



*Strategic
Business
Innovator*

SBI Holdings, Inc.

FY2019 Financial Results

(Fiscal Year Ended March 31, 2020)

April 28, 2020

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. FY2019 consolidated financial results (IFRS)**
- II. Proactively advancing the alliance strategy to further expand the business foundation**
- III. Advancing the Neo-securities initiative, which portends the next-generation securities business**
- IV. Strengthening initiatives to capture the accelerating social changes as a result of COVID-19**

I. FY2019 consolidated financial results (IFRS)



[Overview of Consolidated Financial Results]

- Revenue increased 4.7% year-on-year to JPY 368.1bn, which is an historical high since the Company's inception. Profit before income tax expense decreased by 20.7% year-on-year to JPY 65.8bn, and profit attributable to owners of the Company declined 28.7% year-on-year, to JPY 37.5bn
- In order to respond to the increase in U.S. dollar-denominated assets as of the end of FY2019, proactively utilized funds in the corresponding currency, as well as the resources of SBI Liquidity Market, to create a financial structure that will not easily be affected by currency fluctuations
- In the Financial Services Business, owing to the volatility in the equity and forex markets in 4Q FY2019, both the securities and FX businesses achieved favorable business results
- In the Asset Management Business, whereas the profit growth of SBI SAVINGS BANK of South Korea materially contributed as a stable profit source for the segment results, owing to the rapidly deteriorating equity market in 4Q FY2019, which is attributable to COVID-19, valuations of the listed investee companies dramatically declined
- In the Biotechnology-related Business, owing to the continued development of the pharmaceutical pipeline at U.S. Quark and SBI Pharmaceuticals, development costs such as clinical trial costs were incurred, but SBI Biotech became profitable on a full-year basis through a new out-licensing of its R&D pipeline
Also, from a business selection and concentration perspective, additional material investments made in this segment going forward, other than that for SBI Biotech and the 5-ALA-related business, will be minimized
- Implementation of aggressive shareholder returns are planned, with a year-end ordinary dividend of JPY 80 per share, up JPY 5 year-on-year, leading to a full-year dividend of JPY 100

FY2019 Consolidated Performance (IFRS)

-Revenue achieved a historical high since the Company's inception-

[Year-on-year comparison]

(Unit: JPY million)

	FY2018 (Apr. 2018 – Mar. 2019)	FY2019 (Apr. 2019 – Mar. 2020)	YoY % change
Revenue	351,411	368,055 Record high	+4.7
Profit before income tax expense	83,037	65,819	-20.7
Profit for the period	67,277	45,000	-33.1
Profit attributable to owners of the Company	52,548	37,487	-28.7
ROE (%)	11.9	8.3	-3.6

FY2019 Performance by Segment (IFRS)

[Year-on-year comparison]

(Unit: JPY million)

Revenue

	FY2018 (Apr. 2018– Mar. 2019)	FY2019 (Apr. 2019– Mar. 2020)	YoY % change
Financial Services Business	230,458	246,753	+7.1
Asset Management Business	118,631	115,767	-2.4
Biotechnology-related Business	3,729	3,920	+5.1

Profit before Income Tax Expense

	FY2018 (Apr. 2018– Mar. 2019)	FY2019 (Apr. 2019– Mar. 2020)	YoY % change / YoY change
	66,864	53,379	-20.2
	51,107	35,165	-31.2
	-19,179	-11,431	+7,748

* SBI VC Trade, which was included in the Other Business until FY2018, is now included in the Financial Services Business from FY2019. Consequently, as for FY2018 result, it has been restated in accordance with the new basis of segmentation.

* Figures are before elimination of the inter-segment transactions.

Quarterly Profit before Income Tax Expense (IFRS)



(Unit: JPY billion)

	1Q FY2019 (Apr.-June 2019)	2Q FY2019 (July-Sept. 2019)	3Q FY2019 (Oct.-Dec. 2019)	4Q FY2019 (Jan.-Mar. 2020)
Financial Services	15.0	12.1	12.5	13.7
of which, SBI SECURITIES (non-cons.)	7.8	6.4	7.2	10.2
FX business	1.4	1.7	1.2	3.8
SBI VC Trade	2.2	1.1	0.4	2.5
SBI Sumishin Net Bank	2.0	1.7	0.8	1.3
Asset Management	12.5	22.9	8.4	-8.7
of which, PE investment	7.7	20.3	5.0	-13.2
SBI SAVINGS BANK	4.9	3.5	3.9	5.9

* FX business presents the simple sum of profit before income tax expense at SBI Liquidity Market and SBI FXTRADE.

* As for SBI Sumishin Net Bank, presents the Company's equity in earnings of affiliates.

Owing to the complementary relationship between the Financial Services Business and Asset Management Business, even amidst the volatile market due to the spread of COVID-19, recorded a firm financial results

Continued Implementation of Aggressive Shareholder Returns Initiated in FY2019

[Basic policy for shareholder return]

Implement shareholder returns with a target total shareholder return ratio, as calculated by the sum of dividend payouts and share repurchase costs, of **40% as a minimum**

The year-end ordinary dividend will be increased by 5 yen per share to JPY 80, for a full-year dividend of JPY 100

■ Dividend per share

	End of 2Q	Year-end	Full-year	Total shareholder return ratio (%)
FY2019	JPY 20 (Ordinary dividend: JPY 20)	JPY 80 (Ordinary dividend: JPY 80)	JPY 100 (Ordinary dividend: JPY 100)	61.6
FY2018	JPY 20 (Ordinary dividend: JPY 20)	JPY 80 (Ordinary dividend: JPY 75) (Commemorative dividend: JPY 5)	JPY 100 (Ordinary dividend: JPY 95) (Commemorative dividend: JPY 5)	80.7

Crypto-asset XRP was Added as a New Shareholder Benefit Option



[Details of shareholder benefits] * Shareholders listed or recorded in the shareholder register as of Mar. 31, 2020 are eligible.

Details	Qualified shareholders	Shareholders who have <u>held shares for more than 1 year</u> and who hold <u>1,000 (10 units) or more shares</u> as of Mar. 31, 2020	For shareholders other than the left column, those who hold <u>100 shares (1 unit) or more</u> , as of Mar. 31, 2020
Crypto-asset XRP *1		Equivalent to JPY 8,000 (Approx. 380 XRPs (*1))	Equivalent to JPY 2,000 (Approx. 95 XRPs (*1))

*1: The figures are based on the exchange rate as of Apr. 27, 2020.



ALA PLUS GOLD (90 capsules)	<u>One</u>	<u>One</u>
ALA PLUS Karada Active (14 capsules)	<u>One</u>	<u>One</u>
“Hatsugagenmai no Sokojikara” (160g)	<u>Three</u>	<u>Three</u>
ALA PLUS GOLD (270 capsules)	<u>One</u>	—
ALA PLUS Cosmetic Series 5 products *2	<u>One each</u>	—

*2 ALA PLUS Moisturizing Cream, ALA PLUS Essential Lotion, ALA PLUS Deep Cleansing Gel, ALA PLUS Pure Clay Wash, ALA PLUS Body Cream Alapi

* In addition, all shareholders, including those who hold less than 1 unit (1-99 shares), will receive 1 discount coupon for a preferential discount of 50% from the regular prices of all SBI ALA Promo dietary supplements and cosmetics.

Impact on the Company's Consolidated Financial Results, Owing to the Sudden Market Change Caused by COVID-19



1. In the securities-related business, an increase in volatility owing to a sudden change in the market conditions positively affected its business performance
2. **SBI SAVINGS BANK** continued to steadily improve its performance, to record profit contribution second only to **SBI SECURITIES**, despite concerns of the impact of COVID-19 in South Korea
3. The PE business as well as the banking and insurance businesses have taken fair value losses (bank: JPY 0.5bn, insurance: JPY 3bn) for Jan. to Mar. 2020, due to a drop in the market value of their held securities
4. With the novel coronavirus taxing the medical system and forcing shelter-in-place restrictions, especially in Europe and the U.S., ongoing clinical trials in the biotechnology-related business were impeded. However further improvement in business results is expected in FY2020 owing to thorough cost reductions, etc.

1. In the securities-related business, an increase in volatility owing to a sudden change in the market conditions positively affected its business performance

(1) FY2019 performance overview

- **SBI SECURITIES' brokerage commissions increased by 4.1% year-on-year, despite the sluggish market conditions, where the combined trading value of individual stock brokerage of the two markets decreased by 10.5%, owing to an increase in foreign stock, futures and options trading activities.** Furthermore, trading revenue increased by 28.1% year-on-year, and therefore, operating revenue (sales) increased 1.6% year-on-year to JPY124.5bn
- **SBI SECURITIES maintained its high level standards, to record consolidated operating income of JPY 42.1bn, despite the initial business and promotional expenses (approx. JPY 4.5bn for the full-year) associated with the launching of SBI NEOMOBILE SECURITIES, in Apr. 2019**

SBI SECURITIES FY2019 Consolidated Results (J-GAAP)

[Year-on-year comparison]

(Unit: JPY million)

	FY2018 (Apr. 2018 – Mar. 2019)	FY2019 (Apr. 2019 – Mar. 2020)	YoY % change
Operating Revenue	122,537	124,466	+1.6
Net Operating Revenue	114,402	113,418	-0.9
Operating Income	55,349	42,126	-23.9
Ordinary Income	55,404	42,622	-23.1
Profit attributable to owners of the Company	37,865	27,976	-26.1

Comparison of Major Securities Companies' Operating Income (J-GAAP; YoY)

(Unit: JPY million)

		FY2018 (Apr. 2018 – Mar. 2019)	FY2019 (Apr. 2019 – Mar. 2020)	YoY % change
SBI Holdings *1		83,037	65,819	-20.7
Face-to-face	Nomura *2 (cons.)	-37,701	Scheduled to be announced on May 8	
	Daiwa (cons.)	67,326	Scheduled to be announced on May 8	
	SMBC Nikko (cons.)	42,743	43,004	+0.6
Online securities	SBI (cons.)	55,349	42,126	-23.9
	Rakuten *3 (cons.)	18,810	11,857	-37.0
	Matsui	13,451	8,909	-33.8
	au Kabucom	5,881	2,414	-59.0
	Monex *4 (cons.)	2,727	Scheduled to be announced on May 7	

*1 Figures for consolidated profit before income tax expense (IFRS basis)

*2 Figures for Nomura are based on US-GAAP, and "profit before income tax expense" are presented for the purpose of convenience

*3 Since Rakuten changed the term of its fiscal year from FY2018, the figures above are for the corresponding period of Apr. 2018-Mar. 2019 and Apr. 2019-Mar. 2020.

*4 Since Monex adopts IFRS, the relevant figures above are based on IFRS. The amount of "Operating income" represented above is "The amount equivalent to operating income" disclosed by Monex

(2) Maintained a high profit level despite the rapidly changing market conditions, by expanding the customer base and diversifying revenue sources

① Customer base expansion

- **SBI SECURITIES'** number of accounts, customer deposit assets and its share of individual stock brokerage trading value significantly surpassed that of its competitors
- The securities-related business' number of accounts is believed to have reached the No. 1 level in the industry, to surpass that of Nomura Securities

② In a market environment mired in increased volatility, further strengthened its comprehensive capacity through the diversification of revenue sources

- **SBI SECURITIES'** commission fees increased, owing to a sharp 4Q increase in domestic and foreign stock transactions
- Along with an increase in FX trading and so forth, contributions from trading revenues rose significantly

SBI SECURITIES' Overwhelming Position

[FY2019 results]

	Share of individual stock trading value (%) <small>of which, individual margin trading</small>	Number of accounts (thousand)	Deposit assets (JPY trillion)	Operating income (JPY million)
SBI *1 (cons.)	 36.4	 37.1	 5,428	 12.9
Rakuten *2 (cons.)	23.5	25.2	3,760	6.6
Matsui	9.9	12.0	1,238	2.1
au Kabucom	8.8	10.4	1,152	2.0
Monex *3 (cons.)	5.3	4.5	1,856	3.8
				Scheduled to be announced on May 7

*1 SBI's number of accounts include that of SBI NEOMOBILE SECURITIES.

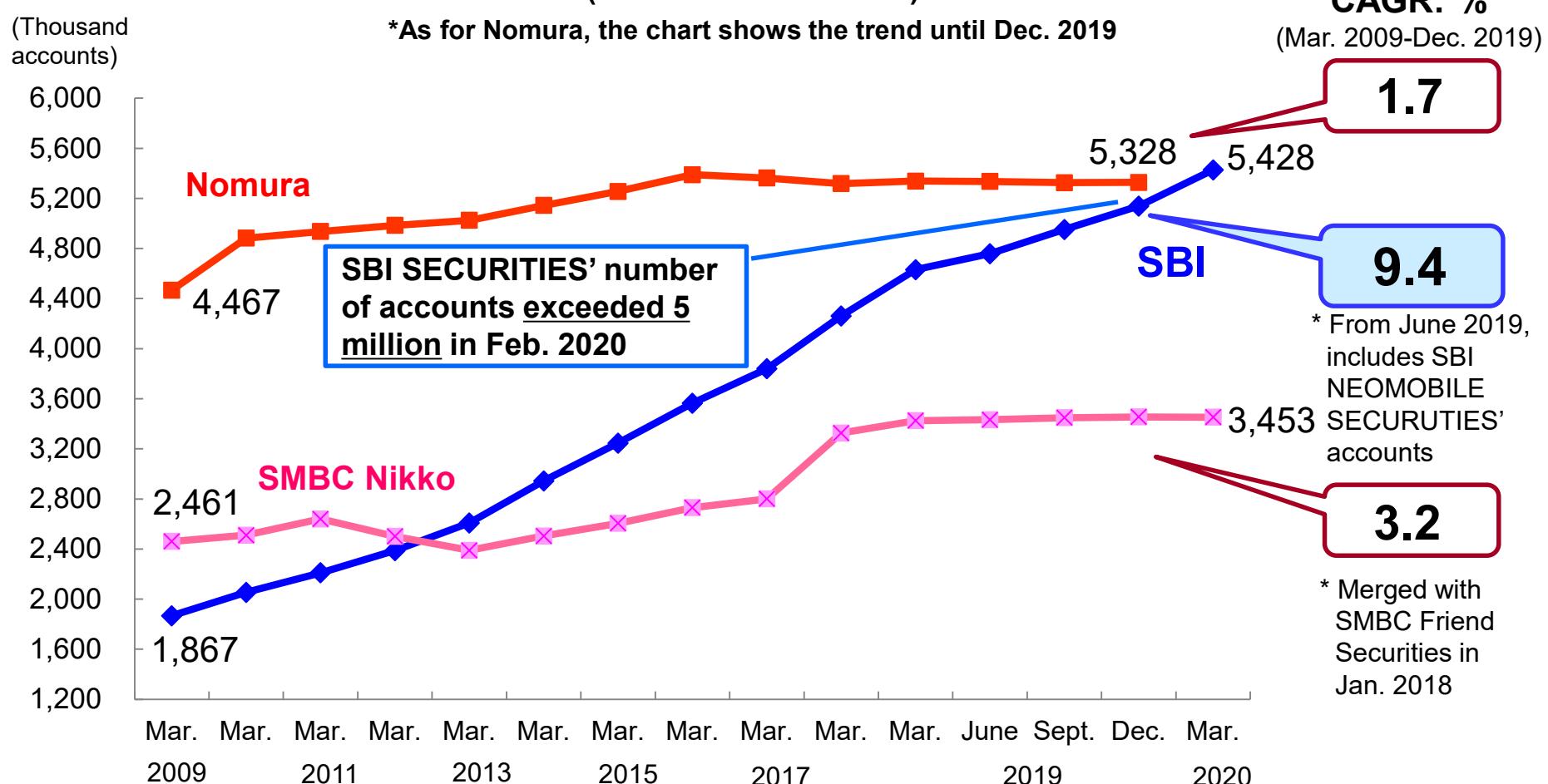
*2 Since Rakuten changed the term of its fiscal year from FY2018, the figure above is for the corresponding period of Apr. 2019-Mar. 2020. Also, the number of accounts is as of the end of Dec. 2019.

*3 The amount of "Operating income" represented above is "The amount equivalent to operating income" disclosed by Monex.

Source: Complied by SBIH from the information on websites of each company

SBI is Believed to have Surpassed Nomura's Number of Accounts to Become No.1

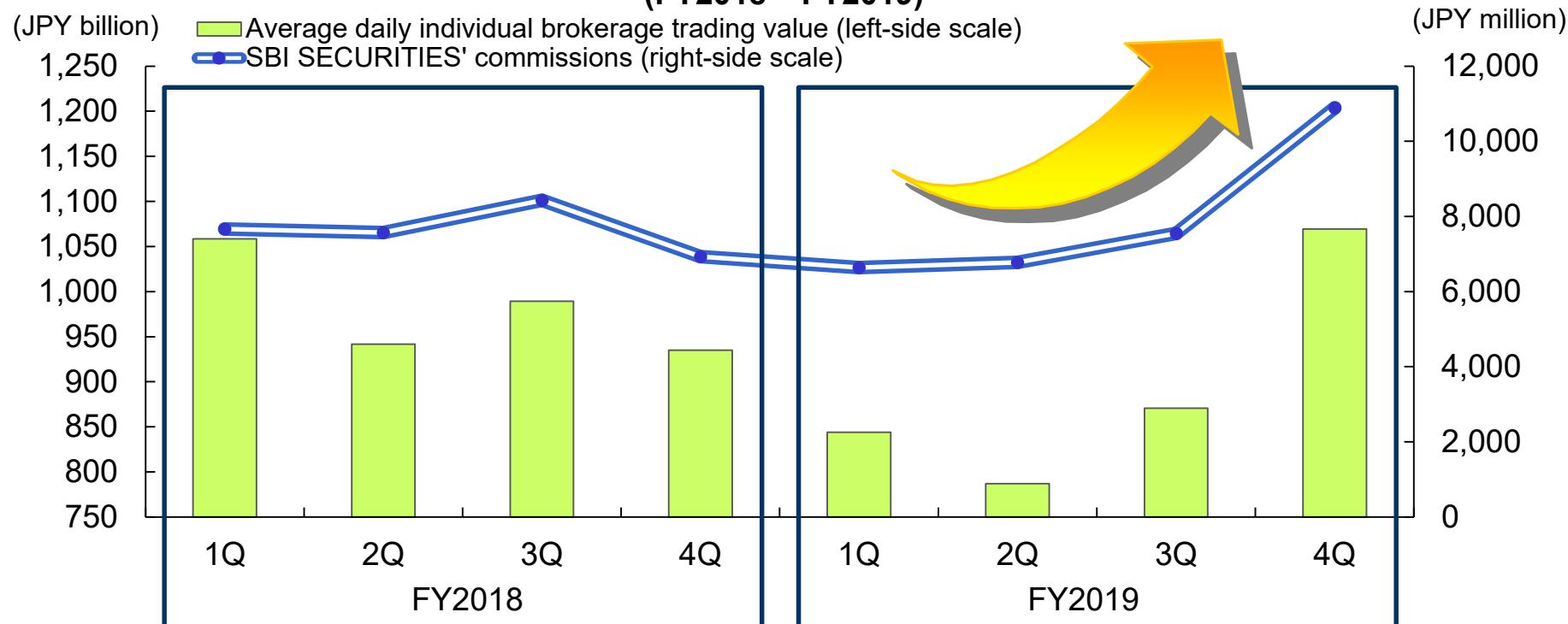
Number of Accounts of SBI SECURITIES and 2 Major Face-to-face Securities Companies
 (Mar. 2009 – Mar. 2020)



As of the end of Mar. 2017, Daiwa Securities' number of accounts totaled 3,886 thousand accounts, with no further disclosure

Increased Volatility in 4Q Contributed to SBI SECURITIES' Financial Results

SBI SECURITIES' consolidated commissions and average daily individual brokerage trading value (2 Market total*)
(FY2018 – FY2019)



[SBI SECURITIES' quarterly commissions]

	1Q FY2019	2Q FY2019	3Q FY2019	4Q FY2019
Commissions	JPY 6.6bn	JPY 6.8bn	JPY 7.5bn	JPY 10.9bn

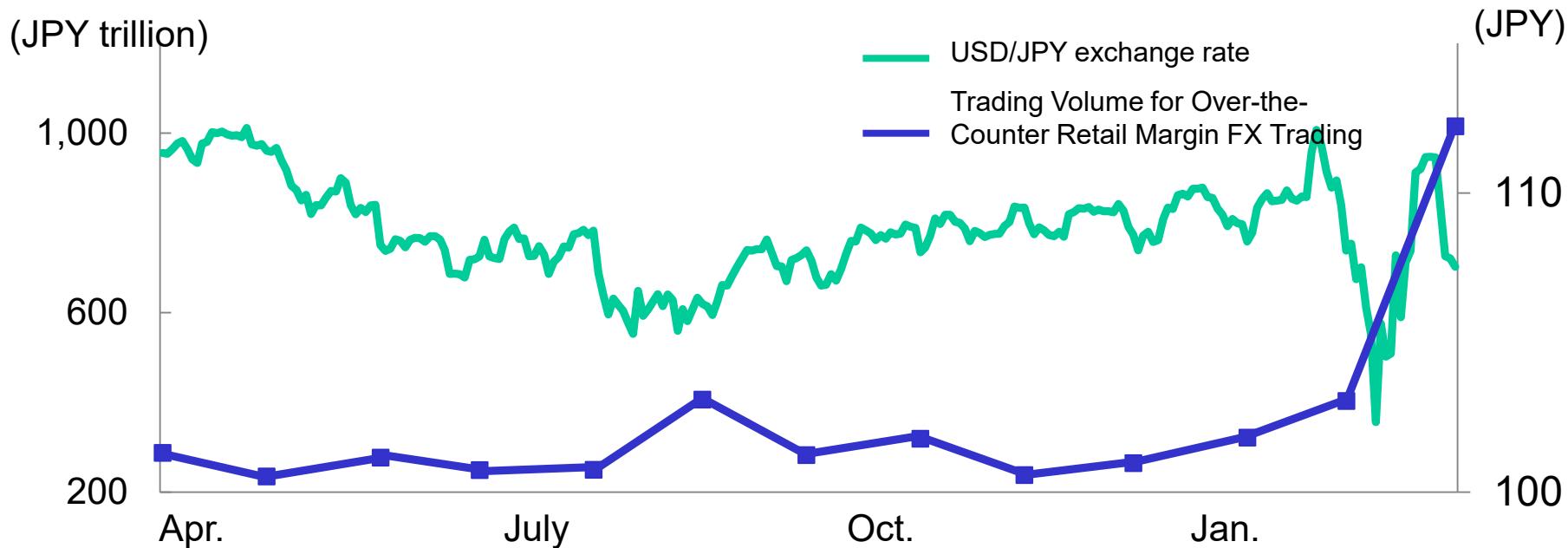
* Japanese stocks listed on Tokyo Stock Exchange and Nagoya Stock Exchange
(Including TSE Mothers, JASDAQ and NSE Centrex)

Source: Complied by SBIH from disclosed data from TSE

SBI Group's FX Business Profits Increased, Owing to Record Level of Trading Volumes Caused by the Increased Volatility in the Foreign Exchange Markets



FY2019 USD/JPY Exchange Rate Trend



SBI Group FX business' quarterly operating income

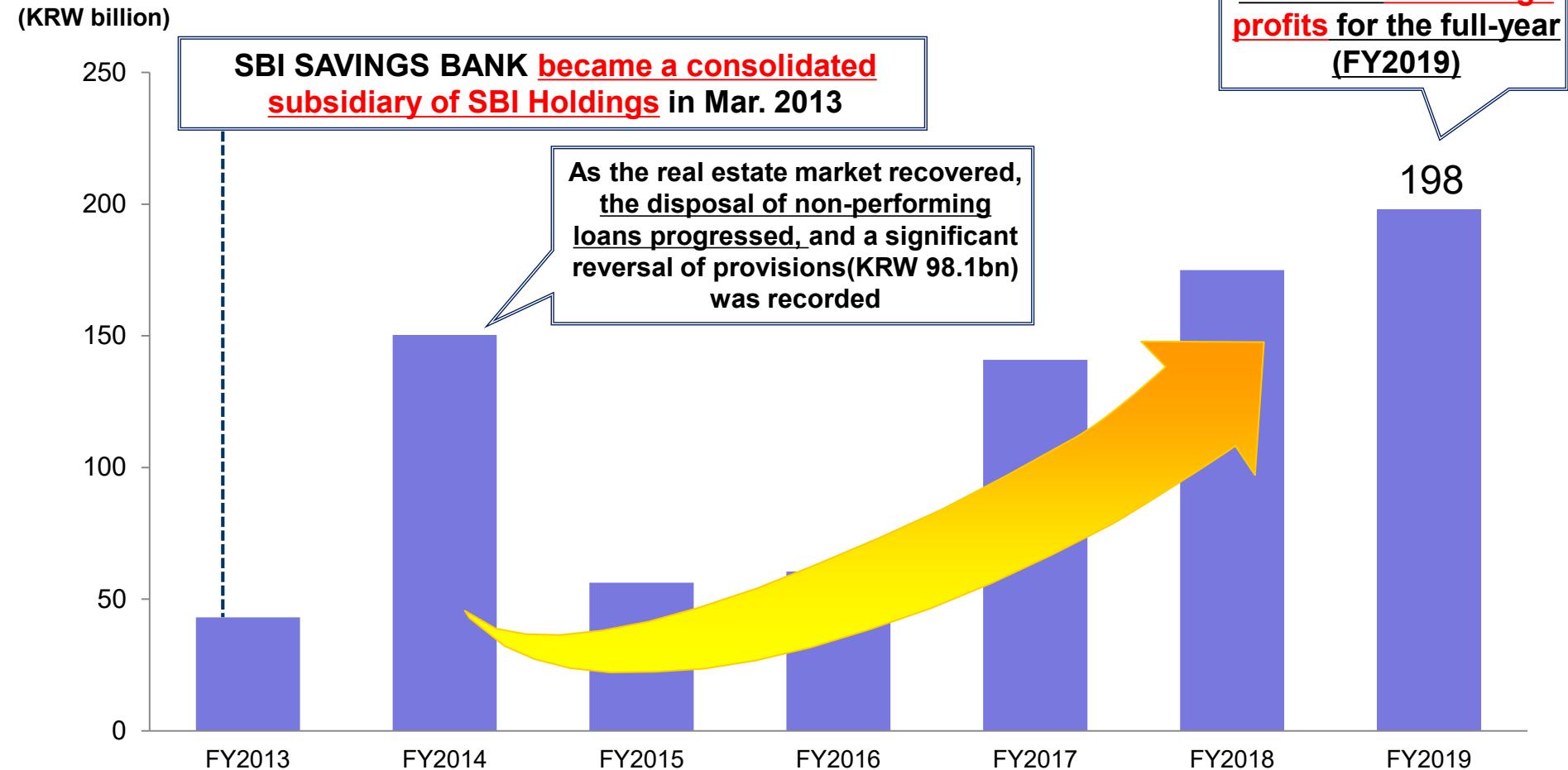
(Unit: JPY million)

1Q FY2019	2Q FY2019	3Q FY2019	4Q FY2019
2,936	3,293	2,532	5,364

Source: Compiled by SBIH, utilizing information available on the websites of Morningstar Japan and the Financial Futures Association of Japan

2. SBI SAVING BANK continued to steadily improve its performance, to record profit contribution second only to SBI SECURITIES, despite concerns of the impact of COVID-19 in South Korea

SBI SAVING BANK's Profit before Income Tax Expense (IFRS/Apr. 2019 - Mar. 2020)

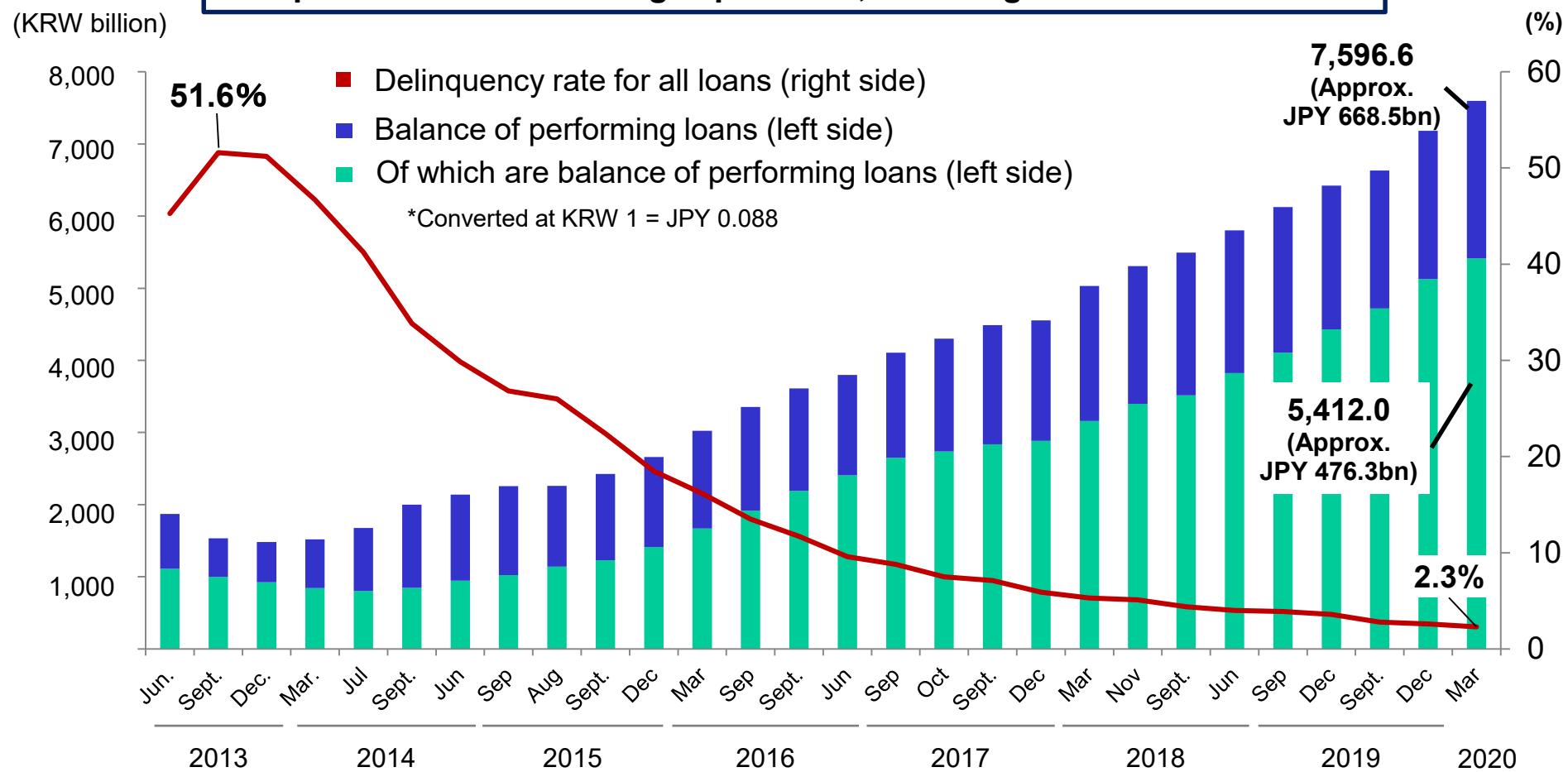


SBI SAVINGS BANK received an “A–” (Direction: “Stable**”) rating from 2 credit rating agencies in Korea (Korea Credit Rating and NICE Credit Rating), respectively**

Balance of Performing Loans (Based on K-GAAP)

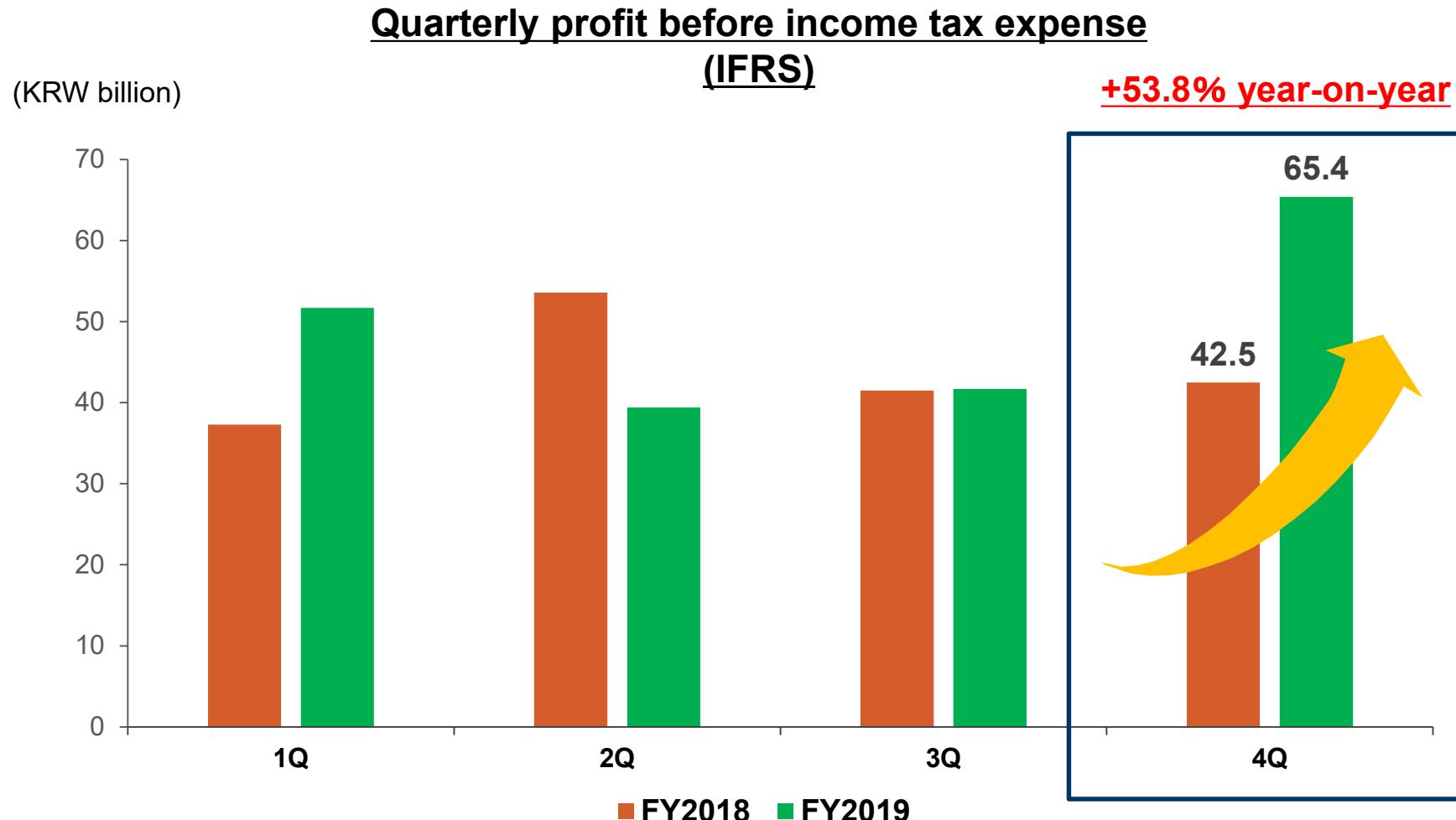
-Continued to record deficit on existing real estate loans and retail loans, but after incorporation the bank's management system has been strengthened and it has achieved a rapid decline in delinquency rates-

Endeavoring an increase in the balance of performing loans through an improvement in marketing capabilities, including the use of chatbots



The delinquency rate of the entire loan is low at 2.3% (2.7% for retail loan)

SBI SAVING BANK Achieves Higher Growth Over the Previous Year, Despite Market Turmoil Caused by COVID-19



3. The PE business as well as the banking and insurance businesses have taken fair value losses for Jan. to Mar. 2020, due to a drop in the market value of their held securities

- (1) In the PE business, profit/loss from the change in fair value and profit/loss on sales of investment securities for portfolio companies during the 4Q was impacted by the COVID-19 outbreak which resulted in a sudden fall in the stock market and a sharp drop in listed securities' valuations. Despite a year-on-year decline for the quarter, full-year results are JPY 19.8bn**
- (2) The banking and insurance businesses have undergone a healthy business expansion on a J-GAAP basis, but on an IFRS consolidated basis, they have taken a loss (bank: JPY 0.5bn, insurance: JPY 3bn) created by the market upheaval during the 4Q after estimating the fair value of their held securities**

(1) In the PE business, profit/loss from the change in fair value and profit/loss on sales of investment securities for portfolio companies during the 4Q was impacted by the COVID-19 outbreak which resulted in a sudden fall in the stock market and a sharp drop in listed securities' valuations. Despite a year-on-year decline for the quarter, full-year results are JPY 19.8bn

Profit/Loss From Change in Fair Value and Profit/Loss on Sales of Investment Securities in the Asset Management Business



In the Jan.-Mar. period of FY2019, significant valuation losses were recorded in listed stocks, owing to the sharp deterioration of the stock market caused by COVID-19

(IFRS, JPY billion)

	FY2018	FY2019	YoY % change
Profit/loss from the change in fair value and profit/loss on sales of investment securities	33.7	19.8	-41.3
<u>Listed Securities</u>	1.4	-3.5	-
<u>Unlisted Securities</u>	32.3	23.3	-27.9

	1Q	2Q	3Q	4Q
Profit/loss from the change in fair value and profit/loss on sales of investment securities	7.7	20.3	5.1	-13.2
<u>Listed Securities</u>	3.9	1.6	5.3	-14.4
<u>Unlisted Securities</u>	3.8	18.6	-0.3	1.1

Major Listed Stocks with Valuation Loss in 4Q

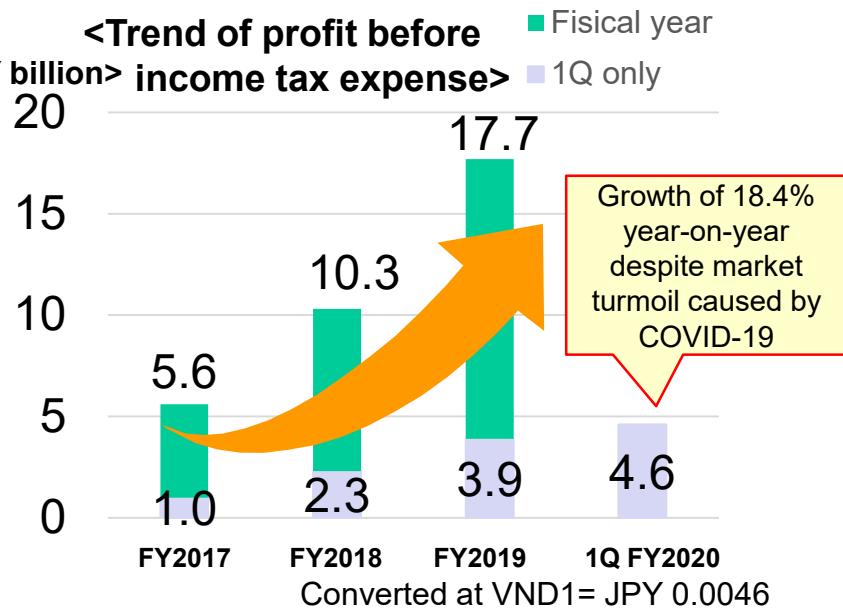
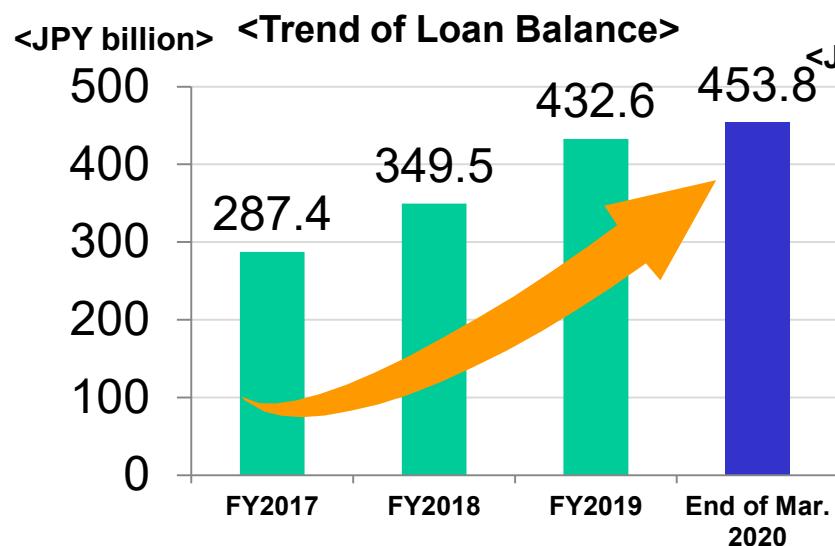
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- **Shinsei Bank**

