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PRESENTATION

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Without further ado, I would like to present to you SBI Holdings' financial results for the first 6 months of this fiscal year.

In the morning, we have already announced the numbers. The revenue, JPY 192.147 billion, up 8.7% year-over-year basis and the plus 10% on half-on-half basis. Pretax profit JPY 48.049 billion, minus 11.3% year-on-year and on a half-on-half basis, plus 66.6%. Profit for the period down to 0.4% year-on-year at JPY 35.077 billion on half-on-half year basis, plus 28.9%. So here we have on half-basis comparison, it's not because we think it's good or bad. But when you read the report of the foreign affiliated, the securities firms, they always compare on half-on-half year basis.

Recently, the foreign, non-Japanese securities firms are following our development. And usually, it is year-on-year basis or the quarter-on-quarter basis, but here we have both year-on-year and half-on-half basis comparison. Profit attributable to owners of the company, the JPY 27.890 billion, down 17% or up 47.1% on half-on-half year basis.

Now the financial services business, asset management and biotechnology-related business. For financial services business, up 1.1% at JPY 114.899 billion; as to the pretax profit, JPY 26.274 billion, or down 23.7%; for asset management business, JPY 74.569 billion, plus 21%; as to pretax profit, JPY 35.455 billion, or up 19.1%; as to biotechnology-related business, JPY 2 billion or so of revenue; as to pretax profit, the pharmaceutical was sold, that is included in this JPY 6,175 million in negative number. And other than that, factors are not so significant. As to the dividend, interim dividend, the JPY 20 for interim dividend has already been decided.

Moving on the summary for the first half, starting with Financial Services business. SBI Holdings should no longer be categorized as a securities company. We do not belong to that category anymore. The image is that the other SBI Holdings is the securities firm, but when you look at the contribution from the securities business to holdings, it's less than 30%.

But to be treated at securities company means that the -- we are not -- the whole picture of SBI Holdings or group is not observed. It is the total, the financial business plus the business company. And also, we would like to establish the group, which is not affected by the volatility in the equity market, and we are on the right track.

Here, we have SBI Holdings' consolidated profit sensitivity to the change in the domestic equity market. And when we look at these numbers, for example, for fiscal year 2018, individual brokerage trading value, down 16.3%, but consolidated pretax profit was plus 15.6%. And for the first half of fiscal year 2019 and the other second half, down 15.4% for individual brokerage trading value, but 66.6% plus (sic) [plus 66.6%] for consolidated pretax profit. So we are not influenced so much by the other market, and I'd like to touch upon our analysis as to why.

So for the purpose of comparison, in the past, comparison with the Daiwa Securities and SBI Holdings or the comparison with Nomura Holdings, that was the comparison in the past, but whether it is Daiwa or Nomura, that include asset management, real estate and securities. So different businesses are included in the Holdings business of this Daiwa and Nomura. But for SBI, it was the securities -- the numbers alone have been disclosed. So the comparison was not apple-to-apple, it was like apple-to-orange comparison.

So going forward, it should be apple-to-apple, the comparison, and that's what we hope that we will compare ourselves that way as well. For example, profit before income tax expense or operating income, the JPY 48.049 billion for SBI Holdings, Daiwa Securities Group did JPY 18.9 billion and Nomura Holdings, the 14.4x year-on-year basis.

And profit attributable to owners of the company for SBI Holdings is [another normal, the number] but, for example, these are the numbers greater than the pretax profit operating income. For the case of Nomura, JPY 73.3 billion-or-so the profits on sales of the number of research institute in Daiwa Securities, JPY 8.5 billion of the Daiwa Securities operating income was the -- increased by that. So we needed to look at the analysis of each



number. By just comparing numbers, it would not show the whole picture. So when you analyze companies, please look at the details and the background of the numbers. If not, that would not be a good analysis.

The asset management business summary for the first half. So for the first time since the adoption of IFRS, the asset management business' contribution to consolidated pretax profit in first half has exceeded that of the financial services business. They have been coming very close from the fiscal year 2017. And then the first half fiscal year 2019, it's reversed.

Next, asset management business is on a very steady track. The JPY 74.6 billion revenue, plus 21% year-on-year. Profit before income tax expense, JPY 35.5 billion, plus 19.1%. SBI SAVINGS BANK, JPY 9.1 billion, going down to JPY 8.4 billion, so minus 7.8%, but this is because of FX. In terms of the [one], it's on a significant debt increase. So the yen became stronger by about 7.8% against the one. And profit/loss from the change in fair value and profit/loss on sales of the investment securities, JPY 19.5 billion became JPY 28 billion in the first half of fiscal year 2019, plus 85.4%.

And for the listed securities, the JPY 5.5 billion, plus 85.4%. And unlisted securities, JPY 22.4 billion with 35.6% (sic) [plus 35.6%]. And the profit/loss from the change in fair value and profit/loss on securities -- of investment securities increased by 43.3% year-on-year basis.

And now reasons for the stronger performance. During the second quarter, valuation gains of about JPY 18.6 billion were realized on unlisted securities alone due to IPOs and up-round financing for a number of investee companies. And I reported before that there was some other delay in the IPOs and up-round. And as a result of that, for the first half, JPY 18.6 billion gain. And for listed names, JPY 1.6 billion valuation gain at some invested share price rose. The reason here is as follows: the Fintech Fund, SBI AI & Blockchain Fund such the popular -- the areas were -- what do we have invested. So what is different from the regional fund of Mr. [Sung]?

In the case of Mr. Sung, it is very visible to see the exit that they -- he buys at a late stage, and it's quite a big investment. In case of SBI, we invest at an early stage. And after IPO, the price or value becomes threefold or fourfold greater, but the late-stage investment on the [IFRS], such an investment, as was observed the ways we work, there could be some very big negative factor, the risk hedge for the listed investment, but for unlisted investment, such the hedging, the strategy cannot be taken. So it's very important to invest in company with increase in the cash flow. And also for the investment, the larger the investment is the more difficult region fund of JPY 10 trillion, such a big investment. It's a very big investment.

You will not buy the small venture companies that you will rather buy the lots other companies, very close to the other IPO. That's Mr. [Sung's] style. And if it doesn't go well, that could be a very big risk. So that's a difference.

In our case, whether equity market that goes down, we buy the other chip. Whether the multiple becomes the twice or 3x, basically we would not be negatively impacted so significantly. And as to SBI SAVINGS BANK of South Korea, some analysts are worried about this entity. And certain analysts said that the -- he is concerned about the aggregated relationship between the 2 countries and that we invest in the yen, but we dispatch only one person stationed in Korea, and it is basically local management. And they collect the small amounts of deposits from local people and extend loans to the local customer. So this is a pure -- the Korean business, the President Moon would not interfere in our business.

