

SBI Holdings, Inc. 2018 Information Meeting

May 29

Tokyo

May 31

Osaka

June 4

Nagoya

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

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

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

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

Today's Program

**Part I: Explanations for the
Key Questions**

Part II: Q&A

Part I: Key Questions

- 1. Summary of FY2017 consolidated financial results**
- 2. What are SBI's initiatives to further evolve the financial business, which has been a core domain since its founding?**
- 3. The rapidly expanding new digital asset-based ecosystem**
- 4. How has the Biotechnology-related Business progressed, which SBI regards as a profit contributing business from this term?**
- 5. How is the progress toward the achievement of the SBI Group's Vision, announced on July 27, 2017?**
- 6. What are management's thoughts on SBI Holdings' share price and shareholder composition?**

Q1. Summary of FY2017 consolidated financial results

FY2017 Consolidated Performance Highlights

- **FY2017 revenue increased 28.7% year-on-year to JPY 337.0bn, profit before income tax expense increased by 66.5% year-on-year to JPY 71.8bn and profit attributable to owners of the Company was JPY 46.7bn, up 43.8% year-on-year, which were respectively record highs since the adoption of IFRS**
- **As for profit before income tax expense by segment, the Financial Services Business was JPY 63.9bn, up 30.6% year-on-year, and the Asset Management Business increased 307.6% year-on-year to JPY 56.5bn, both leading the performance expansion as the Group's two pillars**
- **In the Biotechnology-related Business, the 5-ALA-related business achieved its first full-year profitability, and Quark is preparing for its IPO within FY2018, transitioning the business into a profit contributing segment**
- **Based on such favorable results, an annual dividend of JPY 85 (interim dividend of JPY 15 and year-end dividend of JPY 70), for an increase of JPY 35 year-on-year, will be implemented for FY2017**

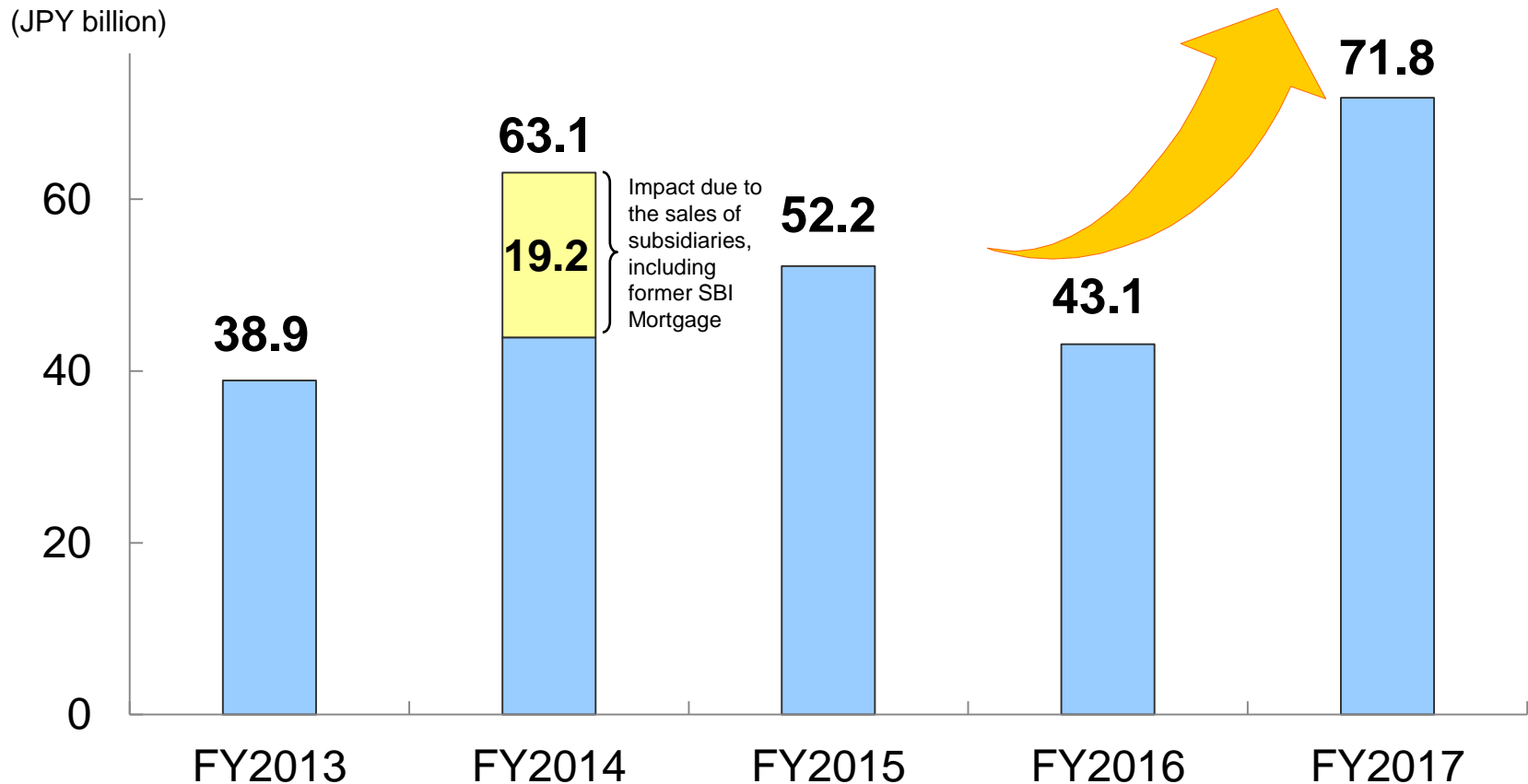
Since the Adoption of IFRS in FY2012, Achieved Record Highs in Revenue and Profits

Furthermore, revenue and profit attributable to owners of the Company achieved historical highs since the Company's inception

[FY2017 Consolidated Performance (IFRS) year-on-year comparison] (Unit: JPY million)

	FY2016 (Apr. 2016 - Mar. 2017)	FY2017 (Apr. 2017 - Mar. 2018)	YoY % change
Revenue	261,939	337,017 Historical high	+28.7
Profit before income tax expense	43,139	71,810 Historical high	+66.5
Profit for the period	28,303	55,958 Historical high	+97.7
Profit attributable to owners of the Company	32,455	46,684 Historical high	+43.8
ROE (%)	8.7	11.6	+2.9

Consolidated Profit before Income Tax Expense (IFRS) for the Past Five Years



[Reference] Consolidated profit before income tax expense for FY2017 (forecast)

Japan Company Handbook Spring 2018: **JPY 60bn** / Nikkei Kaisha Joho PREMIUM: **JPY 55bn**

FY2017 Performance by Segment (IFRS)

[Year-on-year]
(Unit: JPY million)

	Revenue			Profit before Income Tax Expense		
	FY2016 (Apr. 2016– Mar. 2017)	FY2017 (Apr. 2017– Mar. 2018)	YoY % change	FY2016 (Apr. 2016– Mar. 2017)	FY2017 (Apr. 2017– Mar. 2018)	YoY % change
Financial Services Business	179,941	217,272 Historical high	+20.7	48,932	63,888 *1	+30.6
Asset Management Business	77,441	117,572 Historical high	+51.8	13,861	56,491 Historical high	+307.6
Biotechnology-related Business	5,530	4,199	-24.1	-9,574	-37,252	—

*1 Historical high of JPY 67,309 million was recorded in FY2014 as subsidiaries such as former SBI Mortgage were sold

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

Planning a FY2017 Annual Dividend of JPY 85, for an Increase of JPY 35 Year-on-year

[Basic policy for shareholder return]

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

Based on the aforementioned basic policy for shareholder return, it was determined that the annual dividend for FY2017 would be upwardly revised to JPY 85 (equivalent to a total shareholder return ratio of 40.1%), from the JPY 70 per share that was announced on Jan. 30, 2018

■ Dividend per share

	End of 2Q	Year-end	Full-year
FY2017	<u>JPY 15</u>	<u>JPY 70</u>	<u>JPY 85</u>
FY2016	JPY 10	JPY 40	JPY 50

* Reference: Dividend forecast per share for FY2017

Japan Company Handbook Spring 2018: **JPY 70** / Nikkei Kaisha Joho PREMIUM: **JPY 70**

New Basic Policy for Shareholder Return in Accordance with Cash Flow (Effective from FY2018)

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

However, depending on the level of fair value gains and losses from operating investment securities, which does not generate cash flow as a percentage of the Company's consolidated profit before income tax expense, the shareholder return amount will be determined by making adjustments, such as deducting the total amount of fair value gains or losses from the Company's consolidated profit before income tax expense

Following the Previous Fiscal Year, will Conduct Shareholder Benefits for FY2017

[Details of shareholder benefits]

* Shareholders listed or recorded in the shareholder register as of Mar. 31, 2018 are eligible.

Details	Qualified shareholders	Shareholders who have <u>held shares for more than 1 year</u> and who hold <u>1,000 (10 units) or more shares</u> as of Mar. 31, 2018	For shareholders other than the left column, those who hold <u>100 shares (1 unit) or more</u> , as of Mar. 31, 2018
ALApplus GOLD (90 capsules)		<u>1 pack</u>	<u>1 pack</u>
ALApplus Body Shape (20 packages)		<u>1 pack</u>	<u>1 pack</u>
ALApplus GOLD (270 capsules)		<u>1 pack</u>	—
ALApplus Moisturizing Cream		<u>1 pack</u>	—
ALApplus Essential Lotion		<u>1 pack</u>	—
ALApplus Tou (Sugar) Down (10 capsules)		<u>1 pack</u>	—

					
ALApplus GOLD (90 capsules)	ALApplus Body Shape (20 packages)	ALApplus GOLD (270 capsules)	ALApplus Moisturizing Cream	ALApplus Essential Lotion	ALApplus Tou (Sugar) Down (10 capsules)

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

(1) Financial Services Business

- ① Securities-related business**
- ② Banking-related business**
- ③ Insurance-related business**
- ④ SBI FinTech Solutions**

① Securities-related business (SBI SECURITIES)

- **FY2017 operating revenue was an historical high, along with all the profit items achieving record highs as well**
- **Owing to the diversification of services and products, as well as the sophistication of business fields, SBI SECURITIES has established an overwhelming position in the online securities industry.
Moving forward, through the expansion of the corporate business, the comprehensive capacity of the business will be strengthened**

SBI SECURITIES FY2017

Consolidated Results (J-GAAP)

-Operating revenue and all the profit items recorded historical highs-

[Year-on-year]






(Unit: JPY million)

	FY2016 (Apr. 2016 – Mar 2017)	FY2017 (Apr. 2017 - Mar. 2018)	YoY % change
Operating Revenue	90,464	116,716	+29.0
Net Operating Revenue	83,907	106,997	+27.5
Operating Income	37,972	53,570	+41.1
Ordinary Income	37,973	53,798	+41.7
Profit attributable to owners of the Company	27,798	36,812	+32.4

SBI SECURITIES' Overwhelming Position in the Online Securities Industry

[FY2017 results]

4,289 thousand accounts
 (as of Apr. 30, 2018)

	Share of individual stock trading value (%)		Number of accounts (thousand)	Deposit assets (JPY trillion)	Operating income (JPY million)
		of which, individual margin trading			
SBI (cons.)	 35.1	 36.4	 4,261	 12.9	 53,570
Rakuten (cons.)	16.4	16.7	2,611	5.0	20,643
Matsui	11.2	14.3	1,136	2.5	18,532
kabu.com	8.8	10.4	1,087	2.3	7,934
Monex * (cons.)	5.3	3.7	1,761	4.2	9,302

* The amount of "Operating Income" is "The amount equivalent to operating income" disclosed by Monex.

Positioning of SBI SECURITIES in the Securities Industry

(FY2017 Net income; J-GAAP) (Unit: JPY million)

1	Nomura Holdings (US-GAAP)	219,343	(-8.5)
2	Daiwa Securities Group	110,579	(+6.3)
3	SMBC Nikko *1	63,705	(+35.7)
4	MUFG	43,193	(-12.0)
5	SBI	36,812	(+32.4)
6	Mizuho	35,751	(-81.0)
7	Tokai Tokyo Financial Holdings *2	25,397	(+111.8)
8	Rakuten	13,102	(+9.1)
9	Matsui	12,908	(+20.7)
10	GMO Financial Holdings	6,922	(+12.4)
11	Monex Group (IFRS)	6,730	(+2,158.4)
12	kabu.com	6,355	(+5.5)
13	Okasan Securities Group	5,852	(-44.2)
14	Ichiyoshi	4,994	(+128.8)
15	IwaiCosmo	4,726	(+41.5)

*1 Merged with SMBC Friend Securities in Jan. 2018.

*2 As for Tokai Tokyo, recorded JPY 11.160m of negative goodwill as extraordinary income.

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

*4 On a consolidated basis, except as to the companies with no consolidated subsidiary.

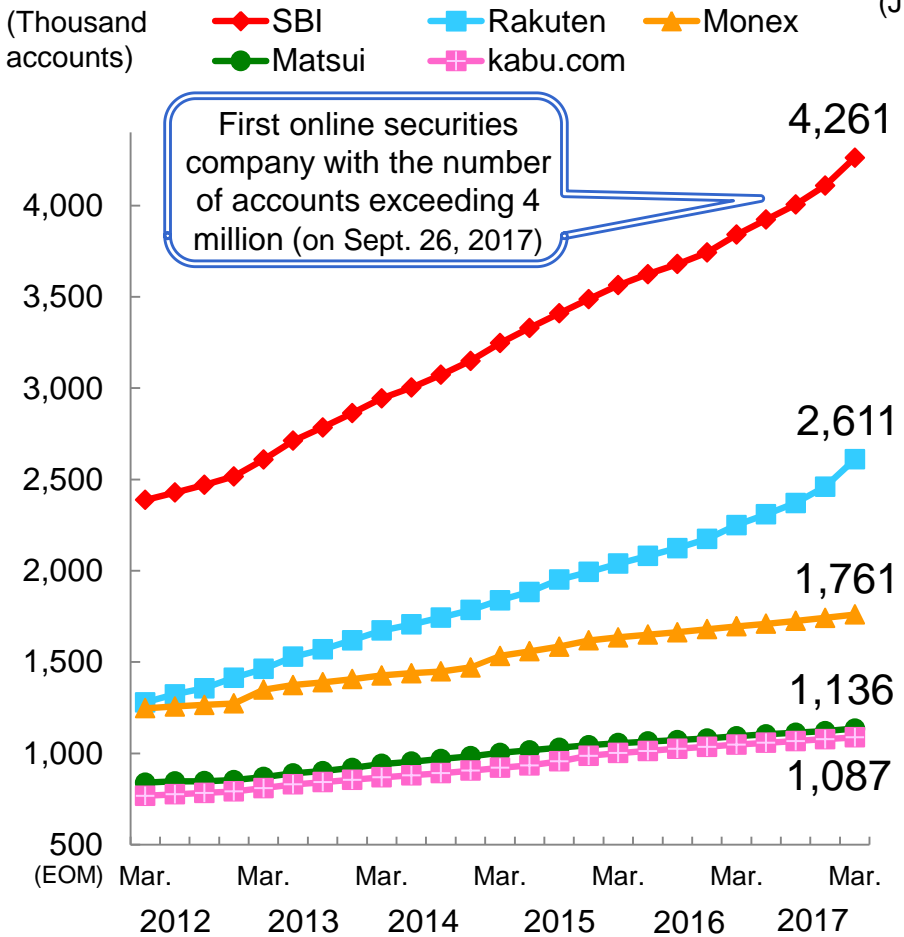
*5 Year-on-year % changes are shown in the parentheses. Source: Compiled by SBIH from the information on the website of each company 16

SBI SECURITIES Attains an Overwhelming Customer Base

[Number of Accounts and Amount of Customer Asset]

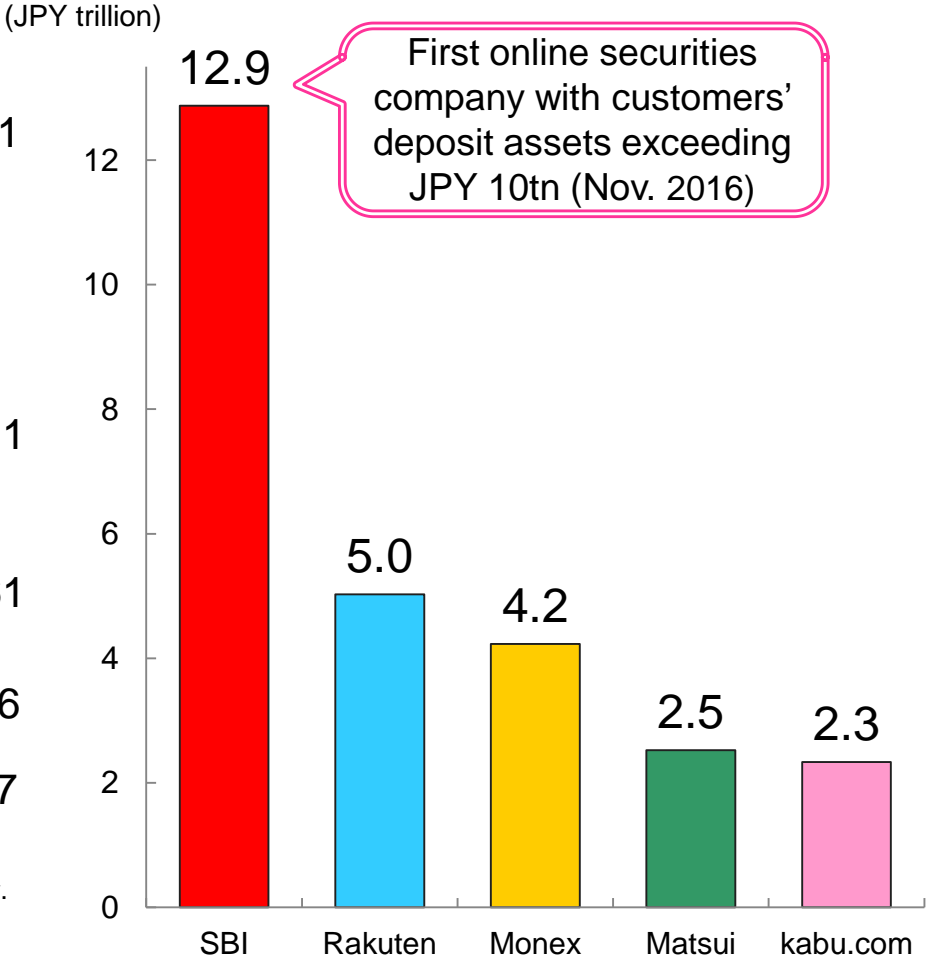
Customer Accounts of 5 Major Online Securities Companies

(Mar. 2012 – Mar. 2018)



Customers' Deposit Assets of 5 Major Online Securities Companies

(as of the end of Mar. 2018)



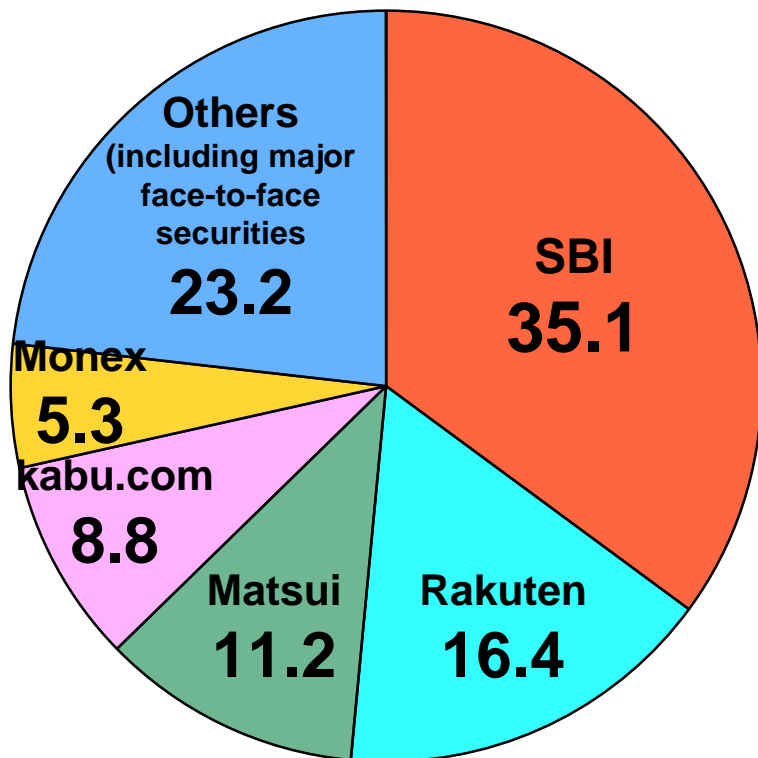
Source: Compiled by SBIH from the information on websites of each company.

SBI SECURITIES' Share of Individual Stock Trading

Share of Individual Stock Trading Value (%)

FY2017

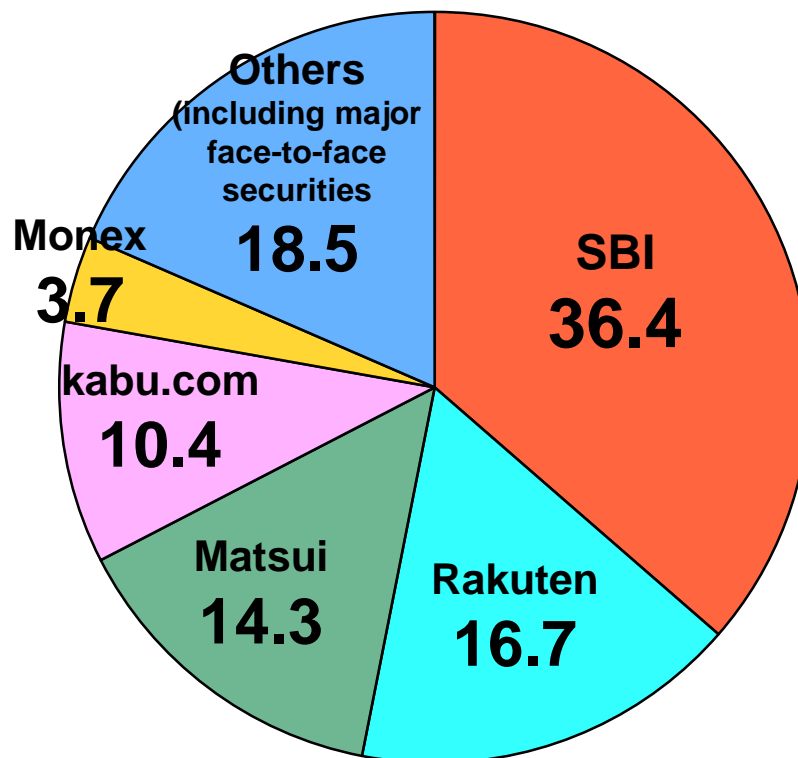
(Apr. 2017 – Mar. 2018)



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

FY2017

(Apr. 2017 – Mar. 2018)



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

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

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

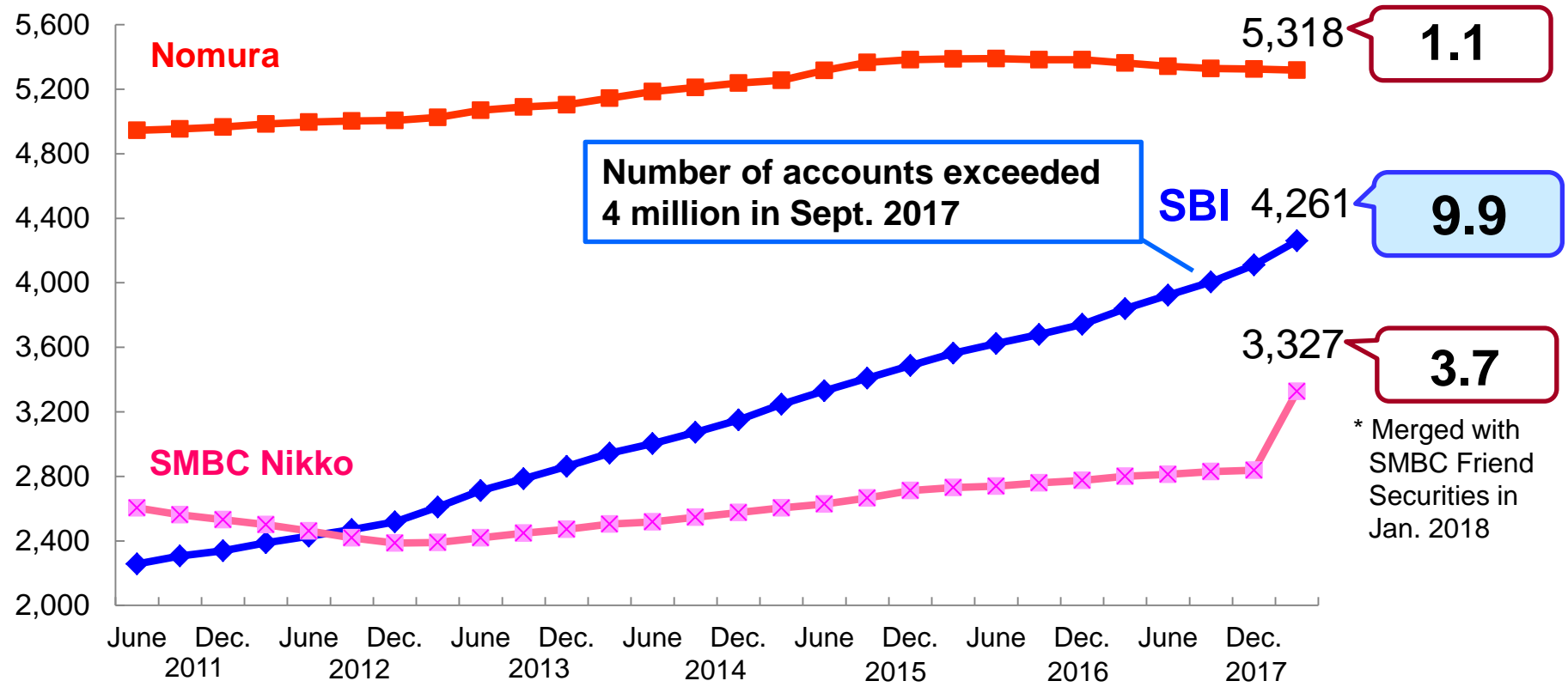
Number of Accounts have Reached a Level that is Competitive with Major Face-to-face Securities Companies

SBI SECURITIES overtook Daiwa Securities' number of accounts in June 2017

Number of Accounts of SBI SECURITIES and 3 Major Face-to-face Securities Companies (June 2011 – Mar. 2018)

CAGR: %
(June 2011 – Mar. 2018)

(Thousand accounts)



As of the end of Mar. 2017, Daiwa Securities' number of accounts totaled 3,886 thousand accounts, with a CAGR at 2.3% during the period from June 2011 to Mar. 2017

* Daiwa has not disclosed its figures beyond Mar. 31, 2017

Developing the Corporate Business by Continuing to Strengthen the IPO Underwriting Business, and Promoting Business Expansion for Corporations and Financial Institutions

Underwriting share of 94.9% is an industry leading figure

IPO Underwriting Ranking (Apr. 2017 –Mar. 2018)

79 companies were listed during the period

Company name	No. of cases	Underwriting share (%)
SBI	75	94.9
SMBC Nikko	62	78.5
Mizuho	54	68.4
Okasan	38	48.1
Monex	37	46.8
Ace	36	45.6
Nomura	35	44.3

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

* The number of underwritten issues represents both lead managed underwritings and syndicate participation.

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

Established Financial Institutional Sales Dept. in July 2016, to strengthen the business structure for financial institutions

SBI SECURITIES significantly increased transactions with its customer financial institutions of a total of 171 companies (as of Mar. 31, 2018)



Began to underwrite newly-issued municipal bonds or public bonds, the business area that SBI SECURITIES had previously not been able to participate in

Established Investment Banking Dept. in July 2017

Strengthening the business structure through an aggressive mid-career hiring, in order to provide finance and business consulting services for listed companies, as well as various M&A-related services, in conjunction with SBI Group companies

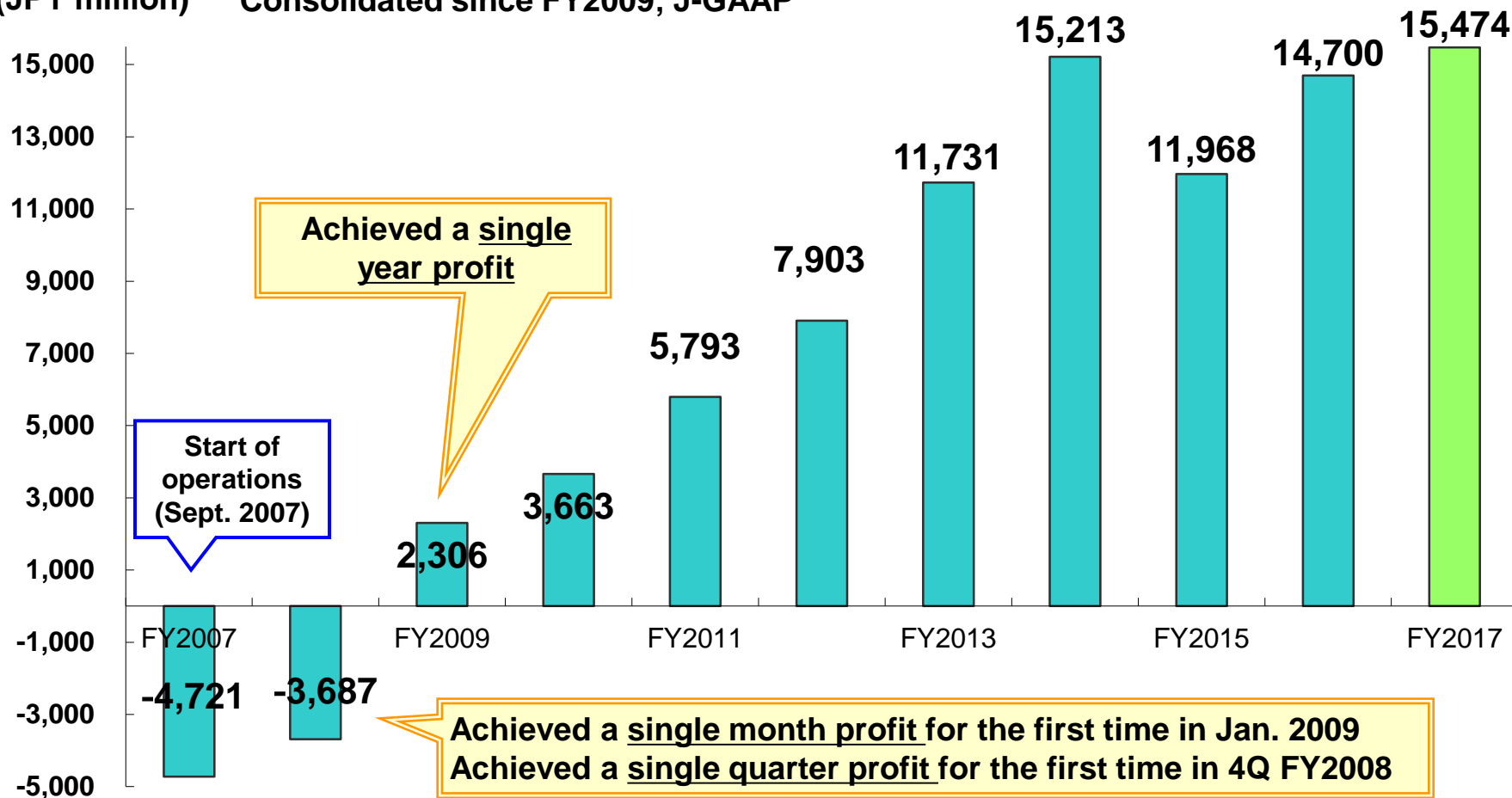
② Banking-related business (SBI Sumishin Net Bank)

- **SBI Susmishin Net Bank's ordinary income and net income for FY2017 (based on J-GAAP), recorded historical highs, owing to the expansion of housing loans and profits from bond investments, etc.**
 - * **SBI Holdings' equity in earnings of affiliated companies, based on IFRS for FY2017 was JPY 3,770m, up 18.4% year-on-year**
- **As of the end of Mar. 2018, accounts steadily increased to approx. 3.21 million accounts, with deposits exceeding approx. JPY 4.4tn**
- **Owing to attractive interest rates and highly beneficial customer services, the cumulative total of housing loans has steadily increased**

Change in Ordinary Income after Start of Operations

-SBI Sumishin Net Bank's FY2017 ordinary income of JPY15.5bn and net income of JPY10.4bn recorded historical highs, respectively-

(JPY million) * Consolidated since FY2009; J-GAAP

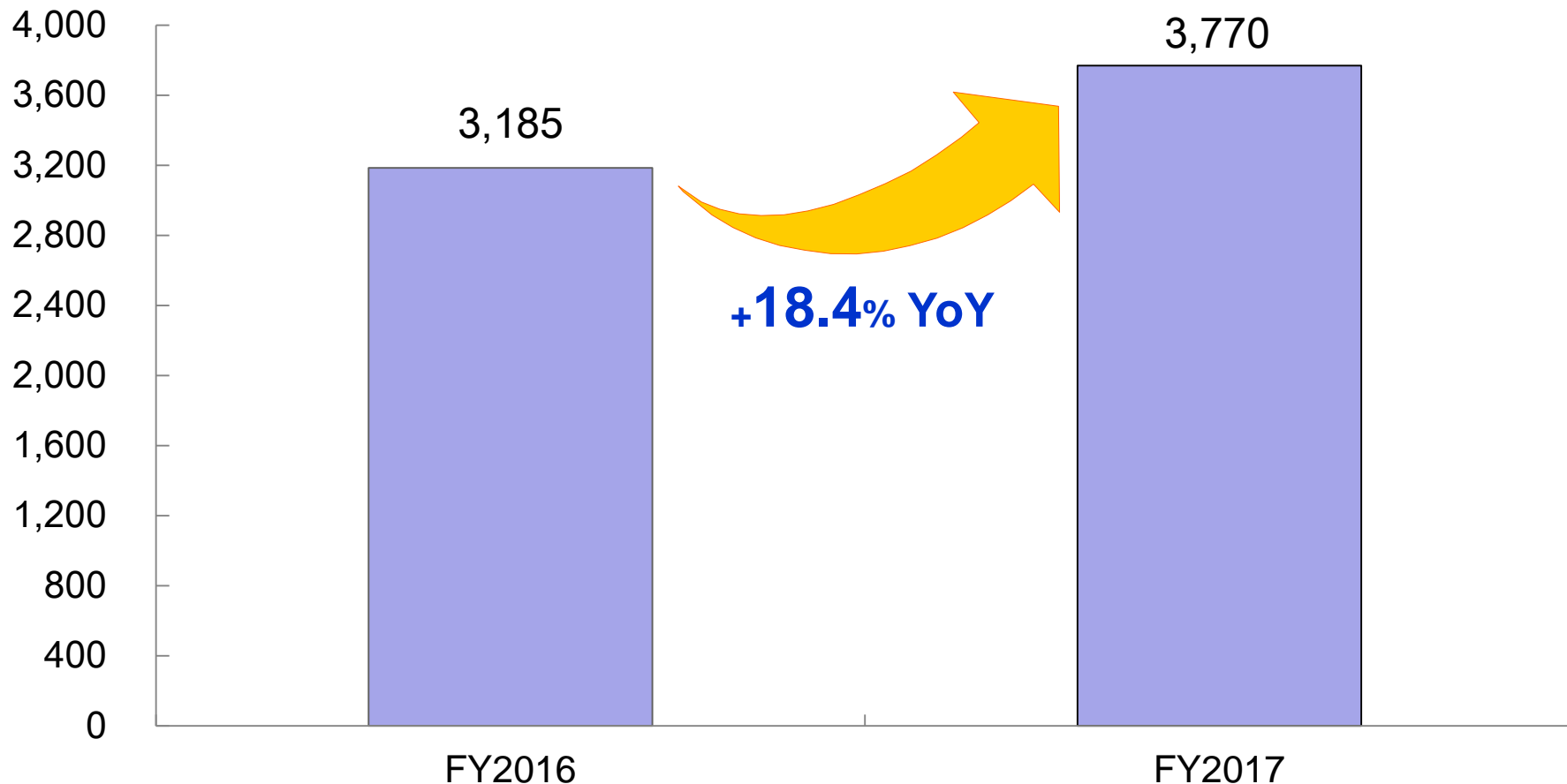


Change in SBI Sumishin Net Bank's Financial Results (IFRS)

