



*Strategic
Business
Innovator*

SBI Holdings, Inc.

Financial Results

**for the Nine-month Period Ended December 31, 2021
(Fiscal Year Ending March 31, 2022)**

February 28, 2022

The items in this document are provided as information related to the financial results and the business strategy of the SBI Group companies and not as an invitation to invest in the stock or securities issued by each company.

None of the Group companies guarantees the completeness of this document in terms of information and future business strategy.

The content of this document is subject to revision or cancellation without warning.

Note: Fiscal Year ("FY") ends March 31 of the following year

- I. 9M FY2021 Consolidated Performance (IFRS)**
- II. Thoroughly pursue synergies with Shinsei Bank Group in order to achieve dramatic growth together as a new SBI Group**
- III. Major topics since Announcement of the Group's financial results before consolidation of Shinsei Bank (Jan. 31)**

Matters to Note Regarding the Consolidation of Shinsei Bank



- 9M FY2021 consolidated financial statements disclosed today includes Shinsei Bank's **B/S** as of the end of Dec. 2021, and the **P/L includes the gain on negative goodwill, etc.** from the conversion of Shinsei Bank into a consolidated subsidiary
- Shinsei Bank's consolidated P/L will be incorporated into SBIH's consolidated financial statements after FY2021 (as for FY2021, only Jan.-Mar. 2022 financial results are planned to be incorporated, and total profit for the year is planned to be incorporated in FY2022)

Schedule for financial results related to Shinsei Bank becoming a consolidated subsidiary

Dec. 17, 2021	Shinsei Bank (TSE:8303) becomes a consolidated subsidiary
Jan. 28, 2022	Announcement of Shinsei Bank's (TSE: 8303) 9M FY2021 consolidated financial results (J-GAAP)
Jan. 31, 2022	Announcement of the Group's 9M FY2021 financial results before consolidation of Shinsei Bank
Feb. 28, 2022	Announcement of the Group's 9M FY2021 consolidated financial results (IFRS)
Mar. 16, 2022	Deadline for submission of the Group's quarterly securities report for 3Q FY2021

I. 9M FY2021 Consolidated Performance (IFRS)

Adjustment of Shinsei Bank's Consolidated Balance Sheet in Accordance with IFRS Consolidation Process

Key points of IFRS consolidation treatment of Shinsei Bank consolidated balance sheet

- ▶ Valuation of assets and liabilities at fair value (provisional treatment)
- ▶ Adjustments for differences between J-GAAP and IFRS

B/S of Shinsei Bank as of end of December 2021 (J-GAAP)	B/S after IFRS adjustment																
<table border="1"> <tr> <td>Assets JPY 10,566.2bn</td><td> <table border="1"> <tr> <td>Liabilities JPY 9,610.2bn</td><td>  </td></tr> <tr> <td>Net asset JPY 942.4bn</td><td></td></tr> <tr> <td>Non-controlling interest JPY 3.6bn</td><td></td></tr> </table> </td></tr> </table>	Assets JPY 10,566.2bn	<table border="1"> <tr> <td>Liabilities JPY 9,610.2bn</td><td>  </td></tr> <tr> <td>Net asset JPY 942.4bn</td><td></td></tr> <tr> <td>Non-controlling interest JPY 3.6bn</td><td></td></tr> </table>	Liabilities JPY 9,610.2bn		Net asset JPY 942.4bn		Non-controlling interest JPY 3.6bn		<table border="1"> <tr> <td>Assets JPY 10,286.8bn (Adjusted amount -269.4)</td><td> <table border="1"> <tr> <td>Liabilities JPY 9,300.4bn (Adjusted amount -309.8)</td><td> <ul style="list-style-type: none"> *Major IFRS adjustments ◆ Cancellation of recording of both guarantees (acceptance of payment) and rights to indemnity (return of acceptance of payment) for guaranteed parties (Assets) -579.8 (Liabilities) -579.8 ◆ On-balance sheet processing of receivables (Assets) +215.3 (Liabilities) +215.3 </td></tr> <tr> <td>Net asset JPY 982.8bn (Adjusted amount +40.4)</td><td></td></tr> <tr> <td>Non-controlling interest JPY 3.6bn</td><td></td></tr> </table> </td></tr> </table>	Assets JPY 10,286.8bn (Adjusted amount -269.4)	<table border="1"> <tr> <td>Liabilities JPY 9,300.4bn (Adjusted amount -309.8)</td><td> <ul style="list-style-type: none"> *Major IFRS adjustments ◆ Cancellation of recording of both guarantees (acceptance of payment) and rights to indemnity (return of acceptance of payment) for guaranteed parties (Assets) -579.8 (Liabilities) -579.8 ◆ On-balance sheet processing of receivables (Assets) +215.3 (Liabilities) +215.3 </td></tr> <tr> <td>Net asset JPY 982.8bn (Adjusted amount +40.4)</td><td></td></tr> <tr> <td>Non-controlling interest JPY 3.6bn</td><td></td></tr> </table>	Liabilities JPY 9,300.4bn (Adjusted amount -309.8)	<ul style="list-style-type: none"> *Major IFRS adjustments ◆ Cancellation of recording of both guarantees (acceptance of payment) and rights to indemnity (return of acceptance of payment) for guaranteed parties (Assets) -579.8 (Liabilities) -579.8 ◆ On-balance sheet processing of receivables (Assets) +215.3 (Liabilities) +215.3 	Net asset JPY 982.8bn (Adjusted amount +40.4)		Non-controlling interest JPY 3.6bn	
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9M FY2021 SBI Holdings Consolidated Statement of Financial Position <IFRS: Assets>

(Unit: JPY 100 millions)	S B I	Shinsei Bank After consolidation adjustment	As at Dec. 31, 2021
Assets			
Cash and cash equivalents	6,626	18,532	25,158
Trade and other accounts receivable	14,219	66,614	80,833
Assets related to securities business			
Cash segregated as deposits	22,215	-	22,215
Margin transaction assets	10,549	-	10,549
Other assets related to securities business	5,424	-	5,424
Total assets related to securities business	38,188	-	38,188
Other financial assets	579	3,654	4,233
Operational investment securities	5,507	0	5,507
Other investment securities	2,240	10,807	13,047
Investments accounted for using the equity method	1,196	89	1,285
Property and equipment	412	1,022	1,434
Intangible assets	2,376	497	2,872
Other assets	2,123	685	2,808
Deferred tax assets	125	102	227
Total assets	73,592	102,000	175,592

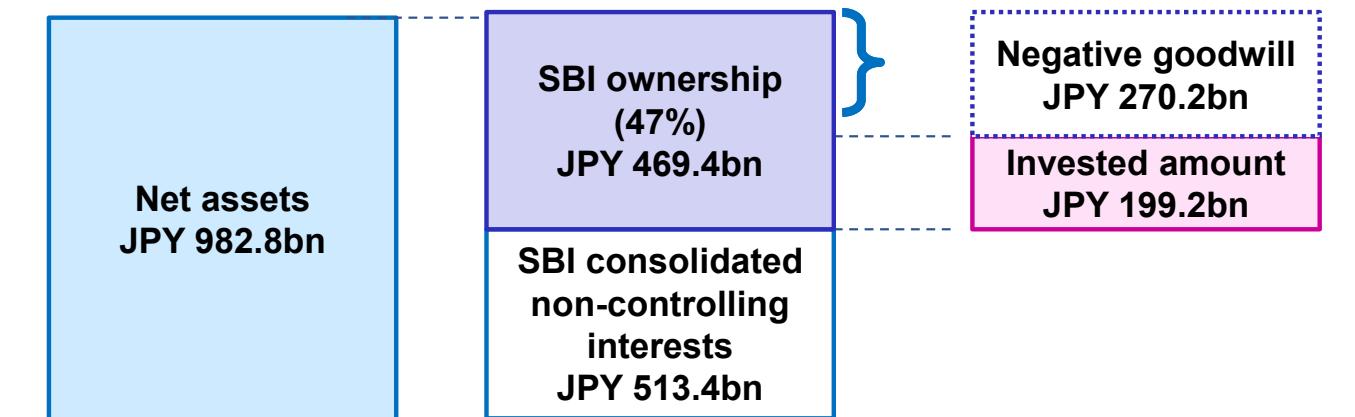
9M FY2021 SBI Holdings Consolidated Statement of Financial Position <IFRS:Liabilities and Equity>



(Unit: JPY 100 millions)	S B I	Shinsei Bank After consolidation adjustment	As at Dec. 31, 2021
Liabilities			
Bonds and loans payable	14,570	18,089	32,660
Trade and other accounts payable	3,460	3,025	6,485
Liabilities related to securities business			
Margin transaction liabilities	2,300	-	2,300
Loans payable secured by securities	5,230	-	5,230
Deposits from customers	13,032	-	13,032
Guarantee deposits received	9,826	-	9,826
Other liabilities related to securities business	2,866	-	2,866
Total liabilities related to securities business	33,255	-	33,255
Customer deposits for banking business	11,633	64,042	75,675
Insurance contract liabilities	1,539	-	1,539
Income tax payable	113	48	161
Other financial liabilities	313	6,889	7,202
Other liabilities	1,719	784	2,503
Deferred tax liabilities	399	0	399
Total liabilities	67,001	92,877	159,878
Equity			
Capital stock	990	-	990
Capital surplus	1,471	-	1,471
Treasury stock	-1	-	-1
Other components of equity	239	-	239
Retained earnings	3,971	2,376	6,347
Equity attributable to owners of the Company	6,670	2,376	9,046
Non-controlling interests	1,854	4,814	6,668
Total equity	8,523	7,191	15,714
Total liabilities and equity	75,525	100,067	175,592

Impact on P/L on Transition to IFRS due to Shinsei Bank Becoming a Consolidated Subsidiary

- ① For loans and other receivables (IFRS: trade and other receivables), an allowance for credit losses of JPY 68.2 bn has been recorded on an IFRS basis, as IFRS requires that an allowance be made for performing loans at the time of acquisition
- ② As a result of adjusting the difference between IFRS and J-GAAP for the balance of B/S at the time of acquisition, net assets on a J-GAAP basis increased by JPY 942.4bn to JPY 982.8 bn (+JPY 40.4bn), and a gain on negative goodwill of JPY 270.2bn was recorded



- ③ The difference between ① and ②, JPY 270.2bn – JPY 68.2bn = JPY 202.0bn, is the actual impact

9M FY2021 Consolidated Performance (IFRS)

Consolidated Statement of Comprehensive Income

	【disclosed on Jan.31】 (before consolidation of Shinsei Bank)	Impact of Shinsei Bank Consolidation	【disclosed on Feb.28】 (after consolidation of Shinsei Bank)
	(Unit: JPY 100 millions)	(Unit: JPY 100 millions)	(Unit: JPY 100 millions)
Revenue	5,274	—	5,274
Expense	-3,636	① -682	-4,318
Include provision for credit losses	-341	-682	-1,023
Gain on bargain purchase	—	② 2,702	2,702
Investment gain on equity method	76	—	76
Profit before income tax expense	1,714	③ 2,020	3,734
Income tax expense	-276	—	-276
Profit for the period	1,439	2,020	3,459
Profit for the period attributable to			
Owners of the Company	1,322	2,376	3,698
Non-controlling interests	117	-356	-240

① Provision for credit losses on performing loans at the time of consolidation

② Gain on negative goodwill upon consolidation

③ Substantial impact

9M FY2021 Consolidated Performance (IFRS)

[Year-on-year comparison]

(Unit: JPY million)

	9M FY2020 (Apr. 2020-Dec. 2020)	9M FY2021 (Apr. 2021-Dec. 2021)	YoY % change
Revenue	362,218	527,440 Record high*	+45.6
Profit before income tax expense	93,738	373,449 Record high*	+298.4
Profit for the period	69,225	345,884 Record high*	+399.6
Profit attributable to owners of the Company	60,810	369,845 Record high*	+508.2

* Comparison with past 9M results

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[Overview of Consolidated Performance Before Shinsei Bank Consolidation]

- Revenue increased 45.6% year-on-year to JPY 527.4bn; profit before income tax expense rose 298.4% year-on-year to JPY 373.4bn; and profit attributable to owners of the Company increased 508.2% year-on-year to JPY 369.8bn, which were historical highs for a 9M period
- In the Financial Services Business, the securities business is diversifying its revenue sources and continues to grow steadily. In addition, earnings based on equity in SBI Sumishin Net Bank, based on IFRS, continues to increase
- In the Asset Management Business, record valuation gains with large valuation gains owing to the rise in stock prices of certain listed investee companies and large valuation gains due to significant increase in valuation per share among unlisted investee companies that raised new funds. South Korea's SBI SAVINGS BANK also posted record profits
- In the Biotechnology, Healthcare & Medical Informatics Business, the segment loss narrowed significantly due to milestone income generated at SBI Biotech and the significant increase in revenue and profit at SBI ALA Promo
- Shinsei Bank belongs to the Financial Services Business, so the gain on negative goodwill due to consolidation is recorded in the Financial Services Business

Performance Comparison with Major Securities Group Companies (Ranking of Net Income)



9M FY2021 financial results (consolidated) of major securities companies

(Unit: JPY billion)

		Net Operating Revenue	Ordinary Income	Net Income
1	SBI Holdings (Figures in parentheses are before consolidation of Shinsei Bank)	527.4 (527.4)	373.4 (171.4)	369.8 (132.2)
2	Nomura Holdings	1,023.1	177.1	112.0
3	Daiwa Securities Group	390.3	112.5	76.9
4	Mizuho Securities	264.5	63.9	52.6
5	SMBC Nikko Securities	270.1	66.0	47.8
6	Monex Group	69.7	19.3	12.5
7	Tokai Tokyo Financial Holdings	60.4	11.2	12.3
8	Matsui Securities	22.3	10.0	8.7
9	Mitsubishi UFJ Securities Holdings	219.8	30.5	7.9
10	Rakuten Securities	62.4	10.4	5.5

[Reference] Shinsei Bank's 9M FY2021 consolidated financial results

	Ordinary income	Ordinary profit	Profit attributable to owners of the parent
Shinsei Bank	276.9	38.7	37.5

Note 1: Nomura Holdings uses U.S. GAAP and uses the value of revenue (net of financial expenses) as net operating revenue and the value of income before income taxes as ordinary income

Note 2: SBI Holdings and Monex Group use IFRS, so the value of revenue is used for net operating revenue and the value of income before income taxes is used for ordinary income

Note 3: Rakuten Securities has a fiscal year that ends in Dec., so figures for the period from Apr. 2021 to Dec. 2021 are used

Note 4: Prepared by the Company based on an article published in the morning edition of Nihon Keizai Shimbun on Feb. 2, 2022

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9M FY2021 Performance by Segment (IFRS)

[Year-on-year comparison]

(Unit: JPY million)

Revenue

	9M FY2020 (Apr. 2020– Dec. 2020)	9M FY2021 (Apr. 2021– Dec. 2021)	YoY % change
Financial Services Business	225,127	255,637 Record high*	+13.6
Asset Management Business	128,802	243,097 Record high*	+88.7
Biotechnology, Healthcare & Medical Informatics Business	4,091	6,708 Record high*	+64.0

Profit before Income Tax Expense

	9M FY2020 (Apr. 2020– Dec. 2020)	9M FY2021 (Apr. 2021– Dec. 2021)	YoY % change / YoY change
	62,379	266,845 Record high*	+327.8
	43,261	127,322 Record high*	+194.3
	-4,795	-3,819	+976

Note: Owing to Group company segmentation realignments, 9M FY2020 results were restated in accordance with segmentation realignment

Note: Figures are before elimination of the inter-segment transactions

* Comparison with past 9M results

II. Thoroughly pursue synergies with Shinsei Bank Group in order to achieve dramatic growth together as a new SBI Group

***The business collaboration with Shinsei Bank described in this document will only take place if Shinsei Bank determines that it is in the best interests of its minority shareholders to do so through the measures adopted by Shinsei Bank to prevent conflicts of interest.**

Endeavoring to Unify the SBI Group and Shinsei Bank Group

< Milestones so far >

December 17, 2021	Shinsei Bank (TSE: 8303) becomes a consolidated subsidiary
January 1, 2022	<u>Katsuya Kawashima</u> (then Vice President of SBI Holdings) and <u>Katsumi Hatao</u> (then Executive Officer of SBI Holdings) become <u>advisors to Shinsei Bank</u>
February 8, 2022	At an extraordinary shareholders' meeting, the election of directors approved, with <u>Hirofumi Gomi appointed Chairman, Katsuya Kawashima appointed President, and Katsumi Hatao appointed Senior Managing Executive Officer</u>

Since the officer appointments were finalized, various actions toward integrating the Shinsei Bank Group and the SBI Group have been moving forward based on when the advisers assumed office. Meanwhile, synergies between businesses has been lacking at the Shinsei Bank Group up to now, which has emerged as a problem.

The two groups will work together to thoroughly pursue synergies between and within the groups

The Five Factors Stated in Sun Tzu's *Art of War*

Priority 1: Build and Pass on a Company's Ideas and Philosophy

"1. The Moral Law; 2. Heaven; 3. Earth; 4. The Commander;
5. Method and Discipline." – Sun Tzu

The wise man focuses on five key factors when going into battle and places the "moral law" as the first of the five



The wise man ("the leader") gives careful consideration to the ideal image, and if he can present it in a precise image, the awareness of top and bottom will be unified, and everyone will band together under the moral cause

Even for a corporation, the essential point is the unity of the human spirit with this image

According to Drucker, the Father of Management Studies, Critical Task Is Establish Values, Mission, and Vision

*"In the Next Society, the top management will in fact become the company. The responsibilities of this top management extend to align planning, strategy, value, principles, structure, relationships, cooperation, joint alliances, research, development, design, and innovation. The organization must establish its own perspective on value. In the Next Society, **the first job of top management is to establish itself as an organization.** In the Next Society, the biggest challenge for the large company — especially for the multinational — **may be its social legitimacy: its values, its mission, its vision. Everything else will be outsourced.**"*

(P. F. Drucker, *Managing in the Next Society*,
Japanese edition published by Diamond)

By sharing with the Shinsei Bank Group the basic universal perspective of the four business constructs practiced by the SBI Group, we will heighten the sense of "one entity" by establishing a common vision.

- From a resolution on the name change to Shinsei Bank for the General Meeting of Shareholders in June –

(The implementation of the company name change is subject to approval by a special resolution at a general meeting of shareholders and approval by the authorities)

Implement various measures and reforms to strengthen the profitability of Shinsei Bank, and enhance its corporate value, including the thorough pursuit of synergies to form a unified group and creating stronger ties with regional financial institutions



By realizing a highly profitable structure, Shinsei Bank will return JPY 350bn in public funds, based on the “moral law” of this TOB

Universal Basic Views of Business Construction Shared with Shinsei Group

- Basic view 1.** Adhere to the "Customer-centric principle"
-Public benefit leads to private benefit-

- Basic view 2.** Forming a "corporate ecosystem" and exhaustive pursuit of group synergies

- Basic view 3.** Thorough devotion to innovative technology

- Basic view 4.** Formulate and implement strategies that anticipate the near future

Basic view 1. Adhere to the "Customer-centric principle"

- Public benefit leads to private benefit -

"Customer-centric principles" that the SBI Group Has Been Committed Since its Founding in 1999 are also fully committed by Shinsei Group

What does it mean to actively pursue "Customer-centric principles"?

