

Strategic Business Innovator

SBI Holdings, Inc. Financial Results

for the Nine-month Period Ended December 31, 2018 (Fiscal Year Ending March 31, 2019)

January 31, 2019



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

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

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

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



- I. 9M FY2018 Consolidated Performance (IFRS)
- II. Analysis of Factors that Enabled the Realization of Sustained Growth in Business Performance, as the Yen Appreciated and the Global Stock Markets Declined
- III. The SBI Group's Focused Initiatives to Achieve Sustainable Growth

I. 9M FY2018 Consolidated Performance (IFRS)

[Consolidated Performance Highlights]

- 9M FY2018 revenue increased 3.0% year-on-year to JPY 254.6bn, profit before income tax expense increased by 24.3% year-on-year to JPY 62.9bn and profit attributable to owners of the Company was JPY 38.7bn, up 6.2% year-on-year, which achieved significant increase in both revenue and profit. Revenue and all profit items <u>achieved historical highs</u>, since the adoption of IFRS in FY2012
- As for profit before income tax expense by segment, in the <u>Financial Services</u> <u>Business, the securities-related business achieved record highs</u> along with a steady profit increase in the banking-related business, to record a <u>4.1% yearon-year increase to JPY 48.6bn</u>
- In the <u>Asset Management Business</u>, while <u>SBI SAVINGS BANK of South Korea</u> <u>grew significantly</u>, owing to the global stock market downturn and the impact of an appreciating yen that primarily adversely affected the investment business in the third quarter, profit before income tax expense decreased 21.9% year-onyear to JPY 33.6bn
- In the <u>Biotechnology-related Business</u>, along with the advancement of pharmaceutical research and development at Quark and SBI Pharmaceuticals, development costs such as clinical trial expenses were recorded.
 <u>SBI ALApromo and photonamic increased their profit before income tax</u> <u>expense to 3.9 times and 4 times, on a year-on-year basis, respectively, owing</u> to an increase in the sales of self-developed products

9M FY2018 Consolidated Performance (IFRS) SBI GROUP

-Achieved historical highs since the adoption of IFRS in FY2012-

[Year-on-year comparison]

(Unit: JPY million)

	9M FY2017 (Apr. 2017 – Dec. 2017)	9M FY2018 (Apr. 2018 – Dec. 2018)	YoY % change
Revenue	247,125	Record high 254,586	+3.0
Profit before income tax expense	50,623	Record high 62,906	+24.3
Profit for the period	41,142	Record 45,302	+10.1
Profit attributable to owners of the Company	36,465	Record high 38,718	+6.2

9M FY2018 Performance by Segment (IFRS)

SBI GROUP

[Year-on-year comparison] **Profit before Income** Revenue (Unit: JPY million) Tax Expense YoY % **9**M **9M 9M 9M** YoY % change / **FY2017 FY2018 FY2017 FY2018** YoY change (Apr. 2017-(Apr. 2018-(Apr. 2017-(Apr. 2018-Dec. 2017) Dec. 2017) Dec. 2018) Dec. 2018) change Financial 170,765 158,437 +7.8 46,695 48,611 +4.1Services **Business** Asset 43,056 33,612 -21.9 -4.8 86,895 82,752 Management **Business** Biotechnology-2,454 -32.9 -31,553 -8,708 3,658 related +22,845 **Business**

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



For FY2018, Aggressive Shareholder Returns will Continue to be Implemented, with a Total Shareholder Return Ratio of 40% as a Minimum

[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 <u>40% as a minimum</u>

Dividend forecast (result) per share

	End of 2Q	Year-end	Full-year
FY2018 (forecast)	<u>JPY 20</u>	N/A	N/A
FY2017 (result)	JPY 15	JPY 70	JPY 85

Share repurchase

<u>Conducted share repurchase of approx. JPY 19.4bn (8 million shares)</u> from Nov. 28, 2018 to Jan. 9, 2019

Following the Previous Fiscal Year, will Conduct Shareholder Benefits for FY2018



[Details of shareholder benefits] * Shareholders listed or recorded in the shareholder register as of Mar. 31, 2019 are eligible.

Qualified shareholders Details	Shareholders who have <u>held shares</u> for more than 1 year and who hold <u>1,000 (10 units) or more shares</u> as of Mar. 31, 2019	For shareholders other than the left column, those who hold <u>100 shares (1</u> <u>unit) or more</u> , as of Mar. 31, 2019
ALAplus GOLD (90 capsules)	<u>One</u>	<u>One</u>
ALAplus Body Shape (20 packages)	<u>One</u>	<u>One</u>
"Hatsugagenmai no Sokojikara" (160g)	<u>Three</u>	<u>Three</u>
ALAplus GOLD (270 capsules)	<u>One</u>	—
ALAplus Cosmetic Series (ALAplus Moisturizing Cream, ALAplus Essential Lotion, ALAplus Deep Cleansing Gel, ALAplus Pure Clay Wash, ALAplus Body Cream Alapi)	<u>One each</u>	



With the diversification in the Company's shareholder composition, since there are some shareholders who decline to receive shareholder benefits, <u>considering the donation</u> of a portion of a amount partially equivalent to that <u>through</u> <u>a fund</u> planned to be established by the JSDA

* 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.



II. Analysis of Factors that Enabled the Realization of Sustained Growth in Business Performance, as the Yen Appreciated and the Global Stock Markets Declined



- 1. The Financial Services Business implemented competitive advantages to differentiate itself from its competitors
 - (1) Securities-related business (SBI SECURITIES)
 - (2) Banking-related business (SBI Sumishin Net Bank)
 - (3) Insurance-related business (SBI Insurance Group)



(1) Securities-related business (SBI SECURITIES) ① Performance overview of 9M FY2018

- 9M FY2018 consolidated financial results is as follows: While the individual brokerage trading value of the two markets combined decreased by 11.5% as compared to the same period of the previous fiscal year, <u>achieved record highs in operating</u> <u>income and in all other profit categories</u> due to the steady expansion of businesses other than stock brokerage commissions, such as financial income, underwriting and sales commissions offering, and trading income
- As SBI SECURITIES' number of accounts, customers' deposit assets and the share of individual stock brokerage trading value has significantly surpassed its online brokerage competitors, transitioning to a new phase to fully compete with the major face-to-face securities companies



SBI SECURITIES 9M FY2018 Consolidated Results (J-GAAP)

-Operating revenue and all the profit items <u>recorded</u> <u>historical highs</u>-

[Year-on-year comparison]

(Unit: JPY million)

	9M FY2017 (Apr. 2017 – Dec. 2017)	9M FY2018 (Apr. 2018 – Dec. 2018)	YoY % change
Operating Revenue	84,269	93,658	+11.1
Net Operating Revenue	76,761	87,842	+14.4
Operating Income	37,708	42,846	+13.6
Ordinary Income	37,736	42,845	+13.5
Profit attributable to owners of the Company	26,122	29,344	+12.3

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SBI SECURITIES' Financial Results' Dependence on the Stock Market has Declined

SBI SECURITIES' consolidated operating income and average daily individual brokerage trading value (2 Market total*)

(FY2016 - 9M FY2018) Average daily individual brokerage trading value (left-side scale) SBI SECURITIES' operating income (right-side scale) Brokerage trading value Brokerage trading value Brokerage trading value JPY 208,136.6bn JPY 173,188.3bn JPY 184,281.4bn (+20.2%)(-11.5%) (JPY billion) (JPY million) **SBI SECURITIES' 9M** SBI SECURITIES' 9M SBI SECURITIES' 9M 1,400 18,000 operating income operating income operating income (+13.6%) (+33.7%)JPY 28,195m **JPY 37,708m** JPY 42,846m 16,000 1,300 14,000 1,200 12,000 1,100 10,000 1,000 8,000 900 6,000 800 4.000 700 2,000 600 0 3Q 4Q 1Q 2Q 3Q 1Q 2Q 1Q 2Q 4Q 3Q FY2016 FY2017 FY2018 * Japanese stocks listed on Tokyo Stock Exchange and Nagoya Stock Exchange

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

Source: Complied by SBIH from disclosed data from TSE

Comparison of Major Securities Companies' Operating Income (3Q FY2018 and 9M FY2018) (Unit: JPY million, %)

3Q FY2018 (J-GAAP)

9M FY2018 (J-GAAP)

	SBI (cons.)	14,904	(+1.0)		SBI (cons.)	42,846	(+13.6)
Online	Rakuten *1 (cons.)	5,092	(-15.1)	Online	Rakuten *1 (cons.)	15,474	(+3.7)
e secu	Matsui	3,458	(-32.2)	e seci	Matsui	11,245	(-14.2)
securities	kabu.com	1,866	(-30.1)	urities	kabu.com	5,632	(+1.9)
	Monex *2 (cons.)	1,348	(-46.2)		Monex *2 (cons.)	3,000	(-46.5)
Fac	Nomura *3 (cons.)	-76,164	(—)	Fac	Nomura *3 (cons.)	-62,054	(—)
Face-to-face	Daiwa (cons.)	16,185	(-59.8)	ce-to-f	Daiwa (cons.)	53,852	(-47.0)
face	SMBC Nikko (cons.)	10,384	(-64.7)	face	SMBC Nikko (cons.)	43,122	(-38.0)

*1 Since Rakuten changed the term of its fiscal year from FY2018, the figures above are for the corresponding period of Oct.-Dec. 2018 and Apr.-Dec. 2018, respectively.

- *2 Since Monex adopts IFRS, the relevant figures above are based on IFRS. The amount of "Operating income" represented above is "The amount equivalent to operating income" disclosed by Monex.
- *3 Figures for Nomura are based on US-GAAP, and "profit before income tax expense" are presented for the purpose of convenience
- *4 Previous period and year YoY % change are shown in the parentheses.



SBI SECURITIES' Overwhelming Position

[9M FY2018 results]

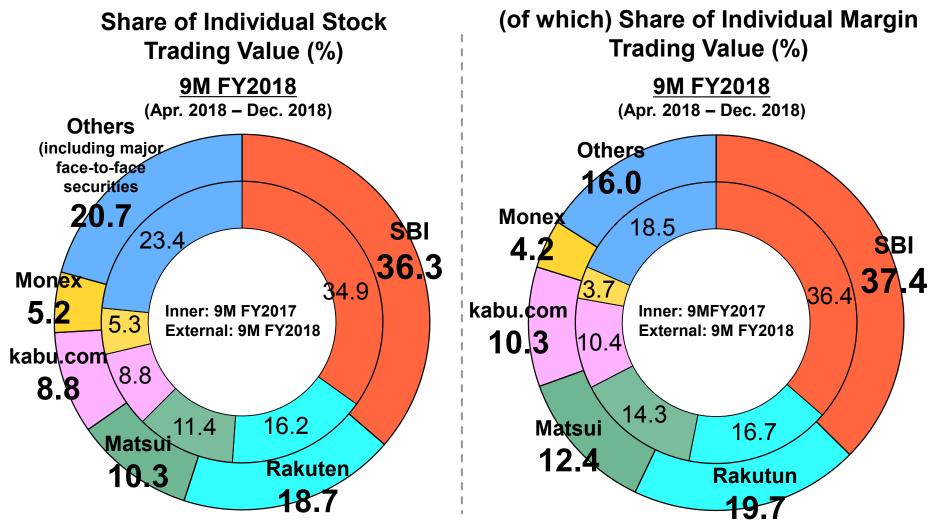
	Share of ind trading v	ividual stock /alue (%)	Number of	Deposit	Operating
		of which, individual margin trading	accounts (thousand)	assets (JPY trillion)	income (JPY million)
SBI (cons.)	36.3	37.4	2 4,540	2 11.9	242,846
Rakuten *1 (cons.)	18.7	19.7	3,000	5.1	15,474
Matsui	10.3	12.4	1,170	2.2	11,245
kabu.com	8.8	10.3	1,110	2.1	5,632
Monex *2 (cons.)	5.2	4.2	1,807	3.8	3,000

*1 Since Rakuten changed the term of its fiscal year from FY2018, the figure above is for the corresponding period of Apr.-Dec. 2018. Also, the number of account s is the figure as of Dec. 21, 2018.

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



SBI SECURITIES' Share of Individual Stock Trading

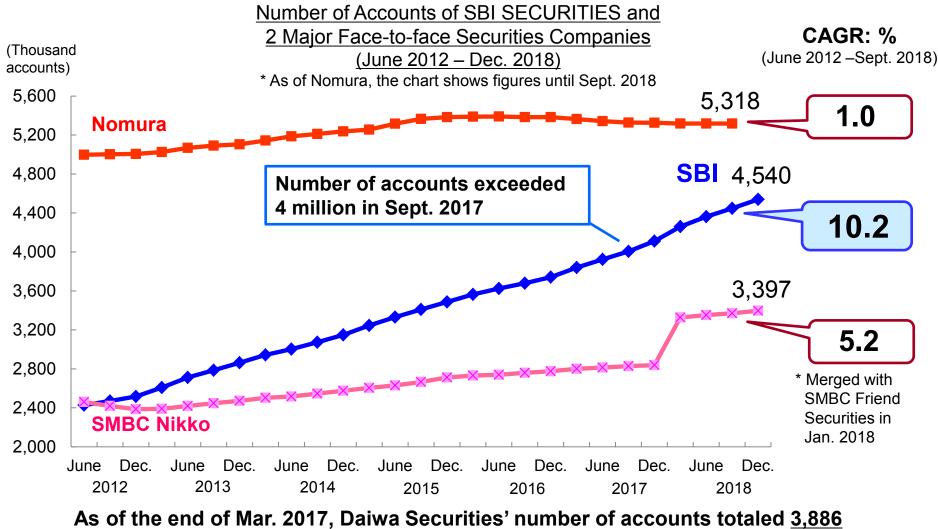


<From 1Q FY2016, shares are calculated with the individual stock trading value and individual margin trading value of both the 1st and 2nd sections of the Tokyo and Nagoya Stock Exchanges, including that of ETF and REIT trading value, respectively>

* 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. [Unauthorized reproduction prohibited]

In Terms of Number of Accounts, SBI SECURITIES Ranks Second in the Industry, Following Nomura



thousand accounts, with a CAGR at 2.5% during the period from June 2012 to Mar. 2017

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

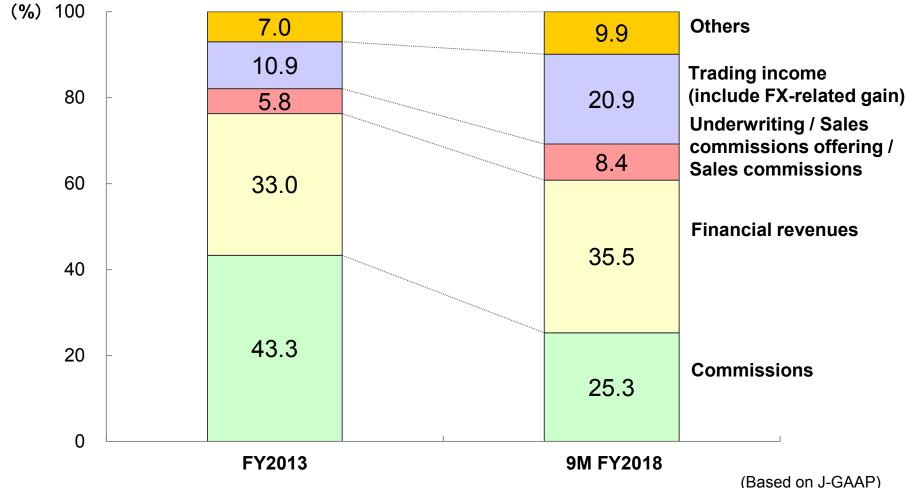


② Business strategies that created competitive advantages to its competitors

- (i) Diversification of operations contributed to a sustainable business growth unaffected by the external environment
- (ii) Given the formidable dominance in the retail business, enhanced the corporate business to further strengthen the comprehensive capacity of the securities business, by focusing on the equity and bond underwriting businesses for both primary and secondary market offerings
- (iii) Focused on efforts to strengthen alliances with financial institutions, including regional financial institutions
- (iv) By increasing the sales of national strategic products, etc., further expanded the retail business base which was already in a dominant position

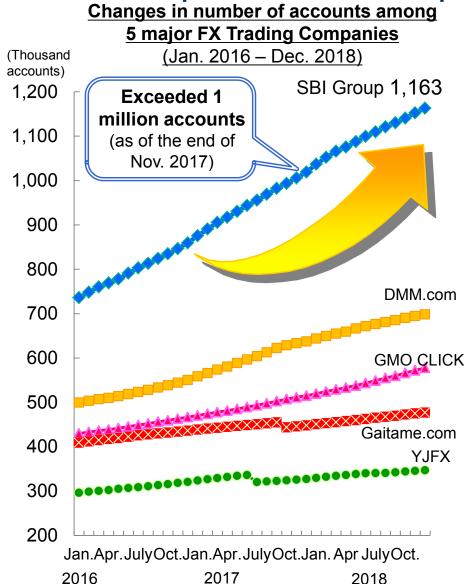
Changes in SBI SECURITIES' Operating Revenue Structure

Owing to the diversification of its revenue stream, dependence on stock brokerage commissions declined compared to 5 fiscal years ago, and <u>businesses other than stock</u> <u>brokerage commissions</u>, such as financial revenues, underwriting and sales commissions <u>offering</u>, and trading income centered on the FX-related revenue have expanded



②-(i) Sustainable growth through diversification of operations

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



Customers' Deposit Assets Raking (Dec. 2018)

No.	Company name	Amount (JPY million)
1	SBI Group	234,699
2	GMO CLICK	154,409
3	DMM.com	135,425
4	Gaitame.com	116,160
5	YJFX	107,528
6	MONEY PARTNERS	63,000
7	Central Tanshi FX	58,620
8	Hirose Tusyo	49,783
9	Traders Securities	28,042
10	FX PRIME by GMO Corporation	18,209
11	Ueda Harlow	10,721
	Others (2 companies)	11,506
	Total	988,102

* Source: Yano Research "Monthly Research on 16 Major FX Trading Companies. 19

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②-(i) Sustainable growth through diversification of operations

SBI Liquidity Market, which Serves as the OTC Market for the Group's 3 Companies, Achieved Record Highs

-Operating income before allocation achieved a record high for a quarterly basis-

[Year-on-year comparison (J-GAAP; consolidated base)]

_			,
	9M FY2017 (Apr. 2017 – Dec. 2017)	9M FY2018 (Apr. 2018 – Dec. 2018)	YoY % change
Operating revenue	10,394	Record high 14,187	+36.4
Operating income before allocation	7,184	Record high 10,948	+52.3
Operating income	3,200	Record high 5,196	+62.3
Profit before income tax expense	3,210	Record 5,201	+62.0
Net income	2,230	Record high 3,610	+61.8

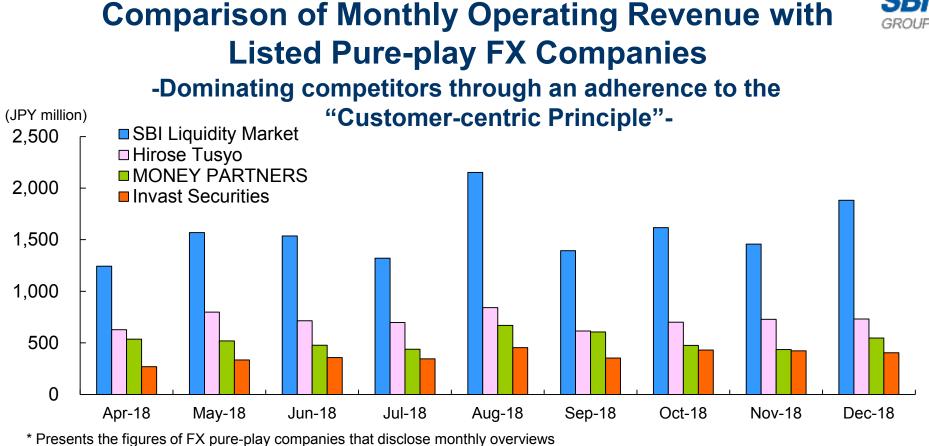
* Operating income before allocation represents the amount before its allocation of profits to affiliated companies: SBI SECURITIES, SBI Sumishin Net Bank and SBI FXTRADE



(Unit: JPY million)

②-(i) Sustainable growth through diversification of operations

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The SBI Group's FX business: Competitive advantages as compared to its competitors

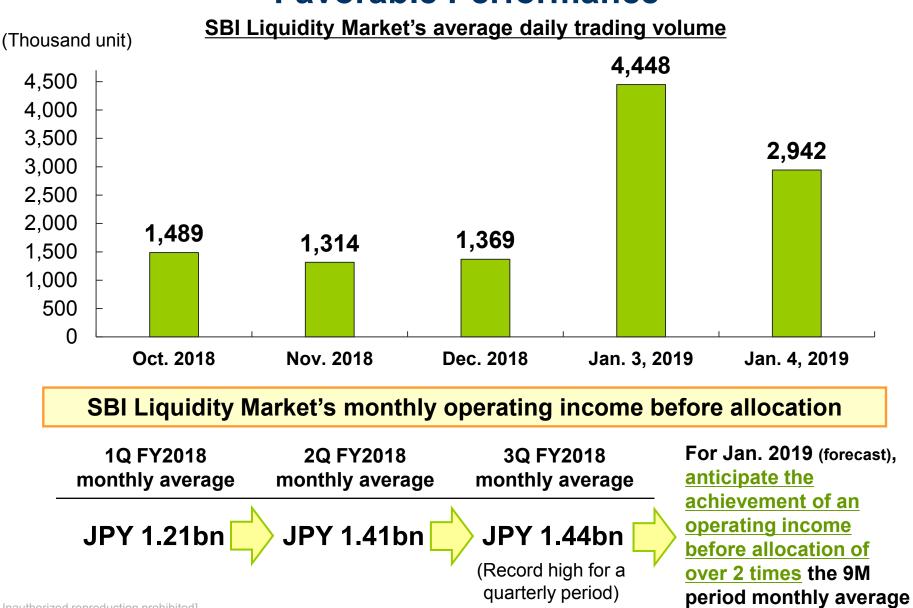
High liquidity Owing to the significant creditworthiness of the Group, 31 domestic and overseas financial institutions connecting (SBI Liquidity Market)	Industry's narrowest spreads USD/JPY: JPY 0.0027 (SBI FXTRADE)	Industry's best swap point level. Favorable for mid- and long- term investments (SBI FXTRADE)	Provision of unique FX- related products. "Tsumitate FX" (SBI SECURITIES, SBI FXTRADE, SBI Sumishin Net Bank)	FX trading possible with held share certificates as collateral "FX service collateralized by listed stocks" (SBI SECURITIES)
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Source: Complied by SBIH from the information on websites of each company