SBI Holdings' equity in earnings of SBI Sumishin Net Bank based on IFRS for FY2017 was JPY 3.77bn, up 18.4% year-on-year

(JPY million)

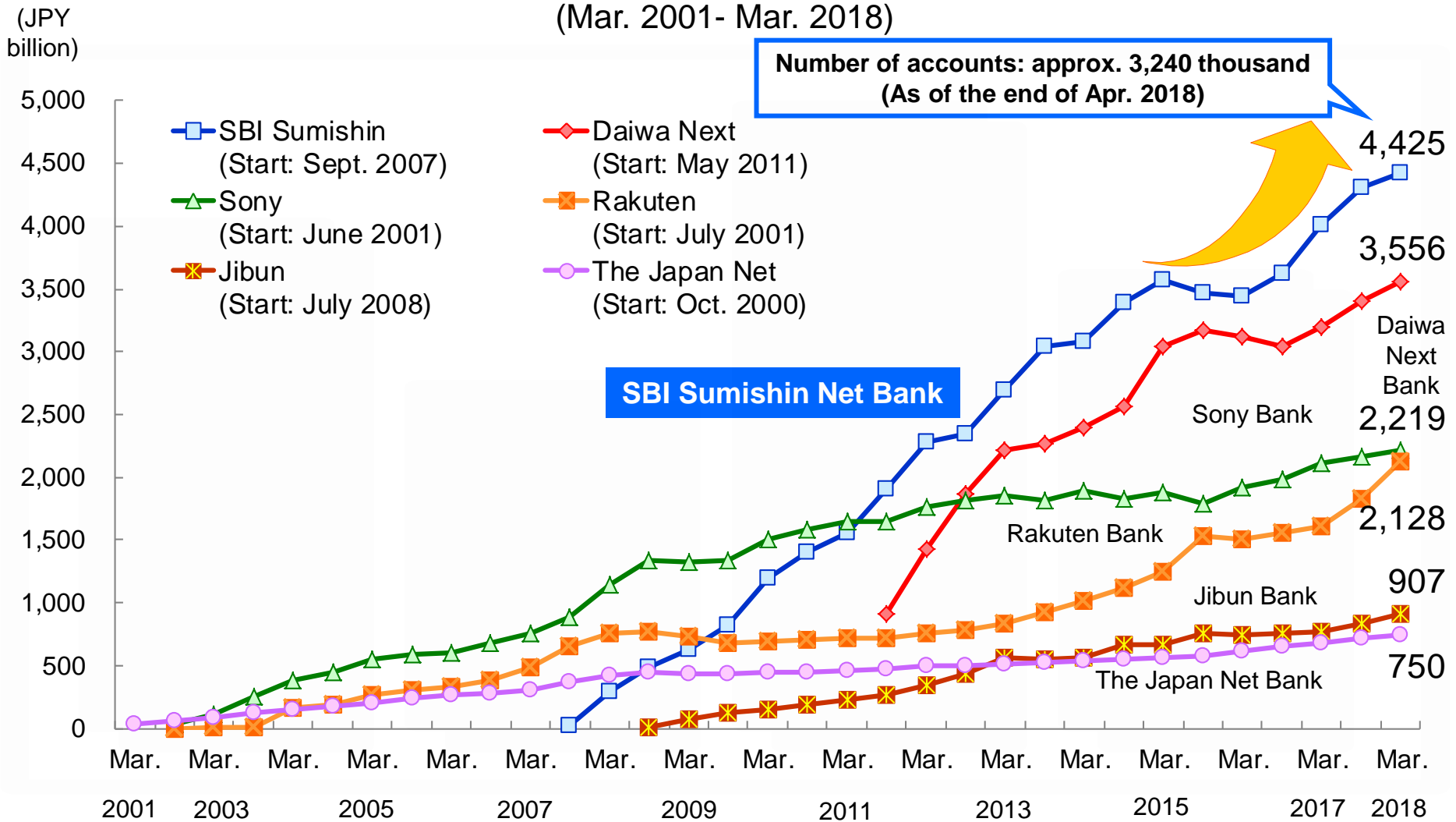
Change in equity in earnings of affiliates



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

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

Pure-play Internet Banks' Deposits Since Establishment (*)

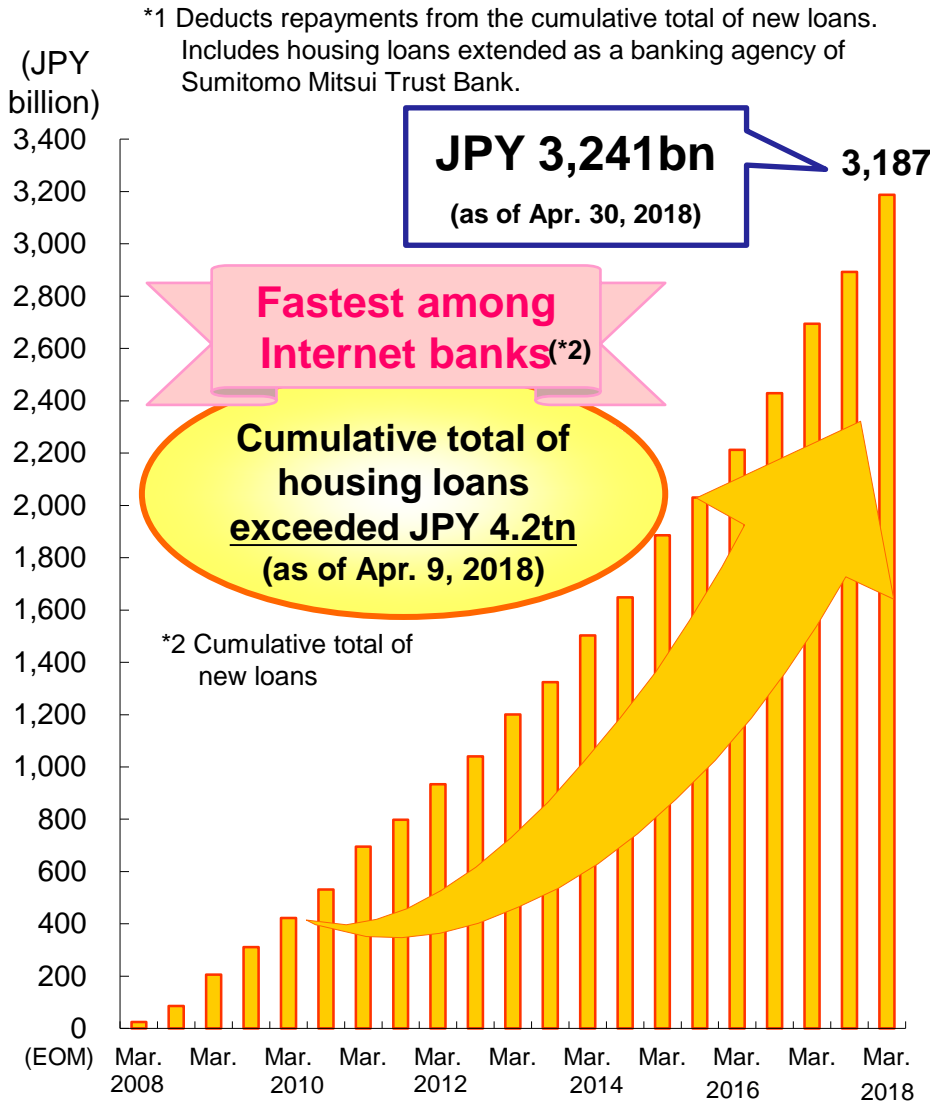


* Compiled by SBIH from the published materials of the noted banks, with each origin denoting the earliest available data of deposit balance amount, since the establishment of the respective banks.

② Banking-related business: SBI Sumishin Net Bank

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

Change in Balance of Housing Loans *1 (Mar. 2008 - Mar. 2018)



SBI Sumishin Net Bank's housing loans business:

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

Further improved customer convenience with the launch of the Internet conclusion type application service for group credit life insurance directed to "Internet Exclusive Housing Loan" applicants in June 2016

③ Insurance-related business

(SBI Insurance, SBI Life Insurance, Three SSI companies)

- The SBI Insurance Group's profit before income tax expense on an IFRS basis steadily increased by 20.3%, to JPY 2,263m
- At SBI Insurance, sales of cancer insurance and fire insurance grew steadily, where the profit before income tax expense increased by 172.7%, to JPY 360m, on an IFRS basis
- SBI Life Insurance absorbed the increase in policy reserves, owing to the commencement of the sales of group credit life insurance, and yet continued to be profitable
- In the small-amount, short-term insurance business, the business scale was steadily expanded with added product offerings such as pet insurance

③ Insurance-related business: SBI Insurance Group

Started Insurance Business with SBI Insurance in 2008, and Continuing to Grow through the Diversification of Insurance Offerings

SBI Insurance Group has the following 5 subsidiaries



SBI Insurance Group is preparing to list as an insurance holding company

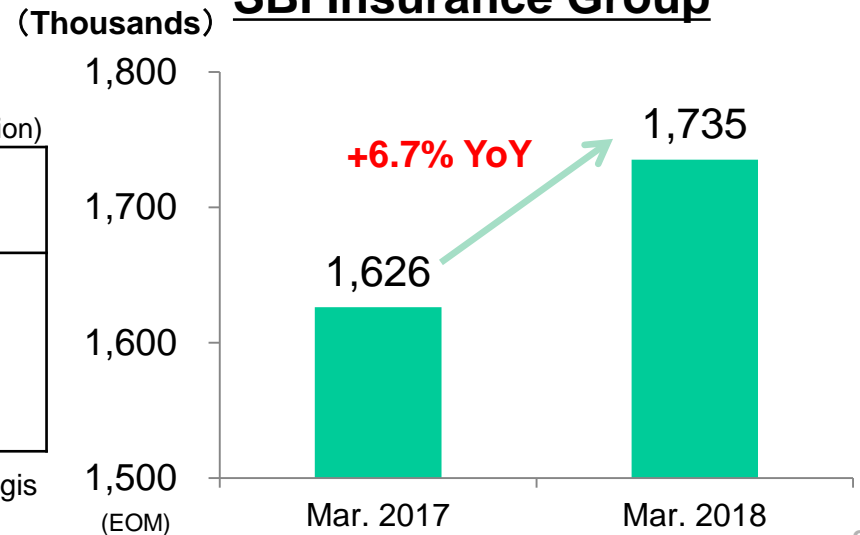
SBI Insurance Group's financial results (IFRS)

(Unit: JPY million)

	FY2016	FY2017	Increasing rate (%)
Profit before income tax expense	1,881	2,263	+20.3

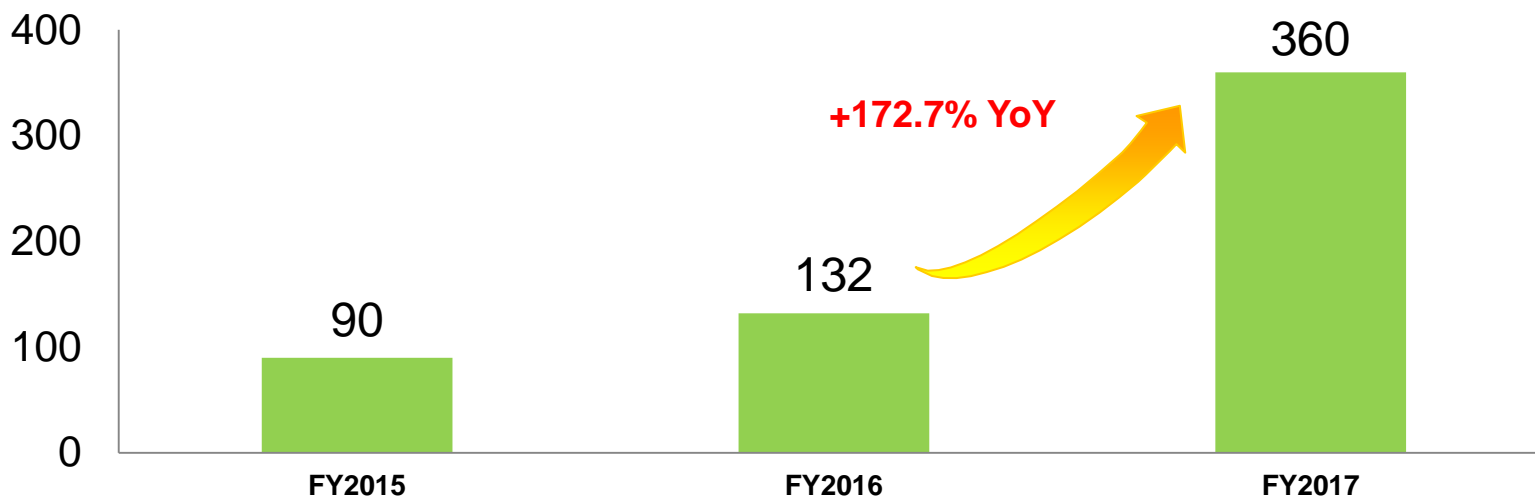
* Simple sum of financial results of each insurance company under the aegis

The number of contracts in SBI Insurance Group



SBI Insurance Financial Results for FY2017

(JPY million) **SBI Insurance Profit before Income Tax Expense (IFRS)**



Combined Ratio (Based on Direct Figures)

(Unit: %)	FY2015	FY2016	FY2017
Loss ratio*¹	74.7	71.8	<u>72.4</u>
Operating expenses ratio*²	20.8	19.4	<u>18.6</u>
Combined ratio (based on direct figures)	95.5	91.2	<u>91.0</u>

Although the loss ratio increased as a result of payments for major insurance claims, the operational cost ratio decrease was maintained

*1 Loss ratio (%) = (Direct net insurance payment + Loss adjustment expenses) / Direct premium written X 100

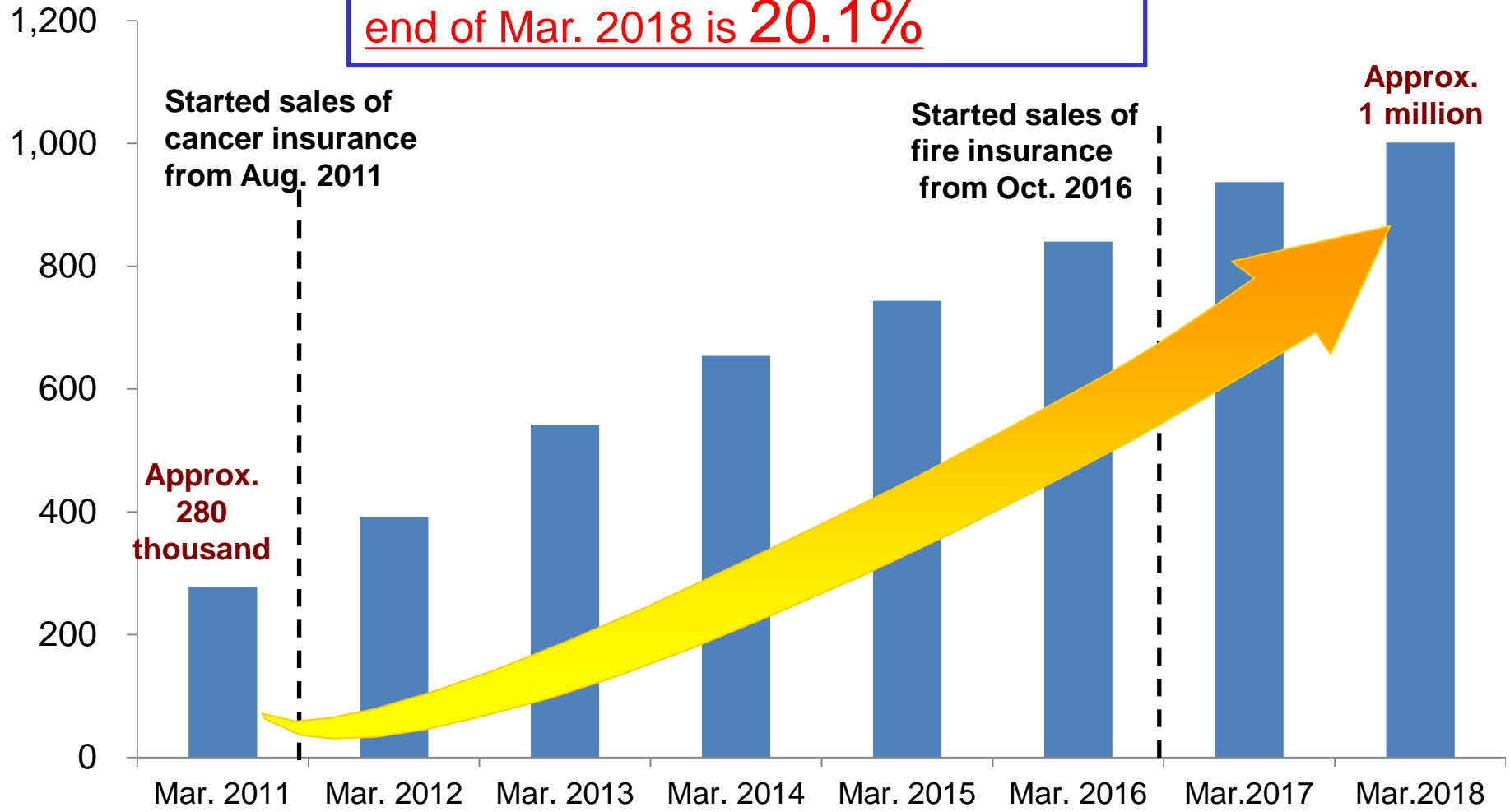
*2 Operating expenses ratio (%) = (Operating expenses except for reinsurance commissions) / Direct premium written X 100

*3 Percentages in the table above are based on direct figures

SBI Insurance's Number of Contracts Increased Steadily to Exceed 1 Million Contracts

CAGR from the end of Mar. 2011 to the end of Mar. 2018 is 20.1%

(Thousand policies)

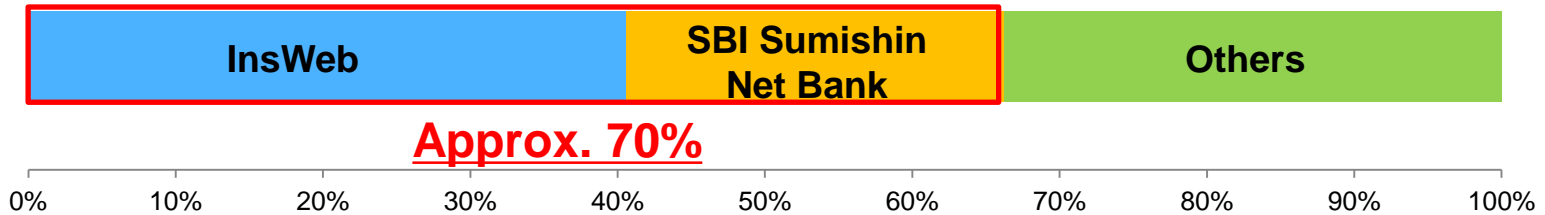


* Auto insurance includes new contracts that were paid by the end of the month, but becomes effective the following month or later

SBI Insurance Expands Sales Network of its Insurance Products by Pursuing Synergies with Companies Within and Outside of the Group

① Pursuing Group synergies for the sales of fire insurance

4Q FY2017 fire insurance acquisition ratio by sales channel



Since Mar. 2018, SBI Insurance began underwriting entire rental apartment buildings, not only for individuals, but for corporations and individual business owners as well



- It's possible to freely choose and customize contents of compensation from an extensive range of options, in addition to essential compensation, including fire, lightning and explosion coverage
- Unique discounts are available, such as a nonsmoker discount and all-electric housing discount

② Providing SBI Insurance's products to companies outside of the Group

In order to differentiate itself from other companies' products, it was determined that 6 companies (of which 4 are regional financial institutions) outside of the Group will handle SBI Insurance's products. Plans are for sales to start shortly



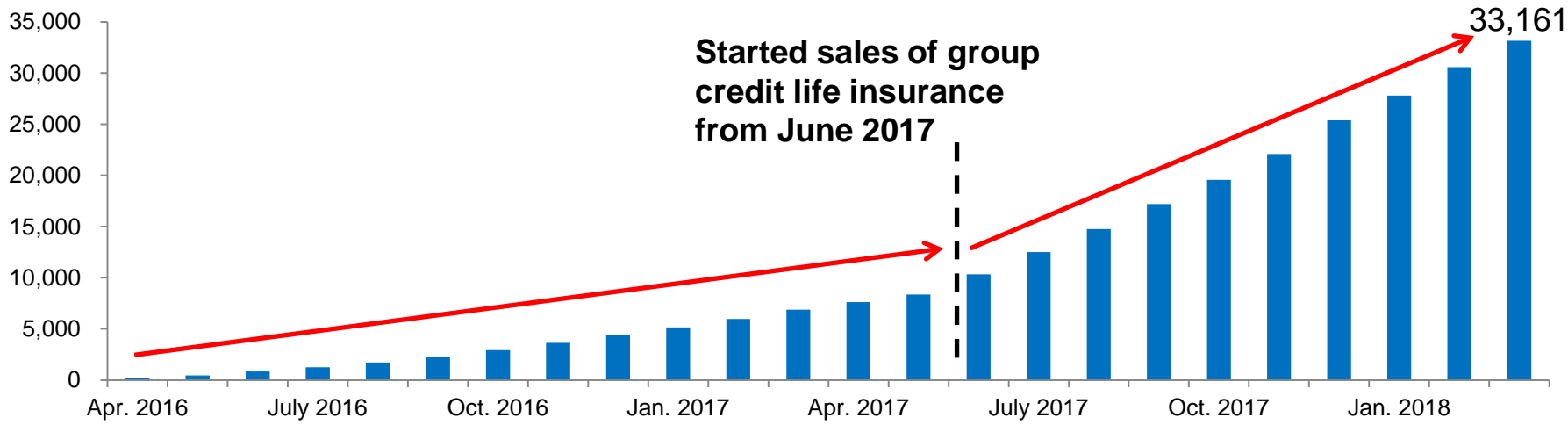
SBI Life Insurance Financial Results for FY2017 (J-GAAP)

SBI Life Insurance’s ordinary profit maintains profitable, with absorbing the cost of starting the sales of a group credit life insurance product

- **Ordinary profit (based on J-GAAP): approx. JPY 500m**
- **Solvency margin ratio: 1,172.2%** *As of the end of Mar. 2018
- **The number of contracts: approx. 110 thousand (annualized premium: JPY 7,210m)**

SBI Life Insurance’s total number of insurance applications

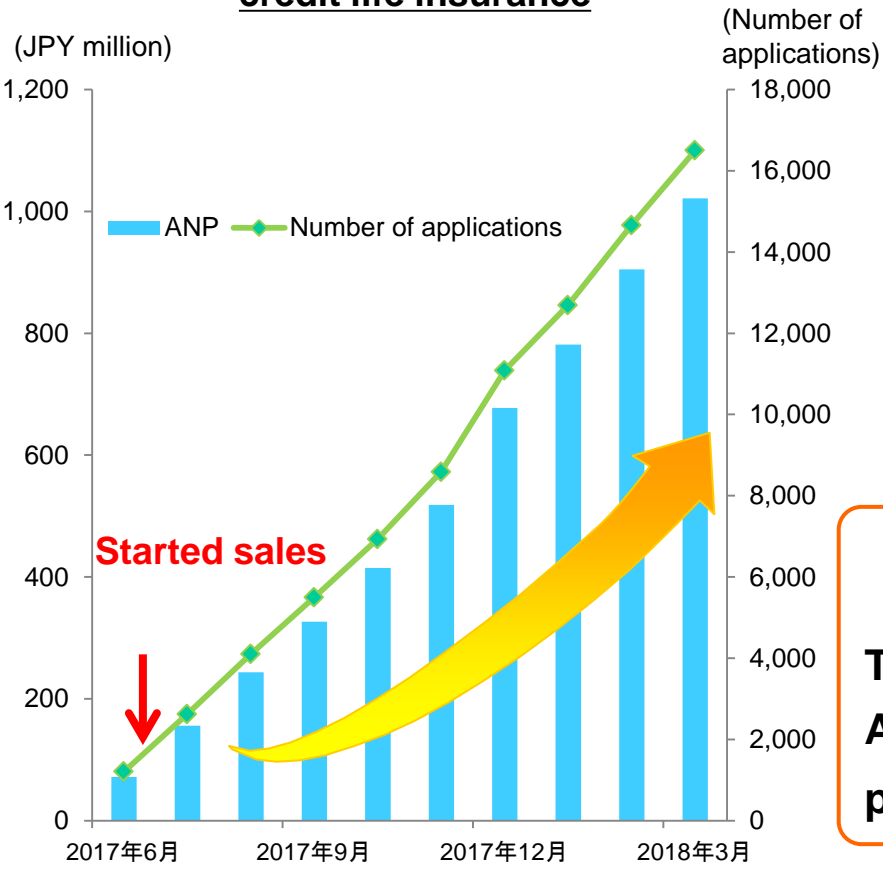
(The number of applications)



With regard to the number of new contracts, sales of the group credit life insurance, which was launched in June 2017, had a positive effect as the total increased significantly

SBI Sumishin Net Bank's Housing Loan is Accompanied by SBI Life's Advanced Medical Treatment Special Contract and the Group Credit Disability Income Insurance with All Disease Security, which are Both Selling Well (Sales launched in June 2017)

Trend in number of applications and approximate ANP of group credit life insurance



Housing loans that SBI Sumishin Net Bank underwrites

- **Housing loan via alliance with real estate companies**
- **MR. Housing Loan REAL**
- **Flat 35**
- **MR. Package Loan**



Total as of Mar. 2018 * based on applications

Total number: 16,502

Approximate ANP (annualized new business premium): JPY 1,021m

Small-amount, Short-term Insurance Business Steadily Expands Its Business Scale

Offering a variety of products from the 1st to 3rd categories, with expanding a more expansive strategy



[SBI Resta SSI: Earthquake indemnity insurance]
2nd category

Number of Contracts of Earthquake Indemnity Insurance Resta: 15,488 (+3.4% YoY)



[SBI IKIIKI SSI: Death insurance, Medical insurance, Pet insurance]
All categories

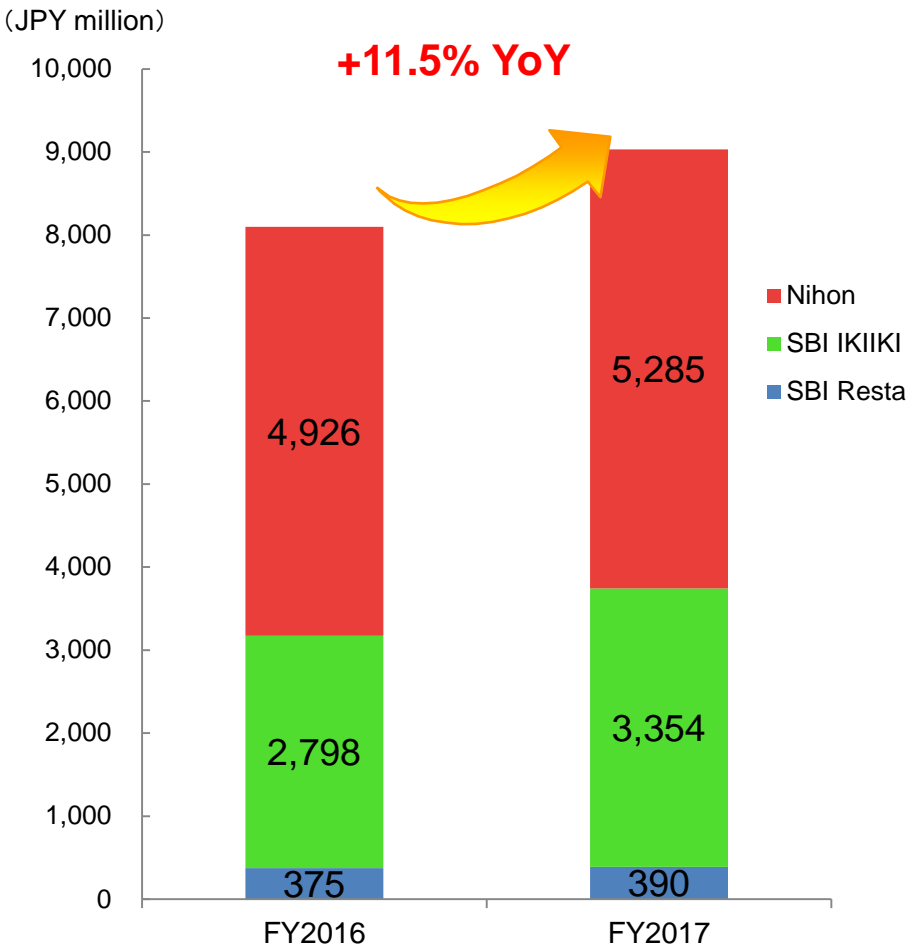
Number of contracts: 69,661 (+22.1% YoY)



[Nihon SSI: Home content insurance, Vehicle insurance, Reform insurance, Building cost insurance]
2nd category

Number of contracts: 539,572 (+5.9% YoY)

Trend of premium income*1



* Simply sum of financial results of each SSI company

④ SBI FinTech Solutions

- **SBI FinTech Solutions' subsidiary companies' performance improved steadily, as FY2017 profit before income tax expense based on IFRS was JPY 1,076m, up 98.2% year-on-year**
- **SBI Remit, a provider of expatriate international money transfer services in Japan, remained profitable with profit before income tax expense up 198.2% year-on-year to JPY 547m**
- **SBI Social Lending's profit before income tax expense for FY2017 (based on J-GAAP) was JPY 177m, up 1,475.0% year-on-year, owing to a steady expansion of its business scale through collaborations with partner companies**

SBI FinTech Solutions Conducted Business Restructuring in Mar. 2017

-Principal Businesses and FinTech services-

Settlement Business

ZEUS



- ◆ Provides an online settlement service for various settlement methods on an one-stop basis
- ◆ Launched a business loan service, based on accounting transactions, in cooperation with SBI Sumishin Net Bank

Financial Business for Individual Customers

SBI Remit



- ◆ Provides fast, secure international remittance service with low fees, utilizing the Internet
- ◆ Launched a remittance service between Japan and Thailand, with the first utilization in Asia of the solution of Ripple

SBI Social Lending



- ◆ Provides social lending service that connects investors and borrowers through the Internet

Back Office Support Business

SBI Business Solutions

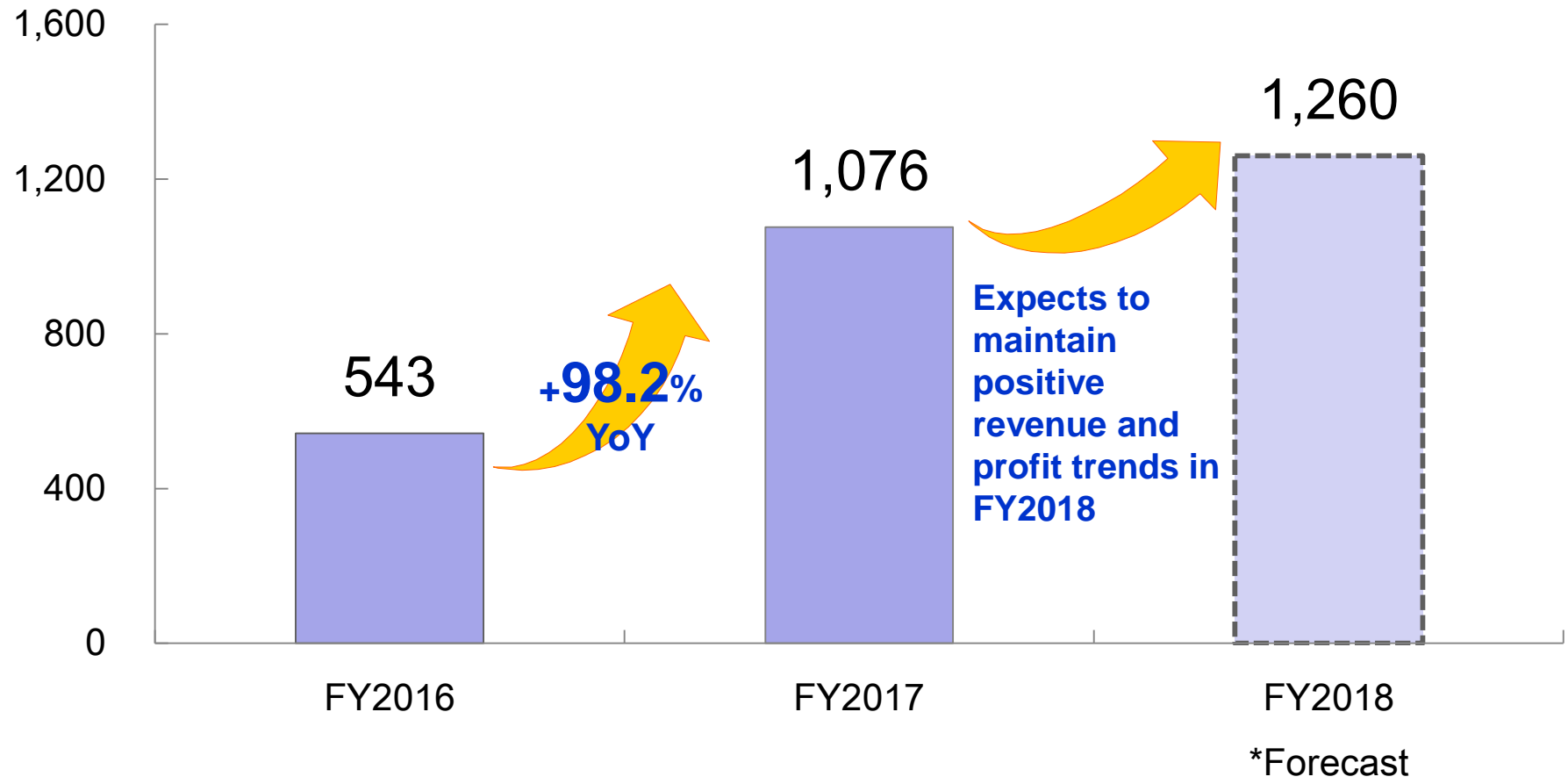


- ◆ Provides back office support services
- ◆ Plan to offer comprehensive transfer service, by utilizing API connection with SBI Sumishin Net Bank

