

SBI Holdings, Inc.
FY2017 Financial Results
(Fiscal Year Ended March 31, 2018)

April 26, 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. FY2017 Consolidated Performance**
- II. Business Overview of Each Segment**
- III. Various Measures for Further Growth of the SBI Group**
- IV. Modification of the SBI Group's Vision, Announced on July 27, 2017**

I. FY2017 Consolidated Performance

[Consolidated Performance Highlights]

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

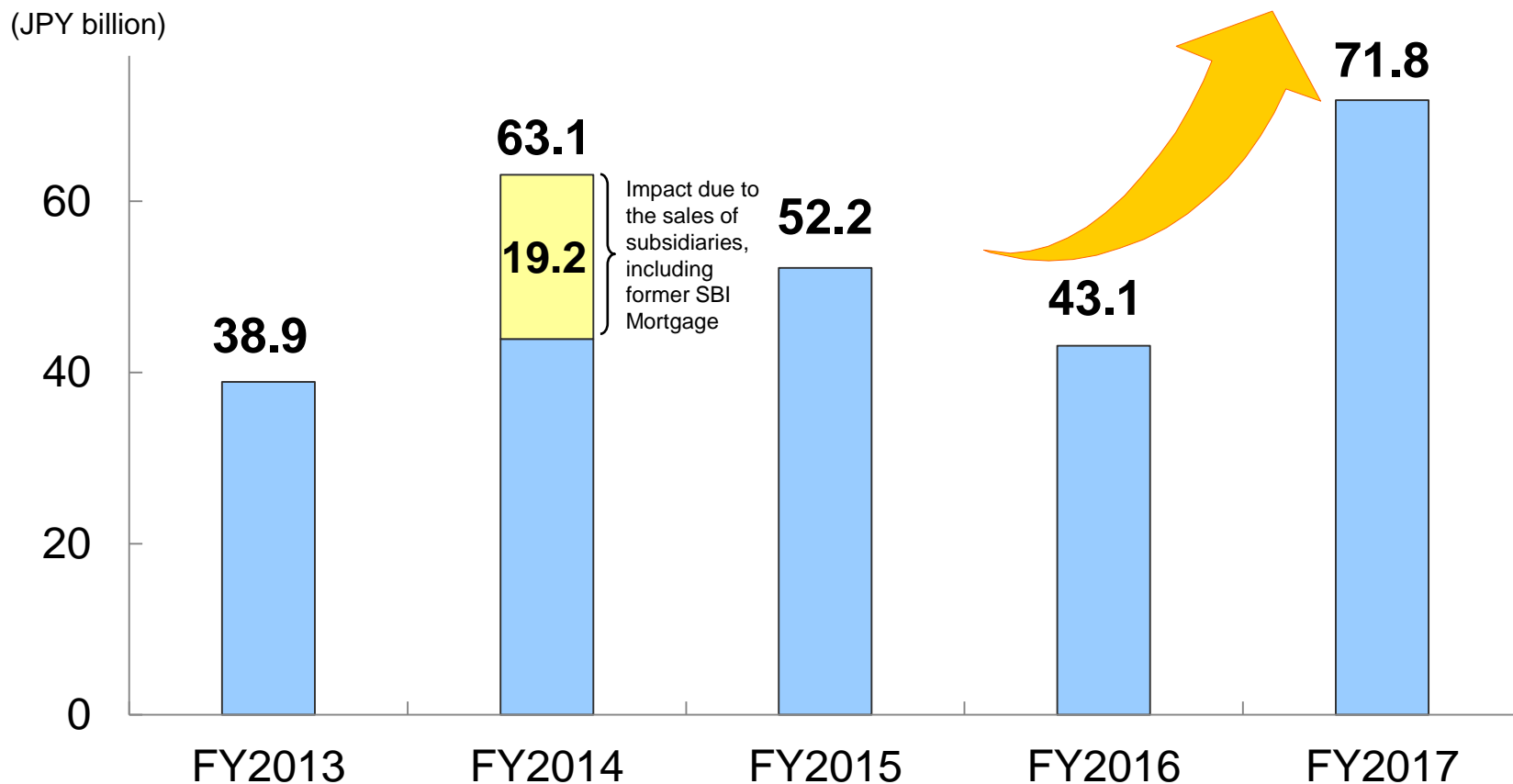
Since the Adoption of IFRS in FY2012, Achieved Record Highs in Revenue and Profits

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

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

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

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



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

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

FY2017 Performance by Segment (IFRS)

[Year-on-year]

(Unit: JPY million)

Revenue

Profit before Income Tax Expense

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

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

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

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

[Basic policy for shareholder return]

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

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

■ Dividend per share

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

* Reference: Dividend forecast per share for FY2017

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

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

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

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

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

[Details of shareholder benefits]

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

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

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

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

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)

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

Moving forward, through the expansion of the corporate business, the comprehensive capacity of the business will be strengthened

SBI SECURITIES FY2017

Consolidated Results (J-GAAP)

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






[Year-on-year]

(Unit: JPY million)

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

SBI SECURITIES' Overwhelming Position

[FY2017 results]

	Share of individual stock trading value (%)		Number of accounts (thousand)	Deposit assets (JPY trillion)	Operating income (JPY million)
		of which, individual margin trading			
SBI (cons.)	 35.1	 36.4	 4,261	 12.9	 53,570
Rakuten *1 (cons.)	16.4	16.7	2,372	5.0	20,643
Matsui	11.2	14.3	1,136	2.5	18,532
kabu.com	8.8	10.4	1,087	2.3	7,934
Monex *2 (cons.)	5.3	3.7	1,761	4.2	9,302

*1 The number of accounts for Rakuten is the figure as of the end of Sept. 2017.

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

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

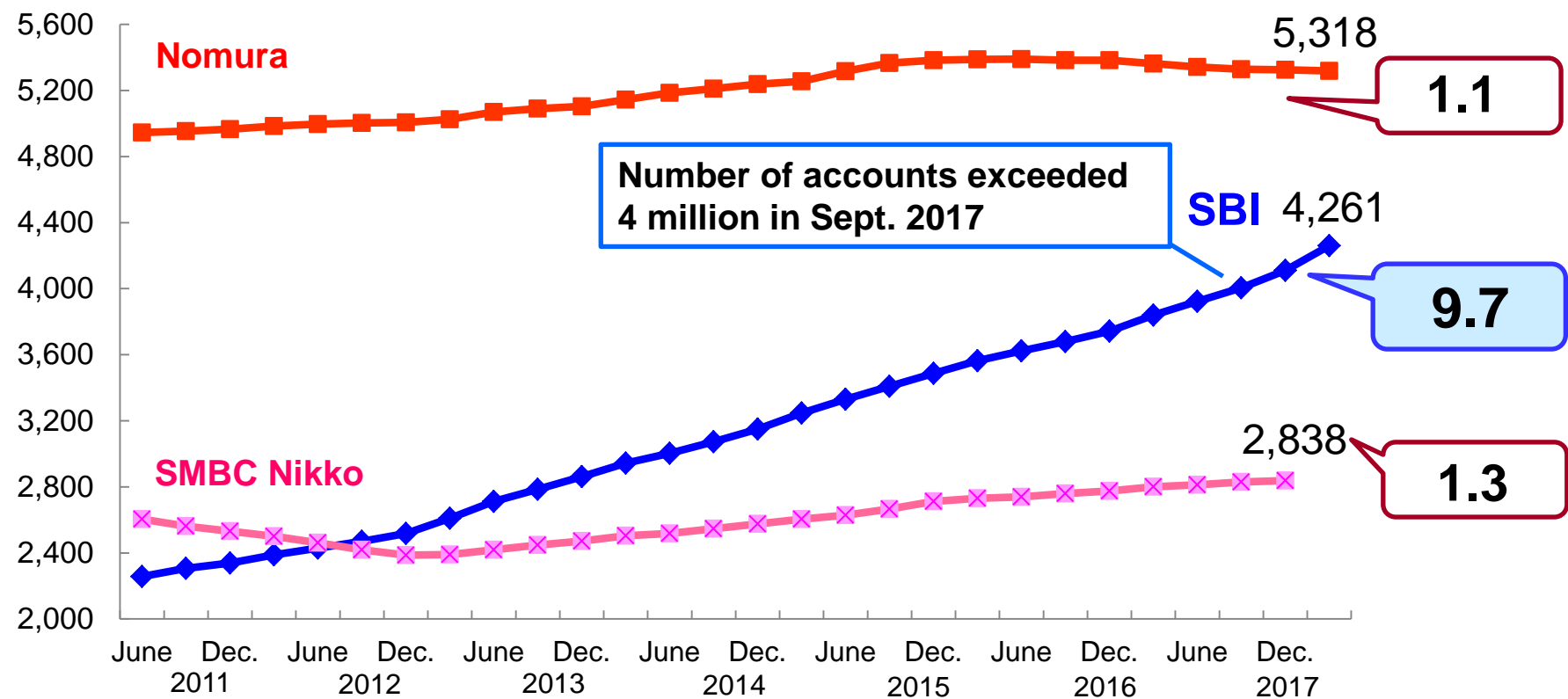
SBI SECURITIES overtook Daiwa Securities' number of accounts in June 2017

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

CAGR: %
(June 2011 – Dec. 2017)

(Thousand accounts)

* As of SBI SECURITIES and Nomura, the chart shows figures until Mar. 2018



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

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

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

Underwriting share of 94.9% is an industry leading figure


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

79 companies were listed during the period

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

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

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

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

Established Investment Banking Dept. in July 2017

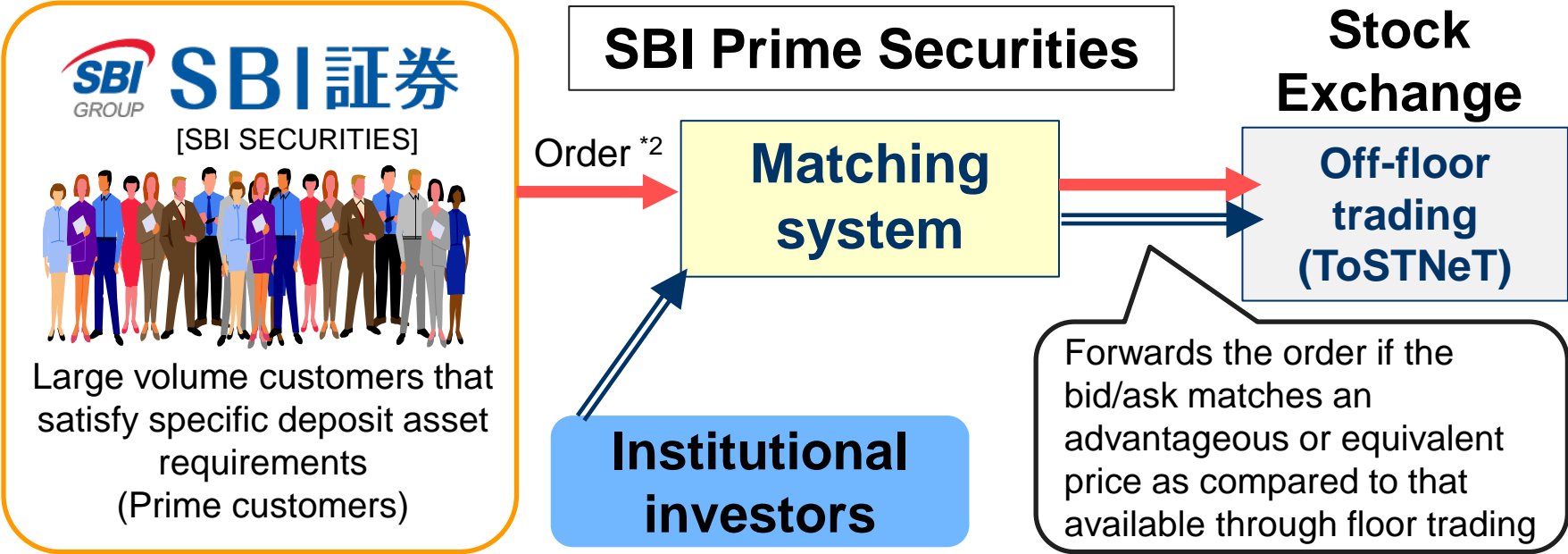
Strengthening the business structure through an aggressive mid-career hiring, in order to provide finance and business consulting services for listed companies, as well as various M&A-related services, in conjunction with SBI Group companies

* The above IPOs represent issues underwritten in Japan only and do not include additional secondary offerings or overseas issues.
* The number of underwritten issues represents both lead managed underwritings and syndicate participation.
* The data was compiled by SBIH based on each company's published information.

Established SBI Prime Securities to Provide “SBBO-X,” a Prime Brokerage Service to SBI SECURITIES’ Large Volume Customers

SBBO (SBI Best Bid Offer) -X:

Transactions for domestic stocks are executed in the ToSTNeT off-auction market ([dark pool trading](#)) through SBI Prime Securities’ matching system, which matches large volume customer orders from SBI SECURITIES, generated through SOR (Smart Order Routing) orders*¹, with orders from institutional investors.



Stock brokerage commissions charged to a portion of large volume customers will be eliminated

*1 A customer order executed by selecting the best market among many for the trade

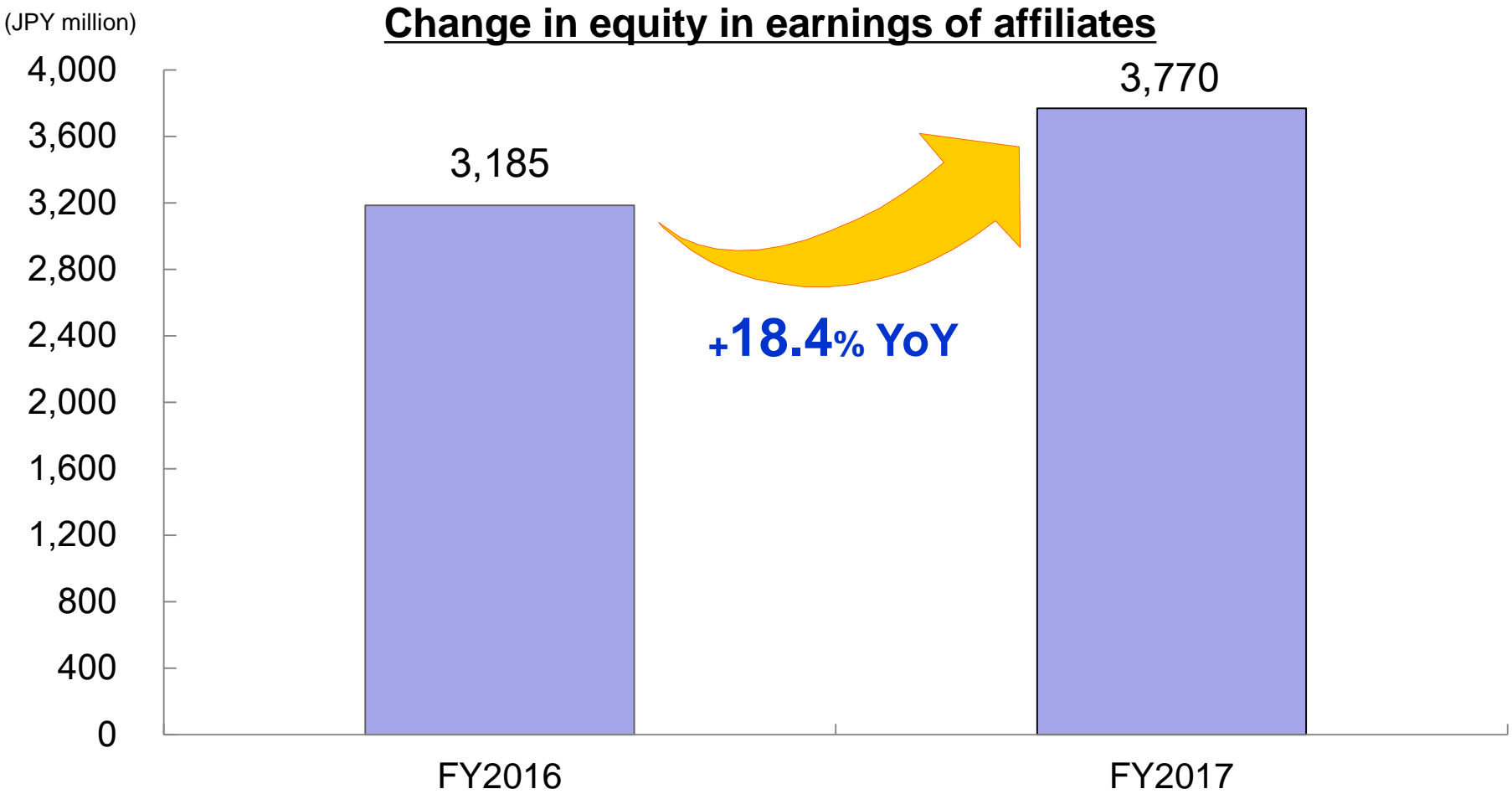
* 2 Order is placed in the PTS market when advantageous.

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

- **SBI Holdings' equity in earnings of SBI Sumishin Net Bank, based on IFRS for FY2017 was JPY 3,770m, up 18.4% year-on-year, owing to the expansion of the housing loans and profits through investment of bond investments, etc.**
 - * **All the profit items for FY2017 (based on J-GAAP), scheduled to be announced on May 11, 2018, are expected to record historical highs**
- **As of the end of Mar. 2018, accounts steadily increased to approx. 3.21 million accounts, with deposits exceeding approx. JPY 4.4tn, overwhelmingly surpassing its competitors**
- **Owing to attractive interest rates and highly beneficial customer services, the cumulative total of housing loans has steadily increased**

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

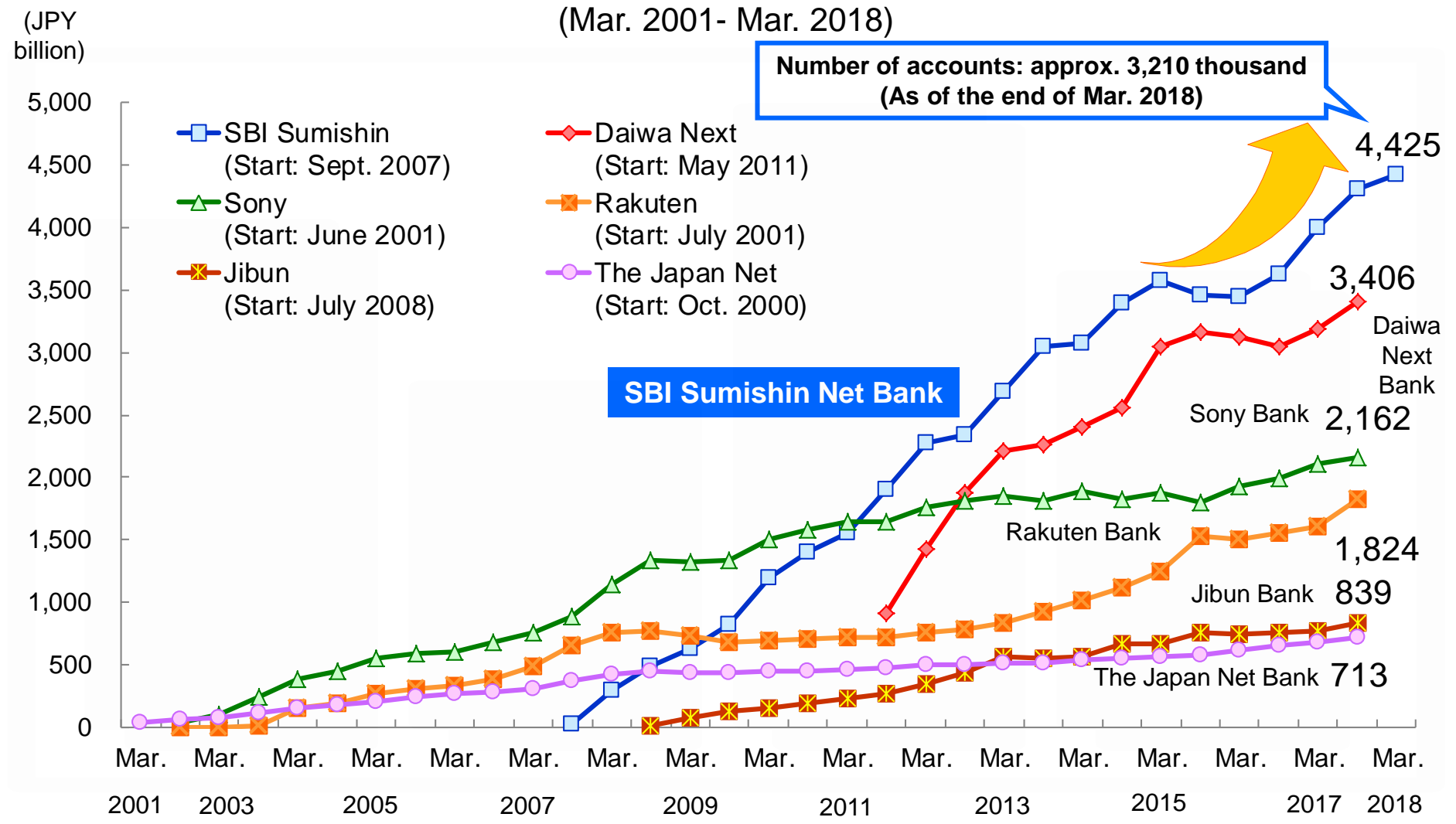
SBI Holdings' equity in earnings of SBI Sumishin Net Bank based on IFRS for FY2017 was JPY 3.77bn, up 18.4% year-on-year



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

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

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



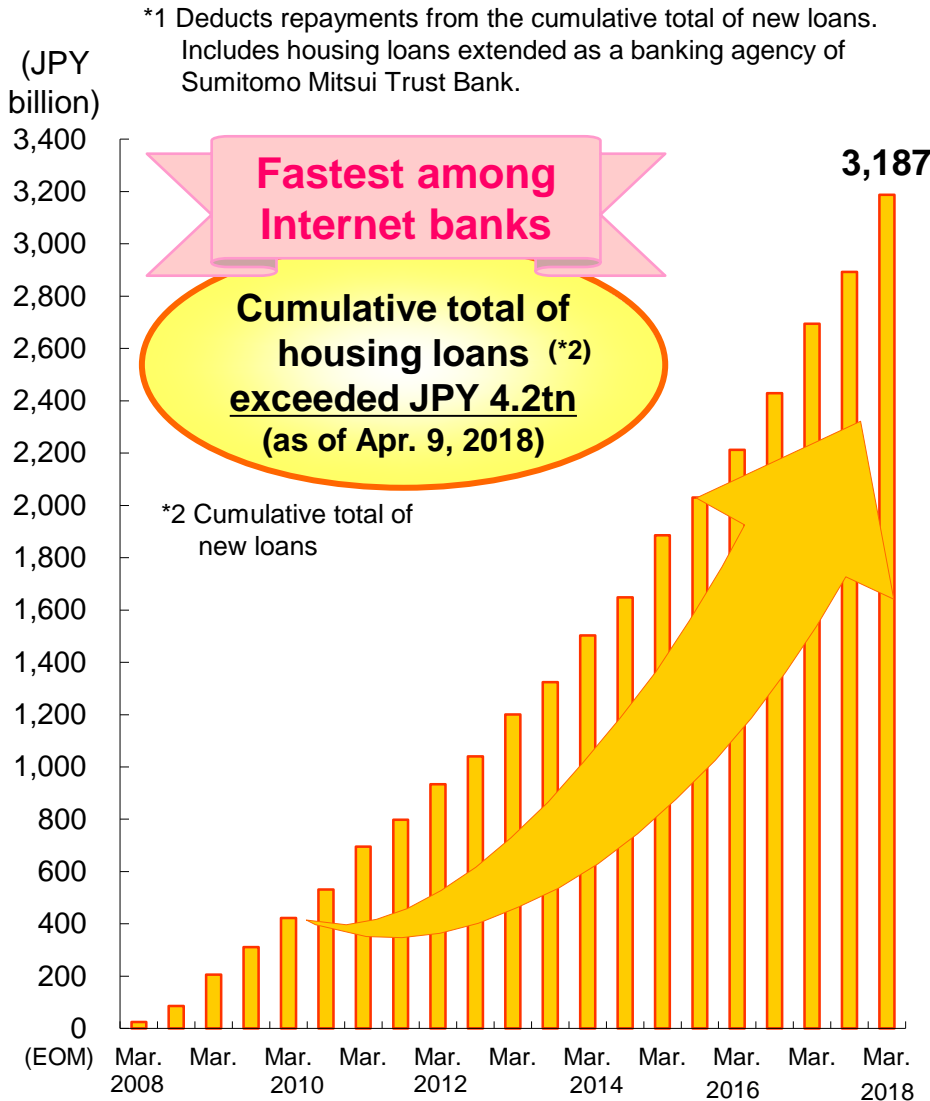
* Compiled by SBIH from the published materials of the noted banks, with each origin denoting the earliest available data of deposit balance amount, since the establishment of the respective banks.

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

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

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



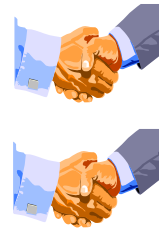
SBI Sumishin Net Bank's housing loans business:

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

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

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

I. F. Create

From Mar. 2018

Accounts for 18.6% of the loan execution amount via banking agencies * Result of Jan. – Mar. 2018

- ◆ 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
- ◆ On Mar. 29, 2018, “Tachikawa Loan Plaza,” managed by I. F. CREATE, opened for business

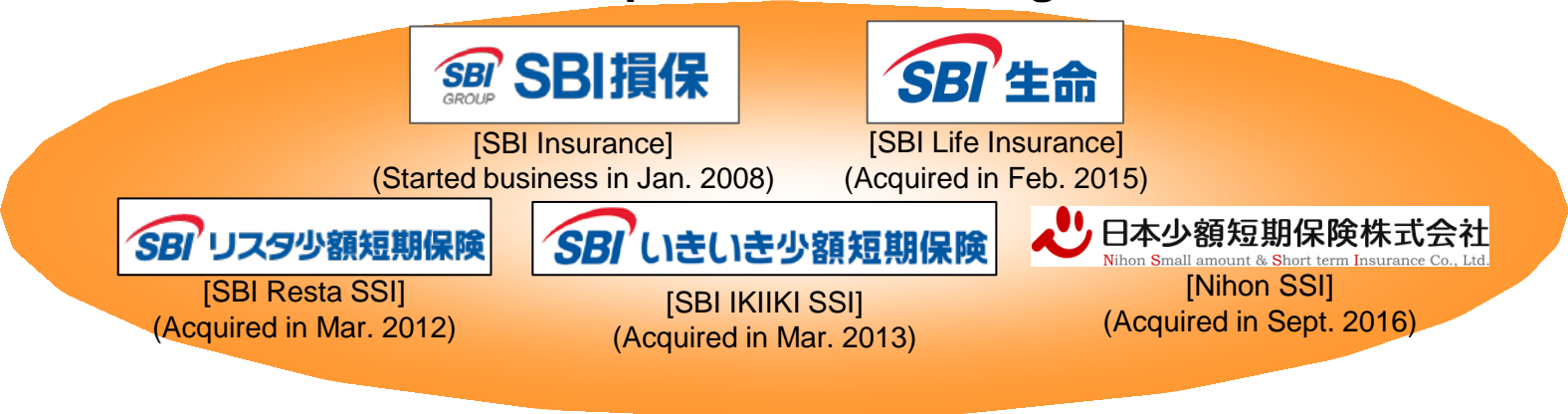
(3) Insurance-related business

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

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

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

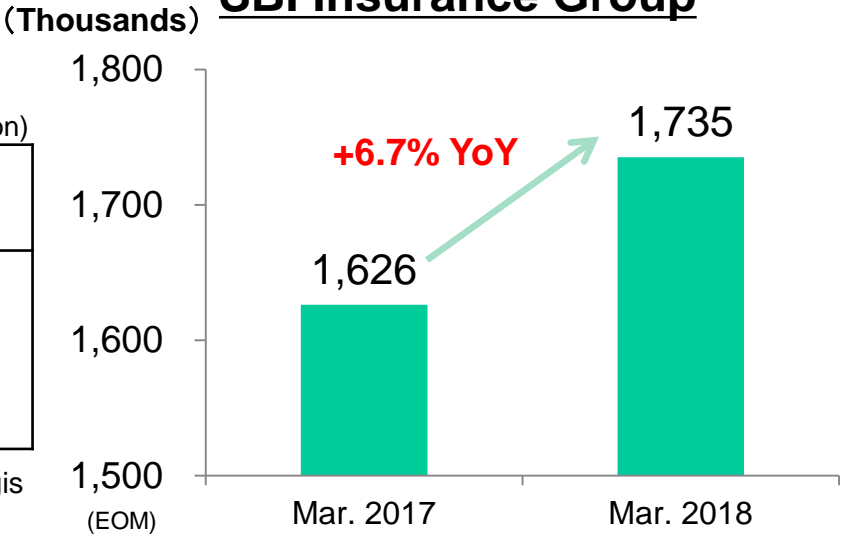


The number of contracts in SBI Insurance Group

SBI Insurance Group's financial results (IFRS)

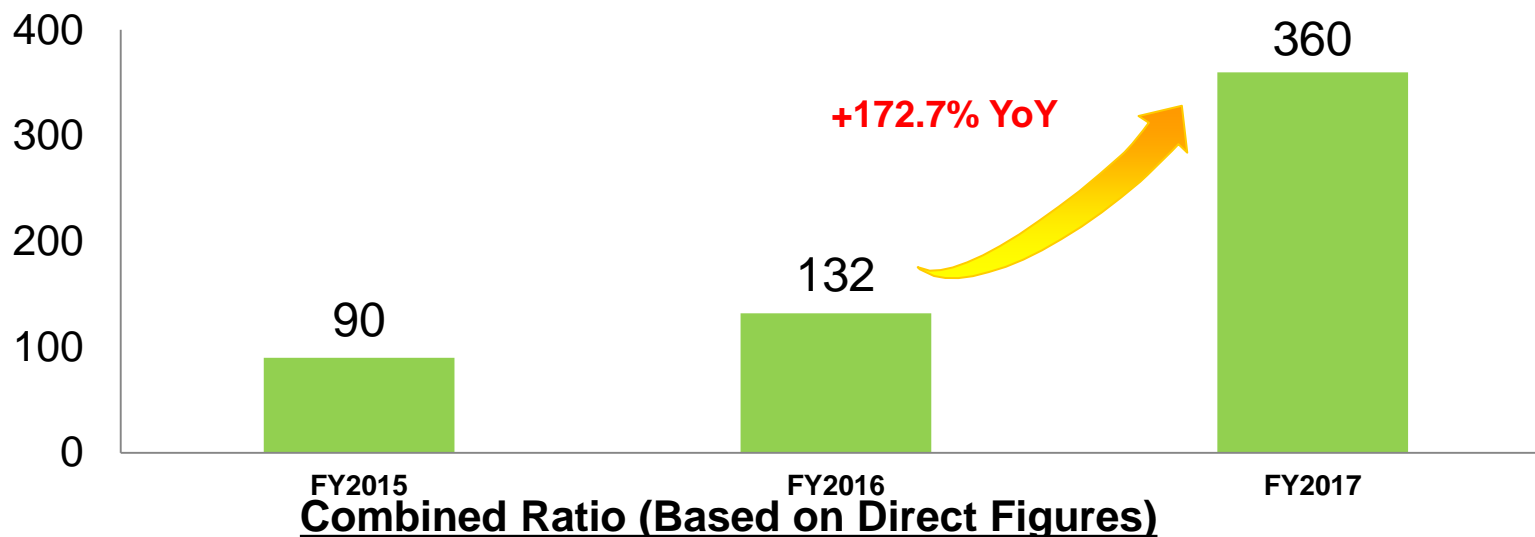
	FY2016	FY2017	(Unit: JPY million) Increasing rate (%)
Profit before income tax expense	1,881	2,263	+20.3

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



SBI Insurance Financial Results for FY2017

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



Combined Ratio (Based on Direct Figures)