And another listed public company that we own, it's an investment of the company, the same as investment, [inviting the name is this Investment Korea] and the government-related entities, the cash and -- but the investment is not in Japanese companies, it's investment in local Korean companies. So we analyze well, we monitor well and so that such -- their businesses will be conducted with a success. We give advices to them, and that's good for them and for local companies. And for the future perspective, now we are building a banking business in Southeast Asian countries.

Each bank is doing very well. So in Cambodia, JPY 8.8 billion investment to -- Dubai microfinance company to convert it to a bank with us having 70% share, and we have acquired the approval from the authorities.

On the earlier stage, Phnom Penh Commercial Bank was established by us in Cambodia, and we were the biggest shareholder. And the partner then was the Founder of the SBI SAVINGS BANK, and he also owned some percentage, but he was in jail. He was put in jail and he needed money,

and he wanted us to sell a stake. There is a clear law in Cambodia, which is a very complicated one, and there should be unanimous approval for any decision to be made.

So of course, it was very difficult to come to an agreement, but eventually we sold. We were forced to sell our stake in that entity. But since then, we never gave it up, give up to have a banking entity in Cambodia. Currently, the U.S. the China situation was very bad.

Vietnam and Cambodia were the top 2 candidate countries to relocate the production facilities for the Japanese companies. When it comes to Thailand, labor cost is rather high and also there's a flooding in Thailand. And these countries have very high growth rate and banking industry, as was the case for Japan and for China, the most of the top market cap entities are banks when the other countries are growing very fast.

As to the Morningstar, the asset management business center, it is steadily increasing its assets under management IPOs. The full year FY 2019 prospects is over 25, the -- 5 companies more than full year FY 2018. FinTech Fund was established in 2015 and SBI, AI and Blockchain fund was established in 2018. And these 2 funds invested the total of JPY 70.5 billion into 154 companies. And with investment from SBI Holdings combined, about JPY 100 billion was invested in this area. And we -- now it is the phase of exit and now we have 8 already IPO-ed and the 4 exited through an equity sale to third parties.

And 2020, the 15 IPOs; and 2021, 35 IPOs are scheduled. One after another, IPO continues. So on mid-term, this asset management business will remain very strong. As to SBI SAVINGS BANK, because without FX, the effect one-to-one basis 13% increase on year-on-year basis. The net profit is increasing very rapidly to the Korean -- the rating agencies assigned as A- with outlook stable.

And as to balance of performing loans and delinquency, delinquency is coming down to 2.8% and 3.1% for retail loan. So everything is going very smoothly. As to Vietnam, the country is growing and the foreign entities cannot have the more than 20% stake. So our stake is 19.9%. Once the law is changed then it will be IPO-ed, JPY 87.4 billion of market cap, and we will trade in the market to have more than 20%, and this bank will be the equity method company. Currently, our stake is at 19.9%.

And as you can see, as of the end of September, we already exceeded the full year number of the previous fiscal year and the deposit and loan are increasing very steadily. In Russia, we have 100% stake. At a very good timing, we bought this entity. Before the acquisition, it was on the verge of bankruptcy, but now it is steadily growing. And next year, we are very confident that it would produce positive profit.

Cambodia, we covered it. The Ly Hour micro finance institution and Morningstar the -- for 10 consecutive years, the increase in ordinary income and net income and recorded historical high in 8 consecutive fiscal year.

As to PIMCO bond, SBI bond investment management, a joint venture with PIMCO, and it achieved a full year profit. And the -- it is almost JPY 650 billion of the AUM. PIMCO, it's surprised with the speed expansion of the asset.

Next, in a sense that we think it's time to start investing in China shares that between Japan and China, the relationship will get better when the U.S.-China relationship gets worsened. So we would like to start investment in China, and it is now the -- easier to penetrate into financing business in the China, Chinese investment association and the other high-tech and blockchain, the technology, I am the -- I was -- having given this title as a special adviser in that area, the FinTech and the financial area.

And as to the -- I'm going to be the Professor Emeritus of the [Sikar University]. So there are lots of approaches to SBI Group from the Chinese side. So QFII, Qualified Foreign Institutional Investor qualification that already we applied for it and expect to be qualified in early December to invest in China A shares. And SBI Group's asset under management in 2 or 3 years, we believe that it will presumably reach JPY 5 trillion, is currently at JPY 1.8 trillion approximately, but we are heading towards JPY 5 trillion, and we will keep on making efforts.

Here's a summary for the biotechnology-related business. For the biotechnology business, what was lagging and weighing was there was no option but to enter into the biotechnology business, but we went from Phases I, II and III. And the more we progressed in the phases, we needed to invest more. That's the nature of the pharmaceutical business. However, once it turns it to a drug, you're able to possibly generate exploding amounts

of profits. And for the DGF drug that is under development, which is a prevention drug, a decision by the FDA on the transition to a new drug application is expected to be finalized by December 2019.

So if the results are good, we would like to decide on a partial complete sale or an IPO of Quark. And we are already working with our company to pursue the exit options, and we talked to them yesterday as well. So that's what we have on our minds in the bio area.

I am an expert on this. However, my successors will necessarily not be experts and there aren't many experts in our group. With that as a backdrop, massive investments. And being in the bio business for a long period of time, I believe it is something we should not do as a company. So this is something I would like to put an end to.

During my tenure and also, in some cases, we might decide on a complete sale of the business and generate demands proceeds, if things go well, apart from DGF, there are bigger markets for AKI, which is acute kidney injuries. When people die, they might be hospitalized due to cancer, however they might die for different reasons. Their kidney functions are hit. And also, there are side effects on the kidney, when you take anti-cancer drugs. Therefore, AKI, there are no drugs available at this moment to treat this. Therefore, we have progressed to Phase III at this moment and Phase III is going to end soon.

And we believe that we will start to see some insight by the end of the year. So we are gaining some outlook on the developments and for Kubota Pharmaceutical during Q1, we generated a loss of JPY 1.352 billion, we don't own a share at all at this moment. So approximately JPY 4.8 billion due to the clinical developments of AKI, we are still spending some investments. But once we are successful, all the investments from the past can be recovered, and we will probably be able to make more than our investments.

For ALA-related business, we have gained visibility. We are making steady progress for ALA. The good things are by doing ALA as a business all across the world, we have the main share, except for China. That's where we are, whether it would be Europe or in Canada or in North America, ALA is where we have dominance. Therefore, for the [substance] ALA, there are many things that can still be made possible. That's the second benefit.