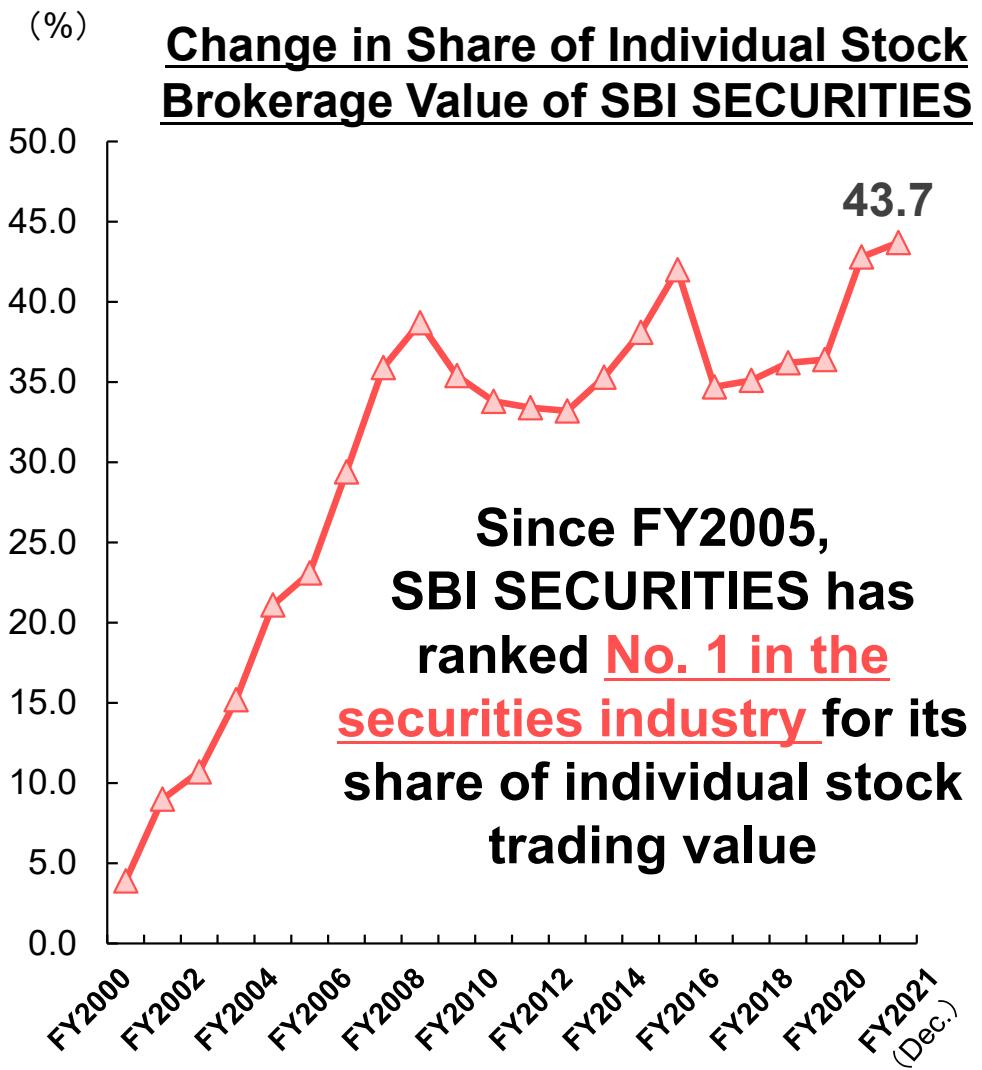
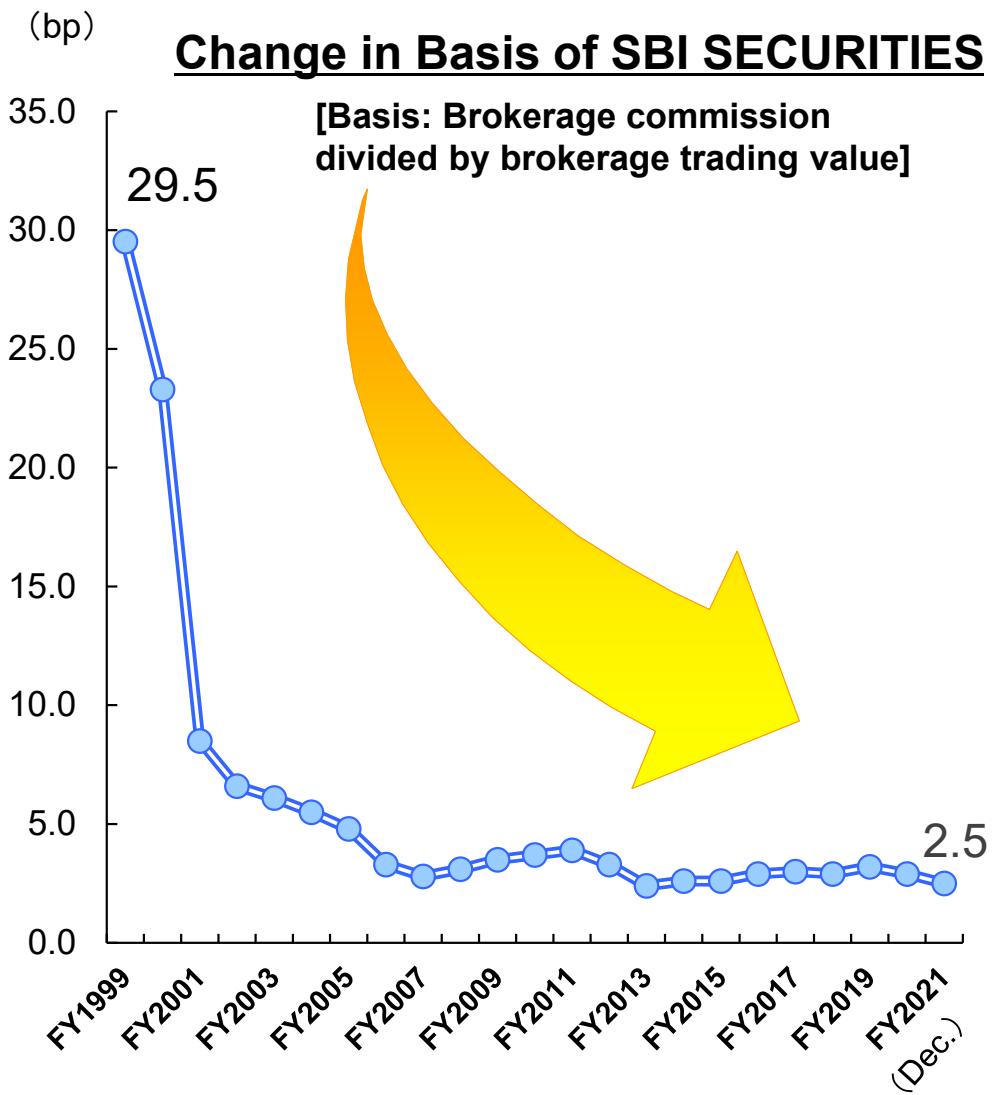


The active pursuit of services that are truly customer-oriented

We provide

- Services with lower fees and more favorable interest rates
- Services that make it easy to compare financial products at a glance
- Services with transparent customer costs
- Safe and reliable services
- Abundant and high-quality financial products from a neutral standpoint
- Attractive trading opportunities ... etc.

SBI SECURITIES Has Achieved Overwhelmingly Low Trading Fees since its Establishment to Ensure Customer-centric Principles



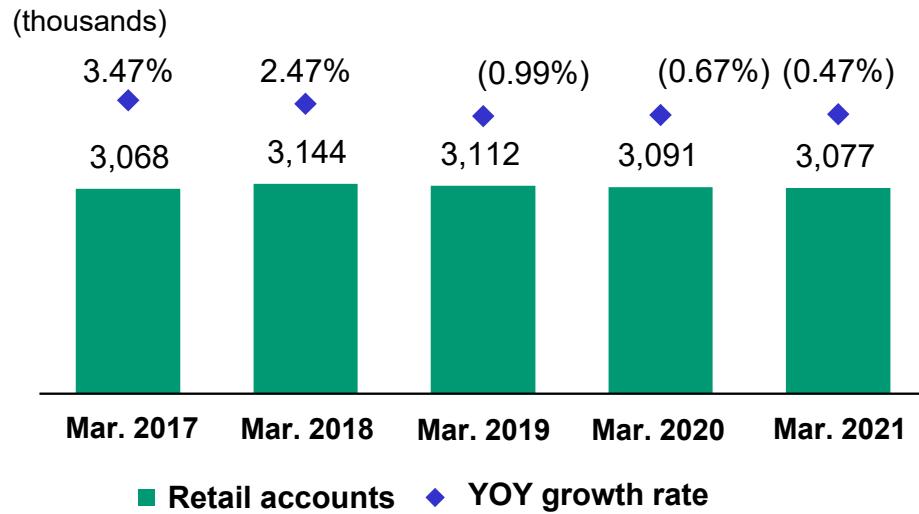
SBI SECURITIES has achieved a high level of customer satisfaction and maintained a top position in the industry by thoroughly pursuing services that are truly from the customer's perspective services

Shinsei Bank: Retail Accounts, Deposits, and ATM Fees

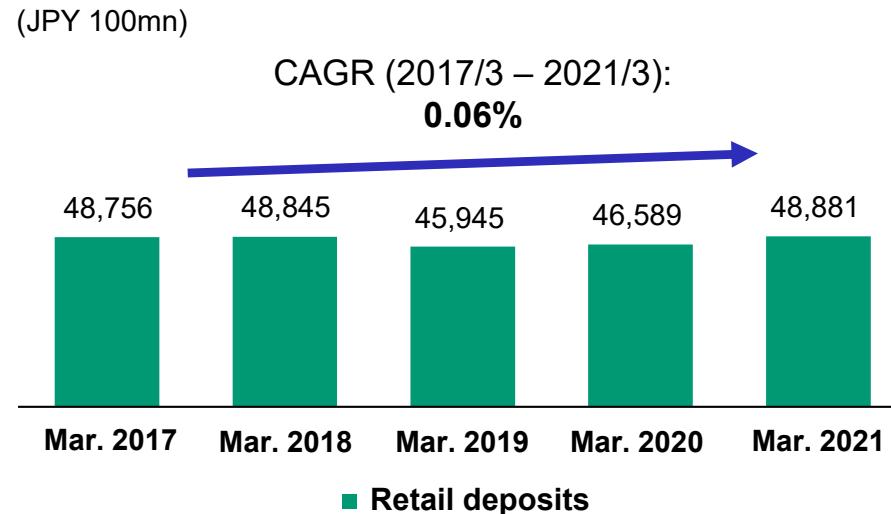


- Shinsei Bank's **retail accounts are trending down**, while **deposits have been flat for five years**
- ATM fees are deteriorating** as **convenience has declined for retail clients**

Shinsei Bank Retail Accounts



Shinsei Bank Retail Account Balances



Revisions to Shinsei Bank ATM fees

- ATM usage is **free** and without conditions for deposits and withdrawals

Platinum members	Free
Gold members	Free
Standard members	Free

revised
2018/10/7

- Standard members incur a fee of JPY 108

Platinum members	Free
Gold members	Free
Standard members	JPY 108/transaction

revised
2021/1/25

- All members incur a fee of JPY 110

Platinum members*	JPY 110/transaction
Gold members*	JPY 110/transaction
Standard members	JPY 110/transaction

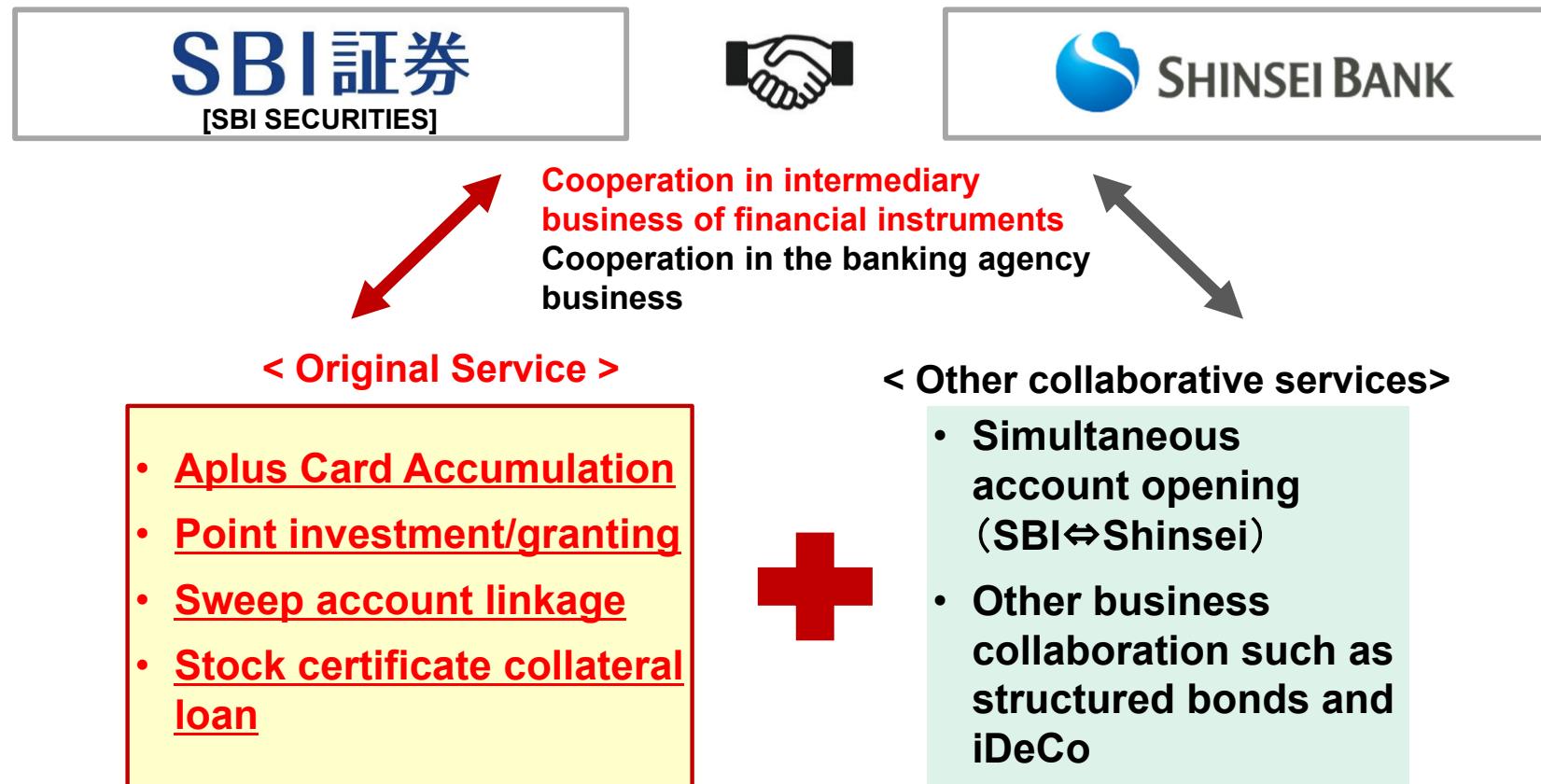
* Fees incurred for ATM usage only at Japan Post Bank, all city banks, Mitsubishi UFJ Trust Banking, Sumitomo Mitsui Trust Bank, and Shoko Chukin Bank

Initiatives to thoroughly pursue the "Customer-centric principle"

SBI SECURITIES and Shinsei Bank Begin Preparations for Full Partnership in Financial Products Intermediary Business



Thoroughly implement the Group's consistent "Customer-centric Principle" approach and provide highly convenient account services through the implementation of various measures

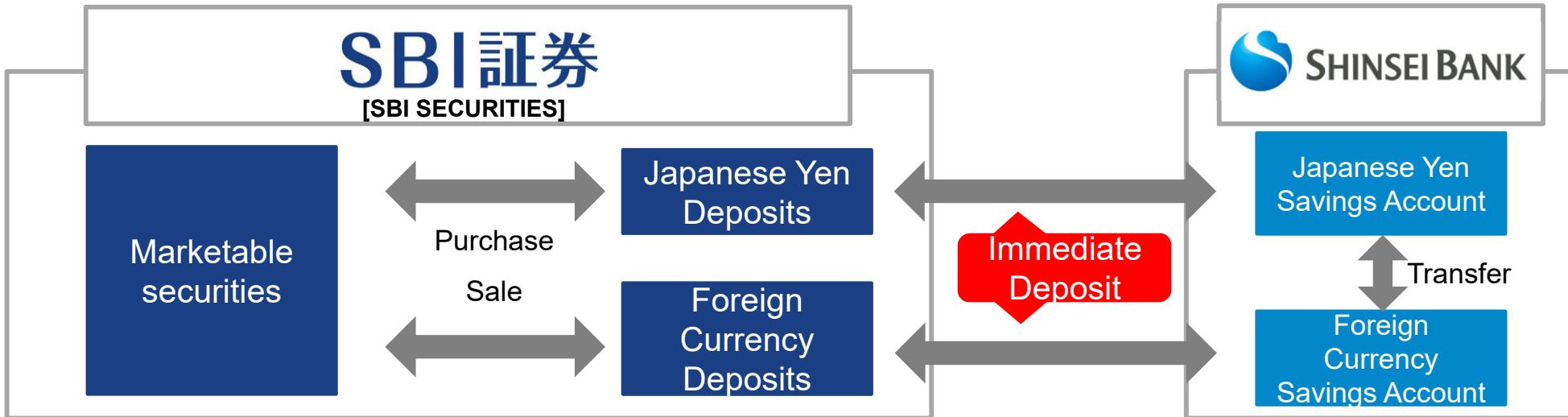


Multipoint ecosystem promoted by SBI Group will also be utilized in the alliance with the Shinsei Bank Group

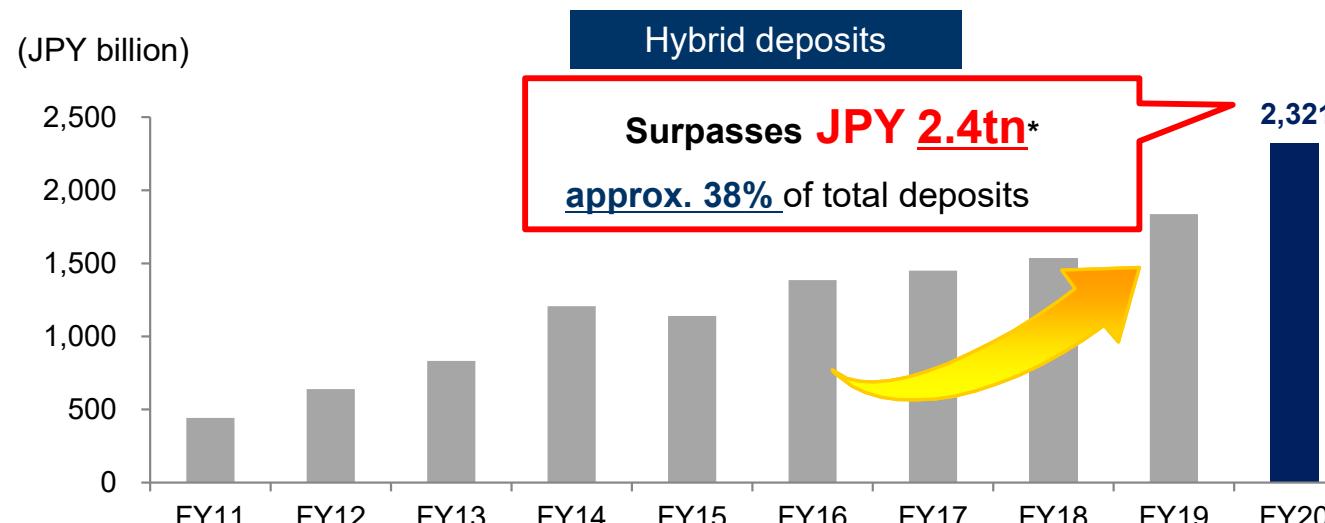
SBI SECURITIES to Become a Bank Agent and Increase its Customer Base and Deposit Volume through a System of Deposits Exclusively for the Purchase of Securities that Link Seamlessly with Shinsei bank



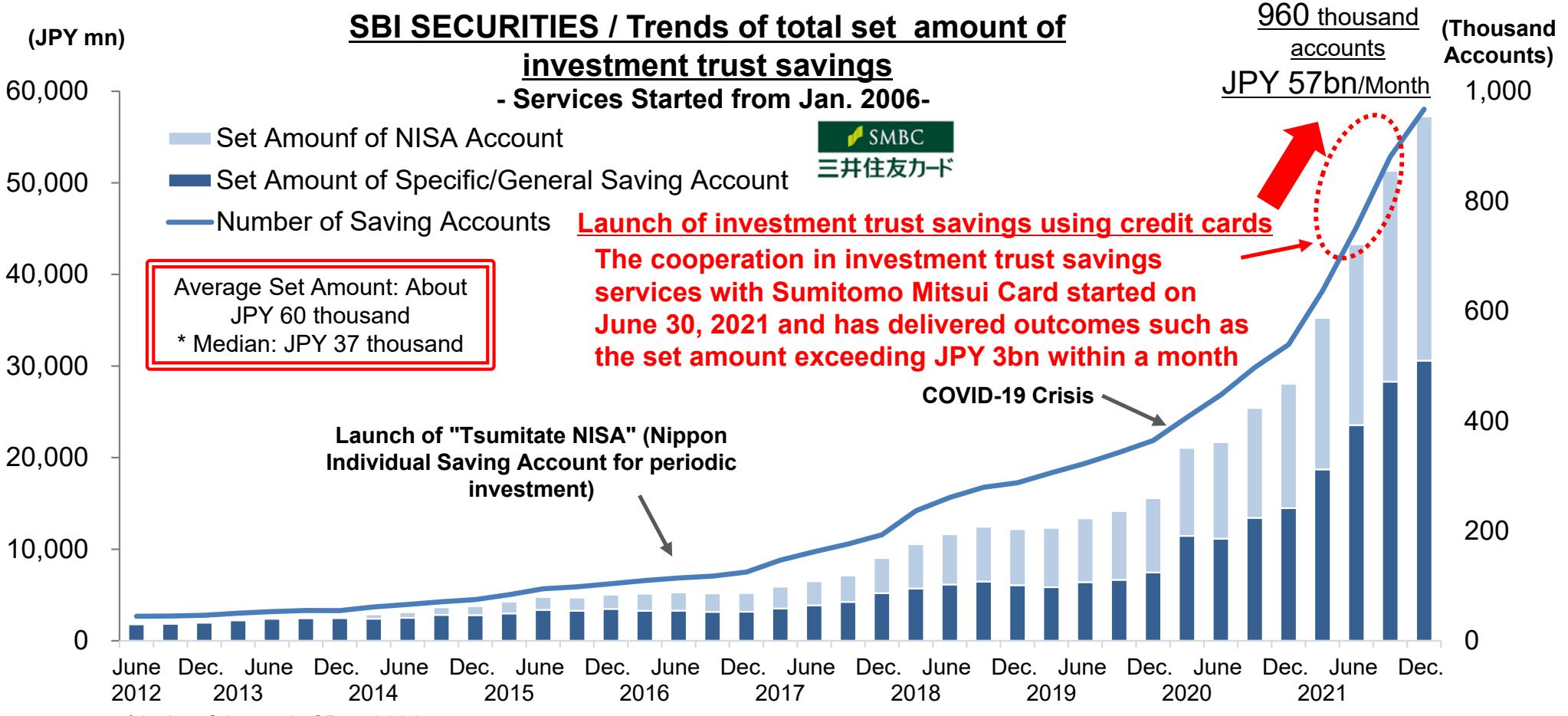
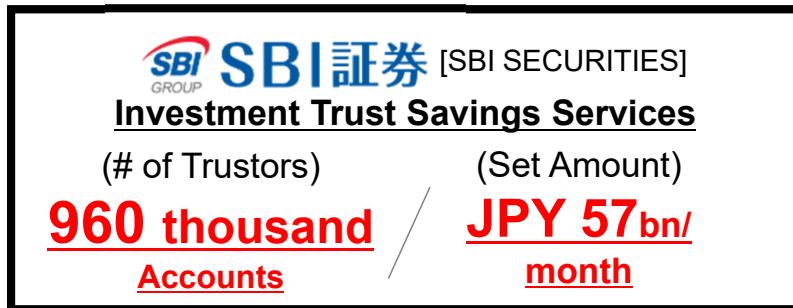
<Example of a scheme for immediate deposit linkage>



