

SBI Holdings, Inc.

Financial Results

**for the Nine-month Period Ended December 31, 2017
(Fiscal Year Ending March 31, 2018)**

January 30, 2018

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. Summary of 9 Month FY2017 consolidated financial results**
- II. Business overview of each segment**
- III. The SBI Group's measures to promote further expansion of business performance and improvement in corporate value**

I. Summary of 9 Month FY2017 consolidated financial results

9M FY2017 Consolidated Performance (IFRS)

[Year-on-year]

(Unit: JPY million)

	9M FY2016 (Apr.–Dec. 2016)	9M FY2017 (Apr.–Dec. 2017)	YoY % change
Revenue	193,570	247,125	+27.7
Profit before income tax expense	33,405	50,623	+51.5
Profit for the period	21,877	41,142	+88.1
Profit attributable to owners of the Company	25,134	36,465	+45.1

[Consolidated Performance Highlight]

With reference to a portion of the Biotechnology-related business, impairment losses were appropriately booked, owing to the result of clinical trials and changes in the business plan, but the overall 9M FY2017 revenue increased 27.7% year-on-year to JPY 247.1bn, profit before income tax expense increased by 51.5% year-on-year to be JPY 50.6bn and profit attributable to owners of the Company was JPY 36.5bn, up 45.1% year-on-year, which achieved significant increase in both revenue and profit

9M FY2016 segment result highlights

[Financial Service Business]

- Revenue increased by 20.5% and profit before income tax expense was up 24.9% year-on-year, respectively, where both achieved significant increases
- In addition to SBI SECURITIES having achieved record high profits, the banking and insurance businesses' favorable business performances contributed as well, and with the exception of companies that were established within the past two to three years, all companies within the business segment were able to establish sound profitability

[Asset Management Business]

- Along with the investments in the FinTech field, overseas investments contributed to a significant increase of approx. 4.5x the profit before income tax expense, on a year-on-year basis
- SBI SAVINGS BANK of South Korea achieved historical highs (for fiscal year ended Dec. 2017, based on K-GAAP), to maintain its continued profitability

[Biotechnology-related Business]

- In order to properly manage the reduction of future risk factors, such as goodwill, with respect to Kubota Pharmaceutical Holdings (formerly Acucela), a revaluation of the pipeline was conducted based on the results of the announced clinical trials, etc., resulting in an impairment loss of approx. JPY 24.2bn yen within the business segment for the current fiscal year
- SBI ALApromo, which achieved profitability for two quarters in a row, is forecasting to achieve full-year profitability

9M FY2017 Performance by Segment (IFRS)

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

Revenue

	9M FY2016 (Apr.–Dec. 2016)	9M FY2017 (Apr.–Dec. 2017)	YoY % change
Financial Services Business	131,453	158,437	+20.5
Asset Management Business	57,920	86,895	+50.0
Biotechnology- related Business	4,805	3,658	-23.9

Profit before Income Tax Expense

	9M FY2016 (Apr.–Dec. 2016)	9M FY2017 (Apr.–Dec. 2017)	YoY % change
Financial Services Business	37,395	46,695	+24.9
Asset Management Business	9,653	43,056	+346.0
Biotechnology- related Business	-5,947	-31,553	—

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

Implementing Appropriate Review of Group Companies' Goodwill, in Order to Reduce Future Potential Operational Risk

■ Kubota Pharmaceuticals Holdings (former Acucela) (SBI Group shareholding: 38.1%)

Based on the results of the clinical trials of the drug discovery pipeline announced by the company, which is an equity method affiliate, a revaluation of the pipeline was conducted, resulting in an impairment loss of approx. JPY 18.5bn

■ Quark Pharmaceuticals (SBI Group shareholding: 100%)

Preparing for a 2018 Spring IPO on the NASDAQ Market.

Meanwhile, based on a review of the development plan post the offering, a revaluation of a part of the intangible assets was made, resulting in an impairment loss of approx. JPY 5.7bn for the 9M FY2017 period

■ SBI SAVINGS BANK of South Korea (SBI Group shareholding: 98.9%)

SBI SAVINGS BANK of South Korea, which achieved an historical high in profits (K-GAAP) for the fiscal year ending Dec. 2017, continues to achieve favorable results, therefore the impairment of goodwill of approx. JPY 100bn on the consolidated balance sheet is not expected to occur

For FY2017, 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 40% as a minimum

In accordance to the abovementioned basic policy for shareholder return, it was determined that an annual dividend for FY2017 of JPY 70 per share, as a minimum*, would be implemented

In this case, the total dividend payouts is equivalent to approx. 42% of 9M FY2017 profit attributable to owners of the Company of JPY 36.5bn.

The actual dividend payout may be revised upward, depending on the 4Q FY2017 performance

■ Dividend forecast (result) per share

	End of 2Q	Year-end	Full-year
FY2017 (forecast)	<u>JPY 15</u> (result)	<u>JPY 55</u>	<u>JPY 70</u>
FY2016 (result)	JPY 10	JPY 40	JPY 50

* Reference: Dividend forecast per share for FY2017

Japan Company Handbook Winter 2018: **JPY 50-55** / Nikkei Kaisha Joho PREMIUM: **JPY 55**

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

[Details of shareholder benefits]

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

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

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

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

II. Business overview of each segment

1. Financial Services Business

**(1) Securities-related business
(SBI SECURITIES)**

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

**(3) Insurance-related business
(SBI Insurance, SBI Life Insurance,
Three SSI companies)**

(1) Securities-related business (SBI SECURITIES)

- **9M FY2017 operating revenue of JPY 84.3bn was an historical high, along with all the profit items achieving record highs as well**
- **Owing to the diversification of services and products, as well as the sophistication of business fields, SBI SECURITIES has established an overwhelming position in the online securities industry.**

Moving forward, the businesses other than flow-type businesses will be further strengthened through an expansion of the corporate business, in order to transition to a new phase to fully compete with the major face-to-face securities companies

SBI SECURITIES 9M FY2017

Consolidated Results (J-GAAP)

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

[Year-on-year]

(Unit: JPY million)






	9M FY2016 (Apr. 2016 – Dec. 2016)	9M FY2017 (Apr. 2017 - Dec. 2017)	YoY % change
Operating Revenue	66,541	84,269	+26.6
Net Operating Revenue	61,753	76,761	+24.3
Operating Income	28,195	37,708	+33.7
Ordinary Income	28,179	37,736	+33.9
Profit attributable to owners of the Company	20,988	26,122	+24.5

Competition with Online Securities Companies is Finished

-SBI SECURITIES is No.1 in the share of individual stock trading value, number of accounts, deposits and profitability-

[9M FY2017 results]

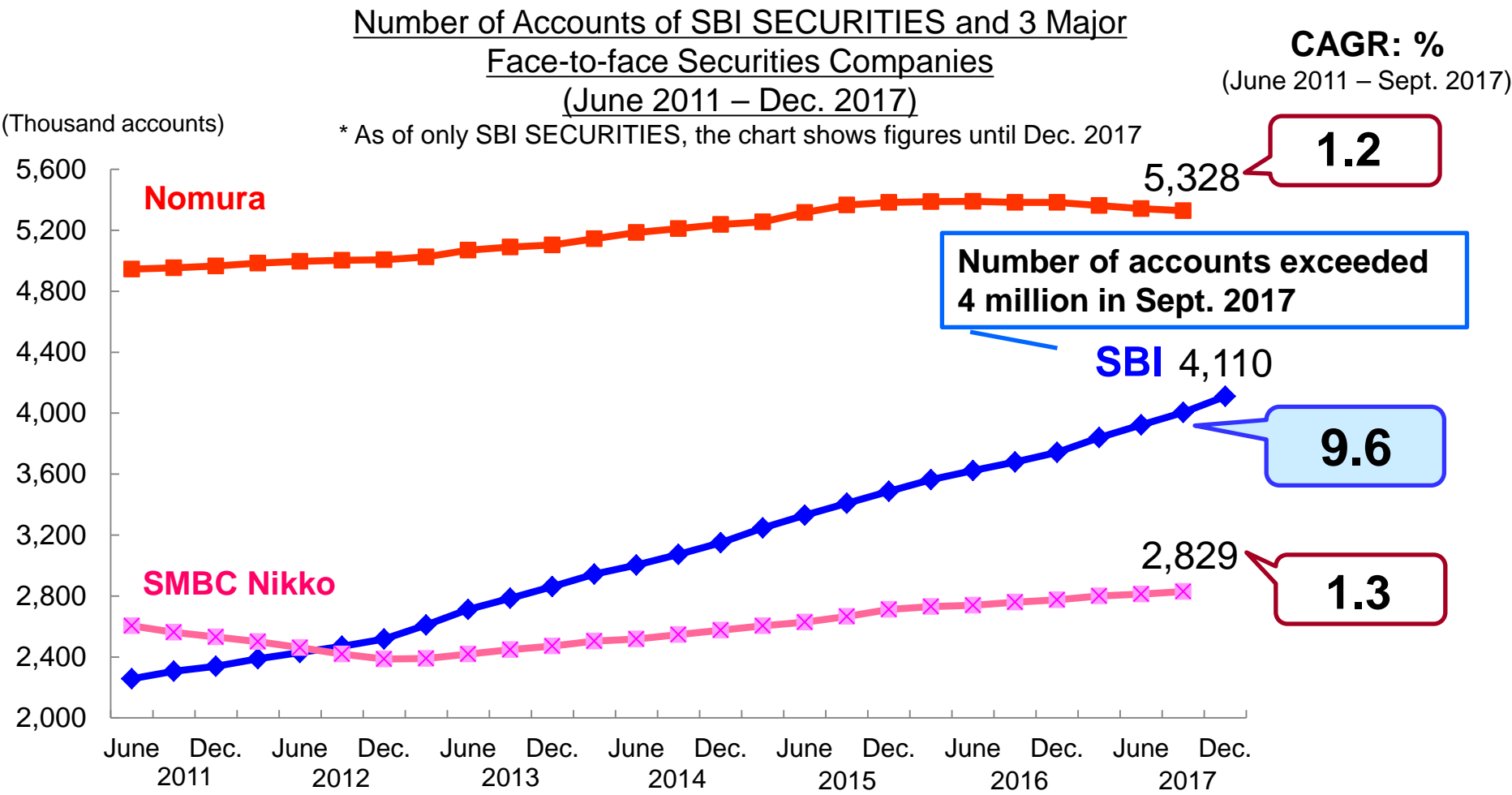
4.17 million accounts
(as of Jan. 29, 2018)

	Share of individual stock trading value (%)		Number of accounts (thousand)	Deposit assets (JPY trillion)	Operating income (JPY million)
		of which, individual margin trading			
SBI (cons.)	 34.9	 36.4	 4,110	 12.6	 37,708
Rakuten *1 (cons.)	16.2	16.7	2,372	4.9	14,926
Matsui	11.4	14.3	1,122	2.6	13,099
kabu.com	8.8	10.4	1,078	2.4	5,526
Monex *2 (cons.)	5.3	3.7	1,742	4.3	Scheduled to be announced on Jan. 31

* The number of account s for Rakuten is the figure as of the end of Sept. 2017.

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

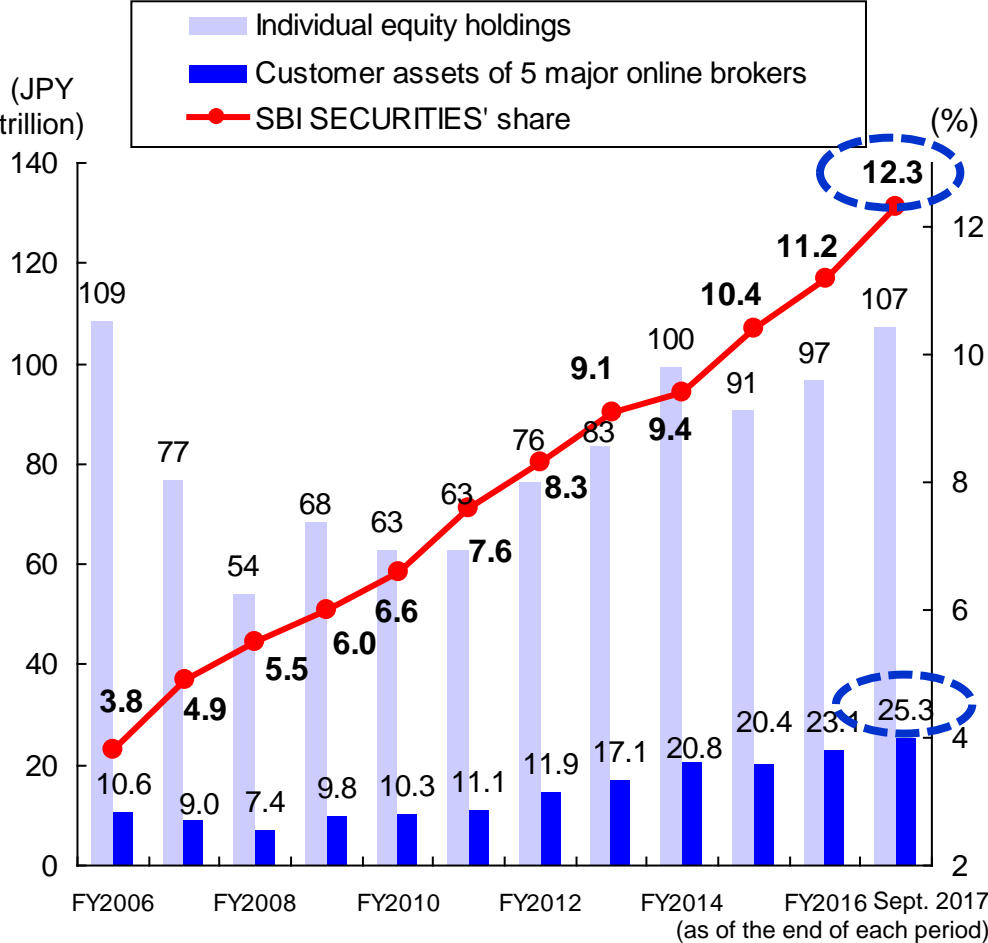
SBI SECURITIES overtook Daiwa Securities' number of accounts in June 2017



As of the end of Mar. 2017, Daiwa Securities' number of accounts totaled 3,866 thousand accounts, with a CAGR at 2.3% during the period from June 2011 to Mar. 2017

Expansion in Share of Deposit Assets within the Individual Stock Trading Market

Change in the share of individual equity holdings (stock)



5 major online securities companies handle an overwhelming share of the flow of stock trades, which stands at over 80%



Customer's deposit assets of the five major online securities companies are progressively increasing, and as of Sept. 30, 2017, totaled JPY 25.3tn, which is only equivalent to 23.6% of the total share held by individuals in Japan (SBI SECURITIES accounts for 12.3% of the total share)

However, SBI SECURITIES' share continues to steadily increase

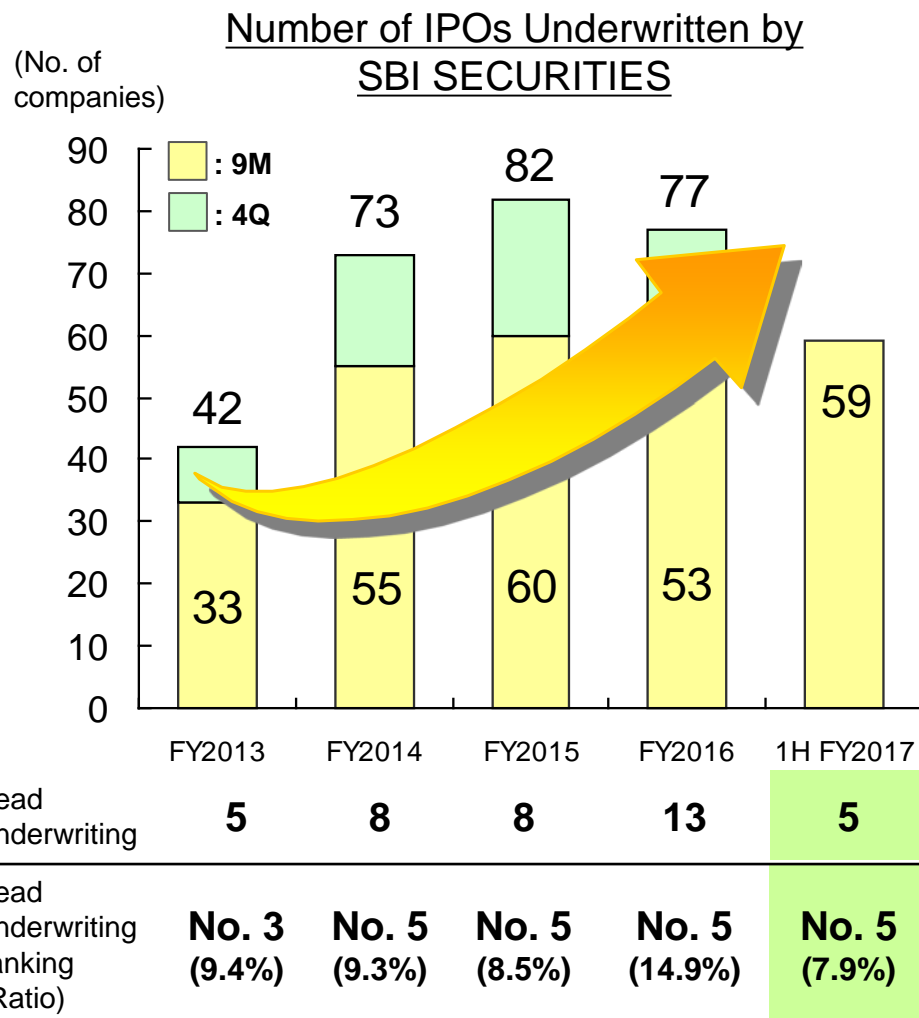
Source: Compiled by SBIH based on disclosed data from each company websites, and Bank of Japan "Flow of Funds"

SBI's share of individual equity holdings has steadily increased along with the passage of time, but relationships with emerging companies will need to be strengthened in order to expand further growth

Based on a retail business with an overwhelming position, will strive to expand market share in order to fully compete with the major face-to-face securities companies

- ① Further enhancing the corporate business**
 - Continually expand the underwriting business for equities and bonds**
 - Through the Financial Institutional Sales Dept., advancing business opportunities with the financial institutions**
- ② Firmly strengthening the iDeCo and NISA businesses that promotes the flow “from savings to asset formation”**
- ③ To realize a “zero stock brokerage commission fee,” bringing about a “Platform Revolution” in the securities-related business**

Endeavoring to Expand the Corporate Business by Enhancing the IPO and PO Underwriting Businesses -Underwriting share of 93.7% is an industry leading figure-



IPO Underwriting Ranking (Apr. 2017 –Dec. 2017)

63 companies were listed during the period

Company name	No. of cases	Underwriting share (%)
SBI	59	93.7
SMBC Nikko	48	76.2
Mizuho	41	65.1
Daiwa	29	46.0
Monex	29	46.0
Nomura	27	42.9
Ace	27	42.9

* 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.

* The above figures do not include consignments, and is based on listing dates.

The figures exclude brokerage sales and REITs.

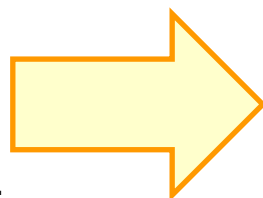
* The number of IPOs does not include issues listed on TOKYOAIM.

SBI SECURITIES' Financial Institutional Sales Dept. is Strengthening Its Business Structure for Financial Institutions, to Focus on Increasing Transactions



[SBI SECURITIES]

Financial Institutional Sales Dept.



SBI SECURITIES has been promoting self-origination of structured bonds, and originated and distributed a total amount of JPY 22.8bn *(Dec. 2015 – Dec. 2017)

* Includes structured bonds toward retail customers

Distribution of structured bonds, domestic and overseas investment trusts, as well as bond transactions

SBI SECURITIES' customer financial Institutions

(total of 151 companies, as of Dec. 31, 2017)

- | | |
|---------------------------------|--------------------------------|
| ▶ City and trust banks | ▶ Life and non-life insurances |
| ▶ Regional bank | |
| ▶ Shinkin bank and credit union | ▶ Co-operative bank |
| ▶ Asset management | ▶ Others |

[Results of strengthening the business structure for financial institutions, including the establishment of the Financial Institutional Sales Dept.]

Increase in cumulative transaction volume for 9M FY2017

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

Equity trading

+53.6% YoY

Number of customers 3.7x

Newly-issued bond transactions

+865.6% YoY

Number of customers +50

Investment trusts

+1,490.1% YoY

Number of customers 1.7x

Existing bond transactions

+186.3% YoY

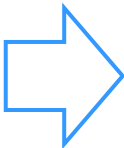
Number of customers +30

- SBI SECURITIES' underwriting share of Japan Post's follow-on equity offering significantly increased to 1.04% as compared to that of 0.39% at the timing of Japan Post's IPO
- Began to underwrite newly-issued municipal bonds or public bonds, the business area that SBI SECURITIES had previously not been able to participate in

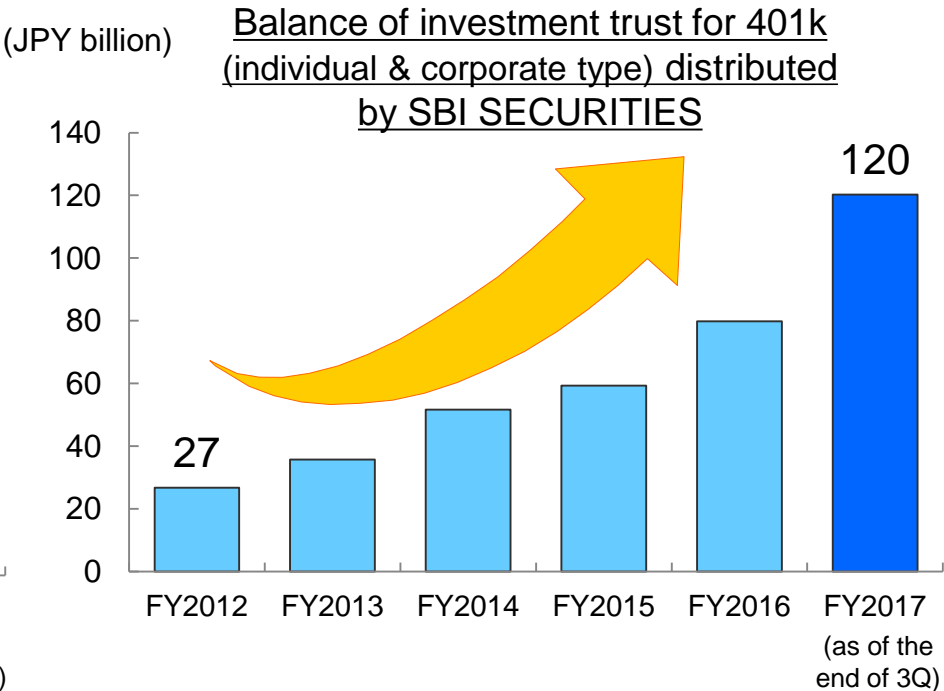
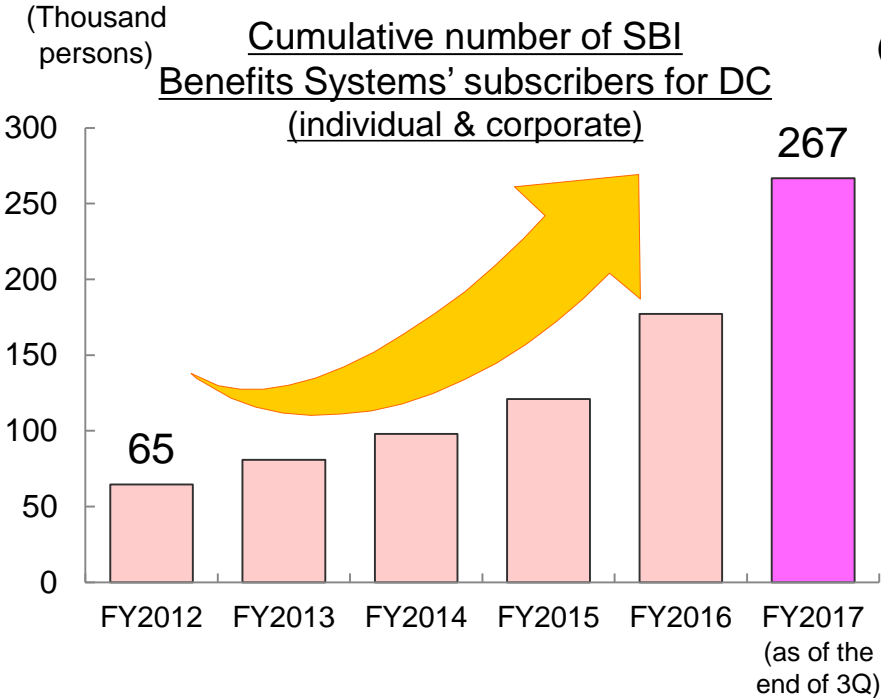
Further Strengthening the Individual Defined Contribution (iDeCo) Pension Business

In order to further expand the iDeCo pension business, SBI SECURITIES has waived its iDeCo administrative fees from May 19, 2017

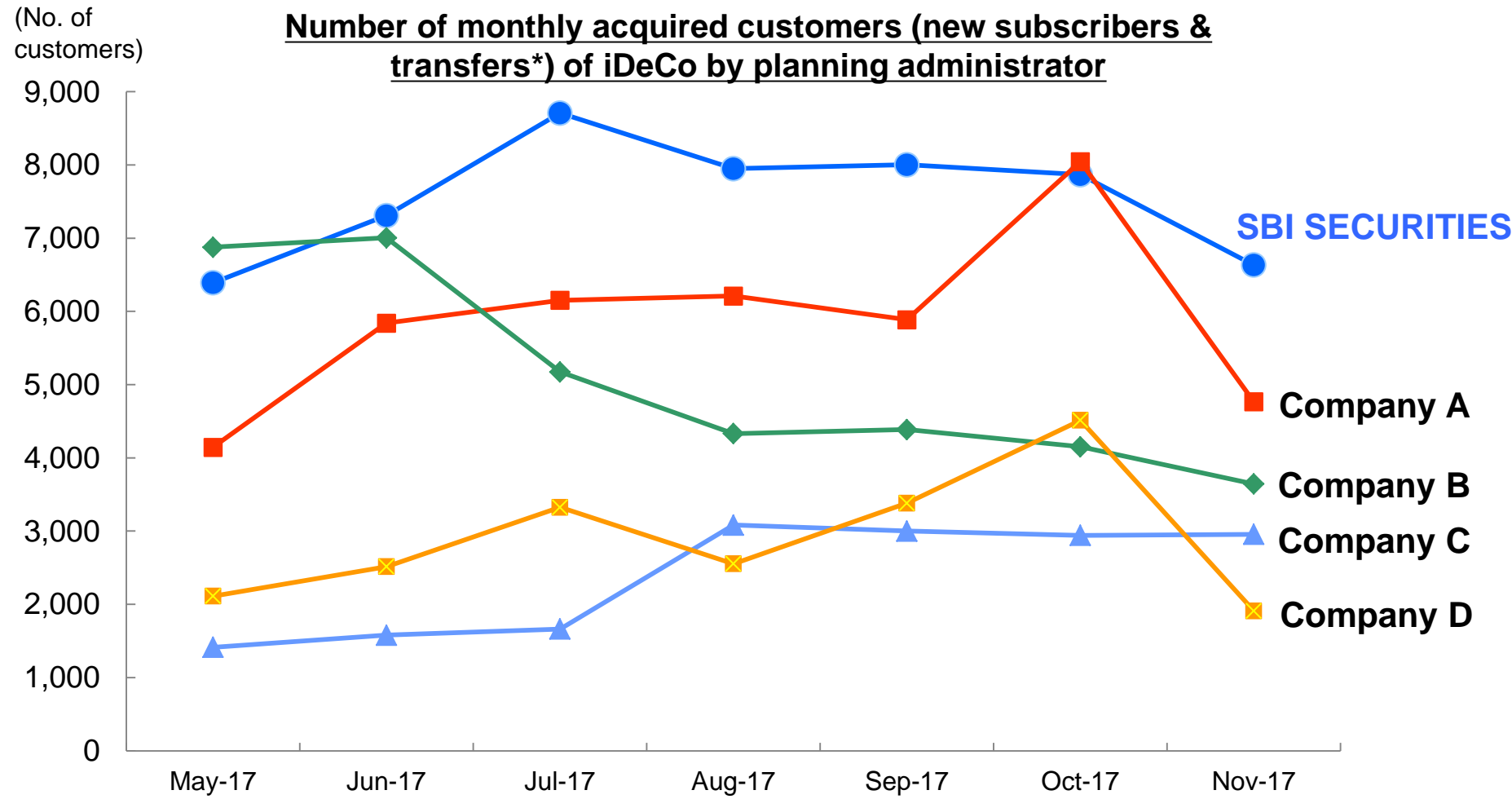
In order to encourage more individual investors to continuously use iDeCo on a low cost basis, SBI SECURITIES has waived its account management fees, the enrollment fee and fund transfer fees, regardless of the pension assets' balance, for all customers



At the end of Nov. 2017, the number of iDeCo accounts totaled 166,301, which is approx. 1.6x larger than at the end of May 2017



SBI SECURITIES has become an Industry Leader in Terms of the Number of New Customers Acquired for Individual-type Defined Contribution Pension Plans (iDeCo)

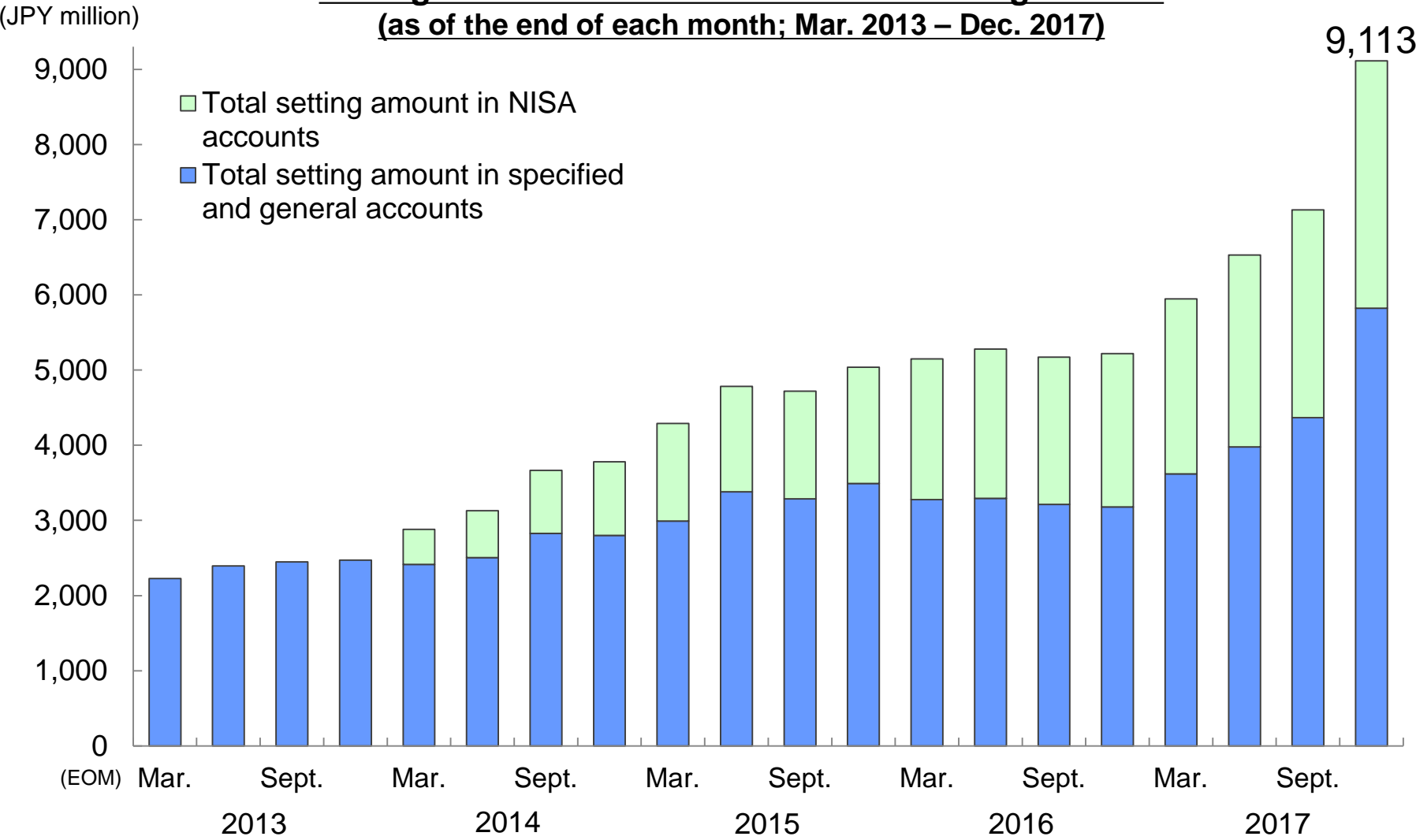


* Cumulative total number of new subscribers and transfers announced by the National Pension Fund Association, which include overlapping persons who has newly subscribed and also transferred to iDeCo.

