

Current Management Information Briefing

June 26, 2020

Yoshitaka Kitao

**Representative Director, President & CEO
SBI Holdings, Inc.**

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. Summary of the SBI Group's 21 years since its founding, along with the evolution of technology**
- II. Three near-term strategies to create a future that will embody a sustainable improvement in corporate value**

I. Summary of the SBI Group's 21 years since its founding, along with the evolution of technology

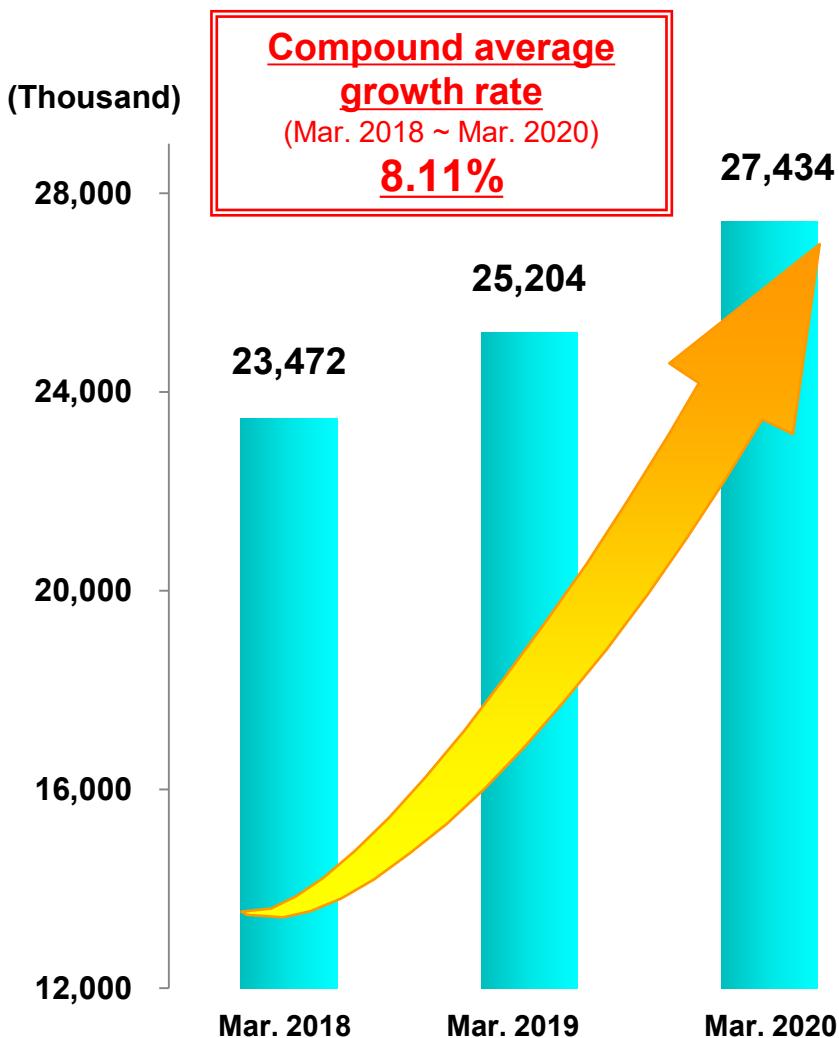
- 1. Rapid increase of customer base, owing to an adherence to the “Customer-centric Principle”**
- 2. Implementation of proactive shareholder returns**

Rapid increase of customer base, owing to an adherence to the “Customer-centric Principle”

Leading the online financial industry since its inception

- (1) SBI Group’s customer base, which was expanded thorough pursuit of the customer-centric principle and Group synergies**
- (2) History of the evolution of the major financial services businesses**

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



**Breakdown of the customer base
(as of the end of Mar. 2020)*1,2**

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

*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.

(2) History of the evolution of the major financial services businesses

(i) Securities-related Business

- a. SBI SECURITIES' evolutionary history**
- b. Position within the securities industry**

(ii) Banking-related Business

- a. SBI Sumishin Net Bank's evolutionary history**
- b. Position within the banking industry**

(iii) Insurance-related Business

SBI SECURITIES' Evolutionary History

SBI SECURITIES' consolidated operating revenue* and the Nikkei 225

* As for fiscals years from FY1999 to FY2003 and FY2014, the figures are on a non-consolidated basis



Sept. 2005
First IPO underwriting as a lead manager

Corporate business centered on IPO underwriting in full swing

Nov. 2008
Provision of a competitive FX transaction through the launch of SBI FXα service

Enhancement of the FX-related business

July 2016
Establishment of Financial Institutional Sales Dept.

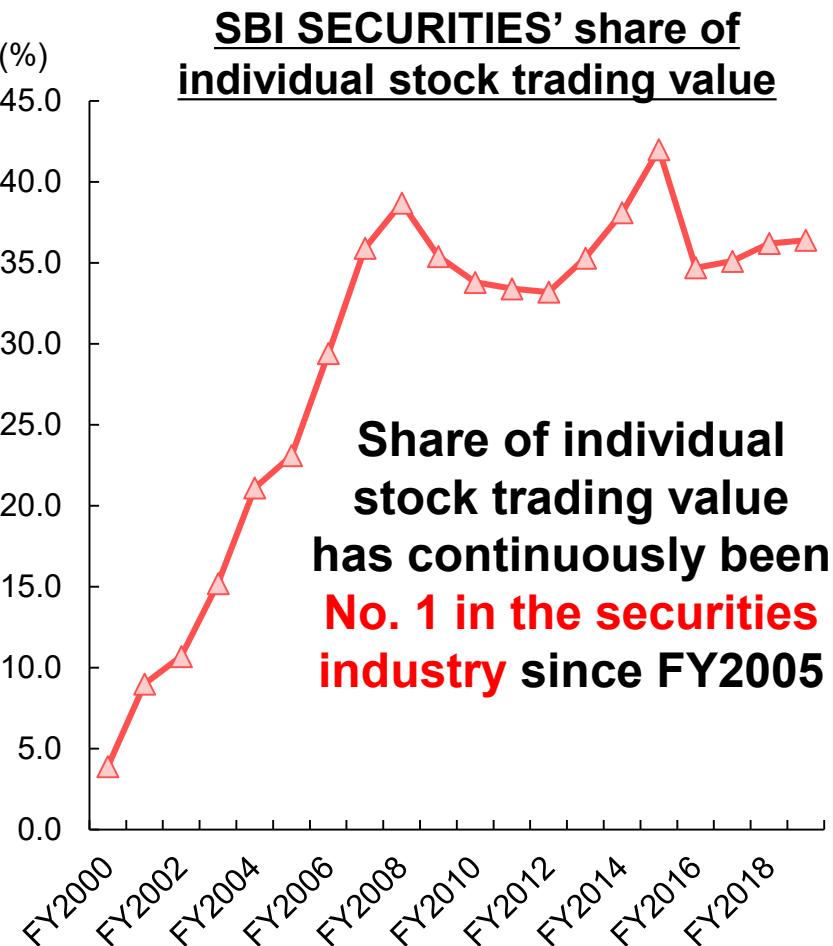
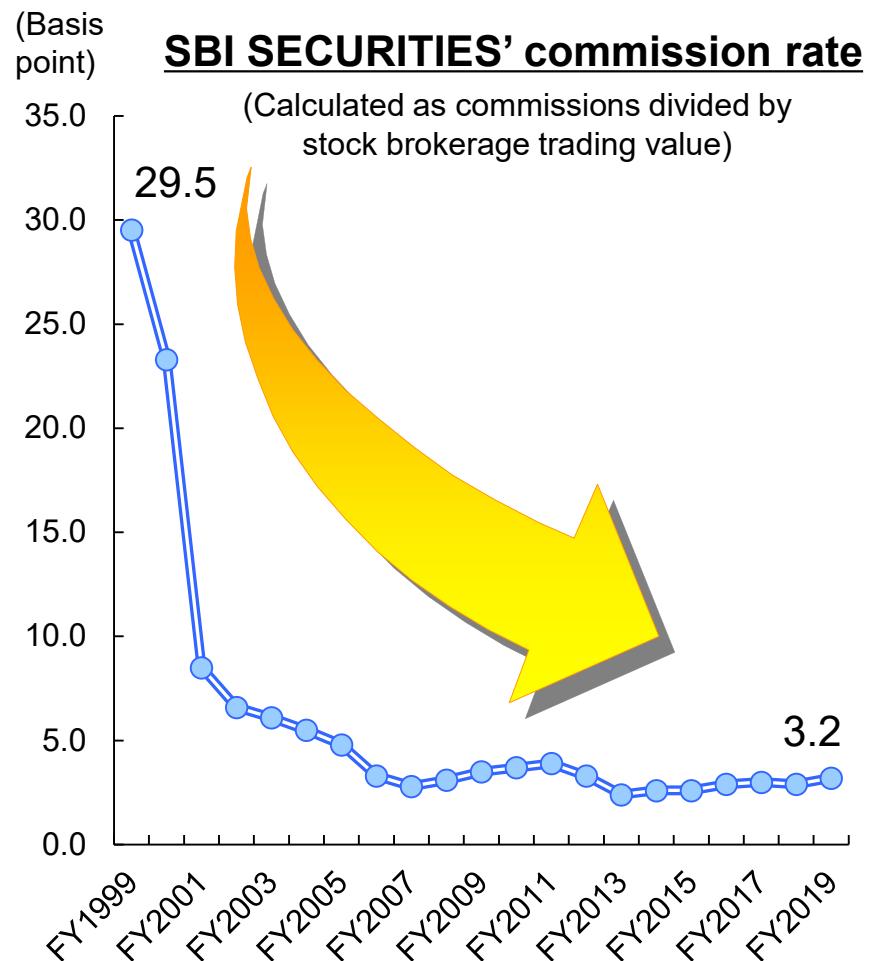
Strengthening the business structure for financial institutions

From July 2019
Converted SBI VC Trade as its consolidated subsidiary

Strengthening the crypto-asset trading service

Moving forward, through the enhancement of the corporate business and STOs, will actualize online commission-free trading

SBI SECURITIES has Thoroughly Implemented the “Customer-centric Principle,” to Offer Dramatically Lower Trading Commissions Since Its Establishment

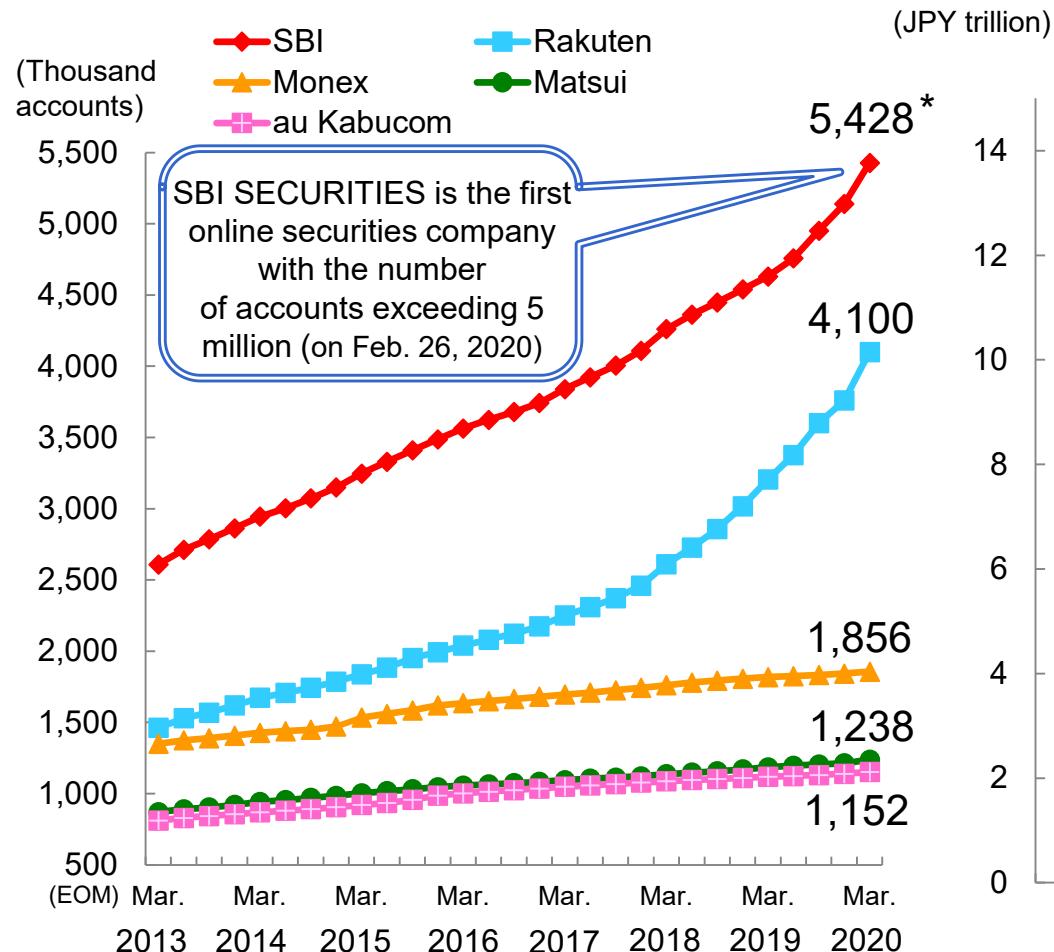


By thoroughly pursuing services from a truly customer perspective, have received high customer satisfaction and maintained the industry's leading position

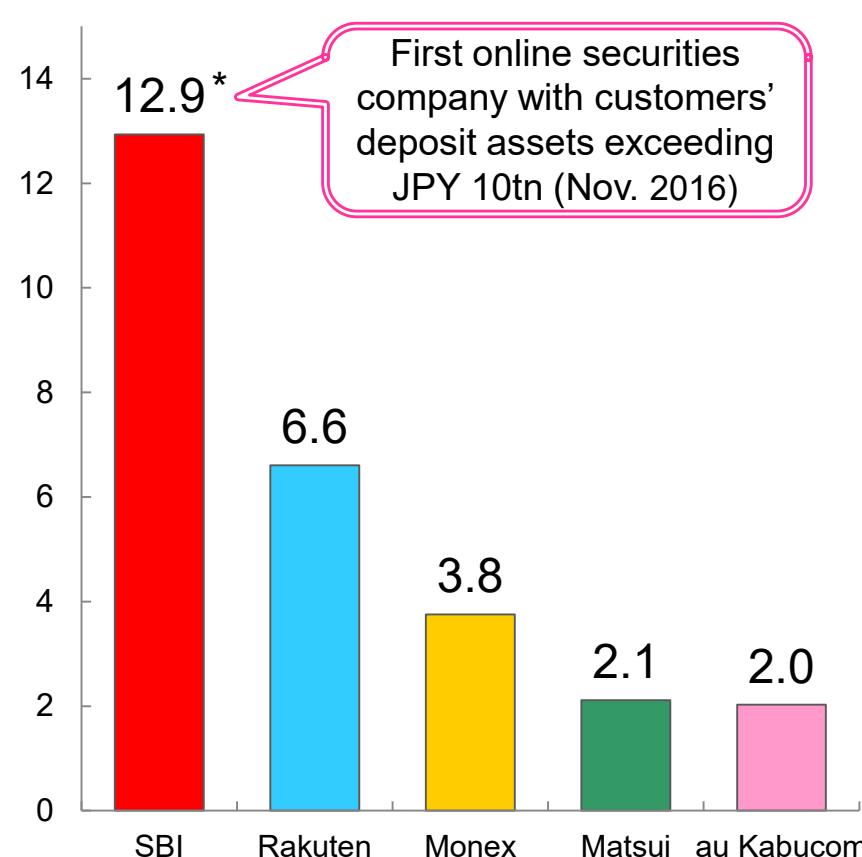
SBI SECURITIES Attains an Overwhelming Customer Base

[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. 2020)



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

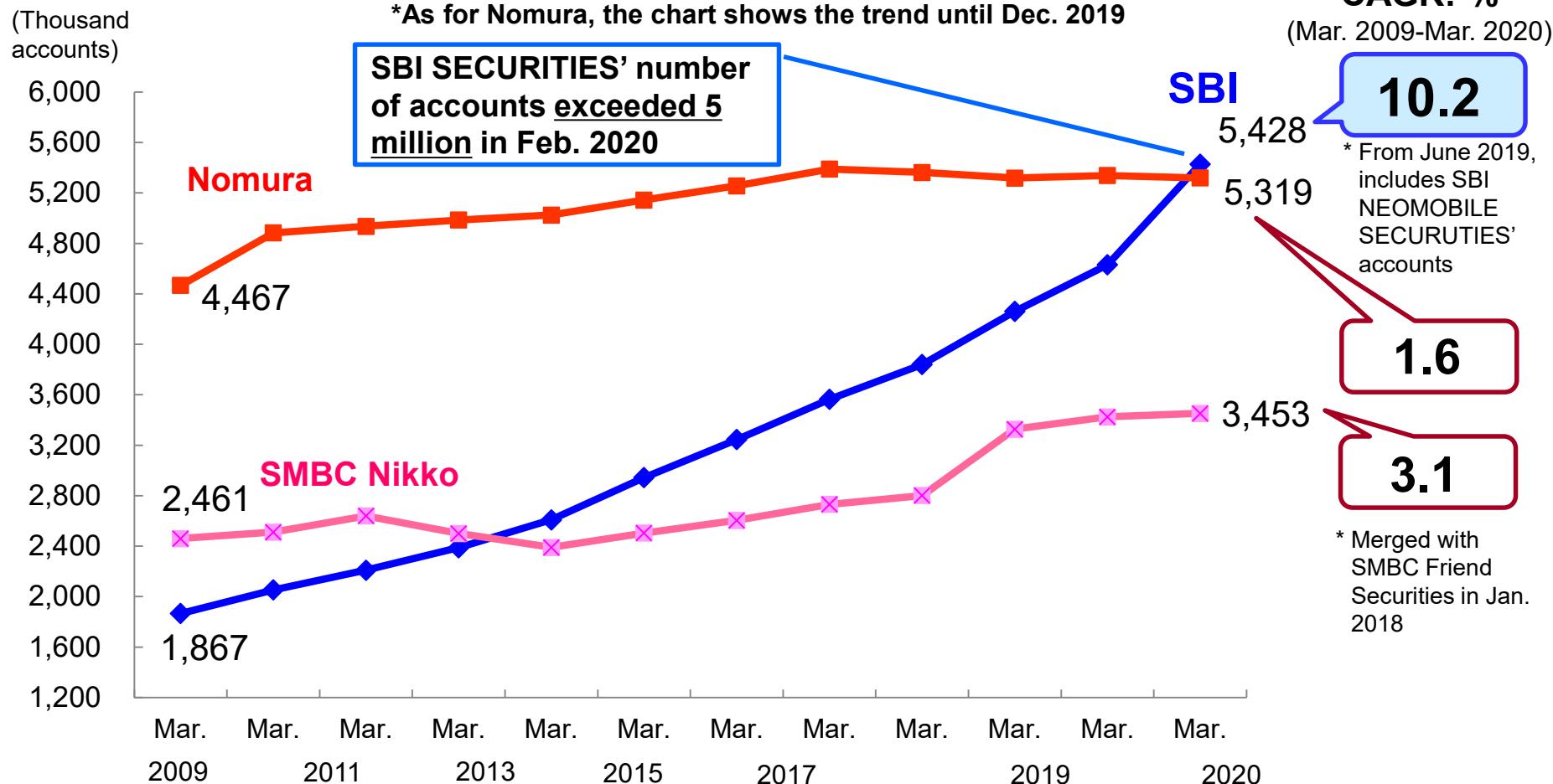
Source: Compiled by SBIH from the information on websites of each company.

SBI has 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 for Nomura, the chart shows the trend until Dec. 2019



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

SBI SECURITIES Ranks 3rd in the Domestic Securities Industry

FY2019 Net Income (J-GAAP)

(Unit: JPY)

1	Nomura (non-cons.)	51,060	(+49.1)
2	SMBC Nikko (non-cons.)	32,167	(+9.5)
3	SBI SECURITIES (cons.)	27,976	(-26.1)
4	Mizuho Securities (non-cons.)	21,428	(+389.6)
5	Mitsubishi UFJ Securities (non-cons.)	13,158	(+14.0)
6	Daiwa Securities (non-cons.)	11,646	(-69.6)
7	GMO Financial Holdings (cons.)	7,800	(+19.0)
8	Rakuten Securities (cons.)	7,070	(-41.4)
9	Matsui Securities (cons.)	6,136	(-35.8)
10	Okasan Securities Group (cons.)	3,626	(+325.1)
11	Monex Group (IFRS; cons.)	3,011	(+155.0)
12	Tokai Tokyo Financial Holdings (cons.)	2,763	(+156.1)
13	au Kabucom Securities (cons.)	1,528	(-64.4)

*1 Abstracts the figures of securities companies with over JPY 20bn in net operating revenue and five online securities companies.

*2 Percentage change from the previous corresponding periods are shown in the parentheses.

SBI Sumishin Net Bank's Evolutionary History

Business expansion with housing loans as a core

Fintech strategy

Neo-bank
strategy

*The graph depicts SBI Sumishin Net Bank's change in ordinary income (J-GAAP), since its commencement

*States the consolidated based figures beyond FY2009; J-GAAP

Surpassed Sony Bank's deposits, to become **the No.1 online bank**

Housing loan volume exceeds **JPY 1tn**

Surpassed Rakuten Bank's deposits

Deposits exceed **JPY 1tn**

Surpassed Japan Net Bank's deposits

Start of operations (Sept. 2007)

Exceeded **1 million accounts**

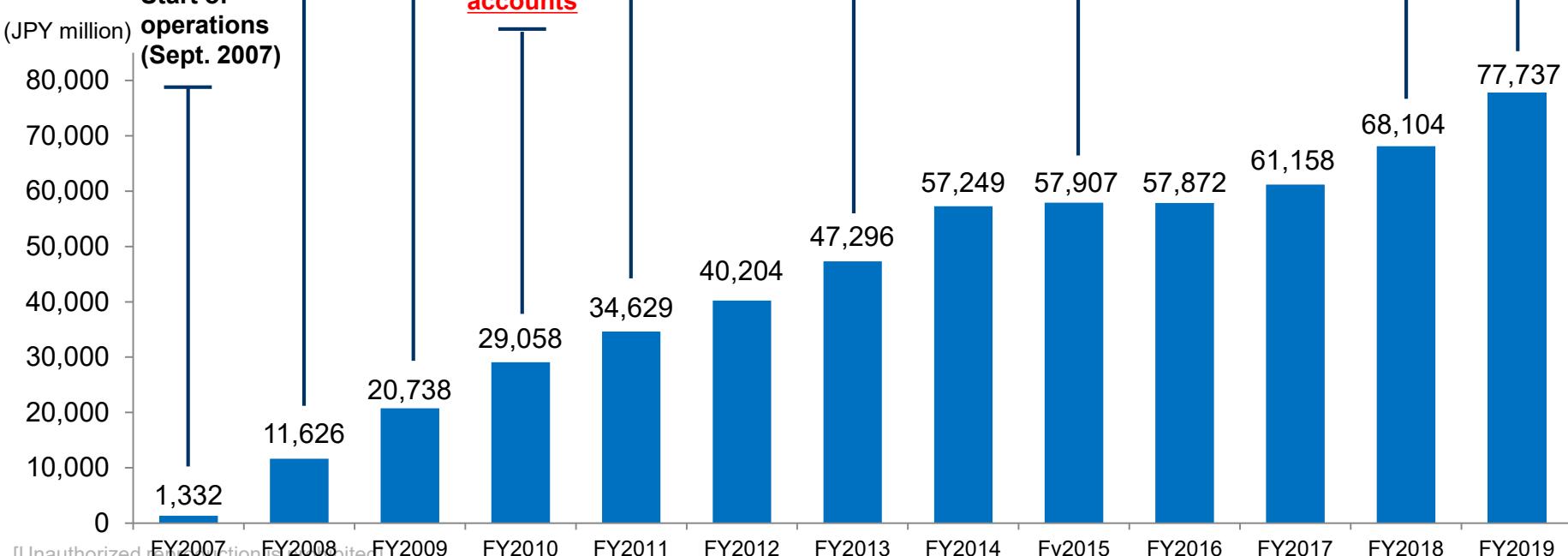
Established "Fintech Business Planning Department"

API linkage with MoneyForward started

SBI Hybrid Deposits exceeded **JPY 1tn**

Deposits and housing loan volume exceed **JPY 5tn**

Established "Neo Bank Division"
Neo-bank Initiative started

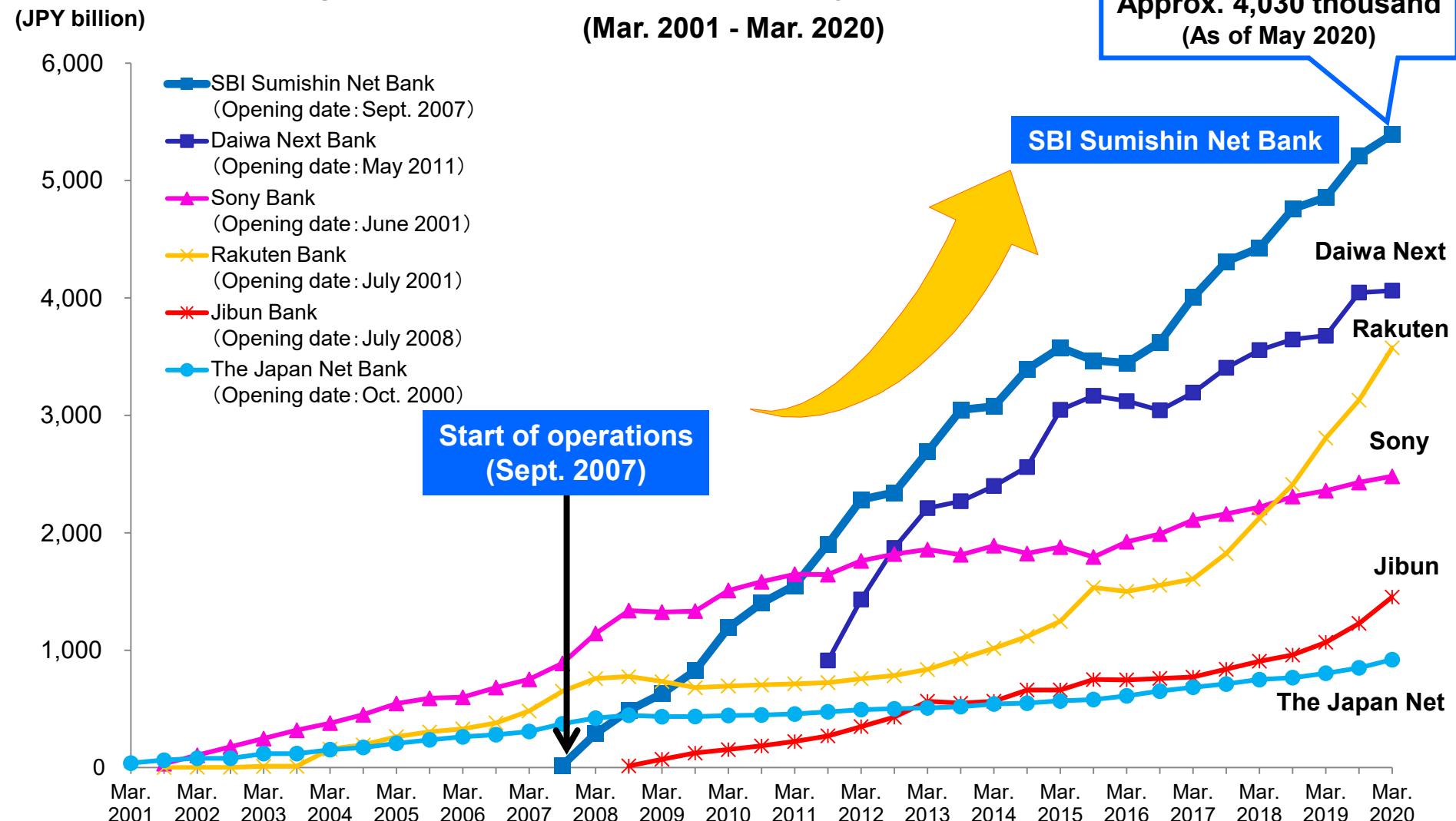


SBI Sumishin Net Bank's Customer Base is Growing at an Accelerated Pace

Change in Deposit Balance at Pure-play Internet Banks

(Mar. 2001 - Mar. 2020)

Number of accounts :
Approx. 4,030 thousand
(As of May 2020)



* Changes in deposit balances that can be collected from each company's published materials

The Balance of Deposits of SBI Sumishin Net Bank, which was Established in 2007, is 18th among 76 Banks, which Includes Regional Banks and New Entrant Banks

Ranking by deposits

(JPY billion)
(Regional Banks, New Entrant Banks and Pure-play Internet Banks) (*As of the end of Mar. 2020.)

