SBI Holdings, Inc.
FY2018 Financial Results
(Fiscal Year Ended March 31, 2019)

April 26, 2019
The items in this document are provided as information related to the financial results and the business strategy of the SBI Group companies and not as an invitation to invest in the stock or securities issued by each company.

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

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

Note: Fiscal Year ("FY") ends March 31 of the following year
I. FY2018 Consolidated Performance (IFRS)

II. Business Overview of Each Segment

III. Promotion of the SBI Group’s Basic Policy in Establishing Business Strategies and the Overall and Individual Strategies Based on that Policy
I. FY2018 Consolidated Performance (IFRS)  
-Consolidated Performance Highlights-

• FY2018 revenue increased 4.3% year-on-year to JPY 351.4bn, profit before income tax expense increased by 15.6% year-on-year to JPY 83.0bn and profit attributable to owners of the Company was JPY 52.5bn, up 12.6% year-on-year, which all achieved historical highs, since the adoption of IFRS in FY2012.

• Recorded historical highs, in spite of the booking of impairment losses of JPY 7.4bn in the Biotechnology-related Business and JPY 2.3bn in the Others category, in order to reduce future potential operational risks, as in the previous fiscal year.

• Aggressive shareholder returns will be implemented with an annual dividend of JPY 100 per share, including JPY 5 for the 20th anniversary commemorative dividend. (Total shareholder return ratio: 80.7%, Dividend payout ratio: 43.2%)
## FY2018 Consolidated Performance (IFRS)

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

### Year-on-year comparison

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>337,017</td>
<td>351,411</td>
<td>+4.3</td>
</tr>
<tr>
<td>Profit before income tax expense</td>
<td>71,810</td>
<td>83,037</td>
<td>+15.6</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>55,958</td>
<td>67,277</td>
<td>+20.2</td>
</tr>
<tr>
<td>Profit attributable to owners of the Company</td>
<td>46,684</td>
<td>52,548</td>
<td>+12.6</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>11.6</td>
<td>11.9</td>
<td>+0.3</td>
</tr>
</tbody>
</table>

(Unit: JPY million)

-Record high-
In FY2018, following the previous fiscal year, while booking impairment losses of JPY 7.4bn in the Biotechnology-related Business and JPY 2.3bn in the Others category, in order to reduce future potential operational risks, recorded historically high profits since the adoption of IFRS.
Implements Aggressive Shareholder Returns, with a Total Shareholder Return Ratio of 80.7% and Dividend Payout Ratio of 43.2%

[Basis 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

### Dividend per share

<table>
<thead>
<tr>
<th></th>
<th>End of 2Q</th>
<th>Year-end</th>
<th>Full-year</th>
<th>Payout ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2018</td>
<td>JPY 20</td>
<td>JPY 80</td>
<td>JPY 100</td>
<td>43.2</td>
</tr>
<tr>
<td></td>
<td>(Ordinary dividend: JPY 20)</td>
<td>(Ordinary dividend: JPY 75)</td>
<td>(Ordinary dividend: JPY 95)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2017</td>
<td>JPY 15</td>
<td>JPY 70</td>
<td>JPY 85</td>
<td>38.5</td>
</tr>
<tr>
<td></td>
<td>(Ordinary dividend: JPY 15)</td>
<td>(Ordinary dividend: JPY 70)</td>
<td>(Ordinary dividend: JPY 85)</td>
<td></td>
</tr>
</tbody>
</table>

### Share repurchase

Conducted share repurchase of approx. JPY 19.4bn (8 million shares) from Nov. 28, 2018 to Jan. 9, 2019
## Shareholder Return Results for the Past Five Fiscal Years

<table>
<thead>
<tr>
<th>Dividend</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-year dividend per share</td>
<td>JPY 35</td>
<td>JPY 45</td>
<td>JPY 50</td>
<td>JPY 85</td>
<td>JPY 100</td>
</tr>
<tr>
<td>Payout ratio (%)</td>
<td>16.6</td>
<td>28.0</td>
<td>31.4</td>
<td>38.5</td>
<td>43.2</td>
</tr>
<tr>
<td>Sum of dividend payouts (JPY bn)</td>
<td>7.6</td>
<td>9.4</td>
<td>10.2</td>
<td>18.7</td>
<td>23.0</td>
</tr>
<tr>
<td>Share repurchase amount (JPY bn)</td>
<td>10.0</td>
<td>5.0</td>
<td>8.0</td>
<td>—</td>
<td>19.4</td>
</tr>
<tr>
<td>Total shareholder return amount (JPY bn)</td>
<td>17.6</td>
<td>14.4</td>
<td>18.2</td>
<td>18.7</td>
<td>42.4</td>
</tr>
<tr>
<td>Total shareholder return ratio (%)</td>
<td>38.5</td>
<td>42.2</td>
<td>55.9</td>
<td>40.1</td>
<td>80.7</td>
</tr>
</tbody>
</table>
Following the Previous Fiscal Year, will Conduct Shareholder Benefits for FY2018

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

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

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

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

- The total number of shareholders is 121,424, of which the number of shareholders who hold 1 unit or more is 51,814.

- Shareholding ratio of domestic and foreign institutional investors is 72.8%, and the substantive shareholding ratio of domestic and foreign institutional investors, excluding treasury stock, is at 75.5%.

* “Others” include treasury stock (3.5%)
II. Business Overview of Each Segment
-Segment Result Highlights-

[Financial Services Business]
• Both the securities-related and banking-related businesses recorded historically high profits, owing to a steady increase in profits.
  Profit before income tax expense significantly increased by 4.2% year-on-year, to be JPY 66.6bn

[Asset Management Business]
• Owing to a significant profit increase from SBI SAVINGS BANK of South Korea, as well as the recording of valuation gains from investments in the Fintech Fund, etc., recorded profit before income tax expense of over JPY 50bn for two consecutive fiscal years

[Biotechnology-related Business]
• At Quark and Kubota Pharmaceutical Holdings, an equity method affiliate, owing to a review of the respective pipeline development plans, realized an impairment loss of JPY 7.4bn, to reduce future potential operational risks
• Quark continues to advance its clinical trials as a promising bio-venture, with multiple Phase III drugs in its pipeline, along with a pipeline drug that is under discussion with the U.S. FDA to transition into NDA procedures, and is also contemplating an IPO timing
• SBI ALApromo and photonamic increased the sales of their self-developed products, where SBI ALApromo and photonamic increased their profit before income tax expense by 6.5 and 7.4 times, respectively, on a year-on-year basis, making a great progress toward the segment’s future profitability

[Others]
• SBI Virtual Currencies achieved a full-year profitability
• An impairment loss of JPY 2.3bn was recorded in certain businesses, in order to reduce potential risks and expenses in the future, for the purpose of achieving an early profitability in the near future
## FY2018 Performance by Segment (IFRS)

### [Year-on-year comparison]

(Revenue) (Unit: JPY million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Services Business</td>
<td>217,272</td>
<td>229,239</td>
<td>+5.5</td>
</tr>
<tr>
<td>Asset Management Business</td>
<td>117,572</td>
<td>118,631</td>
<td>+0.9</td>
</tr>
<tr>
<td>Biotechnology-related Business</td>
<td>4,199</td>
<td>3,729</td>
<td>-11.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>63,888</td>
<td>66,568</td>
<td>+4.2</td>
</tr>
<tr>
<td>Profit before Income Tax Expense</td>
<td>56,491</td>
<td>51,107</td>
<td>-9.5</td>
</tr>
<tr>
<td>YoY % change / YoY change</td>
<td>-37,252</td>
<td>-19,179</td>
<td>+18,073</td>
</tr>
</tbody>
</table>

* Figures are before elimination of the inter-segment transactions.
1. Financial Services Business

(1) Securities-related business
   (SBI SECURITIES)

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

(3) Insurance-related business
   (SBI Insurance Group)
(1) Securities-related business (SBI SECURITIES)

- FY2018 consolidated financial results is as follows: While the individual brokerage trading value of the two markets combined decreased by 16.3% as compared to the same period of the previous fiscal year, achieved record highs in operating income and in all other profit categories due to the steady expansion of businesses other than stock brokerage commissions, such as underwriting and sales commissions offering, and trading income.

- As SBI SECURITIES’ number of accounts, customers’ deposit assets and the share of individual stock brokerage trading value has significantly surpassed its online brokerage competitors, transitioning to a new phase to fully compete with the major face-to-face securities companies.
## SBI SECURITIES FY2018
Consolidated Results (J-GAAP)
-Operating revenue and all the profit items recorded historical highs-

### Year-on-year comparison

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>116,716</td>
<td>122,537</td>
<td>+5.0</td>
</tr>
<tr>
<td>Net Operating Revenue</td>
<td>106,997</td>
<td>114,402</td>
<td>+6.9</td>
</tr>
<tr>
<td>Operating Income</td>
<td>53,570</td>
<td>55,349</td>
<td>+3.3</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>53,798</td>
<td>55,404</td>
<td>+3.0</td>
</tr>
<tr>
<td>Profit attributable</td>
<td>36,812</td>
<td>37,865</td>
<td>+2.9</td>
</tr>
<tr>
<td>to owners of the</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Comparison of Major Securities Companies’ Operating Income (J-GAAP; YoY)

(Unit: JPY million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Online securities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SBI (cons.)</td>
<td>53,570</td>
<td>55,349</td>
<td>+3.3</td>
</tr>
<tr>
<td>Rakuten *1 (cons.)</td>
<td>20,643</td>
<td>18,810</td>
<td>-8.9</td>
</tr>
<tr>
<td>Matsui</td>
<td>18,532</td>
<td>13,451</td>
<td>-27.4</td>
</tr>
<tr>
<td>kabu.com</td>
<td>7,934</td>
<td>5,881</td>
<td>-25.9</td>
</tr>
<tr>
<td>Monex *2 (cons.)</td>
<td>9,302</td>
<td>2,727</td>
<td>-70.7</td>
</tr>
<tr>
<td><strong>Face-to-face</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nomura *3 (cons.)</td>
<td>328,158</td>
<td>-37,701</td>
<td>—</td>
</tr>
<tr>
<td>Daiwa (cons.)</td>
<td>135,058</td>
<td>67,326</td>
<td>-50.1</td>
</tr>
<tr>
<td>SMBC Nikko (cons.)</td>
<td>89,690</td>
<td>42,743</td>
<td>-52.3</td>
</tr>
</tbody>
</table>

*1 Since Rakuten changed the term of its fiscal year from FY2018, the figures above are for the corresponding period of Apr. 2018-Mar. 2019.

*2 Since Monex adopts IFRS, the relevant figures above are based on IFRS. The amount of “Operating income” represented above is “The amount equivalent to operating income” disclosed by Monex.

*3 Figures for Nomura are based on US-GAAP, and “profit before income tax expense” are presented for the purpose of convenience.

Source: Compiled by SBIH from the information on the website of each company.
## Performance Comparison of Major Securities Companies

(Recorded in JPY million, %)

### FY2017 Net Income (J-GAAP)

<table>
<thead>
<tr>
<th>Company</th>
<th>Net Income</th>
<th>YoY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomura *1 (cons.)</td>
<td>219,343</td>
<td>(-8.5)</td>
</tr>
<tr>
<td>Daiwa (cons.)</td>
<td>110,579</td>
<td>(+6.3)</td>
</tr>
<tr>
<td>SMBC Nikko (cons.)</td>
<td>63,705</td>
<td>(+35.7)</td>
</tr>
<tr>
<td>Mitsubishi UFJ (cons.)</td>
<td>43,193</td>
<td>(-12.0)</td>
</tr>
<tr>
<td>SBI (cons.)</td>
<td>36,812</td>
<td>(+32.4)</td>
</tr>
<tr>
<td>Mizuho (cons.)</td>
<td>35,751</td>
<td>(-81.0)</td>
</tr>
<tr>
<td>Tokai Tokyo (cons.)</td>
<td>25,397</td>
<td>(+111.8)</td>
</tr>
<tr>
<td>Rakuten (cons.)</td>
<td>13,102</td>
<td>(+9.1)</td>
</tr>
<tr>
<td>Matsui</td>
<td>12,908</td>
<td>(+20.7)</td>
</tr>
<tr>
<td>GMO (cons.)</td>
<td>6,922</td>
<td>(+12.4)</td>
</tr>
<tr>
<td>Monex *2 (cons.)</td>
<td>6,730</td>
<td>(+2,158.4)</td>
</tr>
<tr>
<td>kabu.com</td>
<td>6,355</td>
<td>(+5.5)</td>
</tr>
<tr>
<td>Okasan (cons.)</td>
<td>5,852</td>
<td>(-44.2)</td>
</tr>
<tr>
<td>Ichiyoshi (cons.)</td>
<td>4,994</td>
<td>(+128.8)</td>
</tr>
<tr>
<td>Iwai Cosmo (cons.)</td>
<td>4,726</td>
<td>(+41.5)</td>
</tr>
</tbody>
</table>

*1 Figures for Nomura are based on US-GAAP  
*2 Figures for Monex are based on IFRS  
*3, 4 Since they changed the term of its fiscal year from FY2018, the figures above are for the period of Apr. 2018-Mar. 2019, respectively.  
*5 Previous YoY % change are shown in the parentheses.

### FY2018 Net Income (J-GAAP)

<table>
<thead>
<tr>
<th>Company</th>
<th>Net Income</th>
<th>YoY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daiwa (cons.)</td>
<td>63,813</td>
<td>(-42.3)</td>
</tr>
<tr>
<td>SBI (cons.)</td>
<td>37,865</td>
<td>(+2.9)</td>
</tr>
<tr>
<td>SMBC Nikko (cons.)</td>
<td>34,700</td>
<td>(-45.5)</td>
</tr>
<tr>
<td>Mitsubishi UFJ (cons.)</td>
<td>25,141</td>
<td>(-41.8)</td>
</tr>
<tr>
<td>Rakuten *3 (cons.)</td>
<td>12,066</td>
<td>(-7.9)</td>
</tr>
<tr>
<td>Matsui</td>
<td>9,562</td>
<td>(-25.9)</td>
</tr>
<tr>
<td>GMO *4 (cons.)</td>
<td>6,555</td>
<td>(-5.3)</td>
</tr>
<tr>
<td>Mizuho (cons.)</td>
<td>4,377</td>
<td>(-87.8)</td>
</tr>
<tr>
<td>kabu.com</td>
<td>4,295</td>
<td>(-32.2)</td>
</tr>
<tr>
<td>Iwai Cosmo (cons.)</td>
<td>4,148</td>
<td>(-12.2)</td>
</tr>
<tr>
<td>Ichiyoshi (cons.)</td>
<td>1,674</td>
<td>(-66.5)</td>
</tr>
<tr>
<td>Monex *2 (cons.)</td>
<td>1,181</td>
<td>(-82.5)</td>
</tr>
<tr>
<td>Tokai Tokyo (cons.)</td>
<td>1,079</td>
<td>(-95.7)</td>
</tr>
<tr>
<td>Okasan (cons.)</td>
<td>853</td>
<td>(-85.4)</td>
</tr>
<tr>
<td>Nomura *1 (cons.)</td>
<td>-100,442</td>
<td>(—)</td>
</tr>
</tbody>
</table>

*1 Figures for Nomura are based on US-GAAP  
*2 Figures for Monex are based on IFRS  
*3, 4 Since they changed the term of its fiscal year from FY2018, the figures above are for the period of Apr. 2018-Mar. 2019, respectively.  
*5 Previous YoY % change are shown in the parentheses.