2-(i) Sustainable growth through diversification of operations

The SBI Group's FX Business' Recent Favorable Performance





②-(ii) Expand the corporate business to further strengthen comprehensive capacity



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

Underwriting share of <u>94.6% is an</u> <u>industry leading figure</u>

IPO Underwriting Ranking (Apr. 2018–Dec. 2018)

74 companies were listed during the period

Company name	No. of cases	Underwriting share (%)
SBI	70	94.6
Mizuho	57	77.0
SMBC Nikko	52	70.3
Okasan	33	44.6
Monex	32	43.2
Ace	32	43.2
Nomura	29	39.2
Iwai Cosmo	29	39.2

* 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. [Unauthorized reproduction prohibited]

- <u>Co-led the underwriting</u> of SoftBank's communications subsidiary IPO on Dec. 2018
- During the Apr.-Dec. 2018 period, SBI SECURITIES underwrote <u>10 companies</u> as lead manager (*FY2017: 6 companies)

PO underwriting business

Owing to 16 POs, including one as lead underwriting manager, the <u>underwriting amount</u> for 9M FY2018 increased by 10.8% year-on-year



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

Corporate bond underwriting business

With the underwriting of 17 corporate bonds in total, including that of SoftBank, the <u>underwriting</u> <u>amount for 9M FY2018 increased by 3.7x year-</u>on-year



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



(iii) Focused on efforts to strengthen alliances with financial institutions, including regional financial institutions

- a. Through the Financial Institutional Sales Dept., expand brokerage services to financial institutions
- b. Strengthening the business support services to SMEs' executive management, which are customers of the regional financial institutions

2-(iii)-a. Expansion of brokerage services to financial institutions



SBI SECURITIES' Financial Institutional Sales Dept. Provides Various Financial Instruments, such as Investment Trusts, as well as Equity and Bond Transactions, to Its Customer Financial

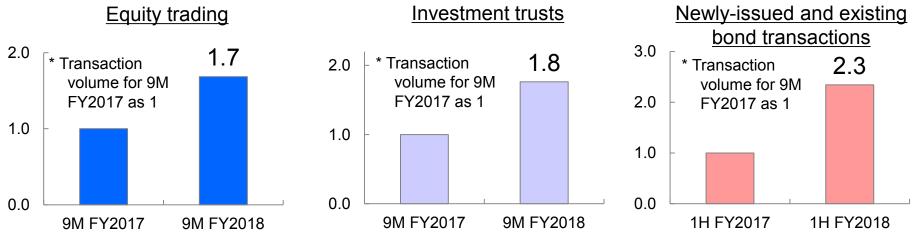
Institutions, which Total 251 Companies*1

SBI SECURITIES]
 Institutional investors sales
 division, including Financial
 Institutional Sales Dept.

SBI SECURITIES is strengthening the distribution of structured bonds (self-origination and distributed a total amount of JPY 59.8bn*2 (Dec. 2015 – Dec. 2018)), domestic and overseas investment trusts, as well as bond transactions

*1 As of the end of Dec. 2018 *2 Includes structured bonds toward retail customers

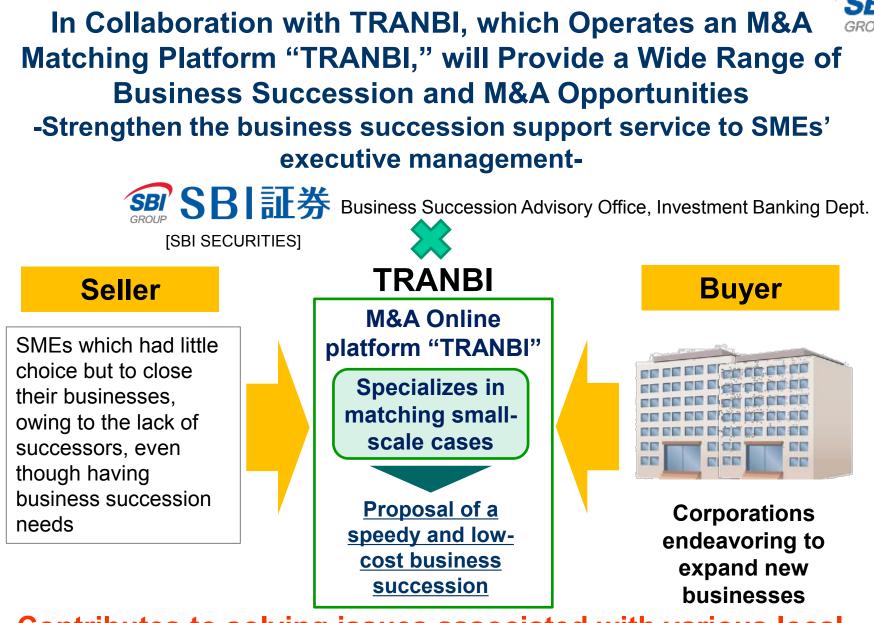
-Transaction volume for 9M FY2018 with financial institutions-



 Strengthening equity and investment trust sales for domestic and overseas institutional investors

 Structured bond and foreign bond transactions with regional financial institutions are steadily increasing 2-(iii)-b. Business succession support services to the SMEs' executive management



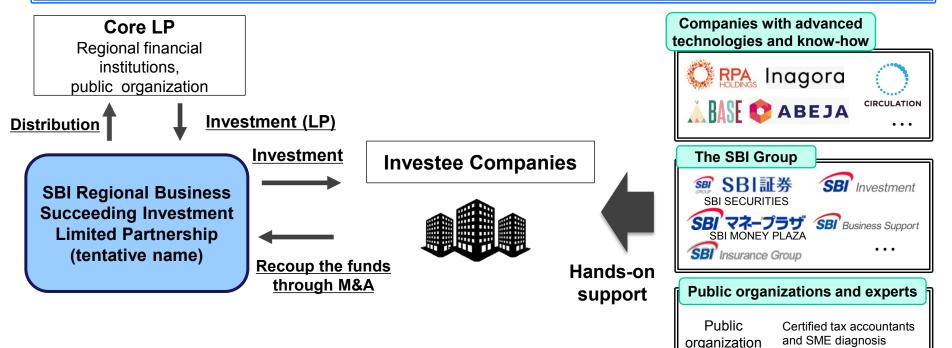


Contributes to solving issues associated with various local SMEs' business succession needs

2-(iii)-b. Business succession support services to the SMEs' executive management

The SBI Group will Initiate the Solicitation of Funds from this Spring Primarily to Regional Financial Institutions, for the Establishment of the SBI Regional Business Succession Fund (tentative name) to **Support Business Succession Nationwide**

- Support for business succession of midsize or smaller companies in Japan, regardless of region
- Support for raising corporate value of various companies by leveraging the SBI Group and SBI network
- Aiding <u>coordination and integration that extends beyond the local region</u> of portfolio companies
- \triangleright SBI Regional Business Succeeding Funds (tentative name) may acquire management rights of investee companies





(iv) By increasing the sales of national strategic products, etc., further expanded the retail business base which was already in a dominant position ②-(iv) The further expansion of the retail business: Strengthening the sales of NISA and iDeCo, which are national strategic products

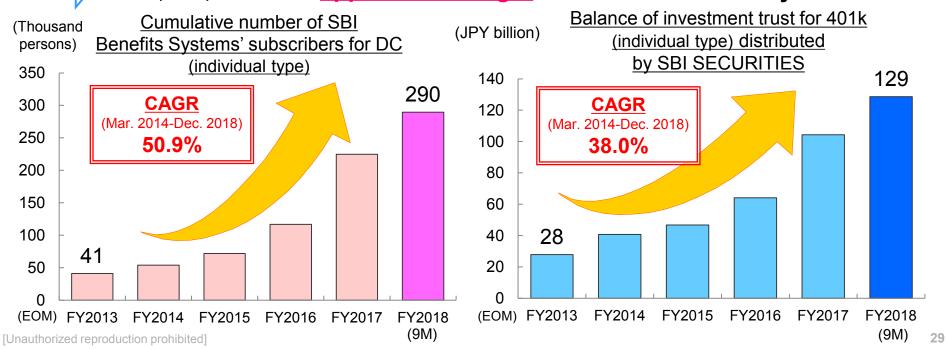
Further Strengthening the Individual Defined Contribution (iDeCo) Pension Business



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

SBI SECURITIES' <u>administrative fees</u> are <u>completely free of charge</u> from May 19, 2017, as to further expand iDeCo business

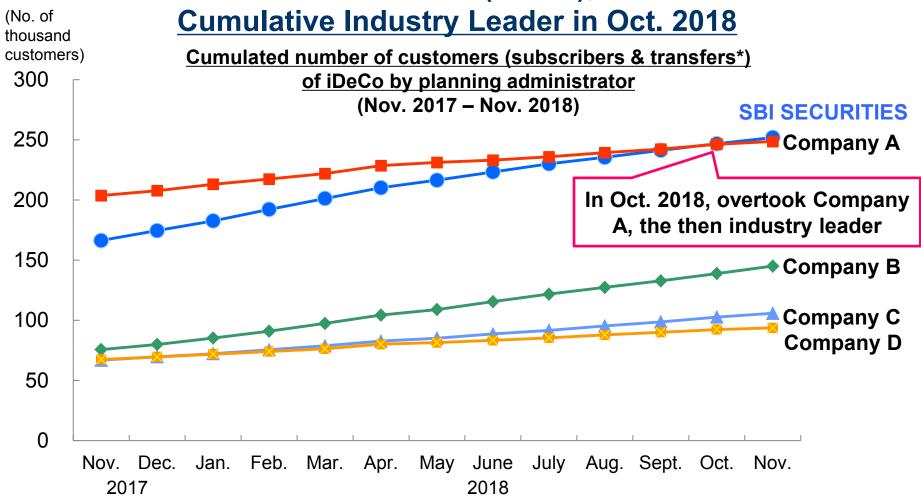
At the end of Nov. 2018, the number of iDeCo accounts totaled 251,840, which is <u>approx. 2.1x larger</u> than at the end of May 2017



②-(iv) The further expansion of the retail business: Strengthening the sales of NISA and iDeCo, which are national strategic products



SBI SECURITIES Steadily Increased the Number of New Customers Acquired for Individual-type Defined Contribution Pension Plans (iDeCo), and <u>became the</u>



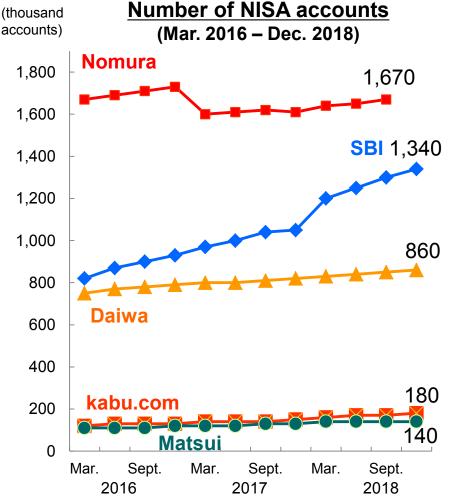
* Cumulative total number of subscribers and transfers announced by the National Pension Fund Association Source: Briefing paper of the National Pension Fund Association (partially includes estimates by SBI)

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②-(iv) The further expansion of the retail business: Strengthening the sales of NISA and iDeCo, which are national strategic products

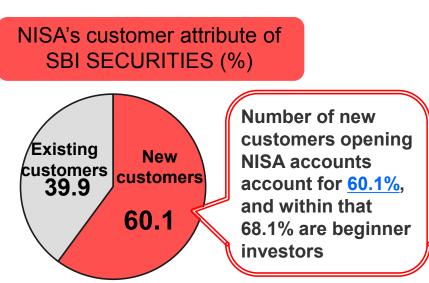


Through the Successful and Continued Steady Acquisition of New Customers of NISA, the Number of Accounts is Now Approaching Nomura



- *1 Includes the number of Junior NISA accounts
- *2 Amounts are rounded to the nearest JPY 10 thousand.

*3 The number of accounts are as of the end of Dec. 2018, compiled by SBIH from the information on website of each company. As for Nomura, [Unaut/the_number_of_accounts_is_as of the end of Sept. 2018.



SBI SECURITIES' number of Junior NISA accounts reached <u>57 thousand accounts</u>,

<u>accounting for approx. 30%</u> of the entire securities industry's Junior NISA accounts

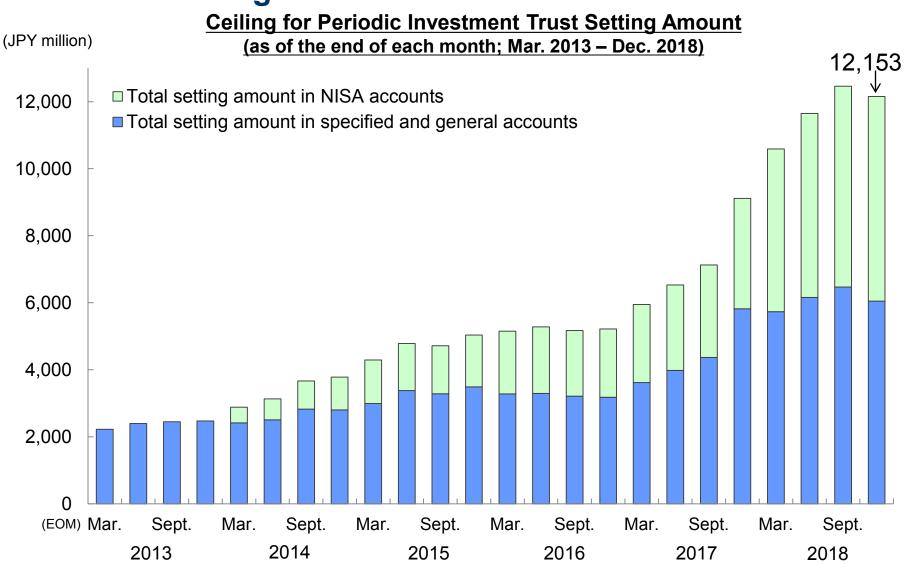
SBI SECURITIES' active NISA account ratio: <u>49.6%</u>

* Active account ratio is calculated based on the total accounts since Jan. 2018

(2)-(iv) The further expansion of the retail business: Strengthening the sales of NISA and iDeCo, which are national strategic products



SBI SECURITIES' Monthly Total Periodic Investment Trust Setting Amount in Dec. 2018 was JPY 12.2bn



②-(iv) The further expansion of the retail business: Providing more favorable trading opportunities for individual investors



Through a Lifting of the Ban on Margin Trading at PTS', Expecting a Further Improvement in Customer Benefits



The only PTS operator that provides day-time and night-time trading in the Japanese stock market

<PTS Benefits>

- When deals are executed on PTSs, the <u>commission is approx. 5% cheaper</u> than on the exchanges
- Since the SOR (Smart Order Routing) system automatically identifies the most advantageous market to place an order, it is also expected to improve transaction prices

Plan to start margin trading of stocks on PTS in July 2019, assuming amendments to laws and regulations including the Financial Instruments and Exchange Act

Looking ahead to the deregulation of margin trading, Rakuten, Matsui, and kabu.com Securities joined PTS trading in 2018; 32 securities companies are participating (as of Dec. 31, 2018) with several considering the move



(2) Banking-related business (SBI Sumishin Net Bank)

1 Performance overview of 9M FY2018

- SBI Holdings' equity in earnings of SBI Sumishin Net Bank, based on IFRS for 9M FY2018 was JPY 3,323m, up 12.7% yearon-year, owing to the expansion of the housing loans and profits through investment of bond investments, etc.
 - * 9M FY2018 financial results based on J-GAAP announcement is scheduled for Feb. 1, 2019
- As of the end of Dec. 2018, <u>number of accounts steadily</u> <u>increased to approx. 3.45 million accounts, with deposits</u> <u>exceeding approx. JPY 4.7tn, overwhelmingly surpassing its</u> <u>competitors</u>

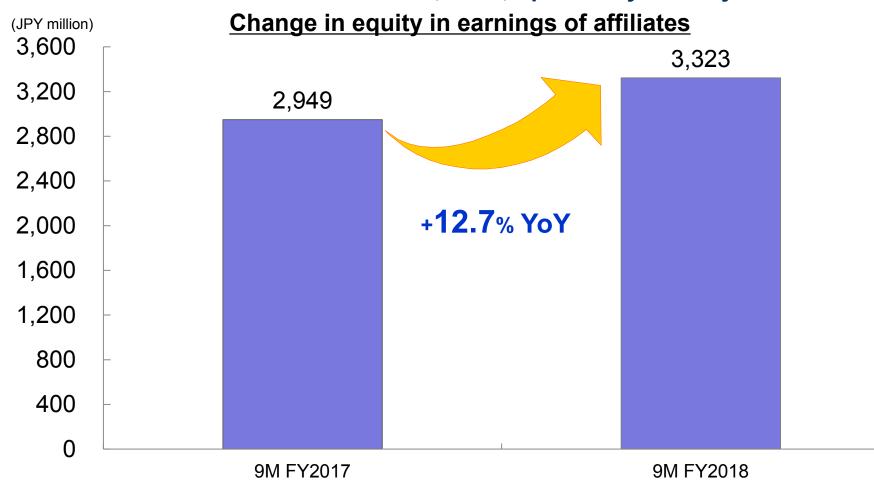
(2)-① SBI Sumishin Net Bank

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

SBI Holdings' equity in earnings of SBI Sumishin Net Bank based on IFRS for 9M FY2018 was JPY 3,323m, up 12.7% year-on-year



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

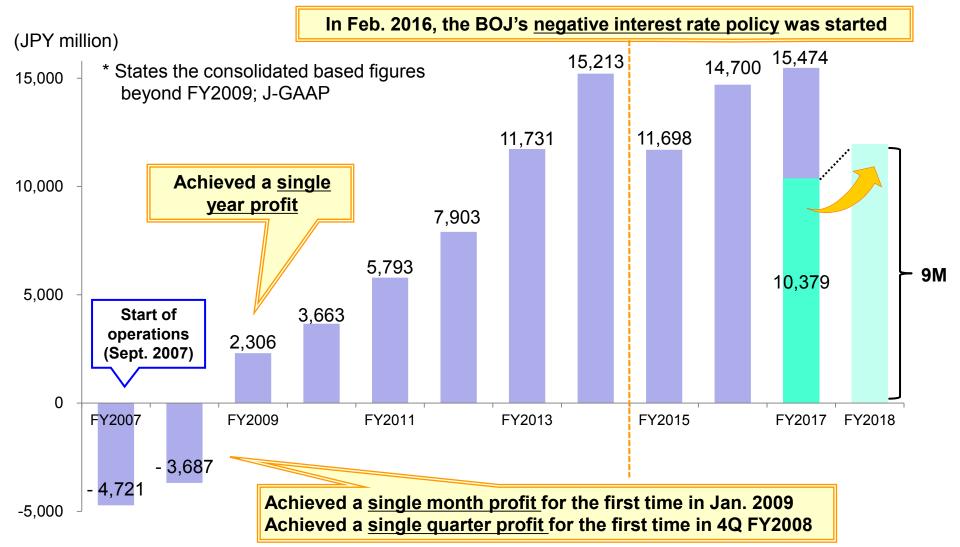
(2)-① SBI Sumishin Net Bank

SBI Sumishin Net Bank's Ordinary Income has Steadily Increased

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9M FY2018 financial results announcement is scheduled for Feb. 1, 2019

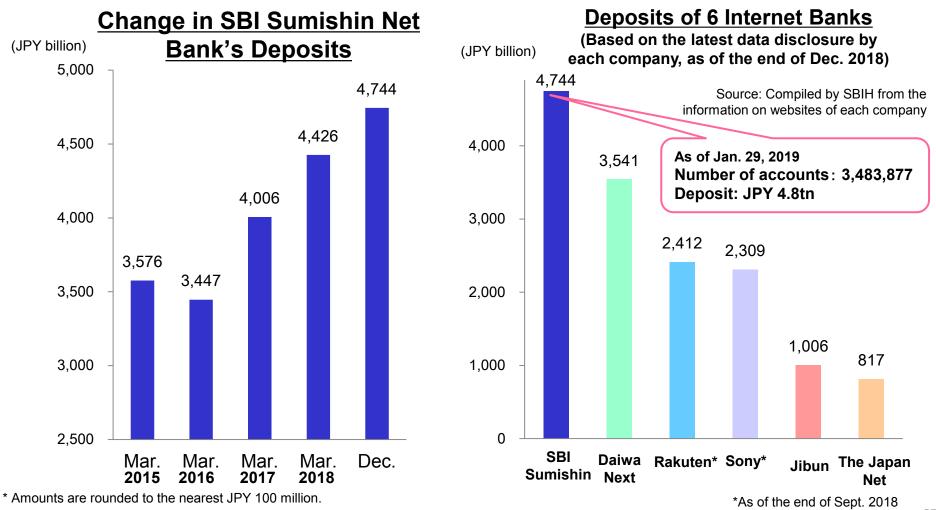
Change in Ordinary Income (J-GAAP) after Start of Operations