<Reference: Example of bank agency business with SBI Sumishin Net Bank>



Acquire New Credit Card Users and Enhance Settlement Amount through Credit Card Investment Trust Savings Services, which is Popular Among Retail Investors



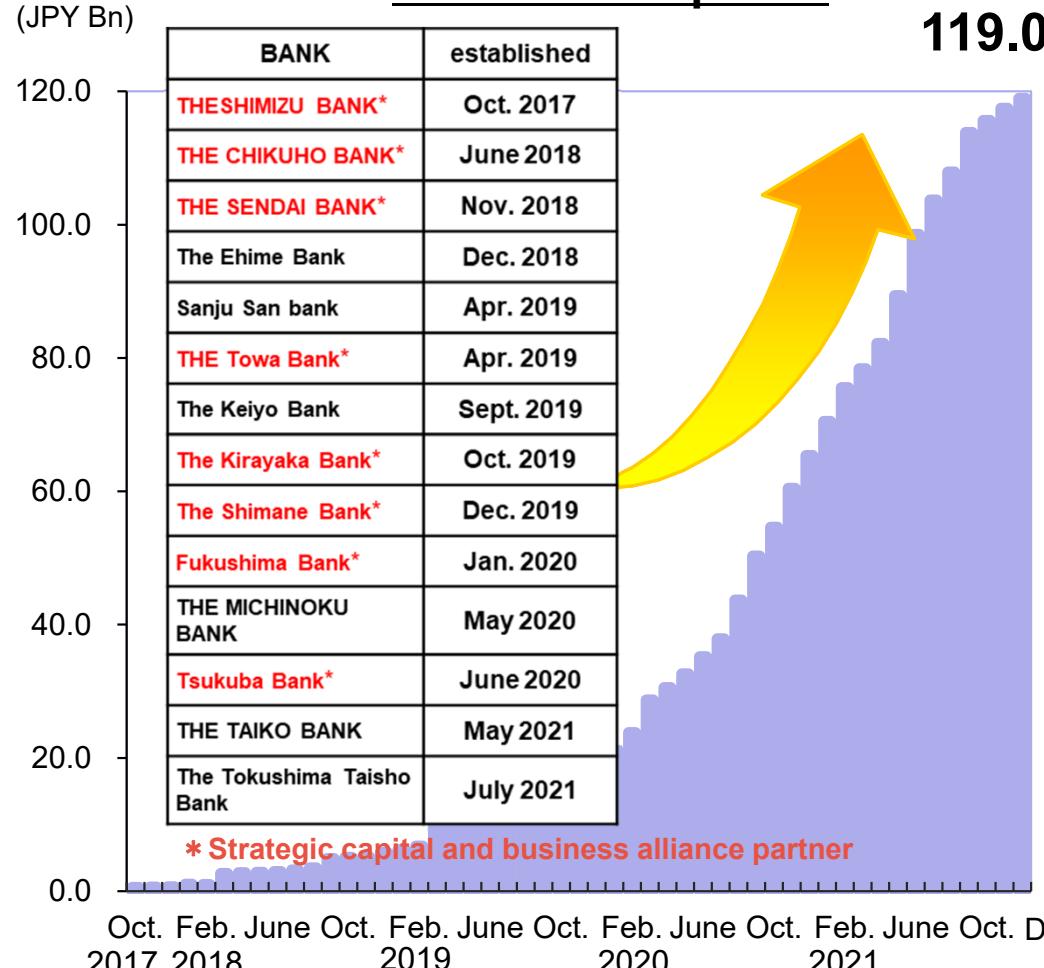
SBI MONEY PLAZA Collaborates with Shinsei Bank to Operate Co-managed Shops



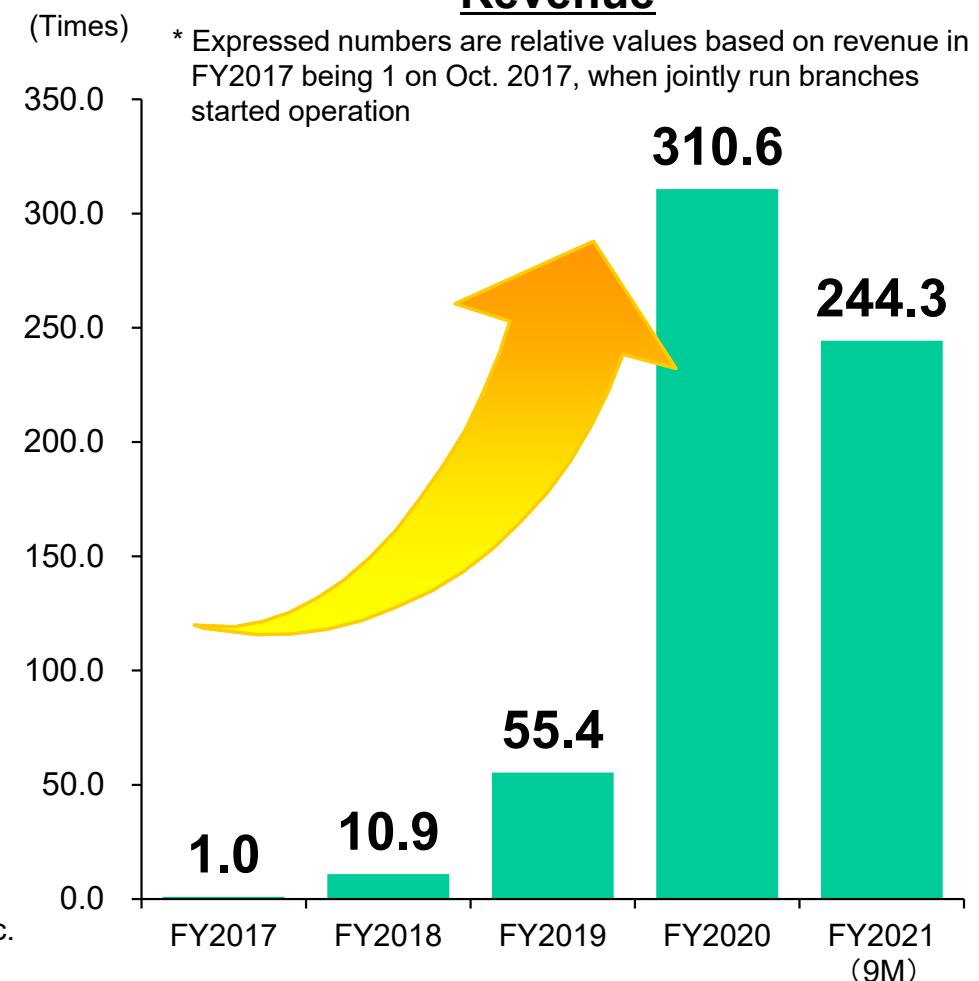
- Dispatch of Shinsei Bank Consulting Staff to co-managed shops -

Operational Performance of Jointly Running Branches with
Regional Financial Institutions of SBI MONEY PLAZA [22 Shops with 14 Banks]

Assets on Deposits



Revenue*



Create Business Opportunities for the Wealthy Class by sharing SBI Group's Customer Base, Operation Expertise and Competitive Solutions



Strengths of SBI Group



Owners of public/ private companies, board members & blue-chip small sized enterprises

Enhanced revenue from increase in loan lending opportunities

Operating expertise & competitive solutions

- #1 IPO engagement rate in industry
- #1 performance of alliance with regional financial institutions
- Inheritance & succession related business
- 17,738 clients with more than JPY 100mn of total assets in deposit

SBI マネープラザ
[SBI MONEY PLAZA]

Real estate
small trust
beneficiary
rights

SBI Leasing Services

Aircrafts/
vessel
leasing

Solar power plant



Shinsei Bank Alliance Benefits

[Expansion of lending opportunities]

- Equity-backed loan
- Real-estate backed loan
- Etc.

[Reinforcement of approach to the wealthy class]

- Reinforcement of products by provision of strategic products (IPO and general corporate bonds) of SBI



Owners of public/ private companies, board members & blue-chip small sized enterprises

Basic view 2. Form a "corporate ecosystem" and exhaustive pursuit of group synergies

The SBI Group's Vision of the Most Efficient and Competitively Advantageous Organization

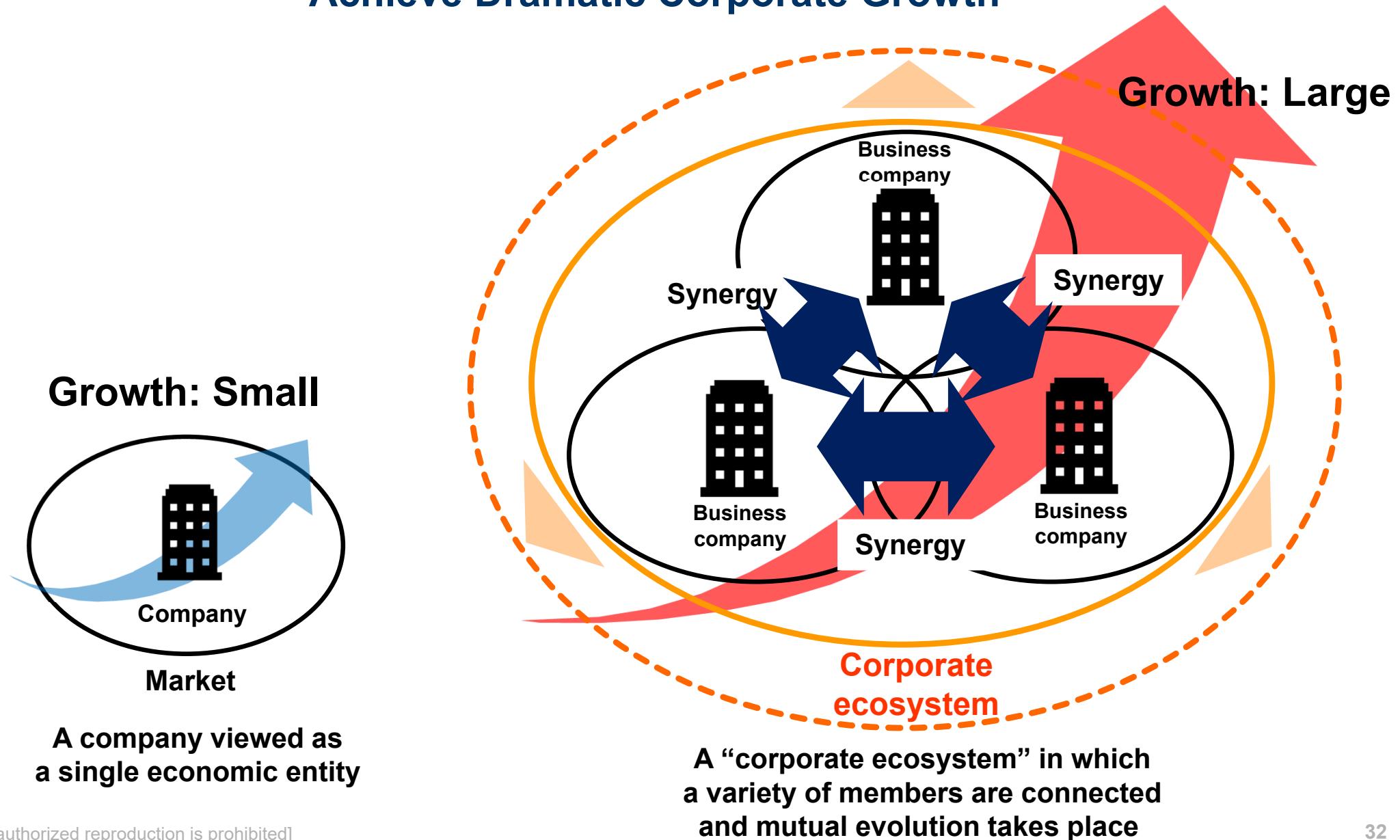
The Corporate Ecosystem

A "corporate ecosystem" is an economic community based on the interaction of organizations and individuals

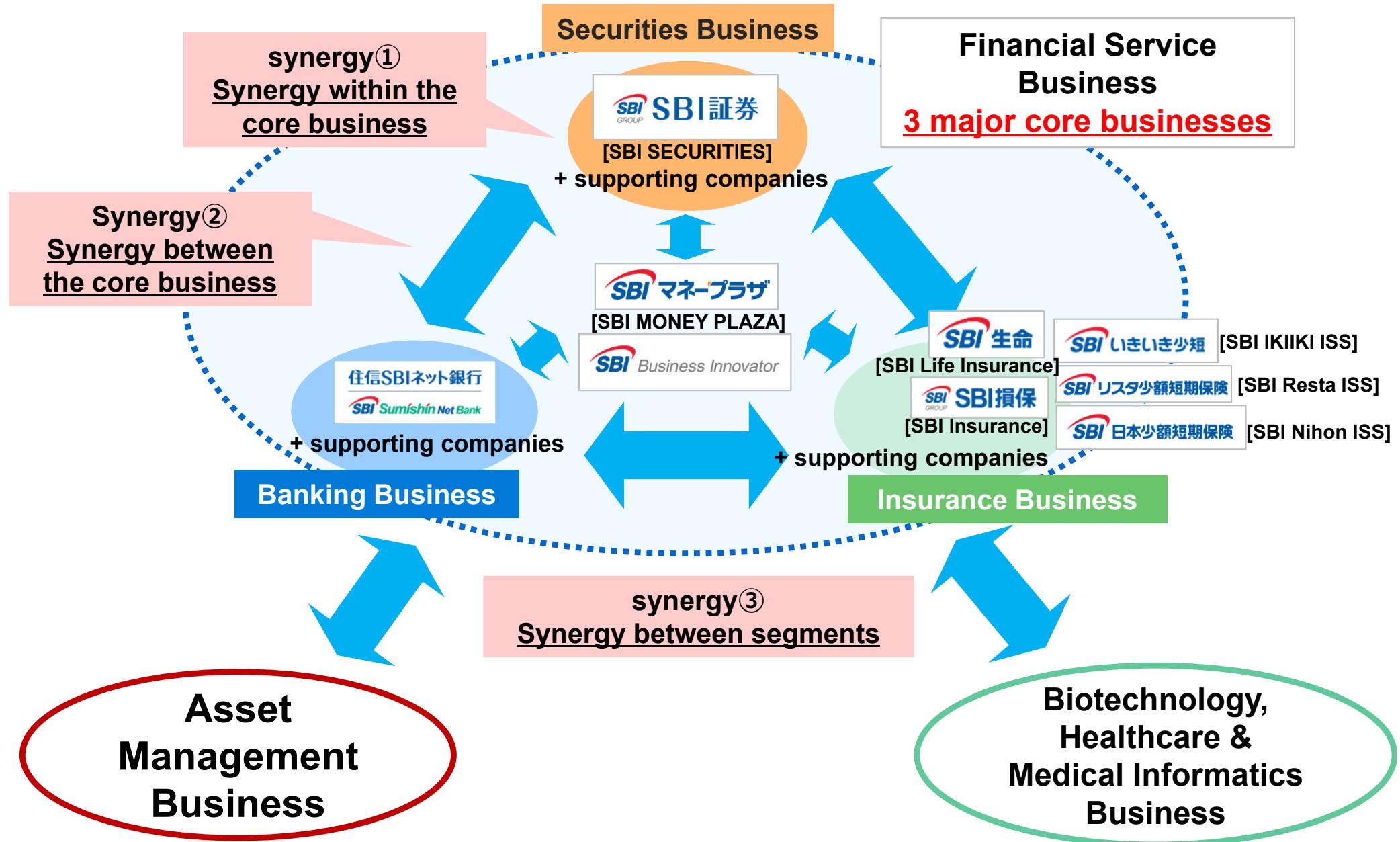


In a corporate ecosystem, a company is not just a member of one industry, but rather belongs to diverse industries. This relationship activates synergies and stimulates mutual growth

The Formation and Development of a Corporate Ecosystem will Promote Positive Synergies Among the Constituent Companies and Create a Process of Mutual Evolution with Each Market to Achieve Dramatic Corporate Growth



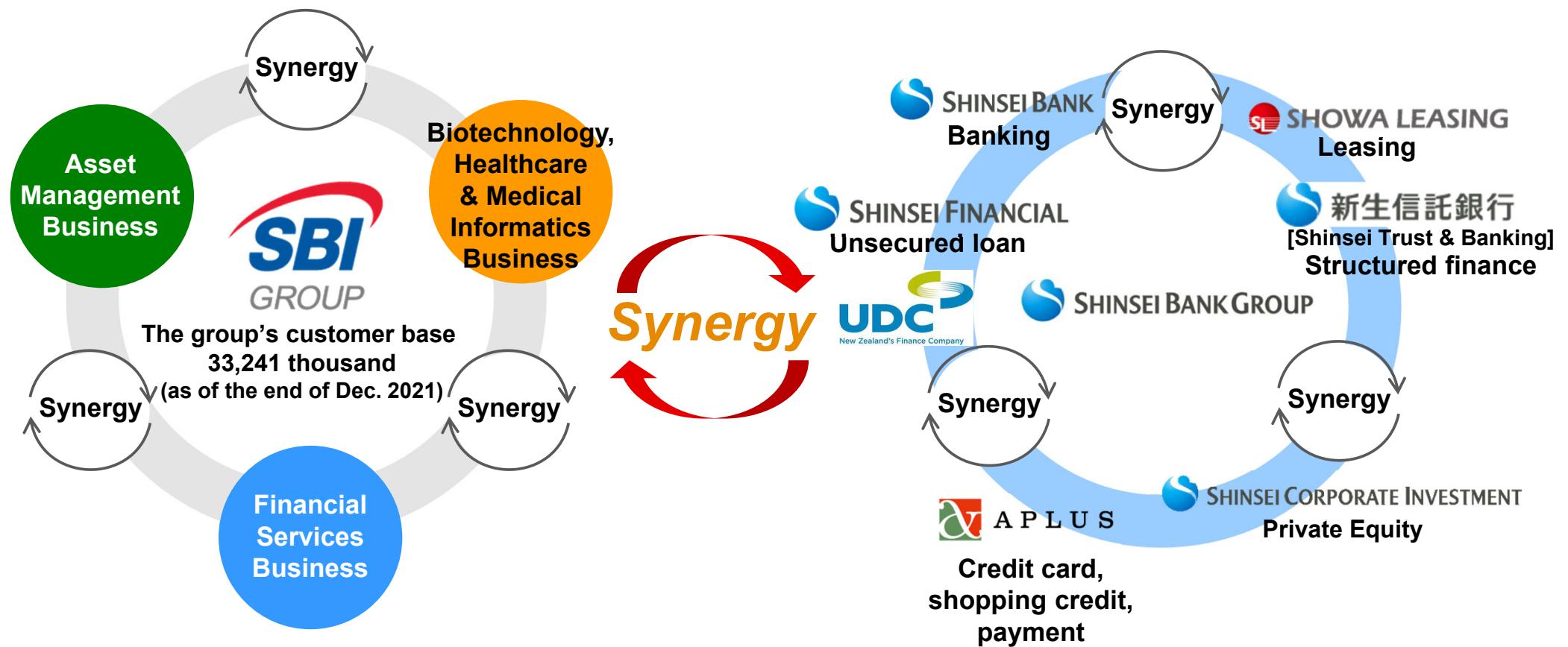
The SBI Group has Achieved Rapid Growth by Exhaustively Pursuing Various Synergies in and out of the Group