Rank	Bank name	Deposits	Change ^{*1}
1	Bank of Yokohama	14,634.0	+313.1
2	Chiba Bank	12,788.9	+455.5
3	Bank of Fukuoka	10,927.7	+480.5
4	Shizuoka Bank	10,055.2	+177.4
5	Joyo Bank	8,973.1	+243.9
6	Nishi-Nippon City Bank	8,291.6	+390.1
7	77 Bank	7,586.5	+145.9
8	Hiroshima Bank	7,541.6	+278.6
9	Bank of Kyoto	7,123.5	+31.4
10	Gunma Bank	7,050.1	+241.7
11	Kansai Mirai ^{*2} Bank	7,029.1	-372.5
12	Hachijuni Bank	6,989.2	+2,423
13	Chugoku Bank	6,711.6	-106.6
14	Hokuriku Bank	6,649.2	+128.8
15	Shinsei Bank	5,995.1	+358.8

Rank	Bank name	Deposits	Change
16	Ashikaga Bank	5,813.5	+104.3
17	Juroku Bank	5,625.7	+121.5
18	SBI Sumishin Net Bank	5,392.3	+535.2
19	Toho Bank	5,323.6	+127.6
20	Iyo Bank	5,265.7	+18.5
21	Ogaki Kyoritsu Bank	5,146.9	+109.5
22	Nanto Bank	5,042.2	+124.7
23	Senshu Ikeda Bank	5,007.7	+17.3
24	Yamaguchi Bank	4,985.7	+50.4
25	Hyakugo Bank	4,950.9	+67.9
26	Hokkaido Bank	4,923.0	+132.3
27	Shiga Bank	4,891.1	+36.4
28	Daishi Bank	4,836.0	+151.3
29	Higo Bank	4,677.5	+54.5
30	Kiraboshi Bank	4,649.6	+110.5

Rank	Bank name	Deposits	Change
31	Musashino Bank	4,215.0	+83.9
32	Hyakujushi Bank	4,071.7	+111.5
33	Kagoshima Bank	3,987.9	+119
34	Kiyo Bank	3,987.6	+59.9
35	Daiwa Next	3,962.3	+383.4
36	San-in Godo Bank	3,927.8	+91.9
37	Hokkoku Bank	3,641.5	+97.6
38	Aozora Bank	3,278.7	+210
39	Suruga Bank	3,210.8	+45.1
40	The Yamanashi Chuo Bank	2,977.4	+53.4

*1 Change in deposit balance from the end of Mar. 2019

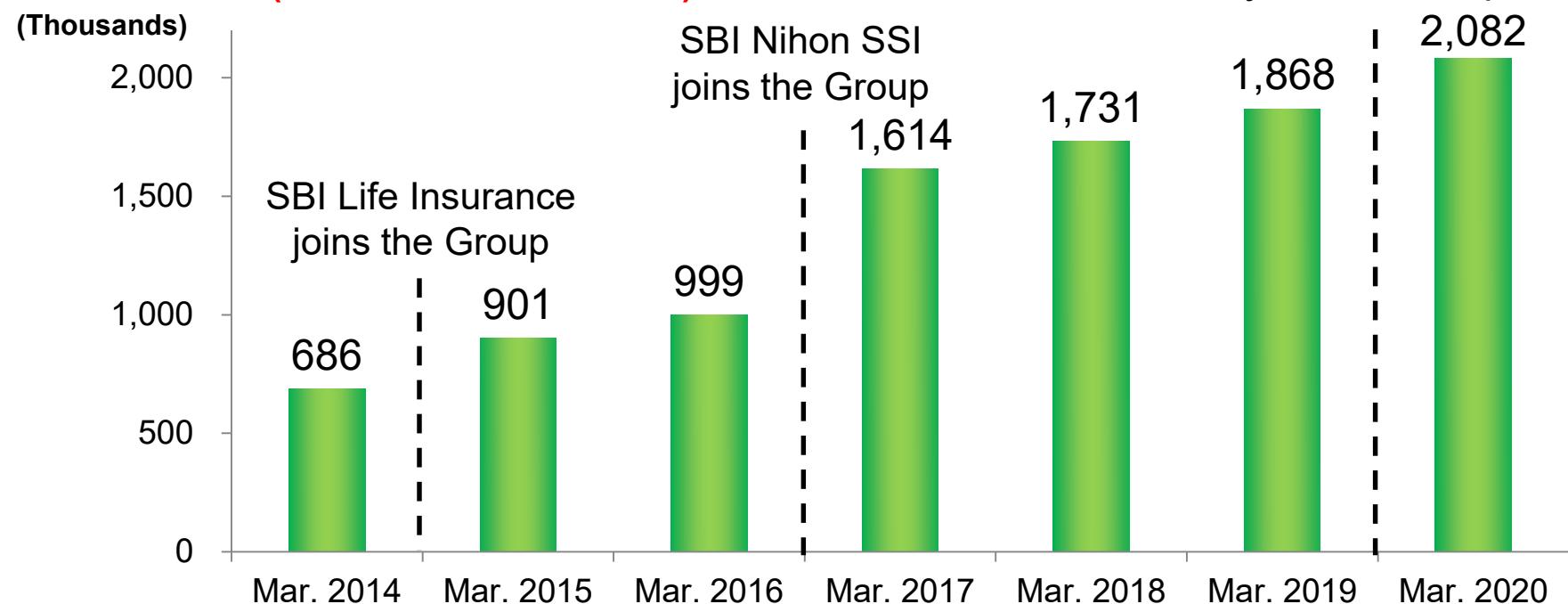
*2 On Apr 1, 2019, Kinki Osaka Bank and Kansai Urban Bank were merged with Kansai Mirai Bank

* Amounts are rounded to the nearest JPY 100 million

* Source: Websites of each company)

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

**CAGR
(Mar. 2014 to Mar. 2020)** **20.3%**



In June 2020, SBI SSI Holdings announced the acquisition of all shares of Joguchi Safety SSI, which deals with rental housing insurance in Hokkaido

→ **SBI Insurance will continue to promote discontinuous business expansion through M&As**

2. Implementation of Proactive Shareholder Returns

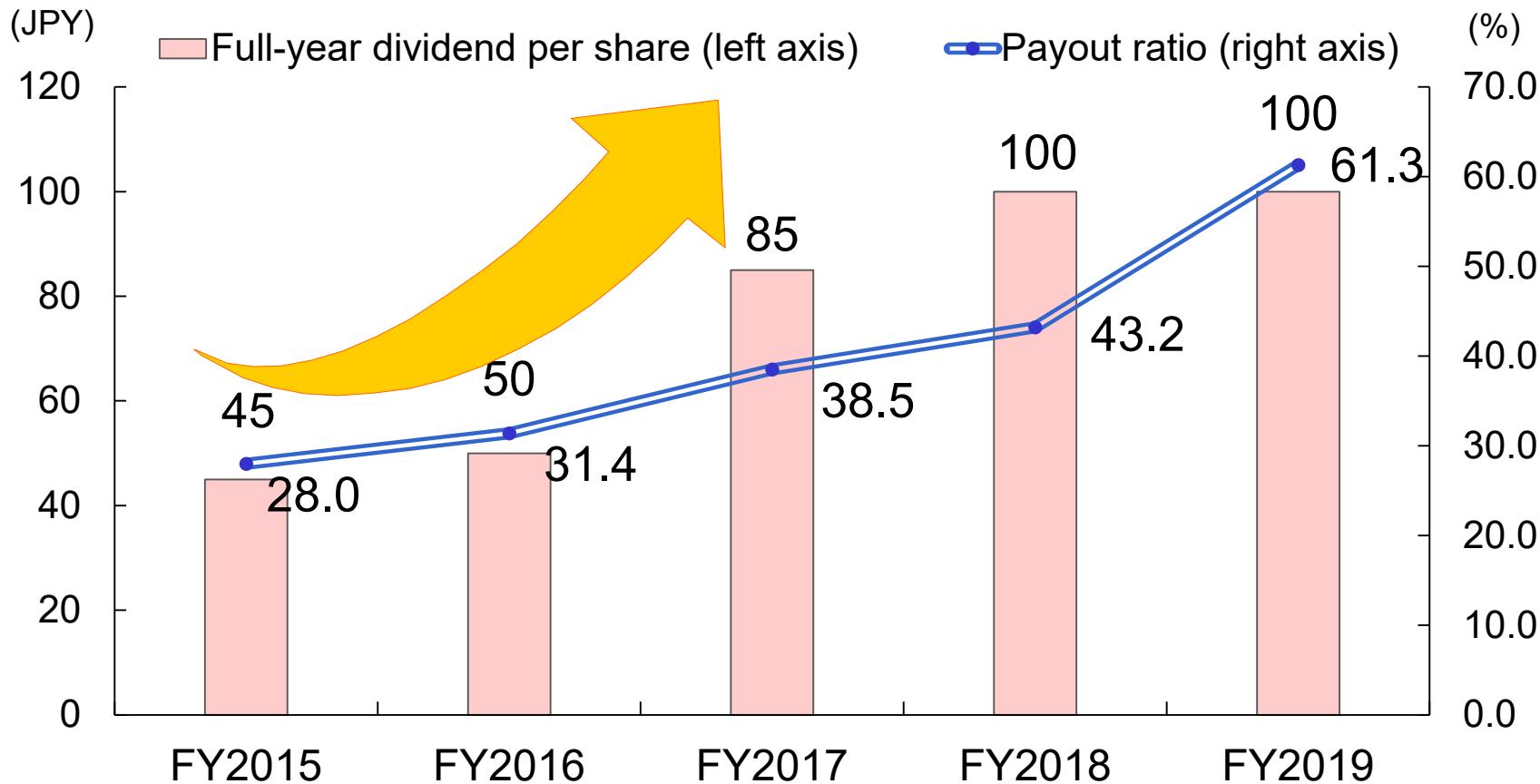
Basic dividend policy

- ◆ Pay a minimum annual dividend of JPY 10 per share
- ◆ Comprehensively considering the level of an appropriate retained earnings for a sustainable growth, along with the immediate business outlook, etc., and if it is judged that a further return of profits is possible, an increase in dividends will be enacted on each occasion

Regarding total shareholder return

- ◆ With regard to the level of total shareholder return, which is the sum of dividends and share repurchase, it is intended that a shareholder return with a minimum of 40% of the profit attributable to the owners of the parent company will be implemented

Shareholder Return Results for the Past Five Fiscal Years



Total shareholder return ratio (%)	42.2	55.9	40.1	80.7	61.6
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In FY2019, the year-end ordinary dividend has been increased by 5 yen per share to JPY 80, for a **full-year dividend of JPY 100**

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		380 XRPs (*1) (Equivalent to JPY 8,000)	95 XRPs (*1) (Equivalent to JPY 2,000)

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



[As before, products distributed by SBI ALA Promo can also be selected]

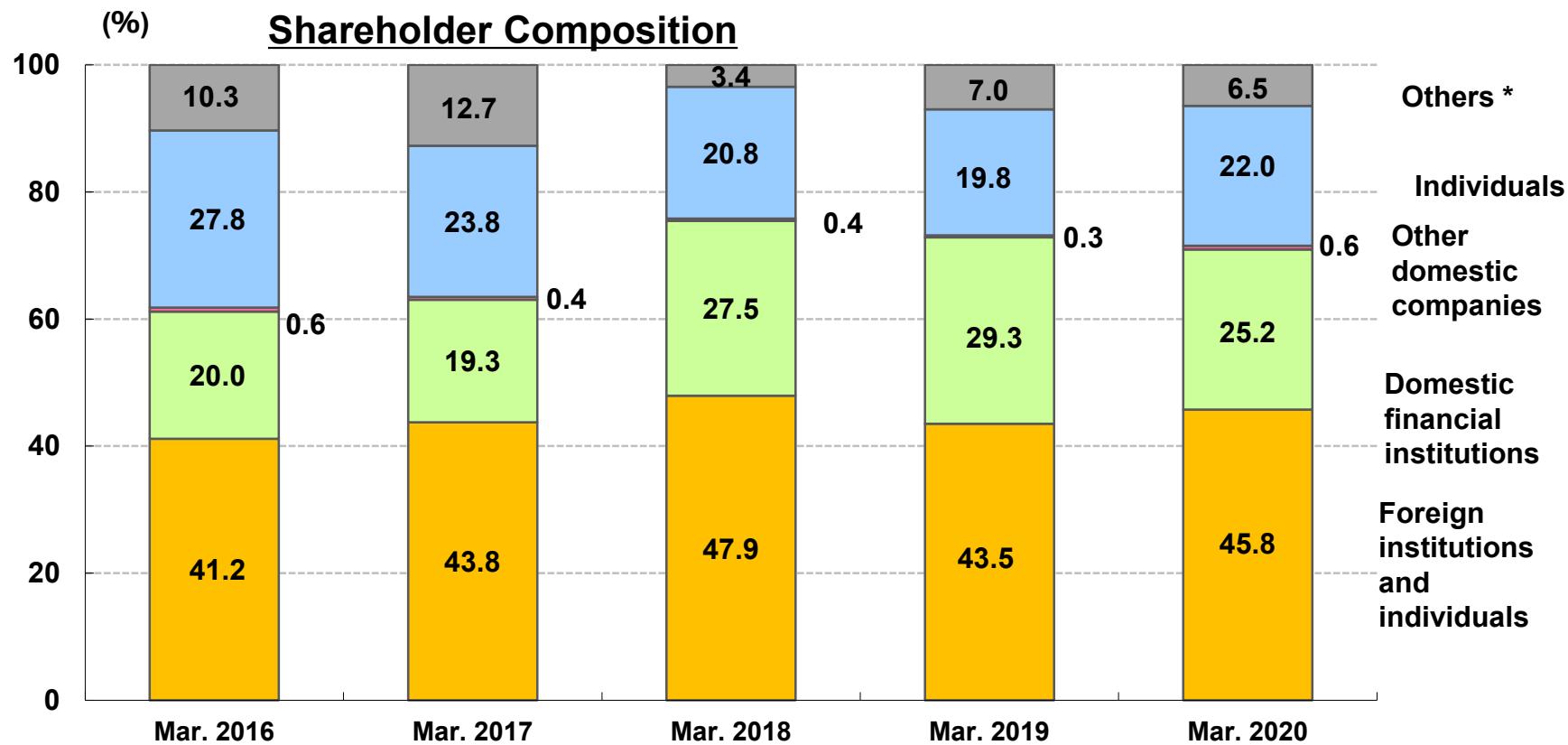
ALA PLUS GOLD (90 capsules)	<u>One</u>	<u>One</u>
ALA PLUS Karada Active (14 capsules)	<u>One</u>	<u>One</u>
“Hatsugagenmai no Sokojikara” (160g)	<u>Three</u>	<u>Three</u>
ALA PLUS GOLD (270 capsules)	<u>One</u>	—
ALA PLUS Cosmetic Series 5 products *2	<u>One each</u>	—

*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.

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%)

II. Three near-term strategies to create a future that will embody a sustainable improvement in corporate value

-Although it is difficult to predict the future, it is possible to shape the future ourselves-

Overall strategies

1. Proactively contribute to regional revitalization through value co-creation with major regional economic entities
2. Proactively advancing the “Open Alliance” initiative which establishes a win-win relationship with various companies outside of the Group
3. As digital transformation, “DX,” which is the shift from analog to digital, accelerates, an infrastructure will be developed, including the legal and institutional aspects necessary for a new social form

1. Proactively contribute to regional revitalization through value co-creation with major regional economic entities

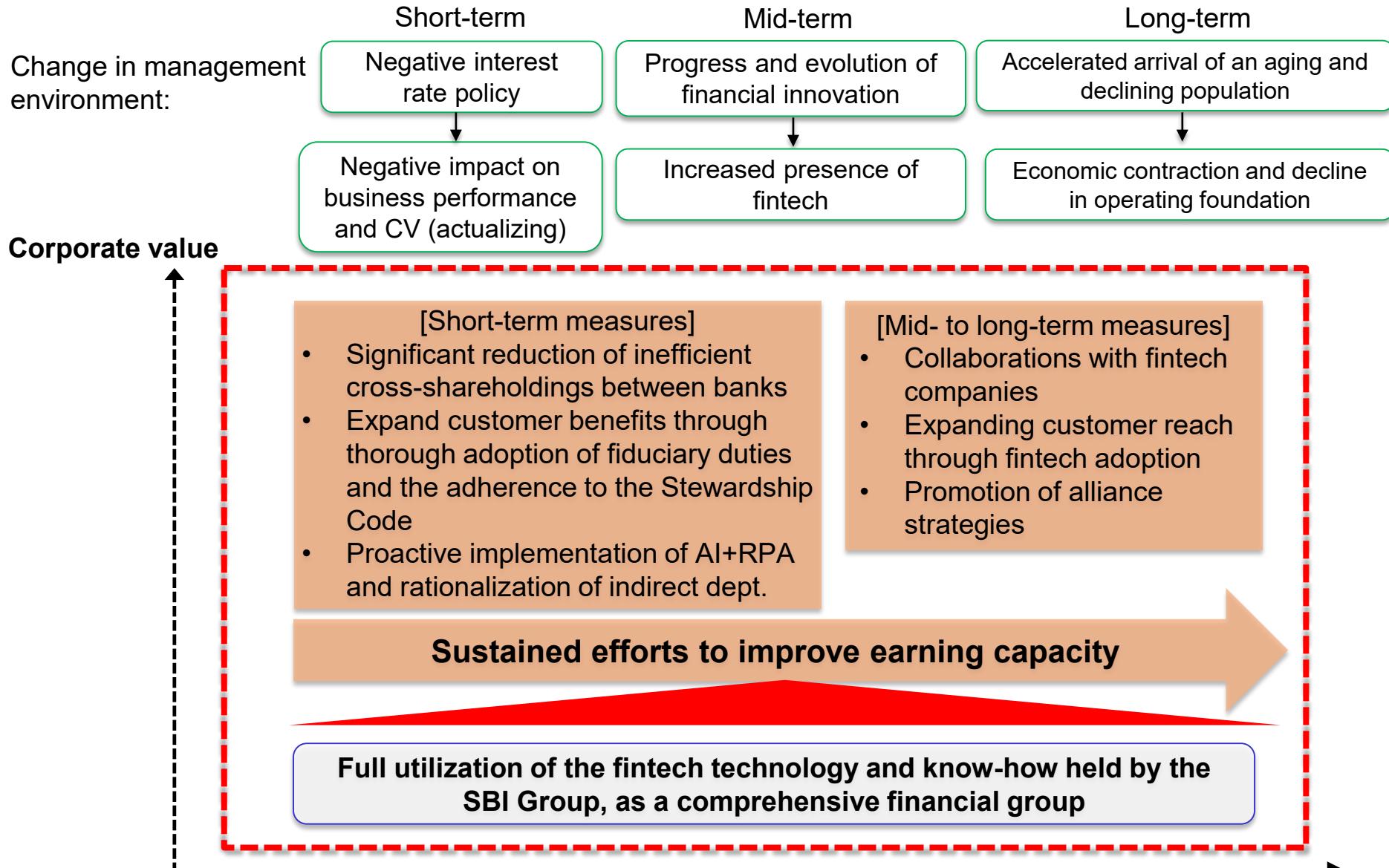
Specific strategies

- (1) The SBI Group companies have strengthened its alliances with regional financial institutions over the past three years to expand their profitability
- (2) The next step toward regional revitalization, which will directly lead to the revitalization of local economies
- (3) The SBI Group's 4th megabank concept

Specific strategy

(1) The SBI Group companies have strengthened its alliances with regional financial institutions over the past three years to expand their profitability

Current Environment Surrounding the Regional Financial Institutions



SBI Group's Strategy for the Past Three Years has been to Strengthen Its Collaborations with the Regional Financial Institutions, in Order to Expand Their Profitability ①

SBI group companies	Content of the alliance	Target	Effect
 SBI 証券 SBI SECURITIES	Announcement of alliances with a total of 40 regional financial institutions in the financial product intermediary business, along with 1 that has already committed	Individuals	Strengthening profitability
 SBI MONEY PLAZA	Co-managed shop operations with 12 regional banks at 15 shops , with a one-stop provision of securities-related products handled by SBI MONEY PLAZA, where 3 shops by 2 banks have already committed	Individuals	Strengthening profitability
 Life Insurance	Group credit insurance handled by SBI Life Insurance has been launched or sold at 19 institutions, and 1 institution has already adopted	Individuals	Cost reduction
 Insurance	17 financial institutions have already decided to adapt insurance products handled by SBI Insurance	Individuals	Strengthening profitability
 NEO FINANCIAL SERVICES	9 banks have introduced a white-label banking app provided by SBI NEO FINANCIAL SERVICES, with 1 more bank having decided as well	Individuals	Improved convenience
 Business Solutions	A total of 27 regional financial institutions have decided to introduce their cloud-based workflow system "Approval Time" to their business partners, with 6 more having decided as well	Corporate	Support for local company

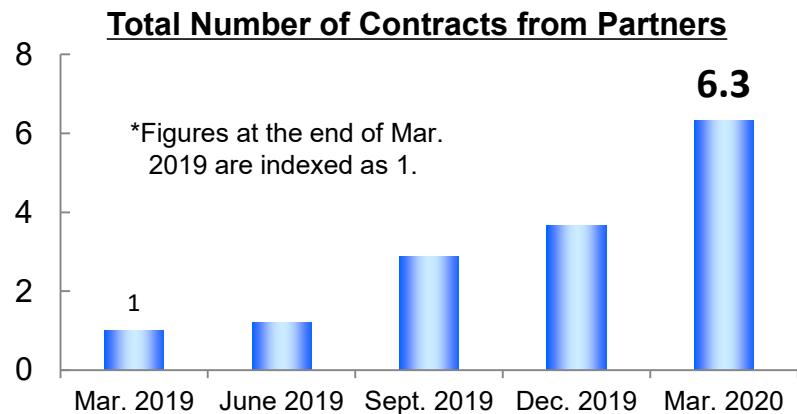
SBI Group's Strategy for the Past Three Years has been to Strengthen Its Collaborations with the Regional Financial Institutions, in Order to Expand Their Profitability ②

SBI group companies	Content of the alliance	Target	Effect
	The tablet app “Wealth Advisors” provided by Morningstar Japan has been installed at 137 regional financial institutions	Individuals	Improved convenience
	35 institutions , 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 400bn	Individuals/ Bank	Strengthening profitability
	72 regional financial institutions have invested in venture capital funds currently managed by SBI Investment	Banks	Creating new businesses
	3 regional financial institutions started to offer international money transfer services provided by SBI Remit	Individuals	Improved convenience
	A regional financial institution decided to offer the real estate purchasing and leasing services “Zutto Smile,” while another regional financial institution is in discussions	Individuals	Improved convenience
	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

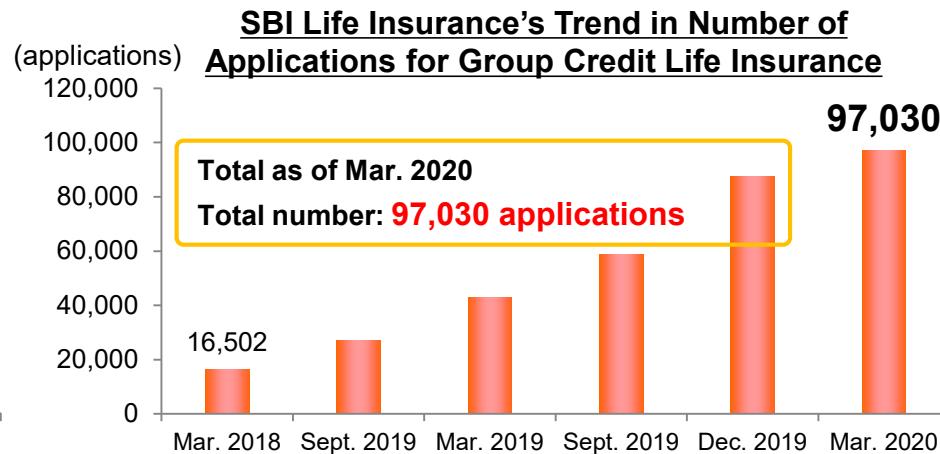
Insurance Companies are Proactively Promoting Alliances with Regional Financial Institutions to Expand the Sales of Their Insurance Products



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.