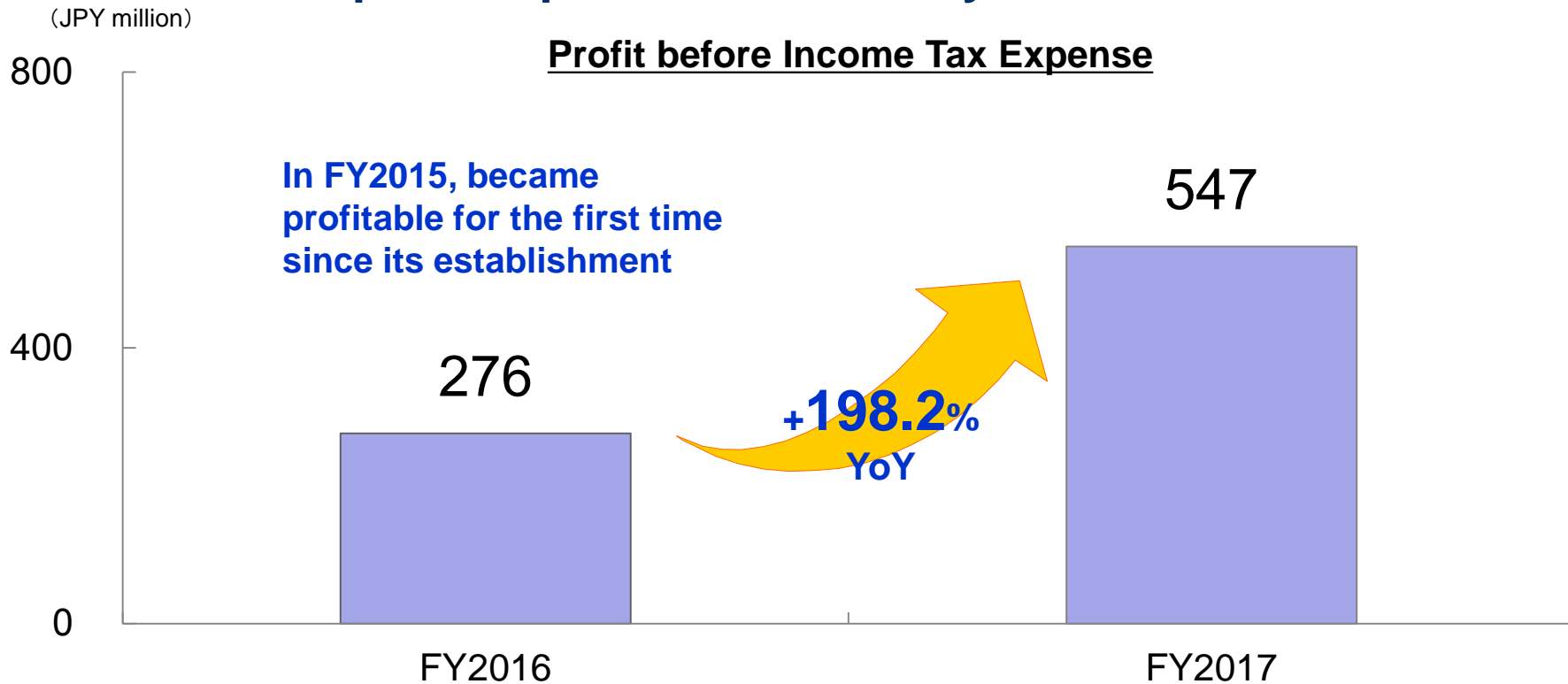
SBI FinTech Solutions' Profit Before Income Tax Expense (IFRS) Trend

Profit before Income Tax Expense (IFRS)

(JPY million)

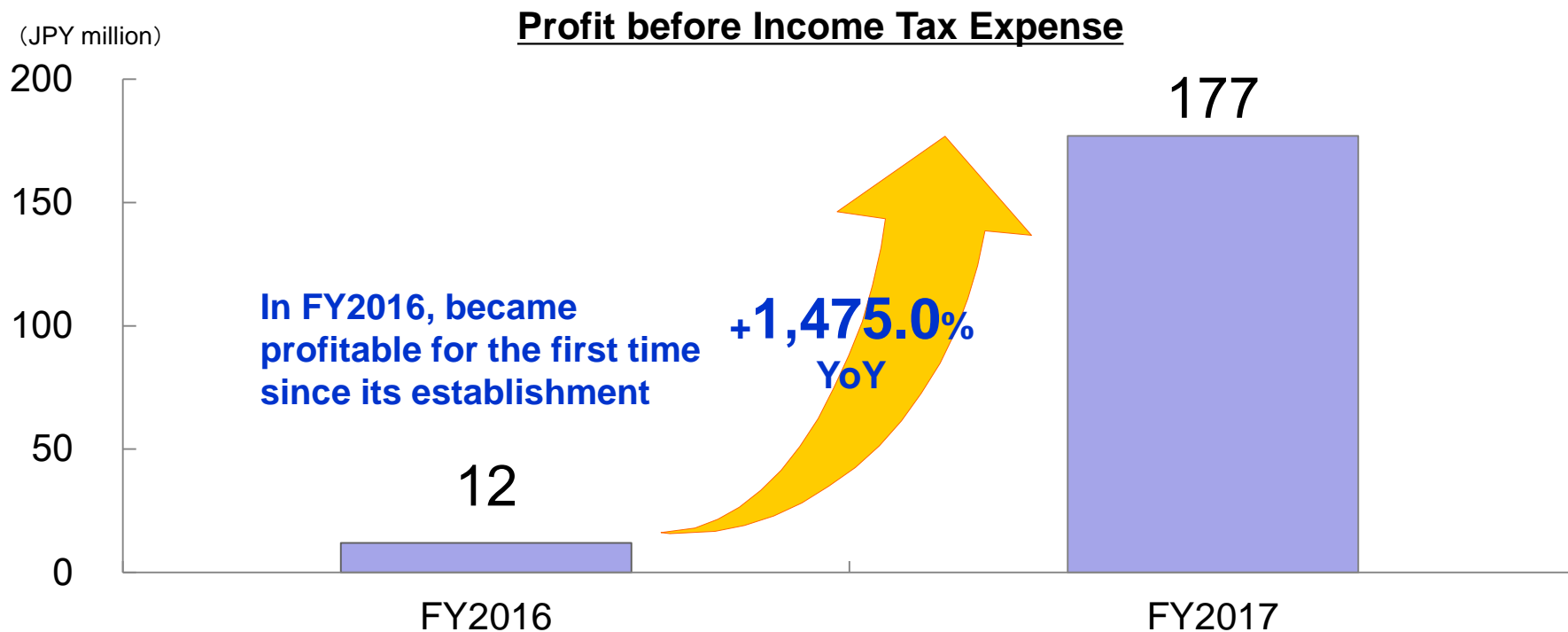


SBI Remit, a Provider of Expatriate International Money Transfer Services in Japan, Remained Profitable with Profit before Income Tax Expense up 198.2% Year-on-year to JPY 547m



- ◆ Total overseas remittances handled to date topped JPY 400bn (yen equivalent) in Feb. 2018
- ◆ Expanded the customer base through a cooperative that provides employment support to over 700 expatriates in Japan
- ◆ Increased income from fees from local receiving points in conjunction with the increase in number of remittances

SBI Social Lending's Scale of Business Expanded Rapidly, as the Loan Balance and the Number of Investors Increased Significantly, and Profit before Income Tax Expense for FY2017 (based on J-GAAP) was JPY 177m, Up 1,475% Year-on-year

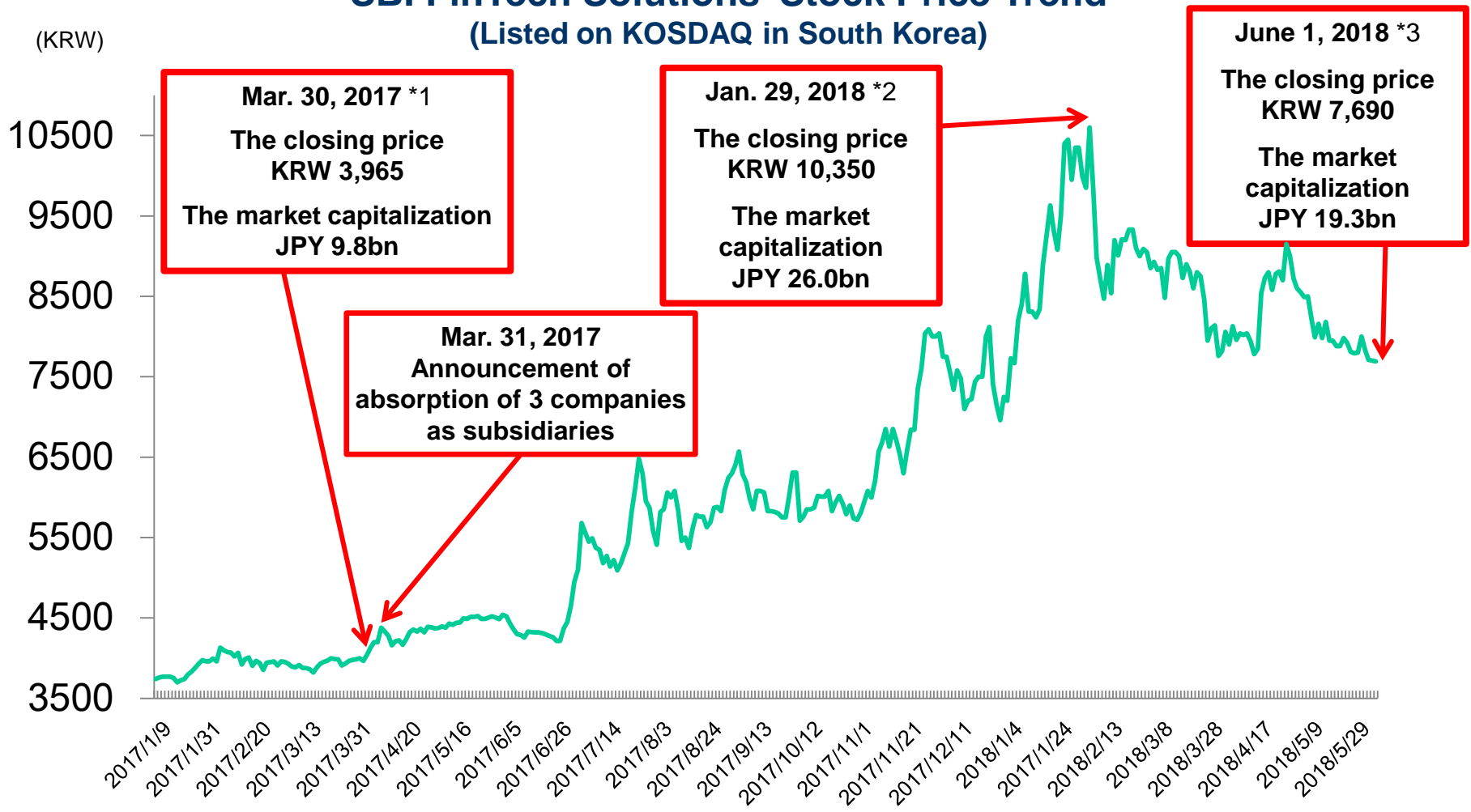


- ◆ Through collaborations with companies such as Genkai Investment Advisor, which conducts investment consulting on renewable energy, etc., implementing further measures to enhance the safety of loan repayments
- ◆ A new tier of investors has been developed by leveraging Web advertising and seminars
- ◆ Owing to an increase in the fund size and the number of cases, loan balance exceeded JPY 20bn (as of the end of Mar. 2018)

Corporate Value Upon Business Restructuring Increased by an Approx. Maximum of 2.7 Times*, as Compared to the Day Before the Announcement

SBI FinTech Solutions' Stock Price Trend
(Listed on KOSDAQ in South Korea)

* As of Jan. 29, 2018



• Rounded to 3 decimal places. *1 KRW 1=JPY 0.100 (As of Mar. 30, 2017), *2 KRW 1=JPY 0.102 (As of Jan. 29, 2018), *3 KRW 1=JPY 0.102 (As of June 1, 2018)

(2) Asset Management Business

- **FY2017 profit before income tax expense for the Asset Management Business increased by approx. 4x year-on-year to JPY 56,491m**
- **Valuation gains primarily from investee companies of the FinTech Fund, as well as IPOs and M&As, etc., contributed to the favorable results**
- **SBI SAVINGS BANK of South Korea's incorporated profit before income tax expense (IFRS) for FY2017 was approx. JPY 14.0bn, growing as a revenue source next to SBI SECURITIES**

Asset Management Business' Financial Results Breakdown

(IFRS, JPY billion)

	FY2016	FY2017	YoY % change
Revenue	77.4	117.6	+51.8
Profit before income tax expense	13.9	56.5	+307.6
SBI SAVINGS BANK	5.6	14.0	+148.1
Profit/loss from the change in fair value and profit/loss on sales of investment securities	6.8	44.4	+549.6



Details of profit/loss from the change in fair value and profit/loss on sales of investment securities in FY2017

	FY2017
<u>Listed Securities</u>	7.4
<u>Unlisted Securities</u>	37.0



SBI SAVINGS BANK of South Korea is the Industry Leader in Terms of Both Assets and Profits (Fiscal year ended Dec. 31, 2017; based on K-GAAP)

(KRW billion)

	Total assets	Net Income
SBI	5,729.8	88.9
OK	4,063.8	78.0
Korea Investment	2,607.5	50.8
Acuon(formerly HK)	2,260.3	25.2
Welcome	2,077.3	35.0

<News articles regarding the performance of SBI SAVINGS BANK>

Thanks to a solid profit foundation created through investment banking, SME loans, personal loans, etc., the bank has preserved its top ranking in size and profits with room to spare, despite the obstacle of its large accumulated reserves.

SBI SAVINGS BANK has total assets of KRW 5.7298tn and is ranked No. 1 among 79 savings banks in the country.

Partial excerpt from Korean financial specialty newspaper “The Bell” as of Apr. 5, 2018

SBI Bank* of Russia, Now a Wholly Owned Subsidiary, is Fully Engaged in Growing Its Business



*Changed the company name from YAR Bank

SBI Bank (SBI Group's Shareholding: 100%)

① Retail business: Providing mobile banking by fully utilizing FinTech

In addition to joining the blockchain consortium led by R3 of the U.S., by partnering with SBI Group's investee FinTech companies, including Movencorp of the U.S., providing innovative products and services with high customer benefits

② Corporate business: Developing financial services for small- to medium-sized Japanese and Russian companies

As one of eight specific items of economic cooperation agreed upon by Japan and Russia, the following two business alliances have been entered into

- Business alliance with the Far East Investment and Export Agency, under the Ministry for Development of the Russian Far East
Develops financial services for Japanese companies, or Russian companies that partner with Japanese companies, that take part in Japanese-Russian projects in the Far East Special Economic Zone
- In cooperation with HOKKAIDO CORPORATION
Developing financial services for Russian companies that will become partners with small- to medium-sized Japanese companies that are considering entering into the Russian market

Furthermore in Russia, SBI Holdings and the Russian Direct Investment Fund (RDIF) have concluded a joint investment contract as an outcome document of the Japan-Russia economic cooperation. Along with the **establishment of a joint fund, a cooperative framework in a wide range of investment activities will be established.**

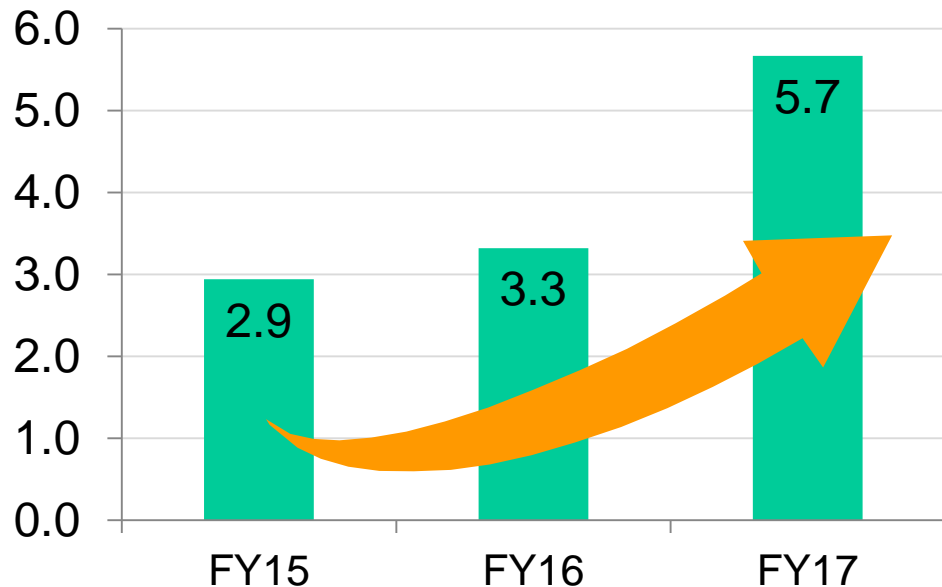
On Apr. 19, 2018, TPBank (SBI Group's shareholding: 19.9%) of Vietnam Listed on the Ho Chi Minh Securities Exchange



- Invested in TPBank in Aug. 2009
- Proactively introduced advanced technologies, such as launching Vietnam's first online account opening system, and continues to rapidly expand its business with a focus on the retail customer
- Won Best Digital Banking Award 2017 (Vietnam Bank Association)

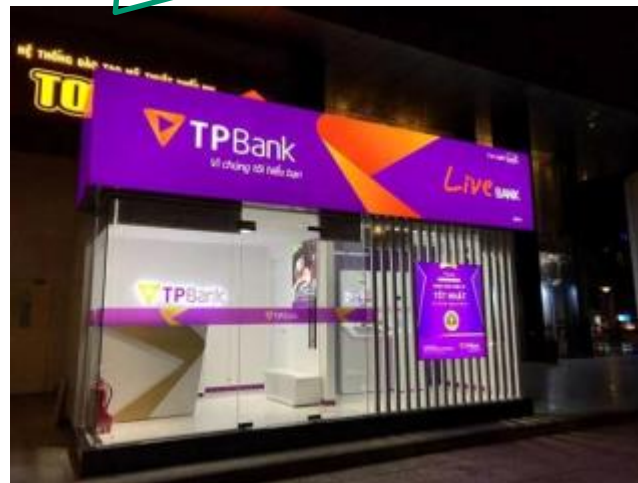
< The trend of profit before income tax expense >

(JPY billion)



* Converted at VND 1 = JPY 0.0047

In May 2018, started immediate issuance service of ATM cards at self-service terminal of unmanned banking service "Live Bank"



In the Southeast Asian Region, Investing in Both E-Commerce Companies and FinTech Companies, to Support a Dramatic Growth through the Creation of Mutual Synergies between the Two Types of Companies



Tokopedia (E-commerce)

- Manages one of the biggest C-to-C marketplace in Indonesia, having over 1.5 million registered merchants selling close to 50m SKUs
- Tokopedia is the largest digital goods platform in Indonesia and today offers wallet, FinTech and official stores on its marketplace platform



Taralite (FinTech)

- Developing online lending for small business
- Create partnerships with companies that manage the marketplace, such as Tokopedia, to execute loans based on transaction data



Sendo (E-commerce)

- Manages one of the biggest C-to-C marketplace “Sendo” in Vietnam, having over 0.2 million registered merchants selling close to 7.5 million SKUs
- Its amount sold increases steadily since its establishment in 2012 as its volume of businesses on e-commerce having grown up to rank 2nd in Vietnam
- Provides wallet and online payment for users



Jirnexu (FinTech)

- Operates Malaysia’s largest financial comparison site “RinggitPlus” and Indonesia’s financial comparison site “KrediGoGo”
- Started handling insurance products as the first online insurance marketplace in the country through Regulatory Sandbox* operated by the Central Bank of Malaysia in 2017

* A system for companies with innovative business models that allows limited-term business rollouts, even if companies do not meet certain regulations. The goal is to allow exceptions for companies with limited staffing and funds to encourage early-stage growth.

FY2017 IPOs and M&As of the SBI Group Investee Companies

	Full-year FY2017
IPO·M&A deals	13

A significant increase is expected in FY2018

In FY2017, 10 companies were IPO'd and 3 companies were M&A'd

EXIT Date	Company	Market	EXIT Date	Company	Market
Apr. 18	Toebox Korea	M&A	Sept. 27	UTI Korea	KOSDAQ
July. 20	Crossfor	TSE JASDAQ	Sept. 29	Money Forward	TSE Mothers
Aug. 3	SHARINGTECH NOLOGY	TSE Mothers	Sept. 29	YAS	KOSDAQ
Aug. 4	Motrex	KOSDAQ	Dec. 14	ARUHI	TSE 1 st
Sept. 19	Global Tax Free	M&A	Dec. 19	Eloxx Pharmaceuticals	M&A
Sept. 14	Pearl Abyss	KOSDAQ	Mar. 27	RPA Holdings	TSE Mothers
Sept. 15	SAMCO	KOSDAQ			

Stock Prices of Money Forward and RPA Holdings, which were Listed, have Remained Well Above the Public Offering Prices, Reflecting High Expectations for FinTech Companies



-From 2018 onward, a full-fledged listing of FinTech companies is expected-



Managing “Money Forward,” an automated household account service for individuals, and “MF Cloud” series, a cloud-based accounting service for SMEs

Public offering price	Initial share price	Closing price (May,18)
JPY 1,550	JPY 3,000	JPY 4,690

The initial share price exceeded the public offering price by 94%



Providing a new labor force “Digital Labor” that utilizes RPA to execute office work on behalf of people

Public offering price	Initial share price	Closing price (May,18)
JPY 3,570	JPY 14,280	JPY 15,800

The initial share price exceeded the public offering price by 300%, and remains in that high price zone

[Planned EXIT schedule of FinTech investee companies]

Already decided on investments into **67** companies

(Total investment amount to be approx. **JPY 24.0bn** through the FinTech Fund and approx. **JPY 16.0bn** by SBI Holdings)





Year 2017: 1; Year 2018: 4; Year 2019: 12; Year 2020:21; After Year 2021: 14; TBD: 15

(3) Biotechnology-related Business

- (1) 5-ALA-related business achieved its first full-year profitability. Expecting further earnings increase through the introduction of new 5-ALA-related products (pharmaceuticals, health foods, foods with functional claims) in Japan and abroad**
- (2) Impairment losses (approx. JPY 27bn) were booked, owing to the result of clinical trials and changes in the business plan**

FY2017 Profit before Income Tax Expense of the Biotechnology-related Business Companies (IFRS)

(JPY million)

		FY2016	FY2017
SBI Biotech		737	-432
Quark Pharmaceuticals (“Quark”)		-8,270	-7,902
5-ALA-related business		-298	 58
	SBI Pharmaceuticals	91	 42
	SBI ALApromo	-233	 40
	photonamic	-41	 55
	SBI ALApharma (formerly SBI ALA Hong Kong)	-69	-15
	Suzhou Yian Biotech	-46	-64

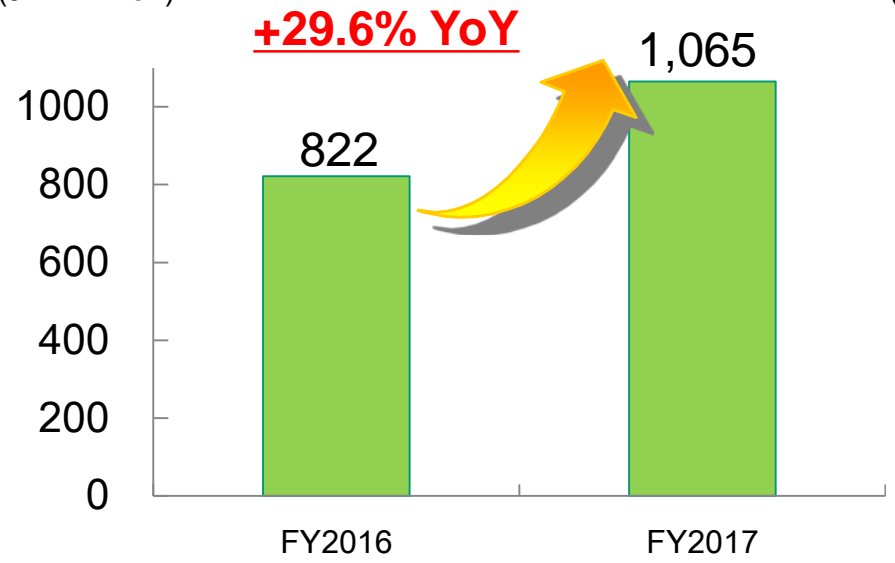
*Excluding drug pipeline impairment loss

- ① Quark’s expenses have increased, owing to the steady progress of several clinical trials, including two Phase III trials. Also preparing Phase III trials for acute kidney injury (AKI). Approval to start Phase III trials is expected soon
- ② SBI Pharmaceuticals achieved full-year profitability for the second consecutive year, owing to the receipt of milestone payments for the launch of “ALAGLIO® Divided Granules 1.5g,” from Chugai Pharmaceuticals, to which SBI Pharmaceuticals has provided exclusive domestic marketing rights for its drugs in Japan, and from the granting of comprehensive commercialization rights for pharmaceuticals, including “ALAGLIO® Divided Granules 1.5g” in MENA and India, to Neopharma in Mar. 2018
- ③ SBI ALApromo achieved its first full-year profitability since its establishment

SBI ALApromo Achieved the First Full-Year Profitability since Its Establishment, Owing to Sales Expansion of Foods with Functional Claims

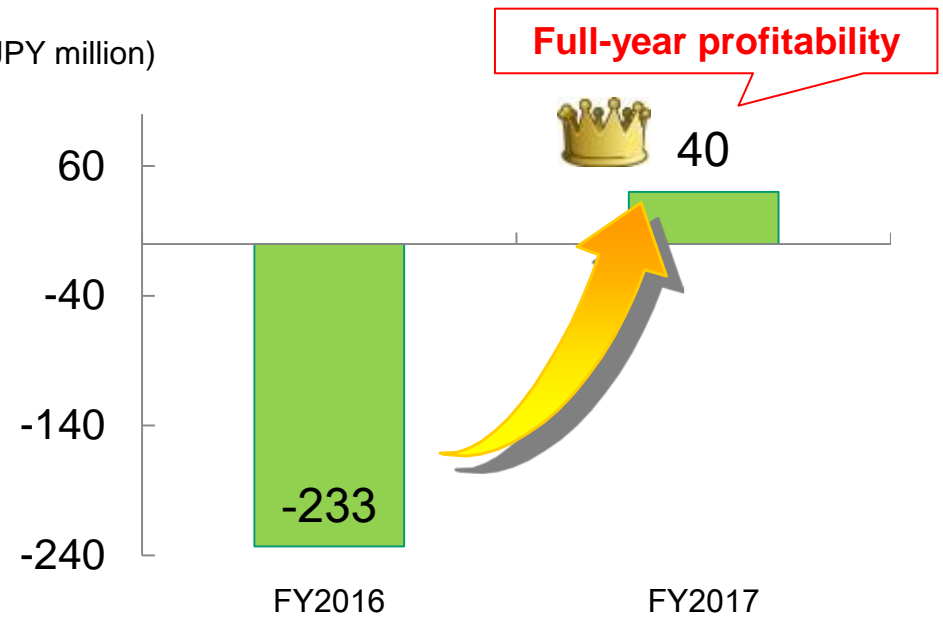
Revenue (IFRS)

(JPY million)



Profit before Income Tax Expense (IFRS)

(JPY million)



Among over 1,000 foods with functional claims received by the Consumer Affairs Agency, “ALAplus Tou (Sugar) Down” (30 capsules) was ranked 9th in sales, in Mar. 2018. (May 2018 issue of the monthly magazine “H&B Retail”)*
Ranked in top 30 for 25 consecutive months since Mar. 2016

*Source: “TRUE DATA” by CUSTOMER COMMUNICATIONS, Ltd. “TRUE DATA” is a standard database, taking statistics about information on consumer purchase in drugstores and supermarkets in Japan, which consists of purchase information on approx. 50 million people in Japan, covering gender and age span

Impairment Loss on Drug Pipeline was Recorded for the Consolidated Financial Results, Based on the Results of Clinical Trials and the Review of Business Plan, etc

Profit before Income Tax Expense of the Biotechnology-related Business for FY2017 (IFRS)

(JPY million)

	FY2016	FY2017
Total of the Biotechnology-related Business	-9,574	-37,252
Of which was drug pipeline impairment loss		-26,985

Major factors:

- Quark Pharmaceuticals : Approx. JPY 5.7bn
- Kubota Pharmaceutical Holdings (Equity method associate) : Approx. JPY 21.1bn

Q2. What are SBI's initiatives to further evolve the financial business, which has been a core domain since its founding?

- (1) Endeavoring to further increase market share and profit growth in all financial services businesses, centering on securities, banking and insurance**
- (2) By further strengthening alliances with regional financial institutions and thoroughly pursue synergies with the SBI Group's financial businesses, will realize a Win-Win relationship with regional financial institutions**
- (3) Endeavoring the rapid expansion of the assets under management by strengthening the Group's asset management system
(Target: JPY 1tn within 1 year, JPY 5tn level within 3 years)**

(1) Endeavoring to further increase market share and profit growth in all financial services businesses, centering on securities, banking and insurance

- ① Through proactive utilization of advanced technologies, strengthening competitiveness and differentiating from major competitors**
- ② During FY2018, to improve operational efficiency, will endeavor to increase productivity of indirect departments and reduce cost by focusing on the promotion of RPA (Robotic Process Automation)**
- ③ Promoting a mobile shift of the existing financial ecosystem by expanding “Mobile-first” services**

- ① Through proactive utilization of advanced technologies, strengthening competitiveness and differentiating from major competitors**
 - (i) Securities-related business**
 - (ii) Banking-related business**
 - (iii) Insurance-related business**
 - (iv) SBI FinTech Solutions**

Proactive Advanced Technology Usage Cases at the SBI Group Companies

(i) Securities-related business

Robo-advisors, etc.

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

Customer assets: JPY 31.9bn,
Number of accounts: approx.
42 thousand (as of May 31, 2018)

- ◆ Provision of “THEO+ SBI SECURITIES” that customizes Money Design’s robo-advisor service

Customer assets: JPY 6.7bn,
Number of accounts: approx.
20 thousand (as of May 31, 2018)

- ◆ Provision of small amount theme-based investment service “Theme-Killer!,” whose portfolio is created based on minkabu’s unique analysis

Blockchain

- ◆ SBI SECURITIES collaborated with IBM Japan for the verification of the applicability of blockchain to the financial market infrastructure for bond processing operations

AI

SBI SECURITIES

- ◆ Conducted demonstration tests with NEC regarding application of AI for the trade review operation for stocks, etc.
- ◆ Started Know Your Customer (“KYC”) operations related to “My Number,” using OCR (Optical Character Reading System) equipped with AI provided by Double Standard

SBI Liquidity Market & SBI FXTRADE

- ◆ Jointly developed an AI chatbot to respond automatically to inquiries from users of FX trading service with Microsoft Japan

Proactive Advanced Technology Usage Cases at the SBI Group Companies

(ii) Banking-related business-1

Robo-advisors

◆ Provision of WealthNavi's "WealthNavi for SBI Sumishin Net Bank"

Customer assets: JPY 11.4bn,
Number of accounts: approx. 12 thousand
(as of May 31, 2018)

◆ Provision of Money Design's "THEO+ SBI Sumishin Net Bank"

Customer assets: JPY 2.2bn,
Number of accounts: approx. 7 thousand
(as of May 31, 2018)

AI

- ◆ Introduction of advanced screening method for mortgage using AI Technology (Nov. 2017)
- ◆ Testing a hybrid chat service capable of AI and manned correspondence for customer inquiries (Nov. 2017)
- ◆ In collaboration with Hitachi, discussions have started on the creation of a screening service for financial institutions, utilizing AI (Dec. 2017)
- ◆ In collaboration with NEC, a monitoring system for countermeasures against unauthorized transfers, utilizing NEC's AI technology, was introduced (Apr. 2018)

Proactive Advanced Technology Usage Cases at the SBI Group Companies

(ii) Banking-related business-2

API Linkage (examples)

- ◆ Launched Japan's first API linkage (in Mar. 2016) through an alliance with Money Forward, which provides an automated household account book and asset-management service as well as cloud-based accounting software
- ◆ An automatic savings service is provided, along with asset management services using change from daily spending, targeting younger customers who are not familiar with savings, to support an effortless asset formation.

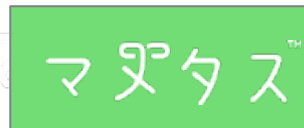
From Dec. 2016



NestEgg
“finbee”

Total number of
downloaded apps :
approx. 70,000

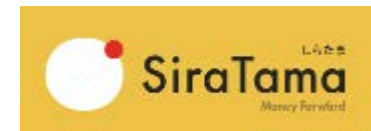
From May 2017



WealthNavi
“Mametasu”

Total number of
downloaded apps :
approx. 16,300

From Sept. 2017



MoneyForward
“SiraTama”

Total number of
downloaded apps :
approx. 18,100

* API (Application Programming Interface)

Mechanism to enable the managing of data and software functions from an outside program source. An upgraded API is a connection method between systems that enables transactions, such as transfers, between a primary account and a specific-purpose account without service providers having access to the user's login ID, password, or personal information

Proactive Advanced Technology Usage Cases at the SBI Group Companies (iii) Insurance-related business

SBI Insurance has Introduced Advanced Services Ahead of Its Competitors, and has Promoted the Development of Personalized Insurance



◆ Safety support car/ASV discounts introduced *ASV: Advanced safety vehicle

Safety support car/ASV discounts introduced for the first time in direct insurance for damages in response to the development and adoption of cars equipped with AEB (autonomous emergency braking) and **evaluated with regard to the risk reduction effects of vehicles with advanced safety**. Applied to policy periods starting on or after Jan. 1, 2018

◆ Industry-first system using LINE messaging app for cost estimates based on just an auto insurance policy image

Set up an official LINE account, and through this account started a service in which cost estimates are readily available just by uploading a vehicle inspection certificate for a vehicle covered by an in-force or new auto policy

◆ Industry-first introduction of Apple Pay payment for auto insurance

Introduced Apple Pay as a convenient and safe payment option that does not require entering credit card information for car insurance from SBI Insurance

◆ Additionally, promoting the development of personalized insurance products, where premiums are tailored and calculated according to each policy holder's risk and characteristics, by utilizing technology related to IoT, such as telematics and automated driving

SBI Life Insurance, in Cooperation with Partner Companies, Promotes Initiatives to Develop New Insurance Products ①



FiNC inc.
A technology venture company specializing in mobile health

- ◆ As an incentive to join the insurance and to promote disease prevention, providing health management apps for all SBI Life Insurance policy holders, to continuously monitor the health status of its customers



ADWELL, inc.
Venture company developing health management apps ...etc.

- ◆ In addition to discussing business collaboration possibilities with a Group investee company ADWELL, inc., developing health management apps, along with researching and developing new insurance products with enterprises involved in health promotion, where premiums will vary according to the policyholder's health status



ADWELL, inc. is a healthcare venture company which develops “SHIRUTASU,” a health management app that supports nutrition management, by analyzing nutrition tendencies from purchase data

SBI Life Insurance, in Cooperation with Partner Companies, Promotes Initiatives to Develop New Insurance Products ②



Newspaper article

- ◆ **Devised a system for presenting the optimal anti-cancer treatment to a patient, based on cancer gene(* 1,2) panel testing enhanced by AI. Conducted gene analysis and research for patients undergoing cancer treatment at Kindai University Hospital, with the future aim of using the system in the formation of insurance products to reduce the cost burden.**

Clinical trials for 30 patients undergoing treatment at Kinki University Medical School Hospital began on May 14

*1 Research on this product development is premised on not having collection and use of genetic information at the exam administered when subscribing to insurance or when paying insurance.

*2 Genes analyzed are ones with a pathological abnormality component and are different from the genes that transmit parental traits to a child."