So far, we are having perioperative diagnostic agents made out of ALA, but there is other possibilities, which I will mention later. So SBI ALApharma, that's based in Hong Kong, we have created an intermediate holding company and we are striving for an IPO in 2 or 3 years' time. Also, we have SBI photonamic, which has changed its name to -- we are trying to change its name to SBI ALApharma Europe, it's a German company. We also have SBI ALApharma Japan. And we also have SBI ALApharma Canada. We acquired a company in Canada. Breast cancer is what we are targeting to treat with ALA, and they have a device that's able to shed light on the tumor. And we also acquired a company in U.S. and the name is set to change to SBI ALApharma US.

We have already received authorization from FDA with regards to Gliolan, which is a diagnostic agent for brain tumor surgeries. And 1 year after the launch, sales has reached \$6.7 million, which we launched in 2018. So things are going steady for this. So this is the acquisition we made in Canada in the oncology business called MolecuLight. And also in the Netherlands, we acquired a company called Photonics Healthcare. This is basically able to -- they have a medical devices called COMET that measures oxygen and tissues and skin scales. We also have received a CE mark, EU member countries. If they acquire the CE mark, it means that their products comply with the standards. So COMET is able to measure oxygen concentration by utilizing ALA. So they had to tie up with photonamic originally. So this is also ALA related.

So the concentration of oxygen within the cells, the duration of the afterglow is dependent on oxygen concentration. So this characteristic is being utilized in order to determine the oxygen concentration. It's the world's first noninvasive measurement method. And in more than 20 clinical trials by several hospitals, this concentration measurement method has been tested. For ALAGLIO, we have licensed out to Chugai Pharmaceuticals after Phase III after we developed a new drug, we licensed it out. And for -- by the Japanese Urological Association, they published this paper and they have this diagnostic guideline for bladder cancer and other clinical question for -- when treating NIMBC, is it recommended to utilize PDD or NBI? And then it says that PDD will lead to low recurrence of bladder cancer so it is recommended.

And from the certainty of evidence, other strength of the recommendation is 1 or A. However, if there are hospitals that do not utilize this, there may be a chance that patients will sue the hospitals, because it is recommended highly, why aren't you using it? So I think there will be a lot of

pressure on hospitals then there will be no option but to use this method. For example, in the U.S. If they don't use it, they will be -- have to pay liabilities. And I think patients are suing, resulting to litigation, cases are increasing.

So this kind of recommendation is becoming increasingly important, especially from these types of associations. The guidance is becoming good promotional material. So here is the pharmaceutical products using 5-ALA, the main pipeline. I talked about peritoneal dissemination of gastric cancer. Phase III is underway. It's scheduled to be completed in December 2019. If things go successful, it will be developed into a drug. So Phase III is likely to end soon. So it's also PDD.

There is a possibility that it can be applied to any kind of cancer. So medical treatment is likely to change. If so, (inaudible) is what they will be looking at and also cisplatin nephropathy protection is another project. Currently, it's in Phase II and it's scheduled to be completed in September 2020. Cisplatin amongst anticancer agents is very popular. It's set to work on various types of cancer. So if this drug is approved to treat cisplatin nephropathy protection, it will become a big market. It might be compliant together with the use of cisplatin. And also for mitochondrial diseases, currently it's under Phase III. It scheduled to be completed in January 2021. There is no drug to treat mitochondrial diseases at this moment. It's a genetic disease. If this drug is approved or if ALA is approved over the world, that will probably gain a lot of attention. And we also have other 2 Phase II pipeline projects.

We also are utilizing ALA for supplements. For supplements, we use phosphates, 5-aminolevulinic acid phosphates. For drug development, we use aminolevulinic acid hydrochloride. That's the difference. So there is 2 different types of ALAs that are used for drug application and supplement application. So this one, the supplement, we have launched ALA PLUS Fukai Nemuri, which means deep sleep. We have started commercials on TV already, and it went on sale on June 22. And the number of stores that carry it are increasing.

Steadily, the lineup of ALA, whether it would be food with functional claims are increasing a number. And from fiscal 2019 and beyond, at Hiroshima University, Juntendo University and so forth, there are 4 types of other submissions that we are planning, and we are currently doing verification tests, if we can make that functional claim. So this is the fourth summary of fiscal '19, which is digital asset-related services.

VC Trade. SBI VC Trade, in the first half, JPY 3.246 billion was the profit before income tax expenses. So we are seeing the business develop steadily. For Q1, what happened was under the revised Financial Instruments and Exchange Act, because it's an area of this is where [fuel] is going to be applied, we transferred the business to the SBI SECURITIES business. So it used to be digital asset holdings. We had an intermediate holdings company as we engaged in the cryptocurrency business. But now -- because it's under the jurisdiction of the Financial Instruments and Exchange Act, we have transferred the business to belong under SBI SECURITIES.

So we have experience under fuel, whether it would be for FX trading or for the brokerage expenses. For operators that don't have that experience, it will be harder to engage in the business, I believe.

And we would like -- also, prospects for the provision of SBI Group's crypto asset services to individual customers utilizing group synergies as shown here, we are working step-by-step and CFD services contract for different services is something we would like to start going forward as well.

Of course, this is something we already do under our FX business, and this is a matter, of course, in the brokerage business as well. But this is what we would like to do in VC Trade, too. And also for SBI crypto, that's engaged in crypto asset mining, it is in the black. And also from the third quarter, new miners will become active at 2 new sites. Costs will come down substantially and we're looking forward to it.

Furthermore, for the mining chips. We have partnered with a major U.S. company in developing the chips and a sample equipment has been developed. And we have opened a prelaunch website towards the sales of mining equipment, and we have already received a number of offers and large-scale contracts are currently underway. Sales will start next fiscal year, that is our plan.

And towards the practical use of STO, which is Security Token Offerings, we have declared that we are going to establish this as a business. kabu.com, Daiwa, Nomura, Monex and Rakuten Securities have come together, 6 of these companies have come together to establish the association. And next spring, in 2020, we are preparing to obtain certification as a self-regulatory organization.

In accordance with the revision of the law on May 31, 2019, token-based that regulates -- token-based financing has started to become regulated under this model. So we hope to create new business opportunities. So this is the significance of it. We can offer new investment products for investors. We can provide new financing methods for venture companies, and we would like to be active in STOs. And for investors, it will be a new investment product, obviously. And for the value, it's less burdensome than an IPO and funding can be done in a speedy manner and [Concept twice, too].

ICOs, there was a lot of fraud-like matters that occurred globally. However, with a good legal system, which we will be compliant to, I would say, on a relative basis, it should be safer, and we will have a self-regulatory association. Therefore, we would like to have our focus on security. We would like to be compliant, prevent fraud and also be good with our accountability and disclosure.