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

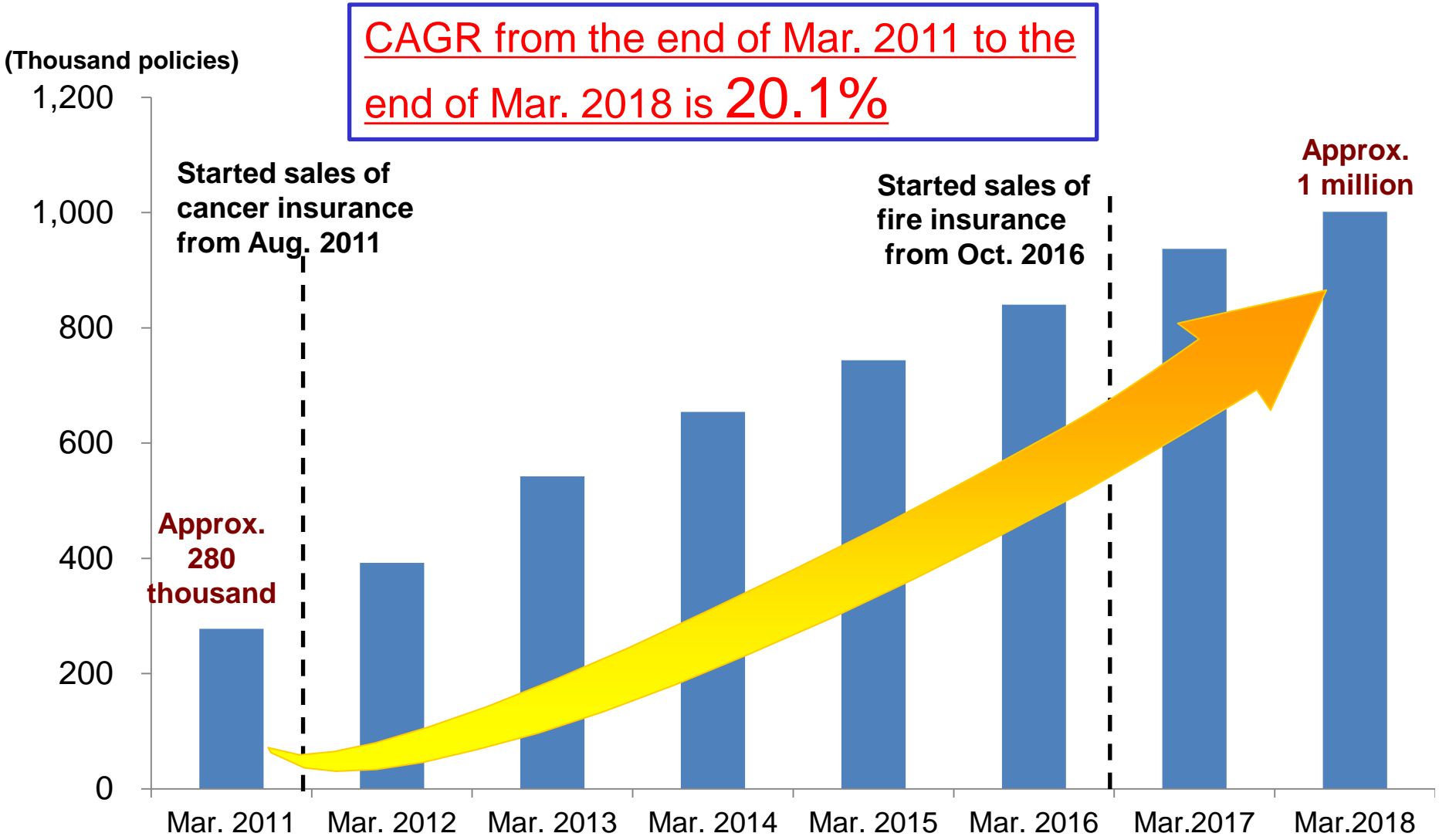
Although the loss ratio increased as a result of payments for major insurance claims, the operational cost ratio decrease was maintained

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

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

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

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

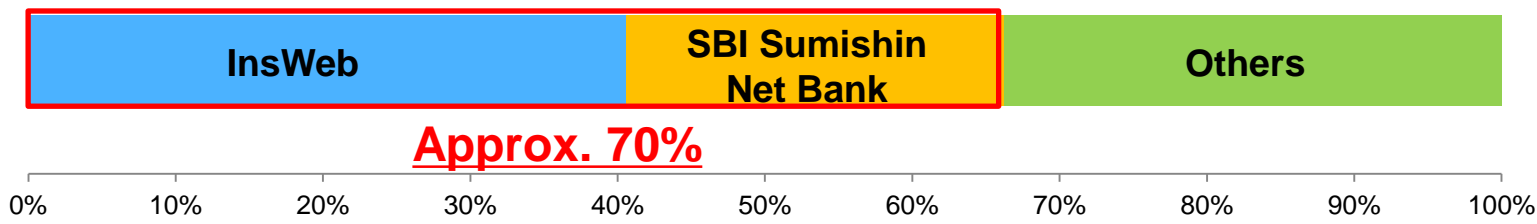


* Auto insurance includes new contracts that were paid by the end of the month, but becomes effective the following month or later

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

① Pursuing Group synergies for the sales of fire insurance

4Q FY2017 fire insurance acquisition ratio by sales channel



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



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

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

In order to differentiate itself from other companies' products, it was determined that 7 companies (of which 4 are regional financial institutions) outside of the Group will handle SBI Insurance's products. Plans are for sales to start shortly

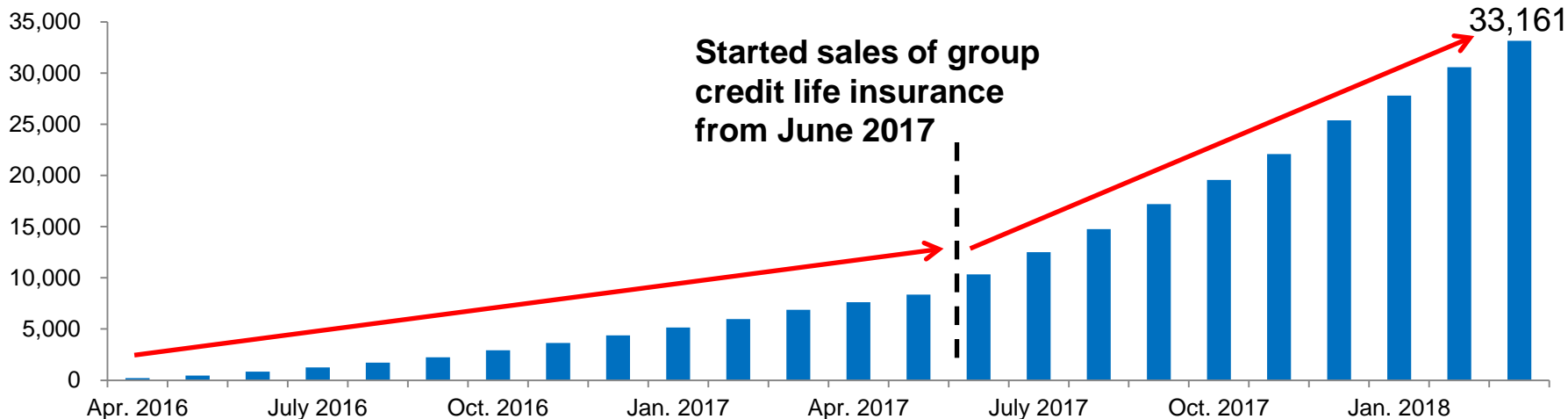
SBI Life Insurance Financial Results for FY2017 (J-GAAP)

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

- Preliminary ordinary profit (based on J-GAAP): approx. JPY 500m
- Solvency margin ratio: 1,113.0% *As of the end of Dec. 2017
- **The number of contracts: approx. 110 thousand (annualized premium: JPY 7,210m)**

(The number of applications)

SBI Life Insurance’s total number of insurance applications

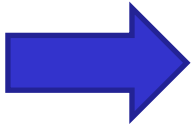


With regard to the number of new contracts, sales of the group credit life insurance, which was launched in June 2017, had a positive effect as the total increased significantly

SBI Life Insurance’s Group Credit Life Insurance was Determined to be Introduced at Hanno-Shinkin Bank

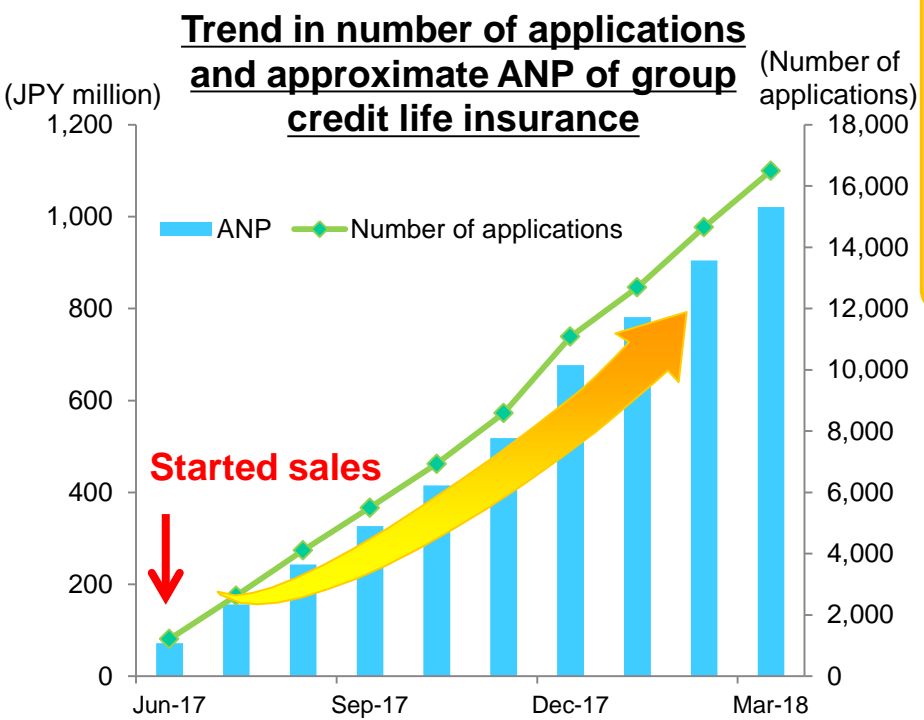
① Introduction of SBI Life Insurance’s group credit life insurance at Hanno-Shinkin Bank

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



Proactively promoting sales to other local financial institutions, with the prospect of several other institutions planning adoption in FY2018

② Status of current group credit life insurance adoption as of Mar. 31, 2018



Total as of Mar. 2018 * based on applications

Total number: 16,502 applications

Approximate ANP (annualized new business premium):

Approx. JPY 1,021m

- Currently underwriting 4 types of housing loans handled by SBI Sumishin Net Bank**
- Housing loan via alliance with real estate companies
 - MR. Housing Loan REAL
 - Flat 35
 - MR. Package Loan

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



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



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

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



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

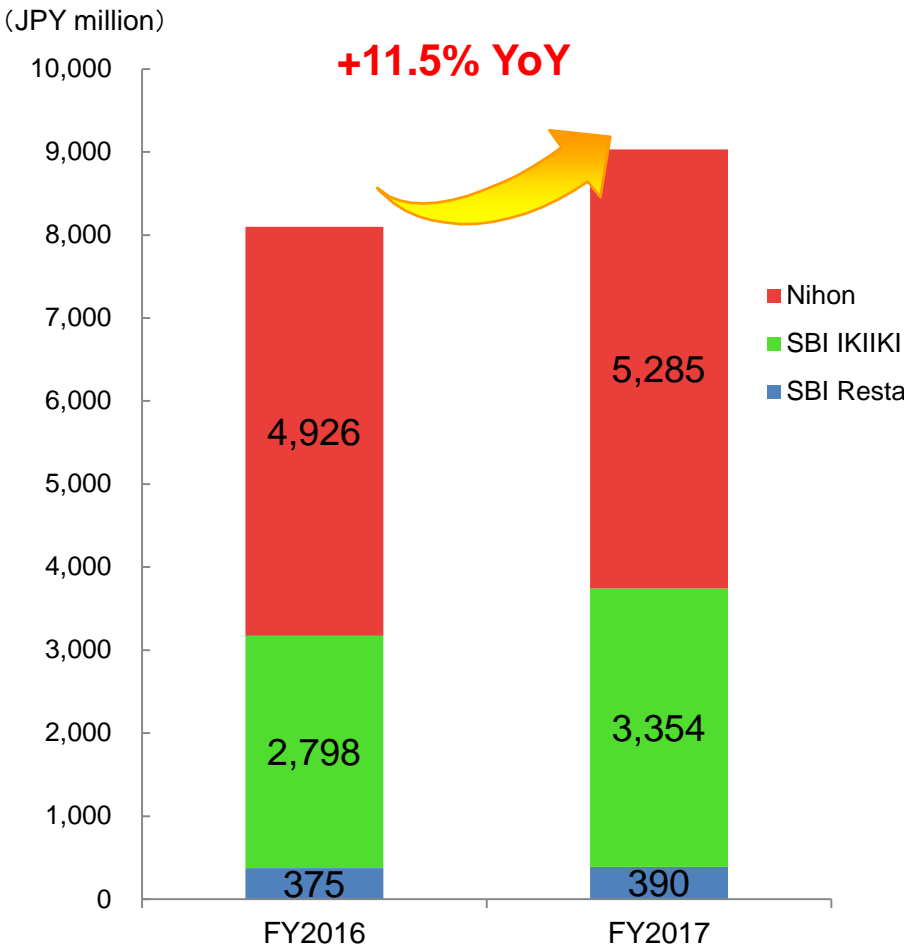
Number of contracts: 69,661 (+22.1% YoY)



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

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

Trend of premium income*1



* Simply sum of financial results of each SSI company

2. Asset Management Business

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

Asset Management Business' Financial Results Breakdown

(IFRS, JPY billion)

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



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

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

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

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

	Full-year FY2017
IPO・M&A deals	13

A significant increase is expected in FY2018

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

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

[Planned EXIT schedule of FinTech investee companies]

Already decided on investments into **67** companies

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

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

On Apr. 19, 2018, TPBank of Vietnam Listed on the Ho Chi Minh Securities Exchange



TPBank (SBI Group's shareholding: 19.9%)



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



Market capitalization (approx. JPY 89bn) on the first day of listing was ranked 25th out of 354 companies listed on the Ho Chi Minh Securities Exchange

The closing price on the first day of listing (VND 32,450 (approx. JPY 153)) was over 2.5 times the original investment price. Already posted a valuation gain of approx. JPY 7.6bn in FY2017. Expecting a profit contribution even in FY2018

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

SBI AI&Blockchain LPS

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



As the first investment made, invested in Ascent Robotics, which provides AI software utilizing deep reinforcement learning and deep learning technology, to develop AI for autonomous driving, etc.

Performance Trend

Steadily expanding balance of performing loans centered on retail loans,
building a well-balanced portfolio

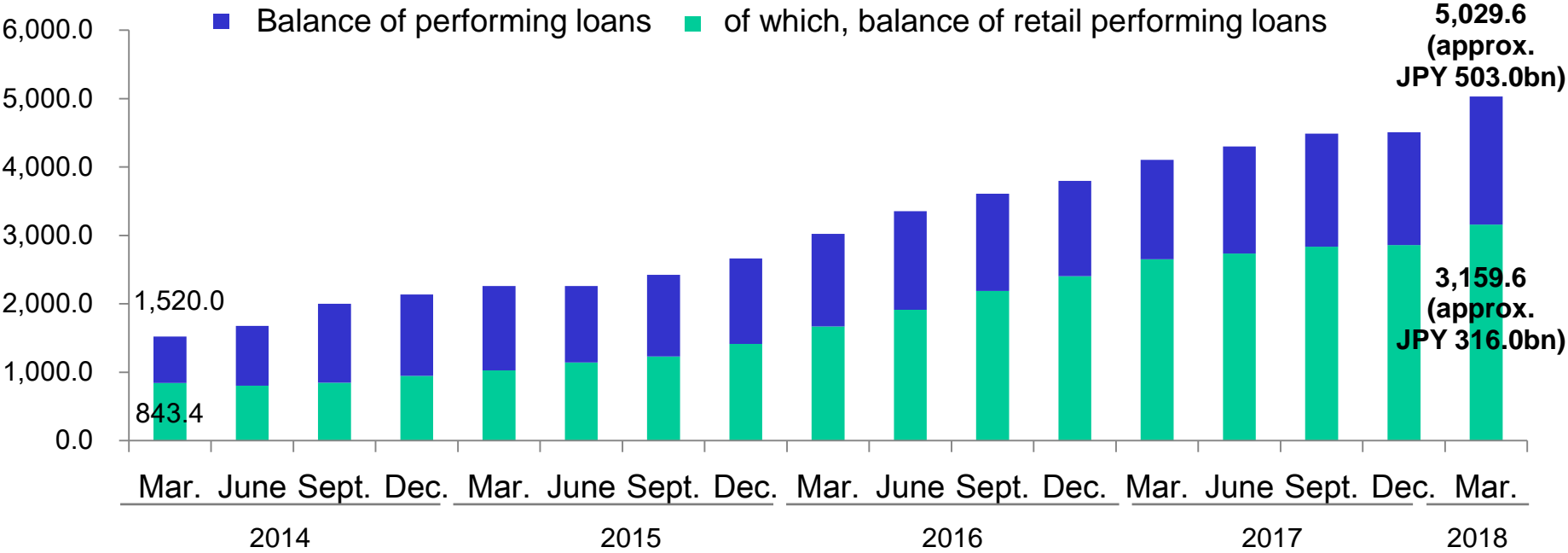
(KRW billion)

Net Income (Based on K-GAAP)

Fiscal year ended June 30, 2013	Fiscal year ended June 30, 2014	Fiscal year ended June 30, 2015	Fiscal year ended Dec. 31, 2015 (irregular financial results for six months)	Fiscal year ended Dec. 31 2016	Fiscal year ended Dec. 31 2017
-529.2	-329.2	20.2	17.2	74.0	88.9

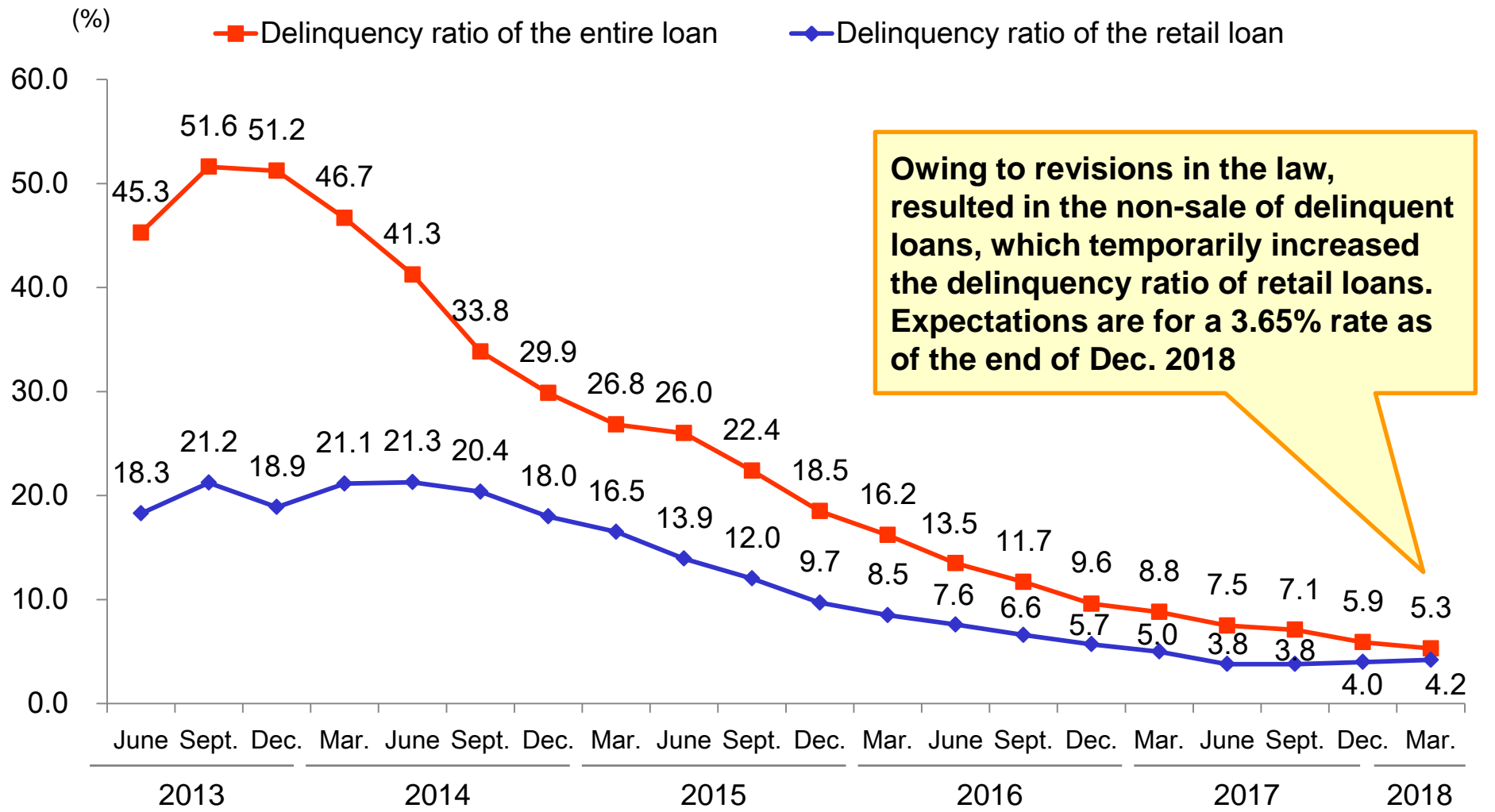
Balance of Performing Loans (Based on K-GAAP)*

(KRW billion)



*Converted at KRW 1 = JPY 0.10 36

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



*Based on K-GAAP

Morningstar Japan's Financial Results for FY2017

For operating income and ordinary income, achieved an year-on-year increase for the ninth consecutive fiscal year, and updated a historical record of profits for the seventh consecutive fiscal year

Consolidated Results (J-GAAP)

(Unit: JPY million)





	FY2016 (Apr. 2016 – Mar. 2017)		FY2017 (Apr. 2017 – Mar. 2018)		YoY % change
	Amount	Income margin (%)	Amount	Income margin (%)	
Net Sales	4,790	-	5,967	-	+24.6
Operating Income	1,560	32.6	1,638	27.5	+5.0
Ordinary Income	1,618	33.8	1,757	29.5	+8.6
Net Income	1,025	21.4	1,099	18.4	+7.2

3. Biotechnology-related Business

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

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

(JPY million)

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

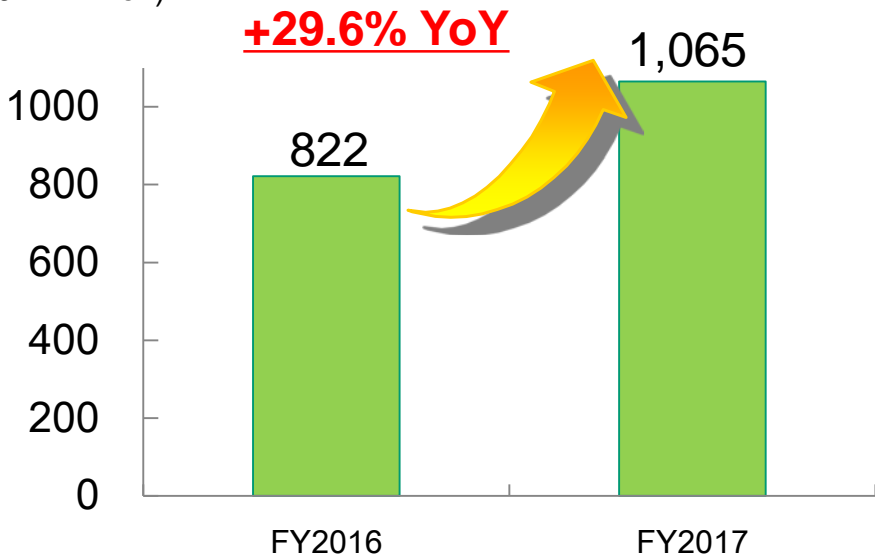
*Excluding drug pipeline impairment loss

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

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

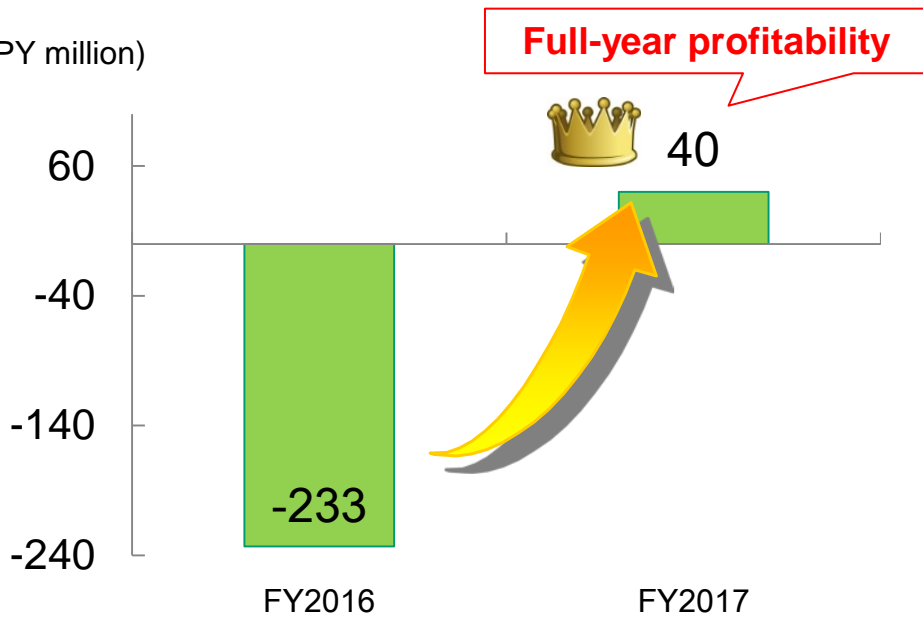
Revenue (IFRS)

(JPY million)



Profit before Income Tax Expense (IFRS)

(JPY million)



Among over 1,000 foods with functional claims received by the Consumer Affairs Agency, “ALAplus Tou (Sugar) Down” (30 capsules) was ranked 9th in sales, in Feb. 2018. (Apr. 2018 issue of the monthly magazine “H&B Retail”)*
Ranked in top 30 for 24 consecutive months since Mar. 2016

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

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

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

(JPY million)

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

Major factors:

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

III. Various Measures for Further Growth of the SBI Group

-Transcend Finance, Centering on Finance-

1. Financial business

- (1) Endeavoring to further increase market share and profit growth in all financial services businesses, centering on securities, banking and insurance
- (2) Promoting a mobile shift of the existing financial ecosystem by expanding “Mobile-first” services
- (3) By strengthening alliances with regional financial institutions, contributing to regional revitalization through the reformation of the regional financial institutions
- (4) By strengthening the Group’s asset management system, endeavoring the rapid expansion of the assets under management (Target: JPY 1tn within 1 year, JPY 5tn level within 3 years)
- (5) Establish a new digital asset-based ecosystem, by thoroughly pursuing synergies with the Group’s existing financial ecosystem, along with the domestic and overseas affiliated partners

2. Non-financial business

From FY2018, the Biotechnology-related Business is being positioned to contribute profit while moving into a growth stage that is promising for strong future results

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

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

- ① Through proactive utilization of advanced technologies, strengthening competitiveness and differentiating from major competitors**
- ② During FY2018, to improve operational efficiency, will endeavor to increase productivity of indirect departments and reduce cost by focusing on the promotion of RPA (Robotic Process Automation)**
- ③ Contributing to the overall expansion of the Japanese financial sector by actively promoting cross-sector initiatives**

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

Proactive Advanced Technology Usage Cases at the SBI Group Companies

(i) Securities-related business

Robo-advisors, etc.

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

Customer assets: JPY 30.3bn,
Number of accounts: approx.
40 thousand (as of Apr. 24, 2018)

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

Customer assets: JPY 6.2bn,
Number of accounts: approx.
19 thousand (as of Apr. 24, 2018)

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

Blockchain

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

AI

SBI SECURITIES

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

SBI Liquidity Market & SBI FXTRADE

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

Proactive Advanced Technology Usage Cases at the SBI Group Companies

(ii) Banking-related business-1

Robo-advisors

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

Customer assets: JPY 10.6bn, Number of accounts: approx. 11 thousand
(as of Apr. 24, 2018)

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

Customer assets: JPY 1.9bn, Number of accounts: approx. 6 thousand
(as of Apr. 24, 2018)

AI

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

Proactive Advanced Technology Usage Cases at the SBI Group Companies

(ii) Banking-related business-2

API Linkage (examples)

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

From Dec. 2016



NestEgg
“finbee”

Total number of
downloaded apps :
approx. 70,000

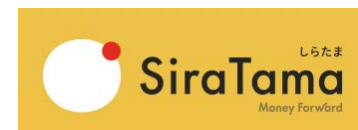
From May 2017



WealthNavi
“Mametasu”

Total number of
downloaded apps :
approx. 16,300

From Sept. 2017



MoneyForward
“SiraTama”

Total number of
downloaded apps :
approx. 18,100

* API (Application Programming Interface)

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

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

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



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

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

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

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

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

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

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

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



FiNC inc.

A technology venture company specializing in mobile health

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



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



- Venture company
- Corporations

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



You are what you eat.

アドウェル株式会社

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

An Insurance Consulting Support Platform is Under Development by the Group



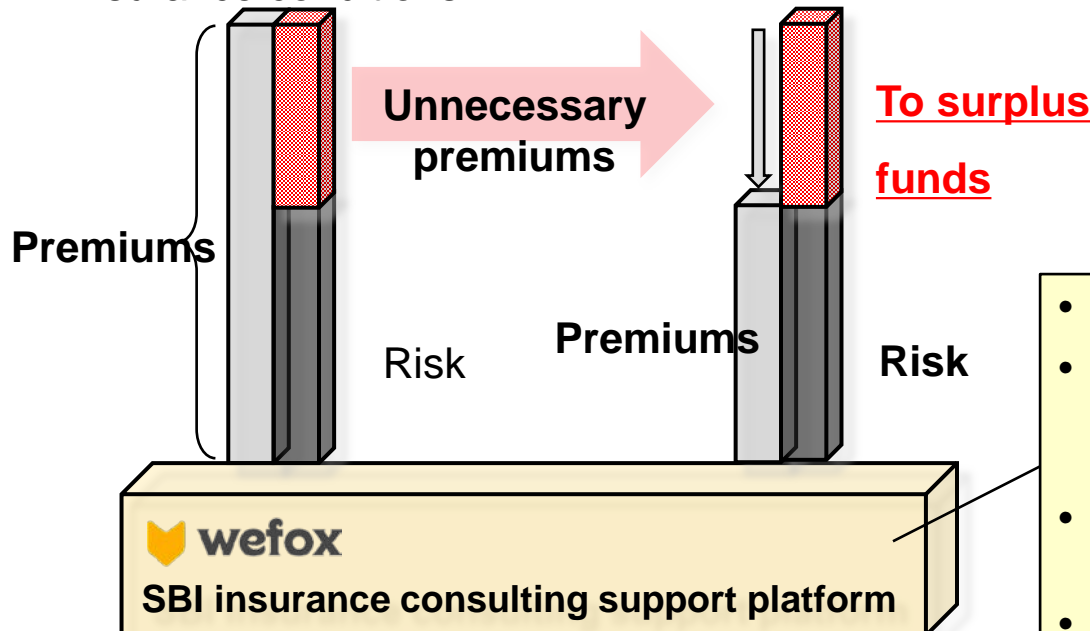
An investee company of the
FinTech Fund

**Finance App Co.
(Switzerland)**

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

Overview of insurance consulting support platform

Problem: Surplus
insurance conditions



By rebalancing the portfolio of all customer financial assets:

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

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

Proactive Advanced Technology Usage Cases at the SBI Group Companies

(iv) Other Financial Services



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



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



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

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

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

From early 2016, initiated operational efficiency considerations through the utilization of robotics



- ✓ From Jan. 2017, began robotic operation utilizing “Real Time Solution” (Nice Ltd.*’s product)
- ✓ Established RPA Promotion Office in July 2017
- ✓ Introduced 2 products, “UiPath” (UiPath’s product) and “Job-Robo!” (RPA Technologies Inc.’s OEM product for SBI Trade Win Tech Co., Ltd.) from Dec. 2017

* Nice Ltd., listed in NASDAQ market in USA, is an solution leading company which has more than 25 thousands company customers, 1,200 employees in charge of R&D Department and 3,500 employees.

