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[Attachments]

## **Business Report for the 16th Fiscal Year**

(April 1, 2022 - March 31, 2023)

### **1. Matters Concerning the Current Situation of the Company**

#### **(1) Business Progress and Results, etc. of the Group**

##### **<Details of the main businesses of the Group>**

The Group, which is comprised of the Company, six consolidated subsidiaries, and one equity method affiliate, mainly provides financial services such as banking services including deposits and loans, and credit card services through mobile apps and the Internet, and the BaaS (Banking as a Service) business, etc., where functions and services provided by banks are provided to various companies through systems.

The definitions of subsidiaries, subsidiary corporations, etc., affiliated corporations, etc. are based on Article 2, Paragraph 8 of the Banking Act and Article 4-2 of the Order for Enforcement of the Banking Act.

##### **<Financial business environment>**

Looking back at the consolidated fiscal year ended March 31, 2023, restrictions due to COVID-19 in Japan were relaxed, and the trend toward the relaxation or elimination of restrictions on behavior or movement continues worldwide. Meanwhile, there are concerns over the future direction of both the Japanese and overseas economies due to the effects of changes in monetary policy, including interest rate rises in many countries to combat rising inflationary pressure, and the potential worsening of the crisis in Ukraine.

Regarding the Japanese economy, although fears of a significant recession caused by the spread of COVID-19 receded, in the financial and capital markets, the Bank of Japan's decision to shift the yield curve (long-term interest rate manipulation) control range for the 10-year JGB rate from "±0.25%" to "±0.50%" at its December 2022 Monetary Policy Meeting led to the 10-year Japanese Government Bond interest rate temporarily rising to a level close to the upper limit of the target range at 0.50%, as the market speculated that a potential change in the Bank's monetary policy under its new Governor.

In the U.S., the Federal Open Market Committee of Federal Reserve Board (FRB) substantially raised the Federal Funds Rate (FF), its policy interest rate guidance target, primarily in order to curb rapid inflation. Following this, certain banks in the U.S. and Switzerland suffered a deterioration in their financial position and were forced to liquidate or merge with other banks in order to survive, which led to fears of an economic downturn.

In the foreign exchange market, USD-JPY exchange rate began the current fiscal year at 122.64 yen, and ended the period at 133.12 yen (Bank of Japan, USD/JPY spot rate; 17:00).

In the stock markets, the Nikkei Stock Average fluctuated between 27,624 yen at the beginning of the current fiscal year and 28,041 yen at the end of the period, an overall rise despite growing concerns about an economic slowdown due to a reduction in the volume of funds supplied to markets and the impact of interest rate increases in various foreign countries, among other factors.

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<Business results of the Group>

In this financial economic environment, for the fiscal year ended March 31, 2023, ordinary profit was 29.3 billion yen (up 26.3% year on year) and profit attributable to owners of parent was 19.9 billion yen (up 16.5% year on year). This was due to steady growth in the amount of mortgage loans, main products of the Company, and due to an increase in payment-related fees due to the expansion of the customer base and the progress of cashless payments.

Regarding the status of reportable segments for the fiscal year ended March 31, 2023, in the Digital banking business, an increase in fees and commissions due to lending administration fees and payment-related fees due to the progress of cashless payments due to mortgage loans, the main business, and an increase in net interest income against the backdrop of rising market interest rates overseas contributed to a gross profit of 58.9 billion yen (up 11.8% year on year), and as a result of increases in advertising expenses, etc., and increases of outsourcing expenses related to office work, expenses, etc., was 30.8 billion yen (up 11.6% year on year) and ordinary profit was 28.0 billion yen (up 12.0% year on year). In the BaaS business, in addition to an increase in account fees due to an increase in bank accounts and an increase in fees due to mortgage loans, with the steady performance of NetMove Corporation, a consolidated subsidiary of the Company, gross profit was 4.8 billion yen (up 161.9% year on year), expenses, etc., was 3.6 billion yen (up 0.3% year on year), and ordinary profit was 1.2 billion yen (improvement of 2.9 billion yen year on year) due to continuous system investments in addition to advertising expenses, etc., for the “NEOBANK®” service.

Profit per share was 132.18 yen

Regarding the status of assets and liabilities for the fiscal year ended March 31, 2023, total assets were 8,679.0 billion yen, an increase of 144.9 billion yen from the end of fiscal year ended March 31, 2022. Cash and due from banks were 1,100.4 billion yen, a decrease of 666.9 billion yen from the end of the fiscal year ended March 31, 2022, and loans and bills discounted amounted to 6,594.8 billion yen, an increase of 1,204.0 billion yen from the end of the fiscal year ended March 31, 2022 due to aggressive efforts for mortgage loans. Securities amounted to 558.7 billion yen, a decrease of 245.8 billion yen from the end of fiscal year ended March 31, 2022 against the backdrop of a difficult operating environment where it was difficult to reinvest. Meanwhile, liabilities amounted to 8,547.3 billion yen, an increase of 158.6 billion yen from the end of the fiscal year ended March 31, 2022. Deposits, which are mainly ordinary deposits and yen time deposits, amounted to 7,975.4 billion yen, an increase of 862.8 billion yen from the end of the fiscal year ended March 31, 2022. In addition, cash collateral received for securities lent amounted to 145.8 billion yen, a decrease of 223.9 billion yen from the end of the fiscal year ended March 31, 2022, and borrowed money amounted to 300.0 billion yen, a decrease of 486.4 billion yen from the end of the fiscal year ended March 31, 2022. Net assets amounted to 131.6 billion yen, a decrease of 13.7 billion yen from the end of the fiscal year ended March 31, 2022 due mainly to the recording of 19.9 billion yen in profit attributable to owners of parent and payment of cash dividends of 30.0 billion yen with retained earnings as the source of funds, as well as changes in valuation difference on available-for-sale securities and deferred gains or losses on hedges.

<Business progress, etc. of the Group.>

The Group has been striving to realize its basic concept of “providing easiest-to-use, attractive full internet banking products and services 24 hours a day, 365 days” since it started operation in September 2007. As a result of the support of many customers, the number of accounts at the end of the consolidated fiscal year ended March 31, 2023 was 6.14 million, and the total amount of deposits reached the 7.9 trillion yen range.

For mortgage loans, main products of the Company, we continued to expand our branch network this consolidated fiscal year using bank agents in order to provide our products to more customers, and have concluded partnership agreements with many companies and new bank agents. As a result of these initiatives, the cumulative amount of mortgage loans we handled since we started operation reached 9 trillion yen in March 2023. In the BaaS business, we launched Takashimaya NEOBANK, a banking and savings service for customers of Takashimaya, Inc. in June 2022; SBI Remit Branch, a banking service for customers of SBI Remit, Inc. in October 2022; Dai-ichi Life NEOBANK, a

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banking service for customers of Dai-ichi Life Insurance Co. Dai-ichi Life NEOBANK in January 2023, F NEOBANK, a banking service for fans of the Hokkaido Nippon Ham Fighters baseball team in March 2023, and RENOSY BANK, an online bank for real estate investors in conjunction with GA technologies, Inc. Going forward, we will continue striving to deliver our financial infrastructure as BaaS (Banking as a Service) to a variety of companies and work to provide financial services using the latest technology to even more customers.

We will also continue to develop and improve attractive financial services by maximizing the convenience of the Internet with “customer-centric” “initiatives concerning SBI Sumishin Net Bank’s fiduciary duties.”

<Issues to be addressed>

Since the Company started business, the environment of the banking industry has been rapidly changing, such as the expansion of financial transactions using the Internet, the spread of smartphones and tablets, and in recent years, other industries entering and becoming more active in the FinTech business field, and domestic IT companies and regional banks entering the field of Internet-only banks. With the Company’s Corporate Mission Values of “We strive to pioneer new fields for the near future of the financial industry and pursue innovative business models” and “Creating new values that help our customers, shareholders, employees, and society to develop,” basing our business activities on “customer-centric,” we seek to bring greater convenience, and steadily manage our business and organization.

Currently, the economic and social outlook continues to be unclear due to impacts of COVID-19 and the situation in Ukraine.