So Morningstar. For the half-year period, as a shareholder benefit, they have decided to give their investors with XRP. For those shareholders, who owns more than 100 shares or 1 trading unit, they have decided to give 30 XRPs. We would like to also consider doing something similar from presumably next fiscal year results -- full year results. However, we would like to provide options to the investors between ALA products or XRP.

For crypto-asset incorporated funds, we have been going back and forth with the FSA. We would like to incorporate crypto assets into mutual funds by a certain percentage point so that we can sell this asset product. However, the FSA hasn't agreed. Therefore, we would like to start off by starting -- establishing an anonymous partnership. There's -- there aren't any tax merits, if it's an anonymous partnership, but we need to consider how we are going to make them attractive. So we are currently working on how this should be done.

We, for example, in this mutual fund, unlisted stock fund was something we established in the past, it was -- it became a best performer. It was my idea. However, then after there were a lot of funds that were similar in nature that succeeded us that were -- that had an ill intent. And therefore, the regulators came in to regulate these types of funds. But in any case, we want some -- we want to provide something attractive to the investors and fund 1 and 2 have been successful. However, those [bad] guys out there will always imitate us and try to make tons of profit who are fraud like. And this is something that's hard to cope with, but it tends to happen when you're selling financial instruments so the regulators have no option but to regulate the environment because of these people.

For crypto assets, Libra, I think has been prohibited at least for a while. But for China, it seems that they are also trying to utilize their crypto assets as trade assets so that they could take away the position of the U.S. dollar being the key currency. So this kind of lever-like way of thinking, you cannot prohibit this forever, especially when you look at the times and how it's trending. With the development of printing technology, if you can't -- if we switch to the digital world, digital currencies, obviously are going to come about into the market. That's why it will connect to a cashless society.

However, with these concepts in place, currently, we have central banks that are controlling the monetary market. Maybe we can do without them in the future. And when it comes to fiscal policies and monetary policies, obviously, there's a question around what's going to happen to them in the future. They might be able to be used in other ways and that needs to be researched into. And I think central banks are looking into that on their own as well.

For institutional investors, we would like to entice them to the crypto-asset market to -- and extend the actual demand for crypto assets so as to reduce volatility for crypto assets. So swap markets, derivative future markets are something we are striving to create, and we have a stake in clear markets and OTC derivatives, electronic trading services being offered in the U.S., Europe and Japan. They are licensed to do so, and we have a partnership with them to establish a swap market for crypto assets, and we would like to invite institutional investors and institutional investors are waiting for new products. So I think things will start to change.

So SBI Group's evolving and progressing business strategy that captures new trends in financial services. Further collaborative creation with regional financial institutions. A jointly held holdings company will be established with various investors, including financial institutions to promote 4th megabank concept, and a system will be established in which participants in the concept will operate regional financial institutions as a community with a spirit of mutual support.



4th megabank. I'm not calling it fourth because there is 1, 2, 3, we want a completely new concept under one capital. It's not going to be under one capital. Capital is going to be separate. It's going to be like a community, that's what I envision. Details is what I would like to mention from hereafter. But the first one, the 4th megabank initiative in order to make it a reality, there are basic policies here. So there will be a joint holding company that will promote the 4th megabank, and we are going to have 50% stake. And we have been asked to invest in many banks, one after another. So due to this, it's quite making us -- keeping us busy, and there's not much time left to take care of this.

But by the end of next year, we'd like to make it a reality, especially, if possible, in the first half of next year. Some major banks and the major regional banks are talking to us, and we are looking to start companies and overseas participants -- potential participants are also offering their proposal. So there are many positive reactions from those financial institutions, and we're trying to establish those communities, both in West and East. Then what is the basic concept? The one of the problems that regional financial institutions face is the prohibitive system development cost and maintenance cost and significant fixed costs associated with the periodic system updates, and this is really a large burden on the regional banks.

And so with the system that is operated jointly by having annual fee that is very cheap, we are trying to solve this so that the participant banks can change their scheme. And with the private cloud, we're trying to reduce the cost significantly. We're talking to Amazon in the U.S. or Google or Microsoft on this, and so we're talking to various entities to make this concept a reality. Of course, all our group companies are encouraged to use this and also investee companies for our group because this is a private cloud. We have to make sure that there shouldn't be any problem. So there will be a scrutiny for investee companies before they can join in the platform, if they want to.

And the second is another major issue for regional financial institutions, asset management. In some cases, regional financial institutions postpone losses on problem portfolios because they cannot reshuffle the portfolio, and their earnings are deteriorating because if you -- if they reshuffle then they go into red. And so they also continue to support losing portfolio to reduce the average cost. That was -- there was no other choice. Then you keep deteriorating the portfolio in that way.

So using our management function or SBI Group can contract have -- can become a subcontractor for asset management function to help them. And third is a common challenge for all banks, for example, KYC, Know Your Customer, and AML, anti-money laundering, very sophisticated requirements there, and it will cost them a lot of money. So why don't we put the same thing, common thing at the lowest cost to all the financial institutions. That is the idea.

And fourth, utilizing programs owned by major IT companies to improve IT literacy. And also, you would have -- you would expand operation nationwide, share ATMs and provide investment and financing opportunities. With the common ATMs, you can reduce the cost and also you provide the opportunities domestically and abroad.

So from the regional bank that is based only on the local area can expand their businesses across the country by utilizing internet capability. So of course, the predecessors have made efforts to establish the sales base in the local area, and they can maintain that, but then Internet technologies can be also incorporated to create something new. And for us, we have entered into the banking area and JPY 5.200 trillion in deposits is in several years' time. We have established that huge assets, but regional banks have taken 50 years or 100 years to come to where they are.

So using Internet capability, we encourage them to change and utilizing programs owned by major IT companies and to improve IT literacy in local communities to promote digitization. So the whole community needs to improve their IT literacy, and we are borrowing the capabilities of Google, so that IT literacy can be enhanced in the regional areas, working with regional financial institutions. Fifth, endeavor a more effective utilization of real estate held by regional financial institutions through alliances and the establishment of joint ventures with real estate companies in order to take advantage of their know-how and expertise.

So there are several real estate companies that we're talking to, to create in the consortium and what about this particular property by the regional financial institutions. How we can take advantage of them? If we can identify that, we can use that or the venture companies are using call centers. So you may be able to use that property for call centers, and we are also regarded to expand our call centers.

So in those real estates or assets that are held by regional banks, we can install the call centers and other facilities. So by expanding business in a unified manner, regional financial institutions can offer services on a network equivalent to the megabanks.

So the value of network, the network can create values. So they're providing a wide range of financial products to customers covered by regional financial institutions. Of course, SBI SECURITIES and all group entities can provide various financial instruments. And KYC and AML, I always mention this. And also you can utilize that program by IT companies. And then using private cloud, you can expand your business across the country.