Source: Briefing paper of the National Pension Fund Association (partially includes estimates by SBI)

SBI SECURITIES' Monthly Total Periodic Investment Trust Setting Amount Reached JPY 9bn in Dec. 2017

Ceiling for Periodic Investment Trust Setting Amount
(as of the end of each month; Mar. 2013 – Dec. 2017)



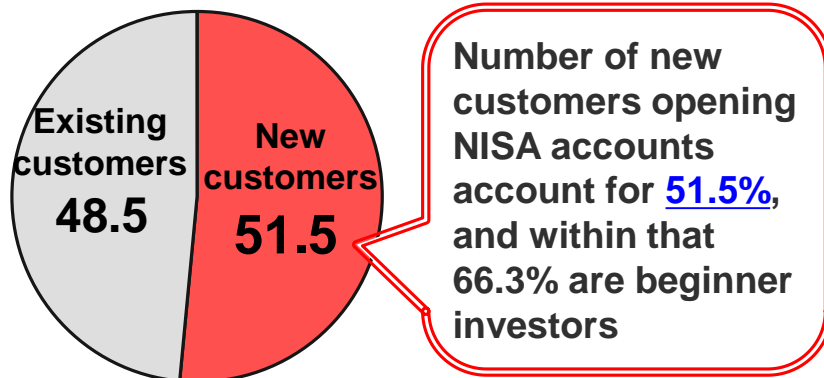
SBI SECURITIES has Succeeded in Acquiring New Customers for NISA, and Continues a Steady Increase

(Dec. 2017)	SBI *1	kabu.com	Matsui *1	Nomura *1	Daiwa
No. of NISA accounts *2	<u>1,040,000</u>	150,000	130,000	1,620,000	800,000

*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. 2017, compiled by SBIH from the information on website of each company. As for Nomura, the number of accounts is as of the end of Sept. 2017.

NISA's Customer Attribute (%)



■ SBI SECURITIES' number of Junior NISA accounts reached 38 thousand accounts, accounting for approx. 30% of the entire securities industry's Junior NISA accounts

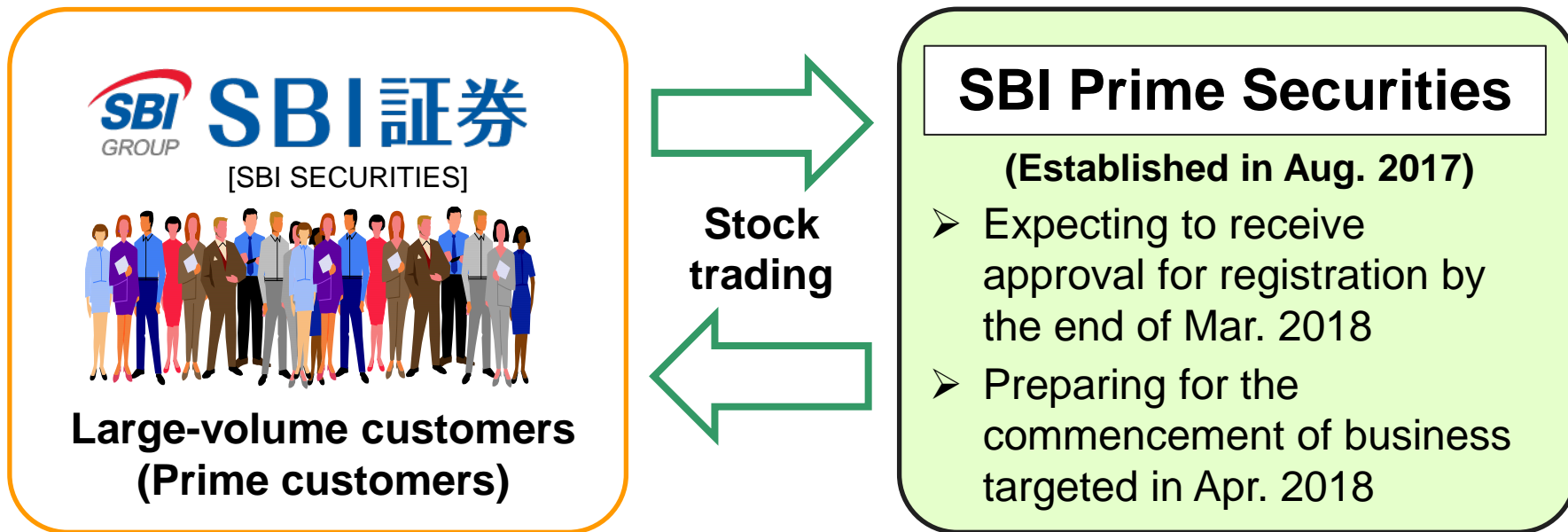
■ SBI SECURITIES' active account ratio: 49.0%

* Active account ratio is calculated based on the total accounts since Jan. 2017

Starting in Jan. 2018, "Installment-type NISA"

Acquisition of additional new customers through the lowering of the minimum investment amount to JPY 100, the establishment of daily and various multi-day accumulation courses, and an extensive product line of some 130 offered funds

Established SBI Prime Securities to Provide Prime Brokerage Services to SBI SECURITIES’ Large-volume Customers



Stock brokerage commissions charged to large-volume customers will be **eliminated**

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

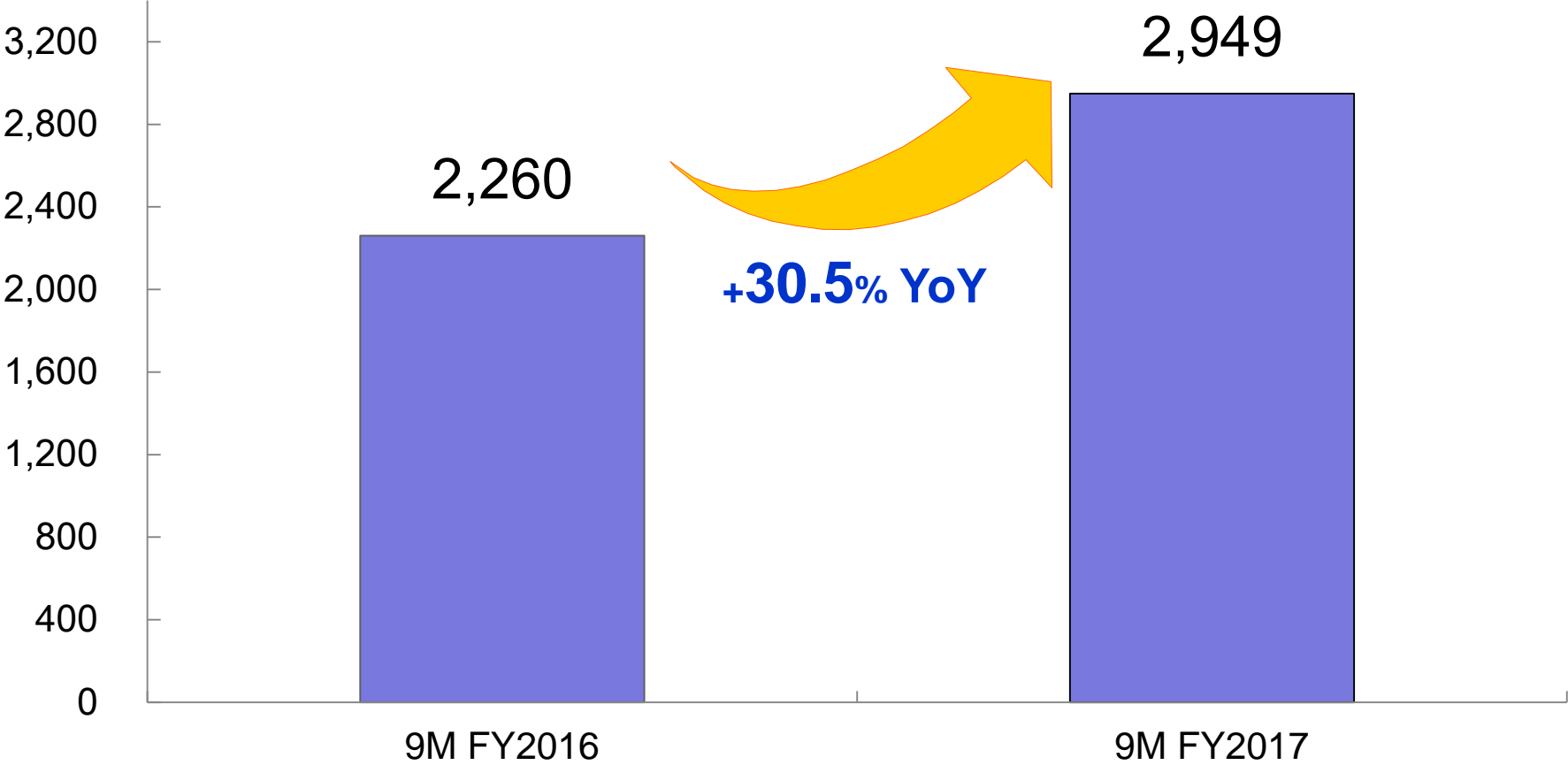
- **SBI Holdings' equity in earnings of SBI Sumishin Net Bank, based on IFRS for 1H FY2017 was JPY 2,949m, up 30.5% year-on-year, owing to the expansion of the housing loans and profits through investment of bond investments, etc.**
 - * **9M FY2017 financial results (based on J-GAAP) announcement is scheduled for Jan. 31, 2018**
- **As of the end of Dec. 2017, accounts steadily increased to approx. 3.06 million accounts, with deposits exceeding approx. JPY 4.6tn, overwhelmingly surpassing its competitors**
- **Within just 10 years since its establishment, grew its business to a scale comparable to mid-sized regional banks**
- **Will endeavor to increase market share through the expansion of highly beneficial customer services, as well as the diversification of its customer base**

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 FY2017 was JPY 2.95bn, up 30.5% year-on-year

(JPY million)

Change in equity in earnings of affiliates

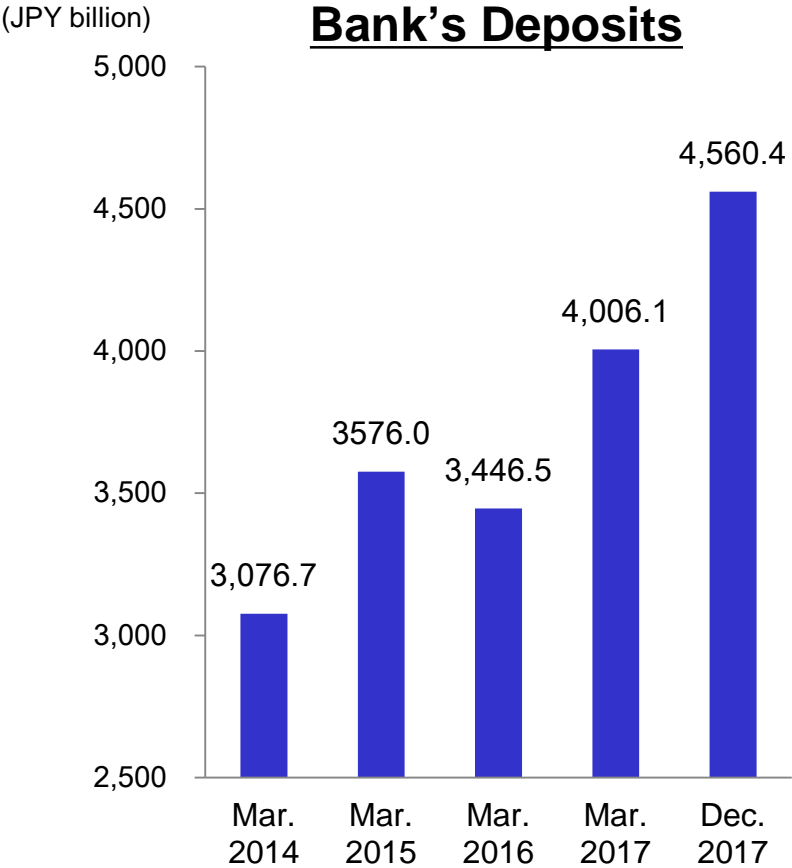


Note: Owing to the difference in IFRS and J-GAAP for asset assessment criteria, the figures differ from that disclosed based on J-GAAP.

The Deposit Balance at the End of Dec. 2017 was Approx. JPY 4.6tn,
with the Number of Accounts having Exceeded 3 Million on Nov. 14

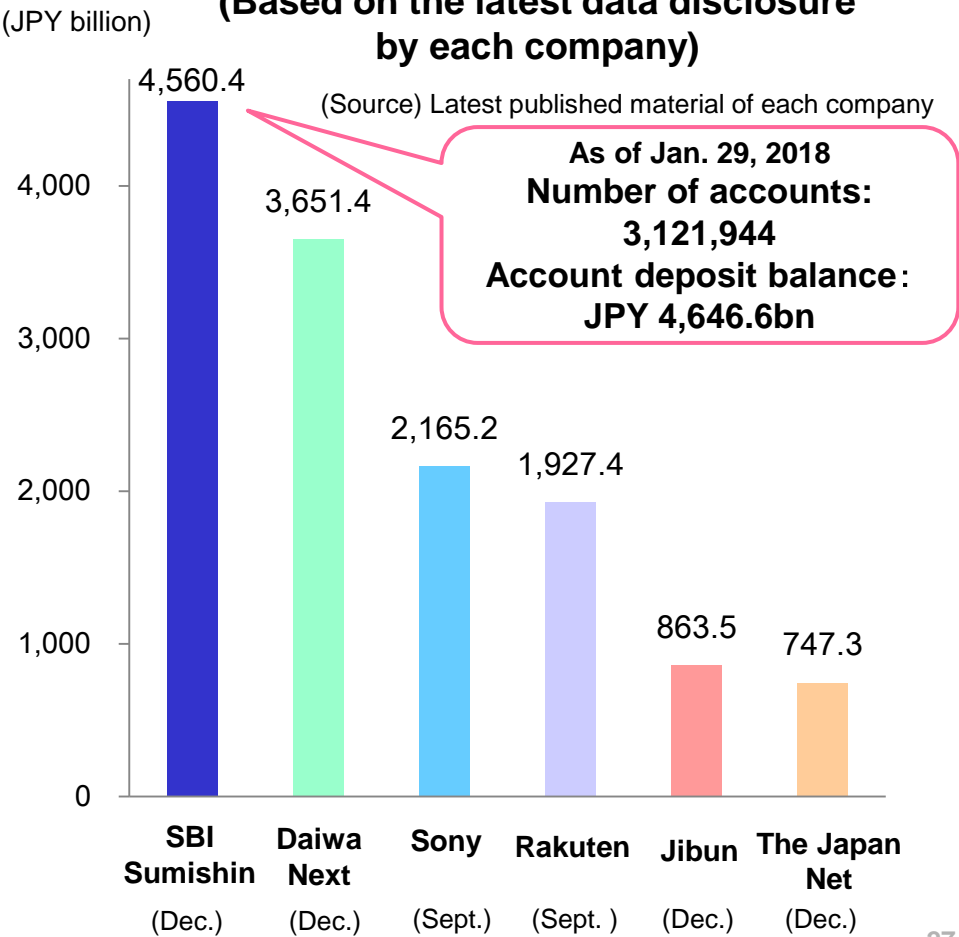
Number of accounts: 3,063,659 / Deposits: JPY 4.6tn
(as of the end of Dec. 2017)

Change in SBI Sumishin Net Bank's Deposits



Deposits of 6 Internet Banks

(Based on the latest data disclosure by each company)



* Amounts are rounded to the nearest JPY 100 million.

In only 10 years since its Establishment, SBI Sumishin Net Bank
Grew to Become 23th Among 76 Banks, which Includes Regional
Banks and New Entrant Banks

Ranking in deposits
(Regional banks, new entrant banks and pure-play internet banks) (JPY billion)

Rank	Bank name	Listing	Deposits
1	Bank of Yokohama	*1	13,088.9
2	Chiba Bank	✓	11,588.3
3	Bank of Fukuoka	*1	9,640.6
4	Shizuoka Bank	✓	9,405.0
5	Joyo Bank	*1	8,237.2
6	Nishi-Nippon City Bank	*1	7,583.7
7	Hiroshima Bank	✓	7,495.6
8	77 Bank	✓	7,280.4
9	Bank of Kyoto	✓	6,729.9
10	Gunma Bank	✓	6,431.3
11	Hachijuni Bank	✓	6,405.6
12	Hokuriku Bank	*1	6,207.0
13	Chugoku Bank	✓	6,169.3
14	Shinsei Bank	✓	5,714.7
15	Juroku Bank	✓	5,444.3

Rank	Bank name	Listing	Deposits
16	Ashikaga Bank	*1	5,399.7
17	Toho Bank	✓	5,012.3
18	Iyo Bank	✓	4,987.1
19	Senshu Ikeda Bank	*1	4,915.1
20	Yamaguchi Bank	*1	4,861.5
21	Ogaki Kyoritsu Bank	✓	4,848.2
22	Nanto Bank	✓	4,803.3
23	SBI Sumishin Net Bank	n/a	4,646.6
24	Hyakugo Bank	✓	4,599.8
25	Hokkaido Bank	*1	4,597.3
26	Daishi Bank	✓	4,550.5
27	Shiga Bank	✓	4,528.3
28	Higo Bank	*1	4,300.6
29	Suruga Bank	✓	4,076.1
30	Hyakujushi Bank	✓	4,053.0

Rank	Bank name	Listing	Deposits
31	Musashino Bank	✓	3,946.0
32	Kiyo Bank	✓	3,889.1
33	San-in Godo Bank	✓	3,878.2
34	Kagoshima Bank	*1	3,637.4
35	Daiwa Next Bank	*2	3,356.0
36	Kinki Osaka Bank	*1	3,276.4
37	Hokkoku Bank	✓	3,251.4
38	Bank of Iwate	✓	2,888.2
39	Yamanashi Chuo Bank	✓	2,841.1
40	Aozora Bank	✓	2,783.7

*1 Bank holding company is listed
*2 Financial holding company is listed

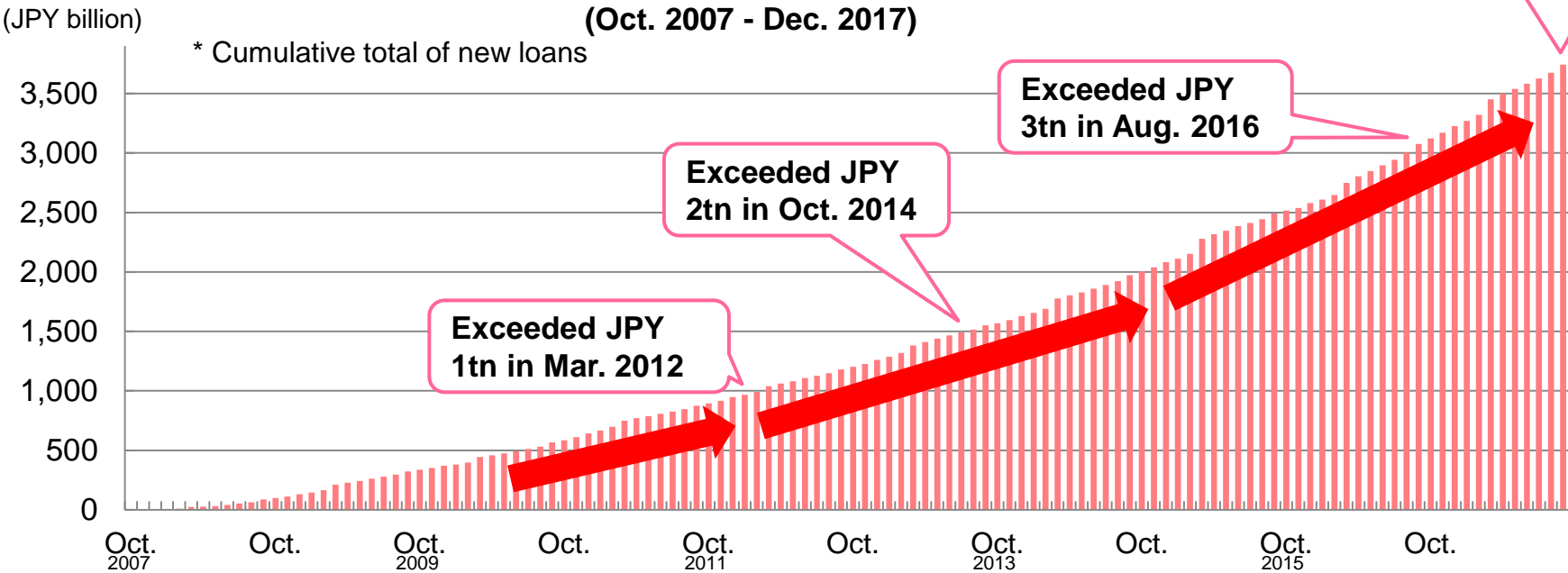
As of the end of Sept. 2017.
The number of SBI Sumishin Net Bank is as of Jan. 29, 2018.
Amounts are rounded to the nearest JPY 100 million
(Source: websites of each company)

With Improvement of Highly Beneficial Customer Services, Endeavoring Expansion of Market Share and Diversification of Customer Base

- ① Owing to the expansion of the available sales channels for housing loans, increased the handling of housing loans**
- ② Started application process for the new “Miraino Card,” which features services with high customer benefits**
- ③ An automatic savings service is provided, along with asset management services using change from daily spending, targeting younger customers who are not familiar with savings, to support an effortless asset formation**
- ④ Provide corporate loan services, utilizing commercial transaction data of corporations**
- ⑤ Through “SBI Sumishin Net Bank x freee - Company Establishment” - simplified company establishment procedures and corporate account opening application**

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

Change in cumulative total of SBI Sumishin Net Bank's housing loans*
(Oct. 2007 - Dec. 2017)



Sept. 2007

Housing loans processed directly by SBI Sumishin Net Bank
Via alliance with real estate companies

Jan. 2012

Banking agency business for Sumitomo Mitsui Trust Bank
“Internet Exclusive Housing Loan”

Mar. 2015

Banking agency specialized product
“MR. Housing Loan REAL”

Sept. 2015

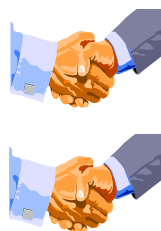
Long-term fixed rate product “Flat 35”

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

- ① Cumulative total of housing loans has rapidly increased, owing to the expansion of the sales channel

Owing to the Expansion of the Sales Channels of the Face-to-face Shops of Partner Companies, Further Strengthening the Housing Loans Business

住信SBIネット銀行 



Good Mortgage

From Jan. 2017

MX Mobiling

From Oct. 2017

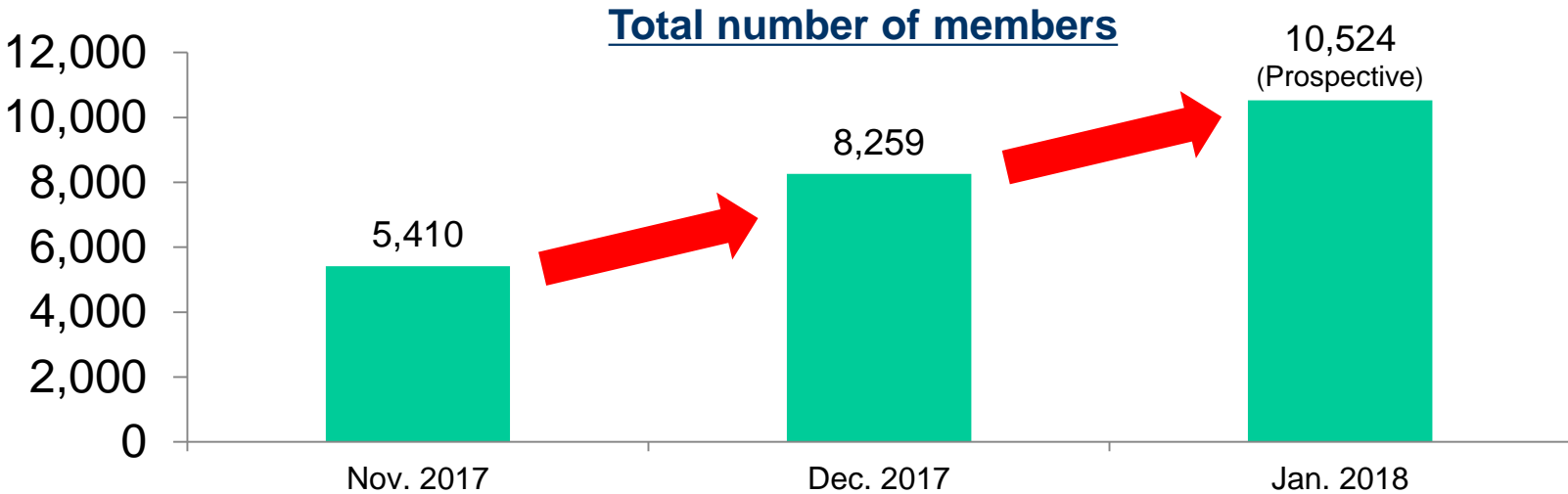
Accounts for about 15% of the loan execution amount via banking agencies * Result of Oct. – Dec. 2017

- ◆ 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
- ◆ Professional staff with abundant knowledge will guide customers to products and plans that meet their requests
- ◆ On a face-to-face basis, customer questions will be answered and procedures will be followed

Started Application Process for the New “Miraino Card,” which Features Services with High Customer Benefits



- When utilized in conjunction with SBI Sumishin Net Bank, will offer benefits such as preferential interest rates, and the simplification of application procedures
- Started accepting applications from Nov. 6, 2017
- 10,524 active members (prospective as of Jan. 2018)



An Automatic Savings Service is Provided, along with Asset Management Services using Change from Daily Spending, Targeting Younger Customers who are not Familiar with Savings, to Support an Effortless Asset Formation

As each user sets a savings goal, with their determination of how much to deposit and the timing, it becomes possible to automatically deposit money into their SBI Sumishin Net Bank linked savings account

From Nov. 2016



NestEgg
“finbee”

Total number of
downloaded apps :
approx. 55,000

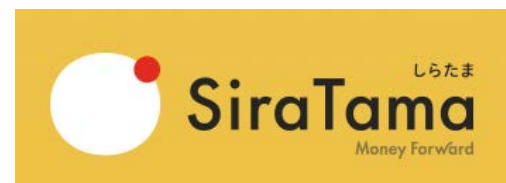
From May 2017



WealthNavi
“Mametasu”

Total number of
downloaded apps :
approx. 11,000

From Sept. 2017



MoneyForward
“SiraTama”

Total number of
downloaded apps :
approx. 17,000

Started a collaborative service using Japan's first upgraded API*

* API (Application Programming Interface)

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

Provide Business Loan Service Based on Accounting Transactions, in Cooperation with Cloud Accounting Service Companies and Settlement Agencies, Both Within and Outside of the Group



LENDING

Lending 1
From Oct. 3, 2016

A business finance service for small and medium enterprises that uses daily transaction data on ZEUS and MF Cloud series for loan reviews

住信SBIネット銀行
SBI Sumishin Net Bank



* 100% subsidiary
of SBI Fintech
Solutions

ZEUS *
Credit Payment Service

**Settlement
service provider**

Money Forward

**Money Forward's
MF cloud series**

PAYMENT 2

Payment 2
From July 31, 2017

A deposit service for Zeus' credit card payment service users, where an amount that deducts the fees from the sales proceeds 2 days after the sales are recorded

住信SBIネット銀行
SBI Sumishin Net Bank

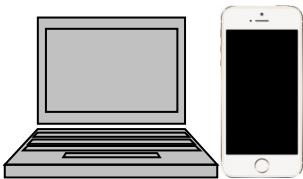


ZEUS
Credit Payment Service

**Settlement
service provider**

SBI Sumishin Net Bank x free - Company Establishment - Simplified Procedures to Establish a Company and Open a Corporate Bank Account

- ◆ free developed “SBI Sumishin Net Bank x free - Company Establishment” - for SBI Sumishin Net Bank
- ◆ When entering the necessary information for “free - Company Establishment,” which executes a batch processing of all necessary documents and procedures, the data is then linked to the account opening application form of SBI Sumishin Net Bank, which is then applied to the opening of a corporate account



When entering the necessary information for “free - Company Establishment,” which executes a batch processing of all necessary documents and procedures, the data is then linked to the account opening application form of SBI Sumishin Net Bank, which is then applied to the opening of a corporate account



For the final step, choose to open a corporate account at SBI Sumishin Net Bank



The input data is linked to the account opening application form

(3) Insurance-related business

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

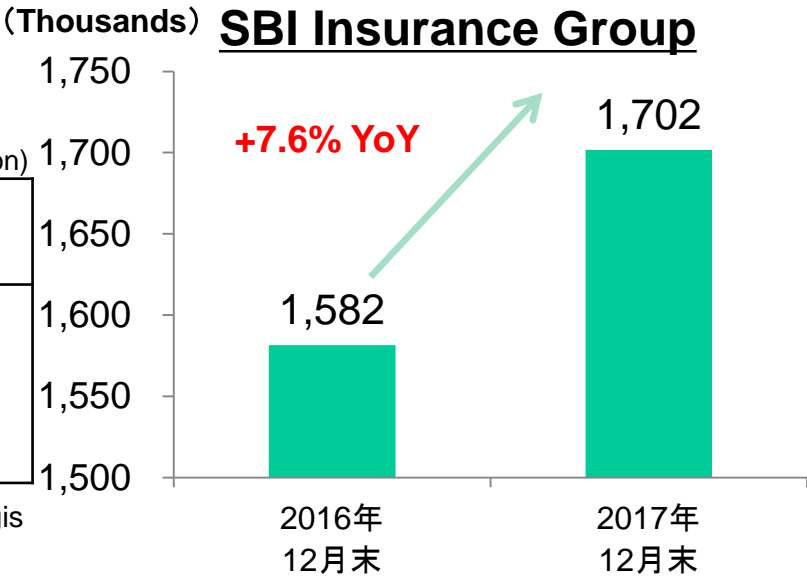
- **Profit before income tax expense of the overall insurance-related business increased by 64.7%, to JPY 2,311m on an IFRS basis, recording a steady increase**
- **SBI Insurance's profit before income tax expense increased by 287.1%, to JPY 538m on an IFRS**
- **SBI Life Insurance's ordinary profit was in a temporary deficit for the first quarter, owing to the cost of starting the sales of a group credit life insurance product, but it turned into a surplus for the first half, reflecting a strong performance**
- **Small-amount, short-term insurance business is steadily expanding its business scale**
- **Actively promoting a diversification of products and sales channels to expand market share**

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

SBI Insurance Group has the following 5 subsidiaries



The number of contracts in SBI Insurance Group

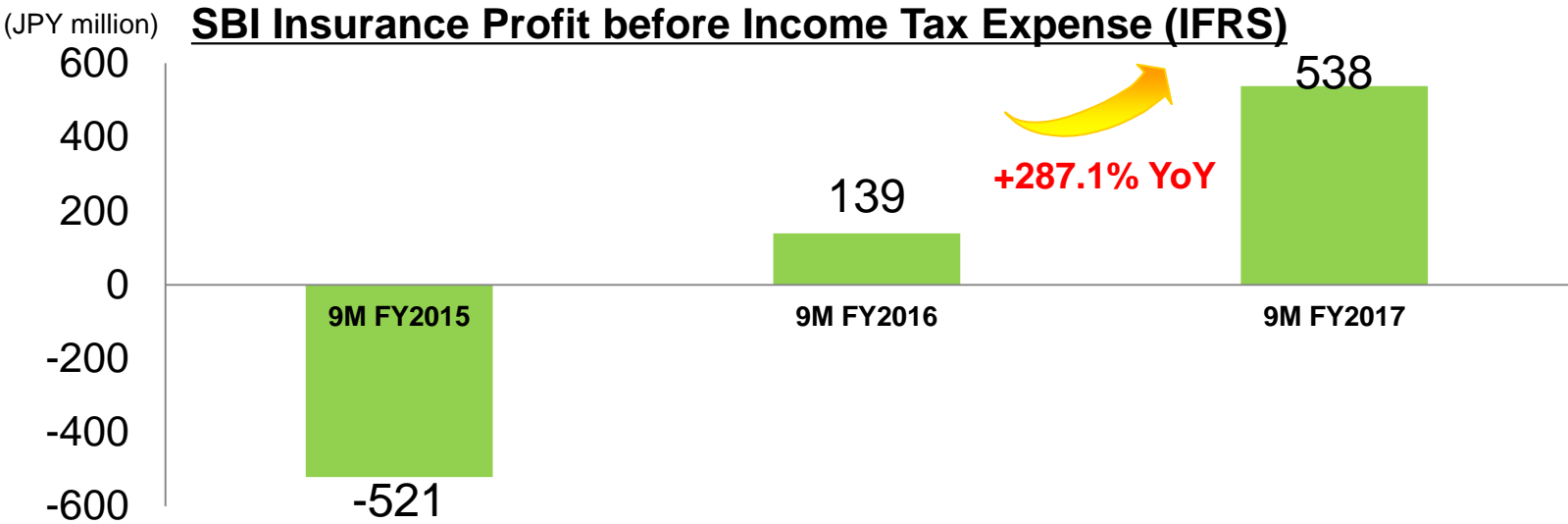


SBI Insurance Group’s financial results (IFRS)

	9M FY2016	9M FY2017	Increasing rate (%)
Profit before income tax expense	1,403	2,311	+64.7

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

SBI Insurance Financial Results for 9M FY2017



Combined Ratio (Based on Direct Figures)