The Group, through steadily continuing business as an Internet-only bank, will continue to appropriately support customers as an infrastructure company that provides banking functionality. The Group has seen impacts of the spread of non-face-to-face transactions such as an increase in the number of account openings and an increase in transactions through the Internet. Although we recognize that the impact on the Group’s management base is limited at this time, there is the possibility of impacts due to changes in the economic environment and changes in the number of infections, etc., in the future.

The priority issues to be addressed by the Group on business and financial affairs are as follows.

1) Creation of new business models for the new era

Despite the shift in yield curve control (long-term and short-term interest rate management) for the 10-year JGB interest rate from “±0.25%” to “±0.50%” indicated at the Bank of Japan’s Monetary Policy Meeting in December 2022, Japan’s negative interest rate policy remains protracted, and we recognize that continued profit growth in the future will be difficult in the traditional income model that secures profit margins centered on deposits and loans. Furthermore, we recognize that competition has been increasingly fierce with Internet-only banks. Under these circumstances, the Group, not limited to the BaaS business, will continue to achieve further profit growth by accumulating non-interest income, which is not conventional financial income, by constructing innovative business models.

Furthermore, the Group has expanded its Digital banking business and provided high value-added products by combining the use of advanced IT technologies such as APIs and the cloud with a customer-centric culture. In order to create new value, the Group strives to achieve efficient business operations by keeping expense ratios low and generating high net business profit per employee by leveraging technology. The Group will continue to speedily create new value by quickly introducing high quality user interface/user experience (UI/UX) and advanced, efficient technologies such as AWS (Amazon Web Services) cloud, API, AI, and big data.

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2) Establishment of a stable income base and customer base

By promoting the construction of an income base and customer base, the Group aims to establish an even more stable management base by continuing to provide products that match customer life stages and introducing new services that seek customer convenience.

One of the characteristics of the Company is “stable and steady business growth.” The Group's average annual growth rate over the period from the fiscal year ended March 31, 2018 to the fiscal year ended March 31, 2023 was 9.7% for gross business profit, 13.6% for ordinary income, and 13.7% for net income attributable to shareholders of the parent, while the average annual growth rate for the number of deposit accounts was 13.8%.

For the main product, mortgage loans, we will review product characteristics, improve the customer support system, and expand sales channels. For the BaaS business, we will work to further accumulate balances and enhance profitability through expanding partnerships with partners engaging in housing related businesses such as YAMADA HOLDINGS CO., LTD. and Open House Group Co., LTD. In addition, our expected loss ratio (Note) for mortgage loans as of March 31, 2023 was only 0.02% due to the effectiveness of our proprietary technology, such as AI screening models, and our high-quality customer base. Furthermore, we aim to strengthen profitability by developing business partners through group collaboration, etc., and accumulate balances by appealing product strengths, etc., in customer loans. We will also strive to accumulate stable fee-based income by aiming to enhance customer convenience through expanding payment businesses such as credit cards and debit cards, and proactive initiatives in the FinTech field, etc.

In the BaaS business, we will work to leverage the expertise we have cultivated since our opening to provide our NEOBANK services to an even greater number of business partners and their customers, in order to create new value in the financial services sector. The NEOBANK services that we offer are designed to provide a complementary banking infrastructure that integrates with our business partners' platforms to enable customers to use the business partners' services smoothly and efficiently. We have achieved profitability in these BaaS businesses in the two years since their launch. Going forward, we will continue developing our services to deliver a smooth and convenient financial experience to our customers.

(Note) Expected loss ratio is calculated based on the Probability of Default (PD) × Loss Given Default (LGD) for exposure to residential real estate calculated in accordance with the “Criteria for Judging Whether a Bank's Capital Adequacy is Appropriate in Light of Assets Held” (the Financial Services Agency Notification No. 19; March 27, 2006), which is based on Article 14-2 of the Banking Act

3) Strengthening the business management system

The business management risks facing the Group are changing due to the expansion of the customer base and total assets, business diversification, and volatile market environment. We will autonomously enhance our management system in line with future business development.

In terms of systems, with providing highly convenient services that are of use to customers as the number one priority, we will continuously consider constructing a system suitable for future business models while promoting minimizing development risks and advancing measures to prevent failures from occurring and to prevent their expansion when they do occur.

In terms of risk management, we will strive to strengthen risk management by promoting strengthening the interest rate risk management and liquidity risk management system in line with the assets held by the Group and enhance credit risk management while complying with various regulations such as Basel III.

In addition, we will further promote customer protection measures by constructing a risk management system appropriate for the increasing number of bank agents and strengthening security measures based on of the growing social expectations of financial institutions and the recent increase in financial crimes and cyberattacks on the Internet.

We appreciate the continued understanding and cooperation of our shareholders as we move forward.

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(2) Status of Assets and Profit of the Group and Company

A. Status of assets and profit of the Group

(Millions of yen)

	FY2019	FY2020	FY2021	FY2022
Ordinary income	77,737	78,754	83,527	98,052
Ordinary profit	19,000	20,726	23,265	29,390
Profit attributable to owners of parent	12,570	13,928	17,113	19,932
Comprehensive income	11,948	14,741	11,706	16,254
Net assets	118,944	134,182	145,392	131,691
Total assets	6,373,777	7,233,344	8,534,021	8,679,004

- (Notes)
1. The amounts above are shown with amounts less than one unit rounded down.
  2. Based on a resolution of the Extraordinary General Meeting of Shareholders on January 18, 2023, the Company paid a cash dividend of 198.95 yen per share, or a total of 30,000 million yen, from retained earnings, (written resolution pursuant to Article 319, Paragraph 1 of the Companies Act), with the record date on the aforementioned date of resolution and the effective date on January 20, 2023. As a result, net assets decreased by 30,000 million yen.

B. Status of assets and profit of the Company

(Millions of yen)

	FY2019	FY2020	FY2021	FY2022
Deposits	5,392,277	6,293,877	7,115,850	7,977,700
Time deposits	1,612,032	1,591,515	1,641,811	1,786,215
Others	3,780,245	4,702,362	5,474,039	6,191,484
Loans and bills discounted	4,043,990	4,566,789	5,409,936	6,606,594
Individuals	3,669,229	4,045,411	4,757,344	5,664,193
Small to mid-sized enterprises	1,976	469	43,429	36,086
Others	372,784	520,908	609,162	906,313
Securities	645,361	692,622	813,670	568,626
Japanese government bonds	130,376	225,313	385,929	149,840
Others	514,984	467,309	427,741	418,786
Total assets	6,373,242	7,204,724	8,533,737	8,677,604
Domestic exchange transactions	17,519,881	21,979,575	28,338,339	31,511,346
Foreign exchange transactions	Millions of dollars 132,953	Millions of dollars 213,450	Millions of dollars 158,064	Millions of dollars 285,435
Ordinary profit (loss)	18,738	20,608	22,346	29,035
Profit (loss)	12,477	13,900	16,680	19,890
Profit (loss) per share	Yen 82.74	Yen 92.18	Yen 110.61	Yen 131.90

- (Notes)
1. The amounts above are shown with amounts less than one unit rounded down.
  2. Based on the resolution of the Board of Directors at a meeting held on December 10, 2021, the Company conducted a share split at a ratio of 100 shares for a common share effective January 1, 2022. Profit (loss) per share is calculated assuming that the share split was conducted at the beginning of the fiscal year ended March 31, 2019, and profit (loss) per share for the fiscal year ended March 31, 2019 and the fiscal years thereafter have been retroactively adjusted.

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(3) Status of Employees of the Group

A. Status of employees of the Group

	Digital banking business	BaaS business	Total
Number of employees	670	78	748

(Note) The number of employees includes Executive Officers who do not concurrently serve as Director and seconded employees, and excludes fixed-term contract employees and temporary employees.

B. Status of employees of the Company

	As of March 31, 2023
Number of employees	592 employees
Average age	39 years and 3 months old
Average length of service	4 years and 2 months
Average monthly salary	639 thousand yen

- (Notes)
1. The average age, the average length of service, and the average monthly salary are shown with amounts less than one unit rounded down.
  2. The number of employees include Executive Officers and accepted secondees who do not concurrently serve as Director. It does not include fixed-term contract employees and temporary employees.
  3. The average age, the average length of service, and the average monthly salary do not include accepted secondees, fixed-term contract employees, and temporary employees.
  4. The average monthly salary includes bonuses and overtime allowances, etc.

