	Financial Services Business	Asset Management Business	Investment Business	Crypto-asset Business	Non-Financial Business	Total	Elimination or Corporate	Consolidated Total
Revenue								
Revenue from external customers	492,714	16,500	177,845	55,404	21,528	763,991	(373)	763,618
Inter-segment revenue	5,037	383	66	(298)	2,068	7,256	(7,256)	—
Total	497,751	16,883	177,911	55,106	23,596	771,247	(7,629)	763,618
Segment operating income (loss)								
Profit before income tax expense	301,725	3,810	136,457	3,518	(20,308)	425,202	(12,478)	412,724
Other Items								
Interest income	208,519	257	701	—	220	209,697	(278)	209,419
Interest expense	(34,760)	(3)	(2,368)	(547)	(1,056)	(38,734)	(3,424)	(42,158)
Depreciation and amortization	(21,879)	(1,439)	(763)	(5,889)	(905)	(30,875)	(1,238)	(32,113)
Gain or loss from investments applying the equity-method	5,603	—	1,128	—	91	6,822	—	6,822

(Millions of Yen)

For the year ended March 31, 2023	Financial Services Business	Asset Management Business	Investment Business	Crypto-asset Business	Non-Financial Business	Total	Elimination or Corporate	Consolidated Total
Revenue								
Revenue from external customers	881,680	27,581	36,528	30,796	24,248	1,000,833	(2,274)	998,559
Inter-segment revenue	5,068	385	156	(476)	1,990	7,123	(7,123)	—
Total	886,748	27,966	36,684	30,320	26,238	1,007,956	(9,397)	998,559
Segment operating income (loss)								
Profit before income tax expense	150,653	10,123	(16,661)	(18,429)	(3,253)	122,433	(21,680)	100,753
Other Items								
Interest income	403,267	143	1,104	—	17	404,531	(119)	404,412
Interest expense	(112,385)	(8)	(3,540)	(422)	(546)	(116,901)	(5,755)	(122,656)
Depreciation and amortization	(48,373)	(1,660)	(974)	(2,534)	(1,234)	(54,775)	(1,385)	(56,160)
Gain or loss from investments applying the equity-method	7,304	—	(612)	—	(316)	6,376	—	6,376

Geographical information regarding non-current assets and revenues from external customers are presented as below.

(Millions of Yen)

Non-current assets	As at March 31, 2022	As at March 31, 2023
Japan	304,956	408,724
Korea	113,802	115,299
Others	32,933	38,796
Consolidated total	451,691	562,819

Note: Non-current assets excluding financial assets and deferred tax assets are allocated based on the location of the assets.

(Millions of Yen)

Revenue from external customers	For the year ended March 31, 2022	For the year ended March 31, 2023
Japan	557,842	814,428
Overseas	205,776	184,131
Consolidated total	763,618	998,559

Note: Revenue is allocated based on the location of the entities.

6. Financial Instruments

(1) Fair value measurement

Fair values of financial assets and financial liabilities are determined as follows:

Cash and cash equivalents

Carrying amounts approximate the fair values due to their short-term maturities.

Trade and other accounts receivable

The fair values are determined based on the future cash inflows of receivables grouped by category discounted using interest rates adjusted for the period to maturity and credit risk. The carrying amounts of those with short-term maturities are deemed to be fair values as the carrying amounts approximate fair values.

Assets and liabilities related to securities business

With respect to loans on margin transactions included in margin transaction assets, the carrying amounts approximate the fair values as the interest rates of the loans are floating rates and

reflect the market interest rate within a short period. The carrying amounts of assets and liabilities related to the securities business, except for loans on margin transactions, approximate the fair values as those assets and liabilities are settled within a short period.

With respect to trading assets and trading liabilities, the fair values of listed securities and listed derivatives are estimated based on prices quoted on stock exchanges or prices quoted by correspondent financial institutions. The fair value of securities and derivatives with no quoted prices is estimated using valuation techniques such as the discounted present value method and the Black-Scholes model, depending on the type of transaction and the period to maturity.

Operational investment securities and Other investment securities

The fair values of listed equity securities are determined based on the quoted market prices in the stock exchange. The fair values of unlisted equity securities, bonds with share options and stock warrants are determined using valuation models appropriate in the circumstances including discounted cash flow analysis, pricing analysis with reference to comparable industry prices, analysis based on revenues, profits, net assets and the recent arm's-length transaction price. The fair values of bonds are determined using reasonable valuation techniques based on available information such as Reference Statistical Prices and quoted price provided by the financing banks. The fair values of investments in funds are determined at the fair values of partnership net assets based on the Group's percentage share in the contributed capital, if such fair values are available.

Other financial assets and Other financial liabilities

With respect to other financial assets and other financial liabilities, the fair values of derivative instruments are based on the prices quoted on stock exchanges, discounted present value or option valuation models, etc. The carrying amounts of those with short-term maturities are deemed to be fair values as the carrying amounts approximate fair values.

Bonds and loans payable and Trade and other accounts payable

With respect to those with floating interest rates, carrying amounts are deemed to be fair values as the interest rates of the bonds and loans, and trade and other accounts payable reflect the market interest rate within a short period and as the credit condition of the Group entities that obtained them are not expected to change significantly. With respect to those with fixed interest rates, the fair values are determined based on the future cash outflows discounted using interest rates adjusted for remaining periods and credit risk or discounted using interest rates with reference to similar types of new loans or lease transactions. For those for which a market price exists, the fair value is determined based on quoted market prices. For those with short-term maturities, carrying amounts are deemed to be fair values because the carrying amounts approximate fair values.

For financial liabilities designated at FVTPL, fair value is estimated using primarily the same methods as in "Other financial assets and other financial liabilities".

Customer deposits for banking business

The fair values of demand deposits are determined at the carrying amounts which are the amounts paid on demand at the reporting date. The fair values of time deposits and certificates of deposit are determined based on the future cash outflows discounted using interest rates adjusted for the period to maturity and credit risk. However, for the deposits with short-term maturities, carrying amounts are deemed to be fair values because the carrying amounts approximate fair values.

For financial liabilities designated at FVTPL, fair value is estimated using primarily the same methods as in "Other financial assets and other financial liabilities".

(2) Classification and fair value of financial instruments

Classification and fair value of financial assets were as follows:

(Millions of Yen)

As at March 31, 2022	Carrying amount					Fair value
	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI	Financial assets measured at amortized cost	Total	
Trade and other accounts receivable	514,543	—	—	7,885,045	8,399,588	8,406,373
Assets related to securities business	159,621	—	—	3,747,696	3,907,317	3,907,317
Other financial assets	203,091	—	—	268,516	471,607	471,637
Operational investment securities	607,802	—	—	—	607,802	607,802
Other investment securities	449,213	29,472	358,891	239,204	1,076,780	1,076,422
Total	1,934,270	29,472	358,891	12,140,461	14,463,094	14,469,551

(Millions of Yen)

As at March 31, 2023	Carrying amount					Fair value
	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI	Financial assets measured at amortized cost	Total	
Trade and other accounts receivable	668,906	—	—	9,778,120	10,447,026	10,487,471
Assets related to securities business	270,741	—	—	4,246,541	4,517,282	4,517,282
Other financial assets	244,987	—	—	274,964	519,951	520,110
Operational investment securities	581,364	—	—	—	581,364	581,364
Other investment securities	696,957	29,896	817,621	453,382	1,997,856	1,997,859
Total	2,462,955	29,896	817,621	14,753,007	18,063,479	18,104,086

Classification and fair value of financial liabilities were as follows:

(Millions of Yen)

As at March 31, 2022	Carrying amount				Fair value
	Financial liabilities measured at FVTPL	Financial liabilities designated at FVTPL	Financial liabilities measured at amortized cost	Total	
Bonds and loans payable	—	53,369	3,311,491	3,364,860	3,361,799
Trade and other accounts payable	21,277	—	466,569	487,846	487,846
Liabilities related to securities business	71,523	—	3,604,809	3,676,332	3,676,332
Customer deposits for banking business	—	263,193	7,410,131	7,673,324	7,670,575
Other financial liabilities	255,788	—	282,724	538,512	538,512
Total	348,588	316,562	15,075,724	15,740,874	15,735,064

(Millions of Yen)

As at March 31, 2023	Carrying amount				Fair value
	Financial liabilities measured at FVTPL	Financial liabilities designated at FVTPL	Financial liabilities measured at amortized cost	Total	
Bonds and loans payable	—	52,020	3,628,335	3,680,355	3,671,109
Trade and other accounts payable	5,482	—	480,546	486,028	486,027
Liabilities related to securities business	85,025	—	3,803,224	3,888,249	3,888,249
Customer deposits for banking business	—	264,262	11,208,061	11,472,323	11,470,108
Other financial liabilities	322,116	—	273,034	595,150	595,150
Total	412,623	316,282	19,393,200	20,122,105	20,110,643

(3) Offsetting Financial Assets and Financial Liabilities

Quantitative information for recognized financial assets and recognized financial liabilities set off in the consolidated statement of financial position of the Group and the amounts of potential effect of recognized financial assets and recognized financial liabilities subject to an enforceable master netting arrangement or similar agreement that are not set off in the consolidated financial position of the Group are presented as follows:

(Millions of Yen)

As at March 31, 2022	Financial assets					Net amount
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
				Financial instruments	Cash collateral received	
Assets related to securities business (Securities borrowing agreements and other similar transactions)	1,793,072	(651,919)	1,141,153	(981,766)	(157,035)	2,352
Assets related to securities business (Receivables related to securities transactions)	497,640	(232,312)	265,328	(17,593)	—	247,735
Assets related to securities business (Financial assets related to foreign exchange transactions)	37,926	—	37,926	(2,247)	(15,704)	19,975
Other financial assets (Derivative transactions)	203,091	—	203,091	(100,450)	(12,030)	90,611

(Millions of Yen)

As at March 31, 2022	Financial liabilities					Net amount
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
				Financial instruments	Cash collateral pledged	
Liabilities related to securities business (Securities loan agreements and other similar transactions)	2,360,963	(651,919)	1,709,044	(1,019,276)	—	689,768
Liabilities related to securities business (Payables related to securities transactions)	1,887,260	(232,312)	1,654,948	(13,533)	—	1,641,415
Liabilities related to securities business (Financial liabilities related to foreign exchange transactions)	309,401	—	309,401	(17,951)	—	291,450
Other financial liabilities (Derivative transactions)	255,788	—	255,788	(100,450)	(132,256)	23,082

(Millions of Yen)

As at March 31, 2023	Financial assets					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
Assets related to securities business (Securities borrowing agreements and other similar transactions)	2,165,060	(660,623)	1,504,437	(1,349,745)	(152,052)	2,640
Assets related to securities business (Receivables related to securities transactions)	613,377	(225,231)	388,146	(23,792)	—	364,354
Assets related to securities business (Financial assets related to foreign exchange transactions)	29,323	—	29,323	(2,244)	(18,467)	8,612
Other financial assets (Derivative transactions)	213,971	—	213,971	(92,205)	(21,304)	100,462

(Millions of Yen)

As at March 31, 2023	Financial liabilities					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral pledged	
Liabilities related to securities business (Securities loan agreements and other similar transactions)	2,440,352	(660,623)	1,779,729	(949,182)	—	830,547
Liabilities related to securities business (Payables related to securities transactions)	1,972,533	(225,231)	1,747,302	(18,673)	—	1,728,629
Liabilities related to securities business (Financial liabilities related to foreign exchange transactions)	355,699	—	355,699	(20,711)	—	344,988
Other financial liabilities (Derivative transactions)	279,671	—	279,671	(92,205)	(119,159)	68,307

The rights of set-off for recognized financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement are enforced when debt default or other specific events that are unexpected in the ordinary course of business occurs, and have an effect on realization or settlement of individual financial assets and financial liabilities.

(4) Impact of interest rate benchmark reform on financial instruments

The Group has LIBOR-referenced exposures to derivative and non-derivative financial assets and liabilities and is exposed to risks associated with the cessation of LIBOR publication. In accordance with the FCA statement issued on March 5, 2021, the publication of all tenors of the Japanese Yen LIBOR, British Pound LIBOR, Euro LIBOR, and Swiss Franc LIBOR and some tenors of the US Dollar LIBOR (1-week and 2-month contracts) was ceased as of the end of December 2021. The publication of the main tenor of the US dollar LIBOR was ceased as of the end of June 2023.

The primary risk associated with the Group's LIBOR transition is conduct risk. For example, there is the risk that a customer may be subjected to an interest rate that is unfair to the customer, that the customer may be disadvantaged by being forced to switch to an alternative interest rate benchmark that the customer does not intend, that the explanation of the alternative interest rate benchmark to the customer may be insufficient, that the transition to an alternative interest rate benchmark may not be completed due to delays or lack of system upgrades, etc. There is also the risk of difficulty in obtaining data related to alternative interest rate benchmarks, and the risk of being disadvantaged because transactions cannot be executed in accordance with market practices.

In addition, interest rate basis risk may arise. This is because the transition to an alternative interest rate benchmark for a large number of financial assets and liabilities is difficult to perform for all transactions at once and requires a certain period of time, and during the transition period, there will be both transactions that reference conventional LIBOR and transactions that reference the alternative interest rate benchmark, and the risk that the interest rate changes for each will not be perfectly linked to each other is expected to arise.

In order to comprehensively address issues related to the cessation of LIBOR publication for major currencies, the Group has formed a cross-functional transition project and has been working on the transition. The Group is also working on the cessation of USD LIBOR publication under the transition project. In addition, the status of the transition is regularly reported to management and monitored by the relevant authorities.

We have completed the transition of the Japanese yen and other currencies whose publication was ceased at the end of December 2021.

LIBOR reference exposures for which the Group has not completed the LIBOR transition are as follows:

(Millions of Yen)

	Amounts not yet transitioned to alternative interest rate benchmarks as at March 31, 2022	Amounts not yet transitioned to alternative interest rate benchmarks as at March 31, 2023
Non-derivative financial assets	529,222	461,212
Non-derivative financial liabilities	8,653	9,307
Derivatives	505,090	519,321

7. Fair Value Measurement

(1) Categorization within the level of the fair value hierarchy

"IFRS 13 Fair Value Measurement" requires measurement of fair value to be categorized into three levels with reference to the fair value hierarchy that reflects the significance of the inputs used in making fair value measurements.

The fair value hierarchy is defined as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level of hierarchy used in fair value measurement is determined at the lowest level with relevant significant inputs to the measurement.

A transfer between levels of the hierarchy is recognized at the date when the cause of the transfer or change in circumstances occurs.

The table below presents the assets and liabilities measured at the fair values in the consolidated statement of financial position of the Group.

(Millions of Yen)

	As at March 31, 2022			
	Level 1	Level 2	Level 3	Total
Trade and other accounts receivable	—	17,188	497,355	514,543
Assets related to securities business	49,138	99,609	10,874	159,621
Other financial assets	52	192,233	10,806	203,091
Operational investment securities and other investment securities				
Financial assets measured at FVTPL	142,124	66,876	848,015	1,057,015
Equity instruments measured at FVTOCI	26,757	160	2,555	29,472
Debt instruments measured at FVTOCI	128,667	156,899	73,325	358,891
Total	346,738	532,965	1,442,930	2,322,633
Bonds and loans payable	—	—	53,369	53,369
Trade and other accounts payable	—	—	21,277	21,277
Liabilities related to securities business	33,574	34,280	3,669	71,523
Customer deposits for banking business	—	124,700	138,493	263,193
Other financial liabilities	52	239,784	15,952	255,788
Total	33,626	398,764	232,760	665,150

(Millions of Yen)

	As at March 31, 2023			
	Level 1	Level 2	Level 3	Total
Trade and other accounts receivable	—	72,146	596,760	668,906
Assets related to securities business	173,066	92,097	5,578	270,741
Other financial assets	26	227,839	17,122	244,987
Operational investment securities and other investment securities				
Financial assets measured at FVTPL	74,775	260,772	942,774	1,278,321
Equity instruments measured at FVTOCI	27,045	248	2,603	29,896
Debt instruments measured at FVTOCI	580,166	164,332	73,123	817,621
Total	855,078	817,434	1,637,960	3,310,472
Bonds and loans payable	—	—	52,020	52,020
Trade and other accounts payable	—	—	5,482	5,482
Liabilities related to securities business	48,289	32,367	4,369	85,025
Customer deposits for banking business	—	118,322	145,940	264,262
Other financial liabilities	219	279,900	41,997	322,116
Total	48,508	430,589	249,808	728,905

In addition to the above, assets and liabilities related to crypto assets classified as Level 1 amounted to ¥128,842 million and ¥128,117 million as at March 31, 2022 and ¥52,503 million and ¥39,941 million as at March 31, 2023, and are included in “Other assets” and “Other liabilities” in the consolidated statement of financial position, respectively.

The table below presents the assets and liabilities not measured at the fair values in the consolidated statement of financial position of the Group.

(Millions of Yen)

	As at March 31, 2022			
	Level 1	Level 2	Level 3	Total
Trade and other accounts receivable	—	4,701,820	3,190,010	7,891,830
Assets related to securities business	—	3,747,696	—	3,747,696
Other financial assets	—	252,203	16,343	268,546
Operational investment securities and other investment securities	110,614	48,360	79,872	238,846
Total	110,614	8,750,079	3,286,225	12,146,918
Bonds and loans payable	—	2,175,015	1,133,415	3,308,430
Trade and other accounts payable	—	466,569	—	466,569
Liabilities related to securities business	—	3,604,809	—	3,604,809
Customer deposits for banking business	—	6,439,212	968,170	7,407,382
Other financial liabilities	—	282,724	—	282,724
Total	—	12,968,329	2,101,585	15,069,914

(Millions of Yen)

	As at March 31, 2023			
	Level 1	Level 2	Level 3	Total
Trade and other accounts receivable	—	5,570,739	4,247,826	9,818,565
Assets related to securities business	—	4,246,541	—	4,246,541
Other financial assets	—	255,319	19,804	275,123
Operational investment securities and other investment securities	121,967	45,512	285,906	453,385
Total	121,967	10,118,111	4,553,536	14,793,614
Bonds and loans payable	—	2,856,192	762,897	3,619,089
Trade and other accounts payable	—	480,545	—	480,545
Liabilities related to securities business	—	3,803,224	—	3,803,224
Customer deposits for banking business	—	7,859,376	3,346,470	11,205,846
Other financial liabilities	—	273,034	—	273,034
Total	—	15,272,371	4,109,367	19,381,738

(2) Assets and liabilities categorized as Level 3

Based on the valuation methods and policies as reported to the board of directors, external evaluating agencies and appropriate individuals of the Group measure and analyze the valuation of assets and liabilities categorized as Level 3 of the fair value hierarchy.

The valuation results are reviewed and approved by CFO and General Manager of the Accounting and Financial Division.

The valuation techniques and unobservable inputs used for recurring and non-recurring fair value measurements of assets and liabilities categorized as Level 3 are as follows:

The Group changed the valuation techniques applied to certain of its operational investment securities holdings during the period due to the availability of new information, and measured fair value based on multiple valuation techniques.

