

Fact Sheet

Financial Services Business' Key Indicators

Full-year Profit before Income Tax Expense of the Major Businesses of the Financial Services Business (based on IFRSs)

	Unit	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
SBI SECURITIES (non-consolidated)	¥ million	11,623	33,344	34,828	37,850	33,043	46,169
FX business*1	¥ million	1,369	3,160	4,741	5,200	5,734	5,188
SBI MONEY PLAZA	¥ million	31	1,062	1,496	1,751	1,975	2,768
SBI Sumishin Net Bank [Net income based on JGAAP]	¥ million	1,622 [4,779]	2,062 [7,116]	5,196 [9,998]	3,385 [8,413]	3,185 [9,873]	3,770 [10,447]
Insurance business*2	¥ million	(5,111)	(3,600)	28	264	1,881	2,263

Securities

	Unit	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Accounts	Thousands	2,609	2,944	3,246	3,564	3,840	4,261
Net increase in accounts	Thousands	221	335	302	318	276	422
Accumulated number of accounts via SBI Sumishin Net Bank	Thousands	—	299	362	415	452	538
NISA accounts	Thousands	—	416	640	821	974	1,197
Customer deposit assets	¥ trillion	6.4	7.6	9.4	9.5	10.8	12.9
Commission rate	Basis point	3.4	2.4	2.6	2.6	2.9	3.0
Share of individual stock brokerage trading value*3	%	32.6	33.8	34.5	35.3	34.7	35.1
Share of individual stock brokerage margin trading value*3	%	34.9	36.5	36.2	37.3	35.9	36.4
Open interest credit balance	¥ billion	517	691	787	678	799	1,001
Investment trust balance	¥ billion	722	844	1,155	1,216	1,323	1,675
Investment trust fees	¥ million	2,210	2,939	3,771	4,391	4,215	5,181
Number of IPO underwriting*4	Companies	42	42	73	82	77	75
Number of lead managed underwritings	Companies	5	5	8	8	13	6
Capital adequacy ratio	%	383.5	323.4	318.6	377.0	276.2	372.7
FX accounts (SBI Group*5)	Thousands	325	470	612	760	906	1,066
Number of SBI MONEY PLAZA location	Locations	—	361	393	380	386	414
SBI MONEY PLAZA's customer deposit assets	¥ million	—	405,478	561,270	698,358	801,279	1,105,023

History of SBI SECURITIES

Period	Event	
1999	October	Internet trading services started at E*TRADE SECURITIES (currently SBI SECURITIES)
2008	July	Changed company name to SBI SECURITIES
	August	Became a wholly owned subsidiary of SBI Holdings
2012	June	Split the face-to-face division of SBI SECURITIES to SBI MONEY PLAZA
2015	July	Established SBI BITS, a system developer
	October	SBI Liquidity Market, which covers FX, and its subsidiary SBI FXTRADE were made 100% subsidiaries
2016	October	SBI Benefit Systems, which conducts record keeping business of a defined contribution pension, was made a subsidiary
2017	June	SBI MONEY PLAZA became a wholly owned subsidiary

Banking

	Unit	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Accounts	Thousands	1,647	1,974	2,308	2,586	2,827	3,210
Net increase in accounts	Thousands	278	327	334	277	242	383
Accumulated number of accounts via SBI SECURITIES	Thousands	557	695	820	956	1,073	1,259
Deposits* ⁶	¥ billion	2,691.0	3,076.7	3,576.1	3,446.8	4,006.8	4,426.0
Deposits (hybrid deposit)	¥ billion	639.2	832.8	1,207.5	1,140.7	1,386.1	1,450.1
Deposits (foreign currency)	¥ billion	133.3	155.4	159.1	160.2	173.9	246.0
Cumulative total of housing loans* ⁷	¥ billion	343.3	394.3	502.5	471.7	729.3	697.0
Balance of consumer loans	¥ billion	165.6	211.1	239.5	279.9	290.8	302.1
Asset management yield	%	1.10	1.06	1.08	0.90	0.85	0.83
Financial arrangements yield	%	0.40	0.33	0.31	0.22	0.14	0.14
Spread for fund interest rate	%	0.70	0.72	0.77	0.68	0.70	0.68
Loan-deposit rate (term-end balance)	%	41.97	45.11	50.83	60.27	58.72	71.96
Consolidated capital adequacy ratio (based on domestic standards)	%	9.79	10.06	8.89	9.80	11.11	9.35