An Insurance Consulting Support Platform is Under Development by the Group



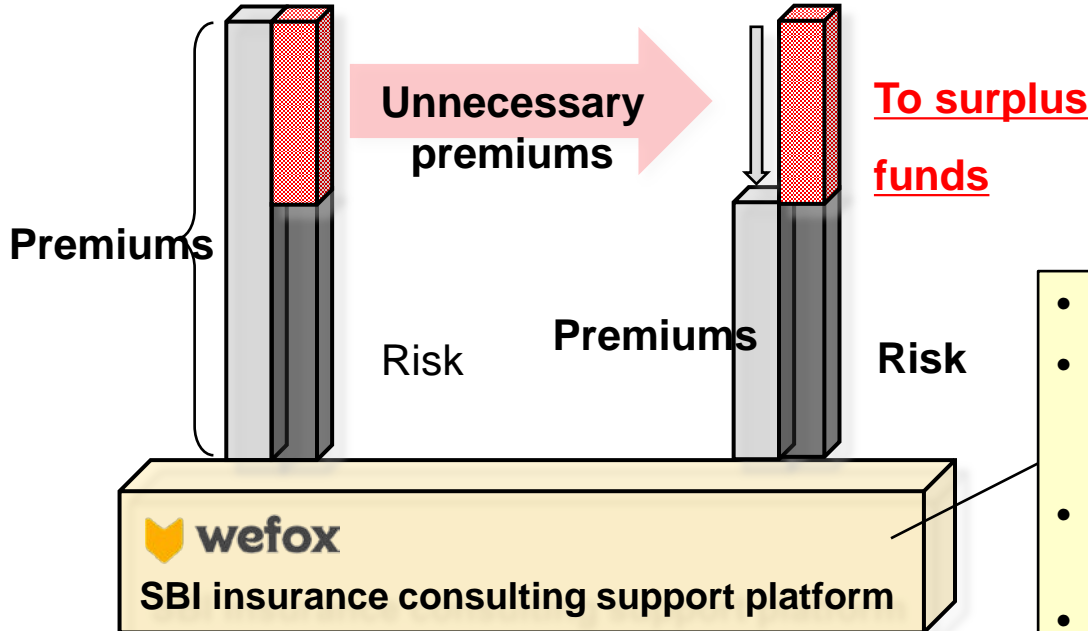
An investee company of the FinTech Fund

Finance App Co. (Switzerland)

- The company is an InsurTech company which offers Wefox, an insurance product management app, to insurance brokers
- WeFox provides an environment that enables brokers to manage all insurance products, and build customers' portfolio on the app

Overview of insurance consulting support platform

Problem: Surplus insurance conditions



By rebalancing the portfolio of all customer financial assets:

- ① Surplus insurance is optimized
- ② Surplus funds are redistributed as savings and investments

- AI insurance portfolio analysis
- Proprietary insurance scoring (recommendations) model based on customer experience
- Marketing automation & data-driven marketing support
- Operation efficiency support

Proactive Advanced Technology Usage Cases at the SBI Group Companies

(iv) SBI FinTech Solutions



- ◆ Established a fund as a lending business of “fund management companies” for auto companies who supply automobiles incorporating an innovative IoT device that enables remote disabling of vehicle power (Feb. 2017)



- ◆ Established a JV, “SBI Cosmoney” which will provide international remittance services between South Korea and other countries
- ◆ Started operations in South Korea from Mar. 21, 2018



- ◆ Launched a remittance service between Japan and Thailand, with the first utilization in Asia of the solution of Ripple (June 2017)

② During FY2018, to improve operational efficiency, will endeavor to increase productivity of indirect departments and reduce cost by focusing on the promotion of RPA (Robotic Process Automation)

SBI Sumishin Net Bank Promotes the Improvement of Operational Efficiency by the Introduction of RPA (Robotic Process Automation)

- Expecting to save JPY 1bn over 5 years -

Reduction status of 90 tasks through the utilization of RPA *As of May 2018

	Estimated cost reduction (JPY million / 1 year)	Estimated time saving reduction (Hour / 1 year)
Processes related to housing loans	79	27,648
Processes related to card loans	41	13,596
Processes related to client work	9	3,084
Processes against financial crime	5	1,680
Others	7	2,412
Total	141	48,420

Future prospects

- Currently, planning on the introduction of more than 200 RPA for various departments
- Expecting to save JPY 1bn over 5 years

SBI Insurance Incorporated RPA Company-wide, to Promote Business Efficiency Improvements and Service Improvements

- Selected 268 automation candidates in the nonlife insurance operations
- Started sequential automation from May 2018
- Approximately 23,000 hours per year, or up to approximately JPY 68m in cost reduction effect expected

The perspective of compression by RPA in 268 operations

	Estimated cost reduction (JPY thousand / 1 year)	Estimated time saving reduction (Hour / 1 year)
Clerical work related to clients (new and maintenance)	15,970	5,517
Clerical work related to clients (Insurance service)	40,841	14,109
Clerical work related to sales	7,094	2,451
Clerical work related to compliance	1,813	626
Others	2,713	937
Total	68,431	23,640

Morningstar Japan Proactively Utilizes RPA for Abundant Data Input, etc., to Promote Operational Efficiency Improvements

Cost reduction projection through adoption of RPA

	Estimated cost reduction (JPY thousand / 1 year)	Estimated time saving reduction (Hour / 1 year)
Investment trusts' data (Prospectus)	16,830	5,610
Investment trusts' data (Monthly report)	33,000	11,000
Update of PDF statutory documents	20,580	6,862
Creating market news articles (financial results brief)	2,100	700
Creating stock evaluation reports	8,400	2,800
Total	80,910	26,972

- In addition to the input of various data related to mutual funds listed in the prospectus, RPA will be utilized for the creation of market news articles
- A maximum of up to 27,000 hours a year and approximately JPY 81m in operational efficiency may be expected

Also Promoting RPA Usage at the SBI Group's Back Office Departments, etc.

Improve operational efficiency by automating various routine tasks



From Oct. 2017, the Administration & Human Resource Dept., Finance Dept., and E-Loan Dept., etc., have implemented RPA for more than 15 tasks, such as simple work confirmation work, research work, etc. to improve efficiency. Utilization in other departments is being considered as well



Under consideration by all departments



[SBI SECURITIES]

Conducting employee training and carrying out a PoC at the promotion department (BPR Promotion Office).

Early launch planned for 2 departments

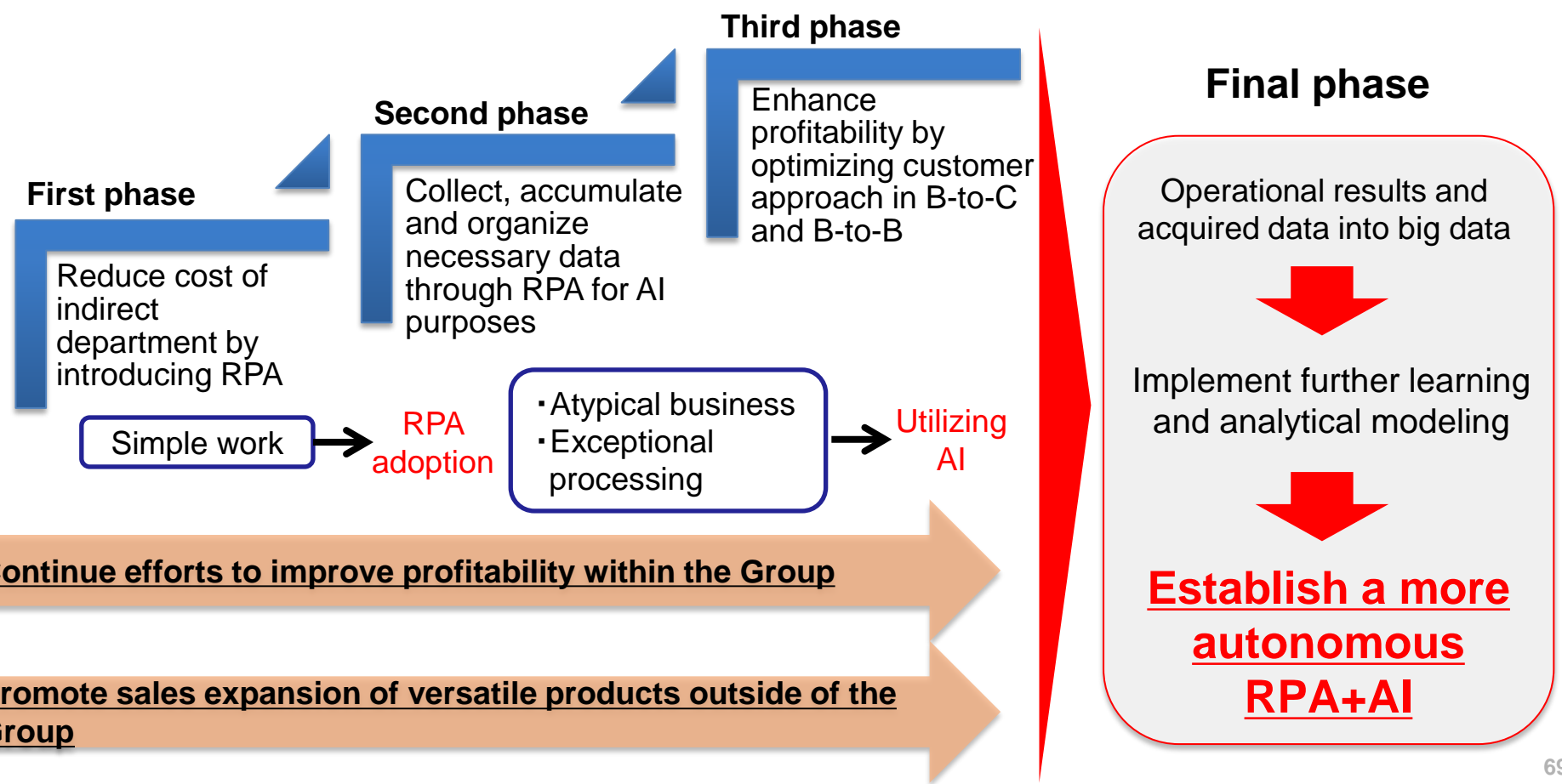


[SBI Life Insurance]

In addition to digitizing the reissue of life insurance premium deduction certificates, a PoC of the automatic processing of underwriting assessment work is underway

Preparing to Establish an Operating Company Involved in RPA and AI, which will Promote the Optimization of Internal and External Group Operations

In anticipating the sales expansion of highly versatile products to companies outside of the Group, preparing the establishment of a company that will utilize RPA and AI developed from big data analysis, to aggregate related businesses within the Group

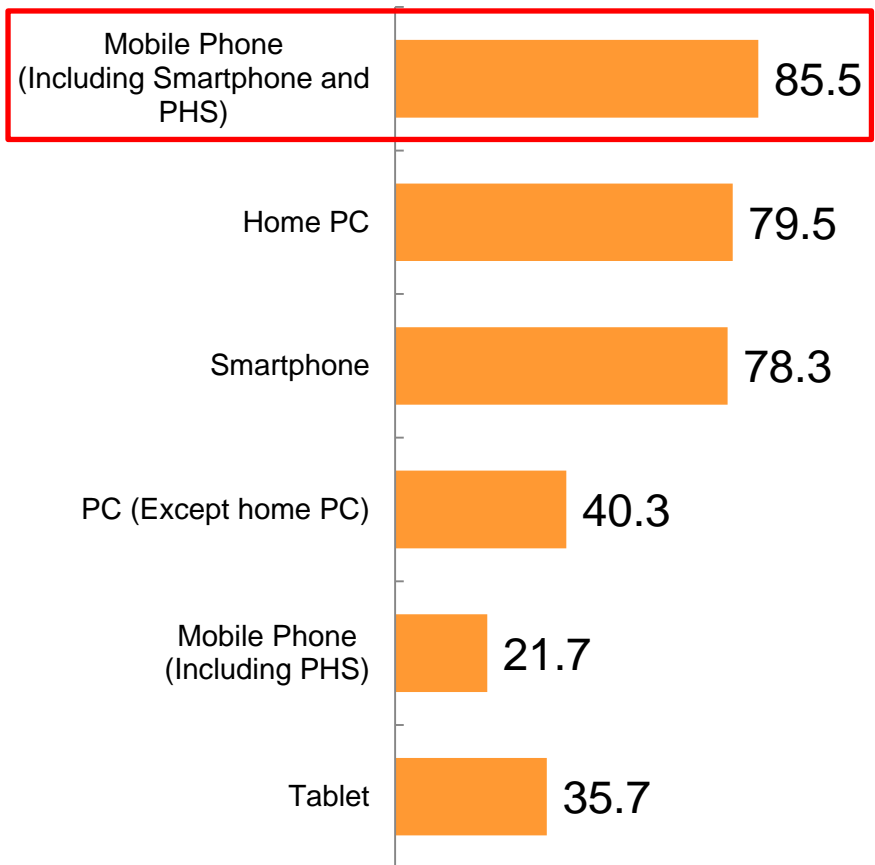


③ Promoting a mobile shift of the existing financial ecosystem by expanding “Mobile-first” services

The SBI Group is also Proactively Promoting Financial Transactions Using Mobile Devices, which are Rapidly Spreading

Internet Usage through Information and Communication Devices (2016: %)

Internet usage through mobile phones exceeds PC usage



Source: MIC, "Communications Usage Trend Survey," 2016



[SBI SECURITIES]

9.9% (the end of Mar. 2014)

Percentage of trades utilizing Smartphones



32.6% (the end of Mar. 2018)



[SBI FX TRADE]

40.8% (the end of Mar. 2014)

Percentage of orders utilizing Smartphones



61.1% (the end of Mar. 2018)

住信SBIネット銀行



21.5% (the end of Mar. 2014)

Percentage of access to SBI Sumishin Net Bank's website through Smartphones



52.3% (the end of Mar. 2018)



34.4% (the end of Mar. 2014)

Percentage of access (users) of website through Smartphones and Smartphone Apps



64.1% (the end of Mar. 2018)



45.4% (FY2014)

Percentage of loan applications through Smartphone



59.3% (FY2017)



[InsWeb.]

27.2% (FY2014)

Percentage of estimate requests for multiple automobile insurance policies through Smartphones



44.9% (FY2017)

On Apr. 20, 2018, Morningstar Japan Launched “My Cryptocurrencies,” a Mobile Optimized Cryptocurrency Information App

Started offering contents, such as price information and ranking of more than 1,600 cryptocurrencies and translated articles by “CoinDesk,” which is one of the most largest medias related to digital assets in the U.S.

My 仮想通貨

	BTC Bitcoin	¥ 957,413.2	- 14,257.24 - 1.49 % (24H)	15:00:00
	ETH Ethereum	¥ 60,338.69	- 2,269.496 - 3.76 % (24H)	15:00:00
	XRP Ripple	¥ 73.45087	- 2.896708 - 3.94 % (24H)	15:00:00
	BCH Bitcoin Cash	¥ 111,176.2	- 3,590.787 - 3.23 % (24H)	15:00:00
	ETC Ethereum Classic	¥ 2,147.729	- 134.5066 - 6.26 % (24H)	15:00:00
	LTC Litecoin	¥ 18,056.14	- 451.7793 - 2.50 % (24H)	15:00:00

ランキング ニュース MC 仮想通貨入門 ICO

ランキング

データ取得日時 2018/3/22 18:05

時価総額 ▼ JPY ▼

1		BTC Bitcoin	¥953,639.0	時価総額 161,480 億円
2		ETH Ethereum	¥59,882.08	時価総額 58,889 億円
3		XRP Ripple	¥72.98343	時価総額 28,532 億円
4		BCH Bitcoin Cash	¥111,448.1	時価総額 18,981 億円
5		LTC Litecoin	¥17,995.02	時価総額 10,030 億円
6		ADA Cardano	¥22.49967	時価総額

ランキング ニュース MC 仮想通貨入門 ICO

活況戻る中国の仮想通貨取引所

2018/03/27 09:02

始まりは2017年1月だった。中国人民銀行（中銀）の上海と北京本部の職員が、同国最大手仮想通貨取引所の事業拠点数カ所に立ち入り検査を行い、執行役員を審問した。

両本部職員は当時、検査の目的は、取引所が反マネーロンダリング令および資本規制を順守していることを確認することだと説明した。

しかし、フオビ（Huobi）のCOO（最高執行責任者）であるロビン・チュー（Robin Zhu）氏によると、1月の立ち入り検査には別の目的が隠されていた。

同氏は「当時は、中国における仮想通貨取引の過熱ぶりの全体像を把握しなかったのです。そのために、ビットコインの機能、資金の源泉と流通内容、さらに仮想通貨取引の損益構造を調査しました」と言う。

With Moven of the U.S., Offering a Banking App Specialized in Mobile UI/UX

An investee company of the SBI Group

Moven

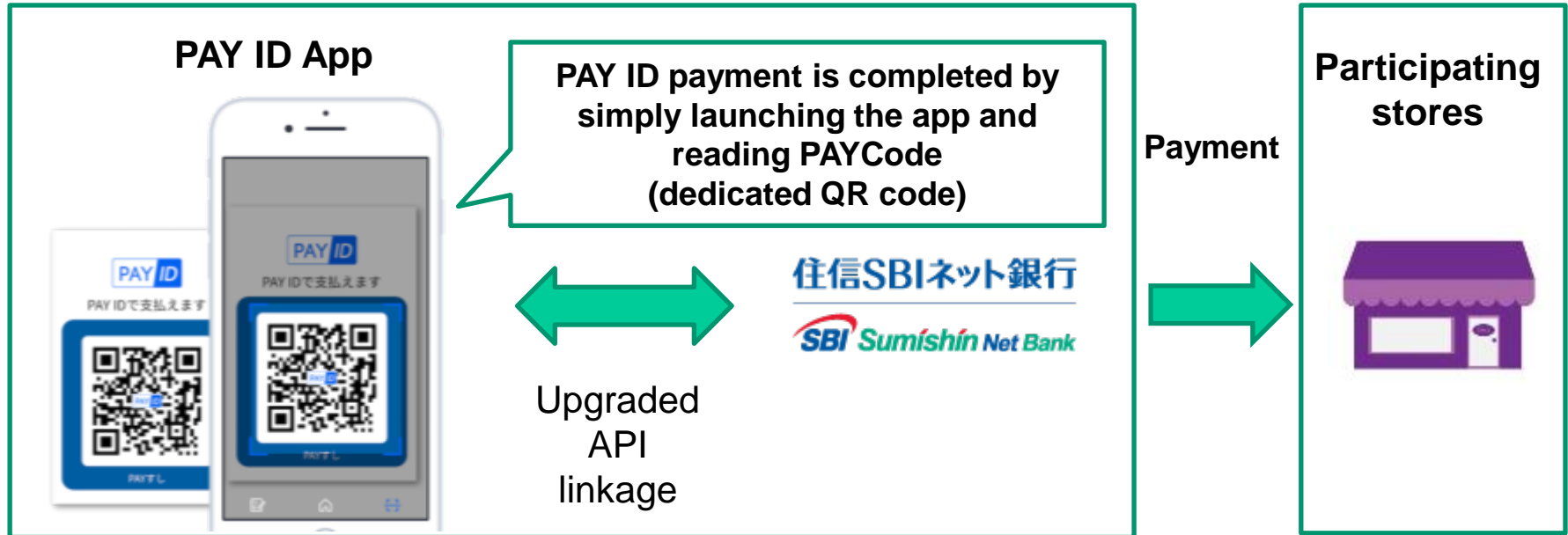
Scheduled to establish a joint venture in Japan, with a 7:3 shareholding between SBI and Moven

- Established in 2011, and started business in 2013 as the first mobile-based bank in the world
- Offers customized mobile banking apps for partner banks around the world in white label form
- Moven's banking apps are full-service banking solutions that allow customers to complete financial transactions on their mobile devices. They are optimized for mobile devices and designed for intuitive operation
- Moven has partnered with various banks, including The Toronto-Dominion Bank of Canada (TD Bank) and Westpac Banking Corporation in New Zealand, and has developed and introduced customized mobile apps for them.

Enables the offering of products and services through a mobile app that is customized for the affiliated regional financial institutions

SBI Sumishin Net Bank Initiates the Offering of a Payment Service by “PAY ID,” QR Cost Payment Mobile App

- From May 25, 2018, SBI Sumishin Net Bank started offering an immediate account payment service for specific customers through the “PAY ID,” QR code payment app, provided by Pay, Inc.
- Registered users of “PAY ID” exceed 1 million users, and can be utilized at more than 500,000 participating stores nationwide
- This is the first instance of providing an upgraded API in the mobile payment area for SBI Sumihsin Net Bank



SBI Life Insurance, as Part of an Expansion of the “Mobile-first” Services, is Promoting the Mobile Adoption of Various Services, such as Estimation and Application of Insurances



◆ Procedures from estimation to application through smartphones can be completed (started from Oct. 2016)

A series of procedures can be completed with a smartphone, including insurance premium estimation, filling out application forms and uploading identity verification documents. Additionally, access to “My Page” is possible regardless of device, through common use of smartphone and PC versions of quotation and application forms

◆ Started change of address service through smartphones (from Apr. 2018)

In addition to conventional sealed letters and telephone correspondence, started change of address procedures through smartphones and PCs on a 24 hour, 365 day basis. This completely automated process, from the receipt of application to the delivery of a completion notification to customers, not only benefits customers, but also improves operating efficiency

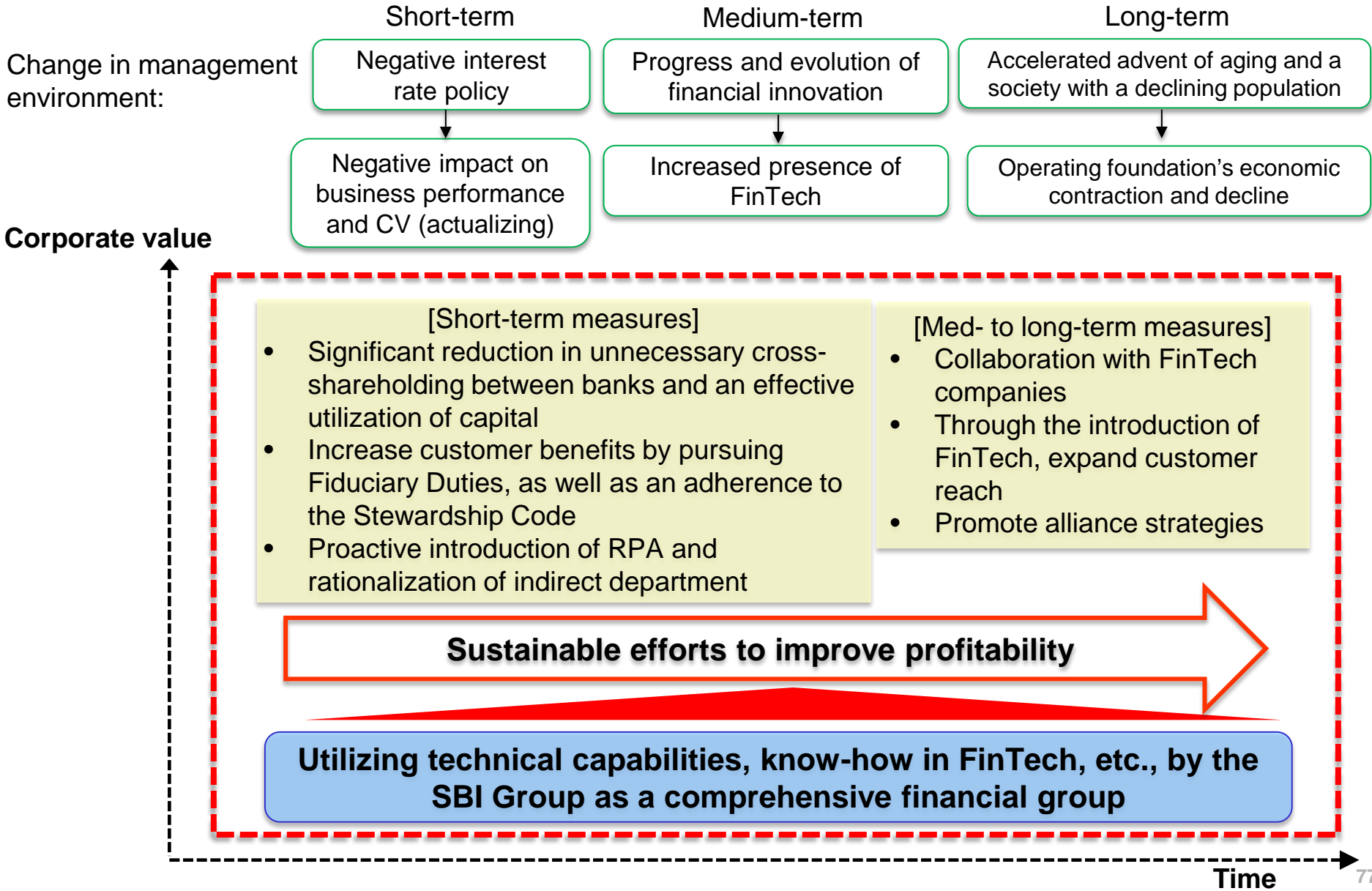
◆ Supports requests for same day payment service of insurance claims by utilizing smartphones (scheduled from late in July 2018)

Customers may view guide videos that explain procedures when scanning QR codes included in documents related to claim payments through smartphones. Through proactive customer guidance, prevents customers’ filling in or omission errors, to lead to a quick insurance payment

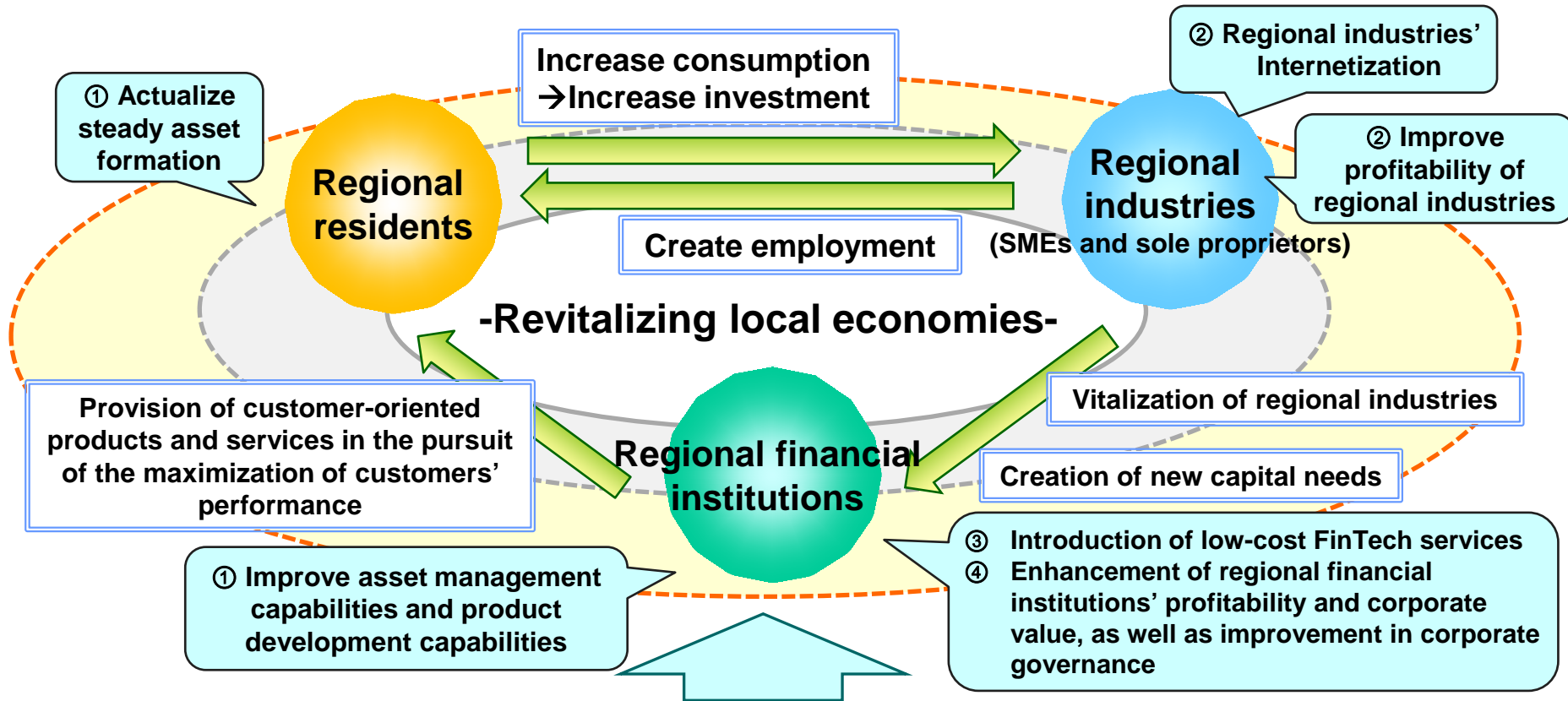


(2) By further strengthening alliances with regional financial institutions and thoroughly pursue synergies with the SBI Group's financial businesses, will realize a Win-Win relationship with regional financial institutions

Measures for Regional Financial Institutions to Improve Profitability



The SBI Group Supports the Creation of a Virtuous Cycle that will Contribute to Regional Revitalization, through Strengthened Alliances with Regional Financial Institutions



Various management resources of the **SBI GROUP**

① Asset management systems and product development capabilities

② Know-how relevant to various technologies or online businesses

③ New financial services at low cost with high customer benefits, utilizing FinTech

④ SBI Regional Bank Value Creation Fund, to improve the corporate value of the regional financial institutions

The SBI Group's financial businesses are pursuing synergies with regional financial institutions

- ① SBI SECURITIES**
- ② SBI MONEY PLAZA**
- ③ SBI Life Insurance**
- ④ Morningstar Japan**
- ⑤ SBI Regional Revitalization
Asset Management**

SBI SECURITIES Provides Financial Instruments Intermediary Services to Regional Financial Institutions, in Order to Correspond to the Asset Formation Needs of Regional Customers

-Alliances with 19 companies have already been announced, and an additional 11 companies to be confirmed, for a total of 30 companies, by June 2018-



Financial instruments intermediary services

Regional financial institutions

Supporting the asset formation process of each regional customer, through the provision of various financial products and services with high customer benefits, based on the "Customer-centric Principle"



[Alliances with 19 companies]

<u>The Shimizu Bank</u> (Mar. 2017)	<u>The Ehime Bank</u> (July 2017)	<u>CHIKUHO Bank</u> (Oct. 2017)
<u>The Keiyo Bank</u> (Oct. 2017)	<u>The Tokyo Tomin Bank</u> (Dec. 2017)	<u>The Aomori Bank</u> (Dec. 2017)
<u>The Fukui Bank</u> (Dec. 2017)	<u>THE SAGA KYOEI BANK</u> (Jan. 2018)	<u>Bank of The Ryukyus</u> (Feb. 2018)
<u>The Awa Bank</u> (Feb. 2018)	<u>The Towa Bank</u> (Feb. 2018)	<u>NAGANO SHINKIN BANK</u> (Mar. 2018)
<u>THE SENDAI BANK</u> (Apr. 2018)	<u>Kirayaka Bank</u> (Apr. 2018)	<u>The Akita Bank</u> (Apr. 2018)
<u>THE KANAGAWA BANK</u> (Apr. 2018)	<u>Aichi Bank</u> (May 2018)	<u>FUKUSHIMA BANK</u> (May 2018)
<u>Kita-Nippon Bank</u> (June 2018)		

SBI SECURITIES' Financial Institutional Sales Dept. is Enhancing its Product Offering that Benefits Regional Financial Institutions' Asset Management Performance



SBI SECURITIES is strengthening the distribution of structured bonds (self-origination and distributed a total amount of JPY 29.8bn* (Dec. 2015 – Mar. 2018)), domestic and overseas investment trusts, as well as bond transactions

* Includes structured bonds toward retail customers

Increase in cumulative transaction volume for FY2017

Equity trading

+55.1% YoY

Number of customers 2.7x

Newly-issued
bond transactions

+470.2% YoY

Number of customers +59

Investment
trusts

+671.2% YoY

Number of customers 4.0x

Existing bond
transactions

+472.3% YoY

Number of customers +35

* Number of customers are compared from the figure as of July 2016, when the Financial Institution Sales Dept. was established

SBI MONEY PLAZA Launched Its First Co-managed Shop with a Regional Financial Institution, The Shimizu Bank, in Oct. 2017

At the co-managed shop, which serves as an one-stop shop, a variety of financial products, such as securities-related products, insurance products and fund investment products that are handled by SBI MONEY PLAZA will be proposed and offered to regional customers



Exterior of the co-management shop



Counter of the shop

The Shimizu Bank

Branch A

Branch B

...

Hamamatsu Higashi Branch

[Shop in branch]

[SBI MONEY PLAZA]

(Name: The Shimizu Bank-SBI MONEY PLAZA)

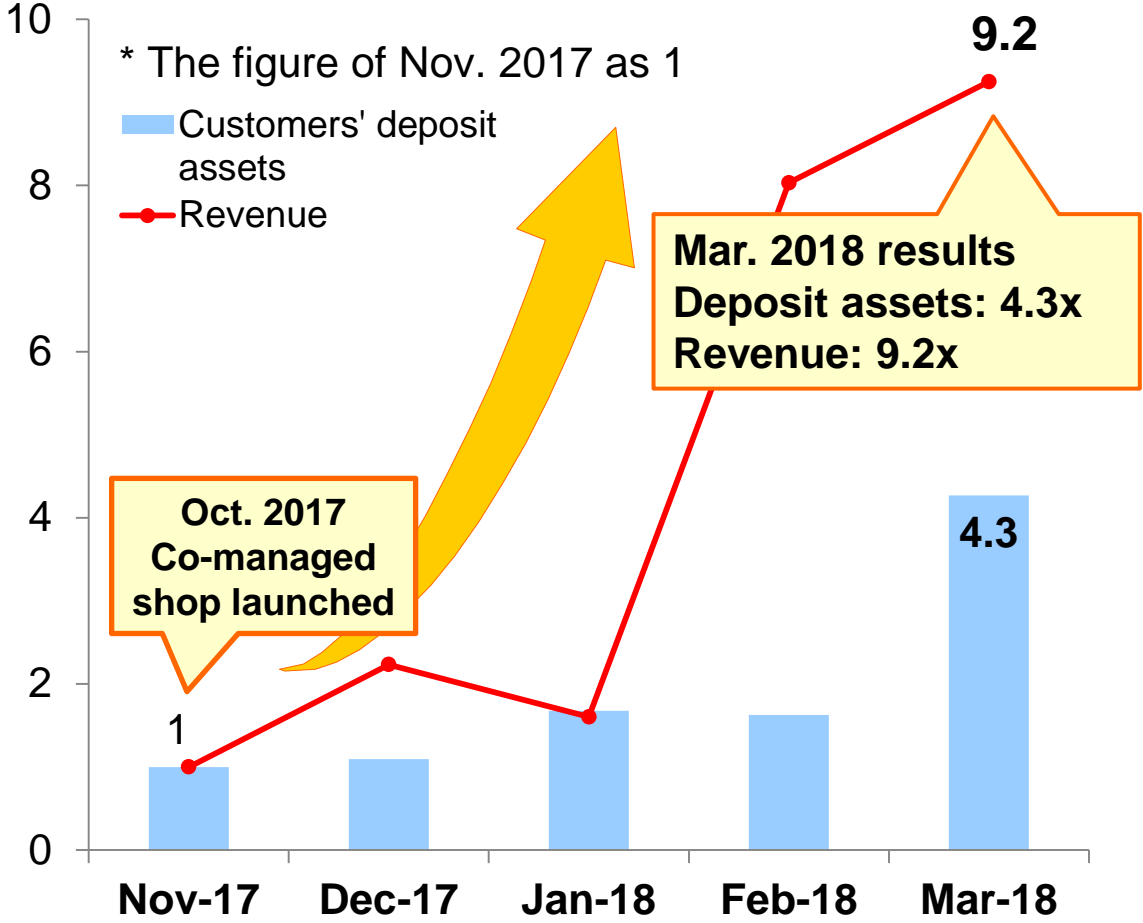
SBI MONEY PLAZA's product offerings:

<p>Securities (Financial Instruments Intermediary Service Provider)</p> <p>Investment trusts (about 2,500), Corporate, Foreign, Structured Bonds</p>	<p>Insurance (Insurance Agent)</p> <p>Provision through joint offering</p>
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Another regional financial institution has informally decided to launch a co-managed shop

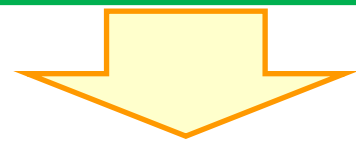
At the Co-managed Shop with The Shimizu Bank, Revenue Increased, along with a Steadily Expanding Number of Accounts and Customers' Deposit Assets

Monthly trend of customers' deposit assets and revenue



With a similar model for regional financial institutions, advance

- New co-managed store openings
- SBI MONEY PLAZA's existing directly managed shops to be revamped into co-managed shops



Strengthen the earning capacity of regional financial institutions

SBI MONEY PLAZA, through Business Alliances with 34 Regional Financial Institutions, Provides Products for Corporations and Wealthy Individuals



Regional financial institutions

Accounting measures and inheritance preparation products

- ✓ Operating lease
- ✓ Insurance products
- ✓ Real estate small-lot trust beneficiary rights ... etc.