Moving forward, will create a system that facilitates the participation of multiple regional financial institutions, to further expand the sales of group credit life insurance

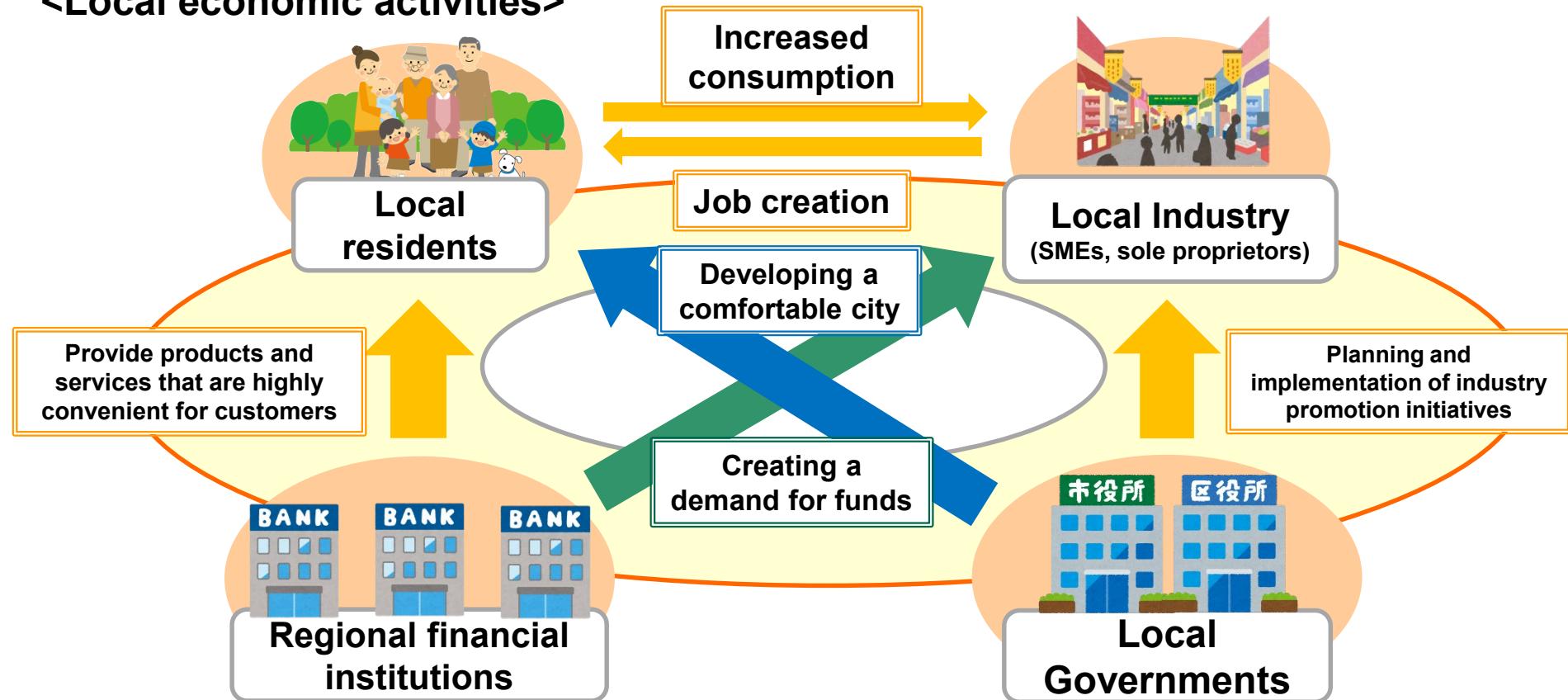
Specific strategy

**(2) The next step toward regional revitalization,
which will directly lead to the revitalization
of local economies**

**-From initiatives centering on regional financial institution
to the local economy as a whole-**

In Order to Further Advance Regional Revitalization, It will be Essential to Revitalize Four Economic Entities: Regional Financial Institutions, Local Residents, Local Industries, and Local Governments

<Local economic activities>



Realizing the national strategy of “Regional Revitalization” by revitalizing local economies

① Establishing a framework to promote regional revitalization in various fields involving a number of partners

- (i) Collaborated on the establishment of Regional Revitalization Partners Co., Ltd., with several partners who share the same desire of realizing regional revitalization
- (ii) Functions that the SBI Group can provide within the framework centered on the Regional Revitalization Partners

Companies and organizations that participate in this regional revitalization initiative will not only contribute to regional revitalization, but will also have positive effect on their own businesses

Practice of the “public interest leads to private interest”

(i) Established Regional Revitalization Partners Co., Ltd., in
Collaboration with Several Partners who Share the Same Desire of
Realizing Regional Revitalization



On June 8, a Joint Press Conference was Held with Shinsei Bank and Yamaguchi Financial Group, Regarding the Newly Establishing “Regional Revitalization Partners”

-Without regional revitalization, it is not possible to achieve regional economic growth, and thus for the rest of Japan as well-

Yoshitaka Kitao, the President of SBI Holdings, explained at the press conference that, “we will use the management resources of each company to make a concerted effort for as many regional financial institutions and SMEs as possible.” The new company endeavors to revitalize the regional economies and strengthen the profitability of regional financial institutions. (Abbrev) Hideyuki Kudo, the president of Shinsei Bank, said that “I want the company to take advantage of our various partnerships, including those in other industries.” Takeshi Yoshimura, the president of Yamaguchi Financial Group, told that “I want to offer our knowledge and expertise on regional revitalization.”

Newspaper article

(June 9, 2020, The Nikkei (Japanese newspaper) morning edition)

New Company which Presents, Plans, and Proposes Strategic Guidelines for Promoting Regional Revitalization



Proposes strategic guidelines

Planning for regional revitalization

地方創生パートナーズ

Regional Revitalization Partners Co., Ltd.

(Establishment capital: About JPY 500m, the SBI Group will initially own over 51%)

- Accepting one director from each investment partner
- Initially, Yoshitaka Kitao will serve as the Representative Director
- Planning to invite several individuals who have been devoted to the regional revitalization process as advisors

Companies participating in Regional Revitalization Partners have the right to dispatch directors to the two companies below, regardless of their financial contribution

(The SBI Group will initially own over 51%)
SBI Regional Revitalization Services Co., Ltd.

Functions that contribute to regional revitalization

(The SBI Group will initially own over 51%)
SBI Regional Revitalization Investment and Loan Co., Ltd.

Increase capital in line with business progress

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

Local economy

Local governments

Local industries

Regional financial institutions

Local residents

(ii) Functions that the SBI Group can provide within the framework centered on the Regional Revitalization Partners

- a. Examples of system-related functions that the SBI Group can offer to SBI Regional Revitalization Services Co., Ltd.**
- b. Examples of asset management-related functions that the SBI Group can offer to SBI Regional Revitalization Investment and Loan Co., Ltd.**

a. Examples of system-related functions that the SBI Group can offer to SBI Regional Revitalization Services Co., Ltd.

- A financial cloud that will endeavor to change fixed system costs to variable costs
- High-performance AI screening service
- White label banking app
- White label regional currency issuance support operation
- ATM channel collaboration solution that advances management efficiency

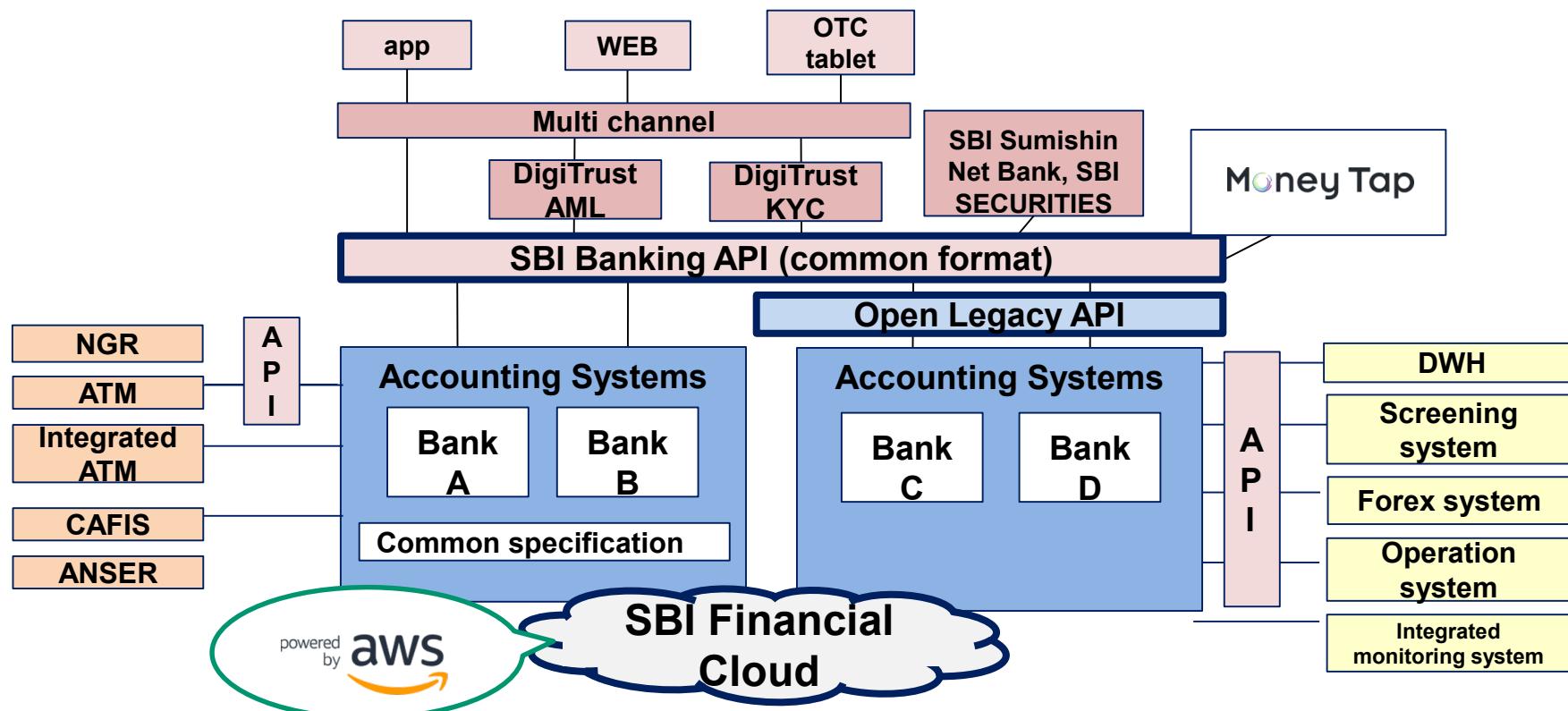
etc.



A variety of innovative ideas, technologies and services will be welcome from the newly participating companies in the future

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

-Promoting a switchover at the renewal timing of their core accounting systems-



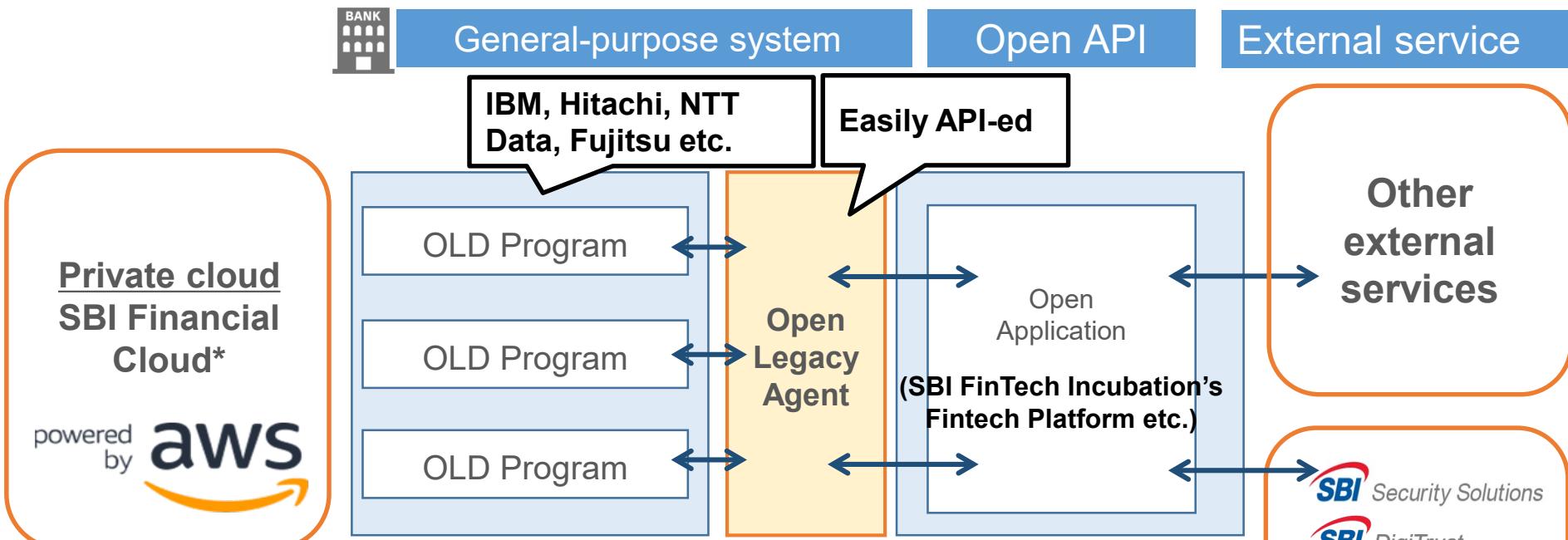
- Deploy core banking systems and customer channels on SBI Financial Cloud and link core banking systems, customer channels, and peripheral systems using the SBI Banking API
- Also link systems not deployed on SBI Financial Cloud at an early date by utilizing the Open Legacy API
- Enable regional financial institutions to use a low-price, highly flexible system** through providing core banking systems and customer channels by the SBI Group. In system operation as well, pursue efficiency improvement by promoting collaboration

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

Utilizing the API Integration Services of an Israeli Company, Openlegacy to Enable API Connections with Ease and Minimal Customization, Even in Legacy Mainframes which Require Enormous Costs for API Integration and Operation

During the PoC conducted at Shimane Bank, the interface definition of the accounting system service (transaction) to be turned into an API was loaded, and it was confirmed that the creation of an API was completed in about 5 minutes by the operation of the GUI tool of Openlegacy

[Openlegacy's API integration service flow]

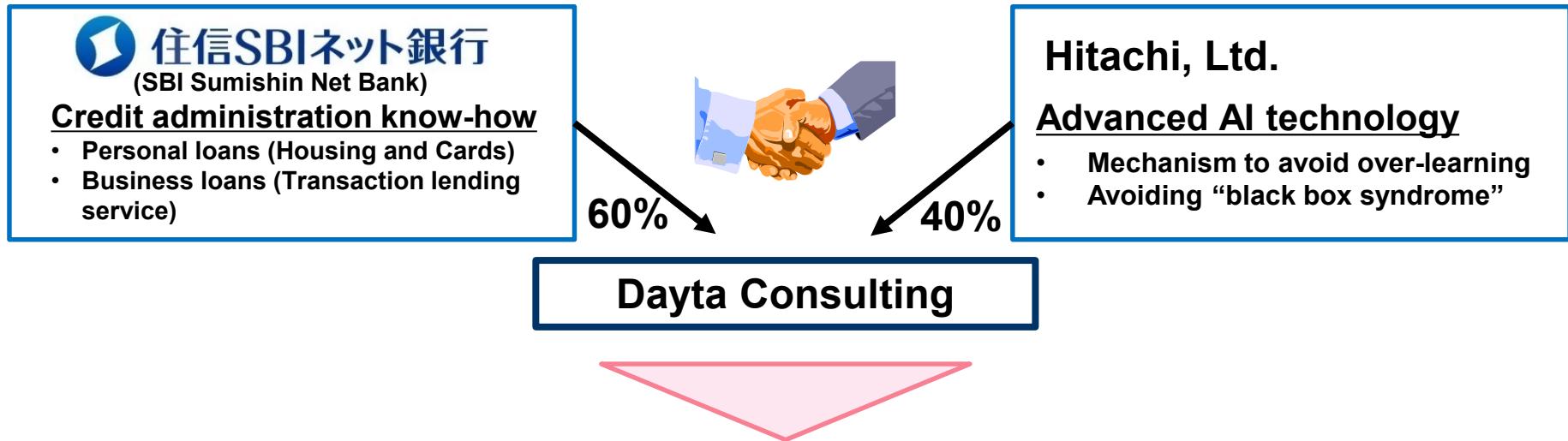


[About Openlegacy] (SBI Group announced investment on Jan. 31)

An Israeli company that develops and sells API integration software that builds microservice-based APIs, and extends the core banking system of banks to the digital world for Web, mobile, cloud, and more



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 NEO FINICIAL SERVICES Offers White-label Banking Apps that Make it Easier for Regional Financial Institutions to Deliver Mobile Apps

-Already introduced at 9 banks and decided to be introduced at another bank-

- ✓ Providing bank teller services at low cost
- ✓ Depending on the API compatibility, functions can be expanded by utilizing various fintech services of the SBI Group investee companies

[Image of the application screen introduced by Shimane Bank]



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 1: 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
- Considering offering again in FY2020

The SBI Group has Supported Distribution of Digital Currencies in Multiple Regions

Example 2: Supporting the distribution of premium electronic regional coupons at Ukiha City Society of Commerce and Industry in Fukuoka Prefecture

《Overview》

Name: Ukiha-shi Sumaho Kaimono-ken (shopping voucher)

Total amount of sales: JPY 100m

Premium rate: 25%

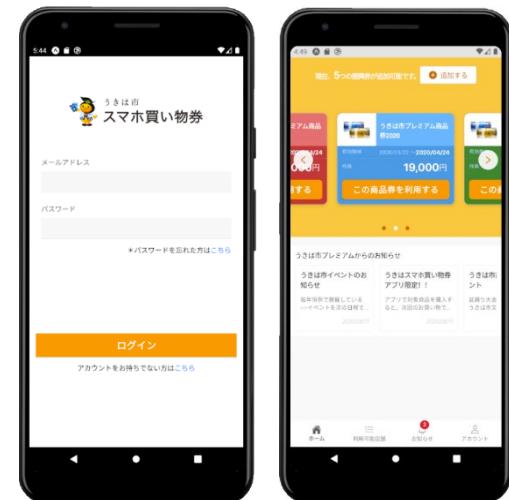
Period: (Application) Sept. 2020

(Usage) Scheduled from Oct. 2020 to Feb. 2021

How to use: The amount bought, including the premium bonus will be reflected after applying and buying via exclusive smartphone app. Payment will be executed using QR codes when shopping

- Chikuho Bank will offer services ranging from application to settlement, using the infrastructure by Kyushu Electric Power Co., Inc., which SBI Holdings has cooperated in the development of
- Achieve the vitalization of the regional economies by enabling an ease of burden in the processing of payments, and improving the convenience for users electronically, while utilizing provided data to project the flow of the regional economy

<Application screen>



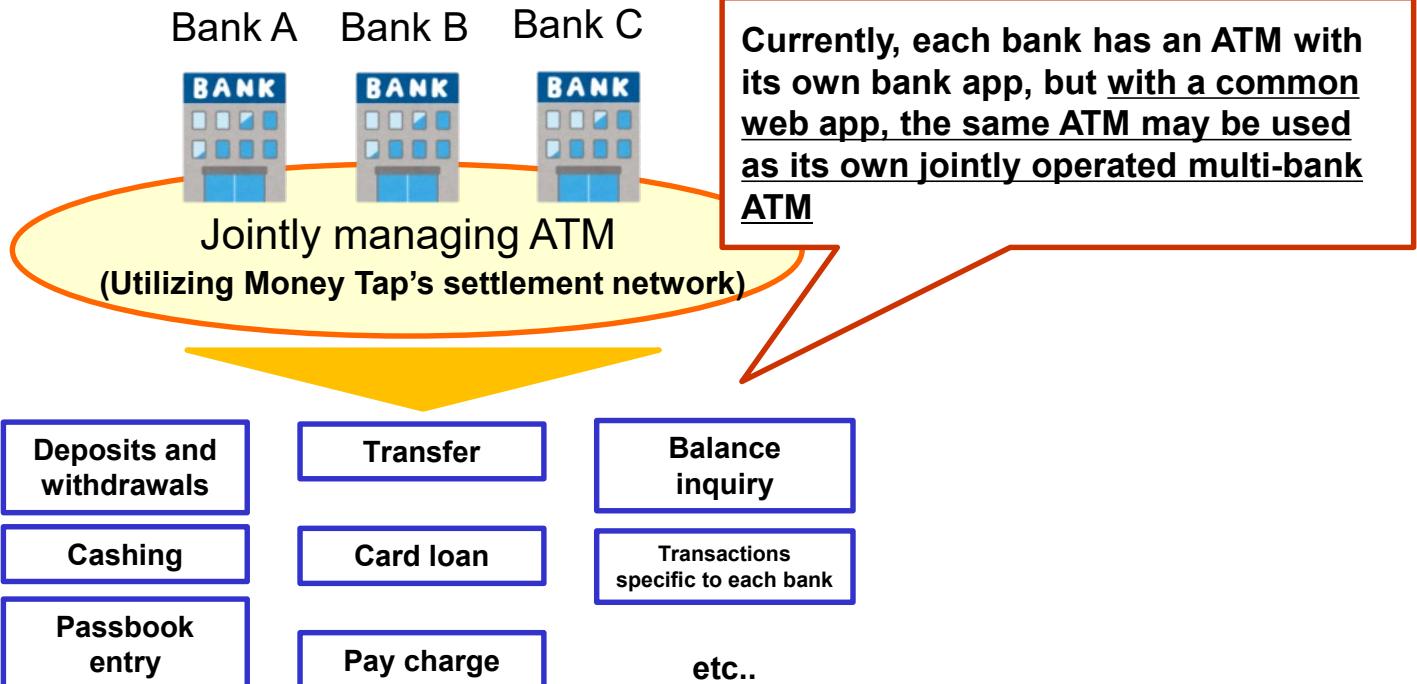
Will promote distribution of regional currencies in other regions through cooperation with regional financial institutions

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 reducing

① Joint use of ATMs

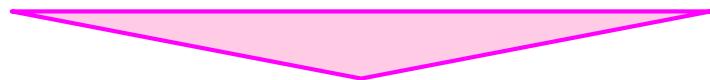
ATM operating costs-



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

b. Examples of asset management-related functions that the SBI Group can offer to SBI Regional Revitalization Investment and Loan Co., Ltd



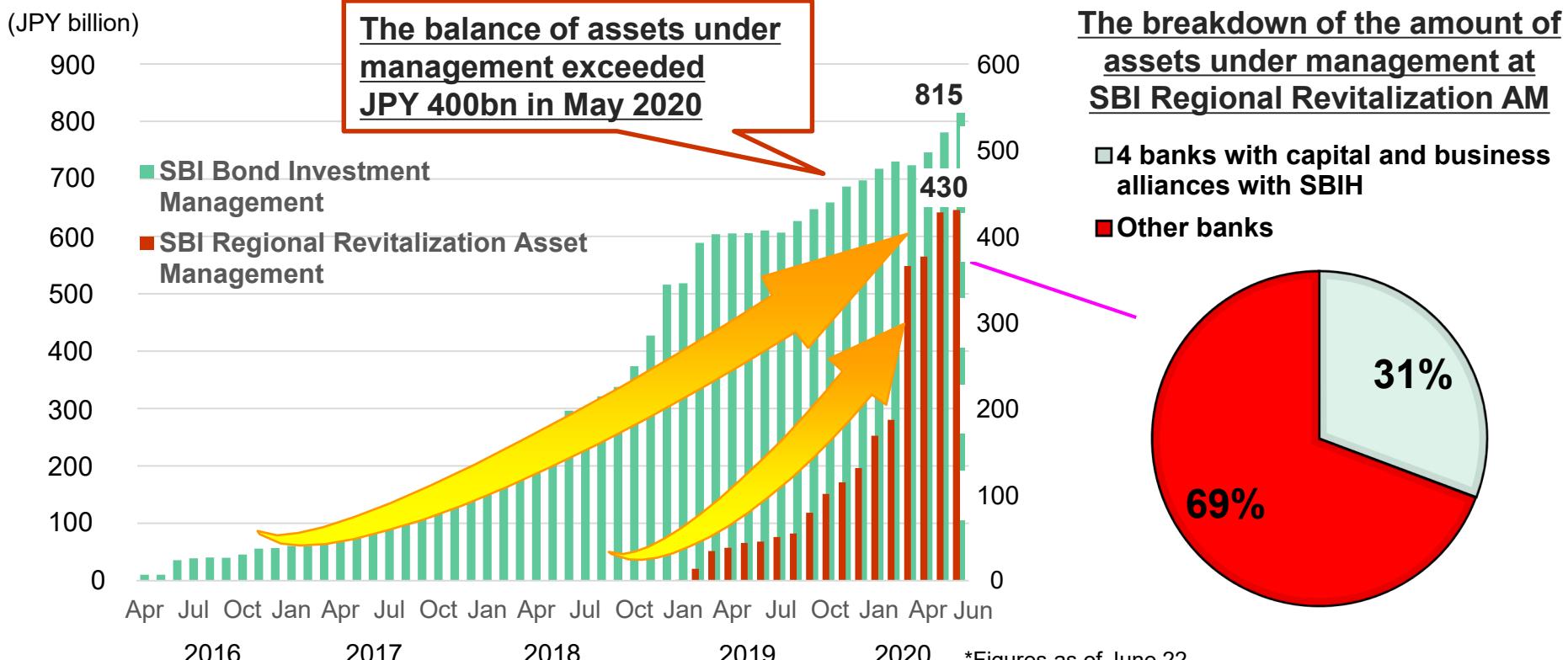
Enhance the operational functions provided by the SBI Group, by utilizing the functions of the participating companies

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

SBI GROUP

-The balance of assets under management exceeds JPY 1.2tn-

- 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 64.2bn** (as of May 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

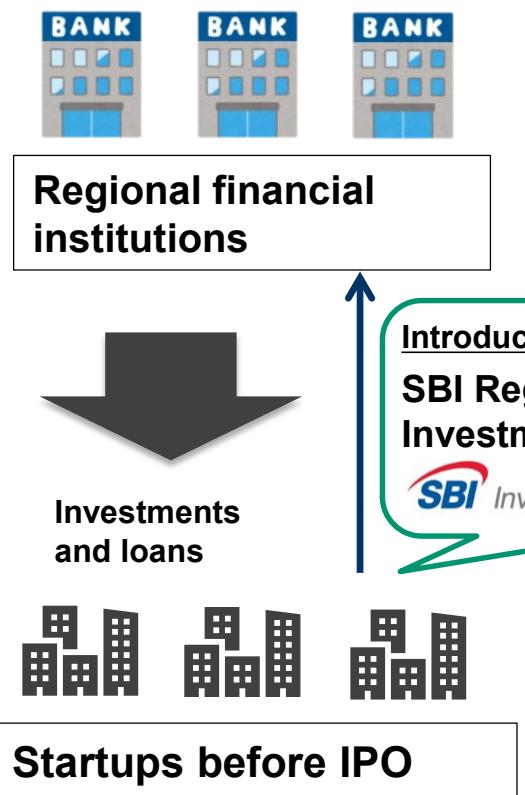
* Statistical data from the Investment Trusts Association of Japan (Mar. 2020)
Changes in assets of privately placed investment trusts by management company