Thoroughly Pursue Synergies within the Shinsei Bank Group



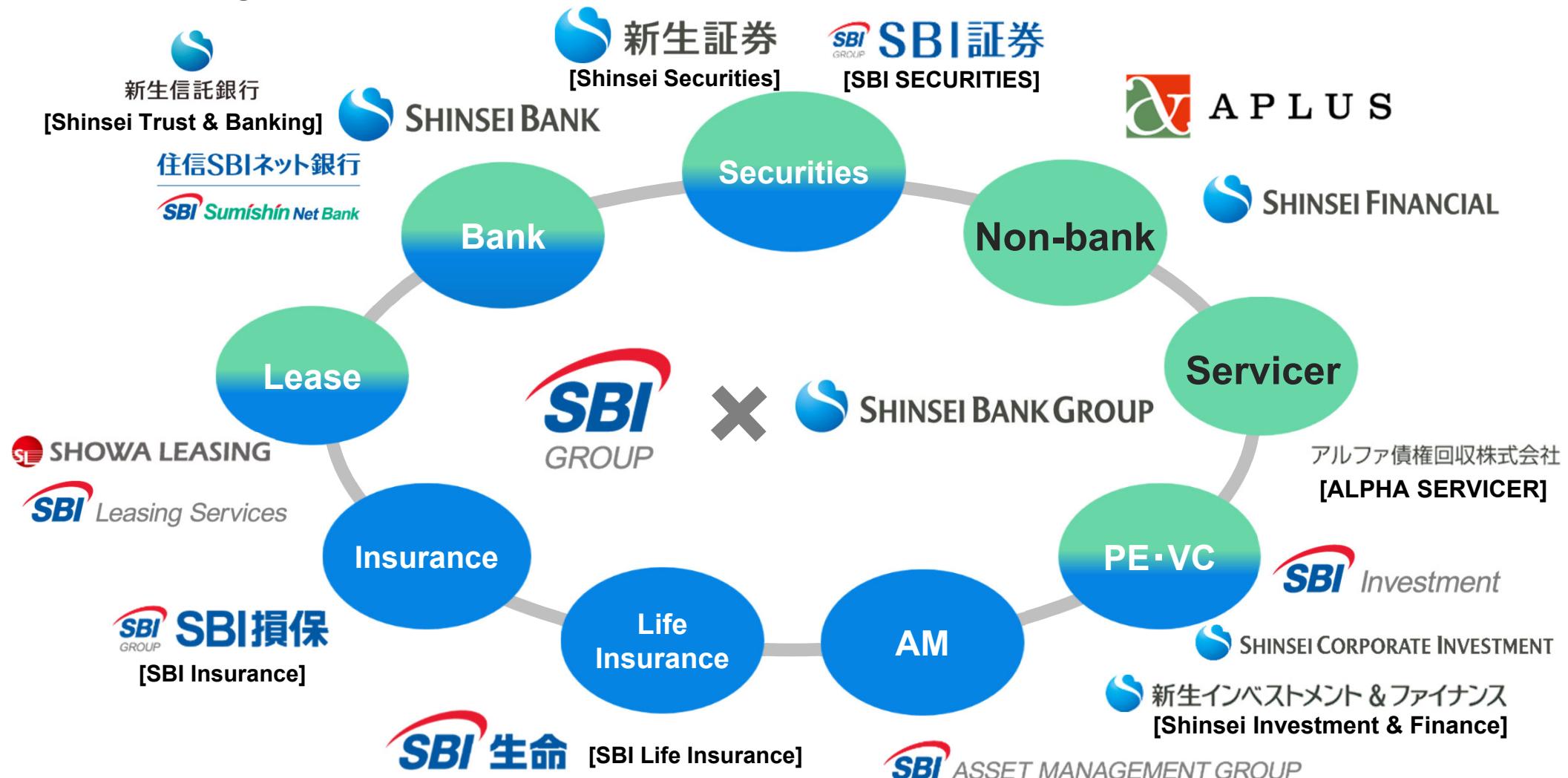
It is important not only to achieve synergies between the SBI Group and the Shinsei Bank Group, but also to strengthen synergies between businesses within the Shinsei Bank Group



SBI Group and Shinsei Bank Group Have a Mutually Complementary Relationship



The SBI Group has strengths in online securities and asset management businesses, while the Shinsei Bank Group has strengths in consumer finance-related businesses, including card loans, and structured finance businesses, which complement each other



Organically combine the management resources of both groups to become a larger and more competitive integrated financial group

Efforts to achieve synergies in the following areas between the SBI Group and the Shinsei Bank Group

- 1. Market investment business**
- 2. Overseas business**
- 3. Group management**

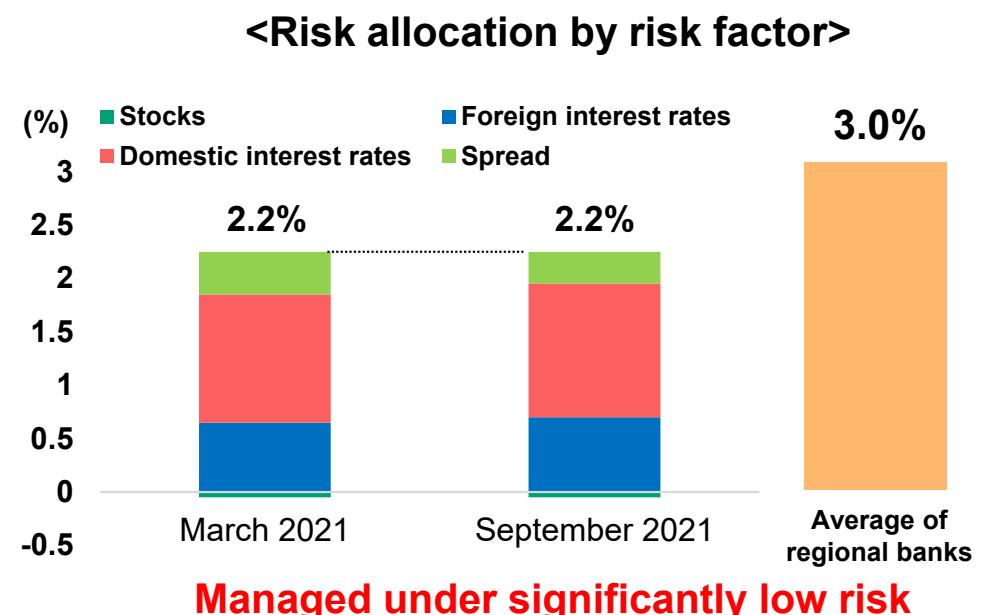
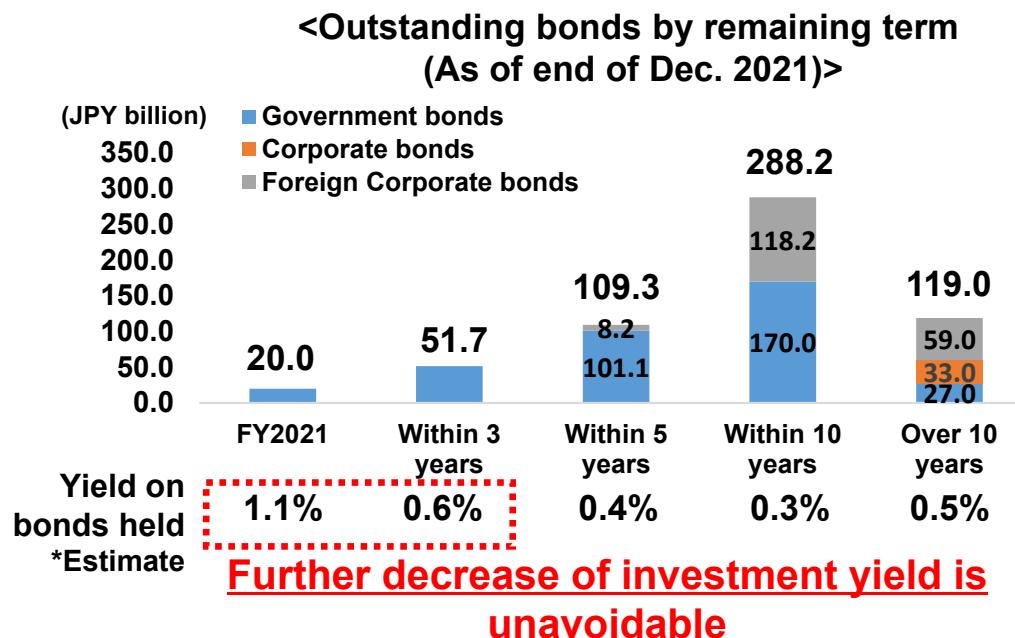
1. Market investment business

Measures To Improve the Profitability of Fund Management of Shinsei Bank by Utilizing SBI Asset Management Group's Expertise

<Current situation of Shinsei Bank>

- Standard management portfolio consisting of government bonds (including held-to-maturity securities), corporate bonds, and foreign bonds with a very small proportion of stocks. Therefore, the latest investment yield (as of end of Dec. 2021) is as low as 0.56% because of low-risk investment
- Although redemption of bonds with high yield will come within the next 3 years, lower investment yield can be expected if the current yen bond focused investment continues
- Cash deposits as much as JPY 1.8tn on B/S, with investment balance about JPY 900bn (as of the end of Dec. 2021)

Can afford to rebalance the management portfolio by achieving both sophistication of risk management and enhancement in management profitability



Collaboration in Market Sales and Treasury

- SBI Liquidity Market has counterparties from **31 major financial institution in Europe, the U.S., and Japan**, and handles a wide variety of foreign exchange flows. Based on its abundant trading liquidity, it can **provide foreign exchange trading opportunities with competitive spreads**
- More opportunities for comparison among Shinsei Bank's FX trade counterparties, thereby reducing FX trade costs compared to the past.

Abundant trading liquidity in foreign exchange
 (total annual FX trade value will **exceed \$10tn** in FY2020)

Offers the industry's narrowest spreads, such as 2 pips* for the dollar-yen spread

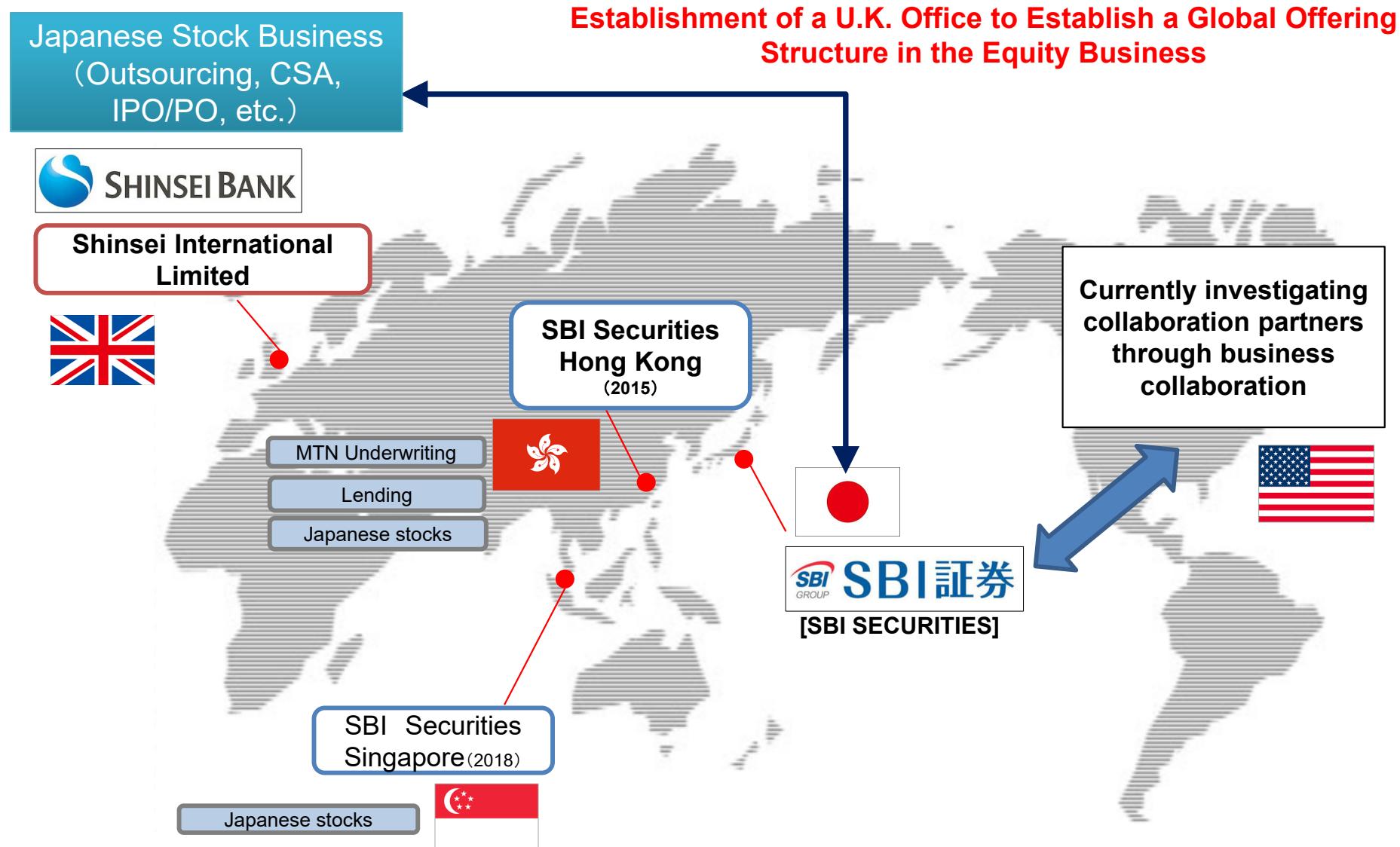
* 2 pips= 0.02yen



2. Overseas business

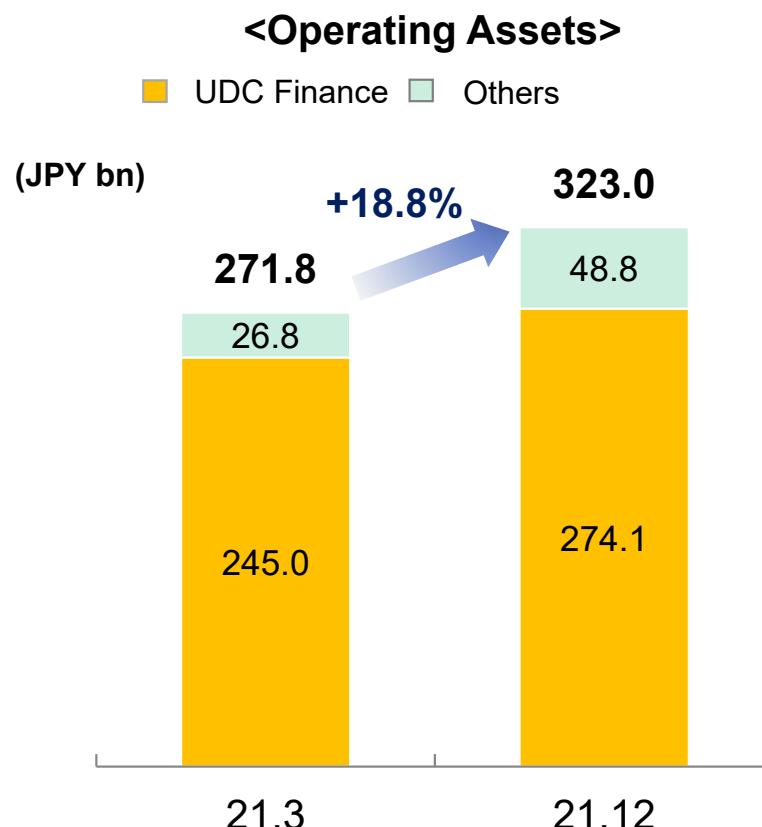
SBI Securities Expands Domestic and Overseas Stock Business Through Collaboration and Partnership with Overseas Offices of Shinsei Bank Group

- Strengthening the Japanese equity business overseas with the Shinsei Bank Group's U.K. base at the core -



SBI Group and Shinsei Bank Group are Actively Pursuing Domestic and Overseas M&As in the Non-banking Sector in Close Collaboration with Each Other

Acquired by the Shinsei Bank Group in Sept. 2020, **UDC Finance Limited** (Auckland, NZ) boasts a robust operating foundation and system of individual and corporate clients plus strengths in auto loans for individuals, asset-backed financing for corporations (in transportation, forestry, and construction industries), and inventory finance for auto dealers, making it the largest nonbank in New Zealand.

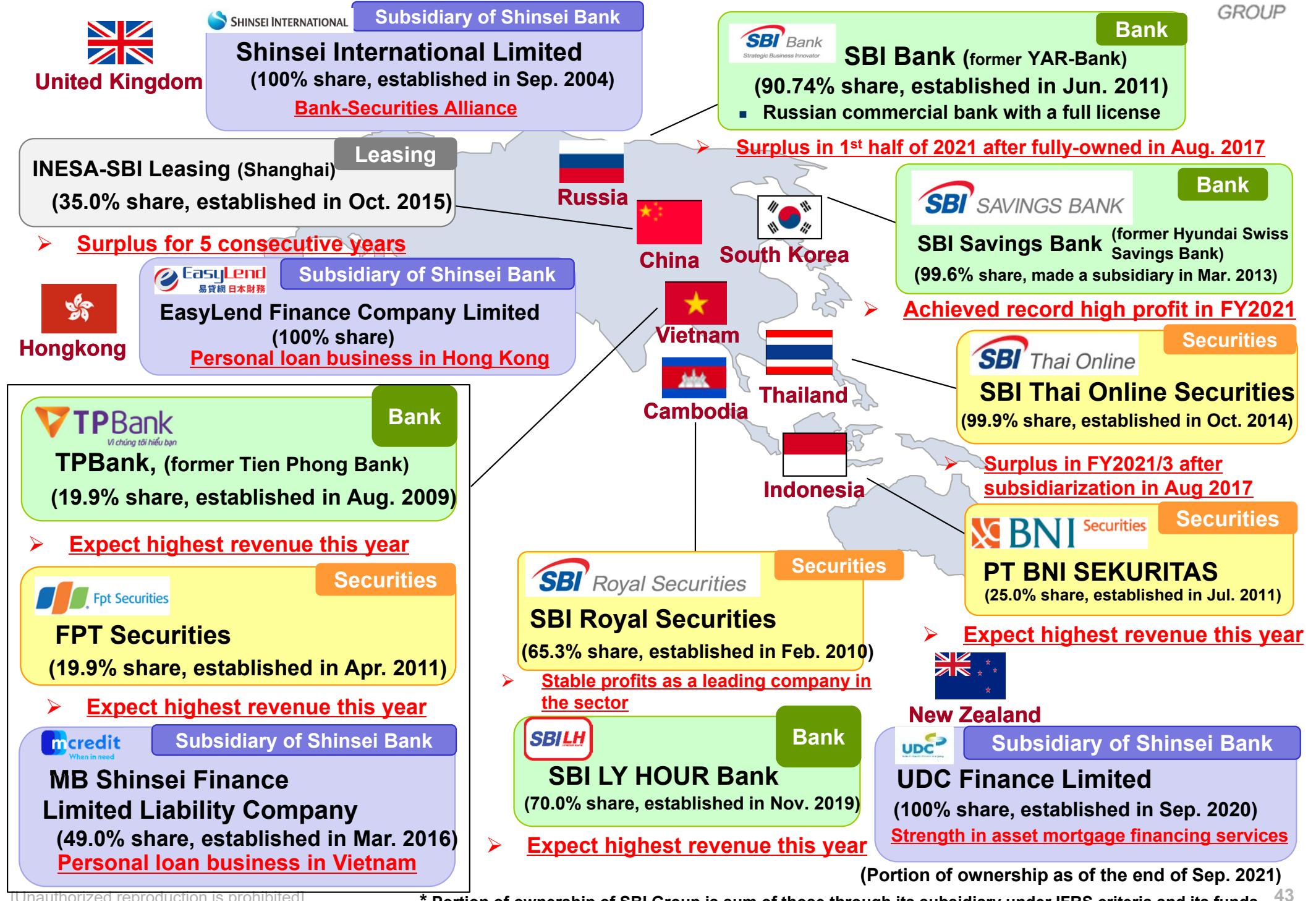


	Overseas business ¹	20.4-12	21.4-12
		UDC Finance	UDC Finance
Interest income	-0.2	4.3	2.9
Non-interest income	3.0	4.1	4.7
Gross operating profit	2.7	8.5	7.6
Expenses	-1.0	-4.2	-3.0
Net business profit	1.7	4.2	4.6
Credit costs	-0.2	0.2	0.4
Credit costs	1.5	4.5	5.0
Net business profit after additions			

¹ UDC Finance revenue recognition within the Shinsei Bank Group started in Q4 of FY2020

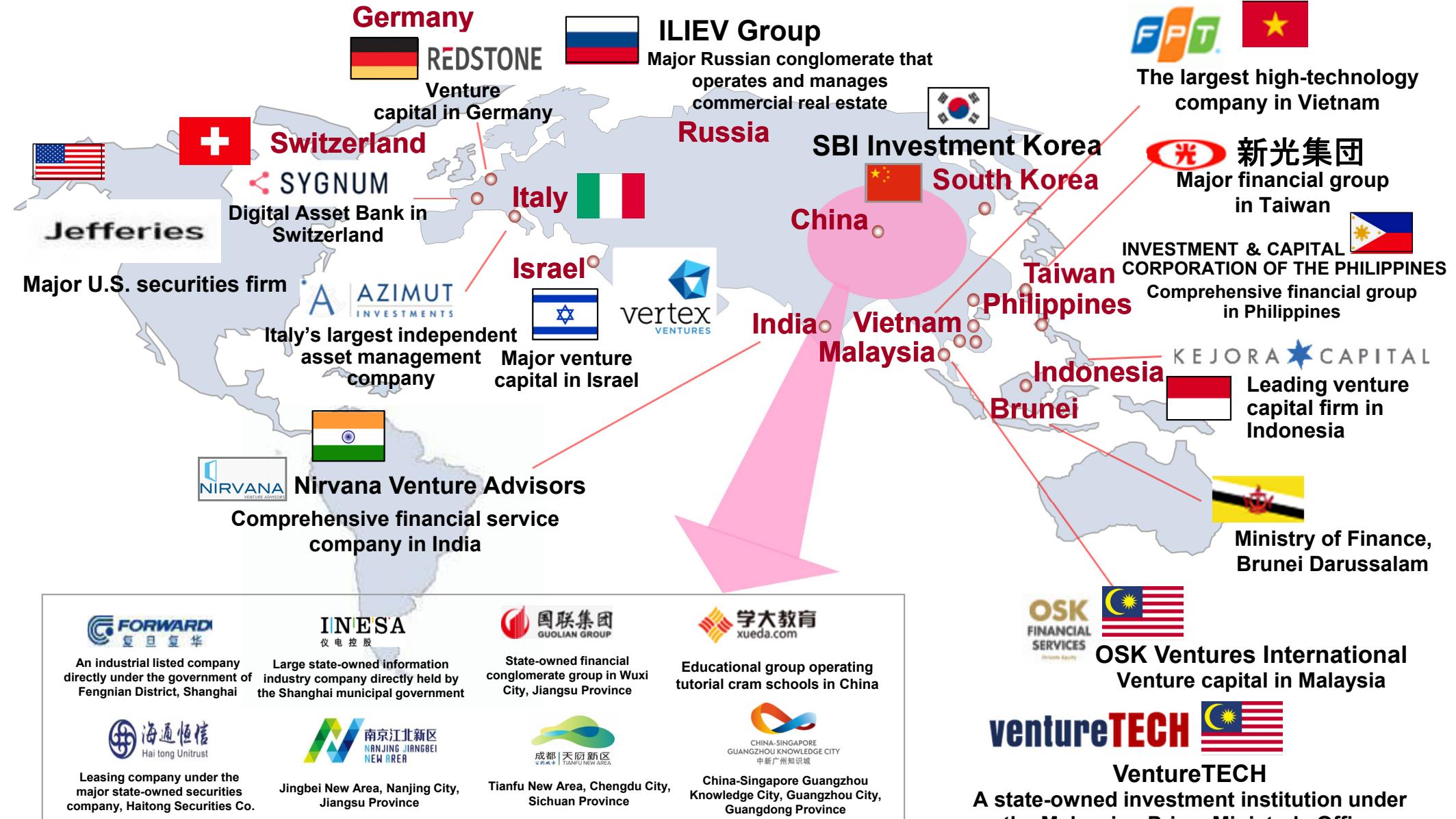
2. Overseas Business

Expand Overseas Business Infrastructure of Shinsei Bank by utilizing the Network of SBI ①