	As at March 31, 2022		
	Valuation Technique	Unobservable Input	Range
Trade and other accounts receivable	Income approach	Discount rate Recovery rate	0.7%–16.9% 0.0%–100.0%
Other financial assets	Income approach	Correlation (Interest Rate/Interest Rate) Correlation (Foreign Exchange/Interest Rate) Prepayment rates Probability of default Recovery rate	29.0%—85.0% 8.0%—38.0% 13.0% 0.7% 30.0%—74.0%
Operational investment securities and other investment securities	Market approach and income approach	Discount rate P/E ratio EBITDA ratio Illiquidity discount Prepayment rates Probability of default Recovery rate	0.9%—19.3% 16.3—45.2 25.0—40.0 10.0%—20.0% 0.0%—24.3% 0.0%—2.4% 0.0%—100.0%
Bonds and loans payable	Income approach	Discount rate	0.0%—0.3%
Trade and other accounts payable	Income approach	Discount rate	1.0%
Customer deposits for banking business	Income approach	Discount rate	0.0%—0.3%
Other financial liabilities	Income approach	Correlation (Interest Rate/Interest Rate) Correlation (Foreign Exchange/Interest Rate) Recovery rate	29.0%—85.0% 8.0%—38.0% 35.0%—74.0%

	As at March 31, 2023		
	Valuation Technique	Unobservable Input	Range
Trade and other accounts receivable	Income approach	Discount rate Recovery rate	0.6%—16.9% 0.0%—100.0%
Assets related to securities business	Market approach	Stock volatility Correlation (Foreign Exchange/Interest Rate)	12.2%—71.4% (4.4%)—4.7%
Other financial assets	Market approach and income approach	Correlation (Interest Rate/Interest Rate) Correlation (Foreign Exchange/Interest Rate) Discount rate Prepayment rates Probability of default Recovery rate	29.0%—85.0% 8.0%—38.0% 0.8%—1.2% 0.1%—14.2% 0.4%—0.7% 0.0%—74.0%
Operational investment securities and other investment securities	Market approach, cost approach and income approach	Discount rate P/E ratio EBITDA ratio Illiquidity discount Prepayment rates Probability of default Recovery rate	0.3%—65.0% 1.5—45.2 25.0—40.0 10.0%—25.0% 0.0%—27.5% 0.0%—2.6% 0.0%—100.0%
Bonds and loans payable	Income approach	Discount rate	0.0%—0.2%
Trade and other accounts payable	Income approach	Discount rate	0.8%
Liabilities related to securities business	Market approach	Stock volatility Correlation (Foreign Exchange/Interest Rate)	12.2%—71.4% (4.4%)—4.7%
Customer deposits for banking business	Income approach	Discount rate	0.0%—0.2%
Other financial liabilities	Market approach and income approach	Correlation (Interest Rate/Interest Rate) Correlation (Foreign Exchange/Interest Rate) Recovery rate	29.0%—85.0% 8.0%—38.0% 35.0%—74.0%

The fair value of assets and liabilities categorized as Level 3 that is measured at fair value on a recurring basis increases (decreases) when the discount rate decreases (increases), when the recovery rate increases (decreases), when the volatility increase (decrease) depending on the nature of the underlying asset due to changes in the correlation coefficient, when the prepayment rate decreases (increases), when the probability of default decreases (increases), when the P/E ratio increases (decreases), when the EBITDA ratio increases (decreases), or when the illiquidity discount decreases (increases).

With respect to the assets and liabilities categorized as Level 3, no significant impact on the fair values is assumed even if one or more of the unobservable inputs were changed to reasonably possible alternative assumptions.

The movement of assets and liabilities categorized as Level 3 measured at fair value on a recurring basis is presented as follows:

(Millions of Yen)

For the year ended March 31, 2022	Assets						
	Operational investment securities and other investment securities			Total	Trade and other accounts receivable	Assets related to securities business	Other financial assets
	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI				
Balance as at April 1, 2021	444,115	739	294	445,148	—	11,887	—
Acquisitions through business combinations	246,873	1,956	72,603	321,432	473,014	—	23,437
Purchase and issuance	130,195	7	4,487	134,689	39,268	—	—
Comprehensive income							
Net profit (Note 1)	110,421	—	4,607	115,028	4,153	1,886	(11,914)
Other comprehensive income (Note 2)	—	(161)	(432)	(593)	—	—	—
Dividends	(11,295)	—	—	(11,295)	—	—	—
Sale or redemption	(76,048)	—	(8,234)	(84,282)	—	(2,500)	—
Settlements	—	—	—	—	(19,080)	1,309	(717)
Currency translation differences	9,198	14	—	9,212	—	—	—
Others	126	—	—	126	—	—	—
Transferred from Level 3 (Note 3)	(5,570)	—	—	(5,570)	—	(1,708)	—
Balance as at March 31, 2022	848,015	2,555	73,325	923,895	497,355	10,874	10,806

For the year ended March 31, 2022	Liabilities				
	Bonds and loans payable	Trade and other accounts payable	Liabilities related to securities business	Customer deposits for banking business	Other financial liabilities
Balance as at April 1, 2021	—	20,696	1,861	—	—
Acquisitions through business combinations	54,922	—	—	142,719	10,022
Purchase and issuance	—	1,785	—	500	—
Comprehensive income					
Net profit (Note 1)	(1,558)	128	1,476	(4,791)	5,956
Other comprehensive income (Note 2)	5	—	—	65	—
Dividends	—	—	—	—	—
Sale or redemption	—	—	—	—	—
Settlements	—	(1,646)	332	—	(26)
Currency translation differences	—	314	—	—	—
Others	—	—	—	—	—
Transferred from Level 3 (Note 3)	—	—	—	—	—
Balance as at March 31, 2022	53,369	21,277	3,669	138,493	15,952

(Millions of Yen)

For the year ended March 31, 2023	Assets						
	Operational investment securities and other investment securities			Total	Trade and other accounts receivable	Assets related to securities business	Other financial assets
	Financial assets measured at FVTPL	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI				
Balance as at April 1, 2022	848,015	2,555	73,325	923,895	497,355	10,874	10,806
Acquisitions through business combinations	366	—	—	366	6,269	—	6,447
Purchase and issuance	229,016	—	8,220	237,236	274,167	—	—
Comprehensive income							
Net profit (Note 1)	38,532	—	5,315	43,847	8,932	(1,156)	3,526
Other comprehensive income (Note 2)	—	123	(578)	(455)	—	—	—
Dividends	(13,332)	—	—	(13,332)	—	—	—
Sale or redemption	(140,570)	(79)	(13,159)	(153,808)	—	(3,800)	—
Settlements	—	—	—	—	(189,963)	(303)	(3,657)
Currency translation differences	6,926	4	—	6,930	—	—	—
Others	(736)	—	—	(736)	—	—	—
Transferred from Level 3 (Note 3)	(25,443)	—	—	(25,443)	—	(37)	—
Balance as at March 31, 2023	942,774	2,603	73,123	1,018,500	596,760	5,578	17,122

For the year ended March 31, 2023	Liabilities				
	Bonds and loans payable	Trade and other accounts payable	Liabilities related to securities business	Customer deposits for banking business	Other financial liabilities
Balance as at April 1, 2022	53,369	21,277	3,669	138,493	15,952
Acquisitions through business combinations	—	—	—	—	6,269
Purchase and issuance	—	—	—	1,000	—
Comprehensive income					
Net profit (Note 1)	(870)	(6,540)	888	7,107	21,195
Other comprehensive income (Note 2)	21	—	—	40	—
Dividends	—	—	—	—	—
Sale or redemption	—	—	—	—	—
Settlements	(500)	—	(188)	(700)	(1,419)
Currency translation differences	—	8	—	—	—
Others	—	(9,263)	—	—	—
Transferred from Level 3 (Note 3)	—	—	—	—	—
Balance as at March 31, 2023	52,020	5,482	4,369	145,940	41,997

Notes:
1. Gains and losses recognized as profit (loss) for the period are included in “Revenue” in the consolidated statement of income. Gains and losses recognized from assets and liabilities measured at FVTPL held as at March 31, 2022 and 2023 were ¥74,209 million and ¥26,680 million of gains, respectively.
2. Gains and losses recognized as other comprehensive income (loss) are included in “Financial assets measured at FVTOCI” or “Changes in own credit risk on financial liabilities” in the consolidated statement of comprehensive income.
3. Transfer due to significant input used to measure the fair value becoming observable.

8. Financial Risk Management

(1) Risk management policy over capital management and financing

In order to maintain financial strength, the Group has basic capital management policies to maintain an appropriate level of capital and debt equity structure.

The balances of interest-bearing debt (Bonds and loans payable), cash and cash equivalents and equity attributable to owners of the Company which the Group manages were as follows:

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Interest-bearing debt (Bonds and loans payable)	3,364,860	3,680,355
Cash and cash equivalents	(2,499,370)	(3,200,916)
Net	865,490	479,439
Equity attributable to owners of the Company	924,603	1,013,832

Pursuant to the Financial Instruments and Exchange Act ("FIEA"), Banking Act, and Insurance Business Act of Japan, domestic subsidiaries of the Group are obligated to maintain a certain level of capital adequacy ratio.

Significant capital adequacy regulations under which domestic subsidiaries of the Group are obligated are as follows:

1. SBI SECURITIES Co., Ltd. is required to maintain a certain level of capital-to-risk ratio set forth under the FIEA. If the ratio falls below 120%, the Financial Services Agency ("FSA") may order changes to operational methods and other changes.
2. SBI Shinsei Bank, Limited is required to maintain a capital adequacy ratio at the level stipulated by the Banking Act, and if the capital adequacy ratio falls below 4%, the FSA can issue early corrective measures, including submission of a business improvement plan, a business improvement order, or a business suspension order.
3. SBI Life Insurance Co., Ltd., SBI Insurance Co., Ltd. and companies that manage the small-amount short-term insurance of our corporate group are required to maintain a certain level of Solvency Margin Ratio in conformity with the Insurance Business Act of Japan. If the Solvency Margin Ratio falls below 200%, the FSA may order submission and implementation of a reasonable improvement plan for sound management.

SBI SAVINGS BANK whose headquarter is in the Republic of Korea is obligated to maintain certain level of capital adequacy ratio in conformity with the Saving Bank Act or the Main Shareholder eligibility standard. If the capital adequacy ratio falls below certain level, Korean Financial Services Commission may give warning or order business suspension.

The Group engages in a wide range of finance related businesses (securities business, banking business, insurance business and others), asset management business, investment business and crypto-asset business, to avoid excessive concentration of risk on specific entities or businesses. To operate these businesses, the Group raises funds through indirect financing such as bank borrowings, direct financing such as bond issuance and equity financing, transactions with securities financing companies, and receiving customer deposits for banking business. The Group also considers the market environment and maintains an appropriate strategy for short and long term financing.

The Group conducts trading of derivative instruments including foreign currency forward contracts, currency options and interest rate swaps, index futures and margin trading. The Group enters into foreign currency forward contracts, currency option and interest rate swap transactions primarily to provide products and services to customers and for hedging purposes, and index futures are short-term transactions mainly for daily trading purposes. The scale and the amount of risk in these transactions are capped.

In order to maintain financial strength and appropriate operational procedures, it is the Group's basic policy of risk management to identify and analyze various risks relevant to the Group entities and strive to carry out integral risk management using appropriate methods.

The Group is mainly exposed to the following risks over financial instruments:

- Credit risk
- Market risk
- Liquidity risk

(2) Risks arising from financial instruments

Financial assets held by the Group primarily consist of investment-related assets, securities-related assets and financing-related assets.

Investment-related assets include operational investment securities, other investment securities, and investments in associates which primarily represent investments in stocks and funds. These assets are held for the purpose of fostering the development of venture capital portfolio companies or earning capital gains. These assets are exposed to the issuer's credit risk and the stock price fluctuation risk. Furthermore, unlisted equity securities are exposed to liquidity risk and investment assets denominated in foreign currency are exposed to the risk of foreign exchange fluctuations.

Securities-related assets consist of cash segregated as deposits, margin transaction assets, trading instruments, trade date accrual, and short-term guarantee deposits. These assets are exposed to the credit risk and the interest rate risk of the brokerage customers of the Group, securities financing companies, and financial institutions. Trading instruments are exposed to the credit risk of issuers and the risk of market price fluctuation. Trading instruments, trade date accrual, and short-term guarantee deposits are presented as "other assets related to securities business" in the consolidated statement of financial position.

Financing-related assets consist of operational loans receivable. These assets mainly include corporate loans, non-recourse real estate loans, project finance, housing loans for individuals, unsecured loans, and other receivables. These assets are exposed to credit risk of accounts and business, such as default due to worsening economic conditions with higher credit risk exposure, and interest rate risk. Financing-related assets are presented as "trade and other accounts receivable" in the consolidated statement of financial position.

Financial liabilities of the Group primarily consist of loans payable, bonds payable, customer deposits for the banking business and securities-related liabilities. The loans payable of the Group are exposed to liquidity risk from changes in the pricing policy of the financial institutions to the Group. Also, the bonds payable are exposed to liquidity risk that restricts the Group's ability to raise funds due to changes in market conditions or the lowering of the credit rating of the Group. Customer deposits for the banking business are important financing arrangements and are managed considering adequate safety but are exposed to liquidity risk which makes it difficult to arrange requisite finance due to withdrawals or other reasons.

Securities-related liabilities consist of margin transaction liabilities, loans payable secured by securities on repurchase agreement transactions, deposits from customers, guarantee deposits received from margin transactions, and trade date accrual. The financing environment of the security business operated by the Group is affected by changes in the business policy of securities financing companies and the investment strategy. The Group exercises control by matching the financing with the related security assets. Trade date accrual is presented as other liabilities related to securities business in the consolidated statement of financial position.

The Group enters into foreign currency forward contracts and currency option transactions primarily to hedge the risk of short-term foreign exchange fluctuations relating to the settlement of foreign currency denominated receivables and payables and purchase and sale transactions of securities denominated in foreign currencies. The Group enters into interest rate swap contracts to manage its interest rate exposures on borrowings and investment interest, respectively.

The Group manages index futures as a part of its investment business, which is exposed to market risk. Because the counterparties of foreign currency forward contracts, currency option and interest rate swap agreements are limited to creditworthy major Japanese financial institutions and index futures are traded in the public market, the credit risk arising from default is considered to be minimal.

(3) Risk management system over financial instruments

The Company assigns a risk management officer who is in charge of risk management and sets up a risk management department in line with the risk management rules and the group management rules in order to properly analyze and control these risks. The risk management department analyzes and monitors the Group's risk on a timely basis.

(4) Credit risk management

(a) Credit risk management practices

(i) Credit risks regarding financial assets measured at amortized cost, debt instruments measured at FVTOCI, lease receivables, certain loan commitments and financial guarantee contracts

Credit risk is the risk that the Group will incur financial losses resulting from a business partner with credit granted by the Group defaulting on its debt. Credit risk management practices for financial assets measured at amortized cost, debt instruments measured at FVTOCI, lease receivables, certain loan commitments and financial guarantee contracts are as follows.

Receivables are classified into the following three stages and loss allowance is recognized based on changes in and levels of credit risk since their initial recognition:

- For receivables with a low credit risk at the reporting date, or receivables whose credit risk is not low but has not increased significantly since initial recognition, 12-month expected credit losses are recognized as a loss allowance.
- If there is no "credit impairment" but "credit risk has increased significantly" since the initial recognition, the lifetime expected credit losses are recognized as a loss allowance.
- In the case of "credit impairment", the lifetime expected credit losses are recognized as a loss allowance.

Credit risk is assessed based on changes in default risk on relevant financial instruments. The credit risk assessment is performed using internal or external credit ratings of financial instruments, as well as reasonable and supportable information that can be used without undue cost or efforts, such as past due information. For instance, for financial instruments that are categorized as investment grade by an external credit rating organization, or financial instruments whose internal credit rating corresponds with the internationally-accepted definition of low credit risk, such financial instruments are considered to have low credit risk. The Company determines a "significant increase in credit risk" when the credit risk deteriorates from a "low credit risk" condition or when the credit risk was not low at initial recognition but the credit rating has declined or a certain amount of time has passed since the due date. For instance, such financial instruments include those whose credit rating has been downgraded from investment grade to non-investment grade, or for which a certain delinquency period has passed. In addition, if an incident that could have an adverse impact on estimated future cash flows occurs, financial instruments that are linked to such incidents are determined as credit-impaired financial instruments. Evidence that a financial asset is "Credit-impaired" includes:

- Significant financial difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for that financial asset because of financial difficulties
- Meeting the criteria for classification as delinquent by the regulatory authorities of various countries

Default includes the case where the delinquency period is 90 days or more as of the reporting date, the case where the terms and conditions are revised to give certain concessions to the debtor, the case where the possibility of business failure is recognized as significant, the case where legal or formal business failure has occurred, and the case where substantial business failure has occurred although legal or formal business failure has not occurred.

Based on these assumptions, expected credit losses are measured as unbiased, probability-weighted expected loss amounts, reflecting the time value of money, based on available,

reasonable and supportable information about past events, current conditions and projected future economic conditions. Specifically, after grouping based on common credit risk characteristics such as instrument type, credit rating, and collateral value, expected credit losses are measured for each grouping unit using the probability of default (PD), loss given default (LGD), and exposure at default (EAD) as inputs for financial assets in each of the aforementioned stages in the future 12 months or for a lifetime period. The expected credit losses on certain significant financial assets are measured separately using the discounted cash flow (DCF) method, and credit-impaired financial assets are measured and applied with a separate loss ratio.

In measuring expected credit losses, as future forecast considerations, the Group estimates future default probabilities using a PD model based on correlations with macroeconomic indicators such as real GDP and the unemployment rate and multiple economic forecast scenarios (base, upside, and downside), and reflects these probability-weighted estimates in expected credit losses.

If the Company does not have a reasonable expectation of recovering a given financial asset, the gross carrying amount of the financial asset is written off directly. Such financial assets include claims on debtors who are legally or formally insolvent and claims on debtors who are not legally or formally insolvent but are substantially insolvent. However, there are cases where such directly written-off financial assets will be recovered through external sales.

(ii) Credit risks relating to other financial assets

Credit risks relating to other financial assets are the risk that the Group may suffer losses from decrease or losses of assets due to deteriorated financial conditions of investees/debtors. Credit risk includes country risk that the Group may suffer losses from changes in the currency, political or economic circumstances of a country where investees/debtors operate.

Credit risk management policies of the Group are as follows:

- Accurately analyze financial conditions of investees/debtors and quantify relevant credit risk.
- Appropriately manage the Group's own capital and the related risks by periodic monitoring.
- Under foreign investments or lending transactions, the Group identifies intrinsic risk of investees/debtors with domestic/foreign offices as well as overseas partners followed by periodic monitoring.
- Recognize investment risk as significant risk to be controlled among various credit risks and perform detailed analysis of fluctuation in risk associated with operational investment securities.

The Group operates in accordance with the above risk management policies. Subsidiaries which provide credits to corporate or individual customers as a part of their business are appropriately monitored in accordance with their respective policies.

(b) Quantitative and qualitative information regarding amounts arising from expected credit losses

The movement of loss allowance is as follows:

(Millions of Yen)

	12-month expected credit losses	Lifetime expected credit losses			Purchased or originated credit-impaired financial asset	Total
		Significantly increased credit risk				
		Not credit-impaired	Credit-impaired	Trade receivables		
As at April 1, 2021	32,715	7,893	26,613	6	—	67,227
New financial assets originated or purchased	121,474	—	—	7	—	121,481
Derecognition of financial assets	(29,280)	(5,060)	(11,266)	—	—	(45,606)
Transfer						
Transfer to lifetime expected credit losses	(14,118)	25,199	(345)	—	—	10,736
Transfer to credit - impaired financial assets	(2,279)	(1,244)	25,087	—	—	21,564
Transfer to 12-month expected credit losses	665	(1,722)	(57)	—	—	(1,114)
Write-offs	(903)	(264)	(2,756)	—	—	(3,923)
Changes in model/risk variables	(38,930)	(4,683)	614	(2)	—	(43,001)
Foreign currency translation adjustment on foreign operations	1,509	714	825	—	—	3,048
As at March 31, 2022	70,853	20,833	38,715	11	—	130,412
New financial assets originated or purchased	60,095	—	—	3	9,961	70,059
Derecognition of financial assets	(31,000)	(13,142)	(31,340)	—	—	(75,482)
Transfer						
Transfer to lifetime expected credit losses	(16,021)	24,308	295	—	—	8,582
Transfer to credit - impaired financial assets	(3,455)	4,796	42,845	—	—	44,186
Transfer to 12-month expected credit losses	1,483	(4,722)	(269)	—	—	(3,508)
Write-offs	(2,952)	(633)	(15,750)	—	(1,760)	(21,095)
Changes in model/risk variables	(4,510)	(6,423)	18,625	(3)	2,458	10,147
Foreign currency translation adjustment on foreign operations	611	802	27	—	—	1,440
As at March 31, 2023	75,104	25,819	53,148	11	10,659	164,741

The primary increase in the “12-month expected credit losses” under “New financial assets originated or purchased” for the year ended March 31, 2022 is due to an increase in the gross carrying amount from business combinations during the year. The primary increase in the “12-month expected credit losses" under “New financial assets originated or purchased” for the year ended March 31, 2023 is due to an increase in normal receivables.

The total amount of undiscounted expected credit losses at initial recognition on purchased or originated credit - impaired financial assets are ¥151 million and ¥34,115 million as at March 31, 2022 and 2023, respectively.

The amount of loss allowance for loan commitments with an unused portion amounted to ¥1,166 million and ¥1,319 million as at March 31, 2022 and 2023, respectively. The loss allowance on financial guarantee contracts were ¥3,500 million and ¥1,827 million as at March 31, 2022 and 2023, respectively.

Financial assets that have been written off during the years ended March 31, 2022 and 2023, and are still subject to enforcement activities amounted to ¥8,821 million and ¥33,038 million, respectively.