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Source: Compiled by SBIH from the information on the website of each company
# SBI SECURITIES’ Overwhelming Position

## [FY2018 results]

<table>
<thead>
<tr>
<th></th>
<th>Share of individual stock trading value (%)</th>
<th>Number of accounts (thousand)</th>
<th>Deposit assets (JPY trillion)</th>
<th>Operating income (JPY million)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SBI (cons.)</strong></td>
<td>![36.2] ![37.1] ![4,631] ![13.0] ![55,349]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>*<em>Rakuten <em>1 (cons.)</em></em></td>
<td>19.2 ![20.2] ![3,017] ![5.6] ![18,810]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Matsui</strong></td>
<td>10.3 ![12.5] ![1,184] ![2.3] ![13,451]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>kabu.com</strong></td>
<td>8.9 ![10.4] ![1,118] ![2.2] ![5,881]</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>*<em>Monex <em>2 (cons.)</em></em></td>
<td>5.2 ![4.1] ![1,818] ![4.1] ![2,727]</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*1 Since Rakuten changed the term of its fiscal year from FY2018, the figure above is for the corresponding period of Apr. 2018-Mar. 2019.

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

Source: Complied by SBIH from the information on websites of each company
(1) SBI SECURITIES:

Number of Accounts of SBI SECURITIES and 2 Major Face-to-face Securities Companies
(June 2012 – Mar. 2019)

Number of accounts exceeded 4 million in Sept. 2017

As of the end of Mar. 2017, Daiwa Securities’ number of accounts totaled 3,886 thousand accounts, with a CAGR at 2.5% during the period from June 2012 to Mar. 2017

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

* Merged with SMBC Friend Securities in Jan. 2018
(2) Banking-related business
(SBI Sumishin Net Bank)

• SBI Holdings’ equity in earnings of SBI Sumishin Net Bank, based on IFRS for FY2018 was JPY 7,249m, up 92.3% year-on-year, owing to the expansion of the housing loans and profits through investment of bond investments, etc.
  * FY2018 financial results announcement (based on J-GAAP) is scheduled for May 17, 2019

• As of the end of Mar. 2019, accounts steadily increased to approx. 3.54 million accounts, with the balance of deposits exceeding JPY 5tn on Apr. 12, 2019, to overwhelmingly surpass its competitors
(2) SBI Sumishin Net Bank

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

Change in equity in earnings of affiliates

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

From FY2018, the deferred period for mortgage loan execution fees were changed according to the ensuing situation.
(2) SBI Sumishin Net Bank

**Change in SBI Sumishin Net Bank’s Ordinary Income (J-GAAP) after Start of Operations**

FY2018 financial results announcement is scheduled for May 17, 2019.

*States the consolidated based figures beyond FY2009; J-GAAP*

- **Start of operations (Sept. 2007)**
  - Achieved a single year profit

- **Achieved a single month profit for the first time in Jan. 2009**
- **Achieved a single quarter profit for the first time in 4Q FY2008**

In Feb. 2016, the BOJ’s negative interest rate policy was started.

In FY2018 financial results announcement is scheduled for May 17, 2019.

- **2007 financial results announcement**
  - In Feb. 2007, the BOJ’s negative interest rate policy was started.
(2) SBI Sumishin Net Bank

Deposits as of the End of Mar. 2019 was Approx. JPY 4.9tn, to Significantly Surpass its Competitors

Number of accounts: 3,542,980 / Deposits: JPY 4,857.1bn
(as of the end of Mar. 2019)

Change in SBI Sumishin Net Bank’s Deposits

<table>
<thead>
<tr>
<th>Year</th>
<th>Deposits (JPY billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 2015</td>
<td>3,576</td>
</tr>
<tr>
<td>Mar. 2016</td>
<td>3,447</td>
</tr>
<tr>
<td>Mar. 2017</td>
<td>4,006</td>
</tr>
<tr>
<td>Mar. 2018</td>
<td>4,426</td>
</tr>
<tr>
<td>Mar. 2019</td>
<td>4,857</td>
</tr>
</tbody>
</table>

Deposits of 6 Internet Banks

<table>
<thead>
<tr>
<th>Bank</th>
<th>Deposits (JPY billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBI Sumishin</td>
<td>4,857</td>
</tr>
<tr>
<td>Daiwa Next</td>
<td>3,579</td>
</tr>
<tr>
<td>Rakuten*</td>
<td>2,665</td>
</tr>
<tr>
<td>Sony*</td>
<td>2,337</td>
</tr>
<tr>
<td>Jibun The Japan Net*</td>
<td>1,068</td>
</tr>
<tr>
<td>The Japan Net*</td>
<td>817</td>
</tr>
</tbody>
</table>

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

* As of Apr. 24, 2019
Number of accounts: 3,565,074 accounts
Deposit: JPY 5,020.8bn

* Amounts are rounded to the nearest JPY 100 million.
The Balance of Deposits is 23rd Among 76 Banks, which Includes Regional Banks and New Entrant Banks

Balance of deposits increased by JPY 431bn from that of the end of Mar. 2018, to improve the ranking by 5 spots

Ranking by deposits

(Regional Banks, New Entrant Banks and Pure-play Internet Banks) *(As of the end of Sept. 2018.)*

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

SBI Sumishin Net Bank

Rank Bank name Deposits Change

16 Juroku Bank 5,526.1 +72.0
17 Iyo Bank 5,057.8 -41.8
18 Toho Bank 5,047.6 -182.2
19 Yamaguchi Bank 4,959.6 +110.1
20 Senshu Ikeda Bank 4,944.5 -9.5
21 Ogaki Kyoritsu Bank 4,935.7 +26.4
22 Nanto Bank 4,904.8 +77.9
23 SBI Sumishin Net Bank 4,857.1 +431.1
24 Hyakugo Bank 4,772.8 +49.9
25 Shiga Bank 4,745.5 +55.8
26 Hokkaido Bank 4,691.9 +43.0
27 Daishi Bank 4,598.0 -43.4
28 Kiraboshi Bank *2 4,588.1 -
29 Higo Bank 4,423.6 -160.8
30 Musashino Bank 4,030.4 -5.7

As of Apr. 24, 2019
Deposit: JPY 5,020.8bn

*1 Change in deposit balance from of the end of Mar. 2018
*2 On May 1, 2018, Tokyo Tomin Bank and ShinGinko Tokyo were merged with Yachiyo Bank as a successor bank under the name Kiraboshi Bank.
* The deposits of SBI Sumishin Net Bank and Daiwa Next Bank are as of the end of Mar. 2019.
* Amounts are rounded to the nearest JPY 100 million
(Source: Websites of each company)
(3) Insurance-related business
(SBI Insurance Group)

• SBI Insurance Group’s consolidated ordinary revenue for FY2018 (preliminary figures on a J-GAAP basis), increased 6.8% year-on-year to JPY 66,388m, along with a 17.6% year-on-year increase in profit attributable to owners of the Company to JPY 851m, despite the impact of natural disasters, etc., at the non-life insurance business.

  * Final consolidated figures for FY2018 will be released on May 13.

• SBI Insurance Group’s total number of inforce contracts continued to steadily increase, with an annual average growth rate (CAGR) calculated from Mar. 2014 of 22.2%.
## SBI Insurance Group’s Performance (Preliminary Figures)

* Final consolidated figures for FY2018 will be released on May 13, 2019

Consolidated results for FY2018 (J-GAAP)  
(Unit: JPY million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary revenue</td>
<td>62,186</td>
<td>66,388</td>
<td>+6.8</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>1,059</td>
<td>2,131</td>
<td>+101.2</td>
</tr>
<tr>
<td>Profit attributable</td>
<td>724</td>
<td>851</td>
<td>+17.6</td>
</tr>
<tr>
<td>to parent of the</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company*</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* As SBI Life Insurance’s Group Credit Life Insurance sales increased, provision for reserve for dividends to policyholders increased, and the level of net income attributable to shareholders of the parent company remained low as compared to ordinary income.
SBI Insurance Group’s Total Number of Inforce Contracts Steadily Increased

SBI Insurance Group’s trend in the number of contracts

CAGR (Mar. 2014 to Mar. 2019) 22.2%

SBI Nihon SSI joins the Group

SBI Life Insurance joins the Group

<table>
<thead>
<tr>
<th>Year</th>
<th>Contracts (Thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 2014</td>
<td>686</td>
</tr>
<tr>
<td>Mar. 2015</td>
<td>901</td>
</tr>
<tr>
<td>Mar. 2016</td>
<td>999</td>
</tr>
<tr>
<td>Mar. 2017</td>
<td>1,614</td>
</tr>
<tr>
<td>Mar. 2018</td>
<td>1,731</td>
</tr>
<tr>
<td>Mar. 2019</td>
<td>1,868</td>
</tr>
</tbody>
</table>
2. Asset Management Business

• Gains and losses from the change in the fair value evaluation of investees, from funds such as the Fintech Fund and SBI A&B Fund, etc., remain at a high level, as in the previous fiscal year

• SBI SAVINGS BANK of South Korea’s profit before income tax expense (based on IFRS incorporation at SBI Holdings) increased by 24.6% year-on-year to JPY 17.5bn
## Asset Management Business’ Financial Results for FY2018

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
<th>YoY % change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>117.6</td>
<td>118.6</td>
<td>+0.9</td>
</tr>
<tr>
<td>Profit before income tax expense</td>
<td>56.5</td>
<td>51.1</td>
<td>-9.5</td>
</tr>
<tr>
<td>SBI SAVINGS BANK</td>
<td>14.0</td>
<td>17.5</td>
<td>+24.6</td>
</tr>
<tr>
<td>Profit/loss from the change in fair value and profit/loss on sales of investment securities</td>
<td>44.4</td>
<td>33.7</td>
<td>-24.1</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listed Securities</td>
<td>14</td>
</tr>
<tr>
<td>Unlisted Securities</td>
<td>323</td>
</tr>
</tbody>
</table>
## IPOs and M&As of the SBI Group Investee Companies

<table>
<thead>
<tr>
<th>EXIT Date</th>
<th>Company</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr. 19, 2018</td>
<td>TienPhong Commercial Joint Stock Bank Corp.</td>
<td>HOSE</td>
</tr>
<tr>
<td>June 7, 2018</td>
<td>Powernet Technology Corp.</td>
<td>KOSDAQ</td>
</tr>
<tr>
<td>June 19, 2018</td>
<td>Writeup</td>
<td>TSE Mothers</td>
</tr>
<tr>
<td>June 27, 2018</td>
<td>IPS</td>
<td>TSE Mothers</td>
</tr>
<tr>
<td>July 24, 2018</td>
<td>Bank of Innovation</td>
<td>TSE Mothers</td>
</tr>
<tr>
<td>Sept. 13, 2018</td>
<td>Mullion</td>
<td>JASDAQ</td>
</tr>
<tr>
<td>Sept. 21, 2018</td>
<td>GTGwellness Co., Ltd.</td>
<td>KOSDAQ</td>
</tr>
<tr>
<td>Sept. 26, 2018</td>
<td>BroadBand Security</td>
<td>JASDAQ</td>
</tr>
<tr>
<td>Sept. 27, 2018</td>
<td>SBI Insurance Group</td>
<td>TSE Mothers</td>
</tr>
<tr>
<td>Oct. 19, 2018</td>
<td>LogicBio Therapeutics, Inc.</td>
<td>NASDAQ</td>
</tr>
<tr>
<td>Nov. 9, 2018</td>
<td>Cellivery Therapeutics, Inc.</td>
<td>KOSDAQ</td>
</tr>
<tr>
<td>Nov. 14, 2018</td>
<td>Novarex Co., Ltd.</td>
<td>KOSDAQ</td>
</tr>
<tr>
<td>Nov. 21, 2018</td>
<td>PharmAbcine Inc.</td>
<td>KOSDAQ</td>
</tr>
<tr>
<td>Nov. 28, 2018</td>
<td>Neofect Co., Ltd.</td>
<td>KOSDAQ</td>
</tr>
<tr>
<td>Dec. 20, 2018</td>
<td>WYSIWYG STUDIOS CO., LTD.</td>
<td>KOSDAQ</td>
</tr>
<tr>
<td>Dec. 21, 2018</td>
<td>PORT</td>
<td>TSE Mothers</td>
</tr>
<tr>
<td>Dec. 25, 2018</td>
<td>VELTRA</td>
<td>TSE Mothers</td>
</tr>
<tr>
<td>Jan. 31, 2019</td>
<td>Neosem, Inc.</td>
<td>M&amp;A</td>
</tr>
<tr>
<td>Feb. 11, 2019</td>
<td>Chunbo Co., Ltd.</td>
<td>KOSDAQ</td>
</tr>
<tr>
<td>Mar. 19, 2019</td>
<td>Minkabu The Infonoid Co Ltd</td>
<td>TSE Mothers</td>
</tr>
</tbody>
</table>

For FY 2019, IPOs and M&A deals are expected to remain at or higher levels.

In FY2018, 19 companies were IPO’d and one was M&A’d.

<table>
<thead>
<tr>
<th>EXIT Date</th>
<th>Company</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov. 9, 2018</td>
<td>Cellivery Therapeutics, Inc.</td>
<td>KOSDAQ</td>
</tr>
<tr>
<td>Nov. 14, 2018</td>
<td>Novarex Co., Ltd.</td>
<td>KOSDAQ</td>
</tr>
<tr>
<td>Nov. 21, 2018</td>
<td>PharmAbcine Inc.</td>
<td>KOSDAQ</td>
</tr>
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<td>Nov. 28, 2018</td>
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<td>KOSDAQ</td>
</tr>
<tr>
<td>Dec. 20, 2018</td>
<td>WYSIWYG STUDIOS CO., LTD.</td>
<td>KOSDAQ</td>
</tr>
<tr>
<td>Dec. 21, 2018</td>
<td>PORT</td>
<td>TSE Mothers</td>
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<tr>
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<td>VELTRA</td>
<td>TSE Mothers</td>
</tr>
<tr>
<td>Jan. 31, 2019</td>
<td>Neosem, Inc.</td>
<td>M&amp;A</td>
</tr>
<tr>
<td>Feb. 11, 2019</td>
<td>Chunbo Co., Ltd.</td>
<td>KOSDAQ</td>
</tr>
<tr>
<td>Mar. 19, 2019</td>
<td>Minkabu The Infonoid Co Ltd</td>
<td>TSE Mothers</td>
</tr>
</tbody>
</table>

### Notes
- In the case where an investee company conducts a share exchange or a merger with a public company, it is described as “M&A.”
- Subsidiary IPOs and M&As are also included.
Exit Results and Planned IPO Schedule of 67 Investee companies of the Fintech Fund, etc.  
-Monetization Phase in Progress-

<Exit results>
Already IPO’ed: 4
Already exited through an equity sale to third party: 3

<Planned IPO schedule>
Year 2019: 4  Year 2020: 18  After Year 2021: 23
Scheduled exits by sales to third party: 4
TBD: 11
3. Biotechnology-related Business
### Performance overview of FY2018

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

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBI Biotech</td>
<td>-432</td>
<td>-166</td>
</tr>
<tr>
<td>Quark Pharmaceuticals (“Quark”)</td>
<td>-7,902</td>
<td>-8,193</td>
</tr>
<tr>
<td>SBI Pharmaceuticals</td>
<td>42</td>
<td>-1,395</td>
</tr>
<tr>
<td>SBI ALApromo</td>
<td>40</td>
<td>263</td>
</tr>
<tr>
<td>photonamic</td>
<td>55</td>
<td>412</td>
</tr>
</tbody>
</table>

