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SBI Holdings, Inc.

SBI Investment Co., Ltd.

Establishment of the FinTech Fund, a Venture Capital Fund Endeavoring to Invest in FinTech-related Companies

SBI Investment Co., Ltd. (Head office: Minato-ku, Tokyo; Representative Director and President: Katsuya Kawashima; hereinafter “SBI Investment”), a wholly owned subsidiary of the SBI Holdings (Head office: Minato-ku, Tokyo; Representative Director and CEO: Yoshitaka Kitao) that engages in venture capital fund operation and management hereby announces that it has newly established the FinTech Fund (fund name: FinTech Business Innovation LPS; hereinafter the “Fund”) in order to invest in promising venture companies in the FinTech field.

Since its founding, SBI Holdings has been providing online financial services as a FinTech pioneer company. Its online brokerage affiliate SBI SECURITIES Co., Ltd. has achieved a market share of 40% in retail investor stock trading in Japan. Meanwhile, SBI Sumishin Net Bank, Ltd., dedicated to online banking services, has seen its customer deposit balance grow to over JPY 3,500 billion in the eight years since its founding through delivering convenience-focused products and services.

SBI Investment, as a new industry creator, has invested a cumulative total of JPY 365 billion in unlisted companies in the IT sector and other next-generation growth fields

In recent years, on the back of technological innovation in the IT sector involving the Internet, cloud computing and mobile devices, there has been a global trend for non-financial services companies and venture companies using new technologies and services to expand into the financial services sector, seeking to replace conventional financial services. Such IT-based new financial sector technologies and services are referred to as FinTech. The year 2014 saw investments in venture companies in the FinTech business field rise to approximately JPY 1,500 billion globally*. Meanwhile, the Japanese FinTech sector, being in its very early years, is a segment that will likely to grow substantially going forward.

On the other hand, looking at the domestic environment for the financial services sector, realignment of regional financial institutions has been gaining momentum due to the regional economies being affected by the declining population and the nation’s concentration on its central region. This is a situation that requires financial institutions to offer higher levels of uniqueness and differentiation. In this environment, FinTech is being closely watched by not only financial services professionals but also government agencies as something that can deliver solutions that allow industry players to provide greater convenience to customers and attain proper levels of uniqueness and differentiation as financial services firms.

In light of the above-mentioned environment, SBI Investment has decided to establish the Fund designed to invest in promising venture companies in the fast-growing FinTech sector. It will achieve this by leveraging its

achievements and experience in growth fields as well as the knowledge in the online financial services business accumulated by the SBI Group.

The Fund supports open innovation between the fund investors, primarily financial institutions and business companies that have a high affinity with FinTech, and investee companies, to promote the introduction and utilization of the FinTech-related technologies by the fund investors, while boosting the value of investee companies. The financial institutions who will invest in the Fund may jointly study the feasibility of some of the FinTech technologies and services, which may lead to discussions of a potential reduction of an initial investment, or a consideration of an early adoption. Furthermore, some of the regional financial institutions investors are considering the usage of FinTech technologies and services to achieve regional revitalization.

Through the above-mentioned endeavors, SBI Investment intends to assist investee companies and fund investors in providing increasingly sophisticated financial services, and to thereby help grow and develop the country's domestic financial services industry.

The Fund's existing and potential investors include not only the SBI Group, but also regional banks such as The Bank of Yokohama, Ltd. and The San-in Godo Bank, Ltd., along with financial institutions like Sumitomo Mitsui Trust Bank, Limited, Sony Financial Holdings Inc., and credit unions, as well as business companies such as SoftBank Corp. and GLORY LTD. that have a high affinity with FinTech. The total commitment target amount is JPY 30 billion. Early next year, the Fund will make investments in its inaugural target entity.

[Reference: Overview of the new fund]

Fund name (Registered name)	FinTech Fund (FinTech Business Innovation LPS)
Initially scheduled launch	December 2015
Completion of launch	March 2016 (scheduled)
Fund operation period	Nine years and seven months
Investment target	Promising venture companies in the FinTech field
Fund size	JPY 30 billion (plan)

* Source: Investigative report "The Future of Fintech and Banking" of Accenture in the U.S.

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