(c) Credit risk exposure

The loans in the banking business included in "Trade and other accounts receivable" by industry are as follows:

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Manufacturing	265,378	397,702
Agriculture and forestry	1,413	2,300
Fishery	374	401
Mining, quarrying of stone, gravel extraction	435	357
Construction	49,911	57,486
Electricity, gas, heating, water	400,014	499,064
Information and communication	60,619	66,076
Transportation, postal services	187,443	237,396
Wholesale and retail trade	223,671	293,162
Finance and insurance	637,472	1,303,452
Real estate	772,125	950,979
Services	469,741	603,186
Japanese local governments, government-affiliated organizations, and local public corporations, etc.	52,389	259,563
Individuals	4,955,762	5,383,392
Total	8,076,747	10,054,516

The amount of the Group's maximum exposure to credit risk are as follows:

(Millions of Yen)

As at March 31, 2022	12-month expected credit losses	Lifetime expected credit losses			Financial instruments to which impairment requirements do not apply	Total
		Significantly increased credit risk		Trade receivables		
		Not credit-impaired	Credit-impaired			
Cash and cash equivalents	2,499,370	—	—	—	—	2,499,370
Trade and other accounts receivable						
Banking (domestic) (Note 1)						
Normal Obligors						
Credit to Corporate	3,122,180	8,165	36	—	346,271	3,476,652
Credit to Individual	5,167	—	—	—	—	5,167
Others (Note 2)	2,638,788	27,933	2	—	—	2,666,723
Need Caution Obligors						
Credit to Corporate	54,705	14,408	—	—	43,541	112,654
Credit to Individual	—	—	—	—	—	—
Others (Note 2)	3,396	12,184	—	—	—	15,580
Credit–impaired Obligors						
Credit to Corporate	5,258	831	26,934	—	—	33,023
Credit to Individual	—	—	—	—	—	—
Others (Note 2)	1,528	450	104,253	—	—	106,231
Others (no obligor classification)	296,125	—	—	—	124,731	420,856
Banking (overseas)						
Credit to Individual (Note 3)						
Group A	87,119	113	415	—	—	87,647
Group B	392,712	29,230	2,686	—	—	424,628
Group C or less	46,759	59,683	21,241	—	—	127,683
Credit to Corporate (external rating) (Note 3)						
Group A	136,637	—	564	—	—	137,201
Group B	105,491	8,233	1,243	—	—	114,967
Group C or less	138	—	—	—	—	138
Credit to Corporate						
No overdue information	299,691	35,350	8,217	—	—	343,258
One or more delinquents	—	581	2,323	—	—	2,904
Others (no obligor classification)	—	1,435	—	—	—	1,435
Others	426,275	1,499	13,822	11,657	—	453,253
Loss allowance	(70,800)	(20,677)	(38,924)	(11)	—	(130,412)
Total	7,551,169	179,418	142,812	11,646	514,543	8,399,588
Assets related to securities business	3,746,937	—	759	—	159,621	3,907,317
Other financial assets	268,516	—	—	—	203,091	471,607
Other investment securities (external rating)						
BBB or above	334,569	—	—	—	—	334,569
Less than BBB	60	—	—	—	—	60
Unrated	263,466	—	—	—	478,685	742,151
Total	598,095	—	—	—	478,685	1,076,780

(Millions of Yen)

As at March 31, 2023	12-month expected credit losses	Lifetime expected credit losses			Purchased or originated credit-impaired financial asset	Financial instruments to which impairment requirements do not apply	Total
		Significantly increased credit risk		Trade receivables			
		Not credit-impaired	Credit-impaired				
Cash and cash equivalents	3,200,916	—	—	—	—	—	3,200,916
Trade and other accounts receivable							
Banking (domestic) (Note 1)							
Normal Obligors							
Credit to Corporate	4,640,453	52,193	—	—	—	384,076	5,076,722
Credit to Individual	6,642	—	—	—	—	—	6,642
Others (Note 2)	2,803,403	15,660	—	—	—	—	2,819,063
Need Caution Obligors							
Credit to Corporate	37,723	32,270	—	—	—	96,860	166,853
Credit to Individual	—	—	—	—	—	—	—
Others (Note 2)	2,662	15,599	—	—	—	—	18,261
Credit–impaired Obligors							
Credit to Corporate	16,651	1,253	18,092	—	—	3,864	39,860
Credit to Individual	—	—	—	—	—	—	—
Others (Note 2)	2,544	507	80,040	—	29,950	—	113,041
Others (no obligor classification)	280,092	—	—	—	—	119,770	399,862
Banking (overseas)							
Credit to Individual (Note 3)							
Group A	98,668	140	710	—	—	—	99,518
Group B	423,643	29,724	3,987	—	—	—	457,354
Group C or less	40,241	68,571	28,100	—	—	—	136,912
Credit to Corporate (external rating) (Note 3)							
Group A	145,012	—	—	—	—	—	145,012
Group B	97,329	13,100	2,869	—	—	—	113,298
Group C or less	1,967	—	374	—	—	—	2,341
Credit to Corporate							
No overdue information	382,886	40,466	10,125	—	—	—	433,477
One or more delinquents	—	6,233	18,995	—	—	—	25,228
Others (no obligor classification)	—	1,072	—	—	—	—	1,072
Others	465,410	3,467	12,404	11,634	—	64,336	557,251
Loss allowance	(75,104)	(25,819)	(53,148)	(11)	(10,659)	—	(164,741)
Total	9,370,222	254,436	122,548	11,623	19,291	668,906	10,447,026
Assets related to securities business	4,245,853	—	688	—	—	270,741	4,517,282
Other financial assets	274,964	—	—	—	—	244,987	519,951
Other investment securities (external rating)							
BBB or above	811,503	—	—	—	—	—	811,503
Less than BBB	120	—	—	—	—	—	120
Unrated	459,380	—	—	—	—	726,853	1,186,233
Total	1,271,003	—	—	—	—	726,853	1,997,856

Notes:

1. The categories of Normal Obligors, Need Caution Obligors, and Credit–impaired Obligors in the banking business (domestic) are as follows:
   - Normal Obligors: Debtors whose business conditions are favorable and whose financial conditions are deemed to have no particular problems
   - Need Caution Obligors: Debtors requiring attention for credit control due to problems with lending conditions such as interest rate reductions and shelving, problems with repayment performance such as virtually overdue principal repayment or interest payment, problems with poor or unstable business conditions, or problems with finances
   - Credit–impaired Obligors: Described in "8. Financial Risk Management (4) Credit risk Management (a) Credit risk management practices".

2. For certain financial assets for individuals, only past due information is used to assess whether credit risk has increased significantly since initial recognition. The past due status of the financial assets is as follows:

(Millions of Yen)

As at March 31, 2022	Within 30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Total past due claims	Not past due	Total
Residential mortgages	9,521	499	196	1,327	11,543	1,101,416	1,112,959
Qualified revolving	32,066	5,234	4,302	18,514	60,116	487,561	547,677
Others	50,666	4,248	1,128	18,877	74,919	1,052,979	1,127,898

(Millions of Yen)

As at March 31, 2023	Within 30 days past due	31-60 days past due	61-90 days past due	Over 90 days past due	Total past due claims	Not past due	Total
Residential mortgages	9,546	380	211	901	11,038	1,089,630	1,100,668
Qualified revolving	33,569	5,548	4,156	18,879	62,152	488,203	550,355
Others	89,319	4,724	1,598	21,526	117,167	1,171,280	1,288,447

3. Credit to Individual and Credit to Corporate in the banking business (overseas) are as follows:
- Group A: A financial asset with low credit risk. In the case of an external rating, it corresponds to "investment grade".
- Group B: A financial asset that has neither low nor a high credit risk. In the case of an external rating, it falls under BBB and CCC or above.
- Group C and below: A financial asset with high or extremely high credit risk. In case of an external rating, they fall under CCC or below.

Trade and other accounts receivable include the amount recoverable by insurance or collateral. Collateral received mainly consists of real estate assets received on loan to small-middle real estate companies or individual or other assets. Evaluation on receiving collateral is made by an independent third party appraiser and the amount of the loan is determined to be filled with evaluation value. However, the value of the collateral may be inadequate due to a declining real estate market. If the Group obtains collateral assets by exercise of security interests, the Group immediately collects the loan by conducting sales or auction of the assets.

The loss allowance for credit impaired financial assets has been reduced by ¥35,767 million and ¥38,126 million by underlying collateral held as a security and other credit enhancements as at March 31, 2022 and 2023, respectively.

The Group also receives pledged financial assets under repurchase agreements, securities lending agreements, and derivative transaction agreements. Collateral assets pledged as at March 31, 2022 and 2023 totaled ¥849,512 million and ¥936,134 million, respectively. These collateral assets have been sold, loaned or re-secured, and the Group is obligated to return these collateral assets.

The amount of its maximum exposure to credit risk for undrawn loan commitments is as follows:

(Millions of Yen)

As at March 31, 2022	12-month expected credit losses	Lifetime expected credit losses		Total
		Significantly increased credit risk		
		Not credit-impaired	Credit-impaired	
Undrawn loan commitments				
Banking business (domestic)	1,793,254	2,849	12	1,796,114
Banking business (overseas)	94,355	4,470	—	98,825
Others	29,912	7	19	29,938

(Millions of Yen)

As at March 31, 2023	12-month expected credit losses	Lifetime expected credit losses		Total
		Significantly increased credit risk		
		Not credit-impaired	Credit-impaired	
Undrawn loan commitments				
Banking business (domestic)	1,415,491	7,332	13	1,422,836
Banking business (overseas)	154,290	3,166	—	157,456
Others	115,168	0	11	115,179

The amount of its maximum exposure to credit risk for financial guarantee contracts is as follows:

(Millions of Yen)

As at March 31, 2022	12-month expected credit losses	Lifetime expected credit losses		Total
		Significantly increased credit risk		
		Not credit-impaired	Credit-impaired	
Financial guarantee contracts	754,660	2,579	466	757,705

(Millions of Yen)

As at March 31, 2023	12-month expected credit losses	Lifetime expected credit losses		Total
		Significantly increased credit risk		
		Not credit-impaired	Credit-impaired	
Financial guarantee contracts	981,754	3,143	181	985,078

(5) Market risk management

Market risk is the risk that the Group may suffer losses from fluctuation of interest rate, stock price, foreign exchange rate or other factors.

Market risk management policies of the Group are as follows:

(i) Understand underlying currency and term of assets and quantify market risk.
(ii) Appropriately manage the balance between the Group's own capital and its related risk by periodic monitoring.
(iii) Never enter into derivative transactions for speculative purposes in the absence of established operating rules.

(a) Stock Market Risk

The Group is exposed to stock market risk arising from its investment portfolio. If the market price of operational investment securities and other investment securities held by the Group as at March 31, 2022 and 2023 increased by 10%, profit before income tax expense in the consolidated statement of income would have increased by ¥14,212 million and ¥7,478 million, respectively.

(b) Foreign Exchange Risk

The Group is exposed to foreign exchange risk, mainly in USD, on assets and liabilities dominated in currencies used by various entities other than the Group's functional currency. The Group's main net exposures to foreign exchange risk are as follows:

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
USD	(923,336)	(661,301)

Foreign Currency Sensitivity Analysis

With all other variables held constant, the impact of a 1% appreciation of the USD against the functional currency on profit before income tax expense in the consolidated statement of income for the years ended March 31, 2022 and 2023 for monetary financial instruments denominated in foreign currencies held by the Group is as follows.

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Profit before income tax expense	(9,233)	(6,613)

(c) Interest Rate Risk

The Group is exposed to various interest rate fluctuation risks in its business operations. Interest rate fluctuation, except for those that are hedged by hedging transactions, affects financial income arising from financial assets, which primarily consist of bank balances, money in trust held by subsidiaries in the financial services business, call loans, and loans receivable from individual and corporate customers, and also affects financial costs arising from financial liabilities, which primarily consist of borrowings from financial institutions, bonds payable, and customer deposits for the banking business.

In management's sensitivity analysis, if interest rates of financial instruments held by the Group as at March 31, 2022 and 2023 had been 100 basis points higher, profit before income tax expense in the consolidated statement of income for the years ended March 31, 2022 and 2023 would have increased by ¥1,599 million and ¥12,252 million, respectively.

The analysis is prepared assuming the financial instruments subject to interest rate risk and all other variables were held constant throughout the years ended March 31, 2022 and 2023.

(6) Liquidity risk management

Liquidity risk is defined as the Group's exposure to the below situations:

–Necessary financing cannot be secured due to deterioration of the Group's financial condition
–Risk of loss from financing at higher interest rate than usual with no option
–Risk of loss from transaction at significantly unreasonable price with no option or unable to conduct transactions due to severe situation such as market turmoil.

The Group manages its liquidity risk through the following policies.

(a) Secure various financing arrangements such as bank overdraft facility, bond issuance registration or stock issuance.
(b) Collect information on the Group's working capital requirement and understand the cash flow positions.
(c) Obtain reports from the department responsible for cash management based upon the liquidity risk management policies stated in (a) and (b) above to monitor cash flow risks.

Liquidity risk arises from financial liabilities settled by transfer of cash and other financial assets. Balances of financial liabilities held by the Group by maturity are as follows:

(Millions of Yen)

As at March 31, 2022	Carrying amount	Contractual cash flow	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds and loans payable	3,364,860	3,424,229	1,733,292	465,661	567,223	228,745	142,718	286,590
Trade and other accounts payable	487,846	488,543	413,914	28,871	6,331	4,062	2,280	33,085
Liabilities related to securities business	3,676,332	3,676,340	3,676,340	—	—	—	—	—
Customer deposits for banking business	7,673,324	7,712,196	6,531,250	458,021	389,554	157,837	61,211	114,323

(Millions of Yen)

As at March 31, 2023	Carrying amount	Contractual cash flow	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds and loans payable	3,680,355	3,737,544	1,763,351	719,841	425,053	282,780	253,734	292,785
Trade and other accounts payable	486,028	486,587	430,159	10,806	6,193	2,788	2,343	34,298
Liabilities related to securities business	3,888,249	3,888,259	3,888,259	—	—	—	—	—
Customer deposits for banking business	11,472,323	11,573,141	10,360,274	317,229	653,627	52,765	74,082	115,164
Financial guarantee contracts	—	985,078	278,046	41,915	64,003	74,418	108,078	418,618

The Group entered into line of credit agreements (e.g., overdraft facilities) with leading domestic and overseas financial institutions to ensure an efficient operating funds procurement and to mitigate liquidity risk.

Contractual amounts and used amounts of overdraft facilities as at each reporting date are as follows:

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Lines of credit	641,093	663,757
Used balance	228,183	159,801
Unused portion	412,910	503,956

9. Trade and Other Accounts Receivable

Trade and other accounts receivable as at March 31, 2022 and 2023, consisted of the following:

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Trade accounts receivable and installment receivables	961,606	1,093,991
Loans receivable	7,036,939	8,895,858
Operational receivables	127,552	76,812
Finance lease receivables	166,142	208,250
Deposits	81,266	124,059
Others	26,083	48,056
Total	8,399,588	10,447,026

Maturity analysis to the collection or the settlement of trade and other accounts receivable as at March 31, 2022 and 2023, consisted of the following:

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
No later than 1 year	1,788,530	2,567,433
Later than 1 year	6,611,058	7,879,593
Total	8,399,588	10,447,026

10. Other Assets Related to Securities Business

Other assets related to securities business as at March 31, 2022 and 2023, consisted of the following:

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Trade date accrual	283,721	324,520
Trading products	159,621	270,741
Short-term guarantee deposits	100,837	96,282
Loans receivable secured by securities	70,802	58,838
Others	986	830
Total	615,967	715,211

11. Operational Investment Securities and Other Investment Securities

"Operational investment securities" and "Other investment securities" in the consolidated statement of financial position as at March 31, 2022 and 2023 consisted of the following:

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Operational investment securities		
Financial assets measured at FVTPL	607,802	581,364
Total	607,802	581,364
Other investment securities		
Financial assets measured at FVTPL	449,213	696,957
Equity instruments measured at FVTOCI	29,472	29,896
Debt instruments measured at FVTOCI	358,891	817,621
Financial assets measured at amortized cost	239,204	453,382
Total	1,076,780	1,997,856

The Group may designate some of its investments in equity instruments as equity instruments measured at FVTOCI, taking into consideration the actual conditions of the investments such as business relationships with the investee companies.

Fair values of equity instruments measured at FVTOCI presented as "Other investment securities" in the consolidated statement of financial position and related dividends income presented as "Revenue" in the consolidated statement of income consisted of the following, respectively:

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Fair value	29,472	29,896

(Millions of Yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Dividends income	703	1,988

Name of investee and related fair values of equity instruments measured at FVTOCI presented as "Other investment securities" in the consolidated statement of financial position mainly consisted of the following:

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Other investment securities	—	
Latitude Group Holdings Limited	17,220	17,078
Mitsui Chemicals, Inc.	2,311	2,550
Yamazaki Baking Co., Ltd.	1,499	1,604
Chengdu Kobelco Construction Machinery Financial Leasing Ltd.	1,426	1,507

The fair value at the date of sale of equity instruments measured at FVTOCI sold during the period, the cumulative gain transferred from other components of equity to retained earnings, net of tax, and dividends received are as follows:

(Millions of Yen)

For the year ended March 31, 2022			For the year ended March 31, 2023		
Fair value at the date of sale	Cumulative gain (loss)	Dividend received	Fair value at the date of sale	Cumulative gain (loss)	Dividend received
—	—	—	79	79	—

Equity instruments measured at FVTOCI are sold (derecognized) to enhance the effective operation and efficiency of assets.

For equity instruments measured at FVTOCI whose significant decline in fair value compared to their acquisition costs is other than temporary, cumulative losses (net of tax) transferred from other components of equity to retained earnings for the years ended March 31, 2022 and 2023 were ¥434 million and ¥30 million, respectively.

12. Investments Accounted For Using the Equity Method

(1) Investments in associates

The combined financial information of associates accounted for using the equity method is as follows:

(Millions of Yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Profit for the year attributable to the Group	7,688	7,258
Other comprehensive income attributable to the Group	758	1,719
Total comprehensive income attributable to the Group	8,446	8,976

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Carrying amount	119,401	190,346

Impairment losses of ¥9,594 million were recognized in the Non-Financial Business for the year ended March 31, 2022, as the recoverable amount of certain investments in associates was less than the carrying amount, and are included in "Other expenses" in the consolidated statement of income.

(2) Investments in joint ventures

The combined financial information of joint ventures accounted for using the equity method is as follows:

(Millions of Yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Profit for the year attributable to the Group	(866)	(882)
Other comprehensive income attributable to the Group	139	281
Total comprehensive income attributable to the Group	(727)	(601)

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Carrying amount	9,740	9,536

13. Structured Entities

The Group conducts investment partnerships and special purpose entities for investment activities in Japan and overseas. These investment partnerships and special purpose entities raise funds from investors, and provide funding mainly in the form of capital contribution and loans to investees or special purpose entities. These investment partnerships, etc., are structured in a way that voting rights are not the dominant factor in deciding who controls the partnerships. The Group is also involved in activities related to the purpose of the trusts through guarantees of the trusts.

The purpose of using the assets and liabilities of the structured entities is restricted by contractual arrangements between the Group and the structured entities.

(1) Consolidated structured entities

Total assets of the consolidated investment partnerships and special purpose entities were ¥649,503 million and ¥771,078 million as at March 31, 2022 and 2023, respectively. Total liabilities were ¥272,525 million and ¥317,477 million as at March 31, 2022 and 2023, respectively.

(2) Unconsolidated structured entities

The Group invests in and provides loans to investment partnerships and special purpose entities, etc. that third parties have control on their operations.

The Group has not entered into any arrangement to provide financial support for the assets and liabilities of these structured entities. Accordingly, the maximum exposure to loss resulting from our involvement with unconsolidated structured entities is limited to the carrying amounts, the details of which are as described below:

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Trade and other accounts receivable	1,092,603	1,426,877
Other financial assets	15,253	17,806
Operational investment securities	36,650	39,990
Other investment securities	186,315	354,798
Total	1,330,821	1,839,471

The maximum exposure indicates the maximum amount of possible losses, but not the possibility of such losses being incurred.

14. Investment Property

The movement of cost and accumulated depreciation and impairment losses of investment property consisted of the following:

(Millions of Yen)

Cost	For the year ended March 31, 2022	For the year ended March 31, 2023
Balance, beginning of year	5,322	35,479
Acquisitions	30,157	44,076
Sale or disposal	—	(6,396)
Balance, end of year	35,479	73,159

(Millions of Yen)

Accumulated depreciation and impairment losses	For the year ended March 31, 2022	For the year ended March 31, 2023
Balance, beginning of year	(479)	(611)
Depreciation	(132)	(468)
Sale or disposal	—	44
Balance, end of year	(611)	(1,035)

The carrying amount and fair value of investment property were as follows:

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Carrying amount	34,868	72,124
Fair value	38,000	77,770

The fair value as at the end of each reporting period is based on a valuation conducted by independent valuation appraisers with appropriate qualifications, who have had recent experience in local practice for relative categories of assets.