As of the end of 2Q FY2019, the Company had 4.3% of the bank's issued shares, but additional shares were acquired in the Jan. to Mar. stock price decline, where valuation losses temporarily amounted to JPY 8bn, in order to reduce the impact on 4Q results to JPY 1.8bn. Proactive measures will be taken to minimize the impact on financial results

- **TP Bank (Vietnam)**

Despite a steady increase in its business results, a valuation loss of JPY 3.1bn was recorded in 4Q FY2019, owing to the sudden changes in the stock and FX markets in that period



- In addition to the above, during 4Q, Kiwi Technology (Taiwan) posted a JPY 1.6bn valuation loss, and NFC Holdings a JPY 1.3bn loss

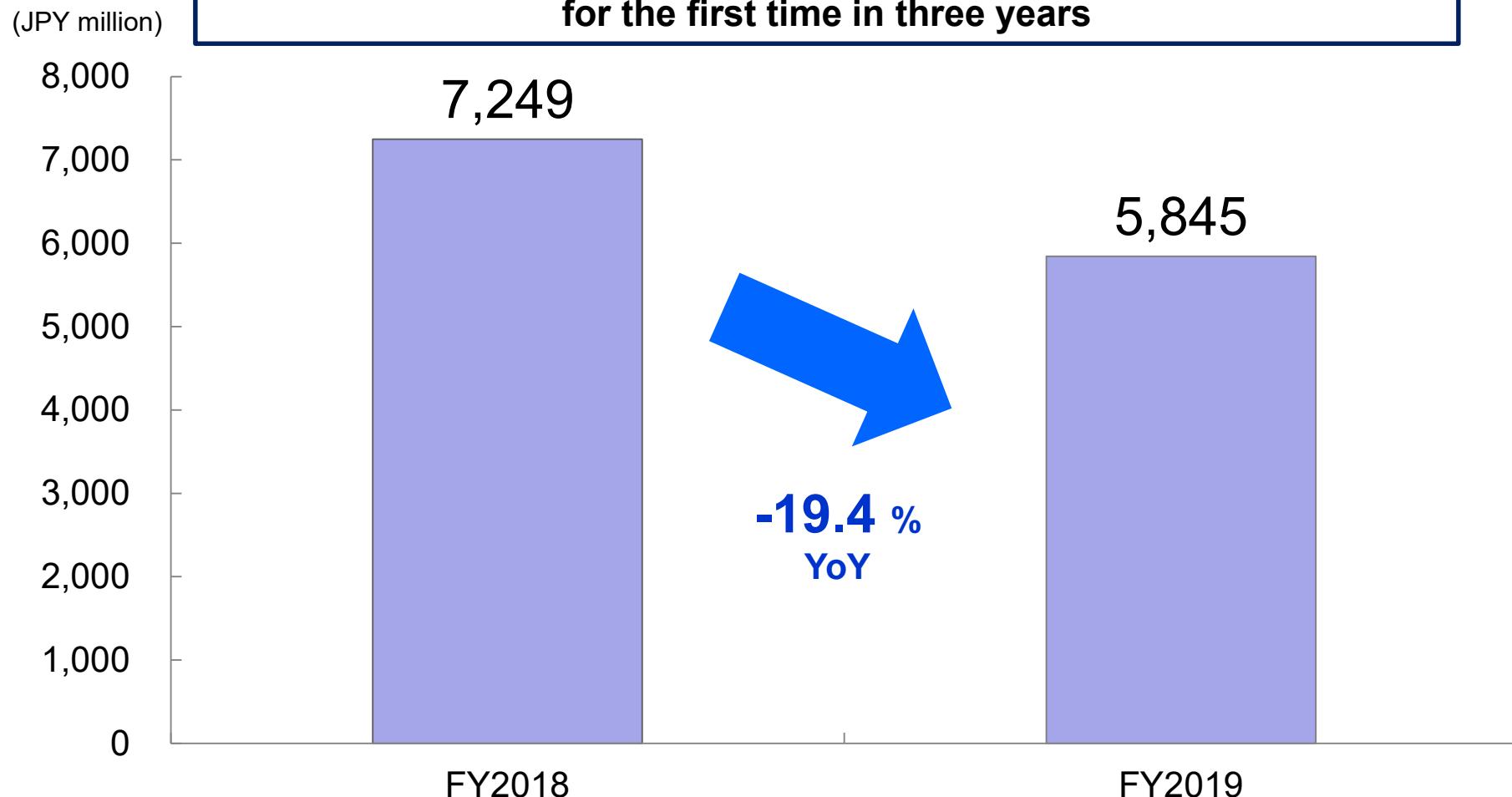
(2) The banking and insurance businesses have undergone a healthy business expansion on a J-GAAP basis, but on an IFRS consolidated basis, they have taken a loss (bank: JPY 0.5bn, insurance: JPY 3bn) created by the market upheaval during the 4Q after estimating the fair value of their held securities

① Banking-related business (SBI Sumishin Net Bank)

- ✓ **SBI Holdings' equity method earnings of SBI Sumishin Net Bank, based on IFRS for FY2019 was JPY 5,845m, down 19.4% year-on-year, owing to an increase in loss valuation of securities held (4Q: JPY 0.5bn), as a result of the financial market turmoil caused by COVID-19**
- ✓ On the other hand, J-GAAP results remained strong as in the previous fiscal year
 - *FY2019 financial results (J-GAAP) announcement is scheduled for May 15, 2020
- ✓ As of the end of FY2019, the number of accounts reached approximately 3.93 million, and the balance of deposits exceeded JPY 5.3tn

Change in SBI Sumishin Net Bank's Financial Results (IFRS)

Owing to the sharp decline in stock prices caused by COVID-19, the equity method investment income based on an IFRS basis declined for the first time in three years

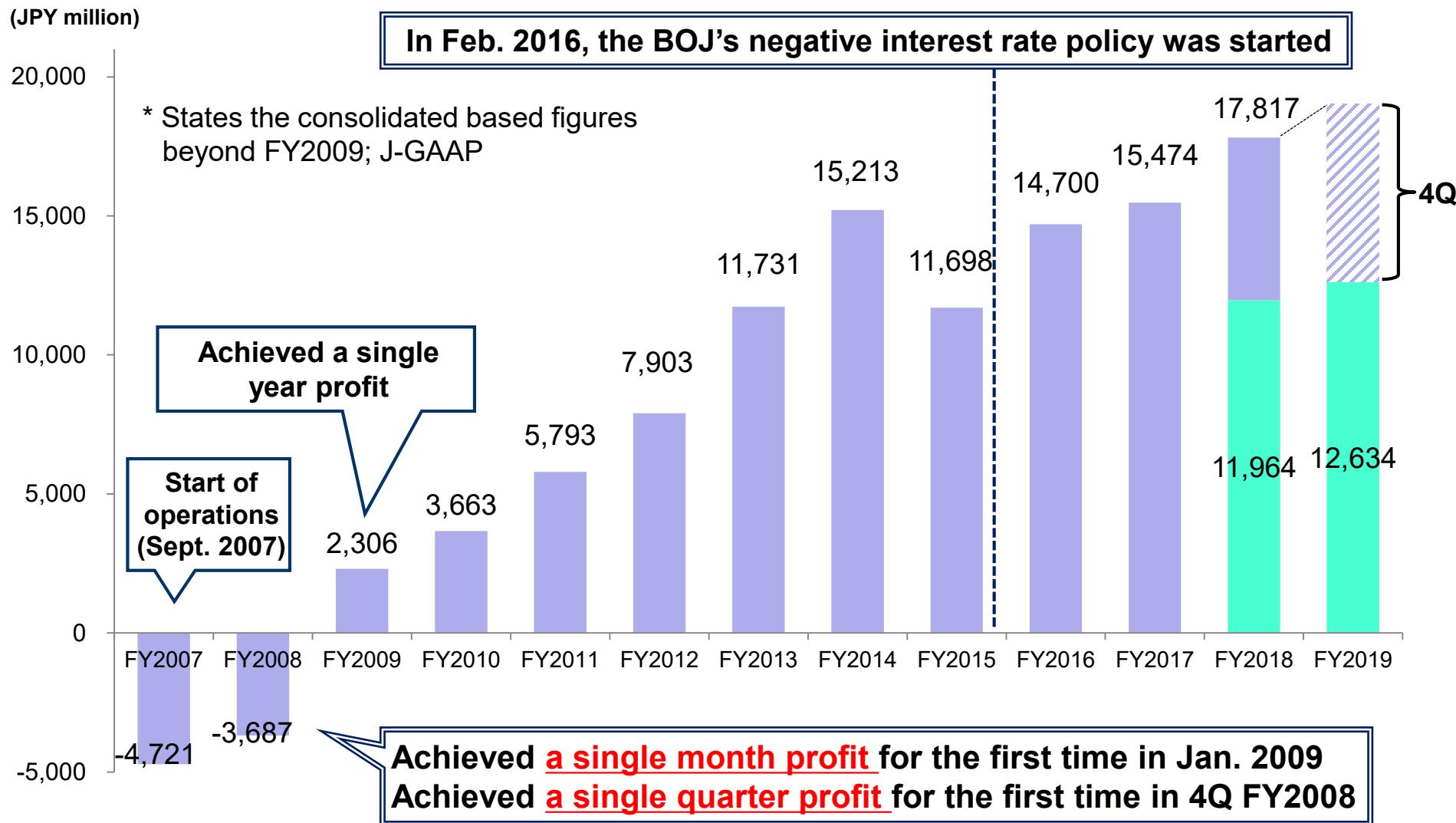


Note: Owing to the difference in IFRS and J-GAAP for asset assessment criteria, the figures differ from that disclosed based on J-GAAP.

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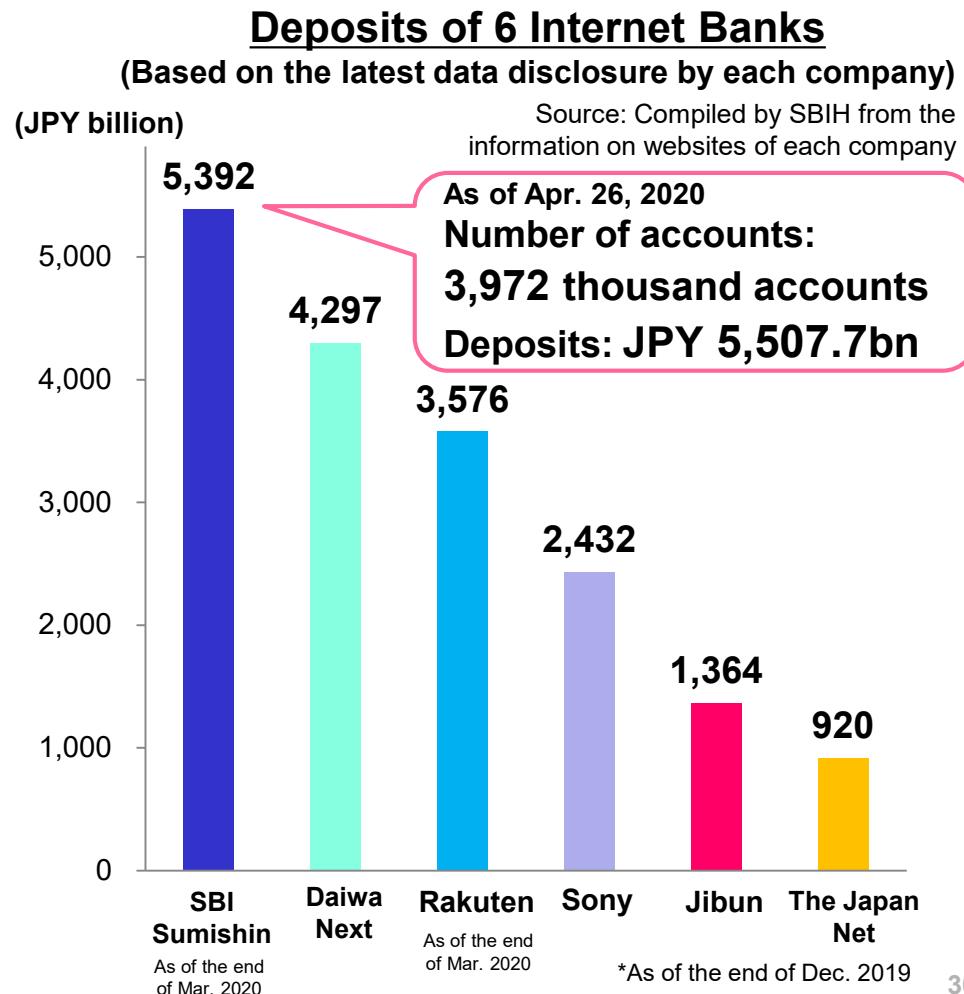
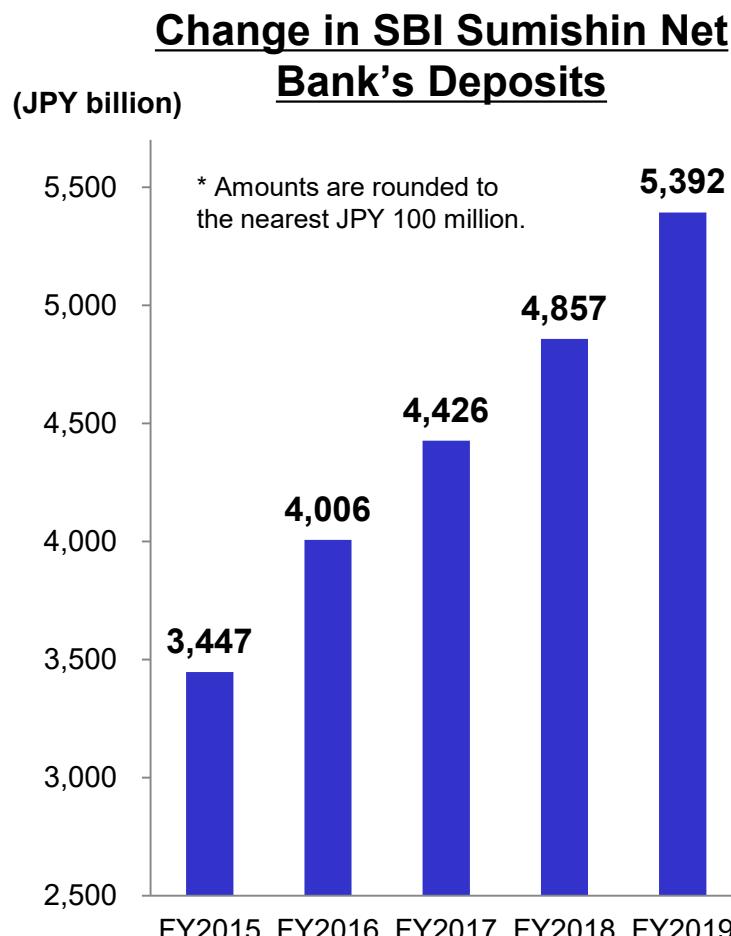
Change in SBI Sumishin Net Bank's Ordinary Income (J-GAAP) after Start of Operations

-FY2019 financial results (J-GAAP) announcement is scheduled for May 15, 2020-



As of Apr. 26, 2020, the Balance of Accounts and Deposits Exceeded 3.97 Million Accounts and JPY 5.5tn, Respectively, to Significantly Surpass Its Competitors

Number of accounts: 3,929,213 / Deposits: JPY 5,392.3bn
(As of the end of Mar. 2020)

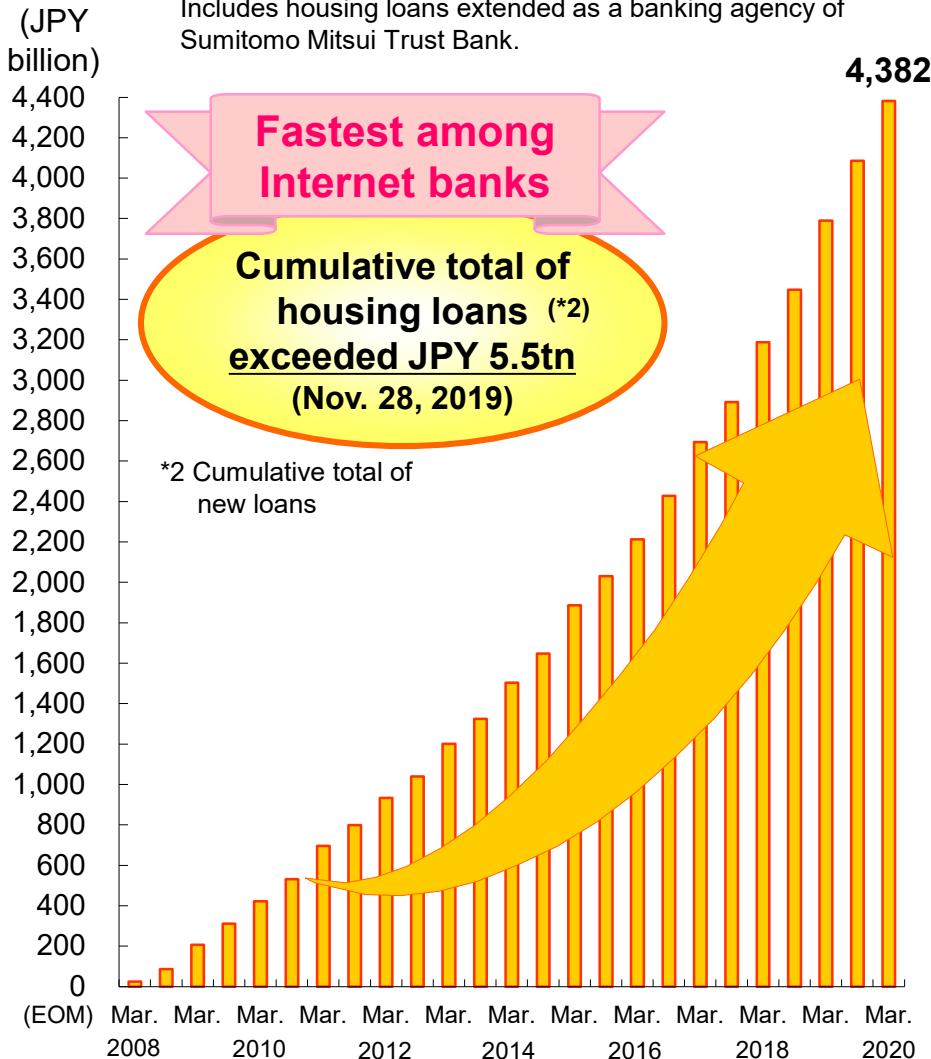


Owing to Attractive Interest Rates and Highly Beneficial Customer Services, the Cumulative Total of Housing Loans has Steadily Increased

Change in Balance of Housing Loans *1

(Mar. 2008 – Mar. 2020)

*1 Deducts repayments from the cumulative total of new loans.
Includes housing loans extended as a banking agency of
Sumitomo Mitsui Trust Bank.



SBI Sumishin Net Bank's housing loans business:

- ① **Housing loans processed directly by SBI Sumishin Net Bank**
 - Via alliance with real estate companies (from Sept. 2007)
 - Banking agency specialized product “MR. Housing Loan REAL” (from Mar. 2015)
- ② **Banking agency business for Sumitomo Mitsui Trust Bank “Internet Exclusive Housing Loan”** (from Jan. 2012)
- ③ **Long-term fixed rate product “Flat 35” (from Sept. 2015)**

② Insurance-related business (SBI Insurance Group)

- Under J-GAAP, SBI Insurance Group's consolidated ordinary profit for FY2019 (preliminary figures), increased 10.7% year-on-year to JPY 2,360m, reflecting a steady increase in total number of inforce contracts. On the other hand, under IFRS, unrealized losses on securities held (4Q: JPY 3bn) were recorded, owing to the financial market turmoil caused by COVID-19
 - * Final consolidated figures for FY2019 will be released on May 13
- The number of in-force contracts totaled to be approx. 2.08 million contracts at the end of FY2019, owing to the inclusion of JAPAN ANIMAL CLUB into the Group

SBI Insurance Group's Performance (Preliminary Figures)

* Final consolidated figures for FY2019 will be released on May 13, 2020

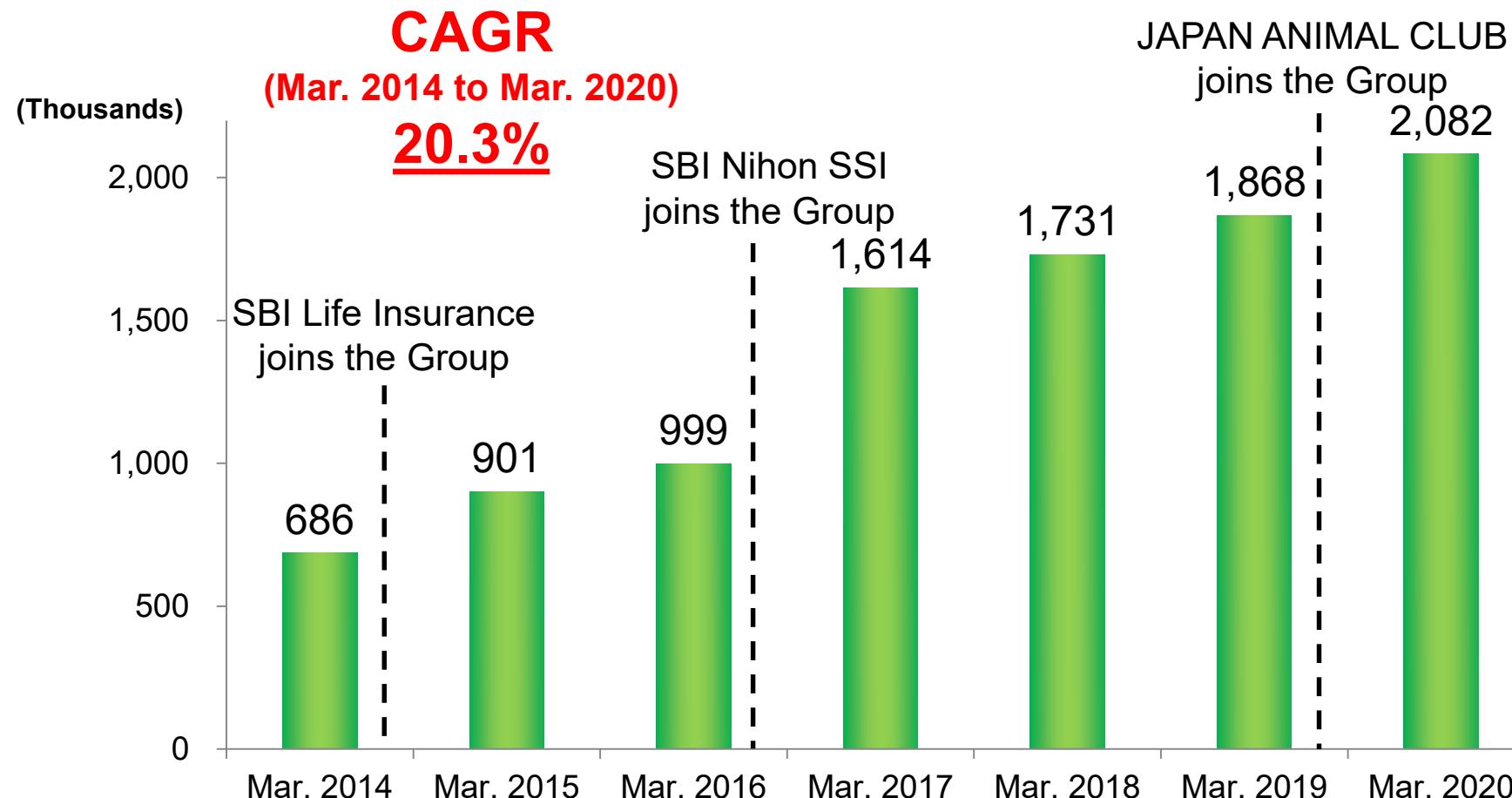
Consolidated results for FY2019 (J-GAAP)

(Unit: JPY million)

	FY2018 (Result)	FY2019 (Preliminary)	YoY % change
Ordinary revenue	66,388	70,467	+6.1
Ordinary profit	2,131	2,360	+10.7
Profit attributable to parent of the Company*	851	335	-60.6

* As SBI Life Insurance's Group Credit Life Insurance sales increased, provision for reserve for dividends to policyholders increased, and the level of net income attributable to shareholders of the parent company remained low as compared to ordinary income

SBI Insurance Group's Total Number of In-force Contracts Steadily Increased



4. With the novel coronavirus taxing the medical system and forcing shelter-in-place restrictions, especially in Europe and the U.S., ongoing clinical trials in the Biotechnology-related Business were impeded. However, further improvement in business results is expected in FY2020 owing to thorough cost reductions, etc.

- SBI Biotech has newly out-licensed “SBI-3150,” an autoimmune disease treatment drug, to ASAHI KASEI PHARMA, for a total of four out-licensed pipeline drugs
- With the novel coronavirus taxing the medical system and forcing shelter-in-place restrictions, especially in Europe and the U.S., Quark Pharmaceuticals is having its ongoing clinical trials impeded. The company is moving ahead with initiatives to significantly reduce costs and is examining the impact upon Phase III clinical trials for its drug to treat acute kidney injury (AKI)
- During 1Q FY2019, owing to the business selection and concentration process, completely sold the shares held of Kubota Pharmaceutical Holdings. No additional material investments will be made in this segment going forward, other than for the 5-ALA-related businesses

Profit Before Income Tax Expense of the Biotechnology-related Business (IFRS)

(JPY million)

	FY2018	FY2019
SBI Biotech	-166	16
Quark Pharmaceuticals (“Quark”)	-8,193	-7,668
5-ALA-related business	-1,395	-1,272
	263	193
	412	173

- **SBI Biotech** has signed an exclusive out-license agreement with ASAHI KASEI PHARMA for “SBI-3150,” an autoimmune disease drug. **Achieved full-year profitability** through upfront payments and cost-cutting efforts
- **Quark** continues to record R&D expenses for its Phase III clinical trials for acute kidney injury (AKI) prophylaxis
- **SBI Pharmaceuticals** not only narrowed down development costs, but also took a conservative approach to amortization of prepaid development costs and research equipment
- **SBI ALApromo** **achieved full-year profitability for the third consecutive year**, despite a year-on-year decline in profit before income tax expense, owing to the promotion of new products and the temporary large-scale transactions in the previous year
- **photonamic** has increased its employees from 9 to 23 as a result of business expansion, and incurred a one-time acquisition expense, which led to lower profits, but it **nonetheless achieved full-year profitability for the third consecutive year**

Impact of COVID-19 (New Coronavirus) Epidemic on the Clinical Trials for U.S. Quark's Acute Kidney Injury (AKI) Prophylaxis

COVID-19 Impact

- As of Apr. 20, 980 subjects have already been administered treatment, but because of medical urgency and shelter-in-place restrictions in Europe, virtually no progress is being made in recruiting the remaining 62 subjects who are needed to complete the clinical trial
- 169 of the subjects already receiving treatment need to have a 90-day follow-up (which includes blood samples), but it is difficult for them to get to the clinic. This will hinder study completion
- If not for the impact of COVID-19, all test subjects could have been recruited by Apr. 30 and the results of the trials established by Oct. as scheduled

Under the new CEO, Quark will endeavor to reduce expenses, including personnel costs, from the current JPY 7.5bn to around 60% of that in the next fiscal year

- Gal Cohen became the new CEO on Apr. 1. He earned his MBA from Tel Aviv University while working for a major Israeli pharmaceutical company. Previously, he spent 13 years as CEO of MediWound, an Israeli biotech venture that successfully developed an innovative eschar removal agent “NexoBrid ®”

Business Selection and Concentration on the Biotechnology-related Business

Profit before income tax expense of the Biotechnology-related Business (IFRS)

(JPY million)

	FY2018	FY2019
Profit before income tax expense (excluding temporary factors)	-11,762	-10,079
Impairment losses on pipelines	-7,417	—
Loss associated with the sale of Kubota Pharmaceutical Holdings	—	-1,352
Total profit before income tax expense of the Biotechnology-related Business	-19,179	-11,431

Kubota Pharmaceutical Holdings shares were sold in 1Q FY2019.

As for Quark, pending the results of Phase III clinical trials for its AKI prophylaxis drug, a sale of the company may be contemplated. **No additional material investments will be made in this segment going forward, other than for the 5-ALA-related businesses.**

II. Proactively advancing the alliance strategy to further expand the business foundation

1. Basic agreement with the SMBC Group on a strategic capital and business alliance
2. Formed alliances with various companies in order to directly contribute to the revitalization of not only regional financial institutions, but also the regional economies, to proactively contribute to regional revitalization
3. SBI Sumishin Net Bank is moving toward an IPO, by unbundling its banking functions and advancing its Neo-bank initiatives to partner companies

1. The SBI Group and the SMBC Group Signs a Basic Agreement for a Strategic Capital and Business Alliance Initiative (Announced on Apr. 28, 2020)

Financial Conglomerate

 SBI Holdings

 SBI 証券
[SBI SECURITIES]

 ネオモバ
[Neo-Moba]

 SBI マネープラザ
[SBI MONEY PLAZA]

 SBI Investment

Mega Bank Group

 SMBC

三井住友フィナンシャルグループ
[Sumitomo Mitsui Financial Group]

三井住友銀行
[Sumitomo Mitsui Bank]

 SMBC 日興証券
[SMBC Nikko Securities]

In addition to a capital investment by Sumitomo Mitsui Bank into Money Tap, the SMBC Group has also been in discussions toward the immediate utilization and diffusion of the distributed ledger technology platform in the trade finance field, through a capital participation in SBI R3 Japan

Details of the Basic Agreement on Strategic Capital and Business Alliance ①

Provide greater customer convenience by leveraging each company's strengths in various fields, including the digital and face-to-face operations



Smartphone securities and financial services brokerage operations

- SBI NEO MOBILE SECURITIES and the SMBC Group have initiated discussions on the provision of financial services primarily to neophyte millennials, by maximizing the use of their management resources. SMBC Group plans to acquire 20% of the outstanding shares of SBI NEOMOBILE SECURITIES from SBI SECURITIES, by a share transfer, or other methods
- Considering the provision of services that will meet the new asset formation opportunities and diversified needs, through the utilization of the extensive customer base and the available financial products of the securities companies of both Groups
- Both Groups will also consider the utilization of the new Financial Service Intermediary Act, which is expected to be revised in the near future

Face-to-face securities business area

- SBI MONEY PLAZA and SMBC Nikko Securities are considering joint provision of the face-to-face securities business with regional financial institutions
- Through this alliance, SMBC Nikko Securities will consider the acquisition of SBI MONEY PLAZA shares, in order to quickly realize the co-provision of face-to-face securities business at regional financial institutions, along with an exchange of essential personnel

Details of the Basic Agreement on Strategic Capital and Business Alliance ②



Investments	<ul style="list-style-type: none">• SMBC Group has begun consideration to make a LP investment into SBI Investment's newly established fund, the “4+5 Fund,” which will invest in domestic and foreign startup companies in the fintech, AI, blockchain, Society 5.0, Industry 4.0, and 5G fields• The SBI Group and the SMBC Group will further accelerate their digital strategies, by collaborating with startup companies in which they have invested
Regional revitalization	<ul style="list-style-type: none">• The SBI Group and the SMBC Group, are considering the provision of services to advance regional revitalization through the company that the SBI Group is considering to establish, by utilizing both Group's digital technology and financial services• SMBC Group is contemplating to take a share in the new company
Securities systems and securities affairs	<ul style="list-style-type: none">• SBI SECURITIES and SMBC Nikko Securities will consider forming an alliance at their system development subsidiaries, to contemplate the further internalization and standardization of the securities system, through an exchange of personnel and know-how• Commenced studies to improve back office efficiency, such as the standardization of securities affairs
Strengthening of capital relationship between the two Groups	<ul style="list-style-type: none">• In order to further enhance the relationship between the two Groups, considering the advancement of further collaborations that will strengthen the capital cooperation relationship between the two Groups. Specific measures will be discussed in the future

Details of Collaborations in the Smartphone and Face-to-face Securities Business Domains

[Provision of financial services for neophyte investors, primarily for the younger generation]



Service collaboration  Investment (planned; 20%)



[Neo-Moba]

Through the utilization of SBI SECURITIES, SBI NEOMOBILE SECURITIES and the SMBC Group's wide-ranging customer base, along with the concomitant available financial products and services, will endeavor to realize the provision of services that will meet the new asset formation opportunities and diversified needs that are forthcoming

[Securities businesses for regional financial institutions]



SMBC日興証券
[SMBC Nikko Securities]

Shared human resources and know-how  Considering an investment



[SBI MONEY PLAZA]

In addition to personnel exchanges between SMBC Nikko Securities and SBI MONEY PLAZA, will consider the expansion of the face-to-face securities business by mutually utilizing both companies' products, services and solutions

Also considering the commonization of both Group companies' securities systems and administrative work

Collaboration Details in the Investment Field



One of Japan's largest venture capital



Mega bank group



Operation

Further accelerate digital strategy, by collaborating with investee startup companies

Agreement to participate as a strategic investment

「Common Name: 4+5 Fund」

A venture capital fund that invests in fintech, AI, blockchain, Industry 4.0-related issues (IoT, robotics, etc.), Society 5.0-related issues (healthcare infrastructure, food and agriculture)

Up to JPY
100bn

Regional Revitalization Collaboration Content



Investment
consideration

SBI Regional Revitalization Services

A new company with SBI Group's initial ownership ratio of greater than 51%, but to be established with multiple partners

Supporting regional revitalization through the provision of a wide range of digital technologies and financial services owned by the SBI Group and the SMBC Group, to regional financial institutions and their customers

2. Formed alliances with various companies in order to directly contribute to the revitalization of not only regional financial institutions, but also the regional economies, to proactively contribute to regional revitalization

- (1) The SBI Group has been working in collaboration with regional financial institutions for over three years, which has resulted in contributions to the business performance of both parties
- (2) Will establish a new management company (Regional Revitalization Partners), and two affiliated companies (SBI Regional Revitalization Services and SBI Regional Revitalization Investment and Loan) to proactively and efficiently contribute to regional revitalization. Under a new system, further alliances will be formed with various companies to promote initiatives from a higher perspective, toward regional revitalization
- (3) In order to establish an efficient and effective support system for regional financial institutions that SBI Holdings has entered into capital and business alliances with, as well as those regional financial institutions that may become involved in capital and business alliances in the future, a new holding company 100% owned by the SBI Group (SBI Regional Bank Holdings) will be established

(1) The SBI Group has been working in collaboration with regional financial institutions for over three years, which has resulted in contributions to the business performance of both parties

- ① Contribution to regional financial institutions**
- ② Contribution to the SBI Group**

Alliances between SBI Group Companies and Regional Financial Companies (i)

SBI group companies	Content of the alliance	Target	Effect
 SBI 証券 SBI SECURITIES	Announcement of alliances with a total of <u>39 regional financial institutions</u> in the financial product intermediary business, <u>along with 1</u> that has already committed	Individuals	Strengthening profitability
 SBI マネープラザ SBI MONEY PLAZA	Co-managed shop operations with <u>10 regional banks at 13 shops</u> , with a one-stop provision of securities-related products handled by SBI MONEY PLAZA, where <u>4 banks</u> have already committed	Individuals	Strengthening profitability
 SBI Life Insurance	Group credit insurance handled by SBI Life Insurance has been launched or sold at <u>19 institutions</u> , and <u>1 institution</u> has already adopted	Individuals	Cost reduction
 SBI Insurance	<u>50 companies</u> including <u>17 financial institutions</u> have already decided to adapt insurance products handled by SBI Insurance	Individuals	Strengthening profitability
 SBI NEO FINANCIAL SERVICES	<u>9 banks</u> have introduced a white-label banking app provided by SBI NEO FINANCIAL SERVICES, <u>with 1 more bank</u> having decided as well	Individuals	Improved convenience
 SBI Business Solutions	<u>A total of 27 regional financial institutions</u> have decided to introduce their cloud-based workflow system “Approval Time” to their business partners, <u>with 6 more</u> having decided as well	Corporate	Support for local company

Alliances between SBI Group Companies and Regional Financial Companies (ii)

SBI group companies	Content of the alliance	Target	Effect
	The tablet app “Wealth Advisors” provided by Morningstar Japan has been installed at <u>137 regional financial institutions</u>	Individuals	Improved convenience
	<u>35 institutions</u> , including regional financial institutions, have invested in Money Tap, which provides money transfers between individuals. Ehime Bank became the first regional financial institution to implement “Money Tap” on Apr. 13	Individuals	Improved convenience
	Assets under management of SBI Regional Revitalization Asset Management co-invested by 38 regional financial institutions exceeded JPY 300bn	Individuals/ Bank	Strengthening profitability
	<u>72 regional financial institutions</u> have invested in venture capital funds currently managed by SBI Investment	Banks	Creating new businesses
	<u>3 regional financial institutions</u> started to offer international money transfer services provided by SBI Remit	Individuals	Improved convenience
	<u>A regional financial institution</u> decided to offer the real estate purchasing and leasing services “Zutto Smile,” <u>while another regional financial institution</u> is in discussions	Individuals	Improved convenience
 SBI Sumishin Net Bank	Shimane Bank has already started offering housing loans provided by SBI Sumishin Net Bank, and discussions are underway with other regional financial institutions to form alliances to provide the bank’s products and services	Individuals	Strengthening profitability

SBI SECURITIES Supports the Cultivation of New Customers through the Provision of Financial Instruments Intermediary Services to Total 39 Regional Financial Institutions

-Planning the announcement of alliances with 1 additional regional financial institution shortly-



Financial instruments
intermediary services

Regional financial
institutions

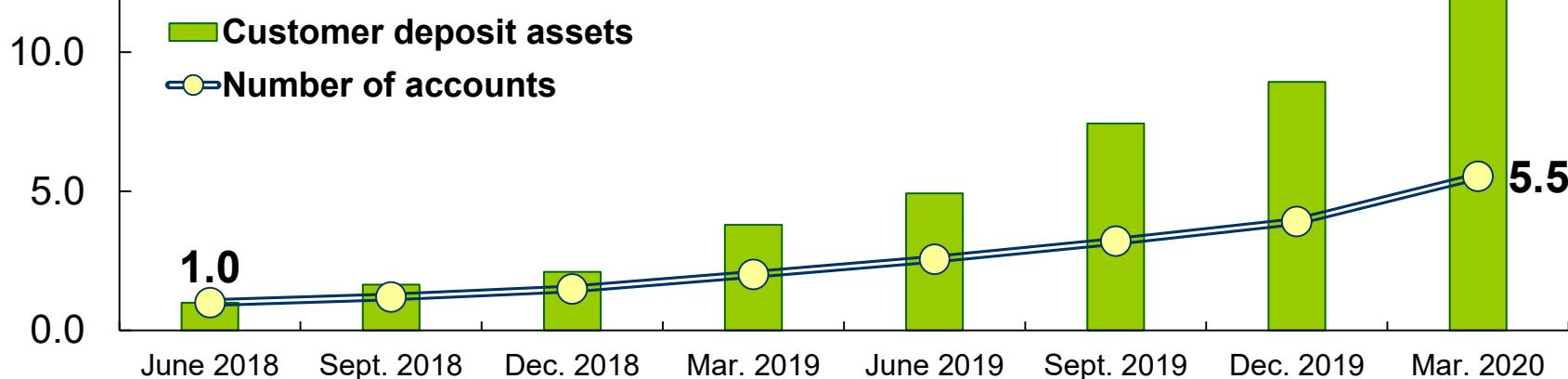


Provides the SBI Group's products and services, with high customer benefits, to regional financial institutions' customers

Change in the number of accounts and customer deposit assets through financial instruments intermediary services

*1 Includes those at SBI MONEY PLAZA's co-managed shops

*2 Figures as of June 2018 as 1



Through SBI SECURITIES' Financial Institutional Sales Dept., Expanded Brokerage Services to Its Customer Financial Institutions, which Total 379 Companies*1



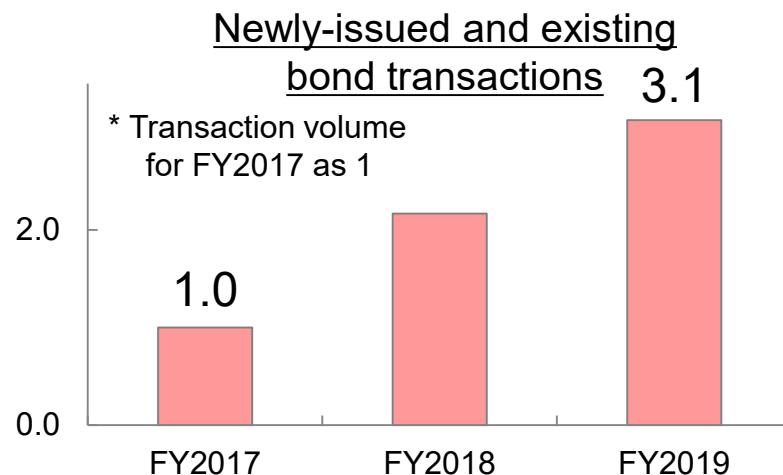
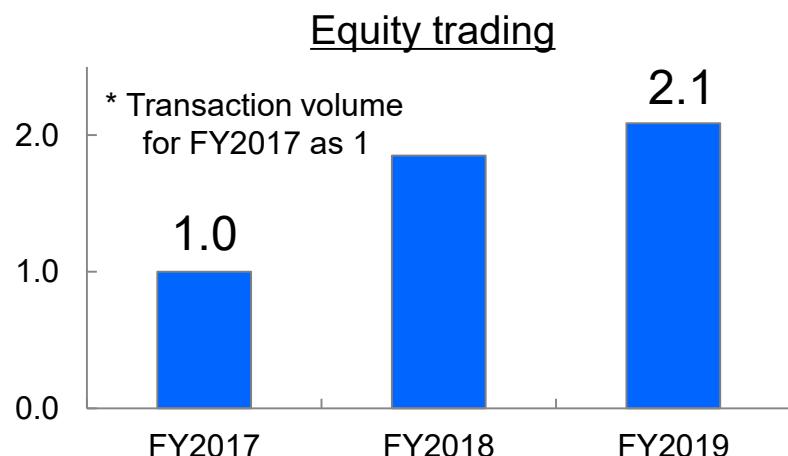
[SBI SECURITIES]

Institutional investors sales division, including Financial Institutional Sales Dept.