(2)-① SBI Sumishin Net Bank

Deposits as of the End of Dec. 2018 was Approx. JPY 4.7tn, GROUP to Significantly Surpass its Competitors

Number of accounts: 3,454,758 / Deposits: JPY 4.7tn (as of the end of Dec. 2018)



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³⁷

(2)-① SBI Sumishin Net Bank

The Balance of Deposits is 25rd Among 76 Banks, which **Includes Regional Banks and New Entrant Banks**



(JPY billion)

Balance of deposits increased by JPY 318bn from that of the end of Mar. 2018, to improve the ranking by 3 spots

		(Re	gional	Ва	
Rank	Bank name	Deposits	*1 Change		
1	Bank of Yokohama	13,804.1	+31.1		
2	Chiba Bank	12,032.2	+15.2		
3	Bank of Fukuoka	10,066.3	-116.8		
4	Shizuoka Bank	9,681.3	+141.5		
5	Joyo Bank	8,557.3	+48.3		
6	Nishi-Nippon City Bank	7,826.3	+153.1		
7	77 Bank	7,322.2	-150.8		
8	Hiroshima Bank	7,158.7	-24.8		
9	Bank of Kyoto	6,985.1	+97.0		
10	Gunma Bank	6,658.9	-10.2		
11	Hachijuni Bank	6,619.5	+21.2		
12	Hokuriku Bank	6,416.8	+22.4		
13	Chugoku Bank	6,383.2	-40.5		
14	Shinsei Bank	5,785.8	-3.5		
15	Ashikaga Bank	5,549.1	+19.3		

Ranking by deposits (Regional Banks, New Entrant Banks and Pure-play Internet Banks) (*As of the end of Sept. 2018.) Rank Bank name Deposits Change **16** Juroku Bank 5,526.1 +72.017 Iyo Bank 5,057.8 -41.8 18 Toho Bank 5.047.6 -182.2 19 Yamaguchi Bank 4,959.6 +110.1Senshu Ikeda 20 4,944.5 -9.5 Bank Ogaki Kyoritsu 21 4,935.7 +26.4Bank Nanto Bank 22 4.904.8 +77.9Hyakugo Bank 23 4,772.8 +49.924 Shiga Bank 4,745.5 +55.8SBI Sumishin Net 25 4,744.0 +318.0Bank 26 Hokkaido Bank 4,691.9 +43.0Daishi Bank -43.4 27 4,598.0 Kiraboshi Bank *2 28 4,588.1 -29 Higo Bank 4,423.6 -160.8

4,030.4

-5.7

30 Musashino Bank

		I	/
Rank	Bank name	Deposits	Change
31	Hyakujushi Bank	4,018.7	+55.3
32	Kiyo Bank	3,923.3	+33.8
33	San-in Godo Bank	3,850.2	-159.1
34	Daiwa Next	3,597.5	+91.5
35	Kagoshima Bank	3,438.6	-5.0
36	Suruga Bank	3,415.9	-673.7
37	Hokkoku Bank	3,395.1	+26.5
38	Kinki Osaka Bank	3,346.2	+96.2
39	Aozora Bank	2,955.5	+99.2
40	Bank of Iwate	2,909.7	-170.4

As of Jan. 29, 2019 Deposit: JPY 4.8tn

- *1 Change in deposit balance from of the end of Mar. 2018
- *2 On May 1, 2018, Tokyo Tomin Bank and ShinGinko Tokyo were merged with Yachiyo Bank as a successor bank under the name Kiraboshi Bank.
- * The deposits of SBI Sumishin Net Bank are as of the end of Dec. 2018.
- * Amounts are rounded to the nearest JPY 100 million (Source: Websites of each company)

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- ② Business strategies that created competitive advantages to its competitors
 - (i) Providing housing loans with attractive merchantability through multiple sales channels
 - (ii) Strongly promoting the transition to Fintech 1.5 by actively utilizing new technologies, such as API linkage and AI



(i) Providing housing loans with attractive merchantability through multiple sales channels

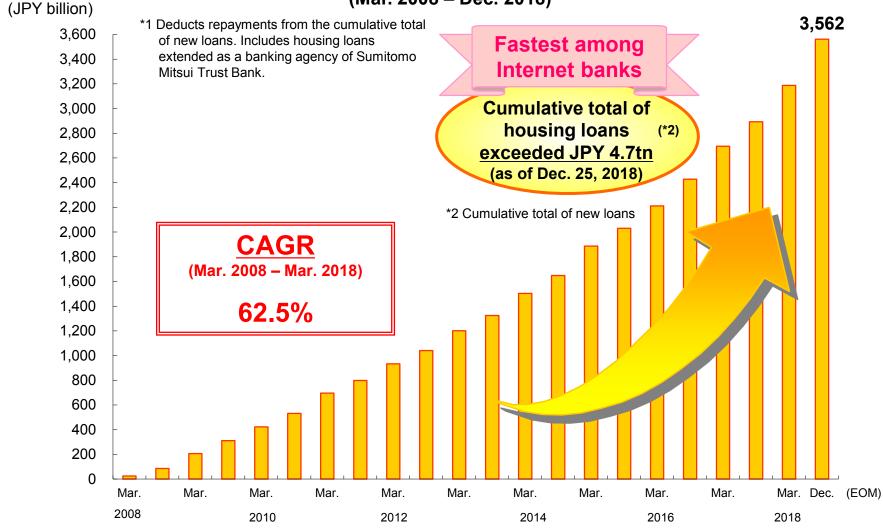
2- (i) Housing loans



Owing to Attractive Interest Rates and Highly Beneficial Customer Services, the Cumulative Total of Housing Loans has Steadily Increased ①

Change in Balance of Housing Loans *1

(Mar. 2008 - Dec. 2018)



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2- (i) Housing loans



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

SBI Sumishin Net Bank's product offerings of housing loans

- 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)

Renewed the Internet Exclusive Housing Loan's merchantability in Oct. 2018

- Interest rate reduction when opening an account at Sumitomo Mitsui Trust Bank
- Abolished additional various cost interest rates
- Introduction of examination method using AI technology

③ Long-term fixed rate product "Flat 35" (from Sept. 2015)

Comparison of floating interest rate of housing loans

(As of Jan. 2019)

		Pure-play in	Major	banks		
Housing loan	SBI Sumishin Net Bank	Sony	Jibun	Rakuten	MUFG	Mizuho
floating interest rates	0.447%	0.457%	0.457%	0.527%	0.625%	0.525%

2- (i) Housing loans





- In order to improve customer convenience, established shops near train terminal stations, such as Otemachi Station, Ikebukuro Station and Shinjuku Station, which are also open for business on weekends
- On a face-to-face basis, customer questions will be answered and procedures will be followed
- On Dec. 7, 2018, "Kobe Housing Loan Plaza," managed by SBI MONEY PLAZA, opened for business

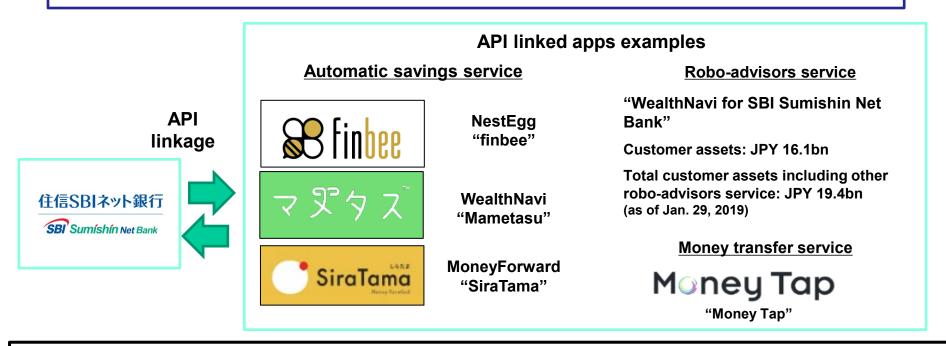


(ii) Strongly promoting the transition to Fintech 1.5 by actively utilizing new technologies, such as API linkage and AI



Provision of Convenient New Services with API Linkage

- Initiated Japan's first API linkage with Money Forward, which provides automated household accounting and asset management services, along with cloud-type accounting software, etc. (Mar. 2016)
- Customers wishing to utilize any of the API linkage services open an account with SBI Sumishin Net Bank
- Currently, over 300 banking services are API linked



Furthermore, through the API linkage with fintech companies, providing services with high customer benefits



New Initiatives Utilizing AI ①

- Introduction of <u>advanced screening method for mortgage</u> using AI technology (Nov. 2017)
- Testing a <u>hybrid chat service</u> capable of AI and manned correspondence for customer inquiries (Nov. 2017)
- In collaboration with NEC, <u>a monitoring system for countermeasures</u> <u>against unauthorized transfers</u>, utilizing NEC's AI technology, was introduced (Apr. 2018)
- Initiated review and adoption of online identity verification (KYC) procedure, utilizing Liquid's AI and face authentication technology (July 2018)
- Introduction of examination method using AI technology for the Internet exclusive housing loans (Oct. 1, 2018)
- MOU signed for the establishment of a JV to provide an AI screening service with Hitachi (Jan. 29, 2019)

②-(ii) The transition to Fintech 1.5





Preparing the establishment of a JV to provide an high-performance Al screening service for financial institutions with Hitachi

住信SBIネット銀行

SBI Sumíshín Net Bank

Credit administration know-how

- Personal loans (Housing and Cards)
- Business loans (Transaction lending service)



Hitachi, Ltd.

Advanced AI Technology

- Mechanism to avoid over-training
- Avoiding "black box syndrome"

Establishment of a JV to provide high-performance AI screening service

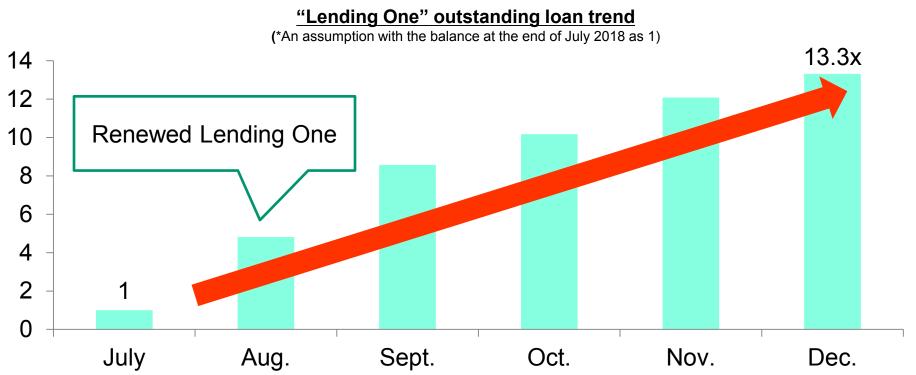
- On Jan. 29, Hitachi and SBI Sumishin Net Bank entered a basic agreement to form a joint venture providing AI screening services, which combine the technology and knowhow of Hitachi's new AI "Hitachi AI Technology/Prediction of Rare Case" with SBI Sumishin Net Bank's data handling technology
- From Oct. 2019, planning to provide high-performance AI screening service for mortgages to multiple financial institutions, such as regional financial institutions. Within 2 to 3 years, expect to service dozens of other financial institutions
- Plans to expand applicable fields for AI screening services, such as the transaction lending service that supports advance screening based on fund settlement information, and detailed screening of card loans to avoid borrowers with multiple debts

②-(ii) The transition to Fintech 1.5



Expanding the "Lending One" Transaction Lending Service, Built on a Recommendation Model that Automatically Communicates Borrowing Terms

- Renewed the transaction lending service, Lending One, from Aug. 2018. The first service by a bank to send monthly notices about borrowing terms according to usage conditions at corporate accounts
- Able to complete closings online and borrow on the same day at the earliest without need for in-person talks or paper settlement documents



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②-(ii) The transition to Fintech 1.5



Promoting the Improvement of Operational Efficiency by the Aggressive Introduction of RPA (Robotic Process Automation)

-Developed robots have improved efficiency by reducing 6,433 hours of monthly work-

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

	Estimated cost reduction (JPY million / 1 year)	Estimated time saving reduction (Hour / 1 year)
Processes related to housing loans	156	51,948
Processes related to card loans	27	8,964
Processes related to client work	14	4,812
Processes against financial crime	9	3,096
Others	25	8,376
Total	232	77,196



(3) Insurance-related business (SBI Insurance Group) ① Performance overview of 9M FY2018

 SBI Insurance Group's consolidated ordinary revenue for 9M FY2018 (preliminary figures on a J-GAAP basis), increased 8.5% year-on-year to JPY 50,205m, along with a 26.2% year-on-year increase in ordinary income to JPY 1,542m, despite the impact of natural disasters, etc., at the non-life insurance business

* Final consolidated figures for 9M FY2018 will be released on Feb. 13

 SBI Insurance Group's total number of inforce contracts steadily increased, reflecting contributions from associated operating companies



SBI Insurance Group's Performance (Preliminary Figures)

* Final consolidated figures for 9M FY2018 will be released on Feb. 13, 2019

Consolidated results for 9M FY2018 (J-GAAP)

[Reference: Forecast for full year]

(Unit: JPY million) (No change from published figures on Sept. 27, 2018)

	9M FY2017 (Result) (Apr. 1, 2017 to Dec. 31, 2017)	9M FY2018 (Preliminary) (Apr. 1, 2018 to Dec. 31, 2018)	YoY % change		FY2018 (Forecast) (Apr. 1, 2018 to Mar. 30, 2019)
Ordinary revenue	46,290	50,205	+8.5	Ordinary revenue	66,000
Ordinary profit	1,222	1,542	+26.2	Ordinary profit	1,750
Profit attributable to parent of the Company*	812	724	-10.8	Profit attributable to parent of the Company*	770

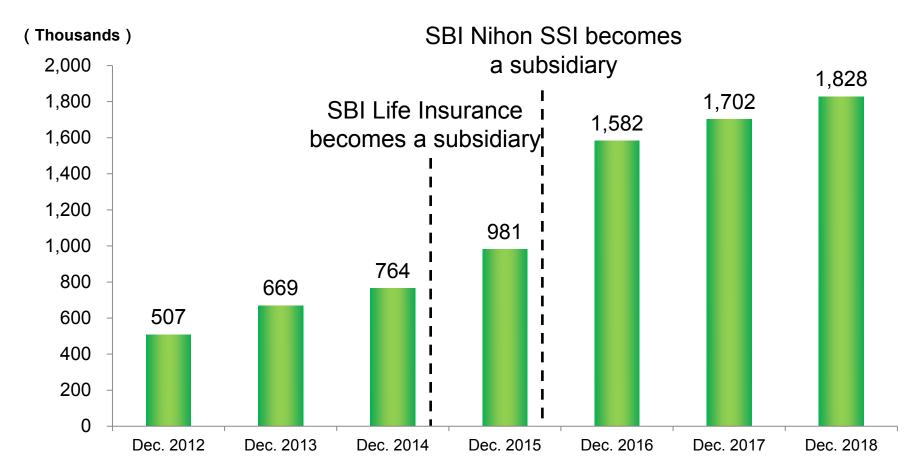
* As SBI Life Insurance's Group Credit Life Insurance sales increased, provision for reserve for dividends to policyholders increased, and the level of net income attributable to shareholders of the parent company remained low as compared to ordinary income

(3)-① Insurance-related business:



SBI Insurance Group's Total Number of Inforce Contracts Steadily Increased

SBI Insurance Group's trend in number of contracts



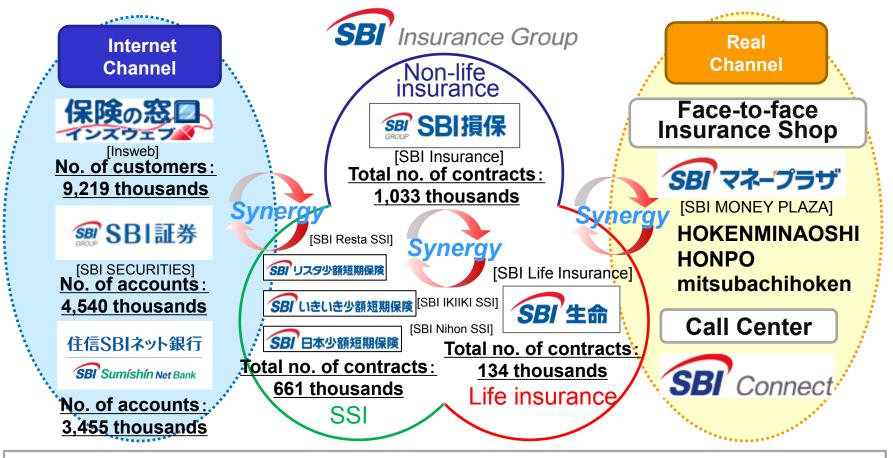


② Business strategies that created competitive advantages to its competitors

- (i) After its listing on the TSE Mothers, the SBI Insurance Group buttressed its management structure, in order to establish a sound sales channel both on the Internet and in the real world, through an analysis of the SBI Group's big data to thoroughly utilize Group synergies
- (ii) Strengthen Fintech 1.5 initiatives such as promoting the development of new products by incorporating leadingedge technologies into business through alliances with investee startup companies of the SBI Group and research institutions

②-(i) Thorough utilization of Group synergies

As a Result of the Listing, Establishing a Variety of Sales Channels that will Thoroughly Utilize Group Synergies Based on an Analysis of the SBI Group's Big Data



In addition to accessing the Group's 24.74 million customer base, will utilize Group synergies to establish sales channels, both on the Internet and in the real world

* The number of retained customer information, the number of accounts and the number of inforce contracts, are as of the end of Dec. 2018

* In cases where the customer is not identified as the same person at each service site and overlapping customers within the Group companies, are double counted



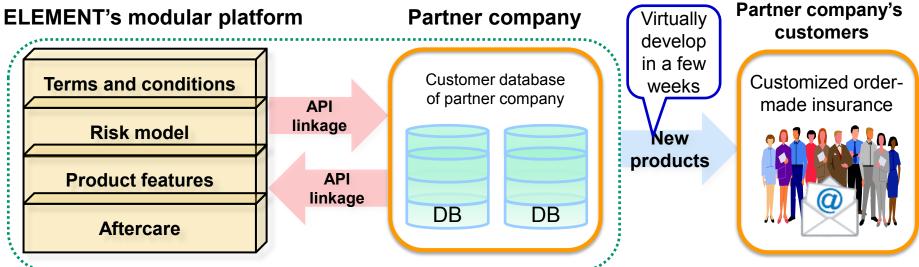
In Collaboration with ELEMENT, an Investee Startup Company of the SBI Group, Absorbing the Know-how of Developing Insurance Products in a Short Period of Time Utilizing State-of-the-art Technology







ELEMENT runs a B-to-B-to-X business that rapidly develops insurance products using a modular design and development platform. Without contact with the final consumer etc., it offers insurance by leveraging the branding and sales channels of its own customers' businesses



Incorporate ELEMENT's product development platform know-how in the field of small-amount short-term insurance, where new products offerings are required to be filed, in order to develop insurance products that meet the customers' needs in a short period of time

SBI Life Insurance will Endeavor to Create New Products through an Investment into TANITA HEALTH LINK, and the Subsequent Utilization of AI and Pertinent Database







Health-group life insurance linked to data from health management devices

Health information gathered from Premium discounts revised annually based traditional data and devices on continual collection of health data Discount Building a premiums scheme tied Premium assessed at the Premium closely to health timing of subscription **Premium** Rolling out insurance products & services using open platforms Medically rooted data Potential customers **Optimized insurance** on the platform for platform SBI app product options Deep DB DB learning Health advice

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Open platform

GROUP

Collaborative Research with Universities with a View to Personalized Insurances in the Field of Cancer Genomic Medicine Leading to Personalized Therapies

[SBI Life Insurance]







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 whose treatments are undergoing at Kinki University Medical School Hospital began on May 14

- *1 Research on this product development is premised on not having collecting and using genetic information gathered during the administered exams 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.

[SBI Life Insurance]







Since Dec. 2018, research on the utilization of AI in genomic medical care and medical cost burden have been implemented. SBI Life Insurance is considering the development of a new insurance product that will guarantee the cost of cancer genomic medical care

SBI

SBI Insurance Began Testing Telematics Insurance Based on Driving Behavior Data in Cooperation with Other Companies





SB C&S Corp.

SoftBank Technology Corp.