The inputs used for the fair value measurement of investment properties are categorized as Level 3 (unobservable inputs).

Rental income from investment property for the years ended March 31, 2022 and 2023 was ¥298 million and ¥2,590 million, respectively, which was included in “Revenue” in the consolidated statement of income. Directly incurred expenses in relation to the rental income (including repairs and maintenance) for the years ended March 31, 2022 and 2023 were ¥277 million and ¥2,129 million, respectively, which were included in “Operating cost” and “Selling, general and administrative expenses”.

15. Property and Equipment

The movements of cost, accumulated depreciation and impairment loss of property and equipment were as follows:

(Millions of Yen)

Cost	Buildings	Furniture and fixtures	Machinery and equipment	Land	Others	Total
Balance as at April 1, 2021	34,276	29,579	1,694	5,129	27,795	98,473
Acquisitions	3,333	5,093	2,005	1,329	1,631	13,391
Acquisitions through business combinations	34,932	7,158	12,427	3,862	29,329	87,708
Sales or disposals	(1,818)	(1,609)	(1,410)	(57)	(23,020)	(27,914)
Foreign currency translation adjustment on foreign operations	516	360	8	63	102	1,049
Others	649	307	6	(168)	(848)	(54)
Balance as at March 31, 2022	71,888	40,888	14,730	10,158	34,989	172,653
Acquisitions	10,407	6,075	9,392	2,068	14,479	42,421
Acquisitions through business combinations	1,905	499	—	22	213	2,639
Sales or disposals	(5,225)	(12,663)	(8,532)	(1,994)	(3,921)	(32,335)
Foreign currency translation adjustment on foreign operations	432	440	3	55	223	1,153
Others	2,096	1,195	19,107	(154)	(20,923)	1,321
Balance as at March 31, 2023	81,503	36,434	34,700	10,155	25,060	187,852

(Millions of Yen)

Accumulated depreciation and impairment losses	Buildings	Furniture and fixtures	Machinery and equipment	Land	Others	Total
Balance as at April 1, 2021	(12,984)	(15,172)	(515)	(42)	(5,470)	(34,183)
Sales or disposals	842	1,436	317	2	3,138	5,735
Depreciation	(8,170)	(8,658)	(783)	(74)	(1,560)	(19,245)
Impairment losses	(42)	(100)	(326)	—	(265)	(733)
Foreign currency translation adjustment on foreign operations	(236)	(206)	(6)	—	(42)	(490)
Balance as at March 31, 2022	(20,590)	(22,700)	(1,313)	(114)	(4,199)	(48,916)
Sales or disposals	1,953	12,173	3,520	136	2,320	20,102
Depreciation	(15,719)	(8,135)	(5,510)	(285)	(2,464)	(32,113)
Impairment losses	(992)	(612)	(2)	—	(32)	(1,638)
Foreign currency translation adjustment on foreign operations	(138)	(311)	(1)	—	(182)	(632)
Balance as at March 31, 2023	(35,486)	(19,585)	(3,306)	(263)	(4,557)	(63,197)

(Millions of Yen)

Carrying amount	Buildings	Furniture and fixtures	Machinery and equipment	Land	Others	Total
Balance as at March 31, 2022	51,298	18,188	13,417	10,044	30,790	123,737
Balance as at March 31, 2023	46,017	16,849	31,394	9,892	20,503	124,655

The carrying amount of property and equipment includes the carrying amount of right-of-use assets and the carrying amount of lessor's operating lease assets.

Right-of-use assets increased by ¥2,105 million and ¥8,111 million for the years ended March 31, 2022 and 2023, respectively.

(Millions of Yen)

Carrying amount of right-of-use assets	Buildings	Furniture and fixtures	Machinery and equipment	Land	Others	Total
Balance as at March 31, 2022	30,217	1,335	10	1,426	253	33,241
Balance as at March 31, 2023	24,244	904	8	725	1,294	27,175

(Millions of Yen)

Carrying amount of lessor's operating lease assets	Buildings	Furniture and fixtures	Machinery and equipment	Others	Total
Balance as at March 31, 2022	490	2,016	11,869	28,220	42,595
Balance as at March 31, 2023	211	2,558	29,543	15,555	47,867

Impairment losses recognized for the years ended March 31, 2022 and 2023 were ¥733 million and ¥1,638 million, respectively, due to no expectation of initially expected profits and are included in "Other expenses" in the consolidated statement of income. Impairment losses recognized by segment for the year ended March 31, 2022 were ¥89 million in the Financial Services Business, ¥53 million in the Crypto-asset Business and ¥591 million in the Non-Financial Business. Impairment losses recognized by segment for the year ended March 31, 2023 were ¥929 million in the Financial Services Business, ¥626 million in the Crypto-asset Business and ¥83 million in the Non-Financial Business.

16. Intangible Assets

(1) The movement of cost, accumulated amortization and accumulated impairment losses of intangible assets including goodwill

The movements in cost, accumulated amortization and impairment losses of intangible assets including goodwill for the years ended March 31, 2022 and 2023 were as follows:

(Millions of Yen)

Cost	Goodwill	Software	Customer relationship	Others	Total
Balance as at April 1, 2021	192,303	78,770	38,166	5,288	314,527
Acquisitions	—	25,631	—	959	26,590
Acquisitions through business combinations	6,168	45,779	2,502	3,944	58,393
Sales or disposals	(3,152)	(3,427)	(13,704)	(232)	(20,515)
Foreign currency translation adjustment on foreign operations	5,390	256	1,068	224	6,938
Balance as at March 31, 2022	200,709	147,009	28,032	10,183	385,933
Acquisitions	—	38,446	—	1,105	39,551
Acquisitions through business combinations	46,738	1,592	5,422	1,832	55,584
Sales or disposals	—	(5,795)	—	(560)	(6,355)
Foreign currency translation adjustment on foreign operations	3,418	434	902	202	4,956
Balance as at March 31, 2023	250,865	181,686	34,356	12,762	479,669

(Millions of Yen)

Accumulated amortization and impairment losses	Goodwill	Software	Customer relationship	Others	Total
Balance as at April 1, 2021	(10,181)	(45,395)	(30,656)	(2,688)	(88,920)
Sales or disposals	2,285	518	13,704	7	16,514
Amortization	—	(11,102)	(1,136)	(593)	(12,831)
Impairment losses	(4,597)	(2,186)	—	(90)	(6,873)
Foreign currency translation adjustment on foreign operations	—	(231)	(398)	(108)	(737)
Balance as at March 31, 2022	(12,493)	(58,396)	(18,486)	(3,472)	(92,847)
Sales or disposals	—	5,032	—	126	5,158
Amortization	—	(21,175)	(1,207)	(1,164)	(23,546)
Impairment losses	(174)	(1,775)	—	(7)	(1,956)
Foreign currency translation adjustment on foreign operations	—	(118)	(398)	78	(438)
Balance as at March 31, 2023	(12,667)	(76,432)	(20,091)	(4,439)	(113,629)

(Millions of Yen)

Carrying amount	Goodwill	Software	Customer relationship	Others	Total
Balance as at March 31, 2022	188,216	88,613	9,546	6,711	293,086
Balance as at March 31, 2023	238,198	105,254	14,265	8,323	366,040

The carrying amount of software in the above table as at March 31, 2022 and 2023 includes the carrying amount of right-of-use assets of ¥186 million and ¥170 million, respectively. Amortization expenses were recorded in "Operating cost" and "Selling, general and administrative expenses" in the consolidated statement of income.

(2) Impairment losses for each business segment

The Group recognized impairment losses totaling ¥6,873 million and ¥1,956 million for the years ended March 31, 2022 and 2023, respectively, due to no expectation of initially expected profits, and recorded them in "Other expenses" in the consolidated statement of income. Impairment losses recognized by segment for the year ended March 31, 2022 were ¥4,975 million in the Financial Services Business, ¥121 million in the Asset Management Business, ¥760 million in the Crypto-asset Business and ¥1,017 million in the Non-Financial Business. Impairment losses recognized by segment for the year ended March 31, 2023 were ¥542 million in the Financial Services Business, ¥249 million in the Asset Management Business, ¥174 million in the Investment Business, ¥789 million in the Crypto-asset Business, and ¥202 million in the Non-Financial Business. The impairment losses recognized for the year ended March 31, 2023 were mainly recognized for goodwill and software.

(3) Carrying amount of goodwill

Goodwill arising from business combinations is allocated to cash-generating units that are expected to benefit from the synergies of the business combination at the date of acquisition of the business.

Significant goodwill arising from business combinations were ¥108,198 million and ¥110,015 million as at March 31, 2022 and 2023, respectively, related to SBI SAVINGS BANK in the Financial Services Business and ¥24,910 million as at March 31, 2022 and 2023, related to SBI SECURITIES Co., Ltd. in the Financial Services Business.

The recoverable amounts used for impairment test of goodwill and intangible assets are calculated based on the value in use. Value in use is the present value calculated by discounting the estimated cash flows based on the projection approved by management and a growth rate. The business plans are not longer than five years in principle, and reflect the management assessments of future industry trends and historical data based on the external and internal information. The growth rate is determined by considering the long-term average growth rate of the market or the country which the CGU belongs to. The maximum per annum growth rate used for measuring value in use was 2% as at March 31, 2022 and 2023. The discount rate used for measuring value in use was 7.1% to 9.5% and 5.7% to 10.5% per annum as at March 31, 2022 and 2023, respectively.

Any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

17. Deferred Taxation

The following are the major deferred tax assets (liabilities) recognized and movements thereon during the years ended March 31, 2022 and 2023:

(Millions of Yen)

For the year ended March 31, 2022	As at April 1, 2021	Recognized through profit or loss	Recognized through other comprehensive income	Change in scope of consolidation	Recognized directly in equity	As at March 31, 2022
Deferred Tax Assets						
Impairment on financial assets measured at amortized cost	1,265	592	—	9,703	—	11,560
Lease liability	—	560	—	12,312	—	12,872
Property equipment and intangible assets	1,566	83	—	675	—	2,324
Enterprise tax payable	1,342	(477)	—	106	—	971
Tax loss carryforwards	11,069	(2,692)	137	5,420	—	13,934
Other	2,210	(66)	565	3,805	—	6,514
Total	17,452	(2,000)	702	32,021	—	48,175
Deferred Tax Liabilities						
Financial assets and liabilities measured at FVTPL	33,256	9,011	—	523	—	42,790
Equity instruments measured at FVTOCI	8	(168)	394	168	—	402
Debt instruments measured at FVTOCI	819	(99)	(705)	—	—	15
Investments accounted for using the equity method	2,567	13,611	—	—	—	16,178
Property equipment and intangible assets	2,808	773	73	13,551	—	17,205
Other	1,625	(2,156)	—	11,387	765	11,621
Total	41,083	20,972	(238)	25,629	765	88,211

(Millions of Yen)

For the year ended March 31, 2023	As at April 1, 2022	Recognized through profit or loss	Recognized through other comprehensive income	Change in scope of consolidation	Recognized directly in equity	As at March 31, 2023
Deferred Tax Assets						
Impairment on financial assets measured at amortized cost	11,560	5,463	—	—	—	17,023
Lease liability	12,872	(1,919)	—	—	—	10,953
Property equipment and intangible assets	2,324	242	—	116	—	2,682
Enterprise tax payable	971	732	—	—	—	1,703
Tax loss carryforwards	13,934	(6,624)	61	201	—	7,572
Other	6,514	1,337	456	859	—	9,166
Total	48,175	(769)	517	1,176	—	49,099
Deferred Tax Liabilities						
Financial assets and liabilities measured at FVTPL	42,790	(122)	—	—	—	42,668
Equity instruments measured at FVTOCI	402	—	(61)	—	—	341
Debt instruments measured at FVTOCI	15	274	(284)	—	—	5
Investments accounted for using the equity method	16,178	(7,068)	—	—	—	9,110
Property equipment and intangible assets	17,205	(1,668)	75	1,411	—	17,023
Other	11,621	(927)	—	2,960	671	14,325
Total	88,211	(9,511)	(270)	4,371	671	83,472

In assessing the recoverability of the deferred tax assets, the Group considers the future taxable temporary differences, projected future taxable income, and tax planning strategies. Deductible temporary differences and tax loss carryforwards for which deferred tax assets have not been recognized are as follows:

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Deductible temporary differences	461,325	469,943
Tax loss carryforwards	214,198	227,050
(of which: the carryforward period over 5 years)	127,497	165,045

The Group recognized deferred tax assets of ¥125 million and ¥114 million as at March 31, 2022 and 2023, respectively, associated with certain subsidiaries that had net losses during the years ended March 31, 2022 and 2023. The Group's management assessed that it is probable that tax credit carryforwards and deductible temporary differences will be utilized as the tax losses are not expected to arise on an ongoing basis.

As at March 31, 2022 and 2023, in principle, the Group did not recognize a deferred tax liability on the taxable temporary differences associated with investments in subsidiaries because the Group was in a position to control the timing of the reversal of the temporary differences and it was probable that such differences would not reverse in the foreseeable future. The amount of taxable temporary differences associated with investments in subsidiaries on which deferred tax liabilities were not recognized were ¥472,469 million and ¥465,544 million as at March 31, 2022 and 2023, respectively.

18. Bonds and Borrowings

(1) Details of bonds and borrowings

Bonds and borrowings as at March 31, 2022 and 2023, consisted of the following:

(Millions of Yen) (%)

	As at March 31, 2022	As at March 31, 2023	Average interest rate (Note 1)	Due (Note 2)
Short-term loans payable	480,275	871,451	0.20	—
Current portion of long-term loans payable	55,707	74,406	0.45	—
Current portion of bonds payable	456,020	493,391	—	—
Long-term loans payable	156,750	319,589	1.94	2024 – 2049
Bonds payable	1,013,499	1,078,148	—	—
Borrowed money	1,202,609	843,370	0.33	2023 – 2049
Total	3,364,860	3,680,355		

Notes:
1. The average interest rate is calculated using the weighted average coupon rate of the outstanding balance as at March 31, 2023.
2. The due represents the repayment term of the outstanding balance as at March 31, 2023.

Details of the bonds were as follows:

Issuer and the name of bond	Date of issuance	As at March 31, 2022 (Millions of Yen)	As at March 31, 2023 (Millions of Yen)	Interest rate (Note 1) (%)	Due
The Company Japanese yen straight bond (Note 2)	April 2020– March 2023	99,985	109,965	0.58–1.10	April 2022– March 2025
The Company No. 12 Unsecured straight bond	June 2017	16,998	—	—	June 2022
The Company No. 14 Unsecured straight bond	March 2018	17,987	—	—	March 2023
The Company No. 16 Unsecured straight bond	December 2018	14,980	14,992	0.69	December 2023
The Company No. 17 Unsecured straight bond	May 2019	24,998	—	—	May 2022
The Company No. 18 Unsecured straight bond	May 2019	24,958	24,978	0.69	May 2024
The Company No. 19 Unsecured straight bond	December 2019	19,984	—	—	December 2022
The Company No. 20 Unsecured straight bond	December 2019	24,947	24,967	0.70	December 2024
The Company No. 21 Unsecured straight bond	June 2020	14,980	14,997	0.80	June 2023
The Company No. 22 Unsecured straight bond	June 2020	10,000	10,000	1.00	June 2025
The Company No. 23 Unsecured straight bond	December 2020	24,951	24,981	0.73	December 2023
The Company No. 24 Unsecured straight bond	December 2020	29,895	29,936	0.93	December 2025
The Company No. 25 Unsecured straight bond	July 2021	39,895	39,942	0.60	July 2024
The Company No. 26 Unsecured straight bond	July 2021	39,864	39,896	0.80	July 2026
The Company No. 27 Unsecured straight bond	December 2021	69,782	69,864	0.80	December 2024
The Company No. 28 Unsecured straight bond	December 2021	49,813	49,853	1.00	December 2026
The Company No. 29 Unsecured straight bond	July 2022	—	51,864	1.00	July 2025
The Company No. 30 Unsecured straight bond	July 2022	—	21,925	1.18	July 2027
The Company No. 31 Unsecured straight bond	September 2022	—	99,488	1.09	September 2026
The Company No. 32 Unsecured straight bond	December 2022	—	41,869	1.10	December 2025
The Company No. 33 Unsecured straight bond	December 2022	—	10,959	1.20	December 2027
The Company No.1 Unsecured straight bond (Inter-bond limited pari passu clause and split-restricted small private placement)	March 2023	—	6,972	1.20	October 2029
The Company Euroyen convertible bonds (Note 3)	September 2018– July 2020	117,111	118,213	—	September 2023– July 2025
The Company Short-term corporate bond (Note 4)	December 2022– March 2023	—	53,982	0.11–0.32	April 2023– December 2023
SBI SECURITIES Co., Ltd. Exchangeable bond (Note 2)	March 2018– March 2023	95,866	91,413	0.18–0.94	April 2022– January 2033
SBI SECURITIES Co., Ltd. No.1 Security token restricted unsecured bond	April 2021	100	—	—	April 2022
SBI SECURITIES Co., Ltd. Short-term corporate bond (Note 4)	December 2021– March 2023	137,993	205,991	0.02–0.05	April 2022– June 2023
Shinsei Bank, Limited Japanese yen straight bond (Note 5)	July 2018– March 2021	170,000	140,000	0.15–0.36	October 2022– July 2025
APLUS Co., Ltd. Short-term corporate bond (Note 4)	November 2020– December 2022	107,700	8,500	0.03–0.11	April 2022– May 2023
APLUS Co., Ltd. Japanese yen unsecured straight bond (Note 6)	October 2018– December 2019	20,000	20,000	0.25–0.29	October 2023– December 2024

(Millions of Yen) (%)

Issuer and the name of bond	Date of issuance	As at March 31, 2022	As at March 31, 2023	Interest rate (Note 1)	Due
Showa Leasing Co., Ltd. Short-term corporate bond (Note 4)	November 2020–March 2023	81,500	25,000	0.03–0.07	April 2022–July 2023
Showa Leasing Co., Ltd. Japanese yen unsecured straight bond (Note 7)	July 2018–December 2019	20,000	20,000	0.25–0.30	July 2023–December 2024
UDC Finance Limited Foreign currency secured bonds (Note 8)	September 2020–December 2022	170,104	187,071	5.07–6.34	March 2024–December 2029
Other bonds	March 2019–March 2023	25,128	13,921	0.02–7.10	September 2022–December 2029
Total		1,469,519	1,571,539		

Notes:
1. Interest rate is the coupon rate of the balance as at March 31, 2023. The interest rate of the bonds hedged with interest rate swap is the interest rate after the swap execution.
2. The aggregate amount issued based on euro medium term note program is stated above.
3. The stock acquisition rights of Euroyen convertible bonds are recognized as embedded derivatives. The amount of the stock acquisition rights are separated from the host, measured at fair value, and recorded as capital surplus after tax effects.
4. The aggregate amount of short-term corporate bonds is stated above.
5. The aggregate amount of the 5th to 13th series of unsecured bonds (with inter-bond pari passu clause) is stated above.
6. The aggregate amount of the 5th and 6th series of unsecured bonds (with inter-bond pari passu clause) is stated above.
7. The aggregate amount of the 3rd and 4th series of unsecured straight bonds is stated above.
8. The bonds are raised in the bond market through the securitization of trade receivables through UDC Endeavour Equipment Finance Trust, UDC Endeavour Auto Finance Trust and UDC Endeavour Auto ABS Finance Trust 2021-1 and 2022-1.

(2) Assets pledged as security

Assets pledged for liabilities and contingent liabilities were as follows:

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Cash and cash equivalents	9,366	1,461
Trade and other accounts receivable	1,055,714	917,168
Other investment securities	281,443	274,486
(of which: financial instruments pledged as collateral) (Note 1)	247,299	222,987
Investment properties	30,123	67,476
Property and equipment	3,219	12,764
Other assets	43,366	33,264
Total	1,423,231	1,306,619

Note: 1. Collateral that the transferees are permitted to sell or repledge.

The corresponding liabilities were as follows:

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Bonds and borrowings	856,097	522,927
Customer deposits for banking business	1,218	1,249
Other financial liabilities	247,098	220,100
Other liabilities	13	10
Total	1,104,426	744,286

Besides the above, securities received as collateral for financing from broker's own capital of ¥27,241 million and ¥65,284 million were pledged as collateral for borrowings on margin transactions as at March 31, 2022 and 2023, respectively.