Currently, through the utilization of three products, “RTS,” “UiPath” and “Job-Robo!,” running in tandem at 73 operations, succeeded in saving about 3,000 hours a month (about 36,000 hours per year)

SBI Sumishin Net Bank is Saving about 36,000 hours of Work Per Year by Using RPA in 73 services
- Expecting to save JPY 1bn over 5 years -

Cost reduction status through the use of 3 RPA products

	Cost reduction (JPY million / 1 year)	Cost reduction (Hour / 1 year)
Processes related to housing loans	78	27,396
Processes related to card loans	11	3,600
Processes related to client work	6	1,932
Processes against financial crime	5	1,524
Others	4	1,476
Total	104	35,928

Future prospects

- **Currently, planning to introduce a total of about 130 RPA for the various departments**
- **Expecting to save JPY 1bn over 5 years**

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

Improve operational efficiency by automating various routine tasks

RPA Holdings

(A group company of RPA Holdings which is one of the SBI Group's investee companies)

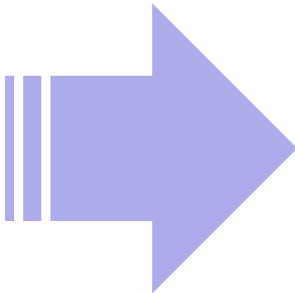


Provide RPA OEM software

 **SBI Trade Win Tech**

**Provide RPA solution
“Robo-Work! / Job-Robo!”**

Introduce after PoC in each department



 **SBI Holdings**

More than 10 robots are already introduced in Administration & Human Resource Dept. and Finance Dept. Use in other departments is under consideration

 **SBI証券**

SBI SECURITIES

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

Early launch planned for 2 departments

 **SBI Investment**

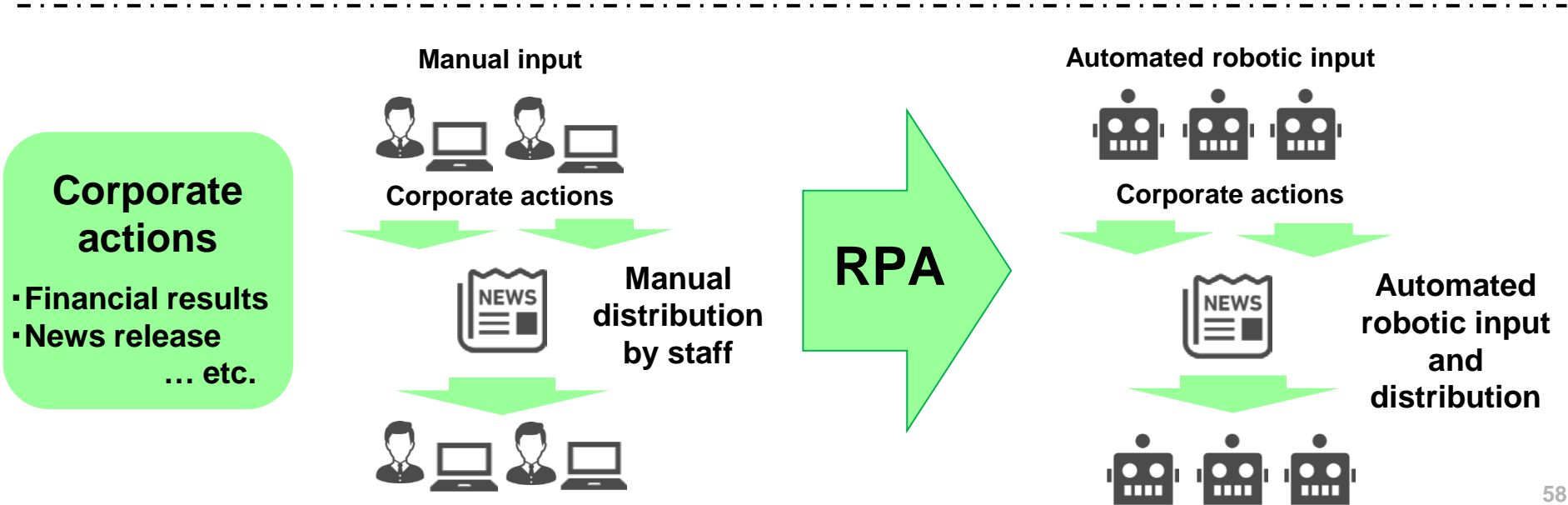
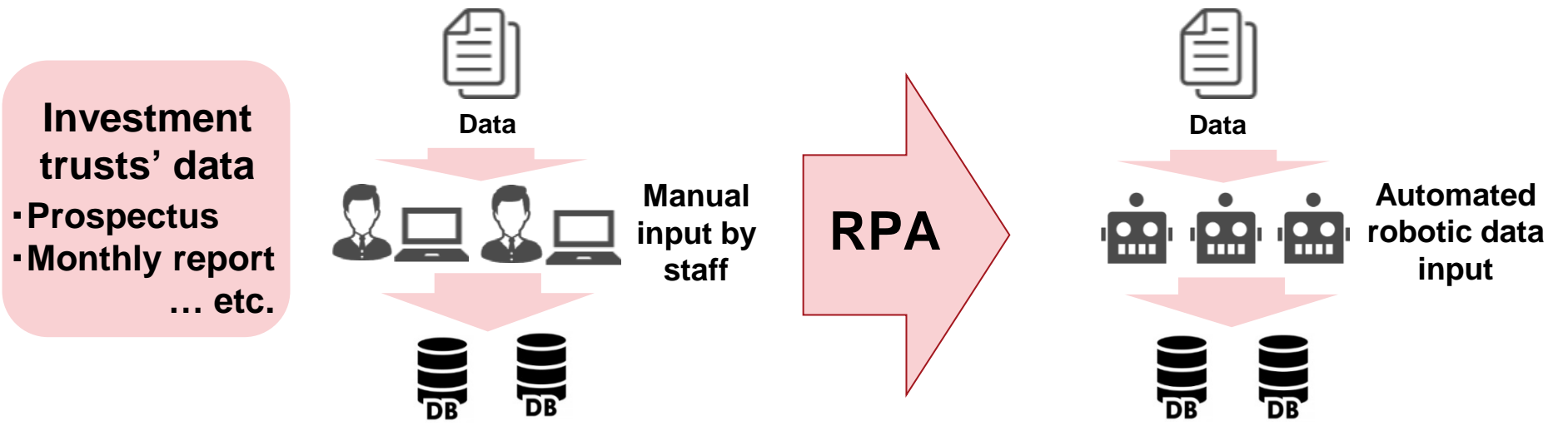
Under consideration by all departments

Example 1 : Robots assume heavy manual labor tasks after the collection of necessary information

Example 2 : Automatic processing of data

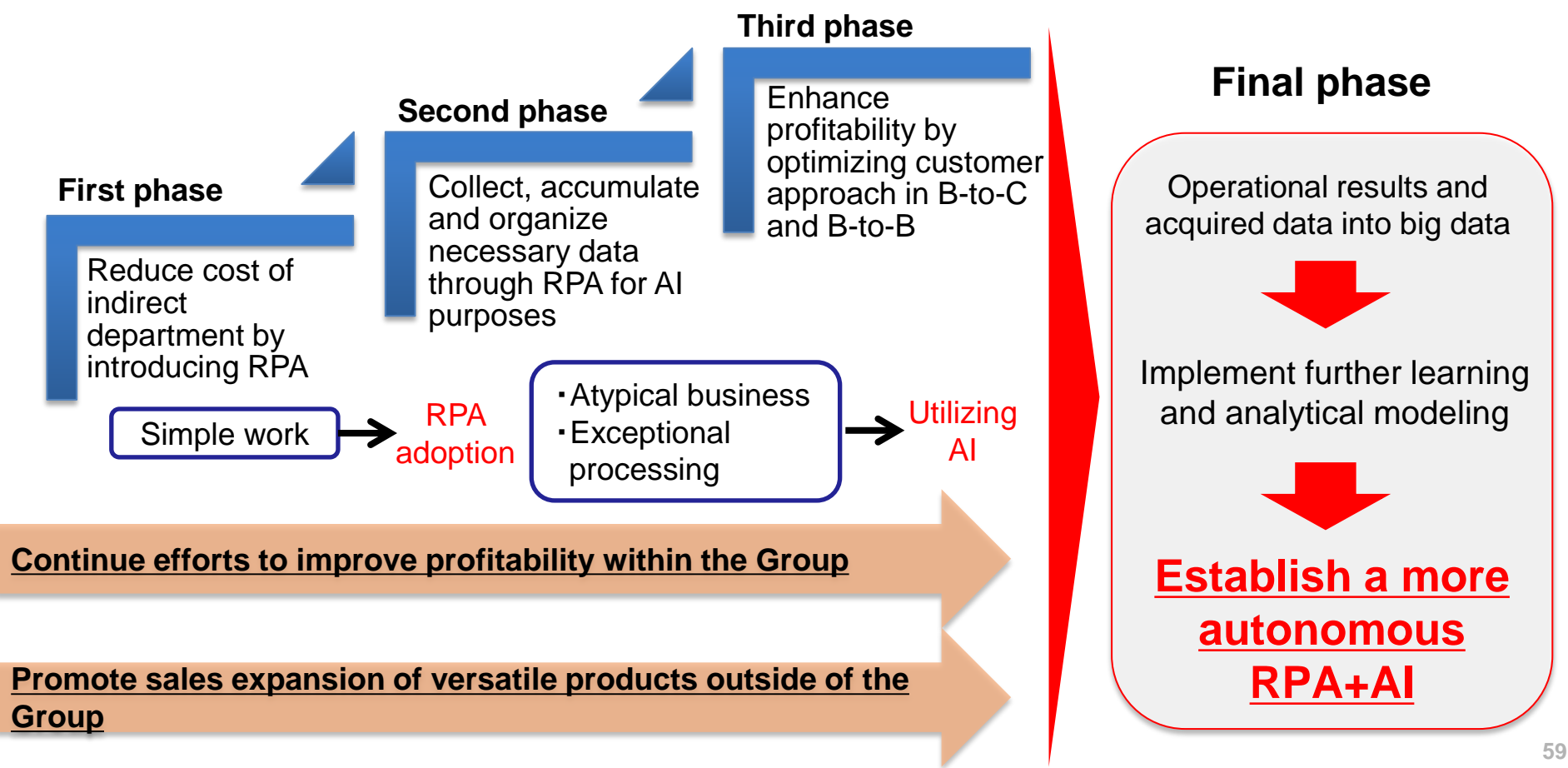
Morningstar Japan Begins Cost Reduction by Actively Utilizing RPA

Robots deputize input of enormous data



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

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

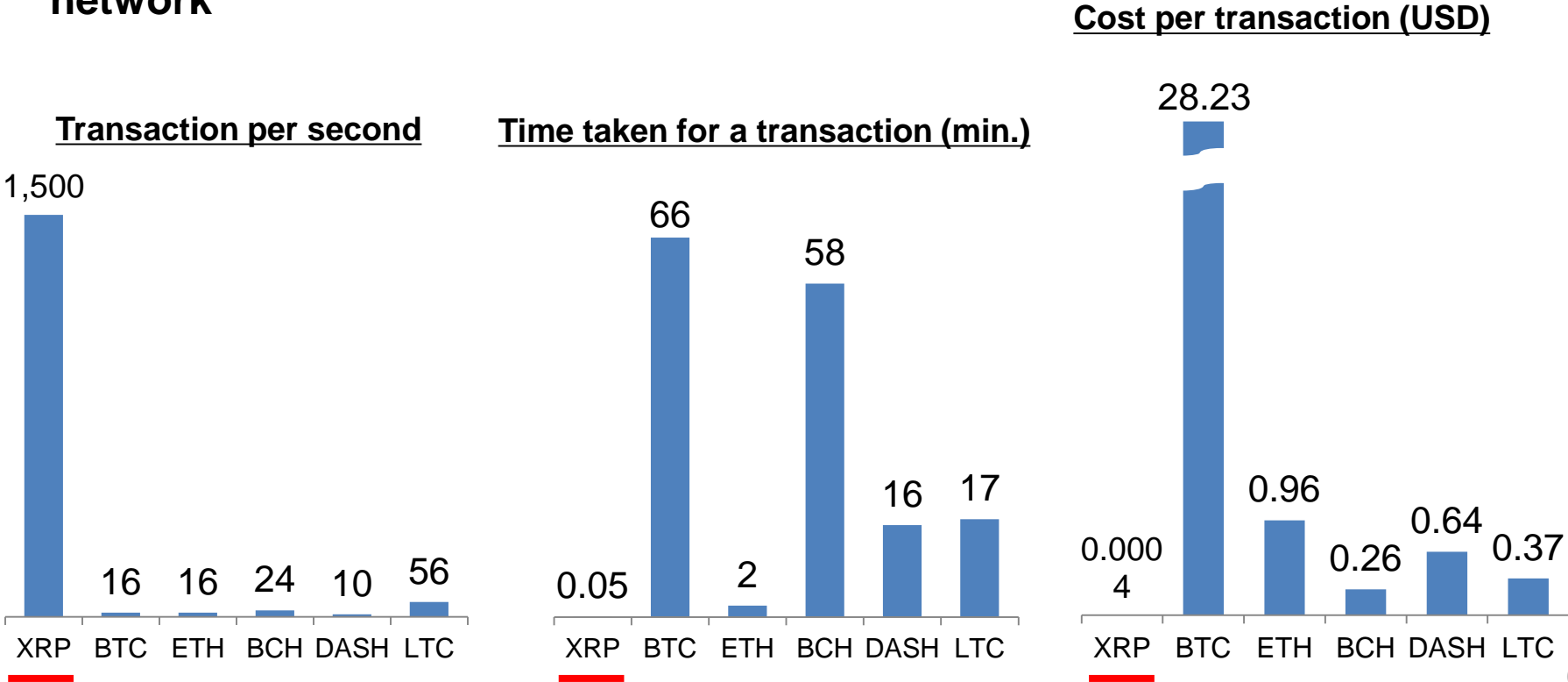


③ Contributing to the overall expansion of the Japanese financial sector by actively promoting cross-sector initiatives

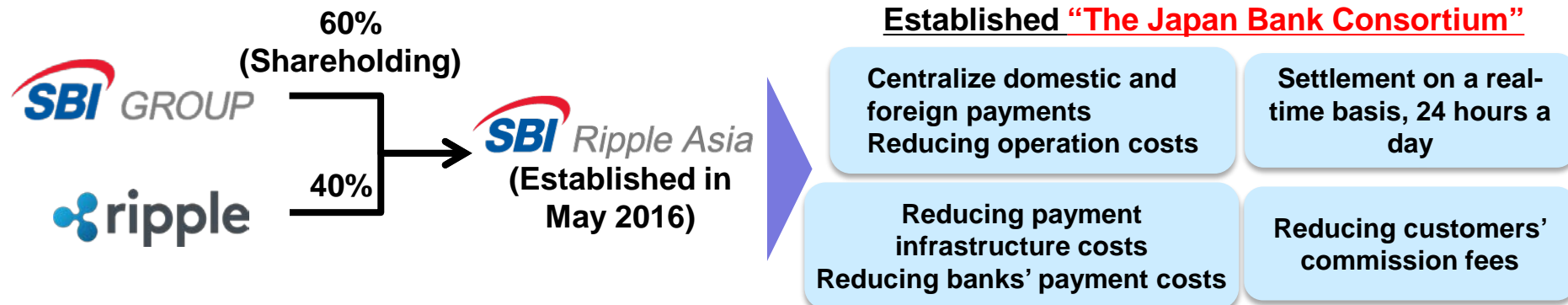
U.S. Ripple, Developing Next-generation Remittance Platform Utilizing Distributed Ledger Technology (DLT) and Digital Asset “XRP”



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



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



“The Japan Bank Consortium”

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

Towards Remittance Revolution by 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 - Strengthened security and resiliency for commercial use
- 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

Mar. 2018

- Announced “Money Tap,” a smart phone app that connects to RC Cloud 2.0

Engage in development of shared GW development for participating banks, and further developing the remittance app as needed

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

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

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

**RC Cloud
2.0**

Connected

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



Money Tap, remittance app for smartphones

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

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

Cross-industry Initiatives Utilizing Distributed Ledger Technology

-Launch of Credit Card and Securities Industry Consortium-



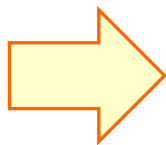
Distributed ledger technology (DLT), although having started as a core technology for cryptocurrency, has the potential to increase the stability, flexibility and efficiency of financial institutions' systems in a wide range of applications

Card consortium

- Founding members: 9 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 (established in Apr. 2018)

- Founding members: 35 entities including SBI SECURITIES, Nomura Holdings, 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

The Goal of the Securities Consortium: Applying Advanced Technology to the Securities Business

Purpose

- Applying advanced technology, including distributed ledger technology (DLT), biometrics authentication, and AI in order to achieve transaction efficiency for the securities sector and its customers and to promote the flow “from savings to asset formation”

Deliverables aimed for

- Acquiring blockchain literacy
 - Regular seminars featuring recognized experts from Japan and overseas
 - Building and providing a cloud environment implementing a DLT foundation
- Streamlining market surveillance operations with AI and investigating use of AI/RPA
- Conducting PoC (Proof of Concept) testing and pilots
 - Conducting PoC using BaaS and pilot projects with an eye on commercialization

PoC (Proof of Concept)

- Seeking flexible start of KYC/identity verification, commonization of securities work, private equity transactions, and electronic shareholder voting systems

KYC/Identity Verification WG

Issues in KYC and ID verification, KYC/verification platform

Commonized Work WG

Efficiencies in market surveillance with AI and using AI with RPA

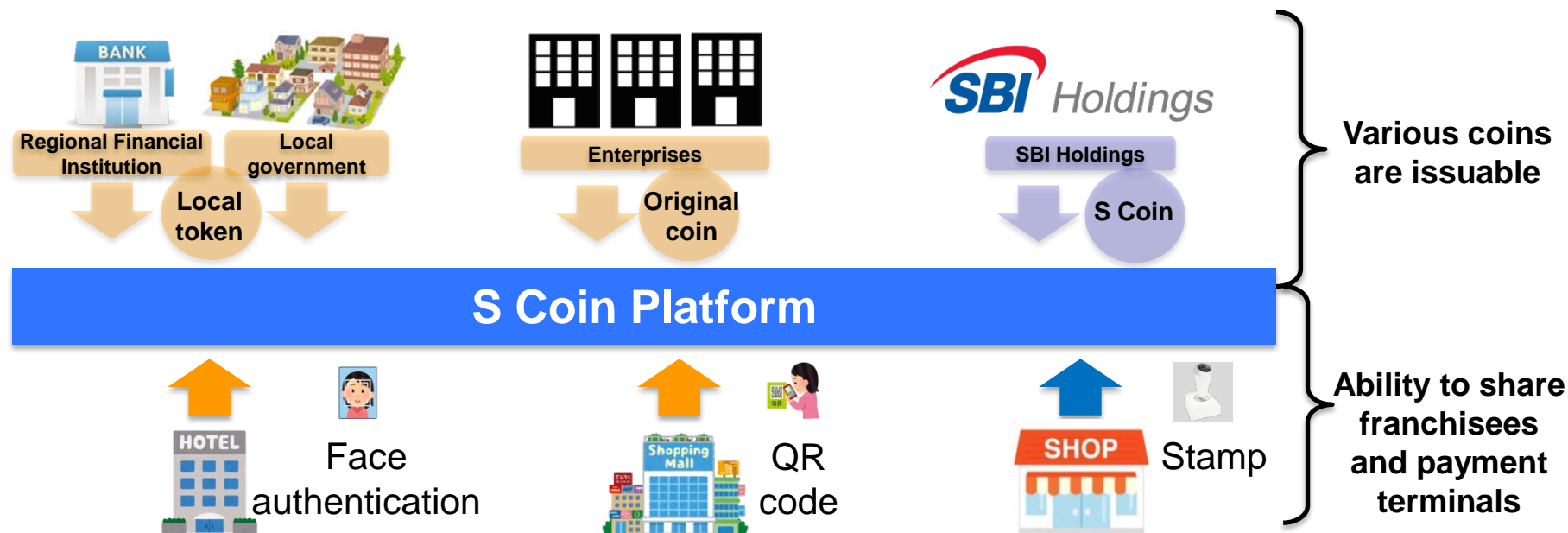
DLT Advanced Testing WG

Medium- to long-term studies and PoC for the application of DLT

etc.

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

- By using the S Coin platform:
 - ✓ Coins for payment can be easily issued, including cryptocurrency
 - ✓ Many companies' concepts can be rolled out on the same platform
enabling mutual use and mutual customers among payment devices
and a network of member outlets



➡ With the increasing number of supporting companies and mutual use cases, the participants will be able to acquire a nationwide settlement network with little effort

S Coin Platform Issuance Example

Starting in Apr. 2018 as a part of research on use of new settlements infrastructure, conducting a PoC of the local currency UC Daiba Coin (provisional name) using blockchain and DLT.

UC Card conducts coin issuance and settlements, while SBI oversees system operations for coin issuance and management and Orb provides Orb DLT on which the system is based and develops peripheral functions.



**Coin issuance &
system management**

- Issuing a prepaid type of local coin that can be settled, transferred and charged via smartphone
- For UC Card employees, at the UC Card office in Odaiba and neighboring restaurants, etc., it is possible to settle payments without cash, through facial or stamp authentication



UC CARD

**Coin issuance &
settlement**

*Image: facial / stamp authentication

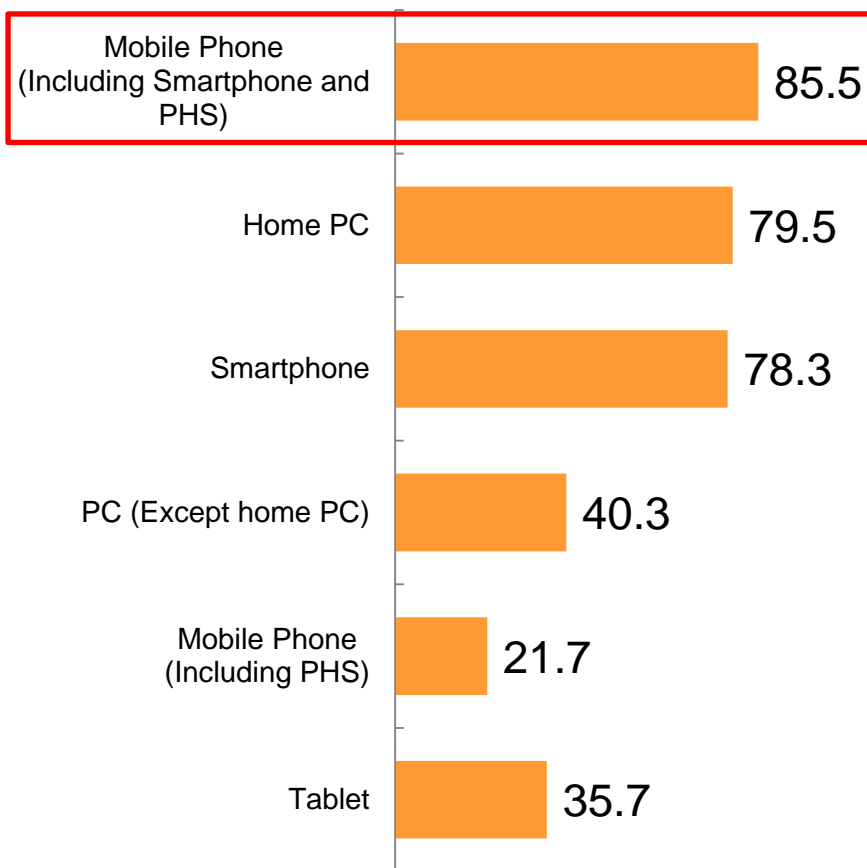


1-(2) Promoting a mobile shift of the existing financial ecosystem by expanding “Mobile-first” services

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

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

Internet usage through mobile phones exceeds PC usage



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



SBI証券

[SBI SECURITIES]

9.9% (the end of Mar. 2014)

Percentage of trades utilizing Smartphones



32.6% (the end of Mar. 2018)



SBI FXTレード

[SBI FX TRADE]

40.8% (the end of Mar. 2014)



Percentage of orders utilizing Smartphones

61.1% (the end of Mar. 2018)

住信SBIネット銀行



21.5% (the end of Mar. 2014)

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



52.3% (the end of Mar. 2018)



34.4% (the end of Mar. 2014)

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



64.1% (the end of Mar. 2018)



45.4% (FY2014)

Percentage of loan applications through Smartphone



59.3% (FY2017)



[InsWeb.]

27.2% (FY2014)

Percentage of estimate requests for multiple automobile insurance policies through Smartphones



44.9% (FY2017)

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

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

My 仮想通貨

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

ランキング ニュース MC 仮想通貨入門 ICO

ランキング

データ取得日時 2018/3/22 18:05

時価総額 ▼ JPY ▼

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

ランキング ニュース MC 仮想通貨入門 ICO

活況戻る中国の仮想通貨取引所

2018/03/27 09:02 CoinDesk

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

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

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

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

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

An investee company of the SBI Group

The logo for Moven, consisting of the word "Moven" in a light blue, rounded, sans-serif font.

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

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

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

Planning to Establish a Joint Venture with Decentralized Mobile Applications, which Provides a Mobile Banking Remittance Service “PayKey”



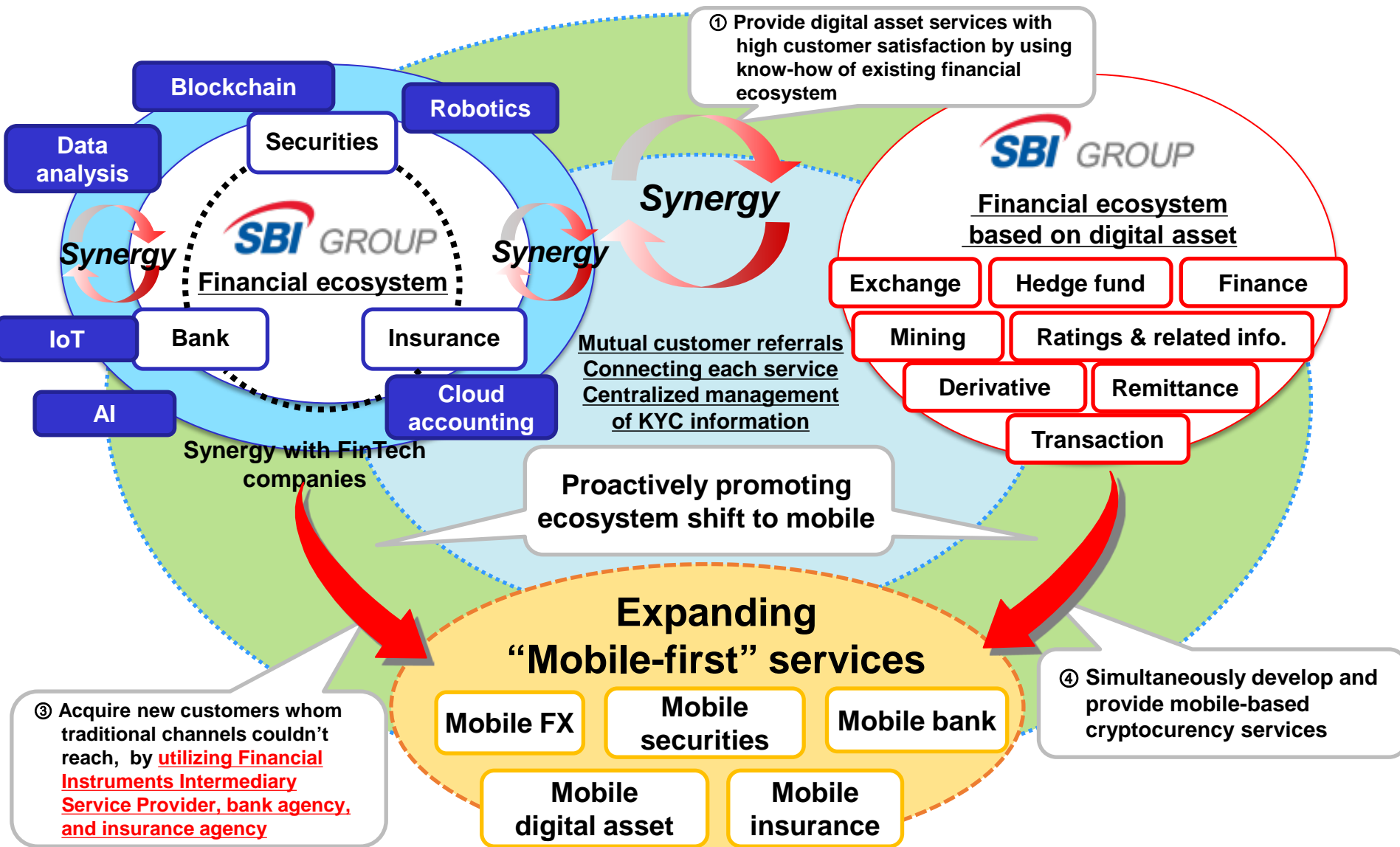
Decentralized Mobile Application

- 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

Oriented towards a Complex Financial Ecosystem of a New Era, by Expanding the “Mobile-first” Service

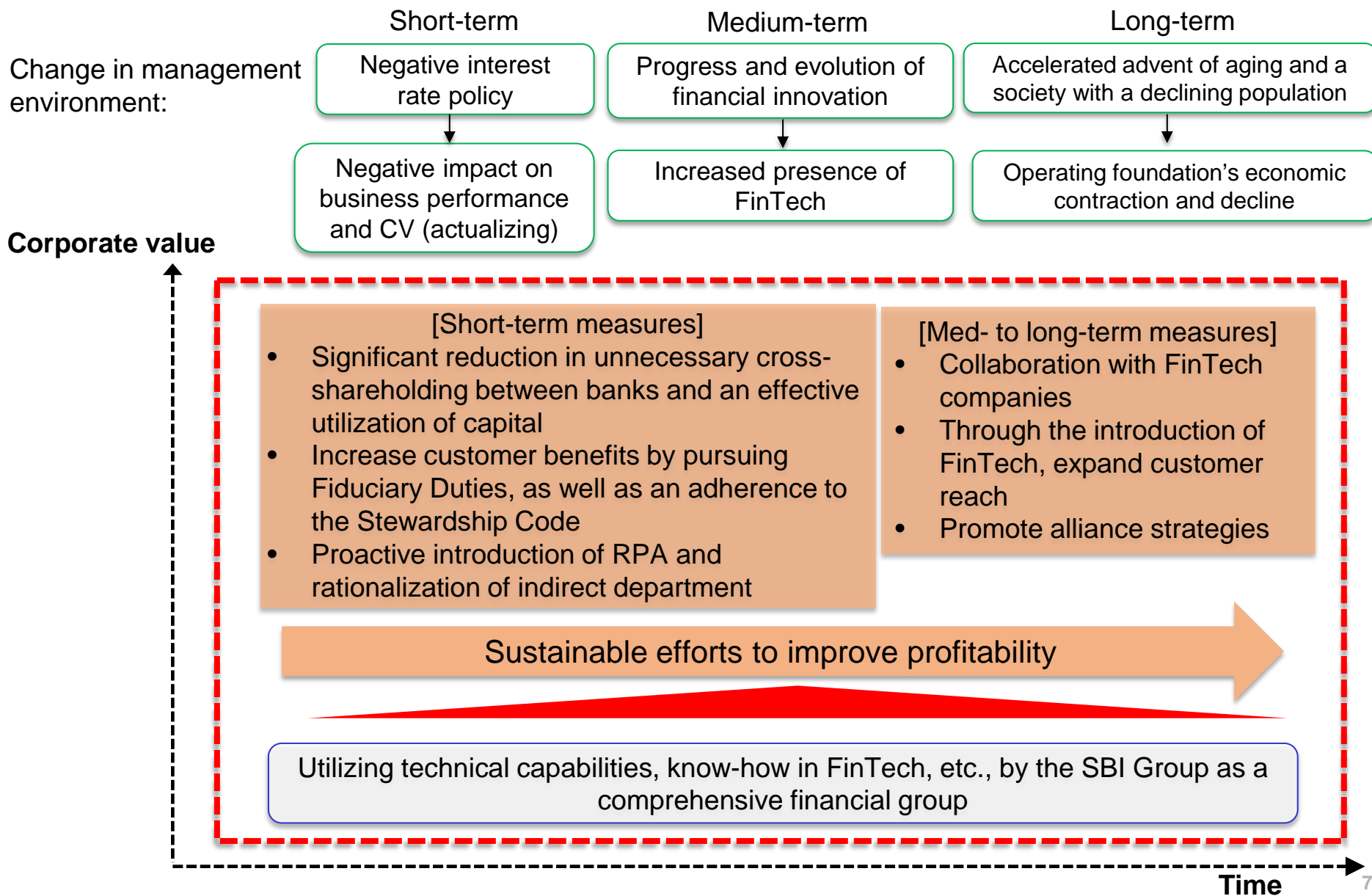


1-(3) By strengthening alliances with regional financial institutions, contributing to regional revitalization through the reformation of the regional financial institutions