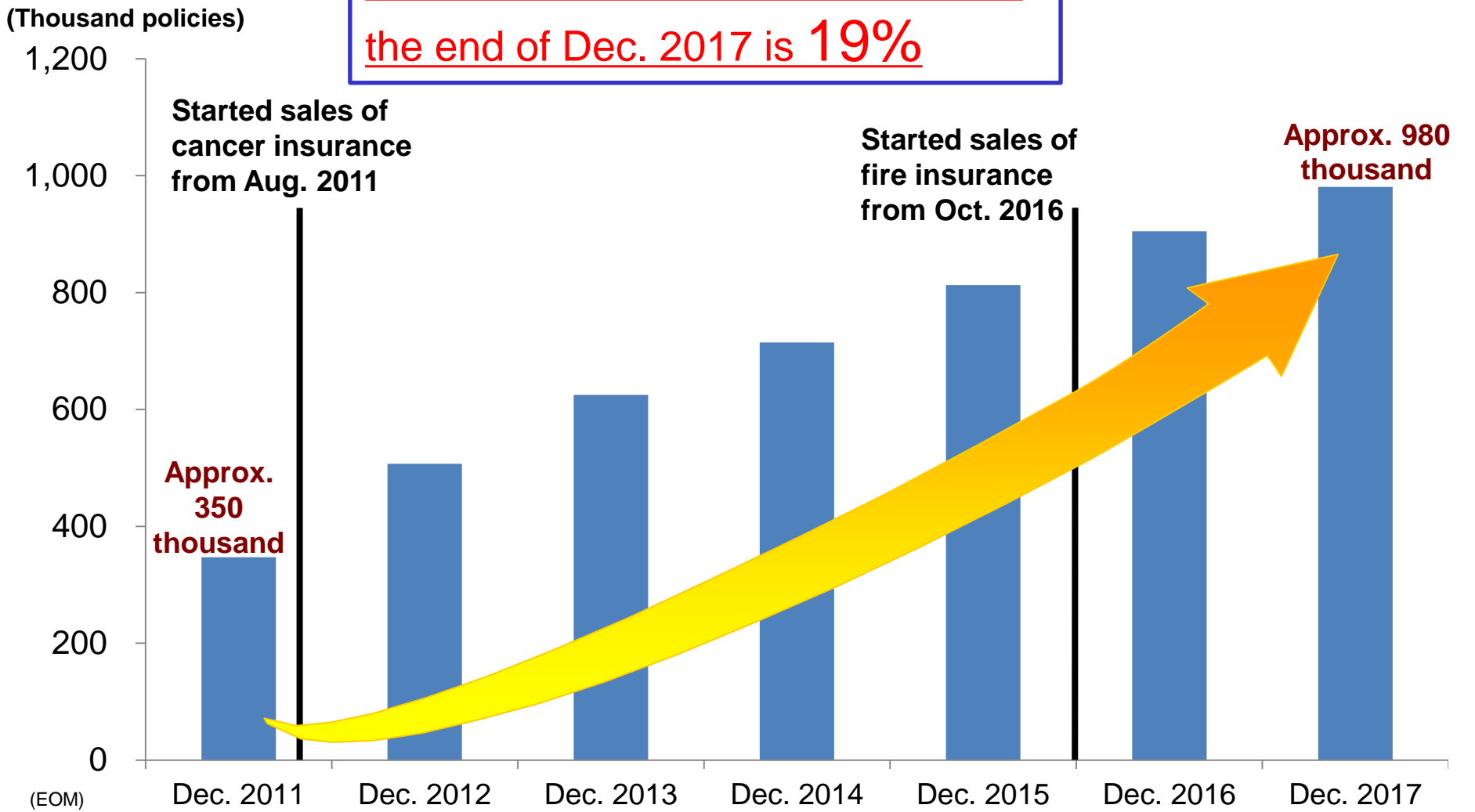
(Unit: %)	9M FY2015	9M FY2016	9M FY2017
Loss ratio*1	74.0	70.1	<u>72.0</u>
Operating expenses ratio*2	20.7	18.7	<u>18.4</u>
Combined ratio (based on direct figures)	94.7	88.9	<u>90.4</u>

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

*1 Loss ratio (%) = (Direct net insurance payment + Loss adjustment expenses) / Direct premium written X 100
*2 Operating expenses ratio (%) = (Operating expenses except for reinsurance commissions) / Direct premium written X 100
*3 Percentages in the table above are based on direct figures

The Number of SBI Insurance's Contracts Steadily Increases

CAGR from the end of Dec. 2011 to the end of Dec. 2017 is 19%



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

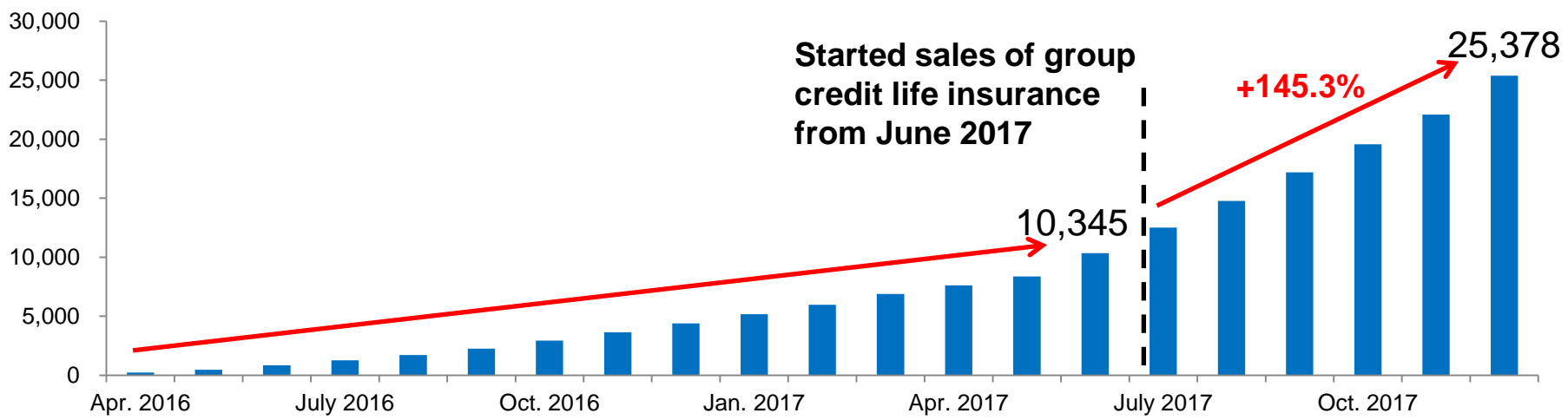
SBI Life Insurance Financial Results for 9M FY2017 (J-GAAP)

SBI Life Insurance’s ordinary profit was in a temporary deficit for the first quarter, owing to the cost of starting the sales of a group credit life insurance product, but it turned into a surplus for the first half, reflecting a strong performance

- Preliminary ordinary profit (based on J-GAAP): approx. JPY 400m
- Solvency margin ratio: 1,119.1% *As of Sept. 30, 2017
- The number of contracts: approx. 110 thousand (annualized premium: JPY 7,325m)

(The number of applications)

SBI Life Insurance’s total number of insurance applications



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

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

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



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

Number of Contracts of Earthquake Indemnity Insurance Resta: 15,362 (+4.8% YoY)



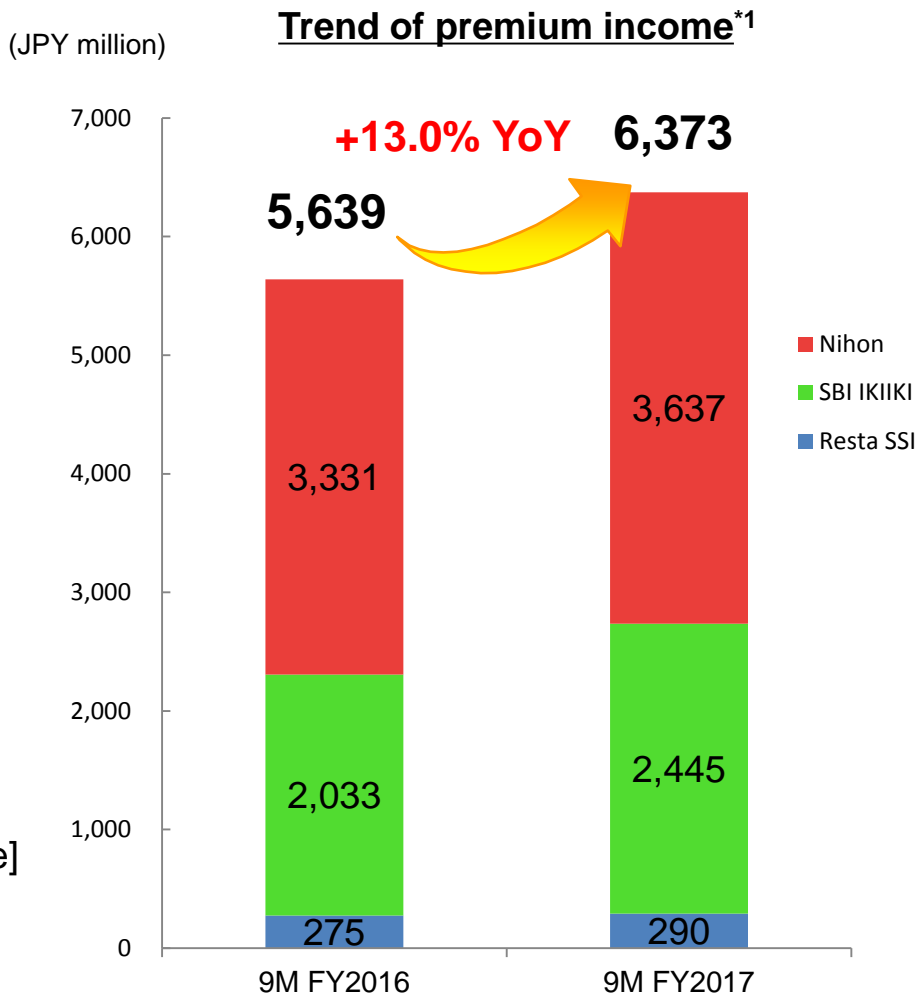
[SBI IKI IKI SSI: Death insurance, Medical insurance, Pet insurance]
All categories

Number of contracts: 67,005 (+22.0% YoY)



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

Number of contracts: 529,836 (+6.3% YoY)



Actively promoting a diversification of products and sales channels to expand market share

- ① “SBI Insurance’s Fire Insurance,” of which new sales have begun, in order to pursue Group synergies, is being introduced in conjunction with housing loans of regional banks and credit unions**
- ② SBI Life Insurance’s Advanced Medical Treatment Special Contract and the Group Credit Disability Income Insurance with All Disease Security, are being committed to the housing loans of the regional financial institutions, in order to expand the sales channel**
- ③ Small-amount, short-term insurance business is promoting the handling of new products and the expansion of its sales channels**

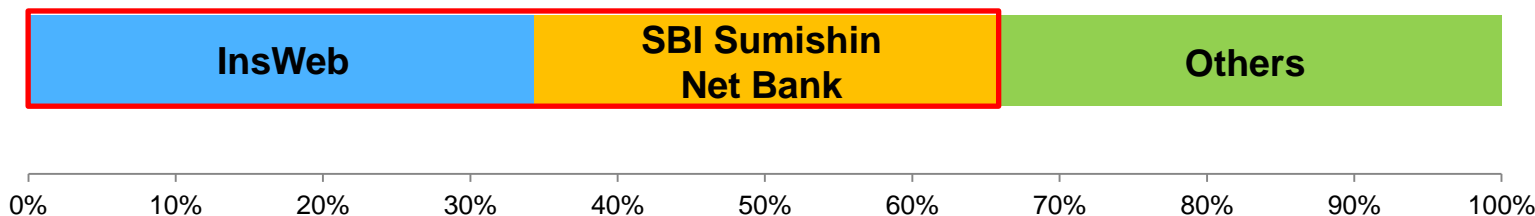
Expanded Sales of SBI Insurance's Fire Insurance as a New Products Offering



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

① Pursuing Group synergies

9M FY2017 fire insurance acquisition ratio by sales channel



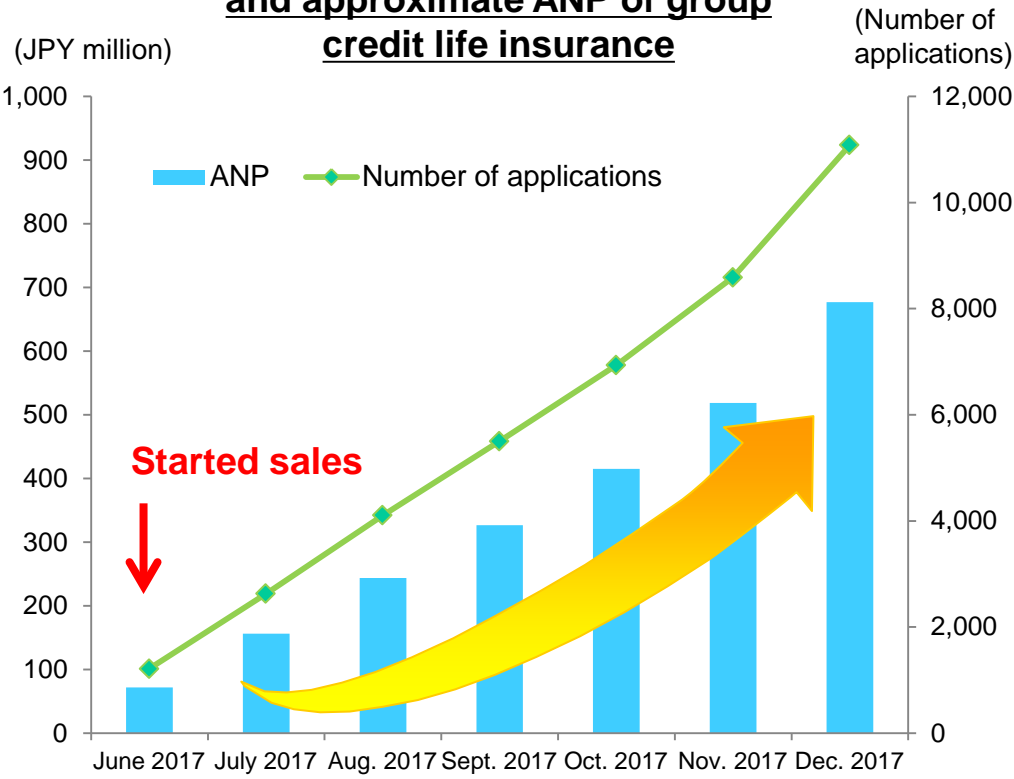
Approx. 70% of the fire insurance applications in 9M FY2017 were accounted for from the inflows of Insweb and Sumishin SBI Net Bank, and applications are steadily being acquired from other Group channels as well

② Introducing housing loans of regional financial institutions and credit unions

Owing to the differentiation from other companies' products, 3 companies have already decided to adopt the insurance, and plans are to start sales at any time from Feb. 2018

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

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



Housing loans that SBI Sumishin Net Bank underwrites

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

Total as of Dec. 2017 * based on applications

Total number: 11,088

Approximate ANP

(annualized new business premium):

Approx. JPY 677m

Owing to the promotion of proactive business activities with regional financial institutions, 1 company has already decided to adopt. Multiple other companies are seriously considering adopting in the next fiscal year

Small-amount, Short-term Insurance Business is Promoting the Handling of New Products and the Expansion of its Sales Channels

● SBI IKI IKI SSI



There is a growing need for pets to receive considerate medical care, and through the utilization of the Internet to significantly reduce cost, realized the industry's lowest premiums*3

● Nihon SSI

Nihon SSI and Au Insurance concluded mutual agency contracts, and will start sales of each insurance for bicycle riders for both websites from Feb. 1, 2018



➡ Sales channel diversification through complementing areas that cannot be covered by a single company, and responding to the demand of customers' request for just compensation

*1 Questionnaire survey of SBI IKI IKI SSI policyholders (Dec. 2016 to Jan. 2017)
*2 SBI IKI IKI SSI estimate calculated by dividing the combined sums of policies in-force at the end of fiscal 2016 of two non-life insurers offering pet insurance and The Small Amount & Short Term Insurance Association by the number of dogs and cats owned according to Japan Pet Food Association data
*3 In comparison with dog (toy poodle) and cat pet insurance products of nine insurance companies and other providers that can be purchased online and for which the following terms and conditions are comparable, as of Sep. 1, 2017

2. Asset Management Business

- **9M FY2017 profit before income tax expense for the Asset Management Business increased approx. 4.5x year-on-year to JPY 43,056m**
- **Focused investments in the FinTech field and on the Asian region contributed to favorable results**
- **SBI SAVINGS BANK of South Korea's net income (K-GAAP) achieved an historical high, including the period prior to its consolidation**

Asset Management Business' Financial Results Breakdown

(IFRS, JPY billion)

	9M FY2016	9M FY2017	YoY % change
Revenue	57.9	86.9	+50.0
Profit before income tax expense	9.7	43.1	+346.0
SBI SAVINGS BANK	4.4	11.1	+153.2
Profit/loss from the change in fair value and profit/loss on sales of investment securities	3.4	32.8	+868.6



Details of profit/loss from the change in fair value
and profit/loss on sales of investment securities in 9M FY2017

	9M FY2017
<u>Listed Securities</u>	5.0
<u>Unlisted Securities</u>	27.8

In the evaluation of certain investee companies, as a result of the adoption of the transaction price upon the issuance of new shares to third parties, significant valuation gains were recorded

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



CB INSIGHTS

(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"

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

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

	Full-year FY2016	Full-year FY2017 prospects
IPO・M&A deals	14	16

In 9M FY2017, 9 companies were IPO'd and 4 companies were M&A'd

EXIT Date	Company	Market	EXIT Date	Company	Market
Apr. 11	ChemOn	M&A	Sept. 19	Global Tax Free	M&A
Apr. 18	Toebox Korea	M&A	Sept. 27	UTI Korea	KOSDAQ
July. 20	Crossfor	TSE JASDAQ	Sept. 29	Money Forward	TSE Mothers
Aug. 3	SHARINGTECH NOLOGY	TSE Mothers	Sept. 29	YAS	KOSDAQ
Aug. 4	Motrex	KOSDAQ	Dec. 14	ARUHI	TSE 1 st
Sept. 14	Pearl Abyss	KOSDAQ	Dec. 19	Eloxx Pharmaceuticals	M&A
Sept. 15	SAMCO	KOSDAQ			

[Planned EXIT schedule of FinTech investee companies]

Already decided on investments into **68** companies

(Total investment amount to be approx. **JPY 23.5bn** through the FinTech Fund and approx. **JPY 15.0bn** by SBI Holdings)

Year 2017: 1; Year 2018: 4; Year 2019: 16; After Year 2020: 32; TBD: 15

Promoting Measures to Expand Overseas Businesses, Primarily in the Asian Region



SBI Bank LLC * develops financial services for Japanese companies

In cooperation with HOKKAIDO CORPORATION, establishing a service that consistently provides financial services such as loans, deposits, foreign exchange, and settlement, in addition to business development know-how for small and medium-sized Japanese companies that are considering entering into business in Russia

***Changing the company name from YAR Bank as soon as the Russian central bank approves it**



Opened Jakarta Representative Office

In Indonesia, where high future economic growth is anticipated, opened a SBI Holdings representative office. Also through collaborations with local corporations that are established both in Singapore and Malaysia, will endeavor to expand the SBI Group's Southeast Asian business



Established a joint venture company with Sunshine Holdings

Established a joint venture company with Sunshine Holdings that engages in various businesses, including medical, agriculture, consumption goods, etc., in Sri Lanka. Developing advisory business for Japanese companies that are considering investments in Sri Lanka

Jointly Established a CVC* Fund with House Foods Group (Announced on Jan. 24, 2018)

Jointly Established a private fund, “House Foods Group Innovation Fund”



Investment track record and experience in the growth fields



Focusing on the creation of a new value basis in the field of “Healthy Life through Food”

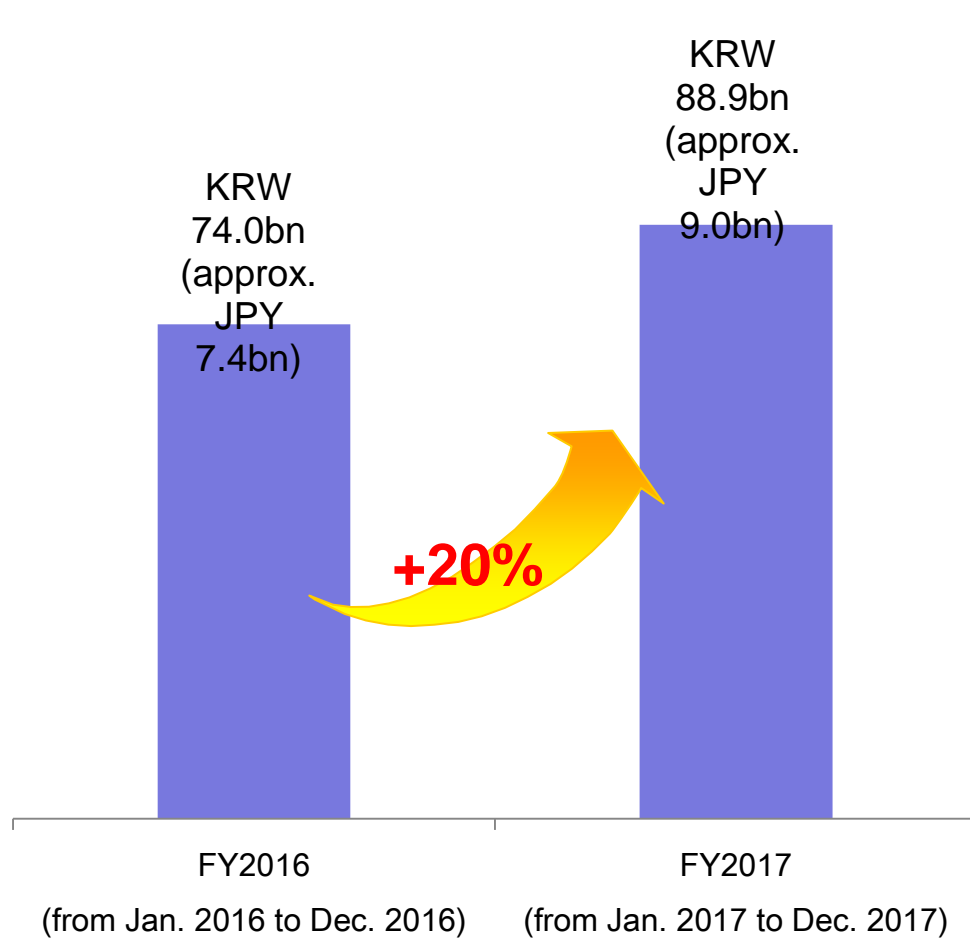
- Management company : SBI Investment
- Investment target : Promising venture companies in Japan and abroad, with expected synergies with House Foods Group’s current business and new business areas
- Fund size : up to JPY 5bn

As the first investment project, invested in Planet Table Inc., which operates a production and distribution support platform utilizing ICT technology

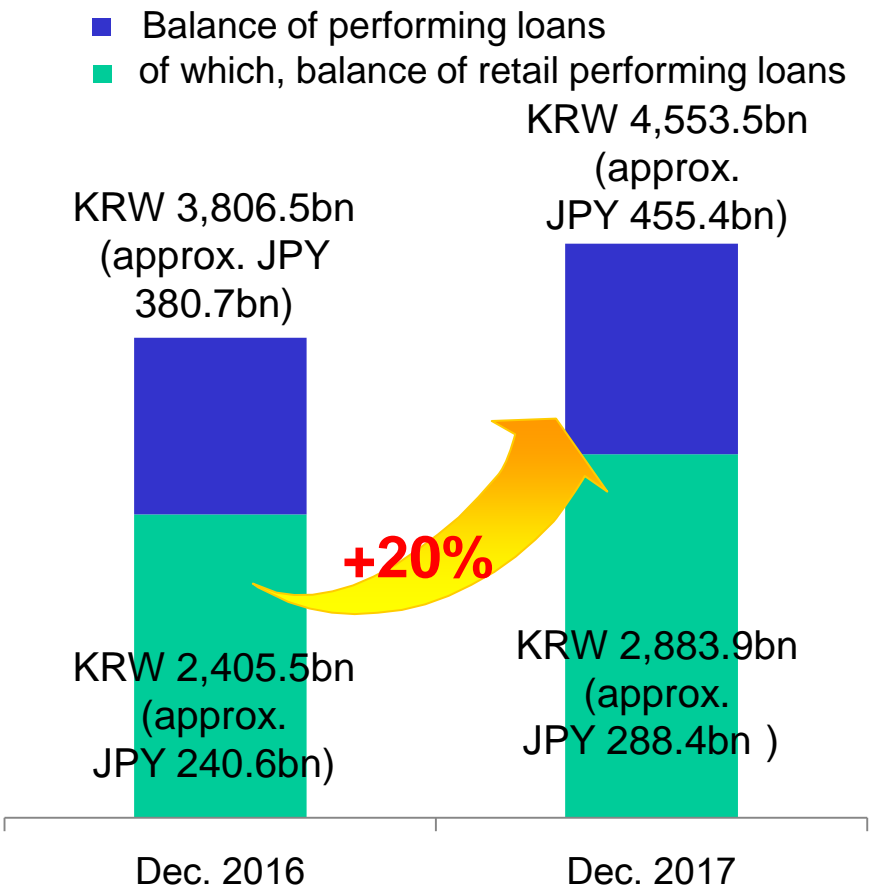
SBI Investment established a specialized department for CVC funds in Apr. 2016, in order to strengthen the support system for CVC funds, and in the previous fiscal year a fund of JPY 25bn was established, along with another JPY 10bn CVC funds which was established in the current fiscal year

Net Income Achieved an Historical High, Including the Period before Consolidation in 2013, Based on K-GAAP

Net income based on K-GAAP



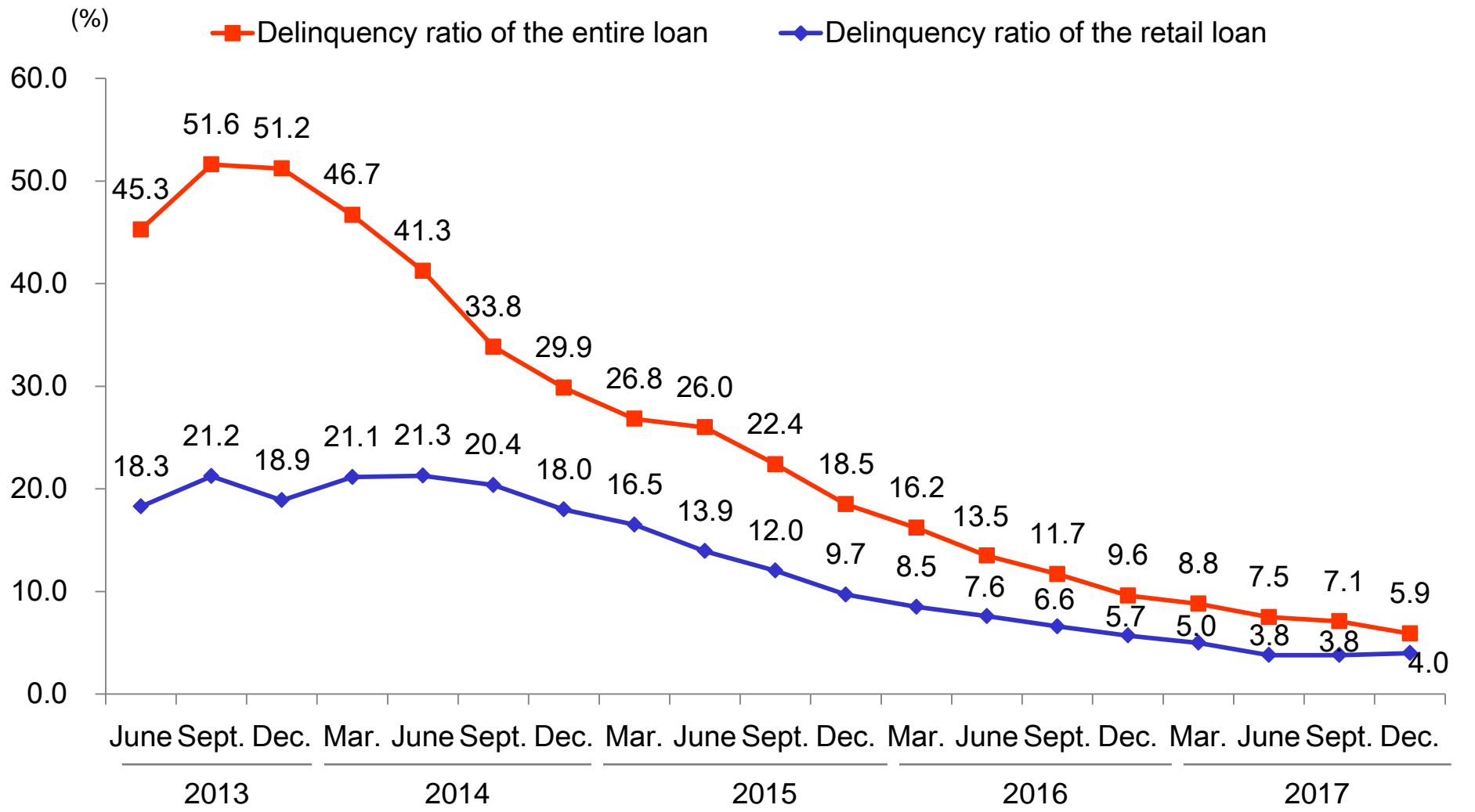
Balance of Performing Loans



Profit before income tax expense(from Apr. 2017 to Dec. 2017)
attributable to SBI Holdings based on IFRS was JPY 11,074m

*1The result for FY2016 is preliminary results, which is not subject to an audit by the auditor *2 Converted at KRW 1 = JPY 0.10 52

Overall Delinquency Ratio Decreased Dramatically, and Remains at a Low Level



*Based on K-GAAP

Morningstar Japan's Financial Results for 9M FY2017

For sales, achieved an year-on-year increase for the sixth consecutive fiscal year, achieved an year-on-year increase for the eighth consecutive fiscal year in operating income and net income, and for the ninth consecutive fiscal year in ordinary income

Consolidated Results (J-GAAP)


(Unit: JPY million)

	9M FY2016 (Apr. 2016 – Dec. 2016)		9M FY2017 (Apr. 2017 – Dec. 2017)		YoY % change
	Amount	Income margin (%)	Amount	Income margin (%)	
Net Sales	3,500	-	4,337	-	+23.9
Operating Income	1,151	32.9	1,172	27.0	+1.8
Ordinary Income	1,189	34.0	1,270	29.3	+6.8
Net Income	802	22.9	862	19.9	+7.4

3. Biotechnology-related Business

9M FY2017 Profit before Income Tax Expense of the Biotechnology-related Business Companies (IFRS)

(JPY million)

		9M FY2016 (Apr. –Dec. 2016)	9M FY2017 (Apr. –Dec. 2017)	
SBI Biotech		758	-255	
Quark Pharmaceuticals (“Quark”)		-5,232	-5,623	①
5-ALA-related business		-240	-36	
	SBI Pharmaceuticals	49	-88	②
	SBI ALApromo	-208	 53	③
	photonamic	1	 103	
	SBI ALApharma (formerly SBI ALA Hong Kong)	-53	-52	
	Suzhou Yian Biotech	-29	-52	

*Excluding drug pipeline impairment loss

- ① Quark has increased expenses from the steady progress of several clinical trials, including two Phase III trials. Also preparing Phase III trials for Acute kidney injury (AKI)
- ② SBI Pharmaceuticals achieved profitability in Q3 (Oct.-Dec.), owing to the receipt of milestone payments on the listing of “ALAGLIO® Divided Granules 1.5g” on the NHI drug reimbursement price list, from Chugai Pharmaceuticals, to which SBI Pharmaceuticals has provided exclusive domestic marketing rights for its drugs in Japan
- ③ SBI ALApromo achieved profitability on a quarterly basis for the second consecutive quarters, and expects to achieve profitability on a single fiscal year basis

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

Profit before Income Tax Expense of the Biotechnology-related Business for 9M FY2017 (IFRS)

(JPY million)

	9M FY2016 (Apr. – Dec. 2016)	9M FY2017 (Apr. – Dec. 2017)
Total of the Biotechnology-related Business	-5,947	-31,553
Of which was drug pipeline impairment loss		-24,242

- Quark Pharmaceuticals : Approx. JPY 5.7bn
- Kubota Pharmaceutical Holdings (Equity method associate) : Approx. JPY 18.5bn

(1) SBI Biotech

-Drug discovery pipeline progress-

	Licensing partner(timing)	Adaptation disease	Progress	
MEDI7734 (Anti-ILT7 antibody)	MedImmune, LLC. (Subsidiary of AstraZeneca) (Sept. 2008)	Autoimmune diseases (Systemic Lupus Erythematosus (SLE), Sjogren's Syndrome, Dermatomyositis, etc.)	Phase I	MedImmune is conducting Phase I clinical trial.
SBI-9674	Kyowa Hakko Kirin Co., Ltd (Dec. 2016)	Autoimmune diseases	Pre-clinical (Kyowa Hakko Kirin promoting development)	Further receipt of milestone payments in accordance with development progress is also expected
Cdc7 inhibitor	Carna Biosciences, Inc. (May 2014)	Cancers	Pre-clinical (plan to apply for clinical trial in 2018)	Carna Biosciences entered into an out-licensing agreement with Sierra Oncology. Further receipt of milestone payments in accordance with development progress is also expected
GNKS356	Independently	Autoimmune diseases (Psoriasis / Systemic Lupus Erythematosus (SLE))	Pre-clinical	Selected as Japan Agency for Medical Research and Development's (AMED) project of promoting support for drug discovery on orphan drugs (from FY2015 to FY2017). Received subsidies (up to JPY 200m per fiscal year) and promoting R&D → <u>We are engaged in discussing with several companies for out-licensing</u>
SBI-3150	Independently	Autoimmune diseases (Various diseases caused by pDC / activated B cells)	Pre-clinical	Using the advantages of the development concept, <u>we are engaged in discussing with several companies for out-licensing</u>

