

January 29, 2016

SBI Holdings, Inc.

SBI Investment Co., Ltd.

(TOKYO: 8473)

**Notice of Memorandum of Understanding on Investment in Payward, Inc,
an U.S. Start-up Company that Operates “Kraken,” an Exchange of Virtual
Currency Including Bitcoin**

SBI Investment Co., Ltd. (Head office: Minato-ku, Tokyo; Representative Director: Katsuya Kawashima; hereinafter “SBI Investment”), is a subsidiary of SBI Holdings, Inc. (Head office: Minato-ku, Tokyo; Representative Director: Yoshitaka Kitao), which conducts investments and management of venture capital funds. SBI Investment hereby announces that it has signed a memorandum of understanding with Payward, Inc. (Head office: San Francisco, USA; CEO: Jesse Powell; hereinafter “Payward”), a company which globally operates “Kraken,” an exchange of virtual currency including bitcoin, to invest in Payward through its funds.

Kraken, operated by Payward, has been expanding its business mainly in Europe as the only virtual currency exchange that has a high level of safety and has never been hacked due to having stringent security control measures in place. It has attained a position as a market leader such as the largest global market share in terms of the volume of bitcoin transactions and liquidity in the Euro market. Furthermore, the company is also developing financial infrastructure that uses the blockchain technology underlying virtual currency transactions.

The banking system utilizing this blockchain technology performs processing on a distributed network that simultaneously operates multiple terminals. This means that it is possible to reduce system costs significantly, and is also possible to dramatically shorten the time of types of processing such as payment. As a result, such blockchain technology is attracting attention from many financial institutions, especially those in Europe and the U.S, since their financial systems need to process a large volume of data in a short time. In October 2015, NASDAQ in the U.S. announced it would introduce blockchain technology in the private equity trading market, and various countries are considering commercializing such technology.

The SBI Group is mainly investing in the fields of IT, mobile and wireless, but is also focusing on investing in venture companies engaged in growth fields such as bio-/life-science and environment/energy-related fields. In the future, as a pioneer among FinTech companies, by using the many years of knowledge built up by the SBI Group on mainly online financial business, it would like to further expand investments in the FinTech industry, which is expected to grow. At the same time, we would also like to continuously introduce blockchain technology, which is expected to be core technology for the FinTech field, to the SBI Group’s financial service business.

[Outline of Payward, Inc.]

Name : Payward, Inc.
Head office : 548 Market Street #39656 San Francisco, CA 94104-5401, USA
Representative : Jesse Powell, CEO
Business : Operation of virtual currency (bitcoin and other virtual currency)
exchange, creation of financial services utilizing blockchain technology
Capital : USD 5 million
Establishment : July 2011

For further information, please contact:

SBI Holdings, Inc. Corporate Communications Dept., Tel: +81 3 6229-0126