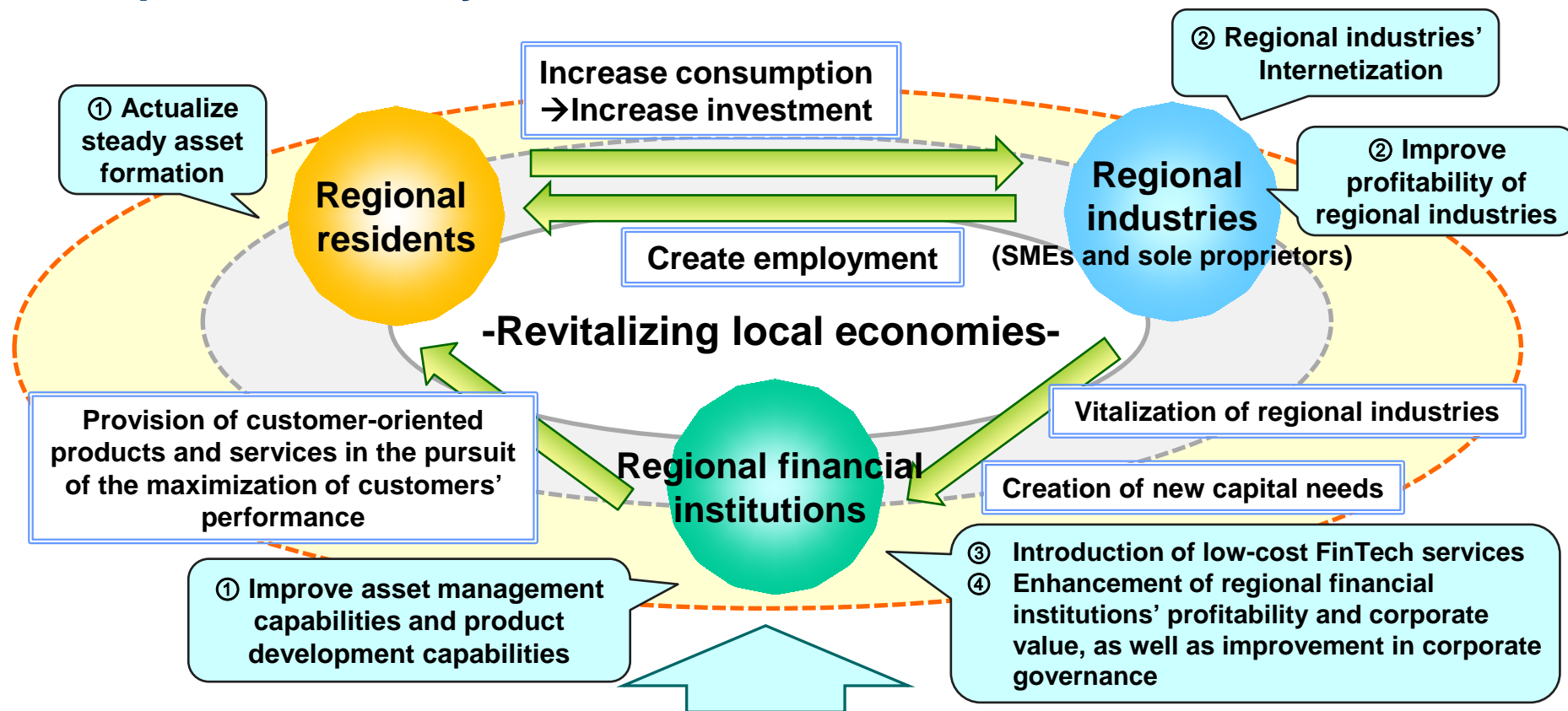
- ① SBI Group's basic policy for "Regional Revitalization" Project**
- ② Examples of use of the SBI Group's management resources in the financial sector**

① SBI Group's basic policy for “Regional Revitalization” Project

Measures for Regional Financial Institutions' Reformation



Regional Financial Institutions will Realize the Creation of a Virtuous Cycle that will Contribute to Regional Revitalization, through the Development of a Truly Customer-oriented Business Model



Various management resources of the **SBI** GROUP

① Asset management systems and product development capabilities

② Know-how relevant to various technologies or online businesses

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

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

② Examples of use of the SBI Group's management resources in the financial sector

(i) SBI SECURITIES

(ii) SBI MONEY PLAZA

(iii) Morningstar Japan

(iv) SBI Regional Revitalization Asset Management

The number of regional banks with a securities subsidiary:

	The number of regional banks with a securities subsidiary
First-tier regional banks	26 banks of all 64 banks
Second-tier regional banks	1 bank of all 41 banks

- From 2015 to 2017, regional financial institutions (including financial holding companies) invested in and launched 7 securities companies. All 7 companies recorded losses for FY2016
- Of the 27 securities subsidiaries, only 5 achieved FY2016 net incomes of over JPY 500m

Examples of products offered:

	Able to trade via the Internet	The number of investment trusts	Able to buy IPO stocks
Securities A	○ (necessary to apply at face-to-face shops)	316	○
Securities B	○	133	○
Securities C	○	141	○
Securities D	○ (necessary to apply at face-to-face shops)	205	×

* As of Apr. 16, 2018

The number of SBI SECURITIES' investment trust offerings :
Publicly offered investment trusts number over 2,614, including over 1,282 no-load investment trusts. Both are the largest in Japan. (as of Apr. 16, 2018)

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

-Alliances with 16 companies have already been announced, and an additional 14 companies to be confirmed, for a total of 30 companies, by June 2018-



Financial instruments intermediary services

Regional financial institutions

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



[Alliances with 16 companies]

- The Shimizu Bank (Mar. 2017)
- CHIKUHO Bank (Oct. 2017)
- The Tokyo Tomin Bank (Dec. 2017)
- The Fukui Bank (Dec. 2017)
- Bank of The Ryukyus (Feb. 2018)
- The Towa Bank (Feb. 2018)
- THE SENDAI BANK (Apr. 2018)
- The Akita Bank (Apr. 2018)

- The Ehime Bank (July 2017)
- The Keiyo Bank (Oct. 2017)
- The Aomori Bank (Dec. 2017)
- THE SAGA KYOEI BANK (Jan. 2018)
- The Awa Bank (Feb. 2018)
- NAGANO SHINKIN BANK (Mar. 2018)
- Kirayaka Bank (Apr. 2018)
- THE KANAGAWA BANK (Apr. 2018)

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



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

* Includes structured bonds toward retail customers

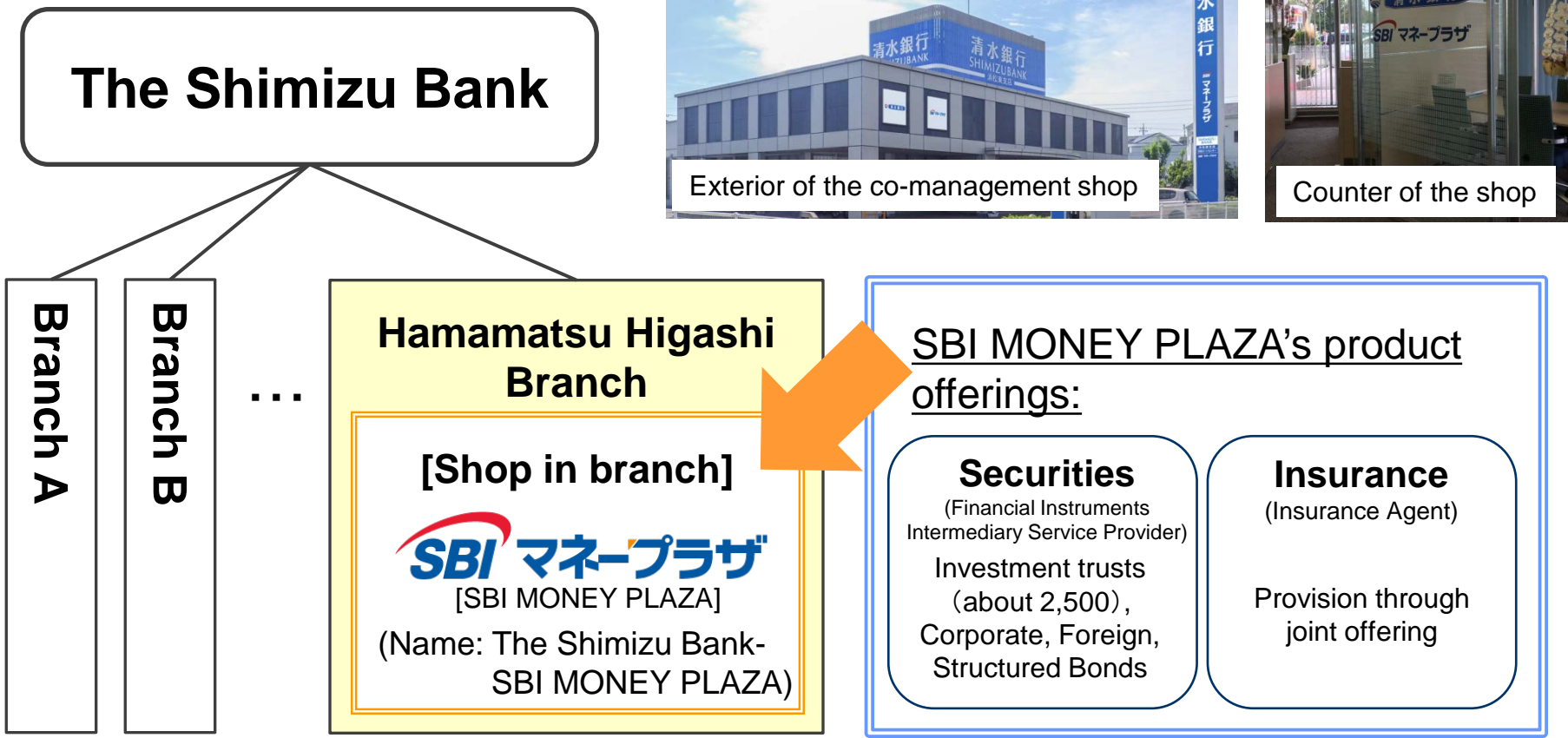
Increase in cumulative transaction volume for FY2017

Equity trading	+55.1% YoY Number of customers 2.7x	Newly-issued bond transactions	+470.2% YoY Number of customers +59
Investment trusts	+671.2% YoY Number of customers 4.0x	Existing bond transactions	+472.3% YoY Number of customers +35

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

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

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



Exterior of the co-management shop

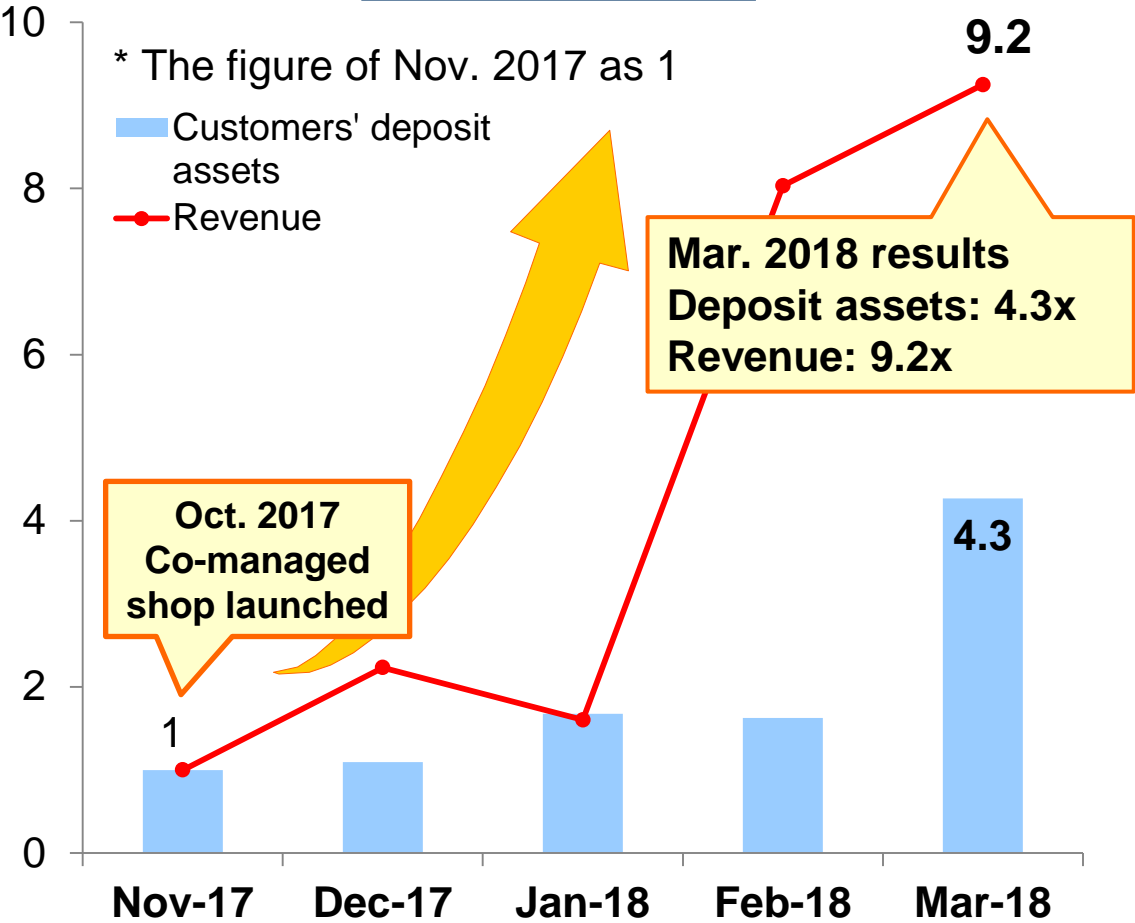


Counter of the shop

Another regional financial institution has informally decided to launch a co-managed shop

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

Monthly trend of customers' deposit assets and revenue



With a similar model for regional financial institutions, advance

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

Strengthen the earning capacity of regional financial institutions

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



Regional financial institutions

Accounting measures and inheritance preparation products

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

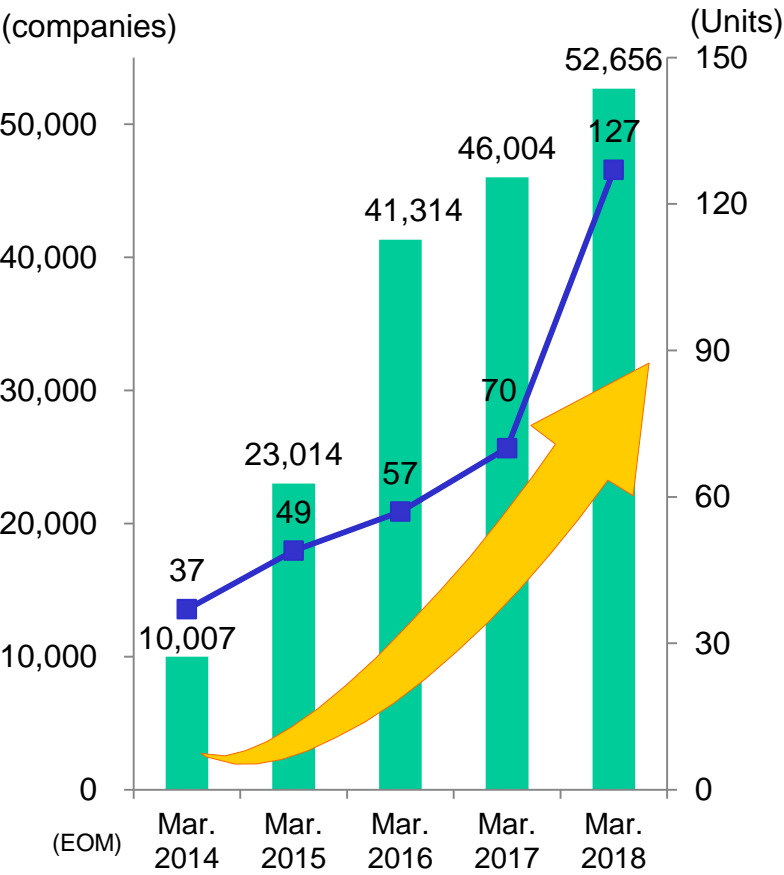


Regional financial institutions' customer corporations and wealthy individuals

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

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

Tablet app trend of providing companies and units



■ Tablet app “Investment Trust INDEX”

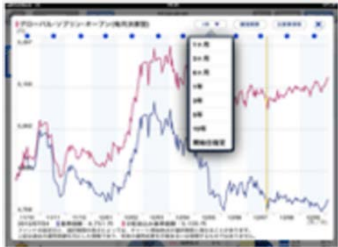


The latest financial information can be carried, additionally it is possible to display charts of portfolios of each fund, and simulations of asset management by touch operation

Fund outline



Chart function



Market information



Fund comparison and combination functions



Morningstar Japan Offers a Robo-advisor Asset Management Tool, to Major Financial Institutions

- 18 companies are using Morningstar Japan's robo-advisor management tool
- Besides introducing to the financial institutions that sell investment trusts, providing customized tools for participants in the defined contribution pensions for the first time in Japan

By 2020, it is predicted that the outstanding balance of robo-advisors worldwide will amount to **JPY 242tn**^(*), with expectations of continued future business expansion

*1 Source: A.T.Kearny (2015) Hype vs. Reality: The Coming Waves of "Robo" Adoption

*2 Robo-advisors' outstanding balance includes temporary cash positions, etc

*3 Converted at USD 1 = JPY 110

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



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

Regional Financial Institutions

Utilize SBI's resources



<Initially participating banks>
Aomori Bank, Ashikaga Bank
Ehime Bank, Sendai Bank
Chikuhō Bank, Towa Bank
(as of Apr.17 2018)

SBI Regional Revitalization Asset Management

Moving forward, the number of banks participating in the investment is expected to increase to more than 15

• Know-how about asset management



• Abundant fund information by utilizing the global network
• investment education and sales support tools



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

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

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

Institutional investors of the Group

 **SBI証券**
[SBI SECURITIES]

[Securities]

 **SBI Insurance Group**
 **SBI 生命** |  **SBI Insurance**
[SBI Life Insurance]

 **SBI いきいき少額短期保険**
[SBI IKI IKI SSI]

 **SBI リスタ少額短期保険**
[SBI Resta SSI]

 **日本少額短期保険株式会社**
Nihon Small amount & Short term Insurance Co., Ltd.
[Nihon SSI]

[Insurance]

住信SBIネット銀行
 **SBI Sumishin Net Bank**

[Banking]

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

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

 GLOBAL ASSET MANAGEMENT

 Asset Management

 Bond Investment Management

 ENERGY

 Regional Revitalization Asset Management

 MORNINGSTAR
ASSET MANAGEMENT

 Arsnova Research

Domestic Equity

Derivatives

Domestic Bond

Renewable
energy fund

Overseas Equity

Overseas Bond



Individual Investors
both within and outside the Group



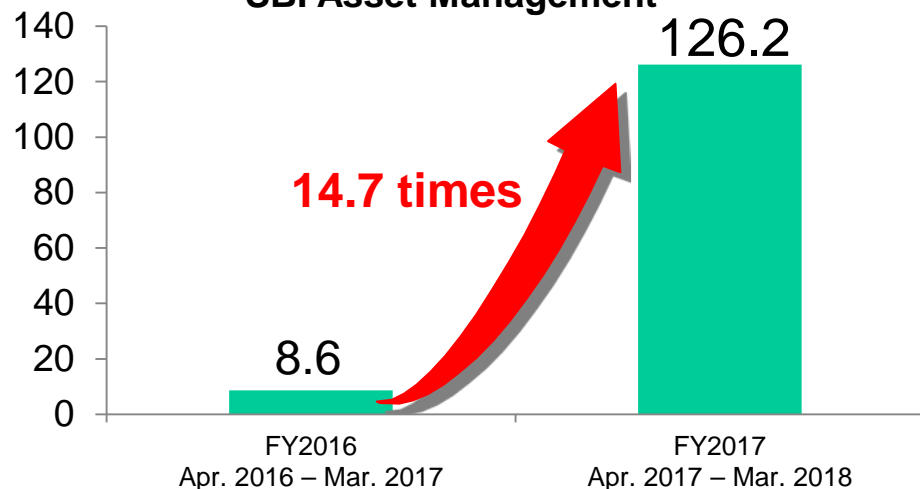
Institutional Investors
both within and outside the Group

SBI Asset Management Experiencing a Significant Excess Inflow of Funds

[Excess Inflow of Funds to Investment Trusts]

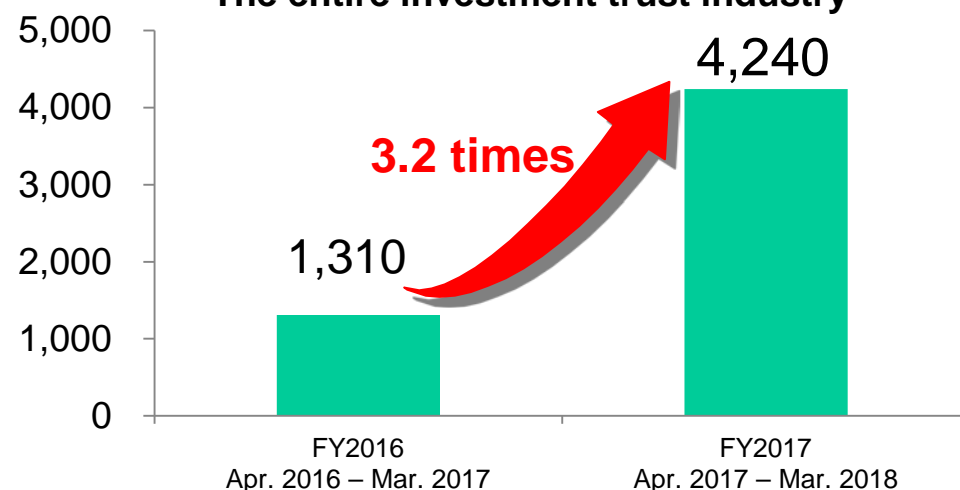
(JPY billion)

SBI Asset Management



(JPY billion)

The entire investment trust industry



[Comparison by Management Company]

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

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

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

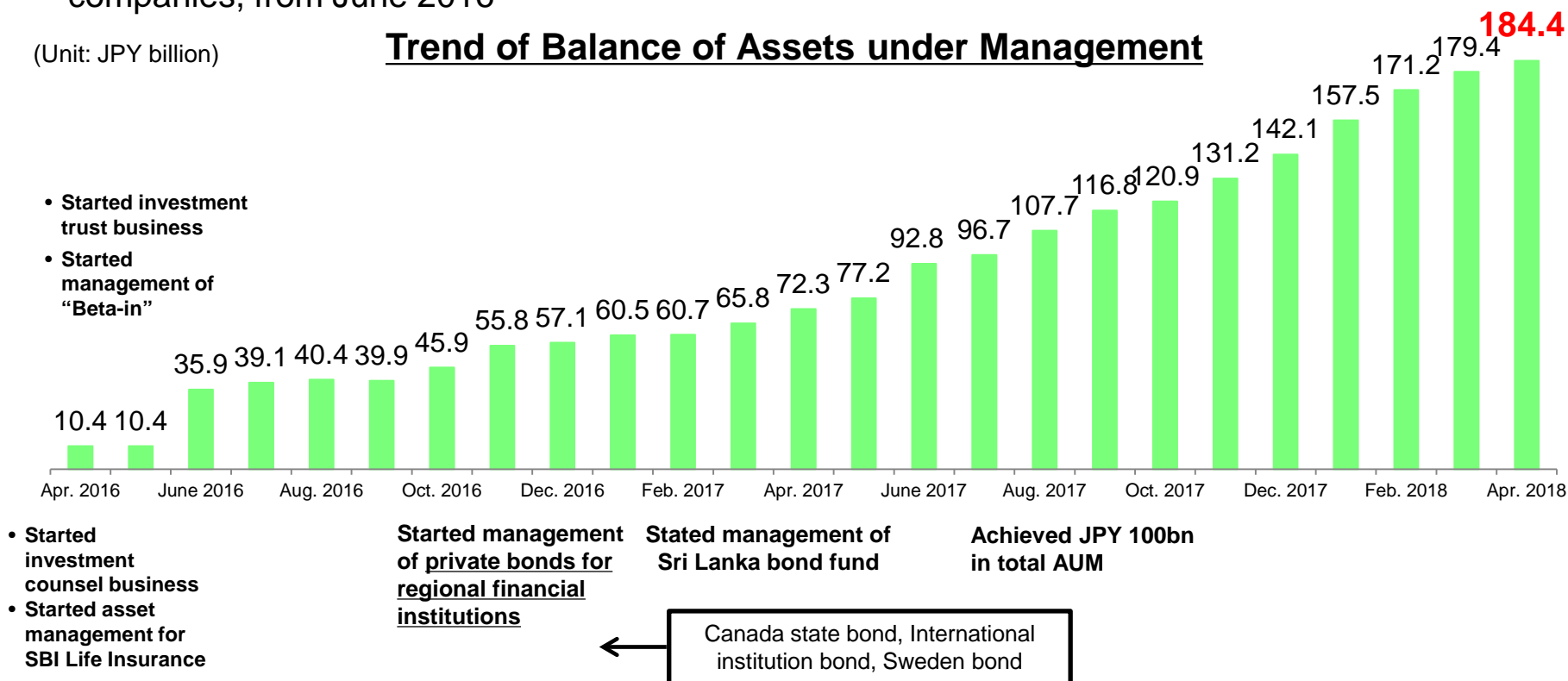
SBI Bond Investment Management (co-founded with PIMCO, One of the World's Largest Bond Investors) has Steadily Increased Its Balance since the Start of Operations

SBI Bond Investment Management (Established in Dec. 2015)

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

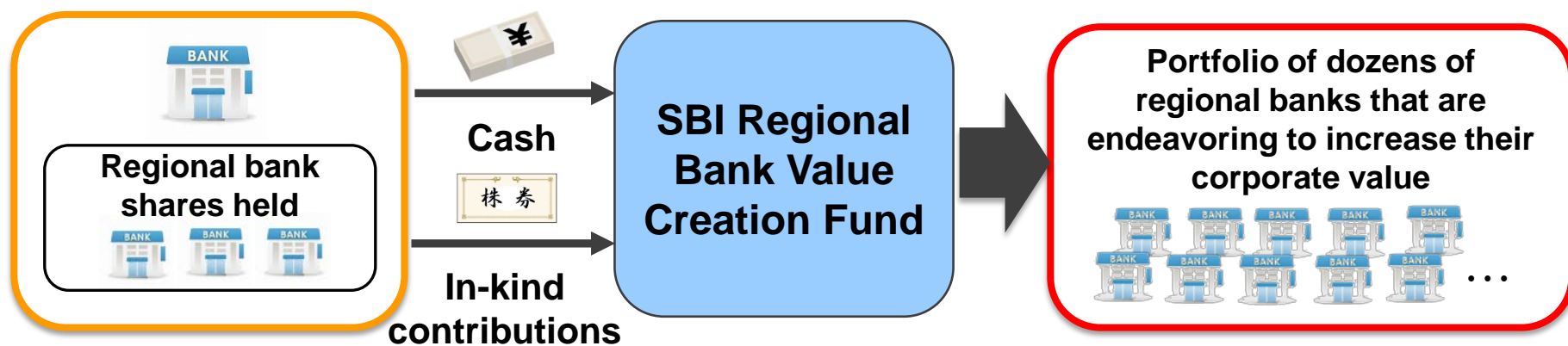
(Unit: JPY billion)

Trend of Balance of Assets under Management



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

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



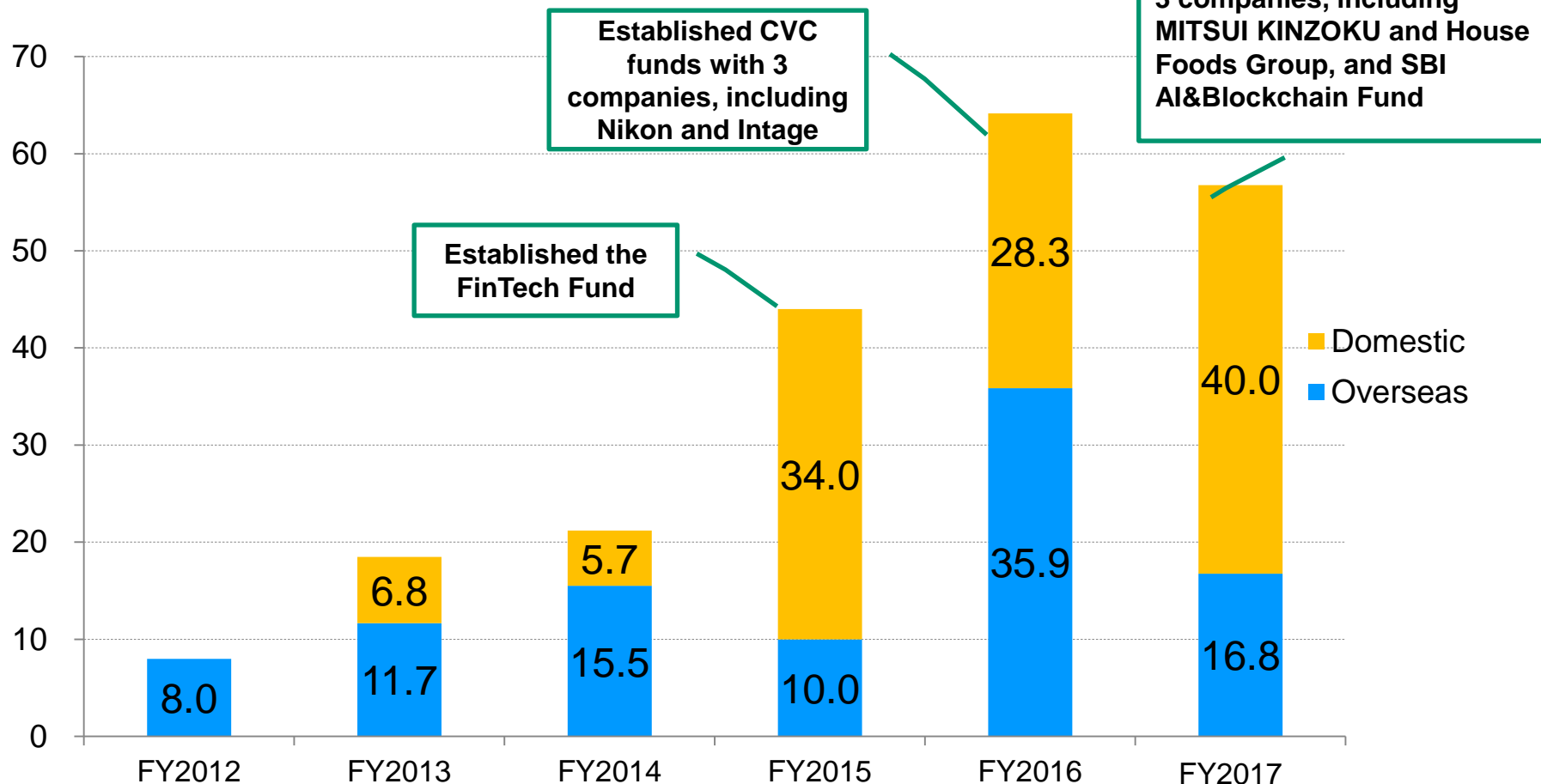
For both cash investments and in-kind contributions*, [additional purchase applications will be accepted on a monthly basis, expecting to further increase the fund size to up to JPY 100bn](#)