Expand Shinsei Bank's Overseas Business Base by utilizing SBI Group's Network ②

[SBI Group's overseas PE business]



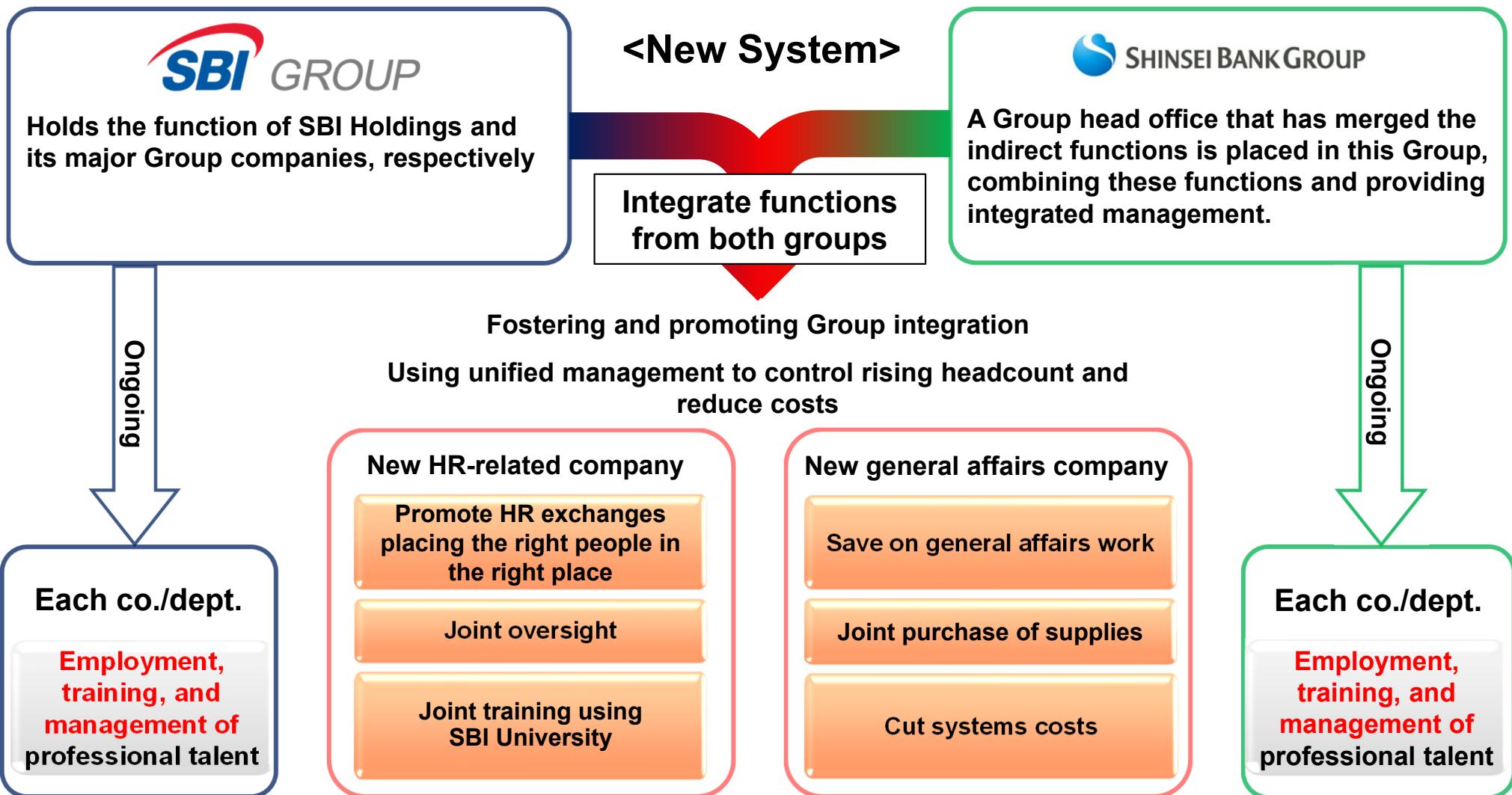
3. Group management

- (1) Integrate indirect departments, such as general human resources and general affairs, while retaining functions related to professional human resources in both groups**
- (2) Establish an integrated legal compliance system and risk management system for the entire group, while giving maximum consideration to the independence of Shinsei Bank**
- (3) The Following Administrative Divisions have also Established Cooperative Systems in Their Respective Business Areas**

(1) Functions for Professional Talent Left With Both Groups, While Integrating Indirect Departments Including General Personnel and General Affairs



While the employment, training, and management of professional talent has been preserved in each company and department until now, the indirect functions of general personnel and general affairs are managed uniformly and with greater efficiency in a new company that consolidates the resources of the two groups



(2) Construct Integrated Legal Compliance System and Risk Management System with a Holistic View of the Group, While Giving Utmost Attention to Shinsei Bank's Independence

Legal compliance system

For the Shinsei Bank Group's three main companies (Showa Leasing, APLUS, Shinsei Financial), concentrate the compliance function in a virtual group head office and manage other group companies individually – **joining the SBI Group's compliance management system is under consideration**

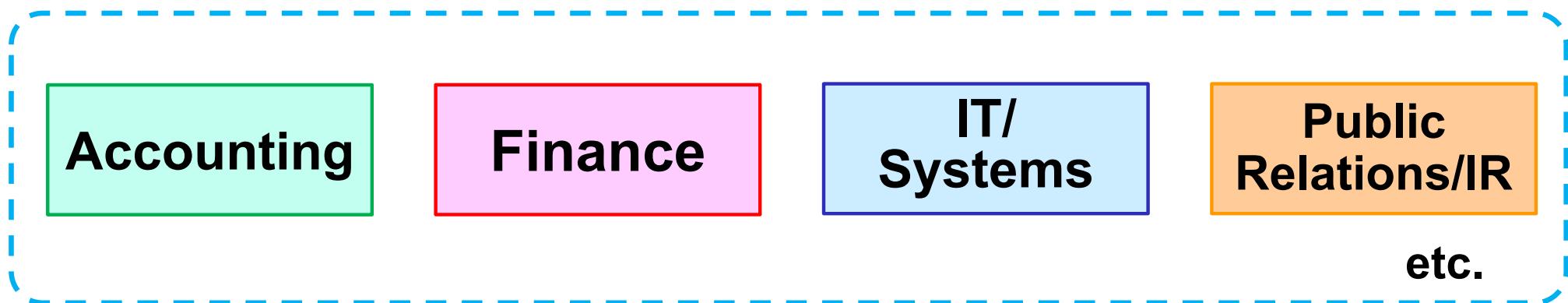
While considering the Shinsei Bank Group's independence, start info-sharing and HR exchange at the legal department – **seconding of legal employees to the SBI Group is under consideration**

Risk management system

In conjunction with the merger of the two groups, **and while expanding the range of operations for the groups overall to strengthen the risk management system, designate an officer in charge of Group risk management and start migration to risk management and related corporate management systems that cut across the SBI Group overall**

(3) The Following Administrative Divisions have also Established Cooperative Systems in Their Respective Business Areas

- The following administrative divisions have also established cooperative systems in their respective business areas to build unity
- Evaluate the content of each operation and consider consolidating and integrating overlapping operations to improve efficiency in the future



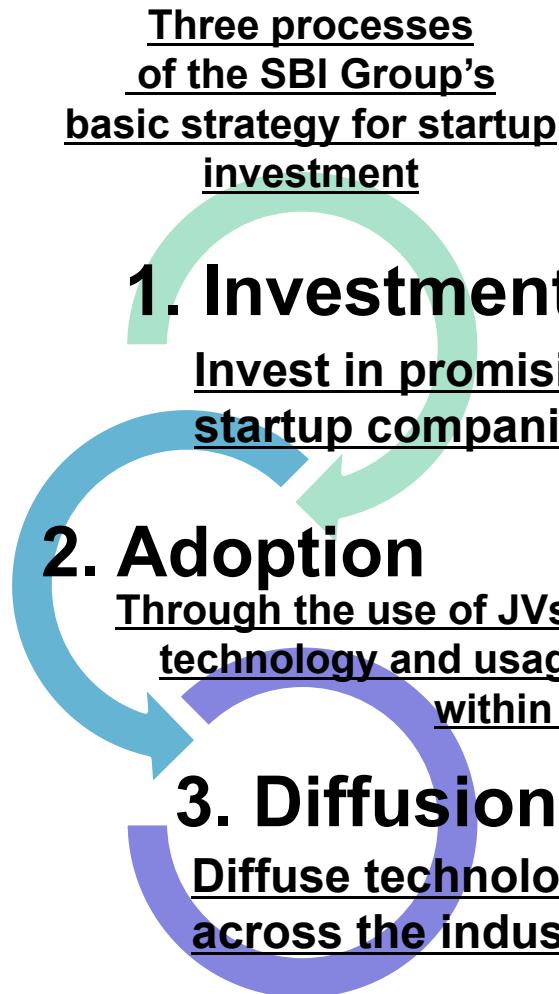
In the area of accounting, consulted with auditing firms (Deloitte Touche Tohmatsu is the accounting auditor for both companies) to support consolidated accounting under International Financial Reporting Standards (IFRS) through a collaborative system that includes the use of external resources

Basic view 3. Thorough devotion to innovative technology

- Incorporating advanced technology through "investment" as an entry point -

SBI Group's Basic Concept of Startup Investment Process

- Expand business by leveraging technological superiority to quickly capture technological advances -



Mechanism within the SBI Group

Investment business in private equity business centered on SBI Holdings and SBI Investment

- Focused investment strategy specializing in growing fields
- Providing capital, knowledge and strategies

Financial Services Business

- Fintech 1.5: Start utilizing Web-based blockchain by leveraging the existing corporate ecosystem
- Fintech 2.0: Develop proprietary blockchain applications

All businesses in the SBI Group

- Establish subsidiaries and affiliates providing new technologies, etc.
- Strengthen alliances with companies outside of the Group

SBI Investment Aggressively Invests in Asia, America, and Europe, as Well as in Japan

- Invested in 1,053 companies since inception through management funds, of which 180 (17.1% of investee companies) have already exited through IPO or M&A -

Cumulative number of investee companies
1,053

Domestic	Overseas
847	206

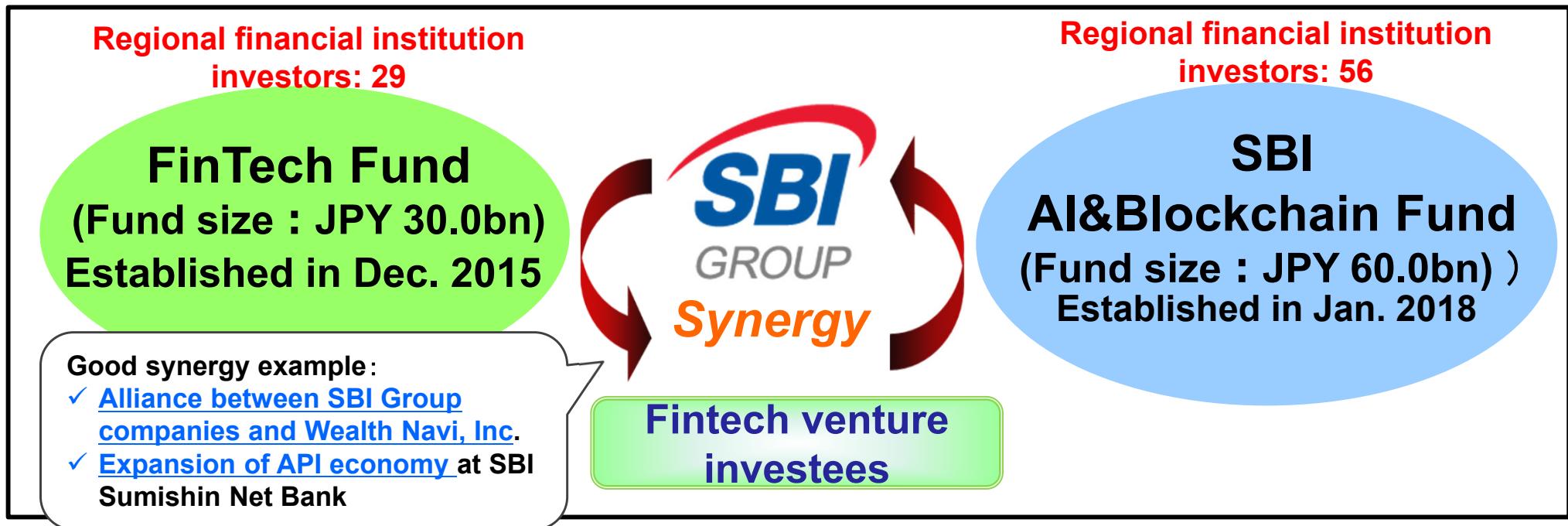
Cumulative total number of EXIT companies
180

Domestic	Overseas		
IPO	M&A	IPO	M&A
103	17	33	27

(As of December 31, 2021 ; Unit: Companies)



Concentrated Investment in Fintech and Other Fields Through Two funds Established by SBI Investment



<Investment results>

Investment of approx. JPY 78.0bn into 171 companies has been decided collectively from the two funds. Investment of approx. JPY 127.0bn has been decided, including co-investment by SBI Holdings, etc. The FinTech Fund: approx. JPY 25.5bn / SBI AI&Blockchain Fund: approx. JPY 52.5bn / Co-investment from SBI Holdings, etc.: approx. JPY 49.0bn

<Exit results to date>

IPO: 20 companies, Private placements to third parties: 9 companies

Achieve a virtuous cycle of investment by simultaneously recovering investments in the fintech area, which we have been focusing on since 2015, and making full-scale investments from newly established funds

In April 2021, the SBI 4+5 Fund Became One of the Largest Funds in Japan, Managing JPY100 bn to Further Expand Investment in AI, Blockchain, and DX-related Fields, which will Become Core Industries for the Next Generation

SBI 4+5 Fund

GP:  *SBI Investment*

(Official name : SBI 4&5 Investment Limited Partnership, SBI 4&5 Investment Limited Partnership No. 2)

■ Investment Target Area :

In addition to fintech, AI, and blockchain, focus on 5G, IoT, and big data as core technologies that will contribute to the realization of "Society 5.0 for SDGs", robotics that will promote "Industry 4.0", and other innovative technologies and services in a wide range of industries such as healthcare (medical and nursing care), infrastructure (transportation and energy), food, and agriculture. Innovative technologies and services in a wide-range of industries, including healthcare (medical and nursing care), infrastructure (transportation and energy), food and agriculture.
Also, impact investing related to green innovation and ESG awareness, and areas that match the trends of the times, including the metaverse and WEB 3.0

Over 200 investors participating, including more than 50 regional financial institutions, institutional investors, leading financial institutions, and leading operating companies

Basic view 3. Thorough devotion to innovative technology

Fully Utilize the Knowledge Gained Through the SBI Group's Extensive Investments in the Fintech Field for Business Development



Key portfolio companies

Blockchain / Crypto-asset	Marketing / Media	Insurance	Digital Bank	Robotics / Autonomous driving	Real estate tech
r3. bitFlyer veem startbahn @SECURITIZE SBINFT ABRA Liquid coinplug SYNQA XREX	compareAsia Group AI CROSS SHOWROOM every.tv CyberBuzz AI MediaGroup WILL.GATE	PORT INC. CHANNEL Repro Goodpatch	KAIZEN PLATFORM Engate TwitCasting PasarPolis	ELEMENT wefox justincase PasarPolis	kuda. tide Kyash
Accounting / PFM / Banking API	Inbound / Cross Border EC		Sharing Economy		Space
mono FLOWACCOUNT.COM TOKEN cleo. MARCO POLO NETWORK finbee Moneytree	Inagora WOVN.io Payke	WAmazing	Instabase alice STYLE SPACEMARKET	WHILL New Innovations Rapyuta Robotics Ascent MELTIN	LendingHome iYELL HABITO WealthPark
Accounting / PFM / Banking API	Robo-Advisor etc.	AI / Bigdata		Lifescience / Healthcare / Bio	
amartha SimpleFinance oradian° 陆金所 taralite VENTENY APOLLO AGRICULTURE Crediation olta Gojo & Company, Inc. SoFi divido pipe	WealthNavi お金のデザイン DriveWealth etoro AML/CFT ELLIPTIC onfido	GiXo RPA HOLDINGS TREASURE ABEJA Empath COGENT LABS gowid 金融壹账通 ONECONNECT KOKOPELLI cinnamon GenericSolution 丽トリバ LPIXEL EXAWIZARDS LEAPMIND LawGeex tamr DeepX SILOT SKYDISC FinLeap MINKABU THE INFONOID	AI inside ANTWORKS metro engines primeNumber JX通信社 DataRobot Gorilla FunPep	Allm SHAPING HEALTHCARE Spiber K Pharma Heartseed SONIRE THERAPEUTICS Holoeyes MOLCURE ATONARP CureApp GlyTech, Inc. innovacell iHeart VENENO TECHNOLOGIES ユビ- SUSMED Sustainable Medicine	
Crowdfunding / M&A					
CAMPFIRE CROWD CREDIT TRANBI					
EC / Settlement	IoT / Security	IT / DX		Agritech	
BASE Rapyd hey gojek Sendo ユビレジ Currencycloud e6 Waquo bring ELEMENTS Ralali.com Creema pady CoCo Gourmet KAUCHE Infcurion PayKey SureCash	Global Mobility Service CSC CYBER SECURITY Photosynth closip Cacco inc. ENABLER EVERSPIN aptpod Blue Planet-works EAGLYS QUADRAC	VISIONAL neocareer GROUP sansan ProjectCompany Writeup! ABCash Technologies VALTES FOR QUALITY CONFIDENCE SIRU+ TECOTEC	JOLLY GOOD! ThInca Dr.JOY ピクシーダストテクノロジーズ BEGIN manebi asta muse company KEPPLE Create New Industries WhereIsMyTransport CADDI manebi manebi	DESAMIS PLANET TABLE Environment Partner 農業情報設計社 UniFa Timee Dr.JOY ECBO square, 3rd Company for Smart Agriculture IZUMI GROUP Puma Browser HACHIMENROPI FOODISON A RENT Asterisk Inc. unilabo	
Environmental Energy				Semiconductor	
みむぎ電力 ELIIY Power ASF				TMH Technology Values Happiness	

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SBI Group and Shinsei Bank Group will Mutually Collaborate on Investment Opportunities, Promote Network Expansion and Strengthen Full Hands-on Venture Company Support System

- Pursue synergies from economies of scale with a view to consolidating and integrating the private equity businesses that overlap between the two groups -
- Strengthen mutual competitive advantage by **sharing investment opportunities in client companies of regional financial institutions** with which the SBI Group has tie-ups, and by **sharing the SBI Group's wealth of information and investment expertise**
- SBI Group has a track record of **co-investment with more than 30 regional financial institutions** aside from its capital and business partners

Sharing of investment expertise

SBI Investment

Sourcing 2,350 companies,
due diligence 415
companies, investment
execution 78 companies
in FY2021