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

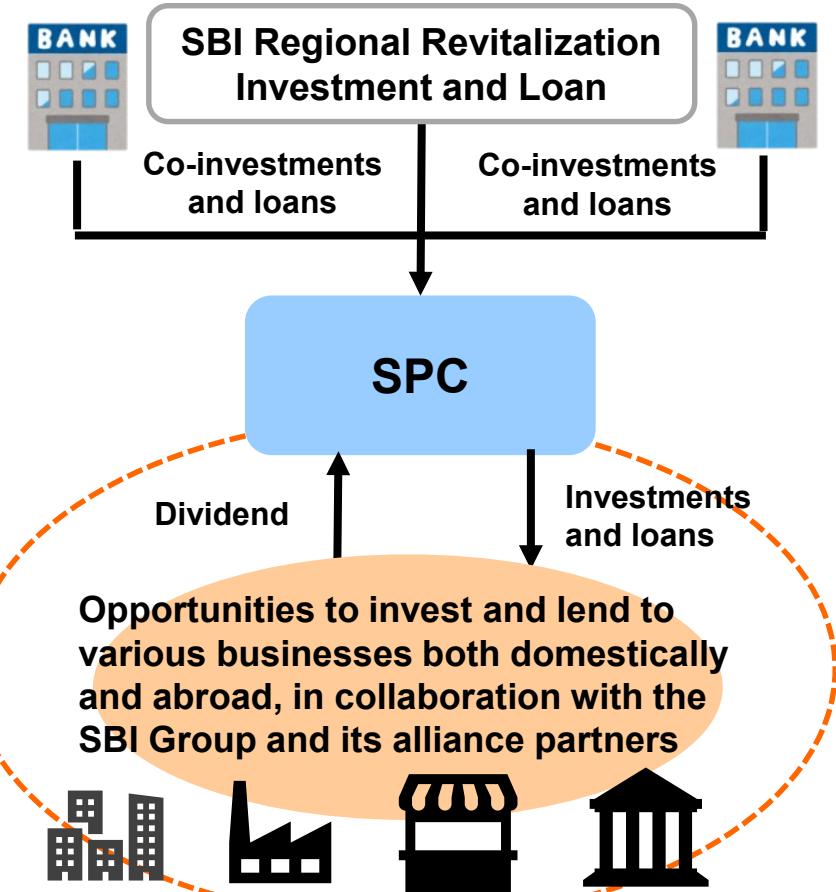
Introducing Investment and Loan Opportunities to Startup Companies before an IPO, as well as Providing Co-investment and Loan Opportunities through a SPC



(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>



SBI Royal Securities

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%~)



TPBank

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)



SBI LH
LYHOUR BANK

(SBI LYHOUR BANK PLC.)
A new bank which will commence operations in Phnom Penh City, 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%~)



Sri Lanka Government Bond (USD-denominated) Investment

Rating

S&P(B-) Moody's (B2) Fitch(B-)

Yield

Yields have skyrocketed, owing to the corona shock and downgrade prospects, to currently exceed 30%

② Advancement of regional revitalization that is appropriate for a post-COVID-19 era

-Promote collaborative creation with the private sector, government and local economic entities-

Systematically enhance “people, goods, and money,” which are essential for the implementation of a decentralized society

- (i) Human enrichment
- (ii) Enhancement of goods (industry)
- (iii) Enhancement of money
- (iv) Survival and further development of local companies

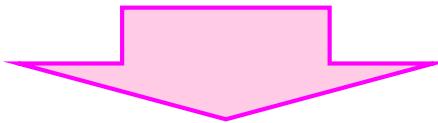


By bringing together the SBI Group's experience and the wisdom of the companies participating in Regional Revitalization Partners, will enhance the content into a more suitable form for regional revitalization

In Recognition of the Current COVID-19 Situation ①

Overcrowding in metropolitan areas contributes to viral infection vulnerabilities

The shift to a decentralized society and the search for ways of working accordingly has begun

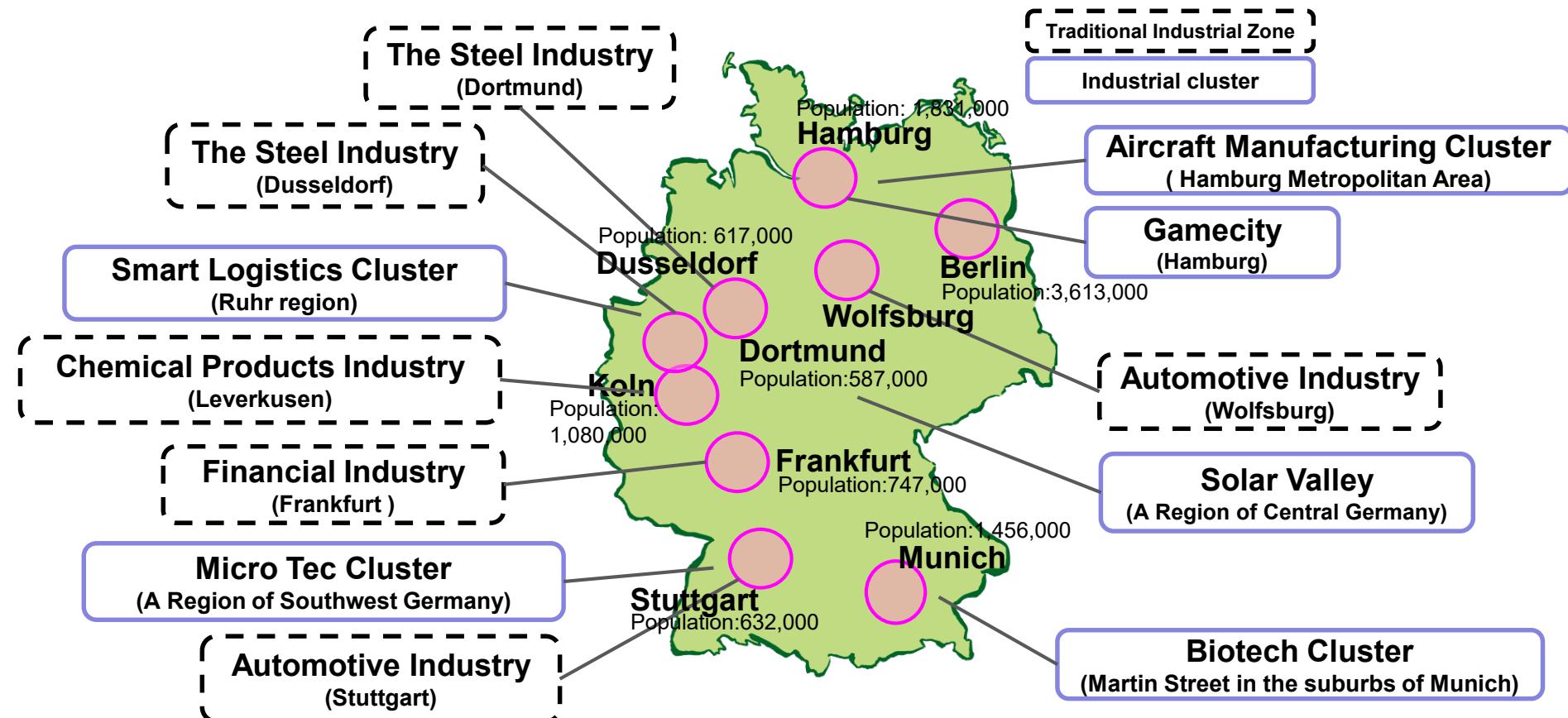


This is an opportunity to enhance the momentum to nurture new industries that take advantage of the strengths and characteristics of each region, and to fervently advance regional revitalization

This should be considered a turning point to gain a national consensus toward the advancement of regional revitalization, as regional revitalization and a decentralized society are one and the same concept

Certain Industries in Germany are Geographically Concentrated, Owing to Its Historical Background

-Later, an “industrial cluster” policy was implemented with the intention of fostering and revitalizing local industries, and there are now several hundred industrial clusters in existence-



It is necessary to systematically transition to a decentralized society in order to maintain a sustainable society, even in Japan

In Recognition of the Current COVID-19 Situation ②

Recent Government Actions

Revised the National Strategic Special Zone Law (“Super City Bill”) on May 27, 2020

About the “Super City Initiative”:

- Covers at least five of the ten areas of transportation, logistics, payment, administration, medical and nursing care, education, energy and water, environment and waste, crime prevention, disaster control and safety, to span all areas of life
- Accelerating the actualization of life in a future society that will be realized around 2030
- Maximizing the utilization of the network, so that the residents may participate in and realize a better future society from their perspective
- Implementing a variety of digital technologies through various business formats for daily life use, to solve local problems



The concept of a “national movement toward regional revitalization” is of paramount importance

The “Super City Initiative” Concept

The creation of a future city with resident participation that connects public and private data through open APIs, to implement digital technology into the daily lives from the perspective of the residents

- **Not competing with advanced technology, but rather for the implementation of technology in the daily lives of the residents**

Rather than pursuing unnecessarily sophisticated technologies, adopting technology that will improve the standard of living in rural areas and solve regional issues
- **Establish rules for open APIs, which is the connection specification between systems, and to make it legally binding**

Will prevent disparate systems from cluttering up the public and private sectors, as well as cities, and will enable collaborations to strengthen mutual cooperation
- **The Cabinet Office also joined to comprehensively examine the entire business content, including multiple regulatory reforms to be implemented in an integrated manner**

In the past, each ministry and agency coordinated their respective projects, and many were abandoned at that stage, but now each ministry will be able to consider the projects simultaneously and integrally, to comprehensively increase the feasibility of a Super City
- **From an urban concentration to a decentralized society, through the actualization of Super Cities, while maintaining the continuous economic development of the regional cities**

It is vital to utilize the Super City concept for regional revitalization

Changes in Customer Investment Behavior and Financial Services Preferences that have become More Prominent During the COVID-19 Era



- Owing to the stay-home mandate and consequent economic decline, many people have lost their income, and anxieties have risen about their future
→ The importance of asset formation has been recognized, and investments through NISA and iDeCo (Individual-type Defined Contribution Pension Plan) has become more active

SBI SECURITIES and other institutions have experienced a surge in new account openings
- With the spread of an infectious disease, keywords such as “death” and “hospitalization” have become more common → Increased need for related insurance products on a non-face-to-face basis
- With the backdrop of a full lifting of the State of Emergency Declaration, market interest is turning toward the expectations of a resumption in economic activity → An increasing trend toward the selection of stocks and investment themes in a post-COVID-19 era

A series of funds are being established for a post-COVID-19 society

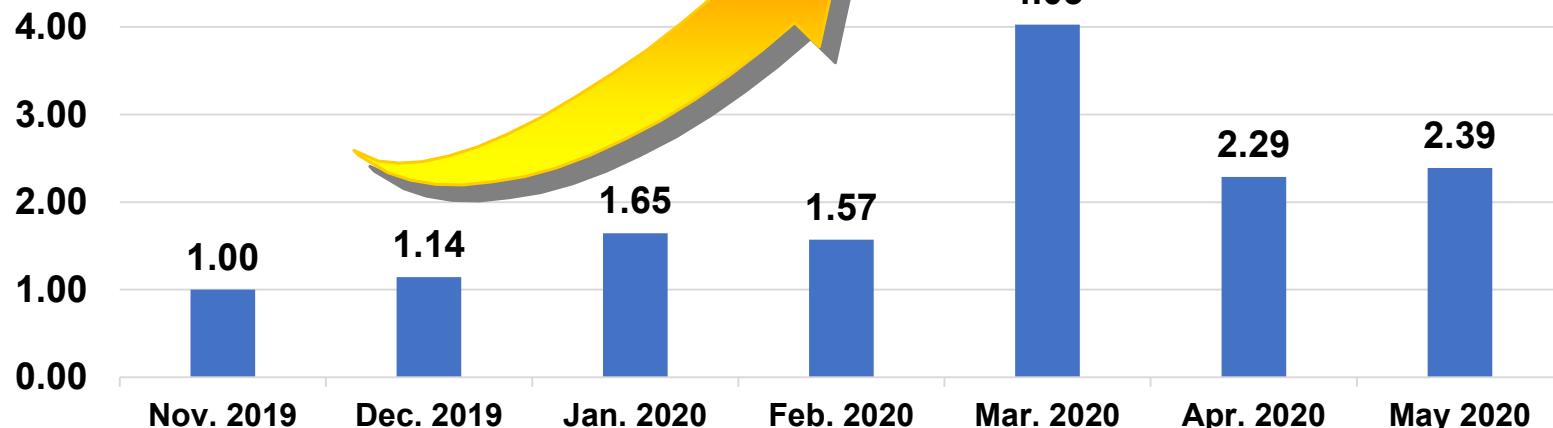
... etc.

Financial institutions have an urgent need to develop financial services and products that respond to the changing environment

Online Financial Services Preferences became More Evident through Customer Investment Patterns in Financial Products



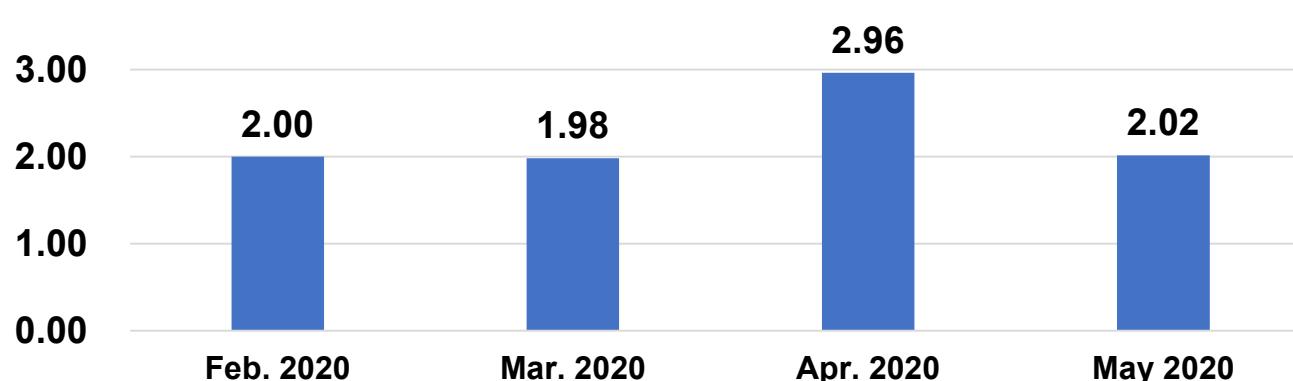
SBI SECURITIES' Number of new account openings



* Figures as of Nov. 2019 as 1



SBI Life Insurance's number of whole life medical insurance contracts (WEB, year-on-year increase ratio)



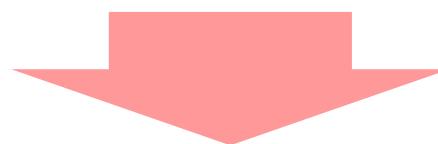
(i) Human Enrichment



Examples of SBI Group's initiatives to date

The Current Living Environment in the Tokyo Metropolitan Area Makes it Difficult to Create Conditions where People can Concentrate on Their Work

- According to a survey of teleworkers (*1), the majority (55%) uses living and dining room (or dining table) when working. When the survey was narrowed down to those who were married (those with children, with youngest child younger than 6), the figure was 71%
- In terms of teleworking issues, “lack of space dedicated to work” came in at 33%. When the figure is narrowed down to married households (with children living with them), the figure rises to approximately 40%
- According to the Land Statistics Survey (*2), the average gross floor space per dwelling unit in the Tokyo metropolitan area (Tokyo, Kanagawa, Chiba, and Saitama prefecture) is about 79.6 square meters. In married households with children living together, it is difficult to secure a working space in addition to the living room and bedroom



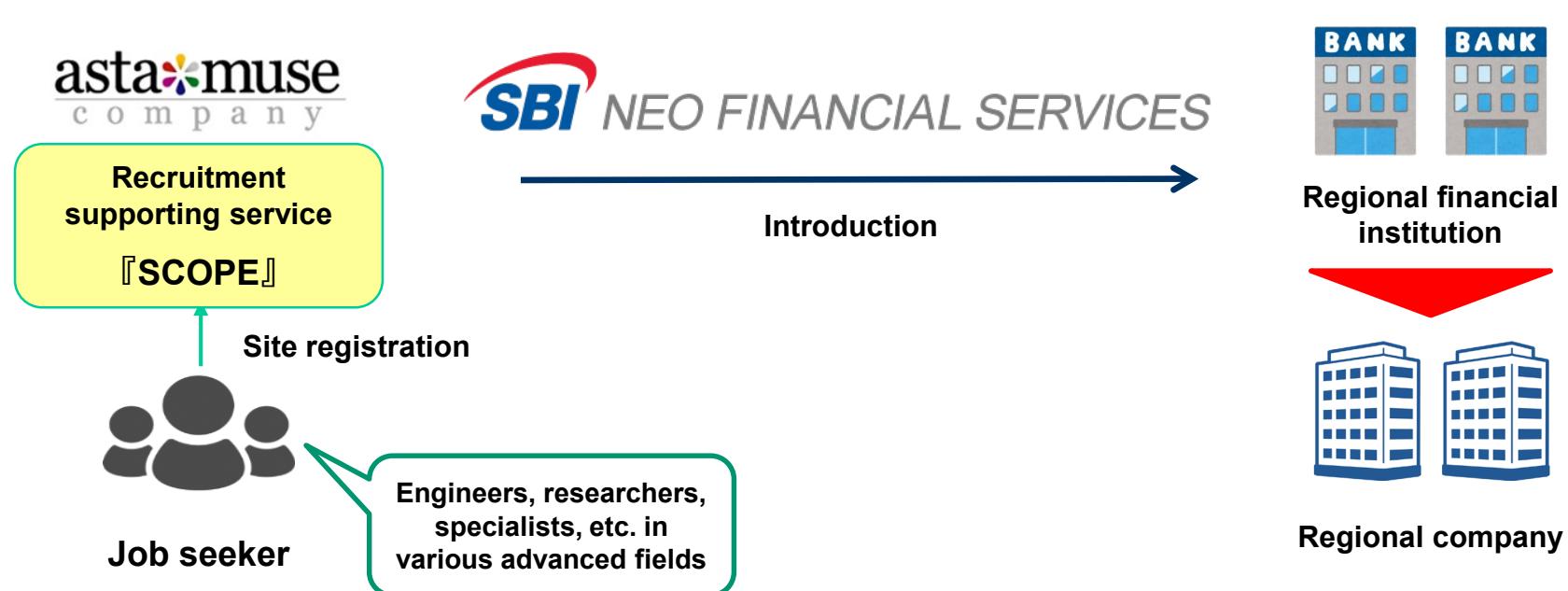
(*1) Recruit Sumai Company, Inc. released on May 22, 2020: “Telework x Housing Awareness and Actual Conditions in the Wake of the New Corona Scourge” survey.

(*2) Ministry of Internal Affairs and Communications, “Housing and Land Survey 2018”

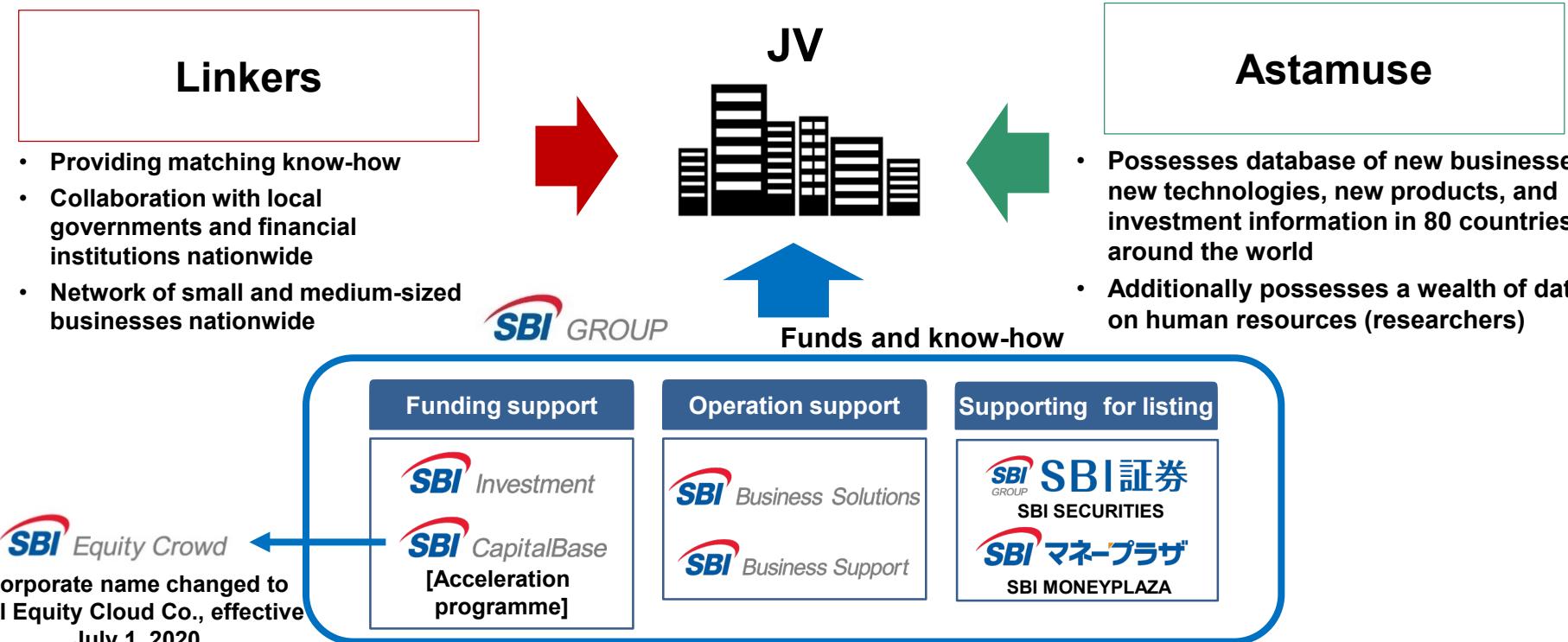
Need to establish a rural telework facility
➔ Utilization of local underutilized real estate

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



Preparing to Establish JVs with Companies that have Researcher Data and SME Networks, to Match Local Researchers and Companies



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



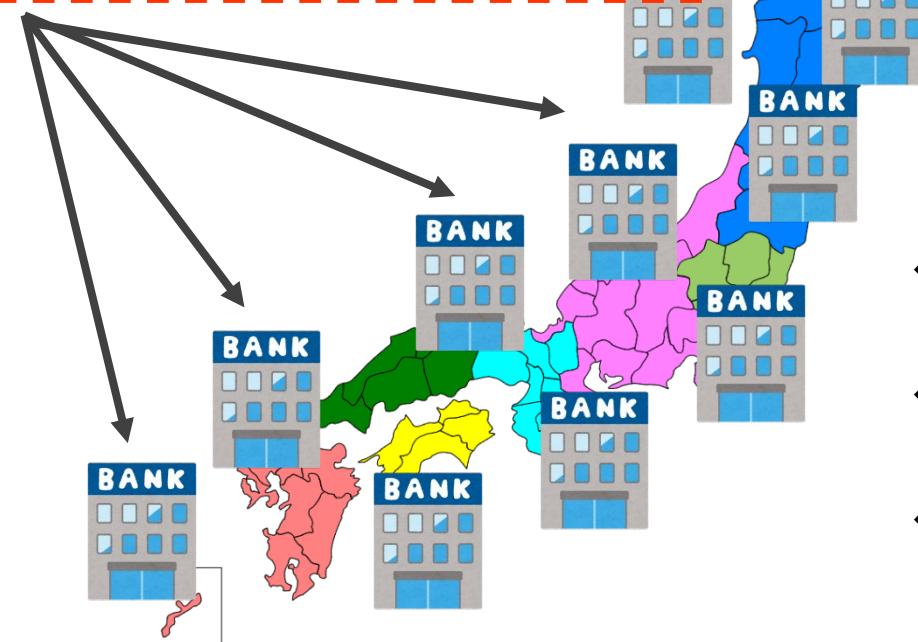
SBI Group Partners with Google's Digital Skill Training Program “Grow with Google,” to Promote the Use of Digital Technology for Regional Companies



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) Enhancement of goods (industry)

Examples of SBI Group's initiatives to date

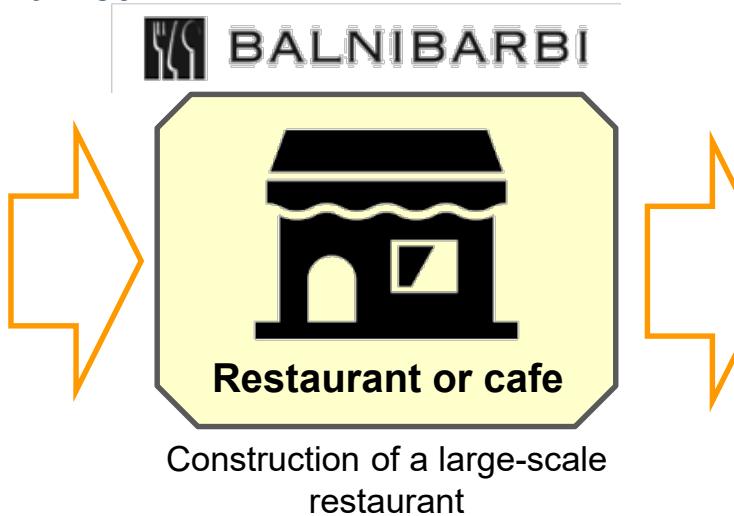
- **Regional development through the attraction of commercial facilities**
- **Effective utilization of idle properties**
- **Nationwide expansion of business areas through the establishment of online shops**
- **Support regional companies to expand overseas distribution channels**
- **Change business model of regional plastic molding plants, where demand is expected to decrease, which also contributes to solving environmental issues**
- **Development of regional power sales business**

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

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

The primary battlefield for developers will be in their move from large cities to regional core cities