(4) Status of Business Locations, etc. of the Group

A. Status of business locations, etc. of the Company

1) Number of business locations

	As of March 31, 2023
Head office and branches	29 branches including 4 sub-branches

2) Business locations opened during the fiscal year ended March 31, 2023

Business location	Address
Sendai Business Center	Aioi Nissay Dowa Insurance Sendai Ichibancho Building 5 <sup>th</sup> Floor, 8-10 Ichibancho 2-chome, Aoba-ku, Sendai City, Miyagi, Japan
Shinjuku Sales Headquarters	Sumitomo Fudosan Nishi-Shinjuku Building 5, 1 <sup>st</sup> Floor, 34-7 Nishi-Shinjuku 4-chome, Shinjuku-ku, Tokyo, Japan
Takashimaya Branch	Izumi Garden Tower 18th Floor, 6-1, Roppongi 1-chome, Minato-ku, Tokyo, Japan
SBI Remit Branch	Izumi Garden Tower 18th Floor, 6-1, Roppongi 1-chome, Minato-ku, Tokyo, Japan
Dai-ichi Life Insurance Branch	Izumi Garden Tower 18th Floor, 6-1, Roppongi 1-chome, Minato-ku, Tokyo, Japan
Fighters Branch	Izumi Garden Tower 18th Floor, 6-1, Roppongi 1-chome, Minato-ku, Tokyo, Japan
Renosy Branch	Izumi Garden Tower 18th Floor, 6-1, Roppongi 1-chome, Minato-ku, Tokyo, Japan

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3) List of bank agents

Name	Address of main business location	Main business other than bank agency business
Sumitomo Mitsui Trust Bank, Limited	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan	Banking
SBI SECURITIES Co., Ltd.	6-1, Roppongi 1-chome, Minato-ku, Tokyo, Japan	Securities
SBI MONEYPLAZA Co., Ltd.	6-1, Roppongi 1-chome, Minato-ku, Tokyo, Japan	Financial product intermediary
GOOD MORTGAGE	5-1, Nishishinjuku 6-chome, Shinjuku-ku, Tokyo, Japan	-
MX Mobiling Co., Ltd.	2-24, Toyosu 3-chome, Koto-ku, Tokyo, Japan	Mechanical equipment retail
I.F.CREATE Co., Ltd.	36-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo, Japan	Non-life insurance agency
Yoshida Communication Co., Ltd.	5-14, Kinkocho, Kanagawa-ku, Yokohama-shi, Kanagawa, Japan	Mechanical equipment retail
Asahi Kasei Homes Financial Corporation	1-105, Kanda Jinbocho, Chiyoda-ku, Tokyo, Japan	Housing-only financial business
Shimane bank Ltd.	484-19, Asahimachi, Matsue-shi, Shimane, Japan	Banking
JAL Payment Port Co., Ltd.	4-11, Higashishinagawa 2-chome, Shinagawa-ku, Tokyo, Japan	Other ancillary financial business
FUKUSHIMA BANK, LTD.	2-5, Banseicho, Fukushima-shi, Fukushima, Japan	Banking
THE MICHINOKU BANK, LTD.	3-1, Katta 1-chome, Aomori-shi, Aomori, Japan	Banking
THE SENDAI BANK, Ltd.	1-1, Ichibancho 2-chome, Aoba-ku, Sendai-shi, Miyagi, Japan	Banking
Anabuki Insurance Co., Ltd.	8-1, Togyamachi, Takamatsu-shi, Kagawa, Japan	Life insurance brokerage
TOHO HOUSE Co., Ltd	12-2, Honcho 2-chome, Kokubunji-shi, Tokyo, Japan	-
LIXIL Housing Research Institute, Ltd.	1-1, Ojima 2-chome, Koto-ku, Tokyo, Japan	General contractor
T-money Co., Ltd.	16-17, Nanpeidai-cho, Shibuya-ku, Tokyo, Japan	Electronic money business
Takashimaya Company, Limited	1-5 Namba 5-chome, Chuo-ku, Osaka-shi, Osaka, Japan	Department store business
OuchiLink Co., Ltd.	16-1 Shibuya 2-chome, Shibuya-ku, Tokyo, Japan	Communication
Kashiwabara Assist, Co., Ltd.	8-15, Konan 1-chome, Minato-ku, Tokyo, Japan	Housing-only financial business
YAMADA Finance Co., Ltd.	1-1, Sakaecho, Takasaki-shi, Gunma, Japan	Housing-only financial business
EHIME BANK, LTD.	2-1, Katsuyamacho, Matsuyama-shi, Ehime, Japan	Banking
GOESWELL Co., Ltd.	17-18, Shinjuku 5-chome, Shinjuku-ku, Tokyo, Japan	Non-life insurance agency
Smart Billing Service	4-10, Nishiikebukuro 1-chome, Toshima-ku, Tokyo, Japan	Other business services
FAMILYLIFESERVICE	12-13, Sakai 2-chome, Musashino-shi, Tokyo, Japan	Housing-only financial business
Yuryo Loan Co., Ltd.	34-7, Shinjuku 4-chome, Shinjuku-ku, Tokyo, Japan	Housing-only financial business
SBI Remit Co., Ltd.	6-1 Roppongi 1-chome, Minato-ku, Tokyo, Japan	Remittance business

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Name	Address of main business location	Main business other than bank agency business
YAMADA DENKI CO., LTD.	1-1 Sakae-cho, Takasaki-shi, Gunma, Japan	Appliance and equipment retail
The Dai-ichi Life Insurance Company, Limited	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo, Japan	Insurance
HOME FIRST FINANCE., LTD.	20-2, Nishishinjuku 1-chome, Shinjuku-ku, Tokyo, Japan	Housing-only financial business
NEOBANK Services Co., Ltd.	6-1 Roppongi 1-chome, Minato-ku, Tokyo, Japan	Research, development and planning related to financial business
GRIT INC.	2-1 Roppongi 3-chome, Minato-ku, Tokyo, Japan	-



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4) Status of bank agents operating banks, etc.

Name
Sumitomo Mitsui Trust Bank, Limited

A. Subsidiaries of the Company

1) Digital banking business

Company Name	Main Sales Sites	Location
Yuryo Loan Co., Ltd.	Headquarters	Shinjuku-ku, Tokyo, Japan
	Osaka Branch	Chuo-ku, Osaka-shi, Japan
	Fukuoka Branch	Hakata-ku, Fukuoka-shi, Japan
SBI Sumishin Net Bank Card Co., Ltd.	Headquarters	Minato-ku, Tokyo, Japan

2) BaaS business

Company Name	Main Sales Sites	Location
netmove	Headquarters	Chiyoda-ku, Tokyo, Japan
Dayta Consulting Co., Ltd.	Headquarters	Minato-ku, Tokyo, Japan
THEMIX Data, Inc.	Headquarters	Minato-ku, Tokyo, Japan
NEOBANK Services Co., Ltd.	Headquarters	Minato-ku, Tokyo, Japan

(5) Status of Capital Investment of the Group

A. Total Capital investment

(Millions of yen)

Company Name	Amount Invested
SBI Sumishin Net Bank, Ltd.	10,341

- (Notes)
1. The stated amount is shown with amounts less than one million yen rounded down.
  2. The total amount (excluding transfers from suspense accounts) of investments toward property, plant and equipment and intangible assets are shown.
  3. For internal management purposes, the Group does not allocate assets to each segment. Accordingly, total capital expenditures for each company are listed.

B. Construction of significant facilities, etc.

(Millions of yen)

Company Name	Details	Amount Invested
SBI Sumishin Net Bank, Ltd.	Software	10,010
	Software in progress	

- (Notes)
1. The stated amount is shown with amounts less than one million yen rounded down.
  2. The total amount (excluding transfers from suspense accounts) of investments toward property, plant and equipment and intangible assets are shown.
  3. For internal management purposes, the Group does not allocate assets to each segment. Accordingly, the amount of construction of significant facilities, etc. for each company are listed.

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(6) Status of Significant Parent Companies and Subsidiaries, Etc.

A. Status of parent companies

Not applicable.