Insurance

	Unit	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Number of contracts (SBI Insurance)	Thousands	542	654	744	840	937	1,001
Number of contracts (SBI Life Insurance)	Thousands	—	—	117	110	108	109
Number of contracts (SBI IKIKI SSI)	Thousands	32	32	39	47	57	70
Number of contracts (SBI Resta SSI)* ⁸	Thousands	11	12	13	13	15	15
Number of contracts (Nihon SSI)	Thousands	—	—	—	—	509	540
Combined ratio (SBI Insurance)	%	103.3	98.8	100.4	104.7	96.7	91.9
Direct loss ratio	%	69.9	72.4	77.6	86.1	82.5	80.7
Direct operating expenses ratio	%	33.4	26.4	22.8	18.6	14.2	11.2
Solvency margin ratio (SBI Life Insurance)	%	—	—	1,120.3	1,299.3	1,165.5	1,172.2
Total Assets (SBI Life Insurance)	¥ million	—	—	156,453	140,281	131,484	125,348
Balance of legal reserve (SBI Life Insurance)	¥ million	—	—	126,271	110,762	103,400	98,049

*1 Simple total of profit before income tax expense at SBI Liquidity Market and SBI FXTRADE.

*2 Simple total of profit before income tax expense at the SBI Insurance Group and the insurance companies under its auspices

*3 Calculated by dividing each company's individual stock trading value or individual margin trading value, with the total 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

*4 Totals apply to the issues underwritten in Japan, and do not include additional secondary offerings or overseas issues.

*5 Total accounts at SBI FXTRADE, SBI SECURITIES and SBI Sumishin Net Bank

*6 Figures of SBI Sumishin Net Bank (non-consolidated).

*7 Cumulative total is the total of the individual loan execution amounts for housing loans (MR. Housing Loan, Affiliate housing loan) sold by SBI Sumishin Net Bank; housing loans (Internet Exclusive Housing Loan) sold by SBI Sumishin Net Bank as an agent for Sumitomo Mitsui Trust Bank; housing loans (MR. Housing Loan REAL) sold as an agent of our company by Good Mortgage, SBI MONEY PLAZA, ARUHI, MX Mobiling, and I. F. CREATE; and Flat 35.

*8 Number of contracts for Earthquake Indemnity Insurance Resta

Asset Management Business' Key Indicators

Full-year Profit before Income Tax Expense of the Asset Management Business (based on IFRSs)

	Unit	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Profit/loss from the change in fair value, and profit/loss on sales of investment securities	¥ million	8,421	9,417	(4,315)	16,225	6,836	44,409
SBI SAVINGS BANK*1	¥ million	—	4,011	16,672	5,846	5,649	14,018

SBI SAVINGS BANK*1

	Unit	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Balance of performing loans	KRW billion	—	1,520.0	2,258.4	3,022.2	4,106.5	5,029.6
of which, balance of retail performing loans	KRW billion	—	843.4	1,025.1	1,669.6	2,650.9	3,159.6
Delinquency ratio	%	—	46.1	26.8	16.2	8.8	5.3
of which, delinquency ratio of retail performing loans	%	—	21.1	16.5	8.5	5.0	4.2

Private Equity Investment

	Unit	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
Assets under management of the Group*2, 3	¥ million	174,846	201,202	191,623	183,276	152,765	218,825
Investment amount	¥ million	30,607	24,131	19,631	27,930	41,762	56,540
Exit	Companies	12	12	14	16	15	13

The Breakdown of Asset Under Management, including Private Equity Investment (As of March 31, 2018)

Breakdown by industry	Amount (¥ million)	Companies	Breakdown by region	Amount (¥ million)	Companies
IT/Internet	65,881	174	Japan	68,783	159
Biotechnology/Health/Medical	19,432	57	China	22,795	19
Services	16,464	39	South Korea	44,690	113
Materials/Chemicals	5,410	11	Taiwan	1,366	10
Environmental/Energy	13,318	9	Southeast Asia	22,623	18
Retail/Food	7,489	21	India	5,407	12
Construction/Real estate	1,095	4	U.S.	35,230	42
Machine/Automobile	11,348	24	Europe	6,017	9
Finance	65,890	44	Others	11,913	27
Others	12,497	26	Total	218,825	409
Total	218,825	409			

*1 Figures stated for FY2013 and later, because SBI SAVINGS BANK became a subsidiary in March 2013.

*2 Total invested through direct investment by the SBI Group, and consolidated investment funds operated by the SBI Group.

*3 For investment balances, direct investments are valued at fair value, and investments by consolidated investment funds are valued at market price for listed stocks and at acquisition cost for unlisted stocks without a market price. (Those that have undergone impairment processing will be valued at the total amount after impairment processing.)

Accounting Policies of the Asset Management Business

Below, we explain in detail the accounting policies of the Asset Management Business in response to questions we have received from stakeholders.