Bosch Corporation

Devices developed by Bosch Corporation "Telematics eCall*1 Plug"



Key	Features

- Acquisition of driving data
- Grasping driving characteristics/scoring
- Emergency call in case of accident

Usage

- Insert into car cigarette socket
- Connect to smartphone via Bluetooth, to transmit to server via the app

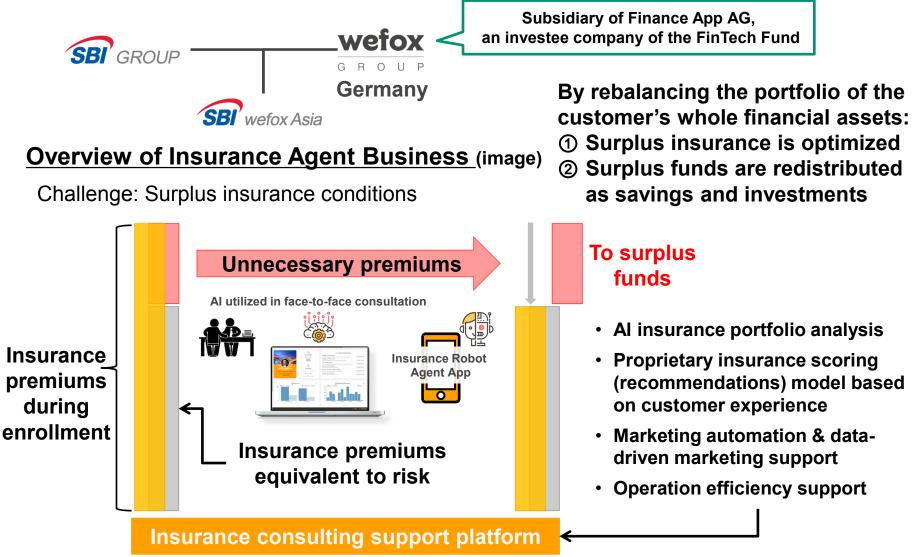
Considering the development of innovative services that improve safety and convenience, such as telematics insurance, through the utilization of a 3-axis acceleration sensor, along with driving behavior data, the use of the "Telematics eCall Plug," that can detect collision accidents, and the "IoT Core Connect^{*2}", that collects and accumulates data for analysis

*1 Vehicle emergency call system that enables automatic reporting to emergency telephone numbers in the event of a vehicle collision *2 Platform services provided by SoftBank Technology Corp. that connect the services necessary for IoT utilization



Support Sales of Customer-oriented Optimal Insurance Products

Insurance Consulting Support Platform Under Development by the Group





2. Investments in promising IT startup companies have greatly contributed to the performance of the Asset Management Business

(1) Performance overview for 9M FY2018

- Tokopedia and some other fintech investments posted a valuation gain as the value of new shares issued to third parties exceeded the value as of the end of the previous quarter. Although the stock market declined and the yen appreciated, total profit/loss from the change in fair value and profit/loss on sales of investment securities remained high at JPY 20.1bn
- SBI SAVINGS BANK of South Korea's profit before income tax expense (based on IFRS incorporation at SBI Holdings) increased 20.0% year-on-year to JPY 13.3bn, contributing to the segment profit as a stable source of profit

(1) Performance overview

Asset Management Business' Financial Results Breakdown

SBI
GROUP

(IFRS, JPY billion)

		9M FY2017	9M FY2018	YoY % change
Re	evenue	86.9	82.8	-4.8
Pr	ofit before income tax expense	43.1	33.6	-21.9
	SBI SAVINGS BANK	11.1	13.3	+20.0
	Profit/loss from the change in fair value and profit/loss on sales of investment securities	32.8	20.1	-38.7



Details of profit/loss from the change in fair value and profit/loss on sales of investment securities in 9M FY2018

		9M FY2018
	Listed Securities	-2.5
[] Inauthoriza	Unlisted Securities	22.7

(Reference) Consolidated Results of JAFCO

(J-GAAP)

	9M FY2018 (JPY billion)	YoY % change
Total net sales	21.9	-5.7
Net profit	8.7	-59.8

IPOs and M&As of



the SBI Group Investee Companies

	Full-year FY2017	Full-year FY2018 prospects
IPO•M&A deals	13	20

In FY2018, 17 companies were IPO'd

EXIT Date	Company	Market	EXIT Date	Company	Market
Apr. 19, 2018	TienPhong Commercial Joint Stock Bank	HOSE	Oct. 19, 2018	LogicBio Therapeutics, Inc.	NASDAQ
June 7, 2018	Powernet Technology Corp.	KOSDAQ	Nov. 9, 2018	Cellivery Therapeutics, Inc.	KOSDAQ
June 19, 2018	Writeup	TSE Mothers	Nov. 14, 2018	Novarex Co., Ltd.	KOSDAQ
June 27, 2018	IPS	TSE Mothers	Nov. 21, 2018	PharmAbcine Inc.	KOSDAQ
July 24, 2018	Bank of Innovation	TSE Mothers	Nov. 28, 2018	Neofect Co., Ltd.	KOSDAQ
Sept. 13, 2018		JASDAQ	Dec. 20, 2018	WYSIWYG STUDIOS CO., LTD.	KOSDAQ
Sept. 13, 2016	Wullion	JASDAQ	Dec. 21, 2018	PORT	TSE Mothers
Sept. 21, 2018	GTGwellness Co., Ltd.	KOSDAQ	Dec. 25, 2018	VELTRA	TSE Mothers
Sept. 26, 2018	BroadBand Security	JASDAQ			

Sept. 27, 2018 SBI Insurance Group TSE Mothers

* In the case where an investee company conducts a share exchange or a merger with a public company, it is described as "M&A."

* Subsidiary IPO and M&As are also included.



(2) Business strategies that created competitive advantages to its competitors

- ① Established new funds focusing on growth areas such as fintech, AI, and blockchain
- ② Benefiting from the economic growth of various countries through investments into financial institutions in the Asia region
- ③ Expanding the asset management system by utilizing the SBI Group's Global Network

(2)-① Established new funds focused on growth fields

28 Regional Financial Institutions Invested in Structure the FinTech Fund Established in Dec. 2015

-Already transitioned from the investment phase to the monetization phase-

FinTech Business Innovation LPS

- <u>Total commitment amount is JPY 30bn</u>
- Fund investor: 28 regional banks including Bank of Yokohama, Ashikaga Bank, THE SAN-IN GODO BANK and Kiyo Bank, as well as Mizuho Bank and SoftBank invested
- Investment destination: Startup companies with superior technology in the fintech field



Already decided on investments into 67 companies (Total investment amount to be approx. <u>JPY 24.0bn</u> through the FinTech Fund and approx. <u>JPY 18.5bn</u> by SBI Holdings)

Additionally, 3 companies (including 1 company which was IPO'd in 2017) were already exited through an equity sale [IPO performance and planned IPO schedule of Fintech investee companies] Year 2018: 2; Year 2019: 6; Year 2020: 21; After Year 2021: 21; Scheduled exits by sales to third party: 5; TBD: 9 (2)-① Established new funds focused on growth fields



"SBI AI & Blockchain Fund" Established in Jan. 2018 (common name: SBI A&B Fund) with the Participation of Approx. 130 Investors

SBI AI&Blockchain LPS

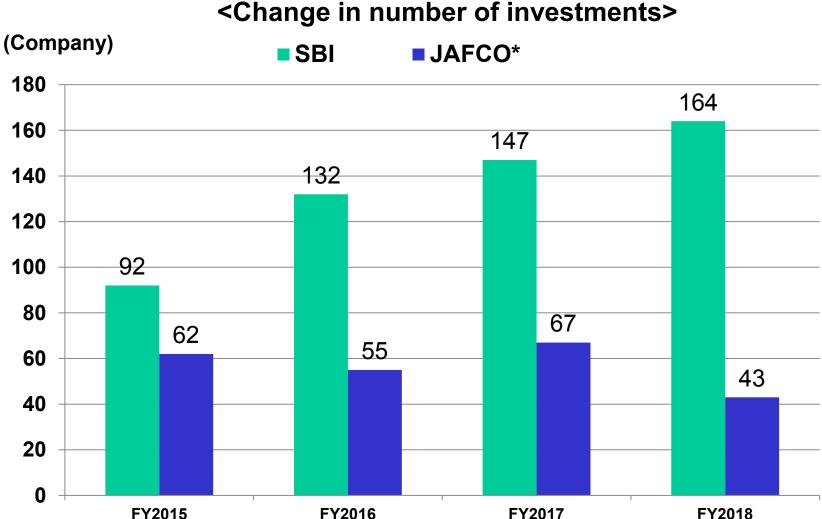
- Initial investment tranche began at JPY 20bn.
 Total commitment amount reached JPY 60bn, and the fund raising process has been completed
- Investors: 56 regional financial institutions, as well as institutional investors, corporate pension funds, etc., totaling approx. 130 companies
- Investment target: Promising startup companies mainly in AI and blockchain fields

Already decided to invest approx. JPY 25.0bn into 55 companies through SBI Al&Blockchain Fund

(Including SBI Holdings' investment, the total investment amounts to approx. JPY 35.0bn) [Unauthorized reproduction prohibited]



Accelerated Investments in Growth Fields from 2016



as of the end of Dec.

*Complied by SBIH from the materials published by JAFCO Co., Ltd. 66



The SBI Group Received the World's Top Class Ranking for Investments into the Fintech Field



(A research company that provides company information database)

Most active corporate blockchain investors (Oct. 2017)

Investor	Rank	Select Companies
SBI Holdings	1	Orb, R3, Ripple, Coinplug, Veem, Wirex, bitFlyer
Google	2	Storj Labs, Blockchain, Ripple, LedgerX, Buttercoin, veem
Overstock.com	3	Settlemint, Factom, Ripio, Symbiont, Bitt, Peernova
Citi	4	Digital Asset, R3, Axoni, Conbalt, Chain
Goldman Sachs	5	Digital Asset, R3, Axoni, Circle

Source: CB Insights, "Blockchain Investment Trends In Review"

(2)-① Established new funds focused on growth fields

Over the Past 2 Years, Established CVC Funds **Totaling JPY 50bn through Partnerships** with Non-Financial Companies

CVC partner	Fund name	Operating period	Commitment amount
Nikon	Nikon-SBI Innovation Fund	Since July 2016	JPY 10.0bn
Know today, Power tomorrow	INTAGE Open Innovation Fund	Since Oct. 2016	JPY 5.0bn
A 三井金属 MITSUI KINZOKU	Mitsui Kinzoku-SBI Material Innovation Fund	Since Sept. 2017	JPY 5.0bn
h House	House Food Group Innovation Fund	Since Oct. 2017	JPY 5.0bn
SUBARU	SUBARU-SBI Innovation Fund	Since July 2018	JPY 10.0bn

2 other undisclosed funds (Cumulative total of JPY 15bn in commitment amount) [Unauthorized reproduction prohibited]

(2)-① Established new funds focused on growth fields

Owing to Early Investments in Growth Fields, Expecting Significant Performance from Managed Funds

Partial list of the SBI Group's investee companies, which were listed among the companies introduced by The Nikkei as the NEXT Unicorn

Among the top 30 ranked companies, 18 are investee companies

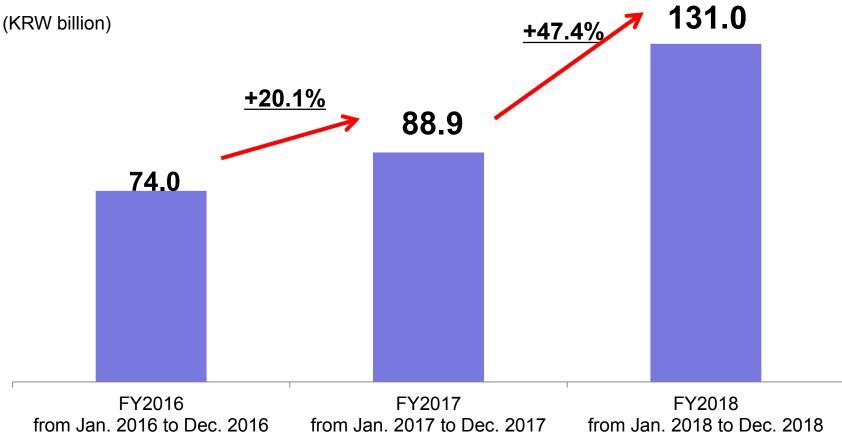
Company name	Industry	Estimated corporate value (JPY billion)
freee	Fintech	65.2
Sansan	E-commerce and internet service	50.6
ELIIY Power	Manufacturing	40.4
FiNC Technologies	Health care	35.6
BizReach	Personnel and sales support	34.1
Origami	Fintech	32.5
Liquid	E-commerce and internet service	29.8
Inagora	E-commerce and internet service	26.7
WealthNavi	Fintech	26.2
Paidy	Fintech	25.0

(2)-② Benefiting from the economic growth of various countries through investments into financial institutions in the Asia region

SBI

SBI SAVINGS BANK of South Korea's Net Income (based on K-GAAP) for the Full-year Ended Dec. 2018 Reached an Historical High, Despite the Early Adoption of Application Criteria for a Bad Debt Reserve Required by Authorities

Acquired "A -" (outlook "stable") rating from the Korean credit rating agency "Korea Credit Rating"



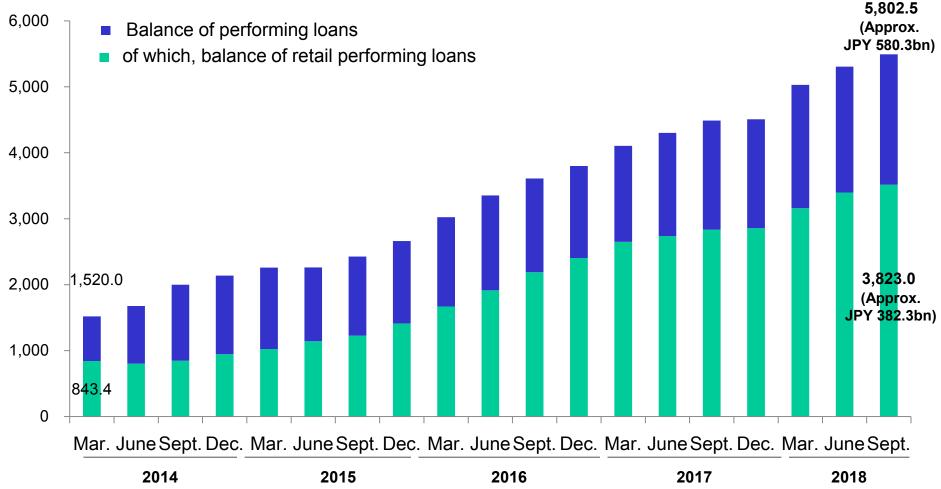
(2)-② Benefiting from the economic growth of various countries through investments into financial institutions in the Asia region

SBI

Balance of Performing Loans (Based on K-GAAP)

- Steadily expanding balance of performing loans centered on retail loans
- The delinquency rate of the entire loan is low at 4.0% (3.6% for retail loan)

(KRW billion)



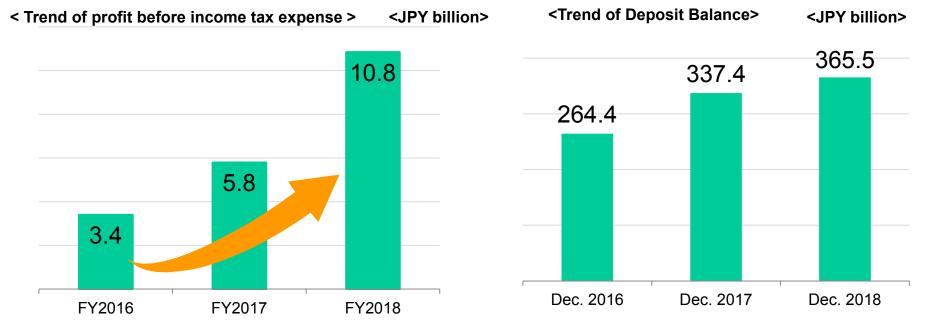
(2)-② Benefiting from the economic growth of various countries through investments into financial institutions in the Asia region

SBI

TP Bank in Vietnam Continues Its Growth Trend



- Invested in Aug. 2009 (SBI Group's shareholding: 19.9%)
- The market capitalization is approx. JPY 86.7bn (as of Jan. 25, 2019)
- Introducing cutting-edge technologies, to rapidly expand its business, which is focused on the retail business
- <u>Starting fingerprint recognition-based self-service cash withdrawal at</u> LiveBank, a 24-hour/365-day unattended banking service



(2)-② Benefiting from the economic growth of various countries through investments into financial institutions in the Asia region

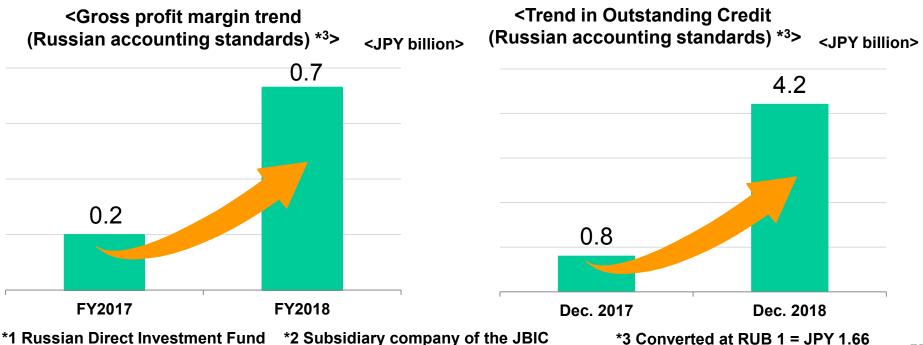


Russian Government Fund RDIF^{*1} and Japanese JBIC IG Partners^{*2} Agreed on Basic Terms to Invest in SBI Bank in Russia, and with the Support of Both Companies will Endeavor to Expand the Japan-Russia Business

- Strategic Business Innovator (SBI Group's shareholding: 100.0%)
- A Russian commercial bank with a full license

[Unauthorized reproduction prohibited]

"BBB –" credit rating (outlook "stable") from the Russian rating agency ACRA

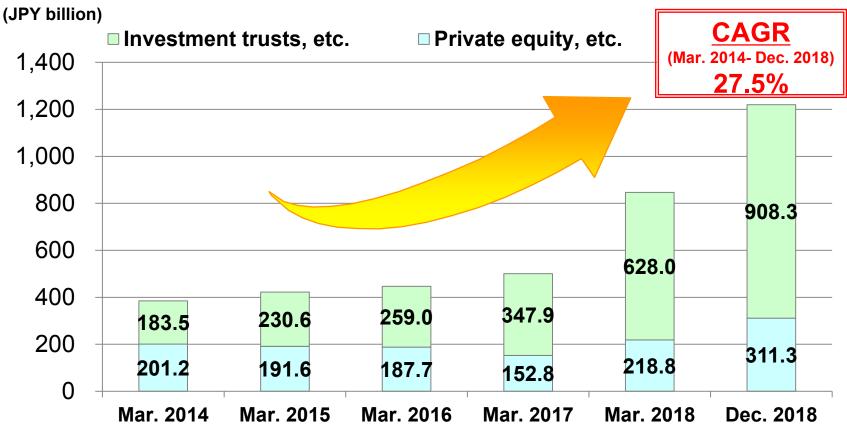


(2)-③ Expanding the asset management system by utilizing the SBI Group's Global Network



SBI Group's Assets Under Management Continues to GROU Steadily Increase

-Endeavoring to Increase Assets Under Management to JPY 5tn within 3 years-

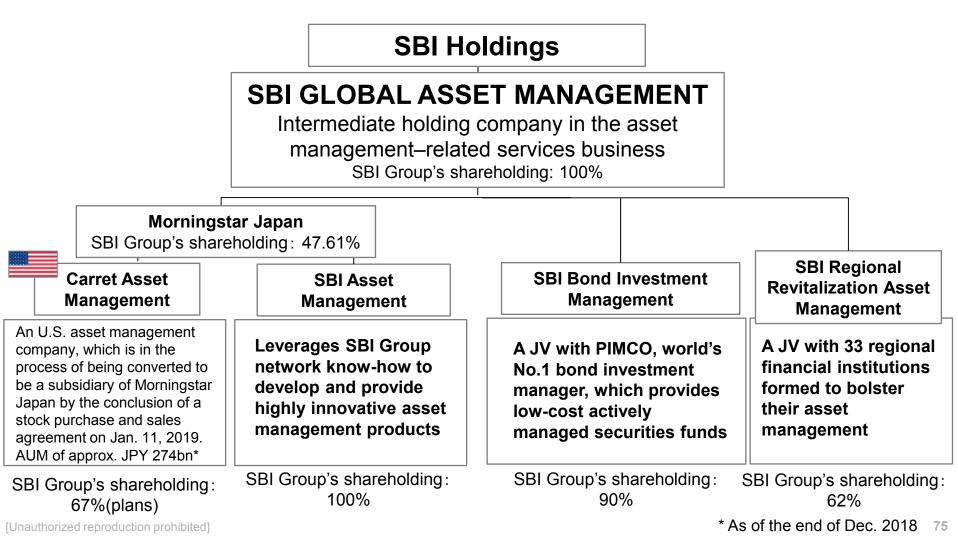


*1 Calculated by the exchange rate as of the end of each month

- *2 Amounts are rounded to the nearest JPY 100m
- *3 "Private equity, etc." includes neither cash nor commitment amount to be paid in.
- *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



Carret Asset Management, a U.S. Asset Management Company, will become a Subsidiary to Further Enhance the Global Asset Management System



(2)-③ Expanding the asset management system by utilizing the SBI Group's Global Network

Established "SBI Regional Revitalization Asset Management," an Asset Management Company, through a Joint Investment -Total investment participation by 33 banks-



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

Utilize SBI's resources

•<u>Know-how about asset</u> <u>management</u>

SBI' Asset Management

Bond Investment Management

 <u>Abundant fund information by</u> <u>utilizing the global network</u>
 <u>investment education and</u> <u>sales support tools</u>