19. Trade and Other Payables

The components of trade and other payables were as follows:

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Accounts payable and notes payable	33,555	61,122
Accounts payable-other	177,931	122,834
Advances received and guarantee deposit received	224,100	252,133
Lease liability	52,260	49,939
Total	487,846	486,028

20. Other Liabilities Related to Securities Business

The components of other liabilities related to the securities business were as follows:

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Trade date accrual	375,090	411,068
Trading products	71,523	85,024
Deposits for subscription	2,938	5,518
Total	449,551	501,610

21. Insurance Contract Liabilities

(1) Risk management system over insurance contracts

The Group engages in the insurance business such as life and casualty insurance and strives to accurately identify, analyze and assess as well as appropriately manage and administer risk relating to insurance contracts in order to secure management stability. The subsidiaries engaged in the insurance business have established a Risk Management Committee which strives to identify a wide range of risks associated with insurance contracts, and regularly and continuously reports to their respective board of directors, etc. about the risks to ensure the effectiveness of risk management. The Group's primary approach to risks relating to insurance contracts is as follows:

(a) Market risk management

Interest rate risk management

Considering the long-term nature of insurance liabilities in the life insurance business, which accounts for the majority of insurance contract liabilities, the Group invests principally in bonds. The Group also conducts asset and liability management (ALM) so that fluctuations in interest rates do not adversely affect.

Price fluctuation risk management

Regarding market risk management, the Group conducts risk management focusing on indices such as VaR (Value at Risk), which denotes the maximum loss amount expected due to market changes based on the confidence interval, and Basis Point Value (BPV), which denotes price fluctuations in the bond portfolio due to changes in the market interest rate, in addition to identifying risks based on the Solvency Margin Ratio.

(b) Conducting of stress testing

The Group regularly conducts stress testing assuming scenarios such as significant deterioration in the investment environment or the worsening of the incidence rate of insured accidents, in order to analyze the impact on financial soundness, and reports the results of stress testing to the Risk Management Committee, etc.

(c) Insurance underwriting risk

Regarding insurance underwriting risk, the department-in-charge of each company engaged in the insurance business determines its underwriting policies, and conducts risk control by managing the risk portfolio, reforming or abolishing products, establishing the underwriting standards, changing sales policies, designing and arranging reinsurance, etc.

(2) Insurance contract liabilities

(a) Details and movements of insurance contract liabilities

Insurance contract liabilities as at March 31, 2022 and 2023, consisted of the following:

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Claims reserves	29,510	32,465
Policy reserves	125,706	124,916
Total	155,216	157,381

The movements in insurance contract liabilities for the years ended March 31, 2022 and 2023 were as follows:

(Millions of Yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Balance, beginning of year	150,123	155,216
Life insurance business		
Expected cash flows from policy reserves	(11,242)	(10,918)
Interest incurred	495	592
Adjustments	9,858	9,600
Non-life insurance business		
Insurance premiums	48,832	50,302
Unearned premium	(48,933)	(49,428)
Others	6,083	2,017
Balance, end of year	155,216	157,381

Net cash outflows by due period resulting from recognized insurance liabilities are as follows:

(Millions of Yen)

	Total	No later than 1 year	1 to 3 years	3 to 5 years	Over 5 years
Insurance contract liabilities	157,381	60,240	28,572	15,414	53,155

(b) Sensitivity to insurance risk

In the life insurance business, the Group records insurance contract liabilities by estimating the present value of all cash flows generated from insurance contracts using the prerequisite conditions at initial recognition.

The prerequisite conditions include discount rates (interest rates), death rates, morbidity rates, renewal rates, business expenses and commission, etc. In the case where increases in death rates, morbidity rates, business expenses and commission are expected, future net income and equity are expected to decrease due to the increase in future cash outflows. In the case where the liability adequacy test reveals that insurance contract liabilities are insufficient for the amount of reserves determined based on the prerequisite conditions at initial recognition, it may be necessary to recognize the effects for the period of increasing insurance contract liabilities at the end of each reporting period.

(3) Concentration of insurance risk

The Group is not exposed to excessively concentrated insurance risk since the insurance contract portfolios are dispersed geographically throughout Japan.

(4) Comparison between actual claims and previous estimates (i.e., claims development)

The claims development of the casualty insurance business is as follows:

(Millions of Yen)

	Accident year				
	2018	2019	2020	2021	2022
Cumulative payments and claim reserves					
At the end of accident year	25,776	27,269	26,015	30,192	34,816
1 year later	26,431	27,488	25,006	28,079	—
2 year later	27,022	28,043	23,850	—	—
3 year later	27,284	27,688	—	—	—
4 year later	27,362	—	—	—	—
Estimate of cumulative claims	27,362	27,688	23,850	28,079	34,816
Less: Cumulative payments to date	26,533	26,153	21,368	22,369	18,803
Claim reserves (gross)	828	1,534	2,482	5,708	16,013

22. Lease

(1) Lease as lessee

The Group lease office buildings, stores, and servers for online transaction systems and certain other assets under operating leases. There were no lease contracts which include residual value guarantees and no significant lease contracts for which leases have not yet commenced as at March 31, 2023 to which the lessee is committed.

The lease expenses and the total cash outflow for leases are as follows.

(Millions of Yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Depreciation charge for right-of-use assets		
Buildings	6,662	12,021
Furniture and fixtures	529	451
Machinery and equipment	9	2
Land	74	285
Software	144	379
Others	160	316
Total	7,578	13,454
Interest expense on lease liabilities	355	553
Expense relating to short-term lease and lease of low-value assets	4,085	8,145
Total cash outflow for leases	12,445	23,617

(2) Lease as lessor

The Group lease mainly buildings, land, machinery and equipment, and computerized office equipment.

The maturity analysis of lease receivables is as follows:

(Millions of Yen)

	As at March 31, 2022	
	Undiscounted lease income	Net investment in the lease
No later than 1 year	48,653	45,851
1 to 2 years	38,961	36,324
2 to 3 years	30,003	28,019
3 to 4 years	22,862	21,187
4 to 5 years	13,780	12,567
Over 5 years	27,970	22,194
Total	182,229	166,142
Unearned financial income	(21,230)	
Discounted unguaranteed residual value	5,143	
Net investment in the lease	166,142	

Financial income on net investment in the lease amounted to ¥2,155 million for the year ended March 31, 2022.

(Millions of Yen)

	As at March 31, 2023	
	Undiscounted lease income	Net investment in the lease
No later than 1 year	61,042	56,291
1 to 2 years	49,761	45,956
2 to 3 years	41,724	38,446
3 to 4 years	29,002	26,630
4 to 5 years	15,847	14,597
Over 5 years	28,573	26,329
Total	225,949	208,249
Unearned financial income	(23,079)	
Discounted unguaranteed residual value	5,379	
Net investment in the lease	208,249	

Financial income on net investment in the lease amounted to ¥8,578 million for the year ended March 31, 2023.

The maturity analysis of lease income related to operating leases is as follows:

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
No later than 1 year	7,924	8,963
1 to 2 years	5,568	7,217
2 to 3 years	4,365	6,204
3 to 4 years	3,484	5,118
4 to 5 years	2,565	3,327
Over 5 years	7,671	7,872
Total	31,577	38,701

Lease income from operating lease contracts amounted to ¥3,481 million and ¥14,440 million for the years ended March 31, 2022 and 2023, respectively.

The Group enters into finance leases and operating leases with a residual value at the end of the lease term for properties that are expected to have good second-hand value. These transactions are subject to the risk that the sales price of the leased property returned at the end of the lease term will be less than the residual value set at the beginning of the lease term. The Company regularly monitors this risk and measures the amount of risk, and also strives to minimize the risk by accumulating resale know-how in the second-hand market.

23. Employee Benefits

Certain companies in the Group have defined contribution pension plans. Pension costs related to the defined contribution plans recognized for the years ended March 31, 2022 and 2023 were not material.

Certain companies in the Group have funded and unfunded defined benefit plans and lump-sum retirement benefit plans. The benefit amounts under the defined benefit plans are set based on the rate of payment at the time of retirement, years of service, final salary before retirement, and other conditions.

The net changes recognized in the consolidated statement of financial position with respect to the defined benefit plan obligations and plan assets for the years ended March 31, 2022 and 2023 consisted of the following:

(Millions of Yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Change in present value of defined benefit plan obligations		
Balance, beginning of year	—	(99,364)
Effect of business combinations and disposals	(101,746)	(149)
Service cost	(1,073)	(4,156)
Interest cost	(160)	(816)
Actuarial gains and losses (Note 1)	2,696	6,769
Benefits paid	919	5,127
Balance, end of year	(99,364)	(92,589)
Change in fair value of plan assets		
Balance, beginning of year	—	105,882
Effect of business combinations and disposals	108,621	—
Interest income	176	894
Income related to plan assets (excluding interest income)	(2,938)	(1,972)
Employer contributions	701	2,794
Benefits from plan assets	(678)	(4,483)
Balance, end of year	105,882	103,115
Effect of the asset ceiling	(9,607)	(16,126)
Net amount recognized in the consolidated statement of financial position	(3,088)	(5,601)

Note: 1. Actuarial gains and losses on defined benefit plan obligations arise primarily due to changes in financial assumptions.

Significant actuarial assumptions used to determine the present value of the defined benefit plan obligations

The assumptions used in measuring the defined benefit plan obligations as at March 31, 2022 and 2023 were as follows:

(%)

	As at March 31, 2022	As at March 31, 2023
Discount rate	0.56–0.93	0.98–1.42
Rate of increase in future compensation levels	1.12–6.10	1.80–6.00

Sensitivity to significant actuarial assumptions

A decrease of 0.5% and an increase of 0.5% in the discount rate for the defined benefit plan obligations as at March 31, 2023 would be expected to increase the defined benefit plan obligations by ¥5,979 million and decrease them by ¥6,122 million, respectively. This analysis assumes that all other variables remain constant, but in reality only the discount rate may not vary independently.

The fair values of the main categories of plan assets as at March 31, 2022 and 2023 are as follows:

(Millions of Yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Plan assets that have a quoted market price in an active market		
Cash and cash equivalents	5,474	2,437
Japanese equity securities	10,831	8,650
Global equity securities	5,662	4,789
Japanese debt	10,874	12,154
Global debt	2,796	4,277
Total	35,637	32,307
Plan assets that do not have a quoted market price in an active market		
Japanese equity securities	11,793	11,512
Global equity securities	12,413	12,791
Japanese debt	15,494	15,429
Global debt	10,052	9,006
Insurance assets (general account)	17,082	17,199
Other assets (Note 1)	3,411	4,871
Total	70,245	70,808

Note: 1. Other assets include mainly alternative investment products.

The Group expects to contribute ¥2,804 million to its defined contribution plan in the next fiscal year.

The main investment policy of the defined benefit pension plans is to secure the required comprehensive return on plan assets over the long term under an acceptable level of risk in order to ensure the future provision of benefits to participants and beneficiaries and at the same time to stabilize the contribution burden. To this end, the investment policy is based on the policy asset mix, which is the optimal combination for the future, and the allowable range of deviation based on ALM analysis, etc. The plan aims to maintain a diversified asset allocation among stocks, bonds, alternative products, etc. based on the policy asset mix. In addition, in order to manage the risk of the plan's asset management, when the asset mix temporarily deviates from the policy asset mix due to fluctuations in market values, etc., the plan will rebalance the asset mix.

The weighted average duration of the defined benefit plan obligations as at March 31, 2023 was 13.7 years.

24. Capital Stock and Other Equity Items

(1) Capital stock and treasury stock

The number of authorized shares as at March 31, 2022 and 2023 was 341,690,000 shares.

The Company's issued shares were as follows:

(Shares)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Number of issued shares (common shares with no par value)		
As at the beginning of the year	244,639,390	245,220,890
Increase during the year (Notes 1, 2)	581,500	27,137,400
As at the end of the year	245,220,890	272,358,290

Notes: 1. The increase during the year ended March 31, 2022 consisted of the issuance of new shares totaling 137,800 shares and the exercise of the stock acquisition rights totaling 443,700 shares.
2. The increase during the year ended March 31, 2023 consisted of the issuance of new shares totaling 27,000,000 shares and the exercise of the stock acquisition rights totaling 137,400 shares.

The Company's treasury stock included in the above issued shares was as follows:

(Shares)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Number of treasury stock		
As at the beginning of the year	15,084	22,486
Increase during the year (Notes 1, 3)	8,012	5,885
Decrease during the year (Notes 2, 4)	(610)	(920)
As at the end of the year	22,486	27,451

Notes: 1. The increase of 8,012 shares during the year ended March 31, 2022 related to the purchase of shares from shareholders with less than one unit of shares.
2. The decrease of 610 shares during the year ended March 31, 2022 related to the sale of shares to shareholders with less than one unit of shares.
3. The increase of 5,885 shares during the year ended March 31, 2023 related to the purchase of shares from shareholders with less than one unit of shares.
4. The decrease of 920 shares during the year ended March 31, 2023 related to the sale of shares to shareholders with less than one unit of shares.

(2) Reserves

(a) Capital surplus

Capital surplus of the Group includes additional paid-in capital of the Company, which is legal capital surplus.

Under the Companies Act of Japan ("the Companies Act"), at least 50% of the proceeds of certain issues of common shares shall be credited to common stock. The remainder of the proceeds shall be credited to additional paid-in capital. The Companies Act permits, upon approval of the shareholders meeting, the transfer of amounts from additional paid-in capital to common stock.

(b) Retained earnings

Retained earnings of the Group include the reserve of the Company legally required as legal retained earnings.

The Companies Act provides that a 10% dividend of retained earnings shall be appropriated as additional paid-in capital or as legal retained earnings until the aggregate amount of capital surplus and statutory reserve reaches 25% of common stock. The legal retained earnings may be used to eliminate or reduce a deficit or be transferred to retained earnings upon approval of the shareholders meeting.

(3) Other components of equity

The movements of other component of equity were as follows:

(Millions of Yen)

	Other components of equity					
	Currency translation differences	Equity instruments measured at FVTOCI	Debt instruments measured at FVTOCI	Changes in own credit risk on financial liabilities	Remeasurement of defined benefit plans	Total
Balance as at April 1, 2021	17,909	(779)	1,067	—	—	18,197
Change for the year	26,483	(192)	(2,648)	113	(530)	23,226
Transfer to retained earnings	—	912	—	—	530	1,442
Balance as at March 31, 2022	44,392	(59)	(1,581)	113	—	42,865
Change for the year	24,513	(3,524)	(3,916)	196	(780)	16,489
Transfer to retained earnings	—	(17)	—	—	780	763
Balance as at March 31, 2023	68,905	(3,600)	(5,497)	309	—	60,117

25. Dividends

Dividends paid were as follows:

Year ended March 31, 2022	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on April 28, 2021	Common shares	24,462	100	March 31, 2021	June 9, 2021
Board of Directors' Meeting on October 28, 2021	Common shares	7,346	30	September 30, 2021	December 13, 2021

Year ended March 31, 2023	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on June 29, 2022	Common shares	29,424	120	March 31, 2022	June 30, 2022
Board of Directors' Meeting on November 30, 2022	Common shares	8,167	30	September 30, 2022	December 19, 2022

Dividends for which the declared date fell in the year ended March 31, 2023, and for which the effective date will be in the year ending March 31, 2024, are as follows:

	Type of share	Dividend amount (Millions of Yen)	Amount per share (Yen)	Record date	Effective date
Board of Directors' Meeting on May 12, 2023	Common shares	32,680	120	March 31, 2023	June 9, 2023

26. Share-based Payment

The Company and certain of its subsidiaries have share-based compensation plans for their directors or employees. The share-based compensation plans are granted to persons resolved by the board of directors based on the approval of the shareholders meeting of the Company or certain of its subsidiaries.

Share-based compensation expense recognized during the years ended March 31, 2022 and 2023 amounted to ¥692 million and ¥991 million, respectively, and is included in "Selling, general and administrative expenses".

(1) Equity-settled share-based compensation plan ("Stock option")

Vesting conditions of the stock options include completion of a specified period of service, and accomplishment of the IPO and holding their positions as directors or employees until the accomplishment of the IPO. Also, certain of the stock options vest upon receipt of cash from the directors or employees for the price equivalent to their fair value.

The outline of the stock option plans of the Group is as follows:

① The Company

The outline of the Company's stock option plan is as follows:

	For the year ended March 31, 2022		For the year ended March 31, 2023	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	8,964,600	2,142	8,520,900	2,173
Exercised	(443,700)	1,563	(137,400)	1,563
Ending balance	8,520,900	2,173	8,383,500	2,183

Note: 1. Weighted average stock prices upon exercise of stock options for the years ended March 31, 2022 and 2023 were ¥2,886 and ¥2,721, respectively.

The unexercised stock options as at March 31, 2023 are as follows:

Name	Exercise price (Yen)	Number of shares (Shares)	Exercise period
2017 Second Stock Acquisition Rights	1,563	1,287,100	July 29, 2019–September 30, 2024
2020 First Stock Acquisition Rights (Note 1)	2,280	3,300,000	July 3, 2023–September 30, 2024
2020 Second Stock Acquisition Rights	2,308	3,796,400	July 3, 2023–September 29, 2028

Note: 1. The stock options were issued upon receipt of cash for the price equivalent to their fair value. And a holder of the stock acquisition rights shall be able to exercise the stock acquisition rights only in the event that the Financial Services Business has achieved ¥55 billion or more in its entire segment profits (profit before income tax expenses) in each fiscal year of the period from the fiscal year ended March 31, 2021 to the fiscal year ending March 31, 2023, and also marked ¥170 billion or more in its cumulative segment profits (profit before income tax expenses) for the above three fiscal periods.

② Subsidiaries

The outline of the Company's subsidiaries' stock option plans is as follows.

a-1 SBI Biotech Co., Ltd.	For the year ended March 31, 2022		For the year ended March 31, 2023	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	100	5,000	100	5,000
Change	—	—	—	—
Ending balance	100	5,000	100	5,000

Notes: 1. The exercise period as at March 31, 2023 was defined as 30 months after 6 months passed from the IPO date.
2. The remaining stock options as at March 31, 2023 were granted before November 7, 2002; thus, the Group does not apply IFRS 2 "Share-based Payment".

a-2 BroadBand Security, Inc.	For the year ended March 31, 2022		For the year ended March 31, 2023	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	93,300	800	81,700	800
Exercised	(600)	800	(5,100)	800
Forfeited	(11,000)	800	(500)	800
Ending balance	81,700	800	76,100	800

Notes: 1. Weighted average stock prices of stock options upon exercise for the years ended March 31, 2022 and 2023 were ¥1,347 and ¥1,412, respectively.
2. The average remaining exercise period as at March 31, 2023 was 3.0 years.

a-3 SBI FinTech Solutions Co., Ltd.	For the year ended March 31, 2022		For the year ended March 31, 2023	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	608,500	628	604,000	628
Exercised	(4,500)	628	—	—
Ending balance	604,000	628	604,000	628

Notes: 1. Weighted average stock price of stock options upon exercise for the year ended March 31, 2022 was ¥736.
2. The average remaining exercise period as at March 31, 2023 was 0.5 years.

a-4 SBI Insurance Group Co., Ltd.	For the year ended March 31, 2022		For the year ended March 31, 2023	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	1,460,700	1,734	1,460,700	1,734
Change	—	—	—	—
Ending balance	1,460,700	1,734	1,460,700	1,734

Note: The average remaining exercise period as at March 31, 2023 was 0.2 years.

a-5 Rheos Capital Works Inc.	For the year ended March 31, 2022		For the year ended March 31, 2023	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	544,000	33	884,000	545
Granted	342,000	1,365	—	—
Forfeited	(2,000)	1,365	(11,000)	1,365
Ending balance	884,000	545	873,000	543

Notes: 1. The stock options did not vest as at March 31, 2023.
2. The average remaining exercise period as at March 31, 2023 was 4.9 years.
3. The fair value of stock options granted during the year ended March 31, 2022 was ¥45,081 (the number of shares to be issued per option is 100 shares). The fair value was determined based on a Black-Scholes Model. The following assumptions were used in the Black-Scholes Model regarding the stock options:

Stock price at the grant date	: ¥1,365	Estimated remaining exercise period	: 5.9 years
Exercise price	: ¥1,365	Dividend yield	: 0.00%
Estimated volatility	: 34.9%	Risk free rate	: 0.06%

a-6 SBI Leasing Services Co., Ltd.	For the year ended March 31, 2022		For the year ended March 31, 2023	
	Number of shares (Shares)	Weighted average exercise price (Yen)	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	—	—	339,600	2,250
Granted	339,600	2,250	—	—
Forfeited	—	—	(11,600)	2,250
Ending balance	339,600	2,250	328,000	2,250

Notes: 1. The average remaining exercise period as at March 31, 2023 was 5.3 years
2. Stock options granted during the year ended March 31, 2022 were 159,400 shares for the First Stock Acquisition Rights, 74,000 shares for the Second Stock Acquisition Rights and 106,200 shares for the Third Stock Acquisition Rights.