- **SBI Biotech** decreased the deficit in FY2018, owing to the receipt of the final year subsidy from AMED, etc.
- **Quark** recorded development costs such as clinical trial expenses in accordance with the advancement of pharmaceutical research and development.
- **SBI Pharmaceuticals** recorded loss before income tax expense of approximately JPY 1.4bn, owing to a decrease in milestone income and an increase in late-stage development costs, along with the advancement of pharmaceutical research and development.
- **SBI ALApromo** achieved full-year profitability for the second consecutive year, owing to an increase in 5-ALA-related product sales, etc.
- **photonamic**'s sales of “Alacare,” a drug that treats actinic keratosis, and “Gliolan®,” a diagnostic agent for resection of brain cancer (malignant glioma), increased significantly, to contribute to a profit before income tax expense of 7.4 times the previous year.
Reduce Potential Risks to Improve Future Profitability

-Recorded impairment loss owing to review of pipeline development plans, etc.-

Profit before Income Tax Expense of the Biotechnology-related Business for FY2018 (IFRS)

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total of the Biotechnology-related Business</td>
<td>-37,252</td>
<td>-19,179</td>
</tr>
<tr>
<td>Of which was drug pipeline impairment loss</td>
<td>-26,985</td>
<td>-7,417</td>
</tr>
</tbody>
</table>

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

In the Biotechnology-related Business, from the viewpoint of business selection and concentration, sold shares of Kubota Pharmaceutical Holdings (shareholding as of Apr. 18, 2019: 9.27%)
Sales of Four Foods with Functional Claims Including “ALA PLUS Tou (Sugar) Down,” Germinated Brown Rice, Health Foods and Cosmetics Continued to be Strong

Performance overview of FY2018 (SBI ALApromo):

- **Foods with Functional Claims (4 items)**
  - ALA PLUS Tou (Sugar) Down
  - ALA PLUS Tou (Sugar) Down Rich
  - ALA PLUS Fukai Nemuri
  - SBI Ichoha

- **Health Foods (4 items)**
  - ALA PLUS Gold
  - ALA PLUS CoQ10
  - ALA PLUS Sports High Performance
  - ALA PLUS Karada Shape

- **Cosmetics (4 items)**
  - ALA PLUS Cosmetic Series
    - Deep Cleansing Gel
    - Pure Clay Wash
    - Essential Lotion
    - Moisturizing cream

- **Germinated Brown Rice (1 items)**
  - Hatsugagenmai no Sokojikara

*Based on IFRS

**Revenue (IFRS)**

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,065</td>
<td>1,599</td>
<td>+50.1%</td>
</tr>
</tbody>
</table>

**Profit before Income Tax Expense (IFRS)**

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>263</td>
<td>6.5x</td>
</tr>
</tbody>
</table>

New acceptation of “ALA PLUS Karada Genki,” by the Consumer Affairs Agency is scheduled to be released in Sept. Also developing 4 more products.
Number of Domestic Stores that Offer Health Foods Containing 5-ALA are Increasing Steadily

As of the end of Apr. 25, 2019: 16,591

The leading drug store chains started selling 5-ALA products:
- Welcia 1,602 stores
- Tsuruha Holdings 1,430 stores
- Matsumoto Kiyoshi 1,191 stores
- cocokara fine 1,062 stores
- COSMOS Pharmaceutical 969 stores
- FUJIYAKUHIN approx. 890 stores
- Sundrug approx. 820 stores
- SUGIYAKUHIN 799 stores

Performance overview of FY2018 (SBI ALApromo):

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Stores</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>603</td>
</tr>
<tr>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
</tr>
</tbody>
</table>

Number of Domestic Stores that Offer Health Foods Containing 5-ALA are Increasing Steadily
[Progress of the SBI Group’s Vision]
Progress of the SBI Group’ Vision ①

- 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.
  *Revised on April 26, 2018

<table>
<thead>
<tr>
<th>Segment forecast beyond FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expansion of business performance due to the completion of the financial ecosystem and steady growth in each business</td>
</tr>
<tr>
<td>High profit level is expected by full-scale exit such as IPOs of fintech companies invested from the Group funds</td>
</tr>
<tr>
<td>While recording impairment losses, in order to reduce future potential risks, significant progress toward profitability of the entire segment is envisioned by expanding sales of 5-ALA-related products in Japan and abroad. Keys are FDA (US) approval to move to new drug application (NDA) of Quark’s QPI-1002 for DGF and results of Phase III clinical trials of QPI-1007 for NAION</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>FS business</th>
<th>AM business</th>
<th>Biotechnology-related</th>
</tr>
</thead>
<tbody>
<tr>
<td>66.6</td>
<td>51.1</td>
<td>-19.2</td>
</tr>
<tr>
<td>(Composition: 7)</td>
<td>(Composition: 5)</td>
<td>(Composition: -2)</td>
</tr>
</tbody>
</table>

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.
Progress of the SBI Group’ Vision ②

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

FY2018 consolidated profit before income tax expense (IFRS): JPY 83.0bn

• Maintain ROE above 10%

Achieved 11.9% in FY2018.
Beyond FY2019, will endeavor to realize ROE over 10%

• Annual dividend to the level of JPY 100 per share

The annual dividend for FY2018 is JPY 100 per share, including a commemorative dividend of JPY 5 for the 20th anniversary since the founding

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

JPY 575.5bn
(Based on the closing price on Apr. 25, 2019)

Peak market cap: JPY 800.6bn
(The closing price on Oct. 1, 2018: JPY 3,565)

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.
III. Promotion of the SBI Group’s Basic Policy in Establishing Business Strategies and the Overall and Individual Strategies Based on that Policy

Basic Policy 1: Strengthening recession resistance and realizing high profit growth

1. Promote business selection and concentration
2. Review the business portfolio from the perspective of resiliency to recessions and profit growth
3. Expand customer base through diversification of operations, products and services, expansion of alliances, etc.

Basic Policy 2: Further strengthen competitiveness in each business

1. Promoting product diversification and business process efficiency through the adoption of new fintech technologies
2. The SBI Group accelerates technological evolution by accelerating the process of investment, adoption and diffusion
3. Promoting the acquisition of younger generation customers by pursuing synergies between businesses of small-amount stock trading, FX trading, crypto-asset (cryptocurrency) transactions, and small-amount P2P remittances

Basic Policy 3: In addition to concretely implementing important measures going forward, will endeavor toward the further evolution of various measures

1. The Regional Revitalization Projects promoted by the SBI Group will move to a new phase
2. New efforts for quick monetization of the ecosystem based on digital assets
3. Working on a project to integrate innovative technologies inside and outside the SBI Group to promote next-generation security services in Japan and abroad
4. Several Group companies are preparing for market changes and initial public offerings, in order to actualize intrinsic corporate value
Basic Policy 1: Strengthening recession resistance and realizing high profit growth

[Overall strategy based on the basic policy]

(1) Promote business selection and concentration

(2) Review the business portfolio from the perspective of resiliency to recessions and profit growth

(3) Expand customer base through diversification of operations, products and services, expansion of alliances, etc.
Overall Strategy 1-(1)

Promote business selection and concentration
Various Past Measures of “Selection and Concentration” of Business

Promoting the “Brilliant Cut Initiative”

Brilliant Cut: Designed to be the most beautiful and brilliant type of diamond. Diamond glitters most when polished in 58 facets

**Focusing more on higher profitability** rather than expansion of group scale, **58 vital entities were selected** from over 100 entities

---

**First Phase (from July 2010):**
The primary goal was each company’s turning profitable in operating income, and companies that failed to achieve the goal in 3 years were to be liquidated or sold

**Second Phase (from Apr. 2011):**
Examined each company’s earnings capacity by taking into account B/S, C/F situation as well as changes in operating income

**Third Phase (from Mar. 2012):**
Examine each company’s synergy with the three core businesses (securities, banking and insurance business), in Financial Services Businesses in addition to the earnings capacity, and concentrate resources solely on those businesses with strong synergies
Various Past Measures of “Selection and Concentration” of Business ②

From Apr. 2012, shifting to a Group organizational structure that mainly will be comprised of the Financial Services Business, the Asset Management Business and the Biotechnology-related Business.

Basic “Selection and Concentration” policy

- The Financial Services Business, Asset Management Business and Biotechnology-related Business are defined as the three major businesses. As a general rule, regardless of their profitability, businesses and companies involved in other fields should be sold, integrated with other Group companies, or IPO’d.
- Basic “Selection and Concentration” policy for the Financial Services Business is based on whether a business provides meaningful synergy with one of the core businesses of securities, banking or insurance.
- Overlapping businesses will generally be consolidated.

Financial Services Business

- Banking + Supporting companies
  - Synergy
  - Three core businesses

- Securities + Supporting companies
  - Synergy

- Insurance + Supporting companies
  - Synergy

Asset Management Business

Biotechnology-related Business

Various Past Measures of “Selection and Concentration” of Business ②
Future Basic “Selection and Concentration” Policy

- Setting a time span for each company in the business portfolio of the three major businesses, to determine the business continuity or early withdrawal, from the viewpoint of cash flow, return on invested capital (ROI), return on equity (ROE) and level of synergies between group companies
- Also, for previous strategic investments, the determination will be made on whether to continue holding or selling shares
- For newly established companies and acquired companies, continuity determinations, IPOs or withdrawals from the businesses will be determined in the following time span

Three Major Businesses of the SBI Group

- Financial Services Business (Target: in 2-3 years)
- Asset Management Business (Target: within 3 years)
- Biotechnology-related Business (Target: in 3-8 years)
Overall Strategy 1-(2)

Review the business portfolio from the perspective of resiliency to recessions and profit growth

[Individual strategies in each business domain]

① Financial Services Business
② Asset Management Business
③ Biotechnology-related Business
Review of Business Portfolio in the Securities-related Business

- Implemented an organizational restructuring, in order to establish a business structure that is less affected by the external environment -

■ SBI SECURITIES absorbed SBI Liquidity Market and SBI FXTRADE as subsidiaries in Oct. 2015
  Enhancing synergy effects with SBI Liquidity Market, in order to create a dynamic business collaboration to further strengthen and expand the FX trading services

  By establishing an integrated business management system, will further strengthen the defined contribution pension business focused on iDeCo

■ SBI SECURITIES absorbed SBI MONEY PLAZA as a subsidiary in June 2017
  Endeavoring to expand SBI SECURITIES’ corporate business through the maximum utilization of SBI MONEY PLAZA’s sales network, centering on high-net-worth customers

Financial Services Business

[SBI SECURITIES]

[SBI Liquidity Market] -FX-related business-

[SBI Benefit Systems] -Defined-contribution pension business-

[SBI MONEY PLAZA] -Wealth management business-
Focus Investments on High Growth Fields

<Venture Capital Business>
- Since the founding, has concentrated investments in the growth fields of the 21st century
  - Internet
  - Biotechnology and Life Science
  - Environment-related Technology and Alternative Energy
  - Fintech

<Overseas Financial Services Business>
- Primarily focused management resources in the high-growth banking industry of Asia
  - Acquired a 19.9% stake in TP Bank, which was established in 2008 by FPT, Vietnam’s largest IT company (as of Aug. 2009)
  - SBI SAVINGS BANK of South Korea, which was one of our venture investments since 2002, was converted into a consolidated subsidiary (as of Mar. 2013)
  - Russia’s commercial bank SBI Bank (Former YAR Bank) became a wholly owned subsidiary (as of Aug. 2017)
③ Biotechnology-related Business

(i) SBI Biotech
(ii) U.S.-based Quark
(iii) SBI Pharmaceuticals
(iv) Germany-based photonamic
(v) SBI ALApromo
## (i) SBI Biotech

With out-licensed pipelines progressing well, SBI Biotech expects to strengthen the revenue base by newly out-licensing pipelines to achieve and maintain full-year profitability.

<table>
<thead>
<tr>
<th>Licensing partner (timing)</th>
<th>Adaptation disease</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>VIB7734 (Anti-ILT7 antibody)</strong></td>
<td><strong>Systemic lupus erythematosus, Cutaneous lupus erythematosus, Sjogren’s syndrome, Scleroderma, Dermatomyositis</strong></td>
<td><strong>NEW!! Phase Ib</strong></td>
</tr>
<tr>
<td>Viela Bio* (Sept. 2008)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SBI-9674</strong></td>
<td><strong>Autoimmune diseases</strong></td>
<td><strong>Pre-clinical</strong></td>
</tr>
<tr>
<td>Kyowa Hakko Kirin (Dec. 2016)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cdc7 inhibitor</strong></td>
<td><strong>Colorectal cancers</strong></td>
<td><strong>Phase I / II (plan)</strong></td>
</tr>
<tr>
<td>Carna Biosciences (May 2014)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GNKS356</strong></td>
<td><strong>Psoriasis, Various fibrosis, Non-alcoholic steatohepatitis</strong></td>
<td><strong>Pre-clinical</strong></td>
</tr>
<tr>
<td>Independently</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SBI-3150</strong></td>
<td><strong>Autoimmune diseases</strong> (Various diseases caused by pDC / activated B cells)</td>
<td><strong>Pre-clinical</strong></td>
</tr>
<tr>
<td>Independently</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*A new company specializing in inflammation and autoimmune disease, spun out from MedImmune, LLC., a subsidiary of AstraZeneca*
(ii) U.S.-based Quark
(SBI Group’s economic shareholding interest is 95.5%)

Developing nucleic acid drugs (siRNA)

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

Nucleic acid drugs: Benefits

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

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

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

**Quark’s Ongoing Drug Discovery Pipeline at the Phase III Stage**

<table>
<thead>
<tr>
<th>Licensing partner</th>
<th>Adaptation disease</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>QPI-1002</strong> Novartis International AG</td>
<td>Delayed Graft Function in Kidney Transplants (DGF)</td>
<td>NEW!! Phase III (completed)</td>
</tr>
<tr>
<td></td>
<td>Acute kidney injury (AKI)</td>
<td>Phase III Started Phase III clinical trials in July 2018. Planning expansion of clinical trials to 115 facilities worldwide</td>
</tr>
<tr>
<td><strong>QPI-1007</strong> Biocon Ltd of India</td>
<td>Non-arteritic anterior ischemic optic neuropathy (NAION)</td>
<td>Phase II/III Phase III clinical trials are underway at 66 centers in the U.S. and Europe. The FDA approved the shortening of the follow-up period after administration to the final subject from 12 months to 6 months, so the final results will become known in Apr. 2020</td>
</tr>
</tbody>
</table>

With regard to DGF, in discussions with the FDA since late Mar. 2019 for the possibility of shifting to an NDA procedure, while Quark continues with its full-scale preparations for an IPO. Additionally, upon the determination of the NDA, a partial or complete sale of the shares of Quark or an IPO will be considered.
(iii) SBI Pharmaceuticals