B. Status of subsidiaries, etc.

Name	Address	Main business	Capital	Voting rights ratio of subsidiaries, etc., held by the Company	Other
SBI Sumishin Net Bank Card Co., Ltd.	Minato-ku, Tokyo, Japan	Credit cards business, etc.	200 million yen	100.00%	Subsidiary
netmove	Chiyoda-ku, Tokyo, Japan	Settlement services and other finance-related business	100 million yen	100.00%	Subsidiary
Dayta Consulting Co., Ltd.	Minato-ku, Tokyo, Japan	AI-based screening services and other finance-related business	50 million yen	60.00%	Subsidiary
Yuryo Loan Co., Ltd.	Shinjuku-ku, Tokyo, Japan	Money lending, etc.	600 million yen	100.00%	Subsidiary
THEMIX Data, Inc.	Minato-ku, Tokyo, Japan	Advertising business, etc.	450 million yen	95.00%	Subsidiary (Note 4)
NEOBANK Services Co., Ltd.	Minato-ku, Tokyo, Japan	Bank agent business	70 million yen	100.00%	Subsidiary (Note 5)
JAL Payment Port Co., Ltd.	Shinagawa-ku, Tokyo, Japan	Other ancillary financial business	390 million yen	15.06%	Affiliated corporation, etc.

- (Notes)
1. The stated amounts are shown with amounts less than one million yen rounded down.
  2. The voting rights ratios of subsidiaries, etc., held by the Company are shown with amounts rounded down to the second decimal place.
  3. As of March 31, 2023, the Company has six consolidated subsidiaries, which are the significant subsidiaries above. The Company has one equity method affiliate.
  4. THEMIX Data, Inc. was established in the year ended March 31, 2023 and is included in the scope of consolidation.
  5. NEOBANK Services Co., Ltd. was established in the year ended March 31, 2023 and is included in the scope of consolidation.

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(7) Status of Business Transfers, Etc.  
Not applicable.

(8) Other Significant Matters Concerning the Current State of the Group  
The Company was listed on the Standard Market of the Tokyo Stock Exchange on March 29, 2023.

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## 2. Matters Concerning Company Officers (Directors and Auditors)

### (1) Current Status of Company Officers

(As of March 31, 2023)

Name	Current position and responsibilities	Significant concurrent positions	Other
Kenji Yamada	Chairman		
Noriaki Maruyama	President	Director, THEMIX Data, Inc.	
Tomokazu Yokoi	Director and Managing Executive Officer, General Manager, Corporate Division		
Gen Ozaki	Director and Managing Executive Officer		
Manatomo Yoneyama	Director (Outside Director)	Managing Executive Officer of Sumitomo Mitsui Trust Holdings, Inc. Director and Managing Executive Officer of Sumitomo Mitsui Trust Bank, Limited. Director of UBS SuMi TRUST Wealth Management Co., Ltd.	Note 1
Tomoya Asakura	Director (Outside Director)	President of Morningstar, Inc. President of Morningstar Asset Management, Inc. Director and Senior Executive Vice President of SBI Holdings, Inc. Director of SBI Asset Management Co., Ltd. Director of SBI Global Asset Management Co., Ltd. Director of SBI Alternative Asset Management Co., Ltd. Director of SBI Insurance Group Co., Ltd. Director of SBI Energy Co., Ltd. Executive Chairman of SBI Estate Finance Co., Ltd. Director of SBI Regional Business Succession Investment Co., Ltd. Director of SBI NEO FINANCIAL SERVICES Co., Ltd. Director of Carret Holdings, Inc. Director of Okasan Asset Management Co., Ltd. Director, SBI Asset Management Co., Ltd.	Note 1
Yukihito Machida	Director (Outside Director)	Attorney-at-law at Atsumi Sakai Law Office	Notes 1, 5
Hitoshi Hatta	Director (Outside Director)		Notes 1, 5
Tomohisa Takeda	Director (Outside Director)	Attorney-at-law at Tomohisa Takeda Law Office	Notes 1, 5
Tamotsu Moriyama	Director (Outside Director)	President and Representative Director of Maxus Corporate Advisory Inc. Outside Director of PROPOLIFE GROUP Inc.	Notes 1, 5

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Name	Current position and responsibilities	Significant concurrent positions	Other
Toshiharu Fujita	Standing Auditor (Outside)	Outside Audit and Supervisory Board Member of SBI Sumishin Net Bank Card Co., Ltd.	Notes 2, 5
Toshiro Ishizaki	Standing Auditor (Outside)	Outside Audit and Supervisory Board Member of SBI Sumishin Net Bank Card Co., Ltd.	Notes 2, 5
Mariko Hidaka	Auditor (Outside)	Representative and Certified public accountant at Hidaka Certified Public Accounting Office Outside Director of Tosoh Corporation Outside Director and Audit Committee Member of Kyokuto Boeki Kaisha	Notes 2, 3, 5
Naoyuki Iwashita	Auditor (Outside)	Professor of School of Government at Kyoto University Director of Distributed Autonomous Society Forum Counselor at the Financial Services Agency Part-time Lecturer at Osaka University Member of the Industrial Cyber Security Study WG2 of the Ministry of Economy, Trade and Industry of Japan Advisory Board Member/Advisor of Iyogin Holdings, Inc. Member of Financial System Counsel of the Financial Services Agency Member of the Council for Regulatory Reform at Cabinet Office Senior Researcher of the Japan Institute of Law and Information Systems Director of LINE Mirai Foundation Visiting Professor of Research Organization of Information and Systems Advisor of International Financial City OSAKA Promotion Committee Chairman of Steering Committee of research and development on new generation cryptography for secure wireless communication services Visiting Researcher, SBI Financial and Economic Research Institute Co., Ltd.	Notes 2, 5

- (Notes) 1. Directors Manatomo Yoneyama, Tomoya Asakura, Yukihito Machida, Hitoshi Hatta, Tomohisa Takeda, and Tamotsu Moriyama are Outside Directors as stipulated in Article 2, Item 15 of the Companies Act.
2. Auditors are all Outside Auditors as stipulated in Article 2, Item 16 of the Companies Act.
3. Auditor Mariko Hidaka is a certified public accountant and has considerable knowledge of financial affairs and accounting.
4. The Company has introduced an Executive Officer system. The Executive Officers (excluding Executive Officers who concurrently serve as Directors) are as follows.  
Junichi Narita, Kazuyuki Tanahashi, Hiroshi Oki, Noriyoshi Kimura, Noriyuki Noda, Hirohisa Hattori, Souzui Takanabe, Tomoyuki Naomi, Takeshi Fukawa, Naoya Uchikawa, Hitoshi Kanaoka, and Shinichi Aikawa.
5. The Company has designated Outside Directors Yukito Machida, Hitoshi Hatta, Tomohisa Takeda and Tamotsu Moriyama, and Outside Auditors Mariko Hidaka and Naoyuki Iwashita as independent officers in accordance with the provisions of the Tokyo Stock Exchange, and has notified the Exchange of such designation.

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(2) Remuneration, etc., for Officers of the Company

- 1) Policies, etc., Concerning Determinations on Details of Remuneration, etc., for Officers  
Remuneration for directors and auditors of the Company is determined within the respective remuneration limits for all directors and all auditors as resolved at the General Meeting of Shareholders.

At the 10<sup>th</sup> Ordinary General Meeting of Shareholders held on June 30, 2017, the amount of monetary remuneration for Directors was resolved to be no more than 220 million yen per year (ten Directors eligible to receive remuneration). The remuneration for individual Directors through the end of their term of office in June 2023 was determined at the Board of Directors meeting held on June 28, 2022 to be within the remuneration limits resolved, and at the discretion of President & CEO Noriaki Maruyama, who is most knowledgeable about the Company's business and qualified to make appropriate evaluations based on each individual's contribution to the Company's business performance, subject to prior consultation with Chairman Kenji Yamada. Remuneration for individual Directors was reviewed by the Nomination and Compensation Committee, a voluntary body, prior to the aforementioned Board of Directors meeting, and the Board of Directors determined that the individual remuneration of Directors for the current fiscal year was consistent with the policy described below.

Non-monetary remuneration is not currently provided to officers of the Company.

At the Extraordinary General Meeting of Shareholders held on April 3, 2006, the amount of monetary remuneration for Auditors was resolved to be no more than 50 million yen per year (four Auditors eligible to receive remuneration). Remuneration for each Auditor consists only of a base salary, which is fixed remuneration, and the amount to be paid to each auditor is determined through discussion between auditors within remuneration limits resolved.