(2) Quark

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



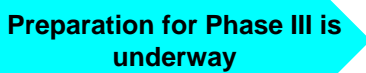
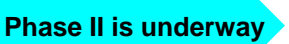
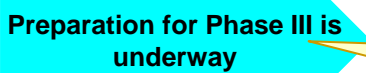

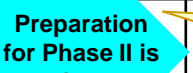

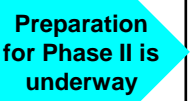
-Drug discovery pipeline progress-

	Licensing partner	Adaptation disease	Progress	
QPI-1002	Novartis International AG	Kidney Transplantation (DGF)	Phase III	Conducting final clinical trials at 75 institutions, mainly in the U.S., as well as in Canada, Germany, Brazil and other countries.
		Acute kidney injury (AKI)	Phase II (Completion)	<u>Preparing for Phase III</u>
		Total milestone payments: USD 670m (including pre-receipt)		
QPI-1007	Biocon Ltd of India	Non-arteritic anterior ischemic optic neuropathy (NAION)	Phase II / III	Conducting final Phase III clinical trials at 66 institutions, mainly in the U.S. and Europe.
PF-655	Pfizer Inc.	Glaucoma, Diabetic macular edema (DME) and Age-related macular degeneration (AMD)	Phase IIa (Completion)	Preparing clinical trial for the next step

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

Drug Pipelines Including Ethical Pharmaceuticals Utilizing 5-ALA under the SBI Group

“ALAGLIO® Divided Granules 1.5g,” diagnostic agent for cancer treatment (carcinoma vesicae), was launched in Dec. 2017 by Chugai Pharmaceuticals, which was provided with exclusive domestic marketing rights in Japan

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

*Investigator-led trial

Out-licensing:

- ✓ Therapeutic drugs for diabetes and malaria infection (to Neopharma, UAE pharmaceutical company, in Oct. 2016)

Presentation of Research Paper on 5-ALA by Yamagata University, Faculty of Medicine, a Joint Research Partner of SBI Pharmaceuticals, to PLOS ONE, a U.S. Scientific Journal

A research paper by Professor Osamu Nakajima, Research Center for Molecular Genetics of Yamagata University, Faculty of Medicine, Institute for Promotion of Medical Science Research, has been published in PLOS ONE, a U.S. scientific journal

Title	5-Aminolevulinic acid (ALA) deficiency causes impaired glucose tolerance and insulin resistance coincident with an attenuation of mitochondrial function in aged mice
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- The deficiency in the production of 5-ALA in aged mice attenuated mitochondrial function and was one of the causes of IGT and IR. The continuous administration of 5-ALA to those mice demonstrated efficacy against IGT and IR.**
- It is expected that the mechanism of cause of IGT and IR by 5-ALA deficiency will be investigated in human, and this will lead to the clarification of the mechanism in the effect of 5-ALA against type-2 diabetes and so on.**

② photonic

Establishing a worldwide sales network of 5-ALA-based intraoperative diagnostic agent for cancer

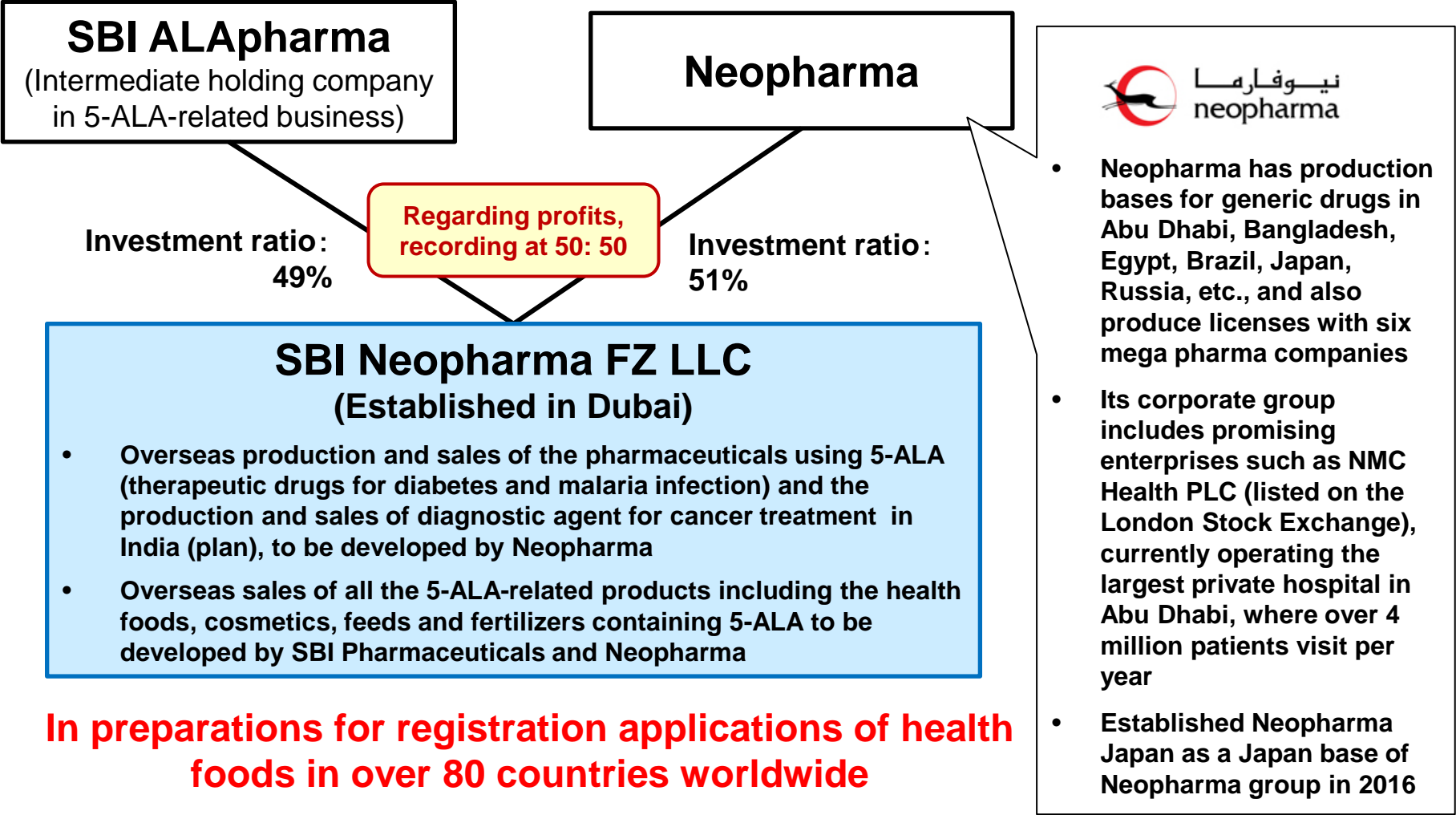


Efforts to expand indications in Japan are progressing

- **Carcinoma vesicae : Launched in Dec. 2017 by Chugai Pharmaceuticals, which was provided with exclusive domestic marketing rights in Japan**
- **Peritoneal dissemination of gastric cancer (Investigator-led trial): Phase III is underway**

③SBI Neopharma

Launched the sales of 5-ALA-related health foods
in the Middle East from May 2017



In preparations for registration applications of health foods in over 80 countries worldwide



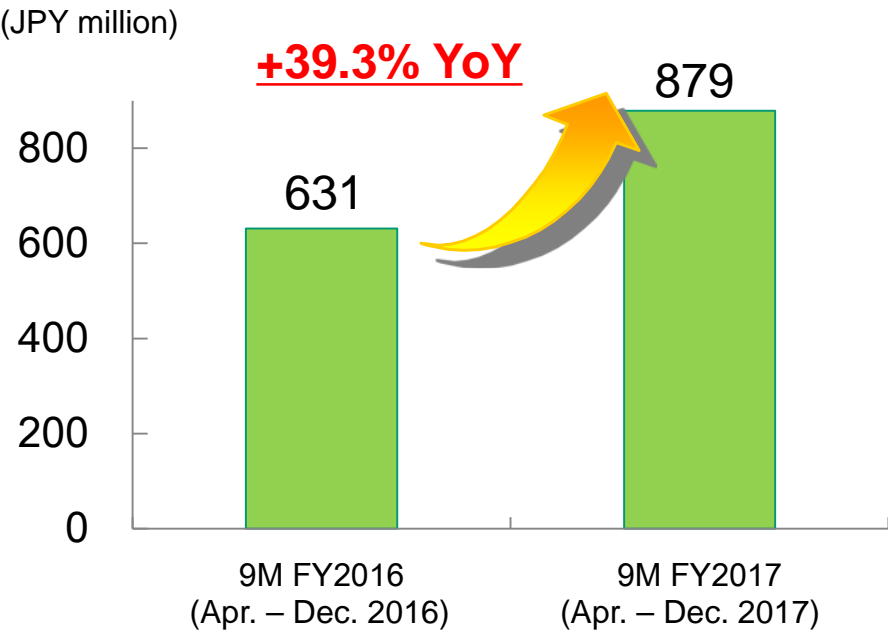
In FY2018, it is expected to sell in more than 10 countries worldwide

④ SBI ALApromo

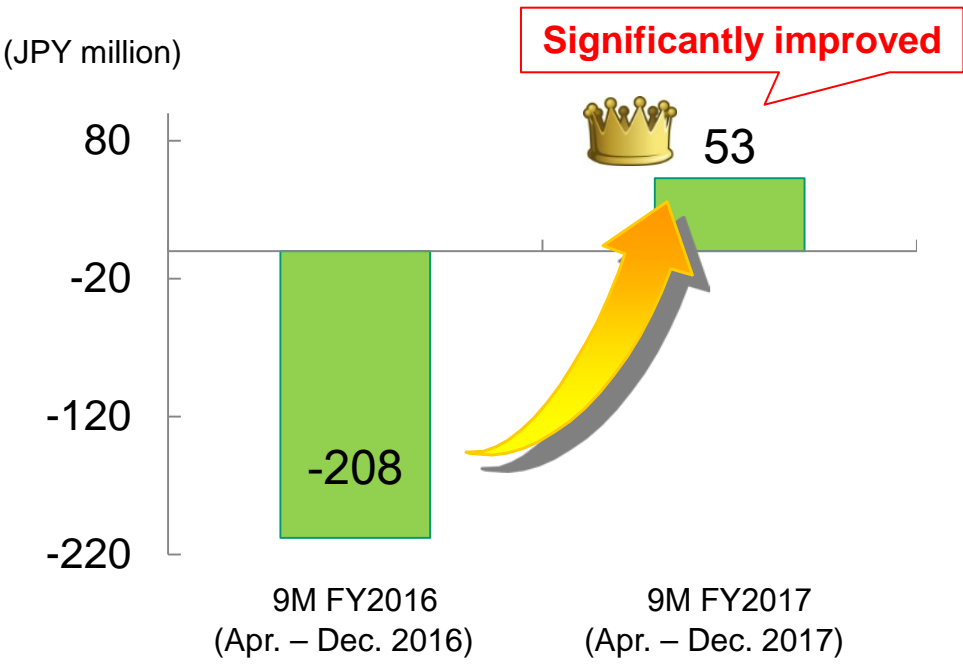


Achieved profitability on a quarterly basis for the second consecutive quarters, and expects to achieve profitability on a single fiscal year basis

Revenue



Profit before Income Tax Expense(IFRS)

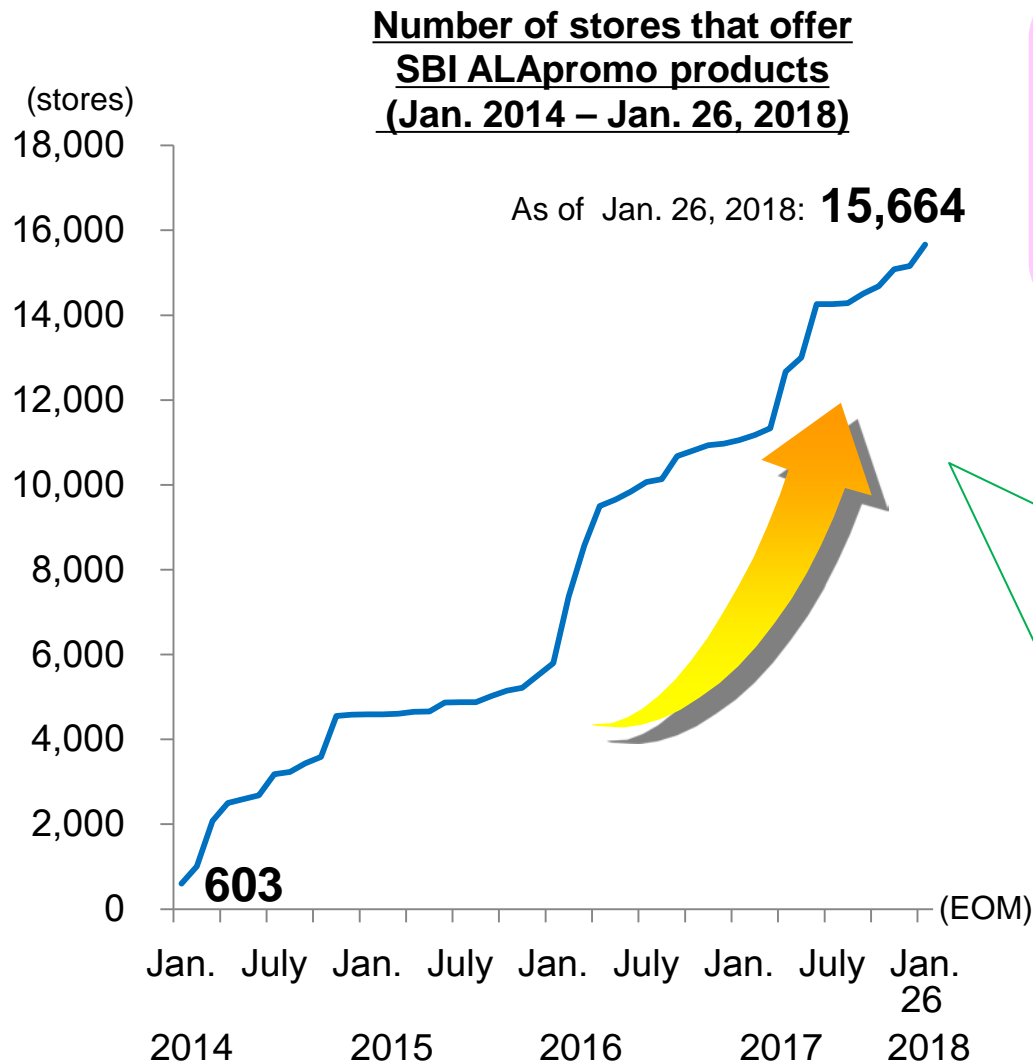


Among approx. 1000 foods with functional claims received by the Consumer Affairs Agency, “ALAplus Tou (Sugar) Down” (30 capsules) was ranked 9th in sales, in Nov. 2017. (Published in the Jan. 2018 issue of the monthly magazine “H&B Retail”) * Ranked in for 21 consecutive months since Mar. 2016

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

(3) 5-ALA-related business (SBI ALApromo):

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



The sales of “ALAplus Body Shape,” launched on July 12, 2017, has been strong, and the number of introduction store has topped 4,700 stores

The leading drug store chains started selling 5-ALA products:

e.g.

- Tsuruha Holdings approx. 1,424 stores
- Welcia 1,552 stores
- Matsumoto Kiyoshi 1,114 stores
- cocokara fine 1,062 stores
- FUJIYAKUHHIN approx. 890 stores
- COSMOS Pharmaceutical 867 stores
- Sundrug approx. 820 stores
- SUGIYAKUHHIN 780 stores

Accelerating Development of Foods with Functional Claims, for Continued Product Diversification

Foods with functional claims utilizing ingredients other than 5-ALA:

Cognitive improvement
Launched the “SBI Ginkgo Bilboa” utilizing ginkgo bilboa, in Dec. 2017

Started R&D on germination brown rice from Apr. 2017

Foods with functional claims containing 5-ALA, under development:

Planning submission to the Consumer Affairs Agency in March 2018

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

Improvement in the quality of sleep (Hawaii Univ.)

Planning submission to the Consumer Affairs Agency in FY2018

Recovery from fatigue (Hiroshima Univ.)

Improvement of sports training effect (Juntendo Univ.)

Male menopause improvement (Juntendo Univ.)

III. The SBI Group's measures to promote further expansion of business performance and improvement in corporate value

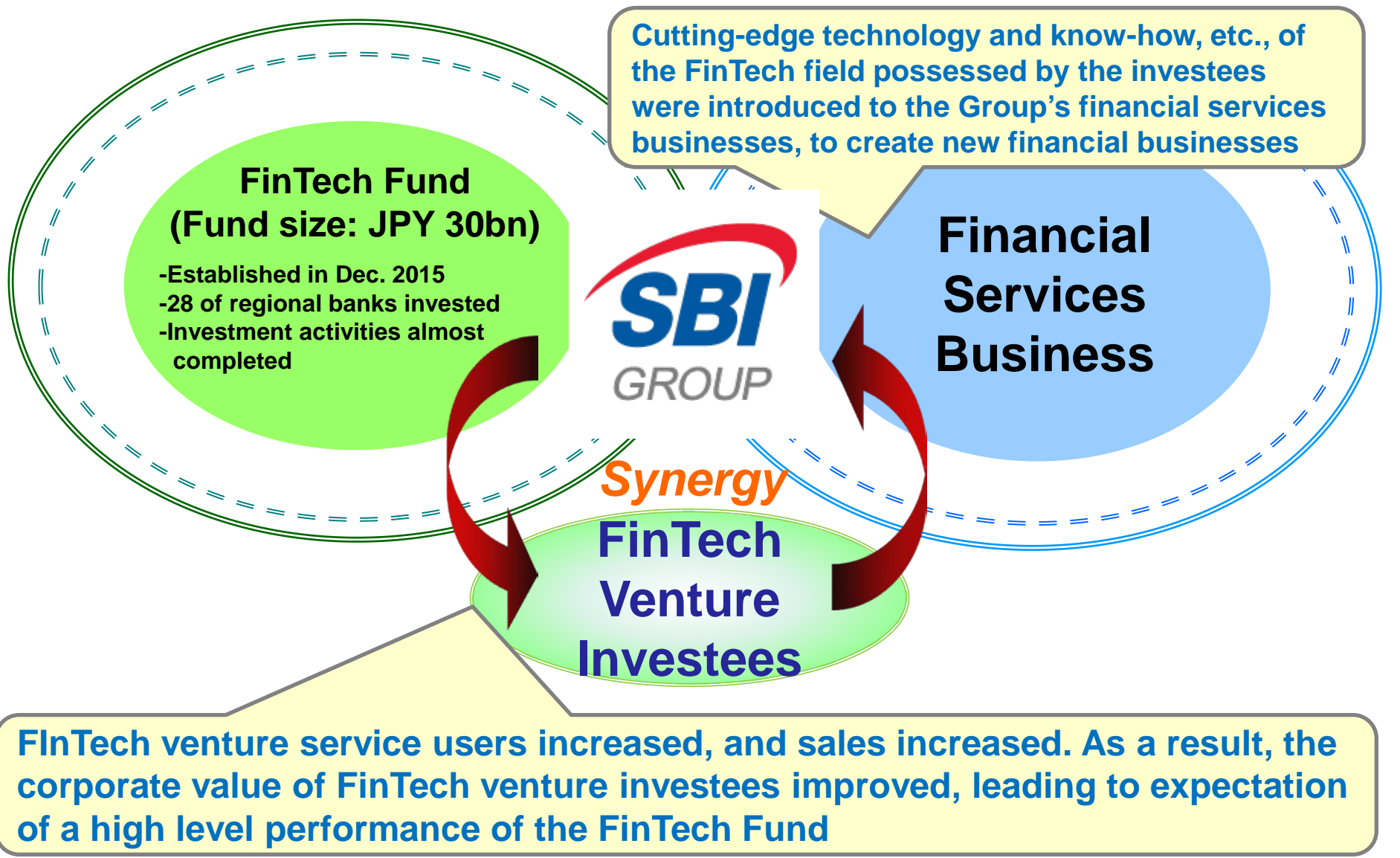
- 1. Through the utilization of funds, along with the establishment of alliances with companies outside of the Group, strengthen and expand the internal financial services business**
- 2. The foreseeable direction of the establishment of the cryptocurrency ecosystem**
- 3. Establishing a new financial ecosystem by expanding the “Mobile-first” service**
- 4. Steadily advancing efforts toward the actualization of intrinsic corporate value**

1. Through the utilization of funds, along with the establishment of alliances with companies outside of the Group, strengthen and expand the internal financial services business

- (1) Examples of pursued synergies between the FinTech Fund and the SBI Group's financial services businesses**
- (2) Establish a new fund to focus on investments in AI and the blockchain fields that will be widely utilized in various industrial fields, and accelerate the incorporation of cutting edge technologies and services at the Group companies**
- (3) In addition to the setting up a new fund "SBI Regional Bank Value Creation Fund," through the utilization of management resources held by the Group, contribute to the enhancement of regional financial institutions' corporate value**

(1) Pursuing synergies between the FinTech Fund and each Group financial services businesses

The FinTech Fund has Established a Win-Win Relationship between the SBI Group and the FinTech Venture Investees



Example of Pursued Synergies with FinTech Venture Companies ①

-Provision of robo-advisor services at SBI SECURITIES and SBI Sumishin Net Bank-

■ Partnering with **WEALTHNAVI** (Venture investee company of the FinTech Fund)

 **SBI証券** Launched “WealthNavi for SBI SECURITIES” on Jan. 31, 2017
[SBI SECURITIES]

Customer assets: JPY 27.3bn, Number of accounts: approx. 34 thousand
(as of Jan. 29, 2018)

➤ SBI MONEY PLAZA begins mediation of face-to-face services (Jan. 15, 2018)

住信SBIネット銀行 

Launched “WealthNavi for SBI Sumishin Net Bank” on Feb. 28, 2017

Customer assets: JPY 9.0bn, Number of accounts: approx. 10 thousand
(as of Jan. 29, 2018)

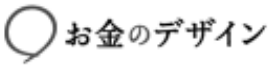







Approx. 60% of customer assets of the robo-advisors services provided by WealthNavi* of JPY 60bn (as of Jan. 24, 2017) are accounted for by the services provided by the SBI Group

* The total of “WealthNavi,” “WealthNavi for SBI SECURITIES,” “WealthNavi for SBI Sumishin Net Bank,” “WealthNavi for ANA,” and “WealthNavi for Sony Bank”

(1) Pursuing synergies between the FinTech Fund and each Group financial services businesses

Example of Pursued Synergies with FinTech Venture Companies ②

-Each Group company promotes partnerships with the FinTech fund investees-

 <p>Money Design</p>	 <p>orb Orb</p>
 <p>Nestegg</p>	 <p>Global Mobility Service</p>
 <p>Money Forward</p>	 <p>freee</p>
 <p>minkabu</p>	 <p>DAYLI Financial Group</p>

(2) Establish a new fund to focus on investments in AI and the blockchain fields that will be widely utilized in various industrial fields, and accelerate the incorporation of cutting edge technologies and services at the Group companies

- ① Establish a new fund to focus on investments in AI and the blockchain fields**
- ② The SBI Group companies have already developed services that utilize technologies in the relevant fields**

- ① **Establish a new fund to focus on investments in AI and the blockchain fields**

Established a New Fund “SBI AI & Blockchain Fund” in January as a Successor Fund of the FinTech Fund, which Primarily Invests in AI and Blockchain Fields

SBI AI & Blockchain LPS

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

New Technology Fields such as AI and Blockchain, are Expected to be Utilized For Other Than Just the Financial Sector, and are Expected to Expand Globally

- Overseas, with the increased investments into AI venture companies, for those companies with an high affinity with AI, such as venture companies offering AI solutions for various industries, many future business opportunities are expected to substantively increase
AI market size is forecasted to to expand to approx. JPY 2tn by 2030, just in Japan
(Source: Fuji Chimera Research Institute, “2016 General Survey about AI Business”)
- Owing to the utilization of blockchain in non-financial sectors, the market size is forecasted to increase to about eight times the current market size within the next five years, to approx. USD 2.3bn (approx. JPY 250bn) (Source: statista)
- The domestic market size for the IoT field is projected to increase from approx. JPY 520bn in FY2015, to JPY 3.2tn by FY2022
(Source: Nomura Research Institute)

② The SBI Group companies have already developed services that utilize technologies in the relevant fields

Case 1: Initiatives to utilize AI

Case 2: Initiatives to utilize blockchain

Case 1: Initiatives to Utilize AI



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



- Jointly develop AI to respond automatically to inquiries from users of FX trading service with Microsoft Japan



- Introduction of advanced screening method for mortgage using AI Technology
- Testing a hybrid chat service capable of AI and manned correspondence for customer inquiries
- Utilizing NEC's AI technology to undertake the development of a monitoring system with upgraded countermeasures against unauthorized transfers
- In collaboration with Hitachi, discussions have started on the creation of a screening service for financial institutions, utilizing AI



- In collaboration with the investee company Dayli Financial Group of South Korea, introducing a new screening model utilizing machine learning

Case 2: Initiatives to Utilize Blockchain



- Collaborating with IBM Japan for the verification of the applicability of blockchain to the financial market infrastructure for bond processing operations



- Succeeded in Japan's first blockchain demonstration test for accounting operations



- Partnering with NEC, Conducting demonstration tests that target the Application of blockchain for Know Your Customer ("KYC") operations

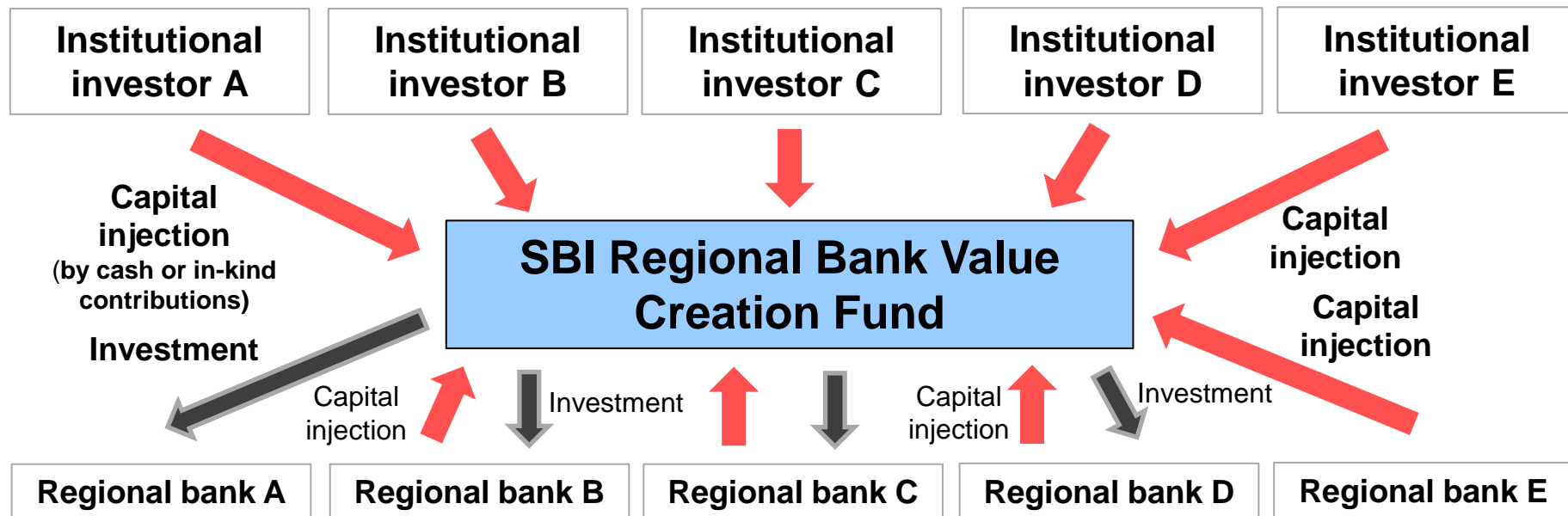


- In collaboration with investee company Dayli Financial Group, domiciled in South Korea, have established an approval system utilizing blockchain technology. Also, the blockchain application project for identity verification work has been completed, and will be introduced as soon as regulatory restrictions are relaxed

Thoroughly pursuing synergies between the SBI AI & Blockchain Fund's investee companies and the SBI Group companies

(3) In addition to establishing a new fund “SBI Regional Bank Value Creation Fund,” through the utilization of management resources held by the Group, contribute to the enhancement of regional financial institutions’ corporate value

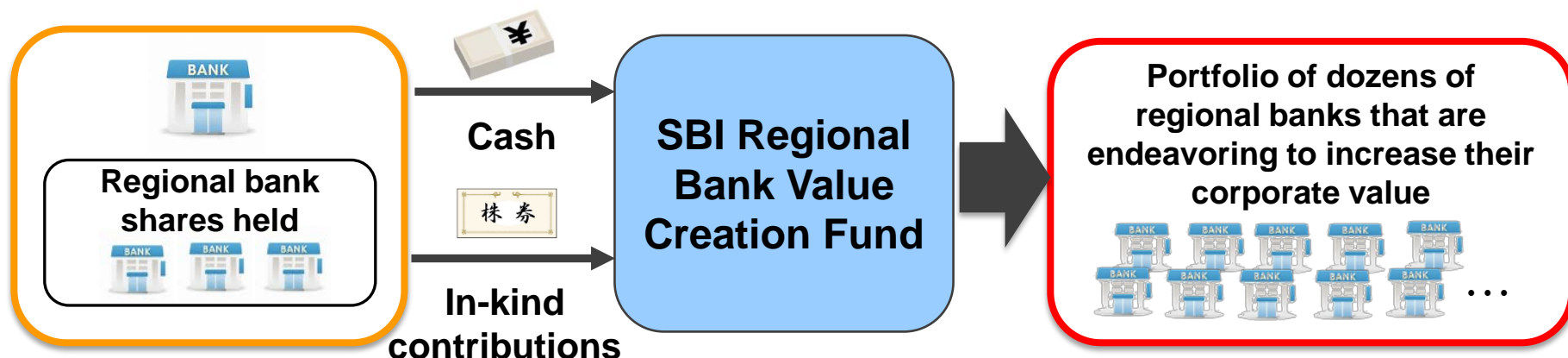
Establishing a New Fund on Jan. 31, 2018, that will Invest in Regional Financial Institutions that are Likely to Improve Their Corporate Value



Enhance the corporate value, by assisting in the introduction and support of FinTech by the SBI Group

Investment Scheme of “SBI Regional Bank Value Creation Fund”

- Privately placed investment trust offered to qualified institutional investors
- With regard to the investment, in addition to cash investments, in-kind contributions of regional bank shares, of which the Fund may target to acquire, are possible



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

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

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

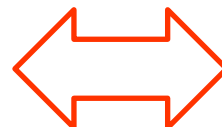
Undervalued Regional Financial Institutions

■ PBR by industry (as of the end of Dec. 2017)

TOPIX: 1.4

Securities and commodities: 1.0

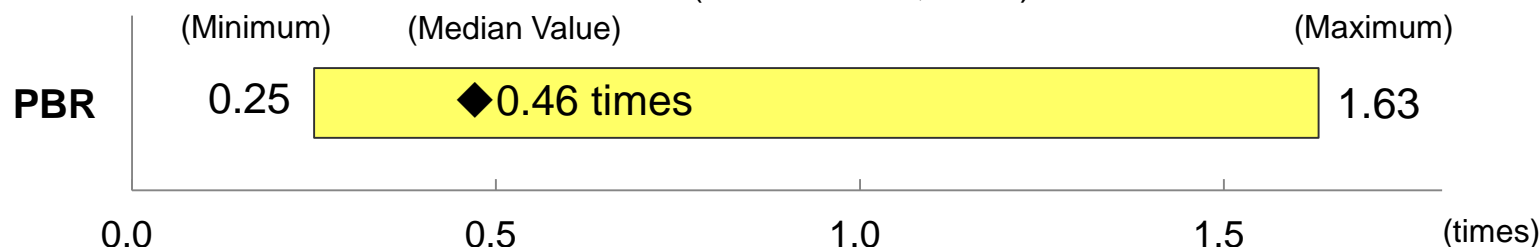
Other financials: 1.1



**Banks are
undervalued at 0.5**

PBR of listed regional banks and second-tier regional banks

(as of Jan. 15, 2018)









	Total	Number of banks that invested in the FinTech Fund	Number of banks participating in The Japan Bank Consortium
PBR under 0.5 times	45	16	20
PBR over 0.5 and under 1.0 times	35	12	21
PBR over 1.0 times	2	0	1

*1 As for regional banks that have merged, PBRs of the holding companies are used for the calculation





*2 Uses PBRs of 82 companies with the exception of The Kinki Osaka Bank which is an affiliate of Resona Holdings

Source: JPX website, each company website and EDINET

By Further Strengthening Relationships with Regional Financial Institutions in Various Business Fields, SBI Group Companies will Contribute to the Enhancement of Their Corporate Values ①