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

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

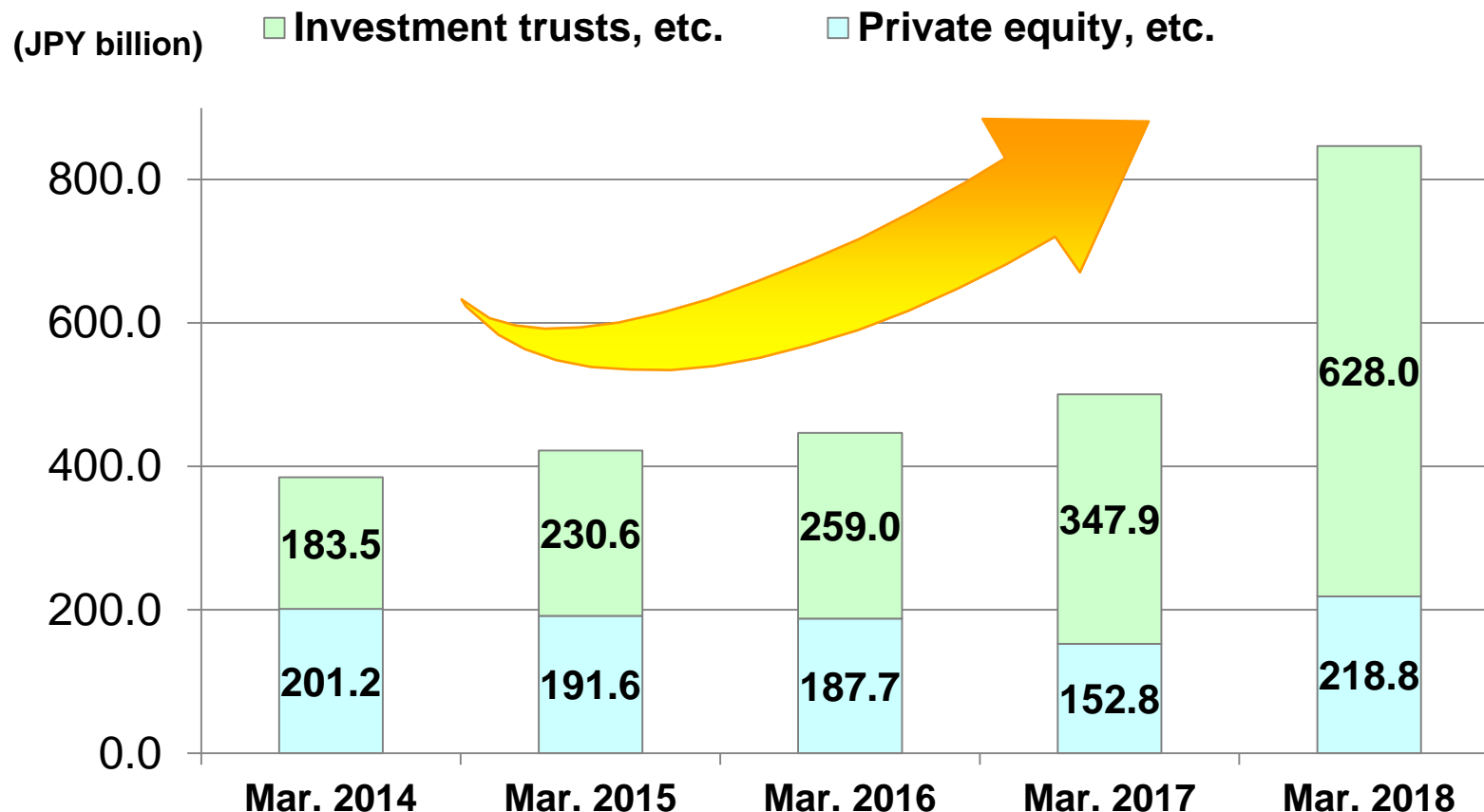
With Regard to Private Equity, Given the Short-term High Performance Potentiality, Aggressively Established Multiple New Funds in the Private Equity Investment Business since FY2015

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



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

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



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

*2 Amounts are rounded to the nearest JPY 100m

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

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

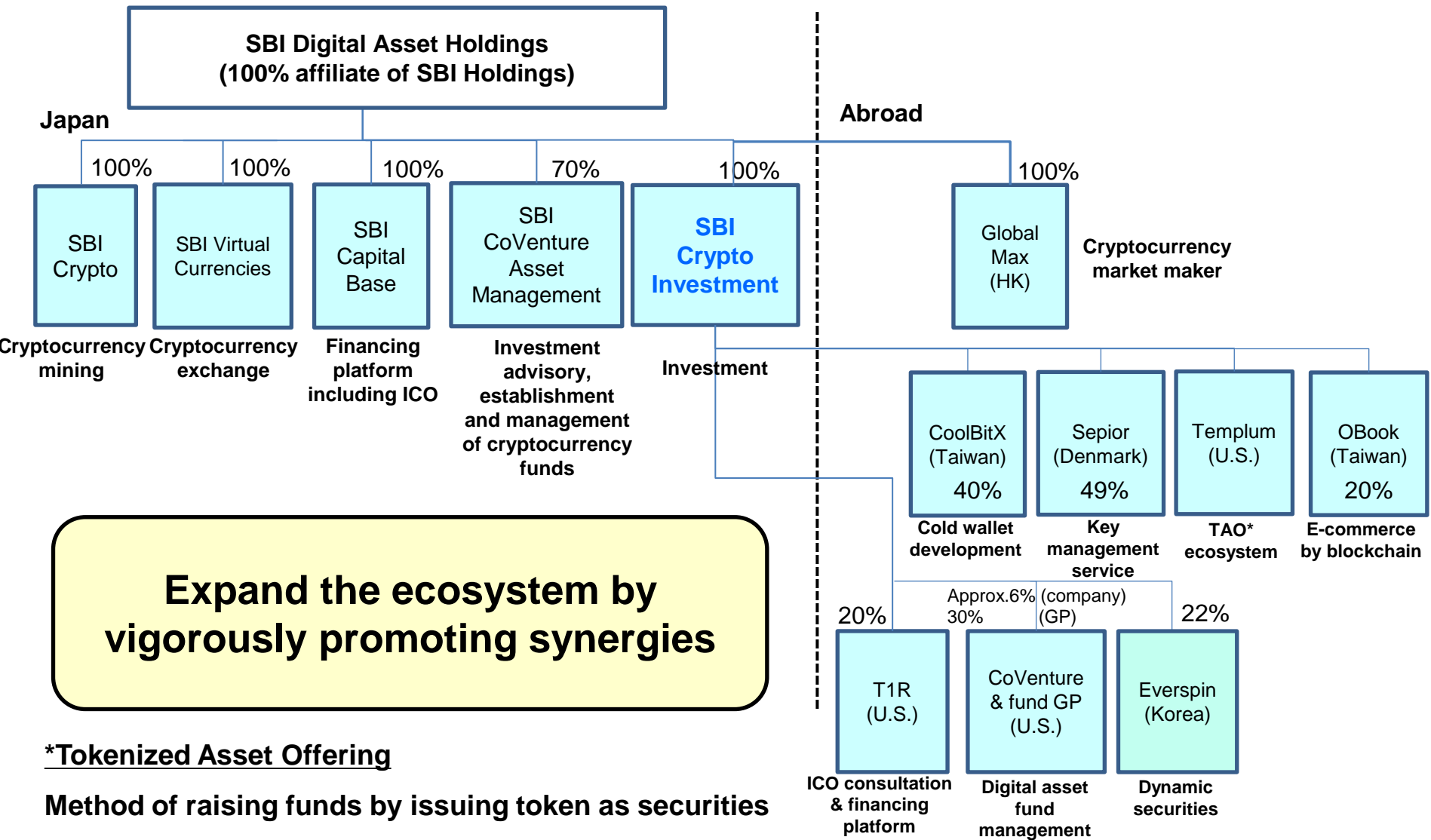
1-(5) Establish a new digital asset-based ecosystem, by thoroughly pursuing synergies with the Group's existing financial ecosystem, along with the domestic and overseas affiliated partners

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

- ① **With SBI Digital Asset Holdings (former SBI Crypto Currency Holdings) as an intermediate holding company, establish a digital asset ecosystem**
 - (i) **Organizational structure related to digital asset ecosystem**
 - (ii) **SBI Investment and SBI Crypto Investment will invest into digital asset-related ventures possessing high level technology, to form a robust digital asset ecosystem**

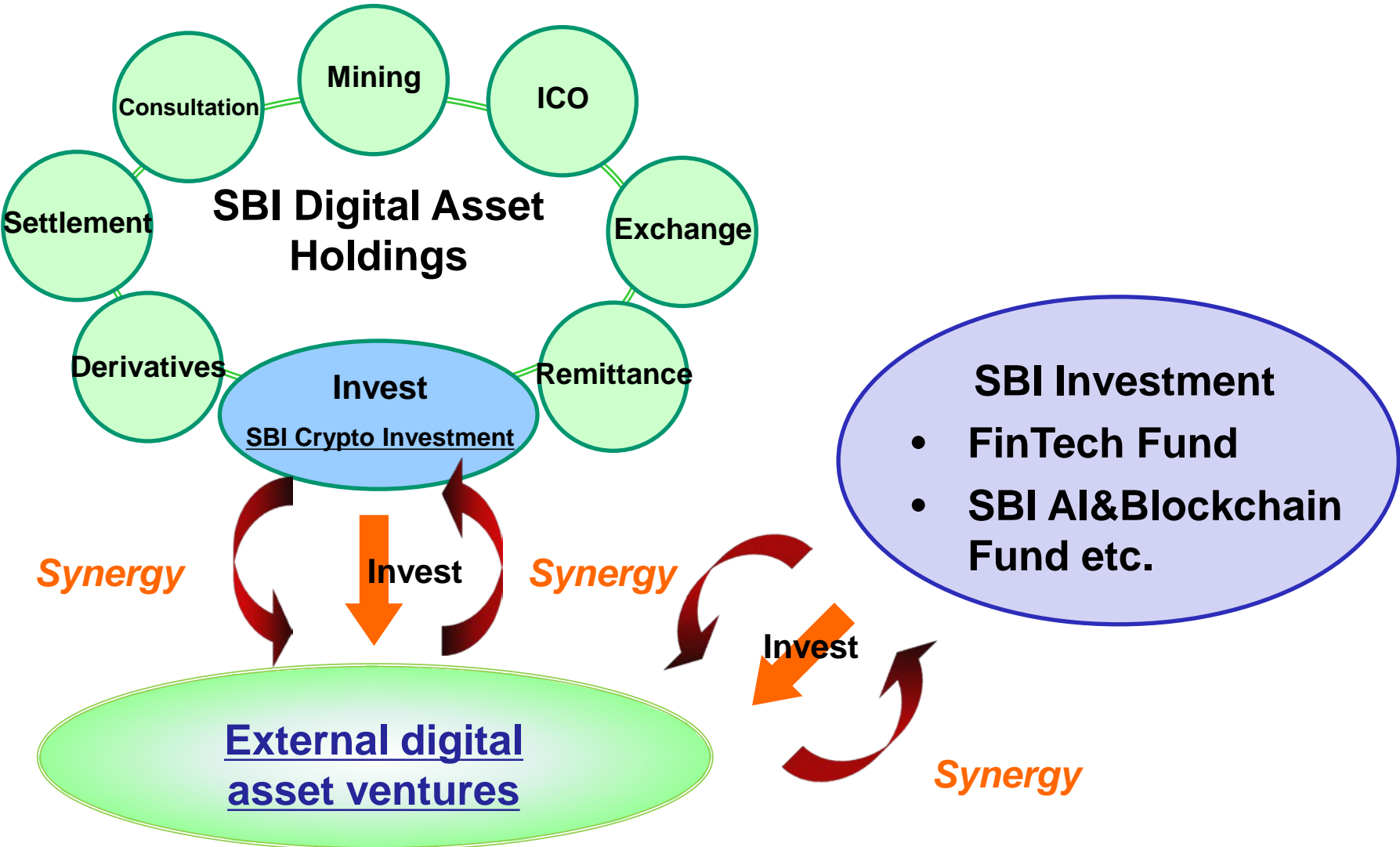
(i) Organizational structure related to digital asset ecosystem

Digital Asset Ecosystem that was Initiated in 2016



- (ii) SBI Investment and SBI Crypto Investment will invest into digital asset-related ventures possessing high level technology, to form a robust digital asset ecosystem**

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



(ii) Expanding investments and alliances with digital asset ventures

Investments and Alliances with Digital Asset-related Ventures

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

Co-investment & considerable investments with U.S. R Group

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

- ② **With regard to SBI Virtual Currencies, its business will commence at an appropriate timing within the year, and it will thoroughly pursue synergies with existing financial ecosystems, along with domestic and overseas affiliated partners, to become an industry leader in a relatively short period of time**
 - (i) Kick-off timing of SBI Virtual Currency's service**
 - (ii) SBI Virtual Currencies seek near-term profitability through the maximum exercise of internal group synergies and with external companies**

(i) Kick-off timing of SBI Virtual Currency's service

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



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

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

Expecting customer flow from SBI SECURITIES (approx. 4.26 million accounts), SBI Sumishin Net Bank (approx. 3.21 million accounts), and SBI Liquidity Market (approx. 1.05 million accounts including SBI FXTRADE), etc. when launching full-scale service

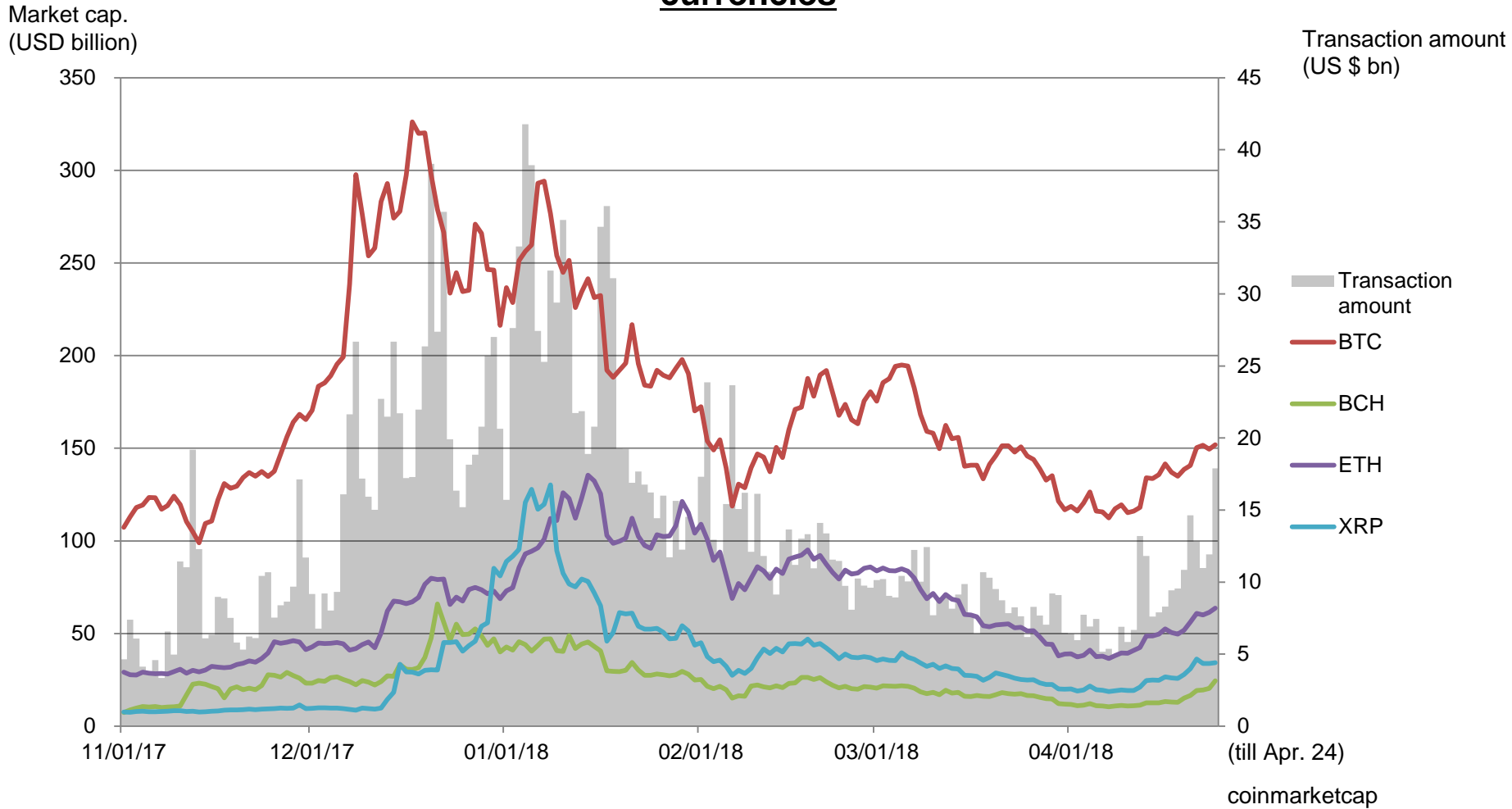
Authorities Hardening their Supervisory Position Due to the Massive Outflow Incident at Coincheck

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

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

Market Capitalization and Transaction Volume Halved Since the End of 2017

Total market capitalization and total transaction amount of the four major currencies



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

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




Apr. 23, in Chiyoda-ku, Tokyo

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

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

Major rules for cryptocurrency exchange business

- **Law for the Prevention of Transfer of Criminal Proceeds**
Personal identification, preservation of transaction records, risk verification and monitoring, internal audits, etc.
 - **Fund Settlement Law**
Internal control system (business management, system management, security etc.), separate management of property
-  It is speculated that discussions will be held on a new regulatory registration system, with measures to prevent dissemination of rumors, margin regulations, etc.

A full-fledged start date is expected to be decided in the summer of 2018, as the decisions of the regulatory authorities will be heeded

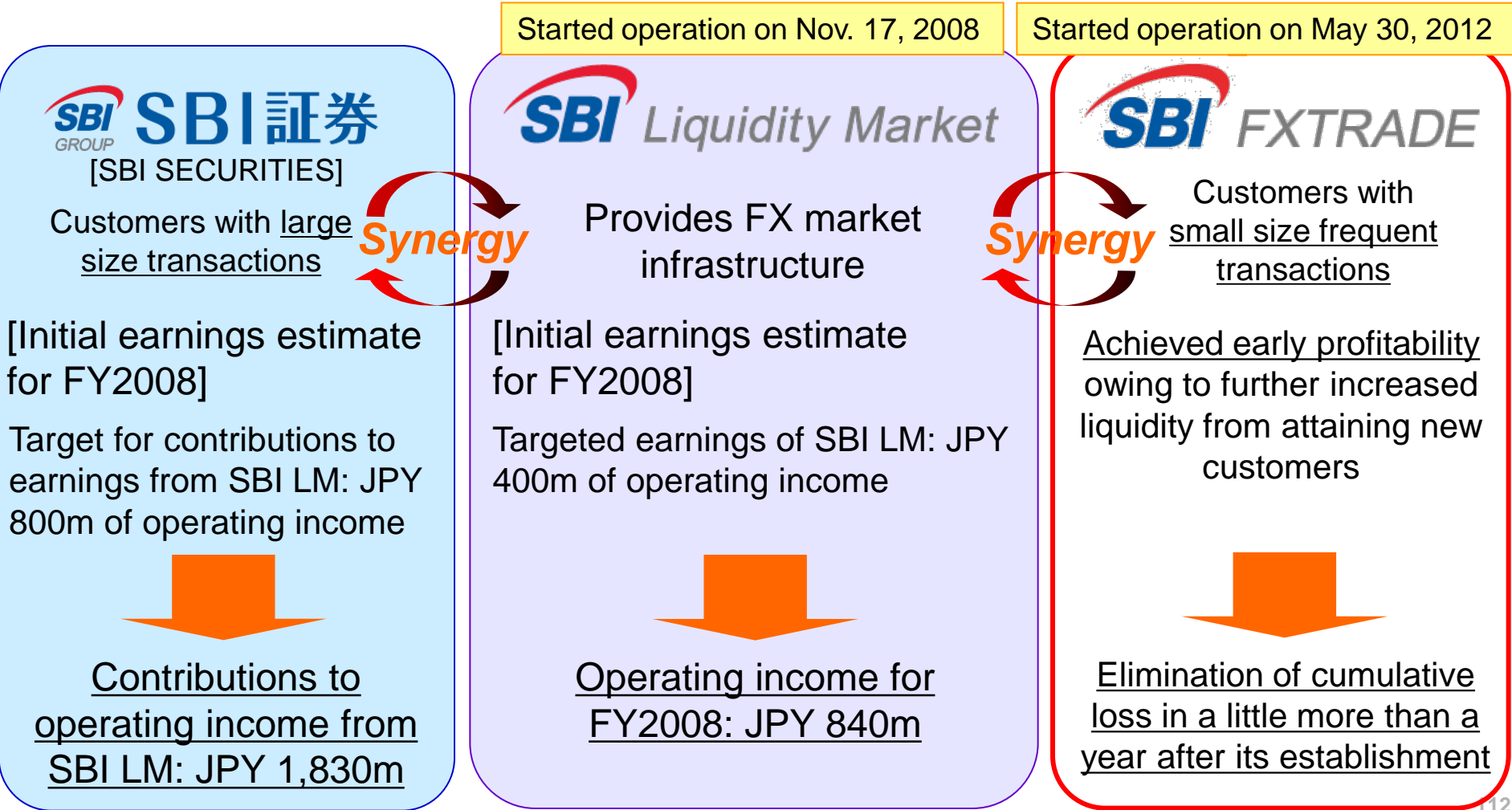
(ii) SBI Virtual Currencies seek near-term profitability through the maximum exercise of internal group synergies and with external companies

(ii) Pursue synergies with companies in and out of the SBI Group

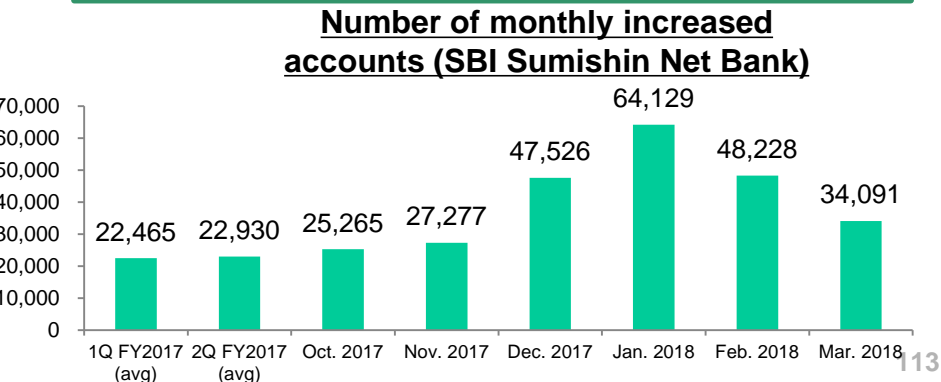
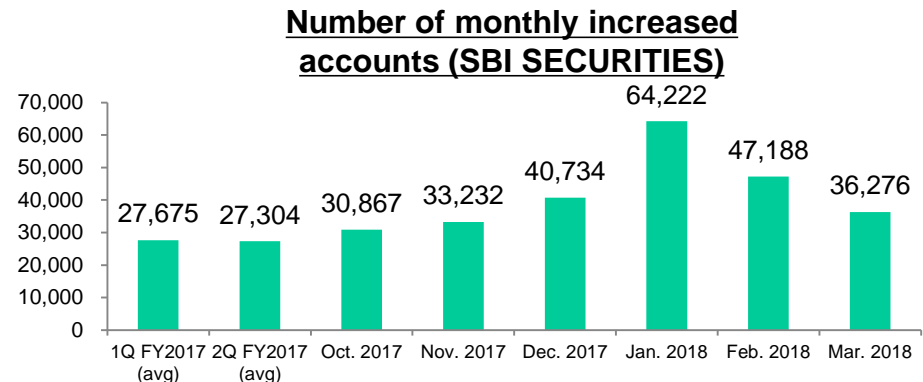
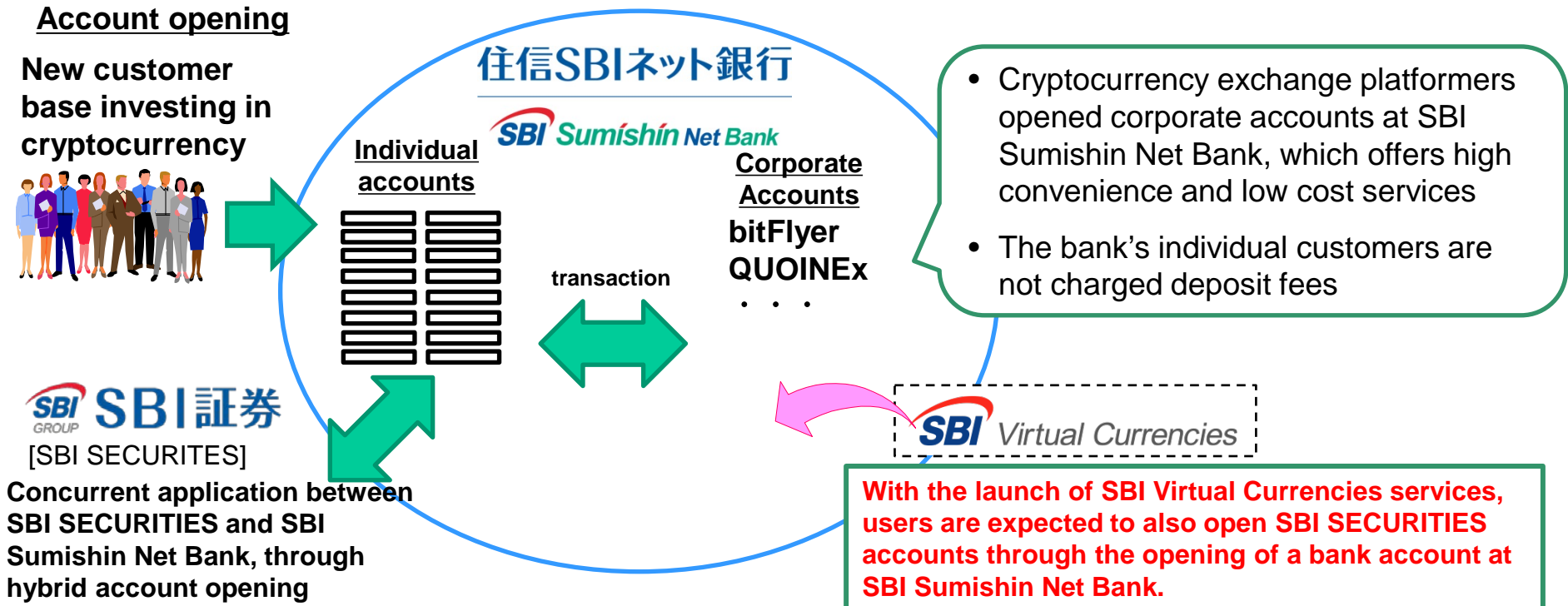


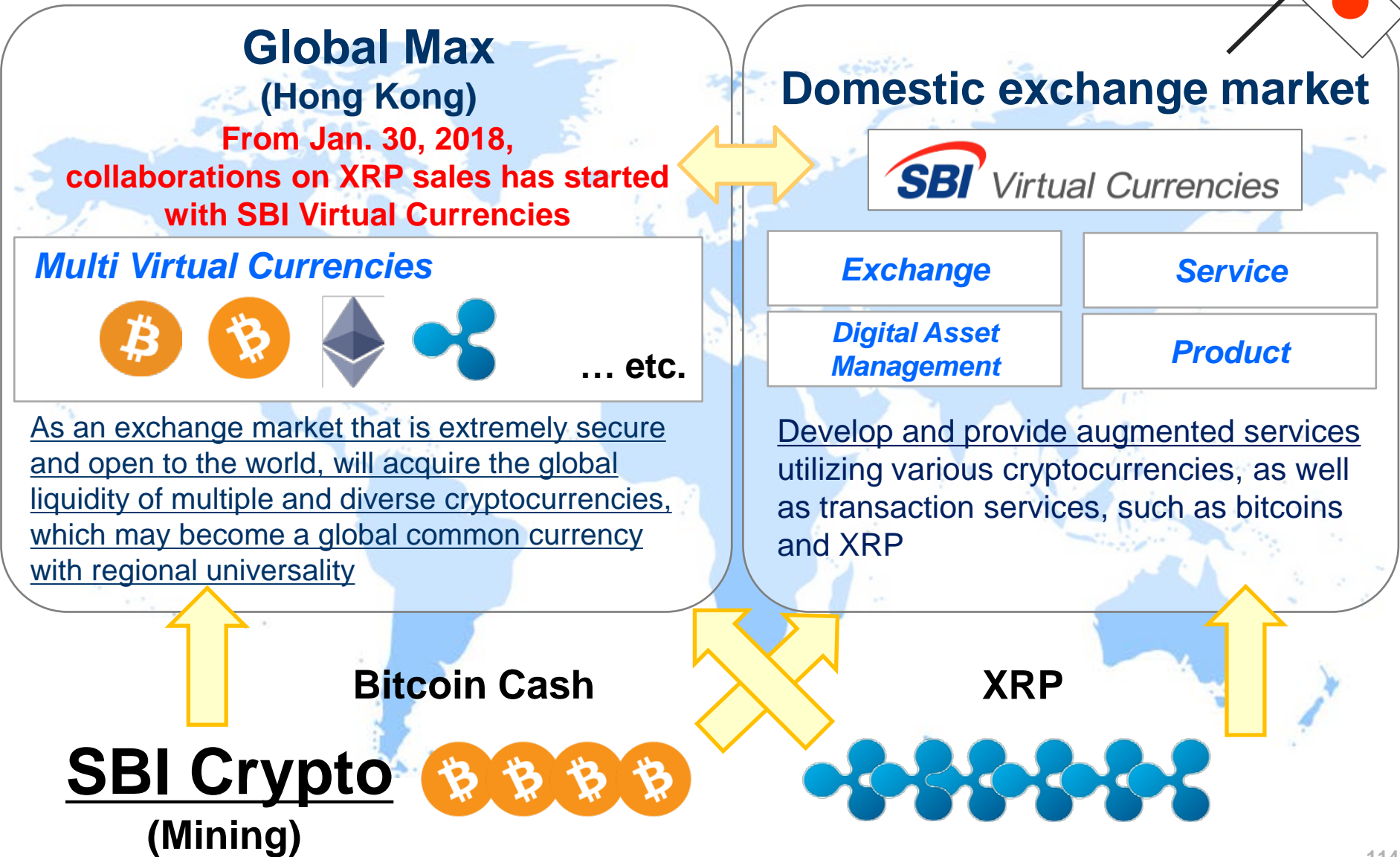
Since the Launch of the FX-related Business, Synergies with SBI SECURITIES were Generated. Similar Synergies are Expected to be Generated with the Cryptocurrency Exchange

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



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





The Launch of Bitcoin Cash (BCH) Mining

SBI Crypto (established in Aug. 2017)

Conduct mining business overseas primarily for Bitcoin Cash (BCH)

Mining base

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

Reasons to hold BCH

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

Mining status

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

Incorporating Advanced Technologies from External Ventures to Enhance Security in Cryptocurrency Exchanges and the Wallet

Advanced technologies from outside companies will be incorporated to address security vulnerabilities, which is one of the issues of a cryptocurrency exchange