In order to implement these basic measures, SBI Group is promoting alliances with outside companies to enhance its support functions. For example, the AML and CFT and KYC in these areas, we're working with NEC to establish a joint venture in October. SBI Group and NEC has -- have established SBI DigiTrust, so that the strengths of both parties can be utilized. For example, NEC can have a multielement of syndication and also AI and e-KYC, too. They have a lot of strengths.

And then we have a coder or a decentralized ledger technologies of coder or R3 and also security design and relationship with financial institutions, especially regional financial institutions. There are various strengths that we can provide.

And then SBI DigiTrust, AI risk-based certification support can be provided and also multifactor authentication. It's not just SBI Group companies, but companies outside of the group can utilize this service. It's not limited to the Japanese market. It can be promoted globally.

The Money Tap, next-generation money transfer infrastructure. We have not called SBI, but just Money Tap intentionally. And at -- as of the end of September, 30 companies have invested in this. And SBI FinTech Incubation is running a Fintech platform, and 9 companies that are using this platform can utilize Money Tap. So in total, 39 companies are now able to use this. And then there are major companies. There are several that have been already identified. And once they are on board, then with a service system, the Ripple of the U.S. will become one of the shareholders. And we -- I'm one of the Board members for Ripple. So we are talking -- I'm talking to them. And this Money Tap have to -- we have to make sure that Money Tap would grow with technological innovation associated with that. So Ripple itself has to become one of the shareholders, and we have to consider global future for this business, so that's why we are inviting Ripple to join us. And so Money Tap ecosystem will be established.

The profitability of the banks can be improved. And also convenience of customers can be enhanced. And also you can return the benefits to customers with the profitability improvement. And you can improve the international competitiveness, and sustainable innovation can be provided. And we can provide environment conducive for that.

So Money Tap will provide such platform and take the responsibility for marketing, so that they can support expansion of various use scenes for the participating banks. For example, the prepaid company payment. You don't have to go through across the infrastructure like CAFIS and prepaid charging service or salary prepayment service or small amount money collection service or you can connect with the government at a low cost. And also you can digitize money collection service and cash management between stores.

So there are 30 stores. For example, initial cost is very high or there is a time lag between the payment and the actual receipt of money, and the commission fee is high, but you can actually reduce the initial cost to 0, and the shortest time period between the payment and the receipt of money. And also commission fee is very low, but participant -- participating banks can add to this fee if they want to money. And Money Tap is workable, definitely. And this will work. We're confident. And QR code, we are trying to cover JPY 3 billion.

And then regional banks can benefit the cashless service. And QR code can be in the future used in overseas. And we are also working with SoftBank affiliates and the reconnection between Money Tap and PayPay. And with the existing infrastructure, you have to pay a lot money to CAFIS. It was costly, but you can bypass this to make it the reality with a low cost. And there are many -- multiple entities that would like to come in to this service. And you don't have to pay the development cost for connection and much lower cost than existing infrastructure and ease of selection on prepaid charge providers. And so there are a lot of benefits. And so we have started to work with them.

Then there are the benefits for prepaid charging providers. There's no connection -- development cost for connection for individual banks. And you don't have to pay much in identifying connecting banks, so efficiency will be improved. So win-win for everybody. And so the basic technologies of Money Tap is Ripple's DLT.

So I mentioned Google many times, the skill -- Google with skill or Google skill training program. We have become the partner for this program to promote digitization of regional communities. For the -- we will provide the support for nationwide expansion. And also through the provision of

digitized contents, we would like to contribute to the local community revitalization. And in the press release that we have announced today, you -- it was mentioned, but the co-investment in the private equity, there will be a close relation to do this, and we have reached agreement with Google. And with SBI Group taking a capital stake in the regional financial institutions with which it has business ties, each group company has been incentivized to more actively support the business operations of such institutions.

On September 6, Shimane Bank has announced the alliance. And the share prices have been increasing, and there are various details. JPY 2.5 billion has been invested, and we will take 34% of the share that has been announced. Of course, we need to get approval from the relevant authorities, but there shouldn't be any problems. And Shimane Bank with the alliance -- capital alliance with us, they are taking initiatives to turn around their profitability structure. They have -- they used to have a big portfolio problem, but they are trying to transform the portfolio into a quality -- high-quality portfolio. So they have intentionally recognized JPY 1.7 billion extraordinary charges and impairment loss of JPY 200 million, just a onetime loss. But there will be a V-shaped recovery expected, and we will have a full support to make it a reality.

And October 29, we have reached basic agreement on operation of co-managed shops with SBI MONEY PLAZA. And also the intermediary financial products and services have been already started, but this will be promoted further. And SBI Sumishin network, we have reached basic agreement for the offering of new housing loans. And SBI SECURITIES, there has been business alliance regarding an M&A for business succession and M&A. So there are many new business alliances and collaboration announced.

As I mentioned earlier, at least, we would like to conclude such capital relationships with 10 regional banks. And of course, we do not intend to have such alliance to save them if they have to be saved. The government should do it. And we have many shareholders. And so that any alliance that should be justified by economics. So we will conduct a good due diligence, and we will suggest what should be changed and how the numbers that will be in the black or to improve the profits even more. And more than anything, our investment cost should be at a very low level in the current negative interest rate in terms of PBR, price-to-book per share, the -- it is rather cheap, and the market cap coming down, maybe it is (inaudible) that might cut the market cap the threshold. Some people say, it is JPY 25 billion. We don't know what will happen, but that would change the value of collateral so much. And there might be some people, investors that who will have the second thought. But in that case, our policy is to invest at a lower cost. That policy applies even to enlist it, the shares as well. Sometimes, we combine a -- company A, company B or A, B and C and maybe to be put on the overseas platform. We do all kinds of things for venture companies.

So the question for us is how to make our investment successful and how the other venture companies will reach fast the IPO. So the -- in this case, for regional banks alliance that we have been taking most of measures from 1 to 6 listed here. For the sake of time, I cannot explain everything, but as to number one, enhancement of market operations is just facing regional banks. Continued negative interest rates cause investment income to fall, about 40% of government and regional bonds facing redemption within the 3 years. That's a very big issue. Purchasing of new yen-based debt holds little promise of contributing to core net business income. How to solve this problem? That's one of the problems that they need to solve. The development of human resources in this area, we would like to accept request, so that we will play a role in developing human resources. And that's the message to many regional banks, and some regional banks sending their people to us more and more. So currently, the SBI regional revitalization asset management cofinanced by 36 regional financial institutions already exceeding JPY 100 billion.