 [SBI SECURITIES]	<ul style="list-style-type: none"> • Increase transactions with regional financial institutions through the Financial Institutional Sales Dept. • Providing financial intermediary services to 11 regional banks
 [SBI MONEY PLAZA]	<ul style="list-style-type: none"> • Co-management of an in-branch shop with The Shimizu Bank • Business partnerships with 34 regional financial institutions for investor introductions for the fund business
	<ul style="list-style-type: none"> • SBI Insurance's Fire Insurance will be handled at 3 regional financial institutions
 [SBI Life Insurance]	<ul style="list-style-type: none"> • SBI Life's Group Credit Life Insurance and the Group Credit Disability Income Insurance with All Disease Security will be introduced at one of the regional financial institutions. Other banks are also positively considering the introduction as well
	<ul style="list-style-type: none"> • 61 financial institutions in total, including 43 regional financial banks, are participating in The Japan Bank Consortium
	<ul style="list-style-type: none"> • In cooperation with Japan IBM, supporting the introduction of FinTech services at regional financial institutions. Multiple financial institutions have decided on an introduction to these services, with several other financial institutions considering to follow their lead

By Further Strengthening Relationships with Regional Financial Institutions in Various Business Fields, SBI Group Companies will Contribute to the Enhancement of Their Corporate Values ②

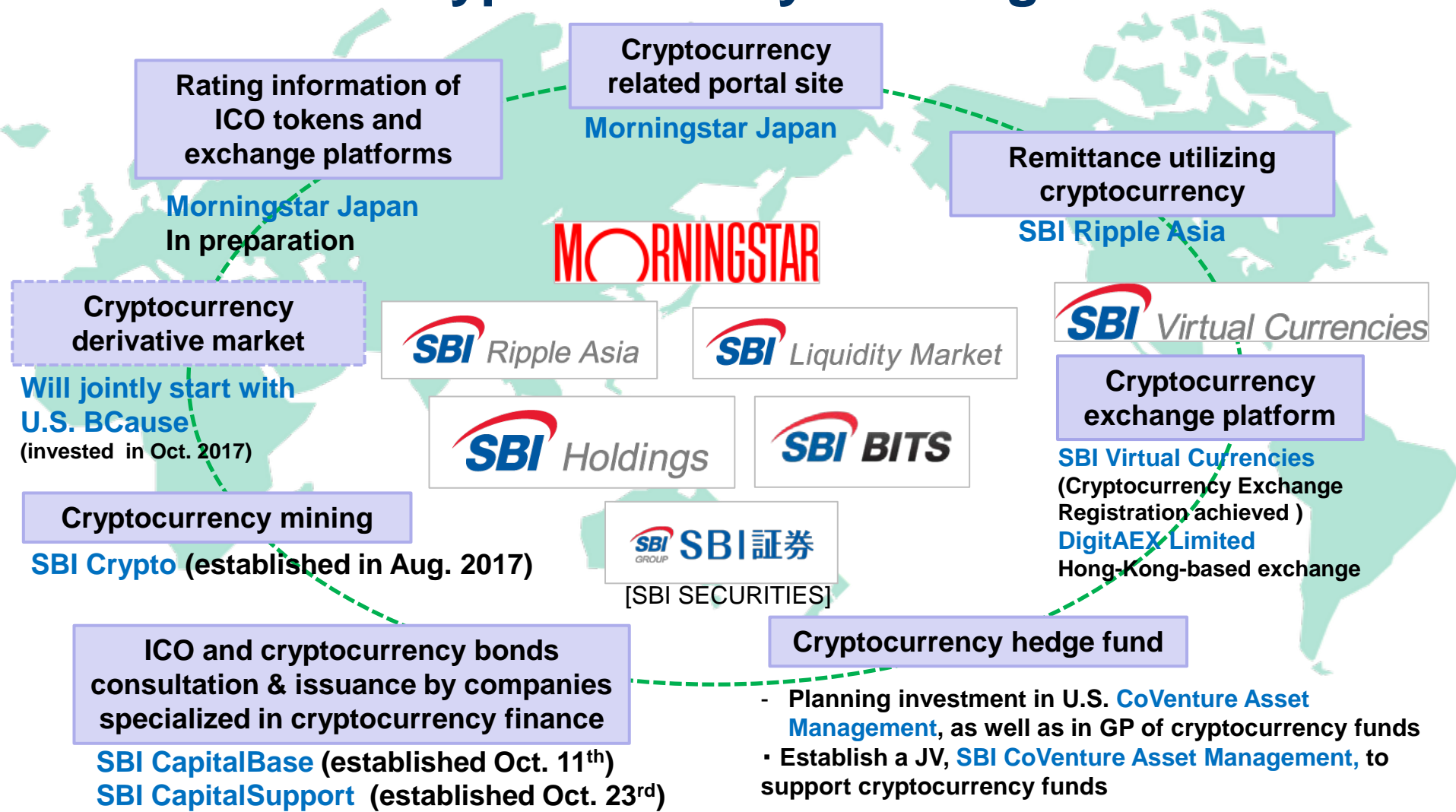
	<ul style="list-style-type: none"> • Providing cloud services for 14 regional banks
	<ul style="list-style-type: none"> • In partnership with 48 regional banks, to introduce loan products
	<ul style="list-style-type: none"> • Providing tablet app “Investment Trust INDEX” to financial institutions, including 41 regional banks. The cumulative number of units offered is 49,305 units, as of the end of Dec. 2017
	<ul style="list-style-type: none"> • 28 regional financial institutions invested in the FinTech Fund • The SBI AI & Blockchain Fund, which is the successor fund to the FinTech Fund, was newly funded by the Yamaguchi Financial Group, along with several regional financial institutions. An increase in the number of financial institutions that will invest is expected, going forward

2. The foreseeable direction of the establishment of the cryptocurrency ecosystem

- (1) Current status of the establishment of the cryptocurrency ecosystem that began in 2016**
- (2) Foreseeable direction of the expansion of the cryptocurrency ecosystem**

(1) Current status of the establishment of the cryptocurrency ecosystem that began in 2016

Current Status of the Financial Ecosystem Based on Cryptocurrency Starting from 2016



Each Business will be developed simultaneously to pursue synergy and mutual evolution

(2) Foreseeable direction of the expansion of the cryptocurrency ecosystem

- ① Strengthen initiatives to expand the actual demand for cryptocurrency**
- ② Strengthen the security of Wallet, which has become a bottleneck factor, and expand the investment and alliances to further develop KYC related technologies**
- ③ Vigorously promote cryptocurrency exchange platforms, both domestically and overseas, and the mining business**
- ④ Establishing cryptocurrency ecosystems overseas**
- ⑤ Preparing for ICO through SBI Crypto Currency Holdings during the next fiscal year**
- ⑥ Thoroughly pursue synergies between existing financial ecosystem and the cryptocurrency ecosystem**

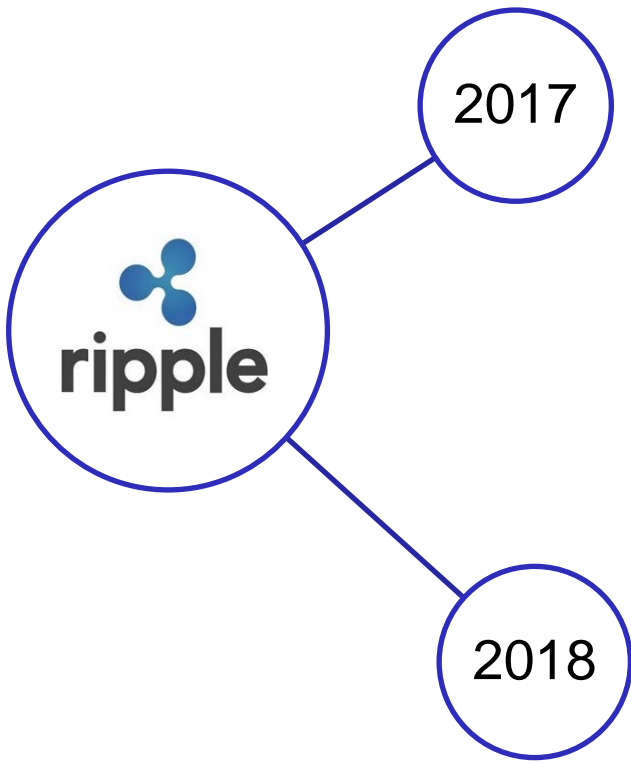
① Strengthen initiatives to expand the actual demand for cryptocurrency

(i) Utilization for remittance

(ii) Utilization for trade finance

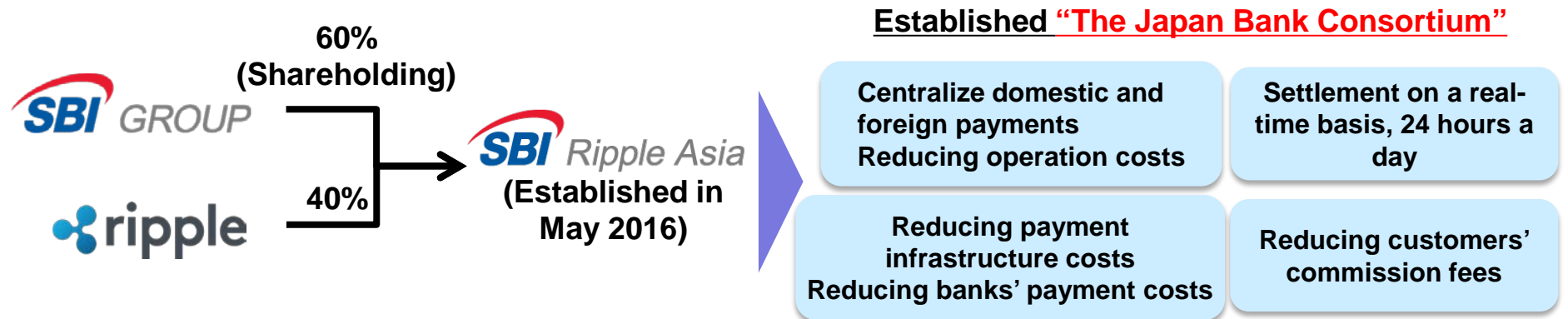
(iii) Utilization for settlement/payment

Actual Remittance and Demonstration Tests Utilizing Ripple’s Solution Steadily Expanded to Countries Around the World



Feb. 1	National Bank of Abu Dhabi announced the use of Ripple’s solution
June 29	Launched a remittance services between SBI Remit(Japan) and Siam Commercial Bank (Thailand)
July 10	Demonstration tests (PoC) by the Bank of England
Oct. 12	International remittance between the U.S. and Mexico by Cualix, a Mexican financial institution
Nov. 16	The U.S. American Express’s partnership with Santander UK to send BtoB cross-border payments
Nov. 22	Start remittance between Axis Bank (based in India) and SCB (based in the U.K.) Start remittance between Axis Bank (based in India) and RAKBANK (based in UAE)
Dec. 15	Collaborative tests began between 37 Japanese banks (members of The Japan Bank Consortium) and the Korean banks Woori Bank and Shinhan Bank
Dec. 18	Thai Bank of Ayudhya supports remittance by a major Korean petrochemical company
Jan. 11	MoneyGram, one of the world’s largest money transfer companies, announced to use of Ripple’s solution and Ripple’s digital asset “XRP”
Jan. 18	Korean Woori Bank announced a secondary remittance test between Japan and Korea

Established SBI Ripple Asia in May 2016, with Ripple, to Bring About a “Remittance Revolution” in Asia



The SBI Group has dispatched Directors to Ripple, to actively participate in the development of Ripple’s business

Participating Financial Institutions (61 banks, in alphabetical order):

City banks and others (13 banks)	Reginal banks & Second-tier regional banks (43 banks)
ORIX Bank, The Shoko Chukin Bank, Shinkin Central Bank, Shinsei Bank, The Norinchukin Bank, The Nomura Trust and Banking, Mizuho FG, Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, The Bank of Tokyo-Mitsubishi UFJ, Mitsubishi UFJ Trust and Banking Corporation, Japan Post Bank, Resona Bank	Aomori Bank, THE AKITA BANK, Ashikaga Bank, The Awa Bank, The Senshu Ikeda Bank, THE IYO BANK, The Bank of Iwate, The Ehime Bank, Oita Bank, The Bank of Okinawa, The Gunma Bank, The Keiyo Bank, San-in Godo Bank, THE SHIGA BANK, The Shikoku Bank, 77bank, The Shimizu Bank, The Juroku Bank, Suruga Bank, The Daishi Bank, The Chiba Bank, The Chiba Kogyo Bank, The Chugoku Bank, Tsukuba Bank, The Tokyo Star Bank, THE TOHO BANK, The Towa Bank, THE TOCHIGI BANK, The Bank of Nagoya, THE NISHI-NIPPON CITY BANK, THE HACHIJUNI BANK, The Hyakugo Bank, Hiroshima Bank, The Fukui Bank, North Pacific Bank, Hokuriku Bank, The Michinoku Bank, The Musashino Bank, The Yachiyo Bank, The Yamagata Bank, The Yamaguchi Bank, Bank of Yokohama, Bank of The Ryukyus
Online banks (5 banks)	
AEON Bank, SBI Sumishin Net Bank, Seven Bank, Sony Bank, Daiwa Next Bank	

Utilizing The Japan Bank Consortium's Distributed Ledger Technology (DLT) for a Remittance Revolution

Technology verification by financial institutions participating in The Japan Bank Consortium

- Mar. 2017 Completed development of RC Cloud*
Confirmed that the foreign exchange and domestic exchange remittance functions operate in a PoC environment
- Dec. 2017 Completed development of RC Cloud 2.0
Looking ahead to commercialization, strengthened security and fault tolerance, etc.
- Dec. 2017 Conducted Japan-Korea remittance tests
 - Conducted remittance test between two leading financial institutions in South Korea (Woori Bank and Shinhan Bank), as well as between 37 of the financial institutions participating in the consortium (Dec. 2017)
 - “RC Cloud” was utilized on the Japan side

*RC Cloud: A remittance platform that centrally handles domestic and foreign settlements utilizing DLT

Future Plans

- Scheduled to start commercial use by banks of RC Cloud 2.0, which was completed in Dec. 2017, in the domestic exchange in 2018 Spring
- Add participating banks, engage in shared GW development, and develop a shared app for remittance as needed

Ripple Contributes to Increasing Actual Demand of Remittance Using Block Chain Technology and Virtual Currency

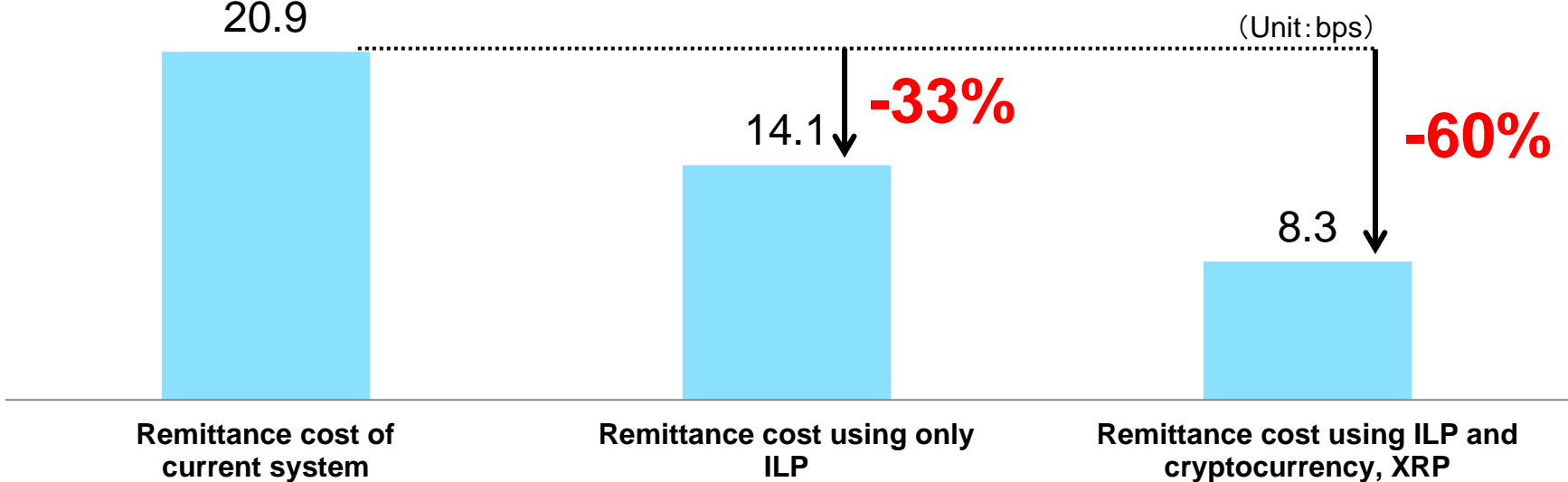
➤ ILP (Inter Ledger Protocol)

Developed by utilizing Ripple’s block chain technology, a settlement system that connects ledgers to further advance interbank settlements

➤ Cryptocurrency “XRP”

XRP is a cryptocurrency which Ripple manages, and in conjunction with ILP enables the cost reduction of international remittance

Example of cost reduction by Ripple’s international remittance system (Estimated value)



* Source: Ripple Insight (Feb. 23, 2016)

* Remittance costs include the spread, currency hedging, operation costs and settlement costs

Dissemination of Remittances Using Distributed Ledger Technology through Partnership with Overseas Companies



DAYLI Intelligence

A FinTech company associated with South Korea investee company Yello Mobile

- **Launch Full-scale Sales Expansion of Remittance Solution Utilizing DLT for Financial Institutions in South Korea**



 **coinplug**

A Investee company of the FinTech Fund

- **Established a JV, “SBI Cosmoney” which will provide international remittance services between Korea and other countries**
- **On Jan. 3, 2018, registration of a small sum money exchange and transfer business was completed**

Continue the Remittance Revolution through alliances with overseas companies that possess high technology and experience

Cross-Industry Initiatives Utilizing Distributed Ledger Technology (DLT)

-Launch of Credit Card and Securities Industry Consortium-



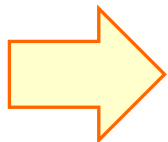
Distributed ledger technology (DLT), although having started as a core technology for cryptocurrency, has the potential to increase the stability, flexibility and efficiency of financial institutions' systems in a wide range of applications

Card consortium (Announced on Dec. 2017)

- Founding members: 8 entities including CREDIT SAISON, JCB and Sumitomo Mitsui Card
- In addition to cryptocurrency issuance and point management, will endeavor the utilization for identity verification (KYC), anti-money laundering, single sign-on, etc.

Securities consortium (Announced on Jan. 2018)

- Founding members: 19 entities including SBI SECURITIES, NOMURA SECURITIES, Daiwa Securities and Rakuten Securities
- Will endeavor the utilization of DLT technology for identity verification (KYC), anti-money laundering (AML), etc.



Expand the scope of application beyond the banking industry, and will endeavor to reduce cost by improving customer convenience and operational efficiency for the entire financial industry

Launched Full-scale Participation in R3 Led Block Chain Project



- ◆ In the consortium, led by R3, a U.S. based company, more than 100 consortium members (banks, securities companies , central banks and regulating authorities) and more than 70 technology partner companies are participants
- ◆ The world’s largest working group utilizing block chain to improve the efficiency of the financial markets

Major investment company to R 3:

Oversea Companies	Wells Fargo, Bank of America Merrill Lynch, HSBC Holdings, Citigroup, BNP Paribas etc.
Japanese Companies	SBI Group , Mitsubishi UFJ Financial Group, Sumitomo Mitsui Financial Group, Mizuho Financial Group, Nomura Holdings, Head quarters of Daiwa Securities Group etc.

 Accelerate the development and application of Corda, which is a distributed ledger technology (DLT) platform for financial institutions and an infrastructure network

The SBI Group is currently the largest outside shareholder of R3, and is the only Japanese company to have dispatched its executives

Promoting utilization of Corda by SBI Group

-Providing a training program for domestic financial institutions-

SBI BITS, a system development company of the SBI Group, started providing a “Corda Training Program,” in lieu of R3 from Nov. 2017

In regions outside of Japan, R3 provides its training program in English.

Regarding the training:

- Programs are geared toward engineers, in regardless of affiliations with financial or non-financial institutions
- Provide a deep conceptual and practical understanding of Corda and CorDapp (an application on Corda)
- Access to collaborative products of initiatives conducted by more than 100 financial institutions in the consortium

Continue to collaborate with other participating financial institutions, etc. **to build the next generation financial platform with Corda as its distributed operating system (OS)**

Trade Finance Settlement Period Reduction

Trade finance transactions requires a few days to settle, since there are over 10 task steps to be completed between 3 parties, the importer, the exporter and the bank mediating the settlement

Upon the application of Corda, a Distributed Ledger Technology developed for financial institutions, it will simplify trade finance



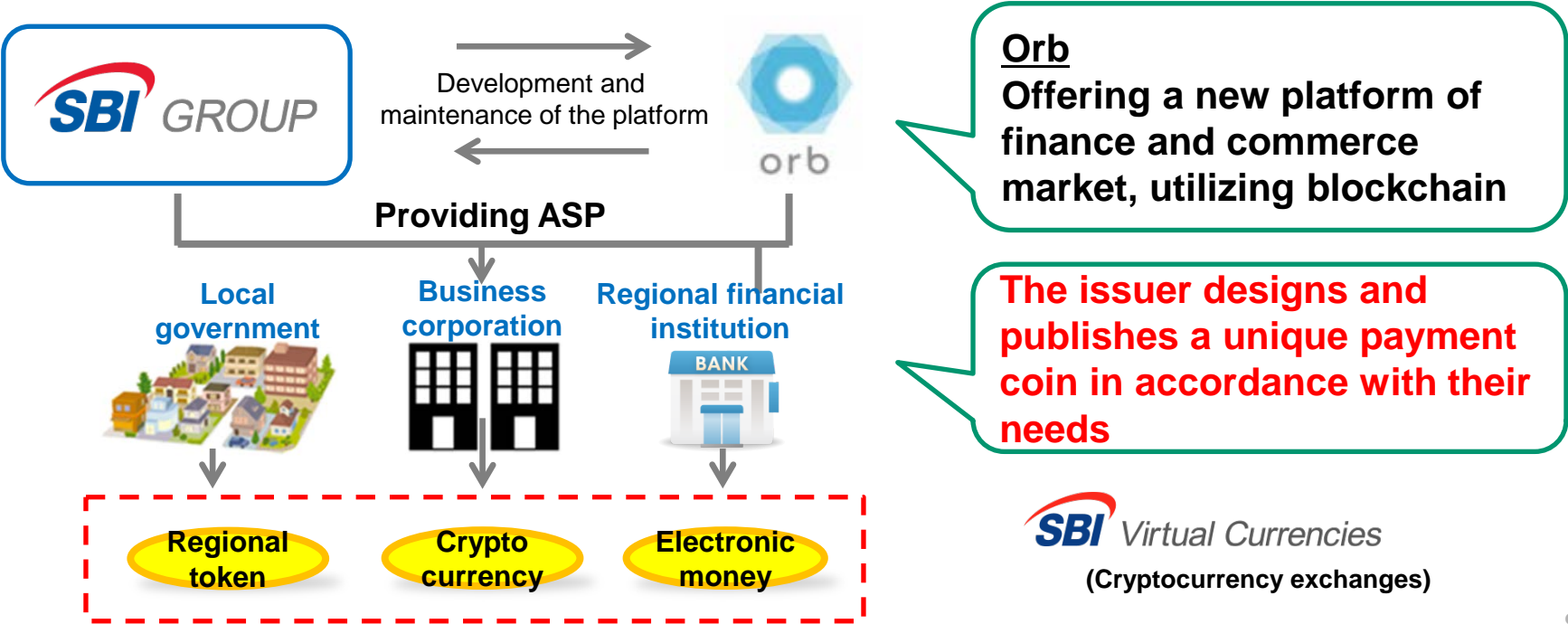
◆ Distributed Ledger Technology, mainly developed by R3, for financial institutions' use (open-sourced in Nov. 2016)

- Simplify document preparation and mailing procedures by utilizing distributed ledger technology and electronically sharing the export documents of exporters among importers, banks, and other involved parties.
- Simplify written communication among various involved parties, such as exporters, importers, transport operators, insurance companies, port operators, and financial institutions.

UBS, in its own trials, has successfully shortened its trade finance transaction period from a week to an hour, or 1/168th of the previous time

Development of the “S Coin Platform,” an Original Coin Issuing Platform that is to be used by Local Governments, Business Companies, Regional Banks, etc.

- S Coin Platform can be used to issue many types of digital coins to be used as settlement method, including cryptocurrency or prepaid electronic money
- Settlement platform striving to **reduce settlement cost and the use of cash significantly by providing original settlement coin**



- ② **Strengthen the security of Wallet, which has become a bottleneck factor, and expand the investment and alliances to further develop KYC related technologies**

- ② Strengthen the security of Wallet, which has become a bottleneck factor, and expand the investment and alliances to further develop KYC related technologies

Strengthen the security of Wallet, which has become a bottleneck factor, and expand the investment and alliances to further develop KYC related technologies

Security measures

- Cryptocurrency exchange platforms suffer from DDos / cyber attacks globally, so advanced security is essential
- The role of the wallet function, with a high level of robustness becomes important for the prevention of cryptocurrency theft

Korean cryptocurrency platform YouBit

- Dec. 19, 2017, owing to a second hacking attack during the year, **lost 17% of total assets and filed for bankruptcy proceedings**

Increasing cyber attacks on ICO

- Fund procurement method using cryptocurrency (ICO) has received an average of 100 cyber attacks per month on a global basis, **leading to a theft of approx. USD 400m, equivalent to approx. 10% of the total funding of USD 3.7bn** (Group IB report)

Japanese major cryptocurrency exchange platform Coincheck

- On Jan. 26, 2018, 523m NEM (JPY 58bn on that day's rate) was stolen through an illegal access, part of the problem was attributed to a management issue at Wallet

Issues of Coincheck

- Managed NEM only in an environment connected to the Internet (external) only with hot wallet
- Furthermore, did not use the multi-sig contracts recommended by the NEM Foundation, among other rudimentary problems

② Strengthen the security of Wallet, which has become a bottleneck factor, and expand the investment and alliances to further develop KYC related technologies



Alliance by SBI Group (including a JV) for the Advancement of Wallet Security was Determined with Specific Companies

Considering that the security issues of MTGOX and CoinCheck are due to the vulnerability of wallet, a collaboration with the above-mentioned companies seems to provide the highest level security possible at this time

nChain, U.K.	Strategic partnership on cryptocurrency security and BCH support
Company A, Korea	Development of dynamic security
Company B, Taiwan	Cold wallet service provider on blockchain assets
Company C, Denmark	Hot wallet service provider on blockchain assets

* Includes agreement on verbal or preparing the contracts

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

- ③ **Vigorously promote cryptocurrency exchange platforms, both domestically and overseas, and the mining business**
 - (i) **Cryptocurrency exchange platforms domestically and abroad**
 - (ii) **Mining business**

Business Partnerships with Huobi Group, which Engages Cryptocurrency-related Businesses in Asia

The SBI Group



Promoting the development of cryptocurrency-related businesses in Japan and overseas

- Establishing a new cryptocurrency ecosystem including SBI Virtual Currencies, which completed registration as a cryptocurrency exchange service provider, and others

- **A robust cryptocurrency exchange system will be necessary to be fully prepared for the anticipated inflows of customers from the SBI Group's customer base**

SBI SECURITIES with over four million accounts, SBI Sumishin Net Bank with over three million accounts, and SBI Group's FX services* with over one million accounts (as of the end of Dec., 2017)

1.65 million accounts,
maximum daily
transaction volume of
over CNY 30bn
(approx. JPY 510bn)



Huobi Group



Has a track record of operating "Huobi," one of the largest cryptocurrency exchange platforms in China

- Operating a cryptocurrency exchange platform, information and research service business, wallet services for cryptocurrency management, in Singapore, Hong Kong, Korea and Japan

- **A track record of stably operating a major cryptocurrency exchange for four years**

The SBI Group highly evaluated Huobi's system, operation know-how skills and technology level, thus decided to conclude the agreement, to be fully prepared for service provision

SBI Virtual Currencies Started Providing Pilot Sales of XRP on a Sales Model Service Basis from Jan. 30

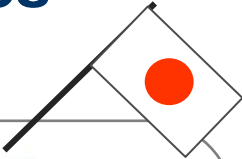


Sep. 29, 2017 Registered for cryptocurrencies' exchange and trading business

Jan. 30, 2018 Started pilot sales of XRP, to limited customers, with sales model service

A full-scale starting date for XRP, utilizing Huobi's system for exchange model services for cryptocurrencies such as Bitcoin Cash and Bitcoin, will be decided based on the G20 discussions (Mar. 19-20), the response of the Japanese Financial Services to CoinCheck's hacking problems and the regulatory trends of the various governments

The Establishment of a Cryptocurrency Exchange Platform in Hong Kong that Enables the Exchange and Trading Services of Various Cryptocurrencies Distributed Around the World



DigitAEX Limited.
(established in Hong Kong)

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

Multi Cryptocurrencies



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

Domestic exchange market



<i>Exchange</i>	<i>Service</i>
<i>Digital Asset Management</i>	<i>Product</i>

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



Investors around the world, including Japan

Toward the Launch of Bitcoin (BCH) Mining

SBI Crypto (established in Aug. 2017)

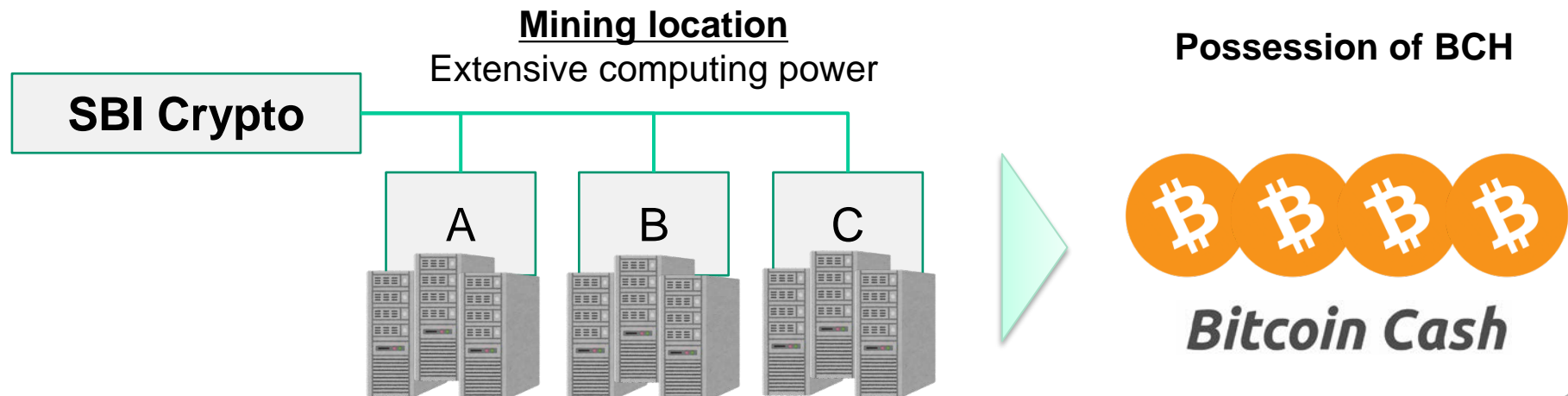
Conduct mining business overseas primarily for Bitcoin Cash (BCH)

Mining status

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

Reasons to hold BCH

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



④ Establishing cryptocurrency ecosystems overseas

Efforts Toward the Establishment of a Global Market for Cryptocurrencies without Borders

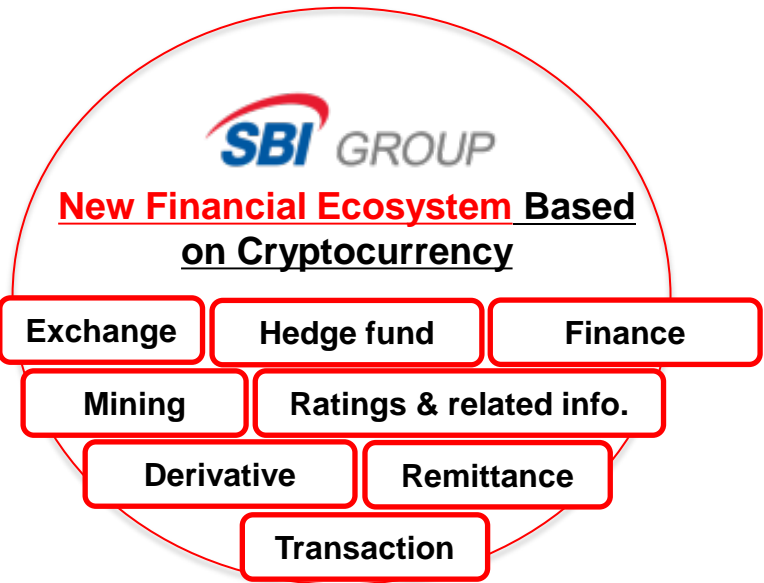
-Joint Investment and Business Cooperation with Company A (USA), into Cryptocurrency and ICO-related Companies-



Company A: Ecosystem based on token issuance & liquidity



- B: SEC regulated ICO platform
- C: Token service & PE primary listing services for the wealth
- D: PTS
- E: security exchange platform
- F: broker-dealer
- G: investment advisory / fund management
- H: machine learning solution