SBI SECURITIES is strengthening the distribution of structured bonds (self-origination and distributed a total amount of JPY 114bn*2 (Dec. 2015 – Mar. 2020)), domestic and overseas investment trusts, as well as bond transactions

*1 As of the end of Mar. 2020 *2 Includes structured bonds toward retail customers

-Transaction volume for FY2019 with financial institutions-



- ◆ Strengthening equity and investment trust sales for domestic and overseas institutional investors
- ◆ Structured bond and foreign bond transactions with regional financial institutions are steadily increasing

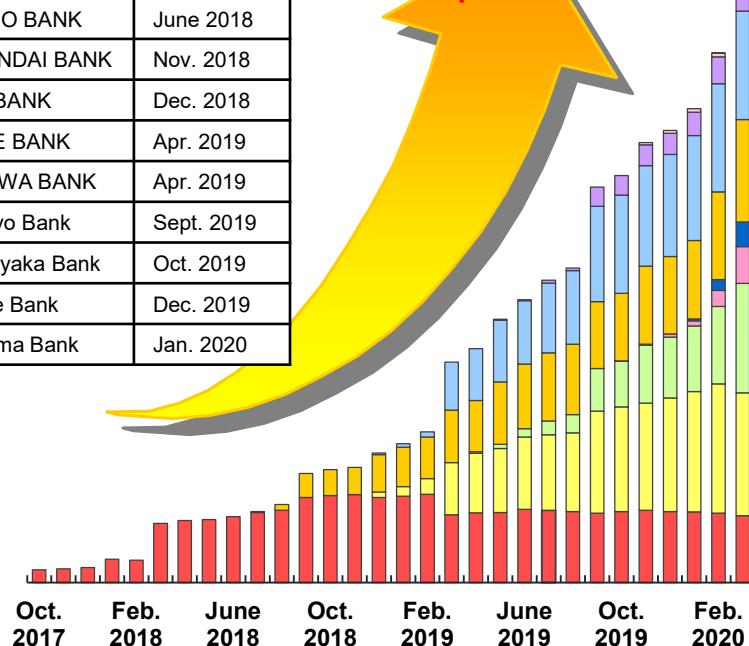
Co-managed Shops with Regional Financial Institutions have Rapidly Increased Their Number of Accounts and Customers' Deposit Assets

Established a total of 13 shops with 10 banks, to operate joint store operations
 (2nd stores with Shimizu Bank, Chikuho Bank, and Mie Bank)

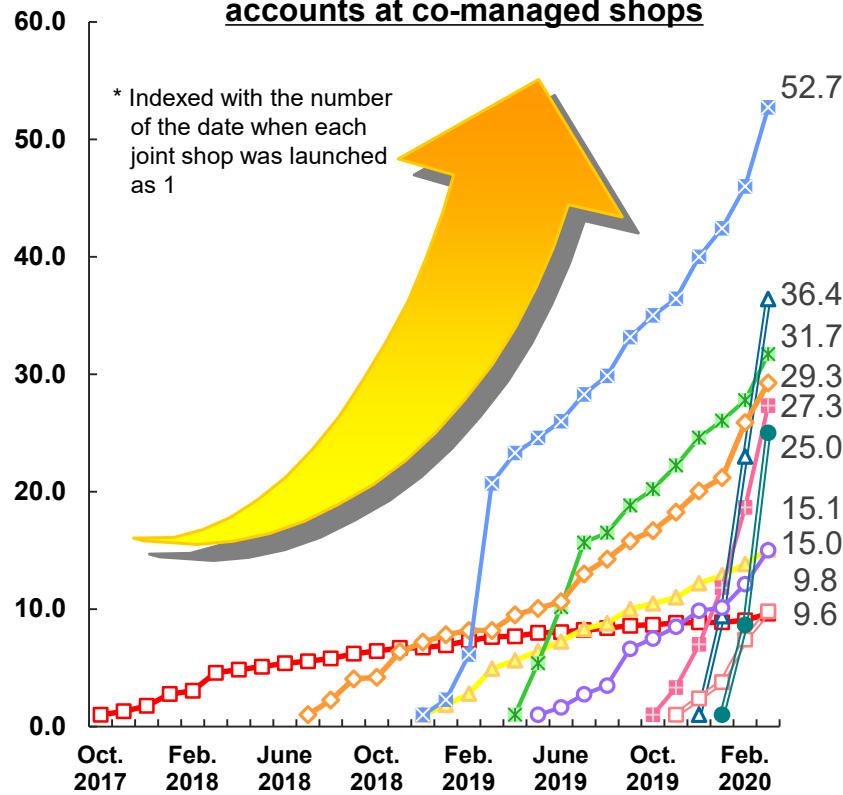
Changes in customers' deposit assets at co-managed shops

Bank	Open
Shimizu Bank	Oct. 2017
CHIKUHO BANK	June 2018
THE SENDAI BANK	Nov. 2018
EHIME BANK	Dec. 2018
THE MIE BANK	Apr. 2019
THE TOWA BANK	Apr. 2019
The Keiyo Bank	Sept. 2019
The Kirayaka Bank	Oct. 2019
Shimane Bank	Dec. 2019
Fukushima Bank	Jan. 2020

Total Customers' Deposit Assets increased by 50 times as compared to Oct. 2017



Changes in the number of accounts at co-managed shops



■ Shimizu Bank
 □ The Keiyo Bank
 ▲ EHIME BANK
 ■ Fukushima Bank

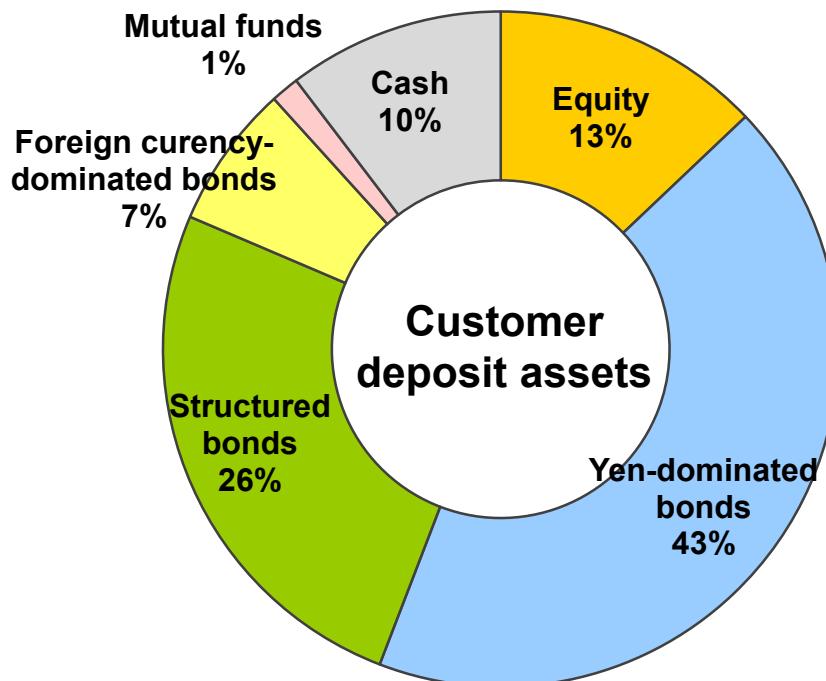
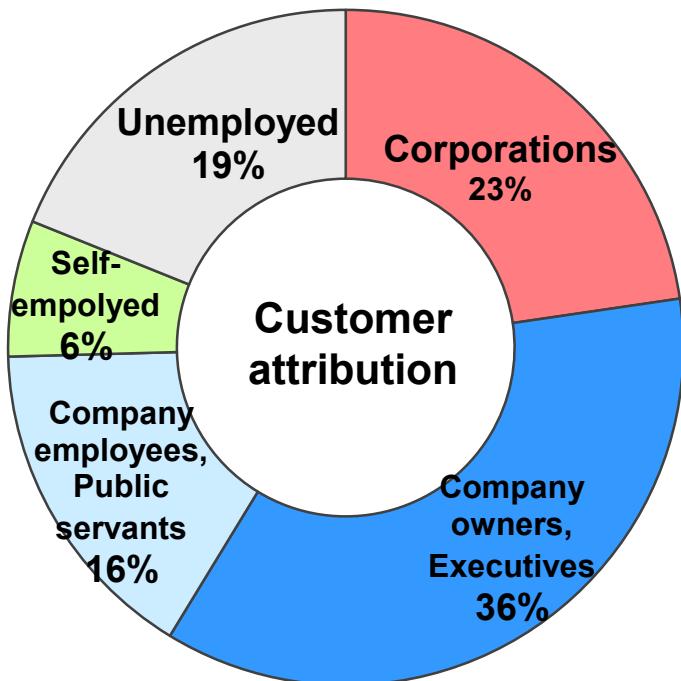
■ THE SENDAI BANK
 □ THE MIE BANK
 ▲ CHIKUHO BANK
 ■ THE TOWA BANK
 □ The Kirayaka Bank

■ Shimizu Bank
 □ The Keiyo Bank
 ▲ EHIME BANK
 ■ The Kirayaka Bank

■ THE SENDAI BANK
 □ THE MIE BANK
 ▲ CHIKUHO BANK
 ■ THE TOWA BANK
 □ Fukushima Bank

At the Co-managed Shops with Regional Financial Institutions, Account Opening of Corporations and Wealthy Individuals, Including Company Owners Continues to Progress

Breakdown of customer attributes, and customer deposit assets (as of Mar. 2020)



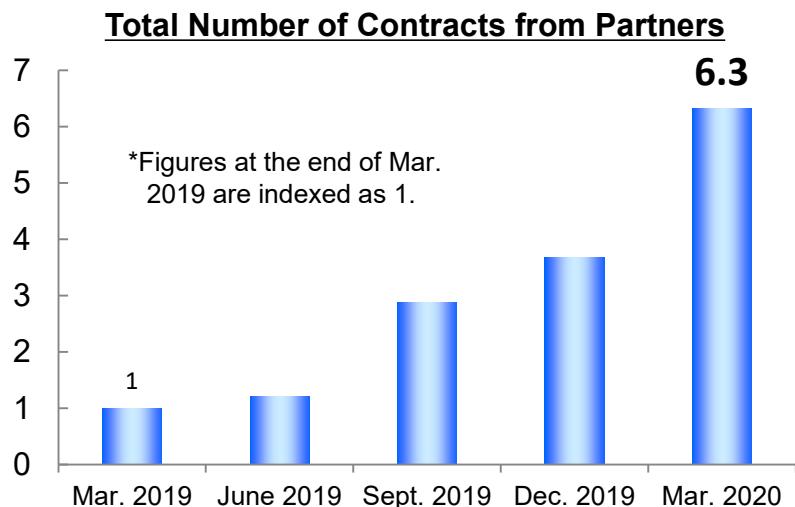
* Total of ten co-managed shops (Shimizu Bank, CHIKUHO BANK, THE SENDAI BANK, EHIME BANK, THE MIE BANK, THE TOWA BANK, The Keiyo Bank, The Kirayaka Bank, Shimane Bank and Fukushima Bank)

- Planning the launch of a joint shop with Michinoku Bank and Tsukuba Bank in May 2020
- Furthermore, planning the launch of co-managed shops with a total of three banks, including regional financial institutions that are planning to open a second shop

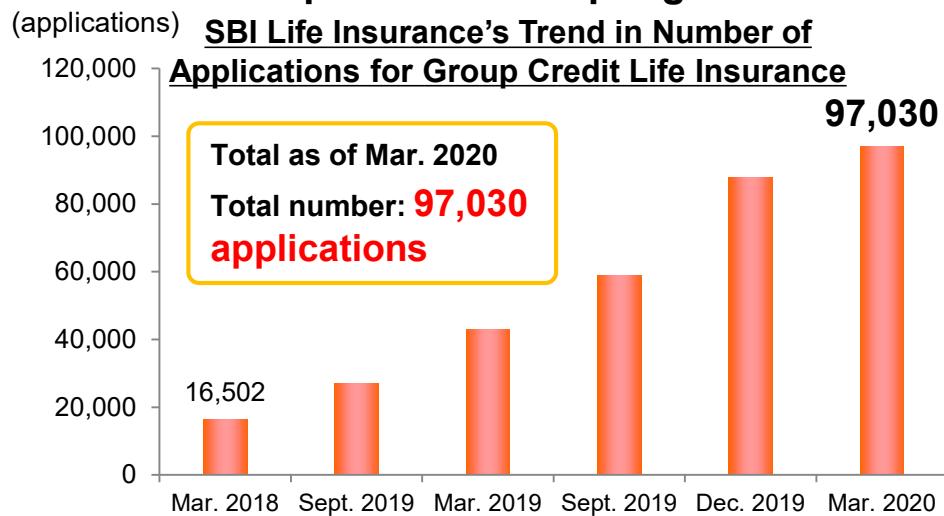
Insurance Companies are Proactively Promoting Alliances with Regional Financial Institutions to Expand the Sales of Their Insurance Products



50 companies (of which 17 are financial institutions) decided to adopt SBI Insurance's products, and are planning their sales shortly



19 regional financial institutions (of which 8 are regional banks) have decided to adopt, or have started sales of SBI Life Insurance's Group Credit Life Insurance, with 1 more in the process of adopting



Shimane Bank commenced sales of SBI Insurance's fire insurance in Jan., and SBI Life Insurance's Group Credit Life Insurance this Apr.

(2) Will establish a new management company (Regional Revitalization Partners), and two affiliated companies (SBI Regional Revitalization Services and SBI Regional Revitalization Investment and Loan) to proactively and efficiently contribute to regional revitalization. Under a new system, further alliances will be formed with various companies to promote initiatives from a higher perspective, toward regional revitalization

Establishing a New Company, which Presents, Plans, and Proposes Strategic Guidelines for Promoting Regional Revitalization, with Several Partners

SBI
GROUP

Accepting one director from each investment partner, and inviting a former member of the Ministry of Finance as the Secretary General, to operate the business democratically as a kind of public property

(The SBI Group will initially own over 51%)

Proposes
strategic
guidelines

Regional Revitalization Partners Co., Ltd.
(Establishment capital: About JPY 500m)

Planning for
regional
revitalization

Increasing capital as business progresses

(The SBI Group will initially own over 51%)

**SBI Regional Revitalization
Services**
(Assumed capital: About JPY 30bn)

Functions that
contribute to
regional
revitalization

(The SBI Group will initially own over 51%)

**SBI Regional Revitalization
Investment and Loan**
(Assumed capital: About JPY 10bn)

Investment and loans
to companies, and PJs
that contribute to
regional revitalization

**SBI Group's capital
and business partners**

SBI Group will gradually accept new investors from various industries such as city banks, regional banks, life and non-life insurance companies, overseas investors, and real estate companies, but will own over 51% for the time being



[Functions provided by SBI Regional Revitalization Services]

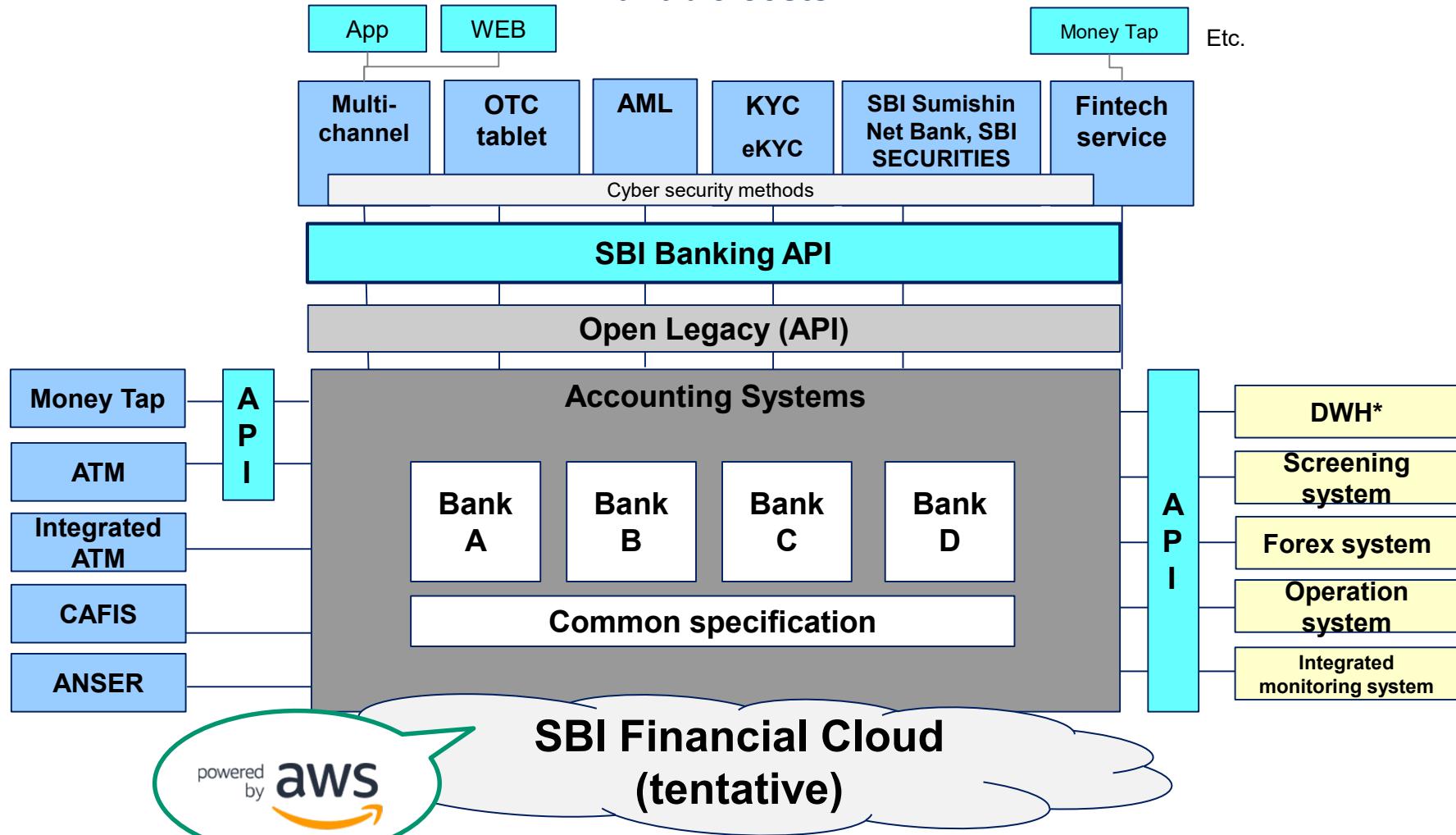
- ① Providing a common system to regional financial institutions
- ② Provision of measures to strengthen the profitability of regional financial institutions
- ③ Promoting the revitalization of regional economies through the utilization of diverse technologies and know-how, in collaboration with partners centered on startup companies

- ① Providing a common system to regional financial institutions**
 - i. A financial cloud that will endeavor to change fixed system costs to variable costs
 - ii. High-performance AI screening service
 - iii. A white label regional currency issuance support operation
 - iv. ATM channel collaboration solution that advances management efficiency

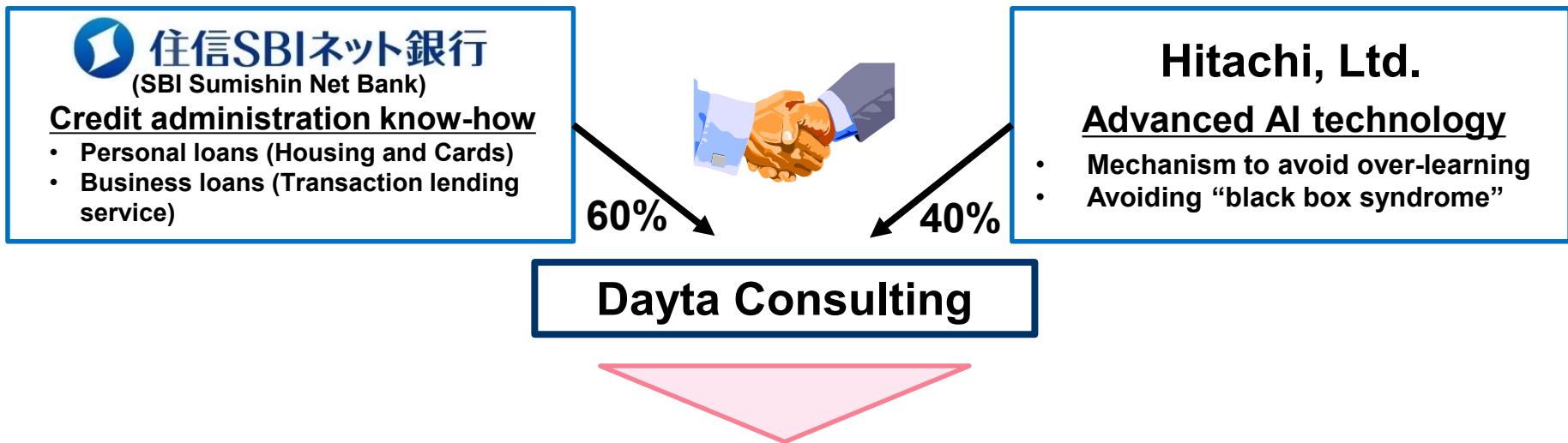
i. A financial cloud that will endeavor to change fixed system costs to variable costs

The SBI Group is Advancing the Adoption of Private Cloud-based Accounting System to Regional Financial Institutions, in Order to Integrate Their Systems

-Reduce the burden on local financial institutions by sequentially changing fixed costs to variable costs-



The High-performance AI Screening Service for Financial Institutions Provided by the Joint Venture with Hitachi, “Dayta Consulting,” has already been Agreed to be Adopted by Several Regional Banks



- On May 30, 2019, Hitachi's new artificial intelligence technology, “Hitachi AI Technology/Prediction of Rare Cases” and SBI Sumishin Net Bank's data handling technology know-how were combined to establish a new JV, “**Dayta Consulting**” which provides an AI screening service
- As of Mar. 2020, several financial institutions have already decided to adopt the AI screening service. Sales activities will continue, with the goal of servicing dozens of other financial institutions within the next 2-3 year period
- Plans to expand applicable fields for AI screening services, such as the **transaction lending service** that supports advance screening based on fund settlement information, and detailed **screening of card loans** to avoid borrowers with multiple debts

SBI Group Supports Digital Currency Issuance in Multiple Regions

-Previously, the technologies of domestic investee venture companies invested in were utilized, but moving forward, the mechanism to issue and distribute digital tokens on Corda, which is developed and provided by R3, a partner company, will be utilized-

[Example: Support for issuance of “TOKOWAKA Coin” by Chikuho Bank]



- Can be used at restaurants in Munakata City, and will be used to revitalize local communities by stimulating consumption
- The campaign was held for nine days, from Aug. 23-31, for visitors from inside and outside the city

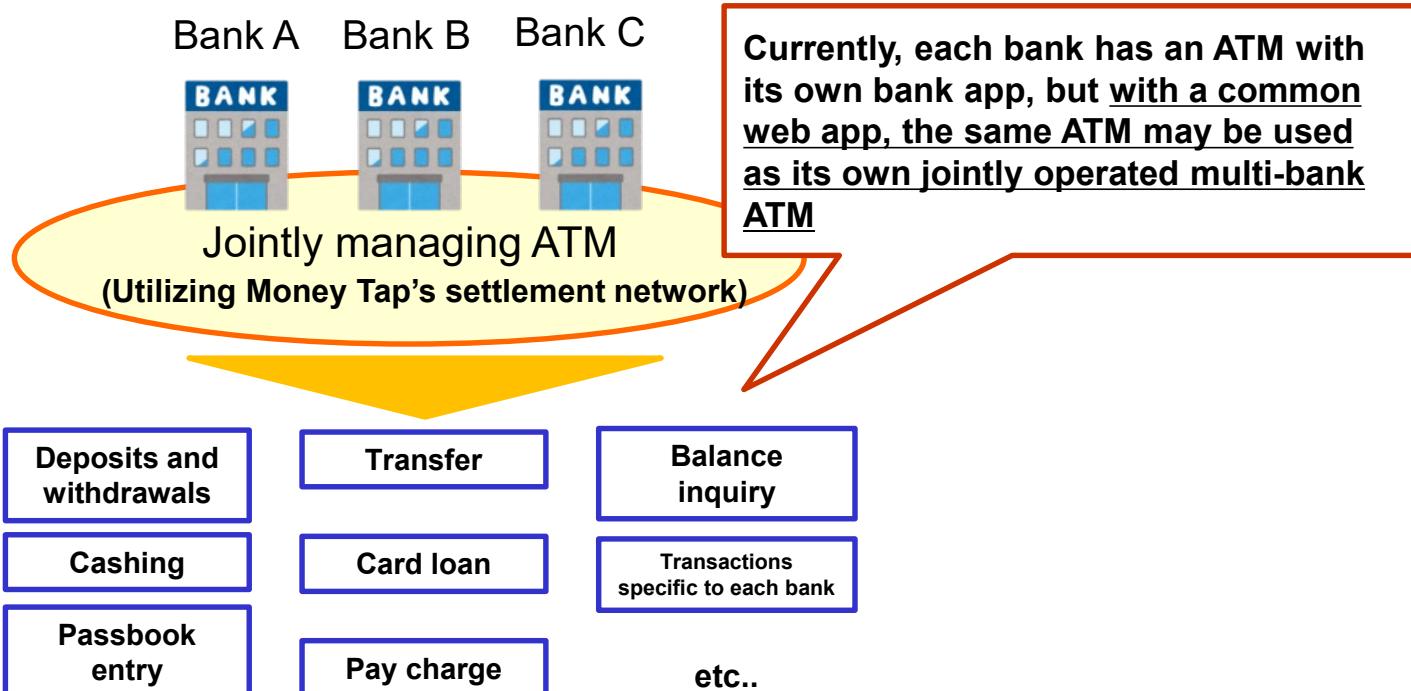
Promoting the issuance of regional currencies in other regions, in partnership with regional financial institutions

Taking into Account the Need for Standardization of New Bills and Passbooks, Promote the Next-generation ATM, by Utilizing the Solution of ATM Japan

-Achieving a balance between maintaining customer service and

- ① Joint use of ATMs

reducing ATM operating costs-



- ② Clerical work sharing

Also considering the establishment of a joint ATM operation center (call center) that operates 24 hours a day, 365 days a year to improve management efficiency

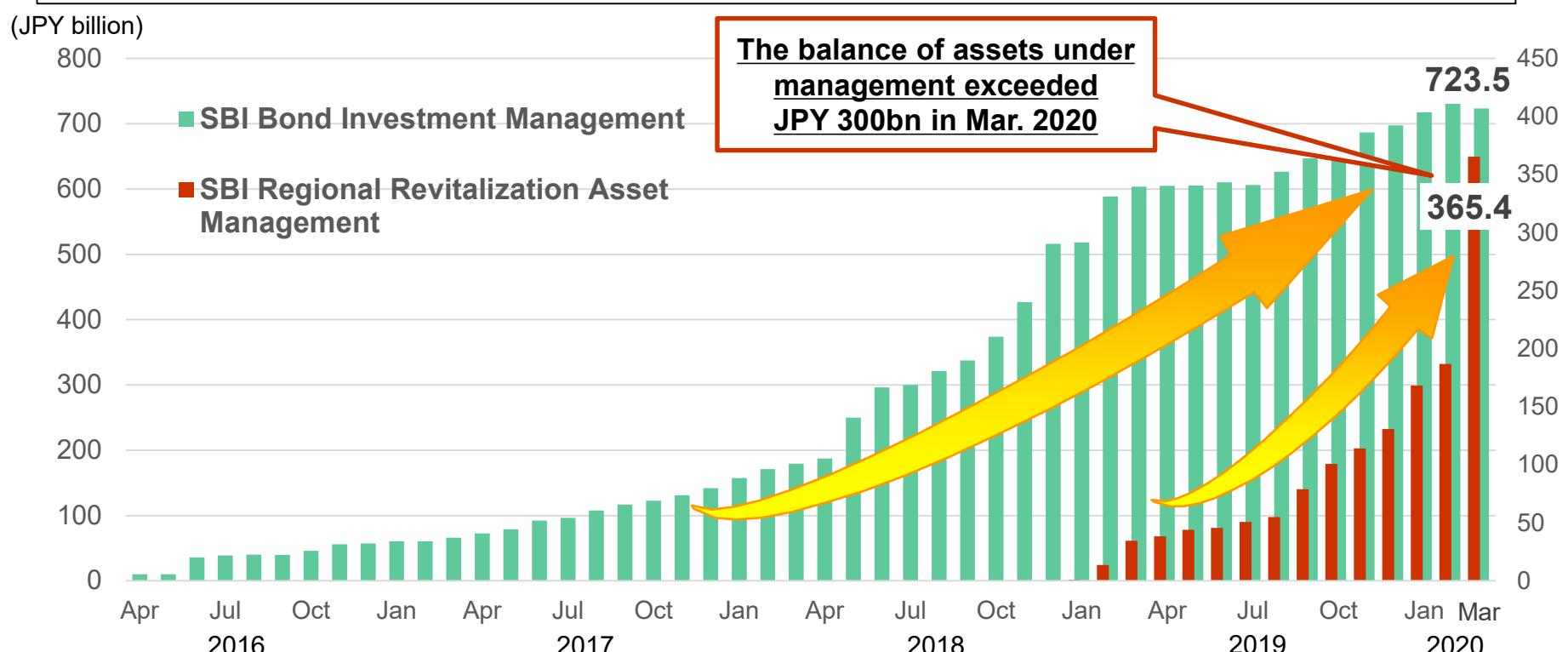
② Provision of measures to strengthen the profitability of regional financial institutions

- i. Supporting the regional financial institutions' management of customers' assets, as well as the enhancement of the management of their own securities held**
- ii. Support the development of a new fee business, such as the human resources business**

The SBI Group is Entrusted with Asset Management Service by Regional Financial Institutions and Others

-The balance of assets under management exceeds JPY 1tn-

- SBI Bond Investment Management (co-founded with PIMCO, one of the world's largest bond investors) has consistently provided low cost simple investment products
- SBI Regional Revitalization Asset Management, which is co-invested by 38 regional financial institutions, has been entrusted with the asset management of **JPY 62bn** (as of Jan. 2020) from Shimane Bank, and the real yield for that asset has **turned from negative to a positive**, as a result of a portfolio reevaluation



SBI ASSET MANAGEMENT GROUP's Private Placement Mutual Funds Topped the List in Terms of Net Asset Inflows

-At the time of the market crash owing to COVID-19 (Mar. 2020), the net fund inflow into private investment trust funds ranked first among 90 companies-

Net inflow into private placement investment trust (Mar. 2020)

(JPY billion)

Rank	Asset Management Company	Net inflows
1	SBI ASSET MANAGEMENT GROUP (SBI Regional Revitalization Asset Management & SBI Bond Investment Management)	207.9
2	Daiwa Asset Management	192.5
3	JPMorgan Asset Management Limited	169.2
4	BlackRock Japan Co., Ltd.	105.7
5	BlueBay Asset Management Limited	35.0
6	Shinkin Asset Management Co., Ltd.	28.7
7	PIMCO Japan Limited	24.1
8	Goldman Sachs Asset Management Co., Ltd	23.2
9	Wellington Management Japan Pte Ltd.	22.0
10	AXA Investment Managers Japan Ltd.	16.0
	Total of all 90 companies	-527.2

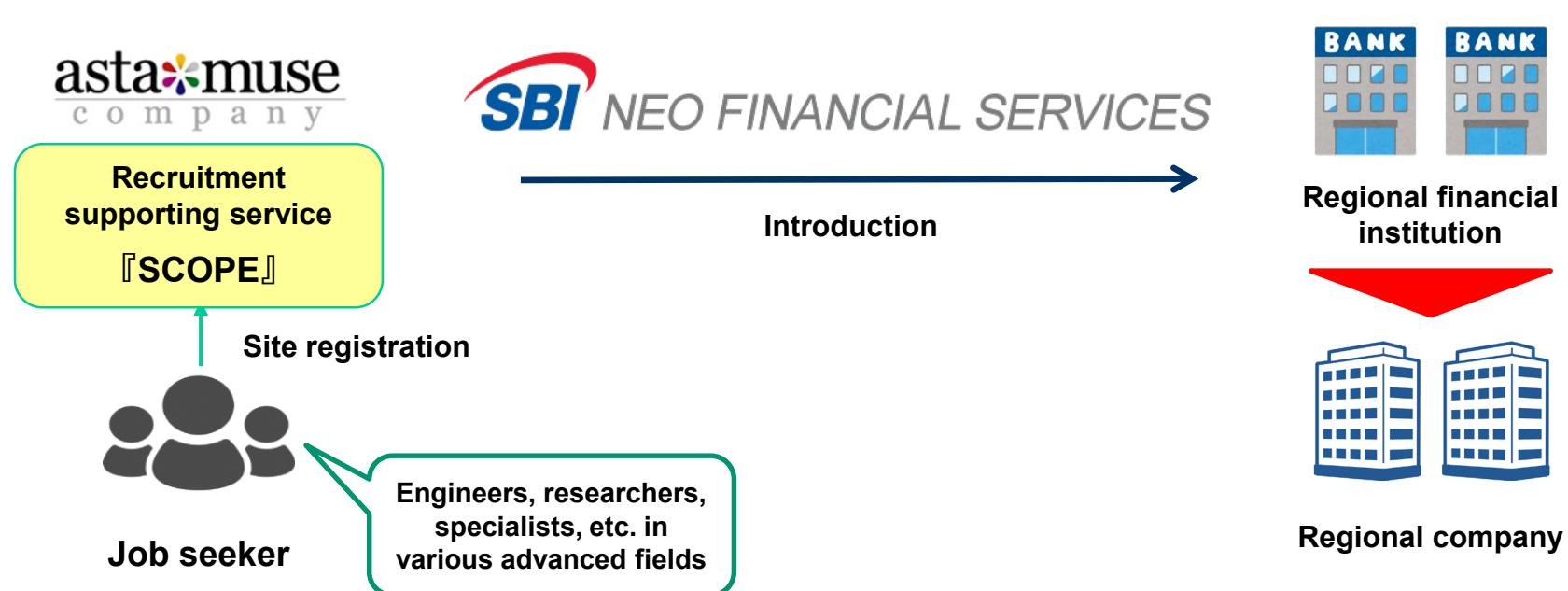
* Statistical data from the Investment Trusts Association of Japan (Mar. 2020)
Changes in assets of privately placed investment trusts by management company

Expectations are for a continued capital inflow, in line with an increase in asset management demand, centered on regional financial institutions

Promote Employment at Regional Companies by Mediating Partnerships between Astamuse Company, which Operates a Platform for Hiring Specialized Scientific Professionals, and Regional Financial Institutions

-Utilizing the SBI Group's nationwide network of regional financial institutions-

- ✓ Astamuse provides a platform “SCOPE” that matches people with companies not around salary, work location, age, or experience, but around social issues facing Japan and the world
- ✓ Utilizing the service to support hiring specialists who are considered likely to change jobs in search of a “Challenging Job,” where they may use their skills and experience at regional companies



③ Promoting the revitalization of regional economies through the utilization of diverse technologies and know-how, in collaboration with partners centered on startup companies

[Examples of measures currently underway]

- i. Promotion of digital transformation of SMEs and improving IT literacy of regional residents
- ii. Nationwide expansion of business areas through the establishment of online shops
- iii. Support for business succession of SMEs suffering from lack of successors
- iv. Effective utilization of idle properties
- v. Regional development through the attraction of commercial facilities
- vi. Support regional companies to expand overseas distribution channels
- vii. Development of regional power sales business
- viii. Change business model of regional plastic molding plants, where demand is expected to decrease, which also contributes to solving environmental issues
- ix. Commercialization of technology seeds owned by regional universities, etc.