Regional financial institutions

<Participating banks>

THE Aomori BANK, The Ashikaga Bank, EHIME BANK, THE SENDAI BANK, CHIKUHO BANK, THE TOWA BANK, The Bank of Kochi, THE DAITO BANK, THE TOHO BANK, THE TOTTORIBANK, THE KAGAWA BANK, Kita-Nippon Bank, TAISHO Bank, THE TOKUSHIMA BANK, THE FUKUOKA CHUO BANK, THE HOWA BANK, THE SHIMIZU BANK, The Tohoku Bank, FUKUSHIMA BANK, The Hokuetsu Bank, The Miyazaki Taiyo Bank, Yamaguchi Financial Group (THE YAMAGUCHI BANK, THE MOMIJI BANK, THE KITAKYUSHU BANK), THE BANK OF SAGA, THE KANAGAWA BANK, Shimane bank, The Yamagata Bank, Ogaki Kyoritsu Bank, FIRST BANK OF TOYAMA, THE NAGANO BANK, The Akita Bank, NANTO BANK

Will support the regional financial institutions that are investors, <u>from both customer asset</u> <u>management and self fund management perspectives</u>, as well as the <u>development of</u> <u>human resources</u> who will be responsible for the operational practices at each bank

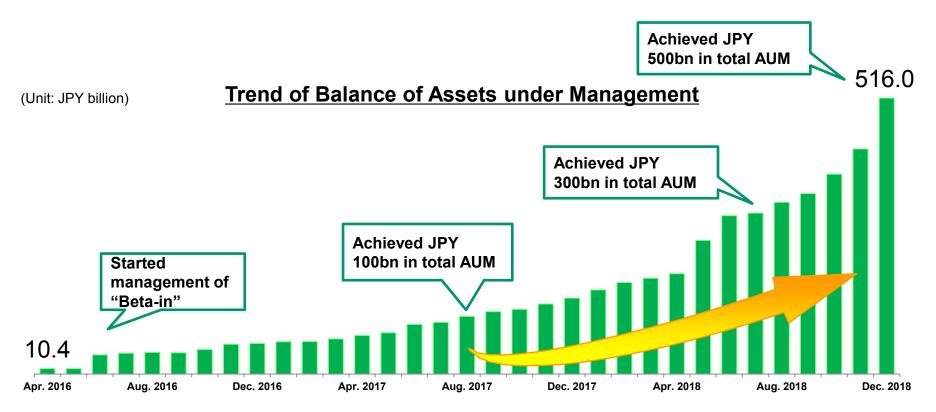
Initiated acceptance for the first publicly offered investment trust "SBI Regional Revitalization -World High Dividend Stock Fund," (with currency hedging), tentative name: 7, 5 - 3, from Nov. 20 (2)-③ Expanding the asset management system by utilizing the SBI Group's Global Network

SBI

SBI Bond Investment Management (Co-founded with PIMCO, One of the World's Largest Bond Investors) has Steadily Increased Its Balance to Over JPY 516.0bn

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
- Despite the continued difficult bond investment environment, owing to continued interest hikes in the U.S., SBI Bond Investment Management has consistently provided low cost simple products





3. Biotechnology-related Business steadily progressing towards monetization

(1) Performance overview of the 9M FY2018

- In the Biotechnology-related Business, along with the advancement of pharmaceutical research and development at Quark and SBI Pharmaceuticals, development costs such as clinical trial expenses were recorded.
- SBI ALApromo and photonamic increased their profit before income tax expense to 3.9 times and 4 times, on a year-on-year basis, respectively, owing to an increase in the sales of self-developed products

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



(JPY million)

		9M FY2017 (Apr. –Dec. 2017)	9M FY2018 (Apr. –Dec. 2018)	
SBI Bi	otech	-255	-57	1
Quark Pharmaceuticals ("Quark")		-5,623	-6,287	2
ა -ALA-r business	SBI Pharmaceuticals	-88	-986	3
D	SBI ALApromo	53	209	4
lated	photonamic	103	412	5

- <u>SBI Biotech</u> decreased the deficit in the 9M FY2018, owing to the receipt of the final year subsidy from AMED, etc.
- ② Quark recorded development costs such as clinical trial expenses along with the advancement of pharmaceutical research and development
- ③ <u>SBI Pharmaceuticals</u> temporarily increased its deficit in the 9M FY2018, as its pipeline progressed and the related development costs increased
- ④ SBI ALApromo increased its profit before income tax expense by 3.9 times the previous year's 9M, owing to an increase in 5-ALA-related product sales, etc.
- <u>photonamic</u>'s sales of "Alacare," a drug that treats actinic keratosis, and "Gliolan®," a diagnostic agent for resection of brain cancer (malignant glioma), increased significantly, along with a first shipment to the U.S., to contribute to a profit before income tax expense of 4 times the previous year's first half



(2) Efforts of each operating company steadily progressing toward making the segment profitable

- **(1) SBI Biotech**
- **② U.S.-based Quark**
- **③ SBI Pharmaceuticals**
- **④ Germany-based photonamic**
- **(5) SBI ALApromo**

① SBI Biotech



SBI Biotech expects to reverse its deficit situation, 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	
VIB7734 (Anti-ILT7 antibody)	Viela Bio* (Sept. 2008)	Myositis	Phase I	A single dose Phase I study has been completed, and preparing plans for future clinical trial study
SBI-9674	Kyowa Hakko Kirin (Dec. 2016)	Autoimmune diseases	Pre-clinical	Kyowa Hakko Kirin is conducting development. Further receipt of milestone payments in accordance with development progress is expected
Cdc7 inhibitor	Carna Biosciences (May 2014)	NEW!! Colorectal cancers	Phase I / II (plan)	Development is in progress at Sierra Oncology, which out-licensed with Carna Biosciences. <u>Submitted its IND to FDA.</u> Receipt of milestone payments in accordance with development progress is expected
GNKS356	Independently	Autoimmune diseases (Psoriasis / Systemic Lupus Erythematosus (SLE))	Pre-clinical	Received subsidies from AMED (Japan Agency for Medical Research and Development) drug discovery promotion project, and acquired various data. <u>Started</u> <u>activities for future development and tie-ups</u> <u>based on the research results</u>
SBI-3150	Independently	Autoimmune diseases (Various diseases caused by pDC / activated B cells)	Pre-clinical	Continuously engages in negotiating with several companies for out-licensing

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

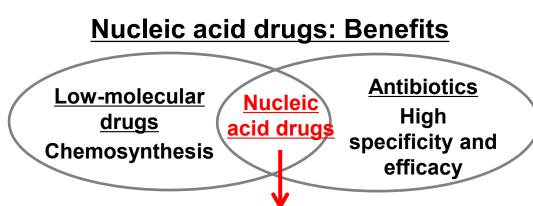
② U.S.-based Quark



(SBI Group's economic shareholding interest is 95.5%)

Developing nucleic acid drugs (siRNA)

Nucleic acid drugs: Enables drug discovery for target molecules (e.g. RNA and DNA) that was not possible for conventional low-molecular drugs and antibiotics



High specificity and efficacy similar to antibiotics is promising; at the same time, can be manufactured by chemosynthesis, similar to low-molecular drugs

- New mechanism for direct action on genes that are the cause of a disease
- Targeting hard-to-treat illnesses, e.g. cancer, infections, and hereditary ailments
- **Prospects for fewer side effects** and higher efficacy than conventional drugs
- Can be manufactured at lower cost than today's mainstream antibiotics

Hopes for becoming the next-generation molecularly targeted drugs to succeed antibiotics

Reference: "Why nucleic acid drugs now: the next drug-making modality," Journal of Experimental Medicine (Jikkan Igaku), Vol. 37, No. 1, Jan. 2019

Results Regarding the Phase III Clinical Trials for Quark's "QPI-1002," for Delayed Graft Function in Kidney Transplants (DGF)



- As it turned out, the primary endpoint for QPI-1002 for the prevention of DGF was not met
- The results of this study showed that <u>changes in the protocol</u>, from the Phase II clinical trial which was a good result, such as reducing the minimum cold storage time before transplantation in the ischemic status of the transplanted kidney from 26 to 10 hours, <u>seems to be mainly attributed to Phase III.</u> In fact, <u>156 patients where its cold storage time was longer than 24 hours (*corresponding to about 26% out of 594 subjects) demonstrated a similar relative risk reduction in DGF incidence and severity to that seen in the Phase II study, indicating the utility of QPI-1002
 </u>
- Quark plans to discuss with the U.S. Food and Drug Administration (FDA) to continue
 Phase III in a protocol centered on the subject group

As long as it is not affected by the partial government shutdown, <u>an interview with</u> <u>the FDA is scheduled in late Mar.</u> The meeting minutes will be provided from the FDA within 30 days from the date of the meeting.

• Novartis International AG <u>intends to maintain the exclusive negotiation rights of the</u> <u>granted license agreement</u>, and Quark will negotiate with them on its conditions for maintaining the contract etc., based on the final analysis of Phase III results, the status of the consultation progress with the FDA, and others

Quark's Ongoing Drug Discovery Pipeline



	Licensing partner	Adaptation disease	Progress	
QPI-1002	Novartis International AG	Acute kidney injury (AKI)	<u>Phase III</u>	Started Phase III clinical trials in July 2018. Planning expansion of clinical trials to 115 facilities worldwide
QPI-1007	Biocon Ltd of India	Non-arteritic anterior ischemic optic neuropathy (NAION)	<u>Phase III</u>	Phase III clinical trials are underway at 66 centers in the U.S. and Europe. <u>The FDA</u> <u>approved the shortening of the follow-up</u> <u>period</u> after administration to the final subject <u>from 12 months to 6 months, so the</u> <u>final results will become known in Apr. 2020</u>
PF-655	Pfizer Inc.	Glaucoma, Diabetic macular edema (DME) and Age- related macular degeneration (AMD)	Phase Ila (Completion)	Quark is reviewing its development plans, since candidate substances with expected higher effects for AMD have been found, and discussing clinical trial for the next step

Since Quark has two products at the Phase III stage in its drug discovery pipeline, it is currently in preparation for an IPO

③ SBI Pharmaceuticals



Duration of drug development in Japan (pre-clinical to application): Avg. **9.2 years**

Source : "Current status and issues of bio-ventures" by METI, in Nov. 2017

Products launched by SBI Pharmaceuticals : (Established in Apr. 2008)

Sept. 2013:
 "ALAGLIO® Oral 1.5g,"
 diagnostic agent for cancer treatment (malignant glioma)

② Dec. 2017:

"ALAGLIO® Divided Granules 1.5g," diagnostic agent for cancer treatment (carcinoma vesicae) \rightarrow Marketed in Japan by Chugai Pharmaceuticals, which SBI Pharmaceuticals provided with exclusive domestic marketing rights in Japan

-Drug Pipelines Utilizing 5-ALA under the SBI Group-

		Pipeline projects	Current status					
Fields			Phase I	Phase	ll Pha	se III	Applica-tion	
Diagnostic agent (PDD)	1	Peritoneal dissemination of gastric cancer*	Phase III is unde	erway			eduled to comp ept. 2019	
	2	Cisplatin nephropathy protection	Phase II is unde	rway	Scheduled to	<mark>complete</mark>	in Jan. 2021	
Drug to treat	3	Mitochondrial diseases*	Phase III is unde	erway		Scheduleo n Jan. 202	d to complete 21	
	4	Cardiac ischemia- reperfusion injury*	Under preparation for Phase II		cheduled by O niversity and E		am	
Photodynamic therapy (iPDT)	5	Brain tumors* (by photonamic)	Under preparation for Phase II		University Hospital in the U.K.			

*Investigator-led trial

④ Germany-based photonamic



-In the U.S. market, sales have been steady since the release in Oct. 2018-

photonamic:

- Established in Mar. 2002 (Head office : Germany)
- Business : Development and sale of diagnostic and therapeutic drugs that use 5-ALA, primarily in Europe
- ✓ A wholly owned subsidiary of SBI ALApharma

Products launched by photonamic:

- "Alacare," a drug that treats actinic keratosis
- "Gliolan®," a diagnostic agent for resection of brain tumor (malignant glioma)

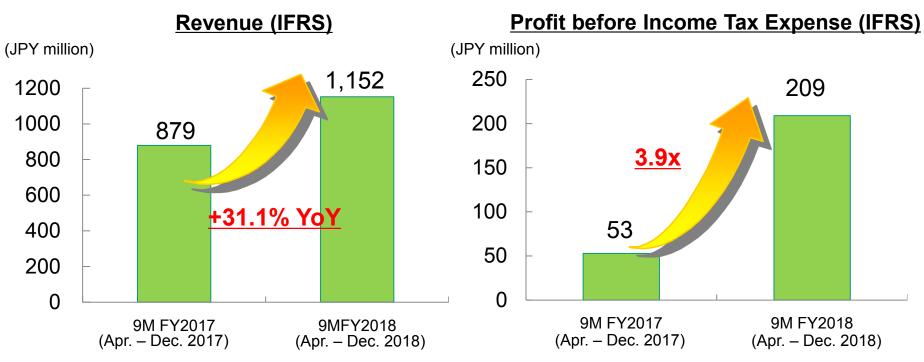
Global expansion route of the diagnostic agent for resection of brain cancer :

Europe U.S. Japan Oct. 2018: Since 2007 **Since 2013** NX Development Corp (NXDC), Approved as "Gliolan®" by SBI Pharmaceuticals' a wholly owned subsidiary of **European Medicines Agency** product name: photonamic, began sales with (EMA) in 2007 and is "ALAGLIO® Oral 1.5g" the U.S. product name of distributed through "Gleolan" photonamic's partner companies in more than 40 countries including Europe NXDC sales exceed USD such as Germany and the U.K., 1m in just three months South Korea and Australia from the launch

(5) SBI ALApromo



Profit before income tax expense for 9M FY2018 increased to JPY 209m, by 3.9 times the previous year's corresponding period

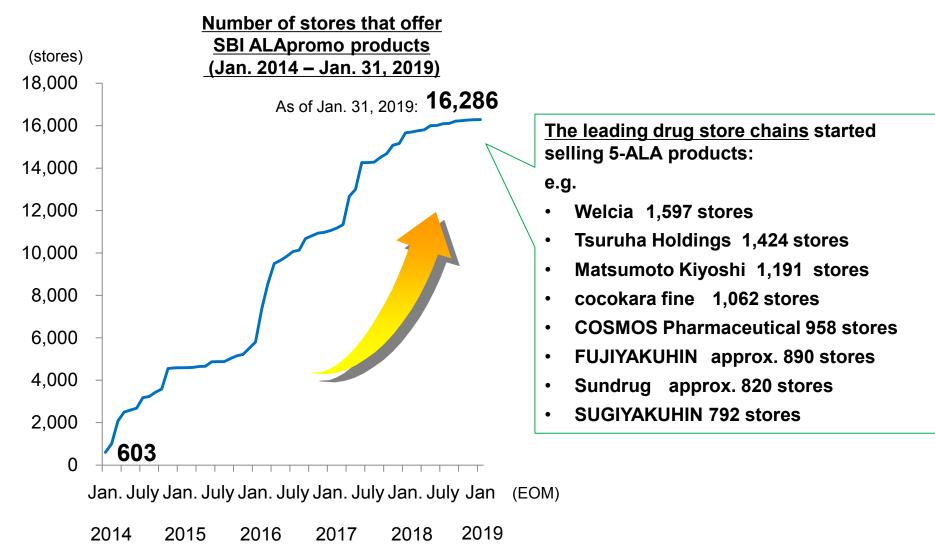


-New products already launched during FY 2018-

- * "ALAplus Cosmetic Series," cosmetics for moisturizing utilizing 5-ALA, launched <u>Deep</u> <u>Cleansing Gel</u> and <u>Pure Clay Wash</u>, on July 2018, for a full-scale launch of skincare products utilizing 5-ALA
- Launched "Hatsugagenmai no Sokojikara" in Oct. 11, 2018, which is a germinated brown rice developed under a collaboration with the National Cerebral and Cardiovascular Center



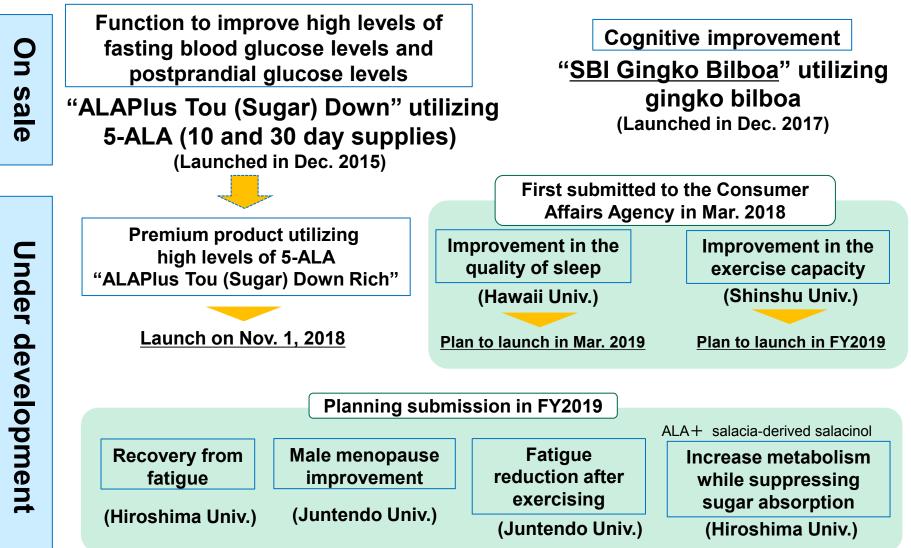
Number of Domestic Stores that Offer Health Foods Containing 5-ALA are Increasing Steadily, and Now Became Over 16,000 Stores

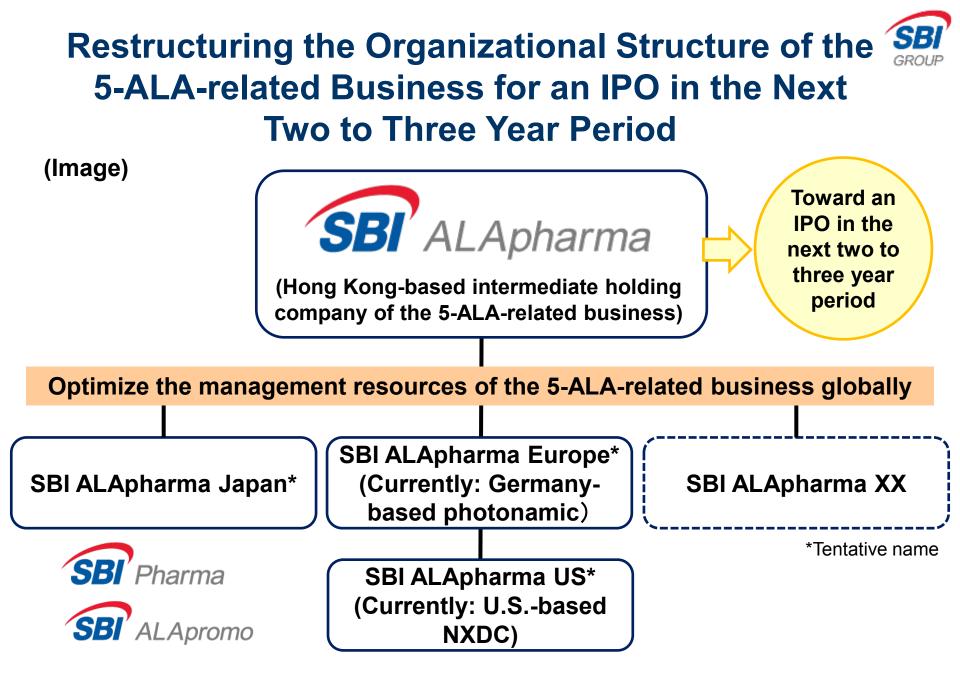




Accelerating the Development of New Foods with Functional Claims

Offering of foods with functional claims:







III. The SBI Group's Focused Initiatives to Achieve Sustainable Growth

- 1. Promoting development of new markets by entering into new fields and through various alliances
- 2. Advancing the use of blockchain and other new technologies at individual Group companies to accelerate the shift to Fintech 2.0
- 3. Ongoing efforts to actualize the intrinsic corporate value



- 1. Promoting development of new markets by entering into new fields and through various alliances
- (1) Established SBI Security Solutions mainly to grow sales of security solutions of investee companies to inside and outside the SBI Group
- (2) Through SBI Neo Financial Services, support for restructuring business models of regional financial institutions
- (3) Promote alliances with various other industry partners in addition to regional financial institutions, in order to cultivate a new customer base



- (1) Established SBI Security Solutions mainly to grow sales of security solutions of investee companies to inside and outside the SBI Group
 - Offering solutions that incorporate proprietary technology and outside leadingedge technology
 - ② Carrying out sales strategies independently as well as coordinating with partners that have strong sales abilities



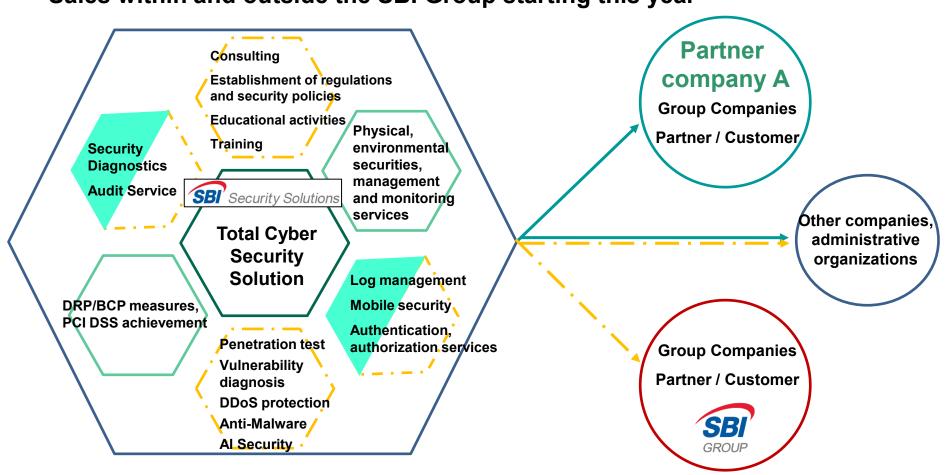
① Offering solutions that incorporate proprietary technology and outside leading-edge technology