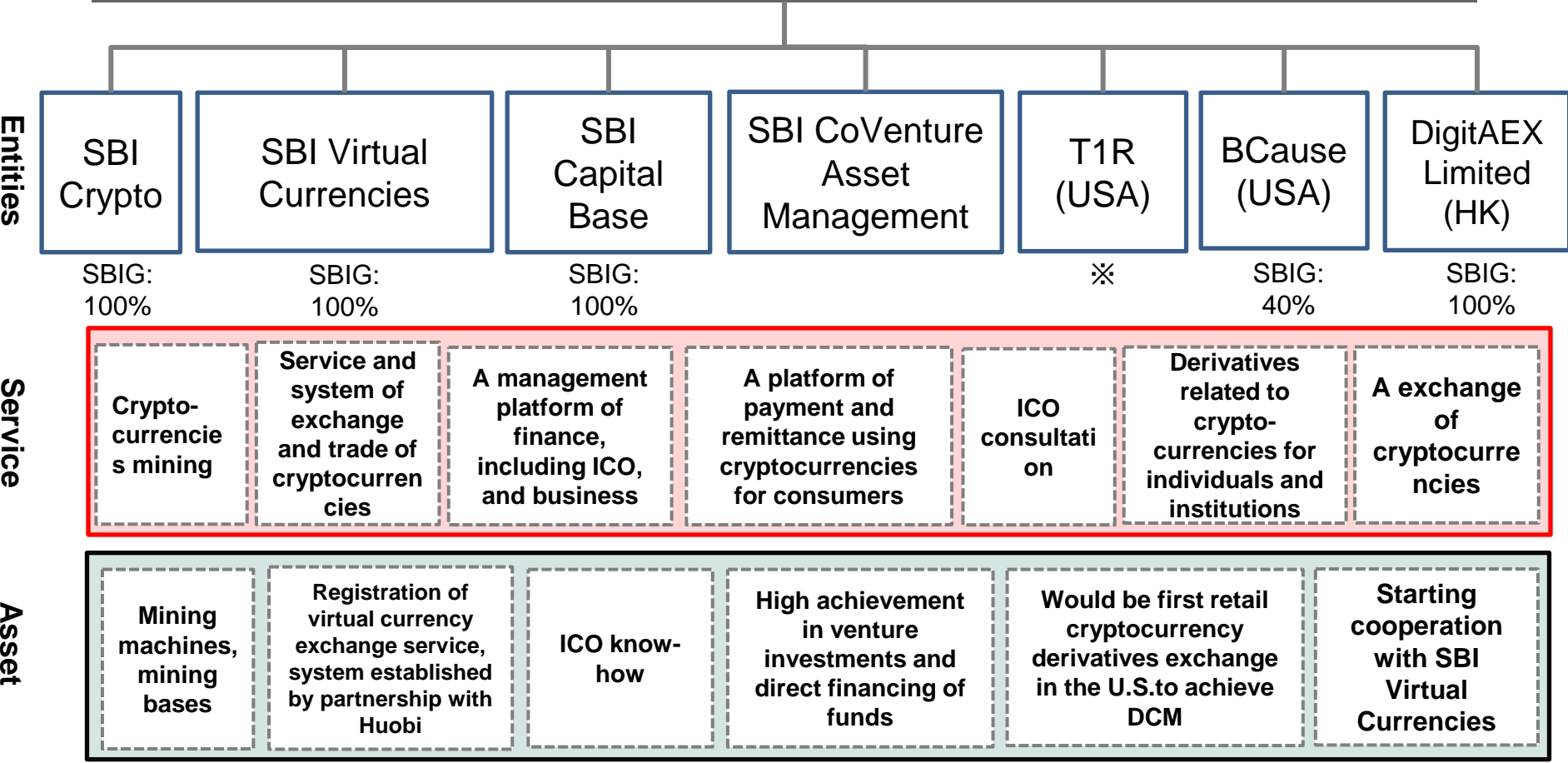


Through partnerships and investments into cryptocurrency-related companies overseas, will expand the business globally

- ⑤ Preparing for ICO through SBI Crypto Currency Holdings during the next fiscal year**
 - (i) Business assembling under SBI Crypto Currency Holdings and all kinds of examination of the issuance of tokens from of legal, institutional and economic aspects**
 - (ii) ICO consultation and promotion**
 - (iii) Management of cryptocurrency portal site that provides cryptocurrency-related and ICO rating information**

Consider Fundraising using ICO, by SBI Crypto Currency Holdings

SBI Crypto Currency Holdings



※Making final adjustment for investment

Issuance of Tokens Backed by Assets and Services Under the Intermediate Holding Company

① Service - backed token

- **The token holders will be able to use services provided by companies under the aegis of SBI Crypto Currency Holdings for free or under favorable conditions for a certain period of time, depending on their holding volume**

② Asset - backed token

- **Token will be backed by all assets, including issuer's intellectual property (IP)**
- **In the case of capital gains garnered through an IPO, for companies within the aegis, will consider distributing some of the capital gains according to their holding volume**
- **Value of the issuer and the value of the token are linked**

Supporting ICOs on Non-Group Entities by Fully Using Know-Hows Acquired Through ICO on Intermediate Holding Company



- Seeks to propose optimal funding plans adapted to company growth stages, activate the venture ecosystem, and nurture new industries through development and operation of a fundraising platform for venture companies and SMEs.

ICO (Planned start around spring 2018)
Provision of a new fundraising method that utilizes cryptocurrencies

Angel investor matching platform
A pre-VC round fundraising environment

Bonds (private placement bonds)
Fundraising that makes possible stock dilution and maintenance of the founder's ownership interest

Crowd funding, M&As



Start pre-registration of website and ICO platform

Direct customers (corporations)

- Venture companies/SMEs
- VC, CVC, and other funds
- Large listed companies
- Securities companies, banks, etc.



Indirect customers (individuals)

- Angel investors
- Individual investors (private placement bonds)
- Individual investors (ICOs)
- Venture company career changers

Together with **U.S. T1R**, currently in process of definitive agreement, will manage wide range of dealings and issues.

Morningstar Japan Initiating Japan's First ICO (Initial Coin Offering) Rating Business

What is an initial coin offering (ICO)?

The term refers to a means for companies to raise funds for the purpose of developing cryptocurrencies or a sale conducted for the purpose of circulating to investors the new cryptocurrency (token) after it is generated.

Although an ICO resembles a stock IPO (initial public offering), since no listing screening is performed by an exchange or securities company, it is possible for the issuing company to quickly raise funds.

Although the number of investors participating in ICOs is increasing because participation is simple, there is no safety net and few reliable information sources. In addition, scam ICOs exist, and the current situation is not conducive to accurate investment decisions.

To meet ICO needs, will commence rating of cryptocurrencies and ICOs

- ◆ Provide cryptocurrency ratings based on neutral and objective analytical evaluation
- ◆ Rate not only ICOs, but also cryptocurrencies that are already traded
- ◆ Evaluate management personnel, products, and the like using unique evaluation methods* based on issuer white papers.

*Application of investment trust and bond rating evaluation methods and expertise

**Promoting business in cooperation with
SBI CapitalBase projects**

Morningstar Japan's Cryptocurrency Portal Website

- Aggregated information on countless existing cryptocurrencies and domestic cryptocurrency exchange platforms for investors
- Launched on Oct. 19, 2017, and the information will become more enhanced

Market cap. ranking of cryptocurrencies
JPY denominated, USD denominated
switching, sorting function, etc.

No.	通貨名	時価総額(億円)	取引所平均価格(円)	前日比(24h) %	前週比 %	供給量	シンボル
1	Bitcoin	73,232	441,833.12	+7.24	-6.8	16,574,662	BTC
2	Ethereum	30,107	31,790.95	+3.28	-5.37	94,703,721	ETH
3	Bitcoin Cash	8,738	52,662.06	+7.98	-13.53	16,593,250	BCH
4	Ripple	7,933	20.69	+1.73	-14.77	99,994,523,265	XRP
5	Litecoin	3,177	5,995.24	+6.81	-21.05	52,996,332	LTC
6	Dash	2,731	36,096.33	-1.35	+0.28	7,566,056	DASH
7	NEM	2,393	26.58	+12.17	-7.34	8,999,999,999	XEM
8	IOTA	1,802	64.84	+6.65	-3.99	2,779,530,283	MIOTA
9	Monero	1,643	10,877.32	+0.75	-14.26	15,102,011	XMR
10	Ethereum Classic	1,240	1,295.94	+9.71	-22.84	95,650,433	ETC
11	OmiseGO	1,152	1,171.53	+2.14	-15.22	140,245,398	OMG
12	NEO	1,110	2,220.91	-1.62	-11.44	100,000,000	NEO
13	BitConnect	882	13,099.29	+6.42	-8.17	7,764,511	BCC
14	Link	793	705.00	+10.24	-8.01	112,428,275	LSK

Price comparison of major domestic exchange platforms (Bid, Ask)
comparison of price, transaction fees

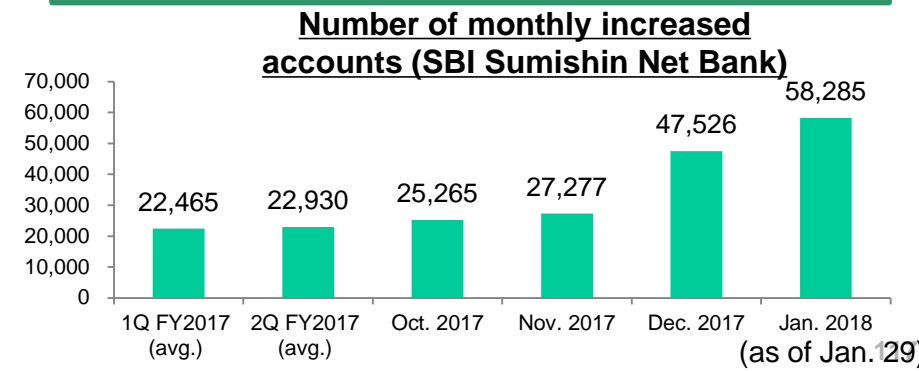
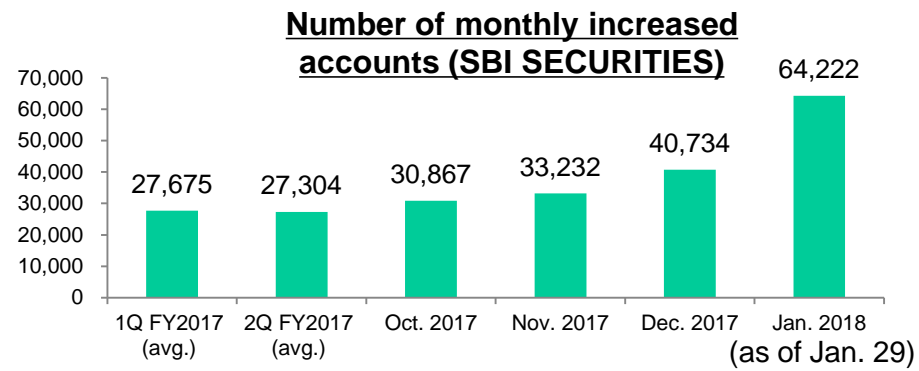
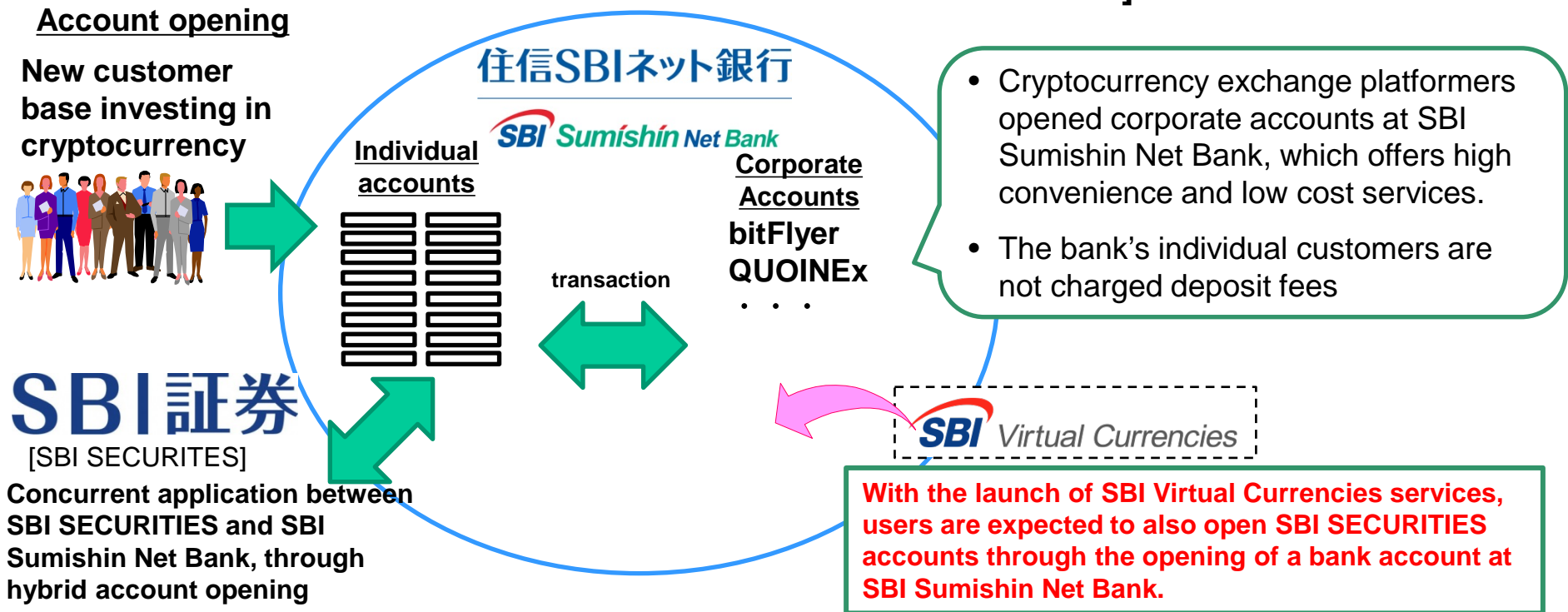
取引所	出来高(24h)	Bid	Ask	取引手数料	信用取引レバレッジ	先物取引レバレッジ
bitFlyer	118,822BTC	436,351.00円	436,500.00円	0.01~0.15%	最大15倍	最大15倍
coincheck	39,158BTC	438,581.00円	438,725.00円	0%	最大5倍	なし
Zaif	4,540BTC	436,645.00円	437,000.00円	-0.01%	最大7.77倍	最大25倍
BTCBOX	2,014BTC	431,660.00円	432,325.00円	0.2%	最大3倍	なし
QUOINEX	1,851BTC	437,752.57円	437,972.80円	0%	最大25倍	
kraken	5BTC	435,345.00円	439,001.00円	0~0.26%		
bitbank	17BTC	435,503.00円	439,750.00円	BTC/JPY -0.05~0.05% アルトコイン -0.05~0.25%	なし	20倍

Eliminate information asymmetry, and increase investors by lowering participation hurdles in the market

⑥ Thoroughly pursue synergies between existing financial ecosystem and the cryptocurrency ecosystem

Thoroughly pursue synergies between existing financial ecosystem and the cryptocurrency ecosystem

[One factor in the recent increase in the number of accounts at SBI Sumishin Net Bank and SBI SECURITIES]

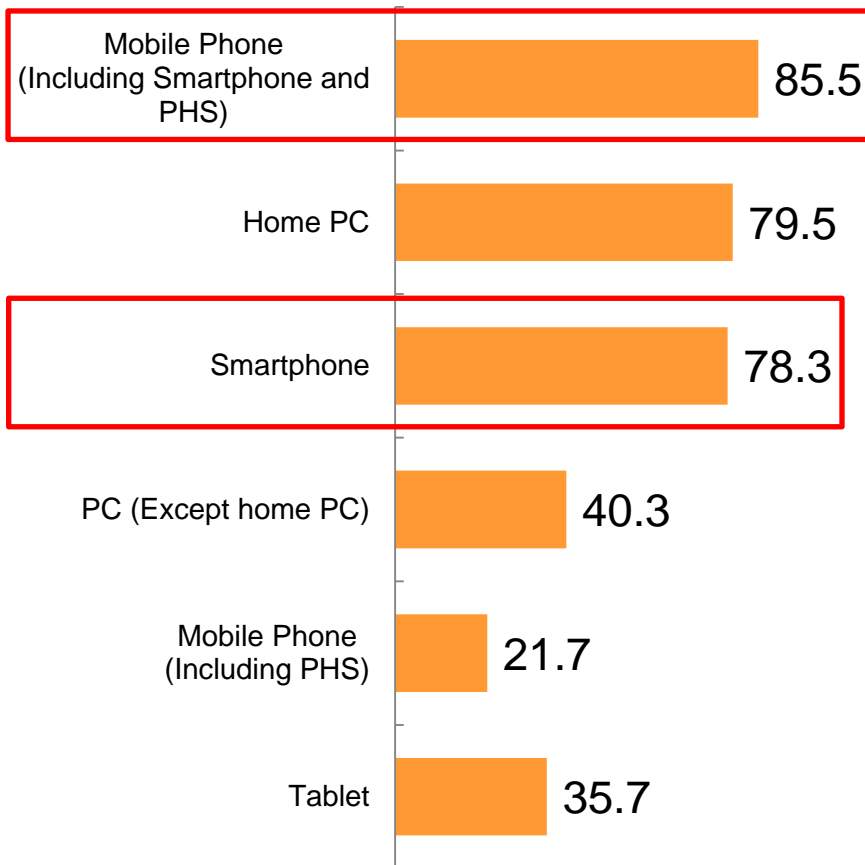


3. Establishing a new financial ecosystem by expanding the “Mobile-first” service

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

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

Internet usage through mobile phones exceeds PC usage



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



SBI証券

[SBI SECURITIES]

9.9% (the end of Mar. 2014)

Percentage of trades utilizing Smartphones



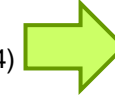
31.0% (the end of Dec. 2017)

SBI FXTレード

[SBI FX TRADE]

40.8% (the end of Mar. 2014)

Percentage of orders utilizing Smartphones



60.3% (the end of Dec. 2017)

住信SBIネット銀行

SBI Sumishin Net Bank

21.5% (the end of Mar. 2014)

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

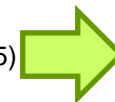


51.4% (the end of Dec. 2017)

MORNINGSTAR

34.4% (the end of Mar. 2015)

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



63.2% (the end of Dec 2017)

E-LOAN

45.4% (FY2014)

Percentage of loan applications through Smartphone



54.5% (FY2016)

保険の窓口
インズウェブ

[InsWeb.]

27.2% (FY2014)

Percentage of estimate requests for multiple automobile insurance policies through Smartphones



40.6% (FY2016)

Initiatives to Realize the Provision of Mobile-first Financial Services ①

Endeavoring to **realize a fractional share and foreign exchange investing service**, an easily available anytime-anywhere service that uses mobile devices, **at low cost**

Individual investors



DriveWealth of the U.S.

A company offering an easy-to-use fractional share investing service through mobile devices for individual investors

- Completed investment in DriveWealth
- Planning establishment of two joint ventures
 - JV in Japan (Shareholding: SBI 60%, DriveWealth 40%)
 - JV in Asia (Shareholding: SBI 50%, DriveWealth 50%)

Initiatives to Realize the Provision of Mobile-first Financial Services ②

Decided upon an Investment in Moven of the U.S., along
with a joint venture



**Developing and offering banking applications specialized in mobile UI/UX, which
will be customized for the affiliated multiple regional financial institutions**

Moven

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

Initiatives to Realize the Provision of Mobile-first Financial Services ③

The Japan Bank Consortium, for which SBI serves as a secretariat, is preparing a settlement app with a simple UI/UX.

<Image of settlement app under development>



- Create a settlement app that all the financial institutions participating in the consortium can share
- Place the highest priority on improving UX/UI while simultaneously ensuring the safety necessary for settlement
- Enable settlement using mobile telephone numbers, QR codes, bank account numbers, etc.

Initiatives to Realize the Provision of Mobile-first Financial Services ④

Planning to establish a joint venture with Decentralized Mobile Applications, which provides mobile banking remittance service “PayKey”



Decentralized Mobile Application

- Provides app PayKey, the only service that enables users to make seamless payments on a messenger service platform using a keyboard app
- For various messenger services utilized daily by the millennial generation, the remittance function for mobile banking that can be utilized for 24 hours can be conveniently provided, and the service has already been adopted by six major banks, including Westpac Banking Corporation, one of the four major commercial banks in Australia, and Garanti Bank in Turkey

SBI PayKey Asia

- Planning to promote the introduction of PayKey to Japanese financial institutions, and by utilizing the marketing experience in Japan throughout Asia as well

Initiatives to Realize the Provision of Mobile-first Financial Services ⑤

To realize strong security tailored to the mobile-first age

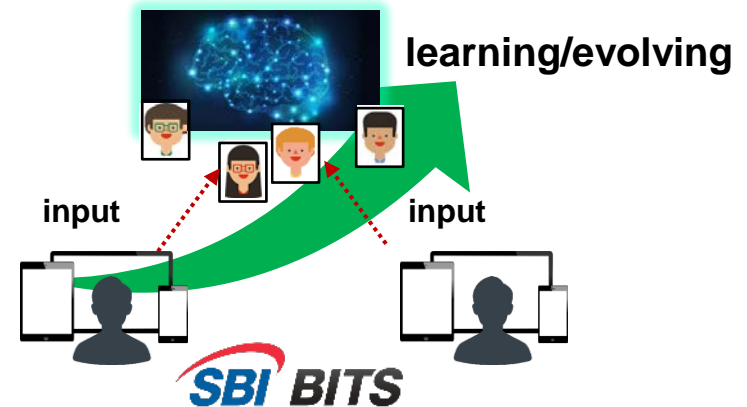
Developed AI face authentication application using deep learning at SBI BITS

**AI authentication by deep learning
has exceptionally high accuracy**

[Misidentification rate]

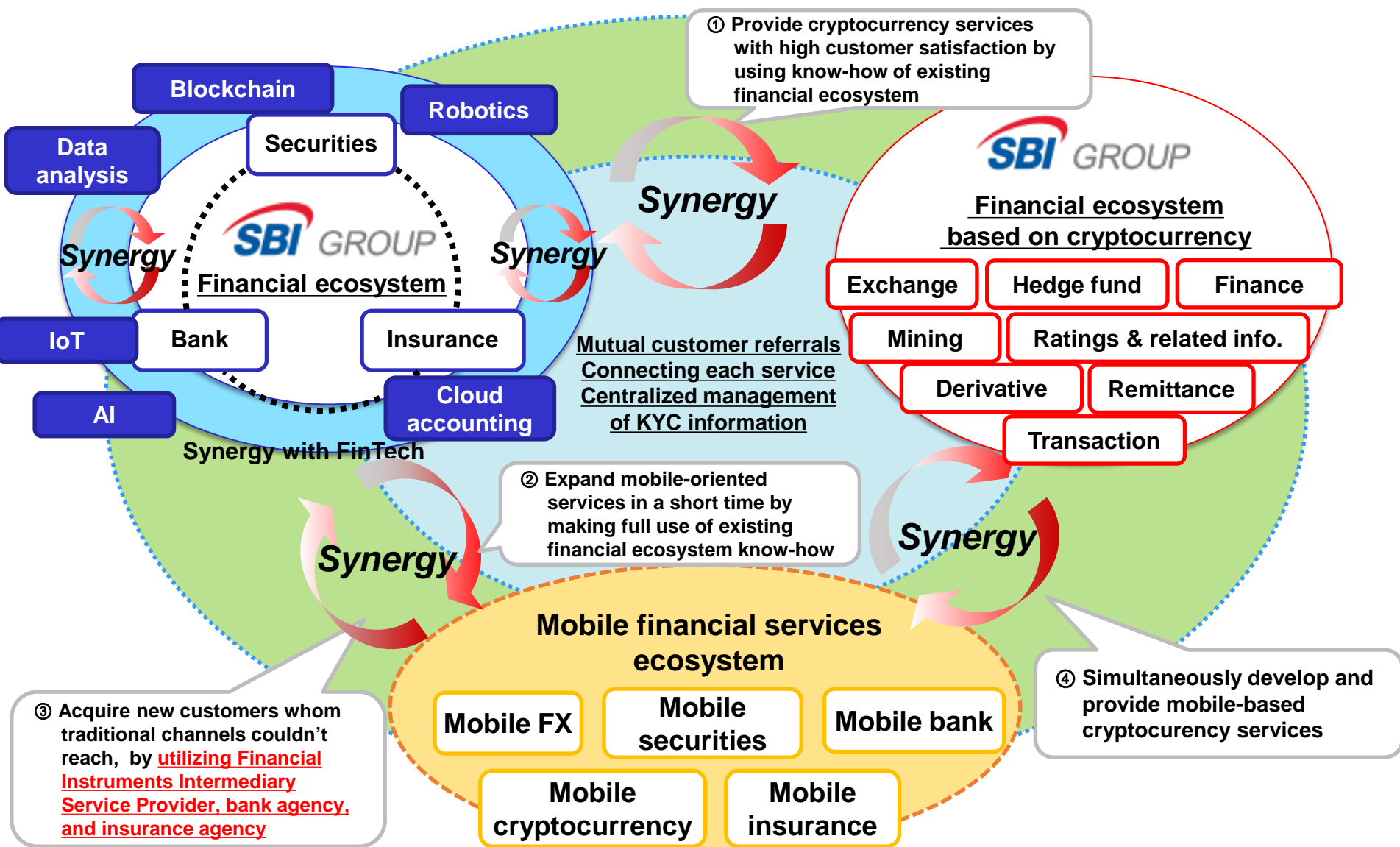
Conventional face authentication ¹	0.1	%
Fingerprint authentication ²	0.002	%
AI face authentication	0.0003	%

**By absorbing data and self-learning,
it will evolve with greater precision**



Furthermore, decided to invest into venture companies in South Korea that develops and provides dynamic security solutions, as well as to form joint ventures

Endeavoring to Create Organic Synergies between Existing Financial Ecosystem and Two New Financial Ecosystems



4. Steadily advancing efforts toward the actualization of intrinsic corporate value

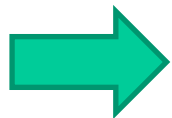
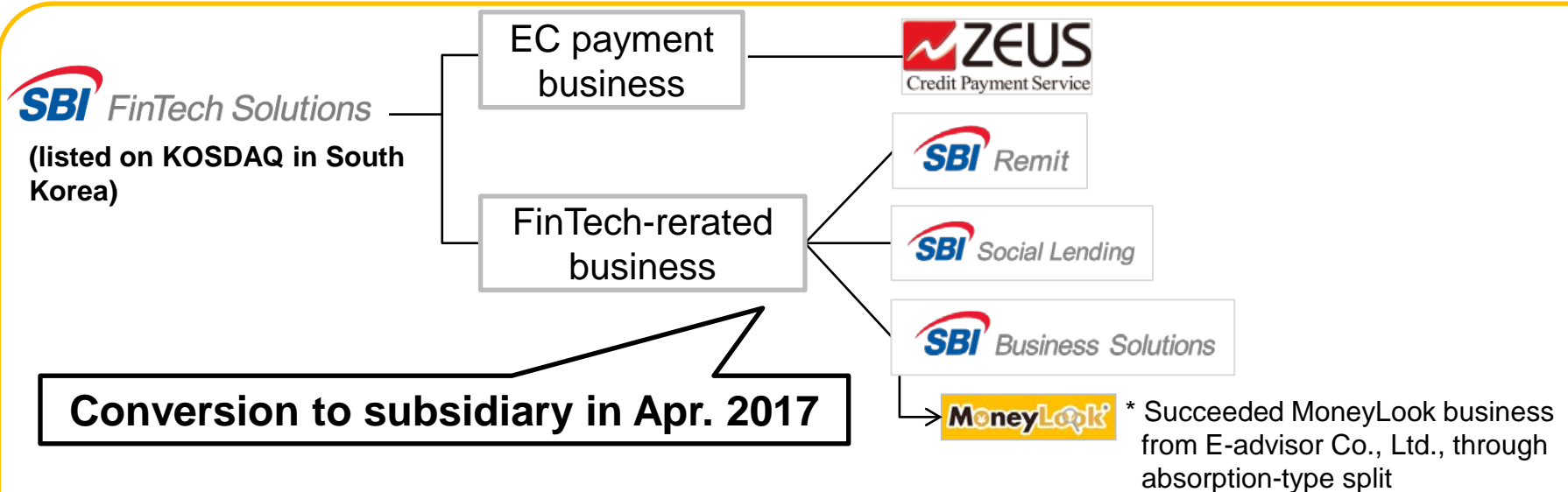
- (1) A successful case of actualization of intrinsic corporate value through restructuring**
- (2) Promoting the listing of subsidiaries to further actualize intrinsic corporate value**

(1) A successful case of actualization of intrinsic corporate value through restructuring

Restructured the Company Listed on KOSDAQ in South Korea (formerly SBI AXES) as SBI FinTech Solutions, by Aggregating Three FinTech-related Companies of the SBI Group

Given that the preexisting EC payment business has high affinity with FinTech, the company will expand its business as the newly formed SBI FinTech Solutions

* SBI AXES have changed its corporate name to SBI FinTech Solutions from July 1, 2017



SBI FinTech Solution's subsidiary ZEUS has already commenced FinTech services through a collaboration with SBI Sumishin Net Bank, offering business loan services. Going forward, primarily owing to the consolidation of the three companies, the company will further expand its FinTech business

Subsidiary Companies of SBI FinTech Solutions

-Principal Businesses and FinTech services-

Settlement Business

ZEUS



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

Financial Business for Individual Customers

SBI Remit



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

SBI Social Lending



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

Back Office Support Business

SBI Business Solutions

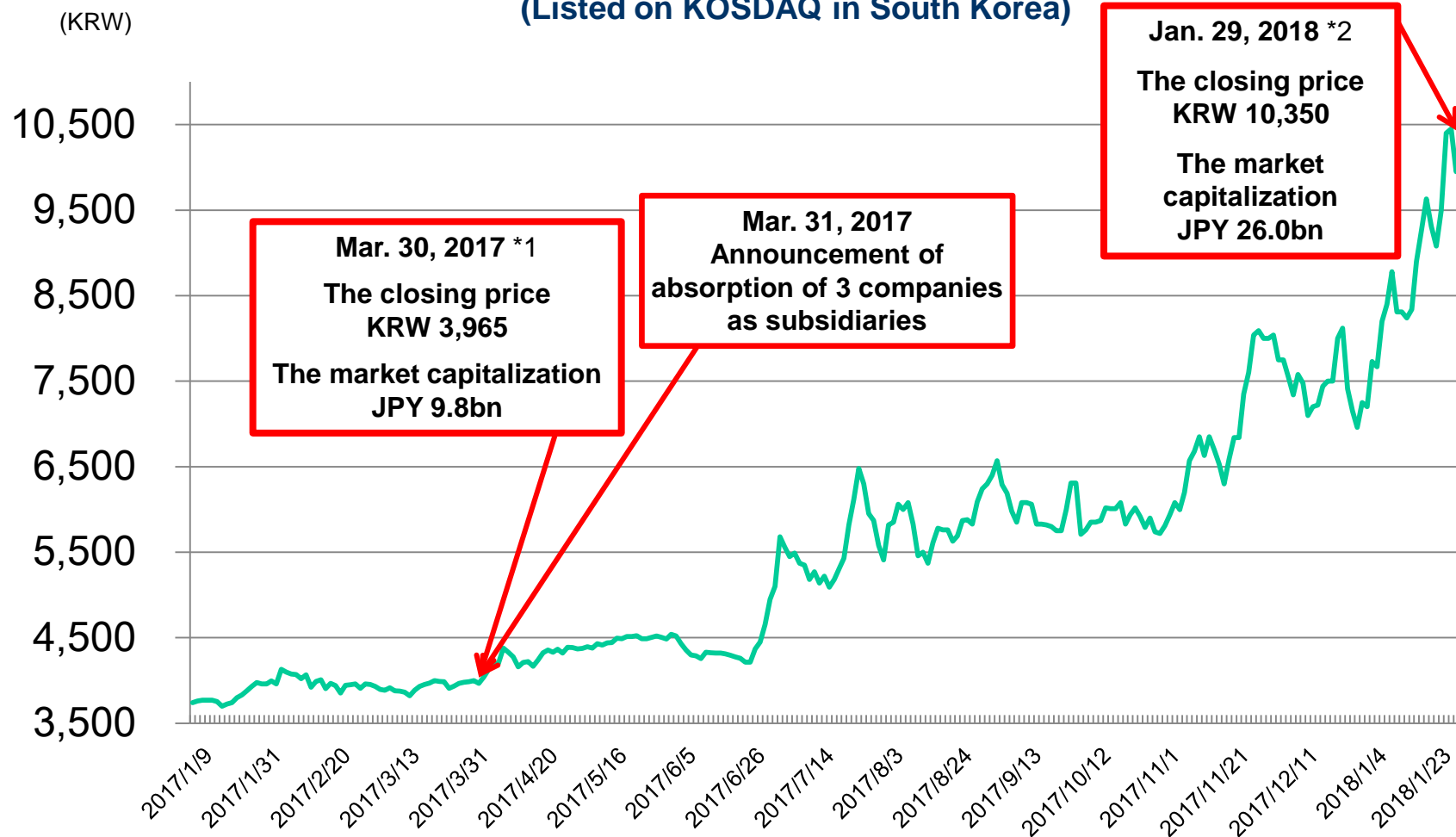


- ◆ Provides back office support services
- ◆ Plan to offer comprehensive transfer service, by utilizing API connection with SBI Sumishin Net Bank