The stock options for the First Stock Acquisition Rights were issued upon receipt of cash for the price equivalent to their fair value, which was ¥22,000 (The number of shares to be issued per stock acquisition right: 200 shares). The fair value was determined based on a Monte Carlo simulation. The following assumptions were used in the Monte Carlo simulation regarding the stock options:

Stock price at the measurement date	: ¥2,250	Estimated remaining exercise period	: 6.4 years
Exercise price	: ¥2,250	Dividend yield	: 0.0%
Estimated volatility	: 54.8%	Risk free rate	: (0.11)%

The fair value of stock options for the Second Stock Acquisition Rights and the Third Stock Acquisition Rights was ¥229,870 (The number of shares to be issued per stock acquisition right: 200 shares). The fair value was determined based on a Black-Scholes Model. The following assumptions were used in the Black-Scholes Model regarding the stock options:

Stock price at the grant date	: ¥2,250	Estimated remaining exercise period	: 6.4 years
Exercise price	: ¥2,250	Dividend yield	: 0.0%
Estimated volatility	: 54.6%	Risk free rate	: 0.01%

3. The First Stock Acquisition Rights and the Second Stock Acquisition Rights are subject to the vesting condition that the total amount of ordinary income of the subsidiary as shown in the consolidated statement of income for the years ended March 31, 2023 and 2024 exceeds ¥7 billion.
4. On July 22, 2022, a 200-for-1 stock split of shares of common stock was conducted, and the above figures are based on the assumption that the stock split was conducted at the beginning of the year ended March 31, 2022.

a-7 ARUHI Corporation	For the year ended March 31, 2023	
	Number of shares (Shares)	Weighted average exercise price (Yen)
Beginning balance	—	—
Change in scope of consolidation	637,400	1,323
Exercised	(87,100)	682
Forfeited	(8,900)	1,708
Ending balance	541,400	1,420

Notes: 1. Weighted average stock price of stock options upon exercise for the year ended March 31, 2023 was ¥1,090.
2. The average remaining exercise period as at March 31, 2023 was 4.4 years.

(2) Restricted share-based payment

The Company's restricted share-based payment plan grants monetary compensation claims to directors (the "eligible directors"), excluding outside directors, and allocates restricted shares to the eligible directors by having the eligible directors pay all of the monetary compensation claims by contribution in kind. During the restricted period (from the payment date to February 28, 2025) stipulated in the Restricted Share Allotment Agreement executed between the Company and the eligible directors, the eligible directors may not transfer, pledge as collateral, or otherwise dispose of the restricted shares.

The restricted shares allocated during the year ended March 31, 2022 were as follows:

	For the year ended March 31, 2022
Payment date	February 15, 2022
Type and number of shares to be issued	137,800 shares of common stock
Issue price	¥2,830

Note: 1. The issue price is the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Board of Directors' resolution regarding the allotment of restricted shares.

27. Revenue

Revenue for the years ended March 31, 2022 and 2023 consisted of the following:

(Millions of Yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Revenue		
Financial income		
Interest income		
Income arising from financial assets measured at amortized cost (Note 1)	208,079	396,530
Income arising from debt instruments measured at FVTOCI (Note 2)	1,340	7,882
Income arising from financial assets measured at FVTPL	173,744	61,845
Income arising from financial liabilities designated at FVTPL	5,475	(244)
Others	8,331	24,029
Total financial income	396,969	490,042
Revenue arising on insurance contracts	112,630	122,119
Revenue from contracts with customers		
Revenue from rendering of services	130,403	185,461
Revenue from sales of goods	37,939	48,854
Others	85,677	152,083
Total revenue	763,618	998,559

Notes: 1. The amount mainly consists of interest income arising from bonds held in the banking business and from loans in the banking and securities businesses.
2. The amount mainly consists of interest income arising from bonds in the banking and insurance businesses.

(1) Disaggregation of revenue

Revenue from contracts with customers for the years ended March 31, 2022 and 2023 consisted of the following: Revenue from rendering of services mainly includes brokerage commission in the securities business. Revenue from sales of goods includes revenue arising from the sale of aircraft, pharmaceutical products, supplements, and cosmetics.

(Millions of Yen)

For the year ended March 31, 2022	Financial Services Business	Asset Management Business	Investment Business	Crypto-asset Business	Non-Financial Business	Total	Elimination or Corporate	Consolidated Total
Revenue from contracts with customers								
Revenue from rendering of services	105,780	16,716	4,385	462	9,723	137,066	(6,663)	130,403
Revenue from sales of goods	694	—	26,835	—	10,793	38,322	(383)	37,939
Total	106,474	16,716	31,220	462	20,516	175,388	(7,046)	168,342

(Millions of Yen)

For the year ended March 31, 2023	Financial Services Business	Asset Management Business	Investment Business	Crypto-asset Business	Non-Financial Business	Total	Elimination or Corporate	Consolidated Total
Revenue from contracts with customers								
Revenue from rendering of services	154,582	20,298	6,354	27	10,820	192,081	(6,620)	185,461
Revenue from sales of goods	5,583	—	31,369	—	12,204	49,156	(302)	48,854
Total	160,165	20,298	37,723	27	23,024	241,237	(6,922)	234,315

(2) Contract balance

The balance of trade receivables from contract with customers and contract liabilities were as follows:

(Millions of Yen)

	Balance as at April 1, 2021	Balance as at March 31, 2022
Trade receivables from contract with customers	8,770	10,385
Contract liabilities	16,543	5,876

(Millions of Yen)

	Balance as at April 1, 2022	Balance as at March 31, 2023
Trade receivables from contract with customers	10,385	10,247
Contract liabilities	5,876	5,136

Contract liabilities consist primarily of the balance of annual membership fee income in the card business for which the performance obligation has not been satisfied as of the end of the period.

Of the revenues recognized during the years ended March 31, 2022 and 2023, ¥1,353 million and ¥5,876 million were included in the balance of contract liabilities as at April 1, 2021 and 2022, respectively.

28. Expense

Expense for the years ended March 31, 2022 and 2023 consisted of the following:

(1) Financial cost associated with financial income

(Millions of Yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Financial cost associated with financial income		
Interest expense		
Financial liabilities measured at amortized cost	(33,603)	(102,473)
Total financial cost associated with financial income	(33,603)	(102,473)

(2) Operating cost

(Millions of Yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Payroll	(15,763)	(14,106)
Outsourcing fees	(48,092)	(63,365)
Depreciation and amortization	(9,528)	(15,003)
Cost arising on insurance contracts	(82,540)	(89,858)
Others	(65,899)	(100,405)
Total operating cost	(221,822)	(282,737)

(3) Selling, general and administrative expenses

(Millions of Yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Payroll	(70,335)	(130,209)
Outsourcing fees	(47,351)	(66,131)
Depreciation and amortization	(22,585)	(41,157)
Research and development	(2,187)	(1,538)
Others	(87,376)	(145,577)
Total selling, general and administrative expenses	(229,834)	(384,612)

(4) Other financial cost

(Millions of Yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Other financial cost		
Interest expense		
Financial liabilities measured at amortized cost	(8,555)	(20,183)
Total other financial cost	(8,555)	(20,183)

(5) Other expenses

(Millions of Yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Impairment loss	(17,510)	(3,586)
Foreign exchange loss	(2,999)	—
Others (Note)	(7,751)	(19,271)
Total other expenses	(28,260)	(22,857)

29. Income Tax Expense

The amount of income tax expenses for the years ended March 31, 2022 and 2023 were as follows:

(Millions of Yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Income tax expense		
Current	(34,028)	(38,487)
Deferred	(22,972)	8,742
Total income tax expense	(57,000)	(29,745)

The Company and its domestic subsidiaries are subject to mainly a national corporate tax, an inhabitants tax, and an enterprise tax, which, in aggregate, resulted in a normal effective statutory tax rate of 30.6%. Foreign subsidiaries are subject to the income taxes of the countries in which they operate.

A reconciliation between the normal effective statutory tax rates and the Group's average effective tax rate reflected in the accompanying consolidated statement of income for the years ended March 31, 2022 and 2023 is as follows:

(%)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Normal effective statutory tax rate	30.6	30.6
Permanent differences such as meals and entertainment	0.6	1.5
Tax effect on minority interests of investments in fund	(1.1)	(2.9)
Temporary differences arising from consolidation of investments	(23.3)	1.3
Change in unrecognized deferred tax assets	8.0	(1.9)
Other	(1.0)	0.9
Average effective tax rate	13.8	29.5

30. Other Comprehensive Income

Amounts recorded during the year, reclassification adjustments and income tax effects on each item of other comprehensive income for the years ended March 31, 2022 and 2023 were as follows:

(Millions of Yen)

For the year ended March 31, 2022	Amount recorded during the year	Reclassification adjustment	Amount before income tax	Income tax effect	Amount after income tax
Items that will not be reclassified subsequently to profit or loss					
Equity instruments measured at FVTOCI	(99)	—	(99)	(394)	(493)
Changes in own credit risk on financial liabilities	234	—	234	—	234
Remeasurement of defined benefit plans	(1,656)	—	(1,656)	565	(1,091)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	130	—	130	—	130
	(1,391)	—	(1,391)	171	(1,220)
Items that may be reclassified subsequently to profit or loss					
Debt instruments measured at FVTOCI	(4,785)	(612)	(5,397)	705	(4,692)
Currency translation differences	31,540	(1,299)	30,241	—	30,241
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	767	0	767	—	767
	27,522	(1,911)	25,611	705	26,316
Total	26,131	(1,911)	24,220	876	25,096

(Millions of Yen)

For the year ended March 31, 2023	Amount recorded during the year	Reclassification adjustment	Amount before income tax	Income tax effect	Amount after income tax
Items that will not be reclassified subsequently to profit or loss					
Equity instruments measured at FVTOCI	(7,234)	—	(7,234)	61	(7,173)
Changes in own credit risk on financial liabilities	389	—	389	—	389
Remeasurement of defined benefit plans	(1,830)	—	(1,830)	456	(1,374)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(3)	—	(3)	—	(3)
	(8,678)	—	(8,678)	517	(8,161)
Items that may be reclassified subsequently to profit or loss					
Debt instruments measured at FVTOCI	(12,086)	3,979	(8,107)	284	(7,823)
Currency translation differences	30,247	(7)	30,240	—	30,240
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	2,003	—	2,003	—	2,003
	20,164	3,972	24,136	284	24,420
Total	11,486	3,972	15,458	801	16,259

31. Earnings per Share

Basic earnings per share and diluted earnings per share attributable to owners of the Company were calculated based on the following information:

(Millions of Yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Earnings		
Profit attributable to owners of the Company	366,854	35,000
Dilutive effect: Convertible bonds	757	764
Profit attributable to owners of the Company after dilutive effect	367,611	35,764
Shares		
Basic weighted average number of ordinary shares (shares)	244,805,985	264,766,019
Dilutive effect: Stock options (shares)	2,256,409	1,651,841
Dilutive effect: Convertible bonds (shares)	38,816,665	39,567,668
Weighted average number of ordinary shares after the dilutive effect (shares)	285,879,059	305,985,528
Earnings per share attributable to owners of the Company		
Basic (in Yen)	1,498.55	132.19
Diluted (in Yen)	1,285.90	116.88

32. Cash Flow Information

Supplemental disclosure of consolidated statement of cash flow information for the years ended March 31, 2022 and 2023 was as follows:

(1) Expenditures on acquisition of subsidiaries

Total consideration paid for acquisition of subsidiaries were ¥123,951 million and ¥68,737 million for the years ended March 31, 2022 and 2023, respectively. The consideration paid for the years ended March 31, 2022 and 2023 consisted solely of cash and cash equivalents.

Amounts of major classes of assets and liabilities of subsidiaries, of which the Group obtained control through share acquisition, at the date of acquisition were as follows:

(Millions of Yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Cash and cash equivalents	1,858,681	62,140
Trade and other receivables	6,738,260	121,447
Assets related to securities business	1,584	—
Other financial assets	360,281	37,712
Other investment securities	1,088,447	1,931
Intangible assets	49,667	8,310
Other assets	181,816	44,717
Total assets	10,278,736	276,257
Bonds and loans payable	1,813,416	137,521
Trade and other payables	276,907	40,047
Liabilities related to securities business	1,329	—
Customer deposits for banking business	6,400,553	—
Other financial liabilities	698,315	41,685
Other liabilities	108,974	6,796
Total liabilities	9,299,494	226,049

(2) Proceeds from sales of subsidiaries

Total consideration received in respect of sales of subsidiaries was ¥1,699 million and ¥25 million for the years ended March 31, 2022 and 2023, respectively. Consideration received consisted solely of cash and cash equivalents.

Amounts of major classes of assets and liabilities of subsidiaries, of which the Group lost control through share sale, at the date of sale were as follows:

(Millions of Yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Cash and cash equivalents	981	9
Trade and other receivables	46	—
Property and equipment	19,323	—
Other assets	2,056	—
Total assets	22,406	9
Bonds and loans payable	15,218	—
Trade and other payables	309	—
Other liabilities	718	2
Total liabilities	16,245	2

(3) Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities were as follows:

(Millions of Yen)

	Borrowings	Bond	Total
Balance as at April 1, 2021	892,167	501,970	1,394,137
Cash flow from operating activities	(28,241)	2,093	(26,148)
Cash flow from financing activities	(187,515)	382,131	194,616
Non-cash changes			
Change in scope of consolidation	1,214,724	579,570	1,794,294
Interest expense	1,188	434	1,622
Foreign currency translation adjustment on foreign operations	1,535	3,321	4,856
Others	1,483	—	1,483
Balance as at March 31, 2022	1,895,341	1,469,519	3,364,860
Cash flow from operating activities	(409,133)	(202,002)	(611,135)
Cash flow from financing activities	489,976	280,002	769,978
Non-cash changes			
Change in scope of consolidation	125,811	11,710	135,521
Interest expense	1,768	558	2,326
Foreign currency translation adjustment on foreign operations	2,499	11,546	14,045
Others	2,554	206	2,760
Balance as at March 31, 2023	2,108,816	1,571,539	3,680,355

33. Subsidiaries

Major subsidiaries of the Group as at March 31, 2023 were as follows:

Business segment	Name	Location	Voting Rights Holding Ratio (Note) (%)
Financial Services Business	SBI FINANCIAL SERVICES Co., Ltd.	Japan	100.0
	SBI SECURITIES Co., Ltd.	Japan	100.0 (100.0)
	SBI Liquidity Market Co., Ltd.	Japan	100.0 (100.0)
	SBI FXTRADE Co., Ltd.	Japan	100.0 (100.0)
	SBI MONEYPLAZA Co., Ltd.	Japan	66.6 (66.6)
	SBI Insurance Group Co., Ltd.	Japan	68.9
	SBI Life Insurance Co., Ltd.	Japan	100.0 (100.0)
	SBI Insurance Co., Ltd.	Japan	99.2 (99.2)
	SBI FinTech Solutions Co., Ltd.	Japan	77.5
	SBI Estate Finance Co., Ltd.	Japan	100.0 (100.0)
	SBI Shinsei Bank, Limited	Japan	50.0 (50.0)
	Showa Leasing Co., Ltd.	Japan	100.0 (100.0)
	APLUS Co., Ltd.	Japan	100.0 (100.0)
	Shinsei Financial Co., Ltd.	Japan	100.0 (100.0)
	SBI SAVINGS BANK	Korea	100.0 (100.0)
	SBI Regional Bank Holdings Co., Ltd.	Japan	100.0
Asset Management Business	SBI Asset Management Group Co., Ltd.	Japan	100.0
	SBI Global Asset Management Co., Ltd.	Japan	52.6 (52.6)
	SBI Asset Management Co., Ltd.	Japan	87.5 (87.5)
Investment Business	SBI Capital Management Co., Ltd.	Japan	100.0
	SBI Investment Co., Ltd.	Japan	100.0 (100.0)
	SBI Hong Kong Holdings Co., Ltd.	Hong Kong	100.0
	SBI VENTURES ASSET PTE. LTD.	Singapore	100.0 (100.0)
Crypto-asset Business	SBI VC Trade Co., Ltd.	Japan	100.0 (100.0)
Non-Financial Business	SBI ALApharma Co., Limited	Hong Kong	97.0 (97.0)
	SBI Pharmaceuticals Co., Ltd.	Japan	100.0 (100.0)
	SBI ALApromo Co., Ltd.	Japan	100.0 (100.0)
	SBI Biotech Co., Ltd.	Japan	95.8 (1.1)

Note: The figure in the parentheses represents the indirect holding ratio of voting rights or indirect investment ratio included in the total.

Subsidiaries with material noncontrolling interests are as follows:

Year ended March 31, 2022

Name	Location	Percentage of voting rights held by non-controlling interests (%)	Net income (loss) allocated to non-controlling interests (Millions of Yen)	Cumulative amount of non-controlling interests (Millions of Yen)
SBI Shinsei Bank, Limited	Japan	51.4	(29,503)	471,528

Year ended March 31, 2023

Name	Location	Percentage of voting rights held by non-controlling interests (%)	Net income (loss) allocated to non-controlling interests (Millions of Yen)	Cumulative amount of non-controlling interests (Millions of Yen)
SBI Shinsei Bank, Limited	Japan	50.0	23,398	479,671

The following is a condensed financial information of SBI Shinsei Bank, Limited. The following condensed financial information is before elimination of intergroup transactions.

(Millions of Yen)

	As at March 31, 2022	As at March 31, 2023
Total assets	9,967,865	13,091,690
Total liabilities	9,055,154	12,129,399
Total equity	912,711	962,291

(Millions of Yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Revenue	64,979	409,235
Profit for the year	(56,473)	46,585
Total comprehensive income	(42,522)	45,227
Cash flows from operating activities	(387,421)	1,377,788
Cash flows from investing activities	215,526	(949,025)
Cash flows from financing activities	(9,309)	(13,936)
Net change in cash and cash equivalents	(181,204)	414,827

Note: Figures for the year ended March 31, 2022 are stated from the acquisition date (December 17, 2021) to March 31, 2022.

34. Related Party Transactions

(1) Related Party Transactions

Not applicable.

(2) The remuneration of key management personnel of the Company for the years ended March 31, 2022 and 2023

(Millions of Yen)

	For the year ended March 31, 2022	For the year ended March 31, 2023
Remuneration and bonuses	1,464	987
Post-employment benefits	3	141
Total	1,467	1,128

35. Events after the Reporting Period

SBI Holdings, Inc. ("SBIHD") and SBI Regional Bank Holdings Co., Ltd. (the "Tender Offeror" ; together with SBIHD, the "SBIHD Parties") each determined at their respective boards of directors meetings held on May 12, 2023 to acquire the common shares of SBI Shinsei Bank, Limited (the "Target Company", and the common shares thereof, the "Target Company Shares") through a tender offer (the "Tender Offer") pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended). The Tender Offer was completed on June 23, 2023.

(1) Purpose of the Tender Offer

In order to further strengthen the strategies of the entire group as well as to promptly and flexibly implement the various initiatives and measures, the SBIHD Parties believe that it is necessary to further enhance the alliance of the Target Company Group and each company in the SBIHD Group, to optimize allocation of management resources in the entire group, and to utilize each company's resource assets by strategically combining them across the group. The SBIHD Parties plan to do this by taking the Target Company private and believe that it is the optimum choice for continued enhancement of the corporate value of the SBIHD Group, including the Target Company Group, to promptly and flexibly implement decision-making by each company of the SBIHD Group, including the Target Company Group, concerning initiatives and measures across the group, and to continuously ensure the Target Company will not become an institutional bank and actively conduct transactions with the SBIHD Group that may lead to the mid- and long-term growth of the entire SBIHD Group, including the Target Company Group, for which conservative decisions tended to be made from the perspective of protecting the interests of the Target Company's minority shareholders (such as finance to the SBIHD Parties' investee companies, provision of services, co-financing, and assumption of joint financial advisors of M&A transactions by the SBIHD Group and the Target Company Group).

(2) Outline of the Target Company

(1) Name	SBI Shinsei Bank, Limited
(2) Address	2-4-3, Nihonbashi-muromachi, Chuo-ku, Tokyo
(3) Name and position of representative	Katsuya Kawashima, Representative Director, President
(4) Stated capital	512,204 million yen (as of March 31, 2023)

(3) Outline of the Tender Offer

The Tender Offeror is a stock company established on August 25, 2015 mainly for the purpose of increasing the profitability of regional financial institutions and thereby enhancing their corporate value by directly investing in regional financial institutions while utilizing the products, services, and know-how held by the companies belonging to the SBIHD Group and the SBIHD Group's investee companies. As of the commencement date of the Tender Offer, the Tender Offeror's issued shares were all owned by SBI Holdings, Inc. As of the commencement date of the Tender Offer, the Tender Offeror owned 102,159,999 shares (ownership ratio: 50.04%) of the Target Company's common stock and has made the Target Company its consolidated subsidiary. In addition, as of the commencement date of the Tender Offer, SBIHD owned no Target Company Shares directly.