-Progress of the main drug pipelines utilizing 5-ALA-

<table>
<thead>
<tr>
<th>Fields</th>
<th>Pipeline projects</th>
<th>Current status</th>
<th>Application</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Diagnostic agent (PDD)</strong></td>
<td><strong>1</strong> Peritoneal dissemination of gastric cancer*</td>
<td>Phase III is underway</td>
<td>Scheduled to complete in Oct. 2019</td>
</tr>
<tr>
<td><strong>Drug to treat</strong></td>
<td><strong>2</strong> Cisplatin nephropathy protection</td>
<td>Phase II is underway</td>
<td>Scheduled to complete in Sept. 2020</td>
</tr>
<tr>
<td></td>
<td><strong>3</strong> Mitochondrial diseases*</td>
<td>Phase III is underway</td>
<td>Scheduled to complete in Jan. 2021</td>
</tr>
<tr>
<td></td>
<td><strong>4</strong> Cardiac ischemia-reperfusion injury*</td>
<td>Under preparation for Phase II</td>
<td>Scheduled by each university hospitals of Oxford, Leicester, Birmingham, Cambridge in the U.K.</td>
</tr>
<tr>
<td><strong>Photodynamic therapy (iPDT)</strong></td>
<td><strong>5</strong> Brain tumors* (by photonamic)</td>
<td>Under preparation for Phase II</td>
<td></td>
</tr>
</tbody>
</table>

*Investigator-led trial
(iv) Germany-based photonamic

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

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

- Products launched by photonamic:
  - “Gliolan®,” a diagnostic agent for resection of brain tumor (malignant glioma)
  - “Alacare,” a drug that treats actinic keratosis

Global expansion of diagnostic agent to visualize cancer:

- Since 2007
  - Approved as “Gliolan®” by European Medicines Agency (EMA) in 2007 and is distributed through photonamic’s partner companies in more than 40 countries including Europe such as Germany and the U.K., South Korea and Australia

- NXDC sales exceed USD 2.8m in just six months from the launch

- Oct. 2018
  - NX Development Corp (NXDC), a wholly owned subsidiary of photonamic, began sales with the U.S. product name of “Gleolan”

- Since 2017
  - SBI Pharmaceuticals
  - Product name: “ALAGLIO® Divided Granules 1.5g”
  - Launched by Chugai Pharmaceuticals
(v) SBI ALApromo

-Accelerating the Development of new foods with functional claims-

Offering of foods with functional claims:

**On sale**

- Function to improve high levels of fasting blood glucose levels and postprandial glucose levels
  - “ALA PLUS Tou (Sugar) Down” utilizing 5-ALA (10 and 30 day supplies) (Launched in Dec. 2015)
  - “ALA PLUS Tou (Sugar) Down Rich” utilizing high levels of 5-ALA (Launched in Nov. 2018)

**Under development**

- Cognitive improvement
  - “SBI Ichoha” utilizing gingko bilboa (Launched in Dec. 2017)
- Improvement in the quality of sleep
  - “ALA PLUS Fukai Nemuri” utilizing 5-ALA (Launched in Mar. 2019)

**Accepted by Consumer Affairs Agency**

- Improvement in the exercise capacity
  - Product name: “ALA PLUS Karada Genki” Scheduled to launch in Sept. 2019

**Planning submission in FY2019**

- Recovery from fatigue
  - (Hiroshima Univ.)
- Male menopause improvement
  - (Juntendo Univ.)
- Fatigue reduction after exercising
  - (Juntendo Univ.)
- Increase metabolism while suppressing sugar absorption
  - ALA + salacia-derived salacinol
  - (Hiroshima Univ.)
In 5-ALA-related Business, Restructuring the Organizational Structure for an IPO in the Next Two to Three Year Period

Also considering strategic alliances and acquisitions with and of Western companies, to accelerate business expansion and to secure human resources.

Optimize the management resources of the 5-ALA-related business globally

SBI ALApharma Japan*
SBI ALApharma Europe* (Currently: Germany-based photonamic)
SBI ALApharma US* (Currently: U.S.-based NXDC)

SBI ALApharma XX

*Tentative name
Currently considering acquisition of two companies engaged in 5-ALA-related business

Towards an IPO in the next two to three year period
Overall Strategy 1-(3)

Expand customer base through diversification of operations, products and services, expansion of alliances, etc.

[Individual strategies in each business domain]

① Securities-related business
② Banking-related business
③ Insurance-related business
④ Asset Management Business
① Securities-related business

(i) Diversification of operations contributed to a sustainable business growth less affected by the external environment

a. Growth of FX-related business from the development of competitively advantaged services

b. Expanding the corporate business by focusing on the equity and bond underwriting businesses for both primary and secondary market issuances, leveraging the formidable dominance within the retail business

(ii) Through the Financial Institutional Sales Dept., expand brokerage services to financial institutions

(iii) Strengthening the sales of NISA and iDeCo, which are national strategic products
Changes in SBI SECURITIES’ Operating Revenue Structure

Owing to the diversification of its revenue stream, dependence on stock brokerage commissions significantly declined compared to 5 fiscal years ago, and businesses other than stock brokerage commissions, such as underwriting and sales commissions offering due to the expansion of the corporate business, and trading income centered on the FX-related revenue have expanded.
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


- Exceeded 1 million accounts (as of the end of Nov. 2017)

Customers’ Deposit Assets Ranking (Feb. 2019)

<table>
<thead>
<tr>
<th>No.</th>
<th>Company name</th>
<th>Amount (JPY million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SBI Group</td>
<td>230,447</td>
</tr>
<tr>
<td>2</td>
<td>GMO CLICK</td>
<td>152,418</td>
</tr>
<tr>
<td>3</td>
<td>DMM.com</td>
<td>120,678</td>
</tr>
<tr>
<td>4</td>
<td>Gaitame.com</td>
<td>109,952</td>
</tr>
<tr>
<td>5</td>
<td>YJFX</td>
<td>106,571</td>
</tr>
<tr>
<td>6</td>
<td>MONEY PARTNERS</td>
<td>61,685</td>
</tr>
<tr>
<td>7</td>
<td>Central Tanshi FX</td>
<td>59,000</td>
</tr>
<tr>
<td>8</td>
<td>Hirose Tusyo</td>
<td>44,417</td>
</tr>
<tr>
<td>9</td>
<td>Traders Securities</td>
<td>29,830</td>
</tr>
<tr>
<td>10</td>
<td>FX PRIME by GMO Corporation</td>
<td>17,650</td>
</tr>
<tr>
<td>11</td>
<td>Ueda Harlow</td>
<td>10,293</td>
</tr>
<tr>
<td></td>
<td>Others (2 companies)</td>
<td>11,975</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>954,916</strong></td>
</tr>
</tbody>
</table>


(i)-a. Expansion of the FX-related business

Exceeded 1 million accounts (as of the end of Nov. 2017)
1-(i)-a. Expansion of the FX-related business

### SBI Liquidity Market’s Performance Significantly Increased to Achieve Record Highs

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>14,770</td>
<td>20,732</td>
<td>+40.3</td>
</tr>
<tr>
<td>Operating income</td>
<td>10,632</td>
<td>16,310</td>
<td>+53.4</td>
</tr>
<tr>
<td>Profits before income tax expense</td>
<td>5,184</td>
<td>7,805</td>
<td>+59.7</td>
</tr>
<tr>
<td>Net income</td>
<td>3,408</td>
<td>5,412</td>
<td>+58.1</td>
</tr>
</tbody>
</table>

* Operating income before allocation represents the amount before its allocation of profits to participating companies of SBI Liquidity Market’s OTC market: SBI SECURITIES, SBI Sumishin Net Bank and SBI FXTRADE.
SBI Group’s Global Deployment of the FX Business

By proactively incorporating the overseas FX trading liquidity into the Group, will endeavor to establish the world's most liquid OTC market

- SBI Liquidity Market provides FX trading services to three South Korean firms, namely Korea Investment & Securities, SHINHAN INVESTMENT and KIWOOM Securities
- Business commenced in Sept. 2018
- Provision of FX and CFD products, such as royal metals, oil and stock price indices to overseas individual investors

• BYFX’s number of accounts, trading volume and customer assets as of Apr. 2019 rapidly increased by 13x, 40x and 878x, respectively, compared to that of Nov. 2018, to show a steady increase in its business
• By redeveloping the Group’s in-house developed system to one that is tailored to overseas investors’ needs, providing a stable trading environment
• Given the trading volume of currency pairs not against the yen comprising over 90%, and with the provision of CFD products, including royal metals, oil and stock price indices, realized diversification in liquidity
Enhancing the Corporate Business to Further Strengthen the Comprehensive Capacity of the Securities Business, by Focusing on the Equity and Bond Underwriting Businesses for Both Primary and Secondary Market Offerings

Underwriting share of 94.7% is an industry leading figure

95 companies were listed during the period

<table>
<thead>
<tr>
<th>Company name</th>
<th>No. of cases</th>
<th>Underwriting share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBI</td>
<td>90</td>
<td>94.7</td>
</tr>
<tr>
<td>Mizuho</td>
<td>69</td>
<td>72.6</td>
</tr>
<tr>
<td>SMBC Nikko</td>
<td>66</td>
<td>69.5</td>
</tr>
<tr>
<td>Okasan</td>
<td>45</td>
<td>47.4</td>
</tr>
<tr>
<td>Monex</td>
<td>42</td>
<td>44.2</td>
</tr>
<tr>
<td>Ace</td>
<td>42</td>
<td>44.2</td>
</tr>
<tr>
<td>Nomura</td>
<td>38</td>
<td>40.0</td>
</tr>
<tr>
<td>Ichiyoshi</td>
<td>38</td>
<td>40.0</td>
</tr>
</tbody>
</table>

* 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.

- Co-led the underwriting of SoftBank’s communications subsidiary IPO in Dec. 2018
- During the Apr.-Mar. 2019 period, SBI SECURITIES underwrote 11 companies as lead manager (*FY2017: 6 companies)

PO underwriting business

Owing to 20 POs, including one as lead underwriting manager, the underwriting amount for FY2018 was at the same level as that of FY2017

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

Corporate bond underwriting business

With the underwriting of 21 corporate bonds in total, including that of SoftBank, the underwriting amount for FY2018 increased by 2.3x year-on-year

Will focus on underwriting newly-issued public bonds, including utilities bonds
①-(ii) Expansion of brokerage services to financial institutions

Through SBI SECURITIES’ Financial Institutional Sales Dept., Expanded Brokerage Services to Its Customer Financial Institutions, which Total 265 Companies*1

SBI SECURITIES is strengthening the distribution of structured bonds (self-origination and distributed a total amount of JPY 67.0bn*2 (Dec. 2015 – Mar. 2019)), domestic and overseas investment trusts, as well as bond transactions

*1 As of the end of Mar. 2019  *2 Includes structured bonds toward retail customers

-Transaction volume for FY2018 with financial institutions-

- Equity trading
- Investment trusts
- Newly-issued and existing bond transactions

- Strengthening equity and investment trust sales for domestic and overseas institutional investors
- Structured bond and foreign bond transactions with regional financial institutions are steadily increasing
Further Strengthening the Individual Defined Contribution (iDeCo) Pension Business

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

SBI SECURITIES’ administrative fees are completely free of charge from May 19, 2017, as to further expand iDeCo business.

At the end of Feb. 2019, the number of iDeCo accounts totaled 267,071, which is approx. 2.2x larger than that of the end of May 2017.

- CAGR (Mar. 2014-Mar. 2019) 49.6%
- CAGR (Mar. 2014-Mar. 2019) 40.4%
SBI SECURITIES Steadily Increased the Number of New Customers Acquired for Individual-type Defined Contribution Pension Plans (iDeCo), and became the Cumulative Industry Leader in Oct. 2018

Cumulated number of customers (subscribers & transfers*)
of iDeCo by planning administrator

In Oct. 2018, overtook Company A, the then industry leader

* Cumulative total number of subscribers and transfers announced by the National Pension Fund Association
Source: Briefing paper of the National Pension Fund Association (partially includes estimates by SBI)
①-(iii) Strengthening the sales of NISA and iDeCo, which are national strategic products

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

NISA’s customer attribute of SBI SECURITIES (%)

Number of new customers opening NISA accounts account for **61.4%**, and within that **68.3%** are beginner investors

- **SBI SECURITIES’ number of Junior NISA accounts reached 62 thousand accounts**, accounting for approx. **30%** of the entire securities industry’s Junior NISA accounts

- **SBI SECURITIES’ active NISA account ratio:** **30.0%**

* Active account ratio is calculated based on the total accounts since Jan. 2019

---

*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. 2019, compiled by SBIH from the information on website of each company. As for Rakuten, the number of accounts is as of the end of Sept. 2018.
SBI SECURITIES’ Monthly Total Accumulated Mutual Fund Setting Amount in Mar. 2019 was JPY 12.3bn

Ceiling for Accumulated Mutual Fund Setting Amount
(as of the end of each month; Mar. 2013 – Mar. 2019)

(JPY million)

- Total setting amount in NISA accounts
- Total setting amount in specified and general accounts

①-(iii) Strengthening the sales of NISA and iDeCo, which are national strategic products
Launch of “Kantan Tsumitate App,” a Smartphone App Dedicated for the Accumulation of Mutual Funds

- Enables the management of accumulated mutual funds, including “funded NISA,” through smartphones -

- Through the app, total earnings and gains/losses of the held investment trusts may be easily confirmed, and new purchase settings and changes in funding methods are available

- With a “funding style diagnosis,” funding options designed to match the customer’s risk tolerance is available

Investment novices can also easily utilize the accumulated mutual fund services

- With the “funding style diagnosis,” multiple investment trusts that correspond to the customer’s risk tolerance can be collectively purchased -

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By Thoroughly Adhering to the “Customer-centric Principle,” will Endeavor to Further Provide Products and Services with Greater Customer Benefits

- Reduction of domestic stock brokerage commissions
- Usage of PTS (SOR), provision of best execution services, including prime brokerage services and J-NET Cross in futures and options
- Majority of no-load investment trusts (1,363 trusts)
- Minimum fund purchase amount lowered to JPY 100
- Purchase commission for accumulated mutual fund substantially free of charge
- Administrative fees of iDeCo completely free of charge

- Expansion of trading channels tailored to multiple trading styles, such as smartphone apps
- Information delivery via iDeCo online, provision of SBI-iDeCo robo, launch of an inheritance dedicated web site

- Robo-advisor
- Small amount-themed investment service
- Expanding special orders for domestic stocks and designated period ordering
- Provision of block sale trust / off-order book trading
- Investment trusts with daily accumulation plus greater variation of accumulation date settings
- Handling of accumulation-type NISAs
- New iDeCo plans
- A US stock & ETF fixed-term purchase service
- Accumulation-type FX
- Adding FX currency pairs (now handling 28 pairs in total)
- Enhanced capability for product offerings through insourcing of structured debt
- Handling of gold, silver and platinum
- Handling of “kome” e-warrants (for rice futures)

[Future initiatives]

- Preferred customer program (holders of “funded NISA” and iDeCo accounts)
- Get points back for 1-month portion of trading commissions
- Added ranking criteria for SBI Sumishin Net Bank’s “smart program”
- Permanent waiver of purchase fees for accumulated mutual funds
② Banking-related business

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

(ii) Strengthening the payment business with the acquisition of payment gateway’s company, expansion of the acquiring business, etc.

(iii) Efficient expansion of its customer base through the alliance with various companies
Owing to Attractive Interest Rates and Highly Beneficial Customer Services, the Cumulative Total of Housing Loans has Steadily Increased ①

Change in Balance of Housing Loans ①

*1 Deducts repayments from the cumulative total of new loans. Includes housing loans extended as a banking agency of Sumitomo Mitsui Trust Bank.