- (i) SBI Security Solutions' proprietary solutions
- (ii) Collaborative solutions with a variety of internal and external partners

①-(i) SBI Security Solutions' proprietary solutions

SBI Security Solutions, in Collaboration with Partners, Provides Security Solutions in Japan and Abroad

SBI Security Solutions offers products of investee companies, and develops security solutions utilizing the technologies of such investee companies
 Sales within and outside the SBI Group starting this year





SBI Security Solutions' Scheduled Services

1 Wallet services

- B-to-B services to manage cryptocurrency assets of wallet vendors, cryptocurrency exchanges, etc.
- **② KYC (Know Your Customer) services**
 - Establishing a "common customer base" where all personal information is managed as a whole, rather than just financial asset information (financial institution balances, statements, etc.)
 - Leveraging R3's Corda to design a high resistance to falsification
 - For AML/CFT*, the ability to provide solutions at the FATF (Financial Action Task Force) level

*Anti Money Laundering and Combating the Financing of Terrorism

①-(ii) Collaborative solutions with a variety of internal and external partners

Utilizing Advanced Technologies through Strengthened Collaborations with Investee Companies

Response on wallet

- <u>CoolBitX (Taiwan)</u> Provide cold wallet service for blockchain assets
- <u>Smart Cash (Switzerland)</u> Provide cold wallet service for blockchain assets
- <u>Breadwinner (Switzerland)</u> Development of hot wallet app

Response on general security

- <u>Sepior (Denmark)</u> Cryptographic key management system specialized for the cloud
- <u>Everspin (South Korea)</u> Development of a dynamic security system
- Liquid (Japan)

Cloud-type personal identification and settlement service

 <u>SECOM Trust Systems</u>
 Collaboration in distributed management (entrustment) of private key



CoolVVallet -Cold wallet by CoolBitX





Tangem Notes -Cold wallet by Smart Cash









①-(ii) Collaborative solutions with a variety of internal and external partners

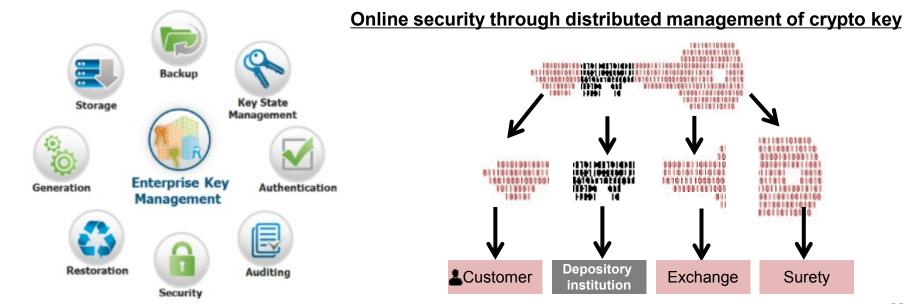


Investing in Sepior of Denmark, a Developer of Key GROUP Management as a Service (KMasS) on the Cloud



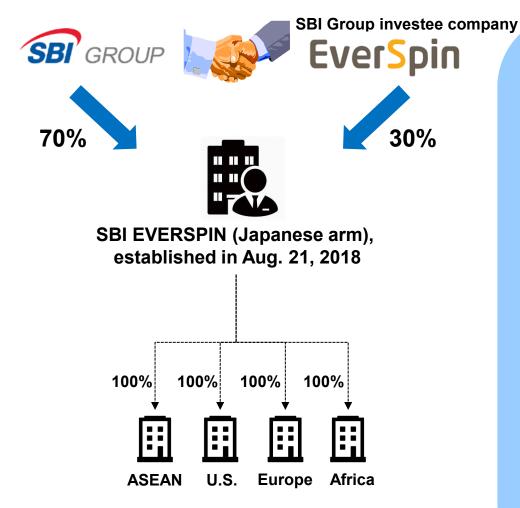
Sepior (Denmark)

- **Provides services for the creation and management of encryption** keys used in data encryption
- Sepior's services enable encryption keys to be managed across multiple clouds

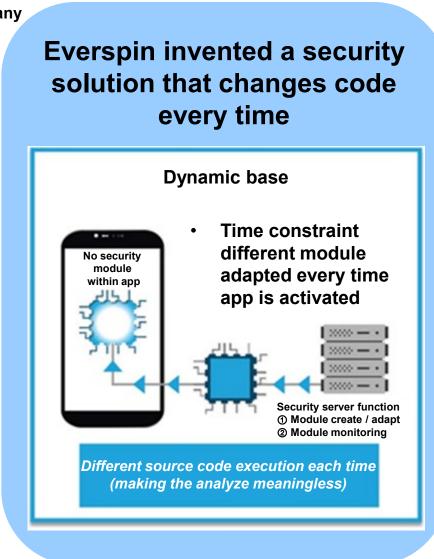


①-(ii) Collaborative solutions with a variety of internal and external partners Establishment of a Joint Venture with Korean Everspin that Develop Dynamic Securities





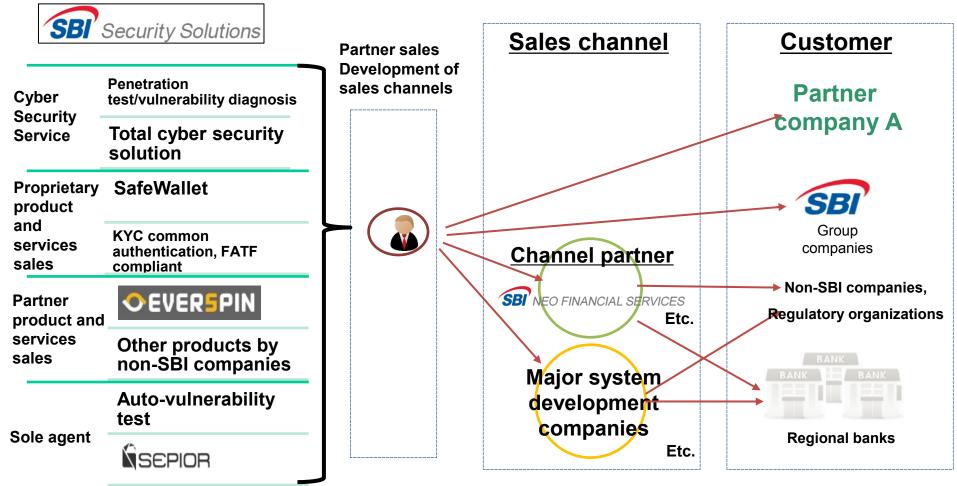
Establish subsidiaries and branches in regions other than a part of the Asia-Pacific region and operate worldwide



② Carrying out sales strategies independently as well as coordinating with partners that have strong sales abilities



Enhancing Sales of Security Solution Services and Products Not Only Inhouse, but Also Developing Sales Strategies in Cooperation with Various Partners with Significant Sales Forces Both in Japan and Abroad



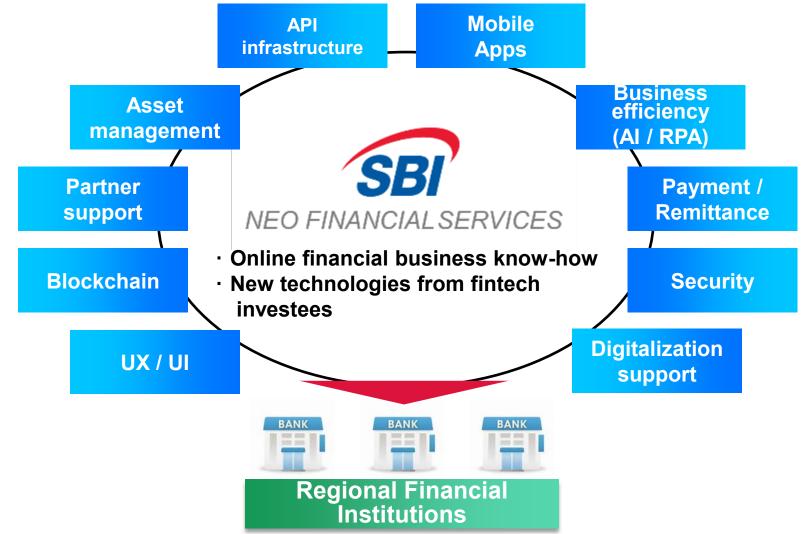


(2) Through SBI Neo Financial Services, support for restructuring business models of regional financial institutions

- ① SBI FinTech Incubation provides an introduction of services of fintech startup companies, including money transfer application "Money Tap" for smartphones, by providing API support services for banks
- ② To promote the adoption of advanced solutions of fintech companies overseas, promoting the localization of such products in Japan through the establishment of JVs and business alliances



SBI Neo Financial Services, is Seconded with 23 Young Sales Representatives, to Actively Develop Sales to Regional Financial Institutions with Various Solutions

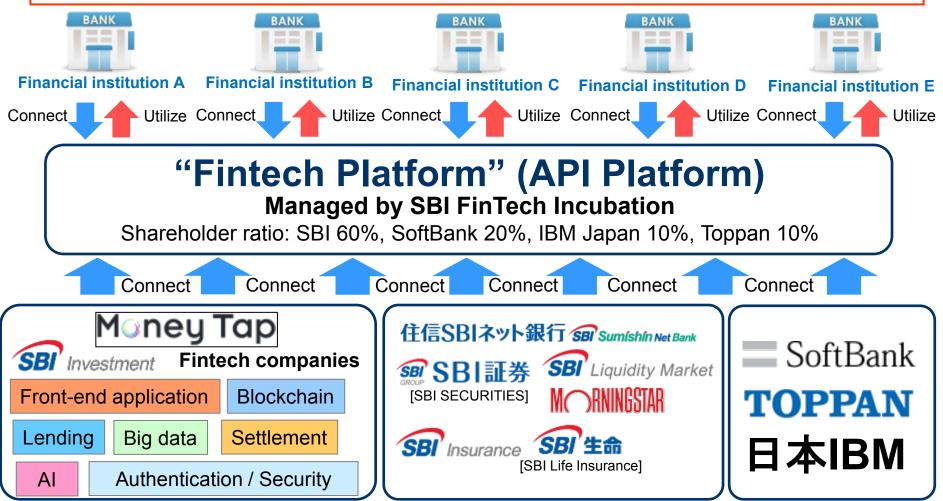




 SBI FinTech Incubation provides an introduction of services of fintech startup companies, including money transfer application "Money Tap" for smartphones, by providing API support services for banks

Started Handling "Money Tap" on an API Platform to GROUP Support the Introduction of Services and Systems by **Fintech Startup Companies**

3 banks introduced the platform, with 3 more making arrangements



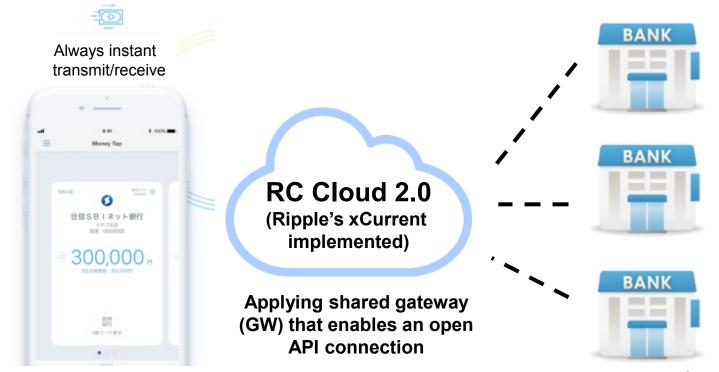
Also planning to offer a white label mobile app with a wealth of menus

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SB

Through "Money Tap," Provision of an Environment that Allows Connected-Bank Users to Safely, Remotely and Comfortably Remit Money Between Individuals

- In addition to account number designation remittances, mobile phone number designation remittance is also possible
- A smartphone app that provides a free of charge, 24/365 inter-bank remittance application
- In connection with 3 banks (SBI Sumishin Net Bank, SURUGA Bank and Resona Bank)*.
 Extensive efforts will be made to have more banks connected to the app.
- In order to further improve convenience, contemplating the addition of FX remittance function and the use of XRP at the time of implementation, with an inspection from various angles, including legal maintenance, etc. (legal arrangements must be made)



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Money Tap: About Future Scalability



UXs that do not require account opening and charging

- As it is directly connected to a bank account, there is no need to open a prepaid account or charge in advance like other services. (Available as long as you have a supported bank account)
- Other services may not accept withdrawal of charged electronic money, or may require a fee upon withdrawal, but Money Tap does not require any such fee

Transfer of existing banking transactions in addition to new demand

• Can easily transfer money between one's bank accounts, which has been done at ATMs up until now.

Initiatives led by banks / electronic settlement agents

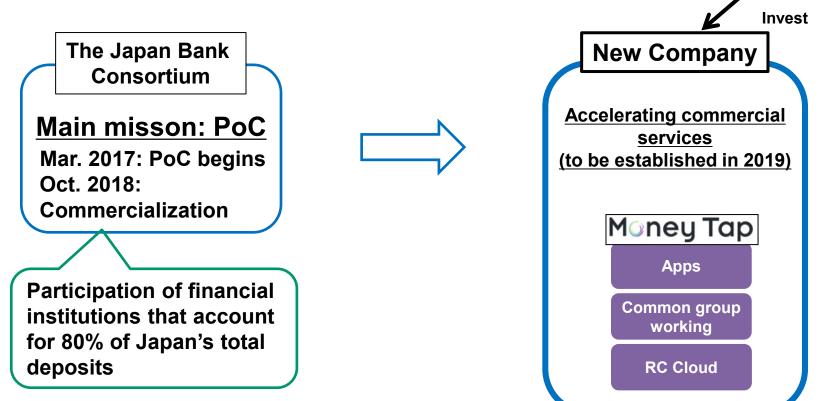
- High external safety and reliability, owing to the banks being the main players
- Business scalability owing to banking license, including payroll and foreign exchange transfers.

Low structural cost owing to no charges, with no necessary account transfers

- Other companies' services are expensive, owing to costs from credit card offerings
- In the case of bank account linkage, most banks use online banking, and the cost is about JPY 5 -10 per transaction.

In Order to Firmly Promote the Money Tap Business, GROUP the Consortium is Transitioning to a New Company

The SBI Group, and financial institutions have expressed an intention to participate as shareholders



By providing Money Tap solutions to as many financial institutions as possible at a low cost, will dramatically improve customer benefits

Promote QR Code Merchant Payment Services

- 1. Free of initial cost
- Use of QR code (MPM) eliminates the need for a dedicated terminal
- **2.** Low fee for the merchants
- A debit-type settlement, with no charge fee
- Service provided by the industry's lowest merchant fee level
- 3. Short lead time for deposits
- Ultimately will enable real time receipt
- Initially, next-business-day receipt (depends on the merchant contract)

Eliminates triple difficulties of card payments for the merchants

② To Promote the Adoption of Advanced Solutions of Fintech Companies Overseas, Promoting the Localization of Such Products in Japan through the Establishment of JVs and Business Alliances



World's first dynamic security Runs different source codes each time

Established SBI EVERSPIN in Nov. 2018



Reimagine • Rethink • Recreate

Business process automation platform by Al and RPA Enhancing business efficiency

Planning to convert SBI Antworks Asia into a joint venture in Feb. 2019



Proceeding final adjustment



Platform / app to support insurance consulting Support sales of customer-centric optimal insurances

Established SBI wefox Asia in Jan. 2019



Automation of housing loan process Automate from preliminary

examination to loan application

Proceeding final adjustment

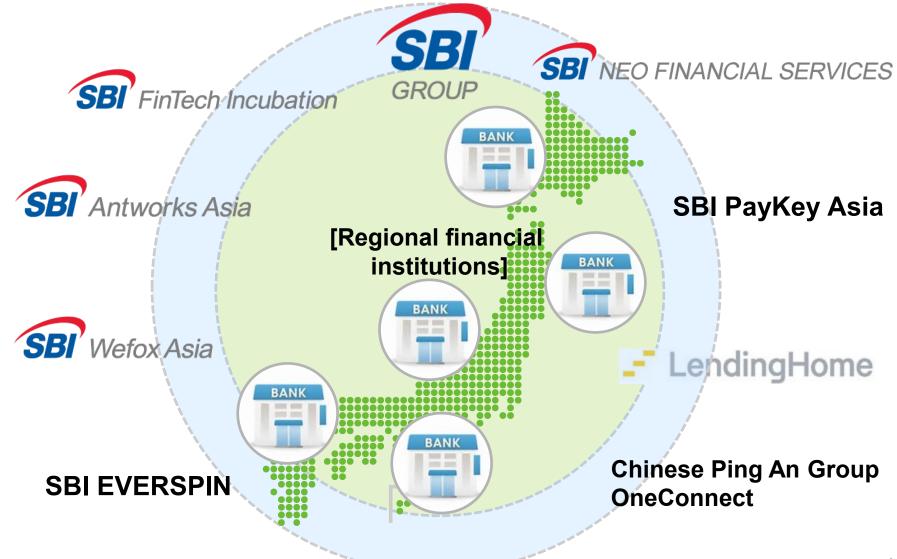


IT technology platform

Provides a comprehensive fintech platform installed by 2000 financial institutions in China

Proceeding final adjustment

Supporting Nationwide Deployment and Advancement of the Services of the Regional Financial Institutions, through GROUP Various Financial Instruments and Services by Utilizing Domestic and Overseas Fintech Solutions





- (3) Promote alliances with various other industry partners in addition to regional financial institutions, in order to cultivate a new customer base
 - Expanding the provision of the SBI Group's products and services with high customer benefits, to regional financial institutions' customers
 - ② Pioneering new markets through alliances with various industry partners



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

(i) SBI SECURITIES
(ii) SBI MONEY PLAZA
(iii) SBI Insurance
(iv) SBI Life Insurance

① Provision of services for regional financial institutions' customers: (i) SBI SECURITIES

SBI

SBI SECURITIES Provides Financial Instruments Intermediary Services to 32 Regional Financial Institutions, in Order to Correspond to the Asset Formation Needs of Regional Customers

-Plans to form alliances with 38 banks in total by the end of Mar. 2019-



Financial instruments intermediary services

The number of accounts and deposit assets via financial instruments intermediary services increased 2.6x and 8.6x year-on-year, respectively. * Includes those at SBI MONEY PLAZA's co-managed shops

[Alliances with 32 banks]

Regional financial institutions

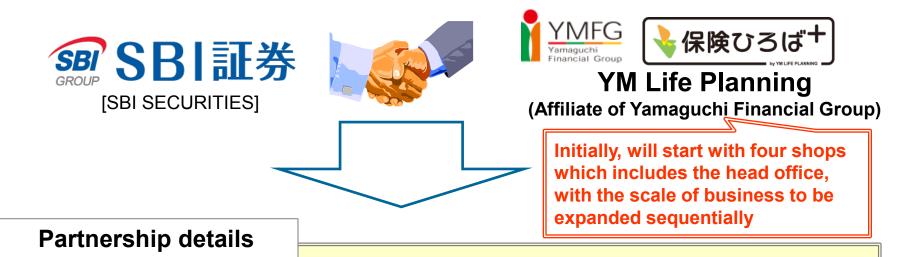


	THE SAGA KYOEI	Bank of The Ryukyus	
	BANK	Ballk OF THE Ryukyus	The Awa Bank
KEN K	THE SENDAI BANK	Kirayaka Bank	The Akita Bank
	FUKUSHIMA BANK	Kita-Nippon Bank	The Kiyo Bank
NK	THE OKAZAKI SHIKIN BANK	The Tohoku Bank	THE NAGANO BANK
N BANK	THE BANK OF KOCHI	THE MIE BANK	The Daisan Bank
interme	boration with Shinkin Cent diary scheme" (Jan. 2019)	Zal Bank, launched a finan	
ł	K IK N BANK In colla interme	KEN THE SENDAI BANK K FUKUSHIMA BANK IK THE OKAZAKI SHIKIN BANK N BANK THE BANK OF KOCHI The Osaka City Shinkin E In collaboration with Shinkin Cent intermediary scheme" (Jan. 2019)	KEN THE SENDAI BANK Kirayaka Bank K FUKUSHIMA BANK Kita-Nippon Bank IK THE OKAZAKI SHIKIN The Tohoku Bank BANK

① Provision of services for regional financial institutions' customers: (i) SBI SECURITIES

Started a Face-to-face Financial Instruments Intermediary Started Services with an Affiliated Financial Products Intermediary of the Yamaguchi Financial Group

-First alliance with a regional financial group with a securities subsidiary-



- Induce customers to open general securities accounts at SBI SECURITIES <u>via</u> <u>"Hoken Hiroba+," a face-to-face shop</u> of YM Life Planning <u>and its website</u>
 - Provision of SBI SECURITIES' financial instruments and services, including the accumulated-type investment trusts
- Collaborate at seminars periodically held at "Hoken Hiroba+"

Enhancing the long-term accompanying-type of consulting services from a life planning perspective

① Provision of services for regional financial institutions' customers: (ii) SBI MONEY PLAZA



SBI MONEY PLAZA, through Business Alliances with 50 Regional Financial Institutions, Provides Products for Corporations and Wealthy Individuals