Offering



Regional financial institutions' customer corporations and wealthy individuals

SBI Life Insurance Promoted the Sales of Group Credit Life Insurance to Regional Financial Institutions, and the Adoption of Housing Loans by Hanno-Shinkin Bank was Decided as the First Case

Newspaper article

(Apr. 23, 2018; The Kinyu Keizai Shimibun)

Hanno-Shinkin Bank, headquartered in Hanno City of Saitama Prefecture, operates its business in an area with high demand for housing, and is scheduled to introduce SBI Life Insurance's group credit life insurance as an insurance product to meet diverse needs in June 2018

Newspaper article

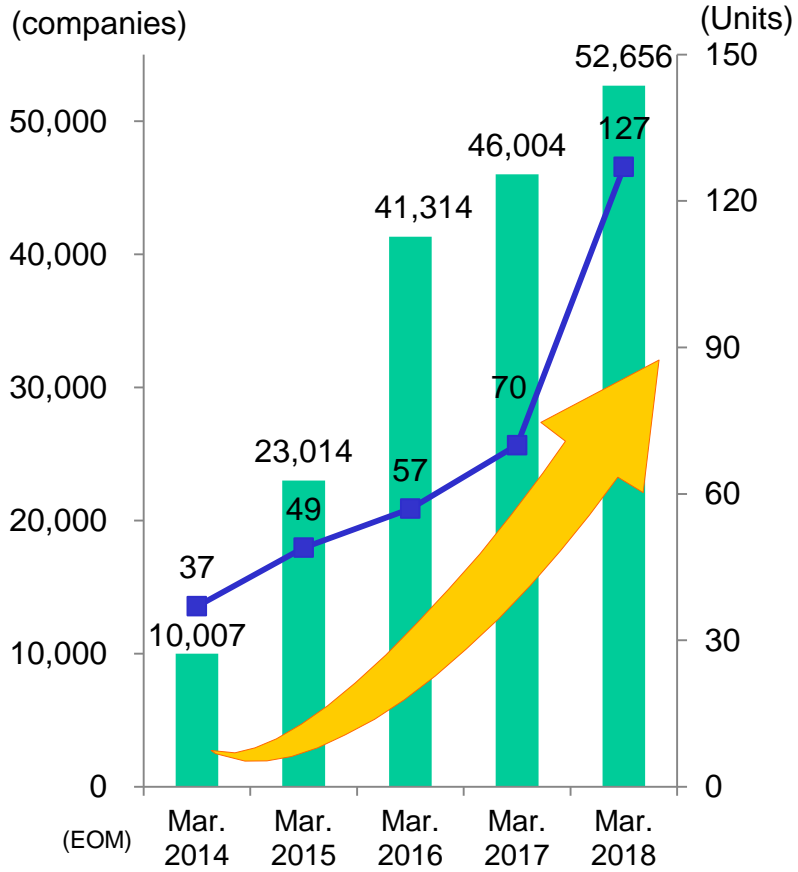
(Apr. 19, 2018; Nikkan Kogyo Shimibun)

SBI Life Insurance continues to proactively promote sales to regional financial institutions, and has decided upon the inclusion of Toyota Shinkin Bank. Several institutions are planning adoption in FY2018

As a Tool to Make Better Proposals for Local Investors, Offering the Tablet App “Investment Trust INDEX,” to Regional Financial Institutions

A total of 52,656 tablets have been delivered to 127 companies, including 44 regional financial institutions

Tablet app trend of providing companies and units



Tablet app “Investment Trust INDEX”



The latest financial information can be carried, additionally it is possible to display charts of portfolios of each fund, and simulations of asset management by touch operation

Fund outline

Chart function

Market information

Fund comparison and combination functions



Established “SBI Regional Revitalization Asset Management,” an Asset Management Company, through a Joint Investment with 6 Regional Financial Institutions



Issue: Faced with operational difficulties, owing to prolonged negative interest rate policy

Regional Financial Institutions

Utilize SBI’s resources



- <Participating banks>
 Aomori Bank, Ashikaga Bank
 Ehime Bank, Sendai Bank
 Chikuhō Bank, Towa Bank
 Kochi Bank, Daito Bank,
 Toho Bank, Tottori Bank

SBI Regional Revitalization Asset Management

• Know-how about asset management



• Abundant fund information by utilizing the global network

• investment education and sales support tools



On May 28, 4 newly participating banks increased the number of banks participating in the investment to 10, with expectations of a further increase to 15 banks moving forward

Will support the regional financial institutions that are investors, **for both customer asset management and self fund management**, as well as the development of human resources who will be responsible for the operational practices at each bank, and will **contribute to the improvement of the asset management capabilities of regional financial institutions**

(3) By strengthening the Group's asset management system, endeavoring the rapid expansion of the assets under management (Target: JPY 1tn within 1year, JPY 5tn level within 3 years)

Strengthening the Structure of the Asset Management Services Business, Owing to an Increase in the Total Asset Amount of the Institutional Investors within the Group

Institutional investors of the Group

SBI Insurance Group

SBI 生命

[SBI Life Insurance]

SBI Insurance

住信SBIネット銀行

SBI Sumishin Net Bank

SBI 証券

[SBI SECURITIES]

SBI いきいき少額短期保険

[SBI IKI KI SSI]

SBI リスタ少額短期保険

[SBI Resta SSI]

日本少額短期保険株式会社

Nihon Small amount & Short term Insurance Co., Ltd.

[Nihon SSI]

[Securities]

[Insurance]

[Banking]

Owing to the improvement in the performance of each company's asset management, an increase in the number of customers is being experienced

Promoting the Establishment of New Management Institutions to Provide Diverse and High-quality Investment Products Within and Outside of the Group, Including Regional Financial Institutions



Domestic Equity
Overseas Equity

Derivatives

Domestic Bond
Overseas Bond

Renewable energy fund



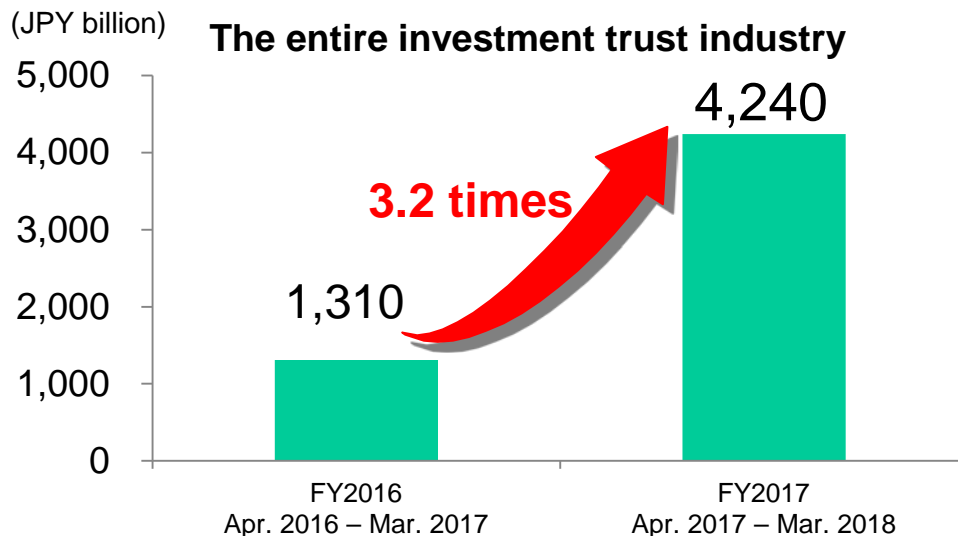
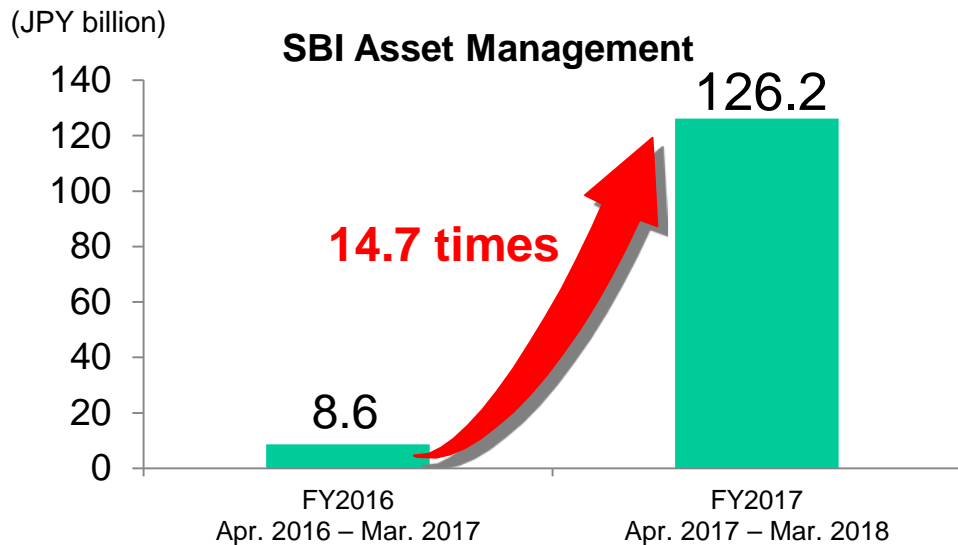
Individual Investors
both within and outside the Group



Institutional Investors
both within and outside the Group

SBI Asset Management Experiencing a Significant Excess Inflow of Funds

[Excess Inflow of Funds to Investment Trusts]



[Comparison by Management Company]

No.	Company name	Growth (times)
1	Sumitomo Mitsui Asset Management	15.8
2	SBI Asset Management	<u>14.7</u>
3	BNY mellon Asset Management Japan	13.7
4	Asahi Life Asset Management	10.7
5	Rheos Capital Works	8.2
6	Capital International	7.0
7	JP Asset Management	6.1
8	Portfolia	4.2
9	Bayview Asset Management	3.2
	Overall mean	3.2
10	Risona Asset Management	2.9

* Statistics (excluding ETFs) on publicly offered open-model investment trusts, according to data from the Investment Trusts Association, Japan

* Growth in fund inflows at individual asset management companies covers companies with excess inflows in both FY2016 and FY2017

SBI Bond Investment Management (co-founded with PIMCO, One of the World's Largest Bond Investors) has Steadily Increased Its Balance since the Start of Operations

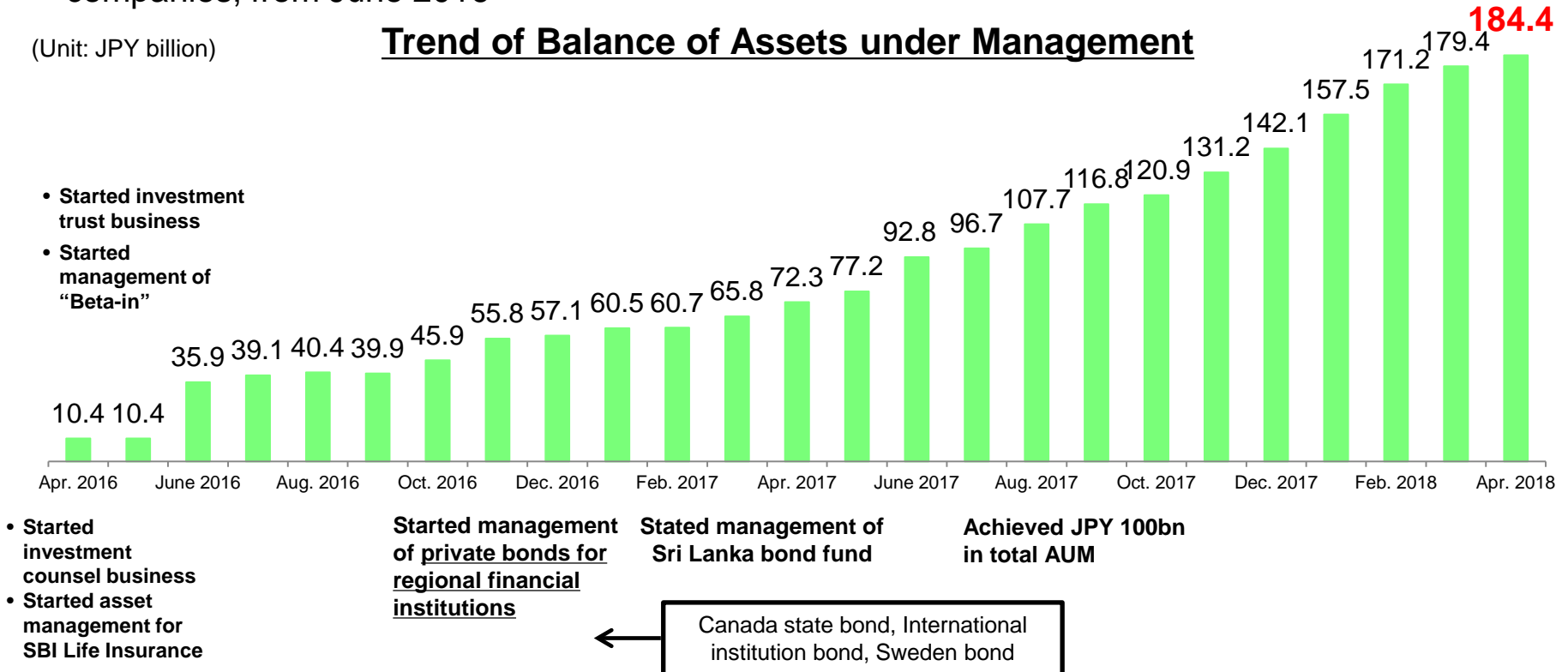


SBI Bond Investment Management (Established in Dec. 2015)

- Developing a low-cost active corporate bond fund by applying the highly active bond management capabilities of PIMCO and the technology of the SBI Group
- With the registration as an investment management business completed in Mar. 2016, initiated the establishment and management of a publicly offered investment trust, “SBI-PIMCO Japan Better Income Fund (Beta-in),” which invests in foreign currency denominated bonds issued by Japanese companies, from June 2016

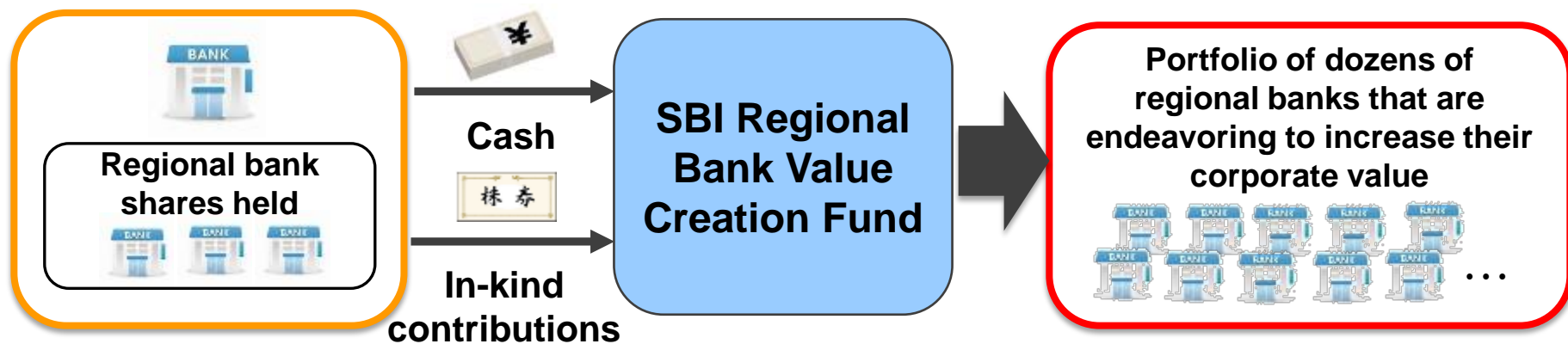
(Unit: JPY billion)

Trend of Balance of Assets under Management



Established “SBI Regional Bank Value Creation Fund” in Jan. 2018 that Invests in Regional Financial Institutions which are Likely to Improve Their Corporate Values

- Privately placed investment trust offered to qualified institutional investors
- With regard to the investment, in addition to cash investments, [in-kind contributions of regional bank shares, of which the Fund may target to acquire, are possible](#)
- [Supports further enhancement of](#) the investee regional financial institutions' [corporate values, by assisting in the introduction and support of FinTech](#) by the SBI Group



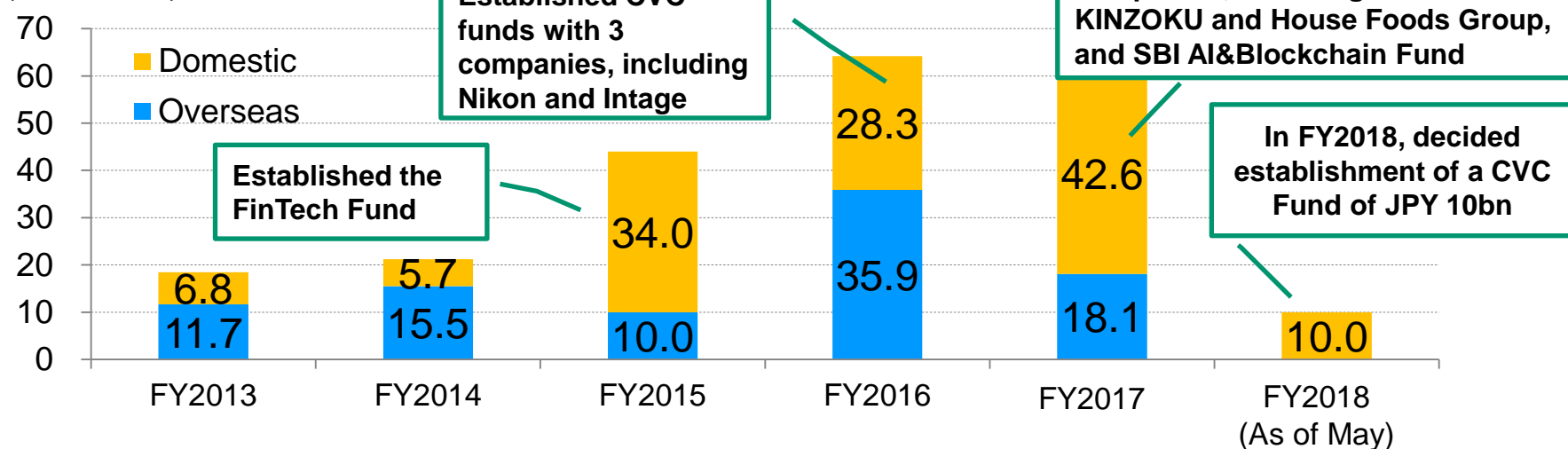
For both cash investments and in-kind contributions*, [additional purchase applications will be accepted on a monthly basis, expecting to further increase the fund size to up to JPY 100bn](#)

* In-kind contribution will be accepted into the Fund at the value of the application date's closing share price

Through the utilization of the Fund, also assist in eliminating the cross-shareholdings of the regional financial institutions, leading to an effective utilization of capital and the strengthening of governance at the regional financial institutions

With Regard to Private Equity, Given the Short-term High Performance Potentiality, Aggressively Established Multiple New Funds including CVC Funds in the Private Equity Investment Business since FY2015

Commitment Amount of Funds Established in Each Fiscal Year (JPY billion)



* Converted at USD 1= JPY 110, KRW 1 = JPY 0.1, RMB1=JPY17

CB INSIGHTS THE MOST ACTIVE CVCS IN 2017 (Feb. 2018)

1	GV (Formerly Google Ventures, U.S.)	7	Microsoft Ventures
2	Intel Capital (U.S.)	7	K Cube Ventures (Korea)
3	Salesforce Ventures (U.S.)	7	Fosun RZ Capital (China)
4	Qualcomm Ventures (U.S.)	10	Samsung Ventures (Korea)
5	GE Ventures (U.S.)	11	Dell Technologies Capital (U.S.)
6	Legend Capital (China)	12	SBI Investment (Japan)

Ranked highest among Japanese companies

Established a New Fund “SBI AI&Blockchain Fund” in Jan. 2018, which Primarily Invests in AI and Blockchain Fields

SBI AI&Blockchain LPS

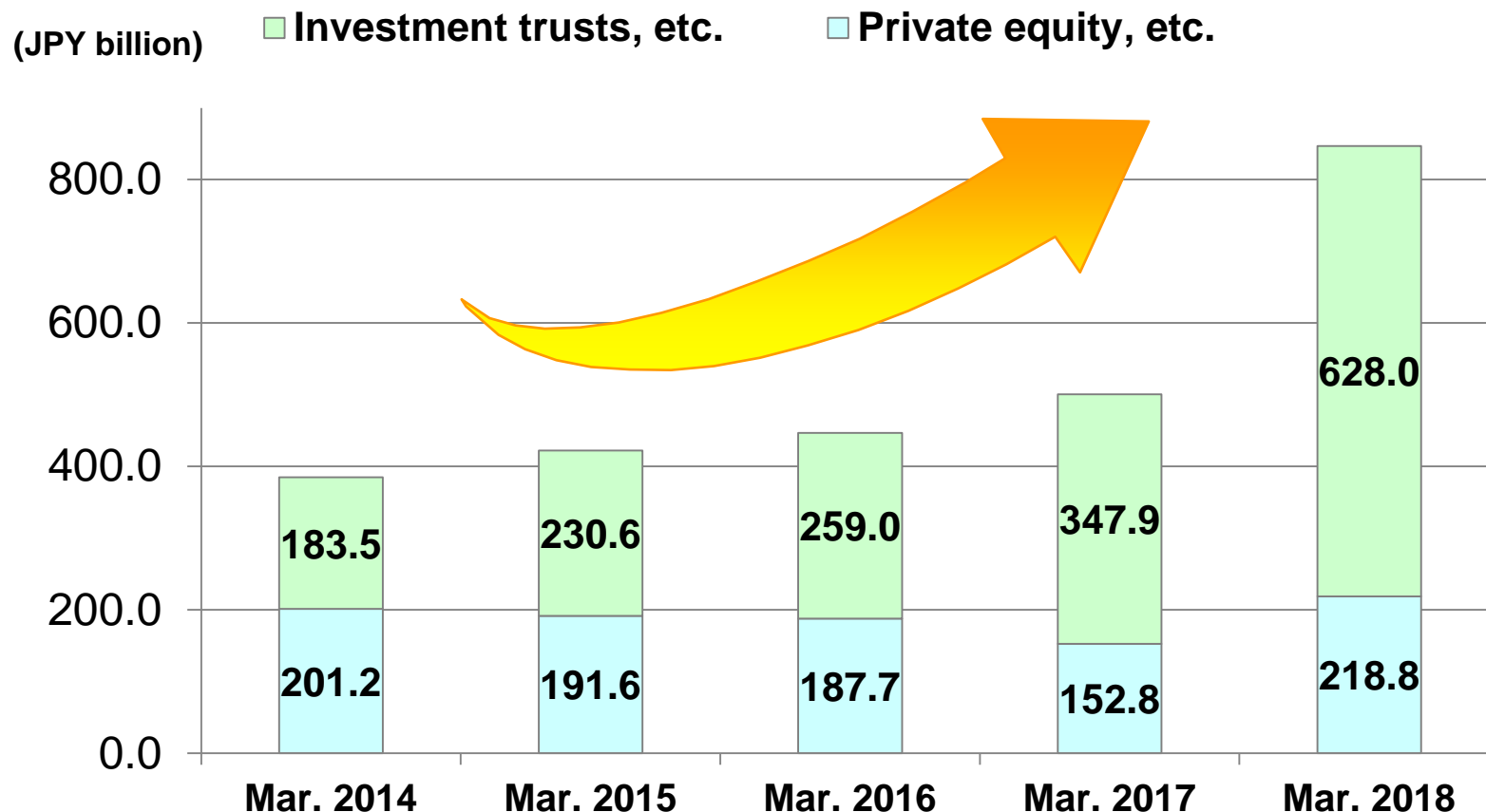
- Investment activities began on the scale of JPY 20bn initially. Total amount of ultimate investment commitment will be expanded to about JPY 50bn
- Investors: Existing investors of the FinTech Fund, financial institutions including overseas companies, corporations, institutional investors, etc.
- Investment target: Promising venture companies mainly in AI and blockchain fields



Already decided to invest approx. JPY 5.4bn into 10 companies through SBI AI&Blockchain Fund

(Including SBI Holdings' investment, the total investment amounts to approx. JPY 7.9bn)

Proactively Expanding Assets Under Management through M&A and the Establishment of a Joint Venture Company



*1 Calculated by the exchange rate as of the end of Mar. each year

*2 Amounts are rounded to the nearest JPY 100m

*3 "Private equity, etc." includes neither cash nor commitment amount to be paid in.

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

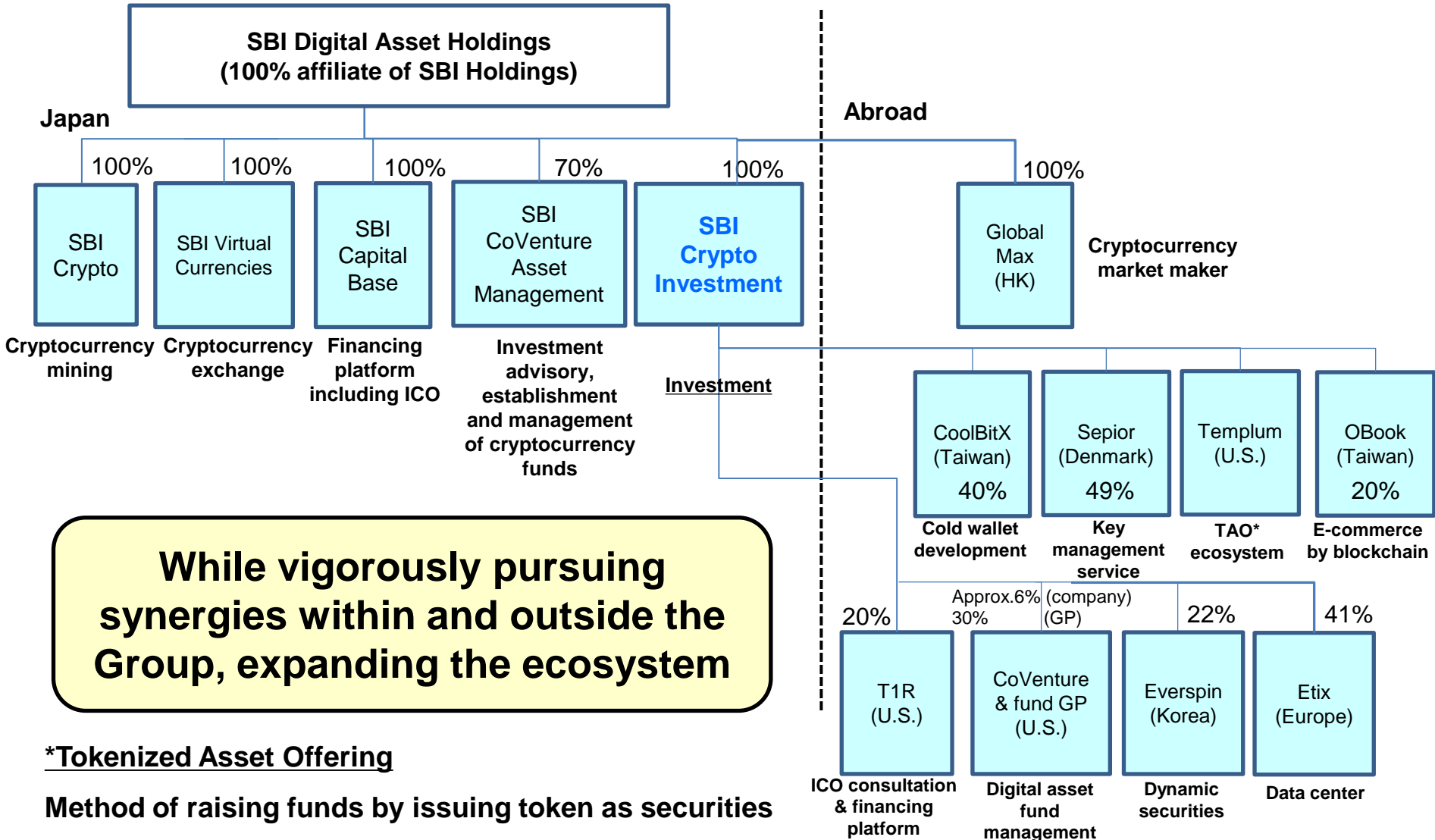
Q3. The rapidly expanding new digital asset-based ecosystem

- (1) Digital asset ecosystem with SBI Digital Asset Holdings (former SBI Cryptocurrency Holdings) as an intermediate holding company**
- (2) With regard to SBI Virtual Currencies, its business will commence this summer, and it will thoroughly pursue synergies with existing financial ecosystems, along with domestic and overseas affiliated partners, to become an industry leader in a relatively short period of time**
- (3) Regarding fund procurement utilizing digital assets, careful consideration will be given to domestic and foreign discussions, as well as to regulatory authorities' movements**

(1) Digital asset ecosystem with SBI Digital Asset Holdings (former SBI Cryptocurrency Holdings) as an intermediate holding company

- ① Organizational structure related to digital asset ecosystem**
- ② SBI Investment and SBI Crypto Investment will invest into domestic and overseas digital asset-related ventures possessing high level technology, to form a robust digital asset ecosystem**

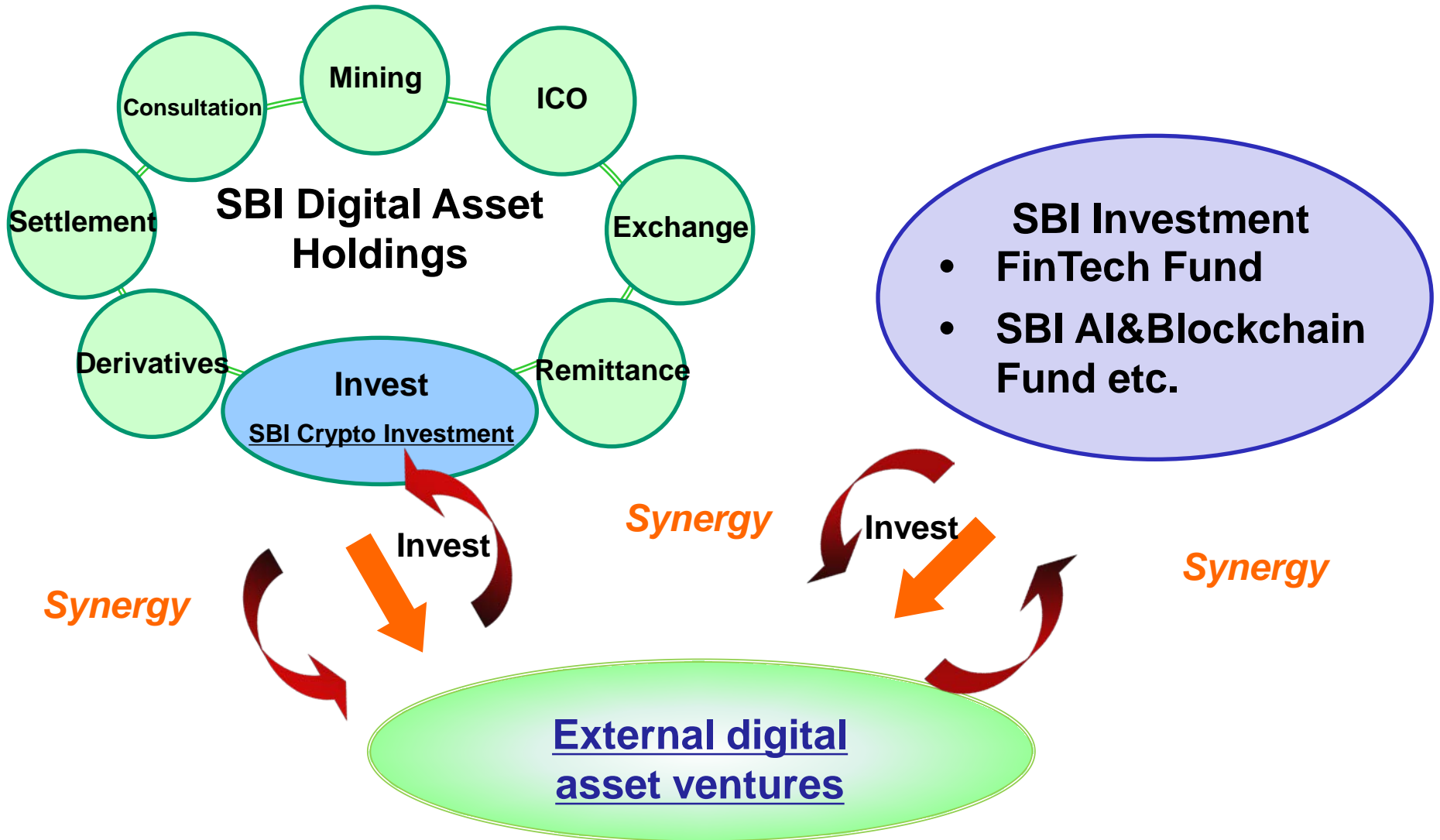
① Organizational Structure Related to Digital Asset Ecosystem



While vigorously pursuing synergies within and outside the Group, expanding the ecosystem

② SBI Investment and SBI Crypto Investment will invest into domestic and overseas digital asset-related ventures possessing high level technology, to form a robust digital asset ecosystem

SBI Crypto Investment, in Conjunction with SBI Investment, will Incorporate Innovative Technology through Investments into External Venture Companies