The SBIHD Parties decided that the Tender Offeror will implement the Tender Offer as part of the transaction whose purpose is privatization by which the Tender Offeror, the Deposit Insurance Corporation of Japan (the "DIC") (number of shares owned: 26,912,888 shares; ownership ratio: 13.18%), and The Resolution and Collection Corporation ("RCC") (number of shares owned: 20,000,000 shares; ownership ratio: 9.80%) will become the only shareholders of the Target Company through the acquisition of all of the Target Company Shares (excluding the Target Company Shares owned by the Tender Offeror, the treasury shares owned by the Target Company, and the Target Company Shares owned by the DIC and RCC).

(1) Tender Offer Period at the Time of Filing:	Monday, May 15, 2023 to Friday, June 23, 2023 (30 business days)
(2) Price for Purchase, etc.	2,800 yen per share of common shares
(3) Purchase Price	154,201,835,200 yen
(4) Commencement Date of Settlement	Friday, June 30, 2023

(4) Results of the Tender Offer

Number of Shares Purchased 7,547,389 shares

When the number of shares of the Target Company to be acquired by the Tender Offeror through the Tender Offer is added to the number of shares of the Target Company already held by the Tender Offeror, the ratio of voting rights held by the Group will be 53.74%.

(5) Impact on consolidated financial statements

The effect on the consolidated financial statements for the year ended March 31, 2023, assuming that the number of shares purchased (7,547,389 shares) had been acquired at the end of the current period, would be an increase of ¥13,925 million in capital surplus and a decrease of ¥35,058 million in noncontrolling interests.

Independent Auditor's Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of SBI Holdings, Inc.:

Opinion

We have audited the consolidated financial statements of SBI Holdings, Inc. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of March 31, 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Member of
Deloitte Touche Tohmatsu Limited

Valuation of operational investment securities that do not have quoted market prices	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As one of its main businesses, the Group engages in the business of investing in venture companies located in Japan and overseas for the areas such as IT, FinTech, blockchain, finance and biotechnology. The performance forecast of these venture companies is affected by uncertainties that could cause fluctuations in their performance. These factors include, but are not limited to, changes in the competitive environment caused by the rapid progress of technological innovation and fluctuations in industrial standards, the hiring and retention of skilled managers and staff, and weak finance base. In particular, unstable market conditions, such as the failure of financial institutions and crypto-asset dealers, have occurred, further intensifying uncertainty in the forecast. As described in Note 3, "Significant Accounting Policies (3) Financial instruments" and Note 11, "Operational Investment Securities and Other Investment Securities" in the notes to the consolidated financial statements, operational investment securities held through the investment business are measured at fair value, and all changes in fair value are recognized in profit or loss. As described in Note 11, "Operational Investment Securities and Other Investment Securities" in the notes to the consolidated financial statements, the carrying amount of operational investment securities that are measured at fair value through profit or loss as of March 31, 2023, was ¥581,364 million. A majority of these investment securities were unlisted equity securities. The Group sets the valuation policy for operating investment securities that allows the use of the most appropriate valuation techniques and inputs for each investee, and in accordance with such valuation policy, their fair values are measured through the internal valuation process. As for valuation techniques, such as the income approach and the market approach, the Group considers the state of financing, profitability, financial condition and changes in management resources of each investee and uses a valuation technique that is most appropriate for the investee. In cases where it is difficult to use a single valuation technique, the Group measures fair value by making an overall evaluation of the values determined by multiple valuation techniques. As for inputs used, the Group uses observable inputs to the extent possible, but since unobservable inputs are often used in case of unlisted equity securities, the Group uses inputs that are most appropriate for the investee considering the relevance, objectivity and reasonableness of the inputs. These unobservable inputs include discount rate, price earnings ratio ("P/E ratio"), EBITDA ratio, illiquidity discount and other assumptions.	We understood the relevant valuation policy, valuation processes and related internal controls and tested the valuation of operational investment securities that do not have quoted market prices. Our audit procedures included the following, among others: • To evaluate whether the Group's valuation policy complies with applicable accounting standards, we read the relevant documents and performed an inquiry of the official in charge of accounting about the Group's valuation policy. • To evaluate the effectiveness of the valuation process of the Group, including the valuation meeting, that lays a foundation for appropriate valuation techniques and inputs, we inquired of the attendees of the valuation meeting and inspected documents prepared during the valuation process and the supporting documents. • Regarding the use of valuation techniques for each investee, we read the Group's valuation policy and performed an inquiry of the official in charge of accounting about the application of the valuation policy. For cases where it is difficult to use a single valuation technique, we evaluated the reasonableness of the valuation technique used by the Group, using, when necessary, the assistance of our corporation valuation specialists. • To evaluate the reasonableness of fair value measured by the Group by making an overall evaluation of the values determined by multiple valuation techniques, we developed independent estimates to address heightened estimation uncertainty with the assistance of our corporation valuation specialists. • To evaluate the reasonableness of unobservable inputs used for each investee, we performed an inquiry of the official in charge of accounting, inspected the relevant documents, including the investee's business plans, and when necessary, performed confirmation procedures for the investee. For certain operational investment securities of which the investees were in the specific industry or situation, we used our corporation valuation specialists and industry specialists, when necessary, to assist us to evaluate the reasonableness of the inputs used by the Group.

The use of these valuation techniques and unobservable inputs requires management's subjective judgments. The calculated value may change significantly depending on the selection made by management. As such, there is a high degree of estimation uncertainty. Therefore, we determined the valuation of operational investment securities that do not have quoted market prices as a key audit matter.	

Loss allowance estimate for trade and other accounts receivable in the domestic banking business	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
As described in Note 8, "Financial Risk Management (4) Credit risk management (c) Credit risk exposure" in the notes to the consolidated financial statements, the Group held trade and other accounts receivable of ¥8,640,304 million (approximately 38.7% of total assets) in the domestic banking business, which represents as the Group's maximum exposure to credit risk. These trade and other accounts receivable relate mainly to loans made to corporate and individual customers. The related loss allowance was included in the loss allowance of ¥164,741 million as stated in Note 8, "Financial Risk Management (4) Credit risk management (b) Quantitative and qualitative information regarding amounts arising from expected credit losses" in the notes to the consolidated financial statements. As described in Note 3, "Significant Accounting Policies (3) Financial instruments" in the notes to the consolidated financial statements, if the Group determines that the credit risk of financial assets and others, including financial assets measured at amortized cost and debt instruments measured at fair value through other comprehensive income, has increased significantly since initial recognition, the loss allowance is measured at an amount equal to the lifetime expected credit losses. In the event that the Group determines that the credit risk of those financial instruments has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to the 12-month expected credit losses. As described in Note 8, "Financial Risk Management (4) Credit risk management" in the notes to the consolidated financial statements, after grouping based on common credit risk characteristics such as instrument type, credit rating, and collateral value, expected credit losses are measured for each grouping unit using the probability of default ("PD"), loss given default (LGD), and exposure at default (EAD) as inputs in the future 12 months or for a lifetime period. In estimating the future PD, the Group uses a PD model based on correlations with macroeconomic indicators, such as real GDP and the unemployment rate, and multiple economic forecast scenarios (base, upside, and downside), and reflects these probability-weighted estimates in expected credit losses.	We understood the relevant accounting policies, business processes and related internal controls and tested the reasonableness of loss allowance estimate for trade and other accounts receivable held in the domestic banking business. Our audit procedures included the following, among others: • To understand the measurement method of loss allowance and the inputs used in the measurement in view of the compliance with applicable accounting standards, we read the relevant documents and performed an inquiry of the official in charge of accounting about the application of the accounting standards. • We tested the effectiveness of internal controls designed to determine whether the estimated loss allowance is appropriate, including those designed to determine if the future forecast information used in the measurement of loss allowance is reliable taking into consideration changes in circumstances during the year, by performing an inquiry of the official in charge of accounting and inspecting the relevant documents. • We tested the accuracy and completeness of data used to calculate the inputs used in the measurement of loss allowance. • With the assistance of our credit risk valuation specialists, we performed the following procedures: ✓ To evaluate the reasonableness of the inputs used in the measurement of loss allowance, we read the relevant documents related to the determination of inputs and also performed a recalculation.

The estimates of multiple economic forecast scenarios as well as the probability of each scenario occurring incorporate various factors, including management's judgment about recent and future economic conditions, which involves management's subjective judgment and a high degree of estimation uncertainty. Therefore, we determined the loss allowance estimate for trade and other accounts receivable held in the domestic banking business as a key audit matter.	✓ To evaluate the reasonableness of the PD model for estimating the PD based on correlations with macroeconomic indicators, such as real GDP and the unemployment rate, we read the results of the effectiveness of the PD model assessed by the Group. ✓ We evaluated the reasonableness of multiple economic forecast scenarios that incorporate changes in the economic environment as well as the probability of each scenario occurring, including the comparison with externally available economic forecasts.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRSs and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRSs, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

July 5, 2023

Accounting Policies of the Investment Business

Answers to questions we have received from stakeholders regarding the accounting policies of the Investment Business.

1. Changes Fair Value of Financial Instruments Measured at Fair Value Through Profit or Loss (FVTPL)

Owing to SBI Holdings' adoption of IFRS for its accounting standards, the fair value of financial instruments (operating investment securities and other investment securities), including stocks of portfolio companies that the Investment Business holds, are 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: Provided the fair value of a portfolio company increases by 20% during a quarter.

(Billions of yen)

	1Q FY2022	2Q FY2022
Fair value	10.0	12.0

➡ Up ¥2.0 billion

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

(Billions of yen)

	2Q FY2022
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 FY2022
Revenue	2.0
Profit before income tax expense	2.0
Tax (30%)	-0.12
Profit for the period	1.88
Profit attributable to owners of the Company	0.28
Non-controlling interests	1.6

Tax expense relating to the ownership portion in the fund
–2.0 billion × 20% × 30% = –¥0.12 billion

(¥2.0 billion × 20% (ownership ratio in the fund)) – ¥0.12 billion (taxes) = ¥0.28 billion

¥2.0 billion × 80% (non-controlling interests) = ¥1.6 billion

2. Management Fees of Consolidated Fund for Which the SBI Group Serves as General Partner (GP)

The following accounting policies take effect regarding management fees of a consolidated fund for which the SBI Group serves as a GP*:

* General partner who has the responsibility of operating the fund.

Accounting Policy for Management Fees Paid from a Consolidated Fund

Example: Provided 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.

¥100.0 billion × 5% = ¥5.0 billion

(Billions of yen)

SBI Holdings + SBI Investment	
Revenue	5.0
Expense	0.0
Profit before income tax expense	5.0
Tax (tax rate 30%)	-1.2
Profit	3.8

Offset as an internal transaction

(Billions of yen)

Fund	
Revenue	0.0
Expense	-5.0
Profit before income tax expense	-5.0
Tax	0.0
Profit	-5.0

➡

(Billions of yen)

Consolidated Profit/Loss	
Revenue	0.0
Expense	0.0
Profit before income tax expense	0.0
Tax (tax rate 30%)	-1.2
Profit	-1.2
Profit attributable to owners of the Company	2.8
Non-controlling interests	-4.0

Within the tax expense (–¥1.5 billion) relating to management fees at SBI Investment and management fees (expense) paid by the fund: total tax expense (owing to the omission of ¥0.3 billion for the effect of reduced taxes) relating to the ownership portion (20%) for SBI Holdings:
–¥1.5 billion + (¥5.0 billion × 20% × 30%) = –¥1.2 billion

Note: Management fees are recognized as revenue within funds for which the SBI Group serves as GP, such as CVC funds et al., in which the SBI Group's ownership ratio is extremely low, hence they are not subject to consolidation.

Glossary

This page provides supplementary material to assist in better understanding the business environment surrounding the SBI Group.

AML/CFT	Financial institutions are required to comply with guidelines and regulations concerning Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT). Until now, the Financial Action Task Force (FATF), which conducts international inspections of the progress of its member countries, has called out Japan for its policies on these fronts, so the development of appropriate responses and countermeasures has become a priority issue for financial institutions and other businesses.
Foundry	In the semiconductor industry, foundries are a business that specializes in the manufacturing of semiconductor devices. A foundry manufactures semiconductor devices under consignment based on design data from the semiconductor maker that originates the order. In the manufacturing of semiconductor devices, this type of specialization arises from the need for large-scale investment in production facilities and the vast amount of R&D related to manufacturing technology. By having a foundry undertake the consignment of semiconductor production from manufacturers that lack such facilities, the manufacturing of a large volume of semiconductors can be concentrated in one company, which enables high efficiency in plant operations and R&D.
Metaverse	A term created by combining the words “meta” and “universe” and refers to a virtual space electronically constructed on the Internet and leveraging services provided therein. Within this virtual space, alter egos (called avatars) are created to interact with others around the world, and individuals can also engage in economic activities such as shopping. With the development of extended reality (XR) technologies such as virtual reality (VR), augmented reality (AR), and mixed reality (MR), and the advent of blockchain technology, it is expected that a part of everyday life will shift to activities in the metaverse.
NISA/iDeCo	NISA, which stands for Nippon Individual Savings Account, is a tax-deferred system for small investments. Introduced in 2014, the program provides preferred tax treatment for individual investors. Annual investment limits and the tax-exempt holding period are specified, and within these restrictions, income and capital gains from stocks and investment trusts are eligible for tax exemptions. The term “iDeCo” stands for individual-type Defined Contribution pension plan. It applies to private pension plans that are operated in accordance with the Defined Contribution Pension Act, which was adopted and took effect in 2001. Since iDeCo is a pension plan designed to build assets for retirement, tax benefits are provided. NISA and iDeCo will be amended from 2024, and individual investors can look forward to enjoying greater benefits. NISA will undergo a radical expansion and be made permanent, and there will no longer be any limits to the tax-exempt holding period. Also, iDeCo will have its contribution limit raised.
Staking Service	Staking is a scheme in which crypto-assets are locked up on a blockchain network in order to contribute indirectly to the preservation of the blockchain, and in exchange, earn additional assets as compensation for doing so. To participate in block creation and authentication of transactions necessary to maintain the existence a blockchain network, a high level of expertise is typically required. However, by using a staking service provided by a crypto-asset exchange, individual investors are also enabled to contribute indirectly to maintaining a decentralized blockchain. In recent years, the demand for crypto-assets as a source of passive income has increased. Our Group companies, SBI VC Trade and BITPoint Japan, provide staking services to meet this growing demand.
STO	A security token offering (STO) is a new funding mechanism through the issuance of tokens (substituting for fiat currency) that are backed by various tangible assets of value, such as stocks, bonds, and real estate. As a digital security using blockchain technology, these tokens have properties similar to securities, such as distributing revenue to token owners. Overseas STOs are issued as financial products that comply with the laws and regulations of each country, and there is the belief that the reliability of investors and the transparency of transactions are guaranteed to the same extent as existing financial products. In Japan, an amendment to the Payment Services Act and the Financial Instruments and Exchange Act, which came into effect in May 2020, made it clear that STOs are subject to regulation under the Financial Instruments and Exchange Act.
Web3	Web3 is said to be a next-generation Internet based on blockchain technology and characterized by “decentralization” and its “trustless” nature. Under the current Web 2.0 structure, user data is owned or transacted by large, centrally controlled companies. As a result, security risks due to information concentrated in one place, as well as problems such as the monopolization of personal information by large companies, have been pointed out. Web3 is expected to solve these problems by using blockchain technology that enables decentralized management of transaction information among multiple users connected to the Internet.

The SBI Group

(Principal Group Companies)

SBI Holdings, Inc. Prime Market of the TSE

Financial Services Business

Securities-related Business

1 SBI SECURITIES Co., Ltd.
Comprehensive online securities company 100.0%

1 SBI NEOMOBILE SECURITIES Co., Ltd.
Mobile securities trading 100.0%

1 SBI Neotrade Securities Co., Ltd.
Financial instruments business (securities trading) 100.0%

1 SBI Benefit Systems Co., Ltd.
Operational management of defined-contribution pension, etc. 100.0%

1 SBI MONEYPLAZA Co., Ltd.
Provision of financial products through face-to face channels 66.6%

1 SBI Liquidity Market Co., Ltd.
Provision of market infrastructure to supply liquidity to FX margin trading 100.0%

1 SBI FXTRADE Co., Ltd.
Pure-play foreign exchange broker 100.0%

1 SBI BITS Co., Ltd.
Development and operation of financial systems 100.0%

1 FOLIO Holdings Co., Ltd.
Provision of online securities and infrastructure for discretionary investment systems 72.5%

1 SBI Thai Online Securities Co., Ltd.
Online securities in Thailand 100.0%

2 PT BNI SEKURITAS
Securities company in Indonesia 25.0%

1 SBI Royal Securities Plc.
Comprehensive securities company in Cambodia 65.3%

1 Osaka Digital Exchange Co.,Ltd.
Operation of PTS (Proprietary Trading System) 70.0%

2 Japannext Co., Ltd.
Operation of PTS (Proprietary Trading System) 48.8%

Banking-related Business

Standard Market of the TSE

1 SBI Shinsei Bank, Limited
Banking 53.7%

1 Shinsei Financial Co., Ltd.
Retail loans 100.0%

1 APLUS Co., Ltd.
Installment credit 100.0%

1 Showa Leasing Co., Ltd.
Comprehensive Leasing services 100.0%

Standard Market of the TSE

2 SBI Sumishin Net Bank, Ltd.
Internet-based full-service bank 34.2%

1 SBI SAVINGS BANK
Savings bank in South Korea 100.0%

1 SBI LY HOUR BANK PLC.
Commercial bank in Cambodia 70.0%

1 SBI Bank LLC
Commercial bank in Russia 90.7%

1 SBI Regional Bank Holdings Co., Ltd.
Control and management of businesses relating to regional financial institutions with which SBI Group has a capital and business alliance 100.0%

Prime Market of the TSE

1 ARUHI Corporation
Lending and agency services for housing loans 54.3%

HSX

2 TIEN PHONG COMMERCIAL JOINT STOCK BANK
Commercial bank in Vietnam 20.0%

Insurance-related Business

Growth Market of the TSE

1 SBI Insurance Group Co., Ltd.
Insurance holding company 68.9%

1 SBI Insurance Co., Ltd.
Non-life insurance business 99.2%

1 SBI Life Insurance Co., Ltd.
Life insurance business 100.0%

1 SBI SSI Holdings Co., Ltd.
Small-amount, short-term insurance holding company 100.0%

1 SBI IKIIKI SSI Inc.
Small-amount, short-term insurance policy business 100.0%

1 SBI Nihon SSI Co., Ltd.
Small-amount, short-term insurance policy business 100.0%

1 SBI Resta SSI Co., Ltd.
Small-amount, short-term insurance policy business 99.6%

1 SBI PRISM SSI CO., LTD.
Small-amount, short-term insurance policy business 100.0%

1 SBI JOGUCHI SAFETY SSI
Small-amount, short-term insurance policy business 100.0%

Others

1 SBI Remit Co., Ltd.
International remittance business 82.9%

1 SBI Business Solutions Co., Ltd.
Provision of back-office support services 100.0%

1 SBI Ripple Asia Co., Ltd.
Selling agency of international settlement system 60.0%

1 SBI NEO FINANCIAL SERVICES CO., LTD.
Support for adoption of new technology, including fintech, as well as operation and management of related businesses 100.0%

KOSDAQ

1 SBI FinTech Solutions Co., Ltd.
Control and operation of e-commerce settlement business and Group fintech-related businesses 77.5%

1 SBI Estate Finance Co., Ltd.
Real estate secured loans business 100.0%

1 SBI Private REIT Advisors Co., Ltd.
Real estate investment management 100.0%

1 SBI REIT Advisors Co., Ltd.
Real estate investment management 67.0%

Standard Market of the TSE

1 The Global Ltd.
Real estate holding company 52.0%

Standard Market of the TSE

2 Ascot Corp.
Real estate development business and real estate solutions business 33.8%

1 Tozai Asset Management Co., Ltd.
Management and operation of real estate assets 100.0%

1 SBI Guarantee Co., Ltd.
Rent guarantees for rental housing 100.0%

Growth Market of the TSE

2 CREAL Inc.
Real estate fund online market operations business, etc. 21.4%

2 Regional Revitalization Partners Co., Ltd.
Plans and proposes strategic guidelines for promoting regional revitalization 89.0%

1 SBI Regional Revitalization Services Co., Ltd.
Plans, proposes, and executes projects relating to regional revitalization 99.9%

1 SBI Regional Revitalization Investment and Loan Co., Ltd.
Investing and loan business relating to regional revitalization 99.0%

Prime Market of the TSE

2 Change Holdings, Inc.
Supports regional revitalization through digital transformation (DX) and improved business efficiency through digitalization 30.3%

Note 1: As of July 1, 2023, percentages are the total Group ownership, which is the sum of the voting rights in possession by the Company and the companies and funds defined as its subsidiaries by IFRS.
Note 2: In the case of indirect holdings, the percentage of ownership of the company in which they are held is shown.