Fastest among Internet banks
Cumulative total of housing loans exceeded JPY 5tn (as of Apr. 1, 2019)

CAGR
57.9%

*2 Cumulative total of new loans

(Owing to Attractive Interest Rates and Highly Beneficial Customer Services, the Cumulative Total of Housing Loans has Steadily Increased ①)
Owing to Attractive Interest Rates and Highly Beneficial Customer Services, the Cumulative Total of Housing Loans has Steadily Increased ②

SBI Sumishin Net Bank’s product offerings of housing loans

① Housing loans processed directly by SBI Sumishin Net Bank
   - Via alliance with real estate companies (from Sept. 2007)
     ➔ On Feb. 6, 2019, launched “Hi Loan,” a housing loan with total illness insurance, in alliance with Asahi Kasei Homes Corporation and SBI Sumishin Net Bank
   - Banking agency specialized product “MR. Housing Loan REAL” (from Mar. 2015)

② Banking agency business for Sumitomo Mitsui Trust Bank “Internet Exclusive Housing Loan” (from Jan. 2012)
   - Renewed the Internet Exclusive Housing Loan’s merchantability in Oct. 2018
     • Interest rate reduction when opening an account at Sumitomo Mitsui Trust Bank
     • Abolished additional various cost interest rates
     • Introduction of examination method using AI technology

③ Long-term fixed rate product “Flat 35” (from Sept. 2015)
Expanding the Sales Channel through the Face-to-face Shops of Partner Companies

- Good Mortgage (From Jan. 2017)
- MX Mobiling (From Oct. 2017)
- I.F.CREATE (From Mar. 2018)
- Yoshida Tsushin (From Sept. 2018)
- ARUHI

In order to improve customer convenience, established shops near train terminal stations, such as Otemachi Station, Ikebukuro Station and Shinjuku Station, which are also open for business on weekends.

On a face-to-face basis, customer inquiries will be answered and procedures will be followed.
②-(ii) Strengthening the settlement business

To Strengthen the Payment Business, Planning on the Complete Acquisition of NetMove Corporation, which Provides Payment Gateway Services

NetMove Corporation

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

Primary objectives of acquisition

- Creation of added value by combining SBI Sumishin Net Bank’s banking services utilizing advanced technologies, such as API and AI screening model, etc., with NetMove’s highly secure payment gateway service.
- Improve SBI Sumishin Net Bank’s settlement service and infrastructure system.
- Creation of SBI Sumishin Net Bank’s new security and communications-related services.
In the Acquiring Operations Business, the Number of Participating Stores Increased to Approx. 15,000 Stores. Continue to Promote Synergy with Settlement Companies and Expand Sales Activities

- Expanding the acquiring operations, which make advance payments for product charges to merchant members based on vouchers for card usage at merchant outlets.
- Commission income is up as merchants grow in tandem with the addition of new partners.
- From Apr. 2019, cultivation of merchants is being enhanced in the run-up to start of the cashless transaction and consumer point redemption system following the consumption tax hike in Oct.
- Linked transaction data from merchant outlets is put to use in transaction lending, setting lending terms (available borrowing amounts and borrowing ratios) based on daily sales.
Issued a Prepaid Card, “JAL Global WALLET” that can be Used Safely and Conveniently Overseas

Joint holding company  **JAL SBI FinTech**
Established on Sept. 1, 2017

Japan Airlines (JAL)
Collaborating on new airline-related businesses, including mileage, etc.

Established a JV with 3 companies

**Joint venture  JAL Payment Port**
Established on Sept. 19, 2017
Contribute to the provision of advanced fintech services

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

-In addition to the preceding joint venture with JAL, in discussions with several other major companies-

◆ Established Neo Bank Department in Oct. 2018
◆ Planning to provide a banking function, or banking as a service (BaaS), to large outside corporations to promote unbundling
◆ Creating new services that can not be handled by banks alone through forming alliances with a variety of operators
◆ Discussions on concrete ideas being held with large vendors
③ Insurance-related business

(i) Expand sales of insurance products by leveraging the SBI Group’s diverse sales channels and big data

(ii) Promote discontinuous business expansion by pursuing Group synergies, and implementing efficient management with acquired companies through M&A deals
(i) Expand Sales of Insurance Products by Leveraging the SBI Group’s Diverse Sales Channels and Big Data

About 70% of the applications for “SBI Insurance’s Fire Insurance” in FY2018 were from SBI Group companies and services

* The number of retained customer information, the number of accounts and the number of inforce contracts, are as of the end of Mar. 2019
* In cases where the customer is not identified as the same person at each service site and overlapping customers within the Group companies, are double counted
(ii) Promote Discontinuous Business Expansion by Pursuing Group Synergies and Implementing Efficient Management with Acquired Companies Through M&A Deals

[Nihon Animal Club is a small-amount, short-term insurance company which has approximately 1,000 agencies and specializes in selling insurance products face-to-face at pet shops, etc. Sales through the Internet and real channels will be promoted going forward]
④ Asset Management Business

(i) In the overseas financial services business, owing to contributions from the SBI SAVINGS BANK of South Korea and the TP Bank of Vietnam, among others, contributed significantly to raising the segment’s profits, through the expansion of assets and the promotion of efficient management.

(ii) The Group’s assets under management, consisting of various financial products, such as private equity, investment trusts, listed stocks, CBs, etc., will be further expanded to create a stable source of earnings for the future.
SBI SAVINGS BANK of South Korea Ranks First, in Terms of Both Total Assets and Net Income in the Industry

(KRW billion)

<table>
<thead>
<tr>
<th>Comparison of Financial Results of Savings Banks for FY2018 (K-GAAP)</th>
<th>Comparison of Financial Results of Regional Banks for FY2018 (K-GAAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Asset</strong></td>
<td><strong>Net Income</strong></td>
</tr>
<tr>
<td>SBI</td>
<td>7,510.1</td>
</tr>
<tr>
<td>OK</td>
<td>5,362.2</td>
</tr>
<tr>
<td>Korea Investment</td>
<td>2,888.7</td>
</tr>
<tr>
<td>Eugene</td>
<td>2,438.0</td>
</tr>
<tr>
<td>Pepper</td>
<td>2,403.1</td>
</tr>
<tr>
<td>Welcome</td>
<td>2,390.8</td>
</tr>
<tr>
<td>JT Chinae</td>
<td>2,389.8</td>
</tr>
<tr>
<td>OSB</td>
<td>2,164.8</td>
</tr>
<tr>
<td>Acuon</td>
<td>2,142.4</td>
</tr>
<tr>
<td>Moa</td>
<td>1,796.1</td>
</tr>
</tbody>
</table>

Comparison of Financial Results of Internet Banks for FY2018 (K-GAAP)

<table>
<thead>
<tr>
<th>Total Asset</th>
<th>Net Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kakao</td>
<td>12,126.7</td>
</tr>
<tr>
<td>K Bank</td>
<td>2,184.6</td>
</tr>
</tbody>
</table>
Balance of Performing Loans (Based on K-GAAP)

- Steadily expanding balance of performing loans centered on retail loans
- The delinquency rate of the entire loan is low at 3.9% (3.8% for retail loan)

(KRW billion)

- Balance of performing loans
- Of which, balance of retail performing loans


843.4 1,520.0 2,000 2,500 3,000 3,500 4,000 4,500 5,000 5,500 6,000 6,500

6,123.4 (Approx. JPY 612.3bn)

4,106.5 (Approx. JPY 410.7bn)

*Converted at KRW 1 = JPY 0.10
TP Bank in Vietnam Continues Its Growth Trend

- Invested in Aug. 2009 (SBI Group’s shareholding: 19.9%)
- The market capitalization is approx. JPY 89.8bn (as of Apr. 19, 2019)
- Introducing cutting-edge technologies, to rapidly expand its business, which is focused on the retail business
- Starting fingerprint recognition-based self-service cash withdrawal at LiveBank, a 24-hour/365-day unattended banking service

### Trend of profit before income tax expense (JPY billion)

- FY2016: 3.4
- FY2017: 5.8
- FY2018: 10.8

### Trend of Loans Balance (JPY billion)

- Mar. 2017: 207.6
- Mar. 2018: 331.5
- Mar. 2019: 401.7

* Converted at VND 1 = JPY 0.0048
The Fintech Fund Established in Dec. 2015, has Already Decided to Invest Approx. JPY 25bn, and the Investment Phase was Completed

FinTech Business Innovation LPS

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

Already decided on investments into 67 companies (Total investment amount to be approx. JPY 25bn through the Fintech Fund and approx. JPY 19bn by SBI Holdings)
“SBI AI&Blockchain Fund” (common name “SBI A&B Fund”) Established in Jan. 2018, Accelerates Investments in Promising Startup Companies

-SBI A&B Fund has Decided to Invest Approx. JPY 33bn-

SBI AI&Blockchain LPS

- Initially started investing with JPY 20bn. JPY 60bn in investment capital was raised, to complete the investor solicitation process
- Investors: Approx. 130 companies, including 56 regional financial institutions, institutional investors, major financial institutions, and corporate pension funds, etc.
- Investment target: Promising startup companies mainly in AI and blockchain fields

The SBI AI&Blockchain Fund has already committed to investing about JPY 33.5bn in a total of 75 companies (approx. JPY 44bn, when including investments by SBI Holdings)
④-(ii) Expansion of the Group’s assets under management

Since FY2015, Invested a Total of More Than JPY 240bn, in Order to Contribute to Profits Over the Medium- to Long-term

<Change in number of investment companies and amount of investment>

(Companies) (Companies) (JPY billion)

Amount of investment

Number of investment companies

FY2015 FY2016 FY2017 FY2018

28 42 68 230

92 132 193 108
### Breakdown of operating investment securities by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet/AI/IoT</td>
<td>86.2</td>
</tr>
<tr>
<td>Fintech services</td>
<td>43.0</td>
</tr>
<tr>
<td>Digital Asset/Blockchain</td>
<td>48.6</td>
</tr>
<tr>
<td>Finance</td>
<td>43.9</td>
</tr>
<tr>
<td>Biotechnology/Health/Medical</td>
<td>11.7</td>
</tr>
<tr>
<td>Environmental/Energy</td>
<td>3.4</td>
</tr>
<tr>
<td>Machine/Automobile</td>
<td>6.3</td>
</tr>
<tr>
<td>Services</td>
<td>7.0</td>
</tr>
<tr>
<td>Retail/Food</td>
<td>1.3</td>
</tr>
<tr>
<td>Materials/Chemicals</td>
<td>3.9</td>
</tr>
<tr>
<td>Construction/Real estate</td>
<td>1.3</td>
</tr>
<tr>
<td>Others</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Equity interests in external and non-consolidated funds</strong></td>
<td><strong>25.0</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>282.6</strong></td>
</tr>
</tbody>
</table>

### Breakdown of operating investment securities by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>107.3</td>
</tr>
<tr>
<td>China</td>
<td>23.0</td>
</tr>
<tr>
<td>Korea</td>
<td>4.3</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>50.0</td>
</tr>
<tr>
<td>India</td>
<td>1.3</td>
</tr>
<tr>
<td>U.S.</td>
<td>50.0</td>
</tr>
<tr>
<td>Europe</td>
<td>19.4</td>
</tr>
<tr>
<td>Others</td>
<td>27.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>282.6</strong></td>
</tr>
</tbody>
</table>

### Investment from non-consolidated Group management funds

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate venture capital (CVC)</td>
<td>8.5</td>
</tr>
<tr>
<td>Others (Oversea JV fund, etc.)</td>
<td>64.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>73.1</strong></td>
</tr>
</tbody>
</table>

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**Private equity, etc. JPY 355.7bn** *(Excluding JPY 113.3bn of both cash and commitment amount to be paid in)*

**Assets Under Management of the SBI Group**

*(As of the end of Mar. 2019)*

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*1 Private equity investment balance comes from the balance for operating investment securities included in consolidated reporting plus the investment balance from funds (such as CVC funds) removed from consolidation due to the SBI Group’s low investment ratios in the corresponding funds, which the SBI Group run as the GP.

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

*3 For funds that SBI Asset Management provides investment instruction to, if Morningstar Asset Management provides investment advisory services, assets are recorded in both “Investment trusts” and “Investment advisory,” respectively, and such overlapping amounts totaled JPY 43.6bn.

*4 Calculated by the exchange rate as of the end of Mar. 2019.

*5 Amounts are rounded to the nearest JPY 100m.
SBI Bond Investment Management, a Joint Venture with Pimco, One of the World’s Largest Bond Management Companies, Achieved a Full-Year Profit

-Assets under management increased by more than JPY 400bn in 1 year to a total of more than JPY 600bn-

Developing a low-cost active corporate bond fund by applying the highly active bond management capabilities of PIMCO and the technology of the SBI Group

Despite the continued difficult bond investment environment, owing to high exchange hedging costs, SBI Bond Investment Management has consistently provided low cost simple products
SBI Group’s Assets Under Management Continues to Steadily Increase

-Endeavoring to increase assets under management to JPY 5tn within 2 to 3 years-

*(JPY billion)*

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Investment trusts, etc.</td>
<td>Investment trusts, etc.</td>
<td>Investment trusts, etc.</td>
<td>Investment trusts, etc.</td>
<td>Investment trusts, etc.</td>
<td>Investment trusts, etc.</td>
</tr>
<tr>
<td>183.5</td>
<td>230.6</td>
<td>259.0</td>
<td>347.9</td>
<td>628.0</td>
<td>1,302.8</td>
</tr>
<tr>
<td>Private equity, etc.</td>
<td>Private equity, etc.</td>
<td>Private equity, etc.</td>
<td>Private equity, etc.</td>
<td>Private equity, etc.</td>
<td>Private equity, etc.</td>
</tr>
<tr>
<td>201.2</td>
<td>191.6</td>
<td>187.7</td>
<td>152.8</td>
<td>254.7</td>
<td>355.7</td>
</tr>
</tbody>
</table>

*1 Calculated by the exchange rate as of the end of each month  *2 Amounts are rounded to the nearest JPY 100m
*3 “Private equity, etc.” includes neither cash nor commitment amount to be paid in. Through Mar. 2017, unlisted stocks invested from investment partnerships and other entities, which had no market prices, were estimated at cost (impairment prices are applied for the stocks for which impairment losses have been recorded). After Mar. 2018, however, these stocks have been estimated at fair value.
*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.