(1) A successful case of actualization of intrinsic corporate value through restructuring

The Corporate Value Upon Business Restructuring Increased by Approx. 2.7 Times, as Compared to the Day before Its Announcement

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



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

(2) Promoting the IPO of subsidiaries to further actualize intrinsic corporate value

- ① Quark**
- ② SBI Insurance Group (Insurance holding company)**
- ③ Other Group subsidiaries that are considering IPOs**

Quark in Preparations for a Spring 2018 Listing

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

- QPI-1002: Kidney transplantation (DGF) (Licensing partner: Novartis International AG)
- QPI-1007: Non-arteritic anterior ischemic optic neuropathy (NAION) (Licensing partner: Biocon Ltd of India)



In addition to the above, Phase II for acute kidney injury (AKI) was completed successfully

→Preparing for Phase III

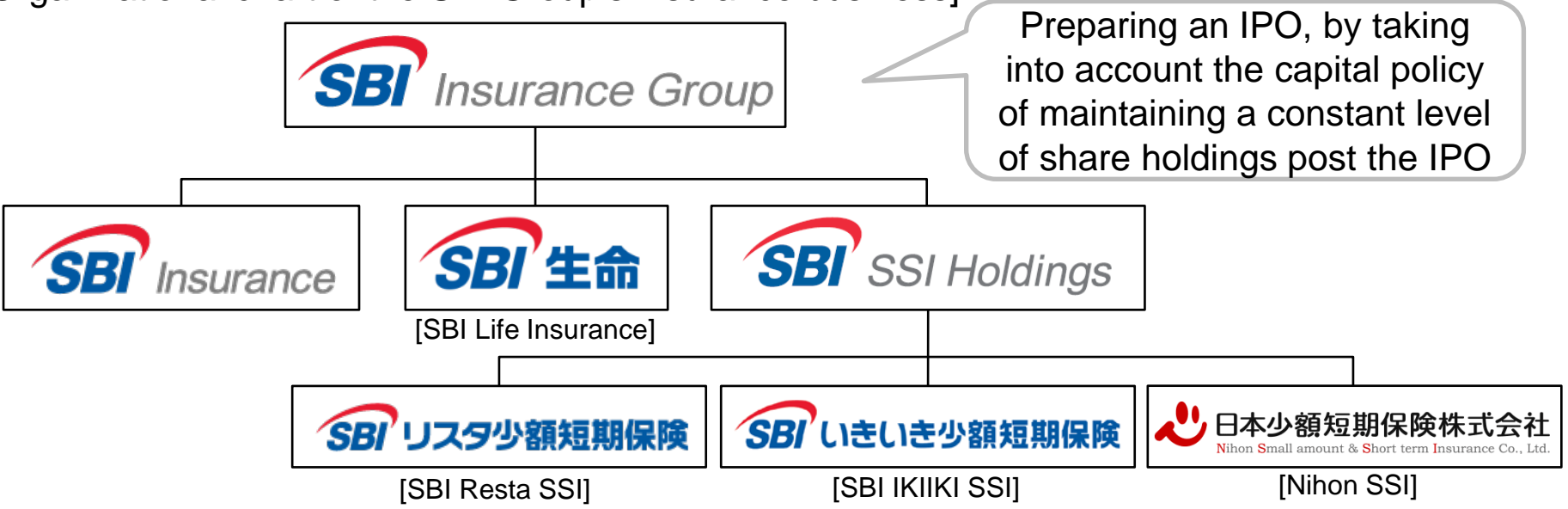
Since Quark has three products at the Phase III stage in its drug discovery pipeline, it has satisfied the conditions for a public offering on the NASDAQ market, and is now in the process of selecting a lead managing underwriter in preparation for an IPO on the U.S. NASDAQ market

→Planning for a spring 2018 listing

SBI Insurance Group, which Started Its Operations in Mar. 2017, will Endeavor an IPO, as an Insurance Holding Company

SBI Insurance Holding Company Planning Co., Ltd., which was established as a preparatory insurance holding company, obtained approval from the relevant regulators, and was subsequently reorganized on Mar. 31, 2017 with a company name change to SBI Insurance Group Co., Ltd., to start its operations

[Organizational chart of the SBI Group's insurance business]



As an insurance group led by the SBI Insurance Group, will endeavor to become a new era insurance group, by working on measures such as allying with companies outside of the Group and utilizing FinTech, as well as by promoting efficient management

Other Group Subsidiaries that are Preparing for an IPO, in Order to Actualize Intrinsic Corporate Value



[SBI Biotech]

Business overview: R&D of pharmaceuticals



In order to realize SBI Biotech's sole IPO, separating its wholly owned subsidiary Quark, and selecting a lead managing underwriter to initiate listing discussions

SBI ALApharma (formerly SBI ALA Hong Kong)

Business overview: Intermediate holding company of the 5-ALA-related business



SBI ALA Hong Kong completed the restructuring of the 5-ALA-related business under the SBI Group, namely SBI Pharmaceuticals, SBI ALApromo, photonamic, Suzhou Yian Biotech and SBI Neopharma, and is preparing for the selection of an audit corporation and a lead managing underwriter



[SBI Capital Management]

Business overview: Specializing in the Group's asset management business, with an efficient and central management of funds and foreign exchange for the said business

[The SBI Group's Vision Formulated in July 2017]

The SBI Group's New Reality to be Achieved within the Next 2-5 Year Period, and Current Status①

(Comments in the frame were announced on July 27, 2017)

- Develop the composition of the Financial Services, Asset Management and Biotechnology-related Businesses, so that the profit before income tax expense composition by segment in three years will be 6:3:1, while that in five years will be 6:2:2, respectively
- As a result, targeting the achievement of consolidated profit before income tax expense of over JPY 100bn in the next two to three years

9M FY2017 Consolidated Performance (IFRS)

➤ **Profit before income tax expense composition :**

Financial Services Businesses	Asset Management Businesses	Biotechnology-related Businesses
8	7	-5

* Before elimination of the inter-segment transactions

➤ **Profit before income tax expense : JPY 50.6bn***
(*Including impairment loss on intangible fixed assets of JPY 24.2bn)

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

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

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

The SBI Group's New Reality to be Achieved within the Next 2-5 Year Period, and Current Status②

(Comments in the frame were announced on July 27, 2017)

- Also giving consideration to capital efficiency, in order to stably realize ROE of over 10%

▶ **9.0% → Expects to achieve 10% for the full-year**

(Calculated based on profit for the year attributable to owners of the company of 9M FY2017)

- Annual dividend to the level of JPY 100 per share

▶ **An annual dividend for FY2017 is JPY 70 per share, as a minimum**

(Calculated based on profit for the year attributable to owners of the company of 9M FY2017)

- Endeavor to double the market capitalization that is presently around JPY 330bn, by actualizing its intrinsic corporate value

▶ **JPY 620.2bn**

(Based on the closing price on Jan. 30, 2018)

Peak market cap. : JPY 639.1bn
(Year's intraday high : JPY 2,846
*Jan. 30, 2018)

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

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

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

Toward Achieving Each Vision of the SBI Group

➤ Implementing thorough progress management on KPI (Key Performance Indicator) formulated by the Group companies

Each company rigorously manages progress of business category-specific KPIs in accordance with the Customer-centric Principle, the SBI Group's group-wide common strategy

➤ Securing human resources which is the source of corporate competitiveness

- ① Acquiring appropriate human resources for the globalization process, and a blossoming of new technologies
- ② Personnel development and promotion through training and other HR systems
- ③ Strengthening of internal systems according to abilities and aptitudes

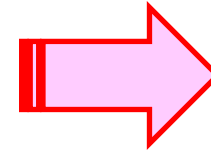
① Acquiring Appropriate Human Resources for the Globalization Process, and a Blossoming of New Technologies

Number of Employees (consolidated basis)

1999
55



The end of
FY2006
1,680



The end of
Dec. 2017
5,219

Along with the SBI Group's growth, both experienced personnel and new graduates were continuously hired, securing a talented pool of employees for the Group



Graduate recruiting activities in Korea, China and Vietnam



Hiring highly skilled foreign staff in system departments and others



Recruiting starting members in the expanding FinTech field

Newspaper advertisement

Published a full page advertisement in the newspapers on Dec. 26, 2017 (nationwide version of the Nihon Keizai Shimbun and the Yomiuri Shimbun)

Special site opened

② Personnel Development and Promotion through Training and Other HR Systems

- Training conducted at SBI Graduate School, a distance business school (School of Business Administration, Major in Entrepreneurship)

SBI Graduate School Company Dispatch System

- ✓ MBA course (approx. 2 years)

Eligible persons: Employees in the SBI Group

Graduates are identified as senior management candidates and given preferential consideration in fast-tracking for positions such as officers of newly established Group companies.



62 employees have already earned MBAs.

Executive Management Training

- ✓ Enrollment in compulsory subjects designated by the company from SBI Graduate School courses (examples: Organizational Behavior, Finance, Requirements for leaders Found in Chinese Classics) and elective courses (from the MBA Program) (approx. 1 year)

Eligible persons: Employees in management positions

Completion of training to be made a requirement for promotion

- Early development and fast-tracking of talented young employees for positions such as officers of Group companies

Current youngest president of a Group subsidiary: Age 33

Examples of youngest fast-tracked employees

*Age at the time of appointment and year appointed

President of a listed Group subsidiary: Age 28 (2005)

SBI Holdings director and executive officer: Age 31 (2008)

- The female manager ratio is at 15.4%, with the evaluation process in accordance with ability and without gender bias

③ Strengthening of Internal Systems According to Abilities and Aptitudes

- Introduction of a “career opening system” by means including an internal recruiting and self-application program

To promote the career development of the SBI Group employees, we have implemented an HR system (since Nov. 2000) that creates opportunities for self-realization and energizes the organization by putting the right people in the right places and making effective use of our human resources

- Abolishment of the age limit for reemployment after mandatory retirement

Development of an environment in which people can continue to work at their own volition if they will be considered to still perform with great power, energy and intellect

- Establishment of “Next generation financial study group” as a group cross organization

Along with changes in the business environment, we recruited young employees in their 20s from within the Group companies to discuss the SBI Group’s next generation financial business.

Regular meetings have been held since July 2017

- Introduction of “Specialist System,” in which individuals with high expertise are in charge of duties and roles leveraging professional skills

[Appendix]

(1) The Company's method in calculating the estimated corporate value

Corporate Value by Business Segment Valuation

Each Business Segment Valuation is Conservatively Estimated

■ Sum of the values by segment (as of Jan. 29, 2018) (JPY billion)

	Valuation of each segment (theoretical value)
Financial Services	730.5
Asset Management	271.2
Biotechnology-related	78.6
Subtotal	1,080.3 (+)
External Debt (SBIH's non-consolidated-base borrowing recorded on the consolidated B/S as of Dec. 2017)	-303.1
Sum Total	777.2 (+)*

- Business valuation per share: **JPY 4,811**

- Business valuation per share after deduction of external debt: **JPY 3,461**

Out of the major Group companies, 11 are profitable companies that are not included in the above calculations (Total FY2016 Profit before Income Tax Expense: approx. JPY 4.4bn)

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

Valuation by Segment Estimated by SBI

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

① SBI SECURITIES

Valuation is conservatively estimated at **JPY 562.1bn**

(based on the closing prices of Jan. 29, 2018)

Estimation of the valuation is as follows:

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

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

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

Matsui's PER (*1) × SBI SECURITIES's Net Income (FY2016) ... (A)

Matsui's PBR (*2) × SBI SECURITIES's Net Asset (*3) (as of Dec. 30, 2017) ... (B)

*1 PER of Matsui is calculated by its net income per share for FY2016.

*2 PBR of Matsui is calculated by its BPS as of Dec. 30, 2017.

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

Valuation by Segment Estimated by SBI

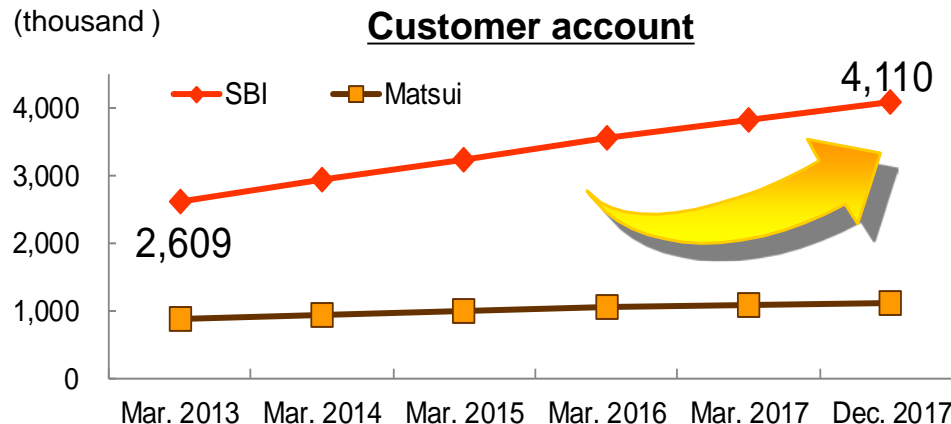
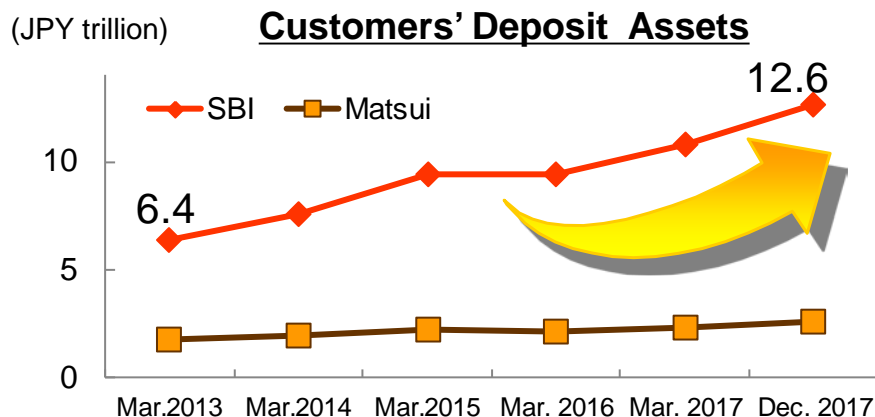
(1) Financial Services Business ① SBI SECURITIES -(ii)

Is SBI SECURITIES' valuation reasonable?

Comparison of SBI SECURITIES and Matsui Securities

*Calculated by the closing prices of Jan. 29, 2018

(9M FY2017)	SBI SECURITIES	Matsui Securities
Valuation (market cap) *	JPY 562.1bn	JPY 264.5bn
Deposit assets (Sept. 2017)	No.1 JPY 12.6tn	JPY 2.6tn
Number of accounts (As of the end of Sept. 2017)	No.1 4.11 million	1.12 million
Share of individual stock brokerage trading value	No.1 34.9%	11.4%
Operating income	No.1 JPY 37.7bn (up 33.7% YoY)	JPY 13.1bn (up 17.7% YoY)



Valuation by Segment Estimated by SBI

(1) Financial Services Business ② SBI Sumishin Net Bank

② SBI Sumishin Net Bank

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

JPY 127.7bn → **JPY 63.9bn** (based on the closing prices of Jan. 29, 2018)

(Shareholding of the SBI Group: 50.0%)

Estimation of the valuation is as follows:

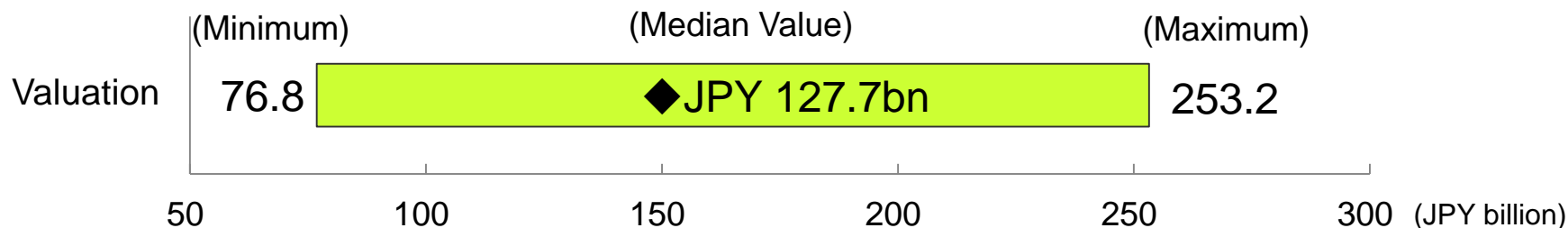
Calculated according to the **Comparable Public Company Analysis**

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

Median value of estimated PERs of listed local banks of which the deposit balance exceeds JPY 4tn (*) × SBI Sumishin Net Bank's Net Income (FY2016)

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

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



Valuation by Segment Estimated by SBI

(1) Financial Services Business

③ SBI Liquidity Market / ④ SBI Japannext

③ SBI Liquidity Market (including SBI FXTRADE)

Valuation is estimated at **JPY 58.2bn** (based on the closing price of Jan. 29, 2018)

Estimation of the valuation is as follows:

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

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

$$\frac{\{(Money\ Partner's\ PER + Hirose\ FX's\ PER)\}(*)}{2}$$

× Net Income of SBI Liquidity Market (cons.) (FY2016)

* PER of Money Partners and Hirose FX are calculated by its net income per share for FY2016.

④ SBI Japannext

Conservatively estimates the valuation of SBI Japannext at

USD 150m → **JPY 8.0bn** (based on the exchange rate as of Jan. 29, 2018)
(Shareholding of the SBI Group: 48.8%)

Valuation by Segment Estimated by SBI

(1) Financial Services Business

⑤ SBIH Comparison Website Business / ⑥ SBI FinTech Solutions

⑤ SBIH Comparison Website Business

Valuation is estimated at **JPY 18.2bn** (based on the closing price of Jan. 29, 2018)

Estimation of the valuation is as follows:

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

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

$$\frac{\{(\text{Kakaku.com's PER} + \text{NEWTON FINANCIAL CONSULTING' PER})\}^{(*)}}{2} \times \text{Provisional amount of net Income of SBIH Comparison Website Business (FY2016)}$$

* PER of Kakaku.com and NEWTON FINANCIAL CONSULTING are calculated by their net income per share for FY2016.

⑥ SBI FinTech Solutions

	SBI's shareholding pct. (%)	Classification	Listed market	Market cap (JPY billion)	SBI's equity interest of market cap (JPY billion)
SBI FinTech Solutions	77.5	Consolidated subsidiary	KOSDAQ of KRX	26.0*	20.1

(Based on the closing price of Jan. 29, 2018. *Calculated by the exchange rate as of Jan. 29, 2018.)

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

Valuation by Segment Estimated by SBIH

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

① SBI SECURITIES

(based on the closing prices of Jan. 29, 2018)

Upon comparison with similar listed companies calculated conservatively as **JPY 562.1bn**

② SBI Sumishin Net Bank

(based on the closing prices of Jan. 29, 2018)

Estimated the valuation of SBI Sumishin Net Bank that has high growth potential in terms of profitability and scale at JPY 127.7bn → **JPY 63.9bn** (Shareholding of the SBI Group: 50.0%)

③ SBI Liquidity Market (cons.)

(based on the closing prices of Jan. 29, 2018)

Upon comparison with similar listed companies calculated as **JPY 58.2bn**

④ SBI Japannext

(based on the exchange rate of Jan. 29, 2018)

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

(Shareholding of the SBI Group: 48.8%)

⑤ SBI Comparison Website Business

(based on the closing prices of Jan. 29, 2018)

Upon comparison with similar listed companies calculated as **JPY 18.2bn**

⑥ SBI FinTech Solutions

The market cap of SBI FinTech Solutions (Shareholding of the SBI Group) **JPY 20.1bn**

(based on the closing prices of Jan. 29, 2018)

Total of the valuation above: JPY 730.5bn (The sum according to the SBI Group's shareholding)

Valuation by Segment Estimated by SBIH

(1) Financial Services Business

⑦ Other Financial Services Businesses (Profitable Entities)

There are many other profitable business entities in this segment

	Business lineup	Profit before income tax expense for FY2016 (JPY billion)	SBI's shareholding pct. (%)
SBI MONEY PLAZA	Insurance agency, financial instruments intermediary service provider, housing loan agency	2.0	100.0
SBI Life Insurance *1	Life insurance	1.6	100.0
SBI Remit	International money remittance service	0.3	100.0

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



Proceeds generated may be appropriated to strengthen the three core businesses

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

*2 SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group. 150

Valuation by Segment Estimated by SBIH

(2) Asset Management Business -①

Asset Management Business

Valuation for this segment is conservatively estimated at approx. JPY 271.2bn

<Reference>

JAFECO's Market Cap: **JPY 212.6bn** (based on the closing price of Jan. 29, 2018)

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

(i) Value of holding securities (as of the end of Dec. 2017) Approx. JPY 148.0bn

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

(ii) Value of SBI Investment (based on the closing price of Jan. 29, 2018)

(* Valuation excluding assets such as securities hold) Approx. JPY 13.5bn

Calculated according to the Comparable Public Company Analysis

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

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

*PER of JAFECO is calculated by the estimated net income per share for FY2017.

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

Valuation by Segment Estimated by SBIH

(2) Asset Management Business -②

(iii) Value of SBI SAVINGS BANK (based on the closing price of Jan. 29, 2018)

Estimates the valuation of SBI SAVINGS BANK at JPY 84.0bn

→ JPY 83.1bn

(Shareholding of the SBI Group: 99.0%)

Estimation of the valuation is as follows:

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

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

Median value of PBR of listed savings banks and local banks in Korea ^{*1}	×	Balance of SBI SAVINGS BANK's substantive equity ^{*2} (As of the end of Dec. 2017)
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*1 PBR of listed savings banks and local banks in Korea is calculated by recent equity per share

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

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

Valuation by Segment Estimated by SBIH

(2) Asset Management Business- ③

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

	SBI's share-holding pct. (%)	Classification	Listed market	Market cap (JPY billion)	SBI's equity interest of market cap (JPY billion)
Morningstar Japan	49.4	Consolidated subsidiary	TSE JASDAQ	33.4	16.5
SBI Investment KOREA	43.9	Equity method associate	KOSDAQ of KRX	22.9*	10.1
Sum of the market cap of a listed subsidiary and an equity method associate				56.3	<u>26.6</u>

(Based on the closing price of Jan. 29, 2018. *Calculated by the exchange rate as of Jan. 29, 2018.)

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

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

	Business lineup	Profit before income tax expense for FY2016 (JPY billion)	SBI's shareholding pct. (%)
SBI Estate Finance	Real estate secured loans	0.4	100.0

Valuation by Segment Estimated by SBIH

(3) Biotechnology-related Business

Biotechnology-related Business

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

Total valuation of the Biotechnology-related Business, excluding that of SBI Biotech and Quark, is conservatively estimated at [approx. JPY 78.6bn](#)

① SBI ALApharma

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

Estimation of the valuation is as follows:

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



Based on SBIH's equity interest (95.5%; excluding external holdings) as of the end of Dec. 2017, the amount is calculated to be [approx. JPY 69.9bn](#)

② Kubota Pharmaceutical HD

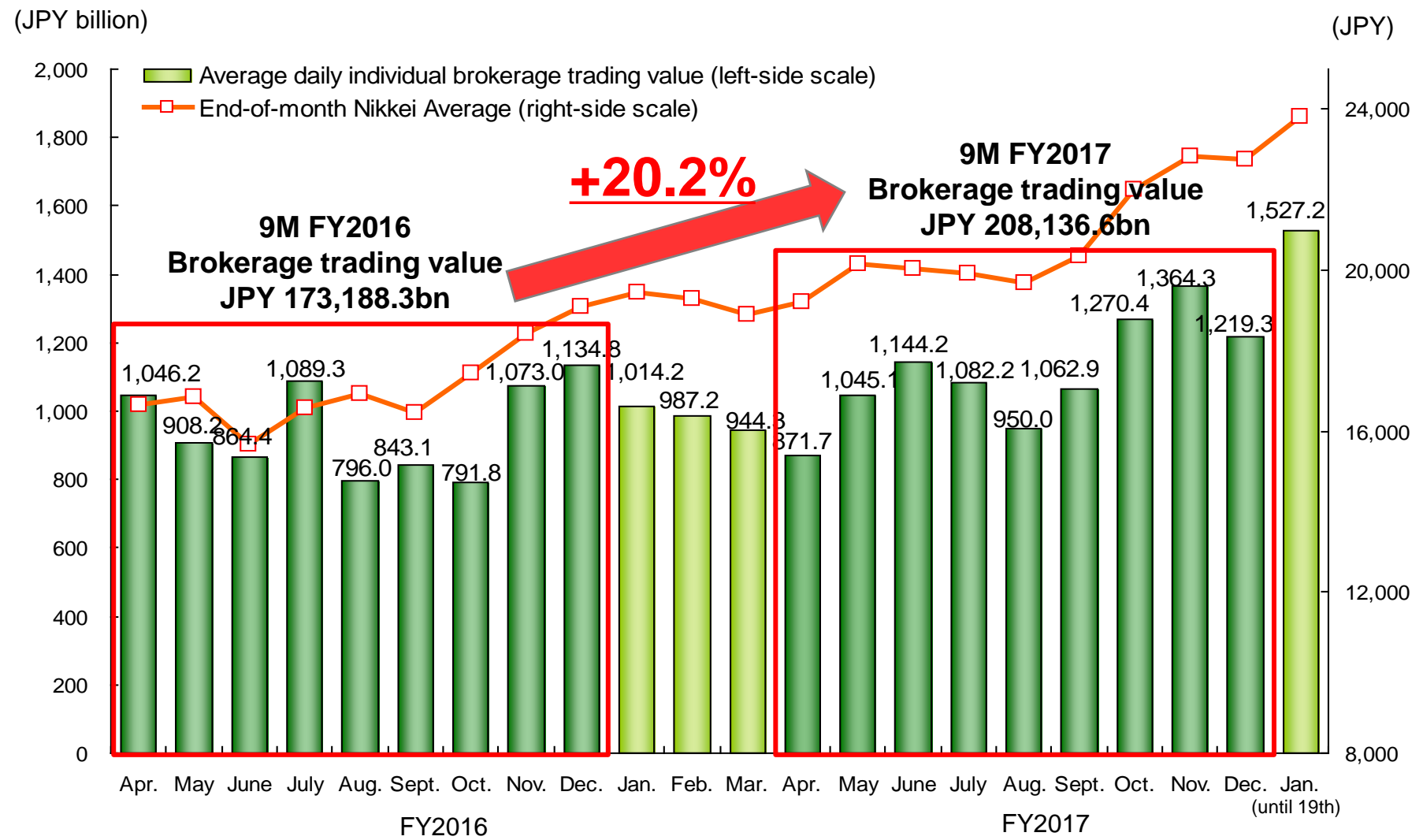
	SBI's share-holding pct. (%)	Classification	Listed market	Market cap (JPY billion) (as of Jan. 29, 2018)	SBI's equity interest of market cap (JPY billion)
Kubota Pharmaceutical HD	38.1	Equity method associate	TSE Mothers	23.0	8.8

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

(2) Business foundation of the securities-related business

Trend of the Average Daily Individual Brokerage Trading Value

Average daily individual brokerage trading value (2 Market total *)



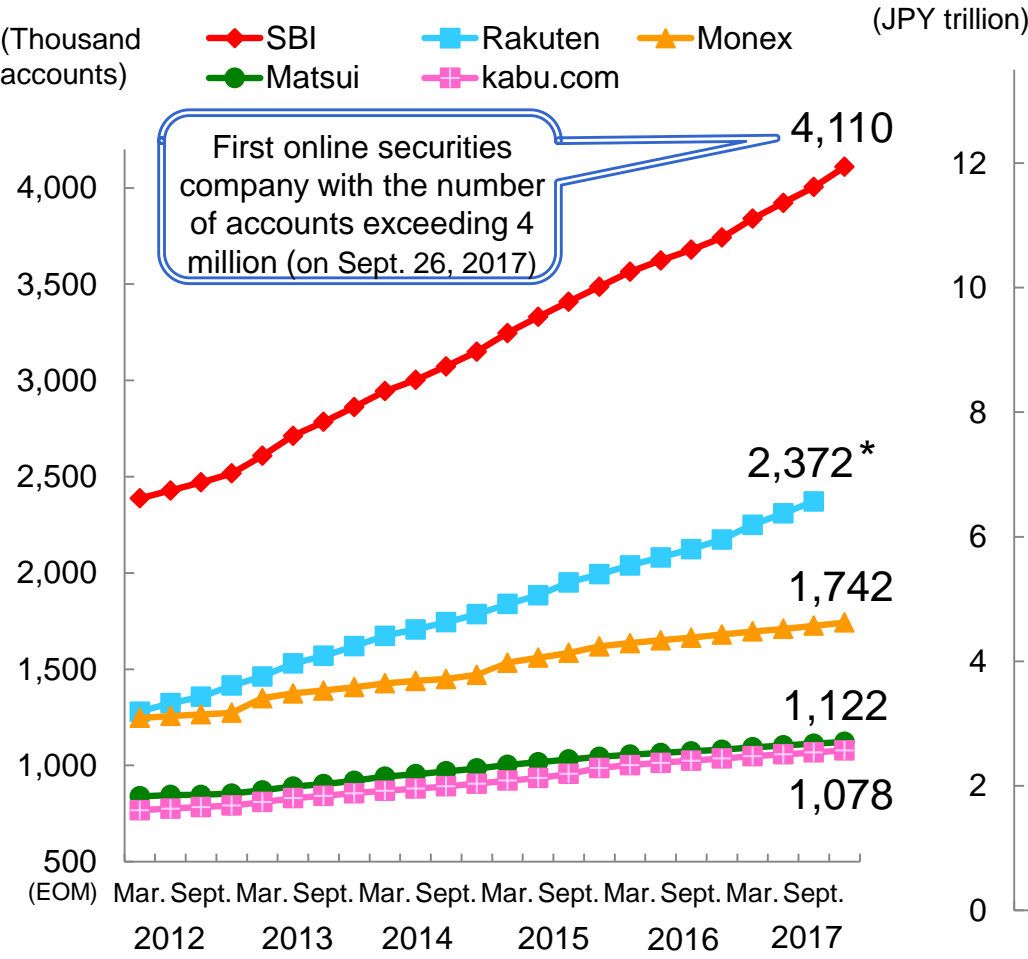
* Japanese stocks listed on Tokyo Stock Exchange and Nagoya Stock Exchange (Including TSE Mothers, JASDAQ and NSE Centrex)

Source: Compiled by SBIH from disclosed data from TSE

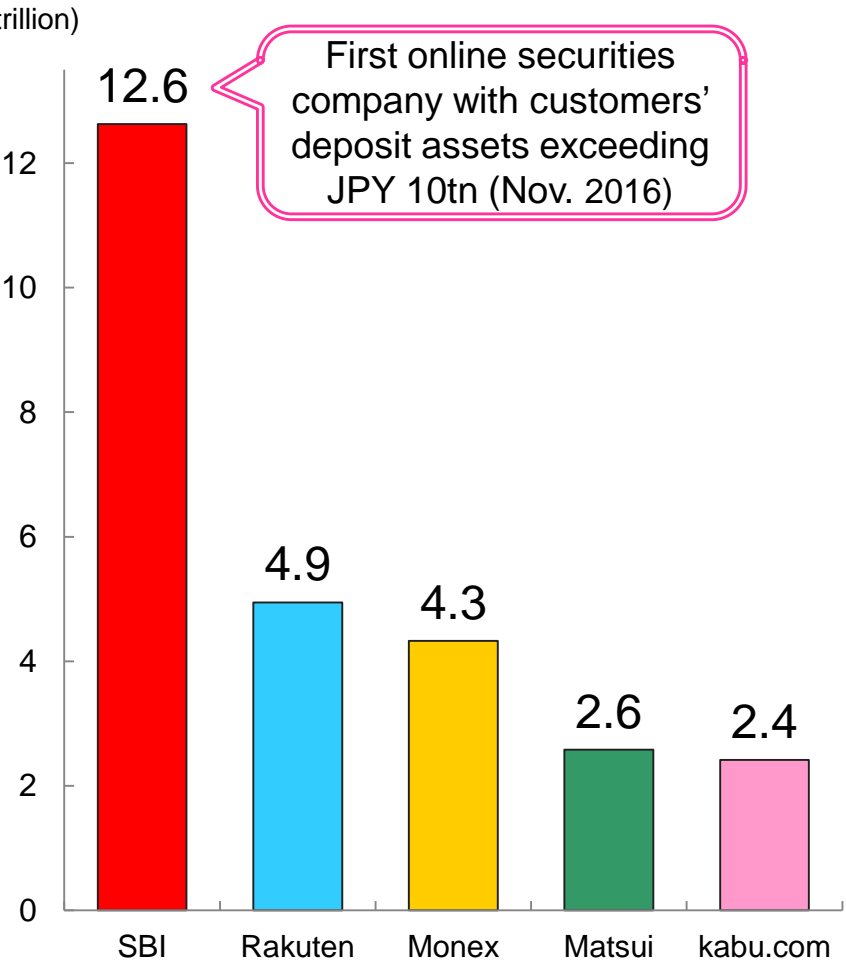
SBI SECURITIES Attains an Overwhelming Customer Base

[Number of Accounts and Amount of Customer Asset]

Customer Accounts of 5 Major Online Securities Companies
(Mar. 2012 –Dec. 2017)



Customers' Deposit Assets of 5 Major Online Securities Companies
(as of the end of Dec. 2017)

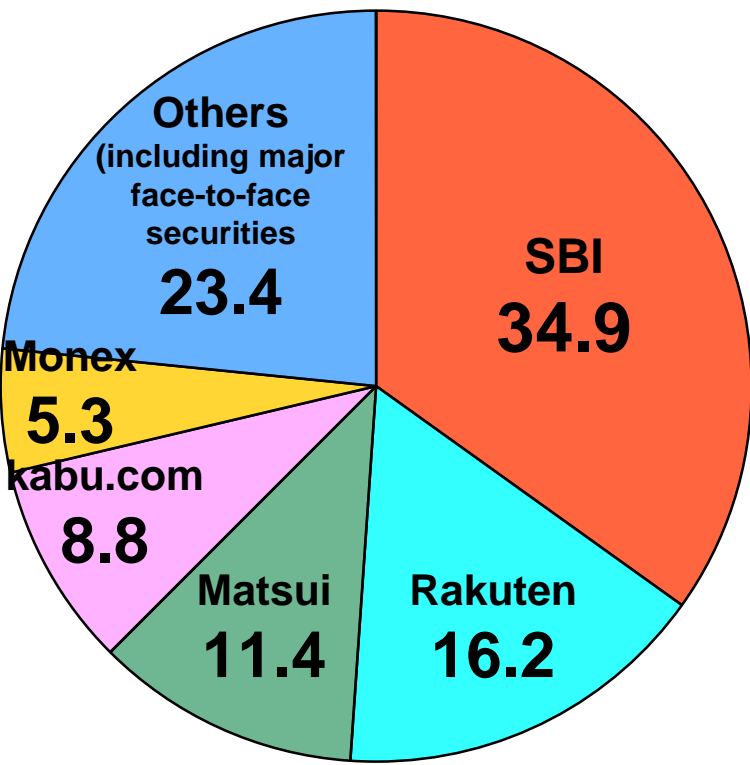


* Rakuten has not disclosed its figures beyond Sept. 30, 2017.
Source: Compiled by SBIH from the information on websites of each company.