For details of each Group company's business, please refer to our website (**https://www.sbigroup.co.jp/english/company/group/**)

❶ Consolidated subsidiary ❷ Equity method associate

Asset Management Business

❶ SBI Asset Management Group Co., Ltd.
Management and operation of the SBI Group's Asset Management Business **100.0%**

Prime Market of the TSE
❶ SBI Global Asset Management Co., Ltd.
Control and management of the financial services business and asset management business **52.6%**

❶ SBI Asset Management Co., Ltd.
Investment management and investment advisory services **94.8%**

❶ Wealth Advisor Co., Ltd.
Investment and other advisory services **100.0%**

❶ Carret Asset Management, LLC
Investment management and investment advisory services **100.0%**

Growth Market of the TSE
❶ Rheos Capital Works Inc.
Investment management business and investment trust sales **48.9%**

❶ SBI Okasan Asset Management Co., Ltd.
Investment management business and investment advisory business **51.0%**

Investment Business

❶ SBI PE Holdings, Co., Ltd.
Supervision and operation of the private equity business **100.0%**

❶ SBI Investment Co., Ltd.
Venture capital fund management **100.0%**

❶ Shinsei Corporate Investment Limited
Private equity **100.0%**

❶ SBI VENTURES SINGAPORE PTE. LTD.
M&A advisory business **100.0%**

❶ SBI VEN CAPITAL PTE. LTD.
Overseas private equity fund management **100.0%**

KOSDAQ
❷ SBI Investment KOREA Co., Ltd.
Venture capital in South Korea **43.9%**

❶ SBI (China) Co., Ltd.
Management of businesses in China **100.0%**

❶ SBI (Beijing) Investment Management Co., Ltd.
Private equity fund management in China **100.0%**

❶ SBI FinTech Incubation Co., Ltd.
Support for introduction of fintech services **85.1%**

❶ SBI Crypto Investments Co., Ltd.
Investment business such as ownership, management, operation, and acquisition of securities **100.0%**

Growth Market of the TSE
❶ SBI Leasing Services Co., Ltd.
Operating lease business **63.5%**

Crypto-asset Business

❶ SBI VC Trade Co., Ltd.
Provision of exchange and transaction services and systems related to crypto-assets **100.0%**

❶ BITPoint Japan Co., Ltd.
Crypto-asset exchange and trading services **100.0%**

❶ B2C2 Ltd.
Crypto-asset broker (market maker) **90.0%**

❶ SBI Alpha Trading Co., Ltd.
Crypto-asset broker (market maker) **100.0%**

❶ HashHub Inc.
Crypto-asset lending and research business **100.0%**

Non-financial Business

❶ SBI ALApharma Co., Ltd.
Management and operation of the 5-ALA-related business **97.6%**

❶ SBI Pharmaceuticals Co., Ltd.
R&D, manufacturing and sales of pharmaceuticals using 5-ALA **100.0%**

❶ SBI ALApromo Co., Ltd.
Manufacturing and sales of health foods and cosmetics using 5-ALA **100.0%**

❶ photonamic GmbH & Co. KG
R&D, manufacturing, and sales of pharmaceuticals using 5-ALA **100.0%**

❶ NX Development Corp.
Sales of "Gleolan," an orally administered diagnostic reagent, in the U.S. **100.0%**

❶ SBI ALApharma Canada Inc.
R&D of fluorescence imaging medical device for photodynamic diagnosis using 5-ALA **100.0%**

❶ Photonics Healthcare B.V.
R&D of medical device for measuring intracellular oxygen concentration using 5-ALA **75.1%**

❶ SBI Biotech Co., Ltd.
R&D of pharmaceuticals **95.8%**

Prime Market of the TSE
❷ Medical Data Vision Co., Ltd.
Development, production, sales, and maintenance of medical information integration systems **24.6%**

❶ SBI DIGITAL MARKET PTE.LTD.
Corporate finance advisory and digital asset distribution services **75.0%**

❶ SBI e-Sports Co., Ltd.
e-sports-related business **100.0%**

❶ SBI R3 Japan Co., Ltd.
Provision of the blockchain platform Corda, as well as related businesses **51.0%**

❶ SBINFT Co., Ltd.
Platform business using blockchain **83.8%**

❶ SBI Wellness Bank Co., Ltd.
Healthcare services for membership **100.0%**

❶ SBI ENERGY Co., Ltd.
Power business using renewable energy **100.0%**

❶ SBI Security Solutions Co., Ltd.
Operation and development of cybersecurity systems **100.0%**

❶ SBI Traceability Co., Ltd.
Provides information on traceability of products using blockchain, etc. **100.0%**

❷ Machi no Wa Co., Ltd.
Premium electronic regional coupons, regional digital currencies business **32.0%**

❶ SBI Financial and Economic Research Institute Co., Ltd.
Surveys, research, and policy proposals in the field of digital assets **100.0%**

❶ SBI Africa Co., Ltd.
Export of used cars in Japan to overseas markets, provision of financial services, and investment in the Africa region, etc. **100.0%**

Prime Market of the TSE
❷ gumi Inc.
Mobile online games business **22.4%**

Corporate Data

Company Outline (As of March 31, 2023)

Company Name	SBI Holdings, Inc.
Date of Establishment	July 8, 1999
Head Office	Izumi Garden Tower 19F, 1-6-1 Roppongi, Minato-ku, Tokyo 106-6019, Japan TEL: +81-3-6229-0100 FAX: +81-3-3589-7958
Number of Employees	18,756 (consolidated)
Paid-in Capital	¥139,272 million
Fiscal Year	April 1 to March 31

Stock Information (As of March 31, 2023)

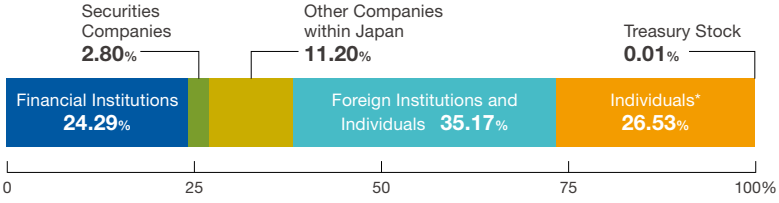
Listing	Prime Market of the TSE
Code	8473
Shares Authorized	341,690,000 shares
Shares Outstanding	272,358,290 shares (including treasury stock)
Shareholder Register	Mizuho Trust & Banking Co., Ltd.

Principal Shareholders

Name	Number of Shares Held (shares)	Percentage of Outstanding Shares (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	42,981,700	15.8
Sumitomo Mitsui Financial Group, Inc.	27,000,000	9.9
Custody Bank of Japan, Ltd. (Trust account)	12,629,785	4.6
The Bank of New York Mellon 140051	9,384,336	3.4
The Bank of New York Mellon 140042	6,511,263	2.4
JAPAN SECURITIES FINANCE CO., LTD.	4,615,600	1.7
STATE STREET BANK WEST CLIENT-TREATY 505234	4,331,317	1.6
State Street Bank and Trust Company 505223	4,127,638	1.5
Yoshitaka Kitao	4,007,960	1.5
The Bank of New York Mellon 140044	3,739,779	1.4

The percentage of shares held is calculated after deducting treasury stock.
Apart from the holdings of the major shareholders above, the Company holds 27,451 shares as treasury stock.

Distribution of Ownership among Shareholders



* Includes shares of the SBI Holdings Employee Stockholding Association

Information on Bonds and Credit Rating (As of April 26, 2023)

Rating Agency	Rating and Investment Information, Inc.
Long-term	A– (Stable)
Short-term	a–1

Overseas Offices (As of June 30, 2023)

United States	NX Development SBI Holdings USA
Canada	SBI ALApharma Canada
Russia	SBI Bank SBI RI Advisory
United Kingdom	B2C2 Shinsei International
Germany	photonamic Strategic Business Innovator Berlin Future Industry Ventures
Netherlands	Photonics Healthcare
Israel	SBI JI INNOVATION ADVISORY
Malaysia	SBI Ventures Malaysia OSK-SBI Venture Partners VentureTECH SBI
Singapore	SBI Securities (Singapore) SBI VEN CAPITAL
India	Milestone River Venture Advisory NIRVANA VENTURE ADVISORS
South Korea	SBI Investment KOREA SBI SAVINGS BANK SBI Capital
China	SBI (China) SHANGHAI SBI-INESA EQUITY INVESTMENT MANAGEMENT Wuxi Guolian-Yihua Equity Investment Management CHINA FORTUNE SBI Financial Leasing (shanghai) SBI (Beijing) Investment Management Ningbo YIXUE Investment Management NANJING JIANGBEI SBI Private Investment Fund Chengdu SBI Private Fund Management Chongqing SBI Private Fund Management SBI (Dalian) Information Technology
Hong Kong	SBI Hong Kong Holdings SBI Securities (Hong Kong) BYFIN
Taiwan	SBI Capital 22 Management SNSI Capital Management
Philippines	ICCP SBI Venture Partners Philippines Representative Office
Indonesia	BNI SEKURITAS Jakarta Representative Office SBI Kejora Venture Partnership
Brunei	SBI (B)
Vietnam	FPT Securities TPBank FPT Capital Fund Management MB Shinsei Finance
Cambodia	SBI Royal Securities SBI LY HOUR BANK
Thailand	SBI Thai Online Securities
Australia	Latitude Group
New Zealand	UDC Finance

- Securities
- Banking
- Other Financial Services
- Investment
- Biotechnology related
- Local Affiliates/ Representative Office
- Strategic Investee

Corporate History

1999

Apr. As a result of a business reorganization accompanying the conversion of SoftBank Corp. (currently, SoftBank Group Corp.) into a pure holding company, Softbank Finance Corporation became an independent company to oversee financial-related business activities.
July Established as SOFTBANK INVESTMENT CORPORATION; start of venture capital business.
Oct. E*TRADE SECURITIES Co., Ltd. (currently, SBI SECURITIES Co., Ltd.) commenced Internet trading services.
Nov. Softbank Ventures Inc. (currently, SBI Investment Co., Ltd.) became a wholly owned consolidated subsidiary.

2000

July Established the INTERNET TECHNOLOGY FUND with ¥150.5 billion in initial contributions, at that time, the largest fund commitment of its kind in Japan.

2001

Feb. Listed on First Section of the TSE.

2002

July Morningstar Japan K.K. (currently, SBI Global Asset Management Co., Ltd.) became a subsidiary.

2003

2004

Aug. A wholly owned subsidiary of SoftBank Corp. (currently, SoftBank Group Corp.) sold its entire stake in SBI Holdings, Inc.

2005

May Jointly established the New Horizon Fund, targeting promising Chinese companies, with an investment company in Singapore.
July Changed name to SBI Holdings, Inc. and transitioned to a holding company structure.
Sept. Established a representative office in Beijing, China as the first overseas office.

2006

Jan. SBI Insurance Co., Ltd. commenced business.
Apr. Established SBI Pharmaceuticals Co., Ltd.
Nov. SBI Liquidity Market Co., Ltd. started operations, which supplies market infrastructure for FX trading.
Dec. Hong Kong subsidiary SBI Hong Kong Co., Limited (currently, SBI Hong Kong Holdings Co., Ltd.) commenced business.

2007

Feb. Established SBI VEN CAPITAL PTE. LTD., a subsidiary in Singapore.
Aug. SBI Japannext Co., Ltd. (currently, Japannext Co., Ltd.) began operation of a proprietary trading system (PTS).
Sept. SBI Sumishin Net Bank, Ltd. commenced business.

2008

2009

Mar. SBI (China) Co., Ltd., a China business management company, commenced business in Dalian, China.
Apr. SBI ALApromo Co., Ltd. commenced business.
May SBI FXTRADE Co., Ltd. commenced business.
June SBI MONEYPLAZA Co., Ltd. commenced business.

2010

Apr. Established a representative office in Shanghai, China.

2011

2012

Jan. Acquired all shares of photonamic GmbH & Co. KG, a German pharmaceutical company engaged in the 5-ALA-related pharmaceuticals business in Europe, and converted it into a consolidated subsidiary.
Feb. SBI Life Insurance Co., Ltd., which became a consolidated subsidiary in February 2015, resumed its insurance underwriting.
May Jointly established SBI Ripple Asia Co., Ltd. with U.S.-based Ripple. In October, launched "The Japan Bank Consortium" for establishing a next-generation remittance system in Japan.

2013

Mar. Acquired shares of Hyundai Swiss Savings Bank (currently SBI SAVINGS BANK) and converted it into a consolidated subsidiary.

2014

2015

Oct. SBI Thai Online Securities Co., Ltd., a first pure play online securities company in Thailand, commenced business.
Dec. Established FinTech Business Innovation LPS (Fintech Fund) with a total commitment capital amount of ¥30.0 billion.

2016

Jan. Establishment of SBI AI&Blockchain LPS (SBI AI&Blockchain Fund), a venture capital fund endeavoring to invest mainly in AI and blockchain fields.
June SBI VC Trade Co., Ltd. launched crypto-asset trading service VCTRADE.
Sept. SBI Insurance Group Co., Ltd. listed on the TSE Mothers Market.

2017

Aug. SBI Bank LLC, a commercial bank in Russia, became a wholly owned consolidated subsidiary.

2018

May Established a representative office in the Philippines.
Nov. Established Strategic Business Innovator Berlin GmbH, a subsidiary in Germany.

2019

Apr. Established SBI Financial and Economic Research Institute Co., Ltd.
Apr. Jointly established Osaka Digital Exchange Co., Ltd. with the SMBC Group.
Apr. Commenced full-fledged investments of the SBI 4&5 Investment Limited Partnership and SBI 4&5 Investment Limited Partnership No. 2 (4+5 Fund) on the scale of ¥100 billion to invest primarily in innovative technologies and services in a wide range of industries such as "Society 5.0 for SDGs" and "Industry 4.0."
Sept. Established Osaka Head Office.
Dec. Shinsei Bank, Limited. (currently, SBI Shinsei Bank, Limited) became a consolidated subsidiary.

2020

Apr. Acquired Cambodian microfinance institution and obtained a banking license as SBI LY HOUR BANK PLC.
Apr. Concluded basic agreement with the SMBC Group on a strategic capital and business alliance.
June Rheos Capital Works Inc. became a consolidated subsidiary.
Aug. Jointly established Regional Revitalization Partners Co., Ltd. with four partner companies.
Nov. Entered into a capital and business alliance with Medical Data Vision Co., Ltd.

2021

2022

Apr. Transitioned to Prime Market of the TSE.
June Concluded a Basic Agreement on Comprehensive Capital and Business Alliance with the SMBC Group.
Oct. SBI Leasing Services Co., Ltd. listed on the Growth Market of the TSE.
Nov. ARUHI Corporation became a consolidated subsidiary.

2023

Jan. Shinsei Bank, Limited changed its corporate name to SBI Shinsei Bank, Ltd.
Mar. SBI Sumishin Net Bank Ltd. listed on the Standard Market of the TSE.
Apr. Rheos Capital Works Inc. listed on the Growth Market of the TSE.

Books by Yoshitaka Kitao, Representative Director, Chairman, President & CEO

Cultivating the Heart
ZAIKAI Co., Ltd.
April 2023

An Encouragement of the Study of Humanity
Chichi Publishing Co., Ltd.
December 2022

Learning from Great Men
ZAIKAI Co., Ltd.
April 2022

Nourish the Mind
ZAIKAI Co., Ltd.
April 2021

The Challenges for Regional Revitalization
KINZAI Corp.
January 2021

Creating Future with 5-ALA
PHP Institute, Inc.
November 2020

Cleansing One's Mind
Keizaikai Co., Ltd.
October 2019

Management through Challenges and Evolution
GENTOSHA INC.
June 2019
(KR) Maeil Business Newspaper June 2020
(EN) One Peace Books, Inc. December 2020

The Cryptocurrency Revolution Starts Now!
SB Creative Corp.
November 2018

Opening the Mind's Eye
Keizaikai Co., Ltd.
October 2018

Practical FinTech (Magazine)
Nikkei Publishing Inc.
(now Nikkei Business Publications, Inc.)
December 2017

Enlightenments from Ancient Sages' Wisdom
Keizaikai Co., Ltd.
October 2017

Learning Practical FinTech from Successful Companies
Nikkei Publishing Inc.
(now Nikkei Business Publications, Inc.)
(EN) John Wiley & Sons, Inc./
(CN) Fudan University Press/
(KR) News1/(VN) ThaiHaBooks JSC
March 2017

An Encouragement of Self-cultivation
Chichi Publishing Co., Ltd.
December 2016

Daily Reawakening
Keizaikai Co., Ltd.
November 2016

Realizing Yourself through Self-cultivation
Keizaikai Co., Ltd.
November 2015

The Essence of the Words of Masahiro Yasuoka
PRESIDENT Inc.
July 2015

Expanded edition
December 2019

Using Knowledge of the Jikkan and Junishi to Create Good Fortune
Chichi Publishing Co., Ltd.
December 2014

Revitalizing Lives
Keizaikai Co., Ltd.
(VN) ThaiHaBooks JSC
November 2014

Correcting the Abuses of the Times
Keizaikai Co., Ltd.
November 2013

Be a True Japanese—Reflections on Sazo Idemitsu
ASA Publishing Co., Ltd.
October 2013

Learn from the Ancient Sages
Keizaikai Co., Ltd.
November 2012

When Confounded in Business, Analects Point the Way
Asahi Shimbun Publications Inc.
August 2012

The Tailwind Behind Japan's Economy
Sankei Shimbun Publications Inc.
June 2012

Applying the "Analects of Confucius" in Business

Chichi Publishing Co., Ltd.
May 2012

Yoshitaka Kitao's Management Dialogue

Kosaido Publishing Co., Ltd.
March 2012

Understanding the Times

Keizaikai Co., Ltd.
November 2011

The Lessons of Shinzo Mori for Nurturing Human Fortitude

Chichi Publishing Co., Ltd.
February 2011

Japanese Wisdom and Power

PHP Institute, Inc.
(CN) Fudan University Press
April 2011

Penetrating Insight

Keizaikai Co., Ltd.
November 2010

The Meaning of Life

Kodansha Ltd.
August 2010
Co-authored with Takeshi Natsuno

The Entrepreneurship Textbook: Qualities and Skills for the Next Generation of Leaders

Toyo Keizai Inc.
July 2010

Notes on Masahiro Yasuoka

Chichi Publishing Co., Ltd.
December 2009

Proverbs of Sages and Renowned Executives Who Overcame Adversity

Asahi Shimbun Publications Inc.
(CN) Tsinghua University Press
December 2009

Change will be, When Things are at Their Worst

Keizaikai Co., Ltd.
October 2009

Yoshitaka Kitao's Business Management Lecture

KIGYOKA NETWORK
June 2009

Think Big, Don't be the Little Guy

Chichi Publishing Co., Ltd.
January 2009

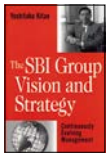
Reading the Times

Keizaikai Co., Ltd.
September 2008

(Pocket edition)

Why do We Work?

Chichi Publishing Co., Ltd.
(KR) Joongang Books
March 2007



The SBI Group Vision and Strategy: Continuously Evolving Management

Toyo Keizai Inc.
(EN) John Wiley & Sons, Inc.
(CN) Tsinghua University Press
October 2005

(Pocket edition)

"Mysterious Powers" Gained from Chinese Classics

Mikasa Shobo Co., Ltd.
(CN) Peking University Press
July 2005

(Pocket edition)

Developing Character

PHP Institute, Inc.
(CN) World Affairs Press
April 2003

Universal Management, Growth Management

PHP Institute, Inc.
(CN) World Affairs Press
(KR) Dongbang Media Co. Ltd.
October 2000

Challenges of E-Finance II

Toyo Keizai Inc.
(KR) Dongbang Media Co. Ltd.
April 2000

Challenges of E-Finance I

Toyo Keizai Inc.
(CN) The Commercial Press
(KR) Dongbang Media Co. Ltd.
December 1999

"Value-Creation" Management

Toyo Keizai Inc.
(CN) The Commercial Press
(KR) Dongbang Media Co. Ltd.
December 1997

(EN): English translation (CN): Chinese translation (KR): Korean translation (VN): Vietnamese translation