Achieved JPY 1tn in total AUM in Sept. 2018
Basic Policy 2: Further strengthen competitiveness in each business

[Overall strategy based on the basic policy]

(1) Promoting product diversification and business process efficiency through the adoption of new fintech technologies

(2) The SBI Group accelerates technological evolution by accelerating the process of investment, adoption and diffusion

(3) Promoting the acquisition of younger generation customers by pursuing synergies between businesses of small-amount stock trading, FX trading, crypto-asset (cryptocurrency) transactions, and small-amount P2P remittances
Overall Strategy 2-(1)
Promoting product diversification and business process efficiency through the adoption of new fintech technologies

[Individual strategies in each business domain]
① Securities-related business
② Banking-rerated business
③ Insurance-related business
At SBI SECURITIES, Provides a Robo-adviser Asset Formation Service

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

Customer assets: JPY 42.5bn (as of Apr. 24, 2019)

Number of account: approx. 55 thousand
At SBI SECURITIES, Promoting the Utilization of Advanced Technologies, Including AI, Blockchain and RPA

**AI**

- Conducted demonstration tests with NEC regarding application of AI for the trade review operation for stocks, etc.
- Started Know Your Customer (“KYC”) operations related to “My Number,” using OCR (Optical Character Reading System) equipped with AI provided by Double Standard
- Introduced a speech recognition and text mining tool utilizing AI for call center operations
- Jointly developed an AI chatbot to respond automatically to inquiries from users of FX trading service with Microsoft Japan

**Blockchain**

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

**RPA**

- Incorporated RPA for back office work of customer relations and compliance related matters
  
  (Estimated cost reduction: JPY 83m/year; Estimated time saving reduction: 27,540 hours/year)
Co-developed AI Using Alternative Data*1 will be Adopted by SBI Liquidity Market in its Risk Management of Exchange Rate Fluctuations, and Put to Use in Sophisticated FX Services within Each Group Company

- As a cross-Group project in Aug. 2012, the SBI Group established the Big Data Office within SBI Holdings (CEO’s Office is currently spearheading Big Data). Under the current structure, an office in charge of big data is placed within each Group company and SBI Holdings’ business division having a customer base.

- In a project utilizing bigger data*2 across the SBI Group, AI has been developed for FX forecasts that incorporate market sentiment indicators.

- Starting with this AI, risk management operations concerned with currency fluctuations are being introduced by SBI Liquidity Market and put to use in sophisticated foreign exchange operations within each Group company.

*1 Data provided by Refinitiv Japan showing market sentiment indicators that quantify how the markets are feeling about financial assets. Market sentiment indicators transform online news and text in social media into indicators and express the market perspective and mood of market participants.

*2 Data combining SBI Group’s big data and external data.

External data will be actively expanded in the future, and the planning and development of AI that uses bigger data will be promoted throughout the entire Financial Services and Asset Management Businesses.
The Utilization of Advanced Technologies at SBI Sumishin Net Bank

Robo-adviser Service

◆ Provision of “WealthNavi for SBI Sumishin Net Bank,” WealthNavi’s robo-advisor service

Customer assets: JPY 18.7bn,
Number of accounts: approx. 20 thousand
(as of Apr. 24, 2019)

AI

◆ In collaboration with NEC, a monitoring system for countermeasures against unauthorized transfers, utilizing NEC’s AI technology, was introduced (Apr. 2018)

◆ Initiated review and adoption of online identity verification (KYC) procedure, utilizing Liquid’s AI and face authentication technology (July 2018)

◆ Introduction of examination method using AI technology for the Internet exclusive housing loans (Oct. 1, 2018)

◆ MOU signed for the establishment of a JV to provide an AI screening service with Hitachi (Jan. 29, 2019)
Preparing the Establishment of a JV to Provide an High-performance AI Screening Service for Financial Institutions with Hitachi

On Jan. 29, Hitachi and SBI Sumishin Net Bank entered a basic agreement to form a joint venture providing AI screening services, which combine the technology and know-how of Hitachi’s new AI “Hitachi AI Technology/Prediction of Rare Case” with SBI Sumishin Net Bank’s data handling technology.

From Oct. 2019, planning to provide high-performance AI screening service for mortgages to multiple financial institutions. Within 2 to 3 years, expect to service dozens of other financial institutions, as well as starting sales activities.

Plans to expand applicable fields for AI screening services, such as the transaction lending service that supports advance screening based on fund settlement information, and detailed screening of card loans to avoid borrowers with multiple debts.
Expanding the “Lending One” Transaction Lending Service, Built on a Recommendation Model that Automatically Communicates Borrowing Terms

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

“Lending One” outstanding loan trend
(*An assumption with the balance at the end of July 2018 as 1)
Banking-related business

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

-Developed robots have improved efficiency by reducing 6,970 hours of monthly work-

Task reduction status through the utilization of RPA  *As of Mar. 2019*

<table>
<thead>
<tr>
<th>Processes</th>
<th>Estimated cost reduction (JPY million / 1 year)</th>
<th>Estimated time saving reduction (Hour / 1 year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processes related to housing loans</td>
<td>165</td>
<td>55,068</td>
</tr>
<tr>
<td>Processes related to card loans</td>
<td>27</td>
<td>8,964</td>
</tr>
<tr>
<td>Processes related to client work</td>
<td>14</td>
<td>4,716</td>
</tr>
<tr>
<td>Processes against financial crime</td>
<td>18</td>
<td>5,880</td>
</tr>
<tr>
<td>Others</td>
<td>27</td>
<td>9,012</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>251</strong></td>
<td><strong>83,640</strong></td>
</tr>
</tbody>
</table>
SBI Insurance Promotes RPA and Digitization

**RPA**

- Adopted to customer-oriented office work and compliance-related clerical work
  (Estimated cost reduction: JPY 34m/year, Estimated time saving reduction: 11,573 hours/year)

**Digitization**

- Adopted to automobile accident reception service on Line talk, enabling accurate
  information transmission through photo transmission and location information of
  the accident site
- Began testing telematics service, utilizing device developed by Bosch
  Corporation of Germany
- Adopted a service that allows users to check the time and location of load
  services
- By the adoption of the “receipt on ATM,” a certain amount of insurance claims,
  etc., may be received 24 hours, 365 days a year at the ATM of Seven Bank, or at
  the cash register of Seven Eleven Japan
- Adoption of OCR scanning system for the “accident certificate” issued by the
  Japan Safe Driving Center, which reads QR codes and automatically registers it
  to the damage survey system
SBI Insurance Began Testing Telematics Services Based on Driving Behavior Data in Cooperation with External Companies

Devices developed by Bosch Corporation “Telematics eCall*1 Plug”

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

*1 Vehicle emergency call system that enables automatic reporting to emergency telephone numbers in the event of a vehicle collision
*2 Platform services provided by SoftBank Technology Corp. that connect the services necessary for IoT utilization
SBI Life Insurance will endeavor to create new products through an investment into TANITA HEALTH LINK, and the subsequent utilization of AI and pertinent database.

- Health-group life insurance linked to data from health management devices
  - Health information gathered from traditional data and devices
  - Premium assessed at the timing of subscription
  - Premium discounts revised annually based on continual collection of health data
  - Building a premiums scheme tied closely to health

- Rolling out insurance products & services using open platforms
  - Medically rooted data on the platform
  - Optimized insurance product options
  - Potential customers for platform
  - SBI app
  - Deep learning
  - Health advice
Overall Strategy 2-(2)

Accelerating the process of investing, adopting and diffusing, to quickly incorporate technological advancements
The SBI Group Accelerates the Process of Investing, Adopting and Diffusing, to Quickly Incorporate Technological Advancements

Three processes of the SBI Group’s basic strategy

1. Investment
   Investment in promising startup companies

2. Adoption
   Technology evaluation and utilization within the SBI Group

3. Diffusion
   Diffusion of technology across industry

Promote sustainable business expansion and social change through investment, adoption and diffusion processes at each stage, according to technological developments

Mechanism within the SBI Group

Investment business in private equity business centered on SBI Holdings and SBI Investment
- Focused investment strategy specializing in growing fields
- Providing capital, knowledge and strategies

Financial Services Business
- **Fintech 1.5**: Start utilizing Web-based blockchain by leveraging the existing corporate ecosystem
- **Fintech 2.0**: Develop proprietary blockchain applications

All businesses in the SBI Group
- Establishment of subsidiaries and affiliates providing new technologies, etc.
- Strengthen alliances with companies outside of the Group

Already committed to investing approx. JPY 88bn in fields of technological innovation mainly from the Fintech Fund and SBI A&B Fund
Established SBI Neo Financial Services to Revamp the Business Model of Regional Financial Institutions, through the Use of New Technologies

- Online financial business know-how
- New technologies from fintech investees

Regional Financial Institutions

API infrastructure -> Mobile Apps

Asset management

Business efficiency (AI / RPA)

Payment / Remittance

Security

Digitalization support

UX / UI

Partner support

Blockchain

NEO FINANCIAL SERVICES

[Unauthorized reproduction prohibited]
Overall Strategy 2-(3)

Promoting the acquisition of younger generation customers by pursuing synergies between businesses of small-amount stock trading, FX trading, crypto-asset (cryptocurrency) transactions, and small-amount P2P remittances
SBI Neo Mobile Securities, which Targets Investment Novices and the Younger Generation, Commenced Its Business in Apr. 2019

Developing a marketing business based on data of T-Point, a common point service

**Feature of Neo-Moba**

<table>
<thead>
<tr>
<th>Japan’s first*1 stock trading using T-Points is available</th>
<th>Trading of a single share of stock is possible (Odd-lot shares)</th>
<th>Unlimited transactions for a monthly charge of JPY 200~ (before tax) *2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>① 200pts of T-Point granted</td>
</tr>
<tr>
<td></td>
<td></td>
<td>② 1pt of T-Point granted per usage fee of JPY 100 (before tax)</td>
</tr>
</tbody>
</table>

“WealthNavi for Neo-Moba,” a fully automated asset formation service can be afforded from JPY 10,000

Targeting the acquisition of 500 thousand accounts at an early stage

---

*1 Compiled by T-Point Japan (as of Mar. 31, 2019)  *2 When the monthly trading value is under JPY 500,000
Endeavors to Expand the “SBI+T-Point Economic Zone,” with SBI Neo Mobile Securities as Its Focal Point

1. Provision of stock trading using T-Point
   Service enhancement

2. Implementation of the T-Point program within the SBI Group
   Creating synergies within the Group

3. Will implement proposals to introduce T-Point programs to partner companies and investees
   Strengthen alliances with companies outside of the Group

[T-Point linkage (plan)]
- Granting of T-Points based on investment trust balance or stock trading commissions
- Provision of T-Point investment

[SBI Neo Mobile Securities]
SBI Neo Mobile Securities and SBI FXTRADE Both Possess a Customer Base Centered on the Younger Generation

SBI Neo Mobile’s customer base

- Age group between the 20’s and 30’s comprise over 40% of the total
- The proportion of customers in their 20’s is relatively large as compared to the other SBI Group customers
Will Thoroughly Pursue Group Synergies, in Order to Acquire New Customers, Especially the Younger Generation

Provision of a flat-rate T-Point investment and robo-advisor service

Introduction of Money Tap to T Point program participant shops

Money Tap deposit

Money Tap

Small-lot remittance without charging

T-Point program

Crypto-asset investments with T Point

Customer transfer

Money Tap deposit

Money Tap

Crypto-asset transactions under a highly secure trading environment

Crypto-asset derivative investment

FX trading with the industry’s narrowest spreads

Endeavoring the development of mutual customer transfers between each business, and service collaborations as mentioned above
Basic Policy 3: In addition to concretely implementing important measures going forward, will endeavor toward the further evolution of various measures

[Foreseeable important initiatives]

1. Accelerating the transition to Fintech 1.5-2.0
2. Contributing to regional revitalization through collaboration with regional financial institutions
3. Establishment of a new ecosystem based on digital assets
4. Expanding worldwide sales of the SBI Group’s security solutions, through alliances and such, with internal and external partners that have sales capabilities in software, devices, etc.
5. Promotion of “Mobile First”
6. Effective expansion of customer base through alliances with various companies
7. Actualization of the intrinsic corporate value
[Overall strategy based on the basic policy]

(1) The Regional Revitalization Projects promoted by the SBI Group will move to a new phase

(2) New efforts for quick monetization of ecosystem based on digital assets

(3) Working on a project to integrate innovative technologies inside and outside the SBI Group to promote next-generation security services in Japan and abroad

(4) Several Group companies are preparing for market changes and initial public offerings, in order to actualize intrinsic corporate value
Overall Strategy 3-(1)

The Regional Revitalization Projects promoted by the SBI Group will move to a new phase
Co-creating value with regional financial institutions at a new phase

**Phase 1**
Contributing to the enhancement of corporate value of regional financial institutions through the utilization of products and services of the SBI Group’s existing financial entities

**Phase 2**
Support the restructuring of regional financial institutions’ business model, primarily through the newly established SBI Neo Financial Services

**Phase 3** New!
Establishing a joint holding company fully supported by the SBI Group, for the nationwide expansion of regional financial institutions, and developing a system in an integrated way to manage some operations, such as development and introduction of a common system for KYC and AML, joint introduction of fintech and sharing of financing opportunities in Japan and abroad, etc.
Phase 1

Contributing to the enhancement of corporate value of regional financial institutions through the utilization of products and services of the SBI Group’s existing financial entities
### Example of Partnership Between SBI Group Companies and Regional Financial Institutions

#### -Securities-related fields-

| SBI証券 [SBI SECURITIES] | • Through the Financial Institutional Sales Dept., provides various financial instruments, such as investment trusts, as well as equity and bond transactions, to its customer financial institutions, which total 265 companies*
| |   *As of the end of Mar. 2019 (Self-originated and distributed structured bonds amounted in a total of JPY 67.0bn (Dec. 2015 – Mar. 2019))
| | • Provides financial instruments intermediary services to 33 regional financial institutions, in order to support the asset formation of each regional customers, through the provision of various financial products and services with high customer benefits
| |   (Other than the above, five regional financial institutions have internally decided to form an alliance)
|
| SBIマネープラザ [SBI MONEY PLAZA] | • Established six co-managed shops with The Shimizu Bank, CHIKUHO BANK, etc., which proposes and offers SBI MONEY PLAZA's various financial instruments, such as securities-related and insurance products, on an one-stop basis to regional customers
| |   (Under discussion to establish co-managed shops with three other regional banks)
| | • Through business alliances with 57 regional financial institutions, provides accounting measures and inheritance preparation products for corporations and wealthy individuals

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[Unauthorized reproduction prohibited]
### Example of Partnership Between SBI Group Companies and Regional Financial Institutions ②

#### Insurance-related field-

| SBI損保 (SBI Insurance) | The Okazaki Shinkin Bank started handling “SBI Insurance’s Fire Insurance” on its website  
| | THE TAIKO BANK started handling “SBI Insurance’s Cancer Insurance” on its website  
| | AEON Bank started handling “SBI Insurance’s Auto Insurance” on its website  
| | UCS started handling “UCS actual amount guaranteed cancer insurance”  
| | 33 companies, including the financial institutions mentioned above, decided to adopt SBI Insurance’s products, and plans are for sales to start shortly |

| SBI生命 (SBI Life Insurance) | 10 banks have decided to adopt, or have started sales of SBI Life Insurance’s Group Credit Life Insurance (Hanno Shinkin Bank, TOYOTA SHINKIN Bank, The Kanagawa Shinkin Bank, The Yamaguchi Bank, Momiji Bank, THE KITAKYUSHU BANK, The Bank of Okinawa, Kyoei Credit Union, Nagano Shinkin Bank, SEIBU SHINKIN BANK)  
| | Continuing to proactively promote the sales of the Group Credit Life Insurance to regional financial institutions, with over 10 institutions currently considering adoption, with 4 already having decided to adopt |
| **SBI Investment** | • 28 regional financial institutions invested in the Fintech Fund  
• 56 regional financial institutions have invested in the SBI AI&Blockchain Fund, which is the successor fund to the Fintech Fund |
| **Morningstar** | • The tablet app “Investment Trust INDEX” has been provided to a total of 257 companies, including 60 regional financial institutions, with the cumulative total number of offered units reaching 73,164, as of the end of Mar. 2019 |
| **SBI Asset Management** | • Established “SBI Regional Bank Value Creation Fund” that invests in regional financial institutions which are likely to improve their corporate values |
| **SBI Regional Revitalization Asset Management** | • Established through a joint investment with regional banks, with the total investment participation reaching 35 banks |
Phase 2