2) Basic Policy for Remuneration for Officers

The “Basic policy for Remuneration for Officers” was resolved at the Board of Directors meeting on January 25, 2022 as stated below.

A. Approach to remuneration for Officers

The Company determines remuneration for Officers based on the following approaches.

- (i) It shall be a remuneration plan that promotes the continuous enhancement of corporate value and emphasizes linkage with company performance
- (ii) It shall secure excellent human resources who can appropriately execute business and supervisory roles, and is an appropriate remuneration plan and remuneration level that corresponds to job responsibilities
- (iii) It shall be a fair and equitable remuneration plan that is determined by an objective and transparent process

B. Method for determining individual remuneration, etc., for Directors

The Company has established the Nomination and Compensation Committee, a voluntary advisory body to the Board of Directors. The majority of its members are Independent Outside Directors, and the Chairman is an Independent Outside Director. The specific payment amounts of remuneration, etc., for individual Directors are proposed by the Nomination and Compensation Committee, a voluntary body, within the range of the remuneration limits resolved by the General Meeting of Shareholders. Then, the payment amounts are resolved by the Board of Directors. This process is set by the Nomination and Compensation Committee rules, and the Nomination and Compensation Committee rules may be changed or abolished by a Board of Directors resolution.

C. Remuneration system

The Company's Officer remuneration is comprised of basic remuneration that is fixed remuneration only. Non-monetary remuneration is not provided.

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**D. Remuneration level**

Selecting a group for comparison from objective remuneration level data from an external specialized organization in order to maintain a competitive remuneration level to secure excellent human resources, the Company's level of remuneration for Officers is determined by the Nomination and Compensation Committee, a voluntary body, making a proposal to the Board of Directors, which the Board of Directors will then resolve.

**3) Total amounts, etc., of remuneration, etc., for the fiscal year ended March 31, 2023**

(Millions of yen)

Classification	Number of persons paid	Total amount of remuneration, etc.	Total amount of remuneration, etc., by type			
			Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration, etc. of the left	Other
Directors	8 persons	177	177	-	-	-
Auditors	4 persons	44	44	-	-	-
Total	12 persons	221	221	-	-	-

- (Notes)
1. The stated amounts are shown with amounts less than one unit rounded down.
  2. Remuneration, etc., for eligible Officers is fixed remuneration only, and the remuneration is not applicable to performance-linked remuneration.
  3. The Company does not have an officer retirement allowance system.
  4. As of March 31, 2023, the Company had ten Directors and four Auditors. The difference in the number of officers receiving the remuneration above is due to the fact that two of the Company's Directors do not receive remuneration for their roles.

**(3) Limited Liability Agreement**

Name	Overview of the limited liability agreement
Manatomo Yoneyama	For liability under Article 423, Paragraph 1 of the Companies Act, the Company shall bear liability for damages up to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act if a person acts in good faith and without gross negligence while performing his or her duties, and shall exempt the person from liability for the portion exceeding the amount of liability for damages.
Tomoya Asakura	
Yukihito Machida	
Hitoshi Hatta	
Tomohisa Takeda	
Tamotsu Moriyama	
Toshiharu Fujita	
Toshiro Ishizaki	
Mariko Hidaka	
Naoyuki Iwashita	

**(4) Indemnity Agreement**  
Not applicable.



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- (5) Matters Concerning Liability Insurance Agreement for Officers, etc.  
Not applicable.

Scope of Insurance Agreement	Overview of Liability Insurance Agreement for Officers, etc.
Directors, Auditors and Executive Officers of the Company	<p>The Company has executed with an insurance company a directors' and officers' liability insurance contract provided for in Article 430-3(1) of the Companies Act, covering all parties listed on the left of this table, and bears all of the insurance premiums. This policy covers damages and litigation costs in the event that the insured is subjected to a lawsuit by a third party or shareholder seeking compensation for damages.</p> <p>However, as a measure to ensure that the proper performance of duties by the insured is not impaired, insurance claims are not payable for criminal acts committed by the insured, acts committed by the insured with the knowledge that such acts violate laws and regulations, or damages resulting from the illegal provision of personal benefits or favors by the insured.</p>
Directors, Auditors and Executive Officers of subsidiaries of the Company	

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### 3. Matters Concerning Outside Officers

#### (1) Current Status of Concurrent Positions of Outside Officers

Name	Current Status of Concurrent Positions of Outside Officers
Manatomo Yoneyama	Managing Executive Officer of Sumitomo Mitsui Trust Holdings, Inc. Director and Managing Executive Officer of Sumitomo Mitsui Trust Bank, Limited. Director of UBS SuMi TRUST Wealth Management Co., Ltd.
Tomoya Asakura	President of Morningstar, Inc. President of Morningstar Asset Management, Inc. Director and Senior Executive Vice President of SBI Holdings, Inc. Director of SBI Asset Management Co., Ltd. Director of SBI Global Asset Management Co., Ltd. Director of SBI Alternative Asset Management Co., Ltd. Director of SBI Insurance Group Co., Ltd. Director of SBI Energy Co., Ltd. Executive Chairman of SBI Estate Finance Co., Ltd. Director of SBI Regional Business Succession Investment Co., Ltd. Director of SBI NEO FINANCIAL SERVICES Co., Ltd. Director of Carret Holdings, Inc. Director of Okasan Asset Management Co., Ltd. Director, SBI Asset Management Co., Ltd.
Yukihito Machida	Attorney-at-law at Atsumi Sakai Law Office
Hitoshi Hatta	
Tomohisa Takeda	Attorney-at-law at Tomohisa Takeda Law Office
Tamotsu Moriyama	President and Representative Director of Maxus Corporate Advisory Inc. Outside Director of PROPOLIFE GROUP Inc.
Toshiharu Fujita	Audit and Supervisory Board Member, SBI Sumishin Net Bank Card Co., Ltd.
Toshiro Ishizaki	Audit and Supervisory Board Member, SBI Sumishin Net Bank Card Co., Ltd.
Mariko Hidaka	Representative and Certified public accountant at Hidaka Certified Public Accounting Office Outside Director of Tosoh Corporation Outside Director and Audit Committee Member of Kyokuto Boeki Kaisha
Naoyuki Iwashita	Professor of School of Government at Kyoto University Director of Distributed Autonomous Society Forum Counselor at the Financial Services Agency Part-time Lecturer at Osaka University Member of the Industrial Cyber Security Study WG2 of the Ministry of Economy, Trade and Industry of Japan Advisory Board Member/Advisor of Iyogin Holdings, Inc. Member of Financial System Counsel of the Financial Services Agency Member of the Council for Regulatory Reform at Cabinet Office Senior Researcher of the Japan Institute of Law and Information Systems Director of LINE Mirai Foundation Visiting Professor of Research Organization of Information and Systems Advisor of International Financial City OSAKA Promotion Committee Chairman of Steering Committee of research and development on new generation cryptography for secure wireless communication services Visiting Researcher, SBI Financial and Economic Research Institute Co., Ltd.

- (Notes)
1. Outside Director Manatomo Yoneyama is Director and Managing Executive Officer of Sumitomo Mitsui Trust Bank, Limited, one of the largest and principal shareholders of the Company, and he is also Managing Executive Officer of Sumitomo Mitsui Trust Holdings, Inc., the wholly owning parent company of the aforementioned largest and principal shareholder of the Company. Other than the above, he has no personal, capital, business, or other interest in the Company.
  2. Outside Director Tomoya Asakura is Executive Vice President and Director of SBI Holdings, Inc., one of the largest and principal shareholders of the Company, and he is also officer of several subsidiaries, etc. of SBI Holdings, Inc. Other than the above, he has no personal, capital, business, or other interest in the Company.
  3. Outside Auditors Toshiharu Fujita and Toshiro Ishizaki are Outside Audit and Supervisory Board Members of SBI Sumishin Net Bank Card Co., Ltd. Other than the above, they have no personal, capital, business, or other interest in the Company.
  4. Other than the above, there are no personal, capital, business, or other interests between the firms where Outside Directors and Outside Auditors hold concurrent positions and the Company.