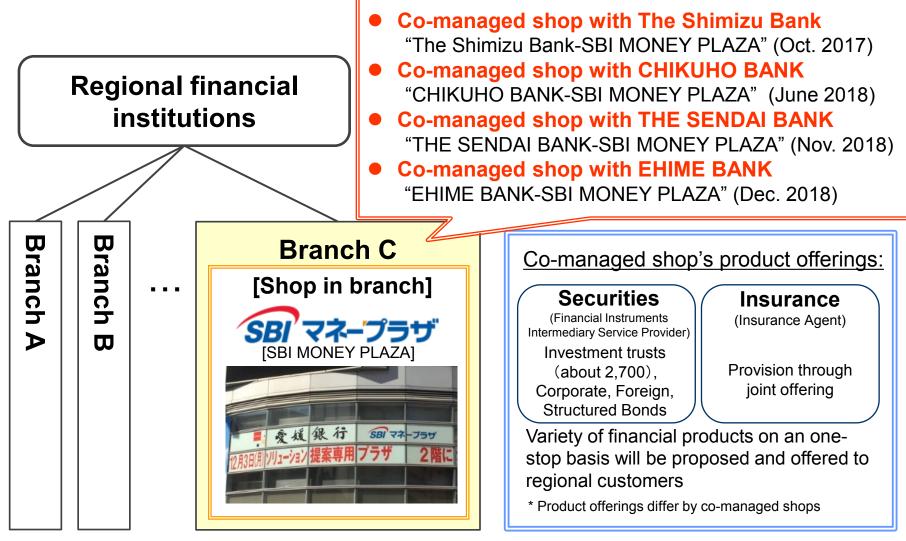


① Provision of services for regional financial institutions' customers: (ii) SBI MONEY PLAZA



SBI MONEY PLAZA Launched Four Co-managed Shops with Regional Financial Institutions

Planning to newly launch five co-managed shops in FY2019

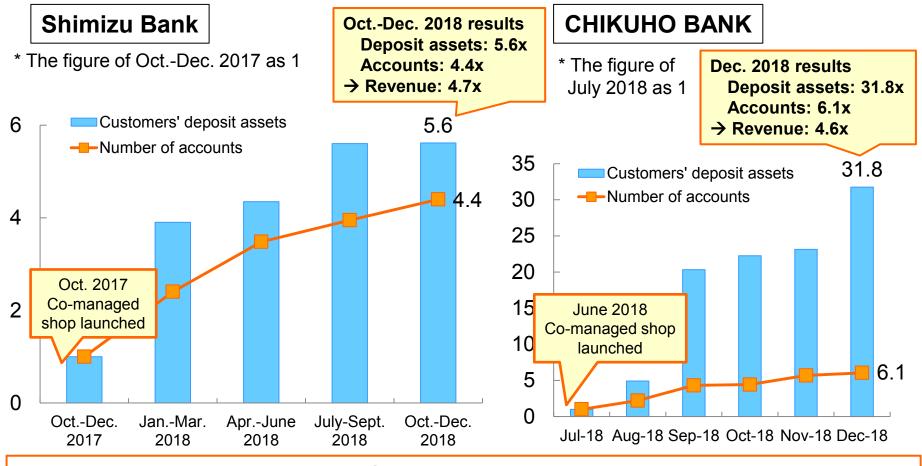


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① Provision of services for regional financial institutions' customers: (ii) SBI MONEY PLAZA

The Co-managed Shops with Regional Financial Institutions have Rapidly Increased Their Number of Accounts and Customers' Deposit Assets, along with an Increase in Revenue

Monthly trend of customers' deposit assets and number of accounts



At the co-managed shop with THE SENDAI BANK established in Nov. 2018, the current deposit assets, number of accounts and monthly revenue increased dramatically to be 1.7x, 1.3x and 2.1x, respectively, compared to that of Dec. 2018. (as of Jan. 24, 2019)

① Provision of services for regional financial institutions' customers: (iii) SBI Insurance Several Regional Financial Institutions, etc., Determined to Introduce SBI Insurance's Products



SBI損保 [SBI Insurance]



SBI Insurance will develop the local customer base by offering convenient and diverse insurance products

< Partners of SBI Insurance >

Financial institutions

The Okazaki Shinkin Bank (From June 25, 2018)

"SBI Insurance Fire Insurance"

THE TAIKO BANK (From July 2, 2018)

"SBI Insurance's Cancer Insurance"

AEON Bank (From July 27, 2018)

"SBI Insurance's Auto Insurance"

UCS (From Nov. 26, 2018 to Dec. 25, 2018)

"UCS actual amount guaranteed cancer insurance"

Business corporations

HTB Energy (From Oct. 19, 2018)

"HTB Energy's Cancer Insurance"

Shikoku Electric Power (From Oct. 22, 2018)

Regional financial

institutions, etc.

Customers

"Shikoku Electric Power's Cancer Insurance"

EPARK

"SBI Insurance's Auto Insurance," "SBI Insurance's Cancer Insurance"

Last One Mile Co., Ltd. (From Dec. 3, 2018)

"Marutto Cancer Insurance"

20 companies (of which 8 are financial institutions), including the 8 companies above, <u>decided to adopt SBI Insurance's products</u>, and plans are for sales to start shortly ① Provision of services for regional financial institutions' customers: (iv) SBI Life Insurance Customer Inflows Increased Owing to Steady Growth in the Adoption of SBI Life Insurance's Group Credit Life Insurance by Regional Financial Institutions, Including Regional Banks



<SBI Life Insurance's partner regional financial institutions>

Regional bankCredit UnionThe Yamaguchi Bank (Yamaguchi)Hanno Shinkin Bank (Saitama)Momiji Bank (Hiroshima)TOYOTA SHINKIN Bank (Aichi)THE KITAKYUSHU BANK (Fukuoka)SEIBU SHINKIN BANK (Tokyo)The Bank of Okinawa (Okinawa)The Kanagawa Shinkin Bank (Kanagawa)

Nagano Shinkin Bank (Nagano)

9 banks mentioned above have decided to adopt, or have started sales of SBI Life Insurance's Group Credit Life Insurance. While SBI Life Insurance continues to proactively promote the sales of the Group Credit Life Insurance, primarily to regional financial institutions nationwide, over 10 institutions are considering adoption, with 3 already decided to adopt

Compared to the 2Q FY2018 (end of Sept.), the total number of applications from customers of regional financial institutions increased more than 14 times in the 3Q FY2018 (end of Dec.), partly owing to the transfer of existing contracts



② Pioneering new markets through alliances with various industry partners

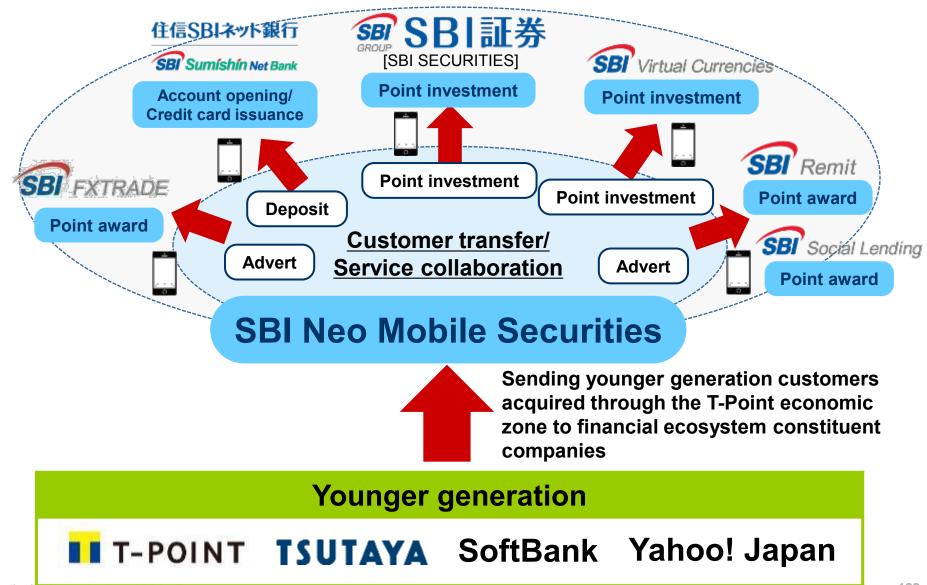
② Alliances with various industry partners: SBI Neo Mobile Securities



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* On Oct. 30, 2018, established SBI Neo Mobile Securities Preparatory Company. Company name will be changed post registered as Type I Financial Instruments Business. ② Alliances with various industry partners: SBI Neo Mobile Securities

"Mobile First" Service Deployment, Primarily by SBI Neo Mobile Securities





② Alliances with various industry partners: SBI Sumishin Net Bank ("JAL Global WALLET")

Issued a Prepaid Card, "JAL Global WALLET" that can be Used Safely and Conveniently Overseas



Contribute to the provision of advanced fintech services

- On Nov. 29, 2018, JAL Payment Port started to accept the new JAL Global WALLET card, which adds a MasterCard prepaid card function for JAL Mileage Bank members and it has started offering advice to general customers on opening a SBI Sumishin Net Bank account
- Holders of an SBI Sumishin Net Bank account can use a real-time electronic funds transfer function and make charges to JAL Global WALLET more conveniently than before



The image of JAL Global WALLET card design 123 ② Alliances with various industry partners: SBI Sumishin Net Bank (mobile settlement service)

SBI

Promoting an Increase in the Number of Stores in Japan that can Accommodate the Settlement Services of 2 of China's Mobile Payment Companies, which Account for Greater than 90% Market Share

- The Japan Tourism Agency has drafted a tourism vision of 40 million foreign tourists in 2020 (5x the 2012 figures) and 60 million by 2030 (7x the 2012 figures) *1
- The total consumption by Chinese tourists in Japan account for about 40% of the total domestic consumption by tourists visiting Japan *2

*1 "Tourism Vision to Support the Future of Japan," Japan Tourist Agency, 2016

*2 Consumption Trend Survey for Foreigners Visiting Japan, Japan Tourist Agency

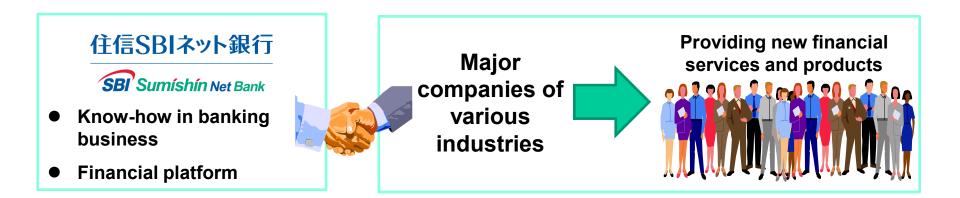


Planning on providing a payment service for WeChat Pay at participating stores, focusing on restaurant franchises from Feb. 2019 ② Alliances various industry partners: SBI Sumishin Net Bank (neo bank initiative)



SBI Sumishin Net Bank Promotes Neo Bank Initiative to Provide Banking Functions to External Major Companies as a Financial Platform

- Established Neo Bank Department in Oct. 2018
- Planning to provide a banking function, or banking as a service (BaaS), to large outside corporations. Promote unbundling
- Creating new services that can not be handled by banks alone through forming alliances with a variety of operators
 Discussions on concrete ideas being hold with large worders
- Discussions on concrete ideas being held with large vendors



② Alliances various industry partners: SBI Sumishin Net Bank : Neo bank initiative

To Strengthen the Payment Business, Planning on the Complete Acquisition of NetMove Corporation, which Provides Payment Gateway Services (Announced on Jan. 31, 2019)



NetMove Corporation

- NetMove Corporation possesses <u>advanced system design and development</u> <u>capabilities</u> for settlement and security services, etc.
- NetMove Corporation provides <u>highly secure payment services</u>, such as acquiring the first provider certification in Japan of "PCIP2PE solution," and "PCIPwPE component," as defined by "PCISSSC," the credit card industry security standardization organization

Primary objectives of acquisition

- Creation of value added by combining SBI Sumishin Net Bank's banking services utilizing advanced technologies, such as API and AI screening model, etc., with NetMove's highly secure payment gateway service
- Improve SBI Sumishin Net Bank's settlement service and infrastructure system
- Creation of SBI Sumishin Net Bank's new security and communications-related services





- 2. Advancing the use of blockchain and other new technologies at individual Group companies to accelerate the shift to Fintech 2.0
 - (1) Launching a cross-sectional Group blockchain committee in order to quickly leverage blockchain within individual businesses
 - (2) Making Fintech 2.0 more concrete through quick monetization of digital asset-related businesses in leading regions
 - (3) Full-scale efforts towards increasing financial services using U.S. R3's Corda and XRP use
 - cases

(1) Launching a Cross-sectional Group Blockchain Committee in Order to Quickly Leverage Blockchain within Individual Businesses

 In 2012, the SBI Group succeeded in quickly creating a culture of big data usage by forming the Big Data Office and Big Data Committee, a cross-sectional committee spanning the Group and run by the Big Data Office, and, as part of blockchain business initiatives, the Group launched organizations similar to the above committee (Dec. 2018)

[Planned initiatives]

Briefing sessions and information site for spreading awareness and raising members' skills Projects developed from specific use cases that can be commercialized within the Group

31 companies / depts. | 43 members

Collection of information through publications Study groups and subcommittees by inviting outside lecturers

Launch of information aggregation site



(2) Making Fintech 2.0 more concrete through quick monetization of digital asset-related businesses in leading regions

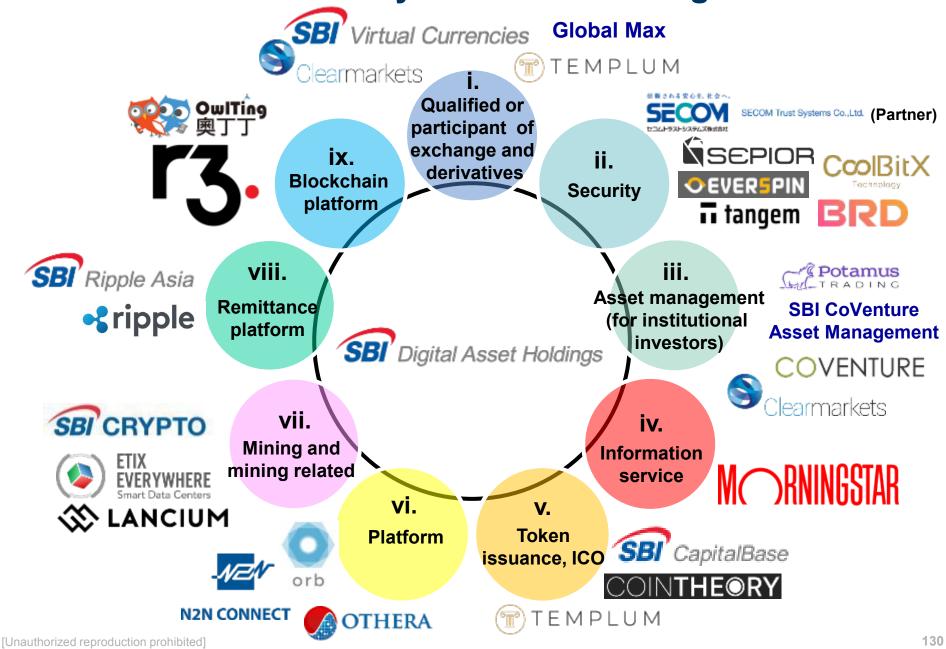
- ① Establishment of new financial ecosystem based on digital asset
- ② SBI Virtual Currencies' current business and future prospects
- **③** About the cryptocurrency funds business

① Establishment of new financial ecosystem based on digital asset



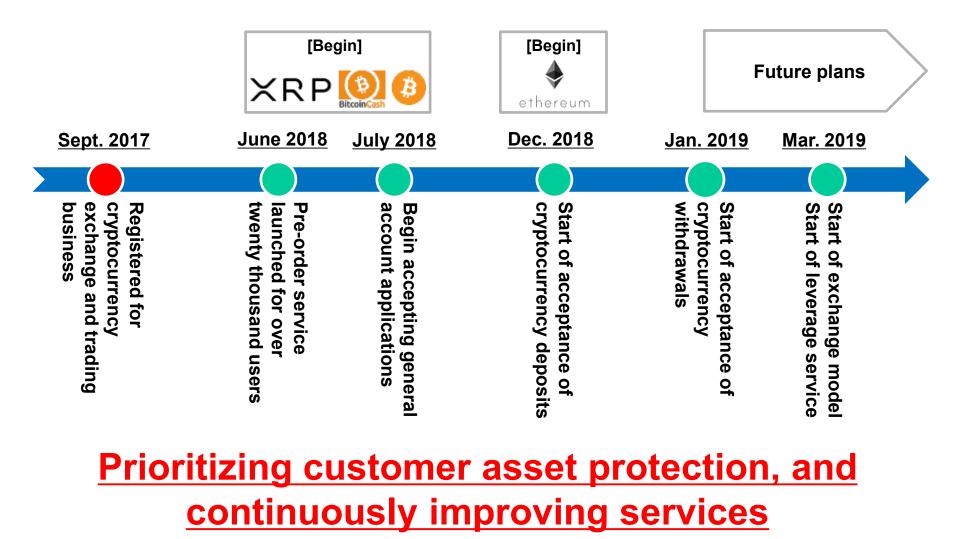
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SBI Virtual Currencies Implements a Variety of Services and Functions to Meet User Needs





Wallets, Receipt & Delivery of **Cryptocurrencies at VCTRADE**

- **Receipt service: VCTRADE allows users to receive cryptocurrency from** other cryptocurrency exchange service wallets, etc.
- Delivery service: May send cryptocurrencies from VCTRADE to limited address of a hardware wallet that is specified by SBI Virtual Currencies
- → From an AML/CFT perspective, linking users and specified wallets

Image of a hardware wallet "Cool X Wallet (CXW)"



Services of CXW

CXW rental service Rental of CXW associated with customer address

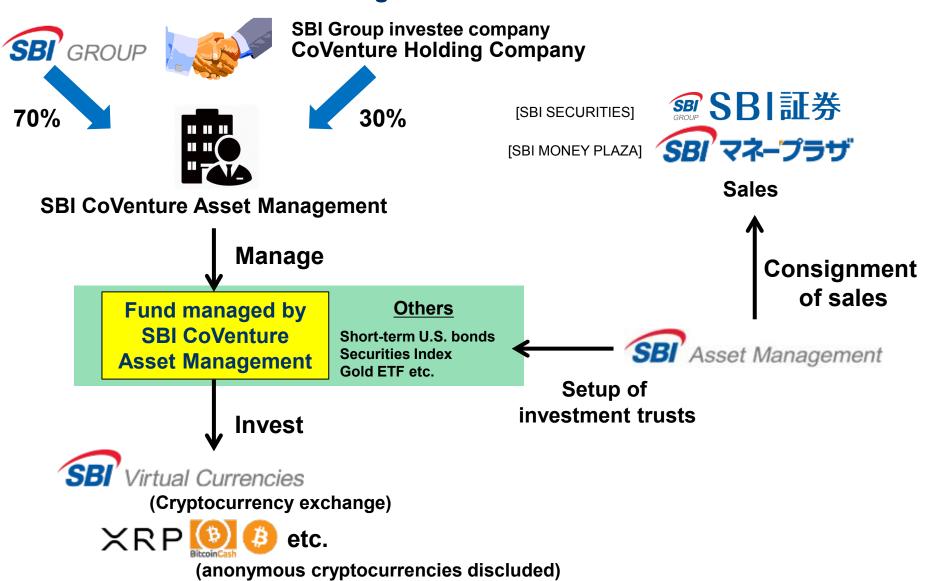
CXW Cryptocurrency recovery service Seed management service, reproduction of CXW's private key and recovery of cryptocurrency, in the event of loss or failure of **CXW** (requires CXW re-issuance)





③ About the cryptocurrency funds business

Cryptocurrency Fund Business with CoVenture Holding Company, an U.S. Asset Management Company, will Promptly Start when the New Legislation is Enacted



GROUF

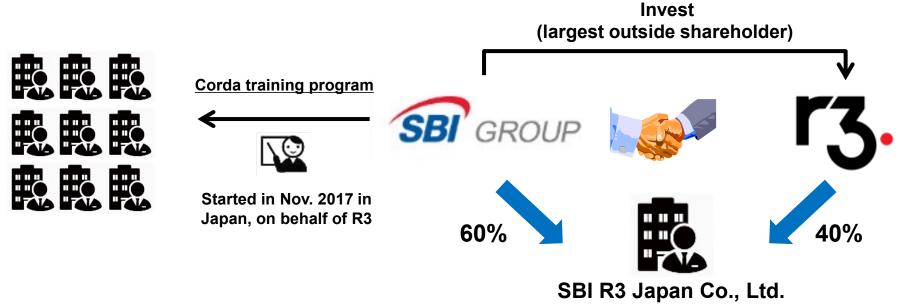


(3) Full-scale efforts towards increasing financial services using R3's Corda and XRP use cases

- ① Establishment of joint venture with U.S. R3
- **②** Expand utilization of S Coin Platform
- ③ Sharing fraudulent transaction data with the "Japan Payment Card Consortium"

① Establishment of joint venture with U.S. R3

Established a Joint Venture (SBI R3 Japan) with GROUP U.S. R3 to Promote the Company's Corda



r3.