Number two, expansion of investment opportunities. Decrease in loans due to market shrinking in sales area and the rise -- and the decreasing population. So how can we solve these problems? There is money there, but no where to invest. So both at home and abroad, we can either provide many investment opportunities. Some regional banks find it difficult to go abroad, then they can invest through our funds. Such suggestions or solutions available coursing the legal way.

Number three, revitalizing the local economy and expanding the regional financial institutions business. Lack of successor for SMEs, 20, 25, the CEOs of SMEs reaching retirement age, which is 70; 2.45 million, of which 50% do not have successors. In other words, 1.27 million CEOs do not have successors, and half of them are entities operating in the black number. According to some local government, JPY 22 trillion will be lost from Japan's GDP, so we need to avoid such situation, and we would like to help the process. So the various -- the business successions, efforts and we set up company for that purpose.

Number four, expansion of customer base. And of course, customer base is aged, so the lower count utilization rate or the cumulation of funds in JPY deposits, lack of progress in online services for these problems that we provide various solutions one after another.



So the other financial intermediary business, the total of 36 regional financial institutions use our services. On top of that, 3 other regional financial institutions have internally decided to form an alliance with us. So the total of 39. This way, with the change in the number of accounts and the customer deposit assets. So the June 2018 being one currently, the 7.4 is the customer deposit assets. Number of accounts became 3.2 fold. So our way is workable and very effective.

Next iDeCo, the -- it is free of charge in case of SBI, so tax, the benefit by the government and the other debt so-called year 2000 problem in the picture. So iDeCo is the other product -- strategic product for the government as well. And iDeCo is an attractive product. And the other financial institutions want to offer that product, but because of planned administration burden or documentation filing the burden, the regional financial institutions, some of them are withdrawing from this business. And we would like to do something about it.

In our case, the iDeCo -- the fee is 0. So we would like to form alliance with those entities to help them money, the plaza -- SBI MONEY PLAZA alliance with 8 banks. And here, the list of 6 other banks, the remaining 2 from September and October of this year. In the case of Shimizu Bank, the other customer deposit assets fivefold; CHIKUHO BANK, 56.8 fold and the number of accounts 13.3x; and the Sendai, 19.64, the other customer deposit and 9.7 for a number of accounts; and Ehime, 54.2 for customer deposits, 25.8 for number of accounts; the Mie Bank, 24.5 or 18.8; then Towa Bank, 22.9 and 6.6x. So we are going to establish 5 more co-managed shops.

Recently, many large banks come to us asking to take care of their branches, the (inaudible) and Nomura are such cases. It's such a case, for example, Nomura that wants to reduce their personnel that reduce their personnel cost. And this regional bank that accepts the people from Nomura called THE SAN-IN GODO and some regional banks that would call us saying that maybe that we are the next to be treated like that or to do something like that.

There are so many other financial institutions, which are not operated in efficient manner. And we create shops, which are operated effectively, efficiently. Probably, I think the SBI is the only entity to be able to make that happen.

Now Morningstar tablet app Wealth Advisors have 68 banks out of 103 have adopted this app. This means that our market share is 56% or 2/3 of regional banks in this country are using Wealth Advisors of Morningstar. So through that app, we give many advices. That's really great to have such a great deal of the confidence to the SBI among regional banks.

Morningstar Japan actively sponsors the asset management seminar, asked about the regional banks or sometimes, we take the initiative. Asakura-san is so busy. Now he's a star in such seminars.

So please look at the number of visitors for these seminars, huge really. You cannot collect such big audience. But now we are talking about 700, 600 visitors coming to these seminars.

Number five, efficient operations. Needless to say, RPA, AI initiatives, though we have been doing that and we trying to lower the cost. And actually, the SBI, the process innovator with 0 initial costs of BPR.

And number six, effective use of real estate. Regional financial institutions have the unused real estates. And the question is how to utilize such assets, and we'd like to help them do that. Realize next-generation financial services and strengthen alliances with companies in other sectors to further improve customer benefit.

First for the securities business, I used the term the neo-securities initiative. I have coined this term. What is neo-securities initiative? Waiving some costs, including trailing commissions currently shouldered by investors. This is an example in the U.S. called Robinhood.

In July 2019, JPY 820 billion market cap and already 4 million accounts and the trading fee is 0. And revenue comes from the monthly premium plan starting with securities, then crypto currencies and then banking. Although here, they have to get approval yet from the authorities. The 0 fee is expanding since December 2014 initiated by Robinhood, for example, the players like Charles Schwab or E*TRADE in the U.S. are making similar moves. The large online companies are accelerating this trend. Charles Schwab, the -- allied with Tokio Marine and Fire in the past, but they withdrew very fast from that alliance at a very early stage of online business.



We have the 3-year plan for neo-securities initiative. For example, Robinhood, coming to Japan, well, it will not be so easy for them to do that in Japan. So we have a time like 3 years. So it -- neo-securities and with good profitability, it's about mechanism. They are the only premium monthly service alone that does not suffice. So it's not so easy for Robinhood to survive. Charles Schwab, E*TRADE, when large players come into the place, it's very difficult for Robinhood to survive.

So in our case, we will start with SBI SECURITIES nighttime PTS trading fees being waived. And then SBI -- Neo Mobile Securities, the other security trading fees will be waived. And at the third round, no fees charged for physical stock trading and margin trading. So step by step is our approach.

Before that, we would like to create profitable mechanism to further improve our dominant positioning in our retail business. Our share, for example, in the trading value, more than 30% already, so it's a dominant share. So we would like to get more share. And for NISA and iDeCo, sales activities for these strategic products, the -- everyone should have such financial products to clear year 2000 problem. And we would like to grasp younger generation as well by leveraging SBI Neo Mobile Securities as a driver for the neo-securities initiative for younger generation.

The Nomura's data customers, many of them are aged, like in the 80s and 90s. And those older people are very important customers for them. But in 5 years, in 10 years, would they be able to trade equity? Or their sons or daughters that will be the main players who are SBI SECURITIES customers, the generation customers for the SBI SECURITIES or SBA Neo Mobile Securities. We need to grasp such younger generations. We are having lots of internal discussions to create a new company aligned with a certain other entity.

Number two, establishment of a business structure that is less dependent on stock brokerage commissions. So of course, if Europe business is stock trading alone, then you have to be dependent on stock brokerage commissions. But our wholesale is important for us, M&A included, not only underwriting and FX and cryptocurrency trading are part of our -- the ecosystem. That ecosystem will continue to expand.

And PTS largest in Japan, SBI PTS trading will expand. And the margin trading will also expand, dark pool trading, matching, getting it better and the other interest revenue going up and the lending business for institutional investors. There are so many things that you can do on the platform business with increasing liquidity usage, RPA usage to reduce cost. And we will be aggressively promoting that.