1. Changes in the fair value of financial instruments measured at fair value through profit or loss (FVTPL)

Owing to SBI Holdings' adoption of IFRSs for its accounting standards, the fair value of financial instruments (operating investment securities and other investment securities), including stocks of portfolio companies which the Asset Management Business holds, will be reviewed each quarter.

The fair value of marketable securities is estimated using market prices. The fair value of securities without a market price, such as unlisted stocks, may in some cases be calculated using a market approach, cost approach, or in other cases the most recent transaction price for an issuance of new shares to a third party may be used.

If a change is made to the fair value of a financial instrument, the following accounting policy takes effect.

Accounting policies for calculating the fair value of portfolio companies

Example: The fair value of a portfolio company increases by 20% during a quarter.

	(Billions of yen)	
	1Q FY2017	2Q FY2017
Fair value	10.0	12.0

→ UP ¥2.0 billion

(1) If the investment is from a wholly owned subsidiary of SBI Holdings

	(Billions of yen)
	2Q FY2017
Revenue	2.0
Profit before income tax expense	2.0
Tax (30%)	-0.6
Profit for the period	1.4
Profit attributable to owners of the Company	1.4
Non-controlling interests	—

(2) If the investment is from a consolidated fund (ownership ratio in the fund: 20%)

	(Billions of yen)
	2Q FY2017
Revenue	2.0
Profit before income tax expense	2.0
Tax (30%)	-0.12
Profit for the period	1.88
Profit attributable to owners of the Company	0.28
Non-controlling interests	1.6

Tax expense relating to the ownership portion in the fund
 $-2.0 \text{ billion} \times 20\% \times 30\% = -¥0.12 \text{ billion}$

$(¥2.0 \text{ billion} \times 20\% \text{ (ownership ratio in the fund)}) - ¥0.12 \text{ billion (taxes)} = ¥0.28 \text{ billion}$

$¥2.0 \text{ billion} \times 80\% \text{ (non-controlling interests)} = ¥1.6 \text{ billion}$

2. Management fees of a consolidated fund for which the SBI Group serves as a general partner (GP)

For management fees of a consolidated fund for which the SBI Group serves as a GP, the following accounting policy takes effect.

Accounting policy for management fees paid from a consolidated fund

Example: SBI Holdings owns 20% of a ¥100 billion fund (with a 5% management fee) for which SBI Investment serves as a GP.

For convenience, we show a simple example of the accounting policy relating to the management fees incurred, and present part of the accounting process in abbreviated form.

(Billions of yen)	(Billions of yen)	(Billions of yen)
SBI Holdings + SBI Investment	Fund	Consolidated P/L
Revenue	Revenue	Revenue
5.0	0.0	0.0
Expense	Expense	Expense
0.0	-5.0	0.0
Profit before income tax expense	Profit before income tax expense	Profit before income tax expense
5.0	-5.0	0.0
Tax (30%)	Tax	Tax (tax rate 30%)
-1.2	0.0	-1.2
Profit	Profit	Profit
3.8	-5.0	-1.2
		Profit attributable to owners of the Company
		2.8
		Non-controlling interests
		-4.0

¥100.0 billion × 5% = ¥5.0 billion

Offset as an internal transaction

Within the tax expense (-¥1.5 billion) relating to management fees at SBI Investment and management fees (expense) paid by the fund: total tax expense (owing to the omission of ¥0.3 billion for the effect of reduced taxes) relating to the ownership portion (20%) for SBI Holdings:
 * $-¥1.5 \text{ billion} + (¥5.0 \text{ billion} \times 20\% \times 30\%) = -¥1.2 \text{ billion}$

* Furthermore, within the funds for which the SBI Group serves as GP, CVC funds et al, for which the SBI Group's ownership ratio is extremely low, as a result of not being subject to consolidation, their management fees are recognized as revenue.

Biotechnology-related Business' Performance and Pipeline

Full-year Profit before Income Tax Expense of the Major Businesses of the Biotechnology-related Business (based on IFRSs)*1

	Unit	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017
SBI Biotech	¥ million	(821)	(611)	(637)	(297)	737	(432)
Quark Pharmaceuticals	¥ million	(724)	(721)	(1,436)	(2,572)	(8,270)	(7,902)
SBI Pharmaceuticals	¥ million	(1,868)	(1,083)	(1,220)	(1,425)	91	42
SBI ALApromo	¥ million	(240)	(176)	(426)	(587)	(233)	40
photonamic*2	¥ million	—	—	—	38	(41)	55

*1 Excluding impairment losses from drug pipeline, etc.

*2 photonamic became a consolidated subsidiary in January 2016.