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(2) Major Activities of Outside Officers

Name	Length of service	Member of Nomination and Compensation Committee	Attendance at Board of Directors meetings and Audit and Supervisory Board meetings	Current status of activities including statements at the Board of Directors meetings and the Audit and Supervisory Board meetings
Manatomo Yoneyama	2 years		23/23 Board of Directors meetings	Makes appropriate, necessary statements from a specialist perspective based on his extensive experience in finance and corporate management, drawing on his wealth of experience and accomplishments in the banking business.
Tomoya Asakura	1 year and 3 months		23/23 Board of Directors meetings	Makes appropriate, necessary statements from a specialist perspective based on his extensive experience in finance and corporate management, drawing on his broad insight and wealth of experience in corporate management.
Yukihito Machida	2 years and 3 months	Member	23/23 Board of Directors meetings	Makes appropriate, necessary statements from a specialist perspective drawing on his broad insight and wealth of experience as a legal professional specializing in finance-related law (certified in Japan and New York) and having formerly worked on secondment to the Financial Services Agency.
Hitoshi Hatta	2 years and 3 months	Chairperson	23/23 Board of Directors meetings	Makes appropriate, necessary statements regarding compliance risk management and overall business operation based on his extensive experience and knowledge of financial administration, including experience at the Financial Services Agency of Japan, as well as his experience as the officer responsible for compliance at Lifenet Insurance Company.
Tomohisa Takeda	2 years and 3 months	Member	23/23 Board of Directors meetings	Makes appropriate, necessary statements regarding the overall operation of the Company's business, particularly in the area of IT and systems, based on his extensive experience and knowledge, including system development and operation at the Bank of Japan, as well as internal management such as formulation of business plans, budgets and financial statements, and human resources.
Tamotsu Moriyama	2 years and 3 months	Member	23/23 Board of Directors meetings	Makes appropriate, necessary statements from a specialist perspective drawing on his extensive experience in finance and corporate management, based on his wealth of experience and insight as a certified public accountant (in Japan and the U.S.) and

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				involvement in corporate restructuring at financial institutions.
Name	Length of service	Member of Nomination and Compensation Committee	Attendance at Board of Directors meetings and Audit and Supervisory Board meetings	Current status of activities including statements at the Board of Directors meetings and the Audit and Supervisory Board meetings
Toshiharu Fujita	8 years and 9 months		23/23 Board of Directors meetings 14/14 Audit and Supervisory Board meetings	Makes appropriate, necessary statements from the perspective of ensuring the integrity of the Company's management, drawing on his experience in business operation at SBI Holdings, Inc., one of the largest and principal shareholders of the Company.
Toshiro Ishizaki	2 years		23/23 Board of Directors meetings 14/14 Audit and Supervisory Board meetings	Makes appropriate, necessary statements from the perspective of ensuring the integrity of the Company's management, drawing on his experience in business operation at Sumitomo Mitsui Trust Bank, Limited, one of the largest and principal shareholders of the Company.
Mariko Hidaka	2 years and 3 months		23/23 Board of Directors meetings 14/14 Audit and Supervisory Board meetings	As a former senior partner at Ernst & Young ShinNihon LLC, she has extensive experience and accomplishments in accounting, auditing, and corporate management support. She also possesses a wealth of knowledge and experience in diversity issues, including serving as a committee member for women's career empowerment at an auditing firm. In addition to her accounting perspective, she makes appropriate, necessary statements based on her substantial experience in finance and accounting.
Naoyuki Iwashita	2 years and 3 months		23/23 Board of Directors meetings 14/14 Audit and Supervisory Board meetings	Makes appropriate, necessary statements regarding finance and technology, drawing on his experience and insight in both finance and technology accumulated through his many years of research in financial information technology at the Bank of Japan.

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(3) Remuneration, etc., for Outside Officers

(Millions of yen)

	Number of persons paid	Remuneration, etc., from the Bank	Remuneration, etc., from the Bank's parent companies, etc.
Total remuneration, etc.	8 persons	92	-

(Notes) 1. Amounts of less than one million yen are rounded down.

2. As of March 31, 2023, the Company had six Outside Directors and four Outside Auditors. The difference in the number of outside officers receiving the remuneration above is due to the fact that two of the Company's Outside Directors do not receive remuneration for their roles.

(4) Opinions of Outside Officers

Not applicable.

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#### 4. Status of Shares

##### (1) Number of shares

Total number of authorized shares          600,000 thousand shares

Total number of issued shares                150,793 thousand shares

- (Note) 1. The number of shares less than one thousand are rounded down.  
2. There was no treasury stock at the end of the year ended March 31, 2023.

(2) Number of shareholders as of March 31, 2023          55,584 persons

##### (3) Major shareholders

Name	Status of investment in the Company	
	Number of shares held, etc.	Shareholding ratio
	Thousand shares	%
Sumitomo Mitsui Trust Bank, Limited	51,552	34.18%
SBI Holdings, Inc.	51,552	34.18%
Japan Securities Finance Co., Ltd.	3,240	2.14%
BNP Paribas Luxembourg/2S JASDEC Securities/UCITS Assets	2,400	1.59%
Government of Norway	2,000	1.32%
Goldman Sachs International	1,758	1.16%
MSCO Customer Securities	1,067	0.70%
BNP Paribas London Branch for Prime Brokerage Segregation	1,050	0.69%
Acc For Third Party		
The Master Trust Bank of Japan ,Ltd. (trust account)	704	0.46%
MSIP Client Securities	643	0.42%

- (Notes) 1. The number of shares, etc. less than one thousand are rounded down.  
2. Treasury shares were excluded in the calculation of shareholding ratio.  
3. The shareholding ratio is shown with amounts rounded down to second decimal place.  
4. The Company was listed on the Standard Market of the Tokyo Stock Exchange on March 29, 2023.  
In conjunction with this listing, 41,468,400 shares were sold in Japan and overseas. In addition, 6,220,200 shares were sold through over-allotment in Japan.

##### (4) Shares held by officers

Not applicable.

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**5. Matters Concerning the Company's Share Acquisition Rights, etc.**

- (1) The Company's share acquisition rights, etc., held by the Company's officers at the end of the fiscal year

Not applicable.

- (2) The Company's share acquisition rights, etc., delivered to employees, etc., during the fiscal year

Not applicable.

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## 6. Matters Concerning the Accounting Auditor

### (1) Current status of the Accounting Auditor

(Millions of yen)

Name	Remuneration, etc., for the fiscal year	Other
KPMG AZSA LLC	63	<p>1) The Audit and Supervisory Board compared the amount with the Accounting Auditor's past remuneration, examined audit agreement proposals and quotes, etc., and as a result of considering the appropriateness of audit fee, etc., has judged the remuneration, etc., for the Accounting Auditor as appropriate, and gave consent under Article 399, Paragraph 1 of the Companies Act.</p> <p>2) The Company has consigned comfort letter preparation services and support services for introduction of new Basel III methodologies for measuring organization risk etc., which are services other than those specified in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services) to the Accounting Auditor, and has paid consideration.</p>
<p>Satoshi Hataoka Engagement Partner, Designated Limited Liability Partner</p> <p>Shunsuke Suda Engagement Partner, Designated Limited Liability Partner</p>		

- (Notes)
1. Amounts of less than one million yen are rounded down.
  2. In the audit agreement between the Company and the Accounting Auditor, the amount of remuneration, etc., for audits based on the Companies Act and amount of remuneration, etc., for audits in accordance with audits based on the Financial Instruments and Exchange Act and audits based on the Financial Instruments and Exchange Act are not clearly classified, and "Remuneration, etc., for the fiscal year" is stated including remuneration for audits in accordance with audits based on the Financial Instruments and Exchange Act and audits based on the Financial Instruments and Exchange Act.
  3. The total amount of money to be paid and other property benefits (including the above) by the Company, its subsidiaries and its subsidiary corporations, etc. is 125 million yen.

### (2) Limited liability agreement

Not applicable.

### (3) Indemnity agreement

Not applicable.



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(4) Other matters concerning the Accounting Auditor

Policy on determination of dismissal or non-reappointment of Accounting Auditor

In the event that the Account Auditor falls under the items set forth in the clauses of Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Board of the Company will consider dismissal of the Accounting Auditor. If the dismissal is considered reasonable, the Audit and Supervisory Board dismisses the Accounting Auditor with unanimous agreement of Auditors, and report the dismissal to the General Meeting of Shareholders, together with the reasons for the dismissal based on laws and regulations.