Support the restructuring of regional financial institutions’ business model, primarily through the newly established SBI Neo Financial Services

① Providing a platform (API Platform) to support the adoption of fintech startup companies’ services and systems to financial institutions

② To encourage the adoption of advanced solutions of overseas fintech companies to internal and external financial institutions, promoting the localization of such products through the establishment of JVs and business alliances

③ Strengthening the business succession support services to regional small and medium business owners, through the establishment of a business succession fund
① Providing a Platform (API Platform) to Support the Adoption of Fintech Startup Companies’ Services and Systems to Financial Institutions

5 companies have adopted, and 6 companies are in the process of adoption

“Fintech Platform” (API Platform)
Managed by SBI FinTech Incubation
Shareholder ratio: SBI 60%, SoftBank 20%, IBM Japan 10%, Toppan 10%

Also planning to offer a white label mobile app with a wealth of menus
② To encourage the adoption of advanced solutions of overseas fintech companies to internal and external financial institutions, promoting the localization of such products through the establishment of JVs and business alliances
SBI wefox Asia Optimizes Its Customers’ Financial Portfolios by Providing a Customer-oriented Insurance Platform

-Several companies are already considering adoption-

Overview of Insurance Agent Business (image)

Challenge: Surplus insurance conditions

Unnecessary premiums

Insurance premiums during enrollment

Insurance premiums equivalent to risk

Insurance platform “wefox”

Subsidiary of Finance App AG in Swiss, an investee company of the Fintech Fund

By rebalancing the portfolio of the customer’s whole financial assets:
① Surplus insurance is optimized
② Surplus funds are redistributed as savings and investments

To surplus funds

- AI insurance portfolio analysis
- Proprietary insurance scoring (recommendations) model based on customer experience
- Marketing automation & data-driven marketing support
- Operation efficiency support
List of Overseas Fintech Companies Promoting Localization through Establishment of Joint Ventures and Business Partnerships

**EVERSPIN**
- **World’s first dynamic security**
  - Runs different source codes each time
- Established SBI EVERSPIN in Nov. 2018

**SBI OneConnect Japan**
- Established in Mar. 2019, will soon become a joint venture

**ANTWORKS**
- **Business process automation platform by AI and RPA**
  - Enhancing business efficiency
- Converted SBI Antworks Asia to a joint venture in Apr. 2019

**LendingHome**
- **Automation of housing loan process**
  - Automate the procedures from preliminary examination to loan application

**PayKey**
- **Keyboard banking function**
  - Banking services on keyboard
  - Proceeding final adjustment
③ Strengthening the business succession support services to regional small and medium business owners, through the establishment of a business succession fund
In Collaboration with TRANBI, which Operates an M&A Matching Platform “TRANBI,” will Provide a Wide Range of Business Succession and M&A Opportunities

-Strengthen the business succession support service to SMEs’ executive management-

Business Succession Advisory Office, Investment Banking Dept. [SBI SECURITIES]

SMEs which had little choice but to close their businesses, owing to the lack of successors, even though having business succession needs

TRANBI

SMEs which had little choice but to close their businesses, owing to the lack of successors, even though having business succession needs

Proposal of a speedy and low-cost business succession

SPEcializes in matching small-scale cases

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

Corporations endeavoring to expand new businesses
Established SBI Regional Business Investment as a Fund Management Company, and Initiated Fund Raising for the Business Succession Fund, in Order to Support Business Succession Nationwide

- Support for business succession of midsize or smaller companies in Japan, regardless of region
- Support for raising corporate value of various companies by leveraging the SBI Group and SBI network
- Aiding coordination and integration that extends beyond the local region of portfolio companies
- SBI Regional Business Succession Funds may also acquire management rights of investee companies

---

SBI Regional Business Succession Investment No. 1

- Core LP
  - Regional financial institutions, public organizations

- Distribution
- Investment (LP)

- Investment
- Recoup the funds through M&A

- Investee Companies

- Hands-on support

- Companies with advanced technologies and know-how

- The SBI Group
  - SBI SECURITIES
  - SBI Investment
  - SBI MONEY PLAZA
  - SBI Insurance Group

- Public organizations and experts
  - Certified tax accountants and SME diagnosis
Phase 3

Establishing a joint holding company fully supported by the SBI Group, for the nationwide expansion of regional financial institutions, and developing a system in an integrated way to manage some operations, such as development and introduction of a common system for KYC and AML, joint introduction of fintech and sharing of financing opportunities in Japan and abroad, etc.
Establish a Jointly Held Holdings Company, to Develop a System to Manage Regional Financial Institutions as One Community

- Aggressively contribute to improve the corporate value of regional financial institutions -

<Image of the new company>

A jointly held holding company

Expand operations from local areas to nationwide operations

Creating new business opportunities in financing and investment

Share systems such as KYC and AML

Megabanks and major regional banks

Regional financial institutions

Investment

Investment

Investment
Overall Strategy 3-(2)

New efforts for quick monetization of the ecosystem based on digital assets

① The digital asset related businesses launched in 2016 are growing steadily

② New business that is in preparation to launch soon after the revisions in the crypto-asset-related regulations are announced
① The digital asset related businesses launched in 2016 are performing steadily

(i) Future initiatives for SBI Virtual Currencies that achieved a full-year profitability
(ii) Established a mining chip manufacturing company for full-scale crypto-asset mining
(iii) Thoroughly promote Money Tap as an innovative service with high customer benefits for financial institutions
(iv) Full-scale efforts towards increasing financial services using Ripple’s XRP and R3’s Corda
(i) Future initiatives for SBI Virtual Currencies that achieved a full-year profitability
SBI Virtual Currencies has Achieved a Full-year Profitability in the Initial Launch Year, by Thoroughly Utilizing Group Synergies

**Achieved profitability in FY2018**

(Profit before income tax expense of approx. JPY 360m)

(Service launch)

- **Sept. 2017**: Registered for cryptocurrency exchange and trading business
- **June 2018**: Pre-order service launched for over twenty thousand users
- **Jul. 2018**: Begin accepting general account applications
- **Dec. 2018**: Start of acceptance of cryptocurrency deposits
- **Jan. 2019**: Start of acceptance of cryptocurrency withdrawals
Services that SBI Virtual Currencies will Begin Immediately after Changes of Crypto-asset-related Laws and Regulations

Exchange service
In addition to complying with various regulations under the new law, private clouds will be introduced to enhance security. Therefore, the scheduled start date was changed from Mar. 2019 to July 2019.

Listing currency
Listing currencies are decided upon internal rules including:

- Market capitalization of more than JPY 500bn. (Small-size currencies are under risk of fraudulent transactions by 51% attack)
- Does not have prospects of noxious hard-forks
- Other factors including liquidity, safety and profitability

Make decision as a Group upon provision of leverage trading (OTC derivatives trading) service, that is expected to be treated under Type I Financial Instruments Business

Prioritizing customer asset protection, and continuously improving services
(i) SBI Virtual Currencies

Wallets, Receipt & Delivery of Crypto-asset at VCTRADE

- Receipt service: VCTRADE allows users to receive crypto-asset from other crypto-asset exchange service wallets, etc.
- Delivery service: Can send cryptocurrencies from VCTRADE to limited address of a hardware wallet that is specified by SBI Virtual Currencies

⇒ From an AML/CFT perspective, linking users and specified wallets

Image of a hardware wallet “Cool X Wallet (CXW)”

Services of CXW

- **CXW service**
  Provision of CXW associated with customer address

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

A service expansion campaign was launched on Apr. 1, in order to strengthen this initiative that contributes to measures against money laundering
(ii) Established a mining chip manufacturing company for full-scale crypto-asset mining
(ii) Mining business

Established SBI Mining Chip for the Development and Manufacturing of Mining Chips and Systems

Location & power resources

- ETIX EVERYWHERE Smart Data Centers
- LANCIUM

Expanding business in Europe, the U.S., Asia and other regions where electricity rates are low

Through the diffusion of 5G and IoT going forward, the demand owing to the rapid increase of data transmission and reception is also expected

Development & manufacture

**SBI Mining Chip Co., Ltd.**

Established solely to engage in mining chips/systems

Alliance with a major U.S. leading semiconductor company with a track record in this field

Through efficient, reliable and sustainable mining operations, the SBI Group will endeavor to gain a 30% hash rate to develop a sound and solid crypto-asset market
(iii) Thoroughly promote Money Tap as an innovative service with high customer benefits for financial institutions
In Order to Proactively Promote the Money Tap Business, the Consortium is Transitioning to a Company Structure ①

(iii) Money Tap

Established in Mar. 2019

Former system (consortium)

Core objective: PoC
Mar 2017: Begun PoC
Oct 2018: Commercialized

Transitioning

New company (Money Tap)

Accelerating commercial services

Money Tap

Apps
Common GW
RC Cloud

Established in Mar. 2019

By providing Money Tap solutions to as many financial institutions as possible at a low cost, will dramatically improve customer benefits
In Order to Proactively Promote the Money Tap Business, the Consortium is Transitioning to a Company Structure 🌐

New company (Money Tap)

Accelerating commercial services

Invest


• SBI Group and financial institutions that are willing to participate
• Completion of initial investment from 13 banks by the end of Mar.

Fintech Platform

• Relatively easier to connect with the 9 API platform-connected banks (including those under process)
• Coordinating the participation of shareholders in tandem with the introduction of services

General meeting of shareholders will be held in the near future to discuss various issues

At a stage where the acceptance of investments from domestic financial institutions has been completed, Money Tap will now consider accepting an investment from U.S. Ripple, in order to strengthen technical cooperation and the promotion of initiatives related to international remittances
Money Tap’s Superiority (Financial Institution Side) -Future Scalability and Feature-

Transfer of existing banking transactions in addition to new demand
- Can easily transfer money between one’s bank accounts, which has been done at ATMs up until now

Initiatives led by banks / electronic settlement agents
- High external safety and reliability, owing to the banks being the main players
- Business scalability through banking license, including payroll and FX transfers

Low structural cost since there is no need to charge or make account transfers
- Other companies’ services that require pre-charging by credit card before use would cost high
- In the case of bank account linkage, most banks use online banking, and the cost is about JPY 5 -10 per transaction

Big data × Greater points of contact

- Settlement network utilizing Ripple’s DLT “xCURRENT” that does not require high maintenance costs, as with CAFIS
- Providing low-cost payment network 24/365 will significantly reduce payments by cash, which will save costs for banks by eliminating the need for ATMs
- No fee policy for small amount remittances (depending on the policy of each interconnecting bank)
Money Tap’s Superiority (User Side) -Comparison with personal remittance service (XX pay / YY Coin)-

**Advantage ①**

- No charging necessary
  - Compared to the pre-charge service, Money Tap is offered without effort as it is linked directly to a bank account.
  - XX Pay/YY Coin require users to charge their account before they can make a money transfer or payment. As a result, there will be a greater than necessary outflow from bank savings.

**Advantage ②**

- Counterpart does not need an app
  - Money Tap enables direct money transfers to a bank account even if the counterpart does not have the app.
  - XX Pay/YY Coin can only send money between the same app.

Money Tap transfer methods:
- Bank account (app required only for 1 side)
- Phone number
- QR code
Promote QR Code Merchant Payment Services Starting from 2019

- Only to show the QR code shown at shops
- No need to buy or set up a special device
- Auto-deposit as soon as the day after payment
- Credit cards generally have twice-monthly deposits
- Credit cards generally charge 3 - 5%
- Private-type QR payments often near 3% (“Free” campaigns also charge fees after campaign ends)
- Portion over 0.5% goes to profits

Eliminates triple difficulties of card payments for the merchants, and benefits SMEs through a cashless process.
(iv) Full-scale efforts towards increasing financial services using Ripple’s XRP and R3’s Corda
(iv) Collaboration with Ripple and R3

Promoting Collaboration Between Ripple and R3, Companies with Technology Closest to a Global Standard

Money Tap

Providing solutions that has been jointly-developed with financial institutions using DLT

<table>
<thead>
<tr>
<th>SBI R3 Japan (signed contract &amp; established in Jan. 2019)</th>
</tr>
</thead>
<tbody>
<tr>
<td>60%</td>
</tr>
<tr>
<td>40%</td>
</tr>
</tbody>
</table>

SBI Ripple Asia (established in May 2016)

| 60% |
| 40% |

- **Invest (largest outside shareholder)**
- **Kitao assigned as BoD in Apr. 2019**

Corda training program

Providing in Japan in lieu of R3 from Nov. 2017

- **SBI R3 Japan**

- **Ripple**

- **R3**
(iv) Collaboration with Ripple and R3

Promote Establishment of Settlement System that Utilize Affinity of Company R3 and XRP

Developing projects that are not limited to the financial industry by using smart contract based technology

**All Industry**

**Financial**

- Supply chain
- Real-estate
- Healthcare
- Property management
- Official report
- Identification
- Ads.
- etc.

**International transfer**

- CMS
- Trade finance
- Syndicated loan
- Derivatives
- Cross-border transaction
- Commodity
- Repo
- Bonds
- Global cash management
- etc.

President Kitao’s keynote talk at R3’s CordaCon Tokyo in Mar. 2018

Declared full-scale efforts to

- Resolving the R3–Ripple legal dispute
- Developing financial services for use with Corda
- Leverage XRP using Corda

Sept. 10, 2018

- Settlement announced between R3 and Ripple

Dec. 5, 2018

- R3 releases XRP Settler that makes full use of XRP Ledger

Jan. 29, 2019

- JV announced between SBI Holdings and R3

R3–Ripple solution:

High potential to become a global standard for financial operations such as international money transfers and trade finance
Promoting Utilization of Corda and XRP

Utilization of R3’s Corda

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

Global settlements application “Corda Settler”

- XRP, as the first crypto-asset supported by Corda Settler, demonstrates a high affinity with Corda.
- Preparing transition of S Coin platform to a highly convenient global platform through the introduction of Corda Settler.

Future expansion

- Expanding the range of use and planning for adoption at Expo 2025 in Osaka, which will draw in people from around the world.
② New business that is in preparation to launch soon after the revisions in the crypto-asset-related regulations are announced

(i) Considering a funding through a Security Token Offering (STO)

(ii) Establishment of crypto-asset fund by a JV between U.S. CoVenture

(iii) Preparing the establishment of crypto-asset swap market

- Proposed revisions would establish and regulate transferable rights to electronic records (security tokens)
- Handling as a traditional “Paragraph 1 Security” would mean that disclosure rules and business regulations apply

Security Token Offering (STO) would become a valid financial instrument under the new law

Measures addressing issues surrounding STO implementation are clearing up

- Acctg. policy
- Overseas expansion
- Business registration
- Other issues

Considering large-scale financing by STO soon after the law revisions

- Overseas markets for tokens
- Solicited and sold by SBI SECURITIES, etc.…
Preparations for the Crypto-asset Fund Business Has Been Completed and is Scheduled to Operate soon after the Law is Revised

SBI Group investee company
CoVenture Holding Company of the U.S.

- 70%
- 30%

SBI CoVenture Asset Management

- SBI Group
- CoVenture Holding Company of the U.S.

Crypto-asset fund

- Manage
- Invest
- Others
  - Short-term U.S. bonds
  - Securities Index
  - Gold ETF etc.