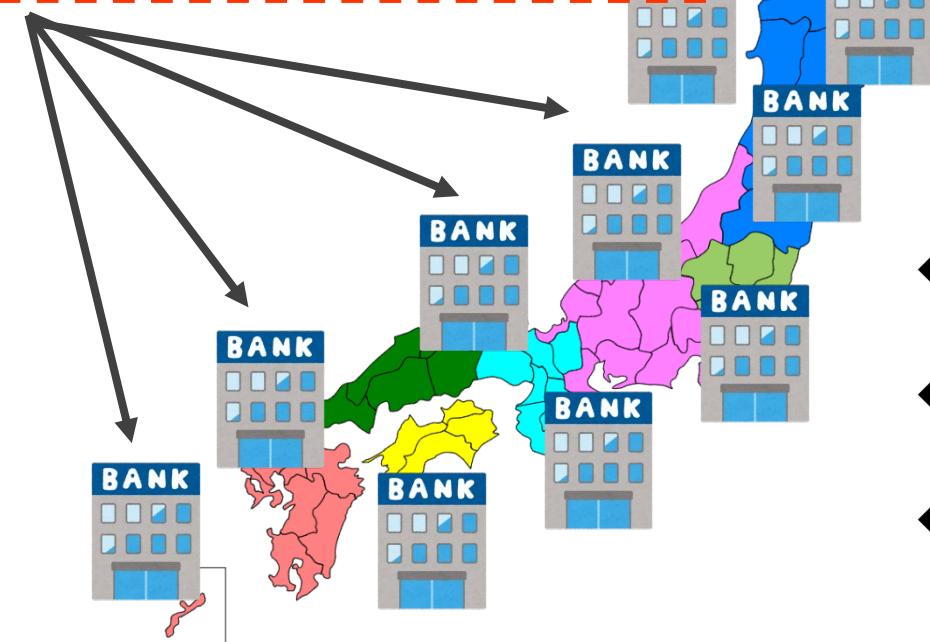
SBI Group Partners with Google's Digital Skill Training Program "Grow with Google," to Promote the Use of Digital Technology for Regional Companies



Working as a hub and partnering with regional financial institutions nationwide (provision of smartphone apps, etc)

Utilization of Google's digitization supporting content

Grow with Google



- A seminar for Shimane Bank employees was held in Dec. 2019
- Seminar planned in collaboration with Chikuho Bank and Kurume City in 2020
(It was originally scheduled in Apr., however, postponed due to COVID-19)

Regional financial institutions

- ◆ Supporting access toward a nationwide digital technology deployment
- ◆ Support the utilization of digital technology of corporate customers through consulting
- ◆ Contribute to the vitalization of regional industries and economies through the introduction and support of digitized content and tools

ii. Nationwide expansion of business areas through the establishment of online shops

Providing a Platform (EC Site) for Local Businesses to Easily Open Online Shops without Initial Costs and Monthly Charges



BASE, Inc. (SBI Group's Investee company)

■Business contents: EC platform management, account settlement agent business

Establishing the EC site without a fee and promoting the expansion of sales channels for users

Providing the transaction lending service by utilizing user's settlement data

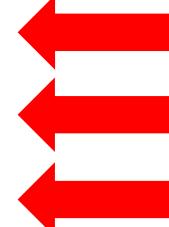
EC site establishing service for free



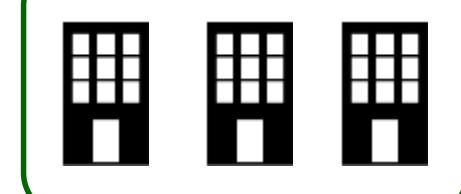
Customers without region



Sales channel expansion



Companies within region



Settlement service



Various support

Providing the transaction lending service

SBI GROUP

Regional Bank

In Collaboration with TRANBI, which Operates an M&A Matching Platform “TRANBI,” will Provide a Wide Range of Business Succession and M&A Opportunities

-Strengthen the business succession support service to SMEs’ executive management-



Business Succession Advisory Office, M&A Advisory Dept.



TRANBI

M&A Online platform “TRANBI”

Specializes in matching small-scale cases

Proposal of a speedy and low-cost business succession

Seller

SMEs which had little choice but to close their businesses, owing to the lack of successors, even though having business succession needs

Buyer



Corporations endeavoring to expand new businesses

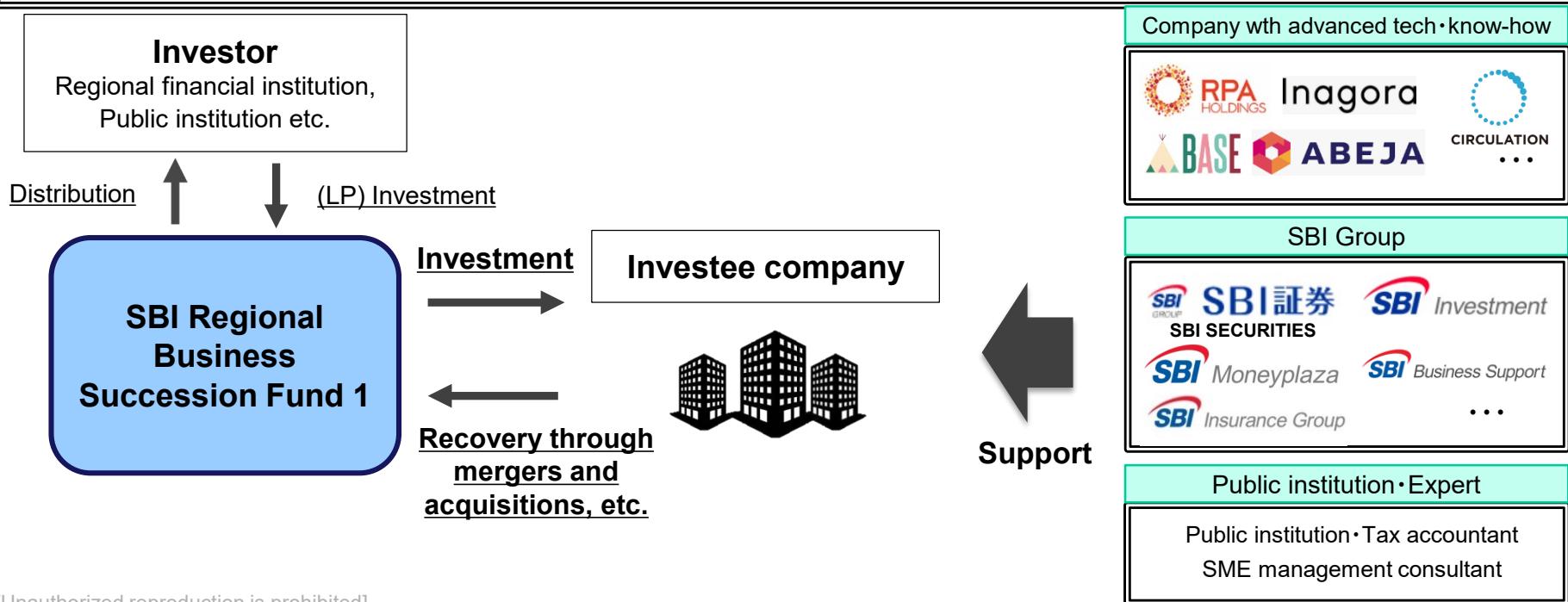
Contributes to solving issues associated with various local SMEs’ business succession needs

iii. Support for business succession of SMEs suffering from lack of successors (ii)

Established SBI Regional Business Succession Fund and Began Full-scale Investing Activities in Order to Support Business Succession Nationwide

-Establishing subsequent funds, expanding the fund size to approx. JPY 100bn in total at an early date-

- Supporting business successions of SMEs not only in regional but nationwide
- Various measures to support improvement of corporate value by utilizing the SBI Group's network
- Support for cross-regional collaboration and integration between investee companies
- SBI Regional Business Succession Fund also expects to acquire management rights of investee company
- In Mar., first investment made in TOKUSHIMA KYOWA, which operates dispensing pharmacies



Preparing to Establish a Real Estate Consortium for Effective Use of Real Estate Held by Regional Financial Institutions

Issues facing local banks

- Unused real estate resulting from branch consolidation, etc.
- Underutilized real estate owned by business partners



Promoting measures to resolve issues in cooperation with consortium members

- Consider proposals such as attracting office buildings and call centers, to increase the value of real estate held and collateralized real estate
- Support the sales of unused real estate and real estate owned by business partners
- Consider proposals for structured finance, etc., utilizing real estate

Candidate companies for the member of consortium

Shinoken Group
Sumitomo Real Estate
Tokyu Real Estate Holdings
Paraka
Beelot
Hoosiers Holdings
Max Liarty
Latham

v. Regional development through the attraction of commercial facilities

In Collaboration with Balnibarbi, which has a Remarkable Track Record in Revitalizing Local Economies through Restaurant Management, Hotel Management and Other Projects on a Nationwide Basis, will Endeavor a Further Regional Revitalization Effort Together -Considering investment and loan for real estate development from SBI's Regional Revitalization Investment and Loan-

[Initiatives at Balnibarbi]

The premises before the construction of the restaurant



Focusing on restaurants previously established in the now dilapidated areas as a core, **will endeavor to enhance the value of the land to promote local revitalization by attracting hotels and commercial facilities, etc.**

Case study 1 : Minami-semba, Osaka	Case study 2 : Kuramae, Tokyo	Case study 3 : Awajishima, Hyogo
Hamac de Paradis 	Riverside Cafe Cielo y Rio 	GARB COSTA ORANGE 
Revitalized stranded areas, where there was an increase in vacant properties owing to the decline of the textile industry	Currently with multiple facilities, such as hostels, famous restaurants and bars built in the same area, the site has become vibrant	Built on the west coast of Awajishima, which suffers from depopulation

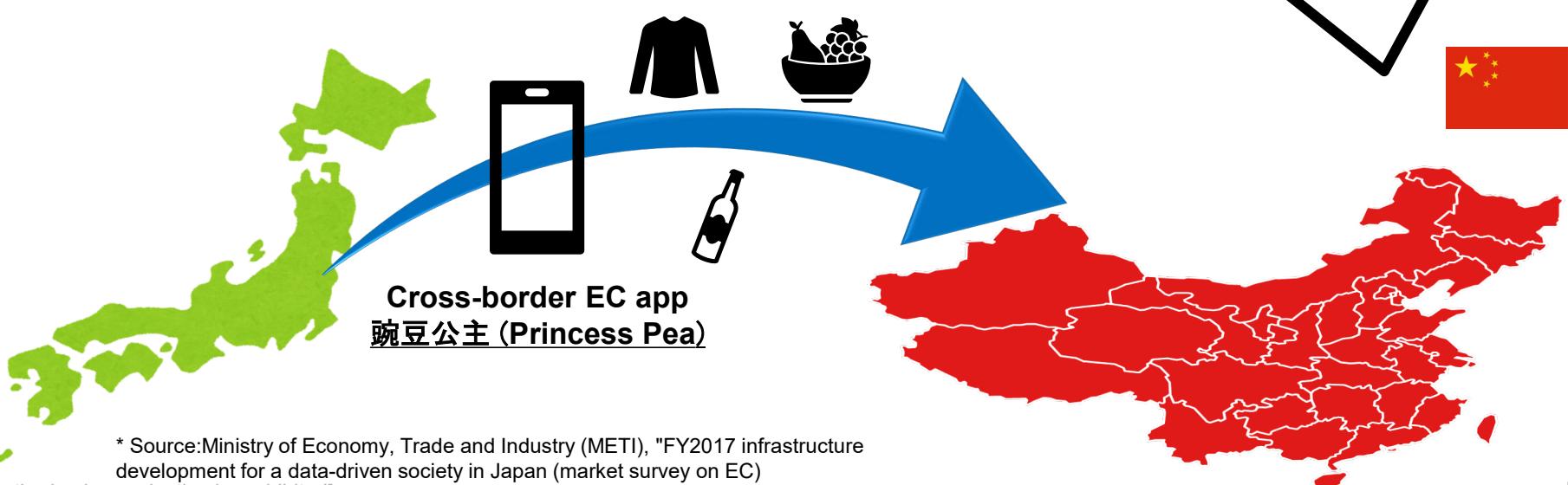
Supporting Local Companies to Expand Overseas Distribution Channels by Utilizing the SBI Group's Global Network and the Know-how and Expertise of Investee Companies and Business Partners

Examples of services available

Inagora (SBI Group investee company)

Provides the only Japanese product-specific cross-border EC platform for Chinese consumers

- ✓ Number of cross-border EC users in China is approx. 70m
- ✓ Global market share is approx. 56%
- ✓ Market size in China is expected to exceed JPY 5.3tn by 2022 (of which Japanese products are JPY 2.5tn)



SBI Group will also Participate in the Regional Electricity Sales Business, which is Jointly Promoted by Shimane Bank and Hikari Tsushin



Primarily approaching to Shimane Bank's business partners, and over 10 leading local companies are already considering an investment into the company

A leading local business companies

[Power generation operator]



SBI
GROUP

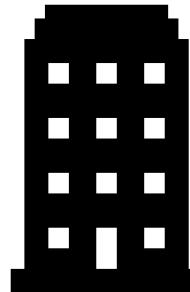
Hikari Tsushin

Invest

Local companies



Procure



Local electricity distributor

Sale

Individuals



Plan to sell to local businesses or individuals

Advance similar schemes with Hikari Tsushin in other regions

viii. Change business model of regional plastic molding plants, where demand is expected to decrease, which also contributes to solving environmental issues

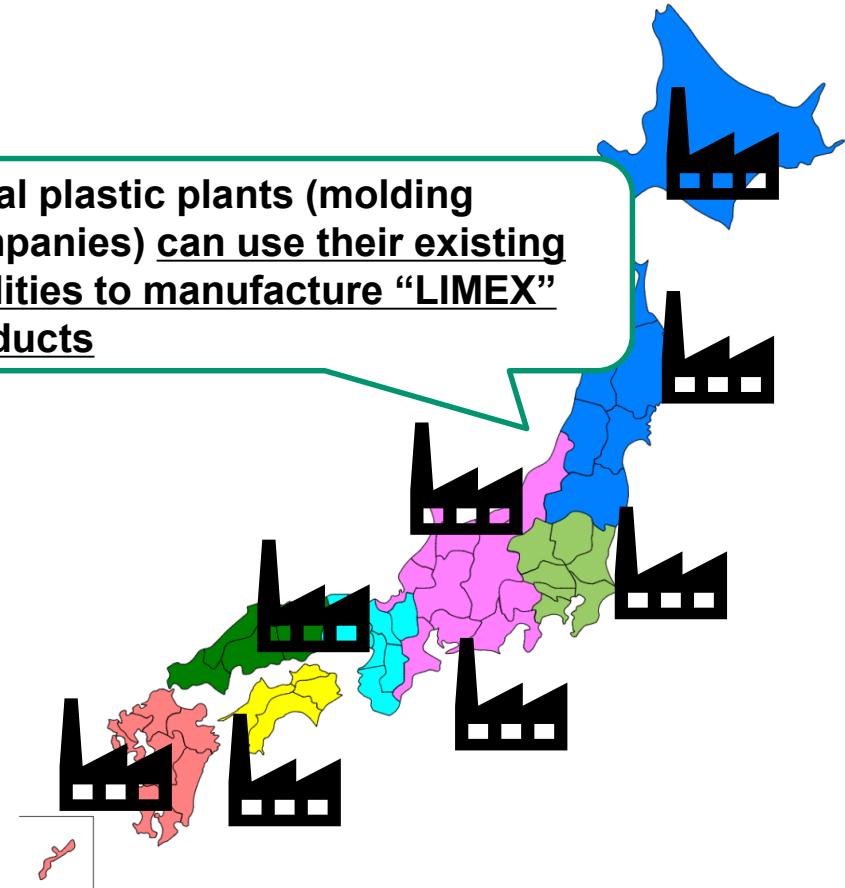
Boosting the Production of “LIMEX,” a New Material that is Attracting Attention as an Alternative to Plastic and Paper, in Cooperation with TBM and the Plastics Industry Nationwide, in Response to Environmental Issues such as the Marine Plastic Waste Issue

[LIMEX]

“LIMEX” is a new limestone material developed, manufactured and sold by TBM, an investee company of the SBI Group. It is expected to contribute to the solution of environmental issues, since it can replace paper without using water and wood pulp as raw materials, and it can replace plastic, which will reduce the utilization amount of petroleum-based materials



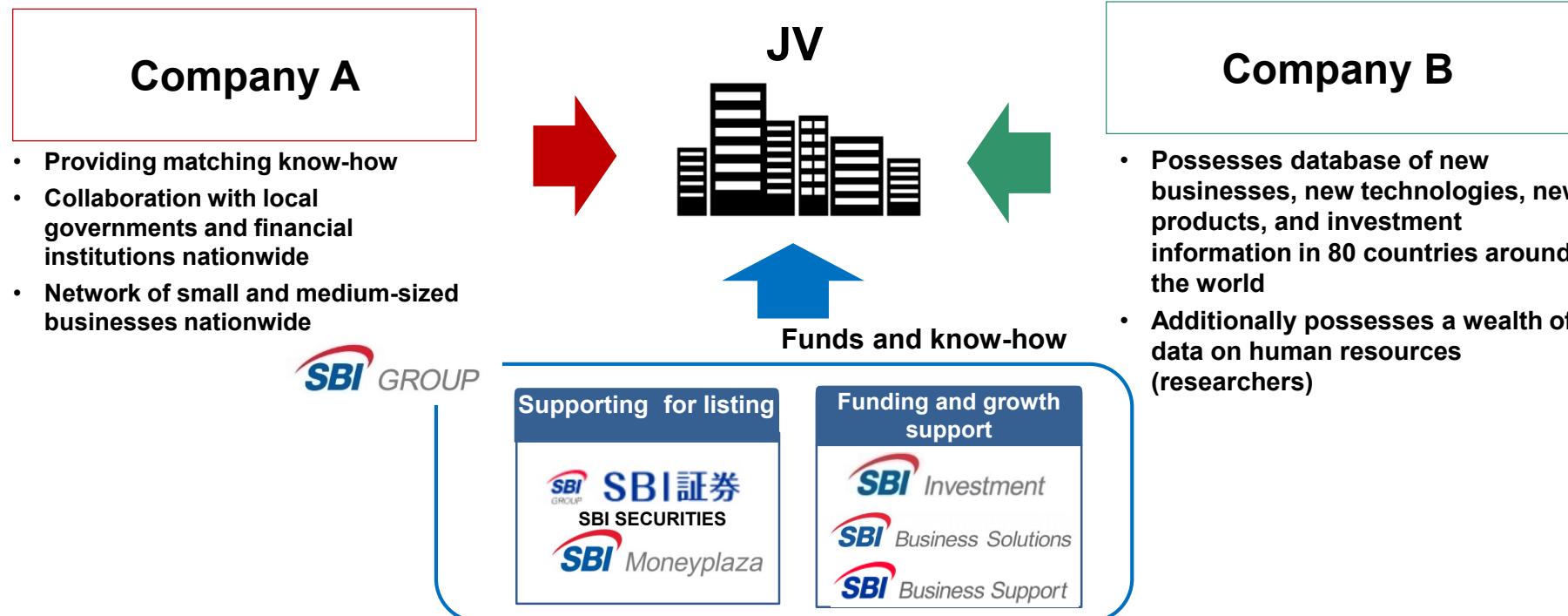
Local plastic plants (molding companies) can use their existing facilities to manufacture “LIMEX” products



Contributing to the improvement of Japan’s material recycling rate (approximately 23%*) through the use of “LIMEX” technology

*Recycling Data Book 2019, Plastic Waste Management Institute

Supporting the Commercialization of Technological Seeds Owned by Universities, etc., by Establishing JVs with Companies that have Researcher Data and Networks of Small and Medium-sized Businesses, to Match Researchers and Entrepreneurs



[University-launched seed matching: Development of regenerative medicine pipeline for internal tissue and organ regeneration]



[Functions of SBI Regional Revitalization Investment and Loan]

- ① Investments and loans to startup companies that will contribute to regional revitalization
- ② Identifying and providing high-yield investments and loans, both domestically and abroad

Promoting Innovation and Economic Revitalization in Regional Areas, through Investments and Loans to Startup Companies that Contribute to Regional Revitalization

Creating new industries in regional areas, and building a new ecosystem

Examples of Business Fields

Conducive to Regional Revitalization

Local trading company

Support for expansion of sales channels

Support for business succession

Human resources

Real estate development

Regional power sales

Micro finance

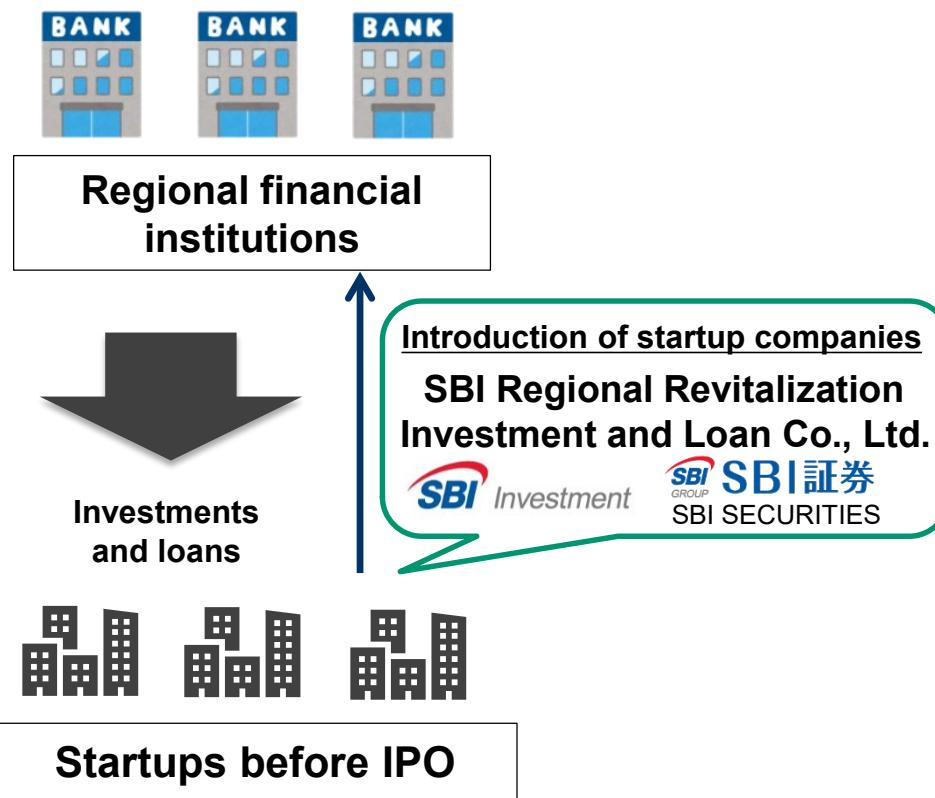
Inbound

Business matching

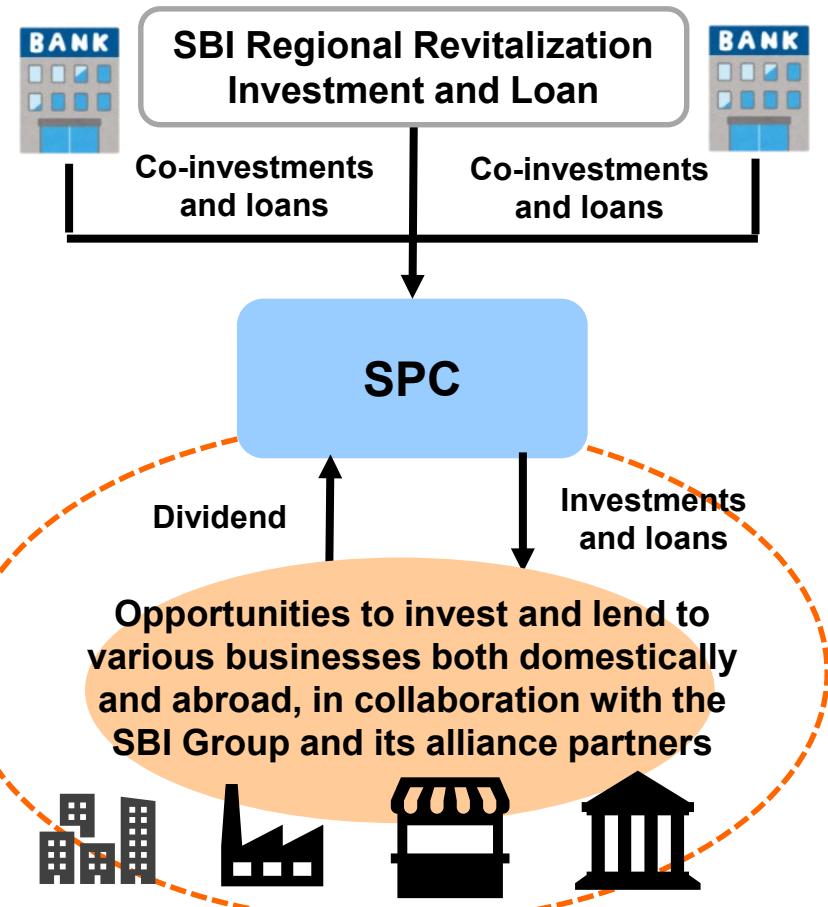
etc.

Introducing Investment and Loan Opportunities to Startup Companies before an IPO, as well as Providing Co-investment and Loan Opportunities through a SPC

(Example ①: Providing investment and loan opportunities to startup companies before an IPO)



(Example ②: Co-investment and loan opportunities through a SPC)



Introduce and Act as an Intermediary in the Arbitrage Business that Focuses on the Interest Rate Differentials between Japan and Abroad, to Partner Regional Financial Institutions

Providing high-yield earnings opportunities, based on information derived from the SBI Group's investee Southeast Asian financial institutions

<Examples of high interest rate services that the SBI Group can provide>



With the cooperation of ADB, will serve as lead manager of Cambodia's first bond issuance listing

Preparing the country's first transaction formation, which includes CGIF guarantee bonds and ESG bonds

e.g.①:
Intermediation of investments in high interest rate overseas corporate bonds, for which SBI Royal Securities was the lead underwriter
(KHR-denominated: **Yield 8.5%~**)



(SBI LYHOUR Bank PLC.)

A new bank which will commence operations in Cambodia, in June, that will endeavor to expand its business primarily in the retail sector

e.g.②:
Introducing SBI LYHOUR BANK's high interest rate time deposits (1 year term)
(USD-denominated:
Yield 5.0%~
JPY-denominated:
Yield 2.0%~)



Vì chúng tôi hiểu bạn



A semi-major bank that ranks sixth among private banks (2019, on a pre-tax basis), which is aggressively adopting advanced technologies to expand its business, especially in the retail sector

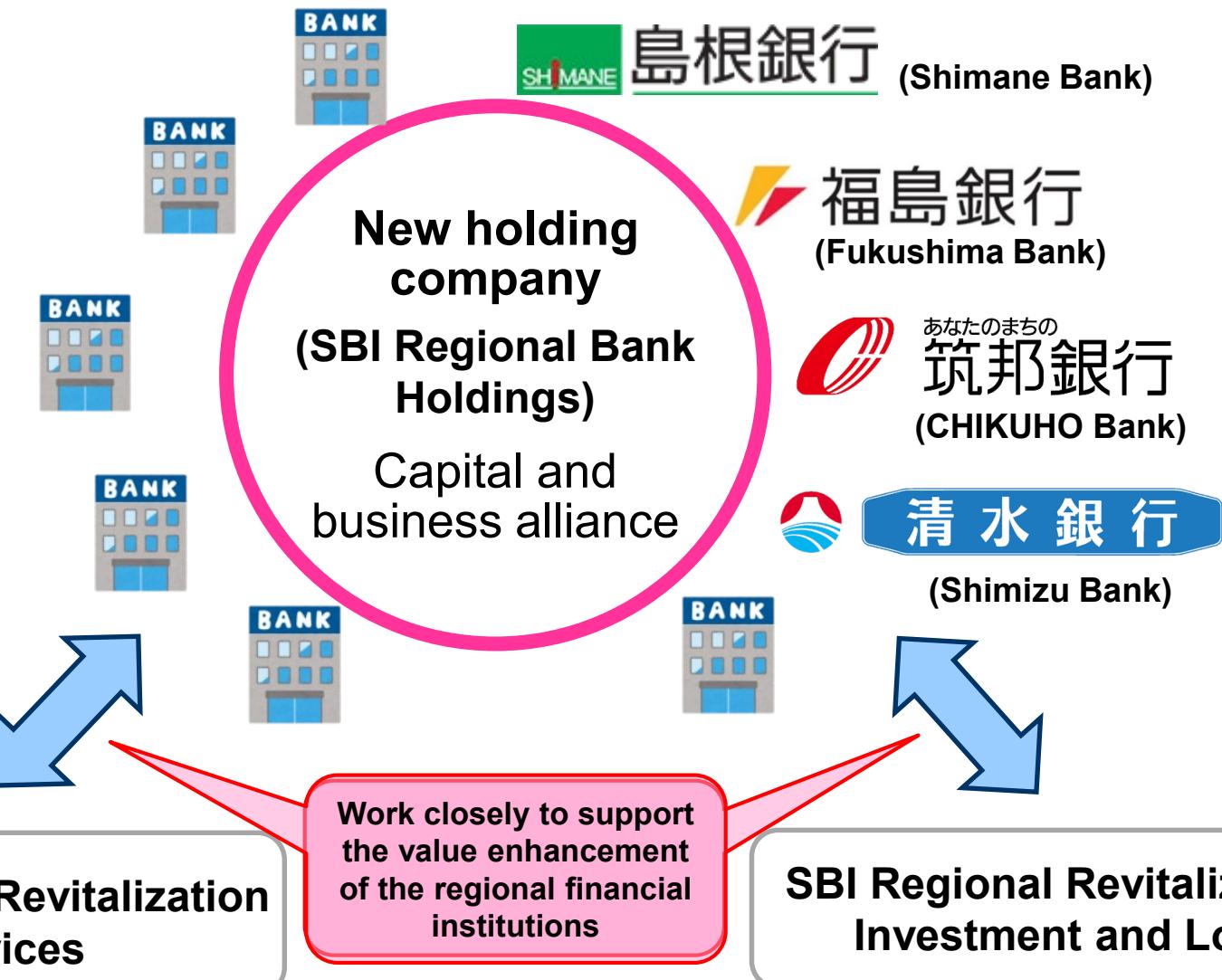
e.g.③:
Introducing TP Bank's private placement bonds (7-year term, **9.5% yield**, VND-denominated, subordinated bonds), etc.
* Rating: Moody's B1(Stable)

(3) In order to establish an efficient and effective support system for regional financial institutions that SBI Holdings has entered into capital and business alliances with, as well as those regional financial institutions that may become involved in capital and business alliances in the future, a new holding company 100% owned by the SBI Group (SBI Regional Bank Holdings) will be established

- ① Shimane Bank**
- ② Fukushima Bank**
- ③ CHIKUHO Bank**
- ④ Shimizu Bank**

Shares of Regional Financial Institutions that SBI has Entered into Capital and Business Alliances will be Transferred into the New Holding Company

-Around 10 capital and business alliance partners are assumed-



SBI Group's Basic Approach to Investments and the 4th Megabank Concept

1. When investing in a regional financial institution, in principle, with the consent of the said financial institution, ① will underwrite a third party allotment of shares, ② will acquire shares from existing shareholders, ③ the agreed upon shares will be acquired through both aforementioned methods
2. In principle, the investment ratio will be determined in line with the wishes of the regional financial institution
3. Regardless of an investment from the SBI Group, participation in the 4th Megabank concept will be welcome
4. Actively promote business alliances with shinkin banks and credit cooperatives that have close relationships with small-scale businesses

With the Shimane Bank, which Announced a Capital and Business Alliance with the SBI Group in Sept. 2019, Advancements of Various Measures to Strengthen Collaborations are Continuing

SBI Group companies	Alliance details	Target	Effect
 住信SBIネット銀行 SBI Sumishin Net Bank	Shimane Bank handling housing loans from SBI Sumishin Net Bank (Started on Jan. 31, 2020)	Individuals	Strengthening profitability
 SBI証券 SBI SECURITIES	Business alliance regarding M&A activity at Shimane Bank	Corporate	Support for local businesses
 SBI マネープラザ SBI MONEY PLAZA	Co-managed shops between Shimane Bank and SBI MONEY PLAZA (Dec. 16, 2019) -> The number of accounts as of the end of Feb. was 2.4 times, and the balance of deposits 5.7 times that of the end of Jan.	Individuals	Strengthening profitability
 NEO FINANCIAL SERVICES	Collaborating with Shimane Bank and Atamuse, on initiatives to promote the hiring of specialists for regional revitalization (Started on Nov. 12, 2019)	Corporate	Support for local businesses
 NEO FINANCIAL SERVICES	Providing a banking app to Shimane Bank (Started on Dec. 2, 2019)	Individuals	Improved convenience
 Business Solutions	Supporting regional companies' productivity improvement via "Approval Time," a cloud-based workflow system	Corporate	Support for local businesses
 Life Insurance	Adoption of Group Credit Life Insurance from SBI Life Insurance at Shimane Bank (Started on Mar. 31, 2020)	Individuals	Cost reduction
 Holdings	Holding a seminar for Shimane Bank employees as a partner of Google's "Grow with Google" program (Held on Dec. 21, 2019)	Corporate	Support for local businesses
 SBI証券 SBI SECURITIES	Took over Shimane Bank's sales operations at bank counters for investment trusts and bonds (Implemented on Feb 17, 2020)	Individuals	Cost reduction
 Remit	Handling international money transfer services by SBI Remit at Shimane Bank (Started on Jan. 31, 2020)	Individuals	Strengthening profitability
 Insurance	SBI Insurance's Fire Insurance for Residential Mortgage Customers at Shimane Bank (started on Jan. 31, 2020)	Individuals	Strengthening profitability
 エステートサービス SBI Estate Service	Introductory service of customers to SBI Estate Service's real estate purchasing and leasing services	Individuals	Strengthening profitability

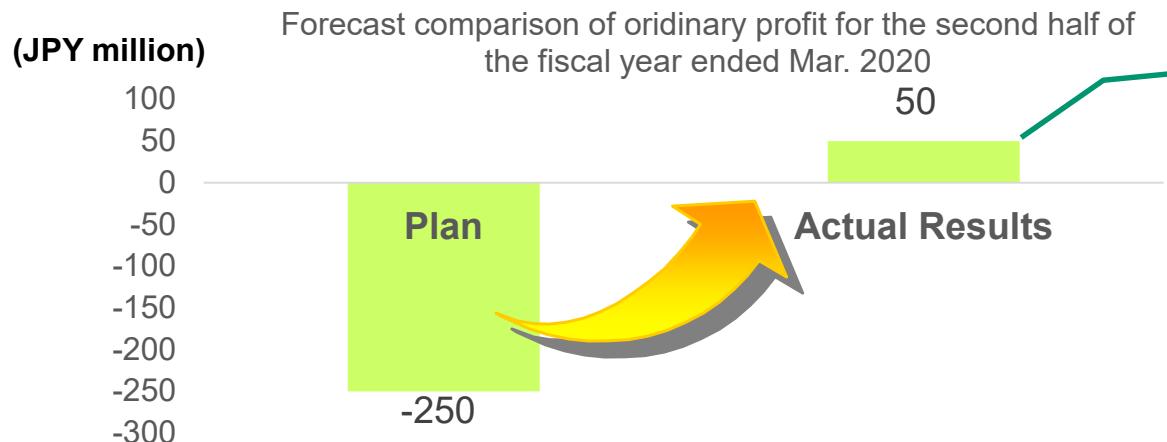
Full-Year Earnings Forecast for Fiscal Year Ended Mar. 2020

-Expected to exceed initial forecasts, owing to collaborations with the SBI Group-

[Individual performance]

(JPY million)

	Ordinary revenue	Ordinary profit	Profit attributable to owners of parent company
Previously announced forecast	5,580	-2,210	-2,390
Current revised forecast	6,820	-1,910	-2,280



Ordinary profit for the 2H of the year was JPY 50m, which was an improvement from the initial forecast

Earnings projection for fiscal year ending Mar. 2021 is pending, owing to COVID-19 outbreak. However, expectations for the net core business is a V-shaped recovery into profitability, after four continuous deficits terms

Announced Capital and Business Alliances with Fukushima Bank on Nov. 11, 2019

SBI Holdings announced that it has invested JPY 1.1bn to acquire a total of 19.25% (based on voting rights), which includes shares already held by SBI Regional Bank Value Creation Fund operated by SBI Asset Management, of Fukushima Bank, upon its issuance of an allotment of common stock (to be conducted by a third party allotment of shares)

Collaborations with Fukushima Bank Prior to Capital and Business Alliances

[Capital investments]

- Investment in the SBI AI&Blockchain Fund (July 2018)
- Investment in SBI Regional Revitalization Asset Management (July 2018)
- Investment in Money Tap (June 2019)

[Business Alliance]

- Adoption of Morningstar Japan's Investment Trust Sales Support Tablet (Apr. 2014)
- Financial instruments intermediary services with SBI SECURITIES (May 2018)
- Concluded a business alliance with SBI MONEY PLAZA for a referral agreement for investors who wish to invest in a real estate trust beneficiary interest, and an anonymous partnership in the operating lease business (Nov. 2018)

The SBI Group's Measures to Strengthen Cooperation with Fukushima Bank Presented Post Announcement of the Capital and Business Alliance



Launched the “Fukushima Bank App” banking app, developed and operated by SBI NEO FINANCIAL SERVICES. Fukushima Bank’s customers can now more easily access their household management services



Launched a business alliance with SBI Business Solutions to offer “Approval Time,” a low-cost, cloud based workflow system that can be easily and quickly adopted by local small and medium-sized businesses, in order to improve their productivity through the utilization of IT at the local company level



SBI Remit commenced the provision of its international remittance service for foreign residents residing in Fukushima Prefecture, utilizing its highly convenient international remittance services powered by Ripple’s distributed ledger technology



On Jan. 15, 2020, Fukushima Bank and SBI MONEY PLAZA launched a joint branch, “Fukushima Bank SBI MONEY PLAZA Koriyama,” in Koriyama City, Fukushima Prefecture. The joint branch provides a wide range of financial products and services, with high quality advice through face-to-face consulting services in addition to Internet channels



Announced Capital and Business Alliances with CHIKUHO Bank on Jan. 17, 2020

-Acquired approximately 3% of the total number of outstanding shares of CHIKUHO Bank from existing shareholders-

Collaborations with CHIKUHO Bank Prior to Capital and Business Alliances

[Capital investments]

- Investment in the SBI AI&Blockchain Fund (Jan. 2018)
- Investment in SBI Regional Revitalization Asset Management (Apr. 2018)
- Investment in Money Tap (Aug. 2019)

[Business Alliance]

- Financial instruments intermediary services with SBI SECURITIES (Oct. 2017)
- Co-managed shop (CHIKUHO BANK-SBI MONEY PLAZA Kurume) with SBI MONEY PLAZA (June 2018)
- Launch and development of CHIKUGIN app (function: account opening) (Aug. 2018)
- Adoption of Morningstar Japan's Investment Trust Sales Support Tablet (Oct. 2018)
- Added "SBI Regional Revitalization Global High Dividend Equity Fund" to its investment fund product offerings (Dec. 2018)
- Decided on the adoption of SBI FinTech Incubation's open API Platform
- Commenced handling of "SBI Whole Globe Equity Index Fund (nickname: Snowman)" (Feb. 2019)
- In collaboration with KYUSHU ELECTRIC POWER, provided "TOKOWAKA Coin," a digital regional currency, which utilizes the SBI Group's platform (Aug. 2019)

