

The Group's Initiatives to Prevent Recurrence in Response to the Incident at SBI Social Lending

SBI Social Lending Co., Ltd. (Head office: Minato-ku, Tokyo; Representative Director: Naoki Miyaji, hereinafter "SBISL"), a Group company of SBI Holdings, Inc. (hereinafter "the Company"), has decided to voluntarily discontinue its business and withdraw from the social lending business on the condition that all existing funds are redeemed, as announced in the "Future Business Operation of Group Subsidiary (*) SBI Social Lending" dated May 24. Going forward, SBISL plans to focus on the management and collection of existing funds to ensure that all possible measures are taken to protect investors.

*Although SBISL is a consolidated subsidiary of the Company, it falls under the category of "sub-subsidiary" as defined in Article 29, Item 2 of the Enforcement Order of the Financial Instruments and Exchange Act.

In addition, based on the contents of the investigation report by the third-party committee established by SBISL, the Group will strive to prevent a recurrence by promoting initiatives to strengthen its internal management system, in particular with regard to risk management, as described below.

[The SBI Group's initiatives to prevent recurrence]

(1) Establish a new risk assessment body to strengthen the risk inspection system

The Group plans to establish a new risk assessment body that will analyze the factors that led to the recent problems and identify new risk assessment priority items, periodically evaluate and analyze risk factors among subsidiaries for which those items have relevance, and monitor the status of improvement. The items to be monitored by the risk assessment body includes the details of client assets managed and the status of the improvement of the management system at the monitored company, as well as the responses to matters raised by the internal audit of the monitored company.

In addition, it is planned to review as necessary the group of subsidiaries to be monitored by the newly established risk assessment body and the priority items for risk assessment taking into account the circumstances and business environment of the Company and the social conditions at the time.

(2) Strengthen internal control systems at Group companies

The Group has a corporate culture that proactively takes on challenges in new business areas. As a result, some consolidated subsidiaries have only recently entered the business, rapidly expanding their business and management assets. In order to further strengthen the internal control systems of such consolidated subsidiaries, the Company's Human Resources Department plans to gather information on the human resource needs of each Group company on a group-wide basis, with an emphasis on the dispatch and assignment of the requisite executives and employees.

As of today, SBISL has received an administrative disposition from the Kanto Local Finance Bureau in accordance with the provisions of Article 51 and Article 52, Paragraph 1 of the Financial Instruments and Exchange Act. For more information, please refer to the [SBISL website](#).

The SBI Group would like to express our sincere apologies once again for the considerable inconvenience and concern caused to our investors and other stakeholders by this incident at SBISL.

The Company will strive to further strengthen and enhance its internal control systems to prevent recurrence of such incidents and restore trust.

For further information, please contact:

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