In addition, other than the above, if reasons for impairment of the appropriateness and independence of the Accounting Auditor are to occur, and if changing the Accounting Auditor is found to be necessary, taking into consideration the status of the Account Auditor's performance of its duties and the Company's auditing system, etc., the Company's Audit and Supervisory Board will determine the content of a proposal to the General Meeting of Shareholders concerning the dismissal or non-reappointment of the Accounting Auditor.

**7. Basic Policy Concerning Persons Who Control Financial and Business Policy Decisions**

Not applicable.

**8. Matters Concerning Specified Wholly-Owned Subsidiaries**

Not applicable.

**9. Matters Concerning Transactions with Parent Companies, etc.**

Not applicable.

**10. Matters Concerning Accounting Advisors**

Not applicable.

**11. Other**

Not applicable.

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## Consolidated Balance Sheet

As of March 31, 2023

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Cash and due from banks	1,100,449	Deposits	7,975,420
Monetary claims bought	243,353	Call money and bills sold	48,000
Money held in trust	13,657	Cash collateral received for securities lent	145,885
Securities	558,769	Borrowed money	300,000
Loans and bills discounted	6,594,878	Foreign exchanges	1,533
Foreign exchanges	7,102	Other liabilities	74,352
Other assets	125,881	Provision for bonuses	510
Property, plant and equipment	3,790	Provision for retirement benefits	15
Buildings, net	313	Provision for point card certificates	952
Land	7	Provision for reimbursement of deposits	52
Leased assets, net	2	Reserves under special laws	9
Other, net	3,467	Deferred tax liabilities	580
Intangible assets	26,908	Liabilities	8,547,313
Software	21,008	(Net assets)	
Software in progress	3,368	Share capital	31,000
Goodwill	2,524	Capital surplus	13,625
Other	7	Retained earnings	98,723
Deferred tax assets	7,231	Shareholders' equity	143,349
Allowance for loan losses	(3,019)	Valuation difference on available-for-sale securities	(11,409)
		Deferred gains or losses on hedges	(335)
		Valuation and translation adjustments	(11,744)
		Non-controlling interests	87
		Net assets	131,691
Assets	8,679,004	Liabilities and net assets	8,679,004

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## Consolidated Statement of Income

From April 1, 2022 to March 31, 2023

(Millions of yen)

Description	Amount
Ordinary income	98,052
Interest income	47,481
Interest on loans and discounts	37,534
Interest and dividends on securities	8,037
Interest on deposits with banks	750
Other interest income	1,158
Fees and commissions	42,182
Other ordinary income	8,104
Other income	283
Other	283
Ordinary expenses	68,661
Interest expenses	6,706
Interest on deposits	5,443
Interest on call money and bills sold	(29)
Interest expenses on securities sold under repurchase agreements	75
Interest expenses on cash collateral received for securities lent	19
Interest on borrowings and rediscounts	0
Other interest expenses	1,198
Fees and commissions payments	26,511
Other ordinary expenses	1,659
General and administrative expenses	32,533
Other expenses	1,250
Provision of allowance for loan losses	901
Other	349
Ordinary profit (loss)	29,390
Extraordinary losses	359
Loss on disposal of non-current assets	2
Impairment losses	242
Provision of reserve for financial instruments transaction liabilities	2
Other	111
Profit (loss) before income taxes	29,030
Income taxes-current	9,506
Income taxes-deferred	(420)
Income taxes	9,086
Profit (loss)	19,944
Profit (loss) attributable to non-controlling interests	12
Profit (loss) attributable to owners of parent	19,932

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## Non-consolidated Balance Sheet

As of March 31, 2023

(Millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Cash and due from banks	1,094,683	Deposits	7,977,700
Due from banks	1,094,683	Ordinary deposits	5,856,904
Monetary claims bought	239,325	Time deposits	1,786,215
Money held in trust	13,657	Other deposits	334,580
Securities	568,626	Call money	48,000
Government bonds	149,840	Cash collateral received for securities lent	145,885
Local government bonds	17,230	Borrowed money	300,000
Short-term corporate bonds	13,500	Borrowings from other banks	300,000
Corporate bonds	59,975	Foreign exchanges	1,533
Stocks-assets	10,037	Foreign bills payable	1,533
Other securities	318,042	Other liabilities	72,053
Loans and bills discounted	6,606,594	Domestic exchange settlement account, credit	9,908
Loans on deeds	6,490,815	Income taxes payable	6,542
Overdrafts	115,778	Accrued expenses	2,325
Foreign exchanges	7,102	Unearned revenue	524
Due from foreign banks (our accounts)	7,102	Margin deposits received for futures transactions	25,173
Other assets	115,501	Financial derivatives	9,599
Domestic exchange settlement account, debit	12,954	Other	17,980
Prepaid expenses	1,778	Provision for bonuses	424
Accrued revenue	6,035	Provision for point card certificates	952
Margin deposits for futures transactions	14,243	Provision for reimbursement of deposits	52
Financial derivatives	9,750	Reserves under special laws	9
Cash collateral paid for financial instruments	58,345	Reserve for financial instruments transaction	9
Other	12,392	Liabilities	8,546,612
Property, plant and equipment	3,626	(Net assets)	
Buildings, net	297	Share capital	31,000
Other, net	3,328	Capital surplus	13,625
Intangible assets	24,107	Legal capital surplus	13,625
Software	20,753	Retained earnings	98,111
Software in progress	3,347	Legal retained earnings	6,000
Other	6	Other retained earnings	92,111
Deferred tax assets	6,983	Retained earnings brought forward	92,111
Allowance for loan losses	(2,604)	Shareholders' equity	142,737
		Valuation difference on available-for-sale securities	(11,409)
		Deferred gains or losses on hedges	(335)
		Valuation and translation adjustments	(11,744)
		Net assets	130,992
Assets	8,677,604	Liabilities and net assets	8,677,604

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## Non-consolidated Statement of Income

From April 1, 2022 to March 31, 2023

(Millions of yen)

Description	Amount	
Ordinary income		94,044
Interest income	47,329	
Interest on loans and discounts	37,415	
Interest and dividends on securities	8,037	
Interest on deposits with banks	750	
Other interest income	1,125	
Fees and commissions	39,051	
Fees and commissions on domestic and foreign exchanges	2,486	
Other fees and commissions	36,565	
Other ordinary income	7,485	
Gain on foreign exchange transactions	2,595	
Gain on sale of bonds	1,929	
Gain on financial derivatives	2,654	
Other	305	
Other income	178	
Gain on sale of equity securities	87	
Other	90	
Ordinary expenses		65,008
Interest expenses	6,693	
Interest on deposits	5,443	
Interest on call money	(29)	
Interest expenses on securities sold under repurchase agreements	75	
Interest expenses on cash collateral received for securities lent	19	
Interest on borrowings and rediscounts	0	
Interest expenses on interest rate swaps	1,182	
Other interest expenses	2	
Fees and commissions payments	26,554	
Fees and commissions on domestic and foreign exchanges	2,138	
Other fees and commissions	24,415	
Other ordinary expenses	1,418	
Loss on sale of bonds	1,313	
Other	105	
General and administrative expenses	29,604	
Other expenses	738	
Provision of allowance for loan losses	394	
Loss on sale of equity securities	258	
Loss on money held in trust	9	
Other	74	
Ordinary profit (loss)		29,035
Extraordinary losses		359
Loss on disposal of non-current assets	2	
Impairment losses	242	
Provision of reserve for financial instruments transaction liabilities	2	
Other	111	
Profit (loss) before income taxes		28,676
Income taxes-current	9,048	
Income taxes-deferred	(263)	
Income taxes		8,785
Profit (loss)		19,890

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Accounting Auditor's Audit Report on the Consolidated Financial Statements

**Independent Auditor's Report**  
(English Translation)

May 10, 2023

To the Board of Directors  
SBI Sumishin Net Bank, Ltd.