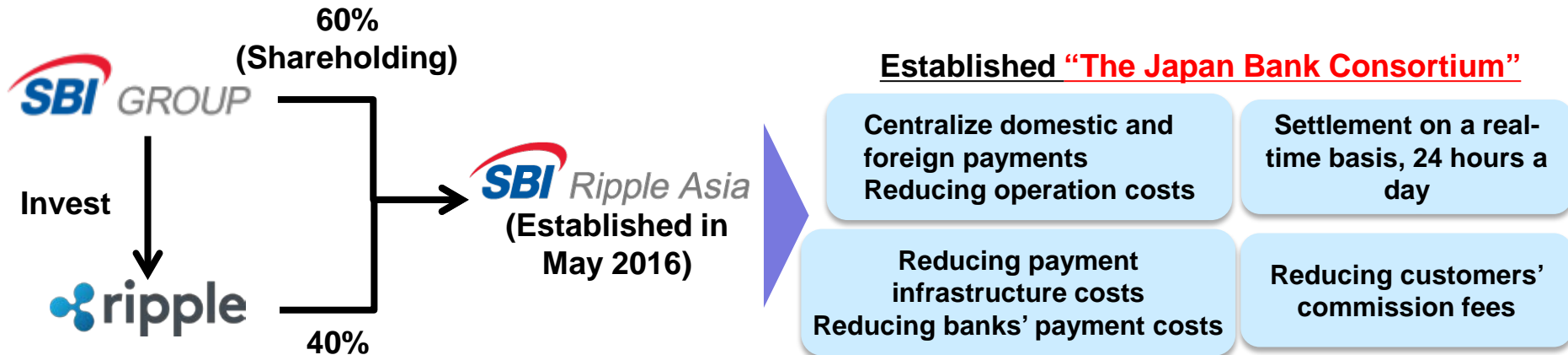
Investments and Alliances with Digital Asset-related Ventures

Company	Business	Investment	Alliance
CoVenture / U.S.	Digital asset hedge fund management	Done (approx. 6%)	30% acquirement of fund GP under CoVenture, establishment of JV (SBI CoVenture Asset Management)
T1R / U.S.	ICO consultation & financing platform	Done (20%)	Cooperation with the SBI Group ICO businesses
CoolBitX / Taiwan	Cold wallet service development	Done (40%)	Consideration of the use of products in the digital asset ecosystem
Sepior / Denmark	Cloud key management service	Done (49%)	Development of robust smartphone security systems
Everspin / Korea	Development of Dynamic securities	Done (22%)	JV consideration
Obook / Taiwan	E-commerce by blockchain	Done (20%)	JV consideration
Etix / Europe	Data center management	Done (approx. 41%)	Mining base consideration
Othera / U.K.	Securitized receivables by blockchain	Done (20%)	JV consideration
Company S /Switzerland	Cold wallet development	MOU concluded	JV consideration
Company B /Switzerland	Development & provision of wallet app	Adjusting investment	JV consideration
Company N / Malaysia	Global trading hub including cryptocurrency	Adjusting investment	-

Co-investment & considerable investments with U.S. based Raptor Group

Company	Business	Company	Business
Templum / U.S.	Tokenized asset offering platform	Company S / U.S.	Private offering platform by token
Company P / U.S.	Buy side rating system by AI	Company D / U.S.	Data analysis & trading data provision
Company P2 / U.S.	Liquidity providing platform	Company L / U.S.	Secondary distribution platform for unlisted securities

Utilizing Digital Asset Technology by Investing In and Establishing a Joint Venture with U.S. based Ripple



“The Japan Bank Consortium”

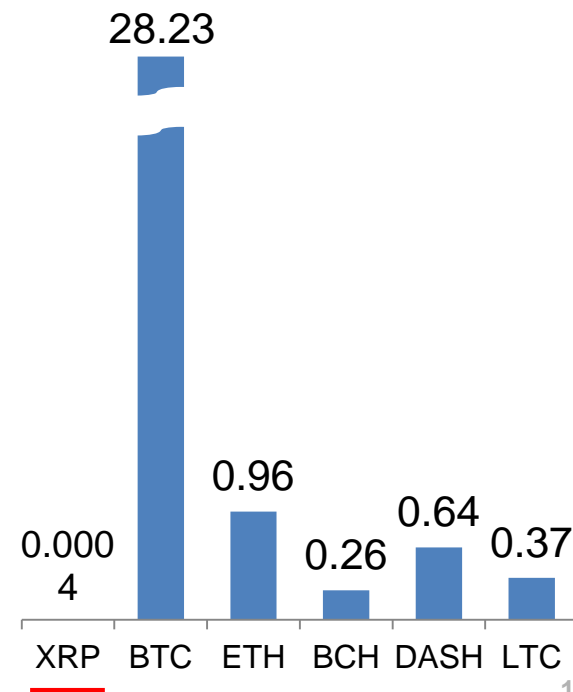
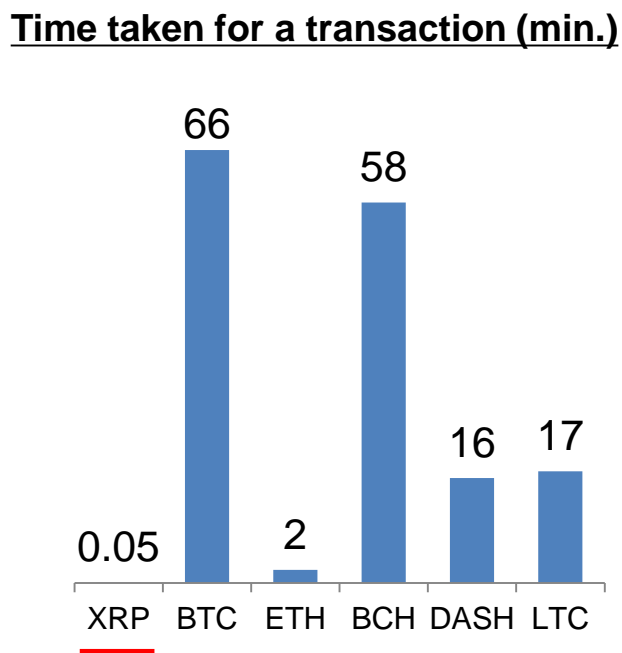
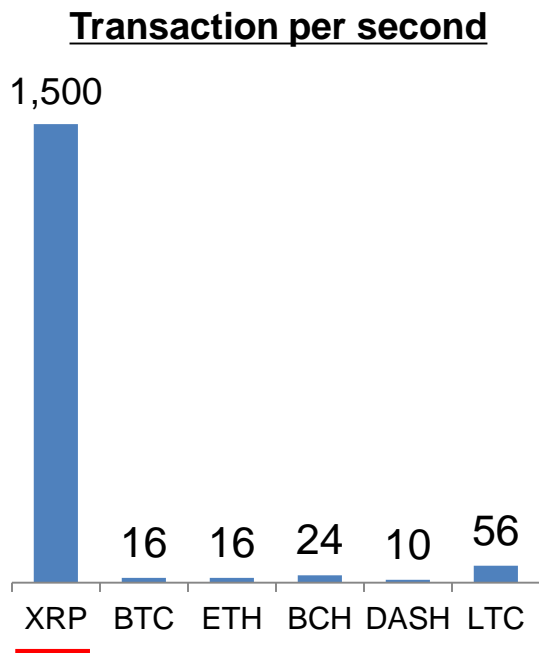
By leveraging new technologies such as blockchain and distributed ledger technology (DLT), the consortium, which consists of mega banks and regional banks with 80% of Japan’s deposits, endeavors to construct a 24/7 remittance infrastructure operating in real time to centrally provide domestic and foreign exchange services. Introduction at banks and development of smartphone apps is now underway for the RC Cloud 2.0 money transfer platform equipped with xCurrent technology from Ripple of the US.

Next-generation Remittance Platform, by U.S. based Ripple, with Distributed Ledger Technology (DLT) Reinforced by Digital Asset “XRP”



- Commission fee and transaction period shortens dramatically by excluding corresponding bank
- Over 100 financial institutions globally joins Ripple’s global remittance network

Cost per transaction (USD)



“Money Tap,” the Remittance App for Smartphones developed by “The Japan Bank Consortium”

SBI Sumishin Net Bank, SURUGA Bank and Resona Bank will first engage in operational tests, and then will endeavor to have the app released after this summer

Commercial version, with Ripple’s newest solution “xCurrent”

RC Cloud 2.0

Connected

Applying shared gateway (GW) that enables an open API connection, to reduce the development cost of participating financial institutions



Money Tap, remittance app for smartphones

- Can make payments using a mobile phone number as well as an account number
- Provides a good user experience (UX) and security by incorporating biometric authentication via fingerprint recognition

Offers a welcoming environment where users can make real-time money transfers safely

Mitsubishi Corporation and Mitsubishi UFJ Financial Group's Demonstration Experiment Utilizing U.S. Ripple's Solution

Cryptocurrency technology for international transfers: No correspondent bank, low cost and takes only minutes, PoC starts within a month

The PoC involves transfers in SGD from accounts at the local Ayutthaya Bank (an MUFG company) by a Thai subsidiary of Mitsubishi Corp. Another Mitsubishi subsidiary receives the funds at a Singapore branch of Standard Chartered Bank.

Technology developed by Ripple is on the transfer. As funds are transferred without going through a bank, it is completed in minutes. A distributed ledger allows verification of remittance by both parties, ensuring high transparency. According to Ripple, this process can reduce fees by 30%.

Newspaper article

(2) With regard to SBI Virtual Currencies, its business will commence this summer, and it will thoroughly pursue synergies with existing financial ecosystems, along with domestic and overseas affiliated partners, to become an industry leader in a relatively short period of time

- ① Kick-off timing of SBI Virtual Currency's service**
- ② SBI Virtual Currencies seek near-term profitability through the maximum exercise of internal group synergies and with external companies**

① Kick-off timing of SBI Virtual Currency's service



Owing to the Massive Outflow Incident at Coincheck, Authorities are Hardening Their Supervisory Stance

Approved dealers		
	GMO Coin	Mar. 2018 Business improvement order
	Tech Bureau (Zaif)	Mar. 2018 Business improvement order
Deemed dealers	Coincheck	Jan. 2018 Business improvement order Mar. 2018 Business improvement order Apr. 2018 Bought
	FSHO	Mar. 2018 Business improvement & suspension order Apr. 2018 Business improvement & suspension order
	Bicrements	Mar. 2018 Business improvement order
	everybody's bitcoin	Apr. 2018 Business improvement order
	LastRoots	Apr. 2018 Business improvement order
	Eternal Link	Apr. 2018 Business improvement & suspension order
	Blue Dream Japan	Apr. 2018 Business improvement & suspension order
	BMEX	Apr. 2018 Business improvement & suspension order
	Mr. Exchange	Mar. 2018 Business suspension order, withdrawal of application for Virtual Currency Exchange Service Provider
	Payward Japan (Kraken)	Apr. 2018 Withdrawal of application from Virtual Currency Exchange Service Provider
	CAMPFIRE	Apr. 2018 Withdrawal of application from Virtual Currency Exchange Service Provider
	Tokyo GateWay	Mar. 2018 Withdrawal of application from Virtual Currency Exchange Service Provider
	Raimu	Apr. 2018 Business Abolition
	bitExpress	Mar. 2018 Withdrawal of application from Virtual Currency Exchange Service Provider
bitstation	Mar. 2018 Business improvement & suspension order Apr. 2018 Announcement of abolition of business	

Orders for business improvement to cryptocurrency approved exchange dealers were also issued

The FSA's Registration of New Cryptocurrency Exchange Services will be Strict

Newspaper article

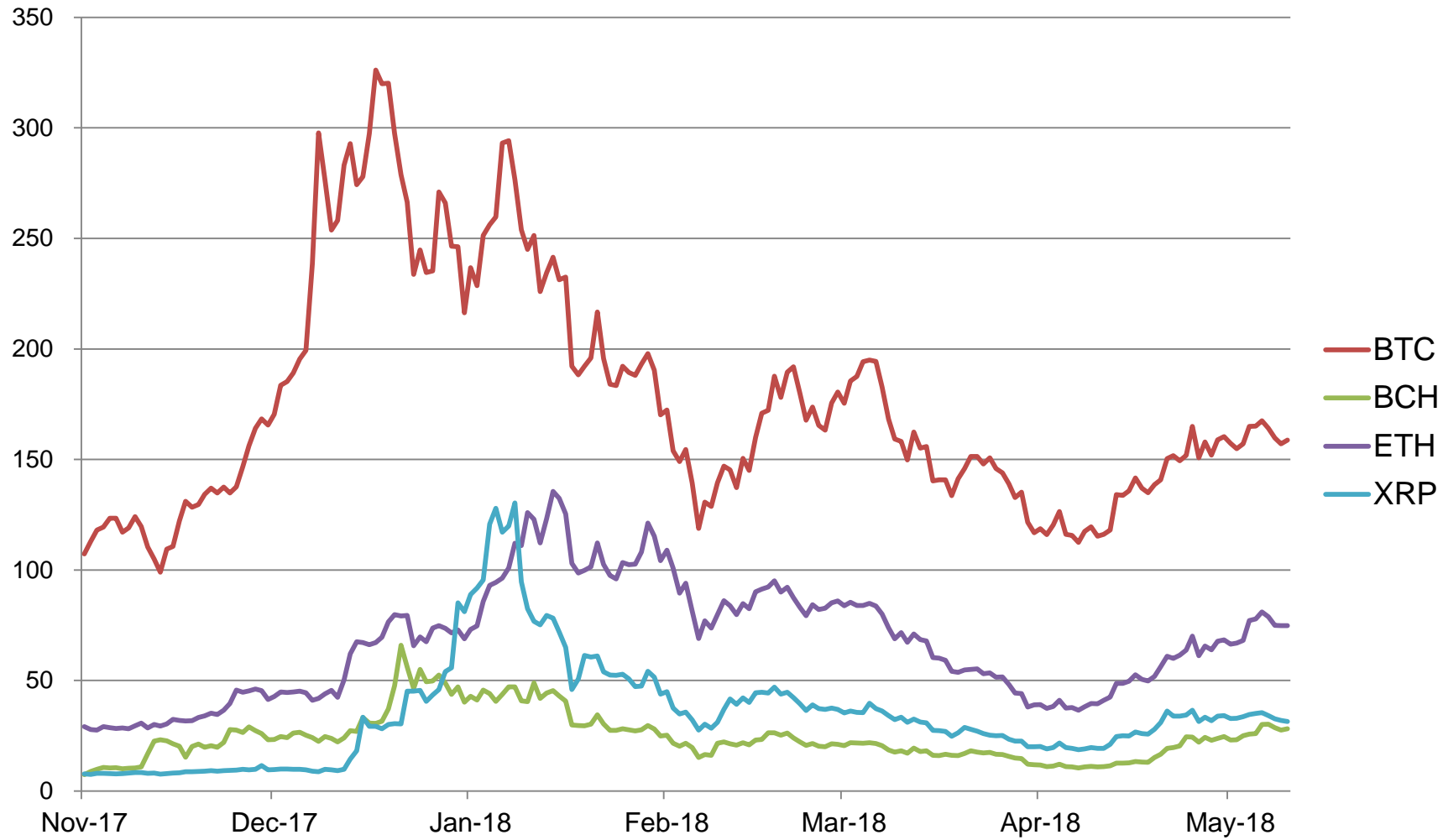
Cryptocurrency: Transforming the training path— A strict exchange operator regime, says the FSA

The FSA has clarified the registration screening policy for cryptocurrency exchange, which has been under study. Along with five critical items including a framework for separate management of customer assets and a partition between shareholders and management, a detailed investigation of operating systems involving advance visits will be conducted, as well as a written study. As a consequence of large outflows at Coincheck (Tokyo: Shibuya), operations by several operators were found to be sloppy. Urging vendors who have not built a framework to withdraw without hesitation, the FSA seeks reconstruction of a robust trading environment.

(May 6, 2018; Nihon Keizai Shimbun morning edition)

Market Capitalization Trend of the 4 Major Cryptocurrencies

(USD billion)



Source: coinmarketcap

① Kick-off timing of SBI Virtual Currency's service

In Preparations for a Service Launch, Anticipating the Establishment Date of the “Japanese Cryptocurrency Exchange Association,” with the Expectation of Acquiring a Certification as a Self-regulating Organization, along with Self-regulation Rules to be Formulated

Sixteen government-approved cryptocurrency exchanges including SBI Virtual Currencies have planned to apply to the Financial Services Agency for the “Japanese Cryptocurrency Exchange Association (JCEA)” to be certified as a self-regulating organization. It is expected, through the self-regulation rules by the association that the safety and soundness of the industry will increase by improvements in the management system, and through thorough identity verification. **Certification is scheduled to take place within the next few months**, and SBI Virtual Currencies will decide when to initiate its service while observing the establishment process of the association



Apr. 23, in Chiyoda-ku, Tokyo

Being Mindful of the FSA's Discussions at the “Research Group on Cryptocurrency Exchange” Established in Apr. 2018

**Considering institutional measures on various issues
related to the cryptocurrency exchange business**

Major rules for cryptocurrency exchange business

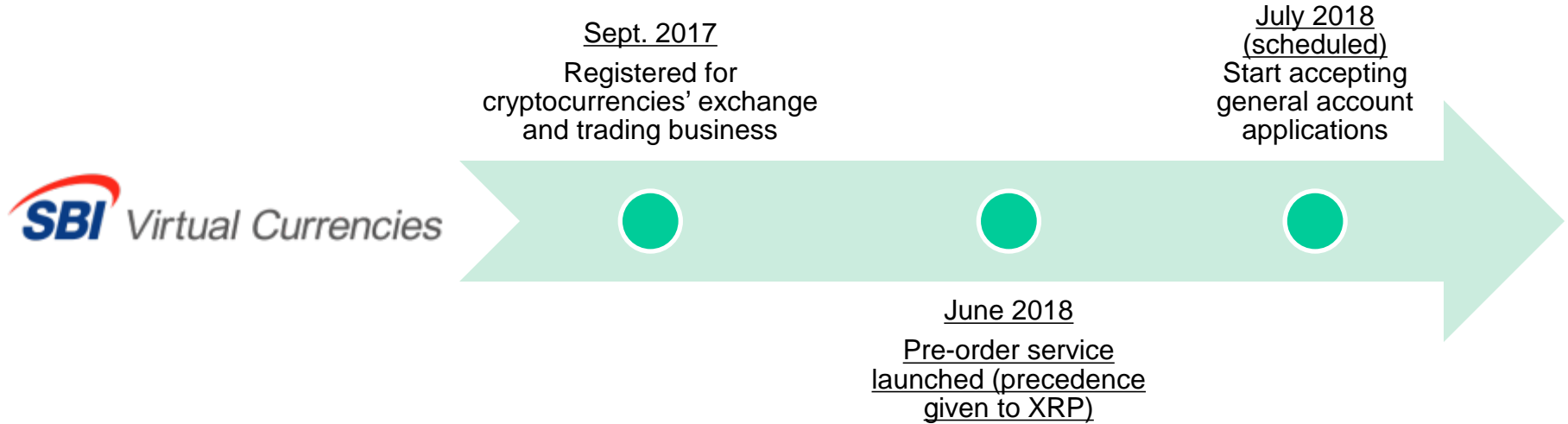
- **Law for the Prevention of Transfer of Criminal Proceeds**
Personal identification, preservation of transaction records, risk verification and monitoring, internal audits, etc.
- **Fund Settlement Law**
Internal control system (business management, system management, security etc.), separate management of property



It is speculated that discussions will be held on a new regulatory registration system, with measures to prevent dissemination of rumors, margin regulations, etc.

**A full-fledged start was prepared, as the decisions of the
regulatory authorities will be heeded**

SBI Virtual Currencies Launched Its Cryptocurrency Spot Transaction Service "VCTRADER," : for Over 20,000 Customers on June 4, 2018



In addition to the narrowest spread in the industry, SBI Virtual Currencies will provide the world's foremost trading environment by utilizing NASDAQ's trading system (matching engine), which has been successfully operated on SBI Japannext's PTS

SBI Virtual Currencies will Pursue Synergies between and Out of the Group Endeavoring to Generate Profit in Short Term after Full-scale Service Launch



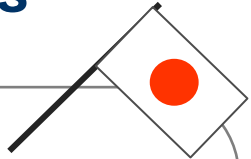
July 2018
(Scheduled)

Begin public account applications

At the launch of full-scale services, expecting customer flow from the SBI Group's customer base of 23.47 million, specifically, SBI SECURITIES with approx. 4.26 million accounts, SBI Sumishin Net Bank with approx. 3.21 million accounts, and SBI Liquidity Market, including SBI FXTRADE, with approx. 1.05 million accounts, etc.



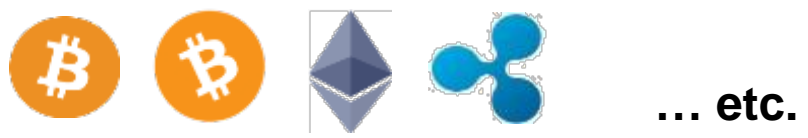
SBI Virtual Currencies will be Cooperating with Market Maker Global Max of Hong Kong, Upon Launch of Its Services



Global Max (Hong Kong)

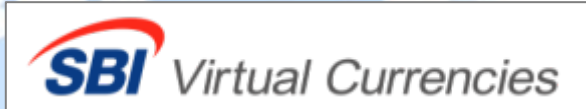
From Jan. 30, 2018,
collaborations on XRP sales has started
with SBI Virtual Currencies

Multi Virtual Currencies



As an exchange market that is extremely secure and open to the world, will acquire the global liquidity of multiple and diverse cryptocurrencies, which may become a global common currency with regional universality

Domestic exchange market



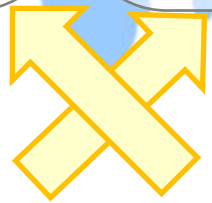
Exchange	Service
Digital Asset Management	Product

Develop and provide augmented services utilizing various cryptocurrencies, as well as transaction services, such as bitcoins and XRP

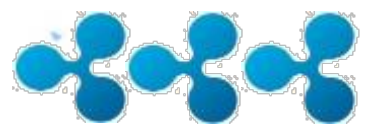


Bitcoin Cash

SBI Crypto
(Mining)



XRP



② SBI Virtual Currencies seek near-term profitability through the maximum exercise of internal group synergies and with external companies

② Pursue synergies with companies in and out of the SBI Group



Since the Launch of the FX-related Business, Synergies with SBI SECURITIES were Generated. Similar Synergies are Expected to be Generated with the Cryptocurrency Exchange

Increase in liquidity of SBI LM that covers the transactions provides for profitable contributions to customers of both SBI SECURITIES and SBI FXTRADE

Started operation on Nov. 17, 2008

Started operation on May 30, 2012

SBI 証券
[SBI SECURITIES]

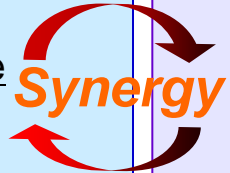
Customers with large size transactions

[Initial earnings estimate for FY2008]

Target for contributions to earnings from SBI LM: JPY 800m of operating income

↓

Contributions to operating income from SBI LM: JPY 1,830m



SBI Liquidity Market

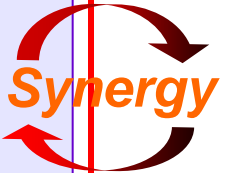
Provides FX market infrastructure

[Initial earnings estimate for FY2008]

Targeted earnings of SBI LM: JPY 400m of operating income

↓

Operating income for FY2008: JPY 840m



SBI FXTRADE

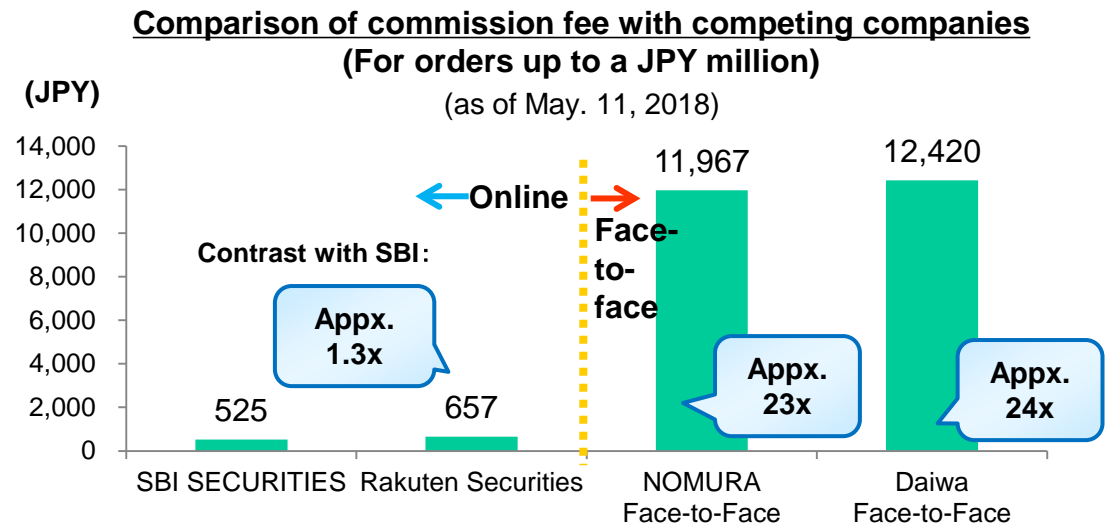
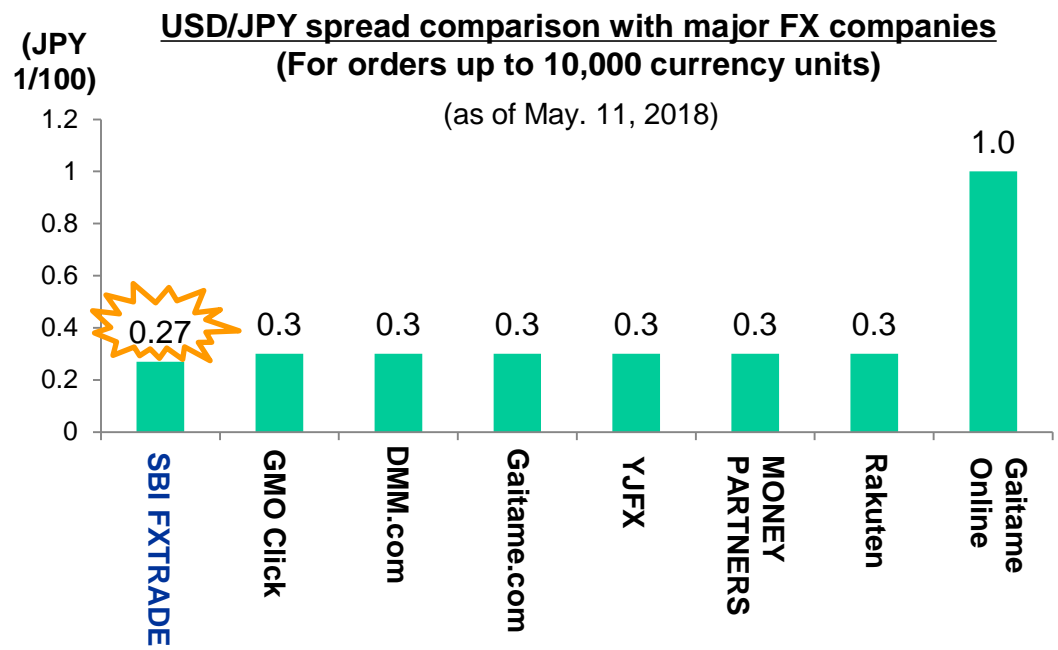
Customers with small size frequent transactions

Achieved early profitability owing to further increased liquidity from attaining new customers

↓

Elimination of cumulative loss in a little more than a year after its establishment

SBI Virtual Currencies will become an Overwhelming No.1 Exchange Platform, by Providing the Narrowest Spreads



- SBI FXTRADE and SBI SECURITIES have acquired an overwhelming position by acquiring customers through the provision of high benefit customer services at a low cost
- SBI Virtual Currencies will likewise provide the narrowest spreads, and grow to become an overwhelming No. 1 cryptocurrency exchange

The Launch of Bitcoin Cash (BCH) Mining

SBI Crypto (established in Aug. 2017)

Conduct mining business overseas primarily for Bitcoin Cash (BCH)

Mining base

- Started mining at a overseas location from Jan. 2018, and in preparation with another overseas location to start within 2018
- Considering opening a third location abroad

Reasons to hold BCH

- In order to improve the mining activity unevenly conducted at a single region
- SBI Group's functional reinforcement in the cryptocurrency ecosystem, ensuring liquidity, and for clearing purposes
- Contribute to the development of BCH as an active miner (transaction authorizer)

Mining status

- SBI Crypto's mining share is 5.6% (as of Apr. 19)
- By expanding the mining bases, will endeavor to acquire a total mining share of 30%

On Wallet's Security Vulnerability Response, which is One of the Important Issues of a Cryptocurrency Exchange

-Advanced technologies from outside companies will be incorporated-

Company	Business
U.K. nchain	Strategic partnership on cryptocurrency security and BCH
Taiwan CoolBitX	Cold wallet service provider for blockchain assets
Denmark Sepior	Key management service specialized to be managed on cloud
Korea Everspin	Development of a dynamic security system
Switzerland Company S	Provide cold wallet service for blockchain assets

SBI has acquired 40% of CoolBitX, and will utilize its products in the digital Asset ecosystem, including SBI Virtual Currencies



In addition to thorough risk management within its organization, the SBI Group promotes further security enhancement through the acquisition of advanced technologies from external companies

Morningstar Japan Offers Digital Asset Market Information



■ Business alliance content

- Distribution of news and price information on cryptocurrencies, released in the U.S. and Japan
- Co-host worldwide cryptocurrency conference (Consensus) in Japan and Asia



Firstly, translated articles will be provided through the smartphone app “My Cryptocurrencies,” released by Morningstar Japan



Listed price information and rankings of more than 1,600 cryptocurrencies

■ About CoinDesk

- Cryptocurrency news media, started in 2013
- In addition to providing news, collects and discloses Bitcoin Price Index that is connected by API, to companies such as the Financial Times
- 10 million users and 50 million page views per month were recorded
- There were 600 thousand followers on SNS, and 150 thousand email magazine subscribers, etc.

(3) Regarding fund procurement utilizing digital assets, careful consideration will be given to domestic and foreign discussions, as well as to regulatory authorities' movements

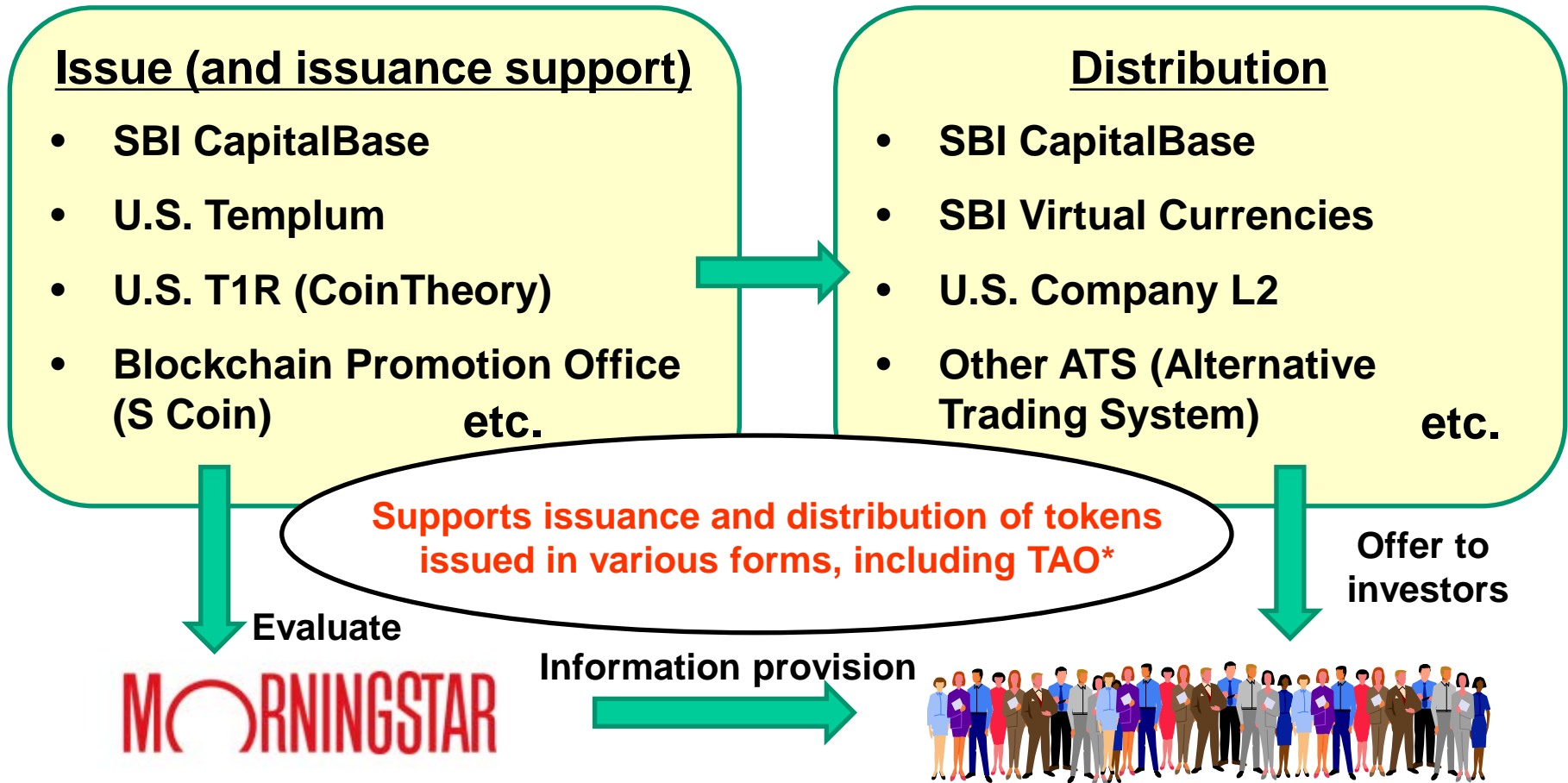
Consideration of Fund Raising, Utilizing Digital Asset, by SBI Digital Asset Holdings, Discussing with Relevant Authorities

- ① **Service-backed token**
 - The token holders will be able to use services provided by companies under the aegis of SBI Digital Asset Holdings for free or under favorable conditions for a certain period of time, depending on their holding volume
- ② **Asset-backed token**
 - Token will be backed by all assets, including issuer's intellectual property (IP)
 - In the case of capital gains garnered through an IPO, for companies within the aegis, will consider distributing some of the capital gains according to their holding volume
 - Value of the issuer and the value of the token are linked

Current issues in token issuance

Registration based on Laws & Regulations	Accounting	Overseas business	Others
<ul style="list-style-type: none"> ▪ Depending on the mechanism, it may be subject to regulation by the Financial Instruments Clearing Law and the Exchange Act, and there is the possibility that it may be subject to an approval as a Type II Financial Instruments Business, and a PTS (Proprietary Trading System) Business Operation 	<ul style="list-style-type: none"> ▪ Accounting treatment after token issuance has not been determined ▪ Metaps, which issued a token in 2017, is still in discussions with PwC on its accounting treatment 	<ul style="list-style-type: none"> ▪ There are countries which have banned ICOs, such as China and Korea, and the U.S., which is treating asset-backed tokens as securities 	<ul style="list-style-type: none"> ▪ Careful considerations are required for various requirements, including coordination with authorities, revenue impact on business (Revenue) and tax aspects (Taxation)

Digital Token Distribution Concept of the SBI Group



***Tokenized Asset Offering: Method of raising funds by issuing token as securities**

Establish a reliable token market that covers issuance to distribution

Q4. How has the Biotechnology-related Business progressed, which SBI regards as a profit contributing business from this term?