Venture Capital
Investment

Buyout

Real Estate

Shinsei
Corporate
Investment

Shinsei
Investment
& Finance

Sharing of business
expertise

Management
Consulting

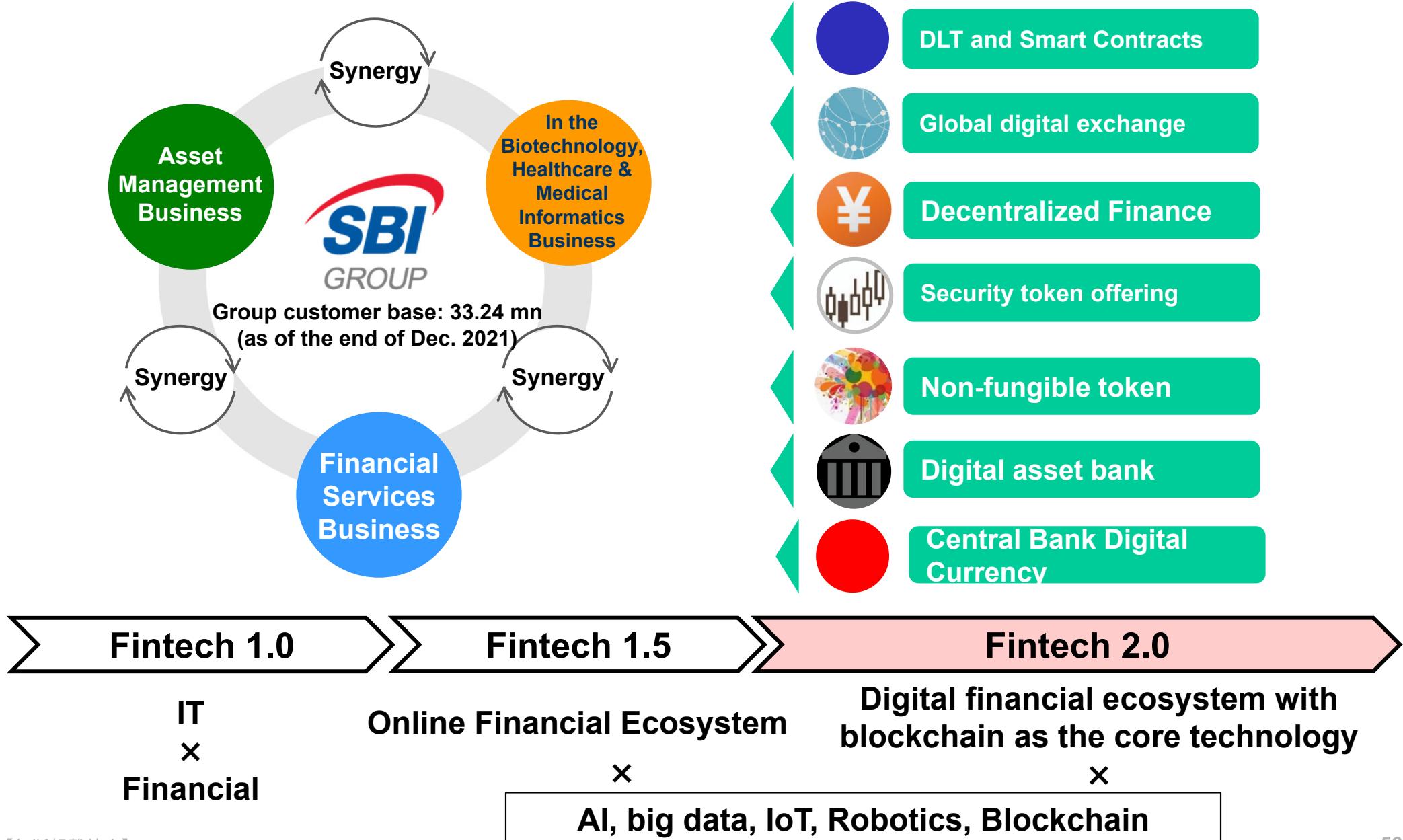
Temporary employee
placement

Debt financing

Keystone
Partners, Inc.
(An equity method
affiliate of the company,
investment ratio: 33.4%)

Shinsei Bank Group, as a Member of SBI Group, Endeavors to Engage in Businesses in the Digital Space, Especially Digital Asset Banking

- The SBI Group will transform itself into a new digital financial ecosystem by organically combining new technologies with the online financial ecosystem that it has cultivated since its establishment in 1999 -



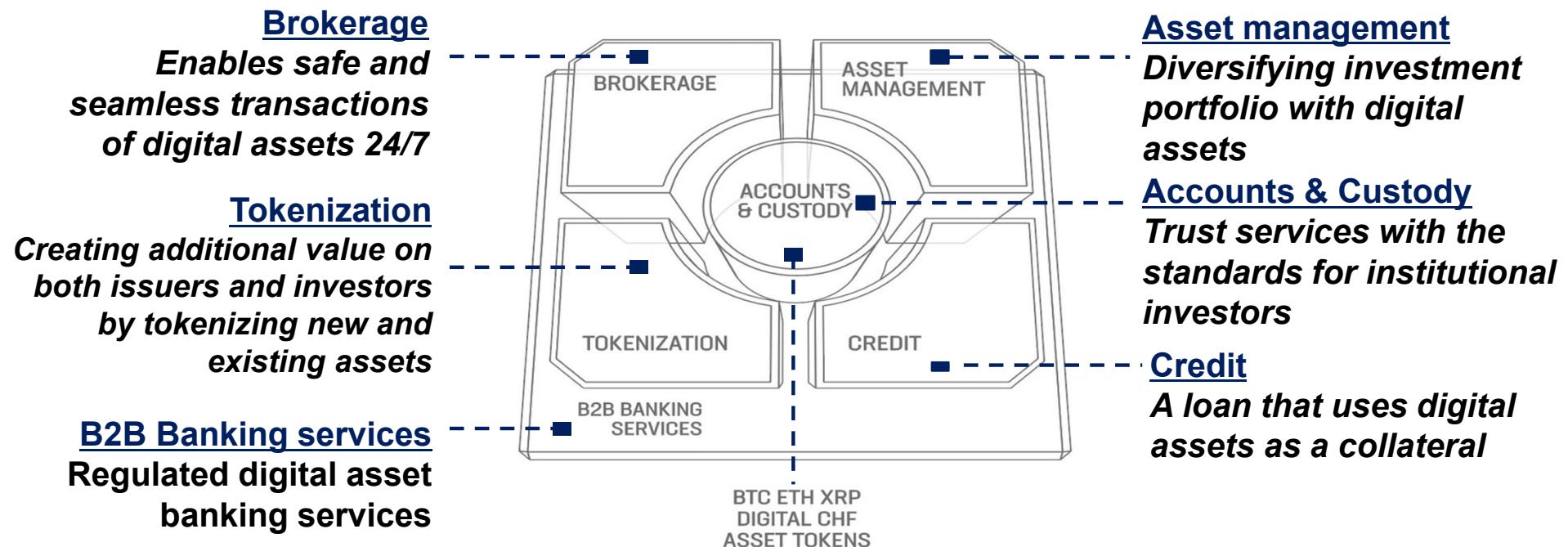
Digital Asset Banking - A New Business Model

- In the Fintech 2.0 era, where digital assets play a major role in the expression of value, blockchain-native banks that can handle digital assets (digital asset banking) are essential -

SYNUM Example of Swiss Synum Bank

With a wealth of knowledge about digital assets, Synum is the world's first digital asset bank established in 2019 and is licensed by Swiss financial authorities, operating as a licensed asset management company in Singapore

Various digital asset related services that the Synum Bank offers



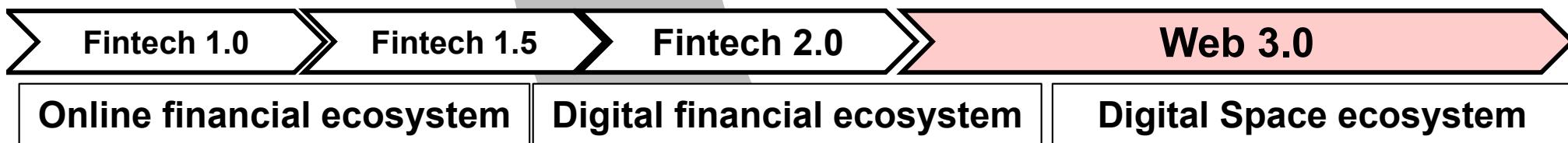
Initiatives for the Web 3.0 Era that the SBI Group Undertakes to Achieve Sustainable Growth

Realization of varieties of businesses in the Digital Space

- Accelerated digitalization in all areas of society -

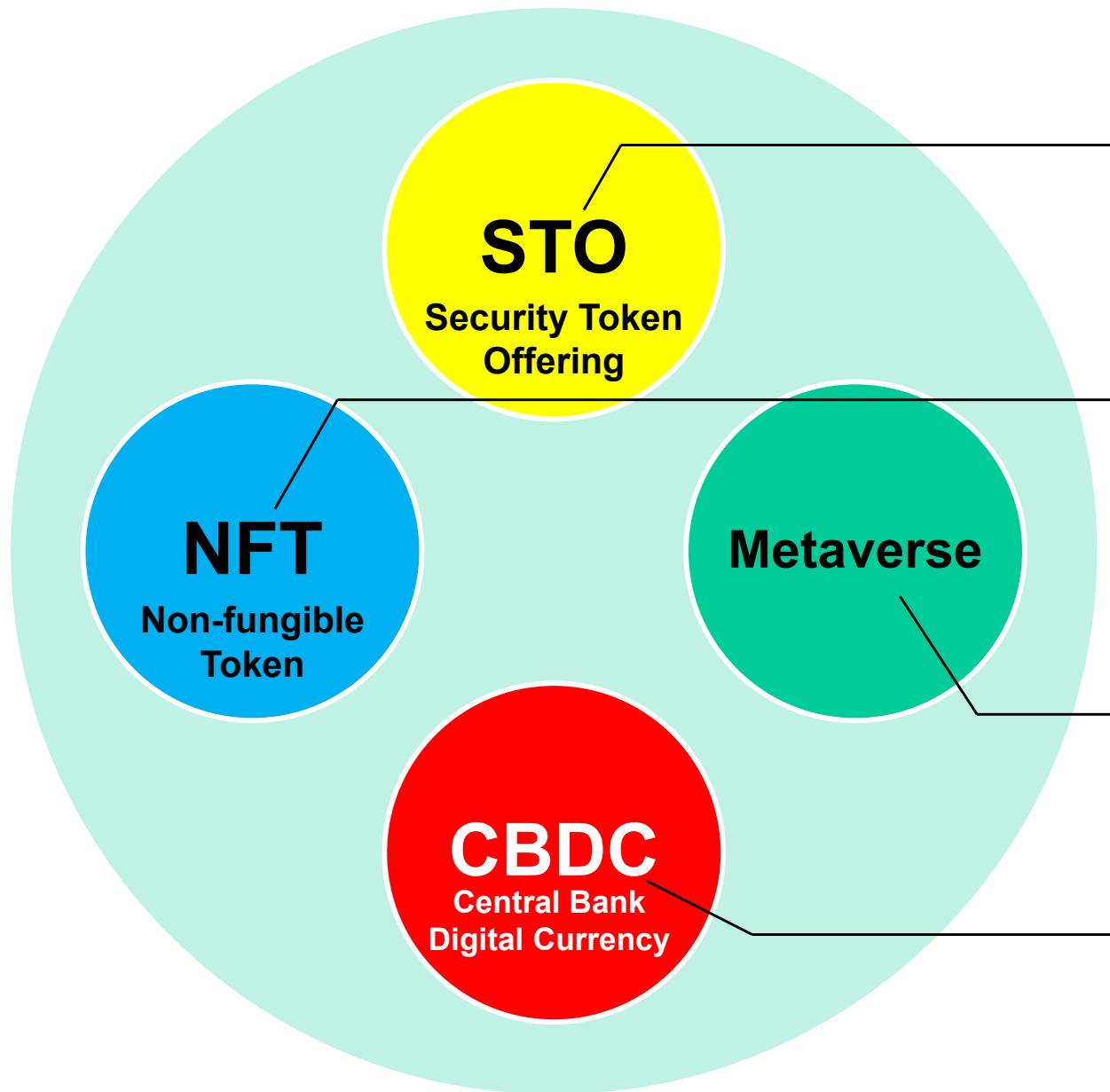
- Digital finance
- Neo-culture
- eSports
- Metaverse etc.

Evolution of the SBI Group's business ecosystem



In the **Web 3.0 era**, which will be the next generation of the Web with decentralized transaction functions based on blockchain technology, the SBI Group, together with the Shinsei Bank group, will further expand the digital financial ecosystem it has established and leap beyond the realm of finance into the **Digital Space ecosystem**.

The SBI Group Endeavors to be a Next-generation Platformer in Various Fields



Individual strategies

- Provide integrated issuance, distribution and custody functions
- Endeavor to create one of the world's largest global corridors
- In the NFT market, areas where young people are showing strong interest, SBINFT enter the marketplace business and SBI Art Auction enter the digital art field
- Developing new businesses in the virtual space utilizing VR, AR, blockchain and other technologies
- Contributing to the development of new technologies and systems for CBDC, which is advancing at a rapid pace, especially in China, together with U.S. R3

SBI Group also Contributes to the Creation of Systems in the Digital Space



Japan STO Association

The Japan STO Association, established in Oct. 2019 under the leadership of SBI Group, has already been accredited as a self-regulatory organization by the Financial Services Agency. A total of 65 companies are participating in the association as regular members, including 13 securities companies, and supporting members. The Association will seek and realize business opportunities for STO with thorough compliance with laws and regulations and investor protection in Japan by gathering various knowledge

ST Research Consortium

Contributed to the formulation of the “Proposal on Digital Securities PTS” at the ST Research Consortium organized by Mitsubishi UFJ Trust and Banking Corporation. Endeavoring to establish a secondary market through collaboration between “Osaka Digital Exchange” (ODX) and “Proamat” to address the absence of a secondary market, which is an issue for digital securities as a whole

SBI Financial and Economic Research Institute

On Apr. 1, 2021, the SBI Financial and Economic Research Institute was established to conduct surveys, research, and make policy proposals mainly in the field of digital assets. With Ms. Takako Masai, a former advisor to the Bank of Japan’s Policy Board, invited as its representative director, the institute plans to promote research and policy proposals on the theme of next-generation digital finance

[Examples of issues in the metaverse]

- Software and programs related to the virtual space are recorded as intangible assets only for the cost of development, as is the case with ordinary software and content, making it difficult to measure the value of growth potential created by the metaverse
- There is a lack of clarity in the treatment of assets held by a company in a virtual space whose authenticity is guaranteed using blockchain (distributed ledger) technology

Basic view 4. Formulate and implement strategies that anticipate the near future

-The overall and individual strategies-

The overall strategy of the SBI Group is a groupwide effort that is consistent with social issues, national goals, etc., while keeping an eye on the changing times. The overall strategy will be efficiently spread to each subsidiary and become an individual strategy to achieve a unified goal



Under the overall strategy of the SBI Group, Shinsei Bank will also strive to achieve sustainable growth through the implementation of specific individual strategies

Establishing "Overall Strategies" and "Individual Strategies" to Align and Mobilize all Group Companies to Create Efficient Synergies and Strengthen the Sense of Unity among Them



The determination of the overall strategy builds individual strategies of each group company and creates opportunities to benefit from economies of scope through organic coupling

Case study of individual strategy and overall strategy: Shinsei Bank Group to actively participate in SBI Group's efforts towards regional revitalization

Overall strategy

**Proactively contribute to regional revitalization
through value co-creation with major economic
entities in local communities**

Individual strategy

**Endeavor towards expanding the profitability
of regional financial institutions by utilizing
Shinsei Bank Group's resources**

Individual Strategies

Striving to expand the income potential at regional financial institutions by leveraging resources held by the Shinsei Bank Group

<Examples>

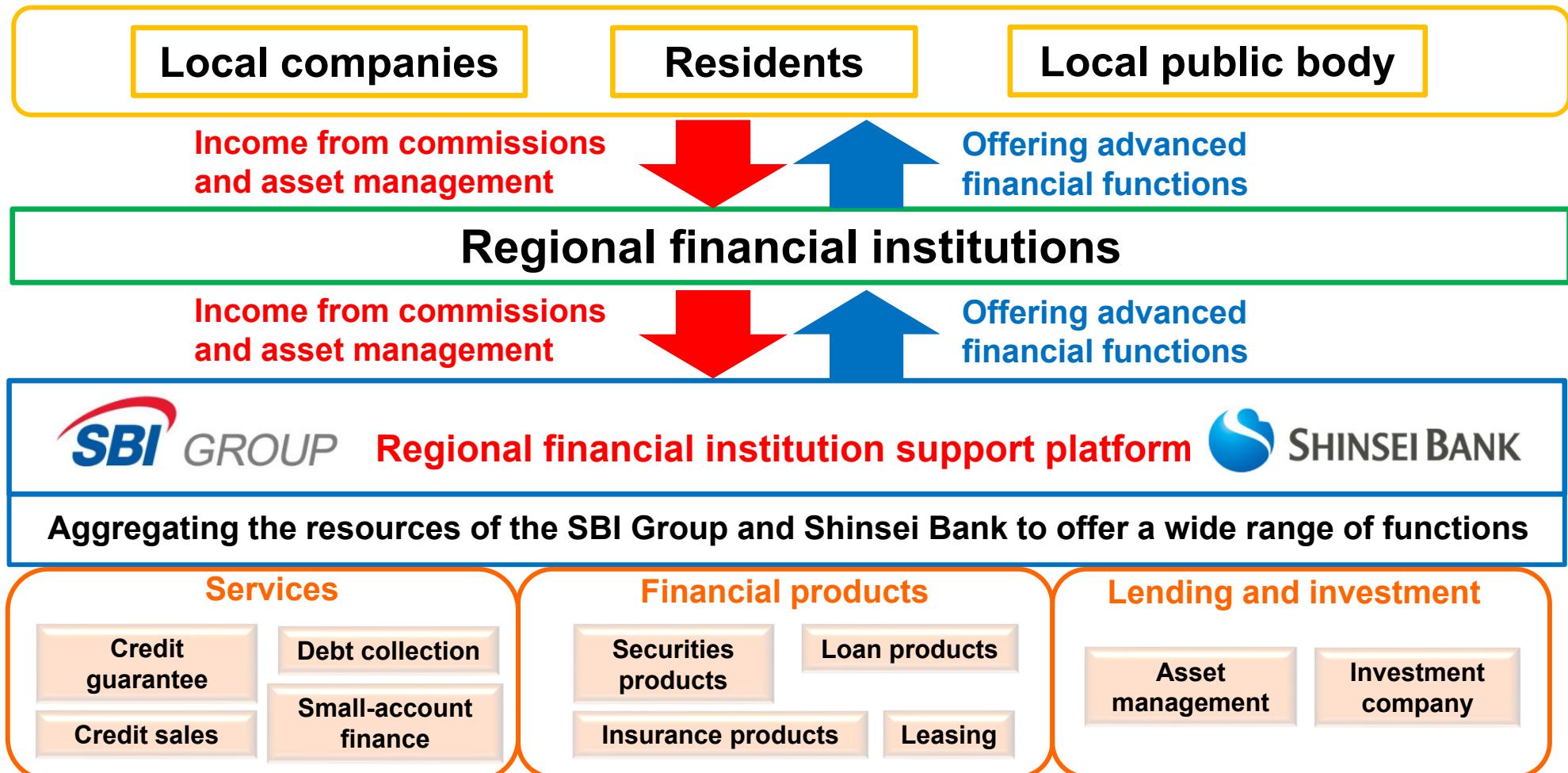
- 1. Credit guarantee business
(including unsecured loan business)**
- 2. Neo-bank platform BANKIT**
- 3. Structured finance business**
- 4. Leasing business**
- 5. Supply chain finance business**

Regional Revitalization Strategy Adding the Shinsei Bank Group into a Regional Financial Institution Support Platform

As a result of the trend toward easing of regulations as restrictions on scope of operations and capital contributions are reexamined, **the nonbank domain** ushers in an era of new revenue sources, leading to an accelerated trend toward a holding company structure

Platform positioning: **As a way to capture new revenue opportunities**, use the **SBI Group and Shinsei Bank** to provide various functions in financial products, services, and lending as well as investment to local entities and other regional financial institutions, and to earn income from commissions and asset management

<Image>



1. Credit guarantee business (including unsecured loan business)

**-Expanding its initiatives on credit guarantee business
towards regional financial institutions-**

Expand Credit Guarantee Business at Shinsei Bank Group

-Leveraging the SBI Group's regional financial institutions network to offer full line-up credit guarantee business -

Players

- Shinsei Financial
- Alpha Servicer
- SecondXight analytica
(an investee company)

Service offerings

- Loan service
- Servicer (credit collection)
- Marketing risk management through data application

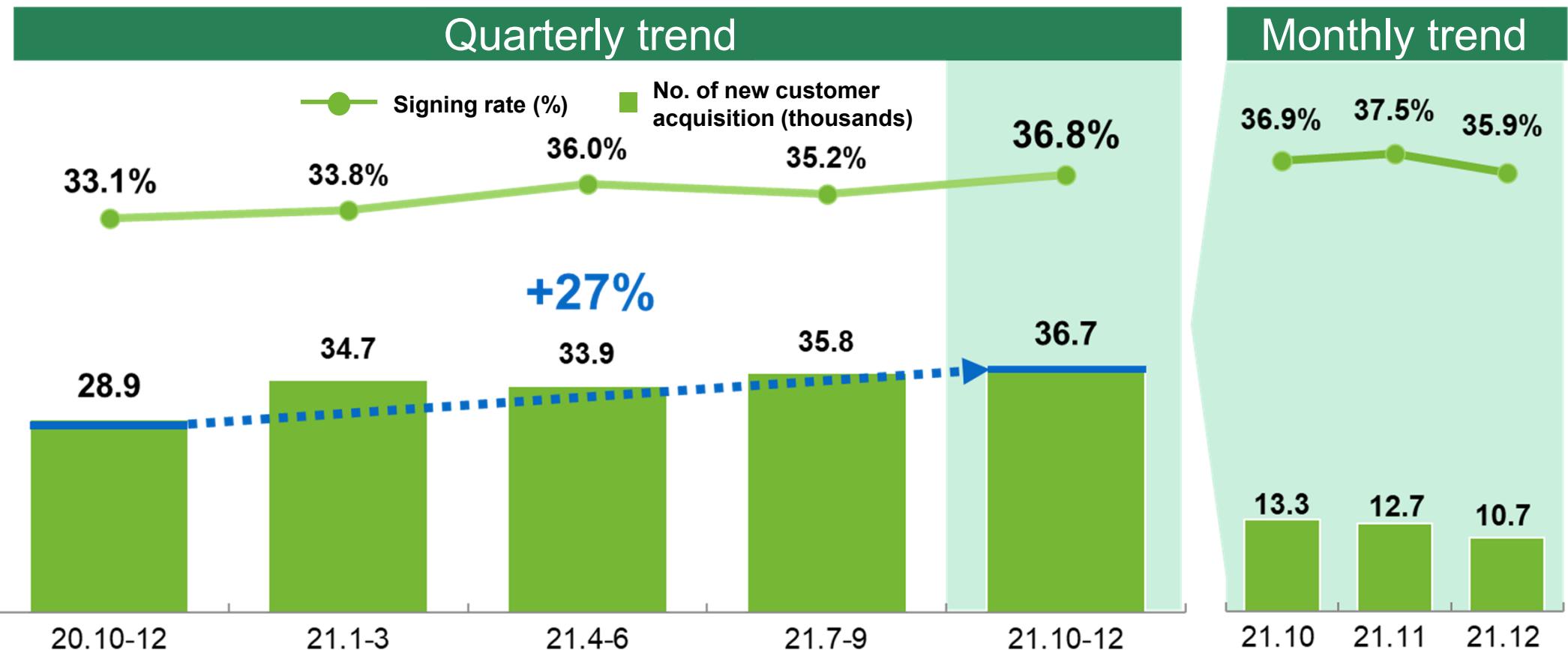
To improve service competitiveness, the consider **joining the card loan platform where main guarantee companies participate in** to facilitate building an environment in which Shinsei Financial guarantees can be offered automatically to regional financial institutions using this platform