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

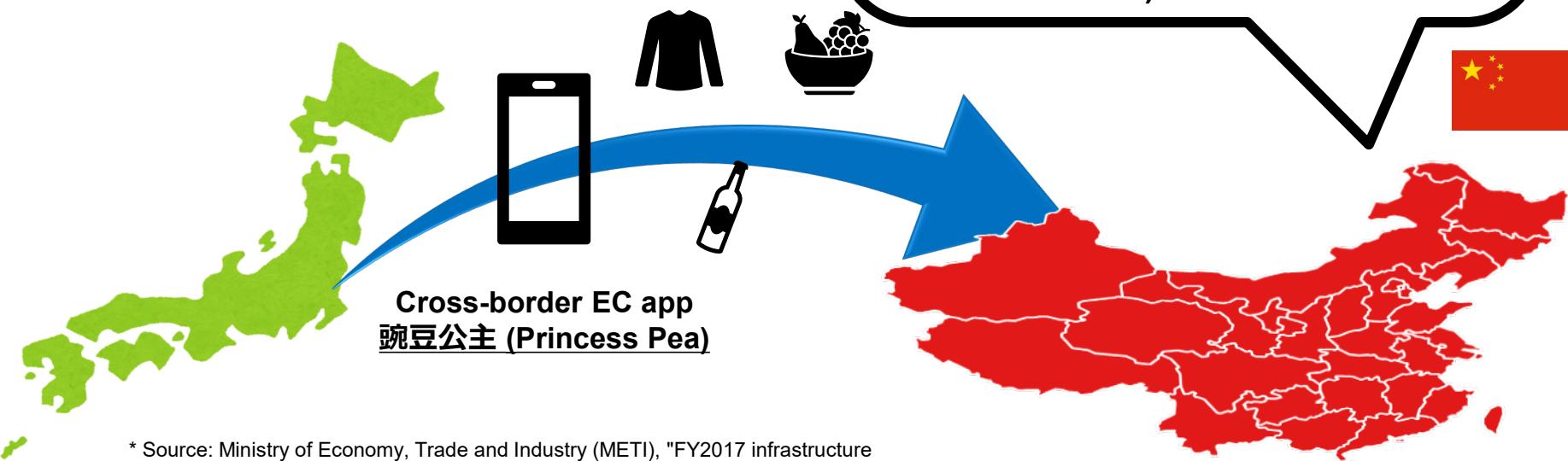
Support Regional Companies to Expand Overseas Distribution Channels

-Cross-border EC to cover the drop in inbound-

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
- ✓ Market share of China-Japan EC transactions is about **56%** of the global EC market
- ✓ Chinese cross-border EC market is expected to exceed **JPY 5.3tn** by 2022 (of which Japanese products are **JPY 2.5tn**)



* Source: Ministry of Economy, Trade and Industry (METI), "FY2017 infrastructure development for a data-driven society in Japan (market survey on EC)

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



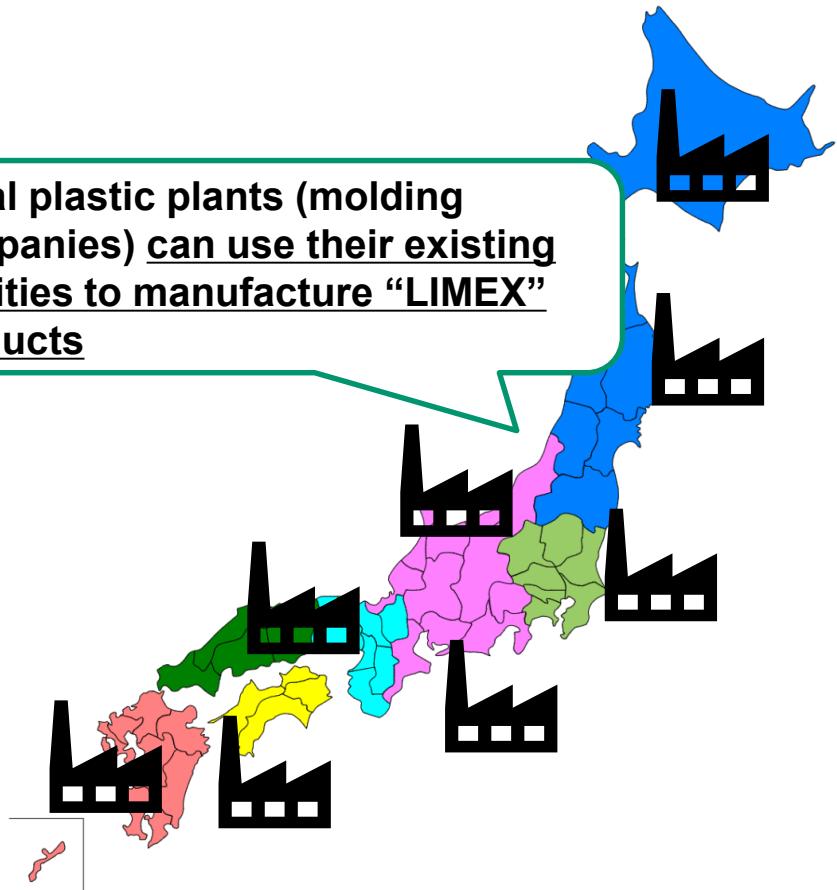
Boosting the Production of “LIMEX,” a New Material that is Attracting Attention as an Alternative to Plastic and Paper, in Cooperation with TBM and the Plastics Industry Nationwide, in Response to Environmental Issues such as the Marine Plastic Waste Issue

[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

The SBI Group Also Participates in the Regional Revitalization Project through the Regional Electric Power Business Advanced by the Hikari Tsushin Group

[Case of Shimane Prefecture]

Tsushin Group

A leading business company in Shimane Prefecture

52.5%

- Capital contributions from 21 companies
- Anticipating an increase in the number of participating companies going forward



10%

島根銀行
[Shimane bank]

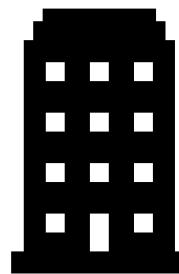
5%

Hikari Tsushin Group

32.5%

Possible change in the equity position

Capital Contribution



Shimane Energy KK

- Sales of “Shimane Denki,” an electricity plan for local businesses and individuals.
- Will contribute to regional revitalization in various ways, such as providing low-cost electricity, creating local employment and donating part of the profits to the local areas



Similar schemes are planned for nationwide deployment with the Hikari Tsushin Group and regional financial institutions

(iii) Enhancement of Money



Examples of SBI Group's initiatives to date

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

Examples of business fields subject to investment and loan

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.

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



-Active investments in venture companies attracted to the Super Cities established in the regions-

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



Asset Management

Business Support

Security



Corporate Accounting

Banking Infrastructure

Compliance

X-Tech

HR Tech

Edu Tech

RE Tech, etc

Industry 4.0

Industrial Revolution

Mechanization

Mass Production

Automation

CPS • IoT • Cloud

1.0

2.0

3.0

4.0

Cyber Physical System (CPS)

Physical

Cyber

Recognition, understanding, sensing

Analysis, forecast, optimization, control



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



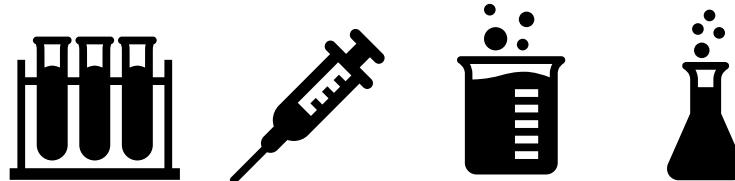
AI • 5G • Big Data



Establish University-initiated Ventures in Collaboration with Researchers at Regional Universities

- ◆ An area of growing interest in research and development

Vaccines, therapeutic drugs, diagnostic kit development



Non-face-to-face healthcare



Healthcare tech



etc

Increased Business Opportunities for Local Venture Companies, Owing to COVID-19



Business opportunities have begun to spread to venture companies originating in the provinces. This is because the spread of remote work following the outbreak of the new coronavirus has made it easier to communicate with investors and large enterprises based in Tokyo. Regional disparities due to the location of startups have shrunk, and it is likely that the enthusiasm for startups will increase throughout the country, taking advantage of the low cost of office rents and other factors

Newspaper article

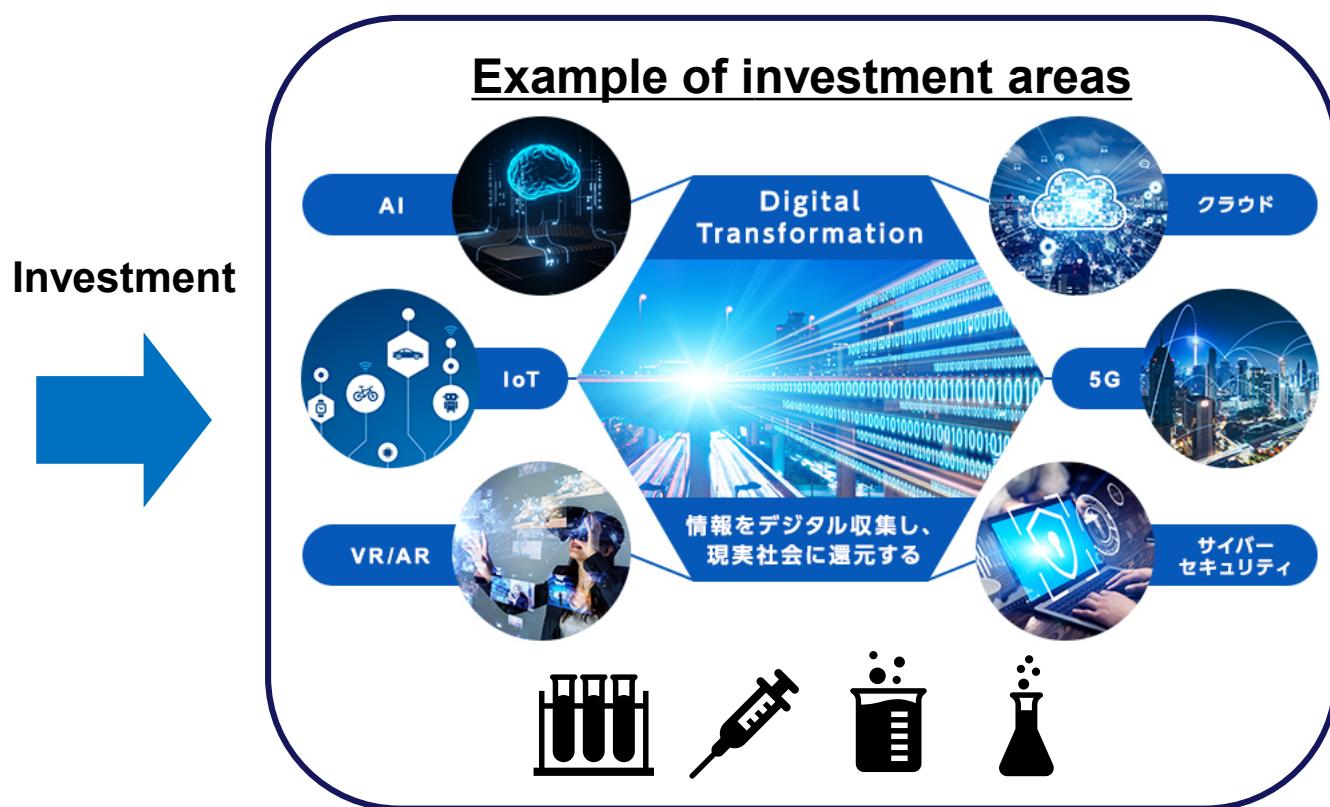
FujiSankei Business i June 11, 2020 morning edition

Establishing “Post-Corona Fund” to Capture the Wave of Social Change Caused by COVID-19



Fund concept :

Seizing the social transformation brought about by COVID-19 as an opportunity, will endeavor to capture corporate growth to generate medium-to long-term returns by investing in companies involved in the research and development of drugs and vaccines for COVID-19, as well as driving the digital transformation that is accelerating in all areas of the economy, consumption, education, and mobility



(iv) Establishing a supporting system to resolve the business succession issues and develop businesses of local companies

Examples of SBI Group's initiatives to date

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.

[SBI SECURITIES]



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

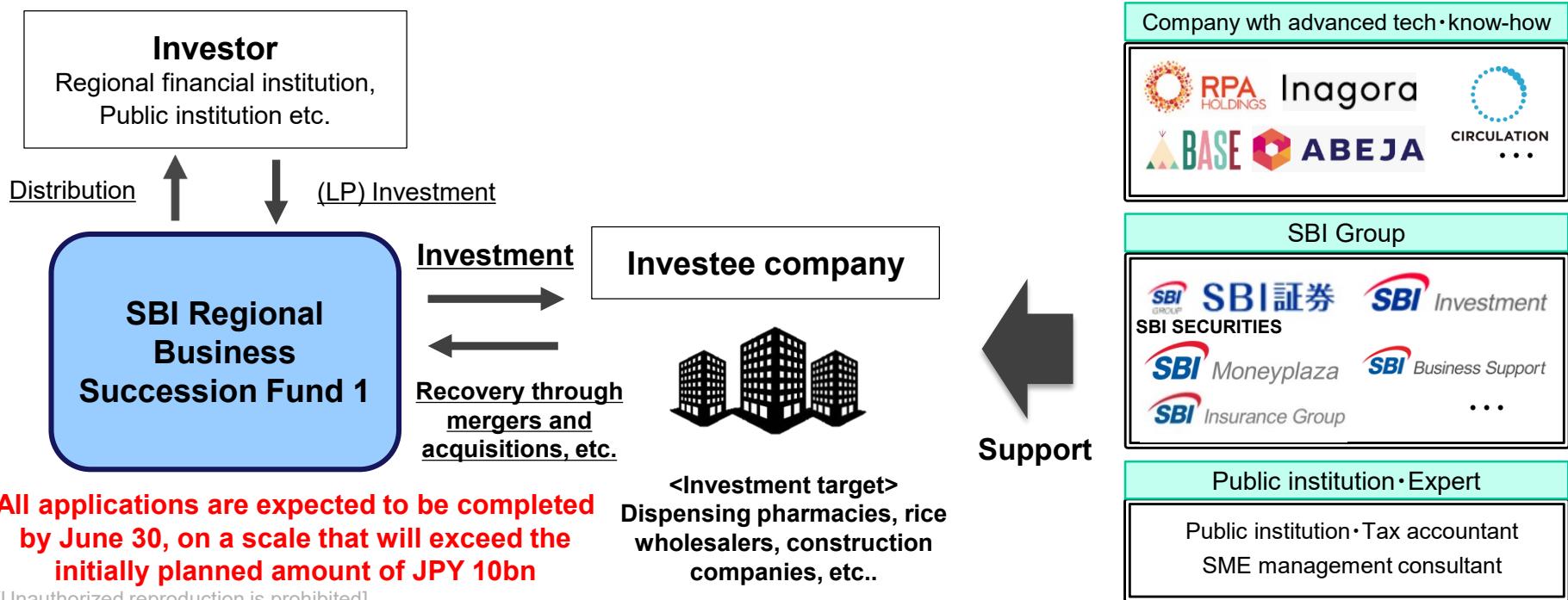
Contributes to solving issues associated with various local SMEs’ business succession needs

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



-Establishing subsequent funds to expand 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 was made in TOKUSHIMA KYOWA, which operates dispensing pharmacies. To date, acquisitions of two dispensing pharmacies in Osaka have been completed, with additional acquisitions under review



Specific strategies

(3) The SBI Group's 4th Megabank Concept

- ① SBI Group's basic approach to investments and the 4th Megabank Concept**
- ② Status of alliances with the Shimane Bank, our first capital and business alliance partner, and other regional financial institutions**

① SBI Group's basic approach to investments and the 4th Megabank Concept

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

Established a new holding company (SBI Regional Bank Holdings) wholly owned by the SBI Group, to build an efficient and effective support system for regional financial institutions with which SBI Holdings has and may have capital and business alliances in the future

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-



*Percentage of the number of voting rights as of June 5

*At the moment, only stock holdings

SBI Regional Revitalization Services

SBI Regional Revitalization Investment and Loan



Regional Revitalization Partners' affiliated companies will support the regional financial institutions to solve two of their major issues, "System Cost" and "Advanced Asset Management"

② States of alliances with the Shimane Bank, our first capital and business alliance partner, and other regional financial institutions

1. Shimane Bank

With the Shimane Bank (SBI's ownership percentage: 34%), which Announced First 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 	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
	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
	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
	Providing a banking app to Shimane Bank (Started on Dec. 2, 2019)	Individuals	Improved convenience
	Supporting regional companies' productivity improvement via "Approval Time," a cloud-based workflow system	Corporate	Support for local businesses
	Adoption of Group Credit Life Insurance from SBI Life Insurance at Shimane Bank (Started on Mar. 31, 2020)	Individuals	Cost reduction
	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
	Took over Shimane Bank's sales operations at bank counters for investment trusts and bonds (Implemented on Feb 17, 2020)	Individuals	Cost reduction
	Handling international money transfer services by SBI Remit at Shimane Bank (Started on Jan. 31, 2020)	Individuals	Strengthening profitability
	SBI Insurance's Fire Insurance for Residential Mortgage Customers at Shimane Bank (started on Jan. 31, 2020)	Individuals	Strengthening profitability
	Introductory service of customers to SBI Estate Service's real estate purchasing and leasing services	Individuals	Strengthening profitability

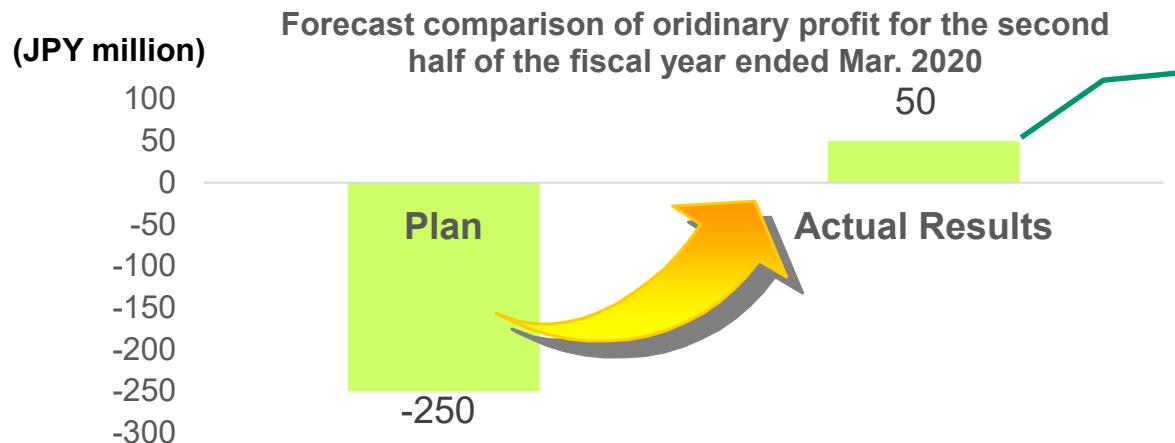
Full-Year Earnings for Fiscal Year Ended Mar. 2020

-Results exceeded our initial forecast, owing to collaborations

[Individual performance] with the SBI Group-

(JPY million)

	Ordinary revenue	Ordinary profit	Profit attributable to owners of parent company
Previously announced forecast	5,580	-2,210	-2,390
Result	8,844	-1,904	-2,279



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 profits 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)

Regarding the capital and business alliance with the SBI Group last year, President Kato commented that, “it will be a year to realize the effects of the alliance. I would like to further strengthen our cooperation”

Newspaper article

(May 14, 2020 THE FUKUSHIMA MINYU SHIMBUN)

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

(The SBI Group's ownership percentage: approx. 3%)

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)

2. Proactively advancing the “Open Alliance” initiative which establishes a win-win relationship with various companies outside of the Group

Specific strategies

- (1) Extensive strategic capital and business alliances with the SMBC Group
- (2) Vigorously advancing the Neo-bank initiative
- (3) Accelerating the Neo-securities initiative
- (4) Strengthening joint fund establishments with leading overseas partners

Specific strategy

(1) The SBI Group will further enhance customer convenience in both the digital and face-to-face operations, through the extensive strategic capital and business alliances with the SMBC Group

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



Mega Bank Group



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

Specific strategies

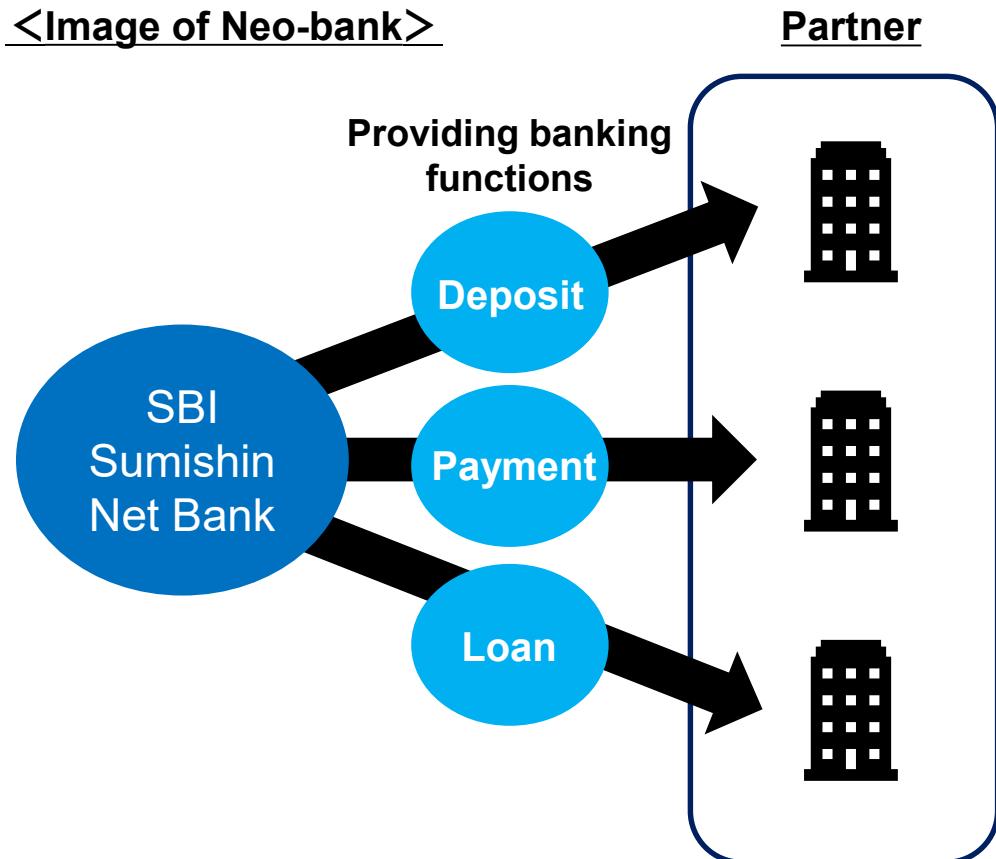
(2) SBI Sumishin Net Bank is moving toward an IPO, by unbundling its banking functions and advancing its Neo-bank initiatives to partner companies