Over 300 companies, regulators, and industry associations around the world, including SBI, participating in the R3 led ecosystem

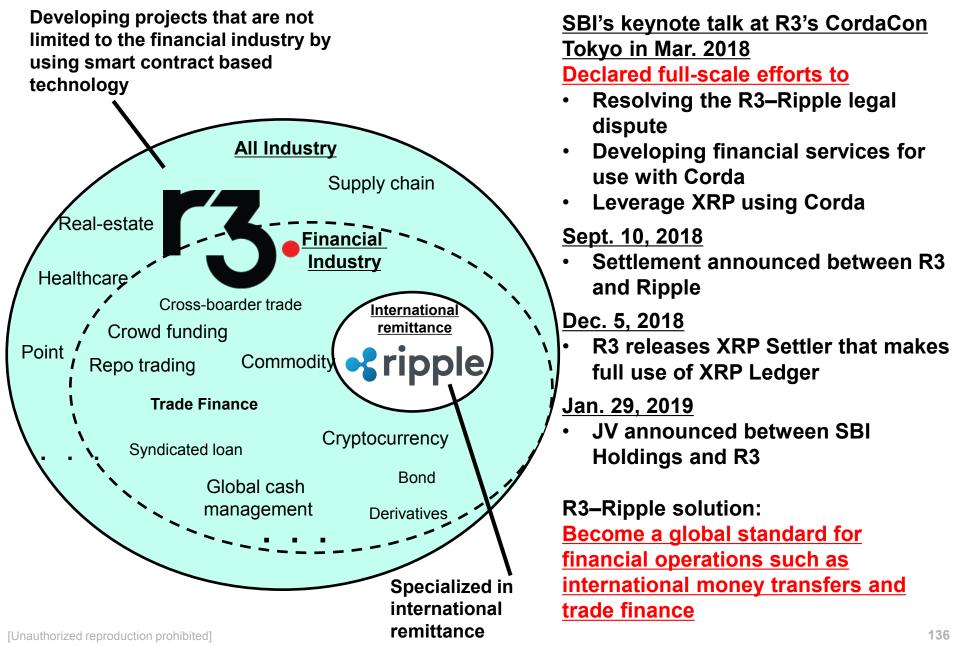
c∙rda

DLT platform led by R3, open-sourced in Nov. 2016 SBI R3 Japan

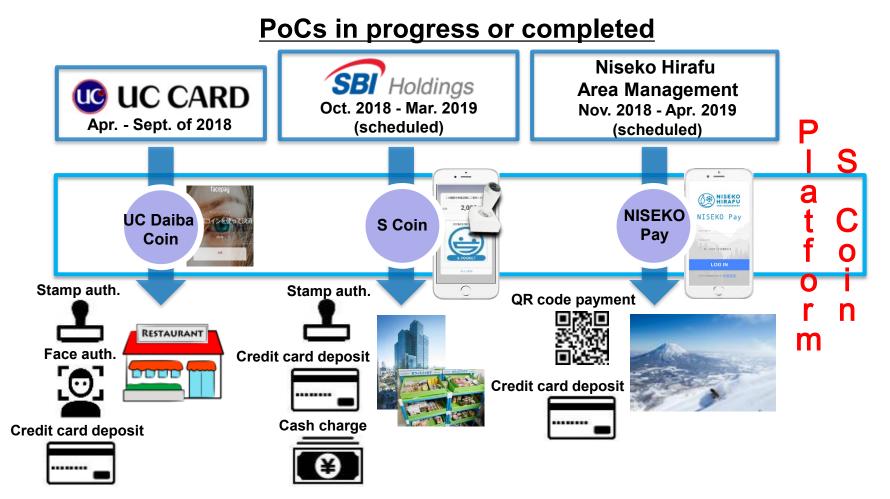
Support provision and introduction of the Corda license in Japan, pre-plan strategies, and promote collaborations with overseas offices of R3 and other Corda partners

Business Area Separation of Ripple and R3





The SBI Group Provides the "S Coin Platform," a Platform for Issuing Original Settlement Coins



Upon finalization of PoCs with financial institutions and area management organizations, <u>commercialization is scheduled to begin in 2019</u>





Promoting Utilization of Corda and XRP on S Coin Revue Platform as a New Mechanism

Using R3's Corda on the S Coin platform

 Corda Network, to be launched in 2019, will allow smoother transfer of data and digital assets by connected banks and fintech companies

Corda Settler global settlements application

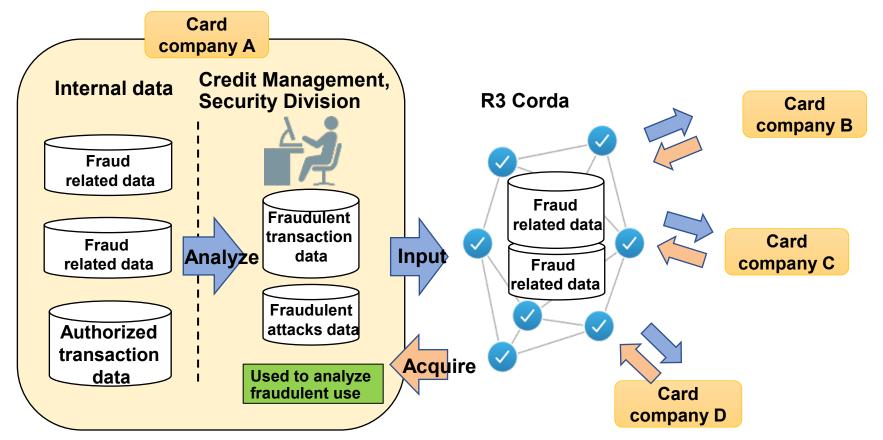
- XRP, as the first cryptocurrency supported by Corda Settler, demonstrates a high affinity with Corda
- Transitioning to a highly convenient global platform through the introduction of Corda Settler on the S Coin platform

Future expansion

 Expanding the range of use and planning for adoption at Expo 2025 in Osaka, which will draw in people from around the world ③ Sharing fraudulent transaction data with the "Japan Payment Card Consortium"

SBI

PoC Initiation Utilizing R3's Corda at the "Japan Payment Card Consortium," of which SBI Ripple Asia Serves as Secretariat Efficient sharing of information with the appropriate scope and content



9 participants: American Express International, Inc., AEON CREDIT SERVICE CO., LTD., EPOS Card Co., Ltd., Orient Corporation, CREDIT SAISON CO., LTD., JCB Co., Ltd. TOYOTA FINANCE CORPORATION, Sumitomo Mitsui Card Co., Ltd., SUMITOMO MITSUI TRUST CLUB CO., LTD.

System development by TIS Inc.



3. Ongoing efforts to actualize the intrinsic corporate value

SBI Insurance Group, which Listed on the TSE Mothers on Sept. 27, 2018, was the First Step in the Listing of Subsidiary Companies, to Actualize the Intrinsic Corporate Value of Its Subsidiaries

SBI

[′] Insurance Group

Although the value of the insurance business as evaluated by the Company was conventionally assumed to be zero, its value was immediately actualized upon its listing (based on initial price: JPY 49.3bn*) *Calculated at initial listing price: JPY 2,160, total number of issued shares: 22,820,530 shares

Moving forward

CRNINGSTAR (Evaluation and information service on products and management of investment trusts)

Planning listing change from the JASDAQ market to the TSE 1st Section

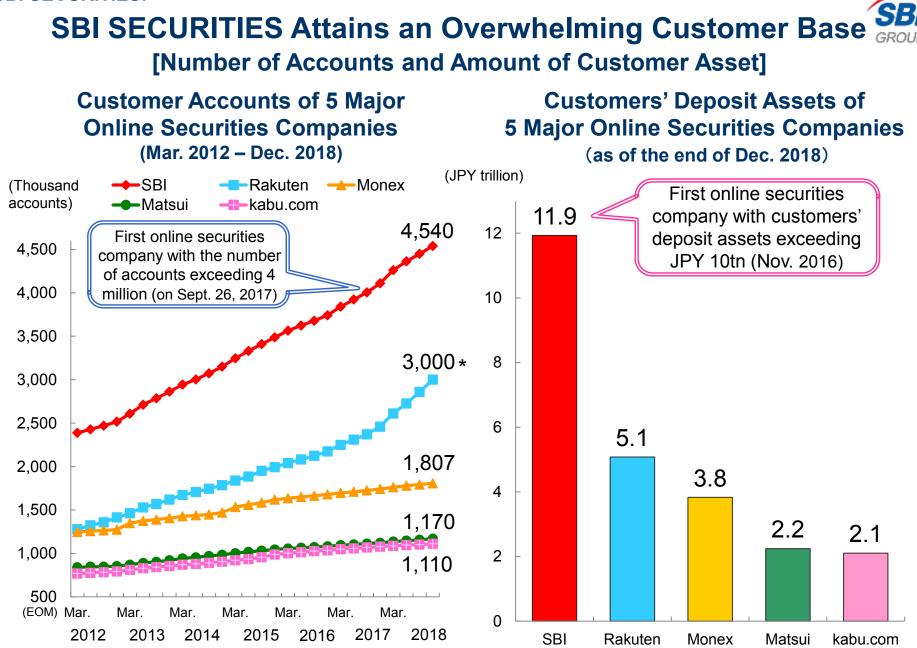
List of subsidiaries that are considering listing

Company name	Business overview
SBI Leasing Service	Operating lease business
SBI Capital Management	Intermediate holding company of the Asset Management Business
SBI Biotech	R&D etc. of pharmaceuticals
Quark Pharmaceuticals (Quark)	R&D etc. of pharmaceuticals
SBI ALApharma	Intermediate holding company of the ALA-related Business

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[Appendix] (1) Business foundation of the Financial Services Business

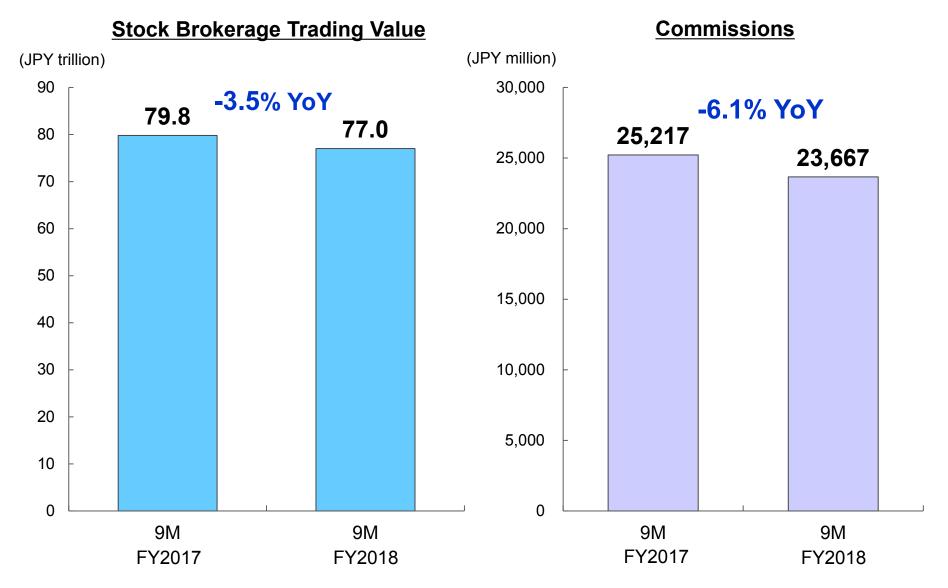


* As for the figure of Rakuten, it is as of Dec. 21, 2018. Source: Compiled by SBIH from the in [Unauthorized reproduction prohibited]

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

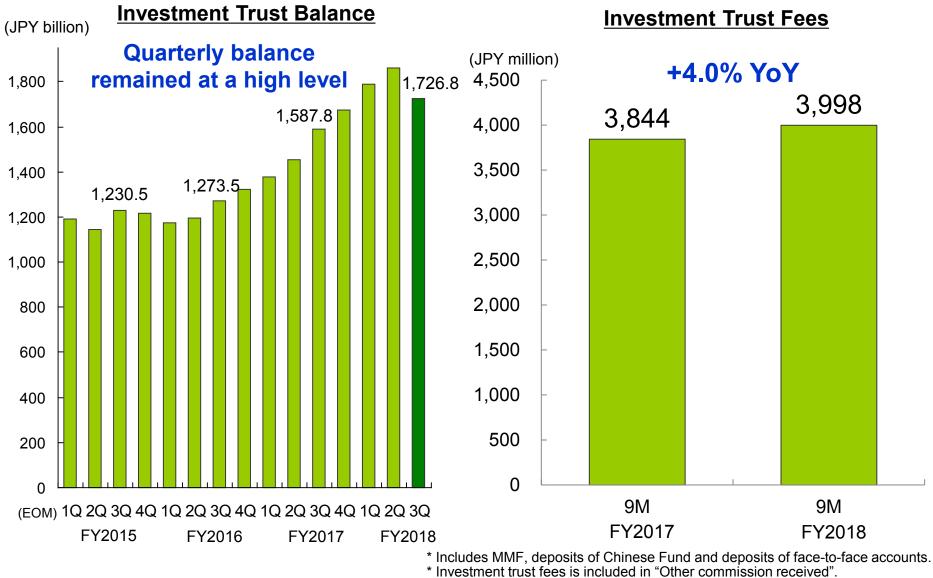


SBI SECURITIES' Stock Brokerage Trading Value and Commissions





SBI SECURITIES' Investment Trust Balance and Investment Trust Fees are Both Record Level

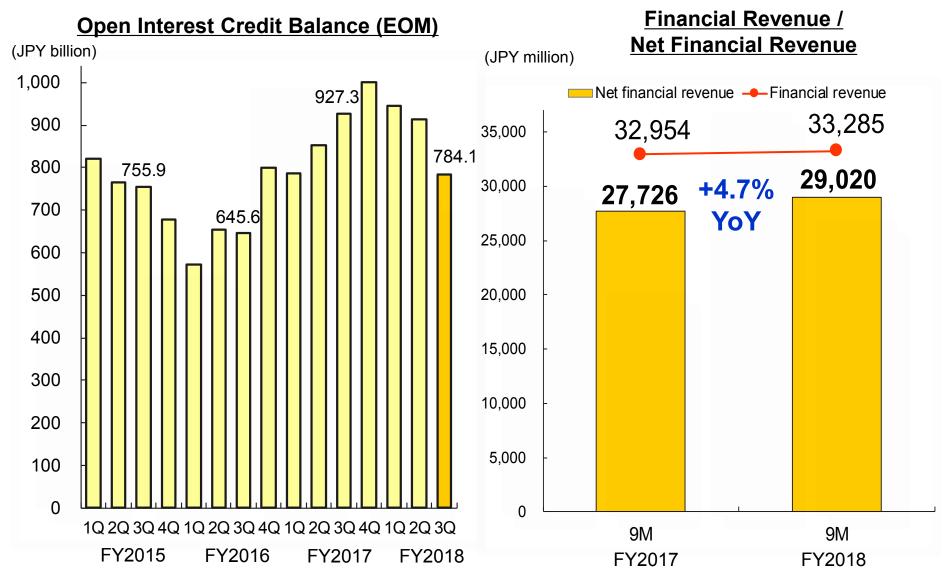


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* Trust fee excludes MRF.

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



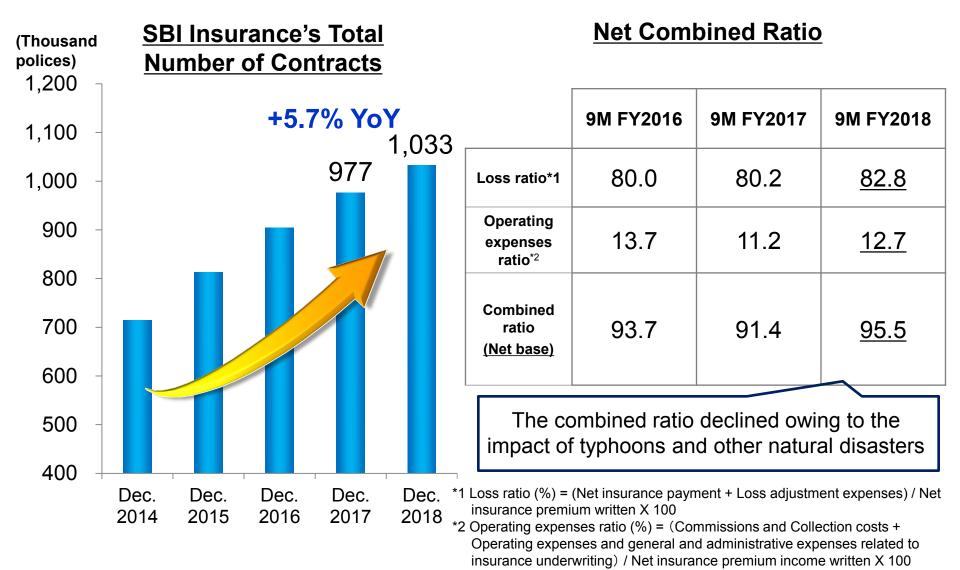




(Unit: JPY million) 19,547 FX-related revenue 20,000 Others +45.5% YoY 14,075 13,432 15,000 10,000 14,148 11,635 10,340 5,000 0 9M 9M 9M FY2016 FY2017 FY2018



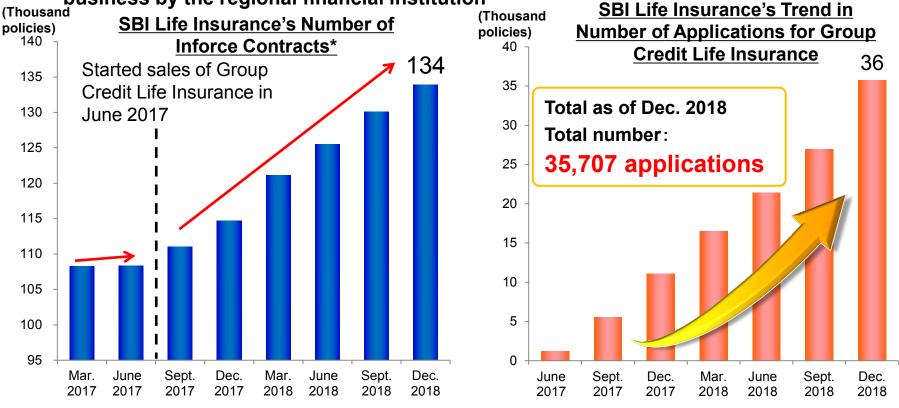
SBI Insurance's Total Number of Contracts and Net Combined Ratio



SBI Life Insurance

SBI Life Insurance's Total Number of Inforce Contracts and Number of Applications for Group Credit Life Insurance

- SBI Life Insurance's total number of inforce contracts recorded a high growth rate of <u>16.7% on an year-on-year basis</u>
- Group Credit Life Insurance, sales of which began in June 2017, contributed significantly to an increase in the total number of contracts, concomitantly with an expansion in the business by the regional financial institution



* Includes number of applications for Group Credit Life Insurance

(2) Assets Under Management of the SBI Group (As of the end of Dec. 2018)

Private equity, etc. JPY 433.3bn (Including JPY 122.0bn of both cash and commitment amount to be paid in) (*3)				
Breakdown by Industry	Amount		Breakdown by region	Am
IT/Internet	106.7		Japan	
Biotechnology/Health/Medical	25.4		China	
Services	22.4		Korea	
Materials/Chemicals	5.5		Taiwan	
Environmental/Energy	18.5		Southeast Asia	
Retail/Food	9.2		India	
Construction/Real estate	0.8		U.S.	
Machine/Automobile	17.3		Europe	
Finance	95.3	-	Others	
Others	10.0		Total	
Total	311.3			

Investment trusts, etc. JF	PY 908.3bn (*	*4)
Investment trusts	607.4	
Investment advisory	300.9	

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Breakdown by region	Amount
Japan	93.1
China	21.1
Korea	57.3
Taiwan	3.4
Southeast Asia	35.5
India	6.3
U.S.	52.8
Europe	15.7
Others	26.1
Total	311.3

- *1 Calculated by the exchange rate as of the end of Dec. 2018
- *2 Amounts are rounded to the nearest JPY 100m
- *3 Composed of cash in funds and unpaid capital which is to be paid on a capital call.
- *4 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, and such overlapping amounts totaled JPY 43.6bn



(3) State of the Group

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



(Thousand)

Breakdown of the Customer Base

	I		(As of the end	of Dec. 2018)*1,2	(Thousand)
		24,745	SBI SECURITIES	(No. of accounts)	4,540
24,000 -			SBIH InsWeb	(No. of customers)	9,219
		22,875	E-LOAN	(No. of customers)	2,519
	21,096		MoneyLook	(Total no. of customer registrations)	945
20,000 -			Morningstar Japan	(Total no. of service users) ∗₃	875
			SBI Sumishin Net Bank	(No. of accounts)	3,455
40.000			SBI Insurance	(Total no. of contracts)∗₄	1,033
16,000 -			SBI Life Insurance	(Total no. of contracts)	134
			Others (SBI Point etc.)		2,025
12,000 -			Total		24,745
12,000	Dec. 2016	Dec. 2017 Dec. 2018			

*1 The cases that customers who are not identified as the same person within each service website and overlapping customers among the Group companies are double counted.

*2 Owing to the reorganization, customer numbers of the Group companies, which were excluded from consolidation, are not included in the figures for the past customer bases.

*3 Includes the number of smartphone app downloads, as provided by Morningstar

*4 The total number of contracts of SBI Insurance excludes continuing contracts, expiring contracts and early-withdrawals.

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Number of Companies and Consolidated Employees of the SBI Group

Number of Group companies

	Mar. 2018	Dec. 2018
Consolidated subsidiaries (companies)	180	201
Consolidated partnerships (partnerships)	17	16
Total consolidated subsidiaries(companies)	197	217
Equity method companies (companies)	33	35
Total Group companies (companies)	230	252

Number of consolidated employees

	Mar. 2018	Dec. 2018
Total employees (persons)	5,391	6,263



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