As of the end of Dec. 2021, 17 companies including Shinsei Bank were involved in the commissioning of guarantees (guarantee balance: JPY 226.8bn), including 12 regional financial institutions (Senshu Ikeda Bank, Saga Kyoei Bank, Shizuoka Bank, Shonai Bank, Daito Bank, Tsukuba Bank, Tokyo Star Bank, Towa Bank, Tomato Bank, Toyama Bank, Higo Bank, and Hokuto Bank)

Leverage the SBI Group's network of regional financial institutions to expand its business

Shinsei Bank's Unsecured Loans (Lake ALSA) are Performing Well on a Year-on-year Basis

- Number of new customer acquisitions in Q3 (Oct. – Dec. 2021): +27% YoY
- Number of applications: 99,000 in the Q3, up +14% year-on-year
- Signing rate: Increased to 36.8% in the three months period



2. Neo-bank platform BANKIT

- Strengthening the functions of apps for regional financial institutions and introduction of new services -

Leverage BANKIT Platform, Created by APLUS, to Enhance App Function and New Service Introductions at Regional Financial Institutions

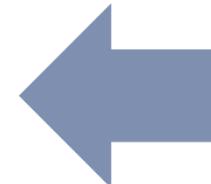


Using APLUS as the business operator, a platform that offers financial services including settlements held by the Shinsei Bank Group, foreign exchange, and credit functions

① Expanding the regional banking app function offered by the SBI Group



Expansion of functions by building in



Issuance of virtual pre-paid cards

[Payment]

ApplePay/GooglePay supported

[Purpose savings]

Use a sub-wallet to for different types of purpose savings

[Smartphone ATM]

Cardless withdrawal at ATMs in convenience stores



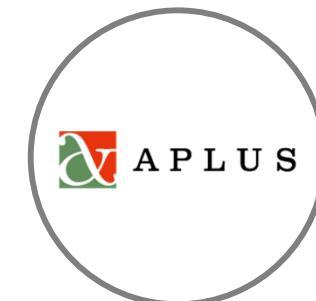
② Now adding a banking function to the BANKIT platform embedded in a wallet function with plans for use as a hub for when regional financial institutions roll out their BaaS models



High value-added financial features & services



BANKIT
Offers BANKIT system



Linking the two groups to provide financial services with high customer convenience to residents

3. Structured finance business

Shinsei Bank has Expertise in Structured Finance for a Wide Range of Assets

< Balance of operating assets >

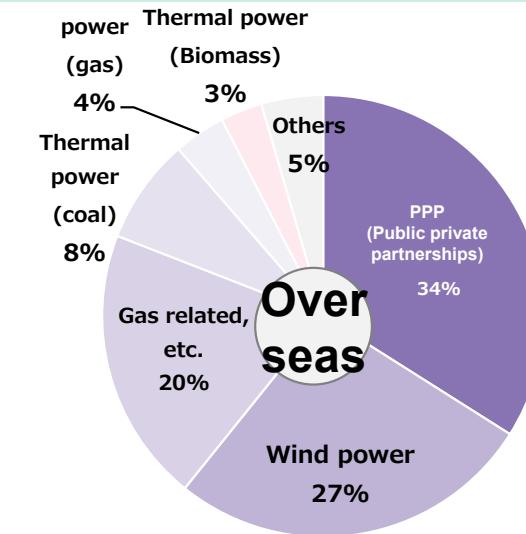
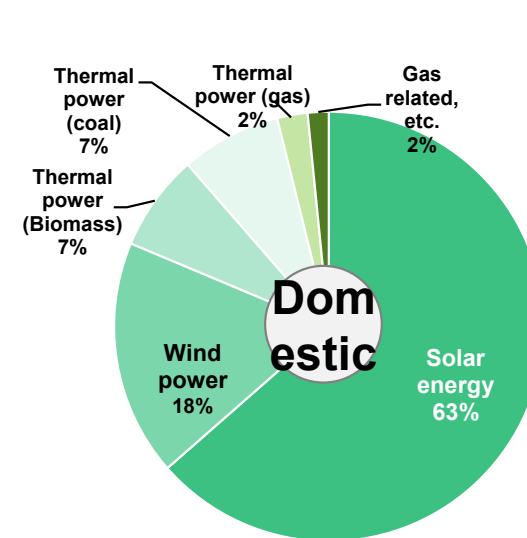
(Unit: billion yen)

1,955.0

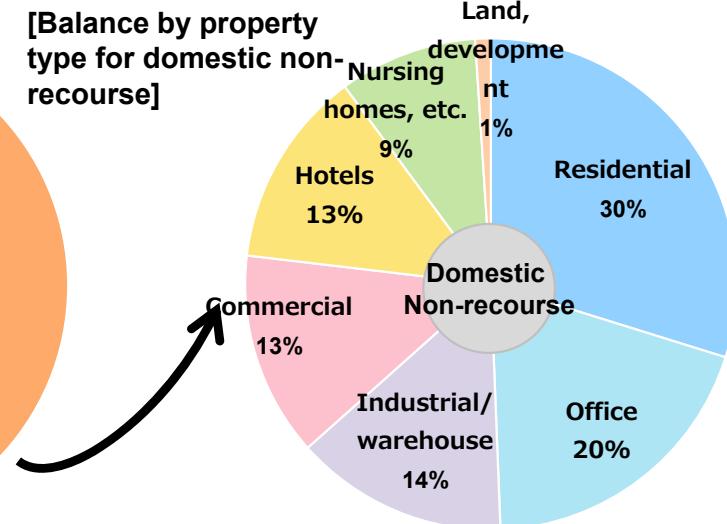
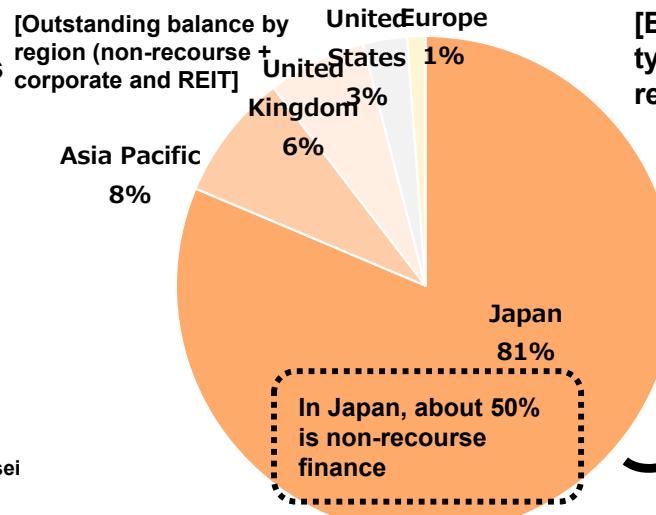
* Prepared by us based on Shinsei Bank's disclosed materials

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Project finance portfolio (end of Dec. 2021)

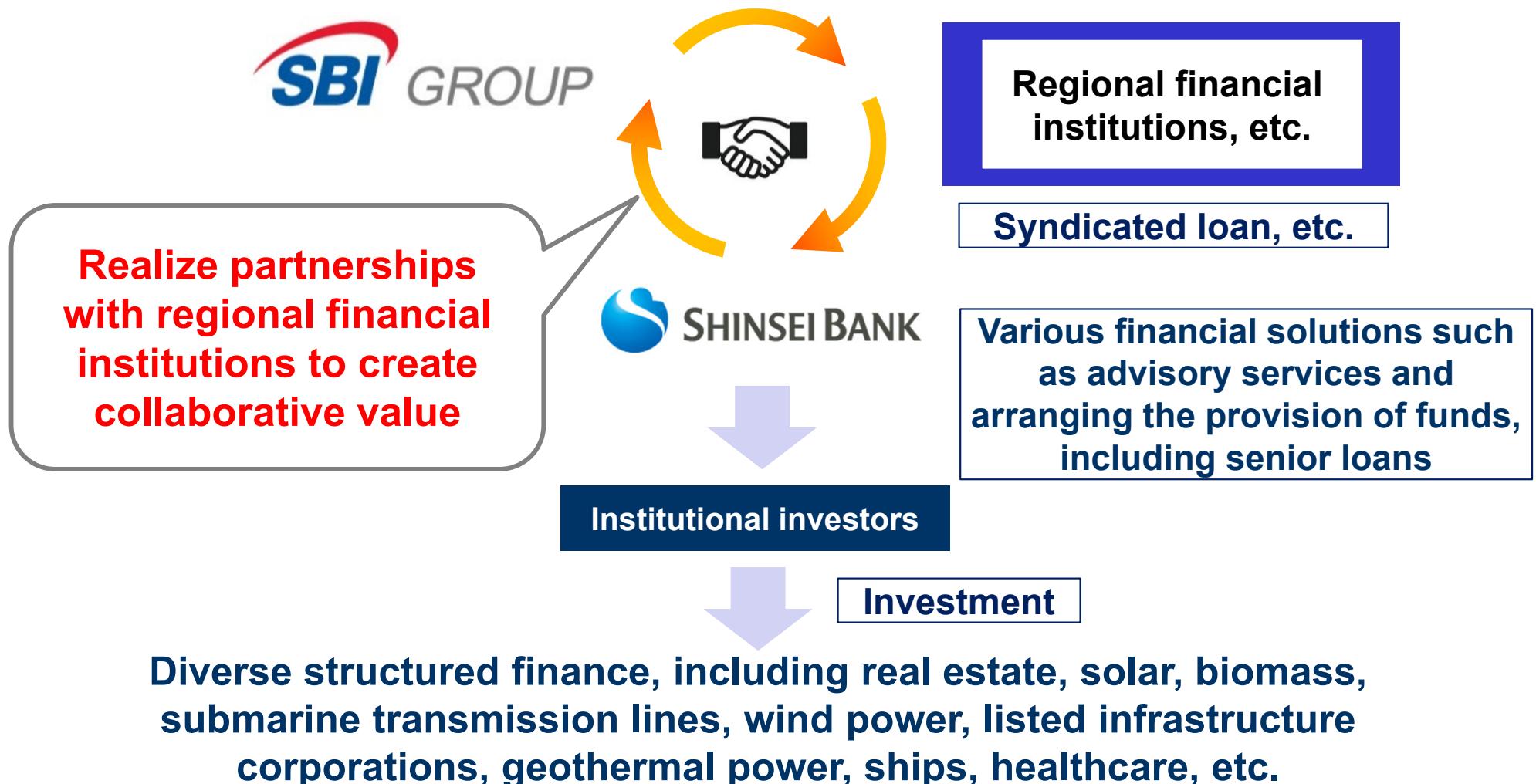


Real estate-related portfolio (end of Dec. 2021)



Strengthen Structured Finance (Provision of senior loans and LBO loans)

- Shinsei Bank has expertise in structured finance for a wide range of assets
- As the medium-term management plan focuses on partnerships with regional financial institutions for collaborative value creation, **Shinsei Bank can effectively utilize SBI Group's network of regional financial institutions**, etc.



Proposed Collaboration in Structured Finance: ① Synergies in the Renewable Energy Field

<Examples of the SBI Group in the area of renewable energy>



(Group Company)

Promoting the development of farm-based solar power generation (solar sharing) in various regions. Introduced nationwide with the aim of creating a sustainable agricultural model that can also contribute to regional revitalization.

WIND-SMILE

(Investee Company)

SBI Group is involved in a variety of power source development projects, including solar power generation, small wind power generation, and biomass power generation. Capable of providing integrated services from development to maintenance, incorporating advanced technologies and knowledge from overseas.

**Eco Research
Institute**

(Investee Company)

The company possesses proprietary technology that can create biomass fuel from municipal waste. In addition to plans to establish a joint venture with our group, we are considering business development in cooperation with local financial institutions and regional companies.



SBI Group's business domain related to renewable energy is expected to have high demand for financing in the future, and Shinsei Bank's expertise is expected to be utilized.

Proposed Collaboration in Structured Finance: ② Synergies in Project Finance

Shinsei Bank has limited the customer base of its project finance to major regional banks, however, other financial institutions also have a strong need to participate in the project finance business to enhance their earnings. Therefore, considering the expertise and track record of the Shinsei Bank Group, there is a strong possibility of expanding this business



Shinsei Bank's origination of financing for projects held by regional financial institutions will not only create profit opportunities for both regional financial institutions and Shinsei Bank, but is also expected to help revitalize the region

<Case Study of Balnibarbi>

Before



After



Development of restaurants using local ingredients and accommodation facilities with the participation of local companies on vacant land on the west coast of Awaji Island to revitalize the entire region

Proposed Collaboration in Structured Finance: ③ Co-Work in SBI Group's Real Estate Related Business

<Examples of collaboration opportunities>

- Development of high-quality real estate
 - Partial provision of non-recourse loans for real estate development
- Formation of real estate funds (private funds, private REITs, small-lot securitization for individual investors, etc.)
 - • Provision of some loans for private placement (bridge) funds
 - Provision of trust functions for structuring when creating real estate products
- Customer Information
 - Handling (sales) of real estate and real estate investment products by the SBI Group

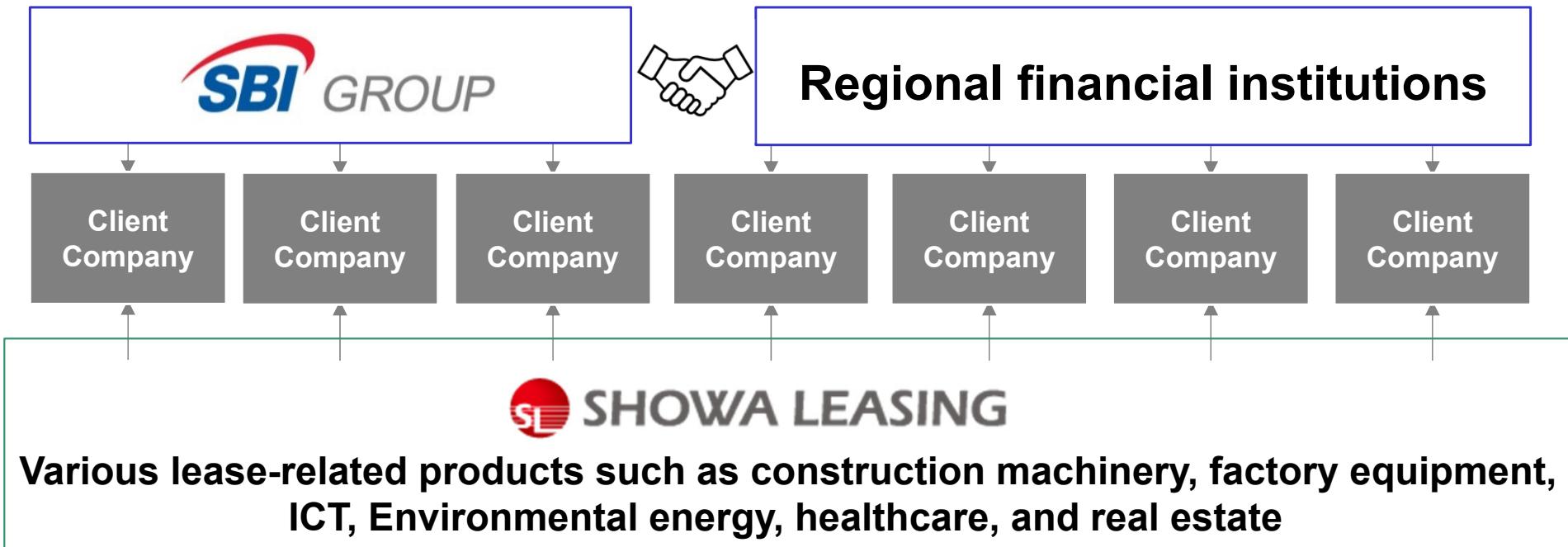
Targeting further diversification of financial products and revenue sources handled by SBI Group through collaboration with Shinsei Bank Group

4. Leasing Business

Enhance Leasing Business

[In cooperation with the SBI Group's customer base]

Shinsei Bank Group can expand its operating base by providing Showa Leasing's lease-related products to SBI Group customers and customers of regional financial institutions which are SBI's capital and business alliance partners



[Provision of small-lot financial products such as aircraft leases]

Providing Shinsei Bank customers with financial products backed by aircraft, ships, containers and other assets structured by **SBI Leasing Services**



On behalf of airlines and shipping companies that have capital investment needs, purchase aircraft and ships that require large amounts of capital and help them raise funds by leasing them. Also create funds for investors who wish to receive a share of profits from leasing and offer them as investment products



- ✓ SBI Leasing Services signed an aircraft leasing contract with Delta Air Lines, Inc. and converted the leasing business into a financial product

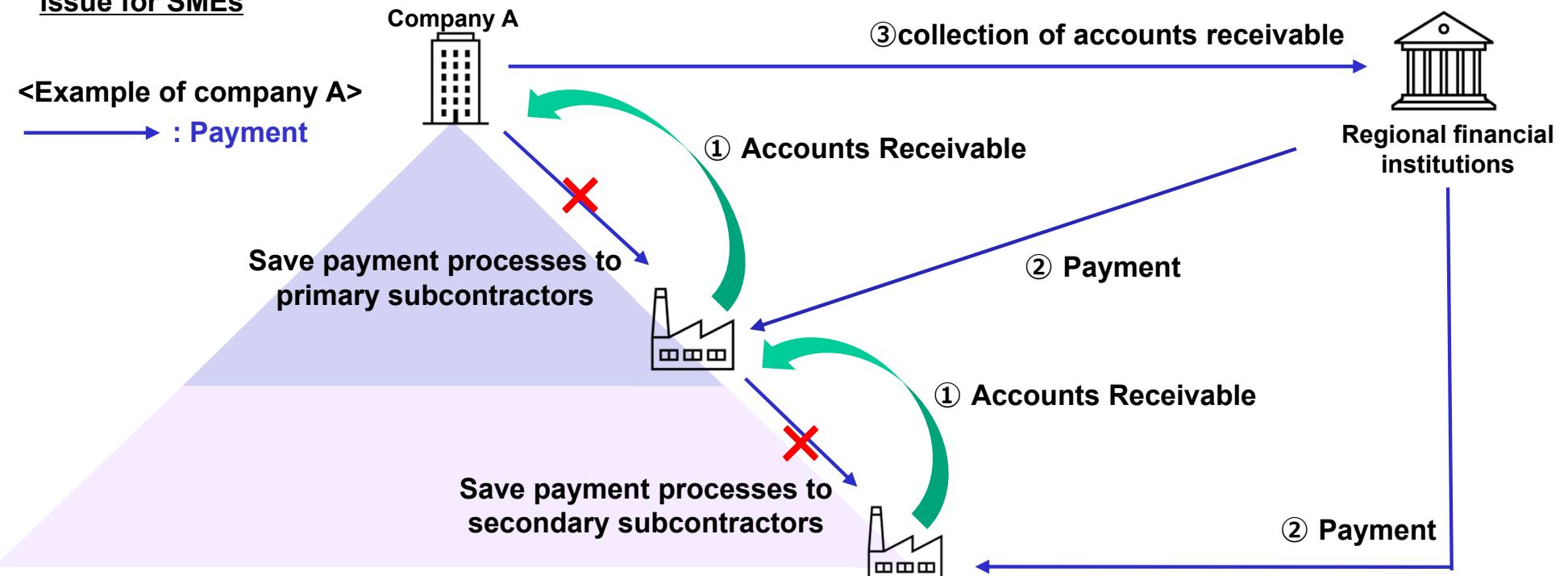
5. Supply Chain Finance Business

Working with Shinsei Bank to Explore Supply Chain Finance Business to Improve Cash Flow and Data Transparency in regional SMEs

<Case: general payments>

- Significant time and effort are required for troublesome payment processing. Many transactions are processed on paper or by phone, which is inefficient
- Difficult to capture the entire supply chain from end to end, therefore the data may not be accurate
- Since it often requires one to three months from delivery to payment, securing free cash flow is an issue for SMEs

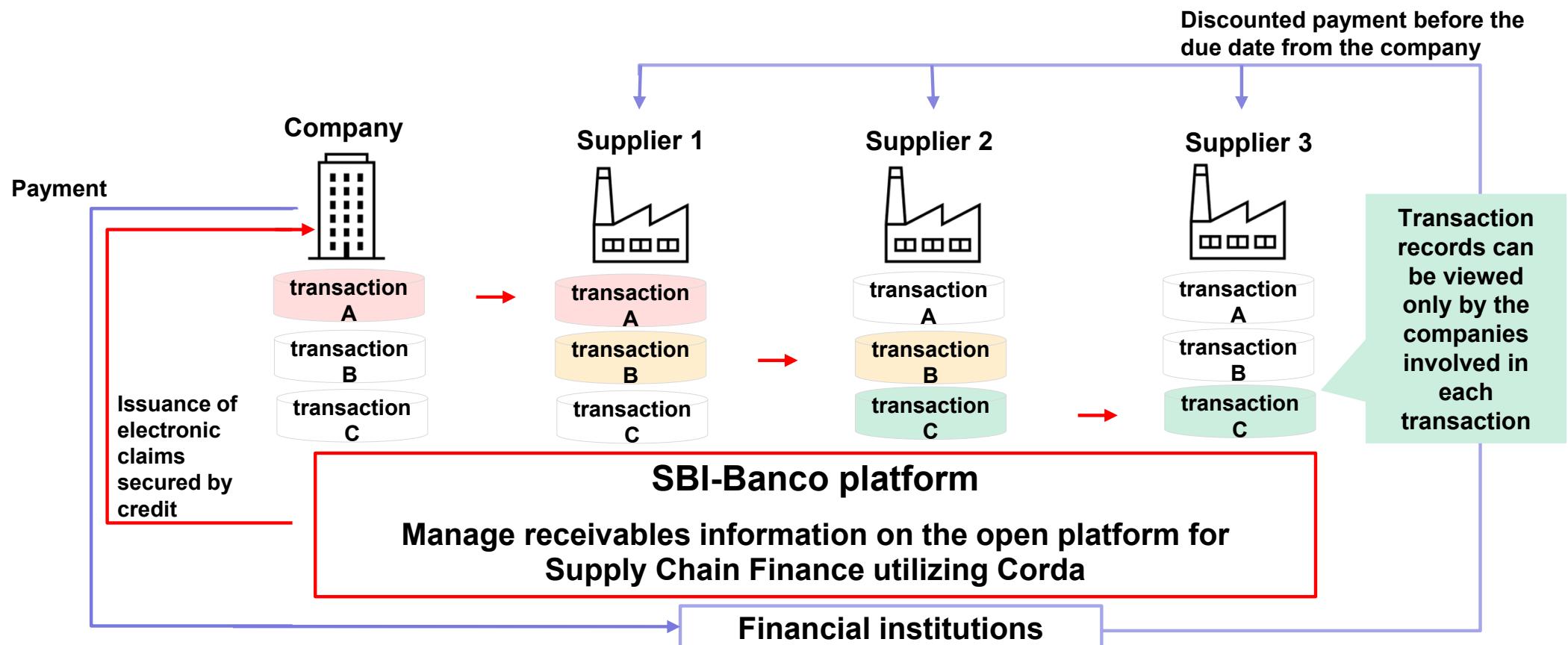
<Example of company A>



R3's Corda with which the SBI Group Has Collaborated Provides a Supply Chain Platform with a Competitive Advantage by Ensuring both Data Accuracy and Confidentiality

<Example of Application>

- BYFIN, the SBI Group's local subsidiary in Hong Kong, and RootAnt in Singapore, an investment company of SBI Group, will develop joint businesses to launch the "SBI-Banco Platform," a Supply Chain Finance platform that utilize R3's Corda blockchain technology. Considering to have domestic financial institutions connect with this.