Collaborations with CHIKUHO Bank after Capital and Business Alliances

- Add some functions (Balance inquiry, Statement inquiry) to CHIKUGIN app (Jan. 2020)
- The launch of a second co-managed shop (CHIKUHO BANK-SBI MONEY PLAZA Fukuoka) with SBI MONEY PLAZA (Mar. 2020)
- Launching the introduction business of international remittance service provided by SBI Remit (Mar. 2020)
- Launching a web-based cancer insurance product provided by SBI Insurance (Mar. 2020)

Announced Capital and Business Alliances with Shimizu Bank on Feb.18, 2020

Announced that SBI Group will acquire approximately up to 3% of the total number of outstanding shares of Shimizu Bank from existing shareholders and Shimizu Bank will also acquire common stock of SBI Holdings

Collaborations with Shimizu Bank Prior to Capital and Business Alliances

[Capital investments]

- Investment in the FinTech Fund (Mar. 2016)
- Investment in the SBI AI&Blockchain Fund (July 2018)
- Investment in SBI Regional Revitalization Asset Management (July 2018)

[Business Alliance]

- Participation in The Japan Bank Consortium to Central Provide Domestic and Cross-border Payment as founding member (Oct. 2016)
- Financial instruments intermediary services with SBI SECURITIES (Mar. 2017)
- Co-managed shop (SHIMIZU BANK-SBI MONEY PLAZA Hamamatsu) with SBI MONEY PLAZA (Oct. 2017)
- “Service of Deposit on a real-time basis” with SBI SECURITIES (July 2019)
- The launch of a second co-managed shop (SHIMIZU BANK-SBI MONEY PLAZA Shizuoka) with SBI MONEY PLAZA (Mar. 2020)

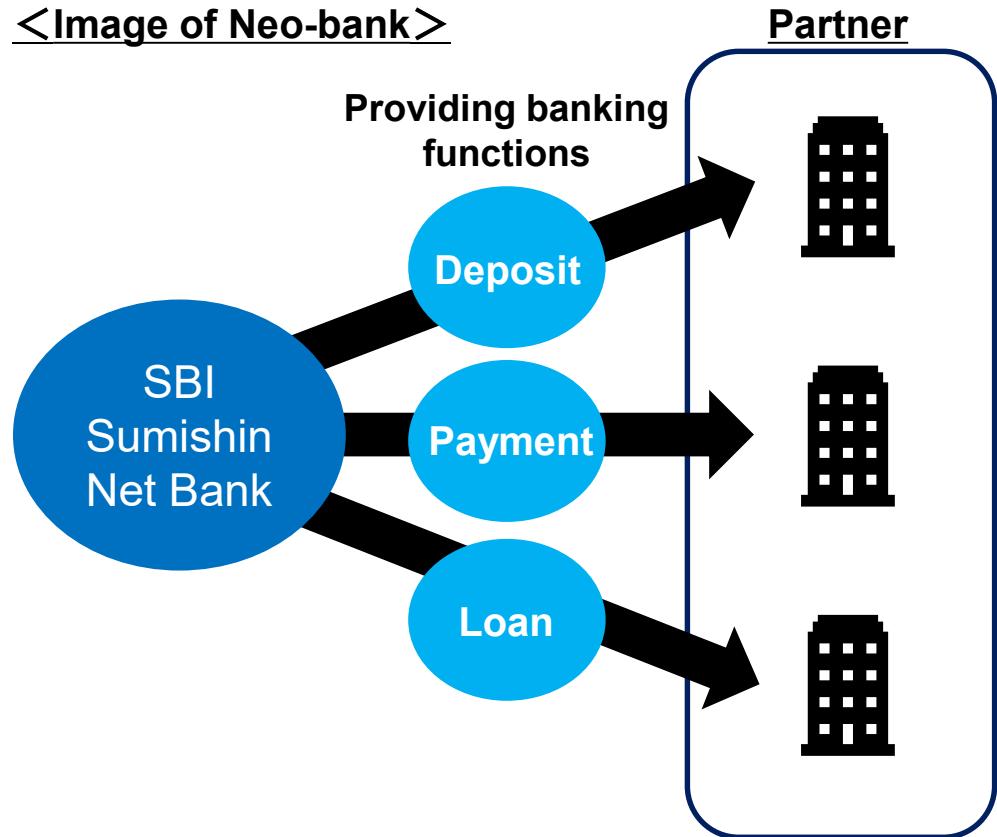
3. SBI Sumishin Net Bank is moving toward an IPO, by unbundling its banking functions and advancing its Neo-bank initiatives to partner companies

-Preparations for the IPO are underway, including the decision to have Nomura Securities as lead manager-

SBI Sumishin Net Bank is Steadily Growing into One of the World's Top Neo-Banks

Neo-bank initiative: Customers using business services of partner companies, also have access to ancillary banking functions from SBI Sumishin Net Bank. SBI Sumishin Net Bank works with partner companies to create a framework by which services can be used both smoothly and comfortably

<Image of Neo-bank>



- ◆ Established **JAL Payment Port** in Sept. 2017 (Co-founded with JAL)
- ◆ Bank agency contracts were entered into by **Recruit Zexy Navi**, **Asahi Kasei Homes Financial**, etc., (2019)

Through alliances with major operators possessing high loyalty and significant customer base, will endeavor to create new banking services

Starting Accepting Applications for the First Project in the Neo-Bank Initiative “JAL NEOBANK,” which is an Exclusive Banking Services for JAL Mileage Bank Members



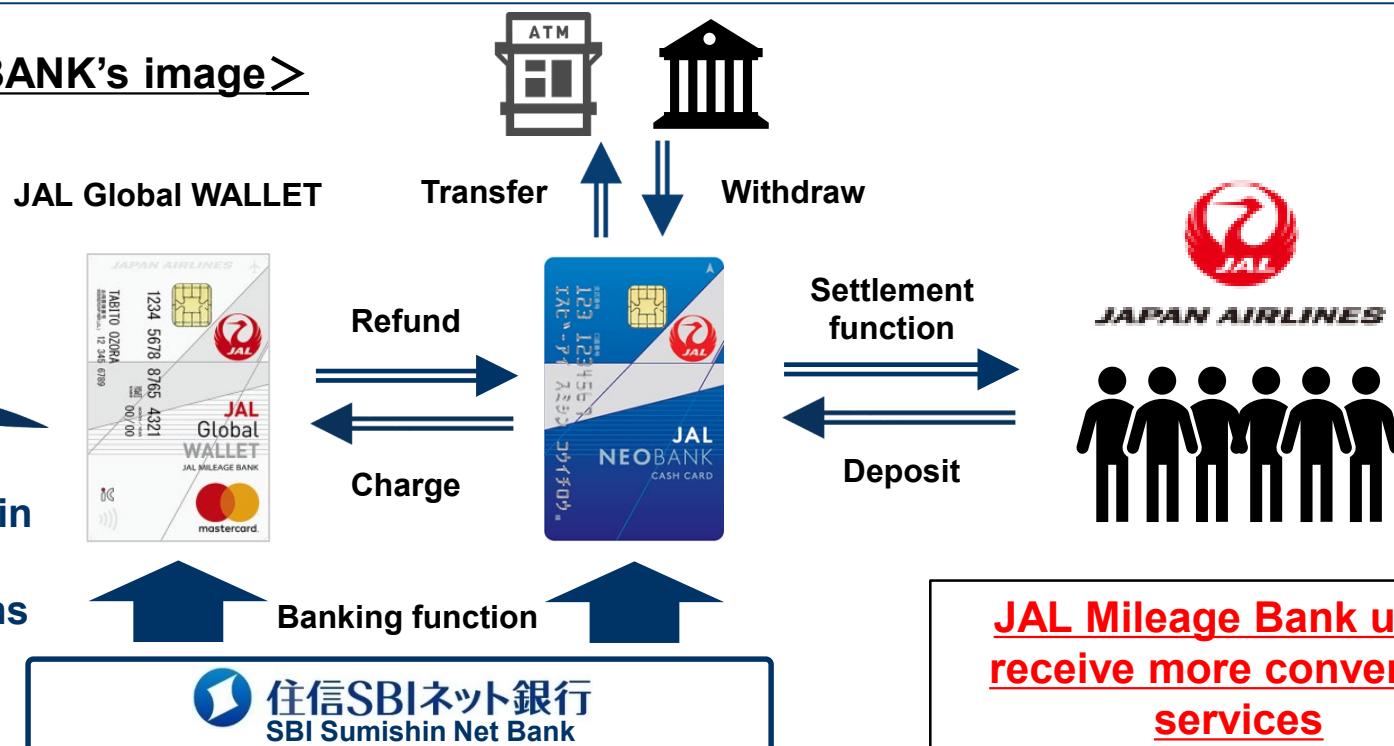
JAL NEOBANK

- Banking service utilizing cutting-edge IT technology of SBI Sumishin Net Bank
- Opening a dedicated account allows one to use banking functions as deposit, transfer and settlement
- **Providing highly convenient services for customers, such as charging “JAL Global WALLET” and awarding miles according to the amount of the deposit through the foreign currency deposit function**

<JAL NEOBANK's image>



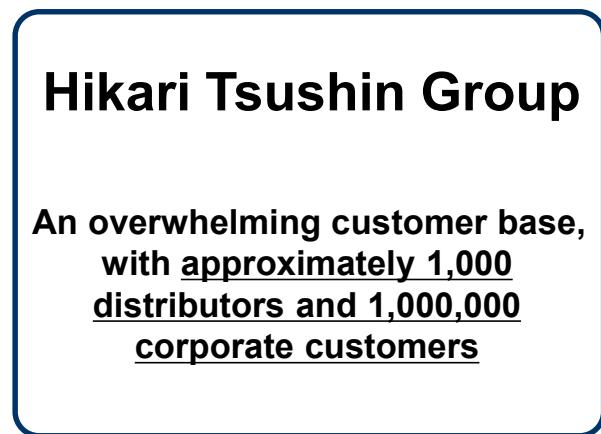
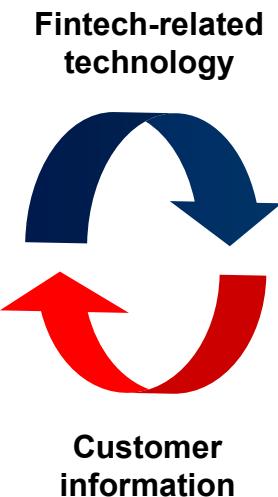
For the use in
Japan and
other regions



**JAL Mileage Bank users
receive more convenient
services**

An Alliance with the Hikari Tsushin Group, to Utilize the Financing Capabilities of SBI Sumishin Net Bank

-Basic Agreement Reached with the Hikari Tsushin Group for the Creation of New Businesses for the SME Customer Base, in Nov. 2019-



Creating innovative new businesses for an SME customer base and by doing so, rejuvenating the regional economy while striving to improve the corporate value of both companies

As Part of the Alliance with Z Holdings, The Japan Net Bank is Preparing to Provide Housing Loan Products “Flat 35” Handled by SBI Sumishin Net Bank



- Established as Japan's first Internet-only bank in Sept. 2000
- In Feb. 2018, became a consolidated subsidiary of Z Holdings (former Yahoo), which has a business alliance with the SBI Group
- As of the end of Dec. 2019, the number of accounts reached **4.46 million** accounts, representing a solid customer base

[Alliance image]



III. Advancing the Neo-securities initiative, which portends the next-generation securities business

Neo-securities initiative

**= Waiving online trading commissions and
partial costs that investors currently incur**

Realization of the Neo-securities Initiative, in Three Stages

- In order to achieve the third step, SBI SECURITIES is endeavoring to reduce the contribution of commissions to operating income to become less than 5%
- Will implement the initiative through measures with small profit impact

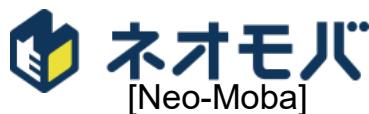
First step

[Already implemented since Dec. 2019]



- ① No fees for mutual funds sales
- ② No fees for ETF and REIT margin trading
- ③ Substantively waiving night-time PTS trading commissions
- ④ Easing the condition of the daily execution amount ceiling for both physical and margin commission-free trading
- ⑤ Substantively waiving trading and sales commissions of 103 domestic ETFs, and 9 U.S. ETFs
- ⑥ Cutting the intra-day margin trading interest rate and stock lending fee to 1.8%

Second step



No fees charged for stock trading

Third step



No fees charged for spot trading and margin trading

The second and third stages of the initiative will be promoted upon the progression of commission-free trading at existing securities companies, and the new entrance of non-financial and foreign companies

SBI SECURITIES is Endeavoring the Realization of Neo-securities Initiative

Further improve the positioning of the retail business, which has a dominant presence

- Continuously focus on acquiring new customers, through strategic services such as NISA and iDeCo, which are already commission-free
- With **SBI NEOMOBILE SECURITIES** as its core, establishing an ecosystem to attract **younger generation users**, that will bridge an organic linkage between SBI FXTRADE, SBI VC Trade and Money Tap

Establishment of a business structure that is less dependent on stock brokerage commissions

- **Further expanding the corporate business** by focusing on the equity and bond underwriting businesses, for both primary and secondary market issuance, as well as the M&A business
- Expanding brokerage services to customer financial institutions, through the Financial Institutional Sales Dept.
- **Strengthening trading gains** from the FX and crypto-asset exchange businesses
- **Growing the non-flow business**, such as robo-adviser service and investment trust fees of mutual funds

Advancing profitability improvements, through a significant increase in trading transactions and liquidity, and cost reductions

- In addition to improving transaction matching through the utilization of SBI Prime Securities, will increase interest income and advance the lending business with institutional investors, owing to an increase in the open interest credit balance from the expansion of margin trading
- Reduction in outsourcing costs

SBI SECURITIES Collaborates with Yahoo Finance, with the Expectation of Improving Customer Benefits



Providing a seamless securities trading environment

From Mar. 30, 2020, "Yahoo! JAPAN ID" is available for logins to SBI SECURITIES accounts

The diagram illustrates the integration of SBI SECURITIES and Yahoo! Finance. It shows two screenshots of the websites side-by-side, connected by a blue arrow pointing from left to right.

STEP① (Left): The SBI SECURITIES homepage. A large red circle highlights the "ログイン" (Login) button. A hand icon with a click action is shown over the button. Below the button, the text "お持ちのIDでログイン" (Log in with your ID) is highlighted with a red box.

STEP② (Right): The Yahoo! Finance homepage. The "ログイン" (Login) button is also highlighted with a red box. A blue arrow points from the "お持ちのIDでログイン" text in STEP① to the "お持ちのIDでログイン" text in STEP②, indicating that after linking, the same ID can be used for both sites.

After linking "Yahoo! JAPAN ID" and SBI SECURITIES account

Additionally, advancing measures such as simplifying an account opening with SBI SECURITIES from Yahoo! Finance, and to check stock data positioned at SBI SECURITIES on Yahoo! Finance

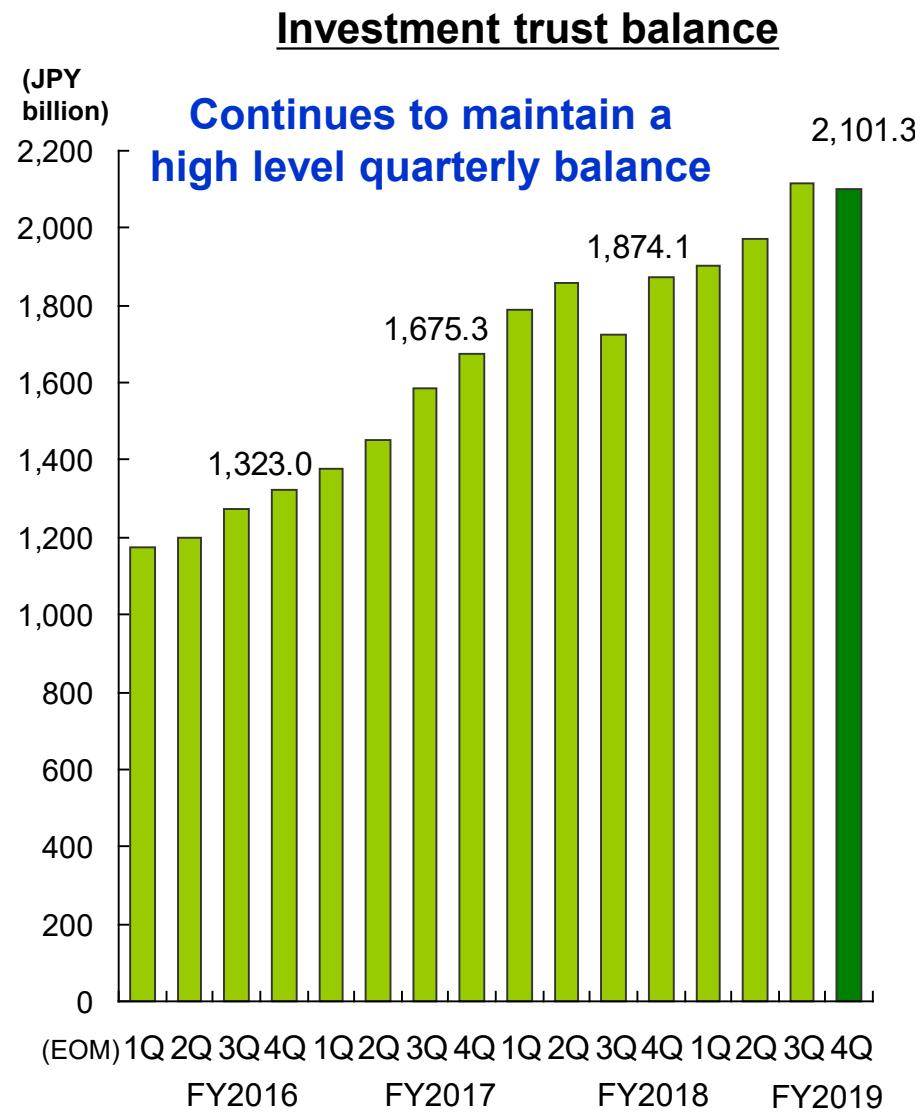
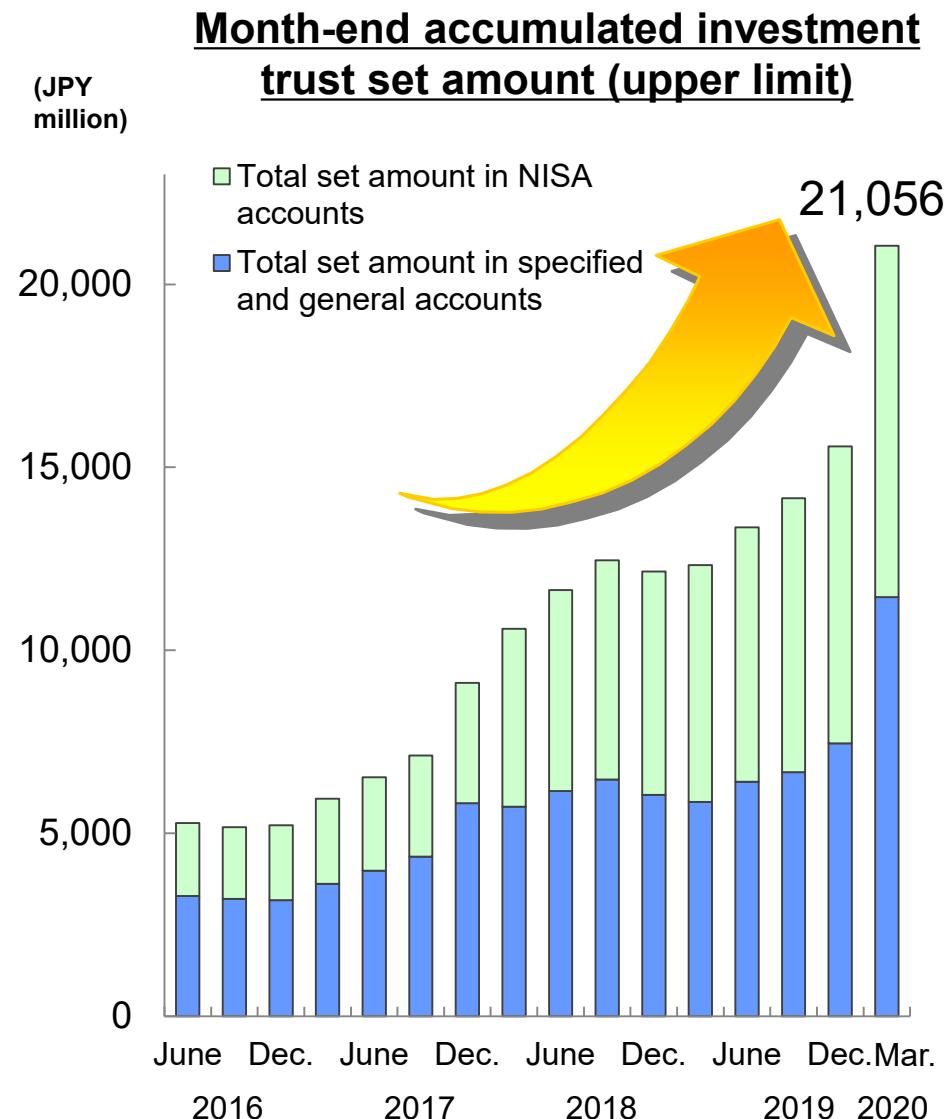
SBI SECURITIES Agrees to a Business Alliance with Takashimaya, in the Financial Business Area (Released on Apr. 4, 2020)



- The Takashimaya Group will play a leading role in providing various financial services to its customers, both on a face-to-face and online basis, for the provision of various financial services, including investment trusts
- By combining SBI SECURITIES' extensive product offering and know-how in financial services with Takashimaya Group's outstanding customer base and know-how of providing detailed service unique to department stores, the delivery of high quality financial services to each customer will be endeavored

Going forward, by leveraging the strength of developing high quality services through both face-to-face and online operations, will support the entry of various other industry companies into the financial business, in order to approach a customer segment that financial institutions alone may not be able to reach

SBI SECURITIES is Endeavoring to Further Increase Revenues Associated with the Investment Trust Balance



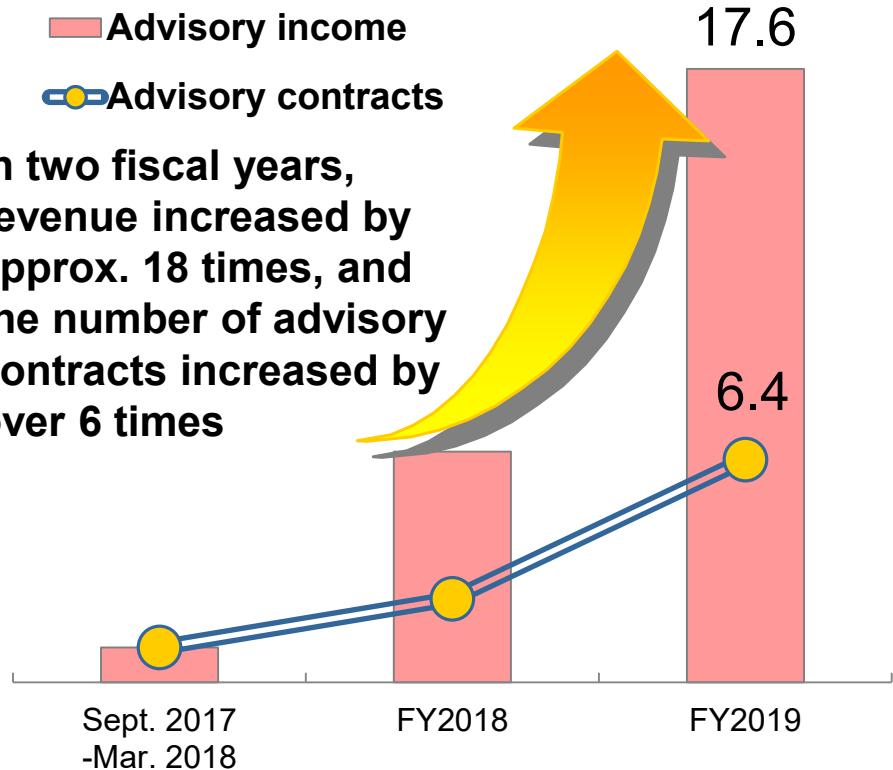
Since Sept. 2017, SBI SECURITIES has Worked to Strengthen Its M&A Advisory Division, which has Expanded the Scope of Its Transaction Capabilities, Including Cross-border Transactions, and Continues to Make Steady Progress as a Source of Earnings in the Corporate Business

Revenue from M&A Advisory and Advisory Services

* Indexed as 1 for Sept. 2017 to Mar. 2018

- **Advisory income**
- **Advisory contracts**

In two fiscal years, revenue increased by approx. 18 times, and the number of advisory contracts increased by over 6 times



M&A Advisory Dept.

Provides advice on acquisitions, sales, management integration, MBO industry reorganization, etc., to support the enhancement of corporate value. Establishing a structure to address cross-border projects to advance further support.

- **Strengthen the sourcing of projects by increasing the number of personnel to over 10 employees**
- **Enhance the quality of M&A execution and management, etc., to further enhance customer support**

Expansion of FX-related Business in the SBI Group

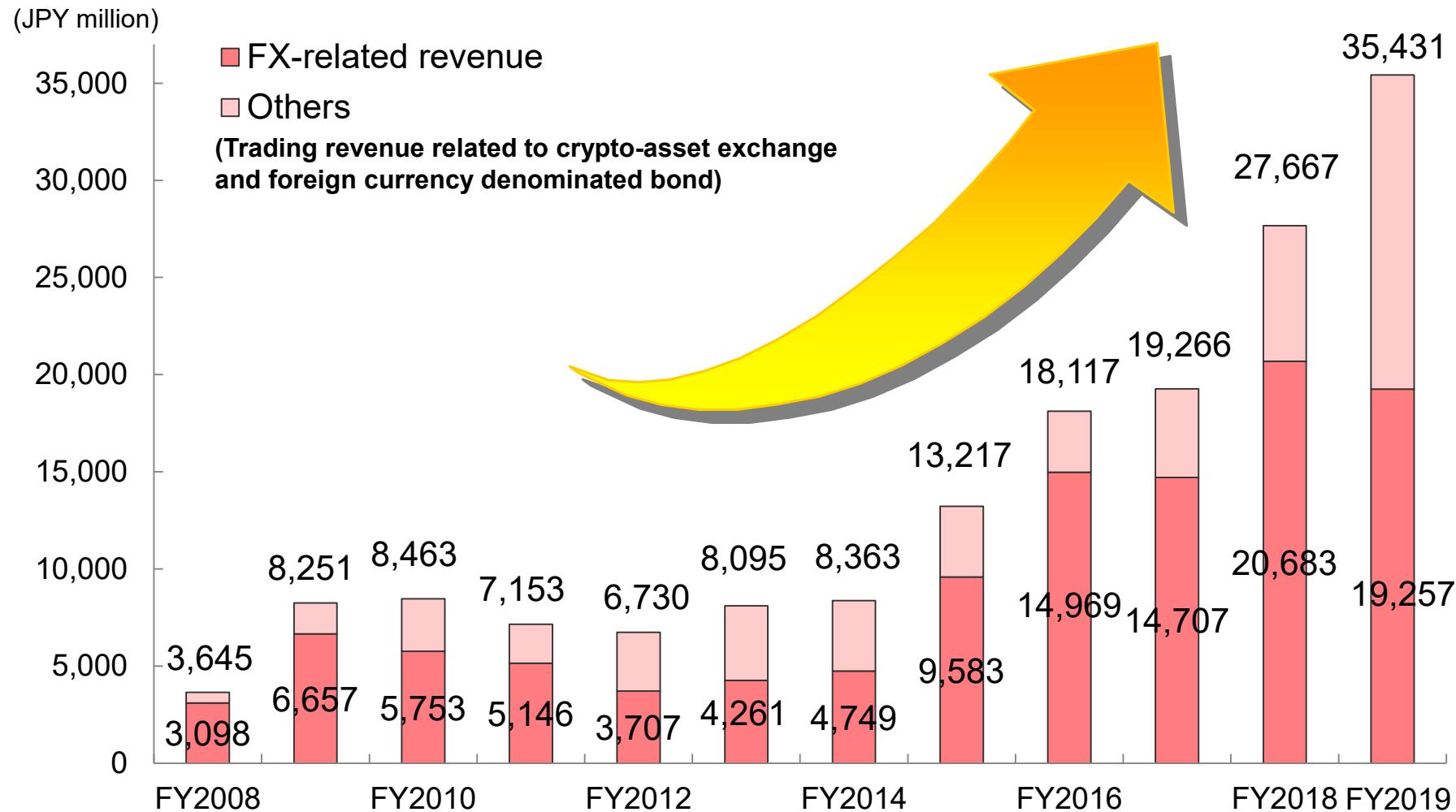
The number of companies participating in the SBI Liquidity Market's OTC market is growing at home and abroad



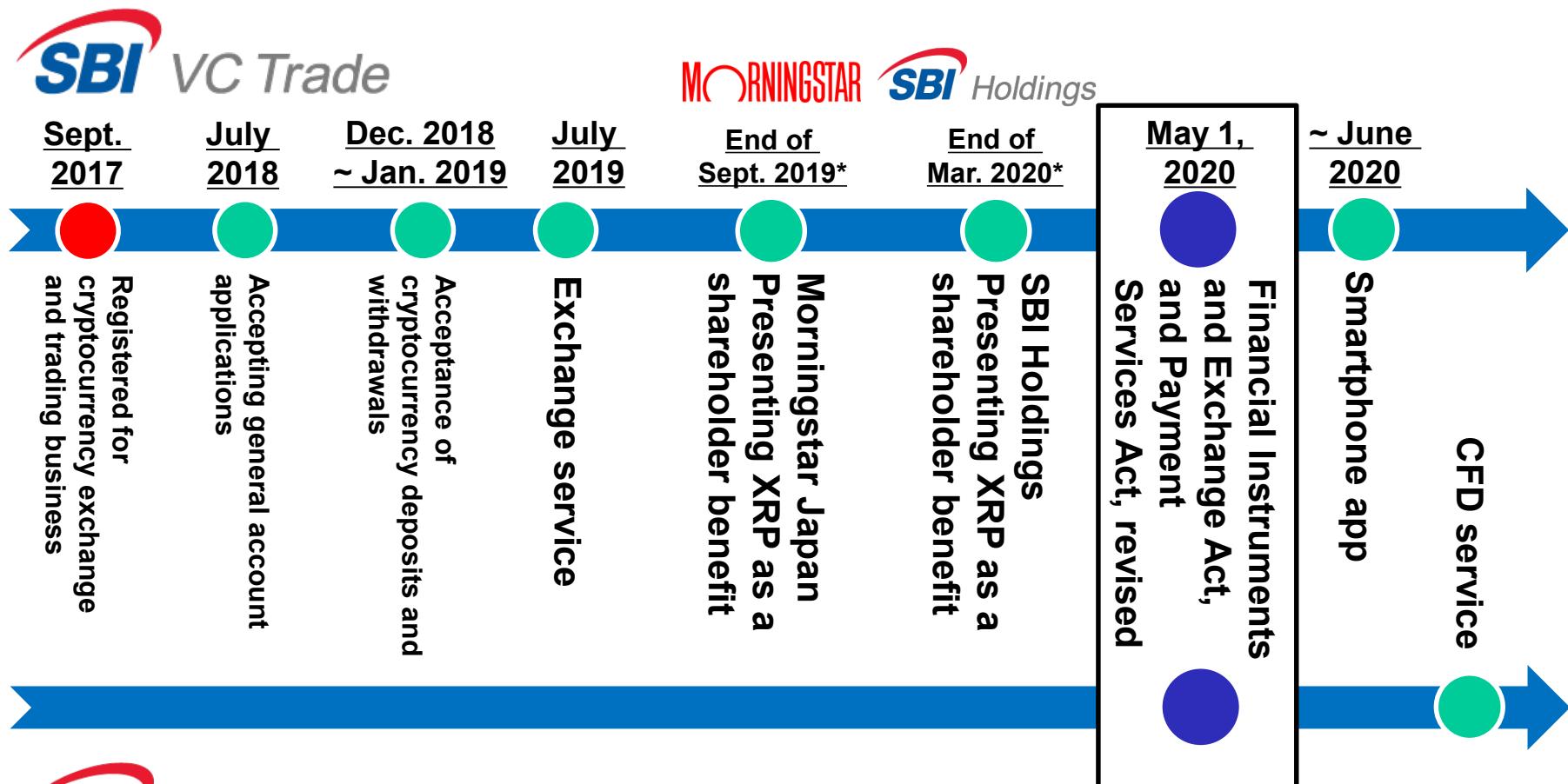
- SBI Liquidity Market provides FX trading services to five companies in Korea
- FX trading with YJFX! and Central Tanshi also started in 2019 in Japan

SBI SECURITIES' Trading Revenue Trend

The trading revenue, including that from the FX has significantly risen and the revenue contribution has increased as well



SBI VC Trade is Preparing Various Measures to Expand its Business, toward the Anticipating Revisions in the Payment Services Act, etc. that are Scheduled for Enactment in May 2020



SBI Group to Gift XRP as the Shareholder Benefit, which Leads to Expansion of SBI VC Trade Accounts

- Morningstar Japan implemented XRP shareholder benefits to 14,376 individual shareholders^{*1} as of Sept. 30, 2019
(exercise ratio of individual shareholder benefits as of Dec. 30, 2019 was 19%^{*2})
- Also at SBI Holdings, as of the end of Mar 2020, 83,620 shareholders who own one unit or more of the Company's shares will be eligible to receive XRP as a shareholder benefit, so a significant number of SBI VC Trade account openings are expected

^{*1}(1) Shareholders with over 1 unit of shares

^{*2}(2) Exercise deadline is at the end of Mar. 2020



Moving forward, the SBI Group's listed companies are planning to add XRP, which has practical and asset properties, to the shareholder benefit program

In Order to Firmly Advance the Realization of the Neo-securities Initiative, Considering Both Domestic and Overseas M&A Activities

Target areas for M&As in the securities business

Businesses that decrease dependence on brokerage commissions*

*Deals that will lead to an increase in revenue of financial revenue, underwriting, sales commissions offerings, sales commissions, trading revenue, etc.

e.g.

FX company

Crypto-asset company

M&A specialist

Asset management company

etc.

Reduce the composition ratio of brokerage commissions to 5% or less of SBI SECURITIES' operating revenues

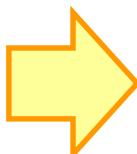
Basic Agreement on the Share Acquisition of Rheos Capital Works (Released on Mar. 31, 2020)



RHEOS CAPITAL WORKS

Rheos Capital Works Inc.