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

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



Cold wallet “CoolWallet” by CoolBitX

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

Morningstar Japan Offers Digital Asset Market Information



CoinDesk

■ Business alliance content

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



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



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

■ About CoinDesk

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

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

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

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

Current issues in token issuance

Registration based on Laws & Regulations	Accounting	Overseas business	Others
▪ Depending on the mechanism, it may be subject to regulation by the Financial Instruments Clearing Law and the Exchange Act, and there is the possibility that it may be subject to an approval as a Type II Financial Instruments Business, and a PTS (Proprietary Trading System) Business Operation	▪ Accounting treatment after token issuance has not been determined ▪ Metaps, which issued a token in 2017, is still in discussions with PwC on its accounting treatment	▪ There are countries which have banned ICOs, such as China and Korea, and the U.S., which is treating asset-backed tokens as securities	▪ Careful considerations are required for various requirements, including coordination with authorities, revenue impact on business (Revenue) and tax aspects (Taxation)

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

(1) SBI Biotech

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

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

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

2-(2) Quark's planned FY2018 NASDAQ Market listing

(2) Quark

(Economic shareholding of the SBI Group: 95.5%)

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

-Drug discovery pipeline progress-

	Licensing partner	Adaptation disease	Progress	
QPI-1002	Novartis International AG	Delayed graft function in kidney transplantation (DGF)	Phase III	Conducting final clinical trials at 75 institutions, mainly in the U.S., as well as in Canada, Germany, Brazil and other countries.
		Acute kidney injury (AKI)	Phase II (Completion)	<u>Preparing for Phase III.</u> <u>Start of Phase III studies will be approved soon</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

Quark in Preparations for Listing

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

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



In addition to the above, Phase II for acute kidney injury (AKI) was completed successfully, therefore, Quark is preparing for Phase III. Start of Phase III studies will be approved soon

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

→Planning to be listed on the NASDAQ Market within FY2018

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


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

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

Drug Pipelines utilizing 5-ALA under the SBI Group

Out-licensing (Total 5 cases) :

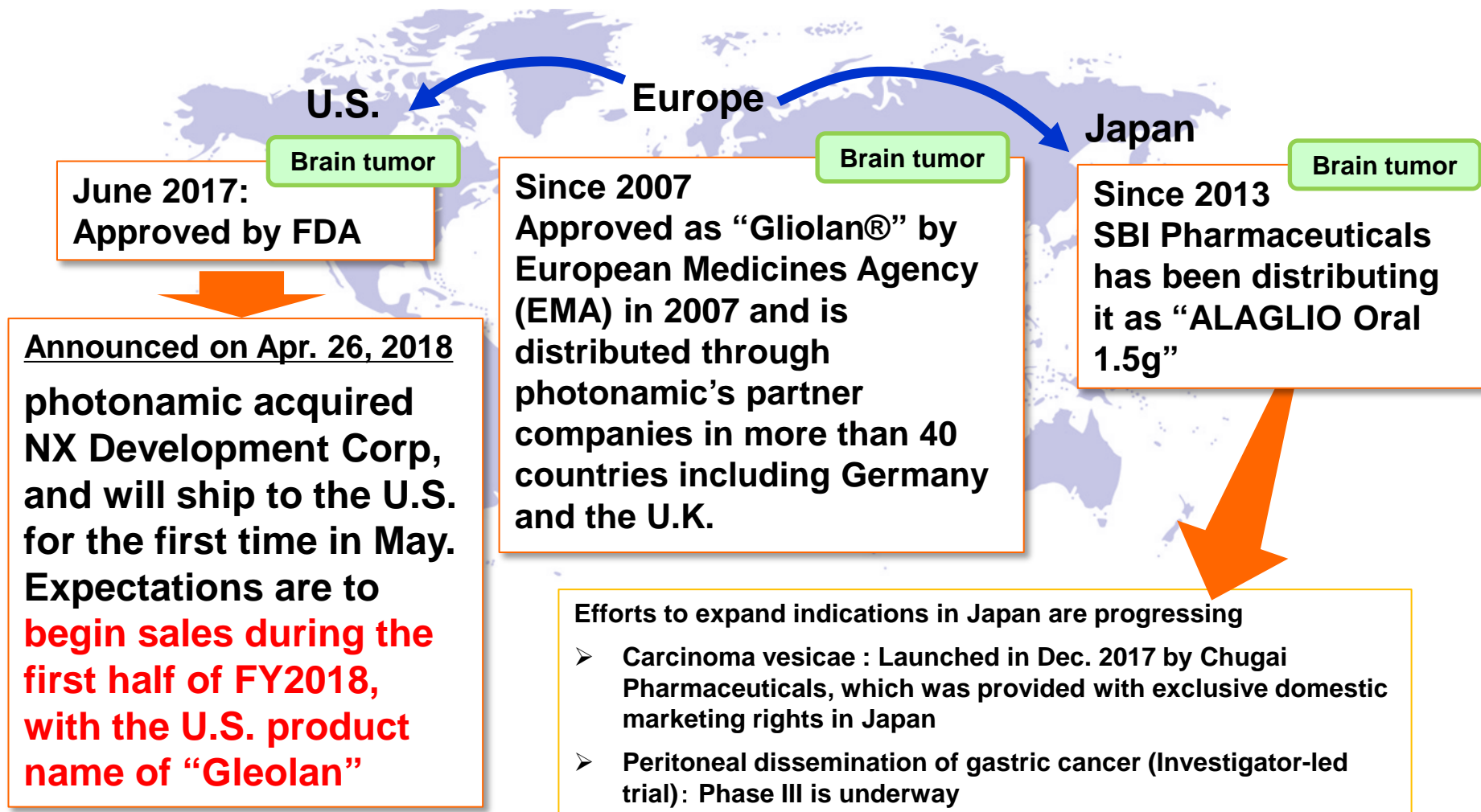
- ✓ “ALAGLIO® Internal Medicine 1.5g,” diagnostic agent for cancer treatment (Malignant Glioma) (Launched in Sept. 2013)
- ✓ Therapeutic drugs for diabetes and malaria infection (to Neopharma, UAE pharmaceutical company, in Oct. 2016)
- ✓ “ALAGLIO® Divided Granules 1.5g,” diagnostic agent for cancer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

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

*Investigator-led trial

② photonic

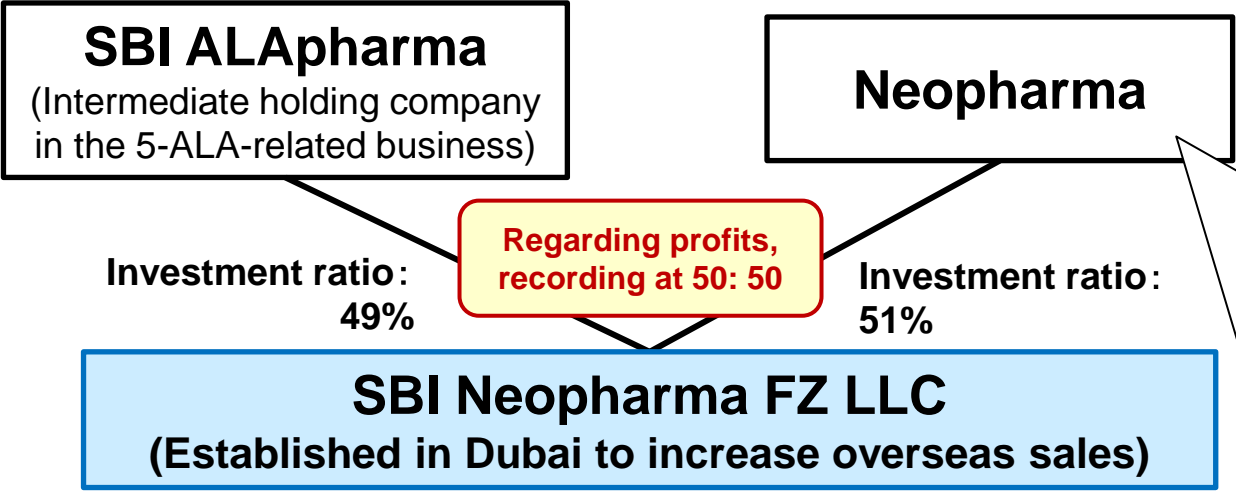
“Gliolan®” developed by photonic, a wholly owned German-based subsidiary of SBI ALApharma (intermediate holding company in the 5-ALA-related business in Hong Kong), will be launched in the U.S. in the first half of FY2018



③ SBI Neopharma



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



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

Scope of products :

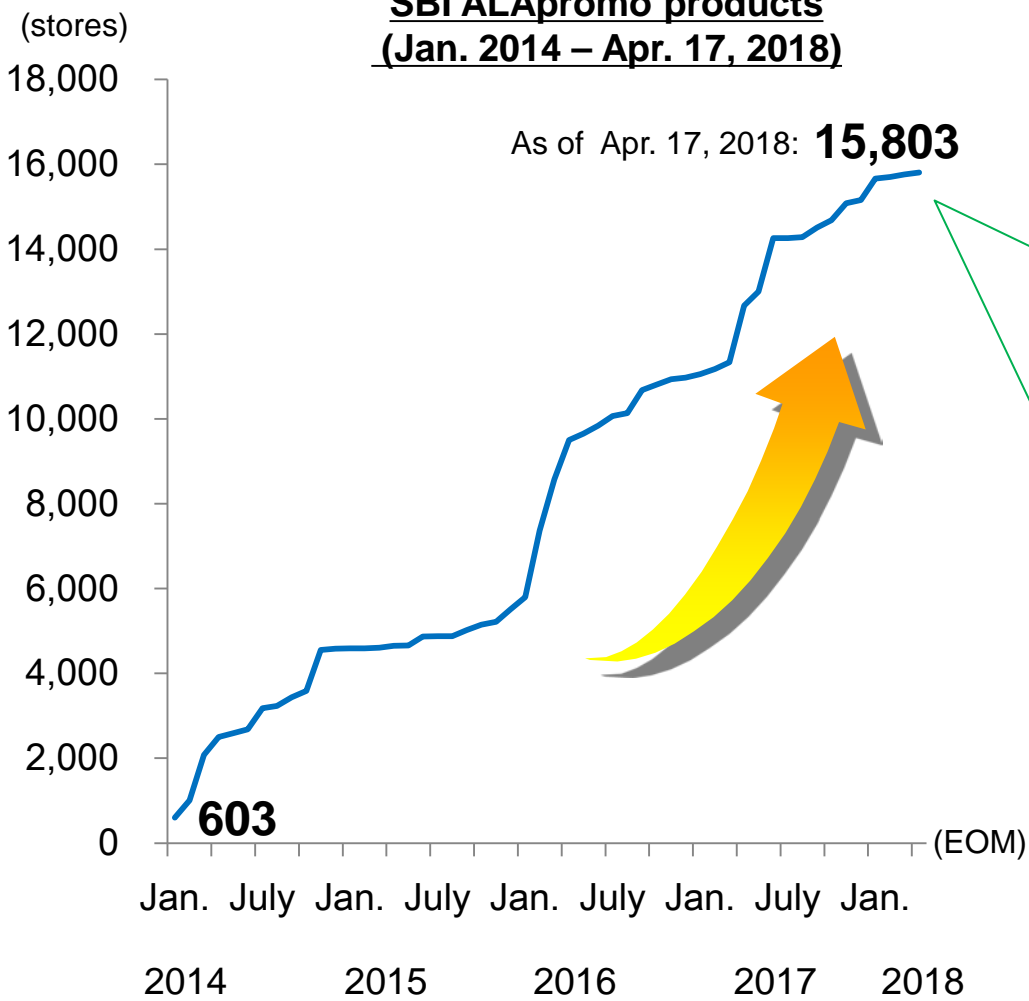
Pharmace uticals	Therapeutic drugs for diabetes and malaria infection utilizing 5-ALA, to be developed by Neopharma (Out-licensing to Neopharma in Oct.,2016)
	Pharmaceuticals including “ALAGLIO® Divided Granules 1.5g” in the territory of MENA and India (to Neopharma, in March 2018)
Health foods	5-ALA-related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

④ SBI ALApromo



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

Number of stores that offer
SBI ALApromo products
(Jan. 2014 – Apr. 17, 2018)



- The leading drug store chains started selling 5-ALA products:
- e.g.
- Tsuruha Holdings 1,424 stores
 - Welcia 1,552 stores
 - Matsumoto Kiyoshi 1,114 stores
 - cocokara fine 1,062 stores
 - FUJIYAKUHHIN approx. 890 stores
 - COSMOS Pharmaceutical 867 stores
 - Sundrug approx. 820 stores
 - SUGIYAKUHHIN 780 stores

Accelerating the Development of New Foods with Functional Claims

SBI ALApromo’s offering of foods with functional claims

On sale

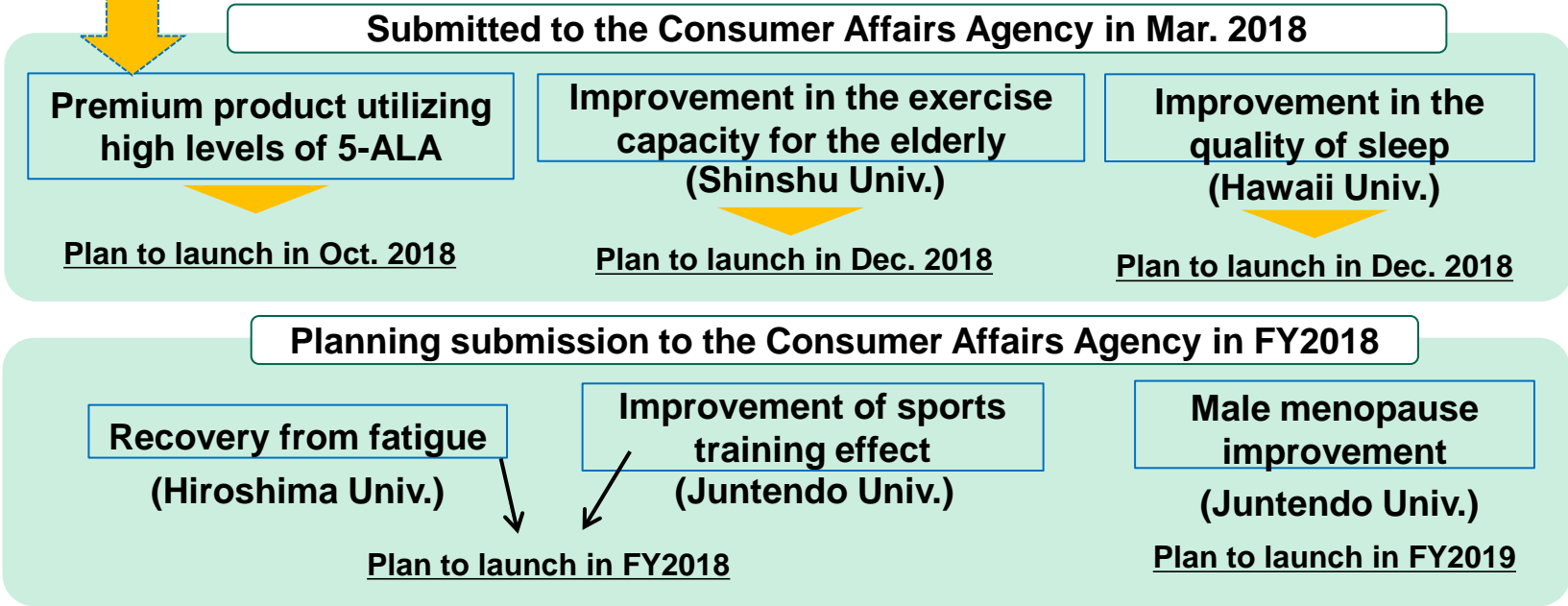
Function to improve high levels of fasting blood glucose levels and postprandial glucose levels

Cognitive improvement

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

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

Under development



Examples of SBI ALApromo's Specific Measures for Further Future Sales Expansion

- Acquisition of new customers (including a launch of new television commercial campaigns) for hit product “ALAplus Tou (Sugar) Down” (a food with functional claims)
- Increase sales through the launch of new foods with functional claims utilizing 5-ALA
 - “ALAplus Tou (Sugar) Down Rich” (Premium product utilizing high levels of 5-ALA. Plan to launch in Oct. 2018)
 - “ALAplus Body Active” (For movement improvement of momentum. Plan to launch in Dec. 2018)
 - “ALAplus Sound Sleep Assist” (For quality of sleep improvement. Plan to launch in Dec. 2018)
- Conducting R&D to launch foods with functional claims (plan)
 - FY2018①: For reduction of fatigue by exercise (Institution conducting clinical trials: Juntendo Univ.)
 - FY2018② : For recovery from daily fatigue (Hiroshima Univ.)
 - FY2019: For male menopause improvement (Juntendo Univ.)
- Expansion of supplements utilizing ingredients other than 5-ALA, and general food products
 - As a first step, launch of a food with functional claims utilizing ginkgo bilboa, “SBI Ginkgo Bilboa”
 - Started R&D and commercialization on germination brown rice from FY2017, toward a launch in FY2018
- Full-scale launch of skincare products utilizing 5-ALA
 - Launch of a full line of products including cosmetic lotion and cream, adding cleansing and facial wash over the Internet.
- Development of OEM business (OEM: Original Equipment Manufacturer: Manufacturing another company's product under their own name or branding)
 - Actively developing OEM for health foods and cosmetics
 - Continuing sales of “ALAplus 75” utilizing high levels of 5-ALA, only available in clinics, from FY2017

IV. Modification of The SBI Group's Vision, Announced on July 27, 2017

Modification ① Profit before income tax expense composition by segment

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

Modification ③ Target market cap

Modification of The SBI Group's Vision, Announced on July 27, 2017 ①

Modification ① Profit before income tax expense composition by segment

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

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

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

Includes JPY 27.0bn of impairment loss on intangible fixed assets

Segment forecast beyond FY2018

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

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

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

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

Modification of The SBI Group's Vision, Announced on July 27, 2017 ②

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

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

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

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

- **Maintain ROE above 10%**

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

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

▶ The annual dividend for FY2017 is JPY 85 per share

Modification ③ Target market cap

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

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

▶ **JPY 610.8bn**

(Based on the closing price on Apr. 25, 2018)

▶ **Peak market cap. : JPY 646.5bn**

(Year's intraday high: JPY 2,879 *as of Apr. 23, 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

[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 Apr. 25, 2018) (JPY billion)

	Valuation of each segment (theoretical value)
Financial Services	834.0
Asset Management	262.6
Biotechnology-related	77.1
Subtotal	1,173.8 (+)
External Debt (SBIH's non-consolidated-base borrowing recorded on the consolidated B/S as of Mar. 2018)	-332.7
Sum Total	841.1 (+)*

- Business valuation per share: **JPY 5,227** ←

- Business valuation per share after deduction of external debt: **JPY 3,746** ←

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

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

Valuation by Segment Estimated by SBI

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

① SBI SECURITIES

Valuation is conservatively estimated at **JPY 664.5bn**

(based on the closing prices of Apr. 25, 2018)

Estimation of the valuation is as follows:

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

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

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

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

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

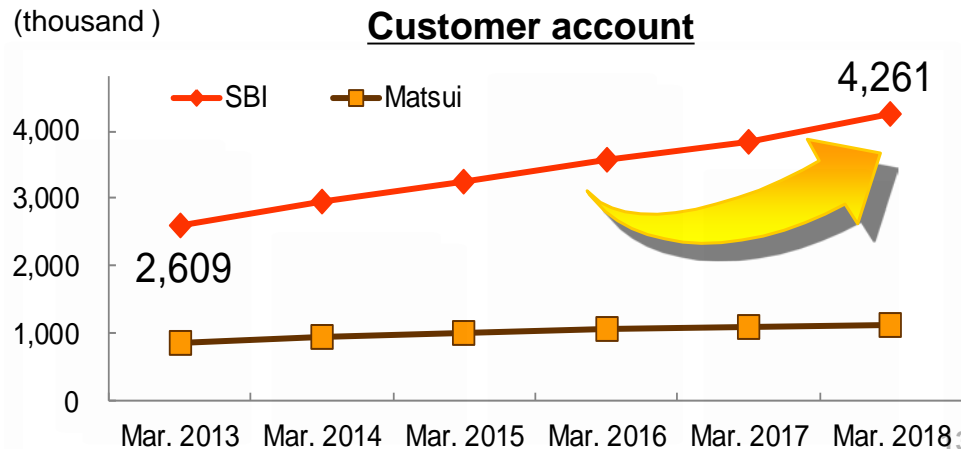
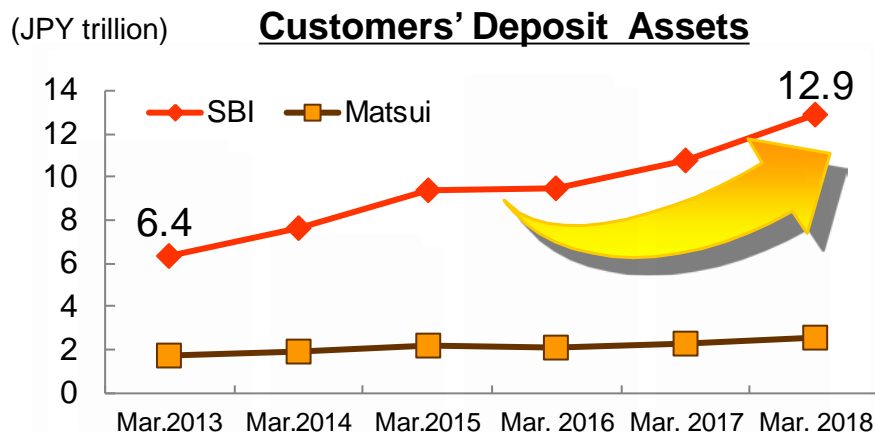
(1) Financial Services Business ① SBI SECURITIES -(ii)

Is SBI SECURITIES' valuation reasonable?

Comparison of SBI SECURITIES and Matsui Securities

*Calculated by the closing prices of Apr. 25, 2018

(9M FY2017)	SBI SECURITIES	Matsui Securities
Valuation (market cap) *	JPY 664.5bn	JPY 272.2bn
Deposit assets (Sept. 2017)	No.1 JPY 12.9tn	JPY 2.5tn
Number of accounts (As of the end of Sept. 2017)	No.1 4.26 million	1.14 million
Share of individual stock brokerage trading value	No.1 35.1%	11.2%
Operating income	No.1 JPY 53.6bn (up 41.1% YoY)	JPY 18.5bn (up 24.1% YoY)



Valuation by Segment Estimated by SBI

(1) Financial Services Business ② SBI Sumishin Net Bank

② SBI Sumishin Net Bank

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

JPY 126.6bn → **JPY 63.3bn** (based on the closing prices of Apr. 25, 2018)

(Shareholding of the SBI Group: 50.0%)

Estimation of the valuation is as follows:

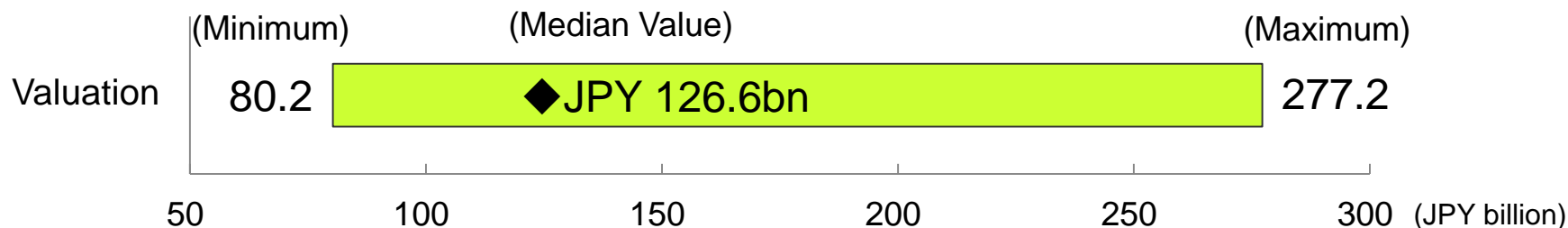
Calculated according to the **Comparable Public Company Analysis**

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

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

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

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



Valuation by Segment Estimated by SBI

(1) Financial Services Business

③ SBI Liquidity Market / ④ SBI Japannext

③ SBI Liquidity Market (including SBI FXTRADE)

Valuation is estimated at **JPY 58.1bn** (based on the closing price of Apr. 25, 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.) (FY2017)

* 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 Apr. 25, 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 22.8bn** (based on the closing price of Apr. 25, 2018)

Estimation of the valuation is as follows:

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

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

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

* PER of Kakaku.com and NEWTON FINANCIAL CONSULTING are calculated by their 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	22.4*	17.3

(Based on the closing price of Apr. 25, 2018. *Calculated by the exchange rate as of Apr. 25, 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 Apr. 25, 2018)

Upon comparison with similar listed companies calculated conservatively as **JPY 664.5bn**

② SBI Sumishin Net Bank

(based on the closing prices of Apr. 25, 2018)

Estimated the valuation of SBI Sumishin Net Bank that has high growth potential in terms of profitability and scale at JPY 126.6bn → **JPY 63.3bn** (Shareholding of the SBI Group: 50.0%)

③ SBI Liquidity Market (cons.)

(based on the closing prices of Apr. 25, 2018)

Upon comparison with similar listed companies calculated as **JPY 58.1bn**

④ SBI Japannext

(based on the exchange rate of Apr. 25, 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 Apr. 25, 2018)

Upon comparison with similar listed companies calculated as **JPY 22.8bn**

⑥ SBI FinTech Solutions

The market cap of SBI FinTech Solutions (Shareholding of the SBI Group) **JPY 17.3bn**

(based on the closing prices of Apr. 25, 2018)

Total of the valuation above: JPY 834.0bn (The sum according to the SBI Group's shareholding)

Valuation by Segment Estimated by SBIH

(1) Financial Services Business

⑦ Other Financial Services Businesses (Profitable Entities)

There are many other profitable business entities in this segment

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

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



Proceeds generated may be appropriated to strengthen the three core businesses

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

*2 SBI's shareholding percentage corresponds to a total percentage based on the IFRS criteria for subsidiary companies and subsidiary funds of the Group. 143

Valuation by Segment Estimated by SBIH

(2) Asset Management Business -①

Asset Management Business

Valuation for this segment is conservatively estimated at approx. JPY 262.6bn

<Reference>

JAFCO's Market Cap: **JPY 162.8bn** (based on the closing price of Apr. 25, 2018)

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

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

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

(ii) Value of SBI Investment (based on the closing price of Apr. 25, 2018)

(* Valuation excluding assets such as securities hold) Approx. JPY 10.3n

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

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

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

*PER of JAFCO is calculated by the estimated net income per share for 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 Apr. 25, 2018)

Estimates the valuation of SBI SAVINGS BANK at JPY 73.2bn

→ JPY 72.4bn

(Shareholding of the SBI Group: 99.0%)

Estimation of the valuation is as follows:

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

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

Median value of PBR of listed savings banks and local banks in Korea ^{*1}	×	Balance of SBI SAVINGS BANK's substantive equity ^{*2} (As of the end of Mar. 2018)
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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	49.1	Consolidated subsidiary	TSE JASDAQ	34.0	16.7
SBI Investment KOREA	43.9	Equity method associate	KOSDAQ of KRX	23.9*	10.5
Sum of the market cap of a listed subsidiary and an equity method associate				57.9	<u>27.2</u>

(Based on the closing price of Apr. 25, 2018. *Calculated by the exchange rate as of Apr. 25, 2018.)