III. Major topics after the announcement of the financial results before the consolidation of Shinsei Bank (January 31)

- 1. SBI SECURITIES launches new partnership with Tokyu Point and d Point to expand its multipoint economy**
- 2. Approval for listing of SBI Sumishin Net Bank on the First Section of the Tokyo Stock Exchange**
- 3. Completed the sale of all shares of Quark Pharmaceuticals, Inc.**

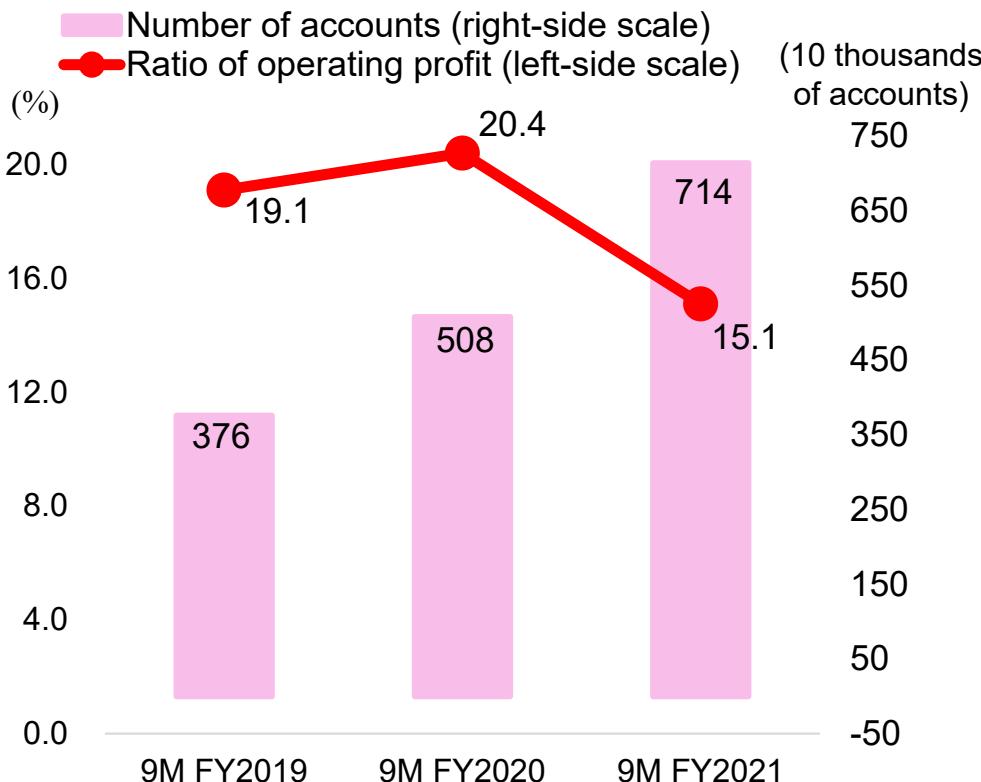
1. SBI SECURITIES launches new partnership with Tokyu Point and d Point to expand its multipoint economy

The Limits of a Self-contained Loyalty Points Ecosystem ①

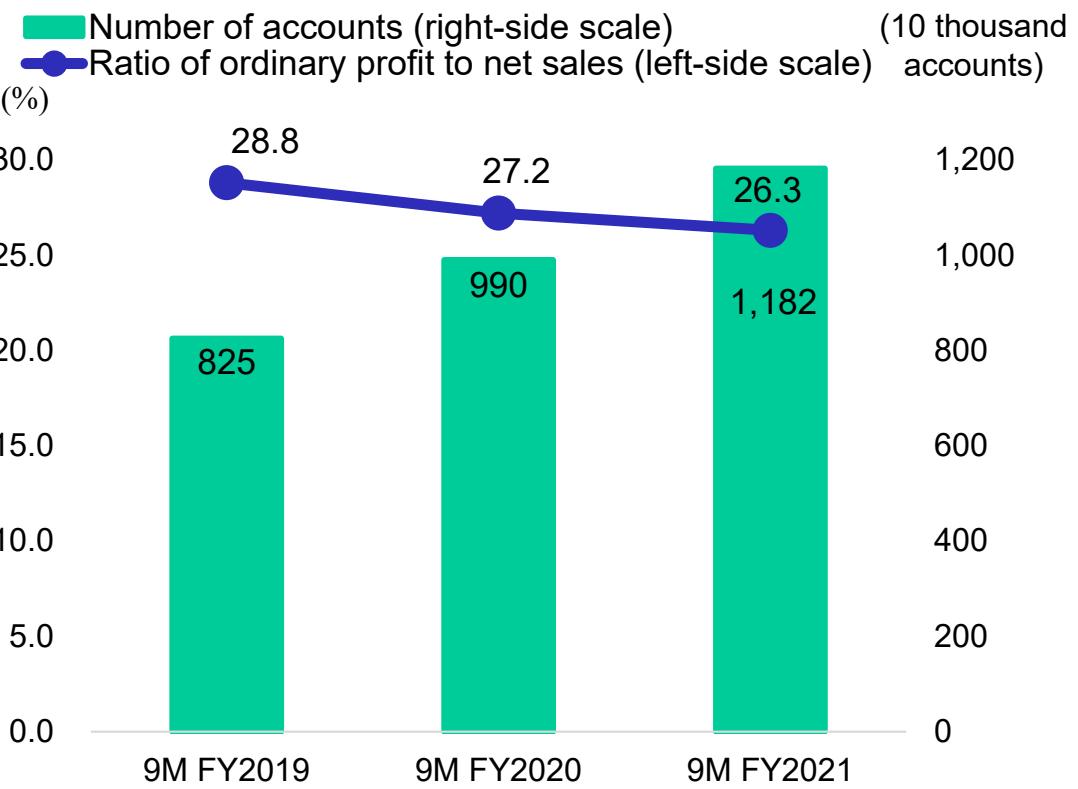
Rakuten Securities and Rakuten Bank, which are promoting initiatives in its self-contained loyalty point ecosystem (i.e., Rakuten point ecosystem), decreased profit ratio despite an increase in the number of accounts.

In the Self-contained Point Ecosystem, Granting Points is a Cost and a Pressure on Profit

Changes in Rakuten Securities' ratio of operating profit and number of accounts*



Changes in Rakuten Bank's ratio of ordinary profit to net sales and number of accounts*



* Based on data disclosed by Rakuten Securities and Rakuten Bank. Fiscal year (FY) refers to from April of each year to March of next year
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The Limits of a Self-contained Loyalty Point Ecosystem ②

- As profit margins from point redemption declined, rules on redemption rules were frequently revised -

Major changes in Rakuten Group's point allocation in the last one year

Date of implementation	Contents of revision
2021/2～	Bonus Point Limit for Shopping Marathon Reduced from 10,000 to 7,000 Points
2021/4～	Rakuten Gold Card's extra points in Rakuten Market reduced from 3% to 1%
2021/6～	Points awarded for payment of public utility charges by Rakuten Card dropped from 1% to 0.2% "Rakuten Denki" will no longer be an eligible service for the Super Point Program Rakuten Super Sale bonus point limit reduced from 10,000 points to 7,000 points
2021/11～	The number of points added by Rakuten Super Points drops from a maximum of 14.5% to a maximum of 14%
2022/4～ (planed)	Changed the awarding of Rakuten points from prices including tax to prices excluding tax (a decrease of about 10%) <ul style="list-style-type: none"> • Rakuten Securities will no longer give points based on the balance of investment trust holdings, but only when the balance increases. • The condition for Rakuten Market to reward points for purchasing investment trusts using points has been changed from using 500 yen in points to setting up a Rakuten Bank Money Bridge and accumulating 30,000 yen or more in U.S. stocks and mutual funds (point rewards have also been reduced from 1X to 0.5X)
2022/9～ (planed)	Point rewards for credit card payments with Rakuten Card have been reduced from 1% to 0.2% for issues with a trust fee of less than 0.4% (approximately 80% of the total amount saved)

A Flood of Customers Seeking to Transfer Their Investment Trusts due to Rakuten Securities' Change in Point Award Rate

- As of Feb. 13, 2022, Rakuten Securities has a one-month waiting list to process the transfer of mutual funds to other securities companies (the procedure usually takes about a week)
- This backlog confirm that many customers perceive the company's change in the points award rate as a negative change

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* From the website of Rakuten Securities

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SBI Group will Leave the Self-Contained Point Ecosystem to Develop a Multipoint Ecosystem

- SBI Group has decided to abolish its in-house “SBI Point” point system
- The future strategy for points is to establish a multipoint ecosystem by collaborating with various points that companies outside the Group offer through open alliances

[Points that SBI SECURITIES currently partner with]

T Point



V Point



Ponta
Point



NEW Tokyu
Point



TOKYU POINT

NEW d-Point



d POINT

Continue to expand collaboration of points with other companies in the future

The Multipoint Ecosystem Currently Being Developed at SBI SECURITIES



	Points Economy	Services provided by SBI
T-Point 	<p>Number of members utilized during the year: 70,610,000</p> <p>Affiliated stores: Annual sales: 172,059</p>	<ul style="list-style-type: none"> - Investment trusts can be purchased with T-points - With SBI NEOMOBILE SECURITIES, T-points can also be used for domestic stocks, FX, warrants - In addition to usage, points can also be accrued on purchases of domestic stocks and investment trusts
V-Point 	<p>Sumitomo Mitsui Card members: 49,860,000</p> <p>Sumitomo Mitsui Bank account holders: Approx. 27 million</p>	<ul style="list-style-type: none"> - Investment trusts able to be purchased with a credit card issued by Sumitomo Mitsui Card with V-points to be awarded on 0.5%-2.0% of settlement amount - For customers who open an account via Sumitomo Mitsui Card, V-points will be awarded on the balance of investment trusts and the purchase amount of domestic stocks, etc. at SBI SECURITIES - May 2022, plan to launch a service that enables users to purchase investment trusts using V-Points
Ponta-Point  NEW	<p>Number of members utilized during the year: 103,710,000</p> <p>Affiliated stores: Approx. 250,000</p> <p>Number of partner Companies, Brands: 140 Companies, 198 Brands</p>	<ul style="list-style-type: none"> - Scheduled to start the introduction of a common point service for "Ponta" in November 2021 - In addition to the ability to use Ponta points for the purchase price of investment trusts, Ponta points will be awarded for transactions involving trading of domestic stocks, investment trusts, gold and platinum, opening a new account, and entering domestic stocks <p>*For details, please refer to the SBI SECURITIES website</p>
TOKYU-Point 	<p>Number of TOKYU POINT members: 2,510,000</p>	<p>In Feb. 2022, announced "Credit Card Tsumitate," an investment trust accumulation service that allows customers to buy investment trusts with credit cards issued by Tokyu Card in and a service that awards up to 3% of Tokyu Points based on asset management.</p> <p>Scheduled to begin by Apr. *For details, please refer to the SBI SECURITIES website</p>
d-Point 	<p>Number of d-Point members: 87,210,000</p> <p>d-Point utilized : 203.4 billion points</p>	<ul style="list-style-type: none"> - In February 2022, the company begins introducing d-Point, a common point service - d-Points are awarded based on the following transaction results: New account opening, investment trust transactions, domestic stock cash transactions, domestic stock deposits, gold and platinum transactions <p>*For details, please refer to the SBI SECURITIES website</p>

* Number of T-point members utilized during the year as of the end of July. 2021, Affiliated stores as of the end of Feb. 2021 and Annual sales as of the end of Sept. 2021/ Source: CCC Marketing website.

* Number of Sumitomo Mitsui Card members as of the end of March 2021/ Source: Sumitomo Mitsui Card website * Number of Sumitomo Mitsui Bank account holders as of the end of March 2017/ Source: Sumitomo Mitsui Bank website

* Number of annual users of Ponta points as of the end of September 2021, number of partner stores as of May 1, 2021, number of partner companies and brands as of October 1, 2021/ Source: Loyalty Marketing Inc.

* Number of TOKYU POINT members as of the end of March 2021 / Source: Materials released by Tokyu Corporation

* Number of d-Point Club members and number of d Point users for d Point are both as of December 31, 2021 / Source: NTT DOCOMO, Inc.

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2. SBI Sumishin Net Bank (TSE: 7163) Approved for New Listing on TSE

- Listing scheduled for March 24, 2022 -

Purpose:

- ✓ To improve recognition and trust / To secure independent financing for system investments
- ✓ To increase independence as a neutral platform for accelerating the rollout of the neo-bank concept

Policy for holding shares in SBI Sumishin Net Bank*:

- ✓ Scheduled number of shares offered to public: 31,862,500
- ✓ SBI's allotment of shareholdings in SBI Sumishin Net Bank after listing is 27.86%; the company will continue to be an equity-method affiliate of SBI

*Assuming the offering is carried out at the upper limit of shares offered to the public by share over-allotment

Outlook:

- ✓ By offering to the public a portion of the equity held by SBI, the gain on sales of shares of subsidiaries will be reported as income in the consolidated financial results and as extraordinary income in the non-consolidated financial results, both for the fiscal year ending March 31, 2022
- ✓ SBI Sumishin Net Bank **plans to select the Prime Market in the new classification of the TSE**

3. Completed the Sale of All Shares of Quark Pharmaceuticals, Inc.

- Announced on February 12, 2021

Primary and secondary endpoints were not met in the primary endpoints of a Phase III clinical trial of a drug for the prevention of acute kidney injury (AKI) conducted by Quark Pharmaceuticals, Inc.

- Began considering the sale of intellectual property rights held by the company, as well as the sale of the company's shares and the liquidation of the company



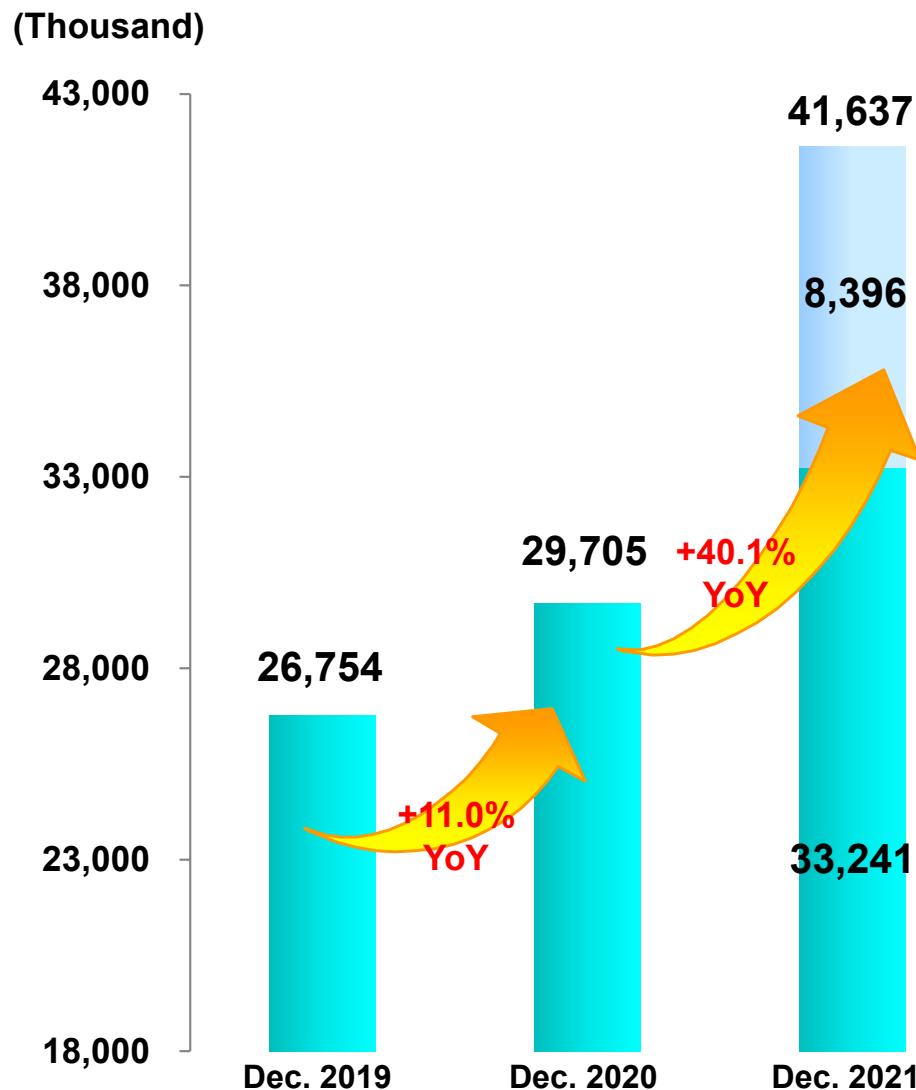
Strongly promoted cost reduction measures including reduction of personnel in the current fiscal year

- February 2022
Completed the sale of all shares of Quark Pharmaceuticals, Inc.

The Biotechnology·Healthcare & Medical Informatics Business is expected to see significant improvement in its earnings

<Reference Materials>

SBI Group's Customer Base, which was Expanded through the Thorough Pursuit of the Customer-centric Principle and Group Synergies



Breakdown of the Customer Base
(As of the end of Dec. 2021)^{*1,2}

	(No. of accounts)	(Thousand)
SBI SECURITIES		
SBI NEOMOBILE Securities	(No. of accounts)	8,018
SBI Neotrade Securities		
FOLIO		
SBIH InsWeb	(No. of customers)	10,375
E-LOAN	(No. of customers)	3,084
MoneyLook	(Total no. of customer registrations)	950
Morningstar Japan	(Total no. of service users) *3	1,203
SBI Sumishin Net Bank	(No. of accounts)	5,103
SBI Insurance	(Total no. of contracts)	1,173
SBI Life Insurance	(Total no. of contracts) *4	297
Others (SBI Point etc.)	—	3,038
Shinsei Group		
Shinsei Bank	(No. of accounts)	3,058
LAKE ALSA	(No. of customers)	824
Aplus	(No. of active cardholders)	4,468
Others (No LOAN etc.)	—	46
Total	—	41,637

*1 Customers who are not identified as the same person within each service website and overlapping customers among the Group companies may be double counted.

*2 Owing to the reorganization, customer numbers of the Group companies, which were excluded from consolidation, are not included in the figures for the past customer bases

*3 Includes the number of smartphone app downloads, as provided by Morningstar

*4 The total number of contracts of SBI Life Insurance includes number of insured persons with group credit life insurance

Number of Companies and Consolidated Employees of the SBI Group

Number of Group companies

	March 2021	December 2021*
Number of consolidated subsidiaries	264	446
Number of consolidated partnerships	35	46
Total consolidated subsidiaries	299	492
Number of equity method companies	40	60
Total Group companies	339	552

Number of consolidated employees

	March 2021	December 2021*
Total employees	9,209	17,284

*After consolidation of Shinsei Group

<https://www.sbigroup.co.jp>