- Agreed to acquire 51.28% of the outstanding shares of Rheos Capital Works, a company that manages investment trusts, such as “Hifumi Toushin,” which has received high praise from individual investors
- Expected to become a consolidated subsidiary upon the acquisition of shares by the end of June 2020 (planned date). (Upon share acquisition, will be included in the Financial Services Business segment)
- Approximately JPY 750bn in assets under management as of the end of Mar. 2020



By expanding the product **distribution of the Hifumi brand managed products** and the utilization of robo-advisors, along with distributing Rheos Capital Works' products into regional financial institutions, will endeavor to increase its assets under management, **as well as that of the SBI Group as a whole**

By combining the Hifumi brand, which is well received by individual investors, with the SBI Group, a new customer base is expected to be cultivated, along with an increase in investment trust fees that accompanies with the increase in assets under management

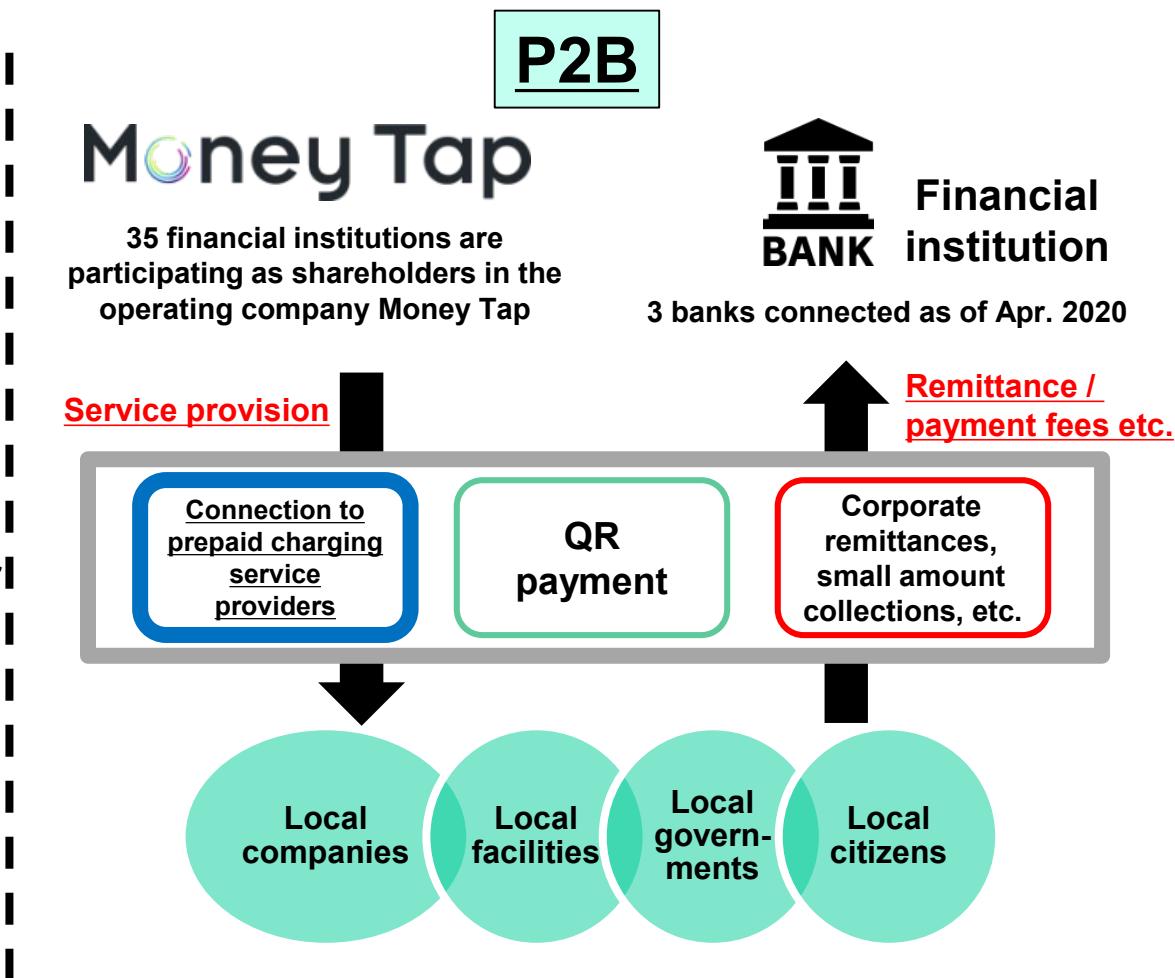
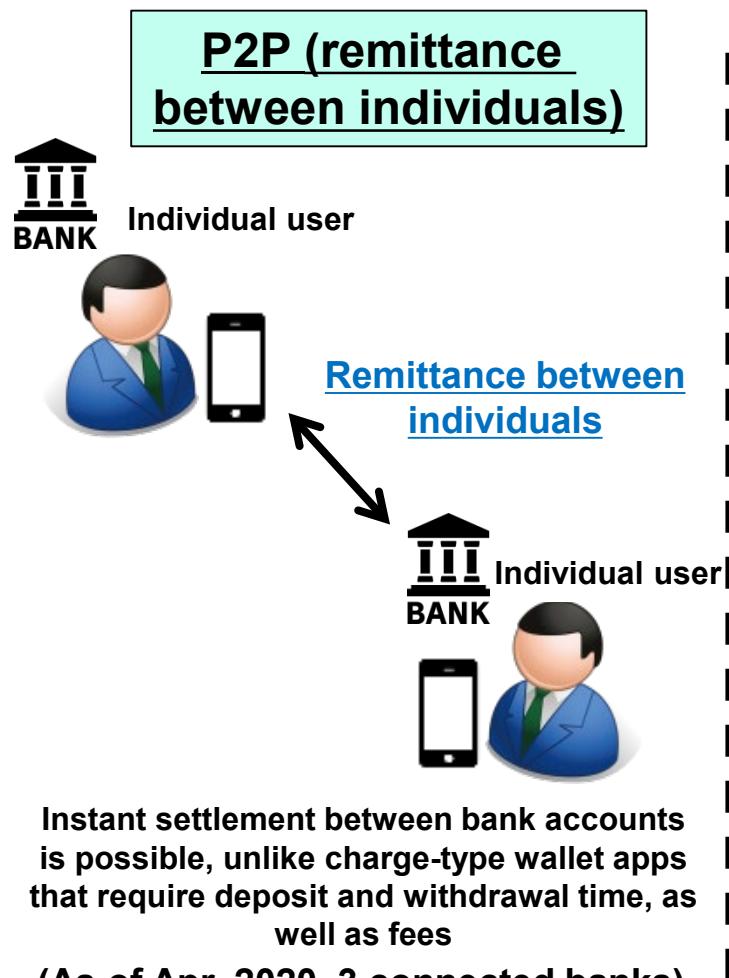
Rheos Capital Works will continue its efforts toward a public listing

IV Strengthening initiatives to capture the accelerating social changes as a result of COVID-19

- (1) The accelerating cashless trend
- (2) Social fragmentation drives adoption of blockchain technology in a wide range of industries
- (3) Addressing the security needs of digital transformation (DX)
- (4) Expanded investments in areas that meet the needs of the times
- (5) In the wake of the COVID-19 disaster, the SBI Group is promoting the restructuring of its organization and the streamlining of its operations
- (6) As volatility increases and the corresponding financial risk increases owing to sudden market changes, will contemplate further diversification of hedging methods for foreign exchange and equities, as well as to promote such methods to those outside of the Group

(1) The accelerating cashless trend
-In the spotlight, owing to the avoidance of unnecessary contact and hygienic risks-

Money Tap Collaborating with Financial Institutions for a Win-win Service Offering



In addition to SBI Sumishin Net Bank and Suruga Bank, Ehime Bank is now newly connected

Status of Connections with Prepaid Charging Service Providers

-Charging is possible without utilizing existing infrastructure, such as CAFIS, leading to a easier, lower charging cost-



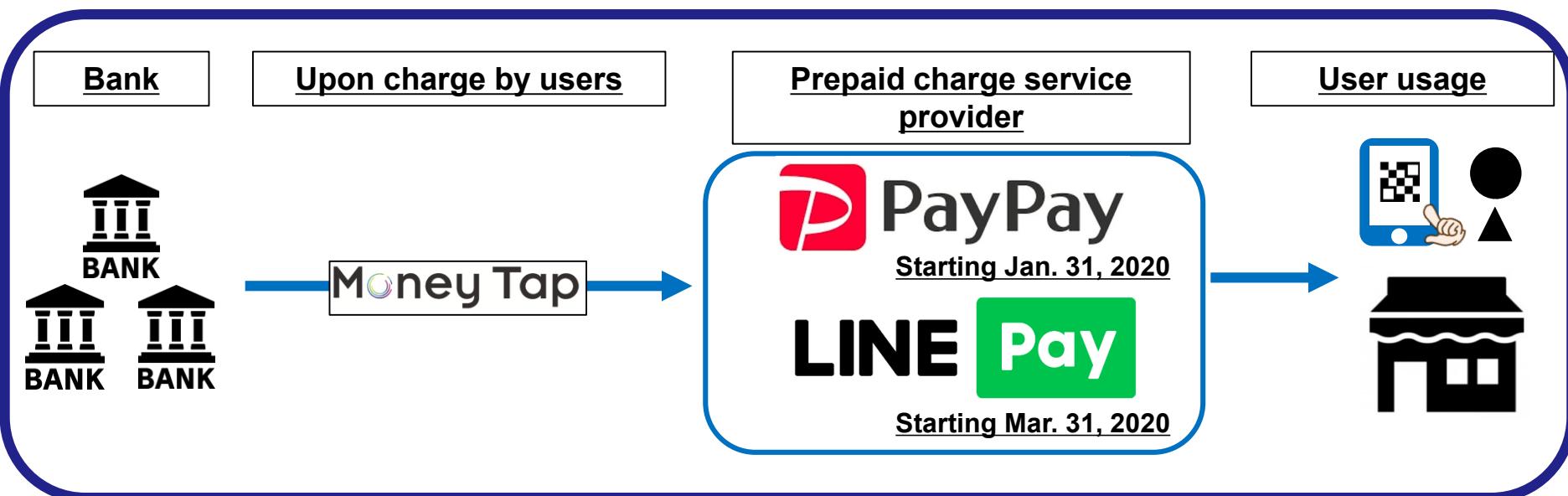
The PayPay charges from SBI Sumishin Net Bank has grown to 3x (number of transfers) and 4x (amount of money) in daily usage, as compared to its commencement (Feb. 1 to Apr. 19)

Advantage (for banks)

- No development costs upon connection
- Lower cost than existing infrastructure
- Ease of selection of prepaid charge provider

Advantage (for prepaid charge providers)

- No connection development cost for individual banks
- Aggregates charges into one account
- Efficiency in developing connecting banks



(2) Social fragmentation drives adoption of blockchain technology in a wide range of industries

-The utilization of blockchain, with its strengths in authenticity and transparency, will firmly advance owing to the trend toward deregulation-

- ① Financial industry trends
- ② Examples of blockchain utilization in other industries

① Financial industry trends

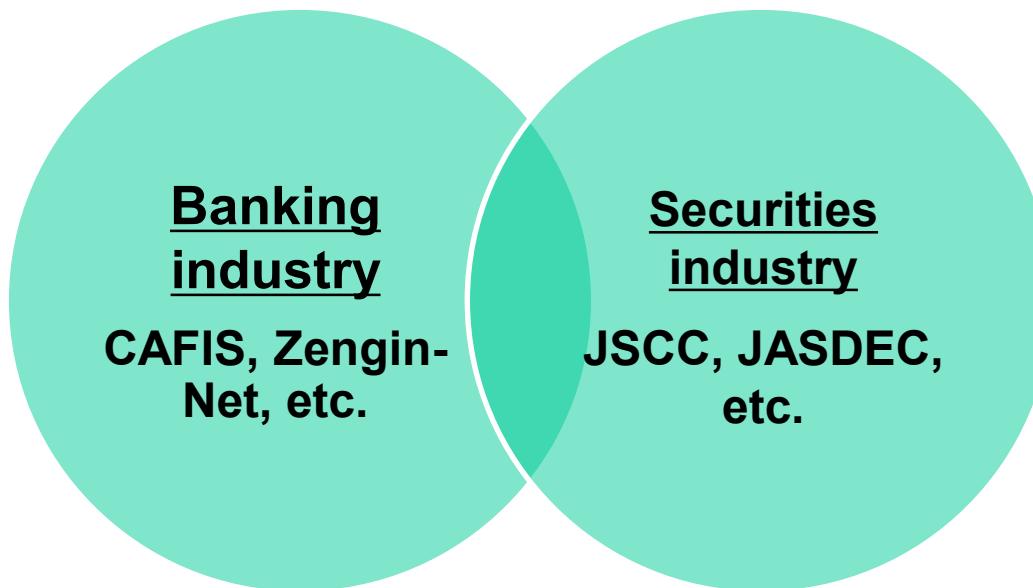
- (i) Regulators are indicating a support for the entry of non-financial companies, owing to pressures on existing businesses and deregulation
- (ii) Blockchain initiatives by the SBI Group
- (iii) Japan STO Association is Scheduled to Receive Certification as a Self-regulatory Organization within this Month

(i) Regulators are Indicating a Support for the Entry of Non-financial Companies, Owing to Pressures on Existing Businesses and Deregulation

Fair Trade Commission report on “antitrust law violations” concerning banking infrastructure and fintech connection denial

The Fair Trade Commission has put together a report stating that the Antimonopoly Act may have been violated by the exclusion from banks' settlement infrastructure of fintech operators that blend together finance and IT. This represents a change to the banking monopoly status quo and seeks to foster an environment facilitating the spread of new services. Rectification is also sought for inter-bank remittance fees that do not change for many years—an outstanding problem in competition policy. The report takes a fine scalpel to the situation with the intention of improving user convenience

Nikkei, Apr. 16, 2020



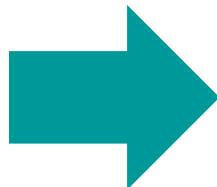
And now, as the nation is directly threatened by a novel coronavirus, it may move once again toward an ideal state of regulatory reform, sweeping away irrational systems and fees in various industries, including finance

Changes in the Pre-Settlement Matching System Fee and JSCC's Clearing Commissions

- Pre-settlement matching system fee per unit

Apr. 2005

JPY 200



Present

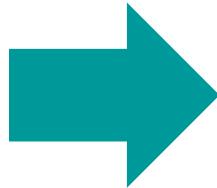
JPY 100

- Fee reduction in stages have been conducted
- Recent fee reduction: in 2016

- JSCC's Clearing Commissions per underwriting *

Apr. 2006

JPY 6 millionth
per JPY 1



Present

JPY 4 millionth
per JPY 1

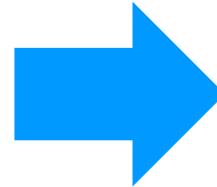
Fee reduction
has not been
made since Aug.
2008

* Abstract from another
company's material

SBI SECURITIES' basis points at around the same time

FY2004

5.5bp



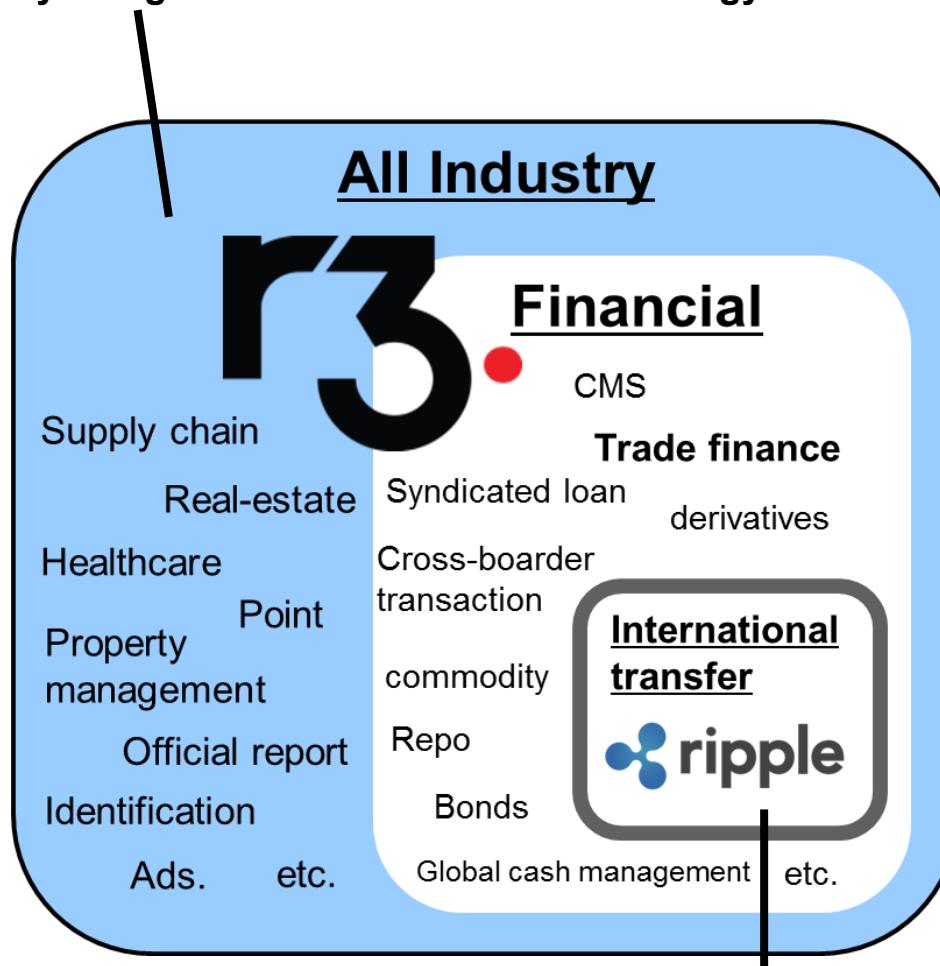
FY2019

3.2bp

(ii) Blockchain initiatives by the SBI Group

The SBI Group Cooperates Closely with U.S. R3 and U.S. Ripple, which could Become the De Facto Standard of the Next Generation, Through Investment, Establishment of JV, etc.

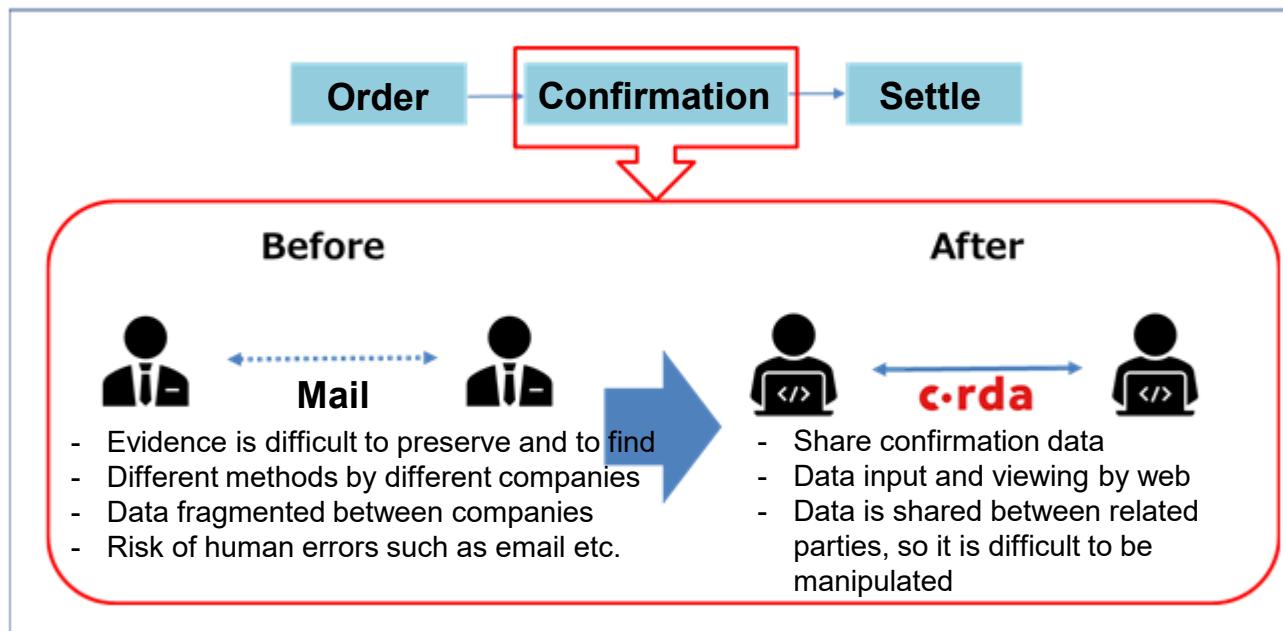
Developing projects that are not limited to the financial industry by using smart contract based technology



Specialized in international remittance

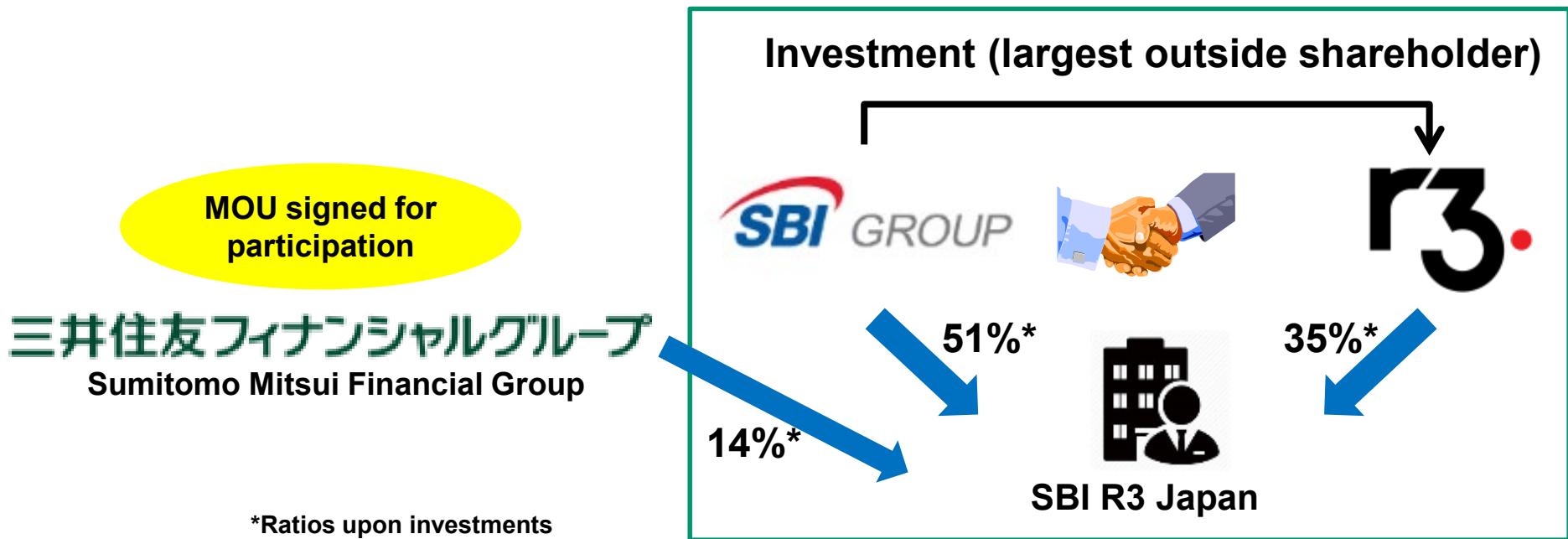
Utilizing Blockchain to Improve Business Efficiency in FX Trading Confirmation Operations

Japan's first practical application of a FX confirmation system based on blockchain/distributed ledger technology Corda



- BCPostTrade, a foreign exchange (FX) confirmation system using blockchain Corda, is being offered beginning Apr. 2020
- Until now, work was done manually, such as by phone and email, posing an operational risk to information confirmation leading to leaks, misdirected emails, etc. We now strive to reduce risk by making systems that leverage blockchain while ensuring resistance to falsification
- As we strive for a next-generation standard platform for back-office solutions, new functionalities will be added such as smart contracts enhanced with automatic confirmation matching as well as contracts, including fund settlements, that are automatically and consistently executed

Accelerate the Provision of Services in the Trade Finance Field, Utilizing Distributed Ledger Technology in Cooperation with Sumitomo Mitsui Financial Group (SMFG)



- Sumitomo Mitsui Banking Corporation has participated in the Marco Polo project, which R3 and TradelX of the U.K. are promoting using Corda, and is using enterprise blockchain technology for trade finance
- Through the acceptance of a capital participation in SBI R3 Japan, the SBI Group, R3 and SMFG have established a cooperative system, and will begin discussions on the prompt use and diffusion of distributed ledger technology platforms

Accelerating Efforts to Create a Swap Market to Expand Actual Demand for Crypto-assets



Increased use and liquidity improvement of crypto-assets and crypto-asset derivatives are expected

**(iii) Japan STO Association is Scheduled to Receive Certification
as a Self-regulatory Organization within this Month**



-Adopt Self-regulatory Rules for Security Token Offering (STO), a Financing Method through Electronic Records, for the Sound Development of the Industry-

- As of Apr. 2020, 9 companies participated, namely SBI SECURITIES, SMBC Nikko Securities, au Kabucom Securities, Daiwa Securities, Tokai Tokyo Securities, NOMURA SECURITIES, MONEX, Mizuho Securities and Rakuten Securities**

Revision of the law regarding STO

Revisions to the Financial Instruments and Exchange Law of May 31, 2019 regulates token-based financing



Law amendment and ordinance are to be effective from May 1, 2020

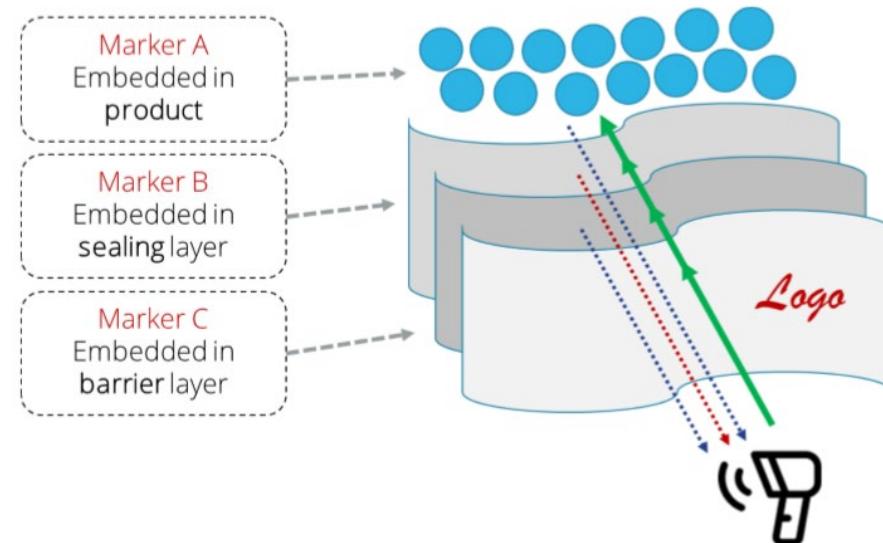
By bringing together pertinent information with a focus on securities companies, endeavoring to realize STO business opportunities that ensure strict legal compliance and investor protection in Japan

② Cases of blockchain adoption in other industries

Utilizing Blockchain in the Supply Chain

R3 and its partner, Security Matters, have patented technology to “mark” solids, liquids, gasses, etc. The markings are recorded as data on the blockchain, allowing for traceability from raw materials to work-in-progress and finished products. PoCs are underway in the fields of precious metals, agricultural, chemical products, medical products, etc.

Service	Traceability (white label)
Use case	Traceability
Developing partner	SECURITY MATTERS (SMX)
Users	BASF (General chemical manufacturer, Germany) The Perth Mint (The Perth Mint, Australia) Hazera (Seedling manufacturer, Israel) etc.
Service	<ul style="list-style-type: none"> - Marking of raw materials and work in progress, etc. at the molecular level - Read data on the blockchain - Using a special reader, we read signals from raw materials
Next Step	Project trueGold with the Perth Mint is to be commercialized in 1Q 2021



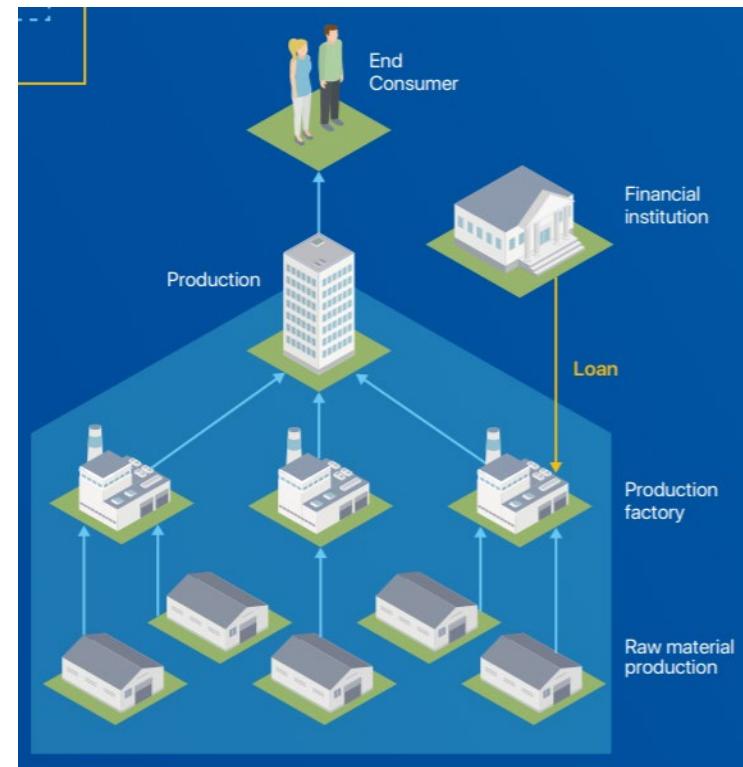
With the impact of the COVID-19 severely impacting the disruption of supply chains among manufacturers etc., the use of blockchains by manufacturers and supply chains may make significant progress

Utilizing Blockchain in the Supply Chain -TaaS (Traceability as a Service)-

TaaS, developed by CTIA (Singapore), a partner of R3, can significantly reduce the burden of operations that need to be coordinated among stakeholders in the supply chain, such as manufacturers, trading companies, certification bodies, and transportation companies

(Oct. 2019, press release by CTIA)

Service	Traceability as a Service
Use case	Traceability
Developing partner	CTIA
Users	Manufacturers, trading companies, distributors, and financial institutions
Service	<ul style="list-style-type: none"> - Automation of transactions and contracts between companies involved in the supply chain - Escrow transactions for companies involved in the supply chain (streamlining and automating operations by placing transactions in trust) - Providing valuation using transaction operations and history (transaction lending etc.)
Next Step	<ul style="list-style-type: none"> - Conducting a POC with the automation, production, procession and exportation processes of Japanese tea powder (raw material for matcha products)



The SBI Group will continually seek new business opportunities that respond to social trends, without overlooking social needs

**(3) Aggressively addressing the security needs
of digital transformation (DX)**
**-Utilizing cyber security technology to solve
social problems-**

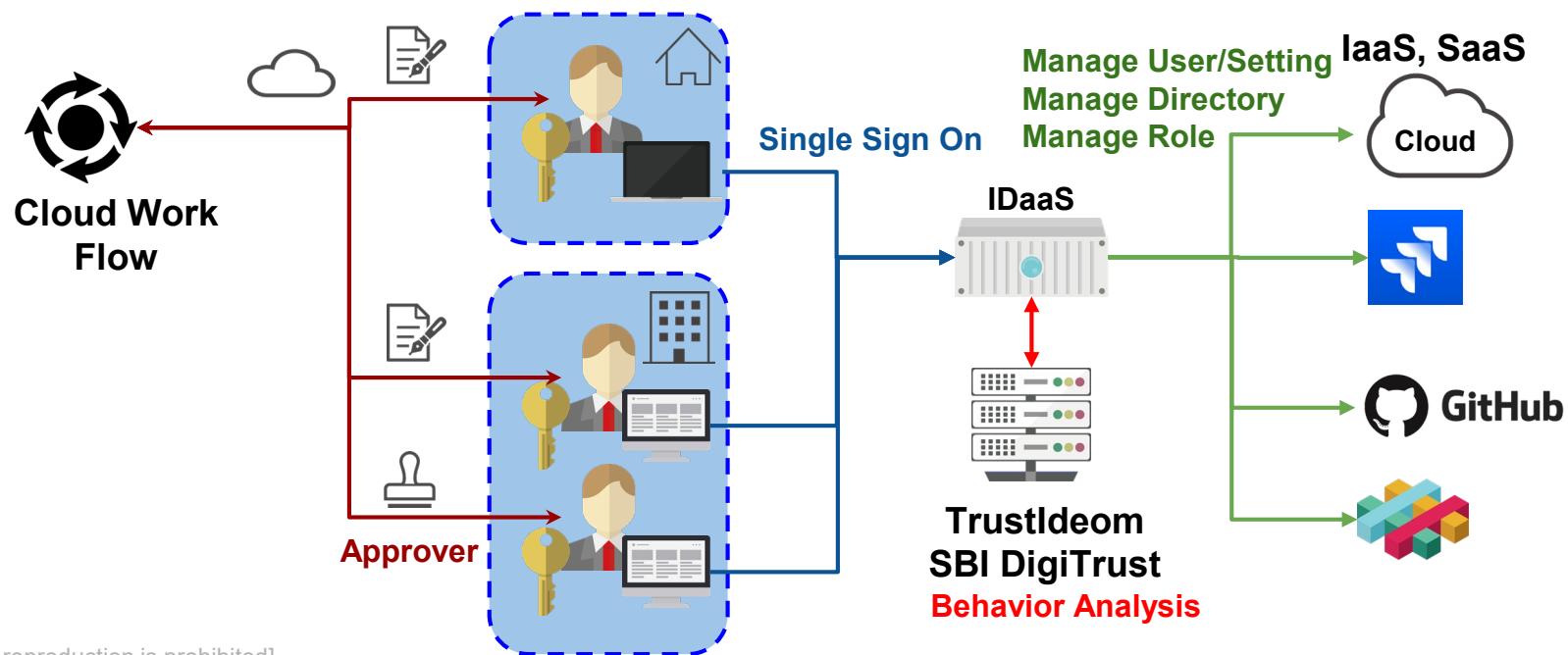
SBI Security Solutions Structures

Advanced Remote Work Environments

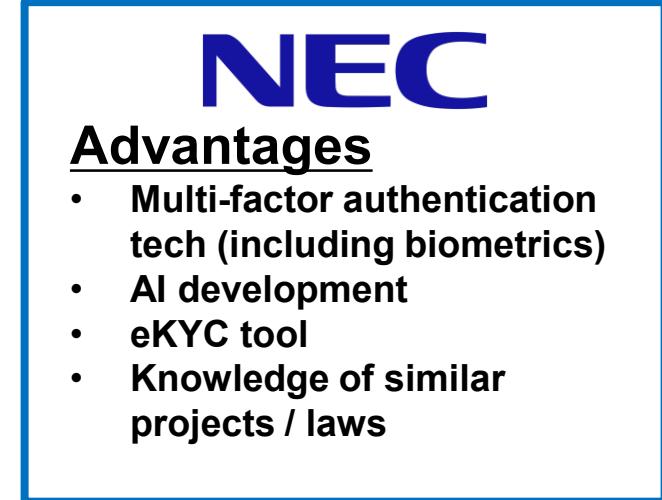
- **Introduction of a zero-trust network* mechanism to ensure solid security**

* A method of monitoring all traffic based on the premise that all traffic is untrustworthy (zero-trust), without defining the boundary between internal and external

- By centrally managing the IDs of external services such as SaaS, it is incorporated under the control of the zero-trust network
- The “Trustldeom,” under development by SBI DigiTrust, a joint venture with NEC, analyzes user behavior information and monitors for frauds including account hijacking
- **Abolishing physical documents by diffusing the electronic approval system on a cloud-based workflow system**



SBI DigiTrust Offers Services that Utilize Advanced Technologies of SBI Security Solutions and NEC



SBI DigiTrust

- AI risk-based certification support
- Multi-factor authentication

Web behavior, private DB score, fraudulent transaction history, anti-social info, identification results, etc.
2-factor authentication, biometric authentication, authentication by SNS, FIDO etc.

↓ Service offer

SBI Group



↓ Service offer

Non-SBI companies (financial institutions, non-financial companies)

Regional financial institutions
Megabank **E-commerce**
Cashless

(4) Expanded investments in areas that meet the needs of the times

-Proactively invest in venture companies that possess technologies that respond to rapid social changes, and in the biotechnology and healthcare fields where interest is heightening as a countermeasure against infectious diseases-

Preparing a New Fund (Common Name 4+5 Fund) Up to JPY 100bn to Accelerate Investments into Growth Industries



SBI Investment, which will be the administrator, will receive remuneration associated with the establishment of the fund, and will also receive increased administrative fees associated with the operation of the fund moving forward

- Investment areas: In addition to fintech, AI and blockchain, the investment focus will include any high tech industry that will promote “Industry 4.0,” such as IoT, robotics and “Society 5.0,” where innovative technologies and services that cover a wide range of industries, such as healthcare (medical and nursing care), infrastructure (traffic and energy), food and agriculture, etc., are involved

* Investment area images

Society 5.0

Fintech



Investing



Asset Management

Business Support

Security



X-Tech

HR Tech

Edu Tech

RE Tech, etc

Industry 4.0

Industrial Revolution

Mechanization

Mass Production

2.0

CPS • IoT • Cloud

Automation

3.0

4.0

Cyber Physical System (CPS)

Physical

Cyber

Recognition, understanding, sensing
Analysis, forecast, optimization, control

Internet of Things (IoT)

Cloud Computing



Robotics



“Data-driven Society”



Infrastructure

Autonomous Vehicle

MaaS



Green Energy

Eco-Friendly



Healthcare/Food/Bio/Agriculture

Prevention

Treatment

Diagnostics

Care

Smart Farming

Functional Food



AI • 5G • Big Data 5G

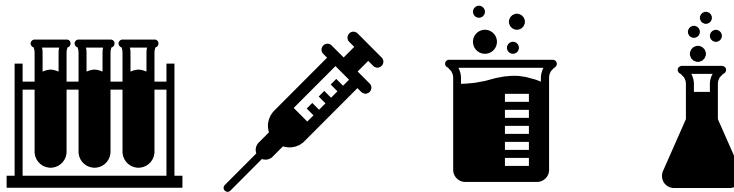
Preparations are underway to launch a fund for Industry 4.0 in Germany during May

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Establish a VC Fund Targeting Investments in Fields such as Healthcare, where Interest has Heightened Owing to COVID-19

An area of growing interest

Vaccines, therapeutic drugs, diagnostic kit development



Non-face-to-face healthcare



Healthcare tech



etc

(5) In the Wake of the COVID-19 Disaster, the SBI Group is Advancing the Restructuring of its Organization and the Streamlining of its Operations



As the effects of the COVID-19 spread across Japan, the SBI Group began promoting staggered work hours and remote work at an early stage. Such measures may become permanently incorporated going forward

- By using this situation as a touchstone, personnel needs in the workplace was clarified, and further attention was given for the substitution of personnel for IT, such as RPA

Increasing the adoption of IT

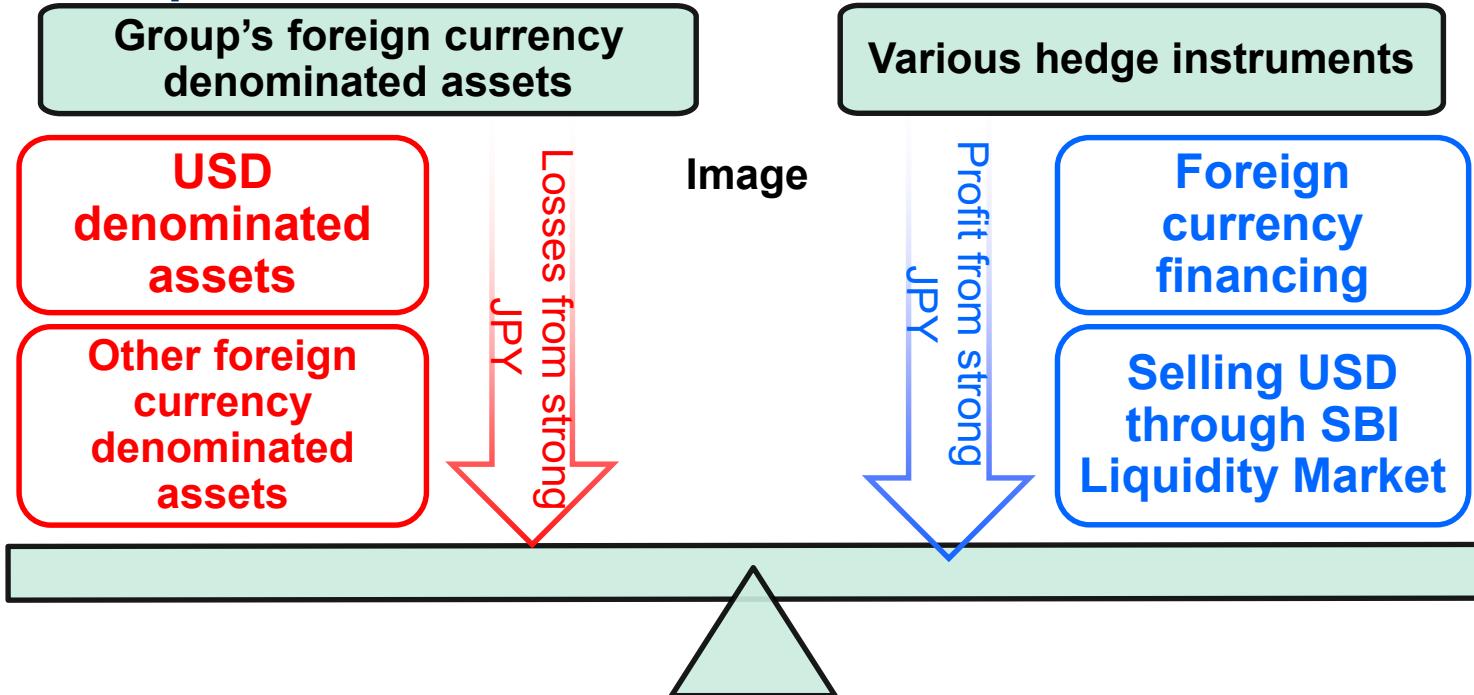


Appropriate personnel allocation



With the belief that the creativity of our employees is the source of our competitive advantage, we will evolve into a Group that maximizes the productivity of each employee with the power of technology