- (1) SBI Biotech endeavoring the continued development of its existing drug pipeline, as well as seeking new licensing opportunities**
- (2) Quark's planned FY2018 NASDAQ Market listing**
- (3) The 5-ALA business achieved its first full-year profitability in FY2017, to continue its monetization phase**

(1) SBI Biotech endeavoring the continued development of its existing drug pipeline, as well as seeking new licensing opportunities

(1) SBI Biotech

SBI Biotech expects to reverse its deficit situation after FY2018, and maintain profitability through the continued development of its existing drug pipeline, as well as through the process of newly out-licensing its drug pipeline

	Licensing partner(timing)	Adaptation disease	Progress	
MEDI7734 (Anti-ILT7 antibody)	Viela Bio* (Sept. 2008)	Myositis	Phase I	A single dose Phase I study has been completed, and the results are being analyzed
SBI-9674	Kyowa Hakko Kirin (Dec. 2016)	Autoimmune diseases	Pre-clinical (Kyowa Hakko Kirin promoting development)	Further receipt of milestone payments in accordance with development progress is also expected
Cdc7 inhibitor	Carna Biosciences (May 2014)	Cancers	Pre-clinical (plan to apply for clinical trial in 2018)	Carna Biosciences entered into an out-licensing agreement with Sierra Oncology. Further receipt of milestone payments in accordance with development progress is also expected
GNKS356	Independently	Autoimmune diseases (Psoriasis / Systemic Lupus Erythematosus (SLE))	Pre-clinical	The subsidy period of AMED's (Japan Agency for Medical Research and Development) project of promoting support for drug discovery on orphan drugs ended in March, 2018. Considering next steps based on the research results of the subsidy period
SBI-3150	Independently	Autoimmune diseases (Various diseases caused by pDC / activated B cells)	Pre-clinical	Using the advantages of the development concept, <u>we are continuously engaged in discussing and negotiating with several companies for out-licensing</u>

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

(2) Quark's planned FY2018 NASDAQ Market listing

(2) U.S.-Based Quark

(Economic shareholding of the SBI Group: 95.5%)

➤ Upon IPO, Quark is expected to be separated from SBI Biotech

-Drug discovery pipeline progress-


	Licensing partner	Adaptation disease	Progress	
QPI-1002	Novartis International AG	Delayed graft function in kidney transplantation (DGF)	Phase III	Conducting final clinical trials at 75 institutions, mainly in the U.S., as well as in Canada, Germany, Brazil and other countries.
		Acute kidney injury (AKI)	Phase II was completed and Phase III will start	<u>Preparing for start of Phase III is completed, including approval by US Food and Drug Administration (FDA). Clinical trials are expected to start soon</u>
QPI-1007	Biocon Ltd of India	Non-arteritic anterior ischemic optic neuropathy (NAION)	Phase III	Conducting final Phase III clinical trials at 66 institutions, mainly in the U.S. and Europe.
PF-655	Pfizer Inc.	Glaucoma, Diabetic macular edema (DME) and Age-related macular degeneration (AMD)	Phase IIa (Completion)	Preparing clinical trial for the next step

Total milestone payments: USD 670m (including pre-receipt)

Quark in Preparations for Listing

Quark has two products at the Phase III stage in its drug discovery pipeline

- QPI-1002: Delayed graft function in kidney transplantation (Licensing partner: Novartis International AG)
- QPI-1007: Non-arteritic anterior ischemic optic neuropathy (NAION) (Licensing partner: Biocon Ltd of India)



In addition to the above, preparation for the start of Phase III for acute kidney injury (AKI) is completed, including approval from the U.S. FDA. Clinical trials are expected to start soon.

If Quark has three products at the Phase III stage in its drug discovery pipeline, it will satisfy the conditions for a NASDAQ Market public listing, therefore it is currently in preparation for an IPO on the U.S. NASDAQ Market

→Planning to be listed on the NASDAQ Market within FY2018

By having three Phase III pipeline drugs, Quark is expected to be a unicorn company (a start-up with a USD 1bn plus valuation)


(3) The 5-ALA business achieved its first full-year profitability in FY2017, to continue its monetization phase

(3) 5-ALA-related business ① SBI Pharmaceuticals

Drug Pipelines utilizing 5-ALA under the SBI Group

Out-licensing (Total 5 cases) :

- ✓ “ALAGLIO® Internal Medicine 1.5g,” diagnostic agent for cancer treatment (Malignant Glioma) (Launched in Sept. 2013)
- ✓ Therapeutic drugs for diabetes and malaria infection (to Neopharma, UAE pharmaceutical company, in Oct. 2016)
- ✓ “ALAGLIO® Divided Granules 1.5g,” diagnostic agent for cancer treatment (carcinoma vesicae) (to Chugai Pharmaceuticals with exclusive domestic marketing rights in Japan, in Mar. 2017)
- ✓ Pharmaceuticals including “ALAGLIO® Divided Granules 1.5g” in the territory of MENA and India (to Neopharma, in Mar. 2018)

Fields		Pipeline projects	Current status				Prospects for the next three years
			Phase I	Phase II	Phase III	Applica-tion	
Diagnostic agent (PDD)	1	Carcinoma vesicae	Launch (in Dec. 2017)				Launch → Achieved 
	2	Peritoneal dissemination of gastric cancer*	Preparation for Phase III is underway				Completed Phase III / Out-licensing
Drug to treat	3	Cisplatin nephropathy protection	Phase II is underway				Completed Phase II
	4	Mitochondrial diseases*	Preparation for Phase III is underway				Completed Phase III / Out-licensing
	5	Cardiac ischemia-reperfusion injury*	Preparation for Phase II is underway				Conducting Phase II
Photodynamic therapy (iPDT)	6	Brain tumors* (by photonamic, a wholly owned subsidiary)	Preparation for Phase II is underway				Conducting Phase II

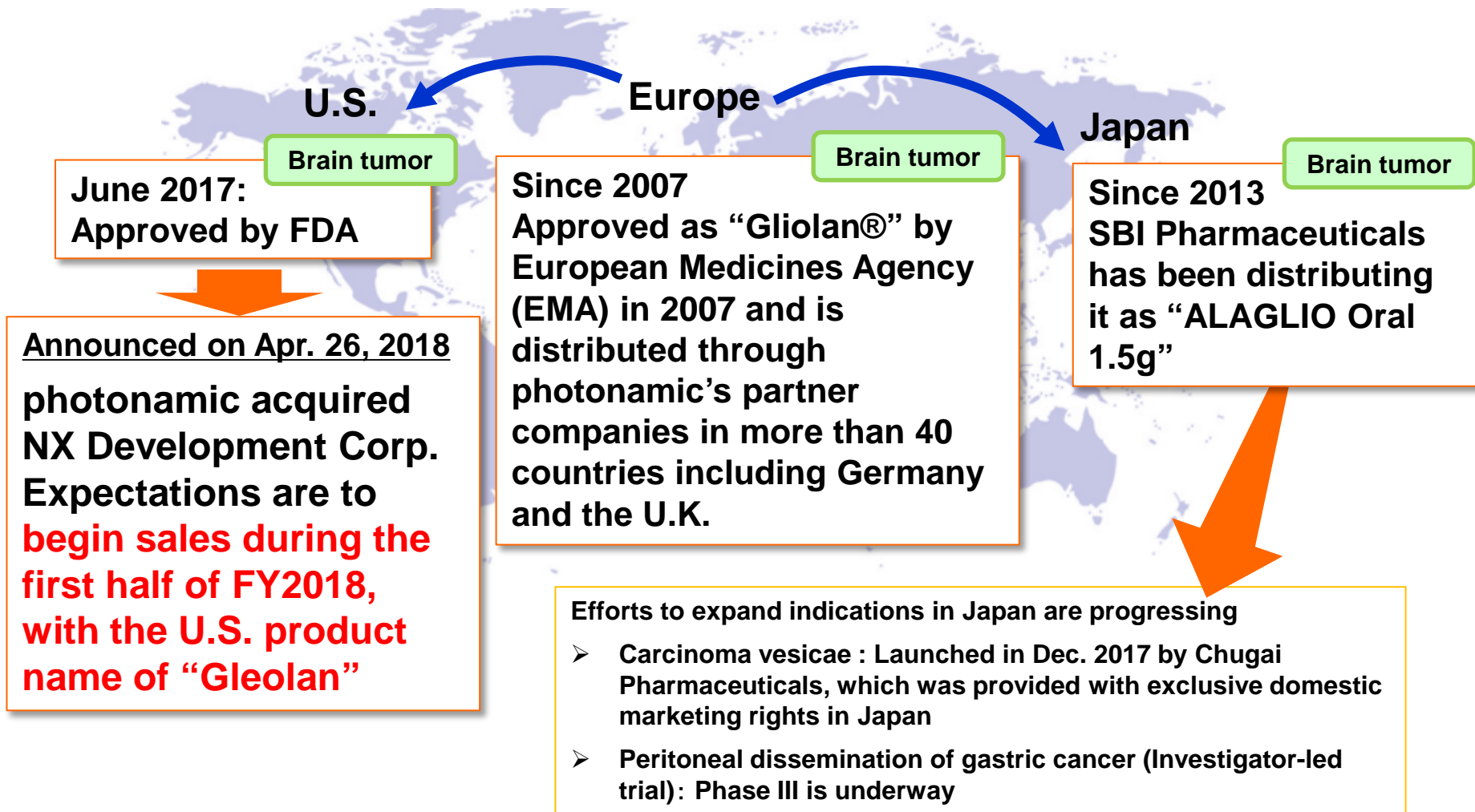
Considering an out-licensing

Scheduled by Oxford University and Birmingham University Hospital in the U.K.

*Investigator-led trial

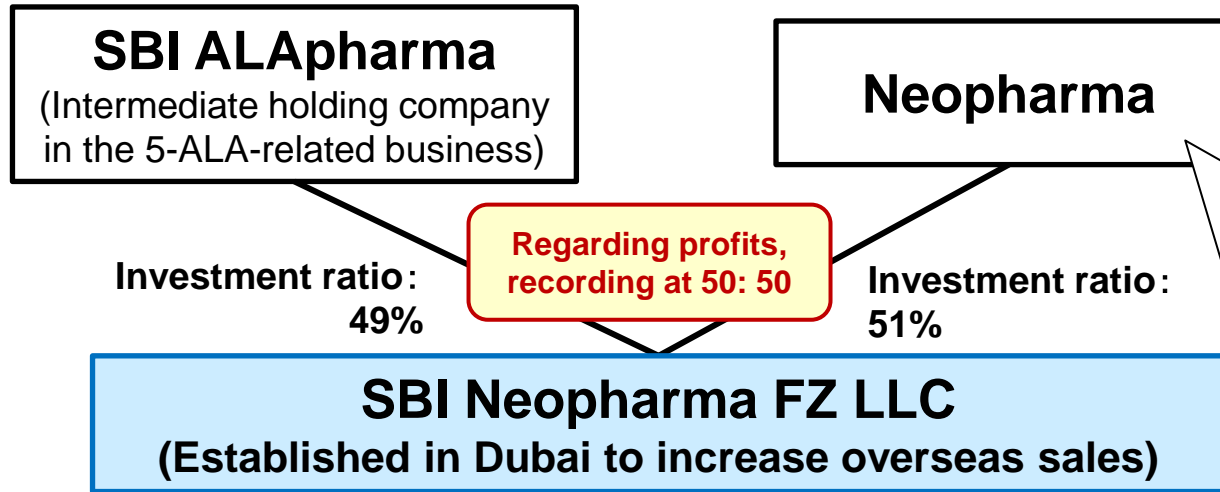
② photonic

“Gliolan®” developed by photonic, a wholly owned German-based subsidiary of SBI ALApharma (intermediate holding company in the 5-ALA-related business in Hong Kong), will be launched in the U.S. in the first half of FY2018



③ SBI Neopharma

In FY2018, SBI Neopharma plans to launch the health food “NatuALA” in more than 20 countries worldwide



- A corporation established in U.A.E. in 2003 to manufacture and market pharmaceuticals. Presently Neopharma is one of the largest pharmaceutical company in the MENA region with presence in over 50 countries
- Neopharma has production bases for generic drugs in Abu Dhabi, Bangladesh, Egypt, Brazil, Japan, Russia, etc., and also produce licenses with six mega pharma companies
- Its corporate group includes promising enterprises such as NMC Health PLC (listed on the London Stock Exchange), currently operating the largest private hospital in Abu Dhabi, where over 4 million patients visit per year
- Established Neopharma Japan as a Japan base of Neopharma Group in 2016

Scope of products :

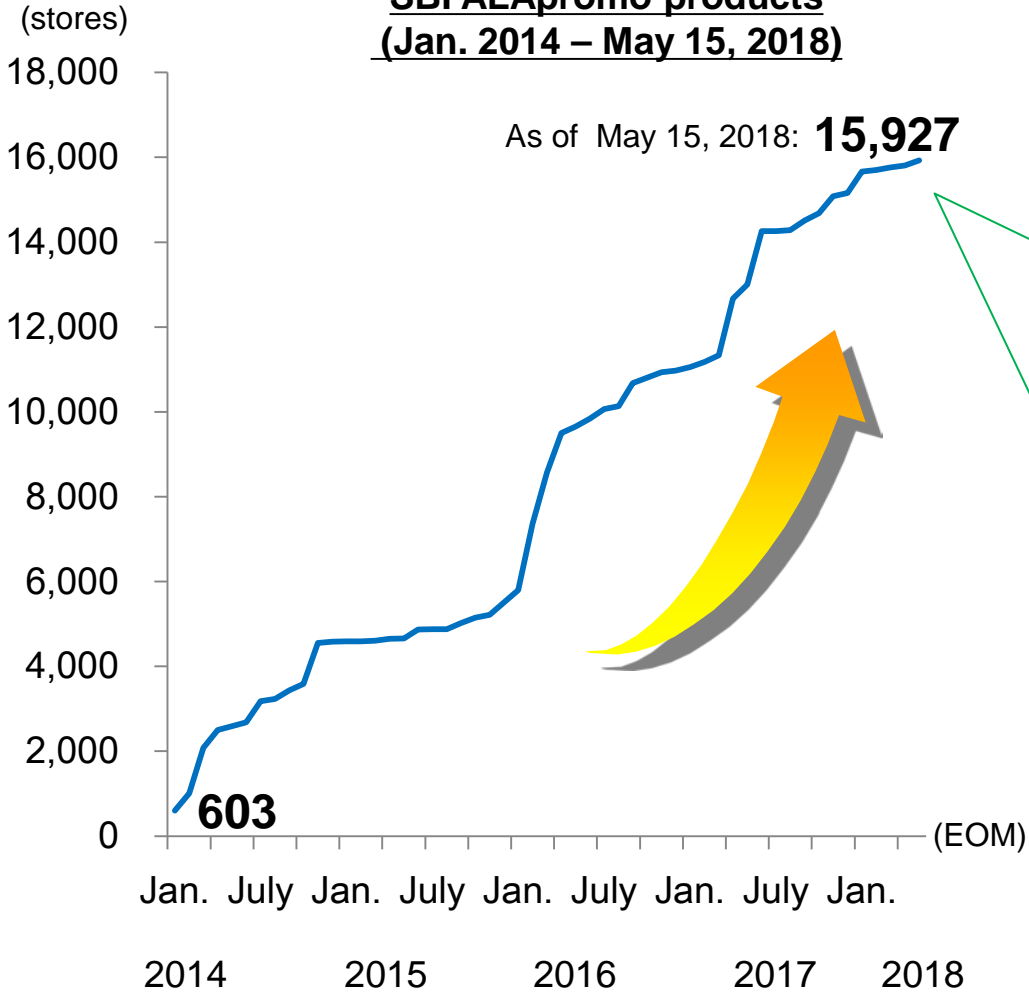
Pharmaceuticals	Therapeutic drugs for diabetes and malaria infection utilizing 5-ALA, to be developed by Neopharma (Out-licensing to Neopharma in Oct.,2016)
	Pharmaceuticals including “ALAGLIO® Divided Granules 1.5g” in the territory of MENA and India (to Neopharma, in March 2018)
Health foods	<p>5-ALA-related products (health foods, cosmetics, feeds and fertilizers)</p> <p>→Launched the sales of 5-ALA-related health foods in the Middle East from May 2017</p> <p>Sales in FY2017 (fiscal year ended Dec. 31, 2017) : Approx. JPY 120m *approximate values</p> <p>→In preparations for registration applications of health foods in over 80 countries worldwide.</p> <p>In FY2018, SBI Neopharma plans to launch the health food “NatuALA” in more than 20 countries worldwide</p>

④ SBI ALApromo



Number of Domestic Stores that Offer Health Foods Containing 5-ALA are Increasing Steadily, and Now Became Over 15,000 Stores

Number of stores that offer SBI ALApromo products (Jan. 2014 – May 15, 2018)



- The leading drug store chains started selling 5-ALA products:
- e.g.
- Tsuruha Holdings 1,424 stores
 - Welcia 1,552 stores
 - Matsumoto Kiyoshi 1,123 stores
 - cocokara fine 1,062 stores
 - FUJIYAKUHIN approx. 890 stores
 - COSMOS Pharmaceutical 897 stores
 - Sundrug approx. 820 stores
 - SUGIYAKUHIN 791 stores

“ALAPlus Tou (Sugar) Down” was Awarded “The Storefront Hit Product” Award at the Kinoushoku Awards 2018

The Kinoushoku Awards 2018 (official name: Foods with Health Claims Market Creation Award)
Targeting the needs of the times and discovering potential demand for foods with health claims (foods with functional claims, foods for specified health uses, foods with nutrient function claims), and recognizing products that will lead the future health market



ALAPlus Tou (Sugar) Down

“The Storefront Hit Product Award”:
This award is given to the product that benefits consumers the most, through promotions and marketing efforts at storefronts (live at the drug store), as selected by the readership votes of the monthly magazine “H&B Retail”



10 day supplies



30 day supplies

Accelerating the Development of New Foods with Functional Claims

SBI ALApromo's offering of foods with functional claims

On sale

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

Cognitive improvement

“ALAPlus Tou (Sugar) Down” utilizing 5-ALA (10 and 30 day supplies)
(Launched in Dec. 2015)

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

Under development

Submitted to the Consumer Affairs Agency in Mar. 2018

Premium product utilizing high levels of 5-ALA

Improvement in the exercise capacity for the elderly (Shinshu Univ.)

Improvement in the quality of sleep (Hawaii Univ.)

Plan to launch in Oct. 2018

Plan to launch in Dec. 2018

Plan to launch in Dec. 2018

Planning submission to the Consumer Affairs Agency in FY2018

Recovery from fatigue (Hiroshima Univ.)

Improvement of sports training effect (Juntendo Univ.)

Male menopause improvement (Juntendo Univ.)

Plan to launch in FY2018

Plan to launch in FY2019

5. The progress toward the achievement of the SBI Group's Vision, announced on July 27, 2017

Owing to favorable FY2017 results, modifying the following points

- ① Prospect of profit before income tax expense composition by segment**
- ② Target time to achieve consolidated profit before income tax expense**
- ③ Target market cap**

Progress of the SBI Group's Vision (announced on July 27, 2017) ①

Modification ① Prospect of profit before income tax expense composition by segment

- Develop the Financial Services, Asset Management and Biotechnology-related Businesses, so that the profit before income tax expense composition by segment in three years will be 5:4:1, while that in five years will be 5:3:2, respectively. *The previous compositions announced on July 27, 2017, in three years were 6:3:1 and in five years were 6:2:2, respectively.

[Consolidated profit before income tax expense (IFRS) by segment] (JPY billion)

FS business	AM business	Biotechnology-related
63.9 (Composition: 8)	56.5 (Composition: 7)	-37.3 (Composition: -5)

Includes JPY 27.0bn of impairment loss on intangible fixed assets

Segment forecast beyond FY2018

Expansion of business performance due to the completion of the financial ecosystem and steady growth in each business

Along with the continuing profit growth at SBI SAVINGS BANK, FinTech investee IPOs will begin in earnest, leading to an expectation for high levels of profit

Profitability achievement is within scope, owing to the progress in Quark's anticipated IPO, along with an increase in the sales of the 5-ALA-related products, both domestically and abroad

- Note 1: The abovementioned is a vision that the Company seeks to achieve in the medium-term, and since there will be changes in the business environment, there cannot be any guarantees on the achievement of the vision.
- Note 2: The abovementioned is based on a premise that the world economic situation will not dramatically deteriorate within the next five years.
- Note 3: The abovementioned differs from any medium-term management plans or performance targets

Progress of the SBI Group's Vision (announced on July 27, 2017) ②

Modification ② Target time to achieve consolidated profit before income tax expense

- **Targeting consolidated profit before income tax expense of over JPY 100bn within the next year or two**

* Formerly set the target, announced on July 27, 2017, to achieve in the next two to three years.

▶ FY2017 consolidated profit before income tax expense (IFRS): **JPY 71.8bn**

- **Maintain ROE above 10%**

▶ Achieved 11.6% for the full-year in FY2017.
Beyond FY2018, will endeavor to realize ROE over 10%

- **Annual dividend to the level of JPY 100 per share**

▶ The annual dividend for FY2017 is JPY 85 per share

Modification ③ Target market cap

- **Will endeavor to achieve a market cap of JPY 1tn, by actualizing intrinsic corporate value**

* Formerly set the target, announced on July 27, 2017, to double the market cap of about JPY 330bn as of the day.

▶ **JPY 657.3bn**

(Based on the closing price on June 1, 2018)

▶ **Peak market cap. : JPY 726.5bn**

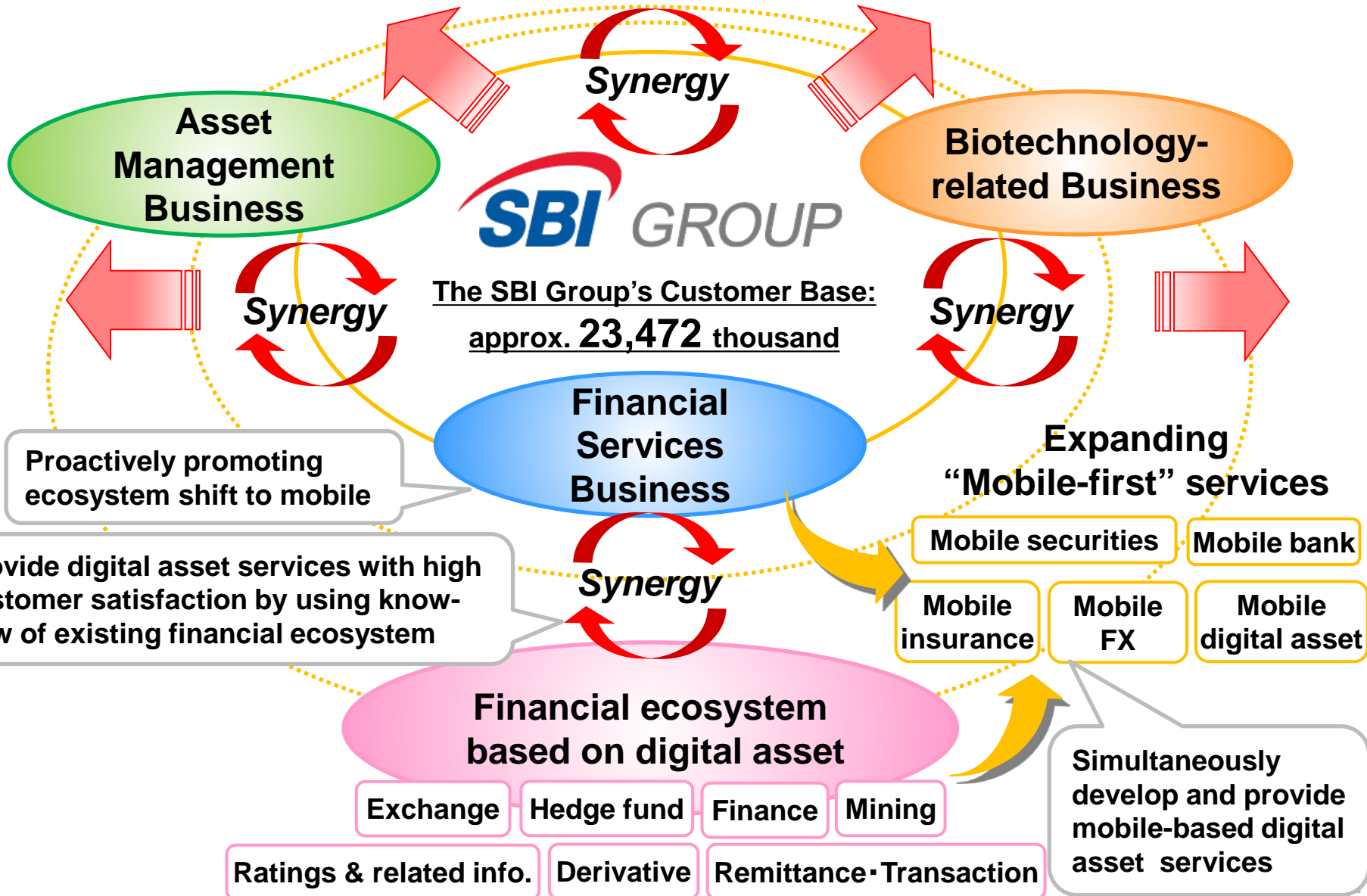
(Year's intraday high: JPY 3,235 *as of May 21, 2018)

Note 1: The abovementioned is a vision that the Company seeks to achieve in the medium-term, and since there will be changes in the business environment, there cannot be any guarantees on the achievement of the vision.

Note 2: The abovementioned is based on a premise that the world economic situation will not dramatically deteriorate within the next five years.

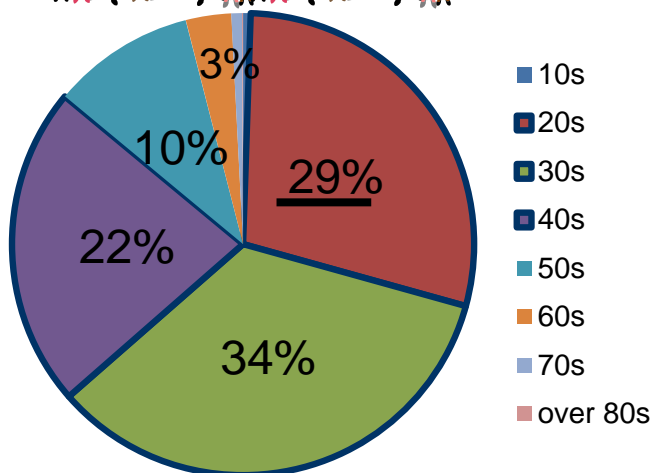
Note 3: The abovementioned differs from any medium-term management plans or performance targets

Existing Ecosystems and New Ecosystems are Organically Combined to Create Synergistic Effects, which Cannot be Realized by a Single Company



Expanding the Financial Business by Acquiring a New Customer Base Primarily of Younger Consumers, through the Digital Asset-related Business, and Pursuing Group Synergies Between Each Ecosystem

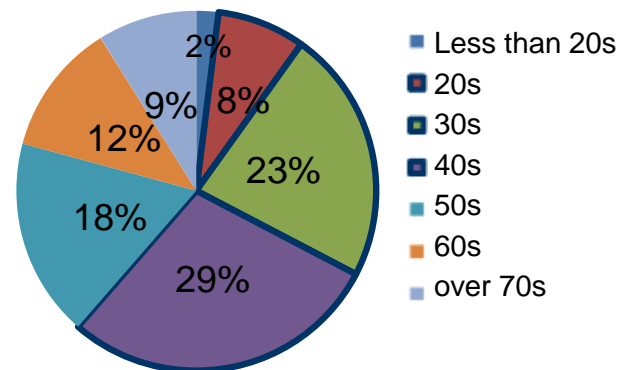
- New customer base that invests in cryptocurrency
- The core layer for spot trading is the age group between the 20's and 40's, which accounts for approx. 90% of the total
- Capture customers in their 20's, who comprise a relatively large proportion of the SBI Group's customers



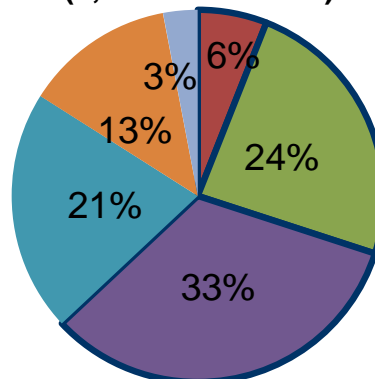
SBI GROUP (as of the end of Mar. 2018)

The SBI Group's Customer Base of 23,472 thousand

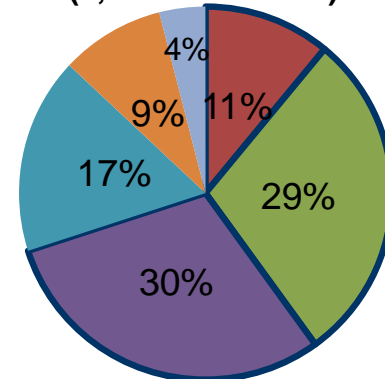
SBI SECURITIES
(4,261 thousands)



SBI Insurance
(1,001 thousands)



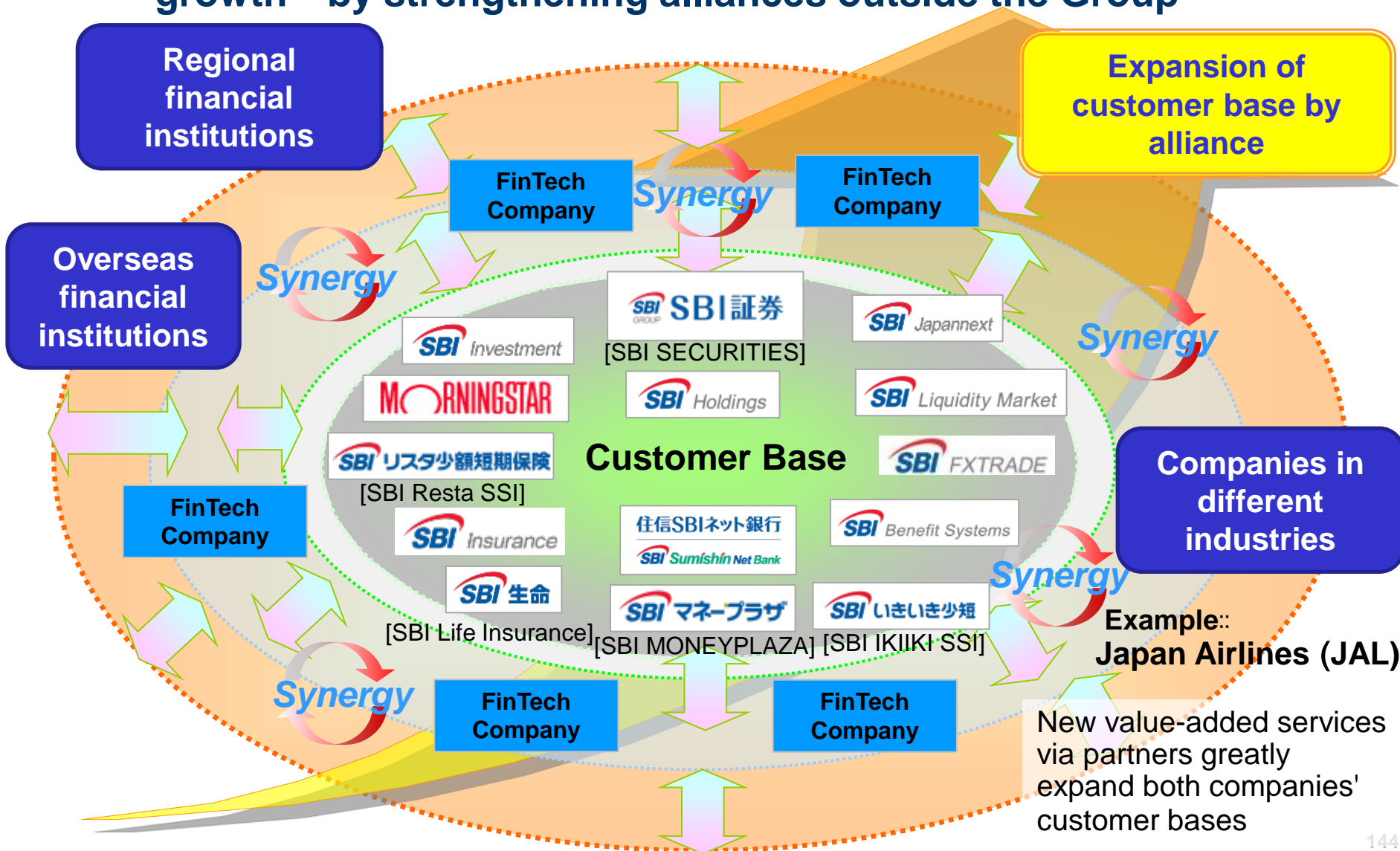
SBI Sumishin Net Bank
(3,211 thousands)



From Japan Cryptocurrency Business Association (as of Mar. 2018)

Toward the Further Expansion of the SBI Group's Customer Base

– Endeavoring to expand the customer base—a critical challenge to growth—by strengthening alliances outside the Group—



Q6. What are management's thoughts on SBI Holdings' share price and shareholder composition?

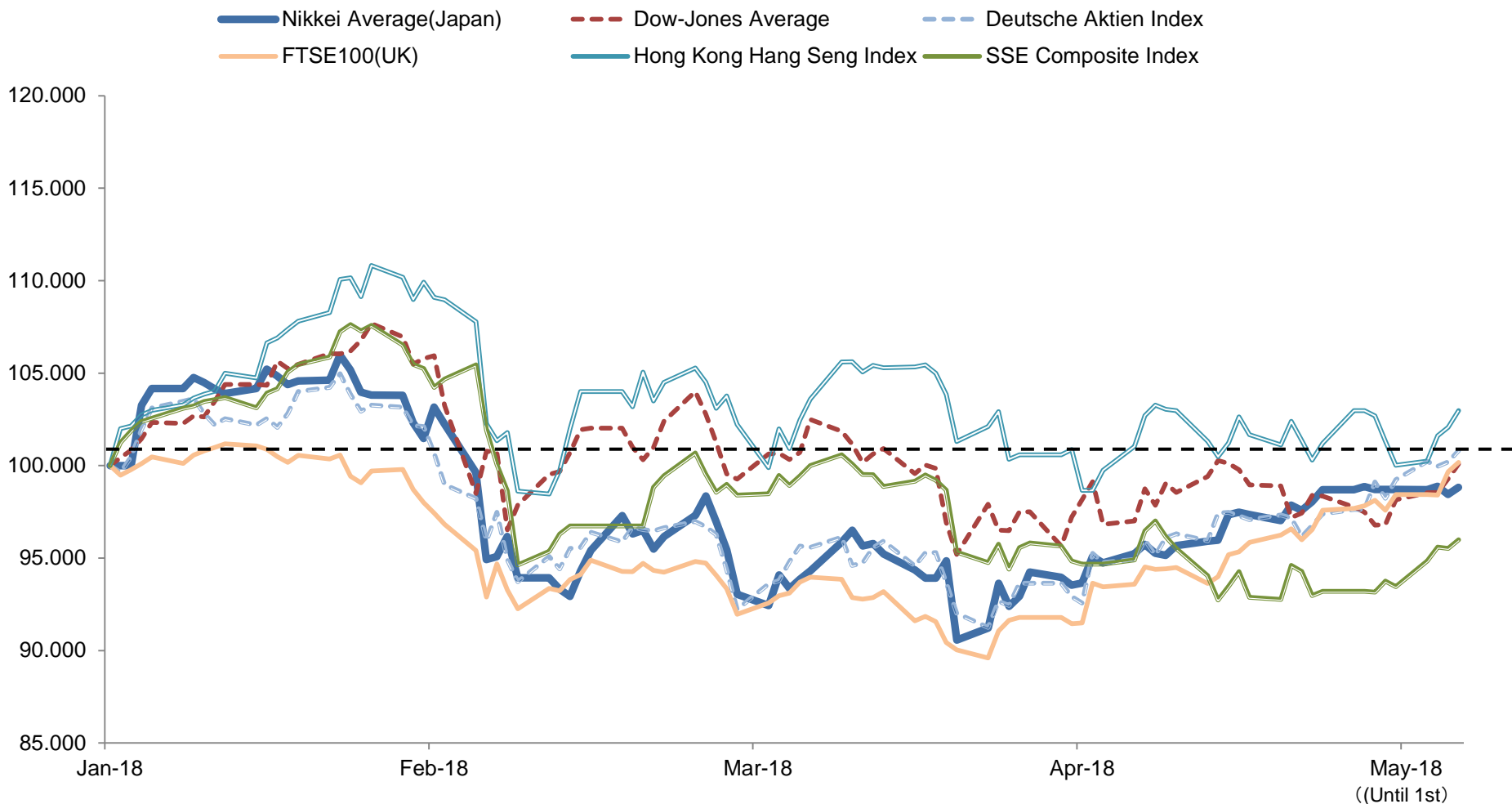
- (1) SBI Holdings' recent stock price and events that may impact the future stock price**
- (2) SBI Holdings' recent shareholder composition**

- (1) SBI Holdings' recent stock price and events that may impact the future stock price**
 - ① Overview of the macro environment surrounding the SBI Group**
 - ② SBI Holdings' recent stock price**
 - ③ Accelerating initiatives to actualize SBI Holdings' intrinsic corporate value**

① Overview of the macro environment surrounding the SBI Group

The World Economy Gently Recovers after the Stagnation from the Beginning of the Year to Mar. 2018

Major country stock market index trends *



* An index of the value at Jan. 1, 2018 indexed as 1

The US Economy Continues its Growth Trend Owing to the Tax Reduction Policy of the Trump Administration, and Concerns Regarding Interest Rate Hikes were Minimized and are Now Regarded as Normalization

■ **Due to the strong US economy, inflation is keeping pace with the FRB target.** (May 4, 2018, Reuters)

NY Fed President Dudley stated on May 4 that US inflation is approaching the FRB target of 2% and pointed to the underlying health of the US economy.