SBI SECURITIES' Share of Individual Stock Trading

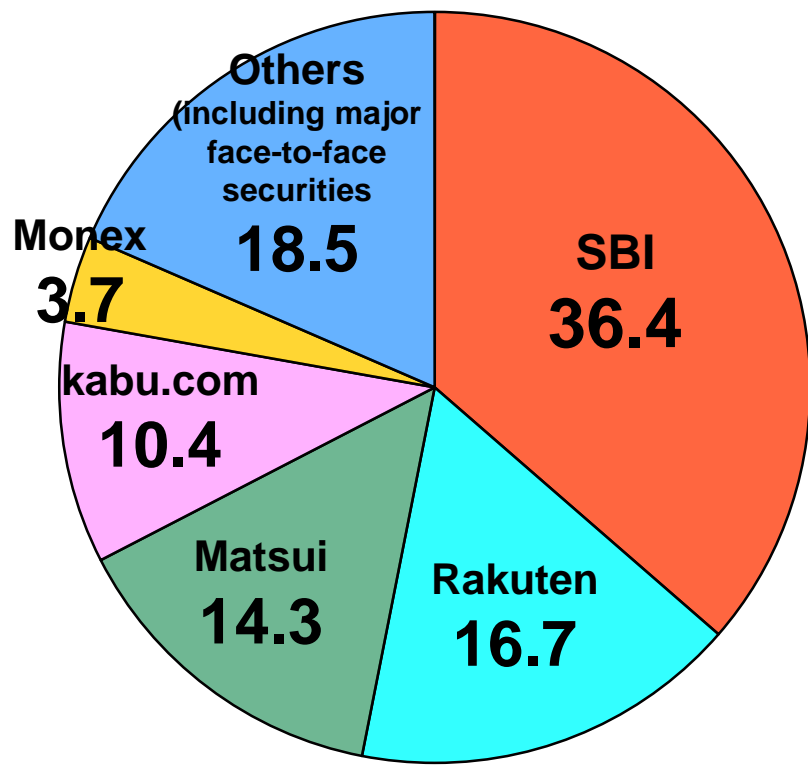
Share of Individual Stock Trading Value (%)

9M FY2017
(Apr. 2017 – Dec. 2017)



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

9M FY2017
(Apr. 2017 – Dec. 2017)



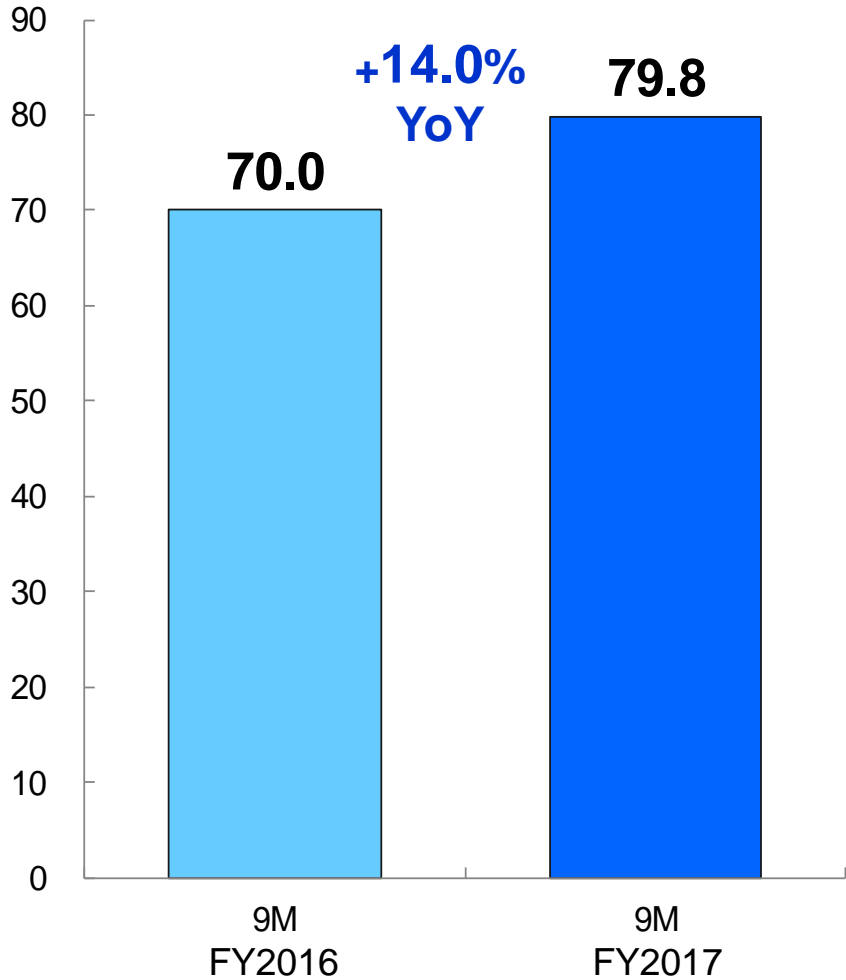
<From 1Q FY2016, shares are calculated with the individual stock trading value and individual margin trading value of both the 1st and 2nd sections of the Tokyo and Nagoya Stock Exchanges, including that of ETF and REIT trading value, respectively>

* 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.

SBI SECURITIES' Stock Brokerage Trading Value and Commissions

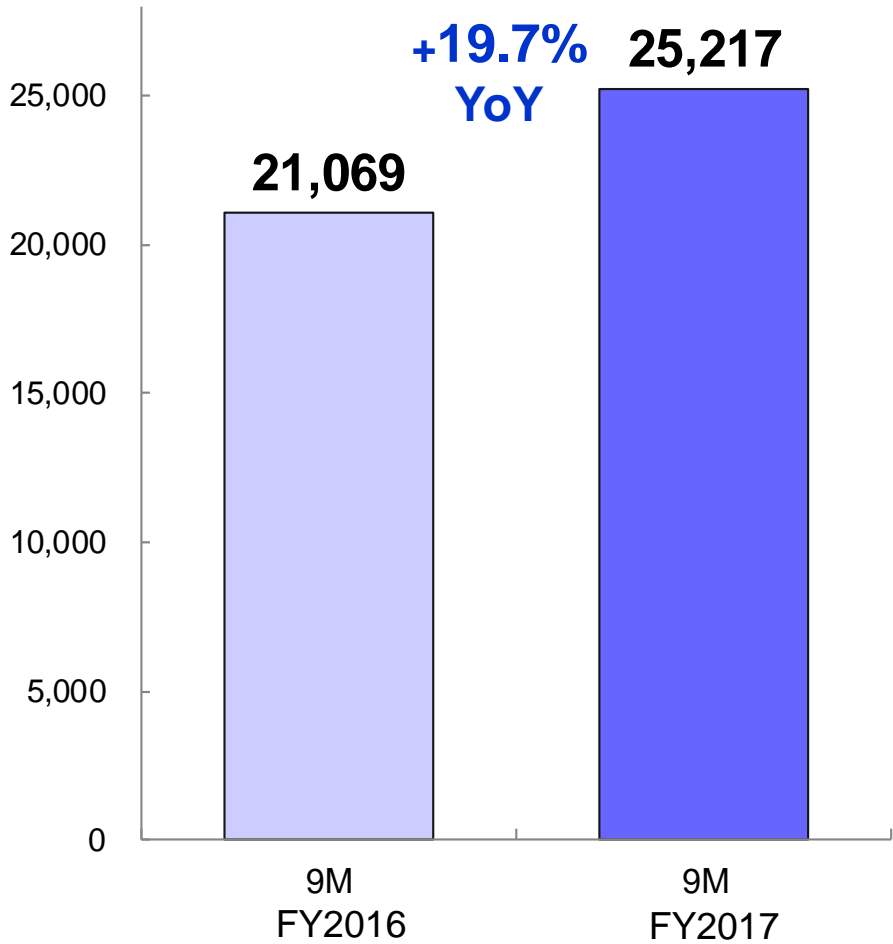
Stock Brokerage Trading Value

(JPY trillion)



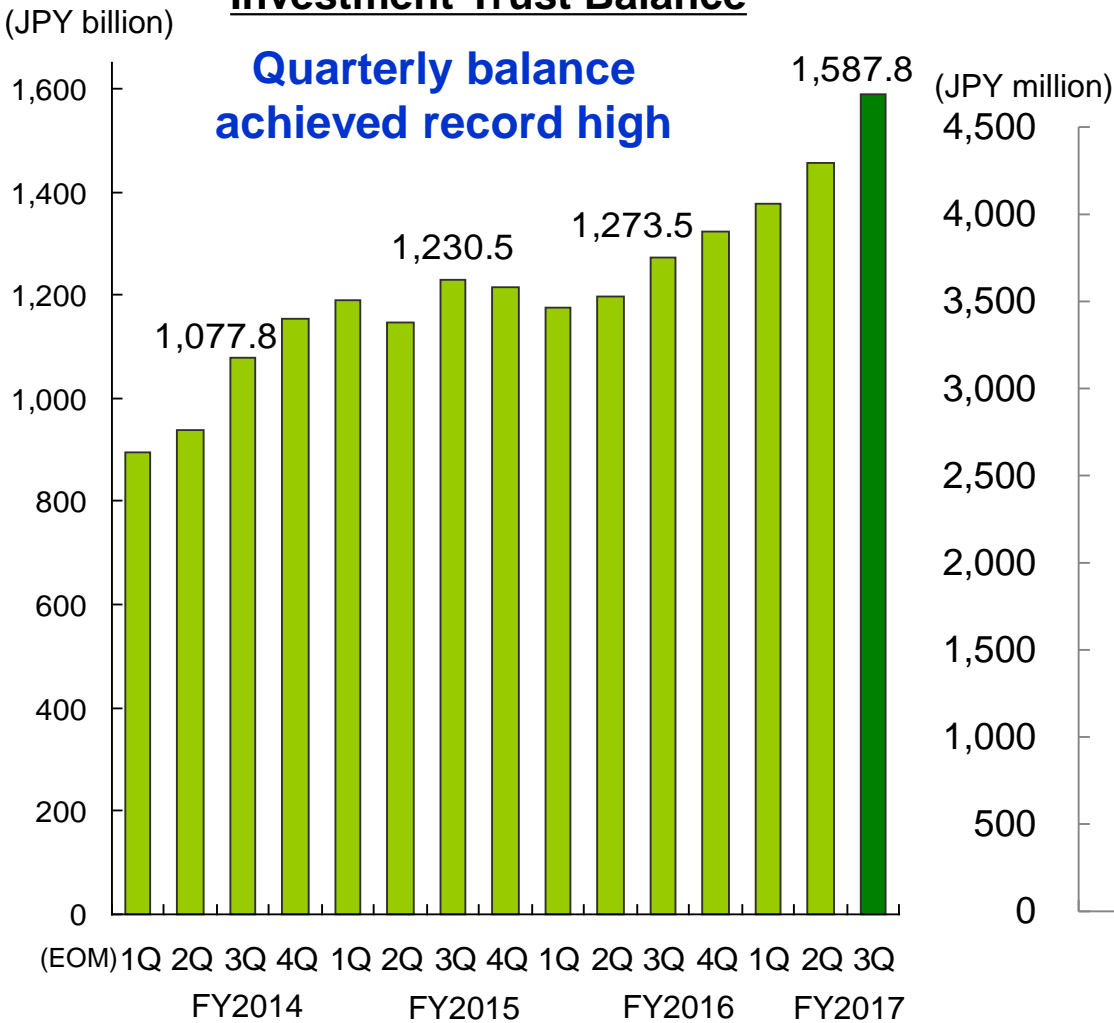
Commissions

(JPY million)

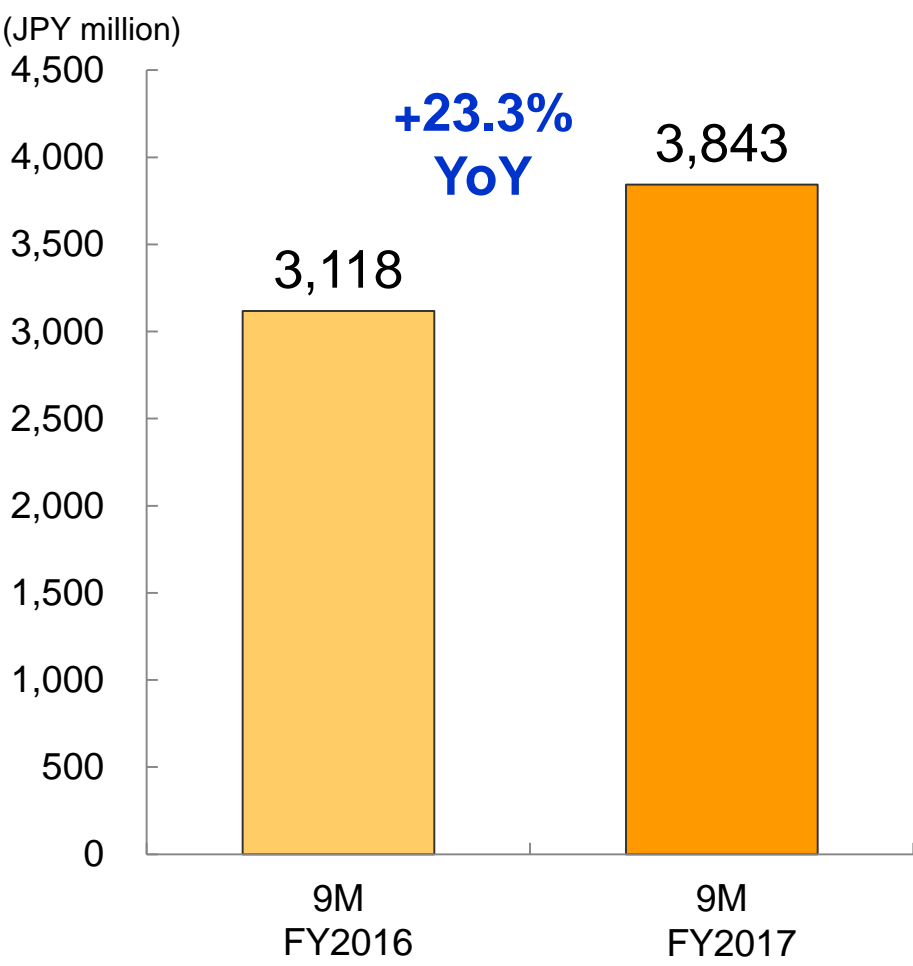


SBI SECURITIES' Investment Trust Balance and Investment Trust Fees are Both Record Level

Investment Trust Balance

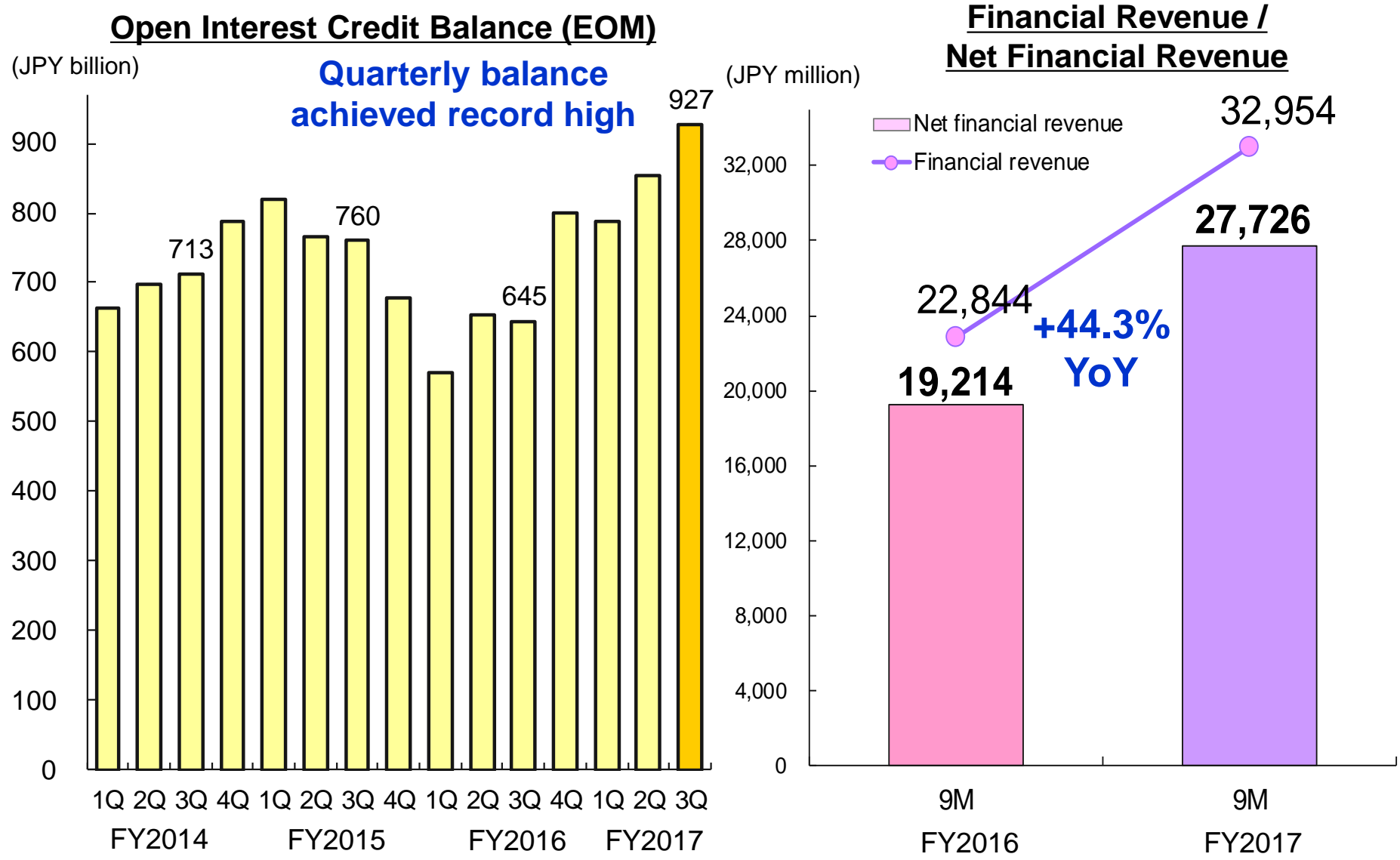


Investment Trust Fees



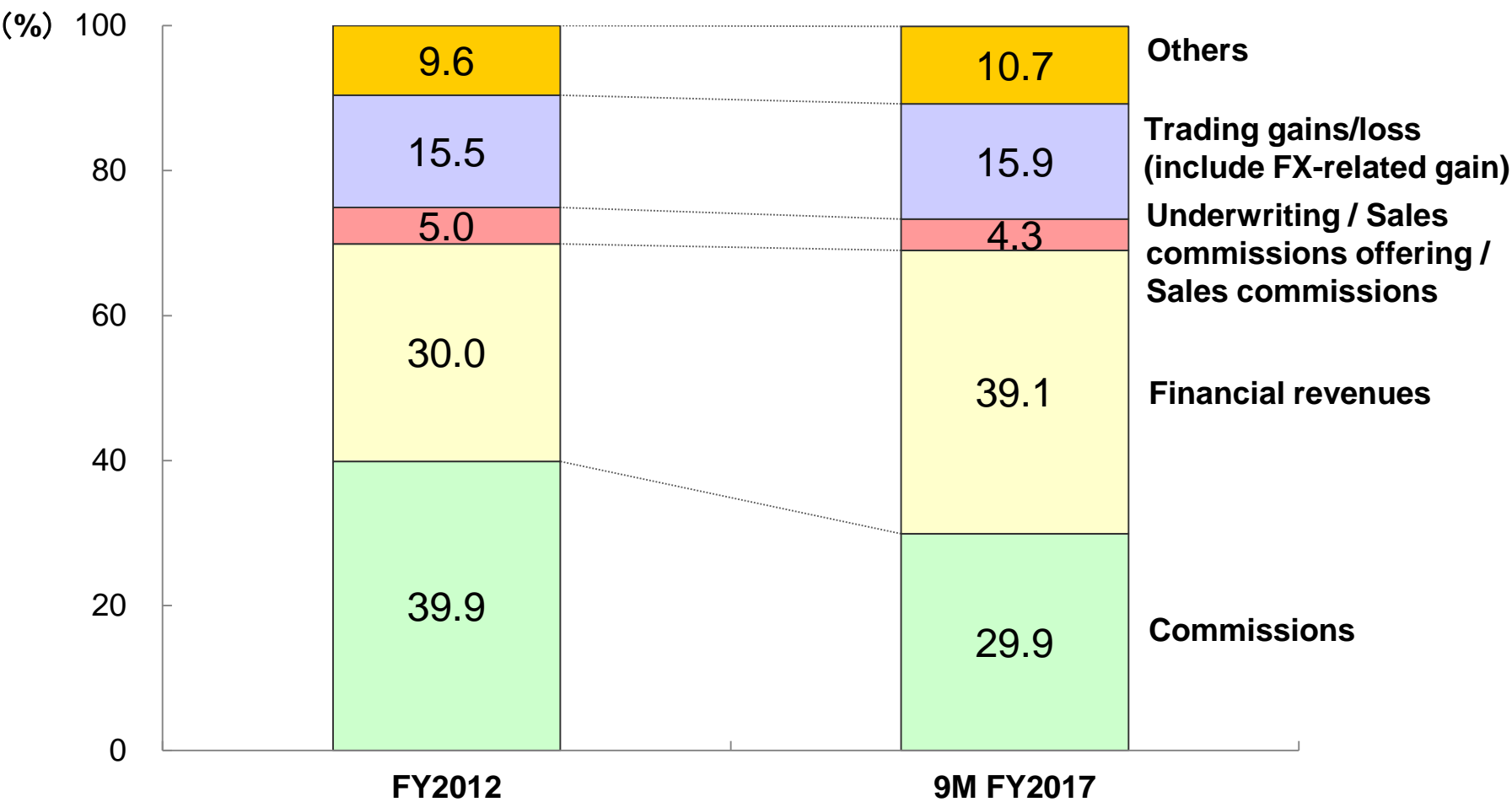
* Includes MMF, deposits of Chinese Fund and deposits of face-to-face accounts.
* Investment trust fees is included in "Other commission received".
* Trust fee excludes MRF.

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



Changes in SBI SECURITIES' Operating Revenue Structure

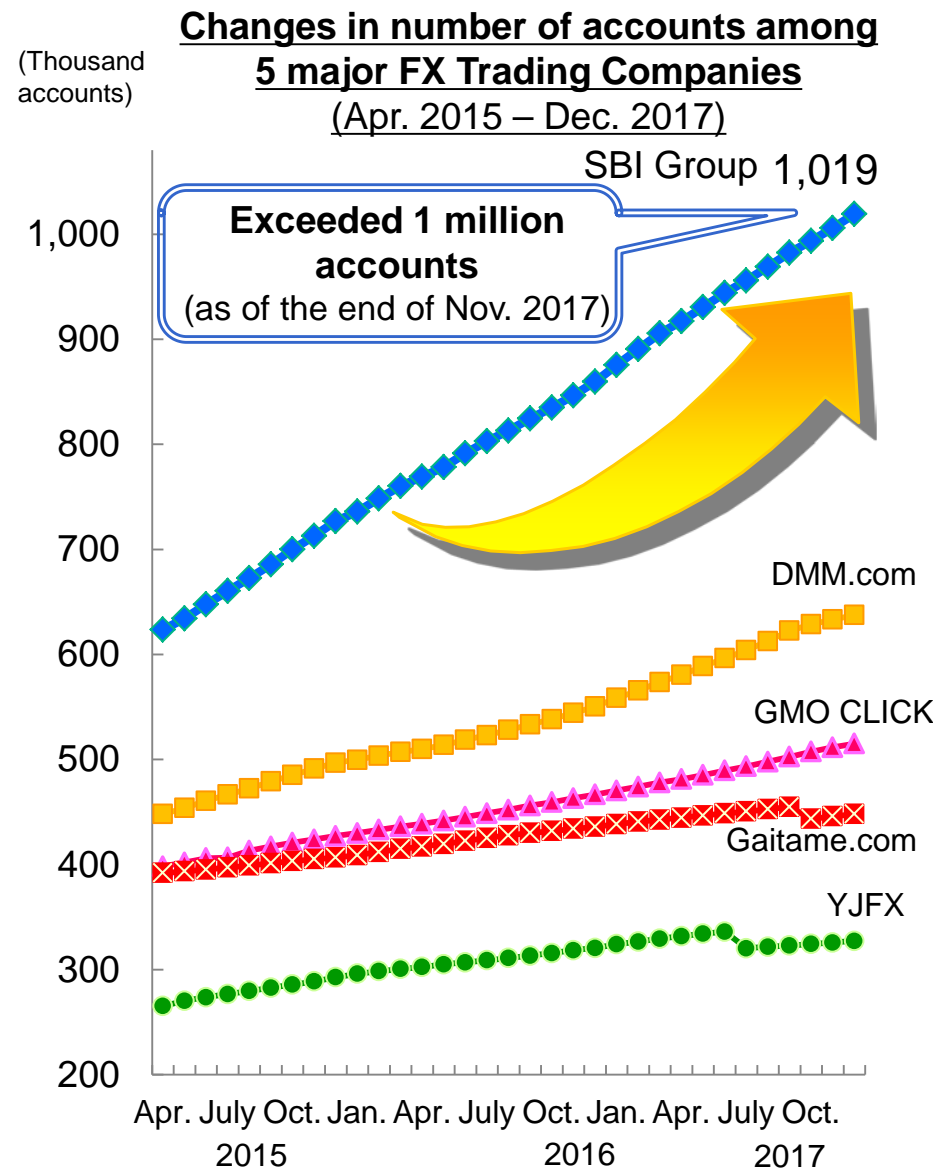
Owing to the diversification of its revenue stream, dependence on stock brokerage commissions declined, and businesses other than stock brokerage commissions, such as financial revenues and trading gains/losses centered on the FX-related revenue have expanded



(Based on J-GAAP)

FX-related business:

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



Customers' Deposit Assets Raking (Dec. 2017)

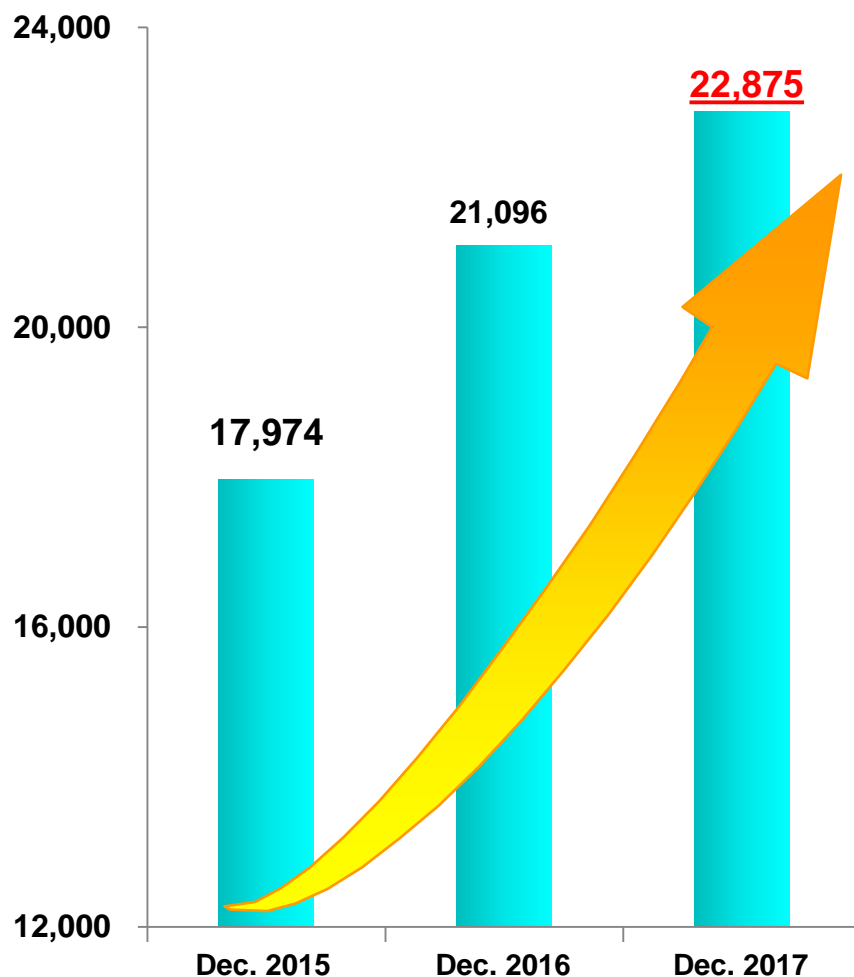
No.	Company name	Amount (JPY million)
1	SBI Group	200,451
2	GMO CLICK	140,108
3	Gaitame.com	117,055
4	DMM.com	116,309
5	YJFX	97,512
6	Central Tanshi FX	62,671
7	MONEY PARTNERS	61,378
8	Hirose FX	45,404
9	FX PRIME by GMO Corporation	17,137
10	Traders Securities	12,468
11	Ueda Harlow	11,240
	Others (2 companies)	11,938
	Total	893,671

* Source: Yano Research "Monthly Research on 16 Major FX Trading Companies" 63

(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

(As of the end of Dec. 2017)*1,2

(Thousand)

SBI SECURITIES	(No. of accounts)	4,110
SBIH InsWeb	(No. of customers)	8,834
E-LOAN	(No. of customers)	2,345
MoneyLook	(Total no. of customer registrations)	942
Morningstar Japan	(Total no. of service users) *3	768
SBI Sumishin Net Bank	(No. of accounts)	3,064
SBI Insurance	(Total no. of contracts)*4	981
SBI Life Insurance	(Total no. of contracts)	109
3 companies of small-amount, short-term insurance business	(Total no. of contracts)	612
Others (SBI Point etc.)		1,112
Total		22,875

*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.

Number of Companies and Consolidated Employees of the SBI Group

Number of Group companies

	Mar. 2017	Dec. 2017
Consolidated subsidiaries (companies)	166	177
Consolidated partnerships (partnerships)	21	17
Total consolidated subsidiaries(companies)	187	194
Equity method companies (companies)	36	38
Total Group companies (companies)	223	232

Number of consolidated employees

	Mar. 2017	Dec. 2017
Total employees (persons)	4,455	5,219

Assets Under Management of the SBI Group

(As of the end of Dec. 2017)

Private equity, etc. JPY 312.8bn (Including JPY 111.9bn of both cash and commitment amount to be paid in) (*3)

Breakdown by Industry	Amount
IT/Internet	52.2
Biotechnology/Health/Medical	18.6
Services	14.3
Materials/Chemicals	2.7
Environmental/Energy	13.8
Retail/Food	8.1
Construction/Real estate	1.1
Machine/Automobile	11.4
Finance	60.2
Others	18.3
Total	200.9

Breakdown by region	Amount
Japan	68.2
China	21.5
Korea	43.8
Taiwan	1.6
Southeast Asia	12.3
India	6.2
U.S.	34.6
Europe	4.2
Others	8.5
Total	200.9

Investment trusts, etc. JPY 564.3bn (*4)

Investment trusts	423.1
Investment advisory	141.1

*1 Calculated by the exchange rate as of the end of Dec. 2017

*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 39.2bn

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