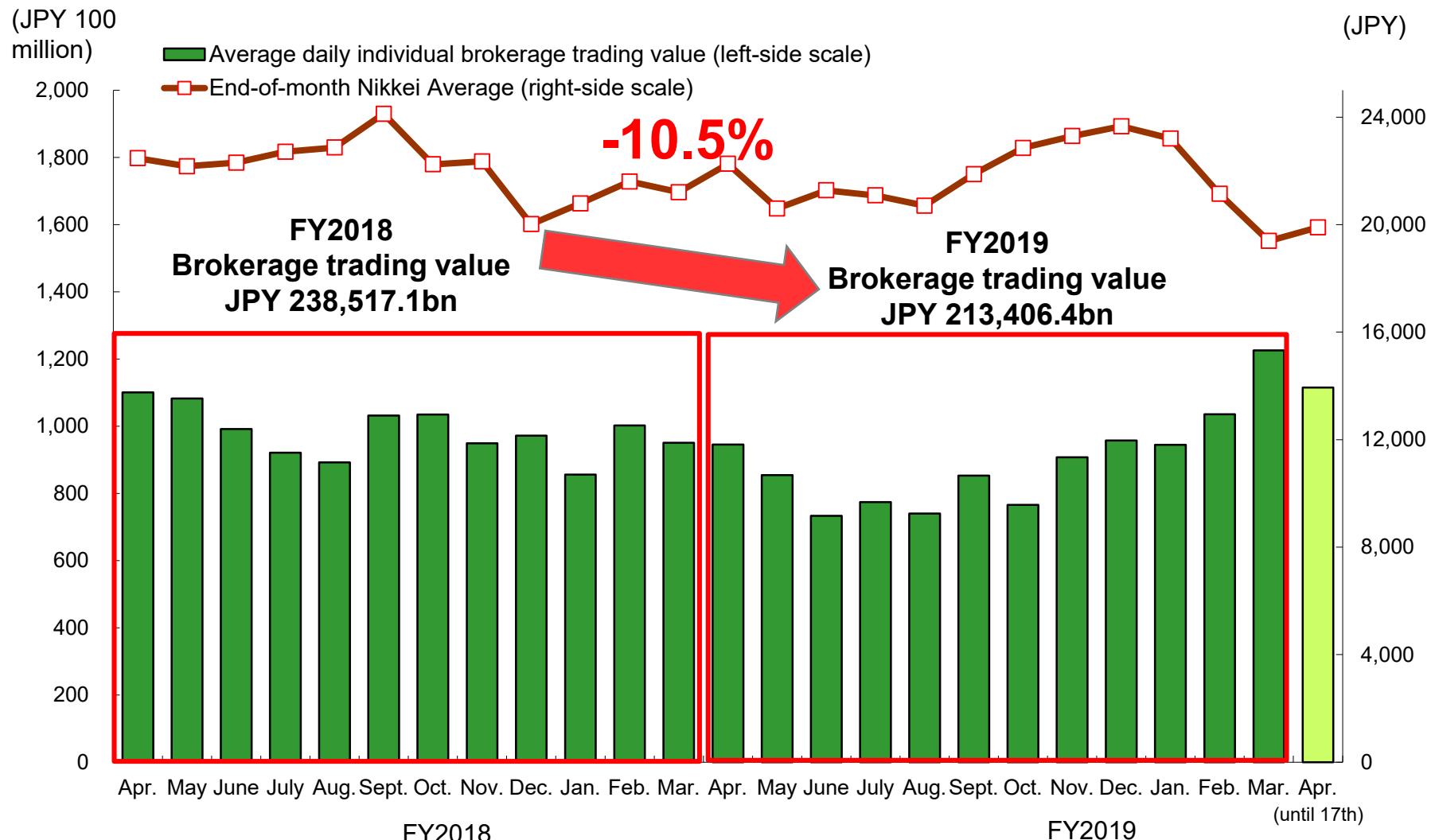
(6) As Volatility Increases and the Corresponding Financial Risk Increases Owing to Sudden Market Changes, will Contemplate Further Diversification of Hedging Methods for Foreign Exchange and Equities, as well as to Promote such Methods to those Outside of the Group



- Leveraging the resources and knowledge of SBI Liquidity Market and other specialist financial companies of the Group, implemented foreign currency borrowings and USD sales, and reduced hedging costs by utilizing derivative transactions, such as through the use of options
- Also researching efficient hedging methods for changes in the market value of securities, in response to sales policies and market conditions
- In addition to the above mentioned hedging instruments, SBI Asset Management newly established 2 Bear Funds on Apr. 14, in response to the COVID-19 shock

[Reference materials for each business]

Average Daily Individual Brokerage Trading Value (2 Market Total *)



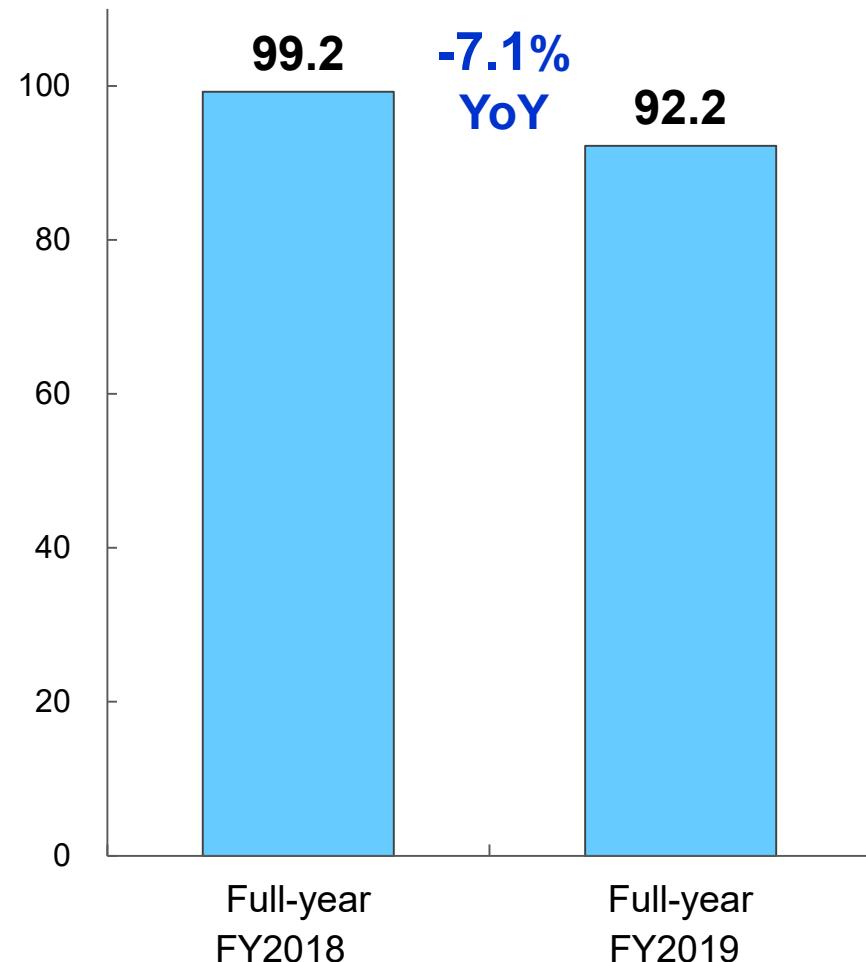
* Japanese stocks listed on Tokyo Stock Exchange and Nagoya Stock Exchange
(Including TSE Mothers, JASDAQ and NSE Centrex)

Source: Complied by SBIH from disclosed data from TSE

SBI SECURITIES' Stock Brokerage Trading Value and Commissions

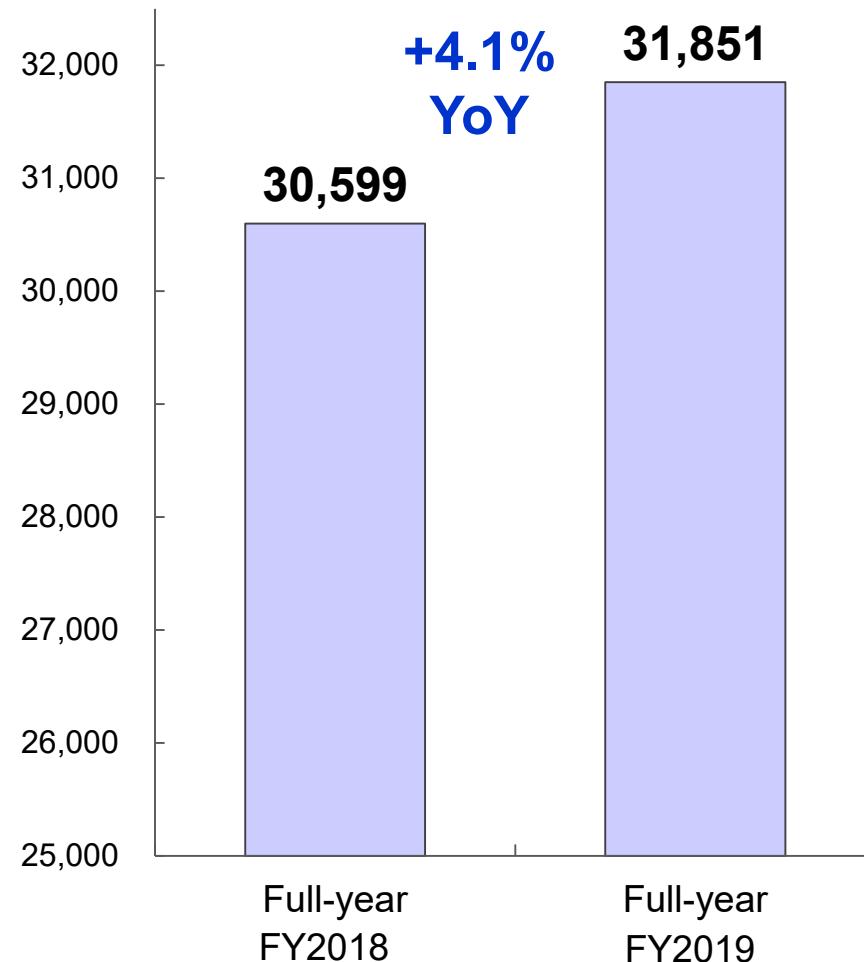
Stock Brokerage Trading Value

(JPY trillion)



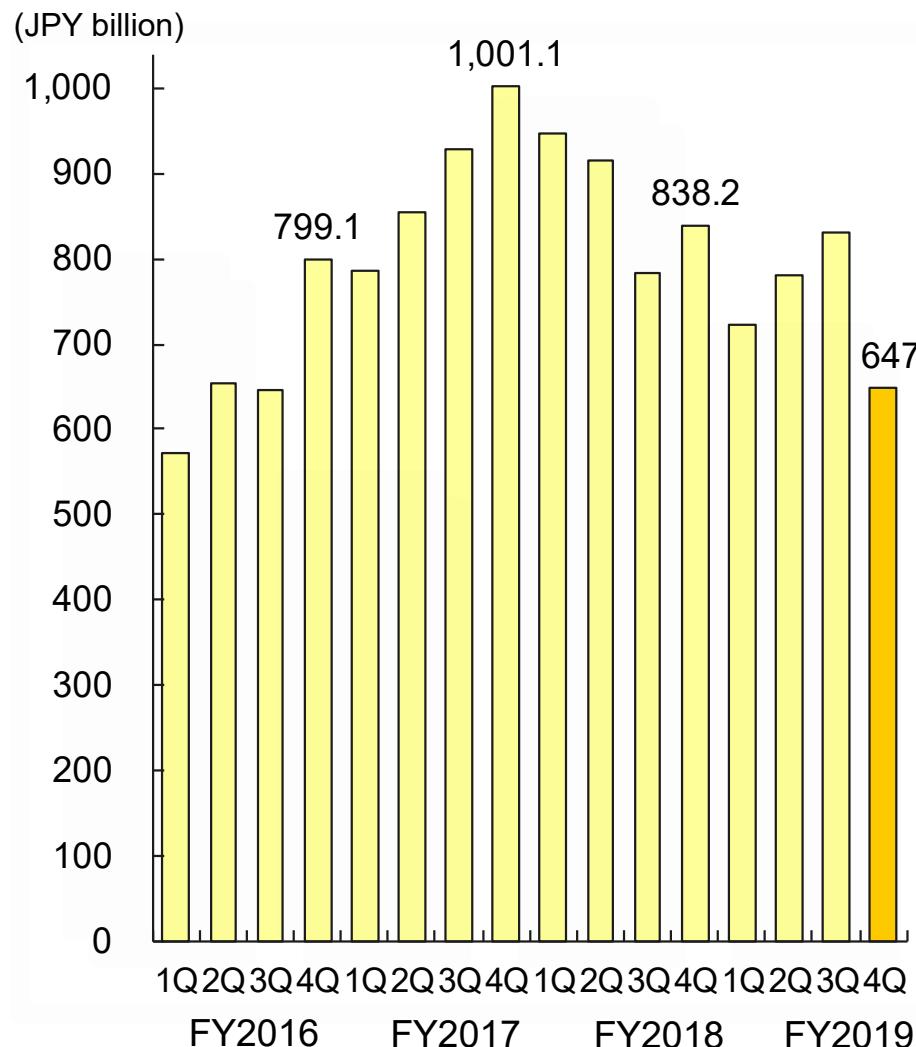
Commissions

(JPY million)

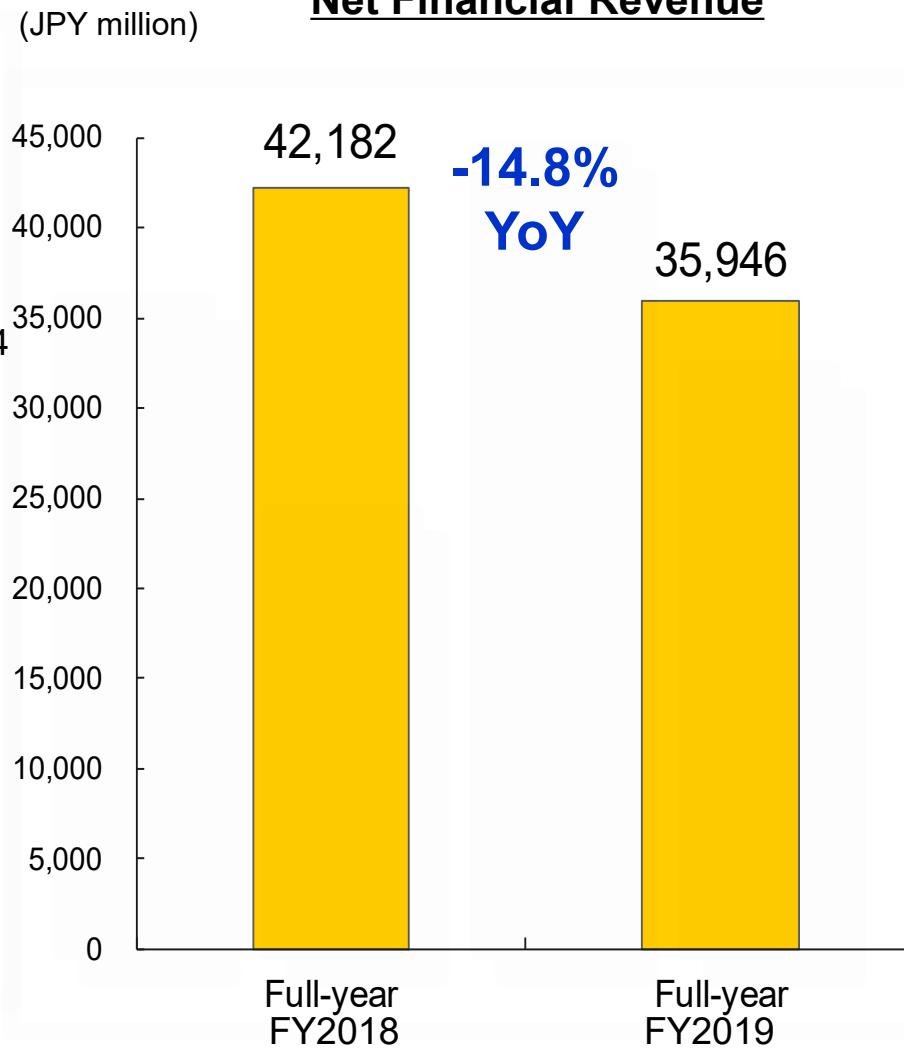


SBI SECURITIES' Interest Credit Balance and Financial Revenue / Net Financial Revenue

Open Interest Credit Balance (EOM)



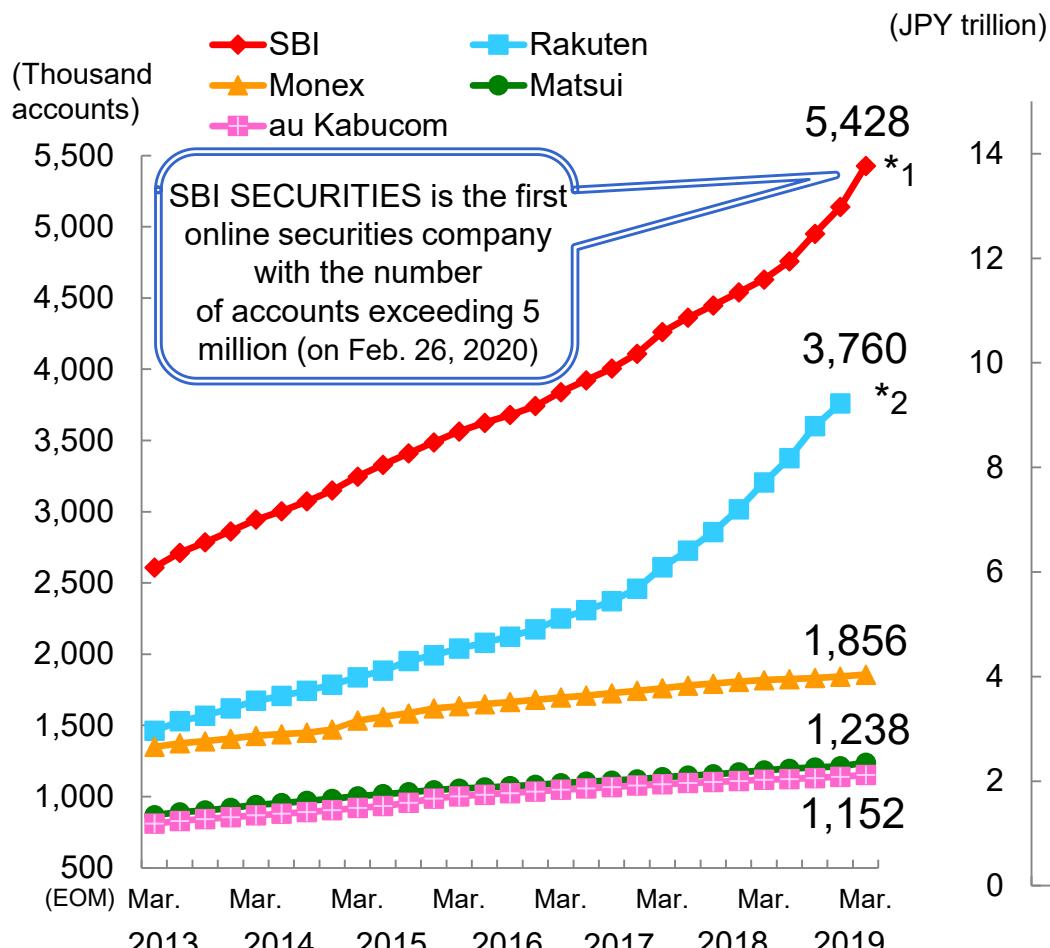
Financial Revenue / Net Financial Revenue



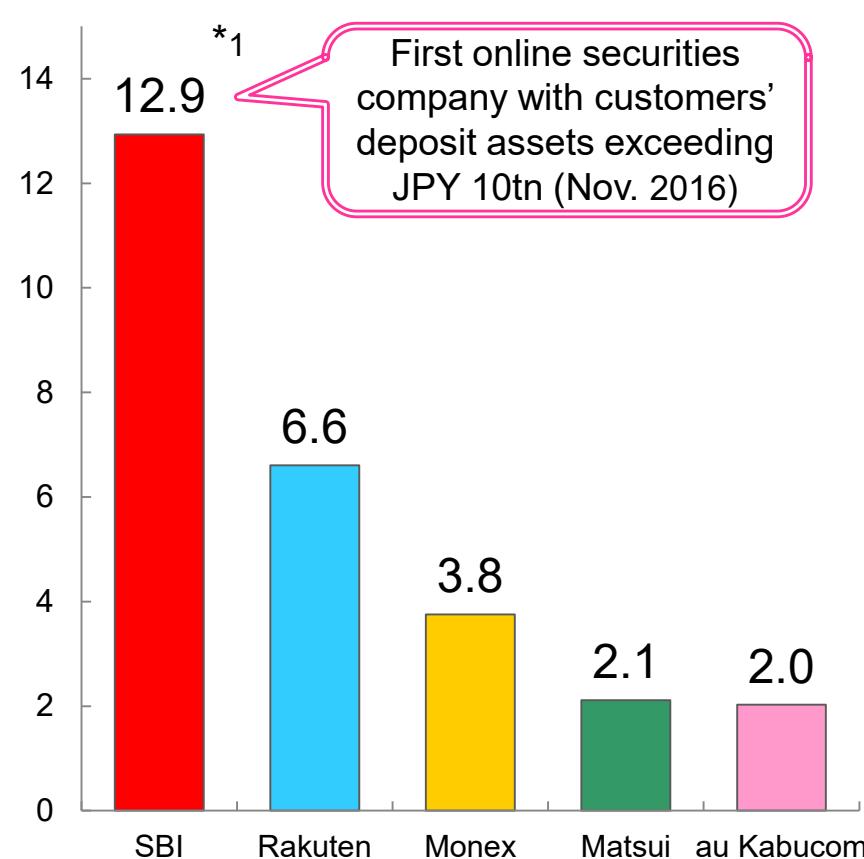
SBI SECURITIES Attains an Overwhelming Customer Base

[Number of Accounts and Amount of Customer Asset]

Customer Accounts of 5 Major Online Securities Companies (Mar. 2013 – Mar. 2020)



Customers' Deposit Assets of 5 Major Online Securities Companies (as of the end of Mar. 2019)



*1 As for SBI, includes SBI NEOMOBILE SECURITIES' number of accounts from June 2019.

*2 Rakuten's number of accounts is as of Dec. 30, 2019.

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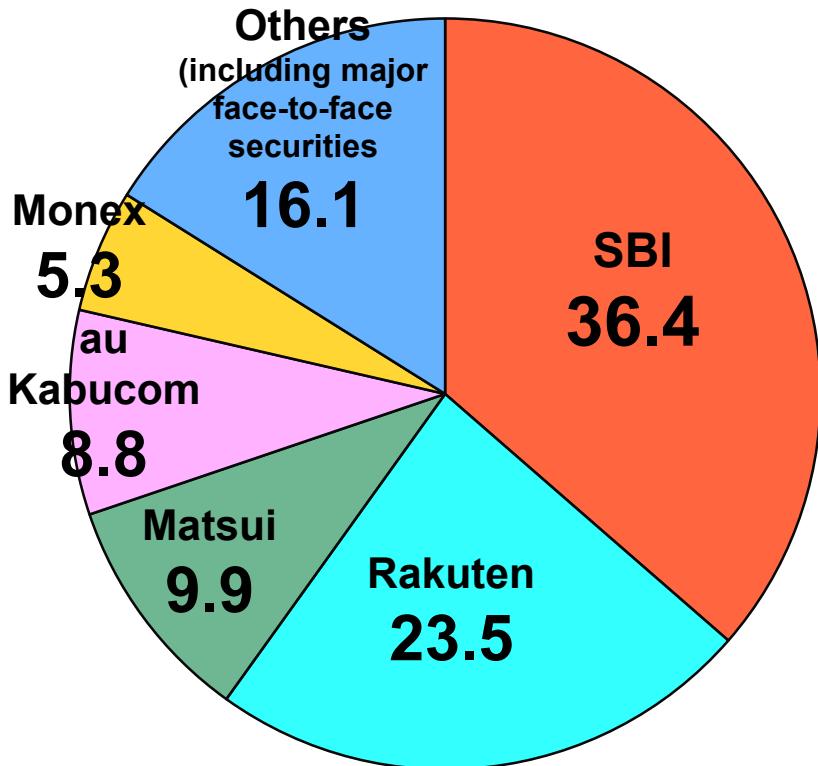
Source: Compiled by SBIH from the information on websites of each company. 138

SBI SECURITIES' Share of Individual Stock Trading

Share of Individual Stock
Trading Value (%)

FY2019

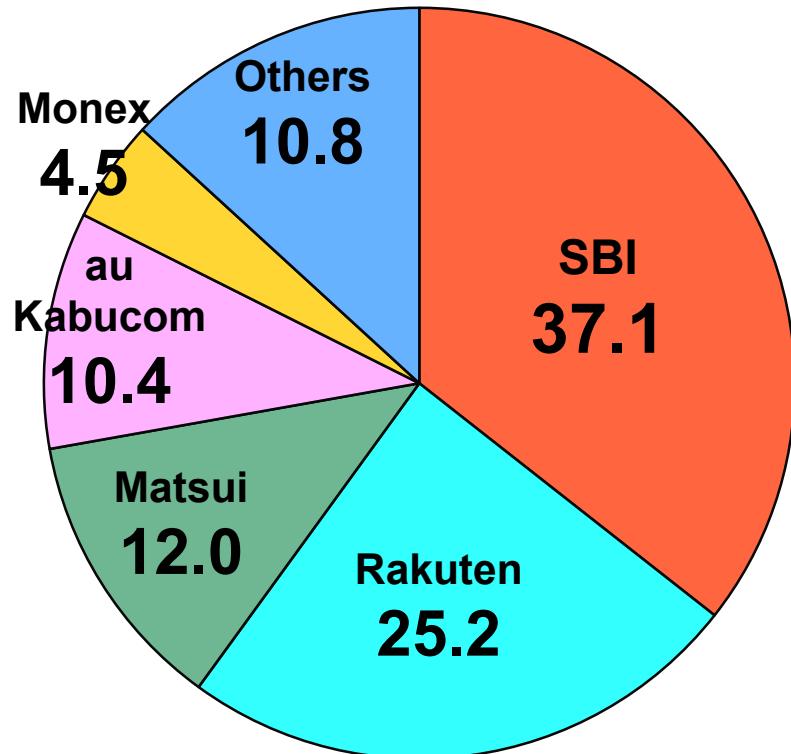
(Apr. 2019 – Mar. 2020)



(of which) Share of Individual Margin
Trading Value (%)

FY2019

(Apr. 2019 – Mar. 2020)



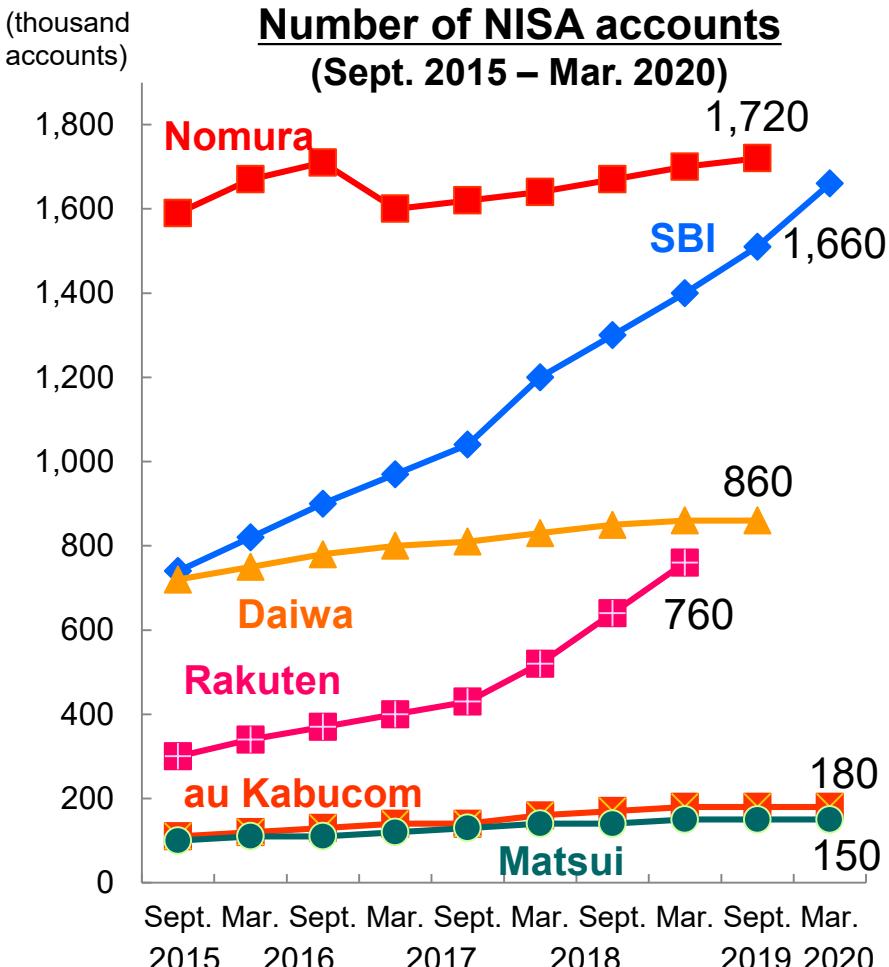
<From 1Q FY2016, shares are calculated with the individual stock trading value and individual margin trading value of both the 1st and 2nd sections of the Tokyo and Nagoya Stock Exchanges, including that of ETF and REIT trading value, respectively>

* Shares are calculated by dividing each company's individual stock trading value or individual margin trading value with the whole individual stock trading value and individual margin trading value of the 1st and 2nd section of the Tokyo and Nagoya Stock Exchange, including that of ETF and REIT trading value, respectively

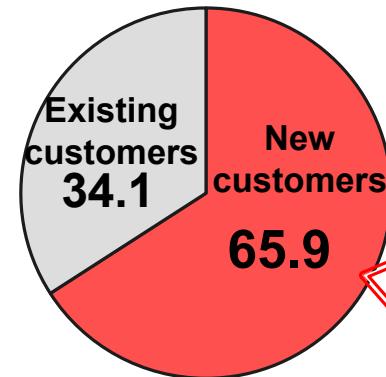
Source: Compiled by SBI SECURITIES based on Tokyo Stock Exchange and JASDAQ materials and websites of each company.

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Through the Successful and Continued Steady Acquisition of New Customers of NISA, the Number of Accounts is Now Approaching Nomura



NISA's customer attribute of SBI SECURITIES (%)



Number of new customers opening NISA accounts account for 65.9%, and within that 68.8% are beginner investors

SBI SECURITIES' number of Junior NISA accounts reached 77 thousand accounts, accounting for approx. 30% of the entire securities industry's Junior NISA accounts

*1 Includes the number of Junior NISA accounts

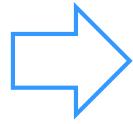
*2 Amounts are rounded to the nearest JPY 10 thousand.

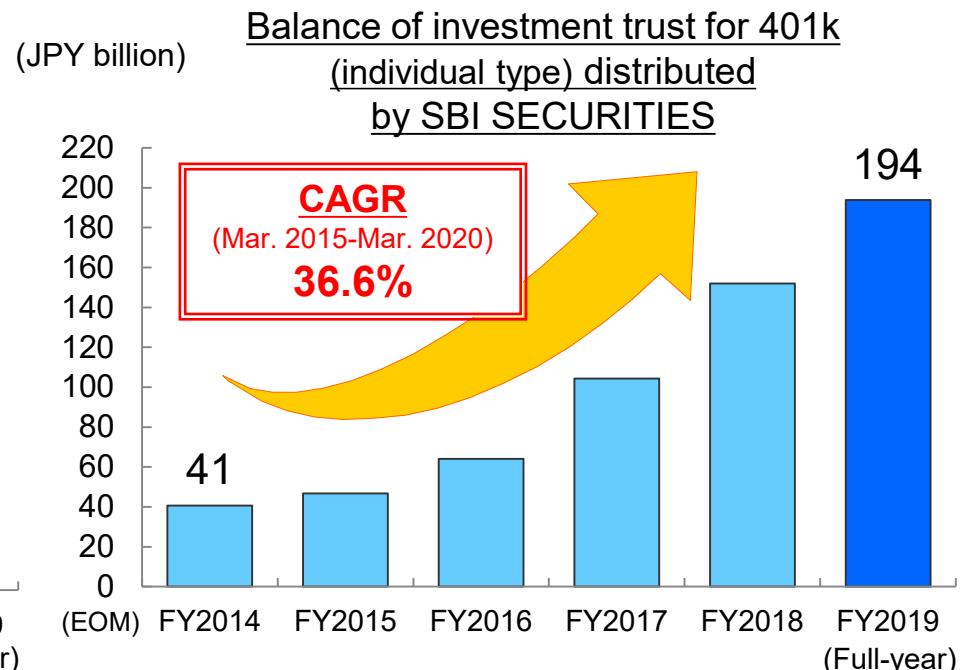
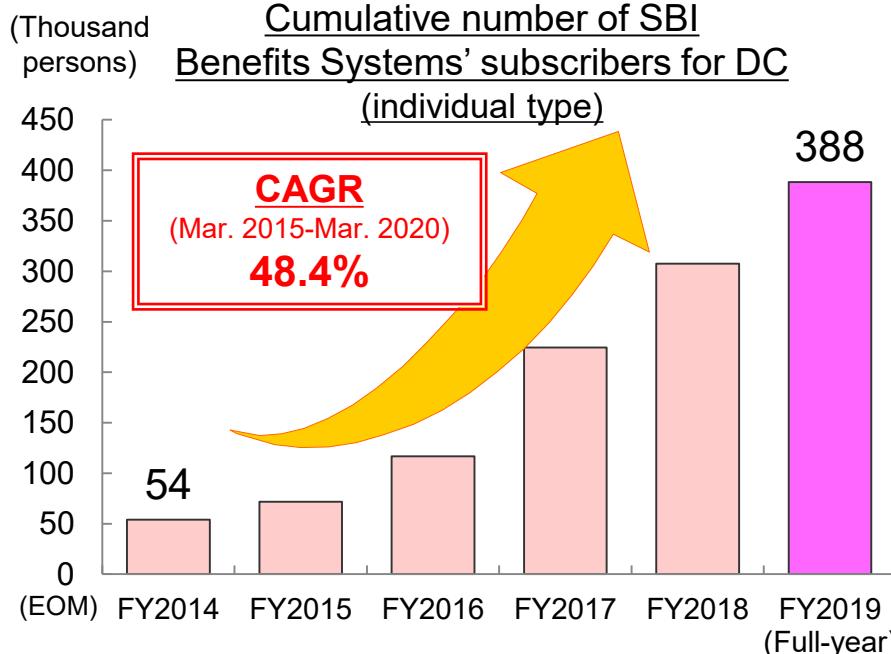
*3 The number of accounts are as of the end of Mar. 2020, compiled by SBIH from the information on website of each company. As for Nomura and Daiwa the number of accounts are as of the end of Sept. 2019, while Rakuten's number of accounts is as of the end of Mar. 2019

Further Strengthening the Individual Defined Contribution (iDeCo) Pension Business

The SBI Group has been focused on the Individual Defined Contribution (iDeCo) pension business, well before the expectations for the market size expansion as a result of revisions in the regulation as of Jan. 2017, through SBI Benefit Systems, which was established in 2001

- ◆ SBI SECURITIES' administrative fees are completely free of charge from May 19, 2017, as to further expand iDeCo business

 At the end of Feb. 2020, the number of iDeCo accounts totaled 338,001, which is approx. 2.8x larger than that of the end of May 2017



SBI SECURITIES Steadily Increased the Number of New Customers Acquired for Individual-type Defined Contribution Pension Plans (iDeCo), and became the Cumulative Industry Leader in Oct. 2018



* Cumulative total number of subscribers and transfers announced by the National Pension Fund Association
 Source: Briefing paper of the National Pension Fund Association (partially includes estimates by SBI)

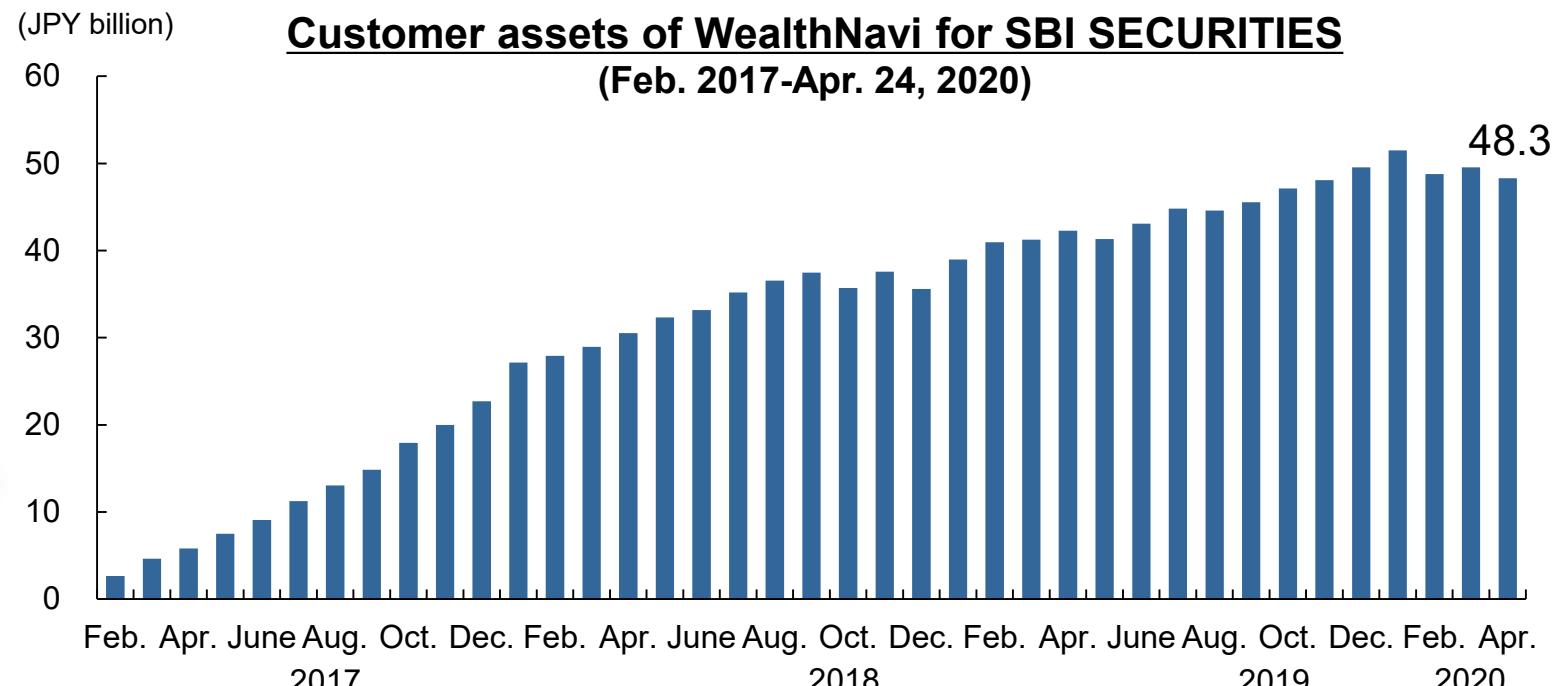
SBI SECURITIES' Balance of Robo-adviser Asset Formation Service is Steadily Increasing



Provision of “**WealthNavi for SBI SECURITIES**” that customizes WealthNavi’s robo-advisor service

Customer assets: JPY 48.3bn (as of Apr. 24, 2020)

Number of account:
approx. 68 thousand



WealthNavi for
SBI SECURITIES

1-(1) SBI SECURITIES:

Enhancing the Corporate Business to Further Strengthen the Comprehensive Capacity of the Securities Business, by Focusing on the Equity and Bond Underwriting Businesses for Both Primary and Secondary Market Offerings

-IPO participation share remains to be No. 1 in the industry-

Underwriting share of 93.5% is an industry leading figure

IPO Underwriting Ranking (Apr. 2019–Mar. 2020)

92 companies were listed during the period

Company name	No. of cases	Underwriting share (%)
SBI	86	93.5
SMBC Nikko	62	67.4
Mizuho	61	66.3
Monex	48	52.2
Daiwa	45	48.9
Iwai Cosmo	43	46.7
Ace	42	45.7

- During the Apr.- Mar. 2020 period, SBI SECURITIES underwrote 9 companies as lead manager

PO underwriting business

Underwrote 20 POs, including two as lead underwriting manager



Will endeavor to strengthen the PO underwriting business by continuously focusing on acquiring lead underwriting mandates

Corporate bond underwriting business

With the underwriting of 27 corporate bonds in total, including that of SoftBank Group, the underwriting amount for FY2019 increased by 2.5x year-on-year