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

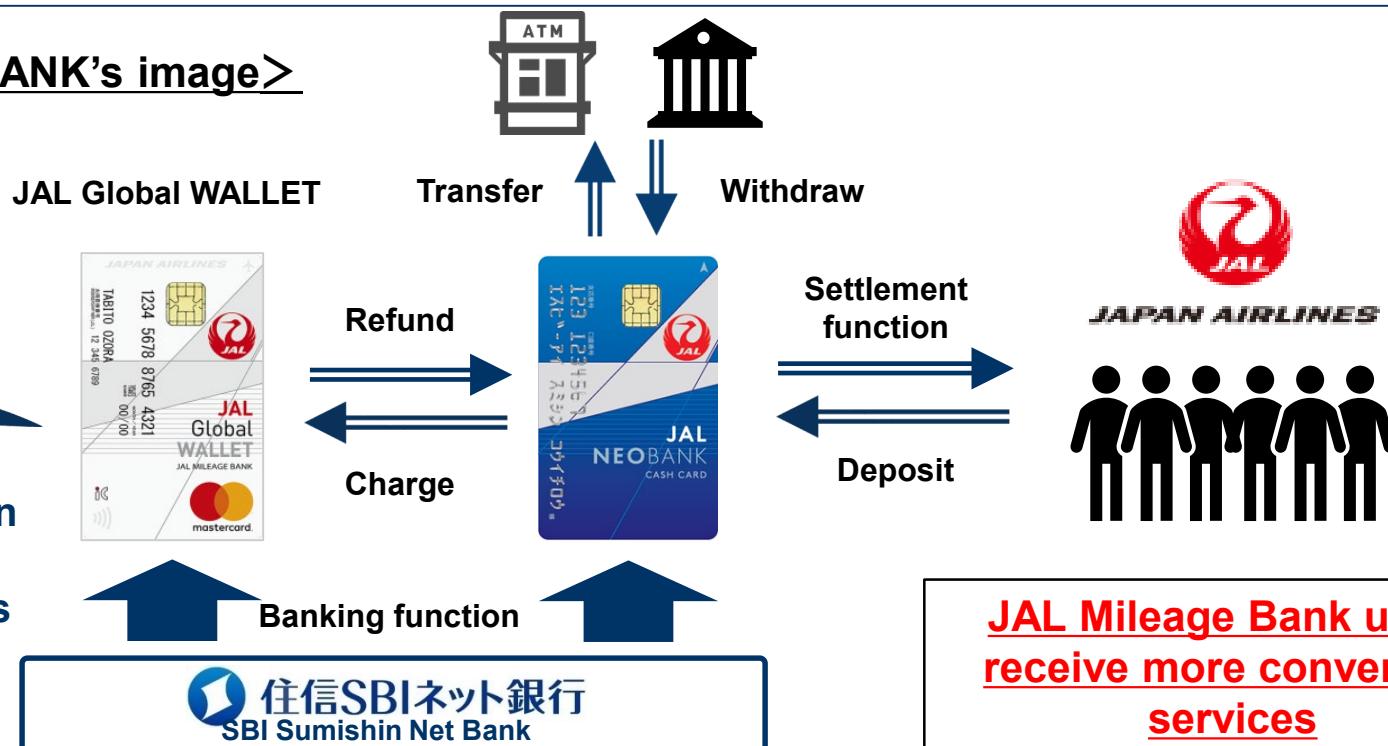


JAL NEOBANK

- 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>

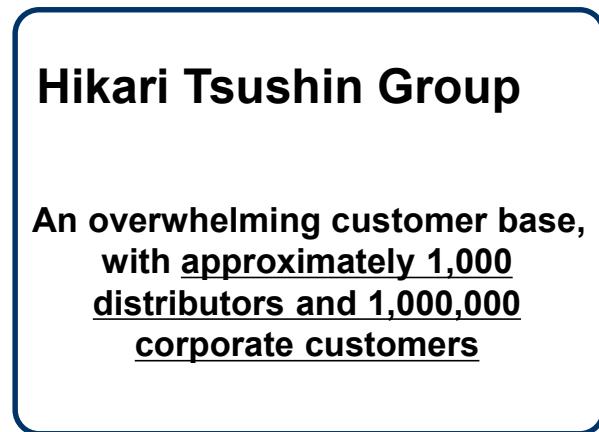
For the use in
Japan and
other regions



**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



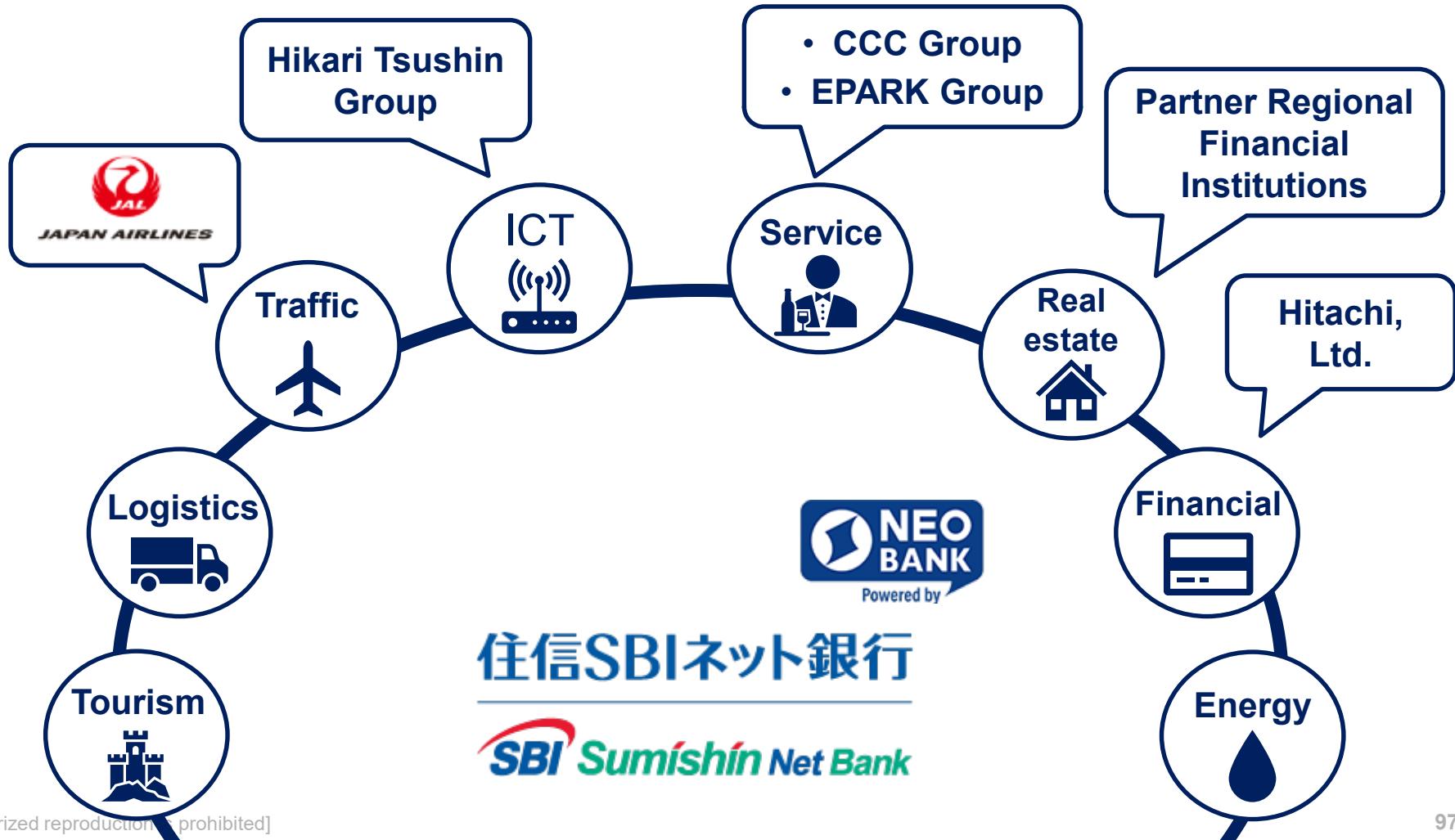
- Established as Japan's first Internet-only bank in Sept. 2000
- In Feb. 2018, became a consolidated subsidiary of Z Holdings (former Yahoo), which has a business alliance with the SBI Group
- As of the end of Mar. 2020, the number of accounts reached **4.58 million** accounts, representing a solid customer base

[Alliance image]



The “Neo-bank Initiative” Promoted by SBI Sumishin Net Bank Embodies the SBI Group’s Open Alliance Strategy ①

-Advancing cross-industry partnerships with major businesses, to become a financial infrastructure provider for banking services-



The “Neo-bank Initiative” Promoted by SBI Sumishin Net Bank Embodies the SBI Group’s Open Alliance Strategy ②

-Promotion of open alliances through M&A-



NetMove, which became a wholly owned subsidiary in Apr. 2019, an affiliated company, is steadily expanding its settlement business on the back of the cashless trend

NetMove Corp.

- ◆ NetMove possesses **advanced system design and development capabilities** for settlement and security services, etc.
- ◆ NetMove Corporation provides **highly secure payment services**, such as acquiring the first provider certification in Japan of “PCIP2PE solution,” and “PCIP2PE component,” as defined by “PCISSC,” the credit card industry security standardization organization
- ◆ **The settlement business has been performing well**, owing to the ongoing trend toward a cashless society in Japan. For the 1Q FY2020 period, **both sales and profits are expected to exceed the business plan**

Combining NetMove’s advanced technology with SBI Sumishin Net Bank’s cutting-edge banking services, to improve **security** and provide **advanced payment services**

Specific strategies

(3) In light of the advancing transformation of the securities business, accelerating the Neo-securities initiative

Neo-securities initiative

= Advancing the waiver of online domestic stock trading commissions, as well as partial fees that investors currently incur

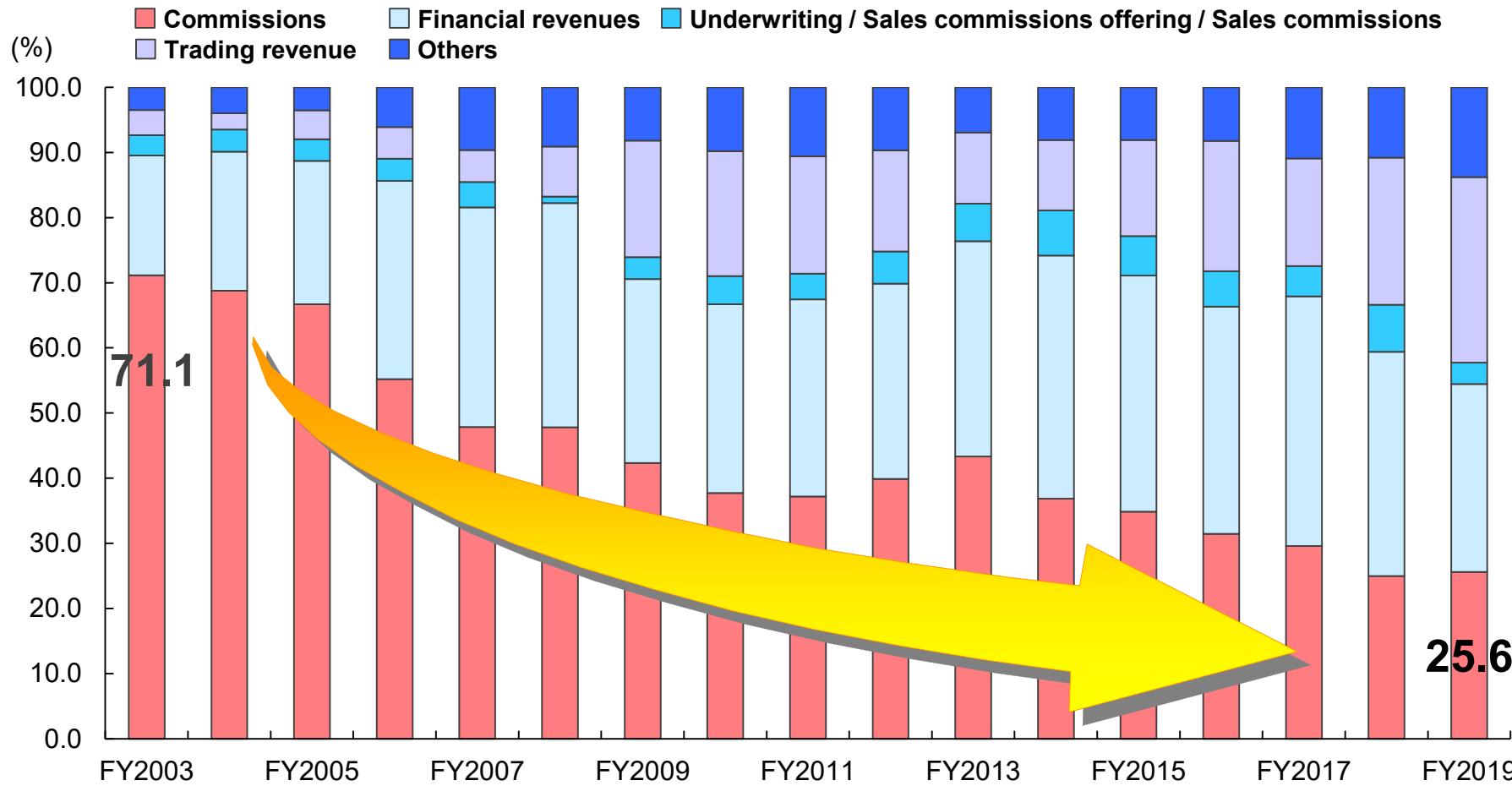
SBI SECURITIES' Operating Revenue Composition

SBI
GROUP

-Advanced the diversification of revenue sources, to achieve a business foundation that is less affected by the equity market-

Proportion of commissions decreased from 70% in FY2003 to 25% currently

Composition of online domestic stock trading commissions for FY2019 was 17.0%



* While figures for FY2003 and FY2014 are based on non-consolidated figures, the others are based on consolidated figures

[Unauthorized reproduction is prohibited]

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 online domestic stock trading 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 online domestic stock 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

Initiated the Provision of Financial Services through a Business Alliance with Takashimaya



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

- Co-manage the Takashimaya proprietary website that supports the asset formation of Takashimaya customers
- Takashimaya Financial Partners newly established a face-to-face consultation counter, “Takashimaya Financial Counter,” to provide asset management consulting services
- Planning the offering of an investment trust accumulation service that can be settled by Takashimaya’s credit card (scheduled to start in early July 2020)
- Planning the introduction of a point program to accumulate Takashimaya points through the purchase accumulation of investment trusts, using the “Takashimaya Card” (scheduled to start in early July 2020)



SBI SECURITIES Supports the Cultivation of New Customers through the Provision of Financial Instruments Intermediary Services to Total 40 Regional Financial Institutions

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



Financial instruments
intermediary services

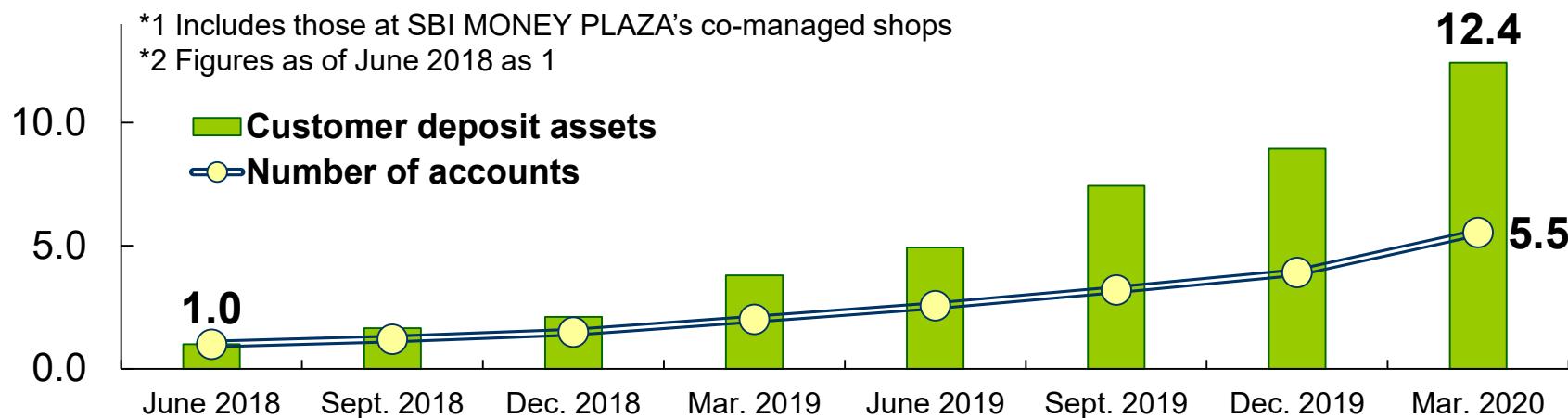
Regional financial
institutions

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



Regional financial
institutions' customers

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

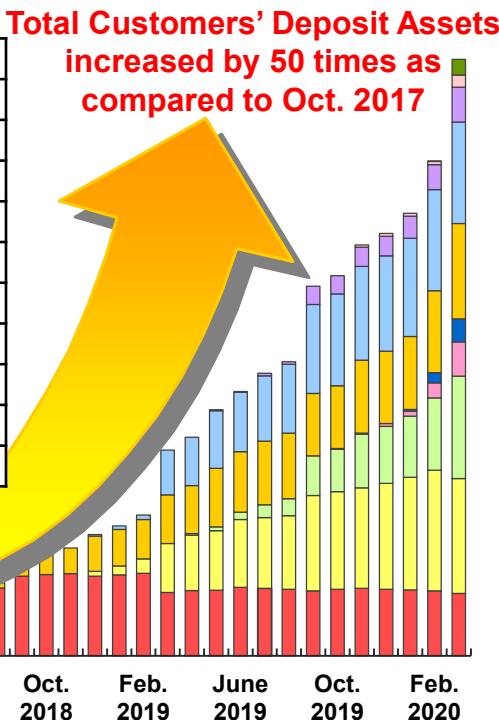


Co-managed Shops with Regional Financial Institutions have Rapidly Increased Their Number of Accounts and Customers' Deposit Assets

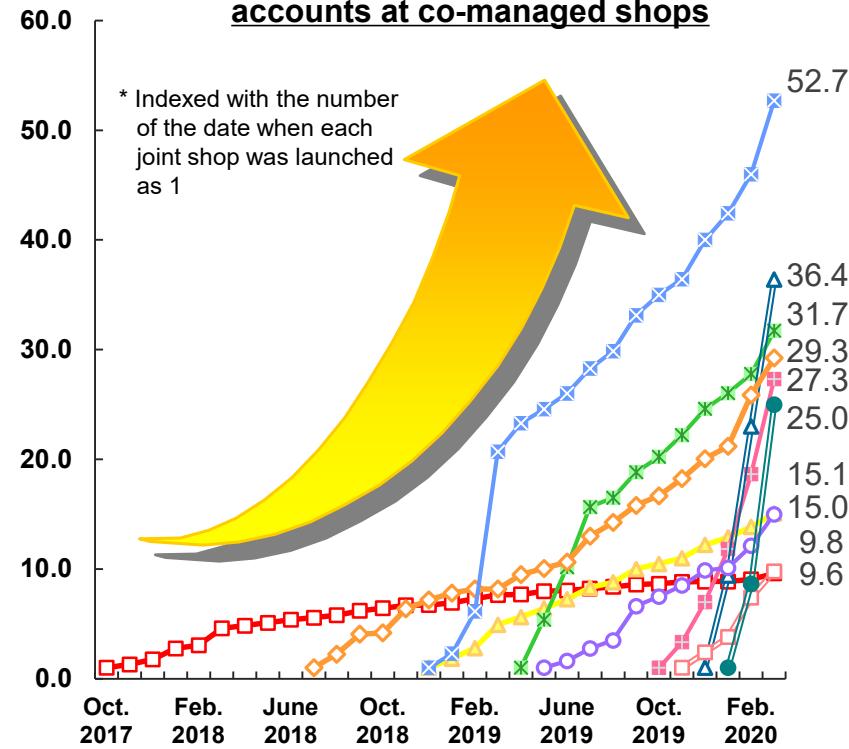
Established a total of 15 shops with 12 banks, including THE MICHINOKU BANK and Tsukuba Bank, to operate joint store operations
(2nd stores with Shimizu Bank, Chikuho Bank, and Mie Bank)

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



Changes in the number of accounts at co-managed shops



- Shimizu Bank
- THE SENDAI BANK
- THE MIE BANK
- The Keiyo Bank
- Shimane Bank
- CHIKUHO BANK
- EHIME BANK
- THE TOWA BANK
- The Kirayaka Bank
- Fukushima Bank

- Shimizu Bank
- THE MIE BANK
- Shimane Bank
- EHIME BANK
- The Kirayaka Bank
- THE SENDAI BANK
- The Keiyo Bank
- CHIKUHO BANK
- THE TOWA BANK
- Fukushima Bank

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



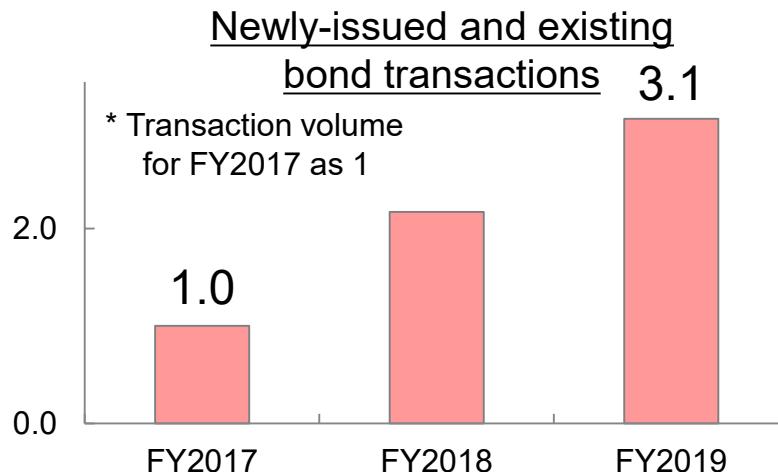
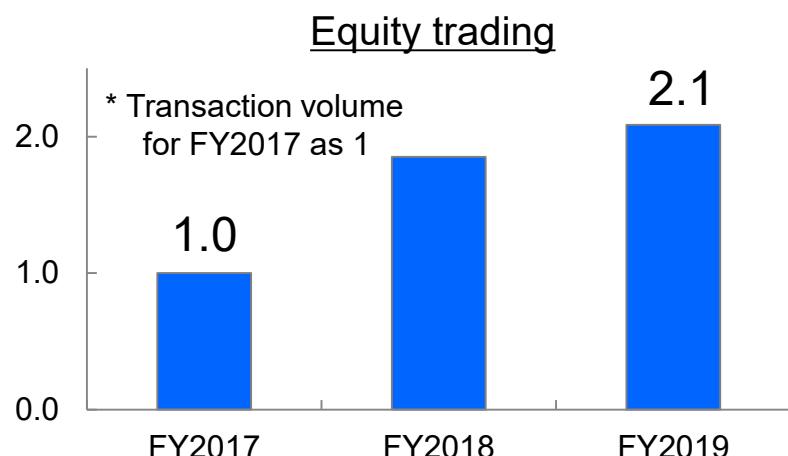
[SBI SECURITIES]

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

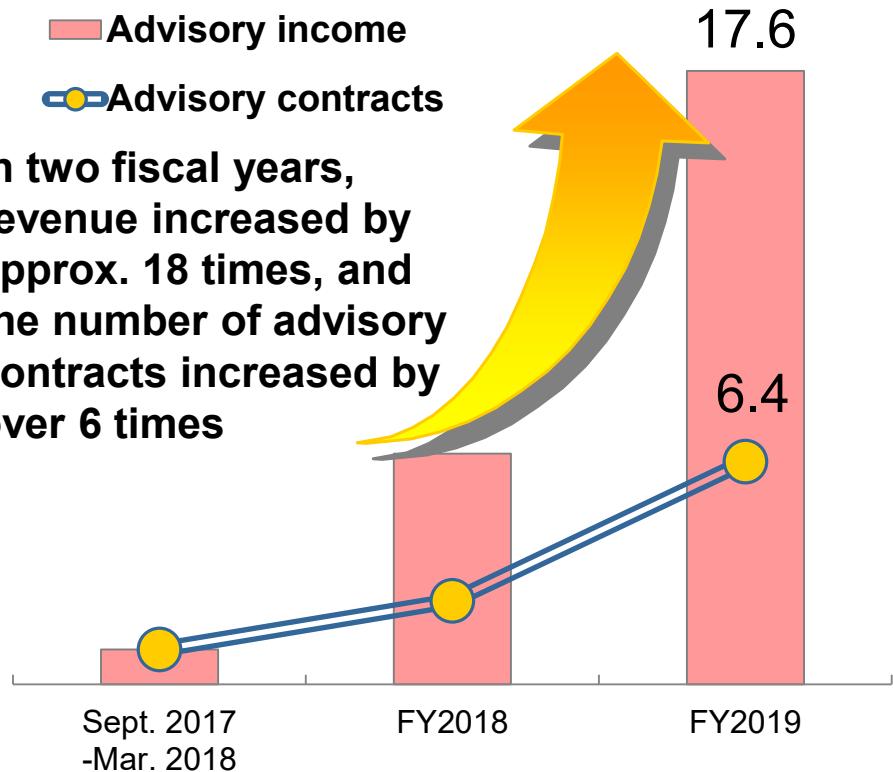
Since Sept. 2017, SBI SECURITIES has Worked to Strengthen Its M&A Advisory Division, which has Expanded the Scope of Its Transaction Capabilities, Including Cross-border Transactions, and Continues to Make Steady Progress as a Source of Earnings in the Corporate Business

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**

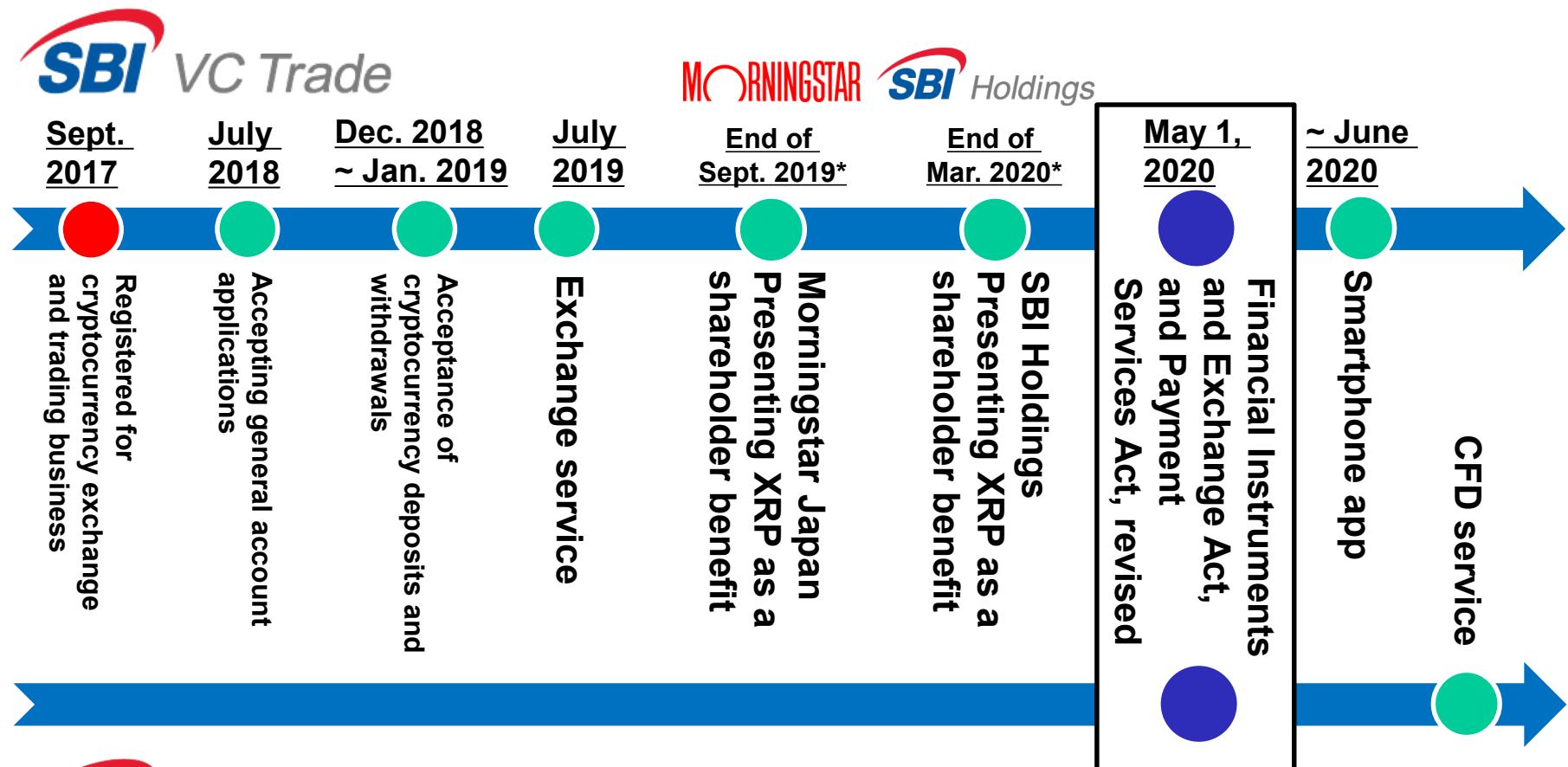
Expansion of FX-related Business at the SBI Group

- An increasing number of domestic and foreign companies are participating in trading at the OTC market of SBI Liquidity Market -



- **SBI Liquidity Market provides FX trading services to five financial institutions in Korea**
- **Started domestic FX trading with YJFX! and Central Tanshi in 2019**

SBI VC Trade is Preparing Various Measures to Expand Its Business, in Response to the Revisions in the Payment Services Act of May 2020



[SBI FXTRADE]

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 online domestic stock brokerage commissions to 5% or less of SBI SECURITIES' operating revenues

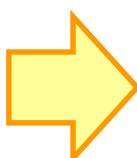
Basic Agreement on the Share Acquisition of Rheos Capital Works (Released on Mar. 31, 2020)



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

Specific strategies

(4) Strengthening joint fund establishments with leading overseas partners

Developing the Venture Capital Business, Primarily in Countries with High Potential Growth through the Management of Jointly Managed Funds with Leading Overseas Partners



< Examples of the SBI Group's newly established overseas venture capital funds >



Co-founded a fund for China-based investments in Dec. 2019

南京江北新区
産業投資集団



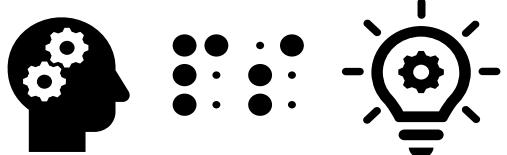
南京江北新区产业投资集团有限公司
NANJING JIANGBEI NEW AREA INDUSTRIAL INVESTMENT GROUP CO., LTD.