SBI Biotech's Major Drug Discovery Pipeline Progress

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

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

Quark Pharmaceuticals' Major Drug Discovery Pipeline Progress

	Licensing partner	Target disease	Progress	
QPI-1002	Novartis International AG	Delayed graft function in kidney transplantation (DGF)	Phase III	Conducting final clinical trials at 75 facilities, mainly in the U.S., as well as in Canada, Germany, Brazil and other countries.
		Acute kidney injury (AKI)	Phase III	Initiated Phase III clinical trials in July 2018. Planning to conduct clinical trials by expanding the scale to 115 facilities worldwide.
QPI-1007	Biocon of India	Non-arteritic anterior ischemic optic neuropathy (NAION)	Phase III	Conducting final Phase III clinical trials at 66 facilities, mainly in the U.S. and Europe.
PF-655	Pfizer	Glaucoma, Diabetic macular edema (DME) and Age-related macular degeneration (AMD)	Phase IIa (Completion)	Preparing clinical trial for the next step

SBI Pharmaceuticals' Major Drug Discovery Pipeline Progress

Launch and out-licensing (Total 5 cases)

- “ALAGLIO® Oral 1.5g,” photodynamic diagnostic agent for brain tumor treatment (malignant glioma) (Launched in September 2013)
- Therapeutic drugs for diabetes and malaria infection (to Neopharma, UAE pharmaceutical company, in October 2016)
- “ALAGLIO® Divided Granules 1.5g,” photodynamic diagnostic agent for bladder cancer treatment (carcinoma vesicae) (Launched in Japan in December 2017 by Chugai Pharmaceuticals, which was granted exclusive domestic marketing rights)
- Pharmaceuticals including “ALAGLIO® Divided Granules 1.5g” in the territory of MENA and India (to Neopharma, in March 2018)

Fields	Pipeline projects	Current status				Prospects for the next three years
		Phase I	Phase II	Phase III	Application	
Diagnostic agent (PDD)	1 Peritoneal dissemination of gastric cancer*	Preparation for Phase III is underway				Completed Phase III / Out-licensing
Drug to treat	2 Cisplatin nephropathy protection	Phase II is underway				Completed Phase II
	3 Mitochondrial diseases*	Phase III is underway			Considering an out-licensing	Completed Phase III / Out-licensing
	4 Cardiac ischemia-reperfusion injury*	Preparation for Phase II is underway			Scheduled by Oxford University and Birmingham University Hospital in the U.K.	Conducting Phase II
	5 Brain tumors* (by photonamic, a wholly owned subsidiary)	Preparation for Phase II is underway				Conducting Phase II

*Investigator-led trial

Patents Obtained Since 2016 by SBI Pharmaceuticals (Japan)*

Invention thesis	Registration date	Co-applicants
An agent for treating and preventing cancer anemia	Feb. 12, 2016	Single application
An agent for the treatment and prevention of chronic kidney disease	Feb. 12, 2016	Single application
Photodynamic diagnosis agent and photobleaching-prevention agent	Feb. 12, 2016	Tokyo Institute of Technology
Photodynamic therapy using a photosensitizer or 5-ALAs	Feb. 19, 2016	Single application
Device to identify cancer metastasis in the sentinel lymph node	Feb. 26, 2016	Single application
Immune tolerance inducer	Mar. 25, 2016	National Center for Child Health and Development
Enhancer of survival of transplanted organ	Apr. 1, 2016	National Center for Child Health and Development
Prophylactic/therapeutic agent for influenza virus infection	Apr. 22, 2016	Tokushima Univ.
Prophylactic and/or therapeutic agent for radiation damage	Apr. 22, 2016	The Univ. of Tokyo
PDT effect enhancing agent	May 20, 2016	Kanazawa Univ. and Tokushima Univ.
Nuclear magnetic resonance diagnostic agent, and method for detecting or diagnosing state of cell, tissue or organ in subject using same	Aug. 5, 2016	Kumamoto Univ. and Univ. of Occupational and Environmental Health
Medicinal composition for promoting synthesis of protoporphyrin ix	Dec. 2, 2016	Osaka City Univ.
Treatment agent and/or prophylactic agent for side effects of cancer drugs	Dec. 2, 2016	Kochi Univ.
Prophylactic agent and/or therapeutic agent for sepsis	Dec. 9, 2016	Nihon Univ.
Cancerous anemia improvement and preventive agent	Feb. 17, 2017	Single application
Immune tolerance induction accelerator	July 14, 2017	National Center for Child Health and Development
Frataxin enhancers	July 21, 2017	Tokyo Univ. of Agriculture
Normal incidence enhancing agent of a fertilized egg	Jan. 26, 2018	Yamagata Univ.
Organ preservation solution	Feb. 23, 2018	National Center For Child Health And Development

*26 patents were acquired by the end of 2015. Patents held by SBI Pharmaceuticals number 45 in Japan, of which 29 are also held overseas.