Virtual Currencies
(crypto-asset exchange)

- SBI
- XRP
- Bitcoin etc.
Accelerating Efforts to Create a Swap Market to Expand Actual Demand for Cryptocurrencies

(iii) Crypto-asset swap market

Investment (considering additional investments and JV establishment)

Establishment of crypto-asset swap trading market

Invest [JVCEA second-tier membership]

Financial Institutions

Increased use and liquidity improvement of crypto-assets and crypto-asset derivatives are expected

[Unrestricted reproduction prohibited]
Overall Strategy 3-(3)

Working on a project to integrate innovative technologies inside and outside the SBI Group to promote next-generation security services in Japan and abroad

-Conducting security audit tests for major financial institutions in advance-
SBI Security Solutions, in Collaboration with Partners, Provides Security Solutions in Japan and Abroad

- SBI Security Solutions offers products of the SBI Group’s investee companies, and develops security solutions utilizing the technologies of such investee companies.
- Planning to begin sales in Japan and abroad with partners that have significant sales forces, this year.
SBI Security Solutions’ Upcoming Scheduled Services

① Wallet services

B-to-B-toX services to manage crypto-asset assets of wallet vendors, crypto-asset exchanges, etc.

② KYC (Know Your Customer) services

• Establishing a “common customer base” (tentatively “C^3”) where all personal information is managed as a whole, rather than just financial asset information (financial institution balances, statements, etc.) This base will leverage R3’s Corda to design a high resistance to falsification

• For AML/CFT*, provisions of solutions that meet the FATF (Financial Action Task Force) requirement level

*Anti Money Laundering and Combating the Financing of Terrorism

Promoting agency contracts with major U.S. security companies to expand global sales network
Overall Strategy 3-(4)

Several Group companies are preparing for market changes and initial public offerings, in order to actualize intrinsic corporate value

① Morningstar Japan
② SBI FinTech Solutions
③ Other Group subsidiary companies
Morningstar Japan is Planning a Change from Its Current JASDAQ Listing to a TSE First Section Listing

-Enhances asset management structure as Morningstar Japan Group-

Morningstar Japan
SBI Group’s shareholding: 47.61%

SBI Asset Management
Providing highly innovative investment management products centering on stocks
Morningstar Japan Group’s shareholding: 100%

Carret Asset Management
An U.S. asset management company, which was converted to be a subsidiary of Morningstar Japan on Feb. 2019
Morningstar Japan Group’s shareholding: 67%

SBI Alternative Investments
Providing alternative asset management advisory services
Morningstar Japan Group’s shareholding: 100%

SBI Bond Investment Management
A JV with PIMCO, world’s No.1 bond investment manager, which provides low-cost actively managed securities funds
Morningstar Japan Group’s shareholding: 10%

SBI Regional Revitalization Asset Management
A JV with 35 regional financial institutions formed to bolster their asset management
Morningstar Japan Group’s shareholding: 10%

* As of Apr. 26, 2019
SBI FinTech Solutions, by raising its credit-worthiness and recognition in Japan, centered on business bases, is moving toward an IPO in Japan as it drives business domain expansion, especially with new ventures and through the strengthening of existing businesses.

### Performance of the Fiscal Year Ended March 2019 (*1) (*2)

(Announced on Apr. 26, 2019)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>6,567</td>
<td>7,849</td>
<td>+19.5</td>
</tr>
<tr>
<td>Operating income</td>
<td>966</td>
<td>1,400</td>
<td>+45.0</td>
</tr>
<tr>
<td>Profit before income tax expense</td>
<td>899</td>
<td>1,272</td>
<td>+41.4</td>
</tr>
<tr>
<td>Profit attributable to owners of the Owners of the Parent</td>
<td>806</td>
<td>948</td>
<td>+17.6</td>
</tr>
</tbody>
</table>

(*1) The above-mentioned performance is provided before audit by independent auditor and the figures may be modified.

(*2) The consolidated financial statements have been prepared based on the International Financial Reporting Standards (IFRS).
### Other Group Subsidiary Companies that are Preparing for Initial Public Offerings, in Order to Actualize Intrinsic Corporate Value

<table>
<thead>
<tr>
<th>Company name</th>
<th>Business overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBI Leasing Service</td>
<td>Operating lease business</td>
</tr>
<tr>
<td>SBI Capital Management</td>
<td>Intermediate holding company of the Asset Management Business</td>
</tr>
<tr>
<td>SBI Biotech</td>
<td>R&amp;D etc. of pharmaceuticals</td>
</tr>
<tr>
<td>Quark Pharmaceuticals</td>
<td>R&amp;D etc. of pharmaceuticals</td>
</tr>
<tr>
<td>SBI ALApharma</td>
<td>Intermediate holding company of 5-ALA-related business</td>
</tr>
</tbody>
</table>
[Appendix]

(1) Business foundation of the Financial Services Business
Trend of the Average Daily Individual Brokerage Trading Value

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Daily Individual Brokerage Trading Value (JPY billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2017</td>
<td>JPY 284,927.6bn</td>
</tr>
<tr>
<td>FY2018</td>
<td>JPY 238,517.1bn</td>
</tr>
</tbody>
</table>

-16.3% decrease from FY2017 to FY2018

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

Source: Complied by SBIH from disclosed data from TSE (until 19th)
SBI SECURITIES:

SBI SECURITIES Attains an Overwhelming Customer Base
[Number of Accounts and Amount of Customer Asset]

Customer Accounts of 5 Major Online Securities Companies

Customers’ Deposit Assets of 5 Major Online Securities Companies
(as of the end of Mar. 2019)

* As for the figure of Rakuten, it is as of Dec. 31, 2018.

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 (%)

FY2018

- SBI: 36.2%
- Monex: 4.1%
- kabu.com: 10.4%
- Matsui: 11.2%
- Rakuten: 19.2%
- Others: 23.2%

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

FY2018

- SBI: 37.1%
- Monex: 18.5%
- Matsui: 16.7%
- Rakuten: 20.2%
- Others: 15.7%

<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: SBI SECURITIES’ Stock Brokerage Trading Value and Commissions

Stock Brokerage Trading Value

<table>
<thead>
<tr>
<th>(JPY trillion)</th>
<th>Full-year FY2017</th>
<th>Full-year FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>111.2</td>
<td>-10.8% YoY</td>
<td>99.2</td>
</tr>
</tbody>
</table>

Commissions

<table>
<thead>
<tr>
<th>(JPY million)</th>
<th>Full-year FY2017</th>
<th>Full-year FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>34,521</td>
<td>-11.4% YoY</td>
<td>30,599</td>
</tr>
</tbody>
</table>
SBI SECURITIES’ Investment Trust Balance and Investment Trust Fees are Both Record Level

**Investment Trust Balance**
Quarterly balance remained at a high level

<table>
<thead>
<tr>
<th>(JPY billion)</th>
<th>1Q</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
<th>1Q</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
<th>1Q</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015</td>
<td>1,216.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2016</td>
<td>1,323.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2017</td>
<td>1,675.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2018</td>
<td>1,874.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Investment Trust Fees**

<table>
<thead>
<tr>
<th>(JPY million)</th>
<th>Full-year</th>
<th>Full-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2017</td>
<td>5,181</td>
<td></td>
</tr>
<tr>
<td>FY2018</td>
<td>5,200</td>
<td></td>
</tr>
</tbody>
</table>

+0.4% YoY

*S* 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)

(JPY billion)

FY2015 FY2016 FY2017 FY2018
1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q

-4.3% YoY

Financial Revenue / Net Financial Revenue

(Net financial revenue) (Financial revenue)

Full-year FY2017 Full-year FY2018

44,713 42,182
38,159 36,507
SBI SECURITIES' Trading Gains and Loss Trend

(Unit: JPY million)

- FX-related revenue
- Others

FY2016:
- Full-year: 18,117
  - FX-related revenue: 14,971
  - Others: 3,146

FY2017:
- Full-year: 19,266
  - FX-related revenue: 14,707
  - Others: 4,559

FY2018:
- Full-year: 27,667
  - FX-related revenue: 20,683
  - Others: 6,984

+43.6% YoY
SBI Insurance’s Total Number of Contracts and Net Combined Ratio

The combined ratio declined owing to the impact of typhoons and other natural disasters.

- Loss ratio\(^*1\): FY2016 = 82.5, FY2017 = 80.7, FY2018\(^*3\) = 84.1
- Operating expenses ratio\(^*2\): FY2016 = 14.2, FY2017 = 11.2, FY2018\(^*3\) = 14.3
- Combined ratio (Net base): FY2016 = 96.7, FY2017 = 91.9, FY2018\(^*3\) = 98.4

\(^*1\) Loss ratio (\%) = (Net insurance payment + Loss adjustment expenses) / Net insurance premium written \times 100

\(^*2\) Operating expenses ratio (\%) = (Commissions and Collection costs + Operating expenses and general and administrative expenses related to insurance underwriting) / Net insurance premium income written \times 100

\(^*3\) Figures for FY2018 are unaudited figures.
SBI Life Insurance’s Total Number of Inforce Contracts and Number of Applications for Group Credit Life Insurance

- SBI Life Insurance’s total number of inforce contracts recorded a high growth rate of 16.4% on an year-on-year basis.

- Group Credit Life Insurance, sales of which began in June 2017, contributed significantly to an increase in the total number of contracts, concomitantly with an expansion in the business by the regional financial institution.

SBI Life Insurance’s Number of Inforce Contracts*

Started sales of Group Credit Life Insurance in June 2017

SBI Life Insurance’s Trend in Number of Applications for Group Credit Life Insurance

Total as of May 2019
Total number: 42,932 applications

* Includes number of applications for Group Credit Life Insurance
(2) The Asset Management Business’ Financial Information by Segment
Analysis of Each Segment of the Asset Management Business

-① Private equity investment-

[Consolidated statement of financial position]

(IFRS; JPY billion)

<table>
<thead>
<tr>
<th></th>
<th>Mar. 31, 2018</th>
<th>Mar. 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>29.4</td>
<td>24.5</td>
</tr>
<tr>
<td>Securities</td>
<td>190.6</td>
<td>262.7</td>
</tr>
<tr>
<td>Other assets</td>
<td>18.5</td>
<td>16.4</td>
</tr>
<tr>
<td>Total assets</td>
<td>238.5</td>
<td>303.6</td>
</tr>
<tr>
<td>Intragroup borrowings</td>
<td>32.7</td>
<td>30.8</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>21.0</td>
<td>23.3</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>53.7</td>
<td>54.1</td>
</tr>
<tr>
<td>Equity capital equivalent</td>
<td>129.9</td>
<td>159.3</td>
</tr>
<tr>
<td>Non-controlling interests*¹</td>
<td>54.9</td>
<td>90.2</td>
</tr>
<tr>
<td>(Mainly interests of external shareholders of consolidated funds)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total equity</td>
<td>184.8</td>
<td>249.5</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>238.5</td>
<td>303.6</td>
</tr>
</tbody>
</table>

- 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)

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>47.2</td>
<td>39.3</td>
</tr>
<tr>
<td>Profit / loss related to FVTPL</td>
<td>44.4</td>
<td>33.8</td>
</tr>
<tr>
<td>Fee from non-cons. funds*</td>
<td>0.8</td>
<td>1.3</td>
</tr>
<tr>
<td>Others (FX gain etc.)</td>
<td>2.0</td>
<td>4.2</td>
</tr>
<tr>
<td>Expense</td>
<td>(5.3)</td>
<td>(7.1)</td>
</tr>
<tr>
<td>(including expense related to allowance etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before income tax expense</td>
<td>40.9</td>
<td>31.9</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>33.3</td>
<td>28.6</td>
</tr>
<tr>
<td>Attributable to owners of SBIH</td>
<td>23.5</td>
<td>14.4</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>9.8</td>
<td>14.2</td>
</tr>
</tbody>
</table>

* 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 40% 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.
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 48.7bn (increase of 13.4% YoY) for FY2018, 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]

(Consolidated statement of financial position)  
(Consolidated statement of income)  

<table>
<thead>
<tr>
<th></th>
<th>Mar. 31, 2018</th>
<th>Mar. 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>10.3</td>
<td>6.5</td>
</tr>
<tr>
<td>Financial assets</td>
<td>14.2</td>
<td>18.5</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>7.6</td>
<td>9.2</td>
</tr>
<tr>
<td>Other assets</td>
<td>3.2</td>
<td>5.8</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>35.3</strong></td>
<td><strong>40.0</strong></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>12.7</td>
<td>15.9</td>
</tr>
<tr>
<td>Equity capital equivalent</td>
<td>17.8</td>
<td>19.6</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>4.8</td>
<td>4.5</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td><strong>22.6</strong></td>
<td><strong>24.1</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td><strong>35.3</strong></td>
<td><strong>40.0</strong></td>
</tr>
</tbody>
</table>

- Morningstar Japan and its subsidiaries are the main constituent companies.

#### [Consolidated statement of income]

(Consolidated statement of income)  

<table>
<thead>
<tr>
<th></th>
<th>FY2017</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>7.3</td>
<td>7.2</td>
</tr>
<tr>
<td>Profit before income tax expense</td>
<td>2.2</td>
<td>2.1</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>1.4</td>
<td>1.4</td>
</tr>
<tr>
<td>Attributable to owners of SBIH</td>
<td>0.9</td>
<td>0.8</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>0.5</td>
<td>0.6</td>
</tr>
</tbody>
</table>

- The results of Morningstar Japan are primarily reflected in the financial statements.
- Centering on SBI Global Asset Management, the Group’s asset management operations are expected to be strengthened.
(3) State of the Group
The SBI Group’s Customer Base, which was Expanded through the Thorough Pursuit of the Customer-centric Principle and Group Synergies

<table>
<thead>
<tr>
<th>Breakdown of the Customer Base (As of the end of Mar. 2019)</th>
<th>(Thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBI SECURITIES (No. of accounts)</td>
<td>4,631</td>
</tr>
<tr>
<td>SBIH InsWeb (No. of customers)</td>
<td>9,333</td>
</tr>
<tr>
<td>E-LOAN (No. of customers)</td>
<td>2,572</td>
</tr>
<tr>
<td>MoneyLook (Total no. of customer registrations)</td>
<td>946</td>
</tr>
<tr>
<td>Morningstar Japan (Total no. of service users)</td>
<td>895</td>
</tr>
<tr>
<td>SBI Sumishin Net Bank (No. of accounts)</td>
<td>3,543</td>
</tr>
<tr>
<td>SBI Insurance (Total no. of contracts)</td>
<td>1,052</td>
</tr>
<tr>
<td>SBI Life Insurance (Total no. of contracts)</td>
<td>141</td>
</tr>
<tr>
<td>Others (SBI Point etc.)</td>
<td>2,091</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25,204</strong></td>
</tr>
</tbody>
</table>

*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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated subsidiaries (companies)</td>
<td>180</td>
<td>210</td>
</tr>
<tr>
<td>Consolidated partnerships (partnerships)</td>
<td>17</td>
<td>16</td>
</tr>
<tr>
<td>Total consolidated subsidiaries (companies)</td>
<td>197</td>
<td>226</td>
</tr>
<tr>
<td>Equity method companies (companies)</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Total Group companies (companies)</td>
<td>230</td>
<td>259</td>
</tr>
</tbody>
</table>

### Number of consolidated employees

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total employees (persons)</td>
<td>5,391</td>
<td>6,439</td>
</tr>
</tbody>
</table>
http://www.sbigroup.co.jp