Nanjing Jiangbei New Area Industrial Investment Group

An industrial investment group belonging to the Administrative Committee of Nanjing Jiangbei District, a new state-level district in eastern China and Jiangsu Province, was established in June 1992, with assets of RMB 98.2bn (approx. JPY 1,488.7bn) at the end of 2019

Investment Area

Promising startup companies from early-to-growth-stage with innovative technologies in China's AI, IoT and new materials



Co-founded a fund for European-based investments in May 2020

First VC fund dedicated to Europe

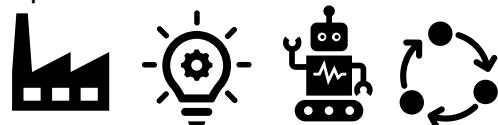


Redstone Digital GmbH

Berlin-based venture capital advisor with a know-how to analyze data from more than 500,000 global startups using artificial intelligence (AI) to find promising companies

Investment Area

European smart manufacturing, industrial robotics, industrial cybersecurity, cyclical economy, business efficiency, industrial system-based fintech, decentralized ledger technology, and other Industry 4.0-related early-to-growth-stage startup companies



Co-founded a fund for Indonesia-based investments in July 2020

First VC fund dedicated to Indonesia

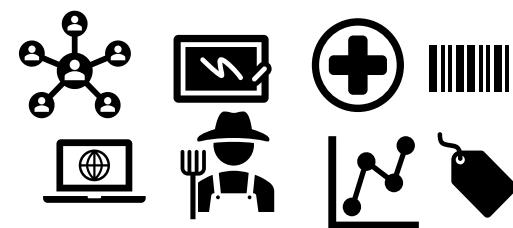


Kejora Capital Management

A major venture capital with a wide range of information gathering and abundant investment in Indonesian venture and Fintech sectors

Investment Area

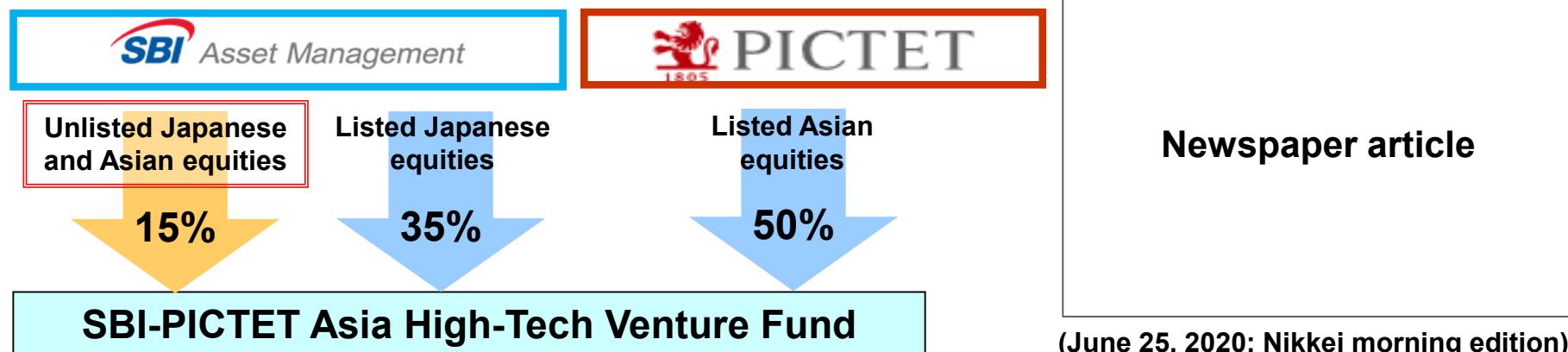
Promising early-stage startups with innovative technologies in the Indonesian supply chain, education, healthcare, consumer goods, agriculture, fintech and digital media



Planned Establishment of SBI-PICTET Asia High-Tech Venture Fund, a Fund Incorporating Unlisted Equities, on July 29, 2020

- ◆ The first collaboration fund by SBI and PICTET
- ◆ Maximum 15% investment in unlisted Japanese and Asian equities
- ◆ Investment in Japanese and Asian high-tech venture firms

Fund Scheme



(June 25, 2020; Nikkei morning edition)

Performance of unlisted equity funds previously established by SBI Asset Management

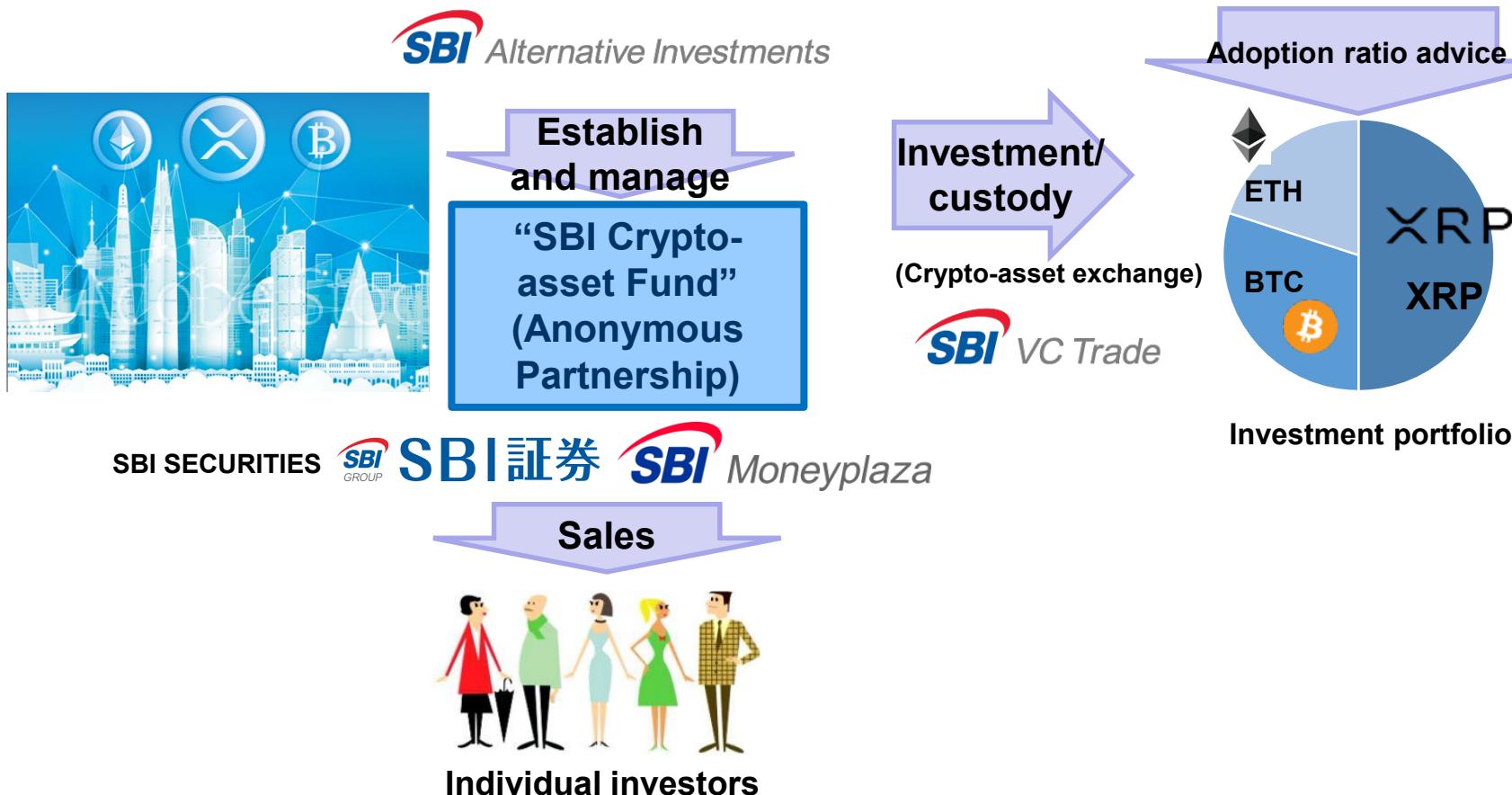
	Fund name	Original subscription amount	Established	Redeemed	Cumulative return (%)	Annual return (%)
1	Softbank Bond & Private Equity Fund (Unofficial name: Unlisted Stock Fund)	JPY 14.13bn	July 2000	Mar. 2006	118.2	14.8
2	Softbank Bond & Private Equity Fund II (Unofficial name: Unlisted Stock Fund II)	JPY 4.61bn	June 2001	Oct. 2005	95.2	16.7

Establishment of Japan's First “Crypto-asset Fund” (Anonymous Partnership)



-Fund raise is expected to begin during the summer of 2020-

- Providing individual investors with a crypto-asset fund that embodies the resources of the SBI Group
- Crypto-assets, which have a low correlation to traditional assets such as stocks, bonds, etc., enhance the effectiveness of diversification



3. As digital transformation, “DX,” which is the shift from analog to digital, accelerates, an infrastructure will be developed, including the legal and institutional aspects necessary for a new social form

Crypto-assets and STOs are Covered Under the Financial Instruments and Exchange Act, that became Effective in May 2020

Problems with ICOs

- Owing to the global explosion of virtual currencies from 2017 to 2018, the number of fraudulent ICO projects have rocketed, with the purpose and means of financing along with the usage of funds being unclear and service launches incomplete

Discussion lead by regulatory authorities

- In order to protect investors, a study group was established by the FSA in Mar. 2018, and subsequently a “Report from Study Group on Virtual Currency Exchange Services,” was released

Revision of related laws

- The revised Financial Instruments Act and Exchange Act was passed in May 2019
- The revised acts as well as the legislative decree and cabinet office regulations came into effect in May 2020

Applied examples

- Margin transactions using crypto-assets will be regulated in the same way as foreign exchange margin transactions (FX transactions)
- Security tokens (STOs) will be deemed as “Paragraph (1) Securities,” which is subject to disclosure restrictions and business restrictions

Discussions on the Lowering of Interbank Remittance Fees



Routed through the Zengin System, which has been

Criticized as Too High for Years, is Gaining Ground ①

-The government is urging the spread of a cashless society-

Developing countries' settlement system fees

	Settlement system fee per transaction	Commission equivalent to interbank fees
Japan (Zengin system)	N/A	JPY 162 (over JPY 30,000) JPY 117 (under JPY 30,000)
U.S.	USD 0.0035 (JPY 0.4)	—
U.K.	GBP 0.027 (JPY 3.5)	—
France	EUR 0.003~0.004 (JPY 0.4-0.5)	—

Source: Abstract of the government's "39th Growth Strategy Council -Investing for the Future" material

Newspaper article

(June 23, 2020; Nikkei morning edition)

Routed through the Zengin System, which has been
Criticized as Too High for Years, is Gaining Ground ②

-The cut into the closedness of Zengin System-

The Japanese Bankers Association
will continue its discussions at the
task force, and believes that it will be
able to release its findings by the
end of Mar. 2021

Newspaper article

(June 24, 2020; NIKKAN KOGYO SHIMBUN morning edition)

Amid Persistently High Financial Service-related Costs in Japan, Regulatory Authorities have Indicated Support for Industry Newcomers through Pressure on Existing Business Operators and Deregulation

Japan's International Remittance Costs Conspicuously High, Bank Fees Nearly Three Times Higher than in the U.S.

Among major countries, the cost of international remittance through banks in Japan is conspicuously high. According to the Bank of Japan, when customers sent USD 200 (about JPY 21,500) overseas through banks in 2019, the remittance fee in Japan was 17.5% of the amount sent. This is substantially higher than the 6%+ for the U.S. and the average of about 10% for G20 countries (some countries excluded). Behind this disparity are the high cost of bank infrastructure and fee structure problems unique to Japan. Many overseas remittances are settled through the Society for Worldwide Interbank Financial Telecommunication (SWIFT) system. SWIFT and the system connecting Japanese financial institutions constitute a two-tiered structure, and some view this as the source of inflated costs. In the international remittance sector, fintech companies are emerging, and development of digital currencies, such as U.S.-based Facebook's Libra, is progressing. Failure to improve the high-cost structure of banks may spur a change in the key players in this sector.

Nikkei Apr. 20, 2020

CAFIS Usage Fees Unchanged for More than 10 Years

On Apr. 21, 2020, the Japan Fair Trade Commission published a report summarizing the FinTech competitive environment. (Abbrev) According to the Commission, the CAFIS Center's annual number of transactions processed rose about threefold from fiscal 2008 to fiscal 2018, and for the instant payment gateway service, transactions rose about sixfold from fiscal 2016 to 2018. Nevertheless, "Volume-based fees have not been changed for more than ten years." The report also noted that the operating profit margin for the CAFIS business is in the 10% range and tends to be higher than the operating profit margin for the company as a whole. The report recognized that "Appropriate setting of usage fees through negotiation is desirable."

Nikkei xTECH Apr. 16, 2020

Specific strategies

- (1) Establishing a global organizational structure in the digital asset field that suits the DX era**
- (2) Transforming financial transactions through STOs**
- (3) Supporting blockchain utilization primarily in supply chain management for large corporations**
- (4) In the midst of rapidly moving toward a cashless society owing to COVID-19, Money Tap that is co-developed with U.S. Ripple provides an inexpensive payment service connection**
- (5) Addressing the security needs of digital transformation (DX)**
- (6) Entering into the e-Sports business as a new contact point with the digital generation**

Specific strategy

(1) Establishing a global organizational structure in the digital asset field that suits the DX era

Establishing a Global Organizational Structure Around SBI Digital Asset Holdings, to Proactively Expand Business in the Digital Asset Field that Suits the DX Era

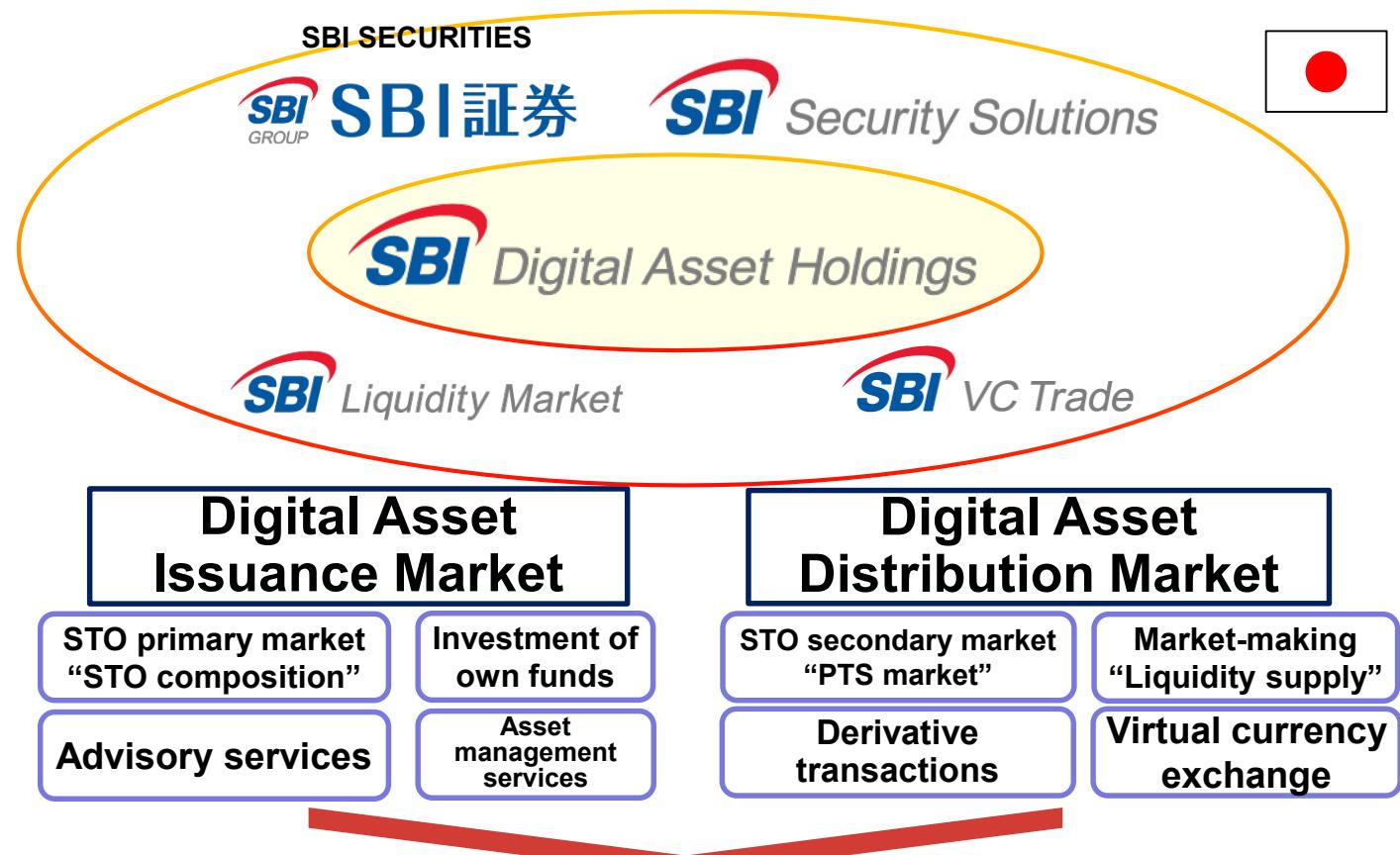
 Planning to establish a new company that issues and distributes digital assets in Singapore

SBI Digital Markets

Overseeing market-related services

SBI Digital Technologies

Overseeing technology-related services



Promote business alliances with strategic investee companies, or make them into subsidiaries



Specific strategy

(2) Transforming financial transactions through STOs

Japan STO Association Received Certification as a Self-regulatory Organization in Apr. 2020



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

- As of June 2020, 10 companies, including SBI SECURITIES, SMBC Nikko Securities, au Kabucom Securities, Daiwa Securities, Tokai Tokyo Securities, NOMURA SECURITIES, MONEX, Mizuho Securities, Rakuten Securities, and Sumitomo Mitsui Trust Bank, have joined as regular members. Additionally, 14 companies from various fields are participating as support members for the issuance of STOs

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 became effective as of 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

Transforming the Financial Markets with the STO as a New Source of Funding

About security tokens

- Managing real-world assets such as stocks and bonds as tokens on the blockchain
- Working toward fundraising methods designed to provide a higher degree of freedom than existing marketable securities—for instance, external fundraising that does not entail relinquishing management control available at low cost and for short timeframes

Example 1) Real estate industry

Existing issues

- Liquidity enhancement in the real estate market is insufficient
- There are many real estate properties with obscure registration information

Potential of STO

- Fundraising from a broad investor base through division of real estate beneficiary rights into small lots
- Clarification of the ownership transfer process

Example 2) Entertainment business

Existing issues

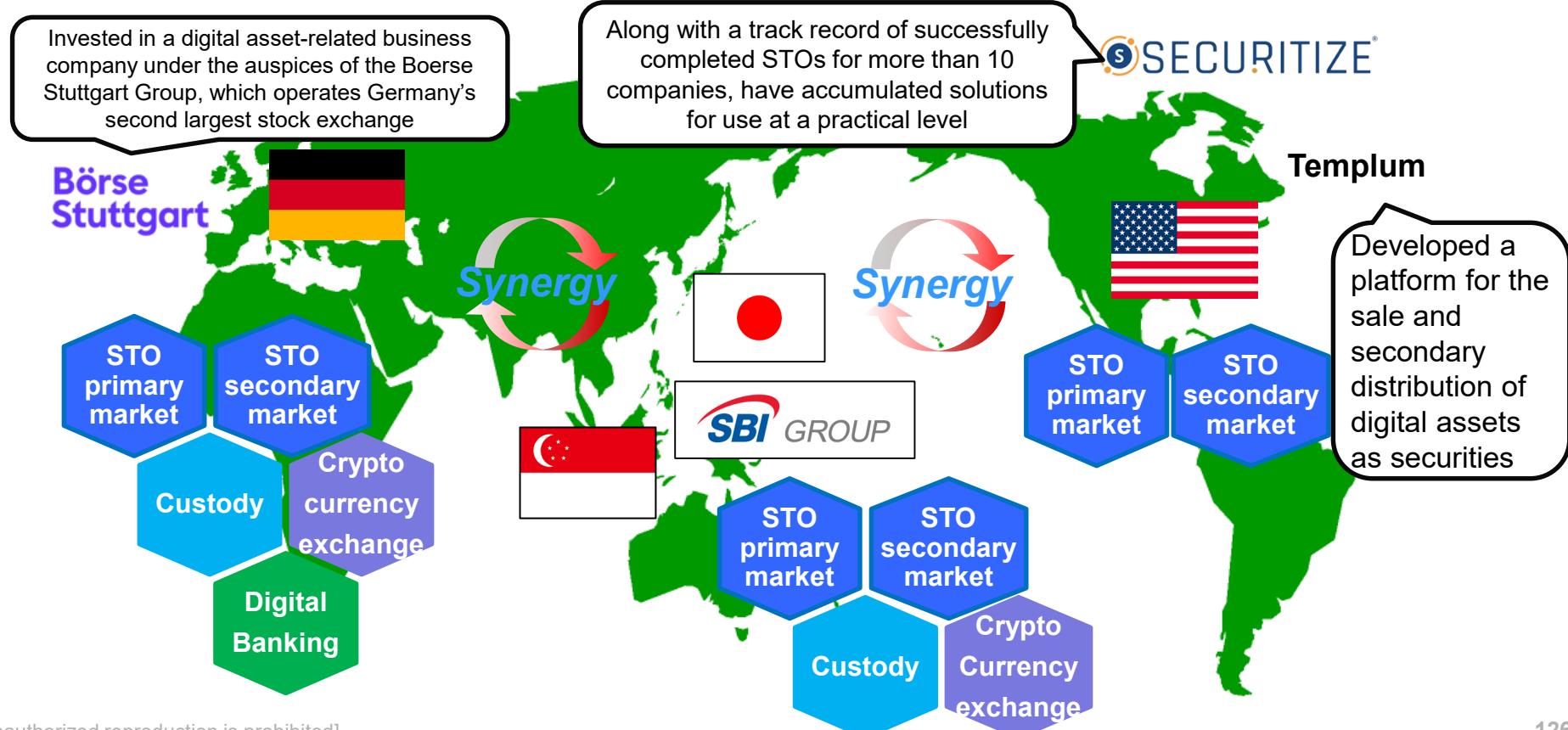
- Purchase of merchandise or tickets by fans on the basis of their own personal interests constitutes one-way support

Potential of STO

- Relationships become two way: for instance, if projects that people support as fans are successful, they can obtain profit distributions in the form of tokens

Establishing a Global Ecosystem to Develop the STO Market

- ◆ Enhancement of an ecosystem consisting of not only primary markets that issue tokens, but also secondary markets where tokens are traded among holders, is essential for developing and growing the STO market
- ◆ In addition to constructing a digital asset ecosystem, the SBI Group will engage in the STO business globally through collaboration with Japanese and overseas partners, including strategic investees
- ◆ To develop a secondary market with the goal of expanding the STO market, regular members of the Japan STO Association will take the lead in holding discussions about the establishment of a proprietary trading system (PTS) in Japan that will handle digital securities represented in tokens



Specific strategy

(3) Supporting blockchain utilization primarily in supply chain management for large corporations

When the supply chain management is categorized from the perspective of blockchain use cases, it can be broadly classified as,

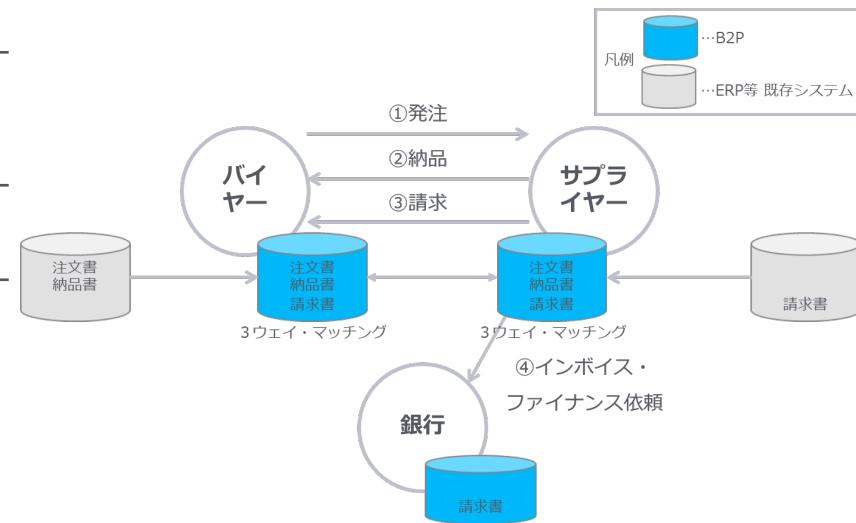
① commercial distribution and ② logistics

- ① **Commercial Distribution:** Buyers and suppliers can manage transactions efficiently by managing data, from ordering to delivery and billing on the blockchain platform, while also providing financing to suppliers that support commercial distribution
- ② **Logistics:** For industrial products, from raw materials to final products, and for agricultural products, tracing products from harvest to retail stores in order to project the distribution processes and route, as well as to manifest product quality

Utilizing Blockchain in Commercial Distribution Supply Chain Management

B2P, which enables automatic matching of order sheets, receipts and invoices, was developed by Digital Ventures, a partner of R3, and Accenture, and has achieved a reduction in human resource use for time and cost that was needed for existing transactions between contractors and contractees

Name of Service	Block Chain Solution for Procure to Pay (Abbreviation:B2P)
Use case	Supply chain management
Development Partners	Digital Ventures (A fintech subsidiary of Siam Commercial Bank) Accenture
User	Siam Cement Group (A conglomerate in Thailand)
Service Contents	<ul style="list-style-type: none"> Streamlining of procurement process (Automatic matching of order sheets, receipts and invoices) Acceleration of invoice financing 【Reference data】 Number of introduced companies : 4000 companies (As of Apr. 2020) Effects of reduction: time 50%, cost 70%
Next Step	<ul style="list-style-type: none"> Expansion overseas (such as providing the app as a white label, and customizing it to local specifications for deployment)