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

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

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

Valuation by Segment Estimated by SBIH

(3) Biotechnology-related Business

Biotechnology-related Business

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

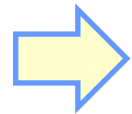
Total valuation of the Biotechnology-related Business, excluding that of SBI Biotech and Quark, is conservatively estimated at approx. JPY 77.1bn

① SBI ALApharma

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

Estimation of the valuation is as follows:

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



Based on SBIH's equity interest (95.5%; excluding external holdings) as of the end of Mar. 2018, the amount is calculated to be approx. JPY 69.7bn

② Kubota Pharmaceutical HD

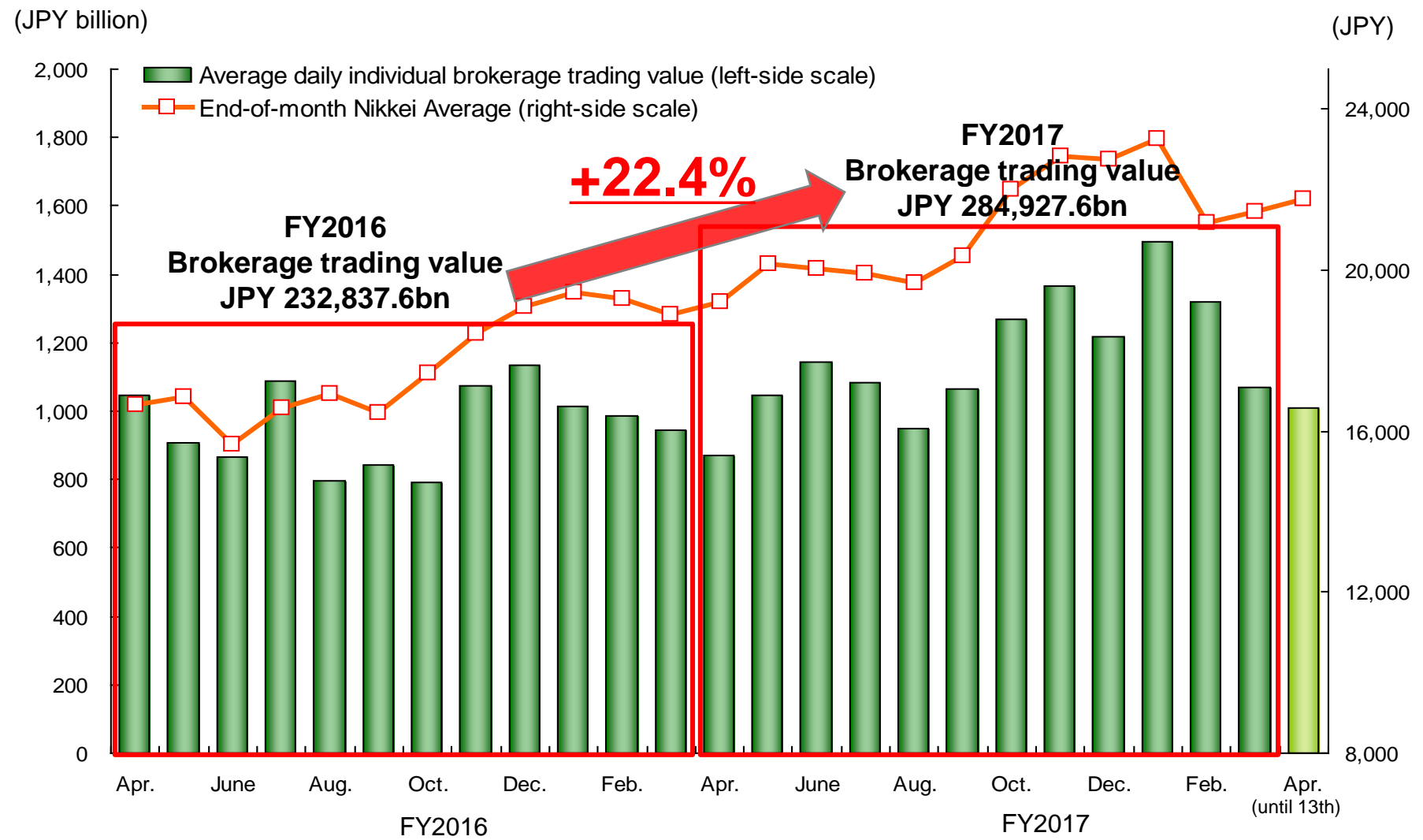
	SBI's share-holding pct. (%)	Classification	Listed market	Market cap (JPY billion) (as of Apr. 25, 2018)	SBI's equity interest of market cap (JPY billion)
Kubota Pharmaceutical HD	38.1	Equity method associate	TSE Mothers	19.4	7.4

* 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 *)



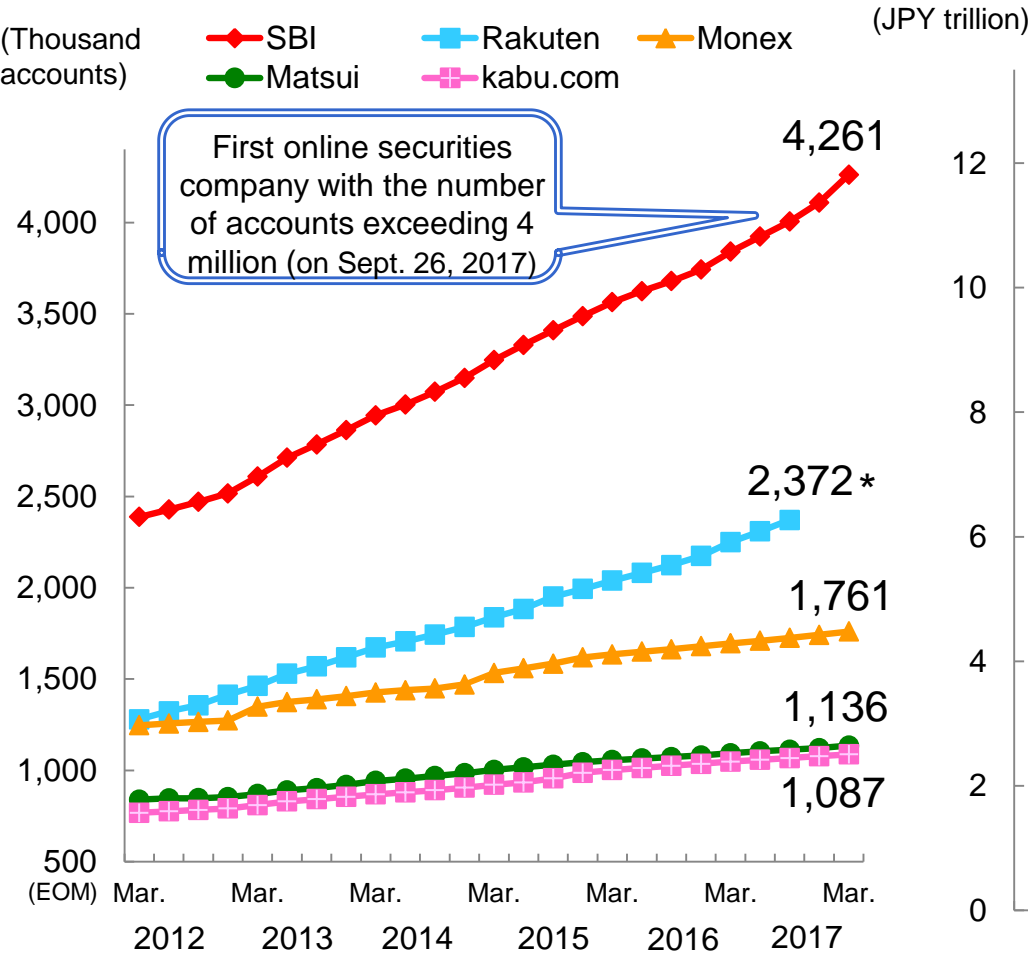
* Japanese stocks listed on Tokyo Stock Exchange and Nagoya Stock Exchange (Including TSE Mothers, JASDAQ and NSE Centrex)

Source: Compiled by SBIH from disclosed data from TSE

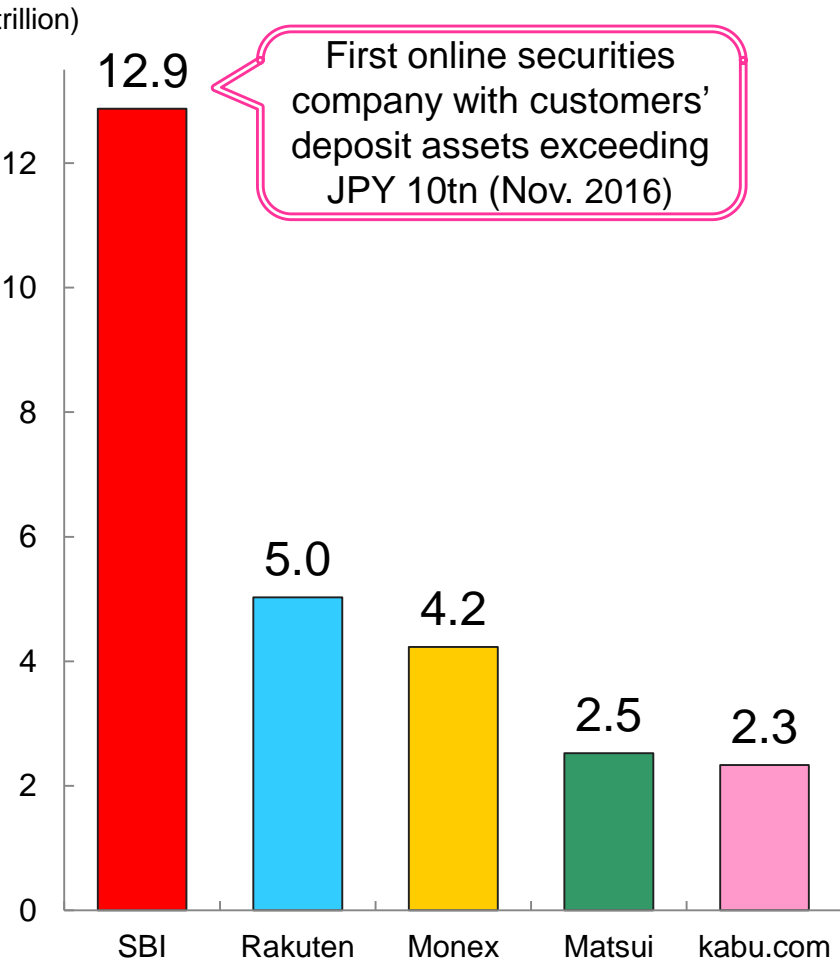
SBI SECURITIES Attains an Overwhelming Customer Base

[Number of Accounts and Amount of Customer Asset]

Customer Accounts of 5 Major Online Securities Companies
(Mar. 2012 –Mar. 2018)



Customers' Deposit Assets of 5 Major Online Securities Companies
(as of the end of Mar. 2018)

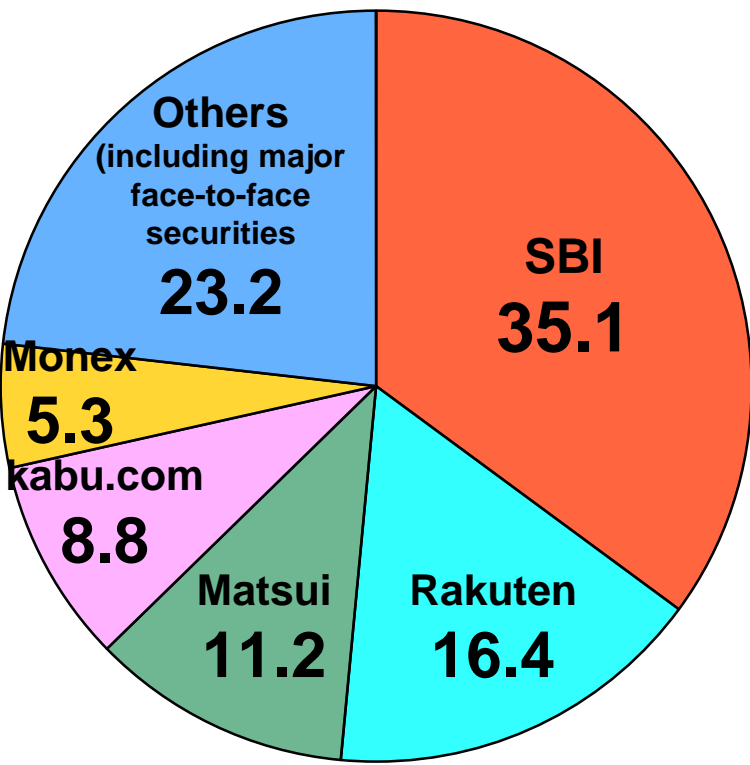


* Rakuten has not disclosed its figures beyond Sept. 30, 2017.
Source: Compiled by SBIH from the information on websites of each company.

SBI SECURITIES' Share of Individual Stock Trading

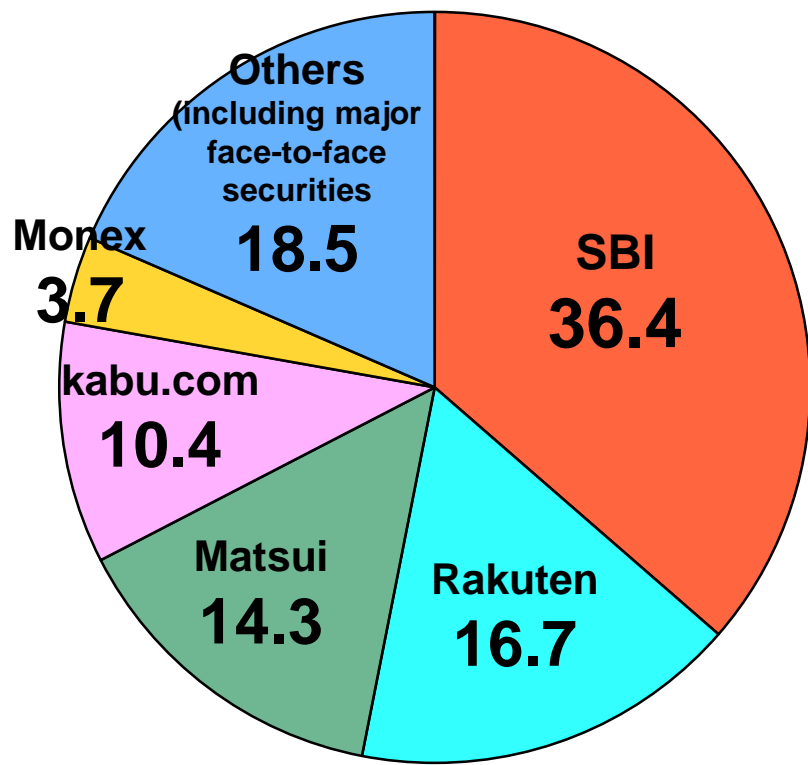
Share of Individual Stock Trading Value (%)

FY2017
(Apr. 2017 – Mar. 2018)



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

FY2017
(Apr. 2017 – Mar. 2018)



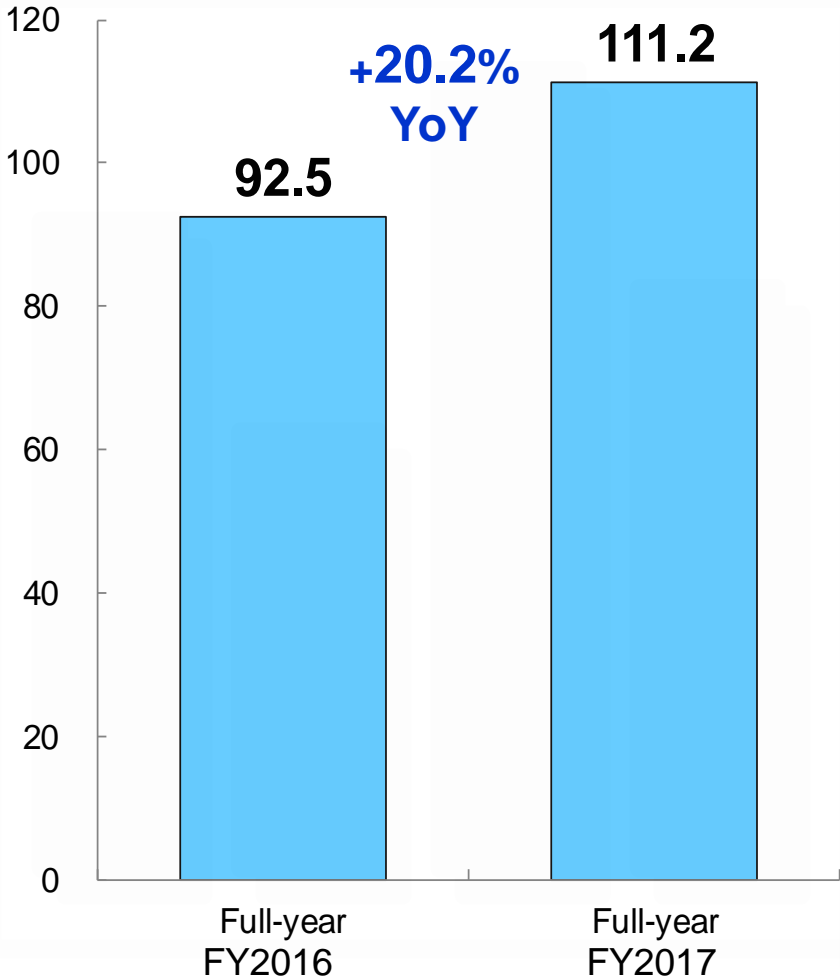
<From 1Q FY2016, shares are calculated with the individual stock trading value and individual margin trading value of both the 1st and 2nd sections of the Tokyo and Nagoya Stock Exchanges, including that of ETF and REIT trading value, respectively>

* Shares are calculated by dividing each company's individual stock trading value or individual margin trading value with the whole individual stock trading value and individual margin trading value of the 1st and 2nd section of the Tokyo and Nagoya Stock Exchange, including that of ETF and REIT trading value, respectively
Source: Compiled by SBI SECURITIES based on Tokyo Stock Exchange and JASDAQ materials and websites of each company.

SBI SECURITIES' Stock Brokerage Trading Value and Commissions

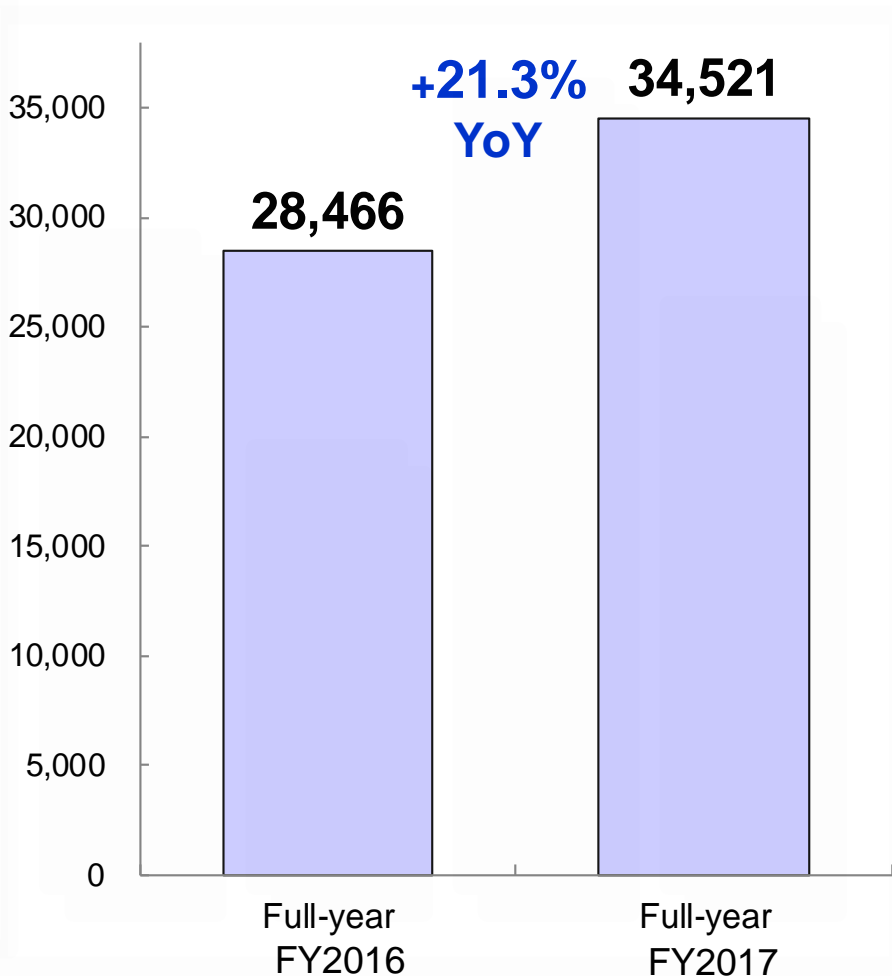
Stock Brokerage Trading Value

(JPY trillion)



Commissions

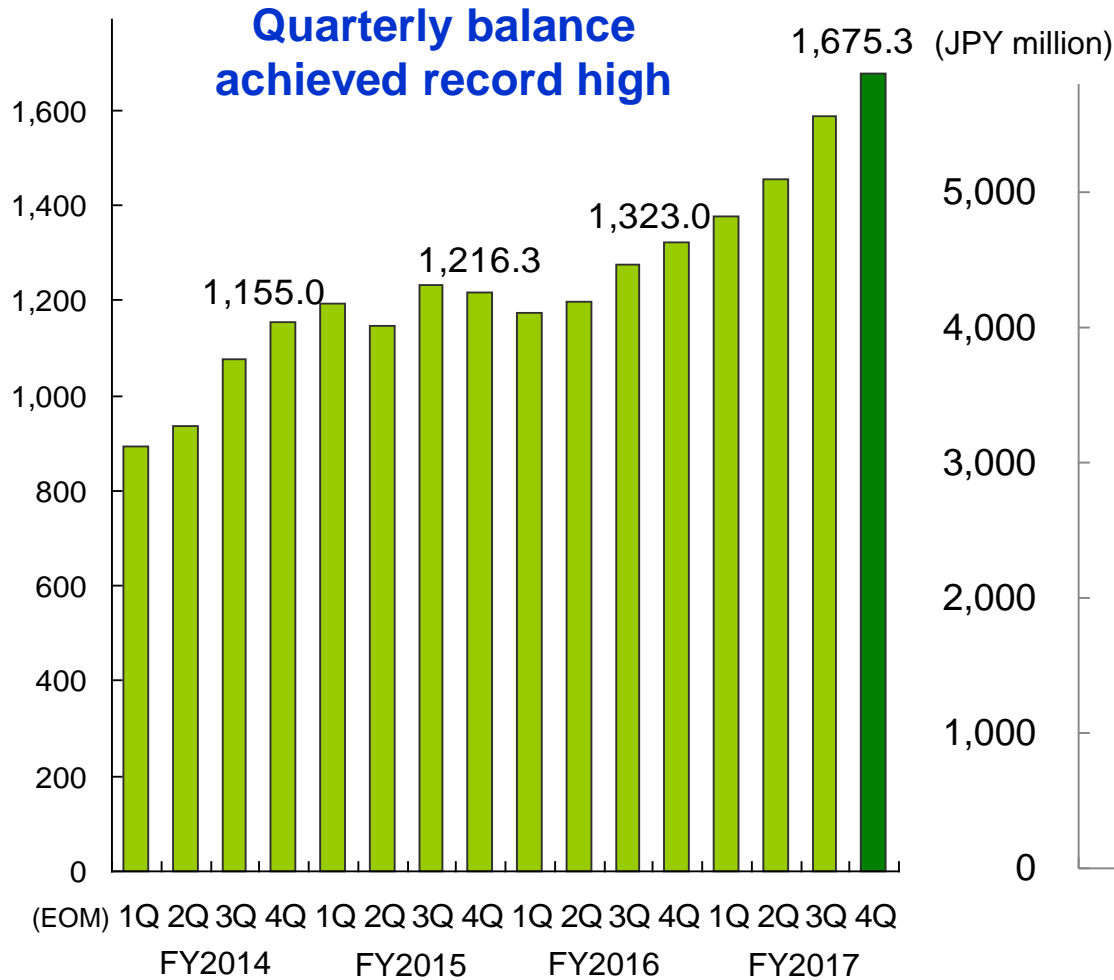
(JPY million)



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

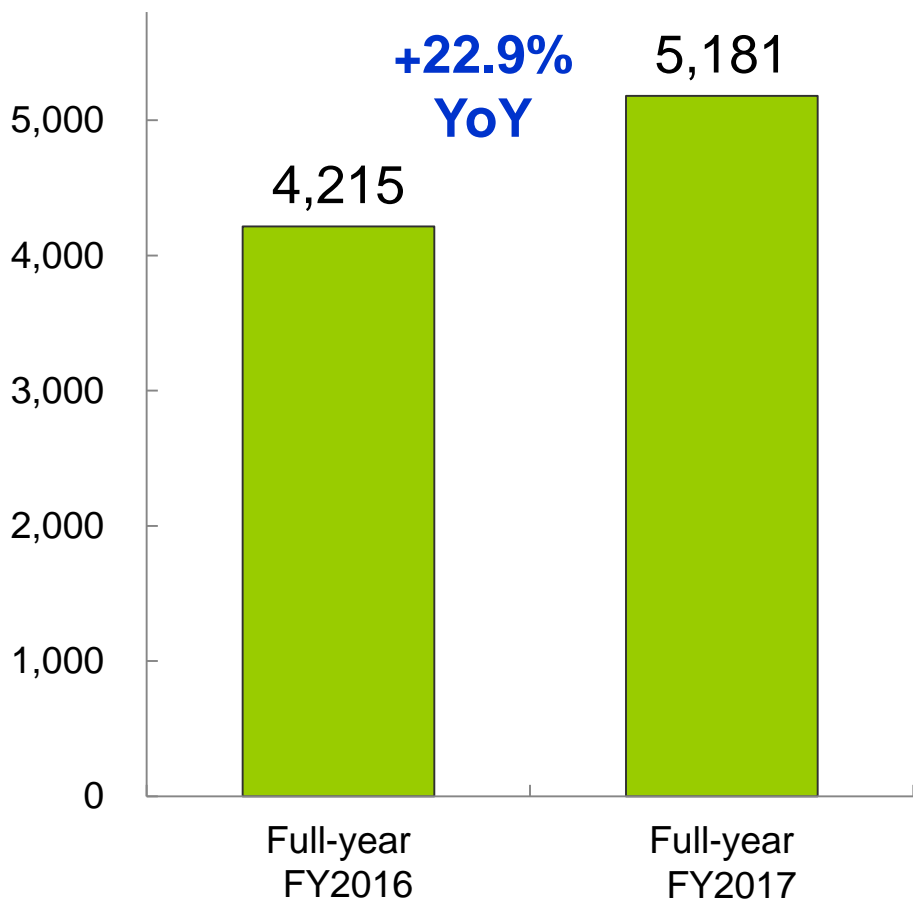
Investment Trust Balance

(JPY billion)



Investment Trust Fees

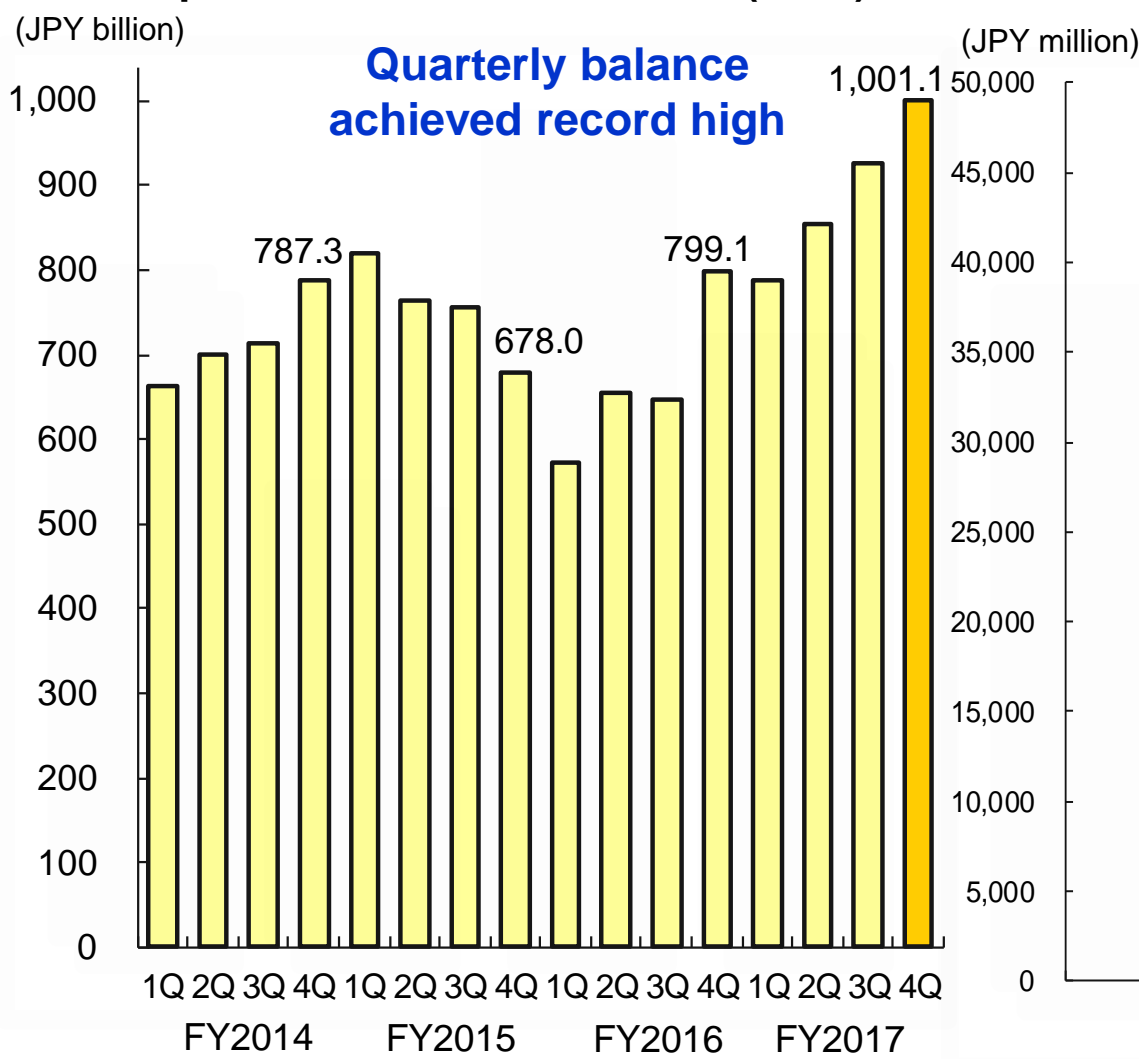
(JPY million)



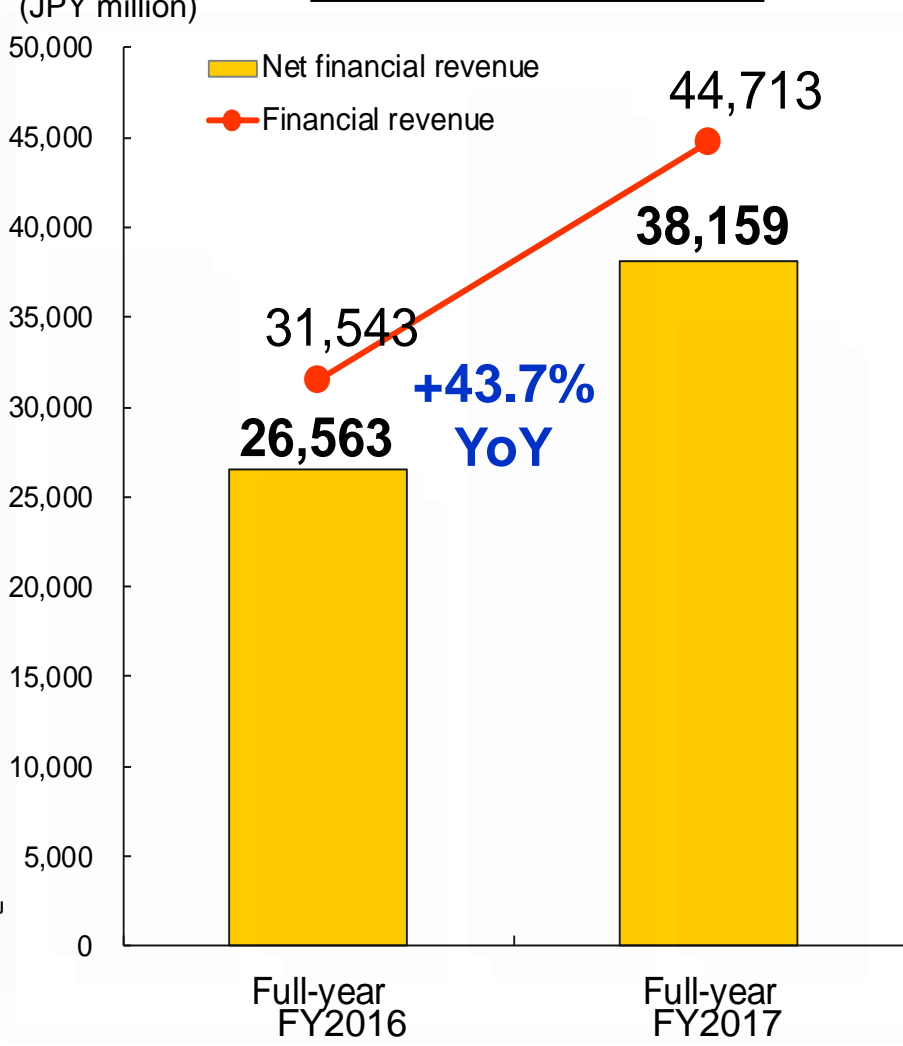
* Includes MMF, deposits of Chinese Fund and deposits of face-to-face accounts.
* Investment trust fees is included in "Other commission received".
* Trust fee excludes MRF.