KPMG AZSA LLC  
Tokyo Office

Satoshi Hataoka, CPA  
Designated Limited  
Liability Partner,  
Engagement Partner  
Shunsuke Suda, CPA  
Designated Limited  
Liability Partner,  
Engagement Partner

**Opinion**

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of SBI Sumishin Net Bank, Ltd. (the "Company") for the fiscal year from April 1, 2022 through March 31, 2023.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of SBI Sumishin Net Bank, Ltd., which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

**Basis for the Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

**Other Information**

The other information consists of the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. Auditors and the Audit and Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process of the other information.

The other information does not fall under the scope of our opinion on the consolidated financial statements, and we express no opinion on the other information.

Our responsibility under the auditing the consolidated financial statements is to read through the other information and, in the course of reading, consider whether there are any material differences between the other information and the consolidated financial statements or our

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knowledge obtained in the course of our audit, and to pay attention to whether there are any other signs of material errors in the other information in addition to such material differences.

If, based on our audit, we determine that there are material errors in the other information, we are required to report that fact.

We have nothing to report with respect to the other information.

#### Responsibilities of Management, Auditors and the Audit and Supervisory Board for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Auditors and the Audit and Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

#### Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including

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related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to Auditors and the Audit and Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Auditors and the Audit and Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

#### Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.



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Accounting Auditor's Audit Report on the Non-consolidated Financial Statements

**Independent Auditor's Report**  
(English Translation)

May 10, 2023

To the Board of Directors  
SBI Sumishin Net Bank, Ltd.

KPMG AZSA LLC  
Tokyo Office

Satoshi Hataoka, CPA  
Designated Limited  
Liability Partner,  
Engagement Partner  
Shunsuke Suda, CPA  
Designated Limited  
Liability Partner,  
Engagement Partner

**Opinion**

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets and the related notes, and the accompanying supplementary schedules of SBI Sumishin Net Bank, Ltd. (the "Company") for the 16th fiscal year from April 1, 2022 through March 31, 2023.

In our opinion, the non-consolidated financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2023, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

**Basis for the Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Non-consolidated Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

**Other Information**

The other information consists of the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. Auditors and the Audit and Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process of the other information.

The other information does not fall under the scope of our opinion on the non-consolidated financial statements and the accompanying supplementary schedules, and we express no opinion on the other information.

Our responsibility under the auditing the non-consolidated financial statements and the accompanying supplementary schedules is to read through the other information and, in the course of reading, consider whether there are any material differences between the other

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information and the non-consolidated financial statements and the accompanying supplementary schedules or our knowledge obtained in the course of our audit, and to pay attention to whether there are any other signs of material errors in the other information in addition to such material differences.

If, based on our audit, we determine that there are material errors in the other information, we are required to report that fact.

We have nothing to report with respect to the other information.

**Responsibilities of Management, Auditors and the Audit and Supervisory Board for the Non-consolidated Financial Statements and the Accompanying Supplementary Schedules**

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Auditors and the Audit and Supervisory Board are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

**Auditor's Responsibility for the Audit of the Non-consolidated Financial Statements and the Accompanying Supplementary Schedules**

Our responsibility is to obtain reasonable assurance about whether the non-consolidated financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the non-consolidated financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the non-consolidated financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the non-consolidated financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the non-consolidated financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the

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premise of a going concern, the auditor is required to call attention to the notes to the non-consolidated financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the non-consolidated financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the non-consolidated financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the non-consolidated financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the non-consolidated financial statements and the accompanying supplementary schedules including related notes, and whether the non-consolidated financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to Auditors and the Audit and Supervisory Board regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Auditors and the Audit and Supervisory Board regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

#### Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Audit Report of the Audit and Supervisory Board

**Audit Report**  
(English Translation)

In regard to the Directors' performance of their duties for the 16th fiscal year from April 1, 2022 to March 31, 2023, the Audit and Supervisory Board has prepared this Audit Report after deliberations based on the audit reports prepared by each Auditor and reports as follows.

1. Methods and Contents of Audits by Auditors and the Audit and Supervisory Board

- (1) The Audit and Supervisory Board determined the audit policies and audit plan, etc., and received reports from each Auditor regarding the implementation status and results of their audits, in addition to which it received reports from Directors, etc., and the Accounting Auditor regarding the status of the performance of their duties and requested explanations as necessary.
- (2) In compliance with the Auditor audit standards established by the Audit and Supervisory Board and in accordance with the audit policies and audit plan, etc., each Auditor communicated with Directors, Executive Officers, the Internal Audit Dept., and other employees, etc., along with the Accounting Auditor, endeavored to gather information and develop the audit environment, and conducted audits using the following methods.
  - 1) The Auditors attended Board of Directors meetings and other important meetings in person or virtually, etc., received reports from Directors, Executive Officers, and employees, etc., regarding the status of the performance of their duties, requested explanations as necessary, viewed important decision-making documents, etc., and inspected the status of operations and assets at the head office and principal business locations. Additionally, in regard to subsidiaries, for the subsidiaries where two Standing Auditors who concurrently serve as Auditors of the subsidiaries, in addition to the Standing Auditors who concurrently serve as Auditors of said subsidiaries attending Board of Directors meetings of said subsidiaries, including other subsidiaries, the Auditors communicated and exchanged information with the Directors and Auditors, etc., of subsidiaries and received reports on business from subsidiaries as necessary.
  - 2) In regard to the content of resolutions of the Board of Directors regarding the development of systems to ensure that Directors' performance of their duties complies with laws, regulations, and the Articles of Incorporation and other systems provided for in Article 100, Paragraph 1 and Paragraph 3 of the Regulations for Enforcement of the Companies Act as systems necessary to ensure the appropriateness of operations of the corporate group composed of a stock company and its subsidiaries, as well as the systems developed pursuant to those resolutions (i.e., internal control systems) stated in the business report, Auditors periodically received reports from Directors and employees, etc., regarding the status of the establishment and operation of those systems and as necessary requested explanations and expressed opinions in regard thereto.

Furthermore, in regard to internal controls over financial reporting, the Auditors received reports from Directors, Executive Officers, etc., and KPMG AZSA LLC on the evaluation and audit status of the internal controls and as necessary requested explanations.
  - 3) Monitored and verified whether the Accounting Auditor is maintaining an independent position and conducting proper audits. In addition, the Audit and Supervisory Board received reports from the Accounting Auditor on the status of execution of its duties, and requested explanations as necessary. Furthermore, the Audit and Supervisory Board was notified by the Accounting Auditor that it has developed "systems for ensuring that the performance of the duties is being carried out correctly" (matters stipulated in each item of Article 131 of the Regulations on Corporate Accounting) in

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accordance with the "Quality Control Standards for Audit" (October 28, 2005, Business Accounting Council) and other standards, and requested explanations as necessary. Furthermore, in regard to key audit matters, the Auditors had discussions with KPMG AZSA LLC, received reports on the implementation status, and as necessary requested explanations.

Based on the above methods, the Audit and Supervisory Board examined the business report and its supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to the non-consolidated financial statements) and their supplementary schedules, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to the consolidated financial statements) for the fiscal year under review.

## 2. Results of Audit

### (1) Results of Audit of the business report and Other Relevant Documents

- 1) In our opinion, the business report and its supplementary schedules fairly represent the Company's condition in accordance with laws and regulations and the Articles of Incorporation.
- 2) With regard to the execution of duties by Directors, we have found no evidence of wrongful action or material facts in violation of laws and regulations or the Articles of Incorporation.
- 3) In our opinion, the contents of the resolutions by the Board of Directors related to the internal control systems are fair and reasonable. In addition, we have found no matters to be noted with regard to the descriptions in the business report or the execution of duties by Directors related to such internal control systems, including internal controls over financial reporting.

### (2) Results of Audit of Non-Consolidated Financial Statements and Supplementary Schedules

In our opinion, the audit methods employed and results rendered by KPMG AZSA LLC, the Accounting Auditor, are fair and reasonable.

### (3) Results of Audit of Consolidated Financial Statements

In our opinion, the audit methods employed and results rendered by KPMG AZSA LLC, the Accounting Auditor, are fair and reasonable.

May 15, 2023

The Audit and Supervisory Board, SBI Sumishin Net Bank, Ltd.

Full-Time Outside Auditor  
Full-Time Outside Auditor  
Outside Auditor  
Outside Auditor

Toshiharu Fujita  
Toshiro Ishizaki  
Mariko Hidaka  
Naoyuki Iwashita