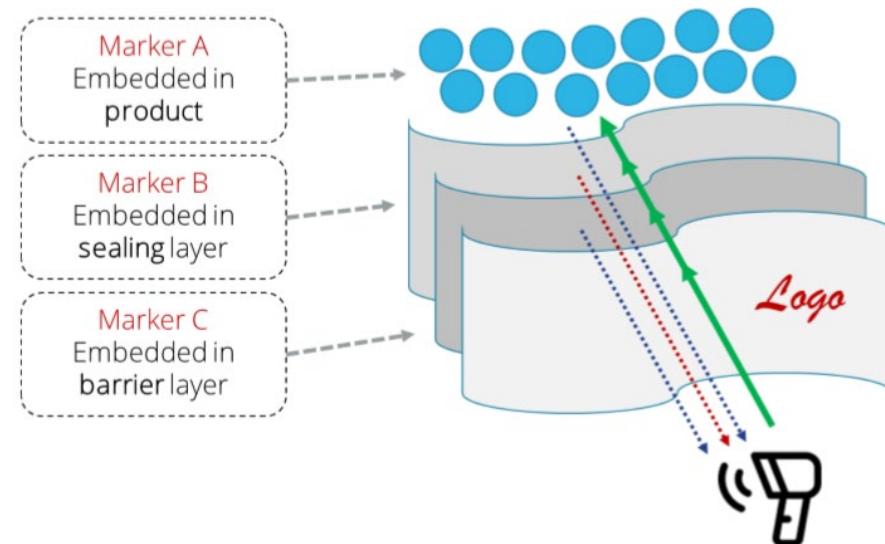
Will lead to a reduction in administrative cost throughout the entire supply chain, and will also lead to direct cost reduction, such as through the shortening of the fund collection cycle and lowering interest rates on procurement

Utilizing Blockchain in Logistics

Supply Chain Management ①

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 Q1 2021



In an increasingly complex global supply chain environment, raw materials are expected to be used as a means to prove the authenticity of agricultural products, and as a means to promote the recycling of raw materials

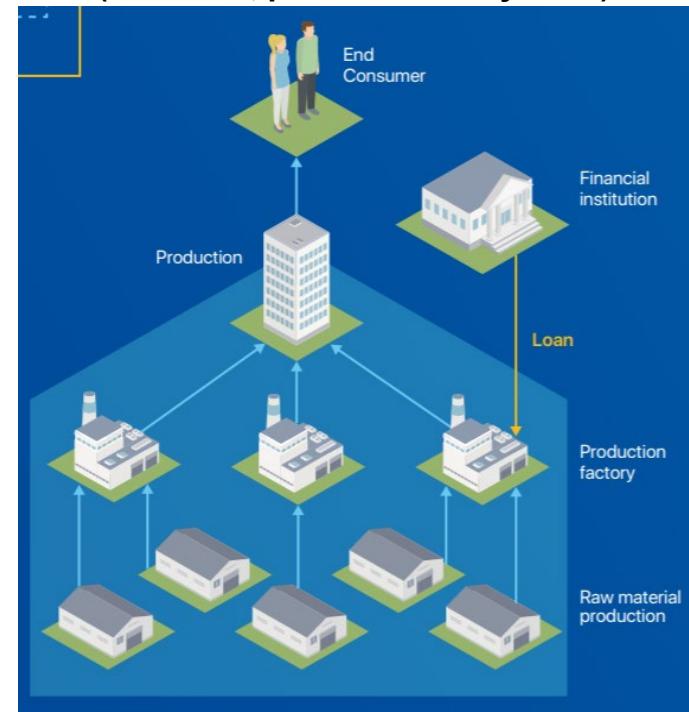
Utilizing Blockchain in Logistics Supply Chain Management ②

-TaaS (Traceability as a Service)-

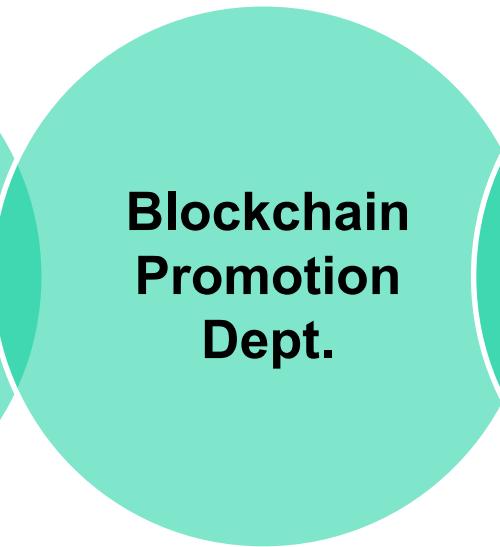
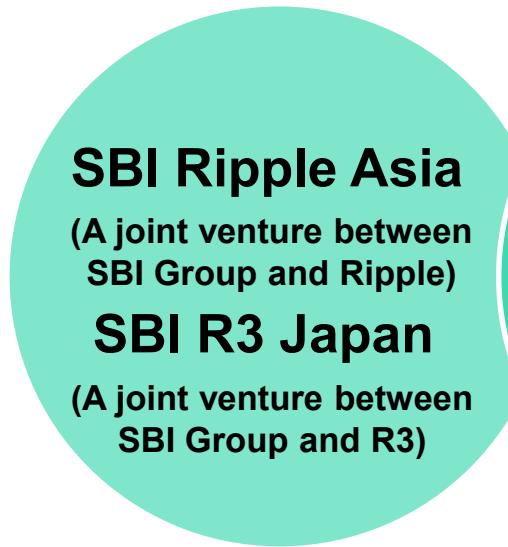
TaaS, developed by CTIA (Singapore), a partner of R3, can significantly reduce the burden of operations that need to be coordinated among stakeholders in the supply chain, such as manufacturers, trading companies, certification bodies, and transportation companies

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)

(Oct. 2019, press release by CTIA)



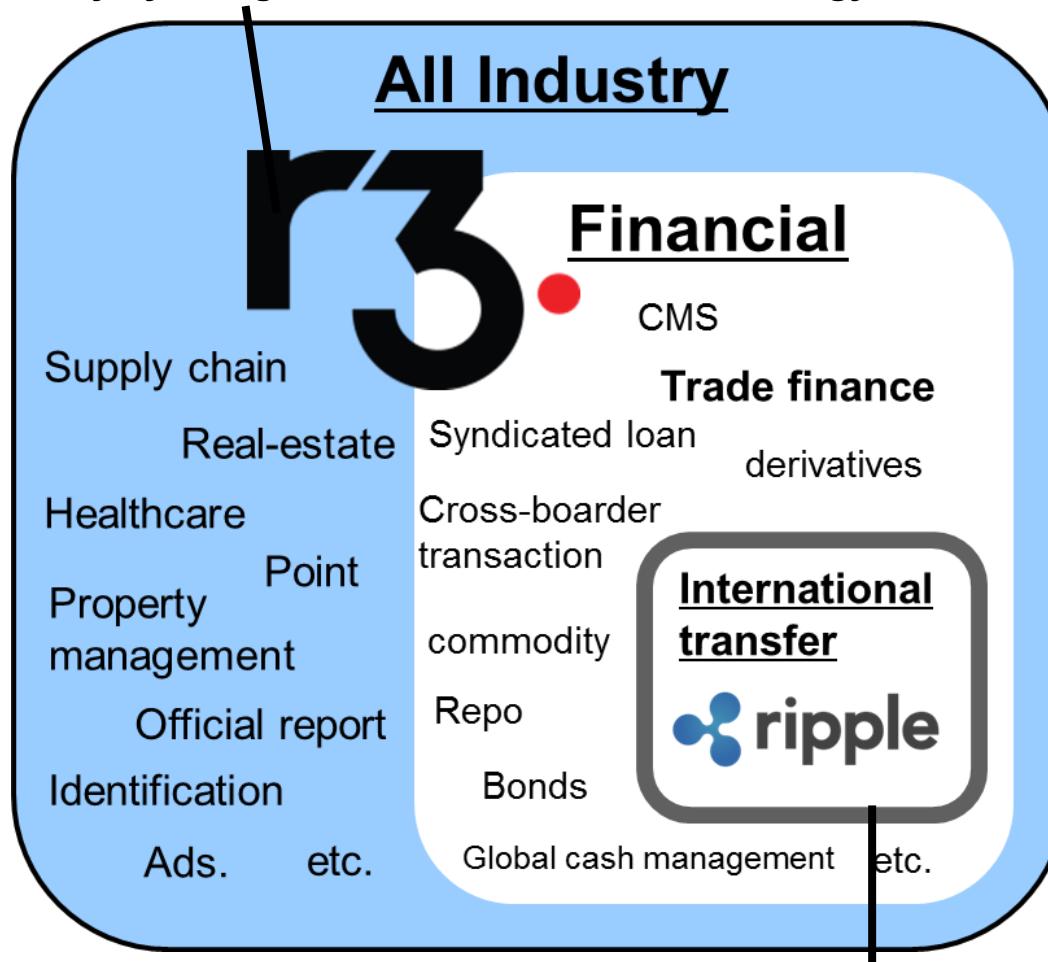
While the disruption in the supply chain at manufacturers, etc., have been seriously affected by the effect of COVID-19, there is the consequent possibility that manufacturers will now make significant use of blockchain



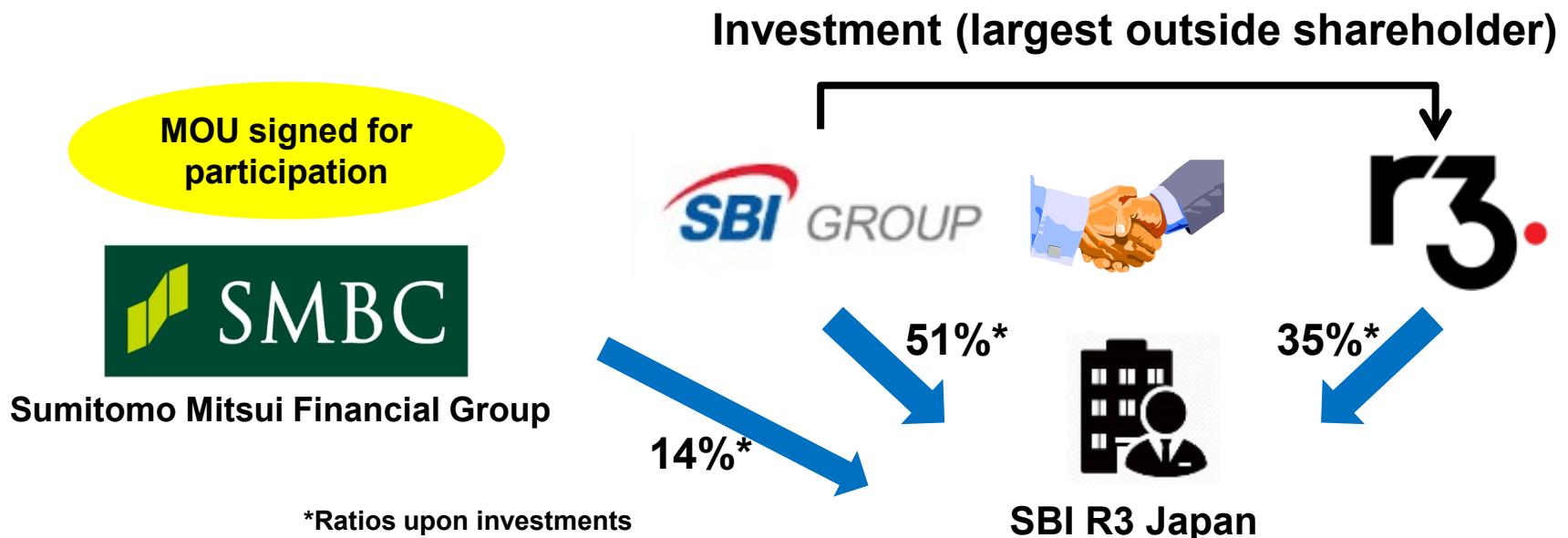
Disseminate know-how and technologies to companies outside of the Group to develop businesses

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., with Both Companies

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



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 was initiated by R3 and TradeIX of the U.K., utilizing Corda to realize labor-savings through a paperless, real-time and simple access in trade practice, to promote the use of enterprise blockchain in trade finance

Escape from a System that Relies on Raw Materials and Products Made Overseas, Such as from China



It was recognized that there are essential producers and items in Japan, through the COVID-19 crisis

[A high degree of dependence on medical supply imports was observed during the COVID-19 crisis]

Items	Dependency on imports	Dependent countries
Artificial ventilators	Over 90%	Europe, USA
Surgical masks	70~80%	China
Cotton swabs (For PCR diagnosis)	Almost 100%	Italy, USA
Medical gauze	About 60%	China
Hazmat suits	Almost 100%	China, Vietnam, USA
Medical gown	Mostly	China, Indonesia

Nihon Keizai Shimbun June 23, 2020

(Morning edition)

As it becomes evident that the domestic production of important products such as medical and sanitary products is needed, if a traceability management platform can be deployed, the supply chain stagnation and interruption situation may be easily projected and promptly dealt with

Advance regional revitalization as Japanese companies continue to attract new factories and diversify their supply chain

Specific strategy

(4) In the midst of rapidly moving toward a cashless society owing to COVID-19, Money Tap that is co-developed with U.S. Ripple provides an inexpensive payment service connection

The Government Continues to Encourage the Utilization of Cashless Payments

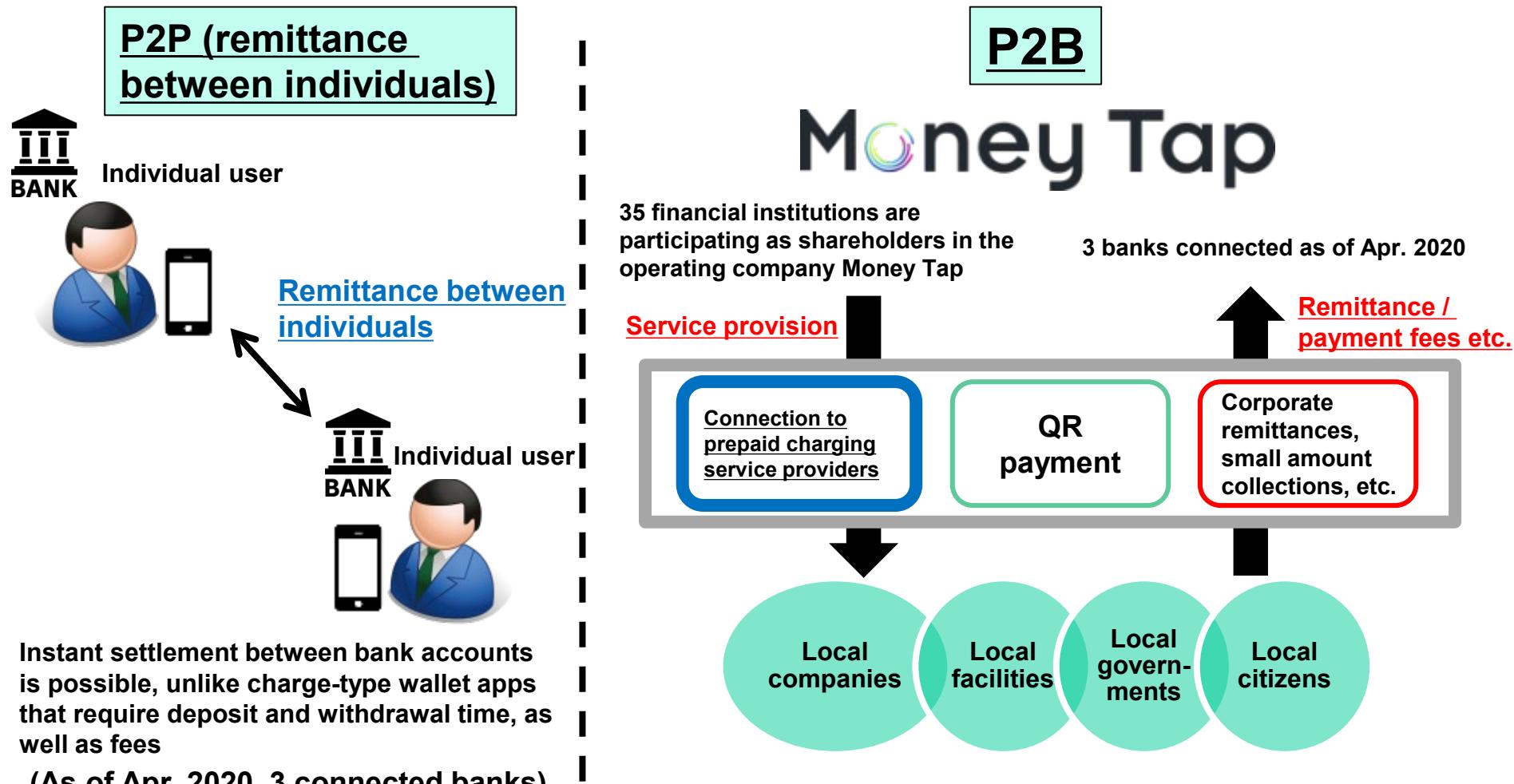
Cashless payments accounted for 26.8% of Japanese consumption in 2019. The use of credit cards and QR codes as a payment method increased by 2.7%. The government's point rewards accompanying the consumption tax hikes may have also contributed.

The government has set a target of 40% by 2025, which may be reached if an annual growth rate of about 3% can be maintained.(Abbrev) **The Ministry of Economy, Trade and Industry is planning to support the further use of cashless payments by creating guidelines that will require cashless payment providers to disclose their fees.**

Newspaper article

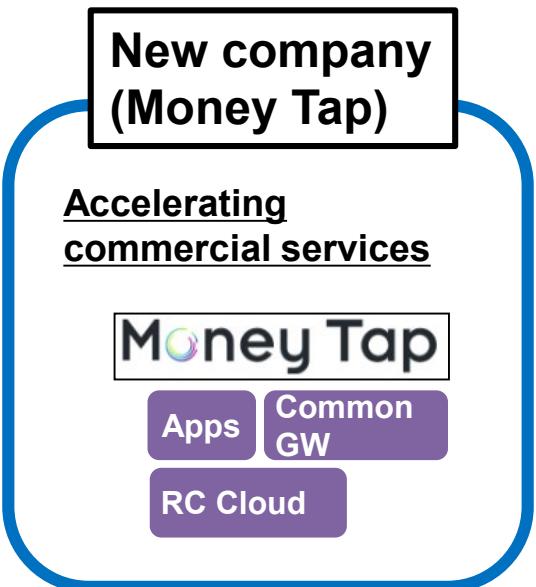
(June 23, 2020; Nikkei morning edition)

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

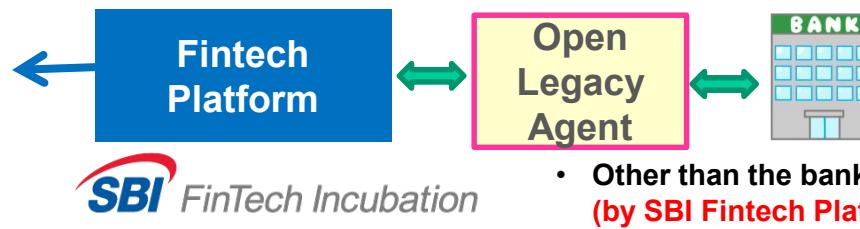


SBI Sumishin Net Bank, Suruga Bank and Ehime Bank are all connected, and negotiations are underway to connect another 20 financial institutions (of which 2 have already committed)

Israel's OpenLegacy API integration services will enable a faster deployment of API-based connections



The Ashikaga Bank, The Awa Bank, EHIME BANK, Kita-Nippon Bank, Kiraboshi Bank, The Gunma Bank, The Keiyo Bank, THE SAN-IN GODO BANK, Shizuoka Bank, SHIGA BANK, Shimane Bank, The Shimizu Bank, Shinsei Bank, SBI Sumishin Net Bank, SURUGA bank, Seven Bank, THE SENDAI BANK, THE DAISAN BANK, Daiwa Securities Group, CHIKUHO BANK, THE TOHO BANK, THE TOWA BANK, THE TOCHIGI BANK, The Hiroshima Bank, The Fukui Bank, THE FUKUOKA CHUO BANK, The Fukushima Bank, THE HOKURIKU BANK, THE MICHINOKU BANK, Sumitomo Mitsui Bank, Sumitomo Mitsui Trust Bank, Yamaguchi Financial Group(Yamaguchi Bank, Momiji Bank, The Kitakyushu Bank)



- Other than the banks above, **6 API platform (by SBI Fintech Platform) connected companies** may easily get connected



Consideration of receiving capital

At a stage where the acceptance of investments from domestic financial institutions has been completed, Money Tap will consider accepting an investment from U.S. Ripple, in order to strengthen technical cooperation and the promotion of initiatives related to international remittances

Other system vendors etc.

Status of Connections with Prepaid Charging Service Providers Utilizing Money Tap



-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

Bank

Upon charge by users

Prepaid charge service provider

User usage



Money Tap



Specific strategy

(5) Addressing the security needs of digital transformation (DX)

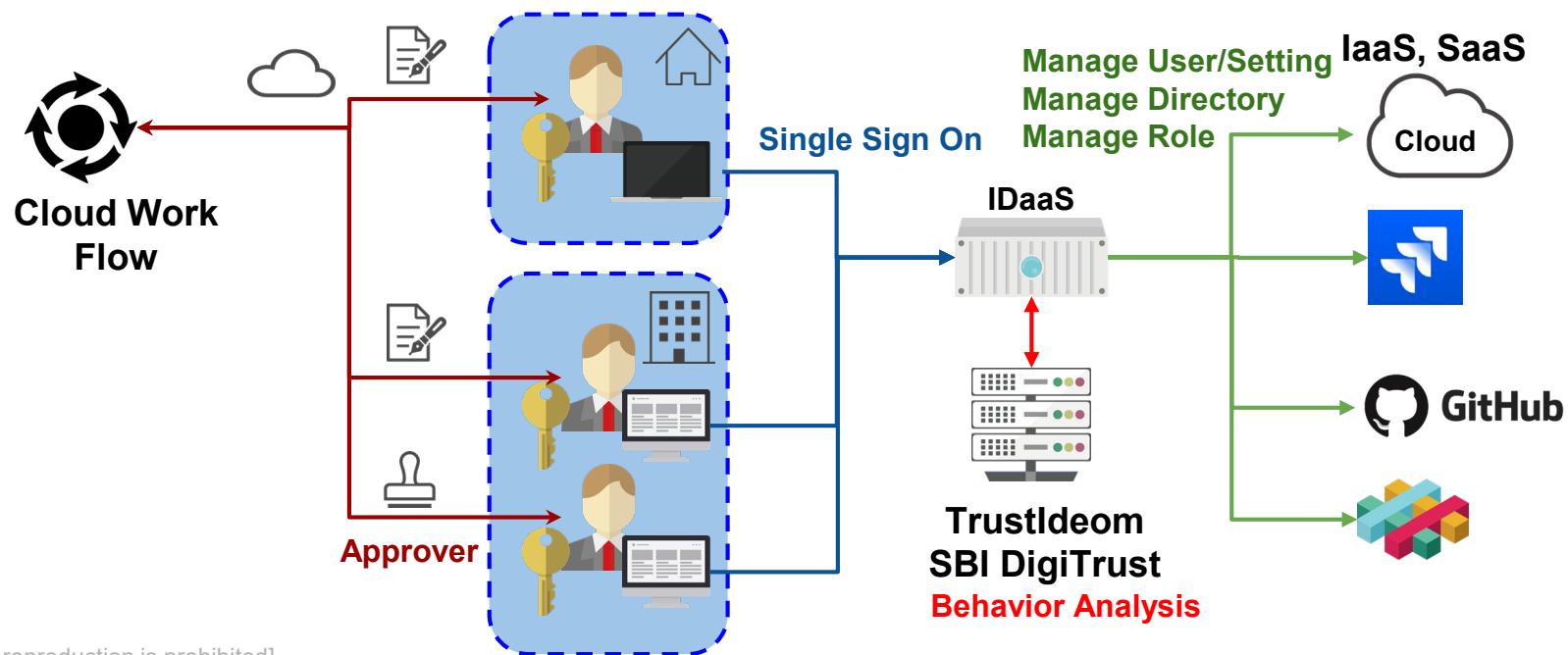
SBI Security Solutions Structures

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**



Specific strategy

(6) Entering into the e-Sports business as a new contact point with the digital generation

Strengthening Contact with the Digital Generation through the “e-Sports” Business



What is e-Sports?

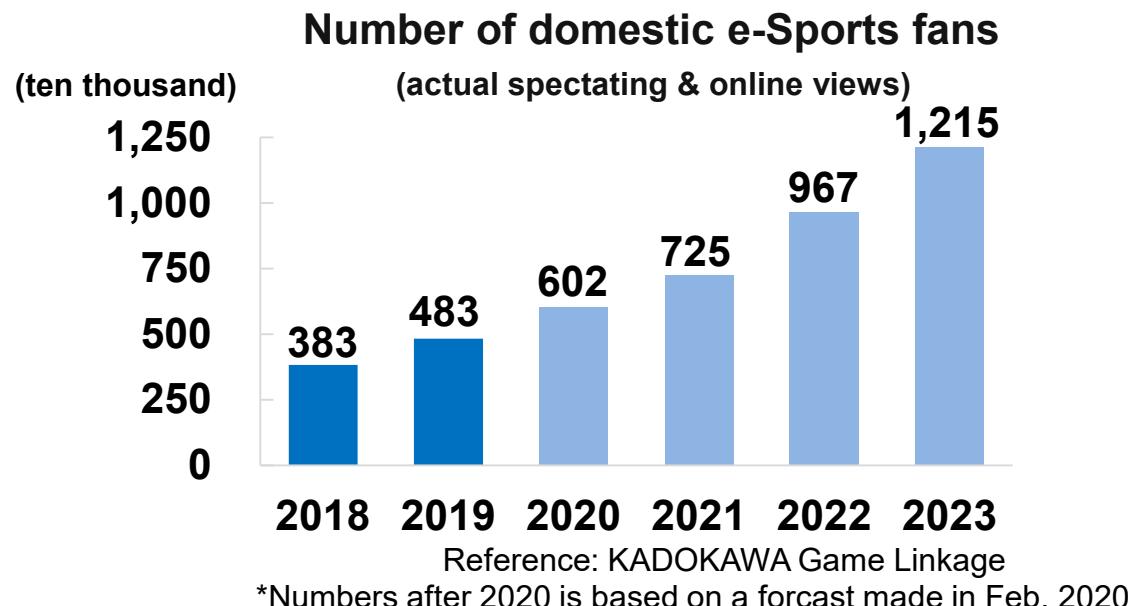
- Form of sports competition using computer and video games
- 70% of the approx. 5 million viewers in Japan are of the young (digital generation) adult segment, and have a high affinity with the target consumer base of the SBI Group's financial services
- It is expected to become a part of the regional development plans, and is being adopted as a cultural program of the National Sports Festival. This market has also garnered attention as a continued growth area, owing to the COVID-19 situation



[Announced June 19, 2020]

Business Content

Management of e-Sports team,
Operation of e-Sports media,
e-Sports related consulting



While raising the profile of the SBI Group within the digital generation to create synergies between the various financial services of the Group, will endeavor to contribute to regional revitalization

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