Now iDeCo, May 19, 2017, we became the other trading fee for iDeCo at 0. And the other -- when you look at the 2014 fiscal year to fiscal year 2019, by the end of June from March 2015 to September 2019, CAGR is 51.1% for cumulative number of SBI benefit systems subscribers for DC. There's no industry growing that fast in the financial industry.

On the right-hand side, the balance of the investment trust for 401(k) distributed by SBI SECURITIES, CAGR more than 40%. And at the end of August 2019, the number of iDeCo accounts totaled to 299,946, 2.5x larger. And the other iDeCo's new companies are increasing. And in October 2018, we overtook our competitor. We are now ranked #1.

So with regards to the number of NISA accounts, we have been approaching that of Nomura. I think it's now a matter of time to surpass them. When you look at our NISA customer accounts, new customers account for 63.4% of the total, out of which 68.7% are beginner investors. We have never traded stocks, and they are coming to open NISA accounts. Also there are 70,000 Junior NISA accounts, accounting for approximately 30% of the entire securities industry's Junior NISA accounts. This was acquired by SBI SECURITIES. Look at this incline. Nomura is not growing at all.

As for ceiling for accumulative mutual fund setting amounts, we have been seeing good growth. Our current goal is to triple the number of accounts. I have been giving out this order to Takamura and son of SBI SECURITIES. Our CAGR is 9.8%. And from June 2013 through June 2019, Nomura has been growing only at 0.9% CAGR. Daiwa stopped making these announcements. So that's where we are.

We can probably be the company that has the most number of accounts. It's just a matter of time, maybe in the next year or 1.5 years. By leveraging SBI Neo Mobile Securities as a driver of the neo-securities initiative, we will strive to acquire younger generation users. I have to hurry now.

So CCC, culture, convenience, center, we have teamed up with them. And by utilizing T-Mobile or T-Point, SBI Neo Mobile has been able to increase the number of accounts. We have already reached 160,000 accounts plus over 0.5 year. And we are striving to achieve 0.5 million. We will also be covering FX as well here. So we are striving for this business to become a profit center for us.

For acquiring the younger generation, we would like to capture them as part of our ecosystem. We are making good progress here. For SBI Neo Mobile, half of the customer base is under 20s and 30s. For FXTRADE, 47% are either 20s or 30s. For VC Trade customer base, approximately 50% are in their 20s or 30s.

We would like to ensure -- we have been successful in acquiring this generation, and we would like to fully leverage key point, so that we can be accepted by this generation even more. For this generation, we have 4 companies that are listed here, including Money Tap. Without charging, you will be able to transfer money in small lots, and you could do this for free of charge if you are a part of Money Tap.

So these benefits can be leveraged fully by the younger generation, and we would like to acquire dominant market share in the younger generation and also for virtual currencies or crypto assets. We need to grow this business as well.

We would like to create a virtuous cycle, so as to increase our customer base. So through Neo Mobile, we will target new customers and give away JPY 1,000 equivalent XRP for customers who open a new account. Or in accordance with the traded value, we could give out XRP at most at JPY 200,000 equivalent.

And we can also do a referral campaign as well. This is something I think we should do. If you introduce a friend of yours, you could get XRP in return, which is a referral campaign. So this is what we would like to promote, so that XRP as well as Ripple can be promoted.

And some people ask me, "Why are you working so hard on these currencies, in particular? Are you going to work on other currencies?" I have been saying, we're not going to be -- we're not interested in companies that are less than EUR 500 billion in market cap. Recently, once again, there are bitcoin cash went under EUR 500 billion market cap. And they hit the 50% rule, and they have been criticized. And that is why I have been saying we're not going to work with those types of entities. And actual demand, when you consider which currency can be utilized, I think these are the very currencies that can be used for actual demand. For bitcoin, market cap wise, it's the largest. But I don't think it's good for actual demand because if you want to pay for something with bitcoin, it's going to be 0.0000 something, and it doesn't make sense. And the mining cost will continue to increase because there is a having period, which means I believe that these currencies are going to be the survivors. For either, they have a smart contract function, so I think they are strong to that extent. However, we would like to promote a smart contract by R3 even more. If that's the case, these are the currencies that can be utilized practically, and that is why we would like to promote these in a steadfast manner.

So institutional investors will start to buy them, and I believe volatility will come down on a relative basis. And Ripple is currently working on their Xpring program, and they are basically trying to create an ecosystem as well. And they are giving out XRP as well. And there will be a value to seller in the market. And I think there's a lot of analysis out there, but it doesn't have a negative effect. Rather, when they buy a company like Coil, people will start to use XRP for games, and that will lead to higher demand. So in this way, we would like to invest into entities that are likely to utilize XRP. And we would like to also start the utilization with the game type of companies as well.

So SBI Group companies are targeting to completely waive commission of services for young customers within 1 or 2 years. We'd like to establish a business structure that is less dependent on stock brokerage commissions in various ways. Our dependency is already down to 23.2% on commissions. We are driving an earnings structure with other businesses, especially with underwriting and IPOs. Our participation rate is 100%, leading the industry. From 2019 April through 2019 September, we have been either the lead manager or a part of the underwriting. So we were involved in all of the deals that were out there. It was only us. It's only our company. And also for corporate bonds, for the SoftBank bonds, for example, we were the lead manager. Our name didn't really come out, and it wasn't really mentioned that we were the lead underwriting manager. But also, for energy bonds, we have been invited frequently more than before and also public bonds as well.

Investment Banking Department has been offering M&A advisory services, and this is something we are promoting as well. W&P, I used to be a Managing Director for the company in the U.K. And I used to be an executive for Nomura (inaudible). Therefore, I'm well versed in the M&A space. But when the market enters a downturn, for example, I think there's a lot of opportunity to make more profitability. Therefore, we would like to acquire more head count. And fortunately, from the foreign affiliated companies, there are a lot of people who are being cut. Even if our salary is lower, there are more people that are willing to work for us. At Takamura-san's entity, there is a mountain -- mountains of CVs on this desk, and even to my desk as well. So that's where we are. It's a market where we can hire confident people that has experience these days.



So for the M&A advisory services, we would like to commercialize this business. For business succession, we have a partnership with TRANBI, an M&A matching platform. Apart from this, we have established our own fund, which is a business succession fund. We are striving for JPY 100 billion, and I'm sure we'll eventually reach that amount. Then rather than waiting for TRANBI's matching, we should go out ourselves and change everything, so that it will become a profitable business. Because it's going to be a company that's going to lose its successor -- doesn't have a successor, so we could be a temporary successor and bring the company to market. That is an opportunity where we could sell it to another entity and also for the financial institutional sales department for the regional financial institutions. And there -- we are striving to enhance their corporate value and with -- as a result, we are seeing better business.