(Abbrev) He also indicated that inflation over 2% would not be seen as a problem.

■ **Due to the expected recovery in the US economy, the FRB is expected to raise the policy rate three times this year.**

Futures markets price in a 95% chance that the FRB will take the plunge and raise rates at its June meeting. (Abbrev) While FRB considers that additional raising the policy rate is two times, the market has begun to project three rate increases this year. In fact, the US economy currently has room for overshooting as a result of the Trump administration's large tax cuts. (May 4, 2018, Nihon Keizai Shimbun, morning edition)

■ **Long-term interest rate is around 3% with a view to 4%**

JPMorgan Chase & Co. Chief Executive Officer Jamie Dimon said that it is possible that U.S. economic growth and inflation may encourage the U.S. monetary authorities to raise interest rates beyond the expectations of many, and that it may be prudent to prepare for benchmark 10 year Treasury yields to climb to around 4%. (Snip)

As long as interest rates are rising due to a healthy US economy, this activity implies a normalization. (May 8, 2018, Bloomberg)

The World Economy is Unsettled by Trade Friction Resulting from the U.S Trump Administration

■ The US abandonment of the Iran nuclear agreement is raising concern over the effect upon other countries

Indications point to an **expected downfall in Iranian exports and in foreign investment in Iran.** The Iranian economy will therefore receive a shock, but given that the global oil trade provides crucial support to the dollar, **its liquidity will also be buffeted.** (May 11, 2018, Reuters)

On May 8, the UK, Germany, and France, who are all parties to the agreement, announced their **position of fully executing the agreement, even if the US pulls out.** Yet, the oil importing countries in Europe and Asia **may be pressed to choose between the US and Iran as trading partner.** (May 9, 2018, Reuters)

■ US-China trade frictions could well drag out

On March 23, the US invoked import restrictions on steel and aluminum. In response, **China on April 2 initiated retaliatory tariffs of up to 25% on 128 US-made products.** (Abbrev) The trade sanctions against China, justified by supposed IP infringements, were large and **could aggravate trade frictions.** (Apr. 4, 2018, Yomiuri Shimbun, morning edition)

The US is poised to impose 25% punitive tariffs on over 1,300 Chinese products (Abbrev) and continues to work on trade sanctions against aluminum and steel products. (May 9, 2018, Reuters)

Japanese companies have intensified their caution for future prospects, and are carefully monitoring the trends

Geopolitical Risks in East Asia

■ While the North-South problem is moving towards a solution, the possibilities are not simple

S. Korean president Moon Jae-in and N. Korean leader Kim Jong-un met on April 27 at the Military Demarcation Line and signed the Panmunjom Declaration. (Abbrev) They stated their intent to declare an end to the Korean War by year end. (Apr. 28, 2018, Nihon Keizai Shimbun, morning edition)

The North Korean Central News Agency reported that North Korea has called off ministerial level discussions with South Korea on May 16. North Korea strongly objected to the joint military exercises between South Korea and the U.S., which started on May 11, as a “blatant challenge to the Panmunjom Declaration,” agreed to during the April 27 summit meeting between South Korea and North Korea. It went on to criticize that “there are limits to affording opportunities.” With regard to the June 12 summit with the U.S., it warned that “the U.S. will also have to undertake careful deliberations about the fate of the planned North Korea-U.S. Summit.” (May 16, 2018; Nihon Keizai Shimbun electronic edition)

■ Although U.S-North Korea relations seem to show signs of improvement, there are sudden turns to tension

U.S. President Trump announced the cancellation of a U.S-North Korea summit scheduled for June 12 in Singapore. He told the media that, “This is a tremendous setback for North Korea, and indeed a setback for the world.” He then went on to warn that the U.S. military is ready to act. With the Trump administration also including additional sanctions, there is the possibility that tensions on the Korean Peninsula will once again rise (May 25, 2018; Nihon Keizai Shimbun electronic edition)

■ It was also mentioned that the U.S.-North Korea summit may still be on the table

U.S. President Trump on the evening of the 26th commented on the once cancelled U.S.-North Korea summit, that “We’re looking at June 12th in Singapore. That hasn’t changed.” (Abbrev) He implies the possibility of some negotiations between the US and North Korea in secret. (May 27, 2018; Nihon Keizai Shimbun electronic edition)

While there were positive impacts on the Japanese market, it will be necessary to pay close attention to future trends

TPP (Trans-Pacific Partnership Agreement) will Become Effective During the Year, and an Ensuing Economic Revitalization through the Expansion of Free Trade is Expected

■ **A clear image of "investment from trade" as the current account surplus grows for the fourth year in a row** (May 10, 2018, Nikkei online)

Japanese companies are reaping the fruits of the mild expansion in the world economy. (Abbrev) Foreign trade was the breadwinner in the past, **but earnings from direct investment overseas now account for 40% of the surplus.** A change is underway from a model of producing things in Japan and exporting them, to one of **earning on overseas investments.**

On May 10, the Ministry of Finance released its Balance of Payments Report for FY2017, showing a current account surplus of JPY 21.7362trn. **This is a 3.4% YoY increase to its third highest level and the fourth consecutive year of growth.**

■ **TPP11 is a "plus to the economy," according to 75% of survey respondents** (Jan. 4, 2018, Sankei Shimbun, morning edition)

If the new TPP among 11 countries excluding the US goes into effect, **75% of respondents would consider it a plus to the Japanese economy.** Meanwhile, **48% say this would expand business opportunities** while only 8% say it would not expand. (Abbrev) The removal of tariffs and relaxation of trade restrictions **promise to rejuvenate the economy through enlightened rules.**

Many companies in the survey welcome the initiatives: "**a rejuvenation of the economy as imports and exports increase**" (retail) and "**the inclusion of high-growth emerging markets**" as the domestic population falls and market shrinks (insurance)

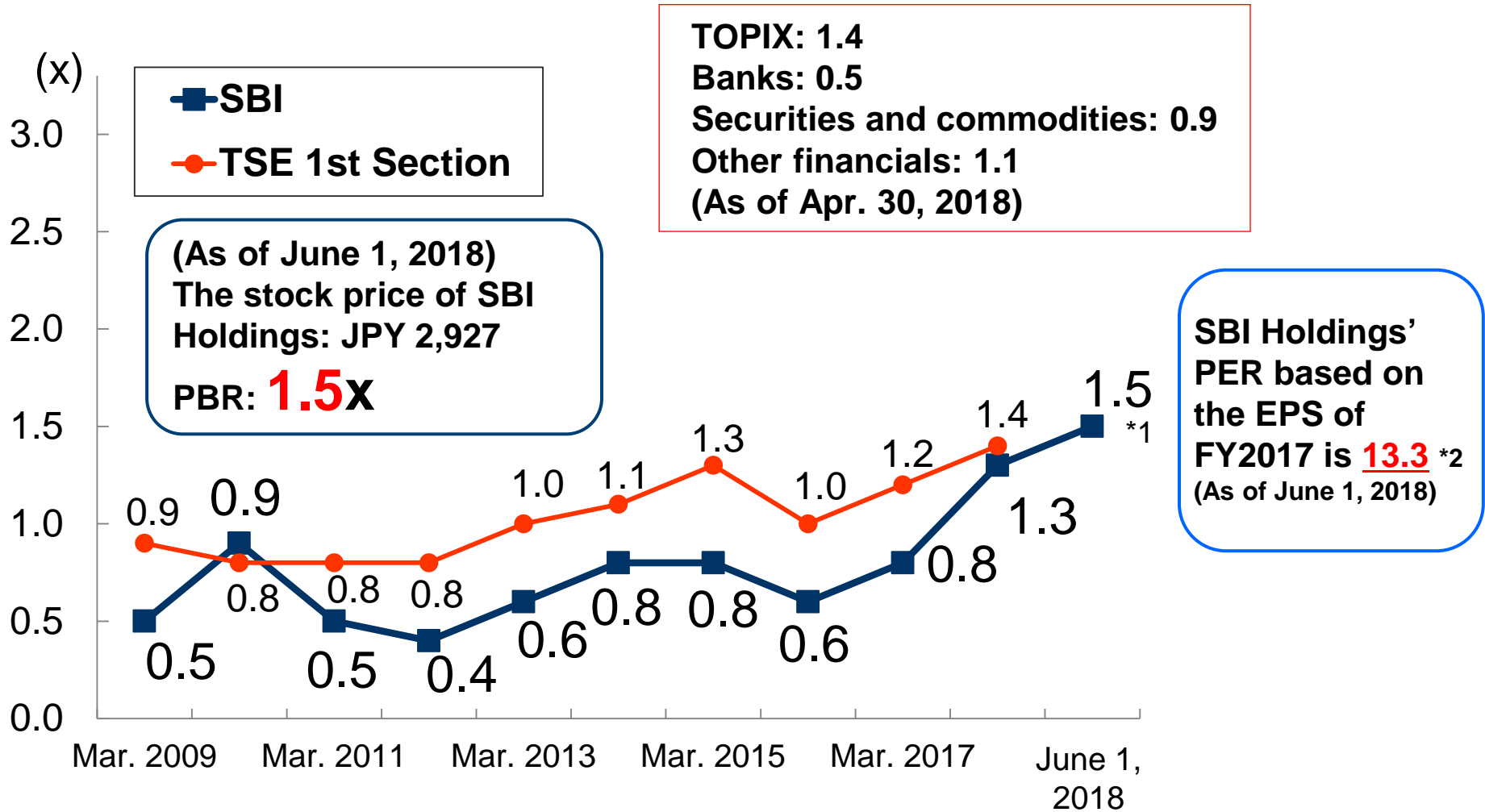
② SBI Holding's Recent Stock Price

Market cap (based on the closing price of June 1, 2018): **JPY 657.3bn**



Change in PBR of SBI Holdings

PBR = Closing price at the end of FY / Net assets per share at the end of FY



*1 PBR of SBI Holdings for June 1, 2018 is calculated based on the BPS of the end of Mar. 2018.

*2 EPS of FY2017 (JPY 220.54) is used to calculate SBI Holdings' PER.

Note: PBR of SBI Holdings prior to FY2011 is calculated based on J-GAAP BPS.

Corporate Value by Business Segment Valuation

Each Business Segment Valuation is Conservatively Estimated

■ **Sum of the values by segment** (as of June 1, 2018) (JPY billion)

	Valuation of each segment (theoretical value)
Financial Services	744.6
Asset Management	261.8
Biotechnology-related	75.7
Subtotal	1,082.1 (+)
External Debt (SBIH's non-consolidated-base borrowing recorded on the consolidated B/S as of Mar. 2018)	-332.7
Sum Total	749.4 (+)*

- Business valuation per share: **JPY 4,819** ←

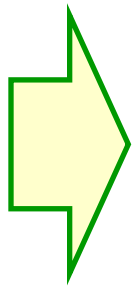
- Business valuation per share after deduction of external debt: **JPY 3,337** ←

Out of the major Group companies, 15 are profitable companies that are not included in the above calculations (Total FY2017 Profit before Income Tax Expense: approx. JPY 7.2bn)

* Since the figure is simply calculated by deducting SBI Holdings' non-consolidated-base external debt, from the subtotal of the values of each segment, the abovementioned business valuation per share does not show the theoretical stock price of SBIH.

③ Accelerating Initiatives to Actualize SBI Holdings' Intrinsic Corporate Value -Promoting IPOs of Group companies-

◆ Quark is preparing for its FY2018 IPO



- With its listing, Quark will be positioned to raise further capital independently, thereby reducing the need for funds from SBI
- If the clinical trial of the Phase III drug pipeline (licensing partner is Novartis International AG) proceeds favorably, the receipt of a total contingency fee of USD 670m (includes partial payment already received) will be expected in the future years

Quark, which has negatively affected not only the Biotechnology-related Business, but also the Company's overall performance, will positively contribute to the Company's stock price through an IPO and the receipt of a contingency fee

◆ SBI Insurance Group the insurance holding company in preparation for IPO

◆ Promoting listing of multiple Group companies including equity method affiliates

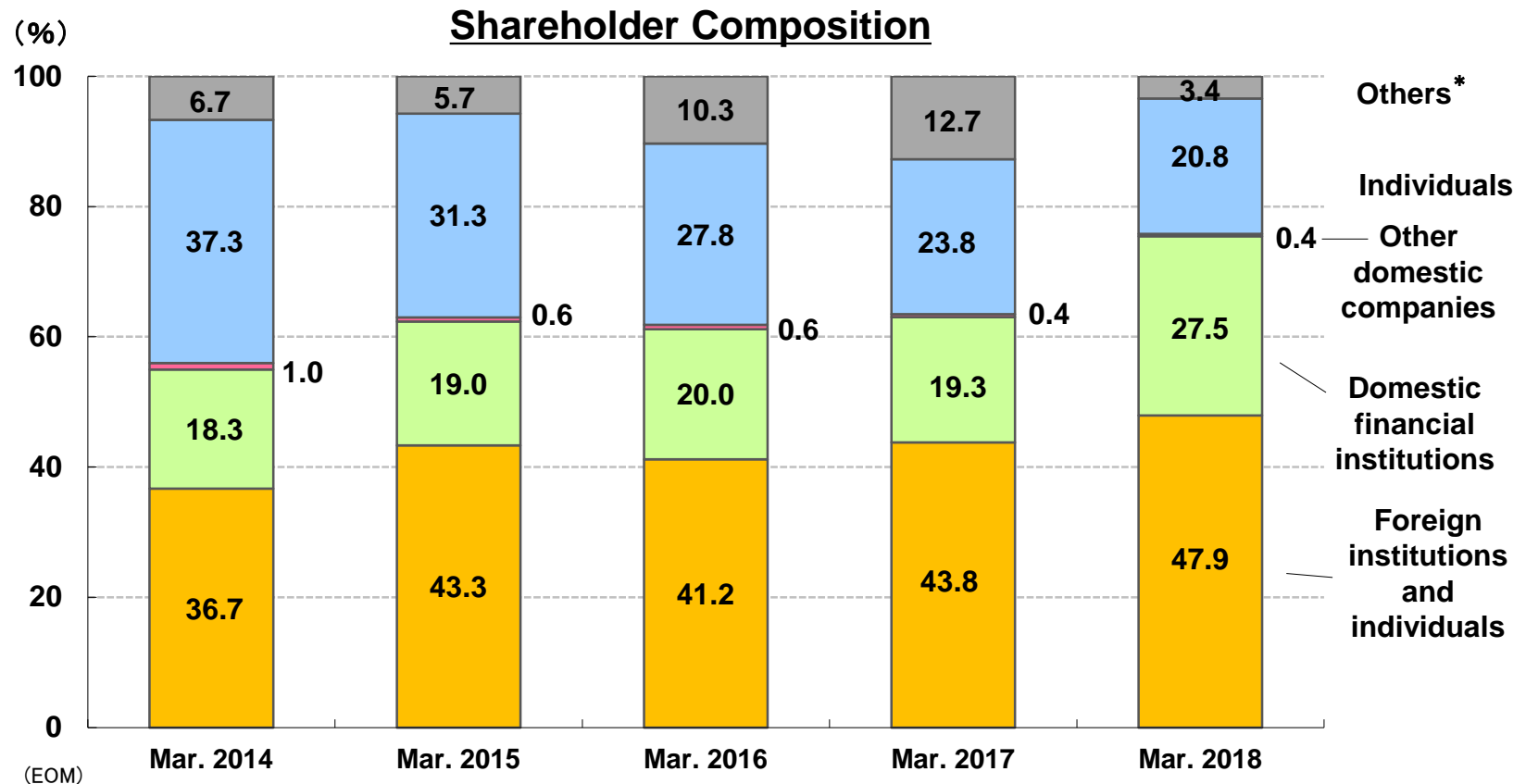
SBI will also promote the listing of equity method affiliates, such as SBI Sumishin Net Bank

Factors Expected to Contribute to Further Improvement of the Company's Corporate Value, Moving Forward

- ◆ **In the Asset Management Business, will proactively consider M&A activity and the establishment of joint ventures, in order to enhance investment assets at an early stage**
- ◆ **Full-scale development of the digital asset-related business**
The digital asset-related business, which started its business development from 2016, has already launched the mining business, and expects to be fully engaged in the cryptocurrency exchange by the summer time
 - ➡ Through the acquisition of new customers, the Group's customer base is expected to further expand
- ◆ **Strong relationship with the highly valued U.S. based Ripple**
Aside from the investment of approx. 10% in the U.S. based Ripple, jointly established SBI Ripple Asia. A global utilization of the digital asset "XRP," maintained and managed by Ripple is expected, leading to significant future growth

(2) SBI Holdings' Recent Shareholder Composition

- ◆ The total number of shareholders is 125,334, of which the number of shareholders who hold 1 unit or more is 50,411
- ◆ Shareholding ratio of domestic and foreign institutional investors is 75.4%, and the substantive shareholding ratio of domestic and foreign institutional investors, excluding treasury stock, is at 76.7%



Background of the Rise in Shareholding Ratio of Domestic and Foreign Institutional Investors

-As of the end of Mar. 2018, increased to as high as 75.4%-

Factors that are evaluated by institutional investors

◆ Establishment of domestic ecosystem in the Financial Services Business

- Each company in the Financial Services Business, starting with SBI Securities, has established an overwhelming position by pursuit of group synergies within the domestic financial ecosystem, centered on through practice of the “Customer-centric Principle” in securities, banking, and insurances.



Established a framework that seeks to capture share from large embedded incumbents in each field

◆ Biotechnology-related businesses transform into earnings contributors

- As it heads towards IPO, Quark Pharmaceuticals has good prospects of receiving performance fees for the progress of clinical trials on the drug pipeline, **a plus for overall earnings**
- The 5-ALA-related business achieved its first full-year profit in FY2017, along with expectations for further continued profit growth

◆ Aggressive expansion into the digital asset domain, including virtual currency which is expected to undergo a worldwide expansion

- Through such news as Goldman Sachs’s April hiring of a cryptocurrency trader as its Vice President for Digital Asset Marketing within its securities division, a full-scale expansion by even the major financial players into virtual currencies is looking likely
- The SBI Group established the first-in-its-field FinTech Fund in 2015 and has invested aggressively in various FinTech startups with desired technology and services. Further, **it has been accelerating its expansion into the digital asset domain since 2016.**

[Appendix]
**The Company's method in calculating the
estimated corporate value**

Valuation by Segment Estimated by SBI

(1) Financial Services Business ① SBI SECURITIES -(i)

① SBI SECURITIES

Valuation is conservatively estimated at **JPY 583.7bn**

(based on the closing prices of June 1, 2018)

Estimation of the valuation is as follows:

Calculated according to the **Comparable Public Company Analysis**

Compares the market cap and profits of a comparable public company, Matsui Securities.

Valuation of SBI SECURITIES is calculated as the mean of the two values [(A) and (B)] resulting from the equations below

Matsui's PER (*1) × SBI SECURITIES's Net Income (FY2017) ... (A)

Matsui's PBR (*2) × SBI SECURITIES's Net Asset (*3) (as of Mar. 31, 2018) ... (B)

*1 PER of Matsui is calculated by its net income per share for FY2017.

*2 PBR of Matsui is calculated by its BPS as of Mar. 31, 2018.

*3 Represents SBI SECURITIES' balance of net asset excluding short-term loans receivable from SBIH

Valuation by Segment Estimated by SBI

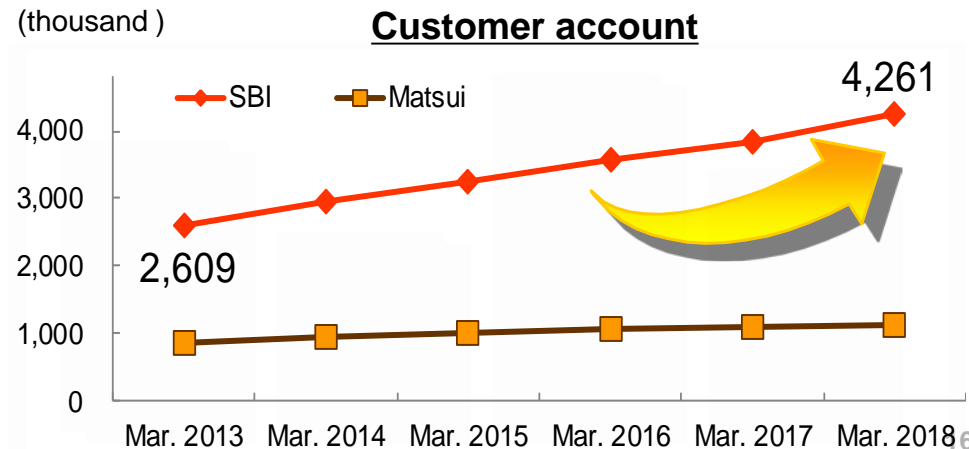
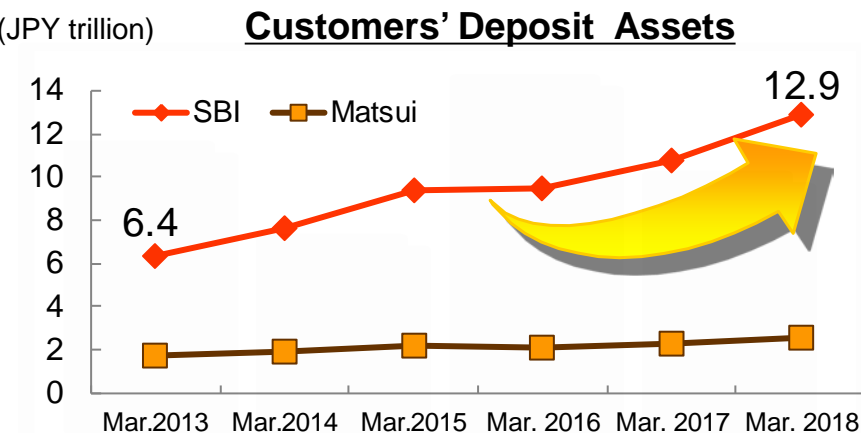
(1) Financial Services Business ① SBI SECURITIES -(ii)

Is SBI SECURITIES' valuation reasonable?

Comparison of SBI SECURITIES and Matsui Securities

*Calculated by the closing prices of June 1, 2018

(9M FY2017)	SBI SECURITIES	Matsui Securities
Valuation (market cap) *	JPY 583.7bn	JPY 271.5bn
Deposit assets (Sept. 2017)	No.1 JPY 12.9tn	JPY 2.5tn
Number of accounts (As of the end of Sept. 2017)	No.1 4.26 million	1.14 million
Share of individual stock brokerage trading value	No.1 35.1%	11.2%
Operating income	No.1 JPY 53.6bn (up 41.1% YoY)	JPY 18.5bn (up 24.1% YoY)



Valuation by Segment Estimated by SBI

(1) Financial Services Business ② SBI Sumishin Net Bank

② SBI Sumishin Net Bank

Conservatively estimates the valuation of SBI Sumishin Net Bank with high growth potential in terms of profitability and scale at

JPY 115.5bn → JPY 57.8bn (based on the closing prices of June 1, 2018)

(Shareholding of the SBI Group: 50.0%)

Estimation of the valuation is as follows:

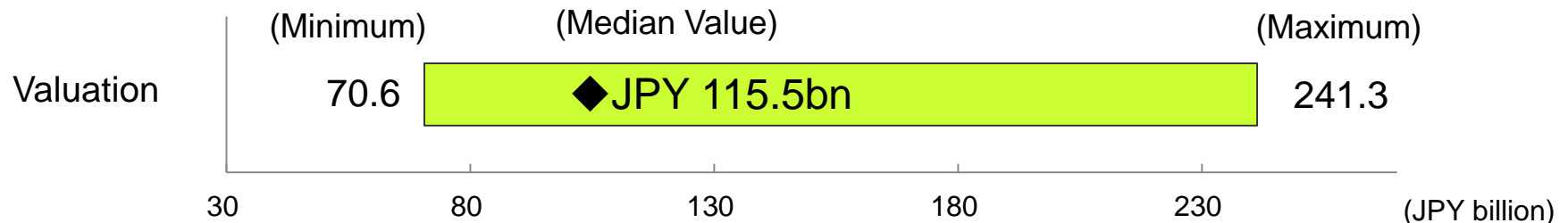
Calculated according to the **Comparable Public Company Analysis**

Compares the profits of comparable public companies of which the deposit balance exceeds JPY 4tn as of the end of Mar. 2017

Median value of estimated PERs of listed local banks of which the deposit balance exceeds JPY 4tn (*) × SBI Sumishin Net Bank's Net Income (FY2017)

* Compiled by the Company from the materials disclosed by the listed local banks of which the deposit balance exceeds JPY 4tn as of the end of Mar. 2017

[Reference] Valuation distribution based on the abovementioned pro forma calculation



Valuation by Segment Estimated by SBI

(1) Financial Services Business

③ SBI Liquidity Market / ④ SBI Japannext

③ SBI Liquidity Market (including SBI FXTRADE)

Valuation is estimated at **JPY 57.0bn** (based on the closing price of June 1, 2018)

Estimation of the valuation is as follows:

Calculated according to the **Comparable Public Company Analysis**

Compares the market cap and profits of comparable public companies, namely Money Partners, and Hirose FX

$$\frac{\{(Money\ Partner's\ PER + Hirose\ FX's\ PER)\}^{(*)}}{2} \times Net\ Income\ of\ SBI\ Liquidity\ Market\ (cons.)\ (FY2017)$$

* PER of Money Partners and Hirose FX are calculated by its net income per share for FY2017.

④ SBI Japannext

Conservatively estimates the valuation of SBI Japannext at

USD 150m → **JPY 8.0bn** (based on the exchange rate as of June 1, 2018)
(Shareholding of the SBI Group: 48.8%)

Valuation by Segment Estimated by SBI

(1) Financial Services Business

⑤ SBIH Comparison Website Business / ⑥ SBI FinTech Solutions

⑤ SBIH Comparison Website Business

Valuation is estimated at **JPY 23.2bn** (based on the closing price of June 1, 2018)

Estimation of the valuation is as follows:

Calculated according to the **Comparable Public Company Analysis**

Compares the profits of comparable public companies, namely Kakaku.com

$$\frac{\{(\text{Kakaku.com's PER} + \text{NEWTON FINANCIAL CONSULTING' PER})\}^{(*)}}{2} \times \text{Provisional amount of net Income of SBIH Comparison Website Business (FY2017)}$$

* PER of Kakaku.com and NEWTON FINANCIAL CONSULTING are calculated by their forecasted net income per share for FY2018.

⑥ SBI FinTech Solutions

	SBI's shareholding pct. (%)	Classification	Listed market	Market cap (JPY billion)	SBI's equity interest of market cap (JPY billion)
SBI FinTech Solutions	77.5	Consolidated subsidiary	KOSDAQ of KRX	19.3*	14.9

(Based on the closing price of June 1, 2018. *Calculated by the exchange rate as of June 1, 2018.)

* SBI's shareholding percentage corresponds to a figure based on the IFRS criteria that excludes a percentage of outside shareholder's interest of subsidiary companies and subsidiary funds of the Group.

Valuation by Segment Estimated by SBIH

(1) Financial Services Business: Total Valuation of the Businesses

① SBI SECURITIES

(based on the closing prices of June 1, 2018)

Upon comparison with similar listed companies calculated conservatively as **JPY 583.7bn**

② SBI Sumishin Net Bank

(based on the closing prices of June 1, 2018)

Estimated the valuation of SBI Sumishin Net Bank that has high growth potential in terms of profitability and scale at JPY 115.5bn → **JPY 57.8bn** (Shareholding of the SBI Group: 50.0%)

③ SBI Liquidity Market (cons.)

(based on the closing prices of June 1, 2018)

Upon comparison with similar listed companies calculated as **JPY 57.0bn**

④ SBI Japannext

(based on the exchange rate of June 1, 2018)

Upon the conservative estimated valuation of USD 150m → **JPY 8.0bn**

(Shareholding of the SBI Group: 48.8%)

⑤ SBI Comparison Website Business

(based on the closing prices of June 1, 2018)

Upon comparison with similar listed companies calculated as **JPY 23.2bn**

⑥ SBI FinTech Solutions

The market cap of SBI FinTech Solutions (Shareholding of the SBI Group) **JPY 14.9bn**

(based on the closing prices of June 1, 2018)

Total of the valuation above: JPY 744.6bn (The sum according to the SBI Group's shareholding)

Valuation by Segment Estimated by SBIH

(1) Financial Services Business

⑦ Other Financial Services Businesses (Profitable Entities)

There are many other profitable business entities in this segment

	Business lineup	Profit before income tax expense for FY2017 (JPY billion)	SBI's shareholding pct. (%)
SBI MONEY PLAZA	Insurance agency, financial instruments intermediary service provider, housing loan agency	2.8	100.0
SBI Life Insurance *1	Life insurance	0.5	100.0
Nihon SSI	Small-amount, short-term insurance	0.3	100.0

Based on the “Selection and Concentration” policy for the Financial Services Business, regardless of profit contributions, a sale, an IPO or reorganizations within the Group of non-core businesses will be accelerated, though a judgment of the existence or strength of synergies with one of the three core businesses

 Proceeds generated may be appropriated to strengthen the three core businesses

*1 Considering the particularity of life insurance business, presents the recurring income based on J-GAAP, not that of based on IFRS.

*2 SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group. 167

Valuation by Segment Estimated by SBIH

(2) Asset Management Business -①

Asset Management Business

Valuation for this segment is conservatively estimated at approx. JPY 261.8bn

<Reference>

JAFCO's Market Cap: **JPY 146.6bn** (based on the closing price of June 1, 2018)

Valuation estimation is the sum of the valuation (i)-(iv) below.

(i) Value of holding securities (as of the end of Mar. 2018) Approx. JPY 152.7bn

Operational investment securities and other investment securities held are quarterly evaluated through fair value, and the calculated figure above reflects the fair value of SBIH's ownership

(ii) Value of SBI Investment (based on the closing price of June 1, 2018)

(* Valuation excluding assets such as securities hold) Approx. JPY 12.9n

Calculated according to the Comparable Public Company Analysis

Compares the market cap and profit of the comparable public company, JAFCO

Provisional amount of SBI Investment's net income that represents the actual status deducting expenses produced relevant to the holding company function held by it × JAFCO's PER (*)

*PER of JAFCO is calculated by the estimated net income per share for FY2018.

The estimated net income per share used in the calculation is the average between that of Japanese company handbook and Nikkei Kaisha Joho.

Valuation by Segment Estimated by SBIH

(2) Asset Management Business -②

(iii) Value of SBI SAVINGS BANK (based on the closing price of June 1, 2018)

Estimates the valuation of SBI SAVINGS BANK at JPY 73.2bn

→ JPY 72.4bn

(Shareholding of the SBI Group: 99.0%)

Estimation of the valuation is as follows:

Calculated according to the **Comparable Public Company Analysis**

Compares the asset sizes of comparable public companies, including savings banks and local banks in Korea

Median value of PBR of listed savings banks and local banks in Korea^{*1}

×

Balance of SBI SAVINGS BANK's substantive equity^{*2}
(As of the end of Mar. 2018)

*1 PBR of listed savings banks and local banks in Korea is calculated by recent equity per share

*2 Balance of substantive equity is the SBI Savings Bank's equity considering goodwill

*3 SBI's shareholding percentage corresponds to a figure based on the IFRS criteria that excludes a percentage of outside shareholder's interest of subsidiary companies and subsidiary funds of the Group.

Valuation by Segment Estimated by SBIH

(2) Asset Management Business- ③

(iv) Total market cap of listed subsidiaries and equity method associates

	SBI's shareholding pct. (%)	Classification	Listed market	Market cap (JPY billion)	SBI's equity interest of market cap (JPY billion)
Morningstar Japan	49.1	Consolidated subsidiary	TSE JASDAQ	32.9	16.2
SBI Investment KOREA	43.9	Equity method associate	KOSDAQ of KRX	17.5*	7.7
Sum of the market cap of a listed subsidiary and an equity method associate				50.4	23.8

(Based on the closing price of June 1, 2018. *Calculated by the exchange rate as of June 1, 2018.)

* SBI's shareholding percentage corresponds to a figure based on the IFRS criteria that excludes a percentage of outside shareholder's interest of subsidiary companies and subsidiary funds of the Group.

[Other profitable businesses of the Asset Management Business that are not included in the above valuation]

	Business lineup	Profit before income tax expense for FY2016 (JPY billion)	SBI's shareholding pct. (%)
SBI Estate Finance	Real estate secured loans	0.5	100.0

Valuation by Segment Estimated by SBIH

(3) Biotechnology-related Business

Biotechnology-related Business

Each bioventure company has multiple promising pipelines, and the Biotechnology-related Business will become a core business that makes a substantial contribution through progress in areas including pharmaceutical clinical research in Japan and overseas.

Total valuation of the Biotechnology-related Business, excluding that of SBI Biotech and Quark, is conservatively estimated at approx. JPY 75.7bn

① SBI ALApharma

(Intermediate holding company of the 5-ALA-related business that affiliates SBI Pharmaceuticals, SBI ALApromo, photonamic, etc.)

Estimation of the valuation is as follows:

Market value at the point of organizational restructuring of SBI ALApharma's shares × Number of shares issued × SBIH's equity interest (excluding external holdings)



Based on SBIH's equity interest (95.5%; excluding external holdings) as of the end of Mar. 2018, the amount is calculated to be approx. JPY 69.8bn

② Kubota Pharmaceutical HD

	SBI's shareholding pct. (%)	Classification	Listed market	Market cap (JPY billion) (as of June 1, 2018)	SBI's equity interest of market cap (JPY billion)
Kubota Pharmaceutical HD	38.1	Equity method associate	TSE Mothers	15.4	5.9

* SBI's shareholding percentage corresponds to a figure based on the IFRS criteria that excludes a percentage of outside shareholder's interest of subsidiary companies and subsidiary funds of the Group.

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