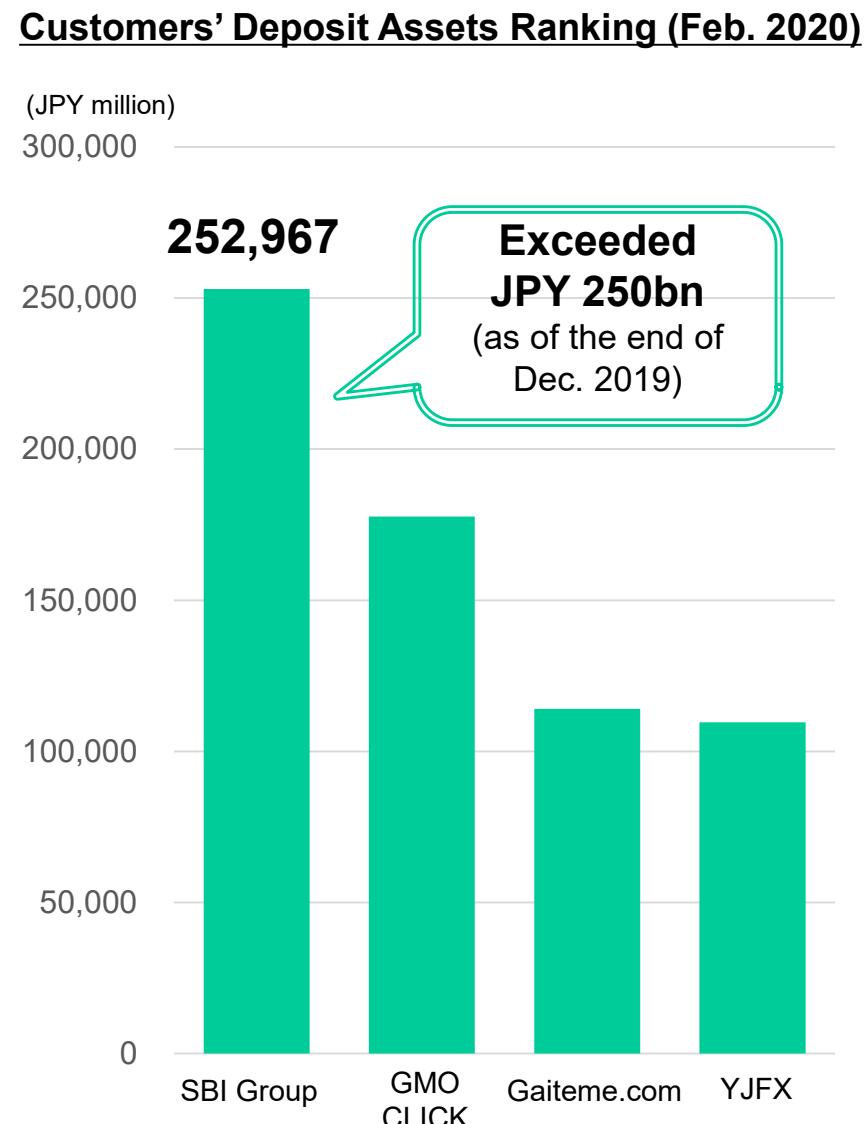
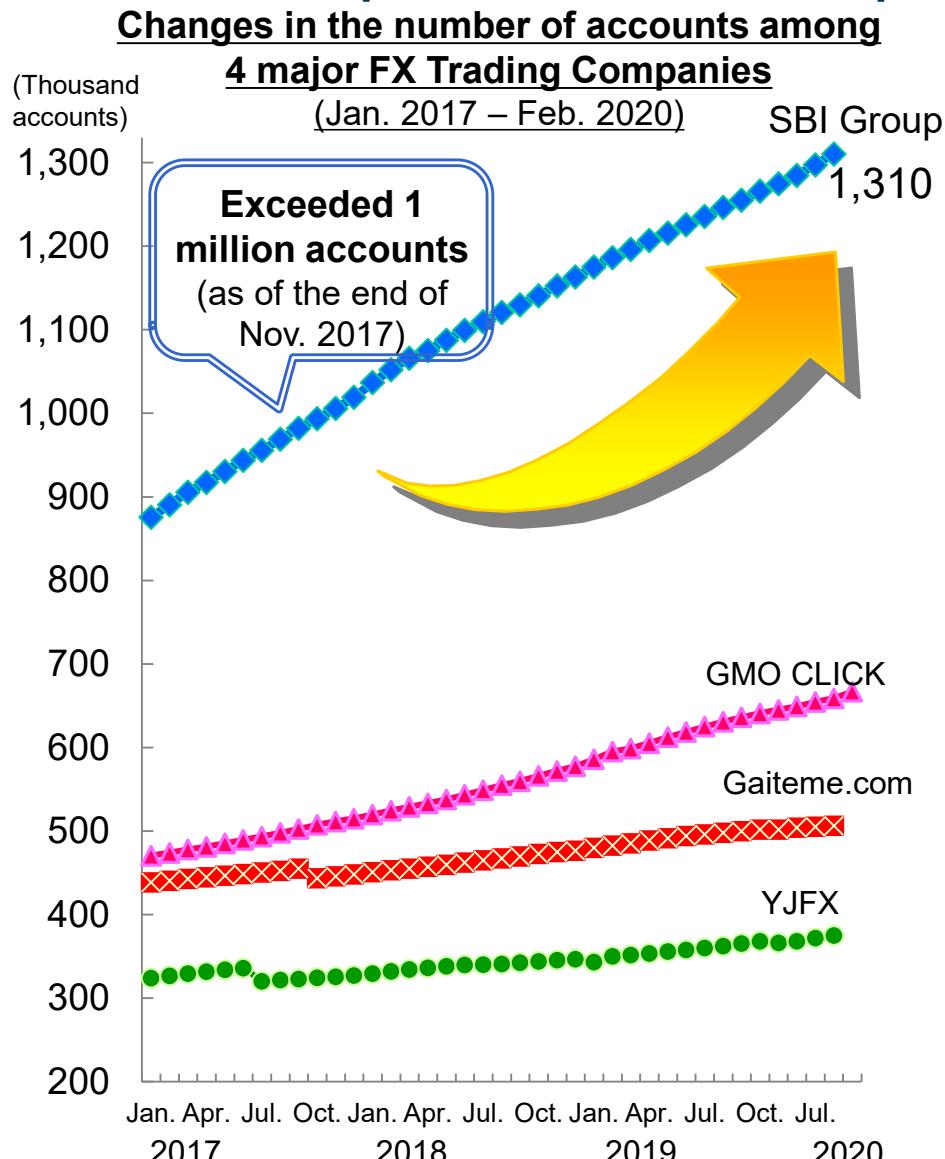
Will focus on underwriting newly-issued public bonds, including utilities bonds

* The above IPOs represent issues underwritten in Japan only and do not include additional secondary offerings or overseas issues.

* The data was compiled by SBIH based on each company's published information.

1-(2) FX Business:

The SBI Group's (SBI SECURITIES, SBI FXTRADE and SBI Sumishin Net Bank) Total Number of Accounts and Customer Deposit Assets have Overwhelmingly Surpassed that of Its Competitors in the OTC FX Industry



IPOs and M&As of the SBI Group Investee Companies

	Full-year FY2018	Full-year FY2019			
IPO・M&A deals	20	24			
EXIT Date	Company	Market	EXIT Date	Company	Market
May 28, 2019	Sugentech Inc.	KOSDAQ	Oct. 8, 2019	AI CROSS	TSE Mothers
May 30, 2019	VALTES	TSE Mothers	Oct. 14, 2019	Kiwi technology Inc.	TPEx
June 3, 2019	Haitong Unitrust International Leasing Co.,Ltd	HKEX	Oct. 24, 2019	ENVIONEER Co., Ltd.	KOSDAQ
June 10, 2019	ZUM internet Corp.	M&A	Oct. 25, 2019	BASE	TSE Mothers
June 19, 2019	Sansan	TSE Mothers	Oct. 28, 2019	BiomX Ltd.	NYSE
July 11, 2019	I-Scream Edu Co., Ltd.	KOSDAQ	Dec. 13, 2019	Shanghai ONE CONNECT	NYSE
July 12, 2019	Settlebank, INC.	KOSDAQ	Dec. 17, 2019	freee	TSE Mothers
July 17, 2019	Flitto Inc.	KOSDAQ	Dec. 20, 2019	SPACEMARKET	TSE Mothers
July 19, 2019	A STORY Co., Ltd.	KOSDAQ	Dec. 25, 2019	AI inside	TSE Mothers
Aug. 15, 2019	9F INC.	NASDAQ	Feb. 7, 2020	Jimoty	TSE Mothers
Sept. 13, 2019	Satsuma Pharmaceuticals, Inc.	NASDAQ	Feb. 20, 2020	SuNAM Co., Ltd.	KOSDAQ
Sept. 19, 2019	CyberBuzz, Inc.	TSE Mothers	Mar. 26, 2020	Cyber Security Cloud	TSE Mothers

In this current fiscal year, 23 companies were IPO'd and one was M&A'd thus far

* In the case where an investee company conducts a share exchange or a merger with a public company, it is described as "M&A."
* Subsidiary IPOs and M&As are also included.

Exit Results and Planned IPO Schedule of Investee Companies of the Fintech Fund (Established in 2015) and SBI AI&Blockchain Fund (Established in 2018)

-Both funds moved into the monetization phase, and preparations are underway for successor funds-

<Investment results>

Investment of approx. JPY 77.5bn into 171 companies has been decided collectively from the two funds

Investment of approx. JPY 113bn has been decided, including the co-investment of SBI Holdings, etc.

The Fintech Fund: approx. JPY 25.5bn

SBI AI&Blockchain Fund: approx. JPY 52bn

Co-investment from SBI Holdings, etc. : approx. JPY 35.5bn

<Exit results>

Already IPO'd: 11

Already exited through an equity sale to third party: 3

<Planned IPO schedule*>

Year 2020: 10 Year 2021: 30 Year 2022: 58 After Year 2023: 50

Scheduled exits by sales to third party: 3 TBD: 4

*Source: Compiled by SBIH from the each company's business plan

Assets Under Management of the SBI Group

(As of the end of Mar. 2020)

Private equity, etc. JPY 459.6bn^{(*)1} (Excluding JPY 104.4bn of both cash and commitment amount to be paid in)^{(*)2}

Breakdown of operating investment securities by Industry	Amount
Internet/AI/IoT	123.5
Fintech services	60.5
Digital Asset/Blockchain	57.1
Finance	78.1
Biotechnology/Health/Medical	18.6
Environmental/Energy	2.6
Machine/Automobile	8.5
Services	19.3
Retail/Food	2.4
Materials/Chemicals	3.9
Construction/Real estate	1.0
Others	1.5
Equity interests in external and non-consolidated funds	17.9
Total	394.9

Breakdown of operating investment securities by region	Amount
Japan	212.4
China	18.1
Korea	4.1
Southeast Asia	52.8
India	4.3
U.S.	47.9
Europe	21.8
Others	33.6
Total	394.9

Investment from non-consolidated Group management funds	Amount
Corporate venture capital (CVC)	12.7
Others (Oversea JV fund, etc.)	52
Total	64.7

Investment trusts, etc. JPY 1,724.5bn

Investment trusts	1,427.4
Investment advisory	297.1

*1 Private equity investment balance comes from the balance for operating investment securities included in consolidated reporting plus the investment balance from funds (such as CVC funds) removed from consolidation due to the SBI Group's low investment ratios in the corresponding funds, which the SBI Group run as the GP.

*2 Composed of cash in funds and unpaid capital which is to be paid on a capital call.

*3 Calculated by the exchange rate as of the end of Mar. 2020

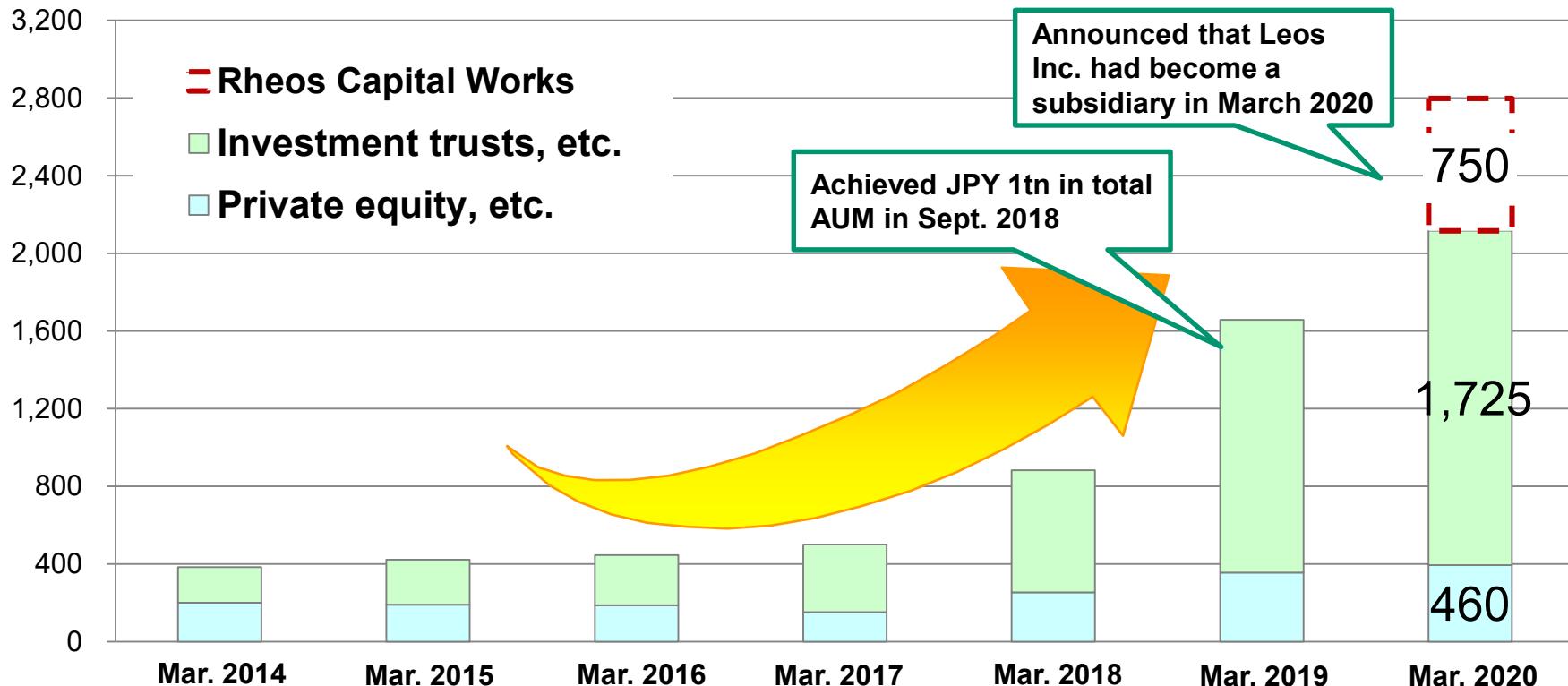
*4 Amounts are rounded to the nearest JPY 100m

SBI Group's Assets Under Management Continues to Steadily Increase



-Endeavoring to increase assets under management to JPY 5tn within 2 to 3 years-

(JPY billion)



*1 Calculated by the exchange rate as of the end of each month *2 Amounts are rounded to the nearest JPY 100m

*3 "Private equity, etc." includes neither cash nor commitment amount to be paid in. Through Mar. 2017, unlisted stocks invested from investment partnerships and other entities, which had no market prices, were estimated at cost (impairment prices are applied for the stocks for which impairment losses have been recorded). After Mar. 2018, however, these stocks have been estimated at fair value.

*4 "Investment trusts, etc." are the sum of amounts of investment trusts and investment advisors. For funds that SBI Asset Management provides investment instruction to, if Morningstar Asset Management provides investment advisory services, assets are recorded in both Investment trusts and Investment advisory, respectively, so there are some overlapping amounts.

*5 The AUM balance figures of Rheos are as of April 16, 2020.

Analysis of Each Segment of the Asset Management Business

-① Private equity investment-

[Consolidated statement of financial position]

(IFRS; JPY billion)

	Mar. 31, 2019	Mar. 31, 2020
Cash and cash equivalents	24.5	25.3
Securities	262.7	371.6
Other assets	16.4	12.6
Total assets	303.6	409.5
Intragroup borrowings	30.8	36.7
Other liabilities	23.3	19.8
Total liabilities	54.1	56.5
Equity capital equivalent	159.3	231.5
Non-controlling interests* ¹ (Mainly interests of external shareholders of consolidated funds)	90.2	121.5
Total equity	249.5	353.0
Total liabilities and equity	303.6	409.5

- Securities held, whether listed or unlisted, are assessed at fair value.
- Non-consolidated funds are assessed at fair value, and only the amount corresponding to the Company's interest is recognized.

[Consolidated statement of income]

(IFRS; JPY billion)

	FY2018	FY2019
Revenue	39.3	23.7
Profit / loss related to FVTPL	33.8	20.1
Fee from non-cons. funds*	1.3	1.9
Others (FX gain etc.)	4.2	1.7
Expense (including expense related to allowance etc.)	(7.1)	(7.2)
Profit before income tax expense	31.9	17.0
Profit for the period	28.6	13.6
Attributable to owners of SBIH	14.4	5.7
Non-controlling interests	14.2	7.9

* Only the amount of management commissions, etc. from funds classified as investment securities is recorded as income corresponding to external investors' shareholding

- **Marketable securities account for approximately 60% of overall consolidation (the rest is SBI SAVINGS BANK, SBI Life Insurance, etc.) and nearly all of the profits or losses are recognized upon the change in fair value as FVTPL.**

Analysis of Each Segment of the Asset Management Business

-② Overseas financial services business-

[Consolidated statement of financial position]

(IFRS; JPY billion)

	Mar. 31, 2019	Mar. 31, 2020
Cash and cash equivalents	63.8	83.7
Trade accounts receivable	615.4	705.3
Intangible assets	109.9	103.4
Other assets	74.7	77.9
Total assets	863.8	970.3
Customer deposits	659.4	736.7
Other liabilities	22.1	35.3
Total liabilities	681.5	772.0
Equity capital equivalent	181.0	194.4
Non-controlling interests	1.3	3.9
Total equity	182.3	198.3
Total liabilities and equity	863.8	970.3

[Consolidated subsidiaries]

- SBI SAVINGS BANK (Korea), SBI Royal Securities (Cambodia), SBI Thai Online Securities (Thailand) and SBI Bank (Russia)

[Consolidated statement of income]

(IFRS; JPY billion)

	FY2018	FY2019
Revenue	63.8	83.7
Profit before income tax expense	615.4	705.3
Profit for the period	109.9	103.4
Attributable to owners of SBIH	74.7	77.9
Non-controlling interests	863.8	970.3

- The results of SBI SAVINGS BANK (Korea) are primarily reflected in the financial statements.
- Net interest income, which reflects the earnings of the loan business, equivalent to the difference between interest income from operational loan receivables and interest cost for the customer deposits, resulted JPY 56.8bn (increase of 16.7% YoY) for FY2019, steadily strengthening of the revenue base.

Analysis of Each Segment of the Asset Management Business

-③ Asset management services business-

[Consolidated statement of financial position]

(IFRS; JPY billion)

	Mar. 31, 2019	Mar. 31, 2020
Cash and cash equivalents	6.5	9.5
Financial assets	18.5	20.8
Intangible assets	9.2	9.7
Other assets	5.8	6.9
Total assets	40.0	46.9
Total liabilities	15.9	22.2
Equity capital equivalent	19.6	20.4
Non-controlling interests	4.5	4.3
Total equity	24.1	24.7
Total liabilities and equity	40.0	46.9

- Morningstar Japan and its subsidiaries are the main constituent companies

[Consolidated statement of income]

(IFRS; JPY billion)

	FY2018	FY2019
Revenue	7.2	8.5
Profit before income tax expense	2.1	2.1
Profit for the period	1.4	1.2
Attributable to owners of SBIH	0.8	0.7
Non-controlling interests	0.6	0.5

- The results of Morningstar Japan are primarily reflected in the financial statements.
- Centering on SBI Global Asset Management, the Group's asset management operations are expected to be strengthened

SBI Biotech's Drug Discovery Pipeline

	Licensing partner (timing)	Adaptation disease	Progress	
VIB7734 (Anti-ILT7 antibody)	Viela Bio* (Sept. 2008)	Systemic lupus erythematosus, Cutaneous lupus erythematosus, Sjogren's syndrome, Scleroderma, Dermatomyositis	Phase Ib	<u>Phase Ib (multiple dose study) is in progress following Phase Ia (single dose study). It will be completed in 2020</u>
SBI-9674	Kyowa Kirin (Dec. 2016)	Autoimmune diseases	Pre-clinical	Kyowa Kirin is conducting development
SBI-3150	ASAHI KASEI PHARMA (Mar. 2020)	Autoimmune diseases (Various diseases caused by pDC / activated B cells)	Pre-clinical	An exclusive license agreement was concluded with ASAHI KASEI PHARMA in Mar. 2020. The license granted is an exclusive license to develop, manufacture and market SBI-3150 globally
Cdc7 inhibitor	Carna Biosciences (May 2014)	Colorectal cancers	Phase I / II (plan)	Development is in progress at Sierra Oncology, which out-licensed with Carna Biosciences. Submitted its IND to FDA

*A new company specializing in inflammation and autoimmune disease, spun out from MedImmune, LLC., a subsidiary of AstraZeneca

SBI Pharmaceuticals Engages in the Research and Development of 5-ALA-related Drugs

-Progress in the main pipeline of pharmaceutical products utilizing 5-ALA-

Fields		Pipeline projects	Current status		
			Phase II	Phase III	Application
Drug to treat	1	Cisplatin nephropathy protection	Phase II is underway	Scheduled to complete in Sept. 2020	
	2	Mitochondrial diseases*	Phase III is underway	Scheduled to complete in Jan. 2021	
	3	Cardiac ischemia-reperfusion injury*	Under preparation for Phase II	Scheduled by each university hospital at Oxford, Leicester, Birmingham, and Cambridge in the UK	
Photodynamic therapy (iPDT)	4	Brain tumors* (by photonamic)	Under preparation for Phase II		
Photodynamic diagnostic agent (PDD)	5	Breast tumors (by photonamic)	Under preparation for Phase III		

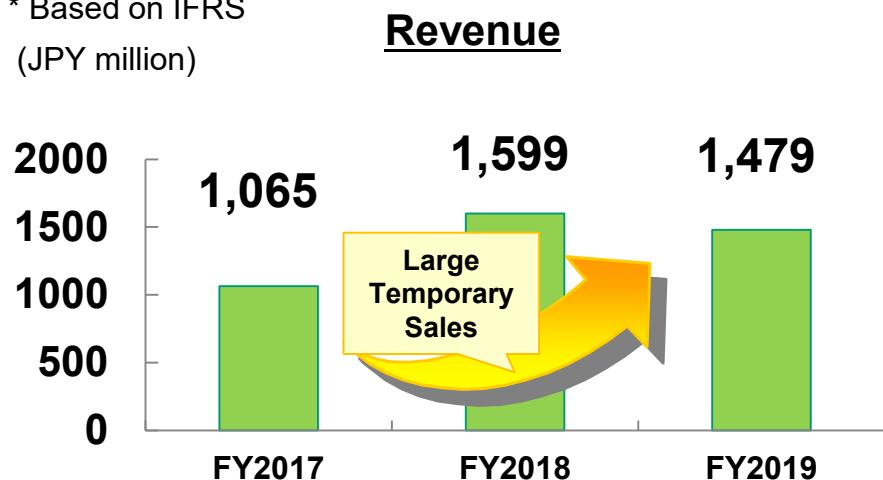
*Investigator-led trial

3. Biotechnology-related Business

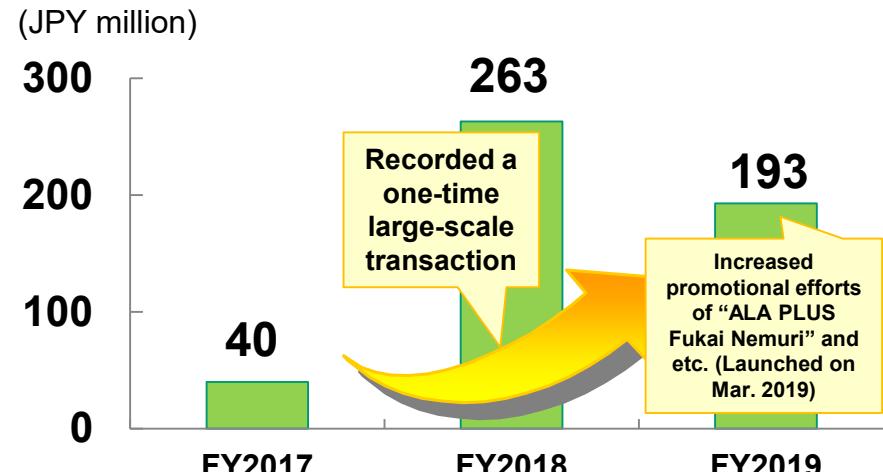
Although Revenue and Profit Before Income Tax Expense

Decreased from the Previous Fiscal Year Owing to the Stronger Promotion and the Effects of Large Temporary Sales in FY2018,
They Remained on an Upward Trend Over the Long Term

* Based on IFRS
(JPY million)



Profit before Income Tax Expense



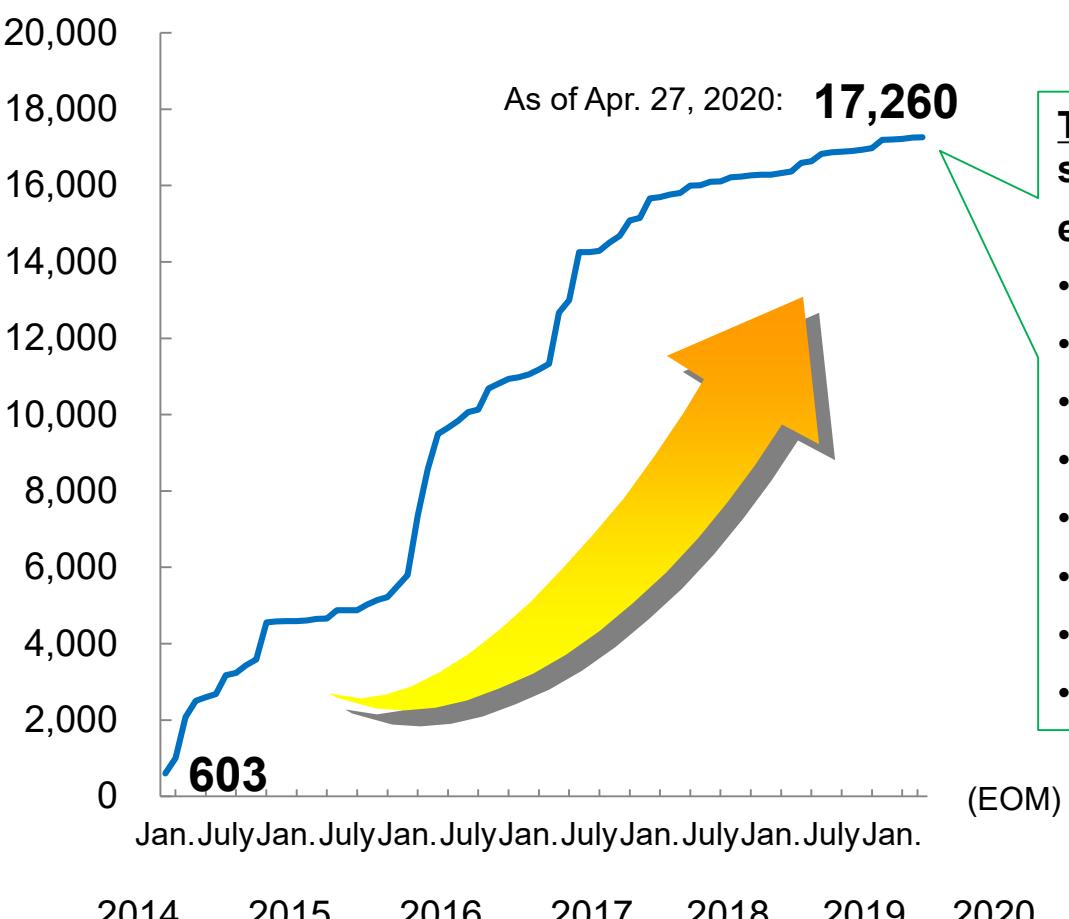
-SBI ALA promo's product offerings-

Foods with Functional Claims (5 items)
<ul style="list-style-type: none"> ALA PLUS Tou (Sugar) Down ALA PLUS Tou (Sugar) Down Rich ALA PLUS Fukai Nemuri SBI Ichoha ALA PLUS Karada Active
Health Foods (4 items)
<ul style="list-style-type: none"> ALA PLUS Gold ALA PLUS CoQ10 ALA PLUS Sports High Performance ALA PLUS Karada Shape
Cosmetics (6 items)
<ul style="list-style-type: none"> Deep Cleansing Gel Pure Clay Wash Essential Lotion Moisturizing Cream ALA PLUS Concentrate Serum Body Cream ALAPI
Germinated Brown Rice (1 items)
"Hatsugagenmai no Sokojikara"

Planning renewal as a food with functional claims

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

Number of stores that offer
SBI ALApromo products
(Jan. 2014 – Apr. 27, 2020)



The leading drug store chains started selling 5-ALA products:

e.g.

- Welcia 1,620 stores
- Tsuruha Holdings 1,430 stores
- Matsumoto Kiyoshi 1,203 stores
- cocokara fine 1,062 stores
- COSMOS Pharmaceutical 1,046 stores
- FUJIYAKUHIN approx. 890 stores
- Sundrug 1,009 stores
- SUGIYAKUHIN 802 stores

SBI ALA promo Accelerates the Development of New Foods with Functional Claims

Offering of foods with functional claims:

On sale

Function to improve high levels of fasting blood glucose levels and postprandial glucose levels

- “ALA PLUS Tou (Sugar) Down” utilizing 5-ALA (10 and 30 day supplies) (Launched in Dec. 2015)
- “ALA PLUS Tou (Sugar) Down Rich” utilizing high levels of 5-ALA (Launched in Nov. 2018)

Improvement in the quality of sleep

“ALA PLUS Fukai Nemuri” utilizing 5-ALA (Launched in Mar. 2019)

Cognitive improvement

“SBI Ichoha” utilizing ginkgo bilboa
(Launched in Dec. 2017)

Improvement in the exercise capacity

“ALA PLUS Karada Active” utilizing 5-ALA (Launched in Oct. 2019)

Under development

Planning submission on FY2019

Recovery from fatigue

Conducted clinical trials in collaboration with Hiroshima University
(Planned launch in 2H FY2020)

Male menopause improvement

Conducted clinical trials in collaboration with Juntendo University

Fatigue reduction after exercising

Conducted clinical trials in collaboration with Juntendo University

New
Reduce cholesterol and blood pressure

Renewed “Hatsugagenmai no Sokojikara” as food with functional claims
(Planned launch in 2H FY2020)

Increase metabolism while suppressing sugar absorption

ALA + salacia-derived salacinol
Jointly developed with Hiroshima University

Digital Asset-related Businesses

FY2019 Performance (IFRS)



VC Trade (Crypto-asset exchange)

(Included in the Financial Services Business from 1Q FY2019)

(Unit: JPY million)

	FY2018 (Apr. 2018 – Mar. 2019)	FY2019 (Apr. 2019 – Mar. 2020)
Profit before income tax expense	358	6,171



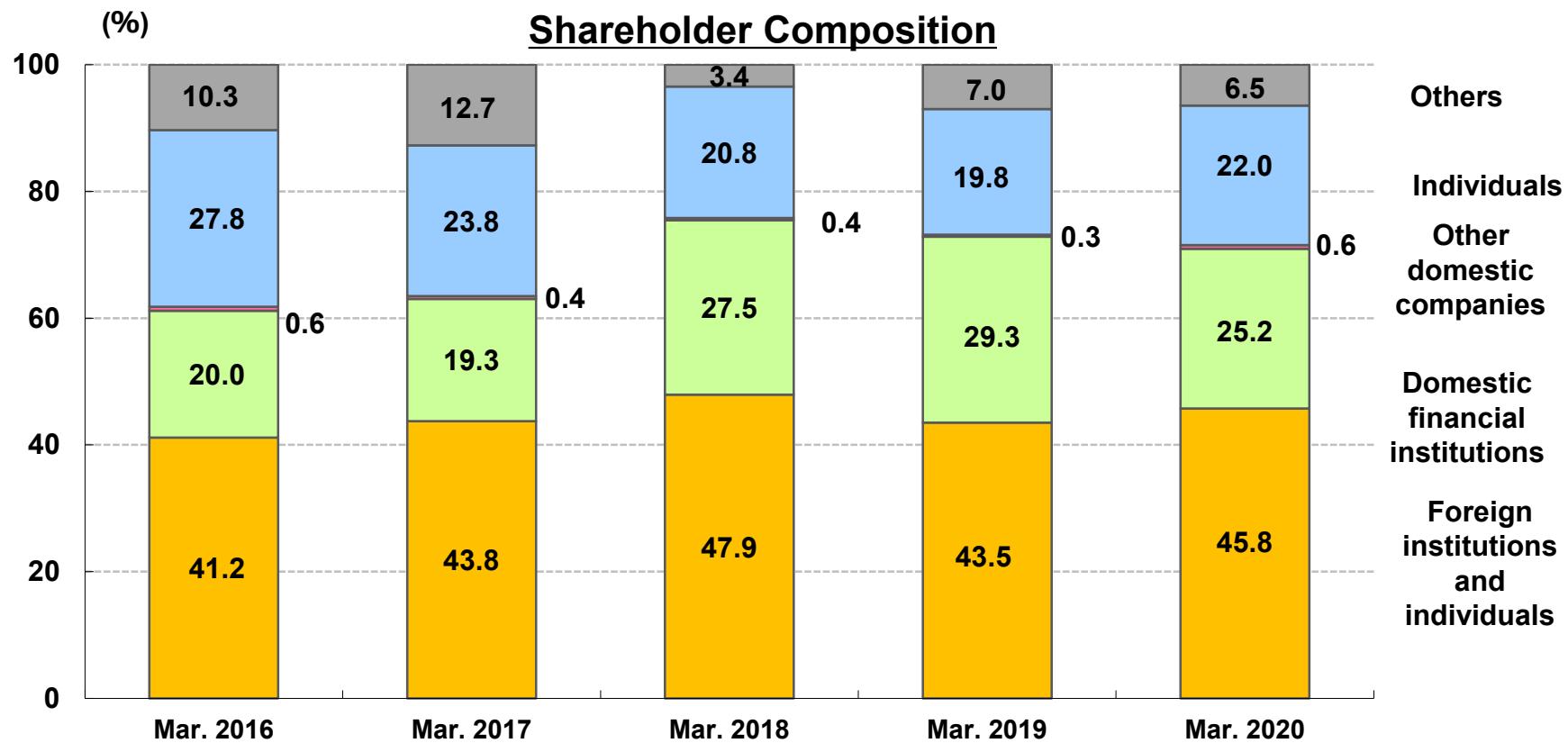
CRYPTO (crypto-asset mining)

(Unit: JPY million)

	FY2018 (Apr. 2018 – Mar. 2019)	FY2019 (Apr. 2019 – Mar. 2020)
Profit before income tax expense	-5,084	-856

SBI Holdings' Shareholder Composition

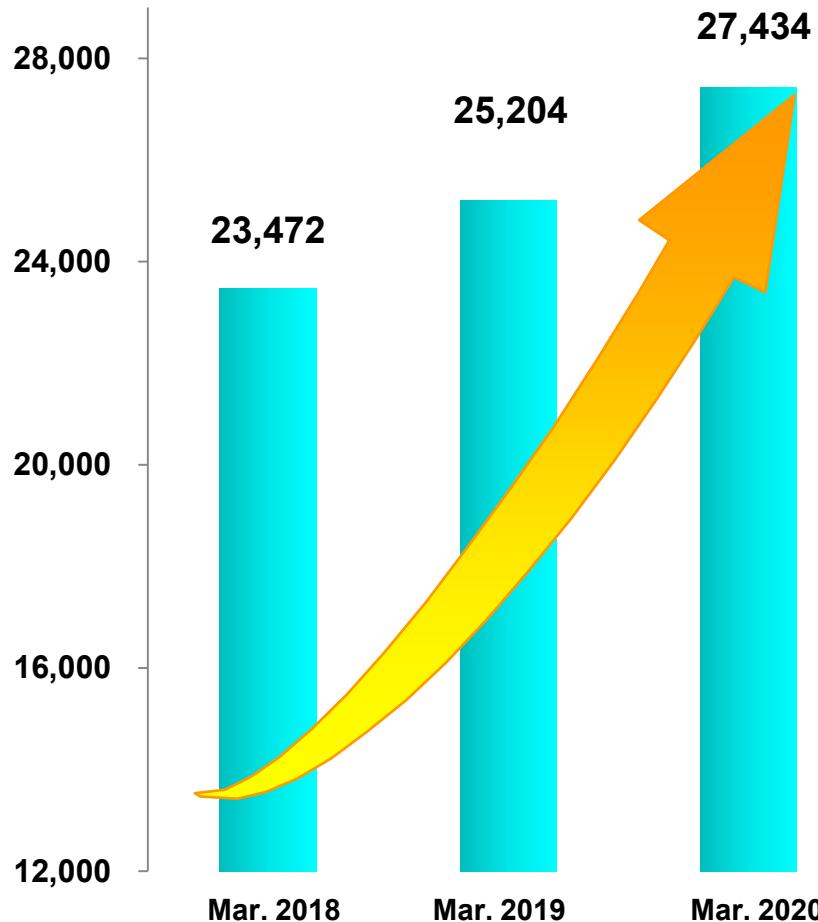
- ◆ The total number of shareholders is 129,134, of which the number of shareholders who hold 1 unit or more is 83,620
- ◆ Shareholding ratio of domestic and foreign institutional investors is 70.9%, and the substantive shareholding ratio of domestic and foreign institutional investors, excluding treasury stock, is at 72.7%



* “Others” include treasury stock (2.4%) 159

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

(Thousand)



Breakdown of the Customer Base

(As of the end of Mar. 2020)*1,2 (Thousand)

SBI SECURITIES	(No. of accounts)	5,428
SBI NEOMOBILE SECURITIES	(No. of customers)	9,707
SBIH InsWeb	(No. of customers)	2,770
E-LOAN	(No. of customers)	949
MoneyLook	(Total no. of customer registrations)	987
Morningstar Japan	(Total no. of service users) *3	3,929
SBI Sumishin Net Bank	(No. of accounts)	1,091
SBI Insurance	(Total no. of contracts)*4	189
SBI Life Insurance	(Total no. of contracts)	2,382
Others (SBI Point etc.)	—	27,434
Total	—	

*1 The cases that customers who are not identified as the same person within each service website and overlapping customers among the Group companies are 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 Insurance excludes continuing contracts, expiring contracts and early-withdrawals.

Number of Companies and Consolidated Employees of the SBI Group

Number of group companies

	Mar. 2019	Mar. 2020
Consolidated subsidiary (companies)	210	247
Consolidated partnerships (partnerships)	16	21
Total consolidated Subsidiaries (subsidiaries)	226	268
Equity method companies (companies)	33	34
Total group companies (companies)	259	302

Number of consolidated employees

	Mar. 2019	Mar. 2020
Total employees (persons)	6,439	8,003

<http://www.sbigroup.co.jp/english/>