In 2018 March first half, when you compare with the first half of fiscal 2019, equity trading went up by 2.8x, and newly issued and existing bond transacts went up by 4.1x. Trading income is increasing at SBI SECURITIES as well. And also advancing profitability improvements and cost reduction through significantly increased trading volume and liquidity associated with free -- free fee trading is what we are going to promote. So PTS exchange expansion is what we are focusing on. And they were saying that they're not going to approve of margin trading. Because there is a PTS, it is not going to be a violation of the antimonopoly law. And the TSE was always in opposition to us doing margin trading, so there was this negative campaign underway. Finally, it has been approved. And as a result, our monthly average daily trading value has been increasing, and our market share has been increasing.

Because of our liberalization of commissions, this has become a very important aspect. And also for -- we have SBI Prime, which is engaged in a dark pool business. And we are offering services that offer better customer convenience. Investors, we need to ensure that they can place direct orders for institutional investors. There are many people who manage money from retail investors and who are high net worth, but the transaction cost should be minimized for them. It's a fiduciary duty. Up until now, brokers used to charge more because they were issuing research. However, in the U.S., research is called the soft dollar, and this has started to become prohibited even in the U.S. That's the history. When I was in New York, soft dollars were a matter, of course. I did Japanese equities research. When I make a pitch, I would receive it through the trading of equities through commission. However, soft dollar is starting to become prohibited. Therefore, transaction cost needs to be covered by fiduciary duty, especially for institutional investors.

So increasing earnings capacity by reducing cost is something we are working on through the neo-securities initiative as well. And we will be engaging in various initiatives. For banks, they are also promoting the realization of Neo-bank, meaning they have various types of companies that have customer bases and they were engaging in alliances.

And we could succeed in Asahi Kasei Homes Financial Corporations, we have been partnering with those. And also Japan Airlines, from a different perspective, has been working with us. JALI, from the perspective of credit card, has made an alliance. And we have -- they have much more -- larger customer base than we did. So the banking function will be fragmented and divided into various pieces. And we are providing those with API connection to lead to alliances. More than 300 APIs have been made open. And we are the first company in Japan to have API foundation for connection. And there are many interesting major companies. More than 10 are now talking to us.

And also the physical logistics, how you can turn the commercial flow into monetary flow, that is what I'm interested in, and the alliance has been enhanced in that regard.

And also the Japan Airlines Global WALLET, we have reached more than 100,000 in 10 months. And JAL has been quite happy. It was established in -- on September 19, 2017. The global wallet was started in November 29, 2018. And also NetMove Company, the settlement and payment service, they have a high design and development capability. And it was acquired by a bank, and very safe payment service can be provided. And this is one of the few companies that can do that.

And PCISSC is a securities standardization organization, and it has been authorized by this organization. It is one of the few such companies. And there's a goodwill from the acquisition cost, but we can actually exceed that through the profitability -- high profitability of NetMove.

And Z Holdings alliance, which has Yahoo! companies, they have 66 -- 6,743 million monthly users and the single -- with a single sign-on, a customer can be transferred. And that is how we reached agreement with them. For example, in Yahoo! Finance, SBI SECURITIES account can be opened. And we can also work in account opening, trades and linkage of portfolio functions and foreign exchange. We have expertise with enhanced



liquidity. We can enhance the profitability as well. It's -- in the current situation, they may have difficulties, so our liquidity market can be utilized. And we have a dominant position in capital markets.

And the Japan Net Bank, this is Japan's first online bank, but they are not comparable to us. So that's why we -- they wanted to work with us wherever they can.

And with regard to ForEx, SBI and YJFX in total, we have a top share in the industry. We are already top in terms of the number of accounts for SBI. And DMM and GMO are following us. And then we -- on top of that, we have YJFX cyber agent -- former cyber agent. And so we will have a top share in the industry, more than 20%. So the strong payer will become even stronger, so winners take all. That is the principle of Internet market. If you don't make any mistakes, then we can become -- you can become a top player.

So the most important thing is to embrace customers and secure -- ensure the security. Ethical values, that is the most important. And in international money transfer and trade finance, well, in the international money transfer, Ripple is used. And in the other fields, R3 of the U.S. is going to be used. And they have smart contract technology. So in various fields, including finance and other industries, they can use their system called Corda. And we have established joint ventures together with both parties. We have 60% stake. And both have a global -- could become a global standards, that's highly likely. And SBI Remit uses the Ripple's distributed ledger technology, or DLT, and we need to grow this quite fast.

MoneyGram is -- has been working with Ripple conventionally, and so we have to make it sure that this will work. So Remit is Japan's largest money transfer -- international money transfer player. And it covers more than 200 companies -- countries with 35 (sic) 350,000 locations that you can transfer money to. And the total amount that has been transferred is exceeding JPY 750 billion, and it's number one.

And then if you can use xCurrent, well, xCurrent is now called xRapid or they may not use that word xRapid anymore, but liquidity on demand, maybe this is a name that they are now using as a new name, but I don't want them to change the name too often because we've been promoting the -- this name for quite some time. But of course, they have their reasons to change the name.

But Ripple technologies will be used in Southeast Asia for money transfer. The fastest and the safest approach will be realized. And XRP needs to be used -- able to be used as fast -- as soon as possible. It's not just a RippleNet. But in the RippleNet alone, we will have 50% share in the Ripple. And R3, Corda and trade finance will be done. Sumitomo

Mutsui Banking Corporation is quite focusing on this, working with us because we -- if we are doing this alone, then it will be difficult. We have to get trading houses involved. Sumitomo Mutsui Banking Corporation has been involved. And Marco Polo Network is where they are in, and it's quite encouraging. And also digital currency will be supported. TOKOWAKA was issued recently, and this is regional community currency. And there may not be any incentives that you have may think. But in the Japanese Nikkei article, there was an interesting story. If you're interested, please take a look.

I'm trying to put some incentives. For example, SBI Energy, if the water supply of the local governments, if there's a water source that they have, then the turbine can be involved to generate power. And then that power can be sold, and the facility can be sold. And the regional bank can fund that facility, so there could be a business there. So there is some donation -- or contribution from local governments or regional financial institutions. And if you buy TOKOWAKA currency for about JPY 1,000, then JPY 200 can be matched from the public sector. There could be that incentive. So I'm -- I keep coming up with such incentive ideas. And so the community currency should be issued by all the players that are working closely with us. And then -- and also we have to make sure that currency local -- the committee currency can be distributed, and R3 Corda can be used for that.

So I have covered a lot of topics and the contents are quite varied, but so I have extended my time by 15 minutes, but I'd like to entertain questions from now.

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