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

Open Interest Credit Balance (EOM)

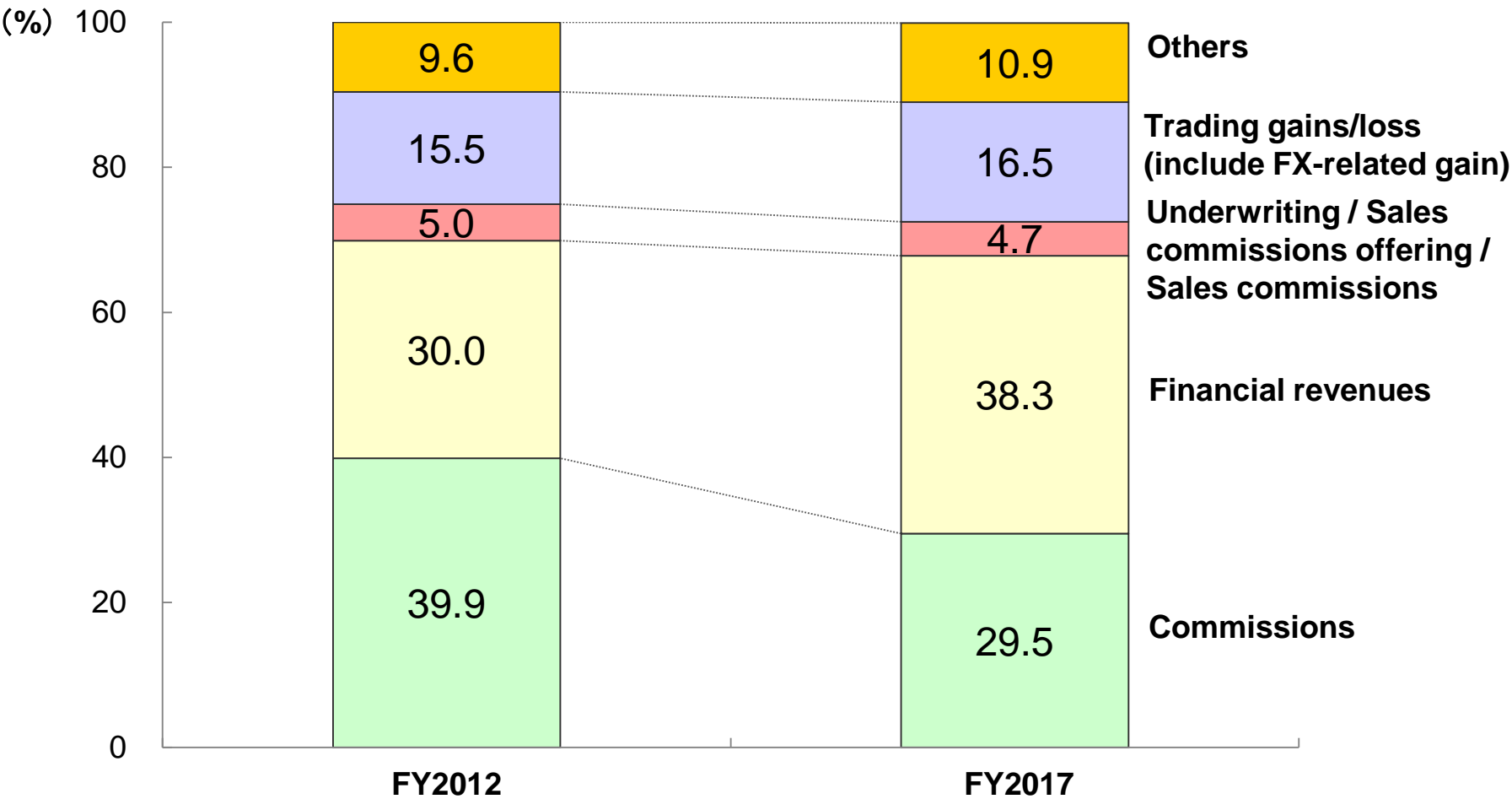


Financial Revenue / Net Financial Revenue



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

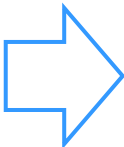


(Based on J-GAAP)

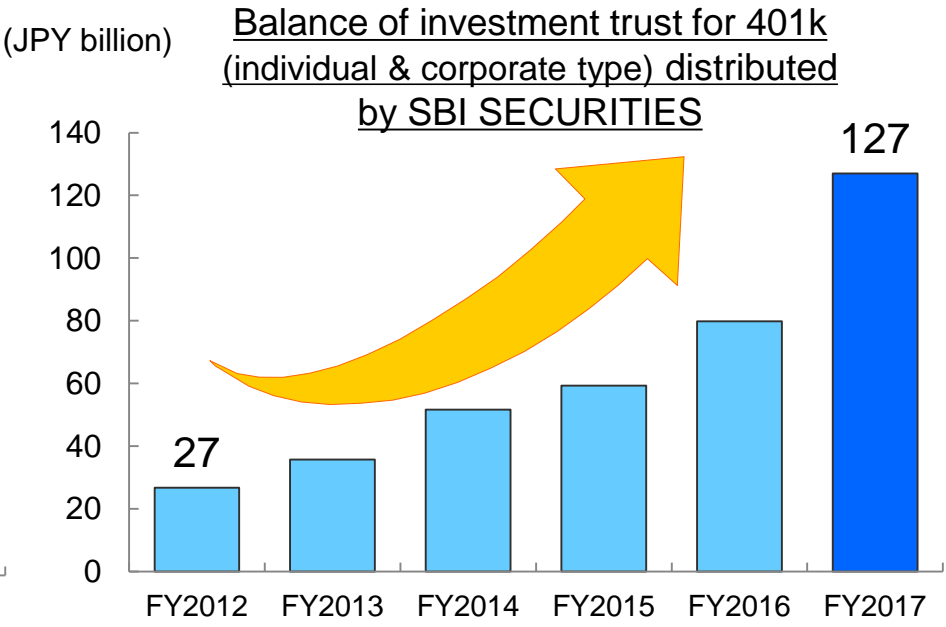
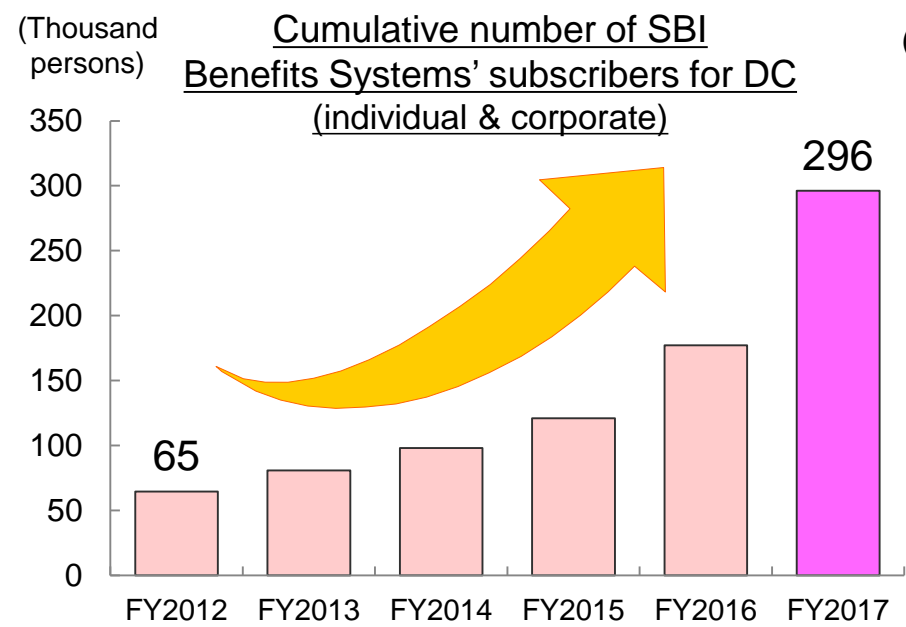
Further Strengthening the Individual Defined Contribution (iDeCo) Pension Business

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

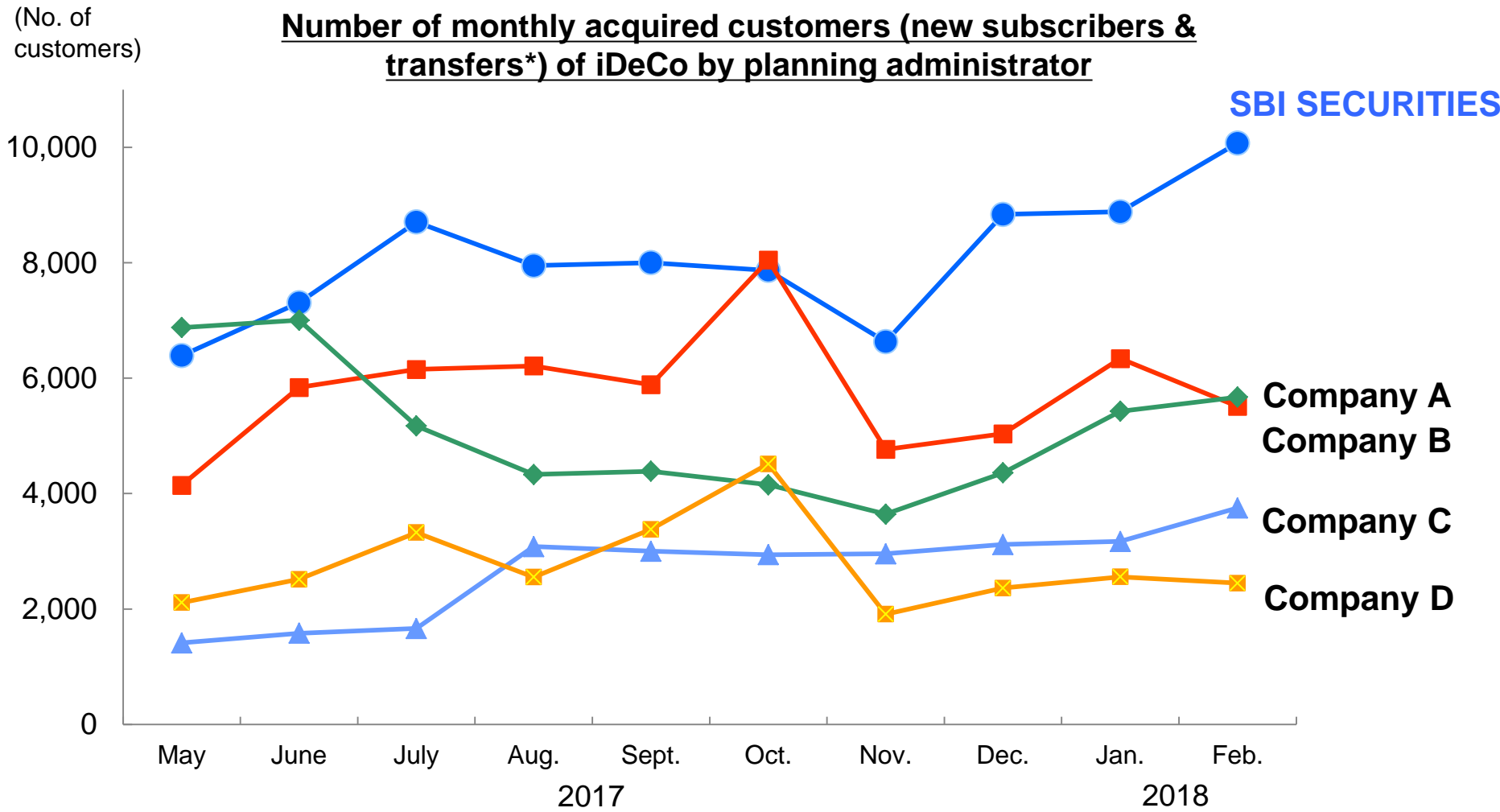
In order to encourage more individual investors to continuously use iDeCo on a low cost basis, SBI SECURITIES has waived its account management fees, the enrollment fee and fund transfer fees, regardless of the pension assets' balance, for all customers



At the end of Feb. 2018, the number of iDeCo accounts totaled 192,140, which is approx. 1.6x larger than at the end of May 2017



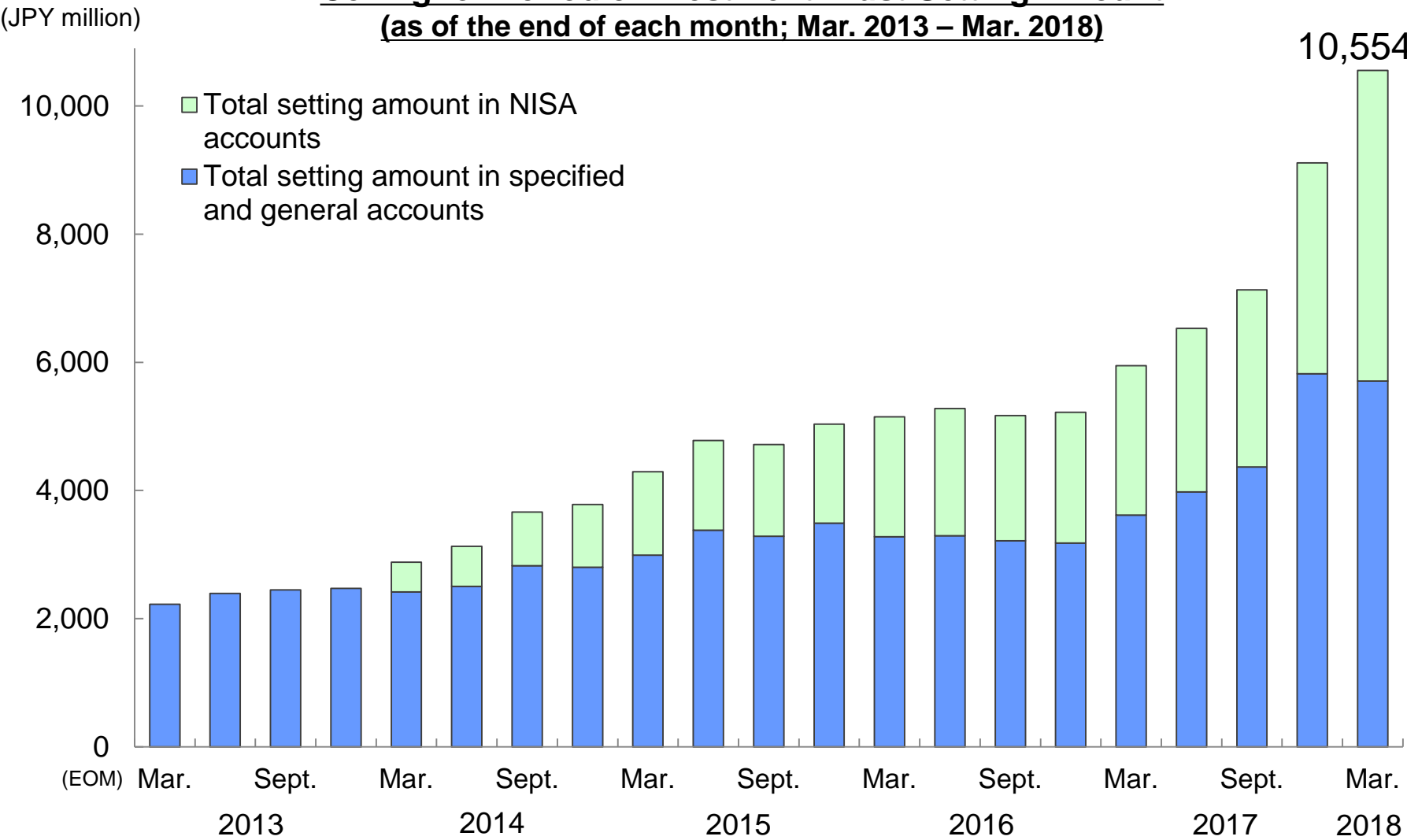
SBI SECURITIES has become an Industry Leader in Terms of the Number of New Customers Acquired for Individual-type Defined Contribution Pension Plans (iDeCo)



* 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 10bn in Feb. 2017

Ceiling for Periodic Investment Trust Setting Amount
(as of the end of each month; Mar. 2013 – Mar. 2018)

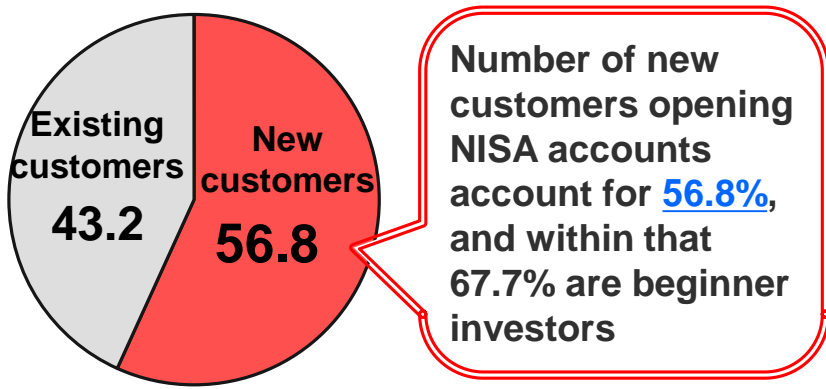


Succeeded in Acquiring New Customers for NISA, and Continues a Steady Increase

(Mar. 2017)	SBI *1	kabu.com	Matsui *1	Nomura *1	Daiwa
No. of NISA accounts *2	<u>1,200,000</u>	160,000	140,000	1,640,000	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 Mar. 2018, compiled by SBIH from the information on website of each company. As for Daiwa, the number of accounts is as of the end of Dec. 2017.

NISA's Customer Attribute (%)



- SBI SECURITIES' number of Junior NISA accounts reached 45 thousand accounts, accounting for approx. 30% of the entire securities industry's Junior NISA accounts
- SBI SECURITIES' active account ratio: 36.0%

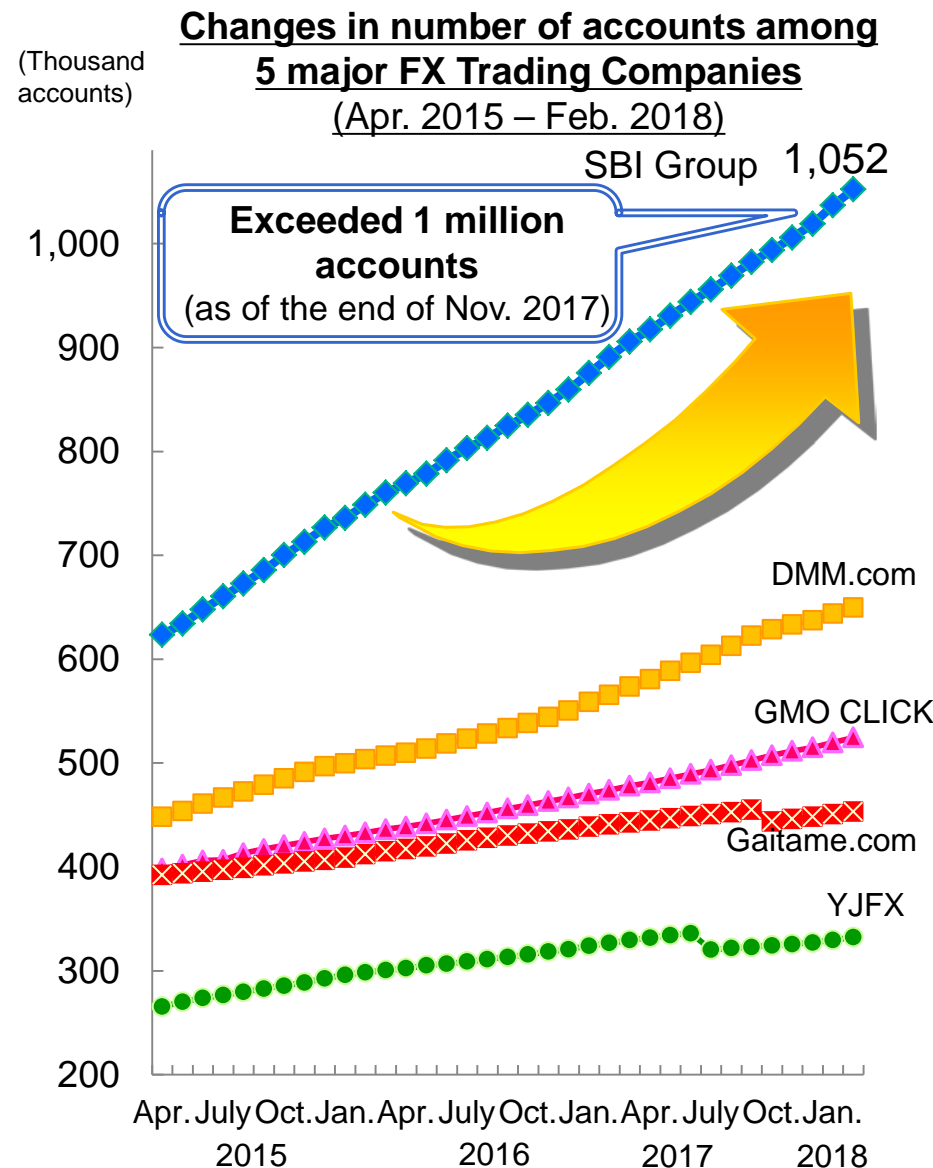
* Active account ratio is calculated based on the total accounts since Jan. 2018

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

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 (Feb. 2018)

No.	Company name	Amount (JPY million)
1	SBI Group	216,137
2	GMO CLICK	149,578
3	DMM.com	121,809
4	Gaitame.com	120,261
5	YJFX	102,960
6	Central Tanshi FX	63,309
7	MONEY PARTNERS	62,309
8	Hirose FX	48,941
9	FX PRIME by GMO Corporation	17,654
10	Traders Securities	12,528
11	Ueda Harlow	11,727
	Others (2 companies)	11,171
	Total	938,765

* Source: Yano Research "Monthly Research on 16 Major FX Trading Companies" 60

(3) The Asset Management Business' Financial Information by Segment and Assets Under Management

Assets Under Management of the SBI Group

(As of the end of Mar. 2018)

Private equity, etc. JPY 343.1bn (Including JPY 124.3bn of both cash and commitment amount to be paid in) (*3)

Breakdown by Industry	Amount
IT/Internet	65.9
Biotechnology/Health/Medical	19.4
Services	16.5
Materials/Chemicals	5.4
Environmental/Energy	13.3
Retail/Food	7.5
Construction/Real estate	1.1
Machine/Automobile	11.3
Finance	65.9
Others	12.5
Total	218.8

Breakdown by region	Amount
Japan	68.8
China	22.8
Korea	44.7
Taiwan	1.4
Southeast Asia	22.6
India	5.4
U.S.	35.2
Europe	6.0
Others	11.9
Total	218.8

Investment trusts, etc. JPY 628.0bn (*4)

Investment trusts	490.0
Investment advisory	138.0

*1 Calculated by the exchange rate as of the end of Mar. 2018

*2 Amounts are rounded to the nearest JPY 100m

*3 Composed of cash in funds and unpaid capital which is to be paid on a capital call.

*4 For funds that SBI Asset Management provides investment instruction to, if Morningstar Asset Management provides investment advisory services, assets are recorded in both "Investment trusts" and "Investment advisory," respectively, and such overlapping amounts totaled JPY 38.9bn

Analysis of Each Segment of the Asset Management Business

-① Private equity investment-

[Consolidated statement of financial position]

(IFRS; JPY billion)

	Mar. 31, 2017	Mar. 31, 2018
Cash and cash equivalents	35.0	29.4
Securities	113.9	190.6
Other assets	10.1	18.5
Total assets	159.0	238.5
Intragroup borrowings	30.8	32.7
Other liabilities	12.6	21.0
Total liabilities	43.4	53.7
Equity capital equivalent	87.4	129.9
Non-controlling interests* ¹ (Mainly interests of external shareholders of consolidated funds)	28.2	54.9
Total equity	115.6	184.8
Total liabilities and equity	159.0	238.5

- Securities held, whether listed or unlisted, are assessed at fair value.
- Non-consolidated funds are assessed at fair value, and only the amount corresponding to the Company's interest is recognized.
- For this reason, the amount of non-controlling interests (outside equity interests) is small.

[Consolidated statement of income]

(IFRS; JPY billion)

	FY2016	FY2017
Revenue	10.7	47.2
Profit / loss related to FVTPL	6.8	44.4
Fee from non-cons. funds*	0.5	0.8
Others (FX gain etc.)	3.4	2.0
Expense (including expense related to allowance etc.)	(6.6)	(5.3)
Profit before income tax expense	4.1	40.9
Profit for the period	(0.7)	33.3
Attributable to owners of SBIH	(0.2)	23.5
Non-controlling interests	(0.5)	9.8

* Only the amount of management commissions, etc. from funds classified as investment securities is recorded as income corresponding to external investors' shareholding

- Marketable securities account for approximately 50% of overall consolidation (the rest is SBI SAVINGS BANK, SBI Life Insurance, etc.) and nearly all of the profits or losses are recognized upon the change in fair value as FVTPL.

Analysis of Each Segment of the Asset Management Business

-② Overseas financial services business-

[Consolidated statement of financial position]

(IFRS; JPY billion)

	Mar. 31, 2017	Mar. 31, 2018
Cash and cash equivalents	47.4	33.6
Trade accounts receivable	436.5	524.7
Intangible assets	110.9	112.2
Other assets	54.5	56.2
Total assets	649.3	726.7
Customer deposits	485.8	537.0
Other liabilities	11.1	17.7
Total liabilities	496.9	554.7
Equity capital equivalent	151.4	170.5
Non-controlling interests	1.0	1.5
Total equity	152.4	172.0
Total liabilities and equity	649.3	726.7

[Consolidated subsidiaries]

- SBI SAVINGS BANK (Korea) and SBI Royal Securities (Cambodia)

[affiliates to which the equity method]

- SBI Thai Online Securities (Thailand) and SBI Bank (Russia)

[Consolidated statement of income]

(IFRS; JPY billion)

	FY2016	FY2017
Revenue	52.2	63.1
Profit before income tax expense	6.1	13.4
Profit for the period	7.0	12.7
Attributable to owners of SBIH	6.9	12.6
Non-controlling interests	0.1	0.1

- The results of SBI SAVINGS BANK (Korea) are primarily reflected in the financial statements.
- Net interest income, which reflects the earnings of the loan business, equivalent to the difference between interest income from operational loan receivables and interest cost for the customer deposits, resulted JPY 43.0bn (increase of 24.3% YoY) for FY2017, steadily strengthening of the revenue base.

Analysis of Each Segment of the Asset Management Business

-③ Asset management services business-

[Consolidated statement of financial position]

(IFRS; JPY billion)

	Mar. 31, 2017	Mar. 31, 2018
Cash and cash equivalents	6.6	10.3
Financial assets	15.4	14.2
Intangible assets	7.3	7.6
Other assets	5.6	3.2
Total assets	34.9	35.3
Total liabilities	12.2	12.7
Equity capital equivalent	18.2	17.8
Non-controlling interests	4.5	4.8
Total equity	22.7	22.6
Total liabilities and equity	34.9	35.3

- Morningstar Japan and its subsidiaries are the main constituent companies
- Planning the establishment of SBI Global Asset Management as an intermediate holding company of the business

[Consolidated statement of income]

(IFRS; JPY billion)

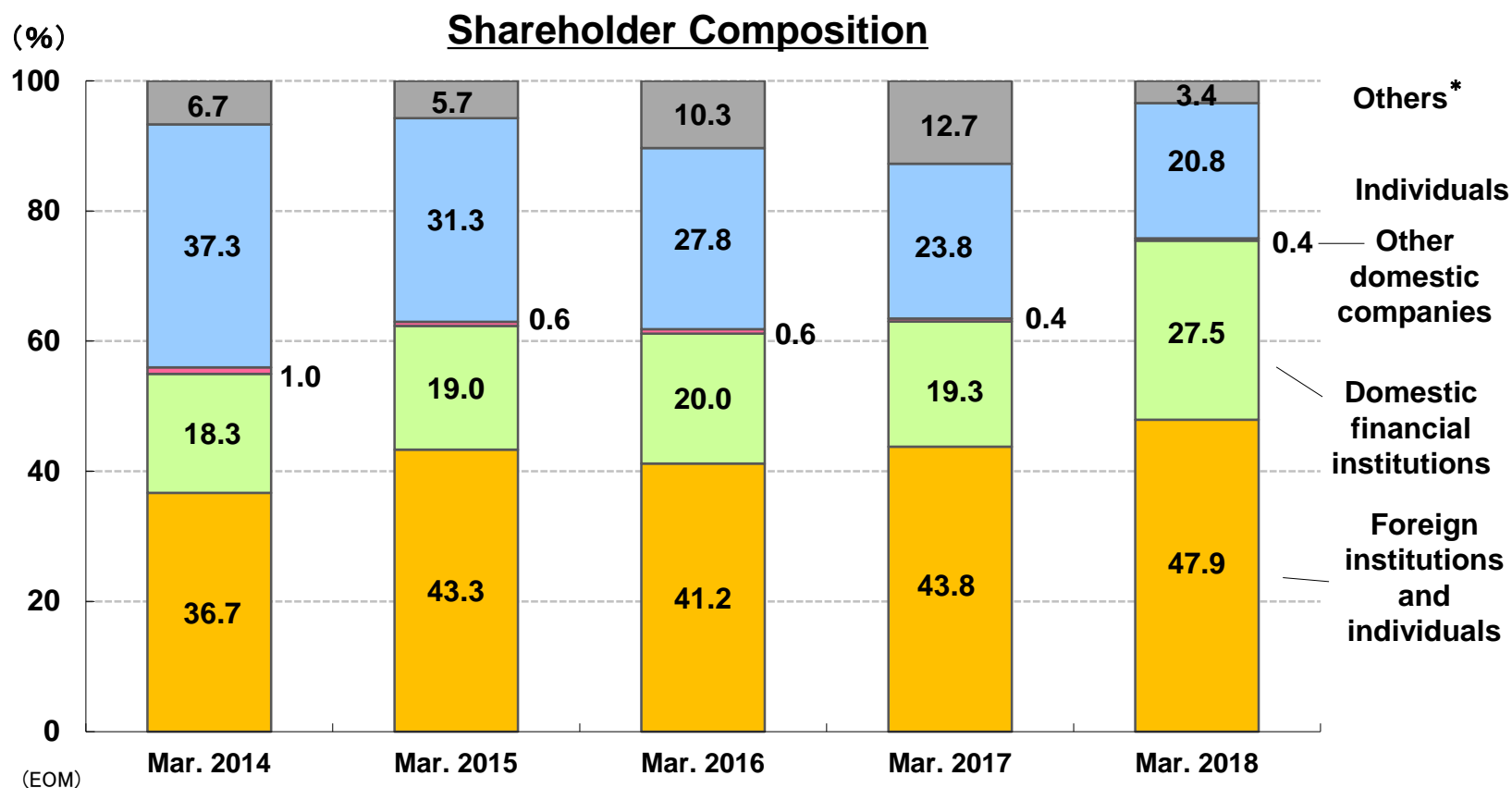
	FY2016	FY2017
Revenue	4.3	7.3
Profit before income tax expense	1.4	2.2
Profit for the period	0.6	1.4
Attributable to owners of SBIH	0.2	0.9
Non-controlling interests	0.4	0.5

- The results of Morningstar Japan are primarily reflected in the financial statements.
- With the establishment of SBI Global Asset Management, the Group's asset management operations are expected to be strengthened

(4) State of the Group

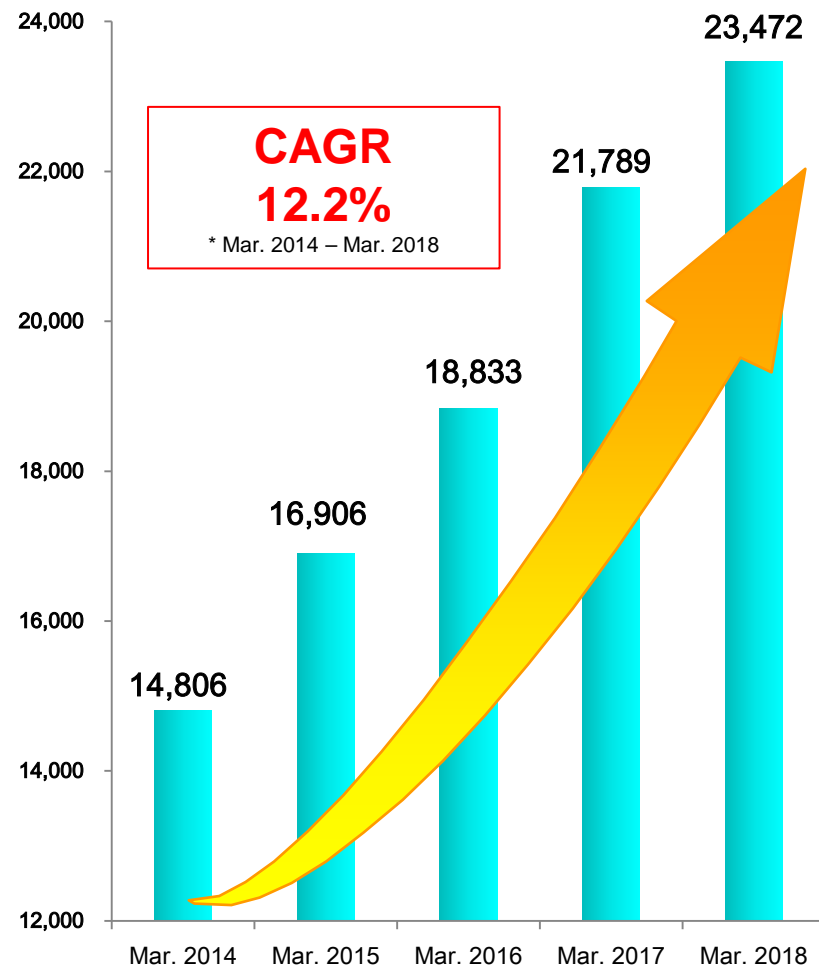
SBI Holdings' Shareholder Composition

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



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 Mar. 2018)*1,2

(Thousand)

SBI SECURITIES	(No. of accounts)	4,261
SBIH InsWeb	(No. of customers)	8,946
E-LOAN	(No. of customers)	2,393
MoneyLook	(Total no. of customer registrations)	943
Morningstar Japan	(Total no. of service users) *3	795
SBI Card	(Valid cards issued)	13
SBI Sumishin Net Bank	(No. of accounts)	3,211
SBI Insurance	(Total no. of contracts)*4	1,001
SBI Life Insurance	(Total no. of contracts)	109
Others (SBI Point etc.)		1,800
Total		23,472

*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	Mar. 2018
Consolidated subsidiaries (companies)	166	180
Consolidated partnerships (partnerships)	21	17
Total consolidated subsidiaries(companies)	187	197
Equity method companies (companies)	36	33
Total Group companies (companies)	223	230

Number of consolidated employees

	Mar. 2017	Mar. 2018
Total employees (persons)	4,455	5,391

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